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

OMB No 1545-0052

2010

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 2010, or tax year beginning , 2010, and ending

G Check all that apply. ☐ Initial return ☐ Initial Return of a former public charity ☐ Final return
☐ Amended return ☐ Address change ☐ Name changeR. W. FAIR FOUNDATION
P. O. BOX 689
TYLER, TX 75710

A Employer identification number

75-6015270

B Telephone number (see the instructions)

903-592-3811

C If exemption application is pending, check here ☐D 1 Foreign organizations, check here ☐2 Foreign organizations meeting the 85% test, check here and attach computation ☐E If private foundation status was terminated under section 507(b)(1)(A), check here ☐F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐H Check type of organization: ☒ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundationI Fair market value of all assets at end of year
(from Part II, column (c), line 16)

\$ 9,531,136.

J Accounting method. ☐ Cash ☒ Accrual
☐ Other (specify) _____

(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)
1 Contributions, gifts, grants, etc. received (att sch)	58,509.			
2 ☐ if the foundn is not req to att Sch B				
3 Interest on savings and temporary cash investments	2.	2.		
4 Dividends and interest from securities	127,954.	127,954.		
5a Gross rents	377,708.	377,708.		
b Net rental income or (loss)	31,585.			
6a Net gain/(loss) from sale of assets not on line 10	243,470.			
b Gross sales price for all assets on line 6a	1,861,399.			
7 Capital gain net income (from Part IV, line 2)		243,470.		
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 STATEMENT 1	84,172.	84,172.		
12 Total. Add lines 1 through 11	891,815.	833,306.	0.	
13 Compensation of officers, directors, trustees, etc	2,581.	2,581.		
14 Other employee salaries and wages	16,391.	15,891.		500.
15 Pension plans, employee benefits				
16a Legal fees (attach schedule)	4,802.	4,802.		
b Accounting fees (attach sch)	5,658.	5,658.		
c Other prof fees (attach sch)	44,183.	44,183.		
17 Interest				
18 Taxes (attach schedule)(see instr)	35,757.	33,098.		40.
19 Depreciation (attach sch) and depletion	36,070.	36,070.		
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses (attach schedule)				
SEE STATEMENT 6	352,581.	352,581.		
24 Total operating and administrative expenses. Add lines 13 through 23	498,023.	494,864.		540.
25 Contributions, gifts, grants paid PART XV	3,045,850.			3,045,850.
26 Total expenses and disbursements. Add lines 24 and 25	3,543,873.	494,864.	0.	3,046,390.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	-2,652,058.			
b Net investment income (if negative, enter -0-)		338,442.		
c Adjusted net income (if negative, enter -0-)			0.	

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Part III Balance Sheets		Beginning of year (a) Book Value	End of year	
			(b) Book Value	(c) Fair Market Value
ASSETS	1 Cash — non-interest-bearing	86,494.	348,398.	348,398.
	2 Savings and temporary cash investments	352,038.	360,798.	360,798.
	3 Accounts receivable 23,736.			
	Less: allowance for doubtful accounts	13,741.	23,736.	23,736.
	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	31,579.		
	10a Investments — U.S. and state government obligations (attach schedule)			
	b Investments — corporate stock (attach schedule)	7,489,484.	8,349,659.	8,349,659.
	c Investments — corporate bonds (attach schedule)			
	11 Investments — land, buildings, and equipment basis 1,545,631.			
LIABILITIES	Less: accumulated depreciation (attach schedule) SEE STMT 7 1,304,216.	1,551,288.	241,415.	241,415.
	12 Investments — mortgage loans			
	13 Investments — other (attach schedule)	173,978.	14,504.	207,130.
	14 Land, buildings, and equipment basis 1,545,631.			
	Less: accumulated depreciation (attach schedule)			
	15 Other assets (describe 1,304,216.)			
	16 Total assets (to be completed by all filers — see instructions. Also, see page 1, item I)	9,698,602.	9,338,510.	9,531,136.
	17 Accounts payable and accrued expenses	525.	16,351.	
	18 Grants payable			
	19 Deferred revenue			
NET ASSETS OR FUND BALANCES	20 Loans from officers, directors, trustees, & other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe 1.)	1.		
	23 Total liabilities (add lines 17 through 22)	526.	16,351.	
	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. ☒			
	24 Unrestricted	9,698,076.	9,322,159.	
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ☐			
	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			
	30 Total net assets or fund balances (see the instructions)	9,698,076.	9,322,159.	
	31 Total liabilities and net assets/fund balances (see the instructions)	9,698,602.	9,338,510.	

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	9,698,076.
2 Enter amount from Part I, line 27a	2	-2,652,058.
3 Other increases not included in line 2 (itemize) SEE STATEMENT 8	3	2,302,496.
4 Add lines 1, 2, and 3	4	9,348,514.
5 Decreases not included in line 2 (itemize) SEE STATEMENT 9	5	26,355.
6 Total net assets or fund balances at end of year (line 4 minus line 5) — Part II, column (b), line 30	6	9,322,159.

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 SEE SCHEDULE 1		P	VARIOUS	VARIOUS
b SEE SCHEDULE 1		P	VARIOUS	VARIOUS
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 527,949.		420,567.	107,382.
b 1,333,450.		1,197,362.	136,088.
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))
(j) Fair Market Value as of 12/31/69	(k) Adjusted basis as of 12/31/69	(l) Excess of column (i) over column (j), if any	
a			107,382.
b			136,088.
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	243,470.
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	0.

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))
2009	423,840.	8,333,885.	0.050857
2008	286,140.	9,842,324.	0.029072
2007	518,119.	11,261,813.	0.046007
2006	452,540.	10,450,527.	0.043303
2005	324,990.	10,025,248.	0.032417

2 Total of line 1, column (d)	2	0.201656
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	0.040331
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	9,483,136.
5 Multiply line 4 by line 3	5	382,464.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	3,384.
7 Add lines 5 and 6	7	385,848.
8 Enter qualifying distributions from Part XII, line 4	8	3,046,390.

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.

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 ☐ and enter 'N/A' on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary — see instr.)		1	3,384.
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☒ and enter 1% of Part I, line 27b			
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	3,384.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0.
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	3,384.
6 Credits/Payments:			
a 2010 estimated tax pmts and 2009 overpayment credited to 2010	6a	2,560.	
b Exempt foreign organizations — tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c	940.	
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d	7	3,500.	
8 Enter any penalty for underpayment of estimated tax. Check here ☒ if Form 2220 is attached	8	19.	
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0.	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	97.	
11 Enter the amount of line 10 to be: Credited to 2011 estimated tax 97. Refunded ..	11	0.	

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)?		X
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.		
c Did the foundation file Form 1120-POL 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 \$ 0. (2) On foundation managers \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If 'Yes,' attach a detailed description of the activities		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? If 'Yes,' attach a conformed copy of the changes		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 Form 990-T for this year?	N/A	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If 'Yes,' attach the statement required by General Instruction T		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? If 'Yes,' complete Part II, column (c), and Part XV	X	
8 a Enter the states to which the foundation reports or with which it is registered (see the instructions) TX		
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 General Instruction G? If 'No,' attach explanation	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 2010 or the taxable year beginning in 2010 (see instructions for Part XIV)? If 'Yes,' complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If 'Yes,' attach a schedule listing their names and addresses.		X

Part VII-A Statements Regarding Activities (Continued)

11	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)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	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>RACHEL LARSON</u> Telephone no. <u>903-592-3811</u>			
Located at <u>TYLER, TEXAS</u> ZIP + 4 <u>75710</u>				
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year	N/A	☐	N/A
16	At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16	Yes	No
See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country <u>N/A</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?	☒ Yes	☐ No
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes	☒ No
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes	☒ No
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes	☒ 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)?	☐ Yes	☒ 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.)	☐ Yes	☒ 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 ☐	1b	X
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 2010?	1c	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 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? If 'Yes,' list the years <u>20__ , 20__ , 20__ , 20__</u>	☐ Yes	☒ No
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.)	2b	N/A
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__ , 20__ , 20__ , 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?	☐ Yes	☒ No
b If 'Yes,' did it have excess business holdings in 2010 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 2010.)	3b	N/A
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	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 2010?	4b	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)?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? ☐ Yes ☒ No

If 'Yes' to 6b, 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?**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
SEE STATEMENT 10		2,581.	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

0

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

0

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 N/A	
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 N/A	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3.	0.

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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	1a	7,773,681.
b	Average of monthly cash balances	1b	487,585.
c	Fair market value of all other assets (see instructions)	1c	1,366,283.
d	Total (add lines 1a, b, and c)	1d	9,627,549.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	9,627,549.
4	Cash deemed held for charitable activities Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	144,413.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	9,483,136.
6	Minimum investment return. Enter 5% of line 5	6	474,157.

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	474,157.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	3,384.
b	Income tax for 2010. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	3,384.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	470,773.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	470,773.
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	470,773.

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	1a	3,046,390.
b	Program-related investments — total from Part IX-B	1b	
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)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	3,046,390.
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	3,384.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	3,043,006.

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.

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Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				470,773.
2 Undistributed income, if any, as of the end of 2010:				
a Enter amount for 2009 only			411,218.	
b Total for prior years: 20____, 20____, 20____		0.		
3 Excess distributions carryover, if any, to 2010:				
a From 2005				
b From 2006				
c From 2007				
d From 2008				
e From 2009				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2010 from Part XII, line 4: ▶ \$ 3,046,390.				
a Applied to 2009, but not more than line 2a			411,218.	
b Applied to undistributed income of prior years (Election required — see instructions)		0.		
c Treated as distributions out of corpus (Election required — see instructions)	0.			
d Applied to 2010 distributable amount				470,773.
e Remaining amount distributed out of corpus	2,164,399.			
5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a).)	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	2,164,399.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c 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		0.		
d Subtract line 6c from line 6b. Taxable amount — see instructions		0.		
e Undistributed income for 2009. Subtract line 4a from line 2a. Taxable amount — see instructions			0.	
f Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
8 Excess distributions carryover from 2005 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	2,164,399.			
10 Analysis of line 9:				
a Excess from 2006				
b Excess from 2007				
c Excess from 2008				
d Excess from 2009				
e Excess from 2010	2,164,399.			

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	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
a Paid during the year VARIOUS - SEE SCHEDULE 2 , CITY OF TYLER (SEE STMT & APPRAISALS) 212 N. BONNER TYLER, TX 75702		PUB & GOV PUBLIC	GENERAL OPERATIONS - SEE SCHEDULE 2 COMMUNITY SERVICE	265,850. 2,780,000.
Total			3a	3,045,850.
b Approved for future payment				
Total			3b	

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

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

► **Attach to Form 990, 990-EZ, or 990-PF**

OMB No 1545-0047

2010

Name of the organization

R. W. FAIR FOUNDATION

Employer identification number

75-6015270

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 an organization 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 990-EZ, that met the 33-1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ, that received from any one contributor, during the year, aggregate contributions 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 990-EZ, that received from any one contributor, during the year, 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: An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF) but it **must** answer 'No' on Part IV, line 2 of their Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does 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, 990-EZ, or 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2010)

Name of organization

Employer identification number

R. W. FAIR FOUNDATION

75-6015270

Part I Contributors (see instructions)

(a) Number	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	RW FAIR RELATIVES TR (RW FAIR EST) P.O. BOX 689 TYLER, TX 75710	\$ 58,509.	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		\$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		\$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		\$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		\$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		\$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		\$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

Name of organization

R. W. FAIR FOUNDATION

Employer identification number

75-6015270

Part II Noncash Property (see instructions)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
	N/A		
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	

BAA

Schedule B (Form 990, 990-EZ, or 990-PF) (2010)

2010

FEDERAL STATEMENTS

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CLIENT 24910

R. W. FAIR FOUNDATION

75-6015270

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STATEMENT 1
FORM 990-PF, PART I, LINE 11
OTHER INCOME

	(A) REVENUE PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME
OTHER INVESTMENT INCOME	\$ 84,172.	\$ 84,172.	
TOTAL	\$ 84,172.	\$ 84,172.	0.

STATEMENT 2
FORM 990-PF, PART I, LINE 16A
LEGAL FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL EXPENSES	\$ 4,802.	\$ 4,802.		
TOTAL	\$ 4,802.	\$ 4,802.	\$ 0.	\$ 0.

STATEMENT 3
FORM 990-PF, PART I, LINE 16B
ACCOUNTING FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING	\$ 5,658.	\$ 5,658.		
TOTAL	\$ 5,658.	\$ 5,658.	\$ 0.	\$ 0.

STATEMENT 4
FORM 990-PF, PART I, LINE 16C
OTHER PROFESSIONAL FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BROKERAGE FEES	\$ 44,183.	\$ 44,183.		
TOTAL	\$ 44,183.	\$ 44,183.	\$ 0.	\$ 0.

2010

FEDERAL STATEMENTS

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CLIENT 24910

R. W. FAIR FOUNDATION

75-6015270

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STATEMENT 5
FORM 990-PF, PART I, LINE 18
TAXES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
AD VALOREM TAX-ROYALTIES	\$ 3,355.	\$ 3,355.		
EXCISE TAXES	2,619.			
FOREIGN TAXES	370.	370.		
GROSS PRODUCTION TAX	523.	523.		
PAYROLL TAXES	2,248.	2,208.		\$ 40.
REAL ESTATE TAXES	26,642.	26,642.		
TOTAL	\$ 35,757.	\$ 33,098.	\$ 0.	\$ 40.

STATEMENT 6
FORM 990-PF, PART I, LINE 23
OTHER EXPENSES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
DUES & SUBSCRIPTIONS	\$ 500.	\$ 500.		
MISC	3,300.	3,300.		
RENTAL EXPENSES	346,123.	346,123.		
ROYALTY OTHER DEDUCTIONS	2,658.	2,658.		
TOTAL	\$ 352,581.	\$ 352,581.	\$ 0.	\$ 0.

STATEMENT 7
FORM 990-PF, PART II, LINE 11
INVESTMENTS - LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE	FAIR MARKET VALUE
FURNITURE AND FIXTURES	\$ 10,037.	\$ 10,037.	\$ 0.	\$ 0.
MACHINERY AND EQUIPMENT	13,012.	13,012.	0.	0.
BUILDINGS	1,236,674.	1,236,674.	0.	0.
IMPROVEMENTS	69,218.	44,493.	24,725.	24,725.
LAND	216,690.		216,690.	216,690.
TOTAL	\$ 1,545,631.	\$ 1,304,216.	\$ 241,415.	\$ 241,415.

STATEMENT 8
FORM 990-PF, PART III, LINE 3
OTHER INCREASES

EXCESS OF FMV OVER BOOK VALUE OF ASSETS DONATED	\$ 1,532,552.
UNREALIZED GAIN ON INVESTMENT	769,944.
TOTAL	\$ 2,302,496.

2010

FEDERAL STATEMENTS

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R. W. FAIR FOUNDATION

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STATEMENT 9
FORM 990-PF, PART III, LINE 5
OTHER DECREASES

ASSET IMPAIRMENT

TOTAL	\$	26,355.
	\$	<u>26,355.</u>

STATEMENT 10
FORM 990-PF, PART VIII, LINE 1
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
MEL LOVELADY P. O. BOX 689 TYLER, TX 75710	DIRECTOR 0	\$ 0.	\$ 0.	\$ 0.
FARIBA POURAYAN P.O. BOX 689 TYLER, TX 75710	ASST SEC/TREAS 1.00	2,581.	0.	0.
SHERRI HARRIS P. O. BOX 689 TYLER, TX 75710	SECRETARY 5.00	0.	0.	0.
HAROLD BEAIRD P.O. BOX 689 TYLER, TX 75710	DIRECTOR 0	0.	0.	0.
ALLEN FAIR P.O. BOX 689 TYLER, TX 75710	DIRECTOR 0	0.	0.	0.
WILL A. KNIGHT P. O. BOX 689 TYLER, TX 75710	DIRECTOR 0	0.	0.	0.
JOHN R. (BOB) GARRETT PO BOX 689 TYLER, TX 75710	VICE PRESIDENT 5.00	0.	0.	0.
BARBARA KING FAIR PO BOX 689 TYLER, TX 75710	PRESIDENT 10.00	0.	0.	0.
TOTAL		\$ <u>2,581.</u>	\$ <u>0.</u>	\$ <u>0.</u>

STATEMENT 11
FORM 990-PF, PART XV, LINE 2A-D
APPLICATION SUBMISSION INFORMATION

NAME OF GRANT PROGRAM:

NAME:

BARBARA FAIR

CARE OF:

2010

FEDERAL STATEMENTS

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R. W. FAIR FOUNDATION

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STATEMENT 11 (CONTINUED)
FORM 990-PF, PART XV, LINE 2A-D
APPLICATION SUBMISSION INFORMATION

STREET ADDRESS:	P.O. BOX 689
CITY, STATE, ZIP CODE:	TYLER, TX 75701
TELEPHONE:	
FORM AND CONTENT:	LETTER
SUBMISSION DEADLINES:	NONE
RESTRICTIONS ON AWARDS:	NONE

2010

FEDERAL SUPPLEMENTAL INFORMATION

PAGE 1

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R. W. FAIR FOUNDATION

75-6015270

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COMMERCIAL PROPERTY CONTRIBUTED TO CITY OF TYLER GIFTED 12/01/2010
(APPRAISALS ATTACHED)

	BOOK VALUE	FAIR MARKET VALUE
123 SOUTH BROADWAY AVENUE TYLER, TX 75702	\$ 294,712	\$ 660,000
121 SOUTH BROADWAY AVENUE (FLOORS 3 - 8 ONLY) TYLER, TX 75702	\$ 342,899	\$1,695,000
SWC SOUTH BROADWAY AVENUE @ ELM STREET	\$ 609,837	\$ 425,000
	=====	=====
	\$1,247,448	\$2,780,000

SCHEDULE #1
R.W. FAIR FOUNDATION
75-6015270

Realized Gain/Loss

Purchase		Sell				01/01/2010 - 12/31/2010	
Date	Date	Quantity	Security	Cost Basis	Proceeds	Short Term	Long Term
9/9/2009	3/2/2010	2,000	V F CORPORATION	140,380.95	155,993.06	15,612.11	0.00
8/13/2004	3/8/2010	500	TEVA PHARMACEUTICAL INDS	13,425.00	30,076.46	0.00	16,651.46
7/27/2005	3/8/2010	500	THERMO FISHER SCIENTIFIC	16,506.17	24,826.73	0.00	8,320.56
1/1/1955	3/25/2010	1	TENET HEALTHCARE CLASS AC	0.00	252.58	0.00	252.58
7/22/2008	6/9/2010	2,500	GILEAD SCIENCES	127,751.95	83,541.12	0.00	(44,210.83)
10/2/2008	6/9/2010	500	GILEAD SCIENCES	23,066.15	16,708.23	0.00	(6,357.92)
8/12/2004	7/28/2010	720	FRONTIER COMMUNICATIONS CORP	7,453.00	5,554.13	0.00	(1,898.87)
8/13/2004	7/28/2010	240	FRONTIER COMMUNICATIONS CORP	2,460.17	1,851.37	0.00	(608.80)
7/27/2005	7/28/2010	240	FRONTIER COMMUNICATIONS CORP	2,165.56	1,851.37	0.00	(314.19)
7/11/2008	7/28/2010	120	FRONTIER COMMUNICATIONS CORP	1,168.45	925.72	0.00	(242.73)
5/22/2008	7/28/2010	3,700	LAZARD LTD	134,152.31	110,256.90	0.00	(23,895.41)
7/22/2008	7/28/2010	500	LAZARD LTD	18,128.69	14,899.59	0.00	(3,229.10)
8/13/2004	7/28/2010	500	TEVA PHARMACEUTICAL INDS	13,425.00	24,251.08	0.00	10,826.08
1/1/1955	8/16/2010	1	COCA COLA CLASS ACTION	0.00	128.65	0.00	128.65
12/19/2001	9/16/2010	1,000	EMC CORPORATION	14,550.00	20,485.18	0.00	5,935.18
2/14/2002	9/16/2010	1,000	EMC CORPORATION	14,680.00	20,485.18	0.00	5,805.18
4/19/1990	9/16/2010	500	JOHNSON & JOHNSON	3,640.63	30,616.53	0.00	26,975.90
12/24/1997	9/16/2010	500	ORACLE CORPORATION	1,781.25	12,621.34	0.00	10,840.09
8/13/2004	9/16/2010	500	TEVA PHARMACEUTICAL INDS	13,425.00	26,691.10	0.00	13,266.10
7/27/2005	9/16/2010	500	THERMO FISHER SCIENTIFIC	16,506.17	23,451.65	0.00	6,945.48
8/6/2009	9/16/2010	4,000	TIME WARNER INC	102,538.89	125,428.93	0.00	22,890.04
1/1/1955	9/23/2010	1	AIG CLASS ACTION SETTLEME	0.00	109.14	0.00	109.14
4/19/1990	9/27/2010	1,500	JOHNSON & JOHNSON	10,921.87	93,179.38	0.00	82,257.51
12/24/1997	9/27/2010	500	ORACLE CORPORATION	1,781.25	13,420.82	0.00	11,639.57
12/19/2006	9/27/2010	2,000	US BANCORP	71,989.70	44,887.29	0.00	(27,102.41)
12/21/2009	10/19/2010	400	AKAMAI TECHNOLOGIES	10,098.47	18,079.06	7,980.59	0.00
8/14/2007	10/19/2010	2,000	AMERICAN EXPRESS COMPANY	117,521.56	78,571.72	0.00	(38,949.84)
10/2/2008	10/19/2010	800	O REILLY AUTOMOTIVE INC	21,307.03	42,143.14	0.00	20,836.11
3/2/2010	11/1/2010	4,000	EXCO RESOURCES INC	77,891.97	77,669.74	(222.23)	0.00
2/13/2008	11/2/2010	1,000	JARDEN CORP	23,753.33	32,205.51	0.00	8,452.18
2/26/2008	11/2/2010	1,000	JARDEN CORP	25,690.95	32,205.51	0.00	6,514.56
3/12/2008	11/2/2010	1,000	JARDEN CORP	21,744.95	32,205.51	0.00	10,460.56
7/22/2008	11/2/2010	1,000	JARDEN CORP	23,004.95	32,205.54	0.00	9,200.59
8/6/2009	11/2/2010	500	NATIONAL INSTRUMENTS CORP	12,290.75	17,436.21	0.00	5,145.46
12/21/2009	11/18/2010	2,700	AKAMAI TECHNOLOGIES	68,164.71	131,197.56	63,032.85	0.00

SCHEDULE #1
R.W. FAIR FOUNDATION
75-6015270

Realized Gain/Loss							01/01/2010 - 12/31/2010		
Purchase Sell							Gain/Loss		
Date	Date	Quantity	Security	Cost Basis	Proceeds		Short Term	Long Term	
3/8/2010	11/18/2010	900	AKAMAI TECHNOLOGIES	26,485.15	43,732.53		17,247.38	0.00	
10/16/1989	11/18/2010	500	COLGATE-PALMOLIVE CO	3,789.06	39,016.89		0.00	35,227.83	
8/6/2009	11/18/2010	6,000	MEDASSETS INC	118,463.35	104,250.76		0.00	(14,212.59)	
12/21/2009	11/18/2010	1,000	MEDASSETS INC	21,307.45	17,375.13		(3,932.32)	0.00	
7/27/2007	11/18/2010	2,800	WALGREEN COMPANY	126,149.95	96,369.35		0.00	(29,780.60)	
8/14/2007	11/18/2010	400	WALGREEN COMPANY	18,148.95	13,767.05		0.00	(4,381.90)	
10/11/2007	11/18/2010	800	WALGREEN COMPANY	31,305.95	27,534.10		0.00	(3,771.85)	
11/8/2007	11/18/2010	1,000	WALGREEN COMPANY	38,749.95	34,417.64		0.00	(4,332.31)	
3/2/2010	11/18/2010	2,000	EXCO RESOURCES INC	38,945.98	37,289.79		(1,656.19)	0.00	
7/28/2010	11/18/2010	2,500	EXCO RESOURCES INC	37,292.70	46,612.24		9,319.54	0.00	
2/5/1992	12/3/2010	300	SCHLUMBERGER LIMITED	3,923.89	24,620.90		0.00	20,697.01	
Total Realized Gain/Loss				\$ 1,617,929.21	\$1,861,399.41		\$107,381.73	\$ 136,088.47	

Net Realized Gain/Loss

\$ 243,470.20

SCHEDULE #2
R.W. FAIR FOUNDATION
75-6015270
CONTRIBUTIONS FOR THE YEAR 2010

	<u>2010</u>
<u>CASH CONTRIBUTIONS</u>	
<u>COMMUNITY SERVICES AND OTHER ACTIVITIES</u>	
American Cancer Society, Inc. 1301 S. Broadway Ave Tyler, TX 75701	\$ 5,000
American Heart Association 1125 Judson Rd , Ste. 150 Longview, Tx. 75601	1,000
Arthritis Foundation 4300 MacArthur, Suite 245 Dallas, TX 75209-6524	2,500
Azelway Boys Ranch, Inc. 15892 CR 26 Tyler, TX 75707	1,000
Bethesda Heath Clinic 409 W. Ferguson St. Tyler, TX 75702	3,000
Boy Scouts of America 1331 East Fifth Street Tyler, Tx. 75701	3,200
Boys & Girls Club of Smith County, Inc. 325 S Broadway Ave. Tyler, TX 75702	1,000
Cancer Foundation for Life, Inc P.O. Box 130849 Tyler, TX 75713	10,000
CASA for Kids of East Texas, Inc. 318 E. Fifth St. Tyler, TX 75701	1,000
City of Tyler 212 North Bonner Avenue Tyler, Tx. 75702	20,000
Cystic Fibrosis Foundation 122 S. College Ave. Tyler, TX 75702	5,000

SCHEDULE #2
R.W. FAIR FOUNDATION
75-6015270
CONTRIBUTIONS FOR THE YEAR 2010

CASH CONTRIBUTIONS - CONT'D

2010

COMMUNITY SERVICES AND OTHER ACTIVITIES - CONT'D

Discovery Science Place 308 North Broadway Avenue Tyler, TX 75702-5711	\$ 5,000
East Texas Crisis Center P.O. Box 7060 Tyler, TX 75711	3,500
East Texas Food Bank P.O. Box 6974 Tyler, TX 75711	2,500
Friends of the Library 201 South College Tyler, Tx. 75702	1,000
Gladney Center 26300 John Ryan Drive Ft. Worth, Tx. 76132	5,000
Heart of Tyler, Inc 110 N. College Tyler, TX 75702	6,000
Hospice of East Texas 4111 University Blvd. Tyler, Tx 75701	500
Humane Society of East Texas 4111 University Blvd. Tyler, TX 75701	1,000
Junior Achievement Worldwide 2737 S Broadway, Suite 207 Tyler, TX 75701	1,000
Junior League of Tyler 1919 South Donnybrook Tyler, Tx. 75701	5,000
Kyle Lake Foundation P.O. Box 6776 Tyler, TX 75711	500

SCHEDULE #2
R.W. FAIR FOUNDATION
75-6015270
CONTRIBUTIONS FOR THE YEAR 2010

CASH CONTRIBUTIONS - CONT'D

2010

COMMUNITY SERVICES AND OTHER ACTIVITIES - CONT'D

Lindale Volunteer Fire Department 208 East Hubbard Street Lindale, TX 75771-3397	\$ 1,000
Meals on Wheels Ministry, Inc. 3001 Robertson Road Tyler, TX 75701	3,000
Military Warriors Support Foundation 31796 Casino Drive, Suite B Lake Elsinore, Ca 92530	7,500
PATH - People Attempting to Help 402 W. Front Street Tyler, TX 75702	15,000
The Salvation Army 633 N. Broadway Tyler, TX 75702	3,000
Texas Chest Foundation P. O. Box 6554 Tyler, TX 75711	2,000
Tyler Aids Services, Inc. 410 S. Chilton Ave. Tyler, TX 75702-8016	1,000
Tyler Day Nursery 2901 West Gentry Parkway Tyler, TX 75702	1,000
Tyler Economic Dev Council P O Box 2004 Tyler, Tx. 75710	15,000
Tyler Museum of Art 1300 South Mahon Ave Tyler, TX. 75701	1,500
Tyler Police Foundation 711 West Ferguson Tyler, Tx. 75702	500

SCHEDULE #2
R.W. FAIR FOUNDATION
75-6015270
CONTRIBUTIONS FOR THE YEAR 2010

	<u>2010</u>
<u>CASH CONTRIBUTIONS - CONT'D</u>	
<u>COMMUNITY SERVICES AND OTHER ACTIVITIES - CONT'D</u>	
Tyler Rose Museum 420 Rose Park Drive Tyler, Tx. 75702	\$ 1,000
United Way of Tyler/Smith Co 4000 South Park Dr. Tyler, Tx. 75703	10,000
Women's Symphony League of Tyler 107 E. Erwin Tyler, Tx. 75702	500
Young Men's Christian Association of Tyler 225 South Vine Ave. Tyler, TX 75702	5,000
Total Community Services	<u>\$ 150,700</u>
<u>CHURCH & RELIGIOUS ACTIVITIES</u>	
Christian Men's Job Corps of Tyler GABC Outreach Center 200 N. Beckham Ave. Tyler, TX 75702	\$ 5,000
Hide-A-Way Lake Com. Church 1500 Lake Park Circle Hideaway, Tx. 75771	1,000
Marvin United Methodist Church 300 W. Erwin St Tyler, TX 75702	25,000
Saint Paul Children's Foundation, Inc. P.O. Box 1238 Tyler, TX 75710	45,000
Total Church and Religious Activities	<u>\$ 76,000</u>

SCHEDULE #2
R.W. FAIR FOUNDATION
75-6015270
CONTRIBUTIONS FOR THE YEAR 2010

	<u>2010</u>
<u>CASH CONTRIBUTIONS - CONT'D</u>	
<u>EDUCATIONAL ACTIVITIES -CONT'D</u>	
Baylor University University Development One Bear Place #97050 Waco, TX 76798-7050	\$ 150
Kilgore Junior College 1100 Broadway Kilgore, TX 75662-3204	1,500
Lindale ISD Education Foundation P.O. Box 370 Lindale, TX 75771	1,000
Stephen F. Austin St Univ. Fdn P O Box 6092 SFA Nacogdoches, Tx. 75962	25,000
Texas College 2404 North Grand Avenue Tyler, Tx. 75702	5,000
Tyler ISD Foundation 315 N. Broadway, Suite 402 Tyler, TX 75702	1,000
Tyler Junior College Foundation P O Box 9020 Tyler, Tx. 75711-9020	1,000
The University of Texas at Tyler 3900 University Blvd. Tyler, TX 75799	2,500
University of Texas Health Center 11937 US Hwy 271 Tyler, TX 75708	2,000
Total Educational Activities	<u>\$ 39,150</u>
TOTAL CASH CONTRIBUTIONS	<u>\$ 265,850</u>

SCHEDULE #2
R.W. FAIR FOUNDATION
75-6015270
CONTRIBUTIONS FOR THE YEAR 2010

2010

NON-CASH CONTRIBUTIONS

Donation of buildings and parking lots to the
City of Tyler
212 North Bonner Avenue
Tyler, Tx 75702

\$ 2,780,000

TOTAL NON-CASH CONTRIBUTIONS

\$ 2,780,000

TOTAL CONTRIBUTIONS

\$ 3,045,850

None of the donees above are related by blood, marriage or employment
to any disqualified person of this Foundation.

SCHEDULE #3 - 2010 FORM 990-PF
PART II, LINE 10B - CORPORATE STOCK

Luther King Capital Management

000020

Period Ending: 12/31/2010

R.W. Fair Foundation

Portfolio Appraisal

	Quantity	Average Cost	Current Price	Total Cost	Market Value	% of Total Portfolio	Est. Annual Income	Current Yield %
Equities								
CONSUMER DISCRETIONARY								
CARNIVAL CORP	4,000	36.40	46.11	145,608.90	184,440.00	2.1	1,600	0.9
GUESS? INC	3,600	40.09	47.32	144,331.51	170,352.00	2.0	2,880	1.7
HOME DEPOT INC	7,000	20.13	35.06	140,920.46	245,420.00	2.8	6,615	2.7
O REILLY AUTOMOTIVE INC	3,200	26.63	60.42	85,228.13	193,344.00	2.2	0	0.0
TOTAL CONSUMER DISCRETIONARY				516,089.00	793,556.00	9.2	11,095	1.4
CONSUMER STAPLES								
COCA-COLA COMPANY	4,400	20.70	65.77	91,101.34	289,388.00	3.3	7,744	2.7
COLGATE-PALMOLIVE CO	2,500	7.58	80.37	18,945.31	200,925.00	2.3	5,300	2.6
KIMBERLY-CLARK CORPORATION	2,700	20.21	63.04	54,572.07	170,208.00	2.0	7,128	4.2
PROCTER & GAMBLE COMPANY	3,000	9.70	64.33	29,114.05	192,990.00	2.2	5,781	3.0
THE KROGER COMPANY	7,200	22.93	22.36	165,096.31	160,992.00	1.9	3,024	1.9
WAL-MART STORES INC	2,700	45.02	53.93	121,560.60	145,611.00	1.7	3,267	2.2
TOTAL CONSUMER STAPLES				480,389.68	1,160,114.00	13.4	32,244	2.8
ENERGY								
EOG RESOURCES INC	2,300	75.29	91.41	173,159.34	210,243.00	2.4	1,426	0.7
EXXON MOBIL CORPORATION	3,660	15.52	73.12	56,807.50	267,619.20	3.1	6,442	2.4
HALLIBURTON COMPANY	2,900	36.99	40.83	107,260.92	118,407.00	1.4	1,044	0.9
SCHLUMBERGER LIMITED	2,700	17.78	83.50	48,002.66	225,450.00	2.6	2,268	1.0
TOTAL ENERGY				385,230.42	821,719.20	9.5	11,180	1.4
FINANCIALS								
AMERICAN EXPRESS COMPANY	2,000	51.99	42.92	103,979.22	85,840.00	1.0	1,440	1.7
BANK OF AMERICA CORP	11,500	22.65	13.34	260,489.00	153,410.00	1.8	460	0.3
CULLEN FROST BANKERS INC	3,000	35.73	61.12	107,179.95	183,360.00	2.1	5,400	2.9
GOLDMAN SACHS GROUP INC	800	147.39	168.16	117,914.15	134,528.00	1.6	1,120	0.8
JP MORGAN & COMPANY INC	5,280	31.60	42.42	166,844.00	223,977.60	2.6	1,056	0.5
PRUDENTIAL FINANCIAL INC	2,500	55.49	58.71	138,728.90	146,775.00	1.7	2,875	2.0

SCHEDULE #3 - 2010 FORM 990-PF
PART II, LINE 10B - CORPORATE STOCK

Luther King Capital Management

000020

Period Ending: 12/31/2010

75-6015270

R.W. Fair Foundation

Portfolio Appraisal

	Quantity	Average Cost	Current Price	Total Cost	Market Value	% of Total Portfolio	Est. Annual Income	Current Yield %
Equities								
FINANCIALS								
US BANCORP	5,000	33.92	26.97	169,614.97	134,850.00	1.6	1,000	0.7
TOTAL FINANCIALS				1,064,750.19	1,062,740.60	12.3	13,351	1.3
HEALTH CARE								
ABBOTT LABORATORIES	3,000	44.28	47.91	132,834.90	143,730.00	1.7	5,280	3.7
CELGENE CORP	2,800	54.64	59.14	152,989.47	165,592.00	1.9	0	0.0
COVIDIEN PLC	3,000	39.45	45.66	118,358.40	136,980.00	1.6	2,400	1.8
EXPRESS SCRIPTS INC	4,400	34.59	54.05	152,203.30	237,820.00	2.7	0	0.0
TEVA PHARMACEUTICAL INDS	4,500	27.43	52.13	123,451.80	234,585.00	2.7	3,002	1.3
THERMO FISHER SCIENTIFIC	4,500	30.94	55.36	139,218.49	249,120.00	2.9	0	0.0
TOTAL HEALTH CARE				819,056.36	1,167,827.00	13.5	10,682	0.9
INDUSTRIALS								
DANAHER CORPORATION	6,000	37.39	47.17	224,367.48	283,020.00	3.3	480	0.2
EMERSON ELECTRIC COMPANY	5,000	50.09	57.17	250,445.00	285,850.00	3.3	6,900	2.4
GENERAL ELECTRIC COMPANY	11,000	10.70	18.29	117,681.81	201,190.00	2.3	6,160	3.1
ROBERT HALF INTL INC	5,000	27.11	30.60	135,559.30	153,000.00	1.8	2,600	1.7
TOTAL INDUSTRIALS				728,053.59	923,060.00	10.7	16,140	1.7
INFORMATION TECHNOLOGY								
ADOBE SYSTEMS INC	4,200	30.34	30.78	127,432.64	129,276.00	1.5	0	0.0
APPLE INC	1,000	86.19	322.56	86,187.95	322,560.00	3.7	0	0.0
BROCADE COMMUNICATIONS	17,000	5.68	5.29	96,475.30	89,930.00	1.0	0	0.0
CISCO SYSTEMS INC	8,500	13.64	20.23	115,918.95	171,955.00	2.0	0	0.0
EMC CORPORATION	8,000	9.10	22.90	72,830.00	183,200.00	2.1	0	0.0
GOOGLE INC	300	348.16	593.97	104,446.80	178,191.00	2.1	0	0.0
NATIONAL INSTRUMENTS CORP	5,500	24.96	37.64	137,303.65	207,020.00	2.4	2,860	1.4
NUANCE COMMUNICATIONS INC	11,000	12.95	18.18	142,463.42	199,980.00	2.3	0	0.0
ORACLE CORPORATION	7,500	7.17	31.30	53,762.30	234,750.00	2.7	1,500	0.6
TOTAL INFORMATION TECHNOLOGY				936,821.01	1,716,862.00	19.8	4,360	0.3
MATERIALS								
AIR PRODS & CHEMS INC	2,500	75.52	90.95	188,792.90	227,375.00	2.6	4,900	2.2

SCHEDULE #3 -- 2010 FORM 990-PF
 PART II, LINE 10B -- CORPORATE STOCK

Luther King Capital Management

000020

Period Ending: 12/31/2010

75-6015270

R.W. Fair Foundation

Portfolio Appraisal

	Average		Total Cost	Market Value	% of Total Portfolio	Est. Annual	Current
	Quantity	Cost Price				Income	Yield %
Equities							
MATERIALS							
FMC CORPORATION	3,500	48.38	79.89	169,322.04	3.2	1,750	0.6
TOTAL MATERIALS				358,114.94	5.9	6,650	1.3
TELECOM SERVICES							
VERIZON COMMUNICATIONS	5,500	34.30	35.78	188,660.69	2.3	10,725	5.4
TOTAL TELECOM SERVICES				188,660.69	2.3	10,725	5.4
Total Equities			5,477,165.88	8,349,658.80	96.4	116,426	1.4
TOTAL INVESTMENTS							
Accrued Interest			\$5,784,234.96	\$8,656,727.88	99.9%		
Accrued Dividends				0.00	0.0		
				6,801.25	0.1		
TOTAL PORTFOLIO							
				\$8,663,529.13	100.0%		

A Summary Appraisal Report of
**COMMERCIAL PROPERTY AT
123 SOUTH BROADWAY AVENUE
TYLER, TEXAS 75702**

Lindsey

1-20-1-7

0.146+/- acres, Lot 30-A,
Block 7, City of Tyler,
Smith County, Texas

Census Tract #5

Date of Valuation:
November 8, 2010

Prepared for:
R. W. Fair Foundation
c/o Mr. John R. Garrett
225 South College Street
Tyler, Texas 75702

Prepared By:
Appraisal Resource Group, Inc.
10750 FM 2813
Flint, Texas 75762



**APPRAISAL
RESOURCE
GROUP, INC.**

10750 FM 2813 • Flint, TX 75762

Phone (903) 581-6441 • Fax (903) 581-6463

November 17, 2010

R. W. Fair Foundation
c/o Mr. John R. Garrett
225 South College Street
Tyler, Texas 75702

RE: Appraisal of commercial property located at 123 South Broadway Avenue, Tyler,
Smith County, Texas

Dear Mr. Garrett:

As you requested, I have observed and appraised the above-referenced property. An investigation and analysis was conducted to form an opinion of the market value of the fee simple interest of the subject property. The subject is located in downtown Tyler at 123 South Broadway Avenue at the northwest corner of Elm Street and South Broadway Avenue.

This report was prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

Based on the observations, analyses and conclusions reached and subject to the assumptions and limiting conditions set forth in this report, I have reached a conclusion that the market value of the fee simple interest in the subject property as of November 8, 2010, is:

\$660,000

Thank you for the opportunity to complete this assignment and if you should have any questions or need additional information, please feel free to call or email.

Yours truly,

A handwritten signature in black ink, reading 'Michael R. Huffman'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Michael R. Huffman, MAI
State Certified Appraiser
TX-1333130-G

C05910



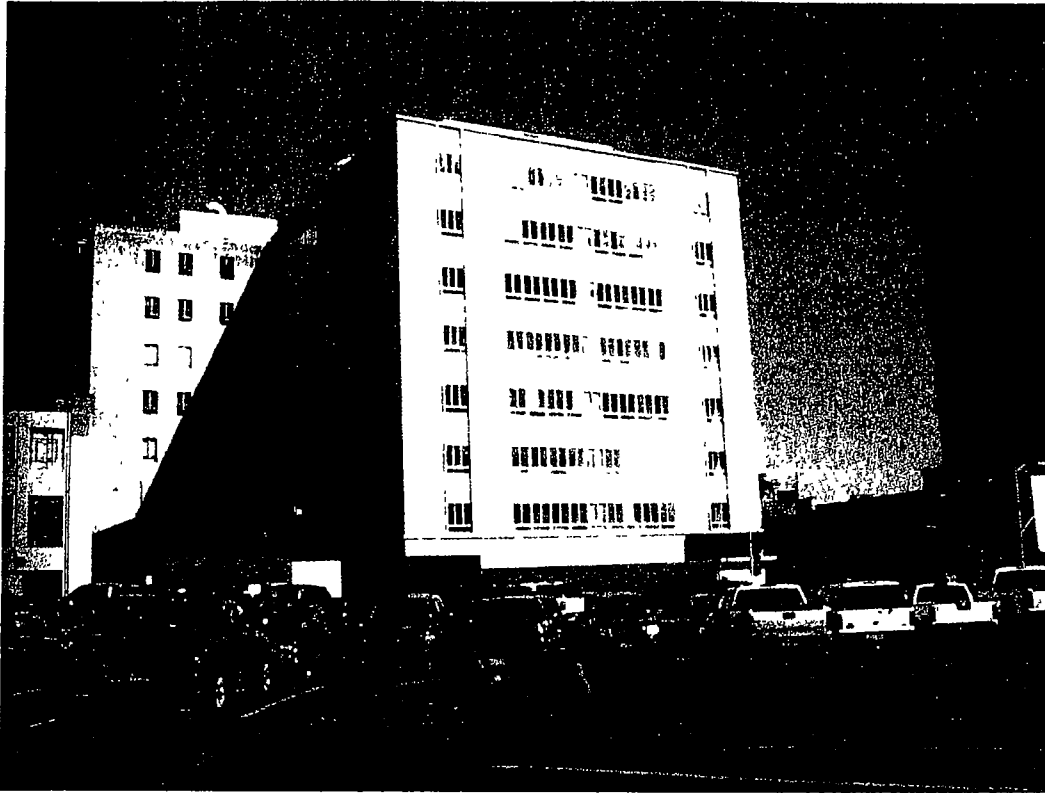
Aerial Photograph



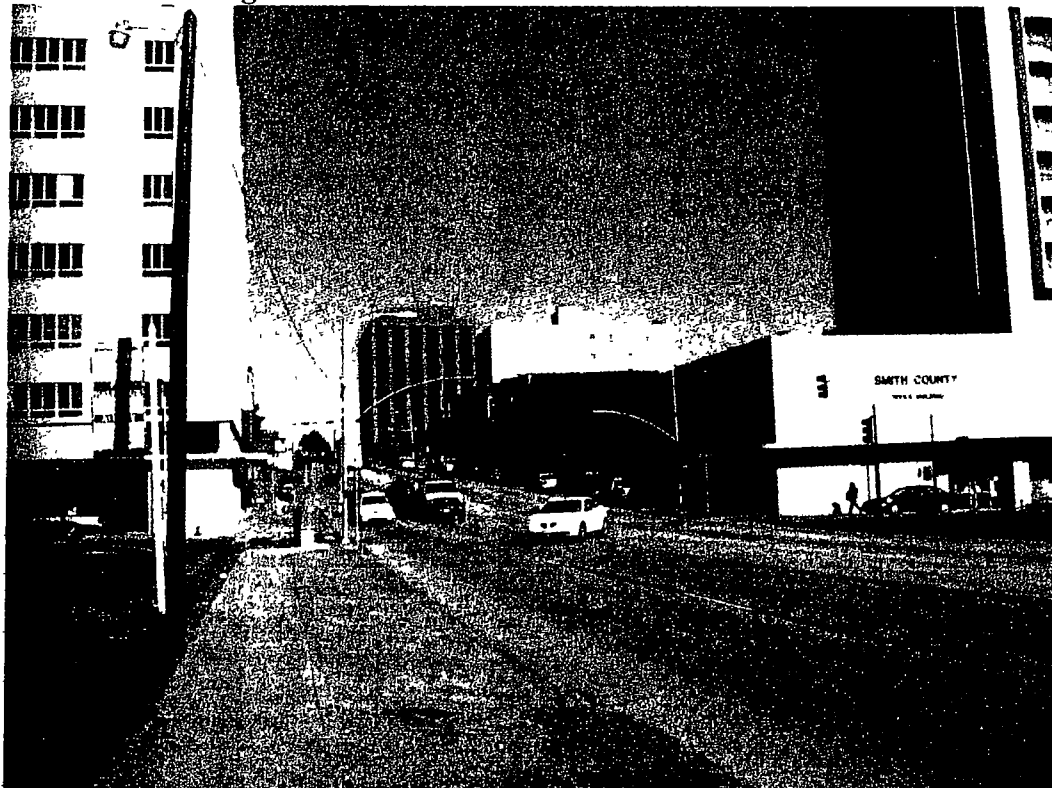
Front view looking northwest



Street scene looking west on Elm Street



Rear view looking northeast



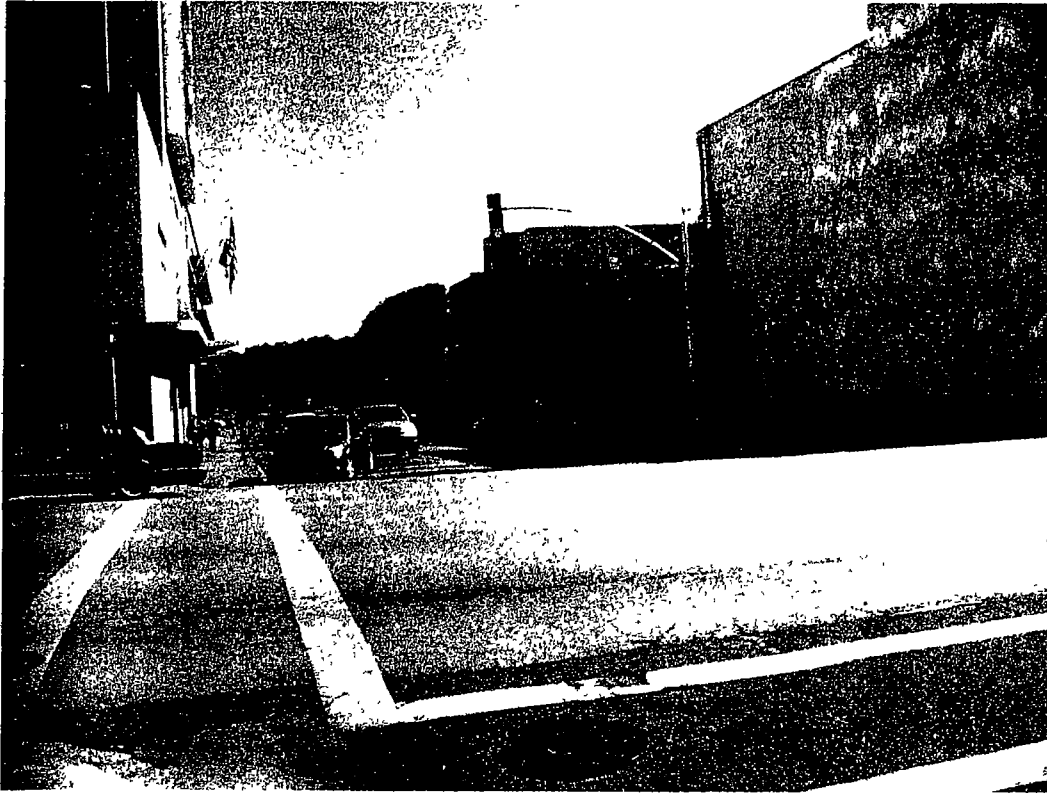
Street scene looking north on S. Broadway Avenue



Front view looking N/NW



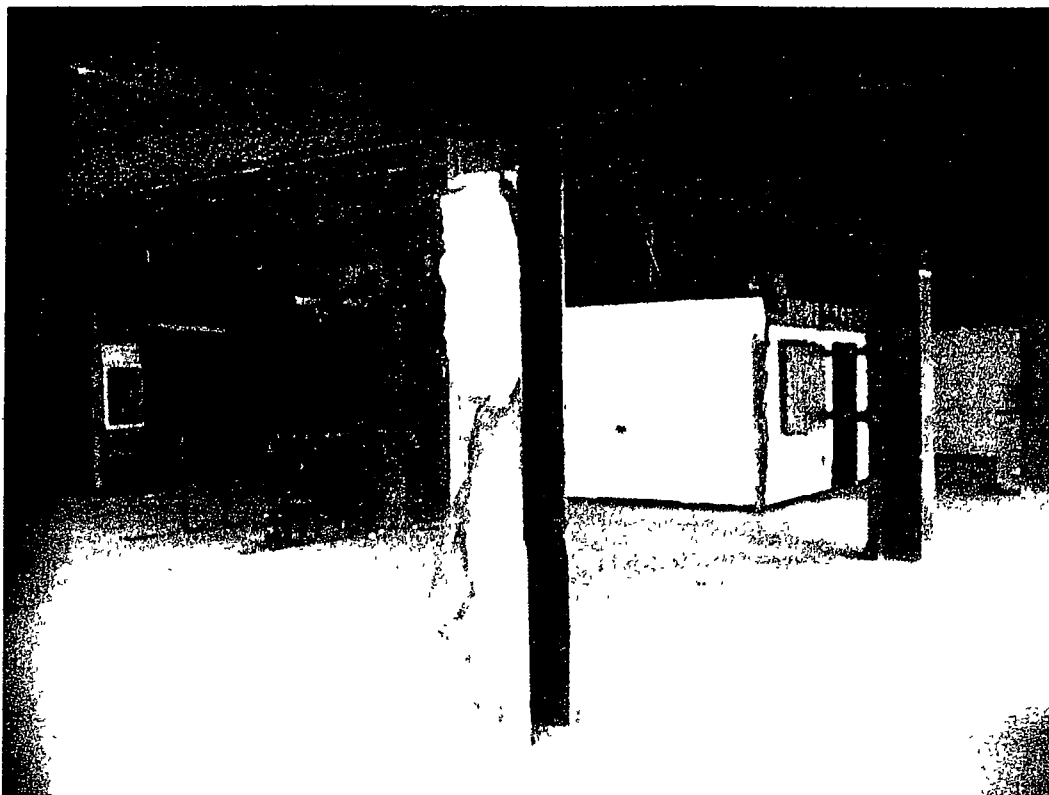
Rear view looking northeast



Street scene looking east on Elm Street



Typical interior view



Typical interior view



Typical interior view



Typical interior view

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Name: S.A. Lindsay Building

Property Location: 123 South Broadway Avenue, Tyler, Smith County, Texas, 75702

Legal Description: 0.146+/- acres, Lot 30-A, Block 7, City of Tyler, Smith County, Texas

Site Size: 0.146+/- acres or 6,352+/- square feet of area

Building Size: 50,816 square feet (Shell Condition)

Owner: R. W. Fair Foundation #2

Zoning: DBAC – Downtown Business, Arts and Culture District

Date of Market Value: November 8, 2010

Date of Inspection: November 8, 2010

Date of Report: November 16, 2010

Highest & Best Use: "As If Vacant" – Future Commercial Use
"As Improved" – "Shell Building" – Interim Use / Future Commercial or Residential Use

Market Value by Sales Comparison Approach: \$660,000

Final Market Value Opinion: \$660,000

Scope of Work: The scope of the appraisal relates to the nature of the appraisal assignment and the extent of the process of collecting, confirming and reporting the data which provide the basis for the valuation estimate. The client requested that the "as is" market value be analyzed. The scope of the appraisal is summarized below.

In preparing this appraisal, the appraiser

- observed the subject site and interior/exterior of the improvements and took photographs of the subject property;
- measured two sides of the building and also used building plans provided by the client in order to determine total building area;
- relied on a legal description, aerial and plat from the Smith County Appraisal District;
- researched the flood plain reference and the real estate tax assessment;
- did not perform a title search or a survey of the subject;
- gathered information on comparable improved sales from the neighborhood and beyond when necessary. The primary sources for this data were other appraisers familiar with the market area, local brokers, LoopNet, Tyler Multiple Listing Service and the data files of Appraisal Resource Group, Inc.;
- analyzed the highest and best use of the site "as if vacant" and the property "as improved";
- analyzed available data to arrive at conclusions to value considering *only* the sales comparison approach. The cost approach was not considered due to the age of the improvements and limited land sales in the downtown area. The subject is currently a "shell" building and the subject is being analyzed on its "as is" basis. Therefore, the income capitalization approach is not considered applicable;
- estimated the reasonable marketing time and exposure period inherent in the market value opinion;
- communicated the results of this analysis in a summary appraisal report format.

Texas is a non-disclosure state. It is important that the intended user of this appraisal understand that in Texas there is no legal requirement for grantors or grantees to disclose any information relative to a transfer of real property other than the recordation of the deed itself. In Texas, the deed contains no information about the transaction details, including the purchase price. As a result, no data source provides absolute coverage of all transactions. It is possible that there are sales of which we are unaware. Our data sources provide all the data typically available to appraisers in the normal course of business.

Extraordinary Assumptions: This appraisal is completed under the extraordinary assumption that all sales data presented in this analysis is accurate. This appraisal is completed under the extraordinary assumption that all information provided by the client is accurate. This appraisal is completed under the extraordinary assumption that there are no structural issues related to the subject property. I was made aware that the subject had been abated of previous asbestos issues and this appraisal is completed under the extraordinary assumption that there is no asbestos or

other adverse conditions related to the subject property. There are no other extraordinary assumptions considered with this appraisal assignment unless otherwise noted.

Hypothetical Conditions: There are no hypothetical conditions considered with this appraisal assignment unless otherwise noted.

Purpose of the Appraisal: The purpose of this appraisal is to form an opinion of market value of the fee simple interest in the subject property as of the date of the appraisal.

Intended Use of the Appraisal: The intended use of this appraisal is to aid the client, R. W. Fair Foundation c/o Mr. John R. Garrett, in making decisions on the subject property for a gift to the City of Tyler.

Intended User of the Appraisal: The intended user of this appraisal is the client, R. W. Fair Foundation c/o Mr. John R. Garrett.

Date of Value Opinion: The effective date of the market value opinion is November 8, 2010. The subject property and surrounding area were inspected on November 8, 2010. The date of the report is November 16, 2010.

Property Rights Appraised: The title to the subject property is assumed to be fee simple, the most complete form of ownership. There are no known existing leases applicable to the subject. Fee simple title is absolute ownership unencumbered by any other interest or estate. A fee simple estate is absolute ownership unencumbered by any other interest or estate subject only to the four powers of government which are taxation, eminent domain, police power, and escheat.¹

Market Value: Market Value is defined by the federal financial institutions regulatory agencies 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 seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and 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 U. S. dollars or in terms of financial arrangements comparable thereto; and

¹THE DICTIONARY OF REAL ESTATE APPRAISAL, 2nd Edition, 1989, page 120, American Institute of Real Estate Appraisers.

- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by any associated with the sale.

(Source Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions (f))

History of the Subject: Title to the subject property is presently in the name of R. W. Fair Foundation #2. There were no other transfers over the previous three years. This record of ownership is assumed to be correct. No extensive title search for liens was conducted and no warrants are made as to judgments, easements, encumbrances or other adverse conditions. Only apparent conditions are included in the valuation analysis.

Legal Description: The subject property is legally described as being Lot 30-A, Block 7, City of Tyler, Smith County, Texas.

Smith County Appraisal District: Title to the subject is identified as being account number 1-50000-0007-00-030010 by the Smith County Appraisal District (SCAD). The total assessed value of the subject is \$200,000 of which is \$49,000 is attributed to the site and \$151,000 is attributed to the improvements. This is low based on the findings of this analysis.

Description of Real Estate Appraised:

Location: The subject is known as the S.A. Lindsay Building and is located at the northwest corner of South Broadway Avenue and Elm Street in downtown Tyler. The subject has a physical address of 123 South Broadway Avenue, Tyler, Texas 75702. (See location maps in addenda section)

Site Description: The subject site is rectangular in shape as evidenced by the plat. It contains approximately 0.146+/- acres or 6,352+/- square feet of area.

The topography of the site is generally level at street grade. According to Flood Map #48423C0360C from the Federal Emergency Management Agency and dated September 26, 2008, the location of the subject does not appear to be situated within a 100-year flood zone. This map is located on the following page of this report.

No in-depth soil tests were made, but based on observation there has been no settling of improvements in the area and the soils are assumed stable. All utilities are available and in place to the site. There are no known private restrictions or easements other than normal for utilities which would have an effect on the value of the subject.

The site is considered typical of others in the area. There were no particular nuisances or hazards noted that would adversely affect the site or its use.



Plat / Topographical Overlay / Aerial Map

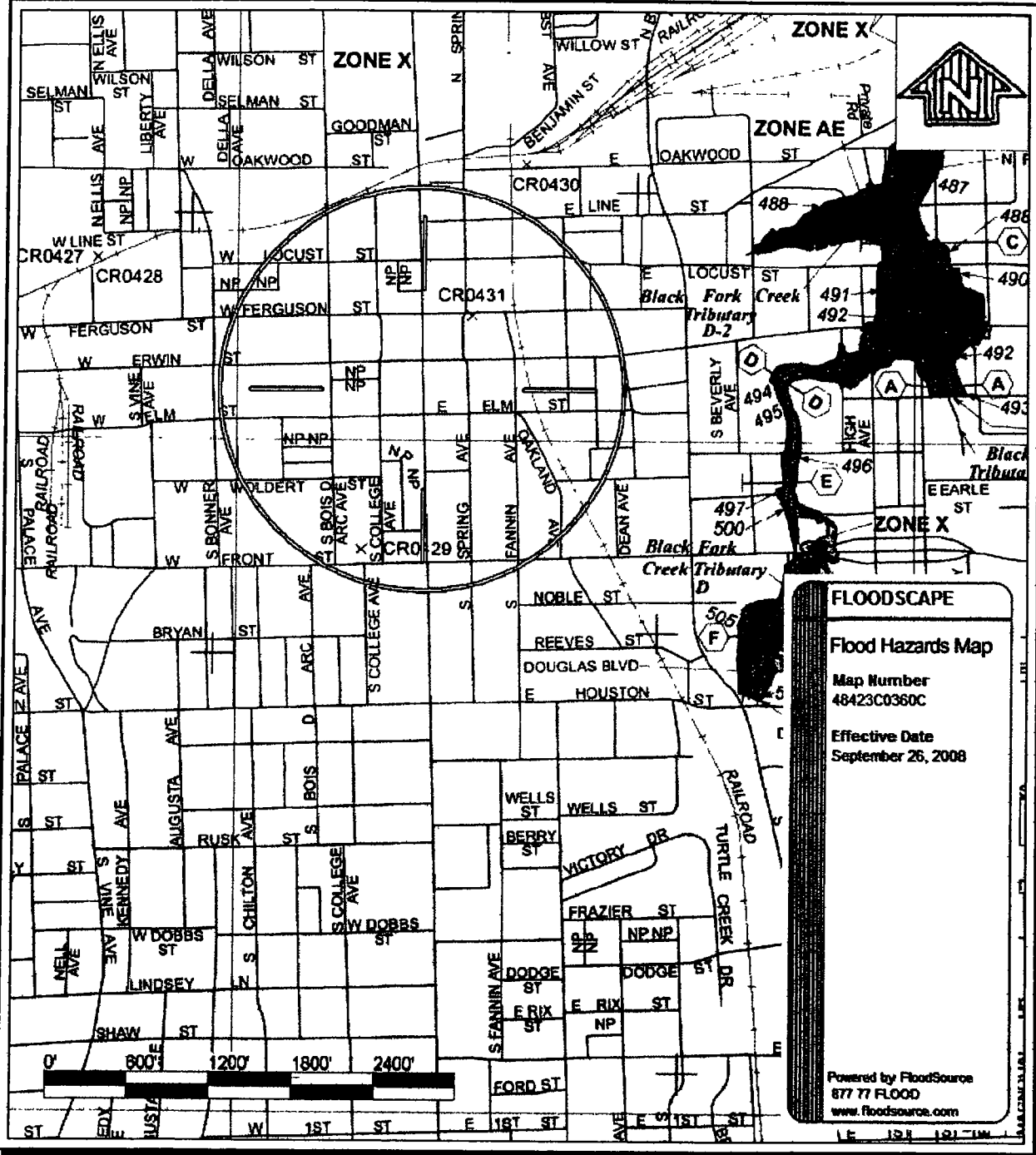
InterFlood



www.interflood.com • 1-800-252-6633

Prepared for:
Appraisal Resource Group, Inc.

123 S Broadway Ave
Tyler, TX 75702-7207

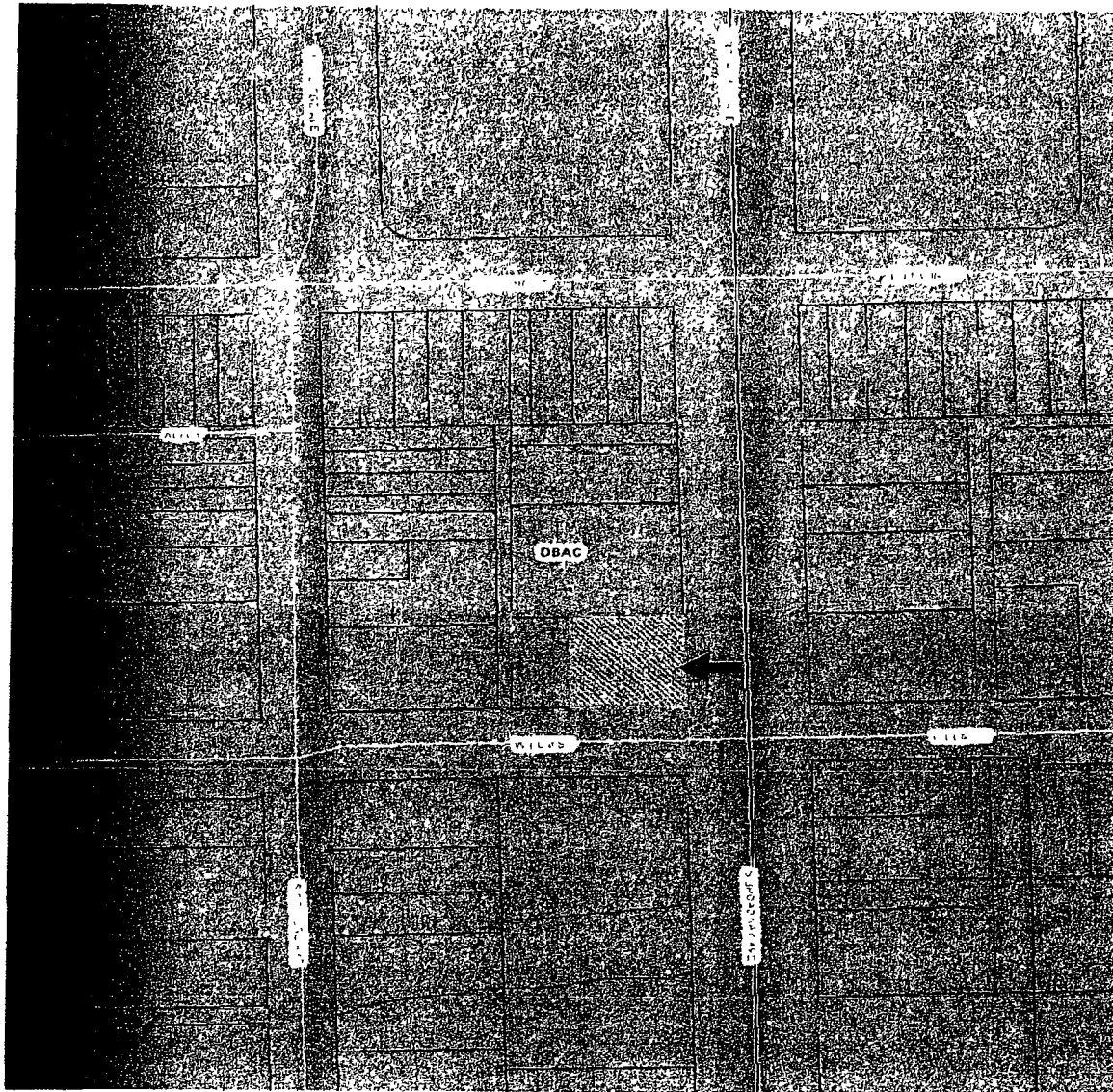


© 1999-2010 SourceProse and/or FloodSource Corporations All rights reserved. Patents 0,631,320 and 0,678,615. Other patents pending. For info: info@floodsource.com.

Flood Map

Zoning: The subject is located within the city limits of Tyler, Texas, and is zoned DBAC, Downtown Business, Arts and Culture District (Formerly C-3). Outlined on the following pages are certain minimal requirements set forth in the zoning restrictions that are applicable to the subject. The subject is assumed to be a legal conforming use. There are no other known restrictions on the use of the subject except for those federal and state laws which address dealing with hazardous wastes or substances. However, it should be noted that there has been no in-depth search of title records and no representations are made as to restrictions from previous deeds.

The map below reflects the zoning of the subject as well as those properties surrounding it.



Zoning Map

ARTICLE II.
DIVISION B.

Zoning districts
Commercial and Mixed Use Districts

- [1] Buildings allowed to exceed stated maximum height if front, side and rear setback are increased at least one foot (above minimum setbacks) for each one foot of additional building height (above stated maximum)
- [2] The following elements may be designated as usable open space in the PUR, PXR, and PMF districts: pools, tennis courts, walkways, patios, open air gazebos and pavilions, and covered or underground easements. The following elements may not be included in the calculation of usable open space: enclosed buildings, street and alley rights of way or easements, drives, parking areas, or drainage channels.
- [3] The following elements may not be included in the calculation of usable open space in the R-1D district: streets and alley rights-of-way or easements, individually platted lots without open space easements, private yards, and patios. One-third of the total open space requirement in the R-1D district may be provided off site if approved on the site plan. A Homeowners Association (HOA) is required to improve, operate, and maintain all jointly owned open spaces, recreational areas and buildings, service and parking areas and private drives.

DIVISION B. Commercial and Mixed Use Districts

Sec. 10-24. Establishment of Commercial and Mixed Use Districts

The following commercial and mixed use districts are established in the City of Tyler:

Abbreviation	District Name
C-1	Light Commercial
C-2	General Commercial
DBAC	Downtown Business, Arts, and Culture
PMXD-1	Planned Mixed Use-1
PMXD-2	Planned Mixed Use-2
PCD	Planned Commercial District

Sec. 10-25. District Purpose Statements

a. C-1 Light Commercial District

The C-1 district is primarily intended to provide for commercial development and business activities that are located at the edge of residential areas but which serve an area larger than nearby neighborhoods. Areas zoned C-1 district must be restricted to commercial activities, primarily if not exclusively conducted indoors, with limited or no outdoor display or storage of merchandise.

b. C-2 General Commercial District

The C-2 district is primarily intended for heavier commercial development that serves a citywide and regional market area, and for establishments requiring outdoor display and storage of merchandise.

c. DBAC Downtown Business, Arts, and Culture District

The DBAC district (formerly C-3) is primarily intended to implement the Tyler 21 Comprehensive Plan, Chapter 4, Downtown Master Plan by accommodating development and redevelopment in downtown that creates a walkable, mixed-use city center with residential, commercial, entertainment, arts, institutional, park, and government land uses, and by establishing guidelines and controls for the development and redevelopment of the downtown area, shown on the Future Land Use Guide, with a mix of commercial, residential, cultural, office, and existing light manufacturing uses. The district is further intended to ensure that future development is compatible with the existing development and will enhance the economic, cultural, and historical significance of downtown Tyler. The voluntary preferred design guidelines are kept on file in the planning department.

ARTICLE II.
DIVISION B.

Zoning districts
Commercial and Mixed Use Districts

needed throughout the city. All developments created in a PCD district must be designed and developed as a unit according to an approved site development plan.

Sec. 10-26. Allowed Uses

Uses are allowed in commercial and planned districts in accordance with Table 10-49.

Sec. 10-27. Dimensional Standards

All development in commercial and office districts must comply with the standards in Table 10-27.

Table 10-27 Dimensional Standards for Commercial and Industrial Districts

Commercial and Industrial Districts	C-1	C-2	DBAC	PMXD-1	PMXD-2	PCD	M-1	M-2
Minimum lot area (square feet)	7,000	14,000	2,500	5 acres c/e	5 acres c/e	a	15,000	15,000
Minimum frontage (feet) to legal access	70	80	25	a	a	a	80	80
Minimum building sep. (same lot)	15	15	0	0	0	a	15	15
Maximum height (feet)	42	45	--	55	165	45+ 1' add 1' setback	45+ 1' add 1' setback	45+ 1' add 1' setback
Minimum height or story	1	1	25 ft	25 ft	25 ft	a	na	na
Maximum height (stories)	2 5		20	5	15	a	na	na
Minimum setbacks				a	a	a		
Front yard setback	10	10	0	0	0	a	25	25
Rear yard setback	10	10	0	0	0	a	25	25
Adjacent to R district (rear)	25	25	0	0	0	a	25	25
Side yard setback, interior	10	10	0	0	0	a	25	0 [d]
Side yard setback, corner	15	15	0	0	0	a	0 [d]	0 [d]
Adjacent to R district (rear)	b	b	b	b	b	b	25	25
Adjacent to R district (side)	b	b	b	b	b	b	25	25
Adjacent ROW (side or rear)	0	0	0	15	15	15	0	0
Maximum lot coverage (%)	60	60	100	a	a	a	50	60

- a. Determined by the developer and subject to approval by the planning and zoning commission and city council as part of the site development plan
- b. See Article VI, Division B for bufferyard requirements
- c. Recommended, total development area for a PMXD-1 or PMXD-2 may be fewer than 5 acres subject to approval by the planning and zoning commission and city council as part of the site development plan
- d. No minimum side yard setback is require except where the industrial zoned property abuts a residential district, in which case the minimum side yard setback will be 25 feet
- e. Exceptions to the 5-acre minimum 1) projects smaller than five acres that are considered to be a phase or extension of an existing mixed use development and 2) single buildings or a building complex in which a mix of two or more land uses is proposed (e.g., condominiums and retail stores).

Environmental Considerations: The appraiser is aware of the need to inform the client of, and to consider the impact of, any apparent adverse environmental conditions that are known to the appraiser or that were detected during the inspection of the subject. There were no adverse environmental conditions noted during the routine inspection of the subject by the appraiser. However, the appraiser is not qualified to detect most adverse environmental conditions and it is not known if any of these conditions exist on or near the subject.

I was made aware that the subject previously had asbestos issues but the building had been abated. This appraisal is completed under the extraordinary assumption that there are no asbestos or other adverse conditions that might negatively affect the subject. This disclaimer is a condition of this report and is discussed further in the assumptions and limiting conditions section of this report.

Improvements Description: The subject improvements include an eight story "shell" office building with steel frame and concrete and masonry curtain walls. According to the building plans provided by the client, the footprint of the building is 79'7" x 79'7" or 6,352 square feet of building area. There are 8 floors and therefore, the total building area is 50,816 square feet (6,352 SF X 8 floors).

Each floor is an open shell with no interior finish and ready for renovation. There is an elevator and adjacent staircase on each floor. As previously discussed, the asbestos has been abated.

The subject has very limited parking, however, this is a common issue with respect to downtown buildings. There is a loading dock at the northwest corner of the building along the Elm Street frontage.

From the Marshall Valuation Service Cost Guide, the typical building life for a building similar to the subject is approximately 50 years. According to SCAD, the subject building was reportedly constructed in 1945 and is in average condition overall with an estimated effective age of 20 – 25 years and a remaining economic life of approximately 25 to 30 years.

The subject property will be gifted to the City of Tyler, as announced on Monday, November 15, 2010, and an article from the Tyler Morning Telegraph dated November 16, 2010 is included in the addenda section. From the news article, "In the early 1950s, James and Wilton Fair built the "Petroleum Building," which is now called the S.A. Lindsay Building, as an eight-story building capable of up to 10 stories. The two buildings are connected on floors four through eight. In 1975 the "Petroleum Building" was sold to Gulf States Telephone and became the headquarters for that company, in which S.A. Lindsay was affiliated and later named for. In the early 1980s, Gulf States moved their offices and in 1986, the R.W. Fair Foundation bought the S.A. Lindsay Building."

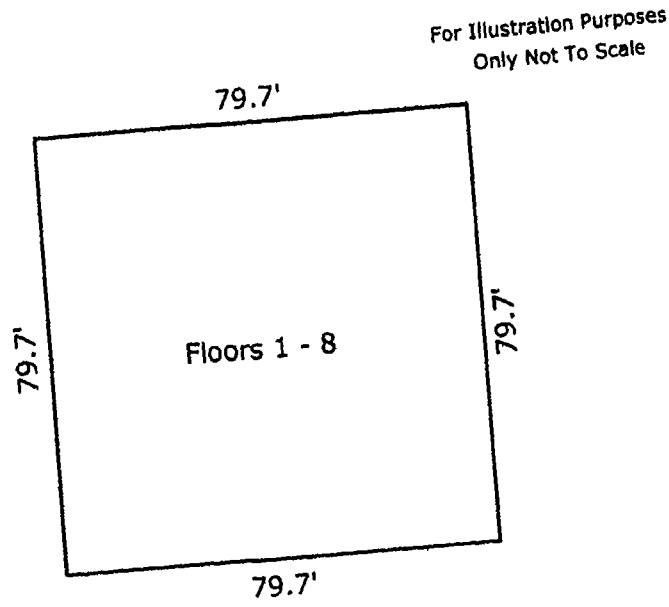
Below is a sketch of the building followed by floor plans of Floors 6 – 8 provided by the client.

SKETCH/AREA TABLE ADDENDUM

Fee No C05910

Property Address 123 S. Broadway Avenue **State** Texas **Zip** 75702
City Tyler
Borrower
Lender/Client
Appraiser Name Michael R. Huffman, MAJ **Appr Address** 10750 FM 2813, Flint, Texas 75762

SUBJECT
 IMPROVEMENTS SKETCH
 AREA CALCULATIONS



$6,352 \text{ SF} \times 8 \text{ Floors} = 50,816 \text{ SF}$

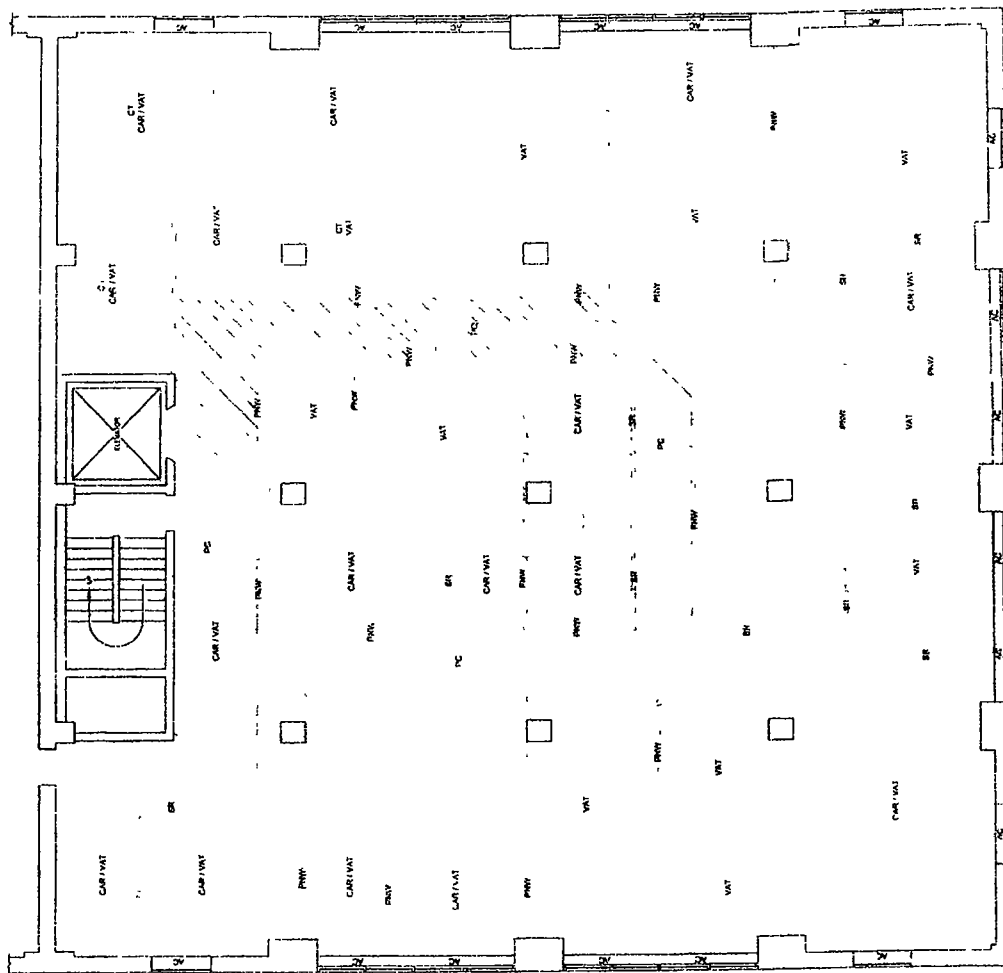
Scale 1" = 25'

AREA CALCULATIONS SUMMARY		BUILDING AREA BREAKDOWN	
GR1 First Floor	6352.1	First Floor 79.7 x 79.7	6352.1
Net BUILDING Area (rounded)	6352	1 Item (rounded)	6352

Appraisal Resource Group, Inc.

APRA SOFTWARE 800-808-0358

Appt 100-W Appraiser Manual



8TH FLOOR EXISTING
Scale 1/8" = 1'-0"

Floor Plan

HIGHEST AND BEST USE ANALYSIS: Four criteria are examined in order to determine the highest and best use of the subject property. The criteria and their applicability to the subject, both "as vacant" and "as improved" are as follows:

Physically Possible: the size, shape and topography affect the uses to which land may be developed. The utility of a parcel is dependent on its frontage and depth. Sites with irregular shapes may be more expensive to develop, and topography or subsoil conditions may make utilization too costly or restrictive. Highest and best use as improved also depends on physical characteristics such as condition and utility.

Legally Permissible: a legally permissible use is determined primarily by current zoning regulations. However, other considerations such as long-term leases, deed restrictions, and environmental regulations may preclude some possible highest and best use.

Financially Feasible: the use of the property is analyzed to make a determination as to the likelihood that the property is capable of producing a return which is greater than the combined income needed to satisfy operation expenses, debt service, and capital amortization. Any use that is expected to produce a positive return is classified as financially feasible.

Maximally Productive: the use that provides the highest rate of return among financially feasible uses is the highest and best use. The use of the land must yield a profitable net return, and the quantity of land devoted to any specific use must be limited to that quantity which will yield a maximum return to each owner.

Highest and Best as Vacant

The subject is a 0.148 acre site at the northwest corner of South Broadway Avenue and Elm Street located inside the city limits of Tyler and is zoned DBAC. Based on the topography, location, zoning and surrounding property uses, the highest and best use as though vacant would be for a future commercial use when demand was present.

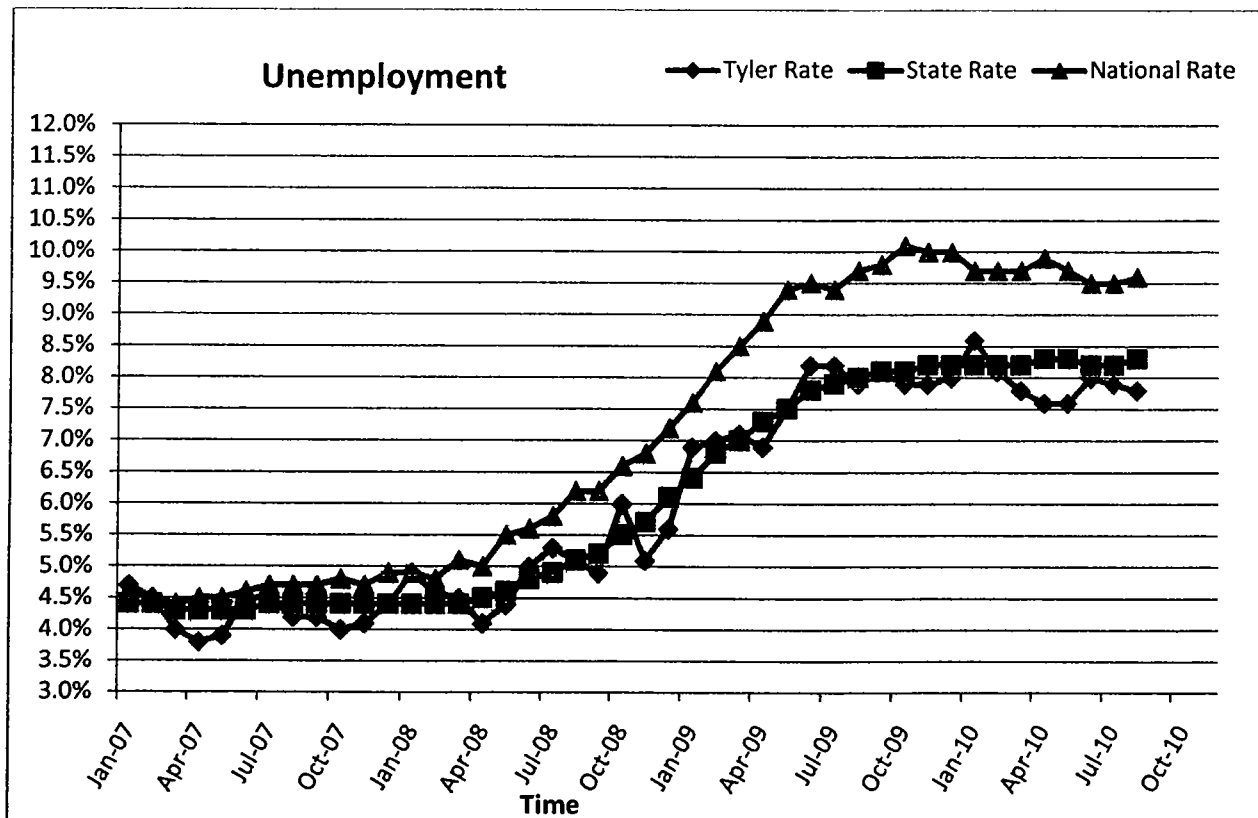
Highest and Best as Improved

The subject is located inside the city limits of Tyler and is zoned DBAC. The site is 0.148 acres and is large enough for the current improvements which include an eight story "shell" office building that is functional to the site, however, there is limited parking. The subject is somewhat of similar design and quality to other commercial properties found in the competitive market area with respect to its structure and appears to be acceptable in the market. Prices for commercial properties appear to be fairly stable based on current economic conditions. The subject building has reportedly been abated of asbestos and is considered to be an interim use and ready for renovation for a future commercial or residential user when demand is present.

Residential & Employment Data: The following is statistical information from secondary data from Texas A & M University Real Estate Center and the Bureau of Labor Statistics.

While the national economy has seen a decline in home sales and home prices and a rise in unemployment, 9.6% in August 2010 (9.5% in June & July, 9.7% in May, 9.9% in April, 9.7% in January - March 2010, 10.0% in December and November 2009 and 10.2% in October 2009), the Texas economy as a whole does not appear to have seen such drastic declines in home values and appears to be in a better financial position than other states. The Texas unemployment rate was at 4.4% in January 2007 and has seen a rise to 8.3% in August 2010. The Tyler unemployment rate has for the most part been consistent with the Texas unemployment rate being at 4.7% in January 2007 and rising to 8.6% in January 2010 and was at 7.8% in August 2010. The Tyler economy appears to be somewhat insulated from some of the significant declines in home values and changes in employment due to its diversified economic base.

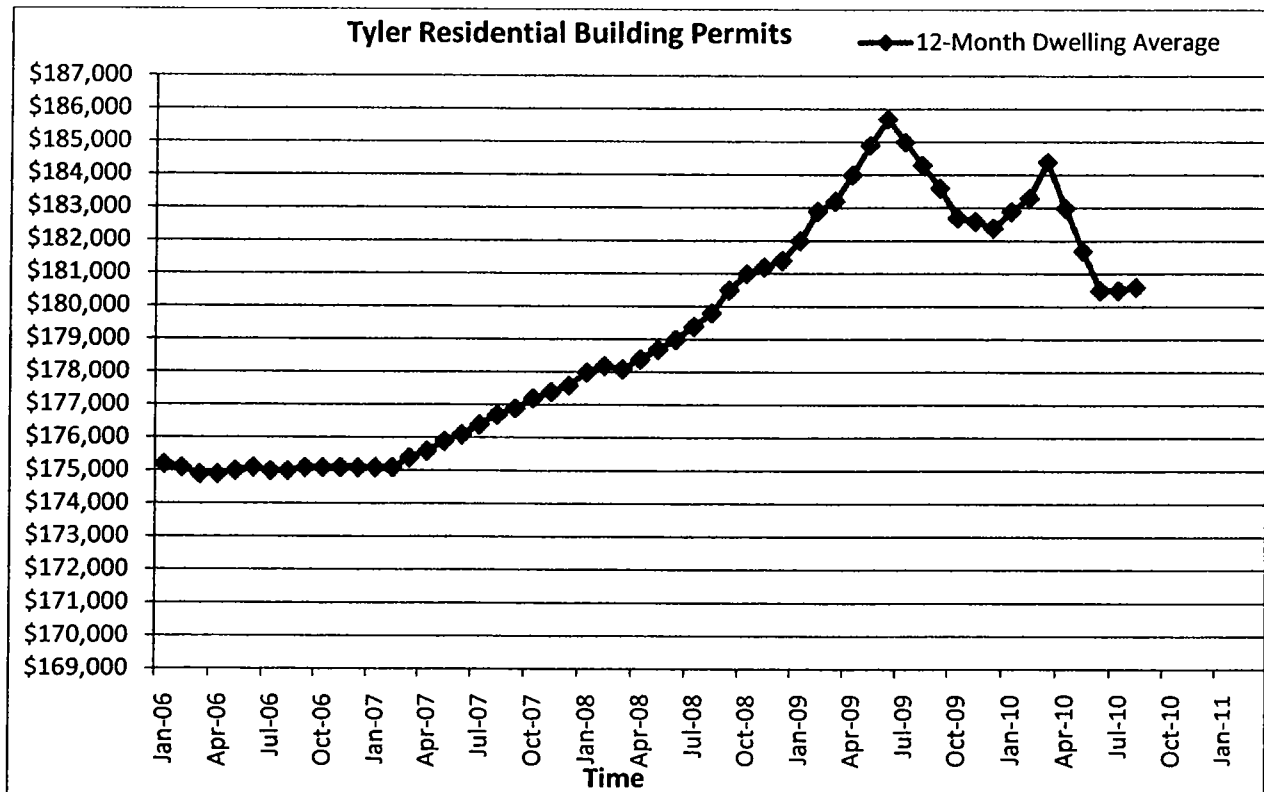
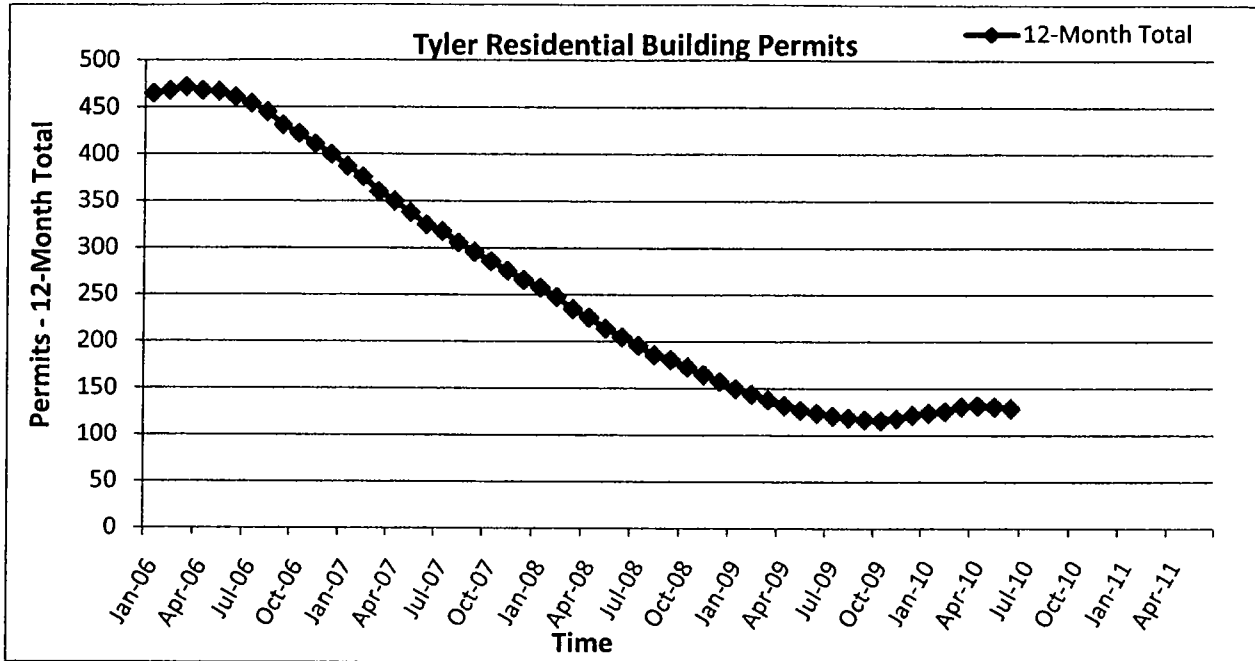
Unemployment



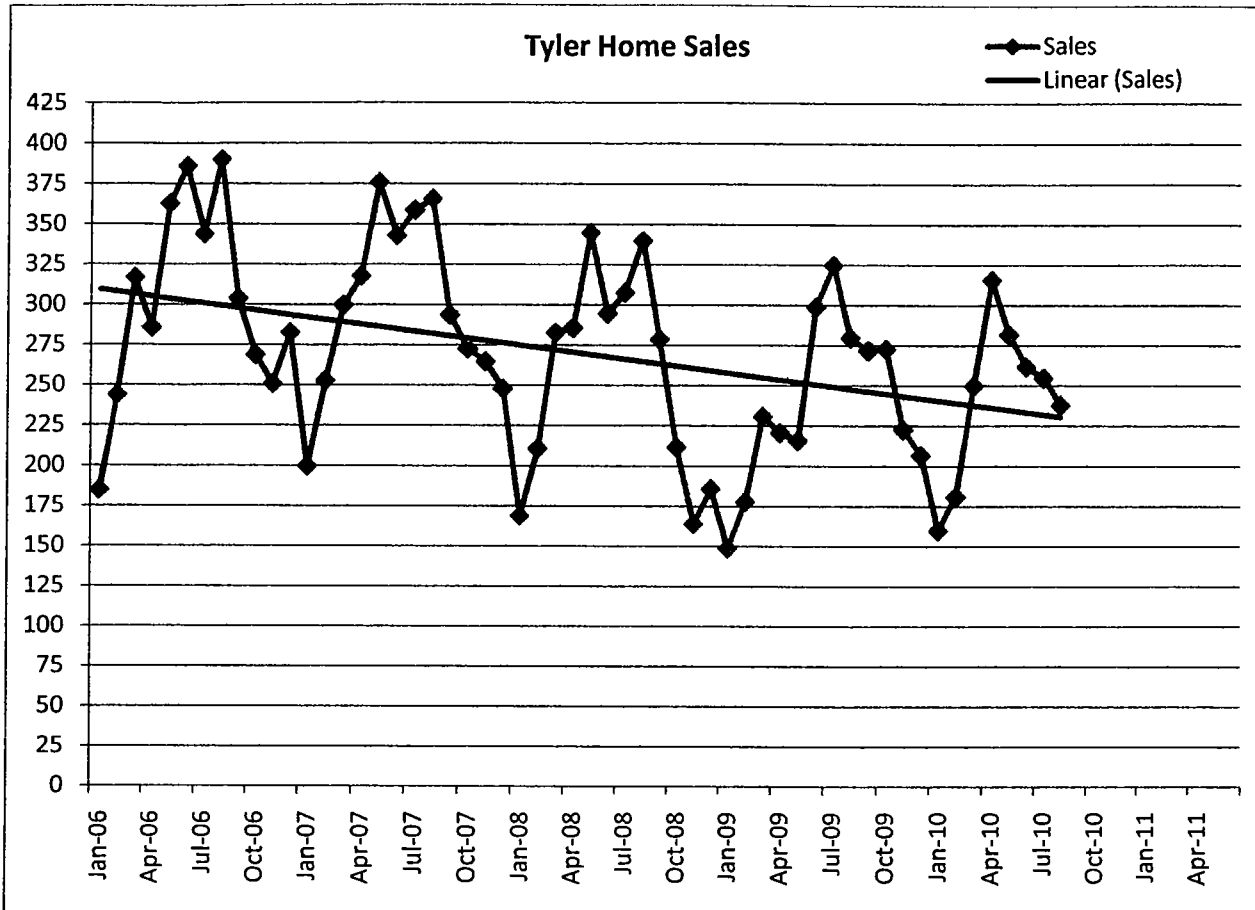
Residential Market

When analyzing the Tyler residential building permits from January 2006 to December 2009, there has been a steady decline in the 12-month total from March 2006 to October 2009 with a moderate increase from November 2009 to August 2010. However, the average value of the

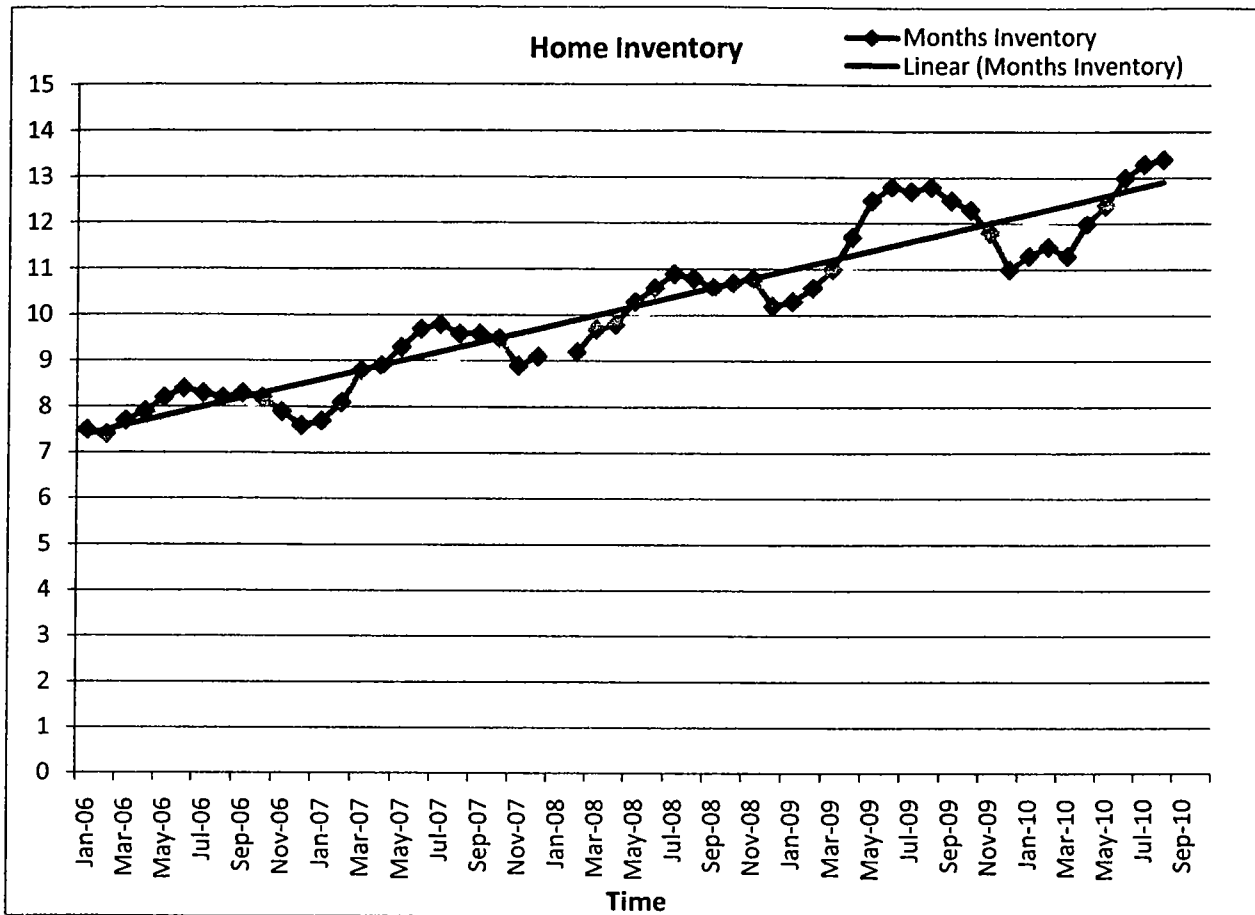
Tyler residential building permits has ranged from \$174,900 to \$185,700 and has generally seen a rise from January 2006 to June 2009, slight declines from July to December 2009, then slightly increasing from January to March 2010 and then slightly declining again through August 2010.



Below are charts illustrating Tyler MLS home sales, home inventory and average home sales price.



According to the sales data presented, the volume of Tyler MLS home sales have fluctuated from month to month from January 2006 to August 2010. Over this time frame, the high was 390 sales in August 2006 and the low was 149 sales in January 2009. From January to April 2010, there was a steady rise in sales from 160 homes in January to 316 homes in April, however, May through August have seen consecutive decreases from 282 to 238 units. There is an interesting similarity in the general pattern of sales in 2006, 2007, 2008 and 2009, which is generally a rise in sales volume from January to the summer months then a decline to the winter months. However, this can be explained as there is typically an increase in sales activity in the spring and summer months with a decline in fall months when school starts and also typically less activity around the end of the year and holidays such as Thanksgiving and Christmas. As illustrated by the trend line, there has been an overall decline in the volume of residential sales activity over the last 4.5 years.



Home inventory has ranged from 7.4 months to 13.4 months over the same time frame and has seen a steady increase based on the trend line. The home inventory appeared to be on the decline from August 2009 through March 2010, however, has begun to increase once again. While the inventory of homes in the Tyler market is high as compared to other parts of Texas, local builders have slowed the pace of new speculative construction over various price points in reaction to changes in supply and demand and general economic conditions.

THE SALES COMPARISON APPROACH

In the sales comparison approach, the appraiser derives a value indication by comparing the property being appraised to comparable properties that have recently sold. Adjustments are made to each of the comparable sales to reflect the difference in characteristics between them and the subject.

The elements of comparison that tend to cause prices to vary are considered in every sale utilized in this approach to value. The elements are considered in the following order:

1. Real property rights conveyed
2. Financing terms
3. Conditions of sale
4. Market conditions
5. Location
6. Physical characteristics²

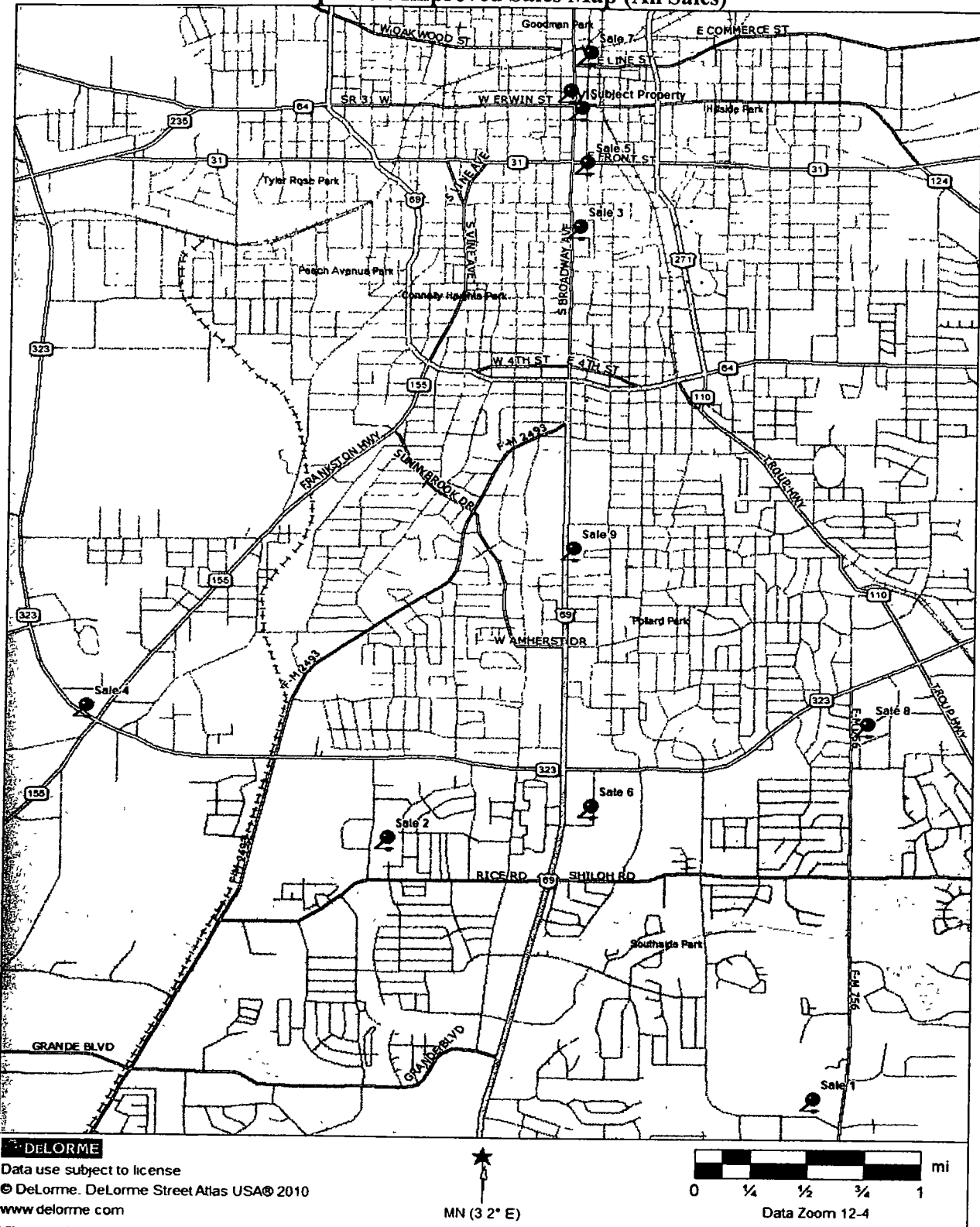
This sequence of adjustments is necessary since a financing or condition of sale adjustment must be made prior to analyzing the sales for physical characteristics or locational differences. The financing and conditions of sale adjustments are intended to convert the sales to a "cash" basis without any interference that does not meet the definition of market value.

Critical to the sales comparison approach is the availability of sales of similar properties that can be verified with the principals involved. This approach is of little or no value if too few or no comparable sales exist.

Details of each of the selected comparable sales are located on the following pages of this report. Other comparable sales were considered, but not included in this report because the required adjustments were felt to be too numerous and large to be representative of the subject.

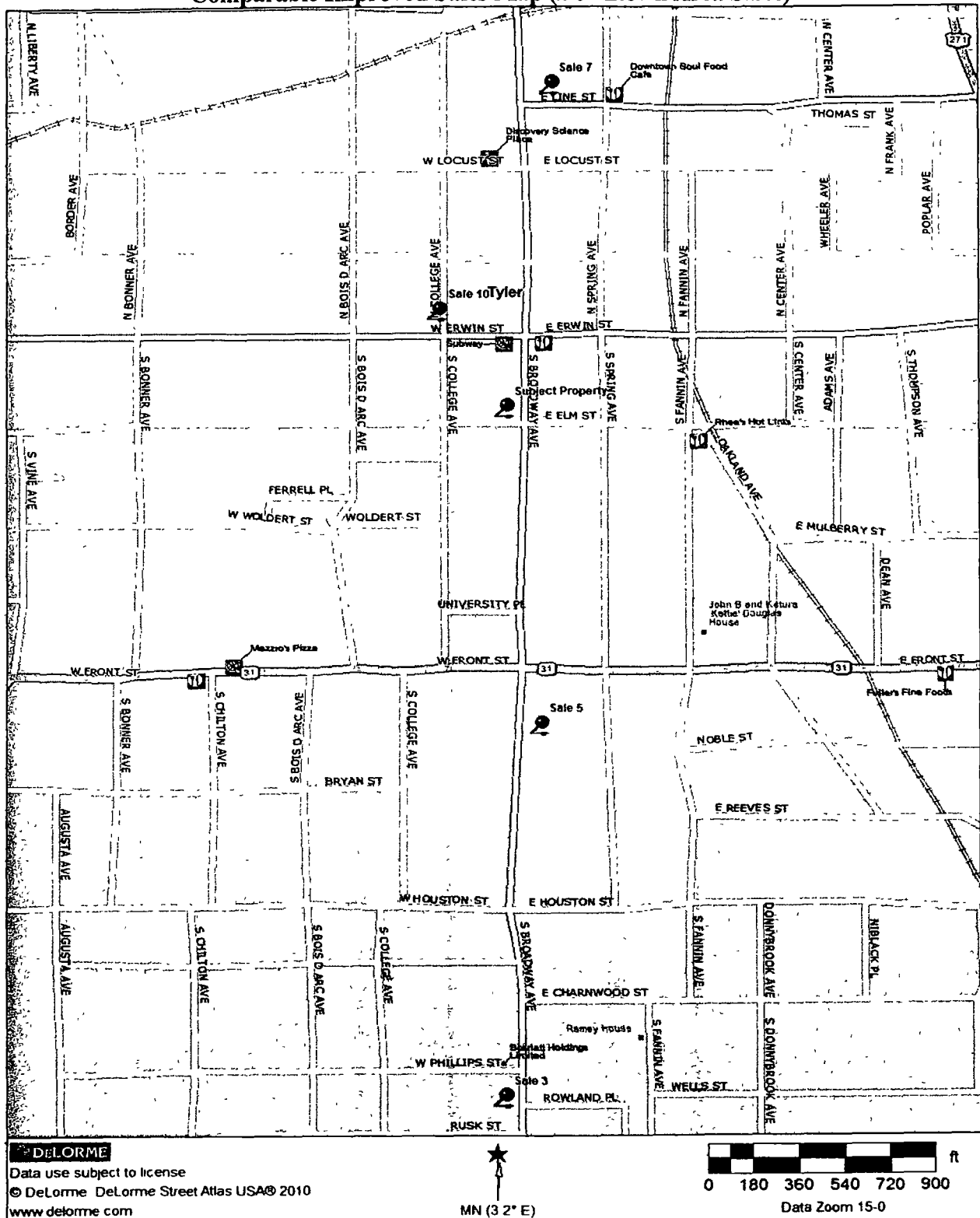
²THE APPRAISAL OF REAL ESTATE, 9th Edition, 1988, page 316, The American Institute of Real Estate Appraisers.

Comparable Improved Sales Map (All Sales)



*Locations are approximate

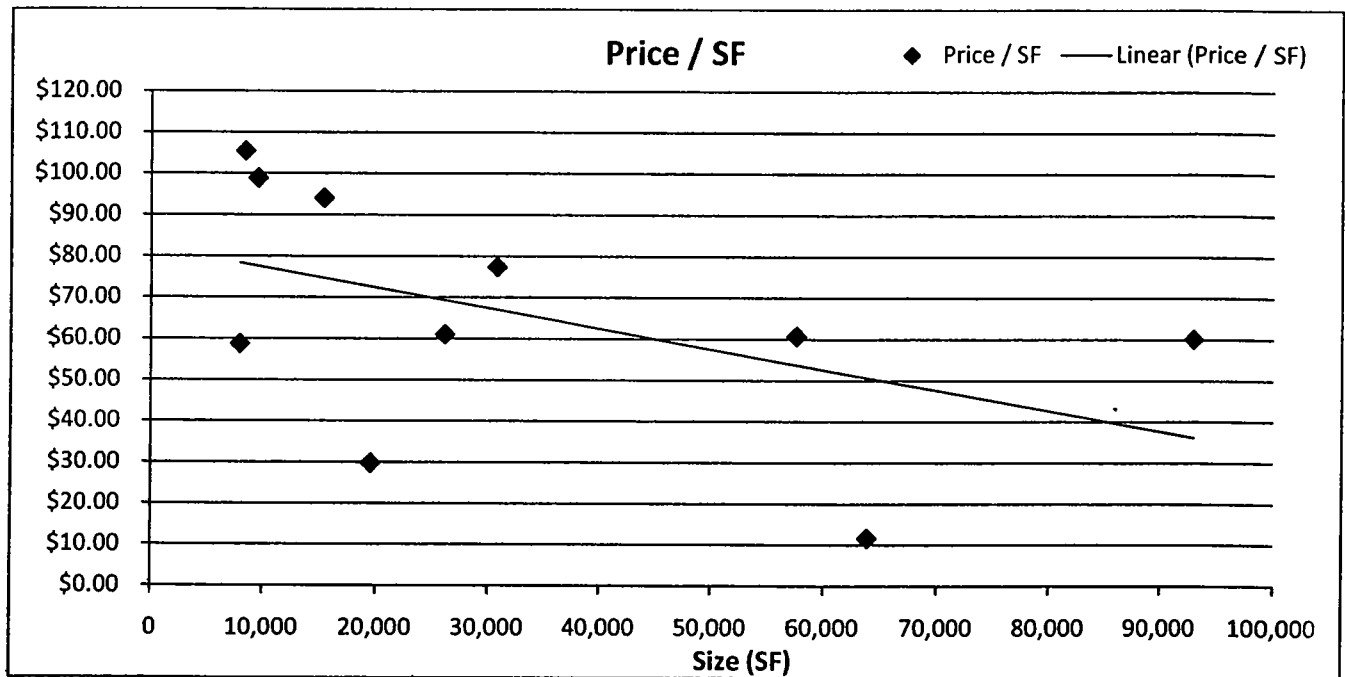
Comparable Improved Sales Map (Downtown Area Sales)



*Locations are approximate

Below is a table summarizing each of the comparable sales.

Sale #	Location	Date of Sale	Sales Price	Size (SF)	Age	Price / SF
1	1510 E. Grande	2/16/2010	\$1,450,000	15,412	1987	\$94.08
2	5040 Kinsey Drive	6/1/2009	\$950,000	9,611	2000	\$98.85
3	777 S. Broadway	4/13/2009	\$470,000	8,000	1985	\$58.75
4	3909 SSW Loop 323	12/15/2008	\$893,987	8,481	1990	\$105.41
5	408-416 S. Broadway	9/15/2008	\$582,800	19,548	1936	\$29.81
6	100 Independence Place	9/2/2008	\$3,500,000	57,647	1974	\$60.71
7	112 E. Line	9/19/2007	\$2,382,800	30,808	1909	\$77.34
8	3800 Paluxy	2/10/2006	\$5,600,000	93,133	1983	\$60.13
9	2737 S. Broadway	1/11/2006	\$1,600,000	26,200	1979	\$61.07
10	102 N. College	6/12/2009	\$750,000	63,899	1932	\$11.74
Mean			\$1,817,959	33,274	1968	\$65.79



Based on the data presented, it appears that as the size of the building increases, the unit price per square foot decreases. The subject would fall near \$55.00 on the trend line prior to any adjustments.

COMPARABLE IMPROVED SALE #1



LOCATION: 1510 East Grande Boulevard (formerly 6350 New Copeland Road),
Tyler, Texas 75703

LEGAL DESCRIPTION: 3.982 acres out of Lot 4B, Block 1474-E, Eagles Nest Addition,
Marshall University Survey, Abstract 636, City of Tyler, Smith
County, Texas

GRANTOR: Gary Milton Adams and Carol Ann Adams

GRANTEE: David & Deborah Tinsley

LAND RECORDS: #8504

RIGHTS CONVEYED: Fee Simple

DATE OF SALE: February 16, 2010

CONSIDERATION: \$1,450,000

FINANCING: Cash to seller, Deed of Trust to First Bank & Trust East Texas Tyler
\$1,232,500

CASH EQUIVALENCY: \$1,450,000

PROPERTY DATA

IMPROVEMENTS: Single tenant office of average to good quality combination of Class "C" steel frame with masonry brick veneer and Class "D" wood frame construction with stucco exterior. The entire building has a concrete slab foundation and a standing seam metal roof. It has 15,412 square feet of building area and was completed in stages with 5,000+/- SF in 1987, then the building was renovated and expanded in 1999 to over 9,800 SF and finally increased by 5,595 square feet in 2006. The interior finish includes good quality carpet, tile and brick flooring, sheetrock walls, suspended metal grid ceiling system with 2x4 acoustical tiles and flush mounted fluorescent light

fixtures. Other improvements include over 32,000 square feet of asphalt paving, covered porches, sidewalks and landscaping.

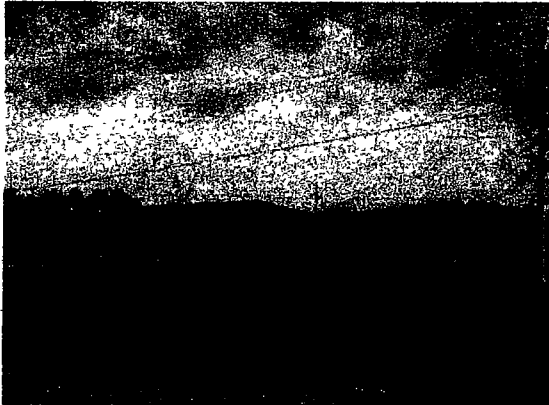
SITE SIZE: 3.982 acres or 173,430+/- square feet
AGE: 1987, 1999, 2006/Effective age 8 years
CONDITION: Average/Good
UTILITIES: All city utilities present
ZONING: RPO – Restricted Professional and Office District

ECONOMIC DATA – N/A – Owner occupied

PRICE PER S.F.-BUILDING: \$94.08

COMMENTS: This building is located on the north side of Grande Boulevard just west of Paluxy Drive. The building was owner occupied as a professional office for an engineering firm. The address was previously on New Copeland Road, however, Grande Boulevard was extended and the frontage street changed. This property was listed on LoopNet for \$1,500,000.

DATA SOURCE: Grantor, Smith County Land Records and Smith County Appraisal District Records



COMPARABLE IMPROVED SALE #2



LOCATION: 5040 Kinsey Drive, Tyler, Texas
LEGAL DESCRIPTION: 1.369+/- acres, Lot 18A, Block 999-N, City of Tyler, Smith County, Texas
GRANTOR: PBR Ventures Inc.
GRANTEE: Short Spain LLC
RECORDING: #00025752
PROPERTY RIGHTS: Fee Simple

DATE OF SALE: June 1, 2009
CONSIDERATION: \$950,000
FINANCING: Cash to seller
CASH EQUIVALENCY: \$950,000

PROPERTY DATA

IMPROVEMENTS: The property is improved with a professional office building with brick and stone veneer exterior, steel frame, concrete slab foundation, standing seam metal roof and stucco soffits. It has fixed glass windows with aluminum frames and metal and glass and metal exterior doors. There is a total of approximately 9,611 square feet of heated and cooled area, of which 8,811 square feet is on the first floor and the remainder 800 square feet is on the second floor. There is also approximately 1,235 square feet of partially finished future space on the second floor. There is also a porte cochere and covered entrance with approximately 1,118 square feet. The interior is currently finished out with carpet, ceramic tile and vinyl composition tile flooring, drop-in-ceiling

tiles or painted drywall, recessed fluorescent lighting, textured and painted drywall and wood doors. There is a large lobby area, multiple offices, work rooms, drive-thru window, conference room, break room and restrooms. There are also various built-ins throughout the building and there are also some glass partitions walls. The subject will be reportedly converted to a medical office. There is be approximately 27,000+/- square feet of concrete paved parking. There is also landscaping, signage, masonry dumpster enclosure and sidewalks. The estimated effective age is approximately 5 years.

BUILDING AREA (SF): 9,611
AGE: 2000
CONDITION: Average
LAND SIZE (ACRES): 1.369
LAND SIZE (SF): 59,634
ZONING: RPO, Restricted Professional and Office District

ECONOMIC DATA

PGI: \$124,943 (\$13/SF, NNN – Estimated Market Rent)
VACANCY & COLLECTION LOSS: \$ 6,247 (5%)
EGI: \$118,696
EXPENSES: \$ 11,996 (management, repairs/maintenance)
NOI: \$106,700

EXPENSE RATIO: 10.1%

CAPITALIZATION RATE (%): 11.23%
EGIM: 8.0X
UNIT PRICE (\$/SF): \$98.85

COMMENTS: This property consists of a former professional office building that will be converted to a medical office building on a concrete slab foundation, brick veneer exterior, steel frame and a standing seam metal roof. It is located on the east side of Kinsey Drive in Tyler, Texas. It was vacant at the time of sale.

CONFIRMATION: Grantor, Smith County Appraisal District and Land Records

COMPARABLE IMPROVED SALE #3



LOCATION: 777 South Broadway Avenue, Tyler, Texas
LEGAL DESCRIPTION: Lots 6, Block 177, Yarbrough Addition, City of Tyler, Smith County, Texas.
GRANTOR: ROCO Partners, LLC
GRANTEE: Broadway Hope LLC
LAND RECORDS: #16142
RIGHTS CONVEYED: Fee Simple
DATE OF SALE: April 13, 2009
CONSIDERATION: \$470,000
FINANCING: Cash to seller, conventional loan at market rates and terms
CASH EQUIVALENCY: \$470,000

PROPERTY DATA

IMPROVEMENTS: This building consists of a two-story brick veneer office building on a concrete slab foundation. There is a total of 8,000 square feet of total building area.

SITE SIZE: 0.325 acres or 14,157 square feet
AGE: Built in 1985/Effective 15 years
CONDITION: Average
UTILITIES: All utilities are present
ZONING: RPO; Restricted Professional Office District

ECONOMIC DATA

	<u>Pro-forma</u>
POTENTIAL GROSS INCOME:	\$80,000
LESS VACANCY & COLLECTION LOSS:	<u>0</u>
EFFECTIVE GROSS INCOME:	\$80,000
LESS ESTIMATED EXPENSES:	<u>\$20,000</u>
NET OPERATING INCOME:	\$60,000
POTENTIAL GROSS INCOME MULTIPLIER:	5.875X
OVERALL CAPITALIZATION RATE:	12.77%
PRICE PER S.F.-BUILDING:	\$58.75

COMMENTS: This sale is situated near downtown Tyler at the northwest corner of South Broadway Avenue and Rusk Street just south of Houston Street. It is a fully leased office building with 24 parking spaces, 11 suites, six restrooms and two levels. Much of the space was reportedly recently remodeled and trimmed out for executive office space. The income and expenses were from the listing agent's information on the multiple listing. This property was listed for \$500,000 with 832 days of market exposure.

CONFIRMATION: Appraiser files, Appraiser, Smith County Appraisal District and Smith County Land Records

COMPARABLE IMPROVED SALE #4



LOCATION: 3909 SSW Loop 323, Tyler, Texas, 75701
LEGAL DESCRIPTION: 1.314+/- acres, part of Lots 28-B and 29-F, NCB 852-W, Citizens State Bank and Highway 155 Center Addition, Oliver Anderson Survey, Abstract 30, City of Tyler, Smith County, Texas
GRANTOR: Citizens State Bank
GRANTEE: CASKH, Ltd
RECORDING: #57993
PROPERTY RIGHTS: Fee Simple
DATE OF SALE: December 15, 2008
CONSIDERATION: \$893,987
FINANCING: Cash to seller
CASH EQUIVALENCY: \$893,987

PROPERTY DATA

IMPROVEMENTS: The property was improved with a single-story, former branch bank office building with brick veneer exterior, concrete slab foundation and composition shingle roof. It has aluminum insulated windows, metal and glass and metal exterior doors and aluminum gutters. There was a total of approximately 8,481 square feet of heated and cooled area. There is also a covered canopy which serves the drive thru (four lanes) and has approximately 1,368 square feet. It also has a covered entrance that is 727 square feet.

The interior is currently finished out with carpet and tile flooring, drop-in-ceiling tiles, recessed fluorescent lighting, wall paper, textured and painted drywall and wood doors. There is a large reception area, multiple offices, a large open office area for support staff, teller area, conference room, work rooms, break room and three restrooms. There are glass partitions throughout the interior office area. There is also a vault with concrete block walls and ceilings. There is also concrete and asphalt paving, landscaping and sidewalks. The estimated effective age is approximately 12 years.

BUILDING AREA (SF): 8,481
AGE: 1990
CONDITION: Average
LAND SIZE (ACRES): 1.314
LAND SIZE (SF): 57,236
ZONING: C-2, Local Commercial District

ECONOMIC DATA / VACANT - N/A

UNIT PRICE (\$/SF): \$105.41

COMMENTS: This property consists of a former branch bank that purchased to be converted to a medical/surgical office building. It is located on the west side of S/SW Loop 323 in Tyler, Texas. It was vacant at the time of sale.

CONFIRMATION: Grantor, Appraisal File, Smith County Appraisal District and Land Records

COMPARABLE IMPROVED SALE #5



LOCATION: 408 – 416 South Broadway Avenue, Tyler, Texas
LEGAL DESCRIPTION: Lots 3 & 73 - 75, Block 78-A, T. W. Jones Addition, City of Tyler, Smith County, Texas.
GRANTOR: Joel & Melanie Baker
GRANTEE: Kent & Stephanie Boozer
LAND RECORDS: #43477
RIGHTS CONVEYED: Fee Simple
DATE OF SALE: September 15, 2008
CONSIDERATION: \$582,800
FINANCING: Cash to seller, conventional loan at market rates and terms
CASH EQUIVALENCY: \$582,800

PROPERTY DATA

IMPROVEMENTS: This building consists of a two-story brick veneer office building on a concrete slab foundation. There is a total of 19,548 square feet of total building area. There is a total of 13,576 square feet of heated and cooled building area. The first floor is approximately 10,429 square feet while the second floor is approximately 3,147 square feet. There is also a 5,972 square foot second-story storage area above the two retail spaces and accessed across the roof from the owner's office space.

SITE SIZE: Approximately 0.599 acres or 26,104 square feet
AGE: Built in 1936/Effective 28 to 32 years
CONDITION: Average
UTILITIES: All utilities are present
ZONING: C-3; General Business District

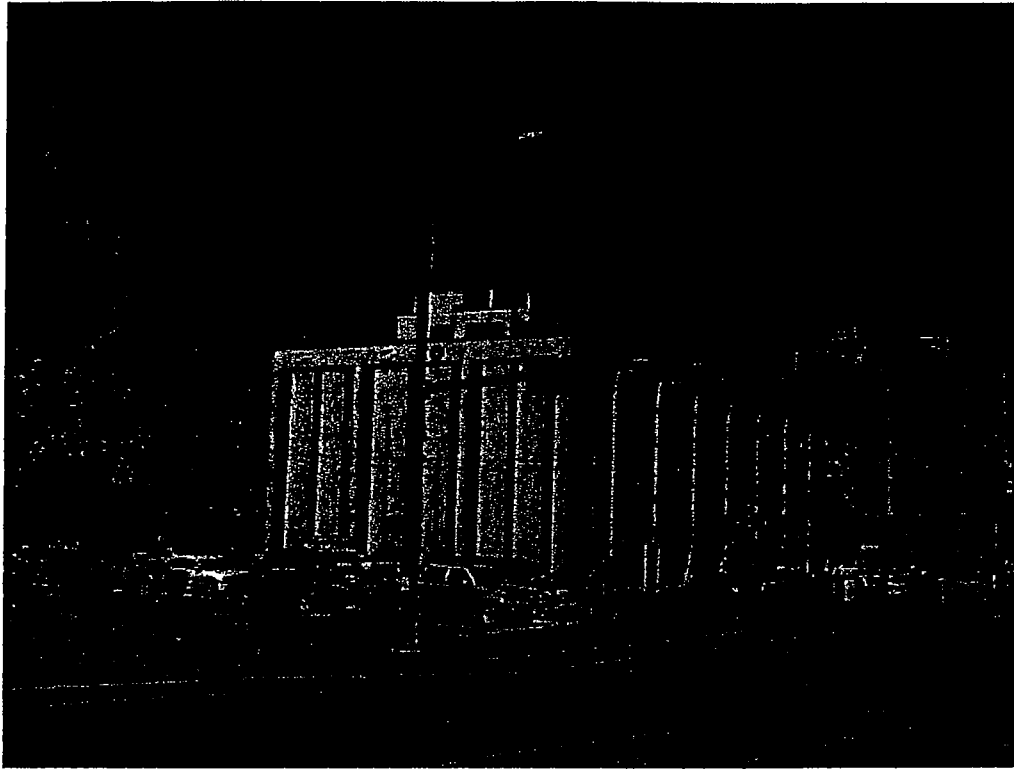
ECONOMIC DATA

	<u>Pro-forma</u>
POTENTIAL GROSS INCOME:	\$87,000
LESS VACANCY & COLLECTION LOSS:	<u>6,090</u>
EFFECTIVE GROSS INCOME:	\$80,910
LESS ESTIMATED EXPENSES:	<u>\$21,050</u>
NET OPERATING INCOME:	\$59,860
POTENTIAL GROSS INCOME MULTIPLIER:	6.70X
OVERALL CAPITALIZATION RATE:	10.27%
PRICE PER S.F.-BUILDING:	\$29.81

COMMENTS: This sale is situated near downtown Tyler on the east side of South Broadway Avenue just south of West Front Street. This property previously sold from Tyler Loft Apartments, Inc. to Joel & Melanie Baker on April 2, 2004 for \$225,000 and is recorded by Volume 7473 Page 761 in the Smith County Land Records.

CONFIRMATION: Appraiser files, Appraiser, Smith County Appraisal District and Smith County Land Records

COMPARABLE IMPROVED SALE #6



LOCATION: 100 Independence Place, Tyler, Texas
LEGAL DESCRIPTION: 2.692+/- acres, Lot 13C, Block 1013, City of Tyler, Smith County, Texas
GRANTOR: 100 Independence Center Inc.
GRANTEE: Genecov Investments Ltd.
RECORDING: #41429
PROPERTY RIGHTS: Fee Simple

DATE OF SALE: September 2, 2008
CONSIDERATION: \$3,500,000
FINANCING: Cash to seller
CASH EQUIVALENCY: \$3,500,000

PROPERTY DATA

IMPROVEMENTS: The improvements include a multitenant, four-story professional office building constructed in 1974. The total building area is approximately 57,647 square feet while the net rentable area (NRA) is approximately 53,921 square feet according to the property manager. It has a steel frame with brick veneer exterior, fixed glass windows and flat roof. At the time of sale, the first floor was primarily occupied by a financial institution. There are common interior hallways primarily down the center of the remaining floors. There are two elevators and stairs along the western portion of the building. Office suites range from approximately 161 square feet to 10,150 square feet and there were an estimated 31 tenants

occupying the building with occupancy estimated at 98.4%. The interior finish includes a combination of textured and painted drywall, vinyl wall coverings and heavy wood paneling. Floor coverings are a combination of carpet, wood, ceramic tile and vinyl composition tile. Ceilings feature drop-in tiles with recessed fluorescent lighting and interior doors are solid core. There is a common break room and restrooms most of the upper floor near the elevators and the building engineer reportedly has control of the entire HVAC system for the building. This property is also improved with concrete sidewalks around the footprint of the building with the remainder of the site being asphalt paved or landscaped. There are approximately 129 parking spaces for tenants and customers and includes four handicapped spaces. The building has been maintained in average overall condition through on-going, scheduled maintenance and remodeling. According to the building engineer the following repairs, maintenance and remodeling has been completed over the last 5 to 7 years: new a/c units (including six on roof), roof replaced, elevators upgraded, carpet in hallways, parking lot resurfaced, common restrooms on each floor and break rooms. The improvements have an estimated effective age of 18 to 22 years.

BUILDING AREA (SF): 53,921
AGE: 1974
CONDITION: Average
LAND SIZE (ACRES): 2.692
LAND SIZE (SF): 117,264
ZONING: C-4, High-Rise Commercial District

ECONOMIC DATA

PGI: \$717,353
VACANCY & COLLECTION LOSS: \$ 35,868 (5%)
EGI: \$681,485
EXPENSES: \$363,023
NOI: \$318,462

EXPENSE RATIO: 53.3%

CAPITALIZATION RATE (%): 9.1%
EGIM: 5.14X
OCCUPANCY: 98.4% (at time of sale)
UNIT PRICE (\$/SF): \$64.91

COMMENTS: The subject is an older class B office building that is well located along South Broadway Avenue across from Broadway Square Mall.

CONFIRMATION: Appraisal file, Broker, Smith County Appraisal District and Land Records

COMPARABLE IMPROVED SALE #7



LOCATION: 112 E. Line Street, Tyler, Texas
LEGAL DESCRIPTION: Lot 8C, Block 32, Wadel Connally Addition, City of Tyler, Smith County, Texas

GRANTOR: Dobbs Real Estate Partnetship, LP
GRANTEE: BSGJ1, LLC
RECORDING: 070051118
PROPERTY RIGHTS: Fee Simple

DATE OF SALE: September 19, 2007
CONSIDERATION: \$2,382,800
FINANCING: Cash to seller, conventional loan to Lehman Brothers Bank, \$1,800,000
CASH EQUIVALENCY: \$2,382,800

PHYSICAL DATA
BUILDING AREA (SF): 30808
AGE: 1909
CONDITION: Average
ZONING: C-3, Central Business District
LAND SIZE (ACRES): 1.392
LAND SIZE (SF): 60636

ECONOMIC DATA

EFFECTIVE GROSS INCOME: \$381,728

NET OPERATING INCOME: \$215,661

OVERALL CAP RATE (%): 9.05 %

EGIM: 6.24

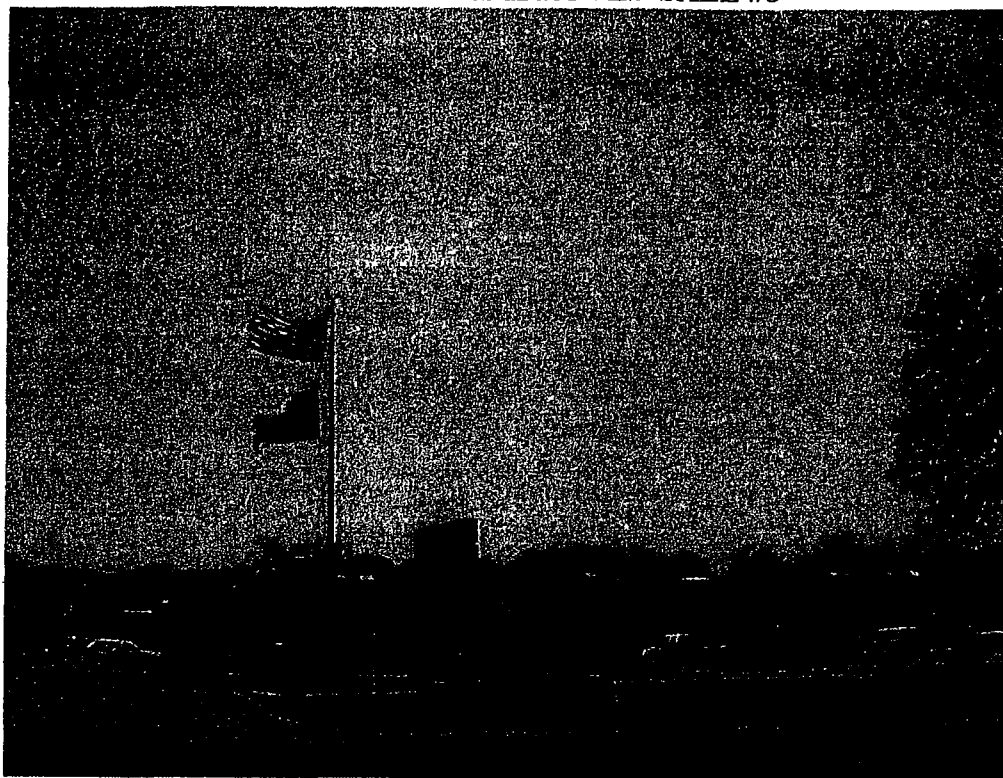
UNIT PRICE (\$/SF): \$77.34

COMMENTS: This building is located in downtown Tyler and had been extensively renovated. The effective age is estimated at 15 years.

CONFIRMATION SOURCE: LoopNet #1561635, Appraisal, Closing Statement, SCAD



COMPARABLE IMPROVED SALE #8



LOCATION: 3800 Paluxy Drive, Tyler, Texas
LEGAL DESCRIPTION: 7.127± Acres; Lot 48C, Block 1092, City of Tyler, Smith County, Texas.

GRANTOR: Joseph M. Martel; General Partner; Paluxy Square Partners
GRANTEE: Genecov Investments Ltd.
RECORDING: 79597959
PROPERTY RIGHTS: Fee Simple

DATE OF SALE: February 10, 2006
CONSIDERATION: \$5,600,000
FINANCING: Cash to seller
CASH EQUIVALENCY: \$5,600,000

PROPERTY DATA

IMPROVEMENTS: These improvements include five single-story buildings with drive-up accessibility to many of the suites. The exterior walls are masonry with metal and wood interior partitions, flat roof, fixed glass windows and concrete slab foundation. The buildings offer a total of 93,133± square feet of rentable building area of which approximately 78,500 is reportedly usable and equates to a common area factor of approximately 15.71%. The suites range in size from 200± square feet to 5,500± square feet. The complex contains a mix of local, state and national tenants, including the State of Texas and AT&T. The complex is characterized as being 100% office and the average lease term is three to five years.

BUILDING AREA (SF): 93133
AGE: 1983 / Effective Age 14 to 18 years
CONDITION: Average
LAND SIZE (ACRES): 7.127 or 310,452 SF

ECONOMIC DATA

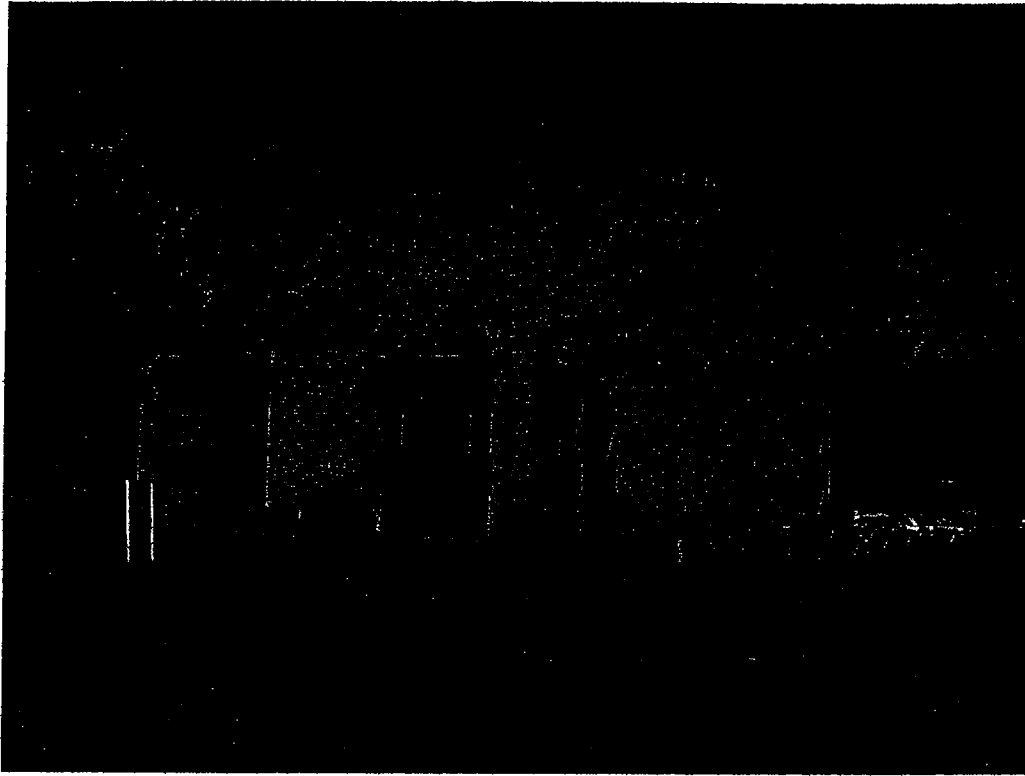
PGI: \$989,100
V/C LOSS: 10.00 %
EGI: \$890,190
NOI: \$445,095

CAP RATE: 7.95%
EGIM: 6.29
UNIT PRICE (\$/SF): \$60.13

COMMENTS: This is a well located office park just southeast of the intersection of Loop 323 and Paluxy Drive and frontage on the north side of Lindbergh Drive which offers access to Highway 110 South and circles around to Loop 323. The effective age is 14-18 years. The average annual rent at the time of sale was reportedly near \$12.60 per square foot and is based upon the "net" usable area of 78,500± square feet. The economic data is based upon a PGI of \$12.60 X 78,500 square feet = \$989,100. The economic data presented is based upon information provided by a confidential source as of the date of sale and is considered reliable with the expense figure representing a best guess. The terms represent a Gross Lease with the lessor paying for taxes, insurance, maintenance, janitorial and all utilities including electric

CONFIRMATION SOURCE: Confidential Source, Smith County Appraisal District and SCAD Multi-Tenant Recap, Burns and Noble Leasing Data and Land Records

COMPARABLE IMPROVED SALE #9



LOCATION: 2737 S. Broadway Avenue, Tyler, Texas
LEGAL DESCRIPTION: Lots 25 & 25B, Block 830, City of Tyler, Smith County, Texas

GRANTOR: Tyler Equity Partners
GRANTEE: Motina, Ltd.
RECORDING: 0600001866
PROPERTY RIGHTS: Fee Simple

DATE OF SALE: January 11, 2006
CONSIDERATION: \$1,600,000
FINANCING: Cash to Seller
CASH EQUIVALENCY: \$1,600,000

PROPERTY DATA

BUILDING AREA (SF): 26200
AGE: 1979 / Effective Age 15 years
CONDITION: Average
LAND SIZE: 1.316 Acres or 57,325 sf

ECONOMIC DATA

PGI: \$262,000
V/C LOSS: 10.00 %
EGI: \$235,800

NOI: \$129,690

CAP RATE: 8.10 %

EGIM: 6.78

UNIT PRICE (\$/SF): \$61.07

COMMENTS: This office building is located on the west side of South Broadway Avenue near the Azalea Post Office.

CONFIRMATION SOURCE: Appraiser, SCAD

COMPARABLE IMPROVED SALE #10



NAME: Tyler Town Center
LOCATION: 102 North College Street, Tyler, Texas
LEGAL DESCRIPTION: Lot 5, Block 9, City of Tyler, Smith County, Texas
GRANTOR: Tyler Square Office Tower Inc.
GRANTEE: Steele Acquisitions LLC
LAND RECORDS: #28136
RIGHTS CONVEYED: Fee Simple
DATE OF SALE: June 12, 2009
CONSIDERATION: \$750,000
FINANCING: Cash to seller
CASH EQUIVALENCY: \$750,000

PROPERTY DATA

IMPROVEMENTS: The improvements consist of a 15-story multi-tenant office building with a total of 63,899 square feet of building area. This includes a basement area not included as one of the floors.

SITE SIZE: 0.167 acres or 7,275 square feet
AGE: Built in 1932/Effective 35 – 45 years
CONDITION: Average
UTILITIES: All city utilities are present
ZONING: C-3, Central Business District

ECONOMIC DATA

	<u>Actual</u>
NET OPERATING INCOME:	\$125,000
OVERALL CAPITALIZATION RATE:	16.67%
PRICE PER S.F.-BUILDING:	\$11.74

COMMENTS: The building is located in downtown Tyler at the northwest corner of College Avenue and Erwin Street. This building was constructed in 1932, and until 1980 was the tallest building in Tyler. It is also listed on the National Register of Historical Places. Occupancy was reportedly at 55% at the time of sale. Citizens 1st Bank had reportedly foreclosed the property and had owned it for about a year and were ready to get it sold, but were prepared to keep it if need be. The building still needs a lot of capital upgrades but is a good building with respect to construction. The building does not control any parking.

This property previously sold from Tyler Town Center LLC to One Hundred Two North College, Ltd. on August 3, 2005 for \$1,050,000 and is recorded in Volume 7857 Page 826 of the Smith County Land Records. It was reportedly owner financed for 18 months. The occupancy at the time of this previous sale was reportedly 25% and the previous owner (Preston Smith) had put little effort into managing the property efficiently. The previous owner reportedly acquired the property some 8+/- years earlier (prior to 2005) in a sale made under duress. Mr. Smith was reportedly approach by that owner at that time in dire need to sell the property, and relayed that any offer would be accepted. Mr. Smith purchased the property that day, but really never wanted to be the owner of an office building. The owner who purchased the property in 2005 planned to spend approximately \$500,000 renovating the building in order to increase occupancy. Many of the tenants at the time of sale were reportedly leasing at below market rates. The building was reportedly capable of having 65+/- tenants.

CONFIRMATION: Confidential source and Smith County Land Records

Comparable Improved Sales Grid											
Location: 123 S. Broadway Avenue, Tyler, Texas											
Subject Size 50816 square feet											
	Subj	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8	Sale 9	Sale 10
Comparable Size (SF)	50,816	15,412	9,611	8,000	8,481	19,548	57,647	30,808	93,133	26,200	63,899
Sales Price / SF	N/A	\$94.08	\$98.85	\$58.75	\$105.41	\$29.81	\$60.71	\$77.34	\$60.13	\$61.07	\$11.74
Sales price	N/A	\$1,450,000	\$950,000	\$470,000	\$893,987	\$582,800	\$3,500,000	\$2,382,800	\$5,600,000	\$1,600,000	\$750,000
Buyer expenditures											
Excess Land		-	-	-	-	-	-	-	-	-	-
FF&E		-	-	-	-	-	-	-	-	-	-
Other Improvements		-	(55,000)	-	-	-	-	-	-	-	-
Adjusted price		\$1,450,000	\$895,000	\$470,000	\$893,987	\$582,800	\$3,500,000	\$2,382,800	\$5,600,000	\$1,600,000	\$750,000
Property rights adjust.		-	-	-	-	-	-	-	-	-	-
Adjusted price		\$1,450,000	\$895,000	\$470,000	\$893,987	\$582,800	\$3,500,000	\$2,382,800	\$5,600,000	\$1,600,000	\$750,000
Financing adjustment		-	-	-	-	-	-	-	-	-	-
Conditions of Sale		-	-	-	-	-	-	-	-	-	-
Adjusted price		\$1,450,000	\$895,000	\$470,000	\$893,987	\$582,800	\$3,500,000	\$2,382,800	\$5,600,000	\$1,600,000	\$750,000
Market cond. adjust.		0%	0%	0%	0%	0%	0%	0%	3%	3%	0%
Adjusted price		\$1,450,000	\$895,000	\$470,000	\$893,987	\$582,800	\$3,500,000	\$2,382,800	\$5,768,000	\$1,648,000	\$750,000
Adj. sales price/Unit		\$94.08	\$93.12	\$58.75	\$105.41	\$29.81	\$60.71	\$77.34	\$61.93	\$62.90	\$11.74
Location		0%	0%	0%	-15%	0%	-25%	0%	0%	0%	0%
Size		-15%	-15%	-15%	-15%	-15%	0%	-10%	0%	-10%	0%
Age / Condition		-29 00%	-35 00%	-15 00%	-21 00%	15 00%	-5 00%	-15 00%	-13 00%	-15 00%	35.00%
Quality of Constr.		10%	10%	10%	10%	10%	0%	0%	10%	0%	0%
Site Size		0%	0%	0%	0%	0%	0%	0%	-10%	0%	0%
Parking Adjustment		-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	0%
Other Improvements		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Finished Office Area		-45%	-45%	-45%	-45%	-40%	-45%	-45%	-45%	-45%	-45%
Total Physical Adjust.		-\$83.73	-\$88.47	-\$44.06	-\$101.19	-\$11.93	-\$51.61	-\$61.87	-\$42.11	-\$50.32	-\$1.17
Final adjust. Price/SF		\$103.35	\$94.66	\$14.69	\$15.22	\$17.89	\$9.11	\$15.47	\$19.82	\$12.58	\$10.56
Indicated market value		\$525,999	\$236,606	\$746,360	\$214,262	\$909,011	\$462,789	\$786,058	\$1,007,099	\$639,273	\$536,793

Summary of Adjustments: There are very few sales of downtown properties similar to the subject in size, age and condition. Therefore, some buildings that are superior in age and are also smaller, and more recent closed sales were selected for use in this analysis. The sales ranged from a low of \$11.74 to \$105.41 with an arithmetic mean of \$65.79 per square foot.

The next step in this process will be to make adjustments to each of the comparables for various characteristics in an attempt to bring them equal to the subject. These adjusted values will then be analyzed and reconciled.

Real Property Rights Conveyed: The next adjustment considered will be for real property rights conveyed. No adjustments are felt necessary to any of the sales as all of them were conveyed in fee simple, subject to any existing leases. It is anticipated that the subject, when sold, would be conveyed in fee simple, subject to any existing leases, requiring no adjustment.

Financing Terms: The next adjustment considered will be for financing offered. If preferential or below market financing was part of any comparable sale, adjustments must be made to reflect the advantages of this financing. The comparable sales are felt to have been at market financing that was considered equivalent to cash and no further adjustments are necessary.

Conditions of Sale: This adjustment reflects either buyer or seller willing to pay more or accept less

than the typical sales price due to extenuating circumstances. There were no special conditions of sale present in any of the comparables that would necessitate an adjustment.

Market Conditions: The next adjustment to make will reflect market conditions on date of sale. Consideration is given to a change in prices over time based on the date of the appraisal versus the date of sale for each comparable. In recent years, real estate values had been generally increasing at a fairly steady rate, however, there has been some stability between 2008 and 2010 in response to a slower national economy.

Sales 8 and 9 closed in 2006 and are adjusted upward by 3% per year to a base year of 2007. The remaining sales between 2007 and 2010 and are recent enough to not warrant adjustments.

Location: The next factor to adjust for will be location. The subject is located in downtown Tyler. Sales 4 and 6 are located on Loop 323 and South Broadway, respectively, and are superior to the subject in location and are adjusted downward accordingly. All other sales are generally similar to the subject with no adjustments necessary.

Physical Characteristics: The next adjustment to make will be for physical characteristics. The characteristics considered will be size, effective age, condition, office finish and other adjustments.

Size Adjustments: The first physical characteristic to be considered is for size. Typically, larger buildings sell for lower prices per square foot while smaller ones sell for more. This reasoning is further supported by the fact that larger buildings are generally less expensive per square foot to construct than smaller buildings given equal quality and features. Sales are adjusted accordingly as they compare to the subject.

Age/Condition Adjustments: The subject improvements were reportedly constructed in 1945 and are in average condition overall with an estimated effective age of 20 – 25 years. The comparable sales are of various ages. Based on information from the Marshall Valuation Service, the economic life of a building such as the subject would be approximately 50 years. Therefore an economic life of 50 years will be used in this analysis. An economic life of this duration would indicate 2.0% annual depreciation using the straight-line method. The comparable sales had varying effective ages and adjustments were made to each of them and calculated by multiplying 2.0% times the estimated effective age difference between them and the subject.

Construction Quality: Sales 6, 7, 9 and 10 are generally similar to the subject in quality of construction with no adjustments necessary. The remaining sales are inferior to the subject and are adjusted upward accordingly.

Site Size: Sale 8 has a site that is substantially larger than the subject and is superior and adjusted downward accordingly. The remaining sales are generally similar as compared to the subject with no adjustments necessary.

Parking Adjustment: As previously discussed, the subject has very limited front parking. Sale 10 is generally similar to the subject with no adjustment necessary. All other sales are considered

superior to the subject in parking and are adjusted downward accordingly. There is no market extraction or paired sales analysis to derive a precise adjustment for this difference. Therefore, the adjustment is the subject opinion of the appraiser. It is noted that a potential buyer of the subject property would have to purchase an adjacent or nearby property or lease nearby parking in order to have adequate parking for the subject building. If these options weren't available, the subject property would likely be leased to potential tenants at reduced rental rates.

Finished Area: The subject is currently a "shell" building as the interior has been abated of asbestos. The subject appears to be ready for renovation for a future user. The following is information from the Marshall Valuation Service that is used to estimate an adjustment to the improved sales which are completely finished buildings as compared to the subject being a shell building.

Marshall Valuation Service

Component	Cost	% of Total
Class A - Low Cost/Average Cost Office Building	\$122.61	N/A
Class A - Low Cost/Average Cost Shell Office Building	\$75.47	62%
Class A - Low Cost/Average Cost Interior Office Finish	\$46.99	38%

*The sum of the cost components (shell building and interior office finish) don't equal the total office building cost. Marshall Valuation Service indicates that using costs for a shell office building and cost for interior office area is an alternate method as opposed to calculating the cost of an entire office building. However, it is noted that the sum of the two components is only \$0.15 from totaling the complete cost of an office building.

**Costs exclude multipliers

As illustrated by the cost data above, the shell structure represents approximately 62% of the total office building costs while interior office finish represents approximately 38%. However, it is noted that the shell office building cost includes some interior core finish and some lighting, plumbing and mechanical. It appears that an adjustment of 40% would be reasonable to all of the finished comparable sales, however, the subject would also need some new electrical, lighting, mechanical and interior core finish. Based on this information, an adjustment would be greater than the 40% indicated above. Therefore, an adjustment of 45% is made to Sales 1 – 4 and 6 – 10. Sale 5 has some unfinished area on the second floor and is adjusted downward by 40%. There is no market extraction or paired sales analysis to derive a precise adjustment for this difference. Therefore, the adjustment is based on the cost data presented above. The best scenario would be to have "shell" buildings to compare to the subject, however, there appears to be limited sales in the Tyler market.

Conclusion: After adjustments the comparables provide a range of \$4.22 to \$19.82 with an arithmetic mean of \$11.93 per square foot. Sales 6 – 10 are larger buildings generally similar to the subject \$9.11 to \$19.82 with an arithmetic mean of \$13.51 per square foot. Sale 10 is large downtown building that reportedly needed capital improvements and was foreclosed in 2008 prior to the 2009 sale and occupancy was at 55% at the time of sale and is at the lower end of this range. This building had previously sold in 2005 for \$1,050,000 when occupancy was at 25% and renovations were needed.

Below are three competing listings in the subject market area.

Property Type	Location	List Price	Size (SF)	Price / SF
Office	202 S. Broadway Avenue	\$599,000	18,000	\$33.28
Shell Building	218 E. Line Street	\$240,000	19,200	\$12.50
Office	2737 S. Broadway Ave.*	\$2,250,000	25,000	\$90.00
Mean		\$1,029,667	20,733	\$45.26

*Sale 9 in Sales Comparison Approach

The listings range from \$12.50 to \$90.00 with an arithmetic mean of \$45.26 per square foot. Two of the listings are located in downtown Tyler and the last listing is situated in the Azalea District on South Broadway Avenue. All listings are much smaller as compared to the subject. The lower end of the range is a shell building on Line Street considered generally similar to the subject due to its condition.

Based on the information presented above and its location, age, shell condition and parking issues, it is my opinion that the market value of the subject is between the arithmetic means at \$13.00 per square foot or $50,816 \text{ SF} \times \$13.00/\text{SF} = \$660,608$ or \$660,000 rounded.

Market Value by the Sales Comparison Approach - \$660,000

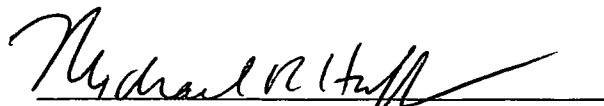
ANTICIPATED EXPOSURE TIME / MARKETING PERIOD

As evidenced by the sales presented in this report, there have been some sales of properties similar to the subject's building type in the Tyler market area. Commercial real estate brokers are reporting longer marketing times for commercial properties. The market value above is based on an exposure time of 12 to 24 months based on general economic conditions and the shell condition of the building. It is my opinion that if the subject were aggressively marketed at an asking price near the value estimate from this appraisal, it would sell within a 12 – 24 month period. This is felt to be an average marketing period for a property such as the subject and no further adjustments are necessary for excess marketing time.

CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. I have made a personal inspection of the property that is the subject of this report.
10. No one provided significant professional real property appraisal assistance to the person signing this certification.
11. I have not appraised the subject property within the last three years.
12. As of the date of this report, Michael R. Huffman, MAI, has completed the continuing education program of the Appraisal Institute.


Signature

11-18-2010
Date

ASSUMPTIONS AND LIMITING CONDITIONS

Canon 5 of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute requires the appraiser to "clearly set forth all facts, assumptions and conditions upon which the appraisal is based." In compliance therewith, and to assist the reader in interpreting this report, such limiting conditions are set forth as follows.

1. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions except those specifically discussed in this report. The property is appraised assuming it is under responsible management and available for its highest and best use.
2. No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, notwithstanding the fact that such matters may be discussed in the report.
3. The date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser(s) assumes no responsibility for economic or physical factors occurring at some later date which may affect the opinion herein stated.
4. The valuation is reported in dollars of currency prevailing on the date of appraisal.
5. Maps, plats and exhibits included herein are for illustration purposes and as an aid in visualizing matters discussed within the report only. They should not be considered as surveys or relied upon for any other purpose.
6. All information and comments pertaining to this and other properties included in the report represent the personal opinion of the appraiser(s), formed after examination and study of the subject and other properties. While it is believed the information, estimates and analyses are correct, the appraiser(s) does not guarantee them and assumes no liability for errors in fact, analysis or judgement.
7. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected or any reference to the Appraisal Institute or the M.A.I., R.M., S.R.A., S.R.P.A., or S.R.E.A. designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without prior written consent and approval of the undersigned appraiser(s).
8. The appraiser(s) is not required to give testimony or to appear in court by reason of this appraisal unless prior arrangements have been made.
9. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
10. Certain information concerning market and operating data was obtained from others. This information is verified and checked, where possible, and is used in this appraisal only if it is believed to be accurate and correct. However, such information is not guaranteed.

11. Real Estate values are influenced by a large number of external factors. The data contained herein is all of the data considered necessary to support the value estimate. No pertinent facts have been knowingly withheld and no guarantee is made that all factors which might influence the value of the subject are known. Due to rapid changes in external factors, the value estimate is considered reliable only as of the date of the appraisal.
12. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the subject property will sell for the amount of this appraisal.
13. If the subject of this appraisal is an improved property, the appraiser(s) has personally inspected the property and finds no obvious evidence of structural deficiencies except as stated in this report. However, no responsibility for hidden defects or nonconformity to specific governmental requirements, such as fire, building safety, earthquake or occupancy codes can be assumed without provision for specific professional or governmental inspections.
14. In the event the appraisal is based upon proposed improvements, it is assumed that the improvements will be constructed in substantial conformity with plans and specifications which have been furnished to the appraiser, and with good materials and workmanship. It is also assumed that the proposed foundation and construction techniques are adequate for the existing sub-soil conditions.
15. It is assumed that there are no hidden or unapparent conditions of the property, the subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging an engineering study that might be required to discover them.
16. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser(s). The appraiser(s) has no knowledge of the existence of such material on or in the property. The appraiser(s), however, is not qualified to detect such substances. The presence of substances such as asbestos, ureaformaldehyde foam insulation, radon gas or other potentially hazardous materials may affect the value of the property. The 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. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
17. Disclosure of the contents of this appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute.

**APPRAISAL QUALIFICATIONS OF
MICHAEL R. HUFFMAN, MAI**

APPRAISAL RESOURCE GROUP, INC. (Formerly known as John E. Chesley & Associates, Inc.)

July 1999 - Present
Associate Appraiser

STATE CERTIFIED APPRAISER - TEXAS

TX-1333130-G

THE APPRAISAL INSTITUTE

MAI Member (Designated Membership presented on September 15, 2008)

VARIOUS TYPES OF PROPERTIES APPRAISED

Commercial Properties	Commercial Land
Eminent Domain Properties	Vacant Land Tracts
Single family & Multifamily Residences	Subdivisions

APPRAISAL EDUCATION

COURSES COMPLETED

Principles of Real Estate, The University of Texas at Tyler, 1998
Appraisal Principles (Course 110), Appraisal Institute, September 1999
Appraisal Procedures (Course 120), Appraisal Institute, October 1999
Standards of Professional Appraisal Part A (Course 410) (USPAP), Appraisal Institute, Dec. 1999
Standards of Professional Appraisal Part B (Course 420) (USPAP), Appraisal Institute, Dec. 1999
Basic Income Capitalization (Course 310), Appraisal Institute, February 2000
Advanced Income Capitalization (Course 510), Appraisal Institute, April 2000
Residential Case Study (Course 210), Appraisal Institute, October 2000
Adv. Residential Form and Narrative Report Writing (Course 500), Appraisal Institute, Mar. 2001
National Uniform Standards of Professional Practice (Course 400), Appraisal Institute, May 2003
National USPAP (Course 410), Appraisal Institute, Denver, August 2003
National Uniform Standards of Professional Practice (Course 400), Appraisal Institute, April 2005
General Applications, (Course 320), Appraisal Institute, July 2005
Highest & Best Use and Market Analysis (Course 520), Appraisal Institute, September 2005
Adv. Sales Comparison & Cost Approaches (Course 530), Appraisal Institute, October 2005
Report Writing & Valuation Analysis (Course 540), Appraisal Institute, February 2006
Advanced Applications (Course 550 – *Exam Only*), Appraisal Institute, December 2006
National Uniform Standards of Professional Practice (Course 400), Appraisal Institute, April 2007
General Demonstration Appraisal Report Workshop, Appraisal Institute, November 2007
National Uniform Standards of Professional Practice (Online), Appraisal Institute, October 2009

SEMINARS COMPLETED

Appraising the Tough Ones, Appraisal Institute, May 2003
Land Valuation Adjustment Procedures Module One, Appraisal Institute, May 2003
Land Valuation Adjustment Procedures Module Two, Appraisal Institute, May 2003
Appraisal Consulting, Appraisal Institute, May 2003
Small Hotel/Motel Valuation, Appraisal Institute, September 2009
Appraising Convenience Stores, Appraisal Institute, September 2009
Analyzing Distressed Real Estate, Appraisal Institute, November 2009

MEMBERSHIPS

Appraisal Institute
Greater Tyler Association of Realtors
Texas Association of Realtors
National Association of Realtors

FORMAL EDUCATION

Bachelor of Business Administration
The University of Texas at Tyler
Finance-Major, Graduated 1999

PERSONAL

Married to Crissy Huffman for 12 years, two children, Garrett (6) and Carter (4). Member of Pollard United Methodist Church.

PARTIAL CLIENT LIST

Associates Relocation
Austin Bank
Bank One
Capital One
Citizens 1st Bank
Citizens National Bank
Citizens State Bank-Tyler & Chandler
Farmers & Merchants State Bank
First Federal Bank Texas
First National Bank of Bullard
First National Bank of Gilmer
First National Bank of Quitman
First National Bank of Winnsboro
First Security Savings Bank
First State Bank of Hawkins
Franklin Bank
Gilmer Savings Bank
Heritage Land Bank
Regions Bank
Southside Bank-Tyler
Texas Bank and Trust Company
Texas Department of Transportation
Washington Mutual
Bailes & Company, PC
Department of Housing & Urban Development
Landmark Title Company-Tyler
Petra Resources-Texarkana, Arkansas
Sammons & Parker Law Firm
Lawrence & Lawrence Law Firm
Ric Freeman, Attorney-at-Law
Adams & Coker, Attorney-at-Law
William E. Wylie, Attorney-at-Law
Various Individuals & Estates



TEXAS APPRAISER LICENSING AND CERTIFICATION BOARD

BE IT KNOWN THAT

MICHAEL ROBERT HUFFMAN

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

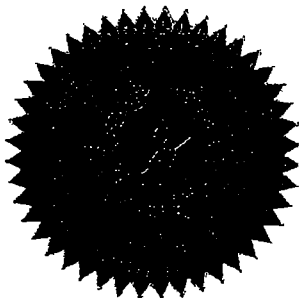
**STATE CERTIFIED
GENERAL REAL ESTATE APPRAISER**

Number: TX-1333130-G

Date of Issue: December 1, 2009

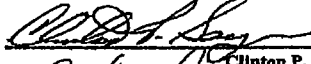
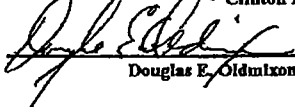
Date of Expiration: December 31, 2011

In Witness Whereof



Clinton P. Sayers, Chair
Walker R. Beard
Danny R. Perkins

James (Jamie) B. Ratliff, Vice Chair
Robert D. Davis, Jr.
Bill F. Schneider


Clinton P. Sayers, Chair

Douglas E. Oldmixon, Commissioner

Mark A. McAnally, Secretary
Luis F. De La Garza, Jr.
Donna L. Walz

ADDENDA SECTION

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Tuesday, November 16, 2010

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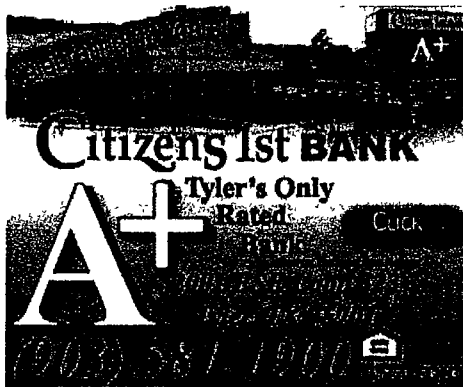
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R.W. Fair Foundation Donates 2 Downtown Buildings To City

The R.W. Fair Foundation and Fair estate gifted two downtown buildings and a parking lot to the city of Tyler on Monday to further its downtown revitalization efforts

The donated buildings are the vacant S.A. Lindsey Building, 123 S. Broadway Ave., and the occupied Fair Foundation Building, 121 S. Broadway Ave. The parking lot that accompanies the side-by-side buildings, located on Elm Street and spanning from Broadway Avenue to College Avenue, also was gifted to the city.



"This has been the most tremendous gift we have received to date for downtown revitalization," Mayor Barbara Bass said.

The eight-story Fair Foundation Building has more than 95,000 square feet, the Lindsey Building also is eight floors and more than 50,000 square feet, and the parking lot is 1.2 acres and has 139 parking spaces.

Mayor Bass said the property will be used in future public/private partnerships and will help revitalize downtown. She said the donation gives the city assets that can be used to attract private reinvestment, which is a major advantage, especially in today's tough economic times.

"We are pleased to gift these properties to the city in honor of the Fair family," said Barbara Fair, president of the R.W. Fair Foundation. "I would like to believe that R.W. and his late sons Wilton and James and daughter Martha would be proud to see their legacy live on and helping the revitalization of downtown."

Mayor Bass presented Ms. Fair with a bouquet of roses as a "small token of thanks," and she thanked the entire Fair family for the gift.

The city will continue the tenant relationships in the Fair Foundation Building, as well as the existing property management contract, and intends to recognize and continue to promote the building as "an energy center" in support of the Industry Growth Initiative adopted in May, Mayor Bass said.

The change in ownership will be "transparent" to the current tenants housed in the Fair Foundation Building, she said. And the Lindsey Building will be "land-banked for long-term future projects," she added.

"The economic development that occurs in downtown is a huge benefit to the community as a whole because it takes and makes assets valuable without any new investment in infrastructure," City Councilman Martin Heines said.

The component of the available parking the donation supplies at Elm Street and Broadway Avenue is a need for the future success of downtown and the parking combined with the Fair Foundation Building "will give us a clear understanding of where we need to go in the future."

<http://www.tylerpaper.com/apps/pbcs.dll/article?AID=/20101116/NEWS08/11160320/-1/SPORTS03&t> 11/16/2010

Heines said the Lindsey Building will open up even more possibilities for the community.

Looking at the major impact the oil and gas industry has had on the city's history, the Fair Foundation Building is really the core of that industry and the long-term home of oil and gas professionals in the community, he said.

FAIR HISTORY

Born of humble beginnings near Arp in 1886, R.W. Fair was a successful farmer, oilman, philanthropist and religious and civic leader

After receiving an education at Summer Hill Select School, near Omen, his first job was a rural horseback delivery mail carrier. In 1923, he moved his family to Tyler and established large peach and pecan plantations in Texas and Arkansas, developing several varieties that remain popular today. One of his earlier venues was the Texas Pecan Nursery in Tyler, which was the largest paper shell pecan operation west of the Mississippi.

In 1931, Fair leased one of his peach orchards to a Dallas oilman H.L. Hunt, who had drilled a successful oil producer that proved to be the discovery well for East Texas. One of the early wells Hunt drilled was the R.W. Fair Peach Orchard Well. Completed in March 1931, it produced 2,300 barrels per day.

"Although R.W. Fair had no experience in the oil business, his entrepreneurial instincts took over, and shortly thereafter, he became the first individual to finance 100 percent working interest in a well drilled on his own property with 100 percent royalty interest," city officials said. That led to Fair's petroleum business of successfully developing fields in Texas, New Mexico, Oklahoma, Colorado, Louisiana and Mississippi.

Three years later, Fair and his wife Mattie established the R.W. Fair Foundation

Fair originally built the Sears Building in 1941 with a structure capable of up to 10 stories. The Sears Building is the basement, main floor, mezzanine and third floor of the current Fair Foundation Building. In 1948, Fair added floors four through eight for office space and opened the building in 1949 with about 62 tenants, city officials said. There are 64 tenants in the building, which is about 90 percent occupied. Most of the tenants are oil and gas-related firms, but there are a variety of different businesses housed there, including surveying and law offices. After Sears moved to its present location in Broadway Square Mall, the third floor was converted from retail space to office space and today houses the Petroleum Data Library and other private offices.

In the early 1950s, James and Wilton Fair built the "Petroleum Building," which is now called the S.A. Lindsay Building, as an eight-story building capable of up to 10 stories. The two buildings are connected on floors four through eight. In 1975 the "Petroleum Building" was sold to Gulf States Telephone and became the headquarters for that company, in which S.A. Lindsay was affiliated and later named for. In the early 1980s, Gulf States moved their offices and in 1986, the R.W. Fair Foundation bought the S.A. Lindsay Building.

During R.W. Fair's lifetime, his accomplishments included funding more than 1,000 college educations for theological students worldwide; serving on the board of trustees at Southern Methodist University and Lon Morris College; and establishing the Fair Religious Film Service. Fair served as a Chamber of Commerce officer, bank director, president of the Tyler Rotary Club, chairman of The Salvation Army, director of the East Texas Fair Association, president of the East Texas Boy Scout Council, served on the TISD Board of Trustees and as treasurer of the Texas College Advisory Committee. He was a founder and first president of the East Texas Hospital Association (now East Texas Medical Center), and a trustee

of the Houston Methodist Hospital. In 1941, he received the T.B. Butler Award for Tyler's Outstanding Citizen. He died in 1965.

Michael Huffman

From: Bob Garrett [bob.garrett@fairoil.com]
Sent: Thursday, November 04, 2010 7:10 PM
To: jchesley@nctv.com; mhuffman@nctv.com
Subject: Appraisal
Attachments: Map and SCAD of Area 11-'10.pdf

John and Michael,

We are in need of an appraisal on the RW Fair Foundation Building (Floors 3-8); the SA Lindsay Building (on the corner of Elm and Broadway) and the parking lot shown on the attached map. You all did one on the bottom floors of the RW Fair building last year. This is something that has come up rather suddenly and need it as quickly as possible. Please let me know.

Thanks, Bob

Michael Huffman

From: Bob Garrett [bob.garrett@fairoil.com]
Sent: Friday, November 05, 2010 12:46 PM
To: Michael Huffman
Cc: Rodney Thomson; Fariba Pouraryan
Subject: RE: Appraisal

Michael,

ok great, lets do it the sooner the better. Very Confidentially, this is for determining current value for a potential donation to the City of Tyler. I will be out of the office a few days next week so Rodney Thomson in our office (903-510-6527) will be your contact for the inspection and I have visited with him. I am available by email and cell if you need me 903-571-1111

RWFF Building 3-8 is leased about 90% occupied; has asbestos issues. Lindsay is unoccupied and has been abated of all asbestos but is just a shell. Yes all of the parking lot is appraised as one.

I have a packet of information you can pick up from Rodney when you come for the inspection. Let me know if you need more info.

thanks, Bob

From: Michael Huffman [mailto:mhuffman@nctv.com]
Sent: Friday, November 05, 2010 10:25 AM
To: Bob Garrett
Subject: Appraisal

Bob,

I wanted to get back with you on the fees and turnaround time for the downtown properties. The two buildings would be \$1,500 each and the vacant land would be \$800. If an income approach is not applicable for the corner building, the fee would be reduced to around \$1,000. But if tenant occupied, income approach would be applicable. The appraisals could be completed in 2 weeks.

I'd need rent rolls, income/expense statements for two buildings, income/expense data for parking lot and floor plans of buildings if you have them. Also, what is the purpose of the appraisals and would the market value be as of a current date or retrospective date? I could inspect the properties on Monday or Tuesday if that works for you.

Just let me know and we'll get work files started.

Thanks,

Michael

From: Michael Huffman [mailto:mhuffman@nctv.com]
Sent: Thursday, November 04, 2010 8:41 PM
To: 'Bob Garrett'
Cc: 'John Chesley'
Subject: RE: Appraisal

Bob,

Is the RW Fair Foundation Bldg. (Floors 3-8) and SA Lindsay Bldg leased?
I assume that the 1.2+/- acre parking lot could be appraised all together as a single unit?

If you can let me know if the two buildings are leased, I'll get back with you on Friday morning with fees and turnaround time.

I would be able to inspect the properties early next week, perhaps Monday.

Thank you for considering us on these appraisal assignments,

Michael

From: Bob Garrett [<mailto:bob.garrett@fairoil.com>]

Sent: Thursday, November 04, 2010 7:10 PM

To: jchesley@nctv.com; mhuffman@nctv.com

Subject: Appraisal

John and Michael,

We are in need of an appraisal on the RW Fair Foundation Building (Floors 3-8); the SA Lindsay Building (on the corner of Elm and Broadway) and the parking lot shown on the attached map. You all did one on the bottom floors of the RW Fair building last year. This is something that has come up rather suddenly and need it as quickly as possible. Please let me know.

Thanks, Bob

No virus found in this message.

Checked by AVG - www.avg.com

Version: 10.0.1153 / Virus Database: 424/3239 - Release Date: 11/05/10

No virus found in this message.

Checked by AVG - www.avg.com

Version: 10.0.1153 / Virus Database: 424/3239 - Release Date: 11/05/10

BUILDING NAME:
STREET ADDRESS:

S. A. Lindsey Building
123 S. Broadway
(corner of S. Broadway and Elm Street)

CURRENT STATUS:

Unoccupied
Final phase of Asbestos Abatement complete 5/1/02

BUILDING SIZE:

8 Floors @ 6,320 sq. ft./floor (open space)
Approximately 79'6"X79'6"/floor



ERI CONSULTING, INC.

P. O. Box 2024, Tyler, Texas 75710
2026 Republic Drive, Suite A, Tyler, Texas 75701
Ph: (903) 534-5001 Fax: (903) 534-8701
TBPE Firm #F-1787
www.ericonsulting.com

March 19, 2010

Mr. Bob Garret, President
The R. W. Fair Foundation
225 S. College
Tyler, Texas 75701

RE: Asbestos Abatement Letter, S.A. Lindsey Building, 123 S. Broadway, Tyler, Texas

Dear Mr. Garrett:

ERI Consulting, Inc. has performed asbestos inspections and subsequent removal of the asbestos-containing materials from the above referenced building.

Laboratory analysis of air samples collected during abatement procedures, and at the project's completion, indicated no significant airborne fiber concentrations were generated as a result of abatement activities. At the project's completion, clearance air testing indicated the building was safe for reoccupancy. No known asbestos-containing materials were present within the building at the completion of our projects.

If you have questions, or if we can be of further service to you at any time, please call us at 903-534-5001.

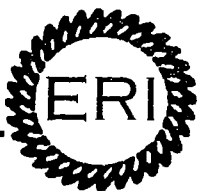
Sincerely,

Christopher L. Power
Vice President
TDSHS Asbestos Consultant No. 10-5566

CLP/kw

cc: Venue Properties, Mr. Gary Halbrooks

01002SAIindsey-ltr



ERI CONSULTING, INC.

P. O. Box 2024, Tyler, Texas 75710
2026 Republic Drive, Suite A, Tyler, Texas 75701
Ph: (903) 534-5001 Fax: (903) 534-8701
www.ericonsulting.com

May 22, 2007

Mr. Bob Garrett
Fair Foundation
P. O. Box 1084
Tyler, Texas 75710

Re: ES#07-137 - Ambient Air Sampling, Fair Foundation Building, 121 S. Broadway, Tyler, Texas

Dear Mr. Garrett:

Our firm performed the periodic air monitoring in the office building located at 121 S. Broadway, Tyler, Texas on April 28, 2007. In accordance with sampling protocol from previous sampling, eighteen (18) samples were collected in the office building located at 121 S. Broadway. Please see the laboratory analysis report for the ambient air results corresponding to the sample locations. The HVAC system was on during the entire sampling period to best approximate office conditions.

To summarize the sampling results, all of the ambient air samples were less than 0.002 f/cc. The Occupational Health and Safety Administration (OSHA) currently requires no action for fiber levels below 0.1 f/cc. As noted in years past, the asbestos-containing spray-on ceiling material at the Fair Foundation Building should be inspected on a monthly basis to ensure that no water leaks, air erosion, or physical disturbance has caused the material to become dislodged. All asbestos-containing materials should be reassessed/inspected semi-annually to note changes in the condition of these materials. Should such a fiber release episode occur, you should restrict access into the area and call us so that we may supervise the remediation efforts.

An invoice for our services is also included. If you have questions concerning the air sampling results, or we may be of further service to you, please contact me at 903-534-5001.

Sincerely,

Christopher L. Power
Vice President
TDSHS License No. 10-5566
Expires 2/15/2009



ERI ANALYTICAL

P. O. Box 2024, Tyler, Texas 75710
 2026 Republic Drive, Suite A, Tyler, Texas 75701
 Ph: (903) 534-5001 Fax: (903) 534-8701
 www.ericonsulting.com

LABORATORY ANALYSIS REPORT

NIOSH Proficiency Analytical Testing Program Lab #101408
 TEXAS ASBESTOS LABORATORY LICENSE NO. 30-0007

TO: Engineering Services Division
 ERI Consulting, Inc
 Attn: Mr. Christopher L. Power

Report Date 5/8/07
 Date Received: 4/29/07
 Page 1 of 1
 ERI E.S. No. 07-137

RE Summary of PCM air testing for ambient levels at Fair Foundation Building, 121 S. Broadway, Tyler, TX

METHOD: NIOSH Method 7400, Revision 3, 5/15/94; Counting Rules A, Counts for 100 fields per filter unless otherwise commented. Samples on mixed cellulose ester filters, 25mm diameter, with .8 μ m pores, lot number -767 The fibers/cc for each group of samples is corrected for the appropriate exposed field blank average.
 NOTE Optimum filter loading is 100-1300 f/mm², results outside this range are probably biased Relative Standard Deviation: Intralab = 17, Interlab = .35

SAMPLED 4/28/07

Field Analysis/Collection by Christopher L. Power/Jeff Morrison

Client I.D		ERI A.S # 0704199	Volume (L)	RQL*	Fibers/ mm ²	Fibers/ cc
A1-28	Basement Elevator Room	A	2160	.002	8.9	<.002
A2-28	1 st Floor-Lobby	B	2148	.002	10.8	<.002
A3-28	2 nd Floor-Lobby	C	2148	.002	7.6	<.002
A4-28	3 rd Floor-SW Hall/Room 358	D	2136	.002	5.7	<.002
A5-28	3 rd Floor-NE Hall/Room 318	E	2172	.002	6.4	<.002
A6-28	4 th Floor-Smoke Area/Room 466	F	2172	.002	11.5	<.002
A7-28	4 th Floor-N Hall/Water Fountain	G	2172	.002	9.6	<.002
A8-28	5 th Floor-S Hall/Room 560	H	2172	.002	7.6	<.002
A9-28	5 th Floor-NE Hall /Room 514	I	2184	.002	4.5	<.002
A10-28	6 th Floor-SE Hall/Water Fountain	J	2184	.002	2.5	<.002
A11-28	6 th Floor-NW Hall/Water Fountain	K	2196	.002	10.8	<.002
A12-28	7 th Floor-S Hall/Room 757	L	2172	.002	10.2	<.002
A13-28	7 th Floor-N Hall/Room 722	M	2172	.002	7.6	<.002
A14-28	8 th Floor-SE Hall/Room 806	N	2184	.002	8.9	<.002
A15-28	8 th Floor-NW Hall/ Room 876	O	2184	.002	12.1	<.002
A16-28	Penthouse Mechanical Room	P	2196	.002	2.5	<.002
A17-28	Blank	Q	-----	-----	0.0	-----
A18-28	Blank	R	-----	-----	0.0	-----

*Reliable Quantification Limit = $\frac{0.10}{\text{Volume}} \times \frac{\text{Active Filtration Area}}{\text{Field Area}} = \frac{4.904}{\text{Volume}}$

Respectfully submitted,

Tracy E. Foster
 Tracy E. Foster
 Lab Technical Director

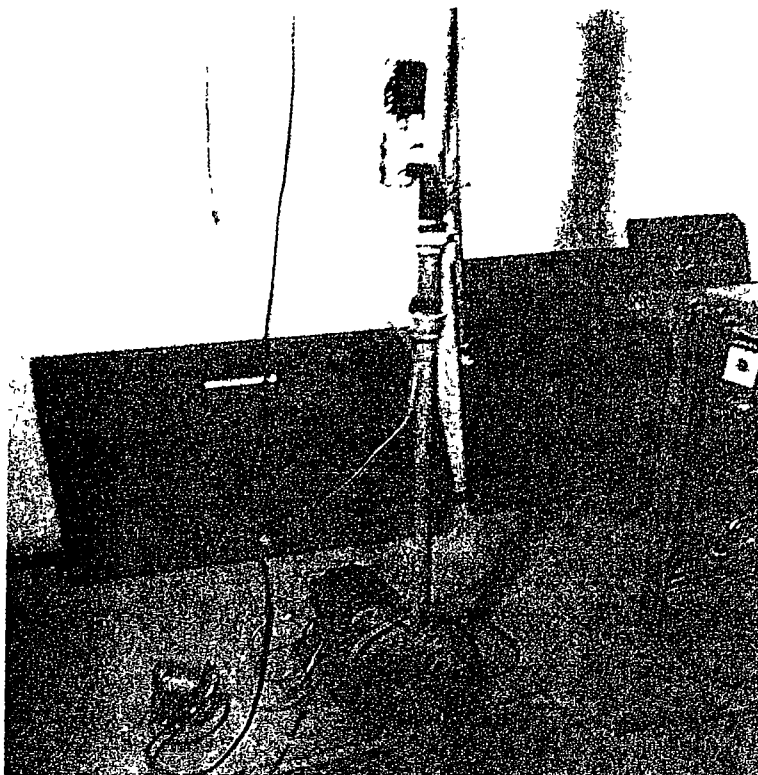


Photo # 1
Description: Basement elevator room.



Photo # 2
Description: 1st floor - lobby.

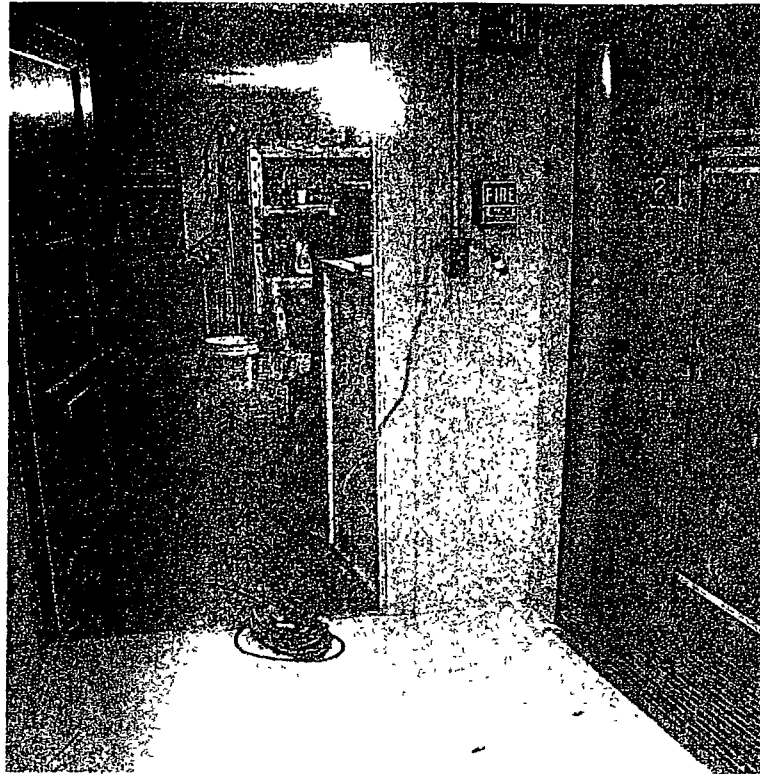


Photo # 3
Description: 2nd floor - lobby.

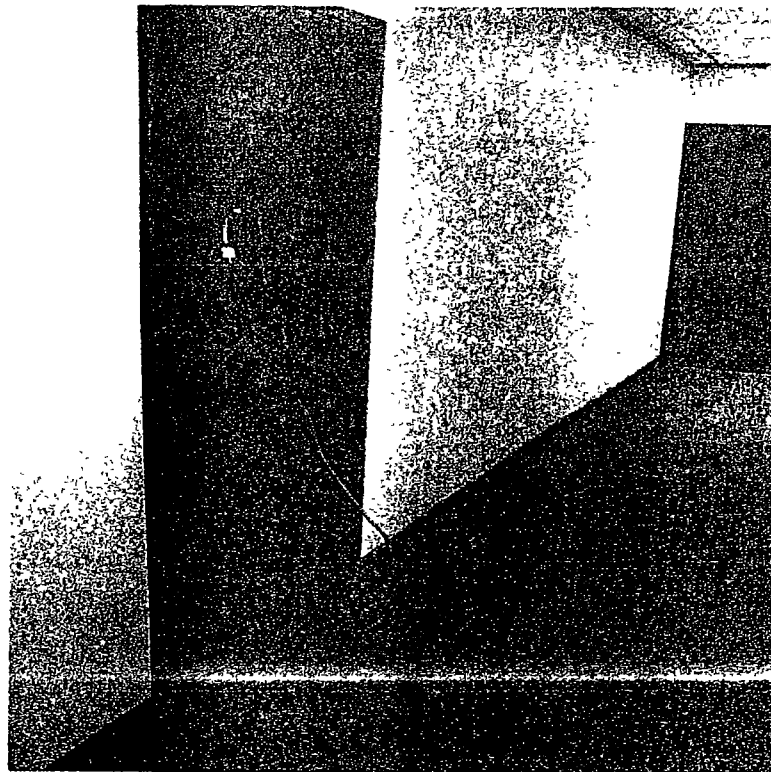


Photo # 4
Description: 3rd floor - southwest hall / room 358.

ERI Consulting, Inc.

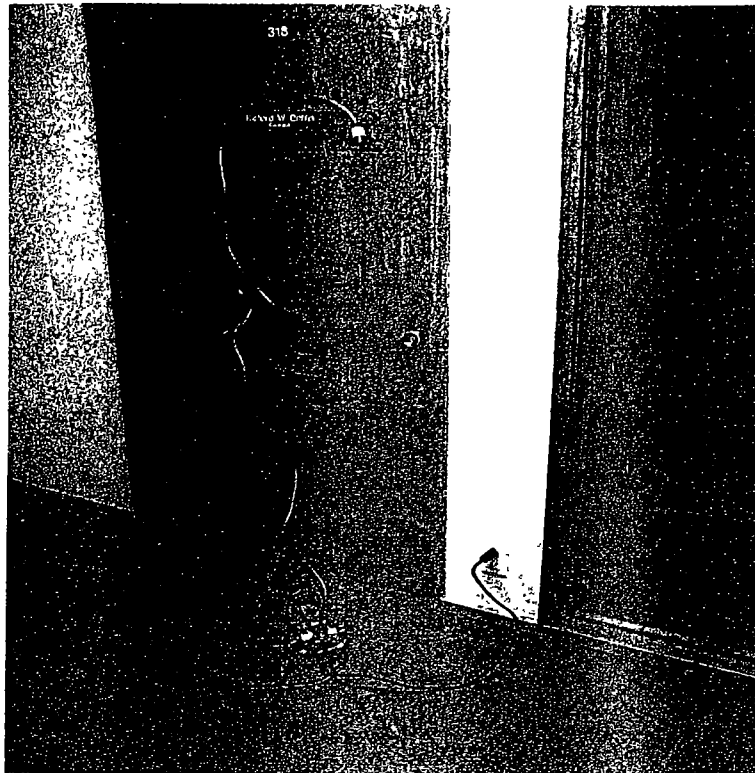


Photo # 5

Description: 3rd floor - northeast hall / room 318.

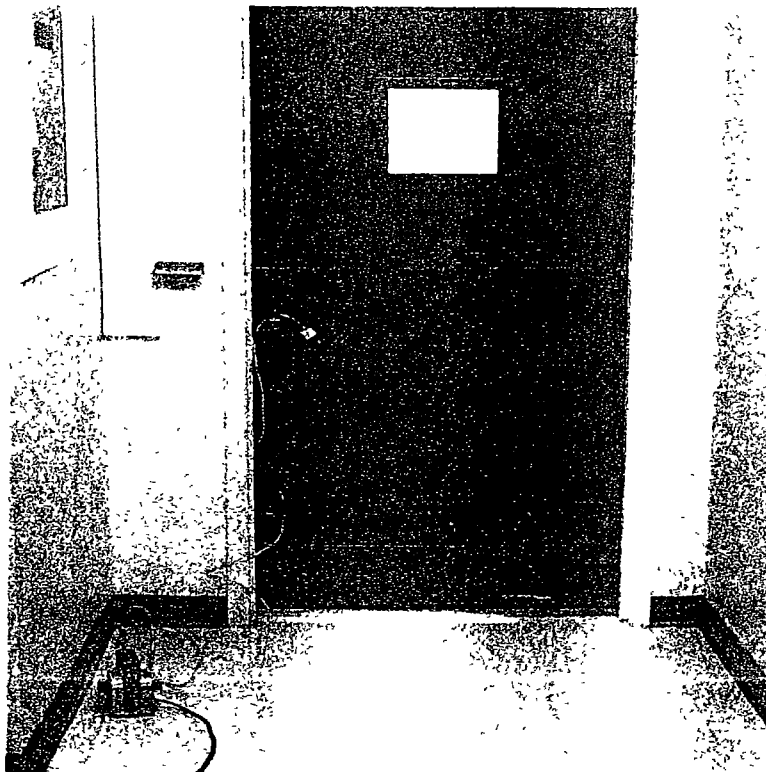


Photo # 6

Description: 4th floor - smoke area / room 466.

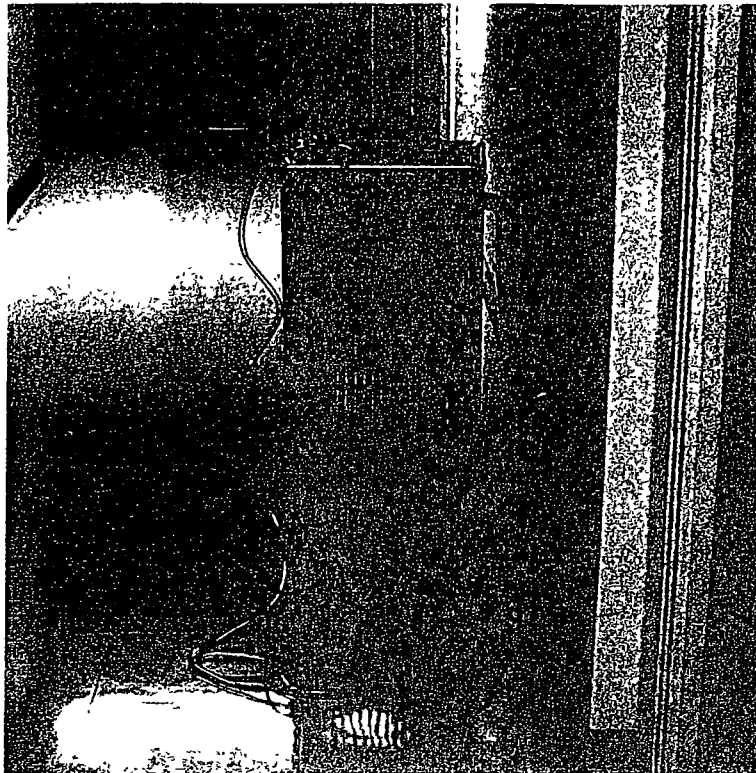


Photo # 7

Description: 4th floor - north hall / water fountain.

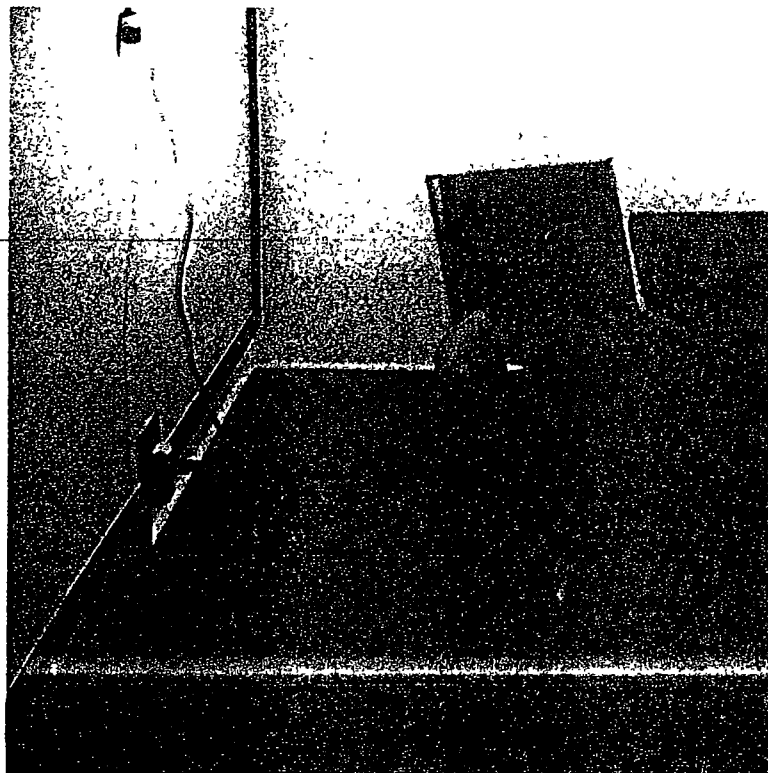


Photo # 8

Description: 5th floor - south hall / room 560.



Photo # 9

Description: 5th floor - northeast hall / room 514.

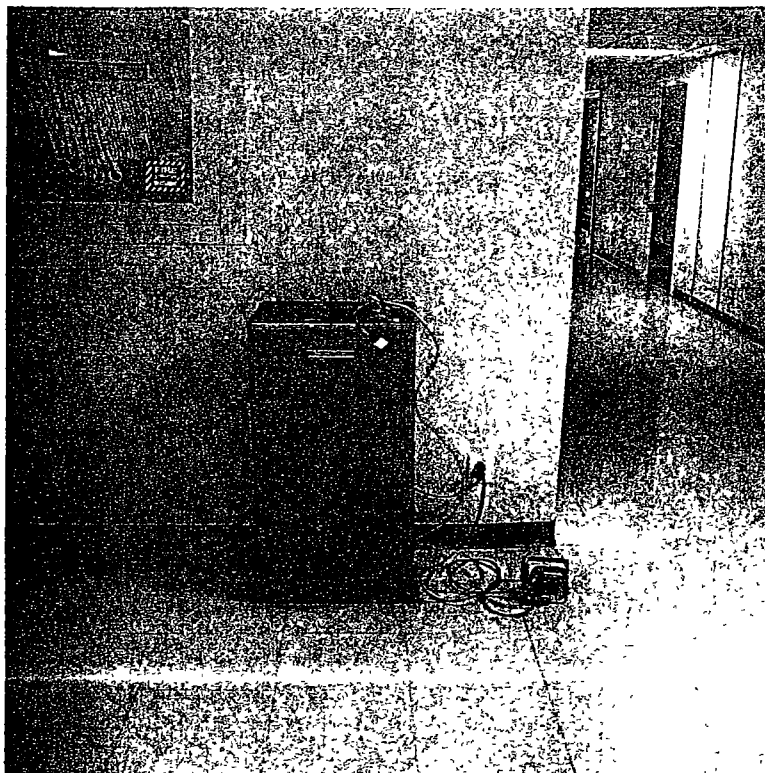


Photo # 10

Description: 6th floor - southeast hall / water fountain.

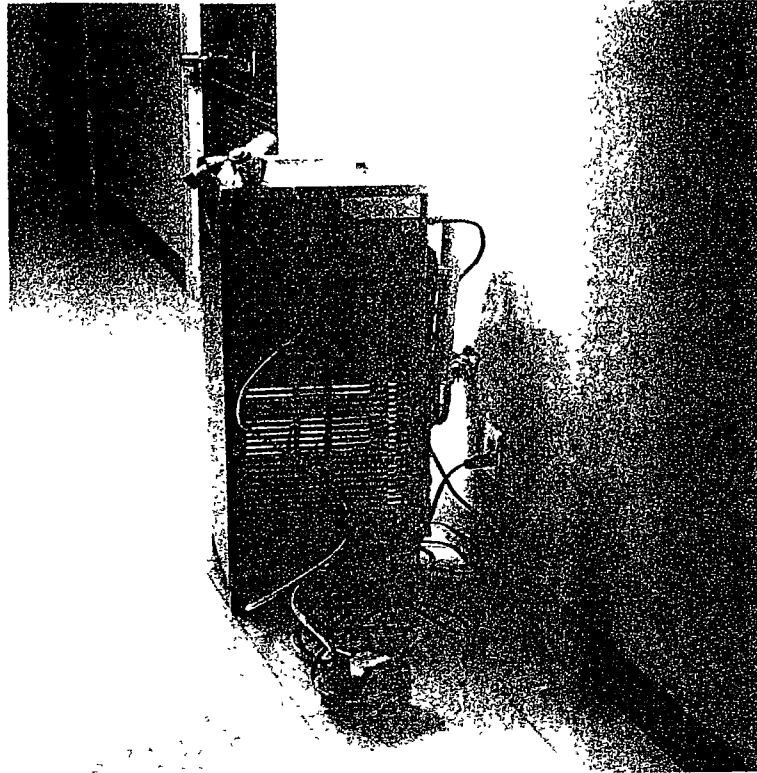


Photo # 11

Description: 6th floor - northwest hall / water fountain.

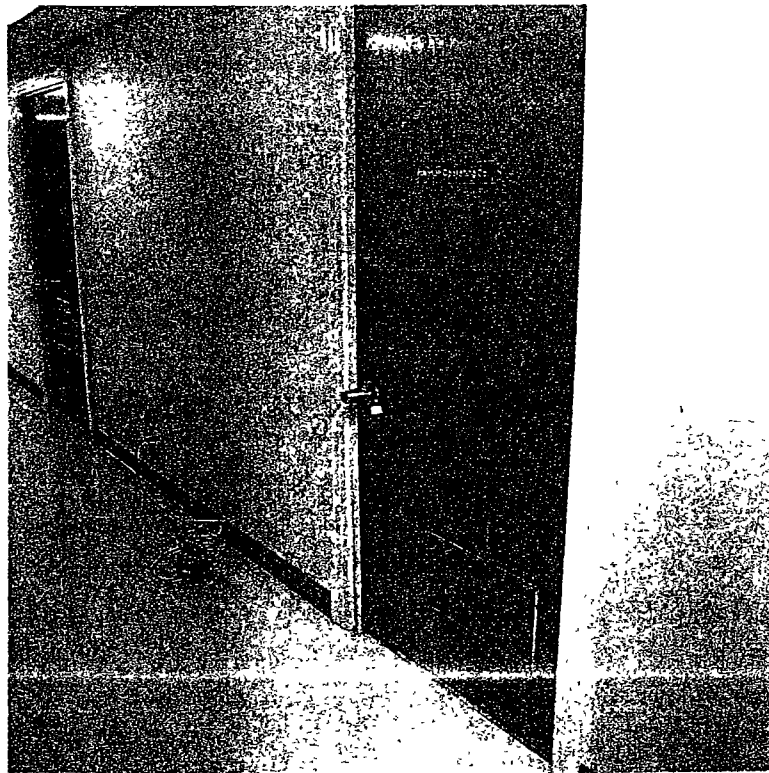


Photo # 12

Description: 7th floor - south hall / room 757.

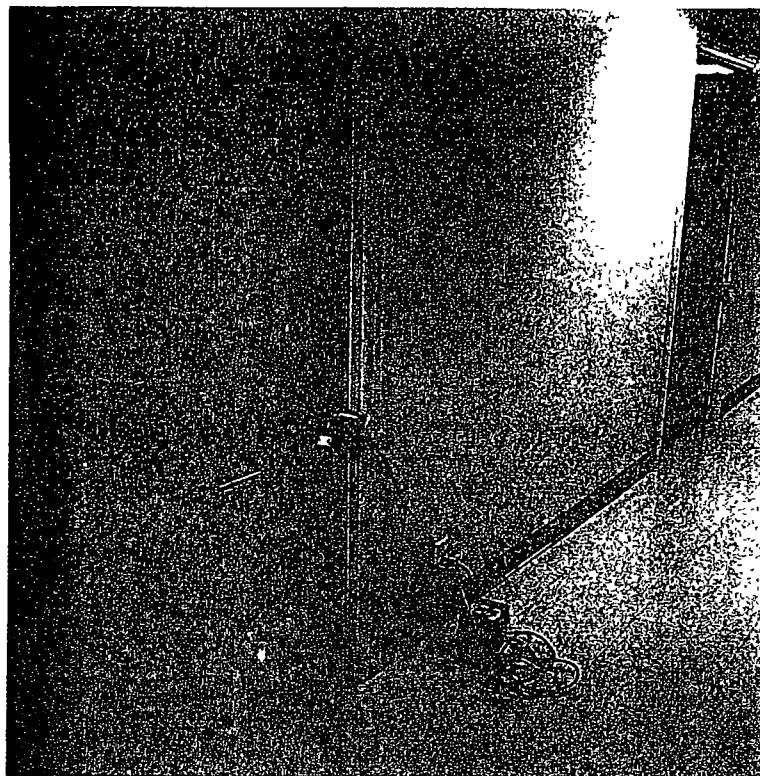


Photo # 13

Description: 7th floor - north hall / room 722.

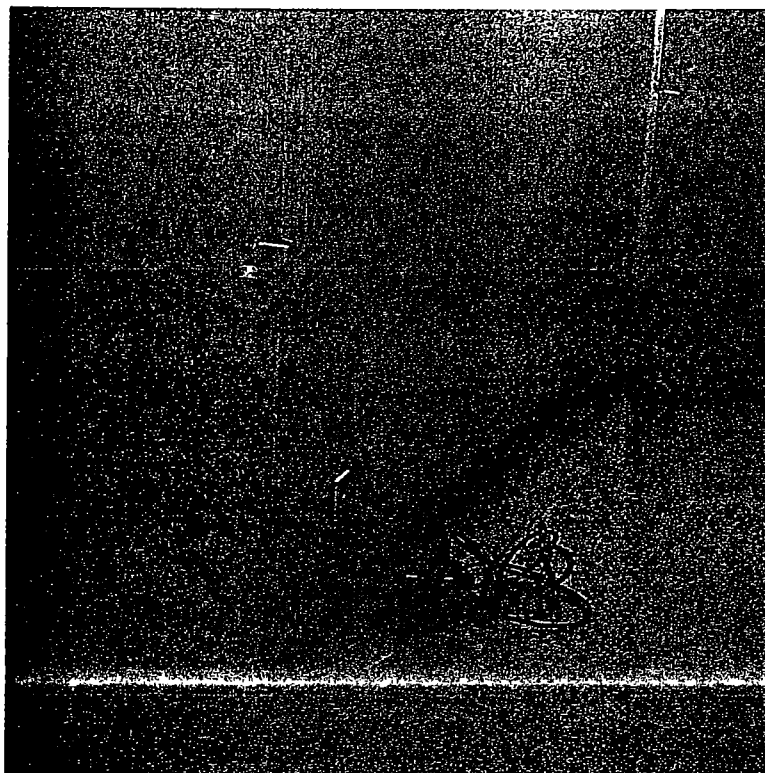


Photo # 14

Description: 8th floor - southeast hall / room 806.

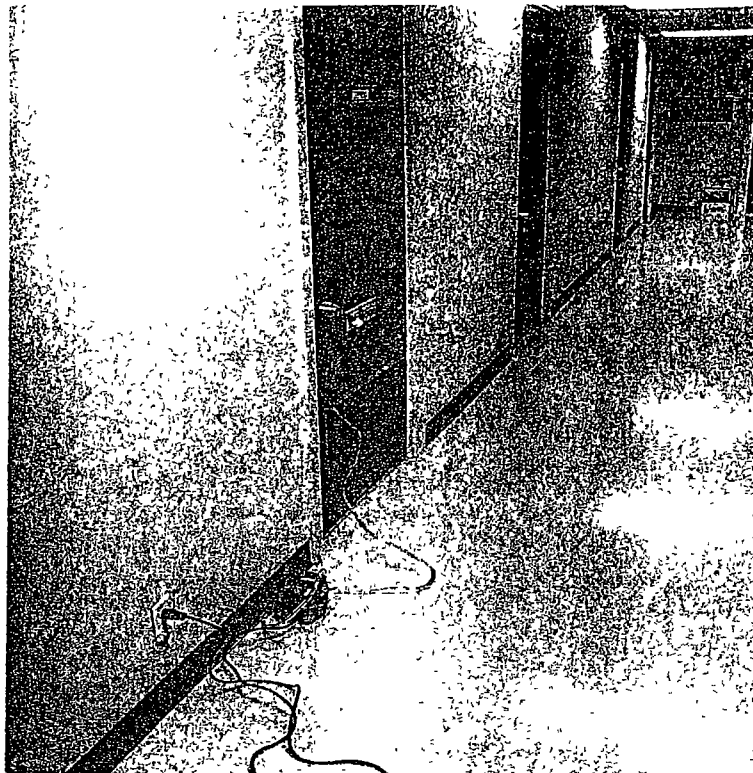


Photo # 15

Description: 8th floor - northwest hall / room 876.

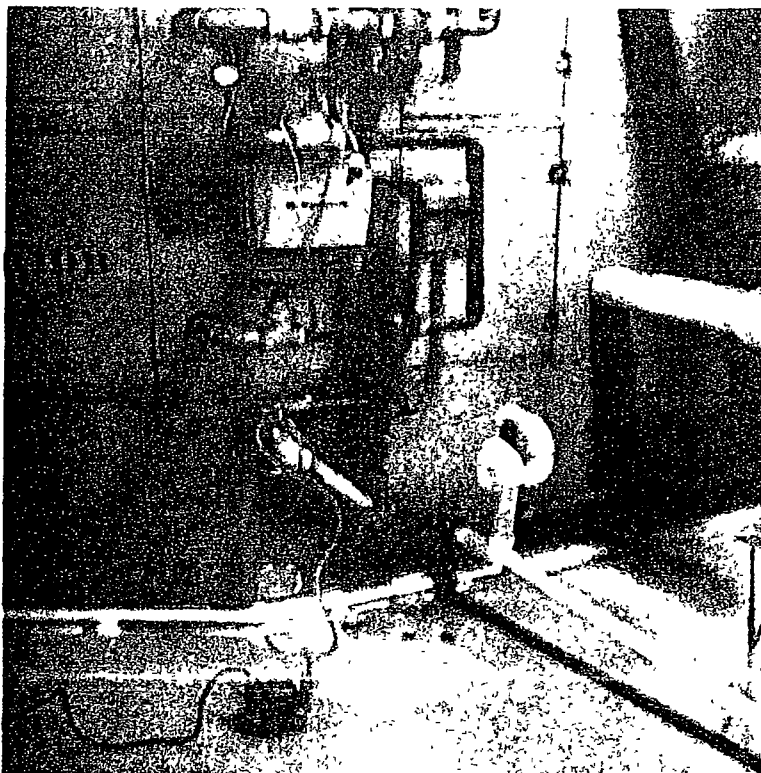


Photo # 16

Description: Penthouse mechanical room.

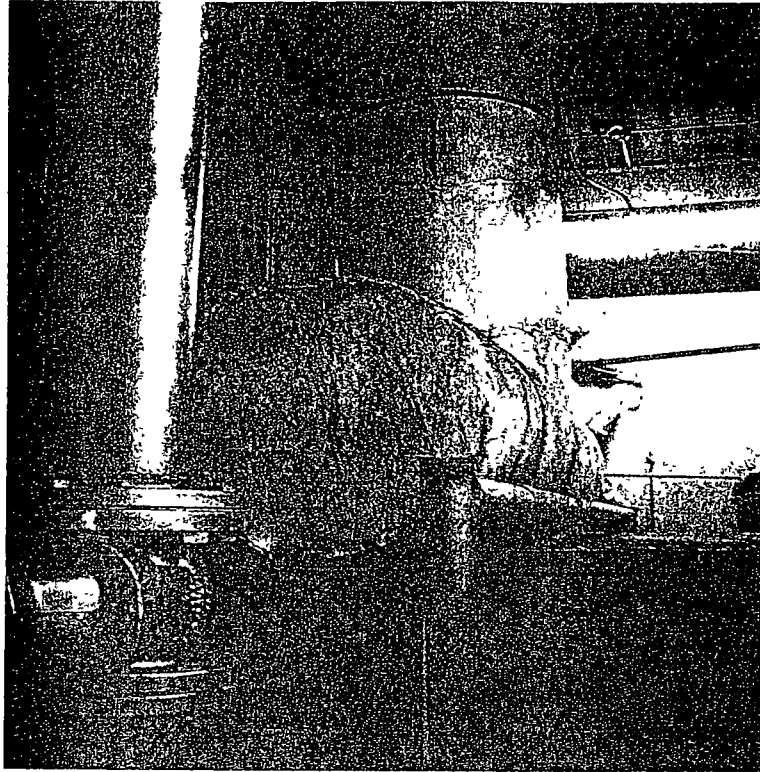


Photo # 17
Description: Penthouse wide.

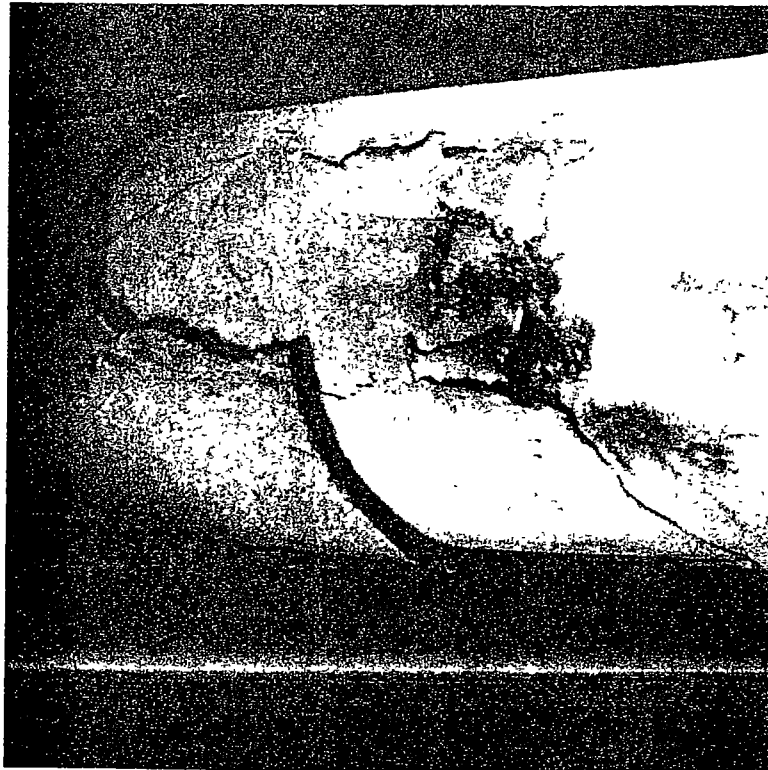


Photo # 18
Description: Penthouse close.



TEXAS DEPARTMENT OF STATE HEALTH SERVICES

Be it known that

ERI CONSULTING INC.

is certified to perform as a

Asbestos Consultant Agency

in the State of Texas within the purview of Texas Occupations Code, chapter 1954,
so long as this license is not suspended or revoked and is renewed according to the
rules adopted by the Texas Board of Health.

Eduardo J. Sanchez, M.D., M.P.H.

Eduardo J. Sanchez, M.D., M.P.H.
Commissioner of Health

License Number 100020

Effective Date 3/13/2006

Expiration Date: 3/12/2008

(Void After Expiration Date)

VOID IF ALTERED

Control Number: 21872

NON-TRANSFERABLE



TEXAS DEPARTMENT OF STATE HEALTH SERVICES

Be it known that

ERI CONSULTING INC.

is certified to perform as a

Asbestos Laboratory PLM, PCM

in the State of Texas within the purview of Texas Occupations Code, chapter 1954,
so long as this license is not suspended or revoked and is renewed according to the
rules adopted by the Texas Board of Health.

Eduardo J. Sanchez, M.D., M.P.H.

Eduardo J. Sanchez, M.D., M.P.H.
Commissioner of Health

License Number 300007

Effective Date: 12/13/2005

Expiration Date: 12/12/2007

(Void After Expiration Date)

VOID IF ALTERED

Control Number 90855

NON-TRANSFERABLE



TEXAS
Department of
State Health Services

Control No:
95384

Department of State Health Services certifies that:

Christopher L Power

is Licensed as an:

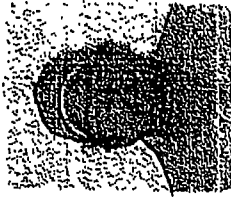
Asbestos Individual Consultant

License Number: 105566

Expiration Date: 2/15/2009



Professional Environmental Training
4-Hour Air Sampling Reccreditation
Expires 1/11/2008



Professional Environmental Training
713-921-8921

Certifies that on January 11, 2007

Name: Christopher L. Power

Social Security # 459-93-0436

Completed training course requirements and is reccredited in
4-hour air sampling techniques for Air Monitoring Technicians
Fredy Polanco, M.S.
Instructor

President

Professional Environmental Training

Awards this Certificate to

CHRISTOPHER L. POWER

Certificate No. AR-0436

For the completion of the

4-HOUR TRAINING COURSE AND IS REACCREDITED
IN AIR MONITORING TECHNIQUES FOR AIR MONITORING TECHNICIANS
In Accordance with the Texas Asbestos Health Protection rules 25 TAC 295.

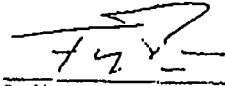
January 11, 2007
Date of Class

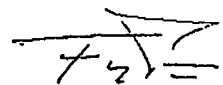
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Expiration Date

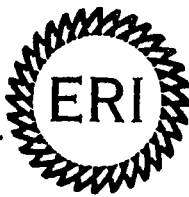
January 11, 2007
Date of Examination

9001 Airport Blvd. Suite 510
Houston, Texas 77061

713-921-8921


President


Instructor, Fredy Polanco, M.S.



CONSULTING ENGINEERS, INC.

2024 REPUBLIC DRIVE, TYLER, TEXAS 75701
P.O. BOX 2024, TYLER, TEXAS 75710
TELEPHONE: (903) 534-5001
FAX: (903) 534-8701

PRELIMINARY LEAD AND ASBESTOS INSPECTION REPORT

Conducted on

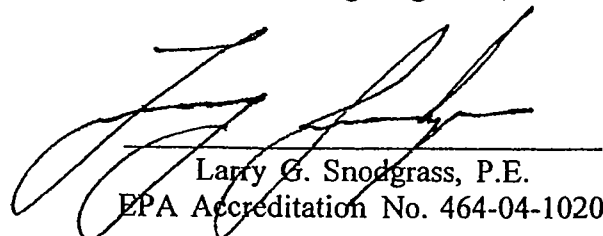
Fair Foundation Building
121 S. Broadway
Tyler, Texas

ES#95-056

Prepared for

FAIR INTERESTS
P. O. Box 689
Tyler, Texas

Prepared by
ERI Consulting Engineers, Inc.



Larry G. Snodgrass, P.E.
EPA Accreditation No. 464-04-1020

5-22-95
Date

II. LEAD BASED PAINTS

Three suspected lead based painted surfaces were observed and sampled. A comprehensive lead survey was not performed. The interior wall paint was sampled and found to contain lead below the Consumer Product Safety Commission's definition of a lead based paint of 600 ppm. The window and trim paint was also sampled and found to be below the CPSC's definition of lead based paint. The plaster paint was sampled on the first floor stairwell that leads to the basement. It was found to contain 1,200 ppm which is above the Consumer Product Safety Commission's definition of a lead based paint of 600 ppm.

The stairwell plaster paint is in good condition and does not require any response actions or remediation at this time. However, the owner should be aware that the material does contain lead and should take great care not to disturb those painted surfaces or conduct any activity which may release lead-containing dust particles into the building's environment. There are currently few regulations concerning lead. However, it is expected that lead will be more regulated in the foreseeable future. Given the likelihood of different paints having been utilized, the owner should sample each of the building's surfaces prior to conducting renovation activities which may disturb potential lead based painted surfaces.

The owner should be aware that there are lead based paints in the building and manage those materials appropriately.

III. ASBESTOS-CONTAINING MATERIALS

The following building materials were confirmed to contain asbestos:

- (1) 12" x 12" white floor tile, floors 4-8
- (2) 9" x 9" beige floor tile under carpet & 12" x 12" floor tile, floors 4-8
- (3) Ceiling material on plaster substrate, room 874 (material also found on floors 4-8)
- (4) 2" corrugated air cell water line insulation
- (5) Hard hand mudded fitting on water line insulation
- (6) Ceiling material - 4th floor, room 420
- (7) 12" x 12" brown floor tile throughout 3rd floor

All floor coverings are defined by the EPA in the National Emissions Standards for Hazardous Air Pollutants (NESHAPS) promulgated November 20, 1990, 40 CFR 61 subpart M, as Category I non-friable ACM. All these materials are in good condition and pose little potential for releasing asbestos fibers. Current regulations require that when these materials are disturbed (renovation/demolition activities), certain special handling procedures must be followed. These procedures will increase the costs associated with any future renovation or demolition activities which affect the Category I ACMs.

The door and window caulk are defined by the NESHAPS as Category II non-friable ACM. These materials are in good condition and pose little potential for releasing asbestos fibers. When demolition or renovation activities are conducted which may disturb these materials, the ACM must be removed by a licensed asbestos abatement contractor under the supervision of a licensed asbestos consultant.

The thermal system pipe insulation, and the wall and ceiling texture material are defined by the NESHAPS as being friable ACM. These materials must be removed by a licensed asbestos abatement contractor under the supervision of a licensed asbestos consultant prior to disturbing them.

ERI Consulting Engineers, Inc.

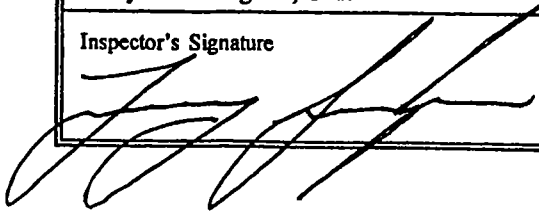
ASBESTOS SAMPLES LABORATORY ANALYSIS

ENVIRONMENTAL RESEARCH, INC.
SAMPLE LOG AND SAMPLE NOTES

Customer: Fair Buildings
 ES#: 95-056

Building: Fair Foundation Building

Sample No.	Photo No.	Description/Location of Sampled Material
FB-1		12" x 12" floor tile in hallway, floors 4-8 ----- Sample collected 8th floor
FB-2		9" x 9" beige floor tile under carpet & 12"x12" tile floors 4-8 ----- Sample collected 8th floor
FB-3		Ceiling material on plaster substrate rm. 874 ----- Material found floors 4-8
FB-4		2'x2' lay-in tile - hallways ----- Floors 4-8
FB-5		2" corrugated air cell water line insulation in chases ----- 6th floor
FB-6		Hard hand-mudded fittings on water line insulation -----
FB-7		Ceiling material ----- 4th floor room 420
FB-8		2'x2' lay-in ceiling tile ----- 3rd floor
FB-9		12"x12" brown floor tile ----- 3rd floor throughout
FB-10		Wall plaster ----- Stairwell from first floor to basement

Inspector's Name Larry G. Snodgrass, P.E.	Inspector's Firm Environmental Research, Inc.
Inspector's Signature 	Dates Samples Collected 3/22/95



Environmental Research, Inc.

2523 East Fifth Street, Tyler, TX 75701
 P.O. Box 2024, Tyler, TX 75710
 Telephone: (903) 535-9314

LABORATORY ANALYSIS REPORT

NIST/NVLAP Bulk Asbestos Analysis Lab Accreditation Code No. 1232
 TEXAS ASBESTOS LABORATORY LICENSE NO. 30-0007

TO: Engineering Services Division
 Environmental Research, Inc.
 Attn: Mr. Larry G. Snodgrass, P.E.

Report Date: 03/30/95
 Sample Rec'd: 03/23/95
 Page 1 of 1
 ERI E.S. No.: 95-056

RE: Asbestos analysis of bulk sample from the Fair Foundation Building, in Tyler, Texas.

METHOD: Polarized Light Microscopy (PLM) analysis for asbestos in building materials by 40 CFR Part 763, Subpart F, Appendix A. Quantification is by visual estimation. In accordance with the EPA revisions 40 CFR Part 61, pertaining to friable materials, if the asbestos content is estimated to be less than 10 percent by visual estimation, the determination may be repeated upon request using the point counting technique. NOTE: Asbestos fibers may occur in particle size below the resolution limit of this analysis technique; TEM analysis is recommended on samples of floor tile determined to be <1% or none detected by this method. The percentage of asbestos reported refers to the overall percentage for the material provided, unless otherwise indicated.

RESTRICTIONS: This report relates only to the items actually tested, and must not be used to claim product endorsement by NVLAP, or any agency of the United States government. Reproductions must include the entire report.

RESULTS: The percentage of asbestos reported is by visual estimation. Point Counting results, when appropriate are reported in parenthesis after these results in the Sample Description.

POLARIZED LIGHT MICROSCOPY

Client I.D.	ERI AS# 9503139	% Asbestos	Results (ND=None Detected) (PC=Point Counting)
			Sample Description
FB-1	Aa	2-4%	White, floor tile with gold streaks, containing 2-4% chrysotile asbestos, 3-5% cellulose fibers, calcite, vinyl, particulate and binder.
	Ab	1-2%	Black and amber, mastic mixture, containing 1-2% chrysotile asbestos, 3-5% synthetic fibers, 3-5% cellulose fibers and particulate in a binder.
FB-2	Ba	ND	Tan, floor tile with brown streaks, containing 1-2% cellulose fibers, calcite, particulate and binder.
	Bb	7-10%	Black mastic, containing 7-10% chrysotile asbestos, 3-5% cellulose fibers, and particulate in a binder.
FB-3	C	6-10%	Non homogeneous, tan, friable, spray-on material with white paint; overall composition is 4-6% chrysotile asbestos, 2-4% tremolite-actinolite asbestos, 60-65% vermiculite, particulate and binder.

Kathy P. Schaefer

Environmental Research, Inc.

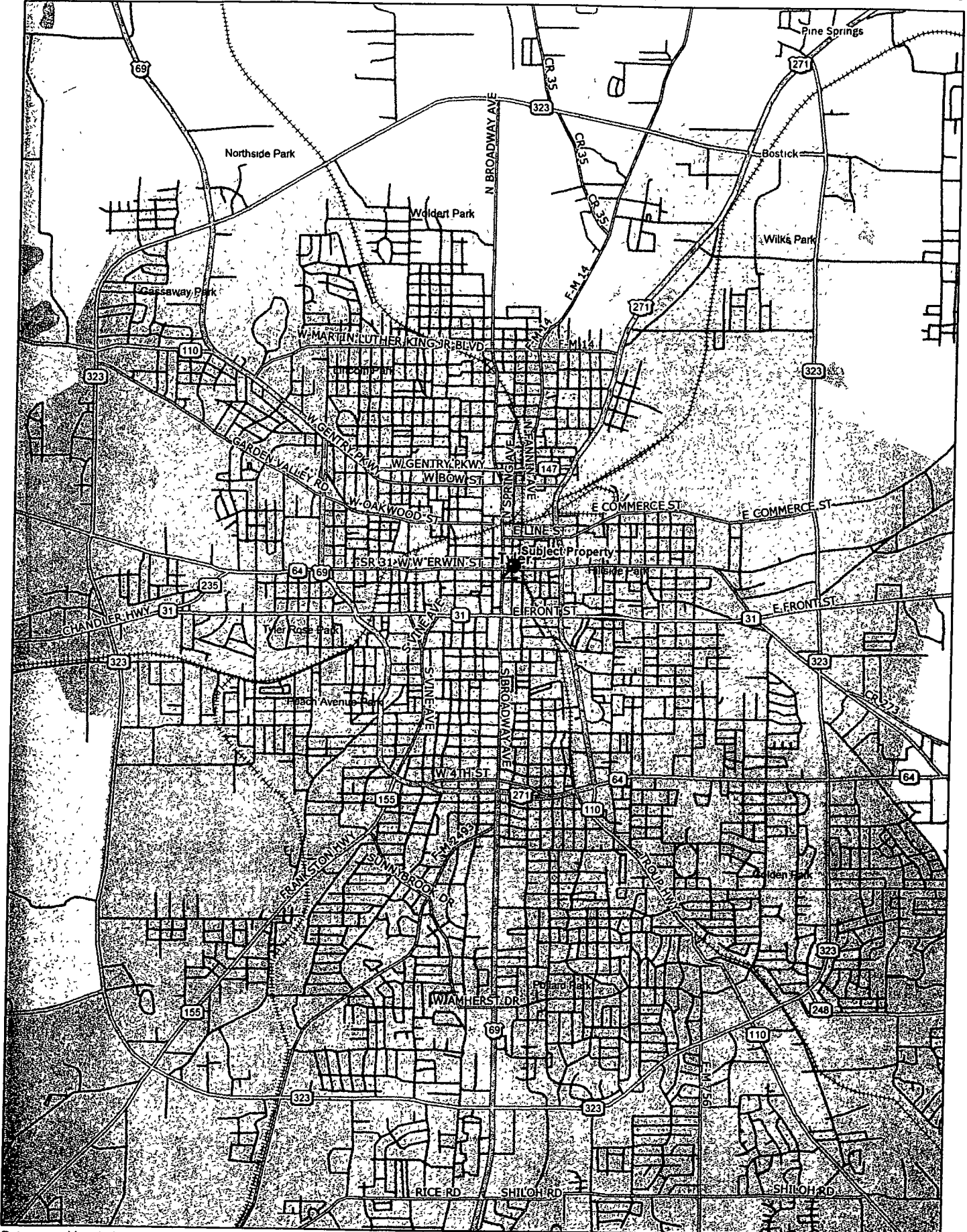
FAIR BUILDINGS, A.S. NO. 9503139

PAGE 2 OF 2

Client I.D.	ERI AS# 9503139	Results (ND=None Detected) (PC=Point Counting)	
		% Asbestos	Sample Description
FB-4	D	ND	Homogeneous, tan, friable ceiling tile, 60-65% fiberglass, 20-25% cellulose fibers, particulate and binder.
FB-5	E	2-3%	Non homogeneous, tan, fibrous, paper insulation, outer, white, paper insulation, and a loosely woven cloth wrap; overall composition is 2-3% chrysotile asbestos, 80-85% cellulose fibers, 2-4% synthetic fibers, particulate and binder. NOTE: the asbestos was confined to the white, outer paper which contained 15-20% chrysotile asbestos when analyzed separately.
FB-6	F	11-16%	Non homogeneous, tan, friable insulation, beige, friable, insulation and tan, fiber weave wrap; overall composition is 5-8% chrysotile asbestos, 6-8% amosite asbestos, 15-20% mineral wool, 11-16% cellulose fibers, particulate and binder. NOTE: the asbestos was found in the tan insulation, which contained 10-15% chrysotile asbestos, and in the beige insulation, which contained 4-6% chrysotile asbestos and 15-20% amosite asbestos, when analyzed separately.
FB-7	G	4-6%	Non homogeneous, brown, friable, spray-on material with white paint; overall composition is 4-6% chrysotile asbestos, <1% tremolite-actinolite asbestos, 60-65% vermiculite, particulate and binder.
FB-8	H	ND	Non homogeneous, tan, friable, ceiling tile with white paint; overall composition is 40-45% cellulose fibers, 40-45% fiberglass, particulate and binder.
FB-9	Ia	4-6%	Brown, floor tile with beige and brown streaks, containing 4-6% chrysotile asbestos, calcite, vinyl, particulate and binder.
	Ib	3-5%	Black mastic, containing 3-5% chrysotile asbestos, 3-5% cellulose fibers, particulate and binder.
FB-10	J	ND	Homogeneous, tan, granular, cement plaster, containing 60-65% quartz, in a carbonate rich, cement matrix.

Respectfully submitted,

Kathy R. Schosek
 Kathy R. Schosek
 Laboratory Technical Director
 Analyst



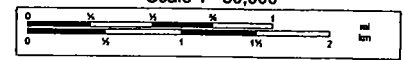
Data use subject to license

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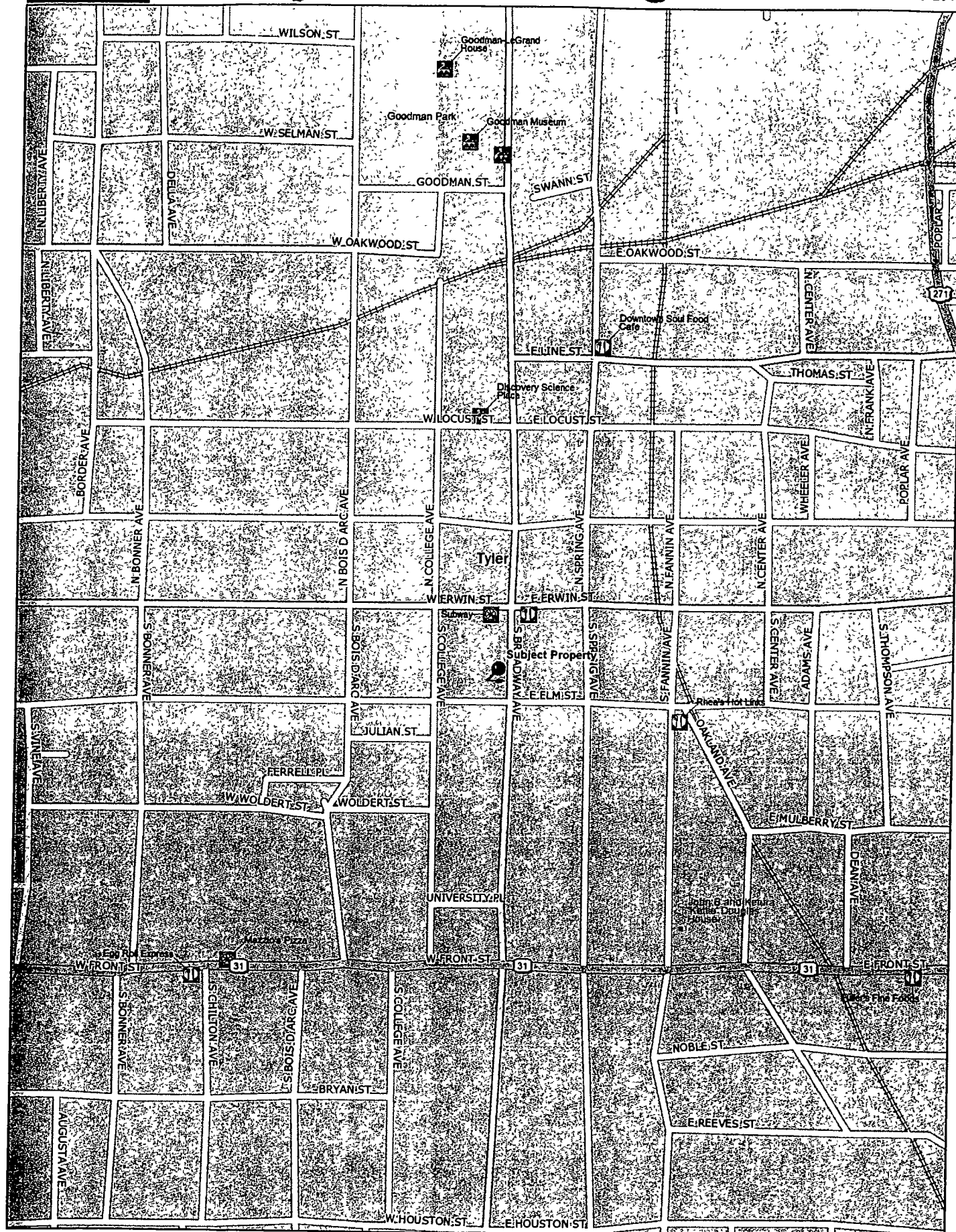
www.delorme.com



Scale 1 : 50,000



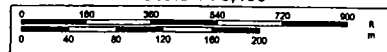
1" = 4,166.7 ft Data Zoom 12-0



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www.delorme.com

Scale 1 : 6,400



1" = 533 3 ft

Data Zoom 15-0

Tax Year: Select a Year

History

Print

Ownership Data	
Account:	150000000700030010
PIN#:	049501
Owner:	FAIR R W FOUNDATION #2
Address:	PO BOX 689
City/ST/Zip:	TYLER, TX 75710-
2010 Certified Values	
Land Value:	\$49000.00
Ag Value:	\$0
Bldg Value:	\$151000.00
Total Value:	\$200000.00
2010 Exemptions	
Frozen Values / Years	
HOMESTEAD EXEMPTION FORM	
Deed Information	
Book:	
Page:	
Recd. Date:	1/1/1900
Recd. Info:	
Legal Information	
Location:	123 S BROADWAY AVE
Map#:	C 46
Grid#:	I-16.3
Abst/Sub#:	190007
Subd/Survey:	CITY OF TYLER
Lot/Tract:	BLOCK 7 LOT/SPACE 0030A
Block:	7
Unit/Section:	
Acres:	0

Dwelling Information	
Year Built:	0
Square Feet:	51200
Stories:	0
Ext. Wall:	BRICK VENEER
Bath Full:	0
WBFP:	0
Dwelling Area Square Feet	
Area..1	51200
Area..2	5100
Area..3	6400
Area..4	1300
For Actual Tax Levy contact Gary Barber Tax Assessor/Collector at (903)590-2920 Tax amounts shown are Estimates Prepared by the Smith County Appraisal District	
Jurisdictions/2010	Est Taxes
CITY OF TYLER	\$417.73
SMITH COUNTY	\$627.88
TYLER ISD	\$2,750.00
TYLER JR. COLLEGE	\$365.85

1-50000-0007-00-030010
PIN = 049501 01 OF 01
LEGAL DESCRIPTION:
MAP C 46 TILE
ISO: TY CITY: TY
COLLEGE: TY
OWNERS NAME:
FAIR R W FOUNDATION #2
CONSOLIDATED TAX SERVICE
P O BOX 1807
HENDERSON TX
75653-1807
RECD INFO: WD 42012
RECD DATE: 12/31/86
VOLUME: 2632 PAGE: 381
NBRD: 3510-A
COMMERCIAL ACCOUNT

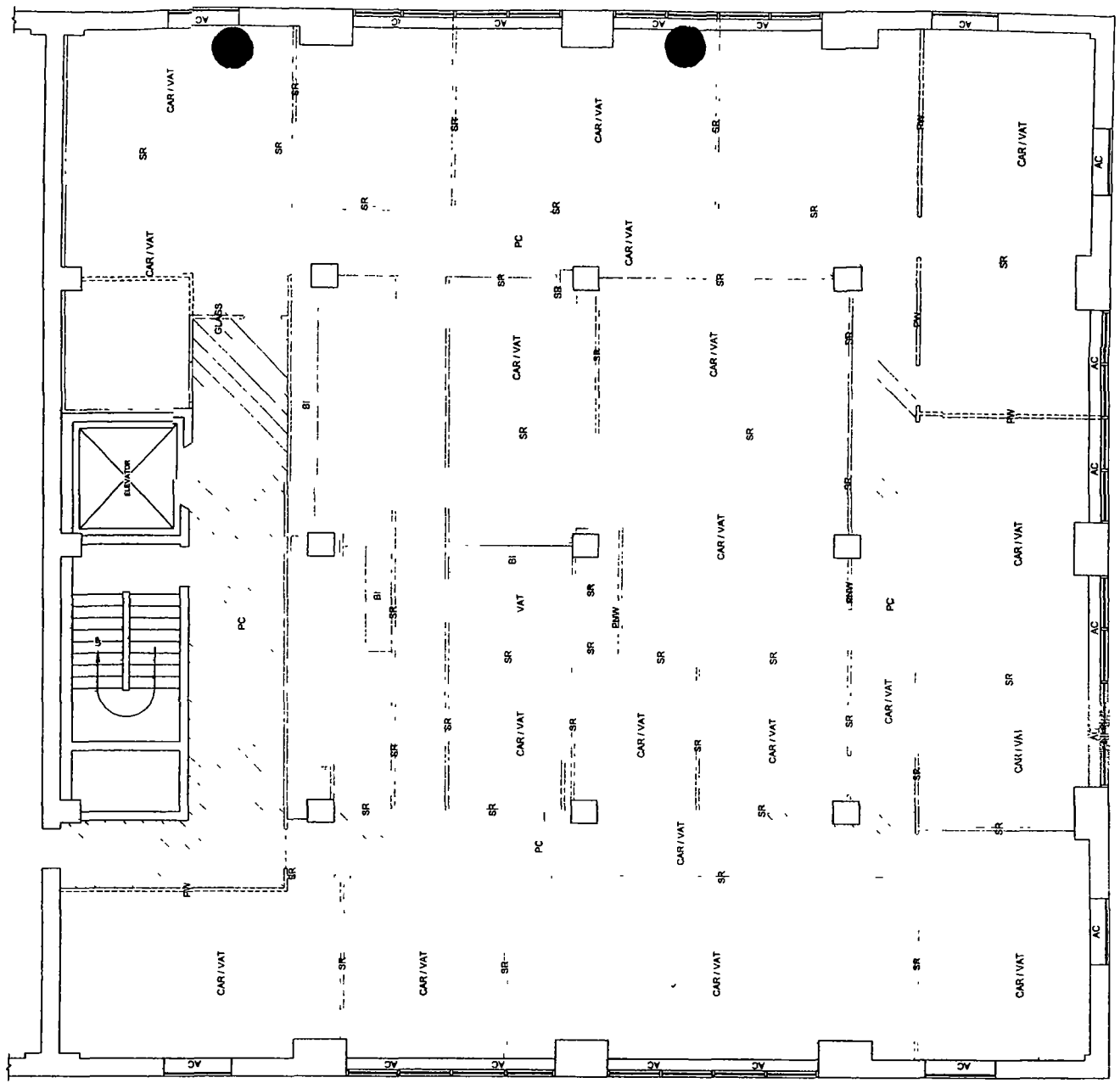
BUSINESS NAME/NOTE: LINDSEY BUILDING FMR UNITD TEL
ADDRESS: 123 S BROADWAY
APPRaised: 04/08/94 BY: LW

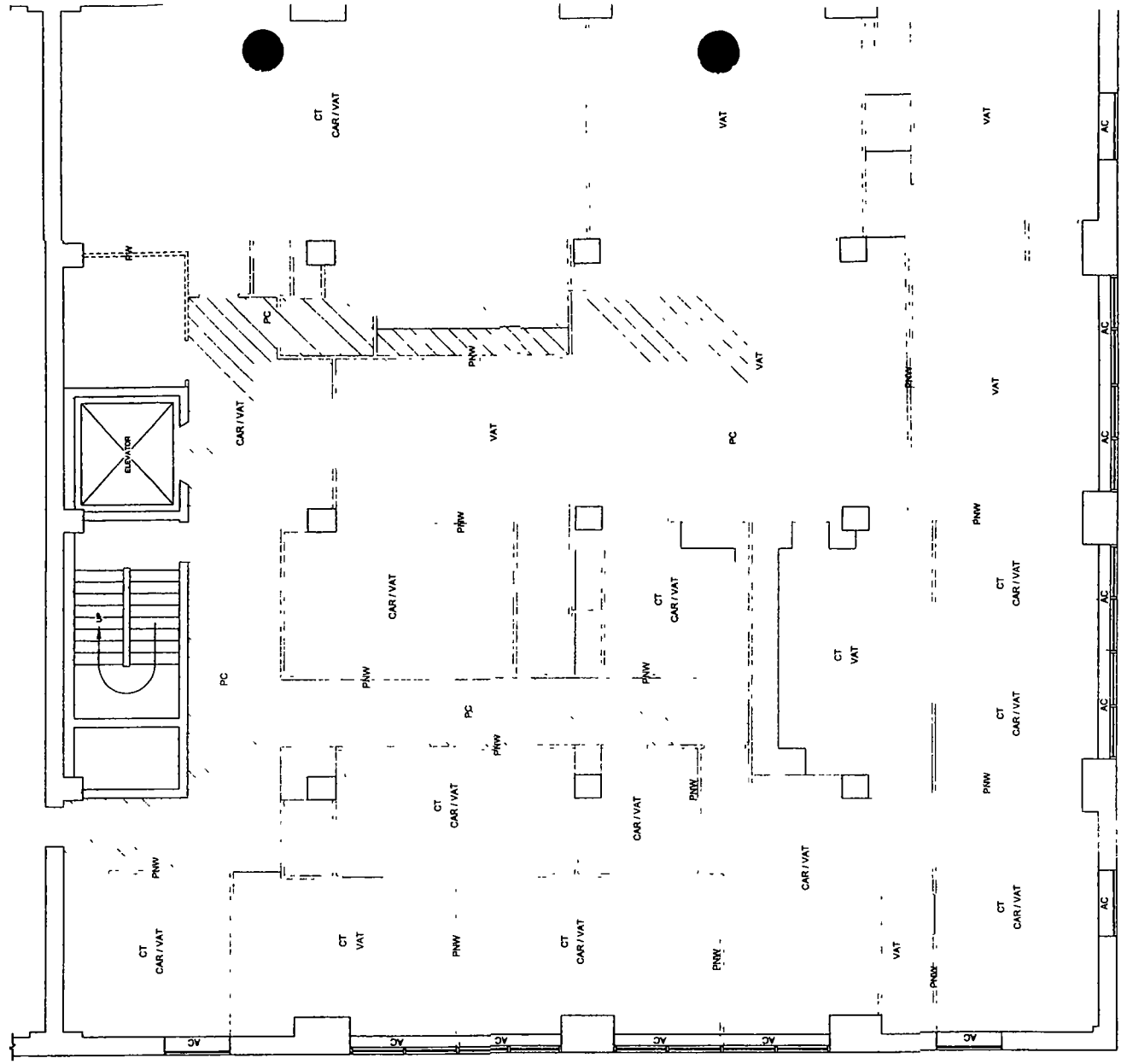
	1997	1996
TOT. LAND VALUE..:	49,000	
TOT. AG VALUE.....:		
TOT. TIM VALUE.....:		
TOT. IMPV. VALUE..:	401,400	
TOT. ABT VALUE.....:		
TOT. VALUE (COST):	450,400	
TOT. VALUE (I/E)...	207,000	207,000
TOT MKT VALUE.....:	207,000	

LAND	CLASS: CI	BUILDING	YEAR BUILT: 1945
LAND USE.....: OFFICE BLDG LOW 1-4			
TOT. LOT FRFT:	5,100	LEVEL: 01 01	USE: MULTI USE OFFICE
TOT. SQFT.....:	6,400	02 08	MULTI USE OFFICE
TOT. ACRES.....:	1,300	01 01	MULTI USE STORAGE
SITE VALUE.....:			
PROD LAND.....:			
PRICE PER SQFT		PRICE PER SQFT:	7.83
PRICE PER ACRE 218,750.00		TOT PER SQFT	4.04

TOT. SQ. FT.	51,200	TOT PER SQFT	4.04

MISC OTHER IMP: ADDITIONAL ECO ADJ -	22,500	TOTAL OBY:	0	01/21/98	11.35.58	48,971





1 7TH FLOOR EXISTING
SCALE: 1/4" = 1'-0"

InterFlood



by a la mode

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Flood data

USPS Address: 123 S Broadway Ave
Tyler TX 75702-7207

Community Name: TYLER, CITY OF

Community #: 0571

County: Smith

Census Tract: 48423-0005.00

Flood Zone: X

Flood map color options

InterFlood has access to over 111,000 current FEMA flood maps. And with most (not all), you can customize their color, which makes them more appealing and highlights their zones.

Current Color:



[Change Color](#)

Here's your flood map(s)

Since it's possible for a property to be located on more than one flood map (tell me why), you may see more than one link below. In most cases, the first link will be the best map. When you click a link, the corresponding flood map will be displayed.

[Flood Map #1 for 123 S Broadway Ave](#)

Map Panel 48423C0360C - Map Date 09/26/2008

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- **Save Picture As...** to copy the flood map to your hard drive
- **Copy** to place the flood map in Windows memory so you can paste it into another program
- **Print Picture...** to print the flood map immediately

InterFlood

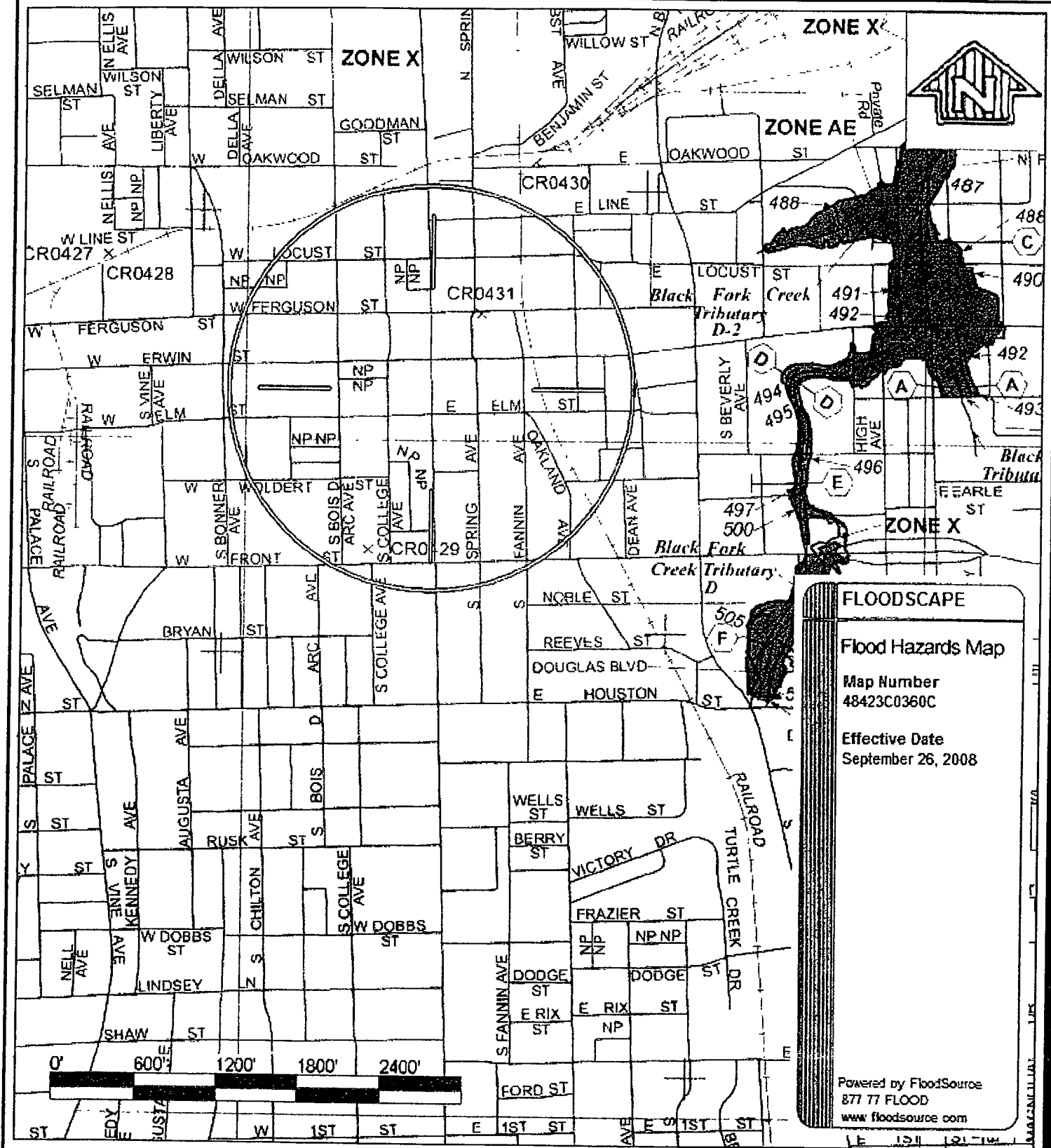


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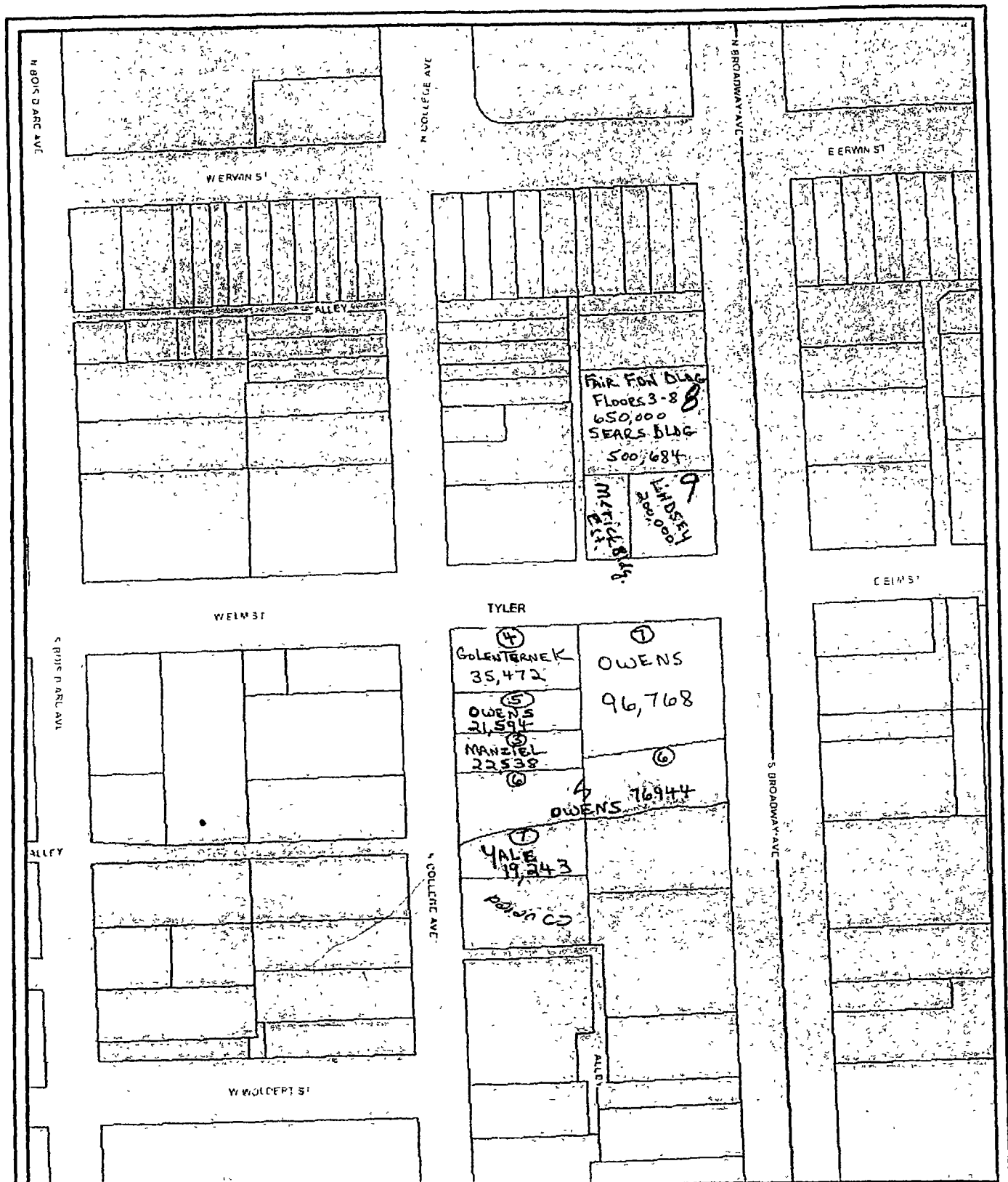
Prepared for:
Appraisal Resource Group, Inc.

123 S Broadway Ave
Tyler, TX 75702-7207

Page 2 of 2



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R W FAIR FOUNDATION - 10130

	ITEM	DESCRIPTION	JURISDICTIONS	JURISDICTION NAMES	TYPE	LAST YEAR'S VALUE	PROPOSED VALUE
8	'0020	ID #1-50000-007-00-029012 Fair Foundation Building Floors 3-8 Lot 29-A, Blk 70	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$650,000	\$650,000
<i>Estate</i>		Sears Building Tyler Square Antiques	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$550,000	\$500,684
9	'0030	ID #1-50000-007-00-0300010 Lt 30-A, Blk 7 123 South Broadway Lindsey Building	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$200,000	\$200,000
4	'0060	ID #1-50000-0022-00-003010 Lot 3-A, Blk 22 200 S College Golentemek Prop. Parking Lot	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$38,600	\$35,472
5	'0070	ID #1-50000-0022-00-003020 Lot 3-B, Blk 22 206 S College Owens Property	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$9,200	\$21,594
3	'0080	ID #1-50000-0022-00-003030 Lot 3-C, Blk 22 210 S College Manziel Lot	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$15,000	\$22,538
6	'0090	ID #1-50000-0022-00-005000 Lot 5 & 6, Blk 22 212 S. College Owens Property	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$64,990	\$76,944
7	'0100	ID #1-50000-0022-00-007020 Lot 7-B, Blk 22 216 S. College Yale Tract	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$12,800	\$19,243
7	'0110	ID #1-50000-0022-00-004000 Lot 4, Blk 22 South Broadway @ West Elm Owens Property	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$103,410	\$96,768

SKETCH/AREA TABLE ADDENDUM

File No C05910

SUBJECT

Property Address 123 S. Broadway Avenue

City Tyler

State Texas

Zip 75702

Borrower

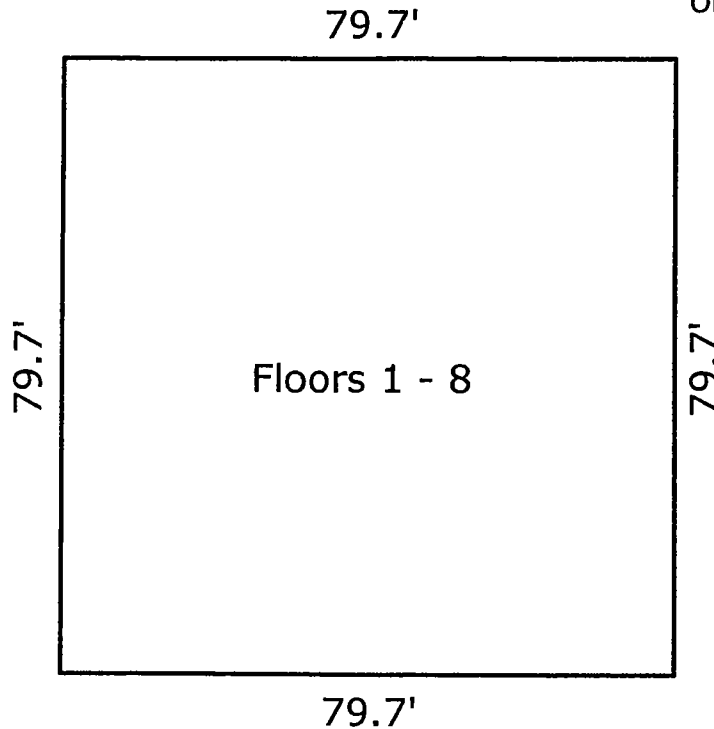
Lender/Client

Appraiser Name Michael R. Huffman, MAI

Appr Address 10750 FM 2813, FtInt, Texas 75762

IMPROVEMENTS SKETCH

For Illustration Purposes
Only Not To Scale



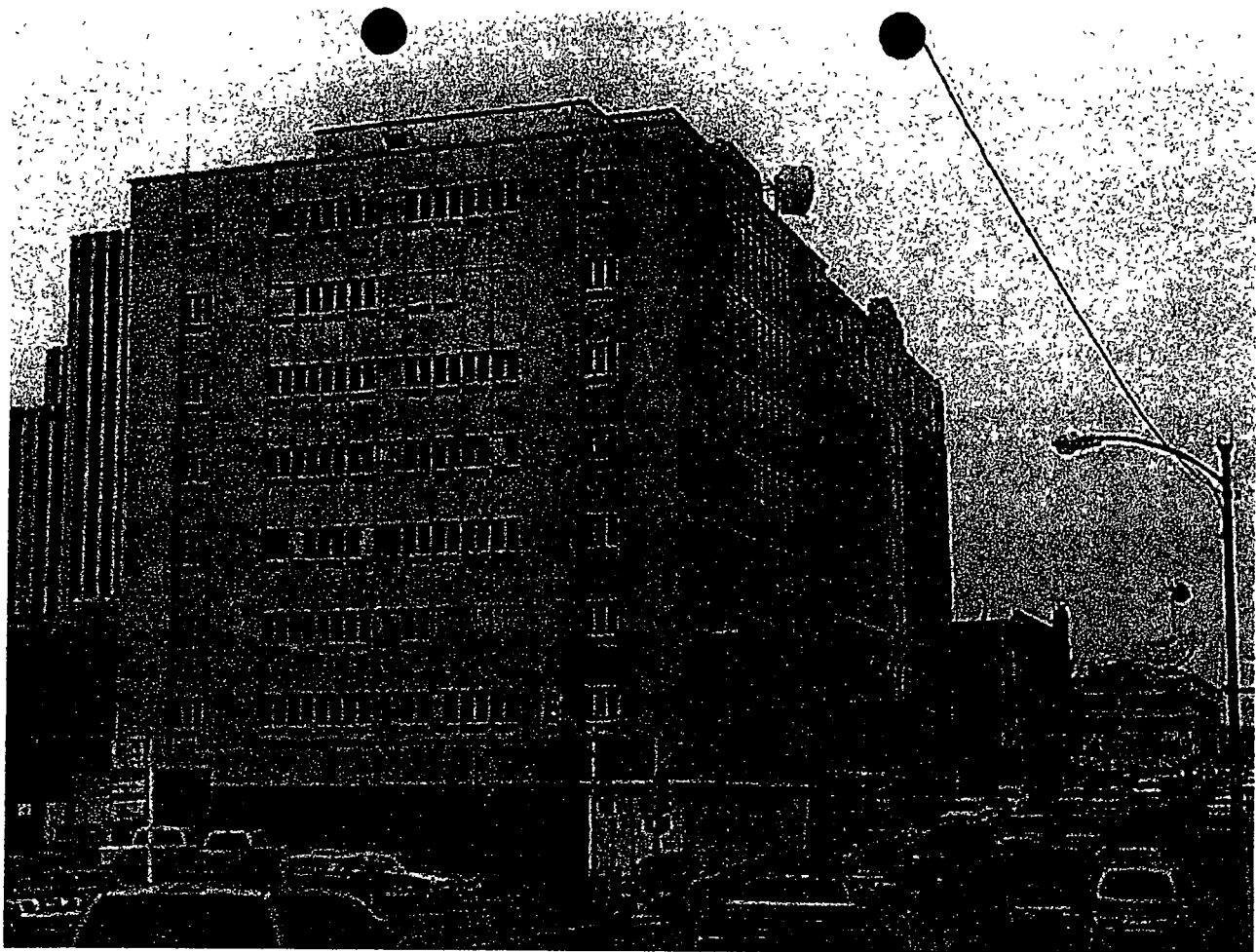
6,352 SF X 8 Floors = 50,816 SF

Scale: 1" = 25'

AREA CALCULATIONS

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Total
GBAT	First Floor	6352.1	6352.1
Net BUILDING Area		(rounded)	6352

BUILDING AREA BREAKDOWN		
Breakdown	Subtotal	
First Floor	79.7' x 79.7'	6352.1
1 Item	(rounded)	6352



Lindsey Building

Eight-story office building in Downtown Tyler now for lease. Located at 123 S. Broadway with suites from 800 S/F to 51,200 S/F available. Suites can be individually built out to suit each tenant's needs. Free parking adjacent to the building and new finish out make this one of the best locations in town. Please contact [Andy Bergfeld](#) at 903-592-1032 for more information.

[Close Window](#)



Historical Office Lease Listing - Lindsey Building
123 S. Broadway, Tyler, TX, 75702

This Office property is Off-Market. Search below to find active commercial real estate for sale or lease.

[Office For Lease](#)
Tyler, TX

e.g. Los Angeles, CA or 91016

[Search](#)
[Advanced Search](#)

Browse More Listings in [Office For Lease](#), [Tyler, TX](#) or [Texas](#)

Office Property - Off Market

Lindsey Building

123 S. Broadway, Tyler, TX 75702



Rental Rate:
\$13 /SF/Year
Min. Divisible:
1,500 SF
Max. Contiguous:
51,200 SF
Property Type:
Office
Property Sub-type:
Office Building
Additional Sub-types:
Creative/Loft
Institutional/ Governmental
Building Size:
51,200 SF
Building Class:
B
Year Built:
1948
Zoning Description:
Central Business District

Last Verified 5/17/2010 Listing ID 15106145

Highlights

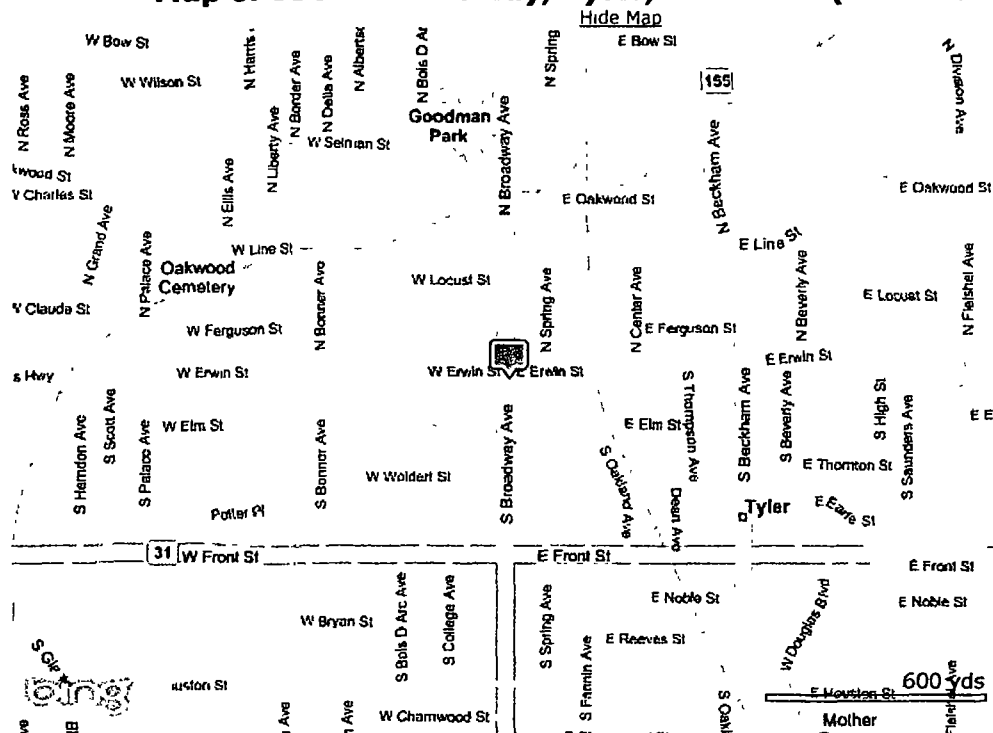
- South Broadway
- New finish out
- flexible floor plans
- great views of Tyler
 - low rates
 - parking

Description

Eight story office building located in downtown Tyler, one block south of the square. Building is currently vacant and has been remediated and cleared of interior walls. Each floor is 80' by 80' and can be built out to suit individual tenants.

Downtown Tyler is experiencing a surge in retail and office use and has a very strong office market. This property has over three hundred surface parking spaces and great visibility on the south side of Downtown with Broadway frontage.

Map of 123 S. Broadway, Tyler, TX 75702 (Smith County)



Additional Options
[Print Listing](#)
[View Map](#)
[Demographics](#)
[Research Price](#)

Created 4/24/2007

Additional Information for 123 S Broadway Avenue, Tyler, TX 75702

BETA [View the Property Record](#) for this address to access additional information such as historical listings, property details, tax details, owners, mortgages, tenants, and more.

Comparable Properties for 123 S. Broadway, Tyler, TX 75702

Nearby Office Properties for sale [Search all commercial real estate for sale](#)



108 S. Broadway

\$525,000

5,600 SF Bldg

Office Building



Name Your Building

\$599,000

18,000 SF Bldg

Office Building



Loft Warehouse

\$240,000

19,200 SF Bldg

Office-Warehouse



Former Broadway Motor Sports

\$299,500

10,400 SF Bldg

Office-Warehouse



Tyler TX Office Building

\$349,000

5,134 SF Bldg

Office Building

Nearby Office Properties for lease [Search all commercial real estate for lease](#)



Plaza Tower

\$13.50 - \$15 /SF/Year

212,917 SF Bldg

681 - 7,384 SF

Office Building



First Place

\$15.50 - \$17 /SF/Year

187,000 SF Bldg

1,451 - 1,512 SF

Office Building

• KLTV Building

\$12 /SF/Year

55,000 SF Bldg

4,650 SF

Office Building



• Peoples Bank Building

\$11 /SF/Year

83,067 SF Bldg

250 - 5,891 SF

Office Building



• 223 East Elm

\$9 /SF/Year

13,000 SF Bldg

6,500 SF

Office Building

Nearby Recently Sold Office Properties [Search all recently sold commercial real estate](#)

SOLD

• Office Building

Sold May 2007

Sold \$163,250

SOLD

• Office Building

Sold Apr 2007

Sold \$145,000

SOLD

• Office Building

Sold Sep 2007

Sold \$2,500,000

SOLD

- [Office Building](#)

Sold Jun 2009

Sold \$210,000

SOLD

- [Office Building](#)

Sold Jun 2008

Sold \$79,000

The information above has been obtained from sources believed reliable. While we do not doubt its accuracy we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions, or estimates used are for example only and do not represent the current or future performance of the property. The value of this transaction to you depends on tax and other factors which should be evaluated by your tax, financial, and legal advisors. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs. TB-P

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Tyler

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Districts and Zones

Buildings

Tall Buildings

Buildings by Type

Building Situation

Companies

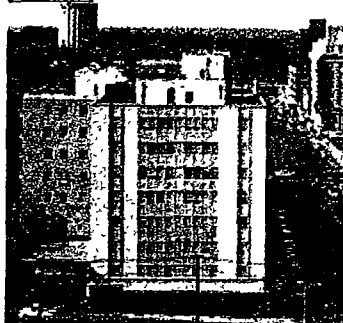
Images



XSPlatforms

S.A. Lindsey Building

[Enlarge]



© Tyler Chamber of Commerce

PROPERTY LISTINGS ESTR

No commercial space is currently available in this building.



Add your listing now



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Emporis.com

You are using Emporis.com; all data marked with a * plus additional tools are accessible through [Emporis Research](#) offered by Emporis.

Do you have an update for the content on this page?

[\[E-mail the Emporis Data Team\]](#)

[\[Enter and manage information and photos\]](#)

Identification

Name	S.A. Lindsey Building
Alternative name	Fair Foundation Building
Emporis Building Number	195040

Location

Main address		123 South Broadway Avenue
Address as text		123 South Broadway Avenue
ZIP		75702
District		Downtown
City		Tyler
State		Texas
Country		U.S.A.
Longitude		*
Latitude		*

Map and Surrounding Area



©2010 DigitalGlobe, GeoEye, Texas Orbital Imagery Program, USDA, and others
[Interactive Map]

Technical Data

Floors (above ground) 8

Structure in General

Construction type low-rise building
Current status ☒ existing [completed]
Architectural style modernism

Usages

Main usages ☐ commercial office

Facts

The building stands directly west of the ☒ 117 South Broadway. Both buildings touch but function as separate buildings.

Comments

Add New Comment

Type your comment here.

Post as ...

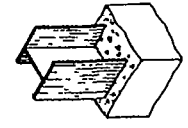
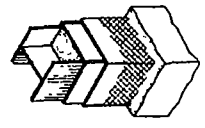
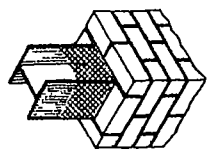
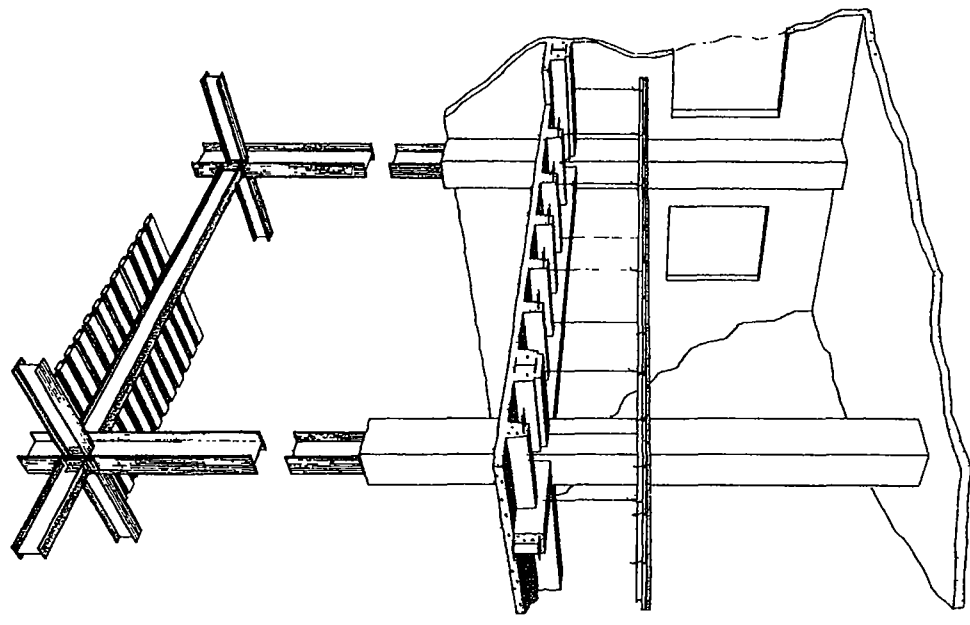
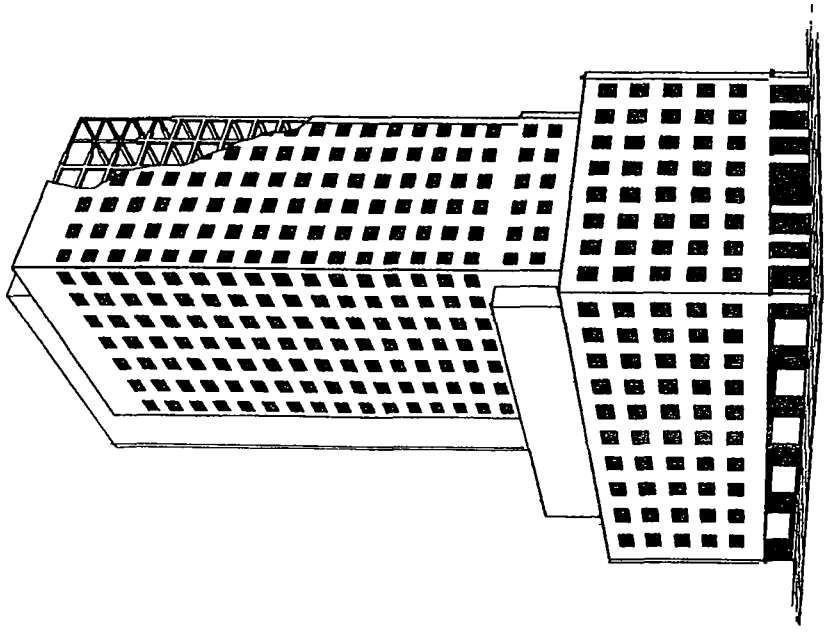
The primary feature of Class A buildings is the fireproofed, protected structural steel frame, which may be welded, bolted, or riveted together. The fireproofing may be masonry, poured concrete, plaster, sprayed fiber, or any other type which will give a high fire-resistance rating

Floors and roofs in Class A structures are normally reinforced concrete on steel decking or formed slabs resting on the frame or poured so as to become integral with it. They may also be composed of prefabricated panels and may be mechanically stressed

Exterior walls will be curtain walls of masonry, concrete, steel studs and masonry, tile or stucco, or one of the many types of panels of metal, glass, concrete, and other materials. Interior partitions

will frequently be of masonry or gypsum block although many movable and lightweight partitions are used

Included in this classification are Uniform, Basic and Standard Building Code construction, Types I and II (noncombustible) and ISO Classes 5 and 6 if the framing is protected steel ISO Class 5 and 6 buildings with load-bearing walls and no interior framing and most low-rise buildings should be classified as Class C for pricing purposes This class is also referred to as Modified Fire Resistive or Two - Four-hour construction



OFFICE BUILDINGS (344)

CLASS	TYPE	EXTERIOR WALLS	INTERIOR FINISH	LIGHTING, PLUMBING AND MECHANICAL	HEAT	Sq. M.	COST Cu. Ft.	Sq. Ft.
A	Excellent	Best metal or stone, brick or block backup, solar glass	Plaster, best veneers, vinyl wall coverings, vinyl, terrazzo, carpet	*Luminous ceilings, many outlets, many private restrooms	Hot and chilled water (zoned)	\$2,459.68	\$19.04	\$228 51
	Good	Good metal and solar glass, face brick, precast concrete panels	Drywall or plaster, some wall cover, acoustic tile, vinyl tile, carpet	*Good fluorescent, high intensity lighting, good restrooms	Hot and chilled water (zoned)	1,946.88	15.07	180 87
	Average	Brick, concrete or metal and glass panels, little trim	Average partitions, acoustic tile, vinyl composition, some extras	*Average intensity fluorescent lighting, average restrooms	Warm and cool air (zoned)	1,469.07	11.37	136.48
	Low cost	Minimum-cost walls and fenestration, little trim	Drywall, acoustic ceilings, asphalt tile, few partitions	*Minimum office lighting and plumbing	Warm and cool air (zoned)	1,170.37	9.06	108 73
B	Excellent	Best metal or stone, brick or block backup, tinted glass	Plaster, best veneers, vinyl wall coverings, vinyl tile, terrazzo	*Luminous ceilings, many outlets, many private restrooms	Hot and chilled water (zoned)	2,384.33	18.46	221 51
	Good	Good metal and solar glass, face brick, precast concrete panels	Drywall/plaster, some wall cover, acoustic tile, vinyl tile, carpet	*Good fluorescent, high intensity lighting, good restrooms	Hot and chilled water (zoned)	1,875.52	14.52	174 24
	Average	Brick, concrete or metal and glass panels, little trim	Average partitions, acoustic tile, vinyl composition, some extras	*Average intensity fluorescent lighting, average restrooms	Warm and cool air (zoned)	1,403.63	10.87	130
	Low cost	Minimum-cost walls and fenestration, little trim	Drywall, acoustic ceilings, asphalt tile, few partitions	*Minimum office lighting and plumbing	Warm and cool air (zoned)	1,111.92	8.61	103 30
C	Excellent	Steel frame, masonry and glass, stone ornamentation, top quality	Plaster, paneling, carpet and terrazzo, suspended ceilings	*Best fluorescent ceiling panels, tiled restrooms, good fixtures	Warm and cool air (zoned)	2,007.59	15.54	186 51
	Good	Steel frame or bearing walls, brick/conc. panels, some ornamentation	Plaster or drywall, good partitions, acoustic tile, carpet and vinyl	*Good fluorescent lighting, good restrooms and fixtures	Package A C	1,401.69	10.85	130 22
	Average	Steel or concrete frame, or bearing walls, some trim	Paint, drywall partitions, acoustic tile, vinyl composition	*Fluorescent lighting, adequate outlets and plumbing	Forced air	995.45	7.71	92 48
	Low cost	Masonry bearing walls, light rafters, very plain	Paint, few low-cost partitions, acoustic tile, asphalt tile	Minimum office lighting and plumbing	Wall furnace	670.70	5.19	62 31
D	Excellent	Studs or steel columns, bar or web joists, brick or stone veneer, EIFS	Best plaster, paneling, carpet and vinyl tile	*Fluorescent panels, many outlets, good tiled restrooms	Warm and cool air (zoned)	1,892.96	14.66	175 86
	Good	Best stucco on good frame, brick or stone trim, good front	Plaster or drywall, good partitions, acoustic tile, carpet and vinyl	*Good fluorescent lighting, good restrooms and fixtures	Package A C	1,317.41	10.20	122.39
	Average	Stucco or wood siding on wood or steel studs, some trim	Drywall, acoustic tile, low-cost carpet or vinyl composition	*Adequate lighting and plumbing	Forced air	933.56	7.23	86 73
	Low cost	Light stucco or siding on wood or steel studs, very plain	Drywall, few partitions, acoustic tile, asphalt tile	Minimum lighting and plumbing	Wall furnace	625.17	4.84	58 08
D POLE	Good	Good metal panels, fenestration, some brick or stone trim	Plaster or drywall, good partitions, acoustic tile, carpet and vinyl	*Good fluorescent lighting, good restrooms and fixtures	Package A C	1,209.87	9.37	112 40
	Average	Pole frame, insulated metal panels, some ornamentation	Drywall, acoustic tile, low-cost carpet or vinyl composition	Adequate lighting and plumbing	Forced air	828.18	6.41	76.94
	Low cost	Pole frame, finished interior, some insulation	Drywall, few partitions, acoustic tile, asphalt tile	Minimum lighting and plumbing	Wall furnace	558.65	4.33	51
	Good	Good sandwich panels and fenestration, some brick or stone	Plaster or drywall, good partitions, acoustic tile, carpet and vinyl	*Good fluorescent lighting, good restrooms and fixtures	Package A.C.	1,311.92	10.16	121 88
S	Average	Insulated wall or sandwich panels, adequate fenestration	Drywall, acoustic tile, low-cost carpet or vinyl composition	Adequate lighting and plumbing	Forced air	902.78	6.99	83 87
	Low cost	Steel or aluminum on light frame, finished interior, some insulation	Drywall, few partitions, acoustic tile, asphalt tile	Minimum lighting and plumbing	Wall furnace	612.58	4.74	56 91

MULTISTORY BUILDINGS - Add .5% (1/2%) for each story, over three, above ground, to all base costs, including basements but excluding mezzanines, up to 30 stories; over 30 add 4% (4/10%) for each additional story.

SPRINKLERS - Systems are not included. Costs should be added from Page 36.

BALCONIES - Exterior balconies generally cost 1/5 to 1/3 of the final base cost per square foot of the building, or they may be computed from the Segregated Costs.

CANOPIES - For large entrance marquees or carport canopies, see notes on Page 19.

***ELEVATORS** - Base costs of buildings marked with an asterisk (*) include elevator costs. If the subject building has no elevators, deduct the following from the base costs for buildings on this page. See Notes on Page 19.

Classes A & B	Excellent	Sq. M.	Sq. Ft.
	Good	\$109.79	\$10.20
	Good	74 81	6 95
Classes C/D/S	Excellent	Sq. M.	Sq. Ft.
	Good	\$55.43	\$5.15
	Good	33 37	3.10

OFFICES, MEDICAL AND PUBLIC BUILDINGS
FLOOR AREA - PERIMETER MULTIPLIERS

AVERAGE			AVERAGE PERIMETER												AVERAGE								
FLOOR AREA	M.	FT.	38	46	53	61	76	91	122	152	183	213	244	305	366	427	488	549	610	M.	FT.	FLOOR AREA	
Sq. M.	Sq. Ft.		93	1,000	1,299	1,364	1,494	1,624	1,884	—	—	—	—	—	—	—	—	—	—			Sq. Ft.	Sq. M.
139	1,500	1,061	1,146	1,191	1,277	1,364	1,537	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,000	93
186	2,000	1,007	1,040	1,072	1,105	1,168	1,235	1,364	—	—	—	—	—	—	—	—	—	—	—	—	—	1,500	139
232	2,500	—	—	1,000	1,027	1,052	1,105	1,155	1,259	—	—	—	—	—	—	—	—	—	—	—	—	2,000	186
279	3,000	—	—	.975	.997	1,018	1,061	1,105	1,191	—	—	—	—	—	—	—	—	—	—	—	—	2,500	232
372	4,000	—	—	—	.958	.975	1,007	1,040	1,105	1,168	—	—	—	—	—	—	—	—	—	—	—	3,000	279
465	5,000	—	—	—	.936	.949	.975	1,000	1,052	1,105	1,155	—	—	—	—	—	—	—	—	—	—	4,000	372
557	6,000	—	—	—	—	.932	.952	.975	1,018	1,061	1,105	1,146	—	—	—	—	—	—	—	—	—	5,000	557
743	8,000	—	—	—	—	—	.926	.942	975	1,007	1,040	1,072	1,105	—	—	—	—	—	—	—	—	6,000	743
929	10,000	—	—	—	—	—	.910	.923	.949	.975	1,000	1,027	1,052	1,105	1,155	—	—	—	—	—	—	8,000	929
1,115	12,000	—	—	—	—	—	—	.910	.932	.952	.975	.997	1,018	1,061	1,105	1,146	—	—	—	—	—	10,000	1,115
1,301	14,000	—	—	—	—	—	—	.900	.920	.938	.956	.975	.993	1,030	1,067	1,105	1,140	—	—	—	—	12,000	1,301
1,486	16,000	—	—	—	—	—	—	—	.910	.926	.942	.958	.975	1,007	1,040	1,075	1,105	—	—	—	—	14,000	1,486
1,672	18,000	—	—	—	—	—	—	—	.903	.918	.932	.946	.960	.990	1,018	1,046	1,076	1,105	—	—	—	16,000	1,672
1,858	20,000	—	—	—	—	—	—	—	—	.910	.923	.936	.949	.975	1,000	1,027	1,052	1,076	1,105	—	—	18,000	1,858
2,323	25,000	—	—	—	—	—	—	—	—	.897	.908	.918	.928	.948	.969	.990	1,011	1,032	1,052	1,105	—	20,000	2,323
2,787	30,000	—	—	—	—	—	—	—	—	—	.897	.906	.915	.932	.949	.965	.983	1,000	1,018	—	—	25,000	2,787
3,252	35,000	—	—	—	—	—	—	—	—	—	—	.897	.904	.919	.934	.949	.963	.978	.993	—	—	30,000	3,252
3,716	40,000	—	—	—	—	—	—	—	—	—	—	.890	.897	.910	.923	.936	.949	.962	.975	—	—	35,000	3,716
4,645	50,000	—	—	—	—	—	—	—	—	—	—	—	.887	.897	.908	.918	.928	.938	.948	—	—	40,000	4,645
6,968	75,000	—	—	—	—	—	—	—	—	—	—	—	.873	.879	.885	.892	.900	.908	.915	—	—	50,000	6,968
9,290	100,000	—	—	—	—	—	—	—	—	—	—	—	.866	.871	.876	.881	.887	.892	.897	—	—	75,000	9,290
																						100,000	9,290

NOTE: For small buildings, enter the table by doubling the average floor area and doubling the perimeter. For larger buildings, take half the area and half the perimeter.

STORY HEIGHT MULTIPLIERS

Multiply base cost by following multipliers for any variation in average story height from the base of 12 feet (3.66 meters). For extremely high-pitched roofs (see Section 10), use the height of the eaves plus one-half the height from the eaves to the ridge as the effective height. In some

buildings or for a complete facility average, it is better to compute the total cubage and divide by the total square footage of floor area to get an effective height to use.

AVERAGE WALL HEIGHT		SQUARE FOOT OR SQUARE METER MULTIPLIER		CUBIC FOOT MULTIPLIER		AVERAGE WALL HEIGHT		SQUARE FOOT OR SQUARE METER MULTIPLIER		CUBIC FOOT MULTIPLIER		AVERAGE WALL HEIGHT		SQUARE FOOT OR SQUARE METER MULTIPLIER		CUBIC FOOT MULTIPLIER	
(M.)	(FT.)	(M.)	(FT.)	(M.)	(FT.)	(M.)	(FT.)	(M.)	(FT.)	(M.)	(FT.)	(M.)	(FT.)	(M.)	(FT.)	(M.)	(FT.)
2.44	8	.900	1.350	1.350	3.96	13	1.023	.944	6.10	20	1.184	6.10	20	.710	1.84	6.10	20
2.74	9	.928	1.237	1.237	4.27	14	1.046	.897	7.31	24	1.276	7.31	24	.638	1.276	7.31	24
3.05	10	.953	1.144	1.144	4.57	15	1.069	.855	8.53	28	1.367	8.53	28	.586	1.367	8.53	28
3.35	11	.977	1.066	1.066	4.88	16	1.092	.819	9.75	32	1.459	9.75	32	.547	1.459	9.75	32
3.66	12	1.000 (base)	1.000	1.000	5.49	18	1.138	.758	10.97	36	1.552	10.97	36	.517	1.552	10.97	36

Apply to costs brought up-to-date from preceding pages. Do not apply to Section 98 or any other indexes.

UNITED STATES

CLASS	A	B	C	D	S	CLASS	A	B	C	D	S
RHODE ISLAND						TEXAS (Continued)					
Newport	1.11	1.10	1.13	1.12	1.09	Longview	95	96	96	95	94
Providence	1.10	1.09	1.12	1.11	1.08	Lubbock	88	88	89	89	88
Warwick	1.16	1.15	1.18	1.19	1.16	Marshall	89	90	91	94	90
	1.12	1.11	1.14	1.13	1.11	Midland	86	87	87	88	86
SOUTH CAROLINA						Odessa	86	86	87	87	86
Anderson	90	90	89	90	89	Port Arthur	83	83	87	88	86
Charleston	89	89	88	89	89	San Angelo	84	85	85	87	85
Columbia	91	92	91	92	91	San Antonio	82	82	84	84	82
Florence	90	90	90	91	90	Texas City	87	86	89	88	87
Greenville	88	88	88	89	86	Tyler	(87)	88	88	89	87
Myrtle Beach	89	91	90	91	89	Victoria	78	78	80	82	80
Rock Hill	89	90	90	92	90	Waco	85	84	84	86	85
Spartanburg	90	89	87	89	89	Wichita Falls	88	90	88	89	87
						UTAH					
SOUTH DAKOTA						Cedar City	94	95	94	95	93
Aberdeen	96	94	96	94	95	Ogden	92	94	93	94	92
Brookings	96	94	95	93	95	Orem	97	97	99	99	95
Huron	97	95	96	93	95	Provo	96	97	97	97	94
Mitchell	94	93	95	92	95	Salt Lake City	96	96	97	97	95
Rapid City	93	93	94	92	93	St. George	97	97	98	96	95
Sioux Falls	95	94	96	95	95		92	94	93	94	92
Vermillion	96	94	95	93	95	VERMONT					
Watertown	96	94	95	93	95	Barre	1.03	1.04	1.07	1.05	1.03
Yankton	95	94	94	93	94	Brattleboro	1.02	1.04	1.07	1.04	1.02
						Burlington	1.05	1.05	1.05	1.04	1.03
TENNESSEE						Montpelier	1.04	1.05	1.07	1.05	1.04
Bristol	90	90	89	90	89	Rutland	1.02	1.04	1.05	1.04	99
Chattanooga	89	89	88	90	87	VIRGINIA					
Columbia	94	94	91	91	94	Alexandria	93	92	93	93	92
Columbia	89	89	88	87	86	Arlington	1.07	1.09	1.07	1.05	1.05
Jackson	88	87	90	90	89	Charlottesville	1.08	1.09	1.08	1.05	1.05
Johnson City	88	86	86	87	86	Chesapeake	92	91	93	92	91
Kingsport	94	95	93	94	94	Danville	96	96	95	96	93
Knoxville	95	95	93	93	95	Fredericksburg	92	91	90	92	90
Memphis	90	90	91	91	89	Hampton	1.04	1.04	1.05	1.05	1.03
Nashville	91	92	91	92	91	Lynchburg	96	96	96	97	95
						Newport News	90	88	91	92	90
TEXAS						Norfolk	96	96	96	97	95
Abilene	85	86	87	87	86	Petersburg	97	97	96	96	95
Amarillo	90	91	92	91	90	Portsmouth	91	90	93	93	90
Austin	89	90	91	90	89	Richmond	96	96	95	96	93
Baytown	86	86	85	86	85	Roanoke	95	94	96	97	95
Beaumont	85	85	86	86	86	Virginia Beach	94	94	94	95	94
Cameron County	85	85	88	88	86	Winchester	97	97	96	97	95
Corpus Christi	78	78	79	79	78		97	97	95	95	96
Dallas	84	84	85	84	84	WYOMING					
El Paso	90	91	91	91	89	Casper	97	96	95	95	97
Fort Worth	92	93	92	92	91	Cheyenne	98	96	97	96	98
Galveston	90	91	91	91	89	Cody	97	95	94	94	96
Hidalgo County	87	86	89	87	86	Laramie	95	93	93	90	94
Holston	78	78	79	79	78	Rock Springs	99	97	96	99	99
Laredo	88	88	89	88	88	Sheridan	1.00	1.01	98	1.00	1.00
	78	77	79	80	78		96	95	96	95	98

These multipliers bring costs from preceding pages up to date. Also apply Local Multipliers, Section 99, Pages 5 through 10.

CALCULATOR COST SECTIONS

(Effective Date of Cost Pages)	11 (11/10)	12 (8/10)	13 (5/10)	14 (2/10)	15 (11/09)	16 (8/09)	17 (5/09)	18 (2/09)	(Effective Date of Cost Pages)	41 (12/08)	42 (9/10)	43 (6/10)	44 (3/10)	45 (12/09)	46 (9/09)	47 (6/09)	48 (3/09)
EASTERN	A	1.03	1.03	1.03	1.04	1.05	1.00	99	A	1.00	1.03	1.03	1.04	1.05	1.00	99	99
	B	1.03	1.04	1.03	1.05	1.04	1.00	99	B	1.02	1.04	1.03	1.05	1.04	1.00	99	99
	C	1.02	1.02	1.05	1.03	1.07	1.03	1.02	C	1.02	1.02	1.05	1.03	1.07	1.03	1.02	1.00
	D	1.02	1.03	1.06	1.03	1.05	1.04	1.01	D	1.03	1.03	1.06	1.03	1.05	1.04	1.01	1.00
	S	1.04	1.03	1.04	1.06	1.04	98	95	S	1.00	1.03	1.04	1.06	1.04	98	95	97
CENTRAL	A	1.00	1.00	1.00	1.02	1.02	98	95	A	97	1.00	1.00	1.02	1.02	98	95	95
	B	99	1.00	1.01	1.02	1.03	97	95	B	98	1.00	1.01	1.03	1.03	97	95	97
	C	1.00	1.01	1.03	1.01	1.03	99	98	C	1.00	1.01	1.03	1.01	1.03	99	98	97
	D	99	1.02	1.03	1.02	1.05	1.03	99	D	1.00	1.02	1.03	1.02	1.05	1.03	99	99
	S	98	1.00	1.00	1.03	1.01	95	94	S	94	1.00	1.00	1.03	1.01	95	94	93
WESTERN	A	99	1.02	1.03	1.05	1.04	98	94	A	96	1.02	1.03	1.05	1.04	98	96	94
	B	98	1.00	1.03	1.03	1.05	1.00	97	B	97	1.00	1.03	1.03	1.05	1.00	97	95
	C	99	1.01	1.03	1.03	1.04	1.02	98	C	99	1.01	1.03	1.03	1.04	1.02	98	99
	D	1.01	1.01	1.03	1.04	1.04	1.02	1.01	D	1.02	1.01	1.03	1.04	1.04	1.02	1.01	99
	S	98	98	1.02	1.03	1.01	98	94	S	94	98	1.02	1.03	1.01	98	94	92

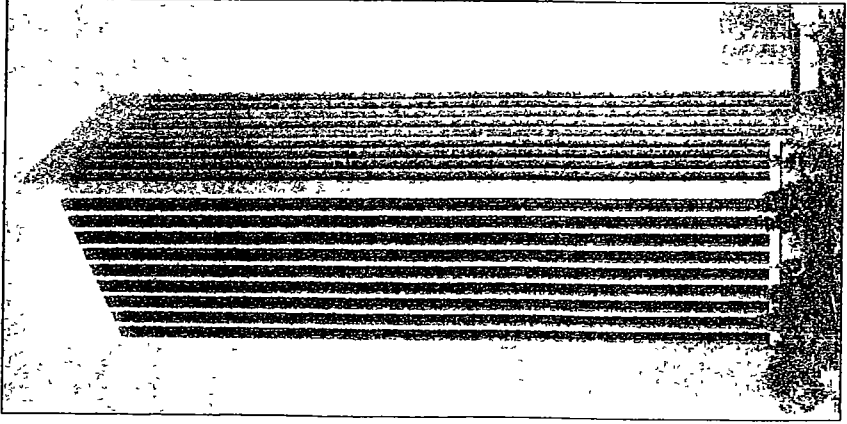
SEGREGATED COST SECTIONS

(Effective Date of Cost Pages)	11 (1/10)	12 (8/10)	13 (5/10)	14 (2/10)	15 (11/09)	16 (8/09)	17 (5/09)	18 (2/09)	(Effective Date of Cost Pages)	41 (12/08)	42 (9/10)	43 (6/10)	44 (3/10)	45 (12/09)	46 (9/09)	47 (6/09)	48 (3/09)
EASTERN	A	1.03	1.03	1.03	1.04	1.05	1.00	99	99	A	1.00	1.03	1.03	1.04	1.05	1.00	99
	B	1.03	1.04	1.03	1.05	1.04	1.00	99	99	B	1.02	1.04	1.03	1.05	1.04	1.00	99
	C	1.02	1.02	1.05	1.03	1.07	1.03	1.02	1.00	C	1.02	1.02	1.05	1.03	1.07	1.03	1.02
	D	1.02	1.03	1.06	1.03	1.05	1.04	1.01	1.00	D	1.03	1.03	1.06	1.03	1.05	1.04	1.01
	S	1.04	1.03	1.04	1.06	1.04	98	95	97	S	1.00	1.03	1.04	1.06	1.04	98	95
CENTRAL	A	1.00	1.00	1.00	1.02	1.02	98	95	95	A	97	1.00	1.00	1.02	1.02	98	95
	B	99	1.00	1.01	1.02	1.03	97	95	95	B	98	1.00	1.01	1.03	1.03	97	95
	C	1.00	1.01	1.03	1.01	1.03	99	98	97	C	1.00	1.01	1.03	1.01	1.03	99	98
	D	99	1.02	1.03	1.02	1.05	1.03	99	99	D	1.00	1.02	1.03	1.02	1.05	1.03	99
	S	98	1.00	1.00	1.03	1.01	95	94	93	S	94	1.00	1.00	1.03	1.01	95	94
WESTERN	A	99	1.02	1.03	1.05	1.04	98	96	94	A	96	1.02	1.03	1.05	1.04	98	94
	B	98	1.00	1.03	1.03	1.05	1.00	97	95	B	97	1.00	1.03	1.03	1.05	1.00	97
	C	99	1.01	1.03	1.03	1.04	1.02	98	99	C	99	1.01	1.03	1.03	1.04	1.02	98
	D	1.01	1.01	1.03	1.04	1.04	1.02	1.01	99	D	1.02	1.01	1.03	1.04	1.04	1.02	1.01
	S	98	98	1.02	1.03	1.01	98	94	92	S	94	98	1.02	1.03	1.01	98	94

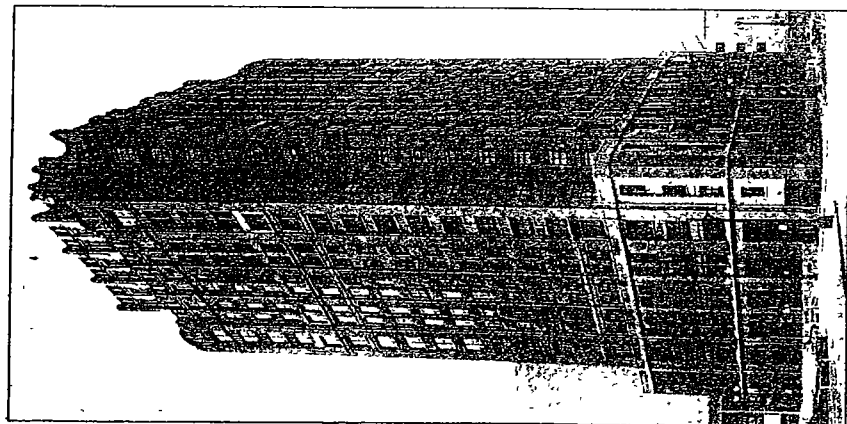
UNIT-IN-PLACE COST SECTIONS (51 - 70)

Sec. Page	Date	Eastern	Central	Western	Sec. Page	Date	Eastern	Central	Western
51 - 2-3	(3/09)	Concrete Foundations	98	96	61 - 1-8	(12/08)	Tanks	96	95
51 - 4	(3/09)	Pillings	98	95	62 - 1	(6/10)	Industrial Pumps & Boilers	1.02	1.03
51 - 7-8	(3/09)	Steel and Concrete Frame	99	96	62 - 2-3	(6/10)	Piping	1.02	1.03
51 - 37	(3/09)	Wood Foundations Frame	1.00	99	62 - 4	(6/10)	Electrical Motors	1.02	1.03
52 - 1-4	(3/09)	Interior Construction	99	98	62 - 5	(6/10)	Steel Stacks, Chutes	1.02	1.03
52 - 5	(3/09)	Bank Vaults and Equipment	98	95	62 - 6	(6/10)	Masonry & Concrete Chimneys	1.02	1.04
53 - 1-8	(6/09)	Heating, Cooling & Ventilating	98	97	63 - 1-4	(9/10)	Compactors, Incinerators	1.02	1.03
53 - 9-12	(6/09)	Plumbing, Fire Protection, etc.	96	93	63 - 5-10	(9/10)	Trailer and Mfg. Housing Parks	1.00	1.03
54 - 1-6	(6/09)	Electrical Security	98	1.00	64 - 1-6	(3/10)	Manufactured Housing	1.01	1.03
55 - 3-7	(8/09)	Wall Costs	1.01	1.00	64 - 7-9	(3/10)	Service Stations, Car Washes	1.06	1.03
56 - 1-2	(8/09)	Stained Glass	1.01	1.00	64 - 7-9	(3/10)	Prefabricated Metal Structures	1.01	1.01
56 - 3-6	(8/09)	Stonefronts	1.01	1.00	64 - 7-8	(3/10)	Prefab. Wood & Air Structures	1.05	1.04
56 - 7	(8/09)	Stonework	1.01	1.00	65 - 1-12	(3/10)	Equipment Costs	1.04	1.02
56 - 8	(8/09)	Columns, Stone & Concrete	1.01	1.00	66 - 1	(12/09)	Subdivision Costs	1.04	1.04
56 - 8	(8/09)	Columns, Wood & Aluminum	1.01	1.00	66 - 2-9	(12/09)	Yard Improvements	1.04	1.05
57 - 1-6	(9/09)	Roofs	1.03	1.02	66 - 10-11	(12/09)	Demolition & Remediation	1.03	1.04
58 - 1	(9/09)	Gold Storage	1.03	1.01	67 - 1-2	(12/09)	Golf Courses	1.03	1.03
58 - 2-8	(9/09)	Elevators, Conveying Systems	1.02	1.01	67 - 3-7	(12/09)	Recreational Facilities	1.03	1.04
					70 - 1-32	(3/10)	Green Section	1.01	1.03

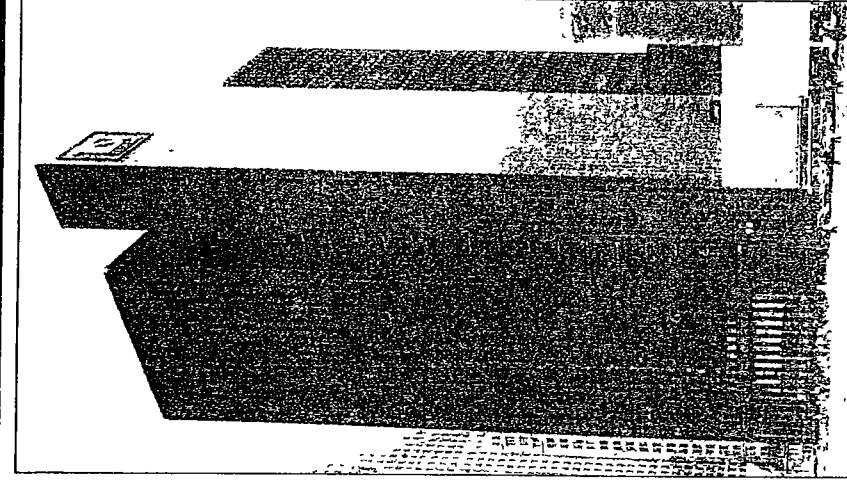
This page supersedes the October 2010 Green Supplement



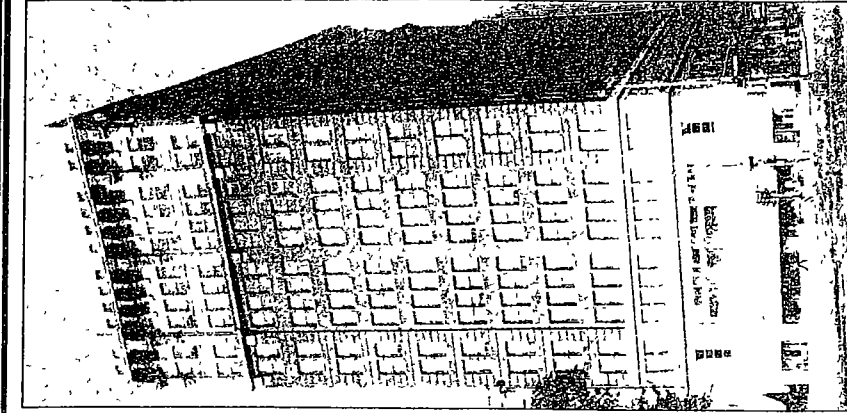
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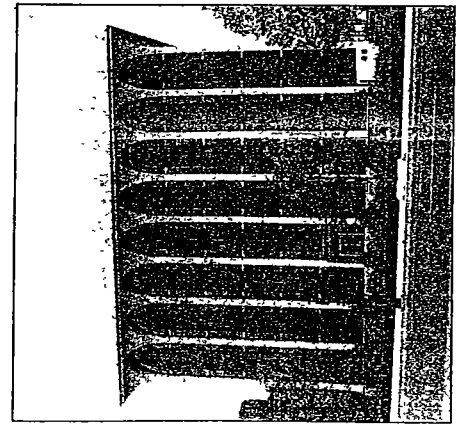
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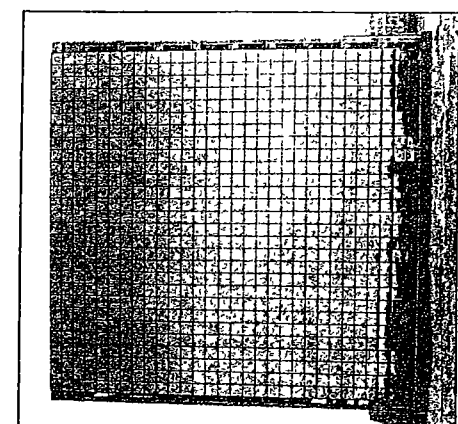
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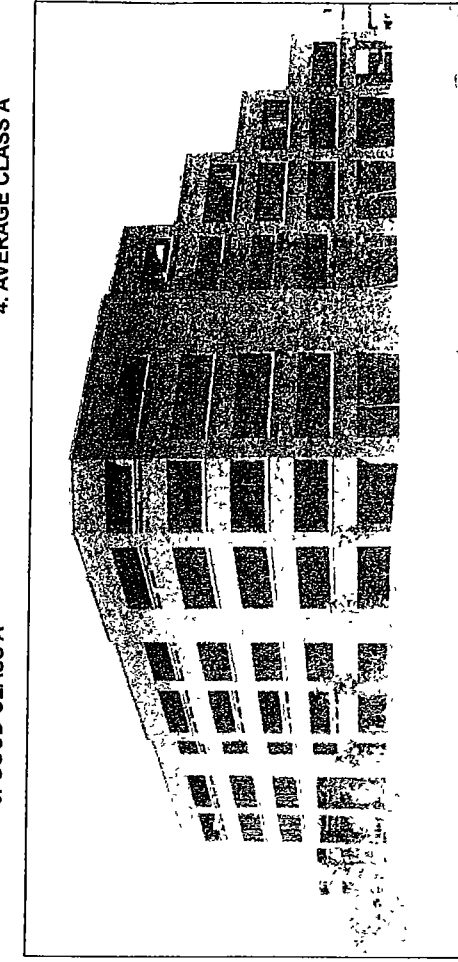
4. AVERAGE CLASS A



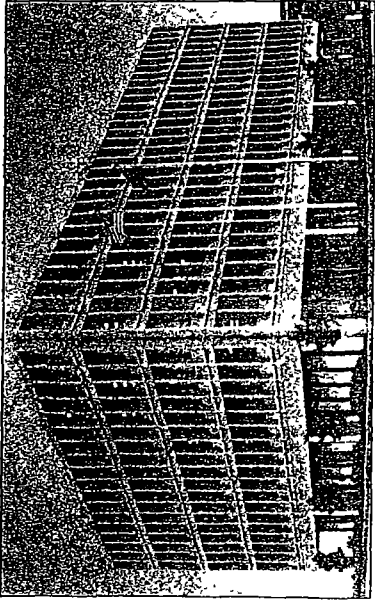
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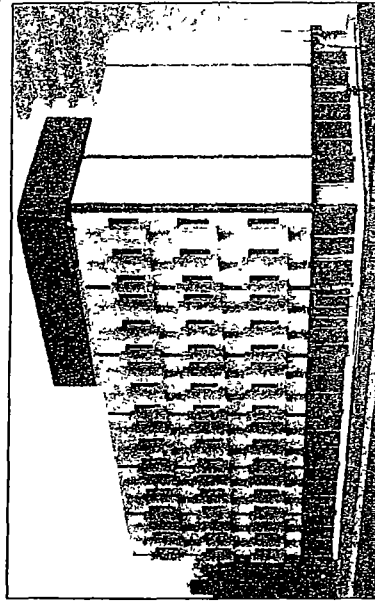
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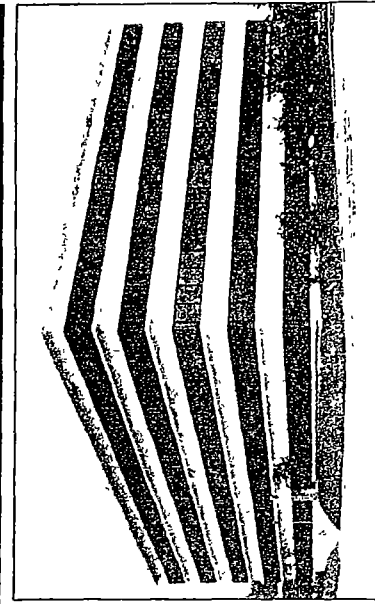
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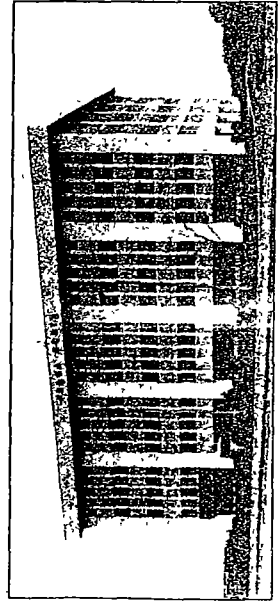
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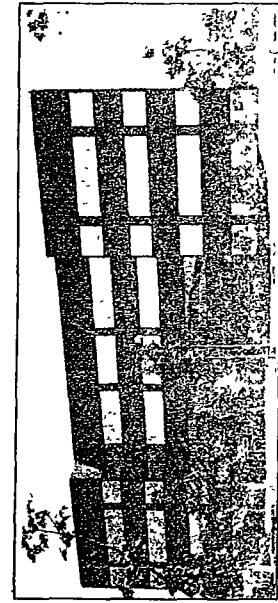
14. LOW — AVERAGE CLASS B



15. AVERAGE CLASS B



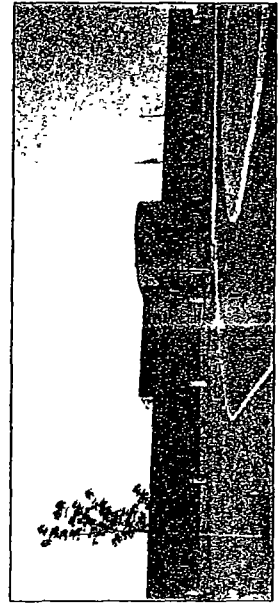
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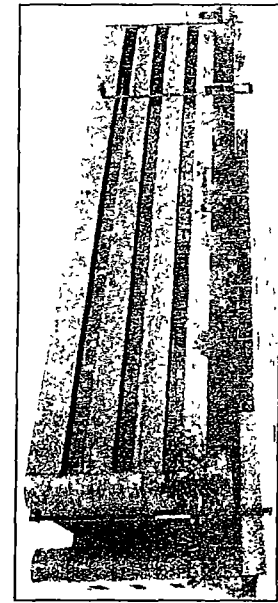
17. AVERAGE CLASS A



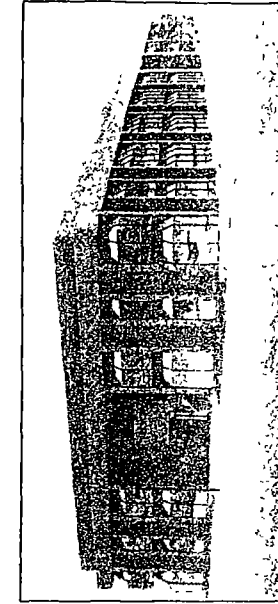
18. EXCELLENT CLASS C



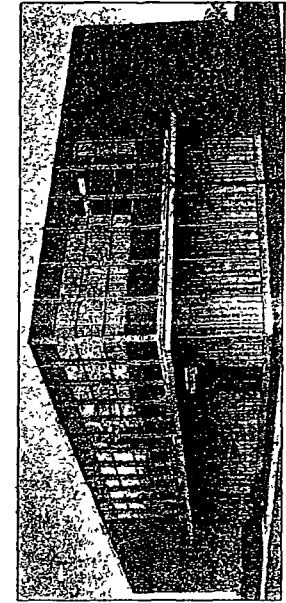
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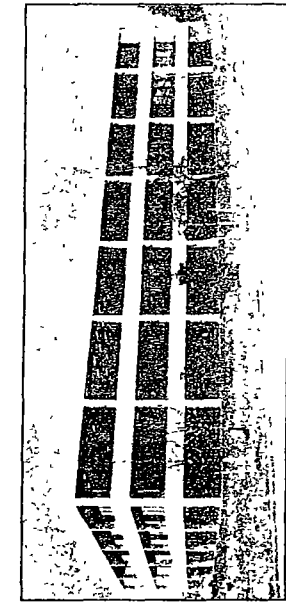
20. EXCELLENT CLASS C



21. EXCELLENT CLASS D



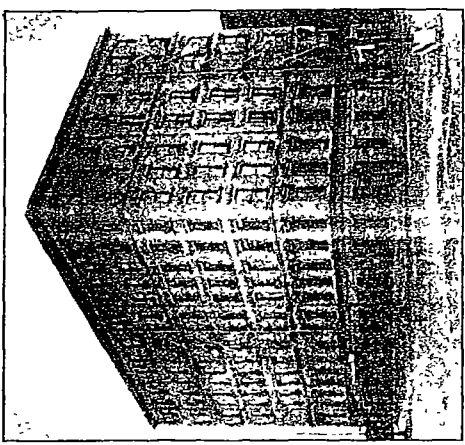
22. GOOD CLASS C



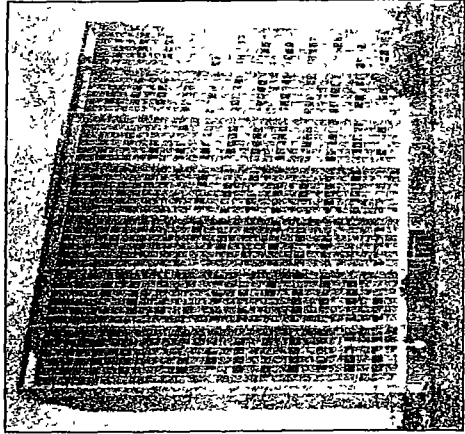
23. GOOD CLASS C



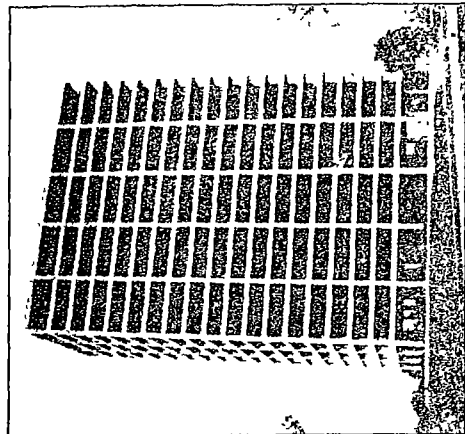
24. GOOD CLASS D



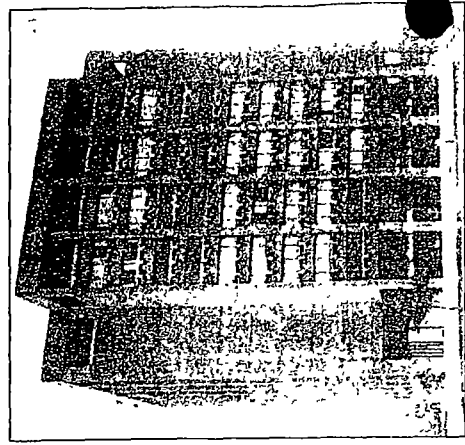
8. AVERAGE CLASS A



9. AVERAGE CLASS A



10. AVERAGE CLASS B



11. LOW COST CLASS B



12. AVERAGE CLASS B

HOW TO USE ILLUSTRATIONS

These illustrations attempt to show the quality and construction class of the various buildings as the appraiser would be able to determine them from an observation of the exterior.

Many buildings will require more than a casual exterior view to determine the construction class. Class A or B will have the columns and other framing covered and the class must be established from plans, from a search for an exposed portion, or a study of column sizes combined with experience. A Class C may follow the framing of a Class A or B very closely, with deviations only in floor and roof construction and fire resistance, which may not show from the exterior.

Qualities may vary in buildings which are structurally similar, by reason of the interior finish. The costs listed are actually midpoints of cost ranges. Two identical buildings built on adjoining properties by the same contractor will not have exactly the same cost except coincidentally. Only a thorough inspection by the appraiser or estimator of all items affecting quality, and the use of his experience and judgment will give him correct answers.

SUMMARY OF ILLUSTRATIONS

- 1 & 5 The Excellent office building is generally a prestige building built as home offices for a major corporation which accepts some of the necessary financial return in the form of advertising and prestige. The exterior will usually have a great deal of stone, bronze, or stainless steel. When there is a bank or store on the lower floors, it should be priced from the designed occupancy and the quality commensurate with that occupancy.
- 2 & 3. The Good quality building generally fits into a group of the best structures built for investment purposes, where the rental return must justify most of the cost of the building. It will generally have some special exterior and interior features, with double-glazed or heat-absorbent glass.
- 4 This older building may be Good quality structurally from an exterior inspection, but because of interior construction, particularly mechanical and electrical, it fits into the Average quality on its total cost per square foot. An interior modernization might place it in the Good range.
- 6 & 7. Typical Good office buildings.
8. Typical older building in the Average cost range. In this building, the shell will probably match the Good category in cost but mechanical and electrical items will bring the overall quality down. With older buildings, remodeling and mechanical replacement may change the quality as well as the effective age for depreciation.
- 9 & 10 The Average office building comprises the mass of office buildings built for optimum return on investment and generally offers few architectural embellishments or interior extras.
11. This Low Cost Class B is distinguished by minimum interior finish and partitions, the exterior wall of unfinished concrete panels with no trim, and a great deal of precast and prefabricated construction. It may still be an attractive building and with enough interior finish it may fit in the Average quality. Lift slab buildings usually fit this category, unless they have better than average interiors.
12. This Average Class B has unfinished walls and precast elements but a good interior which raises the cost.

OFFICES, MEDICAL AND PUBLIC BUILDINGS

GENERAL INFORMATION

Calculator Costs are averages of final costs including architects' fees and contractors' overhead and profit, sales taxes, permit fees, and insurance during construction. Interest on interim construction financing is also included, but not financing costs, real estate taxes, or brokers' commissions (see Section 1 for complete list). They do not represent any building illustrated, except as the building is included in the averages. Refinements to the average costs for type of heating, sprinklers, basement elevator stops, area/perimeter ratio, and story height are given at the end of the section, and adjustments for elevators and number of stories are on the cost pages. Current and Local Cost Multipliers are given in Section 99.

DESCRIPTIONS

The abbreviated descriptions given in the tables show some of the items most generally found in buildings of the class, quality and occupancy listed. They are merely indicative of many buildings in this cost classification, and are not meant to be building specifications.

CONSTRUCTION

Buildings are divided into five construction classes: A, B, C, D, and S, as described in Section 1. In each class there will be variations and subclasses, but for purposes of pricing, the major elements of the building should be considered in entering the tables. Thus, if a building which is otherwise a Class B has a steel truss roof, the costs for the Class B building will still be representative. Interpolations may be made if the appraiser feels the building overlaps two classes, or the segregated costs in Section 45 may be used for adjustments. Pole or post frame prefabricated metal skin structures are a subcategory of Class D. All metal buildings (skin and frame) with mixed secondary wood purlins and girts can be interpolated between Classes S and D pole frame structure costs or adjusted from Section 64.

OCCUPANCY

Office buildings are buildings designed for general commercial occupancy, including administrative government and corporate uses, and are normally subdivided into relatively small units. If part of an office building has some other occupancy, such as a bank or store on the first floor, that portion should be priced using its appropriate base cost. For light shed office structures, see Section 17. For office apartments, see Section 12.

Atrium and vestibule entries or lobbies are glassed structures which usually abut or are underneath elevated buildings. For prefabricated greenhouse structures, see Section 17 or 18.

Mechanical penthouses shelter the building's elevator and other mechanical equipment. For finished penthouses, i.e., those containing roof apartments, restaurants, etc., use the proper occupancy cost.

Parking-level floors are intermediate and ground-level parking facilities found underneath elevated buildings and include all framing, ramps and stairs necessary.

Basements include finish compatible with the type of basement, including stairs and ramps as necessary and must be refined for size, shape and height. Add elevator stops from the refinement table at the end of the section.

Mezzanines do not include exterior wall or heating which are included in the building cost refinement for wall height. Elevator stops can be added from the refinement page.

Banks, branch and central offices, include savings and loan and credit union occupancies where the design is of a bank type. Where such uses are made of ordinary store or office buildings, the store or office costs should be used, adding for any extra features. While a branch bank tends to be a single purpose, low-rise neighborhood facility, the central or main bank facility may be more office building in character, where high-rise administrative office floors should be priced as such. Minibanks are small walk- or drive-up facilities, typically between 500 and 2,000 square feet in size. Costs include vaults, but do not include banking fixtures or equipment, vault doors, or safe deposit boxes. Drive-up windows, night depositories, and surveillance systems commensurate with the quality, are included

Medical office buildings are designed for medical and/or dental services with examination and outpatient treatment, and includes private and public clinics. Dental clinics are small, standalone facilities and will generally have a greater amount of plumbing and partitions.

Dispensaries or infirmaries are designed for emergency, urgent care, first aid and medical treatment, usually having no facilities for surgery or a minimum of such facilities.

General hospital costs include fixed equipment (Group 1) but not Groups II and III equipment, whether installed or classified as personal property. See definitions of equipment groups on cost pages of this section.

Outpatient centers are freestanding, specialty treatment centers for ambulatory outpatient or same-day surgery facilities and include all clinical surgery, diagnostic, lab, administrative and public areas commensurate with the quality level. Operating rooms on average represent 2.5% of the total floor area. Cost includes fixed equipment only. This category will also include specialized imaging and radiation treatment, and diagnostic centers for cancer, diabetes, and eye and kidney diseases, etc. Extremely small vault-type imaging equipment buildings only, are not included, where reported have been 50% to 100% greater.

Convalescent hospitals lack facilities for surgical care and treatment, and include so-called skilled nursing homes, rest homes, sanitariums and like buildings of hospital-type construction, giving full nursing care. Treatment and therapy rooms commensurate with the quality, are included. Retirement living facilities are found in Section 11 or 12. Group care homes are found in Section 11.

Veterinary hospitals are designed for the medical and surgical care and treatment of small animals. Costs do not include cages and runs or open shelters, which should be priced separately.

Kennels have limited examination and treatment facilities and are predominantly for the boarding of small animals. The better qualities include the large public animal control facilities and the high-cost "pet hotels." Costs include the cages and enclosed runs.

Governmental buildings include major city halls or town centers, courthouses, etc., but do not include general office or service buildings, which should be priced under the proper category in this or other sections of the manual. Community service buildings are mixed-use structures, typically found in rural communities, and are generally smaller and utilitarian in scope. The lower qualities are generally composed of public safety facilities, volunteer fire, limited office and council meeting rooms and/or small libraries, etc. The better qualities will have a large proportion of well-finished, full-service facilities and will merge into the government occupancy.

Fire stations, staffed, are emergency service buildings designed with engine storage, dormitory, and light kitchen facilities. Volunteer stations are primarily for vehicular/apparatus storage only, with minimum office and meeting room facilities commensurate with the quality. The good quality may include restroom and kitchenette facilities. If part of a station has some other occupancy, such as library or social hall, that portion should be priced using its appropriate base cost, with each portion modified by its area/perimeter multiplier, considering the common wall as belonging to half of each of the portions, or see community service buildings above.

Jails, correctional facilities or detention centers include the jail hardware, i.e., cell blocks and locking equipment, for which average costs are given. The full range of facilities, for minimum to maximum security, is included, commensurate with the quality of the entire prison plant. Police stations are basically law enforcement facilities with limited numbers of jail holding cells. Sallyport facilities commensurate with the quality are included. Costs do not include any service equipment for kitchen, laundry or recreation.

Public libraries or media/resource centers include the basic construction of the building, including most items found in the general contract, but not furnishings and fixtures such as counters, kitchenette, seating or book stacks which are not considered built-in and permanently attached under the general building contract. For school and university libraries, see Section 18.

TRADE FIXTURES AND EQUIPMENT

Some fixtures and equipment costs for buildings in this section are listed in Section 65

CLASS OF CONSTRUCTION

The Class of Construction is the basic subdivision in the *Marshalls Valuation Service*, dividing all buildings into five basic cost groups by type of framing (supporting columns and beams), walls, floors and roof structures, and fireproofing.

Class A buildings have fireproofed structural steel frames with reinforced concrete or masonry floors and roofs.

Class B buildings have reinforced concrete frames and concrete or masonry floors and roofs

Class C buildings have masonry or concrete exterior walls, and wood or steel roof and floor structures, except for concrete slab on grade

Class D buildings generally have wood frame, floor, and roof structure. They may have a concrete floor on grade and other substitute materials, but are considered combustible construction. This class includes the pre-engineered pole- or post-frame, hoop and arch-rib-frame buildings

Class S buildings have frames, roofs, and walls of incombustible metal. This class includes the pre-engineered metal buildings, including slant-wall and quonset structures.

In each class, there will be variations, combinations, and subclasses, but for purposes of pricing, the major elements of the building should be considered in selecting costs from the tables. Thus, if a building, which is otherwise in Class B, has a wood or steel truss roof, the costs for the Class B building may still be representative, or a Class C building may have concrete plank floors. Interpolations may be made if the appraiser feels the building overlaps two classes sufficiently or the Segregated Cost Sections may be used to modify the cost

In most localities, some buildings are built which are hybrids in construction, such as those with complete Class A framing, including columns and girders, but with wood floor joists and sheathing. In all such hybrids, the appraiser must judge whether to adjust the costs or interpolate between classes and qualities

Further details and sketches of the various construction types will be found on pages 5 through 9 of this section, as well as in Section 51, which has definitions and sketches of framing types. Building code and ISO Construction Classifications are referenced on pages 5 through 9. Those indicated are the classification before considering any adjustments for construction deficiencies or insurance rating purposes. For example, a building of Class 6 construction that is rated as Class 1 because of extensive insulation, not listed by UL, would still be valued as a Class 6 building

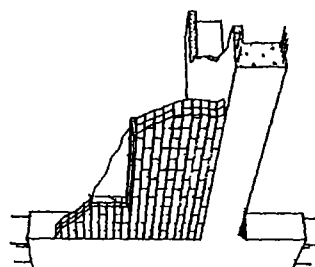
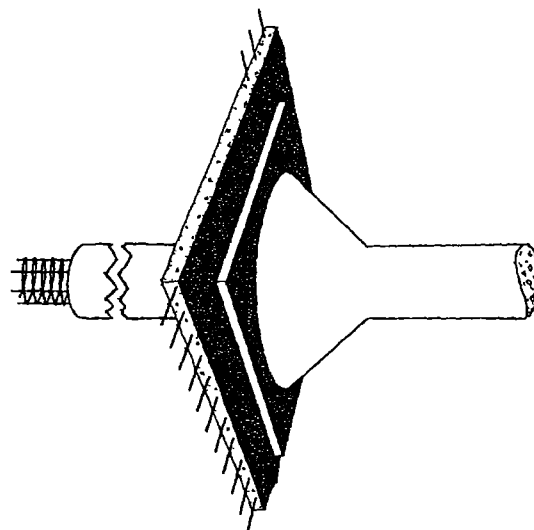
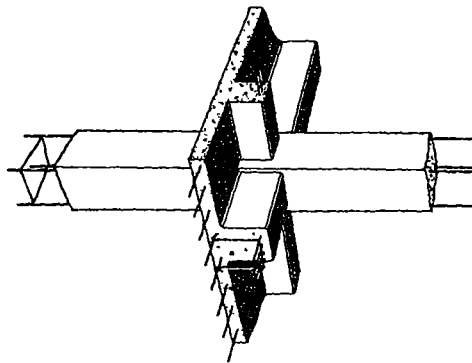
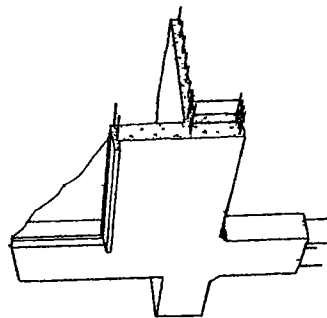
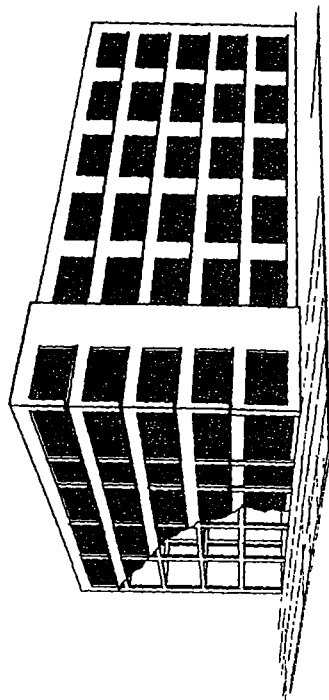
CLASS OF CONSTRUCTION INDICATORS

CLASS	FRAME	FLOOR	ROOF	WALLS
A	Structural steel columns and beams, fireproofed with masonry, concrete, plaster, or other noncombustible material	Concrete or concrete on steel deck, fireproofed	Formed concrete, precast slabs, concrete or gypsum on steel deck, fireproofed	Nonbearing curtain walls, masonry, concrete, metal and glass panels, stone, steel studs and masonry, tile or stucco, etc
B	Reinforced concrete columns and beams Fire-resistant construction	Concrete or concrete on steel deck, fireproofed	Formed concrete, precast slabs, concrete or gypsum on steel deck, fireproofed	Nonbearing curtain walls, masonry, concrete, metal and glass panels, stone, steel studs and masonry, tile or stucco, etc
C	Masonry or concrete load-bearing walls with or without pilasters. Masonry, concrete or curtain walls with full or partial open steel, wood, or concrete frame	Wood or concrete plank on wood or steel floor joists, or concrete slab on grade	Wood or steel joists with wood or steel deck Concrete plank	Brick, concrete block, or tile masonry, tilt-up, formed concrete, nonbearing curtain walls
D	Wood or steel studs in bearing wall, full or partial open wood or steel frame, primarily combustible construction	Wood or steel floor joists or concrete slab on grade	Wood or steel joists with wood or steel deck	Almost any material except bearing or curtain walls of solid masonry or concrete. Generally combustible construction
S	Metal bents, columns, girders, purlins and girts without fireproofing, incombustible construction.	Wood or steel deck on steel floor joists, or concrete slab on grade.	Steel or wood deck on steel joists	Metal skin or sandwich panels. Generally incombustible

The primary characteristic of a Class B building is the reinforced concrete frame in which the columns and beams can be either formed or precast concrete. They may be mechanically stressed. It is a fire-resistant structure.

Floors and roofs in Class B structures are formed or precast concrete slabs. The exterior walls will generally be masonry or reinforced concrete curtain walls or any of the many types of wall panels of concrete, metal, glass, or stone, etc. In some Class B buildings, the walls may be partially load-bearing. Interior partitions are often masonry, reinforced concrete or gypsum block, but many lightweight and movable partitions are used where structural walls are not needed.

Included in this classification are Uniform, Basic and Standard Building Code Types I and II (non-combustible) and ISO Classes 5 and 6 if the framing is concrete. ISO Class 5 and 6 buildings with load-bearing walls and no interior framing and most low-rise buildings should be classified as Class C for pricing purposes. This class is also referred to as Fire Resistive or Two - Four-hour construction.



A Summary Appraisal Report of
**COMMERCIAL PROPERTY AT
121 SOUTH BROADWAY AVENUE
(FLOORS 3 – 8 ONLY)
TYLER, TEXAS 75702**

*Buff
Block
3-8*

1-24-1-9

0.281+/- acres, Lot 29-A
(Improvements Only), Block 7,
City of Tyler, Smith County, Texas

Census Tract #5

Date of Valuation:
November 8, 2010

Prepared for:
R. W. Fair Foundation
c/o Mr. John R. Garrett
225 South College Street
Tyler, Texas 75702

Prepared By:
Appraisal Resource Group, Inc.
10750 FM 2813
Flint, Texas 75762



**APPRAISAL
RESOURCE
GROUP, INC.**

10750 FM 2813 • Flint, TX 75762
Phone (903) 581-6441 • Fax (903) 581-6463

November 17, 2010

R. W. Fair Foundation
c/o Mr. John R. Garrett
225 South College Street
Tyler, Texas 75702

RE: Appraisal of commercial property located at 121 South Broadway Avenue (Floors 3
– 8 Only), Tyler, Smith County, Texas

Dear Mr. Garrett:

As you requested, I have observed and appraised the above-referenced property. An investigation and analysis was conducted to form an opinion of the market value of the fee simple interest of the subject property. The subject is located in downtown Tyler at 121 South Broadway Avenue and includes **only** Floors 3 – 8 of this office building.

This report was prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

Based on the observations, analyses and conclusions reached and subject to the assumptions and limiting conditions set forth in this report, I have reached a conclusion that the market value of the fee simple interest in the subject property as of November 8, 2010, is:

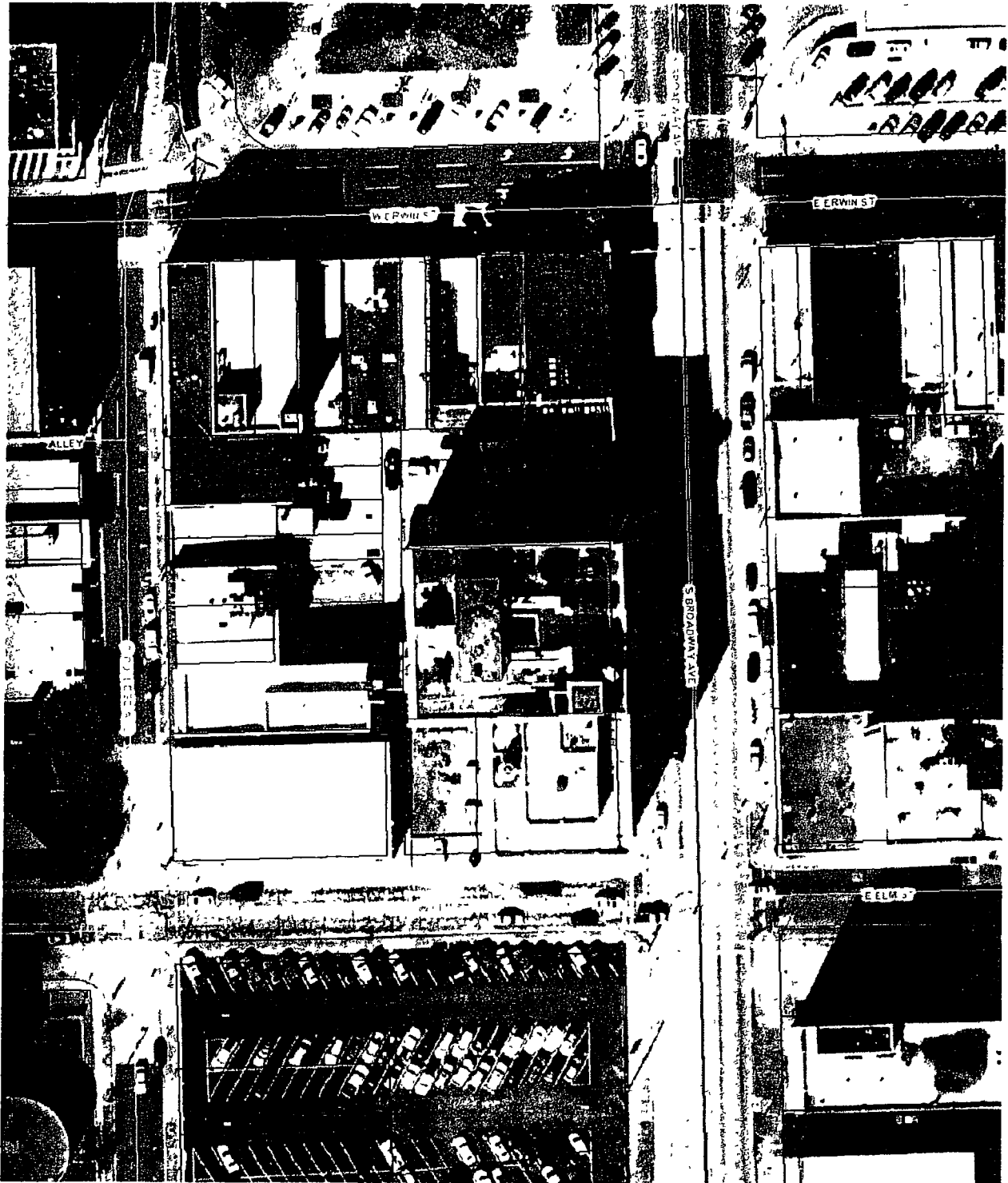
\$1,695,000

Thank you for the opportunity to complete this assignment and if you should have any questions or need additional information, please feel free to call or email.

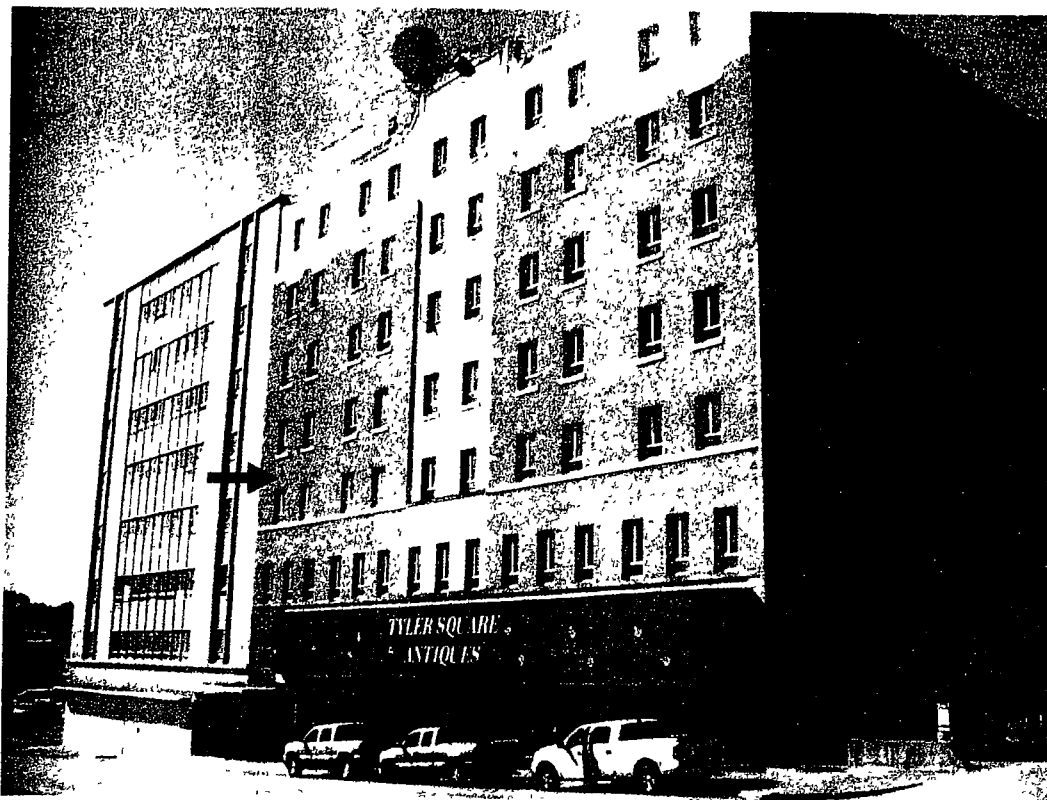
Yours truly,

A handwritten signature in dark ink, appearing to read 'Michael R. Huffman'.

Michael R. Huffman, MAI
State Certified Appraiser
TX-1333130-G



Aerial Map



Front view looking S/SW



Front view looking southwest



Street scene looking north on South Broadway Avenue



Street scene looking south on South Broadway Avenue



Rear view looking northeast

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Name: R. W. Fair Foundation Building

Property Location: 121 South Broadway Avenue (Floors 3 – 8 *Only*), Tyler, Smith County, Texas, 75702

Legal Description: 0.281+/- acres, Lot 29-A (Improvements Only), Block 7, City of Tyler, Smith County, Texas

Site Size: 0.281+/- acres or 12,240 square feet

Building Size: 70,255 square feet of gross building area
51,057 square feet of net rentable area

Owner: R. W. Fair Foundation (Floors 3 – 8 *Only*)

Zoning: DBAC – Downtown Business, Arts and Culture District

Date of Market Value: November 8, 2010

Date of Inspection: November 8, 2010

Date of Report: November 17, 2010

Highest & Best Use: "As If Vacant" – Future Commercial Use
"As Improved" – Commercial / Office Use

Market Value by Sales Comparison Approach: \$1,695,000

Market Value by Income Capitalization Approach: \$1,610,000

Final Market Value Opinion: \$1,695,000

Scope of Work: The scope of the appraisal relates to the nature of the appraisal assignment and the extent of the process of collecting, confirming and reporting the data which provide the basis for the valuation estimate. The scope of the appraisal is summarized below.

In preparing this appraisal, the appraiser

- observed the subject site and interior/exterior of the improvements and took photographs of the subject property;
- used building plans provided by the client in order to determine total building area;
- relied on a legal description, aerial and plat from the Smith County Appraisal District;
- researched the flood plain reference and the real estate tax assessment;
- did not perform a title search or a survey of the subject;
- gathered information on comparable improved sales and rentals (Burns Commercial 2010 Office Market Survey) from the neighborhood and beyond when necessary. The primary sources for this data were other appraisers familiar with the market area, local brokers, LoopNet, Tyler Multiple Listing Service and the data files of Appraisal Resource Group, Inc.;
- gathered information on depreciation (Marshall Valuation Service) and capitalization rates;
- analyzed the highest and best use of the site "as if vacant" and the property "as improved";
- analyzed available data to arrive at conclusions to value considering the sales comparison and income capitalization approaches. The two approaches were reconciled to a final value opinion. The cost approach was not considered due to the age of the improvements and limited land sales in the downtown area;
- estimated the reasonable marketing time and exposure period inherent in the market value opinion;
- did not physically inspect all comparable data in this analysis;
- analyzed *only* Floors 3 – 8 of the subject property;
- communicated the results of this analysis in a summary appraisal report format.

Texas is a non-disclosure state. It is important that the intended user of this appraisal understand that in Texas there is no legal requirement for grantors or grantees to disclose any information relative to a transfer of real property other than the recordation of the deed itself. In Texas, the deed contains no information about the transaction details, including the purchase price. As a result, no data source provides absolute coverage of all transactions. It is possible that there are sales of which we are unaware. Our data sources provide all the data typically available to appraisers in the normal course of business.

Extraordinary Assumptions: This appraisal is completed under the extraordinary assumption that all sales and rental data presented in this analysis is accurate. This appraisal is completed under the extraordinary assumption that all information provided by the client is accurate. This appraisal is completed under the extraordinary assumption that there are no structural issues related to the subject property and that all mechanical systems are functional. I was made aware

of possible asbestos issues by the client. However, the extent and cost to cure the asbestos is unknown. It is recommended that licensed professionals inspect the building for this issue. This appraisal is completed under the extraordinary assumption that the asbestos is in an undisturbed state and that there are no adverse conditions related to the subject property. There are no other extraordinary assumptions considered with this appraisal assignment unless otherwise noted.

Hypothetical Conditions: There are no hypothetical conditions considered with this appraisal assignment unless otherwise noted.

Purpose of the Appraisal: The purpose of this appraisal is to form an opinion of market value of the fee simple interest in the subject property as of the date of the appraisal.

Intended Use of the Appraisal: The intended use of this appraisal is to aid the client, R. W. Fair Foundation, c/o Mr. John R. Garrett, in making decisions on the subject property for a gift to the City of Tyler.

Intended User of the Appraisal: The intended user of this appraisal is the client, R. W. Fair Foundation c/o Mr. John R. Garrett.

Date of Value Opinion: The effective date of the market value opinion is November 8, 2010. The subject property and surrounding area were inspected on November 8, 2010. The date of the report is November 17, 2010.

Property Rights Appraised: The title to the subject property is assumed to be fee simple, the most complete form of ownership. There are no known existing leases applicable to the subject. Fee simple title is absolute ownership unencumbered by any other interest or estate. A fee simple estate is absolute ownership unencumbered by any other interest or estate subject only to the four powers of government which are taxation, eminent domain, police power, and escheat.¹

Market Value: Market Value is defined by the federal financial institutions regulatory agencies 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 seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interest;

¹THE DICTIONARY OF REAL ESTATE APPRAISAL, 2nd Edition, 1989, page 120, American Institute of Real Estate Appraisers.

- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in U. S. 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 associated with the sale.

(Source Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions (f))

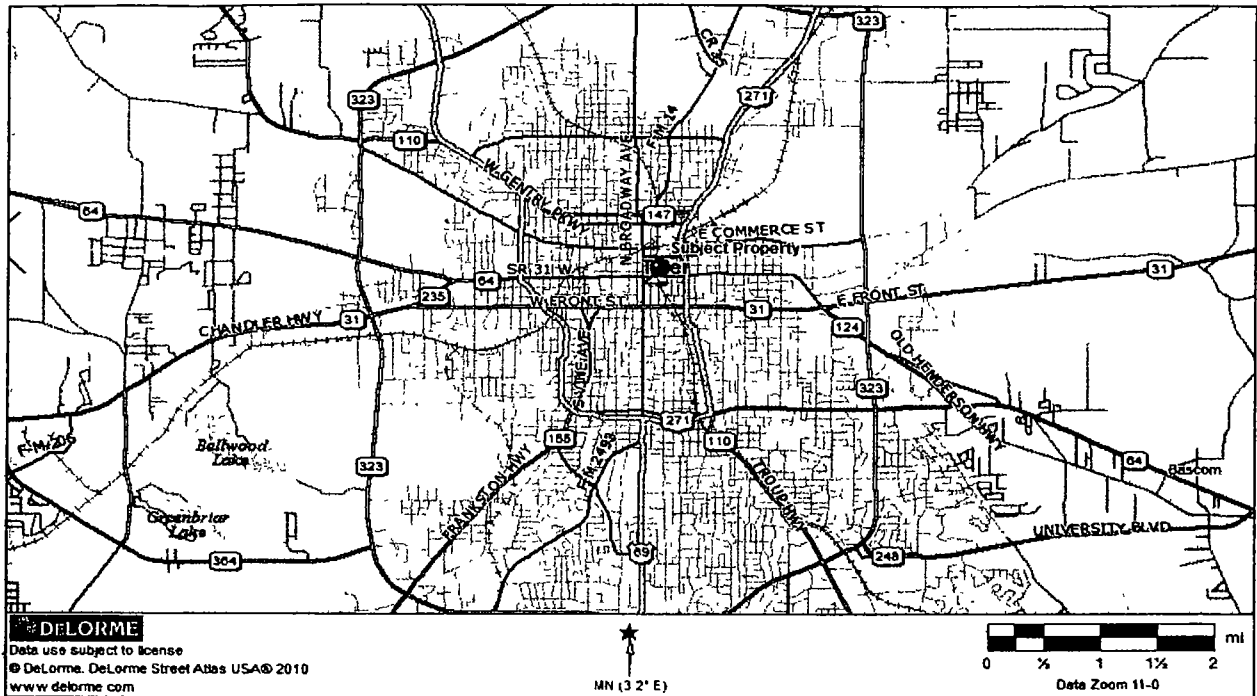
History of the Subject: Title to the subject property is presently in the name of R. W. Fair Foundation. There were no other transfers over the previous three years. This record of ownership is assumed to be correct. No extensive title search for liens was conducted and no warrants are made as to judgments, easements, encumbrances or other adverse conditions. Only apparent conditions are included in the valuation analysis.

Legal Description: The subject property is legally described as being Lot 29-A (Improvements Only), Block 7, City of Tyler, Smith County, Texas.

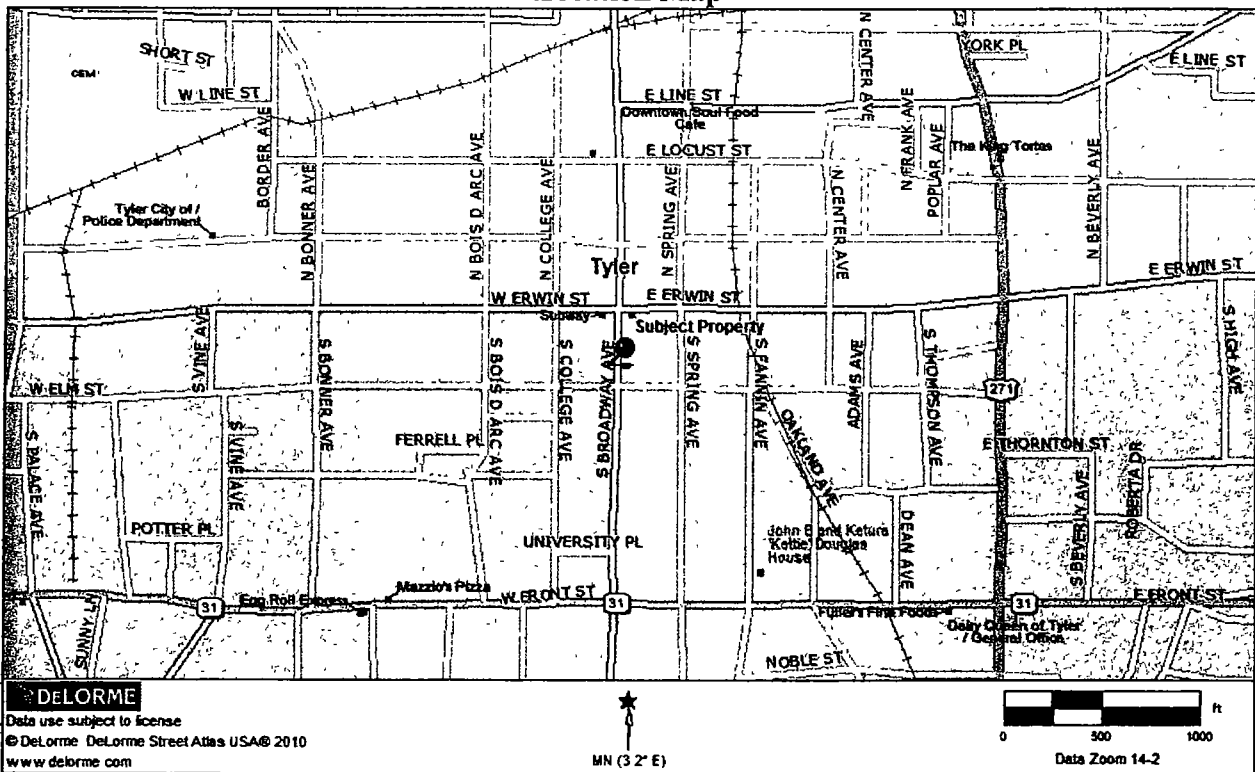
Smith County Appraisal District: Title to the subject is identified as being account number 1-50000-0007-00-029012 by the Smith County Appraisal District (SCAD). The total assessed value of the subject is \$650,000 all of which is attributed to the improvements. This is low based on the findings of this analysis.

Description of Real Estate Appraised:

Location: The subject is located on the west side of South Broadway Avenue in downtown Tyler just north of Elm Street. The subject has a physical address of 121 South Broadway Avenue and includes *only* Floors 3 – 8 of this building.



Location Map



Location Map

Site Description: The subject site is rectangular in shape as evidenced by the plat. It contains approximately 0.281+/- acres or 12,240+/- square feet of area.

The topography of the site is level to gently sloping According to Flood Map #48423C0360C from the Federal Emergency Management Agency and dated September 26, 2008, the location of the subject does not appear to be situated within a 100-year flood zone. This map is located on the following page of this report.

No in-depth soil tests were made, but based on observation there has been no settling of improvements in the area and the soils are assumed stable. All utilities are available and in place to the site. There are no known private restrictions or easements other than normal for utilities which would have an effect on the value of the subject.

The site is considered typical of others in the area. There were no particular nuisances or hazards noted that would adversely affect the site or its use.



Plat / Topographical Overlay / Aerial Map

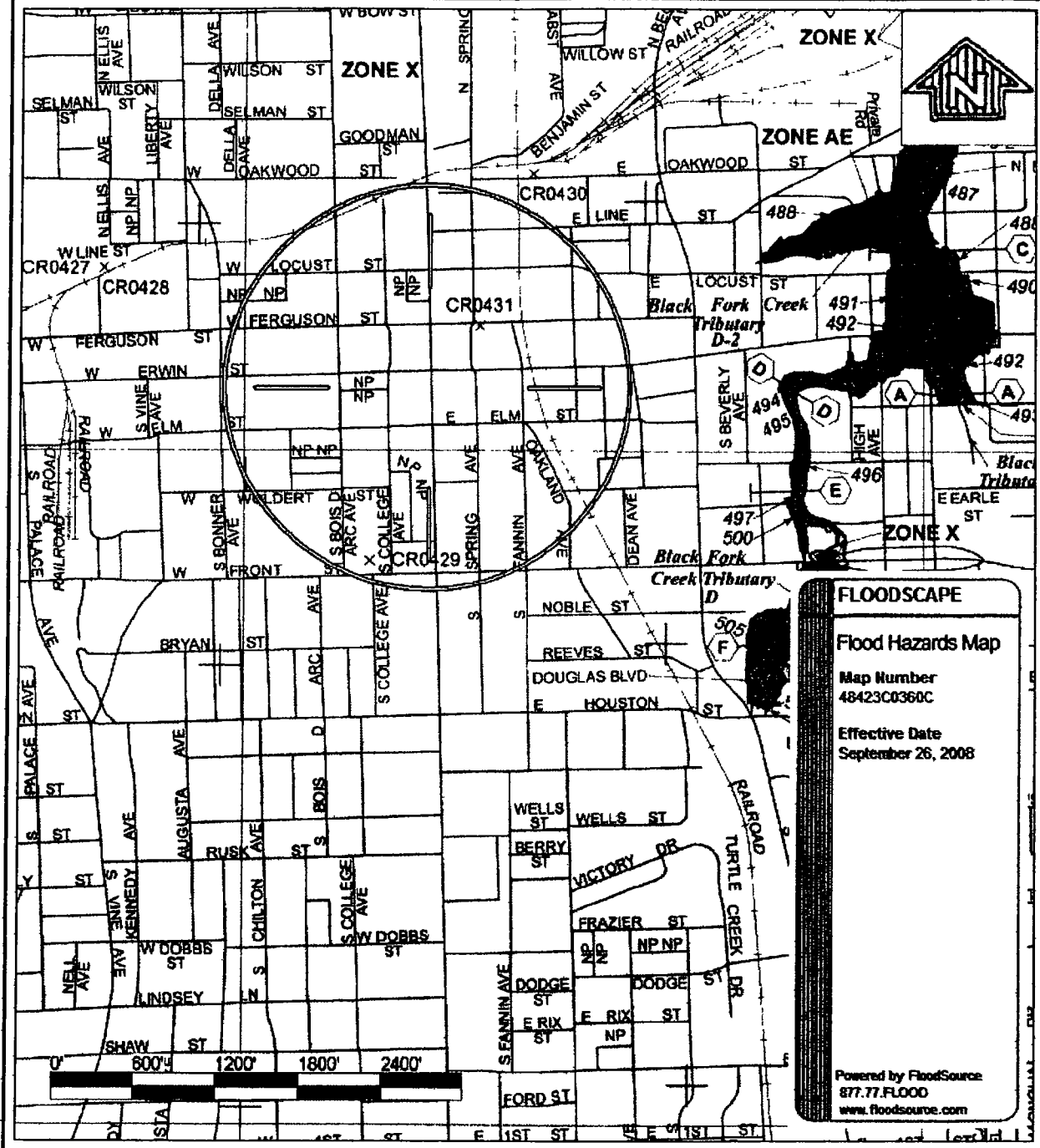
InterFlood



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Prepared for:
Appraisal Resource Group, Inc.

115 S Broadway Ave
Tyler, TX 75702-7207

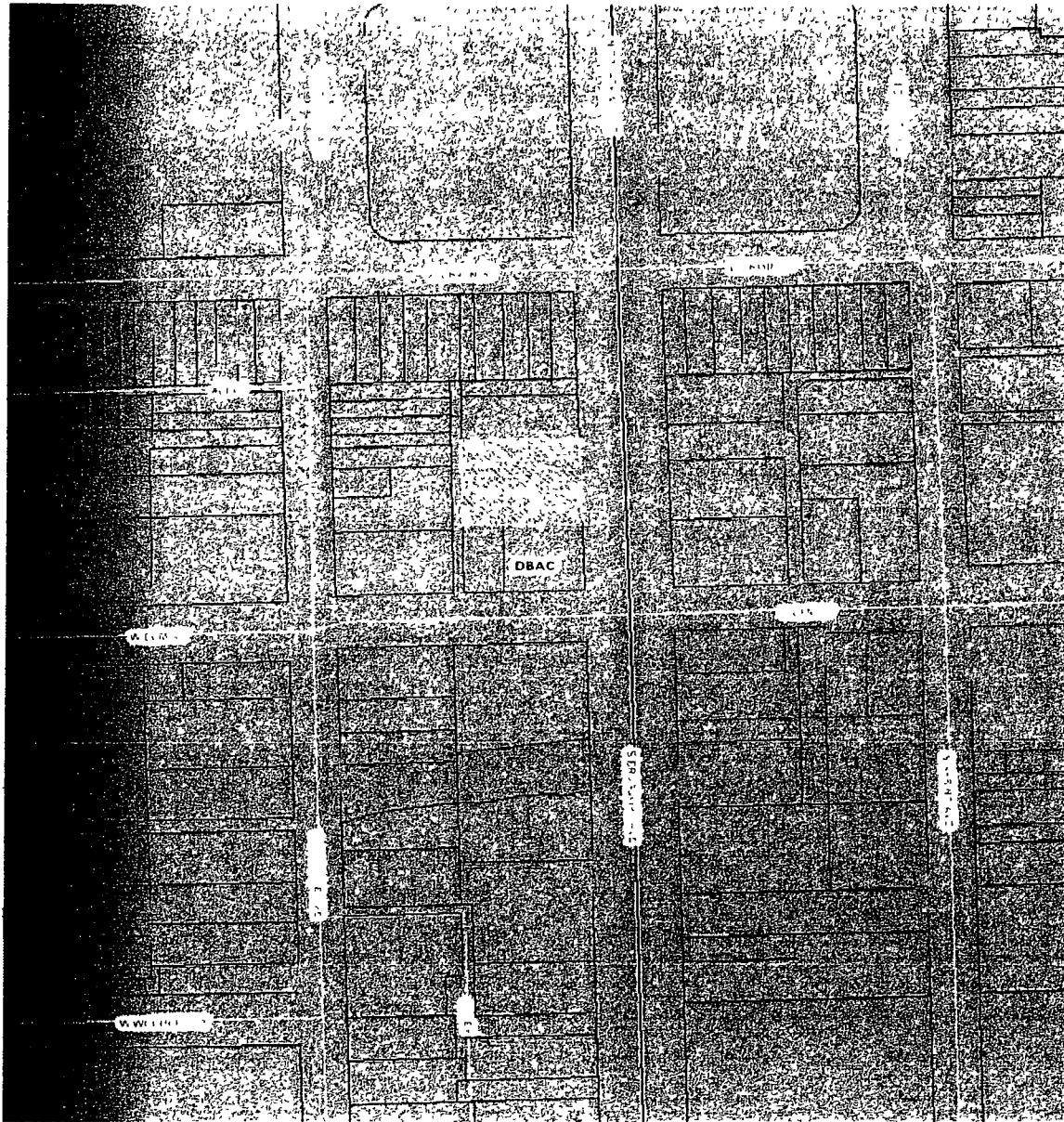


© 1999-2010 SourceProse and/or FloodSource Corporations. All rights reserved. Patents 6,631,326 and 6,678,615. Other patents pending. For info: info@floodsource.com.

Flood Map

Zoning: The subject is located within the city limits of Tyler, Texas, and is zoned DBAC, Downtown Business, Arts and Culture District (Formerly C-3). Outlined on the following pages are certain minimal requirements set forth in the zoning restrictions that are applicable to the subject. The subject is assumed to be a legal conforming use. There are no other known restrictions on the use of the subject except for those federal and state laws which address dealing with hazardous wastes or substances. However, it should be noted that there has been no in-depth search of title records and no representations are made as to restrictions from previous deeds.

The map below reflects the zoning of the subject as well as those properties surrounding it.



Zoning Map

ARTICLE II.
DIVISION B.

Zoning districts
Commercial and Mixed Use Districts

- [1] Buildings allowed to exceed stated maximum height if front, side and rear setback are increased at least one foot (above minimum setbacks) for each one foot of additional building height (above stated maximum)
- [2] The following elements may be designated as usable open space in the PUR, PXR, and PMF districts: pools, tennis courts, walkways, patios, open air gazebos and pavilions, and covered or underground easements. The following elements may not be included in the calculation of usable open space: enclosed buildings, street and alley rights of way or easements, drives, parking areas, or drainage channels.
- [3] The following elements may not be included in the calculation of usable open space in the R-1D district streets and alley rights-of-way or easements, individually platted lots without open space easements, private yards, and patios. One-third of the total open space requirement in the R-1D district may be provided off site if approved on the site plan. A Homeowners Association (HOA) is required to improve, operate, and maintain all jointly owned open spaces, recreational areas and buildings, service and parking areas and private drives.

DIVISION B. Commercial and Mixed Use Districts

Sec. 10-24. Establishment of Commercial and Mixed Use Districts

The following commercial and mixed use districts are established in the City of Tyler:

Abbreviation	District Name
C-1	Light Commercial
C-2	General Commercial
DBAC	Downtown Business, Arts, and Culture
PMXD-1	Planned Mixed Use-1
PMXD-2	Planned Mixed Use-2
PCD	Planned Commercial District

Sec. 10-25. District Purpose Statements

a. C-1 Light Commercial District

The C-1 district is primarily intended to provide for commercial development and business activities that are located at the edge of residential areas but which serve an area larger than nearby neighborhoods. Areas zoned C-1 district must be restricted to commercial activities, primarily if not exclusively conducted indoors, with limited or no outdoor display or storage of merchandise.

b. C-2 General Commercial District

The C-2 district is primarily intended for heavier commercial development that serves a citywide and regional market area, and for establishments requiring outdoor display and storage of merchandise.

c. DBAC Downtown Business, Arts, and Culture District

The DBAC district (formerly C-3) is primarily intended to implement the Tyler 21 Comprehensive Plan, Chapter 4, Downtown Master Plan by accommodating development and redevelopment in downtown that creates a walkable, mixed-use city center with residential, commercial, entertainment, arts, institutional, park, and government land uses, and by establishing guidelines and controls for the development and redevelopment of the downtown area, shown on the Future Land Use Guide, with a mix of commercial, residential, cultural, office, and existing light manufacturing uses. The district is further intended to ensure that future development is compatible with the existing development and will enhance the economic, cultural, and historical significance of downtown Tyler. The voluntary preferred design guidelines are kept on file in the planning department.

ARTICLE II.
DIVISION B.

Zoning districts
Commercial and Mixed Use Districts

needed throughout the city. All developments created in a PCD district must be designed and developed as a unit according to an approved site development plan.

Sec. 10-26. Allowed Uses

Uses are allowed in commercial and planned districts in accordance with Table 10-49.

Sec. 10-27. Dimensional Standards

All development in commercial and office districts must comply with the standards in Table 10-27.

Table 10-27 Dimensional Standards for Commercial and Industrial Districts

Commercial and Industrial Districts	C-1	C-2	DBAC	PMXD-1	PMXD-2	PCD	M-1	M-2
Minimum lot area (square feet)	7,000	14,000	2,500	5 acres c/e	5 acres c/e	a	15,000	15,000
Minimum frontage (feet) to legal access	70	80	25	a	a	a	80	80
Minimum building sep. (same lot)	15	15	0	0	0	a	15	15
Maximum height (feet)	42	45	--	55	165	45+ 1' add 1' setback	45+ 1' add 1' setback	45+ 1' add 1' setback
Minimum height or story	1	1	25 ft	25 ft	25 ft	a	na	na
Maximum height (stories)	2 5		20	5	15	a	na	na
Minimum setbacks				a	a	a		
Front yard setback	10	10	0	0	0	a	25	25
Rear yard setback	10	10	0	0	0	a	25	25
Adjacent to R district (rear)	25	25	0	0	0	a	25	25
Side yard setback, interior	10	10	0	0	0	a	25	0 [d]
Side yard setback, corner	15	15	0	0	0	a	0 [d]	0 [d]
Adjacent to R district (rear)	b	b	b	b	b	b	25	25
Adjacent to R district (side)	b	b	b	b	b	b	25	25
Adjacent ROW (side or rear)	0	0	0	15	15	15	0	0
Maximum lot coverage (%)	60	60	100	a	a	a	50	60

a Determined by the developer and subject to approval by the planning and zoning commission and city council as part of the site development plan

b See Article VI, Division B for bufferyard requirements

c Recommended; total development area for a PMXD-1 or PMXD-2 may be fewer than 5 acres subject to approval by the planning and zoning commission and city council as part of the site development plan.

d No minimum side yard setback is require except where the industrial zoned property abuts a residential district, in which case the minimum side yard setback will be 25 feet

e Exceptions to the 5-acre minimum: 1) projects smaller than five acres that are considered to be a phase or extension of an existing mixed use development and 2) single buildings or a building complex in which a mix of two or more land uses is proposed (e.g., condominiums and retail stores).

Environmental Considerations: The appraiser is aware of the need to inform the client of, and to consider the impact of, any apparent adverse environmental conditions that are known to the appraiser or that were detected during the inspection of the subject. There were no adverse environmental conditions noted during the routine inspection of the subject by the appraiser. However, the appraiser is not qualified to detect most adverse environmental conditions and it is not known if any of these conditions exist on or near the subject.

I was made aware of possible asbestos issues by the client. However, the extent and cost to cure the asbestos is unknown. It is recommended that licensed professionals inspect the building for this issue. This appraisal is completed under the extraordinary assumption that the asbestos is in an undisturbed state. This appraisal is completed under the assumption that no adverse conditions exist on or nearby that might negatively affect the subject. This disclaimer is a condition of this report and is discussed further in the assumptions and limiting conditions section of this report.

Improvements Description: The subject improvements include Floors 3 – 8 of a larger eight story building and *exclude* the basement, first floor and mezzanine level. It is a masonry building with concrete columns and brick veneer exterior. According to the building plans provided by the client, the footprint of the building is 121'7" x 100' or 12,167 square feet of heated and cooled building area. The third floor has 12,167 square feet and Floors 4 – 8 have an open courtyard that is 19' x 24' or 456 square feet per floor. Therefore, the building area for Floors 4 – 8 is 11,711 square feet per floor (12,167 sf – 456 sf) . The total building area is 70,722 square feet. The subject has hallways, restrooms, lobby areas, elevators and corridors and the net rentable area is reportedly 51,057 square feet.

Each floor varies with respect to tenant office size and a building floor plan of the sixth floor is located on the following page. As illustrated by the floor plan there is a common central hallway with offices on the interior and exterior of the hallway. There are two elevators near the southeast corner of the building with staircase adjacent to the west. There is a men's and women's restroom on each floor. The fourth floor has a restaurant on the interior wrapping around the courtyard. The interior is primarily finished out ceramic tile, carpet and vinyl composition tile flooring, painted drywall, wood doors and drop-in ceiling tiles with recessed fluorescent lighting.

I was made aware of possible asbestos issues by the client. However, the extent and cost to cure the asbestos is unknown. It is recommended that licensed professionals inspect the building for this issue. This appraisal is completed under the extraordinary assumption that the asbestos is in an undisturbed state and that there are no adverse conditions related to the subject property.

The subject has very limited parking, however, this is a common issue with respect to downtown buildings.

From the Marshall Valuation Service Cost Guide, the typical building life for a building similar to the subject is approximately 50 years. The lower portion of the subject building was reportedly constructed in 1941 while the upper portion included in this analysis was added in 1948 and is in average condition overall with an estimated effective age of 25 to 30 years and a remaining economic life of approximately 20 to 25 years.

The subject is currently leased to various tenants. A rent roll and income/expense data provided by the client is included in the addenda section.

The subject property will be gifted to the City of Tyler, as announced on Monday, November 15, 2010, and an article from the Tyler Morning Telegraph dated November 16, 2010 is included in the addenda section. From the news article, "Fair originally built the Sears Building in 1941 with a structure capable of up to 10 stories. The Sears Building is the basement, main floor, mezzanine and third floor of the current Fair Foundation Building. In 1948, Fair added floors four through eight for office space and opened the building in 1949 with about 62 tenants, city officials said. There are 64 tenants in the building, which is about 90 percent occupied. Most of the tenants are oil and gas-related firms, but there are a variety of different businesses housed there, including surveying and law offices. After Sears moved to its present location in Broadway Square Mall, the third floor was converted from retail space to office space and today houses the Petroleum Data Library and other private offices."

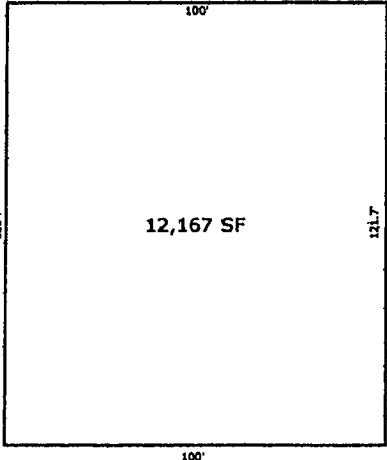
Below is a sketch of the building followed by a floor plan of the sixth floor of the subject property provided by the client.

SKETCH/AREA TABLE ADDENDUM

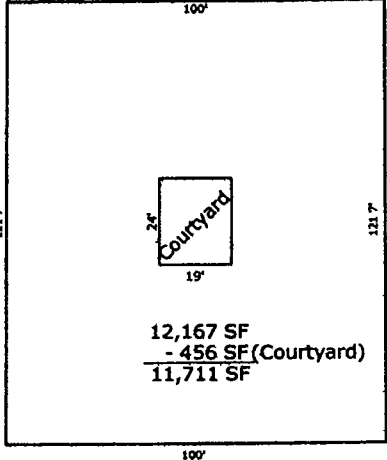
SUBJECT	Property Address 115 S. Broadway Avenue				File No C05810
	City Tyler	County Smith	State Texas	Zip 75702	
	Borrower				
	Lender/Client				
	Appraiser Name Michael R. Huffman, MAI		Appr Address 10750 FM 2813, Flint, Texas 75762		

For Illustration Purposes
Only Not To Scale

Total Bldg Area 70,722 SF

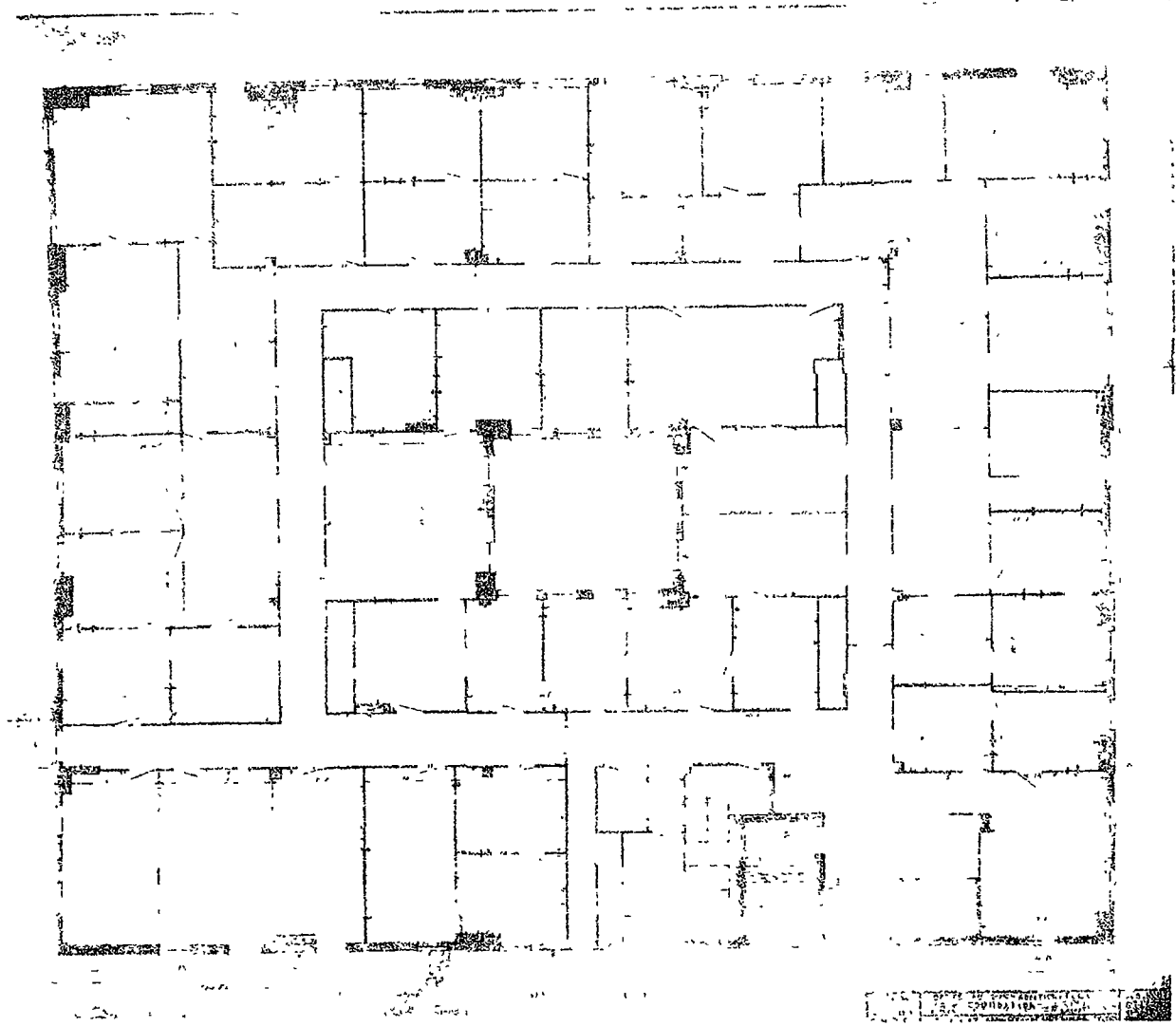


Floor 3
12,167 SF



Floors 4 - 8
11,711 SF X 5 Floors
= 58,555 SF

Sketch



Sixth Floor Plan

HIGHEST AND BEST USE ANALYSIS: Four criteria are examined in order to determine the highest and best use of the subject property. The criteria and their applicability to the subject, both "as vacant" and "as improved" are as follows:

Physically Possible: the size, shape and topography affect the uses to which land may be developed. The utility of a parcel is dependent on its frontage and depth. Sites with irregular shapes may be more expensive to develop, and topography or subsoil conditions may make utilization too costly or restrictive. Highest and best use as improved also depends on physical characteristics such as condition and utility.

Legally Permissible: a legally permissible use is determined primarily by current zoning regulations. However, other considerations such as long-term leases, deed restrictions, and environmental regulations may preclude some possible highest and best use.

Financially Feasible: the use of the property is analyzed to make a determination as to the likelihood that the property is capable of producing a return which is greater than the combined income needed to satisfy operation expenses, debt service, and capital amortization. Any use that is expected to produce a positive return is classified as financially feasible.

Maximally Productive: the use that provides the highest rate of return among financially feasible uses is the highest and best use. The use of the land must yield a profitable net return, and the quantity of land devoted to any specific use must be limited to that quantity which will yield a maximum return to each owner.

Highest and Best as Vacant

The subject is a 0.281 acre interior site located inside the city limits of Tyler and is zoned DBAC. It is level to gently sloping and surrounding properties are primarily office, retail and governmental buildings in the downtown area. Based on the topography, location, zoning and surrounding property uses, the highest and best use as though vacant would be for a future commercial use, likely office, when demand was present.

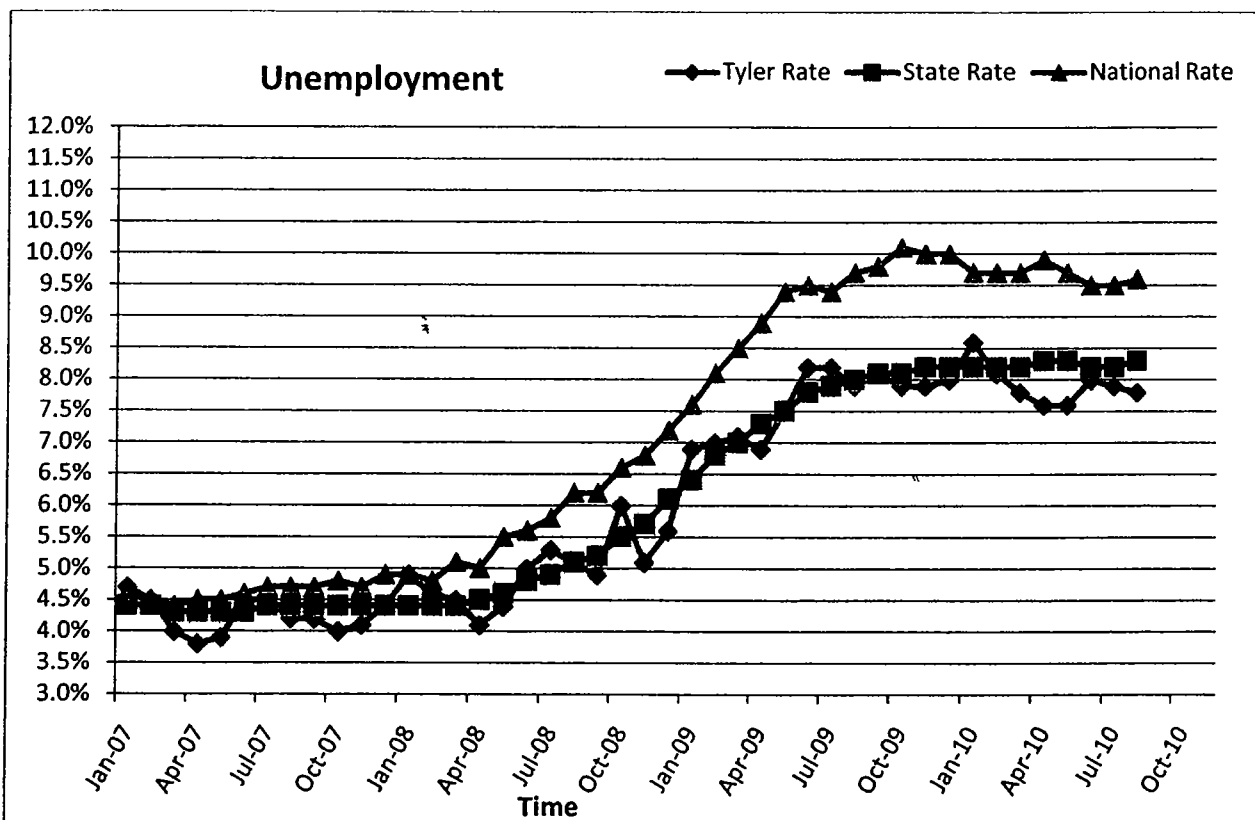
Highest and Best as Improved

The subject is located inside the city limits of Tyler and is zoned DBAC. The site is 0.281 acres and is large enough for the current improvements which include a masonry commercial building that is functional to the site, however, there is limited parking. As improved, the subject is somewhat of similar design and quality to other commercial properties found in the competitive market area. The design of the improvements and layout of the project appear to be acceptable in the market. Prices for commercial properties appear to be fairly stable based on current economic conditions. The current improvements represent the present highest and best use of the subject as improved.

Residential & Employment Data: The following is statistical information from secondary data from Texas A & M University Real Estate Center and the Bureau of Labor Statistics.

While the national economy has seen a decline in home sales and home prices and a rise in unemployment, 9.6% in August 2010 (9.5% in June & July, 9.7% in May, 9.9% in April, 9.7% in January - March 2010, 10.0% in December and November 2009 and 10.2% in October 2009), the Texas economy as a whole does not appear to have seen such drastic declines in home values and appears to be in a better financial position than other states. The Texas unemployment rate was at 4.4% in January 2007 and has seen a rise to 8.3% in August 2010. The Tyler unemployment rate has for the most part been consistent with the Texas unemployment rate being at 4.7% in January 2007 and rising to 8.6% in January 2010 and was at 7.8% in August 2010. The Tyler economy appears to be somewhat insulated from some of the significant declines in home values and changes in employment due to its diversified economic base.

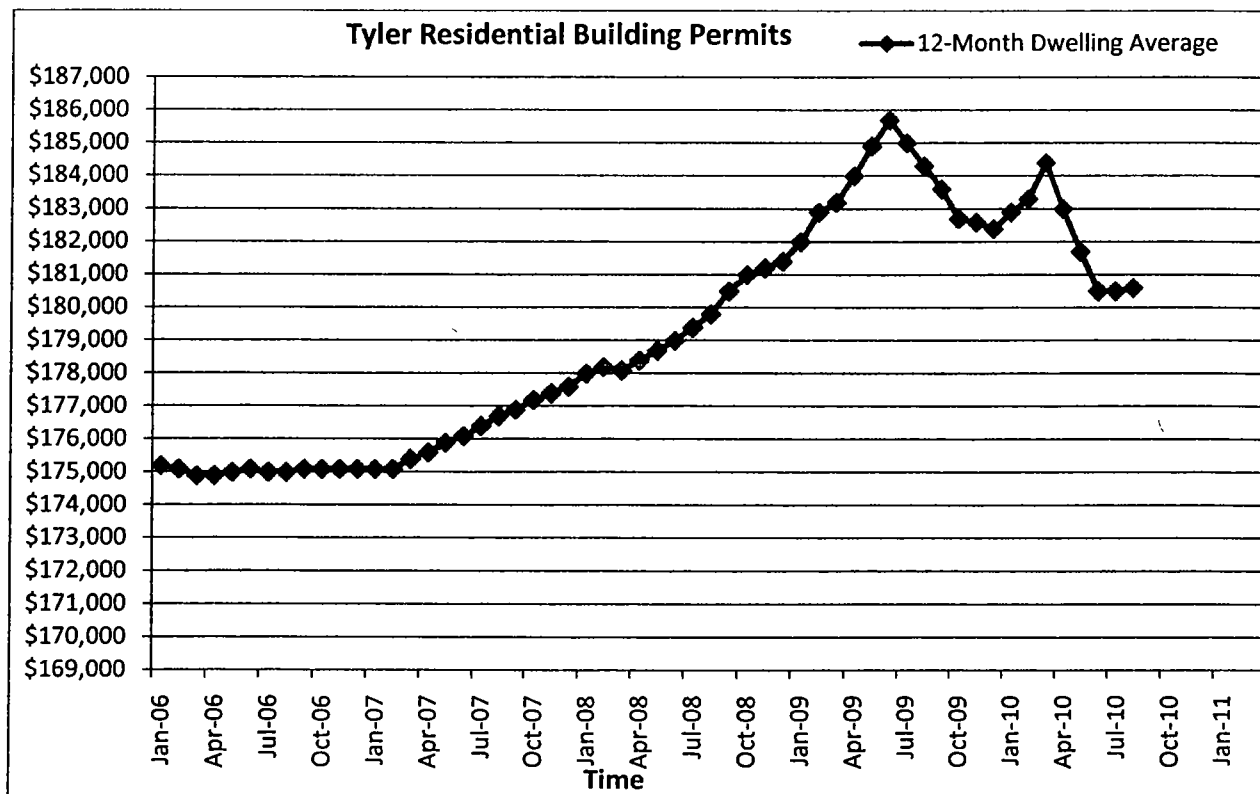
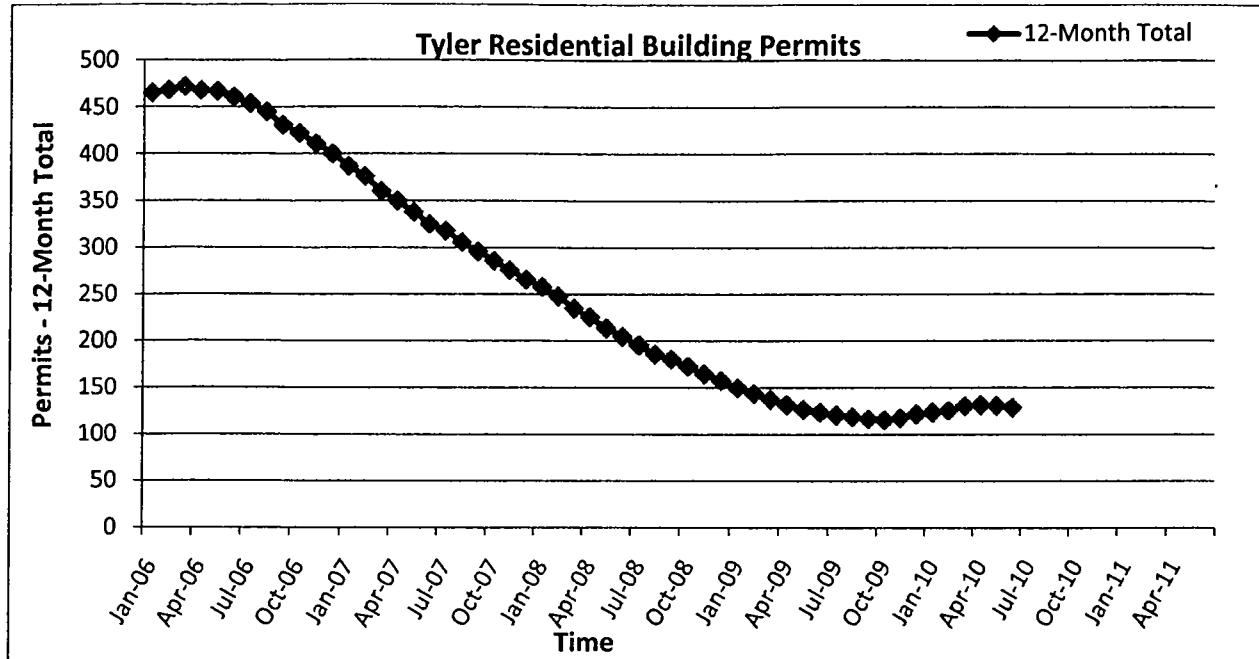
Unemployment



Residential Market

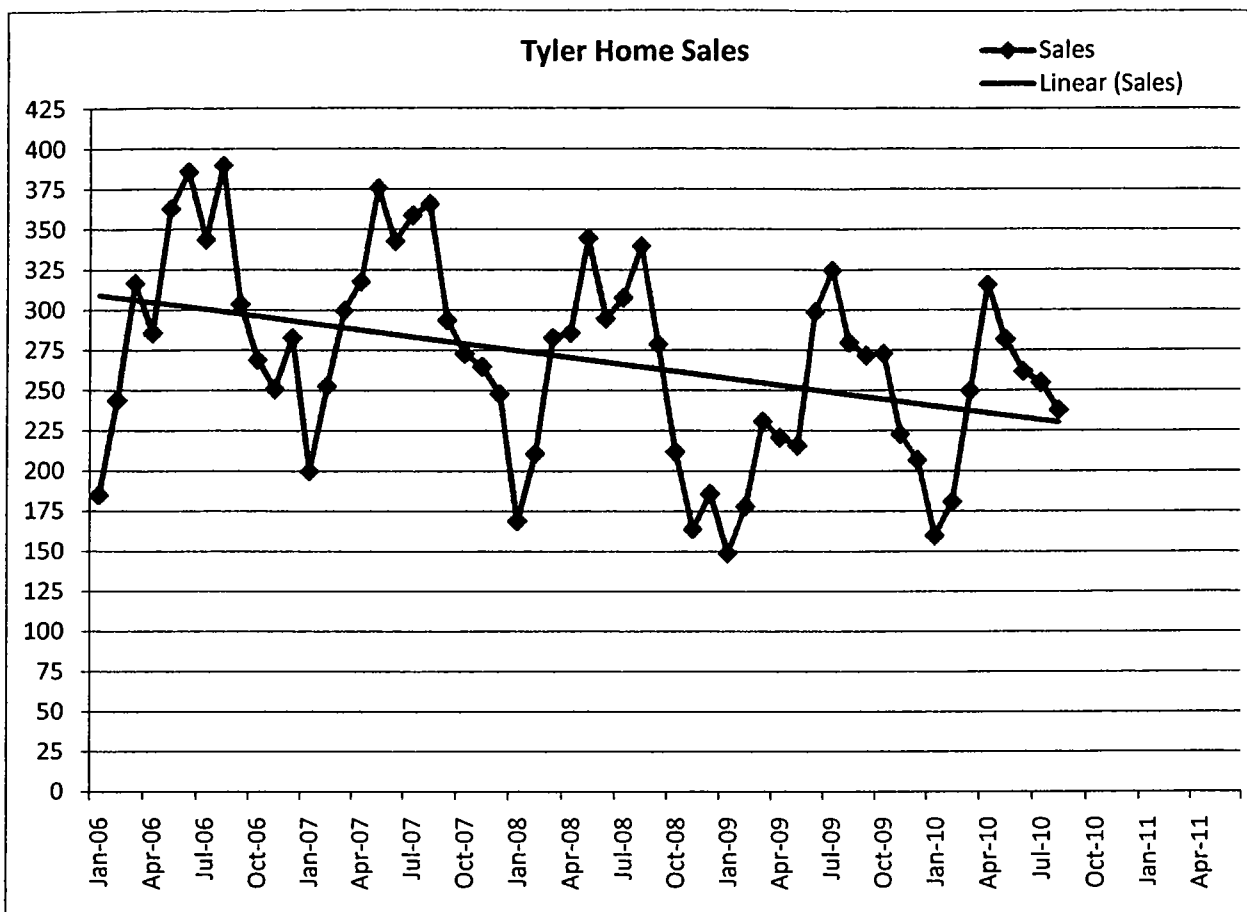
When analyzing the Tyler residential building permits from January 2006 to December 2009, there has been a steady decline in the 12-month total from March 2006 to October 2009 with a moderate increase from November 2009 to August 2010. However, the average value of the Tyler residential building permits has ranged from \$174,900 to \$185,700 and has generally seen

a rise from January 2006 to June 2009, slight declines from July to December 2009, then slightly increasing from January to March 2010 and then slightly declining again through August 2010.

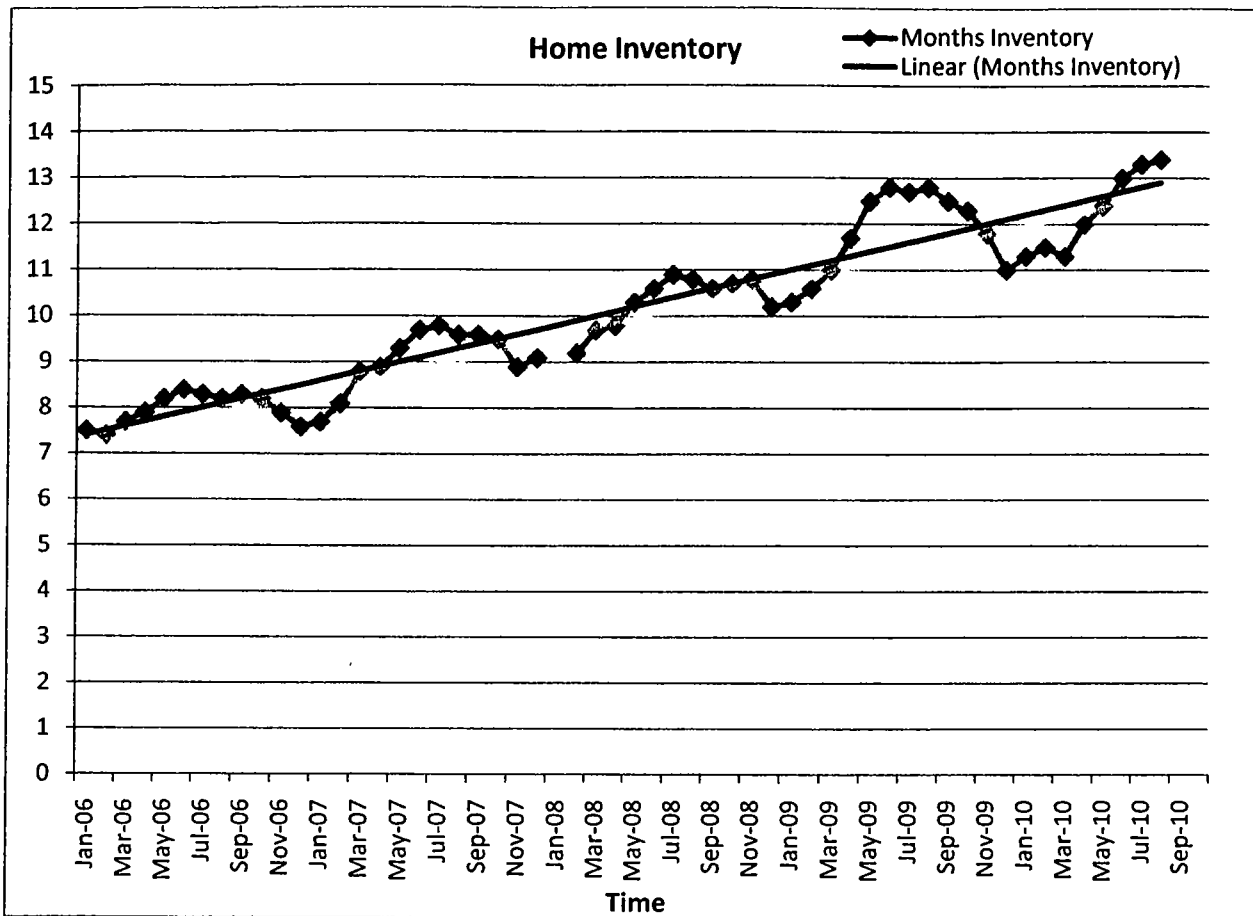


Below are charts illustrating Tyler MLS home sales, home inventory and average home sales

price.



According to the sales data presented, the volume of Tyler MLS home sales have fluctuated from month to month from January 2006 to August 2010. Over this time frame, the high was 390 sales in August 2006 and the low was 149 sales in January 2009. From January to April 2010, there was a steady rise in sales from 160 homes in January to 316 homes in April, however, May through August have seen consecutive decreases from 282 to 238 units. There is an interesting similarity in the general pattern of sales in 2006, 2007, 2008 and 2009, which is generally a rise in sales volume from January to the summer months then a decline to the winter months. However, this can be explained as there is typically an increase in sales activity in the spring and summer months with a decline in fall months when school starts and also typically less activity around the end of the year and holidays such as Thanksgiving and Christmas. As illustrated by the trend line, there has been an overall decline in the volume of residential sales activity over the last 4.5 years.



Home inventory has ranged from 7.4 months to 13.4 months over the same time frame and has seen a steady increase based on the trend line. The home inventory appeared to be on the decline from August 2009 through March 2010, however, has begun to increase once again. While the inventory of homes in the Tyler market is high as compared to other parts of Texas, local builders have slowed the pace of new speculative construction over various price points in reaction to changes in supply and demand and general economic conditions.

THE SALES COMPARISON APPROACH

In the sales comparison approach, the appraiser derives a value indication by comparing the property being appraised to comparable properties that have recently sold. Adjustments are made to each of the comparable sales to reflect the difference in characteristics between them and the subject.

The elements of comparison that tend to cause prices to vary are considered in every sale utilized in this approach to value. The elements are considered in the following order:

1. Real property rights conveyed
2. Financing terms
3. Conditions of sale
4. Market conditions
5. Location
6. Physical characteristics²

This sequence of adjustments is necessary since a financing or condition of sale adjustment must be made prior to analyzing the sales for physical characteristics or locational differences. The financing and conditions of sale adjustments are intended to convert the sales to a "cash" basis without any interference that does not meet the definition of market value.

Critical to the sales comparison approach is the availability of sales of similar properties that can be verified with the principals involved. This approach is of little or no value if too few or no comparable sales exist.

Details of each of the selected comparable sales are located on the following pages of this report. Other comparable sales were considered, but not included in this report because the required adjustments were felt to be too numerous and large to be representative of the subject.

²THE APPRAISAL OF REAL ESTATE, 9th Edition, 1988, page 316, The American Institute of Real Estate Appraisers.

C05810

DE LORME

Data use subject to license
© DeLorme DeLorme Street Atlas USA © 2010
www.delorme.com

MN (3° 2' E)

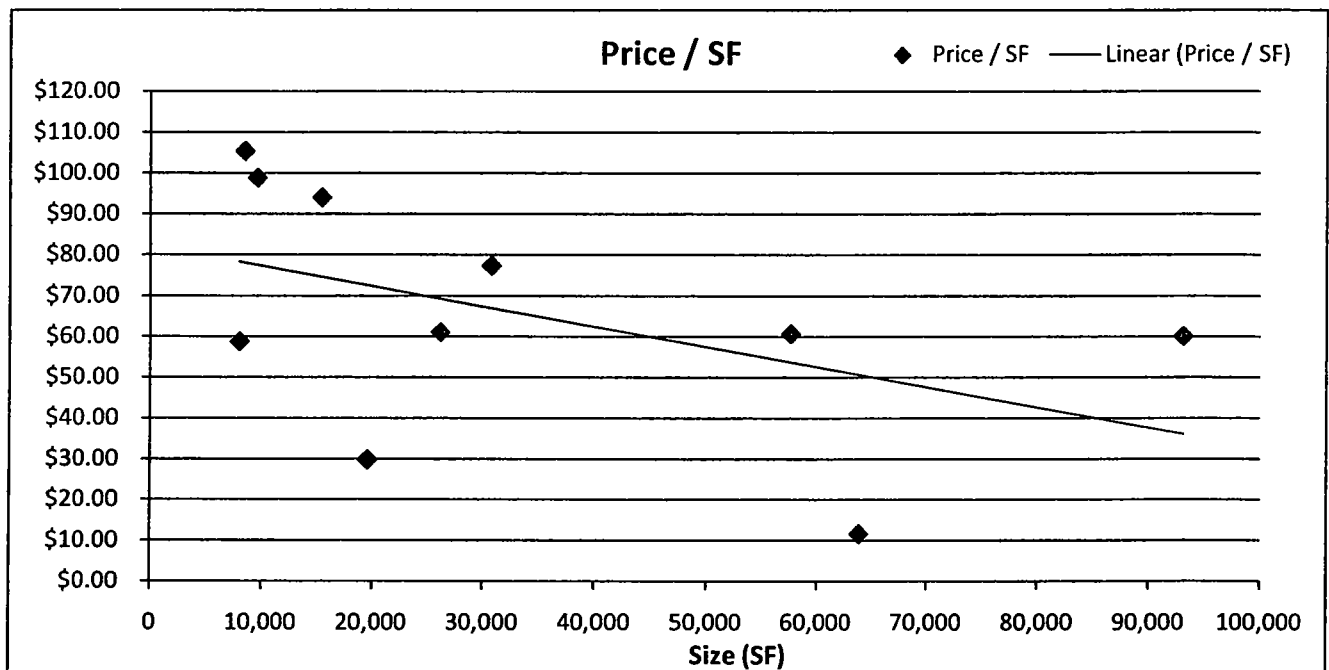
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Data Zoom 15-0

C05810

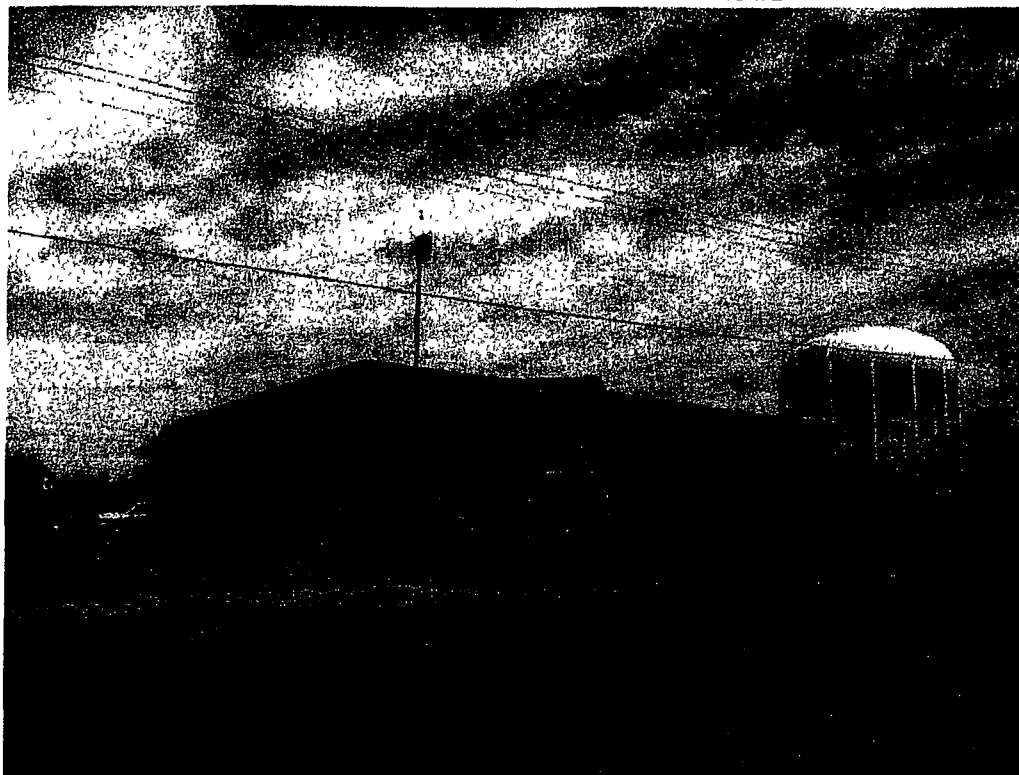
Below is a table summarizing each of the comparable sales.

Sale #	Location	Date of Sale	Sales Price	Size (SF)	Age	Price / SF
1	1510 E. Grande	2/16/2010	\$1,450,000	15,412	1987	\$94.08
2	5040 Kinsey Drive	6/1/2009	\$950,000	9,611	2000	\$98.85
3	777 S. Broadway	4/13/2009	\$470,000	8,000	1985	\$58.75
4	3909 SSW Loop 323	12/15/2008	\$893,987	8,481	1990	\$105.41
5	408-416 S. Broadway	9/15/2008	\$582,800	19,548	1936	\$29.81
6	100 Independence Place	9/2/2008	\$3,500,000	57,647	1974	\$60.71
7	112 E. Line	9/19/2007	\$2,382,800	30,808	1909	\$77.34
8	3800 Paluxy	2/10/2006	\$5,600,000	93,133	1983	\$60.13
9	2737 S. Broadway	1/11/2006	\$1,600,000	26,200	1979	\$61.07
10	102 N. College	6/12/2009	\$750,000	63,899	1932	\$11.74
Mean			\$1,817,959	33,274	1968	\$65.79



Based on the data presented, it appears that as the size of the building increases, the unit price per square foot decreases. The subject would fall between \$45.00 and \$50.00 on the trend line prior to any adjustments.

COMPARABLE IMPROVED SALE #1



LOCATION: 1510 East Grande Boulevard (formerly 6350 New Copeland Road),
Tyler, Texas 75703

LEGAL DESCRIPTION: 3.982 acres out of Lot 4B, Block 1474-E, Eagles Nest Addition,
Marshall University Survey, Abstract 636, City of Tyler, Smith
County, Texas

GRANTOR: Gary Milton Adams and Carol Ann Adams

GRANTEE: David & Deborah Tinsley

LAND RECORDS: #8504

RIGHTS CONVEYED: Fee Simple

DATE OF SALE: February 16, 2010

CONSIDERATION: \$1,450,000

FINANCING: Cash to seller, Deed of Trust to First Bank & Trust East Texas Tyler
\$1,232,500

CASH EQUIVALENCY: \$1,450,000

PROPERTY DATA

IMPROVEMENTS: Single tenant office of average to good quality combination of Class "C" steel frame with masonry brick veneer and Class "D" wood frame construction with stucco exterior. The entire building has a concrete slab foundation and a standing seam metal roof. It has 15,412 square feet of building area and was completed in stages with 5,000+/- SF in 1987, then the building was renovated and expanded in 1999 to over 9,800 SF and finally increased by 5,595 square feet in 2006. The interior finish includes good quality carpet, tile and brick flooring, sheetrock walls, suspended metal grid ceiling system with 2x4 acoustical tiles and flush mounted fluorescent light

fixtures. Other improvements include over 32,000 square feet of asphalt paving, covered porches, sidewalks and landscaping.

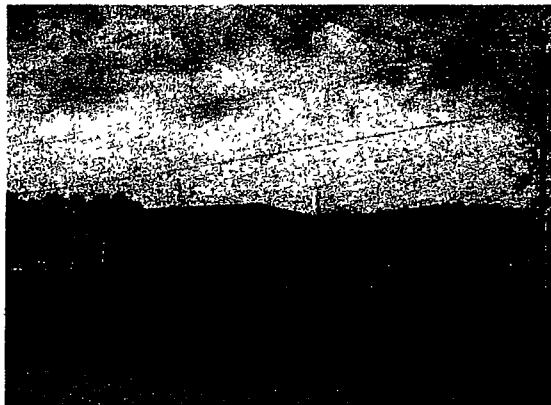
SITE SIZE: 3.982 acres or 173,430+/- square feet
AGE: 1987, 1999, 2006/Effective age 8 years
CONDITION: Average/Good
UTILITIES: All city utilities present
ZONING: RPO – Restricted Professional and Office District

ECONOMIC DATA – N/A – Owner occupied

PRICE PER S.F.-BUILDING: \$94.08

COMMENTS: This building is located on the north side of Grande Boulevard just west of Paluxy Drive. The building was owner occupied as a professional office for an engineering firm. The address was previously on New Copeland Road, however, Grande Boulevard was extended and the frontage street changed. This property was listed on LoopNet for \$1,500,000.

DATA SOURCE: Grantor, Smith County Land Records and Smith County Appraisal District Records



COMPARABLE IMPROVED SALE #2



LOCATION: 5040 Kinsey Drive, Tyler, Texas
LEGAL DESCRIPTION: 1.369+/- acres, Lot 18A, Block 999-N, City of Tyler, Smith County, Texas
GRANTOR: PBR Ventures Inc.
GRANTEE: Short Spain LLC
RECORDING: #00025752
PROPERTY RIGHTS: Fee Simple

DATE OF SALE: June 1, 2009
CONSIDERATION: \$950,000
FINANCING: Cash to seller
CASH EQUIVALENCY: \$950,000

PROPERTY DATA

IMPROVEMENTS: The property is improved with a professional office building with brick and stone veneer exterior, steel frame, concrete slab foundation, standing seam metal roof and stucco soffits. It has fixed glass windows with aluminum frames and metal and glass and metal exterior doors. There is a total of approximately 9,611 square feet of heated and cooled area, of which 8,811 square feet is on the first floor and the remainder 800 square feet is on the second floor. There is also approximately 1,235 square feet of partially finished future space on the second floor. There is also a porte cochere and covered entrance with approximately 1,118 square feet. The interior is currently finished out with carpet, ceramic tile and vinyl composition tile flooring, drop-in-ceiling

tiles or painted drywall, recessed fluorescent lighting, textured and painted drywall and wood doors. There is a large lobby area, multiple offices, work rooms, drive-thru window, conference room, break room and restrooms. There are also various built-ins throughout the building and there are also some glass partitions walls. The subject will be reportedly converted to a medical office. There is be approximately 27,000+/- square feet of concrete paved parking. There is also landscaping, signage, masonry dumpster enclosure and sidewalks. The estimated effective age is approximately 5 years.

BUILDING AREA (SF): 9,611
AGE: 2000
CONDITION: Average
LAND SIZE (ACRES): 1.369
LAND SIZE (SF): 59,634
ZONING: RPO, Restricted Professional and Office District

ECONOMIC DATA

PGI: \$124,943 (\$13/SF, NNN – Estimated Market Rent)
VACANCY & COLLECTION LOSS: \$ 6,247 (5%)
EGI: \$118,696
EXPENSES: \$ 11,996 (management, repairs/maintenance)
NOI: \$106,700

EXPENSE RATIO: 10.1%

CAPITALIZATION RATE (%): 11.23%
EGIM: 8.0X
UNIT PRICE (\$/SF): \$98.85

COMMENTS: This property consists of a former professional office building that will be converted to a medical office building on a concrete slab foundation, brick veneer exterior, steel frame and a standing seam metal roof. It is located on the east side of Kinsey Drive in Tyler, Texas. It was vacant at the time of sale.

CONFIRMATION: Grantor, Smith County Appraisal District and Land Records

COMPARABLE IMPROVED SALE #3



LOCATION: 777 South Broadway Avenue, Tyler, Texas
LEGAL DESCRIPTION: Lots 6, Block 177, Yarbrough Addition, City of Tyler, Smith County, Texas.
GRANTOR: ROCO Partners, LLC
GRANTEE: Broadway Hope LLC
LAND RECORDS: #16142
RIGHTS CONVEYED: Fee Simple
DATE OF SALE: April 13, 2009
CONSIDERATION: \$470,000
FINANCING: Cash to seller, conventional loan at market rates and terms
CASH EQUIVALENCY: \$470,000

PROPERTY DATA

IMPROVEMENTS: This building consists of a two-story brick veneer office building on a concrete slab foundation. There is a total of 8,000 square feet of total building area.

SITE SIZE: 0.325 acres or 14,157 square feet
AGE: Built in 1985/Effective 15 years
CONDITION: Average
UTILITIES: All utilities are present
ZONING: RPO; Restricted Professional Office District

ECONOMIC DATA

	<u>Pro-forma</u>
POTENTIAL GROSS INCOME:	\$80,000
LESS VACANCY & COLLECTION LOSS:	<u>0</u>
EFFECTIVE GROSS INCOME:	\$80,000
LESS ESTIMATED EXPENSES:	<u>\$20,000</u>
NET OPERATING INCOME:	\$60,000
POTENTIAL GROSS INCOME MULTIPLIER:	5.875X
OVERALL CAPITALIZATION RATE:	12.77%
PRICE PER S.F.-BUILDING:	\$58.75

COMMENTS: This sale is situated near downtown Tyler at the northwest corner of South Broadway Avenue and Rusk Street just south of Houston Street. It is a fully leased office building with 24 parking spaces, 11 suites, six restrooms and two levels. Much of the space was reportedly recently remodeled and trimmed out for executive office space. The income and expenses were from the listing agent's information on the multiple listing. This property was listed for \$500,000 with 832 days of market exposure.

CONFIRMATION: Appraiser files, Appraiser, Smith County Appraisal District and Smith County Land Records

COMPARABLE IMPROVED SALE #4



LOCATION: 3909 SSW Loop 323, Tyler, Texas, 75701
LEGAL DESCRIPTION: 1.314+/- acres, part of Lots 28-B and 29-F, NCB 852-W, Citizens State Bank and Highway 155 Center Addition, Oliver Anderson Survey, Abstract 30, City of Tyler, Smith County, Texas
GRANTOR: Citizens State Bank
GRANTEE: CASKH, Ltd
RECORDING: #57993
PROPERTY RIGHTS: Fee Simple
DATE OF SALE: December 15, 2008
CONSIDERATION: \$893,987
FINANCING: Cash to seller
CASH EQUIVALENCY: \$893,987

PROPERTY DATA

IMPROVEMENTS: The property was improved with a single-story, former branch bank office building with brick veneer exterior, concrete slab foundation and composition shingle roof. It has aluminum insulated windows, metal and glass and metal exterior doors and aluminum gutters. There was a total of approximately 8,481 square feet of heated and cooled area. There is also a covered canopy which serves the drive thru (four lanes) and has approximately 1,368 square feet. It also has a covered entrance that is 727 square feet.

The interior is currently finished out with carpet and tile flooring, drop-in-ceiling tiles, recessed fluorescent lighting, wall paper, textured and painted drywall and wood doors. There is a large reception area, multiple offices, a large open office area for support staff, teller area, conference room, work rooms, break room and three restrooms. There are glass partitions throughout the interior office area. There is also a vault with concrete block walls and ceilings. There is also concrete and asphalt paving, landscaping and sidewalks. The estimated effective age is approximately 12 years.

BUILDING AREA (SF): 8,481
AGE: 1990
CONDITION: Average
LAND SIZE (ACRES): 1.314
LAND SIZE (SF): 57,236
ZONING: C-2, Local Commercial District

ECONOMIC DATA / VACANT - N/A

UNIT PRICE (\$/SF): \$105.41

COMMENTS: This property consists of a former branch bank that purchased to be converted to a medical/surgical office building. It is located on the west side of S/SW Loop 323 in Tyler, Texas. It was vacant at the time of sale.

CONFIRMATION: Grantor, Appraisal File, Smith County Appraisal District and Land Records

COMPARABLE IMPROVED SALE #5



LOCATION: 408 – 416 South Broadway Avenue, Tyler, Texas
LEGAL DESCRIPTION: Lots 3 & 73 - 75, Block 78-A, T. W. Jones Addition, City of Tyler, Smith County, Texas.
GRANTOR: Joel & Melanie Baker
GRANTEE: Kent & Stephanie Boozer
LAND RECORDS: #43477
RIGHTS CONVEYED: Fee Simple
DATE OF SALE: September 15, 2008
CONSIDERATION: \$582,800
FINANCING: Cash to seller, conventional loan at market rates and terms
CASH EQUIVALENCY: \$582,800

PROPERTY DATA

IMPROVEMENTS: This building consists of a two-story brick veneer office building on a concrete slab foundation. There is a total of 19,548 square feet of total building area. There is a total of 13,576 square feet of heated and cooled building area. The first floor is approximately 10,429 square feet while the second floor is approximately 3,147 square feet. There is also a 5,972 square foot second-story storage area above the two retail spaces and accessed across the roof from the owner's office space.

SITE SIZE: Approximately 0.599 acres or 26,104 square feet
AGE: Built in 1936/Effective 28 to 32 years
CONDITION: Average
UTILITIES: All utilities are present
ZONING: C-3; General Business District

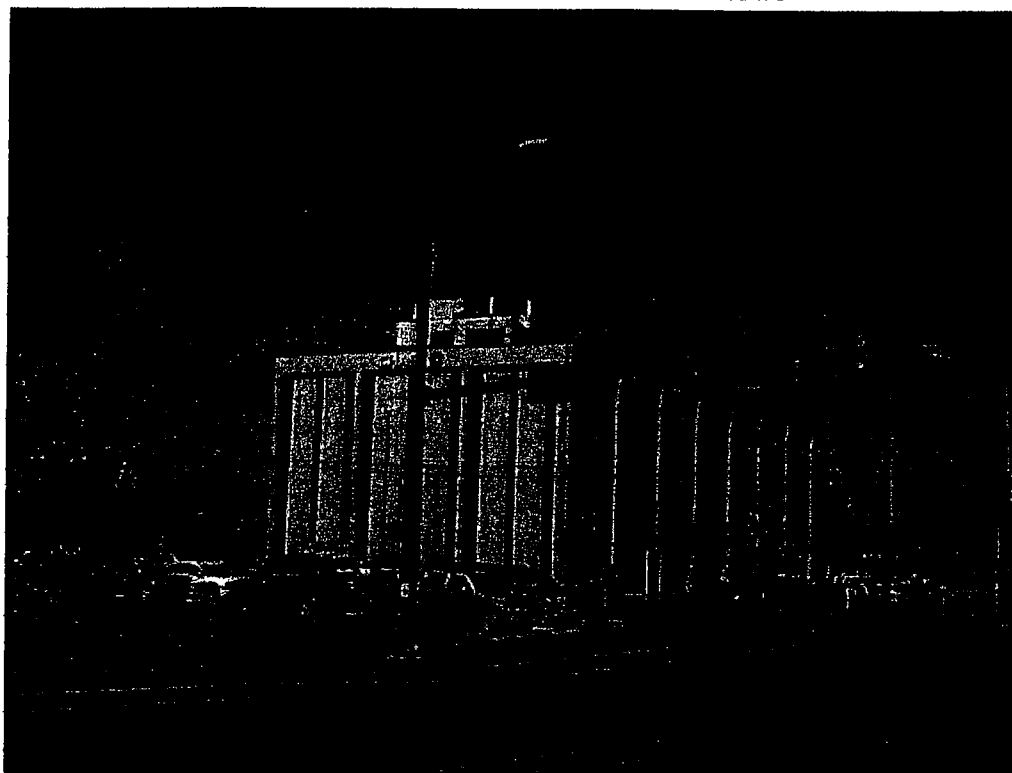
ECONOMIC DATA

	<u>Pro-forma</u>
POTENTIAL GROSS INCOME:	\$87,000
LESS VACANCY & COLLECTION LOSS:	<u>6,090</u>
EFFECTIVE GROSS INCOME:	\$80,910
LESS ESTIMATED EXPENSES:	<u>\$21,050</u>
NET OPERATING INCOME:	\$59,860
POTENTIAL GROSS INCOME MULTIPLIER:	6.70X
OVERALL CAPITALIZATION RATE:	10.27%
PRICE PER S.F.-BUILDING:	\$29.81

COMMENTS: This sale is situated near downtown Tyler on the east side of South Broadway Avenue just south of West Front Street. This property previously sold from Tyler Loft Apartments, Inc. to Joel & Melanie Baker on April 2, 2004 for \$225,000 and is recorded by Volume 7473 Page 761 in the Smith County Land Records.

CONFIRMATION: Appraiser files, Appraiser, Smith County Appraisal District and Smith County Land Records

COMPARABLE IMPROVED SALE #6



LOCATION: 100 Independence Place, Tyler, Texas
LEGAL DESCRIPTION: 2.692+/- acres, Lot 13C, Block 1013, City of Tyler, Smith County, Texas
GRANTOR: 100 Independence Center Inc.
GRANTEE: Genecov Investments Ltd.
RECORDING: #41429
PROPERTY RIGHTS: Fee Simple

DATE OF SALE: September 2, 2008
CONSIDERATION: \$3,500,000
FINANCING: Cash to seller
CASH EQUIVALENCY: \$3,500,000

PROPERTY DATA

IMPROVEMENTS: The improvements include a multitenant, four-story professional office building constructed in 1974. The total building area is approximately 57,647 square feet while the net rentable area (NRA) is approximately 53,921 square feet according to the property manager. It has a steel frame with brick veneer exterior, fixed glass windows and flat roof. At the time of sale, the first floor was primarily occupied by a financial institution. There are common interior hallways primarily down the center of the remaining floors. There are two elevators and stairs along the western portion of the building. Office suites range from approximately 161 square feet to 10,150 square feet and there were an estimated 31 tenants

occupying the building with occupancy estimated at 98.4%. The interior finish includes a combination of textured and painted drywall, vinyl wall coverings and heavy wood paneling. Floor coverings are a combination of carpet, wood, ceramic tile and vinyl composition tile. Ceilings feature drop-in tiles with recessed fluorescent lighting and interior doors are solid core. There is a common break room and restrooms most of the upper floor near the elevators and the building engineer reportedly has control of the entire HVAC system for the building. This property is also improved with concrete sidewalks around the footprint of the building with the remainder of the site being asphalt paved or landscaped. There are approximately 129 parking spaces for tenants and customers and includes four handicapped spaces. The building has been maintained in average overall condition through on-going, scheduled maintenance and remodeling. According to the building engineer the following repairs, maintenance and remodeling has been completed over the last 5 to 7 years: new a/c units (including six on roof), roof replaced, elevators upgraded, carpet in hallways, parking lot resurfaced, common restrooms on each floor and break rooms. The improvements have an estimated effective age of 18 to 22 years.

BUILDING AREA (SF): 53,921
AGE: 1974
CONDITION: Average
LAND SIZE (ACRES): 2.692
LAND SIZE (SF): 117,264
ZONING: C-4, High-Rise Commercial District

ECONOMIC DATA

PGI: \$717,353
VACANCY & COLLECTION LOSS: \$ 35,868 (5%)
EGI: \$681,485
EXPENSES: \$363,023
NOI: \$318,462

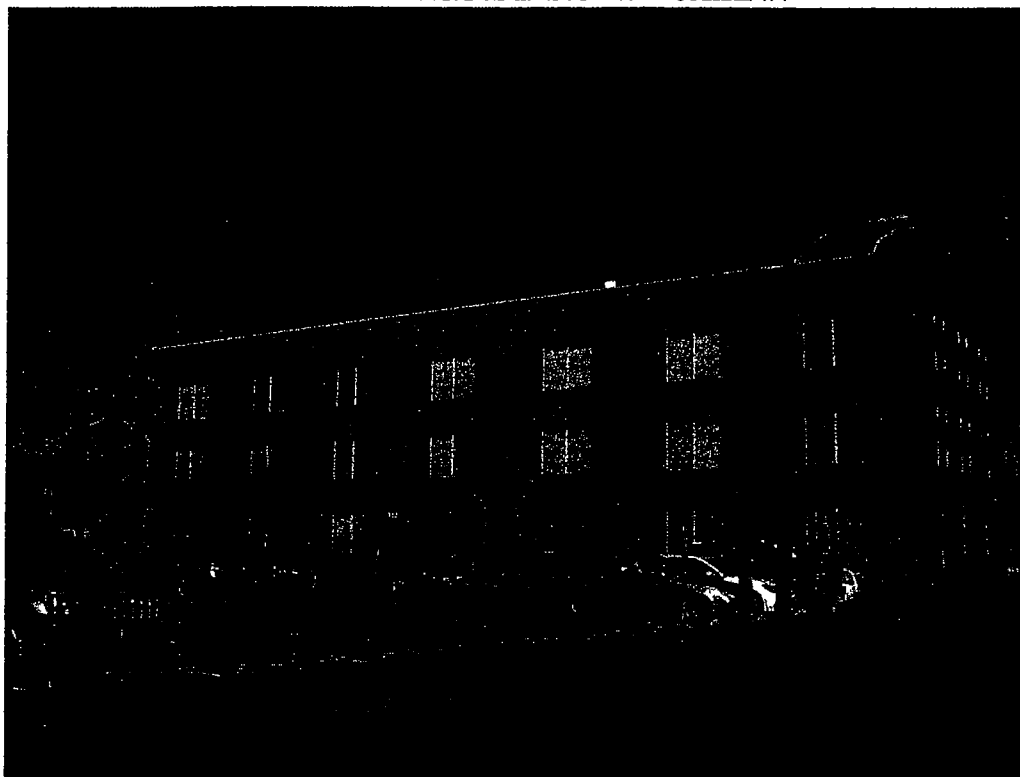
EXPENSE RATIO: 53.3%

CAPITALIZATION RATE (%): 9.1%
EGIM: 5.14X
OCCUPANCY: 98.4% (at time of sale)
UNIT PRICE (\$/SF): \$64.91

COMMENTS: The subject is an older class B office building that is well located along South Broadway Avenue across from Broadway Square Mall.

CONFIRMATION: Appraisal file, Broker, Smith County Appraisal District and Land Records

COMPARABLE IMPROVED SALE #7



LOCATION: 112 E. Line Street, Tyler, Texas
LEGAL DESCRIPTION: Lot 8C, Block 32, Wadel Connally Addition, City of Tyler, Smith County, Texas

GRANTOR: Dobbs Real Estate Partnetship, LP
GRANTEE: BSGJ1, LLC
RECORDING: 070051118
PROPERTY RIGHTS: Fee Simple

DATE OF SALE: September 19, 2007
CONSIDERATION: \$2,382,800
FINANCING: Cash to seller, conventional loan to Lehman Brothers Bank, \$1,800,000
CASH EQUIVALENCY: \$2,382,800

PHYSICAL DATA

BUILDING AREA (SF): 30808
AGE: 1909
CONDITION: Average
ZONING: C-3, Central Business District
LAND SIZE (ACRES): 1.392
LAND SIZE (SF): 60636

ECONOMIC DATA

EFFECTIVE GROSS INCOME: \$381,728

NET OPERATING INCOME: \$215,661

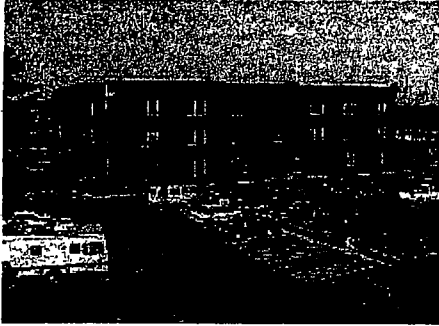
OVERALL CAP RATE (%): 9.05 %

EGIM: 6.24

UNIT PRICE (\$/SF): \$77.34

COMMENTS: This building is located in downtown Tyler and had been extensively renovated. The effective age is estimated at 15 years.

CONFIRMATION SOURCE: LoopNet #1561635, Appraisal, Closing Statement, SCAD



COMPARABLE IMPROVED SALE #8



LOCATION: 3800 Paluxy Drive, Tyler, Texas
LEGAL DESCRIPTION: 7.127± Acres; Lot 48C, Block 1092, City of Tyler, Smith County, Texas.

GRANTOR: Joseph M. Martel; General Partner; Paluxy Square Partners
GRANTEE: Genecov Investments Ltd.
RECORDING: 79597959
PROPERTY RIGHTS: Fee Simple

DATE OF SALE: February 10, 2006
CONSIDERATION: \$5,600,000
FINANCING: Cash to seller
CASH EQUIVALENCY: \$5,600,000

PROPERTY DATA

IMPROVEMENTS: These improvements include five single-story buildings with drive-up accessibility to many of the suites. The exterior walls are masonry with metal and wood interior partitions, flat roof, fixed glass windows and concrete slab foundation. The buildings offer a total of 93,133± square feet of rentable building area of which approximately 78,500 is reportedly usable and equates to a common area factor of approximately 15.71%. The suites range in size from 200± square feet to 5,500± square feet. The complex contains a mix of local, state and national tenants, including the State of Texas and AT&T. The complex is characterized as being 100% office and the average lease term is three to five years.

BUILDING AREA (SF): 93133
AGE: 1983 / Effective Age 14 – 18 years
CONDITION: Average
LAND SIZE (ACRES): 7.127 or 310,452 SF

ECONOMIC DATA

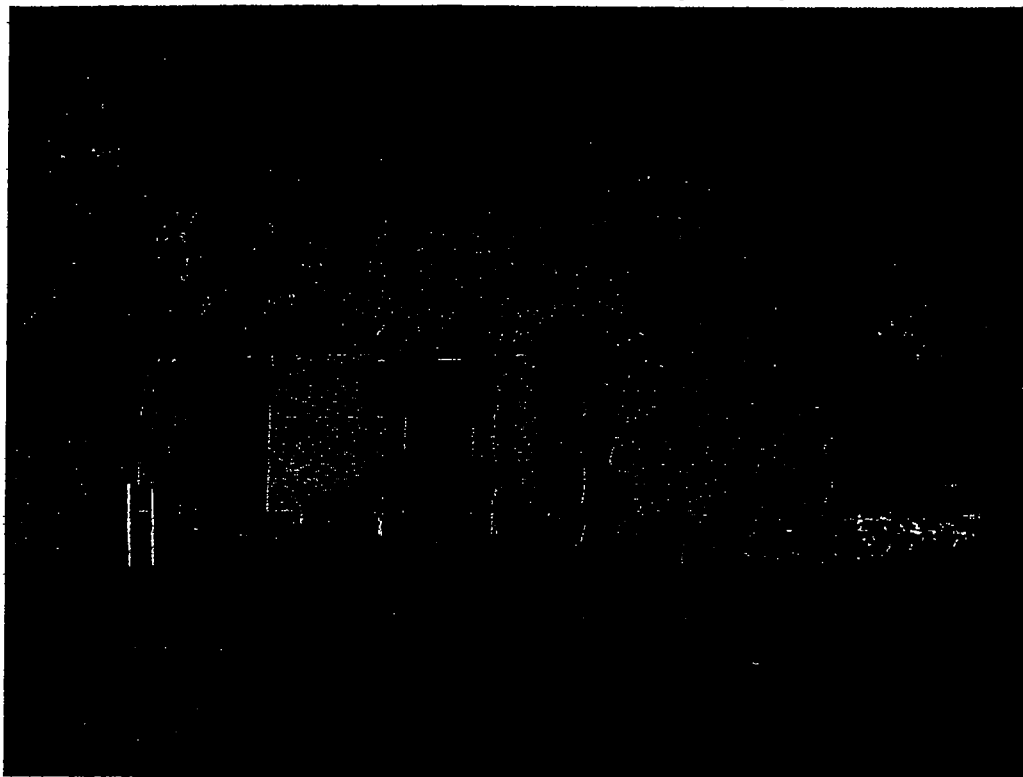
PGI: \$989,100
V/C LOSS: 10.00 %
EGI: \$890,190
NOI: \$445,095

CAP RATE: 7.95 %
EGIM: 6.29
UNIT PRICE (\$/SF): \$60.13

COMMENTS: This is a well located office park just southeast of the intersection of Loop 323 and Paluxy Drive and frontage on the north side of Lindbergh Drive which offers access to Highway 110 South and circles around to Loop 323. The effective age is 14-18 years. The average annual rent at the time of sale was reportedly near \$12.60 per square foot and is based upon the “net” usable area of 78,500± square feet. The economic data is based upon a PGI of \$12.60 X 78,500 square feet = \$989,100. The economic data presented is based upon information provided by a confidential source as of the date of sale and is considered reliable with the expense figure representing a best guess. The terms represent a Gross Lease with the lessor paying for taxes, insurance, maintenance, janitorial and all utilities including electric

CONFIRMATION SOURCE: Confidential Source, Smith County Appraisal District and SCAD Multi-Tenant Recap, Burns and Noble Leasing Data and Land Records

COMPARABLE IMPROVED SALE #9



LOCATION: 2737 S. Broadway Avenue, Tyler, Texas
LEGAL DESCRIPTION: Lots 25 & 25B, Block 830, City of Tyler, Smith County, Texas

GRANTOR: Tyler Equity Partners
GRANTEE: Motina, Ltd.
RECORDING: 0600001866
PROPERTY RIGHTS: Fee Simple

DATE OF SALE: January 11, 2006
CONSIDERATION: \$1,600,000
FINANCING: Cash to Seller
CASH EQUIVALENCY: \$1,600,000

PROPERTY DATA

BUILDING AREA (SF): 26200
AGE: 1979 / Effective Age 15 years
CONDITION: Average
LAND SIZE: 1.316 Acres or 57,325 sf

ECONOMIC DATA

PGI: \$262,000
V/C LOSS: 10.00 %
EGI: \$235,800

NOI: \$129,690

CAP RATE: 8.10 %

EGIM: 6.78

UNIT PRICE (\$/SF): \$61.07

COMMENTS: This office building is located on the west side of South Broadway Avenue near the Azalea Post Office.

CONFIRMATION SOURCE: Appraiser, SCAD

COMPARABLE IMPROVED SALE #10



NAME: Tyler Town Center
LOCATION: 102 North College Street, Tyler, Texas
LEGAL DESCRIPTION: Lot 5, Block 9, City of Tyler, Smith County, Texas
GRANTOR: Tyler Square Office Tower Inc.
GRANTEE: Steele Acquisitions LLC
LAND RECORDS: #28136
RIGHTS CONVEYED: Fee Simple
DATE OF SALE: June 12, 2009
CONSIDERATION: \$750,000
FINANCING: Cash to seller
CASH EQUIVALENCY: \$750,000

PROPERTY DATA

IMPROVEMENTS: The improvements consist of a 15-story multi-tenant office building with a total of 63,899 square feet of building area. This includes a basement area not included as one of the floors.

SITE SIZE: 0.167 acres or 7,275 square feet
AGE: Built in 1932/Effective 35 – 45 years
CONDITION: Average
UTILITIES: All city utilities are present
ZONING: C-3, Central Business District

ECONOMIC DATA

	<u>Actual</u>
NET OPERATING INCOME:	\$125,000
OVERALL CAPITALIZATION RATE:	16.67%
PRICE PER S.F.-BUILDING:	\$11.74

COMMENTS: The building is located in downtown Tyler at the northwest corner of College Avenue and Erwin Street. This building was constructed in 1932, and until 1980 was the tallest building in Tyler. It is also listed on the National Register of Historical Places. Occupancy was reportedly at 55% at the time of sale. Citizens 1st Bank had reportedly foreclosed the property and had owned it for about a year and were ready to get it sold, but were prepared to keep it if need be. The building still needs a lot of capital upgrades but is a good building with respect to construction. The building does not control any parking.

This property previously sold from Tyler Town Center LLC to One Hundred Two North College, Ltd. on August 3, 2005 for \$1,050,000 and is recorded in Volume 7857 Page 826 of the Smith County Land Records. It was reportedly owner financed for 18 months. The occupancy at the time of this previous sale was reportedly 25% and the previous owner (Preston Smith) had put little effort into managing the property efficiently. The previous owner reportedly acquired the property some 8+/- years earlier (prior to 2005) in a sale made under duress. Mr. Smith was reportedly approach by that owner at that time in dire need to sell the property, and relayed that any offer would be accepted. Mr. Smith purchased the property that day, but really never wanted to be the owner of an office building. The owner who purchased the property in 2005 planned to spend approximately \$500,000 renovating the building in order to increase occupancy. Many of the tenants at the time of sale were reportedly leasing at below market rates. The building was reportedly capable of having 65+/- tenants.

CONFIRMATION: Confidential source and Smith County Land Records

Comparable Improved Sales Grid											
Location: 121 S. Broadway Avenue, Tyler, Texas											
Subject Size 70722 square feet (Floors 3 - 8 only)											
	Subj	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8	Sale 9	Sale 10
Comparable Size (SF)	70,722	15,412	9,611	8,000	8,481	19,548	57,647	30,808	93,133	26,200	63,899
Sales Price / SF	N/A	\$94.08	\$98.85	\$58.75	\$105.41	\$29.81	\$60.71	\$77.34	\$60.13	\$61.07	\$11.74
Sales price	N/A	\$1,450,000	\$950,000	\$470,000	\$893,987	\$582,800	\$3,500,000	\$2,382,800	\$5,600,000	\$1,600,000	\$750,000
Buyer expenditures											
Excess Land		-	-	-	-	-	-	-	-	-	-
FF&E		-	-	-	-	-	-	-	-	-	-
Other Improvements		-	(55,000)	-	-	-	-	-	-	-	-
Adjusted price		\$1,450,000	\$895,000	\$470,000	\$893,987	\$582,800	\$3,500,000	\$2,382,800	\$5,600,000	\$1,600,000	\$750,000
Property rights adjust.		-	-	-	-	-	-	-	-	-	-
Adjusted price		\$1,450,000	\$895,000	\$470,000	\$893,987	\$582,800	\$3,500,000	\$2,382,800	\$5,600,000	\$1,600,000	\$750,000
Financing adjustment		-	-	-	-	-	-	-	-	-	-
Conditions of Sale		-	-	-	-	-	-	-	-	-	-
Adjusted price		\$1,450,000	\$895,000	\$470,000	\$893,987	\$582,800	\$3,500,000	\$2,382,800	\$5,600,000	\$1,600,000	\$750,000
Market cond. adjust.		0%	0%	0%	0%	0%	0%	0%	3%	3%	0%
Adjusted price		\$1,450,000	\$895,000	\$470,000	\$893,987	\$582,800	\$3,500,000	\$2,382,800	\$5,768,000	\$1,648,000	\$750,000
Adj. sales price/Unit		\$94.08	\$93.12	\$58.75	\$105.41	\$29.81	\$60.71	\$77.34	\$61.93	\$62.90	\$11.74
Location		0%	0%	0%	-20%	0%	-25%	0%	0%	0%	0%
Size		-15%	-15%	-15%	-15%	-15%	0%	-10%	0%	-10%	0%
Age / Condition		-39 00%	-45 00%	-25 00%	-31 00%	5 00%	-15 00%	-25 00%	-23.00%	-25 00%	25 00%
Quality of Constr.		10%	10%	10%	10%	10%	0%	0%	10%	0%	0%
Site Size		0%	0%	0%	0%	0%	0%	0%	-10%	0%	0%
Parking Adjustment		-10%	-10%	-10%	-10%	-5%	-10%	-10%	-10%	-10%	0%
Other Improvements		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other Adjustments		-20%	-20%	-20%	-20%	-20%	-20%	-20%	-20%	-20%	-20%
Total Physical Adjust.		-\$69 62	-\$74 50	-\$35 25	-\$90 65	-\$7 45	-\$42 50	-\$50 27	-\$32 82	-\$40 89	\$0 59
Final adjust. Price/SF		\$24 461	\$18 622	\$23 501	\$14 761	\$22 361	\$18 211	\$27 071	\$29 111	\$22 011	\$12 321
Indicated market value		\$1,729,963	\$1,617,161	\$1,861,967	\$1,043,678	\$1,581,468	\$1,288,152	\$1,914,462	\$2,058,610	\$1,550,964	\$871,588

Summary of Adjustments: There are very few sales of downtown properties similar to the subject in size, age and condition. The sales ranged from a low of \$11.74 to \$105.41 with an arithmetic mean of \$65.79 per square foot.

The next step in this process will be to make adjustments to each of the comparables for various characteristics in an attempt to bring them equal to the subject. These adjusted values will then be analyzed and reconciled.

Real Property Rights Conveyed: The next adjustment considered will be for real property rights conveyed. No adjustments are felt necessary to any of the sales as all of them were conveyed in fee simple, subject to any existing leases. It is anticipated that the subject, when sold, would be conveyed in fee simple, subject to any existing leases, requiring no adjustment.

Financing Terms: The next adjustment considered will be for financing offered. If preferential or below market financing was part of any comparable sale, adjustments must be made to reflect the advantages of this financing. The comparable sales are felt to have been at market financing that was considered equivalent to cash and no further adjustments are necessary.

Conditions of Sale: This adjustment reflects either buyer or seller willing to pay more or accept less than the typical sales price due to extenuating circumstances. There were no special conditions of

sale present in any of the comparables that would necessitate an adjustment.

Market Conditions: The next adjustment to make will reflect market conditions on date of sale. Consideration is given to a change in prices over time based on the date of the appraisal versus the date of sale for each comparable. In recent years, real estate values had been generally increasing at a fairly steady rate, however, there has been some stability between 2008 and 2010 in response to a slower national economy.

Sales 8 and 9 closed in 2006 and are adjusted upward by 3% per year to a base year of 2007. The remaining sales between 2007 and 2010 and are recent enough that no adjustments are necessary.

Location: The next factor to adjust for will be location. The subject is located in downtown Tyler on the west side of South Broadway Avenue. Sales 4 and 6 are located on Loop 323 and South Broadway, respectively, and are superior to the subject in location and are adjusted downward accordingly. All other sales are generally similar to the subject with no adjustments necessary.

Physical Characteristics: The next adjustment to make will be for physical characteristics. The characteristics considered will be size, effective age, construction quality and other adjustments.

Size Adjustments: The first physical characteristic to be considered is for size. Typically, larger buildings sell for lower prices per square foot while smaller ones sell for more. This reasoning is further supported by the fact that larger buildings are generally less expensive per square foot to construct than smaller buildings given equal quality and features. Sales are adjusted accordingly as they compare to the subject.

Age/Condition Adjustments: The subject improvements were reportedly constructed in 1948 and are in average condition overall with an estimated effective age of 25 to 30 years. The comparable sales are of various ages. Based on information from the Marshall Valuation Service, the economic life of a building such as the subject would be approximately 50 years. Therefore an economic life of 50 years will be used in this analysis. An economic life of this duration would indicate 2.0% annual depreciation using the straight-line method. The comparable sales had varying effective ages and adjustments were made to each of them and calculated by multiplying 2.0% times the estimated effective age difference between them and the subject.

Construction Quality: Sales 6, 7, 9 and 10 are generally similar to the subject in quality of construction with no adjustments necessary. The remaining sales are inferior to the subject and are adjusted upward accordingly.

Site Size: Sale 8 has a site that is substantially larger than the subject and is superior and adjusted downward accordingly. The remaining sales are generally similar as compared to the subject with no adjustments necessary.

Parking Adjustment: As previously discussed, the subject has very limited parking. Sale 10 is generally similar to the subject with no adjustment necessary. All other sales are considered superior to the subject in parking and are adjusted downward accordingly. There is no market

extraction or paired sales analysis to derive a precise adjustment for this difference. Therefore, the adjustment is the subject opinion of the appraiser. It is noted that a potential buyer of the subject property would have to purchase an adjacent or nearby property or lease nearby parking in order to have adequate parking for the subject building. If these options weren't available, the subject property would likely be leased to potential tenants at reduced rental rates.

Other Adjustments: As previously discussed, the subject as it is analyzed includes only Floors 3 – 8 of a larger eight story building that also has a basement, first floor and mezzanine level. The subject is not a condominium. It is my opinion that there would likely be few market participants that would be a potential buyer of the subject property when someone else actually owns the lower floors of the building. Therefore, it is my opinion that any potential buyer would require a discount over what typical free standing or attached competing properties were selling for. There is no market extraction or paired sales analysis to derive a precise adjustment for this difference. Therefore, the adjustment is the subject opinion of the appraiser.

Conclusion: After adjustments the comparables provide a range of \$12.32 to \$29.11 with an arithmetic mean of \$21.24 per square foot. Eliminating the high and low narrows the range from \$14.76 to \$27.07 with an arithmetic mean of \$21.38. Sales 6 – 10 are larger buildings generally similar to the subject \$12.32 to \$29.11 with an arithmetic mean of \$21.75 per square foot. Sale 10 is large downtown building that reportedly needed capital improvements and was foreclosed in 2008 prior to the 2009 sale and occupancy was at 55% at the time of sale and is at the lower end of this range. This building had previously sold in 2005 for \$1,050,000 when occupancy was at 25% and renovations were needed. Sales 6 – 9 offer a more narrow range at \$18.21 to \$29.11 with an arithmetic mean of \$24.10 per square foot.

Below are three competing listings in the subject market area.

Property Type	Location	List Price	Size (SF)	Price / SF
Office	202 S. Broadway Avenue	\$599,000	18,000	\$33.28
Shell Building	218 E. Line Street	\$240,000	19,200	\$12.50
Office	2737 S. Broadway Ave.*	\$2,250,000	25,000	\$90.00
Mean		\$1,029,667	20,733	\$45.26

*Sale 9 in Sales Comparison Approach

The listings range from \$12.50 to \$90.00 with an arithmetic mean of \$45.26 per square foot. Two of the listings are located in downtown Tyler and the last listing is situated in the Azalea District on South Broadway Avenue. All listings are much smaller as compared to the subject. The lower end of the range is a shell building on Line Street.

Based on the information presented above and its location, age, condition and parking issues, it is my opinion that the market value of the subject is near the arithmetic mean of Sales 6 – 9 at \$24.00 per square foot or $70,722 \text{ SF} \times \$24.00/\text{SF} = \$1,697,328$ or \$1,695,000 rounded.

Market Value by the Sales Comparison Approach - \$1,695,000

INCOME CAPITALIZATION APPROACH

The income approach to valuation is based on the assumption that the value of property is directly related to its ability to produce income. The income approach is generally applied in appraising income-producing properties. The quantity, quality and durability of the income stream must be considered in estimating the economic rent of an income-producing property.

Commonly used terms in this process are:

1. Potential Gross Income (PGI) - The total income attributable to real property at full occupancy before deduction for vacancy and operating expenses.
2. Effective Gross Income (EGI) - The anticipated income from all operations of real property adjusted for vacancy and collection loss.
3. Net Operating Income (NOI) - The actual or anticipated net income remaining after deducting all operating expenses from effective gross income, but before deducting mortgage debt service and book depreciation. May be calculated before or after deducting replacement reserves.
4. Equity Dividend - (also known as Pre-tax Cash Flow) - Income remaining from net operating income after debt service is paid, but before ordinary income tax on operations is deducted.
5. Reversion - A lump-sum benefit that an investor receives or expects to receive at the termination of an investment.
6. Gross Income Multiplier (GIM) - The ratio between sales price or value and gross income (Potential or Effective).
7. Mortgage Constant (Rm) - The capitalization rate for debt; the ratio of the annual debt service to the principal amount of the mortgage loan. Also called the mortgage capitalization rate.
8. Internal Rate of Return (IRR) - A measure of investment performance; the rate of return on capital that is generated or capable of being generated within an investment or portfolio over a period of ownership.

The quantity of the income stream is simply the amount collected less expenses. The quality of the income stream is dependent on the financial strength of the tenant that could be expected to occupy the space. The durability is the measure of the expected continuation of the lease and income to the property.

Based on the rent roll, the subject's current rents range from \$2.70 to \$9.02 per square foot, but are primarily in the \$8.00 to \$9.00/SF range on a gross lease basis. Most of the tenants have very long tenures including current tenants from 1954, 1971, 1974, 1978, 1979, 1980, just to name a few, and rental rates have likely remained stable in order to keep occupancy high. However, with the age of the building and the landlord paying for all expenses, current income barely covers expenses based on information provided by the client. According to the client, all leases are currently on a month to month basis and the building is always between 87% and 92% occupied.

There are reportedly Annually Burns Commercial Properties, form Burns and Noble Real Estate, publishes a fairly comprehensive publication summarizing office and retail leases in the City of Tyler. According to the 2010 Tyler Market Office Market Survey by Burns Commercial Properties, the average quoted rental rate for all buildings increased by approximately 6% over 2009 to \$14.21 and overall occupancy rate increased from 86.5% to 88.5%. A copy of the entire office market survey is included in the addenda section of this report.

On the next page is the downtown office portion of the larger survey. The Central Business District market occupancy rate increased by two percent to 86.5% and the average quoted rent was \$12.26/SF on a gross rent basis where the landlord pays for utilities, taxes, insurance, maintenance and janitorial services.

BURNS COMMERCIAL PROPERTIES 2010 OFFICE MARKET SURVEY, TYLER, TEXAS

CITY Tyler
MARKET Central Business District (Downtown)
DATE September, 2010

BUILDING/ADDRESS OWNER	TOTAL SIZE IN SF	NUMBER OF FLOORS	PERCENT OCCUPIED	TOTAL SPACE AVAILABLE	LARGEST CONTIGUOUS AVAILABLE	ANNUAL BASE RENT	COMMON AREA ADD-ON FACTOR	EXPENSE STOP	BLDG CLASS	CONTACT
Tyler CBD Office Market										
<i>First Place</i> 100 E. Ferguson Street Crest Properties, Ltd	187,060	12	97%	6,049	4,598	\$14.00 - \$17.00	10.8%	\$8.87	A	Allen Bell Allen Bell Property Svcs 903/595-2805
<i>Plaza Tower</i> 110 N. College Avenue Genecov Group	214,933	19	92%	14,442	4,724	\$15.00 \$16.00	11.4%	Base Yr	A	Taylor Burns Burns Commercial Properties 903/534-1200
<i>200 Broadway Center (KLTV BLDG)</i> 105 W. Ferguson Street TV-3, Inc.	64,904	4	85%	4,650	4,650	\$12.00	N/A	Base Yr	B	Taylor Burns Burns Commercial Properties 903/534-1200
<i>202 S. Broadway Avenue</i> 202 S. Broadway Avenue Harry Leatherwood	18,000	3	0%	18,000	6,000	\$7.50 NNN	N/A	N/A	B	Allen Bell Allen Bell Property Svcs 903/595-2805
<i>Tyler Office Center</i> 120 S. Broadway Avenue Individual	16,000	2	56%	7,000	2,400	\$10.00	N/A	None	B	Art Mullan Signature Management, Inc. 903/561-8000
<i>United Heritage Bldg.</i> 622 S. Broadway Avenue Wolden Rentals, LLC	13,252	2	100%	0	0	\$12.00	5.0%	Base Yr	B	Chris Wolden 903/561-8855
<i>Tyler Town Center</i> 102 N. College Avenue	63,067	18	67%	27,682	5,691	\$11.00	16.0%	Base Yr	B	Andy Bergfeld 903/592-1032
<i>Fair Foundation Building</i> 121 S. Broadway Avenue Fair Foundation	51,057	6	89%	5,500	1,500	\$9.00	N/A	None	C	Bhetti Harris 903/510-8448
<i>The Energy Center</i> 719 W. Front Street Briarwood Group, Ltd	41,560	3	90%	3,885	1,000	\$12.00	N/A	None	C	Martin Heines 903/563-2367
<i>Fountain Square</i> 401 E. Front Street Briarwood Group, Ltd	29,484	2	80%	5,900	1,700	\$11.00	N/A	None	C	Martin Heines 903/563-2367
<i>Blackstone Building</i> 315 N. Broadway Avenue Tyler Chamber of Commerce	26,620	6	100%	0	0	\$13.00	20.9%	\$8.07	B	Allen Bell Allen Bell Property Svcs 903/595-2805
<i>122 South College Building</i> 122 S. College Avenue Whitehurst & Smith	6,028	2	100%	0	0	\$8.00	N/A	None	C	Bill Whitehurst 903/595-0470
<i>Wicks-Concealy</i> 112 E. Line Street BSGJI, LLC	30,808	3	89%	3,429	3,429	\$14.00 - \$17.00	18.3%	\$8.41	B	Allen Bell Allen Bell Property Svcs 903/595-2805
<i>Austin Bank Building</i> 305 S. Broadway Avenue Briarwood Group, Ltd	41,178	12	92%	3,375	1,560	\$12.00	N/A	None	C	Martin Heines 903/563-2367
<i>210 South Broadway Avenue</i> 210 S. Broadway Avenue Broadway Rusty Nail, Ltd	13,282	2	100%	0	0	\$13.50	15.0%	Base Yr	B	Andy Bergfeld 903/592-1032
<i>320 South Broadway Avenue</i> 320 S. Broadway Avenue Metro Asset Management, LLC	16,304	2	100%	0	0	\$13.50	8.0%	Base Yr	B	Andy Bergfeld 903/592-1032
<i>Professional Office Building</i> 226 N. Broadway Avenue Woodvine Capital Partners	16,350	3	0%	16,350	16,350	\$10.00 - \$12.00	N/A	None	B	Taylor Burns Burns Commercial Properties 903/534-1200
Totals For CBD:	881,662		66.8%	116,342		\$12.28 (avg)				

The rentals above range from \$8.00 to \$17.00 per square foot but primarily range from \$10.00 to \$13.50 per square foot. It appears that current rents for the subject property are below market rents indicated by the Burns Commercial Office Market Survey. Therefore, market rent will be estimated and actual expenses provided by the client will be used in this analysis.

Given the total building area, construction quality, age, condition, parking issues and the subject's location on South Broadway Avenue, market rent is felt to be near \$11.00 per square foot on a gross lease basis. This assumes that the landlord would be paying all expenses including taxes, insurance, maintenance, utilities and janitorial expenses. Potential Gross Income (PGI) for the subject is estimated at \$561,627 annually ($\$11.00 \times 51,057 \text{ SF of NRA} = \$561,627$).

The next step in this process is to analyze the various items that must be deducted from the potential gross income (PGI) to arrive at the net operating income (NOI) for the subject. These items are addressed below.

Vacancy & Credit Losses

Anticipated losses to account for are lease up periods, late payments of rents, bad checks and other credit losses. Based on generally similar buildings in the Tyler market, there would be some demand for leasing a building such as the subject. As previously mentioned, according to the Burns Commercial 2010 Office Market Survey the occupancy rate for the CBD in 2010 was at 86.5%, up two percent over 2009. According to the client, the building is always between 87% and 92% occupied.

An assumption has to be made that were the subject available for lease there would be some period of vacancy from time to time as well as losses due to other reasons. Based on information from the market, other similar properties and current occupancy, an estimate of 12.5% (or 87.5% occupancy) seems reasonable for a vacancy and credit loss for the subject when considering a long-term stabilized analysis.

Expenses

Real Estate Taxes: The first expense to be analyzed is for real estate or ad valorem taxes. The owner of the subject will be required to pay real estate taxes to the various taxing jurisdictions. These include the City of Tyler, the Tyler Independent School District, Tyler Junior College and Smith County. According to the Smith County Appraisal District the total assessed value of the subject is \$650,000 and ad valorem taxes for the subject are reportedly \$13,525. The subject's assessed value is considered low based on the analysis in the sales comparison approach which concluded a value of \$1,695,000.

Improved Sale 6 sold in September 2008 for \$3,500,000 and had an assessed value in 2008 at \$3,500,000 (or 100% of the sales price) and \$3,560,920 in 2010. Improved Sale 7 sold in September 2007 for \$2,382,800 and had an assessed value in 2007 at \$2,042,700 (or 86% of the sales price) and \$2,231,187 in 2010. Assuming an assessed value at 75% of the indication from the sales comparison approach, as the subject's assessed value does not include a site value, would indicate an assessed value of \$1,270,000 ($\$1,695,000 \times 0.75 = \$1,271,250$) rounded. The estimated

tax rate for the subject is \$2.0807308 per \$100 valuation which would indicate ad valorem taxes of \$26,425, or \$26,500 rounded ($\$1,270,000 \times 0.020807308 = \$26,425$), and will be used in this analysis. If the lower assessed value were used, this could inflate the indication from by the income capitalization approach.

Insurance: The next expense to be analyzed is for insurance. Based on information from the client, the estimated annual cost of insurance is reportedly \$25,000 to \$30,000 annually, however, is included in the Building Expense category.

Management: The next expense to be analyzed is for professional management. If the subject were purchased by an investor, there would be an expense for management. The duties of the manager would be the collection of rent as well as responding to the various needs of the tenant. The management fee is reportedly included in the Service Contracts category.

Utilities: The next expense to be analyzed is for utilities. The landlord pays for this expense and the projected utilities expenses for the subject indicated by the client are estimated at \$115,189.60 and will be used in the analysis.

Repairs & Maintenance: There are some on-going expenses associated with a building such as the subject. Some of these include the repair of heating and air conditioning, electrical, plumbing and other maintenance. The improvements were reportedly constructed in 1948 and are in average condition overall. The landlord pays for this expense and the projected repairs/maintenance expense for the subject are estimated at \$26,915.04 and will be used in the analysis.

Replacement Reserves: The last item to be considered is replacement reserves. This is the amount to be set aside to cover the expense of replacing items that have a life of less than that of the entire structure. Items normally included are hot water heaters, air conditioning systems, floor coverings and roof coverings. However, when investors consider income producing property based on Direct Capitalization they seldom include replacement reserves. None will be included in the analysis.

Other Expenses: The subject also has additional expenses such as **Building Expense** (\$38,565) which includes insurance premium, United elevator inspection and Texas Department of Licensing, **Administrative** (\$972.35), **Supplies-General Building** (\$15,667.36) which includes mops, towels and cleaning supplies and **Service Contracts** (\$90,768.71) which includes the management fee, elevator service contract and HVAC service contract. These expenses are indicated on the income/expense statement provided by the client and will be included in this analysis.

Summary: On the following page is a pro-forma income statement for the subject based on the projected stabilized income and expenses.

Stabilized Pro-forma Income Statement			
Net Rentable Area	51057 SF		
Market Rent	\$11.00 / SF		
Annual Rent	\$561,627.00		
Monthly Rent	\$46,802.25		
Total Potential Gross Income =			\$561,627
Less: Vacancy & Credit Loss Allowance @	12.5%		(\$70,203)
Effective Gross Income (EGI):			\$491,424
Less: Expenses			
Fixed Expenses:	% of EGI		
Taxes	5.4%	\$26,500	
Insurance (incl. in Bldg Expense)	0.0%	\$0	
SubTotal			
Variable Expenses	% of EGI		
Building Expense	7.85%	\$38,565	
Management (incl. in Service Contracts)	0.00%	\$0	
Administrative	0.20%	\$972	
Utilities	23.44%	\$115,190	
Supplies-General Building	3.19%	\$15,667	
Maintenance & Repairs	5.48%	\$26,915	
Service Contracts	18.47%	\$90,769	
Totals	64.0%	\$314,578	
Total Expenses:			\$314,578
Net Operating Income (NOI):			\$176,845
Capitalization Rate =	11.00%		
NOI / Capitalization Rate =	\$1,607,685		
Market Value by Direct Capitalization (Rounded) =			\$1,610,000

Capitalization of Income

Two capitalization techniques are normally applied to income and expenses. The first one is Direct Capitalization where an overall rate is determined preferably from market data and applied to the net operating income of a property. The second is that of Discounted Cash Flow analysis which considers the subject's future rents, vacancy, expenses and capitalization rates. The resulting net income and sale of the property at the end of the holding period are discounted to present value using a rate of return that would be required by an investor.

Direct Capitalization

The preferred method for determining the appropriate rate used in direct capitalization is from sales in the marketplace when sufficient data is available. The net operating income from each comparable is calculated in the same manner as that for the subject. The appraiser arrives at an overall rate by dividing each property's net operating income by its sales price. The selection of the

appropriate rate would depend on the comparability of each sale to the subject.

Below is a table summarizing overall capitalization rates of the improved sales from the Sales Comparison Approach.

Sale #	Location	Date of Sale	Sales Price	Size (SF)	Age	Cap Rate	Price / SF
1	1510 E. Grande	2/16/2010	\$1,450,000	15,412	1987	N/A	\$94.08
2	5040 Kinsey Drive	6/1/2009	\$950,000	9,611	2000	10.10%	\$98.85
3	777 S. Broadway	4/13/2009	\$470,000	8,000	1985	12.77%	\$58.75
4	3909 SSW Loop 323	12/15/2008	\$893,987	8,481	1990	N/A	\$105.41
5	408-416 S. Broadway	9/15/2008	\$582,800	19,548	1936	10.27%	\$29.81
6	100 Independence Place	9/2/2008	\$3,500,000	57,647	1974	9.10%	\$60.71
7	112 E. Line	9/19/2007	\$2,382,800	30,808	1909	9.05%	\$77.34
8	3800 Paluxy	2/10/2006	\$5,600,000	93,133	1983	7.95%	\$60.13
9	2737 S. Broadway	1/11/2006	\$1,600,000	26,200	1979	8.10%	\$61.07
10	102 N. College	6/12/2009	\$750,000	63,899	1932	16.67%	\$11.74
Mean			\$1,817,959	33,274	1968	10.50%	\$65.79

The overall capitalization rates from eight of the improved sales in the sales comparison approach range from 8.1% to 16.67% with an arithmetic mean of 10.50%. The 2009 sales range from 10.10% to 16.67% with an arithmetic mean of 13.18%, however, it is noted that the upper end is sold after foreclosure.

The following is a summary table from Korpacz Real Estate Investor Survey for Quarters 1 and 2 of 2010 for various types of commercial properties.

	Regional Mall		CBD Office		Warehouse		Apartment	
	Q2 - 2010	Q1 - 2010	Q2 - 2010	Q1 - 2010	Q2 - 2010	Q1 - 2010	Q2 - 2010	Q1 - 2010
Discount Rate (IRR)								
Range (%)	6.75-14.00%	7.00-17.00%	6.75-12.50%	6.75-13.50%	7.10-12.50%	7.50-12.50%	6.25-14.00%	6.50-14.00%
Average (%)	10.04%	10.70%	9.28%	9.58%	9.35%	9.64%	9.89%	10.18%
Change (b.p.)		-66		-30		-29		-29
Overall Cap Rate (OAR)								
Range (%)	5.00-10.50%	5.00-12.00%	6.00-10.50%	6.00-10.50%	7.00-12.00%	7.00-12.00%	5.00-11.00%	5.00-11.00%
Average (%)	7.93%	8.34%	8.15%	8.35%	8.60%	8.73%	7.68%	7.85%
Change (b.p.)		-41		-20		-13		-17
Residual Cap Rate								
Range (%)	5.00-12.00%	6.25-12.00%	6.50-10.50%	6.50-10.50%	7.00-12.00%	7.50-12.00%	5.50-11.00%	5.00-11.00%
Average (%)	8.23%	8.91%	8.20%	8.51%	8.64%	8.79%	7.84%	8.01%
Change (b.p.)		-68		-31		-15		-17

Source: Korpacz Real Estate Investor Survey® National Market Indicators 2nd Quarter 2010 (Appraisal Institute)

Based on the national investor survey, overall capitalization rates for regional mall, office, warehouse and apartment properties have decreased from 13 to 41 basis points from the first quarter of 2010 to the second quarter of 2010. Discount rates for regional mall, office, warehouse and apartment properties have decreased from 29 to 66 basis points over the same period.

I have spoken to other appraisers and brokers inquiring about recent capitalization rates as there have been somewhat limited sales over the last couple of years that have actual income data available in order to extract a cap rate. Most cap rates have been developed using estimated market rents and expenses. Most brokers and appraisers anticipate higher cap rates in response to a slower national economy and stable local economy; however, there is limited data available to indicate where rates are for various types of local commercial properties.

Based on information from local brokers, investors have indicated higher cap rates, in the double digit range, 10.0% and higher, for income producing properties due to the national economy, local economy and overall risk associated with such properties.

Below are six sales (various use) where actual income data was available in order to extract overall capitalization rates.

Location	Property Type	Sale Date	Sales Price	Size (SF)	Age	Price / SF	Occupancy	Cap Rate
10750 FM 2813, Flint	Multitenant Office	4/29/2010	\$500,000	4428	2004	\$112.92	100.00%	8.29%
10760 FM 2813, Flint	Multitenant Office	2/25/2009	\$565,000	4,860	2007	\$116.26	100.0%	8.47%
8288 S. Broadway Avenue, Suite 1000, Tyler	Multitenant Retail (Single Condo Unit)	12/31/2008	\$448,651	1,600	2008	\$280.41	100.0%	7.85%
5825/5875 Old Bullard Road, Tyler	Neighborhood Shopping Center	10/31/2008	\$2,400,000	14,152	2005	\$169.59	91.8%	9.08%
2120 E/SE Loop 323, Tyler	Retail (Walgreens)	11/17/2008	\$6,285,700	14,820	2006	\$424.14	100.0%	6.65%
1909 ESE Loop 323, Tyler	Regional Center	6/3/2008	\$9,850,000	102,000	1985	\$96.57	100.0%	6.44%

Based on the limited data presented above, adjacent suburban offices sold on an 8.29% and 8.47% cap rate in 2009 and 2010. A single unit of a condo retail center sold on South Broadway Avenue on a 7.85% cap rate in 2008. The next property illustrated is a multitenant, neighborhood shopping center on Old Bullard Road that sold on a 9.08% cap rate where it was reported that the seller was reorganizing some of his portfolio and sold the property at a discount. Walgreens at the northwest corner of Troup Highway and Loop 323 sold in 2008 on a 6.65% cap rate. The last property is a former K-Mart that was renovated, leased up and then sold in 2008 on a 6.44% cap rate. Most sales

are older than twelve months and don't reflect investor opinion between early 2009 and the present time.

Considering the information presented above, overall economic conditions and the location and age of the subject, an overall rate of 11% appears to be a reasonable rate for direct capitalization. Applying this rate to the NOI of the subject provides a value indication of \$1,610,000.

Discounted Cash Flow Analysis

The second method to determine a value estimate in the income capitalization approach is that of a discounted cash flow (DCF) analysis. The inherent weakness in this approach is that the appraiser must make assumptions as to the future income, vacancy and expenses of the subject. Each of these items is estimated based on current trends and anticipated future trends. Based on the current relatively low rate of inflation, general expenses are expected to remain relatively stable. The Discounted Cash Flow analysis is even more subjective than the Direct Capitalization Approach. It is my opinion that most market participants or investors would likely analyze the income through direct capitalization as opposed to a discounted cash flow analysis. Therefore, this portion of the analysis will not be developed.

Conclusion: Based on the information and analysis presented above from the direct capitalization analysis, the indicated market value of the fee simple interest in the subject by the income capitalization approach is \$1,610,000.

Market Value by Income Capitalization Approach - \$1,610,000

FINAL RECONCILIATION OF VALUE

The final reconciliation of value is the evaluation performed when more than one approach to value is used to value real property. It weighs the significance and relativity of each value indication and places most emphasis on the one that is considered most appropriate to the purpose of the appraisal. The conclusion drawn is based on the quantity and quality of the evidence in the entire appraisal. A summary of the approaches to value used in this report are as follows:

Sales Comparison Approach: \$1,695,000

Income Capitalization Approach: \$1,610,000

With respect to the sales comparison approach, the comparables used were generally similar to the subject. Adjustments were made for location/site value, physical characteristics and other differences. The resulting process produced a very reliable indication of market value.

In the current market, the income capitalization approach is the valuation technique most widely used by investors and other market participants for investment quality property. Market rent and expenses were estimated but there is limited recent capitalization rate data from improved sales. This approach has provided a reliable indication of market value.

For the final market value opinion, most consideration is given to the sales comparison approach based on the comparable sales data presented. Based on the information and analysis presented above, it is my opinion that the market value for the fee simple interest in the subject is \$1,695,000.

Final Market Value Opinion - \$1,695,000

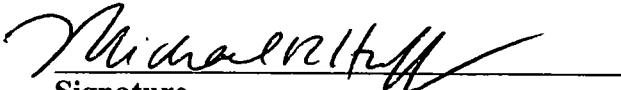
ANTICIPATED EXPOSURE TIME / MARKETING PERIOD

As evidenced by the sales presented in this report, there have been some sales of properties similar to the subject in the Tyler market area. Commercial real estate brokers are reporting longer marketing times for commercial properties due to overall economic conditions. The market value above is based on an exposure time of 12 to 24 months based on general economic conditions. It is my opinion that if the subject were aggressively marketed at an asking price near the value estimate from this appraisal, it would sell within a 12 – 24 month period. This is felt to be an average marketing period for a property such as the subject and no further adjustments are necessary for excess marketing time.

CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. I have made a personal inspection of the property that is the subject of this report.
10. No one provided significant professional real property appraisal assistance to the person signing this certification.
11. I have not appraised the subject property within the last three years, however, I did appraise the lower floors of the subject building in 2009.
12. As of the date of this report, Michael R. Huffman, MAI, has completed the continuing education program of the Appraisal Institute.


Signature

11-18-2010
Date

ASSUMPTIONS AND LIMITING CONDITIONS

Canon 5 of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute requires the appraiser to "clearly set forth all facts, assumptions and conditions upon which the appraisal is based." In compliance therewith, and to assist the reader in interpreting this report, such limiting conditions are set forth as follows.

1. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions except those specifically discussed in this report. The property is appraised assuming it is under responsible management and available for its highest and best use.
2. No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, notwithstanding the fact that such matters may be discussed in the report.
3. The date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser(s) assumes no responsibility for economic or physical factors occurring at some later date which may affect the opinion herein stated.
4. The valuation is reported in dollars of currency prevailing on the date of appraisal.
5. Maps, plats and exhibits included herein are for illustration purposes and as an aid in visualizing matters discussed within the report only. They should not be considered as surveys or relied upon for any other purpose.
6. All information and comments pertaining to this and other properties included in the report represent the personal opinion of the appraiser(s), formed after examination and study of the subject and other properties. While it is believed the information, estimates and analyses are correct, the appraiser(s) does not guarantee them and assumes no liability for errors in fact, analysis or judgement.
7. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected or any reference to the Appraisal Institute or the M.A.I., R.M., S.R.A., S.R.P.A., or S.R.E.A. designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without prior written consent and approval of the undersigned appraiser(s).
8. The appraiser(s) is not required to give testimony or to appear in court by reason of this appraisal unless prior arrangements have been made.
9. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
10. Certain information concerning market and operating data was obtained from others. This information is verified and checked, where possible, and is used in this appraisal only if it is believed to be accurate and correct. However, such information is not guaranteed.

11. Real Estate values are influenced by a large number of external factors. The data contained herein is all of the data considered necessary to support the value estimate. No pertinent facts have been knowingly withheld and no guarantee is made that all factors which might influence the value of the subject are known. Due to rapid changes in external factors, the value estimate is considered reliable only as of the date of the appraisal.
12. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the subject property will sell for the amount of this appraisal.
13. If the subject of this appraisal is an improved property, the appraiser(s) has personally inspected the property and finds no obvious evidence of structural deficiencies except as stated in this report. However, no responsibility for hidden defects or nonconformity to specific governmental requirements, such as fire, building safety, earthquake or occupancy codes can be assumed without provision for specific professional or governmental inspections.
14. In the event the appraisal is based upon proposed improvements, it is assumed that the improvements will be constructed in substantial conformity with plans and specifications which have been furnished to the appraiser, and with good materials and workmanship. It is also assumed that the proposed foundation and construction techniques are adequate for the existing sub-soil conditions.
15. It is assumed that there are no hidden or unapparent conditions of the property, the subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging an engineering study that might be required to discover them.
16. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser(s). The appraiser(s) has no knowledge of the existence of such material on or in the property. The appraiser(s), however, is not qualified to detect such substances. The presence of substances such as asbestos, ureaformaldehyde foam insulation, radon gas or other potentially hazardous materials may affect the value of the property. The 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. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
17. Disclosure of the contents of this appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute.

**APPRAISAL QUALIFICATIONS OF
MICHAEL R. HUFFMAN, MAI**

APPRAISAL RESOURCE GROUP, INC. (Formerly known as John E. Chesley & Associates, Inc.)

July 1999 - Present
Associate Appraiser

STATE CERTIFIED APPRAISER - TEXAS

TX-1333130-G

THE APPRAISAL INSTITUTE

MAI Member (Designated Membership presented on September 15, 2008)

VARIOUS TYPES OF PROPERTIES APPRAISED

Commercial Properties	Commercial Land
Eminent Domain Properties	Vacant Land Tracts
Single family & Multifamily Residences	Subdivisions

APPRAISAL EDUCATION

COURSES COMPLETED

Principles of Real Estate, The University of Texas at Tyler, 1998
Appraisal Principles (Course 110), Appraisal Institute, September 1999
Appraisal Procedures (Course 120), Appraisal Institute, October 1999
Standards of Professional Appraisal Part A (Course 410) (USPAP), Appraisal Institute, Dec. 1999
Standards of Professional Appraisal Part B (Course 420) (USPAP), Appraisal Institute, Dec. 1999
Basic Income Capitalization (Course 310), Appraisal Institute, February 2000
Advanced Income Capitalization (Course 510), Appraisal Institute, April 2000
Residential Case Study (Course 210), Appraisal Institute, October 2000
Adv. Residential Form and Narrative Report Writing (Course 500), Appraisal Institute, Mar. 2001
National Uniform Standards of Professional Practice (Course 400), Appraisal Institute, May 2003
National USPAP (Course 410), Appraisal Institute, Denver, August 2003
National Uniform Standards of Professional Practice (Course 400), Appraisal Institute, April 2005
General Applications, (Course 320), Appraisal Institute, July 2005
Highest & Best Use and Market Analysis (Course 520), Appraisal Institute, September 2005
Adv. Sales Comparison & Cost Approaches (Course 530), Appraisal Institute, October 2005
Report Writing & Valuation Analysis (Course 540), Appraisal Institute, February 2006
Advanced Applications (Course 550 - *Exam Only*), Appraisal Institute, December 2006
National Uniform Standards of Professional Practice (Course 400), Appraisal Institute, April 2007
General Demonstration Appraisal Report Workshop, Appraisal Institute, November 2007
National Uniform Standards of Professional Practice (Online), Appraisal Institute, October 2009

SEMINARS COMPLETED

Appraising the Tough Ones, Appraisal Institute, May 2003
Land Valuation Adjustment Procedures Module One, Appraisal Institute, May 2003
Land Valuation Adjustment Procedures Module Two, Appraisal Institute, May 2003
Appraisal Consulting, Appraisal Institute, May 2003
Small Hotel/Motel Valuation, Appraisal Institute, September 2009
Appraising Convenience Stores, Appraisal Institute, September 2009
Analyzing Distressed Real Estate, Appraisal Institute, November 2009

MEMBERSHIPS

Appraisal Institute
Greater Tyler Association of Realtors
Texas Association of Realtors
National Association of Realtors

FORMAL EDUCATION

Bachelor of Business Administration
The University of Texas at Tyler
Finance-Major, Graduated 1999

PERSONAL

Married to Crissy Huffman for 12 years, two children, Garrett (6) and Carter (4). Member of Pollard United Methodist Church.

PARTIAL CLIENT LIST

Associates Relocation
Austin Bank
Bank One
Capital One
Citizens 1st Bank
Citizens National Bank
Citizens State Bank-Tyler & Chandler
Farmers & Merchants State Bank
First Federal Bank Texas
First National Bank of Bullard
First National Bank of Gilmer
First National Bank of Quitman
First National Bank of Winnsboro
First Security Savings Bank
First State Bank of Hawkins
Franklin Bank
Gilmer Savings Bank
Heritage Land Bank
Regions Bank
Southside Bank-Tyler
Texas Bank and Trust Company
Texas Department of Transportation
PBS&J
Bailes & Company, PC
Department of Housing & Urban Development
Landmark Title Company-Tyler
Petra Resources-Texarkana, Arkansas
Sammons & Parker Law Firm
Lawrence & Lawrence Law Firm
Ric Freeman, Attorney-at-Law
Adams & Coker, Attorney-at-Law
William E. Wylie, Attorney-at-Law
Various Individuals & Estates



TEXAS APPRAISER LICENSING AND CERTIFICATION BOARD

BE IT KNOWN THAT

MICHAEL ROBERT HUFFMAN

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

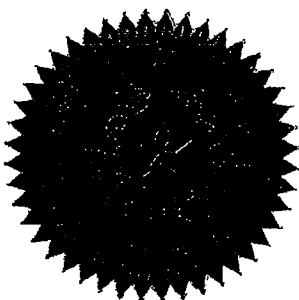
**STATE CERTIFIED
GENERAL REAL ESTATE APPRAISER**

Number: TX-1333130-G

Date of Issue: December 1, 2009

Date of Expiration: December 31, 2011

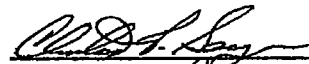
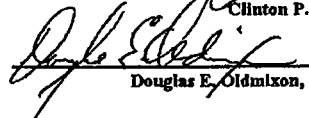
In Witness Whereof



Clinton P. Sayers, Chair
Walker R. Beard
Danny R. Perkins

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Mark A. McAnally, Secretary
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Douglas E. Oldmixon, Commissioner

ADDENDA SECTION

BURNS COMMERCIAL PROPERTIES

2010 TYLER OFFICE MARKET SURVEY

The Tyler office market is bucking the economic trend, displaying surprising strength in an otherwise quiet real estate market.

After a drop in the occupancy rate of almost four percent in 2009, the annual Burns Commercial Properties survey shows that the office sector has bounced back. The occupancy rate increased from 86.5% a year ago to 88.5% in 2010.

While the retail and industrial sectors continue to struggle through high vacancy rates and an overall lack of demand, the office sector absorbed over 63,000 square feet of space in the past year. This includes 32,000 square feet of new construction. The amount of vacant space in the market now stands at 251,082 square feet for the fifty three buildings included in the survey.

Large spaces are almost nonexistent, as there are only three buildings in the market which currently offer 6,000 or more square feet of contiguous space. Twenty one of the fifty one buildings polled have occupancy rates of ninety five percent or more.

The source of the increased demand seems to stem mainly from oil and gas producers and service companies, plus law and accounting office growth. These sectors of the local economy continue to add jobs, creating the need for additional space.

In addition to the positive occupancy rate trend, the average lease rate quoted for office facilities increased by almost six percent, rising to \$14.21 per square foot, which is a new high for Tyler.

The average lease rate is based on a gross rental basis, in which the Landlord pays for utilities, taxes, insurance, maintenance, and janitorial services. Several of the smaller buildings in the survey are leased with terms which require the tenant to pay some or all of these charges. This is accounted for when the rates are averaged.

The Central Business District (downtown) market occupancy rate jumped by two percent to 86.5%, while the suburban market rate also rose by two percent, ending at 89.85.

Class A properties are enjoying being 93.7% occupied with an average asking rate of \$18.37 per square foot.

With no large speculative buildings on the drawing board, it appears that the demand for office space will continue to create a positive absorption trend for this sector of the market. If the trend maintains momentum, we can look forward to lower vacancy rates and increased lease rates in the future.

Thanks to all the contributors who assisted our staff in completing the survey, and to Peggie Jenkins, who put the material together.

Taylor Burns

Table 1

**TYLER OFFICE MARKET SURVEY
SEPTEMBER 2010**

Total Office Market Statistics

Number of Buildings:	53
Total Square Feet:	2,191,803
Total Vacant Square Feet:	251,082
Overall Occupancy Rate:	88.5%
Average Annual Rental Rate Per SF:	\$14.21

Tyler CBD (Downtown) Office Market Statistics

Number of Buildings:	17
Total Square Feet:	861,862
Total Vacant Square Feet:	116,342
Occupancy Rate:	86.5%
Average Annual Rental Rate Per SF:	\$12.26

Tyler Suburban (South Tyler) Office Market Statistics

Number of Buildings:	36
Total Square Feet:	1,329,941
Total Vacant Square Feet:	134,740
Occupancy Rate:	89.8%
Average Annual Rental Rate Per SF:	\$15.16

Table 2

**TYLER OFFICE MARKET SURVEY
SEPTEMBER 2010**

Class A

Number of Buildings:	12
Total Square Feet:	877,340
Total Vacant Square Feet:	55,129
Occupancy Rate:	93.7%
Average Annual Rental Rate Per SF:	\$18.37

Class B

Number of Buildings:	31
Total Square Feet:	1,082,323
Total Vacant Square Feet:	169,853
Occupancy Rate:	84.3%
Average Annual Rental Rate Per SF:	\$13.50

Class C

Number of Buildings:	10
Total Square Feet:	232,140
Total Vacant Square Feet:	26,100
Occupancy Rate:	88.7%
Average Annual Rental Rate Per SF:	\$11.38

BURNS COMMERCIAL PROPERTIES 2010 OFFICE MARKET SURVEY, TYLER, TEXAS

CITY: Tyler
 MARKET: Central Business District (Downtown)
 DATE: September, 2010

BUILDING/ADDRESS OWNER	TOTAL SIZE IN SF	NUMBER OF FLOORS	PERCENT OCCUPIED	TOTAL SPACE AVAILABLE	LARGEST CONTIGUOUS AVAILABLE	ANNUAL BASE RENT	COMMON AREA ADD-ON FACTOR	EXPENSE STOP	BLDG CLASS	CONTACT
<i>Tyler CBD Office Market</i>										
<i>First Place</i> 100 E. Ferguson Street Craw Properties, Ltd	187,080	12	97%	8,049	4,888	\$14.00 \$17.00	10.8%	\$0.67	A	Allen Bell Allen Bell Property Svcs 903/585-2805
<i>Plaza Tower</i> 110 N. College Avenue Omecov Group	214,833	19	92%	14,442	4,724	\$10.00 \$15.00	11.4%	Base Yr	A	Taylor Burns Burns Commercial Properties 903/534-1200
<i>200 Broadway Center (RLTV BLDG)</i> 105 W. Ferguson Street TV-3, Inc	54,904	4	83%	4,630	4,850	\$12.00	N/A	Base Yr	B	Taylor Burns Burns Commercial Properties 903/534-1200
<i>102 S. Broadway Avenue</i> 202 S. Broadway Avenue Harry Leatherwood	18,000	3	0%	16,000	6,000	\$7.50 NNN	N/A	N/A	B	Allen Bell Allen Bell Property Svcs 903/585-2805
<i>Tyler Office Center</i> 120 S. Broadway Avenue Individual	16,000	2	56%	7,000	2,400	\$10.00	N/A	None	B	AA Mullin Signature Management, Inc. 903/581-8000
<i>United Heritage Bldg</i> 522 S. Broadway Avenue Walden Rentals, LLC	13,252	2	100%	0	0	\$12.00	5.0%	Base Yr	B	Chris Woldert 903/661-5833
<i>Tyler Town Center</i> 102 N. College Avenue	83,087	16	67%	27,562	5,891	\$11.00	16.0%	Base Yr	B	Andy Bergfeld 903/582-1032
<i>Fair Foundation Building</i> 121 S. Broadway Avenue Fair Foundation	51,037	6	89%	5,500	1,500	\$8.00	N/A	None	C	Sherril Harris 903/510-6548
<i>The Energy Center</i> 719 W. Front Street Bislerwood Group, Ltd	41,550	3	80%	3,885	1,000	\$12.00	N/A	None	C	Martin Helms 903/583-2367
<i>Founders Square</i> 401 E. Front Street Bislerwood Group, Ltd	29,484	2	80%	5,900	1,700	\$11.00	N/A	None	C	Martin Helms 903/583-2367
<i>Blackstone Building</i> 315 N. Broadway Avenue Tyler Chamber of Commerce	26,520	6	100%	0	0	\$13.00	20.9%	\$0.07	B	Allen Bell Allen Bell Property Svcs 903/585-2805
<i>122 South College Building</i> 122 S. College Avenue Whitshurst & Smith	6,028	2	100%	0	0	\$8.00	N/A	None	C	Bill Whitshurst 903/585-0470
<i>Widell-Connally</i> 112 E. Line Street BROJL, LLC	30,808	3	88%	3,429	3,429	\$14.00 \$17.00	18.3%	\$5.41	B	Allen Bell Allen Bell Property Svcs 903/585-2805
<i>Austin Bank Building</i> 305 S. Broadway Avenue Bislerwood Group, Ltd	41,173	12	92%	3,375	1,580	\$12.00	N/A	None	C	Martin Helms 903/583-2367
<i>210 South Broadway Avenue</i> 210 S. Broadway Avenue Broadway Rusty Rd, Ltd	13,282	2	100%	0	0	\$13.80	15.0%	Base Yr	B	Andy Bergfeld 903/582-1032
<i>220 South Broadway Avenue</i> 320 S. Broadway Avenue Metro Asset Management, LLC	18,304	2	100%	0	0	\$13.80	5.0%	Base Yr	B	Andy Bergfeld 903/582-1032
<i>Professional Office Building</i> 226 N. Broadway Avenue Woodvine Capital Partners	16,350	3	0%	16,350	16,320	\$10.00 - \$12.00	N/A	None	B	Taylor Burns Burns Commercial Properties 903/534-1200
Totals For CBD:	881,682		86.8%	116,343		\$12.28 (avg)				

CITY Tyler
MARKET Suburban
DATE September, 2010

BUILDING/ADDRESS OWNER	TOTAL SIZE IN SF	NUMBER OF FLOORS	PERCENT OCCUPIED	TOTAL SPACE AVAILABLE	LARGEST CONTIGUOUS AVAILABLE	ANNUAL BASE RENT	COMMON AREA ADD-ON FACTOR	EXPENSE STOP	BLDG CLASS	CONTACT
<i>Tyler Suburban Office Market</i>										
<i>One American Center</i> 909 EBE Loop 323 Mesa Lease of Athens, L.P.	114,344	7	98%	1,955	1,955	\$16.00 \$18.00	12.6%	Base Yr	A	Taylor Burns Burns Commercial Properties 903/534-1200
<i>Two American Center</i> 821 EBE Loop 323 Aberfeldy, Ltd.	94,017	5	95%	4,700	1,800	\$18.00	16.0%	Base Yr	A	Franklin Swann Collins International 903/509-2000
<i>Grande Centre</i> 6101 S. Broadway Avenue David Lake	90,514	6	100%	0	0	\$20.00 \$22.00	12.2%	\$7.50	A	Taylor Burns Burns Commercial Properties 903/534-1200
<i>Heartland Financial Center</i> 501 Shelby Drive	58,531	2	100%	0	0	\$13.00	16.0%	Base Yr	A	Ray E. Hobbs, Jr. 903/561-1900
<i>Woodgate Center</i> 1001 EBE Loop 323 Woodgate Centre, LLC	95,000	4	90%	5,428	1,343	\$14.50	13.2%	Base Yr	B	Glenn Elmer Burns Commercial Properties 903/534-1200
<i>Peluxy Square</i> 3600 Peluxy Drive Genecov Group	78,914	1	70%	16,210	3,825	\$13.50	N/A	Base Yr	B	Mark Whelley Toby Gowin Burns Commercial Properties
<i>Commerce Square</i> 3334 SSW Loop 323 Wynne Interests	73,165	1	75%	12,000	3,000	\$10.65	N/A	None	B	James Wynne, III Commerce Square Corp 903/509-8799
<i>Oak Plaza Building</i> 3300 3304 & 3310 S. Broadway Roath Properties	59,510	2	90%	2,880	1,865	\$18.00	13.5%	\$7.01	B	Don Spivey Roath Properties 903/565-5533
<i>Shiloh Office Park</i> 921 Shiloh Road Aberfeldy, Ltd.	22,122	1	81%	4,202	4,262	\$13.50 Net of Electric	N/A	Base Yr	B	Franklin Swann Collins International 903/509-2000
<i>Independence Center</i> 100 Independence Place Genecov Group	53,998	4	90%	5,334	3,895	\$13.50	15.0%	Base Yr	B	Don Simmons Simmons Real Estate 903/561-8858
<i>Alpha Centre</i> 3200 Troup Highway Aberfeldy, Ltd.	45,532	3	69%	14,146	5,000	\$14.80	20.0%	Base Yr	B	Franklin Swann Collins International 903/509-2000
<i>Airburne</i> 1820 Shiloh Road Aberfeldy, Ltd.	39,066	1	78%	8,208	3,467	\$12.50	18.0%	Base Yr	B	Franklin Swann Collins International 903/509-2000
<i>Southeast Center</i> 3301 Troup Highway Roath Properties	36,787	4	78%	6,383	5,105	\$16.00 - \$18.00	15.0%	\$8.10	A	Don Spivey Roath Properties 903/565-5533
<i>Southpark Centre</i> 1828 EBE Loop 323 Nagem Investments, LLC	47,107	3.6	81%	8,945	4,097	\$14.00	13.0%	Base Yr	B	Matthew Marshall Landbridge Commercial 903/561-6527
<i>Scottish Highlands Office</i> Highway 110 S. at Kensington Genecov Group	32,965	1	82%	6,000	2,447	\$14.00 Net of Utilities	N/A	Base Yr	B	Glenn Elmer Burns Commercial Properties 903/534-1200
<i>Herd Building</i> 3801 Manhattan Drive Bob Herd	29,184	2	63%	2,000	2,000	\$17.00	12.5%	Base Yr	A	Robert Maana Landbridge Commercial 903/564-8880
<i>Broadway Professional Building</i> 2737 S. Broadway Avenue Medina Ltd.	26,000	2	91%	2,250	1,500	\$13.00	N/A	\$6.00	B	Brian Burns Landbridge Commercial 903/562-3000
<i>Calhoun Office Building</i> 6820 Old Bulard Road Harbor Properties	14,463	1	86%	1,985	1,985	\$14.00	6.15	Base Yr	B	Glenn Elmer Burns Commercial Properties 903/534-1200
<i>Threshold Building</i> 618 WSW Loop 323	15,929	2	100%	0	0	\$15.00	N/A	None	B	Don Robert Johnson Trust Property Mgmt. 903/561-8580
<i>Attacker Office Buildings</i> 3000 Old Bulard Road Harbor Properties	13,980	1	100%	0	0	\$13.50*	N/A	Base Yr	B	Glenn Elmer Burns Commercial Properties 903/534-1200
<i>Park Garden Office</i> 4111 Old Bulard Rd Gordon/Patty Mosley	11,000	1	69%	1,200	1,200	\$12.00	N/A	None	B	Gordon/Patty Mosley 903/534-8398
<i>Bulard Road Square</i> 6804 Old Bulard Road Calhoun Properties	14,114	1	100%	0	0	\$11.25*	N/A	Base Yr	C	Glenn Elmer Burns Commercial Properties 903/534-1200
<i>Woodgate I</i> 1181 EBE Loop 323 Woodgate I, Ltd.	22,068	1	98%	400	400	\$13.80	16.0%	\$6.65	B	Don Robert Johnson Trust Property Mgmt. 903/561-8580

BUILDING/ADDRESS OWNER	TOTAL SIZE IN SF	NUMBER OF FLOORS	PERCENT OCCUPIED	TOTAL SPACE AVAILABLE	LARGEST CONTIGUOUS AVAILABLE	ANNUAL BASE RENT	COMMON AREA ADD-ON FACTOR	EXPENSE STOP	BLDG CLASS	CONTACT
<i>Tyler Suburban Office Market</i>										
Woodgate II 1021 ESE Loop 323 Flowers Davis PLLC	33,040	1	100%	0	0	\$14.00	15.0%	Base Yr	B	Lobby Simmons 903/561-6000
Woodgate IV 1101 ESE Loop 323 Copeland Gate, LLC	50,757	1	100%	0	0	\$15.00	11.6%	Base Yr	B	Don Robert Johnson Trust Property Mgmt 903/561-4560
Southside Office Building 1324 E Beckham Pollard-Haines Buildings, LLC	15,637	1	80%	1,190	1,100	\$12.00	N/A	None	C	Martin Hines 903/993-2367
Oak Leaf Building 5626 Old Budard Road Calkeed Properties	12,350	1	90%	1,293	1,293	\$12.00*	N/A	\$2.75	C	Glenn Eisner Burns Commercial Properties 903/534-1200
Winchester Office Complex 211-215 Winchester Drive Harbor Properties	12,000	1	82%	2,187	1,167	\$13.50	N/A	None	C	Glenn Eisner Burns Commercial Properties 903/534-1200
Highlands Office 2534 Kensington Bob Matush	6,527	1	82%	700	700	\$13.00	N/A	None	C	Glenn Eisner Burns Commercial Properties 903/534-1200
Southgate Office Park 720 WSW Loop 323 Genecon Group	11,680	1	50%	8,800	2,800	\$12.00	N/A	Base Yr	B	Mark Whitley Glenn Eisner Burns Commercial Properties 903/534-1200
Off Broadway II 2301 S Broadway Avenue Nolan Manziel	22,980	1	100%	0	0	Negotiable	N/A	N/A	B	Nolan Manziel 903/992-4315
Pratt Place Building 1015 Pratt Place Abby Development	10,000	1	100%	0	0	\$15.50 NNN	N/A	N/A	A	Don Carroll Landbridge Commercial 903/561-9527
1014 Pratt Place Abby Development Building 1	8,000	1	56%	3,500	3,500	\$15.50 NNN	N/A	N/A	A	Don Carroll Landbridge Commercial 903/561-9527
1014 Pratt Place Abby Development Building 3	12,000	1	0%	12,000	12,000	\$15.50 NNN	N/A	N/A	A	Don Carroll Landbridge Commercial 903/561-9527
Old Jacksonville Professional Park 6760 & 6770 Old Jacksonville Road Abby Development	20,000	1	90%	2,100	2,100	\$16.80 NNN	N/A	N/A	A	Don Carroll Landbridge Commercial 903/561-9527
Regions Bank Building 1000 WSW Loop 323 KPE Investments	12,367	1	100%	0	0	\$15.50	N/A	Base Yr	B	Mark Whitley Burns Commercial 903/534-1200
* Tenant pays for certain charges such as utilities and/or janitorial. Rate shown includes an estimate for these services.										
Suburban Totals:	1,329,841		89.8%	134,740		\$15.16 (avg)				
Totals For All Properties	2,191,805		86.5%	251,082		\$14.21 (avg)				

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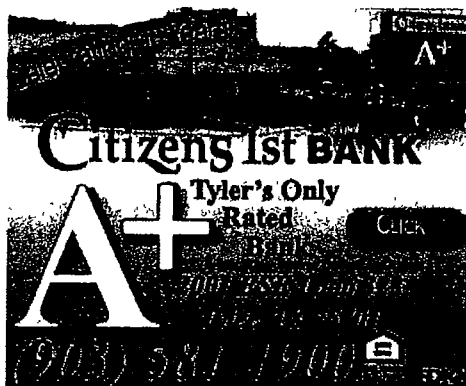
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R W Fair Foundation Donates 2 Downtown Buildings To City

The R W Fair Foundation and Fair estate gifted two downtown buildings and a parking lot to the city of Tyler on Monday to further its downtown revitalization efforts

The donated buildings are the vacant S.A Lindsey Building, 123 S Broadway Ave., and the occupied Fair Foundation Building, 121 S Broadway Ave. The parking lot that accompanies the side-by-side buildings, located on Elm Street and spanning from Broadway Avenue to College Avenue, also was gifted to the city.



"This has been the most tremendous gift we have received to date for downtown revitalization," Mayor Barbara Bass said

The eight-story Fair Foundation Building has more than 95,000 square feet; the Lindsey Building also is eight floors and more than 50,000 square feet; and the parking lot is 1.2 acres and has 139 parking spaces

Mayor Bass said the property will be used in future public/private partnerships and will help revitalize downtown. She said the donation gives the city assets that can be used to attract private reinvestment, which is a major advantage, especially in today's tough economic times

"We are pleased to gift these properties to the city in honor of the Fair family," said Barbara Fair, president of the R W Fair Foundation. "I would like to believe that R W and his late sons Wilton and James and daughter Martha would be proud to see their legacy live on and helping the revitalization of downtown."

Mayor Bass presented Ms. Fair with a bouquet of roses as a "small token of thanks," and she thanked the entire Fair family for the gift.

The city will continue the tenant relationships in the Fair Foundation Building, as well as the existing property management contract, and intends to recognize and continue to promote the building as "an energy center" in support of the Industry Growth Initiative adopted in May, Mayor Bass said.

The change in ownership will be "transparent" to the current tenants housed in the Fair Foundation Building, she said. And the Lindsey Building will be "land-banked for long-term future projects," she added.

"The economic development that occurs in downtown is a huge benefit to the community as a whole because it takes and makes assets valuable without any new investment in infrastructure," City Councilman Martin Heines said.

The component of the available parking the donation supplies at Elm Street and Broadway Avenue is a need for the future success of downtown and the parking combined with the Fair Foundation Building "will give us a clear understanding of where we need to go in the future."

<http://www.tylerpaper.com/apps/pbcs.dll/article?AID=20101116/NEWS08/11160320/-1/SPORTS03&t> 11/16/2010

Heines said the Lindsey Building will open up even more possibilities for the community.

Looking at the major impact the oil and gas industry has had on the city's history, the Fair Foundation Building is really the core of that industry and the long-term home of oil and gas professionals in the community, he said

FAIR HISTORY

Born of humble beginnings near Arp in 1886, R.W. Fair was a successful farmer, oilman, philanthropist and religious and civic leader.

After receiving an education at Summer Hill Select School, near Omen, his first job was a rural horseback delivery mail carrier. In 1923, he moved his family to Tyler and established large peach and pecan plantations in Texas and Arkansas, developing several varieties that remain popular today. One of his earlier ventures was the Texas Pecan Nursery in Tyler, which was the largest paper shell pecan operation west of the Mississippi.

In 1931, Fair leased one of his peach orchards to a Dallas oilman H.L. Hunt, who had drilled a successful oil producer that proved to be the discovery well for East Texas. One of the early wells Hunt drilled was the R.W. Fair Peach Orchard Well. Completed in March 1931, it produced 2,300 barrels per day.

"Although R.W. Fair had no experience in the oil business, his entrepreneurial instincts took over, and shortly thereafter, he became the first individual to finance 100 percent working interest in a well drilled on his own property with 100 percent royalty interest," city officials said. That led to Fair's petroleum business of successfully developing fields in Texas, New Mexico, Oklahoma, Colorado, Louisiana and Mississippi.

Three years later, Fair and his wife Mattie established the R.W. Fair Foundation.

Fair originally built the Sears Building in 1941 with a structure capable of up to 10 stories. The Sears Building is the basement, main floor, mezzanine and third floor of the current Fair Foundation Building. In 1948, Fair added floors four through eight for office space and opened the building in 1949 with about 62 tenants, city officials said. There are 64 tenants in the building, which is about 90 percent occupied. Most of the tenants are oil and gas-related firms, but there are a variety of different businesses housed there, including surveying and law offices. After Sears moved to its present location in Broadway Square Mall, the third floor was converted from retail space to office space and today houses the Petroleum Data Library and other private offices.

In the early 1950s, James and Wilton Fair built the "Petroleum Building," which is now called the S.A. Lindsay Building, as an eight-story building capable of up to 10 stories. The two buildings are connected on floors four through eight. In 1975 the "Petroleum Building" was sold to Gulf States Telephone and became the headquarters for that company, in which S.A. Lindsay was affiliated and later named for. In the early 1980s, Gulf States moved their offices and in 1986, the R.W. Fair Foundation bought the S.A. Lindsay Building.

During R.W. Fair's lifetime, his accomplishments included funding more than 1,000 college educations for theological students worldwide; serving on the board of trustees at Southern Methodist University and Lon Morris College; and establishing the Fair Religious Film Service. Fair served as a Chamber of Commerce officer, bank director, president of the Tyler Rotary Club, chairman of The Salvation Army, director of the East Texas Fair Association, president of the East Texas Boy Scout Council, served on the TISD Board of Trustees and as treasurer of the Texas College Advisory Committee. He was a founder and first president of the East Texas Hospital Association (now East Texas Medical Center), and a trustee

of the Houston Methodist Hospital. In 1941, he received the T.B. Butler Award for Tyler's Outstanding Citizen. He died in 1965.

Michael Huffman

From: Michael Huffman [mhuffman@nctv.com]
Sent: Tuesday, November 16, 2010 3:11 PM
To: 'Michael Huffman'
Subject: FW: Appraisal

From: Michael Huffman [mailto:mhuffman@nctv.com]
Sent: Tuesday, November 16, 2010 3:10 PM
To: mhuffman@nctv.com
Subject: Fwd: Appraisal

Thanks,

Michael

Begin forwarded message:

From: "Sherri Harris" <sherri.harris@fairoil.com>
Date: November 16, 2010 2:53:09 PM CST
To: "Michael Huffman" <mhuffman@nctv.com>
Subject: RE: Appraisal

Michael,

Sorry for the confusion. The insurance expense is included. We pay at the end of the year and allocate each month the next year. You do not need to add additional insurance for 2010.

The ad valorem taxes have not been paid for this year so your amount below should be correct.

Sherri

From: Michael Huffman [mailto:mhuffman@nctv.com]
Sent: Tuesday, November 16, 2010 2:25 PM
To: Sherri Harris
Subject: RE: Appraisal

Thank you for this information.

If I understand correctly, the insurance expense is included in the Fdn Expense of \$38,565.25? Or do I need to include an additional expense of \$25,000 for insurance premium? I'm trying to avoid counting it twice if it's already in one of the categories I don't want to have an additional line item.

On the parking income/expenses, would this be correct for the 1.2 acres:

\$28,419.00

\$ 4,735.50

\$12,672.89

\$45,827.39 Total Income

\$19,294.43 Less Expenses from statement

\$ 5,671.21 Less Ad valorem taxes

\$20,861.75 NOI

I saw on your previous email to Mr. Garrett that the parking expenses didn't include taxes, so I need to subtract from income as shown above. Or is the \$5,671.21 included in the \$19,294.43?

Thanks again for your help, Michael

From: Sherri Harris [mailto:sherri.harris@fairoil.com]
Sent: Tuesday, November 16, 2010 1:39 PM
To: Michael Huffman
Cc: Bob Garrett
Subject: RE: Appraisal

Michael,

My responses are in red. Let me know if you need further information.

Thanks,

Sherri Harris

From: Michael Huffman [mailto:mhuffman@nctv.com]

Sent: Monday, November 15, 2010 10:45 PM

To: Sherri Harris

Subject: RE: Appraisal

Sherri,

Here are my questions with respect to the income/expense numbers if you have a chance to look over Tuesday morning. Didn't know if it might be easier to look over them by email as opposed to over the phone.

Some of the expense categories for the Office Building are self explanatory such as Service Contracts (elevator, HVAC?), administrative and maintenance/repairs...

But what does Supplies-General Bldg. category include? Mops, towels, cleaning supplies.

Building Expense include? Insurance allocation for building, United elevator inspection, Texas dept of Licensing.

Operating/Utilities (utilities (water/sewer/elect.?) but what about the operating side?) The account heading should have been changed, it is for utilities only.

Is there a management fee included somewhere in one of these categories? Management fee for the building in under service contracts. Management commission for parking is under parking expense.

I'll get ad valorem taxes off SCAD (\$13,525), but how much is the insurance premium for the building (is that a \$25K - \$30K expense, or more)? Mr. Garrett indicated that it is paid in December. Is the insurance cost is for the entire building (basement to 8th floor) or just the portion I'm appraising Floors 3-8? The insurance for floors 3 to 8 was the \$25K to \$30. There is a separate policy for Tyler Square Antiques.

Since I'm appraising the 1.2+/- acres at the southwest corner of Broadway and Elm, what income and expenses from the summary statement you provided are attributable to this particular parking lot? On the income side along the right side (projected Nov & Dec.), would it be \$28,419 (Tenant Parking Income) + \$4,735.50 (Day Parking Income) + \$7,777.20 (Event Parking Income) + \$12,672.89 (north lot)? = \$53,604.59 for total income? Expenses show \$35,843.27, but is that total for multiple properties? If so, how much would be attributable to the 1.2 acre I'm appraising?

The tenant parking - \$28,419.00, Day Parking - \$4735.50 and the North Lot - \$12,672.89 (estimate). The majority of the Event Parking is for the South lot. The expenses were

for all lots, but the estimated amount for the North Lot would be \$19,294.43 or about 54%.

Thanks,

Michael

Hi Michael,

You can reach me by email or at 903-510-6548.

The 'South' and 'covered parking' is separate property and not included in the parking area being gifted to the City.

Sherri Harris

R W Fair Foundation

From: Bob Garrett
Sent: Monday, November 15, 2010 4:48 PM
To: Sherri Harris
Subject: FW: Appraisal,

Will you try to help Michael on his appraisal process. Thanks,

From: Michael Huffman [mailto:mhuffman@nctv.com]
Sent: Monday, November 15, 2010 4:10 PM
To: Bob Garrett
Subject: RE: Appraisal

What is the best way to reach Sherri, phone call or email and can I get either from you?

On the summary page of the income statement it shows "h lot - \$9,237.50", "South parking - \$20,749" and "covered parking - \$2,235". I just wanted to make sure that this income all relates to the 1.2 acres at the SWC of S. Broadway and Elm I'm appraising and not a separate property.

From: Bob Garrett [mailto:bob.garrett@fairoil.com]
Sent: Monday, November 15, 2010 3:16 PM
To: Michael Huffman
Subject: FW: Appraisal

Remember that the City will not be paying taxes.

From: Bob Garrett
Sent: Monday, November 15, 2010 2:48 PM
To: 'Michael Huffman'
Subject: RE: Appraisal

My comments in green. Thanks,

From: Michael Huffman [mailto:mhuffman@nctv.com]
Sent: Monday, November 15, 2010 1:50 PM
To: Bob Garrett
Subject: RE: Appraisal

Bob,

Thank you for the rent roll and income/expense data. I know I'll have questions going through these income/expense numbers, especially the office building. Should I be asking you or directing them towards Sherri Harris? Based on the NOI of the office building it makes it look like the property has very little value (and I know that's not true) as the expenses take almost all of the income. You can contact Sherri directly for bookkeeping issues.

After looking at the rent roll, looks like majority of tenants have been there a very long time and assume that rents have been generally stable for an extended period of time? Yes very stable and there is room to make up between rents paid and the next best (cheapest) alternative to the RWFF Building. Receivables also remain very low. Also, access to the Petro Data Library (3rd floor) is the big draw for most of the oil and gas folks.

Burns Commercial Office Market Survey shows average CBO rent at \$12.26/SF on Gross Leases. In your opinion is that attainable for the subject? Certainly room for increases. The RWFF was reluctant to push and saw the lower rent as a sure way to warehouse the property over time. If you want to look at it from an income standpoint, then the going rate needs to be considered.

Office Market Survey shows subject at 51057 SF of net rentable area and 89% occupancy, but rent roll shows 39,155 SF occupied which would indicate about 77% occupancy. Should I use the 89% or are there tenants who have moved out since survey was done in September? Does not consider the common areas like halls/corridors/restrooms/lobby areas. For our purposes, the rentable area is the key number but in reality, the configuration could be changed to include more rentable area per floor.

I see on Sherri's email the expenses included for the parking lot, but don't see ad valorem taxes. Looks like I would need to subtract \$5,671.21 for taxes from the \$55,790.05? Yes, taxes are paid in December.

Thanks,

Michael

From: Bob Garrett [mailto:bob.garrett@fairoil.com]
Sent: Monday, November 15, 2010 12:41 PM
To: Michael Huffman
Subject: FW: Appraisal

As promised. Thanks, Bob

From: Sherri Harris
Sent: Monday, November 15, 2010 9:33 AM
To: Bob Garrett
Subject: Appraisal

Bob,

Attached is an updated with projected net for the building and north parking area.

The Parking lot expense includes: Molly Brown Commission and Labor

Lawn service maintenance

Insurance allocation

Electric

Let me know if you need anything else.

Sherri

No virus found in this message.

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R. W. FAIR FOUNDATION
STATEMENT JANUARY 2010 TO SEPTEMBER 2010

	JAN TO OCTOBER	PROJECTED NOVEMBER & DECEMBER
Building Income	234,024.99	294,577.33
Building Expense		
Fdn Bdg. Expense	(27,095.70)	(38,565.25)
Fdn Tenant Reimbursed Exp	(814.92)	(972.35)
Fdn Administrative Exp	(101,852.58)	(115,189.60)
Fdn Operating/Utilities	(12,480.04)	(15,667.36)
Fdn Supplies-General Bldg	(20,459.73)	(26,915.04)
Fdn Maintenance & Repairs	(65,748.04)	(90,768.71)
Fdn Remodeling		
Fdn Service Contracts	(228,451.01)	(288,078.31)
Total Building Expense		
	(3,290.98)	6,499.02
Net Building Income (Loss)		
	5,573.98	
Parking Income		
Tenant Parking Income	20,962.50	28,419.00
Day Parking Income	3,490.00	4,735.50
Event Parking Income	6,481.00	7,777.20
Monthly Non-Tenant Parking	32,221.50	44,202.60
	= North Lot- \$9,237.50	= 12,672.89
	South Parking -Lots \$20,749.00	
	Covered Parking - \$2,235.00	
Total Parking Income	63,155.00	85,134.30
Parking Lot Expense	(25,905.65)	(35,843.27)
Net Parking Lot Income	37,249.35	49,291.03
Net Income/Loss	42,823.33	55,790.05

Michael Huffman

From: Michael Huffman [mhuffman@nctv.com]
Sent: Monday, November 15, 2010 10:22 AM
To: mhuffman@nctv.com
Subject: Fwd: Appraisal

Thanks,

Michael

Begin forwarded message:

From: "Bob Garrett" <bob.garrett@fairoil.com>
Date: November 14, 2010 3:15:05 PM CST
To: "Michael Huffman" <mhuffman@nctv.com>
Subject: RE: Appraisal

Michael,

I have no idea about the old Carlton Hotel bid. Probably not much since it has asbestos problems, very low ceilings and is set up for a hotel rather than an office building. I think in contrast, the Fair Foundation Building, although has asbestos issues, is 90% occupied and the Lindsay Building has been totally abated. It would be tough to draw much from the County Building? Yes, the corner lot would be the ideal spot for the parking garage because most folks enter from S Broadway and it is only 1 block off of the square.

I will send you the bookkeepers analysis tomorrow.

FYI confidentially, the announcement will come tomorrow at 11:00 am. Just didn't want you to be caught off guard. Thanks, Bob

From: Michael Huffman [mailto:mhuffman@nctv.com]
Sent: Saturday, November 13, 2010 3:54 PM
To: Bob Garrett
Subject: Re: Appraisal

Thank you very much. Any idea what the minimum bid will be on the smith county building across the street that was in the news this week? Thought it might be interesting to know with limited downtown sales. And is your parking lot a potential site for a parking garage? Have a good weekend.

Michael

On Nov 13, 2010, at 3:20 PM, "Bob Garrett" <bob.garrett@fairoil.com> wrote:

Michael,

Sorry for the delay as I have been out of the office. Attached is a Tenant list with information you wanted. All of our leases are month to month. However, we have always stayed between 87% and 92% occupied. I have asked our bookkeeper to analyze the financial information you requested and give us a projected net year end. Taxes have not been paid but I believe we pay insurance in Dec for the following year. I will get you her reply on Monday. Your sq footage calculations look good to Rodney and I. Thanks, Bob

From: Michael Huffman [mailto:mhuffman@nctv.com]
Sent: Tuesday, November 09, 2010 10:22 AM
To: Bob Garrett
Subject: RE: Appraisal

Bob,

I looked through the information that you left for me yesterday with Rodney Thomson and here are some questions I've had so far:

115 South Broadway

Is there also a rent roll for the entire building that shows the tenant, lease start/end dates, SF of space leased and monthly rental rate? I assume that all are gross leases?

Looks like expenses eat up almost all of income? Net income of \$5,574. With the income/expense numbers being thru September, are there any expenses listed that shouldn't be annualized? Maybe service contracts?

I can look on SCAD for ad valorem taxes, however, is insurance included in one of the line item expenses? If not what is an estimated annual premium?

Parking Lot at SWC S. Broadway @ Elm

The income/expense statement shows total parking income of \$63,155, expenses of \$25,905.65 and net income of \$37,249.35. It also shows north lot of \$9,237.50 (along the right side of the monthly non-tenant parking). Is this income relating to a different parking lot and should I subtract it from the total parking income? What does the \$26K for expenses include? (ad valorem taxes, insurance, management and maintenance?) I'm analyzing the parking lot using vacant comparable land sales but also at the income approach with respect to parking lot income/expenses.

Other

Are there office buildings or land sales in the downtown area that you are aware of that I should consider in these appraisals?

Thanks,

Michael

From: Bob Garrett [mailto:bob.garrett@fairoil.com]
Sent: Friday, November 05, 2010 12:46 PM
To: Michael Huffman
Cc: Rodney Thomson; Fariba Pouraryan
Subject: RE: Appraisal

Michael,

ok great, lets do the sooner the better.. Very Confidentially is for determining current value for a potential donation to the City of Tyler. I will be out of the office a few days next week so Rodney Thomson in our office (903-510-6527) will be your contact for the inspection and I have visited with him. I am available by email and cell if you need me. 903-571-1111

RWFF Building 3-8 is leased about 90% occupied, has asbestos issues. Lindsay is unoccupied and has been abated of all asbestos but is just a shell. Yes all of the parking lot is appraised as one

I have a packet of information you can pick up from Rodney when you come for the inspection. Let me know if you need more info.

thanks, Bob

From: Michael Huffman [mailto:mhuffman@nctv.com]
Sent: Friday, November 05, 2010 10:25 AM
To: Bob Garrett
Subject: Appraisal

Bob,

I wanted to get back with you on the fees and turnaround time for the downtown properties. The two buildings would be \$1,500 each and the vacant land would be \$800. If an income approach is not applicable for the corner building, the fee would be reduced to around \$1,000. But if tenant occupied, income approach would be applicable. The appraisals could be completed in 2 weeks.

I'd need rent rolls, income/expense statements for two buildings, income/expense data for parking lot and floor plans of buildings if you have them. Also, what is the purpose of the appraisals and would the market value be as of a current date or retrospective date? I could inspect the properties on Monday or Tuesday if that works for you.

Just let me know and we'll get work files started.

Thanks,

Michael

From: Michael Huffman [mailto:mhuffman@nctv.com]
Sent: Thursday, November 04, 2010 8:41 PM
To: 'Bob Garrett'
Cc: 'John Chesley'
Subject: RE: Appraisal

Bob,

Is the RW Fair Foundation Bldg. (Floors 3-8) and SA Lindsay Bldg leased?

I assume that the 1.2+/- acre parking lot could be appraised all together as a single unit?

If you can let me know if the two buildings are leased, I'll get back with you on Friday morning with fees and turnaround time.

I would be able to inspect the properties early next week, perhaps Monday.

Thank you for considering us on these appraisal assignments,

Michael

From: Bob Garrett [mailto:bob.garrett@fairoil.com]
Sent: Thursday, November 04, 2010 7:10 PM
To: jchesley@nctv.com; mhuffman@nctv.com
Subject: Appraisal

John and Michael,

We are in need of an appraisal on the RW Fair Foundation Building (Floors 3-8); the SA Lindsay Building (on the corner of Elm and Broadway) and the parking lot shown on the attached map. You all did one on the bottom floors of the RW Fair building last year. This is something that has come up rather suddenly and need it as quickly as possible. Please let me know.

Thanks, Bob

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<Tenant List with SF and \$.pdf>

No virus found in this message.

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Michael Huffman

From: Michael Huffman [mhuffman@nctv.com]
Sent: Monday, November 15, 2010 10:22 AM
To: mhuffman@nctv.com
Subject: Fwd: Appraisal
Attachments: Tenant List with SF and \$.pdf; ATT00015.htm

Thanks,

Michael

Begin forwarded message:

From: "Bob Garrett" <bob.garrett@fairoil.com>
Date: November 13, 2010 3:20:29 PM CST
To: "Michael Huffman" <mhuffman@nctv.com>
Subject: RE: Appraisal

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Version: 10.0.1153 / Virus Database: 424/3239 - Release Date: 11/05/10

No virus found in this message.

Checked by AVG - www.avg.com

Version: 10.0.1153 / Virus Database: 424/3250 - Release Date: 11/11/10

TENANT	STE NO	SPACE TYPE	TOT SQFT	NEW \$/SQFT	NEW RENT	# PKG SPCS	PKG RENT	DATE OF 1ST LSE	CONTR DATE
Accurate Logging & Perforating	460	Prime	269	9.00	201.75	1	37.50	01-Jan-00	
Bayou City Petroleum Company	862		254	9.00	190.50	1	32.50	01-Feb-04	
Bill Pope Realty Company	820	Prime	244	9.00	182.63	1	37.50	01-Jun-73	
Birdsong-Gabriel Oil Company	728	Prime	474	9.00	355.50	1	37.50	01-Oct-54	
Bruce Oglivie	572		784	8.50	556.00	3	92.50		
Bruce W Fox	710	Prime	1422	9.00	1066.50	2	75.00	01-Nov-54	14-Nov-58
Bruce Wilder	366	Prime	532	9.00	399.00	2	75.00	01-Jan-80	
Cathie Rolt	868		268	9.00	201.00	0	0.00		
Charles Halstead	824	Prime	314	9.00	235.50	1	37.50	01-Mar-71	
Charles L Morgan	524	Prime	395	9.00	286.25	1	32.50	01-Jan-87	18-Jun-90
Chris & Brandy White	607		515	8.99	386.00	2	65.00	01-Oct-10	
Coles Counseling	470		118	8.54	84.00	0	0.00		
Coil Exploration Company, Inc	619		625	9.00	524.00	4	130.00	16-Jun-05	
Culver & Cain Production, LLC	756A/758		422	8.75	307.70	0	0.00		
Culver & Cain Production, LLC	757		360	8.50	255.00	0	0.00		
Culver & Cain Production, LLC	759		269	8.50	190.00	0	0.00		
Culver & Cain Production, LLC	760		346	8.75	252.15	0	0.00		
Culver Oil & Gas	655		143	9.00	107.00	0	0.00		
Culver Oil & Gas	659		124	9.00	93.00	0	0.00	01-Nov-01	
Culver Oil & Gas	764	Prime	340	8.90	252.15	0	0.00	01-Nov-01	
Culver Oil & Gas	767	Prime	330	8.25	227.00	0	0.00	01-Nov-01	
Dale Hipke	875	Prime	677	9.00	507.75	1	37.50	01-Oct-86	
Dale Hipke - storage	875		106	3.62	32.00	0	0.00	01-Oct-86	
David Fair	772		341	9.01	256.00	1	32.50		
DBS Minerals, LLC	462		268	9.00	201.00	1	32.50		
Edwin Kittrell, III	706	Prime	417	9.00	312.75	1	37.50	01-May-89	
Ellis Investments	478	Prime/West	1199	9.00	899.25	3	102.50	01-Jan-80	
ET Resources	828		244	9.00	183.00	0	0.00		
Flowers Land & Title Company, LP	659		1038	9.01	779.00	4	195.00	22-Jul-06	
Frank Hughey	704	Prime	155	9.00	116.25	1	32.50	01-Jan-94	05-May-89
Frederick J Hershbach	753	Int/Windows	151	8.50	106.96	1	32.50	01-Jan-89	
Gene Talbert	804		120	9.00	90.00	0	0.00	01-Apr-79	10-Apr-79
Hansel Crank	512A	Int/Windows	177	8.50	125.38	1	27.50	01-May-87	
Harleton Oil & Gas	500/555		2498	8.18	1703.00	4	130.00	01-Feb-87	31-Oct-08

Harold Kniffen	855	Interior	143	8.31	99.00	0	0.00	01-Mar-98
Harold Kniffen	857	Interior	1084	8.50	767.33	8	230.00	01-Mar-98
Harold Kniffen	857	Interior	150	8.32	95.00	0	0.00	01-Mar-98
Haz-Pak, Inc	559	Int/no windows	123	9.00	92.25	0	0.00	01-Nov-88
Jack Campbell	519	Int/windows	146	8.00	97.33	0	0.00	01-Dec-88
Jim Ewbank	510	Prime	279	9.00	209.25	1	27.50	01-May-88
John Procter	876		249	9.00	187.00			
Jordan Daughtry	608		198	9.00	147.00	1	32.50	01-Apr-07
Killingsworth Law Office	812		527	8.99	395.00	0	0.00	01-Apr-05
King Energy Land Services, LLC	721	Prime	246	9.00	184.50	1	37.50	01-Apr-87
Legacy Energy, Inc	724		880	8.18	600.00	2	65.00	
Lewis Williams	627		161	8.50	114.00	0	114.00	
Lew-Tex Investigations	625		340	9.00	255.00	1	32.50	20-Jul-06
Linaka, LP	768		240	9.00	180.00	0	0.00	01-Feb-86
Mark Ross	662/664		464	9.00	348.00	1	32.50	01-Mar-02
Michael Wood	770	Exterior	205	9.00	154.75	1	37.50	01-Oct-78
Paul E. Sapaugh	876	Prime	849	9.00	636.75	2	70.00	01-Jun-86
Petroleum Data Library	355		5498	2.70	1237.00	4	0.00	01-Oct-78
Philip Wilshire	656	Int/no windows	224	3.22	60.00	0	0.00	01-Oct-90
Ralph Howell	626	Prime/north	502	9.00	376.50	0	0.00	01-Jan-74
Rhonda K. Liska	805		485	8.50	360.00	2	65.00	20-Jul-06
Richard Gammon	700	Prime	539	9.00	404.25	1	27.50	01-Nov-89
Richard Griffin	302		627	9.00	470.25	0	0.00	
Richard Griffin	318	Prime	1347	9.00	1010.25	0	97.50	01-Feb-84
Richard Simmons	628	Int/windows	155	8.50	109.79	0	0.00	01-Oct-96
Rippy Oil Company	404	Prime	2131	9.00	1598.25	0	0.00	01-Aug-84
RKA Bellar, Inc.	864	Prime	188	9.00	141.00	1	32.50	01-Mar-96
Robert Lee	660/668	Prime	336	9.00	252.00	1	32.50	01-Dec-96
Robert M. Fair	810		336	9.00	252.00	1	32.50	01-Feb-10
Roy Anderson	300		335	9.01	251.50	1	37.50	01-Nov-78
Russell Gilpin	800	Exterior	515	9.00	386.25	1	32.50	01-May-87
Scott Kittrell	528	Prime	444	9.00	333.00	2	65.00	01-Feb-79
Stan Harris	622		141	9.02	106.00	0	0.00	01-Jun-01
Steve Pinkston	528	Prime	444	9.00	333.00	2	70.00	01-Oct-86
Steven Pickett	556	Prime	214	9.00	160.50	1	27.50	01-Nov-97

Summit Energy Consultants, LLC	874	Prime	966	9 00	692 00	1	0 00	01-Jun-97
Tyler-Smith Co Children's Services	527		163	8 00	108 67	0	0 00	01-Jan-85
UTC Shared Business Services	428		303	9 00	227 25	1	32 50	01-Feb-98
W M Burney, Jr	526	Prime	254	9 00	190 50	1	37 50	01-Jan-80
Windsor Interests	602	Prime	787	9 00	590 25	2	75 00	01-Nov-50
			39155.00		25887 34		\$2,656 50	

Michael Huffman

From: Bob Garrett [bob.garrett@fairoil.com]
Sent: Monday, November 15, 2010 3:16 PM
To: Michael Huffman
Subject: FW: Appraisal

Remember that the City will not be paying taxes

From: Bob Garrett
Sent: Monday, November 15, 2010 2:48 PM
To: 'Michael Huffman'
Subject: RE: Appraisal

My comments in green. Thanks,

From: Michael Huffman [mailto:mhuffman@nctv.com]
Sent: Monday, November 15, 2010 1:50 PM
To: Bob Garrett
Subject: RE: Appraisal

Bob,

Thank you for the rent roll and income/expense data. I know I'll have questions going through these income/expense numbers, especially the office building. Should I be asking you or directing them towards Sherri Harris? Based on the NOI of the office building it makes it look like the property has very little value (and I know that's not true) as the expenses take almost all of the income. You can contact Sherri directly for bookkeeping issues

After looking at the rent roll, looks like majority of tenants have been there a very long time and assume that rents have been generally stable for an extended period of time? Yes very stable and there is room to make up between rents paid and the next best (cheapest) alternative to the RWFF Building. Receivables also remain very low. Also access to the Petro Data Library (3rd floor) is the big draw for most of the oil and gas folks

Burns Commercial Office Market Survey shows average CBO rent at \$12.26/SF on Gross Leases. In your opinion is that attainable for the subject? Certainly room for increases. The RWFF was reluctant to push and saw the lower rent as a sure way to warehouse the property over time. If you want to look at it from an income standpoint, then the going rate needs to be considered

Office Market Survey shows subject at 51057 SF of net rentable area and 89% occupancy, but rent roll shows 39,155 SF occupied which would indicate about 77% occupancy. Should I use the 89% or are there tenants who has moved out since survey was done in September? Does not consider the common areas like halls/corridors/restrooms/lobby areas. For our purposes, the rentable area is the key number but in reality, the configuration could be changed to include more rentable area per floor

I see on Sherri's email the expenses included for the parking lot, but don't see ad valorem taxes. Looks like I would need to subtract \$5,671.21 for taxes from the \$55,790.05? Yes, taxes are paid in December

Thanks,

Michael

From: Bob Garrett [mailto:bob.garrett@fairoil.com]
Sent: Monday, November 15, 2010 12:41 PM

To: Michael Huffman
Subject: FW: Appraisal

As promised. Thanks, Bob

From: Sherri Harris
Sent: Monday, November 15, 2010 9:33 AM
To: Bob Garrett
Subject: Appraisal

Bob,
Attached is an updated with projected net for the building and north parking area.

The Parking lot expense includes:

	Molly Brown Commission and Labor
	Lawn service maintenance
	Insurance allocation
	Electric

Let me know if you need anything else.

Sherri

No virus found in this message.
Checked by AVG - www.avg.com
Version: 10.0.1153 / Virus Database: 424/3258 - Release Date: 11/15/10

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Checked by AVG - www.avg.com
Version: 10.0.1153 / Virus Database: 424/3258 - Release Date: 11/15/10

Michael Huffman

From: Bob Garrett [bob.garrett@fairoil.com]
Sent: Monday, November 15, 2010 12:41 PM
To: Michael Huffman
Subject: FW: Appraisal
Attachments: Fdn profit loss 110110.xlsx

As promised. Thanks, Bob

From: Sherri Harris
Sent: Monday, November 15, 2010 9:33 AM
To: Bob Garrett
Subject: Appraisal

Bob,
Attached is an updated with projected net for the building and north parking area.

The Parking lot expense includes:

- Molly Brown Commission and Labor
- Lawn service maintenance
- Insurance allocation
- Electric

Let me know if you need anything else.

Sherri

No virus found in this message.
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Version: 10.0.1153 / Virus Database: 424/3258 - Release Date: 11/15/10

R. W. FAIR FOUNDATION
STATEMENT JANUARY 2010 TO SEPTEMBER 2010

Building Income **234,024.99**

Building Expense

Fdn Bdg. Expense	(27,095.70)
Fdn Tenant Reimbursed Exp	-
Fdn Administrative Exp	(814.92)
Fdn Operating/Utilities	(101,852.58)
Fdn Supplies-General Bldg	(12,480.04)
Fdn Maintenance & Repairs	(20,459.73)
Fdn Remodeling	-
Fdn Service Contracts	(65,748.04)

Total Building Expense **(228,451.01)**

Net Building Income (Loss) **5,573.98**

Parking Income

Tenant Parking Income	20,962.50
Day Parking Income	3,490.00
Event Parking Income	6,481.00
Monthly Non-Tenant Parking	32,221.50

Total Parking Income **63,155.00**

Parking Lot Expense **(25,905.65)**

Net Parking Lot Income **37,249.35**

Net Income/Loss **42,823.33**

= North Lot- \$9,237.50
South Parking -Lots \$20,749.00
Covered Parking - \$2,235.00

1-50000-0007-00-029010
 PIN = 049499 01 OF 01
 LEGAL DESCRIPTION:
 MAP C.46 TILE
 ISD: TY CITY: TY
 COLLEGE: TY
 CITY OF TYLER
 LT0029A
 BL00070
 TX LT0029A BL00070
 HENDERSON TX
 75653-1807
 RECD INFO: SMD 25385
 RECD DATE: 08/02/86
 VOLUME: 2579 PAGE: 60
 NBRD: 3510.A
 COMMERCIAL ACCOUNT
 PP ACCT: 0000 000 00000
 SPTB: F01 0.281 ACRES
 BLDG COND: 12,240.360 SF
 BUSINESS NAME/NOTE: ANTIQUE MALL-OLD SEARS BLDG
 REMODEL FOR 90
 ADDRESS: 115 S BROADWAY
 APPRAISED: 02/05/90 BY: LW

	1997	1996
TOT. LAND VALUE...	36,800	36,800
TOT. AG VALUE...		
TOT. TIM VALUE...		
TOT. IMPV. VALUE...	134,400	134,400
TOT. ABT VALUE...	171,200	171,200
TOT. VALUE (COST)		
TOT MKT VALUE....	171,200	

LAND		CLASS: CI		BUILDING		YEAR BUILT: 1925	
LAND USE.....	OFFICE BLDG LOW 1-4						
TOT. LOT FRFT:							
TOT. SQFT.....	12,250	12,000	LEVEL: B1 B1	USE: WAREHOUSE			
TOT. ACRES.....		12,000	01 01	RETAIL STORE			
SITE VALUE....		3,000	M1 M1	RETAIL STORE			
PROD LAND.....							
PRICE PER SQFT	3.00						
PRICE PER ACRE	130,960.85						
		PRICE PER SQFT:		4.97			
		TOT. SQ. FT.		27,000		TOT PER SQFT 6.34	
						YARD AND SECONDARY IMPROVEMENTS	
		CODE: CP6		SIZE: 009X0090		ID UNIT: 1 YR: 89	

TOTAL OBY: 3,800
 01/21/98 11.35.58 48,969

R W FAIR FOUNDATION - 10130

	ITEM	DESCRIPTION	JURISDICTIONS	JURISDICTION NAMES	TYPE	LAST YEAR'S VALUE	PROPOSED VALUE
8	'0020	ID #1-50000-007-00-029012 Fair Foundation Building Floors 3-8 Lot 29-A, Blk 70	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$650,000	\$650,000
<i>Est</i>		Sears Building Tyler Square Antiques	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$550,000	\$500,684
9	'0030	ID #1-50000-007-00-0300010 Lt 30-A, Blk 7 123 South Broadway Lindsey Building	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$200,000	\$200,000
4	'0060	ID #1-50000-0022-00-003010 Lot 3-A, Blk 22 200 S College Golentemek Prop. Parking Lot	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$38,600	\$35,472
5	'0070	ID #1-50000-0022-00-003020 Lot 3-B, Blk 22 206 S College Owens Property	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$9,200	\$21,594
3	'0080	ID #1-50000-0022-00-003030 Lot 3-C, Blk 22 210 S College Manziel Lot	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$15,000	\$22,538
6	'0090	ID #1-50000-0022-00-005000 Lot 5 & 6, Blk 22 212 S College Owens Property	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$64,990	\$76,944
7	'0100	ID #1-50000-0022-00-007020 Lot 7-B, Blk 22 216 S College Yale Tract	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$12,800	\$19,243
7	'0110	ID #1-50000-0022-00-004000 Lot 4, Blk 22 South Broadway @ West Elm Owens Property	001 010 030 070	Smith County City of Tyler Tyler ISD Tyler Jr. College	R	\$103,410	\$96,768

InterFlood



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Flood data

USPS Address: 115 S Broadway Ave
Tyler TX 75702-7207

Community Name: TYLER, CITY OF
Community #: 0571

County: Smith

Census Tract: 48423-0005.00

Flood Zone: X

Flood map color options

InterFlood has access to over 111,000 current FEMA flood maps. And with most (not all), you can customize their color, which makes them more appealing and highlights their zones.

Current Color:

[Change Color](#)

Here's your flood map(s)

Since it's possible for a property to be located on more than one flood map (tell me why), you may see more than one link below. In most cases, the first link will be the best map. When you click a link, the corresponding flood map will be displayed.

 [Flood Map #1 for 115 S Broadway Ave](#)

Map Panel 48423C0360C - Map Date: 09/26/2008

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Tax Year: **Select a Year****History****Print****Ownership Data**

Account: 150000000700029012
 PIN#: 049500
 Owner: FAIR R W FOUNDATION
 Address: PO BOX 689
 City/ST/Zip: TYLER, TX 75710-

2010 Certified Values

Land Value: \$0.00
 Ag Value: \$0
 Bldg Value: \$650000.00
 Total Value: \$650000.00

2010 Exemptions**Frozen Values / Years****HOMESTEAD EXEMPTION FORM****Deed Information**

Book:
 Page:
 Recd. Date: 1/1/1900
 Recd. Info:

Legal Information

Location: 121 S BROADWAY
 Map#: C 46
 Grid#: I-16.3
 Abst/Sub#: 190007
 Subd/Survey: CITY OF TYLER
 Lot/Tract: BLOCK 00070 LOT/SPACE 29A IMP ONLY
 Block: 00070
 Unit/Section:
 Acres: 0

Dwelling Information

Year Built: 0
 Square Feet: 82782
 Stories: 0
 Ext. Wall: BRICK VENEER
 Bath Full: 0
 WBFP: 0

Dwelling Area Square Feet

Area..1 82782
 Area..2 11826
 Area .3 11826
 Area..4 0

For Actual Tax Levy contact Gary Barber Tax Assessor/Collector at (903)590-2920.
 Tax ammounts shown are Estimates Prepared by the Smith County Appraisal

District

Jurisdictions/2010	Est Taxes
CITY OF TYLER	\$1,357.62
SMITH COUNTY	\$2,040.61
TYLER ISD	\$8,937.50
TYLER JR. COLLEGE	\$1,189.02

SKETCH/AREA TABLE ADDENDUM

File No C05810

SUBJECT

Property Address 115 S. Broadway Avenue

City Tyler

County Smith

State Texas

Zip 75702

Borrower

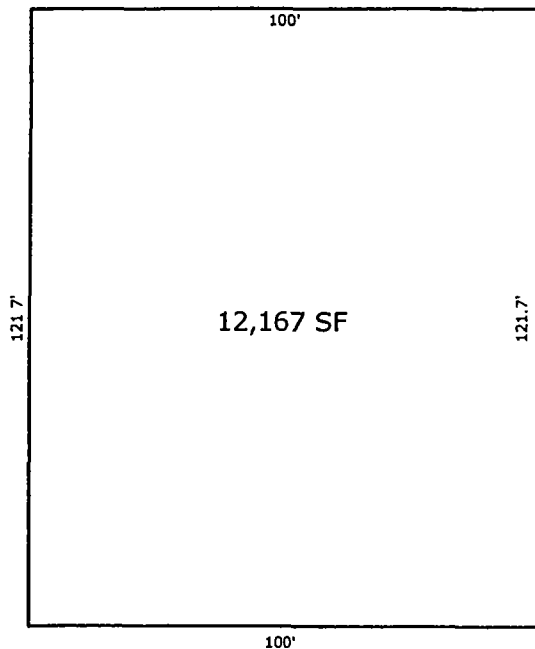
Lender/Client

Appraiser Name Michael R. Huffman, MAI

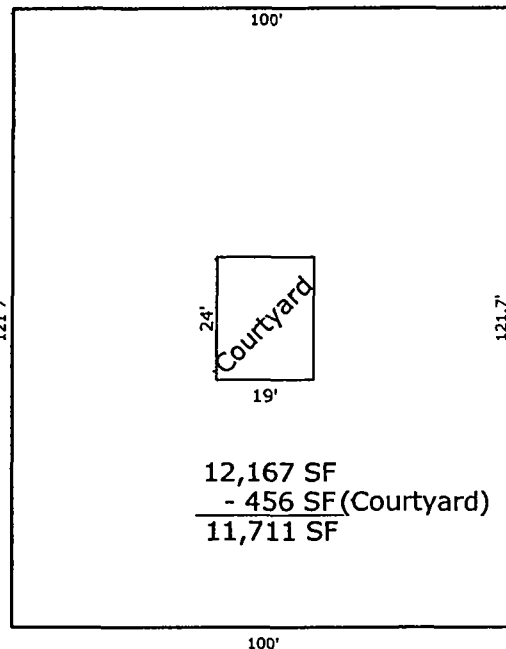
Appr Address 10750 FM 2813, Flint, Texas 75762

For Illustration Purposes
Only Not To Scale

Total Bldg Area 70,722 SF



Floor 3
12,167 SF



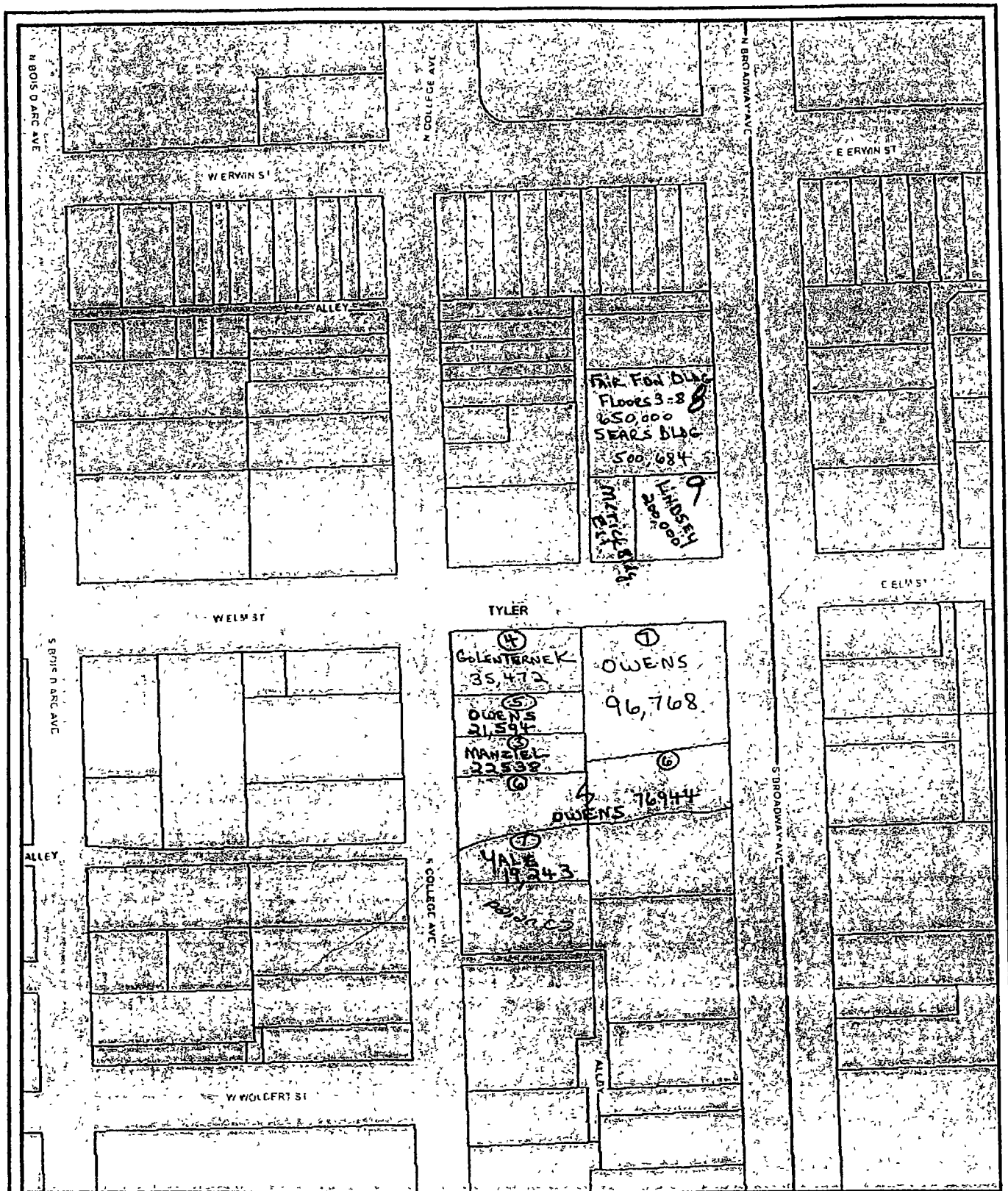
Floors 4 - 8
11,711 SF X 5 Floors
= 58,555 SF

Scale: 1 = 38

AREA CALCULATIONS

AREA CALCULATIONS SUMMARY			
	Description	No. SF	Subtotal
GRAT	First Floor	456.0	456.0
GRAT	Third Floor	12166.7	
	Floors 4 - 8	12166.7	24333.3
Net LIVABLE Area (rounded)			456
Net BUILDING Area (rounded)			24333

LIVING/BUILDING AREA BREAKDOWN		
	Breakdown	Subtotal
First Floor	19.0 x 24.0	456.0
Third Floor	121.7 x 100.0	12166.7
Floors 4 - 8	121.7 x 100.0	12166.7
3 Items	(rounded)	23877



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Bob Garrett

From: Rodney Thomson
Sent: Tuesday, March 09, 2010 8:40 AM
To: Bob Garrett
Subject: RE: RWFF Building

Footprint 121' 8" x 100'
Mezzanine floor 48' x 100'
Court Yard 19' x 24'

Square footage of building

Each full floor = 12,100 sq ft
8 floors = 96,800 sq ft
Mezzanine = 4800 sq ft
Subtotal sq ft = 101,600 sq ft
Less Court Yard = 2280 sq ft (4th thru 8th floor) Total sq ft = 99,320

Rodney K. Thomson
Production Manager
903-510-6527

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-----Original Message-----

From: rodneyt@suddenlink.net [mailto:rodneyt@suddenlink.net]
Sent: Monday, March 08, 2010 2:52 PM
To: Rodney Thomson
Subject: Fwd: RWFF Building

No virus found in this incoming message.

Checked by AVG - www.avg.com

Version: 9.0.733 / Virus Database: 271.1.1/2730 - Release Date: 03/08/10 01:34:00

To: Bob Garrett

From: Sherri Harris

Date: 11/04/2010

Re: R. W. Fair Foundation Building

Elevator's replaced in 2004. Contract dated 09/11/2003. Total cost \$222,193.00

Elevator agreement, increase every year in January. Current service contract is paid quarterly at \$6,028.50.

Maddox Air Conditioning

Date	Amount	Work done
5/16/2007	\$ 8,644.22	Installed replacement module
9/4/2007	\$ 8,705.56	Check chiller alarm
4/23/2008	\$ 11,275.17	New compressor
4/1/2009	\$ 6,238.56	Replace relief valve
9/30/2009	\$ 6,854.60	Repair compressor
4/30/2010	\$ 14,291.01	Replace chiller on compressor
8/4/2010	\$ 14,022.44	Replace compressor
	\$ 70,031.56	

Maddox Air Conditioning

Date	Amount	Work done
5/16/2007	\$ 8,644.22	Installed replacement module
9/4/2007	\$ 8,705.56	Check chiller alarm
4/23/2008	\$ 11,275.17	New compressor
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4/30/2010	\$ 14,291.01	Replace chiller on compressor
8/4/2010	\$ 14,022.44	Replace compressor
	\$ 70,031.56	

Date: Thursday, November 04, 2010
 Time: 09:38AM
 User: SHARRIS

R W Fair Foundation
Vendor History - Standard
 Period: 11-10 As of: 11/4/2010

Page: 1 of 4
 Report: 03671.rpt
 Company: FDN

Vendor	Name	Beginning Balance	Period	Purchases	Payments	Debit Adjustments	Credit Adjustments	Discounts Taken	YTD Balance
Company: FDN									
MADDAIR	MADDOX AIR CONDITIONING, INC	0.00	1	601.02	601.02	0.00	0.00	0.00	0.00
			2	0.00	0.00	0.00	0.00	0.00	0.00
			3	0.00	0.00	0.00	0.00	0.00	0.00
			4	14,291.01	14,291.01	0.00	0.00	0.00	0.00
	Fiscal Year: 2010		5	0.00	0.00	0.00	0.00	0.00	0.00
			6	240.00	240.00	0.00	0.00	0.00	0.00
			7	0.00	0.00	0.00	0.00	0.00	0.00
			8	14,636.70	14,636.70	0.00	0.00	0.00	0.00
			9	262.50	262.50	0.00	0.00	0.00	0.00
			10	336.00	336.00	0.00	0.00	0.00	0.00
			11	0.00	0.00	0.00	0.00	0.00	0.00
			12	0.00	0.00	0.00	0.00	0.00	0.00
			13	0.00	0.00	0.00	0.00	0.00	0.00
	Vendor Totals			30,367.23	30,367.23	0.00	0.00	0.00	0.00
Company: FDN									
MADDAIR	MADDOX AIR CONDITIONING, INC	0.00	1	2,143.71	2,143.71	0.00	0.00	0.00	0.00
			2	0.00	0.00	0.00	0.00	0.00	0.00
			3	5,127.20	5,127.20	0.00	0.00	0.00	0.00
			4	8,935.92	8,935.92	0.00	0.00	0.00	0.00
	Fiscal Year: 2009		5	358.23	358.23	0.00	0.00	0.00	0.00
			6	0.00	0.00	0.00	0.00	0.00	0.00
			7	623.40	623.40	0.00	0.00	0.00	0.00
			8	192.00	192.00	0.00	0.00	0.00	0.00
			9	6,854.60	6,854.60	0.00	0.00	0.00	0.00
			10	0.00	0.00	0.00	0.00	0.00	0.00
			11	3,836.51	3,836.51	0.00	0.00	0.00	0.00
			12	0.00	0.00	0.00	0.00	0.00	0.00
			13	0.00	0.00	0.00	0.00	0.00	0.00
	Vendor Totals			28,071.57	28,071.57	0.00	0.00	0.00	0.00

Date: Thursday, November 04, 2010
Time: 09:38AM
User: SHARRIS

R W Fair Foundation
Vendor History - Standard
Period: 11-10 As of: 11/4/2010

Page 2 of 4
Report: 03671.rpt
Company: FDN

Vendor	Name	Beginning Balance	Period	Purchases	Payments	Debit Adjustments	Credit Adjustments	Discounts Taken	YTD Balance
MADDAIR	MADDOX AIR CONDITIONING, INC								
		0.00	1	0.00	0.00	0.00	0.00	0.00	0.00
			2	0.00	0.00	0.00	0.00	0.00	0.00
			3	0.00	0.00	0.00	0.00	0.00	0.00
	Fiscal Year: 2008		4	11,275.17	11,275.17	0.00	0.00	0.00	0.00
			5	1,233.22	1,233.22	0.00	0.00	0.00	0.00
			6	0.00	0.00	0.00	0.00	0.00	0.00
			7	518.02	518.02	0.00	0.00	0.00	0.00
			8	3,176.96	3,176.96	0.00	0.00	0.00	0.00
			9	0.00	0.00	0.00	0.00	0.00	0.00
			10	0.00	0.00	0.00	0.00	0.00	0.00
			11	315.00	315.00	0.00	0.00	0.00	0.00
			12	833.58	833.58	0.00	0.00	0.00	0.00
			13	0.00	0.00	0.00	0.00	0.00	0.00
	Vendor Totals			17,351.95	17,351.95	0.00	0.00	0.00	0.00
MADDAIR	MADDOX AIR CONDITIONING, INC								
		0.00	1	0.00	0.00	0.00	0.00	0.00	0.00
			2	910.57	910.57	0.00	0.00	0.00	0.00
			3	0.00	0.00	0.00	0.00	0.00	0.00
			4	0.00	0.00	0.00	0.00	0.00	0.00
	Fiscal Year: 2007		5	9,352.33	9,352.33	0.00	0.00	0.00	0.00
			6	0.00	0.00	0.00	0.00	0.00	0.00
			7	129.00	129.00	0.00	0.00	0.00	0.00
			8	4,807.75	4,807.75	0.00	0.00	0.00	0.00
			9	9,092.56	9,092.56	0.00	0.00	0.00	0.00
			10	0.00	0.00	0.00	0.00	0.00	0.00
			11	0.00	0.00	0.00	0.00	0.00	0.00
			12	129.00	129.00	0.00	0.00	0.00	0.00
			13	0.00	0.00	0.00	0.00	0.00	0.00
	Vendor Totals			24,421.21	24,421.21	0.00	0.00	0.00	0.00
MADDAIR	MADDOX AIR CONDITIONING, INC								
		0.00	1	712.34	712.34	0.00	0.00	0.00	0.00
			2	0.00	0.00	0.00	0.00	0.00	0.00
			3	0.00	0.00	0.00	0.00	0.00	0.00
			4	0.00	0.00	0.00	0.00	0.00	0.00
	Fiscal Year: 2006		5	1,105.30	1,105.30	0.00	0.00	0.00	0.00
			6	1,360.93	1,360.93	0.00	0.00	0.00	0.00
			7	0.00	0.00	0.00	0.00	0.00	0.00
			8	1,179.34	1,179.34	0.00	0.00	0.00	0.00
			9	5,553.74	5,553.74	0.00	0.00	0.00	0.00
			10	0.00	0.00	0.00	0.00	0.00	0.00
			11	0.00	0.00	0.00	0.00	0.00	0.00
			12	1,631.83	1,631.83	0.00	0.00	0.00	0.00
			13	0.00	0.00	0.00	0.00	0.00	0.00
	Vendor Totals			11,543.48	11,543.48	0.00	0.00	0.00	0.00

R W Fair Foundation
Vendor History - Standard
Period: 11-10 As of: 11/4/2010

Date: Thursday, November 04, 2010
Time: 09:38AM
User: SHARRIS

Vendor	Name	Beginning Balance	Period	Purchases	Payments	Debit Adjustments	Credit Adjustments	Discounts Taken	YTD Balance
MADDAIR	MADDOXAIR CONDITIONING, INC	0.00	1	117.00	0.00	0.00	0.00	0.00	117.00
			2	162.50	279.50	0.00	0.00	0.00	0.00
			3	741.72	741.72	0.00	0.00	0.00	0.00
			4	227.50	0.00	0.00	0.00	0.00	227.50
			5	0.00	227.50	0.00	0.00	0.00	0.00
			6	130.00	130.00	0.00	0.00	0.00	0.00
			7	826.51	826.51	0.00	0.00	0.00	0.00
			8	0.00	0.00	0.00	0.00	0.00	0.00
			9	0.00	0.00	0.00	0.00	0.00	0.00
			10	0.00	0.00	0.00	0.00	0.00	0.00
			11	0.00	0.00	0.00	0.00	0.00	0.00
			12	0.00	0.00	0.00	0.00	0.00	0.00
			13	0.00	0.00	0.00	0.00	0.00	0.00
Vendor Totals				2,205.23	2,205.23	0.00	0.00	0.00	
Company Totals				156,995.86	156,995.86	0.00	0.00	0.00	

R. W. FAIR FOUNDATION
STATEMENT JANUARY 2010 TO SEPTEMBER 2010

Building Income **234,024.99**

Building Expense

Fdn Bdg. Expense	(27,095.70)
Fdn Tenant Reimbursed Exp	-
Fdn Administrative Exp	(814.92)
Fdn Operating/Utilities	(101,852.58)
Fdn Supplies-General Bldg	(12,480.04)
Fdn Maintenance & Repairs	(20,459.73)
Fdn Remodeling	-
Fdn Service Contracts	(65,748.04)

Total Building Expense **(228,451.01)**

Net Building Income (Loss) **5,573.98**

Parking Income

Tenant Parking Income	20,962.50	
Day Parking Income	3,490.00	
Event Parking Income	6,481.00	
Monthly Non-Tenant Parking	32,221.50	= North Lot- \$9,237.50

Total Parking Income **63,155.00**

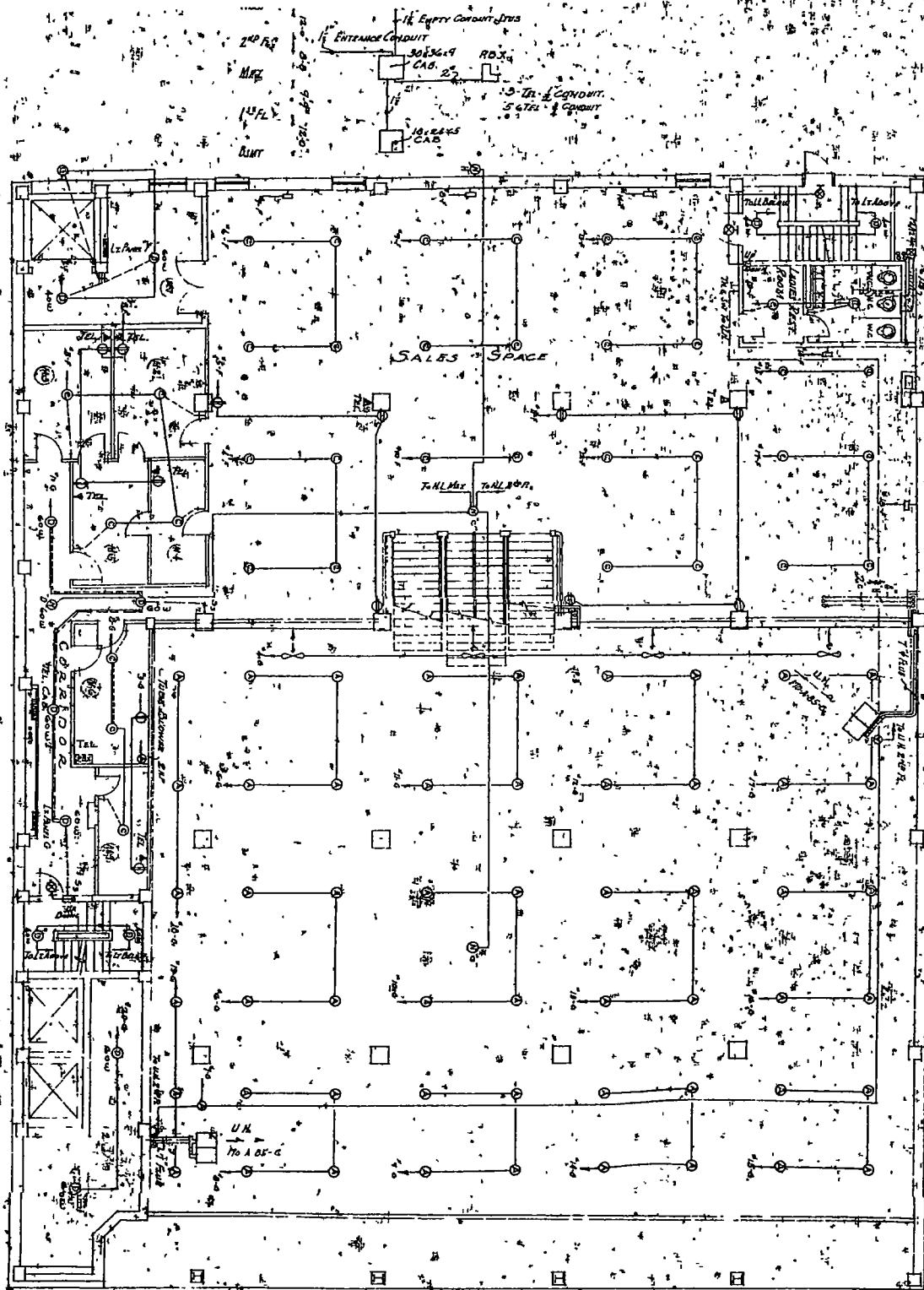
Parking Lot Expense **(25,905.65)**

Net Parking Lot Income **37,249.35**

Net Income/Loss **42,823.33**

MEZZAINE FLOOR PLAN

Scale 1/8" = 1'-0"



ZUMWALT & VINTNER MECHANICAL ENGINEERS
 JOB NO. 6-22
 BUSINESS BUILDING FOR SEARS-ROEBUCK & CO. 150 S. 3RD ST.
 SOUTH DAKOTA, SIOUX FALLS
 DRAWN BY R. W. FAIR-OWNER
 SHEET NO. 5

Note: Can't go back to 176 hall to 2nd floor in panel G to 10154 a.c.

LIGHT FEEDER SCHEDULE				
NO.	FROM	TO	LOCATION	WIRE SWITCH CONDUIT
1	SERVICE ENTRANCE	MAIN LT. PANEL	1ST FLOOR	9-000 MCMEC 120A 2P ST 5-5"
2	MAIN LT. PANEL	PANEL 'A'	1ST FLOOR	5-4 RH 100A 2P ST 1 1/2"
3		PANEL 'B' & 'C'	1ST FLOOR	5-000 RH 200A 2P ST 2"
4		PANEL 'D'	BSMT FLOOR	5-2 RH 200A 2P ST 1 1/2"
5		PANEL 'E'	BSMT FLOOR	5-0 RH 200A 2P ST 2"
6		PANEL 'F' & 'H'	2ND FLOOR	5-000 RH 200A 2P ST 2"
7		PANEL 'G'	MEZ FLOOR	5-0 RH 200A 2P ST 2"
8		PANEL 'K'	SERVICE STATION	5-0 RH 200A 2P ST 1 1/2"
9		PANEL 'J'	2ND FLOOR	5-0 RH 200A 2P ST 1 1/2"
10		SPARKS	2ND FLOOR	200A 2P ST 1 1/2"
11			2ND FLOOR	200A 2P ST 1 1/2"
12				60A 2P ST 1 1/2"

A Summary Appraisal Report of
**COMMERCIAL LAND AT
SWC SOUTH BROADWAY AVENUE @ ELM STREET
TYLER, TEXAS 75702**

1-20-1-33
1-20-1-35
1-20-1-36

1-20-1-26

Page 1-2
Let

1.2+/- acres, Lots 3A, 3B, 3C,
4, 5, 6 and 7B Block 22, City of Tyler,
Smith County, Texas

Census Tract #5

Date of Valuation:
November 8, 2010

Prepared for:
R. W. Fair Foundation
c/o Mr. John R. Garrett
225 South College Street
Tyler, Texas 75702

Prepared By:
Appraisal Resource Group, Inc.
10750 FM 2813
Flint, Texas 75762

Parking
Lot

"SUMMARY" APPRAISAL REPORT

This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. 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: R. W. Fair Foundation
c/o Mr. John R. Garrett
225 South College Street
Tyler, Texas 75702

Owner: R. W. Fair Foundation

Appraiser: Michael R. Huffman, MAI
Appraisal Resource Group, Inc.
10750 FM 2813
Flint, Texas 75762

Subject: Commercial Land at
SWC South Broadway Avenue @ Elm Street
Tyler, Texas 75702

Purpose of the Appraisal: The purpose of this appraisal is to form an opinion of the "as is" market value of the fee simple interest in the subject property.

Intended Use of Report: This appraisal is intended to assist the client, R. W. Fair Foundation c/o Mr. John R. Garrett, in making a decision concerning the market value of a commercial property for a gift to the City of Tyler.

Intended User of Report: The intended user of this appraisal is the client, R. W. Fair Foundation c/o Mr. John R. Garrett.

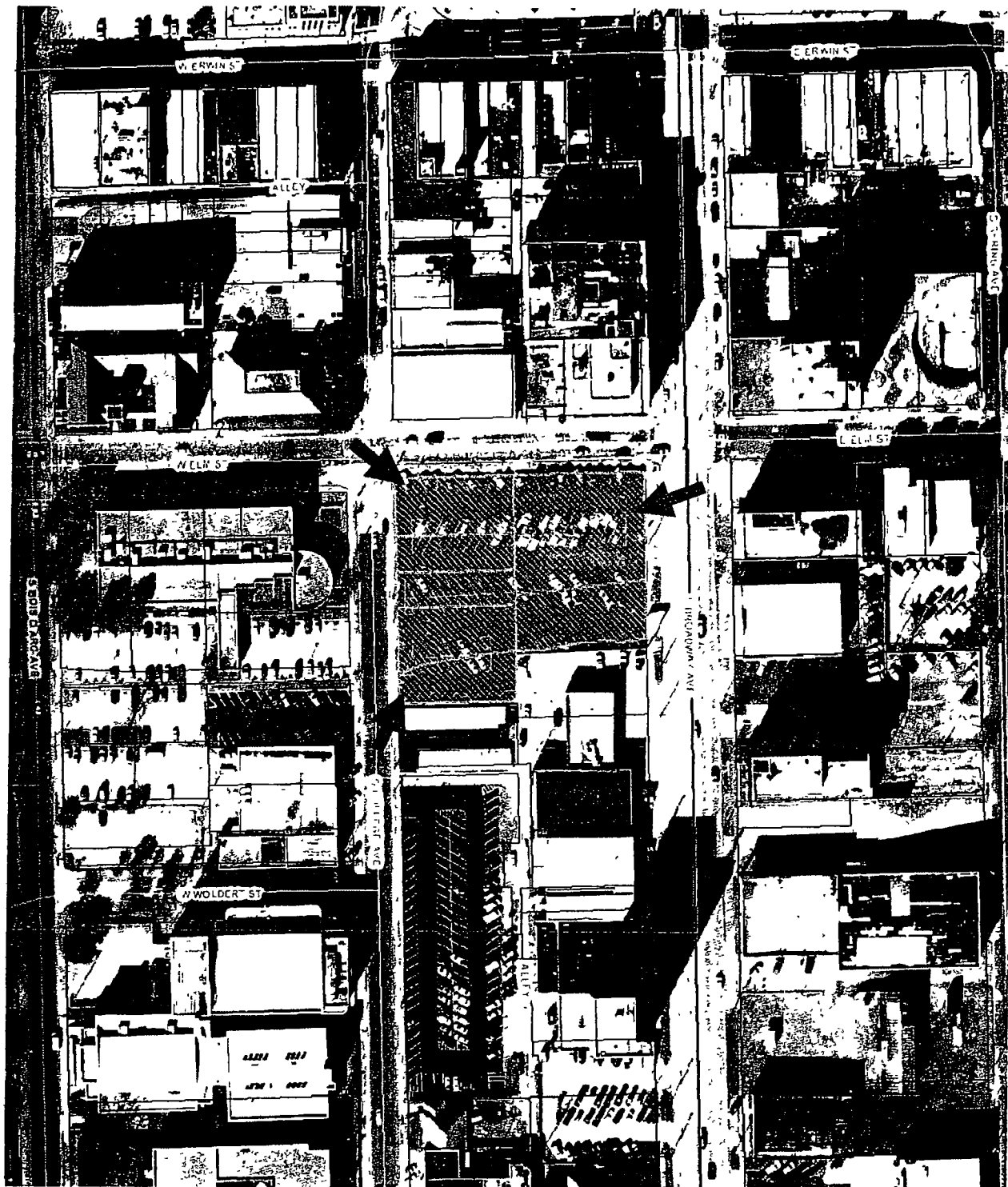
Interest Valued: Fee Simple

Effective Date of Value: November 8, 2010
Date of Inspection: November 8, 2010
Date of Report: November 17, 2010

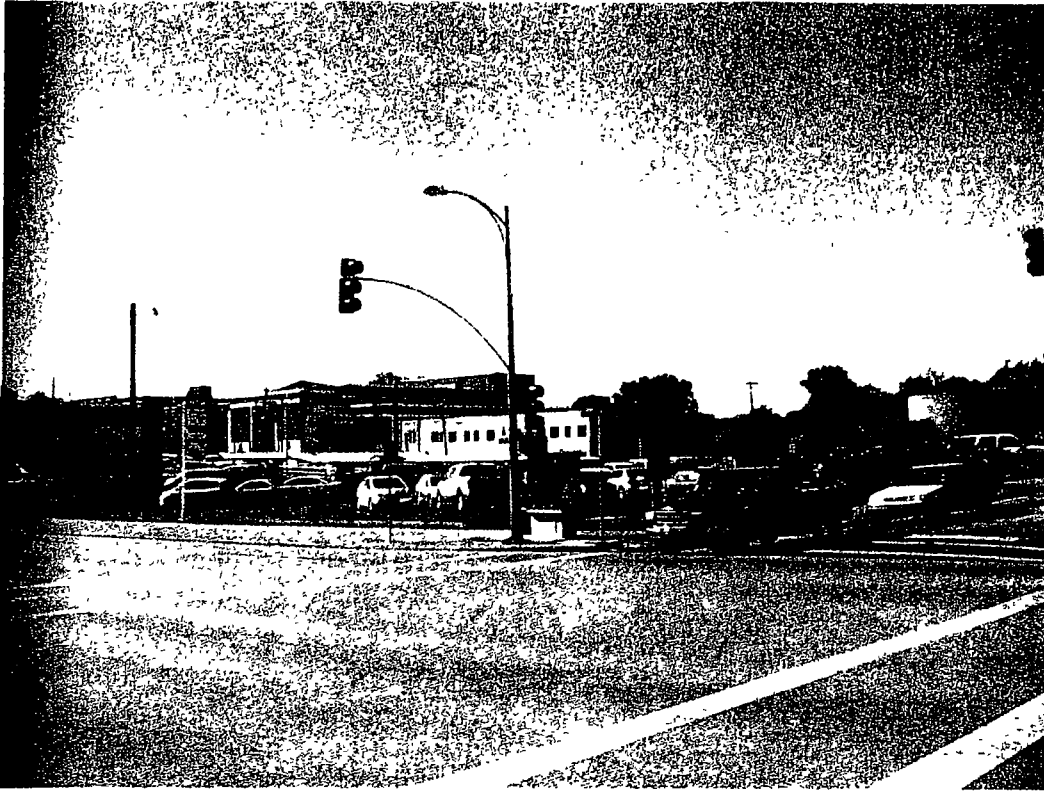
Market Value by Sales Comparison Approach: \$425,000

Market Value by Income Capitalization Approach: \$230,000

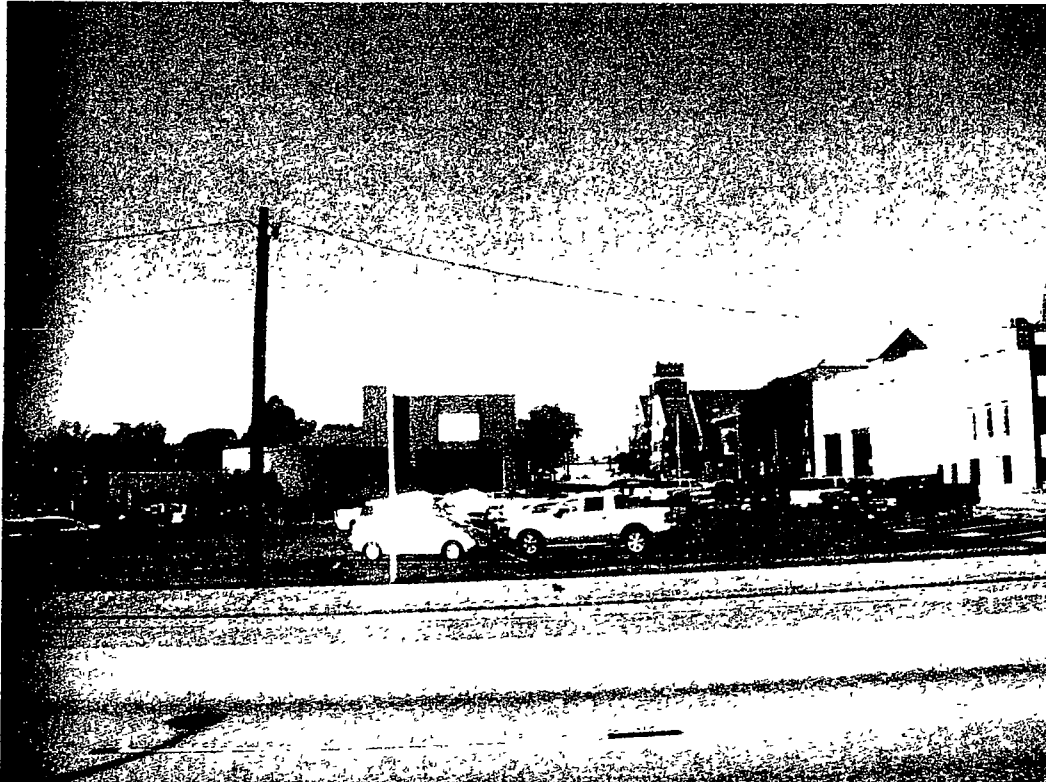
Final Market Value Opinion: \$425,000



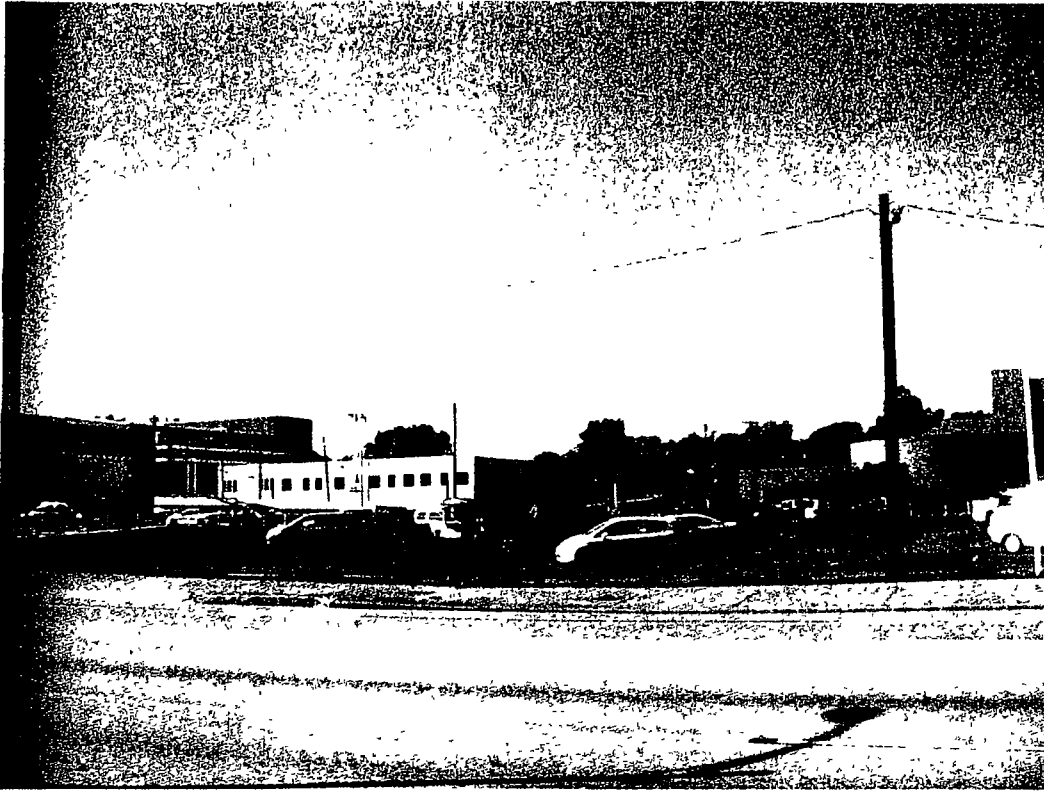
Aerial Map



Front view looking southwest



Front view looking west



View looking W/SW



View looking W/SW



Street scene looking west on Elm Street



View looking south along east boundary



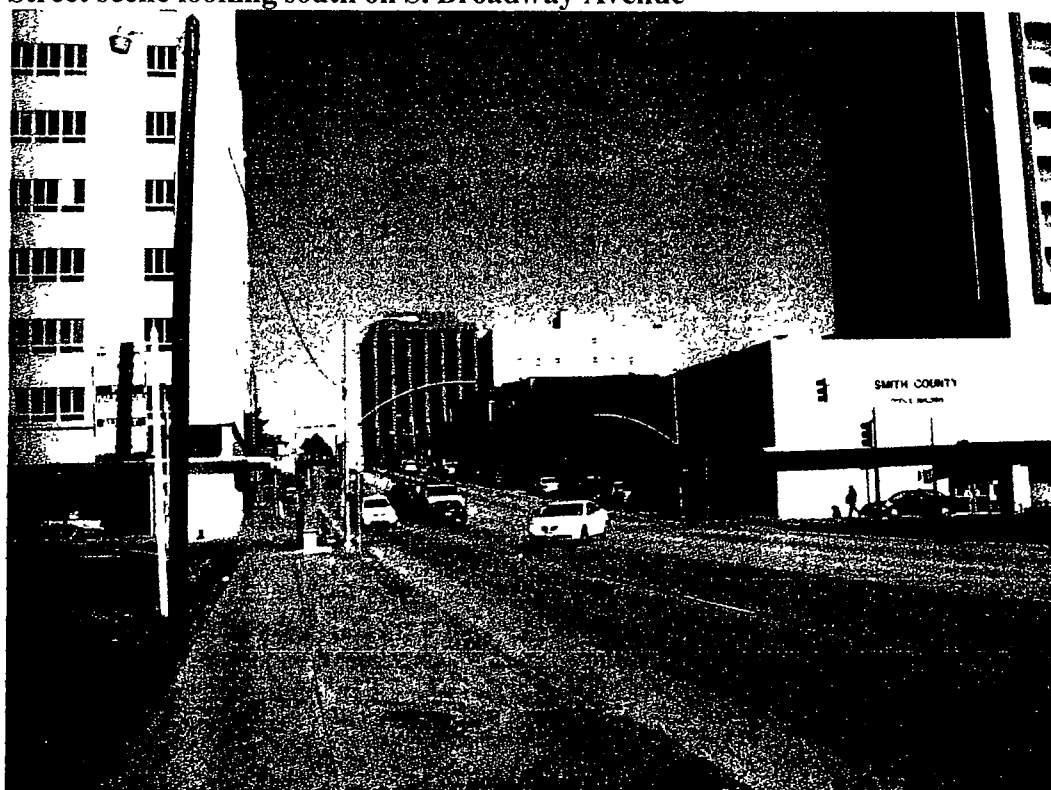
View looking northeast from southwest corner



View looking west along north boundary



Street scene looking south on S. Broadway Avenue



Street scene looking north on S. Broadway Avenue

Scope of Work: The scope of the appraisal relates to the nature of the appraisal assignment and the extent of the process of collecting, confirming and reporting the data which provide the basis for the valuation estimate. The client requested that the "as is" market value be analyzed. The scope of the appraisal is summarized below.

In preparing this appraisal, the appraiser

- observed the subject site and took photographs of the property;
- used a measuring tool on SCAD to estimate the total size of the subject site;
- relied on a legal description, aerial and plat from the Smith County Appraisal District;
- researched the flood plain reference and the real estate tax assessment;
- did not perform a title search or a survey of the subject;
- gathered information on comparable land sales from the neighborhood and beyond when necessary. The primary sources for this data were other appraisers familiar with the market area, local brokers, LoopNet, Tyler Multiple Listing Service and the data files of Appraisal Resource Group, Inc.;
- analyzed the highest and best use of the site "as if vacant" and the property "as improved";
- analyzed available data to arrive at conclusions to value considering the sales comparison approach of vacant land and the income approach using the subject's current monthly rent and expenses. The cost approach was used to estimate the contributory value of the subject's asphalt paving. The results from these two approaches were reconciled to a final opinion of market value;
- estimated the reasonable marketing time and exposure period inherent in the market value opinion;
- did not physically inspect all comparable data;
- communicated the results of this analysis in a summary appraisal report format.

Texas is a non-disclosure state. It is important that the intended user of this appraisal understand that in Texas there is no legal requirement for grantors or grantees to disclose any information relative to a transfer of real property other than the recordation of the deed itself. In Texas, the deed contains no information about the transaction details, including the purchase price. As a result, no data source provides absolute coverage of all transactions. It is possible that there are sales of which we are unaware. Our data sources provide all the data typically available to appraisers in the normal course of business.

Extraordinary Assumptions: This appraisal is completed under the extraordinary assumption that all sales data presented in this analysis is accurate. A measuring tool on the SCAD website was used to estimate the size of the subject property and is assumed accurate, however, a survey is recommended. This appraisal is completed under the extraordinary assumption that all information provided by the client is accurate. There are no other extraordinary assumptions considered with this appraisal assignment unless otherwise noted.

Hypothetical Conditions: There are no hypothetical conditions considered with this appraisal assignment unless otherwise noted.

Property Rights Appraised: The title to the subject property is assumed to be fee simple, the most complete form of ownership. There are no known existing leases applicable to the subject. Fee simple title is absolute ownership unencumbered by any other interest or estate. A fee simple estate is absolute ownership unencumbered by any other interest or estate subject only to the four powers of government which are taxation, eminent domain, police power, and escheat.¹

Market Value: Market Value is defined by the federal financial institutions regulatory agencies 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 seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and 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 U. S. 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 associated with the sale.

(Source Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f])

History of the Subject: Title to the subject property is presently in the name of R. W. Fair Foundation and title has not transferred over the last three years. This record of ownership is assumed to be correct. No extensive title search for liens was conducted and no warrants are made as to judgments, easements, encumbrances or other adverse conditions. Only apparent conditions are included in the valuation analysis.

Legal Description: The subject property is legally described as being 1.2+/- acres, Lots 3A, 3B, 3C, 4, 5, 6 and 7B Block 22, City of Tyler, Smith County, Texas.

Smith County Appraisal District: The subject property is taxed by four entities. They are Smith County, City of Tyler, Tyler Independent School District and Tyler Junior College. Assessed values for real estate are established by the Smith County Appraisal District (SCAD) and taxes are collected by the county tax office, both of which are located in Tyler. The 2010 tax rate for the

¹THE DICTIONARY OF REAL ESTATE APPRAISAL, 2nd Edition, 1989, page 120, American Institute of Real Estate Appraisers.

subject property is \$2.0807188 per \$100 valuation. Ad valorem taxes are approximately \$5,671.21 according to SCAD.

Tax rates had generally been decreasing somewhat over the last couple of years primarily due to a state mandated decrease in the school tax rate from \$1.50 to \$1.00 per \$100 valuation. The stability in previous years is attributed to activity in new residential and commercial construction, increases in existing property assessed values and stabilization of local government spending. Increases in new construction activity and existing property values expand the base from which taxes are calculated. However, with the present stability in the local economy, Smith County, City of Tyler and Tyler Junior College recently voted to increase tax rates and implemented budget cuts due to budget shortfalls.

According to SCAD and Texas State law, assessed values should be 100% of the current market value of the property. Below is a summary table illustrating the subject's account numbers and assessed values.

Account #	Lot, Block	Assessed Land Value	Assessed	Total Assessed Value
			Improvements Value	
150000002200004000	Lot 4, Block 22	\$86,400	\$10,368	\$96,768
150000002200003020	Lot 3B, Block 22	\$18,420	\$3,174	\$21,594
150000002200007020	Lot 7B, Block 22	\$16,592	\$2,651	\$19,243
150000002200003010	Lot 3A, Block 22	\$30,600	\$4,872	\$35,472
150000002200003030	Lot 3C, Block 22	\$18,428	\$4,110	\$22,538
150000002200005000	Lots 5 & 6, Block 22	\$67,200	\$9,744	\$76,944
Total		\$237,640	\$34,919	\$272,559

The real estate tax assessment for the subject is low based on the findings of this analysis.

On the following pages are property records from the Smith County Appraisal District.

Tax Year:

History

Print

Ownership Data		Dwelling Information	
Account	150000002200004000	Year Built	0
PIN#	049627	Square Feet	0
Owner	FAIR R W FOUNDATION	Stories	0
Address	PO BOX 689	Ext. Wall	WOOD FRAME
City/ST/Zip	TYLER, TX 75710	Bath Full	0
2010 Certified Values		WBFP	0
Land Value	\$86400.00	Dwelling Area Square Feet	
Ag Value	\$0	Area. 1	0
Bldg Value	\$10368.00	Area. 2	0
Total Value	\$96768.00	For Actual Tax Levy contact Gary Barber Tax Assessor/Collector at (903)590-2920 Tax amounts shown are Estimates Prepared by the Smith County Appraisal District	
2010 Exemptions		Jurisdictions/2010 Est Taxes	
Frozen Values / Years		CITY OF TYLER	\$202.11
HOMESTEAD EXEMPTION FORM		SMITH COUNTY	\$303.79
Deed Information		TYLER ISD	\$1,330.56
Book		TYLER JR COLLEGE	\$177.01
Page			
Recd. Date	1/1/1900		
Recd. Info			
Legal Information			
Location	0 S BROADWAY/ELM		
Map#	C 46		
Grid#	I-17.1		
Abst/Sub#	190022		
Subd/Survey	CITY OF TYLER		
Lot/Tract	BLOCK 00220 LOT/SPACE 00004		
Block	00220		
Unit/Section			
Acres	0.366		

Tax Year:

History

Print

Ownership Data		Dwelling Information	
Account	150000002200003020	Year Built	0
PIN#	049625	Square Feet	0
Owner	FAIR R W FOUNDATION	Stories	0
Address	PO BOX 689	Ext Wall	WOOD FRAME
City/ST/Zip	TYLER, TX 75710-	Bath Full	0
2010 Certified Values		WBFP	0
Land Value	\$18420.00	Dwelling Area Square Feet	
Ag Value	\$0	Area .1	0
Bldg Value	\$3174.00	Area .2	0
Total Value	\$21594.00	For Actual Tax Levy contact Gary Barber Tax Assessor/Collector at (903)590-2820 Tax amounts shown are Estimates Prepared by the Smith County Appraisal District	
2010 Exemptions		District	
Frozen Values / Years		Jurisdictions/2010	
HOMESTEAD EXEMPTION FORM		Est Taxes	
Deed Information		CITY OF TYLER \$45.10	
Book		SMITH COUNTY \$67.79	
Page		TYLER ISD \$296.92	
Recd Date	1/1/1900	TYLER JR COLLEGE \$39.60	
Recd Info			
Legal Information			
Location	206 S COLLEGE		
Map#	C 46		
Grid#	E-17.1		
Abst/Sub#	190022		
Subd/Survey	CITY OF TYLER		
Lot/Tract	BLOCK00220 LOT/SPACE 0003B		
Block	00220		
Unit/Section			
Acres	0		

Tax Year:

History

Print

Ownership Data		Dwelling Information	
Account	150000002200003010	Year Built	0
PIN#	049624	Square Feet	0
Owner	FAIR R W FOUNDATION	Stories	0
Address	PO BOX 689	Ext. Wall	WOOD FRAME
City/ST/Zip	TYLER, TX 75710-	Bath Full	0
2010 Certified Values		WBFP	0
Land Value	\$30600.00	Dwelling Area Square Feet	
Ag Value	\$0	Area..1	0
Bldg Value	\$4872.00	Area 2	0
Total Value	\$35472.00	For Actual Tax Levy contact Gary Barber Tax Assessor/Collector at (903)590-2820 Tax amounts shown are Estimates Prepared by the Smith County Appraisal District	
2010 Exemptions		Jurisdictions/2010 Est Taxes	
Frozen Values / Years		CITY OF TYLER	\$74.09
HOMESTEAD EXEMPTION FORM		SMITH COUNTY	\$111.36
Deed Information		TYLER ISD	\$487.74
Book		TYLER JR COLLEGE	\$64.89
Page			
Recd. Date	10/28/1983		
Recd. Info.	WD 40135		
Legal Information			
Location	200 S COLLEGE		
Map#	C 46		
Grid#	E-16.3		
Abst/Sub#	190022		
Subd/Survey	CITY OF TYLER		
Lot/Tract	BLOCK00220 LOT/SPACE 0003A		
Block	00220		
Unit/Section			
Acres	0.165		

Tax Year:

History

Print

Ownership Data		Dwelling Information	
Account:	150000002200003030	Year Built:	0
PIN#:	049626	Square Feet:	0
Owner:	FAJR R W FOUNDATION	Stories:	0
Address:	PO BOX 669	Ext Wall:	WOOD FRAME
City/ST/Zip:	TYLER, TX 75710-	Bath Full:	0
2010 Certified Values		WBFP:	0
Land Value:	\$18428.00	Dwelling Area Square Feet	
Acq Value:	\$0	Area .1:	0
Bldg Value:	\$4110.00	Area .2:	0
Total Value:	\$22538.00	For Actual Tax Levy contact Gary Barber Tax Assessor/Collector at (903)590-2920 Tax amounts shown are Estimates Prepared by the Smith County Appraisal District	
2010 Exemptions		District	
Frozen Values / Years		Jurisdictions/2010	
HOMESTEAD EXEMPTION FORM		Est Taxes	
Deed Information		CITY OF TYLER	
Book:		SMITH COUNTY	
Page:		TYLER ISD	
Recd Date:	1/1/1900	TYLER JR. COLLEGE	
Recd. Info:			
Legal Information			
Location:	210 S COLLEGE		
Map#:	C 46		
Grid#:	E17.1		
Abst/Sub#:	190022		
Subd/Survey:	CITY OF TYLER		
Lot/Tract:	BLOCK00220 LOT/SPACE 0003C		
Block:	00220		
Unit/Section:			
Acres:	0		

Tax Year: Select a Year

History

Print

Ownership Data		Dwelling Information	
Account#	150000002200005000	Year Built	0
PIN#	049628	Square Feet	0
Owner	FAIR R W FOUNDATION	Stories	0
Address:	PO BOX 689	Ext Wall	WOOD FRAME
City/ST/Zip	TYLER, TX 75710-0000	Bath Full	0
2010 Certified Values		WBFP	0
Land Value	\$67200.00	Dwelling Area Square Feet	
Ag Value	\$0	Area 1	0
Bldg Value	\$9744.00	Area 2	0
Total Value	\$76944.00	For Actual Tax Levy contact Gary Barber Tax Assessor/Collector at (903)690-2920 Tax amounts shown are Estimates Prepared by the Smith County Appraisal District	
2010 Exemptions		Jurisdictions/2010 Est Taxes	
Frozen Values / Years		CITY OF TYLER	\$160.71
HOMESTEAD EXEMPTION FORM		SMITH COUNTY	\$241.56
Deed Information		TYLER ISD	\$1,057.98
Book		TYLER JR COLLEGE	\$140.75
Page			
Recd Date	1/1/1900		
Recd. Info:			
Legal Information			
Location	212 S COLLEGE		
Map#	C 46		
Grid#	-17.1		
Abst/Sub#	190022		
Subd/Survey	CITY OF TYLER		
Lot/Tract	BLOCK00220 LOT 00005 B		
Block	00220		
Unit/Section			
Acres	0.3313		

Tax Year:

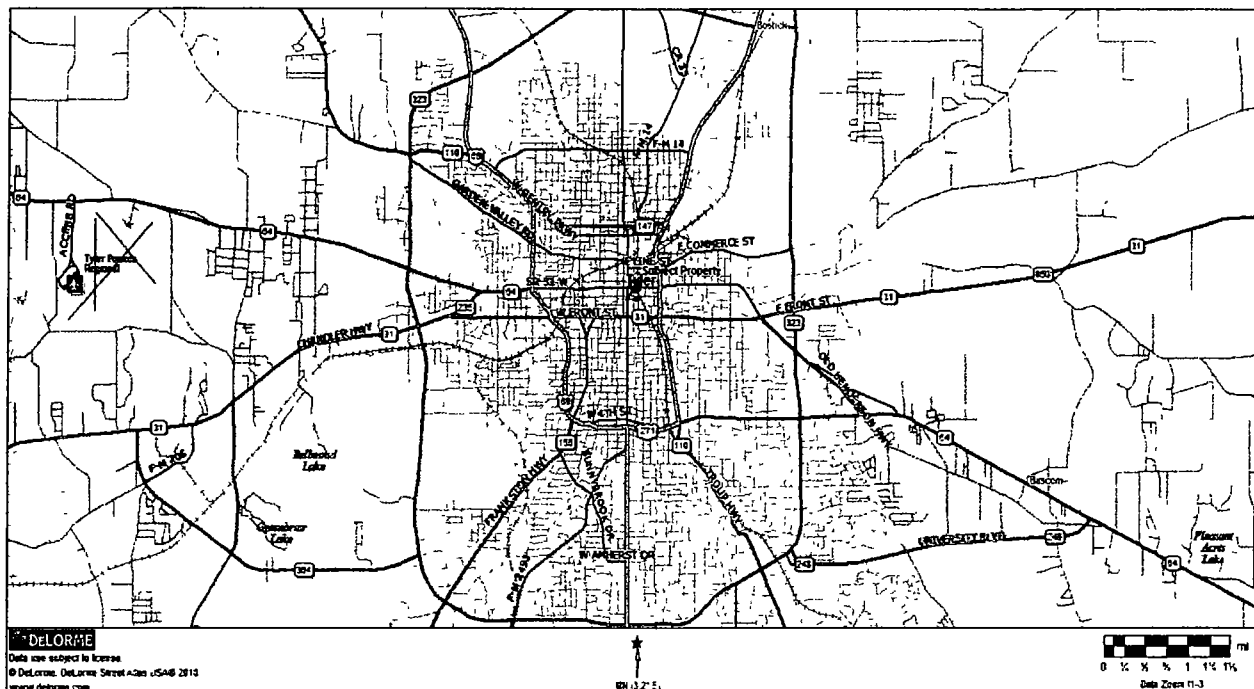
History

Find

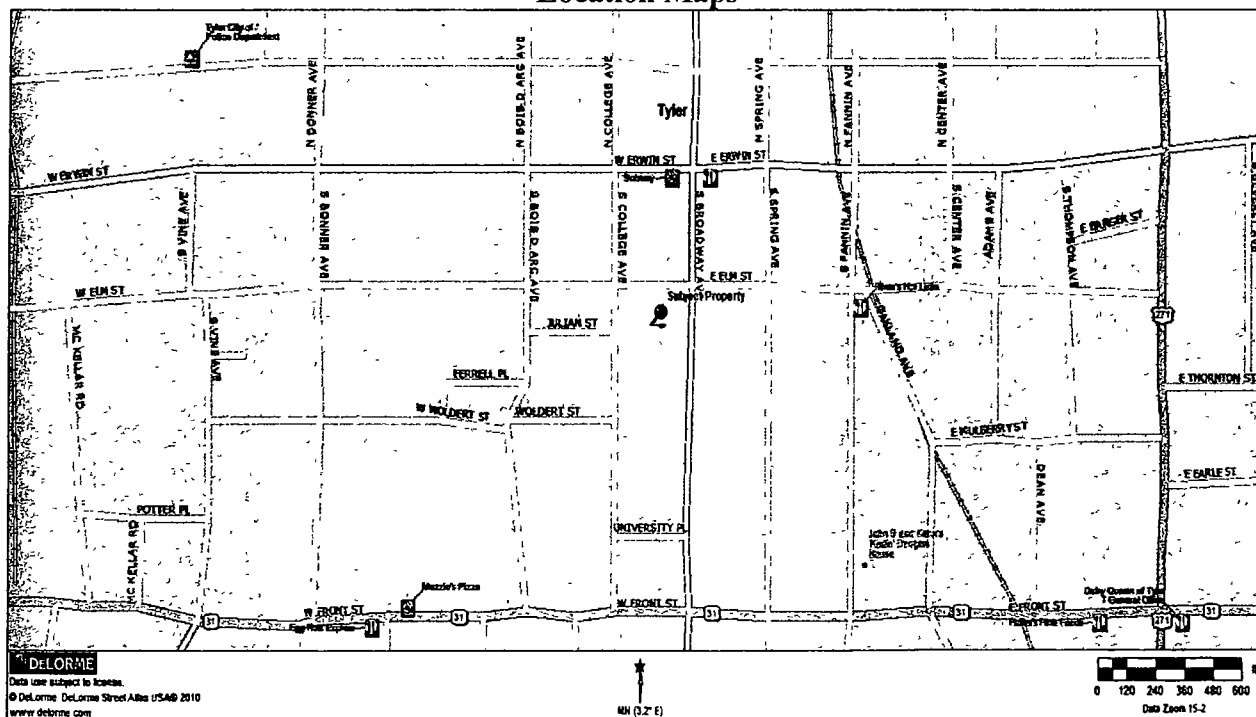
Ownership Data		Dwelling Information	
Account	150000002200007020	Year Built	0
PIN#	049629	Square Feet	0
Owner	FAIR R W FOUNDATION	Stories	0
Address	PO BOX 689	Ext. Wall	WOOD FRAME
City/ST/Zip	TYLER, TX 75710-	Bath Full	0
2010 Certified Values		WBFP	0
Land Value	\$16592.00	Dwelling Area Square Feet	
Ag Value	\$0	Area 1	0
Bldg Value	\$2651.00	Area 2	0
Total Value	\$19243.00	For Actual Tax Levy contact Gary Barber Tax Assessor/Collector at (903)590-2920 Tax amounts shown are Estimates Prepared by the Smith County Appraisal District	
2010 Exemptions		Jurisdictions/2010 Est Taxes	
Frozen Values /Years		CITY OF TYLER	\$40.19
HOMESTEAD EXEMPTION FORM		SMITH COUNTY	\$60.41
Deed Information		TYLER ISD	\$264.59
Book		TYLER JR COLLEGE	\$35.20
Page			
Recd Date	1/1/1900		
Recd Info			
Legal Information			
Location	216 S COLLEGE		
Map#	C 46		
Grid#	D-17 1		
Abst/Sub#	190022		
Subd/Survey	CITY OF TYLER		
Lot/Tract	BLOCK 0022 LOT/SPACE 0007B		
Block	0022		
Unit/Section			
Acres	0		

Description of Real Estate Appraised:

Location: The subject is located at the southwest corner of South Broadway Avenue and Elm Street and also along the east side of South College Street in downtown Tyler. The physical address is unknown.



Location Maps



Site Description: The subject site is rectangular in shape as evidenced by the plat. It contains approximately 1.2+/- acres or 52,388+/- square feet of area. The subject has approximately 173 feet of frontage along the west side of South Broadway Avenue, 257+/- feet of frontage along the south side of W. Elm Street and 235+/- feet of frontage along the east side of South College Street.

South Broadway Avenue is asphalt paved with concrete curb and gutter and storm drainage and provides for two lanes of traffic in each direction as well as a center turn lane. Elm Street is asphalt paved with concrete curb and gutter and storm drainage with a single lane of traffic in each direction and a center turn lane. College Street is asphalt paved with concrete curb and gutter and storm drainage with two southbound lanes of traffic.

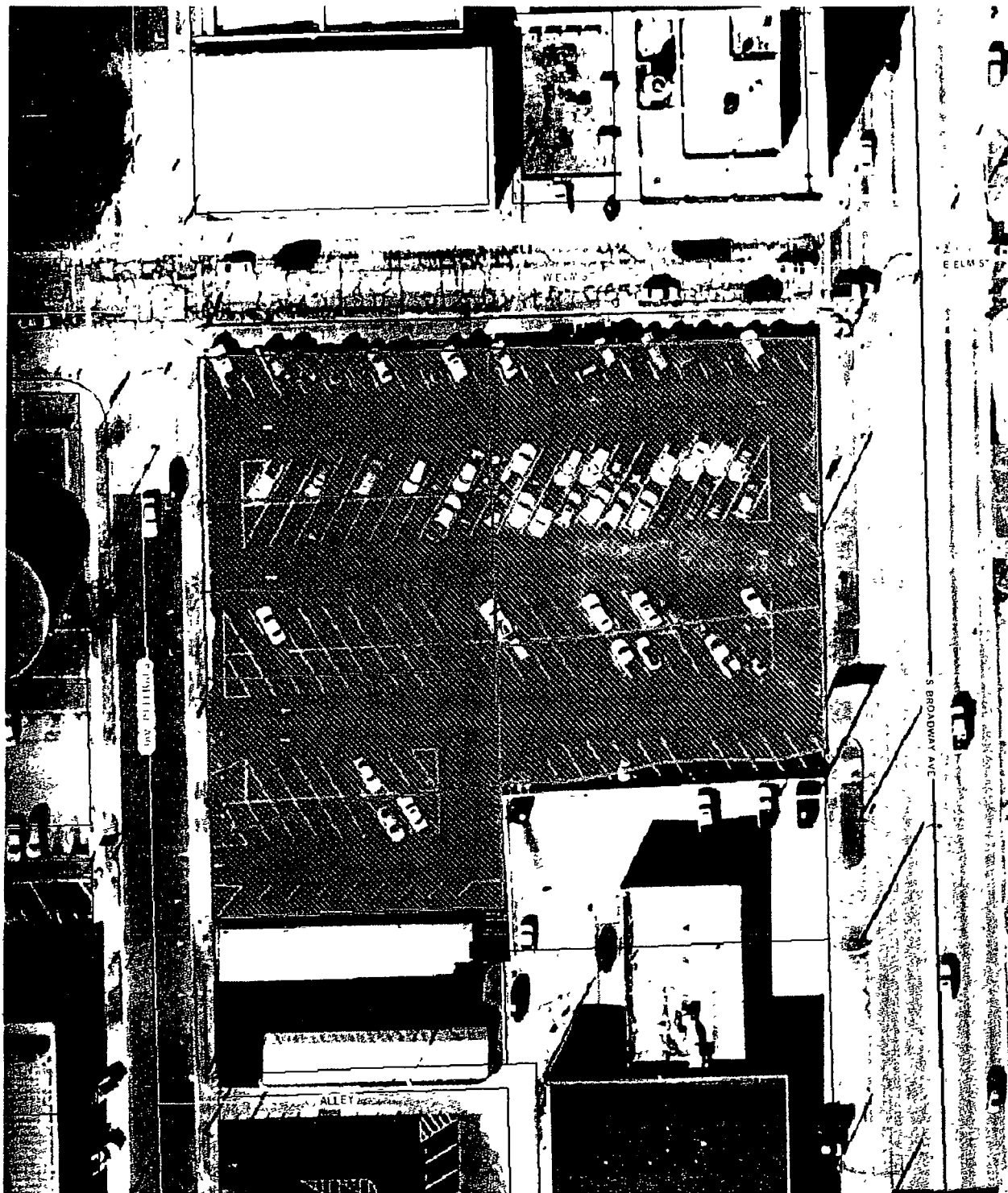
The topography of the site is generally level and is at street grade. According to Flood Map #48423C0360C from the Federal Emergency Management Agency and dated September 26, 2008, the location of the subject does not appear to be situated within a 100-year flood zone. This map is located on the following pages of this report.

No in-depth soil tests were made, but based on observation there has been no settling of improvements in the area and the soils are assumed stable. All utilities are available and in place to the site. There are no known private restrictions or easements other than normal for utilities which would have an effect on the value of the subject.

The site is considered typical of others in the downtown area. There were no particular nuisances or hazards noted that would adversely affect the site or its use.

The subject has approximately 139 asphalt paved parking spaces that could reportedly be reconfigured to accommodate up to 165 spaces. The average rent for the parking spaces is reportedly an average of \$42/space per month.

There is limited parking in the downtown area. An article in the Tyler Morning Telegraph on November 11, 2010 announced that a parking study would be completed in the downtown area. According to the article, "Tylerites could receive relief from the crowded downtown parking conditions. The Tyler Development Authority unanimously approved on Wednesday the funding of a \$34,200 parking study proposal in downtown Tyler." It appears that the subject property would be a good location for a future parking garage based on the frontage and proximity to the downtown square. A copy of the article is included in the addenda section.



Plat / Aerial Map



Plat / Topographical Overlay / Aerial Map

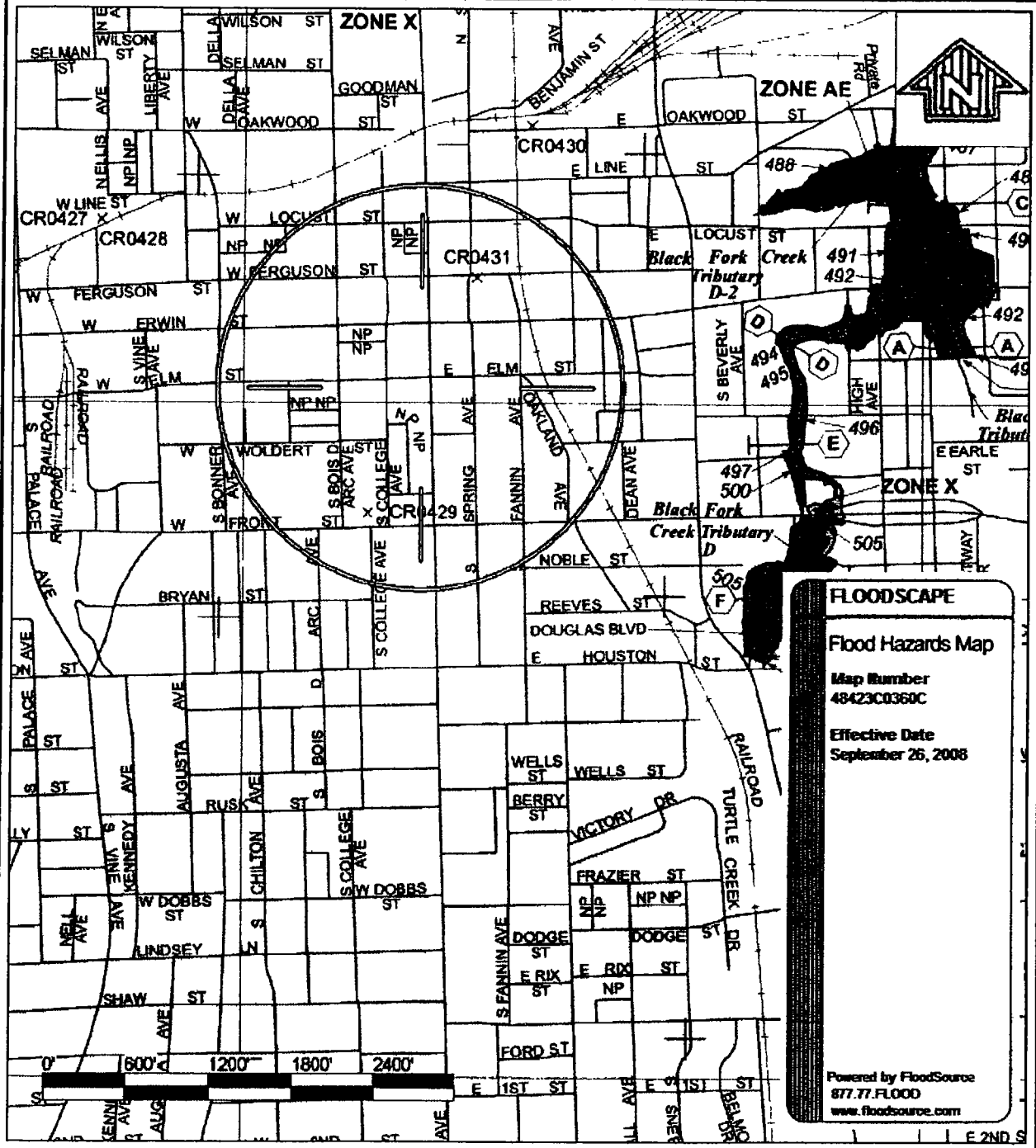
InterFlood



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Prepared for:
Appraisal Resource Group, Inc.

tyler, TX 75702

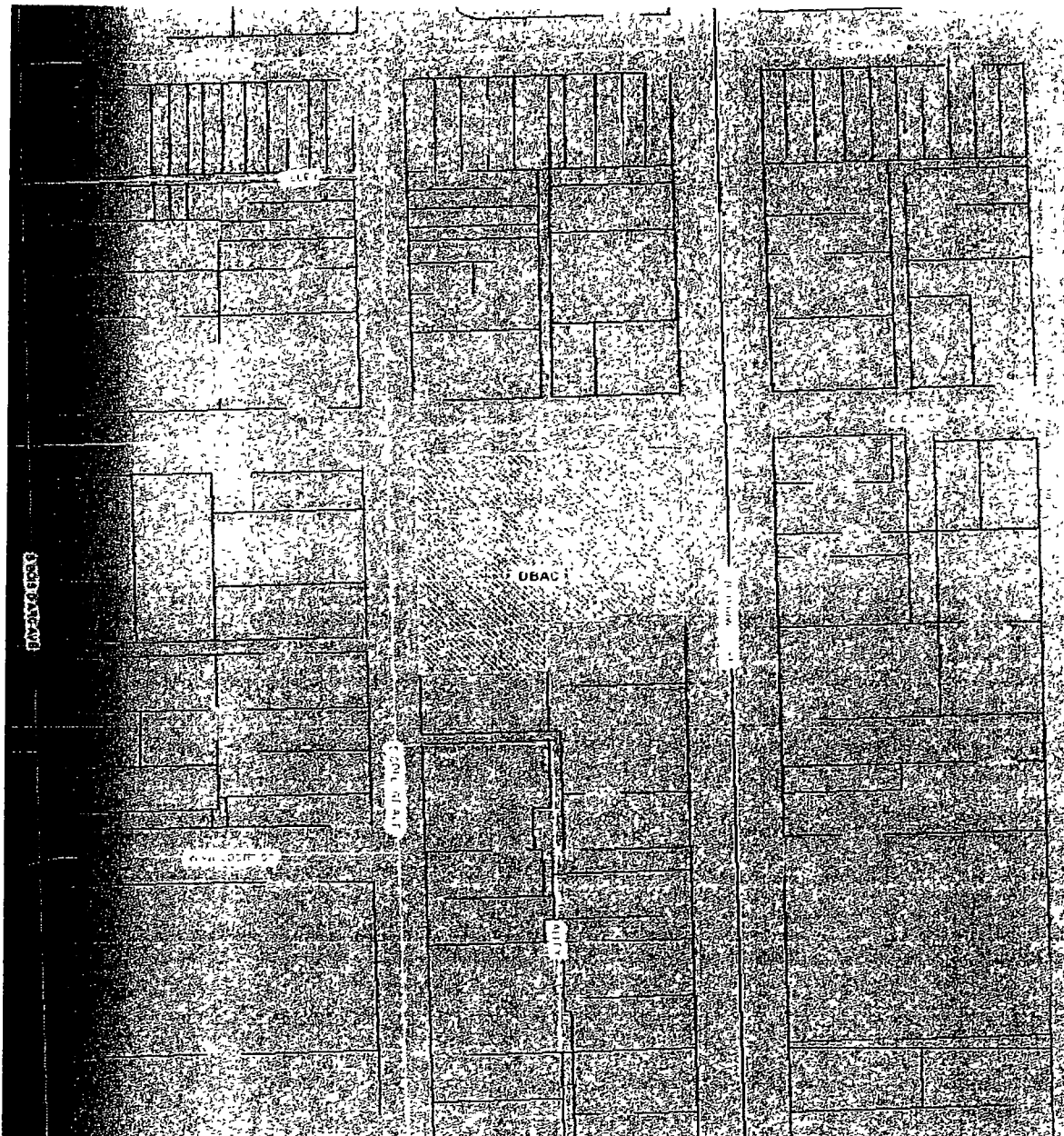


© 1999-2010 SourceProse and/or FloodSource Corporations. All rights reserved. Patents 6,631,328 and 6,678,815. Other patents pending. For info: info@floodsource.com.

Flood Map

Zoning: The subject is located within the city limits of Tyler, Texas, and is zoned DBAC, Downtown Business, Arts and Culture District (Formerly C-3). Outlined on the following pages are certain minimal requirements set forth in the zoning restrictions that are applicable to the subject. There are no other known restrictions on the use of the subject except for those federal and state laws which address dealing with hazardous wastes or substances. However, it should be noted that there has been no in-depth search of title records and no representations are made as to restrictions from previous deeds.

The map below reflects the zoning of the subject as well as those properties surrounding it.



Zoning Map

ARTICLE II.
DIVISION B.

Zoning districts
Commercial and Mixed Use Districts

- [1] Buildings allowed to exceed stated maximum height if front, side and rear setback are increased at least one foot (above minimum setbacks) for each one foot of additional building height (above stated maximum)
- [2] The following elements may be designated as usable open space in the PUR, PXR, and PMF districts: pools, tennis courts, walkways, patios, open air gazebos and pavilions, and covered or underground easements. The following elements may not be included in the calculation of usable open space: enclosed buildings, street and alley rights of way or easements, drives, parking areas, or drainage channels.
- [3] The following elements may not be included in the calculation of usable open space in the R-1D district: streets and alley rights-of-way or easements, individually platted lots without open space easements, private yards, and patios. One-third of the total open space requirement in the R-1D district may be provided off site if approved on the site plan. A Homeowners Association (HOA) is required to improve, operate, and maintain all jointly owned open spaces, recreational areas and buildings, service and parking areas and private drives.

DIVISION B. Commercial and Mixed Use Districts

Sec. 10-24. Establishment of Commercial and Mixed Use Districts

The following commercial and mixed use districts are established in the City of Tyler:

Abbreviation	District Name
C-1	Light Commercial
C-2	General Commercial
DBAC	Downtown Business, Arts, and Culture
PMXD-1	Planned Mixed Use-1
PMXD-2	Planned Mixed Use-2
PCD	Planned Commercial District

Sec. 10-25. District Purpose Statements

a. C-1 Light Commercial District

The C-1 district is primarily intended to provide for commercial development and business activities that are located at the edge of residential areas but which serve an area larger than nearby neighborhoods. Areas zoned C-1 district must be restricted to commercial activities, primarily if not exclusively conducted indoors, with limited or no outdoor display or storage of merchandise.

b. C-2 General Commercial District

The C-2 district is primarily intended for heavier commercial development that serves a citywide and regional market area, and for establishments requiring outdoor display and storage of merchandise.

c. DBAC Downtown Business, Arts, and Culture District

The DBAC district (formerly C-3) is primarily intended to implement the Tyler 21 Comprehensive Plan, Chapter 4, Downtown Master Plan by accommodating development and redevelopment in downtown that creates a walkable, mixed-use city center with residential, commercial, entertainment, arts, institutional, park, and government land uses, and by establishing guidelines and controls for the development and redevelopment of the downtown area, shown on the Future Land Use Guide, with a mix of commercial, residential, cultural, office, and existing light manufacturing uses. The district is further intended to ensure that future development is compatible with the existing development and will enhance the economic, cultural, and historical significance of downtown Tyler. The voluntary preferred design guidelines are kept on file in the planning department.

ARTICLE II.
DIVISION B

Zoning districts
Commercial and Mixed Use Districts

needed throughout the city. All developments created in a PCD district must be designed and developed as a unit according to an approved site development plan.

Sec. 10-26. Allowed Uses

Uses are allowed in commercial and planned districts in accordance with Table 10-49.

Sec. 10-27. Dimensional Standards

All development in commercial and office districts must comply with the standards in Table 10-27.

Table 10-27 Dimensional Standards for Commercial and Industrial Districts

Commercial and Industrial Districts	C-1	C-2	DBAC	PMXD-1	PMXD-2	PCD	M-1	M-2
Minimum lot area (square feet)	7,000	14,000	2,500	5 acres c/e	5 acres c/e	a	15,000	15,000
Minimum frontage (feet) to legal access	70	80	25	a	a	a	80	80
Minimum building sep. (same lot)	15	15	0	0	0	a	15	15
Maximum height (feet)	42	45	--	55	165	45+ 1' add 1' setback	45+ 1' add 1' setback	45+ 1' add 1' setback
Minimum height or story	1	1	25 ft	25 ft	25 ft	a	na	na
Maximum height (stories)	25		20	5	15	a	na	na
Minimum setbacks				a	a	a		
Front yard setback	10	10	0	0	0	a	25	25
Rear yard setback	10	10	0	0	0	a	25	25
Adjacent to R district (rear)	25	25	0	0	0	a	25	25
Side yard setback, interior	10	10	0	0	0	a	25	0 [d]
Side yard setback, corner	15	15	0	0	0	a	0 [d]	0 [d]
Adjacent to R district (rear)	b	b	b	b	b	b	25	25
Adjacent to R district (side)	b	b	b	b	b	b	25	25
Adjacent ROW (side or rear)	0	0	0	15	15	15	0	0
Maximum lot coverage (%)	60	60	100	a	a	a	50	60

a. Determined by the developer and subject to approval by the planning and zoning commission and city council as part of the site development plan.

b. See Article VI, Division B for buffer yard requirements.

c. Recommended, total development area for a PMXD-1 or PMXD-2 may be fewer than 5 acres subject to approval by the planning and zoning commission and city council as part of the site development plan.

d. No minimum side yard setback is required except where the industrial zoned property abuts a residential district, in which case the minimum side yard setback will be 25 feet.

e. Exceptions to the 5-acre minimum: 1) projects smaller than five acres that are considered to be a phase or extension of an existing mixed use development and 2) single buildings or a building complex in which a mix of two or more land uses is proposed (e.g., condominiums and retail stores).

Environmental Considerations: The appraiser is aware of the need to inform the client of, and to consider the impact of, any apparent adverse environmental conditions that are known to the appraiser or that were detected during the inspection of the subject. There were no adverse environmental conditions noted during the routine inspection of the subject by the appraiser. However, the appraiser is not qualified to detect most adverse environmental conditions and it is not known if any of these conditions exist on or near the subject.

This appraisal is completed under the assumption that no adverse conditions exist on or nearby that might negatively affect the subject. This disclaimer is a condition of this report and is discussed further in the assumptions and limiting conditions section of this report.

HIGHEST AND BEST USE ANALYSIS: Four criteria are examined in order to determine the highest and best use of the subject property. The criteria and their applicability to the subject, both "as vacant" and "as improved" are as follows:

Physically Possible: the size, shape and topography affect the uses to which land may be developed. The utility of a parcel is dependent on its frontage and depth. Sites with irregular shapes may be more expensive to develop, and topography or subsoil conditions may make utilization too costly or restrictive. Highest and best use as improved also depends on physical characteristics such as condition and utility.

Legally Permissible: a legally permissible use is determined primarily by current zoning regulations. However, other considerations such as long-term leases, deed restrictions, and environmental regulations may preclude some possible highest and best use.

Financially Feasible: the use of the property is analyzed to make a determination as to the likelihood that the property is capable of producing a return which is greater than the combined income needed to satisfy operation expenses, debt service, and capital amortization. Any use that is expected to produce a positive return is classified as financially feasible.

Maximally Productive: the use that provides the highest rate of return among financially feasible uses is the highest and best use. The use of the land must yield a profitable net return, and the quantity of land devoted to any specific use must be limited to that quantity which will yield a maximum return to each owner.

Highest and Best as Vacant

The subject is a 1.2+/- acre corner site located inside the city limits of Tyler and is zoned DBAC. The subject has frontage along three streets and a generally level topography. Based on the topography, location, zoning and surrounding property uses and size of the site, the highest and best use as though vacant would be for a future commercial use when demand was present.

Highest and Best as Improved

The subject is located inside the city limits of Tyler and is zoned DBAC. The site is 1.2+/- acre, corner site with frontage along three streets and is currently improved with asphalt paving and is utilized for parking. This is considered to be an interim use until demand is present for a future commercial use.

THE SALES COMPARISON APPROACH

In the sales comparison approach, the appraiser derives a value indication by comparing the property being appraised to comparable properties that have recently sold. Adjustments are made to each of the comparable sales to reflect the difference in characteristics between them and the subject.

The elements of comparison that tend to cause prices to vary are considered in every sale utilized in this approach to value. The elements are considered in the following order:

1. Real property rights conveyed
2. Financing terms
3. Conditions of sale
4. Market conditions
5. Location
6. Physical characteristics²

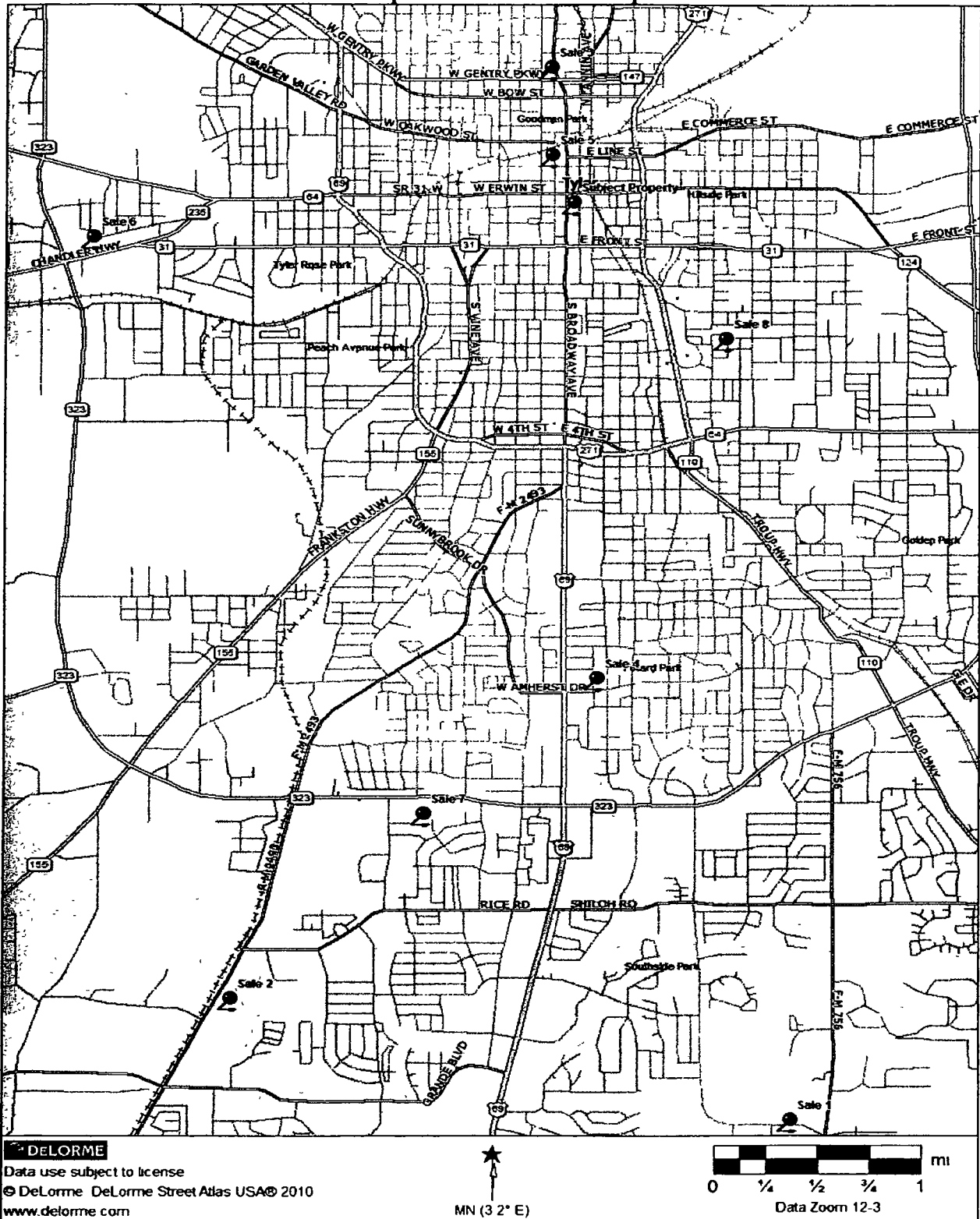
This sequence of adjustments is necessary since a financing or condition of sale adjustment must be made prior to analyzing the sales for physical characteristics or locational differences. The financing and conditions of sale adjustments are intended to convert the sales to a "cash" basis without any interference that does not meet the definition of market value.

Critical to the sales comparison approach is the availability of sales of similar properties that can be verified with the principals involved. This approach is of little or no value if too few or no comparable sales exist.

Details of each of the selected comparable sales are located on the following pages of this report. Other comparable sales were considered, but not included in this report because the required adjustments were felt to be too numerous and large to be representative of the subject.

²THE APPRAISAL OF REAL ESTATE, 9th Edition, 1988, page 316, The American Institute of Real Estate Appraisers.

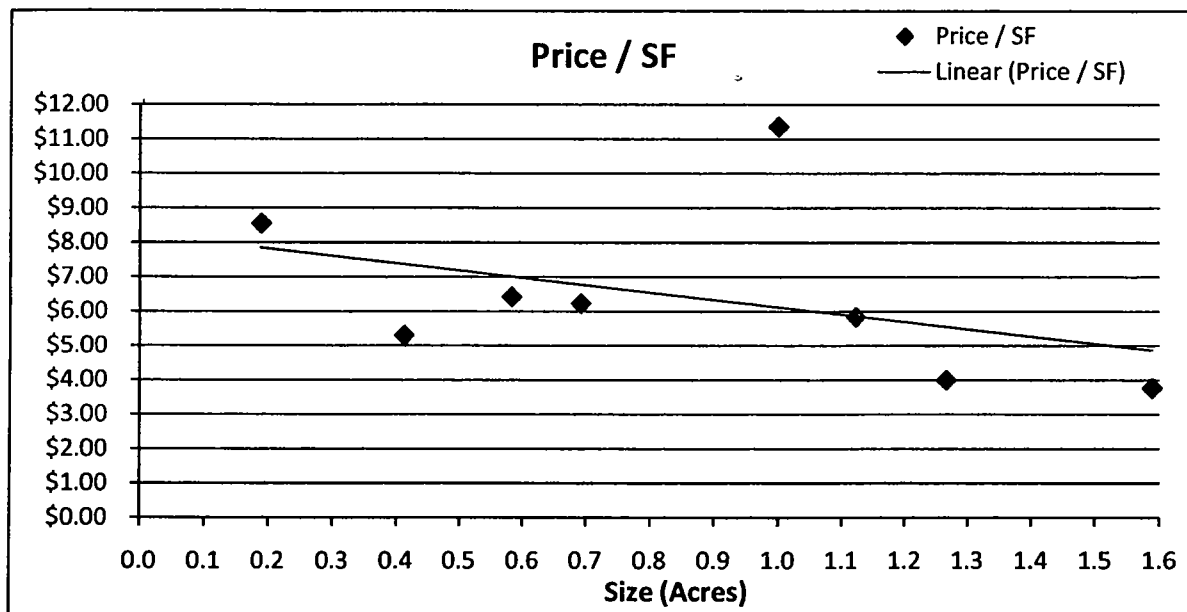
Comparable Land Sales Map



*Locations are approximate

Below is a summary table and chart of the land sales presented on the following pages.

Sale #	Date of Sale	Sales Price	Size (Acres)	Price / SF
1	11/5/2010	\$220,000	1.2656	\$3.99
2	8/12/2009	\$494,808	0.9999	\$11.36
3	8/27/2009	\$260,000	1.5890	\$3.76
4	1/22/2009	\$95,000	0.4120	\$5.29
5	9/24/2008	\$70,000	0.1880	\$8.55
6	6/4/2008	\$285,000	1.1220	\$5.83
7	2/26/2008	\$162,500	0.5820	\$6.41
8	7/28/2006	\$187,500	0.6920	\$6.22
Mean		\$221,851	0.8563	\$6.43



Based on the trend line, it appears that as the size of the tract increases, the unit price per square foot decreases. The subject would fall near \$5.75/SF on the trend line prior to any adjustments. However, it is noted that based on the size and frontage on three streets, the subject could likely function as smaller lots.

COMPARABLE LAND SALE #1

LOCATION: SEC East Grande Blvd. @ Circle Drive, Tyler, Texas
LEGAL DESCRIPTION: 1.2656 acres out of Tracts 3 (0.9756 acres) and 3B (0.29 acres), I. Hill Survey, Abstract 474, City of Tyler, Smith County, Texas
GRANTOR: Bobby G. Strickland
GRANTEE: Jumpin' Jacks
DATE OF SALE: November 5, 2010
RECORDING: Unavailable at time of report
CONSIDERATION: \$220,000
FINANCING: Cash to seller, conventional loan at market rates and terms
CASH EQUIVALENCY: \$220,000 or \$3.99 per square foot
SIZE/SHAPE: 1.2656 acres or 55,130 square feet/Rectangular – Corner (124' frontage) X 445'
ZONING: C-1, Light Commercial District (property *may* have been zoned AG, Agricultural District, prior to sale)
UTILITIES/TOPOGRAPHY: All city utilities/Level
IMPROVEMENTS: None
LIST PRICE: \$300,000
MARKETING TIME: 507 days
COMMENTS: This tract is located at the southeast corner of East Grande Blvd. @ Circle Drive just west of Paluxy Drive. It was reportedly purchased for the construction of a new Jumpin' Jacks Party Shack.
DATA SOURCE: Tyler MLS# 9985915 and the Smith County Land Records



COMPARABLE LAND SALE #2

LOCATION: 5530 Old Jacksonville Highway, (E/S FM 2493, across from Crow Road), Tyler, Texas
LEGAL DESCRIPTION: Lot 4-B, Block 1554-A, Boozer Addition, City of Tyler, Smith County, Texas
GRANTOR: Fran-Burn, Ltd.
GRANTEE: Woburn-Winslow LLC
RECORDING: #00040363
PROPERTY RIGHTTS: Fee Simple
DATE OF SALE: August 12, 2009
CONSIDERATION: \$494,807.52 or \$11.36 per square foot
FINANCING: Cash to seller
CASH EQUIVALENCY: \$494,807.52

SITE: 0.9999 acres or 43,557 square feet
SHAPE: Irregular – corner
TOPOGRAPHY: Level to gently sloping
ZONING: C-1, Light Commercial District

COMMENTS: This tract is located on the east side of Old Jacksonville Highway across the street from Crow Road and adjacent to the west of Boozer Dental. It was purchased for the construction of a retail strip center that is currently under construction. There is a private, concrete paved common drive along the south side of the property creating a corner and allowing access to the lot. The site size was reported by the broker and a small strip of land from the adjoining property to the east was deeded to this owner after the purchase, making the overall site size slightly larger at 1.062 acres indicated by SCAD.

CONFIRMATION: Broker, Gary Halbrooks and Smith County Appraisal District and Land Records



COMPARABLE LAND SALE #3

LOCATION: 918 S. Bois D'Arc @ Gentry Parkway, Tyler, Texas, 75702
LEGAL DESCRIPTION: Lot 34, Block 211, Tyler DTP 1 Addition, City of Tyler, Smith County, Texas

GRANTOR: William Alan Clover
GRANTEE: Tyler DTP 1 LLC
RECORDING: #00042894
DATE OF SALE: August 27, 2009

CONSIDERATION: \$260,000 or \$3.76 per square foot
FINANCING: Cash to seller
CASH EQUIVALENCY: \$260,000

SIZE: 1.589 acres or 69,217 square feet
SHAPE: Rectangular - Corner
TOPOGRAPHY: Gently sloping
ZONING: PCD & C-1, Planned Commercial Development District & Light Commercial District
UTILITIES: City of Tyler
IMPROVEMENTS: None

COMMENTS: This tract is located at the northwest corner of Gentry Parkway and Bois D'Arc with very good frontage along the north side of Gentry Parkway.

DATA SOURCE: Tyler MLS# 9981706, Smith County Land Records

COMPARABLE LAND SALE #4

LOCATION: N/S East Amherst Street, Tyler, Texas
LEGAL DESCRIPTION: Lot 2K, Block 1010, Marion Shilling Addition, City of Tyler, Smith County, Texas
GRANTOR: Amherst Property Management Partnership,etal
GRANTEE: Kevin L. Ferrier
RECORDING: #3145
DATE OF SALE: January 22, 2009
CONSIDERATION: \$95,000 or \$5.22 per square foot
FINANCING: Cash to Seller
CASH EQUIVALENCY: \$95,000
SIZE: 0.412 acres or 17,947 square feet
UTILITIES: All utilities available
TOPOGRAPHY: Level to gently sloping
ZONING: RPO, Restricted Professional and Office District
SHAPE: Rectangular-Interior, 109' X 164'
IMPROVEMENTS: None
COMMENTS: This lot is located on the north side of E. Amherst just east of S. Broadway Avenue. It was listed for \$99,500 with 34 days of market exposure.
DATA SOURCE: Tyler MLS# 9983293 and the Smith County Land Records



COMPARABLE LAND SALE #5

LOCATION: NWC W. Locust @ N. Bois D' Arc Avenue, Tyler, Texas
LEGAL DESCRIPTION: Lot 5, Block 28, City of Tyler, Smith County, Texas
GRANTOR: The Rudman Partnership, Ltd.
GRANTEE: Navidad Production Company LLC
RECORDING: #44974
DATE OF SALE: September 24, 2008
CONSIDERATION: \$70,000 or \$8.57 per square foot
FINANCING: Cash to seller
CASH EQUIVALENCY: \$70,000
SIZE: 0.188 acres or 8,167 square feet
SHAPE: Rectangular – Corner
TOPOGRAPHY: Level
ZONING: DBAC, Downtown Business, Arts and Culture District
UTILITIES: City
IMPROVEMENTS: None at the time of sale

COMMENTS: This property is located at the northwest corner of W. Locust and N. Bois D' Arc in downtown Tyler.

DATA SOURCE: Appraiser, Smith County Appraisal District Records and Smith County Land Records

COMPARABLE LAND SALE #6

LOCATION: N/S of Highway 31 West, just off SSW Loop 323, Tyler, Texas
LEGAL DESCRIPTION: 1.122± Acres, Lot 10, Block 908, City of Tyler, Smith County, Texas
GRANTOR: D. L. Rogers, Corp.
GRANTEE: Shantilal B. Patel
RECORDING: Instrument# 30849
DATE OF SALE: June 4, 2008
CONSIDERATION: \$285,000 or \$5.83 per square foot
FINANCING: Cash to Seller; Appears Typical
CASH EQUIVALENCY: \$285,000 or \$5.83 per square foot

SITE: 1.122± acres or 48,874± square feet
ZONING: C-1; Light Commercial District
SHAPE: Generally rectangular; just off hard corner
FRONTAGE: Approximately 155± linear feet of frontage on the north side of Highway 31 West across from Westwood Shopping Center
TOPOGRAPHY: Gently sloping
UTILITIES: All city utilities available
IMPROVEMENTS: None of contributory value at the time of sale

COMMENTS: This tract is located on the north side of West Front Street (Highway 31 West) directly across from the Westwood Shopping Center. The tract is reportedly 100% usable.
CONFIRMATION: Broker (Grantor representative), Smith County Appraisal District and Smith County Land Records.



COMPARABLE LAND SALE #7

LOCATION: S/S Pruitt Place, Tyler, Texas
LEGAL DESCRIPTION: Lot 39A, Block 1290, Southwest Loop Office Park, Unit 3, City of Tyler, Smith County, Texas
GRANTOR: Roark Communications Inc.
GRANTEE: David L. & Karen L. Twomey
RECORDING: #080008975
DATE OF SALE: February 26, 2008
CONSIDERATION: \$162,500
FINANCING: Cash to seller
CASH EQUIVALENCY: \$162,500 or \$6.41 per square foot
SIZE: 0.582+/- acres or 25,352 square feet
SHAPE: Irregular – Interior / Cul-de-sac
DIMENSIONS: Approximately 178' (Frontage) X 152' (Depth)
ZONING: RPO; Restricted Professional and Office District
UTILITIES: All utilities available
TOPOGRAPHY: Generally level
IMPROVEMENTS: None at the time of sale
COMMENTS: This tract is situated on the south side of Pruitt Place, just east of Kinsey Drive and south of Loop 323. According Mr. Hershell Pruitt, this property previously sold from Hershell Pruitt to Roark Communications Inc. on March 23, 2007 for \$139,500 (\$5.50/SF) and is recorded by instrument #070014446. According to the listing, the purchase was part of a 1031 Exchange. It was previously purchased for the construction of a professional office building.
DATE SOURCE: LoopNet, Smith County Land Records



COMPARABLE LAND SALE #8

LOCATION: 850 South Fleishel Avenue, Tyler, Texas
LEGAL DESCRIPTION: Lot 32A, Block 678, Medical Park Addition, City of Tyler, Smith County, Texas

GRANTOR: John William Shattuck
GRANTEE: 850 Fleishel LLC
RECORDING: #060037452
PROPERTY RIGHTS: Fee Simple
DATE OF SALE: 7/28/2006
CONSIDERATION: \$187,500 or \$6.22/SF
FINANCING: Cash to seller
CASH EQUIVALENCY: \$187,500

SIZE: 0.692 Acres or 30,144 square feet
ZONING: RPO, Restricted Professional & Office District
SHAPE: Rectangular - Interior
UTILITIES: All utilities available
TOPOGRAPHY: Gently sloping
IMPROVEMENTS: See comments

COMMENTS: This property is located inside the city limits of Tyler on the east side of South Fleishel Avenue, south of Doctor's Drive and north of Medical Drive across from Clinic Drive. This property is improved with a brick veneer and siding, single-family residence with wood windows and a composition shingle roof on a pier and beam foundation. The subject residence also has a basement area. It has a total of 1,505 square feet of living area and there is also a 427 square foot carport. The residence has three bedrooms, one bath, living room and a kitchen/breakfast room. The residence is considered to be in fair condition with an actual age of 72 years, however, was given no value as the owner razed the improvements later after purchase to make way for additional commercial improvements.

CONFIRMATION SOURCE: Appraisal file, Representative of Grantee, Smith County Appraisal District, Smith County Land Records

Comparable Land Sales Grid									
Location: SWC S. Broadway @ W. Elm, Tyler									
Subject Size: 1.2000 acres									
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8
Comparable Size (acres)	1.2000	1.2656	0.9999	1.5890	0.4120	0.1880	1.1220	0.5820	0.6920
Comparable Size (sq. ft.)	52,272	55,130	43,556	69,217	17,947	8,189	48,874	25,352	30,144
Sales Price / Square foot	N/A	\$3.99	\$11.36	\$3.76	\$5.29	\$8.55	\$5.83	\$6.41	\$6.22
Sales price	N/A	\$220,000	\$494,808	\$260,000	\$95,000	\$70,000	\$285,000	\$162,500	\$187,500
Buyer expenditures									
Demolition		-	-	-	-	-	-	-	-
Improvements		-	-	-	-	-	-	-	-
Legal/zoning		-	-	-	-	-	-	-	-
Adjusted price		\$220,000	\$494,808	\$260,000	\$95,000	\$70,000	\$285,000	\$162,500	\$187,500
Property rights adjust.		-	-	-	-	-	-	-	-
Adjusted price		\$220,000	\$494,808	\$260,000	\$95,000	\$70,000	\$285,000	\$162,500	\$187,500
Financing adjustment		-	-	-	-	-	-	-	-
Conditions of sale adjust.		-	-	-	-	-	-	-	-
Adjusted price		\$220,000	\$494,808	\$260,000	\$95,000	\$70,000	\$285,000	\$162,500	\$187,500
Market conditions adjust.		0%	0%	0%	0%	0%	0%	0%	0%
Adjusted price		\$220,000	\$494,808	\$260,000	\$95,000	\$70,000	\$285,000	\$162,500	\$187,500
Adjusted sales price/Unit		\$3.99	\$11.36	\$3.76	\$5.29	\$8.55	\$5.83	\$6.41	\$6.22
Location		20%	-40%	30%	10%	15%	0%	-5%	0%
Size		0%	0%	0%	-10%	-25%	0%	-10%	-10%
Topography		0%	0%	10%	0%	0%	0%	0%	10%
Utilities		0%	0%	0%	0%	0%	0%	0%	0%
Shape / Frontage		10%	10%	10%	10%	10%	10%	10%	10%
Corner influence		0%	0%	0%	10%	0%	10%	10%	10%
Total Physical Adjustments		\$1.20	-\$3.41	\$1.88	\$1.06	\$0.00	\$1.17	\$0.32	\$1.24
Final adjusted price / sq. ft.		\$5.19	\$7.95	\$5.63	\$6.35	\$8.55	\$7.00	\$6.73	\$7.46
Indicated market value		\$274,176	\$415,680	\$294,525	\$332,039	\$446,809	\$365,775	\$351,304	\$390,173

Summary of Adjustments: The sales prices above before adjustments provide a fairly wide range of \$3.76 to \$11.36 with an arithmetic mean of \$6.43 per square foot. There are very limited sales of vacant commercial land near the subject property in the downtown area and therefore, sales from other competing areas of Tyler were selected for use in this analysis.

Adjustments will be made to each sale in an attempt to make them as equal to the subject as possible. If the attribute of the comparable sale is felt to be superior to the subject, a negative adjustment is made to the comparable to make it equal to the subject. Conversely, if the attribute of the comparable is inferior, it is adjusted positively.

The characteristics of each comparable sale that will be considered are the buyer expenditures, property rights conveyed, financing, conditions of sale, date of sale, location and various physical characteristics that are distinguishable.

Buyer Expenditures: There were no noted buyer expenditures for the sales.

Real Property Rights Conveyed: The first adjustment to be considered will be for real property

rights conveyed. No adjustments are necessary to any of the sales as all of them were apparently conveyed in fee simple. It is anticipated that the subject, when sold, would be conveyed in fee simple requiring no adjustment.

Financing Terms: The next adjustment considered will be for financing offered. If preferential or below market financing was part of any comparable sale, adjustments must be made to reflect the advantages of this financing. All of the comparables were sold for cash or terms equivalent to cash and no adjustments are necessary.

Conditions of Sale: This adjustment reflects either buyer or seller willing to pay more or accept less than the typical sales price due to extenuating circumstances. There were no special conditions of sale present in the comparables that would necessitate an adjustment.

Market Conditions: The next adjustment to make will reflect market conditions on date of sale. Consideration is given to a change in prices over time based on the date of the appraisal versus the date of sale for each comparable. Over the past few years, real estate values have been generally increasing at a fairly steady rate, however, there has been some stability between 2008 and 2010 in response to the slowing national economy. There are exceptions to this generalization in certain sectors of the market and in certain locations where there has been little activity.

All sales closed between 2006 and 2010 and are recent enough that no adjustments are necessary.

Location: The next factor to adjust for will be location. Sale 1, 3 – 5 are inferior to the subject in location and are adjusted upward accordingly. Sales 2 and 7 are superior to the subject in location and are adjusted downward accordingly. Sales 6 and 8 are generally similar as compared to the subject in location with no adjustments necessary.

Physical Characteristics: The next adjustment to make will be for physical characteristics. The characteristics considered will be for size, topography, shape/frontage and corner influence.

Size Adjustments: The first physical characteristic to be considered is for size. Typically, larger tracts sell for lower prices per square foot while smaller tracts sell for higher prices per square foot. The subject size is "bracketed" by the comparable sales. Sales are adjusted accordingly for differences in size as they compare to the subject.

Frontage/Shape Adjustment: The subject has frontage along three streets. All sales are inferior as compared to the subject and are adjusted upward accordingly.

Topography Adjustments: The subject site has a generally level topography. Sales 3 and 8 are inferior to the subject and are adjusted upward accordingly. All other sales are generally similar as compared to the subject with no adjustments necessary.

Corner Adjustment: A corner location generally provides superior ingress and egress to a site as well as superior exposure to traffic in either direction. The subject is a corner site. Sales 4 and 6 – 8 are interior lots and inferior to the subject and are adjusted upward accordingly. The remaining sales

are corner sites and are similar to the subject with no adjustments necessary.

Conclusion: All comparable sales after adjustments range from \$5.19 to \$8.55 with an arithmetic mean of \$6.86 per square foot. Eliminating the high and low narrows the range from \$5.63 to \$7.95 with an arithmetic mean of \$6.86 per square foot.

Based on the information and analysis presented above and its size, topography, frontage, location and limited vacant land in the downtown area, it is my opinion that the market value of the subject is \$7.00 per square foot or $\$7.00 \times 52,272 = \$365,904$ or \$365,000 (rounded).

The subject is currently used as a parking lot and has asphalt paving. The following summary table will be used to estimate the contributory value of the subject's asphalt as indicated by the Marshall Valuation Service.

Surface Parking Lots

Component	Average Cost
Engineering (plans, survey, permits, etc.)	\$85
Grading (rough and finished)	\$70
Drainage	\$140
Paving (spaces and drives)	\$620
Pavement marking (striping and bumpers)	\$17
Buildings (ticket booths)	\$17
Cost per space	\$949
Current Multiplier	1.02
Local Multiplier	0.88
Replacement Cost New (per space)	\$852
Total Spaces	139
Total Replacement Cost New	\$118,403
Depreciation (est. at 50%)	-\$59,202
Estimated Contributory Value	\$59,202
Rounded	\$60,000

The estimated contributory value of the subject's paved parking is approximately \$60,000. This is added to the findings above, or $\$365,000 + \$60,000 = \$425,000$.

Market Value Opinion of Subject by Sales Comparison Approach - \$425,000

Income Capitalization Approach

The subject reportedly has 139 parking spaces and the client has provided actual income and expenses through October and projected November and December 2010 and is included in the addenda section.

Below is an income statement based on this actual expenses from the client used to estimate the market value of the subject by direct capitalization.

Income Statement

Effective Gross Income (EGI)	\$45,827
Expenses:	\$19,294.43 (from client information)
	\$5,671.21 ad valorem taxes
Total Expenses	<u>\$24,966</u>
Net Operating Income	\$20,862
Overall Capitalization Rate	9.0%
Market Value by Direct Capitalization	<u>\$231,797</u>
Rounded	<u>\$230,000</u>

Based on the actual income and expense and an overall capitalization rate of 9%, the estimated market value of the subject is \$230,000 by the income capitalization approach.

Market Value Opinion of Subject by Income Capitalization Approach - \$230,000

Final Reconciliation of Value

With respect to the sales comparison approach, there are various commercial land sales included from the Tyler market and adjustments were made for location, physical characteristics and other differences. The resulting process produced a very reliable indication of market value.

In the current market, the income capitalization approach is the valuation technique most widely used by investors and other market participants. The subject is a commercial tract in the downtown market that is asphalt paved and leased for parking. Actual income and expenses were used and the overall capitalization rate was estimated. The income capitalization approach has provided a reliable indication of the market value of the subject property.

The subject is considered to be an interim use until there is demand for a future commercial use. Based on the analysis and information presented above, most emphasis is placed on the sales comparison approach and therefore, it is my opinion that the market value of the subject property is \$425,000.

Final Market Value Opinion - \$425,000

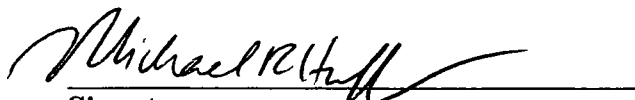
ANTICIPATED EXPOSURE TIME / MARKETING PERIOD

As evidenced by the sales presented in this report, there have been a few recent sales of properties generally similar to the subject in the general market area. Commercial real estate brokers are reporting longer marketing times for commercial properties due to economic conditions. The market value above is based on an exposure time of 12 months. It is my opinion that if the subject were aggressively marketed at an asking price near the value estimate from this appraisal, it would sell within a 12 month period. This is felt to be an average marketing period for a property such as the subject and no further adjustments are necessary for excess marketing time.

CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. I have made a personal inspection of the property that is the subject of this report.
10. No one provided significant professional real property appraisal assistance to the person signing this certification.
11. I have not appraised this property in the three years prior to accepting this assignment.
12. As of the date of this report, Michael R. Huffman, MAI, has completed the continuing education program of the Appraisal Institute.


Signature

11-18-2010
Date

ASSUMPTIONS AND LIMITING CONDITIONS

Canon 5 of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute requires the appraiser to "clearly set forth all facts, assumptions and conditions upon which the appraisal is based." In compliance therewith, and to assist the reader in interpreting this report, such limiting conditions are set forth as follows.

1. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions except those specifically discussed in this report. The property is appraised assuming it is under responsible management and available for its highest and best use.
2. No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, notwithstanding the fact that such matters may be discussed in the report.
3. The date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser(s) assumes no responsibility for economic or physical factors occurring at some later date which may affect the opinion herein stated.
4. The valuation is reported in dollars of currency prevailing on the date of appraisal.
5. Maps, plats and exhibits included herein are for illustration purposes and as an aid in visualizing matters discussed within the report only. They should not be considered as surveys or relied upon for any other purpose.
6. All information and comments pertaining to this and other properties included in the report represent the personal opinion of the appraiser(s), formed after examination and study of the subject and other properties. While it is believed the information, estimates and analyses are correct, the appraiser(s) does not guarantee them and assumes no liability for errors in fact, analysis or judgement.
7. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected or any reference to the Appraisal Institute or the M.A.I., R.M., S.R.A., S.R.P.A., or S.R.E.A. designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without prior written consent and approval of the undersigned appraiser(s).
8. The appraiser(s) is not required to give testimony or to appear in court by reason of this appraisal unless prior arrangements have been made.
9. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
10. Certain information concerning market and operating data was obtained from others. This information is verified and checked, where possible, and is used in this appraisal only if it is believed to be accurate and correct. However, such information is not guaranteed.

11. Real Estate values are influenced by a large number of external factors. The data contained herein is all of the data considered necessary to support the value estimate. No pertinent facts have been knowingly withheld and no guarantee is made that all factors which might influence the value of the subject are known. Due to rapid changes in external factors, the value estimate is considered reliable only as of the date of the appraisal.
12. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the subject property will sell for the amount of this appraisal.
13. If the subject of this appraisal is an improved property, the appraiser(s) has personally inspected the property and finds no obvious evidence of structural deficiencies except as stated in this report. However, no responsibility for hidden defects or nonconformity to specific governmental requirements, such as fire, building safety, earthquake or occupancy codes can be assumed without provision for specific professional or governmental inspections.
14. In the event the appraisal is based upon proposed improvements, it is assumed that the improvements will be constructed in substantial conformity with plans and specifications which have been furnished to the appraiser, and with good materials and workmanship. It is also assumed that the proposed foundation and construction techniques are adequate for the existing sub-soil conditions.
15. It is assumed that there are no hidden or unapparent conditions of the property, the subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging an engineering study that might be required to discover them.
16. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser(s). The appraiser(s) has no knowledge of the existence of such material on or in the property. The appraiser(s), however, is not qualified to detect such substances. The presence of substances such as asbestos, ureaformaldehyde foam insulation, radon gas or other potentially hazardous materials may affect the value of the property. The 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. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
17. Disclosure of the contents of this appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute.

**APPRAISAL QUALIFICATIONS OF
MICHAEL R. HUFFMAN, MAI**

APPRAISAL RESOURCE GROUP, INC. (Formerly known as John E. Chesley & Associates, Inc.)

July 1999 - Present
Associate Appraiser

STATE CERTIFIED APPRAISER - TEXAS

TX-1333130-G

THE APPRAISAL INSTITUTE

MAI Member (Designated Membership presented on September 15, 2008)

VARIOUS TYPES OF PROPERTIES APPRAISED

Commercial Properties	Commercial Land
Eminent Domain Properties	Vacant Land Tracts
Single family & Multifamily Residences	Subdivisions

APPRAISAL EDUCATION

COURSES COMPLETED

Principles of Real Estate, The University of Texas at Tyler, 1998
Appraisal Principles (Course 110), Appraisal Institute, September 1999
Appraisal Procedures (Course 120), Appraisal Institute, October 1999
Standards of Professional Appraisal Part A (Course 410) (USPAP), Appraisal Institute, Dec. 1999
Standards of Professional Appraisal Part B (Course 420) (USPAP), Appraisal Institute, Dec. 1999
Basic Income Capitalization (Course 310), Appraisal Institute, February 2000
Advanced Income Capitalization (Course 510), Appraisal Institute, April 2000
Residential Case Study (Course 210), Appraisal Institute, October 2000
Adv. Residential Form and Narrative Report Writing (Course 500), Appraisal Institute, Mar. 2001
National Uniform Standards of Professional Practice (Course 400), Appraisal Institute, May 2003
National USPAP (Course 410), Appraisal Institute, Denver, August 2003
National Uniform Standards of Professional Practice (Course 400), Appraisal Institute, April 2005
General Applications, (Course 320), Appraisal Institute, July 2005
Highest & Best Use and Market Analysis (Course 520), Appraisal Institute, September 2005
Adv. Sales Comparison & Cost Approaches (Course 530), Appraisal Institute, October 2005
Report Writing & Valuation Analysis (Course 540), Appraisal Institute, February 2006
Advanced Applications (Course 550 - *Exam Only*), Appraisal Institute, December 2006
National Uniform Standards of Professional Practice (Course 400), Appraisal Institute, April 2007
General Demonstration Appraisal Report Workshop, Appraisal Institute, November 2007
National Uniform Standards of Professional Practice (Online), Appraisal Institute, October 2009

SEMINARS COMPLETED

Appraising the Tough Ones, Appraisal Institute, May 2003
Land Valuation Adjustment Procedures Module One, Appraisal Institute, May 2003
Land Valuation Adjustment Procedures Module Two, Appraisal Institute, May 2003
Appraisal Consulting, Appraisal Institute, May 2003
Small Hotel/Motel Valuation, Appraisal Institute, September 2009
Appraising Convenience Stores, Appraisal Institute, September 2009
Analyzing Distressed Real Estate, Appraisal Institute, November 2009

MEMBERSHIPS

Appraisal Institute
Greater Tyler Association of Realtors
Texas Association of Realtors
National Association of Realtors

FORMAL EDUCATION

Bachelor of Business Administration
The University of Texas at Tyler
Finance-Major, Graduated 1999

PERSONAL

Married to Crissy Huffman for 12 years, two children, Garrett (6) and Carter (4). Member of Pollard United Methodist Church.

PARTIAL CLIENT LIST

Associates Relocation
Austin Bank
Bank One
Capital One
Citizens 1st Bank
Citizens National Bank
Citizens State Bank-Tyler & Chandler
Farmers & Merchants State Bank
First Federal Bank Texas
First National Bank of Bullard
First National Bank of Gilmer
First National Bank of Quitman
First National Bank of Winnsboro
First Security Savings Bank
First State Bank of Hawkins
Prosperity Bank
Gilmer Savings Bank
Heritage Land Bank
Regions Bank
Southside Bank-Tyler
Texas Bank and Trust Company
Texas Department of Transportation
PBS&J
Bailes & Company, PC
Department of Housing & Urban Development
Landmark Title Company-Tyler
Petra Resources-Texarkana, Arkansas
Sammons & Parker Law Firm
Lawrence & Lawrence Law Firm
Ric Freeman, Attorney-at-Law
Adams & Coker, Attorney-at-Law
William E. Wylie, Attorney-at-Law
Various Individuals & Estates

ADDENDA SECTION



TEXAS APPRAISER LICENSING AND CERTIFICATION BOARD

BE IT KNOWN THAT

MICHAEL ROBERT HUFFMAN

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

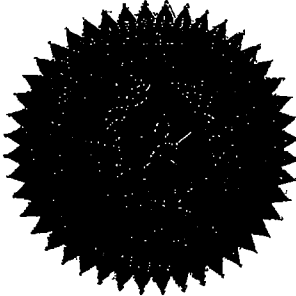
**STATE CERTIFIED
GENERAL REAL ESTATE APPRAISER**

Number: TX-1333130-G

Date of Issue: December 1, 2009

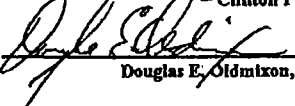
Date of Expiration: December 31, 2011

In Witness Whereof



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Walker R. Beard
Danny R. Perkins

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Robert D. Davis, Jr.
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Clinton P. Sayers, Chair

Douglas E. Oldmixon, Commissioner

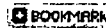
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Tuesday, November 16, 2010



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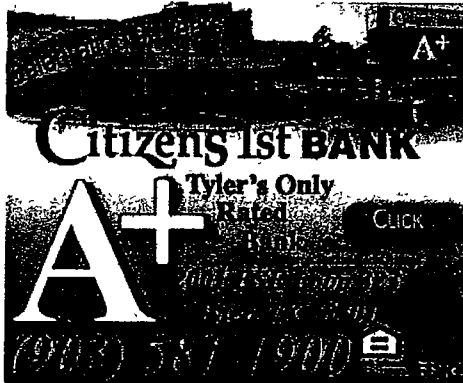


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R W Fair Foundation Donates 2 Downtown Buildings To City

The R W. Fair Foundation and Fair estate gifted two downtown buildings and a parking lot to the city of Tyler on Monday to further its downtown revitalization efforts

The donated buildings are the vacant S A Lindsey Building, 123 S Broadway Ave., and the occupied Fair Foundation Building, 121 S Broadway Ave. The parking lot that accompanies the side-by-side buildings, located on Elm Street and spanning from Broadway Avenue to College Avenue, also was gifted to the city



"This has been the most tremendous gift we have received to date for downtown revitalization," Mayor Barbara Bass said

The eight-story Fair Foundation Building has more than 95,000 square feet, the Lindsey Building also is eight floors and more than 50,000 square feet, and the parking lot is 1 2 acres and has 139 parking spaces

Mayor Bass said the property will be used in future public/private partnerships and will help revitalize downtown. She said the donation gives the city assets that can be used to attract private reinvestment, which is a major advantage, especially in today's tough economic times

"We are pleased to gift these properties to the city in honor of the Fair family," said Barbara Fair, president of the R W Fair Foundation. "I would like to believe that R.W. and his late sons Wilton and James and daughter Martha would be proud to see their legacy live on and helping the revitalization of downtown."

Mayor Bass presented Ms. Fair with a bouquet of roses as a "small token of thanks," and she thanked the entire Fair family for the gift.

The city will continue the tenant relationships in the Fair Foundation Building, as well as the existing property management contract, and intends to recognize and continue to promote the building as "an energy center" in support of the Industry Growth Initiative adopted in May, Mayor Bass said.

The change in ownership will be "transparent" to the current tenants housed in the Fair Foundation Building, she said. And the Lindsey Building will be "land-banked for long-term future projects," she added.

"The economic development that occurs in downtown is a huge benefit to the community as a whole because it takes and makes assets valuable without any new investment in infrastructure," City Councilman Martin Heines said.

The component of the available parking the donation supplies at Elm Street and Broadway Avenue is a need for the future success of downtown and the parking combined with the Fair Foundation Building "will give us a clear understanding of where we need to go in the future."

<http://www.tylerpaper.com/apps/pbcs.dll/article?AID=/20101116/NEWS08/11160320/-1/SPORTS03&t> 11/16/2010

Heines said the Lindsey Building will open up even more possibilities for the community.

Looking at the major impact the oil and gas industry has had on the city's history, the Fair Foundation Building is really the core of that industry and the long-term home of oil and gas professionals in the community, he said.

FAIR HISTORY

Born of humble beginnings near Arp in 1886, R.W. Fair was a successful farmer, oilman, philanthropist and religious and civic leader.

After receiving an education at Summer Hill Select School, near Omen, his first job was a rural horseback delivery mail carrier. In 1923, he moved his family to Tyler and established large peach and pecan plantations in Texas and Arkansas, developing several varieties that remain popular today. One of his earlier venues was the Texas Pecan Nursery in Tyler, which was the largest paper shell pecan operation west of the Mississippi.

In 1931, Fair leased one of his peach orchards to a Dallas oilman H.L. Hunt, who had drilled a successful oil producer that proved to be the discovery well for East Texas. One of the early wells Hunt drilled was the R.W. Fair Peach Orchard Well. Completed in March 1931, it produced 2,300 barrels per day.

"Although R.W. Fair had no experience in the oil business, his entrepreneurial instincts took over, and shortly thereafter, he became the first individual to finance 100 percent working interest in a well drilled on his own property with 100 percent royalty interest," city officials said. That led to Fair's petroleum business of successfully developing fields in Texas, New Mexico, Oklahoma, Colorado, Louisiana and Mississippi.

Three years later, Fair and his wife Mattie established the R.W. Fair Foundation

Fair originally built the Sears Building in 1941 with a structure capable of up to 10 stories. The Sears Building is the basement, main floor, mezzanine and third floor of the current Fair Foundation Building. In 1948, Fair added floors four through eight for office space and opened the building in 1949 with about 62 tenants, city officials said. There are 64 tenants in the building, which is about 90 percent occupied. Most of the tenants are oil and gas-related firms, but there are a variety of different businesses housed there, including surveying and law offices. After Sears moved to its present location in Broadway Square Mall, the third floor was converted from retail space to office space and today houses the Petroleum Data Library and other private offices.

In the early 1950s, James and Wilton Fair built the "Petroleum Building," which is now called the S.A. Lindsay Building, as an eight-story building capable of up to 10 stories. The two buildings are connected on floors four through eight. In 1975 the "Petroleum Building" was sold to Gulf States Telephone and became the headquarters for that company, in which S.A. Lindsay was affiliated and later named for. In the early 1980s, Gulf States moved their offices and in 1986, the R.W. Fair Foundation bought the S.A. Lindsay Building.

During R.W. Fair's lifetime, his accomplishments included funding more than 1,000 college educations for theological students worldwide; serving on the board of trustees at Southern Methodist University and Lon Morris College; and establishing the Fair Religious Film Service. Fair served as a Chamber of Commerce officer, bank director, president of the Tyler Rotary Club, chairman of The Salvation Army, director of the East Texas Fair Association, president of the East Texas Boy Scout Council, served on the TISD Board of Trustees and as treasurer of the Texas College Advisory Committee. He was a founder and first president of the East Texas Hospital Association (now East Texas Medical Center), and a trustee

of the Houston Methodist Hospital In 1941, he received the T B. Butler Award for Tyler's Outstanding Citizen. He died in 1965.

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Article published Nov 16, 2010

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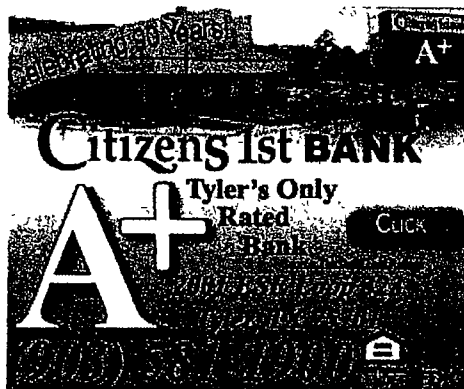
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Three years later, Fair and his wife Mattie established the R.W. Fair Foundation.

Fair originally built the Sears Building in 1941 with a structure capable of up to 10 stories. The Sears Building is the basement, main floor, mezzanine and third floor of the current Fair Foundation Building. In 1948, Fair added floors four through eight for office space and opened the building in 1949 with about 62 tenants, city officials said. There are 64 tenants in the building, which is about 90 percent occupied. Most of the tenants are oil and gas-related firms, but there are a variety of different businesses housed there, including surveying and law offices. After Sears moved to its present location in Broadway Square Mall, the third floor was converted from retail space to office space and today houses the Petroleum Data Library and other private offices

In the early 1950s, James and Wilton Fair built the "Petroleum Building," which is now called the S.A. Lindsay Building, as an eight-story building capable of up to 10 stories. The two buildings are connected on floors four through eight. In 1975 the "Petroleum Building" was sold to Gulf States Telephone and became the headquarters for that company, in which S.A. Lindsay was affiliated and later named for. In the early 1980s, Gulf States moved their offices and in 1986, the R.W. Fair Foundation bought the S.A. Lindsay Building.

During R.W. Fair's lifetime, his accomplishments included funding more than 1,000 college educations for theological students worldwide; serving on the board of trustees at Southern Methodist University and Lon Morris College; and establishing the Fair Religious Film Service. Fair served as a Chamber of Commerce officer, bank director, president of the Tyler Rotary Club, chairman of The Salvation Army, director of the East Texas Fair Association, president of the East Texas Boy Scout Council, served on the TISD Board of Trustees and as treasurer of the Texas College Advisory Committee. He was a founder and first president of the East Texas Hospital Association (now East Texas Medical Center), and a trustee

of the Houston Methodist Hospital. In 1941, he received the T.B. Butler Award for Tyler's Outstanding Citizen. He died in 1965.

<http://www.tylerpaper.com/apps/pbcs.dll/article?AID=/20101116/NEWS08/11160320/-1/SPORTS03&t..> 11/16/2010

**R. W. FAIR FOUNDATION
STATEMENT JANUARY 2010 TO SEPTEMBER 2010**

**JAN TO
OCTOBER**

**PROJECTED
NOVEMBER & DECEMBER**

Building Income	234,024.99	254,209.33	294,577.33
Building Expense			
Fdn Bdg. Expense	(27,095.70)	(32,137.71)	(38,565.25)
Fdn Tenant Reimbursed Exp	-		
Fdn Administrative Exp	(814.92)	(972.35)	(972.35)
Fdn Operating/Utilities	(101,852.58)	(112,930.98)	(115,189.60)
Fdn Supplies-General Bldg	(12,480.04)	(13,056.14)	(15,667.36)
Fdn Maintenance & Repairs	(20,459.73)	(22,762.54)	(26,915.04)
Fdn Remodeling	-		
Fdn Service Contracts	(65,748.04)	(75,640.59)	(90,768.71)
Total Building Expense	(228,451.01)	(257,500.31)	(288,078.31)
Net Building Income (Loss)	5,573.98	(3,290.98)	6,499.02
Parking Income			
Tenant Parking Income	20,962.50	23,682.50	28,419.00
Day Parking Income	3,490.00	4,059.00	4,735.50
Event Parking Income	6,481.00	6,481.00	7,777.20
Monthly Non-Tenant Parking	32,221.50	36,835.50	44,202.60
	= North Lot- \$9,237.50		= 12,672.89
	South Parking - Lots \$20,749.00		
	Covered Parking - \$2,235.00		
Total Parking Income	63,155.00	71,058.00	85,134.30
Parking Lot Expense	(25,905.65)	(29,869.39)	(35,843.27)
Net Parking Lot Income	37,249.35	41,188.61	49,291.03
Net Income/Loss	42,823.33	37,897.63	55,790.05

R. W. FAIR FOUNDATION
STATEMENT JANUARY 2010 TO SEPTEMBER 2010

Building Income **234,024.99**

Building Expense

Fdn Bdg. Expense	(27,095.70)
Fdn Tenant Reimbursed Exp	-
Fdn Administrative Exp	(814.92)
Fdn Operating/Utilities	(101,852.58)
Fdn Supplies-General Bldg	(12,480.04)
Fdn Maintenance & Repairs	(20,459.73)
Fdn Remodeling	-
Fdn Service Contracts	(65,748.04)

Total Building Expense **(228,451.01)**

Net Building Income (Loss) **5,573.98**

Parking Income

Tenant Parking Income	20,962.50	
Day Parking Income	3,490.00	
Event Parking Income	6,481.00	
Monthly Non-Tenant Parking	32,221.50	= North Lot- \$9,237.50

Total Parking Income **63,155.00**

Parking Lot Expense **(25,905.65)**

Net Parking Lot Income **37,249.35**

Net Income/Loss **42,823.33**

From: Rodney Thomson

Sent: Wednesday, April 07, 2010 1:10 PM

To: Bob Garrett

Subject: Parking Lot

Originally had 173 spaces with the old layout. Current have 139 spaces.

Rodney K. Thomson

Production Manager

903-510-6527

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REPLACEABLE COMPONENTS

COMPONENT	LOW	AVG	GOOD	EXCL	COMPONENT	LOW	AVG	GOOD	EXCL
PLUMBING									
Composite, fixtures and pipe, residential commercial	12	17	24	33	Culverts, concrete	30	34	36	40
Plumbing fixtures	15	19	24	30	steel	10	14	18	25
enamel steel and water fountains	5	7	10	14	Curbings, concrete	15	19	21	25
fiberglass	10	13	16	20	Flagpole	16	20	25	30
Faucets and valves, softeners and purifiers	8	10	13	16	Fencing, chain link and security gates	13	15	17	20
Water heaters, residential	3	5	7	12	masonry walls	20	25	30	35
commercial	8	11	15	20	vinyl	12	14	16	18
Pumps, sump, well and waste water systems	16	20	24	30	wood, including stock corrals	4	5	6	7
fire	11	15	20	27	wind screens	25	29	31	35
Industrial and septic systems	12	16	22	30	Grating, steel	7	10	14	20
Pipe, galvanized	20	25	30	35	Landscaping, decorative shrubs, hedges, etc.	30	35	40	47
copper	15	20	25	30	trees, deciduous	20	25	32	40
plastic	20	23	26	30	evergreen	3	4	5	6
Sprinkler and fire protection systems	20	23	26	30	Outdoor furniture	10	13	16	20
residential smoke detectors	10	12	14	17	Outdoor lighting fixtures	3	4	5	6
smoke and heat detectors	13	15	17	20	Parking lots and docks, bumpers and gates	7	9	11	13
fire hose and misc. equip.	9	9	11	13	guard rails	1	2	3	4
Miscellaneous pumps, motors, controls	3	4	7	10	stripping	5	8	11	17
Paving, asphalt									
reseal									
concrete/brick									
unreinforced									
flagstone									
gravel									
granite									
Signs									
Snow-melting systems									
Sprinklers, galvanized pipe									
plastic pipe									
controllers and pumping systems									
Stairway and decks, wood									
cement composition, composite and tropical hardwoods									
Swimming pool, residential, aboveground									
vinyl-lined, sand supported									
fiberglass									
concrete, gunite									
replastering									
mechanical equipment (spa, reduce by 50%)									
vinyl liners									
Swimming pool, commercial, concrete									
stainless steel									
mechanical equipment									
Spas, portable									
in-ground									
Solar pool equipment									
Synthetic sports surfaces									
play yards									
Tennis court									
asphalt/colored concrete resurfacing									
nets									
Underground sewers, water lines, wells									
STORAGE TANKS									
Concrete tanks									
Galvanized steel, including feed bins									
Steel oil storage									
Steel surface water storage									
Elevated steel tanks									
Underground steel, single wall									
double walled									
fiber coated									
Underground fiberglass									
Wood									
Steel pressure tanks									
Galvanized steel chemical storage									
Stainless steel chemical storage									
Polyethylene chemical storage									
Fiberglass chemical storage									
SITE IMPROVEMENTS									
Bulkheads, concrete									
steel									
wood									

These multipliers bring costs from preceding pages up to date. Also apply Local Multipliers, Section 99, Pages 5 through 10.

CALCULATOR COST SECTIONS

(Effective Date of Cost Pages)	11 (11/08)	12 (8/10)	13 (5/10)	14 (2/10)	15 (11/09)	16 (8/09)	17 (5/09)	18 (2/09)	(Effective Date of Cost Pages)
EASTERN									
A	1.00	1.03	1.03	1.04	1.04	1.00	99	99	A (12/08)
B	1.02	1.04	1.03	1.05	1.04	1.00	99	99	B (9/10)
C	1.02	1.02	1.05	1.03	1.06	1.03	1.01	1.00	C (6/10)
D	1.03	1.03	1.05	1.03	1.05	1.04	1.01	1.00	D (3/10)
S	1.00	1.03	1.04	1.05	1.04	98	95	97	S (12/09)
CENTRAL									
A	97	1.00	1.00	1.02	1.02	98	95	94	A (9/10)
B	98	1.00	1.01	1.02	1.03	97	95	94	B (6/10)
C	99	1.01	1.02	1.01	1.02	99	98	97	C (3/10)
D	1.00	1.02	1.03	1.02	1.05	1.03	99	99	D (12/09)
S	94	1.00	1.00	1.03	1.01	95	94	93	S (9/09)
WESTERN									
A	95	1.02	1.03	1.05	1.04	98	96	94	A (9/10)
B	97	1.00	1.03	1.03	1.04	99	97	94	B (6/10)
C	99	1.01	1.03	1.03	1.04	1.02	98	99	C (3/10)
D	1.01	1.01	1.03	1.04	1.04	1.02	1.01	99	D (12/09)
S	94	98	1.02	1.03	1.01	98	94	92	S (9/09)

SEGREGATED COST SECTIONS

(Effective Date of Cost Pages)	41 (12/08)	42 (9/10)	43 (6/10)	44 (3/10)	45 (12/09)	46 (9/09)	47 (6/09)	48 (3/09)
EASTERN								
A	1.00	1.03	1.03	1.04	1.04	1.00	99	99
B	1.02	1.04	1.03	1.05	1.04	1.00	99	99
C	1.02	1.02	1.05	1.03	1.06	1.03	1.01	1.00
D	1.03	1.03	1.05	1.03	1.05	1.04	1.01	1.00
S	1.00	1.03	1.04	1.05	1.04	98	95	97
CENTRAL								
A	97	1.00	1.00	1.02	1.02	98	95	94
B	98	1.00	1.01	1.03	1.03	97	95	94
C	99	1.01	1.02	1.01	1.02	99	98	99
D	1.00	1.02	1.03	1.02	1.05	1.03	99	99
S	94	1.00	1.00	1.03	1.01	95	94	93
WESTERN								
A	95	1.02	1.03	1.05	1.04	98	96	94
B	97	1.00	1.03	1.03	1.04	99	97	94
C	99	1.01	1.03	1.03	1.04	1.02	98	99
D	1.01	1.01	1.03	1.03	1.04	1.02	1.01	99
S	94	98	1.02	1.03	1.01	98	94	92

UNIT-IN-PLACE COST SECTIONS (51-70)

Sec.	Page	Date	Eastern	Central	Western	Eastern	Central	Western
51-2-3	(3/09)	Concrete Foundations	98	96	96	95	93	95
51-4	(3/09)	Pillings	98	95	96	1.02	98	1.03
51-7-8	(3/09)	Steel and Concrete Frame	99	96	96	1.02	98	1.03
51-3-7	(3/09)	Wood Foundations Frame	1.00	98	1.01	1.02	98	1.03
52-1-4-6	(3/09)	Interior Construction	99	98	97	1.02	98	1.03
52-5	(3/09)	Bank Vaults and Equipment	98	95	95	1.02	98	1.03
53-1-8	(6/09)	Heating, Cooling & Ventilating	98	96	99	1.02	1.00	1.04
53-9-12	(6/09)	Plumbing, Fire Protection, etc.	96	93	95	1.02	98	1.03
54-1-6	(6/09)	Electrical Security	98	1.00	97	1.00	99	1.03
55-3-7	(8/09)	Wall Costs	1.01	99	1.02	1.02	1.01	1.03
56-1-2	(8/09)	Stained Glass	1.01	99	1.02	1.06	1.03	1.03
56-3-6	(8/09)	Storefronts	1.01	99	1.02	1.01	99	1.03
56-7	(8/09)	Storeworks	1.01	1.00	1.03	1.05	1.04	1.04
56-8	(8/09)	Columns, Stone & Concrete	1.01	1.00	1.03	1.04	1.03	1.02
56-8	(8/09)	Columns, Wood & Aluminum	1.01	1.00	1.03	1.04	1.02	1.03
57-1-6	(9/09)	Roofs	1.03	1.02	1.03	1.04	1.02	1.05
58-1	(9/09)	Cold Storage	1.03	1.01	1.03	1.03	1.02	1.03
58-2-8	(9/09)	Elevators, Conveying Systems	1.02	1.01	1.01	1.03	1.02	1.03
70	1-32	Green Section	1.01	1.00	1.02	1.01	1.00	1.02

This page supersedes the September 2010 Green Supplement.

SURFACE PARKING LOTS

The following are based on a cost per space and average area per space including asphalt paving, concrete aprons, striping, some lighting, landscaping and drainage. Older lots, sized for large cars, or lots designed for much in and out traffic tend toward the higher areas per space, while newer lots sized for smaller cars, or lots designed for maximum employee parking tend toward the lower end of the range. Costs will vary depending on the extent of grading, paving, lighting and other amenities required.

Open lot costs will vary significantly by size and amenities. Add only those components that apply and which can be mixed by quality. Reduce costs by 5% for every 100 cars over 200 to a maximum of 30%. For example, a small retail lot for 15 cars will be at the high end of the scale, while a 500-car lot will be at the low end minus 15%. Apply proportional costs to additional paved areas beyond the typical area per space.

	LOW	AVG.	GOOD	EXCL.
Engineering - plans, survey, permits, etc.	\$ 65	\$ 85	\$110	\$ 130
Grading - rough and finished	55	70	90	115
Drainage	125	140	160	175
Paving - spaces and drives	495	620	805	1,020
Pavement marking - striping and bumpers	11	17	33	50
Buildings - ticket booths	17	28	55	83
Electrical - lighting and wiring	140	155	170	180
Miscellaneous - landscaping, fencing, signs, etc.	115	125	155	170
Cost per car space	\$1,023	\$1,229	\$1,551	\$1,873
Basement parking, see Section 11. For parking structures, see Section 14.				
Average area per parking space	LOW	AVG.	GOOD	HIGH
Square feet	285	315	345	380

PARKING LOT EQUIPMENT

	LOW	AVG.	GOOD	HIGH
Automatic pay station	\$81,300	\$111,325		
Automatic ticket dispenser	7,600	11,300		
with ticket reading machine	13,350	16,750		
Gate operator, key card	820	1,010		
coin	1,170	1,520		
Walk-up slot box	2,300	4,825		
Fee indicator, inside	1,400	2,150		
outside	2,200	2,675		
Gate arm, automatic, one way	2,675	3,075		
two way	3,650	5,300		
Traffic detectors, magnetic, each	4,575	5,675		
Traffic exit spikes	790	1,170		
Warning sign, lighted, on post	1,750	1,925		
For entry grills and gates, see Section 55. For toll booths, guard houses, see Sections 64 or 17.	820	1,010		

PARKING LOT IMPROVEMENTS

	LOW	AVG.	GOOD	EXCL.
Asphalt coating, overlay, per sq ft	\$.65	\$.85	\$1.10	\$1.30
reseal	.17	.39		
Parking lot striping, per car	5.85	8.20		
handicap stall, each	130.00	260.00		
Parking bumpers, precast concrete, per lin. foot	4.40	7.55		
wood	4.15	8.55		
plastic	5.85	11.95		
Sign, for handicap stall, on pole, each	180.00	295.00		
wall mounted	63.00	115.00		
painted on surface	39.00	90.00		
Speed bumpers, 10" wide, plastic, per lin. foot	18.10	28.00		
Metal guard rail, pipe or posts, per lin. foot	19.45	36.30		
Barrier posts or poles, each	95.00	285.00		

FLAGPOLES

Costs are for tapered aluminum flagpoles, including concrete foundation, base, external halyard, aluminum ball and installation.

	COST RANGE	COST RANGE
20'	\$1,625 - \$2,275	40' \$ 3,600 - \$ 5,050
25'	1,975 - 2,800	50' 5,500 - 7,525
30'	2,525 - 3,450	70' 12,475 - 16,425

For sectional, lightweight steel poles, deduct 18%

For fiberglass poles, add 10% to 30%

For an ornate base or top, add \$475 to \$3,025 each

For internal halyards, add \$1,200 to \$2,575. For aluminum nautical yardarms, add \$1,400 to \$2,750 each

BRIDGES

The following square foot costs are national averages derived from numerous bids and contracts. The costs were trended to the present date and converted to the national base by the Local Multipliers. The high and low 5% of the cases in each category were then discarded to arrive at the reasonable high and low figures listed. The medians are derived from the total number of cases in each category.

DESCRIPTION	LOW COST	MEDIAN	HIGH COST
Highway, concrete	\$ 53.75	\$ 98.25	\$177.00
steel	58.75	107.50	196.00
Pedestrian, concrete	61.25	139.25	316.25
steel	61.50	146.25	348.00
Skyway, enclosed walkway	253.00	392.25	506.00

NOTES: Bridge costs can vary significantly depending on the type of construction, attachment and height, span and size of deck. Skyways have varying requirements for HVAC, lighting, sprinklers, enclosure and roof construction. See Section 15.

For light, prefabricated wood or steel foot-, golf-cart-, etc., type bridges, see Section 67, Page 2

RAILROAD SPURS

Average costs per linear foot for a 500-foot spur. Costs include rails, ties, ballast, spikes and alignment. Low-end costs represent rail replacement or installing used rails. Costs of turnouts are an additive to the rail cost.

Add 2% for each 100 feet of track under 500 feet

Deduct 2% for each 100 feet of track over 500 feet (25% maximum deduction).

Add \$4,225 for bumpers. Add \$15,400 for crossing signals.

Add \$100 per linear foot for 9' concrete roadbed. Add \$350 for crossing timbers

Add \$995 per pair for wheel stops.

WEIGHT OF RAIL (pounds per yard)	SIZE OF RAIL (base x height)	COST INSTALLED (per foot off track)	ADD FOR SWITCH AND TURNOUT
40#	3 1/2 x 3 1/2	\$ 58.75 - \$ 73.50	\$20,575 - \$25,625
60#	4 1/4 x 4 1/4	74.25 - 91.25	25,000 - 30,350
80#	5 x 5	88.00 - 107.25	28,775 - 35,725
100#	5 3/8 x 6 5/8	100.75 - 120.75	31,925 - 39,850
115#	5 1/2 x 6 5/8	109.25 - 130.75	35,100 - 42,700
130#	6 x 6 3/4	117.00 - 139.75	37,650 - 46,175

Apply to costs brought up-to-date from preceding pages. Do not apply to Section 98 or any other indexes.

UNITED STATES

CLASS	A	B	C	D	S	CLASS	A	B	C	D	S
RHODE ISLAND						TEXAS (Continued)					
Newport	1.11	1.10	1.13	1.12	1.09	Longview	95	96	96	95	94
Providence	1.10	1.09	1.12	1.11	1.08	Lubbock	88	88	89	89	88
Warwick	1.12	1.11	1.14	1.13	1.11	Marshall	89	90	91	91	90
SOUTH CAROLINA						Midland	86	87	87	88	86
Anderson	89	89	88	89	89	Odessa	86	86	87	87	86
Charleston	91	92	91	92	91	Port Arthur	83	83	87	88	86
Columbia	90	90	90	91	90	San Angelo	84	85	85	87	85
Florence	92	94	91	90	90	San Antonio	82	82	84	84	82
Greenville	88	88	88	89	86	Texas City	87	86	89	88	87
Myrtle Beach	89	91	90	91	89	Tyler	87	88	89	89	87
Rock Hill	89	90	90	92	90	Victoria	78	78	80	82	80
Spartanburg	90	89	87	89	89	Waco	85	84	84	86	85
SOUTH DAKOTA						Wichita Falls	88	90	88	89	87
Aberdeen	96	94	96	94	95	UTAH					
Brookings	96	94	96	94	95	Cedar City	94	95	94	95	93
Huron	97	95	96	93	95	Ogden	92	94	93	94	92
Michelle	97	95	96	93	95	Orem	97	97	99	99	95
Pierre	94	93	95	92	93	Provo	96	97	97	97	94
Rapid City	93	93	94	92	93	Salt Lake City	96	96	97	97	95
Sioux Falls	95	94	96	95	95	St. George	97	97	98	96	95
Vermillion	96	94	95	93	95	VERMONT					
Watertown	96	94	95	93	95	Barre	1.03	1.04	1.07	1.05	1.03
Yankton	95	94	94	93	94	Brattleboro	1.02	1.04	1.07	1.04	1.02
TENNESSEE						Burlington	1.05	1.05	1.05	1.04	1.03
Bristol	90	90	89	90	89	Montpelier	1.04	1.05	1.07	1.05	1.04
Chattanooga	89	89	88	90	87	Rutland	1.02	1.04	1.05	1.04	99
Columbia	94	94	91	91	91	VIRGINIA					
Jackson	89	89	88	87	86	Alexandria	93	92	93	93	92
Johnson City	88	86	86	87	86	Arlington	1.07	1.09	1.07	1.05	1.05
Kingsport	94	95	93	94	94	Charlottesville	1.08	1.09	1.08	1.05	1.05
Knoxville	95	95	93	93	95	Chesapeake	92	91	93	92	91
Memphis	90	90	91	91	89	Danville	96	96	95	96	93
Nashville	91	92	91	92	91	Fredericksburg	92	91	90	92	90
TEXAS						Hampton	1.04	1.04	1.05	1.05	1.03
Abilene	85	86	87	87	86	Lynchburg	96	96	96	97	95
Amario	90	91	92	91	90	Newport News	90	88	91	92	90
Austin	86	86	85	86	85	Norfolk	96	96	96	96	95
Baylor	85	85	86	86	86	Petersburg	91	90	93	93	90
Beaumont	85	85	88	88	86	Portsmouth	96	96	95	96	93
Carson County	78	78	79	79	78	Richmond	95	94	96	97	95
Corpus Christi	84	84	85	84	84	Roanoke	94	94	94	94	94
Dallas	90	91	91	91	89	Virginia Beach	97	97	96	97	95
El Paso	92	93	92	92	91	Winchester	97	97	95	95	96
Fort Worth	90	91	91	91	89						
Galveston	87	86	89	87	86						
Hidalgo County	78	78	79	79	78						
Houston	86	88	89	88	88						
Laredo	78	77	79	80	78						

RESIDENTIAL STREET IMPROVEMENTS

Costs for residential street improvements vary greatly due to local code requirements for different materials, street types and layouts, and utilities. The following costs are averages including ordinary charges for engineering, plans and inspection. Costs include contractors' overhead and profit but not developers', which is realized when each lot or house is sold. They do not include extensive environmental impact reports, special charges (impact or entitlement) or assessments sometimes levied against the subdivider such as annexation charges, or costs of new or existing trunk sewers. They assume that the utilities are at or near the subdivision boundary with no special connection problems or costs. Single-lot unit costs, industrial access streets or individual cul-de-sac developments can run 25% to 60% higher. Do not apply the single-lot factors to large parking lot paving.

STREET IMPROVEMENTS

	Cost Range	Average Unit Cost	Per Lin. Ft. Typical 40' Street
* Grading and surplus disposal, sq. ft.	\$.19 - .49	\$.31	\$ 18.60
* 4" rock base, sq. ft.	.57 - .72	.64	25.60
add or deduct per inch of variation	.09 - .15	.12	4.80
6" cement treated base, sq. ft.	.73 - 1.12	.90	36.00
add or deduct per inch of variation	.11 - .15	.13	5.20
* Paving, 4" asphaltic concrete, sq. ft.	1.72 - 2.06	1.88	75.20
add or deduct per inch of variation	.34 - .43	.38	15.20
* Paving, 6" concrete, sq. ft.	2.74 - 4.54	3.53	141.20
add or deduct per inch of variation	.35 - .61	.46	18.40
Concrete curb 6", no gutter, lin. ft.	7.25 - 13.20	9.80	19.60
* Concrete curb 6", 1' gutter	10.70 - 16.70	13.35	26.70
Concrete curb 6", 2' gutter	12.35 - 18.90	15.30	30.60
Concrete curb 8", add to 6" costs	1.16 - 1.31	1.23	2.46
Asphalt curb 6" no gutter, lin. ft.	3.23 - 3.70	3.45	6.90
berm 4" (speed bumps, add 100%)	3.17 - 3.63	3.40	6.80
Granite curb 5", lin. ft.	27.20 - 32.65	29.80	59.60
Concrete curb, rolled, lin. ft.	6.40 - 10.41	8.16	16.32
* Concrete cross gutter, at intersection, sq. ft.	5.44 - 7.45	6.37	3.19
* Concrete sidewalk, 4" thick, sq. ft.	3.22 - 5.06	4.04	32.32
add or deduct per inch of variation	.35 - .54	.43	3.44
* Concrete aprons, 6" thick, sq. ft.	3.67 - 5.77	4.60	10.58
add or deduct per inch of variation	.37 - .55	.45	1.04
Sewer main, 9" average depth, lin. ft.	.52 - 1.87	.99	99
add or deduct per foot of depth	28.45 - 34.60	31.35	31.35
* 8" vitrified clay	18.45 - 25.40	21.65	21.65
8" asbestos cement	14.90 - 21.80	18.00	18.00
8" plastic	2.35 - 6.30	3.85	3.85
add or deduct per inch of diameter	13.90 - 16.95	15.35	15.35
Sewer laterals, 5" average depth, lin. ft.	19.90 - 24.35	22.00	22.00
* 4" vitrified clay	545 - 930	710	23.67
6" vitrified clay	2,050 - 3,400	2,640	6.60
* Sewer clean outs, 60" o.c., each	49.10 - 62.80	55.55	55.55
* Sewer manholes, 400' o.c., each	36.50 - 52.00	43.55	43.55
Storm drainage, lin. ft.	1.50 - 4.30	2.55	2.55
18" reinforced concrete	2,050 - 2,850	2,415	6.04
18" corrugated metal			
add or deduct per inch of diameter			
Storm manholes, 400' o.c., each			

LIGHTING AND PUBLIC UTILITIES

Water, gas and electric costs vary considerably with local requirements and codes. Often all or a portion of the initial cost, maintenance and replacement is included in an assessment or increased utility rate charged to the consumer. Sometimes an additional charge is made in remote or hilly areas for special service or additional equipment. These requirements should be checked locally. The average costs below are approximate maximum costs for a typical subdivision, all or part of which may be borne by the community or secured against the property. Some of these costs may be refundable to the developer. Specific pipe costs can be found in Section 62. For general site clearing, grading, and soil stabilization, see Section 51. For septic tanks, see Sections 53 or 17. For storm water management, see Page 11.

	Cost Range	Average Unit Cost	Per Lin. Ft. Typical 40' Street
* Water main, 6" ductile iron, lin. ft.	\$29.95 - \$34.65	\$32.20	\$32.20
6" asbestos cement	32.85 - 39.50	36.00	36.00
6" steel	33.50 - 40.15	36.65	36.65
6" plastic	20.45 - 25.95	23.05	23.05
add or deduct per inch of diameter	2.15 - 6.60	3.75	3.75
* Water lateral, 1", lin. ft.	12.20 - 15.30	13.65	13.65
* Water meters, 60" o.c., each	195 - 445	295	9.83
* Fire hydrants, 300' o.c., each	2,375 - 3,650	2,950	9.83
* Gas main, 2" steel, lin. ft.	11.70 - 13.25	12.45	12.45
3" steel	15.05 - 17.15	16.05	16.05
4" plastic	14.90 - 18.10	16.40	16.40
* Gas lateral, 3/4", lin. ft.	7.65 - 10.95	9.15	9.15
Electricity, overhead, on poles, lin. ft.	13.80 - 24.60	18.40	18.40
Electrical lateral, lin. ft.	4.00 - 5.50	4.70	4.70
* Electricity, underground, in conduit, lin. ft.	16.95 - 27.60	21.65	21.65
* Electrical lateral, lin. ft.	10.45 - 17.95	13.70	13.70
* Telephone lateral, underground	7.50 - 11.90	9.45	9.45
Trench only, lin. ft.	4.45 - 9.15	6.40	6.40
Conduit only, lin. ft.	4.00 - 8.00	5.65	5.65
* Street light, underground wiring, 200' o.c., each	1,650 - 5,700	3,075	15.38
Street lights, overhead wiring, 200' o.c., each	1,125 - 2,850	1,800	9

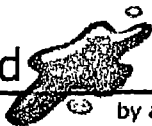
Catch basins \$1,300 to \$1,600 plus \$195 to \$385 per foot of depth for curb inlet type, add 20% to 40%.

Concrete headwalls . . . \$580 plus \$65 to \$110 per inch of pipe diameter prefabricated fiberglass endwall units, deduct 50%

Gunite, 2" - 3", surfacing for open drains	\$ 4.20 to 75 to	\$ 6.75 per sq. ft.
Soil cement, roads	1.10 to 3.15 to	95 per cu. ft.
embankments	3.15 to 39 to	1.90 per cu. ft.
slopes	08 to 110.00 to	5.70 per cu. ft.
Soil dikes	175.00 to 455.00 each	77 per cu. ft.
Slope protection, netting, mats or fabric		97 per sq. ft.
Street signs, with post		360.00 each
Survey monuments		455.00 each

*The cost of complete double-loaded street improvements with the components indicated above totals \$375 to \$455 per linear foot of street in ordinary level subdivisions, or from \$235 to \$315 per front foot of lot, including side street allowance. Costs may run twice as much for extreme hillside conditions. A typical fully improved industrial access street will cost \$465 to \$665 per linear foot of street.

InterFlood



by a la mode

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Get InterFlood map

Flood data

USPS Address:

tyler TX 75702

Community Name: TYLER, CITY OF

Community #: 0571

County:

Census Tract: 48423-0005.00

Flood Zone: X

Flood map color options

InterFlood has access to over 111,000 current FEMA flood maps. And with most (not all), you can customize their color, which makes them more appealing and highlights their zones.

Current Color:

[Change Color](#)

Here's your flood map(s)

Since it's possible for a property to be located on more than one flood map (tell me why), you may see more than one link below. In most cases, the first link will be the best map. When you click a link, the corresponding flood map will be displayed.

 [Flood Map #1 for](#)

Map Panel: 48423C0360C - Map Date: 09/26/2008

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Michael Huffman

From: Bob Garrett [bob.garrett@fairoil.com]
Sent: Friday, November 05, 2010 12:46 PM
To: Michael Huffman
Cc: Rodney Thomson, Fariba Pouraryan
Subject: RE: Appraisal

Michael,

ok great, lets do it the sooner the better Very Confidentially, this is for determining current value for a potential donation to the City of Tyler I will be out of the office a few days next week so Rodney Thomson in our office (903-510-6527) will be your contact for the inspection and I have visited with him. I am available by email and cell if you need me 903-571-1111

RWFF Building 3-8 is leased about 90% occupied; has asbestos issues Lindsay is unoccupied and has been abated of all asbestos but is just a shell Yes all of the parking lot is appraised as one.

I have a packet of information you can pick up from Rodney when you come for the inspection Let me know if you need more info.

thanks, Bob

From: Michael Huffman [mailto:mhuffman@nctv.com]
Sent: Friday, November 05, 2010 10:25 AM
To: Bob Garrett
Subject: Appraisal

Bob,

I wanted to get back with you on the fees and turnaround time for the downtown properties. The two buildings would be \$1,500 each and the vacant land would be \$800. If an income approach is not applicable for the corner building, the fee would be reduced to around \$1,000. But if tenant occupied, income approach would be applicable. The appraisals could be completed in 2 weeks.

I'd need rent rolls, income/expense statements for two buildings, income/expense data for parking lot and floor plans of buildings if you have them. Also, what is the purpose of the appraisals and would the market value be as of a current date or retrospective date? I could inspect the properties on Monday or Tuesday if that works for you.

Just let me know and we'll get work files started.

Thanks,

Michael

From: Michael Huffman [mailto:mhuffman@nctv.com]
Sent: Thursday, November 04, 2010 8:41 PM
To: 'Bob Garrett'
Cc: 'John Chesley'
Subject: RE: Appraisal

Bob,

Michael Huffman

From: Bob Garrett [bob.garrett@fairoil.com]
Sent: Thursday, November 04, 2010 7:10 PM
To: jchesley@nctv.com; mhuffman@nctv.com
Subject: Appraisal
Attachments: Map and SCAD of Area 11-'10.pdf

John and Michael,

We are in need of an appraisal on the RW Fair Foundation Building (Floors 3-8); the SA Lindsay Building (on the corner of Elm and Broadway) and the parking lot shown on the attached map. You all did one on the bottom floors of the RW Fair building last year. This is something that has come up rather suddenly and need it as quickly as possible. Please let me know.

Thanks, Bob

Is the RW Fair Foundation Bldg. (Floors 3-8) and SA Lindsay Bldg leased?
I assume that the 1.2+/- acre parking lot could be appraised all together as a single unit?

If you can let me know if the two buildings are leased, I'll get back with you on Friday morning with fees and turnaround time.

I would be able to inspect the properties early next week, perhaps Monday.

Thank you for considering us on these appraisal assignments,

Michael

From: Bob Garrett [<mailto:bob.garrett@fairoil.com>]

Sent: Thursday, November 04, 2010 7:10 PM

To: jchesley@nctv.com; mhuffman@nctv.com

Subject: Appraisal

John and Michael,

We are in need of an appraisal on the RW Fair Foundation Building (Floors 3-8); the SA Lindsay Building (on the corner of Elm and Broadway) and the parking lot shown on the attached map. You all did one on the bottom floors of the RW Fair building last year. This is something that has come up rather suddenly and need it as quickly as possible. Please let me know.

Thanks, Bob

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Version: 10.0.1153 / Virus Database: 424/3239 - Release Date: 11/05/10

From: Rodney Thomson

Sent: Wednesday, April 07, 2010 1:10 PM

To: Bob Garrett

Subject: Parking Lot

Originally had 173 spaces with the old layout. Current have 139 spaces.

Rodney K. Thomson

Production Manager

903-510-6527

The information contained in this message is privileged and intended only for the recipients named. If the reader is not a representative of the intended recipient, any review, dissemination or copying of this message or the information it contains is prohibited. If you have received this message in error, please immediately notify the sender, and delete the original message and attachments.

R. W. FAIR FOUNDATION
STATEMENT JANUARY 2010 TO SEPTEMBER 2010

Building Income 234,024.99

Building Expense

Fdn Bdg. Expense	(27,095.70)
Fdn Tenant Reimbursed Exp	-
Fdn Administrative Exp	(814.92)
Fdn Operating/Utilities	(101,852.58)
Fdn Supplies-General Bldg	(12,480.04)
Fdn Maintenance & Repairs	(20,459.73)
Fdn Remodeling	-
Fdn Service Contracts	(65,748.04)

Total Building Expense (228,451.01)

Net Building Income (Loss) 5,573.98

Parking Income

Tenant Parking Income	20,962.50
Day Parking Income	3,490.00
Event Parking Income	6,481.00
Monthly Non-Tenant Parking	32,221.50

= North Lot- \$9,237.50

Total Parking Income 63,155.00

Parking Lot Expense (25,905.65)

Net Parking Lot Income 37,249.35

Net Income/Loss 42,823.33

Michael Huffman

From: Michael Huffman [mhuffman@nctv.com]
Sent: Tuesday, November 16, 2010 3:11 PM
To: 'Michael Huffman'
Subject: FW: Appraisal

From: Michael Huffman [mailto:mhuffman@nctv.com]
Sent: Tuesday, November 16, 2010 3:10 PM
To: mhuffman@nctv.com
Subject: Fwd: Appraisal

Thanks,

Michael

Begin forwarded message:

From: "Sherri Harris" <sherri.harris@fairoil.com>
Date: November 16, 2010 2:53:09 PM CST
To: "Michael Huffman" <mhuffman@nctv.com>
Subject: RE: Appraisal

Michael,

Sorry for the confusion. The insurance expense is included. We pay at the end of the year and allocate each month the next year. You do not need to add additional insurance for 2010.

The ad valorem taxes have not been paid for this year so your amount below should be correct.

Sherri

From: Michael Huffman [mailto:mhuffman@nctv.com]
Sent: Tuesday, November 16, 2010 2:25 PM
To: Sherri Harris
Subject: RE: Appraisal

Thank you for this information.

If I understand correctly, insurance expense is included in the Fdn g. Expense of \$38,565.25? Or do I need to include an additional expense of \$25,000 for insurance premium? I'm trying to avoid counting it twice if it's already in one of the categories I don't want to have an additional line item.

On the parking income/expenses, would this be correct for the 1.2 acres:

\$28,419.00

\$ 4,735.50

\$12,672.89

\$45,827.39 Total Income

\$19,294.43 Less Expenses from statement

\$ 5,671.21 Less Ad valorem taxes

\$20,861.75 NOI

I saw on your previous email to Mr. Garrett that the parking expenses didn't include taxes, so I need to subtract from income as shown above. Or is the \$5,671.21 included in the \$19,294.43?

Thanks again for your help, Michael

From: Sherri Harris [mailto:sherri.harris@fairoil.com]
Sent: Tuesday, November 16, 2010 1:39 PM
To: Michael Huffman
Cc: Bob Garrett
Subject: RE: Appraisal

Michael,

My responses are in red. Let me know if you need further information.

Thanks,

Sherri Harris

From: Michael Huffman [mailto:mhuffman@nctv.com]

Sent: Monday, November 15, 2010 10:45 PM

To: Sherri Harris

Subject: RE: Appraisal

Sherri,

Here are my questions with respect to the income/expense numbers if you have a chance to look over Tuesday morning. Didn't know if it might be easier to look over them by email as opposed to over the phone.

Some of the expense categories for the Office Building are self explanatory such as Service Contracts (elevator, HVAC?), administrative and maintenance/repairs...

But what does Supplies-General Bldg. category include? Mops, towels, cleaning supplies.

Building Expense include? Insurance allocation for building, United elevator inspection, Texas dept of Licensing.

Operating/Utilities (utilities (water/sewer/elect.?) but what about the operating side?) The account heading should have been changed, it is for utilities only.

Is there a management fee included somewhere in one of these categories? Management fee for the building in under service contracts. Management commission for parking is under parking expense.

I'll get ad valorem taxes off SCAD (\$13,525), but how much is the insurance premium for the building (is that a \$25K - \$30K expense, or more)? Mr. Garrett indicated that it is paid in December. Is the insurance cost is for the entire building (basement to 8th floor) or just the portion I'm appraising Floors 3-8? The insurance for floors 3 to 8 was the \$25K to \$30. There is a separate policy for Tyler Square Antiques.

Since I'm appraising the 1.2+/- acres at the southwest corner of Broadway and Elm, what income and expenses from the summary statement you provided are attributable to this particular parking lot? On the income side along the right side (projected Nov & Dec.), would it be \$28,419 (Tenant Parking Income) + \$4,735.50 (Day Parking Income) + \$7,777.20 (Event Parking Income) + \$12,672.89 (north lot)? = \$53,604.59 for total income? Expenses show \$35,843.27, but is that total for multiple properties? If so, how much would be attributable to the 1.2 acre I'm appraising?

The tenant parking - \$28,419.00, Day Parking - \$4735.50 and the North Lot - \$12,672.89 (estimate). The majority of the Event Parking is for the South lot. The expenses were

for all lots, but the estimated amount for the North Lot would be \$19,294.43 or about 54%.

Thanks,

Michael

Hi Michael,

You can reach me by email or at 903-510-6548.

The 'South' and 'covered parking' is separate property and not included in the parking area being gifted to the City.

Sherri Harris

R W Fair Foundation

From: Bob Garrett
Sent: Monday, November 15, 2010 4:48 PM
To: Sherri Harris
Subject: FW: Appraisal,

Will you try to help Michael on his appraisal process. Thanks,

From: Michael Huffman [mailto:mhuffman@nctv.com]
Sent: Monday, November 15, 2010 4:10 PM
To: Bob Garrett
Subject: RE: Appraisal

What is the best way to reach Sherri, phone call or email and can I get either from you?

On the summary page of the income statement it shows "North lot - \$9,237.50", "South parking - \$20,749" and "covered parking - \$2,235". I just wanted to make sure that this income all relates to the 1.2 acres at the SWC of S. Broadway and Elm I'm appraising and not a separate property.

From: Bob Garrett [mailto:bob.garrett@fairoil.com]
Sent: Monday, November 15, 2010 3:16 PM
To: Michael Huffman
Subject: FW: Appraisal

Remember that the City will not be paying taxes.

From: Bob Garrett
Sent: Monday, November 15, 2010 2:48 PM
To: 'Michael Huffman'
Subject: RE: Appraisal

My comments in green. Thanks,

From: Michael Huffman [mailto:mhuffman@nctv.com]
Sent: Monday, November 15, 2010 1:50 PM
To: Bob Garrett
Subject: RE: Appraisal

Bob,

Thank you for the rent roll and income/expense data. I know I'll have questions going through these income/expense numbers, especially the office building. Should I be asking you or directing them towards Sherri Harris? Based on the NOI of the office building it makes it look like the property has very little value (and I know that's not true) as the expenses take almost all of the income. You can contact Sherri directly for bookkeeping issues.

After looking at the rent roll, looks like majority of tenants have been there a very long time and assume that rents have been generally stable for an extended period of time? Yes very stable and there is room to make up between rents paid and the next best (cheapest) alternative to the RWFF Building. Receivables also remain very low. Also, access to the Petro Data Library (3rd floor) is the big draw for most of the oil and gas folks.

Burns Commercial Office Market Survey shows average CBO rent at \$12.26/SF on Gross Leases. In your opinion is that attainable for the subject? Certainly room for increases. The RWFF was reluctant to push and saw the lower rent as a sure way to warehouse the property over time. If you want to look at it from an income standpoint, then the going rate needs to be considered.

Office Market Survey shows subject at 51057 SF of net rentable area and 89% occupancy, but rent roll shows 39,155 SF occupied which would indicate about 77% occupancy. Should I use the 89% or are there tenants who have moved out since survey was done in September? Does not consider the common areas like halls/corridors/restrooms/lobby areas. For our purposes, the rentable area is the key number but in reality, the configuration could be changed to include more rentable area per floor.

I see on Sherri's email the expenses included for the parking lot, but don't see ad valorem taxes. Looks like I would need to subtract \$5,671.21 for taxes from the \$55,790.05? Yes, taxes are paid in December.

Thanks,

Michael

From: Bob Garrett [mailto:bob.garrett@fairoil.com]
Sent: Monday, November 15, 2010 12:41 PM
To: Michael Huffman
Subject: FW: Appraisal

As promised. Thanks, Bob

From: Sherri Harris
Sent: Monday, November 15, 2010 9:33 AM
To: Bob Garrett
Subject: Appraisal

Bob,

Attached is an updated with projected net for the building and north parking area.

The Parking lot expense includes: Molly Brown Commission and Labor

Lawn service maintenance

Insurance allocation

Electric

Let me know if you need anything else.

Sherri

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**Application for Extension of Time To File an
Exempt Organization Return**

OMB No. 1545-1709

Department of the Treasury
Internal Revenue Service► **File a separate application for each return.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒ **X**
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).A corporation required to file Form 990-T and requesting an automatic 6-month extension — check this box and complete Part I only ☐*All other corporations (including 1120-C filers), partnerships, REMICS, and trusts must use Form 7004 to request an extension of time to file income tax returns*

Type or print File by the due date for filing your return. See instructions.	Name of exempt organization	Employer identification number
	R. W. FAIR FOUNDATION	75-6015270
	Number, street, and room or suite number. If a P.O. box, see instructions. P. O. BOX 689	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. TYLER, TX 75710	

Enter the Return code for the return that this application is for (file a separate application for each return)

04

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (section 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ► RACHEL LARSON

Telephone No. ► 903-592-3811

FAX No. ►

- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 8/15, 20 11, to file the exempt organization return for the organization named above.

The extension is for the organization's return for:

- ☒ calendar year 20 10 or
- ☐ tax year beginning _____, 20 _____, and ending _____, 20 _____.

2 If the tax year entered in line 1 is for less than 12 months, check reason: ☐ Initial return ☐ Final return
☐ Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a \$	3,500.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b \$	2,560.
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c \$	940.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

BAA For Paperwork Reduction Act Notice, see Instructions.Form **8868** (Rev. 1-2011)