

SYREN

***8526 Parkhill Forest Drive
Houston, Texas 77088
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July 27, 2023

Mr. Mike Alfarue
550 Reserve Street, Suite 1900
Southlake, Texas 76092
Mobile: 469-605-8088
Mikebuyhomes77@gmail.com

***Re: Restricted Appraisal Report
7930 Ritz Dr
Houston, Texas 77028***

Dear Mr. Alfarue,

A restricted appraisal report (letter of value) of the subject property has been prepared for the purpose of estimating “Market Value” in fee simple interest. In this case, “Market Value”, as used in this report is defined by the Dictionary of Real Estate Appraisal, Fourth Edition (Chicago: Appraisal Institute 2002) as being:

“The most probable price in terms of money which a property should bring on an open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.”

The subject property is a former motel inn situated at 7930 Ritz Street, Houston, Texas 77028.

The subject site is situated on the south line of Ritz, less than one mile from the secondary intersection of North Wayside Drive. It has limited visibility and/or exposure to moderate and major neighborhood traffic patterns along the secondary neighborhood street. The subject site has approximately 14,760 square feet of total land area with frontage of 125 feet along the south line of Ritz Street. The subject tract is legally identified as Lots 12, 13 & 14, Block 1, Liberty Road Manor, Sec 18 U/R.

The subject’s market area is experiencing moderate revitalization efforts and property value levels showed significant appreciation during the pandemic crisis. Due to the intervention by the Feds to stem the tide of

rising inflation, the subject's market area has returned to normalcy with stable conditions with slightly favorable trends and market parameters. Thus, exposure time is averaging less than 180 days.

Analysis of the Highest and Best Use of subject property as improved is a commercial development consistent with current market trends, conditions, and parameters at this time.

The Scope of Work used to develop this restricted appraisal report presented in letter of value format includes analysis of the subject property, surrounding neighborhood, area trends as well as a meticulous review of competing land sales, improved sales, available listings, and market trends. The purpose of the appraisal is to establish the "As Is" and "ARV" market value for the subject property.

The intended user and user of this report is the client and his assigns with the intended use being for internal decision and marketing purposes.

In this analysis, all three approaches to value were considered with only the Direct Sales Comparison Analysis summarized in this analysis. Notably, the Cost and Income Approaches and all pertinent data is retained in our files and available upon request. Thus, the value presented is delivered in a restricted use appraisal report format.

“AS IS”						
MULTI-FAMILY SALES						
Sale No.	Property Location	Sale Date	Size (SF)	Unit (SF)	Units	Price (P/Unit)
1	3401 Ennis St (MLS#31685555)	06/30/2022	3,340	334	15	\$35,333
2	3126 Webster St (MLS#60849252)	06/30/2022	3,760	376	10	\$65,000
3	7914 Norvic (MLS#91112328)	09/30/2022	3,400	340	10	\$52,900
4	10209 Wiggins St (MLS#25781649)	06/22/2023	6,874	491	14	\$46,428

“ARV”						
MULTI-FAMILY SALES						
Sale No.	Property Location	Sale Date	Size (SF)	Unit (SF)	Units	Price (P/Unit)
1	8902 Hona Ln (MLS#42055131)	07/07/2021	3,900	390	10	\$125,000
2	3601 Murworth (MLS#92603155)	02/01/2022	5,284	528	10	\$109,000
3	4948 Polk St (MLS#855232)	05/09/2022	3,400	340	10	\$120,000
4	2906 Berry St (MLS#34266885)	03/01/2023	9,520	793	12	\$162,500
5	6811 Del Rio St (MLS#98163565)	06/02/2023	6,874	600	14	\$129,286

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Value Conclusion “As Is” via the Sales Comparison Approach: Of the data, the unit values of Sales 1 and 4 are indicative of the condition rating of the “As Is” condition rating of the subject. More succinctly, the lower half of the sales value range is best reflective of the condition rating, market appeal as well as trends within the immediate and general market area of the subject.

Based upon the preceding analysis, the resultant opinion of the subject property (As Is) in fee simple interest as of July 12, 2023, is \$46,000 per unit. Given the estimated value of the subject facility via the Sales Comparison Approach is calculated as follows:

Number of Units: 16 Existing Units @ \$43,750 per unit = \$700,000

Value Conclusion “ARV” via the Sales Comparison Approach: Based on the SOW, the subject will be improved from 16 units with two additional units for a total 18 units. It is now rated in comparable and competitive condition of new construction within the immediate and general market area. Notably, Sales 1, 3 and 5 of the arrayed ARV sales are closely aligned and have unit values ranging from \$120,000 to \$129,286 per unit. In contrast, Sale 2 represents the lower limits while Sale 5 the ceiling parameter of the sales indicated value range.

Considering impact of the Feds continual hike of interest rates to stave off inflation and in essence slowing growth patterns, the (ARV) of subject property in fee simple interest as of July 12, 2023, is \$110,500 per unit. Given the estimated value of the subject facility via the Sales Comparison Approach is calculated as follows:

Number of Units: 18 Existing Units @ \$110,500 per unit = \$2,000,000 ®

The opinion expressed in this restricted use appraisal is contingent upon basic assumptions presented herein and those stated in the Contingent and Limiting Conditions. Additionally, the subject property is appraised as if free from contaminants. The report is presented in a restricted appraisal format (letter of value) with the pertinent data retained in our files. The valuation of subject does not consider personal property. Data and other pertinent information are retained in the files.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Ronald C. Lewis".

Ronald C. Lewis
State Certified General Appraiser
License No. TX-1329836-G

CERTIFICATE OF VALUE

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

- The statements of the facts contained in this report are true and correct. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and our personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.
- The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of subsequent event.
- The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and the reporting requirements of various regulatory agencies.
- The appraiser signing this report has personally inspected the subject property and the comparable sales presented in the report. In addition, no one provided significant assistance in the preparation and delivery of this report.
- The reported analyses, opinions, and conclusions have been developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Texas Appraiser Licensing and Certification Board (TALCB).
- TALCB requires state licensed appraisers to provide proof of continuing education at the time of license renewal. Appraisers who comply with the Mandatory Continuing Education requirements have their licenses renewed for a two-year period. As of the date of this report, Ronald C. Lewis has satisfied the mandatory continuing education required.
- Ronald C. Lewis is a State Certified General Real Estate Appraiser – Cert. TX-1329836-G.

“As Is” Market Value for subject is **\$700,000** and “ARV” is **\$2,000,000** as July 12, 2023.



Ronald C. Lewis
State Certified General Appraiser
TX-1329836-G

ASSUMPTIONS AND LIMITING CONDITIONS

The format, scope, summary definitions and dates to which the opinions expressed in this report applies is presented in a Restricted Appraisal (Letter of Value Format) as well as pertinent data and complete definitions retained in our files. The appraiser assumes no responsibility for economic or physical factors occurring at some later date that may affect the opinions and conclusions stated herein.

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

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

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

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

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

The property is appraised as though free and clear, under responsible ownership, and competent management. All existing liens and encumbrances have been disregarded, unless specifically stated so in the report.

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

Unless stated otherwise in the report, the appraiser observed no presence of hazardous materials on or in the property. The appraiser has no information on the existence of such materials and is not qualified to detect it. The presence of such materials on or in the property could affect the appraiser's opinion of market value. However, the value estimated herein is based on the assumption that no hazardous materials are present on or in the subject property, and the appraiser accepts no responsibility for determining the existence of such condition. Should there be any question as to the existence of such hazardous materials, an expert in this field should be consulted to determine the extent of contamination and remediation cost, if any.

SUBJECT PHOTOGRAPHS



FRONT VIEW FROM RITZ DRIVE



INTERIOR VIEW EAST EXTERIOR WING OF SUBJECT

SUBJECT PHOTOGRAPHS



VIEW OF EXTERIOR SOUTH EXTERIOR WING OF SUBJECT



VIEW OF EXTERIOR WEST SIDE OF SUBJECT

SUBJECT PHOTOGRAPHS



FRONT VIEW FROM SWC OF LOCKWOOD DRIVE & WEAVER ROAD



VIEW OF REAR ACREAGE LAND AREA

SUBJECT PHOTOGRAPHS



VIEW OF LARGE WORKSHOP/SHED AREA



CONTINUED VIEW OF SOUTH SIDE OF BUILDING

SUBJECT PHOTOGRAPHS



VIEW OF STREET SCENE LOOKING WEST ALONG RITZ DRIVE



VIEW OF STREET SCENE LOOKING EAST ALONG RITZ DRIVE

SUBJECT PHOTOGRAPHS

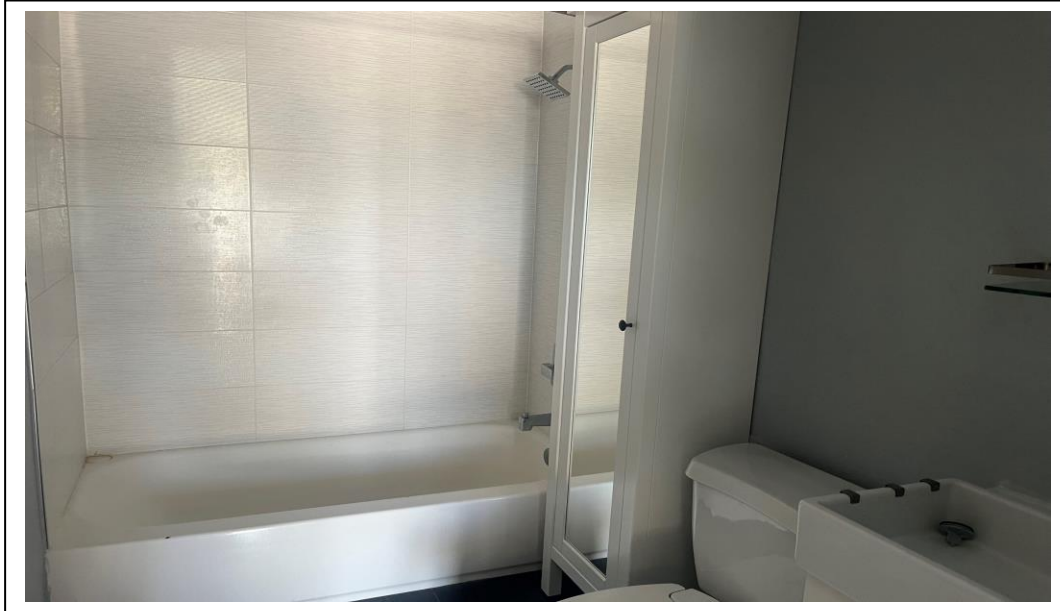


VIEW OF DOOR OF UNIT G



INTERIOR VIEW BEDROOM/LIVING AREA UNIT G

SUBJECT PHOTOGRAPHS



VIEW OF BATH AREA OF UNIT G



CONTINUED VIEW OF LIVING/BEDROOM AREA OF UNIT G

SUBJECT PHOTOGRAPHS



FRONT DOOR VIEW UNIT M



INTERIOR VIEW OF UNIT M

SUBJECT PHOTOGRAPHS

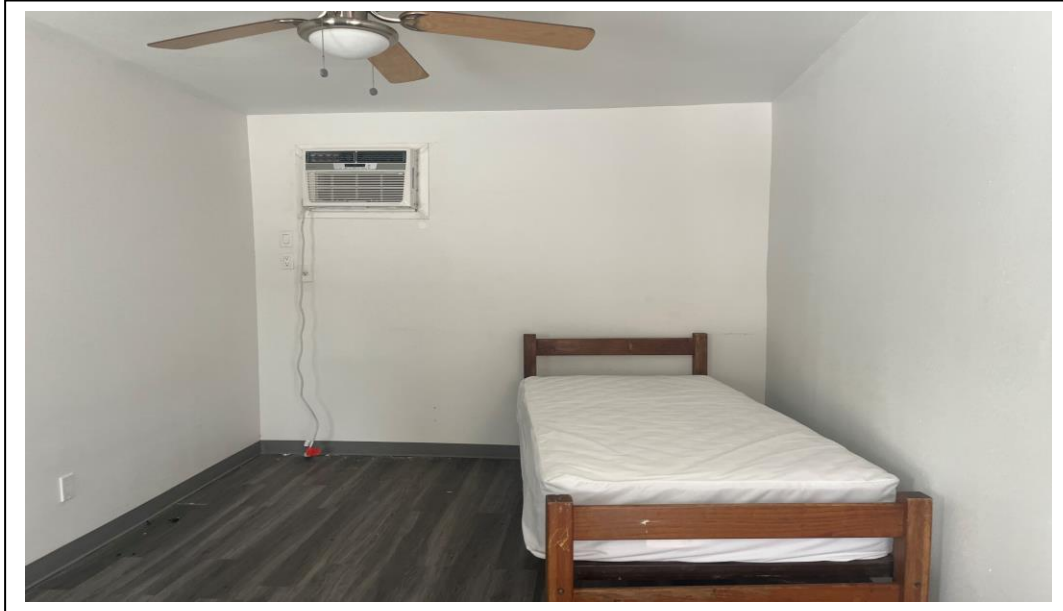


VIEW OF BATH AREA OF UNIT M



VIEW OF FRONT DOOR OF UNIT A

SUBJECT PHOTOGRAPHS



VIEW OF LIVING/BEDROOM AREA OF UNIT A



CONTINUED VIEW OF UNIT A

SUBJECT PHOTOGRAPHS



VIEW OF BATH AREA OF UNIT A



VIEW OF EMPLOYEE SERVICE AREA

SUBJECT PHOTOGRAPHS



CONTINUED VIEW OF EMPLOYEE SERVICE AREA



VIEW OF UTILITY/LAUNDRY AREA

SUBJECT PHOTOGRAPHS

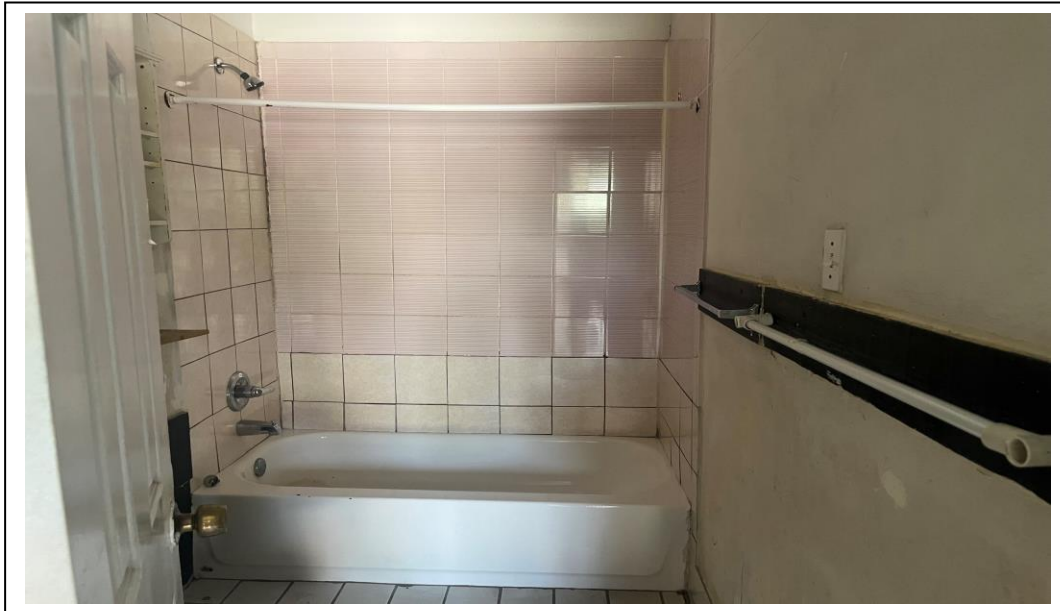


VIEW OF DOOR OF UNIT C



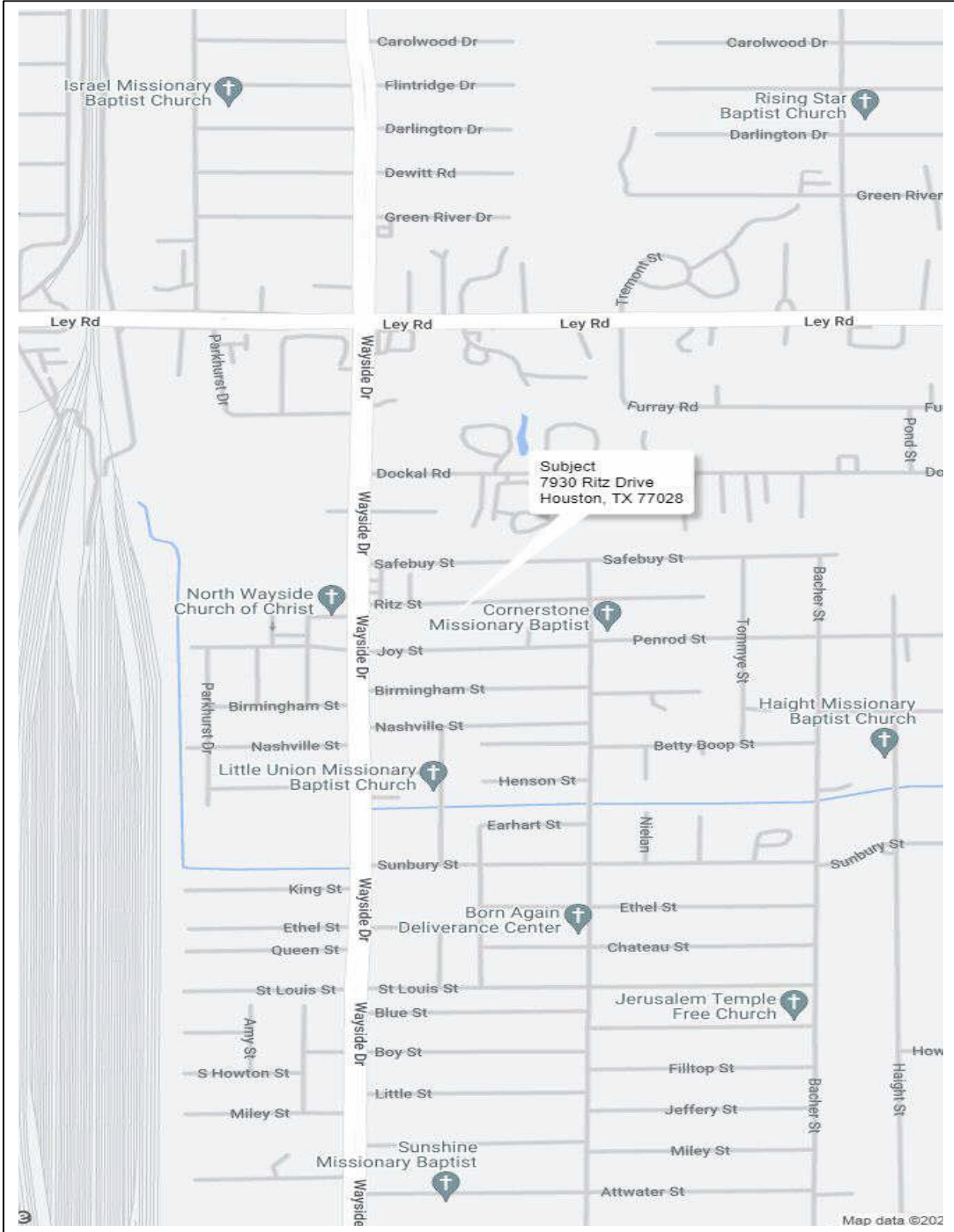
VIEW OF BEDROOM/LIVING AREA OF UNIT C

SUBJECT PHOTOGRAPHS



VIEW OF BATH OF UNIT C

LOCATION MAP



FLOOD MAP



GOOD INFORMATION

Community: CITY OF HOUSTON
Property is NOT in a FEMA Special Flood Hazard Area
Map Number: 48201C0685L
Parcel: 48201C0685
Status: X
Map Date: 06-18-2007
Map Scale: 48201
Source: FEMA DFIRM

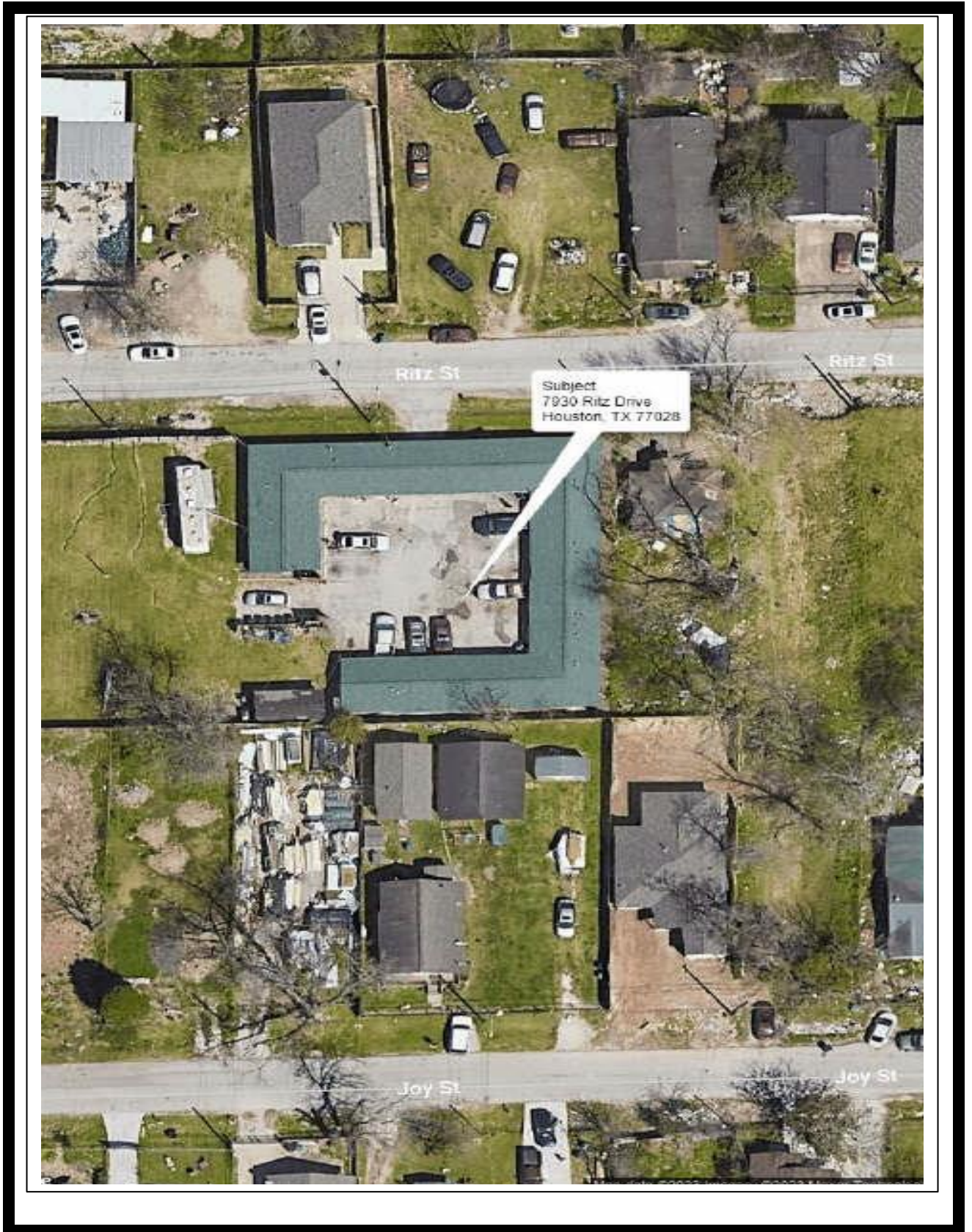
LEGEND

-  = FEMA Special Flood Hazard Area - High Risk
-  = Moderate and Minimal Risk Areas
- Road Views:**
-  = Forest
-  = Water

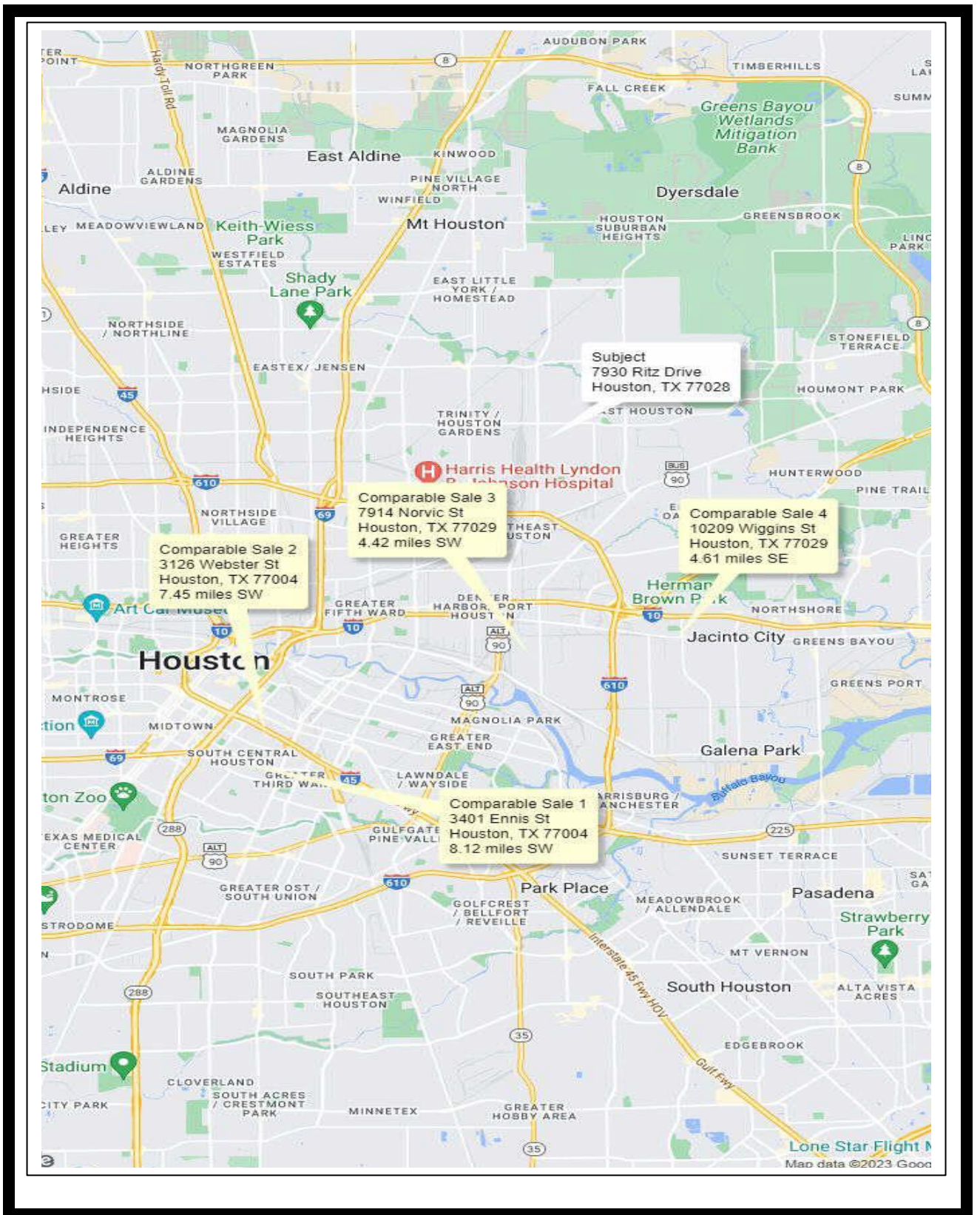
Sky Flood™

No representations or warranties are made by any party concerning the content, accuracy or completeness of this flood report, including any warranty of merchantability or fitness for a particular purpose is implied or provided. Visual scaling factors differ between map layers and are separate from flood zone information at marker locations. No liability is accepted to any third party for any use or misuse of this flood map or its data.

AERIAL MAP



SALES COMPARISON (AS IS) MAP



QUALIFICATION OF APPRAISER

Ronald C. Lewis

Ronald C. Lewis is an active State Certified General Appraiser and has been engaged in real estate since 1982.

Mr. Lewis is a native Houstonian and graduate of Forest Brook Senior High School. He attended Bishop College and Houston Community College with heavy concentration in Real Estate. Mr. Lewis has pursued a bachelor's degree in leadership ministry at the College of Biblical Studies and awaiting completion for conferment. In addition, he has taken extensive courses from Marylhurst and Ashford University within the bachelor's degree program in Real Estate Studies. Upon completion, Mr. Lewis has imminent plans for doctoral studies in Real Estate Valuation. During his tenure as an appraiser, Mr. Lewis has been involved in the appraisal of residential, commercial, special purpose and right-of-way acquisitions within the State of Texas and Florida, respectively.

Mr. Lewis is pursuing the Senior Residential Appraiser (SRA) and MAI designations. In addition to real estate studies, He has taken extensive course offered by the Appraisal Institute and International Right of Way Association.

COPY OF LICENSE

RONALD C LEWIS
8526 PARKHILL FOREST DR
HOUSTON, TX 77088



**Certified General
Real Estate Appraiser**

Appraiser: **Ronald C Lewis**
License #: **TX 1329836 G**

License Expires: **12/31/2024**

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

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


Chelsea Buchholtz
Commissioner