

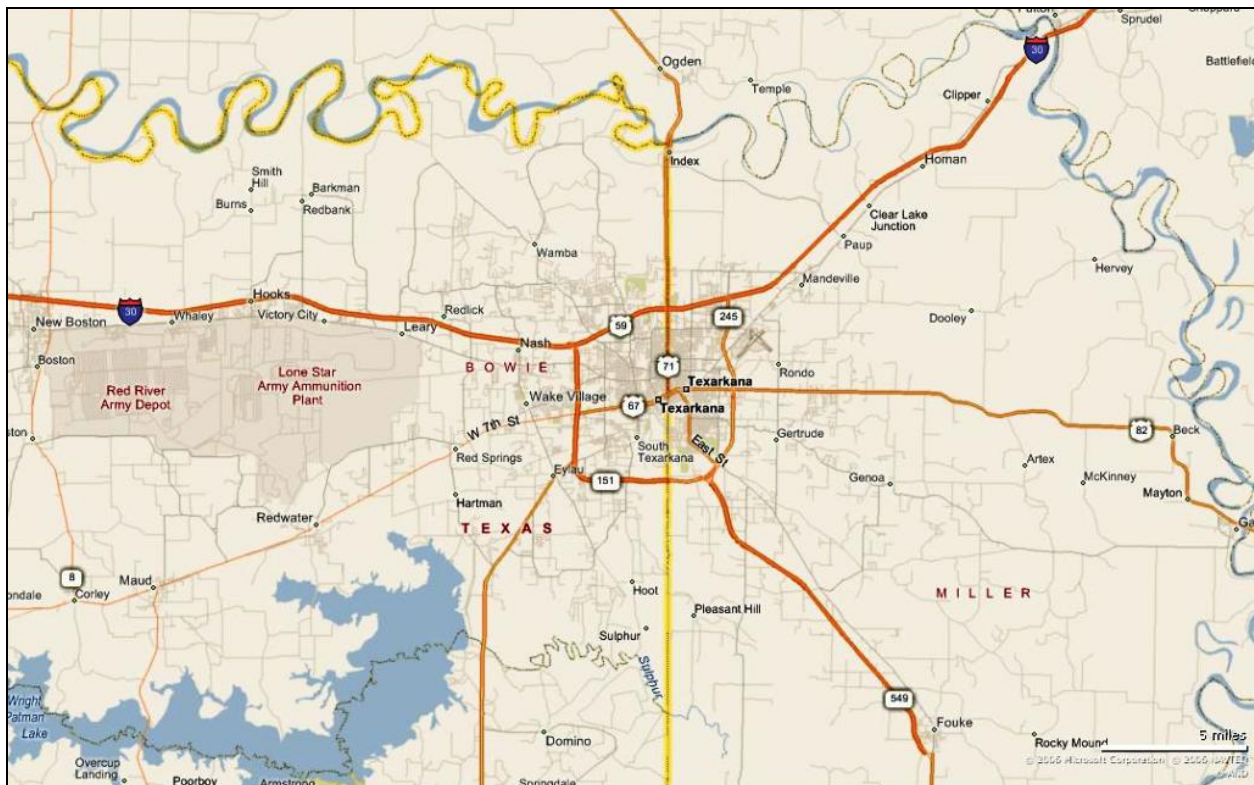
Real Estate Market Overview 2007

Texarkana

Texarkana's name comes from three state names: Texas, Arkansas and Louisiana. The city is located in both Bowie County, Texas, and Miller County, Arkansas. Texarkana, Texas, and Texarkana, Arkansas, are referred to as the State Line Cities because the cities' main thoroughfare, State Line Avenue, is the Arkansas-Texas border. Texarkana, Texas, encompasses 21 square miles and Texarkana, Arkansas, contains 16.5 square miles. The town is 25 miles north of the Louisiana border and 28 miles south of the Oklahoma boundary line.

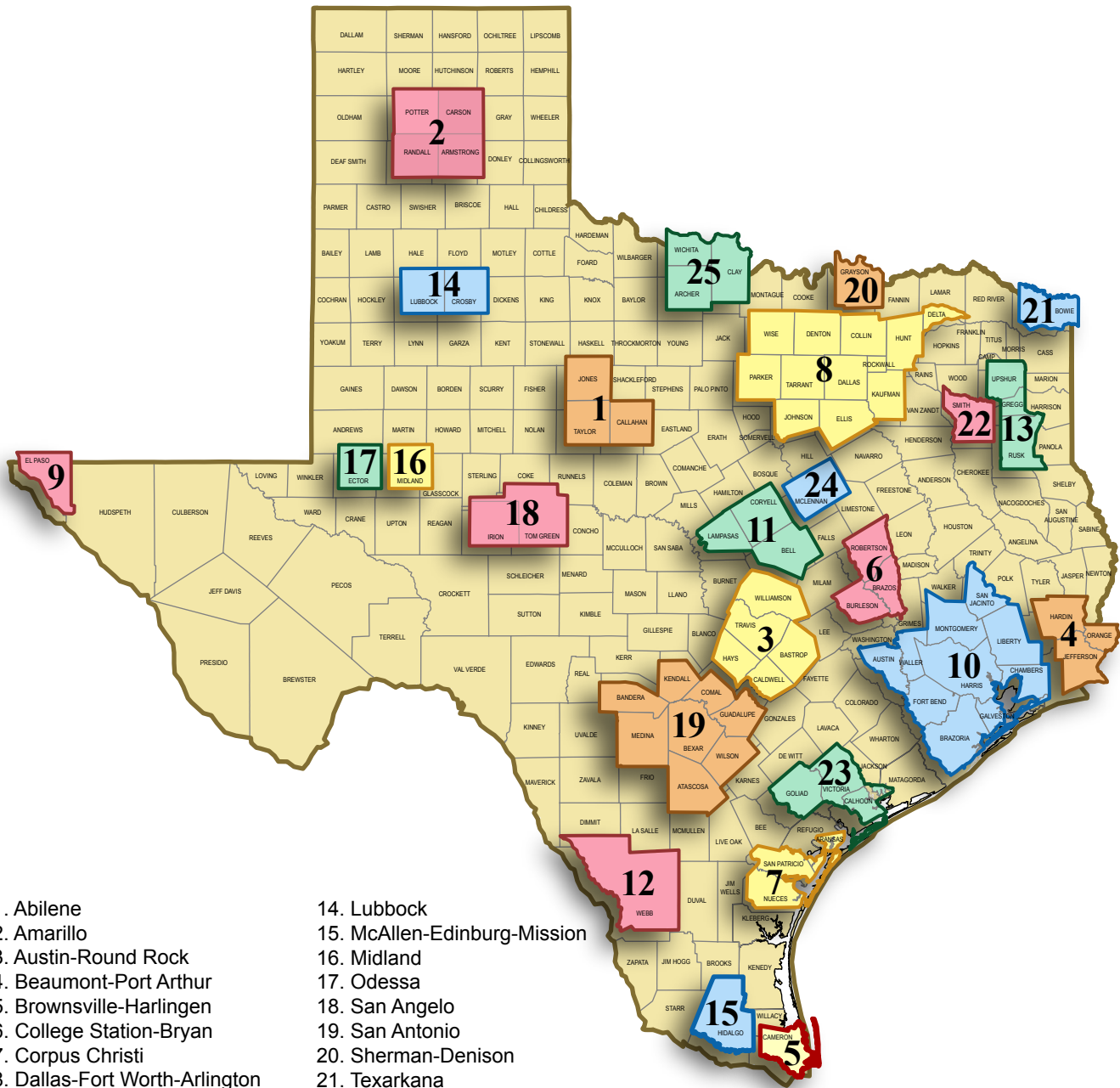
Quick Facts	
Land Area	1,511.85 square miles
2006 Population Density	89 people per square mile
Counties	Bowie (Texas), Miller (Arkansas)
Area Cities and Towns	
Texarkana (Arkansas), Texarkana (Texas), Boston, Hooks, Leary, Nash, New Boston, Old Boston, Wake Village, Wamba	

Source: U.S. Census Bureau and Real Estate Center at Texas A&M University



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Metropolitan Statistical Areas (MSAs)



- | | |
|--------------------------------|------------------------------|
| 1. Abilene | 14. Lubbock |
| 2. Amarillo | 15. McAllen-Edinburg-Mission |
| 3. Austin-Round Rock | 16. Midland |
| 4. Beaumont-Port Arthur | 17. Odessa |
| 5. Brownsville-Harlingen | 18. San Angelo |
| 6. College Station-Bryan | 19. San Antonio |
| 7. Corpus Christi | 20. Sherman-Denison |
| 8. Dallas-Fort Worth-Arlington | 21. Texarkana |
| 9. El Paso | 22. Tyler |
| 10. Houston-Sugar Land-Baytown | 23. Victoria |
| 11. Killeen-Temple-Fort Hood | 24. Waco |
| 12. Laredo | 25. Wichita Falls |
| 13. Longview | |

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Texarkana Market Overview 2007 Demographics

Texarkana MSA Population*

Year	Population	Percent Change
1996	127,694	-
1997	128,258	0.4
1998	128,718	0.4
1999	129,486	0.6
2000	129,749	0.2
2001	130,185	0.3
2002	130,859	0.5
2003	131,624	0.6
2004	132,698	0.8
2005	133,805	0.8
2006	134,510	0.5

* July 1 population estimates

Source: U.S. Census Bureau

County Population* Growth

County	1996	2006	Growth 1996-2006 (in percent)
Bowie	87,811	91,455	4.1
Miller (Arkansas)	39,635	43,162	8.9

* July 1 population estimates

Source: U.S. Census Bureau

Texas Metropolitan Area Population* Change

Metropolitan Area	1996	2006	Percent Change
Austin-Round Rock	1,073,037	1,513,565	41.1
McAllen-Edinburg-Mission	503,411	700,634	39.2
Laredo	171,583	231,470	34.9
Dallas-Fort Worth-Arlington	4,627,649	6,003,967	29.7
Houston-Sugar Land-Baytown	4,334,020	5,539,949	27.8
Brownsville-Harlingen	312,086	387,717	24.2
San Antonio	1,599,427	1,942,217	21.4
Texas	19,340,342	22,859,968	18.2
Tyler	166,087	194,635	17.2
Sherman-Denison	102,993	118,478	15.0
El Paso	656,482	736,310	12.2
College Station-Bryan	172,341	192,152	11.5
Amarillo	217,579	241,515	11.0
Killeen-Temple-Fort Hood	318,613	351,322	10.3
Waco	205,894	226,189	9.9
Midland	114,412	124,380	8.7
Longview	190,556	203,367	6.7
Lubbock	247,099	261,411	5.8
Texarkana	127,694	134,510	5.3
Victoria	108,636	114,088	5.0
Odessa	121,519	127,462	4.9
Corpus Christi	398,529	415,810	4.3
San Angelo	104,574	105,752	1.1
Abilene	156,351	158,063	1.1
Beaumont-Port Arthur	380,417	379,640	-0.2
Wichita Falls	151,170	145,528	-3.7

* July 1 population estimates

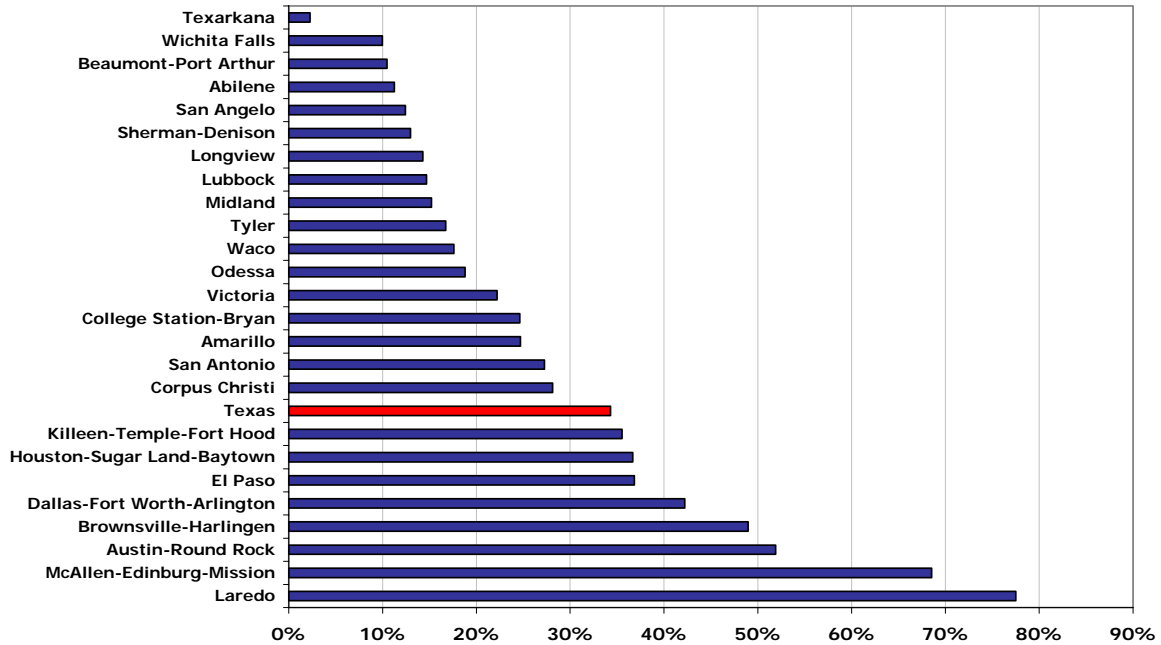
Source: U.S. Census Bureau

Bowie County Projected Population

Year	Texas State Data Center (Scenario 0.5)	Texas Water Development Board
2000	89,306	89,306
2005	90,147	-
2010	90,961	96,953
2015	91,459	-
2020	91,329	103,397
2025	90,484	-
2030	88,958	108,397
2035	86,831	-
2040	84,250	113,397

Sources: Texas State Data Center (2006 projection) and Texas Water Development Board (2006 projection)

**Texas Metropolitan Area
 Population Growth Forecast, 2000 - 2020**



Source: Texas State Data Center – Scenario 0.5 (2006 projection)

Household Composition

	Bowie County	Texas
Average household size (2000)	2.50	2.74
Population younger than 18 (2000, in percent)	24.8	28.2
Population 65 and older (2000, in percent)	13.8	9.9

Source: U.S. Census Bureau (1999 definition)

Distribution by Race and Hispanic or Latino Origin, 2000 (in percent)

	Bowie County	Texas
White	73.3	71.0
Black	23.4	11.5
Asian	0.4	2.7
American Indian	0.6	0.6
Other	1.1	11.7
Two or more races	1.1	2.5
Hispanic (of any race)	4.5	32.0

Source: U.S. Census Bureau (1999 definition)

Texarkana Market Overview 2007 Education

**Educational Attainment, Persons Age 25 and Older, 2000
 (in percent)**

County	High school graduate	Some college, no degree	Associate's degree	Bachelor's degree	Master's degree	Doctorate degree
Bowie	31.8	24.2	5.2	10.1	4.2	0.4
Texas	24.8	22.4	5.2	15.6	5.2	0.8

Source: U.S. Census Bureau

Educational Level, Persons Age 25 and Older (in percent)

Level of Education	Texarkana MSA	Texas
High School Graduate or Higher	77.3	79.2
Bachelor's Degree or Higher	16.1	23.9

Source: U.S. Census Bureau 2000 (1999 definition)

Local College and University Enrollment, Fall Semester

School	2002	2003	2004	2005	2006
Texarkana College	3,538	3,987	3,797	3,682	3,671
Texas A&M University - Texarkana	1,367	1,429	1,540	1,549	1,625

Source: Texas Higher Education Coordinating Board

Texarkana Market Overview 2007 Employment

Top Ten Employers

Employer	Sector	Employees
Red River Army Depot and Tenants	Manufacturers/Processors	3,500
Cooper Tire and Rubber	Manufacturer of passenger tires	2,000
Christus St. Michael Health System	General medical	1,680
Domtar, Inc.	Fine finished papers	1,201
Wal-Mart, Sam's Club	Discount stores	1,100
Wadley Regional Medical Center	Health care	1,000
International Paper Company	Cup and folding carton	865
Texarkana, TX, Independent School District	Education	787
Texarkana, AR, Independent School District	Education	785
Southern Refrigerated Transport	Refrigerated trucking	670

Source: Texarkana Chamber of Commerce Feb-2006

Top Ten Private Employers

Employer	Sector	Employees
Red River Army Depot and Tenants	Manufacturers/Processors	3,500
Cooper Tire and Rubber	Manufacturer of passenger tires	2,000
Christus St. Michael Health System	General medical services	1,680
Domtar, Inc.	Fine finished papers	1,201
Wal-Mart, Sam's Club	Discount stores	1,100
Wadley Regional Medical Center	Health care	1,000
International Paper Company	Cup and folding carton	865
Southern Refrigerated Transport	Refrigerated trucking	670
Collom and Carney Clinic	General medical services	536
Truman Arnold Companies	Petroleum marketing	460

Source: Texarkana Chamber of Commerce Feb-2006

Texarkana MSA Nonfarm Employment

Year	Employment	Percent Change
1996	50,300	-
1997	50,800	1.0
1998	51,100	0.6
1999	52,400	2.5
2000	53,000	1.1
2001	53,100	0.2
2002	53,400	0.6
2003	53,000	-0.7
2004	53,400	0.8
2005	54,600	2.2
2006	55,700	2.0

Source: Texas Workforce Commission and
 Real Estate Center at Texas A&M University

Employment Growth by Industry

	Texarkana MSA	Texas
Employment Growth 2006 (Percent Change)	2.0	3.3
Unemployment Rate 2006 (Percent Change)	5.2	4.9
Net Job Change in 2006	1,100	318,300
2006 Employment Growth by Sector (Percent Change)		
Natural Resources and Mining and Construction	4.2	7.5
Manufacturing	1.8	3.2
Trade, Transportation, and Utilities	1.7	2.5
Information	40.0	-0.4
Financial Activities	8.3	2.6
Professional and Business Services	0.0	6.0
Educational and Health Services	1.1	2.8
Leisure and Hospitality	2.0	3.9
Government	0.8	1.7

Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

Texas Metropolitan Area Nonfarm Employment Change

Metropolitan Area	1996	2006	Percent Change
McAllen-Edinburg-Mission	126,900	202,600	59.7
Midland	126,900	202,600	59.7
Laredo	56,500	84,200	49.0
Austin-Round Rock	540,900	720,000	33.1
Brownsville-Harlingen	94,000	121,300	29.0
College Station-Bryan	71,400	90,200	26.3
Tyler	73,700	91,700	24.4
Killeen-Temple-Fort Hood	97,600	118,100	21.0
Dallas-Fort Worth-Arlington	2,331,600	2,860,800	22.7
San Antonio	658,300	811,300	23.2
Longview	76,100	91,600	20.4
Houston-Sugar Land-Baytown	1,981,700	2,446,000	23.4
Texas	8,257,900	10,053,300	21.7
Lubbock	111,300	128,400	15.4
Waco	92,600	106,000	14.5
Corpus Christi	155,100	173,800	12.1
Odessa	48,100	57,400	19.3
Amarillo	96,900	110,100	13.6
Victoria	45,200	50,000	10.6
El Paso	236,700	264,800	11.9
Texarkana	50,300	55,700	10.7
Sherman-Denison	42,000	44,500	6.0
Abilene	60,600	65,300	7.8
San Angelo	42,500	44,700	5.2
Wichita Falls	59,600	62,500	4.9
Beaumont-Port Arthur	151,200	160,500	6.2

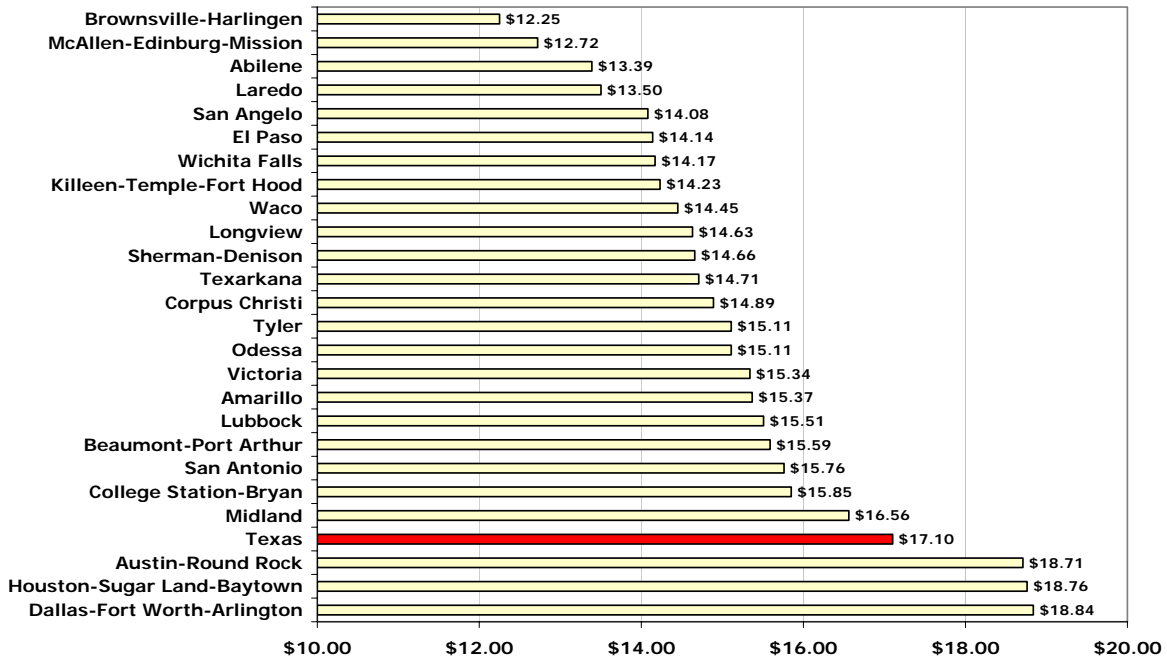
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Metropolitan Area Nonfarm Employment Change
 1996-2006**



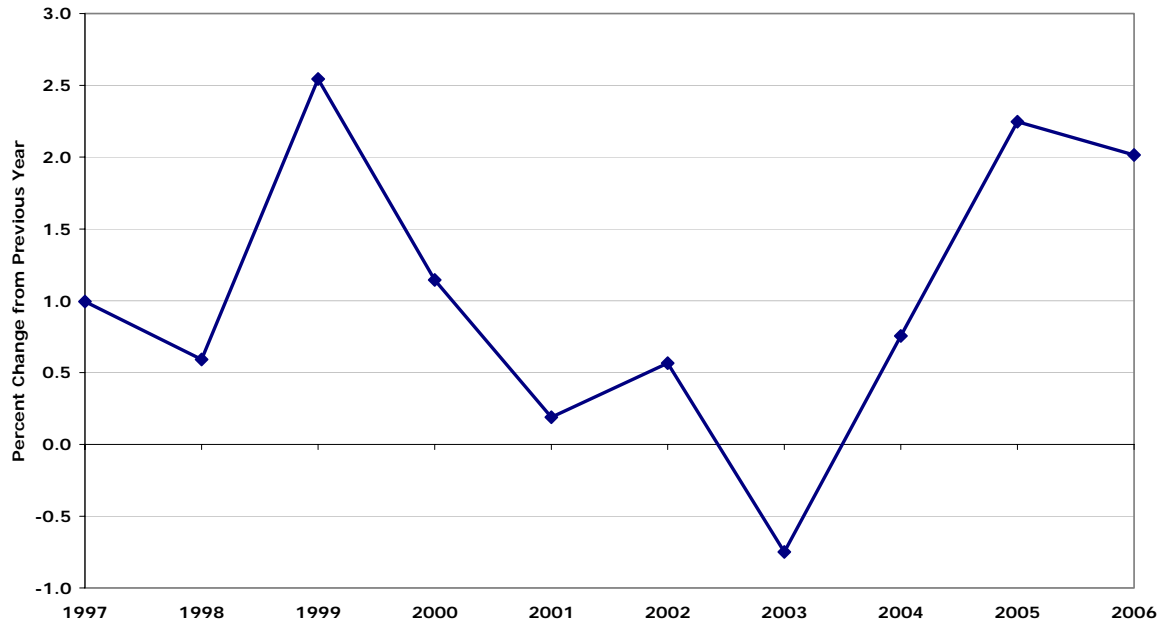
Source: Texas Workforce Commission and Real Estate Center

**Average Hourly Wage
 2005**



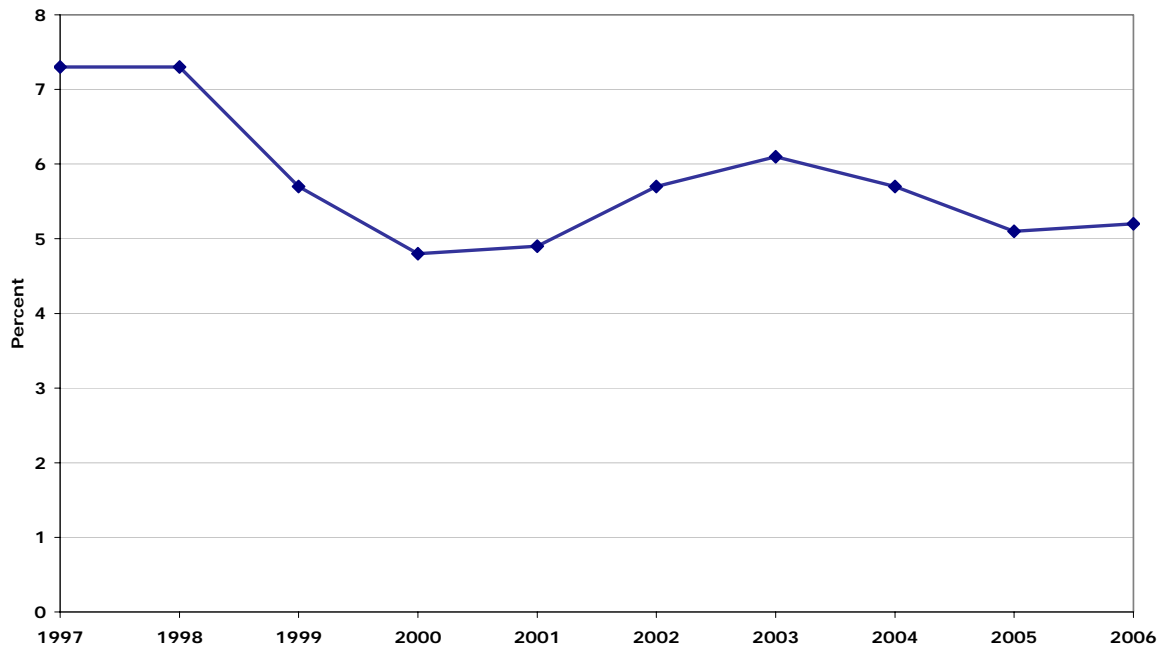
Source: Texas Workforce Commission

**Nonfarm Employment Growth
Texarkana MSA**



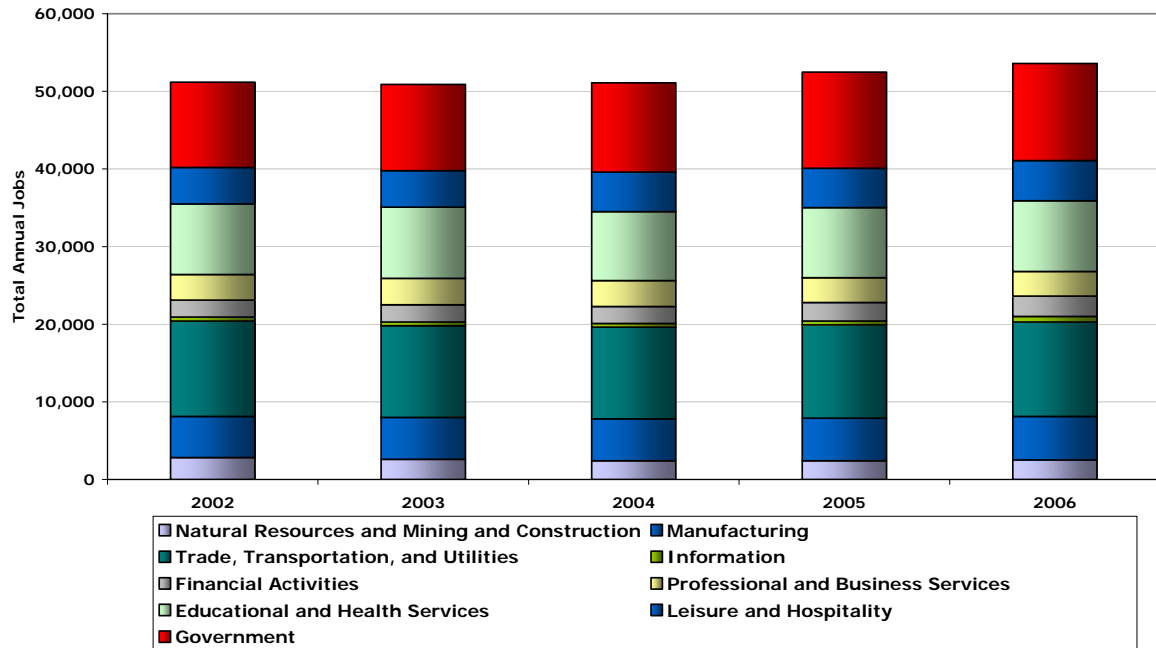
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Texarkana MSA
Unemployment Rate**



Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

Distribution of Employment in Major Categories
 Texarkana MSA



Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

Texarkana Market Overview 2007 Economy

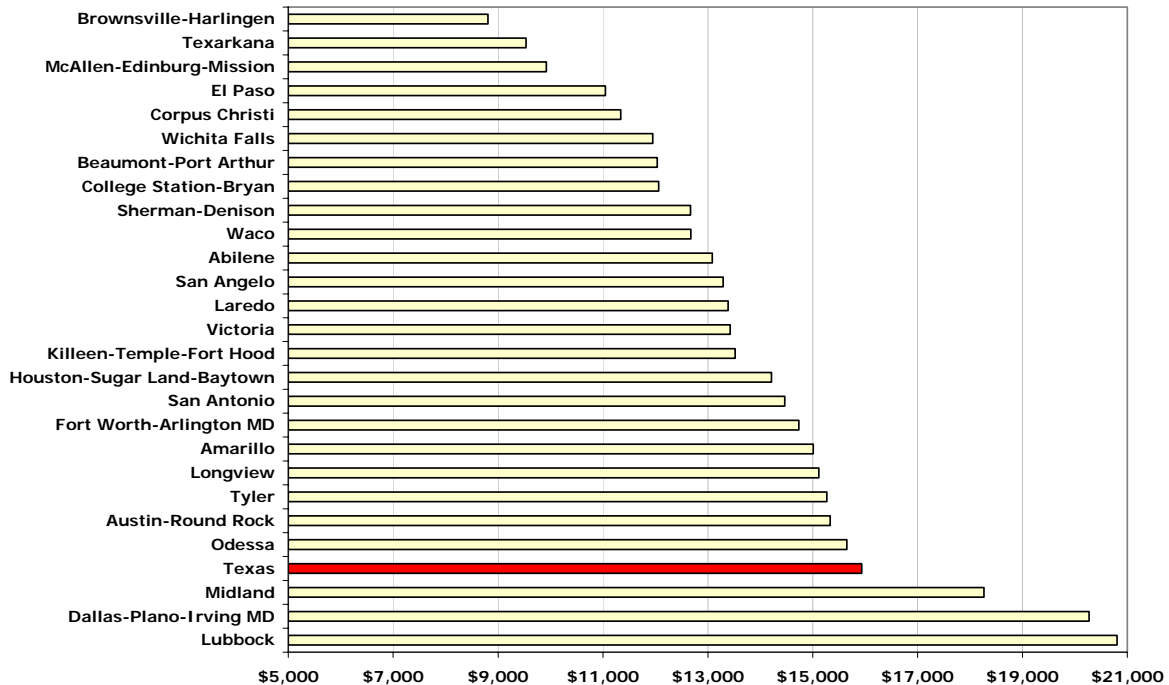
Texarkana Gross Retail Sales

Year	Total Sales	Sales per Capita
1995	\$878,887,069	#N/A
1996	\$915,531,294	\$7,170
1997	\$931,498,614	\$7,263
1998	\$955,854,367	\$7,426
1999	\$981,570,186	\$7,581
2000	\$1,036,976,373	\$7,992
2001	\$1,049,465,639	\$8,061
2002	\$1,051,703,868	\$8,037
2003	\$1,097,053,347	\$8,335
2004	\$1,169,865,023	\$8,816
2005	\$1,275,587,593	\$9,533
State Average 2005:		\$15,935

* 2006 data not available as of April 15, 2007.

Source: Texas Comptroller's Office

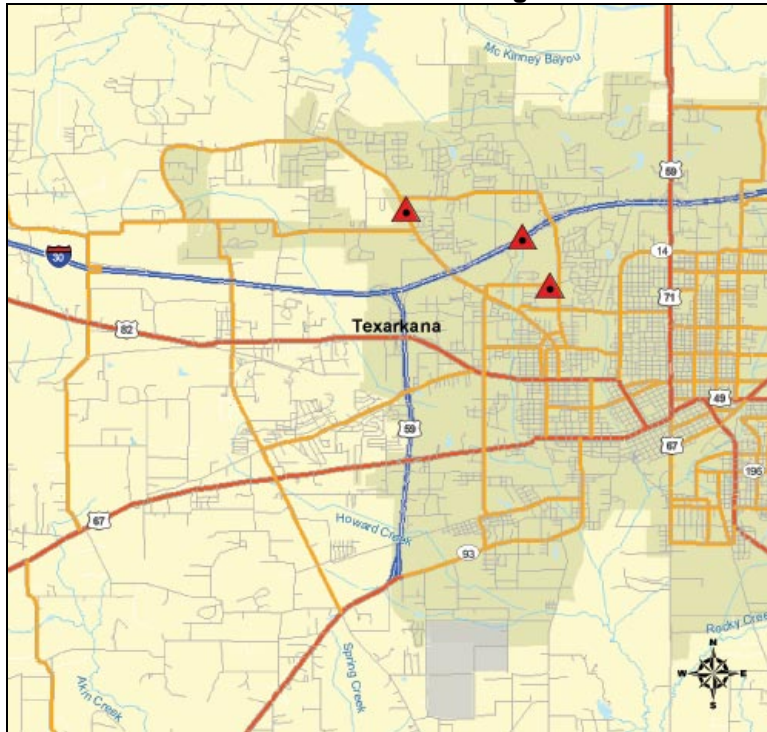
**Gross Retail Sales per Capita
 2005**



Source: Texas Comptroller's Office

Texarkana Market Overview 2007 Public Facilities

Texarkana Public Facilities Building Permits 2005*



Texarkana City Building Permit Office
* 2006 data not available as of April 15, 2007.

Texarkana Market Overview 2007 Infrastructure

Texarkana Airline Boardings

Texarkana Regional Airport	2002	2003	2004	2005	2006
Enplaned	31,849	28,615	32,854	35,640	36,908

Source: Texarkana Regional Airport

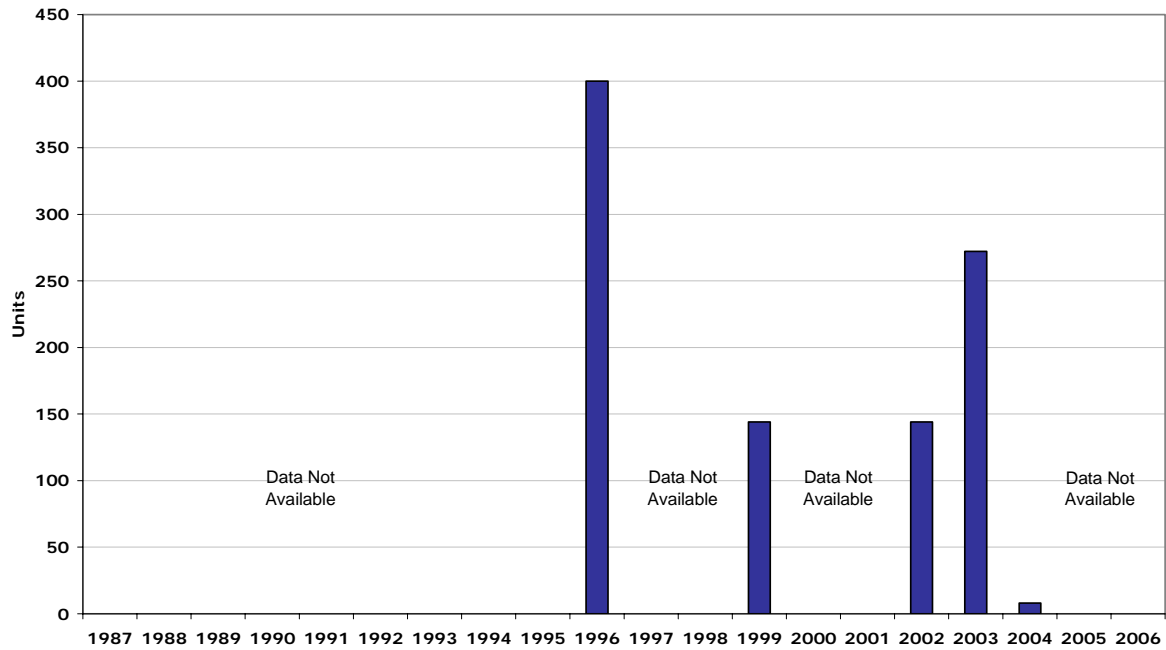
Texarkana Market Overview 2007 Multifamily

Texarkana Apartment Statistics 2006

	Texarkana	Texas Metro Average
Average rent per square foot	\$0.58	\$0.77
Average rent for units built since 2000	-	\$0.86
Average occupancy	94.2%	92.8%
Average occupancy for units built since 2000	-	94.1%

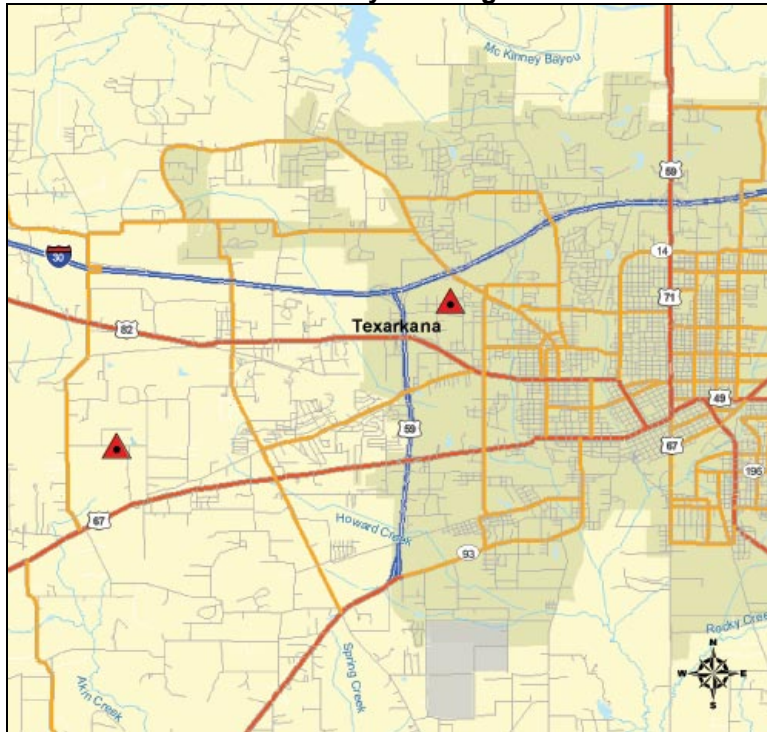
Source: Apartment MarketData Research

**Texarkana MSA
 Multifamily Building Permits
 5+ Multifamily Building Permits**



Source: U.S. Bureau of Census and Real Estate Center at Texas A&M University

Texarkana Multifamily Building Permits 2005*



Texarkana City Building Permit Office
* 2006 data not available as of April 15, 2007.

Texarkana Market Overview 2007 Housing

2006 Housing Affordability Index

MLS	2006 Median- Priced Home	Required Income to Qualify	Median Family Income	HAI*	HAI for First-Time Homebuyers**
Texarkana	\$131,300	\$32,301	\$46,600	0.00	0.00
State	\$143,000	\$35,179	\$54,300	1.54	1.05
US	\$221,900	\$54,139	\$59,600	1.10	0.62

* The HAI is the ratio of the median family income to the income required to buy the median-priced house using standard mortgage financing at the current interest rate. Standard financing is a fixed-rate, 30-year loan covering 80 percent of the cost of the home. A HAI of 1.00 indicates that the median family income is exactly equal to the required income to qualify for the standard loan to purchase the median-priced house.

** First-time home buyer is assumed to purchase a home equal to the first quartile home price using a 90% home loan at an interest rate 0.5 percent greater than the standard current rate.

Source: Real Estate Center at Texas A&M University

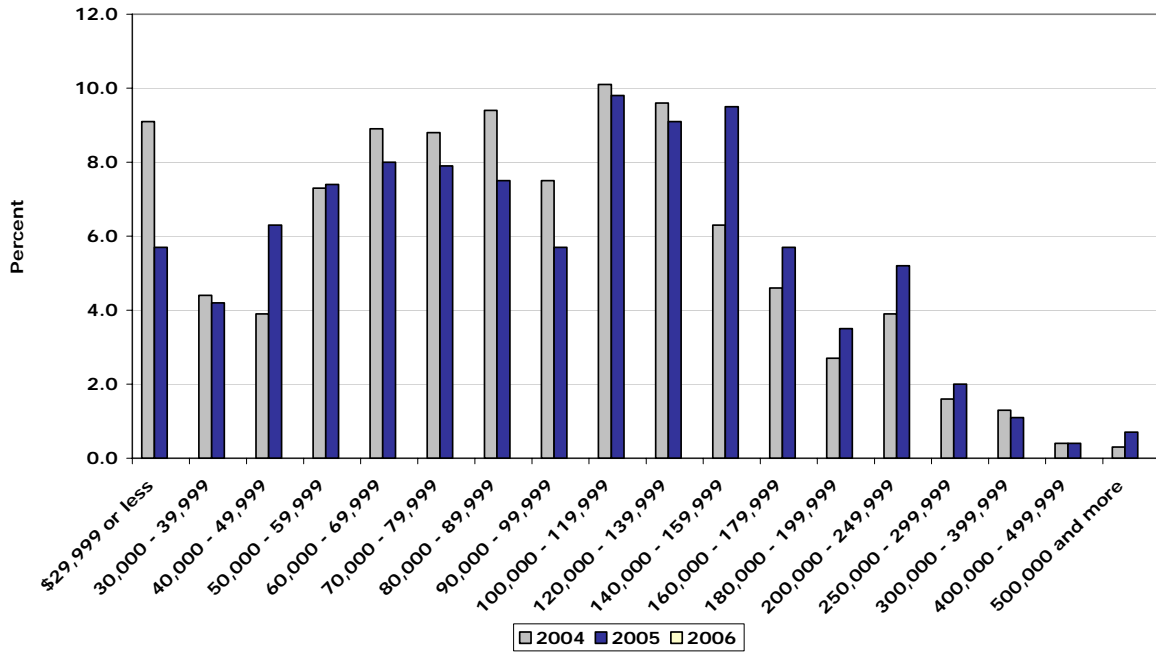
Price Distribution of MLS Homes Sold, Texarkana Area (in percent)

Price Range	2000	2001	2002	2003	2004	2005	2006
\$29,999 or less	-	-	10.7	8.7	9.1	5.7	-
30,000 - 39,999	-	-	7.0	5.5	4.4	4.2	-
40,000 - 49,999	-	-	7.3	6.9	3.9	6.3	-
50,000 - 59,999	-	-	8.9	7.6	7.3	7.4	-
60,000 - 69,999	-	-	8.9	8.4	8.9	8.0	-
70,000 - 79,999	-	-	8.5	10.6	8.8	7.9	-
80,000 - 89,999	-	-	8.2	8.5	9.4	7.5	-
90,000 - 99,999	-	-	4.9	7.0	7.5	5.7	-
100,000 - 119,999	-	-	8.8	8.4	10.1	9.8	-
120,000 - 139,999	-	-	10.1	10.9	9.6	9.1	-
140,000 - 159,999	-	-	4.6	5.6	6.3	9.5	-
160,000 - 179,999	-	-	4.1	3.3	4.6	5.7	-
180,000 - 199,999	-	-	2.3	2.2	2.7	3.5	-
200,000 - 249,999	-	-	2.0	3.1	3.9	5.2	-
250,000 - 299,999	-	-	1.4	1.2	1.6	2.0	-
300,000 - 399,999	-	-	1.8	1.4	1.3	1.1	-
400,000 - 499,999	-	-	0.4	0.3	0.4	0.4	-
500,000 and more	-	-	0.2	0.2	0.3	0.7	-

"-" represents unreported data or nonparticipation in Real Estate Center's survey.

Source: Real Estate Center at Texas A&M University

Price Distribution of MLS Homes Sold
 Texarkana Area



Source: Real Estate Center at Texas A&M University

Property Tax Rates, 2006:
 County, Major City, Major School District

Taxing Entity*	Tax Rate per \$100 Valuation
Bowie County, Texas	0.3190
City of Texarkana, Texas	0.5265
City of Texarkana, Arkansas** (includes ISD & Miller County)	0.0549
Texarkana ISD (Bowie)	1.5716
Total	\$2.42

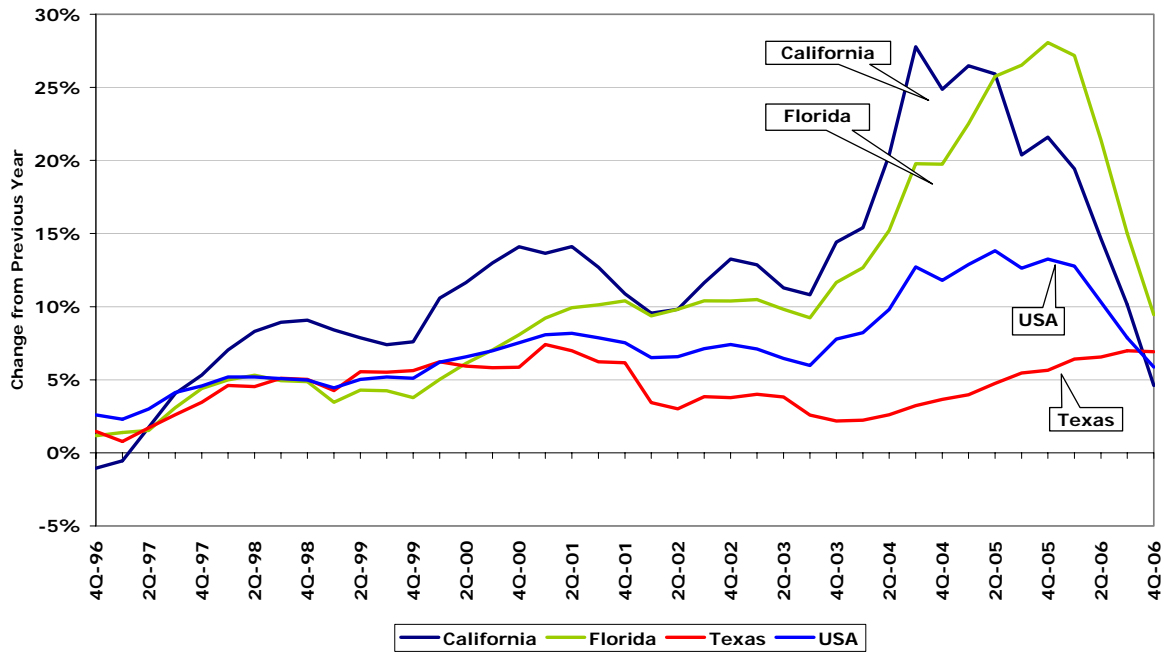
* Only the typical taxing entities are listed. However, there are numerous numbers of taxing entities that need to be taken into account for an actual tax rate calculation.

** Millage (Tax Rates)- Arkansas

Source: Bowie County and Miller County Appraisal District

National Home Price Appreciation

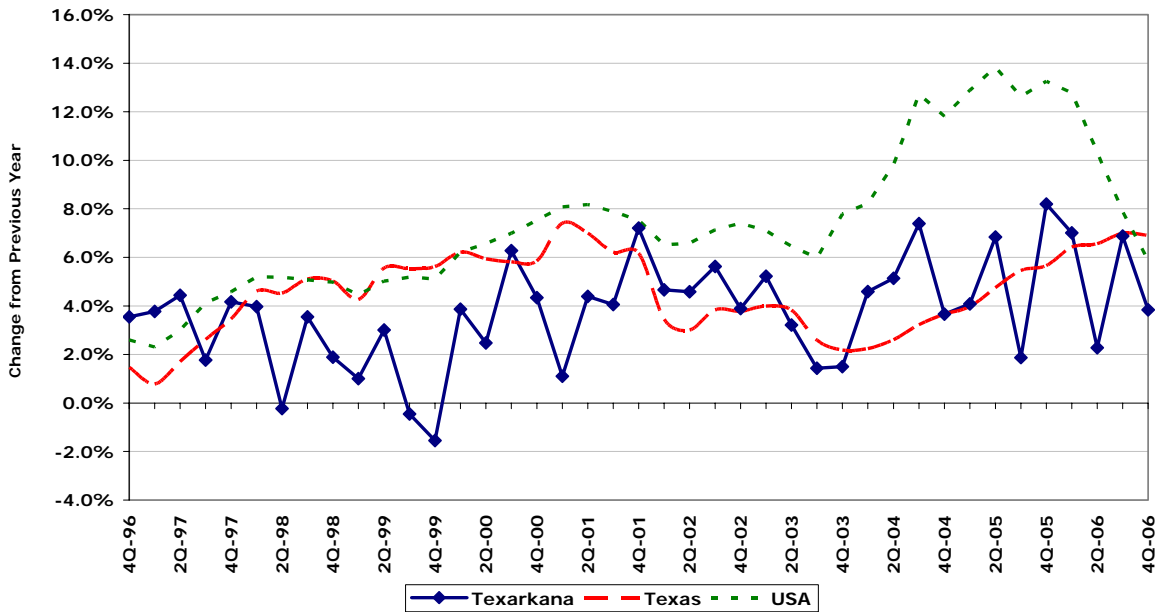
The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae.



Source: Office of Federal Housing Enterprise Oversight

Home Price Appreciation Texarkana MSA

The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae.



Source: Office of Federal Housing Enterprise Oversight

Real Estate Center Market Overview 2007
 Texarkana, Texas

2005 Occupied Housing Unit Characteristics

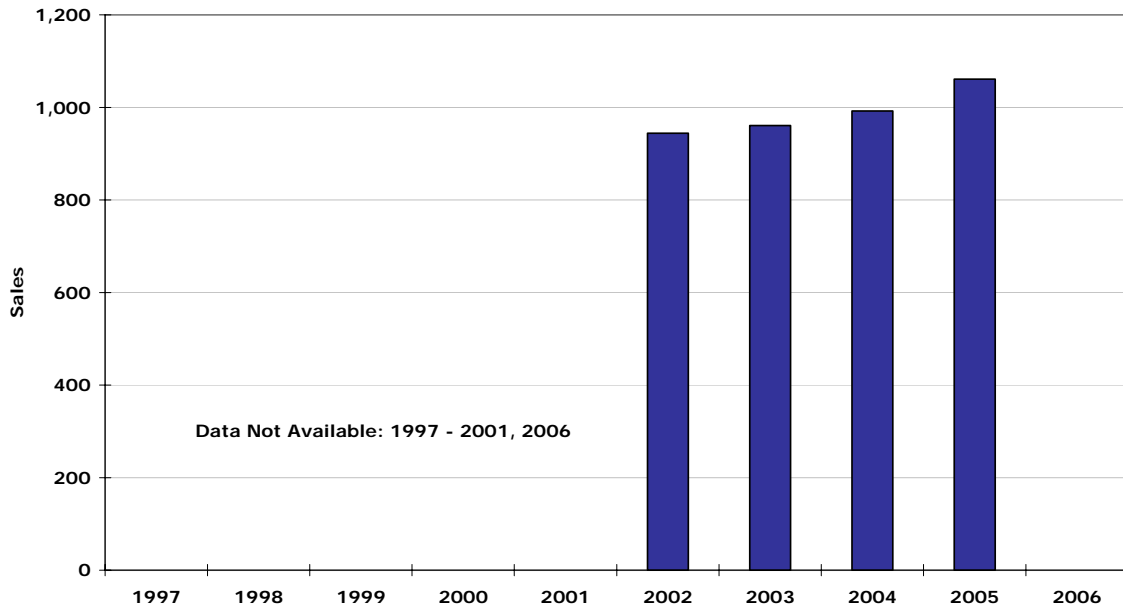
Housing Unit Characteristics	Texarkana MSA			Texas		
	Owner-occupied housing units	Renter-occupied housing units	Total occupied housing units	Owner-occupied housing units	Renter-occupied housing units	Total occupied housing units
Occupied housing units	34,647	17,219	51,866	5,162,604	2,815,491	7,978,095
Household Size						
1-person household	25.7%	32.2%	27.9%	19.1%	35.0%	24.7%
2-person household	37.6%	36.8%	37.3%	34.2%	25.8%	31.2%
3-person household	17.1%	13.0%	15.8%	17.2%	16.0%	16.8%
4-or-more-person household	19.6%	18.0%	19.1%	29.5%	23.2%	27.3%
Race and Hispanic or Latino Origin of Householder						
One Race						
White	83.2%	57.9%	74.8%	79.0%	66.2%	74.5%
Black or African American	14.2%	38.2%	22.2%	8.2%	17.9%	11.6%
American Indian and Alaska Native	0.4%	1.9%	0.9%	0.5%	0.6%	0.6%
Asian	-	-	0.3%	2.9%	3.1%	3.0%
Native Hawaiian and Other Pacific Islander	-	-	0.0%	0.0%	0.1%	0.0%
Some other race	-	-	0.8%	8.3%	10.8%	9.2%
Two or more races	1.3%	0.6%	1.1%	1.0%	1.4%	1.2%
Age of Householder						
Under 35 years	14.6%	41.7%	23.6%	14.4%	46.3%	25.6%
35 to 44 years	16.7%	28.6%	20.6%	21.9%	21.4%	21.7%
45 to 54 years	20.8%	11.1%	17.6%	24.1%	15.4%	21.0%
55 to 64 years	22.4%	6.9%	17.2%	18.1%	8.3%	14.7%
65 to 74 years	13.3%	4.9%	10.5%	11.9%	4.2%	9.2%
75 to 84 years	10.1%	4.7%	8.3%	7.6%	3.1%	6.1%
85 years and over	2.1%	2.1%	2.1%	2.0%	1.3%	1.8%
Units in Structure						
1, detached	80.3%	43.3%	68.0%	87.5%	28.3%	66.6%
1, attached	0.4%	1.2%	0.6%	2.3%	3.6%	2.8%
2 apartments	0.0%	6.7%	2.2%	0.3%	4.9%	1.9%
3 or 4 apartments	0.0%	12.9%	4.3%	0.4%	8.8%	3.3%
5 to 9 apartments	0.0%	13.7%	4.6%	0.3%	13.8%	5.1%
10 or more apartments	0.0%	14.3%	4.7%	0.7%	35.1%	12.9%
Mobile home or other type of housing	19.4%	7.9%	15.6%	8.5%	5.6%	7.5%
Year Structure Built						
2000 or later	8.0%	10.1%	8.7%	13.7%	10.9%	12.7%
1990 to 1999	14.2%	12.8%	13.7%	18.6%	14.8%	17.2%
1980 to 1989	17.3%	16.0%	16.9%	18.7%	22.5%	20.1%
1960 to 1979	38.0%	32.8%	36.3%	28.7%	35.0%	30.9%
1940 to 1959	17.0%	23.7%	19.2%	15.4%	12.4%	14.3%
1939 or earlier	5.5%	4.6%	5.2%	4.9%	4.5%	4.8%
Bedrooms						
No bedroom	0.1%	0.5%	0.3%	0.2%	1.5%	0.6%
1 bedroom	2.1%	16.8%	7.0%	2.1%	32.6%	12.9%
2 or 3 bedrooms	83.6%	80.3%	82.5%	70.8%	61.7%	67.6%
4 or more bedrooms	14.1%	2.3%	10.2%	26.8%	4.2%	18.9%
Annual Household Income and Housing Costs*						
Median household income (dollars)	\$36,846	\$18,729	\$31,934	\$54,610	\$26,782	\$42,139
Annual Median Housing Costs (dollars)	\$5,520	\$6,576	\$6,072	\$10,536	\$8,052	\$9,108
Housing Costs as a percentage of household income	15.0%	35.1%	19.0%	19.3%	30.1%	21.6%

* in 2005 inflation-adjusted dollars

Source: U.S. Census Bureau 2005 and Real Estate Center at Texas A&M University

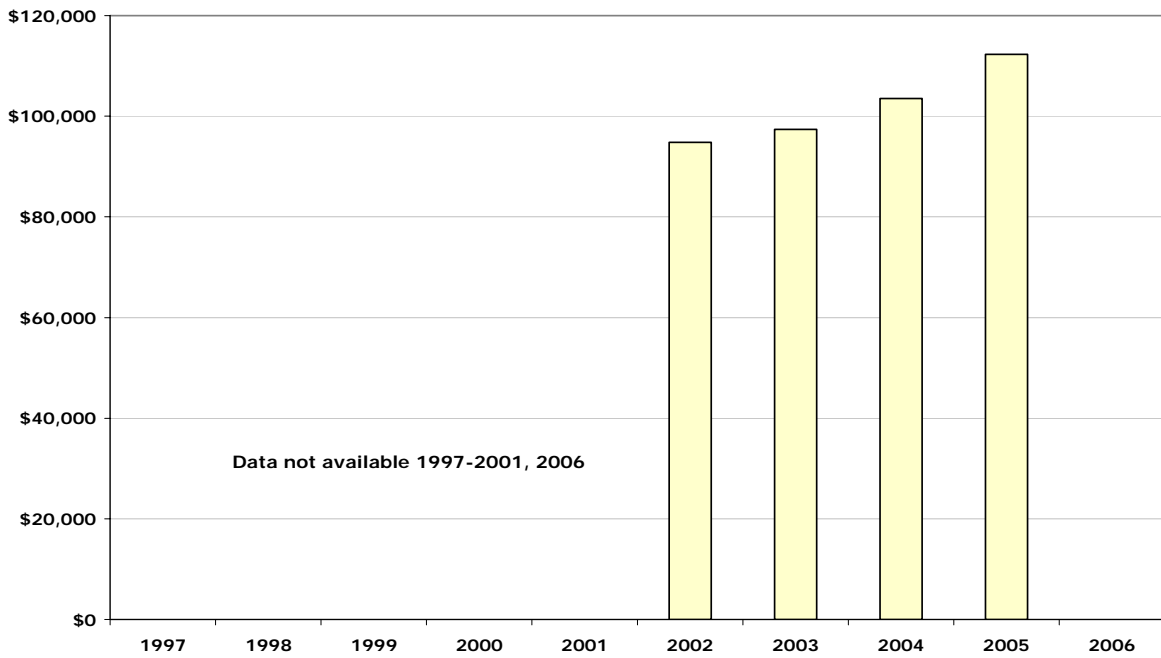
Real Estate Center Market Overview 2007
Texarkana, Texas

Yearly Homes Sales
Texarkana MLS



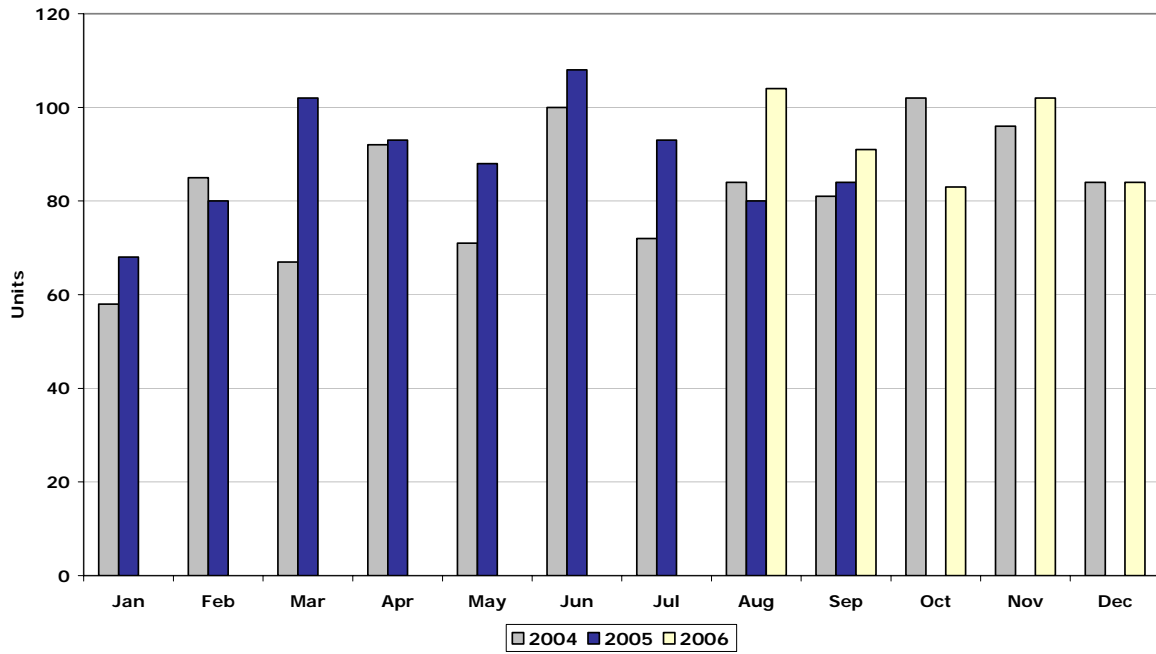
Source: Real Estate Center at Texas A&M University

Average Sales Price
Texarkana MLS



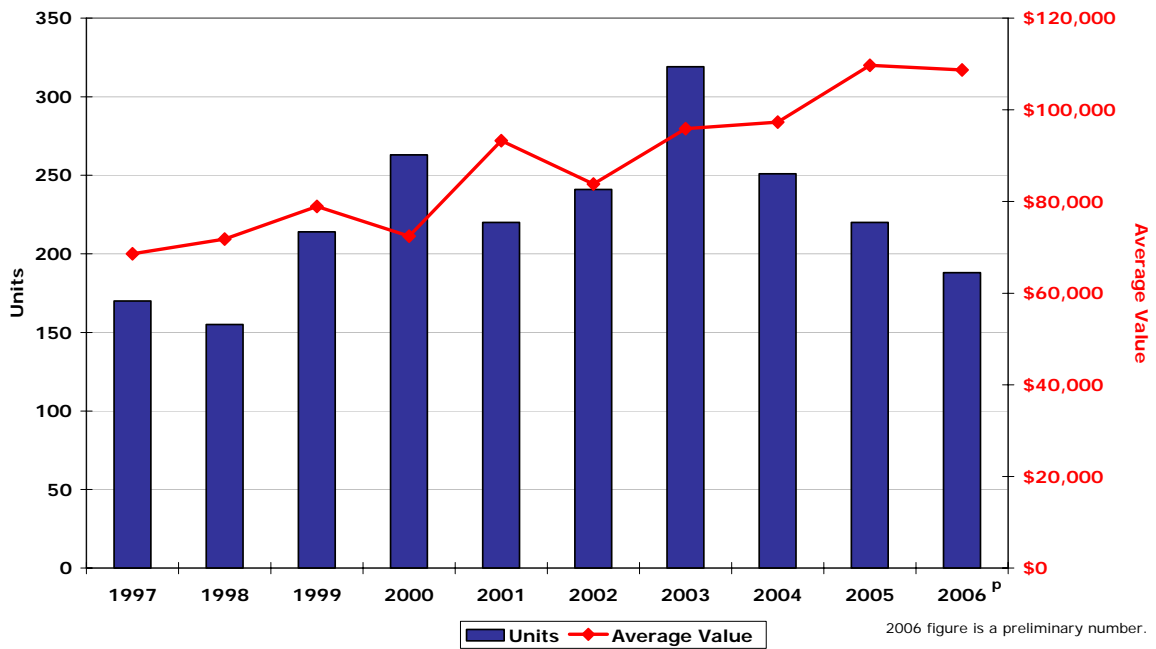
Source: Real Estate Center at Texas A&M University

Single-Family Homes Sales Volume
 Texarkana MSA



Source: Real Estate Center at Texas A&M University

Single-Family Building Permits and Average Value
 Texarkana MSA



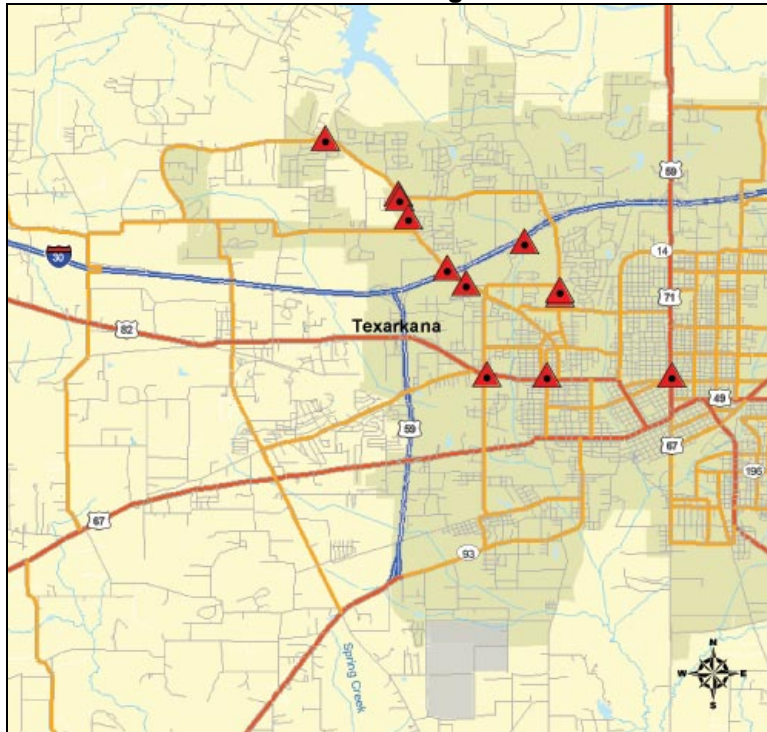
2006 figure is a preliminary number.

Source: U.S. Bureau of Census and Real Estate Center at Texas A&M University

Texarkana Market Overview 2007

Retail

Texarkana Retail Building Permits 2005*



Texarkana City Building Permit Office
* 2006 data not available as of April 15, 2007.

Texarkana Market Overview 2007 Hotel

Hotel* Occupancy and Rental Rates

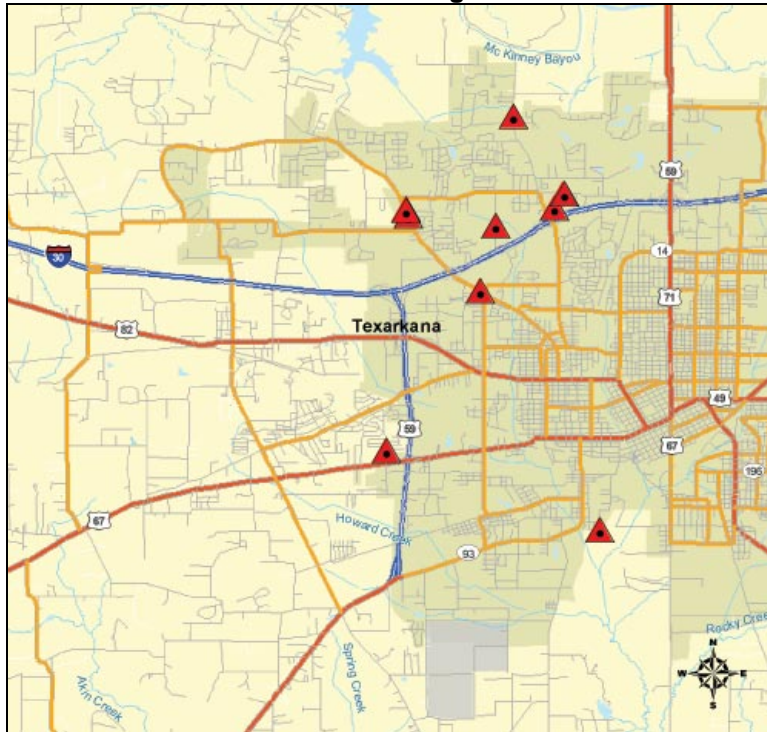
	2005		2006	
	Texarkana (TX)	Texas	Texarkana (TX)	Texas
# Rooms 000's	1.2	333.6	1.2	341
Average daily rate	\$55.75	\$74.38	\$59.97	\$80.82
Occupancy rate (in percent)	60.8	59.9	54.5	61.1

*Only properties exceeding \$18,000 in the current quarter are included; those units below \$18,000 only result in 1.5% of the total state revenues, and have been excluded from this database.

Source: Office of the Governor Economic Development and Tourism and
Source Strategies, Inc. of San Antonio

Texarkana Market Overview 2007 Office

Texarkana Office Building Permits 2005*

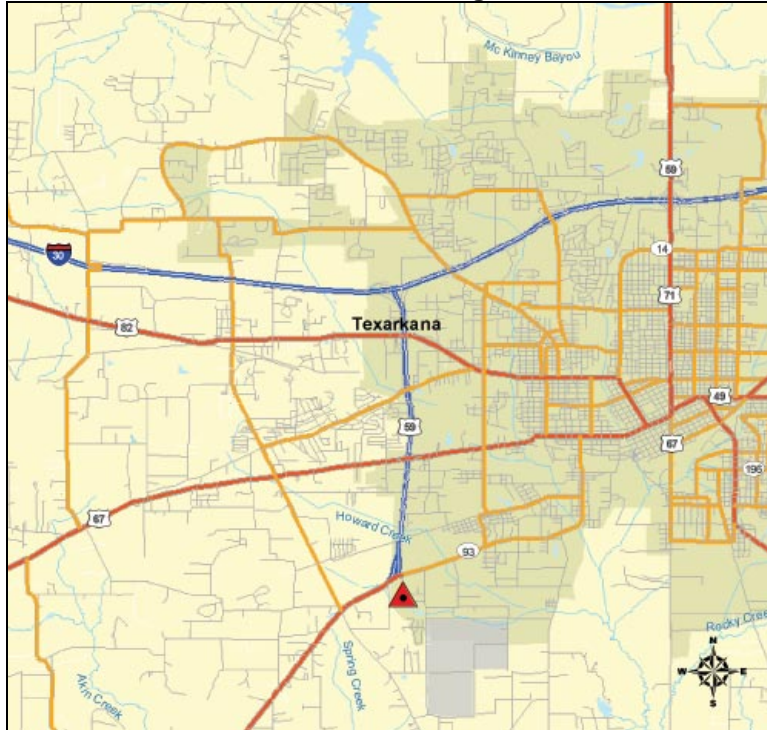


Texarkana City Building Permit Office
* 2006 data not available as of April 15, 2007.

Texarkana Market Overview 2007

Industrial

Texarkana Industrial Building Permits 2005*



Texarkana City Building Permit Office
* 2006 data not available as of April 15, 2007.



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