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# Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

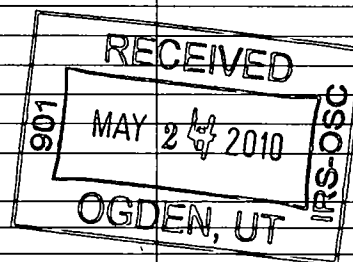
**2007**Department of the Treasury  
Internal Revenue Service**Note:** The foundation may be able to use a copy of this return to satisfy state reporting requirements**For calendar year 2007, or tax year beginning****, 2007, and ending**

<b>G</b> Check all that apply:	Initial return	Final return	Amended return	Address change	Name change
Use the IRS label. Otherwise, print or type. See Specific Instructions	Name of foundation <b>Fernando A Salinas Trust</b>			<b>A</b> Employer identification number <b>20-5145945</b>	
	Number and street (or P.O. box number if mail is not delivered to street address) Room/suite <b>P.O. Box 664</b>			<b>B</b> Telephone number (see the instructions) <b>(956) 722-1303</b>	
	City or town State ZIP code <b>Laredo TX 78042-0664</b>			<b>C</b> If exemption application is pending, check here <input type="checkbox"/>	
				<b>D</b> 1 Foreign organizations, check here <input type="checkbox"/> 2 Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>	
<b>H</b> Check type of organization	<input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation				
	<input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation				
<b>I</b> Fair market value of all assets at end of year (from Part II, column (c), line 16)	<b>J</b> Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual			<b>E</b> If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>	
	Other (specify) _____			<b>F</b> If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>	
<b>\$</b>	<b>8,418,943.</b>			(Part I, column (d) must be on cash basis)	

**Part I Analysis of Revenue and Expenses**

(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see the instructions))

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
<b>REVENUE</b>				
1 Contributions, gifts, grants, etc., received (att sch)	5,834,835.			
2 <input type="checkbox"/> If the foundn is not req to att Sch B				
3 Interest on savings and temporary cash investments				
4 Dividends and interest from securities	173,808.	173,808.		
5a Gross rents				
b Net rental income or (loss)				
6a Net gain/(loss) from sale of assets not on line 10				
b Gross sales price for all assets on line 6a				
7 Capital gain net income (from Part IV, line 2)				
8 Net short-term capital gain				
9 Income modifications				
10a Gross sales less returns and allowances				
b Less: Cost of goods sold				
c Gross profit/(loss) (att sch)				
11 Other income (attach schedule)				
See Line 11 Stmt	2,176,708.	2,176,708.		
12 <b>Total.</b> Add lines 1 through 11	8,185,351.	2,350,516.		
<b>ADMINISTRATIVE AND OPERATING EXPENSES</b>				
13 Compensation of officers, directors, trustees, etc.				
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees (attach schedule)				
b Accounting fees (attach sch)				
c Other prof fees (attach sch)				
17 Interest				
18 Taxes (attach schedule)				
19 Depreciation (attach sch) and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses (attach schedule)				
24 <b>Total operating and administrative expenses.</b> Add lines 13 through 23				
25 Contributions, gifts, grants paid	266,508.			266,508.
26 <b>Total expenses and disbursements.</b> Add lines 24 and 25	266,508.			266,508.
27 Subtract line 26 from line 12:				
a <b>Excess of revenue over expenses and disbursements</b>	7,918,843.			
b <b>Net investment income</b> (if negative, enter -0-)		2,350,516.		
c <b>Adjusted net income</b> (if negative, enter -0-)				



**Part II Balance Sheets**

Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions.)

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
<b>ASSETS</b>	1 Cash – non-interest-bearing	500,100.		
	2 Savings and temporary cash investments		557,311.	557,311.
	3 Accounts receivable ▶ <u>2,026,797.</u>			
	Less allowance for doubtful accounts ▶		2,026,797.	2,026,797.
	4 Pledges receivable ▶			
	Less allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see the instructions)			
	7 Other notes and loans receivable (attach sch) ▶			
	Less allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments – U S and state government obligations (attach schedule)			
	b Investments – corporate stock (attach schedule)			
	c Investments – corporate bonds (attach schedule)			
	11 Investments – land, buildings, and equipment basis ▶			
Less accumulated depreciation (attach schedule) ▶				
12 Investments – mortgage loans				
13 Investments – other (attach schedule) L-13 Stmt		3,237,365.	3,237,365.	
14 Land, buildings, and equipment basis ▶ <u>2,597,470.</u>				
Less accumulated depreciation (attach schedule) L-14 Stmt ▶ <u>0.</u>		2,597,470.	2,597,470.	
15 Other assets (describe ▶ )				
16 <b>Total assets</b> (to be completed by all filers – see instructions. Also, see page 1, item I)	500,100.	8,418,943.	8,418,943.	
<b>LIABILITIES</b>	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, & other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶ )			
	23 <b>Total liabilities</b> (add lines 17 through 22)			
<b>FUND ASSETS AND BALANCES</b>	<b>Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31.</b> ▶			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	<b>Foundations that do not follow SFAS 117, check here and complete lines 27 through 31.</b> ▶ <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, building, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	500,100.	8,418,943.	
	30 <b>Total net assets or fund balances</b> (see the instructions)	500,100.	8,418,943.	
	31 <b>Total liabilities and net assets/fund balances</b> (see the instructions)	500,100.	8,418,943.	

**Part III Analysis of Changes in Net Assets or Fund Balances**

1 Total net assets or fund balances at beginning of year – Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	500,100.
2 Enter amount from Part I, line 27a	2	7,918,843.
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	8,418,943.
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	8,418,943.

**Part IV Capital Gains and Losses for Tax on Investment Income**

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shares MLC Company)		(b) How acquired P — Purchase D — Donation	(c) Date acquired (month day year)	(d) Date sold (month, day, year)
1 a				
b				
c				
d				
e				

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a			
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	
a			
b			
c			
d			
e			

2 Capital gain net income or (net capital loss)	— [ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 ]	2	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)	— [ If gain, also enter in Part I, line 8, column (c) (see the instructions) If (loss), enter -0- in Part I, line 8 ]	3	

**Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income**

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

Yes ☐ No ☒

If 'Yes,' the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year, see the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (column (b) divided by column (c))
2006	500,000.	492,598.	1.015026
2005			
2004			
2003			
2002			

2 Total of line 1, column (d)	2	1.015026
3 Average distribution ratio for the 5-year base period — divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	1.015026
4 Enter the net value of noncharitable-use assets for 2007 from Part X, line 5	4	7,266,236.
5 Multiply line 4 by line 3	5	7,375,418.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	23,505.
7 Add lines 5 and 6	7	7,398,923.
8 Enter qualifying distributions from Part XII, line 4	8	266,508.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

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**Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 — see the instructions)**

1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1 Date of ruling letter _____ (attach copy of ruling letter if necessary — see instructions)		
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b		1 47,010.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (b)		
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2 0.
3 Add lines 1 and 2		3 47,010.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4 0.
5 <b>Tax based on investment income.</b> Subtract line 4 from line 3. If zero or less, enter -0-		5 47,010.
6 Credits/Payments		
a 2007 estimated tax pmts and 2006 overpayment credited to 2007	6a	
b Exempt foreign organizations — tax withheld at source	6b	
c Tax paid with application for extension of time to file (Form 8868)	6c	
d Backup withholding erroneously withheld	6d	
7 Total credits and payments. Add lines 6a through 6d	7	
8 Enter any <b>penalty</b> for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached	8	2,822.
9 <b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b>	9	49,832.
10 <b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b>	10	0.
11 Enter the amount of line 10 to be <b>Credited to 2008 estimated tax</b> <input type="checkbox"/> <b>Refunded</b> <input type="checkbox"/>	11	

**Part VII-A Statements Regarding Activities**

	Yes	No
1 a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)? <i>If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities</i>		X
c Did the foundation file <b>Form 1120-POL</b> for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation <input type="checkbox"/> \$ _____ (2) On foundation managers <input type="checkbox"/> \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If 'Yes,' attach a detailed description of the activities</i>		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If 'Yes,' attach a conformed copy of the changes</i>		X
4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If 'Yes,' has it filed a tax return on <b>Form 990-T</b> for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If 'Yes,' attach the statement required by General Instruction T</i>		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, column (c), and Part XV</i>	X	
8 a Enter the states to which the foundation reports or with which it is registered (see the instructions) <b>TX — Texas</b>		
b If the answer is 'Yes' to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by <i>General Instruction G</i> ? <i>If 'No,' attach explanation</i>	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2007 or the taxable year beginning in 2007 (see instructions for Part XIV)? <i>If 'Yes,' complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses</i>		X

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**Part VII-A Statements Regarding Activities Continued**

11a	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes', attach schedule (see instructions)	11a		X
b	If 'Yes', did the foundation have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, an annuities described in the attachment for line 11a?	11b		
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	
Website address <u>N/A</u>				
14	The books are in care of <u>Javier Santos</u> Telephone no <u>(956) 722-1303</u>			
Located at <u>1420 Corpus Christi</u> <u>Laredo</u> <u>TX</u> ZIP + 4 <u>78040-0664</u>				
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here <input type="checkbox"/>			
and enter the amount of tax-exempt interest received or accrued during the year <u>15</u>				

**Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required**

File Form 4720 if any item is checked in the 'Yes' column, unless an exception applies.

	Yes	No
1a During the year did the foundation (either directly or indirectly)		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(6) Agree to pay money or property to a government official? (Exception. Check 'No' if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b If any answer is 'Yes' to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see the instructions)?		
Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>		
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2007?		X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a At the end of tax year 2007, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2007?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If 'Yes,' list the years <u>20__</u> , <u>20__</u> , <u>20__</u> , <u>20__</u>		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer 'No' and attach statement - see the instructions)		X
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here <u>20__</u> , <u>20__</u> , <u>20__</u> , <u>20__</u>		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
b If 'Yes,' did it have excess business holdings in 2007 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2007)		X
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2007?		X

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**Part VII-B** Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5a** During the year did the foundation pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?

☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?

☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes?

☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions)

☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?

☐ Yes ☒ No**b** If any answer is 'Yes' to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?

5b

Organizations relying on a current notice regarding disaster assistance check here

☐**c** If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?☐ Yes ☐ No

If 'Yes,' attach the statement required by Regulations section 53.4945-5(d)

**6a** Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?☐ Yes ☒ No**b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

6b

If you answered 'Yes' to 6b, also file Form 8870

**7a** At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?☐ Yes ☒ No**b** If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?

7b

**Part VIII** Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1** List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Javier B. Santos 1420 Corpus Christi Laredo TX 78040	Trustee 10.00	0.	0.	0.

**2** Compensation of five highest-paid employees (other than those included on line 1 – see instructions). If none, enter 'NONE.'

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
None				

Total number of other employees paid over \$50,000

☐

None

**Part VIII** Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3** Five highest-paid independent contractors for professional services – (see instructions). If none, enter 'NONE.'

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
None		
Total number of others receiving over \$50,000 for professional services		None

**Part IX-A** Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1	
2	
3	
4	

**Part IX-B** Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3	

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**Part X** Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1 a	1,542,054.
b	Average of monthly cash balances	1 b	
c	Fair market value of all other assets (see instructions)	1 c	5,834,835.
d	<b>Total</b> (add lines 1a, b, and c)	1 d	7,376,889.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1 e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	7,376,889.
4	Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	110,653.
5	<b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4	5	7,266,236.
6	<b>Minimum investment return.</b> Enter 5% of line 5	6	363,312.

**Part XI** Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	363,312.
2a	Tax on investment income for 2007 from Part VI, line 5	2 a	47,010.
b	Income tax for 2007 (This does not include the tax from Part VI)	2 b	
c	Add lines 2a and 2b	2 c	47,010.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	316,302.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	316,302.
6	Deduction from distributable amount (see instructions)	6	
7	<b>Distributable amount</b> as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	316,302.

**Part XII** Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc. — total from Part I, column (d), line 26	1 a	266,508.
b	Program-related investments — total from Part IX-B	1 b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3 a	
b	Cash distribution test (attach the required schedule)	3 b	
4	<b>Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	266,508.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	0.
6	<b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4	6	266,508.

**Note:** The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

**Part XIII** Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2006	(c) 2006	(d) 2007
<b>1</b> Distributable amount for 2007 from Part XI, line 7				316,302.
<b>2</b> Undistributed income, if any, as of the end of 2006				
<b>a</b> Enter amount for 2006 only				
<b>b</b> Total for prior years 20____, 20____, 20____				
<b>3</b> Excess distributions carryover, if any, to 2007				
<b>a</b> From 2002				
<b>b</b> From 2003				
<b>c</b> From 2004				
<b>d</b> From 2005				
<b>e</b> From 2006	475,370.			
<b>f</b> Total of lines 3a through e	475,370.			
<b>4</b> Qualifying distributions for 2007 from Part XII, line 4 ▶ \$ 266,508.				
<b>a</b> Applied to 2006, but not more than line 2a				
<b>b</b> Applied to undistributed income of prior years (Election required – see instructions)				
<b>c</b> Treated as distributions out of corpus (Election required – see instructions)				
<b>d</b> Applied to 2007 distributable amount				
<b>e</b> Remaining amount distributed out of corpus	266,508.			
<b>5</b> Excess distributions carryover applied to 2007 (If an amount appears in column (d), the same amount must be shown in column (a) )	316,302.			316,302.
<b>6</b> Enter the net total of each column as indicated below:				
<b>a</b> Corpus Add lines 3f, 4c, and 4e Subtract line 5	425,576.			
<b>b</b> Prior years' undistributed income Subtract line 4b from line 2b		0.		
<b>c</b> Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
<b>d</b> Subtract line 6c from line 6b Taxable amount – see instructions		0.		
<b>e</b> Undistributed income for 2006 Subtract line 4a from line 2a Taxable amount – see instructions			0.	
<b>f</b> Undistributed income for 2007 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2008				0.
<b>7</b> Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
<b>8</b> Excess distributions carryover from 2002 not applied on line 5 or line 7 (see instructions)	0.			
<b>9</b> Excess distributions carryover to 2008. Subtract lines 7 and 8 from line 6a	425,576.			
<b>10</b> Analysis of line 9				
<b>a</b> Excess from 2003	0.			
<b>b</b> Excess from 2004	0.			
<b>c</b> Excess from 2005	0.			
<b>d</b> Excess from 2006	159,068.			
<b>e</b> Excess from 2007	266,508.			

N/A

**(4) Gross investment income**

[illegible]

See Attached

<b>Part XV</b>	<b>Supplementary Information</b> (continued)
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### 3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
<b>a Paid during the year</b>				
Bethany House of Laredo, Inc. 819 Hidalgo Street Laredo TX 78040		501 C 3	Overhead costs & Community Services	10,000.
Catholic Diocese of Laredo 1901 Corpus Christi St. Laredo TX 78043		501 C 3	Catholic Education	7,000
Laredo Community College West End Washington St. Laredo TX 78040		501 C 3	Scholarships	87,008.
Laredo Independent School District 1701 Victoria Laredo TX 78040		501 C 3	VMT Magnet School	
L.O.V.E.D. 1115 Chihuahua Laredo TX 78040		501 C 3	Education Materials	4,000.
Make a Wish Foundation of S. Texas 2224 Walsh Tarlton Lane, Ste. 200 Austin TX 78746		501 C 3	HIV Awareness	2,500.
South Texas Academic Rising Scholars 3900 N McColl Rd McAllen TX 78501		501 C 3	Community Services	6,000.
Catholic Diocese of Laredo 201 San Agustin Laredo TX 78040		501 C 3	Educational support	10,000.
Catholic Diocese of Laredo 1510 Matamoros Street Laredo TX 78040		501 C 3	Church improvements St. Agustin Cathedral	4,500
See Line 3a statement		501 C 3	Educational Programs	8,000.
				<b>127,500.</b>
<b>Total</b>			<b>► 3a</b>	<b>266,508.</b>
<b>b Approved for future payment</b>				
<b>Total</b>			<b>► 3b</b>	

**Part XVI-A Analysis of Income-Producing Activities**

Enter gross amounts unless otherwise indicated

Enter gross amounts unless otherwise indicated		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (see the instructions)
		(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
1	Program service revenue					
a	El Ebanito Land K-1	531390		1	1,409.	
b	El Ebanito Minerals K-1	211110		1	1,488,527.	
c	E-3 Management K-1	531310		1	7,711.	
d	Benevides Ranch Mineral Interest	211110		1	679,061.	
e						
f						
g	Fees and contracts from government agencies					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments			1		
4	Dividends and interest from securities			1	173,808.	
5	Net rental income or (loss) from real estate					
a	Debt-financed property					
b	Not debt-financed property					
6	Net rental income or (loss) from personal property					
7	Other investment income					
8	Gain or (loss) from sales of assets other than inventory					
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory					
11	Other revenue					
a						
b						
c						
d						
e						
12	Subtotal Add columns (b), (d), and (e)				2,350,516.	
13	Total. Add line 12, columns (b), (d), and (e)				2,350,516.	

(See worksheet in the instructions for line 13 to verify calculations )

## Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

[illegible]



**Schedule B**  
**(Form 990, 990-EZ,**  
**or 990-PF)**

Department of the Treasury  
Internal Revenue Service

**Schedule of Contributors**

**Supplementary Information for**  
**line 1 of Form 990, 990-EZ and 990-PF (see instructions)**

OMB No 1545-0047

**2007**

Name of organization

Fernando A Salinas Trust

Employer identification number

20-5145945

Organization type (check one)

Filers of:

Form 990 or 990-EZ

Section:

- ☐ 501(c)( ) (enter number) organization  
☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation  
☐ 527 political organization

Form 990-PF

- ☒ 501(c)(3) exempt private foundation  
☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation  
☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule** (Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule — see instructions)

**General Rule —**

- ☒ For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor (Complete Parts I and II)

**Special Rules —**

- ☐ For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33-1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms (Complete Parts I and II)
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals (Complete Parts I, II, and III)
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc, purposes, but these contributions did not aggregate to more than \$1,000 (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc, purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc, contributions of \$5,000 or more during the year ) ▶ \$

**Caution:** Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF) but they **must** check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)

**BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990, Form 990-EZ, and Form 990-PF.**

Schedule B (Form 990, 990-EZ, or 990-PF) (2007)

Name of organization

Employer identification number

Fernando A Salinas Trust

20-5145945

**Part I Contributors** (See Specific Instructions)

(a) Number	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	Fernando A. Salinas 1420 Corpus Christi Laredo TX 78040	\$ 6,300,490.	Person <input checked="checked" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)



Name of organization

Employer identification number

Fernando A Salinas Trust

20-5145945

**Part II** Noncash Property (See Specific Instructions)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	Remainder interest in residence 1420 Corpus Christi Laredo, TX	\$ 688,160.	01/01/07
1	Real Property 802 Iturbide Laredo, TX	\$ 230,000.	01/01/07
1	Real Property 1111 Iturbide Laredo, TX	\$ 795,000.	01/01/07
1	Real Property 812 Farragut Laredo, TX	\$ 46,310.	01/01/07
1	Real Property 820 Farragut Laredo, TX	\$ 425,000.	01/01/07
1	Real Property 918 and 920 Houston Ave. Laredo, TX	\$ 413,000.	01/01/07

BAA

Schedule B (Form 990, 990-EZ, or 990-PF) (2007)

Name of organization

Employer identification number

Fernando A Salinas Trust

20-5145945

**Part II** Noncash Property (See Specific Instructions)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	El Ebanito Land, Ltd Partnership Interest 10222 Severn Rd. San Antonio, TX 78217	\$ 2,261,868.	01/01/07
1	El Ebanito Minerals, Ltd Partnership Interest 10222 Severn Rd. San Antonio, TX 78217	\$ 610,923.	01/01/07
1	E-3 Management, LC Partnership Interest 10222 Severn Rd. San Antonio, TX 78217	\$ 4,306.	01/01/07
1	Benvides Ranch Mineral Interst Kenedy County, TX	\$ 325,823.	01/01/07
		\$	
		\$	

BAA

Schedule B (Form 990, 990-EZ, or 990-PF) (2007)

Form 990-PF, Page 1, Part I, Line 11

**Line 11 Stmt**

Other income	Rev/Exp Book	Net Inv Inc	Adj Net Inc
<u>El Ebanito Land K-1</u>	<u>1,409.</u>	<u>1,409.</u>	
<u>El Ebanito Mins K-1</u>	<u>1,488,527.</u>	<u>1,488,527.</u>	
<u>E-3 Management K-1</u>	<u>7,711.</u>	<u>7,711.</u>	
<u>Benevides Ranch Mineral Int.</u>	<u>679,061.</u>	<u>679,061.</u>	
<b>Total</b>	<b><u>2,176,708.</u></b>	<b><u>2,176,708.</u></b>	

Form 990-PF, Page 11, Part XV, line 3a

**Line 3a statement**

Recipient  Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Founda- tion status of re- cipient	Purpose of grant or contribution	Person or Business Checkbox  Amount
<b>a Paid during the year</b>				
<u>Catholic Diocese of Laredo</u>			<u>San Luis Rey Church</u>	Person or <input type="checkbox"/>
<u>3502 Sanders Ave.</u>				Business <input checked="" type="checkbox"/>
<u>Laredo TX 78040</u>		<u>501 C 3</u>	<u>Educational Programs</u>	<u>3,000.</u>
<u>US Border Patrol Scholarship Pgm</u>			<u>Head of class</u>	Person or <input type="checkbox"/>
<u>207 W. DEL MAR BLVD</u>			<u>Scholarship Program</u>	Business <input checked="" type="checkbox"/>
<u>Laredo TX 78041</u>		<u>501 C 3</u>		<u>2,500.</u>
<u>Webb County Heritage Foundation</u>				Person or <input type="checkbox"/>
<u>500 Flores</u>				Business <input checked="" type="checkbox"/>
<u>Laredo TX 78040</u>		<u>501 C 3</u>	<u>Scholarships/Community E</u>	<u>7,000.</u>
<u>Imaginarium of South Texas</u>				Person or <input type="checkbox"/>
<u>5300 San Dario Ave.</u>				Business <input checked="" type="checkbox"/>
<u>Laredo TX 78041</u>		<u>501 C 3</u>	<u>Community Education</u>	<u>5,000.</u>
<u>Junior Achievement of Laredo</u>				Person or <input type="checkbox"/>
<u>5901 McPherson Rd.</u>				Business <input checked="" type="checkbox"/>
<u>Laredo TX 78041</u>		<u>501 C 3</u>	<u>Enhanced Teaching Support</u>	<u>10,000.</u>
<u>LULAC Council No. 12 Charitable Assn</u>				Person or <input type="checkbox"/>
<u>PO Box 12</u>				Business <input checked="" type="checkbox"/>
<u>Laredo TX 78040</u>		<u>501 C 3</u>	<u>Human Services</u>	<u>5,000.</u>
<u>United Way of Laredo</u>				Person or <input type="checkbox"/>
<u>1815 E Hillside</u>				Business <input checked="" type="checkbox"/>
<u>Laredo TX 78041</u>		<u>501 C 3</u>	<u>Community Services</u>	<u>2,500.</u>
<u>University of Texas San Antonio of Laredo</u>				Person or <input type="checkbox"/>
<u>1937 Bustamonte St.</u>				Business <input checked="" type="checkbox"/>
<u>Laredo TX 78041</u>		<u>501 C 3</u>	<u>Community Education</u>	<u>5,000.</u>
<u>Society of Martha Washington</u>				Person or <input type="checkbox"/>
<u>1819 E Hillside Drive</u>				Business <input checked="" type="checkbox"/>
<u>Laredo TX 78041</u>		<u>501 C 3</u>	<u>Scholarships</u>	<u>2,500.</u>
<u>Catholic Diocese of Laredo</u>			<u>San Agustin Cathedral</u>	Person or <input type="checkbox"/>
<u>201 San Agustin Ave.</u>				Business <input checked="" type="checkbox"/>
<u>Laredo TX 78040</u>		<u>501 C 3</u>	<u>Renovation</u>	<u>85,000.</u>

Form 990-PF, Page 11, Part XV, line 3a

Continued

**Line 3a statement**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Founda- tion status of re- cipient	Purpose of grant or contribution	Person or Business Checkbox  Amount
<b>a Paid during the year</b>				

Total

127,500.

Form 990-PF, Page 2, Part II, Line 13

**L-13 Stmt**

Line 13 - Investments - Other:	End of Year	
	Book Value	Fair Market Value
El Ebanito Land Partnership Interest	2,296,313.	2,296,313.
El Ebanito Minerals Partnership Interest	610,923.	610,923.
E-3 Management Partnership Interest	4,306.	4,306.
Benevides Ranch Mineral Rights	325,823.	325,823.
Total	<u>3,237,365.</u>	<u>3,237,365.</u>

Form 990-PF, Page 2, Part II, Line 14

**L-14 Stmt**

Line 14b - Description of Land, Buildings, and Equipment	(a) Cost/Other Basis	(b) Accumulated Depreciation	(c) Book Value
Remainder Interest-1420 Corpus Christi	688,160.	0.	688,160.
802 Iturbide St. Property	230,000.	0.	230,000.
1111 Iturbide St. Property	795,000.	0.	795,000.
812 Farragut St. Property	46,310.	0.	46,310.
820 Farragut St. Property	425,000.	0.	425,000.
918 & 920 Houston St. Property	413,000.	0.	413,000.
Total	<u>2,597,470.</u>	<u>0.</u>	<u>2,597,470.</u>

**Supporting Statement of:**

Form 990-PF, pl/Line 1(a)

Description	Amount
Residence Remainder Interest-1420 Corpus	688,160.
El Ebanito Land Partnership Interest	2,296,313.
El Ebanito Minerals Partnership Interest	610,923.
E-3 Management Partnership Interest	4,306.
Benevides Ranch Mineral Interest	325,823.
802 Iturbide Street Property	230,000.
1111 Iturbide Street Property	795,000.
820 Farragut Street Property	425,000.
918 & 920 Houston St. Property	413,000.
812 Farragut Street Lot	46,310.
Total	5,834,835.

**Supporting Statement of:**

Form 990-PF, pl/Line 11(a)-1

Description	Amount
Ordinary Loss	-9,740.
Net Rental Real Estate Income	11,149.
K-1s incorrectly reported for Fernando Salinas S/B Fernando A Salinas Trust	
Total	1,409.

**Supporting Statement of:**

Form 990-PF, pl/Line 11(b)-1

Description	Amount
Ordinary Loss	-9,740.
Net Rental Real Estate Income	11,149.
K-1 income incorrectly reported to Fernando Salinas. S/B Fernando A Salinas Trust.	
Total	1,409.

**Supporting Statement of:**

Form 990-PF, pl/Line 11(a)-2

Description	Amount
Royalties from K-1	917,955.
Interest from K-1	2,527.
Ordinary Dividends from K-1	6,799.
Net Rental Real Estate Inc from K-1	561,246.
K-1s incorrectly reported for Fernando Salinas S/B Fernando A Salinas Trust.	
Total	1,488,527.

**Supporting Statement of:**

Form 990-PF, pl/Line 11(b)-2

Description	Amount
Royalties from K-1	917,955.
Interest from K-1	2,527.
Dividends from K-1	6,799.
Net Rental Real Estate Inc. from K-1	561,246.
K-1 income incorrectly reported to Fernando Salinas. S/B Fernando A Salinas Trust.	
Total	1,488,527.

**Supporting Statement of:**

Form 990-PF, pl/Line 11(a)-3

Description	Amount
Ordinary Loss from K-1	-2,863.
Other Net Rental from K-1	3,957.
Net Rental Real Estate from K-1	79.
Interest from K-1	18.
Ordinary Dividends from K-1	48.
Royalties from K-1	6,472.
K-1s incorrectly reported for Fernando Salinas S/B Fernando A Salinas Trust.	
Total	7,711.

**Supporting Statement of:**

Form 990-PF, pl/Line 11(b)-3

Description	Amount
Ordinary Loss from K-1	-2,863.
Other Net Rental Inc. from K-1	3,957.
Net Rental Real Estate from K-1	79.
Interest from K-1	18.
Ordinary Dividends from K-1	48.
Royalties from K-1	6,472.
K-1 income incorrectly reported to Fernando Salinas S/B Fernando A Salinas Trust.	
Total	<u>7,711.</u>

**Supporting Statement of:**

Form 990-PF, pl/Line 11(a)-4

Description	Amount
ExxonMobil Oil Co 1099-Misc Fernando Salinas	255,208.
Newfield Exploration 1099-Misc Fernando Salinas	423,460.
Legend Natural Gas 1099-Misc Fernando Salinas	158.
The Houston Exploration Co. 1099-Misc Fernando Salinas	94.
Forest Oil Corp. 1099-Misc Fernando Salinas	141.
1099-Misc incorrectly reported for Fernando Salinas S/B Trust	
Total	<u>679,061.</u>

**Supporting Statement of:**

Form 990-PF, pl/Line 11(b)-4

Description	Amount
ExxonMobil Oil Co 1099-Misc Fernando Salinas	255,208.
Newfield Exploration Co. 1099-Misc Fernando Salinas	423,460.
Legend Natural Gas II LP 1099-Misc Fernando Salinas	158.
The Houston Exploration Co. 1099-Misc Fernando Salinas	94.
Forest Oil Corp. 1099-Misc Fernando Salinas	141.
1099-Misc incorrectly reported to Fernando Salinas. S/B Fernando A Salinas Trust.	
Total	<u>679,061.</u>

**Supporting Statement of:**

Form 990-PF, p2/Line 3 Accounts Rec.

Description	Amount
Earnings from partnerships held by FA Salinas	2,176,708.
Interest Earned on invested earnings	116,597.
Less Contributions made by FA Salinas	-266,508.
Total	<u>2,026,797.</u>

**Supporting Statement of:**

Form 990-PF p12/Line 1 Column (d)-1

Description	Amount
El Ebanito Land Partnership K-1 income incorrectly reported to Fernando Salinas	
Ordinary loss	-9,740.
Net Rental Real Estate Income	11,149.
Total	<u>1,409.</u>

**Supporting Statement of:**

Form 990-PF p12/Line 1 Column (d)-2

Description	Amount
El Ebanito Minerals Partnership K-1 income incorrectly reported to Fernando Salinas	
Royalties	917,955.
Interest	2,527.
Ordinary Dividends	6,799.
Net Rental Real Estate Income	561,246.
Total	<u>1,488,527.</u>

**Supporting Statement of:**

Form 990-PF p12/Line 1 Column (d)-3

Description	Amount
E-3 Management Partnership K-1 income incorrectly reported to Fernando Salinas	
Ordinary loss	-2,863.
Other Net Rental Income	3,957.
Net Rental Real Estate	79.



Continued

**Supporting Statement of:**

Form 990-PF p12/Line 1 Column (d)-3

Description	Amount
Interest	18.
Ordinary Dividends	48.
Royalties	6,472.
Total	<u>7,711.</u>

**Supporting Statement of:**

Form 990-PF p12/Line 1 Column (d)-4

Description	Amount
Benevides Ranch 1099-Misc royalty income incorrectly reported to Fernando Salinas ExxonMobil Oil Co.	255,208.
Newfield Exploration	423,460.
Legend Natural Gas	158.
The Houston Exploration Co.	94.
Forest Oil Corp.	141.
Total	<u>679,061.</u>

**Supporting Statement of:**

Form 990-PF p12/Line 4 Column (d)

Description	Amount
Interest and dividends earned on assets held in F A Salinas accounts that should have been held in trust (allocated)	116,597.
Amount earned on money held in trust	57,211.
Total	<u>173,808.</u>

# **Fernando A Salinas Trust** **2007 Transaction Worksheet**

Balance 12/31/2006

Revenue & Expenses		
	Book Value	FMV
	\$ 500,100	\$ 500,100

## **Asset Transfers:**

1/1/2007

Remainder Interest-Residence 1420 Corpus Christi  
 802 Iturbide (parent's residence)  
 1111 Iturbide (men's store)  
 812 Farragut (Aunt's residence)  
 820 Farragut (Aunt's residence)  
 918 & 920 Houston

Land	Depreciable Improvements	
129,631	558,529	\$ 688,160 \$ 688,160
83,340	146,660	\$ 230,000 \$ 230,000
101,110	693,890	\$ 795,000 \$ 795,000
46,310		\$ 46,310 \$ 46,310
240,750	184,250	\$ 425,000 \$ 425,000
77,160	335,840	\$ 413,000 \$ 413,000
678,301	1,583,329	\$ 2,597,470 \$ 2,597,470

1/1/2007

El Ebanito Land Co , Ltd  
 El Ebanito Minerals, Ltd  
 E-3 Management, L C

\$ 2,296,313	\$ 2,296,313
\$ 610,923	\$ 610,923
\$ 4,306	\$ 4,306
<b>\$ 2,911,542</b>	<b>\$ 2,911,542</b>

1/1/2007

Mineral Rights Kenedy Co

\$ 325,823	\$ 325,823
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## **Total Asset Transfers**

\$ 5,834,835	\$ 5,834,835
--------------	--------------

## Fernando A Salinas Trust

### Asset Transfer Valuation - Remainder Interest 1420 Corpus Christi

See House Remainder Interest Calculation and Table C

	1/1/2007 Value
FMV of depreciable property 1/1/2007 per appraisal	\$ 1,022,067
Salvage Value	\$ 10,000
Depreciable value 1/2010	\$ 1,012,067
Remainder interest factor-depreciable property	0.55187
<b>Remainder interest value-depreciable property</b>	<b>\$ 558,529</b>

FMV of land 1/1/2007 per appraisal	\$ 177,933
Salvage Value	\$ 10,000
	\$ 187,933
Remainder interest factor-land	0.68977
<b>Remainder interest value-land</b>	<b>\$ 129,631</b>

<b>Total value of Remainder Interest</b>	<b>\$ 688,160</b>
--	-------------------

Factor of for Subsequent and Appreciation:	
Appraised value 1/18/2010	\$ 1,200,000
Appreciation 14.83%	\$ 177,933
Value at 1/1/2007	<b>\$ 1,022,067</b>

Tax Records:	
House value from tax records 1/1/2007	\$ 217,690
Land value from tax records 1/1/2007	\$ 120,750

## Remainder Interest Calculation

Mr. Fernando Salinas, aged 82 as of January 1, 2007, donates to the Fernando A Salinas Trust a remainder interest in his personal residence consisting of a house and land, reserving a life estate interest for himself. At the time of the gift the land has a value of \$120,750 and the house (i.e the improvements) has a value of \$372,503 with an estimated useful life of 25 years, and the salvage value of the improvements is considered to be \$10,000. The donor elects to use the interest rate for the month in which the gift takes place, which is 5.6 percent.

Using Table C (5.6) on page 23, under the Remainder Factor column and across from age 60 is the factor .68977. Thus the present worth of the remainder interest in \$1.00 payable at the death of a person aged 82 is \$0.68977. The present value of the non-depreciable property is \$130,750 (\$120,750 for land plus \$10,000 salvage value) times 0.68977 or \$90,187. The factor for valuing the remainder interest in the depreciable portion of the property is computed as follows:

(1) R-factor for initial age of tenant:		
	Table C (5.6), age 82	= 2183.8540
minus (2) R-factor for terminal age of tenant:		
	Table C (5.6), age 90	= 425.1781
		<hr/>
(3) Difference		= 1758.6759
(4) D-factor for initial age of tenant:		
	Table C (5.6), age 82	= 510.1227
times (5) Useful lifetime of house		= 25
		<hr/>
(6) Product		= 12753.0675
		<hr/>
(7) line (3) above divided by line (6) above		= $\frac{1758.6759}{12753.0675}$
		<hr/>
equals (8) Depreciation Adjustment Factor		= .137902
(9) Remainder Factor, Table C (5.6), age 82		= .68977
(10) Line (9) minus line (8):		
	Depreciation Remainder Factor	= .55187

The factor for the present worth of the remainder interest in the depreciable portion of the property is 0.55187. The present value of the remainder interest in the depreciable part of the gift is \$362,503 (\$372,503 house value minus \$10,000 salvage value) times 0.55187 or \$200,055

The present value of the remainder interest in the entire property is \$90,187 plus \$200,055 or \$290,242.

**R.SALINAS & ASSOCIATES**

State Certified General Real Estate Appraiser

6010 McPherson Ave., Sta.9000  
Laredo, Texas 78041

Phone: 956- 723-3700  
Fax : 956-723-8730

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*This is a Restricted Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rules 2-2C of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it does not present discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses 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.*

**CLIENT:** Mr. Fernando A. Salinas  
C/O Mr. Javier Santos, Trustee  
1420 Corpus Christi Street  
Laredo, Texas 78040

**SUBJECT:** The Surface Estate Only In and to Lots 4, 5, 6 and E42' (feet) of Lots 7, 8, & 9, Block Seven Hundred Eighty Eight (788), Eastern Division, located at 1420 Corpus Christi Street, City of Laredo, County of Webb, State of Texas.

**PURPOSE OF THE APPRAISAL:** To estimate Market Value as defined by the Office of the Controller of the Currency under 12 CFR, Part 34, Subpart C.

**INTENDED USE OF THE REPORT:** For the sole purpose of assisting the client, Fernando A. Salinas, C/O Mr. Javier Santos, Trustee, in establishing marketing price for the Subject Property.

**INTEREST VALUED:** Fee Simple.

**EFFECTIVE DATE OF VALUE:** January 18, 2010.

**APPRAISAL DEVELOPMENT AND REPORTING PROCESS:** In preparing this appraisal, the appraiser inspected the Subject Site, gathered information from the Subject's neighborhood or similar competitive acreage in the Laredo area on comparable site sales, and confirmed this Information with at least one party to the transaction. This information was applied to the Sales Comparison Approach.

The site and improvements with all available market data were examined and analyzed to form an opinion of highest and best use of the subject property as if vacant and as improved, as of the effective date of the appraisal. Cost and Income approaches to value were used in the appraisal process, the value indications derived from all three approaches were reconciled, and selecting one of the indications or a combination of the three approaches arrives at a final opinion of Value for the subject property.

**R.Salinas & Associates**  
**Real Estate Appraisals**

*This restricted appraisal report sets forth only the Appraiser's conclusions. Supporting documentation is retained in the appraiser's file.*

**REAL ESTATE APPRAISED:** *Site and the improvements, located at 1420 Corpus Christi Street, Laredo, Webb County, Texas, 78040.*

**STATEMENT OF INSPECTION TYPE OF SUBJECT PROPERTY:** *I have completed an exterior/interior inspection of the Subject Property.*

**HIGHEST AND BEST USE:** *Residential.*

<b>CONCLUDED VALUE:</b> <i>Cost Approach</i>	<i>\$1,200,000</i>
<i>Comparable Sales Approach</i>	<i>\$, 000</i>
<i>Capitalization Approach</i>	<i>\$, N/A</i>
<i>Concluded Value</i>	<i>\$1,200,000</i>

**INDICATED EXPOSURE TIME:** *About 12 months.*

**INDICATED MARKETING TIME:** *9 to 12 months.*

**SCOPE OF THE APPRAISAL:**

*The scope of this appraisal is to make a complete and diligent inspection of the improvements and site, for the purpose of estimating an opinion of the Market Value as described and defined herein. This process entails the gathering, inspection and analyses of relevant market data upon which the estimate of value is based. This process for the development of an estimate of value follows the Uniform Standards of Professional Appraisal Practice, as adopted by the Appraisal Standards Board of the Appraisal Foundation, as well as the Code of Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.*

**HIGHEST AND BEST USE:**

*Highest and best use as though vacant: Residential*

*The Subject Property is currently zoned B-1, Limited Business District. This zoning is to provide for business and commercial development, with acknowledgment of the district's unique characteristics and contribution to the community. The property's highest and best use based on the criteria of legally permissible, physically possible, financially feasible, and maximally productive, is for commercial uses.*

**SUMMARY OF MARKET TRENDS:**

*An upward trend in the activity of commercial development and in particular, Retail/office/Apartments facilities has been developing since last year. New construction has been increasing since, and demand continues to expand and has been evidenced by the increase in land prices for developed lots.*

*This activity is shown by the strong demand for commercial and or retail property. New construction has flourished and is difficult for retail and brokers to find available space suitable for their needs. The United States, with its growing economy and interest rates at a record low, and a stable Mexican economy, the local economy is enjoying growth and opportunity.*

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**MARKET VALUE DEFINITION:**

*The definition of Market Value, as adopted by the Uniform Standards Of Professional Appraisal Practice (USPAP), in its Definitions Section is as follows.*

*"Market Value means 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 the seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit of 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 seller are typically motivated;*
- 2. Both parties are well informed or well advised, and each acting in what they consider their own best interest;*
- 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; and*
- 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by any one associated with the sale.*

**ASSUMPTIONS AND LIMITING CONDITIONS:**

*1. As agreed upon with the client prior to the preparation of this appraisal, this is a Limited Appraisal because it invokes the Departure Provision of the Uniform Standards of Professional Appraisal Practice. As such, information to the valuation has not been considered and / or the full valuation process has not been applied. Depending on the type and degree of limitations, the reliability of the value conclusion provided herein may be reduced.*

*2. This is a Restricted Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it does not include discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the Appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's files. The information contained herein is specific to the needs of the client and for the intended use stated in this report. The Appraiser is not responsible for unauthorized use of this report.*

*3. The Appraiser does not assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the appraiser render any opinion as to the title, which is assumed to be good and marketable.*

*4. The property is reviewed as though under responsible ownership and competent property management unless otherwise stated in this report.*

*5. The property is appraised as though free and clear of any or all liens and encumbrances unless otherwise stated in the report.*

*6. The Appraiser has made no survey of the property, and all engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.*

*7. The information furnished by others is believed to be reliable. However, no warranty is given for its reliability.*

*8. The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil or structures, which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.*

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**Real Estate Appraisals**

9. *It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this report.*

10. *It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined and considered in this appraisal report.*

11. *It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.*

12. *Any sketch used in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report.*

13. *It is assumed that the utilization of the land and the improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.*

14. *The Appraiser is not qualified to detect hazardous waste and / or toxic material. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of hazardous waste and / or toxic materials. Such determinations would require investigation by a qualified expert in the field of environmental assessment. The presence of such substances as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous material may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required discovering them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.*

15. *The Subject Property will be appraised as though vacant and as an unimproved tract of land. The fee simple value of the property will be determined.*

16. *Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the any submitted plans and specifications, if any.*

17. *The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.*

18. *Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the part to whom it is addressed without the written consent of the Appraiser, and in any event, only with the proper written qualification and only in its entirety.*

19. *Neither all or any part of the contents of this report (especially any conclusions as to value, the identity of the Appraiser, or the firm with which the Appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the Appraiser.*

20. **COMPETENCY PROVISION:** *The Uniform Standards of Professional Appraisal Practice require that an appraiser state his experience (or lack thereof) in valuating properties of the same type and complexity as the Subjects. The appraiser considers himself knowledgeable in the valuation of this type of property in Laredo, having valued several in the last 12 months. Every property is unique, and involves special considerations, and the Subject is no exception. Nonetheless, the appraiser feels comfortable valuing such properties, and will use all the information of which he has been apprised in completing this valuation.*

**R.Salinas & Associates**  
**Real Estate Appraisals**



**HISTORY OF THE PROPERTY:**

*Current ownership of the subject property was shown at the Webb County Appraisal District Records as Fernando A. Salinas. Subject site was purchased more than five years ago by the owners, as per Webb County Deed Records. The property is rectangular, containing approximately Twenty-Seven Thousand Five Hundred Twenty Nine (27,529) square feet. Subject site is used as a single-family residence. The site has access to the street, facing Corpus Christi Street.*

*Access to the Subject property is good, from Corpus Christi Street and Seymour Avenue. All utilities are available to the subject site. No data on the soil composition was submitted to this office; however, in consideration of the surrounding developments, it is believed that the soils are typical of the area and offer a good base for development. Drainage appears adequate. The topography is level with a general slope to the West. There were no detrimental conditions observed.*

*No survey or maps were provided or submitted to this office, but no detrimental easements were noted on the available plats of the raw land. The appraiser knows no waste hazards affecting the subject site. There were no signs of hazardous waste dumping on the date of the inspection. No environmental issues related to endangered species or natural habitat is known to affect the property.*

*The Subject property is currently zoned "B-1", Limited Business District.*

*The Subject is located within the jurisdiction of the Laredo Independent School District.*

**COST APPROACH SUMMARY**

	<b>Square Feet</b>	<b>Unit Cost</b>	<b>Sub-Total</b>	<b>Total</b>
1420 Corpus Christi	4,502	\$98.00	\$441,196	
Guest House-North	4,100	\$90.00	\$369,000	
Guest House-Sky	2,000	\$90.00	\$180,000	
Entrance Apartment	612	\$88.00	\$53,856	
Outside Kitchen		\$	\$25,000	
<b>TOTAL DIRECT COST</b>				\$1,069,052
<b>INDIRECT COST</b>				
Professional Fees			\$0.00	
Developers Profit		10%	\$0.00	
Taxes			\$0.00	
<b>TOTAL ESTIMATED REPLACEMENT COST NEW</b>				\$1,069,052
<b>LESS ACCRUED DEPRECIATION</b>		35/55		\$64,143.00
<b>ESTIMATED DEPRECIATED REPLACEMENT COST NEW</b>				\$1,004,909
<b>LAND VALUE</b>		25,419 SF @ \$7.00		\$177,933
<b>TOTAL VALUE INDICATION</b>				\$1,182,842
			<b>ROUNDED TO</b>	\$1,200,000

**APPRAISER'S CERTIFICATION:**

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

- . 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 business interest or bias with respect to the parties involved;*
- . the appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan;*
- . my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event;*
- . my analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;*
- . I have made a personal inspection of the property, which is the subject of this report;*
- . no one provided significant professional assistance to the person signing this report;*
- . the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;*

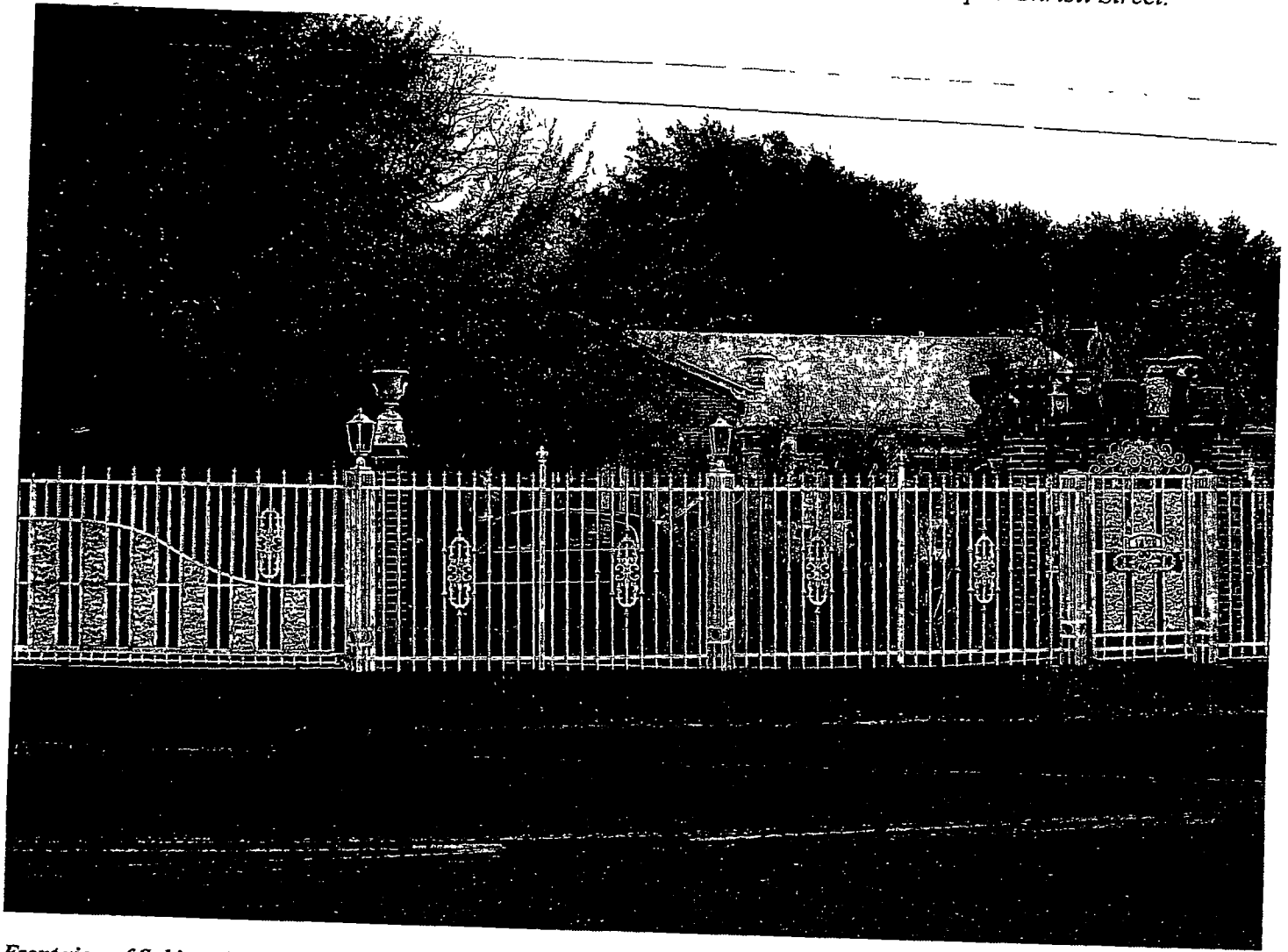
*Respectfully submitted,*



**Rodolfo Salinas, Jr.**  
**State Certification Tx-1327254-G**  
**Expires 1/31/2011**

**R.Salinas & Associates**  
**Real Estate Appraisals**

*Fernando Salinas -1420 Corpus Christi Street.*



*Front view of Subject site*

*R.Salinas & Associates  
Real Estate Appraisals*



## TEXAS APPRAISER LICENSING AND CERTIFICATION BOARD

*BE IT KNOWN THAT*

**RODOLFO SALINAS JR**

*HAVING PROVIDED SATISFACTORY EVIDENCE OF THE QUALIFICATIONS REQUIRED  
BY THE TEXAS APPRAISER LICENSING AND CERTIFICATION ACT,  
TEXAS OCCUPATIONS CODE, CHAPTER 1103,  
IS AUTHORIZED TO USE THE TITLE*

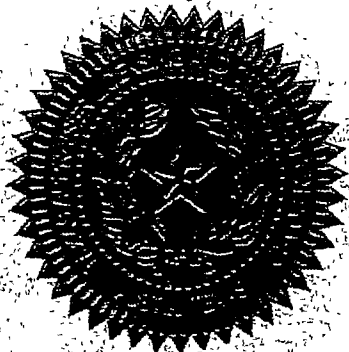
**STATE CERTIFIED  
GENERAL REAL ESTATE APPRAISER**

**Number: TX-1327254-G**

**Date of Issue: December 4, 2008**

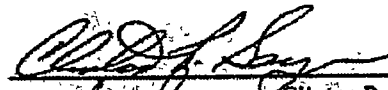
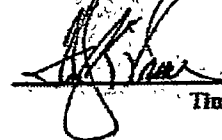
**Date of Expiration: January 31, 2011**

*In Witness Whereof*



Clinton P. Sayers, Chair  
Malcolm J. Deason  
Dona S. Scurry

James B. Ratliff, Vice-Chair  
William A. Faulk, Jr.  
Shirley J. Ward

  
\_\_\_\_\_  
Clinton P. Sayers, Chair  
  
\_\_\_\_\_  
Timothy K. Irvine, Commissioner

Mark A. McAnally, Secretary  
Larry D. Kokel

**Fernando A Salinas Trust**  
**Asset Transfer Valuation - 802 Iturbide**

Improvements value 1/1/2007	\$ 146,660
Land Value 1/1/2007	<u>\$ 83,340</u>
	\$ 230,000

Appraised value 3/13/2008	\$ 230,000
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Tax Appraisal values:

House value from tax records 1/1/2007	\$ 60,130
Land value from tax records 1/1/2007	<u>\$ 83,340</u>
	\$ 143,470

*This restricted appraisal report sets forth only the Appraiser's conclusions. Supporting documentation is retained in the appraiser's file.*

**REAL ESTATE APPRAISED:** *Site and the improvements, located at 802 Iturbide Street, Laredo, Webb County, Texas, 78041.*

**STATEMENT OF INSPECTION TYPE OF SUBJECT PROPERTY:** *I have completed an exterior/interior inspection of the Subject Property.*

**HIGHEST AND BEST USE:** *Retail/Commercial.*

<b>CONCLUDED VALUE:</b> Cost Approach	\$230,000.00
Comparable Sales Approach	\$N/A
Capitalization Approach	\$, N/A
Concluded Value	\$230,000.00

**INDICATED EXPOSURE TIME:** *About 12 months.*

**INDICATED MARKETING TIME:** *9 to 12 months.*

**SCOPE OF THE APPRAISAL:**

*The scope of this appraisal is to make a complete and diligent inspection of the improvements and site, for the purpose of estimating an opinion of the Market Value as described and defined herein. This process entails the gathering, inspection and analyses of relevant market data upon which the estimate of value is based. This process for the development of an estimate of value follows the Uniform Standards of Professional Appraisal Practice, as adopted by the Appraisal Standards Board of the Appraisal Foundation, as well as the Code of Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.*

**HIGHEST AND BEST USE:**

*Highest and best use as though vacant: Retail/Commercial*

*The Subject Property is currently zoned CBD, Central Business District. This zoning is to provide for development and redevelopment of the City's historic urban center, with acknowledgment of the district's unique characteristics and contribution to the community. The property's highest and best use based on the criteria of legally permissible, physically possible, financially feasible, and maximally productive, is for commercial uses.*

**SUMMARY OF MARKET TRENDS:**

*An upward trend in the activity of commercial development and in particular, Retail/office/Apartments facilities, has been developing since last year. New construction has been increasing since, and demand continues to expand and has been evidenced by the increase in land prices for developed lots.*

*This activity is shown by the strong demand for commercial and or retail property. New construction has flourished and is difficult for retail and brokers to find available space suitable for their needs. The United States, with its growing economy and interest rates at a record low, and a stable Mexican economy, the local economy is enjoying growth and opportunity.*

*Front view of Subject site*





**Fernando A Salinas Trust**  
**Asset Transfer Valuation - 1111 Iturbide**

Improvements value 1/1/2007	\$	693,890
Land Value 1/1/2007	\$	101,110
	\$	<u>795,000</u>

Appraised value 3/13/2008	\$	795,000
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**Tax Appraisal values:**

House value from tax records 1/1/2007	\$	137,780
Land value from tax records 1/1/2007	\$	<u>101,110</u>
	\$	238,890

*This restricted appraisal report sets forth only the Appraiser's conclusions. Supporting documentation is retained in the appraiser's file.*

**REAL ESTATE APPRAISED:** *Site and the improvements, known as Don Antonio's Mens Wear, located at 1111 Iturbide Street, Laredo, Webb County, Texas, 78041.*

**STATEMENT OF INSPECTION TYPE OF SUBJECT PROPERTY:** *I have completed an exterior/interior inspection of the Subject Property.*

**HIGHEST AND BEST USE:** *Retail/Commercial.*

<b>CONCLUDED VALUE:</b> <i>Cost Approach</i>	<i>\$450,000.00</i>
<i>Comparable Sales Approach</i>	<i>\$601,000.00</i>
<i>Capitalization Approach</i>	<i>\$795,000.00</i>
<i>Concluded Value</i>	<i>\$795,000.00</i>

**INDICATED EXPOSURE TIME:** *About 12 months.*

**INDICATED MARKETING TIME:** *9 to 12 months.*

**SCOPE OF THE APPRAISAL:**

*The scope of this appraisal is to make a complete and diligent inspection of the improvements and site, for the purpose of estimating an opinion of the Market Value as described and defined herein. This process entails the gathering, inspection and analyses of relevant market data upon which the estimate of value is based. This process for the development of an estimate of value follows the Uniform Standards of Professional Appraisal Practice, as adopted by the Appraisal Standards Board of the Appraisal Foundation, as well as the Code of Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.*

**HIGHEST AND BEST USE:**

*Highest and best use as though vacant: Retail/Commercial*

*The Subject Property is currently zoned CBD, Central Business District. This zoning is to provide for development and redevelopment of the City's historic urban center, with acknowledgment of the district's unique characteristics and contribution to the community. The property's highest and best use based on the criteria of legally permissible, physically possible, financially feasible, and maximally productive, is for commercial uses.*

**SUMMARY OF MARKET TRENDS:**

*An upward trend in the activity of commercial development and in particular, Retail/office/Apartments facilities, has been developing since last year. New construction has been increasing since, and demand continues to expand and has been evidenced by the increase in land prices for developed lots.*

*This activity is shown by the strong demand for commercial and or retail property. New construction has flourished and is difficult for retail and brokers to find available space suitable for their needs. The United States, with its growing economy and interest rates at a record low, and a stable Mexican economy, the local economy is enjoying growth and opportunity.*

*Front view of Subject site*



**Fernando A Salinas Trust**  
**Asset Transfer Valuation - 812 Farragut**

Land value from tax records 1/1/2007	\$	46,310
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**Fernando A Salinas Trust**  
**Asset Transfer Valuation - 820 Farragut**

Improvements value 1/1/2007	\$	184,250
Land Value 1/1/2007	\$	240,750
	\$	<u>425,000</u>

Appraised value 3/13/2008	\$	425,000
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Tax Appraisal values:

House value from tax records 1/1/2007	\$	76,930
Land value from tax records 1/1/2007	\$	<u>240,750</u>
	\$	317,680

*This restricted appraisal report sets forth only the Appraiser's conclusions. Supporting documentation is retained in the appraiser's file.*

**REAL ESTATE APPRAISED:** *Site and the improvements, located at 820 Farragut Street, Laredo, Webb County, Texas, 78040.*

**STATEMENT OF INSPECTION TYPE OF SUBJECT PROPERTY:** *I have completed an exterior/interior inspection of the Subject Property.*

**HIGHEST AND BEST USE:** *Commercial.*

<b>CONCLUDED VALUE:</b> Cost Approach	\$425,000
Comparable Sales Approach	\$-0-
Capitalization Approach	\$, N/A
Concluded Value	\$,425,000

**INDICATED EXPOSURE TIME:** *About 12 months.*

**INDICATED MARKETING TIME:** *9 to 12 months.*

**SCOPE OF THE APPRAISAL:**

*The scope of this appraisal is to make a complete and diligent inspection of the improvements and site, for the purpose of estimating an opinion of the Market Value as described and defined herein. This process entails the gathering, inspection and analyses of relevant market data upon which the estimate of value is based. This process for the development of an estimate of value follows the Uniform Standards of Professional Appraisal Practice, as adopted by the Appraisal Standards Board of the Appraisal Foundation, as well as the Code of Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.*

**HIGHEST AND BEST USE:**

*Highest and best use as though vacant: Commercial*

*The Subject Property is currently zoned CBD, Central Business District. This zoning is to provide for business and commercial development, with acknowledgment of the district's unique characteristics and contribution to the community. The property's highest and best use based on the criteria of legally permissible, physically possible, financially feasible, and maximally productive, is for commercial uses.*

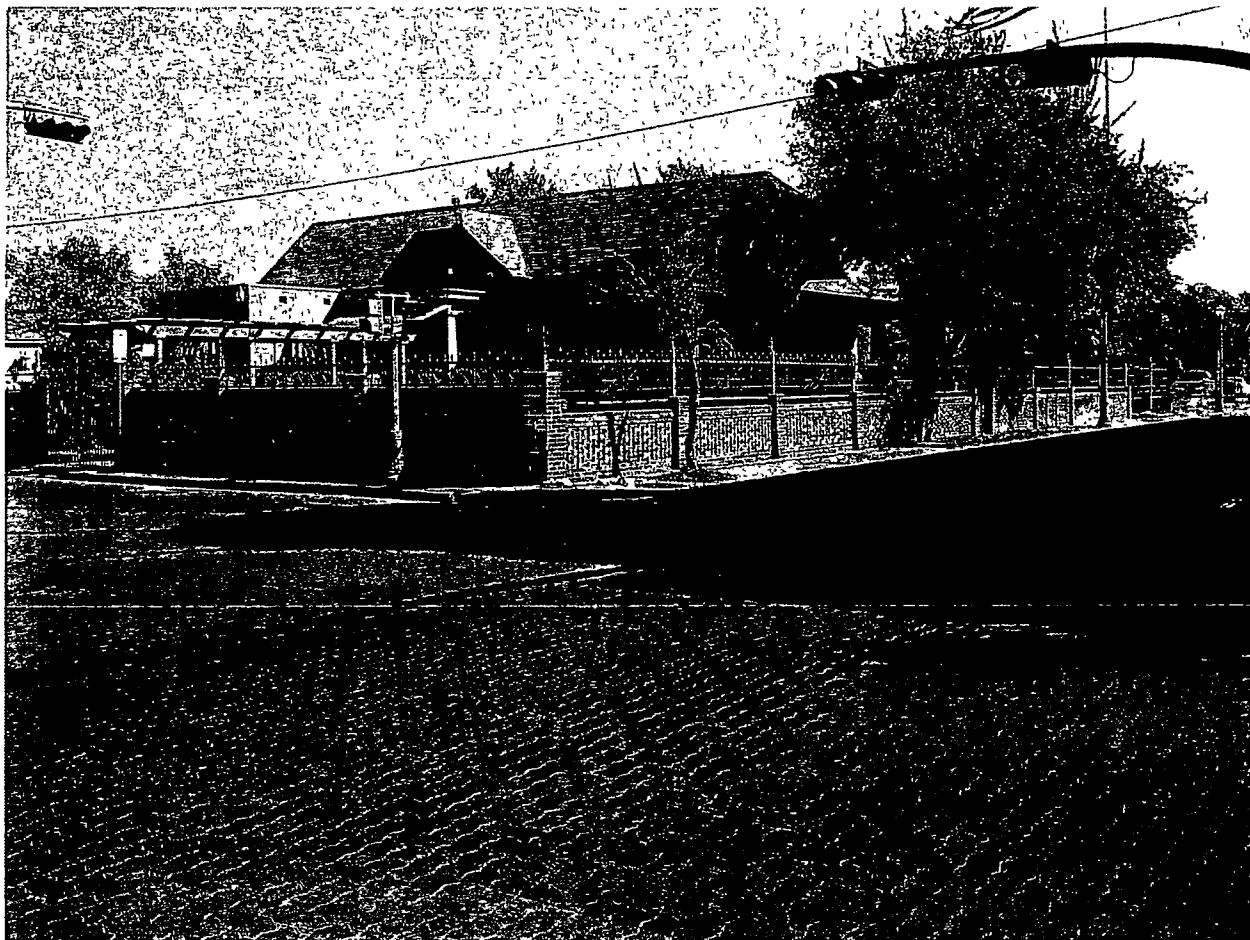
**SUMMARY OF MARKET TRENDS:**

*An upward trend in the activity of commercial development and in particular, Retail/office/Apartments facilities has been developing since last year. New construction has been increasing since, and demand continues to expand and has been evidenced by the increase in land prices for developed lots.*

*This activity is shown by the strong demand for commercial and or retail property. New construction has flourished and is difficult for retail and brokers to find available space suitable for their needs. The United States, with its growing economy and interest rates at a record low, and a stable Mexican economy, the local economy is enjoying growth and opportunity.*

**R.Salinas & Associates**  
**Real Estate Appraisals**

*Front view of Subject site*



**Fernando A Salinas Trust**  
**Asset Transfer Valuation - 920 Houston**

Improvements value 1/1/2007	\$ 335,840
Land Value 1/1/2007	<u>\$ 77,160</u>
	\$ 413,000

Appraised value 3/13/2008           \$ 413,000

Tax Appraisal values:

House value from tax records 1/1/2007	\$ 77,350
Land value from tax records 1/1/2007	<u>\$ 77,160</u>
	\$ 154,510



*This restricted appraisal report sets forth only the Appraiser's conclusions. Supporting documentation is retained in the appraiser's file.*

**REAL ESTATE APPRAISED:** *Site and the improvements, located at 918-920 Houston Street, Laredo, Webb County, Texas, 78040.*

**STATEMENT OF INSPECTION TYPE OF SUBJECT PROPERTY:** *I have completed an exterior/interior inspection of the Subject Property.*

**HIGHEST AND BEST USE:** *Commercial.*

<b>CONCLUDED VALUE:</b> <i>Cost Approach</i>	<i>\$413,000.00</i>
<i>Comparable Sales Approach</i>	<i>\$000,000</i>
<i>Capitalization Approach</i>	<i>\$, N/A</i>
<i>Concluded Value</i>	<i>\$413,000</i>

**INDICATED EXPOSURE TIME:** *About 12 months.*

**INDICATED MARKETING TIME:** *9 to 12 months.*

**SCOPE OF THE APPRAISAL:**

*The scope of this appraisal is to make a complete and diligent inspection of the improvements and site, for the purpose of estimating an opinion of the Market Value as described and defined herein. This process entails the gathering, inspection and analyses of relevant market data upon which the estimate of value is based. This process for the development of an estimate of value follows the Uniform Standards of Professional Appraisal Practice, as adopted by the Appraisal Standards Board of the Appraisal Foundation, as well as the Code of Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.*

**HIGHEST AND BEST USE:**

*Highest and best use as though vacant: Commercial*

*The Subject Property is currently zoned CBD, Central Business District. This zoning is to provide for business and commercial development, with acknowledgment of the district's unique characteristics and contribution to the community. The property's highest and best use based on the criteria of legally permissible, physically possible, financially feasible, and maximally productive, is for commercial uses.*

**SUMMARY OF MARKET TRENDS:**

*An upward trend in the activity of commercial development and in particular, Retail/office/Apartments facilities has been developing since last year. New construction has been increasing since, and demand continues to expand and has been evidenced by the increase in land prices for developed lots.*

*This activity is shown by the strong demand for commercial and or retail property. New construction has flourished and is difficult for retail and brokers to find available space suitable for their needs. The United States, with its growing economy and interest rates at a record low, and a stable Mexican economy, the local economy is enjoying growth and opportunity.*

*Front view of Subject site*



## **Fernando A Salinas Trust**

**Asset Transfer Valuation - El Ebanito Land Company, Ltd.**

Estimated FMV of Land at 1/01/2007	\$4,625,000
Trust Partnership Interest %	<u>49.65%</u>
<b>Estimated FMV of Partnership Interest</b>	<b>\$2,296,313</b>

FMV of Land as of 3/13/2008	\$4,625,000
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**APPRAISAL REPORT**

**THE VALUATION OF A RURAL PROPERTY  
IN SOUTHWEST ZAPATA COUNTY, TEXAS  
KNOWN AS THE EL EBANITO RANCH,  
FRONTING ON US HIGHWAY 83, SOUTH**

**DATE OF VALUE:  
MARCH 13, 2008**

**PREPARED FOR**

**ZAFFIRINI AND CASTILLO  
ATTORNEYS  
1407 WASHINGTON STREET  
LAREDO, TEXAS 78040**

**PREPARED BY**

**ROBERT R. SNYDER, SRA  
FEE APPRAISER  
5219 MCPHERSON ROAD, SUITE 375  
LAREDO, TEXAS 78041**

Zaffirini and Castillo  
Attorneys  
1407 Washington Street  
Laredo, Texas 78040

Re: Valuation of Surface Rights Only to a 3,854.45 acre parcel of rural land known as the El Ebanito Ranch in Zapata County, Texas.

Gentlemen:

As requested, I have completed an inspection of the above-referenced property. The purpose of this assignment was to determine the Market Value of the surface rights only to the Subject Property as of the effective appraisal date. The concluded prospective value of the Subject Property is as follows:

**Market Value = \$4,625,000**

The effective date of this appraisal is March 13, 2008, the date of the inspection of the Subject Property and of the commencement of the report writing process, which is explained in the body of this report. This appraisal is expressed in a Summary Appraisal Report, as per Standards Rule 2 of the Uniform Standards of Professional Appraisal Practice, 2006 Edition. The Scope of Work is defined in the appropriate section of this report.

These value estimates are specifically contingent upon the Appraiser's Certification and Statement of Contingent and Limiting Conditions attached to this report, which is intended to comply with the Uniform Standards of Professional Appraisal Practice and to the ethical canons of the Appraisal Institute.

Respectfully submitted,

Robert R. Snyder, SRA

## **EXECUTIVE SUMMARY**

**LOCATION**.....In southwestern Zapata County, Texas, between the New Zapata Town Site and FM 2687, with frontage on both sides of US Highway 83, South.

**LEGAL DESCRIPTION**:..... 3,854.45 acres of land, more or less, out of Porciones 27 & 28, Zapata County, Texas, known as the El Ebanito Ranch.

**SITE AREA**:.....3,854.45 acres, as per the Zapata County Appraisal District.

**INTEREST APPRAISED**:.....Fee Simple Title to Surface Rights Only of the entire parcel.

**IMPROVEMENTS**:.....Perimeter and interior barbed wire fencing, a ranch hand's house with attendant barns and storage buildings, metal pens, and a main house with it's own well, electric pump and storage tank, interior roads with cattle guards in places, in good repair, some of which are all-weather roads.

**ZONING**:.....NA. This is rural land, apparently about ten miles south of the New Zapata Town Site. Zapata County does not have a zoning law.

**HIGHEST AND BEST USE**:....Recreation, livestock grazing.

**VALUE INDICATION**.....

- **Market Value:** **\$4,625,000**
- **Attributable to Improvements:** **\$231,000**

**DATE OF VALUE**:.....March 13, 2008

## **APPRAISER'S CERTIFICATION**

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

- **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 properties that are the subject of this report, and I have no personal business interest or bias with respect to the parties involved.**
- **I have no bias with respect to the properties that are the subject of this appraisal or to the parties involved with this assignment.**
- **my engagement in this appraisal assignment was not contingent upon developing or reporting predetermined results.**
- **my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.**
- **my analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.**
- **the undersigned has made a personal inspection of the properties which are the subject of this report.**
- **no one provided significant professional assistance to the person preparing this report.**

**I certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions have been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute;**

**I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by it's duly authorized representatives.**

**As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.**

**Respectfully submitted,**

**Robert R. Snyder, SRA  
State Certification #TX-1321049-G**

## Fernando A Salinas Trust

Asset Transfer Valuation - El Ebanito Minerals, Ltd.

Appraised Valuation 1/1/2007:	\$ 1,230,460
Fernando Partnership Share 49.65%	0.4965
Fernando Trust Mineral Valuation	<u>\$ 610,923</u>

### Alternate Valuation (24 months average earnings):

5 Year Average Earnings	\$ 785,233
Valuation Factor (# yrs)	<u>2</u>
FMV of El Ebanito Minerals	<u>\$ 1,570,465</u>

### Fernando A. Salinas Partnership Share:

Per K-1	Royalty	Other Net Rental Income	Interest	Dividend	Total
2007	917,955	561,246	2,527	6,799	1,488,527
2006	745,548	1,259,555	6,752		2,011,855
2005	687,391		2,033		689,424
2004	615,963				615,963
2003	959,306				959,306
5 Yr Total	3,926,163	1,820,801	11,312	6,799	5,765,075
5Yr Ave.	785,233	364,160	2,262	1,360	1,153,015



# Zapata County Appraisal District

2315 Stop 23A, Zapata, TX 78076 Telephone: (956) 765-9988

## 2007 Notice of Appraised Value

### All Active Accounts

The Last Day To Protest is June 11, 2007

May 11, 2007

El Ebanito Minerals LTD  
Jose Barrera & Eduardo Barrera  
10222 Severn Rd  
San Antonio, TX 78217-0664

Dear Fellow Taxpayer,

We have appraised the property listed below for the 2007 Tax Year, based on an appraisal date of January 1, 2007.

Property Description: El Ebanito (W51118); Opr: Legend Natural Gas II, LP.; Interest: 0.029513890-R

Account Number: M5111800817512 (Please refer to this number when inquiring about your property.)

Appraised Value	Land Mkt	Land AG	Improvements	Personal	Mineral	Total
This Year	\$0	\$0	\$0	\$0	\$47,320	\$47,320
Last Year	\$0	\$0	\$0	\$0	\$0 ✓	\$0

Percent change in value since five years ago: N/A - Records not Available

Taxing Unit	% of Property in Tax Unit	Tax Unit Appraised Value	Last Year's Taxable Value	This Year's Exemptions	This Year's Taxable Value	Last Year's Tax Rate	Tax Estimate
Zapata County	100.00%	\$47,320	\$0	\$0	\$47,320	0.73647	\$348
Zapata ISD	100.00%	\$47,320	\$0	\$0	\$47,320	1.48080	\$701

Property Description: Cavazos #6 (W51208); Opr: Chesapeake Operating, Inc.; Interest: 0.029513890-R

Account Number: M5120800817512 (Please refer to this number when inquiring about your property.)

Appraised Value	Land Mkt	Land AG	Improvements	Personal	Mineral	Total
This Year	\$0	\$0	\$0	\$0	\$283,670	\$283,670
Last Year	\$0	\$0	\$0	\$0	\$0 ✓	\$0

Percent change in value since five years ago: N/A - Records not Available

Taxing Unit	% of Property in Tax Unit	Tax Unit Appraised Value	Last Year's Taxable Value	This Year's Exemptions	This Year's Taxable Value	Last Year's Tax Rate	Tax Estimate
Zapata County	100.00%	\$283,670	\$0	\$0	\$283,670	0.73647	\$2,089
Zapata ISD	100.00%	\$283,670	\$0	\$0	\$283,670	1.48080	\$4,201

Property Description: DE BARBERIO (C3800); Opr: ConocoPhillips Company.; Interest: 0.023611100-R

Account Number: MC380000817512 (Please refer to this number when inquiring about your property.)

Appraised Value	Land Mkt	Land AG	Improvements	Personal	Mineral	Total
This Year	\$0	\$0	\$0	\$0	\$117,090	\$117,090
Last Year	\$0	\$0	\$0	\$0	\$3,070 ✓	\$3,070

Percent change in value since five years ago: N/A - Records not Available

Taxing Unit	% of Property in Tax Unit	Tax Unit Appraised Value	Last Year's Taxable Value	This Year's Exemptions	This Year's Taxable Value	Last Year's Tax Rate	Tax Estimate
Zapata County	100.00%	\$117,090	\$3,070	\$0	\$117,090	0.73647	\$862
Zapata ISD	100.00%	\$117,090	\$3,070	\$0	\$117,090	1.48080	\$1,734

Property Description: GUERRA "L" (G4800 ); Opr: ConocoPhillips Company.; Interest: 0.014757000-R  
Account Number: MG480016285002 (Please refer to this number when inquiring about your property.)

Appraised Value	Land Mkt	Land AG	Improvements	Personal	Mineral	Total
This Year	\$0	\$0	\$0	\$0	\$156,340	\$156,340
Last Year	\$0	\$0	\$0	\$0	\$138,480 ✓	\$138,480

Percent change in value since five years ago: N/A - Records not Available

Taxing Unit	% of Property in Tax Unit	Tax Unit Appraised Value	Last Year's Taxable Value	This Year's Exemptions	This Year's Taxable Value	Last Year's Tax Rate	Tax Estimate
Zapata County	100.00%	\$156,340	\$138,480	\$0	\$156,340	0.73647	\$1,151
Zapata ISD	100.00%	\$156,340	\$138,480	\$0	\$156,340	1.48080	\$2,315

Property Description: VELA, CONSUELO G. W-1/3 (T3160 ); Opr: ConocoPhillips Company.; Interest: 0.023611100-R  
Account Number: MT316000817512 (Please refer to this number when inquiring about your property.)

Appraised Value	Land Mkt	Land AG	Improvements	Personal	Mineral	Total
This Year	\$0	\$0	\$0	\$0	\$20,530	\$20,530
Last Year	\$0	\$0	\$0	\$0	\$25,040 ✓	\$25,040

Percent change in value since five years ago: N/A - Records not Available

Taxing Unit	% of Property in Tax Unit	Tax Unit Appraised Value	Last Year's Taxable Value	This Year's Exemptions	This Year's Taxable Value	Last Year's Tax Rate	Tax Estimate
Zapata County	100.00%	\$20,530	\$25,040	\$0	\$20,530	0.73647	\$151
Zapata ISD	100.00%	\$20,530	\$25,040	\$0	\$20,530	1.48080	\$304

Property Description: VELA, SERAPIO HEIRS "B" (T8300 ); Opr: ConocoPhillips Company.; Interest: 0.025860500-R  
Account Number: MT830000817512 (Please refer to this number when inquiring about your property.)

Appraised Value	Land Mkt	Land AG	Improvements	Personal	Mineral	Total
This Year	\$0	\$0	\$0	\$0	\$83,630	\$83,630
Last Year	\$0	\$0	\$0	\$0	\$90,710 ✓	\$90,710

Percent change in value since five years ago: N/A - Records not Available

Taxing Unit	% of Property in Tax Unit	Tax Unit Appraised Value	Last Year's Taxable Value	This Year's Exemptions	This Year's Taxable Value	Last Year's Tax Rate	Tax Estimate
Zapata County	100.00%	\$83,630	\$90,710	\$0	\$83,630	0.73647	\$616
Zapata ISD	100.00%	\$83,630	\$90,710	\$0	\$83,630	1.48080	\$1,238

Property Description: VELA, SERAPIO HEIRS "C" (T8310 ); Opr: ConocoPhillips Company.; Interest: 0.023611100-R  
Account Number: MT831000817512 (Please refer to this number when inquiring about your property.)

Appraised Value	Land Mkt	Land AG	Improvements	Personal	Mineral	Total
This Year	\$0	\$0	\$0	\$0	\$24,110	\$24,110
Last Year	\$0	\$0	\$0	\$0	\$3,050 ✓	\$3,050

Percent change in value since five years ago: N/A - Records not Available

Taxing Unit	% of Property in Tax Unit	Tax Unit Appraised Value	Last Year's Taxable Value	This Year's Exemptions	This Year's Taxable Value	Last Year's Tax Rate	Tax Estimate
Zapata County	100.00%	\$24,110	\$3,050	\$0	\$24,110	0.73647	\$178
Zapata ISD	100.00%	\$24,110	\$3,050	\$0	\$24,110	1.48080	\$357

Property Description: VELA, SERAPIO HEIRS "D" (T8311 ); Opr: ConocoPhillips Company.; Interest: 0.023611000-R  
Account Number: MT831116285002 (Please refer to this number when inquiring about your property.)

Appraised Value	Land Mkt	Land AG	Improvements	Personal	Mineral	Total
This Year	\$0	\$0	\$0	\$0	\$39,270	\$39,270
Last Year	\$0	\$0	\$0	\$0	\$30,310 ✓	\$30,310

Percent change in value since five years ago: N/A - Records not Available

Taxing Unit	% of Property in Tax Unit	Tax Unit Appraised Value	Last Year's Taxable Value	This Year's Exemptions	This Year's Taxable Value	Last Year's Tax Rate	Tax Estimate
Zapata County	100.00%	\$39,270	\$30,310	\$0	\$39,270	0.73647	\$289
Zapata ISD	100.00%	\$39,270	\$30,310	\$0	\$39,270	1.48080	\$582

Property Description: VELA, SERAPIO HEIRS "E" -A- (T8493 ); Opr: ConocoPhillips Company.; Interest: 0.029513900-R  
 Account Number: MT849300817512 (Please refer to this number when inquiring about your property.)

Appraised Value	Land Mkt	Land AG	Improvements	Personal	Mineral	Total
This Year	\$0	\$0	\$0	\$0	\$132,780	\$132,780
Last Year	\$0	\$0	\$0	\$0	\$186,190	\$186,190

Percent change in value since five years ago: N/A - Records not Available

Taxing Unit	% of Property in Tax Unit	Tax Unit Appraised Value	Last Year's Taxable Value	This Year's Exemptions	This Year's Taxable Value	Last Year's Tax Rate	Tax Estimate
Zapata County	100.00%	\$132,780	\$186,190	\$0	\$132,780	0.73647	\$978
Zapata ISD	100.00%	\$132,780	\$186,190	\$0	\$132,780	1.48080	\$1,966

Property Description: VELA, SERAPIO HEIRS "E" -A- (T8493 ); Opr: ConocoPhillips Company.; Interest: 0.001967580-O  
 Account Number: MT849300817514 (Please refer to this number when inquiring about your property.)

Appraised Value	Land Mkt	Land AG	Improvements	Personal	Mineral	Total
This Year	\$0	\$0	\$0	\$0	\$8,850	\$8,850
Last Year	\$0	\$0	\$0	\$0	\$12,420	\$12,420

Percent change in value since five years ago: N/A - Records not Available

Taxing Unit	% of Property in Tax Unit	Tax Unit Appraised Value	Last Year's Taxable Value	This Year's Exemptions	This Year's Taxable Value	Last Year's Tax Rate	Tax Estimate
Zapata County	100.00%	\$8,850	\$12,420	\$0	\$8,850	0.73647	\$65
Zapata ISD	100.00%	\$8,850	\$12,420	\$0	\$8,850	1.48080	\$131

Property Description: VELA, SERAPIO HEIRS "B" -A- (T8495 ); Opr: ConocoPhillips Company.; Interest: 0.025860600-R  
 Account Number: MT849516285002 (Please refer to this number when inquiring about your property.)

Appraised Value	Land Mkt	Land AG	Improvements	Personal	Mineral	Total
This Year	\$0	\$0	\$0	\$0	\$10,100	\$10,100
Last Year	\$0	\$0	\$0	\$0	\$8,130	\$8,130

Percent change in value since five years ago: N/A - Records not Available

Taxing Unit	% of Property in Tax Unit	Tax Unit Appraised Value	Last Year's Taxable Value	This Year's Exemptions	This Year's Taxable Value	Last Year's Tax Rate	Tax Estimate
Zapata County	100.00%	\$10,100	\$8,130	\$0	\$10,100	0.73647	\$74
Zapata ISD	100.00%	\$10,100	\$8,130	\$0	\$10,100	1.48080	\$150

Property Description: VELA, SERAPIO HEIRS "E" (T9496 ); Opr: ConocoPhillips Company.; Interest: 0.029513900-R  
 Account Number: MT949600817512 (Please refer to this number when inquiring about your property.)

Appraised Value	Land Mkt	Land AG	Improvements	Personal	Mineral	Total
This Year	\$0	\$0	\$0	\$0	\$139,280	\$139,280
Last Year	\$0	\$0	\$0	\$0	\$174,630	\$174,630

Percent change in value since five years ago: N/A - Records not Available

Taxing Unit	% of Property in Tax Unit	Tax Unit Appraised Value	Last Year's Taxable Value	This Year's Exemptions	This Year's Taxable Value	Last Year's Tax Rate	Tax Estimate
Zapata County	100.00%	\$139,280	\$174,630	\$0	\$139,280	0.73647	\$1,026
Zapata ISD	100.00%	\$139,280	\$174,630	\$0	\$139,280	1.48080	\$2,062

Property Description: Vela, Serapio Heirs "B" -B- (W17246); Opr: ConocoPhillips Company.; Interest: 0.028261590-R  
 Account Number: MW1724600817512 (Please refer to this number when inquiring about your property.)

Appraised Value	Land Mkt	Land AG	Improvements	Personal	Mineral	Total
This Year	\$0	\$0	\$0	\$0	\$132,840	\$132,840
Last Year	\$0	\$0	\$0	\$0	\$159,370	\$159,370

Percent change in value since five years ago: N/A - Records not Available

Taxing Unit	% of Property in Tax Unit	Tax Unit Appraised Value	Last Year's Taxable Value	This Year's Exemptions	This Year's Taxable Value	Last Year's Tax Rate	Tax Estimate
Zapata County	100.00%	\$132,840	\$159,370	\$0	\$132,840	0.73647	\$978
Zapata ISD	100.00%	\$132,840	\$159,370	\$0	\$132,840	1.48080	\$1,967

Property Description: Vela, Serapio Heirs "B" -C- (W17394); Opr: ConocoPhillips Company.; Interest: 0.030719150-R

Account Number: MW1739416285002 (Please refer to this number when inquiring about your property.)

Appraised Value	Land Mkt	Land AG	Improvements	Personal	Mineral	Total
This Year	\$0	\$0	\$0	\$0	\$34,650	\$34,650
Last Year	\$0	\$0	\$0	\$0	\$38,660	\$38,660

Percent change in value since five years ago: N/A - Records not Available

Taxing Unit	% of Property in Tax Unit	Tax Unit Appraised Value	Last Year's Taxable Value	This Year's Exemptions	This Year's Taxable Value	Last Year's Tax Rate	Tax Estimate
Zapata County	100.00%	\$34,650	\$38,660	\$0	\$34,650	0.73647	\$255
Zapata ISD	100.00%	\$34,650	\$38,660	\$0	\$34,650	1.48080	\$513

**Summary of Estimated Taxes:**

	This Year's Taxable Value	Last Year's Tax Rate	Tax Estimate
Zapata County	\$1,230,460	0.73647	\$9,062
Zapata ISD	\$1,230,460	1.48080	\$18,221
	Total Estimated Taxes		\$27,283

*The Texas Legislature does not set the amount of your local taxes. Your property tax burden is decided by your locally elected officials and all inquiries concerning your taxes should be directed to those officials.*

The above tax estimates use last year's tax rates. The governing body of each taxing unit decides whether property taxes increase. The appraisal district only determines a property's value. Taxing units will set rates later this year.

To appeal, you must mail or deliver a WRITTEN protest to the appraisal district by June 11, 2007. You may use the enclosed protest form or a letter that includes your name, property description, and with what appraisal action you disagree. The mailing address is 2315 Stop 23A, Zapata, TX 78076. Personal deliveries will be accepted at 200 E. 7th Ave, Zapata, TX.

The ARB Hearing is scheduled for July 09, 2007 at 9:00 a.m. The hearing will be held in the Appraisal District Office, 200 E. 7th Av, Bldg B, Ste 240, Zapata, Texas.

If you have any questions, please contact the appraisal district office at (956) 765-9988 or at the address listed above. You may also contact Wardlaw Appraisal Group at the address and telephone number listed below or access their website (<http://www.wardlawappraisal.com>) for answers to your appraisal questions.

Thank you,

Amada Gonzalez  
Chief Appraiser

## **Fernando A Salinas Trust**

### **Asset Transfer Valuation - E-3 Management**

<b>Appraised Valuation 1/1/2007:</b>	<b>\$ 1,230,460</b>
<b>E-3 Management Partership %</b>	<b>1.05%</b>
<b>E-3 Management Share</b>	<b>\$ 12,920</b>
<b>Salinas Trust Share of E-3</b>	<b>33.33%</b>
<b>Salinas Trust Mineral Valuation</b>	<b>\$ 4,306</b>

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## **Fernando A Salinas Trust**

### **Asset Transfer Valuation - Royalty Interest Kenedy County Ranch**

Appraisal for value of royalty interest not available at the time of this tax filing. Because of declining well production and reduced prices being paid for gas production the appraised value was conservatively estimated at 12 months earnings. Value to be adjusted on subsequent returns when appraisal is available.

#### **Fernando A Salinas Amounts**

		<b>Appraised Value</b>
ExxonMobil Oil Corp	1099-MISC	28,210
Legend Natural Gas II LP	1099-MISC	158
The Houston Exploration Co	1099-MISC	94
Forest Oil Corporation	1099-MISC	141
Newfield Exploration Company	1099-MISC	297,220
Mineral Value 1/1/2007		<b>\$ 325,823</b>