



REAL ESTATE APPRAISAL REPORT
324 N. GRAY STREET, KILLEEN, TEXAS
PREPARED FOR: CITY OF KILLEEN
ATTN: KATE KIZITO
200 E. AVENUE D, 2ND FLOOR
KILLEEN, TX 76540



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Date: May 4, 2023

To: City of Killeen
Attn: Kate Kizito
200 E. Avenue D, 2nd Floor
Killeen, TX 76540

RE: 324 N. Gray Street
Commercial Building
Killeen, Texas

Dear Ms. Kizito:

As requested, I have performed a real estate appraisal on the property described above. I considered all conditions/characteristics pertinent to or indicative of the value of the property. As requested, the type of value that we will outline the derivation of in this report is "market value".

In the development and reporting of this appraisal report, every intention is made to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and applicable state appraisal regulations.

The property rights that are the subject of this appraisal are "fee simple".

If you have any questions or comments, please contact the undersigned. Collin Cresson can be reached by phone at (254) 751-1202 or by e-mail at Collin@BridgewoodProperties.com.

After careful consideration, it is my opinion that the market value of the subject property is:

Value Type	Effective Date	Market Value
As-Is	April 14, 2023	\$288,000

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Collin Cresson", is written over a horizontal line.

Collin Cresson

15130 Badger Ranch Blvd, Unit 401, Woodway, TX 76712
Phone (254) 751-1202
www.bridgewoodproperties.com

EXECUTIVE SUMMARY

Effective Date:	April 14, 2023
Inspection Date:	April 14, 2023
Report Date:	May 4, 2023
Address:	324 N. Gray Street, Killeen, Texas
Legal Description:	Lot PT 11, (N 54.5' OF W 110' OF 11), Block 11 Original Town of Killeen Addition, Killeen, Bell County, Texas
Owner:	Shirley Husar
Borrower:	N/A
APN:	102597
Type of Property	Commercial Building
Zoning	B-5, Business District
Lot Size	5,940 SF, per BCAD
Building Size	7,397 SF, per measurements taken at the time of inspection and BCAD
Land to Building Ratio: Effective	0.80
Highest and Best Use	
- As Vacant	Office or Retail Type Use
- As Improved	Office or Retail Use
Value Conclusion: "As-Is"	\$288,000
Value Conclusion: "As Proposed"	<u>N/A</u>

CONTINGENT AND LIMITING CONDITIONS

HYPOTHETICAL CONDITIONS AND/OR EXTRAORDINARY ASSUMPTIONS:

USPAP defines a hypothetical condition as: “*A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.*”

USPAP defines an extraordinary assumption as: “*An assumption, directly related to a specific assignment, as of the effective date of the appraisal results, which, if found to be false, could alter the appraiser’s opinions or conclusions.*”

No hypothetical conditions and/or extraordinary assumptions are employed for the purpose of this appraisal.

OTHER ASSUMPTIONS AND LIMITING CONDITIONS:

1. This is an appraisal report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report.
2. It is assumed that title to the subject property is good and transferable. The value is reported without regard to questions of title, boundaries, encroachments, environmental regulations, licenses, or other matters of a legal nature unless non-compliance has been stated, defined, and considered in the appraisal report.
3. Factual data appearing in the report has been obtained from sources deemed reliable and was verified by recording information and by other sources when possible. While this information is believed to be reliable, no warranty is given for its accuracy. If new information of significance comes to light, the value given in this report is subject to change without notice.
4. Real Estate Values are influenced by a large number of external factors. The data contained herein is all of the data we consider necessary to support the value estimate. The appraiser has not knowingly withheld any pertinent facts, but cannot guarantee knowledge of all factors which might influence the value of the subject property. Due to unanticipated changes in external influences upon value, the value estimate is considered reliable only as of the date of the appraisal.
5. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the future sales price of the subject property will equal the value estimate stated in this report. The value estimate assumes that the property is under responsible ownership and has competent management.

6. The appraiser will not be required to give testimony or attendance in either a court of law, or before any other legal authority by reason of this appraisal without prior agreement.
7. Possession of this report, or any copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by any but the client without the previous consent of the appraiser or the client.
8. Neither all, nor any part, of the contents of this report shall be disseminated to the public through advertising media, public relations media, news media, prospectus for securities, or any other public means of communications without prior written consent and approval of the undersigned.
9. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
10. No environmental impact studies were either requested or made in conjunction with this appraisal, and the appraiser hereby reserves the right to alter, amend, revise or rescind any of the value opinions based upon any subsequent environmental impact studies, research or investigation.
11. All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.
12. It is assumed that all required licenses, permits, consents, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
13. No survey or topographical study of the property has been made by the appraiser(s) and the appraiser(s) assumes no responsibility in connection with such matters. Size of the subject property is taken from sources believed to be accurate; however, the reader/client is cautioned to rely only upon a qualified land surveyor or engineer for exact figures.
14. The appraiser(s) has not made a specific compliance survey and analysis of the subject property to determine whether or not it is in conformity with ADA requirements. Analysis by an expert in such matters is recommended. Discovery of noncompliance could have a negative effect on the value conclusion.

15. The acceptance of this appraisal is the acceptance of all assumptions, limiting conditions, and/ or any contingencies that are stated within this or any other section(s) of the appraisal.

STANDARD FORM CERTIFICATION

PERTAINING TO: 324 N. Gray Street
Commercial Building
Killeen, Texas

AS OF: April 14, 2023

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 (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved.
4. 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 acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

9. Collin Cresson made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. The appraisal is based on the conditions specified in the definition of market value, as defined by the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA).

A handwritten signature in cursive script, appearing to read 'Collin Cresson', is positioned above a horizontal line.

Collin Cresson

PURPOSE OF APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property for use by the client/intended user of this report. This appraisal is not intended for use by anyone other than the client/intended user of this report. The appraiser does not intend, know of, or authorize any other use of this appraisal or content in this report. The results or content in this report should not be used for any other purposes.

FUNCTION OF APPRAISAL

This appraisal is intended to serve as a basis for purchasing decisions regarding the subject property for the client/intended user. This appraisal is not intended for use by anyone other than the client/intended user of this report. The appraiser does not intend, know of, or authorize any other use of this appraisal or content in this report. The results or content in this report should not be used for any other purposes.

PROPERTY RIGHTS APPRAISED

Property rights appraised in this report are in bold. Definitions are found in the *Dictionary of Real Estate Appraisal, American Institute of Real Estate Appraisers*:

Fee Simple Estate - “Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation.”

Leased Fee Estate – “An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of lessor (the leased fee owner) and leased fee are specified by contract terms contained within the lease.”

DEFINITION OF MARKET VALUE

MARKET VALUE, for the purpose of this appraisal, is defined as being the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, 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 he considers his own best interest.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in cash in U.S. Dollars or in terms of financial arrangements comparable thereto.
5. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: 12 CFR § 323.2

SCOPE OF THE APPRAISAL

USPAP Definition: The type and extent of research and analysis in any assignment. Includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data researched, and the type and extent of analysis applied to arrive at opinions or conclusions.

1. Upon engagement by the client to provide a real estate appraisal of the subject property, a detailed inspection was conducted of the subject property. On such properties that include improvements, interior inspections were also made.
2. The appraiser(s) researched the physical, legal, and economic records of the subject property and included any information deemed significant in the appraisal report.
3. The appraisal process consisted of the analysis of market data, such as sales, lease rates, and construction figures of similar properties. The process of collecting such information consisted of contacting real estate brokers, grantors and grantees, and other parties that have an interest in the subject area. Additional data was collected from appropriate secondary sources, such as the multiple listing service, public sources, CoStar, Loopnet, cost estimating services, and other relevant sources.
4. The appraisal report can include three approaches to value. The sales approach considers sales of properties similar to the subject. Adjustments are made to account for significant differences between the subject and the comparable properties. The cost approach consists of the determination of the land value of the subject added to the estimated construction costs of any improvements (minus depreciation). The income approach uses the income generating potential of the subject property to establish its market value. The exclusion of any of these approaches to value does not diminish the reliability of the value conclusion.
5. The results of these approaches were reconciled to produce an opinion of value that is based upon facts and figures derived from market transactions in the subject area.

OWNERSHIP HISTORY: 3 YEARS	<p>According to the Bell County Appraisal District, ownership of the subject property transferred from Jeanine P. Sandefur to Shirley Husar on October 19, 2021, Instrument #2021071940. The sales price of this transaction, per MLS #331212, was \$200,000.</p> <p>The property is currently listed for sale by Naomi Greenlee with Coldwell Banker Realty for \$399,000. The building has been on the market for a total of 41 days.</p>
INTENDED USER:	City of Killeen
CLIENT:	City of Killeen
EFFECTIVE DATE:	April 14, 2023
MARKETING TIME:	<p>“The time it takes an interest in real property to sell on the market subsequent to the effective date of the appraisal.”</p> <p>The marketing time for the subject property is approximately six to twelve months.</p>
EXPOSURE TIME:	<p>“The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.”</p> <p>The exposure time of the subject property is approximately six to twelve months.</p>

TAXING INFORMATION

Bell County Appraisal District Valuation:

2022 Assessed Values:

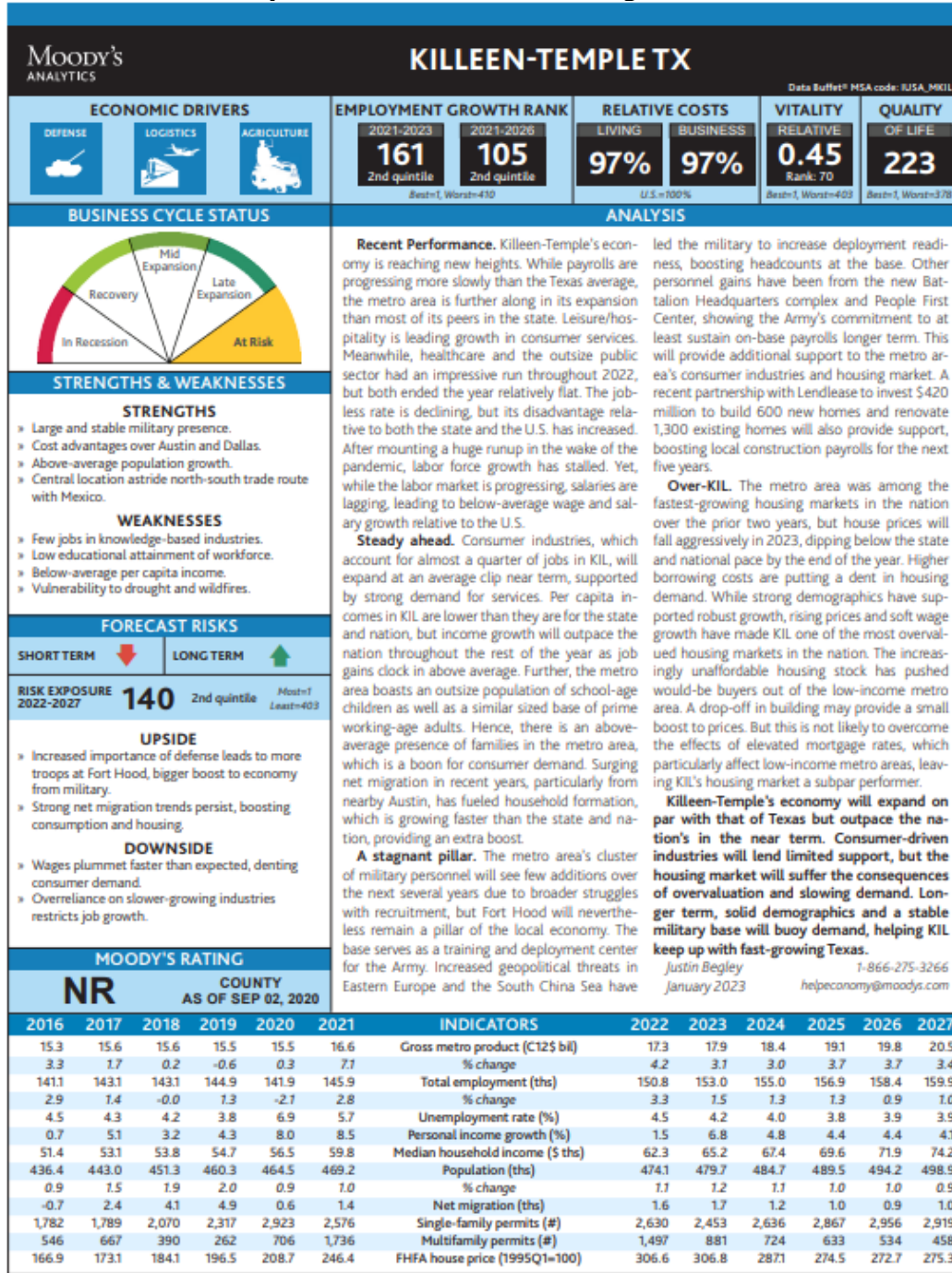
Land Value	\$17,879
Improvement Value	161,311
Total Value	\$179,190

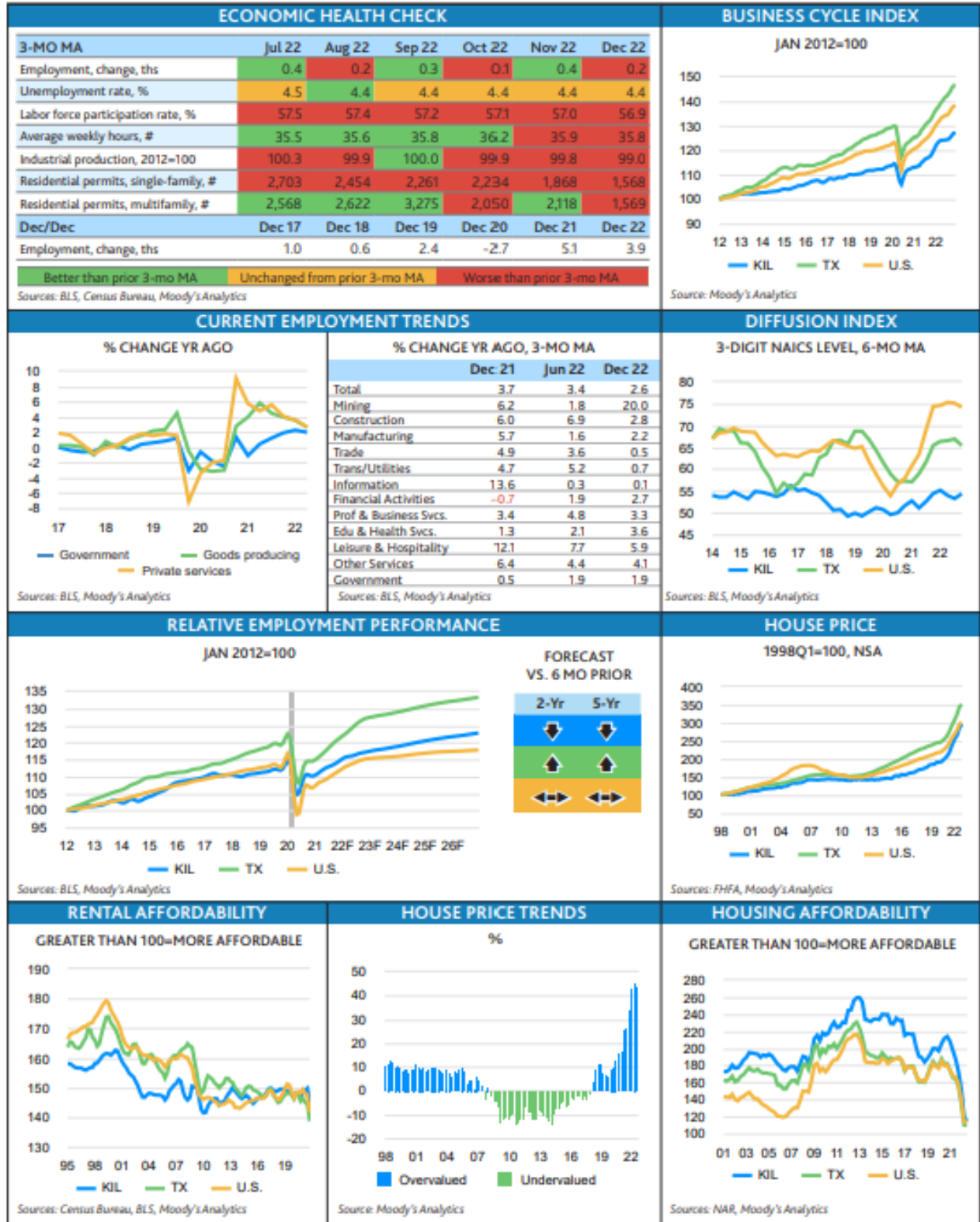
2022 Taxes

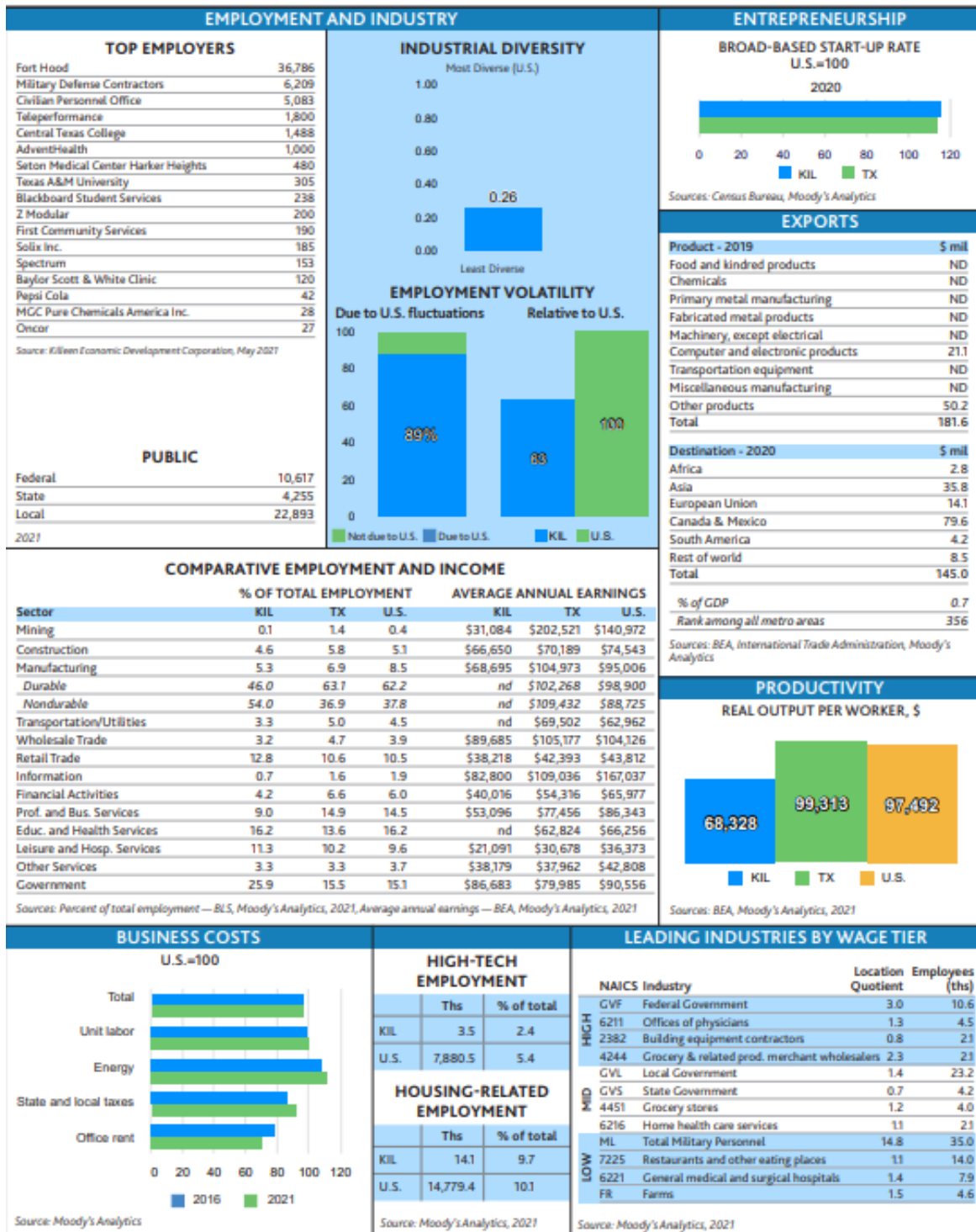
Tax Districts	Tax Rate/100	Tax Amount
Bell County	0.316000	\$566.24
Central Texas College	0.096000	172.02
Bell County Road	0.023300	41.75
Killeen ISD	1.016600	1,821.65
City of Killeen	0.623300	1,116.89
Clearwater U.W.C.D.	0.002708	4.85
Bell County WCID #6	0.026600	47.66
TOTAL	2.104508	\$3,771.06

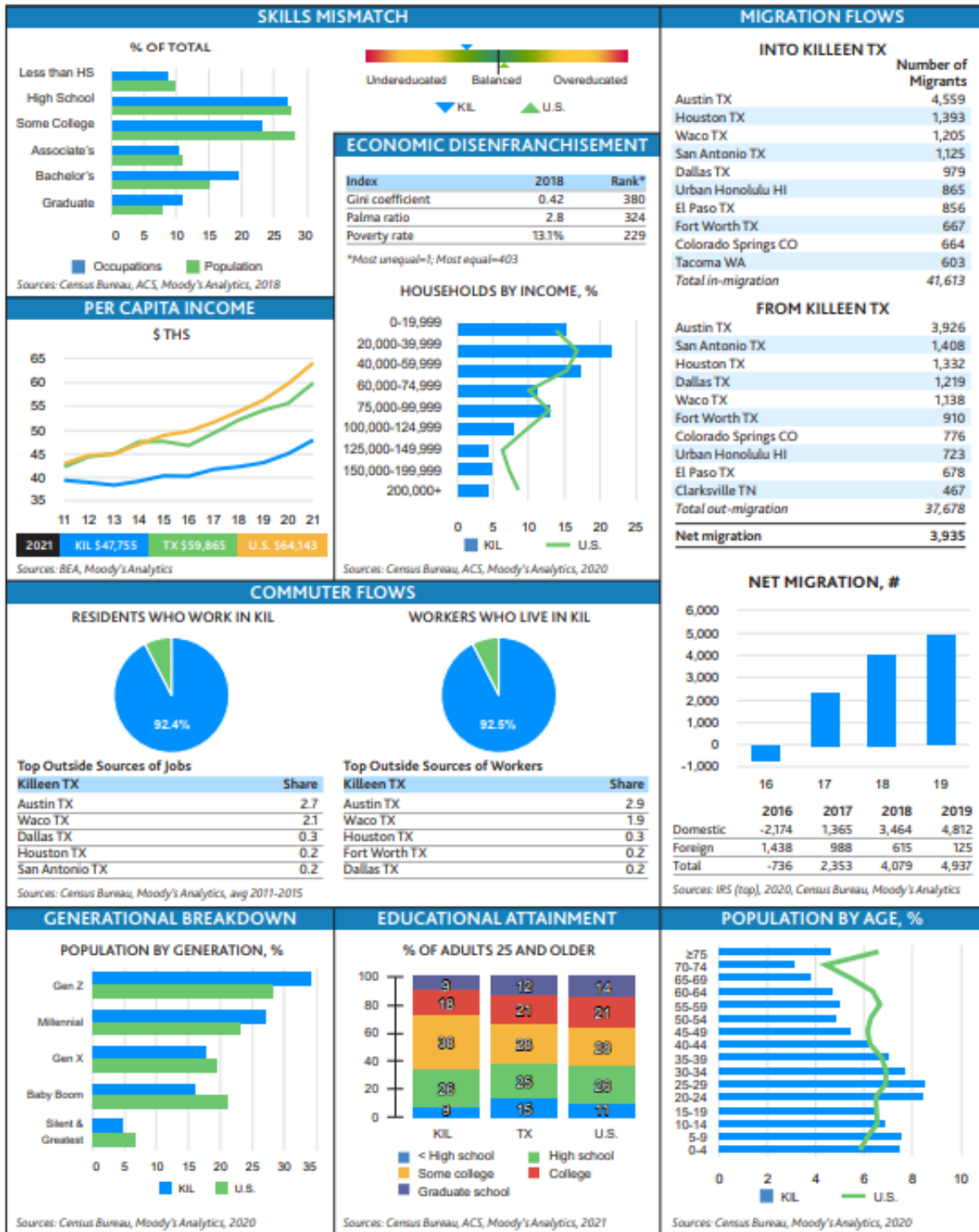
CITY DATA & ECONOMIC TRENDS

The subject is located in the City of Killeen, which is in the Killeen-Temple MSA and is located in the central sector of the State of Texas approximately one hundred twenty miles south of the Dallas/Fort Worth Metroplex. Austin, which is the capitol of Texas, is located approximately fifty miles to the south of the City of Killeen. The following analyses, prepared by Moody's Analytics, summarize the economic outlook and population trends for the City of Killeen and surrounding areas.









GENERATIONAL BREAKDOWN

Generation	KIL (%)	U.S. (%)
Gen Z	~35	~35
Millennial	~25	~25
Gen X	~15	~15
Baby Boom	~15	~15
Silent & Greatest	~5	~5

Sources: Census Bureau, Moody's Analytics, 2020

EDUCATIONAL ATTAINMENT

Education Level	KIL (%)	TX (%)	U.S. (%)
< High school	9	12	14
Some college	38	21	21
High school	38	38	38
College	9	13	14
Graduate school	0	0	0

Sources: Census Bureau, ACS, Moody's Analytics, 2021

MIGRATION FLOWS

INTO KILLEEN TX

Location	Number of Migrants
Austin TX	4,559
Houston TX	1,393
Waco TX	1,205
San Antonio TX	1,125
Dallas TX	979
Urban Honolulu HI	865
El Paso TX	856
Fort Worth TX	667
Colorado Springs CO	664
Tacoma WA	603
Total in-migration	41,613

FROM KILLEEN TX

Location	Number of Migrants
Austin TX	3,926
San Antonio TX	1,408
Houston TX	1,332
Dallas TX	1,219
Waco TX	1,138
Fort Worth TX	910
Colorado Springs CO	776
Urban Honolulu HI	723
El Paso TX	678
Clarksville TN	467
Total out-migration	37,678

NET MIGRATION,

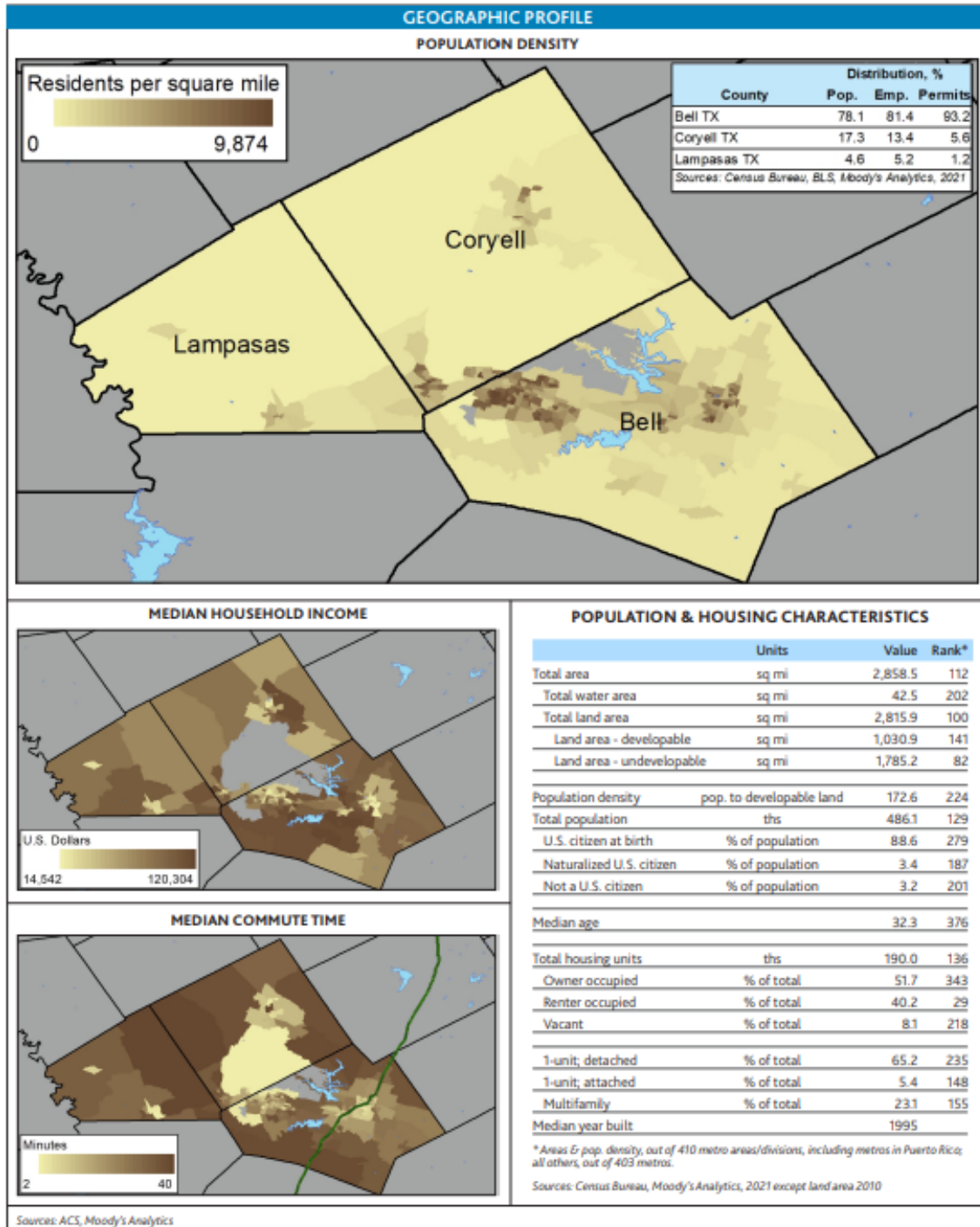
Year	Domestic	Foreign	Total
2016	-2,174	1,438	-736
2017	1,365	988	2,353
2018	3,464	615	4,079
2019	4,812	125	4,937

Sources: IRS (top), 2020, Census Bureau, Moody's Analytics

POPULATION BY AGE, %

Age Group	KIL (%)	U.S. (%)
≥75	~4	~4
70-74	~4	~4
65-69	~4	~4
60-64	~4	~4
55-59	~4	~4
50-54	~4	~4
45-49	~4	~4
40-44	~4	~4
35-39	~4	~4
30-34	~4	~4
25-29	~4	~4
20-24	~4	~4
15-19	~4	~4
10-14	~4	~4
5-9	~4	~4
0-4	~4	~4

Sources: Census Bureau, Moody's Analytics, 2020



Bridgewood Summary

Moody's forecasts that the Temple-Killeen submarket will weather the short-term economic uncertainty. Overall, Bridgewood concludes that the Temple area is capable of supporting the viability of long-term real estate investment.

GENERAL LOCATION INFORMATION:

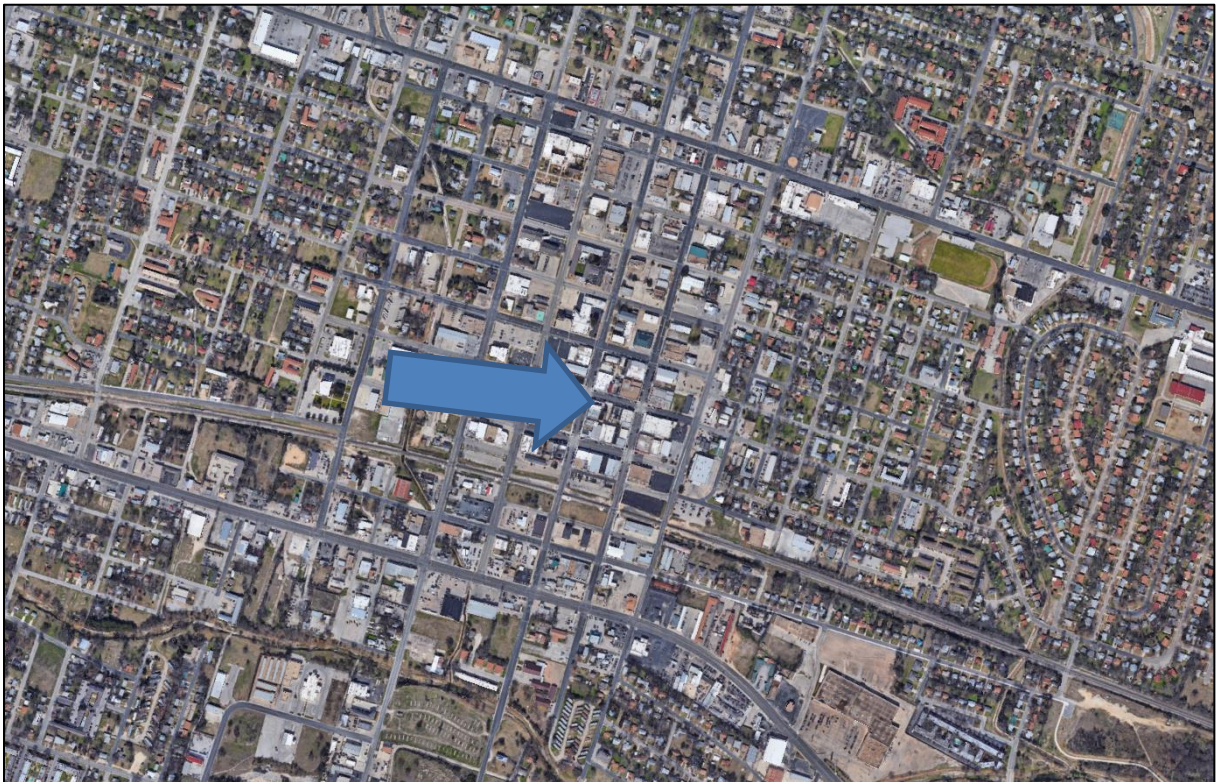
The subject property is located in the City of Killeen fronting N. Gray Street and E. Avenue C, which are secondary thoroughfares of the subject area. E. Rancier Avenue, a primary thoroughfare of the subject area, is located six blocks to the north of the subject. Business Highway 190, another primary thoroughfare of the subject area, is located five blocks to the south of the subject property. U.S. Highway 190, also known as Interstate Highway 14, is a primary thoroughfare of the City of Killeen and Bell County. U.S. Highway 190 is located less than two miles to the south of the subject property.

Fort Hood is located less than one mile to the north of the subject property. The subject is located in the downtown business district of the City of Killeen, which consists primarily of office and municipal buildings, retail buildings, restaurants, places of worship, and other commercial properties. Various residential neighborhoods with single- and multi-family residences are located within a short distance of the subject property. The area is serviced by the Killeen Independent School District. Overall, this area has shown average to good marketability in the recent past.

NEIGHBORHOOD ANALYSIS:

<u>Neighborhood Boundaries</u>	The subject neighborhood consists of the northern sector of the City of Killeen.
<u>Land Use</u>	<div>Commercial/Retail 25%</div> <div>Office Buildings 10%</div> <div>Industrial Use 5%</div> <div>Residential Use 55%</div> <div>Vacant Land 5%</div>
<u>Property Compatibility</u>	Average.
<u>Growth Rate</u>	Appears average at the present time with limited construction in the subject area.
<u>Property Values</u>	Property values in the commercial sector have increased sharply over the past several years. Rising interest rates have increased residential marketing times and have slowed residential property value growth. Given the fewer number of datapoints in the commercial real estate sector, no indication has been observed by Bridgewood that suggests commercial property values have declined; however, rising interest rates will inevitably decrease the pool of potential buyers, which could lead to increased marketing times and may impact property values in the short term.
<u>Employment Stability</u>	The Killeen sector's unemployment rate is in line with its long term average and appears to have fully recovered from the COVID-19 pandemic. We caution readers to monitor employment trends, as interest rates used to combat inflation may lead to unemployment rate increases.
<u>Market Conditions</u>	High rates of inflation and rising interest rates employed to combat inflation should be monitored by the reader. As previously mentioned, the residential market in the Killeen area has seen a marked slowdown from record levels of activity. The commercial sector is more difficult to analyze on a macro level; however, Bridgewood has observed signs of a generally cooling real estate market.
<u>General Description</u>	The subject is located in the downtown center of the City of Killeen, which consists primarily of office and municipal buildings, retail buildings, restaurants, places of worship, and other commercial properties. Various residential neighborhoods with single- and multi-family residences are located within a short distance of the subject property.

LOCATION MAP



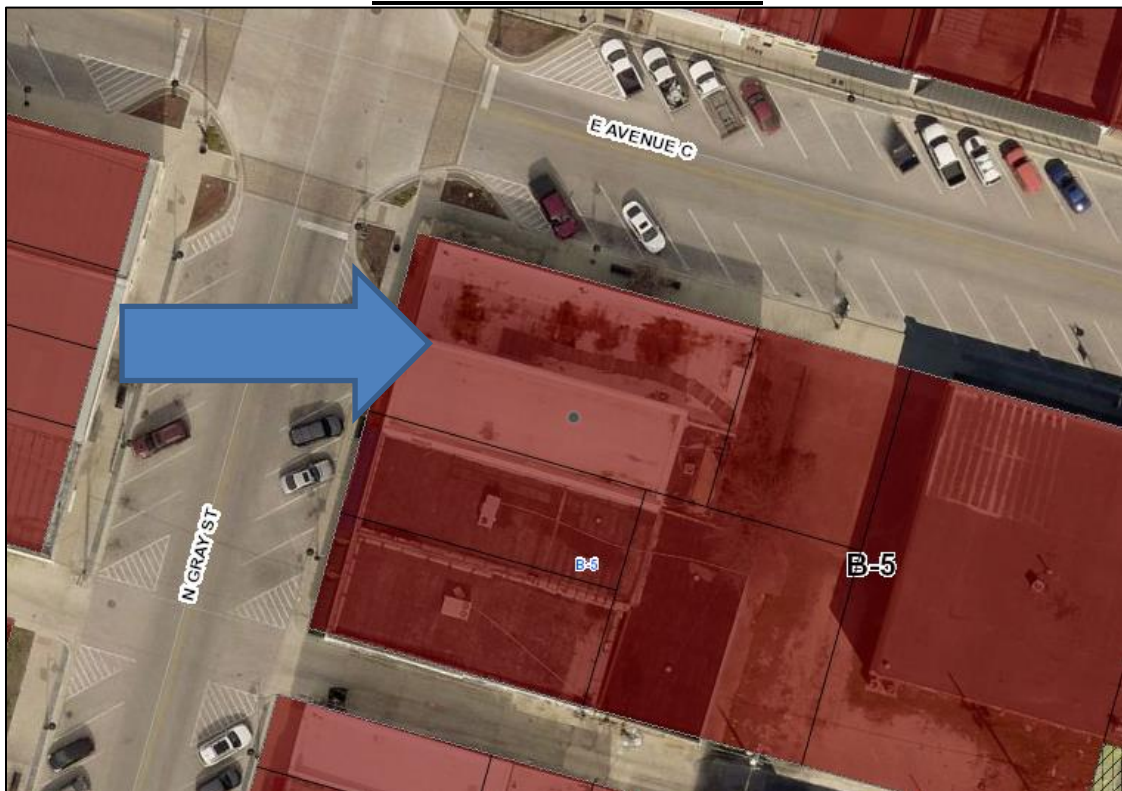
SITE DESCRIPTION

SIZE & SHAPE:	5,940 Square Feet. Rectangular in shape. Size and shape provided by BCAD. A survey is recommended.
TOPOGRAPHY AND SOIL:	Terrain is level to gently sloping. All surface drainage appears adequate at the present time. The soil condition appears suitable for all types of construction.
UTILITIES & SERVICES:	Public water and sewer. Gas, electric and telephone services available.
STREET IMPROVEMENTS:	The subject contains frontage along N. Gray Street and E. Avenue C, which are asphalt paved and publicly maintained.
ACCESS:	The subject has average access to N. Gray Street and E. Avenue C.
IMPROVEMENTS:	The subject is improved with a commercial building. See description of improvements.
FLOOD ZONE INFORMATION:	The subject is located in Zone X, which consists of areas outside of the flood zone. See FEMA Panel #48027C0280E
EASEMENTS & ENCROACHMENTS	No adverse easements or encroachments were observed on the subject tract at the time of inspection.

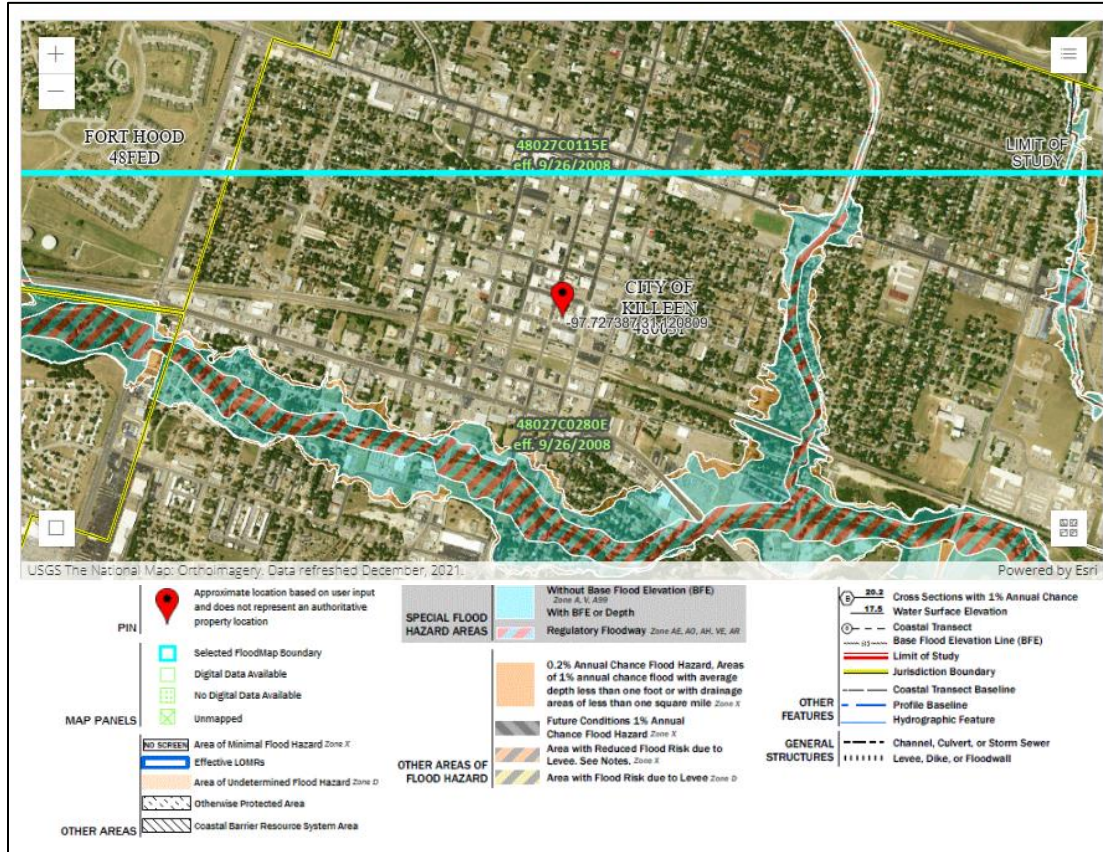
PLAT



ZONING DESCRIPTION



FLOOD ZONE MAP



ENVIRONMENTAL DISCLAIMER:

The appraiser(s) is not licensed for the examination of any environmental hazards that may be found on the subject tract. No environmental impact studies were made in conjunction with this appraisal. Inspection by a licensed environmental expert is recommended. The appraiser(s) reserves the right to alter, amend, revise, or rescind the opinion(s) of value based on the results of such an inspection.

DESCRIPTION OF IMPROVEMENTS:

COMMERCIAL BUILDING	
YEAR OF CONSTRUCTION:	1973, per BCAD.
EFFECTIVE AGE:	Approximately 20 years.
SIZE:	Approximately 7,397 Square Feet, per appraiser's measurements and BCAD.
CONSTRUCTION TYPE:	Concrete block construction.
FOUNDATION:	Concrete slab foundation.
EXTERIOR FINISH:	Painted concrete and brick veneer.
ROOF TYPE:	Flat roof covering.
WINDOWS/DOORS:	Metal frame glass windows and entrance doors. Wood interior doors. Metal exit doors.
HEATING/COOLING:	Central heat and air conditioning located throughout the building. Inspection by a licensed expert is recommended.
ELECTRICAL:	Electrical systems are assumed to code.
PLUMBING:	Adequate restrooms. All plumbing assumed to code.
OVERALL FLOOR PLAN:	<p>The building currently consists of a several open commercial/retail space, a former kitchen/bar, three restrooms, and storage space.</p> <p>The second floor contains a loft apartment. It is noted that the appraiser was not able to access the second floor at the time of inspection. Photos below are taken from previous listing.</p>
CONDITION:	The building is in fair to average condition.

DESCRIPTION – EXTERIOR IMPROVEMENTS

PARKING/PAVED:	Public parking available on surrounding streets.
CONDITION:	The overall condition of the site improvements is fair to average.

OBSOLESCENCE/UTILITY OF IMPROVEMENTS:

PHYSICAL:

Overall, the subject improvements are in fair to average condition. Physical depreciation is based upon age and physical condition.

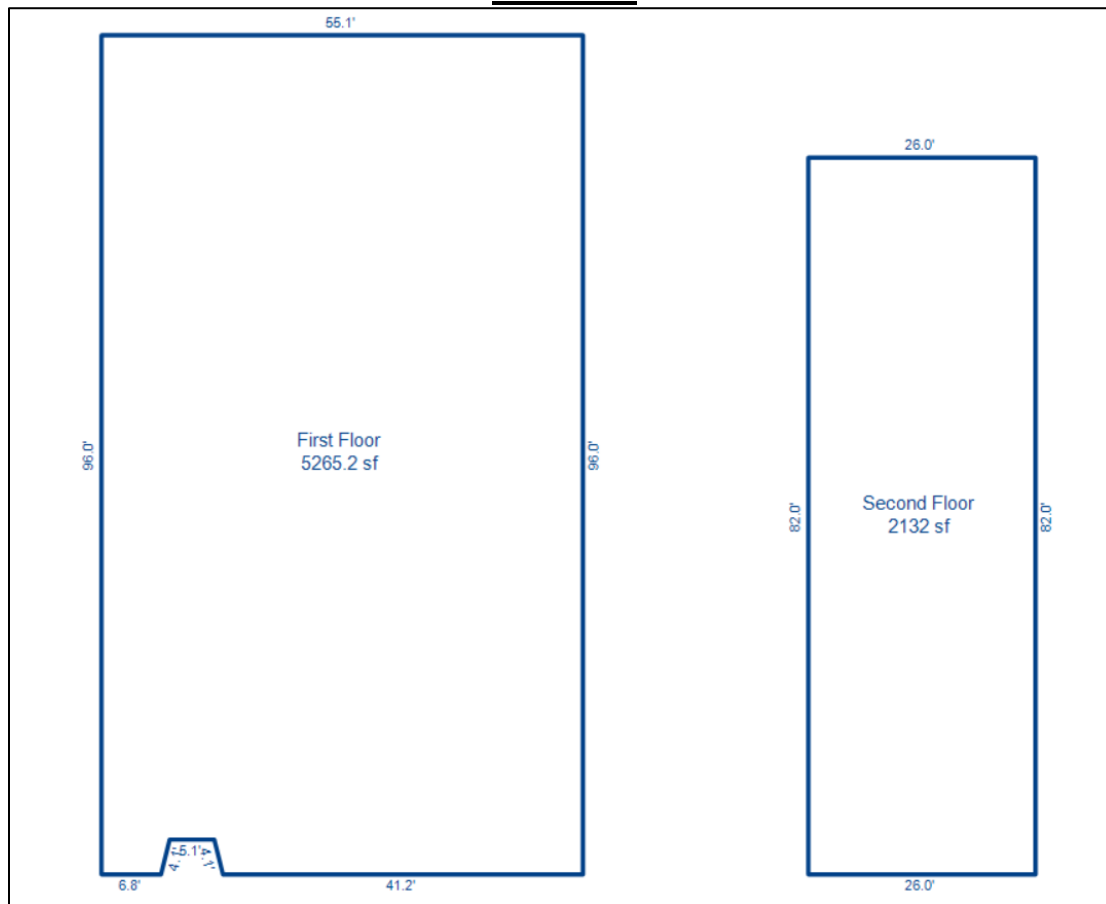
FUNCTIONAL OBSOLESCENCE:

The subject experiences no functional obsolescence.

EXTERNAL (ECONOMIC) OBSOLESCENCE:

The overall subject improvements appear to suffer from no external or economic obsolescence.

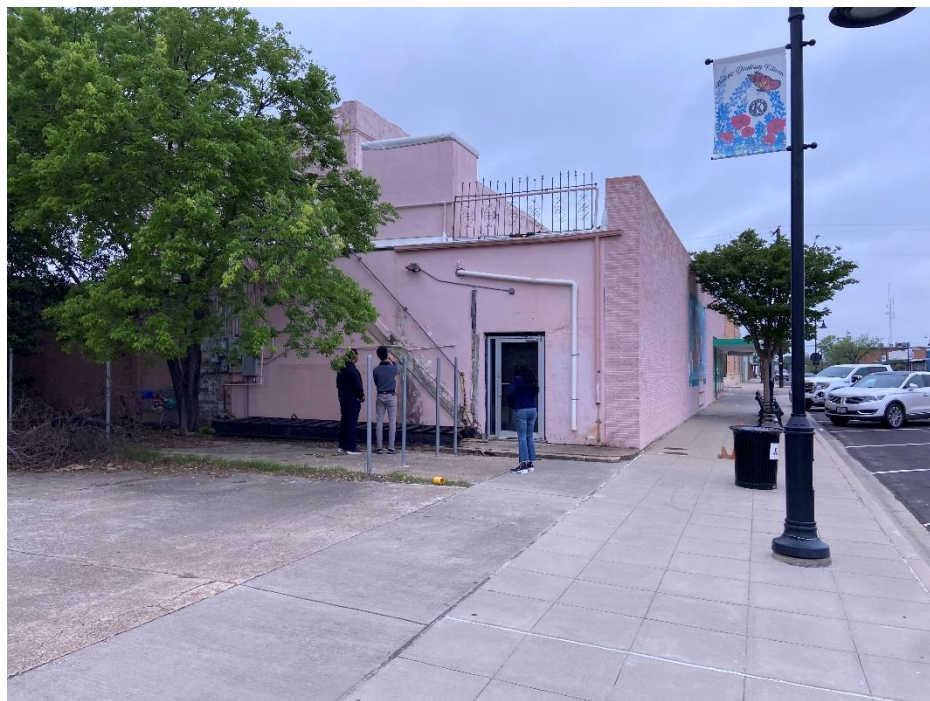
SKETCH



Subject



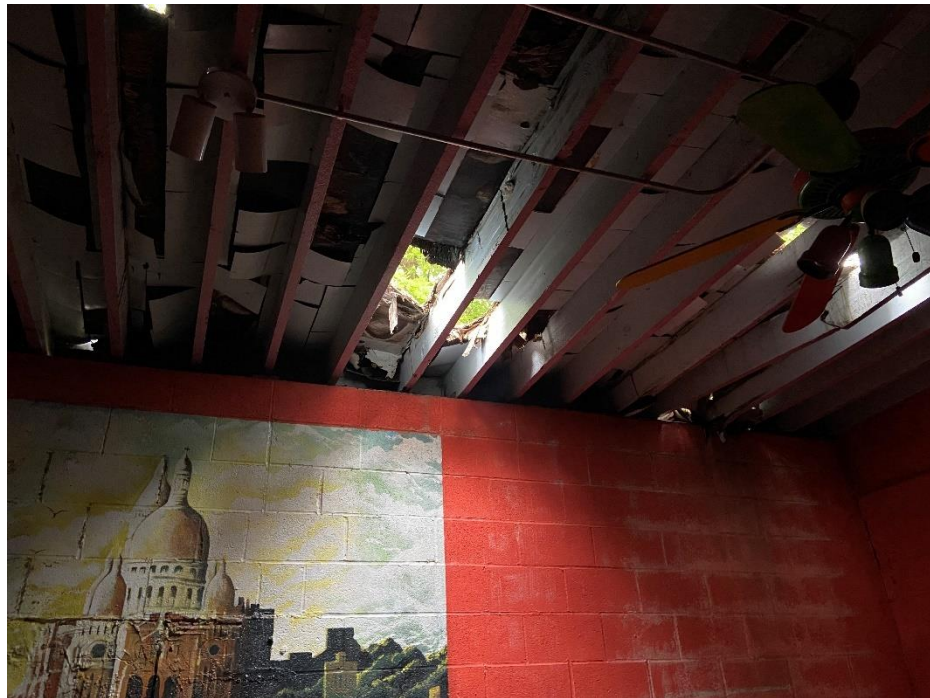
Subject



Interior



Interior



Interior



Interior



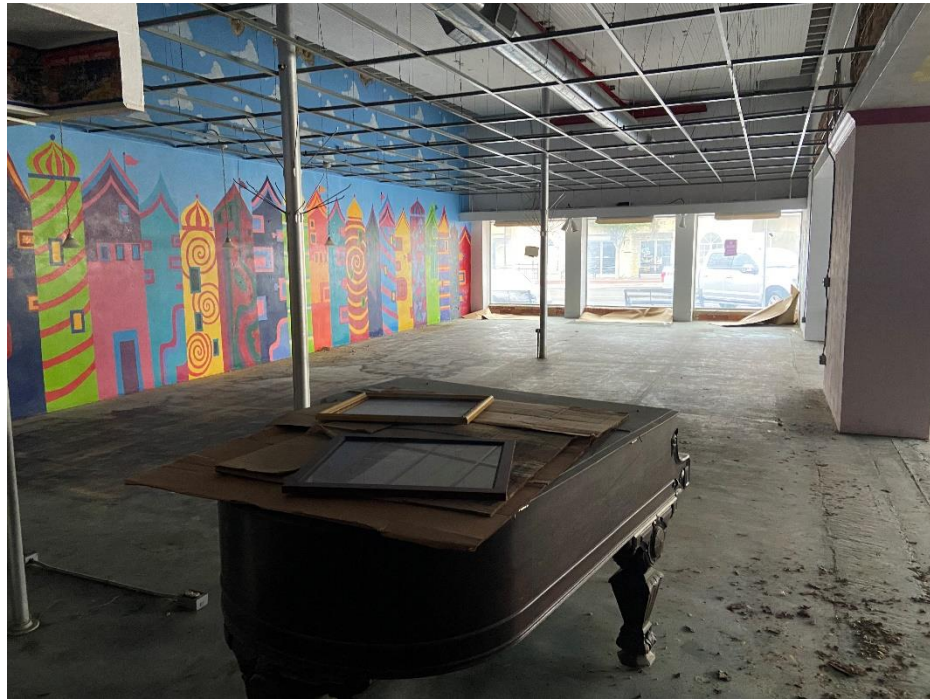
Interior



Interior



Interior



Interior



*Photo of
second floor
taken from
previous
listing*



Street Scene



Street Scene



HIGHEST AND BEST USE ANALYSIS:

A fundamental principle in the valuation of real property is highest and best use.

Highest and Best use is defined as, “The reasonable, 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.” (*The Appraisal of Real Estate*, 14th Edition, P. 333)

Four tests are used to determine the highest and best use of a property. A use must be physically possible, legally permissible, financially feasible, and maximally productive. Determination of this use, as vacant and as improved, is critical, as the subject will be valued according to its highest and best use.

AS VACANT	
Physically Possible	The subject tract consists of approximately 5,940 square feet of land with level to gently sloping terrain. The subject tract appears to be located outside the 0.2% flood zone. The soil type appears adequate for all types of construction. Public utilities are available to the subject tract and the subject is provided with adequate street access. Based upon analysis of the physical features of the site, no physical limitations are present that would limit development of the subject site.
Legally Permissible	This tract is located within the city limits of Killeen and is zoned Business District. The subject tract is subject to typical local service utility easements, which have no adverse effects on the subject. Based upon analysis of the zoning regulations and utility easement requirements, no legal limitations are present that would limit development of the subject site.
Financially Feasible	Based upon the current zoning of the subject site, allowable uses would include an office or retail type use, which would be financially feasible for the subject tract.
Maximally Productive	Use of the subject site for an office or retail type use would be consistent with surrounding developments and would represent the maximally productive use of the tract.
Conclusion	The appraiser(s) has presented a discussion of the physically possible, legally permissible, financially feasible, and maximally productive use of the subject property, as vacant. Based on the information presented, it is my opinion that the highest and best use of the subject tract, as vacant, is an office or retail type use.

AS IMPROVED	
Physically Possible	The subject is improved with a commercial building that is in fair to average condition at the present time. The typical user would operate an office or retail facility out of the building. There are no physical limitations preventing the property from its highest and best use.
Legally Permissible	This tract is located within the city limits of Killeen and is Business District. There are no legal limitations that would prevent the property from being utilized to its highest and best use.
Financially Feasible	An office or retail use is a financially feasible use of the property.
Maximally Productive	An office or retail use is the maximally productive use of the property.
Conclusion	The appraiser(s) has presented a discussion of the physically possible, legally permissible, financially feasible, and maximally productive use of the subject property, as improved. Based on the information presented, it is my opinion that the highest and best use of the subject tract, as improved, is an office or retail use.

APPRAISAL PROCEDURE

The methodology employed in the determination of the market value(s) provided in this appraisal involved the analysis of various factors relevant to the desirability and marketability of the subject property. Included in this analysis is an investigation into such matters as physical attributes of the property, area and neighborhood trends, and general economic, social, and political influences that have potential impacts on the subject.

The valuation process, which serves as a basis for estimating market value, can vary depending on the type of property being appraised and/or the intended use of the appraisal. The following approaches can be used to estimate market value.

SALES COMPARISON APPROACH – This approach is based upon the examination of verifiable sales of similar properties located in the subject area or in similar market areas.

COST APPROACH – An estimate of the present reproduction cost of the improvements, less accrued depreciation, plus the land value. Depreciation is the loss of value due to physical, functional, and economic causes.

INCOME APPROACH – Capitalization of the net income that the property is capable of generating. This approach, of course, is applicable only in income-producing properties.

SALES COMPARISON APPROACH ANALYSIS

The value of the subject property can be estimated by using the Sales Comparison Approach Method to value. This approach is based upon the examination of verifiable sales of similar properties located in the subject area or in similar market areas.

The Sales Comparison Approach to Value involves the comparison of recently purchased properties similar to the subject in terms of various quantitative and qualitative characteristics. Positive and/or negative adjustments are made to account for differences between the subject and the comparables in any number of categories that have an impact on marketability or desirability.

The following sales will be analyzed to determine the market value of the subject property.

COMPARABLE #1



Descriptive Data	Sales Data
Address: 334 E. Avenue D	Grantor: Chong S. Hunter
City: Killeen	Grantee: Shauntelle Jaume
County/State: Bell, TX	Date of Sale: January 13, 2022
Property Type: Commercial Building	Consideration: \$175,000
Year Built: 1948	Price Per SF (B & L): \$50.72
Building Size (SF): 3,450	Instrument Number: 2022002985
Lot Size (SF): 3,450	Source: MLS/Deed Record
Land-to-Building: 1.00	

COMPARABLE #2



Descriptive Data	Sales Data
Address: 714 N. 4 th Street	Grantor: Gregory Simmons
City: Killeen	Grantee: True Deliverance Ministries Inc.
County/State: Bell, TX	Date of Sale: May 12, 2022
Property Type: Commercial	Consideration: \$155,000
Year Built: 1968	Price Per SF (B & L): \$68.77
Building Size (SF): 2,254	Instrument Number: 2022030942
Lot Size (SF): 7,500	Source: MLS/Deed Record
Land-to-Building: 3.33	

COMPARABLE #3



Descriptive Data	Sales Data
<p>Address: 313 N. 8th Street</p> <p>City: Killeen</p> <p>County/State: Bell, TX</p> <p>Property Type: Commercial</p> <p>Year Built: 1972</p> <p>Building Size (SF): 1,800</p> <p>Lot Size (SF): 1,786</p> <p>Land-to-Building: 0.99</p>	<p>Grantor: Myon C. Woodie</p> <p>Grantee: 313 N. 8th Street LLC</p> <p>Date of Sale: February 28, 2023</p> <p>Consideration: \$108,000</p> <p>Price Per SF (B & L): \$60.00</p> <p>Instrument Number: 2023008525</p> <p>Source: MLS/Deed Record</p>

COMPARABLE #4



Descriptive Data	Sales Data
Address: 420 E. Avenue C	Grantor: Christian Fellowship Church of Harker Heights Inc.
City: Killeen	Grantee: Twice As Funny Comedy Lounge
County/State: Bell, TX	Date of Sale: December 22, 2022
Property Type: Commercial	Consideration: \$1,275,000
Year Built: 1957	Price Per SF (B & L): \$58.35
Building Size (SF): 21,850	Instrument Number: 2022075369
Lot Size (SF): 34,500	Source: MLS/Deed Record
Land-to-Building: 1.58	

SUMMARY OF SALES DATA

Sale	Address	Date of Sale	Size (SF)	Price	\$/SF
1	334 E. Avenue D	1/13/2022	3,450	\$175,000	\$50.72
2	714 N. 4th Street	5/12/2022	2,254	\$155,000	\$68.77
3	313 N. 8th Street	2/28/2023	1,800	\$108,000	\$60.00
4	420 E. Avenue C	12/22/2022	21,850	\$1,275,000	\$58.35
Average			7,339	\$428,250	\$59.46
Maximum			21,850	\$1,275,000	\$68.77
Minimum			1,800	\$108,000	\$50.72

SALES COMPARABLE MAP



SALES COMPARISON APPROACH: ANALYSIS

Attempts are always made to find sales of similar properties in the immediate subject neighborhood. When necessary, comparables are used from adjacent or similar markets. The comparables used are always believed to be the most appropriate.

In arriving at an estimated value of the subject, consideration is given to the following categories that influence value. These categories include property rights, financing terms, conditions of sale, market conditions, location, land to building ratio, size, building quality, condition, and amenities. When necessary, adjustments were made for the following categories. Adjustments have been rounded. A discussion of each of these adjustment categories will be presented in the following pages:

Property Rights	No adjustments are necessary.
Financing Terms	No adjustments are necessary.
Conditions of Sale	No adjustments are necessary.
Market Conditions	No adjustments are necessary.
Location	No adjustments are necessary.
Land to Building Ratio	Comparables #2 and #4 are superior and require negative adjustments of five percent.
Size	Comparables #1 through #3 are smaller and require negative adjustments of ten or fifteen percent. Comparable #4 is larger and requires a positive adjustment of fifteen percent.
Quality	2,132 square feet of the subject is located on a second floor that is not accessible from the interior of the building. Negative adjustments of ten percent are necessary.
Condition	All four comparables are superior and require negative adjustments of ten, twenty, or twenty-five percent.
Amenities	No adjustments are necessary.

The following is a summary of the comparables used and the adjustments made:

ADJUSTMENT GRID

	Comp. #1	Comp. #2	Comp. #3	Comp. #4		
Price per SF	\$50.72	\$68.77	\$60.00	\$58.35		
Property Rights						
Financing Terms						
Conditions of Sale						
Market Conditions						
Transactional Adj.	\$50.72	\$68.77	\$60.00	\$58.35		
Location						
Land to Building		-5%		-5%		
Size	-10%	-10%	-15%	15%		
Quality/Finish Out	-10%	-10%	-10%	-10%		
Condition	-10%	-20%	-10%	-25%		
Amenities						
Total Adj.	-30.0%	-45.0%	-35.0%	-25.0%		
Total \$ Adj.	-\$15.22	-\$30.95	-\$21.00	-\$14.59		
Adjusted Value	\$35.50	\$37.82	\$39.00	\$43.76		
Unadjusted Data	High	\$68.77	Low:	\$50.72	Range	\$18.05
Adjusted Data	High	\$43.76	Low:	\$35.50	Range	\$8.26

After all adjustments were made, the comparables ranged in value from \$35.50 per SF to \$43.76 per square foot, with an average of \$42.52 per square foot. Overall, it is believed that a value of \$39.00 per square foot is appropriate.

$$7,397 \text{ SF} \times \$ 39.00 \text{ per SF} = \$ 288,483$$

SAY \$ 288,000 – AS-IS

COST APPROACH ANALYSIS

A measure of the value of a property is indicated by estimating the cost of constructing the improvements and adding the market value of the land.

Due to the age and condition of the improvements, the Cost Approach will not be developed. The exclusion of this approach does not diminish the credibility of the value conclusion.

INCOME APPROACH ANALYSIS

An indication of value can be reached by capitalizing the net operating income that the property is capable of producing. This method involves the estimation of the property's net operating income. Using a capitalization rate (a ratio describing the relationship between net income and sales price), the net income produces an estimate of market value.

Given the overall condition of the improvements, it is unlikely that the building could be leased without significant renovation. For this reason, the Income Approach will not be developed. The exclusion of this approach does not diminish the credibility of the value conclusion.

CORRELATIONS AND CONCLUSIONS

The analyses described throughout this appraisal produced the following values. The values of the property were derived using one of the three traditional approaches to value. See the following value estimates:

AS-IS VALUE	
SALES COMPARISON APPROACH	\$288,000
COST APPROACH	N/A
INCOME APPROACH	N/A

Primary emphasis was placed on the Sales Comparison Approach. The Cost Approach and Income Approach were not developed for the reasons previously mentioned. The exclusion of these approaches does not diminish the credibility of the value conclusion.

Based upon the available data, the appraiser has concluded the current market value of the subject property is:

Value Type	Effective Date	Market Value
As-Is	April 14, 2023	\$288,000

QUALIFICATIONS OF COLLIN CRESSON

STATE OF TEXAS CERTIFICATION

- State Certified General Real Estate Appraiser
License Number: TX 1380930-G
Date of Expiration: 10/31/2023

BUSINESS & PROFESSIONAL EXPERIENCE

- Certified General Real Estate Appraiser, Bridgewood Properties, October 2019 - Present
- Appraiser Trainee, Bridgewood Properties – April 2016 – September 2019

PROFESSIONAL EXPERTISE

- Commercial Appraisals (Office, Retail, Retail Strip Centers, Restaurants, Etc.)
- Residential Appraisals (Single Family and Multi-Family)
- Industrial Appraisals
- Farm and Ranch Appraisals

ASSOCIATION MEMBERSHIPS

- Candidate for Designation, Appraisal Institute
- American Society of Farm Managers and Rural Appraisers
- Association of Texas Appraisers
- National Association of Appraisers
- Waco Association of Realtors

EDUCATION & TRAINING

- Graduate of Baylor University, Waco, Texas – 2015
Bachelor of Arts
Major: Political Science

REAL ESTATE COURSES COMPLETED

- Appraisal of Owner-Occupied Commercial Properties – 2021
- Supporting Your Adjustments: Methods for Residential Appraisers - 2021
- Income Approach Case Studies for Commercial Appraisal – 2021
- Introduction to Commercial Appraisal Review – 2021
- 2020-2021 7-Hour National USPAP Update Course - 2021
- MAI – Standards - 2020
- MAI – AI Business Practices and Ethics -2020
- General Appraiser Income Approach – December 2018
- General Report Writing and Case Studies – December 2018
- General Appraiser Sales Comparison Approach – February 2019
- Basic Appraisal Principles – May 2016
- Basic Appraisal Procedures – July 2016
- National Uniform Standards of Professional Appraisal Practices Course – July 2016
- General Appraiser Site Valuation and Cost Approach – August 2018

- Expert Witness for Commercial Appraisers – Subject Matter Electives – July 2018
- Commercial Appraisal Review – Subject Matter Elective – May 2018
- General Appraiser Market Analysis Highest and Best Use – October 2016
- Statistics, Modeling, and Finance – October 2016
- Constructing the Professional Report...From A-Z - September 2016
- 2016 Appraisal Summit and Expo No. 216, Day 1 – September 2016
- 2016 Appraisal Summit and Expo No. 216, Day 2 – September 2016
- Managing Appraiser Liability – August 2018
- 2018-2019 USPAP Update Course – August 2018
- Support Your Adjustments: Methods for Residential Appraisers – September 2018
- That's a Violation – August 2018
- Appraisal of Assisted Living Facilities – August 2018
- 2019 Appraisal Summit & Expo., No. 219 – Day 1 – September 2019



Certified General Real Estate Appraiser

Appraiser: **Collin Cresson**

License #: **TX 1380930 G**

License Expires: **10/31/2023**

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