

# REAL ESTATE APPRAISAL

## Complete Appraisal; Summary Report

40 Ferry Street  
Middletown, Middlesex County, CT

As Of

December 15, 2004

Owner of Record:

Houston McInvale  
Volume 1156, Page 235

Prepared For:

Mr. Michiel Wackers  
Community Development Specialist  
City of Middletown  
245 Dekoven Drive  
Middletown, CT 06457

Appraised By:

**JOHN LO MONTE REAL ESTATE APPRAISERS & CONSULTANTS**  
P.O. Box 290-0563, Wethersfield, Connecticut 06129-0563 ♦ (860) 635-7500 & Fax (860) 635-3339

*John Lo Monte*

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December 27, 2004

Mr. Michiel Wackers  
Community Development Specialist  
City of Middletown  
245 Dekoven Drive  
Middletown, CT 06457

**RE: 40 Ferry Street, Middletown, Middlesex County, CT**

Dear Mr. Wackers:

At your request and for the benefit of The City of Middletown, Department of Planning, Conservation and Development we have prepared an appraisal to determine the market value (as is) of the subject site located on the northerly side of Ferry Street, Middletown, Middlesex County, Connecticut. The purpose of this report is to evaluate the subject property based on the "as is" value of the fee simple interest in the property as of December 15, 2004. The function of this report is for it to be used by you and The City of Middletown, Department of Planning, Conservation and Development, our client, for asset evaluation and/or portfolio management. John Lo Monte did an inspection of the subject property on Wednesday, December 15, 2004 accompanied by the current subject property owner/manager, Mr. Houston McInvale.

This is a complete appraisal with a summary report intended to comply with the reporting requirements set forth in Standards Rule 2.2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). The Departure Standard is not invoked.

Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and to the intended use stated above. The appraiser is not responsible for unauthorized use of this report.

The subject property is a 8,583 square foot, more or less, above grade three-story frame with brick and vinyl siding exterior, ten family apartment building, on a 6,050 square foot (0.14± acre) lot. The building is currently largely tenants occupied or 8 units from the total of ten were rented; moreover, according to the current subject property owner the two vacant apartments (No. 1 and No. 3) were scheduled to be occupied as of January 1, 2005. However, we could not verify this information as of the appraisal date. The improvements are built on full and unfinished basement.



**RE: 40 Ferry Street, Middletown, Middlesex County, CT**

The ground floor and second floor each consists of approximately 2,861 sq ft and comprises a total of seven apartments. The upper floor also consists of approximately 2,861 sq ft and comprises three apartments for a total of ten (10) apartments. It should be noted here that the City of Middletown Assessor's Office records list the subject property as 10-units multi-family dwelling comprising 4-3-room (1-br) apartments and 6-4-room (2-br) apartments.

Based on our inspection on December 15, 2004 and based on information provided by the current subject property owner/manager, the subject property comprises ten (10) apartments of various size, layout and finish-condition. Thus, for our purpose and to maintain consistency throughout the report, the subject property comprises ten (10) apartments in approximately 8,583 sq ft gross building area. The units mix is as follows:

<b>40 Ferry Street, Middletown, CT Units Mix</b>			
<b>Unit #</b>	<b>Rooms/BR</b>	<b>Sq Ft ±</b>	<b>Comments</b>
1	3/1	600	Cold flat, electric utilities, appliances included
2	3/1	600	same as above
3	4/2	800	same as above
4	5/3	930	same as above
5	4/2	800	same as above
6	5/3	930	same as above
7	4/2	800	same as above
8	4/2	800	same as above
9	4/2	800	same as above
10	4/2	800	same as above
<b>GLA 7,860± sq ft; Common Area 723± sq ft; GBA 8,583± sq ft</b>			

As of the appraisal date the subject property is in average overall condition, items of deferred maintenance observed on the day of inspection appear to be minor items which are cosmetic in nature, i.e. cleaning, painting and/or routine maintenance.

*John Lo Monte*

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**RE: 40 Ferry Street, Middletown, Middlesex County, CT**

To this extent it should be noted here that the current subject property owner purchased the property on April 13, 1998 as recorded in Volume 1156, Page 235 of the Middletown Land Records. According to Mr. McInvale the subject's prior ownership in 1986 completed substantial rehab and remodeling of the property including a 3-story addition of the rear, at a cost of \$400,000. However we could not verify this information as of the appraisal date.

Items such as plumbing, electrical, remodeling of kitchens and bathrooms, new floor cover, painting, etc. have been completed in various stages and to varying degrees. Additionally, wet sprinkler system had to be installed as well. For a visual representation the reader should refer to the Photographs of Subject Property section.

The Direct Sales Comparison and Income Capitalization Approaches are used to reach a conclusion of market value. Of all three approaches the Cost Approach has the least relevance.

#### ENVIRONMENTAL DISCLAIMER

Unless otherwise stated in this report the existence of hazardous material that may or may not be present on the property was not observed by the appraiser. The appraiser has no knowledge of any such contaminants on the property.

The appraiser is not qualified to detect such substances as they may or may not exist presently. There are probably not substances such as asbestos, lead paint, urea formaldehyde/foam insulation, and/or a fuel oil underground storage tank which would effect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause such a loss in value.

There is no responsibility assumed for any such conditions or for any expertise or engineering knowledge required to discover them. If there is such concern a Phase 1 site assessment should be done.

According to the Middletown Tax Collector Office there are not past taxes due, as of December 15, 2004, or the valuation date.

*John Lo Monte*

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RE: 40 Ferry Street, Middletown, Middlesex County, CT

Therefore, as a result of my physical inspection and based on my knowledge and experience as to real property value, it is my opinion that the most probable market value (as is) of the subject property, as of December 15, 2004, was:

**\$340,000**  
**(THREE HUNDRED FORTY THOUSAND DOLLARS)**

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'John Lo Monte', written in a cursive style.

John Lo Monte, CCRA, GAA, CCIM  
General Certified Commercial Appraiser  
CT Certificate No. RCG 377  
Expiration Date: 4/30/05

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### Addenda

Engagement Letter  
Property Deed  
Assessor's Field Card  
Appraiser's Certificate  
Location/Area Maps  
Miscellaneous

**SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

Property Appraised	40 Ferry Street, Middletown, Middlesex County, CT
Property Type	Commercial 10 family apartment building
Ownership	Houston McInvale Volume 1156, Page 235
Assessor's Reference	Map 22, Block 17-37, Lot 30
Interest Appraised	Fee Simple
Land Site	6,050 Square Feet (0.14 ± acre)
Land to Building Ratio	0.7 to 1
Assessment	\$19,460 land \$160,720 building
Total Assessment	\$180,180
Taxes	\$6,054.06 yearly (Grand List of 2003)

**SUMMARY OF SALIENT FACTS AND CONCLUSIONS, continued**

Units Mix

<b>40 Ferry Street, Middletown, CT Units Mix</b>			
<b>Unit #</b>	<b>Rooms/BR</b>	<b>Sq Ft ±</b>	<b>Comments</b>
1	3/1	600	Cold flat, electric utilities, appliances included
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9	4/2	800	same as above
10	4/2	800	same as above
<b>GLA 7,860± sq ft; Common Area 723± sq ft; GBA 8,583± sq ft</b>			

Zoning B-1; Business District

Date Of Inspection December 15, 2004

Date Of Valuation December 15, 2004

Highest & Best Use Commercial apartment building

**SUMMARY OF SALIENT FACTS AND CONCLUSIONS**, continued

Estimates of Market Value:	
Cost Approach	Considered but not used
Direct Sales Comparison Approach to Value	\$305,000
Income Approach to Value (By Mortgage Equity Technique, Ellwood Method)	\$365,000
<b>Final Estimate of Market Value (As Is):</b>	<b>\$340,000</b>

## PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to estimate the market value of the fee simple interest to the subject property, 40 Ferry Street, Middletown, Middlesex County, CT, as of December 15, 2004.

The Dictionary of Real Estate Appraisal (Chicago: Appraisal Institute Eleventh Edition, 1996) defines the fee simple estate as:

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

The fee simple estate, also known as the fee simple title includes ownership of the land, improvements, and all of the rights normally acquired by ownership. The fee simple of the subject property will be estimated on a cash basis or its equivalent.

## FUNCTION OF THE APPRAISAL

The function of this report is to assist you and The City of Middletown in asset evaluation and/or portfolio management for a possible acquisition an/or possible legal proceedings, i.e. Eminent Domain action.

## SCOPE OF THE APPRAISAL

The scope of the appraisal includes an inspection of the subject property; an evaluation of the subject property in terms of its conformity to local requirements; the suitability of the property for its current use; and the collection of other data used to formulate and support an estimate of value for the subject property, as of December 15, 2004.

The appraiser collected market information through primary sources such as municipal employees, property owners, property managers, and real estate brokers. An attempt was made to verify all comparable sale data with the buyer, seller or broker involved in the transaction.

The appraiser has written the appraisal in accordance with the request of the client, and with the client in mind. In most cases, the language and degree of reporting is intended to be consistent with the known or perceived wishes, sophistication and comprehension of the client. All efforts have been made to satisfy the needs of the client and to provide a clear, factual and reliable report of value.

## PROPERTY IDENTIFIED

The property has a street address of 40 Ferry Street, Middletown, Middlesex County, Connecticut. The Middletown Tax Assessor's Office identifies the subject property as Map 22, Block 17-37, Lot 30.

It should be noted here that the City of Middletown Assessor's Office records list the subject property as 10-units multi-family dwelling comprising 4-3-room (1-br) apartments and 6-4-room (2-br) apartments.

However, based on our inspection on December 15, 2004 and based on information provided by the current subject property owner/manager, the subject property comprises ten (10) apartments of various size, layout and finish-condition. Thus, for our purpose and to maintain consistency throughout the report, the subject property comprises ten (10) apartments in approximately 8,583 sq ft gross building area.

## REFERENCES CITED

Sources of data obtained for this appraisal were gathered by:

National Association of Real Estate Appraisers for narrative appraisal report format

The Appraisal Institute

Records and Offices City of Middletown

Conn Comp, Data Gathering Information Research

Landlords, Tenants, Investors, Appraisers as noted.

## LEGAL DESCRIPTION/PROPERTY HISTORY

The subject property is currently in the name of Houston McInvale. The deed detailing the acquisition is a Quit-Claim Deed dated April 13, 1998 (recorded in Volume 1156 at Page 235) of the Middletown, Middlesex County Land Records.

For a metes and bounds description on the subject property, please see the above-referenced deed and the Assessor's Map included in this appraisal report. A copy of the deed is included in the Addenda Section of this report. No other transfers of the subject property have occurred in the last three years, or since the above noted transaction.

Grantor:	Andrew Vallas
Grantee:	Houston McInvale
Recorded:	Middletown Land Records, Volume 1156, Page 235
Instrument:	Quit-Claim Deed
Date:	April 13, 1998
Sale Price:	One Dollar (\$1.00)

ASSESSMENT AND TAX DATA

The current assessment and taxes on the subject property are as follows:

Land:	\$19,460
Out Building:	N/A
Building:	<u>\$160,720</u>
Total:	\$180,180
Mill rate:	28.0 Mills per \$1,000 of the assessed value.
Fire District (No. 1) Mill Rate	5.60 Mills per \$1,000 of the assessed value.
Taxes assessed:	\$6,054 (Rounded) Yearly

Date of Assessment: October 1, 2003

The assessment above is based on 70% of market value with the last revaluation taking place in the City of Middletown during 2000. Revaluation methods in Middletown usually are based on the cost method of valuation.

Typically, the Marshall Valuation Service is used to estimate reproduction cost new, and the building is depreciated accordingly. Site valuation is typically based on value per site, with adjustments for frontage, depth, and corner influence. The mill rate has been set at 28.0 mills as of October 1, 2003 Grand List.

According to the Middletown Tax Collector Office there are not past taxes due, as of December 15, 2004, or the valuation date.

## MARKET VALUE DEFINITION

As defined in the Federal Institutions Reform Recovery and Enforcement Act of 1989 (FIRREA) the following is the definition of Market Value included in this report:

The most probable price in terms of money which a property will bring in a competitive and open market under all conditions requisite to a fair sale with the buyer and seller each acting prudently and knowledgeably and assuming the price is not affected by undue stimulus.

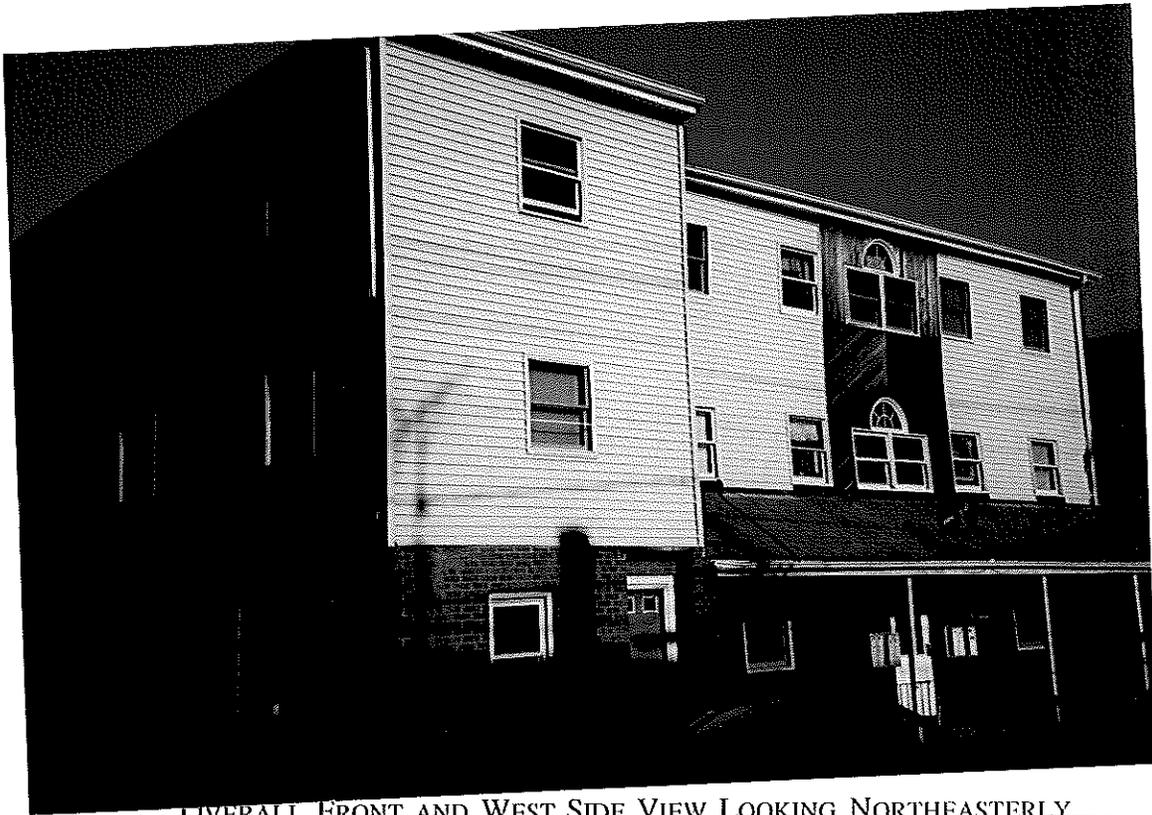
Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. buyer and seller are both typically motivated.
- b. both parties are well informed or well advised and each acting in what he considers to be his own self interest.
- c. a reasonable time is allowed for exposure on the open market.
- d. payment is made in cash or its equivalent.
- e. financing, if any, is on terms generally available in the community at the specified date and typical for the property type in its locale.

The price represents the normal consideration for the property sold unaffected by special financing amounts and/or terms, services, fees, costs or credits incurred in the transaction.

**The Most Probable Sales (Selling) Price** is defined as:

“That price at which a property would most probably sell if exposed to the market for a reasonable time, under conditions prevailing as of the date of appraisal.” (The Dictionary of Real Estate Appraisal, Third Edition, Appraisal Institute, 1993).



OVERALL FRONT AND WEST SIDE VIEW LOOKING NORTHEASTERLY



VIEW OF WEST SIDE AND CONSTRUCTION DETAILS  
(PLEASE NOTE THE DRIVEWAY TO THE LEFT  
IS ON CITY OF MIDDLETOWN PROPERTY)



CLOSE-UP VIEW OF FRONT SIDE AND CONSTRUCTION DETAILS



CLOSE-UP VIEW OF REAR SIDE AND CONSTRUCTION DETAILS



FRONT AND EAST SIDE VIEW AND CONSTRUCTION DETAILS



ALTERNATE CLOSE-UP REAR VIEW AND FINISH-CONDITION



ALTERNATE CLOSE-UP VIEW OF REAR SIDE AND CONSTRUCTION DETAILS



ALTERNATE OVERALL FRONT VIEW AND CONSTRUCTION DETAILS  
LOOKING NORTHWESTERLY



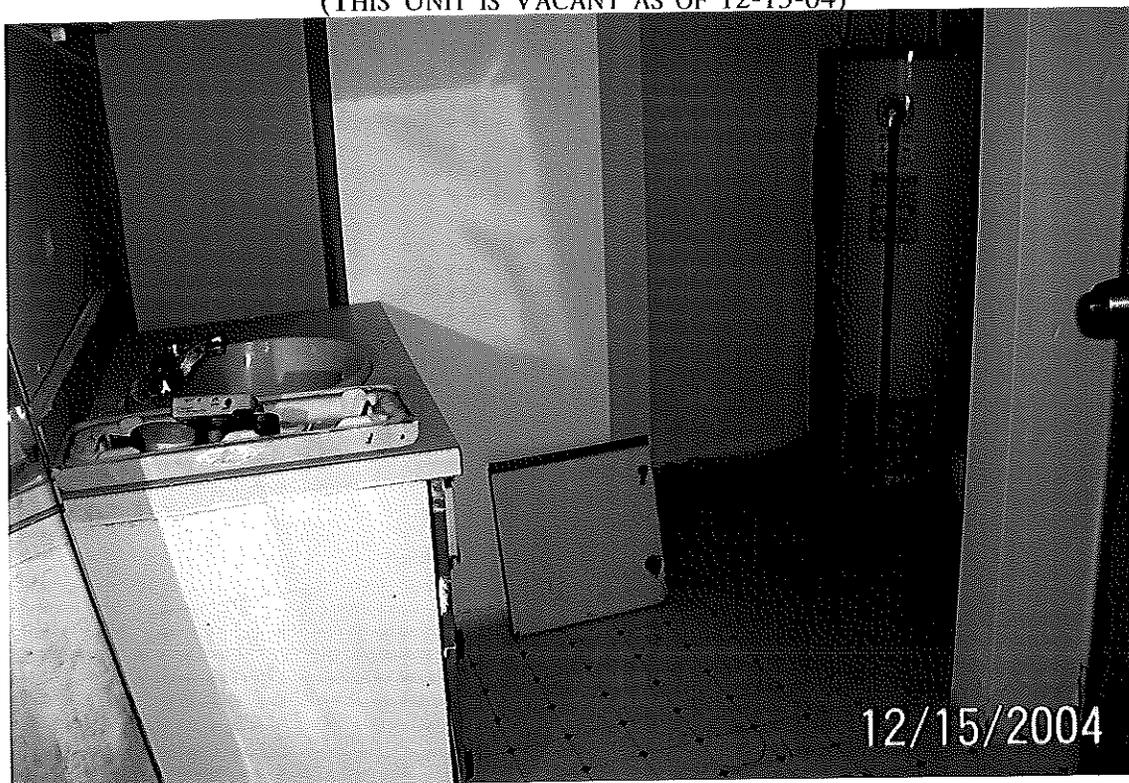
VIEW OF MAIN ELECTRIC SERVICE WITH METERS



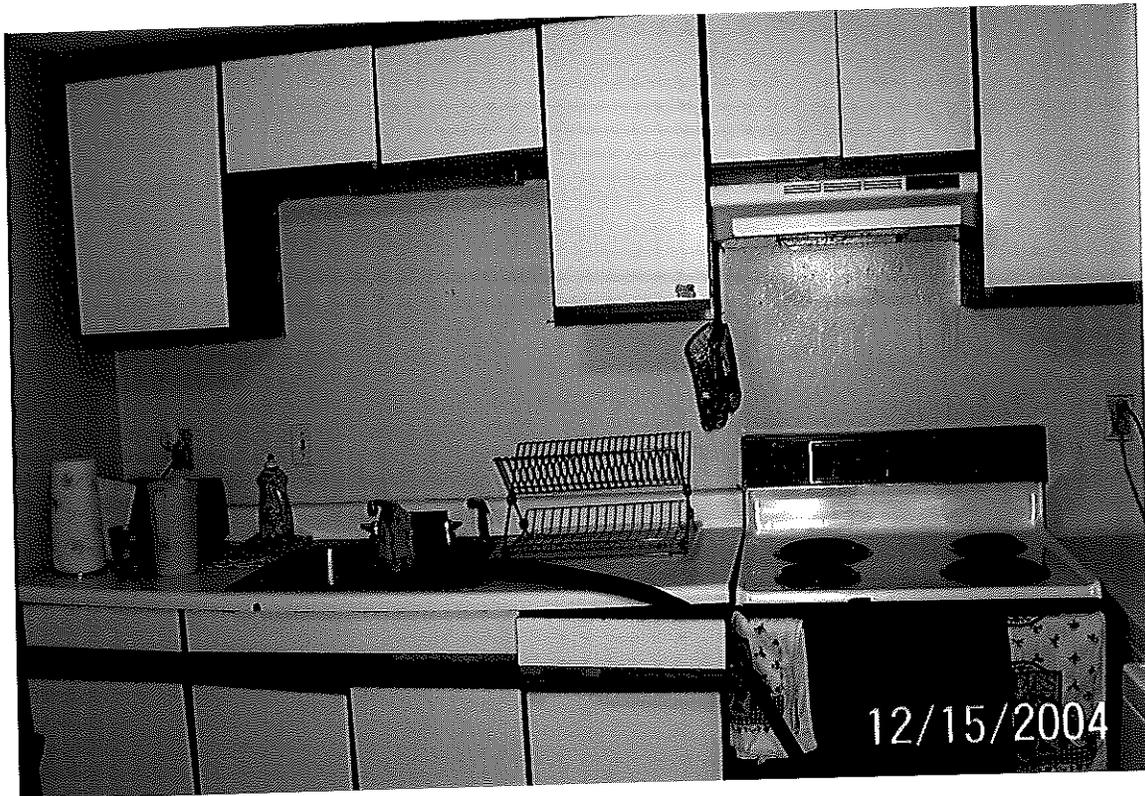
VIEW OF TYPICAL ELECTRIC FIRED HOT WATER HEATER



INTERIOR VIEW (APT. #3)  
(THIS UNIT IS VACANT AS OF 12-15-04)



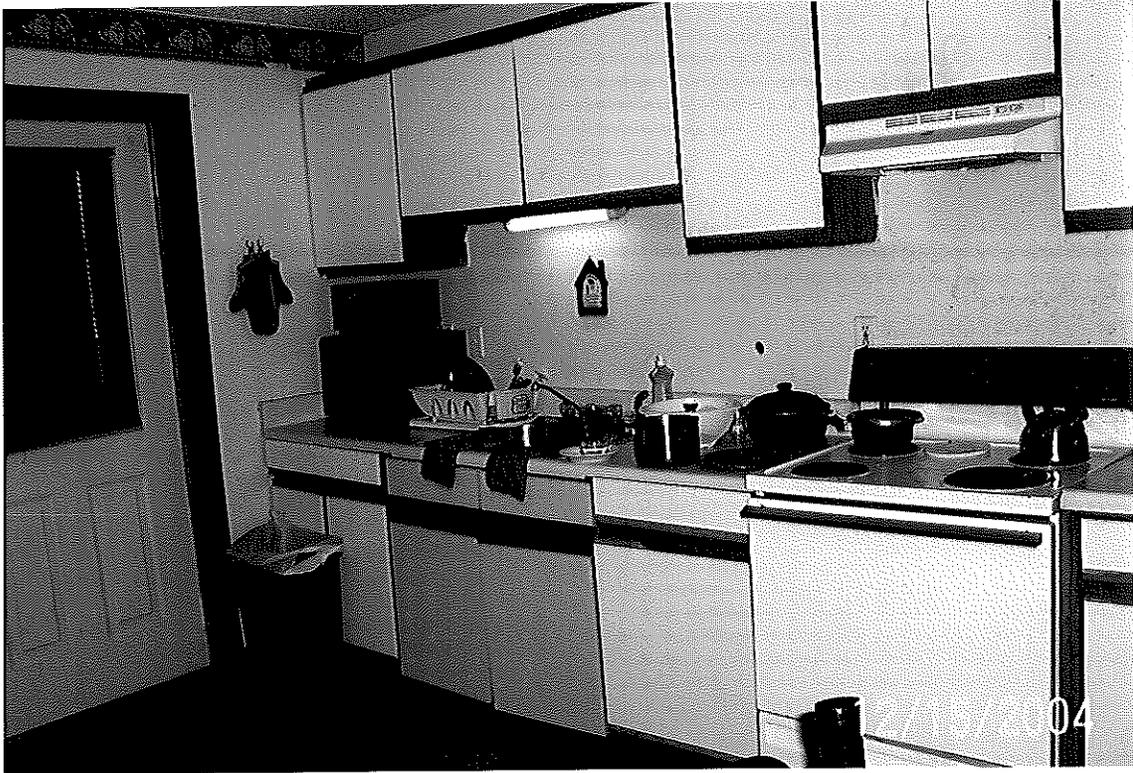
ALTERNATE INTERIOR VIEW (APT #3)



INTERIOR VIEW (APT. #4)



ALTERNATE INTERIOR VIEW (APT. #4)



INTERIOR VIEW (APT. #6)



ALTERNATE INTERIOR VIEW (APT. #6)



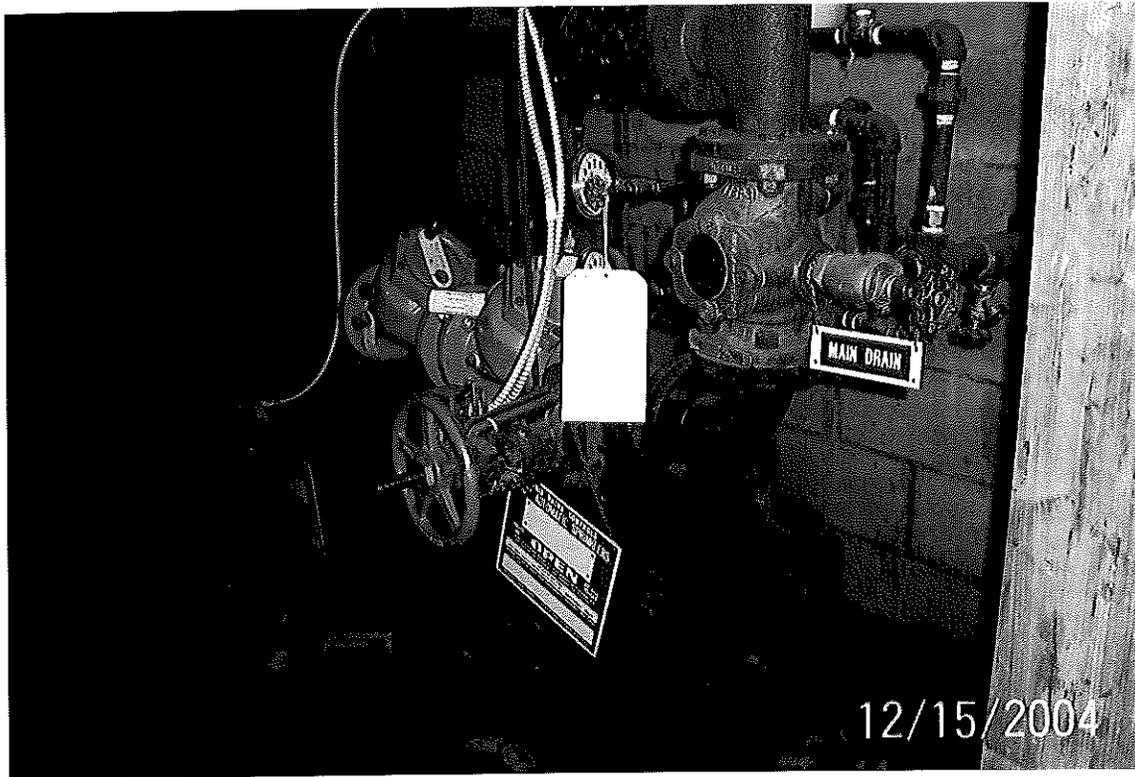
VIEW OF FINISH-CONDITION FOR APT. #1  
(THIS UNIT WAS VACANT ON 12-15-04)



ALTERNATE VIEW OF FINISH-CONDITION FOR (VACANT) APT. #1



VIEW OF TYPICAL COMMON AREA FINISH-CONDITION TO THE FRONT



VIEW OF WET SPRINKLER SYSTEM



LOOKING SOUTH ON FERRY STREET  
(SUBJECT PROPERTY IS PARTIALLY VISIBLE TO THE LEFT)



LOOKING NORTH ON FERRY STREET

## COMMUNITY DATA

The purpose of this section is to identify trends in the region and city that affect the use and value of the subject property.

### Introduction

The city of Middletown is located in south-central Connecticut. Several highways and major arterial access the city. Route 91 traverses the western portion of the city and provides access to New Haven - ½-hour south, Meriden - 10 minutes south, and Hartford - 15 minutes north. Route 9 intersects with Routes 66 and 372, providing access to Meriden, New Britain, Cromwell and Old Saybrook on the Long Island Sound. Route 66 is the main east-west corridor and turns into Interstate 691. Route 66 crosses the Connecticut River, connecting to Portland and residential areas to the east.

Middletown is bordered on the north by the towns of Berlin and Cromwell, on the east by the Connecticut River (with the town of Portland beyond), on the south by the town's of Durham and Haddam and on the west by the town of Middlefield and the city of Meriden. It is approximately fifteen miles south of Hartford, the state capital, and the location of major employment centers.

Middletown is home to some industries of which the principal are: agriculture, castings, bearings, aircraft and electronics. It is also home to a division of Aetna-US HealthCare Insurance Co. The City of Middletown is located in a very good area in central Connecticut within a short distance of Hartford, New Haven, New Britain, Berlin, Cromwell, Meriden, Rocky Hill and Wethersfield.

Middletown is the central city in Middlesex County and is home to many government offices and retail stores serving surrounding rural areas. Wesleyan University, a nationally-known private four-year college lends recognition to the city outside the immediate region.

The easy access to Highway 91, as well as State Routes 9, 5/15, 372 and 72 has attracted multi-national companies such as United Technologies Corporation and Aetna-US HealthCare Insurance Co. Because of its proximity to employment centers and major highways, it is very appealing to families of all age groups. The city has a considerable number of condominiums some of which are conversions from apartments.

## COMMUNITY/AREA ANALYSIS, continued

As is true of much of the Greater Hartford area, housing costs have increased dramatically in the last decade, particularly in the late 1990s and many singles and small families find condominiums the only affordable form of home ownership.

Some of the city's apartment stock has been converted to condominiums, but there are still a large number of apartment complexes remaining. Again, due to the rising housing costs, apartment rentals have also greatly increased in cost.

Connecticut Route 9 runs north to south through the city. There are several moderate sized shopping centers, many restaurants including the usual assortment of fast food facilities and several hotels along the Route 9 corridor. There are several newer office buildings and light industrial parks.

The form of government is a Mayor with a 12-member Common Council.

### Population

The 2000 population was 43,167, according to the 2000 U.S. Census Bureau. This was an increase of 0.9% from 1990. This slight increase is well below that for the state and Middlesex county. Nevertheless, the increase is a positive sign, particularly if one considers that every medium to large sized city in the state lost population according to the US Census 2000 count.

According to the Connecticut Office of Policy Management (OPM), the largest percentage of persons is the 15-34 age cohort. This is most likely due to the university presence.

OPM projections for 2005 show a slight shift, with an increase in the 35-59 age cohort, and a slight decrease in the 20-29 age cohort. This shift more likely has to do with the ring of the resident, non-student population than any shift in the size of the student population.

The median age for the city, 32, is also lower than surrounding communities, 37. These are estimates for 2000 from the OPM. The high percentage of multi-family units, 56.1% of the housing units in 2000, lends support to the younger population. Older residents, more established in their occupations, tend to buy homes in the suburbs. Much of the multi-family housing stock is apartments, not condominiums.

## COMMUNITY/AREA ANALYSIS, continued

### Development Patterns

Middletown will continue to function as the commercial and retail center for surrounding communities. The potential for increased residential development and several road improvements will facilitate increased retail traffic. Approximately twenty percent of the commercial land in Middletown has not been developed.

In addition to undeveloped parcels, adaptive re-use of existing buildings no longer at their highest and best use is highly probable in the three primary commercial districts in the city: the Central Business (CBD); Route 66 (Washington Street); and Route 17 (South Main Street).

### Employment

Middletown's economic base differs from the traditional manufacturing dominance in many Connecticut cities. While the city has experienced a decline in the number of manufacturing jobs, it has not been a major industrial center since the mid-19th century. Industry had developed around the river, and with the advent of railroad transport, the city's commercial emphasis shifted to business and personal services, and retail.

Middletown has several major employers; Pratt & Whitney, a division of United Technologies, manufacturers commercial jet engines and employs about 2,100 persons.

Aetna-US Healthcare Insurance's Employee Benefits Division is in the Interstate Trade Zone off of I-91 employs about 3,400 persons. Middlesex Mutual Assurance Company employs several hundred people in its newly constructed 12-story office in the CBD. One bank is headquartered in Middletown, Liberty Bank.

It should be noted here that due to the last recession, two of the city largest employers, Pratt & Whitney and Aetna-US HealthCare Insurance Co. have implemented and still are (albeit slight), major restructuring of their labor force and amount of space occupied, particularly for Pratt & Whitney, a division of United Technologies Corporation, which has been hit the hardest by a declining global commercial aviation business. As a result more down sizing in the employment rolls of these two important companies in Middletown and in the region is expected in the foreseeable future. Middletown is part of the Hartford Labor Market Area.

## COMMUNITY/AREA ANALYSIS, continued

### Employment, continued

There has been little variation in the number of persons employed in retail trade in the LMA. The percent of the non-agricultural employment in retail trade has remained stable at 14%. Declines in retail employment in the city are apparent from the 2000 figures.

The maintenance of non-agricultural employment figures in retail trade during an economic recession indicate that the underlying consumer demand for non-durable goods is stable. There are no upscale department stores in Middletown, where a decline in effective buying income would have been most evident in sales volume. The majority of stores in Middletown are utilitarian in the items sold. There are few specialty retail shops.

Middletown has a good public and private school system. It is a medium sized city with relatively large tracts of remaining land to be developed. The city suffers the problem of heavy traffic and high taxes due to the ratio of residential properties to commercial and industrial facilities. Overall Middletown is a desirable residential community in which to live and work and should remain so into the foreseeable future in your appraiser's opinion.

### Economic Trends

Middlesex County 1998 per capita income was \$25,497; for the same period the state per capita income was \$27,078. Middletown per capita income for 1998 was \$23,376.

The total labor force in Middletown as of October, 2004 was 23,188 with an unemployment rate of 4.1% which is slightly lower than the state average (seasonally unadjusted) of 4.2% and slightly lower than the Hartford LMA of 4.7% for the same period.

The annual 2000, 2001 and 2002 average unemployment rates for Middletown were 2.3%, 3.2%, and 4.1%, respectively.

Source: Connecticut Department of Labor Office of Research

## NEIGHBORHOOD DATA

The purpose of the Neighborhood Data section is to analyze the influence of the surrounding neighborhood on the highest and best use of the subject property. A neighborhood is a group of complimentary land uses, as defined in the 11th Edition of The Appraisal of Real Estate, (Appraisal Institute, 1996). A Neighborhood exhibits a greater degree of uniformity than a larger area. Neighborhood boundaries often coincide with changes in land use, occupant characteristics, and physical characteristics such as street patterns, terrain, lot sizes, and transportation arteries.

The property being appraised is known as 40 Ferry Street, Middletown, Connecticut. The subject property is located on the northerly side of Ferry Street between Washington Street (Route 66) to the south, Green Street, Rapallo Avenue and Hartford Avenue to the north.

The area in which the subject property is located is in the northeasterly quadrant of Middletown or the city's downtown area. The subject property is immediately west of Route 9 and the Connecticut River, and within the easterly fringes of the Middletown central business district. Ferry Street is a short one-way street (west to east) with light to moderate traffic. However, the site offers easy access to Interstate 91 and Routes 15, 217 and 372 via the neighboring Route 9. In addition, Route 66 is situated less than one block to the south of the subject neighborhood.

Most of the area around the subject property has been developed for commercial, flex-use and residential uses; primarily multi-family or mix-use converted dwellings. The subject property neighborhood is bounded to the east by a 6-family apartment building and by a city owned parking lot, by DeKoven Drive and Route 9, with the Connecticut River located immediately to the east; by Washington Street (Route 66) to the south, by Hartford Avenue to the north and by Main Street to the west. The subject neighborhood appears to be in a state of uncertainties and in a state of instability and revitalization at the same time; as noted it offers good accessibility to highways, and a relative short distance to the State Capital and the Hartford business district to the north and the city of New Haven to the south.

The quality of the immediate neighborhood is less than average in terms of residential uses; on the other hand, the quality of the general neighborhood is average in terms of residential, and is average to good in terms of commercial use(s); testimony to this has been the robust growth in real estate values experienced throughout the neighborhood during the last 2-3 years; the general character of the neighborhood is that of a built-up urban community.

NEIGHBORHOOD DATA, continued

The immediate subject neighborhood is characterized primarily by converted older mix-use buildings, multi family buildings, and a mixture of retail/service businesses to the west (Main Street).

The subject properties in the neighborhood were owner occupied for the most part up to and including the late 1970's and early 1980's; however, when these owners started selling their properties to move in the suburbs or in the south-end section of Middletown, the majority of the buildings on Ferry Street and the subject neighborhood became tenant occupied and in some cases were boarded up. To this extent, the City of Middletown itself is in the process of purchasing some of these blighted properties via mutual agreement and/or possibly by eminent domain, for the stated purposes of revitalization and/or development of the area, which is part of the city's central business district and due to the presence of the Connecticut River less than one block to the east of the subject neighborhood itself.

Moreover, the City of Middletown, through grants, has encouraged the rehabilitation of many buildings in the area which were abandoned or were in fair to poor overall condition; the intent was to improve the area, or the city's inner core. Such phenomena is typical of most inner cities neighborhoods in Connecticut and through the region and this country as well.

The subject appears to be in average condition with respect to the neighborhood. The immediate neighborhood is, however, not well established yet and land uses may change in the foreseeable future, particularly so if the city leaders are successful in their efforts of revitalization in the (subject) neighborhood, as noted.

The subject property is located less than 1/4 mile south of the entrance/exit to Route 9 located on Main Street and is located one block north of its intersection with Route 66 (Washington Street). As noted, the subject building is situated on the northerly side of Ferry Street, within the city's central business district. The area is characterized by a mixture of older retail, service and commercial buildings, as well as small to medium neighborhood strip shopping centers, located to the south of the subject neighborhood, i.e. property.

The subject neighborhood is bordered on the south by Harbor Park; to the north along Main Street there are brick, commercial buildings with slightly higher elevation. To the southeast of the subject, along Main Street there is a large commercial building formerly utilized as a department store converted to a multi-tenant mall facility, and known as the Clock Tower Shops.

NEIGHBORHOOD DATA, continued

The construction of a new State of Connecticut Superior Court building was completed in the early 1990s in the subject neighborhood, specifically roughly 1/4 mile to the south of the subject on Court Street. Also, situated on the northwest corner of DeKoven Drive and Court Street we find Middletown's City Hall Complex.

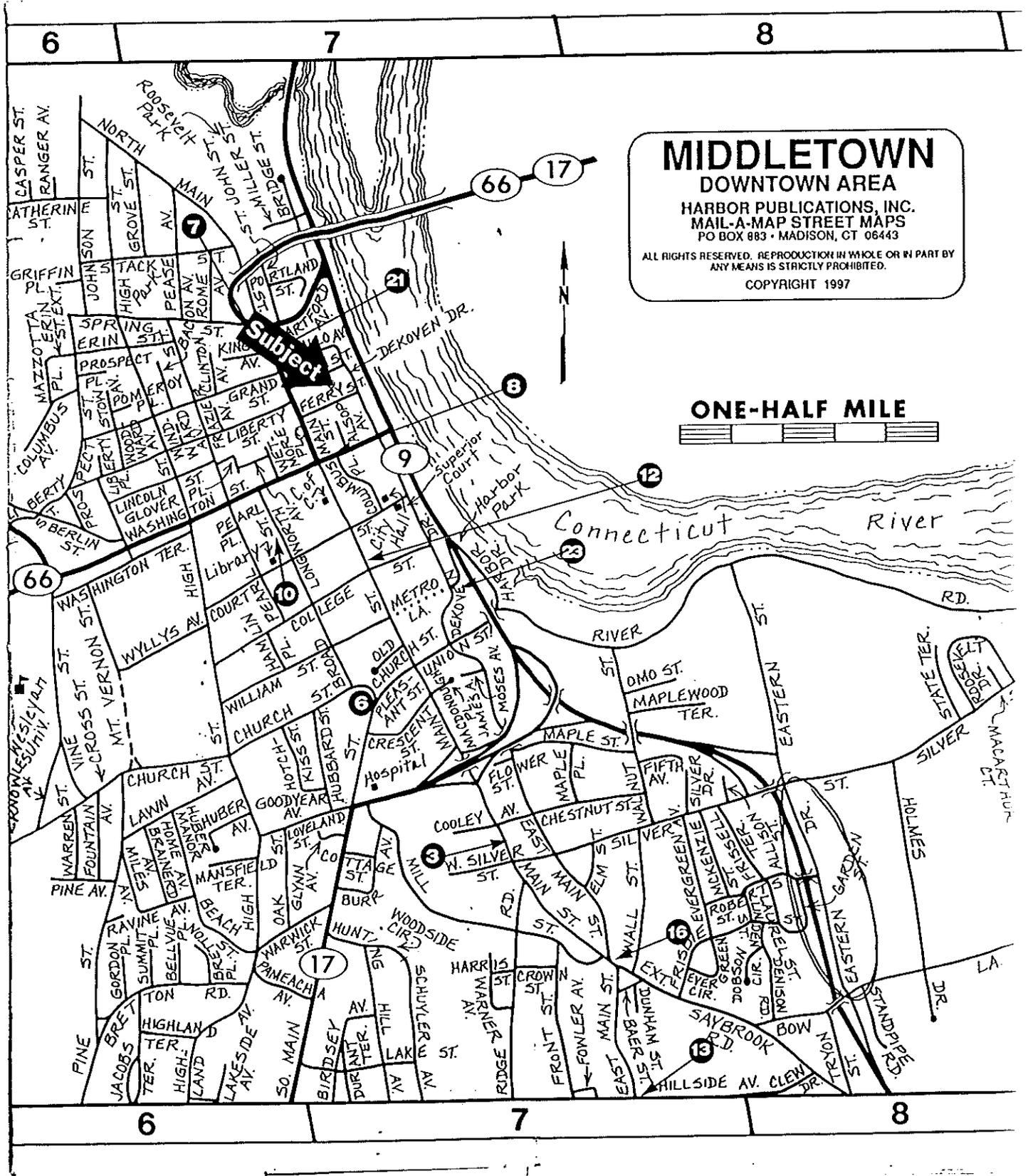
As reported, the subject has very close proximity to Routes 9, 66 and to some extent to Route 3 (Newfield Street), a major arterial route which serves as a highway connection from I-84 in New Britain to I-91 in Middletown. Route 66 is just to the southwest of the subject and is a major arterial route running east/west.

Immediately to the north of the subject property we find a 4-family brick dwelling known with the street address of 40 Ferry Street rear; this property has been 100 percent rehabbed as well as remodeled through state secured financing. As a result, this property is devoted for use as affordable home based on the area low to moderate family income limits.

Further to the north and south of the subject building we find similar small to medium sized multi-family building of various age, layout, size and finish-condition, as well as a converted 2-story dwelling utilized as offices by the Middletown Community Health Center at 33 Ferry Street, or directly across the subject property.

Immediately to the east, we find a 6-family apartment building and a city owned parking lot. Further to the west is situated a vacant parcel, also city owned, as well as two vacant, i.e. boarded-up mix-use buildings which are city owned as well as inclusive of the neighborhood revitalization plan, as noted.

As a result, land use is expected to change in the foreseeable as well as distant future.



## DESCRIPTION OF THE SITE

The site area, according to the legal description and tax assessor's records, is approximately 6,050 square feet or 0.14± acre. The rectangular shaped lot has 75.5 feet of frontage on the north side of Ferry Street and a maximum depth of approximately 80 feet on either side.

Hence, due to the fairly small site size and narrow site width and due to the building footprint, there is no on-site parking moreover, there is very limited open space. However, there is a city owned parking lot situated immediately to the east of the subject itself.

The building is recessed approximately 10 feet from the roadway and is located in the center of the site. Site improvements consist of slab walkway and step to the front; further site improvements consist of short retainer wall along the front boundary line.

Site improvements are in average overall condition.

For a visual representation, the reader should refer to the photographs of subject property section earlier in the report, and to the assessor's map in the following pages of this report. A concrete sidewalk runs along the street frontage, within the building line.

The site is served by all public utilities and is not in a flood plain, according to FEMA Map No. 090068 0006C, Panel 6 of 16, dated March 7, 2001. The subject property site is situated in Zone "X" or area(s) of minimal flooding.

The Appraiser did no research on environmental issues that might pertain to the site and assume that the site is free of any environmental problems. There was no visible evidence of contamination or hazardous conditions on the date of inspection.

While there is no apparent evidence of potentially hazardous waste and ground contamination, the determination of the presence of such hazardous waste is beyond the capability of the appraisers. No certification of the presence or absence of hazardous waste or ground contamination of the subject site is hereby stipulated.

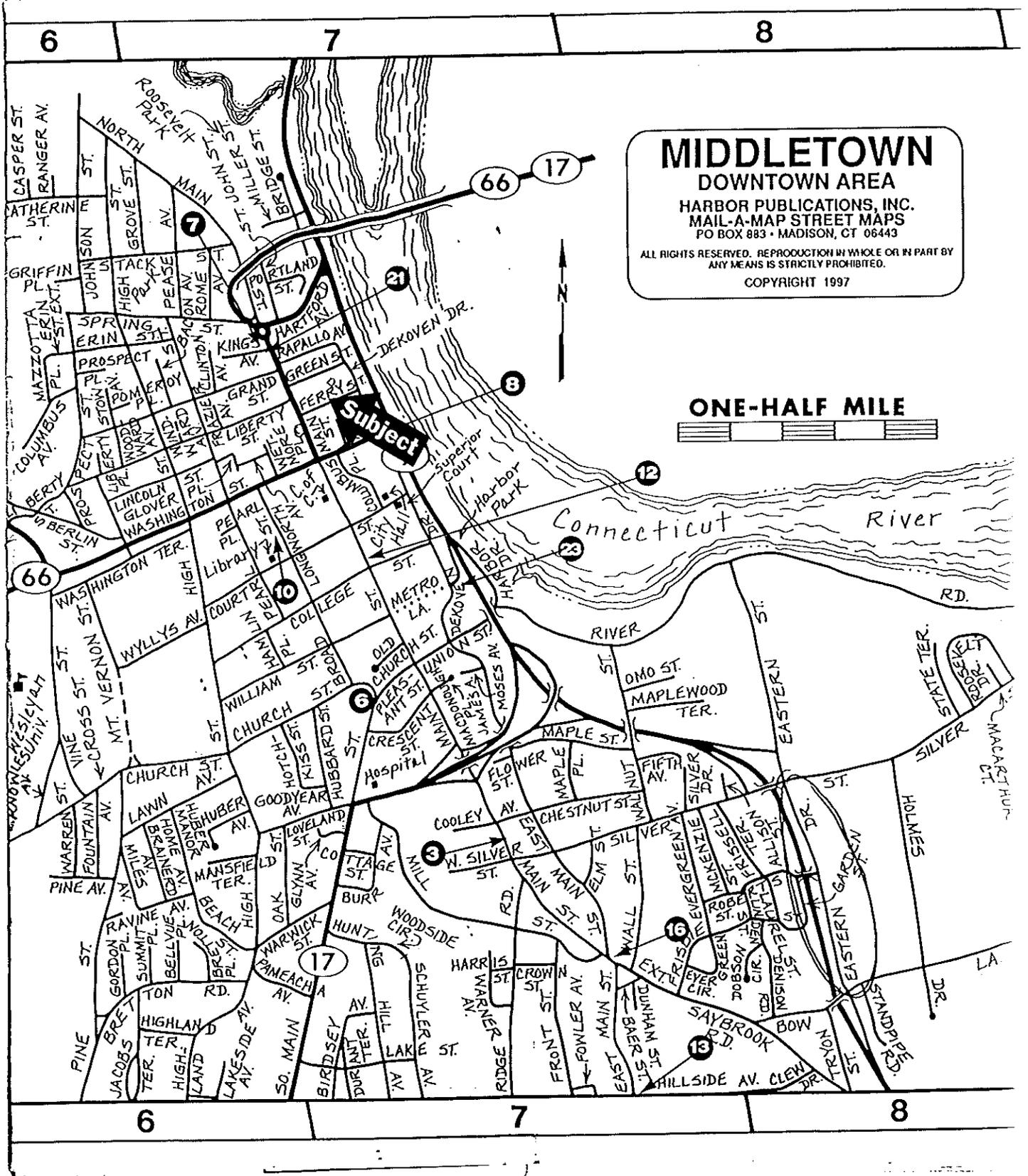
DESCRIPTION OF THE SITE, continued

Typically in an appraisal it is recommended that a Phase 1 environmental survey be undertaken to determine what if any levels of contamination may be due to the waste brought on by the tenant or anything else during the years.

It is noted that there have been no environmental tests done and nothing that this appraiser is aware of to indicate as such that there may be any contamination on the site. It is assumed that the previous owner did not contaminate this site or is anyone aware of any such contaminants which may exist.

In general the site is an average i.e. site size of  $0.14 \pm$  acres, city site with average physical and location characteristics, with average visibility and within the northeasterly fringes of the city's downtown district.





## ZONING

The subject property is zoned B-1, Central Business District. The following uses are permitted in the B-1 Zone:

### Permitted Principal Uses

1. Commercial Schools and Art Studios.  
Finance companies and similar services.
2. Banks-Savings and loan companies.
3. Trade schools; driving schools.
4. Commercial parking lots; need not be enclosed.
5. Eating and drinking places, excluding drive-in restaurants.
6. Public buildings; office buildings
7. Retail business
8. Buildings with mixed uses subject to section 61 of the City of Middletown Zoning Regulations.

**ZONING ANALYSIS**, continued

The following Area and Setback Requirements for the B-1; Central Business Zone as set forth under the City of Middletown Zoning Regulations.

**Minimum Size of Lot**

Minimum Net Lot Area: No Standard

Minimum Lot Width: No Standard

Maximum Lot Coverage: No Standard

**Minimum Yard Dimensions**

Front: No Standard

Side: No Standard

Rear: No Standard

Maximum height: 12 stories

Parking: Off-Street and off-street loading shall be provided in accordance with the provisions of Section 40.

Source: **Middletown Zoning Regulations**

ZONING ANALYSIS, continued

Given the gross area of 0.14 acres or 6,050 square feet and the frontage shown on the Assessor's Map, under the Site Description Section of this report, the subject is capable of meeting the physical requirements of the Middletown Zoning Ordinance.

A copy of the deed and a description of land for the subject property may be found in the Addenda Section of this report.

40 Ferry Street, Middletown, Connecticut

Field Card Specifications - City of Middletown

Assessor's Identification: Map 22 Block 17-37, Lot 30

Class: B-1 Central Business District

Lot Size: 0.14± acres with a 75.5 foot frontage on the northerly side of Ferry Street.

Lot Square Footage: Total: 6,050±

Subject Building  
Square Footage: 8,583±

Mix: 3-story 10-family frame apartment building

## DESCRIPTION OF IMPROVEMENTS

The three-story frame with brick and vinyl siding exterior building was constructed in 1900 circa and subsequently expanded for use as 10-family apartment building. According to assessor's office records, the subject building comprises roughly 8,583 square feet gross building area above grade, or 2,861 sq ft on each floor. The 8,583 square foot building is built on a full and unfinished basement.

Interior finishes include hardwood floor and linoleum and/or vinyl tile cover; combination of painted drywall and/or plaster ceilings throughout. Mechanical systems include individual (newer) electric baseboard heat; ten 30 gallon electric hot water heaters; 400 Amps main electric panels with circuit breaker and 200 Amps distribution to the units.

Moreover, according to the current subject property owner/manager, the previous ownership substantially rehabbed, upgraded and expanded the subject property in the mid to high 1980s; as a result, the improvements have received various upgrades and/or rehabbing; hence, the premises have been partially remodeled as well as rehabbed, both exterior and interior, and appear to have been adequately remodeled as to its mechanical components. Items such as wet sprinkler, new roof (1986), remodeling of kitchens and bathrooms; new plumbing and electrical have been completed in various stages and to varying degrees.

As a result, the improvements are in average to somewhat good (i.e. mechanical components) and in average overall condition (i.e. interior) with an effective age of 25 years to 30 years. The remaining economic life of the building is estimated to be 35 – 35 years. The subject building above grade (usable) space of approximately 8,583 square feet is subdivided into ten apartments rental units of average, i.e. typical overall finish and condition.

It should be noted here that the City of Middletown Assessor's Office records list the subject property as 10-units multi-family dwelling comprising 4-3-room (1-br) apartments and 6-4-room (2-br) apartments.

Thus, based on our inspection on December 15, 2004 and based on information provided by the current subject property owner/manager, the subject property comprises ten (10) apartments of various size, layout and finish-condition. Hence, for our purpose and to maintain consistency throughout the report, the subject property comprises six (6) apartments in approximately 8,583 sq ft gross building area. The units mix is as follows:

**DESCRIPTION OF IMPROVEMENTS**, continued

<b>40 Ferry Street, Middletown, CT Units Mix</b>			
<b>Unit #</b>	<b>Rooms/BR</b>	<b>Sq Ft ±</b>	<b>Comments</b>
1	3/1	600	Cold flat, electric utilities, appliances included
2	3/1	600	same as above
3	4/2	800	same as above
4	5/3	930	same as above
5	4/2	800	same as above
6	5/3	930	same as above
7	4/2	800	same as above
8	4/2	800	same as above
9	4/2	800	same as above
10	4/2	800	same as above
<b>GLA 7,860± sq ft; Common Area 723± sq ft;                      GBA 8,583± sq ft</b>			

To visualize the subject building, the reader should refer to the Photographs of the Subject Property section. The significant elements of the subject building are as follows:

**Unit Mix**

**Ground Floor**

Three apartments of various size, layout and of generally similar finish-condition

**Upper Floors**

Seven apartments of various size, layout and generally similar finish-condition

**Foundation**

Concrete and brick over concrete footings

DESCRIPTION OF THE IMPROVEMENTS, continued

Upper Floors, continued

Frame	Frame with brick (lower level) and vinyl siding exterior.
Floor Structure	Concrete
Floor Cover	Combination of hardwood, or subflooring, or linoleum and/or vinyl tiles throughout.
Ceiling	Combination of painted drywall and/or plaster ceiling throughout
Interior	Frame with painted drywall throughout
Fenestration	Double hung replacement windows with aluminum screens throughout
Exterior Walls	Frame with brick (lower level only) and vinyl siding
Walls height	9 feet on each floor
Baths	One (full) bath per unit for a total of ten baths; newer to semi-modern decor and average condition overall. These are three fixture baths.
Plumbing	Mixed copper and brass. PVC, copper and galvanized piping for waste lines.
Electrical	Upgraded to 400 Amperes service with 200 Amperes per unit distribution. Circuit breaker type.

DESCRIPTION OF IMPROVEMENTS, continued

Heating and Hot water	Individual electric baseboard. Ten electric hot water tanks.
Fire Protection	Hard wired and battery back-up smoke detectors throughout; emergency lighting and 100 percent wet sprinkler
Doors	Pedestrian safety steel doors to the front and rear sides; fire rated solid wood core doors to the interior.
Roof	According to Mr. McInvale newer (1986); gable roof with asphalt shingle cover; however, we could verify this information as of the appraisal date.
Air Conditioning	None
Miscellaneous:	The subject property is improved with one story open masonry and frame porch of roughly 250 sq ft to the front. One and three story open frame porches of 472 sq ft to the rear. Each eating size kitchen is equipped with stove and refrigerator. Finally, there is a cedar clapboard covered section along the center-front upper floors side.
Condition:	<p>The overall condition of the improvements is considered average for the mechanical components; somewhat average for the apartments.</p> <p>The condition of the mechanical, electrical, plumbing, heat and hot water services is considered to be adequate.</p> <p>Your appraiser did not notice any sign of ground contamination; however, since the subject is a commercial (apartment) building, an environmental survey should be conducted to determine the presence or lack of it, of any possible contaminant(s), if desired.</p>

## HIGHEST AND BEST USE

Highest and best use is defined as:

“The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.” (The Dictionary of Real Estate Appraisal, Third Edition, Appraisal Institute, 1993)

In evaluating the highest and best use of the subject property, the Appraiser has considered the uses legally permitted under the current zoning, the surrounding neighborhood uses, and the market conditions under which this appraisal is made. The Appraiser has given consideration to the subject property as vacant and as improved.

As vacant, the size of the property limits its development potential. In any event the use of the site for commercial purpose, i.e. apartment building which is market supported will be the highest and best use.

The highest and best (interim) use of the subject property is for commercial residential apartment building units. The location is convenient along the city's northeasterly fringes of the central business district.

### Marketing Time

The marketing time for the subject property, if marketed at the final market value estimate, is 3 - 6 months.

## HIGHEST AND BEST USE

### Conclusion

The maximally productive use of the subject property is as improved for commercial (apartment) multi-family facility. This is an established use in a somewhat established and well defined neighborhood, to the northeast of the Central Business District of Middletown.

The location is accessible to the highway and is convenient to services of all kinds in the immediate area.

It is therefore your appraiser's opinion that the highest and best (interim) use for the subject improvements in "as is" condition is for its continued use as commercial (apartment) multi-family facility.

However, due to a possible revitalization plan of the neighborhood, as envisioned by the City of Middletown, the highest and (future) best use may be different due to the business zone classification of B-1 Zone District in the neighborhood and due to market demand. In any event, for our purpose, the highest and best use is considered "as is" and as improved, that is a ten-family apartment rental building.

## VALUATION PREMISE

There are three generally recognized approaches to value, which may be used in estimating the value of real estate. The Eleventh Edition of The Appraisal of Real Estate describes them as follows:

### **Cost Approach**

"The Cost Approach is based on the understanding that market participants relate value to cost. In the cost approach the value of a property is derived by adding the estimated value of the land to the current cost of constructing a reproduction or replacement for the improvements and then subtracting the amount of depreciation (i.e., deterioration and obsolescence) in the structures from all causes. Profit for coordination by the entrepreneur is included in the value indication. This approach is particularly useful in valuing new or nearly new improvements and properties that are not frequently exchanged in the market. Cost approach techniques can also be employed to derive information needed in the sales comparison and income capitalization approaches to value."

### **Income Capitalization Approach**

"In the Income Capitalization Approach, the present value of the future benefits of property ownership is measured. A property's income streams and its resale value upon reversion may be capitalized into a present, lump-sum value."

### **Sales Comparison Approach**

"The Sales Comparison approach is most useful when a number of similar properties have recently been sold or are currently for sale in the subject property market. Using this approach, an appraiser produces a value indication by comparing a subject property with similar properties, called comparable sales. The sale prices of the properties that are judged to be most comparable tend to indicate a range in which the value indication for the subject property will fall."

VALUATION PREMISE, continued

"An appraiser estimates the degree of similarity or difference between the subject property and comparable sales by considering various elements of comparison."

"All three approaches are applicable to many appraisal problems, but one or more of the approaches may have greater significance in a specific assignment. For example, the cost approach may be inappropriate in valuing properties with older improvements that suffer substantial accrued depreciation due to physical deterioration, functional obsolescence, and external obsolescence, which are difficult to estimate. The sales comparison approach cannot be applied to very specialized properties such as garbage disposal plants because comparable data may not be available. The income capitalization approach is rarely used to value owner-occupied residential interests, although it may be used with market support. Income capitalization can be particularly unreliable for commercial or industrial property where owner-occupants outbid investors."

The Cost Approach to Value will not be developed because of the type, i.e. small sized commercial apartment multi-family property on the site. Estimates of overall accrued depreciation on buildings of this age, layout and condition are difficult to assign; therefore for this reason the Cost Approach to Value will not be developed here.

The subject property will be evaluated using the Direct Sales Comparison Approach and the Income Approach. These approaches to value can be found on the following pages.

## DIRECT SALES COMPARISON APPROACH

Under the Direct Sales Comparison Approach, market values are derived from a study of similar properties. Hypothetically, the adjustments made using the Direct Sales Comparison Approach reflect a buyer's preference for a property. A property comparable to the subject property would represent an acceptable alternative for a buyer in the current market. Adjustments are made in order to establish comparability based upon the appraisers' knowledge of the market, observation of price, locational trends, amenities, and discussions with principals and brokers in the market place.

Adjustments are made for conditions of the sale, time, financing, location and physical differences. General market conditions at the time of sale may differ markedly from current conditions. An adjustment for time may be used to deal with this adjustment. The conditions of sale are also important.

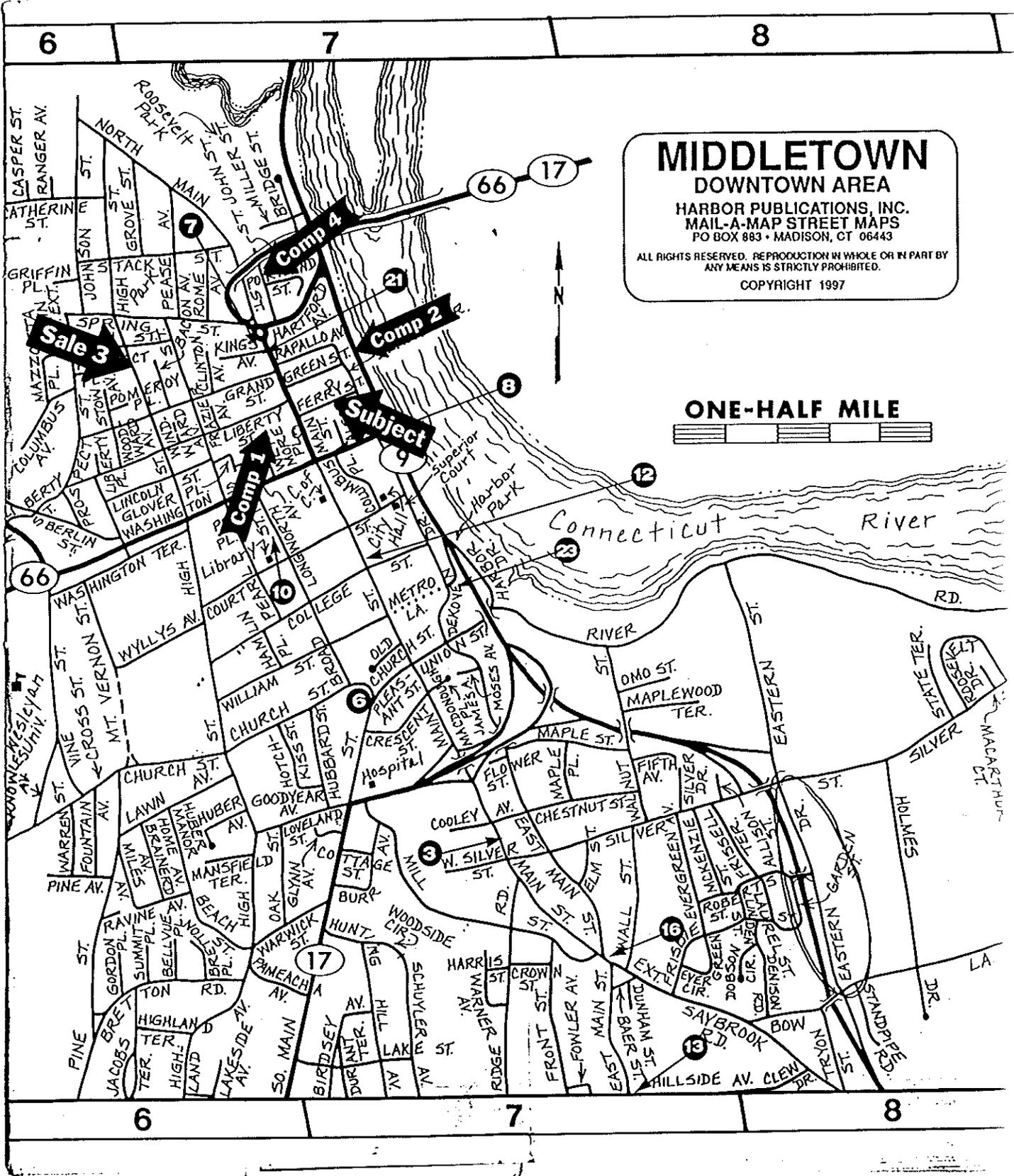
Was the sale an arms-length transaction? Did the seller receive something of value for the property besides cash? If the seller provided financing, was what he or she received equal to or less than "all cash"? Many of these questions are raised by our definition of value. In making comparisons the appraiser must be able to identify and deal with the circumstance which surround a particular transaction.

In order to discover these circumstances, the appraiser has checked the land records. Brokers and principals to transactions have been contacted and the information obtained has been used to adjust the various sales.

Adjustments are always made from the sale to the subject. If a sale has a superior characteristic, the adjustment is negative. If the characteristic is inferior to the subject, the adjustment is positive. The object is always the property being appraised and all the adjustments are an attempt to adjust the sale property to a property comparable to the subject.

Summaries of the sales used appear on the following pages.

# Comparable Sales



**MIDDLETOWN  
DOWNTOWN AREA**  
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**ONE-HALF MILE**  
 [Scale bar with four segments]

DIRECT SALES COMPARISON APPROACH, continued

Sale #1

34-36 Liberty Street, Middletown, CT



Lilly Long et al. to 34 Liberty Street, LLC

Volume 1355, Page 652

Warranty Deed dated March 3, 2003

Sale price: \$210,000

Building size: 4,440 square feet

Site size: 6,970± square feet (0.16 acre±)

Land to building ratio: 1.6 to 1

Sale price per Unit: \$30,000

Age: 1900 circa

DIRECT SALES COMPARISON APPROACH, continued

Sale No. 1, continued

This is the sale of a very good comparable 7-family apartment building situated less than 1/4 mile to the northwest of the subject property and within the subject's market area. The property consists of a 2.5-story frame structure with vinyl siding exterior. There is on-site parking and adequate open space. Slightly superior location; slightly inferior condition to the subject.

*Financing:* At market

*Remarks:* This is a very good comparable and it's a somewhat recent sale as well. However, adjustments will be applied for site size/parking (larger), and for building size, i.e. number of units and for building condition.

Finally, a slight upward adjustment will be applied for time of sale (market conditions).

DIRECT SALES COMPARISON APPROACH, continued

Sale #2

329 DeKoven Drive, Middletown, CT



Carole Ketelson to Emin Kolenovic et al.  
Volume 1353, Page 157  
Warranty Deed dated February 18, 2003

Sale price:	\$260,000
Building size:	6,978 square feet
Site size:	10,454 $\pm$ square feet (0.24 acres $\pm$ )
Land to building ratio:	1.5 to 1
Sale price per Unit:	\$32,500
Age:	1907-1927

**DIRECT SALES COMPARISON APPROACH**, continued

**Sale No. 2**, continued

*Improvements:* This sale consists of two front and back, 3-story masonry and 2-family frame dwelling comprising an apartment building of 8 units comprising an aggregate GBA of 6,978 sq ft, more or less, above grade. Location is considered to be similar to the subject as to neighborhood composition-use and curb appeal. Slightly inferior condition-type to the subject as to building's mechanicals and overall condition.

*Financing:* At market;

*Remarks:* This sale consists of a residential 8-unit masonry and frame apartment building within the subject's market area; thus, it's considered a very good comparable. Units mix is 8 (2-br) for a total of 32 rooms.

However, it is your appraiser's opinion that adjustments are needed, and will be applied, for site size/LBR (larger), for building size, i.e. number of units and similarly to Sale 1 for market conditions (time of sale).

DIRECT SALES COMPARISON APPROACH, continued

Sale #3      576-578 High Street, Middletown, CT



Salvatore Fazzino et al. to 576 High Street, LLC  
Volume 1333, Page 282  
Warranty Deed dated October 31, 2002

Sale price:	\$179,600
Building size:	4,284 square feet
Site size:	7,840 $\pm$ square feet (0.18 acres $\pm$ )
Land to building ratio:	1.8 to 1
Sale price per Unit:	\$35,920
Age:	1927 circa

DIRECT SALES COMPARISON APPROACH, continued

Sale No. 3, continued

*Improvements:* This sale consists of a 3-story brick apartment building of 5 units comprising an aggregate GBA of 4,284 sq ft, more or less, above grade. Location is considered to be similar to the subject as to neighborhood composition and curb appeal. Similar condition-type to the subject as to building's composition, i.e. brick exterior and overall condition.

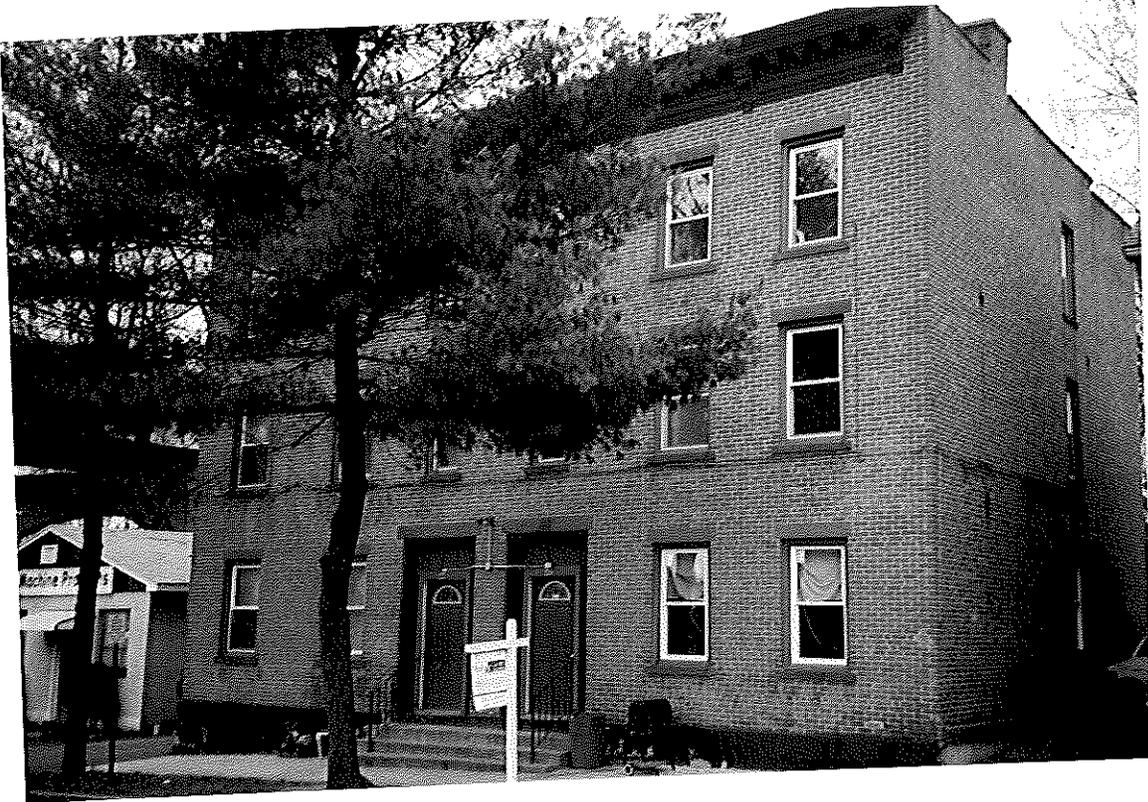
*Financing:* At market

*Remarks:* This sale consists of a residential 5-unit brick apartment building within the subject's market area; thus, it's considered a very good comparable. Units mix is 1 (2-br) and 4 (1-br) for a total of 16 rooms.

It is your appraiser's opinion that adjustments are needed, and will be applied for site size/parking (larger), for location, for building size, i.e. number of units, and similarly to Sales 1 and 2 for market conditions (time of sale).

DIRECT SALES COMPARISON APPROACH, continued

Sale #4 42-44 St. John's Street, Middletown, CT



George Nowsch to Michael Long  
Volume 1311, Page 548  
Warranty Deed dated June 6, 2002

Sale price:	\$180,000
Building size:	5,076 square feet
Site size:	6,970 $\pm$ square feet (0.16 acres $\pm$ )
Land to building ratio:	1.4 to 1
Sale price per Unit:	\$30,000
Age:	1920 circa

DIRECT SALES COMPARISON APPROACH, continued

Sale No. 4, continued

*Improvements:* This sale consists of a 3-story brick exterior apartment building of 6 units comprising an aggregate GBA of 5,076 sq ft, more or less, above grade. Location is considered to be similar to the subject as to neighborhood composition-use and curb appeal. Slightly inferior condition-type to the subject as to building's overall condition.

*Financing:* At market

*Remarks:* This sale consists of a residential 6-unit brick apartment building within the immediate subject's market area; thus it's considered a very good comparable as to functional utility. Units mix is 6-4-room (2-br) for a total of 24 rooms.

It is your appraiser's opinion that similarly to the other three sales utilized an upward adjustment will be applied for market conditions (time of sale). Further adjustment is applied for building condition-type (slightly inferior); for building size, i.e. number of units and for site size/LBR (smaller).

## DIRECT SALES COMPARISON APPROACH, continued

### Adjustments

The methodology used is the percentage adjustment. This methodology is based on the premise that each factor influencing value has an independent and interdependent effect on value. By adding and/or subtracting the adjustments together, we derive a final adjustment factor.

This factor is then multiplied by the sales price adjusted where appropriate for financing, market conditions (time of sale), conditions of sale, site size, concessions, building size, building condition-type, zoning and location to arrive at a final adjusted sales price.

Adjustments were necessary for market conditions (time of sale); however, no adjustments were necessary for Conditions of Sale or Financing. An adjustment for zoning was also not necessary because the highest and best use for the subject property and the comparable sales is (apartment building) commercial.

### Location:

An upward adjustment for location was made if the sale property was on a side street or in a location deemed to be inferior as to neighborhood composition/curb appeal.

### Parcel Size:

Parking availability and customer convenience in use are functions of the parcel size. Sales are adjusted upward or downward when deemed appropriate.

### Condition of Improvements:

With no exception the comparables are of similar age and vintage to the subject property and have effective ages somewhat similar to the subject's property. Downward or upward adjustments are made when deemed appropriate.

**DIRECT SALES COMPARISON APPROACH**, continued

The salient characteristics of the sales are presented in tabular form below. These characteristics, along with other features of the subject and sale properties, will be used as a basis for the adjustments to the sales in the development of a value estimate by the direct sales comparison approach.

Sales Summary					
	Subject	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4
Date of Sale	-	3/03	2/03	10/02 304a4b100g2P	6/02
Property Size (SF)	8,583	4,440	6,978	4,284	5,076
Sale Price (\$)	-	210,000	260,000	179,600	180,000
Land Area (Acres) ±	0.14	0.16	0.24	0.18	0.16
Land-to-Building Ratio	0.7	1.6	1.5	1.8	1.4
Building Age	1900/Remod	1900 circa	1907-1927	1927 circa	1920 circa
Financing	-	At Market	At Market	At Market	At Market
Sale Price/Unit *	-	30,000	32,500	35,920	30,000
* Of Building, to include the land					

**DIRECT SALES COMPARISON APPROACH, continued**

Adjustment Grid				
	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4
Address	34-36 Liberty Street, Middletown	329 DeKoven Drive, Middletown	576-578 High Street, Middletown	42-44 St. John's Street, Middletown
Sale Price Per Unit (\$)	30,000	32,500	35,920	30,000
<i>Property Interest</i> Fee Simple	1.00	1.00	1.00	1.00
<i>Financing</i> Conventional or Cash	1.00	1.00	1.00	1.00
<i>Conditions of Sale</i> Arm's Length	1.00	1.00	1.00	1.00
<i>Market Conditions</i> Typical	+ 5% Mar 03	+ 5% Feb 03	+ 8% Oct 02	+ 9% Jun 02
Multiplier Adjusted Sale Price (\$)	1.0500 31,500	1.0500 34,125	1.0800 38,794	1.0900 32,700
Other Adjustments				
Location	-5%	+0%	-10%	+0%
Physical Characteristics *	+0%	-5%	-15%	-5%
<i>Building Size</i>	-10%	-5%	-10%	-10%
<i>Building Condition</i>	+15%	+5%	+0%	+10%
<i>Basement</i>	+0%	+0%	+0%	+0%
<i>Availability of Parking</i>	-5%	-5%	-5%	-5%
Economic Characteristics	0%	0%	0%	0%
Use	+0%	0%	0%	0%
Non-Realty Components	0%	0%	0%	0%
Sum of Other Adjustments (\$)	-5% (\$1,575)	-5% (\$1,706)	-25% (\$9,699)	-5% (\$1,635)
Indicated Value of Subject (\$)/unit	29,925	32,419	29,095	31,065
* Physical Characteristics is Sum of the Items (Building Size, Building Condition, Basement, and Availability of Parking) Below.				

**DIRECT SALES COMPARISON APPROACH**, continued

The indicated values on a per unit basis range from \$29,095 to \$32,419 with intermediate values of \$29,925 and \$31,065.

The average figure of \$30,600 per unit (rounded) appears most reliable, since all four sales are considered to be good comparables to the subject property. The value range represents the value of the subject "as is" and considers its location, as noted.

This figure is multiplied by the subject's 10 units for a value indication of \$306,000.

The market value "AS IS" of the subject property, derived by Direct Sales Comparison, is estimated, as of December 15, 2004, to be \$305,000.

<b>Estimate of Value by the Direct Sales Comparison Approach</b>	<b>\$305,000</b>
--	------------------

**(THREE HUNDRED FIVE THOUSAND DOLLARS)**

## INCOME APPROACH

The Income Capitalization Approach is based on the principle of anticipation, in which an investor purchases an income-producing property based on its earning power, or the income it could generate. This approach is based on the investment concept that the larger the income stream a property can generate, the greater the value of the property. In purchasing a property, the investor/purchaser is exchanging present day dollars for an income stream to be received in the future.

In this report the Direct Capitalization technique will be applied. Direct Capitalization converts an estimate of the first year of stabilized income expectancy into an indication of value by dividing the year's stabilized income estimate by the appropriate capitalization rate.

To arrive at an estimated market value of the fee simple interest subject property, the following steps will be undertaken:

1. Estimate the gross income and terms under which the subject would be rented, based on analysis of the current rents the property is generating, if any, along with comparable market rental data;
2. estimate an allowance for vacancy and credit loss;
3. ascertain the expenses that will be applied to the property's income stream;
4. determine the net operating income (NOI) imputed to the real estate;
5. derive an overall capitalization rate based on market data;
6. capitalize the NOI into an estimate of market value.

## INCOME APPROACH, continued

The Income Approach to value is developed using a Direct Capitalization Approach to evaluate the subject property from an investor's point of view. The first step in processing this approach is to estimate an income stream for the subject property which currently is largely tenants occupied, or 8 units from the total of 10 units were rented as of the appraisal date.

We have attempted to select rental properties, i.e. apartment buildings that provide the most reliable estimate of the subject's market rent, as of the date of valuation. Each rental is compared to the subject property.

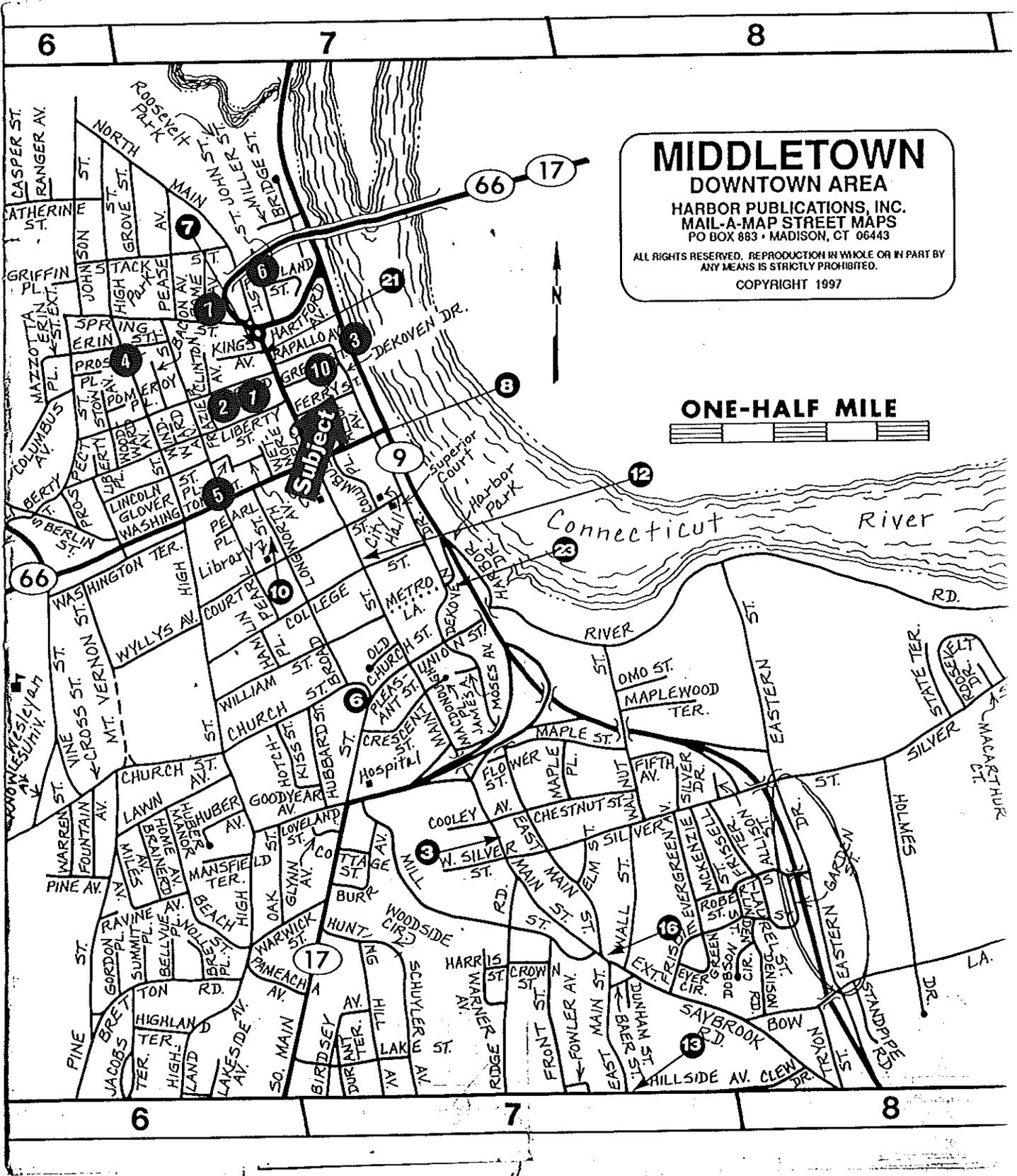
### Market Rent

The subject property, as of the effective date of this report, was largely tenant(s) occupied or 8-units from the total of 10-units were occupied, i. e. rented. However, in order to process the Income Approach to value, we must assume that the improvements at the subject property are vacant and available for rent on the open market. The market rent (i.e., that rental which a property will command on the open market) is estimated from rental data on similar (generally) properties and processed into an estimate of value.

### Comparable Rents

Your appraisers have researched comparable rentals in Middletown; these are the properties and rents most comparable to the subject in your appraiser's opinion.

# Comparable Rentals



INCOME APPROACH, continued

Comparable Rents, continued

Rental No. 1

98 Liberty Street  
Middletown, Connecticut

Number of Units: 6  
Stories: 3

Rental-

4 room, 1-bedroom units: \$575 per month  
4 room, 2-bedroom units: \$675 per month  
5 room, 2-bedroom units: \$700 per month

Comments: Rent includes heat, hot water, and parking. Older three story wood frame apartment building; garden - flat apartments. Similar condition; slightly superior location.

Rental No. 2

34-36 Liberty Street  
Middletown, Connecticut

Number of Units: 7  
Stories: 3

Rental -

2 room, 1-bedroom unit: \$475 per month  
4 room, 2-bedroom units: \$600 per month  
3-room, 2-bedroom units: \$550 per month

Comments: Tenants pay for heat, hot water, and electric. Adequate on site parking. 3-story frame building built in 1900 circa; slightly superior location and condition.

INCOME APPROACH, continued

Comparable Rents, continued

Rental No. 3

329 DeKoven Drive  
Middletown, Connecticut

Number of Residential Units: 8  
Number of Stories 2 and 3

Rental-

4 room, 2-bedroom units: \$600 per month (average)

Comments: Rent does not include electricity; heat and hot water are also not included in the rent. This three story masonry apartment building was constructed in 1917 circa. Some of the apartments have been rehabilitated over the past few years. Similar location and condition-type to the subject property.

Rental No. 4

576-578 High Street  
Residential building  
Middletown, Connecticut

Number of Units: 5  
Number of Stories 3

Rental-

3 room, 1-bedroom units: \$625 per month  
4 room, 2-bedroom units: \$700 per month

Comments: Rent includes appliances only. This three story brick apartment building was constructed in 1927. Average to above average overall condition. Superior location and condition-type to the subject.

INCOME APPROACH, continued

Comparable Rents, continued

Rental No. 5

160 Washington Street  
Middletown, Connecticut

Number of Units: 12  
Number of Stories: 3

Rental-

2 room, 1-bedroom unit: \$500 per month  
3 room, 1-bedroom units: \$550-\$600 per month  
4 room, 2-bedroom units: \$650-\$700 per month

Comments: Rent includes heat, hot water, and parking. This older three story wood frame apartment building contains twelve (12) "garden flat" apartments. Superior location, similar condition-type to the subject.

Rental No. 6

42-44 St. John's Street  
Middletown, Connecticut

Number of Units: 6  
Number of Stories: 3

Rental-

4 room, 2-bedroom units: \$650 per month

Comments: Similar location; slightly superior condition.  
The above rent does not include utilities; appliances and parking are included. This brick apartment building contains six (6) "garden flat" apartments. Similar location and condition-type to the subject.

INCOME APPROACH, continued

Comparable Rents, continued

Rental No. 7

27-31 Spring Street  
Middletown, Connecticut

Number of Units:	12
Number of Stories	3

Rental-

3 room, 1-bedroom units:	\$550 per month
4 room, 2-bedroom units:	\$700 per month

Comments: Rents include heat and hot water; appliances are included and there is no parking. This older brick twelve family building is situated within the subject's market area; similar location; slightly equal condition-type to the subject.

Rental No. 8

75 Hillside Avenue  
Middletown, Connecticut

Number of Units:	12
Number of Stories	3

Rental-

3 room, 1-bedroom, 1-bath units:	\$600 per month
4 room, 2-bedroom, 1-bath units:	\$750 per month

Comments: Superior location and condition. The above rents do not include heat and hot water; one parking space per unit. This three story wood frame vinyl siding exterior apartment building is located in the southeast quadrant of Middletown. The unit mix is 4 - 3-room (1-br) units and 8 - 4-room (2-br) units. There are a total of 16 parking spaces available.

INCOME APPROACH, continued

Comparable Rents, continued

Rental No. 9

54 Grove Street  
Middletown, Connecticut

Number of Units:	6
Number of Stories	3

Rental-

4 room, 2-bedroom, 1-bath units:	\$600 per month
4 room, 2-bedroom, 1-bath unit:	\$625 per month
4 room, 2-bedroom, 1-bath units:	\$625 per month
4 room, 2-bedroom, 1-bath units:	\$650 per month

Comments: Slightly superior location; similar condition. The above rents include heat, hot water and appliances; no on site parking. Three story brick building built in 1940 consist of six units of 4 room (2 br) each.

Rental No. 10

34-36 Ferry Street  
Middletown, Connecticut

Number of Units:	6
Number of Stories:	3

Rental -

5 room, 3-bedroom, 1-bath units:	\$700/month
5 room, 3-bedroom, 1-bath unit	\$750/month
5 room, 3-bedroom, 1-bath unit	\$650/month
4 room, 2-bedroom, 1-bath unit	\$550/month
3 room, 1-bedroom, 1-bath unit	\$475/month

Comments: Similar location and condition-type to the subject; cold flats units with appliances; no on-site parking. Frame with vinyl siding exterior built in 1900 circa.

INCOME APPROACH, continued

The comparable rental data included in the preceding pages of this report have been verified through the management entity and/or the owners of the buildings.

The ratio of leased apartments to tenancy-at-will units is about even, in the experience of your appraiser, and within any block or immediate neighborhood, the number of month-to-month tenants may exceed tenants with leases.

The above comparable data is deemed to be comparable (generally) to the subject in terms of location, type of building, overall building condition, and functional utility.

These comparables are multi-family rental buildings located in the subject neighborhood and/or in somewhat similar neighborhoods like the subject, with somewhat similar characteristics, generally, of those found on Ferry Street; most of these comparables are cold flats with appliances (stove/refrigerator), and parking; however, they consist generally of two and/or three bedroom units.

Factors such as location, apartment size, building condition, modernization, age of building, and amenities (such as parking, yard space) have been considered when making comparisons. The number of rooms, type of space, age of building, and utilities, if any, included in the rent.

The rental information presented above dates from December 2003 to the effective date of this appraisal.

The highest rent produced by each comparable rental property has been used in order to establish how much rent the market is willing to pay for units such as the subject has to offer. Your appraiser has used these rents because below market rents are common in Middletown, for various reasons, but usually due to landlord-tenant relationships.

The highest rents are usually the result of recently negotiated arm's length agreements and best reflect current market rents.

**INCOME APPROACH**, continued

**Potential Gross Income:**

The income of the subject is based on ten (10) rental units. According to the current property owner, the ten apartments at the subject rent from a low of \$400/month to a high of \$800/month; the highest rents being a Section 8 program; to this extent, there are four (4) Section 8 program rentals, or apartments 4, 5, 6 and 10.

<b>40 Ferry Street, Middletown; Actual and Stabilized Rent Roll As of December, 2004</b>		
Apt # 1	\$400. Month	\$4,800. 1-bedroom; est. (vacant)
Apt # 2	\$525.00	\$6,300. 1-bedroom
Apt # 3	\$650.00	\$7,800. 2-bedroom; est. (vacant)
Apt # 4	\$800.00	\$9,600. 3-bedroom
Apt # 5	\$650.00	\$7,800. 2-bedroom
Apt #6	\$800.00	\$9,600. 3-bedroom
Apt #7	\$650.00	\$7,800. 2-bedroom
Apt #8	\$675.00	\$8,100. 2-bedroom
Apt. #9	\$700.00	\$8,400. 2-bedroom
Apt # 10	\$650.00	\$7,800. 2-bedroom
Totals: \$6,500/month x 12 = \$78,000 yearly		

Based on the comparable (residential) contract and/or open market rents, based on the condition (average overall) of the subject property and based on location, it is our opinion that the subject actual and stabilized rents compare generally to open market price levels. In this case, then we can base the property income on the actual and stabilized rental rates.

**INCOME APPROACH**, continued

**Vacancy and Collection Loss**

It's anticipated that the market for properties like the subject will experience fairly sustained economic activity, thus stable and/or increasing market demand albeit slight. Nevertheless, a prudent investor will estimate the first year's vacancy-collection loss rate to be 7%. The somewhat higher rate reflects the higher risk of leasing a medium sized multi-tenant facility, and considers that two apartments from the total of 10 units were vacant as of the valuation date for a 20 percent vacancy factor. In surveying local property owners and managers, many reported low vacancy rates between 5-10%.

**Operating Expenses**

As previously reported, a 7% vacancy and collection loss rate seems appropriate due to the rental rates utilized, due to the type of units in the subject, due to the location, and due to the average overall condition for the subject.

**Calculating:**

Total Stabilized Gross Rental Income	\$78,000 yearly
Less Vacancy and Collection Loss (7%)	<u>5,460 yearly</u>
Effective (Stabilized) Gross Income (EGI)	<b>\$72,540 yearly</b>

Where applicable and when the expenses could be obtained, the actual expenses are used. The remaining expenses were estimated. The following expenses would be the responsibility of the lessor.

Reserve for Replacement: Considering the somewhat average overall condition of the subject premises, the reserve for replacement is based on 5% of the Effective Gross Income (EGI).

Management: The management expense is based on 6% of the EGI. The management expense is average for a multi-tenant building.

Repairs & Maintenance: Repairs and maintenance is based at \$0.75 per square foot of GBA. This expense covers routine repairs and maintenance.

Taxes: 2003 Grand List tax liability is \$6,054.

Insurance: The lessor would be responsible for liability insurance. The expense is estimated to be \$350/unit, or \$3,500 annually.

Heat and Hot Water: Tenants

INCOME APPROACH, continued

First Year Operating Expenses (Actual and Stabilized)

ITEM	AMOUNT (\$)	COMMENTS
<b>FIXED CHARGES</b>		
Real Estate Taxes	6,054	Actual (Rounded)
Insurance	3,500	Est; \$350/unit average
<b>Total</b>	<b>9,554</b>	<b>\$955/unit annual (rounded)</b>
<b>VARIABLE CHARGES</b>		
Heat/Hot Water (electric)	0	Tenants
Management (6% of EGI)	4,352	Market rate
Water/Sewer	3,100	Actual; \$775/quarter
Electricity	1,200	Common areas only; estimated \$100 monthly average
Trash Collection	1,860	Est.; \$155/month
Supplies/Miscellaneous	2,100	Estimated; \$175/month average
Repairs and Maintenance	6,437	\$0.75/sq ft GBA
Accounting and Legal	1,814	2.5% of EGI; estimated
Advertising	900	Estimated; \$75/month average
Reserves for Replacement	3,627	5% EGI; estimated
<b>Total (variable)</b>	<b>25,390</b>	
<b>Total Expenses</b>	<b>34,944</b>	<b>48.2% of EGI</b>
<b>Stabilized EGI</b>	<b>72,540</b>	
<b>NET INCOME TO LAND AND BUILDING</b>	<b>37,596</b>	<b>51.8% of EGI</b>

INCOME APPROACH, continued

Analysis of Operating Expenses

The estimated expenses are 48.2% (rounded) of estimated effective gross rental income (\$72,540). This figure exceeds market parameters of 40% to 45% of EGI; however, the data appears reliable for properties of this type, with conservative stabilized rental income and with an occupancy factor estimated at 93%. Expenses are based on actual and estimated expenses.

The individual expense items are consistent with expenses for this type of property, with the current market condition, as of the appraisal date, and with the estimated competitive rental rates utilized.

## INCOME APPROACH, continued

### Capitalization Rate

The rate at which this income is capitalized is developed from various factors that influence the rate. The investor's anticipated return on his equity, for example, is estimated with regard to industry expectations, and is also compared to competitive rates available for other types of investments, such as Treasury bills or high quality bonds. Debt service must be considered, and the rate at which financing costs are recovered makes up another component of the capitalization rate. The annual debt service is dependent on the term of the mortgage and its interest rate.

The subject property will be evaluated by direct capitalization and at an overall rate. The basic valuation formula for this is:

$$\text{Value} = \text{Income} / \text{Rate}$$

The overall rate will be determined using the Ellwood mortgage-equity capitalization analysis, incorporating equity build-up and change in value, if any. Basically, this formula posits that the overall capitalization rate is the weighted average of the mortgage and equity components of value, including credit for equity build-up over the holding period and for any change in value (appreciation or depreciation) during this period. The rate at which the property is capitalized is dependent on the rates available for competitive investments and on the mortgage rates available for property of this type. While commercial mortgage financing has been scarce during recent years, money is gradually becoming available. A property such as this would require a mortgage rate in the range of 8.75 to 9.75%, according to a survey of local bankers. For the purpose of this appraisal, the mortgage rate is assumed to be 9.50%. The mortgage itself is assumed to be a 20-year mortgage (amortization term) at 70% of value, payable monthly, with a balloon payment due at the end of five years. These terms are typical of today's commercial mortgage notes.

The other main component of the capitalization rate is based on the investor's equity expectations—his or her return on the equity position. Yield expectations vary considerably in today's market. Conversations with local brokers suggest that most investors want high yields, say 9 to 12 per cent. On the other hand, historically low rates tend to make such high yields possible only at great risk, or by buying property at greatly reduced prices. Alternative investments, often much safer than real estate investments, are yielding from 6.15% (Corporate Aaa Bonds) to 7.18% (Corporate Baa Bonds) to 6.95% (Interim-grade Bonds) to 3.55% (5-year treasury securities), to 4.45% (10-year treasury securities), to 4.90% (30-year treasury securities) to 9¼-12¼% (active Junk Bonds). All rates have been taken from *U.S. Financial Data, the Federal Reserve Bank of St. Louis, MO*, December 6, 2004.

## INCOME APPROACH, continued

### Capitalization Rate, continued

Real estate investments are often equated with junk bond issues when considering rates of return. Even so, the spread between 8 to 11% rates that are available and the 9% to 12% or more being sought by investors is still considerable. So what equity yield seems appropriate? Considering the riskiness of real estate as an investment at this time, (i. e., it is more risky than Corporate Aaa Bonds) it is felt that an equity yield rate of 12.0% is appropriate for use here.

Also to be considered is the leveraged position of the investor. By using financing as leverage, which is the assumption here, the investor's risk is reduced somewhat, allowing a more conservative equity yield rate. Consequently, the equity yield rate is estimated somewhere between the 8% available through paper investments and the 12% or more sought by investors/speculators.

As for property appreciation, it remains uncertain. Typically, it is not possible to predict the degree, or even the direction, of most real estate value changes in the near future.

Although there is fairly sustained economic and market activity, considering the uncertainties in the market place at this time and the type of property appraised, that is a small apartment building facility situated in a mix-use and somewhat unstable location, you appraiser feels that no value appreciation is a reasonable assumption. Consequently, no value increase is factored for our analysis.

All of these components can be processed into a capitalization rate, as shown on the following page.

INCOME APPROACH, continued

Capitalization Rate Calculation

*Mortgage-Equity Capitalization Using Band of Investment, with Equity Buildup Through Debt Reduction and Property Appreciation/Depreciation*

Mortgage Requirements

Mortgage	70.00%
Equity	30.00%
Mortgage Interest Rate	9.50%
Equity Yield Rate	12.00%
Term (Years)	20
Holding Period	5
Value Change (Appr./Depr.)	0.00%

Rate Calculation

Band of Investment

Mortgage Requirement	0.70	x	0.1119	=	0.0783
Equity Requirement	0.30	x	0.1200	=	0.0360
					<u>0.1143</u>

Equity Buildup through Debt Reduction

Less Credit for Equity Build-up	0.70	x	0.1055	x	0.1474	=	-0.0117
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Equity Buildup through Appreciation/Depreciation

Less Credit for Change in Value	0.00	x	0.1474	=	-0.0000
					<u>0.1026</u>

Capitalization Rate: say, **10.25%**

INCOME APPROACH, continued

Having both the net operating income and the capitalization rate, the value of the properties by the direct capitalization technique is easily estimated.

The estimate of value by direct capitalization is now a simple matter of dividing the net operating income by the capitalization rate. Doing so—

\$37,596 divided by 0.1025 = \$366,790

Value by Income Approach (Direct Capitalization):                      say, \$365,000

## RECONCILIATION AND FINAL VALUE ESTIMATE

To summarize, the values indicated by the two approaches are as follows:

DIRECT SALES COMPARISON APPROACH:	\$305,000
COST APPROACH:	Considered but not used
INCOME APPROACH:	\$365,000

Of the three methods which could be used in determining the value of 40 Ferry Street, in Middletown, the market sales approach and income approach have the most weight. The reproduction cost method is difficult to predict and has not been utilized here

The market sales approach used four more recent sales which are deemed to be comparable after the necessary and proper adjustments, resulting in a value of \$30,500 on a per unit basis.

The Income Approach used the concept that an investor would buy the property for investment purposes. The buyer would look at the income that the building is producing or can produce and base what he would pay for the building, based on this information.

The Income Capitalization Approach used the concept that an investor would buy the property for investment purposes. The buyer would look at the income that the building is producing and base his price on the desired equity yield rate, given market financing terms.

In both approaches, the concept of substitution is prevalent. In the Income Approach paradigm, if an investor can get a better yield by investing in another property, there is no reason he would purchase the subject. Alternately, he could be indifferent between two investments if both forecast the same equity yield rate. In the Sales Comparison Approach paradigm, the same thinking prevails; the investor bases his purchase price on his desired equity yield rate.

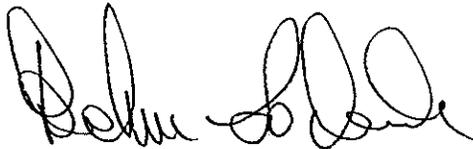
RECONCILIATION AND FINAL VALUE ESTIMATE, continued

Hence, we cannot ignore the conclusion of market value by the Market Sales Approach. For a medium sized commercial property like the subject property, that is largely tenants occupied, the conclusion of value by Market Sales Approach is given a 40% weight and the conclusion of value by Income Capitalization Approach is given a 60% weight. The value conclusion is \$341,000, rounded say to: \$340,000, or \$34,000/unit to include the land.

The market value concluded assumes a marketing period of 3 - 6 months. Therefore, on the basis of the data presented in this report, and in the opinion of your appraiser, the market value "as is" of the property at 40 Ferry Street, Middletown, Middlesex County, Connecticut, as of December 15, 2004, is as follows:

**\$340,000 (as improved and "as is" on a site of 0.14± acres)  
(THREE HUNDRED FORTY THOUSAND DOLLARS)**

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "John Lo Monte". The signature is fluid and cursive, with the first name being more prominent.

John Lo Monte, CCRA, GAA, CCIM  
Certified Commercial Real Estate Appraiser  
CT Certificate No. RCG377  
Expiration date 4/30/05

## APPRAISERS' CERTIFICATION

Property Appraised: 40 Ferry Street, Middletown, Middlesex County, Connecticut

Final Value of Estimate: **\$340,000 (\$34,000/Unit)**

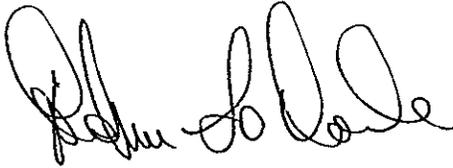
Date of Appraisal: December 15, 2004

I hereby certify that the appraisal has been made in accordance with the standards of ethics and practices of the Appraisal Institute of which Mr. Lo Monte is a candidate. Amongst the most pertinent of these, the following should be highlighted:

1. The statements of fact contained in this report are true and correct.
2. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. The opinions and conclusions herein expressed are mine and in no way reflect those of another without due acknowledgement.
5. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, unbiased professional analysis, opinions and conclusions.
6. My analyses, opinions and conclusions were developed and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of the Appraisal Institute.

APPRAISERS' CERTIFICATION, continued

7. No one provided significant professional assistance to the persons signing this report.
8. The appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
9. I have made a personal inspection of the property that is the subject of this report.

A handwritten signature in black ink, appearing to read "John Lo Monte". The signature is fluid and cursive, with the first name "John" and last name "Lo Monte" clearly distinguishable.

John Lo Monte, CCRA, GAA, CCIM  
General Certified Commercial Appraiser  
CT Certificate No. RCG377  
Expiration Date: 4/30/05

## RESTRICTIONS ON DISCLOSURE AND USE

The Regulations and Standards of Ethics of The Appraisal Institute govern disclosure of the contents of this appraisal report.

Neither all nor any part of the contents of this report, (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the appraiser.

This appraisal report has been prepared for the exclusive benefit of **The City of Middletown**. It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at his own risk.

## QUALIFICATIONS OF THE APPRAISER

### **JOHN LO MONTE, CCRA, GRI, CCIM, GAA**

Certified Commercial Real Estate Appraiser  
Graduate Realtor Institute  
Certified Commercial Investment Member  
General Accredited Appraiser

State Of Connecticut General Certified Real Estate Appraiser.  
Certificate No. RCG377

MAI Candidate, The Appraisal Institute - Candidate No. M90-0955

#### REAL ESTATE EDUCATION

1976	Real Estate Principals & Practices - University of Hartford
1980	Graduate of the Realtor Institute (G.R.I.) I, II, III
August, 1990	SPP Course from the American Institute for Real Estate Appraisers.
September, 1990	Appraisal Course I for Real Estate Broker
April, 1991	Appraisal Course II for Real Estate Appraiser, Manchester Community College
March, 1991	Exam 1A-1 Real Estate Appraisal Principles and Exam 1A-2 Basic Valuation Procedures, of the Appraisal Institute
May, 1991	Capitalization Theory and Techniques - Part A, of the Appraisal Institute
October, 1991	Capitalization Theory Techniques - Part B, of the Appraisal Institute
May, 1992	Case Studies in Real Estate Valuation, Course 2-1 of the Appraisal Institute
October, 1992	Report Writing, Course 2-2 of the Appraisal Institute
October, 1995	Standards of Professional Practice (Part A & B); USPAP From the Appraisal Institute; Chicago, Illinois

#### MEMBERSHIP

Broker's License, 1978, License No. 410896  
C.C.I.M., Certified Commercial Investment Member, November, 1987, Certificate No. 2998  
G.A.A., General Accredited Appraiser, November, 1994, Certificate No. 301

QUALIFICATIONS OF THE APPRAISER, continued

**JOHN LO MONTE, CCRA, GRI, CCIM, GAA**, continued

MEMBERSHIP, continued

State of Connecticut Licensed Real Estate Appraiser, Certificate No. RCG377

MAI Candidate The Appraisal Institute, Candidate No. M90-0955

National Association of Realtors, member since 1976

Connecticut Association of Realtors, member since 1976

Greater Hartford Board of Realtors, member since 1976

Realtors CID Member

Member of the Commercial Real Estate Council Greater Hartford Board of Realtors

Member of the Wethersfield Housing Partnership Committee since 1989

Chairman of the Realtor Political Action Committee, Greater Hartford Board of Realtors for 1988 and 1989

Board of Directors: Connecticut Association of Realtors

1989 and 1990 Conventions Chairman for the CCIM, Connecticut Chapter

Certified Real Estate Appraiser, C.R.E.A., of the National Association of Real Estate Appraisers.

Certified Commercial Real Estate Appraiser, CCRA of the National Association of Real Estate

EXPERIENCE

16 years at Carsan Realty of Hartford, Inc.

General Manager, from 1986 to 1989, of Carsan Realty of Hartford, Inc.  
In the past 16 years, over 65 million dollars of residential and commercial real estate transacted.

Qualified Expert Witness, State Superior Court, Federal Court

ADDENDA



planning  
zoning  
conservation  
economic development  
community development

CITY OF MIDDLETOWN, CONNECTICUT  
Department of Planning, Conservation, and Development  
<http://www.middletownplanning.com>

PO Box 1309  
245 deKoven Drive  
Middletown, CT 06457-1309  
(860) 344-3423

# FAX COVER SHEET

Date: December 19, 2004

William Warner, AICP  
Director

For: John Lo Monte Real Estate Appraiser

James Sippely  
Planning/Environmental

Fax Number: 860-635-3339

Kevin Kennedy  
Zoning/Wetlands

From: Michiel Wackers

Richard Kearney  
Economic Development

Fax Number: 860-344-3593

Michiel Wackers  
Community Development

Number of Pages: 7 (includes Cover Sheet)

Notes:

RE: Another appraisal job & Tax Assessor's cards

The City of Middletown has an additional appraisal request to be carried out in the North End:

38 Ferry Street- Four-Family building

This is a friendly situation, and the contact to gain access to the building is:

Michael Taylor  
Nehemiah Housing Corporation Executive Director  
33 Ferry Street  
Middletown CT 06457  
Tel. 860-347-7362  
Fax. 860-704-8533  
Email: [nehemiah.housing@snet.net](mailto:nehemiah.housing@snet.net)

The Department would like the appraisal by Dec 31, 2004.

We will increase the contract from \$1,850 to \$2,500.

I am still waiting to see if I can get any information about the other two properties but the I have not heard from the a few people. Please go ahead and contact the owner of those properties and see if you can get the information you need. I will continue on my end.

If you have any question you can contact Michiel Wackers at 860-344-3467 or email [michiel.wackers@cityofmiddletown.com](mailto:michiel.wackers@cityofmiddletown.com)

*I will probably ~~be~~  
Send you another  
for this afternoon.  
Michiel*

Sincerely,

Michiel Wackers  
Community Development Specialist

A298-10  
R298-04

QUITCLAIM DEED

THIS QUITCLAIM DEED, Executed this 13 day of April, 1998

by first party, Grantor, Andrew Vallas

whose post office address is 236 Highland Ave Middletown CT

to second party, Grantee, Huston MEINVALE

whose post office address is 18 Oxford Dr. Middletown CT 06455

WITNESSETH, That the said first party, for good consideration and for the sum of ONE Dollars (\$ 1.00 ) paid by the said second party, the receipt whereof is hereby acknowledged, does hereby remise, release and quitclaim unto the said second party forever, all the right, title, interest and claim which the said first party has in and to the following described parcel of land, and improvements and appurtenances there- to in the County of Middlesex, State of CT.

That parcel of land with dwelling house thereon standing, situated on the northerly side of Ferry Street in the City of Middletown, County of Middlesex and State of Connecticut, bounded and described as follows:

- NORTHERLY: by land now or formerly of Nicholas Bascarino and Leonora Topazio;
- EASTERLY: by land now or formerly of Kalman P. Palmer;
- SOUTHERLY: by Ferry Street;
- WESTERLY: by land now or formerly of Salvatore and Filomena Bartolotta.

Being the same premises conveyed to Farmers and Mechanics Savings Bank, now known as Farmers and Mechanics Bank, by Mortgage and Collateral Assignment of Rents of Tyler-Raulukaitis, Inc. dated August 31, 1990 and recorded in Volume 937, Page 283 of the Middletown Land Records, the equity of redemption under said Mortgage having been foreclosed as shown by Certificate of Foreclosure, dated June 9, 1993, and recorded in Volume 1046, Page 388 of the Middletown Land Records.

As partial consideration for this conveyance, the grantee herein agrees to assume and pay the real estate taxes due the Town of Middletown on the List of October 1, 1994, and thereafter.

ST-0  
 No Conveyance Tax collected  
 [Signature]  
 Town Clerk of Middletown

IN WITNESS WHEREOF, The said first party has signed and sealed these presents the day and year first above written. Signed, sealed and delivered in presence of:

[Signature]  
Signature of Witness

STRODA HUTTON  
Print name of Witness

[Signature]  
Signature of Witness

LINDA BETTENCOURT LETI  
Print name of Witness

[Signature]  
Signature of First Party

Andrew Vallas  
Print name of First Party

\_\_\_\_\_  
Signature of First Party

\_\_\_\_\_  
Print name of First Party

State of Connecticut,  
County of Middlesex

On April 13, 1998 before me, Andrew C Vallas  
appeared

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is are subscribed to the within instrument and acknowledged to me that he she/they executed the same in his her/their authorized capacity(ies), and that by his her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.  
WITNESS my hand and official seal.

[Signature]  
Signature of Notary  
My Commission Exp. Apr. 30, 2001

Affiant Known  Produced ID  
Type of ID Passport



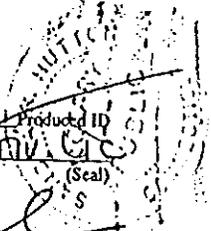
State of Connecticut,  
County of Middlesex

On April 13, 1998 before me,  
appeared Huston McInvalde

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is are subscribed to the within instrument and acknowledged to me that he she/they executed the same in his her/their authorized capacity(ies), and that by his her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.  
WITNESS my hand and official seal.

[Signature]  
Signature of Notary  
My Commission Exp. Apr. 30, 2001

Affiant Known  Produced ID  
Type of ID CT DMV, ETC



[Signature]  
Signature of Preparer

Huston McInvalde  
Print Name of Preparer

18 Oxford Dr. Middlefield Ct.  
Address of Preparer

Ret to: Huston McInvalde  
18 Oxford Dr.  
Middlefield 06455

Rec'd for Record Notary Public  
Recorded by [Signature]  
Towa Clerk

# Commercial Property Record Card - MIDDLETOWN Ct

Property Location: 40 Ferry St      Account: R12049      Map Block No: 22 17-37 30      Class: A      State Class: 112      Printed Wed, Dec 15, 2004      Card 1 of 1

Assessment Information	
Appraised Value:	*
Income:	257,400
Land:	27,800
Bldg:	229,600
Total:	257,400
Assessed Information:	Prior 257,400
Code:	800 Value: 180,180

Miscellaneous	
Deed Info:	1156/235
Zoning:	B-1
Routing No:	22/663
Neighborhood:	120
Living Units:	10
Census Trct:	5416
District:	1

Previous Owner History		Entrance Information	
Name	Deed	Time	Act
		Estimate	Other

Current Owner		Notes	
Name	Date		
McInvale Huston 18 Oxford Drive Middlefield Ct 06455			

Book/Page	Sales History	Date	Price	Type	Validity

Permit Information			
Date	Permit #	Price	Purpose
		0	0
		0	0

Land Information			
Type	Size	Grade	Influence Factor and %
Primary	A	0.14	0
			27,800

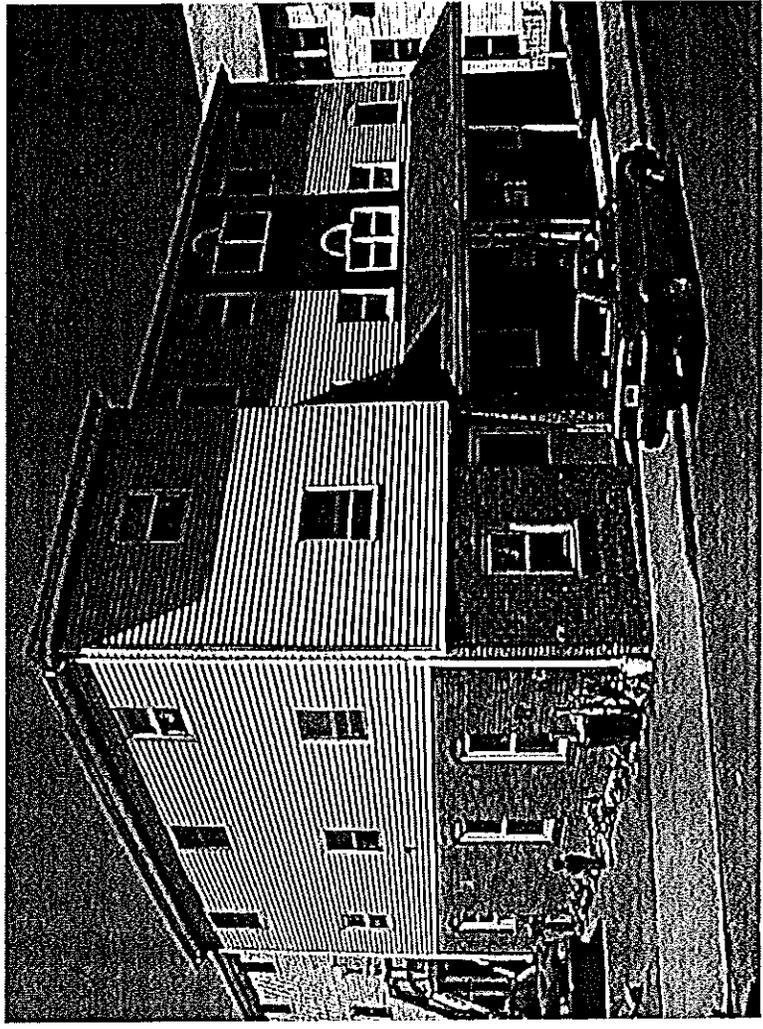
Owner/Values: Includes all Land/Buildings/OBYS for this Parcel			
	Current	Cost	Market Income
Land:	27,800	27,800	0
Building:	229,600	222,080	0
Total:	257,400	249,880	0

**Total Acres for this Parcel** 0.14

Inspection witness by:



**Cole-Layer-Trumble Company**





CITY OF MIDDLETOWN  
PO BOX 1300  
MIDDLETOWN, CT 06457  
Office of Tax Collector

1156 235  
40 FERRY ST  
22 17-37 30

-----  
GR YR LIST NO DST BANK ON GRAND LIST TAX DUE 1ST PMT. DUE 2ND PMT. DUE  
2003-1-0008176 1 OCTOBER 1, 2003 JUL 01, 2004 JAN 01, 2005  
----- C 2,522.52  
TOWN MILL RT GR. ASSMT EXEMPT NET ASSMT F 504.51  
CITY 28.0000 180,180 180,180 T 3,027.03 3,027.03  
FIRE 5.6000 -----  
-----

200310008176 12/15/2004 R12049 40 FERRY ST  
22 17-37 30  
1156 235  
MCINVALE HUSTON  
18 OXFORD DRIVE  
MIDDLEFIELD CT 06455

LAST PYMT DT 07/30/2004

INTEREST : 0.00  
LIEN/FEES : 0.00  
NET BALANCE : 3,027.03





STATE OF CONNECTICUT + DEPARTMENT OF CONSUMER PROTECTION  
Be it known that

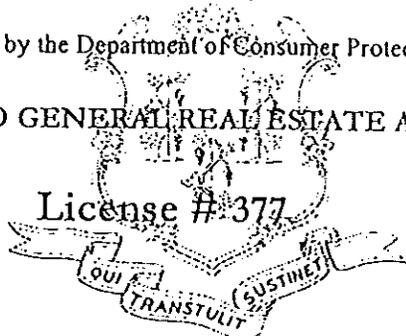
JOHN LOMONTE

PO BOX 290-0563  
WETHERSFIELD, CT 06129

has been certified by the Department of Consumer Protection as a licensed

CERTIFIED GENERAL REAL ESTATE APPRAISER

License # 377



Effective: 05/01/2004

Expiration: 04/30/2005

*Edwin R. Rodriguez*  
Edwin R. Rodriguez, Commissioner