

John F. Rowlson Company
Real Estate Appraisers - Consultants
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P. O. BOX 10390
HARTFORD, CONN. 06110

281 HARTFORD TURNPIKE
VERNON, CONN. 06066

July 11, 1979

Middletown Community
Development Commission
Dekoven Drive and Court Street
Middletown, Connecticut 06457

Re: 598-614 Main Street
Middletown, Connecticut

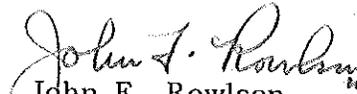
Gentlemen:

At your request, the above-captioned property has been examined to estimate damages resulting from the partial taking of land, as of June 1, 1979.

Damages are as follows:

Estimate of Value - Before:	\$200,000
Estimate of Value - After:	<u>169,000</u>
Damages:	\$ 31,000

Respectfully submitted,


John F. Rowlson
M.A.I., S.R.E.A.

JFR/gds

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REAL ESTATE APPRAISAL

For

Middletown Community Development Commission
Dekoven Drive and Court Street
Middletown, Connecticut 06457

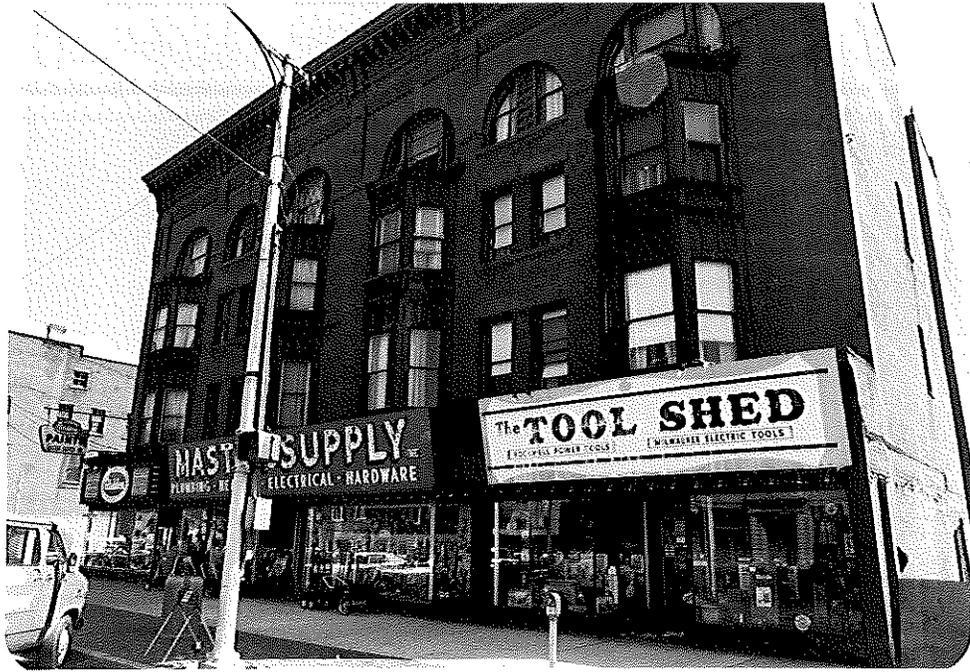
To

ESTIMATE DAMAGES

Of

Property Located At:
598-614 Main Street
Middletown, Connecticut

June 1, 1979



Front of Building Facing Northeasterly



Rear of Building Looking Southwesterly



Rear Land Rented for Seven Cars;
Balance Customer Parking

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PURPOSE OF APPRAISAL

The purpose of this appraisal is to estimate market value of property located at 598-614 Main Street, Middletown, Connecticut as of June 1, 1979.

MARKET VALUE - DEFINED⁽¹⁾

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

PROPERTY APPRAISED

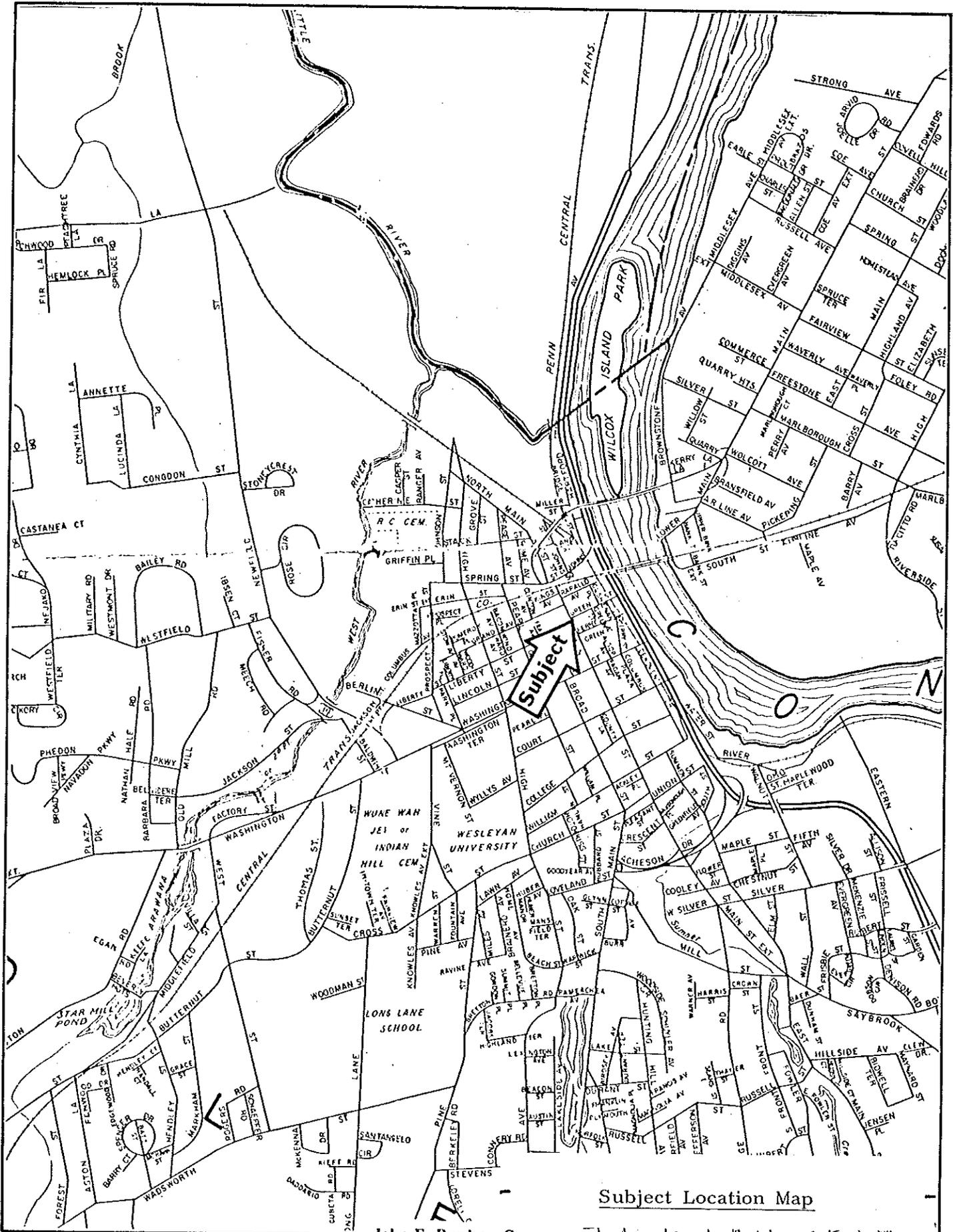
All rights inherent in the fee in its entirety are appraised.

LOCATION OF PROPERTY

The subject property is located on the southeast corner of Main Street and Green Street and extends easterly along Green Street 130 feet.

This location is two blocks north of Washington Street, also known as Route 66, a busy through route to Meriden on the west.

(1) "Real Estate Appraisal Terminology," compiled and edited by Byrl N. Boyce, Ph.D.



Subject Location Map

John F. Rowison Company

LEGAL DESCRIPTION

Grantor: Alexina S. Levine
Grantee: Jacob Levine

Volume 381, Page 514
Date: January 27, 1972
Instrument: Quit Claim Deed

A certain piece or parcel of land, with buildings and other improvements thereon, situated on the Southeasterly corner of Main and Green Streets, in the Town of Middletown, County of Middlesex and State of Connecticut, and bounded and described as follows:

NORTHERLY	one hundred thirty and five-tenths (130.5) feet by Green Street;
EASTERLY	ninety (90) feet by land now or formerly of the Middletown City School District.
SOUTHERLY	one hundred thirty and ninety-five one-hundredths (130.95) feet by land now or formerly of Rafaele DiGiandomenico and John B. and Arthur M. Coughlin, in part by each; and
WESTERLY	eighty-six and fifty-three one-hundredths (86.53) feet by Main Street.

ZONING

The subject parcel of land is located in B-3 Zone.

Description of Zone

This zone is composed and limited to the central business area. The zone provides for the central retail, office, cultural and governmental activities of the community as well as high density residential use. Accordingly, these regulations are designed to permit retail development in the core of the community where there is a concentration of pedestrian activity. To these ends the regulations establish standards retaining such intensity of use and concentration of pedestrian and vehicular as is compatible with the function of this zone.

Uses

No land shall be used or occupied and no structure shall be erected, constructed, reconstructed, altered or used, except for any use which is indicated in the B-3 column of the Use Schedule, Section 61 of the Zoning Code.

Height

The maximum permitted stories shall be twelve (12) (effective June 8, 1974).

Lot Area, Width and Yard Requirements

	<u>Net Lot Area</u>	<u>Lot Width</u>	<u>Front Yard</u>	<u>Side Yards</u>	<u>Rear Yard</u>
Nonresidential:	No minimum.	No minimum.	10 ft.	10 ft.	15 ft.

These minimum yards shall be increased as required by lot coverage provision.

Residential: Same requirements as R-4 Zone.

Lot Coverage

In addition to the minimum yard requirements, an extra total setback of one foot will be required on each ten (10) feet of structure height. The required extra setback may be used in any yard or apportioned among two or three yards, as desired.

ZONING, continued

Section 40.04.04 - Off-Street Parking and Off-Street Loading Requirements

One parking space for each 100 square feet of floor area used for retail sales, trades or merchandising, and one parking space for each two employees.

This regulation does not apply to the subject zoning unless in a Re-development Project.

ASSESSMENT DATA AND TAX BURDEN

Year: 1977

Lot #9 & #10: \$23,150

Building: 57,100

Lot #11: 3,788 (Green Street frontage)

Total Assessment: \$84,030

Mill Rate: 33.9 mills

Tax Burden: $\$84,030 \times 33.9 \text{ mills} = \$2,848.62$

ASSUMPTIONS AND LIMITING CONDITIONS

1. The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.

2. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The Appraiser has made no survey of the property.

3. The Appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made therefor.

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

5. The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil or structures, which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.

6. Information, estimates, and opinions furnished to the Appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser can be assumed by the Appraiser.

7. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the professional appraisal organizations with which the Appraiser is affiliated.

ASSUMPTIONS AND LIMITING CONDITIONS, continued

8. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property value, the identity of the Appraiser, professional designations, reference to any professional organizations, or the firm with which the Appraiser is connected), shall be used for any purpose by anyone but the client specified in the report, the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, any state or federally approved financial institution, any department, agency or instrumentality of the United States or any state or the District of Columbia, without the previous written consent of the Appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the Appraiser.

9. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner.

10. Value estimate is based upon aggressive, professional management.

REGIONAL DATA

The City of Middletown is located in central Connecticut, approximately 15 miles south of Hartford. It is a city of a concentration of a healthy growing community in all social and economic facets.

Middletown has long been noted for Wesleyan University. The educational facilities are extensive and varied, to include an agricultural school, a correctional school and a community college.

Housing is keeping a steady pace, with a 3.67 percent growth rate per year.

Industrial plants and commercial enterprises provide many employment opportunities for the residents of Middletown and the surrounding communities.

With population growing at slightly higher than 2 percent per year, and industry and business keeping pace, the economy reflects no explosion, but a slow and conservative healthy growth pattern for the town.

New programs for Middletown include a complete modernization of Main Street, north of Washington Street to St. Johns Square. This will include new brick and concrete pavement landscaped with trees and bushes.

A new shopping plaza is being constructed in the redevelopment area of Main Street. This will provide shopping services within walking distance to the elderly housing tenants and a short driving distance, with 500-car, free parking for shoppers.

The future is bright for Middletown and is projected to remain stable.

NEIGHBORHOOD

The neighborhood is composed of older buildings reflecting average maintenance and a minimum of modernization.

The buildings are used for intensive commercial uses on the first floors and residential uses on the floors above street level. Several of the buildings are conversions of older homes to commercial uses on the first floor. This is especially true of properties located on the streets extending off of Main Street.

Businesses in this neighborhood rely, for the most part, on on-street parking for their customers and limited rear yard parking for residential tenants. There is a metered, municipal parking lot one block north of the subject.

The subject neighborhood is located within the area proposed for rejuvenation with new brick and concrete walks, landscaping, to include trees and shrubbery and provide ramps and parking for the handicapped people.

For a detailed list of uses focused in this neighborhood, see the "Neighborhood Use Sketch" on the following page.

RESIDENCES



EIS

GETTY
VACANT STORE
DELANEY'S CAFE
PARKING

ENERGY CONSERVATION
VACANT STORE
DETORO ELECTRIC CO.
MEETING HOUSE ANTIQUES
ALLEY →
NORTH END PACKAGE STORE
FIRESIDE CAFE
THE GOOD HARVEST
WINDSUN & WOOD

RESIDENCES

GRAND STREET

RESIDENCES

EXXON
VACANT STORE
ICA COPY CENTER
COMMUNITY HEALTH
TERRY'S BEAUTY SALON
J&J DINER
INSTANT PRINTING
ARRIWANI HOTEL

RAPALLO AVENUE

BRASS RAIL CAFE
BIG 1 DRIVING SCHOOL
AMATO'S BAKE SHOP
RIVER'S MUSIC CO.
ICA PRINTING
FOUNTAIN FISH MARKET
ROZ'S LUNCH
CITY PACKAGE STORE
NANCY'S GROCERY STORE
VACANT LOT

RESIDENCES

LIBERTY STREET

MAIN STREET

RESIDENCES

SUNOCO **Subject** →

PROFESSIONAL
BUILDING

GREEN STREET

MASTER SUPPLY
TOOL SHED
VACANT LOT
SHLIEN'S
GAY PAREE POODLE PARLOR
THE COUNTRY SHED
FRIENDLY BARBER SHOP
HOAGIE'S RIB HOUSE
VACANT STORE
THE PRINTERY
USED FURNITURE
FAMILY RESOURCE CENTER

A&D SPECIALTY
RESIDENCE
THERESA'S DELI
ST. SEGASTIAN'S
SCHOOL

FERRY STREET

J. POLINDER SHOES
KRENZ'S GRILL

NEIGHBORHOOD USE SKETCH

DESCRIPTION OF SITE

The land is identified by the assessor's records as Lot Nos. 9 and 10 which face onto Main Street, and Lot No. 11 which faces onto Green Street. However, these lots are all abutting and will be valued as one parcel. This is further supported by the legal description as found in this appraisal.

The lot is rectangular in shape, 86.53'/90' x 130.5'/130.95', and contains 11,538.44± square feet.

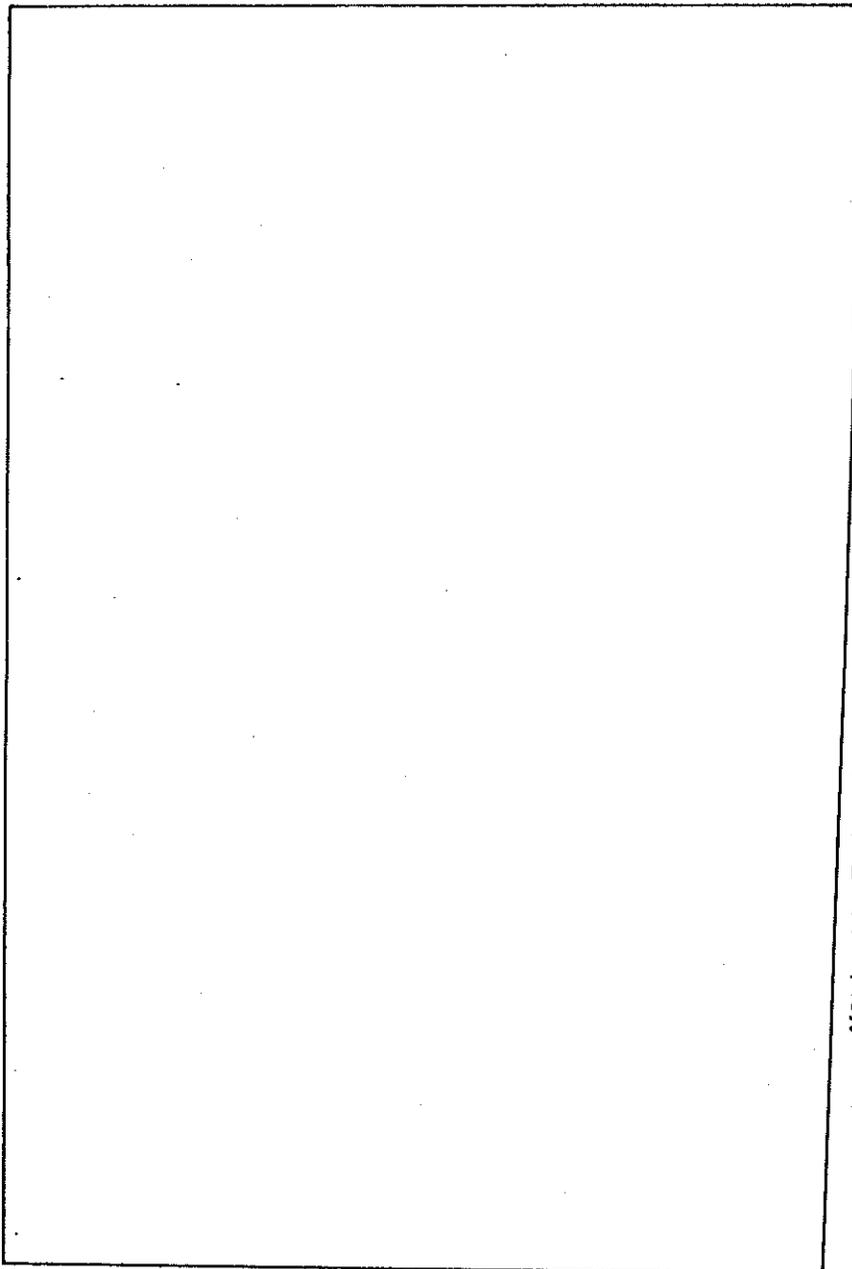
The area of the lot not covered with a building is cleared and has a hard packed sand surface. There is a slight slope to the east which follows the grade of Green Street.

All public utilities are available and connected to the site.

NOW OR FORMERLY
LAND OF THE MIDDLETOWN SCHOOL DISTRICT
90'



GREEN STREET
130.5'



NOW OR FORMERLY
LAND OF RAFAELE DIAGIANDOMENICO AND
JOHN B. AND ARTHUR M. COUGHLIN
130.95'

86.53'
MAIN STREET

SKETCH
LAND OF JACOB LEVINE
598-614 MAIN STREET
MIDDLETOWN, CONNECTICUT
SCALE 1" = 20' JUNE, 1979

HIGHEST AND BEST USE

The highest and best use of the subject land is the present use for the remaining economic life of the improvements to the land.

The land is intensely developed with a successful economic unit. The first floor is a hardware store with a complete stock of the essentials of this trade. The upper floors are divided into 12 residential units.

To complement this use is area to the rear of the building which provides potential rental parking for seven cars, plus ample area for customer off-street parking.

The building has an estimated remaining economic life of 25 years to support the highest and best use.

DESCRIPTION OF BUILDING

The following is a description of the construction details of the building on the land.

Type - Use: Commercial - first floor. Plate glass store windows.
Residential - 12 units, upper floors.

Construction: Solid brick and, frame for rear porches.
Copper facia - wood bay windows (front).
Roof - tar and gravel over composition on wood deck.

Condition: Fair, plus.

Age: The exact age is unknown. Style of architecture and components indicate the classification of old.

Estimated Remaining Economic Life: 25 years, based upon style of architecture, existing functional obsolescence and condition of the building.

Living Units: Eight 6-room units.
Four 7-room units.
Rental with heat is \$165 per month.
Rental without heat is \$110 per month.
Third and fourth floor units are unheated (cold flat) units.

Bathrooms: One 3-fixture; modern tub with shower with lavatory and water closet; ceramic tile in the tub area - shower head; balance is old; common style fixtures.
Inlaid linoleum floor covering.

Ceilings: Plaster on lath; some block; some composition.
Metal in store area.

Walls: Plaster on lath; some paneling, 7'7" high.

Floors: Some oak; some pine.

DESCRIPTION OF BUILDING, continued

Miscellaneous: Built-in china cabinet with glass doors and drawers in one of the dining rooms.

Kitchen sinks are double-bowl cabinet style. There is a pantry in each unit.

The owner plans extensive rehabilitation to include:

New 60 amperes service to replace 30 amperes service.

New windows where needed.

Rehabilitation of halls.

Store Units: Three stores - first floor, owner-occupied. Metal ceilings - 18'6" height.

Basement: Full; part dirt and part concrete floor, of which a portion has asphalt tile.

Block ceiling; brick partitions.

Joists - 12" on center.

Some of the basement was sales area, not it is storage area.

Electrical: Stores have 100 amperes service. Second floor, 60 amperes service, third and fourth floors have 30 amperes service. Wiring is BX and Flexlume.

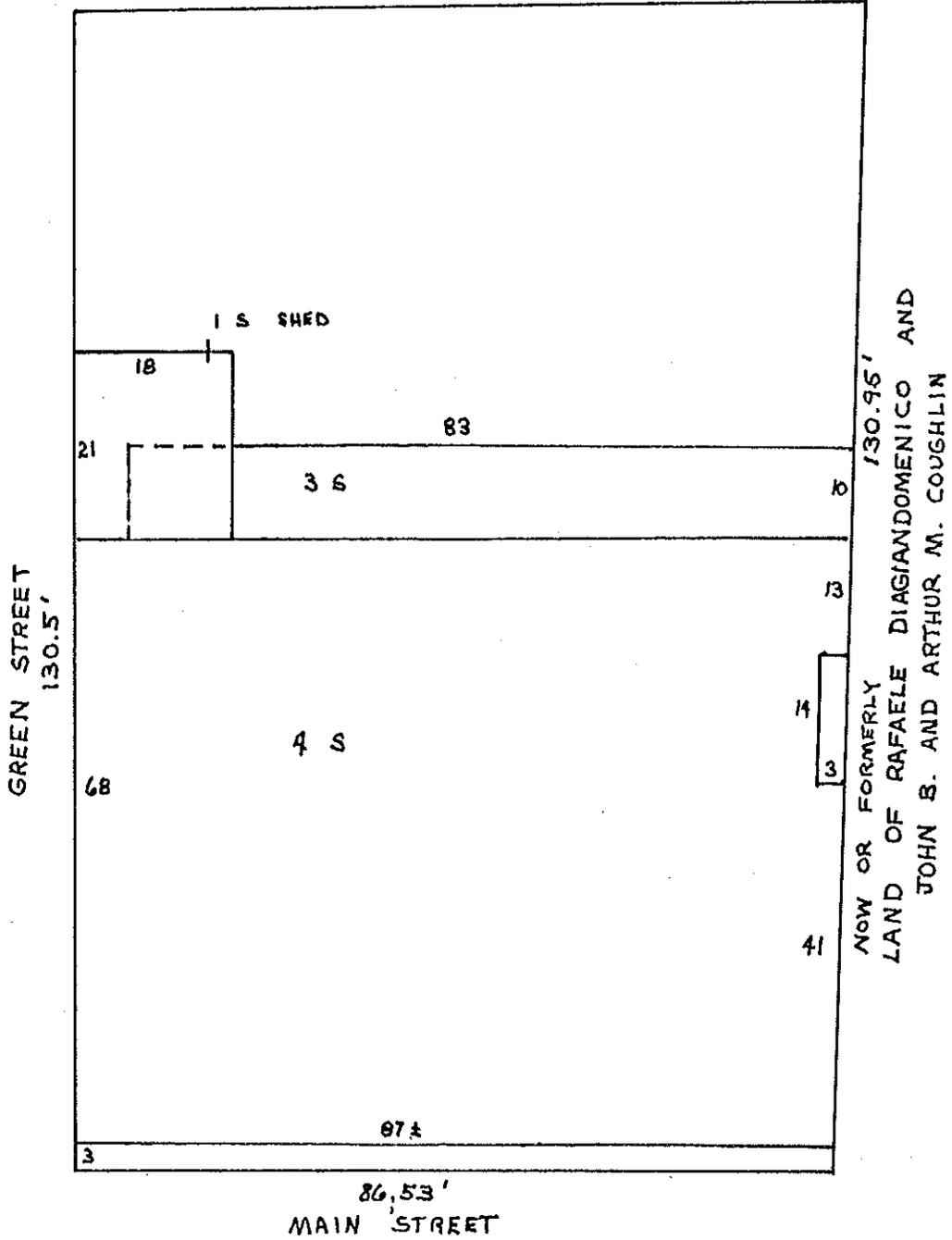
Plumbing: Copper and brass; 30 gallons (Bradford) hot water heaters.

Exterior Walls: Solid brick.

Foundation: Stone and mortar.

General: Some aluminum storm sash and screens.

NOW OR FORMERLY
LAND OF THE MIDDLETOWN SCHOOL DISTRICT
90'



NOW OR FORMERLY
LAND OF RAFAELE DIAGIANDOMENICO AND
JOHN S. AND ARTHUR M. COUGHLIN

SKETCH
PROPERTY OF JACOB LEVINE
598-614 MAIN STREET
MIDDLETOWN, CONNECTICUT
SCALE 1" = 20' JUNE, 1979

ESTIMATE OF LAND VALUE

The following land sales are used as an indication to the market value of the subject parcel.

Sale No. 1

Dekoven Drive and
Court Street
Middletown, Connecticut

Grantor: Hartford National Bank
and Trust Company

Volume 500, Page 141
Date: December 8, 1977
Zone: B-3

Grantee: David L. Silk, et als

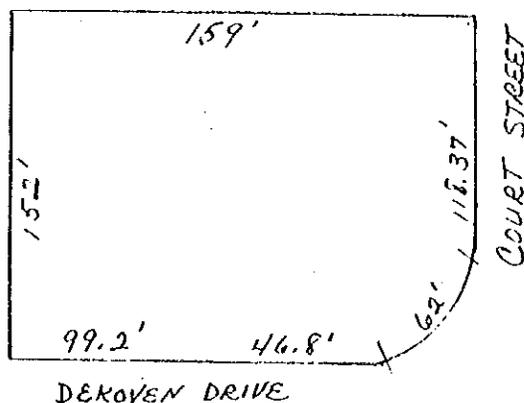
Sale Price: \$67,000
Sale Price per Square Foot: \$2.82

Land Area: 23,750± square feet.

Topography: The lot is at street grade with Dekoven Drive and rises gently with the grade of Court Street in a northwesterly direction.

Utilities: All public utilities are available to this lot.

Use: Unimproved.



ESTIMATE OF LAND VALUE, continued

Sale No. 2

572 Washington Street
Middletown, Connecticut

Grantor: M.C. Gold, et al

Volume 491, Page 293

Grantee: Aetna Service Stations, Inc.

Date: August 8, 1977

Zone: B-2

Sale Price: \$90,000

Sale Price per Square Foot: \$4.22

Land Area: 21,345± square feet.

Topography: Level and at street grade.

Utilities: All public utilities available to the site.

Use: Gasoline pumps.

ESTIMATE OF LAND VALUE, continued

Sale No. 3

950 Washington Street
Middletown, Connecticut

Grantor: Wen-Con Corporation
Grantee: R.L. Langfield

Volume 521, Page 209
Date: September 13, 1978
Zone:

Sale Price: \$200,000

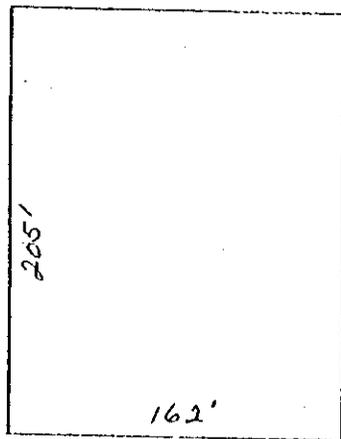
Sale Price per Square Foot: \$6.02

Land Area: 33,210± square feet; 162' x 205'.

Topography: Rises from road and then is level.

Utilities: All public utilities are available and connected to the site.

Use: Wendy's Hamburger Restaurant.



WASHINGTON STREET

ESTIMATE OF LAND VALUE, continued

Sale No. 4

Washington Street
Middletown, Connecticut

Grantor: Wen-Con Corporation
Grantee: Speedy Muffler King, Inc.

Volume 518, Page 6
Date: July 19, 1978
Zone: B-3

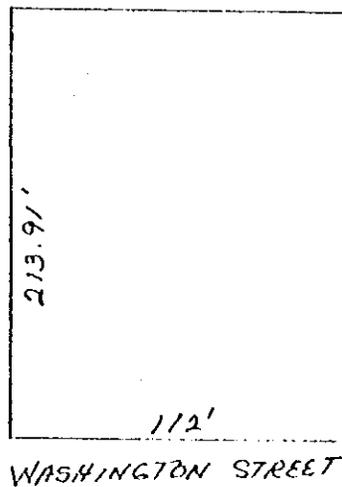
Sale Price: \$100,000

Sale Price per Square Foot: \$4.17

Land Area: 23,958± square feet; 112 feet of frontage.

Topography: Level and at street grade.

Utilities: All public utilities are available and connected to the site.



ESTIMATE OF LAND VALUE, continued

Recapitulation

<u>Sale No.</u>	<u>Sale Date</u>	<u>Land Area (sq. ft.)</u>	<u>Sale Price per Sq. Ft.</u>
1	12/77	23,750	\$2.82
2	8/77	21,345	\$4.22
3	9/78	33,210	\$6.02
4	7/78	23,958	\$4.17
<u>Subject</u>	---	11,538	---

Analysis

The subject parcel is a corner lot on Main Street, two blocks north of the business center. The sales are considered to be inferior in location to the subject parcel and are adjusted upward.

All of the sales must be adjusted upward for this factor.

Based on these sales, the indicated value to this parcel of land is \$5.75 per square foot.

Then:

$$11,538\pm \text{ sq. ft. } \times \$5.75 \text{ per sq. ft. } = \$66,344$$

Estimated Value of Land: \$66,500

COST APPROACH

The building is old with functional obsolescence and physical depreciation present in quantities difficult to accurately measure. This depreciation can be more accurately reflected in the Market Data Approach.

Therefore, the Cost Approach will not be used in this appraisal.

INCOME APPROACH

First Floor: Three stores, owner-occupied, 5,916 square feet

Second Floor: One seven-room apartment @ \$165 per month
Three six-room apartments @ \$165 per month

Third Floor: Four apartments @ \$110 per month
One seven-rooms; three six-rooms

Fourth Floor: Four apartments @ \$110 per month
One seven-room; three six-rooms.

Residential Rentals

56 Ferry Street	3 rooms @ \$125 per month	\$41.67	Includes heat.
	4 rooms @ \$150 per month	\$37.50	Includes heat.
560 Main Street	4 rooms @ \$130 per month	\$32.50	Utilities included.
566 Main Street	3 rooms @ \$100 per month	\$33.33	Includes heat.

Commercial Rentals

	<u>Area</u>	<u>Rent</u>	<u>Rent/ sq.ft.</u>	<u>Tenant Pays</u>
530 Main Street	800 sq.ft.	@ \$3,600	\$4.50	Electricity
528 Main Street	2,500 sq.ft.	@ \$7,500	\$3.00	Electricity
686 Main Street	4,000 sq.ft.	@ \$7,800	\$1.95	Electricity
710 Main Street	468 sq.ft.	@ \$1,200	\$2.56	All utilities
720 Main Street	920 sq.ft.	@ \$2,040	\$2.22	All utilites
656 Main Street	672 sq.ft.	@ \$1,800	\$2.68	All utilities
560 Main Street	1,100 sq.ft.	@ \$4,800	\$4.36	Electricity

INCOME APPROACH, continued

The subject building is generating less than market rent:

7 rooms @ \$165 per month = \$23.57 with heat (per room per month)
7 rooms @ \$110 per month = \$15.71 without heat (per room per month)
6 rooms @ \$165 per month = \$27.50 with heat (per room per month)
6 rooms @ \$110 per month = \$18.33 without heat (per room per month)

The market indicates a rental to the subject property as follows:

7 rooms with heat @ \$30 per room per month
6 rooms with heat @ \$32 per room per month

7 rooms, no heat, @ \$20 per room per month
6 rooms, no heat, @ \$22 per room per month

First floor commercial space: \$2.75 per sq. ft.; unheated
with parking

Parking at rear of building: 7 cars @ \$15 per month

Then:

Residential

7 rooms x \$30 x 12 months x 2 =	\$ 5,040	
6 rooms x \$32 x 12 months x 2 =	4,608	
7 rooms x \$20 x 12 months x 4 =	6,720	
6 rooms x \$22 x 12 months x 4 =	<u>6,336</u>	
Gross Residential Income:	\$22,704	
Less Vacancy and Rent Loss, 5%:	<u>1,135</u>	
		\$21,569

Commercial

5,916 sq. ft. x \$2.75 per sq. ft. =	\$16,269	
Less Vacancy and Rent Loss, 2%:	<u>325</u>	
		15,944

Parking

7 cars @ \$15 per month x 12 =	<u>1,260</u>	
Effective Gross Income:		\$38,773

INCOME APPROACH, continued

Effective Gross Income brought forward: \$38,773

Expenses - (estimated)

Taxes:	\$ 2,850	
Insurance:	650	
Repairs & Maintenance:	2,400	
Management:	1,163	
Electricity:	1,200	
Water & Sewer:	1,500	
Heat:	1,600	
Reserve for Replacements:	<u>1,000</u>	
Total:		<u>12,363</u>
Net Income:		\$26,410

Justification of Expenses

Taxes - based on actual, current taxes, rounded.

Insurance - estimated for fire and extended coverage and liability.

Repairs and Maintenance - estimated at \$200 per unit (average) per year.

Management - estimated at 3% of effective gross income.

Electricity - for halls and yard only.

Water and Sewer - quoted by owner.

Heat - estimated for first and second floors only.

Reserve for Replacements - estimated for such items as the roof and heating system.

The expenses represent 31.9% of the effective gross income and this ratio is considered to be a good ratio when considering the age and condition of the building together with consideration of cold flats and favorable property taxes.

INCOME APPROACH, continued

Capitalization Process

The Band of Investment Method will be used for the capitalization rate, due to the quality of the income stream. The rentals are on a month-to-month basis.

Interest Rate

75% mortgage x 11.75 =	.088
25% equity x 12% =	.03
Base Rate:	<u>.118</u>

Recapture Rate

Estimated remaining economic life = 25 years.

25 years = 4%(1)	<u>.0240</u>
------------------	--------------

Capitalization Rate: .1421, rounded to 14.25%

Net Income:	\$ 26,410
Land Charges - \$66,500 x 11.5% =	<u>7,648</u>
Income Imputable to Building:	\$ 18,762
\$18,762 capitalized @ 14.25% =	\$131,663
Land Value:	<u>66,500</u>
Total:	\$198,163
Value Indicated by the Income Approach, rounded:	\$200,000

Justification of Interest Rate

Mortgage rate at 75%.

Hartford National Bank & Trust Company:	12%
Liberty Bank for Savings:	11 3/4%-12%

(1) Sinking fund factor is considered more applicable, based on allowances for reserves and market conditions.

The Appraiser

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SECOND CLASS
POSTAGE PAID
AT
CHICAGO,
ILLINOIS

June, 1979

PRA Applications Due September 1

Applications for the Professional Recognition Award granted by the American Institute of Real Estate Appraisers must be received at AIREA national headquarters in Chicago by September 1.

The award is designed to acknowledge contributions of Institute members in the areas of continuing education, educational service, and national and chapter AIREA service. To be eligible, an applicant must have been an MAI or RM for at least three years prior to December 31, 1978.

AIREA Ethics Committee Actions

The AIREA National Professional Ethics Committee, at its semi-annual meeting held in Chicago in May, took the following action:

No disciplinary action	22
Admonishment	14
Censure without publication	4
Termination of candidacy	1

In its three-day deliberations, the Committee considered 196 files and closed 42.

Commitments of \$100,000 and Over on Multifamily & Nonresidential Mortgages Made by 15 Life Insurance Companies Major Property Type

	Avg. Interest Rate			Avg. Cap. Rate*			Avg. % Constant†			Avg. Term (Yr./Mo.)		
	4th Q. 1978	3rd Q. 1978	4th Q. 1977	4th Q. 1978	3rd Q. 1978	4th Q. 1977	4th Q. 1978	3rd Q. 1978	4th Q. 1977	4th Q. 1978	3rd Q. 1978	4th Q. 1977
Apartments—												
Conventional	9.90	9.74	9.30	10.2	10.1	9.8	10.9	10.7	10.2	21/9	23/5	24/1
Commercial Retail	9.85	9.70	9.21	10.2	10.0	9.8	11.0	10.7	10.2	21/3	22/2	22/1
Office Buildings	9.81	9.73	9.20	10.1	9.9	9.7	10.9	10.8	10.1	22/6	20/7	21/11
Commercial Services	9.87	9.69	9.36	9.9	9.7	9.6	11.4	11.3	10.4	17/1	17/3	18/9
Institutional & Recreational	9.88	9.78	9.52	12.2	11.1	14.0	11.4	11.6	11.0	20/9	20/1	22/0
Industrial	9.84	9.65	9.25	10.2	9.6	9.8	11.3	10.7	10.4	19/3	19/7	21/5
Hotels & Motels	10.29	10.08	9.65	11.8	11.5	11.3	11.1	11.2	11.0	17/5	19/8	19/6

Source: American Council of Life Insurance, 1850 K St., N.W., Washington, DC 20006

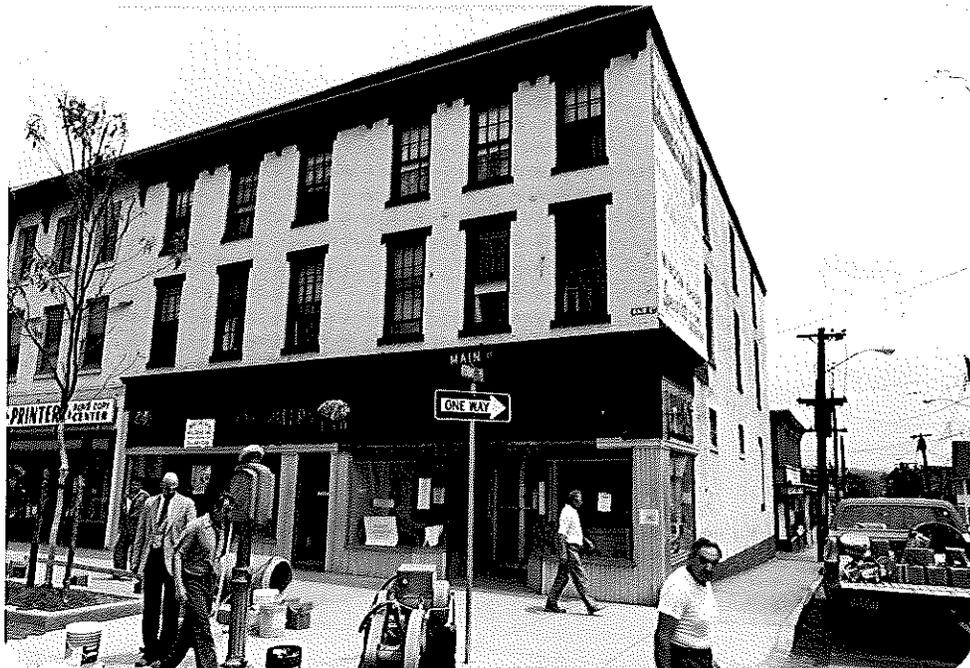
*Capitalization rate is derived for each loan by dividing net stabilized earnings by the property value. Since net stabilized earnings are not relevant for certain property types, such as eleemosynary institutions, the capitalization rate shown in the tables is the average of the individual rates for which this information is available.

†Percent constant is the annual fixed percentage of the original loan amount necessary to repay principal and interest over the term to maturity. The annual constant is estimated by the ACLI since it is not provided on the reporting form.

MARKET DATA APPROACH

The following sales are considered as an indication to the market value of the subject property.

Sale No. 1



560-564 Main Street
Corner Ferry Street
Middletown, Connecticut

Grantor: M.M. Annino
Grantee: S.J. Salafia, et al

Volume 513, Page 92
Date: June 6, 1978
Zone: B-3

Sale Price: \$75,000
Sale Price per Square Foot: \$11.09 (gross area of building to include land).

Land Area: 43' x 55'

Building

Two stores - first floor front; eight 2 and 3-room apartments.
Brick construction; fair to good condition.
Oil-fired, steam heat.
Gross Area - 6,765 square feet.

MARKET DATA APPROACH, continued

Sale No. 2



566 Main Street
(abutting Sale No. 1)
Middletown, Connecticut

Grantor: G.E. Misenti
Grantee: W.J. Corvo

Volume 493, Page 134
Date: August 26, 1977
Zone: B-3

Sale Price: \$36,000
Sale Price per Square Foot: \$10.91 (gross area of building to include land).

Land Area: 20' x 55'

Building

One store - first floor; two apartments above.

Brick construction.

Fair condition.

Oil-fired, hot water heat.

Gross Area: - 3,300 square feet.

MARKET DATA APPROACH, continued

Sale No. 3

695-699 Main Street
Middletown, Connecticut

Grantor: B. Amendola
Grantee: Stack Street Corp.

Volume 475, Page 173
Date: November 30, 1976
Zone: B-3

Sale Price: \$75,000
Sale Price per Square Foot: \$10.42 (gross building area to include land).

Land Area: 40'/49' x 200'.

Building

Two stores on first floor; four apartments above.

Brick construction; fair condition.

Oil-fired, hot air heat.

Gross Area - 7,200 square feet.

MARKET DATA APPROACH, continued

Recapitulation

<u>Sale No.</u>	<u>Sale Date</u>	<u>Sale Price per Sq. Ft.</u>	<u>Gross Building Area</u>	<u>Land Area (sq. ft.)</u>	<u>Heat</u>	<u>Construction</u>
1	6/78	\$11.09	6,765	2,365	Steam; oil	Brick
2	8/77	\$10.91	3,300	1,100	Hot water; oil	Brick
3	11/76	\$10.42	7,200	35,600	Hot air; oil	Brick
<u>Subject</u>	---	---	23,664	11,538±	Steam; oil	Brick

MARKET DATA APPROACH, continued

Analysis

Sale No. 1 is smaller in land area and building area and must be adjusted downward for this factor, as smaller units sell at a higher price per unit, all other factors being similar. The heating systems are the same type and the construction is the same.

Sale No. 2 is adjusted upward as it is an interior building with no rear yard and the building covers the entire lot. This sale price must be adjusted downward, as the land and building are much smaller than the subject in area. Typically, smaller units sell at a higher unit price, all other factors comparable.

Sale No. 3 has a smaller lot and a smaller building which requires a downward adjustment. An upward adjustment is made as the sale date is 1976.

In my opinion, these sales indicate a market value of \$8.50 per square foot of building to include land.

Then:

$$23,664 \text{ sq. ft.} \times \$8.50 \text{ per sq. ft.} = \$201,144$$

Value Indicated by the Market Data Approach, rounded: \$200,000

RECONCILIATION AND FINAL VALUE ESTIMATE

Value Indicated by the Cost Approach	Not Used
Value Indicated by the Income Approach	\$200,000
Value Indicated by the Market Data Approach	\$200,000

The Cost Approach was not used, as this appraiser considers this approach unreliable due to weakness of the reliability of the measure of all forms of depreciation existing in the property as of the date of appraisal.

The Market Data Approach is considered a reliable supporting value to the property, as it reflects the actions of informed buyers and sellers in the marketplace.

However, the Income Approach is considered to be a more reliable indication, due to supporting data found in the neighborhood in similar properties.

Therefore, in my opinion, market value of the property appraised, as of June 1, 1979, was:

TWO HUNDRED THOUSAND DOLLARS

(\$200,000)

AFTER VALUATION

DESCRIPTION OF LAND REMAINING

The lot measures approximately 89' (avg.) x 98.5±', containing 8,386± square feet. The lot is level and at grade with Main Street and Green Street. Green Street slopes gently easterly.

The distance between the building and the rear (easterly) boundary at Green Street is approximately ten (10) feet. This eliminates delivery trucks to the rear of the stores on the first floor. Deliveries must be made from the street. Customer parking and potential tenant parking is eliminated.

All public utilities are available and connected to the site.

DESCRIPTION OF BUILDING

The building remains the same as in the "Before" description.

HIGHEST AND BEST USE

The highest and best use of the land is as improved for the remaining economic life of the structure.

However, no parking space will be available, due to the limited space at the rear of the structure, except for approximately two cars with a limited turn-around area.

ESTIMATE OF LAND VALUE

The same sales used as an indication to the market value of the land in the "Before" are used as an indication to the value of the remaining.

AFTER VALUATION, continued

ESTIMATE OF LAND VALUE, continued

Sale No. 1

Dekoven Drive and
Court Street
Middletown, Connecticut

Grantor: Hartford National Bank and
Trust Company
Grantee: David L. Silk, et als

Volume 500, Page 141
Date: December 8, 1977
Zone: B-3

Sale Price: \$67,000
Sale Price per Square Foot: \$2.82

Land Area: 23,750± square feet

Topography: The lot is at street grade with Dekoven Drive and rises
gently with the grade of Court Street in a northwesterly direction.

Utilities: All public utilities are available to this lot.

Use: Unimproved.

Sale No. 2

572 Washington Street
Middletown, Connecticut

Grantor: M. C. Gold, et al
Grantee: Aetna Service Stations, Inc.

Volume 491, Page 293
Date: August 8, 1977
Zone: B-2

Sale Price: \$90,000
Sale Price per Square Foot: \$4.22

Land Area: 21,345± square feet

Topography: Level and at street grade.

Utilities: All public utilities are available to the site.

Use: Gasoline pumps.

AFTER VALUATION, continued

ESTIMATE OF LAND VALUE, continued

Sale No. 3

950 Washington Street
Middletown, Connecticut

Grantor: Wen-Con Corp.
Grantee: R. L. Langfield

Volume 521, Page 209
Date: September 13, 1978

Sale Price: \$200,000
Sale Price per Square Foot: \$6.02

Land Area: 162' x 205' = 33,210 square feet

Topography: Rises from road and then is level.

Utilities: All public utilities are available and connected to the site.

Use: Wendy's Hamburger Restaurant.

Sale No. 4

Washington Street
Middletown, Connecticut

Grantor: Wen-Con Corp.
Grantee: Speedy Muffler King, Inc.

Volume 518, Page 6
Date: July 19, 1978
Zone: B-3

Sale Price: \$100,000
Sale Price per Square Foot: \$4.17

Land Area: 23,958 square feet; 112 front feet

Topography: Level and at street grade.

Utilities: All public utilities are available and connected to the site.

AFTER VALUATION, continued

ESTIMATE OF LAND VALUE, continued

Recapitulation

<u>Sale No.</u>	<u>Sale Date</u>	<u>Land Area (sq. ft.)</u>	<u>Sale Price per Sq. Ft.</u>
1	12/77	23,750.00	\$2.82
2	08/77	21,345.00	\$4.22
3	09/78	33,210.00	\$6.02
4	07/78	23,958.00	\$4.17
Subject	--	8,347.65	--

Analysis

The subject parcel is a corner lot on Main Street, two blocks north of the business center. The sales are considered to be inferior in location to the subject parcel and are adjusted upward.

All of the sales must be adjusted upward for this factor.

Based on these sales, the indicated value to this parcel of land is \$5.75 per square foot.

Then: 8,386± sq. ft. x \$5.75 per sq. ft. = \$48,220

Estimated Value of Remaining Land, rounded: \$48,000

COST APPROACH

The building is old with functional obsolescence and physical depreciation present in quantities difficult to accurately measure. Therefore, the Cost Approach will not be used in this appraisal.

MARKET DATA APPROACH

This approach to value will not be used. There are insufficient market sales of data of sales with and without on-site parking. The market would not reflect the measure of loss in the property resulting from the loss of parking and income generated by the commercial space. These items are best measured by the Income Approach.

AFTER VALUATION, continued

INCOME APPROACH

The following rentals are used to indicate market rent to the subject property:

Residential Rentals

56 Ferry Street	3 rooms @ \$125 per month	\$41.67	Includes heat.
	4 rooms @ \$150 per month	\$37.50	Includes heat.
560 Main Street	4 rooms @ \$130 per month	\$32.50	Utilities included.
566 Main Street	3 rooms @ \$100 per month	\$33.33	Includes heat.

Commercial Rentals

	<u>Area</u> (sq. ft.)		<u>Rent</u>	<u>Rent/</u> <u>Sq. Ft.</u>	<u>Tenant Pays</u>
350 Main Street	800	@	\$3,600	\$4.50	Electricity.
528 Main Street	2,500	@	\$7,500	\$3.00	Electricity.
686 Main Street	4,000	@	\$7,800	\$1.95	Electricity.
710 Main Street	468	@	\$1,200	\$2.56	All utilities.
720 Main Street	920	@	\$2,040	\$2.22	All utilities.
656 Main Street	672	@	\$1,800	\$2.68	All utilities.
560 Main Street	1,100	@	\$4,800	\$4.36	Electricity.

The subject building is generating less than market rent:

7 rooms @ \$165 per month = \$23.57 with heat (per room per month)
7 rooms @ \$110 per month = \$15.71 without heat (per room per month)
6 rooms @ \$165 per month = \$27.50 with heat (per room per month)
6 rooms @ \$110 per month = \$18.33 without heat (per room per month)

The market indicates a rental to the subject property as follows:

7 rooms with heat @ \$30 per room per month
6 rooms with heat @ \$32 per room per month
7 rooms without heat @ \$20 per room per month
6 rooms without heat @ \$22 per room per month

First floor commercial space: \$2.25 per square foot.

Heavy items sold by hardware stores indicate convenience parking.
Heavy on-street parking at the subject location negates this.

AFTER VALUATION, continued

INCOME APPROACH, continued

Then:

Residential

7 rooms x \$30 x 12 months x 2 =	\$ 5,040	
6 rooms x \$32 x 12 months x 2 =	4,608	
7 rooms x \$20 x 12 months x 4 =	6,720	
6 rooms x \$22 x 12 months x 4 =	<u>6,336</u>	
Gross Residential Income:	\$22,704	
Less Vacancy and Rent Loss, 5%:	<u>1,135</u>	\$21,569

Commercial

5,916 sq. ft. x \$2.25 =	\$13,311	
Less Vacancy and Rent Loss, 2%:	<u>266</u>	<u>13,045</u>
Effective Gross Income:		\$34,614

Expenses

Taxes:	\$ 2,725	
Insurance:	650	
Repairs and Maintenance:	2,400	
Management:	1,038	
Electricity:	1,200	
Water and Sewer:	1,500	
Heat:	1,600	
Reserve for Replacements:	<u>1,000</u>	
Total Expenses:		<u>12,113</u>
Net Income:		\$22,501

AFTER VALUATION, continued

INCOME APPROACH, continued

Justification of Expenses

Taxes - Based on current taxes, adjusted for partial taking*.

Insurance - Estimated for fire and extended coverage and liability.

Repairs and Maintenance - Estimated at \$200 per unit (average) per year.

Management - Estimated at 3% of effective gross income.

Electricity - For halls and yard only.

Water and Sewer - Quoted by owner.

Heat - Estimated for first and second floors only.

Reserve for Replacements - Estimated for such items as the roof and heating system.

The expenses represent 35.0% of the effective gross income, and this ratio is considered to be a good ratio when considering the age and condition of the building.

* Taxes - land before Green Street frontage, approximately \$125.

Total Taxes:	\$2,850
Less:	125
	<u>\$2,725</u>

AFTER VALUATION, continued

INCOME APPROACH, continued

Capitalization Process

The Band of Investment Method will be used for the capitalization rate, due to the quality of the income stream. The rentals are on a month-to-month basis.

Interest Rate

75% mortgage x 11.5% =	.0863
25% equity x 12.0% =	<u>.03</u>
Base Rate:	.1163

Recapture Rate

Estimated remaining economic life = 25 years.

25 years = 4% (sinking fund)	<u>.0240</u>
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Recapture Rate: .1403, rounded to 14%

Net Income:	\$ 22,501
Land Charges: \$48,000 x 11.5% =	5,520
Net Income Imputable to Building:	<u>\$ 16,981</u>

\$16,981 capitalized @ 14% =	\$121,293
Land Value:	48,000
Total:	<u>\$169,293</u>

Value Indicated by the Income Approach, rounded: \$169,000

AFTER VALUATION, continued

RECONCILIATION AND VALUE OF REMAINDER

The property has been valued by the Income Approach, as the Market Data Approach would not reflect the loss of the ability of the building to generate income. This loss has been effected by the loss of parking at the rear of the building, and the loss of truck pick up and delivery service for the first floor commercial space.

Therefore, the estimated value of the property after the loss of the rear parking lot, as of June 1, 1979, was:

ONE HUNDRED SIXTY-NINE THOUSAND DOLLARS

(\$169,000)

DAMAGES

Damages to a property are best measured by the appraisal process whereby the property is valued "before" any portion of the fee has been affected by eminent domain. Then the property is again valued, measuring that portion "after" remaining in title with the owner.

The property appraised reflects the following estimated values:

Estimated Value - Before	\$200,000
Estimated Value - After	<u>169,000</u>

Damages estimated, as of June 1, 1979, are:

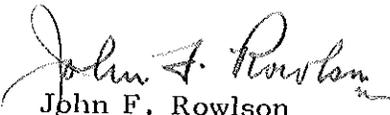
THIRTY-ONE THOUSAND DOLLARS

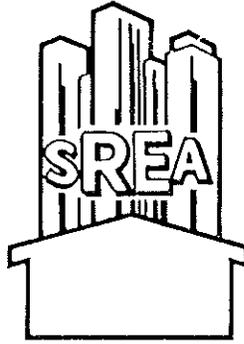
(\$31,000)

CERTIFICATE OF THE APPRAISER

This is to certify that:

1. The facts and figures contained in this report are correct to the best of my knowledge and belief;
2. The fee for this appraisal is in no sense contingent upon the value estimate reported;
3. The undersigned appraiser has no present or contemplated future interest in the property herein appraised, nor bias with respect to the subject matter of this report or the parties involved.
4. The opinions and conclusions herein expressed are those of the undersigned appraiser and in no way reflect those of another without due acknowledgement;
5. The undersigned appraiser personally examined the within-described premises.


John F. Rowson
M.A.I., S.R.E.A.



The International Society of Real Estate Appraisers is proud to authorize John F. Rowlson, SREA to include the following in his/her professional credentials. Authorization good through December 3, 1983.

What Is A Senior Real Estate Analyst?

Senior Real Estate Analysts (SREA) are professional members of the Society of Real Estate Appraisers who have extensive technical training, long and varied experience, who have earned the respect of the community and their peers for their expert knowledge, outstanding ability, professional leadership and integrity.

SREA members have demonstrated in practice that they are competent to appraise all types of real estate interests

and ownerships in accordance with accepted definitions of market value, and to extend appraisal analysis beyond current market value to provide a basis for decision-making to clients responsible for committing funds or assets in the sale, financing, purchase, lease, trade, renovation, development, demolition or division of real property. The analyst's experience encompasses the most difficult appraisal problems.

As of January 1, 1977 fewer than 600 professional appraisers in the United States and Canada have been able to meet these exacting standards.

Eligibility

To be eligible to apply for SREA designation an individual must

1. be a SRPA member of the Society
2. have successfully completed examinations 101, R2, 201 & 301
3. have prepared a demonstration report on an income producing property
4. have 8 - 12 years of experience as a market value appraiser of income property, including some substantial concurrent experience in real estate analysis such as preparation of feasibility and marketability studies, cash flow analysis and other applications of statistical measures to real estate problems
5. if born after 1944 have a 4 year college degree or complete a series of substitute examinations designated by the Society
6. have a record of positive contribution to the advancement of the real estate appraisal and analysis profession such as participation in professional Association affairs, teaching or contributing to the development of training courses, or writing or research work in the professional field
7. have earned an excellent reputation for the honesty and integrity and professional competence expected.

Certification

Certification procedures require a comprehensive oral examination by an examination board of the Admissions Committee, inspection of office operations, review of appraisal and analysis reports and a thorough investigation of the applicant's competence and integrity. This investigation includes contact with other SREA members, professional appraisers, clients, attorneys, judges and persons in the community. The SREA designation is awarded for five years only.

Re-Certification

A member wishing to renew the SREA designation must apply for recertification at the end of the five (5) year period. Upon application for recertification, an applicant is expected to show evidence of integrity, continued technical training, experience and professional leadership commensurate with current SREA Admissions standards.

Certified SREA On	December 3,	19 63
Re-Certified	December 3,	19 68
Re-Certified	December 3,	19 73
Re-Certified	December 3,	19 78
Re-Certified		19

QUALIFICATIONS OF JOHN F. ROWLSON

Is the owner of John F. Rowlson Company engaged in Real Estate Appraising and Consulting; actively engaged in the real estate field in its various phases since 1946.

B.S. and M.S. Degrees from the University of Connecticut; taught Real Estate and Real Estate Appraisal for several years at the University of Hartford and at the University of Connecticut Extension. Has taught courses for the Society of Real Estate Appraisers and the American Institute of Real Estate Appraisers.

Realtor and Past President of the Real Estate Board of Greater Hartford, Inc.

Has had articles published in many professional publications, including The Appraisal Journal and The Real Estate Appraiser.

Has made many appearances as an appraiser in the various courts in Connecticut and before state referees, Zoning Boards, Zoning Boards of Appeal, and Town Planning and Zoning Commissions. Has appeared in courts in Massachusetts, Vermont and Rhode Island.

Consultation services for several clients involving feasibility, depreciation, cash flow, tax shelter, inheritance tax and other real estate problems.

Member of the American Institute of Real Estate Appraisers and has the M.A.I. designation. Past President of Connecticut Chapter, A.I.R.E.A. Member of the Governing Council, 1973 through 1975.

Member of the Society of Real Estate Appraisers and has the S.R.E.A. designation. Past President of Connecticut Chapter, S.R.E.A.

Member of the Home Builders Association of Hartford County.

Member of Farm and Land Institute and currently Regional Vice President.

Has appraised for numerous financial institutions; has appraised for foreclosure, partition suits, Probate Courts, and numerous attorneys and developers. Fee appraiser for the State Highway Department, F.H.A., U.S. Army Corps of Engineers, Connecticut Department of Agriculture, General Services Administration and Internal Revenue Services.

QUALIFICATIONS OF JOHN F. ROWLSON, continued

Has done Redevelopment appraisal work in Windsor, Moodus, Hartford, Farmington, Danielson, New London, Manchester, Waterbury, Portland, Middletown, Windsor Locks and Willimantic.

Has done Reuse appraisal assignments in Farmington, Windsor, Hartford, Danielson and New London.

Is performing feasibility studies involving apartment complexes, shopping centers, bowling alleys, convalescent hospitals, office buildings, marinas, industrial parks, and branch bank locations for lending institutions, developers and corporations.