

**GEO SOUTHWEST, LTD
dba
GEO SOUTHWEST, LP**



PO Box 353
9751 Hwy 86
Silverton, Texas 79257

Direct: 806-292-0197
Fax: 806-847-2219
gms@midplains.coop

October 17, 2016

Mr. James Hollen
Senior Mine Reclamation Specialist/Geologist/Archaeologist
Mining Act Reclamation Program, Mining & Minerals Division
New Mexico Energy, Minerals & Natural Resources Dept.
Wendell Chino Building – 3rd Floor, Room 360
1220 S St. Francis Drive
Santa Fe, New Mexico 87505

**Re: Deming Mill and Mill Tailings Closeout Plan & Financial Assurance Proposal
Permit No. LU009RE**

Dear Mr. Hollen:

Enclosed for your review and approval is a Closeout Plan for the Deming Mill and Mill Tailings (Permit No. LU009RE) and a Financial Assurance Proposal. Attached to this document is a copy of a survey showing the land that we propose using for a collateral bond and copies of appraisals of this property. You also have digital copies of the survey and appraisals which I previously emailed to you.

We respectfully request that the enclosed Closeout Plan and Financial Assurance Proposal be approved. Please contact me if you have any questions or need more information.

Sincerely,

A handwritten signature in black ink that reads "Gerald Smith". The signature is fluid and cursive, with a long horizontal line extending from the end.

Gerald Smith, President
METAL SOUTHWEST, LLC
General Partner of
GEO SOUTHWEST, LTD dba
GEO SOUTHWEST, LP

**DEMING MILL & MILL TAILINGS
DEMING, NEW MEXICO**

***Mining and Minerals Division Permit No.
LU009RE***

***Deming Mill and Mill Tailings Closeout Plan
And
Financial Assurance Proposal***

Prepared For:

Mining Act Reclamation Program
Mining and Minerals Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Prepared By;

Geo Southwest, LP.
PO Box 353
Silverton, TX 79257

October 17, 2016

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MILL CLOSEOUT PLAN

1. PROJECT DESCRIPTION

This Closeout/Reclamation Plan for the Deming Mill Site (Site), Mill Tailings and Borrow Pit (Tailings) and 54.283 acres of vacant land (Land), previously owned by ASARCO Incorporated (ASARCO) has been prepared by GEO SOUTHWEST, LP (GEO SW) pursuant to Section (§)69-36-IIB of the New Mexico Mining Act of 1993 (Act) and the New Mexico Mining Act Rules (Rules). This Closeout/Reclamation Plan references and will be part of Permit No. LU009RE (currently in standby status) which was transferred to GEO SW by the Mining and Minerals Division (MMD) of the New Mexico Energy, Minerals and Natural Resources Department on August 5, 2014. On April 9, 2014, GEO SW purchased from the ASARCO Multi-State Custodial Trust (Trust) 1193.84 acres (Property) near Deming, New Mexico (see Figure 1, General Location Map). The Property included the Permit Area which consists of approximately 163 acres including the Site, Tailings and Land.

GEO SW purchased the Property with the intent of renovating and operating the mill to process ore. The Site is located on County Road 394 in Sections 20 and 21, Township 23 South, Range 9 West, approximately one mile northwest of Deming, New Mexico. The Site is within the Chihuahuan desert scrub habitat on the desert floor of the lower Mimbres Basin. Mesquite (*Prosopis*) and Yucca (*Yucca*) are the dominate vegetation in the immediate vicinity of the Site. A portion of the Mimbres River crosses the Property approximately 0.35 miles north of the Site. This portion of the Mimbres River is ephemeral, flowing only in response to storm events.

The purpose of this Closeout/Reclamation Plan is to establish the amount of financial assurance that will be required from GEO SW for Permit Number LU009RE.

2. SITE HISTORY & CURRENT STATUS

The Site includes an existing mill, ancillary buildings, shipping and utilities infrastructures, and paved roadways. The mill was constructed in 1949, and operated by ASARCO with periodic shutdowns until 1979. It was designed as a custom mill and used primarily for the processing of lead and zinc ores from the ASARCO Groundhog Mine located approximately 50 miles north of the mill. During the early years of operation, the Site accepted and processed ore on a custom basis from non-ASARCO mines. From May, 1989 until August, 1995, Cyprus Pinos Altos Corporation leased the Site to produce copper-zinc concentrate from ore shipped from the Cyprus Pinos Altos mine. At the time of this lease, ASARCO sold a tract of land across the road

from the Site to Cyprus for construction of a tailings impoundment.

ASARCO deeded the Property to the Trust on December 9, 2009 and provided funds for remediation of any environmental issues associated with the Site or Tailings. The Trust hired ENVIRON to oversee the Property and to complete any necessary environmental remediation. ENVIRON removed contaminated driveway material from the Site and added it to the Tailings. Sand and gravel taken from the borrow pit located in the Permit Area was used to replace the removed driveway material and to cover the contaminated material added to the Tailings. This addition to the Tailings was sown to native vegetation which has become well established. ENVIRON completed remediation of all known environmental issues and this remediation has been approved by MMD. In addition, a Voluntary Remediation Program (VRP) related to the Deming Mill Windblown Tailings Site (VRP Site No. 53043001) was begun by ASARCO with the Trust completing the documentation with the New Mexico Environment Department (NMED) which issued a Covenant Not to Sue to GEO SW for contamination associated with the wind-blown tailings.

3. SITE CHARACTERISTICS

The Site is completely fenced with a 6' tall chain link fence and includes the following components:

- Rail siding
- Ore receiving (grizzly)
- Conveyor system
- Ore crushing building
- Ore transfer building
- Fine ore storage bins
- Ore sampling building
- Mill building
- Reagent mixing building
- Temporary office building (mobile)
- Machine shop
- Office and laboratory building
- Change house building
- North and south siding buildings
- Two water wells with pumps
- Water tank, tower, and distribution system
- Electrical substation
- Rail and truck scales and scale houses
- Concentrate thickeners
- Concentrate load-out slab
- Lime circulating tank
- Pole barn

These structures are presented in Figure 2, Detailed Site Plan; and Appendix A, Photographs.

4. POST-CLOSEOUT LAND USE

A. The proposed post-closeout land use for the Site is a non-mining-dependent industrial facility. Even though the Site is not a mine, the term post mining land use (PMLU) is used in this Closeout/Reclamation Plan to be consistent with MMD terminology.

The City of Deming has recently established an industrial park on land that the City owns adjoining the Property; hence, there would likely be good demand for an industrial facility at the Site location. Closeout/reclamation activities necessary to convert the Site to a non-mining-dependent industrial facility include demolition and removal of all mine-specific processing equipment and buildings.

Since all contaminated soil at the Site was removed and replaced by ENVIRON, no financial assurance will be required for correction of soil contamination at this time. However, a plan to evaluate and correct possible future soil contamination along with appropriate financial assurance will be part of the requirements for GEO SW to upgrade Permit Number LU009RE to active status in order to begin operation of the mill.

The purpose of this Closeout/Reclamation Plan is to have the Site become a productive industrial facility and a viable addition to the City of Deming Industrial Park. The potential economic viability of the Site is based on the following: quality of construction and size of the buildings; proximity of the Site to Deming, rail lines, and Interstate 10; and existing on-site infrastructure. Details of Closeout/Reclamation activities are described in Section 5, and cost estimates are provided in Table 1 on page 12 of this document.

B. The most likely post-closeout use of the Tailings is for the placement of solar panels on the tailings pile and the continued removal of sand and gravel material from the borrow pit.

C. The most likely post-closeout use of the Land is for the placement of solar panels but it is also a possible location for sand and gravel processing equipment.

5. DESCRIPTION OF CLOSEOUT/RECLAMATION ACTIVITIES

A. Closeout/Reclamation for the Site would require the removal of the following mining-specific equipment:

- Ore receiving (grizzly)

- Conveyor system
- Ore crushing building
- Ore transfer building
- Fine ore storage bins
- Ore sampling building
- Processing equipment located within mill building
- Concentrate thickeners
- Lime circulating tank

Specific components to remain at Site for industrial use include the following:

- Mill building
- Reagent mixing building
- Machine shop
- Office and laboratory building
- Temporary office building (mobile)
- Change house building
- North and south siding buildings
- Quonset building
- Two water wells with pumps
- Water tank, tower and distribution system
- Electrical substation
- Truck and rail scales and scale houses
- Pole barn
- Concentrate load-out slab

B. Reclamation of the Tailings has been completed except for the plugging of two existing monitoring wells. Native vegetation is well established on the tailing pile but monitoring of possible erosion will continue.

C. Reclamation of the Land will require the covering of several areas of exposed tailings along the former tailings pipeline corridor and the plugging of one monitoring well. The area of exposed tailings is one acre or less in size and will be covered with 18" of clean soil from the borrow pit and planted to native vegetation.

6. DEMONSTRATION OF PMLU IMPLEMENTATION

The following criteria have been developed to demonstrate that the PMLU has been achieved:

1. The activities outlined above (Section 5) have been completed.
2. The Site has been inspected by a certified engineer to ensure the integrity of the remaining structures.
3. MMD and NMED personnel have inspected and approved the plugging of the monitoring wells, covering of exposed tailings and establishment of native vegetation.

Once the MMD has determined that the PMLU has been implemented, the MMD will release

GEO SW from the financial assurance obligations in accordance with 19.10.12.1210 NMAC of the Rules.

7. CLOSEOUT/RECLAMATION PLAN COST ESTIMATES

A. Cost estimates for Closeout/Reclamation tasks for the Site are based upon R S Means Heavy Construction Cost Data (24th Annual Edition, 2010). The cost of \$7.61 per sq. ft. that was given for demolition of large metal bridges was consider appropriate for the type of demolition required in this plan. This cost was reduced by 50% for the removal of equipment from the mill building since the building is to be left in place.

B. Cost estimate for the plugging of 2 monitoring wells on Tailings is \$1,000 each.

C. Cost estimate for covering the exposed tailings on Land is \$30,000 for machine hire and \$1,000 for planting native vegetation. Cost of plugging one monitor well is estimated at \$1,000.

Cost estimates are detailed in Table 1 (page 12). No consideration has been given to salvage and scrap values for removed equipment and metal scrap which would likely exceed the projected demolition costs. These cost estimates were increased by 39% to provide for a number of indirect cost items including the following:

- Reclamation contract management fee – 10%
- Engineering redesign – 2%
- Mobilization and demobilization – 5%
- Contingencies – 7%
- Profit and overhead – 15%

8. ENVIRONMENTAL STANDARDS COMPLIANCE

ASARCO ceased operations at the Site in 1979, prior to requirements for permitting under New Mexico environmental protective legislation. Documentation and analysis of Site conditions pursuant to guidelines for Environmental Standards Compliance is beyond the scope of this permitting process. GEO SW will submit an Erosion Control Plan to MMD for approval 90 days prior to implementation of Closeout/Reclamation activities. The Erosion Control Plan will describe the following:

1. Containment of sediment and runoff within the disturbed area during closeout/reclamation activities.
2. Protection of surface water resources from sedimentation due to ground disturbance and other activities.

3. Protection of topsoil and closeout/reclamation materials from erosion.

In addition to upgrading Permit Number LU009RE to active status, GEO SW will need other permits in order to operate the mill including a groundwater discharge permit for a new tailings impoundment and an air quality permit for the crushing unit. Current plans include tailings impoundments below the size requiring a dam site permit.

A Stormwater Pollution Prevention Plan (SWPP) for the Site that outlines stormwater controls will also be required. The SWPP will be modified prior to the implementation of the Closeout/Reclamation Plan and submitted to the MMD for approval. The modifications will reflect the proposed changes to the Site and ensure that surface water will be protected from activities that were or will be conducted at the Site. The SWPP will include procedures to collect samples of stormwater. In addition, the SWPP will outline the actions necessary to prevent stormwater from negatively affecting surface water. Surface water samples will be collected in accordance with 40 CFR Part 136. Surface water sample analytical results will be reported to the Surface Water Quality Board of the NMED.

9. CLOSEOUT/RECLAMATION PLAN SCHEDULE

The Site will be a custom facility, not associated with any particular mine, and therefore could potentially continue to operate indefinitely. However, Closeout/Reclamation activities would require from six to ten months to complete should GEO SW choose to close the mill.

10. CLOSEOUT/RECLAMATION PERMITTING, NOTIFICATION, APPROVALS

The Site has been annexed by the City of Deming which has issued a special use permit for operation of the mill. This area is zoned for commercial use and adjoins an industrial park recently created by the City. Depending upon the type of business that may utilize the Site and its potential impact to the environment, State as well as City permits may be required.

NMED requires notification of demolition activities 10 days prior to initiation of work. The purpose of the notification is to inform NMED of the presence or absence of asbestos. In addition, lead emissions, particulate matter and/or dust emissions, and emissions resulting from remedial activities may be governed by state and federal regulations. If potential emissions exceed the threshold levels as specified in the regulations, GEO SW may have to file a Notice of Intent and/or obtain an air quality permit.

FINANCIAL ASSURANCE (FA)

1. SITE CLOSEOUT

The estimated direct cost of the Closeout/Reclamation Plan for the Deming Mill Site as detailed in Table 1 (page 11) is \$176,915 plus indirect costs of \$68,997 for a total cost of \$245,912.

2. TAILINGS IMPOUNDMENT

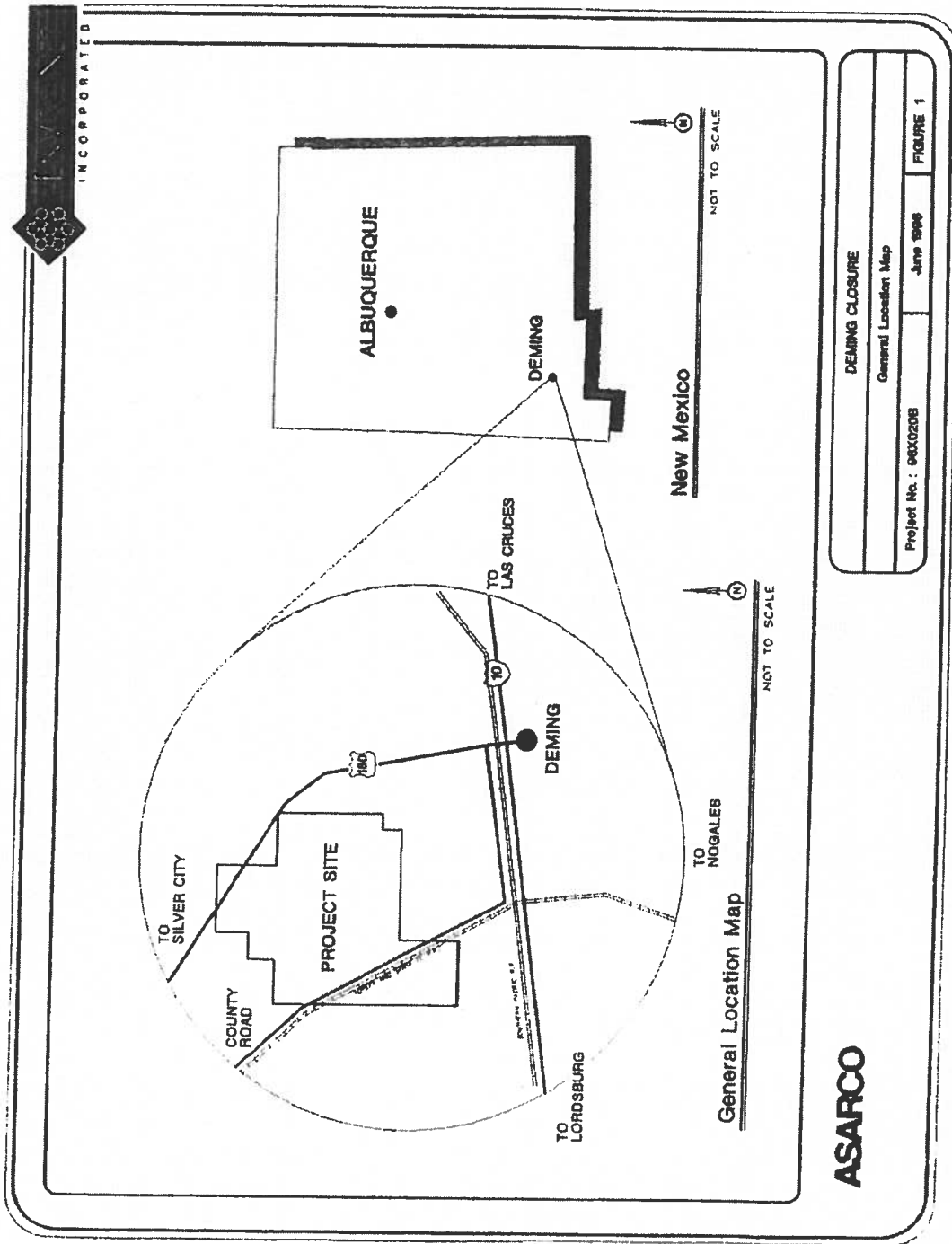
The FA for the Tailings was previously \$120,493. Approximately \$30,000 of this amount was requested by NMED as a contingency for another monitor well if required. NMED has agreed that there is no need to retain this contingency. The remainder of the FA (approximately \$90,493) was required by MMD to provide for repair of any erosion to the tailings impoundment for 12 years after it was reclaimed. Recent inspection by MMD during the 9th year following completion of reclamation found the tailings impoundment to be in excellent condition. For this reason, a reduction is proposed of the FA for the Tailings by approximately 3/4 to \$22,625 which appears in Table 1 as \$13,400 direct cost plus indirect costs of 39%.

3. FINANCIAL ASSURANCE SUBMISSION

In conformance with Subpart 12 of the Rules, GEO SW will submit FA in excess of the \$245,912 required for accomplishing the Closeout Plan for the Site, the completion of the Tailings reclamation, the Land reclamation and the implementation of the PMLU for the Site. This FA shall consist of a Collateral Bond in the form of a perfected first-lien security interest in real property with a right to sell granted to the State of New Mexico. This real property is a portion of the Property purchased by GEO SW from the Trust but does not include any of the 163-acre Permit Area. The 20% margin that MMD requires for collateral bonds will increase the required value of the collateral to \$307,390.

The attached survey identifies a number of tracts, four of which (3, 4, 5 & 6) will be used for the Collateral Bond. These four tracts total 550.251 acres and were appraised for a total of \$331,500 by Ace Appraisal Service, Deming, New Mexico. A copy of the appraisals is attached. The 141.570-acre tract shown as Tract 3 in the survey is called Parcel Two in the appraisal which valued it at \$77,000. Tract 4 in the survey contains 55.762 acres and appraised for \$64,000. Tracts 5 & 6 in the survey total 352.852 acres and are contiguous. These were appraised as Parcel Three for a total value of \$190,500.

The MMD required Phase I environmental study of land used as a collateral bond will be completed once this Closeout Plan and Financial Assurance Proposal is conditionally accepted.



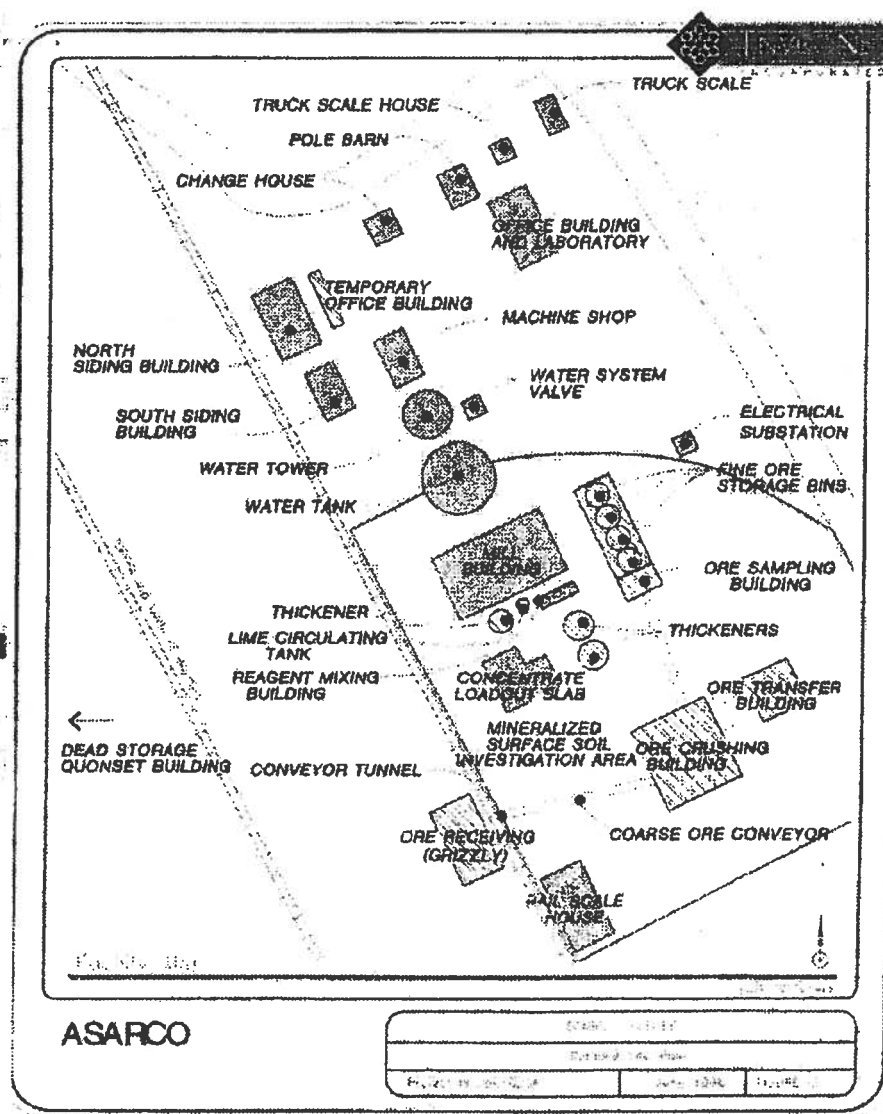


Table 1
Cost Estimates

Direct Costs

Mill Site Closeout	Area sq ft	Demolition Costs	
		\$/sq ft	Total
Mill building equipment removal	9,000	3.805	\$ 34,245
Thickener, 36 ft diameter	1,017	7.61	7,740
Thickener, 30 ft diameter	707	7.61	5,380
Thickener, 25 ft diameter	490	7.61	3,728
Ore receiving (grizzly)	900	7.61	6,850
Conveyor systems	720	7.61	5,480
Conveyor tunnel	2,250	7.61	17,122
Ore crushing building	2,160	7.61	16,438
Ore transfer building	225	7.61	1,712
Conveyor tower building	650	7.61	4,946
4 fine-ore bins & ore sampling building	3,000	7.61	22,830
Lime circulating tank	400	7.61	3,044
Total			\$129,515

Tailings	Cost
Erosion repair	\$ 13,400
Plug 2 monitoring wells	2,000
Total	\$ 15,400

Land	Cost
Haul clean soil from borrow pit	\$ 30,000
Plant native vegetation	1,000
Plug monitoring well	1,000
Total	\$ 32,000

Total Direct Costs \$176,915

Indirect Costs

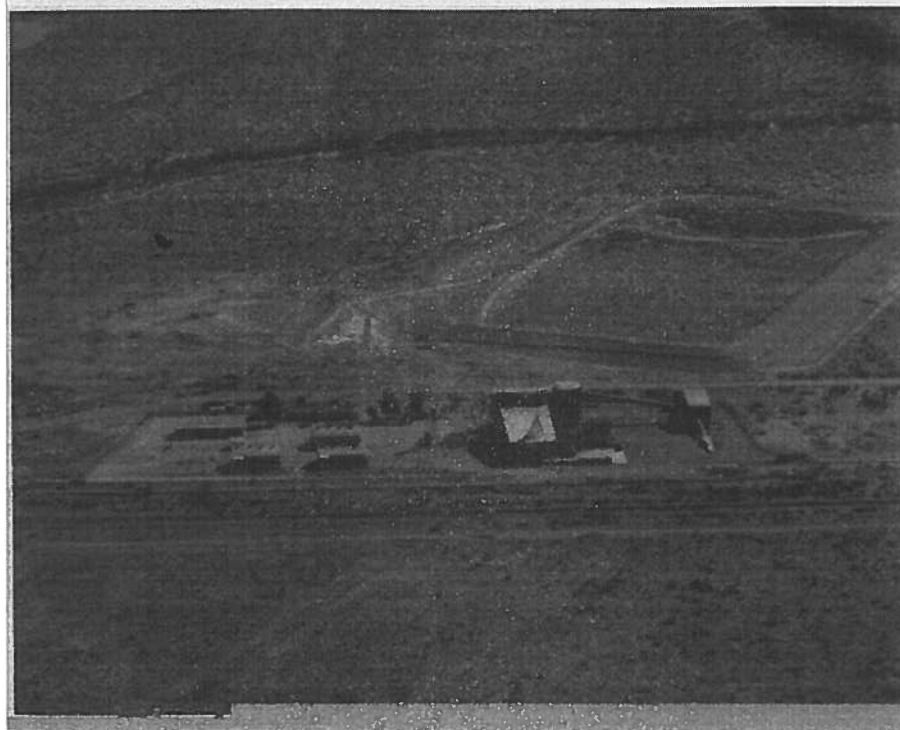
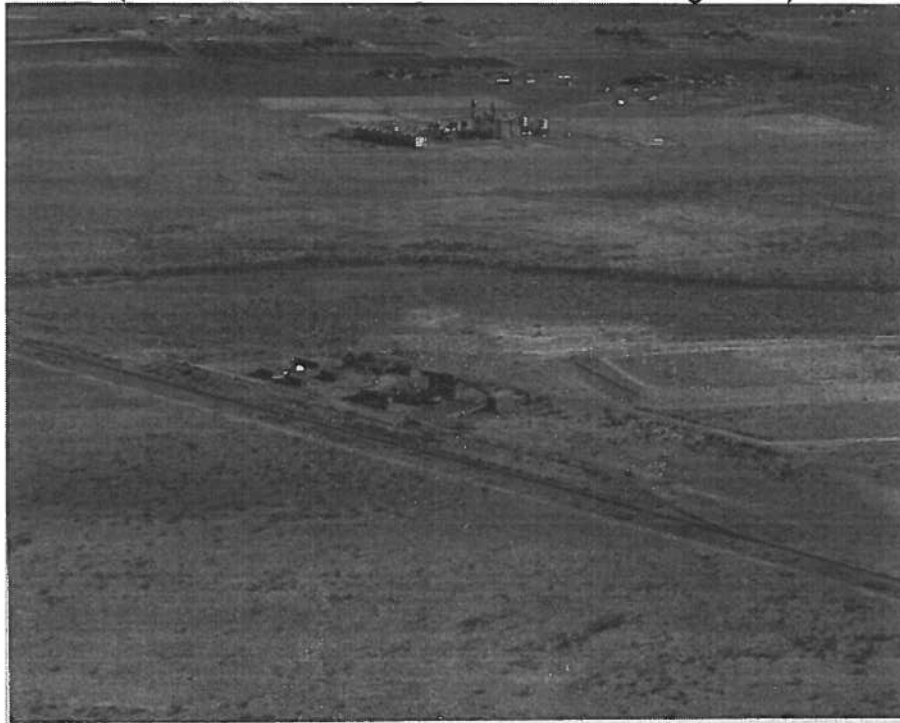
Item	%	Total
Reclamation contract management fee	10	\$ 17,692
Engineering redesign	2	3,538
Mobilization & demobilization	5	8,846
Contingencies	7	12,384
Profit & overhead	15	26,537

Total Indirect Costs \$ 68,997

Total Costs \$245,912

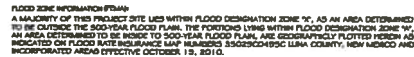
Deming Mill

(LUNA Electric Generation Plant in Background)



METAL SOUTHWEST LLC.

SEC. 16



Professional Land Surveyor LA 1002

LAND APPRAISAL REPORT

OUR PARCEL TWO

File No. 120930-2

Summary Appraisal Report

SUBJECT	Borrower <u>N/A</u>		Census Tract <u>0005.00</u>		Map Reference <u>N/A</u>				
	Property Address <u>000 San Acacia Road NW</u>								
	City <u>Deming</u>		County <u>Luna</u>		State <u>NM</u> Zip Code <u>88030</u>				
	Legal Description <u>a 141.570 ac. tract of land located in the NEQ Section 29, T29S, R09W, NMPM, in Luna County, NM.</u>								
NEIGHBORHOOD	Sale Price \$ <u>Price Per Ac.</u>		Date of Sale _____		Loan Term _____ yrs.				
	Actual Real Estate Taxes \$ <u>N/A</u>		(yr) _____		Loan charges to be paid by seller \$ _____				
	Lender/Client <u>Geo Southwest, Ltd.</u>		Address <u>P.O. Box 353, Silverton, TX 79257</u>		Instructions to Appraiser <u>Appraise fee simple interest of vacant land.</u>				
	Occupant <u>Vacant</u>		Appraiser <u>Kevin Zachek</u>						
	Location <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural				Good Avg. Fair Poor				
	Built Up <input type="checkbox"/> Over 75% <input type="checkbox"/> 25% to 75% <input type="checkbox"/> Under 25%				Employment Stability <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>				
	Growth Rate <input checked="" type="checkbox"/> Fully Dev. <input type="checkbox"/> Rapid <input type="checkbox"/> Steady <input type="checkbox"/> Slow				Convenience to Employment <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>				
	Property Values <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining				Convenience to Shopping <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>				
	Demand/Supply <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Oversupply				Convenience to Schools <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>				
	Marketing Time <input type="checkbox"/> Under 3 Mos. <input type="checkbox"/> 4-6 Mos. <input checked="" type="checkbox"/> Over 6 Mos.				Adequacy of Public Transportation <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>				
SITE	Present <input type="checkbox"/> 5 % One-Unit <input type="checkbox"/> 2-4 Unit <input type="checkbox"/> % Apts. <input type="checkbox"/> % Condo <input type="checkbox"/> % Commercial				Recreational Facilities <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>				
	Land Use <input checked="" type="checkbox"/> 15 % Industrial <input type="checkbox"/> 80 % Vacant <input type="checkbox"/> %				Adequacy of Utilities <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>				
	Change in Present <input type="checkbox"/> Not Likely <input checked="" type="checkbox"/> Likely (*) <input type="checkbox"/> Taking Place (*)				Property Compatibility <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>				
	Land Use (*) From <u>vacant land</u> To <u>housing or industrial use</u>				Protection from Detrimental Conditions <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>				
	Predominant Occupancy <input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> 5 % Vacant				Police and Fire Protection <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>				
	One-Unit Price Range \$ <u>50K</u> to \$ <u>50K</u>		Predominant Value \$ <u>75K</u>		General Appearance of Properties <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>				
	One-Unit Age Range <u>New</u> yrs. to <u>65</u> yrs.		Predominant Age <u>25</u> yrs.		Appeal to Market <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>				
	Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise) <u>The subject property is located east of San Acacia Road NW. Land use change is likely due to recent zoning changes of properties in the area to industrial use. An elementary school is located nearby. The neighborhood is close to the City of Deming and the industrial area to the north and northeast.</u>								
	Dimensions <u>See attached map of survey</u> = <u>141.570</u> <input checked="" type="checkbox"/> Corner Lot								
	Zoning Classification <u>N/A</u> Present Improvements <input checked="" type="checkbox"/> Do <input checked="" type="checkbox"/> Do Not Conform to Zoning Regulations								
MARKET DATA ANALYSIS	Highest and Best Use <input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Other (specify) <u>housing lots or industrial use</u>								
	Public <input type="checkbox"/> (Describe) <u>on site</u>		OFF SITE IMPROVEMENTS		Topo <u>Level</u>				
	Elec. <input checked="" type="checkbox"/> <u>on site</u>		Street Access <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private		Size <u>Typical</u>				
	Gas <input type="checkbox"/> <u>LPG req'd</u>		Surface <u>gravel and dirt</u>		Shape <u>Rectangular</u>				
	Water <input type="checkbox"/> <u>Well req'd</u>		Maintenance <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private		View <u>Desert/mtns</u>				
	San. Sewer <input type="checkbox"/> <u>Septic req'd</u>		<input type="checkbox"/> Storm Sewer <input type="checkbox"/> Curb/Gutter		Drainage <u>Adequate</u>				
	<input type="checkbox"/> Underground Elect. & Tel.		<input type="checkbox"/> Sidewalk <input type="checkbox"/> Street Lights		Is the property located in a FEMA Special Flood Hazard Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
	Comments (favorable or unfavorable including any apparent adverse easements, encroachments, or other adverse conditions) <u>Utility easements of record. No known encroachments. Property has 2,647.49 feet of frontage on the west side of the property on San Acacia Road NW. No hazardous materials were observed by the appraiser on the date of inspection. The neighboring properties to the south on San Acacia Road NW are single family manufactured homes on small acreages. Industrial zoning in the area is extensive and expanding.</u>								
	The undersigned has recited the following recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made, thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.								
	ITEM		SUBJECT PROPERTY		COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3
Address <u>000 San Acacia Road NW</u>		<u>Deming, NM 88030</u>		<u>NHSH Sec 19 T23S, R09W</u>		<u>SEQ Sec 25, T26S, R09W,</u>		<u>WH NEQ Sec 29, T26S, R09W,</u>	
				<u>NMPM Deming, NM 88030</u>		<u>NMPM, Deming, NM 88030</u>		<u>NMPM, Deming, NM 88030</u>	
Proximity to Subject				<u>3.00 miles W</u>		<u>19.58 miles S</u>		<u>18.10 miles S</u>	
Sales Price		\$ <u>Price Per Ac.</u>		\$ <u>300</u>		\$ <u>500.00</u>		\$ <u>643</u>	
Price		\$ <u>N/A</u>		\$ <u>48,000</u>		\$ <u>80,000.00</u>		\$ <u>90,000</u>	
Data Source(s)		Inspection/LCCH		AAS/Contract/LCCH/deckert		MLS/SCR/LCCH		MLS/C-21	
ITEM		DESCRIPTION		DESCRIPTION		DESCRIPTION		DESCRIPTION	
Date of Sale/Time Adj.		<u>N/A</u>		<u>06/03/2011</u>		<u>01/05/2008</u>		<u>03/01/2007</u>	
Location		<u>Rural/Low Density</u>		<u>0 Rural/Low Density</u>		<u>0 Rural/Low Density</u>		<u>0 Rural/Low Density</u>	
Site/View		<u>141.570</u>		<u>160.52 ac. 1.04</u>		<u>+20 160 ac. 1.04</u>		<u>+20 140 ac.</u>	
Access		<u>gravel & dirt/maintd</u>		<u>No legal access</u>		<u>+100 gravel/maintained</u>		<u>0 dirt rd/maintained</u>	
Improvements		<u>None</u>		<u>None</u>		<u>0 well/septic</u>		<u>-20 well/septic</u>	
Other		<u>No flood zone</u>		<u>60% HVElec/floodpl</u>		<u>+90 Similar</u>		<u>0 Similar</u>	
Highway frontage		<u>No hwy frontage</u>		<u>No hwy frontage</u>		<u>0 No hwy frontage</u>		<u>0 No hwy frontage</u>	
Sales or Financing		<u>Cash Equivalent</u>		<u>0 Cash Equivalent</u>		<u>0 Cash Equivalent</u>		<u>0 Cash Equivalent</u>	
Concessions		<u>None</u>		<u>None</u>		<u>None</u>		<u>None</u>	
Net Adj. (Total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> - <input type="checkbox"/> \$ <u>210</u>		<input type="checkbox"/> + <input type="checkbox"/> - <input type="checkbox"/> \$ <u>0</u>		<input type="checkbox"/> + <input checked="" type="checkbox"/> - <input type="checkbox"/> \$ <u>-20</u>			
Indicated Value of Subject		Net 70.0 %		Gross 70.0 % \$ <u>510</u>		Net 8.0 %		Gross 8.0 % \$ <u>500</u>	
						Net 3.1 %		Gross 3.1 % \$ <u>623</u>	
Comments on Market Data <u>Subject property access is by a gravel & dirt, maintained road on its W side. Comp 1 lacked access at the time of purchase and is adversely affected by flood zone and high voltage lines. Comps 1, & 2 are adjusted for size using 80% learning curve. Comps 4, through 9 are significantly smaller and are not adjusted for size and are not used in the final estimate of value.</u>									
Comments and Conditions of Appraisal <u>Note: Comparable Sales not used in the evaluation of the subject property are included in the report as supporting documentation to show the marketability of smaller parcels in the subject area. There has been limited market activity in the subject area of parcels in the same size range as the subject.</u>									
RECONCILIATION	Final Reconciliation <u>Comps 1 to 3 are the most recent confirmed, closed sales deemed similar to the subject property. Comps 4 to 9 were not used in the final estimate of value due to their high variance in parcel size &/or distance from the subj. Comp 5 was also excluded due to its hwy frontage. Comps 1, 2, & 3 indicate a value per acre of \$544. Therefore, \$544 x 141.570 = \$77,014 rounded to \$77,000 USD.</u>								
	I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE SUBJECT PROPERTY AS OF <u>October 2, 2012</u> TO BE \$ <u>77,000.00 USD</u>								
	Appraiser <u>Kevin Zachek</u>					Supervisory Appraiser (if applicable) _____			
	Date of Signature and Report <u>11/21/2012</u>					Date of Signature _____			
Title _____					Title _____				
State Certification # <u>855-R</u> ST _____					State Certification # _____ ST _____				
Or State License # _____ ST _____					Or State License # _____ ST _____				
Expiration Date of State Certification or License <u>04/30/2014</u>					Expiration Date of State Certification or License _____				
Date of Inspection (if applicable) _____					<input type="checkbox"/> Did <input type="checkbox"/> Did Not Inspect Property Date of Inspection _____				

ADDITIONAL COMPARABLE SALES

OUR PARCEL TWO

File No. 120930-2

ITEM	SUBJECT PROPERTY	COMPARABLE NO. 4	COMPARABLE NO. 5	COMPARABLE NO. 6
Address	000 San Acacia Road NW Deming, NM 88030	WH NWQ Sec 29, T23S, R09W, NMPM, Deming, NM 88030	Hwy 26, Sec. 23, T23S, R09W NMPM, Deming, NM 88030	Sec.17,T23S,R09W whneqswq NMPM, Deming, NM
Proximity to Subject		0.85 miles W	4.87 miles NE	2.87 miles NW
Sales Price	\$ Price Per Ac.	\$ 854	\$ 1,610	\$ 600
Price	\$ N/A	\$ 69,000	\$ 85,000	\$ 12,000
Data Source(s)	Inspection/LCCH	2007-1199/LCA	2006-7309/LCA	LCA/COD
ITEM	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
Date of Sale/Time Adj.	N/A	01/22/2007	10/05/2006	12/30/2011
Location		ETZ/Low Density	0 Low Density	0 Rural/Low Density
Site/View	141.570	80.77 ac. - .17	-24 52.8 ac. - .28	-423 20 ac. not adjusted
Access	gravel & dirt/maintd	Similar	0 gravel/maintained	0 No legal access
Improvements	None	Similar	0 Similar	0 Similar
Other	No flood zone	Similar	0 Similar	0 Similar
Highway frontage	No hwy frontage	No hwy frontage	Highway frontage	-100 No hwy frontage
Sales or Financing		REC	Cash Equivalent	Cash Equivalent
Concessions		None noted	None	None
Net Adj. (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -24	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -523	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 75
Indicated Value of Subject		Net 2.8 % Gross 2.8 % \$ 830	Net 32.5 % Gross 32.5 % \$ 1,087	Net 12.5 % Gross 12.5 % \$ 675
Comments on Market Data Comps 2, 3, 4, & 5 are unavoidably dated due to the lack of market activity of similar properties to the subject, but it is the appraiser's observation that properties of this genre (industrial and proximate to industrial) have not changed in value during the 2007 to 2012 period in this market. Comps 1, 2, & 3 were adjusted for size using the 80% Learning Curve (Ac/As) to adjust for the fact that land parcels tend to sell for somewhat higher price per acre as parcels decrease in size. Comps 5, 6, 7, 8, and 9 were not adjusted for size using the Learning Curve due to their small size. Comp 5 was not used in the final estimate of value in part because of its highway frontage. Comps 5, 6, 7, 8, and 9 were not used in the final estimate of value, but are included in the report for the benefit of the user of the appraisal.				
Note: Comp 1, previous page, was adjusted for 60% involvement in either flood plain or High Voltage Overhead Transmission lines.				
The appraiser is not an environmental specialist and is not trained in evaluating the physical or economic effects of tailing piles, covered or uncovered, that are in the neighborhood. The appraiser cautions those using this appraisal to evaluate for themselves the desirability of the subject land (at the estimated value stated in this appraisal) for its applicability to the proposed uses to which it may be applied in the future.				
Gerald Matkin NM license #936-L provided assistance in completing this appraisal report.				
The subject last transferred by quitclaim deed on 12/15/2009.				

MARKET DATA ANALYSIS

LAND APPRAISAL REPORT

OUR PARCEL THREE

File No. 120930-3

Summary Appraisal Report

SUBJECT	Borrower <u>N/A</u>		Census Tract <u>0005.00</u>		Map Reference <u>N/A</u>	
	Property Address <u>000 Peru Mine Road NW</u>					
	City <u>Deming</u>		County <u>Luna</u>		State <u>NM</u> Zip Code <u>88030</u>	
	Legal Description <u>a 352.919 ac. +/- property (Tracts 5 & 6 on map provided) located in the SH of Sec. 21 & EH of Sec. 20, T23S, R09W, NMPM</u>					
NEIGHBORHOOD	Sale Price \$ <u>Price Per Ac.</u>		Date of Sale _____		Loan Term _____ yrs.	
	Actual Real Estate Taxes \$ <u>None</u>		(yr) _____		Loan charges to be paid by seller \$ _____	
	Lender/Client <u>Geo Southwest, Ltd.</u>		Address <u>P.O. Box 353, Silverton, TX 79257</u>			
	Occupant <u>Vacant</u>		Appraiser <u>Kevin Zachek</u>			
	Location		<input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural		Instructions to Appraiser <u>Appraise fee simple interest of vacant land.</u>	
	Built Up		<input type="checkbox"/> Over 75% <input type="checkbox"/> 25% to 75% <input checked="" type="checkbox"/> Under 25%		Employment Stability <input type="checkbox"/> Good <input checked="" type="checkbox"/> Avg. <input type="checkbox"/> Fair <input type="checkbox"/> Poor	
	Growth Rate <input type="checkbox"/> Fully Dev. <input type="checkbox"/> Rapid <input type="checkbox"/> Steady <input checked="" type="checkbox"/> Slow		Convenience to Employment <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		Convenience to Shopping <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
	Property Values <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining		Convenience to Schools <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		Adequacy of Public Transportation <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
	Demand/Supply <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Oversupply		Recreational Facilities <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		Adequacy of Utilities <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
	Marketing Time <input type="checkbox"/> Under 3 Mos. <input checked="" type="checkbox"/> 4-6 Mos. <input type="checkbox"/> Over 6 Mos.		Property Compatibility <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		Protection from Detrimental Conditions <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
SITE	Present <u>5</u> % One-Unit <u>2-4</u> Unit <u>1</u> % Apts. <u>0</u> % Condo <u>0</u> % Commercial		Land Use <u>15</u> % Industrial <u>80</u> % Vacant <u>5</u> %		Police and Fire Protection <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
	Change in Present <input type="checkbox"/> Not Likely <input checked="" type="checkbox"/> Likely (*) <input type="checkbox"/> Taking Place (*)		Appeal to Market <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		General Appearance of Properties <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
	Land Use (*) From <u>vacant land</u> To <u>industrial use</u>		Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise) <u>The subject property is located in a low density area northwest of Deming, north of W Second Street. Land use change is likely due to recent zoning changes of surrounding properties to industrial use.</u>			
	Predominant Occupancy <input checked="" type="checkbox"/> Owner <input type="checkbox"/> Tenant <u>5</u> % Vacant		One-Unit Price Range \$ <u>50k</u> to \$ <u>150k</u> Predominant Value \$ <u>75k</u>			
	One-Unit Age Range <u>New</u> yrs. to <u>65</u> yrs. Predominant Age <u>25</u> yrs.		One-Unit Age Range <u>New</u> yrs. to <u>65</u> yrs. Predominant Age <u>25</u> yrs.			
	Dimensions <u>See map of survey</u>		= <u>352.919</u> ac. <input type="checkbox"/> Corner Lot			
	Zoning Classification <u>None</u>		Present Improvements <input checked="" type="checkbox"/> Do <input type="checkbox"/> Do Not Conform to Zoning Regulations			
	Highest and Best Use <input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Other (specify) <u>Industrial use</u>		Topo <u>Level except for river channel</u>			
	Public <input type="checkbox"/> Other (Describe) <input checked="" type="checkbox"/> OFF SITE IMPROVEMENTS		Size <u>Typical</u>			
	MARKET DATA ANALYSIS	Elec. <input checked="" type="checkbox"/> on site		Street Access <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private		Shape <u>Irregular</u>
Gas <input type="checkbox"/> LPG req'd		Surface <u>asphalt</u>		View <u>Desert/mtns</u>		
Water <input type="checkbox"/> Well req'd		Maintenance <input type="checkbox"/> Public <input type="checkbox"/> Private		Drainage <u>Adequate</u>		
San. Sewer <input type="checkbox"/> Septic req'd		<input type="checkbox"/> Storm Sewer <input type="checkbox"/> Curb/Gutter		Is the property located in a FEMA Special Flood Hazard Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
<input type="checkbox"/> Underground Elect. & Tel.		<input type="checkbox"/> Sidewalk <input type="checkbox"/> Street Lights		Comments (favorable or unfavorable including any apparent adverse easements, encroachments, or other adverse conditions) <u>Utility easements of record. No known encroachments. Property has paved roadway along the west side. No hazardous materials were observed by the appraiser on the date of inspection. There is an electric power plant approximately 1/8 mile north. Industrial zoning in the area is extensive and expanding.</u>		
The undersigned has recited the following recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made, thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.						
ITEM		SUBJECT PROPERTY		COMPARABLE NO. 1		
Address <u>000 Peru Mine Road NW</u>		<u>NHSH Sec 19, T23S, R09W</u>		<u>SEQ Sec 25, T26S, R09W,</u>		
<u>Deming, NM 88030</u>		<u>NMPM, Deming, NM 88030</u>		<u>NMPM, Deming, NM 88030</u>		
Proximity to Subject		<u>1.78 miles W</u>		<u>6.96 miles SE</u>		
Sales Price \$ <u>Price Per Ac.</u>		\$ <u>300</u>		\$ <u>500.00</u>		
Price \$		\$ <u>48,000</u>		\$ <u>80,000.00</u>		
Data Source(s)		<u>AAS/Contract/LCCH/deckert</u>		<u>MLS/SCR/LCCH</u>		
ITEM		DESCRIPTION		DESCRIPTION		
Date of Sale/Time Adj.		<u>06/03/2011</u>		<u>01/05/2008</u>		
Location		<u>Rural/Low Density</u>		<u>0 Rural/Low Density</u>		
Site/View		<u>352.919 ac.</u>		<u>160 ac. .45 .23</u>		
Access		<u>paved/maintained</u>		<u>+175 unpaved/maintained</u>		
Improvements		<u>None</u>		<u>0 well/septic</u>		
Other		<u>30% H/Velec/floodpl</u>		<u>-83 No flood plain etc.</u>		
Highway frontage		<u>No hwy frontage</u>		<u>0 No hwy frontage</u>		
Sales or Financing		<u>Cash Equivalent</u>		<u>0 Cash Equivalent</u>		
Concessions		<u>None</u>		<u>None</u>		
Net Adj. (Total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ <u>213</u>		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ <u>-60</u>		
Indicated Value of Subject		<u>Net 71.0 %</u>		<u>Net 12.0 %</u>		
		<u>Gross 173.0 %</u>		<u>Gross 82.0 %</u>		
		\$ <u>513</u>		\$ <u>440</u>		
		<u>Gross 75.6 %</u>		<u>Gross 75.6 %</u>		
		\$ <u>507</u>		\$ <u>507</u>		
Comments on Market Data <u>Subject property access is by paved road along the W side of the property. Subject property is 30% affected by flood zone (100 acres) plus High Voltage line (7 acres) resulting in 30% combined affected area. Comp 1 lacked access at the time of purchase and is more adversely affected by the 60% flood zone and high voltage lines. 80% learning curve used to adjust for size.</u>						
Comments and Conditions of Appraisal <u>Sales for parcels of land nearer to the size of the subject were not available. The appraiser was able to use four sales in the same township and range. Characteristics of the subject and the comparable sales used were compared and adjusted appropriately. "Comp 7" is a LISTING; it is included due to its reasonably similar size and because it represents an offering within the same township and range.</u>						
Final Reconciliation <u>Comps 1 to 4 are the most recent confirmed, closed sales deemed similar. Comps 1 to 4 indicate a value of \$542/ac. All 6 comps the indicate \$537/ac. Giving more weight to Comps 1 to 4 (more similar in size), the appraiser estimates the fair market value of the subject to be \$540/ac. Therefore, \$540 x 352.919 ac. = \$190,576 rounded to \$190,500.00 USD.</u>						
I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE SUBJECT PROPERTY AS OF <u>October 2, 2012</u> TO BE \$ <u>190,500 USD</u>						
Appraiser <u>Kevin Zachek</u> Supervisory Appraiser (if applicable) _____						
Date of Signature and Report <u>11/21/2012</u> Date of Signature _____						
Title _____ Title _____						
State Certification # <u>855-R</u> ST <u>NM</u> State Certification # _____ ST _____						
Or State License # _____ ST _____ Or State License # _____ ST _____						
Expiration Date of State Certification or License <u>04/30/2014</u> Expiration Date of State Certification or License _____						
Date of Inspection (if applicable) <u>October 2, 2012</u> <input type="checkbox"/> Did <input type="checkbox"/> Did Not Inspect Property Date of Inspection _____						

OUR PARCEL THREE

ITEM	SUBJECT PROPERTY	COMPARABLE NO. 4		COMPARABLE NO. 5		COMPARABLE NO. 6	
Address	000 Peru Mine Road NW Deming, NM 88030	WH NWQ Sec 29, T23S, R09W, NMPM, Deming, NM 88030		Sec.17, T23S, R09W ehswqseq NMPM, Deming, NM 88030		Sec.17,T23S,R09W whneqswq NMPM, Deming, NM	
Proximity to Subject		1.60 miles SW		0.99 miles NW		1.53 miles NW	
Sales Price	\$	Price Per Ac.	\$ 864		\$ 750		\$ 600
Price	\$		\$ 69,000		\$ 15,000		\$ 12,000
Data Source(s)		2007-1199/LCA				LCA/COD	
ITEM	DESCRIPTION	DESCRIPTION	+(-)\$ Adjust.	DESCRIPTION	+(-)\$ Adjust.	DESCRIPTION	+(-)\$ Adjust.
Date of Sale/Time Adj.		01/22/2007		09/06/2012		12/30/2011	
Location	Rural/Low Density	ETZ/Low Density	0	Rural/Low Density	0	Rural/Low Density	0
Site/View	352.919 ac.	80.77 ac. .23 .38	-355	20ac. .06 .60	-291	20 ac. .06 .60	-278
Access	paved/maintained	unpaved/maintained	+175	unpaved/maintained	+175	No legal access	+275
Improvements	None	None	0	None	0	None	0
Other	30%HVelec/floodpl	No flood plain etc.	-105	No flood plain etc.	-94	No flood zone	-82
Highway frontage	No hwy frontage	No hwy frontage	0		0	No hwy frontage	0
Sales or Financing		REC		Cash Equivalent		Cash Equivalent	
Concessions		None noted		None noted		None	
Net Adj. (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$	-285	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$	-210	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$	-85
Indicated Value of Subject		Net 33.0 % Gross 73.5 % \$	579	Net 28.0 % Gross 74.7 % \$	540	Net 14.2 % Gross 105.8 % \$	515
Comments on Market Data After Comp 4, the size of the comparable sales used drops to small parcels, yet the indications of value are reasonably similar to Comps 1 through 4 due to the use of the 80% learning curve. See the note below the first market grid for reconciliation and final estimated value.							
Note: Comparable Sales not used in the evaluation of the subject property are included in the report as supporting documentation to show the marketability of smaller parcels in the subject area. There has been limited market activity in the subject area of parcels in the same size range as the subject.							

Summary Appraisal Report

LAND APPRAISAL REPORT

File No. 121002-5

SUBJECT	Borrower	N/A		Census Tract	0005.00		Map Reference	N/A	
	Property Address	Arrowhead Road							
NEIGHBORHOOD	City	Deming		County	Luna		State	NM	
	Zip Code	88030							
SITE	Legal Description	a 55.762 ac. tract located in the northern part of the NWQ of Section 21, T23S, R09W, NMPM							
	Sale Price \$	Price Per Ac.	Date of Sale	N/A	Loan Term	NA	Yrs.	Property Rights Appraised	<input checked="" type="checkbox"/> Fee <input type="checkbox"/> Leasehold <input type="checkbox"/> De Minimis PUD
MARKET DATA ANALYSIS	Actual Real Estate Taxes \$	N/A		(yr)	Loan charges to be paid by seller \$	NA		Other sales concessions	NA
	Lender/Cient	Geo Southwest, Ltd.		Address	P.O. Box 353, Silverton, TX 79257				
RECONCILIATION	Occupant	Vacant		Appraiser	Kevin Zachek				
	Instructions to Appraiser	Appraise fee simple interest of vacant land.							
NEIGHBORHOOD	Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural					
	Built Up	<input type="checkbox"/> Over 75%	<input type="checkbox"/> 25% to 75%	<input checked="" type="checkbox"/> Under 25%					
MARKET DATA ANALYSIS	Growth Rate	<input type="checkbox"/> Fully Dev.	<input type="checkbox"/> Rapid	<input type="checkbox"/> Steady	<input checked="" type="checkbox"/> Slow				
	Property Values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining					
NEIGHBORHOOD	Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Oversupply					
	Marketing Time	<input type="checkbox"/> Under 3 Mos.	<input type="checkbox"/> 4-6 Mos.	<input checked="" type="checkbox"/> Over 6 Mos.					
MARKET DATA ANALYSIS	Present	5 % One-Unit	% 2-4 Unit	% Apts.	% Condo	% Commercial			
	Land Use	15 % Industrial	80 % Vacant						
NEIGHBORHOOD	Change in Present	<input type="checkbox"/> Not Likely	<input checked="" type="checkbox"/> Likely (*)	<input type="checkbox"/> Taking Place (*)					
	Land Use	(*) From vacant		To industrial					
MARKET DATA ANALYSIS	Predominant Occupancy	<input checked="" type="checkbox"/> Owner	<input type="checkbox"/> Tenant	5 % Vacant					
	One-Unit Price Range	\$ 50K	to \$ 150K	Predominant Value \$	75K				
MARKET DATA ANALYSIS	One-Unit Age Range	New yrs. to	65 yrs.	Predominant Age	25 yrs.				
	Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise) The subject property is located in a low density area northwest of Deming at the end of the paved part of Arrowhead Road. The southwest border of the subject is a covered tailings pile from past mine or processing. Land use change to industrial is in process in the area. The electrical power plant is north-northeast of the northeast corner of the subject property (ie. across the street at the end of the paved road that runs west from Hwy 180.								
MARKET DATA ANALYSIS	Dimensions	See attached map of survey		=	55.762 ac.		<input type="checkbox"/> Corner Lot		
	Zoning Classification	None		Present Improvements	<input checked="" type="checkbox"/> Do	<input type="checkbox"/> Do Not	Conform to Zoning Regulations		
MARKET DATA ANALYSIS	Highest and Best Use	<input type="checkbox"/> Present Use	<input checked="" type="checkbox"/> Other (specify) Industrial use or residential						
	Public	Other (Describe)		OFF SITE IMPROVEMENTS					
MARKET DATA ANALYSIS	Elec.	<input checked="" type="checkbox"/> on site	Street Access	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Private				
	Gas	<input type="checkbox"/> LPG req'd	Surface	gravel					
MARKET DATA ANALYSIS	Water	<input type="checkbox"/> Well req'd	Maintenance	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Private				
	San. Sewer	<input type="checkbox"/> Septic req'd	<input type="checkbox"/> Storm Sewer	<input type="checkbox"/> Curb/Gutter					
MARKET DATA ANALYSIS	<input type="checkbox"/> Underground Elec. & Tel.	<input type="checkbox"/> Sidewalk	<input type="checkbox"/> Street Lights						
	Topo	generally level							
MARKET DATA ANALYSIS	Size	Typical							
	Shape	Irregular							
MARKET DATA ANALYSIS	View	Desert/mtns							
	Drainage	Adequate							
MARKET DATA ANALYSIS	Is the property located in a FEMA Special Flood Hazard Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No								
	Comments (favorable or unfavorable including any apparent adverse easements, encroachments, or other adverse conditions) Utility easements of record. No known encroachments. The subject property has 1,704.89' of frontage on a gravel road on the north side. A paved road runs from Hwy 180 to the northeast corner of the property. Paved access to the property would require lengthening that road (further west) to secure paved access. No hazardous materials were observed by the appraiser on the date of inspection.								
MARKET DATA ANALYSIS	The undersigned has recited the following recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made, thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.								
	ITEM	SUBJECT PROPERTY	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3				
MARKET DATA ANALYSIS	Address	Arrowhead Road	Sec.4, T25S,R8W, WWSWQ	WH NWQ Sec 29, T23S, R09W,	NHSH Sec 19, T23S, R09W				
	Deming, NM 88030	NMPM, Deming, NM	NMPM, Deming, NM 88030	NMPM, Deming, NM 88030					
MARKET DATA ANALYSIS	Proximity to Subject		11.68 miles SE	1.91 miles SW	1.94 miles SW				
	Sales Price	\$ Price Per Ac.	\$ 880	\$ 864	\$ 300				
MARKET DATA ANALYSIS	Price	\$ N/A	\$ 44,000	\$ 69,000	\$ 48,000				
	Data Source(s)	Inspection/LCCH	NMMBMLS#20106950	2007-1199/LCA	AAS/Contract/LCCH/deckert				
MARKET DATA ANALYSIS	ITEM	DESCRIPTION	+(-) \$ Adjust.	DESCRIPTION	+(-) \$ Adjust.	DESCRIPTION	+(-) \$ Adjust.		
	Date of Sale/Time Adj.	N/A	03/15/2011	01/22/2007	06/03/2011				
MARKET DATA ANALYSIS	Location	Rural/Low Density	Rural/Low Density	0 ETZ/Low Density	0 Rural/Low Density	0			
	Site/View	55.762 ac.	50 ac.no adjustmnt	0 80.77 ac. 1.45 +.06	+62 160.52ac. 2.9 +.18	+134			
MARKET DATA ANALYSIS	Access	unpaved/maintained	unpaved/maintained	+225 unpaved/maintained	+225 No legal access	+325			
	Improvements	None	None	0 None	0 None	0			
MARKET DATA ANALYSIS	Flood Zone	No flood zone	No flood zone	0 No flood zone	0 60% HVElec/floodpl	+172			
	Highway frontage	No hwy frontage	No hwy frontage	0 No hwy frontage	0 No hwy frontage	0			
MARKET DATA ANALYSIS	Sales or Financing	NA	Cash Equivalent	0 REC	0 Cash Equivalent	0			
	Concessions	NA	None noted	None noted	None				
MARKET DATA ANALYSIS	Net Adj. (Total)	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 225	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 287	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 631		
	Indicated Value of Subject	Net 25.6 %	Gross 25.6 % \$ 1,105	Net 33.2 %	Gross 33.2 % \$ 1,151	Net 210.3 %	Gross 210.3 % \$ 931		
MARKET DATA ANALYSIS	Comments on Market Data The 90% learning curve applied to all three comparable sales; Comp 1 size adjustment was so small that it was ignored. There is a paved road that runs west from Hwy 180 and ends at the northeast corner of the subject property. The existence of this paved road to the "corner" of the site results in a \$100/ac. increase in the access adjustment. Comp 3 was adjusted for no legal access.								
	Comments and Conditions of Appraisal Comparable sales used are the most recent confirmed, closed sales deemed similar. Due to limited availability of market data, adjustments exceed suggested guidelines. No environmental problems or hazardous materials were observed on the date of inspection. Access adjustments based on: \$75.00/ac. for legal access, \$100.00/ac. for gravel, \$200.00/ac. for pavement. The paved road up to the northeast corner of the subject is given a value of an additional \$50.00/ac.								
RECONCILIATION	Final Reconciliation	Comparable Sales 1 and 2 are given the most weight. Comp 3 is included due to proximity and date of sale, but is not given significant weight in determining the final value est. Therefore, \$1,150/ac x 55.762 ac = \$64,126 rounded to \$64,000.00 USD. Gerald Matkin NM license #926-L provided assistance in completing this appraisal report. Subject last transferred by quitclaim deed on 12/15/2009.							
	I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE SUBJECT PROPERTY AS OF November 19, 2012 TO BE \$ 64,000.00 USD								
RECONCILIATION	Appraiser	Kevin Zachek		Supervisory Appraiser (if applicable)					
	Date of Signature and Report	12/09/2012		Date of Signature					
RECONCILIATION	Title			Title					
	State Certification #	855-R		ST	NM		State Certification #		
RECONCILIATION	Or State License #			ST			Or State License #		
	Expiration Date of State Certification or License	04/30/2013		Expiration Date of State Certification or License					
RECONCILIATION	Date of Inspection (if applicable)	11/19/2012		<input type="checkbox"/> Did	<input type="checkbox"/> Did Not	Inspect Property	Date of Inspection		

Subject Photo Page

Borrower/Client	N/A				
Property Address	Arrowhead Road				
City	Deming	County	Luna	State	NM Zip Code 88030
Lender	Geo Southwest, Ltd.				



Subject Front

Arrowhead Road
Sales Price Price Per Ac.
Gross Living Area
Total Rooms
Total Bedrooms
Total Bathrooms
Location Rural/Low Density
View 55.762 ac.
Site
Quality
Age

View looking SE from the middle of the north side of the subject property.



Subject Rear

View looking S from the middle of the north border of the subject property.



Subject Street

View looking E on Arrowhead Rd. Subject is to the right.