APPRAISAL REPORT

ABANDONMENT OF AN ALLEY AND PUBLIC UTILITY EASEMENT 628 SQUARE FEET LOT 7, BLOCK 1, UNIVERSITY PARK ESTATES UNIVERSITY PARK, TEXAS 75205

PREPARED FOR

JODIE LEDAT, OPERATIONS MANAGER
THE CITY OF UNIVERSITY PARK
3800 UNIVERSITY BOULEVARD
DALLAS, TEXAS 75205
214.987.5447

DATE OF REPORT + SEPTEMBER 18, 2023
DATE OF VALUE + SEPTEMBER 15, 2023

MCROBERTS & COMPANY FILE NUMBER: 202347

PREPARED BY

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Andrew J. McRoberts, MAI, CRE

September 18, 2023

Jodie Ledat, Operations Manager CITY OF UNIVERSITY PARK 3800 University Boulevard Dallas, Texas 75205

Re: Abandonment of an Alley and Public Utility Easement, 628 Square Feet, Abutting Lot 7, Block 1 University Park Estates University Park, Texas 75205

Dear Ms. Ledat:

The purpose of The Report (Report) is to provide an opinion of the fee simple market value of a 628-square-foot alley and utility easement (dominant estate) abutting Lot 7, Block 1, University Park Estates (servient estate), as of September 15, 2023 – *Problem to be Solved*.

Scope of Work: The Scope of Work covers the necessary collection and analysis of data, subject property inspection, comparable property inspection, and the application of the accepted approach and methodology of valuation.

Appraisal Client: City of University Park.

Intended User: The Client.

Intended Use: Property disposition by the City of University Park.

Property Appraised: A 628-square-foot semi-circular paved alley located at the terminus of a 15-foot alley, bound by Lovers Lane to the north, Hunters Glen Road to the east, Grassmere Lane to the south, and Preston Road to the west. The surface and sub-surface alley and public utility easement are recorded in Volume 1950, Page 52, Dallas County records.

Property Status: As of September 15, 2023, the subject property was an unimproved perpetual surface and sub-surface alley and public utility easement (servient estate) abutting a 39,150-square-foot residential lot.

Hypothetical Condition: Due to the size (628 SF) and location at the terminus of a public alley, the subject property is not developable on its own. Therefore, the subject property will be valued assuming it is assembled with the abutting 39,150-square-foot residential lot to the east, which fronts Hunters Glen Road.

Jodie Ledat September 18, 2023 Page 2 of 2

As-Is Value Conclusion – Before Abandonment: The as-is market value as of September 15, 2023, of the perpetual surface and sub-surface alley and utility easement held by the City of University Park is **\$125,000**.

The Report: The Report follows the Standards of Professional Appraisal Practice published by The Appraisal Foundation ("USPAP"), the Standards of Professional Appraisal Practice and Code of Ethics of the Appraisal Institute, the Texas Property Tax Code, and applicable rules of the Texas Appraiser Licensing and Certification Board ("TALCB").

Acceptance and Use of The Report: The analyses and results of our investigation are in the attached Report, which contains some information, limiting conditions, definitions, analyses, and reasoning supporting the hypothetical value opinion. The Report constitutes acceptance of the conditions outlined in the Limiting Conditions and Assumptions.

McRoberts & Company reserves the right to supplement The Report if other information becomes available during discovery or ongoing investigation.

Respectfully submitted,

Andrew J. McRoberts, MAI, CRE

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CONTRACT FOR APPRAISAL SERVICES

RECORDED EASEMENT (VOLUME 1950, PAGE 524)

ARTICLE: EASEMENT VALUATION

QUALIFICATIONS - LAUREN T. MAGGARD

QUALIFICATIONS – ANDREW J. MCROBERTS

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Property Appraised: Abandonment of an Alley and Public Utility Easement

(628 Square Feet)

Lot 7, Block 1, University Park Estates

University Park, Texas 75205

Date of Valuation: September 15, 2023

Appraisal Client: City of University Park

Interest Appraised: Fee simple estate

The Problem to be Solved: To provide an opinion of the fee simple market value of a 628-

square-foot alley and utility easement (dominant estate) abutting Lot 7, Block 1, University Park Estates (servient

estate), as of September 15, 2023

The Scope of Work: The Scope of Work covers the necessary collection and

analysis of data, subject property inspection, comparable property inspection, and applying the accepted approach(s) to value for preparing an appraisal opinion of the market value of

the fee simple estate – Problem to be Solved.

Intended Use of Report: Property disposition by the City of University Park

Intended User of Report: The Client

Dominant Estate Owner: City of University Park

Servient Estate Owner: William C. Shaddock

Property Description: The 628-square-foot semi-circular subject property is a

perpetual sub-surface alley and public utility easement in University Park at the terminus of an alley bound by Lovers Lane to the north, Hunters Glen Road to the east, Grassmere

Lane to the south, and Preston Road to the west.

More specifically, the subject has a radius of 20 feet, with its center being the centerline of the alley. Accessible from the east side of Preston Road, the 15-foot concrete-paved alley extends ±480 feet east to the west boundary of the subject's servient estate, where it extends (unpaved) in a 40-foot radius arc into the property. The servient estate, a 39,150-square-foot lot, wraps around the arc with 55 feet to the north and 50 feet to the south. If the subject property (dominant estate) and the servient estate were combined, the area would be 39,778

square feet.

Single-family residential estates surround the subject property. Overall, the size, shape, frontage, and location are conducive to the subject's current use as an alley and public

utility easement.

Property Status: As of September 15, 2023, the subject property was an

unimproved perpetual surface and sub-surface alley and public utility easement (servient estate) abutting a 39,150-

square-foot residential lot.

Zoning: SF-1, Single-Family District 1

Highest and Best Use: Continued use as an alley and public utility easement

Hypothetical Condition: Due to the size (628 SF) and location at the terminus of a

public alley, the subject property is not developable on its own. Therefore, the subject property will be valued assuming

it is assembled with the abutting 39,150-square-foot

residential lot to the east, which fronts Hunters Glen Road.

As Is Market Value Conclusion – Before Abandonment:

\$125,000

SCOPE OF WORK

The Scope of Work covers the necessary collection and analysis of data, subject property inspection, comparable property inspection, and applying the accepted approach(s) to value for preparing an appraisal opinion of the market value of the fee simple estate before and after the easement abandonment – *Problem to be Solved*.

Problem Identification

Appraisal Client: The City of University Park.

Intended Use of Report: Property disposition by the City of University Park.

Intended User of Report: The Client.

Effective Date of Opinions and Conclusions: The effective date of this appraisal report and final opinion(s) of market value is September 15, 2023, the date of the last property inspection.

Definition of Easement: An easement is an interest in real estate that transfers use, but not ownership, of a portion of an owner's property. Easements usually permit a specific portion of a property to be used for identified purposes, such as access to an adjoining property or as the location of a certain underground utility.¹

Hypothetical Condition: Due to the size (628 SF) and location at the terminus of a public alley, the subject property is not developable on its own. Therefore, the subject property will be valued assuming it is assembled with the abutting 39,150-square-foot residential lot to the east, which fronts Hunters Glen Road.

Definition of Hypothetical Condition: 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 the assignment.²

Definition of Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to limitations imposed by governmental powers of taxation, eminent domain, police power, and escheat.³

Market Value: The price at which the property would bring when it is offered for sale by one who desires, but is not obliged to sell, and is bought by one who is under no necessity of buying it, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future.⁴

Prior Appraisal Services: Under the Uniform Standard of Professional Appraisal Practice Standards (USPAP) Rule 2-3 disclosure of prior services, the appraisers have not previously appraised the subject property.

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¹ Appraisal Institute. *The Appraisal of Real Estate*, Fifteenth Edition. (2020), p. 64.

² Appraisal Foundation. *Uniform Standards of Professional Appraisal Practice*. (2020-2021), p 4.

³ Appraisal Institute. *The Appraisal of Real Estate*, Fifteenth Edition. (2020), p. 60.

⁴ City of Austin v. Cannizzo, 267 S.W. 2d 808, 815 (Tex. 1954).

Characteristics of the Property

Location: The subject property is in University Park at the terminus of an alley bound by Lovers Lane to the north, Hunters Glen Road to the east, Grassmere Lane to the south, and Preston Road to the west.

Legal Description: Lot 7, Block 1, Revised Map of University Park Estates, an Addition to Dallas County, Texas, City of University Park, Dallas County, Texas.

Property Description: Pages 14 through 20.

Dominant Estate Ownership: City of University Park.

Servient Estate Ownership: William C. Shaddock.

Transaction History: On March 15, 2019, and as recorded in Document No. 201900065999 of the Dallas County Real Property Records, William C. Shaddock purchased the fee simple and the servient estate (Lot 7, Block 1, University Estates) from Laura Holmes Gruy. Per MLS #14013597, the price was \$6,500,000 with no concessions.

At the time of sale, the property was improved with a 6,234-square-foot residence constructed in 1936. On November 18, 2019, Residential Permit #002747-2019 was filed (complete January 8, 2020), demolishing the residence and 1,250-square-foot garage. On January 13, 2020, Residential Permit #000075-2020 was filed for the construction of a 15,608-square-foot residence (\$6,480,700).

Property Status: As of September 15, 2023, the subject property was an unimproved perpetual surface and sub-surface alley and public utility easement (servient estate) abutting a 39,150-square-foot residential lot – fee simple estate.

Property Research

Subject property data is based upon a property inspection of the property's physical characteristics on September 5, 2023, by Lauren T. Maggard. Andrew J. McRoberts inspected the subject property on September 15, 2023, the effective date of the appraisal.

Market Research

The property description is based on a visit to the property, information obtained from the City of University Park, Dallas Central Appraisal District (DCAD), MLS (North Texas Real Estate Information System), and public documents. Descriptive information for the comparables was obtained by viewing each property, reviewing photographs taken, and researching using MLS, the Internet, DCAD, the City of University Park, and CoStar. More research items are conveyed in the report.

This report sets forth the rationale, assumptions, conditions, and significant facts upon which the final value is based, i.e., added scope items are conveyed throughout the report.

Exposure Time

Exposure Time is defined as:

- 1. The time a property remains on the market.
- 2. The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at market value on the effective date of the appraisal, assuming a competitive and open market".⁵

Exposure time is always presumed to occur before the effective date of the appraisal. However, exposure time is different for various real estate types, and value ranges under various market conditions.

Exposure time is different from marketing time in that exposure time occurs before the effective date of the appraisal, and marketing time occurs after the effective date. However, if the market for a property is stable, if demand is not suddenly increasing or decreasing after the date of value, then the exposure time is the same as the marketing time.

Exposure time occurs prior to the effective date of the appraisal. The concept of exposure time encompasses adequate, sufficient, and reasonable marketing efforts.

Exposure time for various types of real estate ranges under differing market conditions. An exposure period of six months or less is based on sales researched over the last five years.

<u>USPAP Competency Statement</u>

Both Andrew J. McRoberts and Lauren T. Maggard have experience appraising single-family residential, residential condominiums, multi-family properties, and commercial properties in University Park and Highland Park.

Expert Testimony

Andrew J. McRoberts has been qualified as an expert witness in the US District Court, Canadian Federal Tax Court, US Bankruptcy Court (Texas and Arkansas), Texas District Courts, Oklahoma State District Courts, and Texas County Courts at Law and before Special Boards, Commissions, Special Commissioners, and City Councils.

Publications

Neither Andrew J. McRoberts nor Lauren T. Maggard sought publication in professional journals or magazines. Nor has Mr. McRoberts submitted any writings, manuscripts, or other documents to professional real estate organizations or societies.

Presentations

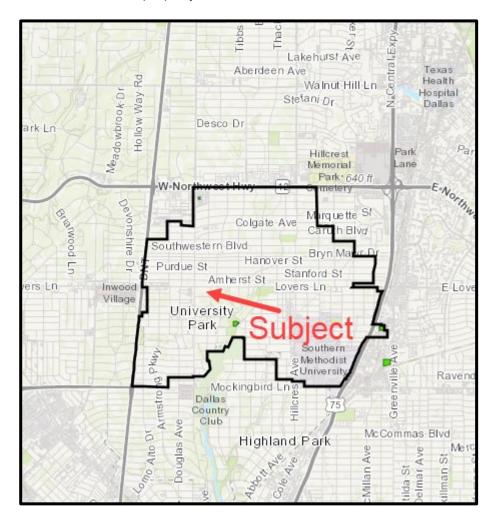
"Unique Problems in Eminent Domain Appraisals/Evaluating Easements and Damages to Remainders" Andrew J. McRoberts, David A. Tarrant, and Lauren T. Maggard, presented at the CLE International Conference in Dallas, Texas, July 31, 2018.

⁵ Appraisal Institute. *Dictionary of Real Estate Appraisal*, 7th Ed. 2022, p 83.

MARKET AREA DESCRIPTION

General Market Area Description

A market area is defined as *The area associated with a subject property that contains its direct competition*. The extent of a market area may be determined by physical boundaries such as geographical barriers or physically unobservable factors such as the character of the inhabitants that set the limit of influence on property values.



Source: uptexas.org/interactivel-map

Market area boundaries are the City of University Park. The approximate boundaries are W. Northwest Highway (Loop 12) to the north, North Central Expressway (U.S. 75) to the east, Mockingbird Lane to the south, and Dallas North Tollway to the west. The city limits of Dallas are from the north, east, and west boundaries of the market area, and the Town of Highland Park abuts the market area on the south. The corporate limits depicted above are ±3.75 square miles.

⁶ Appraisal Institute. *Dictionary of Real Estate Appraisal*, 7th Ed. 2022, p 116.

The City of University Park and the Town of Highland Park are collectively known as the Park Cities. Due to the close-in location, no vacant land exists in either municipality for development, except where demolition has occurred of older obsolete buildings, houses, and apartments.

North Central Expressway serves as the eastern market area boundary, and Dallas North Tollway serves as the western boundary. Hillcrest Avenue and Preston Road are the primary north/south inter-regional arterials. Primary east/west thoroughfares are W. Northwest Highway, Lovers Lane, University Boulevard, and Mockingbird Lane.

Land Uses

Developed properties in the market area consist of residential, commercial, religious, educational, and public parks. Of the identified land uses, residential is the dominant land use consisting of single-family, single-family attached, townhouses, and apartments. Commercial uses primarily consist of retail (Snider Plaza and The Plaza at Preston Center), restaurants, banks, grocery/food stores, offices, and hotels. In addition, Southern Methodist University's campus and The George W. Bush Presidential Library and Museum occupy a significant part of University Park.

Social Forces

Demographics: Based on data from *esri.com*, the following table provides a summary of conditions within the delineated market area.

Summary	Census 2010	Census 2020		2023	2028
Population	23,063	25,278		25,702	25,519
Households	7,314	7,129		7,184	7,123
Families	5,391			5,293	5,280
Average Household Size	2.82	3.05		3.09	3.09
Owner Occupied Housing Units	5,549			5,854	5,852
Renter Occupied Housing Units	1,765			1,330	1,271
Median Age	29.7			28.6	30.8
Trends: 2023-2028 Annual Rate	A	rea	State		National
Population	-0.1	4%	0.97%		0.30%
Households	-0.1	7%	1.15%		0.49%
Families	-0.0	5%	1.16%		0.44%
Owner HHs	-0.0	1%	1.38%		0.66%
Median Household Income	0.0	0%	2.56%		2.57%
			2023		2028
Households by Income		Number	Percent	Number	Percent
<\$15,000		264	3.7%	231	3.2%
\$15,000 - \$24,999		224	3.1%	169	2.4%
\$25,000 - \$34,999		173	2.4%	138	1.9%
\$35,000 - \$49,999		181	2.5%	150	2.1%
\$50,000 - \$74,999		441	6.1%	376	5.3%
\$75,000 - \$99,999		310	4.3%	284	4.0%
\$100,000 - \$149,999		718	10.0%	683	9.6%
\$150,000 - \$199,999		556	7.7%	621	8.7%
\$200,000+		4,317	60.1%	4,471	62.8%
Median Household Income		\$200,001		\$200,001	
Average Household Income		\$309,123	3	\$332,638	
Per Capita Income		\$87,701		\$94,155	

Source: esri.com

Education: Most of the market area is within The City of University Park (HPISD). The district has five elementary schools, two intermediate schools (5th/6th grades and 7th/8th grades), and one high school.

Part of Dallas is within The City of University Park, and a part of Highland Park is within the Dallas Independent School District. Residential property values are less due to higher municipal taxes or higher school taxes in both instances.

Higher education is available from Southern Methodist University at Hillcrest and Daniel Avenues. SMU offers a wide range of four-year undergraduate curricula and law, graduate, and post-graduate degrees.

Medical Services: Emergency medical services and facilities are nearby and considered excellent. Medical districts include Texas Presbyterian Health, Medical City Dallas, and Baylor Scott & White Health. All three are not within the Park Cities.

Airports: Dallas Love Field, the home base of Southwest Airlines, is north of Mockingbird Lane at Denton Drive. Southwest Airlines provides air travel throughout the continental United States, with limited international flights to Mexico and the Caribbean. Delta and Alaska Airlines also serve Love Field.

D/FW International Airport is ±19 miles to the northwest. D/FW provides domestic and international travel with over 200 routes. The airport is the fourth busiest airport in the U.S. and the fifteenth in passenger traffic.

Recreation: Recreational facilities are adequate, with numerous public parks, tennis courts, sports fields, and a public swimming pool. The Park Cities YMCA is on Preston Road, just north of Mockingbird Lane. The KATY Trail is a 3.5-mile concrete path for pedestrians and cyclists extending from American Airlines Center in Victory Park to Airline Road, just west of North Central Expressway, abutting the east line of Highland Park.

Nearby (southwest corner of Lovers Lane and Dickens Avenue) is Curtis Park, with two tennis courts, Holmes Aquatic Center, a softball field, and walking paths.

Governmental Forces

The market area is within the city limits of University Park. The city has a council/manager form of government. It offers a full range of services and departments, including planning and zoning, engineering, building permits and inspection, street maintenance, water and sewer operations, police and fire protection, municipal court, parks and recreation, animal control, sanitation, and city finance and customer accounts.

Conclusion

Regional access to the market area is excellent, with North Central Expressway, Dallas North Tollway, and Mockingbird Lane serving as boundaries. In addition, the location of the Park Cities, north of the Dallas CBD, Uptown, and the Turtle Creek corridors, is convenient for residents in terms of employment, shopping, and entertainment. Land uses are primarily residential, with the SMU campus and The George W. Bush Presidential Library and Museum occupying a significant part of the area.

In summary, the area is a close-in urban location that continues to evolve with new construction. The market area is in high demand for families wanting good schools and to avoid the cost of private schools, i.e., a public school system that rivals many local private schools. Some families move to the Park Cities and rent until their school-age children graduate from high school. Overall, the long-term outlook is positive.

PROPERTY DESCRIPTION

General Location

The subject property is in University Park at the terminus of an alley bound by Lovers Lane (±217 LF) to the north, Hunters Glen Road (±270 LF) to the east, Grassmere Lane (±220 LF) to the south, and Preston Road (±480 LF) to the west.

General Site Characteristics

Land Size – 628 SF

Dominant Estate

Source Survey (Page 18)

Land Size -

Fee Simple Estate

Source DCAD

Hypothetical Land

Size

39,778 SF

39.150 SF

Easement Type Perpetual sub-surface alley and utility easement

Shape Semi-Circle

Dimensions 20-foot radius

Corner vs. Interior Interior

Topography The site's topography is level and at the grade of the alley.

Drainage Per a physical inspection, drainage appears typical.

Flood Plain Panel No. 48113C0335K, dated July 7, 2014: Zone X (an area

determined outside the 0.2% annual chance floodplain).

Source Flood Map (Page 19)

Ground Stability A soil report is not available.

Utilities All utilities are to the site. Oncor provides electric distribution with retail

electric service provided by the carrier of choice; the City of University

Park provides water and sanitary sewer.

Environmental Hazardous substances or environmental conditions may affect the

property's value. However, the value opinion(s) is predicated on the assumption that no such condition exists on the property or in proximity

to it that would cause a significant loss of value.

Property Status As of September 15, 2023, the subject property was an unimproved

perpetual surface and sub-surface alley and public utility easement

(servient estate) abutting a 39,150-square-foot residential lot.

Perpetual Sub-Surface Easement

An easement is a specifically defined interest (estate) in a property and is owned by someone other than the owner of the underlying fee simple interest. Each easement is associated with a particular property and is unique from other easements on that property and easements situated on other properties.

The following excerpt is from Volume 1950, Page 524, as recorded in the Dallas County Real Property Records:

A semi-circle having a radius of 20 feet with its center in the middle of the west line of the said lot being also the intersection of said west line with the center line of the alley.

...the right to enter upon said land to lay, construct, maintain, repair, operate and remove said water and sewer lines and the fixtures incidental thereto, provided the surface of said land, after construction, maintenance, repair or removal ...It is particularly understood that the easement hereinabove granted is a sub-surface easement. The owners reserve the right to themselves and their assigns, at any time after six months from the date hereof, to plant hedges and other shrubbery, erect fences, trellises or walls, or another ornamental structure appurtenant to a dwelling house, on that part of said lot covered by the easement herein granted.

The rights herein granted shall be perpetual and shall run with the land for as long as same shall be used for the purposes herein provided or either of them.

In addition to the subject being an easement, a five-foot water and sewer line easement extends from north to south, on which is a sanitary sewer maintenance hole exists.

Frontage/Access/Visibility

Street Name Alley bound by Lovers Lane to the north, Hunters Glen Road to the east,

Grassmere Lane to the south, and Preston Road to the west.

Type Residential alley

Frontage 40.0 LF

Source Survey (Page 18)

Paving Concrete

Curb/Gutters None
Sidewalks None
Lanes None

Traffic Direction East/west
Condition Average

Neighboring Land Uses

North 7027 Hunters Glen Road (7,091 SF, 1950 YOC)

South 6901 Hunters Glen Road (Vacant Lot)

East 6915 Hunters Glen Road – (15,608 SF, 2020 YOC)

West 4025 Lovers Lane (3,557 SF, 1946 YOC); 4024 Grassmere Lane (5,912

SF, 1938 YOC)

Conclusion

The 628-square-foot semi-circular subject property is a perpetual sub-surface alley and public utility easement in University Park at the terminus of an alley bound by Lovers Lane to the north, Hunters Glen Road to the east, Grassmere Lane to the south, and Preston Road to the west.

More specifically, the subject has a radius of 20 feet, with its center being the centerline of the alley. Accessible from the east side of Preston Road, the 15-foot concrete-paved alley extends ±480 feet east to the west boundary of the subject's servient estate, where it extends (unpaved) in a 40-foot radius arc into the property. The servient estate, a 39,150-square-foot lot, wraps around the arc with 55 feet to the north and 50 feet to the south. If the subject property (dominant estate) and the servient estate were merged, the total area would be 39,778 square feet.

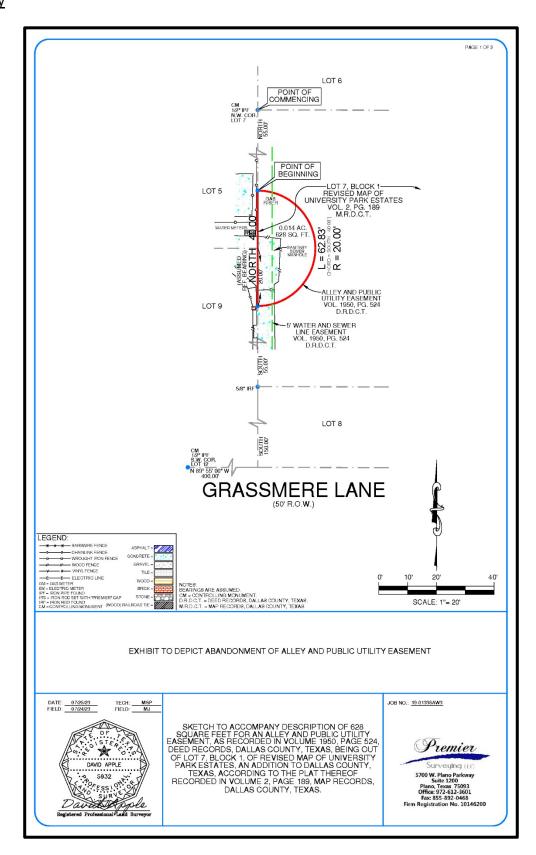
Single-family residential estates surround the subject property. Overall, the size, shape, frontage, and location are conducive to the subject's current use as an alley and public utility easement.

<u>Aerial</u>



Source: Land iD™

Survey



Flood Map



Source: msc.fema.gov/arcgis

Photographs of Subject Property



PHOTO 1: VIEW FROM ALLEY LOOKING EAST TOWARD SUBJECT EASEMENT



PHOTO 3: FROM SUBJECT EASEMENT LOOKING NORTH



PHOTO 5: FROM SUBJECT EASEMENT LOOKING WEST TOWARD PRESTON ROAD



PHOTO 2: CLOSE-IN VIEW FROM ALLEY LOOKING EAST TOWARD SUBJECT EASEMENT



PHOTO 4: FROM SUBJECT EASEMENT LOOKING SOUTH



PHOTO 6: VIEW FROM HUNTERS GLEN ROAD

PHOTOGRAPHS: LAUREN T. MAGGARD (SEPTEMBER 5, 2023)

LAND USE CONTROL

Municipal Zoning

Zoning: Per the City of University Park, the subject is zoned SF-1, Single-Family District 1. The zoning district allows for single-family residential uses.

Development guidelines for the SF-1 district are as follows:

Summary of Zoning Restrictions				
Minimum Lot Area:	35,000 SF			
Minimum Lot Width:	150 LF			
Minimum Lot Depth:	150 LF			
Minimum Front Setback:	50 Feet			
Minimum Street-Side Setback:	10 Feet			
Maximum Impermeable Surface:	50%			

Source: City of University Park (ecode360.com/40061178)

Deed Restrictions

The appraisers are not aware of any deed restrictions, either public or private, that would further limit the use of the property in terms of highest and best use.

Zoning Map



Source: City of University Park

(uptexas.org)

AD VALOREM ANALYSIS

Tax Rate

As the subject is a sub-surface alley and utility easement, it is not listed on the tax rolls or subject to real estate taxes. Nevertheless, if the easement were abandoned, the property would be subject to taxation by the City of University Park, Highland Park Independent School District, Dallas County, Parkland Hospital, and Dallas College.

The 2023 tax rate for each jurisdiction per \$100 of assessment is as follows:

2023 Tax Rate Summary					
Entity	Rate/\$100*				
City of University Park	\$0.245975				
Highland Park ISD	1.077800				
Dallas County	0.227946				
Parkland Hospital	0.235800				
Dallas College	<u>0.115899</u>				
Total	\$1.903420				

Source: dallascad.org/TaxRates.asp

Real Estate Assessment - Hypothetical

Dallas Central Appraisal District (DCAD) assesses the fee simple servient estate under account number 60222500010070000. The 2023 land assessment is \$4,893,750 or \$125.00 per square foot (39,150 SF) for the combined ownership interests.

Applying the land assessment of \$125.00 per square foot to the easement area (628 SF) calculates to an assessment of \$78,500.

Tax Liability - Hypothetical

Based on the hypothetical assessment and the 2023 tax rate, the 2023 hypothetical real estate taxes are \$1,494.

DCAD Map



Source: dcad.org/prd/dpm/?parcelid= 60222500010070000

HIGHEST AND BEST USE ANALYSIS

Real estate is valued under the highest and best use, the central value point. In some instances, the highest and best use of a property, as if vacant, may differ from the highest and best use as improved.

<u>Highest and Best Use – As if Vacant</u>

Legally Permissible: Legally permissible uses require a review of the zoning restrictions applicable to the site. The property is zoned SF-1, Single-Family District 1, which allows single-family detached uses.

Physically Possible: When considering the physically possible uses, access, visibility, shape, easements, topography, soil conditions, and size are considered.

The 628-square-foot semi-circular subject property is a perpetual sub-surface alley and public utility easement in University Park at the terminus of an alley bound by Lovers Lane to the north, Hunters Glen Road to the east, Grassmere Lane to the south, and Preston Road to the west.

More specifically, the subject has a radius of 20 feet, with its center being the centerline of the alley. Accessible from the east side of Preston Road, the 15-foot concrete-paved alley extends ±480 feet east to the west boundary of the subject's servient estate, where it extends (unpaved) in a 40-foot radius arc into the property. The servient estate, a 39,150-square-foot lot, wraps around the arc with 55 feet to the north and 50 feet to the south. If the subject property (dominant estate) and the servient estate were to be combined, the area would be 39,778 square feet.

Single-family residential estates surround the subject property. Overall, the size, shape, frontage, and location are conducive to the subject's current use as an alley and public utility easement.

Financially Feasible/Maximally Productive: Answering the third and fourth questions, *what uses are financially feasible? and what uses are maximally productive?* requires an analysis of potential income based on the demand that could be expected from all physically possible and legally permissible uses.

An easement is a specifically defined interest (estate) in property and is owned by someone other than the owner of the underlying fee simple interest. Each easement is associated with a particular property and is unique from other easements on that property and easements situated on other properties.

The other type of private easement, known as an appurtenant easement, attaches to or is incident to a particular tract of land, not to a particular individual or business. Appurtenant easements require two different estates (or tenements) for their existence: a dominant estate and a servient estate. The owner of the dominant estate has the right or privilege to use an easement across the land of the servient estate. The servient estate is burdened by the easement.

The interest held by the City of University Park is an easement appurtenant – dominant estate. The easement interest passes with the title of the servient estate until the easement is either terminated or abandoned by the owner (City of University Park).

Per the recorded easement: The owners reserve the right to themselves and their assigns, at any time after six months from the date hereof, to plant hedges and other shrubbery, erect fences, trellises or walls, or another ornamental structure appurtenant to a dwelling house, on that part of said lot covered by the easement herein granted.

The subject property serves as a portion of the alley, which is used for vehicular access as well as utility line maintenance. While an attorney knowledgeable in public law was not consulted, the easement likely does continue to meet its original purpose as a perpetual alley and utility easement.

SALES COMPARISON APPROACH

Valuation Process

The Sales Comparison Approach involves directly comparing the property being appraised to similar properties sold in the same or a similar submarket. Comparisons are made to determine the market value indication for the property being appraised.

This approach is based on the principle of substitution. The principle implies that a prudent person will not pay more to buy a property than it will cost to buy a comparable substitute property. Thus, although individual sales may deviate from a market norm, the sales tend to produce a pattern indicating typical buyers' and sellers' actions. The basic steps in this approach are as follows:

- Research the market to identify similar properties for which pertinent data is available.
- Qualify the price as to terms, motivating forces, and bonafide nature.
- Compare each of the properties' attributes to the subject property in terms of time, location, physical characteristics, and conditions of sale.
- Consider all dissimilarities and their probable effect on the sale price of each property.
- The pattern developed results in formulating an opinion of the subject's retrospective market value.

Hypothetical Condition

Due to the size (628 SF) and location at the terminus of a public alley, the subject property is not developable on its own. Therefore, the subject property will be valued assuming it is assembled with the abutting 39,150-square-foot residential lot to the east, which fronts Hunters Glen Road.

Presentation of Sales

A concerted effort is made to identify sales of properties displaying characteristics like the subject. Therefore, four land sales in or near the market area are included for analysis. On the following page is a location map followed by a summary and an aerial of each comparable sale.

Map - Comparable Sales



LAND SALE NO. 1

4001 Lovers Lane Circle University Park, TX 75205 Dallas County

PROPERTY Data

Property Type: Land, Single-Family Tax ID: 60222500070010100

Gross Land Area: 0.549 Acres Shape: Irregular

23,488 SF

Dimensions: Irregular Topography: Mostly level

Flood Zone: Not in a flood zone Zoning: SF-2
Frontage: 143 LF – Lovers Lane Utilities: All to site

116 LF – Lovers Lane Cir.

SALE DATA

Sale Date: May 10, 2023 Deed/Book/Page: 202300091910
Interest: Fee Simple Financing: Cash to Seller

Conditions: Arms' Length

Grantor: Susan E.H. Roberts

Grantee: John Merrick Egan and Spouse, Sara Fay Egan

Verification: MLS #20278090

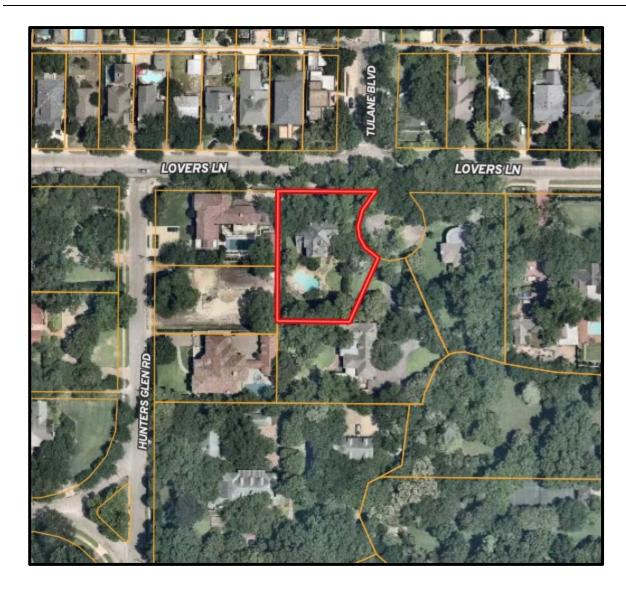
Sale Price: \$5,000,000 Price/SF: \$212.89

COMMENTS

The property is on the southwest corner of Lovers Lane and Lovers Lane Circle, ±0.2 miles east of Preston Road.

At the time of sale, the property was improved with a 4,475-square-foot residence constructed in 1928. The improvements were in fair condition, and the property was marketed as lot value. On July 14, 2023, a permit was filed for a kitchen and bathroom remodel, as well as the addition of 1,316 square feet. On August 24, 2023, an additional permit was filed for the pool demolition.

AERIAL



LAND SALE NO. 2

6901 Hunters Glen Road University Park, TX 75205 Dallas County

PROPERTY DATA

Property Type: Land, Single-Family Tax ID: 60222500010080000
Gross Land Area: 0.847 Acres Shape: Mostly Rectangular

36,887 SF

Dimensions: 275 LF x 145 LF Topography: Mostly level

Flood Zone: Not in a flood zone Zoning: SF-1
Frontage: 75 LF – Hunters Glen Dr. Utilities: All to site

270 LF – Grassmere Lane

SALE DATA

Sale Date: September 14, 2020 Deed/Book/Page: 202000251634 Interest: Fee Simple Financing: Cash to Seller

Conditions: Arms' Length

Grantor: David S. Hunt and Elisabeth M. Hunt

Grantee: Glen Hunters, LLC Verification MLS #14299774

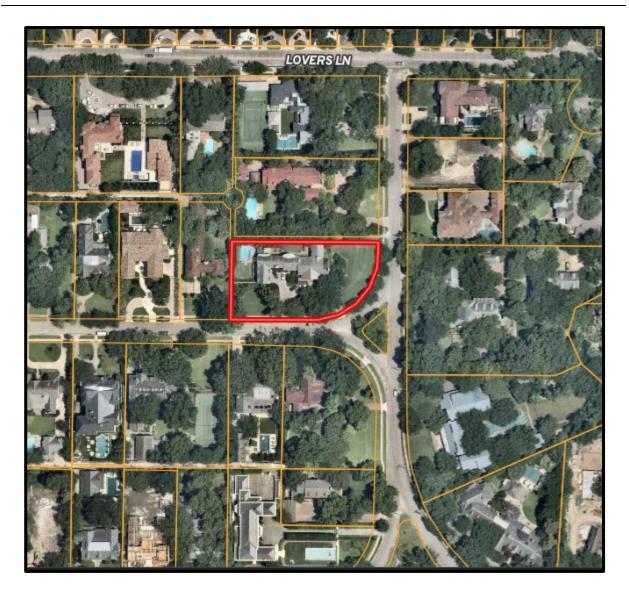
Sale Price: \$5,830,000 Price/SF: \$158.05

COMMENTS

The property is on the northwest corner of Hunters Glen Road and Grassmere Lane, ±480 LF east of Preston Road. It is directly south of the servient estate.

At the time of sale, the property was improved with an 8,434-square-foot residence constructed in 1954. On February 13, 2023, a residential demolition permit was filed (complete June 28, 2023).

AERIAL



LAND SALE NO. 3

6905 Vassar Drive University Park, TX 75205 Dallas County

PROPERTY DATA

Property Type: Land, Single-Family Tax ID: 602225000707B0000

Gross Land Area: 2.220 Acres Net Land Area: 1.39 Acres

96,676 SF 60,548 SF

Shape: Irregular Dimensions: Irregular Topography: At the grade of Vassar Zoning: SF-1

Drive, sloping west and south to Turtle Creek

Flood Zone: Zone X (1.39 acres) – an area not within a flood zone

Zone AE (0.83 Acres) – an area with a 1% annual chance of flooding

Frontage: ±245 LF – Vassar Drive Utilities: All to site

±722 LF – Turtle Creek

SALE DATA

Sale Date: January 7, 2020 Deed/Book/Page: 202000007378
Interest: Fee Simple Financing: Cash to Seller

Conditions: Arms' Length

Grantor: Robert C. Vaughn and Fallon B. Vaughn Grantee: William M. Addy and Lydia B. Addy

Verification: MLS #14208305

Sale Price: \$12,950,000 Price/SF: \$133.31

Price/Net SF: \$213.88

COMMENTS

The property is on the west side of Vassar Drive, ± 0.15 miles south of Lovers Lane and ± 0.25 miles east of Preston Road. Turtle Creek borders the property to the west and south.

The site was unimproved at the time of sale.

AERIAL



LAND SALE NO. 4 (Servient Estate)

6915 Hunters Glen Road University Park, TX 75205 Dallas County

PROPERTY DATA

Property Type: Land, Single-Family Tax ID: 60222500010070000

Gross Land Area: 39,150 SF Shape: Rectangular

Dimensions: 145 LF x 270 LF Topography: Level Flood Zone: Not in a flood zone Zoning: SF-1 Frontage: 145 LF – Hunters Glen Dr. Utilities: All to site

SALE DATA

Sale Date: March 15, 2019 Deed/Book/Page: 201900065999
Interest: Fee Simple Financing: Cash to Seller

Conditions: Arms' Length

Grantor: Laura Holmes Gruy
Grantee: William C. Shaddock
Verification: MLS #14013597

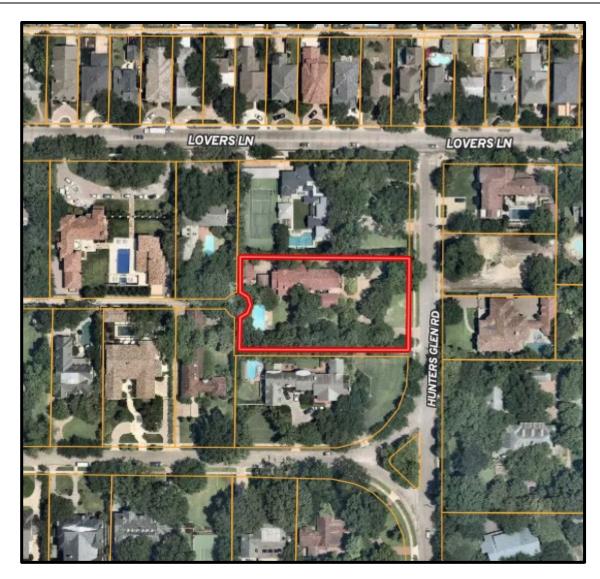
Sale Price: \$6,500,000 Price/SF: \$166.03

COMMENTS

The property is on the west side of Hunters Glen Road, between Lovers and Grassmere Lanes, ±480 feet east of Preston Road.

At the time of sale, the property was improved with a 6,234-square-foot residence constructed in 1936. On November 18, 2019, Residential Permit #002747-2019 was filed (complete January 8, 2020), demolishing the 6,234-square-foot residence and 1,250-square-foot garage. On January 13, 2020, Residential Permit #000075-2020 was filed for the construction of a 15,608-square-foot residence (\$6,480,700).

AERIAL



Summary of Comparable Sales

Summarized below are the comparable sales.

	Summary of Comparable Sales						
No.	Address	Sale Date	Net Size (SF)	Sale Price	Price/SF		
1	4001 Lovers Lane Circle	May-23	23,488	\$5,000,000	\$212.87		
2	6901 Hunters Glen Road	Sep-20	36,887	\$5,830,000	\$158.05		
3	6905 Vassar Avenue	Jan-20	60,548	\$12,950,000	\$213.88		
4	6915 Hunters Glen Road	Mar-19	39,150	\$6,500,000	\$166.03		

Prices range from \$158.05 per square foot to \$213.88 per square foot, a mean of \$187.71 per square foot.

At the time of sale, Comparables 1, 2, and 4 were improved. Comparable 3 was clear of all structures. Given the large lot sizes, applying demolition costs between \$5.00 and \$8.00 per square foot to the improvements only nominally adjusts the sales between \$1.50 and \$2.00 per square foot. Therefore, a hypothetical assumption is made that the sales are clear of improvements at the time of sale.

<u>Transaction-Related Analysis</u>

Definition of Quantitative Technique: Techniques used to derive quantitative adjustments to comparable sale prices in the sales comparison approach; also used in the development of adjustments in other valuation approaches and techniques. Quantitative Techniques include data analysis techniques (paired data analysis, grouped data analysis, and secondary data analysis), statistical analysis, graphical analysis, trend analysis, cost analysis (cost-to-cure, depreciated cost), and capitalization of rent differences.⁷

Definition of Quantitative Adjustment: A numerical (dollar or percentage) adjustment to the indicated value of a comparable property to account for the effect of a difference between two properties on value.⁸

Property Rights: No adjustments for property rights are warranted.

Conditions of Sale: Adjustments for sale conditions are made when the sale of a property is contingent on one party performing an act that is considered atypical for the market. Adjustments are not warranted.

Financing: All the sales are cash transactions. No financing adjustments are needed.

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⁷ Appraisal Institute. *Dictionary of Real Estate Appraisal*, 7th Ed. (2022), p 152.

⁸ *Ibid*, p 152.

Market Conditions: The sales were transacted between March 2019 and May 2023. Between 2018 and the present, prices paid in the market area increased due to strong demand for residential housing. In support of an adjustment for market conditions, the appraisers rely on the information below obtained from NTREIS. The data reflects trends within University Park and the 75205-zip code.

	Summary of Market Conditions							
	(City of Uni	versity Park		75205 Z	ip Code		
	Average Price/SF	Change	Median Price/SF	Change	Average Price/SF	Change	Median Price/SF	Change
Aug-23	\$581.00	12.2%	\$547.00	9.0%	\$596.00	16.0%	\$524.00	11.3%
Aug-22	\$518.00	18.8%	\$502.00	21.8%	\$514.00	15.8%	\$471.00	20.8%
Aug-21	\$436.00	16.3%	\$412.00	14.1%	\$444.00	15.6%	\$390.00	10.5%
Aug-20	\$375.00	-1.6%	\$361.00	-2.7%	\$384.00	0.0%	\$353.00	0.9%
Aug-19	<u>\$381.00</u>	Ξ	\$371.00	Ξ	\$384.00	<u>=</u>	\$350.00	<u>=</u>
Average	\$458.20	11.4%	\$438.60	10.6%	\$464.40	11.8%	\$417.60	10.8%

Source: NTREIS Trends

The data indicates a year-over-year average change between 10.6% and 11.8%. The overall five-year change is between 9.5% and 11.0%. Based on the data, the sales are adjusted upward by 10% per year for market conditions.

The following shows the adjusted price considering market conditions.

Adjustments for Market Conditions							
Comparable	Date of Sale	Price/SF	No. Years*	Annual Adj.	Adj. Price/SF		
1	May-23	\$212.87	0.3	0%	\$212.87		
2	Sep-20	\$158.05	2.9	29%	\$203.88		
3	Jan-20	\$213.88	3.6	36%	\$290.88		
4	Mar-19	\$166.03	4.4	44%	\$239.08		

^{*}To August 1, 2023

Property-Related Analysis

Definition of Qualitative Analysis: The process of accounting for differences (such as between comparable properties and the subject property) that are not quantified may be combined with quantitative techniques.⁹

Definition of Qualitative Adjustment: An indication that one property is superior, inferior, or the same as another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. ¹⁰

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⁹ Appraisal Institute. *Dictionary of Real Estate Appraisal*, 7th Ed. (2022), p 151.

¹⁰ *Ibid*. p 151.

When property factors are not quantifiable, appraisal methodology allows for qualitative adjustments – property-related factors. Qualitative adjustments for property-related factors are location, land-to-building ratio, parking ratio, and age/condition/quality. The adjustments are made based on a rating (...-3, -2, -1, 0, 1, 2, 3 ...) with zero being similar.

Location: In general, the subject property is located east of Preston Road, on the west side of Hunters Glen Road, between Lovers and Grassmere Lanes. **Comparable 4** is the subject's servient estate, to which **Comparable 2** abuts the south side. The subject and the two sales have similar locations.

Comparable 1 is on the north side southwest corner of Lovers Lane and Lovers Lane Circle, ±0.2 miles east of Preston Road. It is one block east of the subject property and is considered a similar location.

Comparable 3 is on the west side of Vassar Drive, ± 0.15 miles south of Lovers Lane, and ± 0.25 miles east of Preston Road. Although the property is less than 0.25 miles from the subject property, Turtle Creek borders the property to the west and south. Considering the natural aesthetics of the creek, as well as the limited number of lots along it, Comparable 3 rates superior to the subject.

Land Size: Due to the size (628 SF) and location at the terminus of an alley, the subject property is not developable on its own. Therefore, the subject property is valued assuming it is assembled with the abutting 39,150-square-foot lot (servient estate) to the east.

The following analysis compares the sizes of the comparables to the subject property.

	Size Analysis						
Comparable	Net Size (SF)	Adjusted Price/SF*	Rating				
1	23,488	\$212.87	-1				
2	36,887	\$203.88	0				
4	39,150	\$239.08	0				
Subject	39,778	-	-				
3	60,548	\$290.88	2				

^{*}Adjusted for Market Conditions

Shape/Utility: The subject property's shape is semi-circular. However, assuming it is combined with the servient estate, it has good site utility for most permissible uses. The comparable sales have similar site utility and rates similar.

Zoning: The subject and the comparables have similar zoning.

Summary Quantitative Adjustments and Qualitative Ratings

Below is a summary of the quantitative adjustments and qualitative ratings.

Summary of Quantitative Adjustments and Qualitative Ratings						
Comparable	1	2	3	4		
Quantitative Adjustments						
Sale Price/SF	\$212.87	\$158.05	\$213.88	\$166.03		
Property Rights	0%	0%	0%	0%		
Adjusted Price/SF	\$212.87	\$158.05	\$213.88	\$166.03		
Conditions of Sale	0%	0%	0%	0%		
Adjusted Price/SF	\$212.87	\$158.05	\$213.88	\$166.03		
Financing	0%	0%	0%	0%		
Adjusted Price/SF	\$212.87	\$158.05	\$213.88	\$166.03		
Market Conditions	0%	29%	36%	44%		
Adjusted Price/SF	\$212.87	\$203.88	\$290.88	\$239.08		
Qualitative Ratings						
Location	0	0	3	0		
Land Size	-1	0	2	0		
Shape/Utility	0	0	0	0		
Zoning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		
Overall Rating	-1	0	5	0		

Quantitative-adjusted sales prices range from \$203.88 to \$290.88 per square foot, with a mean of \$236.68 per square foot and a median of \$225.98 per square foot. Based on the ratings, Comparable 2 at \$203.88 per square foot and Comparable 4 at \$239.08 per square foot rate most like the subject.

Hypothetical Value Conclusion of Parent Lot: After Abandonment

Value Conclusion: Based on the sales analyzed and how they relate to the subject site and current market conditions, a value of **\$200.00 per square foot** is concluded.

Hypothetical Value Conclusion: After Abandonment				
Value Indication/S	F	Land Area (SF)		Conclusion
\$200.00	Х	39,778	=	\$7,955,600
Rounded				\$7,960,000

The hypothetical value conclusion as of September 15, 2023, assuming the perpetual subsurface alley and utility easement held by the City of University Park is abandoned, is \$7,955,600, rounded to \$7,960,000.

Easement Value Conclusion: Before Abandonment

The interest held by the City of University Park is an easement appurtenant–dominant estate. The easement interest passes with the title of the servient estate until the easement is either terminated or abandoned by the owner (City of University Park).

Per the recorded easement: The owners reserve the right to themselves and their assigns, at any time after six months from the date hereof, to plant hedges and other shrubbery, erect fences, trellises or walls, or another ornamental structure appurtenant to a dwelling house, on that part of said lot covered by the easement herein granted.

Typically, such a small sub-surface easement can have up to 99% of the value of the fee simple estate, due to the easement's lack of restrictions on uses placed on the land, which would be the case with the subject property. Reference is made to the Addenda for an article published by Donald Sherwood, MAI, SR/WA, FRICS.

In conclusion, the market value of the 628-square-foot perpetual sub-surface alley and utility easement held by the City of University Park is opined at 99% of the fee simple value of \$200.00 per square foot, or \$198.00 per square foot. Below are the calculations:

As Is Value Conclusion: Before Abandonment						
Value Indication/S	F	Land Area (SF)		Conclusion		
\$198.00	Х	628	=	\$124,344		
Rounded				\$125,000		

The as-is market value as of September 15, 2023, of the perpetual sub-surface alley and utility easement held by the City of University Park is \$124,344, rounded to **\$125,000**.

CERTIFICATION

We certify that to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest in the parties involved.
- We have not previously appraised the subject property.
- We have no bias to the property that is the subject of this report or to the parties involved with this assignment.
- Our 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.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- We have made an exterior inspection of the property, which is this report's subject.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Andrew J. McRoberts has completed the continuing education program of the Appraisal Institute.
- As of the date of this report, Andrew J. McRoberts and Lauren T. Maggard have completed the Standards and Ethics Education Requirement.

Lauren T. Maggard	-
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Andrew J. McRoberts, MAI, CRE	-

LIMITING CONDITIONS AND ASSUMPTIONS

The appraisal (Report) is of a 628-square-foot perpetual sub-surface alley and utility easement in University Park, Dallas County, Texas 75205-1356 (the *Property*).

The Report is expressly limited and conditioned upon the terms, assumptions, and other matters in this section entitled *Limiting Conditions and Assumptions*. Such limiting conditions and assumptions are incorporated in their entirety by this reference into the Report.

The Problem to be Solved

To provide an opinion of the fee simple market value of a 628-square-foot alley and utility easement (dominant estate) abutting Lot 7, Block 1, University Park Estates (servient estate), as of September 15, 2023.

Appraisal Client

The City of University Park.

Intended Use of Report

Property disposition by the City of University Park.

Intended User of Report

The Client.

Hypothetical Condition

Due to the size (628 SF) and location at the terminus of a public alley, the subject property is not developable on its own. Therefore, the subject property will be valued assuming it is assembled with the abutting 39,150-square-foot residential lot to the east, which fronts Hunters Glen Road.

Severability

No part of the Report may be reproduced in whole or in part without the prior written consent of the Appraisers. The validity of the Report is expressly conditioned upon consideration of its entirety.

No Guarantee or Warranty

Due to the nature of real estate valuation and the complexities of external and internal factors that dictate the market value of any real estate, and the rapid changes and fluctuations concerning the valuation of real estate, the opinion of the Appraiser outlined in the Report concerning the market value of the Property is reliable as of the Effective Date. However, it should not be considered reliable at any time thereafter.

Authenticity of Reports

Andrew J. McRoberts has signed the Letter of Transmittal and Certification. Lauren T. Maggard has signed the Certification.

Copies, Publication, Distribution, Use, and Ownership of Report

Possession of this Report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remains the property of McRoberts & Company, Inc., for the use of the Client, the fee being for the analytical services only.

The Bylaws and Regulations of the Appraisal Institute require each Member to control the use and distribution of each Report signed by such Member; this Report shall not be given to third parties without the prior written consent of the signatories of this Report. Neither all nor any part of this Report shall be given to the public for advertising or media use, public relations, news, sales, or other media for public communication without the prior written consent of McRoberts & Company, Inc.

Other Services

The Appraiser has fulfilled the services outlined in the Contract for Appraisal Service. The Appraiser is not compelled to provide any other services, including but not limited to testimony in court or before any other body charged with interpretation or enforcement of the Report. The Appraiser shall not provide any post-appraisal consultations with the Client or other parties without the payment of additional fees at the Appraiser's normal hourly rate for such services. If the Appraiser must provide any testimony pursuant to any subpoena, the Client shall pay any costs and expenses associated with such testimony, which shall include, but not be limited to, reasonable attorneys' fees and compensation of the Appraiser at the normal hourly fee.

Real Estate Values

Due to the nature of real estate valuation and the complexities of external and internal factors that dictate the market value of any real estate, and the rapid changes and fluctuations to the valuation of real estate, the opinion of the Appraiser outlined in the Report concerning the market value of the Property is reliable as of the Effective Date. It should not be considered reliable at any time thereafter.

Legal, Engineering, Financial, Nature, Hidden or Unapparent Conditions and Soil

No responsibility is assumed for matters legal in character or nature or matters of the survey. No opinion is rendered as to Property title, which is presumed good and merchantable. The Property is appraised as if free and clear unless otherwise stated in the Report. The legal description is assumed correct and correct as obtained from the Dallas County Clerk's office.

Please note that no advice is given regarding soils and potential for settlement, drainage, and such (seek assistance from a qualified architect or engineer), nor matters concerning liens, title status, legal marketability, and such (seek legal assistance).

The Appraiser has inspected, as far as possible, by observation, the land; however, it was not possible to see the conditions beneath the soil. Therefore, the value estimate considers no such conditions that would cause a loss of value. The land or the soil of the appraised area appears firm; however, subsidence in the area is unknown. Therefore, the Appraiser does not warrant against this condition or the occurrence of problems arising from soil conditions.

The Appraisal is based on there being no hidden, unapparent, or apparent conditions of the Property site, subsoil, or toxic substances that would make it more or less valuable. Therefore, no responsibility is assumed for any such conditions, expertise, or engineering to discover them.

Subsurface Rights

Subsurface Rights (minerals and oil) are not considered in this Report unless otherwise specifically stated.

Toxic Materials

Unless otherwise stated in this Report, the Appraiser signing this Report does not know the presence or absence of any toxic materials or hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the Property, or other environmental conditions were not called to the attention of nor did the Appraiser become aware of such during the inspection. The Appraiser has no knowledge of such materials on or in the Property unless otherwise stated. The Appraiser is not qualified to test such substances or conditions. The presence of hazardous substances or environmental conditions may affect the value of the Property. The value concluded is predicated on the assumption that no such condition in the Property or such proximity would cause a loss in value.

Disclaimer

Texas is a non-disclosure state.

ACCEPTANCE OF, OR USE OF, THIS APPRAISAL REPORT CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS

ADDENDA

CONTRACT FOR REAL ESTATE APPRAISAL SERVICES

This Contract, from now on referred to as **The Contract**, is binding upon **MCROBERTS & COMPANY**, **INC.**, **A TEXAS CORPORATION** from now on referred to as **The Appraiser**, and **THE CITY OF UNIVERSITY PARK** from now on referred to as **The Client**.

The Appraiser agrees to provide a real estate appraisal report **(The Report)** for the following property: Abandonment of Alley and Public Utility Easement (Volume 1950, Page 524), a portion of Lot 7, Block 1 of Revised Map of University Park Estates, University Park, Dallas County, Texas. The abandonment area contains 628 square feet, referred to as **The Property**. McRoberts & Company file No. 202347.

- 1. The **Purpose** of **The Report** is to provide an opinion of the **Market Value** of the fee simple title in **The Property** before and after the abandonment.
- 2. **Market Value**: The price at which the property would bring when it is offered for sale by one who desires but is not obliged to sell and is bought by one who is under no necessity of buying it, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future.¹
- 3. The Effective Date of Value is as of the date of inspection.
- 4. The **Scope of Work** covers the necessary collection and analysis of data, property inspection, comparable inspection, and the application of the accepted approaches and methodologies to provide an opinion of the **Market Value**.
- 5. The intended user of **The Report** is **The Client**.
- 6. The intended use of **The Report** is for property disposition.
- 7. **The Report** will be prepared following the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation ("USPAP"), the Standards of Professional Appraisal Practice and Code of Ethics of the Appraisal Institute and applicable rules of the Texas Appraiser Licensing and Certification Board ("TALCB").
- 8. The Appraiser (Andrew J. McRoberts, MAI, CRE) will certify The Report.
- 9. **The Report** will be billed based on time spent. Andrew J. McRoberts is billed \$400 per hour and Lauren T. Maggard \$300 per hour. A final statement (not to exceed \$6,000) will be submitted upon completion of **The Report** and due within 20 days of submission.
- 10. **The Appraiser** agrees to deliver **The Report** by September 14, 2023.
- 11. **The Appraiser** has not performed any prior services regarding **The Property** within the three years immediately preceding the date of **The Contract**.

¹ City of Austin v. Cannizzo, 267 S.W. 2d 808, 815 (Tex. 1954).

12.

- 13. **The Contract** is governed by and shall be interpreted by the laws of the State of Texas.
- 14. The Client can cancel this Contract before delivery of The Report upon written notice to The Appraiser. It is agreed that The Appraiser shall receive compensation from The Client for all services rendered from The Effective Date (item 16) for the time spent before receipt of written notice to stop work, plus all costs advanced in connection with said work before receipt of written notice.
- 15. It is further agreed and understood that if any portion of the compensation or costs due to The Appraiser becomes delinquent, **The Client** will pay interest at the maximum rate allowable by Texas law per annum on said account. Interest will accrue from the due date of the invoice until paid, and **The Client** further agrees to pay all costs of collection thereof, including reasonable attorney's fees, court costs, etc.
- 16. The Effective Date of The Contract shall be the date upon which The Client signs The Contract. If The Client fails to date The Contract, The Effective Date shall be the date The Appraiser signed The Contract.

ACCEPTED AND AGREED TO BY:

The Appraiser – MCROBERTS & COMPANY, INC.							
By: Andrew J. McRoberts, President	Date						

McRoberts & Company, Inc. 6116 North Central Expressway, Suite 1070 Dallas, TX 75206-5153

Direct Telephone: (214) 572-6500

Cell: (214) 293-1567

Email: ajm@mcrobertsinc.com

ACCEPTED AND AGREED TO BY:

The Client – City of University Park

By: Jodie Ledat, Operations Manager CITY OF UNIVERSITY PARK 3800 University Boulevard University Park, TX 75205-1711 Direct Telephone: (214) 987-5447

Email: jledat@uptexas.org

Date

shall remain the property of the said TRI PAK MACHINERY SERVICE, lessor.

This contract is executed in duplicate originals, in Testimony of which witnessed the hand of lessor at Harlingen Texas, the 28 day of April, A.D.1936, and similarly the hand of lessee at the day of A.D.1936.

> TRI PAK MACHINERY SERVICE Lessor by J.K.Fitzgerald D.W. Tackett

THE STATE OF TEXAS

COUNTY OF CAMERON

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared J.R.Fitzgerald, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE,

this the 28 day of April, A.D.1936.

Annie Orr Haughton Notary Public in and for Cameron County, Texas.

THE STATE OF TEXAS

COUNTY OF

(L.S.)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared D.W.Tackett, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 4th day of

May, A. D. 1936.

Josephine S.Jacobs Notary. Public

in and for DallasCounty Texas. Filed for record June 1,1936 at 10:30 A.M.Ed H. Steger County Clerk.

A.E.Grugett Deputy

Recorded June 15,1936. Ed H. Steger County Clerk. By // (and / Luce)

57184....\$.75

ALLEN WIGHT ET UX

TO EASEMENT

STATE OF TEXAS

COUNTY OF DALLAS

CITY OF UNIVERSITY PARK

KNOW ALL MEN BY THESE PRESENTS:

THAT WE, Allen Wight and wife, Lucy Wight, of the County of Dallas, State of Texas, for and in consideration of the benefits accruing and to accrue to us in the future by reason of the laying, constructing and maintaining of water and sewer lines under, on and across the property hereinafter described, do hereby grant and convey an easement to the City of University Park, a municipal corporation, its successors and assigns, the right to lay, construct, maintain, repair and remove water and sewer lines and all fixtures, incidental thereto under, on and across the following described property situated in the City of University Park, County of Dallas, to-wit:

A STRIP of land five feet in width, running East and West along the entire clatance of and across the South side of Lot 7 Block 1 of University Park Estates Revised Addition to the City of University Park, according to a map and plat thereof recorded in vol. 2, page 189 of the Map Records of Dellas County, Texas, and

A STRIP of land five feet in width running North and south along the entire distance of and across the West side of Lot 7 Block 1 of University Park Estates Revised Addition to the City of University Park, according to a map and plat thereof recorded in vol. 2 page 189 of the Map Records of Dallas County, Texas,

We also dedicate to the use of the City of University Park and all other lot owners in said block for alley purposes including the installation of public utility lines, the following described part of said lot:

A semi-circle having a radius of twenty (20) feet with its center in the middle of the west line of said lot being also the intersection of said West line with the center line of the alley running West from said line.

For the purposes aforesaid the City of University Perk, its successors and assigns, or any person or persons or corporations duly authorized by said City by franchise or otherwise, shall have the right to enter upon said land to lay, construct, maintain, repair, operate and remove said water and sewer lines and the fixtures incidental thereto, provided the surface of said land, after construction, maintenance, repair or removal shall be left as nearly as possible in the condition the same was in before being entered upon. It is particularly understood that the easement hereinabove granted is a sub-surface easement. The owners reserve the right to themselves and their assigns, at any time after six (6) months from the date hereof to plant hedges and other shrubbery, erect fences, trellises or walls, or other ornamental structure appurtenant to a dwelling house, on that part of said lot covered by the easement herein granted (but not on the property hereby dedicated and to that end it is particularly provided that any water or sewer pipes placed in said easement shall beburied at least_____ feet below the surface of the ground at all points and to the extent deemed feasible by the Engineering Department of the City of University Park any and all water and sewer lines will pe laid at least one foot on either side of the boundary lines of the lot so as to leave room for the foundation for a wall along said line, the building of which is now contemplated by the owners.

The owners undertake that they will not erect any structure in said alley, the foundation of which will interfere with such gas and sewer lines when so laid, but in the event of any entry upon the easement in question, after the six months above provided, for the purpose of installation, repair or replacement of any such water and sewer lines, any shrubbery walls, or other structure placed thereon by the owner shall be restored as nearly as may be to their original condition by the person making such entry.

The rights herein granted shall be perpetual and shall run with the land for as long as same shall be used for the purposes herein provided or either of them.

WITNESS OUR HANDS this the 26th day of May, A.D.1936.

Allen Wight Lucy Wight

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority a Notary Public in and for said County and State, on this day personally appeared Allen Wight and Lucy Wight, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument andacknowledged to me that they each executed the same for the purposes and consideration therein expressed; and the said Lucy Wight wife of the said Allen Wight, having been examined by me privily and apart from her husband and having the same fully explained to her, she, the said Lucy Wight, acknowledged such instrument to be her ect and deed, and declared that she had willingly signed the same for the purpose and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the

26th day of May, A.D.1936.

(Mrs.) B.E. Myers Notary Public

(L.S.)

in and for Dallas County, Texas.

Filed for record June 1,1936 at 10:45 A.M.Ed H.Steger County Clerk.

Sam Nesbit Deputy

Recorded June 16,1936. Ed H. Steger County Clerk. By / (auce)

(ame Levery

57186....\$1.00

B.L. MARQUART ET UX

STATE OF TEXAS

TO EXTENSION AGREEMENT

COUNTY OF DALLAS

NATIONAL BONDHOLDERS CORPORATION

KNOW ALL MEN BY THESE PRESENTS:

whereas on the 1st day of September,1930 B.L. Marquart, did make, execute and deliver to one certain note payable to the order of Chatham Phenix National Bank & Trust Company, and being in the aggregate sum of Twenty four hundred and no/100 dollars; said note being more fully described in and secured by a deed of trust to Maco Stewart, Trustee, recorded in vol. 943, page 24 Deed of Trust Records of Dallas County, Texas, and being secured by a deed of trust lien on the following described real estate, lying in andbeing situated in the County of Dallas State of Texas:

Being Lot No.8 in Block No.10 of Brockfield, an addition to the City of Dallas, Texas, according to the map or plat thereof recorded in vol.3, page 340 of the Map Records of Dallas County, Texas; and

Whiereas, on Sept.1,1930 said B.L.Marquart, executed one note for \$212.87 payable to the order of Mortgage Servicing Company, and being more fully described in and secured by deed of trust of even date therewith to Maco Stewart, Trustee, recorded in the deed of trust records of Dallas County, Texas;

The above described notes being also set out and described in deed of even date therewith from MONTGAGE SERVICING COMPANY, to B.L. Marquart which deed is recorded in vol. 1650 page 156 Deed Records Dallas County, Texas, and was refiled and recorded in vol. 1659 page 418 Deed Records, Dallas County, Texas.

WHEREAS, B.L.MARQUART, AND WIFE, BERTHA MARQUART, the present owner of said property is desirous of naving the date of payment and the terms of the balance of \$1820.00 which is the unpaid balance due on said notes, extended so that the same shall become due and payable as follows:

\$86.30 on Oct.1,1936;

\$95.68 on Apr.1,1938;

\$89.32 on April 1,1937

\$99.03 on Oct.1,1938;

\$92.45 on Oct.1,1937

102.50 on Apr.1,1939

and \$1254.72 on the lat day of April,1939 said note bearing interest from date at the rate of 75 per annum, payable semi-annually as it accrues, to which extension NATIONAL BONDHOLDERS CORPORATION, the present owner and holder of said notes has consented.

WHEREAS, in the above mentioned Deeds of Trust Maco Stewart, was named as Trustee, and the parties hereto desire to appoint another Trustee in the place of the original Trustee, with all the rights and powers granted to the original Trustee in said deed of trust; therefore, W.R.BOKER is hereby appointed Trustee to act in the premises, and any and all acts of the said W.R.BOKER Trustee, shall be as pinding as if he had been appointed Trustee, in the original Deed of Trust above referred to.

It is further understood and agreed that the Trustee herein named or his successor in this trust agrees to and with the Beneficiary herein to perform theservices herein required for a fee of \$7.50, and in the event of his failure to so comply with this covenant then the Beneficiary or other holder of the indebtedness hereby secured shall have the right to appoint a successor to this trust without first obtaining a resignation of

WHEREAS, the obligors of this Extension Agreement and any subsequent owners of the property, agree to deposit monthly the sum of \$25.00 with the first of said deposits due on the 1st day of May, 1936, and a like installment due on the 1st day of each month thereafter. Said amounts while deposited monthly shall be credited semi-annually on the indebtedness as follows:

(lat) To the payment of the them acoming semi-annual interest;

(2nd) To the payment of the then accruing semi-snnual reduction;

pailure to deposit the amounts as required herein or any portion hereof may at the option of the holder hereof mature any portion of the indebtedness then accrued or the entire unpaid balance thereof, and the same shall become immediately due and payable in accordance with the forfeiture clause of the Deed of Trust hereinbefore referred to, the terms of which are kept in full force and effect in accordance with the terms hereof.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that in consideration of the extension of said indebtedness as aforesaid which is acknowledged to be just and owing, B.L.Marquart and wire, Bertha Marquart, do hereby agree to and with the said holder and owner of said notes, that I/or we will well and truly pay off and discharge the aforesaid indebtedness as hereinabove set out as it becomes due according to the tenor and effect thereof; and I/or we also agree to and with the said holder and owner of said notes that I/or we will well and truly pay off and discharge the aforesaid indebtedness as hereinabove set out as it becomes due according to the tenor and effect thereof; and I/or we also agree to and with the said holder and owner of said notes that the lien given and retained to secure the payment of said note and all the agreements and covenants in said Deed of Trust shall remain in full force and effect.

WITNESS our hands this 1st day of April,1936.

B.L. Karquart

Bertha Marquart

THE STATE OF TEXAS

GOUNTY OF DALLAS

BEFORE ME, theundersigned a Notary Public in and
for said County and State, on this day personally appeared B.L.Marquart and Bertha Marquart,
his wife, both known to me to be the persons whose names are subscribed to the foregoing
instrument and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said Bertha Marquart wife of the said B.L.Marquart, having been examined by me privily and apart from her husband and having the same fully explained to her, she, the said Bertha Marquart acknowledged such instrument to be her act and deed, and
declared that she had willingly signed the same for the purposes and consideration therein
expressed, and that she did notwish to retract it.

GIVEN under my hand and seal of office, this 6

day of May A.D.1936.

Geo.A.Sprague Notary Public

in and for Dallas County Texas.

Filed for record June 1,1936 at 10 :40 A.M.Ed H. Steger County Clerk.

A.E.Grugett Deputy

Recorded June 15,1936. Ed H. Steger County Clerk. By

Deputy.

Easement Valuation

Donald J. Sherwood, MAI, SR/WA, FRICS Director of the Fort Worth office Integra Realty Resources, DFW, LLP.

First, what is an easement? According to the Dictionary of Real Estate Appraisal, an easement is "an interest in real property that conveys use, but not ownership, of a portion of an owner's property." By definition, the ownership of real estate is endowed with a bundle of rights. The concept of bundle of rights maintains that like a bundle of sticks, real property ownership may be wholly intact (fee simple estate) or may be "unbundled" and conveyed in part to a third party.

In real property ownership, one has the inherent right to use the property, to sell it, to lease it, to enter upon it, to give it away – or to refuse to do any of these things. For example, the creation of a lease conveys to the tenant a portion of one's rights for the specific term and space occupied by the tenant according to the terms of the lease. During the lease period, the tenant may have a measurable interest in the property (leasehold estate). The creation of an easement is somewhat similar in that we are dealing with concepts of time and space. By definition, the creation of an easement conveys a portion of the total bundle of rights to a third party. The challenge before the appraiser is the measurement (in terms of dollars) of the market value of the rights conveyed.

Valuation

The task before the appraiser is to evaluate the "rights conveyed" by the creation of the easement and to properly measure these rights. The principles and methodology applied to appraising property for partial acquisitions apply to the valuation of easements. All easement valuations are partial acquisitions under the theory that the property owner retains some residual rights within the easement area. The value of an easement is measured by what the property owner has lost from the bundle of rights NOT by what the grantee has gained.

Under the Federal Rule, the value of the easement will be based upon the difference between the value of the whole property before the taking and the value of the property after the taking with the easement in place.

In the following example, the \$60,000 of total compensation includes both the value of the easement rights being acquired and any damages to the remainder property that may result due to the placement of the easement.

Value of Whole Property Before the Acquisition

120 acres @ \$10,000 per acre

\$1,200,000

Value of the Remainder Property After the Acquisition

120 acres @ \$9,500 per acre

\$1,140,000

(Encumbered with 10 acres in easement)

Total Compensation

\$60,000

Under the State Rule, the appraiser will be required to estimate the value of the easement plus damages to the remainder, if any. Using the same example:

Value of Whole Property	
120 acres @ \$10,000 per acre	\$1,200,000
Value of the Part Acquired	
10 acres in easement @ \$10,000 per acre @ 50%	\$50,000
Value of the Remainder Before the Acquisition	
\$1,200,000 - \$50,000	\$1,150,000
Value of the Remainder After the Acquisition	
120 Acres @ \$9,500 per acre (Encumbered with 10 acres in easement)	\$1,140,000
Damages	\$10,000
Part Acquired	\$50,000
Total Compensation	\$60,000

The challenge for the appraiser is ascertaining where these figures come from. The answer: THE MARKET! The appraiser's task is to see what effect, if any, an easement has on the sale of property encumbered with similar easements. In the case of residential property, most urban properties within platted subdivisions are likely encumbered with common utility easements. In most situations, these easements extend along the property line and have little effect, if any, on the sale of the home. Thus, the market tells us that the easement has little value, if any. Why? The presence of the easement does not affect the use or utility of the property. The easement does not place any undue burden or hardship on the ownership.

When investigating an easement, some important questions should be addressed by the appraiser. It is imperative that the appraiser understand the nature of both the legal and the physical rights being sought. Some questions may include:

- What is the proposed use?
- Where is the easement located? Can it be moved?
- Is the easement located along a property line or within a setback
- What will be the construction method used (open cut versus boring)
- Who will maintain the easement and how often?
- Does the easement leave a remnant or gap?
- Will the easement be surveyed and monumented?
- May either party alter the construction or grade after completion?

- Will the landowner have to obtain permission to use the easement area?
- Can the landowner cross the easement with roads, utilities, etc.?
- How will the easement holder access the easement?
- Who pays property taxes and insurance?
- Will the easement cause a loss in view, security, etc.?
- Will the easement benefit the owner in any way?

These issues are often found within the easement document but may require discussion with the condemnor. In terms of legal encumbrance, it is important to recognize that the easement will impact the ownership title and may affect both current and/or future uses.

One key question is "will the easement affect the use and/or the utility of the property that results in a change in highest and best use?" Also, the easement may include accessory rights such as the ability to access the easement and the ability to expand the use within the easement (add additional pipes in the future). From a physical standpoint, it should be recognized that most of our activity occurs on the surface. Thus, impacting the surface area tends to affect value to a greater degree compared to a subsurface easement where there may be little, if any, impact on surface use.

Damages as a result of an easement (both temporary and permanent) as well as the easement itself are difficult to measure. By nature, the real estate market is an imperfect market. The presence of an easement on a property is only one of many factors buyers and sellers are dealing with during the buying and selling process. While some buyers may react negatively toward an easement, others may view this same easement with total disregard. For example, in heavily vegetated hunting land, having a cleared area may provide an opportunity to develop a viable hunting stand with a clear field of fire. Others might view this same easement as aesthetically displeasing.

One method used by appraisers includes matched pair sale analysis. In this analysis, the appraiser will attempt to find two similar sales, one encumbered with an easement and another without, and measure the impact the easement has on value. Care must be used in that one example may not be sufficient to apply to all situations. Also, by having multiple pairings, one can establish a general trend of the measured impact. In measuring the impact, it should be noted that the total difference between encumbered and unencumbered includes both the easement and its affect (damages).

A second method may be the result of interviews with buyers and sellers. This method can also be abused by inconsistent questions asked and in the selection of the sample of buyers/sellers asked.

To assist appraisers and right of way professionals, the following Easement Valuation Matrix has been developed. The matrix should be used as a general guide in looking at the effect an easement may have on the total bundle of rights. This chart should not be considered an exclusive list as to the type of easements and their effect on the total bundle of rights but should be used only as a guide to general effects on the total fee ownership.

In establishing the matrix, special emphasis should be made as to the impact the easement has on the use and utility of the real property. Special note should be given that in developing this chart, one seller actually negotiated the easement based on the concept that they were purchasing 50% of the rights in a sewer line easement along a property line for a suburban office site. In this situation, the purchaser

Percentage of Fee	Comments	Potential Types of Easements
90% - 100%	Severe impact on surface use Conveyance of future uses	Overhead electric, Flowage easements Railroad ROW, Irrigation canals
75% - 89%	Major impact on surface use Conveyance of future uses	Pipelines, Drainage easements, Flowage easements
51% - 74%	Some impact on surface use Conveyance of ingress/egress rights	Pipelines, Scenic easements
50%	Balanced use by both owner and easement holder	Water or sewer lines, Cable lines, Telecommunications
26% - 49%	Location along a property line location across non usable land area	Water or sewer line Cable lines
11% - 25%	Subsurface or air rights that have minimal effect on use and utility Location with a setback	Air rights, Water or sewer line
0% - 10%	Nominal effect on use and utility	Small subsurface

of an office site negotiated the sale based on an unencumbered value of \$7.27/SF. The area within the easement was purchased at 50% or \$3.64/SF. Furthermore, it is interesting to note that this office site abutted a high voltage electrical transmission line right of way. The presence of this easement adjoining this sale did not appear to affect its value, use or utility.

In another situation, a sale encumbered with an overhead transmission line easement was purchased for suburban residential development. In this situation, the buyer netted out the easement indicating that the remaining rights had little to no value. These types of situations over the past thirty years allowed the development of the above matrix.

Additionally, matched pair sale analysis can also be employed to develop the percentage of rights acquired. However, care must be taken in this analysis as the unit price differential may include not only the easement rights but damages to the unencumbered remainder.

The following sales have been analyzed to show how one can use matched pair analysis to ascertain the contributory value of an easement. The first step in this process is to find sales that were encumbered with similar easements to those being appraised. In this analysis, it is important that the appraiser find out what rights were acquired. Often, this is difficult to obtain as the easement may be either undefined or difficult to locate in the public records.

In the following example, the encumbered property is a 100.112 acre rural tract that sold in June 2012 in north central Texas. At the time of sale, property was encumbered with two monopole high voltage transmission lines (HVTL) containing 9.40 acres that traversed the property in a southwest/northeast direction. Also, this tract had extensive road frontage and the easements crossed the property in such a way as leave a similar amount of acreage and road frontage on either side of the easement. The property sold for \$300,336 or \$3,000 per acre.

Once the encumbered sale has been located, the next step is to find similar unencumbered sales in the same market area. Ideally, one would locate an unencumbered sale that is identical except for the encumbrance. However this rarely, if ever, occurs. In this example, the comparison sale containing 84.34 acres sold in December 2010 for \$269,888 or \$3,200 per acre. The market did not indicate a change in market conditions and this sale was found to be highly similar except for its road frontage. The sale required an upward adjustment of 5% for its frontage along a gravel road. Thus, its adjusted price was increased to \$3,360 per acre.

The encumbered sale had a net unencumbered area of 90.712 acres (100.112 acres – 9.40acres). Utilizing the unencumbered value of \$3,360 per acre, the value of the unencumbered area would be \$304,792. Subtracting this number from the actual sale price of \$300,336 would indicate that the contributory value of the easement area was negative \$4,456. Assigning a value of 90% to the easement, the contributory value of easement would be \$3,158. Adding the unencumbered value of \$304,792 plus the easement value of \$3,158 indicates a total of \$307,950. Subtracting this figure from the actual sale price of \$300,336 indicates damages of \$7,614.

In order to better explain the above example, the following chart is shown that basically represents a hypothetical taking of our sample property.

Value of Whole Property	
100.112 acres @ \$3,360 per acre	\$336,376
Value of the Part Acquired	
9.40 acres in easement @ \$3,360 per acre @ 90%	\$28,426
Value of the Remainder Before the Acquisition	
\$336,376 - \$28,426	\$307,950
Value of the Remainder After the Acquisition	
100.112 Acres @ \$3,000 per acre	\$300,336
(Encumbered with 9.40 acres in easement)	
Damages	\$7,614
Part Acquired	\$28,426
Total Compensation	\$36,040

While this example tends to support the numbers within the chart, it should be noted that this example assumes that the easement had residual rights of only 10%. If in fact the rights remaining in the easement were increased to 20% (indicating 80% of the rights were

acquired), the amount of damages would increase to \$10,773. As a side note, in interviewing the broker, he stated that the encumbered sale's extensive road frontage seemed to negate any damages. This example illustrates the difficulties in reaching an empirical figure. It also illustrates the need for a greater sampling of market data. Additional sales may indicate greater or lesser rights and/or damages.

The rights included in an easement can vary depending on multiple considerations such as the type of structure, the location of the easement and other physical factors. Thus, this stresses the importance of good and thorough confirmation of the easement rights, verification of the location of the easement, determination of the size of the easement and having an adequate number of comparisons from which one can surmise general trends. Even with all this information, the imperfections of the real estate market must be tempered with the skill and experience of the appraiser.

Another observation was obtained from interviewing the buyers, sellers and/or brokers in these situations. Some observed little or no damages from the presence of the easements while others stated that substantial damages were present when the market indicated otherwise. While these perceptions may reflect actual market reactions, care should be taken with unsupported claims of damages.

Conclusion

In every situation, the appraiser must explore the rights being acquired and allow the market to dictate the effect the easement will have on the remainder property. In most cases, the presence of an easement may be one of many deciding factors affecting value. Isolating the effect of an easement on the property requires extensive research and evaluation.



About the author: Donald J. Sherwood, MAI, SR/WA, FRICS is the Director of the Fort Worth office of Integra Realty Resources, DFW, LLP. With over 30 years of appraisal experience, Sherwood has performed appraisals on all types of real property.

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CURRICULUM VITAE - LAUREN T. MAGGARD

General Background: Since graduation from Baylor University in August 2000, Lauren Thomas Maggard has been actively engaged in the real estate profession. Majoring in Real Estate, she graduated with a bachelor's degree in Business Administration.

Previously, Ms. Maggard was an Associate Director with the Dallas office of Integra Realty Resources DFW. She was a consistent top producer at Integra on both local and national levels. Since 2000, she has been involved in the appraisal and analysis of real estate, including predevelopment land, office buildings, commercial, retail, industrial, hotel/motel, single-family residential subdivisions (attached and detached), apartments, and other multifamily residential, including condominiums.

Counseling or valuation/evaluation assignments include the following types of real estate:

Deal Federic Francisco de Decembra Torre			
Real Estate Experience by Property Type			
Office Buildings – CBD	Industrial Light Manufacturing	Regional Shopping Malls	
Office Buildings – Suburban	Industrial Heavy Manufacturing	Power Centers	
Office / Hotel / Retail Mixed-Use	Special Purpose Industrial	Community Retail Centers	
Office / Retail / Residential Mixed-Use	Vacant Urban Land	Neighborhood Retail Centers	
Office Condominiums	Vacant Suburban Land	Discount Stores	
Medical Office Buildings	Agricultural Land – Farm & Ranch	Fast Food Restaurants	
Medical Office Condominiums	Residential Subdivisions / Lots	Automobile Dealerships	
Multifamily – High-rise	Single-Family Residential	Quick Lube Facilities	
Multifamily – Garden Communities	Residential Estates	Trucking Facilities	
Multifamily – Loft	Planned Communities	Mini-warehouse	
LIHTC Multifamily Properties	Mobile Home Parks	Billboard / Advertising Signs	
Student Housing – Dormitory	CBD Parking Garages	Historic Properties	
Industrial Flex Buildings	Day Care Centers	Water Line Easements	
Industrial Storage / Distribution	Hotel / Motel	Gas Pipeline Easements	
Landfills	Lumber Yards	Car Washes	

Formal Education: Bachelor of Business Administration, Real Estate, Baylor University.

Technical Education: Completed the core education and comprehensive examination requirements for the Texas Appraiser Licensing and Certification Board (March 2003) and Texas Broker License (currently inactive). Continuing education is current for Texas Appraisal Certification (1332163-G).

Publications: Ms. Maggard has not sought publication in professional real estate journals or magazines. Nor has Ms. Maggard submitted any writings, manuscripts or other documents to any professional real estate organizations or societies for publications.

Presentations: "Unique Problems in Eminent Domain Appraisals/Evaluating Easements and Damages to Remainders" Andrew J. McRoberts, David A. Tarrant, and Lauren T. Maggard, presented at the CLE International Conference in Dallas, Texas, August 10, 2018.

Community Service: Actively involved in the Dallas community by participating on the following boards:

Dallas CASA Children's Council – Former Board Member

Dallas Children's Theater – President of The Auxiliary (2010-2011)

Dallas Symphony Orchestra – Active Volunteer

Lakewood Elementary PTA – Vice President (2015-2016), President (2016-2017)

LaunchAbility – Former Board Member

The Partnership of Community Partners of Dallas – Lifetime Member/Former Board Member Community Partners of Dallas – Active Volunteer

Junior League of Dallas – Administrative Vice President (2010-2011), Development Vice President (2011-2012), Sustaining Member (2012 to Present)

J.L. Long Middle School PTA – President (2021-2022)

Woodrow Wilson High School PTA – 1st Vice President (2022-Present)

Young Men's Service League | East Dallas – Active Volunteer (2020 to Present), Vice President of Young Men (2023-2024)

CURRICULUM VITAE - ANDREW J. MCROBERTS

General Background: Andrew J. McRoberts has been involved in many commercial real estate facets since entering the profession in 1977. He has been involved in real estate appraisal, counseling, brokerage, and development.

Counseling assignments have involved a multitude of complex commercial real estate issues. Transaction/brokerage work has included the acquisition/sale of income-type properties, the acquisition/sale of commercial and residential land, commercial land assemblage, and tenant lease representation. Andrew J. McRoberts has represented owners in acquiring and disposing of developed and pre-development land in Texas, Colorado, Mississippi, Tennessee, and Missouri. Valuation and evaluation assignments have included appraisal, partnership interest valuation, partial interest valuation, highest and best use studies, market studies, rent studies, air rights, and feasibility studies. He is a qualified real estate expert in U. S. District and Bankruptcy Courts, State Courts, and Canadian Federal Court, wherein he has provided testimony on various real estate valuation issues.

For additional information, open www.mcrobertsinc.com.

Real Estate Experience by Property Type			
Office Buildings – CBD	Vacant Urban Land	Church Campus	
Office Buildings – Suburban	Vacant Suburban Land	Hotel/Motel	
Office/Hotel/Retail Mixed-Use	Agricultural Land – Farm & Ranch	Regional Shopping Malls	
Office/Retail/Residential Mixed-Use	Industrial Subdivisions	Power Centers	
Office Condominiums	Residential Subdivisions / Lots	Community Retail Centers	
Medical Office Buildings	Single-Family Residential	Neighborhood Retail Centers	
Medical Office Condominiums	Residential Estates	Convenienc,, inn =e Centers	
Multifamily – High-rise	Golf Course/Country Club	Discount Stores	
Multifamily – Garden Communities	Tennis Clubs	Fast Food Restaurants	
Multifamily – Loft	Marinas & Ship Chanel Property	Automobile Dealerships	
LIHTC Multifamily Properties	Planned Communities	Quick Lube Facilities	
Student Housing	Mobile Home Parks	Trucking Facilities	
Industrial Flex Buildings	CBD Parking Garages	Convenience Stores	
Industrial Storage/Distribution	Movie Theater	Self-Storage	
Industrial Light Manufacturing	Day Care Center	Equestrian Center	
Industrial Heavy Manufacturing	Funeral Home	Billboard / Advertising Signs	
Special Purpose Industrial	County Coroner's Office & Morgue	Historic Properties	
Oil & Gas Pipeline Easements	HVTL Easements	Utility Line Easements	

Employment: President, McRoberts & Company, Inc., since 1982.

Formal Education: BS and BA Business Administration, University of Missouri.

Technical Education: Andrew J. McRoberts has completed the core education and comprehensive examination requirements for the MAI, CCIM designations, and Texas Appraiser Licensing and Certification Board (April 1991). Continuing education is current for MAI designation, Texas Appraisal Certification (1320471-G), and Texas Broker License (0287727). The Counselors of Real Estate and the Commercial Investment Real Estate Institute do not have a mandatory continuing education program.

Professional Designations: In the three areas of the firm's commercial real estate concentration – counseling, brokerage, and appraisal – Mr. McRoberts has earned professional designations. The designations are from the leading professional real estate institutes in their respective area of commercial real estate.

CRE • The Counselors of Real Estate, Designated Member 7247, since 1993.

MAI • Appraisal Institute, Designated Member, since 1983.

CCIM • Commercial Investment Real Estate Institute, Member, since 1997.

Professional Organizations: North Texas Commercial Association of Realtors, Texas Association of Realtors, and National Association of Realtors.

Community Service: Mr. McRoberts has in the past or currently donated time to the following:

St. Michaels & All Angels Episcopal Church – Past Finance Committee/Assistant Treasurer Preservation Dallas – Past Member Board of Directors
Preservation Dallas – Past Executive Committee and Treasurer
Good Shepherd Episcopal School – Past Board of Trustees
Good Shepherd Episcopal School – Past Chair of Finance Committee
Circle Ten Council of Boy Scouts of America – Past Friends of Scouting District Chair
City of Dallas – Economic Review Panel Historic Preservation (Magnolia Station)

Publications: Andrew J. McRoberts has not sought publication in professional real estate journals or magazines in the last ten years. Nor has Mr. McRoberts sent any writings, manuscripts, or other documents to professional real estate organizations or societies for publication.

Presentations: "Unique Problems in Eminent Domain Appraisals/Evaluating Easements and Damages to Remainders" at CLE International Conference, Dallas, August 10, 2018.