



Real Estate Appraisals

Investments

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Appraisal Report
Approximately 214.0 Acres located in Castro County, Texas
(Gary Haberer)

Date of the Appraisal:	February 5, 2018
Effective Date of the Value Estimate:	January 22, 2018 (Date of Inspection)
Client:	Charles Volz 947 Cheyenne Creek San Antonio, Texas 78258
Appraiser:	Gary D. Phillips, MAI, SRA 2210 Topeka Avenue Lubbock, TX 79407
Subject Property:	The subject is described as the West/214 acres of the S/2 of Section 24, Block 2, W.E. Halsell Subdivision, Castro County, Texas. The subject is located approximately 11 miles west and 15 miles south of Dimmitt, Texas. No metes and bounds legal description or survey was furnished.
Intended Users:	Those involved with internal decisions related to the possible sale of the subject. Those include but are not limited to Tony Haberer and Chares Volz.
Intended Use:	This report is intended for the use of the client in establishing a value of the subject for internal purposes related to possible sale.
Interest Valued:	Fee Simple
Concluded Value:	As the following report will demonstrate, a value of approximately \$235,000 is considered appropriate for the subject "as is".
Other Information:	The market value as indicated by the appraisal district is considered to be well above the actual market value of this tract. Thus, the resulting taxes are considered to be above those of similar properties. Relief should be sought from the appraisal district for an over assessment.
Extraordinary Assumptions:	None
Hypothetical Conditions:	None

Indicated Exposure Time:	Approximately 1 year
Indicated Marketing Time:	Approximately 1 year
Report Option:	This is an Appraisal Report in accordance with Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice. As such, it presents sufficient information to the client and to other intended users, as identified, to understand it properly.

Scope of Work	
Problem Definition:	The determination of an appropriate market value of the subject property.
Property Identification:	<ul style="list-style-type: none"> ▪ Legal description was provided by the client and is included in the report. ▪ A survey was provided. ▪ Size of subject was provided by the client and the county appraisal district.
Property Inspections:	<ul style="list-style-type: none"> ▪ A reasonably detailed inspection of subject was made. ▪ An exterior inspection only of buildings was made. ▪ All comparables were inspected from the road. ▪ Made general inspection of the subject for obvious signs of hazard substances. No detail inspection was made. I am not an expert in environmental issues.
Type & Data Researched:	<ul style="list-style-type: none"> ▪ A level B inferred market analysis was performed. ▪ A reasonably extensive search was made for comparable sales. ▪ The search included my files, other appraisers, real estate agents, local deed records, as well as other data sources. ▪ Since Texas is a non-disclosure state there are no requirements for parties of real estate transactions to disclose sales prices and other pertinent sales data. ▪ As a result, no data services provide absolute coverage of all transactions. ▪ There may have been transactions that were not discovered and other transactions that the details were not confirmable. ▪ Best efforts were made to insure the accuracy of the sales information.
Type & Extent of Analysis:	<ul style="list-style-type: none"> ▪ Opinions of value were developed by using only the Sales and Income approaches to value. Since there are no improvements the Cost Approach is not considered applicable and is not included. The Sales Comparison Approach is the primary approach. ▪ Each sale and the subject were analyzed for factors impacting value. ▪ All of the sales utilized in the Sales Comparison Approach occurred during the last three years. ▪ All of the sales are located in the subject neighborhood or in neighborhoods considered similar to the subject neighborhood.
Authorship:	<ul style="list-style-type: none"> ▪ No one provided significant assistance to Gary D. Phillips, MAI in the preparation of this report.

General:	<ul style="list-style-type: none"> ▪ This assignment is intended to conform to the Uniform Standards of Professional Practice (USPSP) of the Appraisal Foundation, and the Code of Ethics and Standards of Professional Practice of the Appraisal Institute. ▪ The ownership interests of minerals, buildings, irrigation equipment (including center pivots) included in this report was derived from sources that were considered reliable. However, the appraiser accepts no responsibility for the reliability of this information. Should the ownership interest of these types of properties be determined to be inaccurate the value estimated could change. ▪ The quality and the quantity of the irrigation water as reported herein are assumed to be accurate. It was taken from sources that were assumed to be reliable. The parties that presented this information reported to the appraiser as being accurate. Any information deemed to be inaccurate could change the value estimate.
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Values of properties similar to the subject remained reasonably stable to slightly increasing from late 2008 through mid-2010. Prior to late 2008 values increased at a rate of 5-15% per year. This is based on sales of several properties. From mid-2010 through 2015 properties saw some increases in value. Since 2015 values have changed very little. Properties with inferior irrigation did not see the increases in value that good irrigated land saw. There is currently downward pressure on land values due to lower commodity prices. However, as of the date of this appraisal there have been no sales confirmed at lower sales prices.

DEFINITION OF MARKET VALUE:

Market Value

The Financial Institution Reform, Recovery, and Enforcement Act of 1989 (FIRREA) requires the following definition of market value:

"The most probable price in terms of money 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, knowledgeably, and assuming the price is not affected by an 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:

- a) Buyer and seller are typically motivated;
- b) Both parties are well informed and well advised and each is acting in what he considers his own best interest;
- c) A reasonable time is allowed for exposure in the open market;
- d) Payment is made in cash in U.S. dollars or in terms of financial arrangements comparable thereto;
- e) The property represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This appraisal has been made based upon the above definition of Market Value.

COMPETENCY PROVISION:

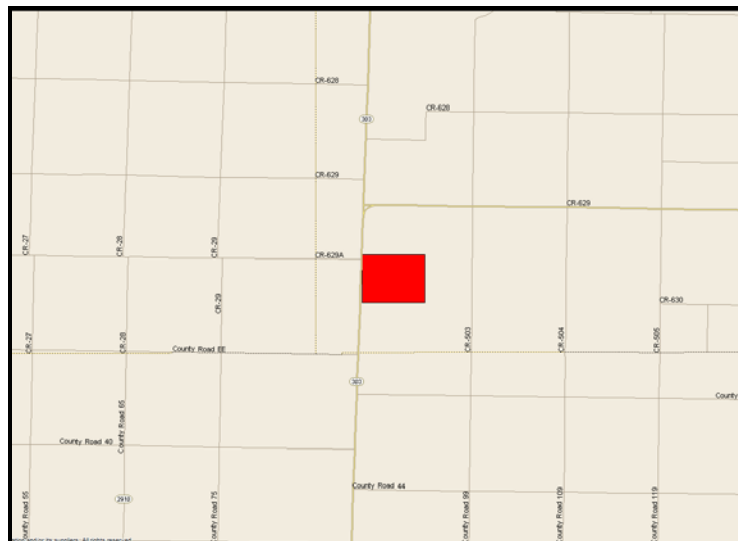
The appraiser has the experience and the qualifications as an appraiser that qualifies him to perform this assignment adequately. That experience includes over 30 years of appraisal work. The appraiser has appraised numerous properties that would be considered similar to the subject.

DESCRIPTION OF REAL ESTATE APPRAISED

NEIGHBORHOOD

The subject property is located in a rural area of southwestern Castro County, Texas. The subject is located approximately 11 miles west and 15 miles south of Dimmitt, Texas. Dimmitt, Texas is the county seat of Castro County. The nearest marketing facilities for the neighborhood are located in Dimmitt, Texas. The majority of the shopping and medical facilities for the neighborhood are located in Lubbock approximately 70 miles southeast of Dimmitt. The city of Amarillo is located approximately 85 miles northeast of Dimmitt and has similar shopping and medical facilities to those located in Lubbock. The majority of properties in this neighborhood are used as family-farming and ranching operations with many homesteads scattered throughout the area. Most farms raise row crops such as cotton, corn or grain sorghum as well as winter wheat, CRP and grazing. Farms in the immediate vicinity of the subject are considered average in fertility. The subject neighborhood is an area of some of the best irrigation on the south plains of Texas. There are pockets of excellent irrigation and some pockets of poor irrigation. Overall the irrigation in this area is considered to be average. Irrigation water is the major variable in land values in the subject neighborhood. Rural real estate values have seen some increases in value during the last few months. There continues to be strong demand for agricultural properties with good irrigation water. Properties with average to poor water have not seen the demand that those with good water have. The subject is considered to have above average irrigation water.

Location Map



SUBJECT PROPERTY DATA

Legal Description

The subject is described as the West/214 acres of the S/2 of Section 24, Block 2, W.E. Halsell Subdivision, Castro County, Texas.

Current Ownership

According to information from the Castro County Appraisal District the subject is under the ownership of Gary Haberer. After examination of the county deed records, I found no ownership changes for the subject over the past 3 years. I am not an expert in ownership matters. I would recommend a competent title company or attorney be consulted for and accurate ownership history.

Property Description

Below is a general description of the subject.

Location:	This tract is located approximately 11 miles west and 15 miles south of Dimmitt, Texas.
Shape:	This tract is mostly rectangular in shape.
Current Use:	The subject is currently considered to be irrigated cropland. It is important to note that the water table has declined significantly in this area over the last few years. Based on current rates of decline the subject will be considered dryland in the next few years.
Size:	Approximately 214.0 Acres based on the information that was furnished. The Castro County Appraisal District lists the subject as having 214.0 acres.
Access:	Access is considered to be good. Paved FM 303 is located on the west side of this tract.
Topography:	The majority of this tract is considered to be slightly sloping. Approximately 38% has 0-1% slopes. The balance has 1-3% slopes. There is a large playa lake located on the east side with slope toward this playa. The playa lake contains approximately 16 acres. Portions of the subject is considered highly erodible and is susceptible to both wind and rain erosion.
Soils/Slope:	This tract has Acuff loam (0-1% slope); Acuff loam, and Estacado loam (1-3% slopes). The playa lake has Sparenburg clay soils. The majority of the soils of this tract are considered to be reasonably productive. All of the 0-1% soils are considered to be class II irrigated soils. The 1-3% sloped soils are class III irrigated soils. The Sparenburg clay soils are not considered to be productive. Other than the playa lake the soils are capable of making reasonably good yields.
Highly Erodible:	Portions of tract are considered to be highly erodible. Measures must be taken with this tract to control both wind and water erosion.

Wetlands:	The playa lake is considered to be a wetland.
Irrigation Wells	According to the tenant farmer this tract has 2 irrigation wells. These wells are reported to be approximately 315 feet deep. One of the wells has a submersible pump while the other has a turbine pump. According to a letter from the High Plains Underground Water Conservation District the wells on this tract were metered on January 26, 2018. The north well produced 112 gallons per minute. The south well produced 51 gallons per minute. Thus, the total water production was 163 gallons per minute or .76 GPM/acre. This is considered to be poor irrigation water for this area. The High Plains Underground Water District Saturated Thickness Maps are currently unavailable. According to monitoring wells in the area the saturated thickness of the irrigation wells in this area is between 30 and 40 feet. This would indicate fair to poor water for this tract.
Noxious Weeds:	There were some areas with spotted weeds. This is considered to be a reasonably clean farm.
Improvements:	There is a center pivot located on this tract. This reportedly belongs to the tenant farmer and is not a part of this appraisal assignment. Thus, there are no improvements associated with this tract.
Environmental Hazards:	There were no environmental hazards noted.
Minerals:	No mineral information was furnished. There is no mineral production on the subject or in the neighborhood thus the minerals are considered to have no (\$0) contributory value.
Hazards:	None Noted.
Other Information:	The subject is considered to have poor irrigation. The soils and topography of the subject are considered to be inferior to most tracts in the neighborhood. Thus, the overall appeal when compared to competing farms is considered to be inferior.

Tax Information						
Acct #	Acres	CAD Market Value	Market Value Per Acre	Ag Use Value	2017 Taxes	Taxes per acre
11437	214.0	\$ 486,410.00	\$ 2,272.94	\$ 47,920.00	\$ 957.92	\$ 4.48

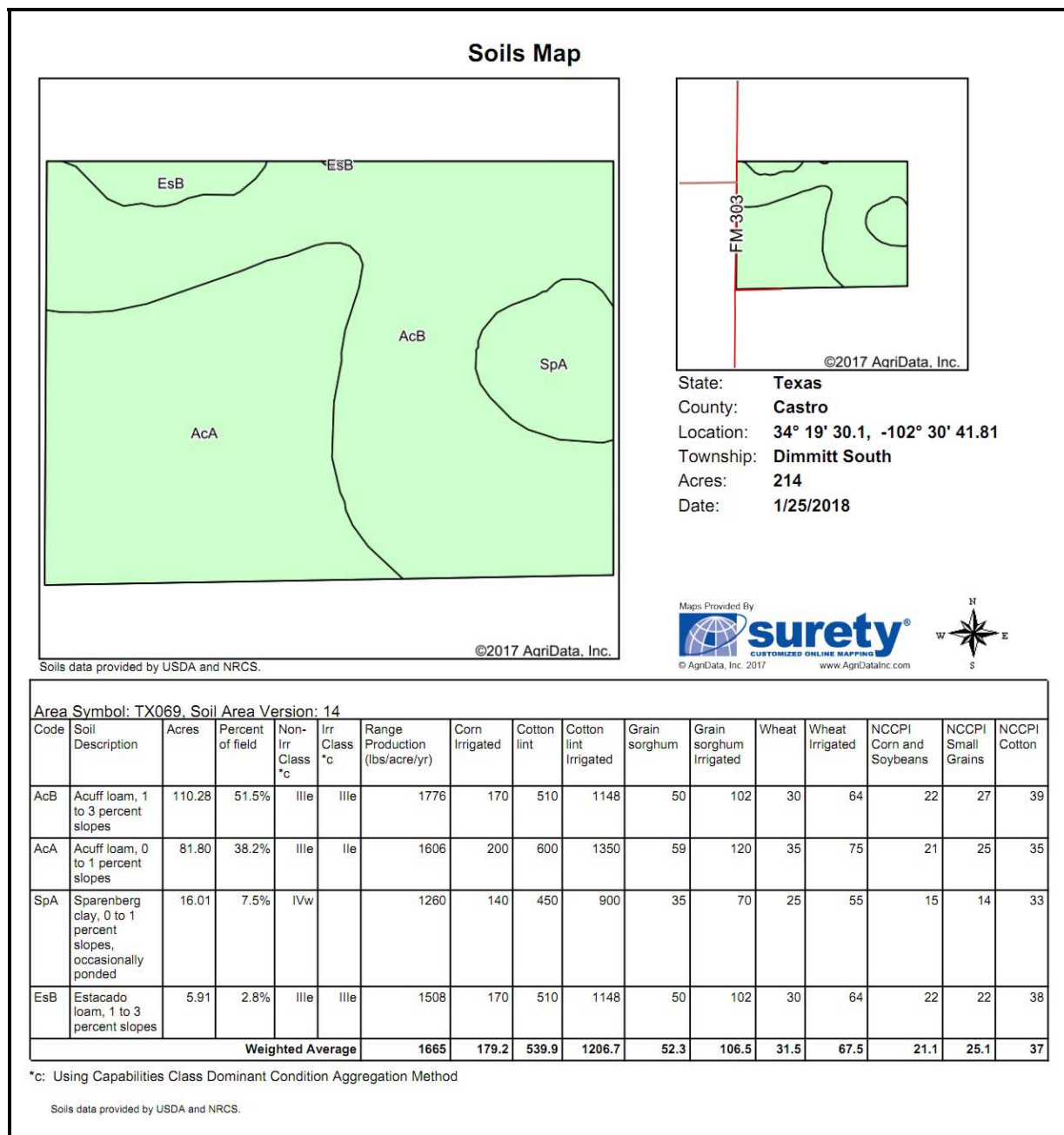
The market value as indicated by the appraisal district is considered to be well above the actual market value of this tract. Thus, the resulting taxes are considered to be above those of similar properties. Relief should be sought from the appraisal district for an over assessment.

HIGHEST AND BEST USE AS IMPROVED

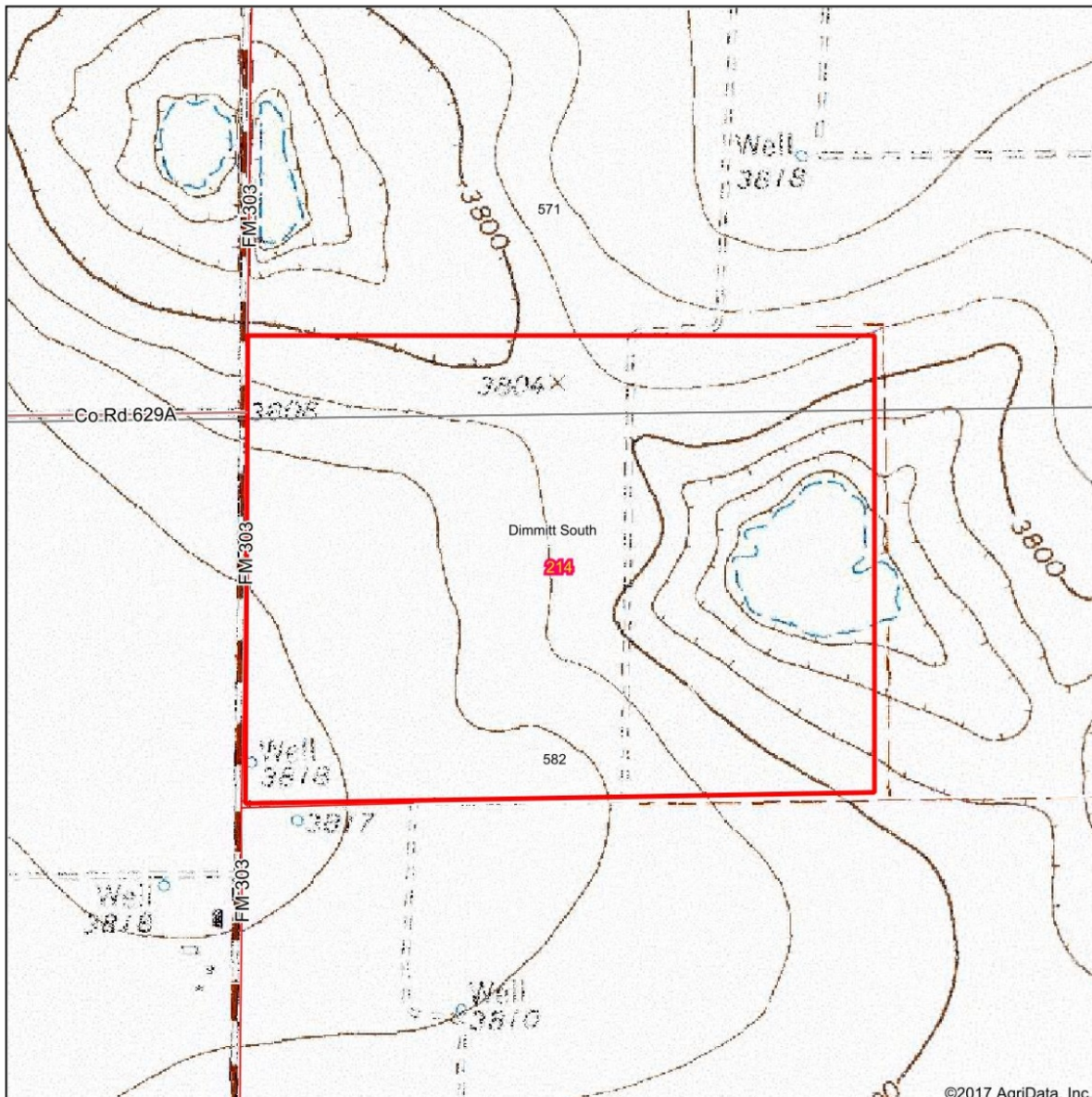
Highest and best use is the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

There are numerous uses for the subject that is both physically possible and legally permissible. However, there are very few uses that are financially feasible. These uses are limited to some type agricultural use for the subject. The use that results in the highest value for the subject is a farm use.

The subject is composed of irrigated and dry cropland. As the water levels continue to decline more of this tract will become dry cropland. There is no alternative use that is considered feasible. Thus, irrigated cropland is considered to be the highest and best use presently. As the water table declines further it will become necessary to use the subject as dry cropland.



Topography Map



map center: 34° 19' 30.1, -102° 30' 41.81

0ft 886ft 1772ft

Maps Provided By
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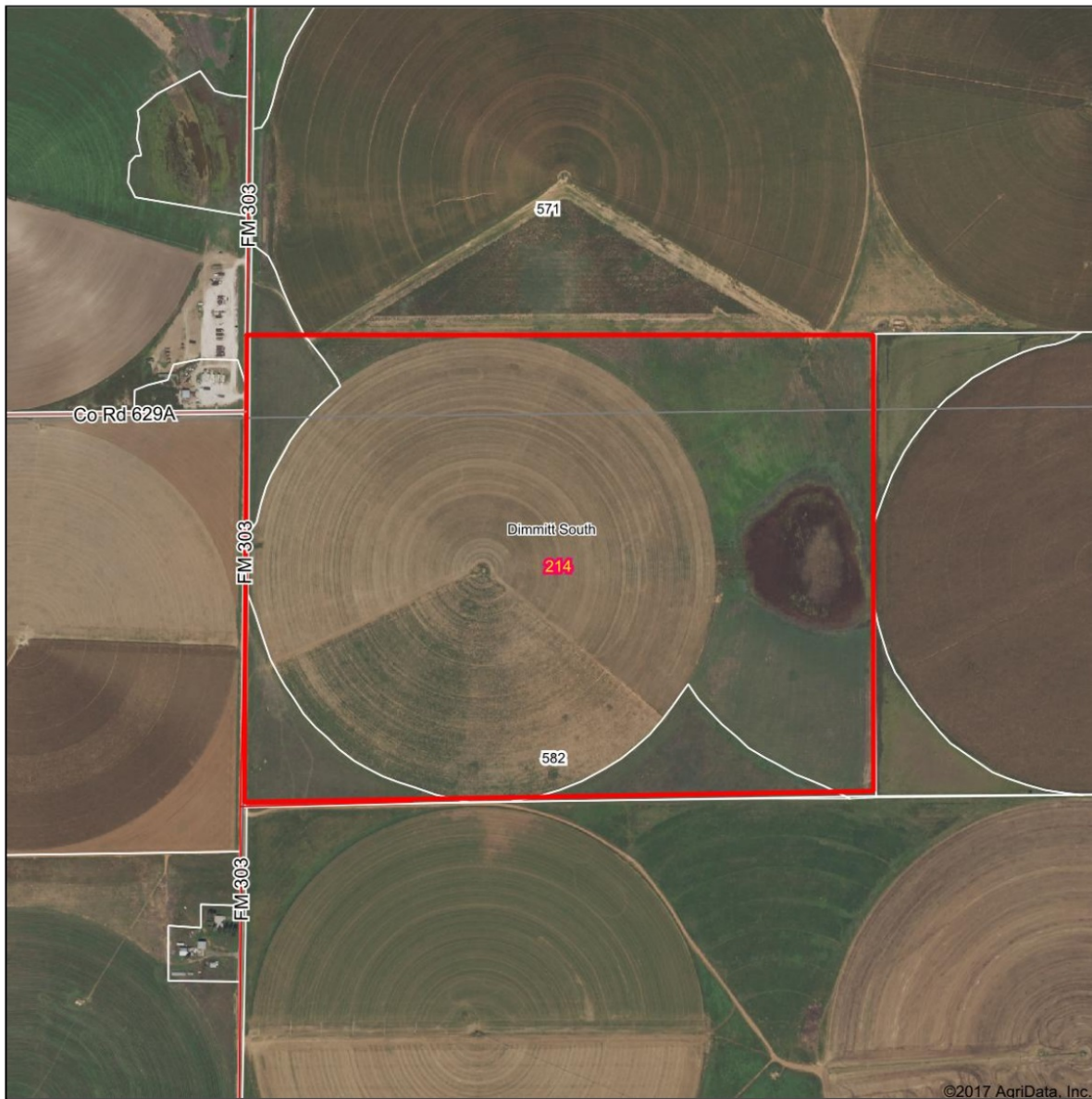
Castro County
Texas



1/25/2018

Field borders provided by Farm Service Agency as of 5/21/2008.

Aerial Map



map center: 34° 19' 30.1, -102° 30' 41.81

0ft 886ft 1772ft

Maps Provided By
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**Castro County
Texas**



1/25/2018

Field borders provided by Farm Service Agency as of 5/21/2008.

Subject Property Photographs



A view of the subject looking W from the E side (playa lake).



A view of the subject looking S from the N side.

Subject Property Photographs



A view of the subject looking E from the W side.



A view of the subject looking N from the S side.

Subject Property Photographs



A view of one of the irrigation wells located on the subject.

Market Analysis

As was stated above the subject includes approximately 214.0 acres of mostly irrigated cropland. The subject has been operated as an irrigated farm for a number of years. This tract is located in area with fair to poor irrigation. There continues to be a very strong demand for good irrigated farms. Demand for properties with poor irrigation has not been as strong. Values for better irrigated farms have seen significant increases in value during the last few years. Poorer irrigated farms have not seen such significant increases. Irrigation water is the major variable in the value of farmland in the subject neighborhood. The subject is considered to have poor irrigation water and is considered to be inferior to most tracts in soils and topography.

Values of properties similar to the subject remained reasonably stable to slightly increasing from late 2008 through mid-2010. Prior to late 2008 values increased at a rate of 5-15% per year. This is based on sales of several properties. From mid-2010 through 2013 properties saw some increases in value. Properties with inferior irrigation did not see the increases in value that good irrigated land saw. There is downward pressure on land values. This has been the case for 2 years. However, as of the date of the appraisal there were no confirmed sales that demonstrated lower land values.

Valuation Process

Sales Comparison Approach

The comparable sales used in the Market Data Approach include comparable sales of land located in the subject neighborhood. In my search for comparable sales in the general area of the subject property, I found that there are a significant number of farms, such as the subject, which have sold in the past 2 years. A summary of the sales data follows. A sales grid is attached after the sales data with appropriate adjustments made to the sales.

Comparable Sale Number 1



Grantor:	Hollis Family Farms, LLC, etal
Grantee:	Donald Clayton
Legal Description:	NW/4 and W/part of NE/4 of Section 70, Block 1, W.E. Halsell Sub., Lamb Co., TX
Location:	1 mile west, .5 north of Springlake, TX
Frontage:	Graded county dirt road
Date of Sale	June 10, 2015
Volume/Page:	730/487 Castro County Deed Records
Sales Price:	\$257,000
Sales Price/Acre:	\$1,095
Topography:	This tract lies well and is mostly level. Some slope in NW/part. 85% has 0-1% slope. Balance has 1-3% slopes.
Soils:	Olton loam, Acuff loam, and Amarillo fine sandy loam, (0-1% and 0-3% slopes).
Size:	234.8 Acres
Improvements:	None
Irrigation Water:	1 well-225 gallons per minute (.96 GPM/Ac.)
Comments:	

This tract has average to above average soils. The water on this tract is inferior to most tracts. Based on an appraisal that was done this tract sold for approximately \$100 per acre under its market value.

Income Information for this sale included below.

Income Information

Crops	Acres	Yield/Ac.	Price/Unit	Landlord's Share	Gross Income
Cotton	80.0	850.00	\$ 0.70	25%	\$ 11,900.00
Wheat	150.0	40.00	\$ 6.50	25%	\$ 9,750.00
			\$ -	100%	\$ -
Total Crop Income	230.0				\$ 21,650.00
Pasture Income	0.0	-	\$ -	100%	\$ -
Improvement Income		\$ -	Annual		\$ -
Total Other Income					\$ -
Total Income					\$ 21,650.00
Expenses					
Real Estate Tax					\$ 985.00
Insurance					\$ -
Maintenance					\$ 2,165.00
Miscellaneous					\$ 1,732.00
Total Expenses					\$ 4,882.00
Net Farm Income					\$ 16,768.00
Sales Price					\$ 257,000.00
Indicated Overall Rate					6.52%

Comparable Sale Number 2



Grantor:	Gary D. Phillips, etux
Grantee:	Griffitts & Coder Custom Choppers, LLC
Legal Description:	Section 92, Thomas Kelly Subdivision, Castro Co., TX
Location:	5 miles east, 1.5 miles south of Lazbuddie, TX
Frontage:	Paved FM 303
Date of Sale	October 3, 2016
Volume/Page:	381/354 Castro County Deed Records
Sales Price:	\$552,420
Sales Price/Acre:	\$1,650
Topography:	Mostly level (99% has 0-1% slope)
Soils:	Olton clay loam, Acuff loam and Estacado loam (Mostly 0-1% slope)
Size:	334.8 Acres
Improvements:	1997 and 2001 Reinke center pivots (approximately 260 acres under pivots (Est. Value-\$ 60,000 or \$179/Ac.)
Irrigation Water:	7 Wells-475 GPM (1.42 GPM/Ac.)
Comments:	

This farm has fair irrigation water. This tract lies extremely well.

Income Information for this sale included below.

Income Information

Crops	Acres	Yield/Ac.	Price/Unit	Landlord's Share	Gross Income
Cotton	150.0	850.00	\$ 0.70	25%	\$ 22,312.50
Wheat	180.0	35.00	\$ 6.50	25%	\$ 10,237.50
			\$ -	100%	\$ -
Total Crop Income	330.0				\$ 32,550.00
Pasture Income	0.0	-	\$ -	100%	\$ -
Improvement Income		\$ 4,000.00	Annual		\$ 4,000.00
Total Other Income					\$ 4,000.00
Total Income					\$ 36,550.00
Expenses					
Real Estate Tax					\$ 1,150.00
Insurance					\$ -
Maintenance					\$ 3,655.00
Miscellaneous					\$ 2,924.00
Total Expenses					\$ 7,729.00
Net Farm Income					\$ 28,821.00
Sales Price					\$ 384,000.00
Indicated Overall Rate					7.51%

Comparable Sale Number 3



Grantor:	L.J. Welch Estate
Grantee:	Lewis E. Embry
Legal Description:	S/2 of Section 25, Block W, E.K. Warren Sub., SW/4 of Section 41, W.E. Halsell, Lamb Co., TX
Location:	6 miles west, 2.5 north of Earth, TX
Frontage:	Paved FM 303
Date of Sale	April 27, 2016
Volume/Page:	742/200 Lamb County Deed Records
Sales Price:	\$787,500
Sales Price/Acre:	\$1,875
Topography:	Mostly level to slightly sloping. Part of playa in SW part. Majority has 0-3% slopes, small area of 3-5% slopes.
Soils:	Amarillo fine sandy loam, Arvana fine sandy loam, Sharvana fine sandy loam, Midessa fine sandy loam, Veal fine sandy loam (0-1% & 1-3% slopes); Mansker fine sandy loam (3-5% slopes)
Size:	420.0 Acres
Improvements:	1997 Reinke and 1993 Zimmatic pivot. Est. Value \$80,000 (\$190/Ac.)
Irrigation Water:	5 Wells-1,600 GPM (3.81 GPM/Ac.)
Comments:	

The soils and topography of this tract are similar to most in the area. The water on this tract is superior to most tracts in this area. The buyer owned the pumps and gearheads. This is atypical. These were valued at \$37,500 or \$90.00 per acre. Based on an appraisal that was done this tract sold for \$350 per acre under its market value. Both of these will be adjusted in the adjustment grid.

Income Information for this sale included below.

Income Information

Crops	Acres	Yield/Ac.	Price/Unit	Landlord's Share	Gross Income
Corn	330.0	185.00	\$ 4.50	25%	\$ 68,681.25
Wheat	80.0	35.00	\$ 6.50	25%	\$ 4,550.00
			\$ -	100%	\$ -
Total Crop Income	410.0				\$ 73,231.25
Pasture Income	0.0	-	\$ -	100%	\$ -
Improvement Income		\$ 6,500.00	Annual		\$ 6,500.00
Total Other Income					\$ 6,500.00
Total Income					\$ 79,731.25
Expenses					
Real Estate Tax					\$ 2,525.00
Insurance					\$ -
Maintenance					\$ 7,973.13
Miscellaneous					\$ 6,378.50
Total Expenses					\$ 16,876.63
Net Farm Income					\$ 62,854.63
Sales Price					\$ 787,500.00
Indicated Overall Rate					7.98%

Comparable Sale Number 4



Grantor:	Waymar Farms, Inc.
Grantee:	Brandon Deberry
Legal Description:	NE/4 of Section 42, Block T-2, R.M. Thomson Survey, Lamb Co., TX
Location:	1-mile north, 4 miles east of Springlake, TX
Frontage:	Graded dirt CR
Date of Sale	March 4, 2015
Volume/Page:	726/697 Lamb County Deed Records
Sales Price:	\$288,000
Sales Price/Acre:	\$1,800
Topography:	Mostly level to sloping (large playa lake in NWC). Playa lake contains 36 acres. Mostly 1-3% slopes.
Soils:	Amarillo fine sandy loam, Lofton clay loam, Olton loam, Berda fine sandy loam. Randall clay in playa.
Size:	160.0 Acres
Improvements:	2005 Valley center pivot Est. value \$56,000 or \$350/Ac.
Irrigation Water:	2 Wells-400 GPM (2.50 GPM/Ac.)
Comments:	

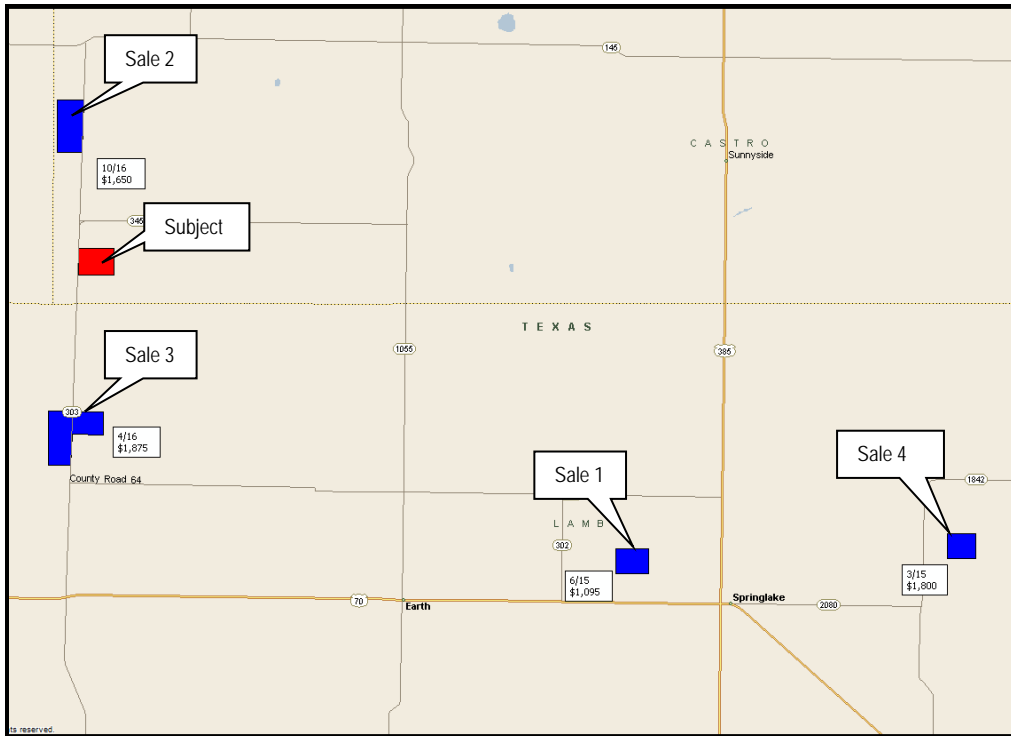
The soils and topography of this tract are inferior to most farms in the area. The water on this tract is average.

Income Information for this sale included below.

Income Information

Crops	Acres	Yield/Ac.	Price/Unit	Landlord's Share	Gross Income
Cotton	100.0	850.00	\$ 0.70	25%	\$ 14,875.00
Wheat	80.0	20.00	\$ 6.50	25%	\$ 2,600.00
CRP	29.4	1.00	\$ 45.33	100%	\$ 1,332.70
Total Crop Income	209.4				\$ 18,807.70
Pasture Income	0.0	-	\$ -	100%	\$ -
Improvement Income		\$ 4,500.00	Annual		\$ 4,500.00
Total Other Income					\$ 4,500.00
Total Income					\$ 23,307.70
Expenses					
Real Estate Tax					\$ 875.00
Insurance					\$ -
Maintenance					\$ 2,330.77
Miscellaneous					\$ 1,864.62
Total Expenses					\$ 5,070.39
Net Farm Income					\$ 18,237.32
Sales Price					\$ 288,000.00
Indicated Overall Rate					6.33%

Comparable Sales Map



Sales Comparison Approach Adjustment Grid				
Sale Number	1	2	3	4
Sale Date	6/10/2015	10/3/2016	4/27/2016	3/4/2015
Size (Acres)	234.80	334.8	420.0	160.0
Sale Price	\$ 257,000.00	\$ 552,420.00	\$ 787,500.00	\$ 288,000.00
Price/Acre	\$ 1,094.55	\$ 1,650.00	\$ 1,875.00	\$ 1,800.00
Property Rights	Fee	Fee	Fee	Fee
Conditions of Sale	\$ 100.00	\$ -	\$ 350.00	\$ -
Market Conditions	\$ -	\$ -	\$ -	\$ -
Adjusted Price/Ac.	\$ 1,194.55	\$ 1,650.00	\$ 2,225.00	\$ 1,800.00
Location	\$ -	\$ -	\$ -	\$ -
Soil and Topography	\$ (100.00)	\$ (150.00)	\$ (100.00)	\$ -
Proportion to Cropland	\$ -	\$ -	\$ -	\$ -
Irrigation Water	\$ (50.00)	\$ (250.00)	\$ (750.00)	\$ (350.00)
Other Buildings	\$ -	\$ -	\$ -	\$ -
Dwelling	\$ -	\$ -	\$ -	\$ -
Center Pivots	\$ -	\$ (179.00)	\$ (190.00)	\$ (350.00)
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total Adjustments	\$ (150.00)	\$ (579.00)	\$ (1,040.00)	\$ (700.00)
Adjusted Price/Ac.	\$ 1,044.55	\$ 1,071.00	\$ 1,185.00	\$ 1,100.00
Indicated Value per Acre	\$ 1,100.00	<div>Mean\$ 1,100.14</div> <div>Median\$ 1,085.50</div>		
Subject Acres	214.0			
Indicated Value	\$ 235,400.00			
Rounded	\$ 235,000.00			

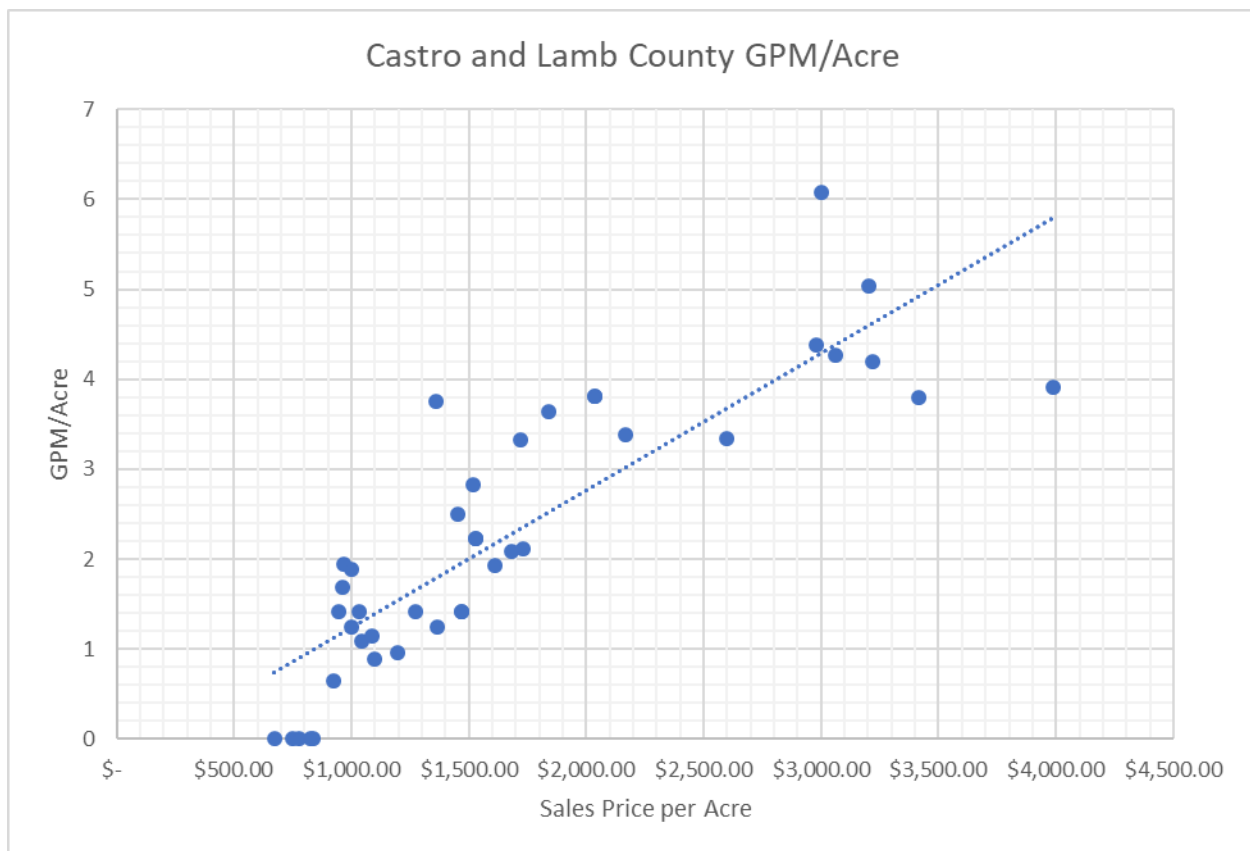
The range in the sales price for the comparable sales, without adjustments, is between \$1,000 and \$1,800 per acre. The above grid shows the various categories of adjustments applicable to each sale. Sales 1 and 3 sold below their market value and were adjusted for this.

The first adjustment was made for the value of the improvements on the subject versus the improvements of the sales. All of the sales were adjusted for the difference in the values of the center pivots. The contributory value per acre was compared to the subject's improvement value per acre to determine this adjustment.

Sales 1, 2, and 3 were superior to the subject in soils and topography in varying degrees. All of sales were paired with the other sales to determine this adjustment.

The final adjustment was for irrigation water. Linear regression (with the price per acre versus the gallons per minute per acre were the variables) was the primary tool used in determining this adjustment. The sales were also paired. A table is included on the following page that demonstrates differences in values due to irrigation. This table is somewhat skewed in that if carried out it would indicate zero value for dryland. Thus, the adjustments from this table are more that they should be in reality.

Each of the comparables was considered generally similar to the subject in all other categories. Therefore, no additional adjustments were considered necessary to the comparables. There is a tendency around a value of \$1,100 per acre. A value of **\$235,000** was indicated for the subject.



The above table represents a number of both irrigated and dry land sales in Lamb County from 2015 through 2017. No CRP sales were utilized. The motivations of typical CRP buyers are different from that of cropland buyers. All of the above sales prices per acre included a deduction for any improvements. No adjustments were made for other differences such as soils and topography. This was done in an effort to make the data as raw as possible. There is a reasonably narrow variance of prices per acre. The differences are due primarily to other motivating decisions by buyers.

Income Approach

Below are worksheets utilizing income and expense information for the subject. This information was developed from both USDA base acres and yields and information made available by the owner of the subject. Some of this data was estimated.

Crops	Acres	Yield/Ac.	Price/Unit	Landlord's Share	Gross Income
Cotton	50.0	950.00	\$ 0.70	25%	\$ 8,312.50
Wheat	50.0	65.00	\$ 6.50	25%	\$ 5,281.25
Wheat	100.0	40.00	\$ 6.50	25%	\$ 6,500.00
			\$ -	100%	\$ -
Total Crop Income	200.0				\$ 20,093.75
Pasture Income			\$ -	100%	\$ -
House Lease		\$ -	Monthly		\$ -
Pivot Lease		\$ -	Annual		\$ -
Barn Lease		\$ -	Monthly		\$ -
Total Other Income					\$ -
Total Income					\$ 20,093.75
Expenses					
Real Estate Tax					\$ 700.00
Insurance					\$ -
Maintenance					\$ 1,607.50
Miscellaneous					\$ 2,009.38
Total Expenses					\$ 4,316.88
Net Farm Income					\$ 15,776.88
Capitalization Rate					7.00%
Indicated Value					\$ 225,383.93
Rounded					\$ 225,000.00

Expenses were estimated based on noted expenses provided by operations considered typical for the area as well as indications given by current owners. The above value was obtained by utilizing a capitalization rate of 7.0%. The comparable sales had capitalization rates ranging from 6.3% to 8.0%. The mean rate is 7.09%. The median rate is 7.02%. There is a tendency around a rate of 7.0%, thus, a rate of 7.5% is appropriate for the subject. The values shown are reflective of this calculation. It is important to note that very little reliable expense information is available for farms such as the subject and comparables. Therefore, very little consideration is given to the income approach. The weight given to this approach has been limited to support of the Sales Comparison Approach. Thus, a value of **\$225,000** (rounded) is indicated by the Income Approach for the subject.

Cost Approach

As was stated previously there are no improvements associated with the subject thus, the Cost Approach is not considered applicable and is not included in this assignment.

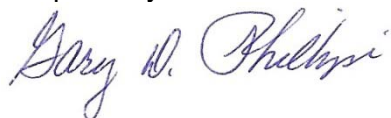
CONCLUDED VALUE

The Sales Comparison Approach is considered the primary approach and is given the most consideration in the final value estimate. The sales utilized in the Sales Comparison Approach are considered to be reasonably similar to the subject. It is difficult to accurately estimate income and expenses from the Income Approach.

Final Value Estimate
As of January 22, 2018
\$235,000

A marketing period of less than one year is indicated for the sales. This is also considered appropriate for the subject. A similar exposure time is indicated. I appreciate that opportunity to be of service to you. I hope that you will contact me if I may be of service in the future

Respectfully Submitted,

A handwritten signature in blue ink that reads "Gary D. Phillips". The signature is written in a cursive, flowing style.

Gary D. Phillips, MAI
State Certified #TX - 1320211-G
Expires 3/31/2019

ADDENDA

CERTIFICATION

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

- ◆ The statements of fact contained in this report are true and correct.
- ◆ The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations.
- ◆ I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- ◆ I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the acceptance of this assignment.
- ◆ I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ◆ My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ◆ 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 opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ◆ This appraisal was not based on a requested minimum valuation, specific valuation or approval of a loan.
- ◆ My analysis, opinions, and conclusions were developed, and this report has been prepared, to the best of my knowledge, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- ◆ I have made a personal inspection of the property that is the subject of this report.
- ◆ No one provided significant professional assistance to Gary D. Phillips, MAI, in the preparation of this report.
- ◆ I certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed and prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
- ◆ I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by duly authorized representatives.
- ◆ As of the date of the appraisal, Gary D. Phillips, MAI, has completed the requirements of continuing education program of the Appraisal Institute.



Gary D. Phillips, MAI
State Certified #TX-1320211-G
Expires 03/31/2019

February 5, 2018
Date

Environmental Survey

Name:	Gary Haberer
Size:	214.0 acres
Location:	SW of Dimmitt, TX
Type Use:	Partially irrigated cropland
Underground Storage Tanks:	None Noted
Industrial Use:	No
Adjoining Uses:	Farmland
Mineral Production:	None Noted
Chemicals Stored Onsite:	None Noted
Junkyard or Landfill:	None Noted
Gasoline Stored:	None Noted
Diesel Stored:	Above Ground
55-Gallon Drums	None Noted
Abandoned Vehicles or Tractors:	None Noted
Used Tires:	None Noted
Used Batteries:	None Noted
Stained Soil:	None Noted
Electric Transformers:	None Noted
Irrigation Wells	2 Wells, no problems noted.
Drinking Water:	N/A
Sewage Disposal:	N/A
Comments:	
A limited visual inspection yielded no unusual circumstances of any potential environmental hazards.	

ASSUMPTIONS AND LIMITING CONDITIONS

1. This appraisal report is intended to comply with the reporting requirements set forth under Standard Rule 2-2 of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs the client and for the intended use stated in this report. The appraisers are not responsible for unauthorized use of this report.
2. It is assumed that title to the property herein appraised is good and marketable, and is fee simple, unless otherwise specified.
3. The value is reported without regard to questions of title, boundaries, encroachments, or any other encumbrances and the Appraiser assumes no responsibility in connection with such matter.
4. All data used in the Appraisal Report and the comments and conclusions derived therefrom represent the opinions of the Appraiser. The data has been obtained from sources believed to be reliable; however, the accuracy of the data cannot be guaranteed. The Appraiser assumes no liability for error in fact, analysis, or judgment.
5. Disclosure of the contents of this Appraisal Report is governed by the by-laws and Regulations of the Society of Real Estate Appraisers, and the American Institute of Real Estate Appraisers. Possession of this Appraisal Report does not carry with it the right of publication being expressly for private use. Neither all, nor any part of this report (especially any conclusions to value, the identity of the Appraisers, or the firm with which they are connected, or any references to the above-mentioned organizations, or to the designations of the above-mentioned organizations), shall be disseminated to the public by means of communication without prior consent and approval of the undersigned.
6. Without the consent of the Appraiser, neither whole nor any part of this report may be introduced into evidence or used as an exhibit before any State or Federal Court or Agency. Furthermore, the Appraiser may not be required to give testimony or attendance in court or before any other legal authority by reason of this Appraisal Report without prior agreement or arrangement between the employer and the Appraiser.
7. The Appraiser assumes no responsibility for matters legal in character nor renders any opinion as to the title that is assumed to be good and marketable, and that it does not violate any applicable codes, ordinances, statutes, or other governmental regulations.
8. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear and under responsible ownership and competent management.
9. The Appraiser assumes there are no concealed or dubious conditions of the subsoil or the improvements, which would have a tendency to render the property more or less valuable than similar properties.
10. The Appraiser believes the information identified in this report as was furnished to him by others to be from reliable sources; however, no further responsibility is assumed for its accuracy.
11. The sketches and drawings included in this report are only for the purpose of assisting the reader in visualizing the property and are not based on a survey and may not be to scale.
12. The property appraised is based on the legal descriptions and tract dimensions provided the Appraiser by the client. No verification to the legality of these descriptions and dimensions was conducted. The Appraiser assumes that the legal description and tract dimensions furnished are correct.
13. Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation 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 discovering them. The client is urged to retain an expert in this field.

14. It is becoming increasingly more apparent that there are numerous outside influences of the value of real property. These outside influences include governmental regulations, interest rates, as well as the stock market and bond market. Since the appraiser has no control over these outside influences, he assumes no responsibility for their influences on the value of the subject property. It is apparent that these outside influences can drastically change the value of real property in a very short period of time.

15. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the subject property will sell for such amounts.

16. The Market Value estimated in this Appraisal is based on the continued availability of necessary capital and skillful management to see that development, maintenance, and marketing are continued in a timely and responsible manner.

17. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.

18. This appraisal assumes that any machinery and equipment on the property is not part of the real estate.

19. It is assumed that mortgage financing is available for the property. Assumptions in our valuation are based on conventional mortgage sources, terms, and conditions.

20. Acceptance of, and/or use of this report, constitutes acceptance of the above conditions and assumptions.

21. The ownership interests of minerals, buildings, irrigation equipment (including center pivots) included in this report was derived from sources that were considered reliable. However, the appraiser accepts no responsibility for the reliability of this information. Should the ownership interest of these types of properties be determined to be inaccurate the value estimated could change.

22. The quality and the quantity of the irrigation water as reported herein are assumed to be accurate. It was taken from sources that are reliable. The parties that presented this information reported to the appraiser as being accurate. Any information deemed to be inaccurate could change the value estimate.



QUALIFICATIONS OF GARY PHILLIPS, MAI, SRA

Gary D. Phillips has been actively engaged in the appraisal of real estate for since 1982. His real estate appraisal experience includes appraisals of vacant land, all types of commercial properties, residential, farms and ranches, as well as several special use projects. As is shown below, he has received the MAI and SRA designation from the Appraisal Institute. Prior to the merger of the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers, Gary received the SRPA designation from the Society of Real Estate Appraisers in the late 1980's. Gary is currently certified under the Appraisal Institute's voluntary continuing education program. In March of 1990 the State of Texas certified Gary in the general category of appraisers. Listed below is an abbreviated list of his qualifications as a real estate appraiser.

Personal

- Born in Lubbock, Texas
- Attended Idalou Public Schools all 12 years
- Been a Lubbock resident since 1974

Civic

- Elected in April of 1986 and in May of 1990 to the city council of the City of Lubbock, Texas
- Member of Various Civic Organizations and Charity Groups

Partial List of Clients

First United Bank, Lubbock, Texas
FSA (Farm Service Agency), various levels
Federal Deposit Insurance Corporation (FDIC)
American Bank of Commerce, Wolforth, Texas
U.S. Department of State, Washington, D.C.
Potter-Randall County Appraisal District, Texas
Hutchinson County Appraisal District, Texas
Chase Manhattan Bank, Houston, Texas
Lubbock National Bank, Lubbock, Texas
Resolution Trust Corporation
Banc One, Dallas, Texas
FAMCO, Dallas, Texas
Texas General Land Office

Wells Fargo
Comerica Bank, Dallas, Texas
City Bank, Lubbock, Texas
Plains National Bank, Lubbock, Texas
City of Lubbock, Texas
University Medical Center, Lubbock, Texas
Parmer County Appraisal District, Texas
First National Bank of Abilene, Texas
Boatman's Bank, San Angelo, Texas
Hale County State Bank, Plainview, Texas
State National Bank, Lubbock, Texas
And Many More

Professional Affiliations

- Texas, State General Certified Appraiser, # Tx-1320211-G
- Texas Real Estate Broker, License #265383-21
- MAI (Member of the Appraisal Institute) Member # 8295
- SRA member of the Appraisal Institute

Education and Related Studies

- Bachelor of Science, Texas Tech University
- All necessary coursework for the SRA and MAI designation

References

Mr. Sue Fields, FLM
Farm Service Agency/USDA
P.O. Drawer H
Farwell, Texas 79325
(806) 481-3311

Ms. Megan White, Vice President Loan Operations
Lone Star State Bank
6220 Milwaukee Avenue
Lubbock, TX 79424
(806) 771-7717

Mr. Stan Weaver, Real Estate Attorney
Timberlake & Weaver, P.C.
1005 15th
Lubbock, Texas 79401
(806) 762-0281

*Additional references available upon request.

Texas Appraiser Licensing and Certification Board

P.O. Box 12188 Austin, Texas 78711-2188

Certified General Real Estate Appraiser

Number: **TX 1320211 G**

Issued: **01/12/2017**

Expires: **03/31/2019**

Appraiser: **GARY D PHILLIPS**

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 this title, Certified General Real Estate Appraiser.


Douglas E. Oldmixon
Commissioner