

LOWE'S PRO SUPPLY,
Plaintiff,

v.

JMK5 MARINA, LLC,
Defendant.

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IN THE DISTRICT COURT

212TH JUDICIAL DISTRICT

GALVESTON COUNTY, TEXAS

**SILVER CITY FUNDING LLC'S ORIGINAL PETITION IN INTERVENTION; and
MOTION TO RELEASE REAL PROPERTY FROM RECEIVERSHIP ESTATE**

TO THE HONORABLE COURT:

NOW COMES Intervenor, Silver City Funding LLC ("SCF") making this its ORIGINAL PETITION IN INTERVENTION seeking authority from this Court to release certain real property from the appointed receivership for the purposes of allowing Intervenor to conduct a non-judicial foreclosure sale on its first lien. In support thereof, Intervenor shows the following.

Article I. Summary of the Request

1. This case is currently subject to the "Order Requiring Turnover and Appointing Receiver" signed September 9, 2025. There is certain real property currently held by the Court which is subject to Intervenor's first lien. The real property will not satisfy the first lien, or the multitude of additional liens, and thus there is no equity for either Plaintiff, Lowe's Pro Supply, or the Receiver, Peter Ruggero. The Court is asked to release this certain real property from the receivership estate for the purpose of Intervenor's non-judicial foreclosure.

Article II. Exhibits

- a. "Commercial Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents," dated October 27, 2022 by JMK5 Marina LLC to Silver City Funding LLC in the principal amount of \$2,700,000.00.
- b. "Commercial Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents, dated December 30, 2022 by JMK5 Marina LLC to Silver City Funding LLC in the principal amount of \$550,000.00.
- c. "Special Warranty Deed" from Milan Marine Two, LP to JMK5 Marina LLC executed March 31, 2022.
- d. Real Estate Appraisal Report, by Advanced Appraisal Group, for Marina Del Sol 1203 Twin Oaks Boulevard (July 18, 2022).
- e. Commitment for Title Insurance, by Doma Title Insurance, Inc., effective May 18, 2025.
- f. Payoff Statement, \$2,700,000.00 loan.
- g. Payoff Statement, \$550,000.00 loan.

Article III. Facts

2. JMK5 Marina LLC obtained a certain Galveston County real property from Miland Marine Two, LP on March 31, 2022. (the "Real Property"). Exhibit C. The Real Property deed is incorporated herein by reference.

3. In connection with deeds of trust, Silver City Funding LLC paid for an appraisal of the Real Property in 2022. The Real Property was appraised for a price date of July 18, 2022 as follows (Exhibit D):

- a. "AS IS" Market Value = \$4,780,000.00.
- b. Prospective Future "AS STABILIZED" Market Value = \$5,030,000.00.

4. Since the time of the appraisal, the Real Property has been substantially altered by the disassembly of various structures on the Real Property. The value of the Real Property has significantly declined since 2022, and the Real Property is not "stabilized."

5. Silver City Funding LLC is the beneficiary of two deeds of trust which secure the Real Property (Exhibits A and B). The total amounts currently owed on the Silver City Funding LLC deeds of trust are as follows:

- a. \$3,896,794.36 through March 20, 2026 (Exhibit F); and
- b. \$787,622.95 through March 20, 2026 (Exhibit G).
- c. **TOTAL through March 20, 2026 = \$4,684,417.31.**

6. Based on the 2022 Appraisal report (Exhibit D), after satisfaction of the two Deeds of Trust, the remaining equity in the property "AS IS" is \$95,582.69.

7. The Real Property, in addition to Silver City Funding LLC's liens, has multiple additional liens on the property which eliminate any remaining equity, including (Exhibit E):

- a. (Schedule C, 20) Affidavit Claiming Mechanic's and Materialmen's Lien executed by Cherry Crushed Concrete, Inc. against JMK5 Marina, LLC, dated May 12, 2023, recorded in Document No. 2023021618, Official Public Records of Galveston County, Texas, in the amount of \$49,662.84.
- b. (Schedule C, 21) Affidavit Claiming Mechanic's and Materialmen's Lien executed by Cherry Crushed Concrete, Inc. against JMK5

Marina, LLC, dated June 14, 2023, recorded in Document No. 2023027333, Official Public Records of Galveston County, Texas, in the amount of \$18,654.23.

- c. (Schedule C, 22) Lien Affidavit executed by Sunbelt Rentals, Inc. against JMK5 Marina LLC, dated July 24, 2023, recorded in Document No. 2023034546, Official Public Records of Galveston County, Texas, in the amount of \$23,576.16.

8. Disregarding all interest over time, altogether, the additional liens on the Real Property total \$91,893.23, and the remaining equity from sale would be \$3,689.46. This small equity is easily eliminated by additional interest accruing on liens asserted, and by depreciation of the Real Property value.

9. JMK5 Marina LLC is in default of the two deeds of trust, and Silver City Funding LLC now seeks to perform a non-judicial foreclosure sale of the Real Property.

Article IV. Authorities

10. No one, even a lienholder with a deed of trust, can sell property held in *custodia legis* by a duly appointed receiver. *First S. Props., Inc. v. Vallone*, 533 S.W.2d 339, 341 (Tex. 1976). Any such sale is illegal and void. *Id.* at 342; *Huffmeyer v. Mann*, 49 S.W.3d 554, 2001 Tex. App. LEXIS 3822, *12, 2001 WL 637415, at *4 (Tex. App.--Corpus Christi 2001). The fact that a purchaser had no knowledge of the receivership, e.g., by *lis pendens* notice, does not alter this rule. Without court authorization, the property cannot be sold. *Id.* at 341.

11. However, "a receivership destroys no prior vested right, nor does it determine any right as between the parties by reason of an existing contract." *First S. Props*, 533 S.W.2d at 343 (citing *Ex parte Britton*, 127 Tex. 85, 92 S.W.2d 224 (1936)); *Huffmeyer*, 2001 Tex. App. LEXIS 3822, *12, 2001 WL 637415, at *4. **"The enforcement of a third party's liens or other rights [is] merely suspended until their enforcement is approved by the court having custody of the property."** *First S. Props*, 533 S.W.2d at 343; *Huffmeyer*, 2001 Tex. App. LEXIS 3822, *12, 2001 WL 637415, at *4. (emphasis added).

12. Because "a receivership is always subject to vested rights," a lienholder's interest in property held in a receivership "has priority over costs and expenses incurred in the administration and operation of the receivership." *Tennant v. Dunn*, 130 Tex. 285, 110 S.W.2d 53, 59 (Tex. 1937); *Hayes v. Gardner*, 40 S.W.2d 917, 919 (Tex. Civ. App.--Dallas 1931, no writ); *Van Valkenburgh v. Ford*, 207 S.W. 405, 419 (Tex. Civ. App.--Galveston 1918), *aff'd*, 228 S.W. 194 (Tex. 1921); *Houston Ice & Brewing Co. v. Fuller*, 26 Tex. Civ. App. 239, 63 S.W. 1048 (Tex. Civ. App.--Houston 1901, no writ).

13. **When there is no equity in a real property, no reason remains for the trial court to keep the property in receivership.** *Chase Manhattan Bank & Bank One, N.A. v. Bowles*, 52 S.W.3d 871, 880 (Tex. App.—Waco 2001, no pet.). (emphasis added). In these circumstances, the trial court abuses its discretion by refusing to release the real property from the receivership. *Id.*

In *Bowles*, the Waco court held prior lienholders' claims to property subject to a receivership take priority over the receiver's claims for

costs, expenses, and attorney's fees. In that case, when the receiver was unable to sell the property subject to the receivership, the prior lienholders moved, over the receiver's objection, to release the property from the receivership estate so that they could pursue foreclosure. The receiver argued the trial court should enjoin release of the property from the receivership estate in order to protect his interest in recouping his own costs, expenses, and fees. **The appeals court held that because there would be no equity in the property after payment of the prior liens (and, therefore, the receiver's expenses would not be paid from the sale anyway), there was no reason for the trial court to enjoin release of the property from the receivership estate.**

Pratt v. Amrex, Inc., 354 S.W.3d 502, 506-07 (Tex. App.—San Antonio 2011, pet. denied)(internal cites omitted).

PRAYER

Wherefore, premises considered, Silver City Funding LLC prays for this Court to release the Real Property from receivership in order to enable a non-judicial foreclosure sale.

Respectfully Submitted,

/s/ Camden B Chancellor
Camden B Chancellor PLLC

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127 Sweet Garden Drive
Conroe, TX 77384
737.267.1845
camdenchancellor@chancellorfirm.com
Attorney in Charge for Silver City Funding LLC

Certificate of Service

I, the undersigned, certify that on this day I did remit this instrument to an electronic service manager for it to serve a true and correct copy of the foregoing instruments upon all parties and counsel as required by the Texas Rules of Civil Procedure.

/s/ Camden B Chancellor

EXHIBIT A

After Recording Return to:

JMK5 MARINA LLC
\$2,700,000.00
October 27, 2022

Silver City Funding, LLC
25349 Borough Park Drive, The Woodlands, TX 77380

**COMMERCIAL DEED OF TRUST, SECURITY AGREEMENT, FIXTURE FILING AND
ASSIGNMENT OF LEASES AND RENTS**

KNOW ALL MEN BY THESE PRESENTS that **JMK5 MARINA LLC**, a Texas limited liability company having an office at **308 West Parkwood Avenue, Suite 104A, Friendswood, TX 77546** (“Trustor” or “Borrower”, as the case maybe), in consideration of the debt and trust hereinafter mentioned does hereby GRANT, BARGAIN, SELL, TRANSFER, ASSIGN, and CONVEY and WARRANT in trust unto Declaration Title Company, LLC (“Trustee”), the following described property (all of which is sometimes referred to collectively herein as the “Property”) for the benefit of **SILVER CITY FUNDING, LLC**, a Texas limited liability company having an address at **25349 Borough Park Drive, The Woodlands, TX 77380** (“Beneficiary” or “Lender”, as the case maybe):

- (A) All right, title and interest in and to those premises more commonly known as **1203 Twin Oaks Boulevard, League City, TX 77565** which is more particularly described in **SCHEDULE A** (the "Premises") which is attached hereto and made a part hereof;
- (B) TOGETHER WITH (1) all buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Premises, and (2) all building materials, supplies and other property stored at or delivered to the Premises or any other location for incorporation into the improvements located or to be located on the Premises, and all fixtures, machinery, appliances, equipment, furniture and personal property of every nature whatsoever now or hereafter owned by the Trustor and located in or on, or attached to, and used or intended to be used in connection with, or with the operation of, or the occupancy of, the Premises, buildings, structures or other improvements, or in connection with any construction being conducted or which may be conducted thereon, and owned by the Trustor, and all extensions, additions, improvements, betterments, renewals, substitutions and replacements to any of the foregoing, and all of the right, title and interest of the Trustor in and to such personal property which, to the fullest extent permitted by law, shall be conclusively deemed fixtures and a part of the real property encumbered hereby (the "Improvements");
- (C) TOGETHER WITH (1) all estate, right, title and interest of the Trustor, of whatever character, whether now owned or hereafter acquired, in and to (a) all streets, roads and public places, open or proposed, in front of or adjoining the Premises, and the land lying in the bed of such streets, roads and public places, and (b) all other sidewalks, alleys, ways, passages, strips and gores of land adjoining or used or intended to be used in connection with any of the property described in paragraphs (A) and (B) hereof, or any part thereof; and (2) all water courses, water rights,

easements, rights-of-way and rights of use or passage, public or private, and all estates, interest, benefits, powers, rights (including, without limitation, any and all lateral support, drainage, slope, sewer, water, air, mineral, oil, gas and subsurface rights), privileges, licenses, profits, rents, royalties, tenements, hereditaments, reversions and subreversions, remainders and subremainders and appurtenances whatsoever in any way belonging, relating or appertaining to any of the property described in **paragraphs (A) and (B)** hereof, or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by the Trustor; and

- (D)** TOGETHER WITH **(a)** all estate, right, title and interest of the Trustor of, in and to all judgments, insurance proceeds, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of the property described in **paragraphs (A), (B) and (C)** hereof or any part thereof under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the property described in **paragraphs (A), (B) or (C)** hereof or any part thereof; and the Beneficiary is hereby authorized to collect and receive said awards and proceeds and to give proper receipts and acquittances therefor, and (if it so elects) to apply the same, after deducting therefrom any expenses incurred by the Beneficiary in the collection and handling thereof, toward the payment of the indebtedness and other sums secured hereby, notwithstanding the fact that the amount owing thereon may not then be due and payable; and **(b)** all contract rights, general intangibles, governmental permits, licenses and approvals, actions and rights in action, including without limitation all rights to insurance proceeds and unearned premiums, arising from or relating to the property described in **paragraphs (A), (B) and (C)** above; and **(c)** all proceeds, products, replacements additions, substitutions, renewals and accessions of and to the property described in **paragraphs (A), (B) and (C)**.

TO HAVE AND TO HOLD the Property, unto Trustee and Trustee's successors, substitutes, or assigns, in trust and for the uses and purposes herein set forth, forever, together with all rights, privileges, hereditaments, and appurtenances in anywise appertaining or belonging thereto, subject only to the encumbrances set forth in **SCHEDULE B** which is attached hereto and made a part hereof, and Trustor, for Trustor and Trustor's successors, hereby agrees to warrant and forever defend, all and singular, the Property unto Trustee and Trustee's successors or substitutes in this trust against the claim or claims of all persons claiming or to claim the same or any part thereof, except as set forth in said **SCHEDULE B**.

THE CONDITION OF THIS DEED OF TRUST IS SUCH THAT:

WHEREAS, the Trustor is indebted to the Beneficiary by virtue of a commercial loan transaction (the "Loan") in the sum of **Two Million Seven Hundred Thousand and 00/100 dollars (\$2,700,000.00)** as evidenced by (1) a certain Commercial Promissory Note in the principal amount of **2,700,000.00 Two Million Seven Hundred Thousand and 00/100 dollars (\$2,700,000.00)** (as same may be amended, restated, or modified from time to time, the "Note") dated **October 27, 2022** executed by the Trustor and delivered to the Beneficiary, with all amounts remaining unpaid thereon being finally due and payable on **November 01, 2024** and (2) that certain Loan Agreement (as same may be amended, restated, or modified from time to time, "Loan Agreement") of even date herewith;

WHEREAS, the terms and repayment of such obligations of the Trustor are set forth in the Note;

WHEREAS, to secure payment and performance of the indebtedness and obligations represented by the Note, the Trustor is hereby executing this Deed of Trust in favor of the Beneficiary;

WHEREAS, Trustor represents and warrants that it has full power and authority to execute and deliver the Note, this Deed of Trust, and all other documents, agreements and instruments required of it by Beneficiary in connection with the making of the Loan (the Note, this Deed of Trust, and all such other documents, agreements and instruments executed and delivered by Trustor in connection with the Loan being sometimes collectively referred to herein as the "Loan Documents").

NOW, THEREFORE, Trustor hereby covenants and agrees with Beneficiary as follows:

ARTICLE ONE: COVENANTS OF THE TRUSTOR

1.01 Performance of Loan Documents. The Trustor shall cause to be performed, observed and complied with all provisions hereof, of the Note and each of the Loan Documents, and will promptly pay to the Beneficiary the principal, with interest thereon, and all other sums required to be paid by the Trustor under the Note and pursuant to the provisions of this Deed of Trust and of the Loan Documents when payment shall become due (the entire principal amount of the Note, all accrued interest thereon and all obligations and indebtedness thereunder and hereunder and under all of the Loan Documents described being referred to herein as the "Indebtedness").

1.02 General Representations, Covenants and Warranties. The Trustor represents and covenants that (a) the Trustor is now able to meet its debts as they mature, the fair market value of its assets exceeds its liabilities and no bankruptcy or insolvency case or proceeding is pending or contemplated by or against the Trustor; (b) all reports, statements and other data furnished by the Trustor to the Beneficiary in connection with the Loan are true, correct and complete in all material respects and do not omit to state any fact or circumstance necessary to make the statements contained therein not misleading; (c) this Deed of Trust, the Note and all other Loan Documents are legal, valid and binding obligations of the Trustor enforceable in accordance with their respective terms and the execution and delivery thereof do not contravene any contract or agreement to which the Trustor is a party or by which the Trustor may be bound and do not contravene any law, order, decree, rule or regulation to which the Trustor is subject; (d) there are no actions, suits or proceedings pending, or to the knowledge of the Trustor threatened, against or affecting the Trustor or any part of the Property; (e) all costs arising from construction of any improvements and the purchase of all equipment located on the Property which have been incurred prior to the date of this Deed of Trust have been paid; (f) the Property has frontage on, and direct access for, ingress and egress to the street(s) described in any survey submitted to the Beneficiary; (g) electric, sewer, water facilities and any other necessary utilities are, or will be, available in sufficient capacity to service the Property satisfactorily during the term of the Note, and any easements necessary to the furnishing of such utility service by the Trustor have been or will be obtained and duly recorded (evidence satisfactory to the Beneficiary that all utility services required for the use, occupancy and operations of the Property shall be provided to the Beneficiary immediately upon the Beneficiary's request); (h) there has not been, is not presently and will not in the future be any activity conducted by the Trustor or any tenant at or upon any part of the Property that has given or will give rise to the imposition of a lien on any part of the Property; (i) the Trustor is not in default under the terms of any instrument evidencing or securing any indebtedness of the Trustor, and there has occurred no event which would, if uncured or uncorrected, constitute a default under any such instrument with the giving of notice, or the passage of time or both; and (j) the Beneficiary has legal capacity to enter

into the Loan and to execute and deliver the Loan Documents, and the Loan Documents have been duly and properly executed on behalf of the Beneficiary.

1.03 Compliance with Laws; Permits; Notice. The Trustor covenants and warrants that the Property presently complies with and shall continue to comply with all applicable restrictive covenants, applicable zoning, wetlands and subdivision ordinances and building codes, all applicable health and environmental laws and regulations and all other applicable laws, statutes, rules, ordinances, codes, and regulations, and the Trustor has not received any notice that the Property is not in compliance with any such laws, statutes, rules, ordinances, codes and regulations. If the Trustor receives notice from any federal, state or other governmental body that it is not in compliance with any such laws, statutes, rules, ordinances, codes and regulations, the Trustor shall provide the Beneficiary with a copy of such notice promptly. The Trustor agrees to comply with all federal, state and municipal local laws, statutes, rules, ordinances, codes and regulations in connection with the construction and development of the Property. The Trustor has obtained all licenses, permits, authorizations, consents and approvals necessary for the construction and development of the Property, and all such licenses, permits, authorizations, consents and approvals are in full force and effect and all appeal periods have expired. Unless required by applicable law or unless the Beneficiary has otherwise agreed in writing, the Trustor shall not allow changes in the nature of the occupancy for which the Premises were intended at the time this Deed of Trust was executed. The Trustor shall not initiate or acquiesce in a change in the zoning classification of the Property without the Beneficiary's prior written consent. The Trustor warrants and represents that its use, and the use by any of its tenants, of the Property is in accordance and compliance with the terms and conditions of any and all rules, regulations, and laws that may be applicable to the Property, including, without limitation, all federal, state and local laws, ordinances, rules and regulations regarding hazardous and toxic materials and that the Trustor shall maintain and continue such compliance and shall require and ensure its tenants' compliance with the same. The Trustor shall maintain or shall cause their agent to maintain in its possession, available for the inspection of the Beneficiary, and shall deliver to the Beneficiary, upon three (3) business days' request, evidence of compliance with all such requirements. The Trustor hereby indemnifies and holds the Beneficiary free of and harmless from and against any and all claims, demands, damages or liabilities that the Beneficiary may incur with regard thereto.

1.04 Taxes and Other Charges.

1.04.1 Impositions. Subject to the provisions of this **Section 1.04**, the Trustor shall pay, at least five (5) days before the date due, all real estate taxes, personal property taxes, assessments, water and sewer rates and charges, license fees, all charges which may be imposed for the use of vaults, chutes, areas and other space beyond the lot line and abutting the public sidewalks in front of or adjoining the Land, and all other governmental levies and charges (collectively, the "Impositions"), of every kind and nature whatsoever, general and special, ordinary and extraordinary, foreseen and unforeseen, which shall be assessed, levied, confirmed, imposed or become a lien upon or against the Property or any part thereof, or which shall become payable with respect thereto. The Trustor shall deliver to the Beneficiary, within twenty (20) days after the due date of each payment in connection with the Impositions or any assessment for local improvements ("Assessment"), the original or a true Photostatic copy of the official receipt evidencing such payment or other proof of payment satisfactory to the Beneficiary.

1.04.2 Insurance.

(a) The Trustor shall keep all buildings erected on or to be erected on the Property insured against loss by fire and such other hazards as the Beneficiary may require and the Trustor

shall obtain and maintain insurance with respect to other insurable risks and coverage relating to the Property including, without limitation, fire, builder's risk, worker's compensation, physical damages, loss of rentals or business interruption, earthquake (if applicable), and liability insurance, all such insurance to be in such sums and upon such terms and conditions as the Beneficiary reasonably may require, with loss proceeds by the terms of such policies made payable to the Beneficiary as its interest may appear. The Trustor covenants that all insurance premiums shall be paid not later than fifteen (15) days prior to the date on which such policy could be cancelled for non-payment. If, to the Trustor's knowledge, any portion of the Property is in an area identified by any federal governmental authority as having special flood hazards, and flood insurance is available, a flood insurance policy meeting the current guidelines of FEMA's Federal Insurance and Mitigation Administration is in effect with a generally acceptable insurance carrier, in an amount representing coverage not less than the least of (1) the outstanding principal balance of the Loan, (2) the full insurable value of the Property, and (3) the maximum amount of insurance available under the Flood Disaster Protection Act of 1973, as amended. All such insurance policies (collectively, the "hazard insurance policy") shall contain a standard the Beneficiary clause naming the Beneficiary and its successors and assigns as beneficiary, and may not be reduced, terminated, or canceled without thirty (30) days' prior written notice to the Beneficiary.

(b) Such insurance companies shall be duly qualified as such under the laws of the states in which the Property is located, duly authorized and licensed in such states to transact the applicable insurance business and to write the insurance provided, and companies whose claims paying ability is rated in the two highest rating categories by A.M. Best with respect to hazard and flood insurance. Such insurance shall be in amounts not less than the greater of: **(i)** the outstanding principal balance of the Loan, or **(ii)** the amount necessary to avoid the operation of any co-insurance provisions with respect to the Premises.

(c) All such policies must provide for a minimum of thirty (30) days prior written cancellation notice to the Beneficiary. the Beneficiary, upon its request to the Trustor, will have custody of all such policies and all other policies which may be procured insuring said Property, the same to be delivered, to the Beneficiary at its office and all renewal policies to be delivered and premiums paid to the Beneficiary at its office at least twenty (20) days before the expiration of the old policies, and the Trustor agrees that upon failure to maintain the insurance as above stipulated or to deliver said renewal policies as aforesaid, or the pay the premiums therefor, the Beneficiary may, without obligation to do so, procure such insurance and pay the premiums therefor and all sums so expended shall immediately be paid by the Trustor and unless so paid, shall be deemed part of the debt secured hereby and shall bear interest at the rate set forth in the Note, and thereupon the entire principal sum unpaid, including such sums as have been paid for premiums of insurance as aforesaid, and any and all other sums which shall be payable hereunder shall become due and payable forthwith at the option of the Beneficiary, anything herein contained to the contrary notwithstanding. In case of loss and payment by any insurance company, the amount of insurance money received shall be applied either to the Indebtedness secured hereby, or in rebuilding and restoring the damaged property, as the Beneficiary may elect.

(d) The Trustor has not engaged in and shall not engage in any act or omission which would impair the coverage of any such policy, the benefits of the endorsement provided for herein, or the validity and binding effect of either including, without limitation, no unlawful fee, commission, kickback, or other unlawful compensation or value of any kind has been or will be received,

retained, or realized by any attorney, firm, or other person, and no such unlawful items have been received, retained, or realized by the Trustor.

(e) No action, inaction, or event has occurred and no state of facts exists or has existed that has resulted or will result in the exclusion from, denial of, or defense to coverage under any applicable special hazard insurance policy or bankruptcy bond, irrespective of the cause of such failure of coverage.

1.04.3 Deposits for Impositions and Insurance. Notwithstanding anything to the contrary contained in any of the Loan Documents, upon demand by the Beneficiary, after failure by the Trustor to pay any of the amounts specified in **Subsections 1.04.1 or 1.04.2**, the Trustor shall deposit with the Beneficiary on the first day of each month an amount equal to one twelfth (1/12th) of the sum of: (i) the aggregate annual payments for the Impositions; (ii) the annual insurance premiums on the policies of insurance required to be obtained and kept in force by the Trustor under this Deed of Trust; and (iii) all other periodic charges (other than interest and principal under the Note) arising out of the ownership of the Property or any portion thereof which are or with notice or the passage of time or both will become a lien against the Property or any part thereof ((i), (ii), and (iii), collectively, the "Annual Payments"). Such sums will not bear interest and are subject to adjustment or additional payments in order to assure the Beneficiary that it will have the full amount of any payment on hand at least one (1) month prior to its due date. the Beneficiary shall hold said sums in escrow to pay said Annual Payments in the manner and to the extent permitted by law when the same become due and payable. Notwithstanding anything herein to the contrary, however, such deposits shall not be, nor be deemed to be, trust funds but may be commingled with the general funds of the Beneficiary. If the total payments made by the Trustor to the Beneficiary, on account of said Annual Payments up to the time when the same become due and payable, shall exceed the amount of payment for said Annual Payments actually made by the Beneficiary, such excess shall be credited by the Beneficiary against the next payment or payments due from the Trustor to the Beneficiary on account of said Annual Payments. If, however, said payments made by the Trustor shall not be sufficient to pay said Annual Payments when the same become due and payable, the Trustor agrees to promptly pay to the Beneficiary the amount necessary to make up any deficiency. In case of default in the performance of any of the agreements or provisions contained in the Note, the Beneficiary may, at its option, at any time after such default, apply the balance remaining of the sums accumulated, as a credit against the principal or interest of the Deed of Trust Indebtedness, or both.

1.04.4 Late Charge. The Beneficiary may collect a "late charge" of ten percent (10%) on any payment or installment due or required to be paid pursuant to the terms of this Deed of Trust or the Note which is not paid within five (5) days of when the same is required to be paid to cover the extra expenses involved in handling such delinquent payment.

1.04.5 Proof of Payment. Upon request of the Beneficiary, the Trustor shall deliver to the Beneficiary, within twenty (20) days after the due date of any payment required in this **Section 1.04**, proof of payment satisfactory to the Beneficiary.

1.05 Condemnation. The Beneficiary shall be entitled to all compensation awards, damages, claims, rights of action and proceeds of, or on account of, any damage or taking through condemnation, eminent domain or the like, and the Beneficiary is hereby authorized, at its option, to commence, appear in and prosecute in its own or the Trustor's name any action or proceeding relating to any such condemnation, taking or the like and to settle or compromise any claim in connection therewith.

1.06 Care of Property; Demolition and Alteration. The Trustor shall maintain the Property in good condition and repair, shall not commit or suffer any waste of the Property, and shall comply with or cause to be complied with, all statutes, laws, rules, ordinances and requirements of any governmental authority relating to the Property; and the Trustor shall promptly repair, restore, replace or rebuild any part of the Property now or hereafter subject to the lien of this Deed of Trust which may be damaged or destroyed by any casualty whatsoever or which may be affected by any proceeding of the character referred to in **Section 1.05**. The Trustor shall complete and pay for, within a reasonable time, any structure in the process of construction on the Property at any time during the term of the Loan; and the Trustor shall not initiate, join in, or consent to any change in any private restrictive covenants, or private restrictions, limiting or defining the uses which may be made of the Property or any part thereof, without the written consent of the Beneficiary. The Trustor agrees that no building or other property now or hereafter covered by the lien of this Deed of Trust shall be removed, demolished, or materially altered, without the prior written consent of the Beneficiary, except that the Trustor shall have the right, without such consent, to remove and dispose of, free from the lien of this Deed of Trust, such equipment as from time to time may become worn out or obsolete, provided that simultaneously with or prior to such removal any such equipment shall be replaced with other equipment of value at least equal to that of the replaced equipment and free from any title retention or security agreement or other encumbrance, and by such removal and replacement the Trustor shall be deemed to have subjected such equipment to the lien of this Deed of Trust.

1.07 Transfer and Encumbrance of Property.

(a) The Trustor shall not sell, convey, transfer, suffer any type of change in title or ownership, lease, assign or further encumber any interest in any part of the Property, without the prior written consent of the Beneficiary. Any such sale, conveyance, transfer, pledge, lease, assignment or encumbrance made without the Beneficiary's prior written consent shall be null and void and shall constitute a default hereunder. The Trustor shall not, without the prior written consent of the Beneficiary, permit any further assignment of the rents, royalties, issues, revenues, income, profits or other benefits from the Property, or any part thereof, and any such assignment without the prior written consent of the Beneficiary shall be null and void and shall constitute a default hereunder. The Trustor agrees that in the event the ownership of the Property or any part thereof is permitted by the Beneficiary to be vested in a person other than the Trustor, the Beneficiary may, without notice to the Trustor, deal in any way with such successor or successors in interest with reference to this Deed of Trust and the Note and other sums hereby secured without in any way vitiating or discharging the Trustor's liability hereunder or upon the Note and other sums hereby secured. No sale of the Property and no forbearance to any person with respect to this Deed of Trust and no extension to any person of the time for payment of the Note and other sums hereby secured given by the Beneficiary shall operate to release, discharge, modify, change or affect the original liability of the Trustor either in whole or in part.

(b) If the Trustor shall sell, convey, assign or transfer all or any part of the Property or any interest therein or any beneficial interest in the Trustor without the Beneficiary's prior written consent, the Beneficiary may, at the Beneficiary's option, without demand, presentment, protest, notice of protest, notice of intent to accelerate, notice of acceleration or other notice, or any other action, all of which are hereby waived by the Trustor and all other parties obligated in any manner on the Indebtedness, declare the Indebtedness to be immediately due and payable, which option may be exercised at any time following such sale, conveyance, assignment, lease or transfer, and upon such declaration the entire unpaid balance of the Indebtedness shall be immediately due and payable.

(c) The Trustor shall keep the Property free from mechanics' liens, materialmen's liens and encumbrances. If any prohibited lien or encumbrance is filed against the Property, the Trustor shall cause the same to be removed and discharged of record within thirty (30) days after the date of filing thereof.

(d) The Trustor shall obtain, upon request by the Beneficiary, from all persons hereafter having or acquiring any interest in or encumbrance on the Property or the said equipment or accessions, a writing duly acknowledged, and stating the nature and extent of such interest or encumbrance and that the same is subordinate to this Deed of Trust and no offsets or defenses exist in favor thereof against this Deed of Trust or the Note hereby secured, and deliver such writing to the Beneficiary.

1.08 Further Assurances. At any time and from time to time upon the Beneficiary's request, the Trustor shall make, execute and deliver, or cause to be made, executed and delivered, to the Beneficiary and, where appropriate, shall cause to be recorded or filed, and from time to time thereafter to be re-recorded and refiled, at such time and in such offices and places as shall be deemed desirable by the Beneficiary, any and all such further Deed of Trusts, instruments of further assurance, certificates and such other documents as the Beneficiary may consider necessary or desirable in order to effectuate, complete or perfect, or to continue and preserve, the obligations of the Trustor under the Note and this Deed of Trust, the lien of this Deed of Trust as a lien upon all of the Property, and unto all and every person or persons deriving any estate, right, title or interest under this Deed of Trust. Upon any failure by the Trustor to do so, the Beneficiary may make, execute, record, file, re-record or refile any and all such Deed of Trusts, instruments, certificates and documents for and in the name of the Trustor, and the Trustor hereby irrevocably appoints the Beneficiary the agent and attorney-in-fact of the Trustor to do so.

1.09 Uniform Commercial Code Security Agreement and Fixture Filing. This Deed of Trust is intended to be a security agreement and fixture filing which is to be filed for record in the real estate records pursuant to the Uniform Commercial Code in effect from time to time in the State of Texas for any of the goods specified above in this Deed of Trust as part of the Property which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code and the Trustor hereby agrees to execute and deliver any additional financing statements covering said goods from time to time and in such form as the Beneficiary may require to perfect a security interest with respect to said goods. The Trustor shall pay all costs of filing such financing statements and renewals and releases thereof and shall pay all reasonable costs and expenses of any record searches for financing statements which the Beneficiary may reasonably require. Without the prior written consent of the Beneficiary, the Trustor shall not create or suffer to be created, pursuant to the Uniform Commercial Code, any other security interest in said goods, including replacements and additions thereto. Upon the Trustor's breach of any covenant or agreement of the Trustor contained in this Deed of Trust, including the covenants to pay when due all sums secured by this Deed of Trust, the Beneficiary shall have the remedies of a secured party under the Uniform Commercial Code and, at the Beneficiary's option, may also invoke the remedies permitted by applicable law as to such goods.

AS IT IS RELATED HERETO:

DEBTOR IS: JMK5 MARINA LLC
308 West Parkwood Avenue, Suite 104A, Friendswood, TX 77546

SECURED PARTY IS: Silver City Funding, LLC
25349 Borough Park Drive, The Woodlands, TX 77380

The Trustor represents, covenants, and warrants that as of the date hereof as follows: the Trustor's full, correct, and exact legal name is set forth immediately above in this **Section 1.09**. The Trustor is an organization of the type and is incorporated in, organized, or formed under the laws of the state specified in the introductory paragraph to this Deed of Trust. In the event of any change in name or identity of the Trustor, the Trustor hereby authorizes the Beneficiary to file such Uniform Commercial Code forms as are necessary to maintain the priority of the Beneficiary's lien upon the Property which may be deemed personal property or fixtures, including future replacement thereof, which serves as collateral under this Deed of Trust.

1.10 Lease Covenants. Each and every covenant on the part of the Trustor contained in any assignment of lessor's interest in leases or any assignment of rents, royalties, issues, revenues, profits, income or other benefits made collateral hereto is made an obligation of the Trustor hereunder as if fully set forth herein.

1.11 Assignment of Rents. Trustor hereby absolutely and unconditionally assigns to Beneficiary all of Trustor's right, title and interest in and to each Lease whether now existing or hereafter entered into, together with the room revenues, occupancy charges, issues and profits ("Rents") of each such Lease as further security for the payment and performance of the Obligations, and Trustor grants to Beneficiary the right to enter the Premises for the purpose of collecting the same and to let the Premises, or any part thereof, and to apply said Rents after payment of all necessary charges and expenses, on account of the Obligations. This assignment and grant shall continue in effect until the Obligations are fully paid and performed. Beneficiary hereby waives the right to enter the Premises for the purpose of collecting Rents, and Trustor shall be entitled to collect, receive and use said Rents until the occurrence of a Default under this Deed of Trust. Trustor shall, from time to time after request by Beneficiary, execute, acknowledge and deliver to Beneficiary, in form satisfactory to Beneficiary, separate assignments confirming the foregoing assignment. Beneficiary shall not be obligated to perform or discharge any obligation or duty to be performed or discharged by Trustor under any Lease or other agreement affecting all or any part of the Premises, and Trustor hereby agrees to indemnify Beneficiary for and save it harmless from, any and all liability arising from any such Lease or other agreement or any assignments thereof, and no assignment of any such Lease or other agreement shall place the responsibility for the control, care, management or repair of all or any part of the Premises upon Beneficiary, nor make Beneficiary liable for any negligence in the management, operation, upkeep, repair or control of all or any part of the Premises resulting in injury, death or property damage. Beneficiary or the receiver shall be liable to account only for rents and profits actually received by Beneficiary or the receiver as the case may be.

1.12 After-Acquired Property. To the extent permitted by and subject to applicable law, the lien of this Deed of Trust will automatically attach, without further act, to all after-acquired property located in, on, or attached to, or used, or intended to be used, in connection with, or with the renovation of, the Property or any part thereof; provided, however, that, upon request of the Beneficiary, the Trustor shall execute and deliver such instrument or instruments as shall reasonably be requested by the Beneficiary to confirm such lien, and the Trustor hereby appoints the Beneficiary its attorney-in-fact to execute all such instruments, which power is coupled with an interest and is irrevocable.

1.13 Expenses. Unless otherwise agreed in writing, the Trustor will pay when due and payable all appraisal fees, recording fees, taxes, brokerage fees and commissions, abstract fees, title policy fees, escrow fees, attorneys' fees, court costs, fees of inspecting architect(s) and engineer(s) and all other costs and expenses of every character which have been incurred or which may hereafter be incurred by the Beneficiary in connection with: **(a)** the preparation and execution of the Loan Documents; **(b)** the funding of the Loan; **(c)** in the event an Event of Default occurs hereunder or under the Note or any of the Loan Documents, all

costs, fees and expenses, including, without limitation, all reasonable attorneys' fees in connection with the enforcement under the Note or foreclosure under this Deed of Trust, preparation for enforcement of this Deed of Trust or any other Loan Documents, whether or not suit or other action is actually commenced or undertaken; (d) enforcement of this Deed of Trust or any other Loan Documents; (e) court or administrative proceedings of any kind to which the Beneficiary may be a party, either as plaintiff or defendant, by reason of the Note, the Deed of Trust or any other Loan Documents; (f) preparation for and actions taken in connection with the Beneficiary's taking possession of the Property; (g) negotiations with the Trustor, its beneficiary, or any of its agents in connection with the existence or cure of any Event of Default or default; (h) any proposed refinancing by the Trustor or any other person or entity of the debt secured hereby; (i) the transfer of the Property in lieu of foreclosure; (j) inspection of the Property pursuant to **Section 1.15**; and (k) the approval by the Beneficiary of actions taken or proposed to be taken by the Trustor, its beneficiary, or other person or entity which approval is required by the terms of this Deed of Trust or any other of the Loan Document. The Trustor will, upon demand by the Beneficiary, reimburse the Beneficiary or any takeout lender for all such expenses which have been incurred or which shall be incurred by either of them; and will indemnify and hold harmless the Beneficiary from and against, and reimburse it for, the same and for all claims, demands, liabilities, losses, damages, judgments, penalties, costs and expenses (including, without limitation, attorneys' fees) which may be imposed upon, asserted against, or incurred or paid by it by reason of, on account of or in connection with any bodily injury or death or property damage occurring in or upon or in the vicinity of the Property through any cause whatsoever or asserted against it on account of any act performed or omitted to be performed hereunder or on account of any transaction arising out of or in any way connected with the Property, or with this Deed of Trust or the Indebtedness.

1.14 The Beneficiary's Performance of Defaults. If the Trustor defaults in the payment of any tax, Assessment, encumbrance or other Imposition, in its obligation to furnish insurance hereunder, or in the performance or observance of any other covenant, condition, agreement or term in this Deed of Trust, the Note or in any of the Loan Documents, the Beneficiary may, without obligation to do so, to preserve its interest in the Property, perform or observe the same, and all payments made (whether such payments are regular or accelerated payments) and costs and expenses incurred or paid by the Beneficiary in connection therewith shall become due and payable immediately. The amounts so incurred or paid by the Beneficiary, together with interest thereon at the default rate, as provided in the Note, from the date incurred until paid by the Trustor, shall be added to the Indebtedness and secured by the lien of this Deed of Trust to the extent permitted by law. The Beneficiary is hereby empowered to enter and to authorize others to enter upon the Property or any part thereof for the purpose of performing or observing any such defaulted covenant, condition, agreement or term, without thereby becoming liable to the Trustor or any person in possession holding under the Trustor.

1.15 Financial Statements, Books, and Records. The Trustor will furnish to the Beneficiary, within thirty (30) days after a request therefor, a detailed statement in writing, covering the period of time specified in such request, showing all income derived from the operation of the Property, and all disbursements made in connection therewith, and containing a list of the names of all tenants and occupants of the Property, the portion or portions of the Property occupied by each such tenant and occupant, the rent and other charges payable under the terms of their leases or other agreements and the period covered by such leases or other agreements.

1.16 Inspection. The Beneficiary, and any persons authorized by the Beneficiary, shall have the right, at the Beneficiary's option, to enter and inspect the Premises during the fourth (4th) month and at all other reasonable times during the term of the Loan. The Trustor shall pay any professional fees and expenses, which may be incurred by the Beneficiary in connection with such inspection.

1.17 Loan to Value Covenant. If at any one or more time(s) during the term of the Note the then aggregate outstanding and committed principal amount of the Note, plus accrued interest and fees thereon, plus all amounts outstanding under any debts secured by prior liens on the Property, is greater than eighty percent (80%) of the value of the Property, as determined by the Beneficiary based upon the Beneficiary's review of any appraisal and such other factors as the Beneficiary may deem appropriate, then the Trustor shall within thirty (30) days following a request by the Beneficiary, prepay the Note by an amount sufficient to cause the then outstanding principal amount of the Note, plus accrued interest and fees thereon, to be reduced to an amount equal to or less than eighty percent (80%) of the value of the Property. The inability of the Trustor to reduce the principal balance of the Note within thirty (30) days following request by the Beneficiary shall be, at the Beneficiary's option, an Event of Default, hereunder.

ARTICLE TWO: DEFAULTS

2.01 Event of Default. The term "Event of Default" or "default" wherever used in this Deed of Trust, shall mean any one or more of the following events: **(a)** failure by the Trustor to pay any installment of principal and/or interest under the Note within five (5) days after the same becomes due and payable; **(b)** failure by the Trustor to observe or perform, or upon any default in, any other covenants, agreements or provisions herein, in the Note, or in any of the Loan Documents; **(c)** failure by the Trustor to pay any Imposition, Assessment, other utility charges on or lien against the Property; **(d)** failure by the Trustor to keep in force the insurance required in this Deed of Trust; **(e)** failure by the Trustor to either deliver the policies of insurance described in this Deed of Trust or to pay the premiums for such insurance as provided herein; **(f)** failure by the Trustor to pay any installment, which may not then be due or delinquent, of any Assessment for local improvements for which an official bill has been issued by the appropriate authorities and which may now or hereafter affect the Property, and may be or become payable in installments; **(g)** the actual or threatened waste, removal or demolition of, or material alteration to, any part of the Property, except as permitted herein; **(h)** the vesting of title, or any sale, conveyance, transfer, leasing, assignment or further encumbrance in any manner whatsoever of any interest in the Property, or any part thereof, in or to anyone other than the present owner, or any change in title or ownership of the Property, or any part thereof, without the prior written consent of the Beneficiary; **(i)** all or a material portion of the Property being taken through condemnation, eminent domain, or any other taking such that the Beneficiary has reason to believe that the remaining portion of the Property is insufficient to satisfy the outstanding balance of the Note, or the value of the Property being impaired by condemnation, eminent domain or any other taking, (which term when used herein shall include, but not be limited to, any damage or taking by any governmental authority or any other authority authorized by the laws of any state or the United States of America to so damage or take, and any transfer by private sale in lieu thereof), either temporarily for a period in excess of thirty (30) days, or permanently; **(j)** the merger or dissolution of the Trustor or the death of any guarantor of the Note ("Guarantor"); **(k)** any representation or warranty of the Trustor or any Guarantor made herein or in any such guaranty or in any certificate, report, financial statement, or other instrument furnished in connection with the making of the Note, the Deed of Trust, or any such guaranty, shall prove false or misleading in any material respect; **(l)** Maker makes or takes any action to make a general assignment for the benefit of its creditors or becomes insolvent or has a receiver, custodian, trustee in Bankruptcy, or conservator appointed for it or for substantially all or any of its assets; **(m)** the Trustor files, or becomes the subject of, a petition in bankruptcy, or upon the commencement of any proceeding or action under any bankruptcy laws, insolvency laws, relief of debtors laws, or any other similar law affecting the Trustor, provided however, that the Trustor shall have sixty (60) days from the filing of any involuntary petition in bankruptcy to have the same discharged and dismissed; **(n)** the Property becomes subject to **(1)** any tax lien which is superior to the lien of the Deed of Trust, other than a lien for local real estate taxes and assessments not due and

payable or (2) any mechanic's, materialman's, or other lien which is, or is asserted to be, superior to the lien of the Deed of Trust and such lien shall remain undischarged for thirty (30) days, (o) the Trustor fails to promptly cure any violations of laws or ordinances affecting or which may be interpreted to affect the Property; (p) in the event of any material adverse change in the financial condition of the Trustor; or (q) any of the aforementioned events occur with respect to any Guarantor.

ARTICLE THREE: REMEDIES

In the event that an Event of Default or default shall have occurred, the remedies available to the Beneficiary include, but are not limited to, any and all rights and remedies available hereunder, any and all rights and remedies available at law, in equity, or by statute. Without limiting the foregoing, the rights and remedies available to the Beneficiary shall include, but not be limited to, any one or more of the following:

3.01 Acceleration of Maturity. If an Event of Default shall have occurred, the Beneficiary may, at its option, declare without demand or notice all of the outstanding Indebtedness to be due and payable immediately, and upon such declaration such Indebtedness shall immediately become and be due and payable without demand or notice.

3.02 The Beneficiary's Right to Enter and Take Possession. If an Event of Default shall have occurred, the Trustor, upon demand on the Beneficiary, shall forthwith surrender to the Beneficiary the actual possession of the Property and the Beneficiary itself, or by such officers or agents as it may appoint, may enter and take possession of the Property, collect and receive the rents and income therefrom, and to apply so much of said rents and income as may be required in the necessary expenses of running said Premises, including reasonable attorneys' fees, management agents' fees, and if the Beneficiary manages the Premises with its own employees, an amount equal to the customary management agents' fees charged for similar property in the area where the Premises are located, and to apply the balance of said rents and income to the payment of the amounts due upon said Note, or in payment of taxes assessed against the Premises, or both. And for this purpose, and in case of such default, the Trustor hereby assigns, transfers, and sets over to the Beneficiary the rents and income accruing from said Premises. Nothing contained in the foregoing provisions shall impair or affect any right or remedy which the Beneficiary might now or hereafter have, were it not for such provisions, but the rights herein given shall be in addition to any others which the Beneficiary may have hereunder.

3.03 Receiver. If an Event of Default shall have occurred, the Beneficiary, to the extent permitted by law and without regard to the value or occupancy of the security, shall be entitled to apply for the appointment of a receiver of the rents and profit of the Property without notice, and shall be entitled to the appointment of such a receiver as a matter of right, without consideration of the value of the Property as security for the amounts due the Beneficiary, or the solvency of any person or limited liability company liable for the payment of such amounts.

3.04 Trustee's Sale. If any Event of Default occurs, Beneficiary is authorized and empowered, without further notice, to execute or cause the Trustee to execute a written notice of default and of election to cause the Property to be sold as required by law or as otherwise provided herein, and the Trustee shall file such notice for record in each county wherein the Property or any part thereof is situated. After such filing, the Trustee may lawfully foreclose and shall foreclose the lien of this Deed of Trust, and sell and dispose of the Property in masse or in separate parcels (as Beneficiary may elect) and all the right, title, and interest of Trustor therein, at a public auction at any place then authorized by law as may be specified in the notice of such sale, for the price permitted by law (the "Trustee's Sale"), legally required public notice having

previously been given of the time and place of such sale. The Trustee, without demand on Trustor, shall sell the Property on the date and at the time and place designated in the notice of sale, either as a whole or in separate parcels, and in such order as it may determine (but subject to any statutory right of Trustor to direct the order in which such Property, if consisting of several known lots or parcels, shall be sold), at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale. The person conducting the sale may, for any cause he deems expedient in accordance with applicable law, postpone the sale from time to time until it shall be completed and, in every case, notice of postponement shall be given as required by law. Trustee shall execute and deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the sale. Trustee shall apply the proceeds of the sale to payment of **(1)** the costs and expenses of exercising the power of sale and of the sale, including the payment of the Trustee's and attorneys' fees; **(2)** cost of any evidence of title procured in connection with such sale; **(3)** all sums expended under the terms hereof, not then repaid, with accrued interest as provided herein from date of expenditure; **(4)** all other sums then secured hereby; and **(5)** the remainder, if any, to the person or persons legally entitled thereto, or the Trustee, in its discretion, may deposit the balance of such proceeds with the County Clerk of the county in which the sale took place.

3.05 Attorneys' Fees. If this Deed of Trust is foreclosed by the Trustee, the Trustee shall allow a reasonable amount of attorneys' fees for services rendered in the supervision of such foreclosure proceedings as a part of the cost of foreclosure. If the foreclosure proceedings are made through court proceedings, attorneys' fees in an amount determined by the court to be reasonable shall be taxed by the court as a part of the cost of such foreclosure proceedings.

3.06 Waiver of Appraisal, Valuation, Stay, Exemption, and Redemption Laws, etc.; Marshaling. The Trustor agrees to the full extent permitted by law that after an Event of Default neither the Trustor nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisal, valuation, stay, exemption, moratorium, or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Deed of Trust, and the Trustor, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, any and all right to have the assets comprising the Property marshaled upon any foreclosure hereof.

3.07 Suits to Protect the Property. The Beneficiary shall have the power and authority to institute and maintain any suits and proceedings as the Beneficiary may deem advisable in order to **(a)** prevent any impairment of the Property, **(b)** foreclose this Deed of Trust, **(c)** preserve and protect its interest in the Property, and **(d)** to restrain the enforcement of, or compliance with, any legislation or other governmental enactment, rule, or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order might impair the security hereunder or be prejudicial to the Beneficiary's interest.

3.08 Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial case or proceeding affecting the Trustor, its creditors or its property, the Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have its claims allowed in such case or proceeding for the entire Indebtedness at the date of the institution of such case or proceeding, and for any additional amounts which may become due and payable by the Trustor after such date.

3.09 Application of Monies by the Beneficiary. After the occurrence of an Event of Default, any monies collected or received by the Beneficiary shall be applied in such priority as the Beneficiary may determine in its sole and absolute discretion, to such matters including, but not limited to, the payment of compensation, expenses and disbursements of the agents, attorneys and other representatives of the Beneficiary, to deposits for Impositions and Insurance and insurance premiums due, to the cost of insurance, Impositions, Assessments, and other charges and to the payment of the Indebtedness.

3.10 No Waiver. Notwithstanding any course of dealing or course of performance, neither failure nor delay on the part of the Beneficiary to exercise any right, power, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power, or privilege.

3.11 No Waiver of One Default to Affect Another. No waiver of any Event of Default hereunder shall extend to or affect any subsequent or any other Event of Default then existing, or impair any rights, powers or remedies consequent thereon. If the Beneficiary **(a)** grants forbearance or an extension of time for the payment of any of the Indebtedness; **(b)** takes other or additional security for the payment thereof; **(c)** waives or does not exercise any right granted in the Note, this Deed of Trust or any other of the Loan Documents; **(d)** releases any part of the Property from the lien of this Deed of Trust or any other of the Loan Documents or releases or any party liable under the Note; **(e)** consents to the filing of any map, plat or replat of the Land; **(f)** consents to the granting of any easement on the Land; or **(g)** makes or consents to any agreement changing the terms of this Deed of Trust or subordinating the lien or any charge hereof, no such act or omission shall release, discharge, modify, change or affect the original liability under this Deed of Trust or otherwise of the Trustor, or any subsequent purchaser of the Property or any part thereof or any maker, co-signer, endorser, surety or guarantor. No such act or omission shall preclude the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in case of any Event of Default then existing or of any subsequent Event of Default nor, except as otherwise expressly provided in an instrument or instruments executed by the Beneficiary, shall the lien of this Deed of Trust be altered thereby.

3.12 Remedies Cumulative. No right, power or remedy conferred upon or reserved to the Beneficiary by the Note, this Deed of Trust or any other of the Loan Documents is exclusive of any other right, power and remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or under the Note or any other of the Loan Documents, or now or hereafter existing at law, in equity or by statute.

3.13 Interest after Event of Default; Default Rate. If an Event of Default shall have occurred, all sums outstanding and unpaid under the Note and this Deed of Trust shall, at the Beneficiary's option, bear interest at the default rate set forth in the Note.

3.14 Indemnification of Trustee. Except for gross negligence or willful misconduct, Trustee shall not be liable for any act or omission or error of judgment. Trustee may rely on any document believed by Trustee in good faith to be genuine. All money received by Trustee shall, until used or applied as herein provided, be held in trust, but need not be segregated (except to the extent required by law), and Trustee shall not be liable for interest thereon. Trustor shall indemnify Trustee against all liability and expenses which Trustee may incur in the performance of Trustee's duties hereunder.

3.15 Substitute Trustee. Beneficiary may appoint a substitute Trustee **(a)** if Trustee herein named or any substitute Trustee shall die, resign, or fail, refuse or be unable, for any reason, to make any such sale or to perform any of the trusts herein declared; or **(b)** at the option of Beneficiary from time to time as often and

whenever Beneficiary prefers and with or without any reason or cause. Each appointment shall be in writing, but without the necessity of recordation, notice to Trustor, or any other action or formality. Each substitute Trustee so appointed shall thereupon by such appointment become Trustee and succeed to all the estates, titles, rights, powers, trusts and duties of predecessor Trustee. Any such appointment may be executed by Beneficiary or any authorized representative of Beneficiary, and such appointment shall be presumed conclusively to have been executed with due and proper authority. Without limiting the generality of the foregoing, if Beneficiary is a corporation, bank or association, of any type or character, such appointment may be executed in its behalf by any officer of Beneficiary and shall be presumed conclusively to have been executed with due and proper authority without necessity of proof of any action by the board of directors or any superior officer. Wherever herein the word "Trustee" is used, the same shall mean the duly appointed trustee or substitute trustee hereunder at the time in question. Trustee may resign by written notice to Beneficiary.

3.16 Provisional Remedies: Foreclosure And Injunctive Relief: Nothing shall be deemed to apply to limit the right of Trustee to: (a) exercise self-help remedies, (b) foreclose judicially or non-judicially against any real or personal property collateral, or to exercise judicial or non-judicial power of sale rights, (c) obtain from a court provisional or ancillary remedies (including, but not limited to, injunctive relief, a writ of possession, prejudgment attachment, a protective order or the appointment of a receiver) or (d) pursue rights against Trustor or any other party in a third party proceeding in action brought against Beneficiary (including, but not limited to, actions in bankruptcy court). Beneficiary may exercise the rights set forth in the foregoing clauses (a) through (d), inclusive, before, during, or after the pendency of any proceeding.

ARTICLE FOUR: MISCELLANEOUS PROVISIONS

4.01 Heirs, Successors and Assigns Included in Parties. Whenever one of the parties hereto is named or referred to herein, the heirs, successors and assigns of such party shall be included and all covenants and agreements contained in this Deed of Trust, by or on behalf of the Trustor or the Beneficiary shall bind and inure to the benefit of their respective heirs, successors and assigns, whether so expressed or not.

4.02 Addresses for Notices, etc.

(a) Any notice, report, demand or other instrument authorized or required to be given or furnished under this Deed of Trust shall be in writing, signed by the party giving or making the same, and shall be sent by certified mail, return receipt requested, as follows:

THE TRUSTOR: JMK5 MARINA LLC
308 West Parkwood Avenue, Suite 104A, Friendswood, TX

77546

Copy to:

THE BENEFICIARY: Silver City Funding, LLC
25349 Borough Park Drive, The Woodlands, TX 77380

(b) Either party may change the address to which any such notice, report, demand or other instrument is to be delivered or mailed, by furnishing written notice of such change to the other party, but no such notice of change shall be effective unless and until received by such other party.

4.03 Headings. The headings of the articles, sections, paragraphs and subdivisions of this Deed of Trust are for convenience of reference only, are not to be considered a part hereof and shall not limit or expand or otherwise affect any of the terms hereof.

4.04 Provisions Subject to Applicable Laws; Severability All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any law and are intended to be limited to the extent necessary so that they will not render this Deed of Trust invalid or unenforceable. In the event that any of the covenants, agreements, terms or provisions contained in the Note, or in this Deed of Trust or in any other Loan Documents shall be deemed invalid, illegal or unenforceable in any respect by a court with appropriate jurisdiction, the validity of the remaining covenants, agreements, terms or provisions contained herein or in the Note or in any other Loan Documents shall be in no way affected, prejudiced or disturbed thereby.

4.05 Modification. This Deed of Trust, the Note, and all other Indebtedness are subject to modification. Neither this Deed of Trust, nor any term hereof, may be changed, waived, discharged or terminated orally or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge, or termination is sought.

4.06 Governing Law. THIS DEED OF TRUST IS MADE BY THE BENEFICIARY AND ACCEPTED BY THE TRUSTOR IN THE STATE OF TEXAS EXCEPT THAT AT ALL TIMES THE PROVISIONS FOR THE CREATION, PERFECTION, PRIORITY, ENFORCEMENT AND FORECLOSURE OF THE LIENS AND SECURITY INTERESTS CREATED IN THE PROPERTY UNDER THE LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE WHERE THE PROPERTY IS LOCATED. TO THE FULLEST EXTENT PERMITTED BY THE LAW OF THE STATE WHERE THE PREMISES IS LOCATED, THE LAW OF THE STATE OF TEXAS SHALL GOVERN THE VALIDITY AND ENFORCEABILITY OF ALL LOAN DOCUMENTS, AND THE DEBT OR OBLIGATIONS ARISING HEREUNDER (BUT THE FOREGOING SHALL NOT BE CONSTRUED TO LIMIT BENEFICIARY'S RIGHTS WITH RESPECT TO SUCH SECURITY INTEREST CREATED IN THE STATE WHERE THE PROPERTY IS LOCATED).

4.07 Prejudgment Remedies. THE TRUSTOR HEREBY REPRESENTS, COVENANTS, AND AGREES THAT THE PROCEEDS OF THE LOAN SECURED BY THIS DEED OF TRUST, AND EVIDENCED BY THE LOAN AGREEMENT, AND THE NOTE SHALL BE USED FOR GENERAL COMMERCIAL PURPOSES AND THAT SUCH LOAN IS A "COMMERCIAL TRANSACTION" AS DEFINED BY THE STATUTES OF THE STATE OF TEXAS. THE TRUSTOR HEREBY WAIVES SUCH RIGHTS AS IT MAY HAVE TO NOTICE AND/OR HEARING UNDER ANY APPLICABLE FEDERAL OR STATE LAWS INCLUDING, WITHOUT LIMITATION, TEXAS GENERAL STATUTES, PERTAINING TO THE EXERCISE BY THE BENEFICIARY OF SUCH RIGHTS AS THE BENEFICIARY MAY HAVE INCLUDING, BUT NOT LIMITED TO, THE RIGHT TO SEEK PREJUDGMENT REMEDIES AND/OR TO DEPRIVE THE TRUSTOR OF OR AFFECT THE USE OF OR POSSESSION OR ENJOYMENT OF THE TRUSTOR'S PROPERTY PRIOR TO THE RENDITION OF A FINAL JUDGMENT AGAINST THE TRUSTOR. THE TRUSTOR FURTHER WAIVES ANY RIGHT IT MAY HAVE TO REQUIRE THE BENEFICIARY TO PROVIDE A BOND OR OTHER SECURITY AS A PRECONDITION TO OR IN CONNECTION WITH ANY PREJUDGMENT REMEDY SOUGHT BY THE BENEFICIARY, AND

WAIVES ANY OBJECTION TO THE ISSUANCE OF SUCH PREJUDGMENT REMEDY BASED ON ANY OFFSETS, CLAIMS, DEFENSES, OR COUNTERCLAIMS TO ANY ACTION BROUGHT BY THE BENEFICIARY. FURTHER, THE TRUSTOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY LAW, THE BENEFITS OF ALL PRESENT AND FUTURE VALUATION, APPRAISAL, HOMESTEAD, EXEMPTION, STAY, REDEMPTION AND MORATORIUM LAWS.

4.08 Effects of Changes and Laws Regarding Taxation. In the event of an enactment of any law deducting from the value of the Property any Deed of Trust lien thereon, or imposing upon the Beneficiary the payment of any or part of the Impositions, charges, or Assessments previously paid by the Trustor pursuant to this Deed of Trust, or change in the law relating to the taxation of Deed of Trusts, debts secured by Deed of Trusts or the Beneficiary's interest in the Property so as to impose new incidents of taxes on the Beneficiary, then the Trustor shall pay such Impositions or Assessments or shall reimburse the Beneficiary therefor; provided that, however, if in the opinion of counsel to the Beneficiary such payment cannot lawfully be made by the Trustor, then the Beneficiary may, at the Beneficiary's option, declare all of the sums secured by this Deed of Trust to be immediately due and payable without prior notice to the Trustor, and the Beneficiary may invoke any remedies permitted by applicable law.

4.09 Purpose of Loan. The Trustor represents and warrants that the proceeds from this Loan are to be used solely for business and commercial purposes and not at all for any personal, family, household, or other noncommercial or farming or agricultural purposes. The Trustor acknowledges that the Beneficiary has made this Loan to the Trustor in reliance upon the above representation. Said representation will survive the closing and repayment of the Loan. The Trustor acknowledges that the Federal and Texas Truth in Lending disclosures are not required for loans that are given solely for business and commercial purposes.

4.10 Duplicate Originals. This Deed of Trust may be executed in any number of duplicate originals and each such duplicate original shall be deemed to be an original.

4.11 Usury Laws. This Deed of Trust, the Note, and the other Loan Documents are subject to the express condition that at no time shall the Trustor be obligated or required to pay interest on the debt at a rate which could subject the holder of the Note to either civil or criminal liability as a result of being in excess of the maximum interest rate permitted by applicable law. If, by the terms of this Deed of Trust, the Note, or any of the Loan Documents, the Trustor is at any time required or obligated to pay interest on the debt at a rate in excess of such maximum rate, the rate of interest under the same shall be deemed to be immediately reduced to such maximum rate and the interest payable shall be computed at such maximum rate and all prior interest payments in excess of such maximum rate shall be applied and shall be deemed to have been payments in reduction of the principal balance of the Note.

4.12 Construction. This Deed of Trust and the Note shall be construed without regard to any presumption or other rule requiring construction against the party causing this Deed of Trust and the Note to be drafted.

4.13 Release and Reconveyance. If all of Trustor's obligations under the Loan Documents are paid in full in accordance with the terms of the Loan Documents, no Default then exists hereunder and no Event of Default then exists under any other Loan Document, and if Trustor shall well and truly perform all of Trustor's covenants contained herein, then this conveyance shall become null and void and be released, and the Property shall be reconveyed to Trustor, at Trustor's request and expense.

4.14 Entire Agreement. This Deed of Trust, together with the other Loan Documents executed in connection herewith, constitutes the entire agreement and understanding among the parties relating to the

subject matter hereof and supersedes all prior proposals, negotiations, agreements, and understandings relating to such subject matter. In entering into this Deed of Trust, Trustor acknowledges that it is not relying on any representation, warranty, covenant, promise, assurance, or other statement of any kind made by the Beneficiary or by any employee or agent of the Beneficiary.

4.15 State Specific Provisions.

1. Power of Sale. Any foreclosure against any real property constituting part of the Property under the power of sale granted under this Deed of Trust, including without limitation, pursuant to Section 3.04, shall be conducted in accordance with the following provisions:

(a) Public Sale.

(i) Trustee, or its successors or substitutes, is hereby authorized and empowered, and it shall be the Trustee's special duty, upon such request of Beneficiary, to sell or offer for sale the Property upon the occurrence of an Event of Default, in such portions, order and parcels as Beneficiary may determine, with or without having first taken possession of the same, to the highest bidder for cash at public auction in accordance with the requirements of Section 51.002 of the Texas Property Code, as it may be amended, supplemented, replaced or succeeded from time to time (the "Texas Property Code"). In instances where the Property is located in the State of Texas, such sale shall be made at the courthouse of the county in which the Property (or any portion thereof to be sold) is located, whether the parts or parcels thereof, if any, in different counties are contiguous or not, and without the necessity of having any personal property present at such sale. Each such sale shall be made in the area designated by the county commissioners for foreclosure sales (or, if no area has been designated, at the location at the courthouse designated by Beneficiary by or through Trustee in the written notice hereinafter described), on the first Tuesday of a month between the hours of 10:00 a.m. and 4:00 p.m. after advertising the time, place and terms of sale and that portion of the Property to be sold by posting or causing to be posted written or printed notice thereof at least twenty-one (21) days before the date of the sale, both at the courthouse door of each county in which the Property is located and with the county clerk of each county in which the Property is located, which notice shall be posted at the courthouse door and filed with the county clerk by Trustee, or by any Person acting for him. The written notice shall include the earliest time at which the sale will be held and otherwise comply with the then applicable requirements of Section 51.002 of the Texas Property Code.

(ii) Beneficiary shall serve, or shall cause to be served, at least twenty-one (21) days before the date of sale written or printed notice of the proposed sale by certified mail on each debtor obligated to pay the Indebtedness according to the records of Beneficiary by the deposit of such notice in the United States mail, postage prepaid and addressed to the debtor at the debtor's last known address as shown by the records of Beneficiary. If and to the extent that the Texas Property Code shall at any time or from time to time be amended to change the manner or procedure of sale as set forth above, then the provisions of this paragraph shall be deemed to be automatically amended to conform such provisions to the amended provisions of the Texas Property Code. The affidavit of a Person knowledgeable of the facts to the effect that service was completed is prima facie evidence thereof.

(b) Right to Require Proof of Financial Ability and/or Cash Bid. At any time during the bidding, Trustee may require a bidding party (A) to disclose its full name, state and city of residence, occupation, and specific business office location, and the name and address of the principal the bidding

party is representing (if applicable), and (B) to demonstrate reasonable evidence of the bidding party's financial ability (or, if applicable, the financial ability of the principal of such bidding party, as a condition to the bidding party submitting bids at the foreclosure sale. If any such bidding party (the "Questioned Bidder") declines to comply with Trustee's requirement in this regard, or if such Questioned Bidder does respond but Trustee, in Trustee's sole and absolute discretion, deems the information or the evidence of the financial ability of the Questioned Bidder (or, if applicable, the principal of such bidding party) to be inadequate, then Trustee may continue the bidding with reservation; and in such event (1) Trustee shall be authorized to caution the Questioned Bidder concerning the legal obligations to be incurred in submitting bids, and (2) if the Questioned Bidder is not the highest bidder at the sale, or if having been the highest bidder the Questioned Bidder fails to deliver the cash purchase price payment promptly to Trustee, all bids by the Questioned Bidder shall be null and void. Trustee may, in Trustee's sole and absolute discretion, determine that a credit bid may be in the best interest of Trustor and Beneficiary, and elect to sell the Deed of Trust Property for credit or for a combination of cash and credit; provided, however, that Trustee shall have no obligation to accept any bid except an all cash bid. In the event Trustee requires a cash bid and cash is not delivered within a reasonable time after conclusion of the bidding process, as specified by Trustee, then said contingent sale shall be null and void, the bidding process may be recommenced, and any subsequent bids or sale shall be made as if no prior bids were made or accepted.

(c) Partial Foreclosure. The sale by Trustee of less than the whole of the Property shall not exhaust the power of sale herein granted, and Trustee is specifically empowered to make successive sale or sales under such power until the whole of the Property shall be sold; and, if the proceeds of such sale of less than the whole of the Property shall be less than the aggregate of the Secured Obligations and the expense of executing this trust as provided herein, this Deed of Trust and the lien hereof shall remain in full force and effect as to the unsold portion of the Property just as though no sale had been made; provided, however, that Trustor shall never have any right to require the sale of less than the whole of the Property but the Beneficiary shall have the right, at its sole election, to request Trustee to sell less than the whole of the Property. Trustee may, after any request or direction by the Beneficiary, sell not only the Property but also the Collateral and other interests which are a part of the Property, or any part thereof as a unit and as a part of a single sale, or may sell any part of the Property separately from the remainder of the Property. It shall not be necessary for Trustee to have taken possession of any part of the Property or to have present or to exhibit at any sale any of the Collateral.

(d) Trustee's Deeds. Trustee shall make to the purchaser or purchasers at such sale good and sufficient conveyances in the name of Trustor, conveying the property so sold to the purchaser or purchasers with general warranty of title by Trustor, subject to the permitted encumbrances (and to such leases and other matters, if any, as Trustee may elect upon request of the Beneficiary), and shall receive the proceeds of said sale or sales and apply the same as herein provided. Payment of the purchase price to Trustee shall satisfy the obligation of purchaser at such sale therefor, and such purchaser shall not be responsible for the application thereof.

The power of sale granted herein shall not be exhausted by any sale held hereunder by Trustee or its substitute or successor, and such power of sale may be exercised from time to time and as many times as Beneficiary may deem necessary until all of the Property has been duly sold and all Secured Obligations have been fully paid. In the event any sale hereunder is not completed or is defective in the opinion of the Beneficiary, such sale shall not exhaust the power of sale hereunder and the Beneficiary shall have the right to cause a subsequent sale or sales to be made hereunder. Any and all statements of fact or other recitals made in any deed or deeds or other conveyances given by Trustee or any successor or substitute appointed hereunder as to nonpayment of the Secured Obligations or as to the occurrence of any default, or as to the Beneficiary's having declared all of the Secured Obligation to be due and payable, or as to the request to

sell, or as to notice of time, place and terms of sale and the properties to be sold having been duly given, or as to the refusal, failure or inability to act of Trustee or any substitute or successor trustee, or as to the appointment of any substitute or successor trustee, or as to any other act or thing having been duly done by the Beneficiary or by such Trustee, substitute or successor, shall be taken as prima facie evidence of the truth of the facts so stated and recited. Trustee or its successor or substitute may appoint or delegate any one or more persons as agent to perform any ministerial act or acts necessary or incident to any sale held by Trustee, including the posting or filing of notices, but in the name and on behalf of Trustee, its successor or substitute. If Trustee or its successor or substitute shall have given notice of sale hereunder, any successor or substitute Trustee thereafter appointed may complete the sale and the conveyance of the property pursuant thereto as if such notice had been given by the successor or substitute Trustee conducting the sale.

In the event there is a foreclosure sale hereunder and at the time of such sale, Trustor or Trustor's heirs, devisees, representatives, successors or assigns are occupying or using the Property, or any part thereof, each and all shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either landlord or tenant, at a reasonable rental per day based upon the value of the Property occupied, such rental to be due daily to the purchaser; and to the extent permitted by applicable law, the purchaser at such sale shall, notwithstanding any language herein apparently to the contrary, have the sole option to demand immediate possession following the sale or to permit the occupants to remain as tenants at will. In the event the tenant fails to surrender possession of said property upon demand, the purchaser shall be entitled to institute and maintain a summary action for possession of the property (such as an action for forcible detainer) in any court having jurisdiction.

(e) Deficiency. In the event an interest in any of the Property is foreclosed upon pursuant to a judicial or nonjudicial foreclosure sale, Trustor agrees as follows. Notwithstanding the provisions of Sections 51.003, 51.004, and 51.005 of the Texas Property Code (as the same may be amended from time to time), and to the extent permitted by law, Trustor agrees that Beneficiary shall be entitled to seek a deficiency judgment from Trustor and any other party obligated on the Note equal to the difference between the amount owing on the Note and the amount for which the Property was sold pursuant to judicial or nonjudicial foreclosure sale. Trustor expressly recognizes that this section constitutes a waiver of the above cited provisions of the Texas Property Code which would otherwise permit Trustor and other persons against whom recovery of deficiencies is sought or any guarantor independently (even absent the initiation of deficiency proceedings against them) to present competent evidence of the fair market value of the Property as of the date of the foreclosure sale and offset against any deficiency the amount by which the foreclosure sale price is determined to be less than such fair market value. Trustor further recognizes and agrees that this waiver creates an irrebuttable presumption that the foreclosure sale price is equal to the fair market value of the Property for purposes of calculating deficiencies owed by Trustor, any guarantor, and others against whom recovery of a deficiency is sought.

Alternatively, in the event the waiver provided for in subsection (v) above is determined by a court of competent jurisdiction to be unenforceable, the following shall be the basis for the finder of fact's determination of the fair market value of the Property as of the date of the foreclosure sale in proceedings governed by Sections 51.003, 51.004 and 51.005 of the Texas Property Code (as amended from time to time): (i) the Property shall be valued in an "as is" condition as of the date of the foreclosure sale, without any assumption or expectation that the Property will be repaired or improved in any manner before a resale of the Property after foreclosure; (ii) the valuation shall be based upon an assumption that the foreclosure purchaser desires a resale of the Property for cash promptly (but no later than twelve (12) months) following the foreclosure sale; (iii) all reasonable closing costs customarily borne by the seller in commercial real estate transactions should be deducted from the gross fair market value of the Property, including, without limitation, brokerage commissions, title insurance, a survey of the Property, tax proration, attorneys' fees, Copyright 2019 LaRocca, Hornik, Rosen & Greenberg LLP
Commercial Deed Of Trust, Security Agreement, And Fixture Filing

and marketing costs; (iv) the gross fair market value of the Property shall be further discounted to account for any estimated holding costs associated with maintaining the Property pending sale, including, without limitation, utilities expenses, property management fees, taxes and assessments (to the extent not accounted for in (iii) above), and other maintenance, operational and ownership expenses; and (v) any expert opinion testimony given or considered in connection with a determination of the fair market value of the Property must be given by persons having at least five (5) years' experience in appraising property similar to the Property and who have conducted and prepared a complete written appraisal of the Property taking into consideration the factors set forth above.

2. Suretyship Provisions.

(a) As used in this Section, the term "Obligated Party" shall mean each of Trustor and any other person obligated on, providing a guarantor or other surety of, or pledgor of collateral for the Secured Obligations, and the term "Obligated Parties" shall mean any two or more of such Obligated Parties, collectively.

(b) Beneficiary may bring an action against any Obligated Party, whether an action is brought against other Obligated Parties. It shall not be necessary for Beneficiary, in order to enforce this Deed of Trust, (1) first to institute suit or pursue or exhaust any rights or remedies against another Obligated Party or others liable on the Secured Obligations for such payment or performance, or to enforce any rights against any collateral that shall ever have been given to secure the Secured Obligations, or (2) to join an Obligated Party or any others liable for the payment or performance of the Secured Obligations or any part thereof in any action against other Obligated Parties or any other person, or to resort to any other means of obtaining payment or performance of the Secured Obligations. Provided, however, nothing herein contained shall prevent Beneficiary or any Beneficiary from suing on the Secured Obligations or foreclosing on any collateral or from exercising any other rights or remedies. Suit may be brought or demand may be made against any Obligated Party or against all parties who have signed this Deed of Trust, the Loan Documents or any guaranty covering all or any part of the Secured Obligations, or against any one or more of them, separately or together, without impairing the rights of Beneficiary against any party hereto. Any time that Beneficiary is entitled to exercise its rights or remedies hereunder, it may in its discretion elect to demand payment and/or performance. If Beneficiary elects to demand performance, it shall at all times thereafter have the right to demand payment until all of the Secured Obligations have been paid and performed in full. If Beneficiary elects to demand payment, it shall at all times thereafter have the right to demand performance until all of the Secured Obligations have been paid and performed in full.

(c) Trustor agrees that any of the following will not release Trustor from the Secured Obligations:

(i) any partial or full release, whether express or by operation of law, which may be given by Beneficiary or any Beneficiary to the other Obligated Parties;

(ii) the death, insolvency, bankruptcy, disability, dissolution, liquidation, termination, receivership, reorganization, merger, consolidation, change of form, structure or ownership, sale of all assets, or lack of corporate, partnership or other power of any Obligated Party;

(iii) any limitation of liability or recourse in any of this Deed of Trust or a Loan Document or arising under any law;

(iv) the taking or accepting of any other security or guaranty for, or right of recourse with respect to, any or all of the Secured Obligations;

(v) any release, surrender, abandonment, exchange, alteration, sale or other disposition, subordination, deterioration, waste, failure to protect or preserve, impairment, or loss of, or any failure to create or perfect any lien or security interest with respect to, or any other dealings with, any collateral or security at any time existing or purported, believed or expected to exist in connection with any or all of the Secured Obligations, including any impairment of any Obligated Party's recourse against any person or collateral;

(vi) either with or without notice to or consent of an Obligated Party: with respect to any other Obligated Party, any renewal, extension, modification or rearrangement of the terms of any or all of the Secured Obligations and/or any of the Loan Documents, including, without limitation, material alterations of the terms of payment (including changes in maturity date(s) and interest rate(s)) or performance (including changes in the terms or aspects of construction of any improvements on the property securing the Note) or any other terms thereof, or any waiver, termination, or release of, or consent to departure from, any of the Loan Documents or any other guaranty of any or all of the Secured Obligations, or any adjustment, indulgence, forbearance, or compromise that may be granted from time to time by Beneficiary or any Beneficiary to any other Obligated Party;

(vii) any neglect, lack of diligence, delay, omission, failure, or refusal of Beneficiary or any Beneficiary to take or prosecute (or in taking or prosecuting) any action for the collection or enforcement of any of the Secured Obligations, or to foreclose or take or prosecute any action to foreclose (or in foreclosing or taking or prosecuting any action to foreclose) upon any security therefor, or to exercise (or in exercising) any other right or power with respect to any security therefor, or to take or prosecute (or in taking or prosecuting) any action in connection with any Loan Document, or any failure to sell or otherwise dispose of in a commercially reasonable manner any collateral securing any or all of the Secured Obligations;

(viii) any failure of Beneficiary or any Beneficiary on one or more occasions to notify an Obligated Party, with respect to another Obligated Party, of any creation, renewal, extension, rearrangement, modification, supplement, subordination, or assignment of the Secured Obligations or any part thereof, or of any Loan Document, or of any release of or change in any security, or of any other action taken or refrained from being taken by Beneficiary or any Beneficiary against such other Obligated Party or any security or other recourse, or of any new agreement between Beneficiary or any Beneficiary and such other Obligated Party, it being understood that Beneficiary and the Beneficiaries shall not be required to give an Obligated Party any notice of any kind under any circumstances with respect to or in connection with any other Obligated Party, any and all rights to notice an Obligated Party may have otherwise had being hereby waived by each Obligated Party;

(ix) if for any reason Beneficiary or any Beneficiary is required to refund any payment by an Obligated Party to any other Obligated Party or pay the amount thereof to someone else;

(x) the existence of any claim, counterclaim, setoff, defense or other right that Trustor may at any time have against another Obligated Party, or any other person, whether or not arising in connection with this Deed of Trust, or any other Loan Document;

(xi) the unenforceability of all or any part of the Secured Obligations against another Obligated Party, whether because the Secured Obligations exceed the amount permitted by law or violate

any usury law, or because the act of creating the Secured Obligations, or any part thereof, is ultra vires, or because the officers or persons creating same acted in excess of their authority, or because of a lack of validity or enforceability of or defect or deficiency in any of the Loan Documents, or because another Obligated Party has any valid defense, claim or offset with respect thereto, or because another Obligated Party's obligation ceases to exist by operation of law, or except with respect to Trustor, because of any other reason or circumstance, it being agreed that Trustor shall remain liable hereon regardless of whether another Obligated Party or any other person be found not liable on the Secured Obligations, or any part thereof, for any reason (and regardless of any joinder of another Obligated Party or any other party in any action to obtain payment or performance of any or all of the Secured Obligations); or

(xii) any order, ruling or plan of reorganization emanating from proceedings under the Bankruptcy Code with respect to another Obligated Party or any other person, including any extension, reduction, composition, or other alteration of the Secured Obligations with respect thereto, whether or not consented to by Beneficiary.

(d) Trustor shall not have any right to assert against Beneficiary any claim, counterclaim, defense or setoff which such Trustor may have against the other Obligated Parties or any other party liable to Beneficiary for the Secured Obligations.

(e) Trustor agrees that it is solely responsible for keeping itself informed as to the financial condition of the other Obligated Parties and of all circumstances which bear upon the risk of nonpayment. Trustor waives any right it may have to require Beneficiary to disclose to Trustor any information which Beneficiary may now or hereafter acquire concerning the financial condition of the other Obligated Parties.

(f) Trustor represents and warrants to Beneficiary that it has and will derive benefit, directly and indirectly, from the loans evidenced by the Loan Documents. Obligated Parties agree that Beneficiary will not be required to inquire as to the disposition by any Obligated Party of funds disbursed in accordance with the terms of the Loan Documents.

(g) Until all Secured Obligations have been paid in full, Trustor shall not have any right of subrogation in or under any of the Loan Documents or to participate in any way therein, or in any right, title or interest in and to any security or right of recourse for the indebtedness incurred under the Loan Documents, or any right to reimbursement, exoneration, contribution (contractual, statutory or otherwise), indemnification or any similar rights, including without limitation, any claim or right of subrogation under the Bankruptcy Code, which Trustor may now or hereafter have against any other Obligated Party with respect to the indebtedness incurred under the Loan Documents. Trustor shall not have any right to enforce any remedy which Beneficiary now has or may hereafter have against any other Obligated Party, or shall have any benefit of, or any right to participate in, any security now or hereafter held by Beneficiary.

(h) Trustor waives all rights and defenses that Trustor may have because the Obligated Parties' Loans are secured by real property. This means, among other things:

(i) Beneficiary may collect from each Obligated Party (including enforcing the Loan Documents against such Obligated Party's interest in the property secured thereby) without first foreclosing on any real or personal property collateral pledged by Trustor or any other Obligated Party.

(ii) If Beneficiary forecloses on any real property collateral pledged by Trustor or any other Obligated Party:

(a) The amount of the Secured Obligations may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price. At any such sale of the collateral, Beneficiary may at its discretion purchase all or any part of the collateral so sold or offered for sale for its own account and may deduct the price bid from the Secured Obligations. The price at such foreclosure sale shall only be the net proceeds therefrom, after deduction of all charges and expenses of every kind and nature whatsoever.

(b) Beneficiary may collect from each Obligated Party (including enforcing the Loan Documents against such Obligated Party's interest) even if Beneficiary, by foreclosing on the real property collateral pledged by Trustor or the other Obligated Parties, has destroyed any right Trustor or such Obligated Party may have to collect from the other Obligated Parties.

(c) Beneficiary shall not be required to institute or prosecute proceedings to recover any deficiency as a condition of payment hereunder or enforcement hereof.

This subsection is an unconditional and irrevocable waiver of any rights and defenses each Obligated Party may have because Obligated Parties' Loan is secured by real property.

(i) Trustor hereby expressly waives, any and all rights to which they may be entitled under any suretyship laws in effect from time to time, including any right or privilege, whether existing under statute, at law or in equity, to require Beneficiary to take prior recourse or proceedings against any collateral, security, any other Obligated Party or any other person. Trustor unconditionally and irrevocably waives any rights, defenses or remedies it may have under (1) Chapter 43 and Section 17.001 of the Texas Civil Practice and Remedies Code and Texas Rule of Civil Procedure 31, including without limitation, notice, discharge, levy and subrogation, and (2) Sections 51.003 through 51.005 of the Texas Property Code, relating to deficiency judgments.)

(j) In the event any payment by another Obligated Party or any other person to Beneficiary or any Beneficiary is held to constitute a preference, fraudulent transfer or other voidable payment under any bankruptcy, insolvency or similar law or theory, including any equitable remedy, or if for any other reason Beneficiary or any Beneficiary is required to refund such payment or pay the amount thereof to any other party, such payment by another Obligated Party or any other party to Beneficiary or any Beneficiary shall not constitute a release of Trustor or the Property from the Deed of Trust, and the Deed of Trust shall continue to be effective or shall be reinstated (notwithstanding any prior release, surrender or discharge by Beneficiary of the Secured Obligations or Trustor), as the case may be, with respect to and the Deed of Trust shall continue to send, any and all amounts so refunded by Beneficiary or any Beneficiary or paid by Beneficiary or any Beneficiary to another person (which amounts shall constitute part of the Secured Obligations), and any interest paid by Beneficiary and any attorneys' fees, costs and expenses paid or incurred by Beneficiary in connection with any such event. It is the intent of Trustor and Beneficiary that the obligations and liabilities of Trustor hereunder are absolute and unconditional under any and all circumstances and that until the Secured Obligations are fully and finally paid and performed, and not subject to refund or disgorgement, the obligations and liabilities of Trustor hereunder shall not be discharged or released, in whole or in part, by any act or occurrence that might, but for the provisions of this Section, be deemed a legal or equitable discharge or release of Trustor.

(k) If acceleration of the time for payment of any amount payable by another Obligated Party under a Note, or any other Loan Document is stayed or delayed by any law or tribunal, all such amounts shall nonetheless continue to be secured by this Deed of Trust.

(l) If, for any reason whatsoever, another Obligated Party is now or hereafter becomes indebted to Trustor:

(i) such indebtedness and all interest thereon and all liens, security interests and rights now or hereafter existing with respect to property of the other Obligated Party securing same shall, at all times, be subordinate in all respects to the Secured Obligations and to all liens, security interests and rights now or hereafter existing to secure the Secured Obligations;

(ii) Trustor shall not be entitled to enforce or receive payment, directly or indirectly, of any such indebtedness of another Obligated Party to Trustor until the Secured Obligations have been fully and finally paid and performed;

(iii) Trustor hereby assigns and grants to Beneficiary a security interest in all such indebtedness and security therefor, if any, of another Obligated Party to Trustor now existing or hereafter arising, including any dividends and payments pursuant to debtor relief or insolvency proceedings referred to below. In the event of receivership, bankruptcy, reorganization, arrangement or other debtor relief or insolvency proceedings involving another Obligated Party as debtor, Beneficiary shall have the right to prove its claim in any such proceeding so as to establish its rights hereunder and shall have the right to receive directly from the receiver, trustee or other custodian (whether or not a Default shall have occurred or be continuing under any of the Loan Documents)), dividends and payments that are payable upon any obligation of another Obligated Party to Trustor now existing or hereafter arising, and to have all benefits of any security therefor, until the Secured Obligations have been fully and finally paid and performed. If, notwithstanding the foregoing provisions, Trustor should receive any payment, claim or distribution that is prohibited as provided above in this subsection, Trustor shall pay the same to Beneficiary immediately, Trustor hereby agreeing that it shall receive the payment, claim or distribution in trust for Beneficiary and shall have absolutely no dominion over the same except to pay it immediately to Beneficiary; and

(iv) Trustor shall promptly upon request of Beneficiary from time to time execute such documents and perform such acts as Beneficiary may require to evidence and perfect its interest and to permit or facilitate exercise of its rights under this subsection, including, but not limited to, execution and delivery of proofs of claim, further assignments and security agreements, and delivery to Beneficiary of any promissory notes or other instruments evidencing indebtedness of another Obligated Party to Trustor.

(m) If Trustor is or becomes liable, by endorsement or otherwise, for any indebtedness owing by another Obligated Party to Beneficiary, such liability shall not be in any manner impaired or affected hereby, and the rights of Beneficiary hereunder shall be cumulative of any and all other rights that Beneficiary may have against Trustor. If another Obligated Party is or becomes indebted to Beneficiary for any indebtedness other than or in excess of the Secured Obligations, any payment received or recovery realized upon any indebtedness of another Obligated Party to Beneficiary may, except to the extent paid by Trustor on the Secured Obligations or specifically required by law or agreement of Beneficiary to be applied to the Secured Obligations, in Beneficiary's sole discretion, be applied upon indebtedness of another Obligated Party to Beneficiary other than the Secured Obligations.

3. Release. Upon payment of all sums secured by this Deed of Trust, Lender shall provide a release of this Deed of Trust to Borrower or Borrower's designated agent in accordance with applicable

law. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Deed of Trust, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under applicable law.

4. Substitute Trustee; Trustee Liability. All rights, remedies and duties of Trustee under this Deed of Trust may be exercised or performed by one or more trustees acting alone or together. Lender, at its option and with or without cause, may from time to time, by power of attorney or otherwise, remove or substitute any trustee, add one or more trustees, or appoint a successor trustee to any Trustee without the necessity of any formality other than a designation by Lender in writing. Without any further act or conveyance of the Property the substitute, additional or successor trustee shall become vested with the title, rights, remedies, powers and duties conferred upon Trustee herein and by applicable law.

5. Trustee shall not be liable if acting upon any notice, request, consent, demand, statement or other document believed by Trustee to be correct. Trustee shall not be liable for any act or omission unless such act or omission is willful.

6. Subrogation. Any of the proceeds of the Note used to take up outstanding liens against all or any part of the Property have been advanced by Lender at Borrower's request and upon Borrower's representation that such amounts are due and are secured by valid liens against the Property. Lender shall be subrogated to any and all rights, superior titles, liens and equities owned or claimed by any owner or holder of any outstanding liens and debts, regardless of whether said liens or debts are acquired by Lender by assignment or are released by the holder thereof upon payment.

7. Partial Invalidity. In the event any portion of the sums intended to be secured by this Deed of Trust cannot be lawfully secured hereby; payments in reduction of such sums shall be applied first to those portions not secured hereby.

8. Express Negligence Rule. IT IS THE EXPRESS INTENTION OF TRUSTOR AND TRUSTOR HEREBY AGREES THAT EACH AND EVERY INDEMNITY SET FORTH IN THIS DEED OF TRUST OR IN ANY OF THE OTHER LOAN DOCUMENTS WILL APPLY TO AND FULLY PROTECT EACH INDEMNIFIED PARTY EVEN THOUGH ANY CLAIMS, DEMANDS, LIABILITIES, LOSSES, DAMAGES, CAUSES OF ACTION, JUDGMENTS, PENALTIES, COSTS AND EXPENSES (INCLUDING WITHOUT LIMITATION REASONABLE ATTORNEYS' FEES) THEN THE SUBJECT OF INDEMNIFICATION MAY HAVE BEEN CAUSED BY, ARISE OUT OF, OR ARE OTHERWISE ATTRIBUTABLE TO, DIRECTLY OR INDIRECTLY, THE NEGLIGENCE (EXCLUDING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT) IN WHOLE OR IN PART OF SUCH INDEMNIFIED PARTY AND/OR ANY OTHER PARTY.

9. Notice of Final Agreement. THIS DEED OF TRUST, THE WRITTEN LOAN AGREEMENT, AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

10. Waiver of Consumer Rights. TRUSTOR REPRESENTS AND ACKNOWLEDGES THAT TRUSTOR IS A "BUSINESS CONSUMER" FOR PURPOSES OF THE TEXAS DECEPTIVE TRADE PRACTICES – CONSUMER PROTECTION ACT, SECTION 17.41 ET SEQ., TEXAS BUSINESS AND COMMERCE CODE, AS FROM TIME TO TIME AMENDED (THE "ACT"), AND THAT TRUSTOR HAS BEEN REPRESENTED BY TEXAS COUNSEL OF ITS SELECTION (WHO

HAS NOT BEEN DIRECTLY OR INDIRECTLY IDENTIFIED, SUGGESTED OR SELECTED BY BENEFICIARY, ANY BENEFICIARY OR ANY OF THEIR AGENTS) IN CONNECTION WITH THE LOAN AGREEMENT AND NOTE AND THE TRANSACTIONS CONTEMPLATED BY THE LOAN AGREEMENT AND NOTE AND THE RELATED LOAN DOCUMENTS, AND THAT TRUSTOR HEREBY WAIVES THE APPLICABILITY OF THE PROVISIONS OF THE ACT WITH RESPECT TO THE LOAN AGREEMENT AND NOTE AND SUCH TRANSACTIONS IF AND TO THE EXTENT THAT THE ACT WOULD APPLY TO ANY OF SAME.

TRUSTOR WAIVES ITS RIGHTS UNDER THE ACT, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. AFTER CONSULTATION WITH AN ATTORNEY OF ITS OWN SELECTION, TRUSTOR HEREBY VOLUNTARILY CONSENTS TO THIS WAIVER.

11. Homestead. Trustor represents and covenants that the Property forms no part of any property owned, used or claimed by Trustor as a business or residential homestead, or as exempt from forced sale under the laws of the State of Texas, and disclaims and renounces all and every such claim thereto.

12. Purchase Money; Ovelty of Partition; Renewal and Extension of Liens Against Homestead Property; Acknowledgment of Cash Advanced Against Non-Homestead Property.

Check box as applicable:

Purchase Money

The funds advanced to Borrower under the Note were used to pay all or part of the purchase price of the Property. The Note also is primarily secured by the vendor's lien retained in the deed of even date with this Deed of Trust conveying the Property to Borrower, which vendor's lien has been assigned to Lender, this Deed of Trust being additional security for such vendor's lien.

Ovelty of Partition

The Note represents funds advanced by Lender at the special instance and request of Borrower for the purpose of acquiring the entire fee simple title to the Property and the existence of an ovelty of partition imposed against the entirety of the Property by a court order or by a written agreement of the parties to the partition to secure the payment of the Note is expressly acknowledged, confessed and granted.

Renewal and Extension of Liens Against Homestead Property.

The Note is in renewal and extension, but not in extinguishment, of the indebtedness described on the attached Renewal and Extension Exhibit which is incorporated by reference. Lender is expressly subrogated to all rights, liens and remedies securing the original holder of a note evidencing Borrower's indebtedness and the original liens securing the indebtedness are renewed and extended to the date of maturity of the Note in renewal and extension of the indebtedness.

Acknowledgment of Cash Advanced Against Non-Homestead Property.

The Note represents funds advanced to Borrower on this day at Borrower's request and Borrower acknowledges receipt of such funds. Borrower states that Borrower does not now and does not intend ever to reside on, use in any manner, or claim the Property secured by this Deed of Trust as a business or residential homestead. Borrower disclaims all homestead rights, interests and exemptions related to the

Property.

Loan Not a Home Equity Loan. The Loan evidenced by the Note is not an extension of credit as defined by Section 50(a)(6) or Section 50(a)(7), Article XVI, of the Texas Constitution. If the Property is used as Borrower's residence, then Borrower agrees that Borrower will receive no cash from the Loan evidenced by the Note and that any advances not necessary to purchase the Property, extinguish an owelty lien, complete construction, or renew and extend a prior lien against the Property, will be used to reduce the balance evidenced by the Note or such Loan will be modified to evidence the correct Loan balance, at Lender's option. Borrower agrees to execute any documentation necessary to comply with this paragraph.

NOW, THEREFORE, If the Note and any Indebtedness secured by this Deed of Trust shall be well and truly paid according to their tenor and if all the terms, covenants, conditions, and agreements of the Trustor contained herein and in the Note and Loan Documents, shall be fully and faithfully performed, observed, and complied with, then this Deed of Trust deed shall be void, but shall otherwise remain in full force and effect.

[No further text on this page; signatures appear on the following page]

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the October 27, 2022.

Trustor:
JMK5 MARINA LLC

By: [Signature]
Name: Jerome M. Karam
Title: Manager and Sole Member

Witnessed by:
[Signature]
Name:

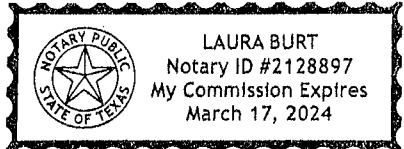
[Signature]
Name:

STATE OF Texas)
)ss.:
COUNTY OF Galveston)

I certify that on October 27, 2022 Jerome M. Karam came before me in person and stated to my satisfaction that he/she:

- (a) made the attached instrument; and
- (b) was authorized to and did execute this instrument on behalf of and as Manager and Sole Member of JMK5 MARINA LLC (the "Company"), the entity named in this instrument, as the free act and deed of the Company, by virtue of the authority granted by its operating agreement and members.

[Signature]
NOTARY PUBLIC



SCHEDULE A
PROPERTY DESCRIPTION

DESCRIPTION OF TWO (2) TRACTS OF LAND BEING RESTRICTED RESERVE "B" AND UNRESTRICTED RESERVE "C", OF MARINA DEL SOL, A SUBDIVISION IN GALVESTON COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 18, PAGE 160, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS, AND PART OF RESTRICTED RESERVE "A-1", OF MARINA ON THE LAKE SUBDIVISION, A SUBDIVISION IN GALVESTON COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 18, PAGE 77, ON THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS.

TRACT 1:

RESTRICTED RESERVE "B" AND UNRESTRICTED RESERVE "C", OF MARINA DEL SOL, A SUBDIVISION IN GALVESTON COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 18, PAGE 160, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS.

TRACT 2:

BEING A TRACT OR PARCEL CONTAINING 1.126 ACRES (49,043 SQUARE FEET) OF LAND SITUATED IN THE MICHAEL MULDOON TWO LEAGUE GRANT, ABSTRACT NUMBER 18, GALVESTON COUNTY, TEXAS; BEING OUT OF AND A PART OF THAT CERTAIN TRACT OF LAND (TRACT 2) CONVEYED TO JMK5 MARINA LLC AS DESCRIBED BY DEED RECORDED UNDER GALVESTON COUNTY CLERK'S FILE (G.C.C.F.) NUMBER 2022025374; BEING OUT OF AND A PART OF RESTRICTED RESERVE "A-1", MARINA ON THE LAKE SUBDIVISION, A SUBDIVISION PLAT OF RECORD AT PLAT RECORD 18, MAP NUMBER(S) 77-78, GALVESTON COUNTY MAP RECORDS (G.C.M.R.); SAID 1.126 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS (BEARINGS ARE GRID AND ORIENTED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE NUMBER 4204, US SURVEY FEET, NAD83(NA2011));

COMMENCING AT A 5/8-INCH IRON ROD FOUND ON THE SOUTHERLY RIGHT-OF-WAY (R.O.W.) LINE OF TWIN OAKS BOULEVARD (90 FEET WIDE) AND MARKING THE MOST WESTERLY CORNER OF RESTRICTED RESERVE "D", MARINA DEL SOL, A SUBDIVISION PLAT OF RECORD AT PLAT RECORD 18, MAP NUMBER 160, G.C.M.R.;

THENCE, NORTH 71°49'15" EAST, ALONG SAID SOUTHERLY R.O.W. LINE, A DISTANCE OF 9.92 FEET TO A POINT OF CURVATURE FOR A CURVE TO THE LEFT, FROM WHICH A 1/2-INCH IRON ROD FOUND BEARS NORTH 28°32' WEST, 0.54 FEET;

THENCE, NORTHEASTERLY, AN ARC DISTANCE OF 172.76 FEET ALONG SAID SOUTHERLY R.O.W. LINE AND CURVE TO THE LEFT, HAVING A RADIUS OF 323.01 FEET, A CENTRAL ANGLE OF 30°38'38", AND A CHORD WHICH BEARS NORTH 56°29'56" EAST, 170.71 FEET TO A 3/8-INCH IRON ROD FOUND MARKING A POINT OF TANGENCY;

THENCE, NORTH 41°10'36" EAST, CONTINUING ALONG SAID SOUTHERLY R.O.W. LINE, A DISTANCE OF 26.57 FEET TO A 3/8-INCH IRON ROD FOUND MARKING THE MOST NORTHERLY CORNER OF SAID RESTRICTED RESERVE "D" AND A POINT OF CURVATURE FOR A CURVE TO THE RIGHT, SAID IRON ROD ALSO FOR THE POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT;

THENCE, NORTHEASTERLY, AN ARC DISTANCE OF 81.41 FEET ALONG SAID SOUTHERLY R.O.W. LINE AND A CURVE TO THE RIGHT, HAVING A RADIUS OF 123.99 FEET, A CENTRAL ANGLE OF 37°37'56", AND A CHORD WHICH BEARS NORTH 59°59'34" EAST, 79.98 FEET TO AN "X" CUT IN CONCRETE FOUND MARKING A POINT OF TANGENCY;

THENCE, NORTH 78°48'06" EAST, CONTINUING ALONG SAID SOUTHERLY R.O.W. LINE, A DISTANCE OF 24.18 FEET TO THE MOST NORTHERLY CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE, SOUTH 18°47'54" EAST, DEPARTING SAID SOUTHERLY R.O.W. LINE AND OVER AND ACROSS SAID RESTRICTED RESERVE "A-1", MARINA OF THE LAKE SUBDIVISION, A DISTANCE OF 667.10 FEET TO AN ANGLE POINT;

THENCE, NORTH 71°12'06" EAST, CONTINUING OVER AND ACROSS SAID RESTRICTED RESERVE "A-1", A DISTANCE OF 15.04 FEET TO AN ANGLE POINT;

THENCE, SOUTH 18°47'54" EAST, CONTINUING OVER AND ACROSS SAID RESTRICTED RESERVE "A-1", A DISTANCE OF 52.00 FEET TO THE MOST EASTERLY CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE, SOUTH 72°11'45" WEST, CONTINUING OVER AND ACROSS SAID RESTRICTED RESERVE "A-1", A DISTANCE OF 121.74 FEET TO THE NORTHEASTERLY LINE OF RESTRICTED RESERVE "B", MARINA DEL SOL AND FOR THE MOST SOUTHERLY CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE, NORTH 21°04'44" EAST, ALONG SAID NORTHEASTERLY LINE, A DISTANCE OF 65.01 FEET TO THE EASTERLY COMMON CORNER OF SAID RESTRICTED RESERVE "B" AND UNRESTRICTED RESERVE "C", MARINA DEL SOL AND FOR AN ANGLE POINT;

THENCE, NORTH 18°47'54" WEST, AT 438.11 FEET PASSING THE EASTERLY COMMON CORNER OF SAID UNRESTRICTED RESERVE "C" AND RESTRICTED RESERVE "B", MARINA DEL SOL, CONTINUING IN ALL FOR A TOTAL DISTANCE OF 633.11 FEET TO AN "X" CUT IN CONCRETE FOUND MARKING A POINT OF CURVATURE FOR A CURVE TO THE LEFT;

THENCE, WESTERLY, AN ARC DISTANCE OF 52.22 FEET ALONG SAID CURVE TO THE LEFT, HAVING A RADIUS OF 25.00 FEET, A CENTRAL ANGLE OF 119°40'50", AND A CHORD WHICH BEARS NORTH 78°45'07" WEST, 43.24 FEET TO THE POINT OF BEGINNING AND CONTAINING 1.126 ACRES (49,043 SQUARE FEET) OF LAND. THIS DESCRIPTION IS BASED ON A LAND TITLE SURVEY OF 15.630 ACRES (2 TRACTS) PREPARED BY BOUNDARY ONE, LLC, DATED APRIL 4, 2022. PROJECT NUMBER 6767-2102-619V.

SCHEDULE B
PERMITTED ENCUMBRANCES

As outlined on Schedule B of the Lenders title policy.

EXHIBIT B

After Recording Return to:

**Silver City Funding, LLC
25349 Borough Park Drive, The Woodlands, TX 77380**

**COMMERCIAL DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING
COVER PAGE**

Silver City Funding, LLC to JMK5 MARINA LLC
Property commonly known as 1203 Twin Oaks Boulevard, League City, TX 77565
Loan in the amount of Five Hundred Fifty Thousand and 00/100 dollars (\$550,000.00)

Prepared by:
LaRocca Hornik Rosen & Greenberg
40 Wall Street
New York, NY 10005

After Recording Return to:

JMK5 MARINA LLC
\$550,000.00
December 30, 2022

Silver City Funding, LLC
25349 Borough Park Drive, The Woodlands, TX 77380

**COMMERCIAL DEED OF TRUST, SECURITY AGREEMENT, FIXTURE FILING AND
ASSIGNMENT OF LEASES AND RENTS**

KNOW ALL MEN BY THESE PRESENTS that **JMK5 MARINA LLC**, a Texas limited liability company having an office at **308 West Parkwood Avenue, Suite 104A, Friendswood, TX 77546** ("Trustor" or "Borrower", as the case maybe), in consideration of the debt and trust hereinafter mentioned does hereby GRANT, BARGAIN, SELL, TRANSFER, ASSIGN, and CONVEY and WARRANT in trust unto Declaration Title Company, LLC ("Trustee"), the following described property (all of which is sometimes referred to collectively herein as the "Property") for the benefit of **SILVER CITY FUNDING, LLC**, a Texas limited liability company having an address at **25349 Borough Park Drive, The Woodlands, TX 77380** ("Beneficiary" or "Lender", as the case maybe):

- (A) All right, title and interest in and to those premises more commonly known as **1203 Twin Oaks Boulevard, League City, TX 77565** which is more particularly described in **SCHEDULE A** (the "Premises") which is attached hereto and made a part hereof;
- (B) TOGETHER WITH (1) all buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Premises, and (2) all building materials, supplies and other property stored at or delivered to the Premises or any other location for incorporation into the improvements located or to be located on the Premises, and all fixtures, machinery, appliances, equipment, furniture and personal property of every nature whatsoever now or hereafter owned by the Trustor and located in or on, or attached to, and used or intended to be used in connection with, or with the operation of, or the occupancy of, the Premises, buildings, structures or other improvements, or in connection with any construction being conducted or which may be conducted thereon, and owned by the Trustor, and all extensions, additions, improvements, betterments, renewals, substitutions and replacements to any of the foregoing, and all of the right, title and interest of the Trustor in and to such personal property which, to the fullest extent permitted by law, shall be conclusively deemed fixtures and a part of the real property encumbered hereby (the "Improvements");
- (C) TOGETHER WITH (1) all estate, right, title and interest of the Trustor, of whatever character, whether now owned or hereafter acquired, in and to (a) all streets, roads and public places, open or proposed, in front of or adjoining the Premises, and the land lying in the bed of such streets, roads and public places, and (b) all other sidewalks, alleys, ways, passages, strips and gores of land adjoining or used or intended to be used in connection with any of the property described in paragraphs (A) and (B) hereof, or any part thereof; and (2) all water courses, water rights,

easements, rights-of-way and rights of use or passage, public or private, and all estates, interest, benefits, powers, rights (including, without limitation, any and all lateral support, drainage, slope, sewer, water, air, mineral, oil, gas and subsurface rights), privileges, licenses, profits, rents, royalties, tenements, hereditaments, reversions and subreversions, remainders and subremainders and appurtenances whatsoever in any way belonging, relating or appertaining to any of the property described in **paragraphs (A) and (B)** hereof, or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by the Trustor; and

- (D) TOGETHER WITH (a)** all estate, right, title and interest of the Trustor of, in and to all judgments, insurance proceeds, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of the property described in **paragraphs (A), (B) and (C)** hereof or any part thereof under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the property described in **paragraphs (A), (B) or (C)** hereof or any part thereof, or to any rights appurtenant thereto, and all proceeds of any sales or other dispositions of the property described in **paragraphs (A), (B) or (C)** hereof, or any part thereof; and the Beneficiary is hereby authorized to collect and receive said awards and proceeds and to give proper receipts and acquittances therefor, and (if it so elects) to apply the same, after deducting therefrom any expenses incurred by the Beneficiary in the collection and handling thereof, toward the payment of the indebtedness and other sums secured hereby, notwithstanding the fact that the amount owing thereon may not then be due and payable; and **(b)** all contract rights, general intangibles, governmental permits, licenses and approvals, actions and rights in action, including without limitation all rights to insurance proceeds and unearned premiums, arising from or relating to the property described in **paragraphs (A), (B) and (C)** above; and **(c)** all proceeds, products, replacements additions, substitutions, renewals and accessions of and to the property described in **paragraphs (A), (B) and (C)**.

TO HAVE AND TO HOLD the Property, unto Trustee and Trustee's successors, substitutes, or assigns, in trust and for the uses and purposes herein set forth, forever, together with all rights, privileges, hereditaments, and appurtenances in anywise appertaining or belonging thereto, subject only to the encumbrances set forth in **SCHEDULE B** which is attached hereto and made a part hereof, and Trustor, for Trustor and Trustor's successors, hereby agrees to warrant and forever defend, all and singular, the Property unto Trustee and Trustee's successors or substitutes in this trust against the claim or claims of all persons claiming or to claim the same or any part thereof, except as set forth in said **SCHEDULE B**.

THE CONDITION OF THIS DEED OF TRUST IS SUCH THAT:

WHEREAS, the Trustor is indebted to the Beneficiary by virtue of a commercial loan transaction (the "Loan") in the sum of **Five Hundred Fifty Thousand and 00/100 dollars (\$550,000.00)** as evidenced by (1) a certain Commercial Promissory Note in the principal amount of **Five Hundred Fifty Thousand and 00/100 dollars (\$550,000.00)** (as same may be amended, restated, or modified from time to time, the "Note") dated **December 30, 2022** executed by the Trustor and delivered to the Beneficiary, with all amounts remaining unpaid thereon being finally due and payable on **January 01, 2024** and (2) that certain Loan Agreement (as same may be amended, restated, or modified from time to time, "Loan Agreement") of even date herewith;

WHEREAS, the terms and repayment of such obligations of the Trustor are set forth in the Note;

WHEREAS, to secure payment and performance of the indebtedness and obligations represented by the Note, the Trustor is hereby executing this Deed of Trust in favor of the Beneficiary;

WHEREAS, Trustor represents and warrants that it has full power and authority to execute and deliver the Note, this Deed of Trust, and all other documents, agreements and instruments required of it by Beneficiary in connection with the making of the Loan (the Note, this Deed of Trust, and all such other documents, agreements and instruments executed and delivered by Trustor in connection with the Loan being sometimes collectively referred to herein as the "Loan Documents").

NOW, THEREFORE, Trustor hereby covenants and agrees with Beneficiary as follows:

ARTICLE ONE: COVENANTS OF THE TRUSTOR

1.01 Performance of Loan Documents. The Trustor shall cause to be performed, observed and complied with all provisions hereof, of the Note and each of the Loan Documents, and will promptly pay to the Beneficiary the principal, with interest thereon, and all other sums required to be paid by the Trustor under the Note and pursuant to the provisions of this Deed of Trust and of the Loan Documents when payment shall become due (the entire principal amount of the Note, all accrued interest thereon and all obligations and indebtedness thereunder and hereunder and under all of the Loan Documents described being referred to herein as the "Indebtedness").

1.02 General Representations, Covenants and Warranties. The Trustor represents and covenants that **(a)** the Trustor is now able to meet its debts as they mature, the fair market value of its assets exceeds its liabilities and no bankruptcy or insolvency case or proceeding is pending or contemplated by or against the Trustor; **(b)** all reports, statements and other data furnished by the Trustor to the Beneficiary in connection with the Loan are true, correct and complete in all material respects and do not omit to state any fact or circumstance necessary to make the statements contained therein not misleading; **(c)** this Deed of Trust, the Note and all other Loan Documents are legal, valid and binding obligations of the Trustor enforceable in accordance with their respective terms and the execution and delivery thereof do not contravene any contract or agreement to which the Trustor is a party or by which the Trustor may be bound and do not contravene any law, order, decree, rule or regulation to which the Trustor is subject; **(d)** there are no actions, suits or proceedings pending, or to the knowledge of the Trustor threatened, against or affecting the Trustor or any part of the Property; **(e)** all costs arising from construction of any improvements and the purchase of all equipment located on the Property which have been incurred prior to the date of this Deed of Trust have been paid; **(f)** the Property has frontage on, and direct access for, ingress and egress to the street(s) described in any survey submitted to the Beneficiary; **(g)** electric, sewer, water facilities and any other necessary utilities are, or will be, available in sufficient capacity to service the Property satisfactorily during the term of the Note, and any easements necessary to the furnishing of such utility service by the Trustor have been or will be obtained and duly recorded (evidence satisfactory to the Beneficiary that all utility services required for the use, occupancy and operations of the Property shall be provided to the Beneficiary immediately upon the Beneficiary's request); **(h)** there has not been, is not presently and will not in the future be any activity conducted by the Trustor or any tenant at or upon any part of the Property that has given or will give rise to the imposition of a lien on any part of the Property; **(i)** the Trustor is not in default under the terms of any instrument evidencing or securing any indebtedness of the Trustor, and there has occurred no event which would, if uncured or uncorrected, constitute a default under any such instrument with the giving of notice, or the passage of time or both; and **(j)** the Beneficiary has legal capacity to enter

into the Loan and to execute and deliver the Loan Documents, and the Loan Documents have been duly and properly executed on behalf of the Beneficiary.

1.03 Compliance with Laws; Permits; Notice. The Trustor covenants and warrants that the Property presently complies with and shall continue to comply with all applicable restrictive covenants, applicable zoning, wetlands and subdivision ordinances and building codes, all applicable health and environmental laws and regulations and all other applicable laws, statutes, rules, ordinances, codes, and regulations, and the Trustor has not received any notice that the Property is not in compliance with any such laws, statutes, rules, ordinances, codes and regulations. If the Trustor receives notice from any federal, state or other governmental body that it is not in compliance with any such laws, statutes, rules, ordinances, codes and regulations, the Trustor shall provide the Beneficiary with a copy of such notice promptly. The Trustor agrees to comply with all federal, state and municipal local laws, statutes, rules, ordinances, codes and regulations in connection with the construction and development of the Property. The Trustor has obtained all licenses, permits, authorizations, consents and approvals necessary for the construction and development of the Property, and all such licenses, permits, authorizations, consents and approvals are in full force and effect and all appeal periods have expired. Unless required by applicable law or unless the Beneficiary has otherwise agreed in writing, the Trustor shall not allow changes in the nature of the occupancy for which the Premises were intended at the time this Deed of Trust was executed. The Trustor shall not initiate or acquiesce in a change in the zoning classification of the Property without the Beneficiary's prior written consent. The Trustor warrants and represents that its use, and the use by any of its tenants, of the Property is in accordance and compliance with the terms and conditions of any and all rules, regulations, and laws that may be applicable to the Property, including, without limitation, all federal, state and local laws, ordinances, rules and regulations regarding hazardous and toxic materials and that the Trustor shall maintain and continue such compliance and shall require and ensure its tenants' compliance with the same. The Trustor shall maintain or shall cause their agent to maintain in its possession, available for the inspection of the Beneficiary, and shall deliver to the Beneficiary, upon three (3) business days' request, evidence of compliance with all such requirements. The Trustor hereby indemnifies and holds the Beneficiary free of and harmless from and against any and all claims, demands, damages or liabilities that the Beneficiary may incur with regard thereto.

1.04 Taxes and Other Charges.

1.04.1 Impositions. Subject to the provisions of this **Section 1.04**, the Trustor shall pay, at least five (5) days before the date due, all real estate taxes, personal property taxes, assessments, water and sewer rates and charges, license fees, all charges which may be imposed for the use of vaults, chutes, areas and other space beyond the lot line and abutting the public sidewalks in front of or adjoining the Land, and all other governmental levies and charges (collectively, the "Impositions"), of every kind and nature whatsoever, general and special, ordinary and extraordinary, foreseen and unforeseen, which shall be assessed, levied, confirmed, imposed or become a lien upon or against the Property or any part thereof, or which shall become payable with respect thereto. The Trustor shall deliver to the Beneficiary, within twenty (20) days after the due date of each payment in connection with the Impositions or any assessment for local improvements ("Assessment"), the original or a true Photostatic copy of the official receipt evidencing such payment or other proof of payment satisfactory to the Beneficiary.

1.04.2 Insurance.

(a) The Trustor shall keep all buildings erected on or to be erected on the Property insured against loss by fire and such other hazards as the Beneficiary may require and the Trustor

shall obtain and maintain insurance with respect to other insurable risks and coverage relating to the Property including, without limitation, fire, builder's risk, worker's compensation, physical damages, loss of rentals or business interruption, earthquake (if applicable), and liability insurance, all such insurance to be in such sums and upon such terms and conditions as the Beneficiary reasonably may require, with loss proceeds by the terms of such policies made payable to the Beneficiary as its interest may appear. The Trustor covenants that all insurance premiums shall be paid not later than fifteen (15) days prior to the date on which such policy could be cancelled for non-payment. If, to the Trustor's knowledge, any portion of the Property is in an area identified by any federal governmental authority as having special flood hazards, and flood insurance is available, a flood insurance policy meeting the current guidelines of FEMA's Federal Insurance and Mitigation Administration is in effect with a generally acceptable insurance carrier, in an amount representing coverage not less than the least of (1) the outstanding principal balance of the Loan, (2) the full insurable value of the Property, and (3) the maximum amount of insurance available under the Flood Disaster Protection Act of 1973, as amended. All such insurance policies (collectively, the "hazard insurance policy") shall contain a standard the Beneficiary clause naming the Beneficiary and its successors and assigns as beneficiary, and may not be reduced, terminated, or canceled without thirty (30) days' prior written notice to the Beneficiary.

(b) Such insurance companies shall be duly qualified as such under the laws of the states in which the Property is located, duly authorized and licensed in such states to transact the applicable insurance business and to write the insurance provided, and companies whose claims paying ability is rated in the two highest rating categories by A.M. Best with respect to hazard and flood insurance. Such insurance shall be in amounts not less than the greater of: **(i)** the outstanding principal balance of the Loan, or **(ii)** the amount necessary to avoid the operation of any co-insurance provisions with respect to the Premises.

(c) All such policies must provide for a minimum of thirty (30) days prior written cancellation notice to the Beneficiary. the Beneficiary, upon its request to the Trustor, will have custody of all such policies and all other policies which may be procured insuring said Property, the same to be delivered, to the Beneficiary at its office and all renewal policies to be delivered and premiums paid to the Beneficiary at its office at least twenty (20) days before the expiration of the old policies, and the Trustor agrees that upon failure to maintain the insurance as above stipulated or to deliver said renewal policies as aforesaid, or the pay the premiums therefor, the Beneficiary may, without obligation to do so, procure such insurance and pay the premiums therefor and all sums so expended shall immediately be paid by the Trustor and unless so paid, shall be deemed part of the debt secured hereby and shall bear interest at the rate set forth in the Note, and thereupon the entire principal sum unpaid, including such sums as have been paid for premiums of insurance as aforesaid, and any and all other sums which shall be payable hereunder shall become due and payable forthwith at the option of the Beneficiary, anything herein contained to the contrary notwithstanding. In case of loss and payment by any insurance company, the amount of insurance money received shall be applied either to the Indebtedness secured hereby, or in rebuilding and restoring the damaged property, as the Beneficiary may elect.

(d) The Trustor has not engaged in and shall not engage in any act or omission which would impair the coverage of any such policy, the benefits of the endorsement provided for herein, or the validity and binding effect of either including, without limitation, no unlawful fee, commission, kickback, or other unlawful compensation or value of any kind has been or will be received,

retained, or realized by any attorney, firm, or other person, and no such unlawful items have been received, retained, or realized by the Trustor.

(e) No action, inaction, or event has occurred and no state of facts exists or has existed that has resulted or will result in the exclusion from, denial of, or defense to coverage under any applicable special hazard insurance policy or bankruptcy bond, irrespective of the cause of such failure of coverage.

1.04.3 Deposits for Impositions and Insurance. Notwithstanding anything to the contrary contained in any of the Loan Documents, upon demand by the Beneficiary, after failure by the Trustor to pay any of the amounts specified in **Subsections 1.04.1 or 1.04.2**, the Trustor shall deposit with the Beneficiary on the first day of each month an amount equal to one twelfth (1/12th) of the sum of: (i) the aggregate annual payments for the Impositions; (ii) the annual insurance premiums on the policies of insurance required to be obtained and kept in force by the Trustor under this Deed of Trust; and (iii) all other periodic charges (other than interest and principal under the Note) arising out of the ownership of the Property or any portion thereof which are or with notice or the passage of time or both will become a lien against the Property or any part thereof ((i), (ii), and (iii), collectively, the “Annual Payments”). Such sums will not bear interest and are subject to adjustment or additional payments in order to assure the Beneficiary that it will have the full amount of any payment on hand at least one (1) month prior to its due date. the Beneficiary shall hold said sums in escrow to pay said Annual Payments in the manner and to the extent permitted by law when the same become due and payable. Notwithstanding anything herein to the contrary, however, such deposits shall not be, nor be deemed to be, trust funds but may be commingled with the general funds of the Beneficiary. If the total payments made by the Trustor to the Beneficiary, on account of said Annual Payments up to the time when the same become due and payable, shall exceed the amount of payment for said Annual Payments actually made by the Beneficiary, such excess shall be credited by the Beneficiary against the next payment or payments due from the Trustor to the Beneficiary on account of said Annual Payments. If, however, said payments made by the Trustor shall not be sufficient to pay said Annual Payments when the same become due and payable, the Trustor agrees to promptly pay to the Beneficiary the amount necessary to make up any deficiency. In case of default in the performance of any of the agreements or provisions contained in the Note, the Beneficiary may, at its option, at any time after such default, apply the balance remaining of the sums accumulated, as a credit against the principal or interest of the Deed of Trust Indebtedness, or both.

1.04.4 Late Charge. The Beneficiary may collect a “late charge” of ten percent (10%) on any payment or installment due or required to be paid pursuant to the terms of this Deed of Trust or the Note which is not paid within five (5) days of when the same is required to be paid to cover the extra expenses involved in handling such delinquent payment.

1.04.5 Proof of Payment. Upon request of the Beneficiary, the Trustor shall deliver to the Beneficiary, within twenty (20) days after the due date of any payment required in this **Section 1.04**, proof of payment satisfactory to the Beneficiary.

1.05 Condemnation. The Beneficiary shall be entitled to all compensation awards, damages, claims, rights of action and proceeds of, or on account of, any damage or taking through condemnation, eminent domain or the like, and the Beneficiary is hereby authorized, at its option, to commence, appear in and prosecute in its own or the Trustor's name any action or proceeding relating to any such condemnation, taking or the like and to settle or compromise any claim in connection therewith.

1.06 Care of Property; Demolition and Alteration. The Trustor shall maintain the Property in good condition and repair, shall not commit or suffer any waste of the Property, and shall comply with or cause to be complied with, all statutes, laws, rules, ordinances and requirements of any governmental authority relating to the Property; and the Trustor shall promptly repair, restore, replace or rebuild any part of the Property now or hereafter subject to the lien of this Deed of Trust which may be damaged or destroyed by any casualty whatsoever or which may be affected by any proceeding of the character referred to in Section 1.05. The Trustor shall complete and pay for, within a reasonable time, any structure in the process of construction on the Property at any time during the term of the Loan; and the Trustor shall not initiate, join in, or consent to any change in any private restrictive covenants, or private restrictions, limiting or defining the uses which may be made of the Property or any part thereof, without the written consent of the Beneficiary. The Trustor agrees that no building or other property now or hereafter covered by the lien of this Deed of Trust shall be removed, demolished, or materially altered, without the prior written consent of the Beneficiary, except that the Trustor shall have the right, without such consent, to remove and dispose of, free from the lien of this Deed of Trust, such equipment as from time to time may become worn out or obsolete, provided that simultaneously with or prior to such removal any such equipment shall be replaced with other equipment of value at least equal to that of the replaced equipment and free from any title retention or security agreement or other encumbrance, and by such removal and replacement the Trustor shall be deemed to have subjected such equipment to the lien of this Deed of Trust.

1.07 Transfer and Encumbrance of Property.

(a) The Trustor shall not sell, convey, transfer, suffer any type of change in title or ownership, lease, assign or further encumber any interest in any part of the Property, without the prior written consent of the Beneficiary. Any such sale, conveyance, transfer, pledge, lease, assignment or encumbrance made without the Beneficiary's prior written consent shall be null and void and shall constitute a default hereunder. The Trustor shall not, without the prior written consent of the Beneficiary, permit any further assignment of the rents, royalties, issues, revenues, income, profits or other benefits from the Property, or any part thereof, and any such assignment without the prior written consent of the Beneficiary shall be null and void and shall constitute a default hereunder. The Trustor agrees that in the event the ownership of the Property or any part thereof is permitted by the Beneficiary to be vested in a person other than the Trustor, the Beneficiary may, without notice to the Trustor, deal in any way with such successor or successors in interest with reference to this Deed of Trust and the Note and other sums hereby secured without in any way vitiating or discharging the Trustor's liability hereunder or upon the Note and other sums hereby secured. No sale of the Property and no forbearance to any person with respect to this Deed of Trust and no extension to any person of the time for payment of the Note and other sums hereby secured given by the Beneficiary shall operate to release, discharge, modify, change or affect the original liability of the Trustor either in whole or in part.

(b) If the Trustor shall sell, convey, assign or transfer all or any part of the Property or any interest therein or any beneficial interest in the Trustor without the Beneficiary's prior written consent, the Beneficiary may, at the Beneficiary's option, without demand, presentment, protest, notice of protest, notice of intent to accelerate, notice of acceleration or other notice, or any other action, all of which are hereby waived by the Trustor and all other parties obligated in any manner on the Indebtedness, declare the Indebtedness to be immediately due and payable, which option may be exercised at any time following such sale, conveyance, assignment, lease or transfer, and upon such declaration the entire unpaid balance of the Indebtedness shall be immediately due and payable.

(c) The Trustor shall keep the Property free from mechanics' liens, materialmen's liens and encumbrances. If any prohibited lien or encumbrance is filed against the Property, the Trustor shall cause the same to be removed and discharged of record within thirty (30) days after the date of filing thereof.

(d) The Trustor shall obtain, upon request by the Beneficiary, from all persons hereafter having or acquiring any interest in or encumbrance on the Property or the said equipment or accessions, a writing duly acknowledged, and stating the nature and extent of such interest or encumbrance and that the same is subordinate to this Deed of Trust and no offsets or defenses exist in favor thereof against this Deed of Trust or the Note hereby secured, and deliver such writing to the Beneficiary.

1.08 Further Assurances. At any time and from time to time upon the Beneficiary's request, the Trustor shall make, execute and deliver, or cause to be made, executed and delivered, to the Beneficiary and, where appropriate, shall cause to be recorded or filed, and from time to time thereafter to be re-recorded and refiled, at such time and in such offices and places as shall be deemed desirable by the Beneficiary, any and all such further Deed of Trusts, instruments of further assurance, certificates and such other documents as the Beneficiary may consider necessary or desirable in order to effectuate, complete or perfect, or to continue and preserve, the obligations of the Trustor under the Note and this Deed of Trust, the lien of this Deed of Trust as a lien upon all of the Property, and unto all and every person or persons deriving any estate, right, title or interest under this Deed of Trust. Upon any failure by the Trustor to do so, the Beneficiary may make, execute, record, file, re-record or refile any and all such Deed of Trusts, instruments, certificates and documents for and in the name of the Trustor, and the Trustor hereby irrevocably appoints the Beneficiary the agent and attorney-in-fact of the Trustor to do so.

1.09 Uniform Commercial Code Security Agreement and Fixture Filing. This Deed of Trust is intended to be a security agreement and fixture filing which is to be filed for record in the real estate records pursuant to the Uniform Commercial Code in effect from time to time in the State of Texas for any of the goods specified above in this Deed of Trust as part of the Property which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code and the Trustor hereby agrees to execute and deliver any additional financing statements covering said goods from time to time and in such form as the Beneficiary may require to perfect a security interest with respect to said goods. The Trustor shall pay all costs of filing such financing statements and renewals and releases thereof and shall pay all reasonable costs and expenses of any record searches for financing statements which the Beneficiary may reasonably require. Without the prior written consent of the Beneficiary, the Trustor shall not create or suffer to be created, pursuant to the Uniform Commercial Code, any other security interest in said goods, including replacements and additions thereto. Upon the Trustor's breach of any covenant or agreement of the Trustor contained in this Deed of Trust, including the covenants to pay when due all sums secured by this Deed of Trust, the Beneficiary shall have the remedies of a secured party under the Uniform Commercial Code and, at the Beneficiary's option, may also invoke the remedies permitted by applicable law as to such goods.

AS IT IS RELATED HERETO:

DEBTOR IS: JMK5 MARINA LLC
308 West Parkwood Avenue, Suite 104A, Friendswood, TX 77546

SECURED PARTY IS: Silver City Funding, LLC
25349 Borough Park Drive, The Woodlands, TX 77380

The Trustor represents, covenants, and warrants that as of the date hereof as follows: the Trustor's full, correct, and exact legal name is set forth immediately above in this **Section 1.09**. The Trustor is an organization of the type and is incorporated in, organized, or formed under the laws of the state specified in the introductory paragraph to this Deed of Trust. In the event of any change in name or identity of the Trustor, the Trustor hereby authorizes the Beneficiary to file such Uniform Commercial Code forms as are necessary to maintain the priority of the Beneficiary's lien upon the Property which may be deemed personal property or fixtures, including future replacement thereof, which serves as collateral under this Deed of Trust.

1.10 Lease Covenants. Each and every covenant on the part of the Trustor contained in any assignment of lessor's interest in leases or any assignment of rents, royalties, issues, revenues, profits, income or other benefits made collateral hereto is made an obligation of the Trustor hereunder as if fully set forth herein.

1.11 Assignment of Rents. Trustor hereby absolutely and unconditionally assigns to Beneficiary all of Trustor's right, title and interest in and to each Lease whether now existing or hereafter entered into, together with the room revenues, occupancy charges, issues and profits ("Rents") of each such Lease as further security for the payment and performance of the Obligations, and Trustor grants to Beneficiary the right to enter the Premises for the purpose of collecting the same and to let the Premises, or any part thereof, and to apply said Rents after payment of all necessary charges and expenses, on account of the Obligations. This assignment and grant shall continue in effect until the Obligations are fully paid and performed. Beneficiary hereby waives the right to enter the Premises for the purpose of collecting Rents, and Trustor shall be entitled to collect, receive and use said Rents until the occurrence of a Default under this Deed of Trust. Trustor shall, from time to time after request by Beneficiary, execute, acknowledge and deliver to Beneficiary, in form satisfactory to Beneficiary, separate assignments confirming the foregoing assignment. Beneficiary shall not be obligated to perform or discharge any obligation or duty to be performed or discharged by Trustor under any Lease or other agreement affecting all or any part of the Premises, and Trustor hereby agrees to indemnify Beneficiary for and save it harmless from, any and all liability arising from any such Lease or other agreement or any assignments thereof, and no assignment of any such Lease or other agreement shall place the responsibility for the control, care, management or repair of all or any part of the Premises upon Beneficiary, nor make Beneficiary liable for any negligence in the management, operation, upkeep, repair or control of all or any part of the Premises resulting in injury, death or property damage. Beneficiary or the receiver shall be liable to account only for rents and profits actually received by Beneficiary or the receiver as the case may be.

1.12 After-Acquired Property. To the extent permitted by and subject to applicable law, the lien of this Deed of Trust will automatically attach, without further act, to all after-acquired property located in, on, or attached to, or used, or intended to be used, in connection with, or with the renovation of, the Property or any part thereof; provided, however, that, upon request of the Beneficiary, the Trustor shall execute and deliver such instrument or instruments as shall reasonably be requested by the Beneficiary to confirm such lien, and the Trustor hereby appoints the Beneficiary its attorney-in-fact to execute all such instruments, which power is coupled with an interest and is irrevocable.

1.13 Expenses. Unless otherwise agreed in writing, the Trustor will pay when due and payable all appraisal fees, recording fees, taxes, brokerage fees and commissions, abstract fees, title policy fees, escrow fees, attorneys' fees, court costs, fees of inspecting architect(s) and engineer(s) and all other costs and expenses of every character which have been incurred or which may hereafter be incurred by the Beneficiary in connection with: (a) the preparation and execution of the Loan Documents; (b) the funding of the Loan; (c) in the event an Event of Default occurs hereunder or under the Note or any of the Loan Documents, all

costs, fees and expenses, including, without limitation, all reasonable attorneys' fees in connection with the enforcement under the Note or foreclosure under this Deed of Trust, preparation for enforcement of this Deed of Trust or any other Loan Documents, whether or not suit or other action is actually commenced or undertaken; (d) enforcement of this Deed of Trust or any other Loan Documents; (e) court or administrative proceedings of any kind to which the Beneficiary may be a party, either as plaintiff or defendant, by reason of the Note, the Deed of Trust or any other Loan Documents; (f) preparation for and actions taken in connection with the Beneficiary's taking possession of the Property; (g) negotiations with the Trustor, its beneficiary, or any of its agents in connection with the existence or cure of any Event of Default or default; (h) any proposed refinancing by the Trustor or any other person or entity of the debt secured hereby; (i) the transfer of the Property in lieu of foreclosure; (j) inspection of the Property pursuant to **Section 1.15**; and (k) the approval by the Beneficiary of actions taken or proposed to be taken by the Trustor, its beneficiary, or other person or entity which approval is required by the terms of this Deed of Trust or any other of the Loan Document. The Trustor will, upon demand by the Beneficiary, reimburse the Beneficiary or any takeout lender for all such expenses which have been incurred or which shall be incurred by either of them; and will indemnify and hold harmless the Beneficiary from and against, and reimburse it for, the same and for all claims, demands, liabilities, losses, damages, judgments, penalties, costs and expenses (including, without limitation, attorneys' fees) which may be imposed upon, asserted against, or incurred or paid by it by reason of, on account of or in connection with any bodily injury or death or property damage occurring in or upon or in the vicinity of the Property through any cause whatsoever or asserted against it on account of any act performed or omitted to be performed hereunder or on account of any transaction arising out of or in any way connected with the Property, or with this Deed of Trust or the Indebtedness.

1.14 The Beneficiary's Performance of Defaults. If the Trustor defaults in the payment of any tax, Assessment, encumbrance or other Imposition, in its obligation to furnish insurance hereunder, or in the performance or observance of any other covenant, condition, agreement or term in this Deed of Trust, the Note or in any of the Loan Documents, the Beneficiary may, without obligation to do so, to preserve its interest in the Property, perform or observe the same, and all payments made (whether such payments are regular or accelerated payments) and costs and expenses incurred or paid by the Beneficiary in connection therewith shall become due and payable immediately. The amounts so incurred or paid by the Beneficiary, together with interest thereon at the default rate, as provided in the Note, from the date incurred until paid by the Trustor, shall be added to the Indebtedness and secured by the lien of this Deed of Trust to the extent permitted by law. The Beneficiary is hereby empowered to enter and to authorize others to enter upon the Property or any part thereof for the purpose of performing or observing any such defaulted covenant, condition, agreement or term, without thereby becoming liable to the Trustor or any person in possession holding under the Trustor.

1.15 Financial Statements, Books, and Records. The Trustor will furnish to the Beneficiary, within thirty (30) days after a request therefor, a detailed statement in writing, covering the period of time specified in such request, showing all income derived from the operation of the Property, and all disbursements made in connection therewith, and containing a list of the names of all tenants and occupants of the Property, the portion or portions of the Property occupied by each such tenant and occupant, the rent and other charges payable under the terms of their leases or other agreements and the period covered by such leases or other agreements.

1.16 Inspection. The Beneficiary, and any persons authorized by the Beneficiary, shall have the right, at the Beneficiary's option, to enter and inspect the Premises during the fourth (4th) month and at all other reasonable times during the term of the Loan. The Trustor shall pay any professional fees and expenses, which may be incurred by the Beneficiary in connection with such inspection.

1.17 Loan to Value Covenant. If at any one or more time(s) during the term of the Note the then aggregate outstanding and committed principal amount of the Note, plus accrued interest and fees thereon, plus all amounts outstanding under any debts secured by prior liens on the Property, is greater than eighty percent (80%) of the value of the Property, as determined by the Beneficiary based upon the Beneficiary's review of any appraisal and such other factors as the Beneficiary may deem appropriate, then the Trustor shall within thirty (30) days following a request by the Beneficiary, prepay the Note by an amount sufficient to cause the then outstanding principal amount of the Note, plus accrued interest and fees thereon, to be reduced to an amount equal to or less than eighty percent (80%) of the value of the Property. The inability of the Trustor to reduce the principal balance of the Note within thirty (30) days following request by the Beneficiary shall be, at the Beneficiary's option, an Event of Default, hereunder.

ARTICLE TWO: DEFAULTS

2.01 Event of Default. The term "Event of Default" or "default" wherever used in this Deed of Trust, shall mean any one or more of the following events: **(a)** failure by the Trustor to pay any installment of principal and/or interest under the Note within five (5) days after the same becomes due and payable; **(b)** failure by the Trustor to observe or perform, or upon any default in, any other covenants, agreements or provisions herein, in the Note, or in any of the Loan Documents; **(c)** failure by the Trustor to pay any Imposition, Assessment, other utility charges on or lien against the Property; **(d)** failure by the Trustor to keep in force the insurance required in this Deed of Trust; **(e)** failure by the Trustor to either deliver the policies of insurance described in this Deed of Trust or to pay the premiums for such insurance as provided herein; **(f)** failure by the Trustor to pay any installment, which may not then be due or delinquent, of any Assessment for local improvements for which an official bill has been issued by the appropriate authorities and which may now or hereafter affect the Property, and may be or become payable in installments; **(g)** the actual or threatened waste, removal or demolition of, or material alteration to, any part of the Property, except as permitted herein; **(h)** the vesting of title, or any sale, conveyance, transfer, leasing, assignment or further encumbrance in any manner whatsoever of any interest in the Property, or any part thereof, in or to anyone other than the present owner, or any change in title or ownership of the Property, or any part thereof, without the prior written consent of the Beneficiary; **(i)** all or a material portion of the Property being taken through condemnation, eminent domain, or any other taking such that the Beneficiary has reason to believe that the remaining portion of the Property is insufficient to satisfy the outstanding balance of the Note, or the value of the Property being impaired by condemnation, eminent domain or any other taking, (which term when used herein shall include, but not be limited to, any damage or taking by any governmental authority or any other authority authorized by the laws of any state or the United States of America to so damage or take, and any transfer by private sale in lieu thereof), either temporarily for a period in excess of thirty (30) days, or permanently; **(j)** the merger or dissolution of the Trustor or the death of any guarantor of the Note ("Guarantor"); **(k)** any representation or warranty of the Trustor or any Guarantor made herein or in any such guaranty or in any certificate, report, financial statement, or other instrument furnished in connection with the making of the Note, the Deed of Trust, or any such guaranty, shall prove false or misleading in any material respect; **(l)** Maker makes or takes any action to make a general assignment for the benefit of its creditors or becomes insolvent or has a receiver, custodian, trustee in Bankruptcy, or conservator appointed for it or for substantially all or any of its assets; **(m)** the Trustor files, or becomes the subject of, a petition in bankruptcy, or upon the commencement of any proceeding or action under any bankruptcy laws, insolvency laws, relief of debtors laws, or any other similar law affecting the Trustor, provided however, that the Trustor shall have sixty (60) days from the filing of any involuntary petition in bankruptcy to have the same discharged and dismissed; **(n)** the Property becomes subject to **(1)** any tax lien which is superior to the lien of the Deed of Trust, other than a lien for local real estate taxes and assessments not due and

payable or **(2)** any mechanic's, materialman's, or other lien which is, or is asserted to be, superior to the lien of the Deed of Trust and such lien shall remain undischarged for thirty (30) days, **(o)** the Trustor fails to promptly cure any violations of laws or ordinances affecting or which may be interpreted to affect the Property; **(p)** in the event of any material adverse change in the financial condition of the Trustor; or **(q)** any of the aforementioned events occur with respect to any Guarantor.

ARTICLE THREE: REMEDIES

In the event that an Event of Default or default shall have occurred, the remedies available to the Beneficiary include, but are not limited to, any and all rights and remedies available hereunder, any and all rights and remedies available at law, in equity, or by statute. Without limiting the foregoing, the rights and remedies available to the Beneficiary shall include, but not be limited to, any one or more of the following:

3.01 Acceleration of Maturity. If an Event of Default shall have occurred, the Beneficiary may, at its option, declare without demand or notice all of the outstanding Indebtedness to be due and payable immediately, and upon such declaration such Indebtedness shall immediately become and be due and payable without demand or notice.

3.02 The Beneficiary's Right to Enter and Take Possession. If an Event of Default shall have occurred, the Trustor, upon demand on the Beneficiary, shall forthwith surrender to the Beneficiary the actual possession of the Property and the Beneficiary itself, or by such officers or agents as it may appoint, may enter and take possession of the Property, collect and receive the rents and income therefrom, and to apply so much of said rents and income as may be required in the necessary expenses of running said Premises, including reasonable attorneys' fees, management agents' fees, and if the Beneficiary manages the Premises with its own employees, an amount equal to the customary management agents' fees charged for similar property in the area where the Premises are located, and to apply the balance of said rents and income to the payment of the amounts due upon said Note, or in payment of taxes assessed against the Premises, or both. And for this purpose, and in case of such default, the Trustor hereby assigns, transfers, and sets over to the Beneficiary the rents and income accruing from said Premises. Nothing contained in the foregoing provisions shall impair or affect any right or remedy which the Beneficiary might now or hereafter have, were it not for such provisions, but the rights herein given shall be in addition to any others which the Beneficiary may have hereunder.

3.03 Receiver. If an Event of Default shall have occurred, the Beneficiary, to the extent permitted by law and without regard to the value or occupancy of the security, shall be entitled to apply for the appointment of a receiver of the rents and profit of the Property without notice, and shall be entitled to the appointment of such a receiver as a matter of right, without consideration of the value of the Property as security for the amounts due the Beneficiary, or the solvency of any person or limited liability company liable for the payment of such amounts.

3.04 Trustee's Sale. If any Event of Default occurs, Beneficiary is authorized and empowered, without further notice, to execute or cause the Trustee to execute a written notice of default and of election to cause the Property to be sold as required by law or as otherwise provided herein, and the Trustee shall file such notice for record in each county wherein the Property or any part thereof is situated. After such filing, the Trustee may lawfully foreclose and shall foreclose the lien of this Deed of Trust, and sell and dispose of the Property in masse or in separate parcels (as Beneficiary may elect) and all the right, title, and interest of Trustor therein, at a public auction at any place then authorized by law as may be specified in the notice of such sale, for the price permitted by law (the "Trustee's Sale"), legally required public notice having

previously been given of the time and place of such sale. The Trustee, without demand on Trustor, shall sell the Property on the date and at the time and place designated in the notice of sale, either as a whole or in separate parcels, and in such order as it may determine (but subject to any statutory right of Trustor to direct the order in which such Property, if consisting of several known lots or parcels, shall be sold), at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale. The person conducting the sale may, for any cause he deems expedient in accordance with applicable law, postpone the sale from time to time until it shall be completed and, in every case, notice of postponement shall be given as required by law. Trustee shall execute and deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the sale. Trustee shall apply the proceeds of the sale to payment of **(1)** the costs and expenses of exercising the power of sale and of the sale, including the payment of the Trustee's and attorneys' fees; **(2)** cost of any evidence of title procured in connection with such sale; **(3)** all sums expended under the terms hereof, not then repaid, with accrued interest as provided herein from date of expenditure; **(4)** all other sums then secured hereby; and **(5)** the remainder, if any, to the person or persons legally entitled thereto, or the Trustee, in its discretion, may deposit the balance of such proceeds with the County Clerk of the county in which the sale took place.

3.05 Attorneys' Fees. If this Deed of Trust is foreclosed by the Trustee, the Trustee shall allow a reasonable amount of attorneys' fees for services rendered in the supervision of such foreclosure proceedings as a part of the cost of foreclosure. If the foreclosure proceedings are made through court proceedings, attorneys' fees in an amount determined by the court to be reasonable shall be taxed by the court as a part of the cost of such foreclosure proceedings.

3.06 Waiver of Appraisal, Valuation, Stay, Exemption, and Redemption Laws, etc.; Marshaling. The Trustor agrees to the full extent permitted by law that after an Event of Default neither the Trustor nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisal, valuation, stay, exemption, moratorium, or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Deed of Trust, and the Trustor, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, any and all right to have the assets comprising the Property marshaled upon any foreclosure hereof.

3.07 Suits to Protect the Property. The Beneficiary shall have the power and authority to institute and maintain any suits and proceedings as the Beneficiary may deem advisable in order to **(a)** prevent any impairment of the Property, **(b)** foreclose this Deed of Trust, **(c)** preserve and protect its interest in the Property, and **(d)** to restrain the enforcement of, or compliance with, any legislation or other governmental enactment, rule, or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order might impair the security hereunder or be prejudicial to the Beneficiary's interest.

3.08 Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial case or proceeding affecting the Trustor, its creditors or its property, the Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have its claims allowed in such case or proceeding for the entire Indebtedness at the date of the institution of such case or proceeding, and for any additional amounts which may become due and payable by the Trustor after such date.

3.09 Application of Monies by the Beneficiary. After the occurrence of an Event of Default, any monies collected or received by the Beneficiary shall be applied in such priority as the Beneficiary may determine in its sole and absolute discretion, to such matters including, but not limited to, the payment of compensation, expenses and disbursements of the agents, attorneys and other representatives of the Beneficiary, to deposits for Impositions and Insurance and insurance premiums due, to the cost of insurance, Impositions, Assessments, and other charges and to the payment of the Indebtedness.

3.10 No Waiver. Notwithstanding any course of dealing or course of performance, neither failure nor delay on the part of the Beneficiary to exercise any right, power, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power, or privilege.

3.11 No Waiver of One Default to Affect Another. No waiver of any Event of Default hereunder shall extend to or affect any subsequent or any other Event of Default then existing, or impair any rights, powers or remedies consequent thereon. If the Beneficiary (a) grants forbearance or an extension of time for the payment of any of the Indebtedness; (b) takes other or additional security for the payment thereof; (c) waives or does not exercise any right granted in the Note, this Deed of Trust or any other of the Loan Documents; (d) releases any part of the Property from the lien of this Deed of Trust or any other of the Loan Documents or releases or any party liable under the Note; (e) consents to the filing of any map, plat or replat of the Land; (f) consents to the granting of any easement on the Land; or (g) makes or consents to any agreement changing the terms of this Deed of Trust or subordinating the lien or any charge hereof, no such act or omission shall release, discharge, modify, change or affect the original liability under this Deed of Trust or otherwise of the Trustor, or any subsequent purchaser of the Property or any part thereof or any maker, co-signer, endorser, surety or guarantor. No such act or omission shall preclude the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in case of any Event of Default then existing or of any subsequent Event of Default nor, except as otherwise expressly provided in an instrument or instruments executed by the Beneficiary, shall the lien of this Deed of Trust be altered thereby.

3.12 Remedies Cumulative. No right, power or remedy conferred upon or reserved to the Beneficiary by the Note, this Deed of Trust or any other of the Loan Documents is exclusive of any other right, power and remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or under the Note or any other of the Loan Documents, or now or hereafter existing at law, in equity or by statute.

3.13 Interest after Event of Default; Default Rate. If an Event of Default shall have occurred, all sums outstanding and unpaid under the Note and this Deed of Trust shall, at the Beneficiary's option, bear interest at the default rate set forth in the Note.

3.14 Indemnification of Trustee. Except for gross negligence or willful misconduct, Trustee shall not be liable for any act or omission or error of judgment. Trustee may rely on any document believed by Trustee in good faith to be genuine. All money received by Trustee shall, until used or applied as herein provided, be held in trust, but need not be segregated (except to the extent required by law), and Trustee shall not be liable for interest thereon. Trustor shall indemnify Trustee against all liability and expenses which Trustee may incur in the performance of Trustee's duties hereunder.

3.15 Substitute Trustee. Beneficiary may appoint a substitute Trustee (a) if Trustee herein named or any substitute Trustee shall die, resign, or fail, refuse or be unable, for any reason, to make any such sale or to perform any of the trusts herein declared; or (b) at the option of Beneficiary from time to time as often and

whenever Beneficiary prefers and with or without any reason or cause. Each appointment shall be in writing, but without the necessity of recordation, notice to Trustor, or any other action or formality. Each substitute Trustee so appointed shall thereupon by such appointment become Trustee and succeed to all the estates, titles, rights, powers, trusts and duties of predecessor Trustee. Any such appointment may be executed by Beneficiary or any authorized representative of Beneficiary, and such appointment shall be presumed conclusively to have been executed with due and proper authority. Without limiting the generality of the foregoing, if Beneficiary is a corporation, bank or association, of any type or character, such appointment may be executed in its behalf by any officer of Beneficiary and shall be presumed conclusively to have been executed with due and proper authority without necessity of proof of any action by the board of directors or any superior officer. Wherever herein the word "Trustee" is used, the same shall mean the duly appointed trustee or substitute trustee hereunder at the time in question. Trustee may resign by written notice to Beneficiary.

3.16 Provisional Remedies: Foreclosure And Injunctive Relief: Nothing shall be deemed to apply to limit the right of Trustee to: (a) exercise self-help remedies, (b) foreclose judicially or non-judicially against any real or personal property collateral, or to exercise judicial or non-judicial power of sale rights, (c) obtain from a court provisional or ancillary remedies (including, but not limited to, injunctive relief, a writ of possession, prejudgment attachment, a protective order or the appointment of a receiver) or (d) pursue rights against Trustor or any other party in a third party proceeding in action brought against Beneficiary (including, but not limited to, actions in bankruptcy court). Beneficiary may exercise the rights set forth in the foregoing clauses (a) through (d), inclusive, before, during, or after the pendency of any proceeding.

ARTICLE FOUR: MISCELLANEOUS PROVISIONS

4.01 Heirs, Successors and Assigns Included in Parties. Whenever one of the parties hereto is named or referred to herein, the heirs, successors and assigns of such party shall be included and all covenants and agreements contained in this Deed of Trust, by or on behalf of the Trustor or the Beneficiary shall bind and inure to the benefit of their respective heirs, successors and assigns, whether so expressed or not.

4.02 Addresses for Notices, etc.

(a) Any notice, report, demand or other instrument authorized or required to be given or furnished under this Deed of Trust shall be in writing, signed by the party giving or making the same, and shall be sent by certified mail, return receipt requested, as follows:

THE TRUSTOR: JMK5 MARINA LLC
308 West Parkwood Avenue, Suite 104A, Friendswood, TX

77546

Copy to:

THE BENEFICIARY: Silver City Funding, LLC
25349 Borough Park Drive, The Woodlands, TX 77380

(b) Either party may change the address to which any such notice, report, demand or other instrument is to be delivered or mailed, by furnishing written notice of such change to the other party, but no such notice of change shall be effective unless and until received by such other party.

4.03 Headings. The headings of the articles, sections, paragraphs and subdivisions of this Deed of Trust are for convenience of reference only, are not to be considered a part hereof and shall not limit or expand or otherwise affect any of the terms hereof.

4.04 Provisions Subject to Applicable Laws; Severability All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any law and are intended to be limited to the extent necessary so that they will not render this Deed of Trust invalid or unenforceable. In the event that any of the covenants, agreements, terms or provisions contained in the Note, or in this Deed of Trust or in any other Loan Documents shall be deemed invalid, illegal or unenforceable in any respect by a court with appropriate jurisdiction, the validity of the remaining covenants, agreements, terms or provisions contained herein or in the Note or in any other Loan Documents shall be in no way affected, prejudiced or disturbed thereby.

4.05 Modification. This Deed of Trust, the Note, and all other Indebtedness are subject to modification. Neither this Deed of Trust, nor any term hereof, may be changed, waived, discharged or terminated orally or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge, or termination is sought.

4.06 Governing Law. THIS DEED OF TRUST IS MADE BY THE BENEFICIARY AND ACCEPTED BY THE TRUSTOR IN THE STATE OF TEXAS EXCEPT THAT AT ALL TIMES THE PROVISIONS FOR THE CREATION, PERFECTION, PRIORITY, ENFORCEMENT AND FORECLOSURE OF THE LIENS AND SECURITY INTERESTS CREATED IN THE PROPERTY UNDER THE LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE WHERE THE PROPERTY IS LOCATED. TO THE FULLEST EXTENT PERMITTED BY THE LAW OF THE STATE WHERE THE PREMISES IS LOCATED, THE LAW OF THE STATE OF TEXAS SHALL GOVERN THE VALIDITY AND ENFORCEABILITY OF ALL LOAN DOCUMENTS, AND THE DEBT OR OBLIGATIONS ARISING HEREUNDER (BUT THE FOREGOING SHALL NOT BE CONSTRUED TO LIMIT BENEFICIARY'S RIGHTS WITH RESPECT TO SUCH SECURITY INTEREST CREATED IN THE STATE WHERE THE PROPERTY IS LOCATED).

4.07 Prejudgment Remedies. THE TRUSTOR HEREBY REPRESENTS, COVENANTS, AND AGREES THAT THE PROCEEDS OF THE LOAN SECURED BY THIS DEED OF TRUST, AND EVIDENCED BY THE LOAN AGREEMENT, AND THE NOTE SHALL BE USED FOR GENERAL COMMERCIAL PURPOSES AND THAT SUCH LOAN IS A "COMMERCIAL TRANSACTION" AS DEFINED BY THE STATUTES OF THE STATE OF TEXAS. THE TRUSTOR HEREBY WAIVES SUCH RIGHTS AS IT MAY HAVE TO NOTICE AND/OR HEARING UNDER ANY APPLICABLE FEDERAL OR STATE LAWS INCLUDING, WITHOUT LIMITATION, TEXAS GENERAL STATUTES, PERTAINING TO THE EXERCISE BY THE BENEFICIARY OF SUCH RIGHTS AS THE BENEFICIARY MAY HAVE INCLUDING, BUT NOT LIMITED TO, THE RIGHT TO SEEK PREJUDGMENT REMEDIES AND/OR TO DEPRIVE THE TRUSTOR OF OR AFFECT THE USE OF OR POSSESSION OR ENJOYMENT OF THE TRUSTOR'S PROPERTY PRIOR TO THE RENDITION OF A FINAL JUDGMENT AGAINST THE TRUSTOR. THE TRUSTOR FURTHER WAIVES ANY RIGHT IT MAY HAVE TO REQUIRE THE BENEFICIARY TO PROVIDE A BOND OR OTHER SECURITY AS A PRECONDITION TO OR IN CONNECTION WITH ANY PREJUDGMENT REMEDY SOUGHT BY THE BENEFICIARY, AND

WAIVES ANY OBJECTION TO THE ISSUANCE OF SUCH PREJUDGMENT REMEDY BASED ON ANY OFFSETS, CLAIMS, DEFENSES, OR COUNTERCLAIMS TO ANY ACTION BROUGHT BY THE BENEFICIARY. FURTHER, THE TRUSTOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY LAW, THE BENEFITS OF ALL PRESENT AND FUTURE VALUATION, APPRAISAL, HOMESTEAD, EXEMPTION, STAY, REDEMPTION AND MORATORIUM LAWS.

4.08 Effects of Changes and Laws Regarding Taxation. In the event of an enactment of any law deducting from the value of the Property any Deed of Trust lien thereon, or imposing upon the Beneficiary the payment of any or part of the Impositions, charges, or Assessments previously paid by the Trustor pursuant to this Deed of Trust, or change in the law relating to the taxation of Deed of Trusts, debts secured by Deed of Trusts or the Beneficiary's interest in the Property so as to impose new incidents of taxes on the Beneficiary, then the Trustor shall pay such Impositions or Assessments or shall reimburse the Beneficiary therefor; provided that, however, if in the opinion of counsel to the Beneficiary such payment cannot lawfully be made by the Trustor, then the Beneficiary may, at the Beneficiary's option, declare all of the sums secured by this Deed of Trust to be immediately due and payable without prior notice to the Trustor, and the Beneficiary may invoke any remedies permitted by applicable law.

4.09 Purpose of Loan. The Trustor represents and warrants that the proceeds from this Loan are to be used solely for business and commercial purposes and not at all for any personal, family, household, or other noncommercial or farming or agricultural purposes. The Trustor acknowledges that the Beneficiary has made this Loan to the Trustor in reliance upon the above representation. Said representation will survive the closing and repayment of the Loan. The Trustor acknowledges that the Federal and Texas Truth in Lending disclosures are not required for loans that are given solely for business and commercial purposes.

4.10 Duplicate Originals. This Deed of Trust may be executed in any number of duplicate originals and each such duplicate original shall be deemed to be an original.

4.11 Usury Laws. This Deed of Trust, the Note, and the other Loan Documents are subject to the express condition that at no time shall the Trustor be obligated or required to pay interest on the debt at a rate which could subject the holder of the Note to either civil or criminal liability as a result of being in excess of the maximum interest rate permitted by applicable law. If, by the terms of this Deed of Trust, the Note, or any of the Loan Documents, the Trustor is at any time required or obligated to pay interest on the debt at a rate in excess of such maximum rate, the rate of interest under the same shall be deemed to be immediately reduced to such maximum rate and the interest payable shall be computed at such maximum rate and all prior interest payments in excess of such maximum rate shall be applied and shall be deemed to have been payments in reduction of the principal balance of the Note.

4.12 Construction. This Deed of Trust and the Note shall be construed without regard to any presumption or other rule requiring construction against the party causing this Deed of Trust and the Note to be drafted.

4.13 Release and Reconveyance. If all of Trustor's obligations under the Loan Documents are paid in full in accordance with the terms of the Loan Documents, no Default then exists hereunder and no Event of Default then exists under any other Loan Document, and if Trustor shall well and truly perform all of Trustor's covenants contained herein, then this conveyance shall become null and void and be released, and the Property shall be reconveyed to Trustor, at Trustor's request and expense.

4.14 Entire Agreement. This Deed of Trust, together with the other Loan Documents executed in connection herewith, constitutes the entire agreement and understanding among the parties relating to the

subject matter hereof and supersedes all prior proposals, negotiations, agreements, and understandings relating to such subject matter. In entering into this Deed of Trust, Trustor acknowledges that it is not relying on any representation, warranty, covenant, promise, assurance, or other statement of any kind made by the Beneficiary or by any employee or agent of the Beneficiary.

4.15 State Specific Provisions.

1. Power of Sale. Any foreclosure against any real property constituting part of the Property under the power of sale granted under this Deed of Trust, including without limitation, pursuant to Section 3.04, shall be conducted in accordance with the following provisions:

(a) Public Sale.

(i) Trustee, or its successors or substitutes, is hereby authorized and empowered, and it shall be the Trustee's special duty, upon such request of Beneficiary, to sell or offer for sale the Property upon the occurrence of an Event of Default, in such portions, order and parcels as Beneficiary may determine, with or without having first taken possession of the same, to the highest bidder for cash at public auction in accordance with the requirements of Section 51.002 of the Texas Property Code, as it may be amended, supplemented, replaced or succeeded from time to time (the "Texas Property Code"). In instances where the Property is located in the State of Texas, such sale shall be made at the courthouse of the county in which the Property (or any portion thereof to be sold) is located, whether the parts or parcels thereof, if any, in different counties are contiguous or not, and without the necessity of having any personal property present at such sale. Each such sale shall be made in the area designated by the county commissioners for foreclosure sales (or, if no area has been designated, at the location at the courthouse designated by Beneficiary by or through Trustee in the written notice hereinafter described), on the first Tuesday of a month between the hours of 10:00 a.m. and 4:00 p.m. after advertising the time, place and terms of sale and that portion of the Property to be sold by posting or causing to be posted written or printed notice thereof at least twenty-one (21) days before the date of the sale, both at the courthouse door of each county in which the Property is located and with the county clerk of each county in which the Property is located, which notice shall be posted at the courthouse door and filed with the county clerk by Trustee, or by any Person acting for him. The written notice shall include the earliest time at which the sale will be held and otherwise comply with the then applicable requirements of Section 51.002 of the Texas Property Code.

(ii) Beneficiary shall serve, or shall cause to be served, at least twenty-one (21) days before the date of sale written or printed notice of the proposed sale by certified mail on each debtor obligated to pay the Indebtedness according to the records of Beneficiary by the deposit of such notice in the United States mail, postage prepaid and addressed to the debtor at the debtor's last known address as shown by the records of Beneficiary. If and to the extent that the Texas Property Code shall at any time or from time to time be amended to change the manner or procedure of sale as set forth above, then the provisions of this paragraph shall be deemed to be automatically amended to conform such provisions to the amended provisions of the Texas Property Code. The affidavit of a Person knowledgeable of the facts to the effect that service was completed is prima facie evidence thereof.

(b) Right to Require Proof of Financial Ability and/or Cash Bid. At any time during the bidding, Trustee may require a bidding party (A) to disclose its full name, state and city of residence, occupation, and specific business office location, and the name and address of the principal the bidding

party is representing (if applicable), and (B) to demonstrate reasonable evidence of the bidding party's financial ability (or, if applicable, the financial ability of the principal of such bidding party, as a condition to the bidding party submitting bids at the foreclosure sale. If any such bidding party (the "Questioned Bidder") declines to comply with Trustee's requirement in this regard, or if such Questioned Bidder does respond but Trustee, in Trustee's sole and absolute discretion, deems the information or the evidence of the financial ability of the Questioned Bidder (or, if applicable, the principal of such bidding party) to be inadequate, then Trustee may continue the bidding with reservation; and in such event (1) Trustee shall be authorized to caution the Questioned Bidder concerning the legal obligations to be incurred in submitting bids, and (2) if the Questioned Bidder is not the highest bidder at the sale, or if having been the highest bidder the Questioned Bidder fails to deliver the cash purchase price payment promptly to Trustee, all bids by the Questioned Bidder shall be null and void. Trustee may, in Trustee's sole and absolute discretion, determine that a credit bid may be in the best interest of Trustor and Beneficiary, and elect to sell the Deed of Trust Property for credit or for a combination of cash and credit; provided, however, that Trustee shall have no obligation to accept any bid except an all cash bid. In the event Trustee requires a cash bid and cash is not delivered within a reasonable time after conclusion of the bidding process, as specified by Trustee, then said contingent sale shall be null and void, the bidding process may be recommenced, and any subsequent bids or sale shall be made as if no prior bids were made or accepted.

(c) Partial Foreclosure. The sale by Trustee of less than the whole of the Property shall not exhaust the power of sale herein granted, and Trustee is specifically empowered to make successive sale or sales under such power until the whole of the Property shall be sold; and, if the proceeds of such sale of less than the whole of the Property shall be less than the aggregate of the Secured Obligations and the expense of executing this trust as provided herein, this Deed of Trust and the lien hereof shall remain in full force and effect as to the unsold portion of the Property just as though no sale had been made; provided, however, that Trustor shall never have any right to require the sale of less than the whole of the Property but the Beneficiary shall have the right, at its sole election, to request Trustee to sell less than the whole of the Property. Trustee may, after any request or direction by the Beneficiary, sell not only the Property but also the Collateral and other interests which are a part of the Property, or any part thereof as a unit and as a part of a single sale, or may sell any part of the Property separately from the remainder of the Property. It shall not be necessary for Trustee to have taken possession of any part of the Property or to have present or to exhibit at any sale any of the Collateral.

(d) Trustee's Deeds. Trustee shall make to the purchaser or purchasers at such sale good and sufficient conveyances in the name of Trustor, conveying the property so sold to the purchaser or purchasers with general warranty of title by Trustor, subject to the permitted encumbrances (and to such leases and other matters, if any, as Trustee may elect upon request of the Beneficiary), and shall receive the proceeds of said sale or sales and apply the same as herein provided. Payment of the purchase price to Trustee shall satisfy the obligation of purchaser at such sale therefor, and such purchaser shall not be responsible for the application thereof.

The power of sale granted herein shall not be exhausted by any sale held hereunder by Trustee or its substitute or successor, and such power of sale may be exercised from time to time and as many times as Beneficiary may deem necessary until all of the Property has been duly sold and all Secured Obligations have been fully paid. In the event any sale hereunder is not completed or is defective in the opinion of the Beneficiary, such sale shall not exhaust the power of sale hereunder and the Beneficiary shall have the right to cause a subsequent sale or sales to be made hereunder. Any and all statements of fact or other recitals made in any deed or deeds or other conveyances given by Trustee or any successor or substitute appointed hereunder as to nonpayment of the Secured Obligations or as to the occurrence of any default, or as to the Beneficiary's having declared all of the Secured Obligation to be due and payable, or as to the request to

sell, or as to notice of time, place and terms of sale and the properties to be sold having been duly given, or as to the refusal, failure or inability to act of Trustee or any substitute or successor trustee, or as to the appointment of any substitute or successor trustee, or as to any other act or thing having been duly done by the Beneficiary or by such Trustee, substitute or successor, shall be taken as prima facie evidence of the truth of the facts so stated and recited. Trustee or its successor or substitute may appoint or delegate any one or more persons as agent to perform any ministerial act or acts necessary or incident to any sale held by Trustee, including the posting or filing of notices, but in the name and on behalf of Trustee, its successor or substitute. If Trustee or its successor or substitute shall have given notice of sale hereunder, any successor or substitute Trustee thereafter appointed may complete the sale and the conveyance of the property pursuant thereto as if such notice had been given by the successor or substitute Trustee conducting the sale.

In the event there is a foreclosure sale hereunder and at the time of such sale, Trustor or Trustor's heirs, devisees, representatives, successors or assigns are occupying or using the Property, or any part thereof, each and all shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either landlord or tenant, at a reasonable rental per day based upon the value of the Property occupied, such rental to be due daily to the purchaser; and to the extent permitted by applicable law, the purchaser at such sale shall, notwithstanding any language herein apparently to the contrary, have the sole option to demand immediate possession following the sale or to permit the occupants to remain as tenants at will. In the event the tenant fails to surrender possession of said property upon demand, the purchaser shall be entitled to institute and maintain a summary action for possession of the property (such as an action for forcible detainer) in any court having jurisdiction.

(e) Deficiency. In the event an interest in any of the Property is foreclosed upon pursuant to a judicial or nonjudicial foreclosure sale, Trustor agrees as follows. Notwithstanding the provisions of Sections 51.003, 51.004, and 51.005 of the Texas Property Code (as the same may be amended from time to time), and to the extent permitted by law, Trustor agrees that Beneficiary shall be entitled to seek a deficiency judgment from Trustor and any other party obligated on the Note equal to the difference between the amount owing on the Note and the amount for which the Property was sold pursuant to judicial or nonjudicial foreclosure sale. Trustor expressly recognizes that this section constitutes a waiver of the above cited provisions of the Texas Property Code which would otherwise permit Trustor and other persons against whom recovery of deficiencies is sought or any guarantor independently (even absent the initiation of deficiency proceedings against them) to present competent evidence of the fair market value of the Property as of the date of the foreclosure sale and offset against any deficiency the amount by which the foreclosure sale price is determined to be less than such fair market value. Trustor further recognizes and agrees that this waiver creates an irrebuttable presumption that the foreclosure sale price is equal to the fair market value of the Property for purposes of calculating deficiencies owed by Trustor, any guarantor, and others against whom recovery of a deficiency is sought.

Alternatively, in the event the waiver provided for in subsection (v) above is determined by a court of competent jurisdiction to be unenforceable, the following shall be the basis for the finder of fact's determination of the fair market value of the Property as of the date of the foreclosure sale in proceedings governed by Sections 51.003, 51.004 and 51.005 of the Texas Property Code (as amended from time to time): (i) the Property shall be valued in an "as is" condition as of the date of the foreclosure sale, without any assumption or expectation that the Property will be repaired or improved in any manner before a resale of the Property after foreclosure; (ii) the valuation shall be based upon an assumption that the foreclosure purchaser desires a resale of the Property for cash promptly (but no later than twelve (12) months) following the foreclosure sale; (iii) all reasonable closing costs customarily borne by the seller in commercial real estate transactions should be deducted from the gross fair market value of the Property, including, without limitation, brokerage commissions, title insurance, a survey of the Property, tax proration, attorneys' fees,

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and marketing costs; (iv) the gross fair market value of the Property shall be further discounted to account for any estimated holding costs associated with maintaining the Property pending sale, including, without limitation, utilities expenses, property management fees, taxes and assessments (to the extent not accounted for in (iii) above), and other maintenance, operational and ownership expenses; and (v) any expert opinion testimony given or considered in connection with a determination of the fair market value of the Property must be given by persons having at least five (5) years' experience in appraising property similar to the Property and who have conducted and prepared a complete written appraisal of the Property taking into consideration the factors set forth above.

2. Suretyship Provisions.

(a) As used in this Section, the term "Obligated Party" shall mean each of Trustor and any other person obligated on, providing a guarantor or other surety of, or pledgor of collateral for the Secured Obligations, and the term "Obligated Parties" shall mean any two or more of such Obligated Parties, collectively.

(b) Beneficiary may bring an action against any Obligated Party, whether an action is brought against other Obligated Parties. It shall not be necessary for Beneficiary, in order to enforce this Deed of Trust, (1) first to institute suit or pursue or exhaust any rights or remedies against another Obligated Party or others liable on the Secured Obligations for such payment or performance, or to enforce any rights against any collateral that shall ever have been given to secure the Secured Obligations, or (2) to join an Obligated Party or any others liable for the payment or performance of the Secured Obligations or any part thereof in any action against other Obligated Parties or any other person, or to resort to any other means of obtaining payment or performance of the Secured Obligations. Provided, however, nothing herein contained shall prevent Beneficiary or any Beneficiary from suing on the Secured Obligations or foreclosing on any collateral or from exercising any other rights or remedies. Suit may be brought or demand may be made against any Obligated Party or against all parties who have signed this Deed of Trust, the Loan Documents or any guaranty covering all or any part of the Secured Obligations, or against any one or more of them, separately or together, without impairing the rights of Beneficiary against any party hereto. Any time that Beneficiary is entitled to exercise its rights or remedies hereunder, it may in its discretion elect to demand payment and/or performance. If Beneficiary elects to demand performance, it shall at all times thereafter have the right to demand payment until all of the Secured Obligations have been paid and performed in full. If Beneficiary elects to demand payment, it shall at all times thereafter have the right to demand performance until all of the Secured Obligations have been paid and performed in full.

(c) Trustor agrees that any of the following will not release Trustor from the Secured Obligations:

(i) any partial or full release, whether express or by operation of law, which may be given by Beneficiary or any Beneficiary to the other Obligated Parties;

(ii) the death, insolvency, bankruptcy, disability, dissolution, liquidation, termination, receivership, reorganization, merger, consolidation, change of form, structure or ownership, sale of all assets, or lack of corporate, partnership or other power of any Obligated Party;

(iii) any limitation of liability or recourse in any of this Deed of Trust or a Loan Document or arising under any law;

(iv) the taking or accepting of any other security or guaranty for, or right of recourse with respect to, any or all of the Secured Obligations;

(v) any release, surrender, abandonment, exchange, alteration, sale or other disposition, subordination, deterioration, waste, failure to protect or preserve, impairment, or loss of, or any failure to create or perfect any lien or security interest with respect to, or any other dealings with, any collateral or security at any time existing or purported, believed or expected to exist in connection with any or all of the Secured Obligations, including any impairment of any Obligated Party's recourse against any person or collateral;

(vi) either with or without notice to or consent of an Obligated Party: with respect to any other Obligated Party, any renewal, extension, modification or rearrangement of the terms of any or all of the Secured Obligations and/or any of the Loan Documents, including, without limitation, material alterations of the terms of payment (including changes in maturity date(s) and interest rate(s)) or performance (including changes in the terms or aspects of construction of any improvements on the property securing the Note) or any other terms thereof, or any waiver, termination, or release of, or consent to departure from, any of the Loan Documents or any other guaranty of any or all of the Secured Obligations, or any adjustment, indulgence, forbearance, or compromise that may be granted from time to time by Beneficiary or any Beneficiary to any other Obligated Party;

(vii) any neglect, lack of diligence, delay, omission, failure, or refusal of Beneficiary or any Beneficiary to take or prosecute (or in taking or prosecuting) any action for the collection or enforcement of any of the Secured Obligations, or to foreclose or take or prosecute any action to foreclose (or in foreclosing or taking or prosecuting any action to foreclose) upon any security therefor, or to exercise (or in exercising) any other right or power with respect to any security therefor, or to take or prosecute (or in taking or prosecuting) any action in connection with any Loan Document, or any failure to sell or otherwise dispose of in a commercially reasonable manner any collateral securing any or all of the Secured Obligations;

(viii) any failure of Beneficiary or any Beneficiary on one or more occasions to notify an Obligated Party, with respect to another Obligated Party, of any creation, renewal, extension, rearrangement, modification, supplement, subordination, or assignment of the Secured Obligations or any part thereof, or of any Loan Document, or of any release of or change in any security, or of any other action taken or refrained from being taken by Beneficiary or any Beneficiary against such other Obligated Party or any security or other recourse, or of any new agreement between Beneficiary or any Beneficiary and such other Obligated Party, it being understood that Beneficiary and the Beneficiaries shall not be required to give an Obligated Party any notice of any kind under any circumstances with respect to or in connection with any other Obligated Party, any and all rights to notice an Obligated Party may have otherwise had being hereby waived by each Obligated Party;

(ix) if for any reason Beneficiary or any Beneficiary is required to refund any payment by an Obligated Party to any other Obligated Party or pay the amount thereof to someone else;

(x) the existence of any claim, counterclaim, setoff, defense or other right that Trustor may at any time have against another Obligated Party, or any other person, whether or not arising in connection with this Deed of Trust, or any other Loan Document;

(xi) the unenforceability of all or any part of the Secured Obligations against another Obligated Party, whether because the Secured Obligations exceed the amount permitted by law or violate

any usury law, or because the act of creating the Secured Obligations, or any part thereof, is ultra vires, or because the officers or persons creating same acted in excess of their authority, or because of a lack of validity or enforceability of or defect or deficiency in any of the Loan Documents, or because another Obligated Party has any valid defense, claim or offset with respect thereto, or because another Obligated Party's obligation ceases to exist by operation of law, or except with respect to Trustor, because of any other reason or circumstance, it being agreed that Trustor shall remain liable hereon regardless of whether another Obligated Party or any other person be found not liable on the Secured Obligations, or any part thereof, for any reason (and regardless of any joinder of another Obligated Party or any other party in any action to obtain payment or performance of any or all of the Secured Obligations); or

(xii) any order, ruling or plan of reorganization emanating from proceedings under the Bankruptcy Code with respect to another Obligated Party or any other person, including any extension, reduction, composition, or other alteration of the Secured Obligations with respect thereto, whether or not consented to by Beneficiary.

(d) Trustor shall not have any right to assert against Beneficiary any claim, counterclaim, defense or setoff which such Trustor may have against the other Obligated Parties or any other party liable to Beneficiary for the Secured Obligations.

(e) Trustor agrees that it is solely responsible for keeping itself informed as to the financial condition of the other Obligated Parties and of all circumstances which bear upon the risk of nonpayment. Trustor waives any right it may have to require Beneficiary to disclose to Trustor any information which Beneficiary may now or hereafter acquire concerning the financial condition of the other Obligated Parties.

(f) Trustor represents and warrants to Beneficiary that it has and will derive benefit, directly and indirectly, from the loans evidenced by the Loan Documents. Obligated Parties agree that Beneficiary will not be required to inquire as to the disposition by any Obligated Party of funds disbursed in accordance with the terms of the Loan Documents.

(g) Until all Secured Obligations have been paid in full, Trustor shall not have any right of subrogation in or under any of the Loan Documents or to participate in any way therein, or in any right, title or interest in and to any security or right of recourse for the indebtedness incurred under the Loan Documents, or any right to reimbursement, exoneration, contribution (contractual, statutory or otherwise), indemnification or any similar rights, including without limitation, any claim or right of subrogation under the Bankruptcy Code, which Trustor may now or hereafter have against any other Obligated Party with respect to the indebtedness incurred under the Loan Documents. Trustor shall not have any right to enforce any remedy which Beneficiary now has or may hereafter have against any other Obligated Party, or shall have any benefit of, or any right to participate in, any security now or hereafter held by Beneficiary.

(h) Trustor waives all rights and defenses that Trustor may have because the Obligated Parties' Loans are secured by real property. This means, among other things:

(i) Beneficiary may collect from each Obligated Party (including enforcing the Loan Documents against such Obligated Party's interest in the property secured thereby) without first foreclosing on any real or personal property collateral pledged by Trustor or any other Obligated Party.

(ii) If Beneficiary forecloses on any real property collateral pledged by Trustor or any other Obligated Party:

(a) The amount of the Secured Obligations may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price. At any such sale of the collateral, Beneficiary may at its discretion purchase all or any part of the collateral so sold or offered for sale for its own account and may deduct the price bid from the Secured Obligations. The price at such foreclosure sale shall only be the net proceeds therefrom, after deduction of all charges and expenses of every kind and nature whatsoever.

(b) Beneficiary may collect from each Obligated Party (including enforcing the Loan Documents against such Obligated Party's interest) even if Beneficiary, by foreclosing on the real property collateral pledged by Trustor or the other Obligated Parties, has destroyed any right Trustor or such Obligated Party may have to collect from the other Obligated Parties.

(c) Beneficiary shall not be required to institute or prosecute proceedings to recover any deficiency as a condition of payment hereunder or enforcement hereof.

This subsection is an unconditional and irrevocable waiver of any rights and defenses each Obligated Party may have because Obligated Parties' Loan is secured by real property.

(i) Trustor hereby expressly waives, any and all rights to which they may be entitled under any suretyship laws in effect from time to time, including any right or privilege, whether existing under statute, at law or in equity, to require Beneficiary to take prior recourse or proceedings against any collateral, security, any other Obligated Party or any other person. Trustor unconditionally and irrevocably waives any rights, defenses or remedies it may have under (1) Chapter 43 and Section 17.001 of the Texas Civil Practice and Remedies Code and Texas Rule of Civil Procedure 31, including without limitation, notice, discharge, levy and subrogation, and (2) Sections 51.003 through 51.005 of the Texas Property Code, relating to deficiency judgments.)

(j) In the event any payment by another Obligated Party or any other person to Beneficiary or any Beneficiary is held to constitute a preference, fraudulent transfer or other voidable payment under any bankruptcy, insolvency or similar law or theory, including any equitable remedy, or if for any other reason Beneficiary or any Beneficiary is required to refund such payment or pay the amount thereof to any other party, such payment by another Obligated Party or any other party to Beneficiary or any Beneficiary shall not constitute a release of Trustor or the Property from the Deed of Trust, and the Deed of Trust shall continue to be effective or shall be reinstated (notwithstanding any prior release, surrender or discharge by Beneficiary of the Secured Obligations or Trustor), as the case may be, with respect to and the Deed of Trust shall continue to send, any and all amounts so refunded by Beneficiary or any Beneficiary or paid by Beneficiary or any Beneficiary to another person (which amounts shall constitute part of the Secured Obligations), and any interest paid by Beneficiary and any attorneys' fees, costs and expenses paid or incurred by Beneficiary in connection with any such event. It is the intent of Trustor and Beneficiary that the obligations and liabilities of Trustor hereunder are absolute and unconditional under any and all circumstances and that until the Secured Obligations are fully and finally paid and performed, and not subject to refund or disgorgement, the obligations and liabilities of Trustor hereunder shall not be discharged or released, in whole or in part, by any act or occurrence that might, but for the provisions of this Section, be deemed a legal or equitable discharge or release of Trustor.

(k) If acceleration of the time for payment of any amount payable by another Obligated Party under a Note, or any other Loan Document is stayed or delayed by any law or tribunal, all such amounts shall nonetheless continue to be secured by this Deed of Trust.

(l) If, for any reason whatsoever, another Obligated Party is now or hereafter becomes indebted to Trustor:

(i) such indebtedness and all interest thereon and all liens, security interests and rights now or hereafter existing with respect to property of the other Obligated Party securing same shall, at all times, be subordinate in all respects to the Secured Obligations and to all liens, security interests and rights now or hereafter existing to secure the Secured Obligations;

(ii) Trustor shall not be entitled to enforce or receive payment, directly or indirectly, of any such indebtedness of another Obligated Party to Trustor until the Secured Obligations have been fully and finally paid and performed;

(iii) Trustor hereby assigns and grants to Beneficiary a security interest in all such indebtedness and security therefor, if any, of another Obligated Party to Trustor now existing or hereafter arising, including any dividends and payments pursuant to debtor relief or insolvency proceedings referred to below. In the event of receivership, bankruptcy, reorganization, arrangement or other debtor relief or insolvency proceedings involving another Obligated Party as debtor, Beneficiary shall have the right to prove its claim in any such proceeding so as to establish its rights hereunder and shall have the right to receive directly from the receiver, trustee or other custodian (whether or not a Default shall have occurred or be continuing under any of the Loan Documents)), dividends and payments that are payable upon any obligation of another Obligated Party to Trustor now existing or hereafter arising, and to have all benefits of any security therefor, until the Secured Obligations have been fully and finally paid and performed. If, notwithstanding the foregoing provisions, Trustor should receive any payment, claim or distribution that is prohibited as provided above in this subsection, Trustor shall pay the same to Beneficiary immediately, Trustor hereby agreeing that it shall receive the payment, claim or distribution in trust for Beneficiary and shall have absolutely no dominion over the same except to pay it immediately to Beneficiary; and

(iv) Trustor shall promptly upon request of Beneficiary from time to time execute such documents and perform such acts as Beneficiary may require to evidence and perfect its interest and to permit or facilitate exercise of its rights under this subsection, including, but not limited to, execution and delivery of proofs of claim, further assignments and security agreements, and delivery to Beneficiary of any promissory notes or other instruments evidencing indebtedness of another Obligated Party to Trustor.

(m) If Trustor is or becomes liable, by endorsement or otherwise, for any indebtedness owing by another Obligated Party to Beneficiary, such liability shall not be in any manner impaired or affected hereby, and the rights of Beneficiary hereunder shall be cumulative of any and all other rights that Beneficiary may have against Trustor. If another Obligated Party is or becomes indebted to Beneficiary for any indebtedness other than or in excess of the Secured Obligations, any payment received or recovery realized upon any indebtedness of another Obligated Party to Beneficiary may, except to the extent paid by Trustor on the Secured Obligations or specifically required by law or agreement of Beneficiary to be applied to the Secured Obligations, in Beneficiary's sole discretion, be applied upon indebtedness of another Obligated Party to Beneficiary other than the Secured Obligations.

3. Release. Upon payment of all sums secured by this Deed of Trust, Lender shall provide a release of this Deed of Trust to Borrower or Borrower's designated agent in accordance with applicable

law. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Deed of Trust, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under applicable law.

4. Substitute Trustee; Trustee Liability. All rights, remedies and duties of Trustee under this Deed of Trust may be exercised or performed by one or more trustees acting alone or together. Lender, at its option and with or without cause, may from time to time, by power of attorney or otherwise, remove or substitute any trustee, add one or more trustees, or appoint a successor trustee to any Trustee without the necessity of any formality other than a designation by Lender in writing. Without any further act or conveyance of the Property the substitute, additional or successor trustee shall become vested with the title, rights, remedies, powers and duties conferred upon Trustee herein and by applicable law.

5. Trustee shall not be liable if acting upon any notice, request, consent, demand, statement or other document believed by Trustee to be correct. Trustee shall not be liable for any act or omission unless such act or omission is willful.

6. Subrogation. Any of the proceeds of the Note used to take up outstanding liens against all or any part of the Property have been advanced by Lender at Borrower's request and upon Borrower's representation that such amounts are due and are secured by valid liens against the Property. Lender shall be subrogated to any and all rights, superior titles, liens and equities owned or claimed by any owner or holder of any outstanding liens and debts, regardless of whether said liens or debts are acquired by Lender by assignment or are released by the holder thereof upon payment.

7. Partial Invalidity. In the event any portion of the sums intended to be secured by this Deed of Trust cannot be lawfully secured hereby; payments in reduction of such sums shall be applied first to those portions not secured hereby.

8. Express Negligence Rule. IT IS THE EXPRESS INTENTION OF TRUSTOR AND TRUSTOR HEREBY AGREES THAT EACH AND EVERY INDEMNITY SET FORTH IN THIS DEED OF TRUST OR IN ANY OF THE OTHER LOAN DOCUMENTS WILL APPLY TO AND FULLY PROTECT EACH INDEMNIFIED PARTY EVEN THOUGH ANY CLAIMS, DEMANDS, LIABILITIES, LOSSES, DAMAGES, CAUSES OF ACTION, JUDGMENTS, PENALTIES, COSTS AND EXPENSES (INCLUDING WITHOUT LIMITATION REASONABLE ATTORNEYS' FEES) THEN THE SUBJECT OF INDEMNIFICATION MAY HAVE BEEN CAUSED BY, ARISE OUT OF, OR ARE OTHERWISE ATTRIBUTABLE TO, DIRECTLY OR INDIRECTLY, THE NEGLIGENCE (EXCLUDING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT) IN WHOLE OR IN PART OF SUCH INDEMNIFIED PARTY AND/OR ANY OTHER PARTY.

9. Notice of Final Agreement. THIS DEED OF TRUST, THE WRITTEN LOAN AGREEMENT, AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

10. Waiver of Consumer Rights. TRUSTOR REPRESENTS AND ACKNOWLEDGES THAT TRUSTOR IS A "BUSINESS CONSUMER" FOR PURPOSES OF THE TEXAS DECEPTIVE TRADE PRACTICES – CONSUMER PROTECTION ACT, SECTION 17.41 ET SEQ., TEXAS BUSINESS AND COMMERCE CODE, AS FROM TIME TO TIME AMENDED (THE "ACT"), AND THAT TRUSTOR HAS BEEN REPRESENTED BY TEXAS COUNSEL OF ITS SELECTION (WHO

HAS NOT BEEN DIRECTLY OR INDIRECTLY IDENTIFIED, SUGGESTED OR SELECTED BY BENEFICIARY, ANY BENEFICIARY OR ANY OF THEIR AGENTS) IN CONNECTION WITH THE LOAN AGREEMENT AND NOTE AND THE TRANSACTIONS CONTEMPLATED BY THE LOAN AGREEMENT AND NOTE AND THE RELATED LOAN DOCUMENTS, AND THAT TRUSTOR HEREBY WAIVES THE APPLICABILITY OF THE PROVISIONS OF THE ACT WITH RESPECT TO THE LOAN AGREEMENT AND NOTE AND SUCH TRANSACTIONS IF AND TO THE EXTENT THAT THE ACT WOULD APPLY TO ANY OF SAME.

TRUSTOR WAIVES ITS RIGHTS UNDER THE ACT, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. AFTER CONSULTATION WITH AN ATTORNEY OF ITS OWN SELECTION, TRUSTOR HEREBY VOLUNTARILY CONSENTS TO THIS WAIVER.

11. Homestead. Trustor represents and covenants that the Property forms no part of any property owned, used or claimed by Trustor as a business or residential homestead, or as exempt from forced sale under the laws of the State of Texas, and disclaims and renounces all and every such claim thereto.

12. Purchase Money; Owelty of Partition; Renewal and Extension of Liens Against Homestead Property; Acknowledgment of Cash Advanced Against Non-Homestead Property.

Check box as applicable:

Purchase Money

The funds advanced to Borrower under the Note were used to pay all or part of the purchase price of the Property. The Note also is primarily secured by the vendor's lien retained in the deed of even date with this Deed of Trust conveying the Property to Borrower, which vendor's lien has been assigned to Lender, this Deed of Trust being additional security for such vendor's lien.

Owelty of Partition

The Note represents funds advanced by Lender at the special instance and request of Borrower for the purpose of acquiring the entire fee simple title to the Property and the existence of an owelty of partition imposed against the entirety of the Property by a court order or by a written agreement of the parties to the partition to secure the payment of the Note is expressly acknowledged, confessed and granted.

Renewal and Extension of Liens Against Homestead Property.

The Note is in renewal and extension, but not in extinguishment, of the indebtedness described on the attached Renewal and Extension Exhibit which is incorporated by reference. Lender is expressly subrogated to all rights, liens and remedies securing the original holder of a note evidencing Borrower's indebtedness and the original liens securing the indebtedness are renewed and extended to the date of maturity of the Note in renewal and extension of the indebtedness.

Acknowledgment of Cash Advanced Against Non-Homestead Property.

The Note represents funds advanced to Borrower on this day at Borrower's request and Borrower acknowledges receipt of such funds. Borrower states that Borrower does not now and does not intend ever to reside on, use in any manner, or claim the Property secured by this Deed of Trust as a business or residential homestead. Borrower disclaims all homestead rights, interests and exemptions related to the

Property.


Loan Not a Home Equity Loan. The Loan evidenced by the Note is not an extension of credit as defined by Section 50(a)(6) or Section 50(a)(7), Article XVI, of the Texas Constitution. If the Property is used as Borrower's residence, then Borrower agrees that Borrower will receive no cash from the Loan evidenced by the Note and that any advances not necessary to purchase the Property, extinguish an owelty lien, complete construction, or renew and extend a prior lien against the Property, will be used to reduce the balance evidenced by the Note or such Loan will be modified to evidence the correct Loan balance, at Lender's option. Borrower agrees to execute any documentation necessary to comply with this paragraph.

NOW, THEREFORE, If the Note and any Indebtedness secured by this Deed of Trust shall be well and truly paid according to their tenor and if all the terms, covenants, conditions, and agreements of the Trustor contained herein and in the Note and Loan Documents, shall be fully and faithfully performed, observed, and complied with, then this Deed of Trust deed shall be void, but shall otherwise remain in full force and effect.

[No further text on this page; signatures appear on the following page]

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the December 30, 2022.

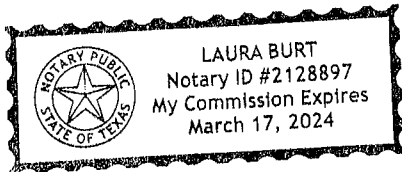
Trustor:
JMK5 MARINA LLC

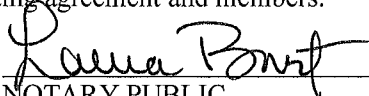
By: 
Name: Jerome M. Karam
Title: Manager and Sole Member

STATE OF Texas)
)ss.:
COUNTY OF Galveston)

I certify that on December 30, 2022 Jerome M. Karam came before me in person and stated to my satisfaction that he/she:

- (a) made the attached instrument; and
- (b) was authorized to and did execute this instrument on behalf of and as Manager and Sole Member of JMK5 MARINA LLC (the "Company"), the entity named in this instrument, as the free act and deed of the Company, by virtue of the authority granted by its operating agreement and members.




NOTARY PUBLIC

SCHEDULE A
PROPERTY DESCRIPTION

DESCRIPTION OF TWO (2) TRACTS OF LAND BEING RESTRICTED RESERVE "B" AND UNRESTRICTED RESERVE "C", OF MARINA DEL SOL, A SUBDIVISION IN GALVESTON COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 18, PAGE 160, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS, AND PART OF RESTRICTED RESERVE "A-1", OF MARINA ON THE LAKE SUBDIVISION, A SUBDIVISION IN GALVESTON COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 18, PAGE 77, ON THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS.

TRACT 1:

RESTRICTED RESERVE "B" AND UNRESTRICTED RESERVE "C", OF MARINA DEL SOL, A SUBDIVISION IN GALVESTON COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 18, PAGE 160, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS.

TRACT 2:

BEING A TRACT OR PARCEL CONTAINING 1.126 ACRES (49,043 SQUARE FEET) OF LAND SITUATED IN THE MICHAEL MULDOON TWO LEAGUE GRANT, ABSTRACT NUMBER 18, GALVESTON COUNTY, TEXAS; BEING OUT OF AND A PART OF THAT CERTAIN TRACT OF LAND (TRACT 2) CONVEYED TO JMK5 MARINA LLC AS DESCRIBED BY DEED RECORDED UNDER GALVESTON COUNTY CLERK'S FILE (G.C.C.F.) NUMBER 2022025374; BEING OUT OF AND A PART OF RESTRICTED RESERVE "A-1", MARINA ON THE LAKE SUBDIVISION, A SUBDIVISION PLAT OF RECORD AT PLAT RECORD 18, MAP NUMBER(S) 77-78, GALVESTON COUNTY MAP RECORDS (G.C.M.R.); SAID 1.126 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS (BEARINGS ARE GRID AND ORIENTED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE NUMBER 4204, US SURVEY FEET, NAD83(NA2011);

COMMENCING AT A 5/8-INCH IRON ROD FOUND ON THE SOUTHERLY RIGHT-OF-WAY (R.O.W.) LINE OF TWIN OAKS BOULEVARD (90 FEET WIDE) AND MARKING THE MOST WESTERLY CORNER OF RESTRICTED RESERVE "D", MARINA DEL SOL, A SUBDIVISION PLAT OF RECORD AT PLAT RECORD 18, MAP NUMBER 160, G.C.M.R.;

THENCE, NORTH 71°49'15" EAST, ALONG SAID SOUTHERLY R.O.W. LINE, A DISTANCE OF 9.92 FEET TO A POINT OF CURVATURE FOR A CURVE TO THE LEFT, FROM WHICH A 1/2-INCH IRON ROD FOUND BEARS NORTH 28°32' WEST, 0.54 FEET;

THENCE, NORTHEASTERLY, AN ARC DISTANCE OF 172.76 FEET ALONG SAID SOUTHERLY R.O.W. LINE AND CURVE TO THE LEFT, HAVING A RADIUS OF 323.01 FEET, A CENTRAL ANGLE OF 30°38'38", AND A CHORD WHICH BEARS NORTH 56°29'56" EAST, 170.71 FEET TO A 3/8-INCH IRON ROD FOUND MARKING A POINT OF TANGENCY;

THENCE, NORTH 41°10'36" EAST, CONTINUING ALONG SAID SOUTHERLY R.O.W. LINE, A DISTANCE OF 26.57 FEET TO A 3/8-INCH IRON ROD FOUND MARKING THE MOST NORTHERLY CORNER OF SAID RESTRICTED RESERVE "D" AND A POINT OF CURVATURE FOR A CURVE TO THE RIGHT, SAID IRON ROD ALSO FOR THE POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT;

THENCE, NORTHEASTERLY, AN ARC DISTANCE OF 81.44 FEET ALONG SAID SOUTHERLY R.O.W. LINE AND A CURVE TO THE RIGHT, HAVING A RADIUS OF 123.99 FEET, A CENTRAL ANGLE OF 37°37'56", AND A CHORD WHICH BEARS NORTH 59°59'34" EAST, 79.98 FEET TO AN "X" CUT IN CONCRETE FOUND MARKING A POINT OF TANGENCY;

THENCE, NORTH 78°48'06" EAST, CONTINUING ALONG SAID SOUTHERLY R.O.W. LINE, A DISTANCE OF 24.18 FEET TO THE MOST NORTHERLY CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE, SOUTH 18°47'54" EAST, DEPARTING SAID SOUTHERLY R.O.W. LINE AND OVER AND ACROSS SAID RESTRICTED RESERVE "A-1", MARINA ON THE LAKE SUBDIVISION, A DISTANCE OF 667.10 FEET TO AN ANGLE POINT;

THENCE, NORTH 71°12'06" EAST, CONTINUING OVER AND ACROSS SAID RESTRICTED RESERVE "A-1", A DISTANCE OF 15.04 FEET TO AN ANGLE POINT;

THENCE, SOUTH 18°47'54" EAST, CONTINUING OVER AND ACROSS SAID RESTRICTED RESERVE "A-1", A DISTANCE OF 52.00 FEET TO THE MOST EASTERLY CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE, SOUTH 72°11'45" WEST, CONTINUING OVER AND ACROSS SAID RESTRICTED RESERVE "A-1", A DISTANCE OF 121.74 FEET TO THE NORTHEASTERLY LINE OF RESTRICTED RESERVE "B", MARINA DEL SOL AND FOR THE MOST SOUTHERLY CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE, NORTH 21°04'44" EAST, ALONG SAID NORTHEASTERLY LINE, A DISTANCE OF 65.01 FEET TO THE EASTERLY COMMON CORNER OF SAID RESTRICTED RESERVE "B" AND UNRESTRICTED RESERVE "C", MARINA DEL SOL AND FOR AN ANGLE POINT;

THENCE, NORTH 18°47'54" WEST, AT 438.11 FEET PASSING THE EASTERLY COMMON CORNER OF SAID UNRESTRICTED RESERVE "C" AND RESTRICTED RESERVE "D", MARINA DEL SOL, CONTINUING IN ALL FOR A TOTAL DISTANCE OF 633.11 FEET TO AN "X" CUT IN CONCRETE FOUND MARKING A POINT OF CURVATURE FOR A CURVE TO THE LEFT;

THENCE, WESTERLY, AN ARC DISTANCE OF 52.22 FEET ALONG SAID CURVE TO THE LEFT, HAVING A RADIUS OF 25.00 FEET, A CENTRAL ANGLE OF 119°40'50", AND A CHORD WHICH BEARS NORTH 78°45'07" WEST, 43.23 FEET TO THE POINT OF BEGINNING AND CONTAINING 1.126 ACRES (49,043 SQUARE FEET) OF LAND. THIS DESCRIPTION IS BASED ON A LAND TITLE SURVEY OF 15.630 ACRES (2 TRACTS) PREPARED BY BOUNDARY ONE, LLC, DATED APRIL 4, 2022. PROJECT NUMBER 6767-2202-619V.

SCHEDULE B
PERMITTED ENCUMBRANCES

As outlined on Schedule B of the Lenders title policy.

EXHIBIT C

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

SPECIAL WARRANTY DEED

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF GALVESTON §

MILAND MARINE TWO, LP, a Texas limited partnership (“Grantor”), for and in consideration of the sum of \$10.00 and other good and valuable consideration to it in hand paid by JMK5 MARINA LLC , a Texas limited liability company (“Grantee”), whose address is 308 W. Parkwood Ave. Suite 104A, Friendswood, Texas 77546, the receipt and sufficiency of which is hereby acknowledged and confessed, has GRANTED, BARGAINED, SOLD, ASSIGNED and CONVEYED, and by these presents does GRANT, BARGAIN, SELL, ASSIGN and CONVEY, unto Grantee:

Those certain tracts or parcels of land situated in Galveston County, Texas, being more particularly described on Exhibit A attached and incorporated by reference, together with all rights, appurtenances, and easements pertaining to the land (the “Land”), together with all improvements on the Land (“Improvements”) (collectively, the “Property”).

All or a portion of the consideration for this conveyance consists of a certain sum of money advanced on behalf of Grantee by Priority Investor Loans, LLC (“Lender”), as evidenced by the execution and delivery by Grantee of a promissory note of even date (“Note”) in the original principal sum of \$4,745,000.00 payable to the order of Lender. The Note is secured by the vendor’s lien and superior title herein retained by Grantor and assigned to Lender without recourse and by the lien created by that certain deed of trust (the “Deed of Trust”) of even date herewith executed by Grantee in favor of Clifford D. Harmon, Trustee for the benefit of Lender, covering the Property. It is expressly agreed and stipulated that the vendor’s lien as well as superior title in and to the Property are hereby retained until the Note and all amounts due thereunder are fully paid according to the face, tenor, effect and reading thereof. In consideration of Lender making such loan, which directly benefits Grantor, Grantor hereby transfers, sets over, assigns, and conveys, without recourse, unto Lender, its successors and assigns, the vendor’s lien and superior title herein retained and reserved against the Property.

TO HAVE AND TO HOLD the Property, together with all and singular any other rights and appurtenances thereto in anywise belonging, unto Grantee, its successors and assigns, FOREVER, subject to those restrictions and encumbrances listed on Exhibit B, attached hereto and incorporated

DEFEND all and singular the Property unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through ,or under Grantor, but not otherwise, subject, however, to the Permitted Exceptions.

Grantor, for the same consideration and subject to the Permitted Exceptions, grants, sells, and conveys to Grantee, without express or implied warranty, the strips or gores, if any, between the Property and abutting properties and land lying in or under any public thoroughfare, opened or proposed, abutting or adjacent to the Property, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Grantee and Grantee's heirs, successors, and assigns forever. All warranties that might arise by common law as well as the warranties in section 5.023 of the Texas Property Code (or its successor) are excluded as to the property conveyed by this paragraph.

GRANTEE ACKNOWLEDGES AND AGREES THAT THE PROPERTY IS CONVEYED "AS IS", "WHERE IS", AND WITH ALL FAULTS. GRANTEE SHALL NOT REQUIRE GRANTOR TO MAKE ANY REPAIRS OR IMPROVEMENTS WHATSOEVER TO THE PROPERTY, AND THE SALES PRICE FOR THE PROPERTY REFLECTS SUCH AGREEMENT. EXCEPT AS EXPRESSLY SET FORTH IN THE ASSET PURCHASE AGREEMENT BETWEEN GRANTOR AND GRANTEE AND THE SPECIAL WARRANTY OF TITLE CONTAINED IN THIS DEED, GRANTOR MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER WHETHER EXPRESSED OR IMPLIED WITH RESPECT TO THE PROPERTY, THE AVAILABILITY OF UTILITIES TO THE PROPERTY, ACCESS OF THE PROPERTY TO PUBLIC ROADS, OR THE CONDITION, ADEQUACY OR SUITABILITY OF THE PROPERTY FOR GRANTEE'S PURPOSES, HABITABILITY, TENANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, OR THE ENVIRONMENTAL CONDITION OF THE PROPERTY AND THE PRESENCE OF OR CONTAMINATION BY HAZARDOUS MATERIALS AND GRANTOR HEREBY DISCLAIMS ANY SUCH WARRANTY. GRANTEE HAS INQUIRED, OR WILL INQUIRE, AS TO (I) THE PHYSICAL CONDITION OF THE PROPERTY, (II) WHETHER ANY PORTION OF THE PROPERTY LIES IN ANY FLOOD PLAIN, FLOOD WAY OR SPECIAL FLOOD HAZARD AREA, (III) THE GEOLOGICAL AND SOIL CONDITION OF THE PROPERTY, (IV) WHETHER THE PROPERTY COMPLIES WITH ALL CITY OR COUNTY ZONING AND BUILDING REGULATIONS, AND (V) ALL ENVIRONMENTAL CONDITIONS (INCLUDING BUT NOT LIMITED TO THE PRESENCE OF ASBESTOS OR OTHER HAZARDOUS MATERIALS) RELATING TO THE PROPERTY.

IN TESTIMONY WHEREOF, this instrument is executed as of March 31, 2022.

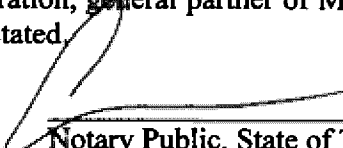
GRANTOR:

MILAND MARINE TWO, LP, a Texas
limited partnership

By: Miland Corporation, a Texas
corporation, general partner

STATE OF TEXAS §
 §
COUNTY OF Harris §

This instrument was acknowledged before me on March 31, 2022, by Janet Miller, President of Miland Corporation, a Texas corporation, general partner of MILAND MARINE TWO, LP, a Texas limited partnership, in the capacity stated.



Notary Public, State of Texas
My commission expires: _____

Attachments:

- Exhibit A – Property Description
- Exhibit B – Permitted Exceptions

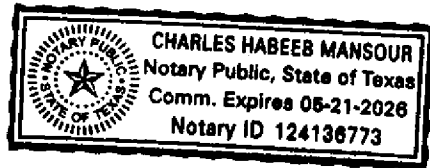


EXHIBIT A

PROPERTY DESCRIPTION

DESCRIPTION OF TWO (2) TRACTS OF LAND BEING RESTRICTED RESERVES "B", "D", "E" AND UNRESTRICTED RESERVE "C", OF MARINA DEL SOL, A SUBDIVISION IN GALVESTON COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 18, PAGE 160, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS, AND PART OF RESTRICTED RESERVE "A-1", OF MARINA ON THE LAKE SUBDIVISION, A SUBDIVISION IN GALVESTON COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 18, PAGE 77, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS

TRACT 1:

RESTRICTED RESERVES "B", "D", "E" AND UNRESTRICTED RESERVE "C", OF MARINA DEL SOL, A SUBDIVISION IN GALVESTON COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 18, PAGE 160, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS.

TRACT 2:

RESTRICTED RESERVE "A-1", OF MARINA ON THE LAKE SUBDIVISION, A SUBDIVISION IN GALVESTON COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 18, PAGE 77, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS, SAVE AND EXCEPT FROM RESTRICTED RESERVE "A-1", RESTRICTED RESERVE "B", REPLATTED IN MARINA DEL SOL, A SUBDIVISION IN GALVESTON COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 18, PAGE 160, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS, DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHERLY RIGHT OF WAY LINE OF TWIN OAKS BOULEVARD, SAID POINT BEING THE NORTHWESTERLY CORNER OF LOT 1, IN UNRESTRICTED RESERVE "H", OF MARINA DEL SOL SUBDIVISION, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 18, PAGE 160 IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS

THENCE ALONG THE NORTHERLY, EASTERLY, SOUTHERLY AND PART OF THE WESTERLY LINES OF RESTRICTED RESERVE "A-1" AS FOLLOWS;

SOUTH 18 DEGREES 54 MINUTES 08 SECONDS EAST, 232.22 FEET,

NORTH 83 DEGREES 08 MINUTES 00 SECONDS EAST, 84.00 FEET,
SOUTH 77 DEGREES 17 MINUTES 29 SECONDS EAST, 36.60 FEET,
NORTH 77 DEGREES 28 MINUTES 32 SECONDS EAST, 41.66 FEET,
NORTH 63 DEGREES 59 MINUTES 16 SECONDS EAST, 30.97 FEET,
SOUTH 00 DEGREES 01 MINUTES 56 SECONDS EAST, 293.94 FEET,
SOUTH 00 DEGREES 01 MINUTES 49 SECONDS EAST, 13.71 FEET,
NORTH 75 DEGREES 42 MINUTES 18 SECONDS WEST, 19.98 FEET,
SOUTH 81 DEGREES 56 MINUTES 59 SECONDS WEST, 129.61 FEET,
SOUTH 68 DEGREES 05 MINUTES 07 SECONDS WEST, 50.94 FEET,
SOUTH 07 DEGREES 45 MINUTES 00 SECONDS EAST, 47.62 FEET,
SOUTH 72 DEGREES 11 MINUTES 28 SECONDS WEST, 764.89 FEET,
NORTH 27 DEGREES 45 MINUTES 53 SECONDS WEST, 31.39 FEET,
SOUTH 60 DEGREES 09 MINUTES 00 SECONDS WEST, 52.01 FEET,
SOUTH 35 DEGREES 30 MINUTES 00 SECONDS WEST, 63.00 FEET,
SOUTH 11 DEGREES 43 MINUTES 00 SECONDS WEST, 89.00 FEET,
SOUTH 45 DEGREES 02 MINUTES 00 SECONDS WEST, 37.43 FEET,
NORTH 18 DEGREES 55 MINUTES 28 SECONDS WEST, 358.57 FEET,
NORTH 79 DEGREES 31 MINUTES 00 SECONDS EAST, 33.19 FEET,
SOUTH 55 DEGREES 00 MINUTES 00 SECONDS EAST, 35.00 FEET,
SOUTH 20 DEGREES 33 MINUTES 00 SECONDS EAST, 106.95 FEET,
NORTH 79 DEGREES 56 MINUTES 00 SECONDS EAST, 121.31 FEET,

NORTH 18 DEGREES 54 MINUTES 08 SECONDS WEST, 633.11 FEET TO THE P.C. OF A CURVE,

ALONG A CURVE TO THE LEFT, WHOSE RADIUS IS 25.00 FEET, WHOSE CHORD BEARS NORTH 78 DEGREES 54 MINUTES 53 SECONDS WEST 43.31 FEET, A DISTANCE OF 52.37 FEET TO THE SOUTHERLY RIGHT OF WAY LINE OF TWIN OAKS BOULEVARD,

ALONG THE SOUTHERLY RIGHT OF WAY LINE OF TWIN OAKS BOULEVARD, AROUND A CURVE TO THE RIGHT, WHOSE CHORD BEARS NORTH 59 DEGREES 53 MINUTES 11 SECONDS EAST 79.98 FEET, A DISTANCE OF 81.43 FEET TO THE P.T. OF SAID CURVE AND

ALONG THE SOUTHERLY RIGHT OF WAY LINE OF TWIN OAKS BOULEVARD, NORTH 78 DEGREES 42 MINUTES 00 SECONDS EAST, 34.36 FEET TO THE PLACE OF BEGINNING.

EXHIBIT B

PERMITTED EXCEPTIONS

Liens described in this deed as being either assumed or subject to which title is taken; validly existing easements, rights-of-way, and prescriptive rights, whether of record or not; all presently recorded and validly existing restrictions, reservations, covenants, conditions, oil and gas leases, mineral interests, and water interests outstanding in persons other than Grantor, and other instruments, other than conveyances of the surface fee estate, that affect the Property; validly existing rights of adjoining owners in any walls and fences situated on a common boundary; any discrepancies, conflicts, or shortages in area or boundary lines; any encroachments or overlapping of improvements; all rights, obligations, and other matters arising from and existing by reason of any water improvement or other applicable governmental district, agency, authority; and taxes for 2022, which Grantee assumes and agrees to pay, and subsequent assessments for that and prior years due to change in land usage, ownership, or both, the payment of which Grantee assumes.

FILED AND RECORDED

Instrument Number: 2022025374

Recording Fee: 50.00

Number Of Pages: 8

Filing and Recording Date: 04/14/2022 8:41AM

I hereby certify that this instrument was FILED on the date and time stamped hereon and RECORDED in the OFFICIAL PUBLIC RECORDS of Galveston County, Texas.



A handwritten signature in black ink that reads "Dwight D. Sullivan". The signature is written in a cursive style and is positioned above a horizontal line.

Dwight D. Sullivan, County Clerk
Galveston County, Texas

NOTICE: It is a crime to intentionally or knowingly file a fraudulent court record or instrument with the clerk.

DO NOT DESTROY - *Warning, this document is part of the Official Public Record.*

EXHIBIT D



aagtxas.com

Real Estate Appraisal Report

■ ADVANCED APPRAISAL GROUP

■ ■ COMMERCIAL REAL ESTATE APPRAISAL

Dallas/Fort Worth

Austin/San Antonio

Houston



APPRAISAL REPORT OF

Marina Del Sol
1203 Twin Oaks Boulevard
League City, Galveston County, Texas 77565

AAG#: 22 - 278B

PREPARED FOR

Priority Investor Loans, LLC
Mr. Dimitri Ang
3100 Wesleyan Street, Suite 315
Houston, Texas 77027

Date of Value: July 18, 2022

Date of Report: July 25, 2022



Jim Sheppard, MAI
jsheppard@aagtexas.com

July 25, 2022

Houston Office
Phone: 713-629-4211
Fax: 713-554-7722

Austin / San Antonio Office
Phone: 512-646-3211
Fax: 512-646-8722

Dallas / Fort Worth Office
Phone: 214-446-8711
Fax: 214-446-8724

Priority Investor Loans, LLC
Mr. Dimitri Ang
3100 Wesleyan Street, Suite 315
Houston, Texas 77027

Reference: Restricted Appraisal of the Marina Del Sol marina located at 1203 Twin Oaks Boulevard, League City, Galveston County, Texas 77565 (AAG #: 22 - 278B).

Dear Mr. Ang:

In compliance with your request, we have visited the subject for our observation, and we have appraised the subject as of July 18, 2022. The purpose of this report is to form an opinion of value of the property's "as is" and prospective future "as stabilized" market value(s) in Fee Simple Estate(s). This appraisal analysis is based upon our visit to the property, analysis of the client-provided data and on research into various factors that influence the property's market value.

The subject of this appraisal is a portion of the Marina Del Sol. The total property consists of ±2,800 square feet (administrative office & clubhouse) in addition to ±16,200 square feet in two dry dock buildings developed upon a ±4.188-acre site. In addition there is the harbor, which includes bulkheads, piers/docks, 319 wet slips & it is ±14.448 acres. The harbor improvements & the wet slips are not included in this appraisal analysis.

The subject's "As Is" market value of the fee simple estate property right as of July 18, 2022 and based on a 12-month exposure time is as follows:

Real Property	\$4,630,000
Contributory Value of FF & E	\$150,000
"AS IS" MARKET VALUE	\$4,780,000

The subject's prospective future "As Stabilized" market value of the fee simple estate property rights as of July 18, 2024 and based on a 12-month exposure time is as follows:

Real Property	\$4,880,000
Contributory Value of FF & E	\$150,000
PROSPECTIVE FUTURE "AS STABILIZED" MARKET VALUE	\$5,030,000

Market Value, as further defined in this report, is the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

In accordance with the definition of Market Value utilized in this Restricted Appraisal, the marketing period as set forth in this report represents the time period required to sell the subject property, allowing for currently identified market conditions and factors. Based on the quality and condition of the subject improvements, as well as the current market conditions, it is the appraisers' opinion that the market value of the subject property is based on an anticipated exposure period of one year.

Prior to accepting this assignment, the appraisers concluded that they have the necessary experience and/or knowledge to competently complete the appraisal, and during the preparation of the appraisal, the appraisers have not discovered any areas in the assignment requiring appraisal expertise in which we were lacking. These statements of appraiser competency applies to knowledge and/or experience for the real estate appraisal discipline and not other areas of trades, professions or disciplines such as engineering, surveyors, attorneys, etc.

Our visit to the vacant site did not reveal, nor did we observe, or are we aware of any natural, cultural, recreational, or scientific value influences affecting the subject property. Additionally, we have not made a specific Americans with Disabilities Act (ADA) compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. The value estimate is predicated on the assumption that no such influences are present that would affect our value conclusions. We have no expertise in these fields and no responsibility is assumed for any such conditions or for any expertise, engineering or other special knowledge required to discover them. Such studies are required before these values can be relied on by readers of this report.

To the best of our understanding this report conforms to our client's appraisal guidelines, as well as, the provisions of the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation. We certify that we have no interest, present or proposed, in the subject property, that the estimate herein has been reached after investigation, analysis and study of pertinent data, and that our fee is in no way contingent upon the value reached. This appraisal is made subject to our current contingent and limiting conditions.

The subject property was visited during the pandemic and appeared to be in overall good condition. It is possible that the subject's market characteristics may have been directly affected by the pandemic. Market conditions may have been affected, but it is too soon to measure the affect, if any, of the pandemic on market conditions in the subject's market area.

Sincerely,



Jim Sheppard, MAI
TX-1323601-G



Brandon Lansford, Associate
TX-1323094-G

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AERIAL PHOTOGRAPH OF THE SUBJECT'S AREA



The Marian Del Sol's location is specified by the red marker. The subject's address is 1203 Twin Oaks Boulevard, League City, Texas 77565.



Viewing south from Twin Oaks Drive toward the subject.

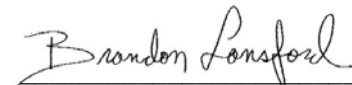
CERTIFICATION

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

- (1) The statements of fact contained in this report are true and correct.
- (2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- (3) I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- (4) I have not analyzed or appraised the subject property of this appraisal analysis in any capacity within the three-year period immediately preceding acceptance of this assignment.
- (5) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- (6) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- (7) My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- (8) My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- (9) Brandon Lansford made a personal inspection of the property that is the subject of this report. Jim Sheppard did not physically inspect the subject property.
- (10) No one provided significant real property appraisal assistance to the person signing this certification.
- (11) 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.
- (12) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- (13) As of the date of this report, Jim Sheppard has completed the requirements of the continuing education program of the Appraisal Institute. As of the date of this report, Brandon Lansford has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.
- (14) As of the date of this report, Jim Sheppard and Brandon Lansford are Texas State Certified General Real Estate Appraisers.
- (15) This appraisal assignment was **NOT** based on a requested minimum value, a specified valuation, or the approval of a loan.



Jim Sheppard, MAI
TX-1323601-G



Brandon Lansford, Associate
TX-1323094-G

CONTINGENT & LIMITING CONDITIONS

This Restricted Appraisal is subject to the following assumptions and limiting conditions and to special assumptions set forth in various sections of the Restricted Appraisal. These special assumptions are considered necessary by the appraisers to make a proper estimate of value in accordance with the appraisal assignment and are made a part herein, as though copied in full.

1. COPIES, PUBLICATION, DISTRIBUTION, USE OF REPORT - Possession of this report or any copy thereof does not carry the right of publication, nor may it be used for other than its intended use; the physical report(s) remains the property of the appraiser for the use of the client, the fee being for the analytical services only. The report may not be used for any purpose by any person or corporation other than the client and or their assignee. Please be advised that you have the right to assign the appraisal to an investor, and an assignee may rely on the appraisal as though it were addressed to the assignee. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations efforts, news, sales or other media, without the written consent and approval of Advanced Appraisal Group, Inc., nor may any reference be made in such a public communication to the Appraisal Institute or MAI designation.

2. CONFIDENTIALITY - The appraiser may not divulge the material (evaluation) contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing (except as may be required by the Appraisal Institute as they may request in confidence for ethics enforcement), or by a court of law or body with the power of subpoena. This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analysis which are set forth in the report were prepared by the appraiser(s) whose signature(s) appear on the Restricted Appraisal, unless indicated as "Review Appraiser." No change of any item in the report shall be made by anyone other than the appraiser, and the appraiser and firm shall have no responsibility if any such unauthorized change is made.

3. TRADE SECRETS - This appraisal was obtained from Advanced Appraisal Group., and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552 (b)(4). Notify the appraiser(s) signing the report or Advanced Appraisal Group, of any request to reproduce this appraisal in whole or in part.

4. INFORMATION USED - No responsibility is assumed for accuracy of information furnished by or from others, the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit; all are considered appropriate for inclusion to the best of our factual judgment and knowledge.

5. EXHIBITS - The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any, are included for the same purpose and are not intended to represent the property in other than actual status, as of the date of the photos.

6. COMPONENT VALUES - The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

7. LEGAL, ENGINEERING, FINANCIAL, STRUCTURAL, OR MECHANICAL NATURE, HIDDEN COMPONENTS, SOIL - No responsibility is assumed for matters legal in character or nature, nor matters of survey, nor of any architectural, structural, mechanical, or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear of encumbrances, unless otherwise stated in particular parts of the report. The legal description is assumed to be correct as used in this report as furnished by the client, his designee, or as derived by the appraiser. The appraiser has inspected, by observation, the land and the improvements thereon; however, it is not possible to personally observe conditions beneath the soil or hidden structure, or other components, or any mechanical components within the improvements; no representations are made herein as to these matters unless specifically stated and considered in the report; the value estimate considers there being no such conditions that would cause a loss of value. The land or the soil of the area being appraised appears firm; however, the degree of subsidence in the area is unknown. The appraiser(s) do not warrant against this condition or 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 structures which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them. All mechanical components are assumed to be in operable condition and status standards for properties of the subject type. Condition of heating, cooling, ventilating, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated.

8. TITLE POLICY A title policy has not been provided to the appraisers. Information has been obtained from other information deemed reliable. However, if this is in error, we reserve the right to adjust our values, report, etc. accordingly

CONTINGENT & LIMITING CONDITIONS - CONTINUED

9. TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICES - The contract for appraisal, consultation or analytical service is fulfilled and the total fee payable upon completion of the report. The appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post appraisal consultation with client or third parties except under separate and special arrangement and at an additional fee.

10. DOLLAR VALUES, PURCHASING POWER - The fair value estimated and the costs used are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value estimate.

11. AUXILIARY AND RELATED STUDIES - No environmental or impact study, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an agreement for services or in the report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates, or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

12. THE EXISTENCE OF HAZARDOUS SUBSTANCES - No judgment is made as to adequacy of type of insulation or energy efficiency of the improvements or equipment. Further, unless otherwise stated in this report, the appraiser(s) have no knowledge of the existence of hazardous waste products or any resultant contamination, including, without limitation, asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions which were not called to the attention of nor did the appraiser(s) become aware of such during the appraiser's inspection. The appraisers(s), however, are not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde, foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field of environmental impacts upon real estate if so desired. Also, the appraisers have not commissioned an environmental audit of the property being appraised, nor have we been provided such a report that would indicate presence or absence of hazardous materials/contamination. The appraiser represents that they are not an expert to appraise insulation or other products banned by the Consumer Products Safety Commission which might render the property more or less valuable, and in connection with this appraisal, the appraiser has not inspected for, tested for, nor taken into consideration in any respect, the presence or absence of insulation or other products described above. Therefore, the appraiser assumes no responsibility in the event the presence or absence of insulation, hazardous waste contamination, or other products increases or decreases the value of the property from the value placed thereon by the opinion of the appraiser.

13. LEGALITY OF USE - The appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. Further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report. Further, it is assumed that all required licenses, consent, permits, or other legislative or administrative authority from local, state, federal and/or private entities or organizations have been or can be obtained or renewed for any use considered in the value estimate.

14. INCLUSIONS - Furnishings and equipment or business operations, except as specifically indicated and typically considered as a part of real estate, have been disregarded with only the real estate being considered.

15. PROPOSED IMPROVEMENTS, CONDITIONED VALUE - Improvements proposed, if any, on or off-site, as well as any repairs required, are considered, for purposes of this appraisal, to be completed in good and workmanlike manner according to information submitted and/or considered by the appraiser(s). In cases of proposed construction, the appraisal is subject to change upon inspection of property after construction is completed. This estimate of market value is as of the date shown, as proposed, as if completed and operating at levels shown and projected.

16. VALUE CHANGE, DYNAMIC MARKET, INFLUENCES - The estimated value is subject to change with market changes over time; value is highly related to exposure, time, promotional effort, terms, motivation, and conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace. The "Estimate of Market Value" in the Restricted Appraisal is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised. In cases of appraisals involving the capitalization of income benefits, the estimate of value is a reflection of such benefits and appraiser's interpretation of income and yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are thus subject to change as the market is dynamic and may naturally change over time.

17. FEDERAL RESERVE INTEREST RATE REPRESSION - The Federal Reserve is actively suppressing interest rates by purchasing Mortgage Backed Securities and other financial assets. Additionally, the U.S. government has for multiple years run \$1 trillion+ deficits. These unstable footings have provided the framework for the economic recovery in the U.S. The government's current practice of printing money and/or running massive fiscal deficits does not necessarily increase economic

CONTINGENT & LIMITING CONDITIONS - CONTINUED

output or jobs. However, money printing and repressed interest rates can create the appearance of economic vigor over the near-term, but there is no precedent of a money printing or government debt issuance producing lasting economic benefit. Money printing schemes have historically, failed miserably, and government debt accumulation has a tendency to produce slower growth relative to less indebted countries (Reinhart and Rogoff). The values in this appraisal reflect the current fiscal policy and interest rate repression. If the money printing is reduced, the future values could be negatively affected. Also, if money printing is increased, the future values could be affected. If the market rejects the interest rate repression causing interest rates to rise, capitalization and financing rates would increase and market values would be negatively affected.

18. MANAGEMENT OF THE PROPERTY - It is assumed that the property which is the subject of this report will be under prudent and competent ownership and management, neither inefficient nor super-efficient.

19. THE AMERICANS WITH DISABILITIES ACT (ADA) - ADA became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider a possible noncompliance with the requirements of ADA in estimating the value of the property.

20. UTILIZATION. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the Property and that there is no encroachment or trespass unless noted in the Appraisal.

21. VALUE CONCLUSION - The final value conclusion is of the surface estate only. No consideration has been given to value, if any, of the subsurface rights of the subject property.

22. APPRAISER'S LIABILITY LIMITATIONS, SPECIAL REPORT CONDITIONS, AND CLIENT AGREEMENTS
The acceptance of this report and its use by the client in any manner whatsoever or for any purpose is acknowledgment by the client that this report is a satisfactory professional product, and that the client has personally read the Appraisal. As a part of the Appraiser-Client employment agreement, the Client agrees to notify the Appraiser of any error, omission, or invalid data herein of which it is aware within 15 days of receipt and to return the Appraisal along with all copies to the Appraiser for correction prior to any use whatsoever. Corrections will be made at the Appraiser's discretion. Thus, by acceptance of this Appraisal, the client acknowledges that a value opinion is the product of a trained professional, but nevertheless is an opinion only and not a provable fact. As an opinion, valuations may vary between Appraisers based on the same facts. Thus, the Appraiser warrants only that the value conclusion is the Appraiser's best opinion as of the exact day of valuation. Neither the content of the Appraisal, purpose of the Appraisal or value opinions should be revealed to anyone by the Appraisal Consultant without prior written consent. The appraisal may be used for any purpose deemed appropriate by the client.

23. GENERAL CONDITIONS -

A. The fee for this appraisal or study is for the service rendered and not for the time spent on the physical report.

B. As of the date of this report, Jim Sheppard has completed the requirements under the continuing education program of the Appraisal Institute.

C. ACCEPTANCE OF, AND/OR USE OF THIS Restricted Appraisal CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS.

24. The existence of hazardous substances, including polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to our attention, nor did we become aware of such during our inspection. No EPA Phase I report has been provided to us.

25. Extraordinary Assumption - The appraisers are not engineers, and we were not provided with any engineers reports. We assume the docks and bulk heading are in adequate condition and they are structurally sound. If it is determined at a later date that there may be deficiencies then our opinions of value could change.

We were not provided with exact sizes for all buildings, site, docks, parking/driveway paving areas, or F. F. & E. associated with the business operation. If information is different that what was viewed at our visit, then our opinions of value could change.

SUMMARY OF SALIENT FACTS & CONCLUSIONS

Intended Client:	Mr. Dimitri Ang / Priority Investor Loans, LLC
Identification:	Marina Del Sol, a 200 dry slip marina on Clear Lake, League City, Galveston County, Texas.
Address:	1203 Twin Oaks Boulevard, League City, Texas 77565.
Site Description:	±4.188-Acres (A portion of the total site)
Improvements:	We have been requested to analyze the Marina Del Sol with 200 dry stack slips in two buildings, a trailer rental yard and a two story office building. There are driveways, sidewalks & a parking lot. The improvements were constructed in 1996, with repairs and renovations in 2017. The improvements are in average condition. In addition there is FF& E that has been included in our value opinion.
Flood Zone:	Zone “AE”; areas in side the 100-year flood-plain, FIRM #48167C0041G, dated August 15, 2019.
Appraisal Premise:	
"As Is" -	To form an opinion of market value in fee simple estate as of July 18, 2022.
"As Stabilized" -	To form an opinion of market value in fee simple estate as of July 18, 2024.
Property Right Appraised:	Fee Simple Estate(s)
Highest and Best Use:	
“As Vacant” -	To hold the site “As Vacant”.
“As Improved” -	To continue to operate it as a pier and marina.
Zoning:	“RSF-7” Residential Single Family & “CG” General Commercial (City of League City).
Reasonable Exposure Period	12-Months
Date of Inspection	July 18, 2022
Date(s) of Value:	
“As Is”	July 18, 2022
“As Stabilized”	July 18, 2023
Date of Report:	July 25, 2022

SUMMARY OF SALIENT FACTS AND CONCLUSIONS - CONTINUED

PROSPECTIVE FUTURE “AS STABILIZED” MARKET VALUE

Sales Comparison Approach - Land Only:	\$3,150,000
Cost Approach -	Not Applicable
Income Approach -	\$5,030,000
Sales Comparison Approach -	\$5,030,000

Allocation of Market Value(s):

The subject’s prospective future “As Stabilized” market value of the fee simple estate property rights as of July 18, 2023 and based on a 12-month exposure time is as follows:

Real Property	\$4,880,000
Contributory Value of FF & E	\$150,000
PROSPECTIVE FUTURE “AS STABILIZED” MARKET VALUE	\$5,030,000

The subject’s “As Is ” market value of the fee simple estate property right as of July 18, 2022 and based on a 12-month exposure time is as follows:

Real Property	\$4,630,000
Contributory Value of FF & E	\$150,000
“AS IS” MARKET VALUE	\$4,780,000

INTRODUCTION

THE APPRAISAL PROCESS

This section of the report explains the applicability of recognized appraisal methods, reviews the work done in the valuation process, and sets forth the reasoning that supports each opinion or conclusion.

The Cost Approach - In this approach, the cost to replace all of the improvements less the estimated deductions for accrued depreciation are combined with the market value of the underlying land. This approach is applicable when the improvements reflect the highest and best use development, and they do not exhibit excessive accrued depreciation. The improvement's weighted average actual age is ±26-years, and we have estimated their weighted average effective age to be ±16-years. The subject does suffer from incurable depreciation, which lessens the reliability of this approach. Due to the various forms of depreciation and obsolescence, and the subjectivity if such estimates, the Cost Approach is not applicable. The Cost Approach is not necessary to form a credible opinion of the property's market value.

The Income Approach - This approach analyzes the property's capacity to generate income (or other monetary benefit) and converts this capacity into an indication of market value. This approach is suitable for properties that have obvious earning power and investment appeal. The property is owner occupied, and there is no actual lease to analyze. We have include an income approach in fee simple estate based on the estimated market rental rates and expenses of the dry docks and wet slips. The income approach is applicable to form an opinion of the property's market value and it has been performed.

The Sales Comparison Approach - This approach compares the property to other properties that have transacted fairly recently, at known price levels. This approach is most meaningful when there is adequate market data involving comparable properties. Reliability of the approach varies directly with the quality of available market data. The improved sales included in this report are comparable sales that are reflective of the property's market value. The sales comparison approach has been relied upon to form an opinion of the property's market value.

Applicability to Subject - The subject is an owner user marina, and we have performed the income and sales comparison approaches to form an opinion of the real property's market value. Our final opinion of the property's prospective future "As Stabilized" market value is for the real property inclusive of FF & E. We have deducted the estimated rent loss from the "As Stabilized" market value to form an opinion of the property's "As Is" market value.

SCOPE OF WORK

In preparation of this Restricted Appraisal, the three approaches to value (cost approach, income approach, and sales comparison approach) that are recognized by the appraisal profession have been performed to form an opinion of the property's market value. Specifically, information regarding the subject, the area, and its neighborhood have been collected and analyzed to determine the subject's highest and best use, "as vacant" and "as improved".

Furthermore, we have researched Galveston County to find market data regarding improved sales, land sales, listings, and cost data for marina construction. In all cases, the data is verified with either the grantor, grantee, broker, property manager, third party or through public records. Additionally, we have interviewed real estate professionals to obtain their opinions regarding trends in the local real estate market. Investor strategies and construction cost variables have been collected, analyzed and used within the appropriate approaches to arrive at the opinions of market value contained herein. We have also investigated tax records to obtain tax information on the subject.

The statistical market data has been obtained through CoStar Group, Loop Net, Texas Listing Services, City of Houston, Texas Employment Commission, Texas A & M Real Estate Center, Houston Associations of Realtors and the Greater Houston Partnership. This is an Restricted Appraisal that is intended to comply with the reporting requirements set forth in the Uniform Standards of Professional Appraisal Practice. As such, it presents all of the pertinent data, reasoning, and analysis that have been used in the appraisal process to develop a creditable opinion of the subject's market value. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated.

This appraisal involves the use of all applicable approaches to value, and it concludes in an opinion of market value based on an unconditioned definition. It has been our intention to prepare this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, and the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute.

In preparing this appraisal, we visited the property, analyzed all of the client-provided data, and we drove the immediate area. We gathered information concerning sales of vacant sites, sales of comparable improved properties, and marina construction cost data. Our search for sales utilized the Houston Association of Realtors MLS, CoStar data services, Loop Net, and Texas Listing Services, and we supplemented this information using contacts with knowledgeable real estate brokers, particularly those with listings in the immediate area. Our search for data concentrated on the immediate market area, but because of the lack of sales, was expanded to the entire Houston market area. We commenced our searches for data

SCOPE OF WORK - CONTINUED

beginning January 1, 2017. However, if necessary, we went further back in time to use the most comparable sales data.

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

The description of extent of the process of collecting, confirming, and reporting data is contained in various sections of this report. We did not perform a title search or survey of the subject property. Engineering studies, ADA determinations, surveys, title reports, and environmental audits are beyond the scope of work, as we are not qualified to detect or identify structural or mechanical deficiencies present in the improvements, nor hazardous substances that may, or may not, be present on, in, or near the subject property.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to form opinions of the subject's "As Is" and prospective future "as Stabilized" market values in fee simple estates as of the effective dates of appraisal.

INTENDED USER & USE OF THE APPRAISAL

The intended user of this Restricted Appraisal is Mr. Dimitri Ang with Priority Investor Loans, LLC. The intended user is to evaluate the property for loan collateral. No additional intended users are identified by the appraiser. Use of this report is subject to the scope of work, purpose of the appraisal, reporting requirements of this Restricted Appraisal format, and definition of market value.

DATE OF VALUATION

The “As Is” opinion of market value is effective as of July 18, 2022. The “As Stabilized” opinion of market value is effective as of July 18, 2024. The date of this report is July 25, 2022.

PROPERTY RIGHTS APPRAISED

The property rights being appraised in this report consist of a fee simple valuation for the subject. Fee Simple Estate is defined by The Dictionary of Real Estate Appraisal, Fifth Edition, copyright 2010, page 78, by the Appraisal Institute as being:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat".

DEFINITION OF MARKET VALUE

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. Dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: United States Treasury Department, Comptroller of Currency, 12 CFR part 34, 34.42 (f)

EXTRAORDINARY ASSUMPTION

The appraisers are not engineers, and we were not provided with any engineers reports. We assume the docks and bulk heading are in adequate condition and they are structurally sound. If it is determined at a later date that there may be deficiencies then our opinions of value could change. We were not provided with exact sizes for all buildings, site, docks, parking/driveway paving areas, or FF & E associated with the business operation. If any information is different than what we viewed at our visit, then our opinion(s) of value could change.

MARINA

The Dictionary of Real Estate Appraisal, Fifth Edition 2010, Page 234, defines marina as:

“A boat basin that provides dockage and other services to pleasure craft; a structure along which vessels can be held or docked for loading and unloading; usually constructed parallel to the shoreline. If the long side of the dock extends into the water from the shore, it is called a pier”.

LITTORAL RIGHTS

The Dictionary of Real Estate Appraisal, Fifth Edition 2010, Page 116, defines littoral rights as:

“The right of an owner of the land abutting navigable water to use and enjoy, but not alter the shoreline”.

RIPARIAN RIGHTS

The Dictionary of Real Estate Appraisal, Fifth Edition 2010, Page 172, defines riparian rights as:

“The right to the owner of land boarding a non-navigable lake or stream to the use and enjoyment of the water that flows across their land or that is contiguous to it. Under the riparian rights doctrine, all owners of land underlying or abutting the water have equal rights to it. In comparison, the prior appropriation doctrine would not confer equal rights to all owners of land underlying or abutting the water”.

EXPOSURE TIME

The Standards of Professional Appraisal Practice of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, USPAP 2012-2013 Edition, Page F-75 define exposure time as:

“The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive market”.

Based on the information presented in this report, it is our opinion that a reasonable exposure time for the subject, at a value approaching that concluded herein, is ±12-months.

MARKETING TIME

The Standards of Professional Appraisal Practice of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, USPAP 2012-2013 Edition, Page A-13 define marketing time as:

“An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal”.

Based on the information presented in this report, it is our opinion that a reasonable marketing time is for the subject, at a similar Highest and Best Use, and approaching the Market Value as presented herein, is ±12-months.

STRENGTHS, WEAKNESSES, OPPORTUNITIES, & THREATS

- Strengths:**
- Desirable Location
 - Large Boat Storage and Slips
 - Wet Docking
 - Clubhouse Amenity
 - No Other Land On Lake Shores For Marina Development
- Weakness:**
- Clubhouse Older Construction
 - Limited Visibility from Twin Oaks Boulevard
 - Hurricane Prone Area
 - ±15 Foot Dredged Harbor Depth
- Opportunity:**
- High Demand For Boat Storage
 - Increasing Wet Slip Rental Rates
- Threat:**
- Other Marina Competition
 - Government Restrictions
 - Availability Of Financing
 - Insurance Cost Due To Hurricanes (Galveston Bay; Gulf Of Mexico)
 - Increasing Operating Expenses

FACTUAL DATA & DESCRIPTIONS

IDENTIFICATION OF THE PROPERTY

The client provided a copy of the ±15.439 acre parent tract metes-and-bounds has been included within the Addenda of this Restricted Appraisal report. It is not the property as we have analyzed it. The provided legal description for a portion of the property is as follows.

“Restricted Reserve “B” and Unrestricted Reserve “C”, of Miland Marine II, a subdivision in Galveston County, Texas, according to the map or plat thereof recorded in Volume 18, Page 160, of the Map Records of Galveston County”.

The client-provided site plan (1989) indicates the subject’s legal description(s) as follows:

USE	TRACT I	SIZE (SF)	SIZE (ACRE)
Dry Docking	Unrestricted Reserve “C”	101,817	2.337
Offices	Restricted Reserve “B”	16,395	0.376
* Clubhouse	Restricted Reserve “D”	45,199	1.038
* Parking Lot	Restricted Reserve “E”	12,547	0.288
* Private Road	Not Provided	64,168	1.473
TOTAL USABLE SITE		240,126	5.513
Harbor (Water)	TRACT II	503,245	11.553
TOTALS		743,371	17.065

*** Not part of the property we have analyzed.**

We have been provided a current site plan that indicates the property to consists of ±15.439 acres, and this is not identical to the owners previous 1989 site plan for a total ±17.065-acres. We have used the current site plan document to analyze the property. The previous harbor size estimate is not precisely correct as it is larger. The borrower reported that there are sidewalk easements that are not included in the previous site plan, and that the total gross size is ±18.000-acres and not ±17.065-acres. We have used the estimated site size, and not the previous site size.

The Galveston County Appraisal District (GCAD) does not provide any assessment records for the harbor area, and the subject’s usable land’s per the HCAD have legal description(s) as follows:

IDENTIFICATION OF THE PROPERTY - CONTINUED

USE	TRACT I	SIZE (SF)	SIZE (ACRE)
Dry Docking	Abstract 18, Page 4, Reserve C (0-3), Miland Marine II	101,817	2.337
Offices	Abstract 18, Page 4, Reserve B (0-2), Miland Marine II	16,480	0.378
* Clubhouse	Abstract 18, Page 4, Reserve D (0-4), Miland Marine II	43,199	0.992
* Parking Lot	Abstract 18, Page 4, Reserve E (0-5), Miland Marine II	12,547	0.288
Private Road	Abstract 18, Page 4 & 9, Reserve A-1, Marina On the Lake	64,168	1.473
TOTAL "DRY" LAND		238,211	5.469

*** Not part of the property we have analyzed.**

The current site plan indicates that the clubhouse land consists of ±0.991-acres. The parking lot of ±0.288 is now included in the current harbor land estimate of ±14.448-acres. We have used the current site plan size of ±14.448-acres to analyze the subject’s usable land area. The harbor or water areas are part of the property; however, we have not included the estimated size of the harbor within the usable areas. Our vacant land size estimate for the clubhouse, driveways, parking lot & private road is ±1.332-acres or ±58,018 square feet. Thus the harbor area estimate is ±14.107-acres. The dry docks & office building are ±4.188-acres which consists of three separate tracts. The subject sites consists of the following real property tangible building improvements:

USE	BUILDING STRUCTURE CONSTRUCTION	SIZE (SF)
Dry Dock Building	Concrete Slab Foundation, Steel Frame & Three Sided Metal Panel Exterior Walls, Sloped Metal Panel Roof	5,400
Dry Dock Building	Concrete Slab Foundation, Steel Frame & Three Sided Metal Panel Exterior Walls, Sloped Metal Panel Roof	10,800
TOTAL DRY DOCK BUILDINGS		16,200
Office (1 st Floor)	Concrete Slab Foundation, Wood Frame, Wood Siding, Composition Shingle Roof	740
Office (2 nd Floor)	Wood Sub Floor, Wood Frame, Wood Siding, Composition Shingle Roof	660
TOTAL OFFICE BUILDING		1,400
* Clubhouse	Concrete Slab Foundation, Wood Frame, Brick Veneer, Composition Shingle Roof	1,400
TOTAL CLUBHOUSE BUILDING		1,400

*** Not part of the property we have analyzed.**

As requested, we have not analyzed the clubhouse with the dry dock property. The dry dock and the office buildings are included in this appraisal analysis. The property is located along the south line of Twin Oaks Boulevard at southeast Clear Lake, in Kemah (League City postal services), Galveston County, Texas. The subject’s address is 1203 Twin Oaks Boulevard, League City, Texas 77565.

STATEMENT OF OWNERSHIP

According to the HCAD tax assessment ownership records, the property is owned by JMK5 Marina LLC. We have not been provided a title policy for the property.

PROPERTY HISTORY

There has been one changes in ownership involving the subject during the previous three years from the effective date of this Restricted Appraisal. The property was purchased from Miland Marine Two LP on May 31, 2022. We requested the sale price and we were informed that due to a confidentiality clause in the contract that the sale price could not be shared with anyone. Subsequent to the sale the owner has incurred capital expenditures for deferred maintenance of the building improvements. The amount of the cost were not made available to include in this appraisal report.

In 2017 the subject was severely damaged from Hurricane Harvey. The owner reports the total cost of renovations and repairs to have been ±\$3,182,197. A current rent roll has been provided and the property's current overall occupancy is ±57.00%. Most marina owners and managers report longer term stabilized occupancy levels in the ±85.0% to ±95.0% range. We estimate that a stabilized occupancy level of ±90.00% for 200 dry stacks is obtainable within one year. There are 319 wet slips that have not been included in this appraisal analysis.

REGIONAL SURVEY & DATA

Definition:

A Market Area is defined in The Appraisal of Real Estate, 13th Edition, copyright 2008, page 55, as an:

“The geographic or locational delineation of the market for a specific category of real estate, i.e. the area in which alternative, similar properties effectively compete with the subject property in the minds of probable, potential purchasers and users”.

Many neighborhoods, districts, or combinations of the two can reside within a market area. The market area is an area where a subject property is analyzed by buyers and sellers relative to similar properties.

The purpose of the Regional Analysis is to describe and analyze the area within which the interactions of the four major forces influence property uses and values: environmental factors, governmental policies, social trends, and economic conditions.

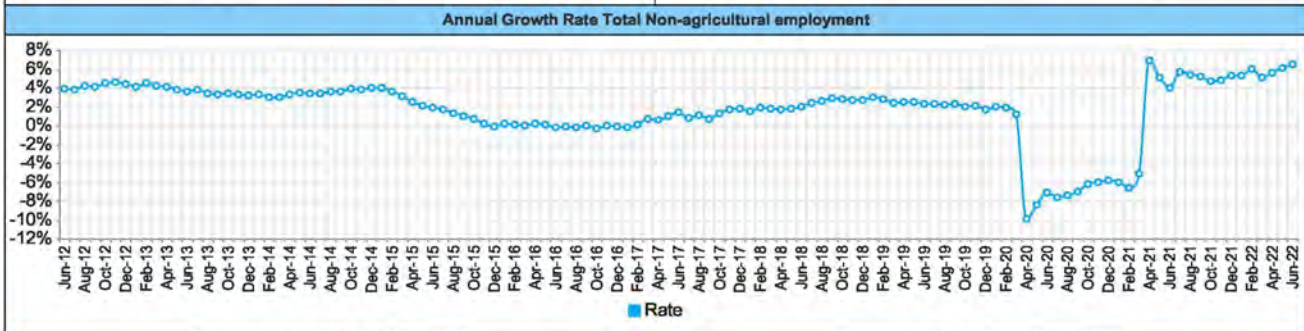
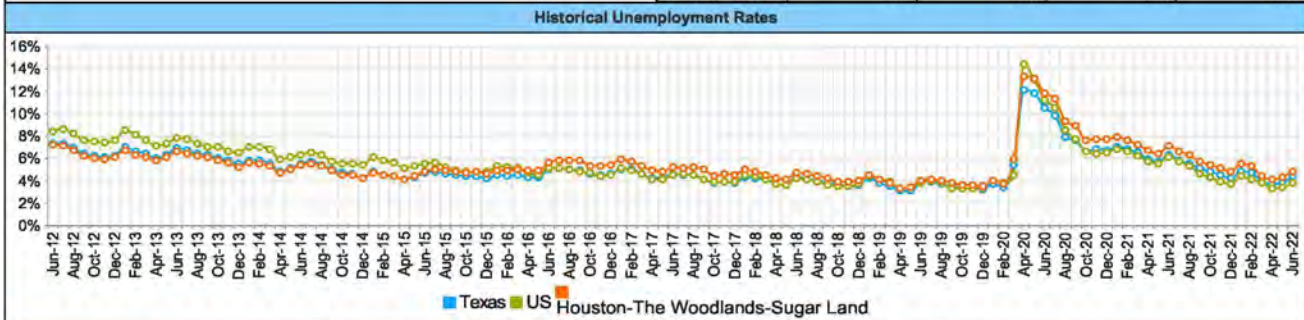
The Houston-Sugar Land-Baytown Metropolitan Statistical Area (MSA) includes the counties of Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto and Waller.

The following pages include an economic profile from the Texas Workforce Commission for the Greater Houston area, which the subject is located. Subsequent is a location map for the reader's orientation to the subject's location.

REGIONAL SURVEY & DATA - CONTINUED



Houston-The Woodlands-Sugar Land MSA		June 2022				
		MSA Labor Force Statistics				
		Jun-22	May-22	Jun-21	Yearly Change	
		Civilian Labor Force	3,521,124	3,487,435	3,423,180	97,944
		Employed	3,350,695	3,338,590	3,180,415	170,280
Unemployed	170,429	148,845	242,765	-72,336		
Unemployment Rate	4.8%	4.3%	7.1%	-2.3%		
Texas Labor Force Statistics						
Jun-22	May-22	Jun-21	Yearly Change			
Civilian Labor Force	14,585,252	14,500,218	14,216,135	369,117		
Employed	13,945,797	13,946,458	13,313,724	632,073		
Unemployed	639,455	553,760	902,411	-262,956		
Unemployment Rate	4.4%	3.8%	6.3%	-1.9%		
US Labor Force Statistics						
Jun-22	May-22	Jun-21	Yearly Change			
Civilian Labor Force	165,012,000	164,157,000	162,167,000	2,845,000		
Employed	158,678,000	158,609,000	152,283,000	6,395,000		
Unemployed	6,334,000	5,548,000	9,883,000	-3,549,000		
Unemployment Rate	3.8%	3.4%	6.1%	-2.3%		

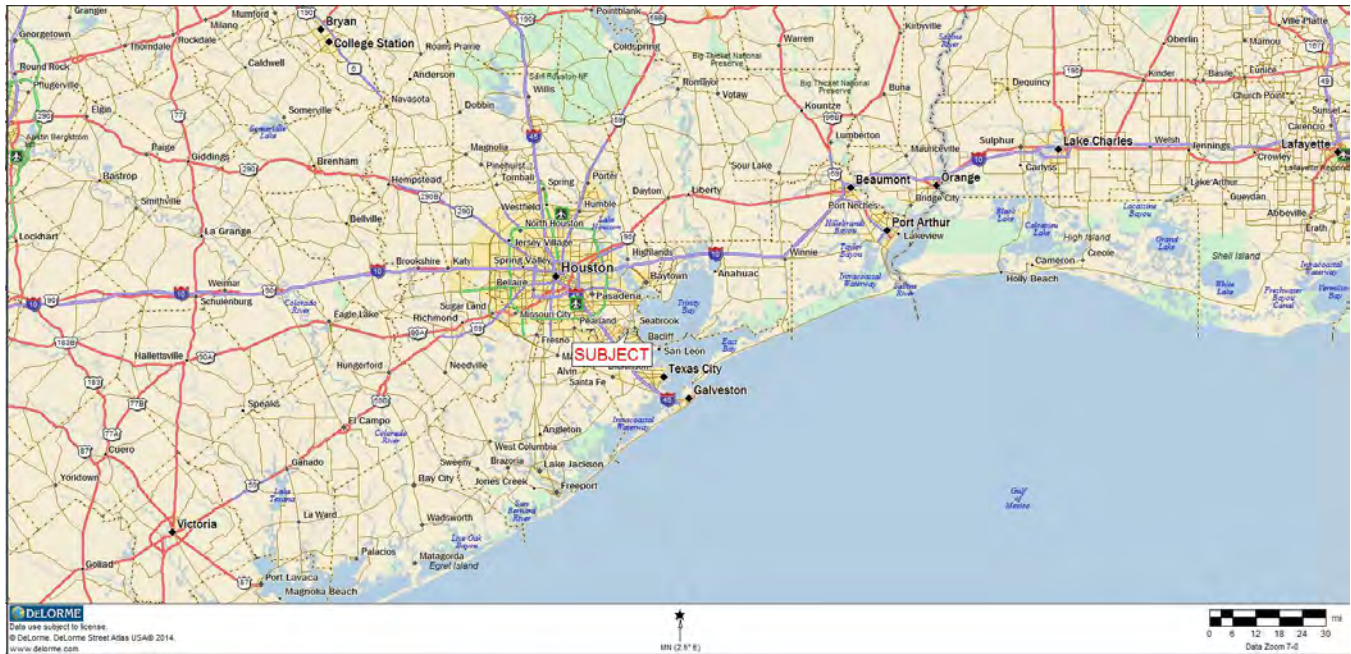


Industry	Current Month Employment	% Monthly Change	% Yearly Change
Total Nonfarm	3,261,600	1.0%	6.5%
Mining, Logging and Construction	303,600	1.4%	14.0%
Manufacturing	225,400	1.4%	6.1%
Trade, Transportation, and Utilities	670,400	0.8%	6.8%
Information	32,000	1.3%	7.4%
Financial Activities	173,800	0.8%	3.1%
Professional and Business Services	524,700	1.7%	4.9%



REGIONAL SURVEY & DATA - CONTINUED

REGIONAL AREA MAP



Like most Texas metro areas, Houston is experiencing population growth with moderate employment increases. Unemployment has decreased at a relatively steady pace over the past 12-months, with the current unemployment reported at $\pm 4.4\%$, slightly above the national average of $\pm 3.8\%$. Within the past year, the metro area has experienced positive employment growth in each industry sector. As a result, it is likely there will be continued growth in the Houston real estate market in the foreseeable future.

Conclusion

The significant regional forces or influences are concluded to impact the subject as follows:

Impact of Regional Forces on the Subject

Force or Influence	Overview	Impact
Location	Geographically centered between the East and West coasts; accessible via an exceptional airline system, highway system, deep sea port and intra coastal waterway, and multiple major railroads	Positive
Government (Zoning)	Zoning and deed restrictions can limit available multi-family sites; Some municipalities enforce zoning in the area	Neutral
Population Growth	Projected to grow faster than state & national rates	Positive
Unemployment Rates	Generally parallel state rates, but remain below national rates	Positive
Overall Impact		Positive

NEIGHBORHOOD DATA & ANALYSIS

A neighborhood is defined in The Dictionary of Real Estate Appraisal, Fifth Edition, copyright 2010, page 133 by the Appraisal Institute as follows:

“The objective analysis of observable and/or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors”.

Neighborhoods may be devoted to such uses as residential, commercial, industrial, agricultural, and civic activities, or a mixture of these uses. Analysis of the neighborhood in which a particular property is located is important due to the fact that the various economic, social, political, and physical forces which affect that neighborhood also directly influence the individual properties within it.

Delineation. The subject’s neighborhood is located approximately 15 to 20-miles southeast of Houston's Central Business District. The neighborhood is considered to be generally bound to the north by FM 2351 and Bay Area Boulevard, to the south by FM 517, to the east by Galveston Bay, and to the west by the Brazos/Galveston County boundary line. This area is generally known as the "Clear Lake/NASA area". The subject’s neighborhood is considered to be in the growth stage of development with a wide range of property uses. It has been popular to investors and developers in the past due to its accessibility to Houston's business districts, its close proximity to NASA, Clear Lake, shopping centers, Ellington Field, and the Hobby Airport.

The neighborhood has a strong residential base which is comprised of numerous single family subdivisions, with new residential development continuing. The neighborhood is also well served by numerous multi-family residential developments. These apartment complexes are typically located along the major traffic carriers or on secondary cross streets just off the major thoroughfares. In addition, there are several tracts of raw land available for development.

Most of the commercial development is concentrated along the major thoroughfares and includes strip centers, office buildings, restaurants and other types of commercial development. Additionally there are adequate recreation facilities, clinics and other medical facilities and houses of worship of most denominations conveniently located throughout the neighborhood. Numerous shopping center facilities are conveniently located throughout the immediate area and outlying areas. The regional malls in this area include The Mall of the Mainland, Baybrook Mall and Almeda Mall.

NEIGHBORHOOD DATA & ANALYSIS - CONTINUED

Major Projects. The Mall of the Mainland is a regional center located south of League City at F.M. 2004 and Emmett F. Lowry Expressway. This mall which opened in 1991 has approximately 417,010 square feet. The Mall of the Mainland is also the location of a 12-screen major cinema, restaurants and a food court. The development companies are Triyar/Mainland Mall Properties. The Mall of the Mainland site is ±18-acres and has approximately 4,000 parking spaces available for consumers. The performance of the Mall of the Mainland has proved that retail sales are strong in the area. Additional shopping facilities are provided by neighborhood and community strip shopping centers located along the major thoroughfares.

Baybrook Mall, a regional enclosed shopping mall which opened in 1978, is located just north of League City at the northwest intersection of Interstate Highway 45 and Bay Area Boulevard. This mall size totals approximately 818,837 square feet. The anchor tenants accompany numerous specialty retail establishments typically found in a shopping center. The development company is General Growth Properties, Inc. The Baybrook Mall site is approximately 27-acres and has approximately 5,725 parking spaces available for consumers. The performance of Baybrook Mall has proved that retail sales are strong in the area. Additional shopping facilities are provided by neighborhood and community strip shopping centers located along the major thoroughfares.

Almeda Mall, which opened in 1968, is located at the southwest corner of Interstate Highway 45 and Almeda-Genoa Road. This mall has approximately 359,422 square feet. The anchor tenants accompany numerous specialty retail establishments typically found in a shopping center. The development company is Glimcher Realty Trust. The Almeda Mall site is approximately 18-acres and has approximately 5,272 parking spaces available for consumers. The performance of Almeda Mall has proved that retail sales are strong in the area. Additional shopping facilities are provided by neighborhood and community strip shopping centers located along the major thoroughfares.

NASA - The Johnson Space Center is located in Clear Lake approximately three miles east of Interstate Highway 45 on NASA Road 1 or just northeast of League City. The center is open for public tours seven days a week and is free to the public. The purpose of the Johnson Space Center is to accomplish five individual goals including: technological developments for manned space craft operation; design, development and fabrication of space craft; selection and training of astronauts; the control of manned space flights, and medical scientific and engineering experiments during space flights. Buildings and exhibits include: The Teague Visitor Center, a collection of actual space hardware, educational exhibits, NASA films, moon rock samples, Mission Control center, mission simulation and training facility, and laboratories. This center not only provides major impetus for the economy due to the employment opportunities for the

NEIGHBORHOOD DATA & ANALYSIS - CONTINUED

center as well as related aerospace industry companies, but also provides a significant contribution to the area through visitors as a major tourist attraction.

In October of 1992, Space Center Houston began operations. This \$70 million facility was designed by Disney and contains approximately 183,000 square feet of space. Space Center Houston is located on NASA Road 1 next to the Johnson Space Center. Exhibits include a space shuttle mock-up, a skylab trainer, moon rocks and numerous other exhibits. This complex has attracted well over one million visitors and has an economic impact of \$30 to \$100 million per year.

A commercial development in the area which has had an impact on the economy is the Gulf Greyhound Park. The Gulf Greyhound Park's grand opening took place in November of 1992. The \$40 million facility is located on 135-acres and created approximately 600 new jobs with an estimated payroll of \$8 million. The attendance capacity is 17,500 and includes 7,100 parking spaces and a restaurant with a seating capacity of 1,600. This site is located south of League City approximately one-eighth of a mile west of Interstate Highway 45 on F.M. 1764.

Galveston Island is a major resort area for the Texas Gulf Coast region with an estimated tourist level of 6-million people per year. Two important factors in the recent re-emergence of Galveston's tourist industry have been the \$60 million renovation of "the Strand," a mix of boutiques, restaurants, and commercial space near the downtown district, and the addition of 1,070 hotel/motel rooms to the city's inventory since 1984. From the Strand area, the restored sailing ship "Elissa" is docked, available for tours. Moody Gardens was opened for tours in 1993. This facility contains a large pyramid shaped greenhouse containing tropical rain forest plants. A restaurant, private beach area and an IMAX theater are also included in this facility.

The Medical Center Boulevard area is fast becoming a relatively large medical complex area with several hospitals and numerous auxiliary medical offices and services nearby. Located directly on Medical Center Boulevard are the Clear Lake Regional Medical Center, Clear Lake Medical Tower, Baywood Hospital, Bay Area Surgical Center, The Specialty Hospital of Houston, the Deke Cancer Center and numerous other medical offices and auxiliary services. Presently, the Texas Surgical Arts Center of Clear Lake is being constructed on Texas Avenue.

Another major influence in the neighborhood is the Kemah Waterfront, which is located at the entrance of Clear Lake and Galveston Bay. This development features popular restaurants including Joe's Crab Shack, Landry's Seafood House, The Cadillac Bar, Willie G's Seafood and the Steak House. Recent developments

NEIGHBORHOOD DATA & ANALYSIS - CONTINUED

include the 50,000 gallon aquarium and adjacent restaurant, the Watergate Shops and the 52-room Boardwalk Inn Hotel.

Approximately 15-miles south of downtown Houston, Ellington Field is located off of I-45/Gulf Freeway, the major highway heading from the City to NASA and Galveston Island. Ellington Field is a joint use civil/military airport that was acquired by the City of Houston in 1984 and now supports the operations of the United States military, NASA, and a variety of general aviation tenants. The airport is home to the annual Wings Over Houston Airshow and is also the place where many of the astronauts from the world-renowned Johnson Space Center receive their ongoing space training.

Ellington Field is operated and maintained by the Houston Airport System, the fourth largest multi-airport system in the nation and the sixth largest in the world, which functions as an enterprise fund of the City of Houston and does not burden the local tax base for airport operations, maintenance, or capital improvements. Instead, the Houston Airport System serves the fourth largest city in the nation as an international gateway to the rest of the world and as a major source of economic vitality.

Ellington Field was originally commissioned as a military training field in 1917. At that time it was one of the largest aviation training facilities in the nation. In 1927, Ellington Field was razed by a fire and remained closed until 1941 when it reopened for military and post-war flight training purposes. In 1984 it was taken over by the Houston Airport System. Today, Ellington Field consists of three active runways (a 9,000 - foot ILS CAT I runway, an 8,000-foot runway, and a 4,000-foot runway) and provides 24 hour-a-day air traffic control services.

Ellington Field continues to serve the military and United States government customers. It is home to the Texas National Guard, the Coast Guard, NASA, and the largest flying club in Texas. It is also the site of the Annual Wings Over Houston Air Show. Several private, corporate, commercial, cargo, military, and aerospace-related businesses are based at the airport. In response to public requests for additional general aviation accommodations at Ellington Field, the Houston Airport System has embarked on the construction of more than 40-hangar units, doubling the current general aviation hangar capacity. The new hangars, which will be used to house single engine and light twin-engine aircraft, will be located with direct access to the airfield. Land has also been allocated for future construction of additional hangars if the demand for general aviation activity continues to increase. To increase the number of aircraft parking positions available to United Parcel Service, NASA, and other airport tenants, the unpaved portions of the existing ramp will be filled in with new pavement. The three-phased ramp improvement program will also include

NEIGHBORHOOD DATA & ANALYSIS - CONTINUED

repair of the airfield pavements on the inner and outer ramps. Ellington Filed continues to be a source for the area's economic vitality and should continue to be a positive factor for the subject property.

Political Jurisdiction. The neighborhood is populated by the Cities of Clear Lake City, El Lago, Seabrook, Nassau Bay, Taylor Lake, Pasadena, Webster, Friendswood, and Texas City. The cities and various MUD's provide water and sanitary sewer to most properties within the neighborhood. Fire and police protection are also supplied by the various cities. Southwestern Bell provides telephone service, Entex provides natural gas, and Houston Lighting and Power provides electricity.

Immediate Vicinity. The predominant land use within the subject's immediate area is commercial development backing up to single and multi-family residential development. To the immediate north and east of the subject is Clear Lake. To the west of the property are single family residential subdivisions, and to the south are single family subdivisions. Along FM 2094, just south of the subject, are various commercial and light industrial developments.

Social Influences. The geography of the area provides a positive locale for the numerous developments within the market area. The homogeneity of the area centers it's commercial and residential mix character at the present time.

Economic Influence. Since the immediate area is densely developed with anticipated future growth, the vacant land available for development will continue to place this market are into the stable stage of it's life cycle into the foreseeable future. The current improvements serve as the economic base for the market area, with various proposed and ongoing construction enhancing economic activities in the area.

Governmental Influences. The subject is located with League City, and zoning is used to regulate development. Various municipalities within the neighborhood provide a mix of policies and ordinances.

Conclusions. The subject is located in an established neighborhood that provides good access to major employment areas, and to educational, recreational, and shopping facilities. Due to the influence of NASA. Ellington Filed, and the Space Center Houston, the area is well established. Considering the lower amounts of vacant land in the areas surrounding Clear Lake, future development will be limited. However, the neighborhood is large enough that there are areas of vacant land that will have continued growth as the economy continues its recovery.

NEIGHBORHOOD DATA & ANALYSIS - CONTINUED

Most forms of the real estate market are showing slow, but steady signs of improvement. Most experts believe that the improvement of the economy will be at a moderate rate as the economy continues to diversify into other areas outside the petrochemical industry. As the overall economy improves and the current supply is met by demand, the growth trend and development is expected to resume.

NEIGHBORHOOD MAP



AD VALOREM PROPERTY TAX DATA & ANALYSIS

The Galveston County Appraisal District identifies the property’s personal property (FF & E) as one account and the real property as five accounts. The GCAD indicates the property to have a ±19,000 square feet in three buildings that are constructed upon ±238,211 square feet or ±5.469-acres. The account numbers and the property’s 2022 assessed value(s) are as follows.

ACCOUNT NUMBER	TOTAL
R297471 (Office)	\$169,930
R297472 (Dry Docks)	\$672,890
* R297473 (Clubhouse)	\$134,190
* R297474 (Parking Lot)	\$71,750
R293595 (Private Road & Harbor)	\$935,820
Business Personal Property	\$110,380
TOTAL	\$2,094,960

***Not Part Of The Property In This Appraisal Analysis.**

Including the FF & E, the parent property is assessed at \$2,094,960. We have analyzed the property inclusive of the GCAD accounts R297471 (Office), R297472 (Dry Docks), a portion of R293595 (Private Road & Harbor) & the Business Personal Property assessed value. For the subject of this appraisal analyses we have estimated an assessed value of ±\$991,592 or ±\$4,958 per slip.

We have used the assessed values of the comparable rentals used in the income approach to compare the reasonableness of the subject’s assessed value. The comparable rentals that have been used for analysis of the property’s market rental rates have assessed values as follows.

RENTAL NO.	ASSESSED VALUE PER SLIP
1	\$19,480
2	N/A
3	\$13,697
AVERAGES	\$16,589

The comparable rentals used in the income approach analysis of this report have assessed values that range from \$13,697 to \$19,480 per slip with an average of ±\$16,689 per slip. We have estimated the property’s

AD VALOREM PROPERTY TAX ANALYSIS - CONTINUED

actual assessed value to be ±\$4,958 per slip, and this is below the comparable rentals assessed value range. Although we do not believe that the subject’s assessed value per slip should be increased to be within the rentals assessed value range, it is reasonable to increase the subject’s estimated assessed value per slip to ±\$7,000 per slip. The property’s estimated assessed value is \$1,400,000 as follows:

ASSESSED VALUE FOR TAX LIABILITY ESTIMATE		
# SLIPS SIZE	ESTIMATED ASSESSED VALUE PER SLIP	ESTIMATED ASSESSED VALUE
200	\$7,000.00	\$1,400,000

The estimated assessed value has been used to estimate the subject’s tax liability. The taxes are assessed as a percentage of the tax rate per \$100 of the assessed value, and the 2022 tax rates have not been certified. To estimate the subject’s 2022 tax liability we have used the estimated assessed value for the subject and the 2021 tax rates. The property is located within the various taxing jurisdictions as indicated in the following tax liability estimate table, and each taxing jurisdiction establishes it’s own tax rate. The subject's estimated tax liability, inclusive of FF & E is as follows:

Taxing Authority	2021 Tax Rate	Estimated Taxes
Combined Taxing Entities	\$2.069726	\$28,976.16

The subject's estimated tax liability equates to ±\$28,976.

SITE DATA & ANALYSIS

An analysis of a site is particularly important in determining its highest and best use. We have been provided a current site plan and we also have the previous metes and bounds legal description (original development 1989) of the property. Also, we have visited the property for our observation and we examined the county plat map from the GCAD. For dimensions and configuration of the site we have relied on the provided data assuming it to be accurate and reliable.

Legal Descriptions A copy of the previous metes and bounds legal description has been included within the Addenda of this Restricted Appraisal. The owner-provided legal description for a portion of the property is as follows.

“Restricted Reserve “B” and Unrestricted Reserve “C”, of Miland Marine II, a subdivision in Galveston County, Texas, according to the map or plat thereof recorded in Volume 18, Page 160, of the Map Records of Galveston County”.

The previous client-provided site plan (1989) indicates the subject’s legal description(s) as follows:

USE	TRACT I	SIZE (SF)	SIZE (ACRE)
Dry Docking	Unrestricted Reserve “C”	101,817	2.337
Offices	Restricted Reserve “B”	16,395	0.376
* Clubhouse	Restricted Reserve “D”	45,199	1.038
* Parking Lot	Restricted Reserve “E”	12,547	0.288
Private Road	Not Provided	64,168	1.473
TOTAL USABLE SITE		240,126	5.513
* Harbor (Water)	TRACT II	503,245	11.553
TOTALS		743,371	17.065

*** Not part of the property included in this appraisal analyses.**

We have been provided a current site plan that indicates the property to consists of ±15.439 acres, and this is not identical to the owners previous 1989 site plan for a total ±17.065-acres. We have used the current site plan document to analyze the property. The previous harbor size estimate is not precisely correct as it is larger. The borrower reported that there are sidewalk easements that are not included in the previous site plan, and that the total gross size is ±18.000-acres and not ±17.065-acres. We have not used the total site size.

SITE DATA & ANALYSIS - CONTINUED

The Galveston County Appraisal District (HCAD) does not provide any assessment records for the harbor area, and the subject’s usable land’s have legal description(s) per the GCAD as follows:

USE	TRACT I	SIZE (SF)	SIZE (ACRE)
Dry Docking	Abstract 18, Page 4, Reserve C (0–3), Miland Marine II	101,817	2.337
Offices	Abstract 18, Page 4, Reserve B (0–2), Miland Marine II	16,480	0.378
* Clubhouse	Abstract 18, Page 4, Reserve D (0–4), Miland Marine II	43,199	0.992
* Parking Lot	Abstract 18, Page 4, Reserve E (0–5), Miland Marine II	12,547	0.288
Private Road	Abstract 18, Page 4 & 9, Reserve A-1, Marina On the Lake	64,168	1.473
TOTAL “DRY” LAND		238,211	5.469

*** Not part of the property included in this appraisal.**

The property of this appraisal analysis is three tracts of land that are a portion of the Marian Del Sol. The subject consists of ±4.188 acres that is developed with two dry stack buildings & a two story office building. There is a small portion of the subject that is included in clubhouse site size, and the clubhouse is not included in this appraisal report. The ±4.188 acres does have ancillary site improvements such as driveways, parking areas, sidewalks & a dry boat fork lift launch.

Location. The subject’s address is 1203 Twin Oaks Boulevard, League City, Texas 77565. This location is referenced as a part of Kemah, which is serviced by the League City postal services and other municipality services. The immediate area is surrounded to the north by Clear Lake and to the east by the Galveston Bay. To the south side of the immediate area is the City of League City. The Kemah boardwalk, constructed on the Galveston Bay, has restaurants, boutique shops, and an amusement park. In addition to Clear Lake, this is one of the immediate areas largest attractions. The property is located along the south line of Twin Oaks Boulevard, and “As Vacant” the total frontage area provides access and exposure. “As Improved” the property has one large concrete-paved driveway for convenient ingress/egress. The site’s access and exposure are slightly less than average due to the secluded location along the Clear Lake shores and the longer narrow shape of the front entry side (west) of the site. As compared to similar use sites in the area located along the shores of Clear Lake the site has average access with slightly below average exposure. Just to the south of the subject, Twin Oaks Boulevard intersects with FM 2094, which provides for substantial traffic volumes, and it is developed with mostly commercial and light industrial uses. The subject’s immediate area is primarily developed with retail related developments along the primary traffic arteries that back up to single and multi-family residential communities. This area of Galveston County

SITE DATA & ANALYSIS - CONTINUED

originally began to experience large volumes of development as early as 1960 and 1970 with continued developments during the 1980's and 1990's. There are substantial amounts of various types of development's throughout the immediate area. The area is also heavily populated, and there are scarce amounts of vacant land located in the immediate area of the subject. The subject's immediate area provides various positive affects for the site's marketability, development and use.

Physical Characteristics. We have designated the property as a "dry" site and a "wet" site. The "dry" site has an irregular shape, and it consists of ± 4.188 -acres or $\pm 182,387$ square feet. The "dry" stack harbor & real property improvements are the subject of this appraisal analysis. The "wet" harbor site consists of a ± 0.991 acre tract that is developed with a clubhouse & the harbor land consisting of ± 14.4480 -acres. The "wet" harbor is not included in this appraisal report.

Off-Site Improvements. At the site's front entry, Twin Oaks Boulevard is an two-lane, two-way, concrete-paved roadway with concrete curbs and gutters and a landscaped esplanade. There is a "curb cut" located at the subject ingress/egress. Twin Oaks Boulevard dead ends just to the est of the subject, and it intersects with FM 2094 just south of the subject. The site also has secondary frontage along the north line of Marina Way which is a two-way, two-lane, concrete paved traffic artery with partial areas of concrete curbs and gutters.

Adjacent Land Use. Twin Oaks Boulevard South is a lightly traveled traffic artery, and other than the subject, it is developed with single family subdivisions. The predominant land use in the immediate area of the subject is single family residential, and along FM 2094 there is retail and light industrial uses that typically back up to single-family residential development. To the immediate north and east of the subject is Clear Lake. To the south and west are single and multi-tenant residences.

Restrictions. The site is located within the City of League City, Galveston County. League City uses zoning to regulate development. The site that is used as a parking lot, is zoned "RSF-7" Residential Single Family District, and the marinas primary land area is zoned "CG" General Commercial. The "RSF-7" single family zoning is a medium density residential use with lot size minimums of $\pm 7,000$ square feet. The "CG" General Commercial District allows a wide array of commercial uses. The site plan indicates that Reserve "D", Clubhouse; and Reserve "E", the secondary parking lot is zoned "RSF-07". The subject is in compliance with the zoning Reserve "E", in compliance to zoning, is a single family residential use. To the best of our knowledge, there are no deed restrictions that would adversely affect the site's use, marketability, or development.

SITE DATA & ANALYSIS - CONTINUED

Easements. Based on our visit to the site and the provided site plan, typical utility easements and setback lines affect the site. There is a Texas General Land Office Commercial dredged easement at the ingress/egress of the harbor to Clear Lake. The easement is leased, and it is a requirement for the usable land areas to be used as a pier and/or marina. These utility and access easements are not considered to adversely affect the use, development, or marketability of the site to its highest and best use.

Utilities. All public utilities are available to the site including water, sewer, electricity, and telephone. Water and sewer are available via the City of League City, electricity is available by Reliant Energy and Telephone is provided by AT & T Communications, or other local carrier's. The site has access to all public utilities in adequate capacity to support there existing improvements or their equivalent.

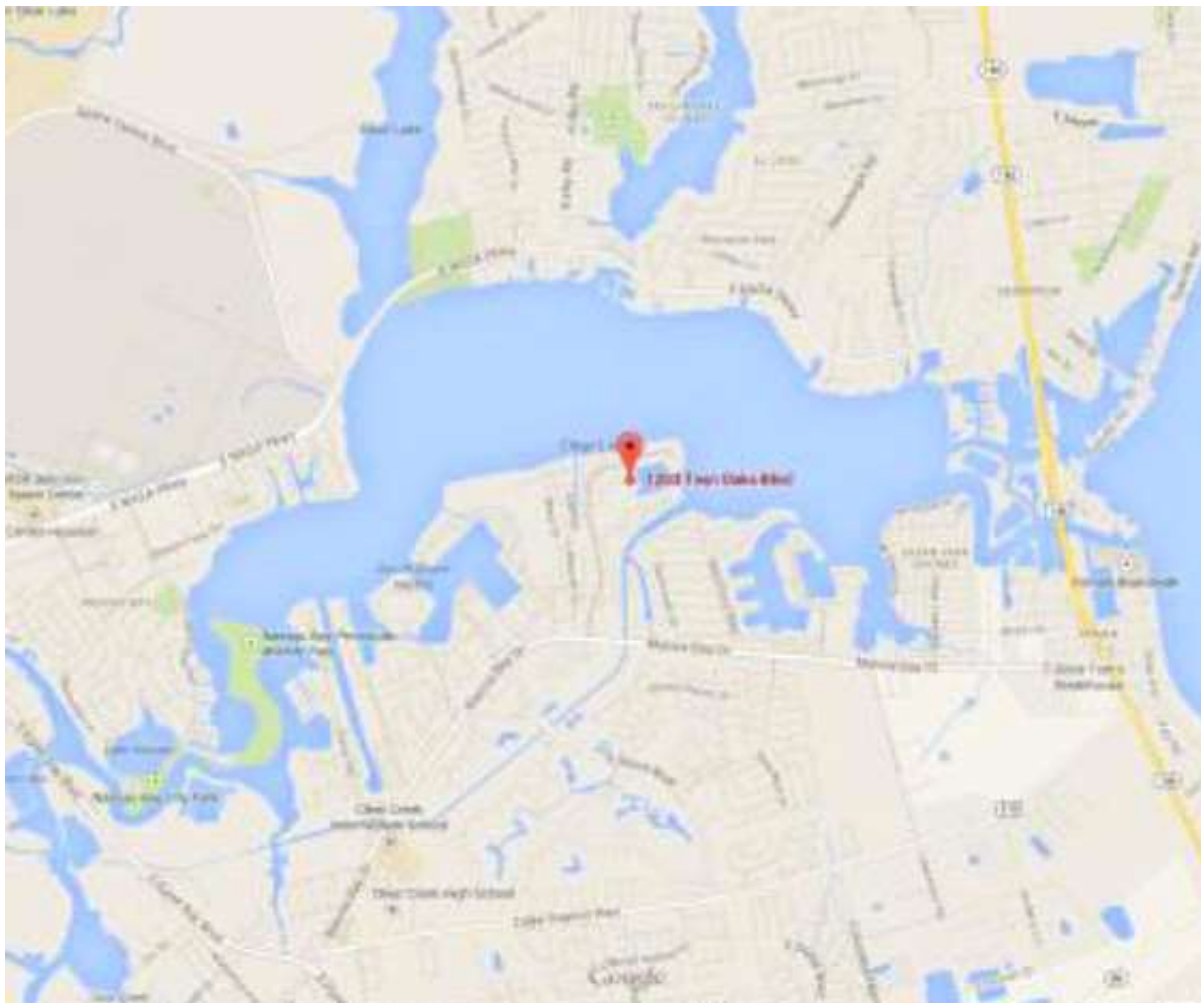
Hazardous Substances. Based on our personal observation we did not observe any noticeable signs or evidence of concern, and we are unaware of any hazardous substances located on the site or the harbor. We were not provided a current environmental site assessment, and we are not experts at recognizing hazardous substances. The existence of hazardous substances, including polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to our attention, nor did we become aware of such during our inspection.

Topography/Flood Plain. At the time of our observation the site appeared level and well-drained. There are no soil or subsoil conditions noted that would adversely affect construction as evidenced by the existing and nearby improvements. According to flood maps issued by the Federal Emergency Management Agency (Community Panel #48167C0041G), dated August 15, 2019, the site is located in Zone "AE", an area inside the 100-year flood plain. A flood map is included in this section of the report.

Political Jurisdiction. The site is served by the Clear Creek Houston Independent School District. Police and fire protection are provided by the City of League City.

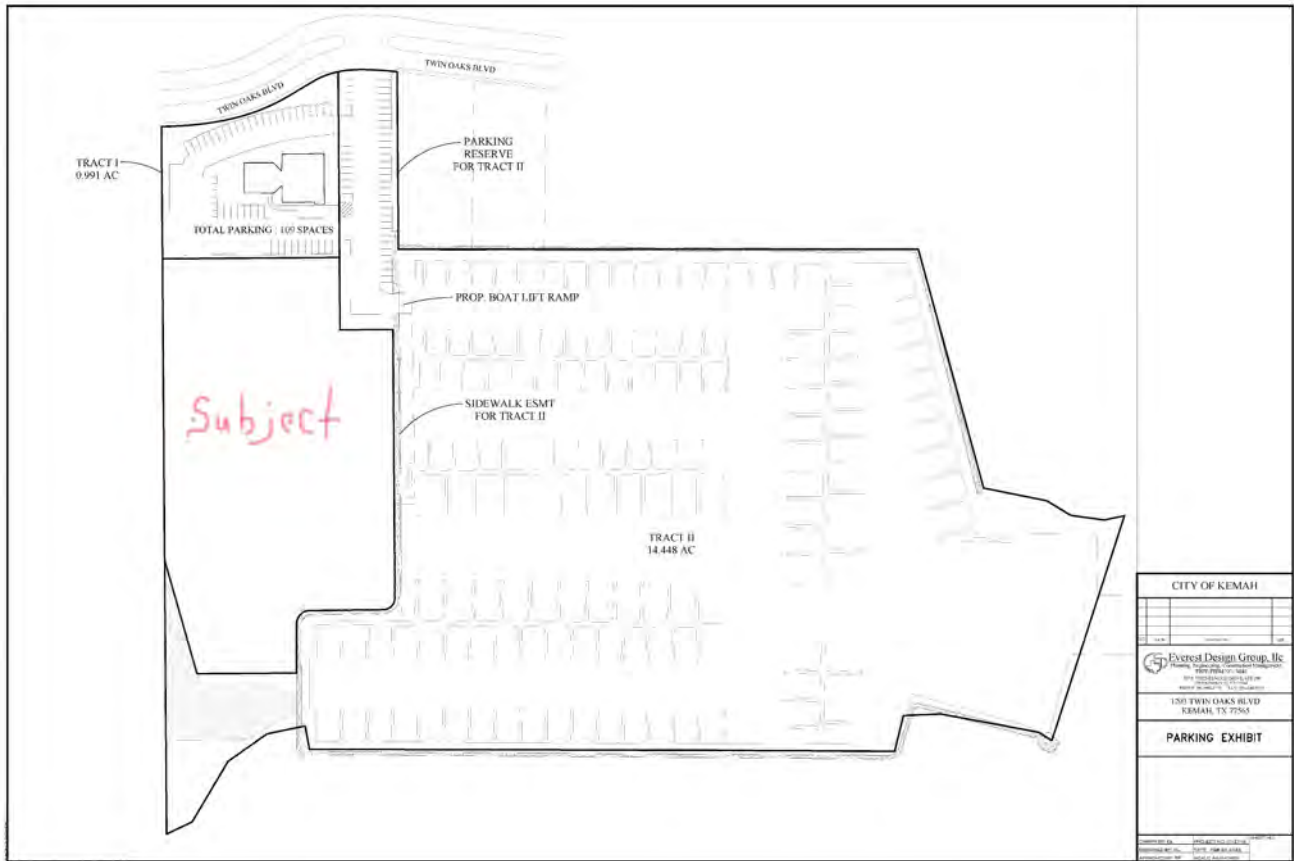
Conclusions. The property of this appraisal analysis is a tract of land that is a portion of the Marian Del Sol. The subject consists of ±4.188 acres that is developed with two dry stack buildings & a two story office building. On an overall basis, the subject is well suited for commercial development. The following exhibits are copies of a Clear Lake location map, the provided site plan, the various county plat maps for each of the sites and the flood zone map.

SITE DATA & ANALYSIS - CONTINUED



SITE DATA & ANALYSIS - CONTINUED

CURRENT SITE PLAN (GRANTEE PROVIDED)



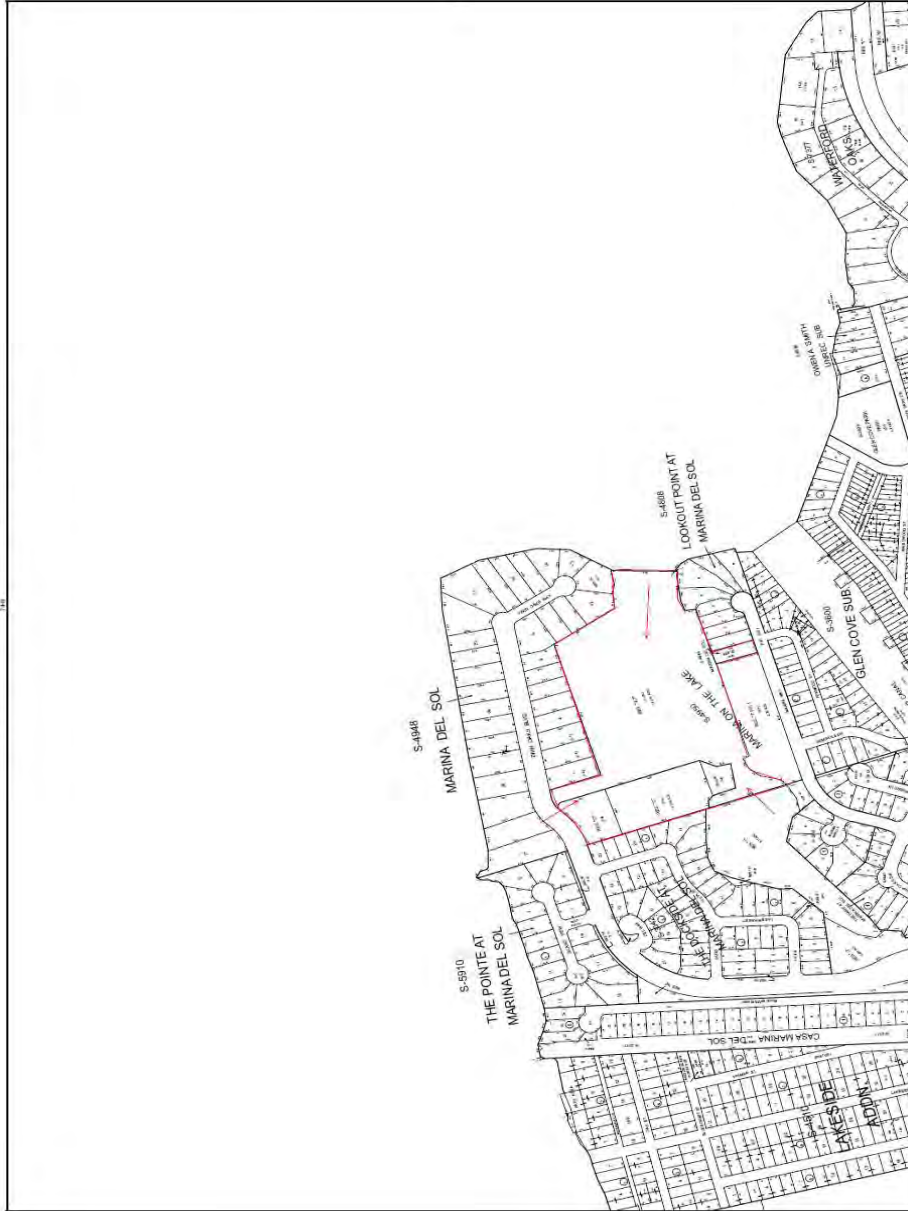
SITE DATA & ANALYSIS - CONTINUED

PREVIOUS SITE PLAN (1989)

Galveston Central Appraisal District



SCALE 1" = 20'
DATE 3/20/2011



SITE DATA & ANALYSIS - CONTINUED

InterFlood by a la mode

Prepared for: LanCo Realty Services
 1203 Twin Oaks Blvd
 Kemah, TX 77565-2185



MAP DATA

FEMA Special Flood Hazard Area: **Yes**
 Map Number: **48167C0041G**
 Zone: **AE**
 Map Date: **August 15, 2019**
 FIPS: **48167**

MAP LEGEND

- Areas inundated by 500-year flooding
- Areas inundated by 100-year flooding
- Velocity Hazard
- Protected Areas
- Floodway
- Subject Area

Powered by CoreLogic®

IMPROVEMENT DATA & ANALYSIS

The subject of this appraisal consists of a ±4.188-acre tract of land that is developed with the two dry stack buildings and a two story office building. The clubhouse with the swimming pool, the related parking lot and the wet slips including the harbor improvements, are not included in this appraisal analysis. The property’s address is 1203 Twin Oaks Boulevard, League City, Texas 775658. We have used the owner provided data to estimate the property’s building sizes, unit mix and slip sizes. Based on our analysis of the provided data and our observation of the property, the following are basic construction details noted at our visit.

BUILDING DESCRIPTIONS			
USE	BUILDING STRUCTURE CONSTRUCTION	YOC	SIZE (SF)
Dry Dock Building	Concrete Slab Foundation, Steel Frame & Three Sided Metal Panel Exterior Walls, Sloped Metal Panel Roof	1996	5,400
Dry Dock Building	Concrete Slab Foundation, Steel Frame & Three Sided Metal Panel Exterior Walls, Sloped Metal Panel Roof	1997	10,800
TOTAL DRY DOCK BUILDINGS			16,200
Office (1 st Floor)	Concrete Slab Foundation, Wood Frame, Wood Siding, Composition Shingle Roof	1989	740
Office (2 nd Floor)	Concrete Slab Foundation, Wood Frame, Wood Siding, Composition Shingle Roof	1989	660
TOTAL OFFICE BUILDINGS			1,400
* Clubhouse	Concrete Slab Foundation, Wood Frame, Brick Veneer, Composition Shingle Roof	1989	1,400
TOTAL CLUBHOUSE BUILDING			1,400
MARINA DEL SOL BUILDING AVERAGE YOC & SIZE		±1995	19,000

*** NOT INCLUDED IN THIS APPRAISAL ANALYSIS.**

The buildings are in average condition with the years of construction being 1989, 1996 & 1997. The weighted average year of construction is 1996, and the estimated effective age is ±25-years. Buildings of these types typically have an average economic life of ±50-years. The building improvements are estimated to have a remaining economic life of ±25-years.

IMPROVEMENT DATA & ANALYSIS - CONTINUED

EXTERIOR BUILDING DESCRIPTIONS			
USE	BUILDING STRUCTURE CONSTRUCTION	QUALITY	CONDITION
Dry Dock Buildings	Concrete Slab Foundation, Steel Frame & Three Sided Metal Panel Exterior Walls, Sloped Metal Panel Roof	Average	Average
Office (1 st Floor)	Concrete Slab Foundation, Wood Frame, Wood Siding, Composition Shingle Roof	Average	Average
Office (2 nd Floor)	Wood Sub Floor, Wood Frame, Wood Siding, Composition Shingle Roof	Average	Average
* Clubhouse	Concrete Slab Foundation, Wood Frame, Brick Veneer, Composition Shingle Roof	Average	Average

*** NOT INCLUDED IN THIS APPRAISAL ANALYSIS.**

INTERIOR BUILDING DESCRIPTIONS			
USE	BUILDING STRUCTURE CONSTRUCTION	QUALITY	CONDITION
Dry Dock Buildings	Exposed Concrete Slab Foundation, Exposed Steel Frame & Panel Exterior Walls, Exposed Metal Panel Roof	Average	Average
Office Buildings	Carpet & Vinyl Tile Floors, Textured, Taped, and Floated Sheetrock Walls & Ceiling, Wood Stud Partition Walls, Restroom, Storage Closet	Average	Average
* Clubhouse	Carpet & Vinyl Tile Floors, Textured, Taped, and Floated Sheetrock Walls & Ceiling, Wood Stud Partition Walls, Restroom, Storage Closet	Average	Average
Doors	Clubhouse & Offices - Glass and Metal Entry Doors, Hollow Core Interior Doors; Dry Dock Buildings - None	Average	Average
HVAC	Clubhouse & Offices - 100% Zoned Areas with Ground Mounted Exterior Units; Dry Dock Buildings - None	Average	Average
Lighting	Clubhouse & Offices - Recessed Florescent Tube Lights & Minimal Incandescent Fixtures; Dry Dock Buildings - None	Average	Average
Ceiling Height	Clubhouse & Offices - ±8 Ft.; Dry Dock Buildings - ±34 Ft.	Average	Average

*** NOT INCLUDED IN THIS APPRAISAL ANALYSIS.**

The two dry dock buildings & the offices are the real property improvements that have been included in this appraisal report. The clubhouse with it's swimming pool, driveway & parking lot are not included in this appraisal analysis.

Site Improvements:

In addition to the building improvements the site is also developed with the following site improvements.

IMPROVEMENT DATA & ANALYSIS - CONTINUED

SITE IMPROVEMENTS			
USE	AMENITY/AMOUNT	QUALITY	CONDITION
Utilities	All Public Available	Average	Average
Parking Driveway	±116,000 Square Feet Concrete Paving With ±173 Striped Open Parking Spaces & Yard	Average	Average
Out Building	±200 Square Foot Tiki Hut	Average	Average
Concrete Docks	±7,590 Linear Feet	Average	Average
Bulk Heads	±2,950 Linear Feet	Average	Average
Break Water Barrier	±290 Feet	Average	Average
Water Pump	Ground Mounted Adjacent to Dock	Average	Average
Recreation	Outdoor Swimming Pool	Average	Average
Signage	One Ground Mounted Front Entry Sign	Average	Average
Exterior Lighting	Adequate	Average	Average

*** NOT INCLUDED IN THIS APPRAISAL ANALYSIS.**

None of the wet slips or harbour improvements such as piers and docks are included in this appraisal analysis. We have not included any further descriptions of any property that has not been included in this appraisal analysis. Discussion with the borrower provided us the unit mix schedule as follows.

DRY DOCK UNIT MIX			
No. Of Units	Type Of Units	Rentable Linear Foot	% of Total Rentable Linear Foot
17	19'	323	6.62%
17	20'	340	6.97%
17	21'	357	7.32%
17	22'	374	7.66%
17	23'	391	8.01%
17	24'	408	8.36%
17	25'	425	8.71%
17	26'	442	9.06%
17	27'	459	9.41%
17	28'	476	9.75%
15	29'	435	8.91%
15	30'	450	9.22%
200		4,880	100.00%

IMPROVEMENT DATA & ANALYSIS - CONTINUED

No. of Units	Type of Units	Total LF	% of Rentable LF
200 (Rentable) *	Dry Docking	4,880	26.14%
* 319	Wet Slips Not Included In Appraisal Analysis	13,790	73.86%
519		18,670	100.00%

* There are 200 configurable dry docks of which we have estimated 200 rentable due to unknown variation in boat width.

Comments: Access to the property from the south line of Twin Oaks Boulevard provides a convenient two-way driveway with parking along the driveway’s sides. The property is currently ±57.00% occupied, and we have estimated stabilized occupancy to be ±90.00%. The overall quality of the buildings, as well as functional utility, are considered to be average. The subject’s improvements are functionally adequate, and they are in average condition. Based on the size of the building improvement, the subject’s land-to-building ratio is ±41.44:1, and the improvement’s “footprint” or layout is functional for it’s intended use.

Furniture, Fixtures & Equipment:

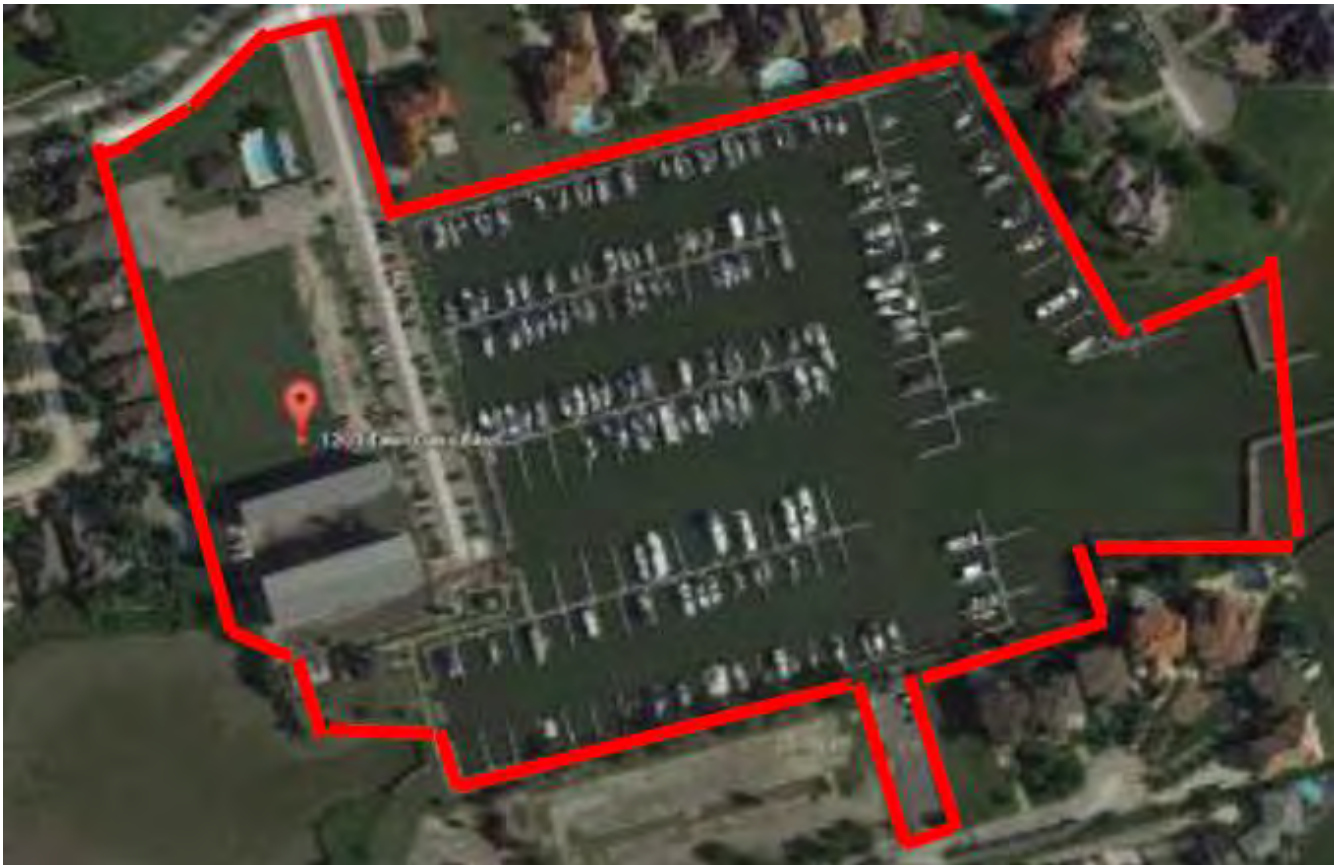
An itemized list of all the furniture, fixtures, and equipment that are utilized to operate the marina business was not made available for us to analyze. An extraordinary assumption of this appraisal is that the subject’s exact sizes for all buildings, site, docks, parking/driveway paving areas, or FF & E associated with the business operation were not provided. If any of the information is different than what was viewed at our visit, then our opinions of value could change. Our opinion(s) of market value do not take into account any negative or positive factors caused by existing or forthcoming EPA or other regulations. This extraordinary assumption might have affected the assignment results. The following table provides a listing of the estimated FF & E.

SUMMARY OF FURNITURE, FIXTURES, & EQUIPMENT	
Component	Condition
Water Pump Out Station	Avg.
Clubhouse & Swimming Pool Furniture (Not Included)	Avg.
Maintenance & Mechanic Tools	Avg.
Coin Operated Washer & Dryer	Avg.
Ice Machine	Avg.

There are sale revenues generated from the coin operated washer/dryer. To our knowledge there are no boat services such as battery charges and jumps, covers, and flushing. There is the boat trailer parking space rentals. We consider these extra income generation to be Other Income. An aerial photograph follows.

IMPROVEMENT DATA & ANALYSIS - CONTINUED

PARENT PROPERTY



The subject of this appraisal analysis includes the lower left (southwest) portion of the site. The red tear drop marks the near center of the ±4.188-acre “dry” stack site. The marina harbor & the clubhouse are not part of this appraisal analysis.















ZONING & RESTRICTIONS

The property is located within the City of League City, Galveston County, Texas. The City of League City does use zoning to regulate development. The five sites are zoned as follows:

USE	TRACT I	ZONING	SIZE (SF)	SIZE (ACRES)	SIZE %
Dry Docking	Unrestricted Reserve "C"	General Commercial	101,817	2.337	42.40%
Offices	Restricted Reserve "B"	General Commercial	16,395	0.376	6.83%
* Clubhouse	Restricted Reserve "D"	General Commercial	45,199	1.038	18.82%
* Parking Lot	Restricted Reserve "E"	Residential Single Family	12,547	0.288	5.23%
Private Road	Not Provided	General Commercial	64,168	1.473	26.72%
TOTAL USABLE SITE			240,126	5.513	100%
* Harbor (Water)	TRACT II	Not Zoned	503,245	11.553	
TOTALS			743,371	17.065	

*** NOT INCLUDED IN THIS APPRAISAL ANALYSIS.**

The two dry dock, the two-story office building & the private road are developed upon "GC" General Commercial and "RSF-7" Single Family. The following zoning ordinance data and map have been acquired from the City of League City.

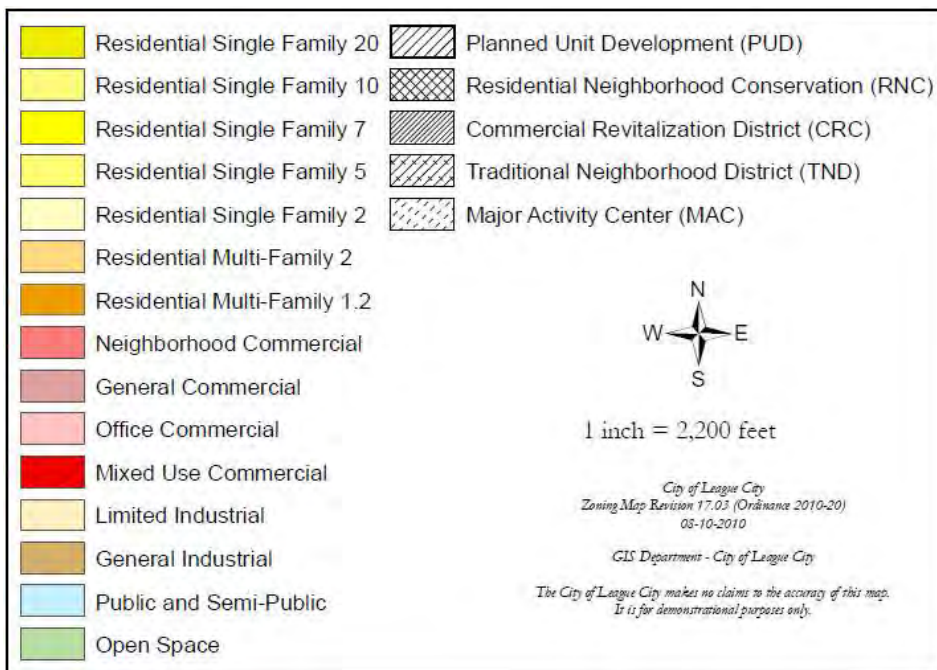
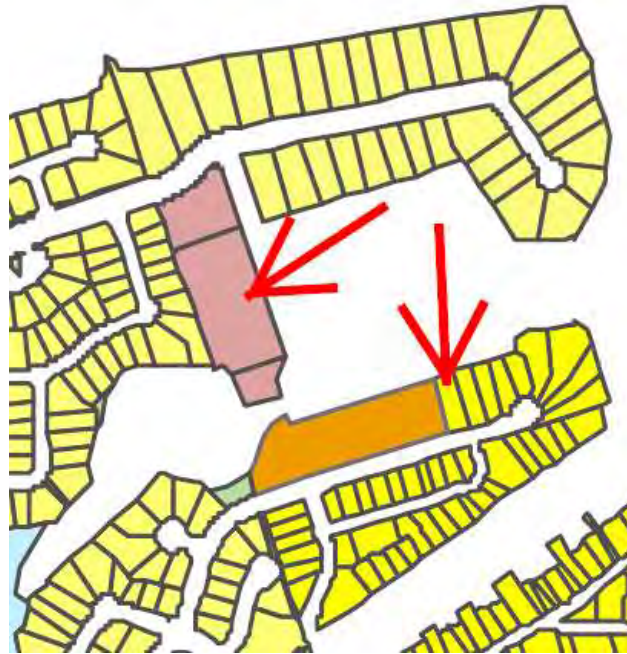
"CG" General Commercial

This district reflects existing and future areas of larger-scaled pedestrian and auto oriented commercial development (typically with floor plates of more than 10,000 square feet) located on the City's major arterial roads and include a wide variety of community-serving uses that include retail, services, office, auto-related business, eating and drinking, recreation and entertainment, public and semi-public uses, etc. Residential uses are not permitted in this district.

ZONING & RESTRICTIONS - CONTINUED

“RSF-7” Residential Single Family Districts

This district reflects existing single family areas of the City and is intended to provide for medium density residential development. The minimum lot size is 7,000 square feet. This district is intended to replace the existing “SD-R” Suburban Development-Residential District in undeveloped areas of the City.



ZONING & RESTRICTIONS - CONTINUED

“As Vacant”, the “CG” site could be developed with a wide array of various commercial uses. The “Improved Site” as a marina is a legal conforming use. There are building codes and parking regulations that the property must adhere to, and the property appears to be in compliance with all applicable codes, standards, and potential regulations. “As Vacant” the “RSF-7” site can be developed with single family residential, and it’s “Improved Site” use as a parking lot is a legal conforming use since it is considered to be vacant land.

We have not performed an ADA audit, and based on discussion with the property manager the buildings and parking facilities are adequate to satisfy any regulations. We have not reviewed any EPA Phase I report. Our opinion(s) of the property’s market value is contingent to there being no ADA or EPA issues that would require any cost to resolve.

The site plan indicates Reserve “D”, Clubhouse and Reserve “E” is the secondary parking lot are each are restricted lots. In compliance with the zoning, Reserve “D” is a commercial use. Reserve “E”, is in compliance to zoning as it is a single family residential use. There are no known deed restrictions that would adversely affect the site’s use, marketability, or development.

If any restrictions exist that to discover such are beyond the scope of this appraisal analysis, then our opinion(s) of market value could change respective to such restrictions. We have not been provided a title policy for the property, and we have assumed that the property is free and clear of any encroachments, adverse easements or title encumbrances.

LEISURE
INVESTMENT PROPERTIES GROUP

GOLF ♦ MARINAS ♦ SKI ♦ RESORTS ♦ PLANNED COMMUNITIES

MARINA
INVESTMENT
REPORT

2021

(2020/1H 2021 Review)

*The LIPG, LLC
Inaugural Edition*



TO OUR VALUED CLIENTS

We are excited to announce that as of August 2021, the Leisure Investment Properties Group, LLC (LIPG) is a stand-alone national brokerage company focusing exclusively on the leisure industry. Our marina advisors are in a better position to further execute on the LIPG vision of being the preeminent leader in business-driven, investment real estate and advisory services. With continued focus on the core niches of golf courses, marinas, resorts and master-planned communities, our company can adapt more quickly to market changes, dedicate more resources to our clients and more effectively leverage our international investor database, proprietary underwriting and marketing tool to best serve you.

Our firm now provides several new marketing options and platforms for clients, allowing for your asset(s) to be more competitive as sought-after investment vehicles. Without the restrictions and limitations of a large, publicly-traded company, we can focus more of our time and energy on helping our clients create and preserve wealth in the leisure industry, identify the best options for their future goals, and provide the most prescient and forward-thinking advisory services.

We are well-equipped and eagerly await the opportunity to work with you in the coming years!

-The Leisure Investment Properties Group

LIPG HISTORY

In 2009, while a global economic crisis was devastating the real estate market, **Steve Ekovich** and **Chris Karamitsos** identified a void in the commercial real estate brokerage industry. With turmoil not seen since the S&L crisis of the 1980s, the golf industry would require specialists proficient in helping investors navigate through incredibly recalcitrant markets...Enter the Leisure Investment Properties Group (LIPG).

Leveraging Chris' background as both a real estate broker and PGA golf professional, along with Steve's decades-long track record of facilitating billions of dollars' worth of commercial transactions, the two formed the golf-centric brokerage division for the publicly traded, commercial real estate investment firm, Marcus & Millichap. The idea was to bring investment-grade underwriting of assets, institutional-quality advisory services, and brokerage "best-practices" to the golf investment community. In the years that followed, the group listed, sold, advised, and underwrote hundreds of properties totaling over \$2.5 billion.

In 2010 **Terry Vanek**, MBA from Florida, joined the group followed by long time industry veteran **Rob Waldron**, who worked for Leg Mason, Fore Golf and Billy Casper Golf. These four professionals are the founding partners of the new LIPG, LLC.

Four years later (in 2014) the LIPG expanded its services by successfully launching the Marina Division. With the addition of **Brett Murphy** and long time real estate veteran **Jeff Spilman** (who are both founding members of the LIPG, LLC), the Marina Division has quickly become one of the top marina brokerage divisions in the industry.

OUR VISION

The Leisure Investment Properties Group is the preeminent leader in business-driven leisure investment real estate and advisory services.

THE LIPG MISSION

To help our clients create and preserve wealth. We deliver exceptional transactional expertise, superior market knowledge, and the industry's most powerful marketing platform at a personal level, treating each client's best interests as our own.

OUR GUARANTEE

Our clients will have the clarity, knowledge, and power to make sound business decisions that will maximize their investment strategies and achieve their vision for the future.

LEISURE
INVESTMENT PROPERTIES GROUP
GOLF ♦ MARINAS ♦ SKI ♦ RESORTS ♦ PLANNED COMMUNITIES

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Editor-in-Chief

Brett Murphy
Vice President of Investments

Special Content From:



State of the Marina Market in FY 2020 and First Half of 2021

Since March 2020 and well into the first half of 2021, COVID-19 affected the industry in ways no one could have predicted. While other industries were severely impacted, the pandemic quickly proved to play a strong role in the growth and success of marinas around the country (as well as other facets of the marine industry). As one of the “last bastions of happiness”, boating provided social distancing, a new lifestyle and leisure pastime, and now represents the new family vacation for many. While boat dealers have had their best years ever, effectively backlogging manufacturers until 2023 or longer, marinas have realized exceptional growth – all of which we will cover throughout this report.

Key FY 2020 and First Half of 2021 Takeaways:

- Occupancy: ↑
- # of Marina Sales: ↓
- Average Marina Sale Price: ↑
- Median Marina Sale Price: ↓
- Stock Market: ↑
- Interest Rates: ↓

The global health crisis of 2020 and into the first half of 2021 has left an indelible mark on society, structurally changing how people live, work, play, vacation, dine and shop. Many of our clients have questioned when things will return to normal, or if the definition of normal has been changed forever. We believe there have been systemic changes to our society that while realized now, likely would have been realized in the coming decade; Covid just expedited these changes. The dramatic lifestyle changes of the last year will directly affect the demand characteristics of marinas, over both the short- and long-term, and we intend to keep you apprised of these market changes as they occur.

As the first inaugural edition of the Marina Investment Report by The LIPG, LLC, we hope you gain valuable insight and knowledge from this report, and we look forward to working with you in the future.

Sincerely,



Steve Ekovich
Executive Managing Director – The LIPG, LLC

A TRUSTED VISION FOR THE FUTURE OF MARINAS

Founded in 2009, and formerly known as the National Golf & Resort Properties Group, the Leisure Investment Properties Group has become the renowned industry leader in golf course and marina sales nationwide. After 12 years of extensive success, the Leisure Investment Properties Group was re-structured in 2021, now officially recognized as The Leisure Investment Properties Group, LLC—a national brokerage company that focuses exclusively on the leisure industry. Our group has sold over 150 golf courses, marinas and other leisure - oriented properties since its origin in 2009, utilizing its powerful platform and proactive marketing techniques that will have even greater effectiveness moving forward. Our management team has over 150 years of combined experience in arranging the sale of golf courses, marinas and other commercial real estate, and we look forward to serving you.

STATE OF THE MARINA INVESTMENT MARKET

BY: STEVEN EKOVIICH—EXECUTIVE MANAGING DIRECTOR

Unprecedented Times, Unprecedented Boating Activity

Looking at 2020 and into the first half of 2021, the COVID-19 pandemic affected the industry in ways no one in the industry could have predicted. While paralyzing other industries, the serendipitous effects COVID had on marinas could be seen in all facets of the marina and boating industries. During Covid, Marinas were one of the “last bastions of happiness” that was not taken away: it provided social distancing, vitamin D from the sun, and an activity that could be done with the family unit. Boat sales also rose to unprecedented levels and those boats would need a place to be stored. Marina occupancies are at an all-time high. Marina owners have been able to take advantage of their high occupancy by not only raising slip/rack rates, but they could become choosier on which boats they took into their marinas.

The Demand Side (Occupancy, Rates, Boat Sales)

Occupancy

One of the factors that has driven both marina use and boat sales is the demographic shift in the US from Covid. Most marinas are in suburban and rural markets. Over the last 18 months, however, there has been a flight of people from big cities to less densely populated areas less prone to protests and the associated looting that came from it. The boating industry has benefited greatly from this wave of people buying second homes, vacation homes, bucket list homes and retirement homes by their boats. Boaters are or can be closer to their boats and use them more, versus less frequently when they lived hours or even states away.

The good news is as of the end of May 2021, 49.9% of the US is vaccinated, business is moving again and states like Florida and Texas are easing restrictions. This also means people are scheduling vacations to boating destinations, further adding to the use of marinas for slips and racks, boat rentals, and restaurant/dining facilities.

The industry does not yet obtain actual data from a cross section of marina owners on occupancy, rates and revenue numbers, so we deferred to the Marina Dock Age survey of marina respondents to occupancy.

Marina Dock Age, in their national survey (below in Figure 1) shows that over half (55.6%) of their respondents have an occupancy rate of 95% to

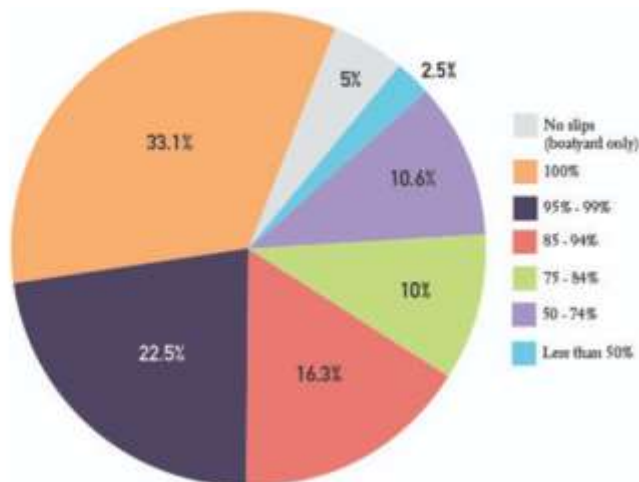


Fig. 1

100% and 58.1% of respondents have seen an increase in occupancy compared to last year. The Midwest and South lead marinas in increased occupancy (at 71.4% and 62%, respectively) compared to last year.

Slip Rates

Figure 2 (also from Marina Dock Age), shows that half of marinas across the country have increased their slip rates while the other half kept them the same. Breaking down by region, marinas in the West and Midwest are much more likely to have increased their slip fees (73% and 71.4%, respectively) than those in the Northeast (44%) and South (42%). Small marinas held steady on their slip rates (64%), than large marinas at (34%).

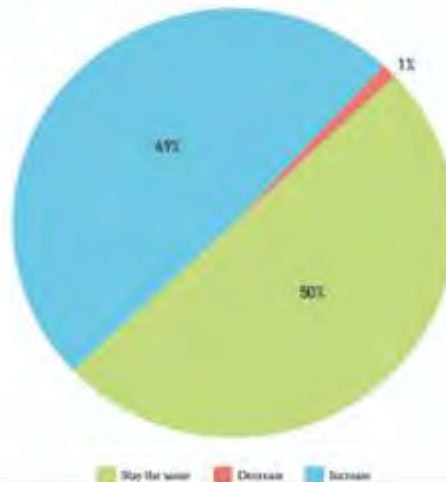


Fig. 2

Boat Sales

The National Marine Manufacturers Association (NMMA) reports that retail unit sales of new powerboats in the U.S. increased last year by an estimated 12% compared to 2019. More than 310,000 new powerboats were sold in 2020, levels the recreational boating industry has not seen since before the Great Recession in 2008. Three boat categories drove sales in 2020: Personal Watercraft (including Jet Ski’s, Sea-Doos and Wave Runners) up 8%, Wake Boats up 20% and Freshwater Fishing and Pontoon Boats up 12%. A significant percentage of these new boat owners will rely on marinas to store their boat year-round/for the season, further driving demand and putting pressure on owners to raise slip and rack rates.

Another source, Soundings Trade Only, states that the industry was poised to exceed 300,000 units for the first time since the Great Recession after seeing strong gains continue through November. Preliminary data from 33 states, accounting for more than 65 percent of the U.S. market, showed boat registrations in the main powerboat segments rose 8% year to date and more than 32% versus November 2019, according to Statistical Surveys, a Michigan firm that tracks new-boat registrations. Registrations were up more than 28 percent year over year in the main powerboat categories, and almost 12 percent year to date.

Boat sales are expected to remain at historic levels in 2021 as manufacturers continue to fill a backlog of orders from 2020. Annual U.S. sales of boats, marine products and services are estimated to total \$47 billion in 2020, up 9% from 2019.

The Supply Side (Quantity of Marinas)

There are approximately 11,500 US marinas with an estimated \$18 Billion economic impact which supports an estimated 105,000 full and part-time/seasonal jobs. Why aren't there more marinas? It is very difficult to build a marina because of environmental concerns, governmental concerns and lack of locations conducive to marinas (depth, access, availability). So compared to just about every other commercial real estate asset class, the barriers to entry are the highest in the marina industry.

Marina Values

The reason we discuss supply and demand is because these factors influence marina values. For FY 2020, we recorded 71 single-asset transactions reported. The number of transactions is down some from 2017-2019 slightly. (That is understandable as we had four of our properties under contract terminated by the buyers, during the lockdown because they couldn't perform due diligence.)

For about four months, very few transactions occurred unless deals were contingent-free with hard deposits, as you could not get inspectors to the property to perform due diligence, and/or buyers could not travel to see the assets. However, overall transaction volume was about equal to a year prior, with gains in the average sale price by 9.41% to \$4,374,108 from FY 2019. The median price also increased from FY 2019, to \$3,200,000 (See Page 8).

In both commercial real estate and residential real estate, the median is considered the better indicator of value versus the average which can be affected by lots of small sales or a few large ones. We would expect to see these price increases continue in 2021, as we should continue to have more buyers who are not currently in the industry jump in. We have new buyers calling us frequently to discuss the industry airspace after they have read our Marina Investment Report, or were referred to us.

Marina Lending

Lending was available in 2020 and the first half of this year, but not widely as PPP processing swamped the SBA lenders where many marina loans are approved. The Fed has kept rates near zero through the time of this writing, as the economy improves (see Figure 3). We expect the Fed to keep rates near zero for at least the next two years. Even with the increasing likelihood of COVID-19 vaccines boosting activity in 2021, there will still be significant slack in the economy and labor market by the end of the year.

Because of this, the Fed will avoid tightening policy prematurely and risk a repeat of the 2013 "temper tantrum," which saw a surge in Treasury yields after the Fed communicated it would reduce the pace of its asset purchase program, according to Edward Jones. Under its recently updated policy framework, the Fed will tolerate above-target inflation to make up for earlier shortfalls. We believe the lenders in the marina airspace are getting more comfortable with marinas and there will be more options in the second half of 2021.

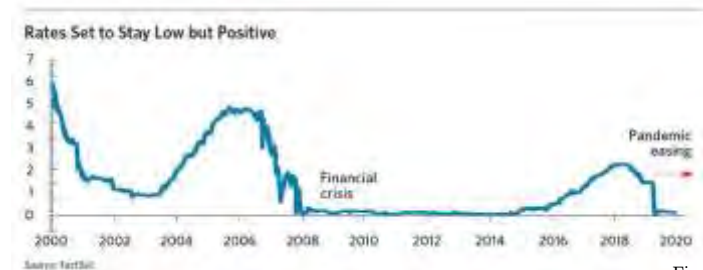


Fig. 3

Changes in Tax Policy

Joe Biden's new economic plan calls for abolishing the right to defer certain tax payments on property-investment gains of over \$500,000, part of a broader effort to raise taxes on corporations and wealthy-Americans. Known as like-kind or "1031" exchanges, it allows property investors to roll the proceeds of real estate sales into future purchases while deferring capital gains taxes. This deferral process can theoretically continue indefinitely until the investor's death, and if assets are passed to an heir, the capital gains tax bill is often wiped out. This part of the tax code has created liquidity in marinas and the broader commercial real estate markets for 40 years. Many investors would not sell if they had to pay the tax today. With a 1031 exchange, investors can trade up, not pay the tax currently, but sometime in the future. This creates tremendous liquidity in the marinas and broader real estate market and this liquidity would be effectively wiped out. This will reduce marinas sales, reduce properties for sale and could reduce value of all commercial real estate in the long run.

The Economy and Marinas

According to Morningstar Direct, they think the distribution of an effective COVID-19 vaccine will ease a durable rebound in economic activity. Along with an accommodative Federal Reserve and the prospects for additional fiscal aid, trillions on top of trillions already pumped into the economy, this suggests the newly emerging bull market in stocks has legs. In July 2021, it looks fairly certain that Congress is going to pass a trillion dollar infrastructure bill, with another \$3B bill waiting on debate in the house and senate. As the economy improves, pent-up demand for services is unleashed and interest rates remain relatively low, corporate earnings will continue to recover and likely reach their 2019 pre-pandemic peak by the end of 2021 (see Figure 4).

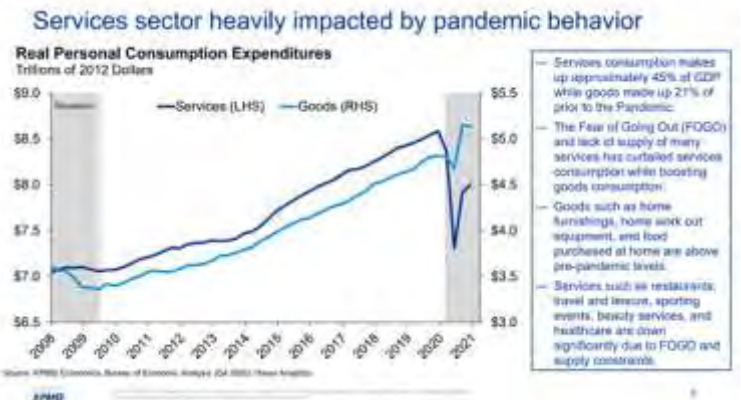


Fig. 4

This also means employment will swell to pre pandemic levels. We are already seeing demonstrative effects of raising wages as employers try to entice employees to leave the government's handouts to go back to work. What this means for marinas is more disposable income, more income for boaters to purchase slips, pay higher slip fees and extra disposable income to qualify for a boat loan. A growing economy will put more money in the hands of marina owners, which in turn will allow them to push slip and rack rental rates.

Our Market Predictions

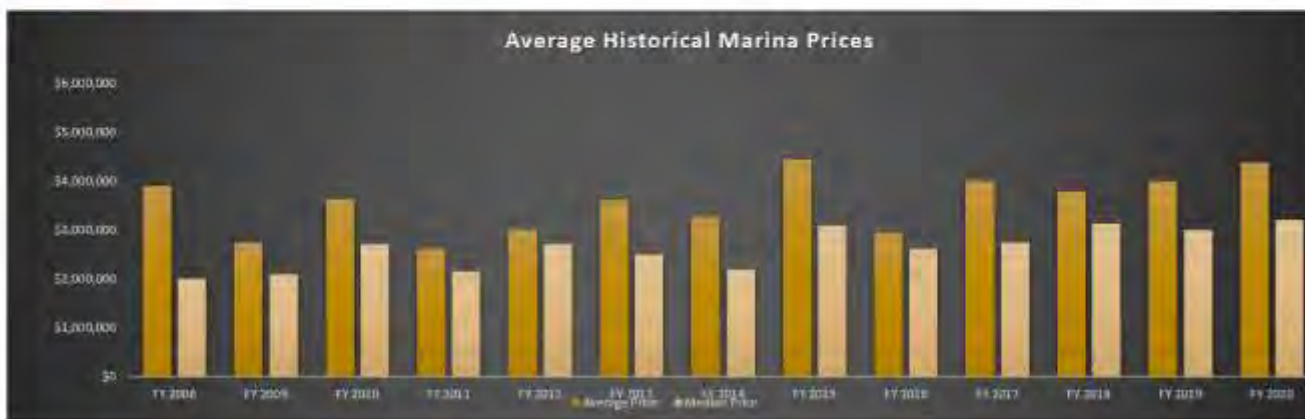
Marina occupancy will continue to be up over the 2019 and 2020 levels through the second half of 2021. Since Covid has added some much-needed revenue and EBITDA to marinas that previously did not have funds, owners can begin addressing cap-ex, creating a better marina experience for boaters and a more attractive property on sale. Furthermore, struggling marinas that would have sold in early 2020 will continue to have a lifeline and will be less encouraged to sell in the second half of 2021. As Covid forced employees to work from home, it demonstrated to employers that employees do not need to be in a downtown high-rise to work - consequently, many corporations will continue to allow all or partial work from home. This systemic change will lead to more people being able to boat more often after work, before work and maybe even during the day for an “emergency” boat trip.

There will continue to be a flight of boat owners to the suburbs as they are seen to be safer than big cities. With applications like Zoom, Teams, Cisco and other video conferencing services, 2020 and into the first half of 2021 demonstrated to employers that employees can practically live anywhere and still be productive. That has driven white-hot home prices (particularly in the south and suburbs of major cities) where marinas are more easily accessible to boat owners. This in turn will continue to drive interest in boating, marinas, marina resorts, second home and vacation areas. With financially healthy marinas, increasing occupancy and slip/rack rates, more buyer interest will follow, not just from the usual suspects, but from “new to the industry” investors. With less marina assets coming to market (the number of distressed marinas has gone down) and heightened demand/competition from new and existing marina investors, we believe marina values will continue to increase as opportunities grow scarce. We may even see, for the first time since the great recession, some cap rate compression in the second half of 2021.

LIPG National Marina Sales History

	# of Sales	Average Price	% Change	Median Price	% Change
FY 2008	27	\$3,904,833	N/A	\$2,000,000	N/A
FY 2009	26	\$2,746,581	-29.66%	\$2,100,000	5.00%
FY 2010	26	\$3,630,998	32.20%	\$2,700,150	28.58%
FY 2011	34	\$2,603,146	-28.31%	\$2,152,622	-20.28%
FY 2012	42	\$3,006,015	15.48%	\$2,700,000	25.43%
FY 2013	46	\$3,616,713	20.32%	\$2,500,000	-7.41%
FY 2014	60	\$3,263,895	-9.76%	\$2,196,015	-12.16%
FY 2015	54	\$4,431,889	35.79%	\$3,090,000	40.71%
FY 2016	74	\$2,933,065	-33.82%	\$2,606,000	-15.66%
FY 2017	87	\$3,991,832	36.10%	\$2,750,000	5.53%
FY 2018	93	\$3,786,092	-5.15%	\$3,130,000	13.82%
FY 2019	78	\$3,998,025	5.60%	\$2,995,000	-4.31%
FY 2020	71	\$4,374,108	9.41%	\$3,200,000	6.84%
TOTAL	718	\$3,223,586			

Outliers Removed for Avg. & Median (<\$1M or >\$20M)



Data Courtesy of the Leisure Investment Properties Group

Fig. 5

*Data, quotes and graphs have been compiled from proprietary market research, as well as public research sourced through Marina Dock Age, National Marine Manufacturers Association (NMMA), and others industry publications.

BUYER SENTIMENT | BY: BRETT MURPHY—VICE PRESIDENT OF INVESTMENTS***The Marina Asset Class***

The marina industry is an increasingly sought-after asset class for many different investor profiles. We have conversations with groups of all equity sizes, ranging from high-net worth individuals and families to private equity, REITs, family offices and other institutional-level players. Over the last few years many institutional-grade platforms realized great success in the industry (Safe Harbor Marinas, Suntex, Southern Marinas, etc.), garnering increased attention from investors who seek strong yields from multiple income streams, with opportunity to build scale. Historically marinas have been a highly fragmented industry (and this holds true today), but there has been tremendous consolidation, primarily with Tier 1 marina acquisitions in the Southeast. While these properties tend to be strong, high-capacity, cash-flowing marinas, there is an abundance of marinas that have benefitted from new investor capital in the \$1-\$10M range, whether it is a complete re-branding or expansion opportunity that creates opportunity for more boaters to have better access to the water. Marina investments have proven positive results for the end-consumer (boaters), as well as the owner, and 2020 showed consistent growth in sales and consolidation throughout the industry.

Buyer Profiles:

- High-Net Worth Individuals
- Private Equity Firms
- Family Offices
- REITs
- Partnerships

Buyer Sentiment in 2020 & 1H 2021

When the COVID-19 pandemic hit the U.S. mid-March 2020, investors took a pause as the situation was assessed. The marine industry went on standby until it became clear that marinas would be deemed an essential business – it was around this time that boat dealers started selling out of all new and used inventory, creating a backlog on orders that still exists today. Thus, most facilities remained open across the United States and transactions quickly became more attractive since the marina business was booming. Early on, marinas under contract ran into complications; at best, timelines were extended as third-parties were limited by quarantine and social distancing guidelines, directly impacting Due Diligence tasks. At worst, the deal completely fell apart. Listings were also temporarily halted early on in the pandemic until timing made sense to create a strong market where investors were in a position to execute on a purchase. Listings already on the market at that time had to adjust their strategies to either make the most of the situation and continue moving forward or withdraw to better situate the property under more favorable timing. Fortunately, it did not take long for the marina industry to find that the pandemic would bring more advantages than adversity,

contrary to the position restaurants and hotels unfortunately experienced. Marinas were open, families were taking to the water, and business turned out to be better than ever before.

On the transaction side, we noticed a strong uptick in interest from new investors to the marina space and families that were relocating because of the pandemic. Like the residential housing market, families are seeking lifestyle changes in a new area (predominantly the Southeast) where marinas offer the perfect career change, active retirement, and/or owner-operator investment that in some cases also provided a primary residence on-site.

Post-COVID Investment

When working with first-time marina investors (whether private equity funds, experienced commercial real estate investors or individual investors), we always strive to reduce the learning curve through education, information and advisory services. Nevertheless, as interest remained high with opportunities returning to the market and new deals available for purchase, expectations of discounts on pricing began to surface. This created a wide spread between “bid” and “ask” – where a buyer was willing to pay for the property and where an owner was willing to sell. We found that discounts were unwarranted in most situations when the historical levels of ancillary income streams were consistent with low volatility. For the most part, the increase in boating activity directly benefitted boat dealerships, with marinas benefiting from higher wet slip occupancy (and waiting lists), rate increases, fuel sales and boat rentals. These income streams are largely synergistic and a function of boat use, but boat rentals in particular have seen strong growth as the general boating experience has captured the interest of the nation.

While there are concerns that re-opening the economy will result in reduced NOI levels (primarily in fuel sales and boat rentals as people get back to work) in the second half of 2021, we are confident in the residual effect of heightened boat ownership and marina use as lifestyles have changed nationwide. We expect to see this reflected in wet slip/storage occupancies and rates primarily.

With this sentiment in mind, we are optimistic about transactions throughout the remainder of 2021 as more individuals and families seek the perfect active retirement and new institutional investors seek premier assets and yields for their investors.

MARINA FINANCING WITH MADISON ONE | BY: JEFF GROHS—SENIOR BUSINESS DEVELOPMENT SPECIALIST

Financing Your Marina

Marinas are a specialized asset class with many lenders exercising caution when a buyer seeks out loan. The lack of lending could force out buyers who either do not have the necessary equity to meet LTV (loan-to-value) requirements, or it could push an investment group's returns beyond a threshold of reasonable comfort for making the purchase. For owner-operators, this is typically the "make-or-break" to getting the deal done and successfully closing on their new business. Avoiding these pitfalls is why working with a partner who understands the inner workings of the marina business is so important. Issues like land leases and water rights are just two examples of the many nuances specific to the marina industry that your lending partner needs to know when successfully closing, and ultimately funding, the transaction.

Madison One: Who We Are

Madison One CUSO is a full-service organization which originates, processes, closes and services SBA & USDA government guaranteed commercial loans on behalf of its partner Credit Unions through our nationwide, direct funding platform. The company's principals and its staff have successfully implemented and operated a similar lending platform since 2010 while being recognized throughout the industry as Marina & Leisure Property experts. Madison One's credit committees have an appetite for special purpose properties and niche businesses like marinas, which eliminates the learning curve and many potential surprises that other lenders could encounter when not experienced in marina lending. While acquisition, refinancing and expansion loans are the primary source (or operator need) of lending, M1 will also review opportunities that need construction, non-CRE and projection-based properties.

SBA & USDA Financing

SBA & USDA financing is a credit enhancement offered to federal lending institutions. These guarantees incentivize the Small Business Administration and United States Department of Agriculture Business & Industry to lend to businesses that have unique challenges in the underlying credit, such as inconsistent cash flow, lack of collateral, or special purpose nature of the business or collateral.

Many marinas are in rural or tertiary markets, have significant capital requirements in terms of acquisition and necessary improvements, and tend to have routine maintenance and repairs. SBA and USDA lenders can provide significant leverage and minimize the capital contribution for owners who either own or want to acquire marinas. For this reason,

marina owners can conserve capital while leveraging the value of their assets to maximize their return on investment.

How You Can Apply

Like any lender, there are numerous factors that indicate a borrower's strength when financing a marina. Some of those include: current cash flow of the marina; borrower experience in operating marinas; borrower financial strength (savings/liquidity/net worth); market feasibility; credit worthiness; ability to repay the loan/source of repayment; and ultimately the collateral. As you can see, the overall application is a blend of property AND borrower background/history to ensure that the asset will "pencil out" and the borrower will service the debt.

To proactively dig a little deeper into borrower preparedness, the key documentation required for SBA and USDA loans include:

Standard documents

- Borrower Application
- Personal Financial Statement
- Form 4506T – Verification of Tax Transcripts

Financial Documents

- 3 years of most recent tax returns
- Current year statement of income (if applicable)
- Detailed business projections & assumptions

Business Plan

- Description of the business
- Marketing plan
- Analysis of competition
- Background of ownership & key personnel

2021 Outlooks

While 2020 was an anomaly year, with many lenders retracting from marinas altogether, the 2021 lending environment has been somewhat scattered depending on region. Some regions see many lenders entertaining marina (especially those local to the property), while others see a complete avoidance. Stimulus funding has paved the way for SBA & USDA guaranteed financing to be the leading source of capital for all business owners. Key incentives include: 1) waiver of guarantee fees; 2) payment relief; 3) longer terms; and 4) longer amortizations (up to 40 years).

As many new business owners are relocating out of the cities and seeking out either primary residences and/or new businesses to grow, demand for marinas in rural markets has risen and created more opportunity for business owners to find that dream business and/or active retirement. While lenders in general are less inclined to finance special purpose properties like marinas, or are likely very conservative on terms, SBA and USDA guaranteed financing has quickly become the best alternative and a popular choice for new marina owners that qualify.

In summary, these nationwide programs differ from conventional financing primarily by allowing for higher leverage, longer terms, fewer loan covenants, and lower transaction costs than conventional financing. Additionally, the programs offer government guarantees of up to 90% which is an attractive credit enhancement to prospective lenders.

MARINA INDUSTRY CONSOLIDATION | BY: BRETT MURPHY—VICE PRESIDENT OF INVESTMENTS

Looking back at 2020 and well throughout the first half of 2021, consolidation is very much alive. At the institutional level we have seen numerous single-asset acquisitions and smaller portfolio sales; the success and outlook for these assets has captured the attention of private equity, family offices and REITs all around the country.

2020/1H 2021 Notable Transactions

- Sun Communities, Inc. acquired Safe Harbor Marinas for \$2.1B in October 2020
- Safe Harbor Marinas acquired Rybovich and Lauderdale Marine Center
- Suntex Marinas recapitalization - this has better positioned Suntex for future acquisitions and growth
- Southern Marinas sold 12-marina portfolio in February 2021 (Partnered with new equity shortly after)
- Aqua Marine Partners and Prime Marina Group divested of holdings

What Does Consolidation Mean?

First, consolidation is a strong indicator of interest and demand in the marina space. The portfolio “roll-up” strategy is most intriguing to institutional investors because large sums of capital can be put to work at once, fully capitalizing on the attractive yield the asset class has to offer. The Sun Communities, Inc. acquisition of Safe Harbor Marinas, for example, signaled two important factors of competition at this level: 1) the strength of the SHM platform and the virtual irreplaceability or replicability of a similar platform (i.e. scarcity); and 2) investors from other product types have taken interest in the space, creating more competition for great properties. But over the last few years we have seen opportunities to acquire Tier 1 assets quickly diminishing, limiting future opportunity and scalability for new market entrants.

Second, consolidation results in subsequent ripples throughout the entire marina industry, largely reflective in overall transaction volume, sales prices, investor target acquisition markets, and how future investors will follow suit. Portfolio sales with strong cash flows and market share (e.g. Loggerhead Portfolio sale in 2019) are less common than smaller 2- and 3-property portfolio sales, but they do exist (most recently with Southern Marinas in Feb. 2021). For instance, in 2019 and 2020 we recorded 14 and 12 marinas involved in smaller portfolio sales, respectively, compared to

singled digits in 2018 and near zero in years prior to 2015 (Safe Harbor realized significant growth in 2015-2017) (Figure 1).

Better Boater Experience

Considering other effects consolidation may have on individual marinas and the boater experience, we see many, if not all, of these platforms bring in expert management, better amenities and more services at their facilities. New capital also brings the ability to expand (when available) and remedy deferred maintenance that a former owner may not have had the wherewithal to accomplish. While these opportunities are more “B-Class” and occasionally “C-Class” marinas in terms of general condition, they are typically on course to becoming Tier 1 and Tier 2 assets shortly after new ownership upgrades the facilities accordingly. Thus, this is a strategy that can be very lucrative for groups that can successfully acquire the assets, inject the capital for improvements and drive a solid customer base to the property.

We note many new entrants to the space coming from other product types as well, namely RV parks, manufactured housing communities and self-storage. While similar in operation to a degree, most of the product types find themselves paired with a marina component in various locations; it is not uncommon for lake marinas to offer RV sites on the uplands, for example. Thus, these investors who are new to the marina space bring an expertise and base knowledge that will serve them well for acquiring more marina-centric assets, to either expand on their core focus or translate knowledge and management experience to the marina asset class.

As we look at the second half of 2021 and into 2022, we expect consolidation to continue as capital is more abundant than ever and many new investor groups are in a better position to execute on acquisitions. Furthermore, we are eager to see how this demand impacts the marina market, transaction velocity, and individual “roll-up” strategies moving into 2022.



Fig. 1

PREPARING YOUR MARINA FOR SALE | BY: JEFF SPILMAN, CCIM—VICE PRESIDENT OF INVESTMENTS

As with most businesses, preparing for the sale of a marina facility requires planning and sometimes clean-up so the marina is viewed in the best light possible on the market. As the owner of a marina, you may have operated the marina for many years or just a few. Regardless, it is always important to assess your property through the eyes of a buyer. What potential “negatives” might stand out to fresh eyes? If you were the buyer, what would concern you about making the purchase? Where can a buyer find growth opportunities and strategies for greater profitability?

Cap-Ex & Cosmetic Repairs

It is not uncommon for many owners to decide to sell when there are outstanding cosmetic/minor repairs needed around the property. These are typically quick fixes to enhance the property’s presentation to buyers. Before addressing these, we always recommend a thorough assessment of infrastructure and heavy equipment to determine if there are items you can repair before hitting the market, or if these are items better left to a new owner with a long-term plan. These areas include: any deferred maintenance affecting the seawall, dredging, slips/racks, ramps, forklifts/travel-lifts, utilities, decking, electrical to slips up to code, roofs, parking, utilities like water and sewer, and general grounds condition.

Moving to the “curb appeal” items, you want your marina to look clean and presentable when buyers tour. Fresh paint, fresh landscaping, clearing out unused equipment and scraps, as well as organizing the ship’s store go a long way. Abandoned boats, broken cars, trailers, and rubbish on-site are also cause for concern to a buyer. Great first impressions are made with great curb appeal, which is just as important for your marina as it is for a house.

Problems that are known before going to market can usually be solved or at least accounted for on the market. Problems that surprisingly arise in the middle of a deal, however, can derail the transaction and cost the seller significant money that could have been avoided with proper attention on the front end.

Preemptive Investigations

To get ahead of potential “surprises”, we have a few suggestions:

Environmental: It is good practice to have a Phase I environmental study completed before going to market IF you suspect there could be a problem. Are your fuel tanks up to code? Is there hazardous runoff from your service department impacting the water and soil? Any potential problems known on the front end will save you time, money and legal liability down the road with a potential buyer.

Title: Have an owner’s title check completed to see if there are any clouds on the title that could cause a problem getting a deal closed. It is not expensive and worth the peace of mind. Are there any survey issues that have not been addressed? We recommend solving those before going to market.

Financials & Accounting

After addressing the physical items of the marina, it is time to look at the financial performance and valuation of the business. We recommend a complete Strategic Analysis because it offers owners a comprehensive approach to understanding the various exit options they can pursue, as well as learn the value of the marina in the current market. To start,

financial data normally requested includes:

P&Ls:

- 2-3 year-end P&Ls detailing Revenues, Cost of Goods Sold (COGS) and Expenses
- Each Profit Center (restaurant, ship’s store, service department, etc.) broken out to isolate the various income streams
- If you are taking cash, you need to start booking it 12 months before a sale for that income to be considered as part of the value of the marina.
- Identify one-time Capital Expenditures in the operating expenses, and significant personal items that are not pertinent to the marina business

Rent Rolls:

- Organized and up-to-date list of your slips, racks, and/or land storage
- Occupancy rates for each storage option
- Rent rolls of on-site commercial tenants
- Rental rates associated with each storage option and tenant

List of Capital Improvements Made (Cap-Ex): A list of major capital improvements you have made over the last 3-5 years, including the cost of each improvement. Identifying those items will accurately reflect operating expenses vs. the one-time capital expenditures to improve the property, translating into a more accurate valuation of your marina.

Appraisal: If available, an appraisal can provide additional detail on the property, and down the road information for a potential buyer to review. We recommend reviewing the appraisal to ensure the facility details are still accurate, while noting any changes that have been made since the time of the appraisal.

Survey and Land and Submerged Restrictions: Ideally a recent survey will provide acreage, zoning, land use restrictions, utilities, and land for potential expansion that adds value to the marina. Many marinas operate with subsurface or real estate leases or permits. Put those documents together. If you have a recent survey, ask the surveyor if they would be willing to recertify the survey for a buyer. This will save a great deal of time and money. If you don’t have a survey, optionally, it will save time in the due diligence process if you get a survey before going to market. You can ask to be compensated for the survey by the buyer. A survey will also identify any potential issues for a title report.

PREPARING YOUR MARINA FOR SALE | CONTINUED

Questions to Consider

- What is your exit strategy and how does receipt/re-investment of the net proceeds from a sale help you get to where you want to be?
- How is the property owned, and if there are multiple decision-makers have you thought about what a sale would look like for all parties involved? (i.e. solely owned, partnership, LLC, etc.)
- What operational matters need to be addressed? (i.e. does the staff know about the sale and do they wish to stay on board, are there outstanding obligations to your customers, are third-party vendors agreements/licenses/leases ready for transfer, etc.)
- If you do not 1031 exchange for re-investment of your net proceeds, are you informed on the amount of capital gains tax you could owe, and are you prepared to pay it?
- Have you considered your approximate loan payoff amount, if any? Is there a prepayment penalty? This penalty could be a deal killer for you. Best to know about it up front.
- Is there a liquor and/or beer license which is assumable or that needs to be obtained?
- Do you know the value of your marina at the time you begin to think of selling?
- Do you offer services compared to your competition? If not, how does it affect your occupancy?

What is Your Marina Worth?

You do not have to do all the above before we can help you understand the value of your marina. With the above critical information (like the P&Ls and rent rolls), we prepare you with a complete **Strategic Analysis**. This analysis includes the following:

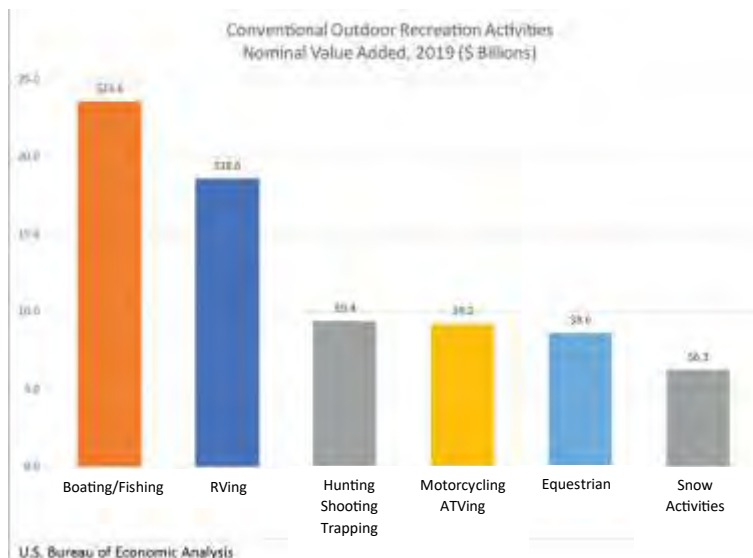
- Complete and detailed financial analysis showing the investment financial position and how it relates to the current marketplace
- Analysis of your current operation and any issues
- Competitive market rate analysis
- Competitive marina sales analysis
- Pro Forma Business Plan that outlines a path to future profitability
- Pre-marketing recommendations
- Suggested asking price and likely sales price range

When all combined, a valuation, cosmetic repairs and any deferred maintenance remediation will ensure you are in a strong position as you prepare for a sale. The analysis will help you make rational business decisions as you move forward; minor cosmetic touches and repairs will increase property presentation; and maintaining organized files will allow for a smoother transaction when you do decide to sell. **Helping owners achieve this peace of mind and clarity of direction as they navigate the complexities of a sale is what the Leisure Investment Properties Group does.** Our analysis, presentation and packaging is institutional-grade and offered to every marina owner because understanding your investment and how it can help you get to where you want to be is too important to you and your family’s future to be approached any other way.



BOAT SALES | BY: BRETT MURPHY AND TERENCE VANEK — SENIOR MANAGING DIRECTOR

Beginning Q2 2020, recreational boating took the nation by storm and continues to be the underlying driver for marine industry growth to date. Recently hitting the milestone of accounting for 2.1% of national GDP (\$460B), recreational boating specifically has an annual economic impact of \$170.3B, supporting approximately 700k jobs and 35k businesses (according to the BEA). Data shows that boating and fishing activities have the largest economic impact of all conventional outdoor activities, followed by RVing (another sector that fared very well during the pandemic). This is important to note because there is speculation that the increased demand will drop off very soon. While in the long run sales are likely to decline from the banner year that was 2020, the attitude towards, and lifestyle changes in favor of, boating are likely to persist.



Demand for boats both new and used was incredibly high in 2020, hitting a 13-year high for boat sales, according to the NMMA. More boaters sought out wet slips and dry rack storage resulting in exceptional marina performance nationwide, with record-level occupancies, rate increases, higher fuel sales and additional profits through ancillary income streams. When the world took a pause, families found solace in boating, fishing and recreating outdoors with friends – for many of which this has turned into a newfound lifestyle.

The Economics

Typically boat dealership profit margins average in the high single digits to low double digits. With more than 310,000 new powerboats sold in 2020 (NMMA) – a 12% increase from 2019 – a shortage of inventory resulted which led to buyers paying over asking price on new and used inventory in 2020. Thus, margins were driven higher as each unit left the floor and overall inventory compressed. The nation-wide demand for boats not only overwhelmed manufacturers in the front office, but the backlog of new orders and shipments were met with equal troubles from an input/supplier perspective with various parts and materials unavailable to complete boats. While these supply chain issues were occurring behind the scenes, boat buyers could very easily see the lack of supply on the show room floor, which served as motivation to get in now while product is available versus waiting for months indefinitely for a vessel to become available.

As the economics will have it, the combination of these factors created

fantastic 2020s for boat dealers with many recording their best year ever. Overall, the combined sales volume of boats, marine services and other marine-related products is up 9% from 2019, for a combined total of \$47B (and up 30% in 2021), according to NMMA. Plus, boat options such as fishing boats and pontoons (accounting for 50% of all new powerboats sold in 2020) offer favorable entry-level price points, making recreational boating an attractive investment for long-term fun with family and friends. In fact, **61% of boat owners have an annual income of \$75k or less**, according to the U.S. Coast Guard.

Supply Chain

High demand is always a positive, but it can come with disadvantages when we look at sustainable output. Many dealers found themselves with empty showrooms and a long list of deposits for inventory they would not be delivered for several months. While today's demand could not have been predicted, dealers all over the US would have no problem selling additional boats if the inventory was available. Since learning how the boating industry would be affected by the pandemic, manufacturers have adapted by expanding boatbuilding capabilities, creating better administrative and logistics systems, and increasing focus on communication. Included in this new operating style is adjusting to the various vendor constraints – specifically a few key parts/materials that are needed to complete a new build (e.g. engines, chrome, foam, resin, etc.). While these challenges are being worked through as quickly as possible, there is still a resultant lag time and lack of inventory that filters down to boat dealers and ultimately the customer.

We believe that the shock of heightened demand felt in 2020 has subsided and that manufacturers are now better equipped strategically and operationally to accommodate demand. Supply chain issues will continue to be an impediment to the boat sales segment throughout 2021 and well into 2022, and this will impact both current inventory levels, as well as inventory allotted to each dealer. While there are several challenges facing the boatbuilding segment, it is encouraging to see continued expansion and consolidation by dealers and manufacturers; each player striving to capitalize on the demand and growth that the industry is realizing today.

Trends

“For the first time in more than a decade, we saw an increase in first-time boat buyers, who helped spur growth of versatile, smaller boats – less than 26 feet – that are often towed to local waterways and provide a variety of boating experiences, from fishing to watersports”, according to NMMA President Frank Hugelmeier. Most recent data reported by NMMA shows us that runabout boats, pontoons, wake sport boats and cruisers were the leading boat types for new powerboats in April 2021 (on a trailing twelve-month basis these lines were up 40-50% YOY!).

The NMMA reports the following statistics for new powerboat retail unit sales in 2020:

Inboard Wake Boats:	Up 21% in 2020
New Fishing Boats:	Up 10% in 2020
Pontoon Boats:	Up 17% in 2020
New Cruisers:	Up 20% in 2020
PWC:	Up 8% in 2020 (Up 46% through May 2021)

BOAT SALES | CONTINUED

As we look at marinas around the country, it is no secret that wet slips and dry racks are being built new or upgraded to accommodate larger vessels (especially coastal facilities). This is a persistent trend and one that is here to stay, which we most recently saw in May 2021 as the 41' to 65' and 66'+ categories increased 290% and 44%, respectively, for the month (according to *Statistical Surveys*). Furthermore, sales in 2021 YTD are overall higher than the same time in 2020 - a promising report for the outlook of boat sales over the next 12-18 months. While available data is incomplete, the general trend shows underlying optimism as a result of new and existing boater demand, even amidst supply chain challenges.

Is it fair to say the good times are coming to an end? Not at all. Vicky Yu of NMMA reports that while recording a deceleration in boat sales at the start of 2021, there is still strong demand for boating. In fact, even with "falling" boat registrations, the greater likelihood is that registration decline is the result of inventory shortages and the inability for registrations to take place (NMMA). Our conversations with marina owners that have boat dealerships on-site share similar sentiments – they have taken numerous deposits for boats that manufacturers have yet to deliver, and virtually every dealer is confident that if he or she had been provided more inventory, those boats would be sold too.

As lifestyles change, new jobs are taken, and new families are started outside of major cities, more households are turning to boating in one form or another – be it ownership, boat club or weekend/vacation rental. It is very possible that registrations will maintain current levels well into the future as "pre-paid" boats hit the water in the coming years (i.e. boats already paid for, just yet to be launched) and supply chain issues diminish so boat builders can more readily accommodate demand. Looking forward to the rest of 2021 and into 2022, we are optimistic about the macro-sentiment towards boating, how lifestyle changes are a positive force for the overall marine industry, and what these factors ultimately mean for marinas and marina owners.

The following Key Recreational Boating Industry Facts are sourced from the National Marine Manufacturers Association (NMMA):

Key Recreational Boating Industry Facts

\$
\$170.3B

in annual economic impact


\$43.1B

in annual sales of boat, marine products & services (\$20.3 billion in new boat, engine & accessories sales)


\$2.1B

in annual boat and marine engine exports


691,149

jobs supported


35,277

businesses supported


93%

of U.S. boat manufacturers are small businesses

12 million registered boats


95%

of boats sold in the U.S. are made in the U.S.


83%

of boat owners have an annual household income of \$100,000 or less


95%

of boats in the U.S. are under 26-foot and towable

INTERVIEW: OASIS MARINAS INTERVIEWER: BRETT MURPHY | INTERVIEWEE: DAN COWENS



Earlier this year we had the pleasure of sitting down with Founder and CEO of Oasis Marinas, Dan Cowens. Dan has over 25 years of experience in hospitality management services and is the architect of Oasis Marinas' vision to provide high-quality marina management services in Annapolis and around the world. We discuss the foundation of Oasis and how the company strives to provide premier marina management services to every property, the current marina environment and operational outlooks for 2021.

Brett Murphy: *Dan, thank you for taking the time to share the story of Oasis and how your company can benefit owners worldwide. To open the conversation, tell us how Oasis Marinas got started.*

Dan Cowens: Oasis was created because I was a frustrated customer! As a boater and having grown up in the hospitality industry there seemed to be an opportunity in the space. After some initial research with friends and some of my cohort mates from UMD Smith School of Business we realized that the industry was widely fragmented and there was no clear "Marriott" brand leader. We bet our life savings that if we built our business model around the customer experience and made it scalable, we could create something amazing with people we love and respect. Out of that modeling both Oasis Marinas and Snag-A-Slip were born.

Murphy: *Very cool! When you thought about becoming the "Marriott" in the marina industry, what experience and general services did you set out to offer guests?*

Cowens: Peace of Mind. We are a fully integrated tech-enabled service offering which sounds awesome, but what it means is Oasis offers marina owners many options which may include Consulting, Design-Build, or Turnkey Marina Management. We offer marina owners an opportunity to own the real estate and enjoy the benefits of ownership without having the headache of day-to-day operations. As Bob on our team says, "We pay you to run your marina. You get your time back and we send you checks". The line of our logo is more than a tag line, we mean it. Your Marina, Our Systems, Everyone's Oasis!

Murphy: *I know many owners who currently work with your team, as well as many who should! So, you started out in MD, highly concentrated around the Chesapeake but now you have seriously grown the company to several dozen marinas under management. Can you talk about how that footprint looks like and how you plan to continue growing?*

Cowens: Yes, we are currently entrusted to operate more than 40 marinas from the Great Lakes to Florida with the highest concentration around the Mid-Atlantic like you mentioned – again, that is where we were founded. During the Pandemic we were fortunate to continue to growth by adding two new markets, Florida and the Great Lakes. We have to remind ourselves of that from time to time because we now are entrusted with half a dozen locations in those markets, and we only just started doing business there! Moving forward, I would expect we are going to focus not only on new markets but additional locations in the markets we currently serve. But we will always prioritize quality over quantity and ensure that each marina owner is getting the best service and best product.

Murphy: *That's great! And has technology affected your business and overall platform?*

Cowens: It has, and we have been early adopters of technology as well as developers of an aggregator (Snag-A-Slip). This has always been to assist in creating a frictionless way for boaters to connect with available slips and have a seamless transaction. The marina industry was behind many other industries like hotels and parking just five years ago. It has been exciting to see the number of new technologies that have been in attendance at B2B industry shows like MRA, Docks Expo and AMI. I remember when these technologies were in the "other" category. One of the first dock masters to use our aggregator said it best, "Snag-A-Slip is the staff member that I don't have to pay benefits and never sleeps".

Murphy: *Staying on the topic of the COVID-19 pandemic, in what other ways was Oasis affected? You mentioned growth in new markets, but did you see any adverse results?*

Cowens: I can fortunately say that we did not see any adverse effects due to the pandemic, very lucky in that regard. Like much of the marine industry we thrived as marinas were kept open and boaters (new and existing) rushed to the water. Like I mentioned before, we added almost 20 locations to the portfolio during COVID while expanding our product offerings with products like "Oasis Delivers" and "Oasis Amplified". We also renewed several of our existing relationships. Our customers have loved the new offerings and we are always looking for new ways to benefit them and earn their trust.

Murphy: *That is fantastic – adapt and expand. As boat sales and boating activity dramatically increased in 2020, how have you seen marina operations reacting when it comes to day-to-day management?*

Cowens: We have one chance to make a first impression, especially with new boaters so we better make it remarkable. According to NMMA reports, first time boat buyers make up over 11% of the segment. Day to day operations is focused on creating those remarkable experiences so they have a great time and tell others to buy boats. The entire industry wins the more we do that.

Murphy: *Yes, I also saw where 2020 had over one hundred thousand first-time boaters purchase new boats. That's incredible. With so many new boaters and high demand across the board, what challenges did you come across throughout 2020?*

Cowens: We see most challenges as simply opportunities that we have yet to overcome. The largest opportunities we find consistently are significant deferred maintenance and undercapitalized locations. These are not location or geographically exclusive, but the idea of that type of marina is something we often encounter and while it is certainly an opportunity, it represents a different "need" from the marina owner than a marina that is fully occupied and in need of us so they can simply be a passive owner.

Murphy: *And on the topic of boater demand, what are your thoughts on marina occupancies in the coming years after seeing a strong increase in 2020?*

Cowens: They are going to continue to increase as many brands of boats have orders that have yet to be fulfilled. There will also be new methods of boat storage, new ramps and increased demand for convenient ways to store and access your boat. This will be a trend that absolutely persists, and we are excited to be there and ensure boaters have the ultimate marina experience at our properties.

Murphy: *Now, while restrictions due to COVID are loosening, depending on the state, there are still Covid government restrictions, I can only imagine Oasis has taken a number of steps to ensure guest and staff member safety while boating as well.*

Cowens: Absolutely. We started by surveying thousands of boaters to understand what was important to them. From the information we collected we were able to enact a COVID specific safety plan at our locations as well as offering Oasis Delivers and Oasis amplified, our entertainment YouTube channel was established so that our customers can continue to enjoy live entertainment when their locations may be locked down and don't allow groups to gather to enjoy live acoustic music from anywhere they may be. My vision for this was that people would be on their boats watching live performances from local artists and experience it virtually with a boater that may be in the slip next to them, across the marina or the world.

Murphy: *That is an amazing idea! So with your boaters having a great experience at marinas all around the US, let's talk about your customers – the marina owners. First, what type of marina is typical for Oasis to sign on?*

Cowens: While no two marinas are the same and that included Oasis locations as well, we have thrived in locations that have transient boater opportunities as well as upland offerings that allow us to showcase our marketing prowess. That being said, we successfully operate many family-owned locations, municipal locations, developer owned marinas as well as Clubs and HOA marinas too. Each provides a unique opportunity for us to activate the waterfront assisting in getting more people having an awesome time out on the water. We love most things that activate the waterfront. We have wet slips, dry stacks, Boatels, campgrounds, beaches, pools, cottages, buildings, boat

clubs, brokerages, bars and restaurants to name a few. I do find this question to be tricky as we love a challenge; however, we like to find great partners to operate restaurants.

Murphy: *That's good to know. Like you mentioned, no two marinas are alike so for marina owners reading this interview, they may now see Oasis as being a potential option for future management. What would you suggest they do in preparation for hiring a third-party management team like Oasis?*

Cowens: I would suggest outlining what's important to you as the owner and writing it down. Ask, why are you looking to sell or outsource? If you have this prepared it will help to weigh options and makes the choice that you believe is best for you and your family. At Oasis we build our deals so that we win when the marina owner wins. We are not afraid to bet on ourselves. Believe it or not, we find that is not normal!

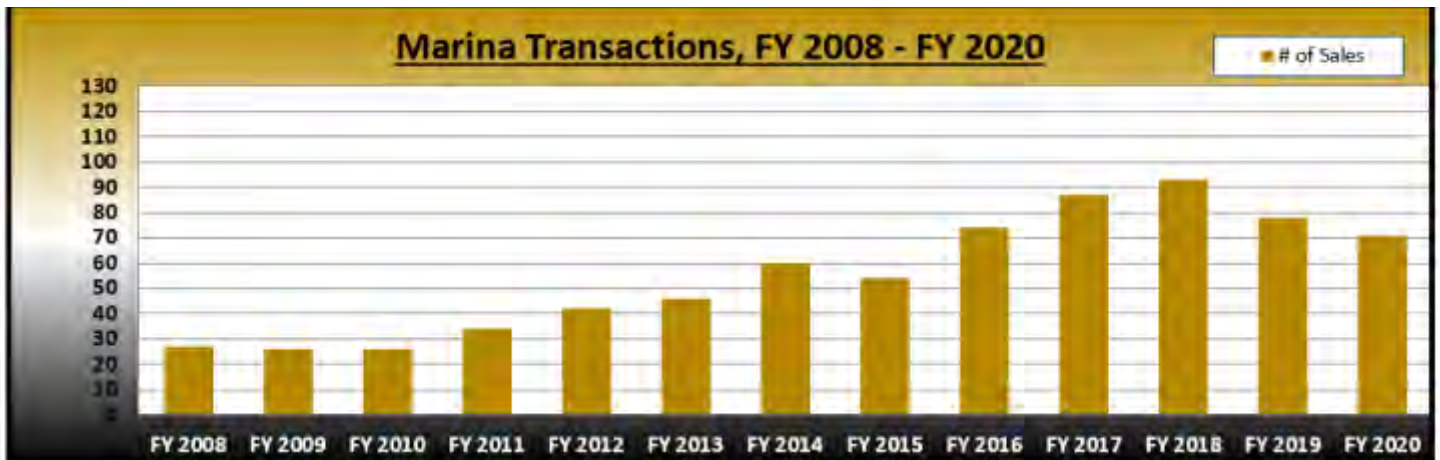
I would also say to make sure that you are engaging with a "partner" that buys into your vision and you have confidence they will be able to deliver on it, not all third-party management is the same. I equate hiring a third-party management team as getting married. Not every day will be perfect, but you must have confidence we will wake up tomorrow and strive to be remarkable. This isn't just trust in the on-site team but the support they receive from the company. I often hear from owners that had poor experiences with other groups that the manager was left on an island and had no support. Everyone on our support team has worn out luggage and has the philosophy of managing by walking around. To illustrate this belief, our Chief Operating Officer doesn't have an office because our expectation is we are customer facing.

Murphy: *Really good advice. For the most effective management and overall ownership success, owners need to view their third-party management as a partnership, a marriage of sorts. Based on that, what final piece of advice would you give marina owners as they think about their own management strategy and day-to-day operations?*

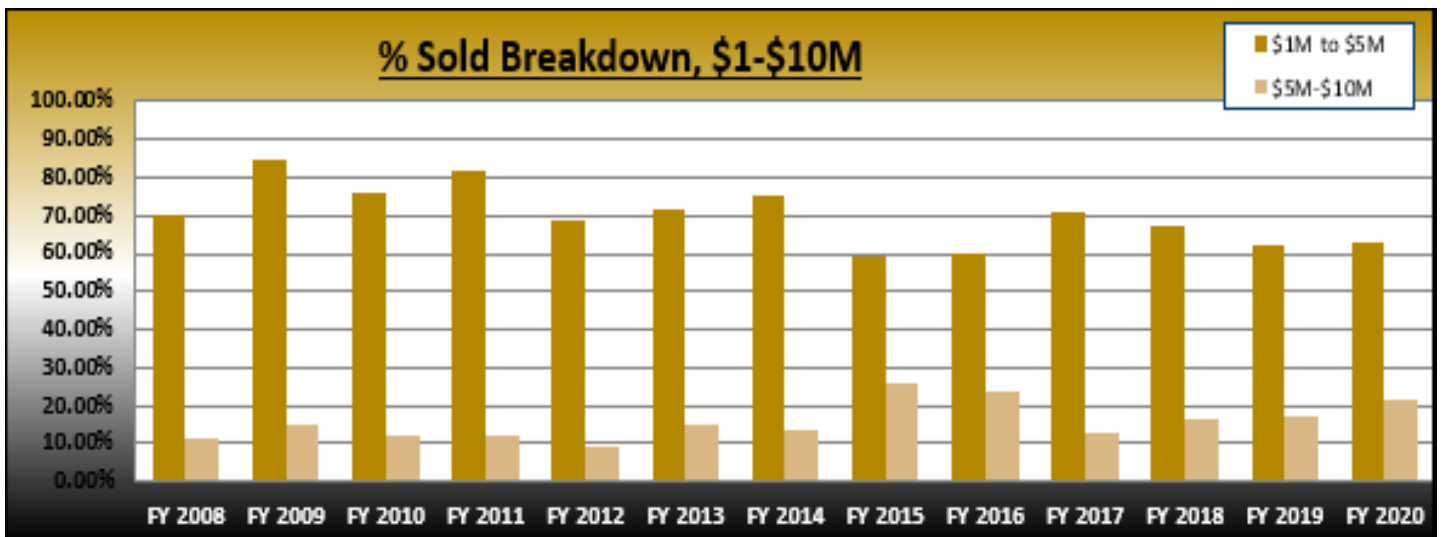
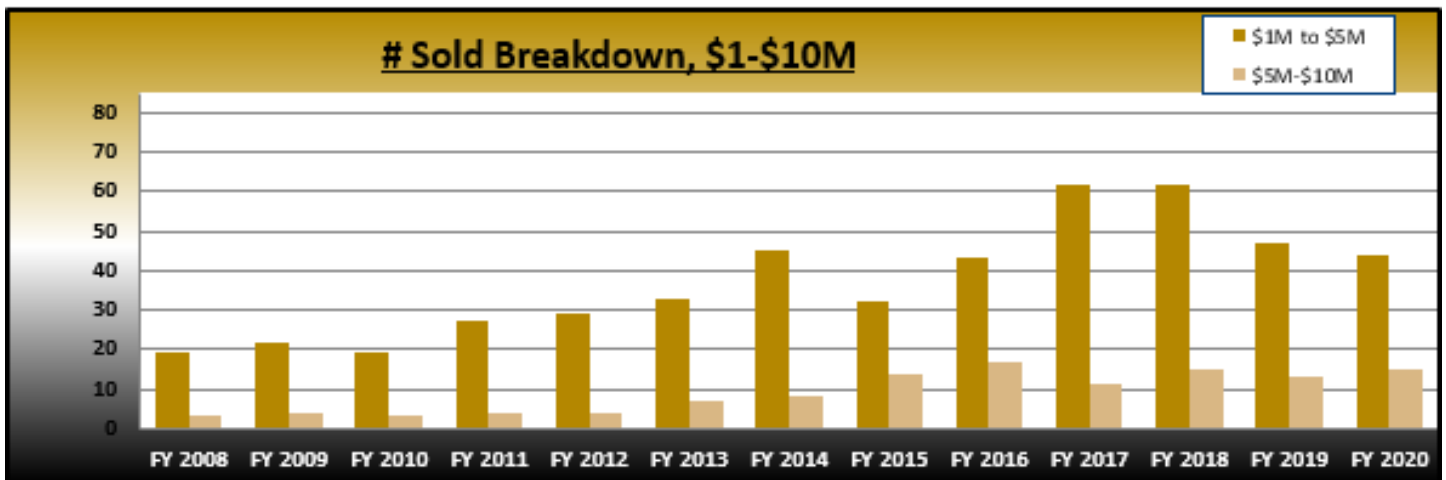
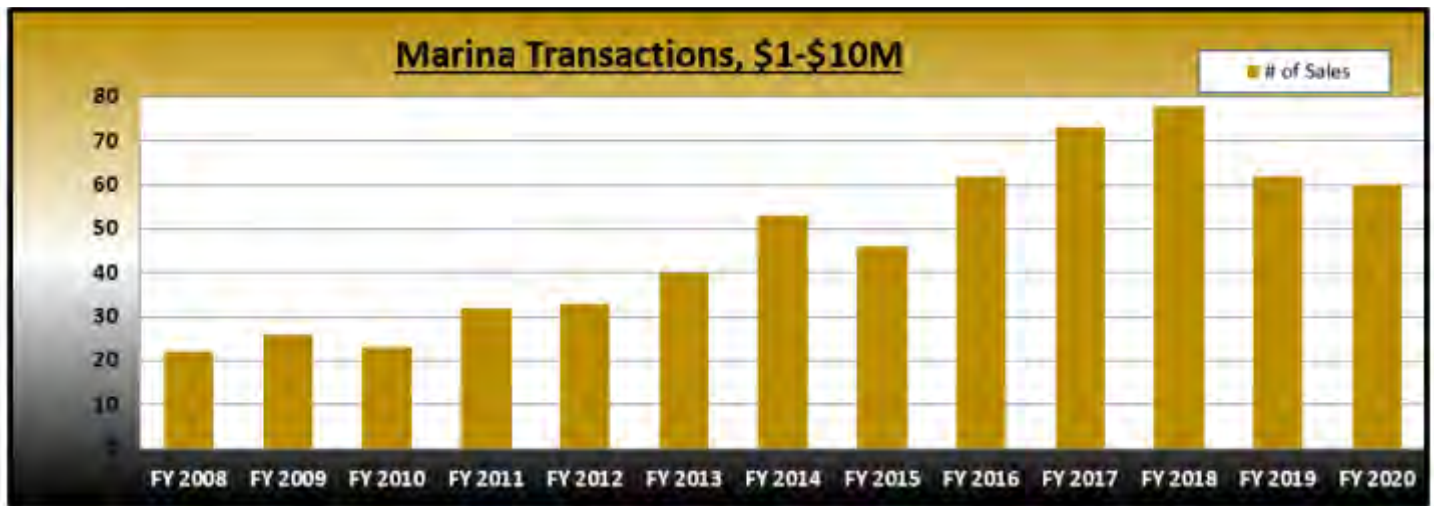
Cowens: Boating is a hospitality / customer service business and boat storage is more like the hotel business than storage. Gone are the days of dock masters with "Captain" in their title barking out orders as we need more people that love to serve others. New boaters are a bad boat season away from a vacation home or taking up golf. We need to be giving them more positive experiences so we can all win together. Like Ram Charan would say, businesses rarely fail due to not having great ideas, they fail because of poor execution. It's not for lack of effort, there are simply only so many minutes in the day to get stuff done. Having a third-party management company give you a team of Ninjas (subject matter experts) to execute on the amazing ideas and vision you have had in your head since you became the owner. We are here to assist in making those dreams a reality. Owning a marina and serving others is an awesome responsibility and should be fun. Its ok to ask for help, I do. We stand ready to serve.

For more information on Dan Cowens and Oasis Marinas, visit their website at www.oasismarinas.com

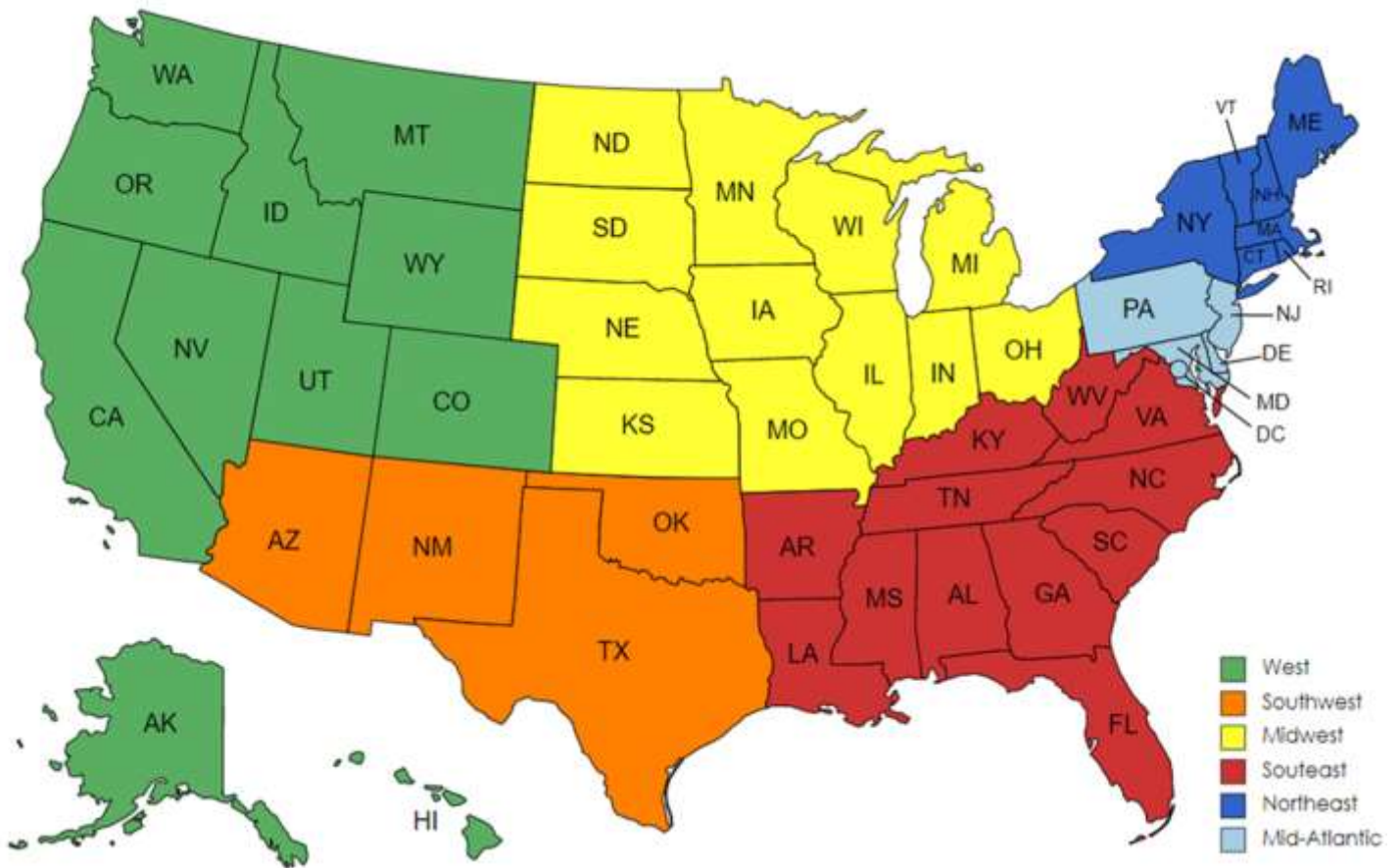
MARINA SALES ACTIVITY | HISTORICAL & FY 2020



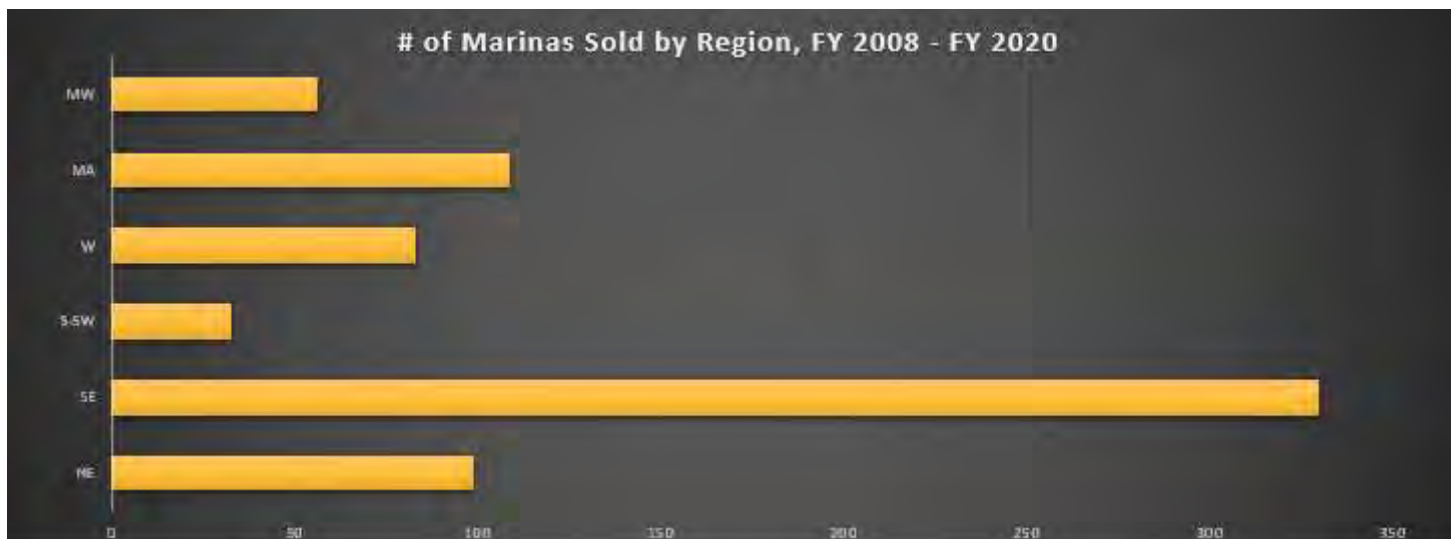
FISCAL YEAR 2020 SALES ACTIVITY—THE \$1M-\$10M TRANCHE



FISCAL YEAR 2020 SALES ACTIVITY—BY THE REGION



	NE	SE	S-SW	W	MA	MW
FY 2020 # Sold	12	37	1	7	7	7



PARTIAL LIST OF INVESTMENT OPPORTUNITIES



Alex Bay Winter Storage & Service Department

New York | \$8,500,000 | 9%+ Cap Rate

- First-Class Operation with Low Maintenance Budget
- Consistently 100% Occupied (245 Vessels Averaging 40-45')
- Active Management Time = 10 Weeks

*Broker of Record: JDS Real Estate Services, Inc.
NY Lic. BRE # 103111206592*



Bayway Marina

New Jersey | \$3,300,000

- 245 Wet Slips (Site Plan for 300 Dry Racks)
- Significant Value-Add Opportunity
- Immediate Access to Bay

*Broker of Record: JDS Real Estate Services, Inc.
NJ Lic. BRE # 1434816*



Matthews Point Marina

North Carolina | \$1,950,000

- 110 Wet Slips (Built New in 2017)
- ValvTect Gas & Diesel | Clubhouse | On-Site Residence
- Numerous Growth Opportunities

*Broker of Record: JDS Real Estate Services, Inc.
NC Lic. # 281180*



Lakeshore Marina

Tennessee | \$11,600,000

- 490 Wet Slips
- On-Site Restaurant | Boat Rentals | Fuel Sales
- Over 14 Fee Simples Acres

*Broker of Record: JDS Real Estate Services, Inc.
TN Lic. # 263826*



"I was promised professionalism, transparency, communication, and an effective marketing process among other things...Jeff and Brett delivered on their promises...if you own a marina and are thinking about selling, I highly recommend speaking with Jeff and Brett."

Former Owner | All Seasons Marina

***For more information, please
contact an LIPG Marina Advisor***

JDS Real Estate Investment Services, Inc.
1231 Puerta Del Sol, Suite 100
San Clemente, CA 92673

LEISURE INVESTMENT PROPERTIES GROUP

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LIPG is a Proud Member of:



MARINA MARKET SURVEY & ANALYSIS

Clear Lake is one of the only lakes in Texas that provides access to Galveston Bay and/or the Gulf of Mexico. The lake's shores are lined with moderate to luxurious homes, some multi-family developments, various parks and marinas, in addition to its near proximity other area attractions. Clear Lake is a popular attraction for various boaters including fisherman, sailors, water sports and entertainment, in addition to limited camping recreations sites. Due to its access to the Galveston Bay, Clear Lake is a salt water lake. Seabrook, a town on the north side at the entrance to Clear Creek, is headquarters for fishing and pleasure craft. Kemah is a town on the south side of the entrance to Clear Creek. There are several large yacht basins at Clear Lake, and numerous marinas and boatyards are on both sides of Clear Creek and on the Seabrook channel. The north side of the lake tends to be more commercially developed, while the south and west sides have more single family subdivisions. There are various piers and marinas at Clear Lake which provide numerous levels of amenities, qualities, and services. The following table provides a majority of the lake's piers and marinas.

PIER / MARINA	SLIP SIZE	CITY
Bal Harbor Marina	140	Nassau Bay
Blue Dolphin Yachting Center	240	Seabrook
Clear Lake Marine Center	162	Seabrook
El Lago Marina	57	Seabrook
Houston Yacht Club	500	La Porte
Hilton Marina	83	Nassau Bay
Kemah Harbor Marina	423	Kemah
Lakeside Yachting Club	75	Seabrook
Lakewood Yacht Club	406	Seabrook
Legend Point Marina	254	Clear Lake Shores
Marina Bay Harbor	Unknown	Seabrook
Moon Cave	37	Clear Lake Shores
Parkside Marina	320	Seabrook
Portofino Harbor LTD	214	Clear Lake Shores
Seabrook Shipyard	850	Seabrook
South Shore Harbor Marina	1,004	League City
Waterford Harbor Yacht Club	418	Kemah
MARINA DEL SOL	474	League City

ANALYSIS OF DATA AND OPINIONS OF THE APPRAISER

HIGHEST AND BEST USE ANALYSIS

According to The Dictionary of Real Estate Appraisal, Fifth Edition, Copyright 2010, Page 93, by the Appraisal Institute, highest and best use is defined as:

"The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. Alternatively, the probable use of land or improved property-specific with respect to the user and timing of the use-that is adequately supported and results in the highest present value."

The definition specifically applies to the highest and best use of land or a site "as vacant" and to the highest and best use "as improved". When a site contains improvements, the highest and best use may be determined to be different from the existing use. The existing use will continue until land value in its highest and best use exceeds the sum of the value of the entire property in its existing use and the cost to remove the improvements. Each type requires a separate analysis. Moreover, in each case, the existing use may or may not be different from the site's highest and best use.

There are four major criteria to be considered when analyzing the highest and best use of a property, "as vacant" or "as improved". The criteria are that the highest and best use must be (1) legally permissible, (2) physically possible, (3) financially feasible, and (4) maximally productive. These criteria should usually be considered sequentially. We will examine the subject site's highest and best use "as vacant", but since the subject's improvements are proposed construction the "as improved" analysis is not applicable.

Highest and Best Use "As Vacant"

Legally Permissible. Private (deed) restrictions, zoning regulations, building codes, historic district controls, and environmental regulations can often preclude a possible highest and best use. The property is located within the City of League City, Galveston County, Texas. The City of League City does use zoning to regulate development. The five sites are zoned as follows:

HIGHEST AND BEST USE ANALYSIS - CONTINUED

USE	TRACT I	ZONING	SIZE (SF)	SIZE (ACRES)	SIZE %
Dry Docking	Unrestricted Reserve "C"	General Commercial	101,817	2.337	42.40%
Offices	Restricted Reserve "B"	General Commercial	16,395	0.376	6.83%
Clubhouse	Restricted Reserve "D"	General Commercial	45,199	1.038	18.82%
Parking Lot	Restricted Reserve "E"	Residential Single Family	12,547	0.288	5.23%
Private Road	Not Provided	General Commercial	64,168	1.473	26.72%
TOTAL USABLE SITE			240,126	5.513	100%
Harbor (Water)	TRACT II	Not Zoned	503,245	11.553	
TOTALS			743,371	17.065	

*** Not Included In The Analysis Of The Property.**

The four sites that the marina improvements are developed upon are each zoned "CG" General Commercial, and the secondary parking lot is zoned "RSF-7". We are not aware of any adverse deed restrictions that would limit development to any particular use. Therefore, the primary site that is zoned "CG" could be legally developed with a wide array of commercial uses including retail, services, office, auto-related business, eating and drinking, recreation and entertainment, public and semi-public uses. Residential uses are not allowed. The secondary parking lot site can be legally developed with only single family residential.

Physically Possible Use. The first constraint imposed on the possible use of the property is dictated by the physical aspects of the site itself. This includes such factors as size, shape, terrain, etc. In general, the larger the site, the greater its potential to achieve economies of scale and flexibility in development. The subject site consists of a "dry" tract of land totaling ±4.188-acres. The site has an irregular shape, but it is configured to allow a variety of potential uses. The site is an interior site that is in an area that is predominantly developed with single family residences with many being waterfront lots along the shores of Clear Lake. In the subject's immediate area, there are few community service related developments, and the site's location is along a light to moderately traveled traffic artery. The site's shape and fronting street provide adequate access to the site.

A tract's topography and subsoil conditions are also important considerations in determining it's possible uses. If a site's topography or subsoil conditions make utilization restrictive and costly, the site's potential future use is adversely affected. The site lies within Zone "AE", an area inside the 100-year flood zone.

HIGHEST AND BEST USE ANALYSIS - CONTINUED

The possible uses of a tract are also dependent upon the site's utility availability and capacity. If a site has no access to utility service and cannot acquire access, it is virtually impossible to develop. Of equal importance is a site's utility capacity. A tract that does not have, and cannot acquire, high density utility capacity is restricted from most commercial property uses. The subject site has access to all public utilities. The availability of utilities can support the existing improvements or their equivalent, and the utilities are assumed to be sufficient to support most any medium size development. By virtue of it's size, shape, topography and utility availability, and primarily due to conformity with it's legal uses, only commercial and single family residential would be physically possible uses. In our opinion, the site's physically possible use is mixed-use commercial and residential.

Financially Feasible Use. From a financial standpoint, any property use that is expected to produce a positive rate of return is regarded as being feasible. Factors dictating which property uses are feasible include those that determine the possible and legal uses as well as other important factors such as: the shape, frontage, and location of the tract; access to the tract; adjacent property uses (in the interest of conformity); and the general neighborhood characteristics. These factors, along with pertinent market information, help determine what returns could be expected from alternative property uses. The subject has legal and possible uses that include a mixed-use development for commercial and single family residential development. Based on the lack of new construction of marinas on Clear Lake a new marina development comparable to the subject is not financially feasible at this time.

Maximally Productive. The maximally productive use of the site is to develop with a use consistent with other surrounding developments and in consideration to the site's location along the south shores of Clear Lake. Marian development is not financially feasible at this time. The maximally productive use of the site is to hold "As Vacant" until marina incomes/rental rates increase to the required levels to be feasible.

Highest and Best Use, "As Vacant". As noted by the analysis of the subject site, "As Vacant", it appears that to hold the site "As Vacant" until income generated from comparable type marinas increase to the required levels to be feasible. In our opinion, the timing for such development is lengthy, greater than three years. The most likely purchaser and user would be an owner occupant.

HIGHEST AND BEST USE ANALYSIS - CONTINUED

Highest & Best Use “As Improved” (±4.188-Acres)

Legally Permissible. The property is located within the City of League City, Galveston County, Texas. The City of League City does use zoning to regulate development. The sites are zoned “CG” General Commercial and “RSF-7” Residential Single Family. The subject improvements are a permissible use of the site(s), as well as other commercial developments previously discussed. Additionally, to the best of our knowledge, there are no adverse deed restrictions in place that would affect the property’s existing development. Therefore, the subject improvements are legally permissible.

Physically Possible. The subject improvements consist of two dry stack & a two-story office buildings. The improvements are considered to reflect an appropriate and physically possible improvement density. The improvements are functionally adequate, and the existing improvements are a physically possible use.

Financially Feasible. The subject improvements do contribute to the overall property value. Furthermore, as an interim use, there are no known property uses that would justify the conversion or demolition of the subject improvements. The improvements are financially feasible as an interim use.

Maximally Productive Use. Of the financially feasible uses, the use that produces the highest price, or value consistent with rates of return warranted by the market for that use is the highest and best use. As of the date of this appraisal, the maximally productive use of the subject property would be to continue to operate it as a marina. As an interim use, the existing improvements are maximally productive.

Highest & Best Use “As Improved”. As shown in the income approach section of this report, the subject is capable of generating revenues in excess of operating costs. Considering the existing improvements and other factors influencing this particular area, and no economically justified alternative usage, it is our opinion that the Highest and Best Use “As Improved” is to continue to operate it as a marina.

“AS VACANT” SALES COMPARISON APPROACH TO VALUE

The Sales Comparison Approach is primarily based on the principle of substitution. **Substitution** is defined in *The Dictionary of Real Estate Appraisal*, Sixth Edition, by the Appraisal Institute as:

“The appraisal principal that states that when several similar or commensurate commodities, goods, or services are available, the one with the lowest price will attract the greatest demand and widest distribution.”

The **Sales Comparison Approach To Value** is used for analyzing comparable sales as the basis for an indication of the subject’s value. To research and discover comparable sales, the primary data source is the Galveston County Deed Records. In addition, we have researched the CoStar Group and our internal data bases, the local Realtors MLS where available, and various secondary sources such as LoopNet, Texas Listings, and Lands of America. When necessary, we solicit real estate brokers and appraisers active in the area as to their knowledge of historical sale data and current market activity. The sale data that is discovered is further investigated to be analyzed in comparison to the subject. The comparable sale’s financial and physical characteristics as compared to the subject’s characteristics are adjusted for a market supported value opinion.

Real estate markets are imperfect. It is virtually impossible that any recent sale anywhere is identical to the subject property. Also, there may be and most likely are, sales data that we have been unable to obtain and/or confirm. Supply and demand factors are static, therefore creating additional complexity for credible assignment results. We have practiced our best due diligence for each of the various challenges inherent in any real estate appraisal assignment. A sale’s recency and relativity to the subject’s characteristics typically improves the accuracy and reliability of the analysis. The sales that have been analyzed in this appraisal report are as recent as could be discovered. We were unable to discover any other sales that are more recent and with as good of a comparability as those used. If necessary, to analyze the most comparable sale data, we have enlarged the search area to include the most comparable competing sub-market(s). Our research revealed sufficient market data and the comparable sales do generally bracket the subject’s economic and physical characteristics. Subsequently, we present each of the comparable sales pertinent financial and physical factors as compared to the subject.

“AS VACANT” COMPARABLE SALES DATA & MAP

LAND SALE #1	
IDENTIFICATION	
Primary Property Type	Land
Secondary Property Type	Undeveloped Land
Address	1728 State Highway 146
City, State	Kemah, Texas
County	Galveston
Zip	77565
Legal Description	Abstract 18 M Muldoon Survey, Tract 56, 3.251 Acres



PHYSICAL DATA			
Zoning/Use	Residential	Encroachments	Unknown
Land Size Gross Square Feet	±141,631	Street Frontage(s)	1
Land Size Gross Acres	±3.251	Frontage Linear Feet	±100
Land Size Net Square Feet	±141,631	Frontage-to-Acreage Ratio	31.00:1
Land Size Net Acres	±3.251	Stabilized Yard	No
Site Usable Land Area	±100%	Rail Line Spur Access	No
Utilities	All Public	Contamination Issues	Unknown
Land Shape	Irregular	Topography	Level
Corner Location	No	Physical Characteristics	Typical
Easements	Typical	Flood Zone	Inside 100-Year

SALE DATA SUMMARY			
Grantor	Gordy Bruce Adam	Property Rights	Fee Simple
Grantee	Lack Holdings Incorporated	Conditions Of Sale	Arm's Length
Sale Date	December 3, 2021	Financing	At Market
Recording Data	2021087637	Verification	Cottrell Realty, Laura Varley; MLS#88638389 & CAD

TRANSACTION STATISTICS			
Sale Price	\$2,100,000	Cash Equivalent	\$2,100,000
Expenditures	\$0	Adjusted Sale Price Per Acre	±\$645,876
Adjusted Sale Price	\$2,100,000	Adjusted Sale Price PSF	±\$14.83

The site has shoreline along the Galveston Bay.

LAND SALE #2			
IDENTIFICATION			
Primary Property Type	Land		
Secondary Property Type	Undeveloped Land		
Address	10300 Seawall Boulevard		
City, State	Galveston, Texas		
County	Galveston		
Zip	77554		
Legal Description	Diamond Beach Condos (2010) Abstract 121, Future Phase 2 (--2), Acres 2.8658		
PHYSICAL DATA			
Zoning/Use	Mixed-Use	Encroachments	Unknown
Land Size Gross Square Feet	±124,834	Street Frontage(s)	1
Land Size Gross Acres	±2.866	Frontage Linear Feet	±571
Land Size Net Square Feet	±124,834	Frontage-to-Acreage Ratio	199.00:1
Land Size Net Acres	±2.866	Stabilized Yard	No
Site Usable Land Area	±100%	Rail Line Spur Access	No
Utilities	All Public	Contamination Issues	Unknown
Land Shape	Irregular	Topography	Level
Corner Location	No	Physical Characteristics	Typical
Easements	Typical	Flood Zone	Inside 100-Year
SALE DATA SUMMARY			
Grantor	International Bancshares Corp	Property Rights	Fee Simple
Grantee	DB Project, LTD	Conditions Of Sale	Arm's Length
Sale Date	July 27, 2020	Financing	At Market
Recording Data	2020045344	Verification	CoStar & CAD
TRANSACTION STATISTICS			
Sale Price	\$2,299,999	Cash Equivalent	\$2,299,999
Expenditures	\$0	Adjusted Sale Price Per Acre	±\$802,569
Adjusted Sale Price	\$2,299,999	Adjusted Sale Price PSF	±\$18.42

The site is contiguous to a water park, and it fronts the beach shore line.

LAND SALE #3	
IDENTIFICATION	
Primary Property Type	Land
Secondary Property Type	Undeveloped Land
Address	1115 Kipp
City, State	Kemah, Texas
County	Galveston
Zip	77565
Legal Description	Abstract 18 M Muldoon SUR Lot 9, Block 4, Bay Breeze

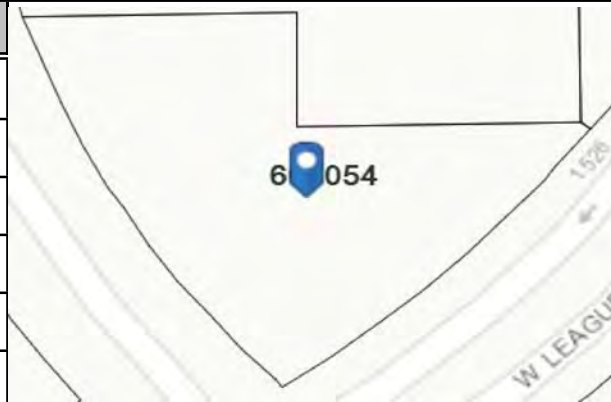


PHYSICAL DATA			
Zoning/Use	Residential	Encroachments	Unknown
Land Size Gross Square Feet	±60,112	Street Frontage(s)	1
Land Size Gross Acres	±1.380	Frontage Linear Feet	±160
Land Size Net Square Feet	±60,112	Frontage-to-Acreage Ratio	116.00:1
Land Size Net Acres	±1.380	Stabilized Yard	No
Site Usable Land Area	±100%	Rail Line Spur Access	No
Utilities	All Public	Contamination Issues	Unknown
Land Shape	Irregular	Topography	Level
Corner Location	No	Physical Characteristics	Typical
Easements	Typical	Flood Zone	Outside 100-Year

SALE DATA SUMMARY			
Grantor	Roberta A Wright	Property Rights	Fee Simple
Grantee	Choba Ventures LLC	Conditions Of Sale	Arm's Length
Sale Date	December 10, 2019	Financing	At Market
Recording Data	2019068281	Verification	Elaine Marak Real Estate, Elaine Marak; MLS & CAD

TRANSACTION STATISTICS			
Sale Price	\$1,450,000	Cash Equivalent	\$1,450,000
Expenditures	\$0	Adjusted Sale Price Per Acre	±\$1,050,739
Adjusted Sale Price	\$1,450,000	Adjusted Sale Price PSF	±\$24.12

LAND SALE #4	
IDENTIFICATION	
Primary Property Type	Land
Secondary Property Type	Undeveloped Land
Address	1508 West League City Parkway
City, State	League City, Texas
County	Galveston
Zip	77573
Legal Description	Calder Plaza (2015) Abstract 3, Block 2, Lot 2, Acres 1,323



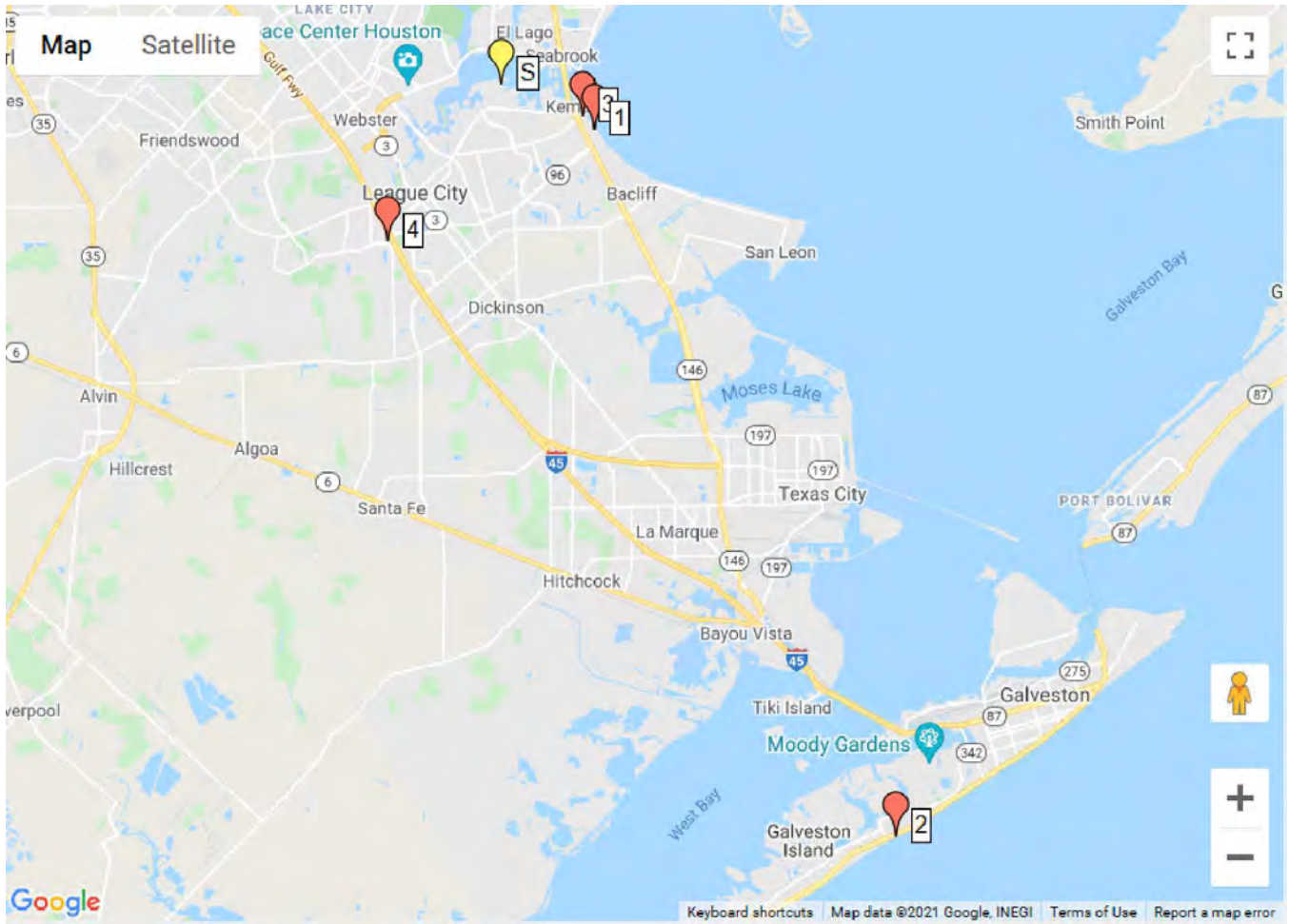
PHYSICAL DATA			
Zoning/Use	Retail & Industrial	Encroachments	Unknown
Land Size Gross Square Feet	±57,630	Street Frontage(s)	2
Land Size Gross Acres	±1.323	Frontage Linear Feet	±689
Land Size Net Square Feet	±57,630	Frontage-to-Acreage Ratio	521.00:1
Land Size Net Acres	±1.323	Stabilized Yard	No
Site Usable Land Area	±100%	Rail Line Spur Access	No
Utilities	All Public	Contamination Issues	Unknown
Land Shape	Irregular	Topography	Level
Corner Location	Yes	Physical Characteristics	Typical
Easements	Typical	Flood Zone	Outside 100-Year

SALE DATA SUMMARY			
Grantor	United S & S Group LLC	Property Rights	Fee Simple
Grantee	Elan Business Incorporated	Conditions Of Sale	Arm's Length
Sale Date	February 16, 2018	Financing	At Market
Recording Data	2018010142	Verification	CoStar & CAD

TRANSACTION STATISTICS			
Sale Price	\$1,267,860	Cash Equivalent	\$1,267,860
Expenditures	\$0	Adjusted Sale Price Per Acre	±\$958,320
Adjusted Sale Price	\$1,267,860	Adjusted Sale Price PSF	±\$22.00

“AS VACANT” SALES COMPARISON APPROACH TO VALUE - CONTINUED

COMPARABLE SALES MAP



The comparable “As Vacant” sales listed on the previous pages are the most comparable to the property that research revealed and that occurred within the subject’s market area over the recent past. The subsequent “As Vacant” Sales Summary Table is a chronological listing of the sales used for this analysis.

“AS VACANT” SALES COMPARISON APPROACH TO VALUE - CONTINUED

“AS VACANT” SALES SUMMARY					
SALE #	SUBJECT	1	2	3	4
DATE	N/A	12/3/21	7/27/20	12/10/19	2/16/18
SALE PRICE	N/A	\$2,100,000	\$2,299,999	\$1,450,000	\$1,267,860
SALE PRICE PER SF	N/A	\$14.83	\$18.42	\$24.12	\$22.00
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
FINANCING	At Market	At Market	At Market	At Market	At Market
CONDITIONS OF SALE	Arm’s Length	Arm’s Length	Arm’s Length	Arm’s Length	Arm’s Length
EXPENDITURES	No	No	No	No	No
MARKET CONDITIONS	COVID-19	Similar	Similar	Superior	Superior
LOCATION	Clear Lake	Similar	Superior	Similar	Inferior
SITE SIZE ACRES	± 4.188	± 3.251	± 2.866	± 1.380	± 1.323
CORNER	No	No	No	No	Yes
FRONTAGE FEET	±323 (Contiguous)	± 100	± 571	± 160	± 689
FRONTAGE-TO-ACREAGE	242 : 1 (Contiguous)	31 : 1	199 : 1	116 : 1	521 : 1
FLOOD ZONE	Inside 100-Year	Inside 100-Year	Inside 100-Year	Outside 100-Year	Outside 100-Year
SITE CHARACTERISTICS	Lake/Shoreline	Typical	Typical	Typical	Typical
UTILITIES	All Public	All Public	All Public	All Public	All Public
ZONING / USE	Mixed	Residential	Mixed-Use	Residential	Retail & Industrial

Sale Price Per Square Foot

This unit of comparison is derived by dividing the sale price by it’s net square footage. The comparable unadjusted sale prices range from \$14.83 to \$24.12 per square foot. When analyzing the comparable sales to the subject, the financial factors most influential to the property’s value are property rights, financing terms, conditions of sale, expenditures, and market conditions. The physical factors most influential to the property’s value are location, size, corner and frontage attributes, physical characteristics, flood zone, utilities availability, and zoning & use. When possible, adjustments are based on paired sales and/or linear regression modeling. Otherwise, arbitrary adjustments have to be estimated. The following descriptive analyses provide explanations of the comparable sales adjustment factors to the subject.

Property Rights

The “As Vacant” subject has been analyzed with fee simple estate property rights. Leased fee estate property rights potentially sell at a premium due to the additional cost of lease-up as compared to fee simple

“AS VACANT” SALES COMPARISON APPROACH TO VALUE - CONTINUED

property rights without lease-up cost. Analysis of larger data samples supports that leased fee property rights are typically superior to fee simple property rights. Each sale’s comparison and adjustment is listed in the subsequent **Property Rights Adjustments** table.

PROPERTY RIGHTS ADJUSTMENTS				
SALE #	1	2	3	4
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple
COMPARISON	Similar	Similar	Similar	Similar
ADJUSTMENT	0 %	0 %	0 %	0 %

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financing arrangements. Cash equivalency is a procedure in which the sale prices of comparable properties that were sold with atypical financing terms are adjusted to reflect typical market terms. Each comparison and adjustment is listed in the subsequent **Financing Terms Adjustments** table.

FINANCING TERMS ADJUSTMENTS				
SALE #	1	2	3	4
TERMS	At Market	At Market	At Market	At Market
COMPARISON	Similar	Similar	Similar	Similar
ADJUSTMENT	0 %	0 %	0 %	0 %

No adjustments are necessary.

Conditions of Sale

Conditions of Sale usually reflect the motivations of the buyer and the seller. While most sales are conducted with typical or Arm’s Length conditions, atypical sale conditions such as 1031 Exchange or Assemblage are possible and could require an adjustment. Each comparison and adjustment is listed in the subsequent **Conditions of Sale Adjustments** table.

CONDITIONS OF SALE ADJUSTMENTS				
SALE #	1	2	3	4
CONDITIONS	Arm’s Length	Arm’s Length	Arm’s Length	Arm’s Length
COMPARISON	Similar	Similar	Similar	Similar
ADJUSTMENT	0 %	0 %	0 %	0 %

No adjustments are necessary.

“AS VACANT” SALES COMPARISON APPROACH TO VALUE - CONTINUED

Expenditures

This market adjustment factor accounts for the possibility that a comparable sale received additional cost as part of the sale agreement. Also, if any improvements were or are to be razed, prior or subsequent to the sale, and the grantee incurred additional cost, that is considered an additional cost of sale. When there is additional cost for the consummation of the sale or to develop the property as planned, the comparable’s sale price should reflect the additional cost. Each comparison and adjustment is listed in the subsequent **Expenditures Adjustments** table.

EXPENDITURES ADJUSTMENTS				
SALE #	1	2	3	4
EXPENDITURES	No	No	No	No
COMPARISON	Similar	Similar	Similar	Similar
ADJUSTMENT	0 %	0 %	0 %	0 %

No adjustments are necessary.

Market Conditions

Changes in market conditions may be the result of inflation, deflation, fluctuations in supply and demand, changes in highest and best use, and/or other factors. Although this adjustment is often referred to as a "time" adjustment, time is not the cause of the adjustment but rather a reflection of shifts or changes in market conditions. Therefore, if market conditions have not changed, no adjustment is deemed necessary, no matter how much time has elapsed. Generally, real estate values increase over time due to inflation and the decreasing supply of land. The “As Vacant” comparable sales dates of sale range from February 16, 2018 through December 3, 2021. Each comparison and adjustment is listed in the subsequent **Market Conditions Adjustments** table.

MARKET CONDITIONS ADJUSTMENTS				
SALE #	1	2	3	4
DATE OF SALE	12/3/21	7/27/20	12/10/19	2/16/18
COMPARISON	Similar	Similar	Superior	Superior
ADJUSTMENT	0 %	0 %	-2 %	-2 %

Sales 1 & 2 sold during the pandemic, and no adjustments are necessary. Sales 3 & 4 sold prior the pandemic & they are superior. Sales 3 & 4 have been adjusted downward.

Location

The property is located along the south/southwestern shore line of Clear Lake, just to the west of the Galveston Bay, in Kemah, Galveston County, Texas. The subject’s locale is suburban and the area’s access

“AS VACANT” SALES COMPARISON APPROACH TO VALUE - CONTINUED

is average. The site’s location is average in comparison to competing sites in the area with comparable highest and best uses. The subject’s surrounding area has heavy densities of retail & recreation development(s) and moderate densities of residential development(s). The subject’s market area has scarce amounts of vacant land for future development(s) and the market area provides positive affects on the property’s demand factors. Each comparison and adjustment is listed in the subsequent **Location Adjustments** table.

LOCATION ADJUSTMENTS				
SALE #	1	2	3	4
COMPARISON	Similar	Superior	Similar	Inferior
ADJUSTMENT	0 %	-5 %	0 %	5 %

Sales 1 & 3 are most similar, and no adjustments are necessary. Sale 2 is superior due to good access & exposure & it has been adjusted downward. Sale 4 is inferior due to the lack of lake / bay amenities. Sale 4 has been adjusted upward.

Size

In most areas of Galveston County, smaller tracts of land sell for a higher price per unit than larger properties. This is due to the fact that purchases of large acreage tracts entail a much greater capital outlay. This restricts the number of possible buyers as compared to the relatively larger market for smaller tracts, which tends to disproportionately "bid-up" the smaller tract's per unit prices. This generalization, as a whole, is believed to be applicable for the subject’s market area. Pairing large groupings of sales to determine a size adjustment was analyzed. The correlation indicates an approximate five to ten percent increase per doubling or decrease per halving and have been rounded to the nearest fifth. The subject is ±4.188 acres and the comparable sales size range is ±1.32 to ±3.25 acres. Each comparison and adjustment is listed in the subsequent **Size Adjustments** table.

SITE SIZE ADJUSTMENTS				
SALE #	1	2	3	4
SIZE (ACRES)	± 3.251	± 2.866	± 1.380	± 1.323
COMPARISON	Similar	Similar	Smaller	Smaller
ADJUSTMENT	0 %	0 %	-5 %	-5 %

Corner Amenity

Properties which enjoy a corner location or have frontage along more than one roadway typically sell at a higher per unit value due to increased access and exposure. The subject has a corner location with one

“AS VACANT” SALES COMPARISON APPROACH TO VALUE - CONTINUED

fronting street(s). Each comparison and adjustment is listed in the subsequent **Corner Amenity Adjustments** table.

CORNER AMENITY ADJUSTMENTS				
SALE #	1	2	3	4
CORNER AMENITY	No	No	No	Yes
COMPARISON	Similar	Similar	Similar	Superior
ADJUSTMENT	0 %	0 %	0 %	-10 %

Water Frontage

The amount of frontage along a shore line that a site has relative to its overall size typically impacts site utility or usability. A site’s level or grade of utility can influence it’s highest and best use. The subject has shore line along Clear Lake, and it is superior to each sale. Sales 1, 2, 3 & 4 have each been adjusted upward.

Flood Zone

Properties that are located in flood hazard areas with undevelopable portions or that require additional development cost to raise the site’s flood elevation affects a site’s value. The subject exists in Zone AE which places it inside the 100-year flood zone. Each comparison and adjustment is listed in the subsequent **Flood Zone Adjustments** table.

FLOOD ZONE ADJUSTMENTS				
SALE #	1	2	3	4
FLOOD ZONE	Inside 100-Year	Inside 100-Year	Outside 100-Year	Outside 100-Year
COMPARISON	Similar	Similar	Superior	Superior
ADJUSTMENT	0 %	0 %	-5 %	-5 %

Site Characteristics

A site that requires additional development cost due to topography and/or drainage with any possibility that it’s configuration is adverse to such a degree there is less usable land will have lower demand, thus decreasing it’s value. The subject site has level topography, an irregular shape, and ±100.00% of it’s area is usable land. The subject’s development characteristics are retail & recreation. Each comparison and adjustment is listed in the subsequent **Site Characteristics Adjustments** table.

“AS VACANT” SALES COMPARISON APPROACH TO VALUE - CONTINUED

SITE CHARACTERISTICS ADJUSTMENTS				
SALE #	1	2	3	4
COMPARISON	Similar	Similar	Superior	Similar
ADJUSTMENT	0 %	0 %	-10 %	0 %

Sales 1, 2 & 4 are similar & no adjustments are necessary. Sale 3 is superior due to concrete & stone bulkheads. Sale 3 has been adjusted downward.

Utilities Availability

The availability of utilities is a major factor in the development of any property. If a site has no access to utility service and cannot acquire access, it is virtually impossible to develop. Therefore, the price paid for such a site would be affected due to it’s lack of utilities. In this case, an owner must make up the expense for acquiring the services and enhancing the site's value. The subject has public water, public sewer, and public electricity. Each comparison and adjustment is listed in the subsequent **Utilities Availability Adjustments** table.

UTILITIES AVAILABILITY ADJUSTMENTS				
SALE #	1	2	3	4
UTILITIES	All Public	All Public	All Public	All Public
COMPARISON	Similar	Similar	Similar	Similar
ADJUSTMENT	0 %	0 %	0 %	0 %

Zoning & Use

A property’s zoning, or highest and best use, brackets it’s permissible uses. In most markets, based on location and various physical characteristics, available zoning, or uses, can significantly increase or decrease a property’s value. The subject is zoned as and as such, development types are permitted. Each comparison and adjustment is listed in the subsequent **Zoning Adjustments** table.

“AS VACANT” SALES COMPARISON APPROACH TO VALUE - CONTINUED

ZONING ADJUSTMENTS				
SALE #	1	2	3	4
ZONING	Residential	Mixed-Use	Residential	Retail & Industrial
COMPARISON	Inferior	Similar	Inferior	Superior
ADJUSTMENT	5 %	0 %	5 %	-5 %

Sales 1 & 3 are inferior with only residential uses & they have been adjusted upward. Sale 2 is the most similar & no adjustment is necessary. Sale 4 is superior due to superior retail density uses & it has been adjusted downward.

The subsequent **“As Vacant” Adjustment Grid** outlines all of the applicable adjustments for each sales comparison in relation to the subject.

“AS VACANT” SALES COMPARISON APPROACH TO VALUE - CONTINUED

“AS VACANT” COMPARABLE SALES ADJUSTMENT GRID				
ITEM	1	2	3	4
\$ PER SF	\$14.83	\$18.42	\$24.12	\$22.00
DATE OF SALE	12/3/21	7/27/20	12/10/19	2/16/18
PROPERTY RIGHTS	0%	0%	0%	0%
ADJUSTED \$ PSF	\$14.83	\$18.42	\$24.12	\$22.00
FINANCING TERMS	0%	0%	0%	0%
ADJUSTED \$ PSF	\$14.83	\$18.42	\$24.12	\$22.00
CONDITIONS OF SALE	0%	0%	0%	0%
ADJUSTED \$ PSF	\$14.83	\$18.42	\$24.12	\$22.00
EXPENDITURES	0%	0%	0%	0%
ADJUSTED \$ PSF	\$14.83	\$18.42	\$24.12	\$22.00
MARKET CONDITIONS	0%	0%	-2%	-2%
ADJUSTED \$ PSF	\$14.83	\$18.42	\$23.64	\$21.56
LOCATION	0%	-5%	0%	5%
SIZE	0%	0%	-5%	-5%
CORNER	0%	0%	0%	-10%
WATER FRONTAGE	10%	5%	5%	5%
FLOOD ZONE	0%	0%	-5%	-5%
SITE CHARACTERISTICS	0%	0%	-10%	0%
UTILITIES	0%	0%	-5%	-5%
ZONING / USE	5%	0%	5%	-5%
TOTAL PHYSICAL ADJUSTMENT	15%	0%	-15%	-20%
FINAL ADJUSTED \$ PSF	\$17.05	\$18.42	\$20.09	\$17.25

Based on the quantity & quality of the adjustments the subject’s value is near the average of the comparable sales adjusted value range.

“AS VACANT” SALES COMPARISON APPROACH TO VALUE - CONTINUED

“AS VACANT” STATISTICAL ANALYSIS & FINAL VALUE OPINION	
RANGE \$ PSF	\$17.05 TO \$20.09
AVERAGE \$ PSF	\$18.20
MEDIAN \$ PSF	\$17.84
“AS VACANT” FINAL VALUE OPINION PSF	\$17.25
“AS VACANT” FINAL VALUE OPINION	\$3,146,900
“AS VACANT” FINAL VALUE OPINION; Rounded, SAY:	\$3,150,000

The subject’s “As Vacant” value of the fee simple property rights as of July 18, 2022 and based on a 12-month exposure time is:

\$3,150,000

COST APPROACH

In the following table the replacement cost new of each component has been listed along with its respective effective age and economic life. The percentage of depreciation (straight line age/life method) has then been deducted from the replacement cost new for an indication of the FF & E contributory value. We are not equipment & machinery appraisers. We do not proclaim to be experts at valuing such assets. However, we do maintain a database for similar property's that we have appraised that we do reference for comparisons. In addition, when possible we we do compare equipment assets to the Marshall & Swift cost manual.

The furniture, fixtures and equipment (FF & E) components depreciated cost or contributory market value(s) have been estimated as follows.

FURNITURE, FIXTURES, & EQUIPMENT CONTRIBUTORY VALUE					
Component	Total Cost	Effective Age	Economic Life	% Depreciation	Depreciated Cost
Tractor Forklift	\$125,000	16	35	45.71%	\$67,857
Dry Storage Racks	\$80,000	11	35	31.43%	\$54,857
Water Pump Out Station	\$20,000	2	10	20.00%	\$16,000
Clubhouse & Swimming Pool Furniture	\$3,000	3	12	25.00%	\$0
Maintenance & Mechanic Tools	\$13,000	6	10	60.00%	\$5,200
Coin Operated Washer & Dryer	\$2,500	2	12	16.67%	\$2,083
Ice Machine	\$2,000	7	12	58.33%	\$833
Administrative Office Equipment	\$5,000	9	12	75.00%	\$1,250
TOTALS	\$250,500				\$148,081

*** Not Included In The Appraisal Analysis.**

SAY: ±\$150,000

INCOME APPROACH

The Income Approach presumes that no prudent buyer will pay more for the right to receive the future income stream generated from the subject property than an amount for which can be obtained the rights to a substitute income stream, assuming similar quality, quantity, and durability of the income stream. The Income Approach is an appraisal methodology whereby annual income is capitalized into an indication of market value. There are numerous techniques of capitalization and any number of income estimates can be capitalized. For example, appraisers estimate and capitalize Gross Annual Income, Effective Annual Income, Net Annual Income, and Cash Flow after Taxes. There is generally one appropriate technique for any given property and the correct one can be abstracted from the market.

To properly perform the Income Approach the appraiser researches rents, vacancies, and operating expenses from competing properties and creates an Operating Statement for the subject property. At that point, the appropriate capitalization technique is selected and applied to the subject property's business income stream. In this report a direct capitalization of the business net operating income has been performed. The discussion on the following pages will demonstrate this procedures as it is applied to the subject.

Research of comparable pier and marina properties has been conducted to estimate the appropriate market rents for the subject's wet slips and dry dock units. Our survey of the competition revealed numerous comparables on Clear Lake for wet slips; however, there are fewer dry dock storage facilities available to analyzes. For the purpose of this analysis, we have concentrated our market survey on marinas that offer the most competition for the subject. The following presentation and analysis will demonstrate the necessary procedures as they are applied to the subject. The following comparable rents are the best available data that research revealed to compare and estimate the property's market rental rates and occupancy level. Each rental has been observed (drive-by) by the appraiser, and all of the comparable rental data has been confirmed.

COMPARABLE MARINA DRY DOCK RENTAL DATA & MAP

Marina Lease No. 1



Property Identification

Property Type	Dry Stack Commercial Marina
Property Name	Endeavour Marina on Clear Lake
Address	3101 NASA Parkway, Seabrook, Harris County, Texas 77586
Assessed Value	2022 - \$19,480 Per Slip (Based on 506 Slips)

<u>Unit Type</u>	<u>Unit Mix</u>			
	<u>No. of Units</u>	<u>Linear Feet</u>	<u>Rent/Month</u>	<u>Mo. Rent PLF</u>
20'	15	20	\$257	\$12.85
21'	20	21	\$278	\$13.24
22'	28	22	\$289	\$13.14
23'	30	23	\$315	\$13.70
24'	32	24	\$336	\$14.00
25'	35	25	\$347	\$13.88
26'	107	26	\$368	\$14.15
27'	8	27	\$378	\$14.00
28'	58	28	\$394	\$14.07
29'	49	29	\$405	\$13.97
30'	8	30	\$420	\$14.00

Occupancy	±91.0%
Total Units	390 (data set; there are other size units for total of 506 units)
Unit Size Range (LF)	20' - 30' (data set)
Avg. Unit Size (LF)	±25.5' (data set)
Avg. Rent PLF Per Month	±\$13.90 (data set)

Net LF ±9,952 (for data set; there are other size units)

Physical Data

Land Size	±4.723 Acres or ±205,721 Square Feet
Construction Type	Steel Frame and Metal Panel Walls
Year Built	2013

Comments:

The property is a retail center too.

Marina Lease No. 2



Property Identification

Property Type Dry Stack Commercial Marina
Property Name Marina Bay Harbor
Address 323 West 6th Street, Clear Lake Shores, Galveston County, Texas 77565
Assessed Value Multi-Use property with additional office space, not comparable assessed value.

<u>Unit Type</u>	<u>No. of Units</u>	<u>Unit Mix</u>		
		<u>Linear Feet</u>	<u>Rent/Month</u>	<u>Mo. Rent PLF</u>
20'	34	20	\$290	\$14.50
21'	34	21	\$310	\$14.76
22'	32	22	\$335	\$15.23
23'	34	23	\$350	\$15.22
24'	37	24	\$375	\$15.63
25'	40	25	\$400	\$16.00
26'	Unknown	26	\$410	\$15.77
27'	Unknown	27	\$415	\$15.37
28'	Unknown	28	\$440	\$15.71
29'	Unknown	29	\$460	\$15.86
30'	Unknown	30	\$470	\$15.67

Occupancy ±87.0% (total units)
Total Units Unknown
Unit Size Range (LF) 20' - 30' (data set)
Avg. Unit Size (LF) ±25' estimated
Avg. Rent PLF Per Month ±\$14.00 estimated

Net LF Unknown

Physical Data

Land Size ±7.040 Acres or ±306,662 Square Feet
Construction Type Steel Frame and Metal Panel Walls
Year Built 2003

Comments:

This property has 5,000 square feet of office that is leased to the U.S. Coast Guard. The property also has wet slips which we were unable to confirm the rental rates.

Marina Lease No. 3



Property Identification

Property Type Dry Stack Commercial Marina
Property Name Galveston Yacht Basin
Address 715 North Holiday Drive, Galveston, Galveston County, Texas 77550
Assessed Value 2022 - \$13,697

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent PLF</u>
	<u>No. of Units</u>	<u>Linear Feet</u>	<u>Rent/Month</u>	
20'	25	20	\$286	\$14.30
21'	30	21	\$300	\$14.30
22'	40	22	\$315	\$14.30
23'	48	23	\$329	\$14.30
24'	46	24	\$343	\$14.30
25'	55	25	\$358	\$14.30
26'	Unknown	26	\$372	\$14.30
27'	Unknown	27	\$386	\$14.30
28'	Unknown	28	\$400	\$14.30
29'	Unknown	29	\$415	\$14.30
30'	Unknown	30	\$429	\$14.30

Occupancy ±94.0% (total marina)
Total Units 244 (there are other size units 26' to 32')
Unit Size Range (LF) 20' - 30' (data set)
Avg. Unit Size (LF) ±25' estimated
Avg. Rent PLF Per Month ±\$14.30 (data set)
Net LF Unknown

Physical Data

Land Size ±53.126 Acres or ±2,314,164 Square Feet
Construction Type Steel Frame and Metal Panel Walls
Year Built 1972

Comments:

The property also has west slips which were unable to confirm the rental rates. This property also services larger yachts.

INCOME APPROACH - CONTINUED

The commercial marinas listed on the previous pages are the most comparable to the subject that our research has confirmed rental rates for. The following is a chronological listing of the rentals used in this report.

RENTAL #	# UNITS	UNIT SIZE RANGE (LF)	AVERAGE UNIT SIZE (LF)	AVERAGE UNIT \$ RENT PLF	OCCUPANCY % (TOTAL UNITS)
1 Dry Dock	390	20' - 30'	24'	\$13.90	91.00%
2 Dry Dock	Unknown	20' - 30'	23'	\$14.00	87.00%
3 Dry Dock	244	20' - 30'	24'	\$14.30	94.00%
AVERAGE	N/A	20' - 30'	23'	\$13.93	90.67%
SUBJECT DRY *	200	19' - 25'	24'	\$12.79	90.00%

* Subject's Fee Simple Pro Forma. Dry Slips can be 195 maximum.

When comparing these rentals to estimate the subject's market rental rates, the market factors are location, physical characteristics, construction quality/design/style and age / condition. Each comparable rental has been compared to the subject and adjusted on these basis. The following is a discussion of the comparisons used in this analysis. The following discussion provides a generalization of the adjustment factors for the comparable rental units as they are analyzed to the property's various units.

Location. This can be an important factor affecting the rental rates of marinas. The subject is located along the south line of Twin Oaks Boulevard within League City, Galveston County. The subject's immediate area is predominantly residential development with moderate amounts of commercial developments along the primary traffic arteries. The rent comparables are affected by similar neighborhood influences and are located in areas with good residential support. Within our estimates of market rent for the subject's units we have considered location variances, and we estimate a market rate for the subject's unit(s) based on the subject's water front location.

Physical Characteristics. The construction quality, condition and age of an improved property can also greatly affect it's desirability in the market. The construction quality of a pier and marina is important because some construction materials allow for longer building lives (and less maintenance) than other building materials. Within our estimates of market rent for the subject's units we have considered physical characteristics, and we have estimated a market rate for the subject's unit(s) based on the subject's physical characteristics.

INCOME APPROACH - CONTINUED

Construction Quality, Design, & Style. The subject is an older marina that has an older construction style, design and appeal. The rentals are more representative of modern facilities that are overall superior to the subject in quality, design, appeal and amenities. Within our estimates of market rent for the subject's units we have considered this factor and estimated a market rate for the subject's unit(s) in consideration to this factor.

Effective Age & Condition. The effective age of a property's improvements can have an impact on slip rental rates. Of course this would vary somewhat with the quality of construction and the level of maintenance. The comparable rentals were built between 1932 and 2013. The property constructed in 1932 has been renovated numerous times, and it does have a "classic" style that is in average to good condition. The other comparables also appeared to be well maintained, and they too are in average to good condition. The subject was constructed in ±1996, and it is has been renovated & repaired over the past two yeas due to Hurricane Harvey in 2017. This factor has been considered in the analysis of market rents. We have compared the subject's dry units reported rents to the rental comparables. Rental 1 is superior; Rentals 2 & 3 are most similar. The subject's actual dry slip rental rates are below market.

Rental Rate Per Linear Foot. This unit of comparison is derived by dividing the rental rate by the slip length (linear feet). The following comparable rental unit grid details the rental rates per linear foot of the rent comparables, the subject's reported rent per linear foot & our estimate of market rent for the subject. The following actual rental rates are for existing leases. We have been informed that the rents are being increased to market level upon any leases expiration or termination. We have used the most comparable unit sizes that are available to compare to the subject.

INCOME APPROACH - CONTINUED

DRY DOCK RENTAL RATES (FEE SIMPLE)								
Subject Unit Mix		Rental Number (\$ PLF)			Reconciliation			
# Units *	Size (LF)	1	2	3	High	Low	Subject **	Market
17	19'	\$12.85	\$14.50	\$14.30	\$14.50	\$12.85	\$12.53	\$13.00
17	20'	\$12.85	\$14.50	\$14.30	\$14.50	\$12.85	\$12.55	\$13.00
17	21'	\$13.24	\$14.76	\$14.30	\$14.76	\$13.24	\$12.38	\$13.00
17	22'	\$13.14	\$15.23	\$14.30	\$15.23	\$13.14	\$12.23	\$12.95
17	23'	\$13.70	\$15.22	\$14.30	\$15.22	\$13.70	\$12.04	\$12.90
17	24'	\$14.00	\$15.63	\$14.30	\$15.63	\$14.00	\$11.92	\$12.85
17	25'	\$13.88	\$16.00	\$14.30	\$16.00	\$13.88	\$11.76	\$12.80
17	26'	\$14.15	\$15.77	\$14.30	\$15.77	\$14.15	\$11.62	\$12.75
17	27'	\$14.00	\$15.37	\$14.30	\$15.37	\$14.00	\$11.52	\$12.70
17	28'	\$14.07	\$15.71	\$14.30	\$15.71	\$14.30	\$11.43	\$12.65
15	29'	\$13.97	\$15.86	\$14.30	\$15.86	\$13.97	\$11.34	\$12.60
15	30'	\$14.00	\$15.67	\$14.30	\$15.67	\$14.00	\$11.20	\$12.55

* There are a total of 200 dry slips. ** Subject's reported asking rental rate.

Potential Gross Rental Income. This is the amount that the property would generate if it were 100% leased at market rents. Several of the subject's estimated market rental rates are below the range(s) of the comparable rentals. Based on the market data we have placed primary emphasis on the subject's actual rents. The following is the estimated rent schedule for the subject property.

INCOME APPROACH - CONTINUED

MARKET RENT SCHEDULE - DRY DOCKS						
# Units	Unit Type	Size (LF)	Total LF	Monthly Rental Per Unit	Total Monthly Income	Market Rent PSF
17	19'	19	323	\$247	\$4,199	\$13.00
17	20'	20	340	\$260	\$4,420	\$13.00
17	21'	21	357	\$273	\$4,641	\$13.00
17	22'	22	374	\$285	\$4,843	\$12.95
17	23'	23	391	\$297	\$5,044	\$12.90
17	24'	24	408	\$308	\$5,243	\$12.85
17	25'	25	425	\$320	\$5,440	\$12.80
17	26'	26	442	\$332	\$5,636	\$12.75
17	27'	27	459	\$343	\$5,829	\$12.70
17	28'	28	476	\$354	\$6,021	\$12.65
15	29'	29	435	\$365	\$5,481	\$12.60
15	30'	30	450	\$377	\$5,648	\$12.55
200 *			4,880		\$62,445	\$12.80

* There are a total of 200 dry slips

The total annual rent income is as follows:

RENT SCHEDULE SUMMARY (FEE SIMPLE)					
TYPE OF UNIT	UNITS	SIZE (LF)	RENT \$/SF (AVG)	MONTHLY RENTAL	ANNUAL RENTAL
Dry Dock	200	4,880	\$12.80	\$62,445	\$749,340
Sub Total	200	4,880	\$12.80	\$62,445	\$749,340

The rent schedule summary appears to be “inline” with the comparable rentals taking into consideration location, physical characteristics, quality, design, style & effective age / condition. As a result, the subject's potential rental income is estimated to be **\$62,445** per month or **\$749,340** (100% occupied).

Other Income.

In addition to the rental income, additional income is collected in the form of late charges, retail sales, use fees, and miscellaneous fees. We have estimated Other Income to be \$8,000 at 100% occupancy.

INCOME APPROACH - CONTINUED

INCOME CATEGORY	INCOME @ 100% OCCUPANCY
Dry Dock Rent	\$749,340
Other Income (Rental, Sales & Service)	\$8,000
TOTAL POTENTIAL GROSS INCOME	\$757,340

Vacancy & Collection Loss. This figure represents the portion of the subject which would not be rented during the year. It also includes any concessions or seasonal changes which may occur in leasing and maintaining the property. It is simply a percentage subtracted from the Gross Potential Rental Income. The comparable marina rentals in the market survey indicate occupancy levels ranging from $\pm 87.0\%$ to $\pm 94.0\%$ with a dry dock average of $\pm 90.67\%$. None of the rentals are offering any types of concessions. Only the physical occupancies, versus financial occupancies, have been reported. In our opinion, the vacancy & collection loss should be inclusive of the loss in income from rental concessions. Therefore, in our opinion, it appears that the subject's market area reflects an average occupancy range of $\pm 90.00\%$ exclusive of collection and/or concession issues.

Based on the current occupancy levels in the submarket area and the historical leasing trends of these type properties, as well as the concessions which are prevalent in the market over time based on the supply of this type property, we have estimated the subject's stabilized vacancy & collection loss at $\pm 10.00\%$. The subject dry slips are $\pm 56.1\%$ occupied. We estimate an overall stabilized occupancy at $\pm 90.00\%$ to be achievable within 12-months. We estimate a $\pm 10.0\%$ vacancy & collection loss of **\$75,734**.

Total Revenue. This is the amount that the subject will actually generate after reflecting Vacancy & Collection Loss. The total revenue is estimated as follows.

INCOME CATEGORY	PGI	LESS VACANCY COLLECTION LOSS @ 10.00%	TOTAL REVENUE
Dry Dock Rent	\$749,340	(\$74,934)	\$674,406
Other Income	\$8,000	(\$800)	\$7,200
TOTALS	\$757,340	(\$75,734)	\$681,606

Operating Expenses. These are expenses that are necessary to maintain and operate the property as a pier and marina. We are not aware of any publications that tracks operating expenses for the pier and marina storage industry. We have appraised other marinas within the past year & we have used the operating expenses data from these marinas to estimate the property's operating expenses.

INCOME APPROACH - CONTINUED

Administrative & General Expenses. Our marina expense data indicates $\pm 2.5\%$ to $\pm 6.5\%$, and we have estimated the subject's pro forma Administrative & General expenses at **$\pm \$26,507$** or **3.50%** of Total Gross Profit. At a stabilized occupancy this expense should decrease as a percentage of Total Gross Profit. The owner/property has a lease with Texas General Land Office (GLO) for a dredged easement canal that provides ingress/egress from the property harbor to Clear Lake. This expense was reported to be less than \$1,000 per year and it too is included.

Utilities/Energy Costs. Energy expenses include the cost of electricity, gas and water for all business operations and live-a-boards. Our marina expense data indicates $\pm 2.5\%$ to $\pm 3.5\%$. We have estimated the subject's pro forma gross Utilities expenses at **$\$22,720$** or **3.0%** of Total Gross Profit.

Management Expenses. The management fee includes a management service or supervision allowance for handling the day-by-day administration of the subject. Our marina expense data indicates $\pm 3.0\%$ to $\pm 8.0\%$. We have estimated the subject's pro forma Management expense to be **$\$41,654$** or **5.5%** of Total Gross Profit.

Maintenance & Repairs. The premises must be kept in good condition, which includes an orderly program necessary to maintain the improvements in a condition typical of the market and allow it to remain competitive. While this does not include any extensive remodeling of the improvements, it does include the general repair and maintenance of all improvements. More specifically, this category also includes costs associated with the day-to-day operation and maintenance of the property, cost of materials used in repairing equipment, landscaping, painting and decorating, removal of any waste matter and other related expenses necessary for the upkeep of the marina facility. Our marina expense data indicates $\pm 2.0\%$ to $\pm 10.0\%$, exclusive of Capital Expenditures or Replacement Reserves. We have estimated the subject's pro forma Maintenance & Repairs at **$\$34,080$** or **4.50%** of Total Gross Profit. Our estimate does not include any Capital Expenditures expenses or Replacement Reserves.

Real Estate Taxes. The subject's property taxes and expenses have been analyzed in the Ad Valorem Property Tax Data and Analysis section of this report. The comparable rental's assessed values are above the subject's actual assessed value. The subject's assessed value has been estimated to increase and this expense estimate is reasonable. Our marina expense data indicates $\pm 3.0\%$ to $\pm 4.0\%$, and we have estimated the subject's pro forma Property Tax expense, including FF & E. to be **$\$28,976$** or **3.83%** of Total Gross Profit.

INCOME APPROACH - CONTINUED

Credit Card Processing. This expenses is to pay the merchant vendor card services for use of credit cards for clientele to pay by. The comparable expense data has range of 1.8% to 3.0% and we have estimated the subject's pro forma Credit Card Processing to be **\$18,934** or **2.50%** of the Total Gross Profit.

Insurance Expenses. The insurance expense category includes the cost of insuring the buildings and business contents against damage or destruction from fire, weather, and so forth. Insurance rates are based on several factors including building design and construction, fire detection and extinguishing equipment, fire districts, etc. We have included liability insurance. Our marina expense data indicates $\pm 4.0\%$ to $\pm 8.0\%$. The subject is in a coastal hurricane zone, and we have estimated the subject's pro forma Insurance expense to be **\$34,080** or **4.50%** of Total Gross Profit.

Other (Miscellaneous) Expenses. Our marina expense data indicates $\pm 0.5\%$ to $\pm 1.5\%$, and we have estimated the subject's Other (Miscellaneous) expense to be **\$7,573** or **1.00%** of Total Gross Profit.

Total Expenses. The marina expenses data set includes 14 marina's actual operating expense ranges. The comparable expense properties are each located on the southern Gulf of Mexico coast line. No capital expenditures (replacement reserves) have been included. We have estimated the subject's Total Expenses to be **\$214,524** or **$\pm 28.33\%$** of Total Gross Profit. Based on increased occupancy with higher rental rates our estimate is reasonable.

Net Income Before Reserves. We have estimated a stabilized Net Income before an allowance for replacement reserves to be **\$467,082** or **61.74%** of Total Gross Profit.

Reserves for Replacement. Reserves for replacement is an expense allowance for the periodic replacement of building components which have a shorter economic life than the structure as a whole. These components include items such as roof coverings, carpeting, restroom or laundry equipment, furniture, sidewalks, driveways, parking lots, exterior painting, docks and any other items of the structures or equipment that have a limited economic life expectancy. The annual allowance for each item is generally the anticipated cost of replacement divided by the estimated remaining economic life of the item. The reserves for replacement expense in any given year may be more or less than actual expenditures in that year depending on such factors as the age and condition of the improvement components and the regularity of previous component maintenance. In general, older properties (especially those correcting deferred maintenance) will recognize a replacement allowance less than actual expenditures and newer, well maintained properties will recognize a replacement allowance higher than actual expenditures. However,

INCOME APPROACH - CONTINUED

the premise supporting this expense is that as long as the remaining economic life of the structure exceeds that remaining economic life of the components, replacements must be eventually made. Industry standards typically set a reserve allowance at 2.5% to 4.5% of total revenue. Considering the subject's effective age and renovated condition, we have estimated a Replacement Reserve allowance of **3.00%** of Net Income or **\$14,012**.

Business Operating Profit/Loss. The business operating profit/loss for the property is that amount of annual income remaining after applying all expenses incurred in the operation of the business. This income affords the owner revenue with which to satisfy all capital debt service and equity requirements. We have estimated the Business Operating Profit to be **\$453,069** or **59.82%** of Total Gross Profit. A reconstructed operating statement detailing the appraiser's forecast of income and expenses is now presented.

SUBJECT'S STABILIZED PRO FORMA			
Gross Profit:	FEE SIMPLE PRO FORMA		COMPARABLE EXPENSES RANGE
Potential Gross Revenue	\$757,340		100.00%
Less Vacancy & Collection Loss @ ±10.0%	\$75,734		
Effective Gross Rental Revenue	\$681,606		
Operating Expenses:			
General / Administrative	\$26,507	3.50%	2.5% to 6.5%
Utilities	\$22,720	3.00%	2.5% to 3.5%
Management Fee	\$41,654	5.50%	3.0% to 8.0%
Operation; Maintenance & Repairs	\$34,080	4.50%	2.0% to 10.0%
Real Estate Taxes (Partial; Only Subject)	\$28,976	3.83%	3.0% to 4.0%
Credit Card Processing	\$18,934	2.50%	1.8% to 3.0%
Insurance (Including Liability)	\$34,080	4.50%	4.0% to 8.0%
Other Expenses (Miscellaneous)	\$7,573	1.00%	0.5% to 1.50%
Total Expenses	(\$214,524)	-28.33%	
NET INCOME BEFORE RESERVES	\$467,082	61.67%	
Reserves For Replacement	(\$14,012)	-3.00%	
BUSINESS OPERATION PROFIT/LOSS	\$453,069	59.82%	

INCOME APPROACH - CONTINUED

Direct Capitalization

This technique provides an estimate of value based upon the direct inference between income and value, using the formula $I/R = V$, where I is the net operating income, R is the overall capitalization rate and V equals value. This technique is based on an accrual accounting model, which addresses the initial year's operating statement stabilized at a $\pm 90.0\%$ occupancy level.

Capitalization Rate Analysis

The estimation of the overall capitalization rate has been based on the analysis of data from three primary sources; i.e., Improved Sales, a Debt Service Coverage analysis, and a Mortgage-Equity analysis based upon typical third party financing currently available in the market place.

The overall capitalization rates (R_o) of the improved sales used in the sales comparison approach range from 5.51% to 10.00% with an average of 8.00%. Given the quality of the data or improved sales revenues in comparison to the subject's current financial performance, we consider a capitalization rate at the top of the improved sales range to be most appropriate for the subject. Although we do estimate that the property's financial performance will improve, from a business operation perspective there is more risk associated in regards to prudent management that can increase income while decreasing expenses. A capitalization rate in the top half of the comparable sales range is probable, say $\pm 9.00\%$ is reasonable.

For purposes of this report, we have also used the band of investment technique and the debt coverage ratio techniques to estimate the appropriate overall rate (OAR). Both investment techniques presume that financing plays a major role in determining the OAR. In the band of investment technique, the OAR consists of two components. The components are the mortgage contribution and the equity contribution.

Band of Investments

RealtyRates.com indicates the following ranges and averages for the various permanent financing loan variables.

VARIABLE	MINIMUM	MAXIMUM	AVERAGE
Interest Rate	2.41%	12.63%	4.52%
Debt Coverage	1.10	2.85	1.93
Loan-To-Value	50.00%	80.00%	67.50%
Amortization (Years)	15	40	30
Equity Dividend Rate	6.10%	22.18%	15.75%

INCOME APPROACH - CONTINUED

It is our opinion that a prudent purchaser would attempt to buy the subject property by means of institutional financing. The typical financing for projects such as the subject have terms such as an interest rate of 5.00% percent loan for a 25-year term with a balloon payment at the end of 10-years. A typical down payment for a property such as the subject would be 25.0% of the property’s total value. We estimate that an investor would require a 14.00% cash flow rate (equity dividend rate) on properties such as the subject and depending upon future appreciation to increase this yield. The following chart depicts the calculation of an overall capitalization rate, via the band of investments method.

Band of Investments Analysis			
Assumptions:			
Term			25
Interest Rate			5.00%
Loan Ratio			75%
Equity Ratio			25%
Amortization			Level
Monthly Constant			0.005846
Annual Constant			0.070151
Equity Dividend			14.00%
Calculations:			
Loan Ratio	x	Mortgage Constant	= Mortgage Contribution
Equity Ratio	x	Equity Dividend	= Equity Contribution
0.75	X	0.0702	0.052613
0.25	X	0.1400	0.035000
Total			0.087613
Rounded:			8.76%

By utilizing the previous mortgage requirements, the indicated overall capitalization rate (RO) is 8.76%.

Debt Coverage Analysis

As stated, the most probable situation would be an 5.00% loan for a 25-year term with a balloon payment at the end of 10 years. Additionally, we have utilized a debt service coverage ratio of 1.60, which indicates the NOI should exceed the annual debt service by 60.00%. A typical down payment for a property such as the subject property would be 25%.

INCOME APPROACH - CONTINUED

Debt Coverage Analysis	
Assumptions:	
Term	25
Interest Rate	5.00%
Loan Ratio	75%
Equity Ratio	25%
Amortization	Level
Monthly Constant	0.005846
Annual Constant	0.070151
Debt Service Coverage Ratio	1.60
Calculations:	
Debt Service Coverage Ratio	1.60
Mortgage Constant	X 0.070151
Loan to Value Ratio	X 0.75
Indicated Overall Rate	0.084181
Rounded:	8.42%

As shown below, utilizing the previous mortgage requirements, the indicated overall capitalization rate (RO) is 8.42%.

Therefore, based on the condition of the improvements, and blending the indicated rates from the improved sales, debt coverage analysis and band of investments analysis, we have estimated the subject's overall capitalization rate (OAR) to be 9.00%. This is considered appropriate for properties of this class and quality. Utilizing the indicated (OAR) of 9.00%, an indication of value can be derived through the formula $NOI/R_o = V$.

INCOME APPROACH - CONTINUED

VALUE INDICATED VIA DIRECT CAPITALIZATION	
Pro Forma Net Operating Income Divided by the Capitalization Rate Equals Value	
Stabilized Net Operating Income:	\$453,069
Overall Capitalization Rate:	9.00%
Prospective Future “As Stabilized” Market Value:	\$5,034,100
	Rounded, SAY: \$5,030,000
Units of Comparison:	
Price Per Slip (200 Dry Stack Slip)	\$25,150

The property’s prospective future “As Stabilized” market value of the fee simple estate property rights as of July 18, 2023 and based on a 12-month exposure time is:

\$5,030,000

“AS IS” VALUE OPINION (RENT LOSS)

The property’s current occupancy is ±56.1% & we estimate the property’s stabilized occupancy at ±90.00%. We have estimated a 12-month absorption period to a stabilized occupancy of ±90.00%. The rent loss for 12-months would equate to ±\$226,535. In addition we have included a ±12.00% entrepreneurial profit to account for the risk of lease up & this makes a grand total of ±\$253,719, rounded to \$250,000. This rent loss is deducted from the “As Stabilized” value to form a credible “As Is” value for the property (±\$5,030,000 - ±\$250,000 = ±\$4,780,000 or ±\$23,900 per wet slip). The property’s “As Is” market value of the fee simple estate property rights as of July 18, 2022 and based on a 12-month exposure time is:

\$4,780,000

SALES COMPARISON APPROACH

The sales comparison approach is based upon the principle of substitution. In essence, this principle states that a prudent purchaser will pay no more for any particular property than it would cost to acquire an equally desirable alternate property. The sales comparison approach utilizes the sales of properties comparable to the subject as the basis for an indication of market value. Direct comparison is made between each sale and the subject on an item-by-item basis to include such factors as property rights, financing, conditions of sale, expenditures, market conditions and various physical factors. The slip sale price of each comparable property is adjusted to arrive at an indication of what it would have sold for had it been essentially the same as the subject property. These adjusted indications are then reconciled into an a comparison of market value between the sales comparison approach and the income approach.

Unlike office, retail, industrial, self-storage and apartment complexes, which generally have similar physical characteristics as stand alone property types, the physical characteristics of marina properties vary significantly from just wet slips to full service boat yards. Consequently, the valuation of marinas is fluid. In the appraisal of marinas, due to the varying characteristics of the facilities, the sales comparison approach is the most difficult approach and it provides the least supportable market value. Simply comparing marinas based on price per slip can be very misleading. There are virtually no sales comparison techniques that truly are subjectively supportable with the comparison of marinas. The sales comparison approach has been provided for secondary supporting purposes. We have performed a bracketed comparison as a secondary approach for additional support of our income approach opinion of market value.

Research revealed very limited sales activity for marina sales. We have expanded the search perimeters to include competing market areas throughout the state of Texas and any surrounding states if necessary. These improved sales are the best available improved sales data that our research discovered. Overall, the improved sales do provide a secondary supporting bracket of market value. Pertinent data about each improved sale has been verified, and each improved sale is a comparable marina. These improved sales were the only sales that research revealed that do generally bracket the subject's economic and physical characteristics. Due to logistical limitations, we have not viewed these improved sales. Following these sales is an analysis of their comparison to the subject. On the following pages are the data sheets for the improved sales that have been compared to the subject.

COMPARABLE IMPROVED SALES & MAP

Improved Sale No. 1



Property Identification

Property Type	Marina
Property Name	North Side Marina
Address	180 Private Road, Chico, Wise County, Texas 76431

Sale Data

Grantor	Jay Graver, North Side Marina
Grantee	Allen Jordan
Sale Date	August 25, 2018
Property Rights	Fee Simple
Marketing Time	166 Days
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Verification	CoStar ID # 4497816 & CAD

Sale Price	\$1,300,000
Cash Equivalent	\$1,300,000

Land Data

Land Size	0.38 Acres
Frontage	Water
Topography	Level to Sloping
Flood Zone	Zone "AE"

General Physical Data

Building Type	Single Tenant
Net Rentable SF	8,000
Units	±70 Slips
Construction Type	Wood & Steel
Year Built	1995
Condition	Average

Improved Sale No. 1 (Cont.)

Income Analysis

Potential Gross Income	\$280,682
Vacancy	\$33,682
Effective Gross Income	\$247,000
Expenses	\$143,260
Net Operating Income	\$103,740

Indicators

Sale Price/Unit	\$18,571
Occupancy at Sale	88%
Expense Ratio	58.00%
Expenses/Slip	\$2,046
Overall or Cap Rate	7.98%
Net Operating Income / Slip	\$1,482

Remarks

The pro forma was estimated by the appraiser based on market data at the time of sale.

Improved Sale No. 2



Property Identification

Property Type	Marina
Property Name	Surfside Marina
Address	827 Gulf Road, Freeport, Brazoria County, Texas 77541
Legal Description	B C I C DIV 2 (Surfside), Lot 1-1E-2-3-25-28-29, Abandoned RW, Acres 25.660, 0051 FJ Calvit

Sale Data

Grantor	Surfside Interest LLC
Grantee	AC Surfside Marina LLC
Sale Date	June 4, 2018
Property Rights	Fee Simple
Recording Data	18 027866 & 2018003812
Marketing Time	107 Days
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Verification	CoStar ID # 4105592 & CAD

Sale Price	\$7,100,000
Cash Equivalent	\$7,100,000

Land Data

Land Size	26.78 Acres
Frontage	Water
Topography	Level
Flood Zone	Zone "AE"

General Physical Data

Building Type	Single Tenant
Units	±298
Construction	Mostly Steel, limited wood
Year Built	2007
Condition	Average

Indicators

Sale Price/Unit	\$23,826
Occupancy at Sale	85.0%
Expense Ratio %EGI	73.00%
Overall or Cap Rate	8.50%

Remarks

The property was listed for \$7,500,000, and it was purchased by an experienced marina owner. No rent loss has been estimated since the variance in the actual and stabilized occupancies are negligible.

Improved Sale No. 3



Property Identification

Property Type Marina
Property Name Sandy Creek Yacht Club
Address 8714 Lime Creek Road, Volente, Travis County, Texas 78641
Abstract 497, Survey 32, Leavette B, Acres 29.54 & Lot 14, Lake Travis Subdivision No 7

Sale Data

Grantor JH Sandy Creek Marina, LP
Grantee AC Sandy Creek Yacht Club Marina LLC
Sale Date August 15, 2017
Property Rights Leasehold
Recording Data 2017132519
Conditions of Sale Arm's Length
Financing Cash to Seller
Verification Third Party Appraiser

Sale Price \$4,462,000
Cash Equivalent \$4,462,000

Land Data

Land Size 31.060 Acres
Frontage Water
Topography Sloping
Flood Zone Zone X

General Physical Data

Building Type Single Tenant
Unit 141 Slips
Construction Steel and limited amounts of wood
Year Built 2001
Condition Average

Improved Sale No. 3 (Continued)

Indicators

Sale Price/Unit

\$31,645 @ 59.0% Occupancy; Adjusted to \$32,355 @ 90.0%
Occupancy

Occupancy at Sale

59.0%

Expense Ratio

68.40%

Overall or Cap Rate

5.51%

Remarks

The property consists of 133 covered wet slips, 8 personal watercraft berths, restaurant, ship stores, and offices.

Improved Sale No. 4



Property Identification

Property Type Pier 105
Address 15525 Marina Drive, Conroe, Montgomery County, Texas 77356
Legal Description S215050 - April Sound, Tract A-5, Acres 8.0299

Sale Data

Grantor Dengler Revocable
Grantee Pier 105 Marina LLC
Sale Date May 17, 2017
Property Rights Fee Simple
Recording Data 2017043739
Marketing Time 449 Days
Conditions of Sale Arm's Length
Financing Cash to Seller
Verification CoStar ID # 3932726 & CAD

Sale Price \$5,300,000
Cash Equivalent \$5,300,000

Land Data

Land Size 8.03 Acres
Frontage Water
Topography Level to Sloping
Flood Zone Zone "AE"

General Physical Data

Building Type Single Tenant
Units ±314
Construction Type Metal & Wood
Year Built 1978 Deferred Maintenance
Condition Fair to Average

Indicators

Sale Price/Unit \$16,879
Occupancy at Sale 90%
Expense Ratio 71.25%
Overall or Cap Rate 10.00%

Remarks

There was some deferred maintenance reported. The property is at Lake Conroe.

Improved Sale No. 5



Property Identification

Property Type	Marina
Property Name	Island Moorings yacht Club & Marina
Address	3500 Island Moorings Parkway, Port Aransas, Texas 78401
Legal	Numerous Contiguous Sites & Legal Descriptions

Sale Data

Grantor	TCRG Opportunity X, LLC
Grantee	Blue Water Marina, LLC
Sale Date	February 2, 2017
Property Rights	Fee Simple
Recording Data	2017004349
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Verification	Pinnacle

Sale Price	\$7,900,000
Cash Equivalent	\$7,900,000

Land Data

Land Size	9.756 Acres
Frontage	Water
Topography	Level
Flood Zone	Zone X

General Physical Data

Building Type	Single Tenant
Net Rentable SF	±4,854
Unit	325 Slips
Construction	Steel and Wood
Year Built	1985
Condition	Average

Indicators

Sale Price/Unit	\$24,308
Occupancy at Sale	95.0%
Expense Ratio	71.30%
Overall or Cap Rate	8.0%

Remarks

The docks are a concrete floating dock system, fixed covered slips, boat lifts, a ship store, yacht sales, a restaurant.

SALES COMPARISON APPROACH - CONTINUED

COMPARABLE IMPROVED SALES MAP



Improved Sales Analysis. We have researched for marina sales throughout the southwest region being Texas & the surrounding states. Our research revealed only a few marina sales within Texas since 2017 that are comparable to the subject property. There are more plentiful sales within surrounding states, primarily Oklahoma & Arkansas. However, we believe that the available data in the State of Texas is the best data to analyze. It does appear the marina sales in the State of Texas have slowed considerably since 2020. The improved sales on the previous pages are the most comparable and recent sale data that research revealed.

The comparable sales are for the marina business operations & they are reflective of the real property and FF & E. We have used the most comparable marina sales that our research confirmed. To the best of our knowledge these marina sales had negligible amounts, if any, intangible asset business value. We have analyzed the improved sales inclusive of real property and FF & E, and the sale prices do not include “going concern’s” of the business operations. The “going concern” factor also minimizes the reliability of a marina Sale Comparison Approach since intangible assets of a business, if there is any, are not truly comparable. The following is a chronological listing of the marina sales that have been analyzed as a secondary supporting method.

SALES COMPARISON APPROACH - CONTINUED

NO.	SALE DATE	# SLIPS	YOC	SALE PRICE	\$ PER SLIP	CAP RATE
1	8/25/18	70	1995	\$1,300,000	\$18,571	7.98%
2	6/4/18	298	2007	\$7,100,000	\$23,826	8.50%
3	8/15/17	141	2001	\$4,462,000	\$31,645	5.51%
4	5/17/17	314	1978	\$5,300,000	\$16,879	10.00%
5	2/2/17	325	1985	\$7,900,000	\$24,308	8.00%
Subject	N/A	474	1995	N/A	N/A	N/A

Bracketing Method. Qualitative differences may be analyzed by ranking comparable sales to their degree of similarity to the subject. The magnitude of difference may be used to decide which comparable sales are more reliable indicators of the subject’s market value and provide a basis for reconciliation. The qualitative comparison of the comparable sales references various characteristics between the sales as compared to the subject. The following descriptive discussion is for the qualitative analysis of the improved sales to the subject.

Property Rights. The subject does have a ground lease for a small tract of land at the mouth of the harbor. The subject is designed for single tenant occupancy, and research revealed that comparable sales for any marinas are very limited. It appears that most sale activity is for investment grade properties. Typical market perception is that there is greater demand for investment grade properties. Due to the income generation characteristics of an investment grade property that is occupied, or could be occupied, with a potential credit or national grade tenant frequently increases the potential sale price of the property. Sales 1, 2, 4 and 5 transacted in fee simple estate. Sale 3 transacted in leasehold estate. Analysis of the sales data does not support any measurable monetary variances for differences in property rights, and no adjustments are warranted.

Financing Terms. The transaction price of one property may differ from that of an identical property due to different financing arrangements. Cash equivalency is a procedure in which the sale prices of comparable properties that were sold with atypical financing terms are adjusted to reflect typical market terms. This process was discussed previously in the Land Sales Analysis section of this report. All the sales were cash to the seller or were seller financed notes at market terms, therefore no adjustments were applicable.

SALES COMPARISON APPROACH - CONTINUED

Conditions of Sale. Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. Buyers or sellers acting under duress may cause a sale to be less representative of the market. A financial, business, or family relationship between the parties may affect the price of a property. When non-market conditions of sale are detected in a transaction, the sale can be used as a comparable only with great care. The circumstances of the sale must be thoroughly researched before an adjustment is made.

Although conditions of sale are often perceived as applying only to sales that are not arm's-length transactions, some arm's-length sales may reflect atypical motivations or sale conditions due to unusual tax considerations, sale at legal auction, lack of exposure on the open market, or eminent domain proceedings. If the sales used in the market approach reflect such situations, an appropriate adjustment must be made for motivation or conditions of sale. Each of the comparable sale transactions were reported to have been arms length with no unusual or extraordinary conditions of sale. None of the sales required an adjustment for this factor.

Expenditures: If any expenditures were budgeted prior the sale by either the grantor and the grantee we have provided for a comparison. If necessary, this element of comparison has previously been addressed with adjusted sales prices to the sale. The sales do not require and adjustments.

Market Conditions. Changes in market conditions may be the result of inflation, deflation, fluctuations in supply and demand, changes in highest and best use, or other factors. Although this adjustment is often referred to as a "time" adjustment, time is not the cause of the adjustment, but a reflection of shifts, or changes in market conditions. Therefore, if market conditions have not changed, no adjustment is deemed necessary, no matter how much time has elapsed. Generally, real estate values increase over time due to inflation and the decreasing supply of vacant land. The sales used for this analysis range in date of sale from February 2017 through August 2018. Sale's 1, 2, 3 4 & 5 transacted prior the COVID-19 pandemic & they are superior. Each sale would adjust downward.

Location/Local Competition. The subject is located in an area where there are various competing marinas. However, the subject does have similar to superior qualities & amenities as compared to the majority of marinas in the regional area. Sales 1, 3 and 4 have similar areas with negligible variances in demand & supply factors in addition to competition. Sales 1, 3 & 4 would slightly adjust upward. Sales 2 and 5 have bay locations and this to is similar. Sales 2 and 5 are most similar due to bay access.

SALES COMPARISON APPROACH - CONTINUED

Revenue Sources. The improved sales on lakes typically have higher incomes due to smaller slip or higher rental rates per linear foot, less competition, inside and outside sales from retail stores, possibly boats sales and mechanic shops and fueling sales. The subject provides multiple sources of additional revenue. Sale 1 is inferior, and adjust downward. Sale 2 are similar, and no adjustments are applicable. Sales 3, 4 & 5 are superior, and they would adjust downward.

Effective Age & Condition. The effective age of a marina can have an impact on slip sale prices. The subject was constructed in ±1995, and overall it is in above average condition due to the Hurricane Harvey renovations and repairs. Sale 1 is 1995 construction, and it is similar. Sale 2 is newer construction, and it is in superior condition. Sale 2 adjust downward. Sales 3 & 5 are similar, and they warrant no adjustments. would adjust upward. Sale 4 are inferior, and it would adjust upward.

Number of Units. The subject has 189 rentable dry storage and 285 wet slips for a total of 474 slips. The sales slip counts range from 70 to 325 total units. Fewer units is superior and more units would be inferior. Sales 1 & 3 are smaller marinas & they would adjust downward. Sales 2, 4 & 5 are similar size marinas & no adjustment is warranted.

Quality & Materials. The quality of materials, construction method/design, and appeal can affect the sale price of a property due to the level of maintenance required or the length of the economic lives that some materials and construction techniques have. Sales 1 & 4 have predominant amounts of wood construction & asphalt paving areas. Sales 1 & 4 are inferior & they would adjust upward. Sales 2, 3 & 5 are superior & they would adjust downward.

Amenities & Appeal. Typically, the more amenities that are offered increases traffic and clientele volumes in addition to increased overall appeal. Sales 1 & 2 are similar to the subject, and no adjustments are necessary. Sales 3, 4 & 5 are superior & they would adjust downward.

Water Frontage. The amount of water frontage typically influences land value and possibly the amount of units that can be effectively constructed on the property. We have based our opinion on aerial photographs of each comparable sale to analyze water frontages. Sales 1, 2, 3, 4 & 5 are generally similar and no adjustments would be necessary.

Price Per Slip. This unit of comparison is derived by rating the comparable sales slip prices as inferior, superior or similar. Research revealed that marina sales are limited. Of the improved sales that research

SALES COMPARISON APPROACH - CONTINUED

revealed, the data regarding the sales was difficult to obtain. The data for each sale is believed to be reliable, and after the qualitative adjustments the descriptive statistics analysis is reliable. The following chart presents a relative comparison between the comparable sales to the subject.

QUALITATIVE BRACKET COMPARISON					
	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Sale Price Per Slip:	\$18,571	\$23,826	\$31,645	\$16,879	\$24,308
Date Of Sale	8/25/18	6/4/18	8/15/17	5/17/17	2/2/17
Year Of Construction	1995	2007	2001	1978	1985
# of Wet Slips (Covered & Uncovered)	70	298	141	314	325
# of Dry Storage Units	0	236	0	40	60
Property Rights	Fee Simple	Fee Simple	Leasehold	Fee Simple	Fee Simple
Financing	Similar	Similar	Similar	Similar	Similar
Conditions of Sale	Similar	Similar	Similar	Similar	Similar
Buyer Expenditures	Similar	Similar	Similar	Similar	Similar
Market Conditions	Superior	Superior	Superior	Superior	Superior
BRACKETED COMPARISON	Similar	Similar	Similar	Similar	Similar
Comparison Characteristics					
Local Competition (Pier & Marina Slips / Docks)	Inferior	Similar	Inferior	Inferior	Similar
Revenue Sources	Inferior	Similar	Superior	Superior	Superior
Effective Age & Condition	Similar	Superior	Similar	Inferior	Inferior
# of Wet Slips & Dry Docks	Superior	Inferior	Superior	Inferior	Inferior
Quality / Materials / Appeal	Inferior	Inferior	Inferior	Inferior	Inferior
Amenities	Similar	Similar	Similar	Superior	Superior
Water Frontage	Inferior	Inferior	Similar	Similar	Inferior
FINAL BRACKETED COMPARISON	Inferior	Similar	Similar	Inferior	Inferior

The following statistical descriptive analysis provides an interpretation of the comparative bracketing analysis.

SALES COMPARISON APPROACH - CONTINUED

STATISTICAL DESCRIPTIVE ANALYSIS OF BRACKETING COMPARISON				
Subject Income Approach Market Value Per Dry Slip (±189 Total Slips)				\$25,150
SLIP PRICE ARRAY			STATISTICS	AMOUNTS
SALE #	SLIP PRICE	ADJUSTMENT		
4	\$16,879	Inferior	Slip Price Low:	\$16,879
1	\$18,571	Inferior	Slip Price High:	\$31,645
2	\$23,826	Similar	Slip Price Average:	\$23,046
5	\$24,308	Inferior	Slip Price Median:	\$23,826
3	\$31,645	Similar		

The improved sales indicate an range of market value of \$16,879 to \$31,645 per slip with an average slip sale price of \$23,046 per slip and a median of \$23,826. Sales 2 & 3 are the most similar, and Sales 1, 4 & 5 are inferior & they would adjust upward.

The Income Approach indicates that the subject’s 200 dry stack docks value is ±\$25,150 per slip or \$5,030,000. The Sales Comparison Approach slip value range supports ±\$25,150 per slip. The Income Approach “As Stabilized” market value is reasonable. Estimating ±\$25,150 per dry slip the property’s market value is ±\$5,030,000. In our opinion the property’s prospective future “As Stabilized” market value of the fee simple estate property rights as of July 18, 2023 and based on a 12-month exposure time is:

\$5,030,000

“AS IS” VALUE OPINION (RENT LOSS)

The property’s current occupancy is ±56.1% & we estimate the property’s stabilized occupancy at ±90.00%. We have estimated a 12-month absorption period to a stabilized occupancy of ±90.00%. The rent loss for 12-months would equate to ±\$226,535. In addition we have included a ±12.00% entrepreneurial profit to account for the risk of lease up & this makes a grand total of ±\$253,719, rounded to \$250,000. This rent loss is deducted from the “As Stabilized” value to form a credible “As Is” value for the property (±\$5,030,000 - ±\$250,000 = ±\$4,780,000 or ±\$23,900 per wet slip). The property’s “As Is” market value of the fee simple estate property rights as of July 18, 2022 and based on a 12-month exposure time is:

\$4,780,000

RECONCILIATION & FINAL VALUE OPINION

Each of the three approaches to value have been considered. The two most applicable approaches to value have been performed. A final value opinion is selected as the dominant tendency or most probable outcome from a range of possible outcomes. The following discussion summarizes the conclusions of each approach.

Cost Approach. This approach incorporates the principle of substitution in that no rational person will pay more for a property than the amount for which he can obtain, by purchase of a site and construction of a building without undue delay, a property of equal quality. The weakness of this approach is estimating the various forms of depreciation. The subject property does suffer from physical incurable depreciation. Estimating all forms of depreciation and obsolescence is subjective, and thus the reliability of this approach is decreased. We do not consider the Cost Approach to be necessary to form a credible opinion of the property's market value. The Cost Approach has not been included.

Income Approach. This approach is based on an analysis of the potential net business income a property will generate. Since most income producing properties are purchased for their potential income stream, this approach is applicable in the evaluation of income producing properties. This approach reflects the present value which an investor would be willing to pay for the anticipated benefits to be derived from the ownership of the property. The technique employed in the income approach was a direct capitalization of the property's stabilized business income. Since the measurement of investment performance is the primary concern of market participants dealing with this type of property, the income approach is the primary indicator for the property's value. The subject's prospective future "As Stabilized" market value of the fee simple estate as of July 18, 2023 and based on a 12-month exposure time is:

\$5,030,000

Sales Comparison Approach. The strength of this approach is that it directly measures the actions of buyers and sellers in the marketplace. The weakness of this approach is that no two properties are ever exactly alike. Amenities in purchase considerations and intangible qualities are sometimes difficult to compare. Also, the exact condition of each sale is sometimes unknown. The sales comparison approach has been provided only as relative information and additional support for the income approach opinion of market value. The sales comparison approach does provide a range of market values that does support the income approach value conclusion.

RECONCILIATION & FINAL OPINION MARKET VALUE - CONTINUED

The subject’s prospective future “As Stabilized” market value of the fee simple estate as of July 18, 2023 and based on a 12-month exposure time is:

\$5,030,000

Final Opinion of Market Value. Considering the subject's location, quality of construction and age/condition, it is our opinion that the property, if properly marketed, could be sold within a 12-month exposure time. Most emphasis has been afforded the income approach with secondary emphasis placed on the sales comparison approach as a supporting method. The subject’s prospective future “As Stabilized” market value of the fee simple estate as of July 18, 2023 and based on a 12-month exposure time is as follows:

\$5,030,000

The subject’s prospective future “As Stabilized” market value of the fee simple estate property rights as of July 18, 2023 and based on a 12-month exposure time is as follows:

Real Property	\$4,880,000
Contributory Value of FF & E	\$150,000
PROSPECTIVE FUTURE “AS STABILIZED’ MARKET VALUE	\$5,030,000

“AS IS” OPINION OF MARKET VALUE

The property’s current occupancy is ±56.1% & we estimate the property’s stabilized occupancy at ±90.00%. We have estimated a 12-month absorption period to a stabilized occupancy of ±90.00%. The rent loss for 12-months would equate to ±\$226,535. In addition we have included a ±12.00% entrepreneurial profit to account for the risk of lease up & this makes a grand total of ±\$253,719, rounded to \$250,000. This rent loss is deducted from the “As Stabilized” value to form a credible “As Is” value for the property (±\$5,030,000 - ±\$250,000 = ±\$4,780,000 or ±\$23,900 per wet slip). The property’s “As Is” market value of the fee simple estate property rights as of July 18, 2022 and based on a 12-month exposure time is:

\$4,780,000

The subject’s “As Is ” market value of the fee simple estate property right as of July 18, 2022 and based on a 12-month exposure time is as follows:

Real Property	\$4,630,000
Contributory Value of FF & E	\$150,000
“AS IS” MARKET VALUE	\$4,780,000

ADDENDA

APPRAISER'S QUALIFICATIONS

QUALIFICATIONS OF

Jim W. Sheppard, MAI
www.aagtxas.com
jsheppard@aagtxas.com

Business Addresses:

Dallas / Fort Worth Office

Advanced Appraisal Group
7952 Davis Boulevard, Suite 100
North Richland Hills, TX 76182
Telephone: (214) 446-8711
Fax: (214) 446-8724

Austin / San Antonio Office

Advanced Appraisal Group
7703 N. Lamar, Suite 617
Austin, TX 78752
Austin: (512) 646-3211
San Antonio: (210) 651-2211

Houston Office

Advanced Appraisal Group
13850 Gulf Freeway, Suite 200
Houston, Texas 77034
Telephone: (713) 629-4211
Fax: (713) 554-7722

Experience:

Jim W. Sheppard is a real estate appraiser, consultant and analyst who has been active in all forms of real estate appraisals since 1991. He has been an appraiser responsible for appraisals of retail, multi-family, self-storage, office, industrial and commercial properties throughout Texas for clients including various banks, insurance companies, corporations, and individuals. He received the MAI designation from the Appraisal Institute in 2001.

Education:

Graduated from Texas A & M University, College Station, Texas in May, 1992, with a Master's Degree in Land Economics and Real Estate.

Graduated from Abilene Christian University, Abilene, Texas in May, 1990, with a Bachelor of Business Administration in the field of finance.

Certification:

Texas State Certified General Real Estate Appraiser #TX-1323601-G
Texas Real Estate Brokers License #0436717
U.S. Department of Homeland Security - Chemical Terrorism Vulnerability Information
Authorized User Certificate CVI-20091202-1043314

Affiliations:

Member Appraisal Institute (MAI) #11836 Appraisal Institute

Recertification of the Appraisal Institute

Jim Sheppard has completed the requirements of the continuing education program of the Appraisal Institute.

QUALIFICATIONS, JIM W. SHEPPARD - CONTINUED

Specialized Training in Real Estate Appraisal:

Appraisal Institute

7-Hour Equivalent USPAP Update Course 9/16
Forecasting Revenue 9/16
Appraising Convenience Stores 9/16
Analyzing Operating Expenses 9/16
Business Practices and Ethics 8/14
7-Hour National USPAP Update Course 2/14
Small Hotel/Motel Valuation 8/12
7-Hour National USPAP Update Course 6/12
Fundamentals of Separating Real, Personal Property and Intangible Business Assets 9/11
Business Practices and Ethics 9/11
Attacking & Defending an Appraisal in Litigation 6/10
Staying out of Trouble in your Appraisal Practice 6/10
7-Hour National USPAP Update Course 6/10
Spotlight on USPAP Update Course 6/10
Current issues that affect Real Estate Appraisers 2/10
Economic State of Affairs 10/09
International Valuation Standards 8/09
Texas Real Estate Commissions Ethics Update 5/08
Texas Real Estate Legal Update 5/08
What is a 1031 Exchange 5/08
7-hour National USPAP Update Course 5/08
Valuation of Conservation Easements 12/2007
Major Recent Downtown Development 8/2007
7-Hour National USPAP Update Course 6/2006
Introduction to Income Capitalization 6/2006
What Clients Would Like Their Appraisers to Know 6/2006
Market Analysis and the Site to Do Business (7 Hour) 6/2006
Business Practices and Ethics 3/2006
7-Hour National USPAP Update Course 3/2004
28-Hour Re-Certification Seminar (Day 2) 3/2004
28-Hour Re-Certification Seminar (Day 1) 3/2004
Appraising Manufactured Housing 2/2004
How to Appraise a Golf Course 9/2003
2003 Real Estate Seminar 8/2003
A Unique Overview of Houston's Retail, Industrial and Office 3/2003
28 Hour Re-Certification Seminar (Day 3) 8/2002
28 Hour Re-Certification Seminar (Day 2) 8/2002
28 Hour Re-Certification Seminar (Day 1) 8/2002
Real Estate Appraisal Principles, 1990, 1992
Demonstration Report Writing, Seminar, 1991
Basic Valuation Procedures, 1992
Standards of Professional Practice, Part A, 1992
Standards of Professional Practice, Part B, 1993
Capitalization Theory & Techniques, Part A, 1992
Capitalization Theory & Techniques, Part B, 1992
Case Studies in Real Estate Valuation, 1992
Report Writing and Valuation Analysis, 1992

Partial List of Types of Real Estate Appraisal and Consulting Assignments:

Airports	Leasehold Valuations
Appraisal Review	Live Show Theater
Aquatic Agricultural Facility	Manufacturing
Assisted Living Facility	Marinas
Athletic Clubs	Martial Arts Facility
Automobile Dealerships	Meat Packing Plant
Banquet Halls	Medical Office Buildings
Batting Cage Facility	Mid Rise Apartments
Boat Storage Facilities	Motocross Track
Campgrounds	Movie Theaters
Car Washes - Full Services	Music Recording Studio
Car Washes - Manual	Office Buildings - Multi-Tenant
Chemical Plant	Office Buildings - Single Tenant
Churches	Office Buildings (High Rise)
Cold Storage	Office Warehouses
Community Centers	Oil Change Facilities
Condemnation	Pet Resorts
Conference Centers	Recreation Facilities
Conservation Easements	Recreational Vehicle Parks
Convenience Stores	Resort and Recreational Developments
Dance Studios	Restaurants/Bars
Daycares	Rodeo Arena
Distress and Problem Properties	Sand Pit
Dormitory	Schools
Duplexes	Self Storage
Easements	Service Stations
Flea Market	Shopping Centers
Flex Office/Warehouses	Shopping Mall
Funeral Homes	Single Family Residences
Garden Apartments	Skilled Nursing Facility
Golf Courses	Skydiving Facility
Greenhouses	Subdivisions
Hangers	Time Share Projects
High-rise Condominiums	Townhouse Developments
Horse Boarding	Truck Washes
Hotels	Union Halls
Industrial	Vacant Land
Kennels	Veterinary Clinics
Kitchen & Pantry Facility (Non Profit)	Wedding Chapel
Laundry Mats	Youth Camps

Various Types of Studies:

Environmental Impact Studies
Feasibility Studies
Market Studies
Highest and Best Use Studies
Investment Analysis

QUALIFICATIONS, JIM W. SHEPPARD - CONTINUED

Partial List of Clients

Allegiance Bank
Amegy Bank
American First National Bank
American Momentum Bank
Austin County State Bank
Appraisal Pro
BB&T
BBVA Compass
BOK Financial
Broadway Bank
Capital One Bank
Capmark Financing
Central Bank
Celtic Bank
Citizens 1st Bank
Citizens Bank
Citizens National Bank
Clear Capital
Commerce National Bank
Commercial State Bank
Community Bank of Texas
Cushman Wakefield Global Services
East West Bank
Enterprise Bank
Episcopal Diocese of Teas
Extraco Bank
Fidelity Bank
Fidelity National Title
FirstBank
First Bank and Trust
First Community Bank
First Financial Bankshares
First National Bank
First State Bank
First State Bank of Shallowater
Frontier Bank
Green Bank
Guaranty Bank & Trust
HomePro Mortgage
Iberia Bank
Icon Bank
Independent Bank
Integrity Bank
InterBank
Inwood National Bank
Lone Star Bank
Live Oak Bank
Mercantile Capital
Midland Bank
MidSouth Bank
Mutual of Omaha Bank
MidSouth Bank
Nizari Progressive Federal Credit Union
North Dallas Bank & Trust
Northstar Bank of Texas
Pinnacle Mortgage
PlainsCapital Bank
Preferred Bank
Primeway Federal Credit Union
Premier Bank
Prosperity Bank
Protestant Episcopal Church Diocese
RDK & Associates
Renasant Bank
Resource One Credit Union
Security State Bank
Security Service Federal Credit Union
Shelby Savings Bank, SSB
Southwest Guaranty
Southwestern National Bank
Sovereign Bank
Spirit of Texas Bank
Sterling Investor Capital
Stillwater National Bank
Synergy Bank
Texan Bank
Texas A&M Foundation
Texas Capital Bank
Texas Citizens Bank
Texas First Bank
Texas Gulf Bank
Texas Realty Capital
Thrivant Financial for Lutherans
Titan Bank
Triumph Community Bank
Trust Mark National Bank
Trust Texas Bank
United Bank and Trust
Wallis State Bank
Wells Fargo Bank, N.A.
Westchase District
Westbound Bank
Western States Bank
Wood Forest National Bank

Texas Appraiser Licensing and Certification Board

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

Certified General Real Estate Appraiser

Number: **TX 1323601 G**

Issued: **08/30/2018**

Expires: **09/30/2020**

Appraiser: **JIM WILSON SHEPPARD**

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


Douglas E. Oldmixon
Commissioner

QUALIFICATIONS OF

Brandon Lansford
108 West White Willow Circle
Spring, Texas 77381
brandonlansford@aagtexas.com

Business Addresses:

Dallas / Fort Worth Office

Advanced Appraisal Group
7952 Davis Boulevard, Suite 100
North Richland Hills, TX 76182
Telephone: (214) 446-8711
Fax: (214) 446-8724

Austin / San Antonio Office

Advanced Appraisal Group
7703 N. Lamar, Suite 617
Austin, TX 78752
Austin: (512) 646-3211
San Antonio: (210) 651-2211

Houston Office

Advanced Appraisal Group
13850 Gulf Freeway, Suite 200
Houston, Texas 77034
Telephone: (713) 629-4211
Fax: (713) 554-7722

Education:

Graduated from the University of North Texas, Denton, Texas in May, 1986, with a Bachelor of Business Administration in Real Estate and Finance.

Certification:

Texas State Certified General Real Estate Appraiser #1323094-G
Texas Real Estate Brokers License #0368076

Affiliations:

Member Appraisal Institute (General Associate Member) #80312 Appraisal Institute
Member of American Society of Appraiser's

Recertification of the Appraisal Institute

Brandon Lansford has completed the requirements of the continuing education program of the Appraisal Institute for Associate Members.

Experience:

12/03 - Present - **Advanced Appraisal Group** - Senior Real Estate Analyst
Commercial real estate analyst that has appraised various commercial multi-tenant and single tenant properties. Retail, office, industrial assignments include freestanding retail buildings, strip centers and neighborhood/community retail malls, low-rise, mid-rise, and high-rise office buildings, apartments, and industrial facilities. Also has appraised subdivisions, existing and proposed, and vacant land.

QUALIFICATIONS, BRANDON LANSFORD - CONTINUED

Experience-Continued

06/01 - 09/03 **Wells Fargo Bank RETECHS** - Staff Reviewer/Appraiser
Performed appraisal reviews to insure FIRREA, USPAP, and bank guideline compliancy. Also performed in-house evaluations on various property types. Reviews and evaluations included, but not limited to, multi-tenant and single tenant retail and office properties, apartments and SFR, single tenant industrial properties, hotels/motels, convenience stores, and vacant land.

08/98 - 03/01 **O'Connor and Associates** - Commercial Real Estate Appraiser
Analyzed and wrote full narrative commercial appraisals for multi-tenant retail shopping centers, apartments, convenience stores, vacant land, office/warehouses, office buildings, and hotels.

02/97 - 07/98 **Oceaneering International** - Commercial Diver/Tender
Obtained commercial diver certification to work off-shore on oil and gas derricks, pipe barges, and ships in the diving operations division.

07/90 - 12/96 **LanCo Realty Appraisal** - Independent Fee Appraiser
Subcontracted with American Realty Analyst (Lon Brooks, SRPA) to perform self-contained and complete summary commercial appraisal reports on retail, office, industrial, and apartment properties. Also, subcontracted with the Irvin Company (Barlow Irvin, SRA) to perform residential URAR's (FENMA 1040).

06/88 - 06/90 **Bank One Texas, NA** - Commercial Appraisal Officer
Worked with loan officers to perform in-house evaluations on various property types and reviewed commercial appraisal reports from vendors.

08/86 - 05/88 **Dallas Central Appraisal District** - Staff Appraiser
Appraised vacant land, residential, and commercial properties for Ad Valorem tax district.

Specialized Training in Real Estate Appraisal:

Appraisal Institute

General Demonstration Report - Capstone Program 11/16/14
Spreadsheet Programs in Real Estate Appraisal, The Basics 9/24/14
Advanced Market Analysis and Highest & Best Use 8/26/14
Advanced Income Capitalization 5/19/14
General Appraiser Market Analysis and Highest & Best Use 4/15/14
7-Hour National USPAP 3/21/14
15-Hour National USPAP 3/8/14
Real Estate Finance Statistics & Valuation Modeling 1/31/14
Appraisal Concepts Using Excel, Sales/Rent Analysis 4/18/13
Appraisal Concepts Using Excel the Basics 4/17/13
7 Hour USPAP Course 5/25/12
Small Hotel Valuation 5/31/12
Fundamentals of Separating Real Property, Personal Property 3/9/12
Business Practices and Ethics 12/09/2010
Basic Appraisal Procedures 9/21/2010
Basic Appraisal Principals 5/13/2010
General Appraiser Income Approach Part 2 3/30/2010
General Appraiser Income Approach Part 1 3/25/2010
2010 USPAP Update 3/10/10

QUALIFICATIONS, BRANDON LANSFORD - CONTINUED

Appraisal Institute - Continued

7-Hour National USPAP Update Course 2/24/2010
Current Issues that affect R.E. Appraisers 2/16/10
Self-Storage: Looking at the past 1/20/10
Advanced Sales Comparison & Cost Approaches 8/01/2009
General Demonstration Appraisal Report Writing Seminar 6/12/2009
General Appraiser Market Analysis and Highest and Best Use 4/1/2009
Analyzing Distressed Real Estate 3/6/2008
Forecasting Revenue 3/6/2008
Understanding & Testing DCF Models 3/5/2008
Appraisal Review - General 3/5/2008
Associate Guidance Leadership Program 2/29/2008
7-Hour National USPAP Update Course 1/19/2008
Analyzing Operating Expenses 5/17/2006
Analyzing Distressed Real Estate 5/16/2006
7-Hour National USPAP Update Course 1/21/2006
The Road Less Traveled; Special Purpose Properties 1/20/06
Texas Real Estate Commission Ethics Update 1/20/2006
Appraising the Tough Ones 1/19/2006
Texas Real Estate Commission Legal Update 1/19/2006
Business Practices & Ethics 8/16/03
USPAP Update 2003 - Standards and Ethics for Professionals 8/15/03
Standards of Professional Practice, Part C 10/19/2001
Basic Income Capitalization 8/16/2001
Standards of Professional Practice, Part B 12/15/2000
Report Writing & Valuation Analysis 5/26/1990
Case Studies in R.E. Valuation 3/18/1990
Professional Practice 12/15/89
Capitalization Theory & Techniques, Part B 9/30/89
Capitalization Theory & Techniques, Part A, 8/26/89
Standards of Professional Practice 3/11/1989
Introduction to Appraising Real Property 12/19/1987
Applied Residential Property Valuation 12/5/1987

Various Types of Studies:

Feasibility Studies
Market Studies
Highest and Best Use Studies
Investment Analysis

QUALIFICATIONS, BRANDON LANSFORD - CONTINUED

Partial List of Types of Real Estate Appraisal and Consulting Assignments:

Appraisal Review	Marinas
Automobile Dealerships Banquet Halls	Meat Packing Plant
Batting Cage Facility	Medical Office Buildings
Boat Storage Facilities	Mid Rise Apartments
Car Washes - Full Services	Office Buildings - Multi-Tenant
Car Washes - Manual	Office Buildings - Single Tenant
Churches	Office Buildings (High Rise)
Community Centers	Office Warehouses
Convenience Stores	Oil Change Facilities
Dance Studios	Pet Resorts
Daycares	Recreational Vehicle Parks
Distress and Problem Properties	Restaurants/Bars
Duplexes	Sand Pit
Easements	Schools
Flex Office/Warehouse	Self Storage
Garden Apartments	Service Stations
Hangers	Shopping Centers
High-rise Condominiums	Single Family Residences
Hotels	Subdivisions
Industrial	Townhouse Developments
Kennels	Truck Washes
Laundry Mats	Vacant Land
Leasehold Valuations	Veterinary Clinics & Youth Camps
Manufacturing	

QUALIFICATIONS, BRANDON LANSFORD - CONTINUED

Partial List of Clients:

Access 1st National Bank
Allegiance Bank
Allstate Appraisal, LP
Amegy Bank
American First National Bank
American Momentum Bank
Banco Popular
BOK Financial
Bank of America
Bank of De Soto
Bank of Fort Bend
Bank of Oklahoma, N.A.
Bank of Texas, N.A.
Bank of Nevada
Broadway National Bank
Business First Bank
Capital One
Capmark Financing
Central Bank
Citibank
Citizens 1st Bank
Citizens National Bank
City Bank Texas
Columbus State Bank
Commerce National Bank - Lubbock
Commercial State Bank
Cooley Manion Jones, LLP
Credit Risk Solutions, Inc.
Cushman Wakefield Global Services
Eagle Lake Bank
Encore Bank
Enterprise Bank
Evangelical Christian Credit Union
Extraco Banks, N.A.
Fidelity National Title
First Ag Credit
First Bank
First Community Bank, N.A.
First Guaranty Bank
First National Bank
First Victoria National Bank
First Lockhart National Bank
Founders Bank
Frost National Bank
Grand Bank
Griffin Capital Funding
Hancock Bank
Holliday, Fenoglio, Fowler
IBC Bank
Icon Bank
Independence Bank
Inland Bank & Trust
Integrity Bank
BBVA Compass
Lone Star Bank
LNR Partners, Inc.
Lockheed Federal Credit Union
Lubbock National Bank
MetroBank, N.A.
Midland Loan Services
NewFirst National Bank
Nizari Progressive Federal Credit Union
North Dallas Bank & Trust
NorthMarUnum
Northstar Bank of Texas
Omni Bank
Pacific Capital Bank
Paramount Appraisal Management
Park Cities Bank
Patriot Bank
PGP
Pilgrim Bank
Pinnacle Mortgage
Placer Sierra Bank
Preferred Bank
Premier Bank
Prosperity Bank
Q10 Kinghorn Driver
Resource One Credit Union
Security Bank
Security State Bank and Trust
Silverleaf Resorts
Small Business Loan Source
Spirit Finance
Spirit of Texas Bank
Southwestern National Bank
State Farm Bank
Staubach Co.
Sterling Bank
Texas Capital Bank
Texas Citizens Bank
Texas Community Bank, N.A.
Texas First Bank
Texas Gulf Bank
The Bank of River Oaks
Tradition Bank
Trustmark National Bank
USA Mortgage
Wallis State Bank
Wells Fargo Bank

BRANDON JOE LANSFORD
108 W WHITE WILLOW CIR
SPRING, TX 77381



Certified General Real Estate Appraiser

Appraiser: **BRANDON JOE LANSFORD**

License #: **TX 1323094 G**

License Expires: **05/31/2024**

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

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

Chelsea Buchholtz
Commissioner

ENGAGEMENT LETTER



Jim Sheppard, MAI
jsheppard@aagtexas.com

Houston Office
Phone: 713-629-4211
Fax: 713-554-7722

Austin / San Antonio Office
Phone: 512-646-3211
Fax: 512-646-8722

Dallas / Fort Worth Office
Phone: 214-446-8711
Fax: 214-446-8724

July 13, 2022

Priority Investor Loans
Mr. Dimitri Ang
3100 Wesleyan Street, Suite 315
Houston, Texas 77027

Reference: Two Separate Restricted Appraisals of the Marina Del Sol, located at 1203 Twin Oaks Boulevard, League City, Galveston County, Texas 77565. One report is for the "As Is" & the "As Complete" wet slip marina. The second report is two separate tracts of land combined as one parcel. This report is "As Is" & "As Complete".

Dear Mr. Ang:

Advanced Appraisal Group is pleased to enter into an agreement to provide appraisal consulting services to Priority Investor Loans (Client). Our client is Priority Investor Loans & Mr. Jerome Karam is the responsible party for the appraisal reports payment. This letter sets forth the consultant's understanding of the scope of the engagement including the work product that will be delivered and the schedule of fees for the engagement.

Purpose of the Assignment: To estimate two separate market values of the property.

Intended Use: Collateral underwriting for loan underwriting of the property.

Intended User: The intended user is Priority Investor Loans. There are no other intended users.

Responsible Consultants: Jim Sheppard, MAI (Consultant). If the scope of the engagement requires the employment of additional personnel, that person (or persons) will be supervised by the Consultant.

Scope of the Assignment: In preparing the appraisals, Jim Sheppard or one of his associates will inspect the subject property, and drive the immediate area. We will gather information concerning comparable properties. Our search for sales will utilize CoStar, MLS data services and we will supplement this information with contacts from knowledgeable real estate brokers, particularly those with listings in the immediate area. Our search for data will concentrate on the immediate market area, but because of any lack of sales, might be expanded. Texas is a non-disclosure state. It is important that the intended users of the appraisals understand that in Texas, there is no legal requirement of grantors or grantees to disclose any information relative to a transfer of real property, other than the recordation of the deed itself. In Texas, the deed contains no information about the transaction, including the purchase price. As a result, no data source provides absolute coverage of all transactions. It is possible that there are sales of which we are unaware.

Our data sources provide all the data typically available to appraisers in the ordinary course of business. We will not perform a title search or survey of the subject property. Engineering studies, ADA determinations, surveys, title reports, and environmental audits are beyond the scope of work, as we are not qualified to detect or identify structural or mechanical deficiencies possibly present in the improvements, nor hazardous substances that may, or may not, be present on, in, or near the subject property.

We have been requested to split a parent property into two separate parcels, both of which we are to provide two separate credible opinions of values. The subject is the Marina Del Sol & it include ±295 wet slips & the related ancillary site/harbor, docks & miscellaneous. The remainder of the property is two separate sites that we are to combine for valuation. The two sites are improved with a club house/swimming pool & two dry stack buildings in addition to an office building. Our value opinions will be based on the marina being dredged (“as complete”) & the two dry stack buildings being razed (“as complete”).

Delivery Schedule: The consultant will be given adequate notice and time to perform the research required and understand the urgency of the Client. It is understood that the report will be delivered in seven working days or by July 22 assuming the letter is signed and promptly returned. The wet slip appraisal fee is **\$4,500**, and the two combined parcels appraisal fee is **\$4,900**. The combined appraisal fee is **\$9,400**. Upon completion & delivery of the assignment payment is to be made to **Advanced Appraisal Group** at 13850 Gulf Freeway, Suite 200, Houston, Texas 77034. Mr. Jerome Karam is to make payment, and Priority Investor Loans is the intended user.

Documents Required from Client: The following items will be provided to the appraiser by the client. Any delay in receiving the required documents could cause a delay in delivery of the appraisal.

1. Capital Expenditures (Docks Repair/Renovations)
2. Proposed Capital Expenditures For Harbour Dredge & Time Of Completion
3. “As Is” & “As Complete” Asking Rates for All Wet Slips
4. Units Mix (All slip sizes & the number of that slip type).
5. Proposed Capital Expenditures To Raze Two Dry Stack Building & Office
6. Any information (Market, Industry, Local Competition) that is considered to be pertinent.
7. Is there any competitive data (rental rates of other marinas) that you have?
8. Someone to contact on-site to be made aware of a property viewing.

Professional Standards: The work product will comply with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute and Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

Definitions, Assumptions and Limiting Conditions: The services provided under this agreement will be provided subject to the assumptions and limiting conditions which are attached to this letter. These conditions become a part of this agreement by reference. Please initial the attachment and return with this signed agreement. Any report you will receive will include but will not be limited to the definitions and conditions contained herein.

Acceptance: If the terms described herein agree with your understanding of the issues, please so indicate your acceptance by signing below and returning the signed letter. The opportunity to provide real estate appraisal services for you is appreciated.

Respectfully submitted,
Advanced Appraisal Group



Jim Sheppard, MAI

APPROVED and ACCEPTED this _____ day of _____, 2021.

By: _____
Mr. Dimirti Ang / Priority Investor Loans

ASSUMPTIONS & LIMITING CONDITIONS

This appraisal report is subject to the following assumptions and limiting conditions and to special assumptions set forth in various sections of the appraisal report. These special assumptions are considered necessary by the appraisers to make a proper estimate of value in accordance with the appraisal assignment and are made a part herein, as though copied in full.

1. COPIES, PUBLICATION, DISTRIBUTION, USE OF REPORT - Possession of this report or any copy thereof does not carry the right of publication, nor may it be used for other than its intended use; the physical report(s) remains the property of the appraiser for the use of the client, the fee being for the analytical services only. The report may not be used for any purpose by any person or corporation other than the client and or their assignee. Please be advised that you have the right to assign the appraisal to an investor, and an assignee may rely on the appraisal as though it were addressed to the assignee. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations efforts, news, sales or other media, without the written consent and approval of Advanced Appraisal Group, Inc., nor may any reference be made in such a public communication to the Appraisal Institute or MAI designation.

2. CONFIDENTIALITY - The appraiser may not divulge the material (evaluation) contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing (except as may be required by the Appraisal Institute as they may request in confidence for ethics enforcement), or by a court of law or body with the power of subpoena. This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analysis which are set forth in the report were prepared by the appraiser(s) whose signature(s) appear on the appraisal report, unless indicated as "Review Appraiser." No change of any item in the report shall be made by anyone other than the appraiser, and the appraiser and firm shall have no responsibility if any such unauthorized change is made.

3. TRADE SECRETS - This appraisal was obtained from Advanced Appraisal Group., and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552 (b)(4). Notify the appraiser(s) signing the report or Advanced Appraisal Group, of any request to reproduce this appraisal in whole or in part.

4. INFORMATION USED - No responsibility is assumed for accuracy of information furnished by or from others, the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit; all are considered appropriate for inclusion to the best of our factual judgment and knowledge.

5. EXHIBITS - The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any, are included for the same purpose and are not intended to represent the property in other than actual status, as of the date of the photos.

6. COMPONENT VALUES - The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

7. LEGAL, ENGINEERING, FINANCIAL, STRUCTURAL, OR MECHANICAL NATURE, HIDDEN COMPONENTS, SOIL - No responsibility is assumed for matters legal in character or nature, nor matters of survey, nor of any architectural, structural, mechanical, or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear of encumbrances, unless otherwise stated in particular parts of the report. The legal description is assumed to be correct as used in this report as furnished by the client, his designee, or as derived by the appraiser. The appraiser has inspected, by observation, the land and the improvements thereon; however, it is not possible to personally observe conditions beneath the soil or hidden structure, or other components, or any mechanical components within the improvements; no representations are made herein as to these matters unless specifically stated and considered in the report; the value estimate considers there being no such conditions that would cause a loss of value. The land or the soil of the area being appraised appears firm; however, the degree of subsidence in the area is unknown. The appraiser(s) do not warrant against this condition or 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 structures which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them. All mechanical components are assumed to be in operable condition and status standards for properties of the subject type. Condition of heating, cooling, ventilating, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated.

8. TITLE POLICY A title policy has not been provided to the appraisers. Information has been obtained from other information deemed reliable. However, if this is in error, we reserve the right to adjust our values, report, etc. accordingly

ASSUMPTIONS & LIMITING CONDITIONS - CONTINUED

9. TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICES - The contract for appraisal, consultation or analytical service is fulfilled and the total fee payable upon completion of the report. The appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post appraisal consultation with client or third parties except under separate and special arrangement and at an additional fee.

10. DOLLAR VALUES, PURCHASING POWER - The fair value estimated and the costs used are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value estimate.

11. AUXILIARY AND RELATED STUDIES - No environmental or impact study, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an agreement for services or in the report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates, or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

12. THE EXISTENCE OF HAZARDOUS SUBSTANCES - No judgment is made as to adequacy of type of insulation or energy efficiency of the improvements or equipment. Further, unless otherwise stated in this report, the appraiser(s) have no knowledge of the existence of hazardous waste products or any resultant contamination, including, without limitation, asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions which were not called to the attention of nor did the appraiser(s) become aware of such during the appraiser's inspection. The appraisers(s), however, are not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde, foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field of environmental impacts upon real estate if so desired. Also, the appraisers have not commissioned an environmental audit of the property being appraised, nor have we been provided such a report that would indicate presence or absence of hazardous materials/contamination. The appraiser represents that they are not an expert to appraise insulation or other products banned by the Consumer Products Safety Commission which might render the property more or less valuable, and in connection with this appraisal, the appraiser has not inspected for, tested for, nor taken into consideration in any respect, the presence or absence of insulation or other products described above. Therefore, the appraiser assumes no responsibility in the event the presence or absence of insulation, hazardous waste contamination, or other products increases or decreases the value of the property from the value placed thereon by the opinion of the appraiser.

13. LEGALITY OF USE - The appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. Further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report. Further, it is assumed that all required licenses, consent, permits, or other legislative or administrative authority from local, state, federal and/or private entities or organizations have been or can be obtained or renewed for any use considered in the value estimate.

14. INCLUSIONS - Furnishings and equipment or business operations, except as specifically indicated and typically considered as a part of real estate, have been disregarded with only the real estate being considered.

15. PROPOSED IMPROVEMENTS, CONDITIONED VALUE - Improvements proposed, if any, on or off-site, as well as any repairs required, are considered, for purposes of this appraisal, to be completed in good and workmanlike manner according to information submitted and/or considered by the appraiser(s). In cases of proposed construction, the appraisal is subject to change upon inspection of property after construction is completed. This estimate of market value is as of the date shown, as proposed, as if completed and operating at levels shown and projected.

16. VALUE CHANGE, DYNAMIC MARKET, INFLUENCES - The estimated value is subject to change with market changes over time; value is highly related to exposure, time, promotional effort, terms, motivation, and conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace. The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised. In cases of appraisals involving the capitalization of income benefits, the estimate of value is a reflection of such benefits and appraiser's interpretation of income and yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are thus subject to change as the market is dynamic and may naturally change over time.

17. MANAGEMENT OF THE PROPERTY - It is assumed that the property which is the subject of this report will be under prudent and competent ownership and management, neither inefficient nor super-efficient.

ASSUMPTIONS & LIMITING CONDITIONS - CONTINUED

18. THE AMERICANS WITH DISABILITIES ACT (ADA) - ADA became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider a possible noncompliance with the requirements of ADA in estimating the value of the property.

19. UTILIZATION. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the Property and that there is no encroachment or trespass unless noted in the Appraisal.

20. VALUE CONCLUSION - The final value conclusion is of the surface estate only. No consideration has been given to value, if any, of the subsurface rights of the subject property.

21. APPRAISER'S LIABILITY LIMITATIONS, SPECIAL REPORT CONDITIONS, AND CLIENT AGREEMENTS

The acceptance of this report and its use by the client in any manner whatsoever or for any purpose is acknowledgment by the client that this report is a satisfactory professional product, and that the client has personally read the Appraisal. As a part of the Appraiser-Client employment agreement, the Client agrees to notify the Appraiser of any error, omission, or invalid data herein of which it is aware within 15 days of receipt and to return the Appraisal along with all copies to the Appraiser for correction prior to any use whatsoever. Corrections will be made at the Appraiser's discretion. Thus, by acceptance of this Appraisal, the client acknowledges that a value opinion is the product of a trained professional, but nevertheless is an opinion only and not a provable fact. As an opinion, valuations may vary between Appraisers based on the same facts. Thus, the Appraiser warrants only that the value conclusion is the Appraiser's best opinion as of the exact day of valuation. Neither the content of the Appraisal, purpose of the Appraisal or value opinions should be revealed to anyone by the Appraisal Consultant without prior written consent. The appraisal may be used for any purpose deemed appropriate by the client.

22. GENERAL CONDITIONS

A. The fee for this appraisal or study is for the service rendered and not for the time spent on the physical report.

B. As of the date of this report, Jim Sheppard has completed the requirements under the continuing education program of the Appraisal Institute.

C. ACCEPTANCE OF, AND/OR USE OF THIS APPRAISAL REPORT CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS.

METES AND BOUNDS LEGAL DESCRIPTION

RECORDED IN VOLUME 18, PAGE 160, OF THE MAP RECORDS IN SAID COUNTY CLERKS OFFICE, THE PROPERTY HEREIN DESCRIBED (BEING THE PORTION OF RESERVE "A-1" WHICH WAS NOT RE-PLATTED AS MARINA DEL SOL) IS MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2" iron rod found in the Southerly right-of-way line of Twin Oaks Boulevard (based on a 90.00 foot wide right of way, said iron rod also being the Northwesterly corner of Lot 1, Reserve "H" of Marina Del Sol subdivision, as recorded in Volume 18, Page 160, in the Office of the County Clerk of Galveston County, Texas;

THENCE S18°54'08"E, along the Westerly line of said Lot 1, a distance of 232.22 feet to an "X" found in concrete for corner said "X" also being the Southwesterly corner of said Lot 1;

THENCE N72°11'28"E, along the Southerly line of Lots 1 thru 8 of said RESERVE "H", a distance of 677.25 feet to a 3/8" iron rod found for corner, said iron rod being the Southeasterly corner of Lot 8 of said Reserve "H", and lying in the Westerly line of Lot 9, of Reserve "G" of said Marina Del Sol subdivision,

THENCE S33°41'00"E, along the Southwesterly line of Lots 10, 11 and 12 of said Reserve "G", a distance of 320.00 feet to a 1/2" iron rod found for corner, said iron rod being the Southwesterly corner of said Lot 12;

THENCE N83°08'00"E, along the Southerly line of said Lot 12, a distance of 84.00 feet to a 1/2" iron rod found for corner in said the Southerly line of Reserve "A" of said Marina Del Sol subdivision,

THENCE, along the Southerly line of said Reserve "A", the following calls, S77°17'29"E, a distance of 36.60 feet to a 1/2" iron rod found for corner, N77°28'32"E, a distance of 41.66 feet to a found "X" for corner; N63°59'16"E, a distance of 30.97 feet to a fence post for corner, said point being the most Easterly corner of said Reserve "A-1";

THENCE S00°01'56"E, along the most Easterly line of said Reserve "A-1", a distance of 307.64 feet to a point for corner in the Northerly line of Reserve "F" of said Marina Del Sol subdivision,

THENCE N75°42'18"W, along the Northerly line of said Reserve "F", a distance of 19.98 feet to a found 1/2" iron rod found for corner,

THENCE S81°56'59"W, continuing along the Northerly line of said Reserve "F", a distance of 129.61 feet to a found 1/2" iron rod for corner;

THENCE S68°05'07"W, continuing along said Northerly line, a distance of 50.94 feet to a point for corner;

THENCE S07°45'00"E, a distance of 47.62 feet to a nail found in a piling for corner in the interior North line of said Reserve "F",

THENCE S72°11'28"W, along the interior North line of said Reserve "F", the North line of Reserve "E" of Marina Del Sol subdivision, and the interior North line of Reserve "I", Phase I of Marina On The Lake Subdivision, a distance of 764.89 feet to a point for corner;

THENCE N27°45'53"W, a distance of 31.39 feet to a found 5/8" iron rod for corner, said corner being the most Northerly corner of said Reserve "I",

THENCE, along the Northerly and Northwesterly line of said RESERVE "I", the following bearings and distances: S60°09'00"W, a distance of 52.01 feet to a 5/8" iron rod found for corner, S35°30'00"W, a distance of 63.00 feet to a 1/2" iron rod found for corner, S11°43'00"W, a distance of 89.00 feet to a 1/2" iron rod found for corner, S45°02'00"W, a distance of 37.43 feet to a 1/2" iron rod found for corner in the Easterly line of Twin Oaks Subdivision,

THENCE N18°55'28"W, along the Easterly line of said Twin Oaks Subdivision, a distance of 358.57 feet to a 5/8" iron rod found for corner, said iron rod also being the Southwesterly corner of Reserve "C" of said Marina Del Sol subdivision,

THENCE N79°31'00"E, along the Southerly line of said Reserve "C", a distance of 33.19 feet to a 1/2" iron rod found for corner,

THENCE S55°00'00"E, continuing along the Southerly line of said RESERVE "C", a distance of 35.00 feet to a 5/8" iron rod found for corner, said iron rod being the Northwesterly corner of RESERVE "B" of Marina Del Sol subdivision;

THENCE S20°33'00"E, along the Westerly line of said Reserve "B", a distance of 106.95 feet to a 3/8" iron rod found for corner, said iron rod being the Southwesterly corner of said Reserve "B",

THENCE N79°56'00"E, along the Southerly line of said Reserve "B", a distance of 121.31 feet to a found "X" being the Southeasterly corner of said Reserve "B",

THENCE N 11°53'30"W, along the Easterly line of said Reserve "B", a distance of 64.98 feet to a 5/8" iron rod found for corner,

THENCE N20°58'36"E, continuing along the Easterly line of said RESERVE "B", a distance of 79.55 feet to a point for corner, said iron rod being the Northeasterly corner of said Reserve "B", and the Southeasterly corner of Reserve "C" of said Marina Del Sol subdivision,

THENCE N18°54'08"W, along the Easterly line of said Reserve "C" and Reserve "D" of said Marina Del Sol subdivision, a distance of 633.11 feet to an "X" found in concrete for a point of curvature;

THENCE, along a curve to the left, having a radius of 25.00 feet, a central angle of 120°01'30", an arc length of 52.37 feet, a chord bearing of N78°54'53"W and a chord distance of 43.31 feet to a 3/8" iron rod found for corner in the Northerly line of said Reserve "D", same being the Southerly right-of-way line of said Twin Oaks Boulevard,

THENCE, along the Southerly right-of-way line of said Twin Oaks Boulevard, being a non-tangent curve to the right, having a radius of 123.99 feet, a central angle of 37°37'56", an arc length of 81.43 feet, a chord bearing of N59°53'11"E and a chord distance of 79.98 feet to an "X" found in concrete for a point of tangency;

THENCE N78°42'00"E, continuing along the Southerly right-of-way line of said Twin Oaks Boulevard, a distance of 34.36 feet to the Place Of Beginning.

GLO EASEMENT AGREEMENT LEASE

TEXAS GENERAL LAND OFFICE



COMMERCIAL EASEMENT NO. LC 20090033

By virtue of the authority granted by Chapter 33 of the Texas Natural Resource Code, Title 31 of the Texas Administrative Code, all amendments thereto, all other applicable statutes, and subject to all rules and regulations promulgated pursuant thereto, the State of Texas (the "Grantor"), acting by and through the Commissioner of the General Land Office (the "GLO") as Chairman of the School Land Board (the "Board") on behalf of the Permanent School Fund (the "PSF"), hereby grants to the grantee (the "Grantee") named under the "Grantee Name" section of **Attachment A**, the Control Page, the right to use a tract of state-owned real property (the "Premises"), which property is described in the "Premises" section of **Attachment A** and further depicted in **Attachment B**, for the purposes described in this agreement (the "Agreement").

ARTICLE I: INTERPRETIVE PROVISIONS

- (a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms;
- (b) The words "hereof," "herein," "hereunder," and similar words refer to this Agreement as a whole and not to any particular provision, section, Attachment, or schedule, unless otherwise specified;
- (c) The term "including" is not limiting and means "including without limitation" and, unless otherwise expressly provided in this Agreement, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent that such amendments and other modifications are not prohibited by the terms of this Agreement; and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing, or interpreting the statute or regulation;
- (d) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement;
- (e) All attachments within this Agreement, including those referenced by incorporation, and any amendments are considered part of the terms of this Agreement;



- (f) This Agreement may use several different limitations, regulations, or policies to regulate the same or similar matters. All such limitations, regulations, and policies are cumulative and each shall be performed in accordance with its terms;
- (g) Unless otherwise expressly provided, reference to any action of the Grantor or by the Grantor by way of consent, approval, or waiver shall be deemed modified by the phrase "in its/their sole discretion." Notwithstanding the preceding sentence, any approval, consent, or waiver required by, or requested of, the Grantor shall not be unreasonably withheld or delayed;
- (h) All due dates and/or deadlines referenced in this Agreement that occur on a weekend or holiday shall be considered as if occurring on the next business day;
- (i) All time periods in this Agreement shall commence on the day after the date on which the applicable event occurred, report is submitted, or request is received; and
- (j) Time is of the essence in this Agreement.

ARTICLE II GRANTING CLAUSE

2.01 GRANTING CLAUSE

In consideration of the payments stated in Article IV of this Agreement and other consideration stated therein, the receipt and sufficiency of which are hereby acknowledged, and according to the covenants and commitments herein agreed to be kept and performed by the Grantee, the Grantor grants to the Grantee the right to use the Premises for the purposes and under the conditions and obligations described in the following section of this Agreement.

2.02 SCOPE OF GRANTING CLAUSE

The Grantee's use of the Premises is subject to compliance with the following covenants, obligations, and conditions:

(a) Use

The Premises may be used by the Grantee solely for those uses specified under the "Use(s) of Premises" section of **Attachment A** and for no other purpose. Except as otherwise provided in this Agreement, the Premises are to remain in their current topographical and hydrologic condition during the term of the Agreement. The Grantee is specifically prohibited from modifying the Premises in any manner not authorized in this Agreement and from using, or allowing the use by others, of the Premises for any other purpose.

(b) Trash

The Grantee shall be responsible for the removal and disposal of all trash at the Premises, whether or not such trash is generated by the Grantee or its guests and invitees.



(c) Improvements

- i) The Grantee's right to use the Premises is exclusive as to those alterations, additions, and/or improvements located, or to be located, on the Premises (collectively the "Improvements"), as more specifically described under the "Use(s) of Premises" section of **Attachment A** and further depicted on **Attachment B**, and non-exclusive as to the remainder. The location of the Improvements shall become fixed as specified under **Attachment B** and shall not be changed except by a written amendment to this Agreement. Improvements existing prior to the execution of this Agreement are and shall remain the property of the Grantor;
- ii) Except as otherwise allowed in this Agreement, no construction, land modifications or excavation, or permanent property improvements may be allowed or undertaken without the Grantor's prior express written consent. The Grantee may not maintain or allow any nuisances or public hazards on the Premises, and shall be under a duty to abate or remove any activity or property constituting or contributing to a hazard or nuisance. The Grantee may file a criminal complaint or institute civil proceedings to protect his right of possession and leasehold interest in the Premises against trespass of other infringement of the Grantee's rights by third parties. The Grantee is specifically prohibited from using or allowing the use by others of the Premises for any purpose not stated herein, including, but not limited to, mining, hauling, or otherwise removing rock, sand, gravel, aggregate, or other such materials, without the Grantor's prior express written approval;
- iii) Prior to undertaking construction or installation of Improvements on the Premises, the Grantee shall provide written notice of the terms of this Agreement to each person or entity authorized by the Grantee to perform any such activity on its behalf. If a dispute arises concerning construction or installation of the Improvements, the Grantee shall provide the Grantor with a copy of all applicable notices within ten (10) days of the Grantor's written request;
- iv) The Grantee, in its sole cost and expense, shall make, and be solely responsible for, any repairs, maintenance, or replacements to the Improvements that the Grantor considers necessary or as required by this Agreement. If the Grantee fails or refuses to honor such a request, or in case of an emergency, the Grantor may make such repairs, maintenance, renewals, or replacements. **THE GRANTEE WAIVES ANY CLAIM FOR DAMAGE CAUSED THEREBY AND IS LIABLE TO THE GRANTOR FOR ANY COSTS INCURRED;**
- v) Prior to expiration of this Agreement or upon notice of termination, the Grantee shall remove all of the Improvements, remove any resulting debris, and pay Grantor all monies due. The grantee shall take whatever measures are necessary to restore the area involved as nearly as practicable to the same condition that existed prior to placement of any Improvements. If the Grantee fails to comply with this provision, the Grantor shall have the right to perform the work, in which event the Grantee shall be liable to the Grantor for all cost, loss, and damage incurred by the Grantor;
- vi) Notwithstanding the preceding, pursuant to Title 31 of the Texas Administrative Code, the Grantor may waive the removal/restoration requirements in this Section if,



in the Grantor's sole opinion and discretion, such waiver is in the best interest of the State. Any such waiver shall be in writing and may be conditioned upon factors including the nature and sensitivity of the natural resources in the area, potential damage to or destruction of property, beneficial uses of the existing improvement(s), and other factors considered to be in the best interest of the State; and

viii) Grantee shall insure that all Improvements constructed, placed, or operated by it on the Premises are visible to operators of marine craft at all times. Grantee shall further take any and all steps necessary to insure that Improvements constructed, placed, or operated by it on the Premises do not constitute a hazard to operators of marine craft. Grantee may not restrict or prevent other persons from access to navigating open, navigable waters.

(d) Adjacent Property

- i) the Premises are located adjacent to property that is owned by the Grantee or in which the Grantee has a possessory interest (the "Adjacent Property") and is further described under the "Adjacent Property" section of **Attachment A**; and
- ii) if the Grantee is divested of its interest in the Adjacent Property, the Grantor may terminate this Agreement upon ten (10) days written notice to the Grantee.

(e) Special conditions

The Grantee shall adhere to the special conditions, if any, listed under the "Special Conditions" section of **Attachment A**.

2.03 AS IS

THE GRANTEE HAS INSPECTED THE PHYSICAL AND TOPOGRAPHIC CONDITION OF THE PREMISES AND ACCEPTS THE SAME "AS IS," IN ITS EXISTING PHYSICAL AND TOPOGRAPHIC CONDITION. THE GRANTEE ACKNOWLEDGES THAT IT IS NOT RELYING ON ANY REPRESENTATION, STATEMENT, OR OTHER ASSERTION OF THE GRANTOR WITH RESPECT TO THE CONDITION OF THE PREMISES, BUT IS RELYING ON THE GRANTEE'S OWN INSPECTION OF THE PREMISES. THE GRANTOR DISCLAIMS ANY AND ALL WARRANTIES OF HABITABILITY, MERCHANTABILITY, SUITABILITY, FITNESS FOR ANY PURPOSE, AND ANY OTHER EXPRESS OR IMPLIED WARRANTY NOT EXPRESSLY SET FORTH IN THIS AGREEMENT. THE USE OF THE TERM "GRANT" IN NO WAY IMPLIES THAT THIS AGREEMENT IS FREE OF LIENS, ENCUMBRANCES, AND/OR PRIOR RIGHTS. THE GRANTEE IS PUT ON NOTICE THAT OTHER GRANT AND/OR ENCUMBRANCE MAY BE OF RECORD, AND THE GRANTEE IS ADVISED TO EXAMINE THE RECORDS IN THE ARCHIVES AND RECORDS DIVISION OF THE GLO AND RECORDS OF THE COUNTY IN WHICH THE PREMISES ARE LOCATED.

2.04 RESERVATIONS

The Grantor reserves the full use of the Premises and all rights with respect to its surface and subsurface for any and all purposes except for those granted to the Grantee. The aforementioned reserved full use of the Premises by the Grantor includes the right of ingress, egress, and use of the Premises by the Grantor, its officers, agents, representatives, employees, and other authorized users for any authorized purpose.



2.05 RIGHT OF ENTRY

- (a) In any circumstances where the Grantor is granted a right of entry on the Premises during the term of the Agreement, no such entry shall constitute an eviction or disturbance of the Grantee's use and possession of the Premises, a breach by the Grantor of any of its obligations hereunder, render the Grantor liable for damages for loss of business or otherwise, entitle the Grantee to be relieved from any of its obligations hereunder, grant the Grantee any right of off-set or recoupment, or other remedy.
- (b) In exercising any right of entry, the Grantor agrees to exercise its right of entry only at reasonable times (except in an emergency) for purposes of inspection, repair, and as necessary to protect the State's interests, and the Grantor agrees not to unreasonably interfere with the Grantee's authorized use of the Premises. The Grantee shall provide the Grantor with keys or combinations to all locks that may limit access to the Premises.
- (c) Further, the Grantee authorizes the State, its officers, agents, representatives, and employees to access the Premises over and across Grantee's Adjacent Property. Grantor agrees to use the Adjacent Property only to the extent and for the length of time necessary to provide access to and from the Premises. The foregoing authorization creates a license only, and does not create an easement over the Adjacent Property.
- (d) Grantee acknowledges that Grantor's right of ingress and egress shall remain in effect as long as any improvements placed on the Premises by Grantee remain on the Premises and/or as necessary for Grantor to confirm the removal (in whole or in part) of those improvements.
- (e) Any aforementioned right of entry shall survive the termination of this Contract.

2.06 DAMAGE OR DESTRUCTION OF PREMISES AND/OR IMPROVEMENTS

No damage to the Premises, or damage to or destruction of any Improvements, shall in any way alter, affect, or modify the Grantee's obligations under this Agreement. In the event any such damage or destruction exceeds the cost listed under the "Cost of Damage" section of **Attachment A** per event to repair, the Grantee shall give written notice to Grantor within seven (7) calendar days of the damage or destruction, including a description of the damage or destruction and, as far as known to the Grantee, the cause of the damage or destruction. The Grantee shall immediately remove all debris resulting from such damage or destruction and take such action as is necessary to place the Premises in a neat, safe condition. Within 90 days of the event causing the damage or destruction, the Grantee must either repair or replace the Improvements, if permitted by law, or return the Premises to their natural condition. The Grantor may make repairs or replacements pursuant to this section, whereupon the Grantee shall be liable to pay the Grantor, upon demand, the cost and expense incurred in accomplishing such action. Any failure by the Grantee to make such payment to the Grantor may be treated by the Grantor as an Event of Default.

ARTICLE III: TERM

The effective date and termination date of this Agreement are specified under the "Effective and Termination Dates" section of **Attachment A**, unless renewed or earlier terminated as provided herein. Unless otherwise specified herein, renewal of this Agreement is at the sole discretion of the Grantor.



ARTICLE IV: CONSIDERATION

4.01 CONSIDERATION

The Grantee shall pay, in consideration of the mutual covenants and agreements set forth in this Agreement, the payment(s) and/or fee(s) listed under the "Payment(s) and/or Fee(s)" section of **Attachment A** on or before the due date.

4.02 PAST DUE CONSIDERATION

All Consideration and any other payments hereunder to be paid by the Grantee shall be deemed to be "rent" and due and payable by the Grantee without demand, deduction, abatement, or off-set. Past due Consideration and other past due payments shall bear interest from maturity at the rate of ten percent (10%) per annum from the date when due until actually paid. Failure of the Grantee to make a payment on or before the date the same becomes due shall, at the option of the Grantor, make all payments due and payable immediately. The Grantor and the Grantee agree that the foregoing represents a fair and reasonable estimate of the expenses that the Grantor may incur by reason of such late payment by the Grantee. Acceptance of such late payments by the Grantor shall not constitute a waiver of the Grantee's default with respect to any such past due amounts, nor prevent the Grantor from exercising any other rights and remedies granted to the Grantor under this Agreement, at law, or in equity.

4.03 HOLDOVER

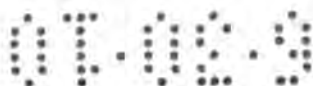
If the Grantee continues in possession of the Premises after expiration or earlier termination of this Agreement, the Grantee will be deemed to be occupying the Premises on the basis of a month-to-month tenancy subject to all of the terms and conditions of this Agreement, except that, as liquidated damages by reason of such holding over, the amounts payable by the Grantee under this Agreement shall be increased such that the Consideration and any other sums payable hereunder shall be 200% of the amount payable to the Grantor by the Grantee for the applicable period immediately preceding the first day of the holdover period. The Grantee acknowledges that in the event it holds over, the Grantor's actual damages will be difficult, if not impossible, to ascertain, and the liquidated damages herein agreed to be paid are reasonable in amount and are payable in lieu of actual damages and are not a penalty. The Grantee further acknowledges that acceptance of consideration under this provision does not imply the Grantor consented to hold over. This month-to-month tenancy may be terminated by either party upon 30 days' written notice to the other.

ARTICLE V: EVENTS OF DEFAULT

5.01 EVENTS OF DEFAULT

With respect to the Grantee, it shall be an event of default hereunder ("Event of Default") if:

- (a) the Grantee fails or refuses to timely pay Consideration or any other payments required by this Agreement after it becomes due;
- (b) the Grantee fails or refuses to comply, timely perform, or observe any of the covenants, duties, obligations, and/or conditions under this Agreement;



- (c) the Grantee abandons or vacates the Improvements, the Premises, or any significant portion thereof;
- (d) there is an entry of a court order requiring the dissolution, winding up, or termination of the Grantee's business affairs; or
- (e) the Grantee fails to materially comply with rules and regulations in the Texas Administrative Code, the Texas Natural Resources Code, or any other rules or regulations promulgated by any state or federal governmental entity with proper jurisdiction over any of the uses permitted under this Agreement, unless such a failure to comply is redressed through an enforcement action by an applicable state agency with proper jurisdiction.

5.02 NOTICE AND CURE

There shall be no consequences for an Event of Default under this Agreement, unless the defaulting party receives written notice of the Event of Default and such Event of Default continues for a period of 30 days after the defaulting party receives the notice. A notice of Event of Default shall specify the event or events constituting the default. This 30 day period shall be extended if the act, event, or condition is one that by its nature or circumstances reasonably requires more than 30 days to cure; provided, however, the defaulting party shall promptly and in good faith initiate and diligently pursue measures that are expected to cure or eliminate the Event of Default in a reasonable period of time. If either party fails to cure an Event of Default, the non-defaulting party shall be entitled to terminate this Agreement by written notice. This notice and cure provision does not apply to an Event of Default under provision 5.01(a) or any emergency situations that affect public health or safety.

5.03 CUMULATIVE RIGHTS AND REMEDIES; NO WAIVER

If an Event of Default occurs and the Grantee fails to cure within the period provided above, the Grantor may, at its option, do any one or more of the following:

- (a) terminate this Agreement by sending written notice of such termination, in which event the Grantee shall immediately surrender possession of the Premises to the Grantor (such termination shall not prejudice the rights of the Grantor for any claim of payments due);
- (b) enter upon and take possession of the Premises and expel or remove the Grantee and any other occupant, with or without having terminated the Agreement; or
- (c) alter locks and other security devices, if any, at the Premises.

The failure of either the Grantee or the Grantor to insist at any time upon the strict observance or performance of any of the provisions of this Agreement or to exercise any right or remedy as provided in this Agreement shall not impair any other right or remedy or be construed as a waiver or relinquishment thereof with respect to subsequent defaults. Every right and remedy given by this Agreement to the Grantee or the Grantor may be exercised from time-to-time and as often as may be deemed expedient by the Grantee or the Grantor, as the case may be. In an Event of Default, the Grantor shall have the option, but not the obligation, to mitigate its damages.



ARTICLE VI: GENERAL TERMS, CONDITIONS, AND EXCEPTIONS

6.01 ASSIGNMENT

The Grantee shall not assign or otherwise dispose of an interest in this Agreement or the Premises without the express prior written consent of the Grantor; and any attempt to assign or otherwise dispose without consent shall be void and of no effect. This prohibition against assigning or disposition shall be construed to include a prohibition against any assignment or disposition by operation of law. If this Agreement is assigned, or if an interest in this Agreement or the Premises is disposed of, the Grantor may nevertheless collect Consideration from the assignee and apply the net amount collected to the Consideration payable hereunder. No such transaction or collection of Consideration shall release the Grantee from the further performance of its covenants, duties, and obligations.

6.02 INDEMNITY

EXCEPT FOR DAMAGES DIRECTLY OR PROXIMATELY CAUSED BY THE GROSS NEGLIGENCE OF THE GRANTOR, THE GRANTEE SHALL INDEMNIFY AND HOLD HARMLESS THE GRANTOR AND THE GRANTOR'S OFFICERS, REPRESENTATIVES, AGENTS, AND EMPLOYEES FROM ANY LOSSES, CLAIMS, SUITS, ACTIONS, DAMAGES, OR LIABILITY (INCLUDING ALL COSTS AND EXPENSES OF DEFENDING AGAINST ALL OF THE AFOREMENTIONED) ARISING IN CONNECTION WITH:

- **THIS AGREEMENT;**
- **THE USE OR OCCUPANCY OF THE PREMISES;**
- **ANY NEGLIGENCE, ACT, OMISSION, NEGLECT, OR MISCONDUCT OCCURRING IN, ON, OR ABOUT THE PREMISES; OR**
- **ANY CLAIMS OR AMOUNTS ARISING OR RECOVERABLE UNDER FEDERAL OR STATE WORKERS' COMPENSATION LAWS, THE TEXAS TORT CLAIMS ACT, OR ANY OTHER SUCH LAWS.**

THE GRANTEE ASSUMES RESPONSIBILITY FOR THE CONDITION OF THE PREMISES. THE GRANTEE EXPRESSLY AGREES TO USE AND OCCUPY THE PREMISES AND PLACE ANY IMPROVEMENTS ON THE PREMISES AT ITS OWN RISK. THE GRANTEE SHALL BE RESPONSIBLE FOR THE SAFETY AND WELL BEING OF ITS EMPLOYEES, CUSTOMERS, AND INVITEES. THESE REQUIREMENTS SHALL SURVIVE THE TERM OF THIS AGREEMENT UNTIL ALL CLAIMS HAVE BEEN SETTLED OR RESOLVED AND SUITABLE EVIDENCE TO THAT EFFECT HAS BEEN FURNISHED TO THE GRANTOR.

6.03 PROTECTION OF NATURAL AND HISTORICAL RESOURCES

(a) **Unauthorized Discharge**

The Grantee shall use the highest degree of care and all appropriate safeguards to prevent pollution of air, ground, or water in, on, or about the Premises through an unauthorized discharge, and to protect and preserve natural resources and wildlife habitat. In the event of such discharge or damage to natural resources in, on, or about the Premises that is the result of an act or omission of the Grantee, its officers, employees, agents, representatives, contractors, and/or invitees, the Grantee shall immediately notify appropriate agencies of the State of Texas and the Grantor and undertake all required and appropriate action to remedy the same. The Grantee shall be liable for all damages



to the Premises, public lands, and waters as a result of such act or omission and for mitigation of any such damages.

(b) Natural Historical Preservation Act and Antiquities Code of Texas

THE GRANTEE IS EXPRESSLY PLACED ON NOTICE OF THE NATIONAL HISTORICAL PRESERVATION ACT OF 1966 AND THE ANTIQUITIES CODE OF TEXAS. IN THE EVENT THAT ANY SITE, OBJECT, LOCATION, ARTIFACT, OR OTHER FEATURE OF ARCHEOLOGICAL, SCIENTIFIC, EDUCATIONAL, CULTURAL, OR HISTORIC INTEREST IS ENCOUNTERED DURING THE ACTIVITIES AUTHORIZED BY THIS AGREEMENT, THE GRANTEE SHALL IMMEDIATELY CEASE SUCH ACTIVITIES AND SHALL IMMEDIATELY NOTIFY THE GRANTOR AND THE TEXAS HISTORICAL COMMISSION, SO THAT ADEQUATE MEASURES MAY BE UNDERTAKEN TO PROTECT OR RECOVER SUCH DISCOVERIES OR FINDINGS, AS APPROPRIATE.

6.04 COMPLIANCE WITH OTHER LAWS; NUISANCE

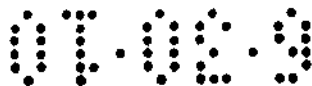
The Grantee, at its own expense, will comply with all federal, state, municipal, and other laws, codes, ordinances, rules, and regulations applicable to the Premises; and will install, remove, and alter such equipment and facilities in, and make such alterations to, the Premises as may be necessary to comply. The Grantee will not make any unlawful use of the Premises or permit any unlawful use thereof; and will not commit, or permit anyone else to commit, any act that is a nuisance or annoyance to the Grantor or adjacent property owners or tenants, or which might, in the exclusive judgment of the Grantor, damage the Grantor's goodwill or reputation, or tend to injure or depreciate the value of the Premises and/or any Improvements located thereon. The obligations of the Grantee under this Section shall survive any termination of this Agreement.

6.05 NOTICE

- (a) The Grantee shall provide written notice to the Grantor of any change in the Grantee's name, address, corporate structure, legal status or any other information relevant to this Agreement. The Grantee shall provide to the Grantor any other information reasonably requested by the Grantor in writing within 30 days following such request.
- (b) Any payments and required written notices under this Agreement shall be delivered by hand, facsimile, or United States Registered or Certified Mail, adequate postage prepaid, to the address(es) listed under the "Address(es) for Notification" section of **Attachment A**. A party may change its address by giving notice as provided above. No change of address shall be binding until notice of such change of address is given as required.

6.06 SEVERABILITY

If any provision contained in this Agreement is held to be unenforceable by a court of law or equity, this Agreement shall be construed as if such provision did not exist and the non-enforceability of such provision shall not be held to render any other provision or provisions of this Agreement unenforceable.



6.07 ENTIRE AGREEMENT

This Agreement and its attachments constitute the entire agreement of the parties and such are intended as a complete and exclusive statement of the promises, representations, negotiations, discussions, and other agreements that may have been made in connection with the subject matter hereof. Unless an attachment to this Agreement specifically displays a mutual intent to amend a particular part of this Agreement, general conflicts in language between any such attachment and this Agreement shall be construed consistently with the terms of this Agreement. Unless otherwise expressly authorized by the terms of this Agreement, no modification, renewal, extension, or amendment to this Agreement shall be binding upon the parties unless the same is in writing and signed by the respective parties hereto.

6.08 TAXES

The Grantee shall, as further consideration for this Agreement, pay and discharge all "Taxes" (as hereinafter defined) properly assessed in any calendar year (or portion thereof) during the term of this Agreement. For the purposes of this Agreement, the term "Taxes" means all taxes, assessments, impositions, levies, charges, excises, fees, licenses, and other sums (whether now existing or hereafter arising, whether foreseen or unforeseen, and whether under the present system of taxation or some other system), that during the term of this Agreement may be levied, assessed, charged, or imposed by any governmental authority or other taxing authority or accrue on the Premises and any Improvements or other property thereon, whether belonging to the Grantor or the Grantee, or to which either of them may become liable in relation thereto. The term "Taxes" shall also include all penalties, interest, and other charges payable by reason of any delay or failure or refusal of the Grantee to make timely payments as required pursuant to this provision. **THE GRANTEE AGREES TO AND SHALL INDEMNIFY AND HOLD THE GRANTOR HARMLESS FROM LIABILITY FOR ANY AND ALL TAXES, TOGETHER WITH ANY INTEREST, PENALTIES, OR OTHER SUMS IMPOSED, AND FROM ANY SALE OR OTHER PROCEEDING TO ENFORCE PAYMENT THEREOF.**

6.09 ENCUMBRANCE OF INTEREST

The Grantee may not mortgage, hypothecate, encumber, or grant any deed of trust or security interest that encumbers the Premises. Further, the Grantee may not collaterally assign any rent or other income generated from the Premises. Prior to expiration or termination of this Agreement, the Grantee will provide the Grantor with documentation sufficient to evidence the Grantor's ownership of the Improvements not required to be removed per Article II.

6.10 FILING

Within 60 days of the execution of this Agreement, the Grantee shall file a memorandum of this Agreement for record in the office of the County Clerk in any county in which all or any part of the Premises are located, and file stamped copies thereof must be filed in the GLO. The memorandum must be signed and acknowledged by the Grantee before it is filed in the county records. Similar to Chapter 9 of the Tex. Bus. & Com. Code, such a filing provides a security interest in favor of the Grantor, which is perfected automatically without the filing of a financing statement. In the event the Grantee fails to timely file the memorandum, the Grantor may execute a memorandum setting forth the terms and provisions of the Agreement and record the same at the Grantee's cost and expense.



6.11 CONDEMNATION

In the event of a condemnation proceeding that affects all or part of the Premises, the Grantor will have the exclusive authority to negotiate with the condemning authority. In the event of a total condemnation, this Agreement shall terminate. In the event of a partial condemnation, the Grantor may decide whether or not to terminate this Agreement, but, if the Grantor elects to continue the Agreement, the Consideration shall be proportionately reduced. All condemnation proceeds, except for those allocated to the Improvements belonging to the Grantee, shall be payable to the Grantor.

6.12 BANKRUPTCY

If the Grantee ever becomes the subject of a voluntary or involuntary bankruptcy or other similar type proceeding under the federal bankruptcy laws, then "adequate protection" of the Grantor's interest in the Premises pursuant to the provisions of Sections 361 and 363 of the U.S. Bankruptcy Code prior to assumption and/or assignment of any interest under the Agreement by the Grantee shall include, but not be limited to the following:

- (a) the continued payment by the Grantee of all Consideration and all other sums due and owing under this Agreement; and
- (b) the furnishing of a security deposit by the Grantee in an amount equal to three (3) times the Consideration payable during the immediately preceding year.

"Adequate assurance of future performance" by the Grantee and/or any assignee of the Grantee pursuant to the U.S. Bankruptcy Code Section 365 will include payment of a security deposit in an amount equal to three (3) times the Consideration paid during the immediately preceding Anniversary Year. If this Agreement is assigned to any person or entity pursuant to the provisions of the U.S. Bankruptcy Code, any and all Consideration payable, or otherwise to be delivered in connection with such assignment, shall be paid or delivered to the Grantor, shall be and remain the exclusive property of the Grantor, and shall not constitute property of the Grantee or the estate of the Grantee within the meaning of the U.S. Bankruptcy Code. Any and all Consideration constituting the Grantor's property under the preceding sentence not immediately paid or delivered to the Grantor shall be held in trust by the Grantee for the benefit of the Grantor.

6.13 INSURANCE

- (a) The Grantee shall acquire, for the duration of this Agreement, insurance and/or bonds, with financially sound and reputable independent insurers licensed by the Texas Department of Insurance, in the type, amount, and under the conditions customarily carried by others engaged in similar activities. If requested, the Grantee shall submit evidence of such insurance, including a schedule of coverage (or "underwriter's schedules") establishing to the satisfaction of the Grantor the adequacy of the coverage provided by such insurance. If the Grantor determines the coverage is deficient, the Grantee shall secure additional coverage as the Grantor may reasonably request or as required by law or regulation. If coverage expires during the term of the Agreement, the Grantee shall provide the Grantor with renewal or replacement evidence of insurance no less than 30 days before the expiration or replacement of the required insurance. The GLO, its officers, employees, and authorized agents shall be named as additional insureds for all liability arising under this Agreement except on



Workers' Compensation and Professional Liability policies. An original additional insured endorsement signed by an authorized insurance company representative must be submitted to the Grantor.

- (b) Notwithstanding the proceeding paragraph, the Grantor reserves the right to consider reasonable alternative methods of insuring the Agreement in lieu of the insurance policies and/or bonds required. It will be the Grantee's responsibility to recommend to the Grantor alternative methods of insuring the Agreement. Any alternatives proposed by the Grantee should be accompanied by a detailed explanation regarding Grantee's inability to obtain insurance coverage as described in this Agreement. The Grantor shall be the sole and final judge as to the adequacy of any substitute form of insurance coverage.

6.14 UTILITIES

The Grantee shall, at its own cost and expense, pay all charges for connection, delivery, and use of all utilities used on the Premises directly to the utility company or municipality furnishing the same before the charges shall become delinquent. No interruption or malfunction of any utility service shall constitute a breach by the Grantor of any of its obligations hereunder or relieve the Grantee from any of its obligations hereunder.

6.15 PROPER AUTHORITY

Each party hereto represents and warrants that the person executing this Agreement on its behalf has full power and authority to enter into this Agreement.

6.16 RELATIONSHIP OF THE PARTIES

Nothing contained in this Contract shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or to otherwise create for the Grantor any liability whatsoever with respect to the indebtedness, liabilities, and obligations of the Grantee or any other party.

6.17 GRANTEE'S WAIVER OF CERTAIN RIGHTS AND ASSERTIONS

The Grantee waives and relinquishes all rights that the Grantee might have to claim any nature of lien against the Grantor and the Premises, or withhold or deduct from or offset against any Consideration or other sums provided hereunder to be paid to the Grantor by the Grantee. The Grantee waives and relinquishes any right, either as a claim or as a defense, that the Grantor is bound to perform or is liable for the nonperformance of any implied covenant or implied duty of the Grantor not expressly set forth in this Agreement.

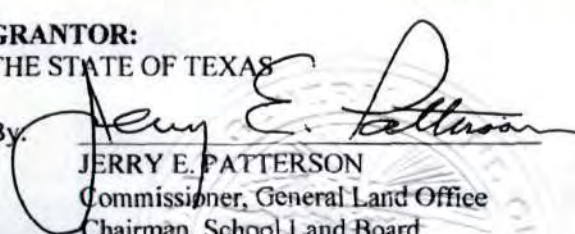
[Signature page follows]



IN TESTIMONY WHEREOF, witness my hand and the Seal of Office.

GRANTOR:
THE STATE OF TEXAS

By:


JERRY E. PATTERSON
Commissioner, General Land Office
Chairman, School Land Board

Date: 7/13/10

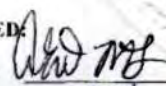
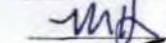
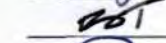

APPROVED:

Contents:

Legal:

Deputy:

Executive:



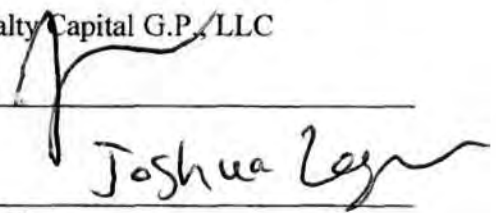
GRANTEE:

1203 Twin Oaks, LLC, a Texas limited liability company

By: Madison Realty Capital L. P., its sole member

By: Madison Realty Capital G.P., LLC

(Signature)



(Printed Name)

Managing Principal

(Title)

Date: 6/28/2010



ATTACHMENT A: CONTROL PAGE

GRANTEE'S NAME

1203 Twin Oaks, LLC, a Texas limited liability company

PREMISES

A portion of State Tract Number 2, Clear Lake, Galveston County, Texas (the "Premises"). The Premises are further described and depicted on **Attachment B** attached hereto and incorporated herein by reference.

USE(S) OF PREMISES

Authorized Use(s) of the Premises are: A commercial marina project consisting of 1' x 120', 1' x 62', and 1' x 238' wooden breakwaters comprising an encumbrance of 420 square feet; and 7' x 120' and 7' x 62' walkways comprising an additional encumbrance of 1,274 square feet; and 50' x 1,250' dredged channel comprising an additional encumbrance of 62,500 square feet, for a total project encumbrance of 64,194 square feet of coastal public land.

ADJACENT PROPERTY

Reserve "A-1", of Marina on the Lake Subdivision, Galveston County, Texas, Volume 18, Page 77 of the map records in the office of the County Clerk of Galveston County, Texas; Save and except that part of Reserve "A-1" replatted as Marina Del Sol by map or plat recorded in Volume 18, Page 160 of the map records in the Office of the County Clerk of Galveston County, Texas.

SPECIAL CONDITIONS

1. All maintenance dredging activities are to be confined within the limits of the authorized excavation areas.
2. Depth of the dredged area authorized herein shall not exceed 6 feet below Mean Low Water. Over-dredging for advance maintenance is specifically prohibited.
3. All dredged material (spoil) authorized by this instrument shall be placed and contained on private property above the limits of mean high water, and Grantee waives any right to claim ownership of Coastal Public Land as a result of artificial accretion caused by deposition of dredged material.
4. Grantee shall notify the General Land Office, LaPorte Field Office in writing at least sixty (60) days prior to undertaking any maintenance dredging activities occurring during the term of this contract.

COST OF DAMAGE

Five Thousand and No/100 Dollars (\$5,000) per event.

EFFECTIVE AND TERMINATION DATES

This Agreement is for a total period of ten (10) years, effective on January 1, 2010, and terminating on December 31, 2019.

PAYMENT(S) AND/OR FEE(S)

As consideration for the granting of this Agreement, Grantee agrees to pay Grantor as consideration ("Rent"), the total sum of **Nine Thousand Six Hundred Thirty-Eight And 00/100 Dollars (\$9,638.00)**. This Rent is payable on or before the first day of each "Agreement Year" (as such phrase is defined herein), in ten (10) annual installments of **Nine Hundred Sixty-Three And 80/100 Dollars (\$963.80)**. For the purposes of this Agreement, the phrase "Agreement Year"



means the period from January 1 of one year through December 31 of the following year, with the first Agreement Year commencing on January 1, 2010.

ADDRESS(ES) FOR NOTIFICATION

Grantor's Contact Information

Name: Texas General Land Office
Title: Deputy Commissioner, Professional Services
Address: 1700 N. Congress Ave.
Address: Austin, Texas 78701-1495

Grantee's Contact Information

Name: 1203 Twin Oaks, LLC
C/o Madison Realty Capital
Address: 825 Third Avenue, 37th Floor
Address: New York, New York 10022

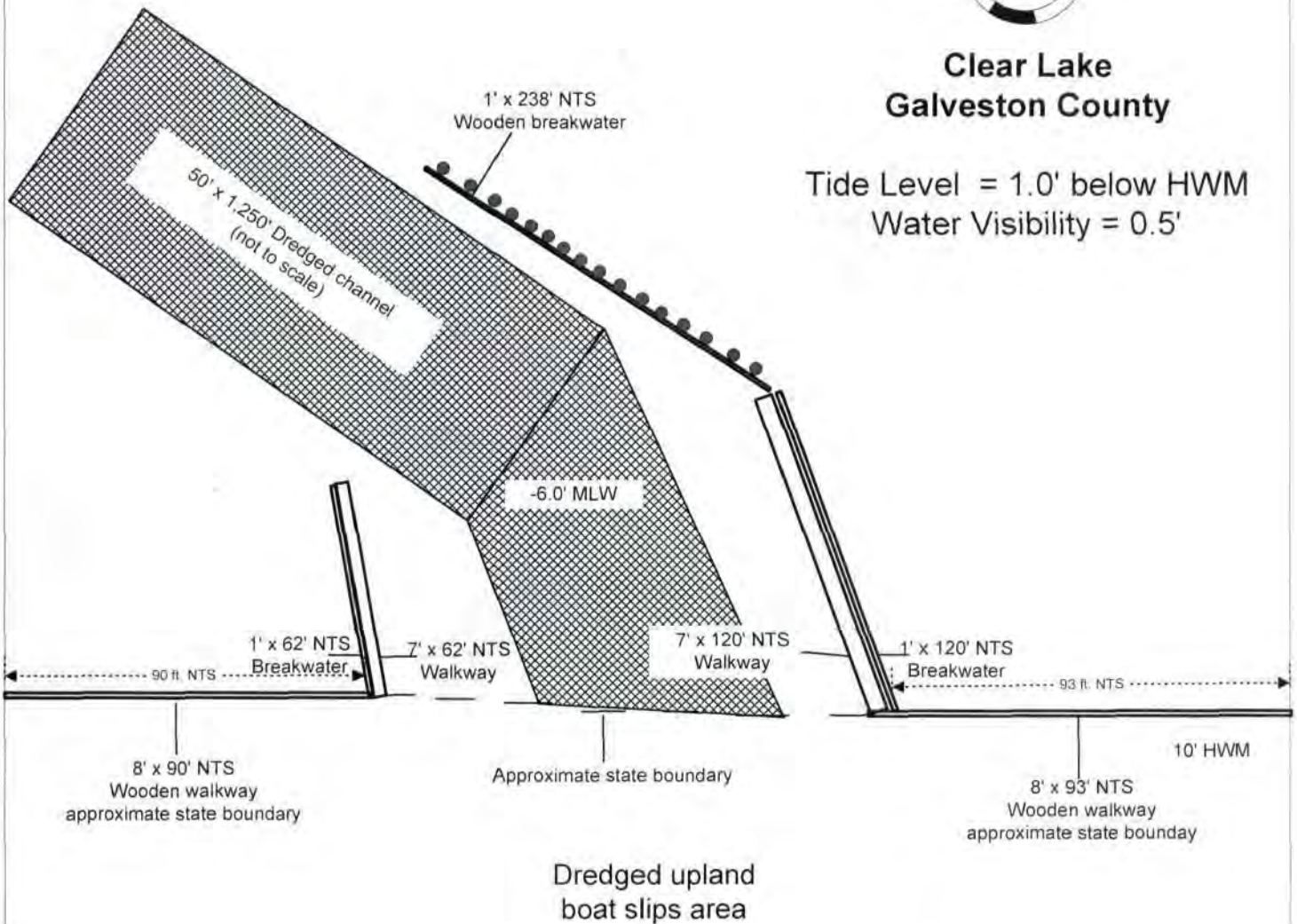


Attachment B:



Clear Lake Galveston County

Tide Level = 1.0' below HWM
Water Visibility = 0.5'



Reserve "A-1", of Marina on the Lake Subdivision, Galveston County, Texas, Volume 18,
Page 77 of the map records in the office of the County Clerk of Galveston County, Texas;
Save and except that part of Reserve "A-1" replatted as Marina Del Sol by map or plat
recorded in Volume 18, Page 160 of the map records in the Office of the County Clerk of
Galveston County, Texas

TITLE: LC20090033 1203 Twin Oaks LLC

DATE OF INSPECTION: 02/22/2010

COMPANY: Texas General Land Office

CREATOR: Mike Van

DRAWING SCALE: NTS : Not to Scale

ATTACHMENT B

OWNER P & L PROJECTIONS

	2022	2023	2024	2025	
Income					(200 slips at \$350.00 per boat)
Rental Income (dry stack only)	672,000.00	705,600.00	740,880.00	777,924.00	(Occupancy begins at 80% and increases 5% annually with no pricing changes)
TOTAL INCOME	\$672,000.00	\$705,600.00	\$740,880.00	\$777,924.00	
Expenses					
Payroll	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	
Marketing & Advertising	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	
Office Supplies	\$ 4,800.00	\$ 5,280.00	\$ 5,080.00	\$ 6,389.00	(10% annual cost increase)
Security Expense	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	(Only security now is a camera system that JMK5 is going to upgrade)
Software Expense	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	(HarborMaster)
Utilities	\$ 36,000.00	\$ 37,800.00	\$ 39,690.00	\$ 41,674.50	(\$3,000 per month, with 5% annual increases)
Maintenance & Repairs	\$ 20,000.00	\$ 21,000.00	\$ 22,050.00	\$ 23,152.50	(20,000 annually with 5% annual increases)
Real Estate Taxes	\$ 11,000.00	\$ 12,100.00	\$ 13,310.00	\$ 14,641.00	(10% increase annually)
Liability Insurance	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	
TOTAL EXPENSES	\$143,800.00	\$148,180.00	\$152,130.00	\$157,857.00	
NET INCOME	\$528,200.00	\$557,420.00	\$588,750.00	\$620,067.00	
6% Cap Rate	\$8,803,333.33	\$9,290,333.33	\$9,812,500.00	\$10,334,450.00	
7% Cap Rate	\$7,545,714.29	\$7,963,142.86	\$8,410,714.29	\$8,858,100.00	
8% Cap Rate	\$6,602,500.00	\$6,967,750.00	\$7,359,375.00	\$7,750,837.50	

EXHIBIT E

THE FOLLOWING COMMITMENT FOR TITLE INSURANCE IS NOT VALID UNLESS YOUR NAME AND THE POLICY AMOUNT ARE SHOWN IN SCHEDULE A, AND OUR AUTHORIZED REPRESENTATIVE HAS COUNTERSIGNED BELOW.

COMMITMENT FOR TITLE INSURANCE T-7

Issued by:

doma




DOMA TITLE INSURANCE, INC.

760 N.W. 107 Avenue, Suite 401, Miami, FL 33172
(800) 869-3434 OR (800) 374-8475

We, Doma Title Insurance, Inc., a South Carolina corporation, will issue our title insurance policy or policies (the Policy) to You (the proposed insured) upon payment of the premium and other charges due, and compliance with the requirements in Schedule C. Our Policy will be the form approved by the Texas Department of Insurance at the date of issuance, and will insure your interest in the land described in Schedule A. The estimated premium for our Policy and applicable endorsements is shown on Schedule D. There may be additional charges such as recording fees, and expedited delivery expenses.

This Commitment ends ninety (90) days from the effective date, unless the Policy is issued sooner, or failure to issue the Policy is our fault. Our liability and obligations to you are under the express terms of this Commitment and end when this Commitment expires.

In witness whereof, Doma Title Insurance, Inc. has caused its corporate name and seal to be hereunto affixed by its duly authorized officers, the Commitment to become valid when countersigned by an authorized officer or agent of the Company.

DOMA TITLE INSURANCE, INC.			<i>Countersigned:</i>		
BY	 Emilio Fernandez, PRESIDENT		By:		
ATTEST	 Valerie Jahn-Grandin, SECRETARY	Authorized Signatory			
			Agent Number: 2531257		

CONDITIONS AND STIPULATIONS

1. If you have actual knowledge of any matter which may affect the title or mortgage covered by this Commitment, that is not shown in Schedule B, you must notify us in writing. If you do not notify us in writing, our liability to you is ended or reduced to the extent that your failure to notify us affects our liability. If you do notify us, or we learn of such matter, we may amend Schedule B, but we will not be relieved of liability already incurred.
2. Our liability is only to you, and others who are included in the definition of Insured in the Policy to be issued. Our liability is only for actual loss incurred in your reliance on this Commitment to comply with its requirements, or to acquire the interest in the land. Our liability is limited to the amount shown in Schedule A of this Commitment and will be subject to the following terms of the Policy: Insuring Provisions, Conditions and Stipulations, and Exclusions.

(This commitment is invalid unless the insuring provisions and Schedules A, B, and C are attached.)



IMPORTANT NOTICE

To obtain information or make a complaint:

You may contact Doma Title Insurance, Inc. toll-free for information or to make a complaint at:

(800) 374-8475 GENERAL INQUIRIES

(800) 869-3434 CLAIMS

You may also write to Doma Title Insurance, Inc. at:

**760 N.W. 107 Avenue, Suite 401
Miami, FL 33172**

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance:

P.O. Box 12030
Austin, TX 78711-2030

Fax: (512) 490-1007

Web: <http://www.tdi.texas.gov>

E-mail: ConsumerProtection@tdi.texas.gov

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact the company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part of condition of the attached document.

AVISO IMPORTANTE

Para obtener información o para someter una queja:

Usted puede llamar al número de teléfono gratis de Doma Title Insurance, Inc. para información o para someter una queja al:

(800) 374-8475 GENERAL INQUIRES

(800) 869-3434 CLAIMS

Usted también puede escribirle a Doma Title Insurance, Inc. al:

**760 N.W. 107 Avenue, Suite 401
Miami, FL 33172**

Usted puede comunicarse con el Departamento de Seguros de Texas para obtener información acerca de compañías, coberturas, derechos o quejas al:

1-800-252-3439

Usted puede escribirle al Departamento de Seguros de Texas:

P.O. Box 12030
Austin, TX 78711-2030

Fax: (512) 490-1007

Web: <http://www.tdi.texas.gov>

E-mail: ConsumerProtection@tdi.texas.gov

DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene alguna disputa con respecto a su prima o a un reclamo, debe comunicarse con la compañía primero. Si no puede resolver la disputa, puede comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA:

Este aviso es solo para el propósito de información y no se convierte en parte o condición del documento adjunto.

TEXAS TITLE INSURANCE INFORMATION

Title insurance insures you against loss resulting from certain risks to your title.

The Commitment for Title Insurance is the title insurance company's promise to issue the title insurance policy.

The Commitment is a legal document. You should review it carefully to completely understand it before your closing date.

El seguro de título le asegura en relación a pérdidas resultantes de ciertos riesgos que pueden afectar el título de su propiedad.

El Compromiso para Seguro de Título es la promesa de la compañía aseguradora de títulos de emitir la póliza de seguro de título. El Compromiso es un documento legal. Usted debe leerlo cuidadosamente y entenderlo completamente antes de la fecha para finalizar su transacción.

Your Commitment for Title Insurance is a legal contract between you and us. The Commitment is not an opinion or report of your title. It is a contract to issue you a policy subject to the Commitment's terms and requirements.

Before issuing a Commitment for Title Insurance (the Commitment) or a Title Insurance Policy (the Policy), the Title Insurance Company (the Company) determines whether the title is insurable. This determination has already been made. Part of that determination involves the Company's decision to insure the title except for certain risks that will not be covered by the Policy. Some of these risks are listed in Schedule B of the attached Commitment as Exceptions. Other risks are stated in the policy as Exclusions. These risks will not be covered by the Policy. The Policy is not an abstract of title nor does a Company have an obligation to determine the ownership of any mineral interest.

MINERALS AND MINERAL RIGHTS may not be covered by the Policy. The Company may be unwilling to insure title unless there is exclusion or an exception as to the Mineral and Mineral Rights in the Policy. Optional endorsements insuring certain risks involving minerals, and the use of improvements (excluding lawns, shrubbery and trees) and permanent buildings may be available for purchase. If the title insurer issues the title policy with an exclusion or exception to the minerals and mineral rights, neither this Policy, nor the optional endorsements, ensure that the purchaser has title to the mineral rights related to the surface estate.

Another part of the determination involves whether the promise to insure is conditioned upon certain requirements being met. Schedule C of the Commitment lists these requirements that must be satisfied or the Company will refuse to cover them. You may want to discuss any matters shown in Schedules B and C of the Commitment with an attorney. These matters will affect your title and your use of the land.

When your Policy is issued, the coverage will be limited by the Policy's Exceptions, Exclusions and Conditions, defined below.

- **EXCEPTIONS** are title risks that a Policy generally covers but does not cover in a particular instance. Exceptions are shown on Schedule B or discussed in Schedule C of the Commitment. They can also be added if you do not comply with the Conditions section of the Commitment. When the Policy is issued, all Exceptions will be on Schedule B of the Policy.
- **EXCLUSIONS** are title risks that a Policy generally does not cover. Exclusions are contained in the Policy but not shown or discussed in the Commitment.
- **CONDITIONS** are additional provisions that qualify or limit your coverage. Conditions include your responsibilities and those of the Company. They are contained in the Policy but not shown or discussed in the Commitment. The Policy Conditions are not the same as the Commitment Conditions.

You can get a copy of the policy form approved by the Texas Department of Insurance by calling the Doma Title Insurance, Inc. at 1-800-869-3434 or by calling the title insurance agent that issued the Commitment. The Texas Department of Insurance may revise the policy form from time to time.

You can also get a brochure that explains the policy from the Texas Department of Insurance by calling 1-800-252-3439.

Before the Policy is issued, you may request changes in the Policy. Some of the changes to consider are:

Request amendment of the "area and boundary" exception (Schedule B, paragraph 2). To get this amendment, you must furnish a survey and comply with other requirements of the Company. On the Owner's Policy, you must pay an additional premium for the amendment. If the survey is acceptable to the Company, and if the Company's other requirements are met, your Policy will insure you against loss because of discrepancies or conflicts in boundary lines, encroachments or protrusions, or overlapping of improvements. The Company may then decide not to insure against specific boundary or survey problems by making special exceptions in the Policy. Whether or not you request amendment of the "area and boundary" exception, you should determine whether you want to purchase and review a survey if a survey is not being provided to you.

Allow the Company to add an exception to "rights of parties in possession". If you refuse this exception, the Company or the Title insurance agent may inspect the property. The Company may except to and not insure you against the rights of specific persons, such as renters, adverse owners or easement holders who occupy the land. The Company may charge

you for the inspection. If you want to make your own inspection, you must sign a Waiver of Inspection form and allow the Company to add this exception to your Policy.

The entire premium for a Policy must be paid when the Policy is issued. You will not owe any additional premiums unless you want to increase your coverage at a later date and the Company agrees to add an Increased Value Endorsement.

Commitment For Title Insurance (Form T-7) Schedule A

Doma Title Insurance, Inc.

760 N.W. 107 Avenue, Suite 401, Miami, FL 33172 (800) 869-3434 or (800) 374-8475

Effective Date: May 18, 2025

GF No.: 24-3371-SA

Commitment No.: ST-2420827TX, issued May 22, 2025 at 8:00 a.m.

1. The policy or policies to be issued are:
 - a. OWNER'S POLICY OF TITLE INSURANCE (Form T-1)
(Not applicable for improved one-to-four family residential real estate)
Policy Amount: **\$1,500,000.00**
PROPOSED INSURED: **JMK5 Hideaway Estates LLC**
 - b. TEXAS RESIDENTIAL OWNER'S POLICY OF TITLE INSURANCE
ONE-TO-FOUR FAMILY RESIDENCES (Form T-1R)
Policy Amount:
PROPOSED INSURED:
 - c. LOAN POLICY OF TITLE INSURANCE (Form T-2)
Policy Amount: **\$1,500,000.00**
PROPOSED INSURED: **A NATURAL PERSON OR LEGAL ENTITY APPROVED BY THE COMPANY AND AS REFLECTED ON AN ENDORSEMENT TO THIS COMMITMENT**
Proposed Borrower:
 - d. TEXAS SHORT FORM RESIDENTIAL LOAN POLICY OF TITLE INSURANCE (Form T-2R)
Policy Amount:
PROPOSED INSURED:
Proposed Borrower:
 - e. LOAN TITLE POLICY BINDER ON INTERIM CONSTRUCTION LOAN (Form T-13)
Binder Amount:
PROPOSED INSURED:
Proposed Borrower:
 - f. OTHER
Policy Amount:
PROPOSED INSURED:
2. The interest in the land covered by this Commitment is: FEE SIMPLE
3. Record title to the land on the Effective Date appears to be vested in:
JMK5 Marina, LLC, a Texas limited liability company (Pending Schedule C Requirements)
4. Legal description of land:
See attached Exhibit A
Subject to Schedule C, Requirement No. 7

Commitment For Title Insurance (Form T-7)

Schedule B

Doma Title Insurance, Inc.

760 N.W. 107 Avenue, Suite 401, Miami, FL 33172 (800) 869-3434 or (800) 374-8475

Commitment No.: ST-2420827TX

GF No.: 24-3371-SA

EXCEPTIONS FROM COVERAGE

In addition to the Exclusions and Conditions and Stipulations, your Policy will not cover loss, costs, attorney's fees, and expenses resulting from:

1. The following restrictive covenants of record itemized below:
 - a. Those recorded in Instrument Nos. 8741569, 8803233, 897535, 8911489, 8937843, 9128330, 9130481, 9132313, 9204185, 9301718, 9404446, 9632212, 9632213, 2000017670, 2002073345, 2004008679, 2004074586, 2007052405, 2011063602, 2015003790, 2016041616, 2022048401, 2022048402, 2022048403, 2022048403, 2022048404, 2022048405, 2022048406, 2022065853, and 2023050605, Public Records of Galveston County, Texas, and those recorded in Volume 18, Pages 77-78, Volume 18, Page 160, Map Records of Galveston County, Texas.

Note: To the extent that these restrictions violate 42 USC 3604(c) by indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin, such restrictions are hereby omitted.
2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.
3. Homestead or community property or survivorship rights, if any of any spouse of any insured. (Applies to the Owner's Policy only.)
4. Any titles or rights asserted by anyone, including, but not limited to, persons, the public, corporations, governments or other entities,
 - a. to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or
 - b. to lands beyond the line of the harbor or bulkhead lines as established or changed by any government, or
 - c. to filled-in lands, or artificial islands, or
 - d. to statutory water rights, including riparian rights, or
 - e. to the area extending from the line of mean low tide to the line of vegetation, or the rights of access to that area or easement along and across that area.
(Applies to the Owner's Policy only.)
5. Standby fees, taxes and assessments by any taxing authority for the year 2024, and subsequent years; and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous tax year. (If Texas Short Form Residential Loan Policy of Title Insurance (T-2R) is issued, that policy will substitute "which become due and payable subsequent to Date of Policy" in lieu of "for the year 2024 and subsequent years.")
6. The terms and conditions of the documents creating your interest in the land.
7. Materials furnished or labor performed in connection with planned construction before signing and delivering the lien document described in Schedule A, if the land is part of the homestead of the owner. (Applies to the Loan Title Policy Binder on Interim Construction Loan only, and may be deleted if satisfactory evidence is furnished to us before a binder is issued.)
8. Liens and leases that affect the title to the land, but that are subordinate to the lien of the insured mortgage. (Applies to Loan Policy (T-2) only.)
9. The Exceptions from Coverage and Express Insurance in Schedule B of the Texas Short Form Residential Loan Policy of Title Insurance (T-2R). (Applies to Texas Short Form Residential Loan Policy of Title Insurance (T-2R) only.) Separate exceptions 1 through 8 of this Schedule B do not apply to the Texas Short Form Residential Loan Policy of Title Insurance (T-2R).

Schedule B

Commitment for Title Insurance

Form T-7

Effective 1/2014

Commitment For Title Insurance (Form T-7)

Schedule B

Doma Title Insurance, Inc.

760 N.W. 107 Avenue, Suite 401, Miami, FL 33172 (800) 869-3434 or (800) 374-8475

10. The following matters and all terms of the documents creating or offering evidence of the matters.
- a. All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records whether listed in Schedule B or not. There may be leases, grants, exceptions or reservations of mineral interest that are not listed.
 - b. Rights of parties in possession. (Owner's Title Policy only)
 - c. Rights of Tenants under unrecorded leases or rental agreements.
 - d. Visible and apparent easements which affect any part of the land and which do not appear of record.
 - e. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the land.
 - f. Any portion of the land lying within the boundaries of a public or private roadway whether dedicated or not, or which may be used for road or street purposes.
 - g. All leases, grants, exceptions or reservations of the geothermal energy and associated resources below the surface of the land, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records whether listed in Schedule B or not. There may be leases, grants, exceptions or reservations of the geothermal energy and associated resources below the surface of the land that are not listed.
 - h. Terms, conditions, easements, restrictions, setbacks and other matters as set out on the map/plat recorded in Volume 18, Pages_ PAGEONLY_, Map Records of Galveston County, Texas.
 - i. Terms, conditions, easements, restrictions, setbacks and other matters as set out on the map/plat recorded in Volume 18, Page_ PAGEONLY_, Map Records of Galveston County, Texas.
 - j. All terms, conditions, covenants, easements, restrictions, assessments, maintenance charges, and other provisions as set out in instrument filed in Instrument Nos. 8741569, 8803233, 897535, 8911489, 8937843, 9128330, 9130481, 9132313, 9204185, 9301718, 9404446, 9632212, 9632213, 2000017670, 2002073345, 2004008679, 2004074586, 2007052405, 2011063602, 2015003790, 2016041616, 2022048401, 2022048402, 2022048403, 2022048403, 2022048404, 2022048405, 2022048406, 2022065853, and 2023050605, Official Public Records of Galveston County, Texas, as amended, supplemented, refiled and/or restated.
 - k. Agreement for Underground Electric Service executed by and between FFSL Texas, Inc. and Houston Lighting & Power Company, dated January 13, 1988, recorded in Instrument No. 8806701, Official Public Records of Galveston County, Texas.
 - l. Declaration of Easements executed by JMK5 Marina, LLC, dated January 27, 2023, recorded in Instrument No. 2023004126, Official Public Records of Galveston County, Texas.
 - m. Any right, title, interest or claim, if any, of the State of Texas, another government or governmental authority, or the public, in or to any portions of the herein described property that lies within the bed, shore or banks of a perennial stream or lake navigable in fact or by law; or within the bed or shore or beach adjacent thereto of a body of water affected by the ebb and flow of the tide; or any portion lying between the water's edge and a line of vegetation on the upland; including any riparian or littoral rights pertaining thereto, any right or claim of ingress or egress, and any area affected by the changes thereto due to erosion, evulsion or accretion.
 - n. The subject property is located in a Flood Hazard Area as determined by HUD/FIA Flood Map. This policy does not insure against any loss or damage resulting from flooding or erosion.
 - o. Rights of third parties in and to Clear Lake comprising a portion of subject property (or abutting subject property).

Commitment For Title Insurance (Form T-7)

Schedule C

Doma Title Insurance, Inc.

760 N.W. 107 Avenue, Suite 401, Miami, FL 33172 (800) 869-3434 or (800) 374-8475

GF No.: 24-3371-SA

Commitment No.: ST-2420827TX

Your Policy will not cover loss, costs, attorneys' fees, and expenses resulting from the following requirements that will appear as Exceptions in Schedule B of the Policy, unless you dispose of these matters to our satisfaction, before the date the Policy is issued:

1. Documents creating your title or interest must be approved by us and must be signed, notarized and filed for record.
2. Satisfactory evidence must be provided that:
 - a. no person occupying the land claims any interest in that land against the persons named in paragraph 3 of Schedule A,
 - b. all standby fees, taxes, assessments and charges against the property have been paid,
 - c. all improvements or repairs to the property are completed and accepted by the owner, and that all contractors, sub-contractors, laborers and suppliers have been fully paid, and that no mechanic's, laborer's or materialmen's liens have attached to the property,
 - d. there is legal right of access to and from the land,
 - e. (on a Loan Policy only) restrictions have not been and will not be violated that affect the validity and priority of the insured mortgage.
3. You must pay the seller or borrower the agreed amount for your property or interest.
4. Any defect, lien or other matter that may affect title to the land or interest insured, that arises or is filed after the effective date of this Commitment.
5. Property taxes for the current tax year and all prior years must be paid at or before closing of the proposed transaction. Please refer to your Tax Certificate for Tax Liens and Tax Information.
6. Affidavit of Posting and Filing and Notice of Sale, executed by Christopher M. Thornhill, Substitute Trustee, dated July 15, 2024, recorded in Instrument No. 2024000789, Official Public Records of Galveston County, Texas.
7. Plat must be recorded in Galveston County, Texas, prior to closing. The Company reserves the right to make any additional requirements and/or exceptions upon receipt and review of said plat.
8. Title of Record appears as shown in Schedule A. Order indicates title is being offered by JMK5 Marina, LLC, a Texas limited liability company only. If title is to be offered other than as shown in Schedule A, the Company must determine what has happened to the interest of JMK5 Hideaway Estates LLC and require that said interest be accounted for by the appropriate action, and instruments to be filed of record in Galveston County, Texas.
9. Tax Lien Transfer Affidavit executed by Tracy Suttles, President of SE Marina Way, LLC to Tax Ease Funding, LP, dated July 26, 2008, securing payment of a note in the principal sum of \$34,052.78, and other indebtedness and performance as therein provided, and all of the terms, provisions and conditions of said instrument; said Tax Lien Contract recorded in Document No. 2008048433, Official Public Records of Galveston County, Texas. (Tract II)
10. Tax Lien Transfer Affidavit executed by Tracy Suttles, President of SE Marina Way, LLC to Tax Ease Funding, LP, dated July 26, 2008, securing payment of a note in the principal sum of \$19,448.80, and other indebtedness and performance as therein provided, and all of the terms, provisions and conditions of said instrument; said Tax Lien Contract recorded in Document No. 2008048435, Official Public Records of Galveston County, Texas. (Tract I)
11. Tax Lien Transfer Affidavit executed by Tracy Suttles, President of SE Marina Way, LLC to Tax Ease Funding, LP, dated July 26, 2008, securing payment of a note in the principal sum of \$14,576.01, and other indebtedness and performance as therein provided, and all of the terms, provisions and conditions of said instrument; said Tax Lien Contract recorded in Document No. 2008053126, Official Public Records of Galveston County, Texas. (Tract II)
12. Release of Commercial Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents executed by JNK5 Marina LLC, to Declaration Title Company, LLC, as Trustee, dated October 27, 2022, securing payment of a note in the principal sum of \$2,700,000.00, and other indebtedness and performance for the benefit of

Schedule C

Commitment For Title Insurance

Form T-7

Effective 1/2014

Commitment For Title Insurance (Form T-7)

Schedule C

Doma Title Insurance, Inc.

760 N.W. 107 Avenue, Suite 401, Miami, FL 33172 (800) 869-3434 or (800) 374-8475

Silver City Funding, LLC as therein provided, and all of the terms, provisions and conditions of said instrument; said Deed of Trust recorded in Instrument No. 2022068181, Official Public Records of Galveston County, Texas.

Collateral Assignment of Leases and Rents executed by JMK5 Marina, LLC to Silver City Funding, LLC, dated October 27, 2022, recorded in Instrument No. 2022068182, Official Public Records of Galveston County, Texas.

Release of Collateral Transfer of Note executed by Silver City Funding, LLC to Plains State Bank, dated October 28, 2022, recorded in Instrument No. 2022069090, Official Public Records of Galveston County, Texas.

EXAMINER'S NOTE: A release is required from the original lender and also the collateral assignee.

13. UCC Financing Statement executed by JMK5 Marina LLC, as Debtor to Silver City Funding, LLC, as Secured Party, filed on November 1, 2022, recorded in Instrument No. 2022068183, Official Public Records of Galveston County, Texas.
14. Release of Commercial Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents executed by JMK5 Marina LLC, to Declaration Title Company, LLC, as Trustee, dated December 30, 2022, securing payment of a note in the principal sum of \$550,000.00, and other indebtedness and performance for the benefit of Silver City Funding, LLC as therein provided, and all of the terms, provisions and conditions of said instrument; said Deed of Trust recorded in Instrument No. 2023000712, Official Public Records of Galveston County, Texas.

Collateral Assignment of Leases and Rents executed by JMK5 Marina LLC to Silver City Funding, LLC, dated December 30, 2022, recorded in Instrument No. 2023000713, Official Public Records of Galveston County, Texas.

Release of Collateral Transfer of Note executed by Silver City Funding, LLC to Plains State Bank, dated December 30, 2022, recorded in Instrument Nos. 2023026258, and 2023031205, Official Public Records of Galveston County, Texas.

Notice of Substitute Trustee's Sale executed by Silver City Funding, LLC to Plains State Bank, dated February 11, 2025, recorded in Instrument No. FILED2025000181, Official Public Records of Galveston County, Texas.

EXAMINER'S NOTE: A release is required from the original lender and also the collateral assignee.

15. UCC Financing Statement executed by JMK5 Marina LLC, as Debtor to Silver City Funding, LLC, as Secured Party, filed on January 5, 2023, recorded in Instrument No. 2023000714, Official Public Records of Galveston County, Texas.
 16. Deed of Trust executed by JMK5 Marina LLC, to David A. Bubier, as Trustee, dated March 17, 2023, securing payment of a note in the principal sum of \$5,700,000.00, and other indebtedness and performance for the benefit of The Mint National Bank as therein provided, and all of the terms, provisions and conditions of said instrument; said Deed of Trust recorded in Instrument No. 2023013175, Official Public Records of Galveston County, Texas.
- Assignment of Rents, Income and Receipts executed by JMK5 Marina LLC to The Mint National Bank, dated March 17, 2023, recorded in Instrument No. (instrument) 2023013176, Official Public Records of Galveston County, Texas.
17. UCC Financing Statement executed by JMK5 Marina LLC, as Debtor to The Mint National Bank, as Secured Party, filed on March 24, 2023, recorded in Instrument No. 2023013177, Official Public Records of Galveston County, Texas.
 18. Deed of Trust executed by JMK5 Marina LLC, to Francois Delille, as Trustee, dated August 22, 2022, securing payment of a note in the principal sum of \$1,340,000.00, and other indebtedness and performance for the benefit of FNALS, LLC as therein provided, and all of the terms, provisions and conditions of said instrument; said Deed of Trust recorded in Instrument No. 2023015812, Official Public Records of Galveston County, Texas.

19. Second Lien Commercial Deed of Trust, Security Agreement, Assignment of Leases and Rents, Financing Statement and Fixture Filing executed by JMK5 Marina LLC, to Donald J. Sutton, Thomas A. Berry, Stephanie Wilson, Aric Wilson, Natalie Larson, Seth Berry, Coenraad Hitge and Shawn Beechwood, as Trustees, dated May 5, 2023,

Schedule C

Commitment For Title Insurance

Form T-7

Effective 1/2014

Commitment For Title Insurance (Form T-7)

Schedule C

Doma Title Insurance, Inc.

760 N.W. 107 Avenue, Suite 401, Miami, FL 33172 (800) 869-3434 or (800) 374-8475

securing payment of a note in the principal sum of \$1,650,000.00, and other indebtedness and performance for the benefit of ILS Lending, LLC as therein provided, and all of the terms, provisions and conditions of said instrument; said Deed of Trust recorded in Instrument No. 2023020433, Official Public Records of Galveston County, Texas.

Collateral Assignment of Leases and Rents executed by JMK5 Marina LLC to ILS Lending, LLC, dated May 5, 2023, recorded in Instrument No. 2023020434, Official Public Records of Galveston County, Texas.

Said lien transferred to ILS Growth Fund I, LP, on June 1, 2023, recorded in Instrument No. 2023025809, Official Public Records of Galveston County, Texas.

Loan Modification Agreement recorded July 31, 2024, recorded in Instrument No. 2024034429, Official Public Records of Galveston County, Texas.

20. Affidavit Claiming Mechanic's and Materialmen's Lien executed by Cherry Crushed Concrete, Inc. against JMK5 Marina, LLC, dated May 12, 2023, recorded in Document No. 2023021618, Official Public Records of Galveston County, Texas, in the amount of \$49,662.84.
21. Affidavit Claiming Mechanic's and Materialmen's Lien executed by Cherry Crushed Concrete, Inc. against JMK5 Marina, LLC, dated June 14, 2023, recorded in Document No. 2023027333, Official Public Records of Galveston County, Texas, in the amount of \$18,654.23.
22. Lien Affidavit executed by Sunbelt Rentals, Inc. against JMK5 Marina LLC, dated July 24, 2023, recorded in Document No. 2023034546, Official Public Records of Galveston County, Texas, in the amount of \$23,576.16.
23. Abstract of Judgment filed by Sunbelt Rentals, Inc., against JMK5 Marina LLC, et al, in the amount of \$23,576.16, plus attorney's fees, interest, and costs, recorded August 1, 2024, in Instrument No. 2024034611, Official Public Records of Galveston County, Texas.
24. Abstract of Judgment filed by Lowe's Pro Supply, against JMK5 Marina, LLC, in the amount of \$257,624.54, plus attorney's fees, interest, and costs, recorded November 7, 2024, in Instrument No. 2024050718, Official Public Records of Galveston County, Texas.
25. The Company requires for its review satisfactory copy of the Articles of Organization and the Operating Agreement and the regulations of JMK5 Hideaway Estates LLC, any amendment thereto, a certificate of good standing, and satisfactory evidence of authority of the officers, managers, or members to execute the documents necessary for the contemplated transaction.
26. The Company requires for its review satisfactory copy of the Articles of Organization and the Operating Agreement and the regulations of JMK5 Marina LLC, a Texas limited liability company, any amendment thereto, a certificate of good standing, and satisfactory evidence of authority of the officers, managers, or members to execute the documents necessary for the contemplated transaction.
27. The Company requires for its review satisfactory copy of the Articles of Organization and the Operating Agreement and the regulations of Avila Real Estate Galveston LLC, any amendment thereto, a certificate of good standing, and satisfactory evidence of authority of the officers, managers, or members to execute the documents necessary for the contemplated transaction.
28. The Company requires a satisfactory statement from the Association or its agent stating the amount, if any, of the unpaid common or maintenance charges against the land to the date of closing. At that time, the Company may make additional requirements or exceptions.
29. Must be furnished current survey calling to and along all adjacent property owners and roads and showing all fences, utilities and improvements. Commitment is subject to revision upon review of survey.
30. The Company requires Agent to submit a completed overlimit request form, commitment, and survey, if available, to TXunderwriting@doma.com for Doma underwriting review and approval prior to issuing the commitment.

NOTE: The current liability amount set forth on this commitment exceeds the issuing agent's policy issuing authority.

Commitment For Title Insurance (Form T-7)

Schedule C

Doma Title Insurance, Inc.

760 N.W. 107 Avenue, Suite 401, Miami, FL 33172 (800) 869-3434 or (800) 374-8475

31. Agent is required to provide a sale contract and current appraisal to TXunderwriting@doma.com.
32. Agent is required to obtain an update to the search/exam prior to closing. The Company reserves the right to make additional requirements and/or exceptions at that time.
33. Require standard Affidavit of Debts and Liens be executed by seller at or before closing. If any additional debts or liens are listed that may attach to the subject property other than the aforementioned deed of trust, contact the Examination Department immediately for further instruction prior to proceeding with closing.
34. The purchasers in this transaction have been checked for Abstracts of Judgment and/or Federal Liens, or other Involuntary Liens. In the event said purchasers should undertake to convey, mortgage, or otherwise hypothecate said interest being acquired by them, this file is to be returned to the examination staff for further opinion prior to closing the new transaction.
35. Company must be furnished with a properly executed Waiver of Inspection signed by the Purchaser.
36. If we are to amend the standard survey exception to read "Shortages in area" and upon payment of the applicable premium (if any), we will require a Category 1A survey from a Registered Public Surveyor acceptable to this Company showing:
 - a) The location of all improvements and the exact location of all building lines in relation to the property lines;
 - b) Easements and/or rights-of-way, dedicated or not, that a physical inspection of the premises would disclose, and
 - c) Indicating and labeling all encroachments, or on the face of the survey stating "NO ENCROACHMENTS."When same is submitted to the Title Department for inspection and approval, additional exceptions and/or requirements may be added.
37. Procedural Rule P-27 as provided for in Article 9.39 of the Texas Insurance Code requires that "Good Funds" be received and deposited before a Title Agent may disburse from its trust fund account. If monies in excess of \$1,500.00 are required to be paid by the Borrower or Seller, Title Agent must be provided with Certified Funds or a Cashier's Check. **IMPORTANT NOTICE RE: TIMING OF DISBURSEMENT OF FUNDS:** In accordance with state and federal regulations, as well as the Best Practices set forth by the American Land Title Association adopted by our agency, the settlement agent will not fund or disburse funds after closing until all incoming deposits have been "collected" by our financial institution. Since WIRES are considered "collected" upon our notice of the wire by our financial institution, we strongly prefer and recommend that the funds sent for closing are sent by wire. While CASHIER'S CHECKS made payable to settlement agent are currently accepted as "Good Funds" under state law, please note that we will not fund and disburse on your closing date because it can take up to three additional business days to obtain confirmation that our financial institution has "collected" these funds.
38. Copies of Borrowers and Sellers Drivers License are to be sent to the Title Company for ID.
39. House Bill 2061, effective March 29, 2007, requires that a specific notice set forth in the bill be on the top of the first page of every deed and deed of trust transferring an interest in property to or from an individual: **NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**
40. Effective May 1, 2019, a Guaranty Assessment Recoupment Charge of \$2.00 must be collected for each owner's policy and each loan policy sold on a Texas property. The \$2.00 fee will be collected from the person/entity paying for the policy. Title agents are required to collect, remit, and report the guaranty fees on a quarterly basis to the Texas Title Insurance Guaranty Association (TTIGA).
41. Except in an exempt transaction, the Company must be furnished with seller's social security number or tax identification number and all other information necessary to complete IRS Form 1099B.
42. The following note is incorporated herein for informational purposes only and is not part of the exception from coverage: The Last Conveyance of title that has been of record for more than 24 months and all subsequently recorded conveyances are:
Grantor: Miland Marine Two, LP, a Texas limited partnership
Grantee: JMK5 Marina LLC, a Texas limited liability company

Schedule C

Commitment For Title Insurance

Form T-7

Effective 1/2014

Commitment For Title Insurance (Form T-7) Schedule C

Doma Title Insurance, Inc.

760 N.W. 107 Avenue, Suite 401, Miami, FL 33172 (800) 869-3434 or (800) 374-8475

Recorded Date: April 14, 2022

Instrument Number: 2022025374

43. This transaction may be subject to the current FinCEN Geographic Targeting Order issued by the Director of FinCEN pursuant to 31 U.S.C SS 5326(a); 31 C.F.R. SS 1010.3760; and Treasury Order 180-01. The policy issuing agent must be provided with certain information prior to closing pursuant to the GTO. This transaction will not be insured, and this issuing agent and/or its underwriter will not be involved in the closing and settlement until this information is obtained and reviewed by the issuing agent and submitted to FinCEN by the issuing agent or its underwriter.

44. INFORMATIONAL NOTE:

A search has been done of the Office of Foreign Assets Control (OFAC) (Patriot Act search) for the names of any natural person or business entity shown on this Commitment as a Proposed Insured or as a currently vested owner of the Land. The results of this search is no matters found, unless a specific requirement is included that identifies a partial match with steps required in order to clear that partial match. Any changes or additions to said names will require an additional search of the Office of Foreign Assets Control to be performed by the agent. For business entities, the agent must determine and search the names of the individuals with an ownership interest of 50% or more in such business entity. This process should be repeated for each entity that has an ownership interest in the buying or selling entity. The SDN list is available at: www.ustreas.gov/offices/enforcement/ofac/sdn/. If you find a potential match, contact the Company's underwriting counsel to resolve the matter. You may not close or disburse the transaction until a resolution or determination of the match has been made by the Company's underwriting counsel. The Company reserves the right to make additional requirements or exceptions based upon any updated search results.

NOTE FOR INFORMATIONAL PURPOSES ONLY -- Title Vesting

The title holders identified on Schedule A were determined based on the following documents, which appear of record or have been provided to the company in anticipation of closing:

JMK5 Marina, LLC, a Texas limited liability company (Pending Schedule C Requirements)

NOTE FOR INFORMATIONAL PURPOSES ONLY – 24 Month Chain of Title

The following deeds which may affect the property appear of record within the past 24 months:

Grantor: Miland Marine Two, LP, a Texas limited partnership

Grantee: JMK5 Marina LLC, a Texas limited liability company

Recorded Date: April 14, 2022

Instrument Number: 2022025374

Agent Name

Agent Signature

Commitment For Title Insurance (Form T-7) Schedule C

Doma Title Insurance, Inc.

760 N.W. 107 Avenue, Suite 401, Miami, FL 33172 (800) 869-3434 or (800) 374-8475

Agent Number: TX-1310-01

Commitment For Title Insurance (Form T-7)

Schedule D

Pursuant to the requirements of Rule P-21, Basic Manual of Rules, Rates and Forms for the writing of Title Insurance in the State of Texas, the following disclosures are made:

1. The issuing Title Insurance Company, **Doma Title Insurance Inc.**, is a corporation whose shareholders owning or controlling, directly or indirectly, 10% of said corporation, directors and officers are listed below:

Shareholders:

States Title Holding, Inc.

Directors:

J. Scott McCall; Owen E. Girard; Peter Prygelski, Emilio Fernandez

Officers:

J. Scott McCall-CEO; Owen E. Girard-Secretary; Peter Prygelski-Treasurer/Chief Financial Officer; Emilio Fernandez-President.

2. The following disclosures are made by the Title Insurance Agent Southern Title, LLC issuing this Commitment:
 - a. A listing of each shareholder, owner, partner, or other person having, owning or controlling one percent (1%) or more of the Title Insurance Agent that will receive a portion of the premium is as follows:
.
 - b. A listing of each shareholder, owner, partner, or other person having, owning or controlling 10 percent (10%) or more of an entity that has, owns or controls one percent (1%) or more of the Title Insurance Agent that will receive a portion of the premium is as follows: .
 - c. If the Agent is a corporation: (i) the name of each director of the Title Insurance Agent, and (ii) the names of the President, the Executive or Senior Vice-President, the Secretary and the Treasurer of the Title Insurance Agent are as follows: .
 - d. The name of any person who is not a full-time employee of the Title Insurance Agent and who receives any portion of the title insurance premium for services performed on behalf of the Title Insurance Agent in connection with the issuance of a title insurance form; and, the amount of premium that any such person shall receive is disclosed in paragraph 3.
 - e. For purposes of this paragraph 2, "having, owning, or controlling" includes the right to receipt of a percentage of net income, gross income, or cash flow of the Agent or entity in the percentage stated in subparagraphs (a) or (b)

3. You are entitled to receive advance disclosure of settlement charges in connection with the proposed transaction to which this commitment relates. Upon your request, such disclosure will be made to you. Additionally, the name of any person, firm or corporation receiving any sum from the settlement of this transaction will be disclosed on the closing or settlement statement.

You are further advised that the estimated title premium* is:

Owner's Policy	\$0.00
Loan Policy	\$0.00
Endorsement Charges	\$0.00
Other	\$0.00
Total	\$0.00

Commitment For Title Insurance (Form T-7) Schedule D

Doma Title Insurance, Inc.

760 N.W. 107 Avenue, Suite 401, Miami, FL 33172 (800) 869-3434 or (800) 374-8475

Of this total amount: 15% will be paid to the policy issuing Title Insurance Company; 85% will be retained by the issuing Title Insurance Agent; and the remainder of the estimated premium will be paid to other parties as follows:

Amount	To Whom	For Services
--------	---------	--------------

*The estimated premium is based upon information furnished to us as of the date of this Commitment for Title Insurance. Final determination of the amount of the premium will be made at closing in accordance with the Rules and Regulations adopted by the Commissioner of Insurance.

Commitment For Title Insurance (Form T-7)

Exhibit A

Doma Title Insurance, Inc.

760 N.W. 107 Avenue, Suite 401, Miami, FL 33172 (800) 869-3434 or (800) 374-8475

Real Property in the City of League City, County of Galveston, State of Texas described as follows:

Reserve C, Marina Del Sol, situated in Galveston County, Texas, according to the map or plat thereof recorded in Volume **, Page **, Map Records of Galveston County, Texas. (Subject to Schedule C, Requirement No. 7)

Reserve A-1, Marina on the Lake, situated in Galveston County, Texas, according to the map or plat thereof recorded in Volume **, Page **, Map Records of Galveston County, Texas. (Subject to Schedule C, Requirement No. 7)

Deletion of Arbitration Provision

(Not applicable to the Texas Residential Owner's Policy)

ARBITRATION is a common form of alternative dispute resolution. It can be a quicker and cheaper means to settle a dispute with your Title Insurance Company. However, if you agree to arbitrate, you give up your right to take the Title Company to court and your rights to discovery of evidence may be limited in the arbitration process. In addition, you cannot usually appeal an arbitrator's award.

Your policy contains an arbitration provision (shown below). It allows you or the Company to require arbitration if the amount of insurance is \$2,000,000 or less. If you want to retain your right to sue the Company in case of a dispute over a claim, you must request deletion of the arbitration provision before the policy is issued. You can do this by signing this form and returning it to the Company at or before the closing of your real estate transaction or by writing to the Company.

The arbitration provision in the Policy is as follows:

“Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association (“Rules”). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured, unless the Insured is an individual person (as distinguished from an Entity). All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.”

SIGNATURE

DATE

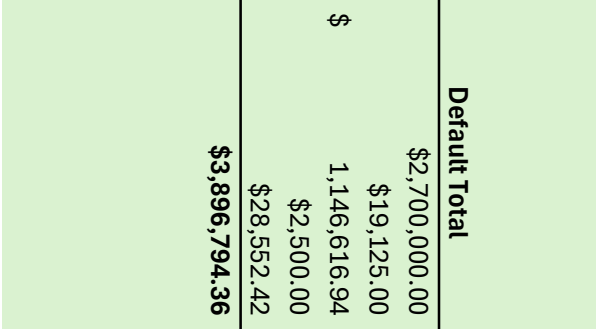
EXHIBIT F

JMK5 Marina -1 Payoff Calculation

1st Lien - Closed Loan	10/27/2022	Default Total	
Interest Recalculated Due To Error		\$2,700,000.00	
1st Lien Accrued Interest for 2024-2026	Jan'24-Mar'26	\$19,125.00	
Admin Fees:		1,146,616.94	Interest Rate 18.00% + 10% Late Fees
* Legal Fees:		\$2,500.00	
		\$28,552.42	

Deficiency Total: \$3,896,794.36

per diem: \$1,350.00



<u>Date</u>	<u>Balance</u>	<u>Default Interest Rate</u>	<u>Monthly Interest</u>	<u>Late Fee</u>	<u>Invoice Total</u>
Jan-2024	\$ 2,700,000.00	18.00%	\$ 20,154.44	\$ 3,375.00	
Feb-2024	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,375.00	
Mar-2024	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,375.00	
Apr-2024	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,375.00	
May-2024	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,375.00	
Jun-2024	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,375.00	
Jul-2024	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,375.00	
Aug-2024	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,375.00	
Sep-2024	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,375.00	
Oct-2024	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,262.50	
Nov-2024	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,206.25	
Dec-2024	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,206.25	
Jan-2025	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,150.00	
Feb-2025	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,150.00	
Mar-2025	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,150.00	
Apr-2025	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,150.00	
May-2025	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,150.00	
Jun-2025	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,150.00	
Jul-2025	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,150.00	
Aug-2025	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,150.00	
Sep-2025	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,150.00	
Oct-2025	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,093.75	
Nov-2025	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,093.75	
Dec-2025	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,093.75	
Jan-2026	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,093.75	
Feb-2026	\$ 2,700,000.00	18.00%	\$ 40,500.00	\$ 3,093.75	
3/1/2026-3/20/2026	\$ 2,700,000.00	18.00%	\$ 27,000.00	\$ 3,093.75	
Total:	\$	\$	1,059,654.44	\$	86,962.50
					\$ 1,146,616.94

per diem:

\$

1,350.00



EXHIBIT G

JMK5 Marina - 2 Payoff

2nd Lien - Closed Loan	12/30/2022		
2nd Lien - Accrued Interest for 2024-2026	Jan'24-Mar'26	\$	237,622.95
*Legal Fees:			
			-
Interest Rate 18.00% + 10% Late Fees			

Default Total through 03/20/2026: **\$787,622.95**
per diem **\$275.00**

Default Total	
\$550,000.00	
237,622.95	
-	
\$787,622.95	

JMK5 Marina - 2

<u>Date</u>	<u>Balance</u>	<u>Default Interest Rate</u>	<u>Monthly Interest</u>	<u>Late Fee</u>	<u>Invoice Total</u>
Jan-2024	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 687.50	
Feb-2024	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 687.50	
Mar-2024	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 687.50	
Apr-2024	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 687.50	
May-2024	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 687.50	
Jun-2024	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 687.50	
Jul-2024	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 687.50	
Aug-2024	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 687.50	
Sep-2024	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 687.50	
Oct-2024	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 664.58	
Nov-2024	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 653.13	
Dec-2024	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 641.67	
Jan-2025	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 641.67	
Feb-2025	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 641.67	
Mar-2025	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 641.67	
Apr-2025	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 641.67	
May-2025	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 641.67	
Jun-2025	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 641.67	
Jul-2025	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 641.67	
Aug-2025	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 641.67	
Sep-2025	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 641.67	
Oct-2025	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 630.21	
Nov-2025	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 618.75	
Dec-2025	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 618.75	
Jan-2026	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 607.29	
Feb-2026	\$ 550,000.00	18.00%	\$ 8,250.00	\$ 607.29	
3/1/2026-3/20/2026	\$ 550,000.00	18.00%	\$ 5,500.00	\$ 607.29	
			\$ 220,000.00	\$ 17,622.95	
					\$ 237,622.95

per diem:

\$

275.00

