

Cowles & Thompson 3/20/2003 2:21 PAGE 1/2 RightFax

COWLES & THOMPSON

A Professional Corporation

ATTORNEYS AND COUNSELORS



F A C S I M I L E C O V E R P A G E

Date and Time Faxed: Thursday, March 20, 2003 2:20:58 PM

Total Number of Pages (including cover sheet): 02

Client/Matter #: \

To: Name: Mike Murphy
 Company:
 Fax Number: 972-450-2837
 Voice Phone:

From: Name: Tom Mighell
 Fax Number: 214-672-2381
 Voice Phone: 214-672-2181

Message:

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DALLAS TYLER

901 MAIN STREET SUITE 4000 DALLAS, TEXAS 75202-3793
TEL 214.672.2000 FAX 214.672.2020
WWW.COWLESTHOMPSON.COM

Cowles & Thompson 3/20/2003 2:21 PAGE 2/2 RightFax

25th
Anniversary
1978-2003

COWLES & THOMPSON
A Professional Corporation
ATTORNEYS AND COUNSELORS



THOMAS L. MIGHELL
214.672.2191
TMIGHELL@COWLESTHOMPSON.COM

March 20, 2003

Via Telecopy (972) 450-2837

Mike Murphy
Town of Addison
16801 Westgrove
Addison, TX 75001

Re: *Town of Addison v. Metro Brick Company, Inc., and Dennis Calander,
Individually and as President of Metro Brick Company, Inc.*
Cause No. CC-03-52-C
Our File No. 3305/60962

Dear Mike:

Please be advised that the court has reset Metro Brick's FED appeal for trial on **Thursday, April 10, 2003 at 9:00 a.m.** I am not certain why the court did this, because I informed the court that the only outstanding matter was the unpaid rent. I do not anticipate we will need to appear that day for trial. However, in the event that we must proceed to trial on that date, please make a note of the date on your calendar.

Thanks for your attention to this matter. If you have any questions, please do not hesitate to call.

Sincerely,

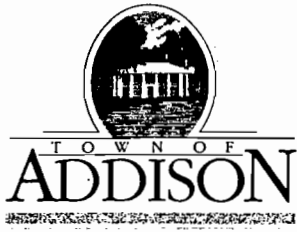
Thomas L. Mighell

TLM

cc: Ron Whitehead (Via Telecopy 972-450-7043)

DALLAS TYLER

901 MAIN STREET SUITE 4000 DALLAS, TEXAS 75202-3793
TEL 214.672.2000 FAX 214.672.2020
WWW.COWLESTHOMPSON.COM



PUBLIC WORKS DEPARTMENT

Post Office Box 144 Addison, Texas 75001

(214) 450-2871

16801 Westgrove

September 26, 1996

Mr. Charles A. Salazar
Law Offices of Eddie Vassallo, P.C.
3710 Rawlins, Suite 1200
Dallas, Texas 75219-4276

Re: Metro Brick Company
Lot 3, Block 1, Addison Car Care Addition

Dear Mr. Salazar:

This letter is in response to your letter to Mr. Marlin Blake dated September 20, 1996. I would first like to clarify that Mr. Blake is not acting as the Town's right-of-way agent. Mr. Blake was hired by the Town to prepare an appraisal of Lot 3, Block 1, Addison Car Care Addition. The Town is having the property appraised because the previous owner approached the Town about selling the property to the Town. The Town was completely unaware the property owner was negotiating with Metro Brick or any other party to purchase the property.

In your letter you requested information regarding "...approved implementation of condemnation proceedings against Metro Brick Company...". The City Council has not discussed or considered any eminent domain actions against Metro Brick Company. It is the Town's desire to reach a fair and mutually beneficial agreement with property owners when purchasing property for right-of-way. The Town's policy is to only go to condemnation after considerable time has been spent negotiating and all options have been exhausted.

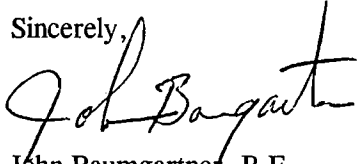
As you are probably aware of, the Town of Addison has an existing 60 foot wide right-of-way between Lots 2 and 3 (Metro Brick and the auto body shop). The proposed right-of-way width for Arapaho Road through this area is 94 feet. I anticipate that the right-of-way needed from Lot 3 will be approximately 25 feet in width. In addition, the Town's Thoroughfare Plan calls for Addison Road to be widened to 4 lane divided. (See attachments) This would require an additional 12 feet of right-of-way from Lot 3 along Addison Road.

The Town is in the process of hiring an engineering consultant to design the extension of Arapaho Road from Addison Road to Marsh Lane. The Town is actively acquiring right-of-way for the extension of Arapaho Road. Funding is available and the Town would like to proceed with acquiring right-of-way from Lot 3 for both the extension of Arapaho Road and the widening of Addison Road.

Mr. Charles Salazar
September 26, 1996
Page 2

I would like to request that Mr. Blake be allowed to enter the Metro Brick site to complete his appraisal. I and my assistant, Mr. David Nighswonger, will be acting as the Town's agents in acquiring the right-of-way for the project. I would welcome the opportunity to meet with Mr. Calander to discuss the project and the Town's acquisition of right-of-way from Lot 3. You may reach me or David at 972-450-2871.

Sincerely,



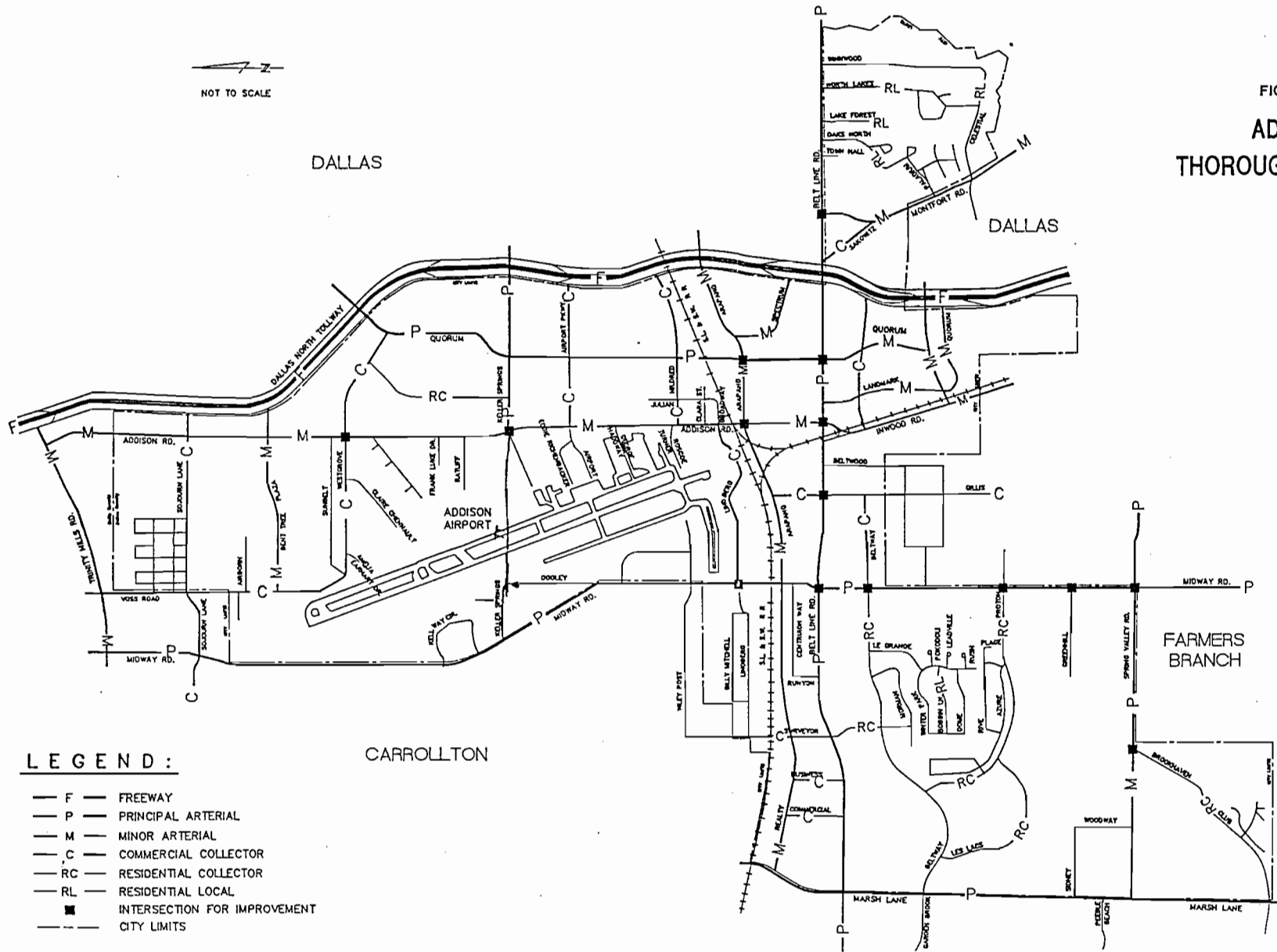
John Baumgartner, P.E.
Director of Public Works

Attachments: Thoroughfare Plan Map
List of Improvements from Thoroughfare Plan

cc: Mr. Marlin Blake, Marlin Blake & Associates
Mr. Dennis Calander, Metro Brick Company
Mr. Ken Dippel, Cowles & Thompson

NOT TO SCALE

FIGURE 4.1
ADDISON
THOROUGHFARE PLAN



LEGEND:

- F — FREEWAY
- P — PRINCIPAL ARTERIAL
- M — MINOR ARTERIAL
- C — COMMERCIAL COLLECTOR
- RC — RESIDENTIAL COLLECTOR
- RL — RESIDENTIAL LOCAL
- INTERSECTION FOR IMPROVEMENT
- - - CITY LIMITS

**Table 4.1
RECOMMENDED THOROUGHFARE IMPROVEMENTS**

Roadway	Limits	Improvement
Keller Springs Road	DNT to Addison	Expand to 6LD
Keller Springs Road	Addison to Midway	Tollroad Tunnel
Addison/Inwood Road	Town Limits to Trinity Mills	Expand to 4LD
Quorum Drive (North)	Belt Line to DNT	Expansion from 4LD to 6LD
Quorum Drive (North)	Keller Springs	Straighten "S" Curve
Quorum Drive (North)	Westgrove to DNT	Reconstruct Quorum Drive as main street with Westgrove as minor street creating a "T"
Quorum Drive (South)	Landmark to Inwood	Extend Quorum to Inwood
Arapaho Road	DNT to Marsh	Construct Arapaho 4LD
Gillis Road	Town limits to Arapaho	Expand to 4LU
Landmark Road	Quorum to DNT	Extend Landmark to DNT
New Road in S. Quorum Area	DNT to Inwood	Construct 4LU
Mildred	Quorum to DNT	Extend Mildred to DNT
Westgrove Drive	Quorum to Trinity Mills	Expand to 4LU
Sojourn Drive	DNT to Westgrove	Expand to 4LU
Bent Tree Plaza Parkway	DNT to Westgrove	Delineate to 4LD
Intersection Improvements	Various intersections	Construct dual left-turn lanes and free right-turn lanes as recommended in the Addison Bottleneck Study (Reference 15).

MAXIMIZE SYSTEM EFFICIENCY

In order to minimize the need for costly new roadways within Addison, the efficiency and capacity of the existing roadway system must be maximized. The intersection improvements of the Addison Bottleneck Report (Reference 15) identified specific intersection improvements to meet the demand placed on the roadway system by the existing traffic volumes and travel characteristics. These intersection improvements generally provide additional lane capacity at the intersection approaches for turning vehicles. Implementation of these improvements will increase the capacity and efficiency of the intersection operation, thereby improving the capacity and efficiency of the roadway system itself.

COWLES & THOMPSON
A Professional Corporation
ATTORNEYS AND COUNSELORS



F A C S I M I L E C O V E R P A G E

Date and Time Faxed: Tuesday, March 04, 2003 3:34:44 PM
Total Number of Pages (including cover sheet): 03
Client/Matter #: \

To: Name: Mike Murphy
Company:
Fax Number: 972-450-2837
Voice Phone:

From: Name: Tom Mighell
Fax Number: 214-672-2381
Voice Phone: 214-672-2181

Message:

IMPORTANT/CONFIDENTIAL: This message is intended only for the use of the individual or entity to which it is addressed. This message contains information from the law firm of Cowles & Thompson which may be privileged, confidential, and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient or the employee, or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of the communication is strictly prohibited. If you have received this communication in error, please notify us immediately at our telephone number (214)672-2000. We will be happy to arrange for the return of this message to us, via the United States Postal Service, at no cost to you.

25th
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COWLES & THOMPSON
A Professional Corporation
ATTORNEYS AND COUNSELORS



THOMAS L. MIGHELL
214.672.2181
TMIGHELL@COWLESTHOMPSON.COM

March 4, 2003

Via Telecopy (214) 559-7029

Charles Salazar
Law Offices of Eddie Vasallo, P.C.
Regency Plaza
3710 Rawlins, Suite 1200
Dallas, TX 75219-4276

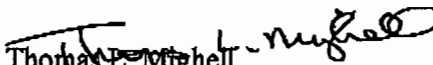
Re: *Town of Addison v. Metro Brick Company, Inc., and Dennis Calander,
Individually and as President of Metro Brick Company, Inc.*
Cause No. CC-02-05062-E
Our File No. 3305/60962

Dear Charles:

Please be advised that the court has set the Town of Addison's Application for Writ of Possession for hearing on **Friday, March 28, 2003 at 9:00 a.m.** Please make a note of this date on your calendar.

If you have any questions, please do not hesitate to give me a call.

Sincerely,


Thomas E. Mighell

TLM:

DALLAS TYLER

901 MAIN STREET SUITE 4000 DALLAS, TEXAS 75202-3793
TEL 214.672.2000 FAX 214.672.2020
WWW.COWLESTHOMPSON.COM

March 4, 2003

Page 2

bcc: Ron Whitehead
Mike Murphy
Ken Dippel
Sim Israeloff

MARLIN M. BLAKE & ASSOCIATES, INC.

REAL ESTATE APPRAISERS & CONSULTANTS
FOREST ABRAMS PLACE SOUTH
9304 FOREST LANE, SUITE 120 • DALLAS, TEXAS 75243
TEL. (214) 340-8510 FAX (214) 553-1650

September 23, 1996

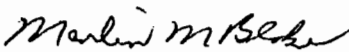
**Town of Addison
16801 Westgrove Drive
Addison, Texas 75001-0144
ATTN: Mr. David Nighswonger, P. E.**

**Re: Appraisal of Property
Proposed Arapaho Road Extension
15211 Addison Road, Joint Venture**

Dear Mr. Nighswonger:

Enclosed herewith is a letter I have received from Mr. Charles A. Salazar with the Law Offices of Eddie Vassallo, P.C. Mr. Salazar's firm represents the owner of the captioned property and has requested additional information prior to granting permission for the physical inspection of the property. It appears that some of the requested information should be furnished by the Town of Addison. Perhaps it would be beneficial for us to discuss this matter after you have reviewed the request. If you have questions or comments, please contact me.

Very truly yours,


Marlin M. Blake, SRA

September 20, 1996

Marlin M. Blake & Associates, Inc.
9304 Forest Lane, Suite 120
Dallas, Texas 75243

Via Telecopy -- (214) 553-1650

Re: Proposed Condemnation by City of Addison Against Metro Brick
Company

Dear Mr. Blake:

This firm has been retained to represent the interests of Metro Brick Company in connection with any condemnation proceeding to be filed by the City of Addison. I have received a copy of your September 16, 1996 correspondence to Metro Brick Company in which you request the opportunity to inspect and appraise the property on behalf of your client, the City of Addison.

To the extent you have been apprised by the City of Addison about the area to be acquired for the extension of Arapaho Road and other municipal purposes, I would appreciate you forwarding the information to this office. Further, I would appreciate you forwarding any information which indicates the City of Addison has indeed approved implementation of condemnation proceedings against Metro Brick Company in the event your negotiations on behalf of the City of Addison are not successful.

To the extent you are able to provide additional information to this office, we will be able to provide you with an opportunity to inspect and prepare an appraisal on behalf of your client the City of Addison. To the extent questions arise as to the project proposed by the City of Addison as a result of your document production, I will contact you on behalf of Metro Brick Company.

Predicated upon our representation of Metro Brick Company, I would appreciate you conducting all further communications directly with this office. I would further appreciate you advising the City of Addison of our

September 20, 1996

Page 2

representation of Metro Brick Company. The purpose of dealing strictly with this office is to prevent misunderstandings.

If you have any questions or problems arise, please do not hesitate to contact this office at your convenience.

Very truly yours,

LAW OFFICES OF EDDIE VASSALLO, P.C.



CHARLES A. SALAZAR

CAS/cc

cc: Dennis Calander, President
Metro Brick Company, Inc.

Via Telecopy

MARLIN M. BLAKE & ASSOCIATES, INC.

REAL ESTATE APPRAISERS & CONSULTANTS
FOREST ABRAMS PLACE SOUTH
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TEL. (214) 340-8510 FAX (214) 553-1650

September 23, 1996

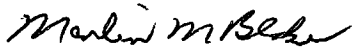
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16801 Westgrove Drive
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Very truly yours,


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September 20, 1996

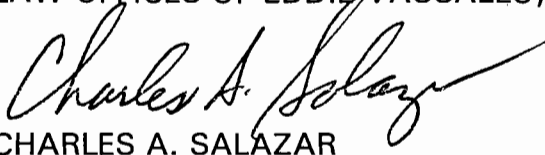
Page 2

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If you have any questions or problems arise, please do not hesitate to contact this office at your convenience.

Very truly yours,

LAW OFFICES OF EDDIE VASSALLO, P.C.

A handwritten signature in black ink, appearing to read "Charles A. Salazar". The signature is written in a cursive, flowing style with a long horizontal stroke extending to the right.

CHARLES A. SALAZAR

CAS/cc

cc: Dennis Calander, President
Metro Brick Company, Inc.

Via Telecopy

Price • Denton Inc.

Via Facsimile ~~951-6643~~

July 18, 1996

Mr. David Nighswonger, P.E.
Public Works Department
Town of Addison
16801 Westgrove
Addison, Texas 75001

Re: Metro Brick Company parcel
West side Addison Road at Arapaho Road
Addison, Texas

Dear David:

To respond to your request, our proposal for an appraisal of the above-referenced property is as follows:

- 1) Fee for complete appraisal, narrative report - \$3,400.00.
- 2) Delivery in 30 days

David, please note that the delivery time is based on our current backlog of work, which is fairly heavy. Depending upon when the appraisal is ordered, we would more typically be able to deliver in two to three weeks.

As you may be aware, as of January 1, 1996, L. R. Denton Co. merged with Price Appraisal Services, Inc. The new firm, Price • Denton Inc., is a 100% woman-owned business. We would be pleased to serve the Town with your appraisal needs.

Cordially,


Kathleen Price Wilke, CRE, MAI
KPW/kp

Enclosure: Brochure

14800 Quorum Drive • Suite 330
Dallas, Texas 75240
(214) 960-1606 • FAX: (214) 960-8906

Jackson & Walker

William D. Jordan, Esq.
6000 InterFirst Plaza
901 Main Street
Dallas, Texas 75202
214-953-5870

Locke Purnell Rain Harrell

Joe Staley, Esq.
William B. Steele, III, Esq.
Earle A. Berry, Jr., Esq.
325 N. St. Paul, Suite 3000
Dallas, Texas 75201-3989
214-740-8000

NationsBank

Ron Williams
Ed Larrocca
901 Main Street, 51st Floor
Dallas, Texas 75202
214-508-1542; 508-1295

**The Prudential Insurance
Company of America**

Phyllis A. Cummins, MAI, CRE
213 Washington Street
Newark, New Jersey 07102-2992
201-802-6446

Rogers & Wright

Richard G. Rogers, Esq.
4514 Cole Avenue, Suite 705
Dallas, Texas 75205
214-520-3800

REFERENCES

Akin, Gump, Strauss, Hauer & Feld	Michael Lowenberg, Esq. 1700 Pacific Avenue, Suite 4100 Dallas, TX 75201-4618 (214) 969-4271
Bank One, Texas, NA	Bradley Wirth Shannon Dykes 1717 Main Street, LL 1 Dallas, Texas 75201 (214) 290-3567
Bramalea Texas	Roy Pelham 901 Main Street, Suite 5000 Dallas, Texas 75202 (214) 761-6114
Butler & Binion	Dan Cain, Esq. 750 N. St. Paul, Suite 1800 Dallas, Texas 75201 (214) 220-3100
Geary, Porter & West	Dan Donovan, Esq. One Bent Tree Tower 16475 Dallas Parkway, Suite 550 Dallas, Texas 75248 (214) 733-2203
Hosford & Tindall	Irene L. Hosford, Esq. 750 N. St. Paul, Suite 1270 Dallas, Texas 75201 (214) 754-8000

**PROFESSIONAL QUALIFICATIONS OF
OF ANNA C. KOSTISHAK, MAI**

Anna C. Kostishak, MAI, is Executive Vice President of Price • Denton Inc., a full-service commercial real estate appraisal and counseling firm founded in 1974 and headquartered in Dallas, Texas. Ms. Kostishak has over fifteen years experience in real estate appraisal and counseling. Prior to joining Price • Denton Inc., she was the manager of real estate valuation services for Arthur Young's Dallas office.

Price • Denton Inc., performs approximately 100+ assignments annually for a select clientele, including banks, real estate investment trusts, pension funds, developers, governmental agencies, foreign investment firms, attorneys, accountants, non-real estate corporations and individuals.

Ms. Kostishak's experience includes appraisal, market research and counseling on industrial, commercial, multi-family and special purpose real estate throughout the Continental United States. In support of her valuations Ms. Kostishak has testified as an expert witness in real estate valuation matters in federal and municipal court proceedings.

Ms. Kostishak holds the MAI (Member, Appraisal Institute) designation of the American Institute of Real Estate Appraisers, Certificate No. 6852 and is certified by the State of Texas as a General Real Estate Appraiser, Certificate Number TX-1320545-G. She currently serves the Appraisal Institute as a Co-Vice Chairman of the Demonstration Appraisal Reports Subcommittee-General. She is also a former Assistant Regional Member for Review and Counseling and a former member of the local chapter's Board of Directors.

Ms. Kostishak holds a B.S. in Urban Planning from Michigan State University and a M.B.A. from DePaul University in Chicago, Illinois. Professional associations in which she holds membership include Commercial Real Estate Women and Dallas Real Estate Financial Executives Association. She is a licensed real estate broker in the state of Texas.

The American Institute of Real Estate Appraisers conducts a voluntary program of continuing education for its designated members. Ms. Kostishak has completed the requirements of this program.

Price • Denton Inc.

**PROFESSIONAL QUALIFICATIONS OF
KATHLEEN PRICE WILKE, CRE, MAI**

Kathleen Price Wilke, CRE, MAI, is President and Chief Executive Officer of Price • Denton Inc., a full-service commercial real estate counseling and valuation firm formed in 1974 and headquartered in Dallas, Texas. Ms. Wilke has twenty-four years' experience in various aspects of the commercial real estate industry, including mortgage banking, development and appraising. She has specialized in counseling and appraisal for the last seventeen years.

Price performs 100+ assignments annually for a select clientele, including banks, real estate investment trusts, pension funds, developers, governmental agencies, foreign investment firms, attorneys, accountants, non-real estate corporations and individuals. Ms. Wilke has appraised virtually all types of income-producing properties, special purpose facilities, and urban land in Texas and other regions of the country. The firm, under her supervision, has handled assignments in some 43 states.

Ms. Wilke holds the CRE designation (Cert. No. 1560) of The Counselors of Real Estate, a by-invitation organization of preeminent real estate professionals, and the MAI designation of the Appraisal Institute (Cert. No. 5983). She is certified by the State of Texas as a General Real Estate Appraiser (Cert. No. TX-1320438-G). She is founder and past president of the 250-member Dallas CREW (Commercial Real Estate Women), and is a member of other business and civic organizations, including The Real Estate Council (past board member), Executive Women of Dallas, and Pension Real Estate Association. She is currently on the Board of Directors of the North Texas Commercial Association of Realtors.

Ms. Wilke is the Recipient of the 1987 CREW Outstanding Achievement Award, awarded annually to the member "who most exemplifies professionalism and whose performance and productivity in the commercial real estate field are of the highest level". She has served the Appraisal Institute as Assistant Regional Member for Review and Counseling, member of the Board of Directors, 1988 Vice President and 1989 President of North Texas Chapter #17.

Ms. Wilke testifies frequently in federal, state and municipal court proceedings as an expert witness in real estate matters, has been an instructor in real estate appraising for The Appraisal Institute and Brookhaven Community College. She has served on the State of Texas Property Tax Board Appeals Panel. With her husband, Dick Wilke, she also operates The Wilke Company, a retail real estate consulting, asset management and development business.

Price • Denton Inc.

Integrity...Experience...Versatility

The building blocks of a quality appraisal service...Of Price • Denton Inc.

A full-service commercial appraisal and counseling firm, Price • Denton has built a reputation as a company of exceptional capabilities and integrity. Performing valuations for a client roster national and international in scope, we provide decisive expertise and a human resource second to none. With a high ratio of MAI's to our Appraisal Institute-educated staff appraisers, we maintain the close hands-on supervision necessary to ensure that each project is evaluated as to its individual and unique characteristics. No "cookie cutter" appraisals here!

Since its inception in 1974, the company has translated **experience** into performance. Our diverse client base includes major financial institutions, Fortune 500 companies, Big Eight accounting firms, government agencies, prominent law firms and individuals. In the last 19 years, we have completed over 2,500 valuations and consulting assignments in some 40 states.

Versatility is the hallmark of a service-oriented firm. At Price • Denton, our focus ranges from commercial/industrial/investment real estate to major mixed-use projects to urban and rural land to special purpose properties.

Consistency is the distinguishing factor of a quality real estate valuation and consulting firm. At Price • Denton, we set -- and meet -- the highest standards on every assignment we undertake. Whether giving testimony in a court of law or evaluating a client's portfolio, we combine our expertise to address the specific needs of each project. And we've never lost sight of our most valuable asset...our reputation for integrity and service.

On time. Done right. On budget. No surprises. This is our commitment.

Price • Denton Inc.

PRICE • DENTON INC.

**14800 Quorum Drive, Suite 330
Dallas, Texas 75240
(214) 960-1606**

Price Denton Inc.

TELECOPY TRANSMITTAL

DATE: 7-18-96

FROM: Betty Wilke

WE ARE TRANSMITTING 8 PAGES (INCLUDING THIS COVER SHEET).

PLEASE DELIVER THE FOLLOWING PAGES IMMEDIATELY TO:

NAME: David Maphswonger

COMPANY: Tom 2 Address

CITY/STATE: 450-2837

FAX NO: 931-6695

ORIGINAL OF THIS FACSIMILE WILL

FOLLOW VIA MAIL

FOLLOW BY OVERNIGHT MAIL

NOT BE SENT

IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL BACK AS SOON AS POSSIBLE USING ONE OF THE NUMBERS LISTED BELOW:

PHONE: (214) 960-1606

OR

FAX: (214) 960-8906

ADDITIONAL COMMENTS: _____

Confidentiality Note

The information accompanying this facsimile transmission contains information from Price-Denton Inc. which is confidential and/or privileged. The information is intended to be for the use of the individual or entity named on this transmission sheet. If you are not intended recipient, be aware that any disclosure, copying, distribution or use of the contents of this facsimile information is prohibited. If you have received this facsimile in error, please immediately notify the sender by telephone so that we can arrange the retrieval of the original documents at no cost to you.

14800 Quorum Drive • Suite 330
Dallas, Texas 75240
(214) 960-1606 • FAX: (214) 960-8906

MARLIN M. BLAKE & ASSOCIATES, INC.

REAL ESTATE APPRAISERS & CONSULTANTS
FOREST ABRAMS PLACE SOUTH
9304 FOREST LANE, SUITE 120 • DALLAS, TEXAS 75243
TEL. (214) 340-8510 FAX (214) 553-1650

September 16, 1996

Metro Brick Company
15301 Addison Road
Dallas, Texas 75248
ATTN: Mr. Dennis Calander

**Re: Property Inspection and
Owner Contact
15301 Addison Road**

Dear Mr. Calander:

In accordance with our telephone conversation today, I am submitting a written request to you in regard to the captioned property. As I stated to you today, I have been employed by the Town of Addison to prepare an appraisal report on the property as a basis for negotiations with you by the Town. It is my understanding that the Town of Addison is seeking to acquire the property for additional right of way for the extension of Arapaho Road, as well as other municipal purposes.

The purpose of my contact with you is to introduce myself to you and to seek your permission to make a detailed physical inspection of the property. Additionally, if you desire to accompany me on this inspection we will make necessary arrangements to do so. If you are available to meet me during the inspection or at another time, I have found this to be beneficial to the appraiser as well as the owner. This procedure allows the appraiser the opportunity to explain the project as well as afford the owner the opportunity to express any concerns or information you may wish to be considered in the appraisal process.

Should you need additional information in this matter, please do not hesitate to contact me.

Respectfully submitted,



Marlin M. Blake, SRA


cc: Mr. David Nighswonger, Town of Addison

maintenance of manholes, cleanouts, fire hydrants, water service and sewer services from the main to curb or pavement line, and the descriptions of such additional easements herein granted shall be determined by their locations as installed.

This plat approved subject to all platting ordinances, rules, regulations and resolutions of the Town of Addison, Texas.

WITNESS, My hand at Addison, Texas, this the _____ day of _____, 1987.


MILTON J. NOELL
General Partner


Milton J. Noell

D-79:19

RECEIVED JUN 9 1987

6-10-87 Filed DCR



4-27-87

FINAL PLAT						
ADDISON CAR CARE ADDITION						
HENNESSEY ENGINEERING, INC.						
1409 THIRD STREET, CARROLLTON, TEXAS, 75006, (214)-245-9478						
TOWN OF ADDISON, DALLAS COUNTY, TEXAS						
DESIGN	DRAWN	DATE	SCALE	NOTES	FILE	NUMBER
J.H.	J.H.	3/11/87 2/19/87 3/27/87	1" = 40'		8672	C-1

6/8/87

EMERGENCY ACCESS
UTILITY ESMT.

BLOCK 1

LOT 2

83,771 SQ. FT.

10' DRAINAGE ESMT.
VOL. 79236, PG. 2770, D.R.D.C.T.

151,146 SQ. FT. GROSS
- 11,948 SQ. FT. ARAPAHO RD. R.O.W.

139,198 SQ. FT. NET

CL 60" R.C.P.

SET &
GE ESMT.

162.06 ±

632.86'

ADDISON ROAD

(60' R.O.W.)

R.

R.

DEDICATED TO CITY OF ADDISON FOR

ARAPAHO ROAD

CV. 5

CV. 6

(60' R.O.W.)

CV. 7

25' BLDG. LINE

LOT 3

11,363 SQ. FT.

VOL. 5757, PG. 121
DORCHESTER PIPELINE
(APPROX. LOCATION)

3' STREET ESMT.

POINT OF BEGINNING

RD.

24' 20'

50'

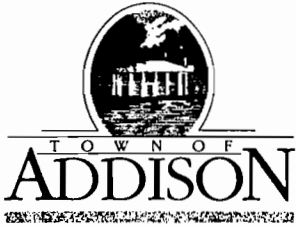
25' BLDG. LINE

S44°43'E
28.32'
N89°39'W
~ 20.07'

50' N 89°39'00" W ~ 40.0' 50'

N89°39'W
~ 19.93'
S45°17'W
28.25'

112.30'



PUBLIC WORKS DEPARTMENT

Post Office Box 144 Addison, Texas 75001

(214) 450-2871

16801 Westgrove

August 12, 1996

Mr. Marlin M. Blake
Marlin M. Blake & Associates, Inc.
9304 Forest Lane, Suite 120
Dallas, Texas 75243

Re: Appraisal of 15301 Addison Road
Lot 3, Block 1 Addison Car Care Addition

Dear Marlin:

Attached is your copy of the executed agreement for you to prepare an appraisal on the above referenced tract. This letter serves as your Notice to Proceed. If you need any additional information please call me at 450-2879.

Sincerely,

David Nighswonger, P.E.
Public Works Engineer

MARLIN M. BLAKE & ASSOCIATES, INC.

REAL ESTATE APPRAISERS & CONSULTANTS
FOREST ABRAMS PLACE SOUTH
9304 FOREST LANE, SUITE 120 • DALLAS, TEXAS 75243
TEL. (214) 340-8510 FAX (214) 553-1650

August 5, 1996

**Town of Addison
16801 Westgrove Drive
Addison, Texas 75001-0144
ATTN: Mr. David Nighswonger, P. E.**

**Re: Appraisal Proposal
Proposed Arapaho Road Extension
Lot 3, Block 1 Addison Car Care Addition
15301 Addison Road**

Dear Mr. Nighswonger:

In accordance with your recent request, I have reviewed the plat furnished by you and have viewed the property from public rights of way in regard to the captioned property. It is my understanding that you need a complete appraisal of the property as a basis for negotiations with the property owner.

Our fee for this service is based on a rate of \$100.00 per hour. It is anticipated that the total fee would not exceed \$1,800, based on the projected amount of time required. Completion and delivery of the report would be accomplished within thirty (30) days from notification to proceed. I appreciate the opportunity to submit this proposal and look forward to being of service to you in this matter. Should you desire additional information or have any questions in regard to this proposal, please do not hesitate to contact me.

Very truly yours,


Marlin M. Blake, SRA

Accepted By:  **Date:** August 6, 1996
Ron Whitehead
City Manager

END

AN APPRAISAL REPORT OF

THE METRO BRICK COMPANY, INC. PROPERTY
±11,363 SF
LOCATED AT THE
NORTHWEST CORNER OF THE ADDISON ROAD/ARAPAHO ROAD INTERSECTION
TOWN OF ADDISON, DALLAS COUNTY, TEXAS

PREPARED FOR

TOWN OF ADDISON
C/O MR. MICHAEL MURPHY, P.E.
DIRECTOR OF PUBLIC WORKS
P.O. BOX 9010
ADDISON, TEXAS 75001-9010

DATE OF APPRAISAL

MAY 7, 2001

PREPARED BY

HIPES & ASSOCIATES
7557 RAMBLER ROAD
SUITE 260, LB 25
DALLAS, TEXAS 75231

HIPES & ASSOCIATES

REAL ESTATE
APPRAISERS/CONSULTANTS

OFFICE ADDRESS:
7557 RAMBLER RD #260
LOCK BOX 25
DALLAS, TEXAS 75231

MAILING ADDRESS:
P.O. BOX 600142
DALLAS, TEXAS 75360
214-739-5941

May 7, 2001

Mr. Michael Murphy, P.E.
Director of Public Works
Town of Addison
P.O. Box 9010
Addison, Texas 75001-9010

**Re: The Metro Brick Company, Inc. Property
Arapaho Road Acquisition**

Dear Mr. Murphy:

I have inspected and made an appraisal of the above referenced property. Conditions pertinent to or indicative of the value of the property were researched and investigated.

This report sets forth my findings and conclusions and any material matters within the market place that may have an impact on the value of the subject, the proposed acquisition, and any remainders both before and after the proposed acquisition. Factual data pertaining to the subject is exhibited along with any market data felt significant in the analysis and opinion of value.

Certificate of Appraiser

I hereby certify:

That it is my opinion the total compensation for the acquisition of the herein described property is \$102,061.00 as of May 7, 2001 based upon my independent appraisal and the exercise of my professional judgement;

That on April 11, 2001, and various other dates, I personally inspected in the field the property herein appraised; that I afforded Mr. Dennis Calandar, the property owner or his representative, the opportunity to accompany me at the time of inspection;

The comparable sales relied upon in making said appraisal were as represented by the photographs contained in the appraisal and were inspected on April 11, 2001, and various other dates;

That to the best of my knowledge and belief the statements contained in the appraisal hereinabove set forth are true, and the information upon which the opinions expressed therein are based is correct, subject to the limiting conditions therein set forth;

That I understand that such appraisal is to be used in connection with the acquisition of land area for a public project by the Town of Addison, Texas, and that such appraisal has been made in conformity with the appropriate State laws, regulations, and policies and procedures applicable to appraisal for such purposes, and that to the best of my knowledge no portion of the value assigned to such property consists of items which are noncompensable under the established law of said State, and any decrease or increase in the fair market value of subject real property prior to the date of valuation caused by the public improvement for which such property is to be acquired, or by the likelihood that the property would be acquired for such improvement, other than that due to physical deterioration within the reasonable control of the owner, has been disregarded in determining the compensation for the property;

That neither my employment nor my compensation for making this appraisal and report are in any way contingent upon the values reported herein;

That I have no direct or indirect present or contemplated future interest in such property or in any benefit from the acquisition of such property appraised; and that should I or any employee in my service acquire any interest in or to the property appraised prior to the acquisition of the parcel by the Town of Addison, I will immediately notify the Town of such interest or interests;

That I have not revealed and will not reveal the findings and results of such appraisal to anyone other than the proper officials of the Town, until authorized by Town officials to do so, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

Respectfully submitted,



Mark A. Hipes
Texas Certification No. TX-1321416-G

7 MAY 2001
Date

Note: This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analysis that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analysis is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

SUMMARY OF SALIENT FACTS

**±1,657 SF out of ±11,363 SF at the NW/c of Intersection of Addison Road/Arapaho Road
Metro Brick Company, Inc. - Owner
Addison, Texas**

Date of the Appraisal:	May 7, 2001
Value Estimated:	Market Value - Just Compensation
Property Rights Appraised:	Fee Simple
Property Appraised:	A ±1,657 SF tract out of a ±11,363 SF tract, located at the NW/c of Addison Rd. & Arapaho Rd., Addison, Texas.
Property Zoned:	PD; office, retail, restaurant, car wash
Highest & Best Use:	
"As vacant":	To be assembled with adjacent railroad property for potential future uses.
"As improved":	Interim neighborhood services use, until such time as redevelopment is warranted.
Estimates of Fee Simple Value:	
<u>Whole Property</u>	
Land Value (Sales Comparison):	\$ 56,815
Cost Approach:	\$111,500
Income Approach:	\$103,032
Sales Comparison Approach:	\$ N/A
Whole Property:	\$103,032
<u>Part Taken:</u>	\$ 15,275
<u>Remainder Before the Take:</u>	\$ 87,757
<u>Remainder After the Take:</u>	
Land Value:	\$ 971
Cost Approach:	\$ N/A
Income Approach:	\$ N/A
Sales Comparison Approach:	\$ N/A
Damages to the Remainder:	\$ 86,786
Final Value Estimate: JUST COMPENSATION	\$102,061

TABLE OF CONTENTS

Transmittal Letter	i
Summary of Salient Facts	iii
Table of Contents	iv
Purpose and Use of the Report	1
Definition of Market Value	1
Scope of the Appraisal	1
Property Rights Appraised	1
Effective Date of Valuation	1
Identification of the Property	2
History of the Property	2
City Data	3
Neighborhood Analysis and Trends	5
Subject Property	6
Highest and Best Use - Zoning	8
The Appraisal Process - Whole Property	10
Land Valuation (Sales Comparison)	11
Cost Approach to Value	20
Income Approach to Value	24
Sales Comparison Approach to Value	27
Reconciliation	27
Part Taken - Valuation	28
Remainder Before the Take - Valuation	29
Remainder After the Take - Valuation	30
Estimate of Just Compensation	31
ADDENDUM	
Comparable Rental Data	
Assumptions & Limiting Conditions	
Photographs of the Subject	
Plat of the Subject	
Legal Description	
FAA Exhibits	
Zoning Map	
Qualifications of Appraiser	

Purpose of the Appraisal

The purpose of this appraisal is to estimate the market value of the fee simple title to the real property to be acquired, encumbered by any easement not to be extinguished, less oil, gas and sulphur. If the acquisition is of less than the entire property, any special benefits and damages to the remainder property must be included in accordance with the laws of Texas. This appraisal is rendered in order to assist Addison in estimating the value of property to be acquired.

Definition of Market Value

Market Value may be defined as follows: "Market Value is the price which the property would bring when it is offered for sale by one who desires, but is not obliged to sell, and is bought by one who is under no necessity of buying it, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future."

Scope of the Appraisal

The scope of this report includes the research, data acquisition and analysis as described in the appraisal process description of this report. In gathering comparable sales data our sources include direct interview with grantor and/or grantee, commercial sales reporting services, other appraisers and real estate practitioners, published data and information in our files. Comparable rent information is generally derived from direct interview with property managers and leasing agents. On comparable rent and sale information the source is generally indicated on the respective comparable's page. Information on property operating expenses can be derived from a number of sources including actual amounts provided to us for the subject property, file information, direct interview with property managers and owners and published industry averages. Replacement construction costs amounts are generally derived from the national cost reporting services prepared by Marshall and Swift and, where available, actual construction costs are utilized. On some comparable sales data an attempt is made to confirm third party information with either the grantor or grantee if there is concern about the data's reliability.

Property Rights Appraised

The property rights appraised are those of the *Fee Simple* estate. Fee simple estate is defined as "Absolute ownership unencumbered by any interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation". (The Dictionary of Real Estate Appraisal, Second Edition, American Institute of Real Estate Appraisers, 1984, p. 123.)

Effective Date of Valuation

The effective date of valuation is May 7, 2001. The inspection date of the subject was April 11, 2001, and various other dates. The date of this report is May 7, 2001.

Identification of the Subject Property

The property being appraised is a ±1,657 SF tract of land out of a 11,363 SF tract, located at the northwest corner of Arapaho Road and Addison Road, in the Town of Addison, Dallas County, Texas. This is an area principally developed with commercial, industrial, and airport service uses.

The acquisition through the subject property is comprised of a strip taking along the south side of the subject, adjacent to the existing Arapaho Road right-of-way. The survey provided to the appraiser representing the proposed acquisition is included in the Addendum to this report.

Briefly, the legal description for the subject property/part taken is described as; *being a part of Block 1, Lot 3, Addison Car Care Addition, and a part of the Edward Cook Survey, Abstract Number 326, Town of Addison, Dallas County, Texas, containing a total of ±11,363 SF of land area.*

A metes and bounds legal description of the proposed acquisition has been provided to the appraiser and is included in the addendum of the report.

History of the Subject Property

No property ownership information was provided to the appraiser for this appraisal assignment. However, data contained in the appraiser's files indicates that the current owner acquired the subject property on September 11, 1996, from Carwash Properties North V, LP, as recorded in Volume 96180, Page 2908, of the Dallas County Deed Records, for \$85,267. No previous ownership history is known. The subject property was purchased by the pre-existing tenant for the continued operation of his business.

Ad Valorem Tax Information

The DCAD Acct. # for the subject is 10000610010030000. The DCAD appraised value for the subject is \$85,000; land value @ \$68,210 and improvement value @ \$16,790 for the year 2000.

Estimated Marketing/Exposure Time

The USPAP requires that the appraiser address the estimated reasonable exposure time of the property at the value estimate. This is defined as the time prior to and ending with the effective date of the appraisal estimated to be required to market the property at the final value estimate. Conversations with industrial and office brokers in preparing this report indicate that a reasonable exposure time for the subject property of nine to twelve months is supported by historic market conditions.

CITY DATA

The Town of Addison is located in the northern portion of Dallas County, approximately 12 miles north of the Dallas Central Business District. The City is bounded by Dallas on the north and east sides, Dallas and Farmers Branch to the south and the City of Carrollton on the west. The City is a suburb of Dallas and is a part of the Dallas Metropolitan area.

Addison has participated in the growth of the metropolitan area as shown by the following figures:

<u>Census Year</u>	<u>Population</u>	<u>Increase</u>
1970	593	N/A
1980	5,553	+835%
1990	8,783	+ 58%
1997 (est.)	11,100	+ 25%

The Town of Addison is primarily commercial in nature. Light industrial and flex warehouse space has developed in the areas east, north, and west of the Addison Airport. The Dallas North Tollroad corridor sparked heavy hotel and multi-story office building development during the 1980's. This extends from the west side of the freeway to the railroad tracks at Inwood road. The corridor along Midway Road from the Farmers Branch boundary continued the light industrial, office/flex development of the Midway Industrial Park that extends southward to LBJ Freeway. The corridor along Belt Line Road through the City has seen extensive development with restaurants, hotels, and retail facilities. As a result, residential housing is a minor factor in the property base of the Town of Addison. This has helped to keep taxes low, but has afforded the Town a very healthy tax income due to the high valuations of the commercial properties. This is displayed in the quality and quantity of public facilities and services provided.

Primary north/south access through Addison is via the Dallas North Tollway, Addison road and Midway Road. Belt Line Road and Trinity Mills Road are primary east/west thoroughfares. The major development within the city is the Addison Airport, a major corporate and private air facility, which occupies a large portion of the City's land area. due t Addison's accessibility and location in the path of the City of Dallas northern growth, substantial hotel, commercial, retail, office and light industrial development has occurred. This is generally all of good quality and relatively recent construction. The character of the City is primarily commercial with small concentrations of multi-family housing and upper-middle income single-family in its central and southwestern portions, and high-end single family housing found in the extreme eastern portion.

Addison has a Council/Manager type government. It provides police and fire protection to it's citizens. Utilities are provided by Lone Star Gas Company, TU Electric Company, and Southwestern Bell Telephone Company. It gets it's water from the City of Dallas and sewer services from the Trinity River Authority and the City of Dallas. Utilities appear to be adequate to service projected growth. Addison is in the Dallas and Carrollton/Farmers Branch Independent School districts. There are no school buildings located within Addison's city limits. There are a number of major shopping facilities in or near Addison, including the Galleria Mall and Northpark Mall. Additional large, modern retail areas are in close proximity. The renowned retailer, Nordstrom's has a store in the Galleria shopping center just south of Addison at LBJ and the Tollroad and a new major retail center has been constructed on a tract north of that. Other

significant large retail facilities are a free-standing Home Depot Expo Design Center and Mikasa Home Store.

Due to the number of office and light industrial buildings in the area, there is a large and diversified community of employers. Two of the largest are the Dallas Marriott Quorum and Intercontinental hotels. Addison is well known as an entertainment and restaurant area with over 100 restaurants operating the in Town.

The new "urban hub" consisting of a 70 acre development at Addison Circle, located north of Belt Line Road and bounded by Airport Parkway, Addison road, the Toll road and Arapaho Road is currently under development. The main thrust is the increase of residential housing, an arts center, and parks and public use areas. When completed, it is projected to increase the population by 50% - 60%. The City feels that this will prevent Addison from losing businesses to northern suburbs and insure long-term, quality growth. This should enhance overall values in the area in our opinion.

After a period of speculative real estate investment activity in the early and mid 1980's, Addison and adjoining areas were among those hardest hit by the real estate recession of the last half of that decade. That situation has now turned around dramatically. Due to its highly desirable location, a resumption of market strength is currently found. M/PF market research has consistently reported strong increases in office construction over the previous several years. In addition, Hines Interests plan 250,000 Sf of new office at the Galleria in the Dallas City limits, and Centre Development plans a 410,000 SF office structure at Dallas Parkway and Spring Valley in Farmers Branch just south of Addison. For multi-family construction, M/PF research also shows strong growth and absorption. The overall prospects for the City's future is considered to be good, in our opinion.

NEIGHBORHOOD ANALYSIS AND TRENDS

The subject neighborhood is described as being that area generally bounded by Belt Line Road on the south, Midway Road on the west, Westgrove to the north and Quorum Drive to the east. This area is in the north-central portion of the Town of Addison which is a northern suburb of the City of Dallas situated approximately 12 miles north of that municipality's central business district.

The predominant feature and major land use within the subject neighborhood is the Addison Airport which is due north of the subject property. This is a major fixed-base corporate and private airport facility for northern Dallas County. Improvements at the airport include a 7,200' lighted runway, control towers, ILS Approach System, and two 24-hour fixed base operators providing fuel and other aircraft related services. It houses corporate aircraft for a number of businesses within the area. Much of the improvement west of Addison Road is light industrial and airport related type construction. Major facilities for the City of Addison occur at the west corners formed by the intersection of Airport Parkway and Addison Road. The northwest corner of those two streets houses the City of Addison's police and court facilities while the southwest corner is the site for the City of Addison's central fire station. The majority of the rest of the development south of Airport Parkway, extending along Lindberg and on the west side of the airport, is light industrial or commercial in nature.

Addison Road is a major north/south connector within this portion of Addison and North Dallas. In addition to commercial buildings found here, there was fairly extensive low and mid-rise garden office development during the construction boom of the early and mid 1980's. Examples of this type of construction are found on the west side of that thoroughfare both south and north of the Keller Springs intersection with similar development in the northeast quadrant of Keller Springs and Addison Road. Additional construction of this type is found along the south side of Westgrove west of Addison Road. North of Westgrove on this side of Addison Road is found more office warehouse/office showroom type development. There are still some fairly sizable tracts of undeveloped land, primarily on the east side of Addison Road in this area. The development in the northern part of the northeastern part of the neighborhood has been high quality, single-story office showroom and hi-tech type construction. There is still a significant amount of developable land in this area.

The City of Addison and adjacent areas north of Belt Line have enjoyed new development and generally increasing land prices since the mid-1990's. Of particular interest is the developing apartment, hotel, retail, and commercial activity surrounding the Addison Circle portion of the subject neighborhood. The attractiveness of relatively close in North Dallas locations should ensure strong demand for existing properties and vacant development land within the subject neighborhood as the real estate economy continues to improve. As these events occur, the subject neighborhood development prospers. Current market evidence suggests a healthy real estate market.

SUBJECT PROPERTY

Site Data

The subject tract is near triangular in shape, the northwest side curving along the railroad right-of-way, based on information provided in a site plan. Plats indicate approximately $\pm 112'$ of boundary with the west right-of-way line of Addison Road and $\pm 144'$ of frontage along the north side of existing (but unimproved) Arapaho Road. Total land area is $\pm 11,363$ SF as shown on the survey provided by the Town of Addison and a survey/site plan provided by the previous owner. Addison Road is a four-lane undivided street, with a center turn lane. The improved portion of Arapaho Road terminates to the east of the subject property, where it is a concrete divided multi-lane road. The Arapaho Road right-of-way along the south side of the subject is unimproved and currently utilized for access, parking and storage. The subject appears to be at grade with Addison Road/Arapaho Road.

Physical Characteristics

The subject site is basically level with no major drainage problems noted. Site grading appears to such to carry surface water from the entire site to the south and east and the drainage in Addison Road. An open cut drainage ditch is situated near the north side of the subject improvements. This is generally effective except in very heavy rainfalls. Apparently off-site drainage capacity is sufficient. The subject property is not located in a HUD designated flood plain area according to Town of Addison, Texas Community Panel No. 481089 0005 A, effective July 16, 1980. Access in and out of the site is accomplished from existing frontage along Addison Road adjacent to the east. Additional access, via unimproved Arapaho Road right-of-way, is currently available along the south side of the site. However, no drive-way cuts are currently existing within this area.

Size/Shape

The subject property contains $\pm 11,363$ SF in a triangular configuration. The site is of insufficient size and shape to support independent economic development, if it were vacant and available for development. There is a pipeline easement across the northwest side of the site, which precludes building permanent improvements in that area. Additionally, there is a 25' setback requirement along both Addison Road and Arapaho Road. That portion of the site available to support improvements is too limited for reasonable economic viability.

Currently, the existing Arapaho Road right-of-way to the south of the subject site and the railroad right-of-way to the north of the subject are utilized for parking in support of the subject improvements. The only on-site parking noted was limited to parallel parking in front of the subject improvements (east side).

Zoning: *The existing improvements are considered "non-conforming" under the Town's current zoning ordinances.* Per the sale plat of the subject, the existing improvements are situated within the setback requirements. A 25' setback building line is required off of both Arapaho Road and Addison Road. The subject property is zoned "PD", a planned development zoning allowing for office, retail, restaurant, and car wash development, under the Town of Addison's ordinances. This is a fairly broad classification providing for a wide variety of commercial usages. Due to the location of the subject tract proximate to Addison Airport, a 20' maximum building height restriction is imposed on any building improvements. The actual development of the subject would require specific plan approval by the Town.

Utilities

Sanitary sewer and water connections are provided through the Town of Addison. It is presumed that the present utilities directly available to the site are of sufficient capacity to support commercial development. Telephone service, electricity and natural gas are available and in adequate supply by private companies serving the subject's general area. The current design of access is considered sufficient to support commercial development. Given the abundance of adjoining street right-of-way, direct access to the subject site is considered both reasonable and probable.

Easements and Restrictions

As set forth in the Assumptions and Limiting Conditions of this report, there was not available to the appraiser in the preparation of this appraisal a current survey and/or title policy. It is assumed from a review of plats and public information that there are no, other than standard utility easements, easements affecting the subject property which are not shown on the site plans/plats, and further, that there are no private deed restrictions that would hinder its current use or future development. It is suggested that these assumptions be verified by competent parties. Easements shown on the plats available to the appraiser indicate that there is a Dorchester Pipeline easement along the northwest side of the subject site and a T.P. & L. easement along the south side of the subject site. Typical utility easements are presumed to service the site.

Site Improvements

The subject property is improved with 2 buildings, a mixture of concrete and brick paving, and ornamental brick fencing. The buildings are currently utilized for display and sales office functions.

The building fronting Addison Road is a one story brick veneer building, constructed in a residential style, $\pm 22' \times \pm 42'$ (± 924 SF). This building is utilized as a display and sales office for the Metro Brick Company, Inc. The east central portion of the building is generally used as open display area. Along the south, west and north sides are sales offices. There is a restroom located on the west central side of the building. Interior trim is generally related to the products the company markets. Overall condition of this subject improvement is considered to be very good.

The roof is a low pitch, asphalt shingle type, with HVAC unit. Gutters and drains were noted. Security lighting was noted along the eaves.

Near adjacent to the west of the residential style office is a brick veneer garage and storage building. The garage is basically $23' \times 17.5'$ and complete with overhead residential garage type doors. This area has sales samples displayed and also appears to be utilized as a breakroom area for the brick yard employees. Attached to the south side of the garage building is a brick veneer storage room, approximately $16.5' \times 8.5'$. Storage of sales samples was noted in this area.

A significant portion of the site area to the south, east, and west of the buildings is paved with bricks. Ornamental brick wall/fencing is noted to the south and to the north of the buildings.

The bulk of the currently available parking for the subject buildings is situated within the existing right-of-way of Arapaho Road. A limited amount of parking may be available adjacent to the railroad right-of-way along the northwest side of the subject site. It appears that portions of the site could be reconfigured to provide for limited parking in support of the building improvements. As the subject property is currently improved, it appears that there is no parking available on the subject site to support the subject improvements.

HIGHEST AND BEST USE

The Highest and Best Use, as defined by Real Estate Appraisal Terminology, Ballinger Publishing Company, Cambridge, Massachusetts (author Byrl D. Boyce, Ph.D.), Page 107, is as follows:

"That reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal.

Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible and which results in highest land value.

The definition immediately above applies specifically to the highest and best use of the land. It is recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until the land value in its highest and best use exceeds the total value of the property in its existing use."

Also implied is that the determination of the Highest and Best Use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. (Appraisal Terminology and Handbook, AIREA AND SREA, 1975) Some of the more important factors of influence include the legal parameters associated with zoning ordinances, deed restrictions, building code requirements and area market supply/demand conditions. Further, the trends within the neighborhood must also be considered and are discussed in the "Neighborhood Description and Trends" section of this report.

In addition to the typical considerations involved in estimating the Highest and Best Use of the subject property, the City of Addison requires approval from the U.S. Department of Transportation, Federal Aviation Administration (FAA), for the construction or alteration of improvements located within many of its zoning classifications. Even though the subject property is located outside the currently existing "clear zone" of the Addison Municipal Airport, these additional requirements apply.

The subject property is located proximate to the east and south of the existing airport boundary and clear zone. Consideration was given to the development currently existing proximate to the north, south, east, and west of the subject in analyzing the potential uses for the subject site. While the FAA will not speculate on what types of improvements or alterations would be allowable, without proper application and supporting documentation, it is presumed by the appraiser that those uses existing proximate to the subject generally reflect the type of development that would be probable.

Exhibits containing a "Notice of Proposed Construction or Alteration" (Form Approved OMB No. 2120-0001) are provided in the Addendum section of this report.

Physically Possible Uses

As previously described, the subject tract is of such size and shape to preclude the physical possibility of construction of most structures permitted under current zoning and clear zone restrictions.

Legally Permissible Uses

The main constraints are those affected by the subject tract's zoning ordinance. The "PD" zoning ordinance which regulates the subject allows for office, retail, restaurant, and car wash uses. The character of the surrounding development and the subject's proximity to the Addison Road/Arapaho Road controlled intersection, and Belt Line Road, it is estimated that retail or office development would be the most appropriate for the site, if it were of sufficient size and shape to support such development. There is no current or contemplated change in the subject site's zoning, nor is there one which would provide development opportunities that would create a higher return to the land than it's current classification.

Financially Feasible

Due to building height restrictions imposed by clear zone considerations it is unlikely that a typical office development would generate the necessary revenues to provide for an adequate return on the cost of the land and improvements at current market office rent rates in this location.

Retail/service or restaurant occupancy and rental rates suggest that the current local market is strong enough to support financial feasibility for development of the subject site as it is zoned for retail/service or restaurant use. These uses could include restaurant, fast-food, convenience store, service station, satellite banking, copy center, or comparable high intensity/exposure traffic uses, again if the site were of sufficient size and shape to support independent economic development.

Maximally Productive

Based on the subject's zoning, current operational results and market analysis, it is estimated that the maximally productive utilization of the site as a retail/service or restaurant/fast-food site is substantiated. The subject site, as developed with the older office/sales-style improvements representing a very high building-to-land ratio, is maximally utilizing the site, given the current size and shape of the subject site.

Highest and Best Use As Vacant Land

The estimate of the Highest and Best Use of the subject Whole Property would be to utilize for off-site parking for commercial developments in the area which may be short on parking, or to sell to the adjacent land owner (railroad). If vacant, the size and shape of the subject site render it unsuitable for development to any use which is allowable under the current zoning. It is unlikely that a change in zoning would materially affect the probable future use of the subject site, if it were vacant and available for development.

Highest and Best Use As Improved

Analysis of the subject property indicates that the currently existing improvements provide contributory value to the property. The improvements represent the estimated Highest and Best Use of the property "as improved". The existing improvements would provide for income which, in effect, provide a return on and of the investment represented by the property.

THE APPRAISAL PROCESS

Appraisal theory provides three basic methods of appraising properties. They are the Cost Approach to Value, the Income Approach to Value, and the Sales Comparison Approach to Value.

The Cost Approach to Value embraces the philosophy that the replacement costs applied under the Principle of Substitution may define the value for a property. In this approach to value, the appraiser estimates the market value of the site, the replacement cost of the improvements less any applicable accrued depreciation, and then combines these two items to arrive at a cost estimate of value.

The Income Approach to Value is based upon an analysis of the potential income stream of the property and comparison of that income stream with those of similar properties. This calculation and analysis results in a net income stream attributable to the real estate. That income is then capitalized at a rate which is commensurate with the rates expressed in the marketplace by investors for similar properties. The resulting figure is an income estimate of value.

The Sales Comparison Approach to Value is a basis for estimating value based upon units of comparison derived from sales of similar properties in the marketplace. Those units of comparison are then applied to the subject property to arrive at a range of values which should be indicative of a value estimate. This approach is used not only for improved properties but also in estimating the current value of the subject site. That portion of the report is necessary to complete the Cost Approach.

After applying the three traditional approaches to value, it is the appraiser's responsibility to weigh the strengths and weaknesses of the three different approaches to value and determine which of the three is most applicable in the valuation of the subject property. This section of the report is captioned as "Reconciliation".

Land Value by the Sales Comparison Approach

In this section of the report, the appraiser will present data and analysis leading to an estimate of market value as of the effective date of the appraisal for the subject site. Basically, this value is estimated by the comparison of sales of similar land tracts that are current or of recent date to the subject tract. This comparison relates the differences, if any, in the legal, physical, locational, and economic characteristics of the comparable sales and the subject site, analyzing also any differences in real property rights transferred, dates of sale, motivations of buyers and sellers, and any unusual financing arrangements for the sales analyzed, any of which factors might account for price variations. The adjustments, if any, for property rights conveyed, financing terms, sale conditions and market conditions are made sequentially and individually. Adjustments for location and physical characteristics are accumulated and made at the end of any adjustments from the previously cited sources.

From the information available, the following comparable sales presented all transferred ownership in fee simple, and there were no known unusual financing terms. General adjustments for market conditions relate to passage of time, e.g., in a rising market an earlier comparable sale would be adjusted upward to reflect conditions as of the effective date of the appraisal. Over the time period reviewed for the comparable sales, trends in either direction which cannot presently be ascribed to other contributing factors within the marketplace, other than those discussed following the comparable sales presentation, will be adjusted based on historical market data.

At the end of the presentation of the comparable sales, those sales will be summarized and a grid presented which makes the remaining adjustments called for relative to locational and physical differences between the comparables and the subject tract. The comparable sale prices as adjusted to the subject site are then analyzed to produce an estimate of market value for the land.

As the subject whole property is of insufficient size and shape to support independent economic development, it's contributory value for some other use is deemed the most appropriate methodology to utilize. The land sales selected reflect the contributory value of the subject site to the adjacent railroad property to the northwest; the only property that adjoins the subject site.

There are other methods available for estimating land value including allocation, extraction, subdivision and the land residual technique. Generally, in all cases, the estimation of land value by comparable market sales is considered appropriate and most desirable where sufficient data is available. This is the case for the subject site and the Sales Comparison Approach will be utilized solely in estimating it's current market value. Sufficient data is available within the recent past to make an accurate appraisal specifically for the subject.

The subject property is triangular in shape and contains ±11,363 SF. There is a pipeline easement across the northwest (interior) side of the site, and 25' building setback requirements on the south and east sides of the site. It is unlikely that this site could be developed if it were vacant and available for development. It provides for an insufficient foot-print for building development. Therefore, it will be evaluated "as if" it were a part of the adjacent railroad property. The adjacent railroad property is considered the ±4.5 acre "Y" tract adjacent to the northwest side of the subject. The comparable sales will reflect this property, resulting in a subject-parent tract. In this manner, the subject site has value comparable to that of the adjacent tract. Exclusive of the adjacent tract, the subject site has near zero value due to a minimal market for a site of such size, shape, and encumbrances.

Comparable #1



Location: 3800 Realty Road (Realty Rd./Arapaho Road connection), Addison, Texas

Legal Description: Beltline-Marsh Business Park, Blk. 1, Lot 4R, Addison, TX

Grantor: Lincoln Trust Co.

Grantee: Osteomed Corporation

Date of Sale: Pending Contract 04/02/01

Recorded: Pending

Consideration: \$5.20/SF (\$988,158.60)

Terms of Sale: Not Available

Cash Equivalency: \$5.20/SF

Size: ±190,030 SF; 4.3625 Acres

Zoning: I-1, industrial

Comments: This pending sale will have a portion of extended Arapaho Road through it. It is approximately the same size as the parent property.

Verified By: Contract

Mapsco #: D-14A

Land Sale Comparable #2



Location: Southeast corner of Westgrove & Excel, Addison, TX

Legal Description: Block A, Part of Lots 3, 4, 21, 22, Carroll Estates Addition, Addison, TX

Grantor: Stratus Properties Operating Company
Grantee: Jackson-Shaw/Addison Tech, Ltd.

Date of Sale: October 1, 1999 (filed)
Recorded: 99192/3812

Consideration: \$4.50/SF (\$1,524,252 - calculated)
Terms of Sale: All cash to seller.
Cash Equivalency: \$4.50/SF
Size: ±338,773 SF; 7.776 Acres
Zoning: C-1 (commercial)
Comments: This site is a minor corner location, just outside the airport boundaries, similar to that of the subject parent tract. It has since been developed with a large tech-space building.

Verified By: Debbie Carter (w/gte) 972.628.7400
Mapsco #: D-4P

Land Sale Comparable #3



Location: ±4300 Sunbelt, Addison, Texas
Legal Description: Sunbelt Business Park Addn., Addison, TX

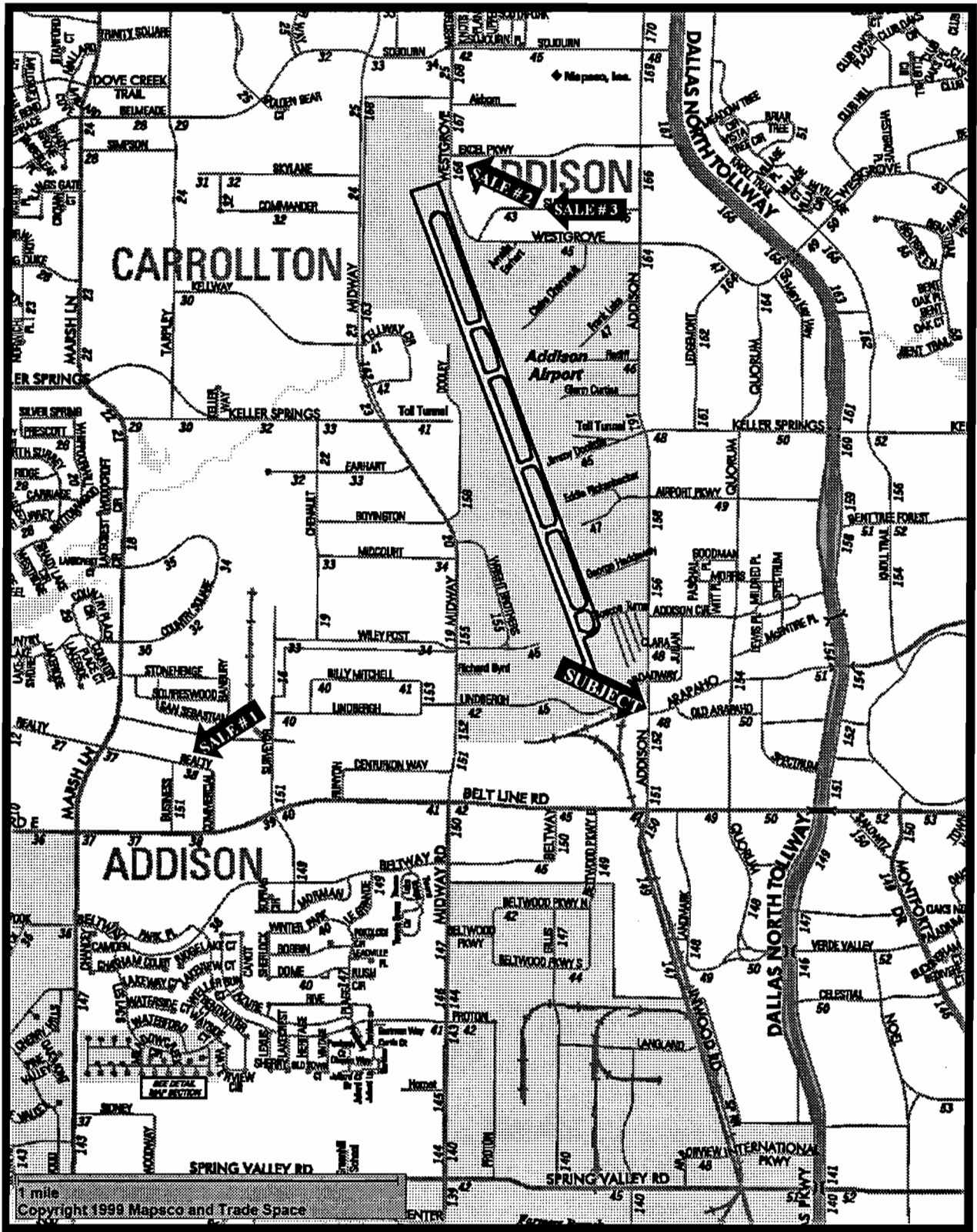
Grantor: Blackland Properties
Grantee: Johnson Equipment

Date of Sale: November 28, 2000
Recorded:

Consideration: \$4.50/SF (±\$744,876)
Terms of Sale: All cash to seller
Cash Equivalency: \$4.50/SF
Size: ±165,528 SF; ±3.8 Acres
Zoning: C-1, commercial
Comments: This is an interior tract near the north side of the airport. This is predominantly a tech-space area. This site is comparable in size to the subject parent tract.

Verified By: Randall Johnson - Purchaser
Mapsco #: D-4P

COMPARABLE MAP



COMPARABLE LAND SALES SUMMARY				
Sale #	Date of Sale	Price/SF	Size (SF)	Zoning/Use
1	Pending 04/01	\$5.20	190,030	Commercial
2	10/01/99	\$4.50	338,773	Industrial
3	11/28/00	\$4.50	165,528	Commercial
Subject	05/01	N/A	±196,020	Commercial

Subject-Parent Tract

As discussed previously, the subject Whole Property is judged to be of insufficient size, shape, and building utility to support independent economic development "as if" it were vacant and available in the open market. The most probable scenario for the subject Whole Property "as if" vacant and available for development, would be for development as a part/portion of an adjoining property. As there is only one property adjoining the subject Whole Property, the railroad property to the north and west, this property was the obvious selection for association with the subject Whole Property. The resulting *subject-parent tract* benefits both tracts; (1) it potentially provides the necessary site area and shape to cure the subject's deficiencies, and (2) it would provide better access for the vacant railroad property for future development. As discussed at the beginning of the Land Valuation section (Page 11), the subject Whole Property will be evaluated as if it were a proportional part of a *subject-parent tract* in this analysis. To consider the subject Whole Property on an independent basis would adversely affect the potential market value of the site by severely restricting the probable end-users for such a site.

Adjustments to Land Sale Comparables

Standard appraisal practice calls for the analysis of the sales presented comparing each to the subject in regard to time passed from sale date to appraisal date (that is, changes in market conditions), locational differences, relative size, physical characteristics and utility. Adjustments were made from the known, i.e., the actual sale, to the unknown, i.e., the value of the subject. In a comparison heading where the subject is deemed to be superior to a particular sale, an appropriate upward adjustment is made to the comparable sale and vice versa. Your appraiser considered the application of paired sales analysis in adjusting the comparable sales to the subject. There was not sufficient comparability of the sales within those available for review that permitted a reasonable application of that type of analysis. The adjustments are based to a great degree on subjective analysis and market appraisal experience, but the adjustments rely on some easily recognizable and generally accepted maxims about the various aspects of comparison. They are briefly discussed in the following paragraphs which in short form discuss the items considered for each adjustment heading.

Property Rights Conveyed

This is a consideration of the real property interest conveyed. In the case of the comparable sales used in this analysis, all were transferred in fee simple, indicating no adjustment for this heading of comparison.

Financing Terms

This reflects that for similar properties, a higher price might be paid for one wherein very attractive financing terms are available to the purchaser. Any adjustments required under this consideration have been addressed within the discussion of each individual sale in converting reported transaction price to cash equivalency where conditions so indicate.

Conditions of Sale

This element of comparison is to reflect any unusual motivations of buyer and/or seller that would take the transaction out of the broad parameters of the definition of a sale for market value. Although paired sales were not available with which to compare it, it is the appraiser's opinion that those conditions in all probability did not exist for any of the comparables selected for inclusion in this report.

Market Conditions

Any number of factors, including fluctuations in supply and demand, inflation, depression and the like may cause changes in market conditions which are reflected in the prices of real property. The subject neighborhood has undergone significant growth in the recent past, which in turn has led to escalating land prices. Upward Time/Market Conditions adjustments will be applied to the selected comparable sales to reflect this change. Sale #2 is approximately 18 months old. While the more recent comparable sales do not provide any significant indication of upward pressure on prices, it is felt prudent to apply a modest upward adjustment to this sale for time to this sale in comparison to the subject-parent tract. Both Sales #1 and #3 are sufficiently recent in time as to require no adjustment for market conditions.

Location

In this portion of the adjustment process the appraiser considers locational aspects of the comparable sales as opposed to the subject. Such aspects as quality and quantity of surrounding development, adjacent land uses, and other perceived physical amenities are considered. Due to the lack of paired sales characteristics in the comparables, the adjustments are qualitative. The subject-parent tract is located within a transition area of Addison Road. To the south is much more intense retail/restaurant development associated with Beltline Road. Beginning just to the south of the subject-parent tract along the west side of Addison Road is typically more commercial/industrial in nature, partially due to the influence of adjacent Addison Airport. To the north of this commercial/industrial character area transition to office, service, and tech-space development predominates. Each of the sales is considered to be inferior in location as compared to the subject-parent tract due to the "Addison Road" name recognition factor. Additionally, Sales #1 and #3 are interior tracts as compared to the subject-parent tract's corner influence. Sale #2 has good quality corner location. Each sale is adjusted upward to the subject-parent tract for locational considerations.

Zoning

The zoning of each of the Comparable Sales is considered to be comparable to that of the subject-parent property. No adjustment is deemed appropriate for these sales.

Utility

In this category a number of factors are considered in adjusting the comparable sales and offerings to the subject property. They include physical dimensions and shape of the site, topography of the site, availability of public and private utilities, and accessibility among others. Those physical dimensions which permit the most economic and efficient use of the land also command better prices. This fact perhaps is best stated in that not having this advantage is an offset to sites with poor frontage-to-depth ratios and the like. The density of development allowable on the subject is restricted to a maximum building height of 20'. Similar restrictions apply to the Comparable Sales. The density of development appeared to be comparable between the sales and the subject-parent tract. Therefore, no "utility" adjustment will be made in this analysis; the components of site "utility" being address in zoning, location, etc. *Being located adjacent to the south end of the Addison Airport runway will make the approval process for any planned development of the subject site extremely rigorous and potentially restrictive. This could/would have a significant impact on the estimated market value for the subject property. For the purpose of this appraisal, it is presumed that a reasonable level of development would be allowable by the FAA and the Town of Addison.*

Access, exposure, and frontage all impact how a property will be accepted by the market. Additionally, immediacy of access is a specific consideration for the subject property, as opposed to general access which is considered as a part of the "Location" category.

Sight/View

This factor considers (1) how the property is presented to the public and (2) what the impact of surrounding property characteristics affect subject property. Each of the Comparables are within a typical commercial/tech-space development area, which exhibit good orderly development and design. The subject-parent tract is deemed to be comparable to each of the comparable sales.

Access/Frontage

Each of the comparable sales is judged to be superior to the subject-parent tract in this category. Both Sales #1 and #3 are interior tracts which have extensive frontage along their respective streets, relative to the size of their sites. The subject-parent tract, which a quasi-corner at the present time, has relatively little road frontage in relation to it's size. Sale #2 is located at the corner of Westgrove and Excel, providing dual improved road frontage. Sale #1 is situated along Realty as Realty becomes a quasi-corner. Each of the sales is superior to the subject-parent tract and is adjusted downward accordingly.

Size

The subject-parent tract is ± 4.5 Acres SF in size. Sales #1 and #3 are ± 4 Acres in size and considered comparable to the subject-parent tract. Sale #2 is ± 7.8 Acres in size and is considered to be inferior to the subject-parent tract. It is typically found that much larger tracts do tend to sell for a lesser "per unit" price than do smaller tracts that are generally available for similar, although smaller scale, developments. While there are no absolutes noted for size difference among the comparable sales selected for presentation herein, the general market reflected throughout the range of sales reviewed for this appraisal does indicate that the market is somewhat size sensitive. To a limited degree the market reflects a willingness to pay slightly more for smaller tracts, on a per square foot basis, than for larger tracts.

There follows a grid which displays the adjustments to the comparable sales called for in the opinion of your appraiser.

LAND SALE ADJUSTMENT GRID			
	1	2	3
Cash Equivalent Price \$/SF	\$5.20	\$4.50	\$4.50
Property Rights Adjustment	-0-	-0-	-0-
Adjusted Price \$/SF	\$5.20	\$4.50	\$4.50
Conditions of Sale Adjustment	-0-	-0-	-0-
Adjusted Price \$/SF	\$5.20	\$4.50	\$4.50
Time/Market Conditions Adjustment	-0-	+ 5%	-0-
Adjusted Price \$/SF	\$5.20	\$4.73	\$4.50
Location Adjustment	+10%	+ 5%	+10%
Access/Frontage	-10%	-10%	- 5%
Zoning	-0-	-0-	-0-
Size Adjustment	-0-	+10%	-0-
Sight/View	-0-	-0-	-0-
Adjustment Factor	-0-	+ 5%	+ 5%
Adjusted Price \$/SF	\$5.20	\$4.97	\$4.73

Market Value Estimate - Subject Site

After adjustments, the comparable sales range from \$4.73/SF to \$5.20/SF. The average of the adjusted sales price is calculated at \$4.97/SF.

It is the appraiser's opinion that each of the Comparable Sales, as adjusted, are representative of the probable market value of the subject property, as a proportional part of the subject-parent tract. Sales #1 and #3 are very similar in size and potential for future development. Sale #2 is near adjacent to the airport and has been developed with a use comparable to the probable future use of the subject-parent tract. All of the sales are more expressive of the lower density development available for the subject, given the subject's location proximate to Addison Airport. Each comparable has its strengths and weaknesses as compared to the subject. While these comparables are not identical to the subject in terms of exact location, these sales are believed to accurately reflect the most probable range of value for the subject, as well as approximating the ultimate use of the subject. The comparables selected ultimately required fewer adjustments than other comparables in the market would require.

When analyzed in light of the general surrounding development, it appears that there is a market and, hence, a range of value which is generally acceptable for various forms of development on properties of this class in this area.

Over sixteen sales, occurring from 1997 to the present, were reviewed in the development of this appraisal. These sales were proximate to the market area of the subject and were analyzed to determine if there was any definable trend to the market activity. It is noted that sales to end-users is becoming more wide spread in this market for all classes of properties. Speculative investment does not appear to be the principal motivating factor. A number of sales reviewed were for near term use/development, and these sales reflected the upper limit of the market value range.

The range of the value indications provided by the Comparable Sales is considered to be a good indication of probable market value for the subject property.

Based on the aforementioned data and analysis, the Market Value of the subject site is estimated to be \$5.00 per square foot of the land area. The subject is estimated to contain ±11,363 SF of land area according to the documents provided. Therefore:

<u>Site Area</u>	<u>Value Estimate</u>	<u>Total</u>
±11,363 SF	\$5.00/SF	\$56,815

ESTIMATED MARKET VALUE - WHOLE PROPERTY "SITE", Say \$56,815

COST APPROACH TO VALUE

As noted, the Cost Approach to Value estimates the replacement or reproduction costs of the improvements plus land value to arrive at an indication of worth for the property appraised. This theory of valuation is based on the Principle of Substitution which holds that a knowledgeable purchaser will not pay more for a property than that amount for which he can obtain a property of equal utility and desirability by acquiring a site and constructing a building thereon within a reasonable period of time. This approach entails the following:

1. Estimation of the current replacement or reproduction cost of the improvements.
2. Estimation of all accrued depreciation, if any, of the improvements, deducting such depreciation from the current cost estimate.
3. Adding the value of the land as estimated by the Sales Comparison Approach to the estimated depreciated cost of the improvements.

Reproduction cost is defined as the cost required to exactly duplicate the existing improvements as of the effective date of the appraisal. Replacement cost is that estimated required to construct at current prices the Subject improvements with equivalent utility to the existing structure using current standard design layout and modern materials. As the Subject building is ± 60 years old and the fact that these kind of structures are of fairly standard design and construction, it is our opinion that utilization of replacement cost is appropriate within the Cost Approach.

Replacement Cost Estimate

Direct Building Costs

The source for current cost data is from the *Marshall and Swift Valuation Service* as adjusted for time and locational variances. This building has the characteristics between the "Average Class D" and "Good Class D" office buildings as described by *Marshall and Swift*. In Section 15, Page 17, which describes this type of building, current estimated replacement costs are stated at \$82.67/SF for Class "D" Good and \$58.63/SF for Average Class "D" construction. The finish and climate control of the subject are better than the "average" category, but not nearly as extensive as the "good" category.

The subject property appears to be more of a typical residential exterior construction, with the interior lacking many of the amenities of residential construction. Construction costs for "shell" Class "D" office buildings range from \$30.40/SF for "average" Class "D" to \$46.16/SF for "good" Class "D" buildings. The exterior of the building supports limited, but good quality landscaping and sections of ornamental brick fencing/screening.

Based on the physical inspection of the subject property, the estimated construction cost for the subject main building improvements is \$72.00/SF. The estimated construction cost is adjusted by factors also prepared by *Marshall and Swift* for time lapse to the present from cost preparation date--1.03x--and adjustment for price differentials caused by different physical geographic locations--0.91x. Multiplying these two factors times the \$72.00/SF indicates a current estimated replacement cost for the subject at \$67.49/SF.

Also included in direct costs are elements not covered in the per square foot amount published by *Marshall and Swift*. These items would include the cost of the landscaped areas at the front of the building, the ornamental fencing/screening, the paved area at the front and sides of the office, and the garage type storage structure behind the main office building. Not included is the brick paved parking area to the south of the buildings, as this area is within the existing Arapaho Road right-of-way.

The estimated cost new of the landscape items is \$2,500. The estimated cost of the ornamental brick fencing/screening is \$2,000. The estimated cost of the "accessory" garage/storage building to the east of the office is \$19,285 (551 SF x a shell+ cost estimate of \$35.00/SF). These estimates are based on interviews with developers as cross-referenced with *Marshall and Swift*.

The other major element of direct expense not covered in the per square foot cost is the amount for paved parking, walks and drives. It is estimated that there is approximately 1,250 SF of paving associated with the subject property. The paving is a mixture of concrete and brick paving, estimated at a current new cost estimate of \$3.50/SF (per *Marshall and Swift* estimates for concrete). This equates to \$4,375 for the paving on the subject site as obtained and adjusted from the segregated cost section of the *Marshall and Swift* report found on Page 2 of Section 66.

Indirect Costs

Other elements of construction costs not covered in the basic per square foot amount in *Marshall and Swift* are an allowance for entrepreneurial profit, loan fees and expenses over and above interest during construction--which are included in the basic square foot cost--and the initial leasing and marketing costs.

The estimate of entrepreneurial profit is based on -0-% of the direct replacement cost. It is unlikely that an investor would build a property the size of the subject. This is more typically an owner/builder type of property. The subject is so small as to make the risk of such speculative "investor" venture highly unlikely. No entrepreneurial profit is estimated.

The *Marshall and Swift* published prices do cover interest during construction but not loan fees.

Depreciation - General

Depreciation is defined in most appraisal textbooks as a loss in value as of the date of the appraisal from total replacement or reproduction costs. That depreciation may fall within three different categories. Those categories and the method of estimating the depreciation in each category are explained in the following paragraphs.

Physical Deterioration

Curable physical deterioration refers to items of deferred maintenance. This applies only to items requiring immediate repair. The measure of this category is the cost to correct or cure. Repairs to items such as the roof, painting the interior, carpeting and painting the exterior are typical items of curable physical deterioration. The building in general demonstrated an average standard of ongoing repair and maintenance. No deduction for Curable Physical Depreciation is indicated.

Short-lived incurable physical depreciation recognizes that, while the majority of the structural components will have a life equal to the economic life of the total building, some will have a shorter

life and a deduction must be made to allow for their gradual deterioration and eventual replacement. This amount is calculated by multiplying the percentage derived by dividing effective age by total physical life times the estimated replacement cost of the short-lived component. **Long-lived physical incurable depreciation** takes into account the decline in value due to normal wear and tear on the basic building structure and any concurrent loss in economic use due to its age. This amount is typically calculated by dividing the effective age of the building by its estimated economic life and multiplying the percentage result times the total replacement cost new less physical curable depreciation and the replacement cost of short-lived items for which physical incurable depreciation is taken, then, deducting that figure from replacement cost-new.

Functional Obsolescence

Functional obsolescence is loss in value attributable to such factors as poor design, changes in technology and super-adequacies and/or deficiencies in the construction. **Incurable Functional Obsolescence** occurs where deficiencies or super-adequacies are involved and the cost to cure is greater than the anticipated increase in utility or benefits to be derived. This form of depreciation is usually measured by the capitalization (by the rate developed in the Income Approach) of the net income loss attributable to the deficiency or super-adequacy. **Curable Functional Obsolescence** is that for which the cost to cure provides equivalent or superior economic returns to the property.

As noted, the subject improvements are of sufficient appeal in the market, although not in conformity with the current zoning of the site. It is noted that the building is in good physical condition. As such, it is the appraiser’s opinion that there are no elements of curable or incurable functional obsolescence present in the subject property, at the property’s estimate of highest and best use.

Accrued Depreciation Estimate by Life Method

This method of estimating total accrued depreciation is found by multiplying the percentage derived by dividing the effective age by the estimated total economic life of the building times the estimated replacement or reproduction costs of the improvements. The Marshall & Swift guidelines indicate a typical economic life for buildings of the type and construction quality of the subject to be ±50 years. The building’s actual age is unknown, but a physical inspection results in an estimate of its effective age of ± 20 years due to its present condition and quality of upkeep. The following table shows the calculation of Depreciation of All Items as described.

Estimate of Incurable Depreciation All Items	
Estimated Direct Building Replacement Cost New (Building)	\$62,361
Times Ratio of Effective Age to Use Life (20/50)	<u>x0.40</u>
Estimated Incurable Physical Depreciation, Long-Lived Items	<u>\$24,944</u>

Economic Obsolescence

Economic obsolescence is a loss in value caused by detrimental influences outside the site. Unsanitary or undesirable nearby usages such as salvage yards and heavy industrial plants that have an adverse effect on the value of the appraised property are causes of this type of value loss. Economic loss is always incurable and it is measured by either capitalizing the rent loss attributable to the negative influence or by comparable sales. No noted adverse physical influences so affecting the subject property as to produce economic loss from that cause were observed.

There follows a Cost Approach Summary tabulating the preceding data leading to subject's value estimate by this method.

COST APPROACH SUMMARY

Direct Costs		
924 SF @ \$67.49/SF - Main Building	\$ 62,361	
551 SF @ \$35/SF - Acc. Bld.	19,285	
Landscaping	2,500	
Fencing/Screening	2,000	
Paving	<u>4,375</u>	
Total Estimated Direct Costs		\$90,521
Indirect Costs		
Entrepreneurial Profit @ 0%	\$ N/A	
Loan Fees (est.)	<u>N/A</u>	
Total Estimated Indirect Costs		<u>-0-</u>
Total Estimated Replacement Cost New		\$90,521
Estimated Depreciation		
Main Building (.40 x \$62,361)	\$ 24,944	
Paving (.40 x \$4,375)	1,750	
Landscaping (.20 x \$2,500)	500	
Acc. Bld. (.40 x \$19,285)	7,714	
Fencing/Screening (.40 x \$2,000)	<u>800</u>	
		<u>- 35,708</u>
Depreciated Replacement Cost		\$ 54,813
Add: Site Value Estimate by Market Comparison		<u>56,815</u>
Total Estimated Replacement Cost After Depreciation		<u>\$111,628</u>
ESTIMATED MARKET VALUE BY COST APPROACH, Called		<u>\$111,500</u>

INCOME APPROACH TO VALUE

As discussed previously in the Appraisal Process section, the Income Approach to Value is the result of the analysis of the projected gross income stream for the subject property less vacancy and expenses to determine what net operating income for it can reasonably be expected. The first step in the Income Approach is determining what income can be achieved by the property under prudent management. This section typically directs itself to deriving rent comparables from similar properties in the subject's area to determine the stabilized gross annual income potential for it. From that gross annual income, a vacancy and collection loss factor is deducted to arrive at an effective gross income. From the effective gross income, total estimated operating expenses for the project are deducted to arrive at a proforma net operating income. This figure is converted to a value indication through a process known as capitalization.

The subject property is currently owner occupied. The current owner was previously the tenant on this property. The improvements are utilized for a sales/showroom office. Primary parking for the building is located within the existing right-of-way for Arapaho Road to the south of the building, and on the St. Louis & Southwestern Railroad property to the north. On site parking is limited to parallel parking at the front (east side) of the building.

Due to the lack of available parking in support of the improvements, it is estimated that the leasing of the subject property would be limited to low traffic density uses.

A survey was made of office space in the subject area adjacent to Addison Road. The primary criteria was Addison Road frontage and relatively small office space availability. While no buildings were found reflective of the small total size of the subject, buildings leasing relatively small square footage office space were. Although the comparables are multi-tenant buildings with adequate parking availability, they should provide a competitive alternative to the subject's characteristics.

Rents

Survey data indicated that rental rates are based either on a "full-service" or modified full-service basis. In a full-service lease, all expenses are paid by the landlord and include; water, electricity, trash service, common area maintenance (CAM), janitorial service, property taxes, and insurance. In the modified full-service leases, the tenant is responsible for their individual electric utility expense and janitorial expenses. Full-service leases are quoted in the \$18.00/SF to \$20.00/SF price range, depending on the size of the space leased. Modified full-service leases are quoted in the \$15.00/SF price range.

Vacancy

Generally, the survey data indicates a softening of the office market in this area. This is demonstrated by average vacancy rates in the 85% to 90% range. Noted vacancies surveyed spanned 0% to 30%. A lower than typical vacancy is estimated for the subject - 8%. The rationale for this estimate is, since the subject and the comparables are smaller buildings a relatively small number of square feet translates into a relatively high percentage of vacancy. The subject would either be 100% occupied or 100% vacant. The *Real Estate Investment Trends - Year End 2000*, published by the Henry S. Miller Companies, indicates survey results for average vacancy and collection loss at 8.7% for "small" office properties. The 8% vacancy figure is based on the presumption that there will be periods between tenants, not that a certain number of square feet will be vacant at any given time.

Expenses

The *direct* expense data derived in the survey was very uniform in all areas excepting electrical service expense. A \$3.00/SF expense figure was quoted for the combined expenses of taxes, insurance, trash service, water, and common area maintenance. Janitorial service was estimated at \$0.30/SF by those properties including that service. Electrical utility expense ranged from \$3.20/SF to \$3.55/SF for the full-service properties.

The *indirect* expense data includes lease commission expenses and administrative expenses. While lease commission expenses range from 2% to 6%, based on surveys of real estate companies specializing in this service, no lease expense will be estimated for the subject. As the subject is not reflective of a multi-tenant building, it is presumed that the subject property owner would likely provide his own leasing effort. An administrative expense of 1½% is estimated for the subject to address the minimal bookkeeping/reporting time involved in managing the property. Market survey data suggests that multi-tenant properties pay management companies in the range of 2½% to 6% for these services.

Subject Lease - Estimate

Based on the survey data, a market lease estimate is developed for the subject property (1) as if it were available to produce rental income for the property owner, or (2) for the purpose of estimating the economic value of the subject property for owner-occupancy. The income analysis theory presumes that a prudent person considers the options between leasing business property and owning business property. There are opportunity costs involved with each, and these costs will vary depending on how well suited a property is to the general leasing market, versus how well suited a property is to an owner-occupant.

As stated previously, the modified full-service lease rate in the subject area is ±\$15.00/SF. The full-service lease rate ranges from \$18.00/SF to \$20.00/SF. Deducting the \$3.50/SF to \$3.85/SF from the full-service lease rates results in a range of \$14.50/SF to \$16.15/SF lease rate on a modified full-service basis.

Obviously, all of the comparables are typical of conventional office space. All have adequate parking and offer amenities not available to the subject. However, as competitive space, each has its strengths and weaknesses, each potentially appealing to an over-lapping demand mix in the market. The Comparable data pages and location map will be found in the Addendum.

For the purpose of this analysis, the non-conforming nature of the subject improvements will not be considered. It is presumed that a lease use compatible with the subject improvements as they currently exist is reasonable; i.e., that no change in use would be required to achieve the estimated rental rates, as a material change in use could elevate the subject's non-conforming status to the detriment of the property.

The following pro-forma operating income statement is developed for the subject property, based on the survey data and the extrapolations made therefrom. This derivation is made for the subject property as an independent, self-sustaining unit; i.e., a ±924 SF primary structure situated on a ±11,363 SF site situated at the northwest corner of Addison Road and Arapaho Road (unimproved).

Pro-Forma Operating Income Statement
15301 Addison Road - Metro Brick Co.

Potential Gross Income (924 SF @ \$15.00/SF)	\$13,860
Less Vacancy & Collection Loss @ 8%	- 1,109
Effective Gross Income Estimate	12,751
 Less Expenses:	
Admin./Mgt. @ 1½%	\$ 191
Leasing Commission (self marketed)	-0-
Modified Full Service @ \$3.00/SF	2,772
Janitorial - tenant expense	-0-
Electrical (utility) - tenant expense	-0-
Total Estimated Expenses	- 2,963
 Indicated Net Operating Income	 \$ 9,788

CAPITALIZATION

Several capitalization techniques are available to process income into an indication of value. The proper capitalization technique is not determined by random selection. The appropriate technique is determined by the quality and quantity of accessible market data. As there are not any properties similar to the subject from which to derive capitalization rates, survey data compiled at the end of 2000 was utilized for the overall rate estimate.

Three capitalization rate ranges were surveyed by the Henry S. Miller Companies and summarized in their *Real Estate Investment Trends - Year End 2000* report; "going-in" rate (based on the income at the time of purchase), "stabilized" rate (based on typical operating year at stabilized occupancy), and a "reversion" rate (rate anticipated at resale). The stabilized rates for office properties ranged from 9.5% to 11.5%, with an average of 10.4%. As the net operating income estimate is divided by the capitalization rate to derive an estimate of market value, the lower the capitalization rate, the higher the estimate of market value will be. Analysis supports an R_o for the subject property of 9.5%. This gives the benefit of the doubt for a strong operating market for the subject property as an investment. Thus:

<u>Proforma NOI</u>		<u>R_o</u>		<u>Indicated Value</u>
\$9,788	+	9.5%	=	\$103,032

The estimated market value of the subject site via the Sales Comparison Approach is \$56,815. The capitalized value estimate for the whole property "as improved" is \$103,032.

These results indicate that the improvements to the subject site have a contributory value of \$46,217. Improvements that generate the level of income displayed by the subject improvements provide for an adequate return "on" the value of the site, and a return "on" the value of the improvements. There does not appear to be a return "of" the value of the improvements (i.e., paying back the depreciating value of the improvements over time).

**SALES COMPARISON APPROACH TO VALUE
(Improved)**

The Sales Comparison Approach to Value was utilized to estimate the value of the subject property as vacant, undeveloped land. Generally, the Sales Comparison Approach to Value is considered to be the most reliable approach for valuing undeveloped land.

The Sales Comparison Approach to Value was not utilized to estimate the value of the subject property "as improved". An investigation of the Addison market did not reveal any meaningful level of very small office property sales within the previous 2½ years. Therefore, the Sales Comparison Approach to Value - Improved was not developed for the subject property.

RECONCILIATION

For reasons previously stated within this report, the Sales Comparison Approach was utilized in estimating the Market Value of the subject site. The Cost Approach was developed to test the reasonableness of the conclusions derived in the Income Approach. Generally, the Cost Approach is much better utilized in estimating the value of new or proposed improvements. It is more difficult to judge the various levels of depreciation on improvements the age of the subject improvements. The Income Approach was developed for the subject property. The subject property improvements have small office utility in the current market, and there is evidence that the subject improvements are capable of producing income and, hence, value as they currently exist. Typically, income producing properties are traded on their ability to produce income. A summary of the value estimates derived for the Whole Property are as follows;

Sales Comparison Approach - Land:	\$ 56,815
Cost Approach:	\$111,500
Income Approach:	\$103,032
Sales Comparison Approach - Improved:	N/A

The Income Approach to Value is selected as the most reliable indicator of probable market value for the subject Whole Property. Therefore;

WHOLE PROPERTY	\$103,032
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Components of Value

Main Bld.	\$ 37,500
Acc. Bld.	4,000
Landscape	1,000
Fencing	1,000
Paving	<u>2,717</u>
Imp. Tot.	46,217
Land Value	<u>56,815</u>
Total	\$103,032

PART TAKEN - VALUATION

This Taking is considered as a Partial Property acquisition. The Part Taken is considered as severed land with no self-sustaining economic value. A plat of the subject showing the Part Taken is included in the Addendum of this report.

The Part Taken consists of a strip of land varying from $\pm 21\frac{1}{2}'$ to $\pm 15\frac{1}{2}'$ wide, along the south side of the subject from east to west, roughly parallel, and adjacent, to the existing unimproved Arapaho Road right-of-way; a length of roughly $\pm 144'$. The land area within the proposed acquisition contains $\pm 1,657$ SF of site area. There is insufficient land area for independent use consideration, and there is not sufficient utility of shape to support an independent economic use of the area encompassed by the part taken.

Within the acquisition area are portions of the main office/sales building, brick fencing/screening, driveway paving, and landscaping. As many of the survey markers for the proposed right-of-way have been over-covered with brick, percentage estimates of the quantity of improvements within the proposed right-of-way have been made from the right-of-way plat provided by the Town of Addison. The depreciated value estimate of those improvements from the Final Value Estimate is multiplied times the percentage estimate of those improvement items lying with the acquisition area.

From the Land Valuation section of this report, the estimated value of the subject site is \$5.00 per square foot of land area. Considered as severed land with no self-sustaining economic value, the land area in the Part Taken is properly valued as a pro-rata share of the subject site value.

Therefore, the estimated Value of the fee simple interest of the Part Taken is calculated as follows:

Part Taken - Fee Simple

Land Area:	1,657 SF @ \$5.00/SF	\$ 8,285
Improvements:		
Main Building	15% x \$37,500	\$ 5,625
Landscape	15% x \$ 1,000	150
Fencing/Screening	40% x \$ 1,000	400
Acc. bld.	0 % x \$ 4,000	-0-
Paving	30% x \$ 2,717	<u>815</u>
Total		\$15,275

The portion of the main office/sales building which is bisected by the proposed right-of-way consists of portions of load bearing walls on the south side of the building and the east side of the building. The Taking also effectively eliminates the front driveway parking on the east side of the property.

REMAINDER BEFORE THE TAKE - VALUATION

The value of the Remainder Before the Take is valued on the same basis as the Whole Property valuation, reflecting the loss of the land area and improvements in the Part Taken. In circumstances of partial property acquisitions, wherein the Part Taken is considered as severed land with no independent economic utility apart from the Whole Property, the sum of the values of the Part Taken and the Remainder Before the Take should equal the value of the Whole Property.

The portions of the remaining improvements are valued based on the estimated percentage of those improvements remaining; i.e., depreciated value from the Final Value Estimate, less that percentage of the improvement estimated to be within the Part Taken.

The value of the Remainder Before the Take is valued as follows:

<u>Remainder Components</u>	<u>Unit Value</u>	<u>Component</u>
Land Area 9,706 SF	\$5.00/SF	\$48,530
Improvements		
Main Building	85% of \$37,500	\$31,875
Acc. Building	100% of \$ 4,000	4,000
Fencing	60% of \$ 1,000	600
Landscape	85% of \$ 1,000	850
Paving	70% of \$ 2,717	<u>1,902</u>
 Total		 \$87,757

This figure represents the estimated value of the subject Remainder without the proposed improved right-of-way in place.

REMAINDER AFTER THE TAKE - VALUATION

The Remainder After the Take is valued "as if" all of the public improvements are completed and in place. The Remainder After the Take is valued under the same guide lines and definitions as the Whole Property.

The principal improvement to the Whole Property was bisected by the proposed acquisition. The bisection cuts through two load bearing walls of the structure. Due to the remaining improvements proximity to the new right-of-way, reconstruction of the principal improvements would be required to be in compliance with building and setback codes. It would be necessary to adhere to the building line setback requirements to provide for sight/viewing safety at the new Addison Road/Arapaho Road intersection. Without the principal building remaining on the site, the practical value of the ancillary improvements to the Remainder site are nil.

Given the aforementioned constraints, coupled with the pipeline easement across the northwest side of the Remainder site, it is unlikely that any commercially viable development could be supported on the 9,706 SF Remainder.

Furthermore, the new Arapaho Road right-of-way extension cuts off the Remainder from the majority of the balance of the railroad property to the west (subject-parent tract). It is not known if any of the abutting railroad property to the north of the subject Remainder is surplus to the railroad's needs. This is presumed not to be the case. Therefore, it appears that there is no opportunity to associate the subject Remainder with an adjacent property in order to render the subject Remainder into a viable economic unit as a vacant tract of land.

While the Remainder After the Take is situated at the northwest corner of the Addison Road/Arapaho Road controlled intersection, it's commercial development potential is practically nil, due to the size, shape, and encumbrance restrictions on the site.

The foregoing is not to say that there is absolutely no potential future use for the subject Remainder After the Take. The foregoing does indicate that the options available for the Remainder are extremely limited and outside of the normal commercial marketing considerations.

It is estimated that the salvage value of the improvements on the subject Remainder would equal or slightly exceed the cost to remove the remaining improvements from the Remainder. The estimated value of the Remainder site is near zero. The minimal value assigned to the Remainder site is merely reflective of the risk of holding the Remaining site for a future obscure use.

Market Value Estimate - Remainder

The remaining subject improvements are estimated to be worth \$1.00 in excess of the cost to remove the remaining improvements from the Remainder site. The estimated value of the Remainder site is \$0.10/SF, or \$971.00 (9,706 SF x \$0.10/SF); a value at which it may be worth the risk of holding the Remainder for some future use. Thus:

Improvement Contributory Value	\$ 1
Remainder Site ($\pm 9,706$ SF x \$0.10/SF)	<u>970</u>
ESTIMATED MARKET VALUE OF REMAINDER	<u>\$971</u>

ESTIMATE OF JUST COMPENSATION

As the proposed acquisition represents a Partial Property acquisition, the estimate of Just Compensation is the sum of the estimates of 1) the value of the Part Taken and 2) any damages estimated between the value of the Remainder Before the Take and the value of the Remainder After the Take.

The values of the Remainder Before the Take and the Remainder After the Take indicate that enhancement occurs as a direct result of the improvement/extension of Arapaho Road.

Remainder Before the Take	\$87,757
Remainder After the Take	<u>\$ 971</u>
Total	\$86,786

A positive value indicates that damages arise; i.e., the Remainder is less valuable with Arapaho Road in place, than as it exists today.

The previously derived estimate of value for the Part Taken, plus the estimate of damages arising from the proposed acquisition expresses the Estimate of Just Compensation. Therefore:

Value of the Part Taken	\$15,275
Damages to the Remainder	<u>\$86,786</u>
ESTIMATE OF JUST COMPENSATION	\$102,061

APPRAISER'S CERTIFICATE

The undersigned do hereby certify that, except as otherwise noted in the appraisal report:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice.
- Mark A. Hipes is currently certified under the Texas Appraiser Licensing and Certification board.
- I have made a personal inspection of the property that is the subject of this report.
- No one other than signors provided significant professional assistance in the preparation of this report.
- The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or approval of a loan.



Mark A. Hipes
Texas Certification No. TX-1321416-G

ADDENDUM

**Comparable Rental Data
Assumptions & Limiting Conditions
Photographs of the Subject
Survey
Legal Description
FAA Exhibits
Zoning Map
Qualifications of Mark A. Hipes**

Comparable #1



Location: 4801 Arapaho Rd. (NE/c Arapaho/Addison), Addison, TX
Building Type: 3 story, office
Construction: Brick Veneer, 1900's style design
Age/Condition: ±15 yrs., since remodeling; excellent condition
Parking: Concrete paved surface parking, excel. cond., adequate #

Rentable Area: 10,000 SF
Current Occupancy: 71%

Quoted Lease Rate: \$15.00/SF
Terms of Lease: Modified Full Service; tenant pays electrical & janitorial
Length of Leases: 3 years, negotiable

Estimated Expenses: \$3.00/SF, exclusive of electric & janitorial

Comments: This property is across Addison Road from the subject. It has one lease space available equaling 2,900 SF. Owner/manager felt like his rates were on the low side of the market, and also that the office market is somewhat soft at the present time.

Survey Information: Owner/manager 469.644.0002
Mapsco #: D-14C
Survey Date: 05/01

Comparable #2



Location: 16051 Addison Road (SE/c Addison/Keller Springs), Addison, TX
Building Type: 3 story, office
Construction: Brick Veneer, elevated, modern
Age/Condition: ±15 yrs., excellent condition
Parking: Concrete paved surface parking (covered), excel. cond., adequate #

Rentable Area: 40,515 SF
Current Occupancy: 88%

Quoted Lease Rate: \$18.00 - \$19.50 per square foot
Terms of Lease: Full Service; attempting to change to + electrical
Length of Leases: 3 years, negotiable

Estimated Expenses: \$6.50/SF

Comments: This property is on the west side of Addison Road, adjacent to the airport. It currently has space available ranging from 300 SF to 2,756 SF. This is the Concourse Plaza building. Owner/manager feels that the market is somewhat soft at the present time.

Survey Information: Owner/manager 972.934.8414
Mapsco #: D-4U
Survey Date: 05/01

Comparable #3



Location: 16300 Addison Road, Addison, TX
Building Type: 3 story, office
Construction: Brick Veneer
Age/Condition: ±3 yrs., excellent condition
Parking: Concrete paved surface parking, excel. cond., adequate #

Rentable Area: 11,848 SF
Current Occupancy: 100%; 2,313 SF available for sub-lease

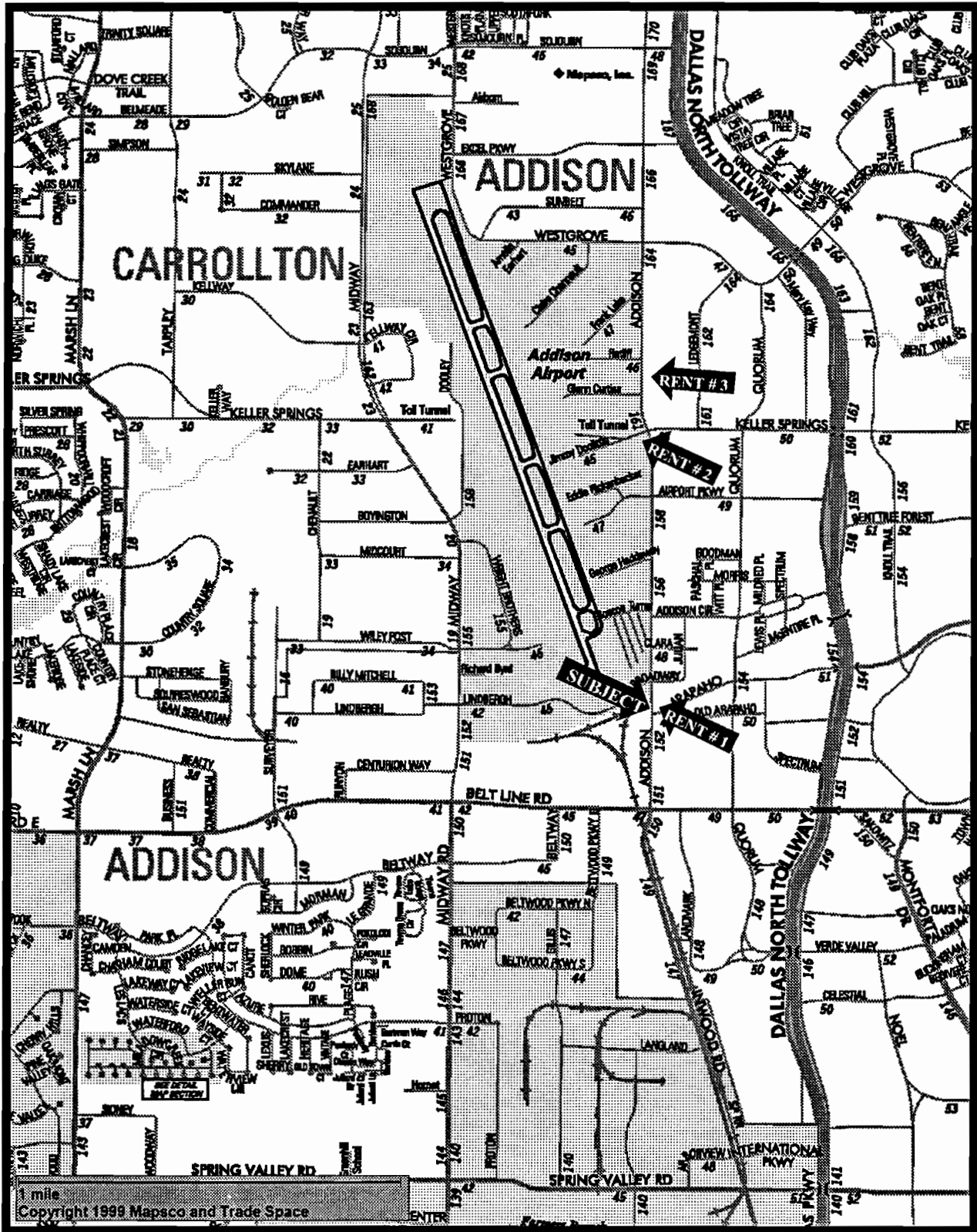
Quoted Lease Rate: \$20.00/SF
Terms of Lease: Full Service
Length of Leases: 3 years, negotiable

Estimated Expenses: \$6.84/SF

Comments: This property an interior location on the east side of Addison Road, about ½ block north of Keller Springs (non-airport side). This is a more casual style building with a covered walk around the perimeter of the building. Manager indicates that their properties in the area suggest an 85% to 90% occupancy rate in the area; a somewhat soft market.

Survey Information: Leasing Agent 972.250.3902
Mapsco #: D-4U
Survey Date: 05/01

COMPARABLE MAP



ASSUMPTIONS AND LIMITING CONDITIONS

(Read Carefully)

The following assumptions and limiting conditions are attached to and are made a part of this Appraisal (the "Appraisal") of the subject property (the "Property") described in this Appraisal ("Appraisal") made by Hipes & Associates (the "Appraiser") at the request of the person or entity (the Beneficiary") to whom and for whose exclusive use this Appraisal was prepared and delivered; and, this Appraisal is made by the Appraiser and accepted by the Beneficiary subject and strictly according to the within assumptions and limiting conditions:

1. That legal and equitable title to the Property is good and merchantable and that title is held by the owner ("Owner") of the Property in fee simple absolute forever, unless otherwise agreed by the Appraiser in writing. (No responsibility is assumed for matters legal or chance, nor is any opinion rendered as to the title to the Property. The possible existence of any disputes, suits, assessments, claims, liens or encumbrances has been disregarded, and the Property is appraised as though free and clear.)
2. That no survey of the Property has been made by the Appraiser and no responsibility is assumed in connection with any matters that may be disclosed by a current perfect survey of the Property. (Dimensions and areas of the Property and comparables were obtained by various means including estimate and are not represented or guaranteed to be exact.)
3. That allocations of value between land and improvements are applied only under the current program of occupancy and utilization, and are not made or intended to be used in conjunction with any other appraisal and, if so used, are invalid.
4. That all information contained in this Appraisal is private and confidential and is submitted strictly for the sole use of the Beneficiary; and, no other person or entity is entitled to read, use or rely upon the contents thereof. (Possession of the Appraisal or any copy thereof, does not carry with it the right of publication or use. The Appraiser will not be required to give any testimony or appear in any court or other proceeding by reason of making or delivering the Appraisal without the prior written approval of the Appraiser.)
5. That all information and comments pertaining to the Property and other properties is the personal opinion of the Appraiser formed after examination and study of the Property and its surroundings; and, although it is believed that the information, estimates and analyses contained herein are correct, the Appraiser does not warrant or guarantee them, and assumes no liability for errors in fact, analysis or judgement. (Any misinformation about the Property furnished to the Appraiser by the Beneficiary, at the option of the Appraiser, may release the Appraiser from any liability and invalidate the Appraisal.)
6. That all opinions of value contained in the Appraisal are merely estimates. (There is no warranty or guarantee, written or implied, made by the Appraiser that the Property is worth or will sell for the appraised value now or ever.)
7. That disclosure of the contents of this Appraisal is governed by the Uniform Standards of Professional Appraisal Practice, and that, in addition, neither all nor any part of the contents of this Appraisal (especially any conclusions of value, the identity of the Appraiser, shall be disseminated to the public through reports, proposals, brochures or any other means of

communication without the prior written consent and approval of the Appraiser. BENEFICIARY WILL NOT CAUSE, SUFFER OR PERMIT ANY PUBLIC DISSEMINATION OF THIS APPRAISAL TO OCCUR AND, BY ACCEPTING THIS APPRAISAL, BENEFICIARY INDEMNIFIES APPRAISER AGAINST ANY LOSS, COST, LIABILITY, DAMAGE OR CLAIM INCURRED WITHOUT REGARD TO FAULT BY APPRAISER ARISING IN CONNECTION WITH ANY SUCH UNAUTHORIZED DISCLOSURE BY BENEFICIARY.

8. That there are no latent defects or any hidden or any unapparent conditions of the Property, subsoil, or structures which would render the Property more or less valuable. (No responsibility is accepted or assumed by Appraiser for any such conditions or for analyses or engineering which may be required to discover them.)
9. That no environmental impact or environmental condition studies were either requested or made in conjunction with this Appraisal unless otherwise agreed by Appraiser in writing and shown in the Appraisal and the Appraiser hereby reserves the right to alter, amend, revise or rescind any of the value opinions included in this Appraisal based upon any subsequent environmental impact or environmental condition studies, research, revelation or investigation. (In particular, unless otherwise agreed by Appraiser in writing, and shown in this Appraisal, this Appraisal/Appraiser assumes that no violations of any environmental, or other, laws affecting the Property are pending or threatened against the Property and that no toxic waste, hazardous materials or dangerous substances have ever been stored, used, produced, maintained, dumped or located on or about the Property.)
10. That the value of the Property is estimated on the basis that there will be no international or domestic political, economic, or other adverse conditions or any military or other conflicts including strikes and civil disorders that will seriously affect overall real estate values.
11. That Beneficiary understands that the real estate values are influenced by a large number of external factors, that the data contained in the Appraisal is all of the data that Appraiser considered necessary to support the value estimate and that the Appraiser has not knowingly withheld any pertinent facts; and, Beneficiary has been advised and agrees that the Appraisal does not warrant, represent or guarantee that Appraiser has knowledge or appreciation of all factors which might influence the value of the Property.
12. That due to the rapid changes in external factors affecting the value of the Property, Appraiser's value conclusions are considered reliable only as of the date of the Appraisal.
13. That on all appraisals made subject to satisfactory construction, repairs, or alterations of improvements, the Appraisal and value conclusions are contingent upon completion of such work on the improvements in a good and workmanlike manner, without dispute, per plans, in code, as agreed and within a reasonable period of time.
14. That the value estimate of the Property assumes financially and otherwise responsible ownership and competent management of the Property.
15. That the Appraisal consists of trade secrets and commercial or financial information which is privileged and confidential and exempted from disclosure under 5 U.S.C. 533 (b) (4). (Please notify Hipes and Associates of any request for any reproductions of this Appraisal.)

16. That accurate estimates of costs to cure deferred maintenance are difficult to make or assess and that many different approaches or arrangements can be attempted or applied in various ways. (Any estimates provided within this Appraisal represent reasonably probably costs given current market conditions, available information and the Appraiser's expertise. Further deferred maintenance affecting the Property is considered to be limited to only those items, if any specified in detail, in the Property section of this Appraisal.)
17. That the existence of potentially hazardous materials used in the construction or maintenance of the Property such as urea-formaldehyde foam insulation, asbestos in any form, and/or other dangerous substances or materials on the Property, has not been considered, unless otherwise shown in the Appraisal. (The Appraiser is not qualified to detect such material or substances and it is the responsibility of the Beneficiary to retain an expert in this field, if desired.)
18. That the liability of the Appraiser and its officer, directors and employees, agents, attorneys and shareholders is limited to the fee collected for preparation of the Appraisal. (Appraiser has no accountability or liability to any third party, except as otherwise agreed in writing by Appraiser and such other party.)
19. That any projected potential gross income of the Property referred to in the Appraisal may be based on lease summaries provided by the Beneficiary, Owner or third parties and Appraiser has not reviewed lease documents and assumes no responsibility for the authenticity, accuracy or completeness of lease information provided by others. (Appraiser suggests that legal advice be obtained regarding the interpretation of the lease provisions and contractual rights of parties under Leases.)
20. That Beneficiary and any party entitled to read this report will consider the Appraisal as only one factor together with many others including its own independent investment considerations and underwriting criteria or other observations, concerns or parameters in formulating its overall investment or operating decision. In particular, Appraiser assumes that the Beneficiary has made/obtained, relied upon and approved the following, none of which was furnished by Appraiser unless otherwise agreed by Appraiser in writing, to wit:
 - a. current survey of the Property showing boundary, roads, flood plains, utilities, encroachments, easements, etc.;
 - b. current title report of the Property with legible copies of all exceptions to title;
 - c. any needed soil tests, engineer's reports and legal and other expert opinions;
 - d. abstract or other report of environmental conditions or hazards affecting the Property;
 - e. current visual inspection of the Property and adequate study of its use, occupancy, history, condition and fitness for the purpose of underlying Beneficiary's request for this Appraisal;
 - f. copies of current insurance policy, tax statements, contracts, leases and notices affecting the Property;
 - g. any needed estoppel certificates of tenants, mortgagee's or others claiming any interest in the Property;
 - h. reports/opinions of Beneficiary's staff, contacts, agents and associates; and
 - i. Owner's experience with the Property.
21. That Appraiser's projections of income and expenses are not predictions of the future; rather, they are the Appraiser's best estimates of current market thinking about future income and expenses. (The Appraiser makes no warranty or guaranty that Appraiser's projections will

succeed or materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way forecast the conditions of a future real estate market; the Appraiser can only reflect, without warranty what the investment community, as of the date of the Appraisal, envisions for a particular time without assurances in terms of rental rates, expenses, capital, labor, supply, demand, ecology, etc.)

22. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. I (we) have not made a specific compliance survey and analysis of this Property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the Property, together with a detailed analysis of the requirements of the ADA, could reveal that the Property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since I (we) have no direct evidence relating to this issue, I (we) did not consider possible non-compliance with the requirements of ADA in estimating the value of the Property. Special Note: This may not be adequate if "readily achievable" barrier removal items are obvious and should have been identified.

SUBJECT PHOTOGRAPHS



View of proposed R.O.W., looking west-northwest from Addison Rd.

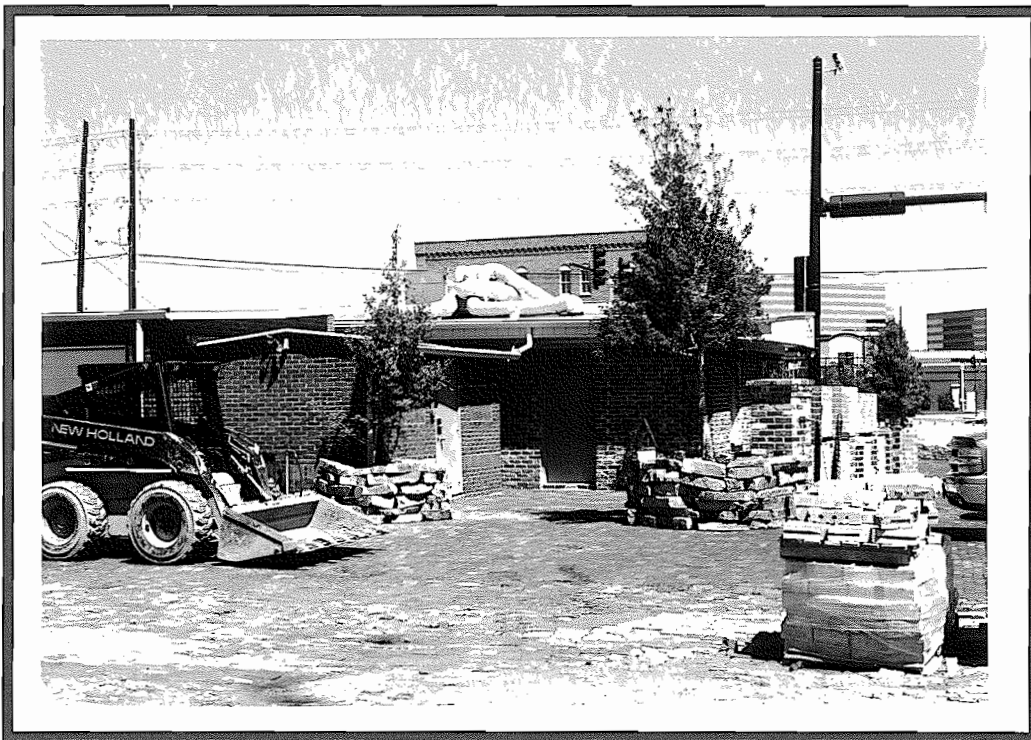


View along the south side of the property showing acquisition width.

SUBJECT PHOTOGRAPHS

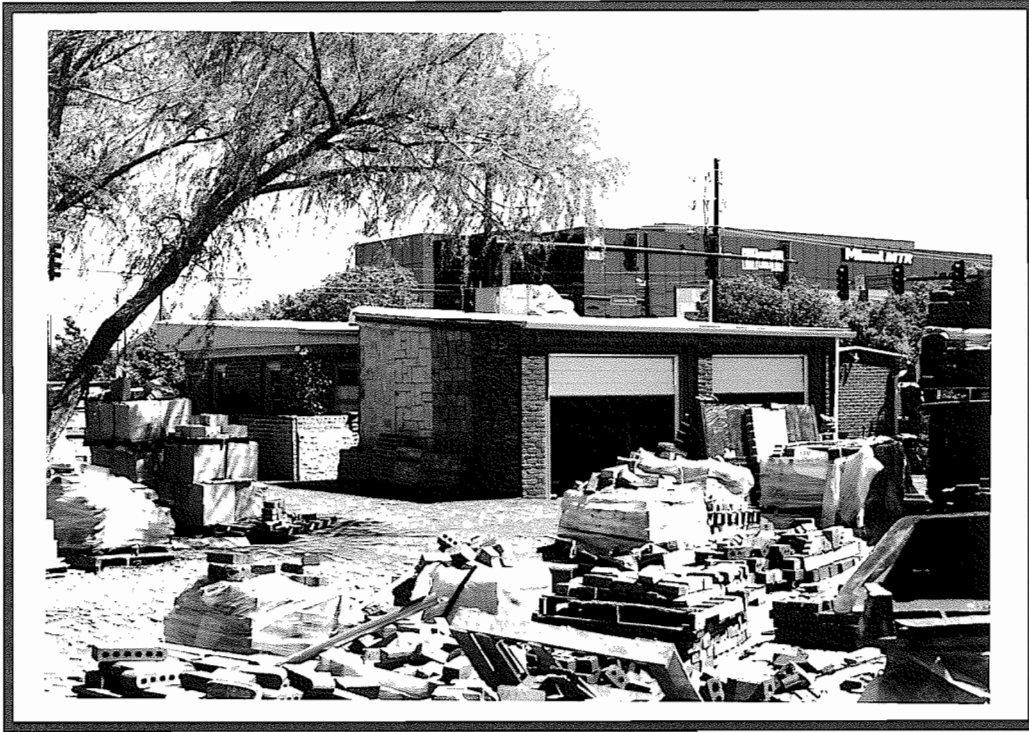


View from the railroad northeast of the subject looking SW; trucks on RR property.

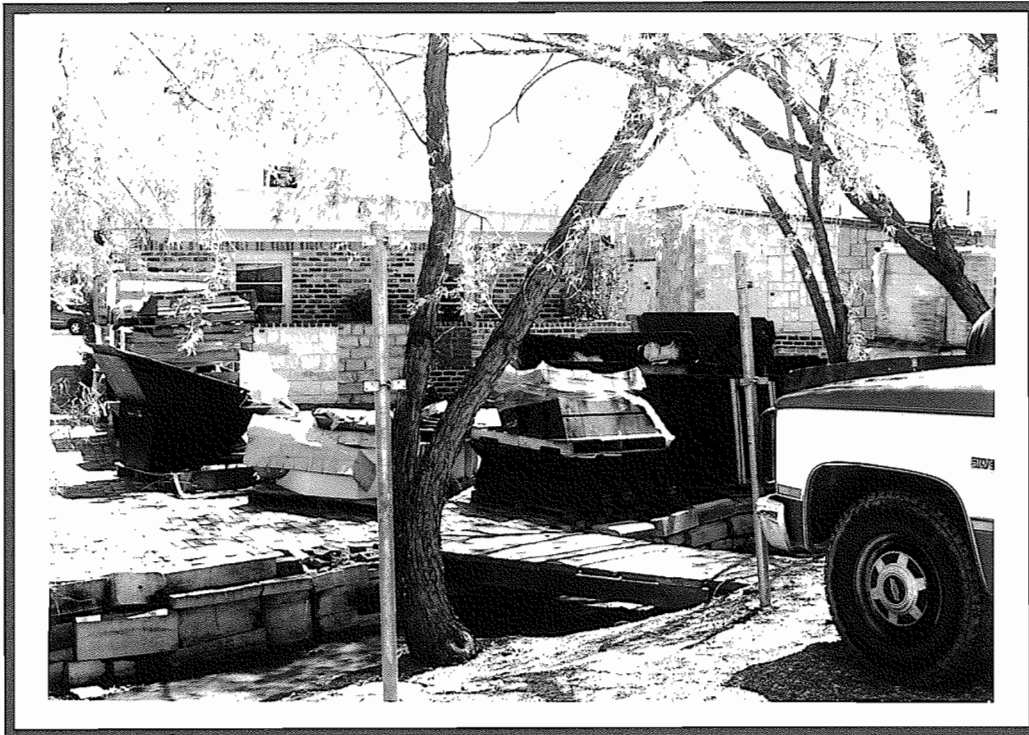


View of the back of the property, looking from the \pm southwest toward Addison Rd.

SUBJECT PHOTOGRAPHS



View of the northwest side of the subject, looking southeast toward Addison Rd.



View of the north side of subject office; subject begins past the drainage ditch.

SUBJECT PHOTOGRAPHS



View north along Addison Road from the subject property.



View south along Addison Road from the subject property.

SUBJECT PHOTOGRAPHS



View west along Arapaho Road from the subject property.

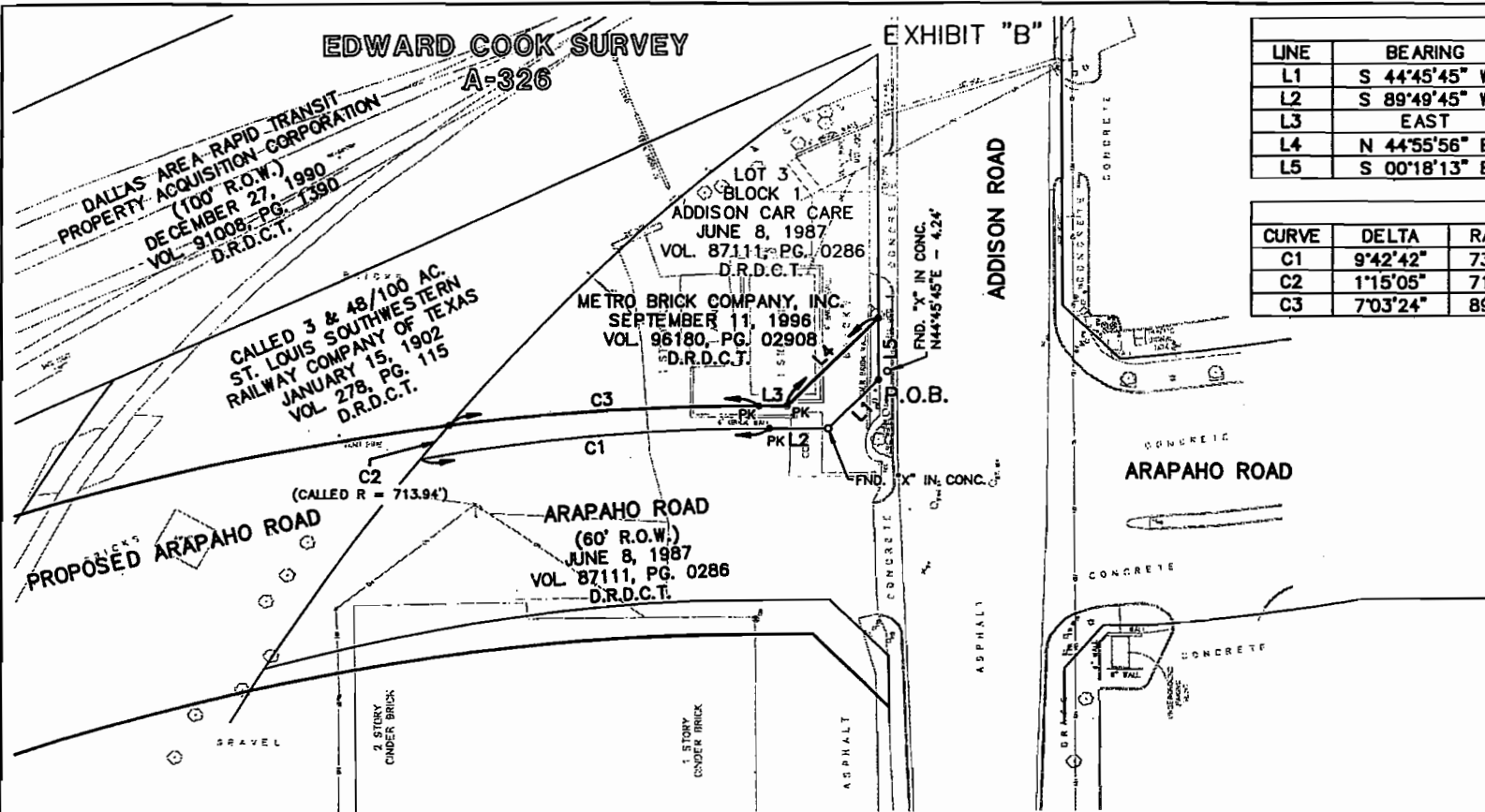


View east along Arapaho Road from the subject property.

EDWARD COOK SURVEY

A-326

EXHIBIT "B"



LINE TABLE				
LINE	BEARING	CALLED	DIST	CALLED
L1	S 44°45'45" W	S48°17'W	24.01'	-
L2	S 89°49'45" W	N89°39'W	19.93'	19.93'
L3	EAST	-	9.48'	-
L4	N 44°55'56" E	-	43.76'	-
L5	S 00°18'13" E	-	21.64'	-

CURVE TABLE				
CURVE	DELTA	RADIUS	LENGTH	CHORD
C1	9°42'42"	730.00'	123.74'	S 84°58'25" W - 123.59'
C2	1°15'05"	714.00'	15.59'	N 40°27'38" E - 15.59'
C3	7°03'24"	890.00'	109.61'	N 86°28'18" E - 109.54'



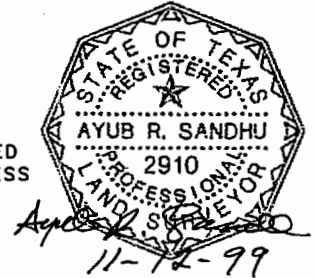
NOTES:

ALL EASEMENTS SHOWN ARE TAKEN FROM THE PLATS INDICATED HEREON. THE SURVEYOR DID NOT ABSTRACT THE SUBJECT PROPERTY SO ALL EASEMENTS MAY NOT BE SHOWN.

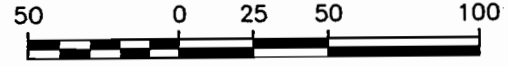
ALL BEARINGS ARE REFERENCED TO THE NORTH RIGHT OF WAY LINE OF CENTURION WAY, CALLED S 89°51'55" E, ACCORDING TO THE FINAL PLAT OF LOT 3, SURVEYOR ADDITION, RECORDED IN VOL. 77173, PAGE 135, D.R.D.C.T.

A LEGAL DESCRIPTION OF EVEN SURVEY DATE HEREWITH ACCOMPANIES THIS PLAT.

- PK DENOTES A SET "PK" NAIL
- DENOTES A FOUND POINT AS INDICATED
- DENOTES A 5/8" IRON ROD SET UNLESS OTHERWISE NOTED
- PROPOSED RIGHT OF WAY LINE



PARCEL 1
 A PLAT OF A
 0.0380 ACRE (1,657 SQ. FT.)
 TRACT OF LAND
 IN THE EDWARD COOK SURVEY
 ABSTRACT NO. 326
 TOWN OF ADDISON
 DALLAS COUNTY, TEXAS



GRAPHIC SCALE
 1 INCH = 50 FT.

Parcel 1
Field Note Description
Arapaho Road Project
Town of Addison
Dallas County, Texas

BEING a description of a 0.0380 acre (1,657 square foot) tract of land situated in the Edward Cook Survey, Abstract Number 326, Town of Addison, Dallas County, Texas, being a portion of that certain tract of land conveyed to Metro Brick Company, Inc. on September 11, 1996 and recorded in Volume 96180, Page 02908 of the Deed Records of Dallas County, Texas, said tract being all of Lot 3, Block 1 of Addison Car Care, an addition to the Town of Addison as evidenced by the map recorded on June 8, 1987 and recorded in Volume 87111, Page 0286 of said Deed Records; said 0.038 acre tract of land being more particularly described by metes and bounds as follows;

BEGINNING at a point at the North end of a cut back corner located at the Northwest intersection of Addison Road (variable width) as dedicated by said plat of Addison Car Care with Arapaho Road (60 feet wide) as dedicated by said plat of Addison Car Care, said point also being the most Easterly Southeast corners of said Lot 3 and said Metro Brick Company, Inc. tract, from said point an "X" in concrete found bears North $44^{\circ}45'45''$ West, a distance of 4.24 feet;

THENCE, SOUTH $44^{\circ}45'45''$ WEST (called SOUTH $48^{\circ}17'$ WEST), along said cut back corner and the Southeast line of said Metro Brick Company, Inc. tract, a distance of 24.01 feet to an "X" in concrete found in the common existing North right of way line of said Arapaho Road and South line of said Metro Brick Company, Inc. tract, for the most Southerly Southeast corner of said Metro Brick Company, Inc. tract;

THENCE, SOUTH $89^{\circ}49'45''$ WEST (called NORTH $89^{\circ}39'$ WEST), along said common line, a distance of 19.93 feet to a "PK" nail set for the beginning of a tangent curve to the left;

PARCEL 1 - ARAPAHO ROAD PROJECT

THENCE, WESTERLY, continuing along said common line and along the arc of said curve to the left having a radius of 730.00 feet, a central angle of $9^{\circ}42'42''$, a chord bearing South $84^{\circ}58'25''$ West for 123.59 feet, for an arc distance of 123.74 feet (called 123.82 feet) to a point in a curve of the Southeasterly line of a called 3 & 48/100 acre tract of land conveyed to St. Louis Southwestern Railway Company of Texas on January 15, 1902 as evidenced by the deed recorded in Volume 278, Page 115 of said Deed Records, said point being the common Southwest corner of said Metro Brick Co. Inc. tract and the Northwest corner of the dedication of said Arapaho Road by said plat of Addison Car Care;

THENCE, NORTHEASTERLY, departing said common line, along the common Northwesterly line of said Metro Brick Company, Inc. tract and Southeasterly line of said called 3 & 48/100 acre tract, along the arc of a non-tangent curve to the right having a radius of 714.00 feet (called 713.94 feet), a central angle of $1^{\circ}15'05''$, a chord bearing North $40^{\circ}27'38''$ East for 15.59 feet, for an arc distance of 15.59 feet to a 5/8 inch iron rod set in a curve of the proposed North right of way line of Arapaho Road;

THENCE, along the proposed North right of way line of Arapaho Road the following courses and distances;

EASTERLY, departing said common line, along the arc of a non-tangent curve to the right having a radius of 890.00 feet, a central angle of $7^{\circ}03'24''$, a chord bearing North $86^{\circ}28'18''$ East for 109.54 feet, for an arc distance of 109.61 feet to a "PK" nail set for the point of tangency of said curve;

EAST, a distance of 9.48 feet to a "PK" nail set for an angle point;

NORTH $44^{\circ}55'56''$ EAST, a distance of 43.76 feet to a 5/8 inch iron rod set in the common East line of said Metro Brick Company, Inc. tract and West right of way line of said Addison Road;

THENCE, SOUTH $00^{\circ}18'13''$ EAST, departing the proposed North right of way line of said Arapaho Road, along said common line, a distance of 21.64 feet to the **POINT OF BEGINNING**;

CONTAINING an area of 0.0380 acres or 1,657 square feet of land within the metes recited.

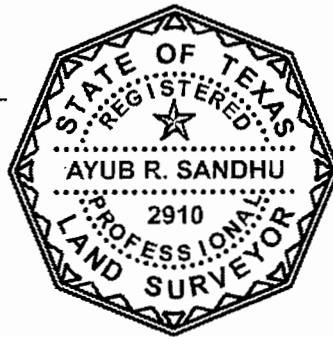
PARCEL 1 - ARAPAHO ROAD PROJECT

All bearings are referenced to the North Right of Way line of Centurion Way, called S 89°51'55" E, according to the final plat of Lot 3, Surveyor Addition, recorded in Vol. 77173, Page 135, Deed Records of Dallas County, Texas.

A plat of even survey date herewith accompanies this description.

I, Ayub R. Sandhu, a Registered Professional Land Surveyor, hereby certify that the legal description hereon and the accompanying plat represent an actual survey made on the ground under my supervision.

Ayub R. Sandhu 11-12-99
Ayub R. Sandhu, R.P.L.S.
Texas Registration No. 2910



DO NOT REMOVE CARBONS

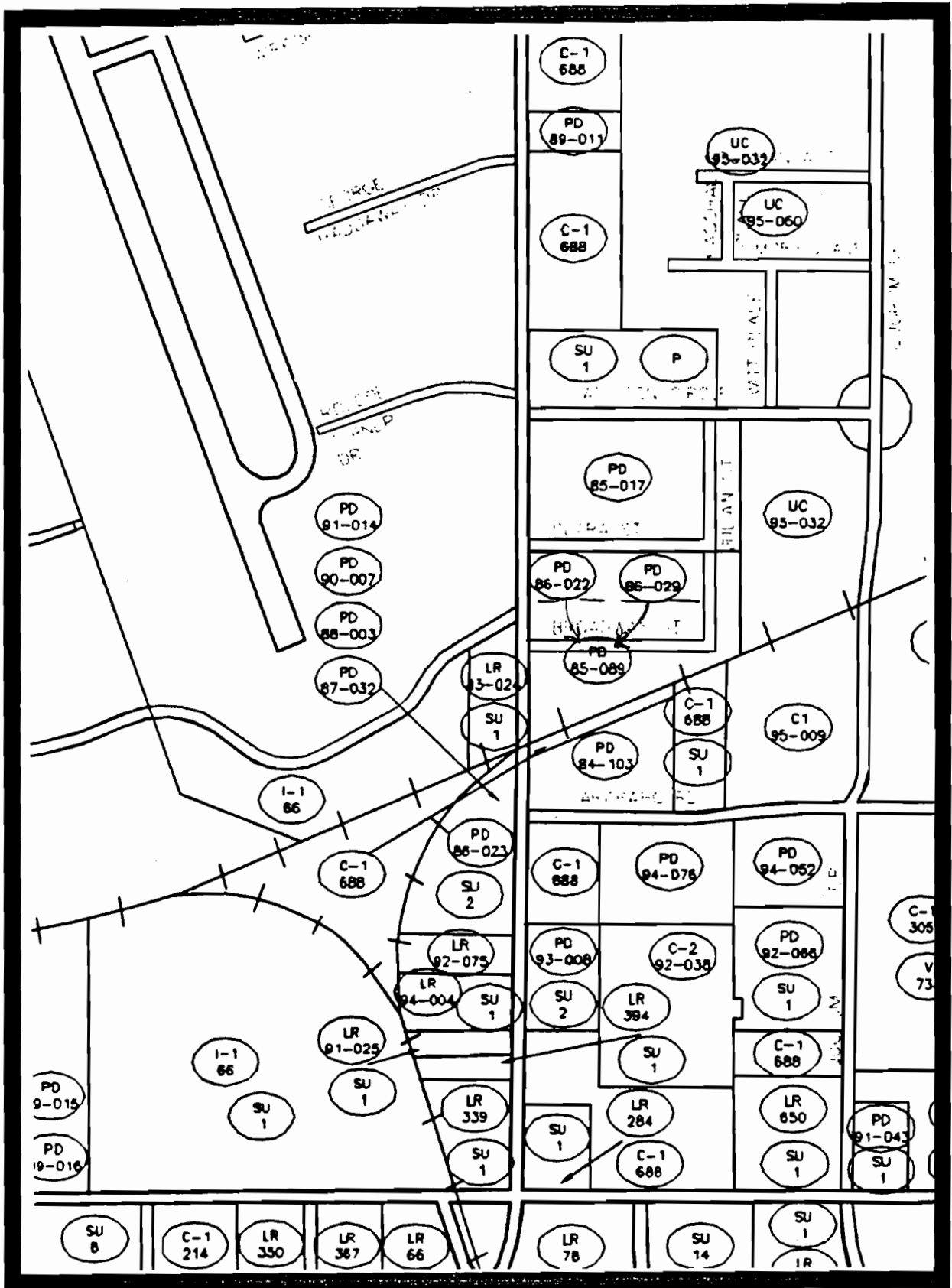
Form Approved OMB No. 2120-0001

NOTICE OF PROPOSED CONSTRUCTION OR ALTERATION			Aeronautical Study Number
<p>U.S. Department of Transportation Federal Aviation Administration</p>			
<p>1. Nature of Proposal</p> <p>A. Type <input type="checkbox"/> New Construction <input type="checkbox"/> Alteration</p>		<p>B. Class <input type="checkbox"/> Permanent <input type="checkbox"/> Temporary (Duration _____ months)</p>	
<p>C. Work Schedule Dates Beginning _____ End _____</p>		<p>2. Complete Description of Structure</p> <p>A. Include effective radiated power and assigned frequency of all existing, proposed or modified AM, FM, or TV broadcast stations utilizing this structure.</p> <p>B. Include size and configuration of power transmission lines and their supporting towers in the vicinity of FAA facilities and public airports.</p> <p>C. Include information showing site orientation, dimensions, and construction materials of the proposed structure.</p>	
<p>3A. Name and address of individual, company, corporation, etc. proposing the construction or alteration. (Number, Street, City, State and Zip Code)</p> <p>() _____ Area code Telephone Number _____</p>			
<p>B. Name, address and telephone number of proponent's representative if different than 3 above.</p>			
<p>(If more space is required, continue on a separate sheet.)</p>			
<p>4. Location of Structure</p> <p>A. Coordinates (To nearest second) Latitude _____ Longitude _____</p>		<p>B. Nearest City or Town, and State _____ Miles _____</p>	
<p>C. Name of nearest airport, heliport, flight park, or seaplane base</p>		<p>(1) Distance from structure to nearest point of nearest runway _____</p>	
<p>(2) Direction from structure to airport _____</p>		<p>A. Elevation of site above mean sea level _____</p>	
<p>B. Height of Structure including all appurtenances and lighting (if any) above ground, or water if so situated _____</p>		<p>C. Overall height above mean sea level (A + B) _____</p>	
<p>D. Description of location of site with respect to highways, streets, airports, prominent terrain features, existing structures, etc. Attach a U.S. Geological Survey quadrangle map or equivalent showing the relationship of construction site to nearest airport(s). (If more space is required, continue on a separate sheet of paper and attach to this notice.)</p>			
<p>Notice is required by Part 77 of the Federal Aviation Regulations (14 C.F.R. Part 77) pursuant to Section 1101 of the Federal Aviation Act of 1958, as amended (49 U.S.C. 1101). Persons who knowingly and willfully violate the Notice requirements of Part 77 are subject to a fine (criminal penalty) of not more than \$500 for the first offense and not more than \$2,000 for subsequent offenses, pursuant to Section 902(a) of the Federal Aviation Act of 1958, as amended (49 U.S.C. 1472(a)).</p>			
<p>I HEREBY CERTIFY that all of the above statements made by me are true, complete, and correct to the best of my knowledge. In addition, I agree to obstruction mark and/or light the structure in accordance with established marking & lighting standards if necessary.</p>			
Date	Typed Name/Title of Person Filing Notice		Signature
<p>FOR FAA USE ONLY FAA will either return this form or issue a separate acknowledgement.</p>			
<p>The Proposal:</p> <p><input type="checkbox"/> Does not require a notice to FAA.</p> <p><input type="checkbox"/> Is not identified as an obstruction under any standard of FAR, Part 77, Subpart C, and would not be a hazard to air navigation.</p> <p><input type="checkbox"/> Is identified as an obstruction under the standards of FAR, Part 77, Subpart C, but would not be a hazard to air navigation.</p> <p><input type="checkbox"/> Should be obstruction marked.</p> <p><input type="checkbox"/> Lighted per FAA Advisory Circular 70/7400-1, Chapter(s) _____.</p> <p><input type="checkbox"/> Obstruction marking and lighting are not necessary.</p>		<p>Supplemental Notice of Construction FAA Form 7450-2 is required any time the project is abandoned, or</p> <p><input type="checkbox"/> At least 48 hours before the start of construction.</p> <p><input type="checkbox"/> Within five days after the construction reaches its greatest height.</p> <p>This determination expires on _____ unless:</p> <p>(a) extended, revised or terminated by the issuing office.</p> <p>(b) the construction is subject to the licensing authority of the Federal Communications Commission and an application for a construction permit is made to the FCC on or before the above expiration date, in such case the determination expires on the date prescribed by the FCC for completion of construction, or on the date the FCC denies the application.</p> <p>NOTE: Request for extension of the effective period of this determination must be postmarked or delivered to the issuing office at least 15 days prior to the expiration date.</p> <p>If the structure is subject to the licensing authority of the FCC, a copy of this determination will be sent to that Agency.</p>	
<p>Remarks: _____</p>			
Issued In	Signature	Date	

FAA Form 7450-1 (4-83) SUPERSEDES PREVIOUS EDITION

DO NOT REMOVE CARBONS

FAA FORM



ZONING MAP

MARK A. HIPES
Qualifications

Location of Office

7557 Rambler Road, Suite 260, LB 25, Dallas, Texas 75231

Education

Southern Methodist University

* Bachelor of Business Administration - Quantitative Analysis

* Master of Business Administration - Finance

Texas Real Estate Broker License - License No. 388907-26

Texas State Certified General Real Estate Appraiser - License No. TX-1321416-G

Appraisal Courses, Seminars

American Institute of Real Estate Appraisers

* Course IIa - Case Studies in Real Estate Valuation

* Course IIb - Valuation Analysis & Report Writing

Society of Real Estate Appraisers

* Course 101 - Principals of Real Estate Appraisal

* Course 201 - Income Property Valuation

* Course R2 - Report Writing

Standards of Professional Practice

Various Seminars on Valuation & Litigation

Experience

02/87 to Present

Hipes & Associates

Independent Real Estate Appraiser

03/79 to 02/87

Dallas County Department of Public Works

Eminent Domain Appraiser

09/71 to 03/79

Self Employed

Financial Analysis/Real Estate Analysis

Types of Properties Appraised

Regional Malls

Industrial/Manufacturing

Automobile Dealerships

Shopping Centers

Apartments

Hospitals

Office

Farms/Ranches

Railroads

Office/Warehouses

Proposed Developments

Churches

Service Stations

Educational Facilities

Airports

All types of commercial/industrial properties and a variety of special use properties.

Extensive work in Eminent Domain & other forms of litigation valuation

Qualified as an "Expert Witness" in County, District, & Federal Courts