

**COMPLETE APPRAISAL
SUMMARY REPORT**
of
Vacant Land
Property of: Hubbard
Chamberlain Hill Road (Map 45 42-1 18, 21)
Middletown, Connecticut

Prepared
for
City of Middletown

As Of
January 7, 2004

Prepared
by
Rachel Gioia Associates
2389 Main Street
Glastonbury, Connecticut 06033



January 15, 2004

Mr. Bill Warner
Office of Planning and Zoning
245 Dekoven Drive
Middletown, CT 06457

Re: Vacant Land (property of: Hubbard)
Chamberlain Hill Road (Map 45 42-1 18, 21)
Middletown, Connecticut

Dear Mr. Warner:

At your request, the above-referenced property was inspected January 7, 2004 to estimate the market value of the fee simple estate. This appraisal is communicated in summary format and represents a complete appraisal. This appraisal is prepared to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) and generally accepted appraisal practice. In addition, it is prepared in full compliance with the Financial Institutions Reform and Recovery Act of 1989 (FIRREA) and with client documentary requirements.

No evidence of potentially hazardous wastes or ground contamination was observed, however, the appraiser is not qualified to identify these conditions and urges the client to retain an expert if desired. Please note the Assumptions and Limiting Conditions in the Addenda of this report.

The subject property consists of 131.15 acres of vacant residential land. The land is located on map 45, block 42-1 lots 18 and 21 on the Middletown Assessor's map. The land is located on the west side of Chamberlain Hill Road, across from Mount Road.

January 15, 2004

Mr. Bill Warner

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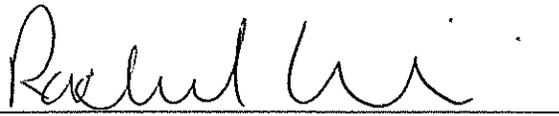
This appraisal report is prepared for the sole and exclusive use of City of Middletown to assist with acquisition purposes. No third parties are authorized to use or rely upon this report without the express written consent of the appraiser.

Based on a thorough analysis of the subject property and the relevant market area, it is my opinion that, as of January 7, 2004, the market value of the fee simple estate to the subject property is:

SEVEN HUNDRED NINETY THOUSAND DOLLARS
(\$790,000)

A reasonable marketing time of the subject property is within one year.

Respectfully submitted,



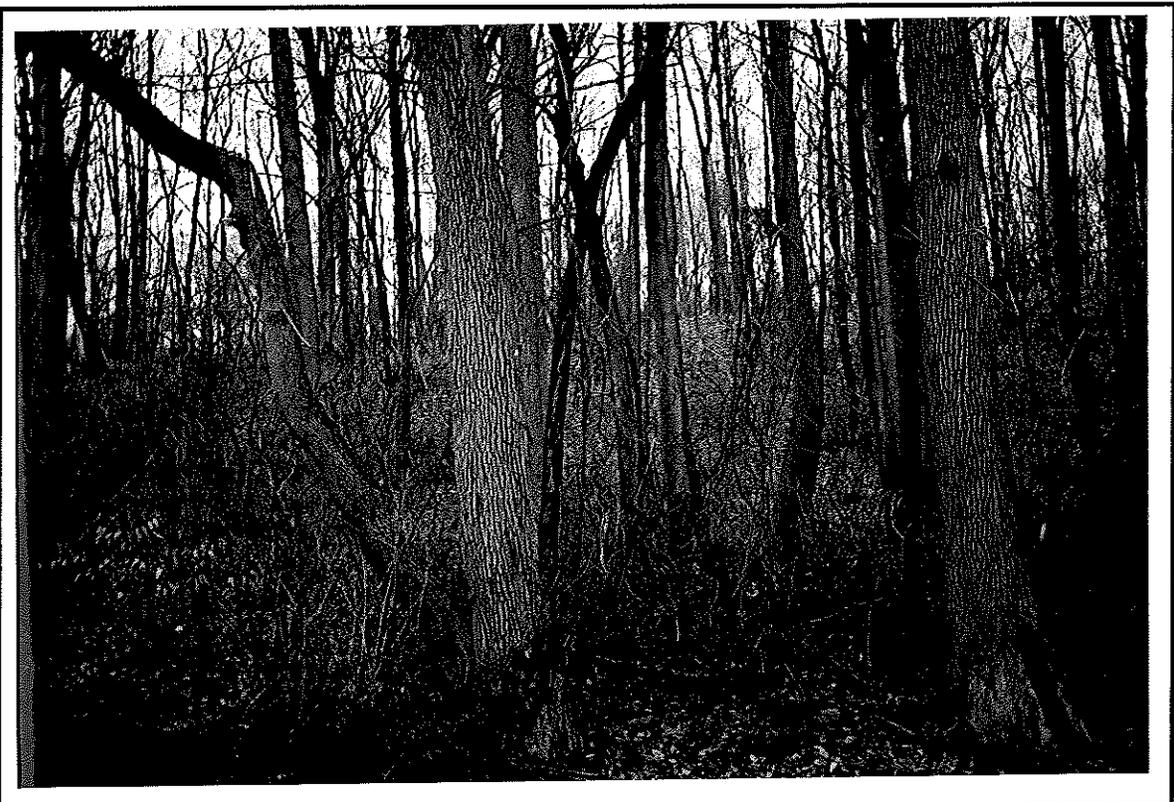
Rachel Gioia, MAI

File: 629

PHOTOGRAPHS OF SUBJECT PROPERTY



1. Subject Property; Easterly View of Subject.

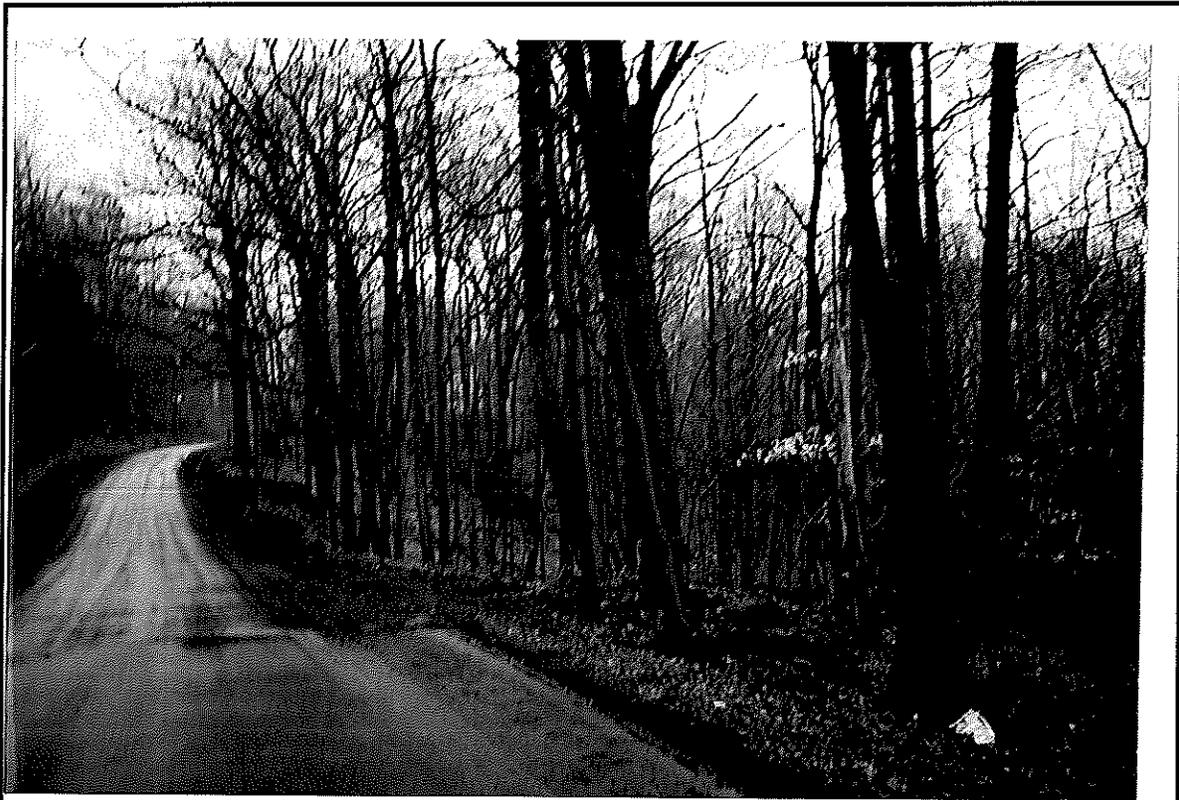


2. Subject Property; View of Subject from Chamberlain Hill Road.

PHOTOGRAPHS OF SUBJECT PROPERTY



3. Subject Property; View of Subject; Easterly View.



4. Street Scene; Chamberlain Hill Road.

COMPLETE APPRAISAL/SUMMARY REPORT

APPRAISAL ASSIGNMENT

Purpose of Appraisal

The purpose of this appraisal is to estimate the market value of the fee simple estate to the subject property.

Function of Report

The function of this report is to assist in asset evaluation for acquisition purposes.

Competency Provision

The appraiser has adequate experience with the valuation of vacant land in the subject market area and has the knowledge and experience to complete this appraisal assignment competently.

Property Rights Appraised

All rights inherent in the fee, including 131.15 acres of land. Land only is appraised. Real estate only is appraised; personal property is not included in the value estimate.

Effective Date and Date of the Appraisal

The effective date of the appraisal is January 7, 2004. The date of the report is January 15, 2004.

COMPLETE APPRAISAL/SUMMARY REPORT

Extent of Data Collection Process

The Appraisal Standards Board categorizes appraisals as complete or limited. A complete report is defined as the act or process of estimating value or an estimate of value performed without invoking the Departure Provision. A Limited Appraisal is defined as the act or process of estimating the value or an estimate of value performed under and resulting from invoking the Departure Provision. This appraisal is prepared as a complete assignment.

Three formats of communicating the appraisal are established by the Appraisal Standards Board. They are Self Contained; Summary and Restricted. This appraisal is communicated as a summary report.

The following was done during the course of this assignment:

- The property was inspected on January 7, 2004. Subject photographs included in this report were taken on that date.
- No one accompanied the appraiser on the inspection. Inspection was authorized by Jim Sipperly.
- Neighborhood data was researched by the appraiser.
- Land records pertaining to the subject and comparable sales were examined. Attempts were made to verify all sales with parties involved with the transaction.
- The comparable sales and rentals were visually inspected and principals to the transactions were interviewed where indicated.
- Local Real Estate Brokers were interviewed regarding vacancy levels and rental information.

The following was not done during the course of this assignment:

- Report was not limited in any way however support is not always included within the body of the report but inferred in the Addenda or file memorandum.

COMPLETE APPRAISAL/SUMMARY REPORT

IDENTIFICATION OF THE PROPERTY

Deed Reference and Owner of Record

The property deed is filed in volume 1371 page 773, dated 6/2/2003 (parcel 2) of the Middletown land records. The property is further identified as Chamberlain Hill Road (Map 45 42-1 18, 21), Middletown, Connecticut. A complete legal description is included in the Addenda.

The owner of record is EC Hubbard LLC.

Easements

After careful analysis of the subject property and examination of the deed, the appraisers are unaware of any easements or encroachments that measurably affect the property.

Property History

The property is undeveloped land.

Sales History

There have been no sales of the subject in the past five years.

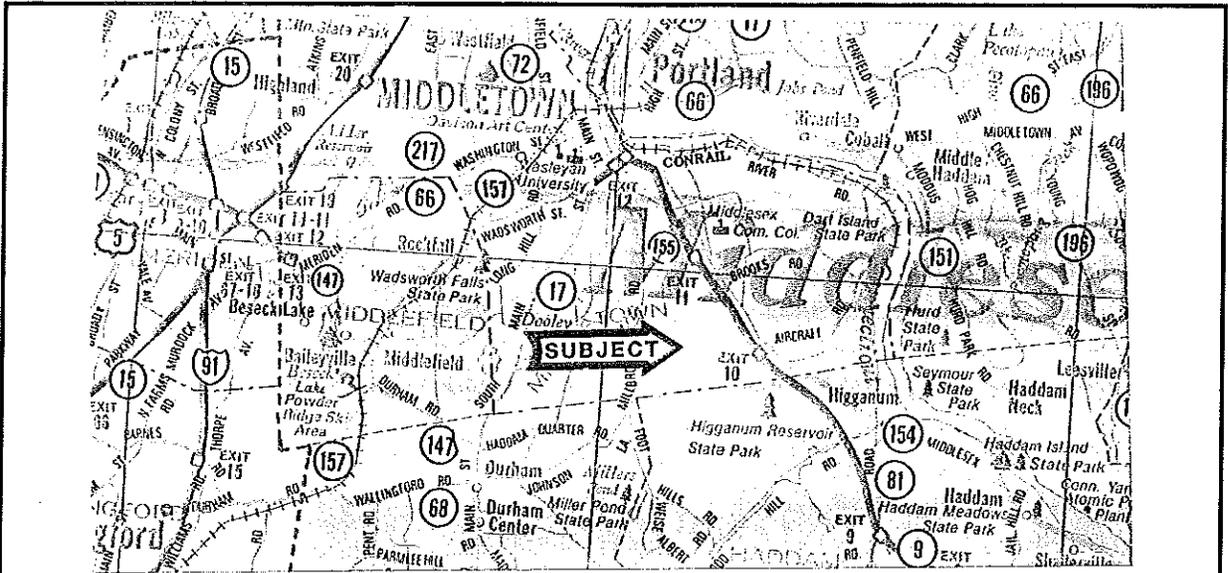
Leasing Status

Not applicable.

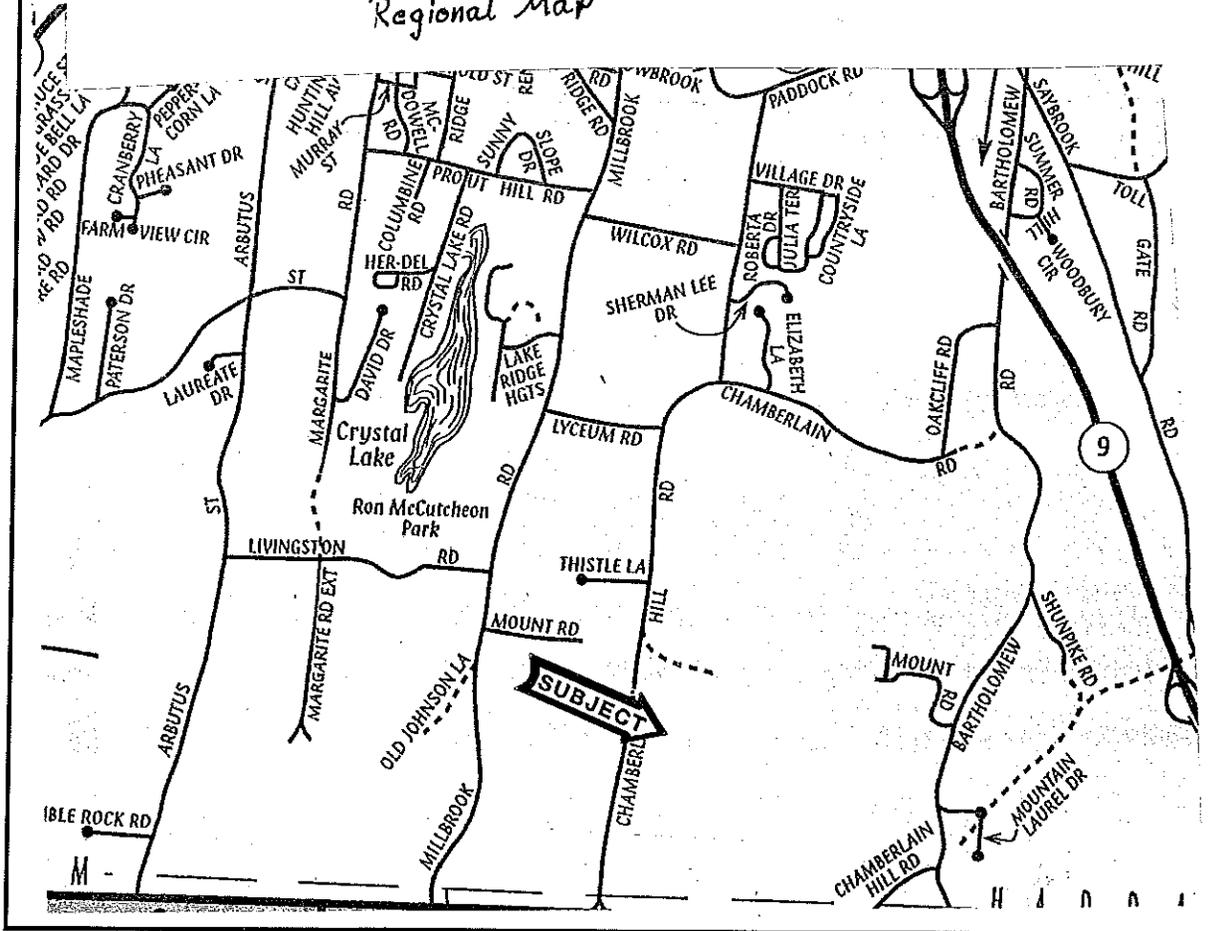
Current Listings or Sales Contracts

There are no listings or sales contracts on the subject known to the appraiser.

COMPLETE APPRAISAL/SUMMARY REPORT



Regional Map



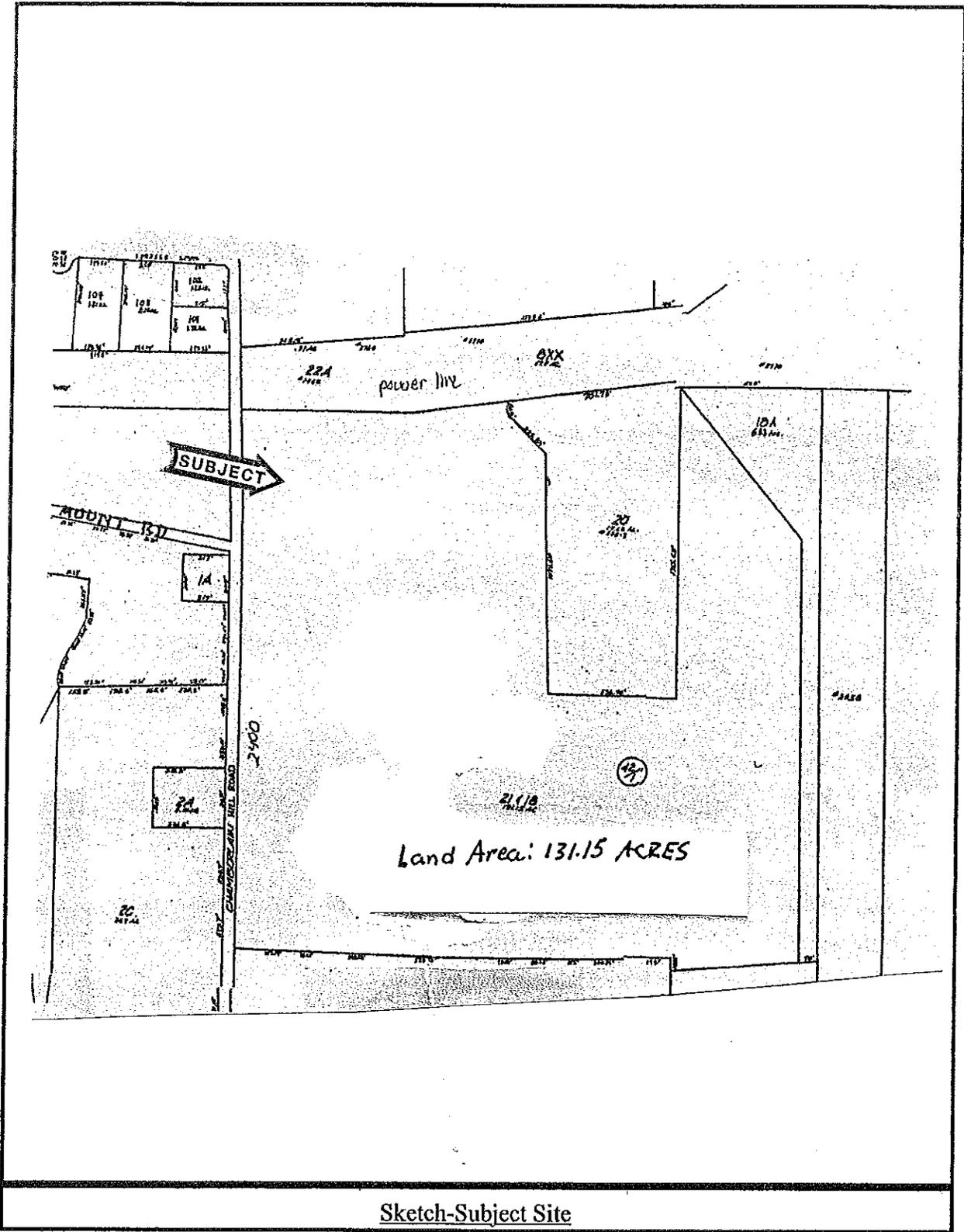
Subject Location Map

COMPLETE APPRAISAL/SUMMARY REPORT

DESCRIPTION OF SITE

Land Area	131.15 acres.
Frontage/Shape	2,400 front feet/ Irregular in shape.
Access/Visibility	Via Chamberlain Hill Road./Adequate.
Topography	Rolling with steep sections. 2300' to 380'
Easements/Encroachments	None found to impact value.
Wetlands/Soil Conditions	Nominal; soils are adequate for urban development.
Floodzone:	According to the <i>Federal Emergency Management Agency</i> Flood Insurance Rate Map No. 090068 0015C, dated 3/7/2001, the subject site is located in an area of minimal flooding classified as Flood Zone X.
Utilities	Electricity.
Streets	Paved and maintained by town.
Sidewalks/Curbs	No.
Assessment Data	\$14,700.
Neighborhood and market overview	The neighborhood includes a section bounded from Route 9 to the east, Route 155 to the north, the Haddam town line to the south, and Arbutus Road to the west. The area defines a relatively rural section in Middletown that is residential in nature. The area is in transition from farming and open space with scattered residences to a more suburban section of residences.
Zoning	R60 zone.

COMPLETE APPRAISAL/SUMMARY REPORT



COMPLETE APPRAISAL/SUMMARY REPORT

HIGHEST AND BEST USE

<p>Highest and Best Use as Vacant</p>	<p>Physically possible The subject site includes 131.15 acres of land. Electricity is available. On site well and septic serve dwellings in the area. The topography is rolling with some steep sections. There are nominal inland wetlands and watercourses on the parcel. The parcel fronts on Chamberlain Hill Road. Physically, the parcel is suitable for development.</p> <p>Legally permissible The subject is located in the R60 zone. Legal uses that are likely include single family dwellings.</p> <p>Financially feasible The neighborhood is residential in nature. There continues to be a trend in housing developments for large scale dwellings on relatively small (less than 2 acre) parcels. Due to topography and other physical characteristics, the subject is better suited for a low intensity, but large lot subdivision.</p> <p>Maximally productive With 131.15 acres of land and market preferred land parcels of 5-10 acres, the subject is considered to have a likely development of 13 to 26 lots, with 15 lots deemed most likely. Highest and best use as vacant is for residential development that generally meets market preferences. This use is physically possible, legally permissible, financially feasible and maximally productive and presents the highest and best use of the site as if vacant.</p>
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COMPLETE APPRAISAL/SUMMARY REPORT

ESTIMATE OF LAND VALUE

The subject includes 131.15 acres of land in the R60 zone.

The following sales are used as a guide in estimating the market value of the subject.

LAND SALE NO. 1

INDEX NO.

2365

Property Type: Vacant Land

Type/Use: Residential

Property Address: Atkins Street (rear)

Highest & Best or Intended Use:

Intersection/ or ID: _____

Farming/Open Space/Conservation

Town: Middletown

County: Hartford

State: Connecticut

Seller: Thomas Wilcox

Buyer: City of Middletown

Sale Date: 12/1/2003

Volume/Page: 1416/501

Map/block/lot: 2/9-1/25A

Type of Deed: Warranty-limited

Sale Price: \$411,000

Assessment Ratio: 0.01

SITE DATA:

Land Area: 71.49 Ac 3,114,104 SF Flood Zone: No-Zone c or x. Corner: No

Units: _____ Improvements/Approvals: None; land only. Easements/Restrictions: None.

Shape: Regular Frontage: 5,976.00 ft. Topo: Rolling and steep

Zoning: R40 Wetland: Less than 10% Utilities: Electric only. Assessment: \$5,460

FINANCING TERMS:

None considered to impact price.

Financing Adjustment: \$0

Other Adjustment: \$0

Adjusted Sale Price: \$411,000

Sale Price/Unit: _____

Adjusted Price/Ac: \$5,749

Adjusted Price/SF: \$0.13

MARKETING AND SALES HISTORY:

Typical exposure and marketing time. No prior sales within three years.

COMMENTS:

The property is located in a residential section of Middletown. The parcel is rolling with some steep sections. It has marginal potential for subdivision. It was purchased for open space preservation. There are two parcels; one with 25.77 acres (north) and one with 45.72 acres (south). The north parcel has 850 front feet on Footit Drive and 1,326 front feet on Stantack Road. The south parcel has 3,800 front feet on Footit Drive. The parcel is rear to Atkins Street.

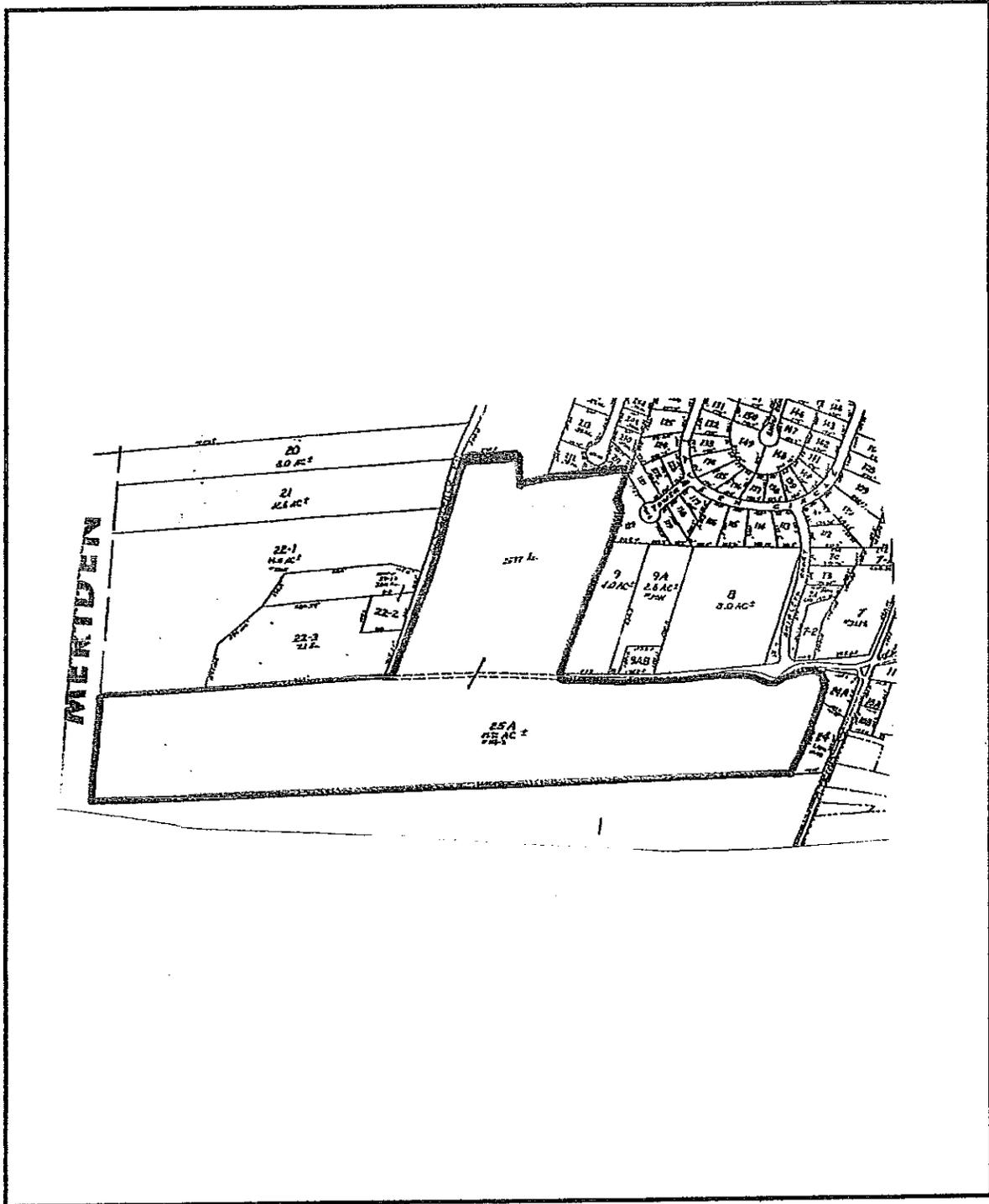
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erified With: Municipal records and field 11/2002

COMPLETE APPRAISAL/SUMMARY REPORT

Sale No. 1 (continued)

Index No. 2365



Atkins Street
Middletown, Connecticut

Rachel Gioia Associates

LAND SALE NO. 2

INDEX NO. 2341

Property Type: Vacant Land Type/Use: Residential

Property Address: Arbutus & Kelsey Street Highest & Best or Intended Use:

Intersection/ or ID: _____ Subdivision

Town: Middletown County: Middlesex State: Connecticut

Seller: Grace K. Harmon

Buyer: CDS Development

Sale Date: 12/18/2003 Volume/Page: 1342/493 Map/block/lot: 38

Type of Deed: Warranty Sale Price: \$499,000 Assessment Ratio: 0.67

SITE DATA:

Land Area: 64.28 Ac 2,800,037 SF Flood Zone: No-Zone c or x. Corner: No

Units: _____ Improvements/Approvals: None; land only. Easements/Restrictions: None.

Shape: Irregular Frontage: 1,184.00 ft. Topo: Rolling

Zoning: R30 Wetland: Less than 10% Utilities: All Assessment: \$332,920

FINANCING TERMS:

None considered to impact price.

Financing Adjustment: \$0

Other Adjustment: \$0
Sale Price/Unit: _____ per lot

Adjusted Sale Price: \$499,000

Adjusted Price/Ac: \$7,763

Adjusted Price/SF: \$0.18

MARKETING AND SALES HISTORY:

Typical exposure and marketing time. No prior sales within three years.

COMMENTS:

The property is located in a residential section of Middletown. The property is located along the curve of Kelsey Street (496 feet) and along Arbutus (578 feet and 110 feet). There are four parcels that comprise the sale. Lot 10 includes 20.50 acres and is located along Kelsey Street (496 feet). Lot 6 (rear) is located behind lot 10 and includes 28. acres. Lot 5A includes 6.12 acres is along Arbutus with 578 front feet and lot C includes .87 acres and 110 front feet on Arbutus.

At the time of sale, there were no approvals in place.

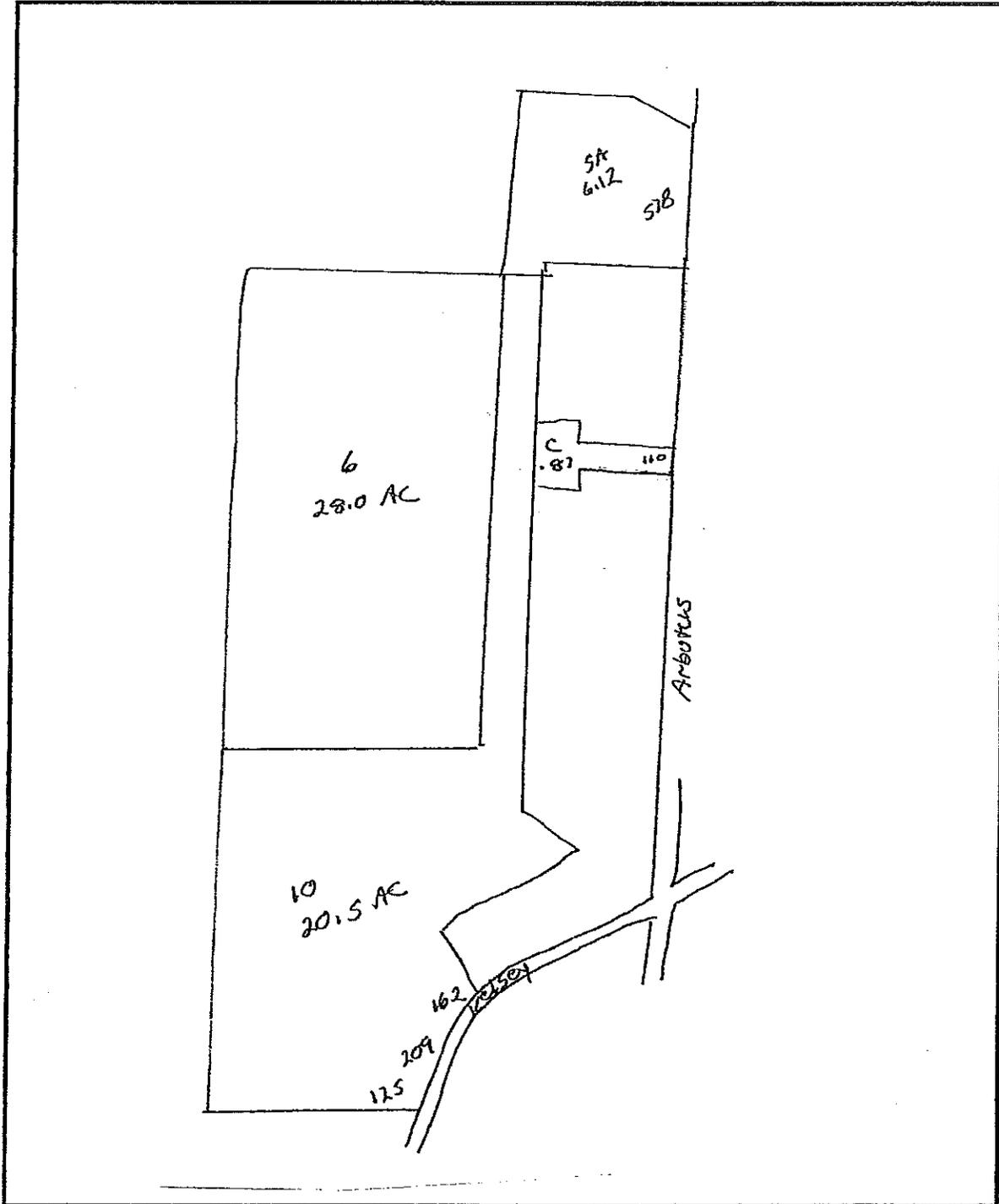
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Verified With: Municipal records and field 12/2003

COMPLETE APPRAISAL/SUMMARY REPORT

Sale No. 2 (continued)

Index No.2341



Arbutus & Kelsey
Middletown, Connecticut

Rachel Gioia Associates

LAND SALE NO. 3

INDEX NO. 2266

Property Type: Vacant Land Type/Use: Residential

Property Address: Chamberlain Road Highest & Best or Intended Use:

Intersection/ or ID: Fawn Meadow Estates *Subdivision*

Town: Middletown County: Middlesex State: Connecticut

Seller: E.C. Hubbard LLC

Buyer: J. Russo Builders LLC

Sale Date: 6/18/2003 Volume/Page: 1377/185 Map/block/lot: 44-43/36-17A.17

Type of Deed: Warranty Sale Price: \$370,500 Assessment Ratio: 1.48

SITE DATA:

Land Area: 60.446 Ac 2,633,028 SF Flood Zone: No-Zone c or x. Corner: No

Units: 14 Improvements/Approvals: None; land only. Easements/Restrictions: None.

Shape: Regular Frontage: 1,000.00 ft. Topo: Rolling

Zoning: R30 Wetland: 20% to 30% Utilities: Electric only. Assessment: \$549,710

FINANCING TERMS:

None considered to impact price.

Financing Adjustment: \$0

Other Adjustment: \$0

Adjusted Sale Price: \$370,500

Sale Price/Unit: \$26,464 per lot

Adjusted Price/Ac: \$6,129

Adjusted Price/SF: \$0.14

MARKETING AND SALES HISTORY:

Typical exposure and marketing time. No prior sales within three years.

COMMENTS:

The property is located in a residential section of Middletown. It is located on Chamberlain Road, adjacent to Elizabeth. The property has approvals for 14 house lots and is known as Fawn Meadow Estates.

4.32 acres/unit-N/A

188,073.41

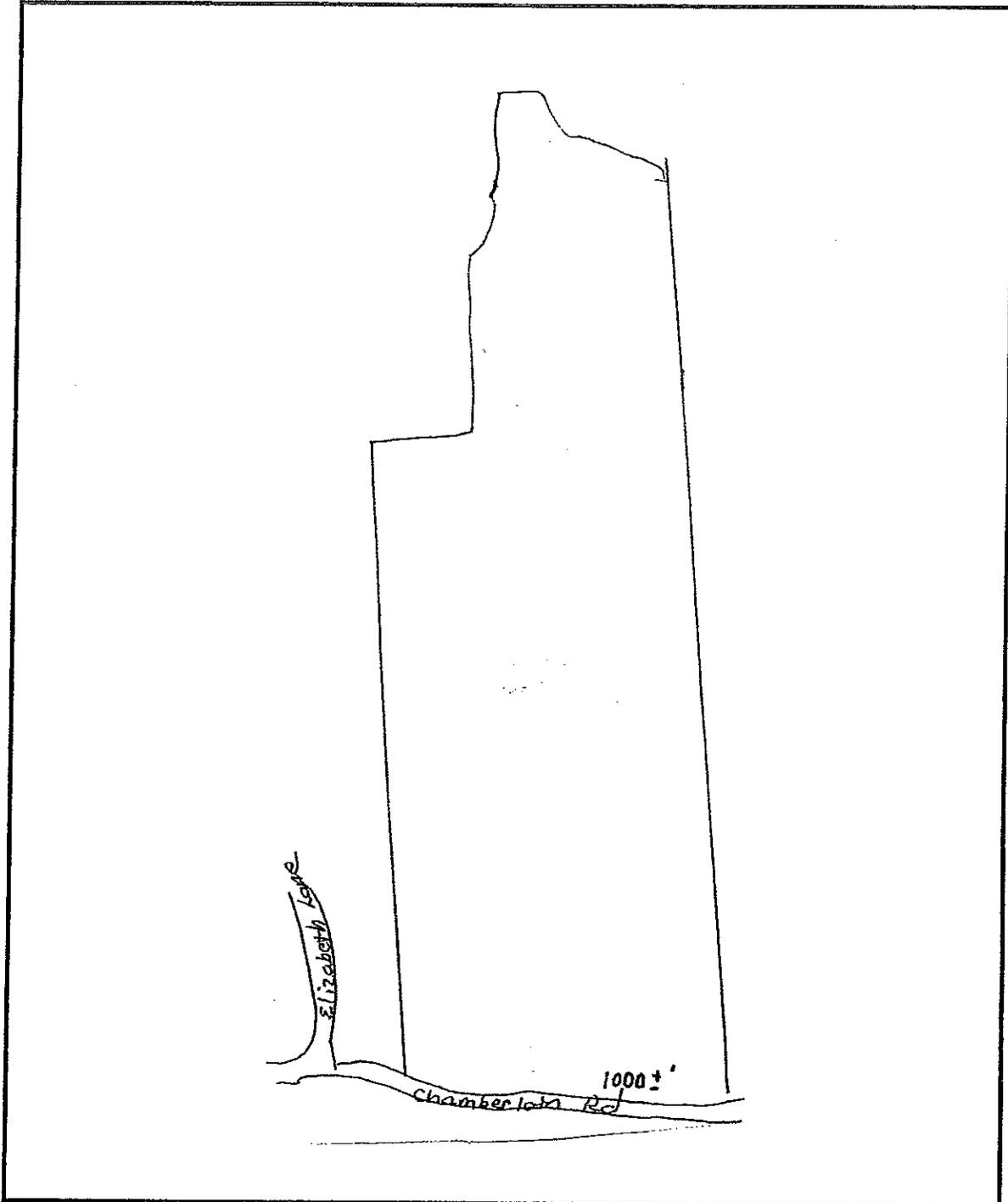
0.23 units/acre

Verified With: Municipal records and field 7/2003

COMPLETE APPRAISAL/SUMMARY REPORT

Sale No. 3 (continued)

Index No. 2266



Chamberlain Road
Middletown, Connecticut

Rachel Gioia Associates

LAND SALE NO. 4

INDEX NO.

2340

Property Type: Vacant Land

Type/Use: Residential

Property Address: Laurel Grove Road and Rock Fall

Highest & Best or Intended Use:

Intersection/ or ID: Laurel Farms

Subdivision

Town: Middletown County: Middlesex State: Connecticut

Seller: John Zisk

Buyer: Lepage Homes

Sale Date: 2/14/2003 Volume/Page: 1353/43 Map/block/lot: 16/ 1, 3

Type of Deed: Warranty Sale Price: \$900,000 Assessment Ratio: 0.00

SITE DATA:

Land Area: 46.847 Ac 2,040,655 SF Flood Zone: No-Zone c or x. Corner: Yes

Units: 32 Improvements/Approvals: None; land only. Easements/Restrictions: None.

Shape: _____ Frontage: 2,306.00 ft. Topo: Rolling

Zoning: R30 Wetland: 20% to 30% Utilities: All Assessment:

FINANCING TERMS:

None considered to impact price.

Financing Adjustment: \$0

Other Adjustment: \$0

Adjusted Sale Price: \$900,000

Sale Price/Unit: \$28,125 per lot

Adjusted Price/Ac: \$19,211

Adjusted Price/SF: \$0.44

MARKETING AND SALES HISTORY:

Typical exposure and marketing time. No prior sales within three years.

COMMENTS:

The property is located in a residential section of Middletown. The sale includes two parcels on two sides of Laurel Grove. One has 21.133 acres 690 front feet on Laurel Grove. The other parcel has 25.714 acres and 687 front feet on Laurel Grove and 928 front feet on Rockfall Road.

At the time of sale, approvals were in place for 32 residential building lots.

1.46 acres/ lot (on average)

63,770.48 Land:unit (bldg) ratio-N/A

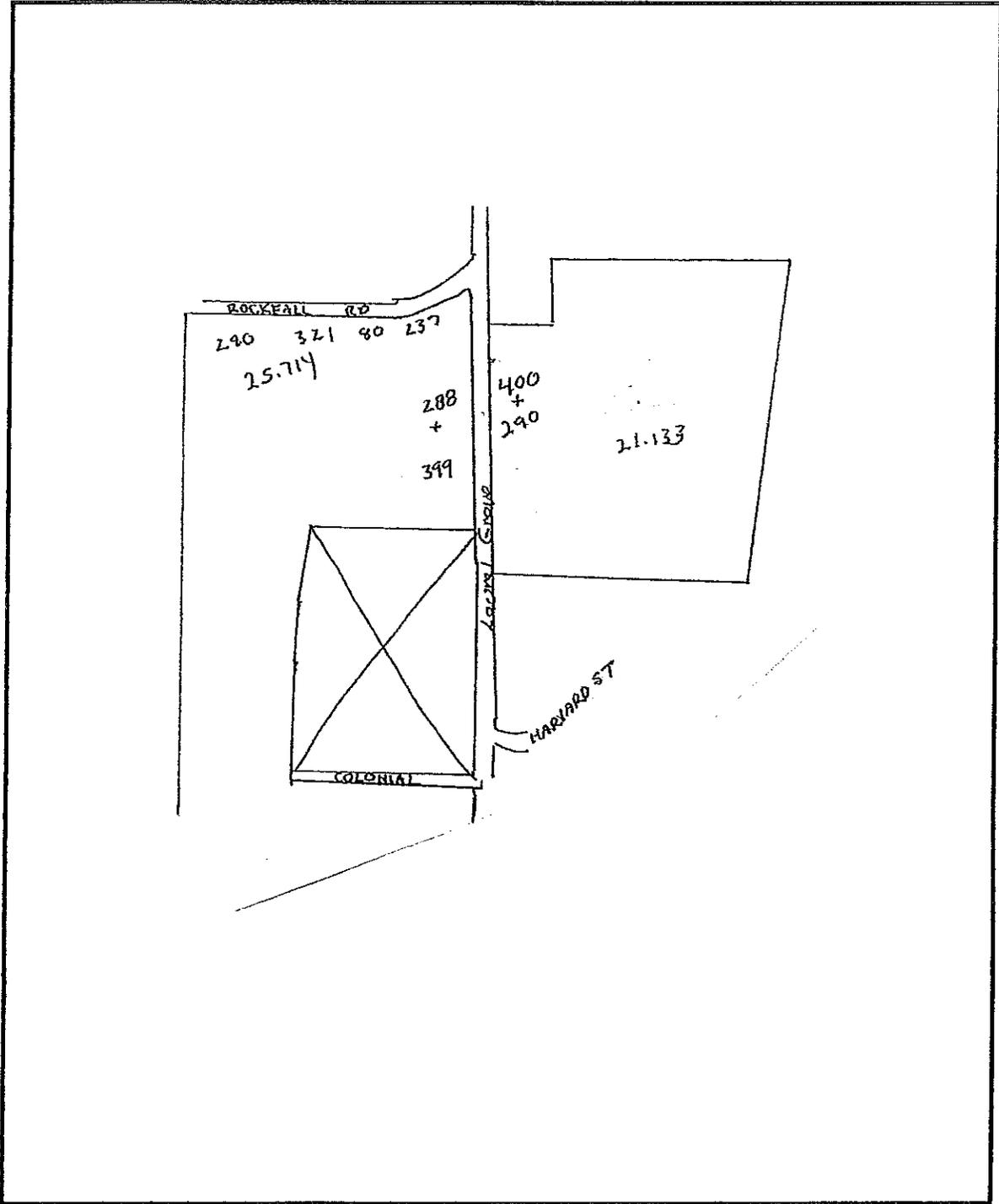
0.68 units/acre

Verified With: Municipal records and field 12/2003

COMPLETE APPRAISAL/SUMMARY REPORT

Sale No. 4 (continued)

Index No. 2340



Laurel Grove and Rock Fall
Middletown, Connecticut

Rachel Gioia Associates

LAND SALE NO. 5

INDEX NO. 2339

Property Type: Vacant Land

Type/Use: Residential

Property Address: Kelsey Street

Highest & Best or Intended Use:

Intersection/ or ID: Clearview Estates

Single Lot

Town: Middletown County: Middlesex State: Connecticut

Seller: Grace K. Harmon

Buyer: R.C. Property Holdings LLC

Sale Date: 6/2/2003 Volume/Page: 1373/865 Map/block/lot: 39/47-2/39

Type of Deed: Warranty Sale Price: \$275,000 Assessment Ratio: 0.77

SITE DATA:

Land Area: 42.91 Ac 1,869,160 SF Flood Zone: No-Zone c or x. Corner: No

Units: Improvements/Approvals: None; land only. Easements/Restrictions: None.

Shape: Regular Frontage: 1,900.00 ft. Topo: Rolling

Zoning: R3 Wetland: 50% to 60% Utilities: All Assessment: \$212,940

FINANCING TERMS:

None considered to impact price.

Financing Adjustment: \$0

Other Adjustment: \$0

Adjusted Sale Price: \$275,000

Sale Price/Unit: per lot

Adjusted Price/Ac: \$6,409

Adjusted Price/SF: \$0.15

MARKETING AND SALES HISTORY:

Typical exposure and marketing time. No prior sales within three years.

COMMENTS:

The property is located in a residential section of Middletown. The property has 50% wetlands/watercourses. There are no approvals in place.

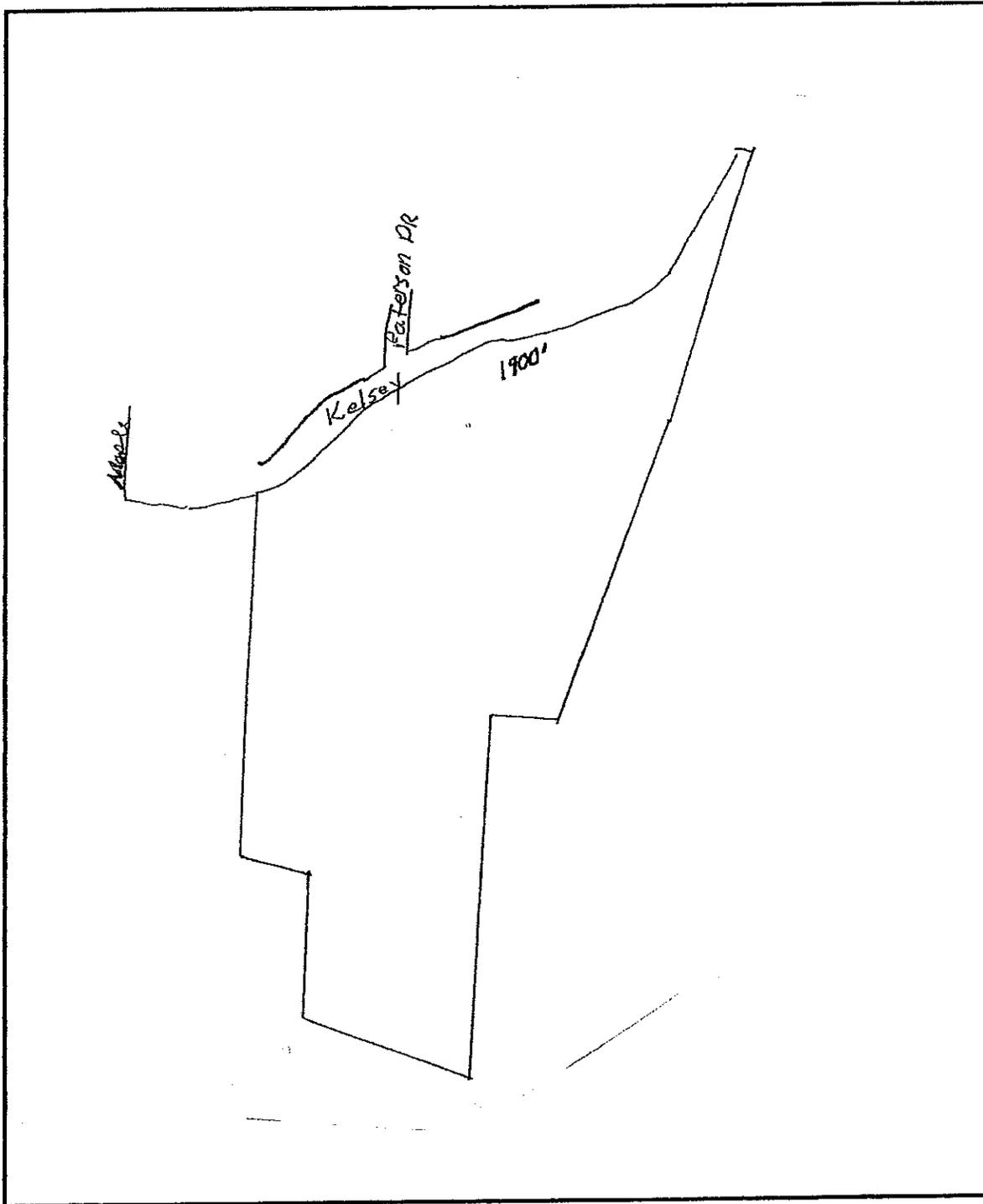
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Verified With: Municipal records and field 12/2003

COMPLETE APPRAISAL/SUMMARY REPORT

Sale No. 5 (continued)

Index No. 2339



Kelsey Street
Middletown, Connecticut

Rachel Gioia Associates

LAND SALE NO. 6

INDEX NO.

2345

Property Type: Vacant Land

Type/Use: Residential

Property Address: 99 East Street

Highest & Best or Intended Use:

Intersection/ or ID: Country Hill Subdivision

Subdivisio.

Town: Middletown

County: Middlesex

State: Connecticut

Seller: Tina Tomassetti

Buyer: Ravenswood Construction LLC

Sale Date: 4/9/2002

Volume/Page: 1331/797

Map/block/lot: 7/ 15-2/ 1B

Type of Deed: Warranty

Sale Price: \$750,000

Assessment Ratio: 0.00

SITE DATA:

Land Area: 38.56 Ac

1,679,674 SF

Flood Zone: No-Zone c or x.

Corner: No

Units: 36 Improvements/Approvals: None; land only.

Easements/Restrictions: None.

Shape: Regular

Frontage: 1,250.00 ft.

Topo: Rolling

Zoning: R30

Wetland: Less than 10%

Utilities: All

Assessment:

FINANCING TERMS:

None considered to impact price.

Financing Adjustment: \$0

Other Adjustment: \$0

Adjusted Sale Price: \$750,000

Sale Price/Unit: \$20,833 per lot

Adjusted Price/Ac: \$19,450

Adjusted Price/SF: \$0.45

MARKETING AND SALES HISTORY:

Typical exposure and marketing time. No prior sales within three years.

COMMENTS:

The property is located in a residential section of Middletown. The property was approved 7/2001 for 36 lots known as Country Hill subdivision.

1.07 acres/ lot (on average)

46,657.60 Land:unit (bldg) ratio-N/A

0.93 units/acre

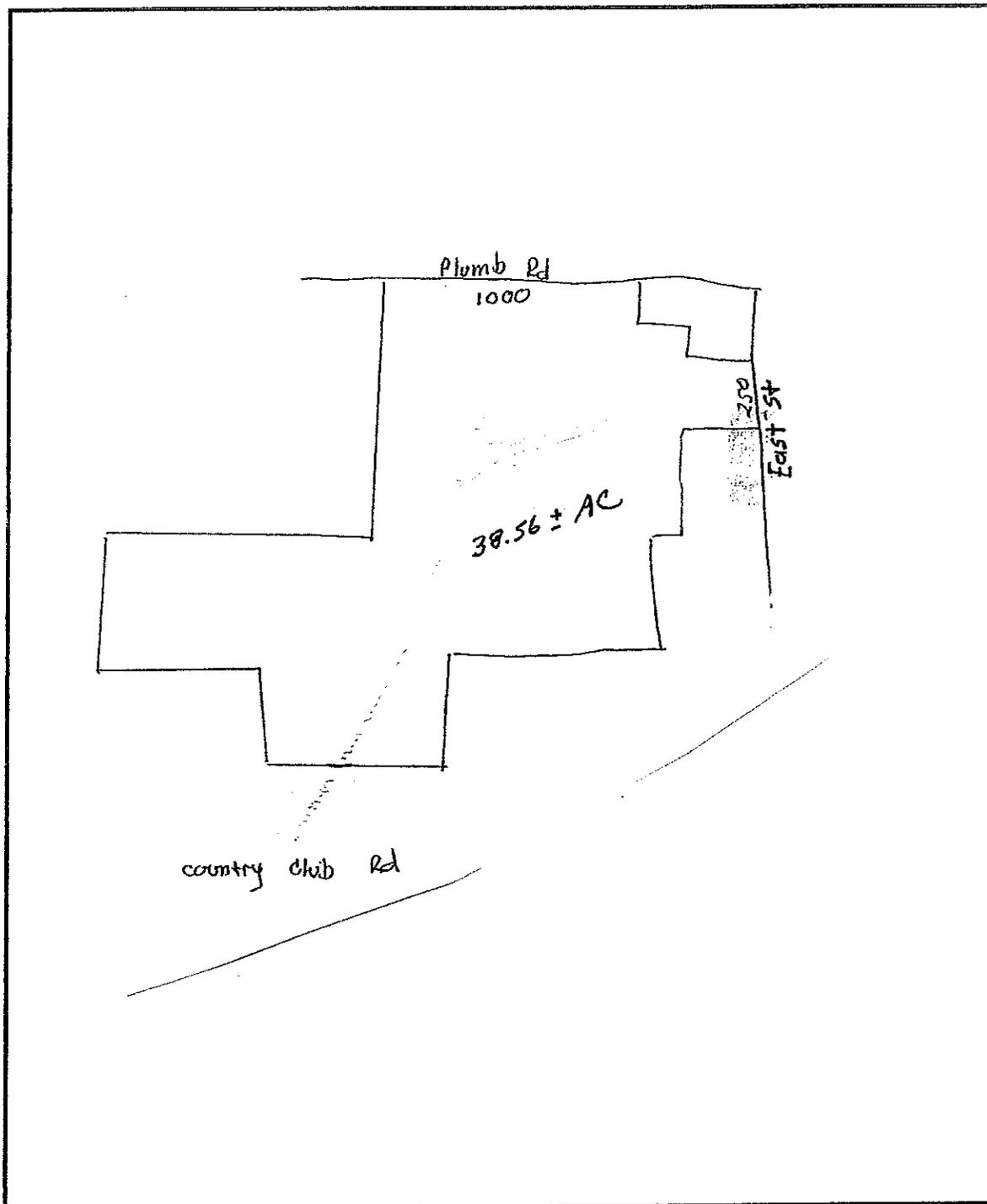
Verified With: Municipal records and field 12/2003



COMPLETE APPRAISAL/SUMMARY REPORT

Sale No. 6 (continued)

Index No. 2345



99 East Street
Middletown, Connecticut

Rachel Gioia Associates

LAND SALE NO. 7

INDEX NO. 2347

Property Type: Vacant Land Type/Use: Residential

Property Address: Ridgewood Road Highest & Best or Intended Use:

Intersection/ or ID: _____ *Subdivision*

Town: Middletown County: Middlesex State: Connecticut

Seller: Charles B. Stone, Jr.

Buyer: Lutteran Social Services of NewEngland

Sale Date: 1/28/2002 Volume/Page: 1294/682 Map/block/lot: 10/22-1/11

Type of Deed: Warranty Sale Price: \$250,000 Assessment Ratio: 2.32

SITE DATA:

Land Area: 26 Ac 1,132,560 SF Flood Zone: No-Zone c or x. Corner: No

Units: _____ Improvements/Approvals: None; land only. Easements/Restrictions: None.

Shape: Regular Frontage: _____ ft. Topo: Level

Zoning: R15 Wetland: Less than 10% Utilities: All Assessment: \$581,000

FINANCING TERMS:

None considered to impact price.

Financing Adjustment: \$0
Adjusted Sale Price: \$250,000
Adjusted Price/Ac: \$9,615

Other Adjustment: \$0
Sale Price/Unit: _____ per lot
Adjusted Price/SF: \$0.22

MARKETING AND SALES HISTORY:

Typical exposure and marketing time. No prior sales within three years.

COMMENTS:

The property is located in a residential section of Middletown. The buyer operates a 90 unit elderly facility on same street, separate from the sale parcel.

0.00

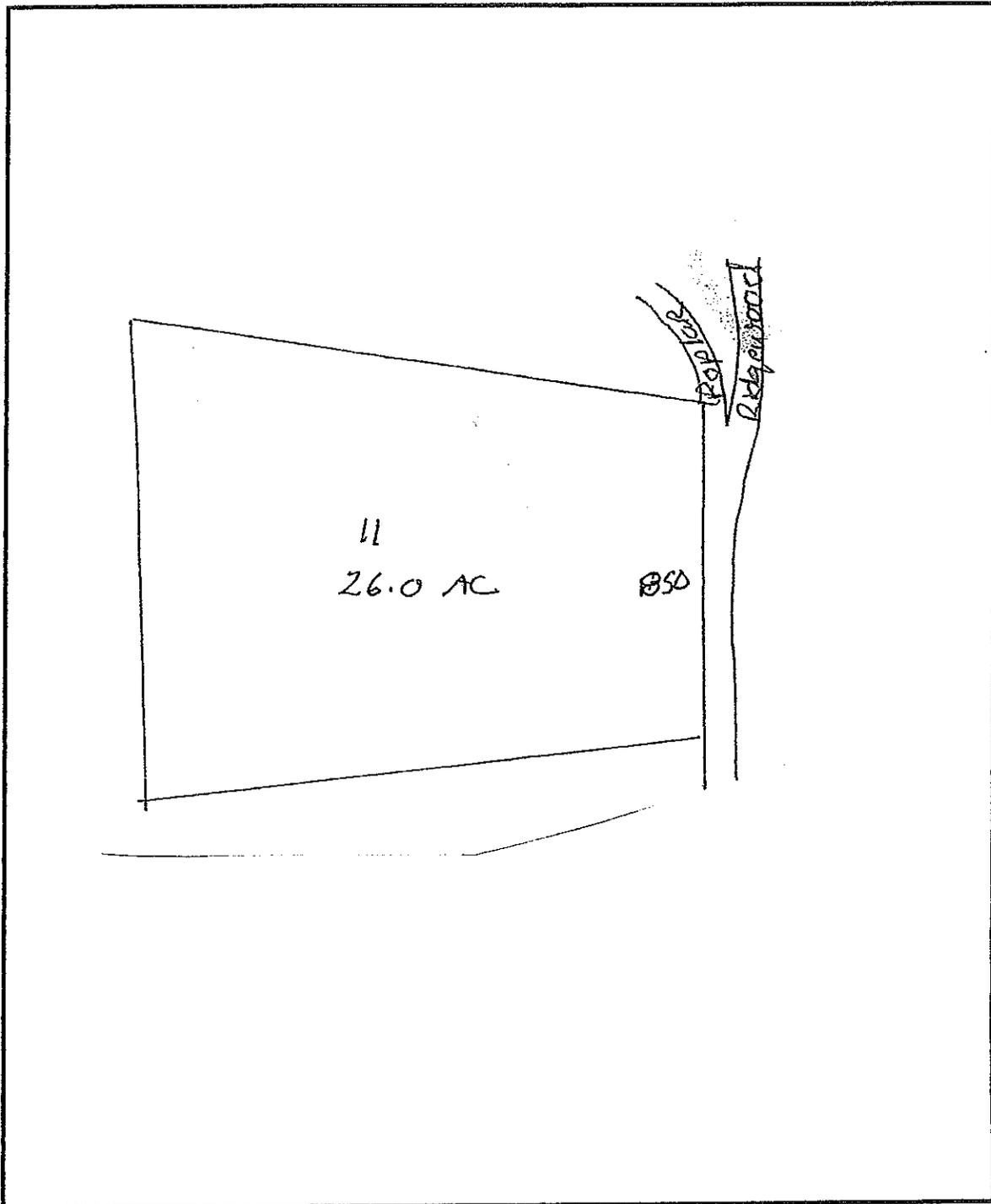
Verified With: Municipal records and field 12/2003



COMPLETE APPRAISAL/SUMMARY REPORT

Sale No. 7 (continued)

Index No. 2347



Ridgewood Road
Middletown, Connecticut

Rachel Gioia Associates

LAND SALE NO. 8

INDEX NO.

2356

Property Type: Vacant Land

Type/Use: Residential

Property Address: Bogel Road

Highest & Best or Intended Use:

Intersection/ or ID: _____

Subdivision

Town: East Haddam County: Middlesex State: Connecticut

Seller: Sebastian Gallo

Buyer: Clark Gates LLC

Sale Date: 5/20/2003 Volume/Page: 602/194 Map/block/lot: 38/27

Type of Deed: Warranty Sale Price: \$550,000 Assessment Ratio: 0.43

SITE DATA:

Land Area: 110 Ac 4,791,600 SF Flood Zone: No-Zone c or x. Corner: Yes

Units: _____ Improvements/Approvals: None; land only. Easements/Restrictions: None.

Shape: Regular Frontage: 7,600.00 ft. Topo: Rolling

Zoning: R1 Wetland: Less than 10% Utilities: Electric only. Assessment: \$234,010

FINANCING TERMS:

None considered to impact price.

Financing Adjustment: \$0

Other Adjustment: \$0

Adjusted Sale Price: \$550,000

Sale Price/Unit: _____ per lot

Adjusted Price/Ac: \$5,000

Adjusted Price/SF: \$0.11

MARKETING AND SALES HISTORY:

Typical exposure and marketing time. No prior sales within three years.

COMMENTS:

The property is located in a rural section of East Haddam at the corner of Bogel Road and Sims Road. The property is ample road frontage with subdivision possibility. Preliminary subdivision is for four lots.

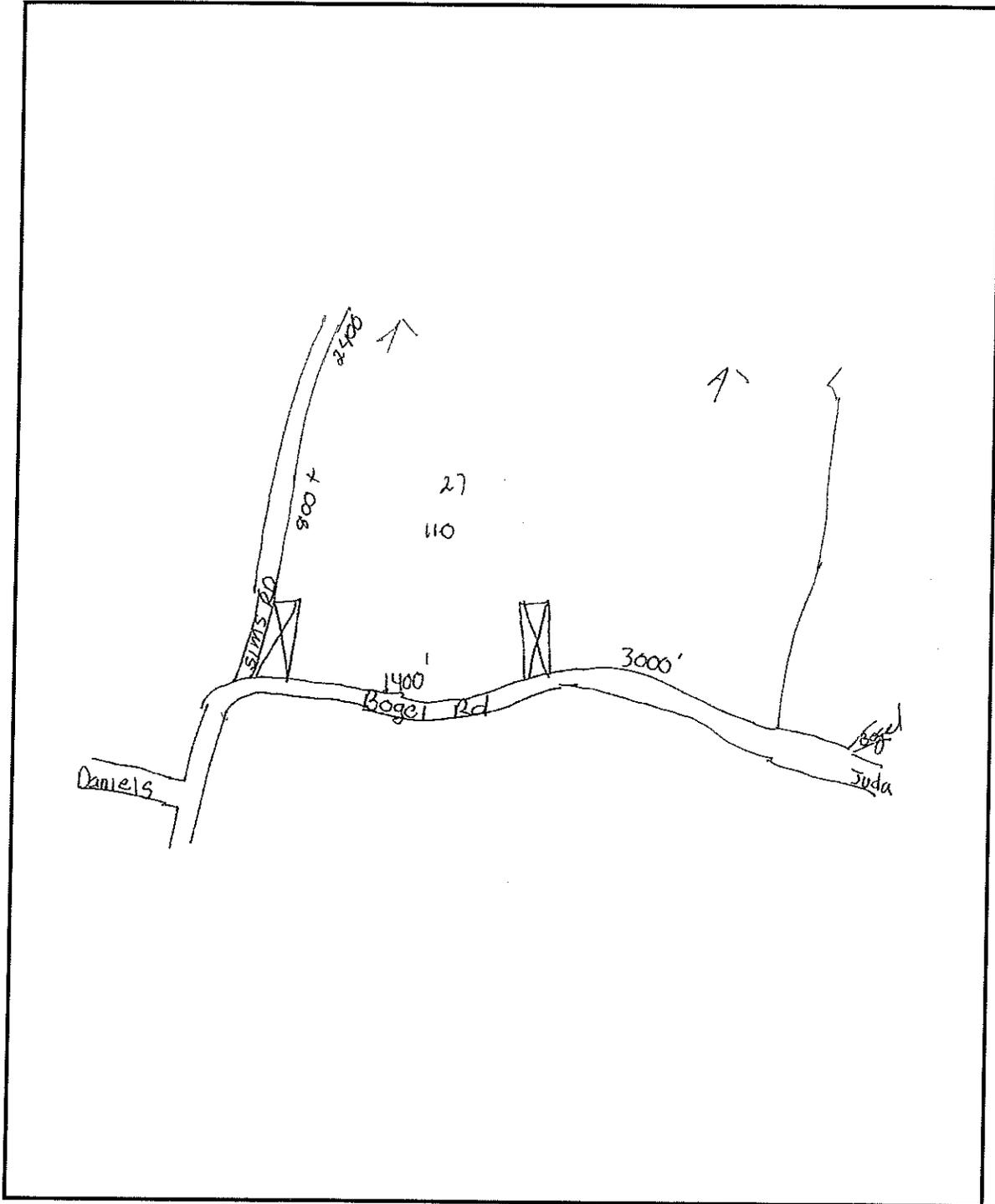
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Verified With: Municipal records and field 7/2003

COMPLETE APPRAISAL/SUMMARY REPORT

Sale No. 8 (continued)

Index No.2356



Bogel Road
East Haddam, Connecticut

Rachel Gioia Associates

LAND SALE NO. 9

INDEX NO.

2348

Property Type: Vacant Land

Type/Use: Residential

Property Address: Little City Road

Highest & Best or Intended Use:

Intersection/ or ID: _____

Subdivision

Town: Haddam County: Middlesex State: Connecticut

Seller: Anna Kretzmer

Buyer: William Berloni

Sale Date: 9/8/2003

Volume/Page: 268/800

Map/block/lot: 43/12

Type of Deed: Quitclaim

Sale Price: \$305,000

Assessment Ratio: 0.86

SITE DATA:

Land Area: 104.6 Ac 4,556,376 SF Flood Zone: No-Zone c or x. Corner: No

Units: _____ Improvements/Approvals: None; land only. Easements/Restrictions: None.

Shape: Regular Frontage: 1,200.00 ft. Topo: _____

Zoning: R2 Wetland: Less than 10% Utilities: Electric only. Assessment: \$263,720

FINANCING TERMS:

None considered to impact price.

Financing Adjustment: \$0

Other Adjustment: \$0

Adjusted Sale Price: \$305,000

Sale Price/Unit: _____

Adjusted Price/Ac: \$2,916

Adjusted Price/SF: \$0.07

MARKETING AND SALES HISTORY:

Typical exposure and marketing time. No prior sales within three years.

COMMENTS:

The property is located along Little City Road, across from Rytik in a residential area. At the time of sale and date of research, there was no application for subdivision.

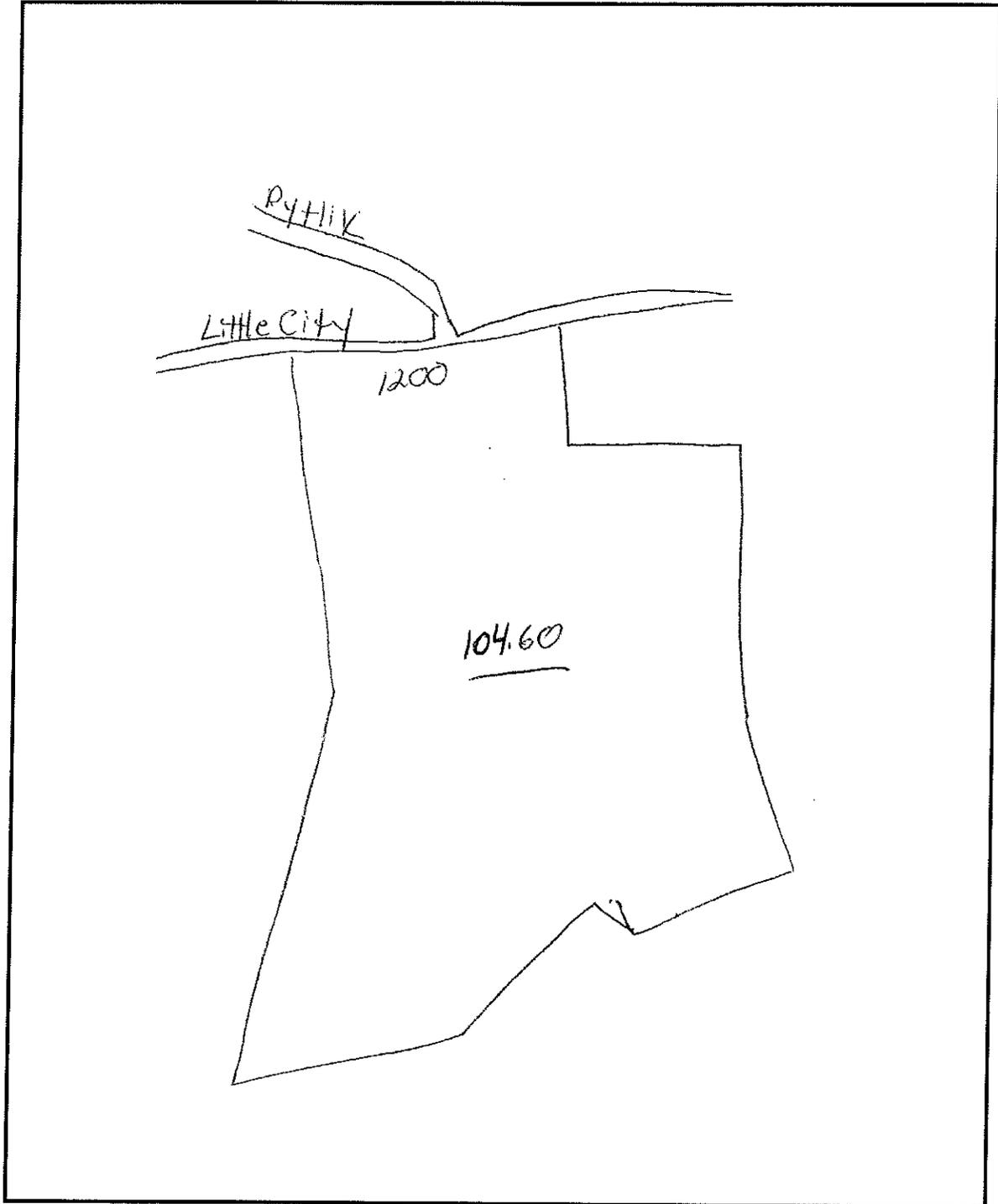
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Verified With: Municipal records and field 7/2003

COMPLETE APPRAISAL/SUMMARY REPORT

Sale No. 9 (continued)

Index No. 2348



Little City Road
Haddam, Connecticut

Rachel Gioia Associates

LAND SALE NO. 10

INDEX NO.

2357

Property Type: Vacant Land

Type/Use: Residential

Property Address: Tater Hill Road

Highest & Best or Intended Use:

Intersection/ or ID: _____

Subdivision

Town: East Haddam County: Middlesex State: Connecticut

Seller: Teresa Reese-Marsalis

Buyer: Zito Builders

Sale Date: 5/20/2003

Volume/Page: 606/261

Map/block/lot: 41/13-1

Type of Deed: Warranty

Sale Price: \$325,000

Assessment Ratio: 0.72

SITE DATA:

Land Area: 98.13 Ac 4,274,543 SF Flood Zone: No-Zone c or x. Corner: No

Units: _____ Improvements/Approvals: _____ Easements/Restrictions: _____

Shape: Regular Frontage: 425.00 ft. Topo: _____

Zoning: R2 Wetland: Less than 10% Utilities: Electric only. Assessment: \$232,880

FINANCING TERMS:

None considered to impact price.

Financing Adjustment: \$0

Other Adjustment: \$0

Adjusted Sale Price: \$325,000

Sale Price/Unit: _____ per lot

Adjusted Price/Ac: \$3,312

Adjusted Price/SF: \$0.08

MARKETING AND SALES HISTORY:

Typical exposure and marketing time. No prior sales within three years.

COMMENTS:

The property is located in a rural section of East Haddam on Tater Hill Road, across from Oriole. The sales comprises two parcels of record. There were no approvals at the time of sale.

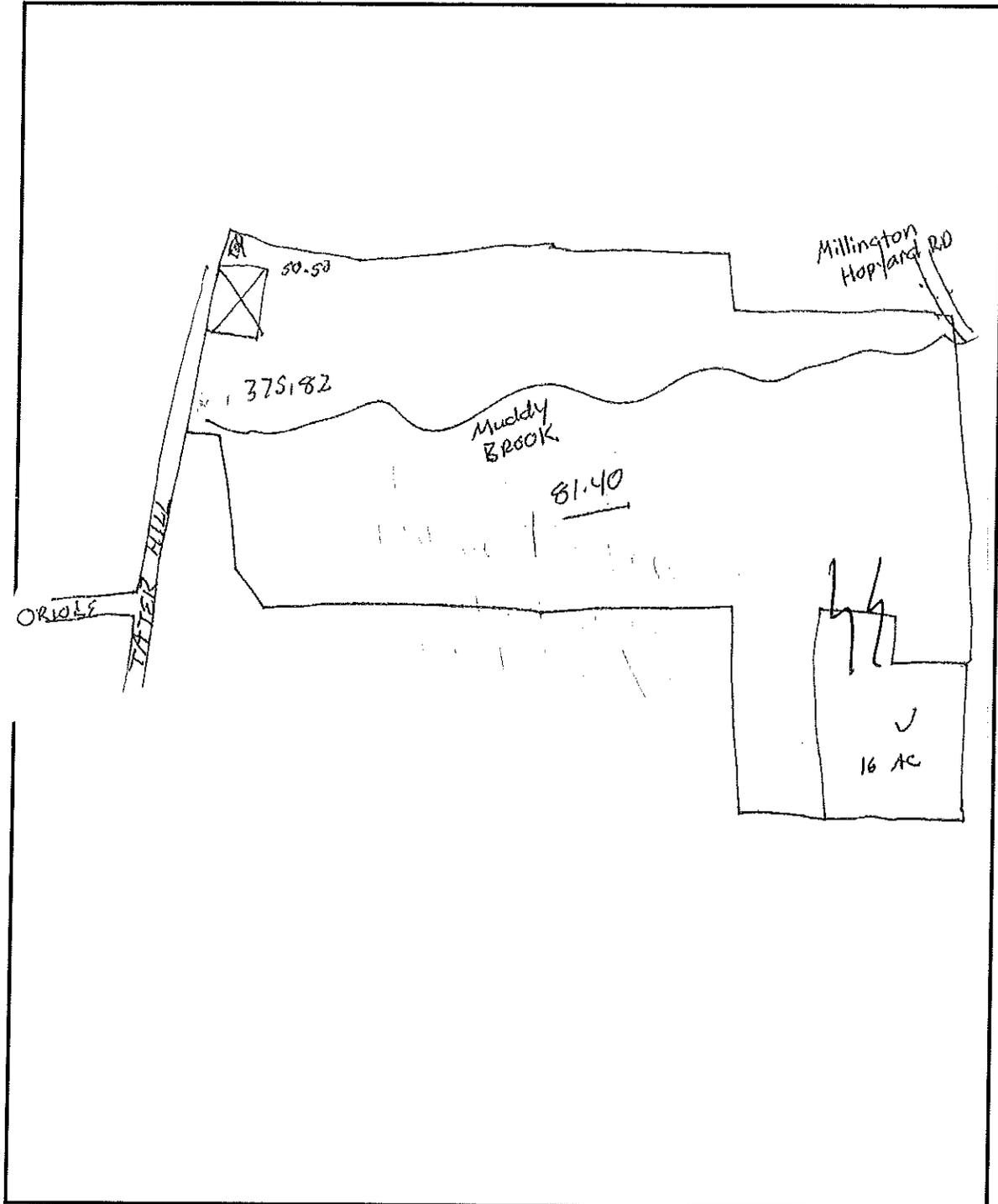
0.00

Verified With: Municipal records and field 7/2003

COMPLETE APPRAISAL/SUMMARY REPORT

Sale No. 10 (continued)

Index No. 2357



Tater Hill Road
East Haddam, Connecticut

Rachel Gioia Associates

LAND SALE NO. 11

INDEX NO. 2366

Property Type: Vacant Land Type/Use: Residential

Property Address: Geoffrey Road Highest & Best or Intended Use:

Intersection/ or ID: _____ *Subdivision*

Town: East Haddam County: Middlesex State: Connecticut

Seller: Pinnacle Properties LLC

Buyer: David Hutt

Sale Date: 9/29/2003 Volume/Page: 637/287 Map/block/lot:

Type of Deed: Warranty Sale Price: \$225,000 Assessment Ratio: 0.08

SITE DATA:

Land Area: 83.4 Ac 3,632,904 SF Flood Zone: No-Zone c or x. Corner: No

Units: _____ Improvements/Approvals: _____ Easements/Restrictions: None.

Shape: Regular Frontage: 1,250.00 ft. Topo: _____

Zoning: R2 Wetland: Less than 10% Utilities: Electric only. Assessment: \$17,510

FINANCING TERMS:

None considered to impact price.

Financing Adjustment: \$0
Adjusted Sale Price: \$225,000
Adjusted Price/Ac: \$2,698

Other Adjustment: \$0
Sale Price/Unit: _____ per lot
Adjusted Price/SF: \$0.06

MARKETING AND SALES HISTORY:

Typical exposure and marketing time. No prior sales within three years.

COMMENTS:

The property is located in a rural residential section of East Haddam along Geoggrey and Ackley, across from Early Road. There are no approvals of record.

0.00

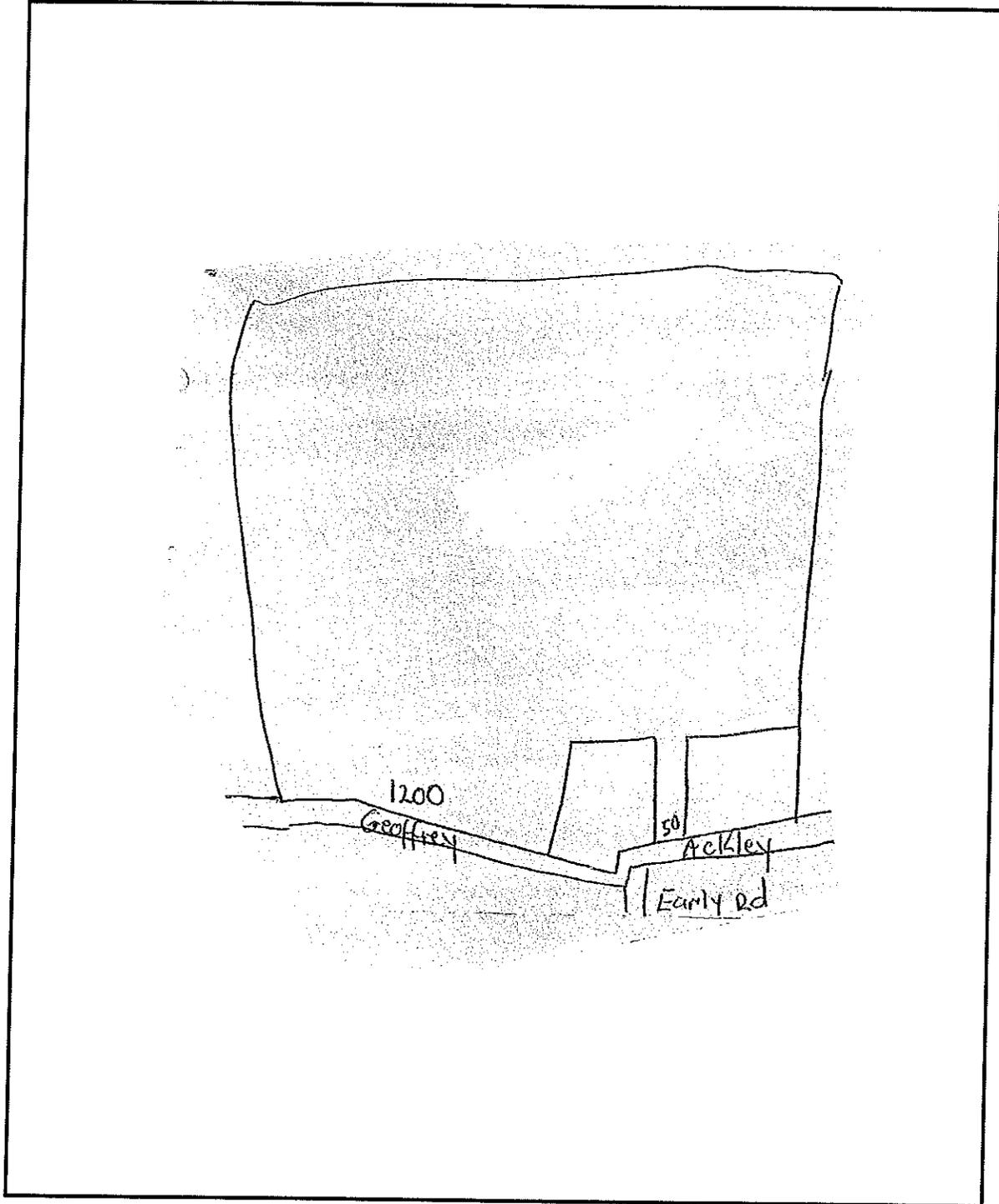
Verified With: Municipal records and field 7/2003



COMPLETE APPRAISAL/SUMMARY REPORT

Sale No. 11 (continued)

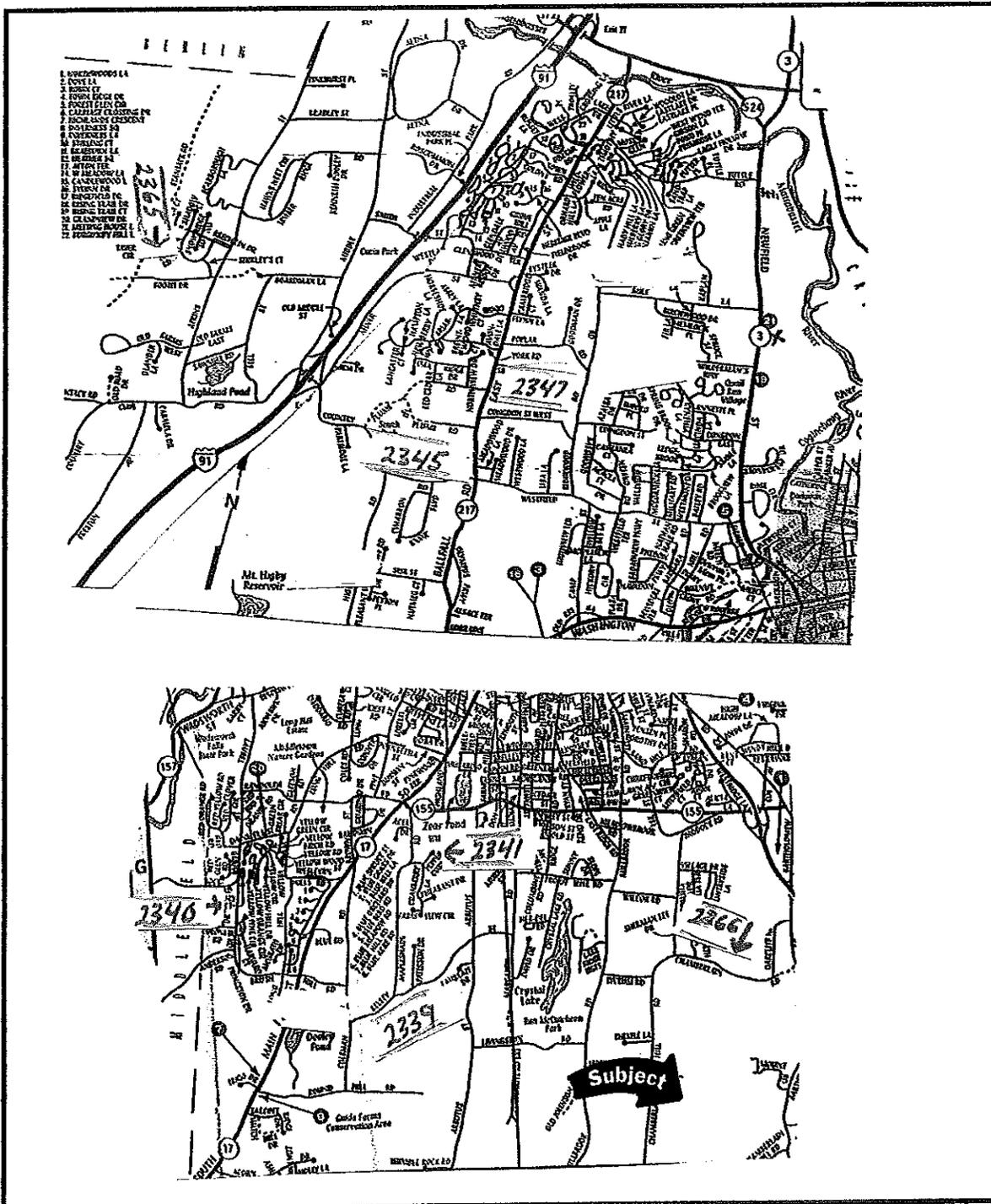
Index No. 2366



Geoffrey Road
East Haddam, Connecticut

Rachel Gioia Associates

COMPLETE APPRAISAL/SUMMARY REPORT



Sales Location Map
Middletown, Connecticut

Rachel Gioia Associates

VACANT LAND SALE COMPARISON GRID

	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5	SALE 6
Location	Chamberlain Hill Road Middletown	Atkins Street Arbutus & Kelsey Street Middletown	Chamberlain Road Middletown	Laurel Grove Middletown	Kelsey Street Middletown	99 East St Middletown	
Town							
Index Number		2365	2341	2266	2340	2339	2345
Sale Price		\$411,000	\$499,000	\$370,500	\$900,000	\$275,000	\$750,000
Property Rights conveyed	Fee Simple	Fee simple	Fee simple	Fee simple	Fee simple	Fee simple	Fee simple
Adjusted price		\$0	\$0	\$0	\$0	\$0	\$0
Financing Terms	Market	Market	Market	Market	Market	Market	Market
Adjusted price		\$411,000	\$499,000	\$370,500	\$900,000	\$275,000	\$750,000
Conditions of Sale	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Adjusted price		\$0	\$0	\$0	\$0	\$0	\$0
Sale Date	1/2004	12/2003	12/2003	6/2003	2/2003	6/2003	4/2002
Number of months	0.00%	0	0	0	0	0	0
Market conditions per month		0%	0%	0%	0%	0%	0%
Adjusted price		\$411,000	\$499,000	\$370,500	\$900,000	\$275,000	\$750,000
Acres	131.150	\$411,000	\$499,000	\$370,500	\$900,000	\$275,000	\$750,000
Adjusted Sale Price/Acre		71,490	64,280	60,446	46,847	42,910	38,560
Percentage Adjustments		\$5,749	\$7,763	\$6,129	\$19,211	\$6,409	\$19,450
Location	South Middletown	Inferior	Similar	Similar	Similar	Similar	Similar
Site area (acres)		10%	0%	0%	0%	0%	0%
Size Adjustment	131.15	Similar	Similar	Similar	Smaller	Smaller	Smaller
Physical (topo/wetlands/frontage/sha	Low density subdivision	0%	0%	0%	-5%	-5%	-5%
Zoning/utilities/approvals	R60; electricity/ no approvals	Inferior	Superior	Inferior	Superior	Superior	Superior
Other		10%	-10%	10%	-10%	-10%	-35%
Total Percentage Adjustment		-10%	-10%	-10%	-25%	-25%	-25%
Total Adjustment Amount		Similar	Similar	Similar	Similar	Similar	Similar
Adjusted Sale Price per Acre		0%	0%	0%	0%	0%	0%
		10%	-20%	0%	-60%	-25%	-65%
		\$575	(\$1,553)	\$0	(\$11,527)	(\$1,602)	(\$12,643)
		\$6,324	\$6,210	\$6,129	\$7,685	\$4,807	\$6,808

Indicated Land Value per Acre: \$6,000
 Indicated Land Value: \$786,900
 Indicated Land Value, RD: \$790,000

COMPLETE APPRAISAL/SUMMARY REPORT

Sales Analysis

The subject includes 131.15 acres of land located in a R60 zone. A total of 11 sales are included, of which 6 are considered primary. The six primary sales are analyzed. The sales show a range from \$275,000 to \$750,000 or \$5,749 to \$19,450 per acre.

Property Rights conveyed: All the sales represent fee simple rights.

Financing: None of the sales had financing that was considered to influence sale price. No adjustment for financing is made.

Conditions of Sale: All sales represent arms-length transactions, hence no adjustment is made for conditions of sale.

Market Conditions: Sales are adjusted upward .5% per month from 1998 to 2000.

After adjustments for rights appraised, conditions of sale, time and financing, the sales range from \$5,749 to \$19,450 per acre.

Location: The adjustment is a weighted adjusted for factors such as town appeal and general neighborhood characteristics. Adjustments are made on a percentage basis with consideration made for town, access, neighborhood characteristics and visibility. Sale 1 is inferior and adjusted upward. All other sales are generally similar.

Size: The adjustment is based on the theory of diminishing returns which indicates that smaller buildings sell for higher unit prices, all other factors equal. Sale 1-3 are similar and no adjustment is indicated. Sale 4-6 are smaller and are adjusted downward.

Physical This adjustment is made to reflect frontage, wetlands, topography and shape. This adjustment takes into consideration overall potential for development as it relates to development costs. Sale 1 and 3 are inferior and adjusted upward. All other sales are superior and adjusted downward.

Zoning/Utilities/approvals: This adjustment is made to reflect regulations, and other "off site" factor that impact the development of the parcel. All sales are superior and are adjusted downward.

While paired sales and other direct market adjustments are ideal, they are not always available. While some adjustments appear somewhat subjective in nature, it is important to consider that consistency is key and that if after adjustments the range is tighter, than the adjustments reflect market behavior since they are accountable.

COMPLETE APPRAISAL/SUMMARY REPORT

After adjustments for all factors that influence value, the sales range from \$4,807 to \$7,685 per acre. Based on these sales, with consideration for conditions of sale, financing, time, location and physical and economic factors, the estimated market value of the subject is \$6,000 per acre.

Then:

131.15 acres @ \$6,000 = \$786,960

ESTIMATE OF SITE VALUE, RD: **\$790,000.**

COMPLETE APPRAISAL/SUMMARY REPORT

RECONCILIATION AND FINAL VALUE ESTIMATE

The appraiser has applied the appropriate appraisal methods in previous sections of this report and has arrived at the following value conclusions:

Cost Approach	Not applicable.
Income Capitalization Approach	Not applicable.
Sales Comparison Approach	\$790,000.

The Cost Approach was not developed. The subject is raw land and this approach is not applicable.

The Income Approach (subdivision development technique) was not developed. The subject is raw land and this approach is not applicable.

The Sales Comparison Approach (estimate of land value) was applied. Ample data was available and this approach is deemed quite reliable.

Based on the analyses and conclusions reached in this report, weighing all pertinent information, the estimated market value of the subject property, as of the date of appraisal is:

SEVEN HUNDRED NINETY THOUSAND DOLLARS
(\$790,000)

COMPLETE APPRAISAL/SUMMARY REPORT

CERTIFICATION

The undersigned appraiser hereby certifies that: the statements of fact contained in this report are true and correct; the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions; 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; I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment, my engagement in this assignment was not contingent upon development or reporting predetermined results; my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction of value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the requirements of the code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. I further certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representative.

Rachel Gioia, MAI, has made a personal inspection of the property that is the subject of this report.

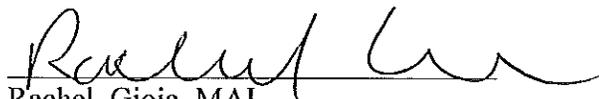
No one provided significant professional assistance to the person signing this report.

I, Rachel Gioia, MAI certify that I am appropriately certified to appraise the subject property in the state in which it is located.

It is my opinion that as of January 7, 2004 the market value of the fee simple estate to the subject property located at Chamberlain Hill Road (Map 45 42-1 18, 21), Middletown, Connecticut is:

SEVEN HUNDRED NINETY THOUSAND DOLLARS
(\$790,000)

As of the date of this report, I, Rachel Gioia, MAI, have completed the requirements under the continuing education program of the Appraisal Institute.


Rachel Gioia, MAI
Certified General Real Estate Appraiser
CT: RCG.231 (expires 4/2003)

QUALIFICATIONS OF THE APPRAISER

Rachel Gioia, MAI

Professional Affiliations/State Certification

Member, Appraisal Institute MAI designation #09321
General Certified Real Estate Appraiser, State of Connecticut #0000231 (expires 4/30/2003)

Professional Committees/Volunteer/Community Involvement

The Real Estate Exchange, 1994-present. President 2002-2003.
Appraisal Institute, Admissions Committee 1993-1997.
Appraisal Institute, Youth Advisory Council, Washington D.C., 1994-1995.
Appraisal Institute, mentor program 1995-1996.
Young Advisory Council, Washington D.C., 1994 and 1995.

Education

Trinity College, BA in Urban and Environmental Studies; Area of concentration: Economics
Hartford College for Women, AA Degree

Other

Qualified expert witness, Hartford Superior Court.
Qualified expert witness, New Haven Superior Court.

Appraisal Experience:

Rachel Gioia has been involved full time in the appraisal of commercial real estate since 1985. She has held positions in financial organizations and commercial appraisal firms. Her experience includes both management and staff positions. Prior positions include Vice President in charge of the Commercial Division at ASA Valuations; Team Leader-Appraisal Department at Fleet Bank, Assistant Vice President at Bank of Boston Connecticut, and a staff position as a Commercial Real Estate Appraiser with John F. Rowson Company. Her experience includes full narrative appraisal reports, review of commercial reports and property analysis. Prior to commercial appraisal, Mrs. Gioia worked as a salesperson for Horse Country Real Estate and a data collector for Sabre Systems. Rachel Gioia Associates is a full service commercial appraisal and consulting firm that specializes in retail centers, subdivisions, existing commercial and industrial buildings, and a variety of special purpose properties in Connecticut.

Types of Properties Appraised

Apartment Buildings	Apartments	Amusement Parks	Automobile facilities	Campgrounds
Convalescent Homes	Farms/Farmland	Gasoline Stations	Health Clubs	Land
Manufacturing Buildings	Marinas	Office Buildings	R & D Buildings	Restaurants
Recreational Uses	Churches	Retail Shopping Centers	Schools	Single Family Dwellings
Sports Facilities	Subdivisions	Tank Farms	Trailer Parks	Warehouses

Types of Assignments

Highest and Best Use Studies	Adaptive Reuse Studies	Valuation Assignments
Market Rent Analysis	Review Appraisal	Real Estate Consulting

Specialized Courses and/or Exams Completed: Appraisal Institute

Standards of Professional Practice - Part I	10/93	Standards of Professional Practice - Part II	10/93
Report Writing	3/89	Case Studies	3/89
Cap. Theory, Part A	3/88	Cap. Theory, Part B	8/88
Income Property Appraising	2/88	Applied Income Property Valuation	5/88
Basic Valuation Procedures	3/87	Real Estate Appraisal Principals	3/87

Various seminars and lectures 1992-present (currently certified for continuing education-next 5 year cycle ends 12/2007)

CERTIFICATE OF
DEVISE, DESCENT
OR DISTRIBUTION
PC-250 REV. 1/92
(PRC-58)

VOL 1376 PAGE 273
STATE OF CONNECTICUT RECORDED.

COURT OF PROBATE

[File certificate with town clerk
where real property is situated.]

COURT OF PROBATE, DISTRICT OF	Middletown	DISTRICT NO.	083	DATE OF DEATH
ESTATE OF	Evelyn C. Hubbard, deceased.			7-15-91

Pursuant to C.G.S. Sec. 45a-450, this certifies that as appears from the records of this court, said deceased died on the date above written, and the following real property of the decedent is devised or distributed or set out or divided or descends to: *[Give name, place of residence, and share of distributee; give street address or lot number of real property, or if none, a brief description of the location. C.G.S. Sec. 45a-450.]*

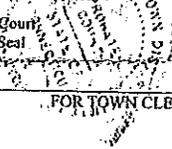
1. Lots 4 & 5 of Crystal Lake Estates Subdivision on the west side of Millbrook Road, Middletown, CT as described on Schedule A attached (being a portion of property described as "Parcel #1" on Substitute Inventory dated 1/13/92).
2. Approximately 131 acres on the easterly side of Chamberlain Road, Middletown, CT as described on Schedule B attached (described as "Parcel #5" on Substitute Inventory dated 1/13/92).
3. Approximately 60 acres on the northerly side of Chamberlain Road, Middletown, CT as described on Schedule C attached (designated as "Parcel #4" on Substitute Inventory dated 1/13/92).

DISTRIBUTEES

1. Carol M. Ducatelli, 14162 Flagstone Trail, Apple Valley, MN 55124 - 6.25% interest
2. Joan H. Myer, 10 North Drive, West Hurley, NY 12491 - 37.5% interest
3. Barbara M. Alexander, 59 Woods Drive, Clinton Corners, NY 12514 - 6.25% interest
4. Evelyn H. Larson, 171 Bartlett Street, Portland, CT 06480 - 37.5% interest
5. Elizabeth J. Larson, 2148 N. Beachwood Drive, Apt. #4, Los Angeles, CA 90068 - 6.25% interest
6. Kristin L. Cavanaugh, 4174 Jasmine Avenue, Culver City, CA 90232 - 6.25% interest

For a more particular description, reference should be made to the records of said probate court.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the court on this
21st day of June, 2003.



[Signature]
Judge, Assl. Clerk

FOR TOWN CLERK'S USE ONLY

FOR COURT USE ONLY

Original to:

Date Sent:

SCHEDULE A

Those certain pieces or parcels of land shown and identified as Lots 4 and 5 on a certain map or plan entitled "Resubdivision of Property Shown as Assessor's Map 44, Block 36-24, Lots 40 & 42 'Crystal Lake Estates' Prepared for C.M.C. Development 779 Millbrook Road, Middletown, Connecticut Scale: 1" = 50' Data 2-2-02 Sheet 2 OF 6 Thomas A. Stevens & Associates, Inc. Civil Engineers & Land Surveyors" Revised to 9-26-02, which map or plan is on file at the Office of the Middletown Town Clerk, to which reference may be had.

Being a portion of the premises shown on a map entitled "MAP OF SURVEY SHOWING INDIVIDUAL PROPERTIES OF THE EVELYN C. HUBBARD ESTATE WITH REVISED PARCEL TO BE CONVEYED TO THE TRUST FOR PUBLIC LAND (INC.) WEST SIDE OF MILLBROOK ROAD AT CRYSTAL LAKE MIDDLETOWN, CONNECTICUT SCALE 1" = 100 ft. 01 SEPT 1994 BASCOM/MAGNOTTA, INC."

SCHEDULE BFIRST PIECE:

An undivided two-third (2/3) interest in a certain tract or parcel of land, situated in Johnson Lane School District, in said Middletown, containing ten (10) acres, more or less, and bounded as follows, to wit: NORTHERLY AND WESTERLY by Highway; EASTERLY by land of Josiah Hubbard; and SOUTHERLY by land of Chauncey W. Brooks, or however otherwise bounded and described as of record appears.

Being the First Piece described in a Certificate of Title from the Estate of Robert Hubbard to Willard D. Hubbard, Robert M. Hubbard and Lucy Hubbard dated December 15, 1966 and recorded in Vol. 351, page 1 of the Middletown Land Records.

SECOND PIECE (consisting of 3 Pieces described hereinbelow)

FIRST PIECE

A certain piece or parcel of land containing thirty-five (35) acres, more or less, situated in the Johnson Lane District and known as the Chestnut Mount Lot, consisting of two nearly rectangular connected pieces, the southernmost of which contains the summit of Chestnut Mount, and as a whole bounded NORTHERLY by an unnamed highway and by land now or formerly of William H. Harris; EASTERLY by lands now or formerly of said Harris and Henry J. Brock; SOUTHERLY by lands now or formerly of S.J. Allison and of C.W. Brooks; and WESTERLY by lands now or formerly of said Brooks and of Damon Mott.

SECOND PIECE

A certain piece or parcel of land containing forty (40) acres, more or less, situated in the Johnson Lane District, and also known as the Chestnut Mount Lot, bounded NORTHERLY in part by the First Parcel herein described and in part by land now or formerly of Damon Mott; EASTERLY by the First Piece herein described; SOUTHERLY by land formerly of Samuel J. Allison; and WESTERLY by Chamberlain Road.

THIRD PIECE

A certain piece or parcel of land containing thirty-four (34) acres, more or less, situated in the South Farms District, bounded NORTHERLY by highway, being an unnamed road; EASTERLY by lands now or formerly of Chauncey Roberts and of John McNary; SOUTHERLY by land now or formerly of said McNary; and WESTERLY by lands now or formerly of William Harris and of Louise Hubbard.

Being the Fifth, Sixth and Seventh Parcels conveyed to Willard D. Hubbard and Evelyn C. Hubbard by Louise A. Barchulski by Quit Claim Deed dated February 9, 1967 and recorded in Volume 351, Pages 522-523 of the Middletown Land Records.

Excepting therefrom the followings: (1) that parcel set forth in an Administrator's Deed of Willard D. Hubbard, Administrator of the Estate of Robert Hubbard, to the Connecticut Power Company

dated February 16, 1954, recorded in Volume 258 at Page 218 of the Middletown Land Records; (ii) that parcel conveyed by Willard D. Hubbard and Evelyn C. Hubbard to the Hartford Electric Light Company by virtue of Warranty Deed dated May 18, 1965, recorded in Volume 341 at Page 624 of the Middletown Land Records; (iii) that parcel conveyed by Quit Claim Deed of Willard D. Hubbard to the Hartford Electric Light Company dated October 25, 1968, recorded in Volume 361 at page 292 of the Middletown Land Records; and (iv) that parcel conveyed by Warranty Deed of Willard D. Hubbard and Evelyn C. Hubbard to the Hartford Electric Light Company dated December 17, 1971, recorded in Volume 380 at Page 512 of the Middletown Land Records.

Definitions

Market Value

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

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

*Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).

Most Probable Selling Price

The Dictionary of Real Estate - Third Edition defines the most probable selling price as ". . . The price at which a property would most probably sell if exposed on the market for a reasonable time, under market conditions prevailing on the date of the appraisal.

Fee Simple Estate

The Dictionary of Real Estate - Third Edition defines the fee simple estate as ". . . absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Leased Fee Estate

The Dictionary of Real Estate - Third Edition defines the leased fee estate as ". . . an ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease."

Leasehold Estate

The Dictionary of Real Estate - Third Edition defines the leasehold estate as ". . . the interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions."

Going Concern Value

The Dictionary of Real Estate - Third Edition defines the going concern value as, ". . . the value created by a proven property operation, considered as a separate entity to be valued with a specific business establishment."

Prospective Value Estimate

The Dictionary of Real Estate - Third Edition defines a prospective value estimate as, “a forecast of the value expected at a specified future date. A prospective value estimate is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written.

Damages

The Dictionary of Real Estate - Third Edition defines damages, in condemnation, as, “the loss in value to the remainder in a partial taking of property. Generally, the difference between the value of the whole property before the taking and the value of the remainder after the taking is the measure of the value of the part taken and the damages to the remainder. Three types of damages are recognized: consequential, direct, and severance. Consequential are defined as “a damage to property caused by taking or construction on other lands. Direct damages are those relating directly to the property being taken. Severance damages are those as a result of the taking (diminished utility).

HIGHEST AND BEST USE

Definition of Highest and Best Use

Highest and best use is defined by *The Appraisal of Real Estate - Tenth Edition* 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."

In appraisal practice, highest and best use is the fundamental premise on which value is based. Because the use of land can be limited by the presence of improvements, highest and best use is determined separately for the *land or site as though vacant and available to be put to its highest and best use* and for the *property as improved*.

Highest and Best Use of the Land as Vacant

This analysis examines potential uses for the site, assuming it is vacant or can be made vacant by demolishing any existing improvements. Once vacant, the site is treated as if it were available for redevelopment to its highest and most profitable use. *The Appraisal of Real Estate - Tenth Edition* suggests that "among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination, is generally regarded as the highest and best use as though vacant." The analysis of highest and best use as though vacant is necessary in order to identify potentially comparable land sales and to estimate a separate land value when appropriate.

Highest and Best Use of the Property as Improved

Highest and best use of a property as improved pertains to the use that should be made of an improved property in light of its existing improvements. *The Appraisal of Real Estate - Tenth Edition* suggests that "analysis of highest and best use of a property as improved implies that the existing improvement should be renovated or retained as is while it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one." Two reasons for this analysis are to find the use that produces the highest long-term overall return for each dollar of capital invested and to identify potentially comparable properties for use in the improved Sales Comparison Approach.

Definitions

The following are definitions used in the Cost Approach.

Replacement Cost - *The Appraisal of Real Estate - Tenth Edition* defines replacement cost as "the cost to construct, at current prices, a building with utility equivalent to the building(s) being appraised, using modern materials and current standards, design, and layout." Data obtained from the calculator cost program were used to estimate construction costs on a price per square foot of gross building area basis.

Indirect Costs - Besides the direct costs, the entrepreneur will incur *indirect* (soft) costs. Specifically not included in the Marshall & Swift estimate are costs for appraisal fees, legal fees, taxes on the land, land planning and preliminary concept and layout costs, start-up costs to create initial occupancy, and other miscellaneous soft costs that may occur.

Entrepreneurial Profit - *Entrepreneurial profit* is the compensation a developer receives beyond all costs needed to complete the project. The profit is earned for the effort expended to locate the site, plan the project, secure all government approvals, coordinate the construction work and sales or leasing effort, and handle other administrative details.

Accrued Depreciation - Accrued depreciation is the difference between an improvement's current cost and its value as of the date of the appraisal. Accrued depreciation can be broken down into three subcategories: physical depreciation, functional obsolescence, and external obsolescence.

Physical Depreciation - Physical depreciation is subdivided into curable and incurable items. Curable items of physical depreciation are all of the items that a prudent owner would correct on the date of appraisal to maximize the profit (or minimize the loss) if the property were sold. To be classified as curable, the cure must contribute as much if not more value than the cost to correct the problem. Items of incurable physical depreciation, on the other hand, are those items of deterioration that are not economical to correct as of the date of appraisal. Incurable physical depreciation can be further classified as short-lived and long-lived. *Short-lived* items are those whose estimated potential physical life is less than that of the structure as a whole, whereas *long-lived* items are those whose physical life is equal to or greater than that of the structure as a whole.

Functional Obsolescence - Functional obsolescence is a loss in the value of real estate improvements due to functional inadequacies or over improvements due to poor design and/or changes in market standards or requirements for building components. Functional obsolescence can be categorized as curable and incurable, applying the same premises as mentioned above.

External Obsolescence - This element of accrued depreciation is a loss in property value resulting from negative influences outside the property itself. External obsolescence is generally incurable and can be further defined as *economic* or *locational* obsolescence.

ASSUMPTIONS AND LIMITING CONDITIONS

1. No responsibility is assumed for matters legal in nature.
2. The property has been appraised as though fully marketable without regard to encumbrances such as tax liens, mechanics' liens, mortgages, etc., except as specifically detailed in this report.
3. Ownership and management are assumed to be in competent and responsible hands.
4. All data presented in this report are true and accurate to the best of our knowledge. Information furnished by others is believed to be reliable but is not guaranteed.
5. Unless specifically identified, no survey has been made of the subject property or the comparable sales. It is assumed that boundary descriptions and measurements provided by public records or surveys are substantially correct. The maps, plot and exhibits included in the report are illustrative only; they should not be considered as surveys or relied upon for any reason other than to help visualize the property.
6. The appraisers are not qualified to detect the presence of hazardous material, including, but not limited to, urea-formaldehyde foam insulation, asbestos or radioactive gas (radon), or infestation, on or near the property. Unless hazardous materials are specifically identified in this report, the appraisers are unaware of such materials or conditions and assume that they do not exist. We assume no responsibility for identifying the presence of hazardous materials or conditions or the cost to remedy such conditions. If any of these hazards are in fact present to the subject, the value of the subject would be reduced. We reserve the right to amend our value estimate if any clean-up is necessary.
7. This report does not convey the right of publication nor may it be used by anyone other than the client without the previous written consent of the client and the appraisers. If consent is given, the report must be presented in its entirety.
8. No part of this report (particularly the value conclusions, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or to the MAI designation) shall be distributed to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written approval of the client and the appraisers.

ASSUMPTIONS AND LIMITING CONDITIONS (continued)

9. Rachel Gioia Associates assumes no responsibility for any third-party use of this appraisal. If this appraisal is used by anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions contained in this appraisal. The appraisers are not responsible for any costs incurred to discover or correct any deficiencies present in the property.
10. The individual data and conclusions contained in this appraisal report are an integral part of the final value conclusion. No portion of this appraisal is to be used separately without reference to the complete appraisal report. This appraisal is not based on a requested minimum valuation, a specific valuation or an approval of a loan.
11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to learn whether it is in conformity with the requirements of this act. It is possible that a compliance survey of the property with a detailed analysis of the requirements of the Americans with Disabilities Act could reveal that the property does not comply with one or more of its requirements. Any violation of the ADA could negatively influence the market value of the property.
12. The appraisal is based on conditions known as of the date of assignment. No responsibility is made for unknown factors, physical or economic, occurring at a later date that could affect the opinions stated.
13. The signatories shall not be required to give testimony or attend court or be at any governmental hearing with reference to said property unless prior arrangements have been made. If required, such arrangements will be made under separate cover.
14. The appraisal assumes that all necessary governmental permits and approvals have been or will be obtained. Full compliance with all applicable federal, state and local laws is assumed.

Exposure Time/Marketing Time

The Appraisal Standards Board identifies both exposure time and marketing time as relevant issues relating to the value estimate within an appraisal.

Exposure time differs from marketing time in that exposure time is a retrospective estimate of the marketing process whereas marketing time is a prospective estimate of the marketing process. Exposure time estimates the length of time that the property interest being appraised would have been offered on the market given a hypothetical consummation of the sale at market value as of the effective date of the appraisal. Exposure time assumes not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable effort by all parties during the hypothetical marketing process. According to the Appraisal Standards Board of The Appraisal Foundation, a reasonable marketing time is "an estimate of the amount of time it might take to sell a property interest in real estate at the estimated market value level during the period immediately after the effective date of the appraisal." A reasonable marketing period is generally considered the number of months from the date the property is listed to the date a contract for purchase and sale is executed.

Because exposure time is based upon an analysis of past market conditions, when market conditions improve, one may see a shorter marketing time compared to a longer exposure time for the same property interest being appraised. However, as market conditions deteriorate, exposure time may be shorter than marketing time.

Sales have shown marketing times between 9 and 18 months. If the subject property sold as of the effective date of appraisal, an exposure time of 12 months would have been required. Market conditions have remained stable and a marketing time of 12 months is considered reasonable.

Exposure Time	Effective Date of Appraisal	Marketing Time
Less Than 1 Year <<<<<<<<	<<<January 7, 2004>>>	>>>>>>>>Less Than 1 Year