

(REVISED)
APPRAISAL REPORT OF

**MAGIC CORNER HEAD START
2801 IRELAND
LAREDO, TX**

Prepared for:
**WEBB COUNTY HEAD START
1110 WASHINGTON ST. # 203
LAREDO, TEXAS**

Prepared by:
**CHARLES RENCHER
HORIZON SOUTHWEST PROPERTIES**

Date of Value:
JANUARY 15, 2023

Date of Report:
JANUARY 20, 2023

Charles G. Rencher
HORIZON SOUTHWEST PROPERTIES
P O BOX 16464
SUGAR LAND, TX 77496
cgrencher@comcast.net

January 20, 2023

Aliza Oliveros,
5904 West Drive Unit 6 & 7
Laredo, TX 78041

RE: Magic Corner Head Start

Dear Ms. Oliveros,

Per your instructions, we have appraised the above referenced property in order to determine the estimated market value of the fee simple estate. The summary appraisal is located immediately after the letter of transmittal and is invalid unless accompanied by this letter.

This appraisal was conducted after a physical inspection of the subject property, a research of all available market data, conversations with various market participants and an evaluation of various factors which may be crucial in the valuation of the subject.

Definition of Market Value. Market Value is defined by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, (FIRREA) as being:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and sell are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Environmental Considerations

We are not qualified to render an opinion regarding any environment contamination on or within the subject property. During the course of our inspection of the property, we may observe various signs of possible contaminants within the site or any improvements. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover any possible contaminants.

Americans with Disabilities Act

This law became effective in 1992 and is intended to require equal access usage to various facilities such as restaurants, lodging, office buildings, and other publicly accessed areas for the disabled. We may offer our opinion or report our observations of the appraised property, but we are not qualified to render a compliance study on the subject property. We have not considered any non-compliance with the Disabilities Act in our valuation of the subject property.

Based on our analysis of the data and trends in the local market, it is our opinion that the estimated annual market value of the fee simple estate of the subject property, as of JANUARY 15, 2023, is as follows:

THREE THOUSAND ONE HUNDRED TWENTY DOLLARS
(\$ 3,120.00)

Bldg 1	\$1,560
Bldg 2	<u>\$1,560</u>
TOTAL	\$3,120

Should you have any questions regarding this report, please do not hesitate to contact us.



Charles Rencher
Certified General Real Estate Appraiser
cgrencher@comcast.net
(713) 449-0507

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Intended Client:	Webb County Head Start
Identification:	Magic Corner Head Start
Location:	2802 Ireland, Laredo, TX
Purpose of the Appraisal:	Estimate the “as is” fair market value of the subject property.
Property Right Appraised:	Fair Market Value
Improvements:	Building 1 1,951 SF Building 2 1,951 SF
Current Occupancy:	Head start offices.
Highest and Best Use:	As improved
Easements:	Typical
Parking:	Adequate
Date of Value:	JANUARY 15, 2023
Date of Report:	JANUARY 20, 2023
FAIR MARKET VALUE)	\$ 3,120

Appraisal Process:

The appraisal process is a systematic approach, whereby the appraiser researches, collects, and analyzes data pertaining to the subject property in order to arrive at an estimate of market value for the real property interest being appraised. The first step in this process is an inspection and investigation of the subject site, and the neighborhood in which it is located. The appraiser then researches and collects data pertaining to sales of comparable properties which have sold in the subject's market. If the subject is an income-producing property, data is collected pertaining to income and operating expenses for the subject and similar properties. Typically, three approaches are used in estimating the value of the subject property. These are the Sales Comparison Approach, the Cost Approach, and the Income Capitalization Approach. Generally, the Cost Approach and the Income Approach are only used when the property is improved or the appraisal concerns a proposed development. Following analysis of the data collected, the appraiser reconciles the values estimated by each approach into a single estimate of market value for the subject property.

If the subject property is a partial interest, such as a utility, sanitary sewer, or temporary construction easement, the total fee simple value is discounted at the appropriate rate to arrive at an estimate of value of the partial interest being appraised. To this estimate are added the depreciated value of any improvements on the site.

If the subject property is not an economic unit, its value is measured as its contributory value to the parent tract. The comparable sales confirmed by the appraiser are compared to the parent tract and adjusted for differences in various categories (location, size, shape, flood hazard, frontage, etc.). The indicated fee simple market value for the parent tract is then applied to the subject parcel's land area to arrive at an estimate of its contributory value to the subject whole.

The appraiser has inspected the subject property and the neighborhood in which it is located. The real estate market has been researched for sales of properties similar to the subject. Sources of sales data include: Loop Net and CoStar data bases.

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1. buyer and sell are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
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4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Estimated Reasonable Exposure Time:

Inherent in the definition of January 15,2023 value is the assumption that the property being appraised is exposed to the market for a reasonable and customary period of time. Based upon current market conditions and recent sales history of similar properties in the subject's market area, the estimated exposure time for the subject property is twelve months

Scope of the Appraisal: Scope of Work is defined by the Uniform Standards of Professional Appraisal Practice as “the amount and type of information researched and the analysis applied in an assignment. Scope of work includes, but is not limited to, the following:

- The degree of which the property is inspected or identified;
- The extent of research into physical or economic factors that could affect the property;
- The extent of data research; and
- The type and extent of analysis applied to arrive at opinions or conclusions.”

The reported analyses, opinions and conclusions were developed, and this report has been prepared using FIRREA guidelines and the guidelines of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

In preparing this appraisal, we made an onsite visits to the property on JANUARY 15, 2023. The onsite visits did include an interior inspection of the subject. We checked the local records to determine if there were any recent sales in the immediate area of the subject. Additionally, our research included examining sales reported to the local sources.

This appraisal report details all pertinent data, descriptions and discussions germane to the appraisal of the subject of this report. This appraisal included a visit to the subject of this report and comparable sales and rents as available, and an analysis of the surrounding neighborhood with recognition of existing and future trends. Data was gathered based on a review of public records and the market research data base of Horizon Southwest Properties.

Date of Report: The date of the report is JANUARY 20, 2023.

Effective Date of Value Estimate: The effective date of the value estimated in this report is JANUARY 15, 2023.

Date of Inspection: The appraiser(s) inspected the subject property on JANUARY 15, 2023

Property Rights Appraised: Property rights appraised in this report are the Fair market value.

Purpose and Intended Use of the Appraisal: The purpose of this appraisal is to estimate the fair market value of the subject property. The intended users of this report are the clients.

Environmental Statement: The appraiser is not qualified to detect the presence of environmental hazards, and the services of an expert in this field should be retained if there is any question as to the existence of hazardous materials or environmental problems. The value estimated in this appraisal is based on the assumption that the subject property is unaffected by environmental issues or hazardous materials

Off-Site Improvements: The off-site improvements consist of an asphalt paved street. These street improvements are in generally good condition.

Easements: There are not easements that would adversely affect the use of the property.

Utilities: The typical commercial utilities are available to the site and in sufficient quantities.

Zoning/Restrictions: The subject property is located in the City of Laredo, TX. Development in the city is controlled by City ordinances and regulations.

Description of Improvements: Critical to the valuation process is an accurate description of the building or buildings on the site. Each building must be described with respect to its design, layout, and construction details which include structural components, materials and mechanical systems. It is from this description that comparisons between the subject property's improvements that are considered typical in the market are made.

OCCUPANCY: Occupied

CONDITION: Average

INTERIOR FINISH: Typical

LANDSCAPING: Average

HVAC: Central HVAC

ELECTRICAL/LIGHTING: Electrical power to the property is assumed to be adequate for commercial usage

PLUMBING: Plumbing fixtures are typical of commercial and residential buildings and assumed to be in compliance with all applicable codes.

FENCE: Chain Link

Utilities: Public utilities available to the site include water, sewer, electricity and natural gas.

Highest and Best Use: An analysis of the subject's highest and best use involves the consideration of four criteria, in sequence. These criteria are as follows: 1) legally permissible use, 2) physically possible use, 3) financially feasible use, and 4) maximally productive use. Data collected, analyzed, and presented in the Neighborhood Analysis and Site Data sections of this appraisal is particularly useful in an analysis of highest and best use for the subject property.

Financially Feasible Use: Present market conditions have had positive effect on sales in the subject market area, as evidenced by increased sales development. An inspection of the general area revealed normal development for the area.

Maximally Productive Use:

After consideration of the physically possible, legally permissible, financially feasible, and maximally productive uses, it is the appraiser's opinion that the highest and best use of the subject property is special purpose.

COST APPROACH

The Cost Approach is primarily based on the principle of substitution. The principle of substitution states that a person is not justified in paying more for a property than that amount by which he can obtain, by purchase of a site and construction of a structure, without undue delay, a property of equal desirability and utility.

When the subject property represents a proper improvement, meeting the definition of the Highest and Best Use, then this approach is based on an assumption that the replacement cost is the upper limit of value.

The Cost Approach consists of four distinct steps:

1. Valuation of the land as if vacant;
2. Estimate of replacement cost new of the existing structure and/or improvements;
3. An estimate of accrued depreciation found in the improvements. The various types of depreciation and how each relates to the subject property will be accounted for in this section. The total depreciation present in the improvements is deducted from its cost new to indicate a depreciated value of the improvements;
4. The addition of the land value and replacement cost of the structures and improvements to a value estimate.

This approach to value is devoted to an analysis of the physical value of the property; that is, the current value of the land, assuming it to be vacant, to which is added to the depreciated value of the improvements.

The following is a discussion and analysis of the procedures and theory of this approach.

Reproduction cost is the present cost of duplicating the improvements with one which is an exact replica. It is often difficult to estimate reproduction cost because details and methods of original construction are not available, identical materials are unavailable and/or methods of construction have changed.

Replacement cost is the current cost of replacing the improvement with one having equaled utility or able to perform the same economic function:

1. It could be the cost of acquiring an equally desirable substitute, or
2. The cost to replace, with a property having an equivalent utility, which may or may not be a replica, or
3. The replacing or remodeling of parts of a structure to maintain it in its highest and best use and operating condition.

In practice, the terms have tended to be used interchangeably and have more commonly come to mean: The present cost of replacing the improvements with improvements of equivalent utility, considering modern materials.

Base cost estimates for the major building improvements were derived from discussions with local building contractors, data from the market, and Marshal & Swift valuation services.

Depreciation is defined as loss in capital value from any cause. It is employed in this approach and report in estimating the difference in the present day value of the improvements and the cost of new replacement. The three major types of accrued depreciation are:

Physical Deterioration is loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately. The cost of curing the condition, and bringing the property to a satisfactory and functioning condition, is generally the measure of deferred maintenance.

Functional Obsolescence is loss in value from conditions existing within the property which make the property inadequate or less desirable to the typical prudent purchaser. It, too, may be curable or incurable. Incurable obsolescence is normally measured by the loss in income which may accrue to the property by reason thereof.

External Obsolescence is loss in value from causes outside the property and is measured normally by capitalizing the loss in income which may occur by reason thereof. The cost approach provides the most reliable estimate when the improvements are new or proposed and the costs of construction are known or can be accurately determined.

The scope of data reviewed included the 2019 National Building Cost Manual published by Craftsman Book company.

BLDG 1 :

BASE COST	1,951 sf @ \$ 20.00	\$ 39,020
Site Improvements & Landscaping		\$ N/A
Total Direct Cost		\$ 39,020
Total Replacement Cost New		\$ 39,020
Total Cost of Improvements		\$ 39,020
Less Depreciation (96%)		\$ (37,459)
Depreciation Value of Improvements		\$ 1,560
INDICATED VALUE		\$ 1,560

BLDG 2 :

BASE COST	1,951 sf @ \$ 20.00	\$ 39,020
Site Improvements & Landscaping		\$ N/A
Total Direct Cost		\$ 39,020
Total Replacement Cost New		\$ 39,020
Total Cost of Improvements		\$ 39,020
Less Depreciation (96%)		\$ (37,459)
Depreciation Value of Improvements		\$ 1,560
INDICATED VALUE		\$ 1,560

RECONCILIATION AND FINAL VALUE CONCLUSION

The Appraisal of Real Estate, 12th Edition, copyright 2001, page 599, published by the Appraisal Institute, states, “Resolving the differences amount various value indications is called reconciliation. The final value opinion does not simply represent the average of the different value indications derived. No mechanical formula is used to select one indication over the others, rather, final reconciliation relies on the proper application of appraisal techniques and the appraiser’s judgment and experience.”

The depreciation in this report is based on the building life expectancy of 20 years.

Final Conclusion Summary

As a result of our investigations, studies and analysis of the sale, cost, income and expense data, interpreted within the context of all the factors in the marketplace with affect value, the value indicated for the subject is \$ 3,120.00. The cost approach best represents the attitudes of investors in this market.

ASSUMPTIONS AND LIMITING CONDITIONS

The date of value to which the opinions expressed in this report apply is set forth in the Letter of Transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date that may affect the opinions and conclusions stated herein.

No opinions are intended to be expressed for legal matters or matters that would require specialized investigation or knowledge beyond that ordinarily employed by a real estate appraiser, although such matters may be discussed in this report.

No opinion as to title is rendered. The name of ownership and the legal description were obtained from sources generally considered reliable. Title is assumed to be marketable and free and clear of all liens, encumbrances, easements, and restriction except those specifically discussed in this report. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size, location, and dimensions were taken from sources considered reliable, and no encroachment or real property improvement is assumed to exist.

Maps, plats, and exhibits included herein are for illustration only, as an aid to the reader in visualizing matters discussed in the report. These items should not be considered as surveys or relied upon for any other purpose.

No detailed soil studies covering the subject property were available to the appraiser. Therefore, premises as to soil qualities employed in this report are not conclusive, but have been considered consistent with information available to the appraiser.

Unless otherwise stated herein, all the improvements described in the report are considered operational and in good condition.

Unless stated otherwise in the report, no presence of hazardous materials on or in the property was observed by the appraiser. The appraiser has no information on the existence of such materials and is not qualified to detect same. The presence of such materials on or in the property could affect the appraiser's opinion of market value. However, the value estimate stated herein is based on the assumption that no hazardous materials are present on or in the subject property, and the appraiser accepts no responsibility for determining the existence of such condition. Should there be any question as to the existence of such hazardous materials, the client is urged to retain the services of a professional in the field of hazardous materials to determine the extent of contamination and remediation cost, if any.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- (1) The statements of fact contained in this report are true and correct.
- (2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, and impartial, and unbiased professional analyses, opinions, and conclusions.
- (3) 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.
- (4) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- (5) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- (6) My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- (7) My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and the code of the Professional Ethics of the Appraisal Institute.
- (8) Charles Rencher has made a personal inspection of the proposed property that is the subject of this report.
- (9) No one provided significant real property appraisal assistance to the persons signing this certification.
- (10) This report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- (11) As of the date of this report, Charles Rencher is a Certified General Real Estate Appraiser.
- (12) This appraisal assignment was NOT based on a requested minimum value, a specified valuation, or the approval of a loan.



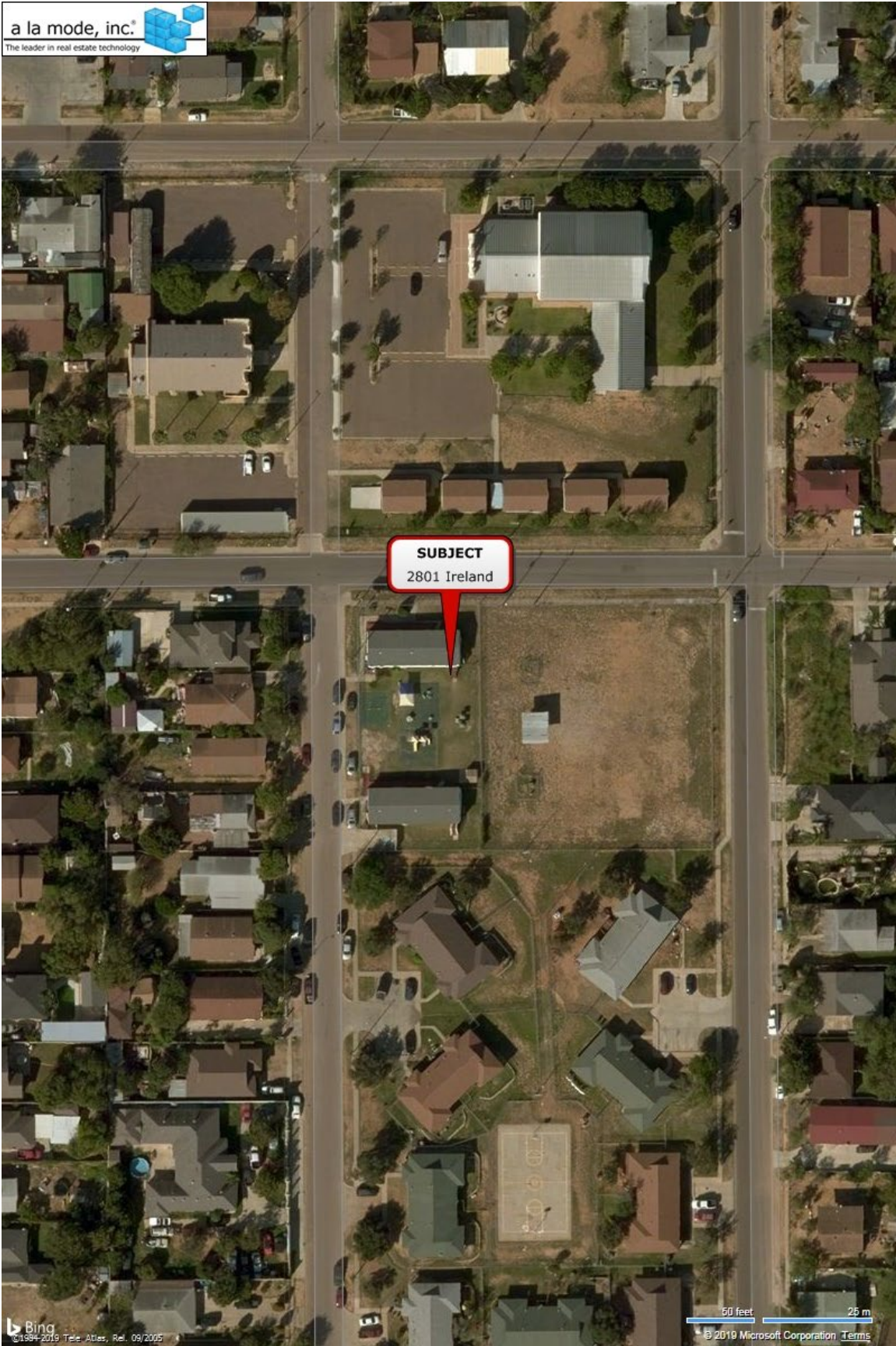
Charles Rencher
TX-1322835-G



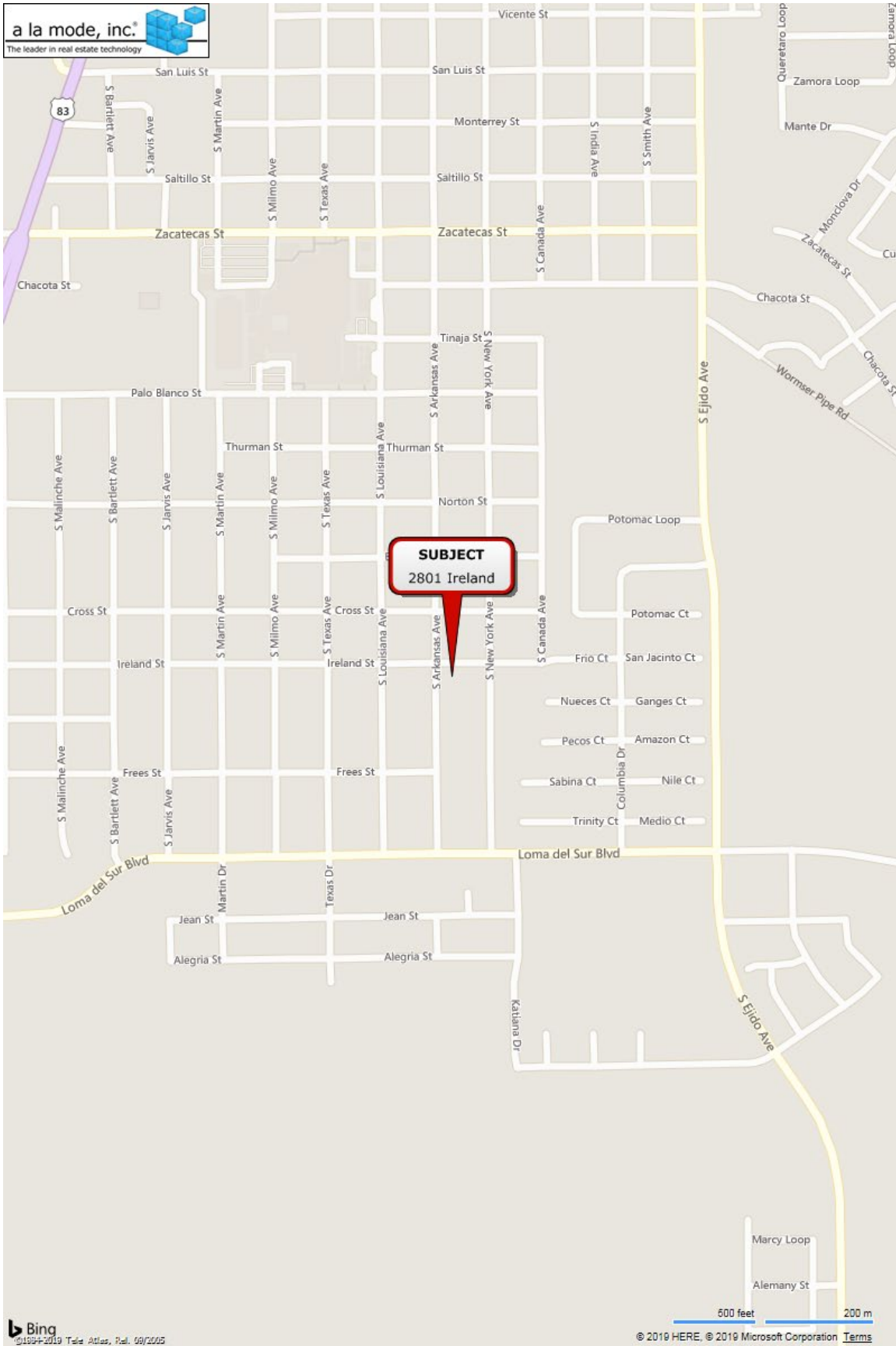
BUILDING ONE - FRONT VIEW



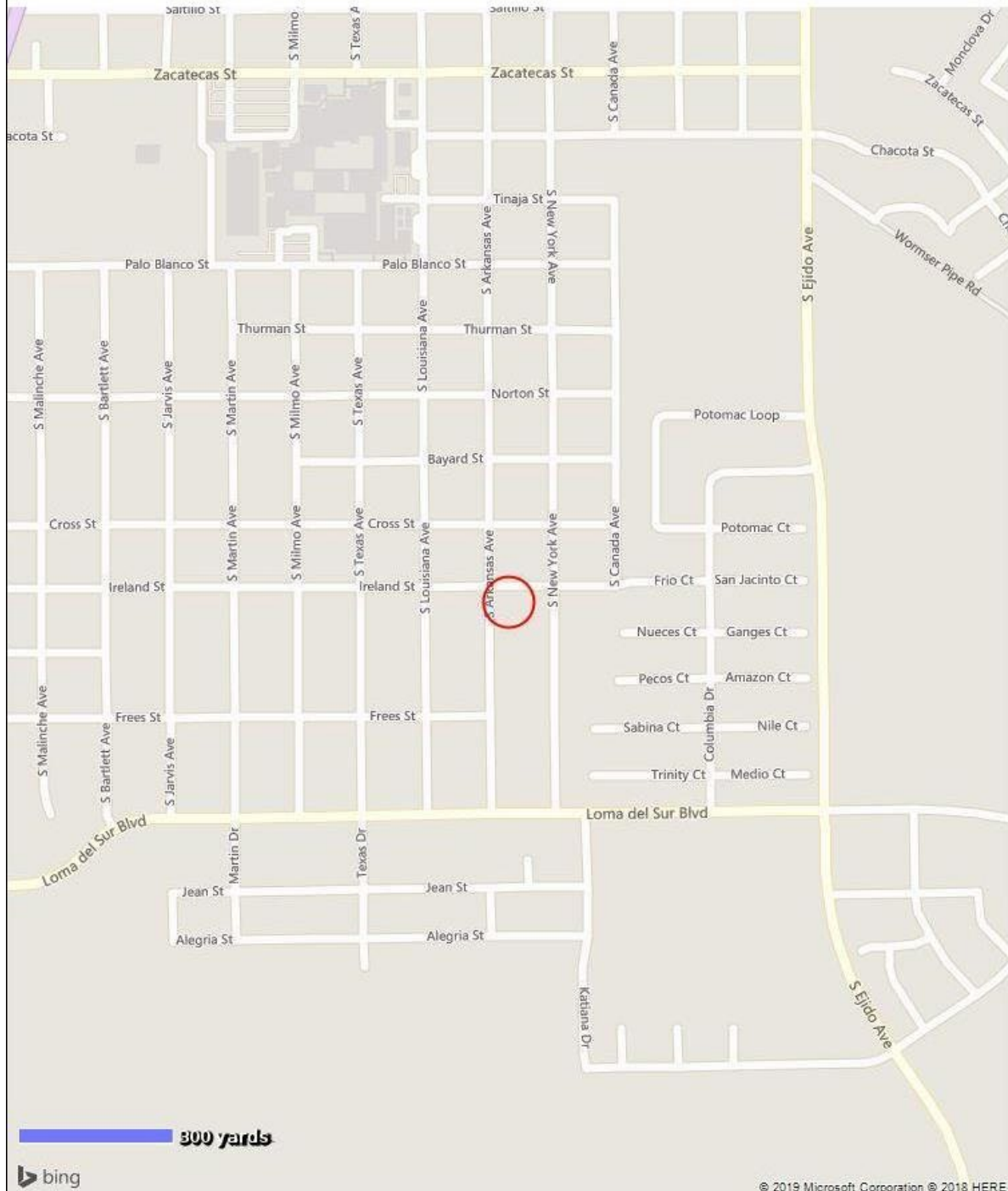
BUILDING TWO – FRONT VIEW



AERIAL MAP



LOCATION MAP



300 yards



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Powered by CoreLogic®

MAP DATA

FEMA Special Flood Hazard Area: **No**
 Map Number: **48479C1380C**
 Zone: **X**
 Map Date: **April 02, 2008**
 FIPS: **48479**

MAP LEGEND

- Areas inundated by 500-year flooding
- Areas inundated by 100-year flooding
- Velocity Hazard
- Protected Areas
- Floodway
- Subject Area



Certified General Real Estate Appraiser

Appraiser: **CHARLES GREGORY RENCHER**

License #: **TX 1322835 G**

License Expires: **04/30/2024**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.

Chelsea Buchholtz
Commissioner

CHARLES RENCHER, CRB/ MRA

1730 HODGE LAKE LANE

SUGAR LAND, TEXAS 77478

(713) 449-0507

cgrencher@comcast.net

LICENSURE

CERTIFIED GENERAL APPRAISER

State of Georgia
State of Texas

REAL ESTATE BROKER

State of Texas

CERTIFIED BUILDER

State of Texas

ENVIRONMENTAL CONSULTANT

State of Texas

QUALIFICATIONS

- HUD approved FHA appraiser
- Appraisal Management Company appraiser
- Master Real Estate Appraiser
- Land acquisition coordinator
- Harris County Community Development -- project manager of home renovation & repair projects

CLIENTS

- City of Houston
- Weichert Financial
- Federal National Mortgage Association (FNMA)
- Broadstreet Valuations
- Wells Fargo Bank
- MGIC Investor Services
- Port of Houston
- Bureau of Indian Affairs
- Land Assemblage and Redevelopment Authority

SUMMARY OF QUALIFICATIONS

- Expert in the development of market value for commercial, residential, multi-family and land appraisals.
- Expert in reviewing peer appraisal reports and training appraisal apprentices.
- Propelled appraisal firm from startup into a viable, competitive and prestigious appraisal organization.
- Directs the activities of associate appraisers and associate asset managers.

PROFESSIONAL EXPERIENCE

CRI/HORIZON SOUTHWEST PROPERTIES

Owner & Founder 1971 – present
Manage and prepare appraisals for contractors, architects, lenders and attorneys

FEDERAL DEPOSIT INSURANCE CORP (FDIC)

Order & Review Commercial & Residential Appraisals/Asset Mgr (Guess Group) 2010 -2011

METROPOLITAN TRANSIT ORGANIZATION OF HOUSTON

Commercial & Residential Appraisals 2007-present

U.S. DEPARTMENT OF THE INTERIOR

USFLA Appraisal 2010-present

U.S. COAST GUARD

Leased Housing Coordinator 2003 - 2007

AFFILIATIONS & EDUCATION

UNIVERSITY OF NORTH TEXAS --

BBA /Accounting

HOUSTON ASSOCIATION OF REALTORS

TEXAS A & M UNIVERSITY -

ENVIRONMENTAL COUNSULTANT

FORT BEND ISD -- BOND REVIEW COMMITTEE

FORT BEND COUNTY TOLL ROAD AUTHORITY

ACKNOWLEDGEMENT

The client or user of this report agrees to notify the appraiser(s) of any error, omission or inaccurate data contained in the report within 10 days of receipt, and return the report and all copies thereof to the appraiser(s) for correction prior to any use. All measurements and descriptions are estimates. Descriptions are based on conditions at the time of the inspection which may or may not reflect the true condition of the subject property. The acceptance of this report and its subsequent use by the client or any other party in any manner whatsoever for any purpose, is acknowledgement by the user that the report has been read and understood and the user specifically agrees that to their knowledge, the data and analyses are correct and acceptable