REAL ESTATE APPRAISAL
Town Farms Inn/Hotel
Silver Street
Middletown, CT

CLIENT: Jeffrey Walter
Executive Director
Rushford Center
77 Crescent Street
Middletown, CT 06457

VALUATION DATE: April 15, 1989

PHILLIP A. GOODSELL, INC.

Real Estate Consulting and Appraisal

1841 Silas Deane Highway
Rocky Hill, Connecticut 06067
(203) 563-9447

April 19, 1989

Mr. Jeffrey Walter
Executive Director
Rushford Center, Inc.
77 Crescent Street
Middletown, CT 06457

Re: Real Estate Appraisal
Town Farms Inn/Hotel
Silver Street
Middletown, CT

Dear Mr. Walter:

At your request, we have analyzed the above-captioned property for the purpose of estimating the current market value of the fee simple estate in the property being appraised.

The subject consists of a 1, 2, and 3+ story former restaurant and inn complex situated on 4.165 acres of land on the north side of Silver Street, with access to River Road via an easement over the railroad tracks to the east. The subject property, which has been remodelled and/or constructed in 1986/87, has a gross building area of approximately 35,580 square feet above grade and 2,800 square feet of finished basement area.

The original building was known as the Alms House (Poor Farm), which was subsequently converted to a restaurant and inn. The current owners purchased the realty in 1984 and added a 48 room, 3+ story modern inn/conference center to the existing structure and remodeled the existing restaurant and conference rooms.

The use as an inn and conference center was economically unsuccessful, primarily due to poor locational attributes. The subject is located near the Connecticut Valley Hospital Complex, a State of Connecticut Psychiatric Hospital. The subject abuts Long River Village, a 190 unit, low income housing project. Also, it is comparatively difficult to find for patrons not familiar with the area.

Therefore, although developed as an inn and conference center, your appraisers have concluded that the subject property is best suited for use as a group home or, as proposed, as a Multi-service Chemical Dependency Treatment Center. Under both of these scenarios, it is highly unlikely that these facilities could be run for profit, as the locational factors which affected the original use cannot be changed. Therefore, the realty is most likely best suited for use by a non-profit organization. It appears that the most profitable use, and therefore the Highest and Best Use of the subject, would be as a Chemical Dependency Treatment Facility, both on an outpatient and inpatient treatment basis.

Phillip A. Goodsell, MAI

Based upon the analysis presented herein, after making adjustments for all pertinent variables having influence on value, it is the opinion of your appraisers that the market value of the fee simple estate in the property being appraised, as of April 15, 1989 is $2,800,000.

FINAL VALUE ESTIMATE, as of April 15, 1989, is:

TWO MILLION EIGHT HUNDRED THOUSAND ($2,800,000) DOLLARS

Cordially,

Phillip A. Goodsell

Phillip A. Goodsell, MAI

Peter M. Kilbride

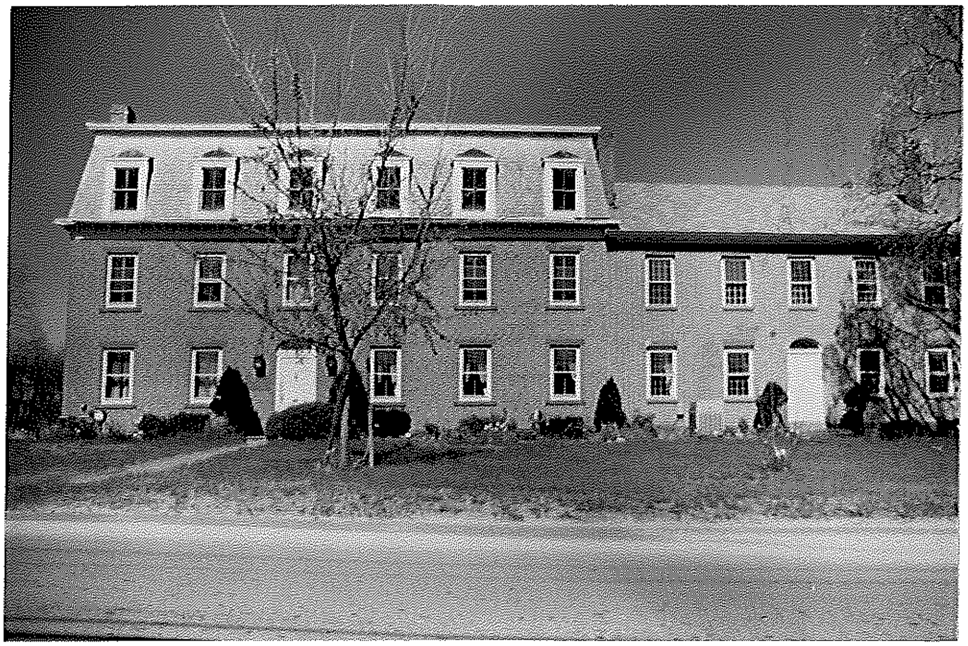
Peter M. Kilbride

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

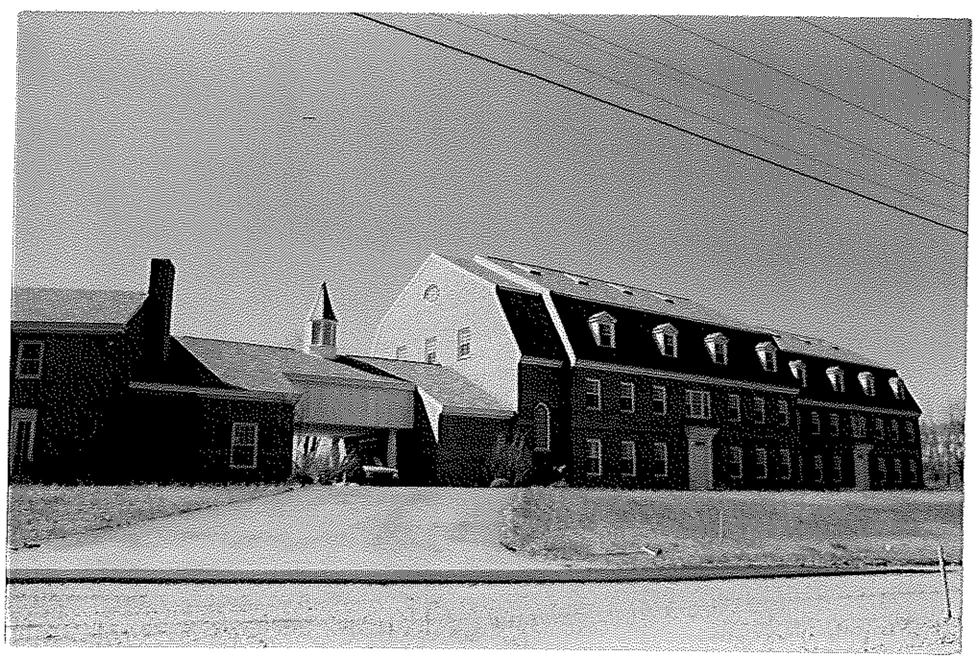
Property Location	N/S Silver Street Middletown, CT		
Owner of Record	David L. Joslow		
Legal References	Volume 710, Page 249		
Purpose of Appraisal	Estimate Market Value		
Function of Appraisal	Mortgage Financing		
Property Rights Appraised	Fee Simple		
Zoning	Multi-family Residential		
Assessment and Tax Data	1987 Valuation		
	Buildings	$1,890,900	
	Land	$ 145,600	
	Total	$2,036,500	
	Current Tax Rate 37.44 Mils		
Tax Burden	$76,246.56		
Land Area	4.165 Acres		
Improvements	48-unit Inn and Conference Center		
Gross Building Area	35,580 sq. ft.		
Highest and Best Use	Chemical Dependency Treatment Facility		
Values Estimated	Totals	$/Sq. Ft.	$/Room
Cost Approach	$3,050,000	$85.72	$63,542
Direct Sales Comparison Approach	N/A	---	---
Income Approach	$2,700,000	$75.89	$56,250
FINAL VALUE ESTIMATE:	$2,800,000		
Valuation Date	April 15, 1989		

TABLE OF CONTENTS

PHOTOGRAPHS OF SUBJECT PROPERTY



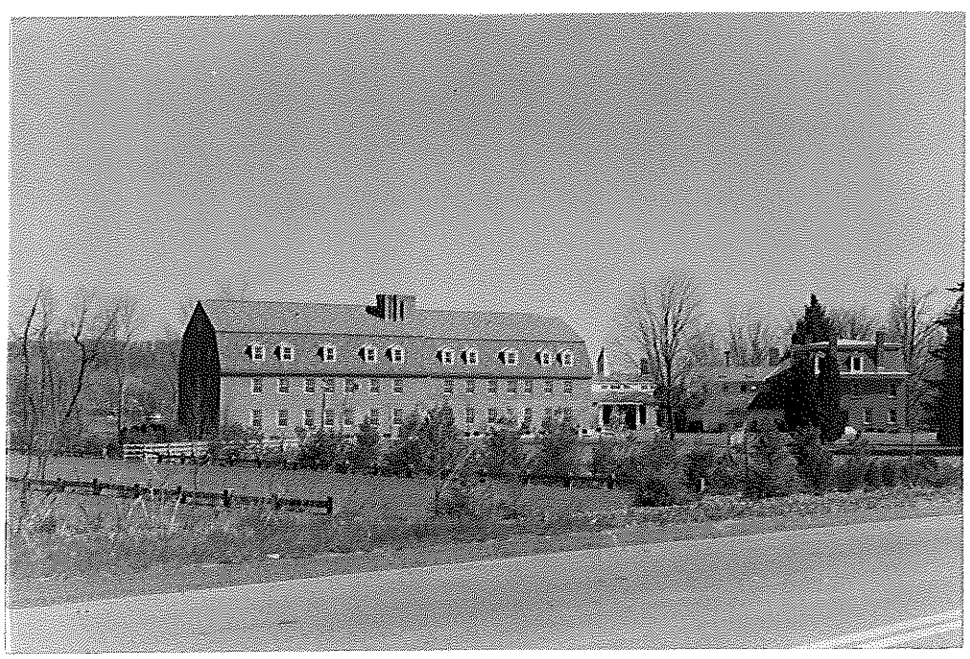
1. Westerly view - subject property - Silver Street.



2. Southerly view - subject property - River Road.

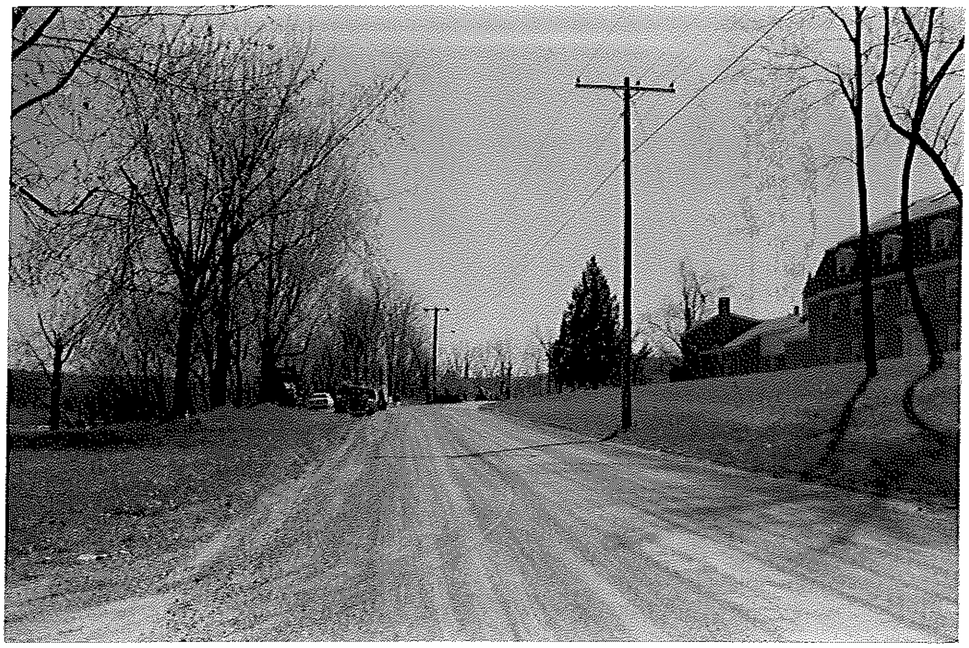
PHOTOGRAPHS OF SUBJECT PROPERTY

3. Easterly view of old building and portico - River Road



4. Northerly rear view of subject property.

PHOTOGRAPHS OF SUBJECT PROPERTY



5. Westerly view on River Road. (Subject -right side of photo)

6. Southerly view on Silver Street. (Subject - right side of photo).

IDENTIFICATION OF PROPERTY APPRAISED

The property being appraised, known as the Town Farms Inn, is situated on the north side of Silver Street and may also be identified on the Middletown Tax Assessor's Map 41 in Block 24-34 as Lot 6.

PURPOSE AND FUNCTION OF APPRAISAL

The purpose of this appraisal is to estimate the market value of the fee simple estate in the property being appraised, as of April 15, 1989. It is understood that the function of this appraisal is for use in conjunction with application for permanent mortgage financing.

LEGAL REFERENCES

Owner of Record:	David L. Joslow
References:	Volume 710 Page 216
Date:	December 31, 1984
	Volume 746 Page 212 Deed of Easement July 26, 1985
Tax Assessor's Records:	Map 241, Block 24-34, Lot 6
Survey Map	#156-3

The legal description referenced above is included in the Addenda of this report as Exhibit A.

History

The subject property was purchased by David L. Joslow in December of 1984, for a reported sale price of $800,000. The purchase was financed by a first mortgage to Liberty Bank for Savings in the amount of $600,000 at 1% over the Morgan Guarantee Trust prime, with interest only for three years. A purchase money mortgage of $370,000 with no interest and no payment plan, due and payable 12/31/88 was given by the sellers.

A Deed of Easement was recorded November 27, 1985, but dated July 26, 1985, which for the sum of $2,000 provided a permanent access to River Road over the railway tracks. The original agreement between the New York, New Haven, and Hartford Railroad (Penn Central) to Louis W. Haffy, dated December 26, 1968, called for an annual fee of $15 for the right to cross the tracks.

History cont.

Subsequent to the purchase, the grantee rehabilitated the inn and restaurant, and in 1986 started construction on a 48-room, three story plus, inn.

The Inn opened in 1986 and because of declining occupancy, which is attributable to locational factors surrounding the subject property, the Inn closed in 1987.

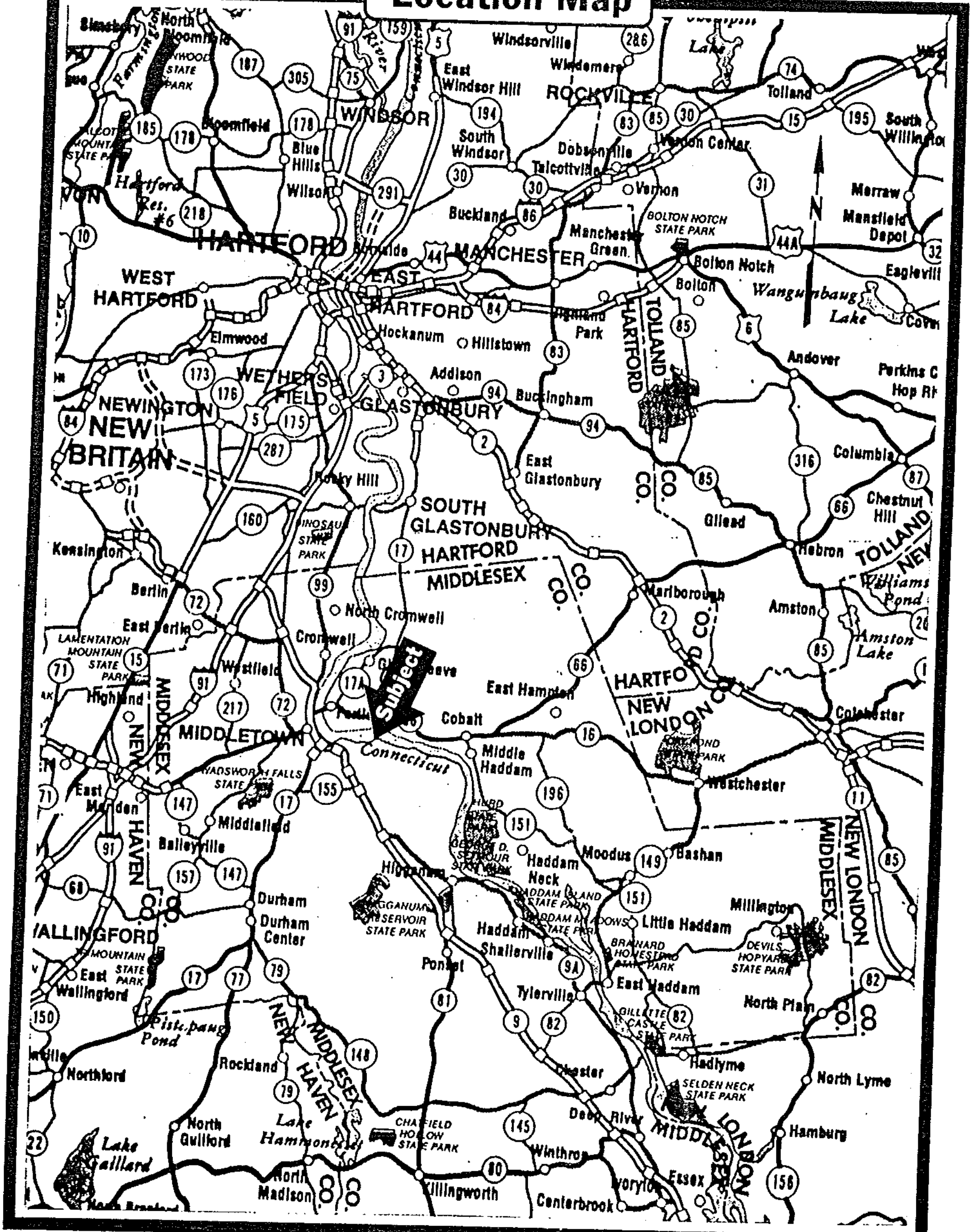
Currently, the inn and conference center are vacant and a reported purchase price for the realty and the furnishings of $3,100,000 has been agreed upon. The furnishings of the hotel were appraised by The Clearing House Auction Galleries, Inc in January, 1989 with an indicated value of $233,553. The summary of the unit values is present in the Addenda Section of this report as Exhibit D.

The definition of Market Value, as taken from the American Institute of Real Estate Appraisers and Society of Real Estate Appraisers publication, Real Estate Appraisal Terminology[1] is:

> The most probable price in terms of money which a property should bring in competitive and open market 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.
>
> 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. Both parties are well informed or well advised and each acting in what they consider their own best interest.
> 3. A reasonable time is allowed for exposure in the open market.
> 4. Payment is made in cash or its equivalent.
> 5. Financing, if any, is on terms generally available in the community at the specified date and typical for the property type and its locale.
> 6. The price represents a normal consideration for the property sold unaffected by special financing amounts and/or terms, services, fees, costs, or credits incurred in the transactions.

[1] Byrl N. Boyce, Ph.D., SRPA, ed., revised ed. (Cambridge, Mass.: Ballinger, 1984), pp. 160-161.

Location Map



Middletown is the main community in Middlesex County, which is one of the fastest growing counties in the State of Connecticut. This growth has been a result of the conversion from rural farmland to residential as the search for affordable, suburban residences by one and two income households spread outward from Hartford and New Haven.

Middletown has become a major employer from throughout the area as it is easily accessible via a number of highway routes which serve the area. Major north/south routes are I-91 and Route 9, which provides access between Hartford and the shoreline communities. The east/west routes are 66 and 155, which connect the rural communities on the east side of the Connecticut River with Middletown and the more populous communities such as Meriden on the west side of Middletown. The soon to be completed RT 72 connector will provide easy access to the employment centers to the west of Hartford; i.e. Bristol and New Britain.

Major employers in the area are Aetna, Pratt & Whitney, and Wesleyan University. Middlesex Mutual Assurance is a major employer in the downtown area of Middletown and Middlesex Mutual is currently building a new multi-story corporate headquarters within the Central Business District.

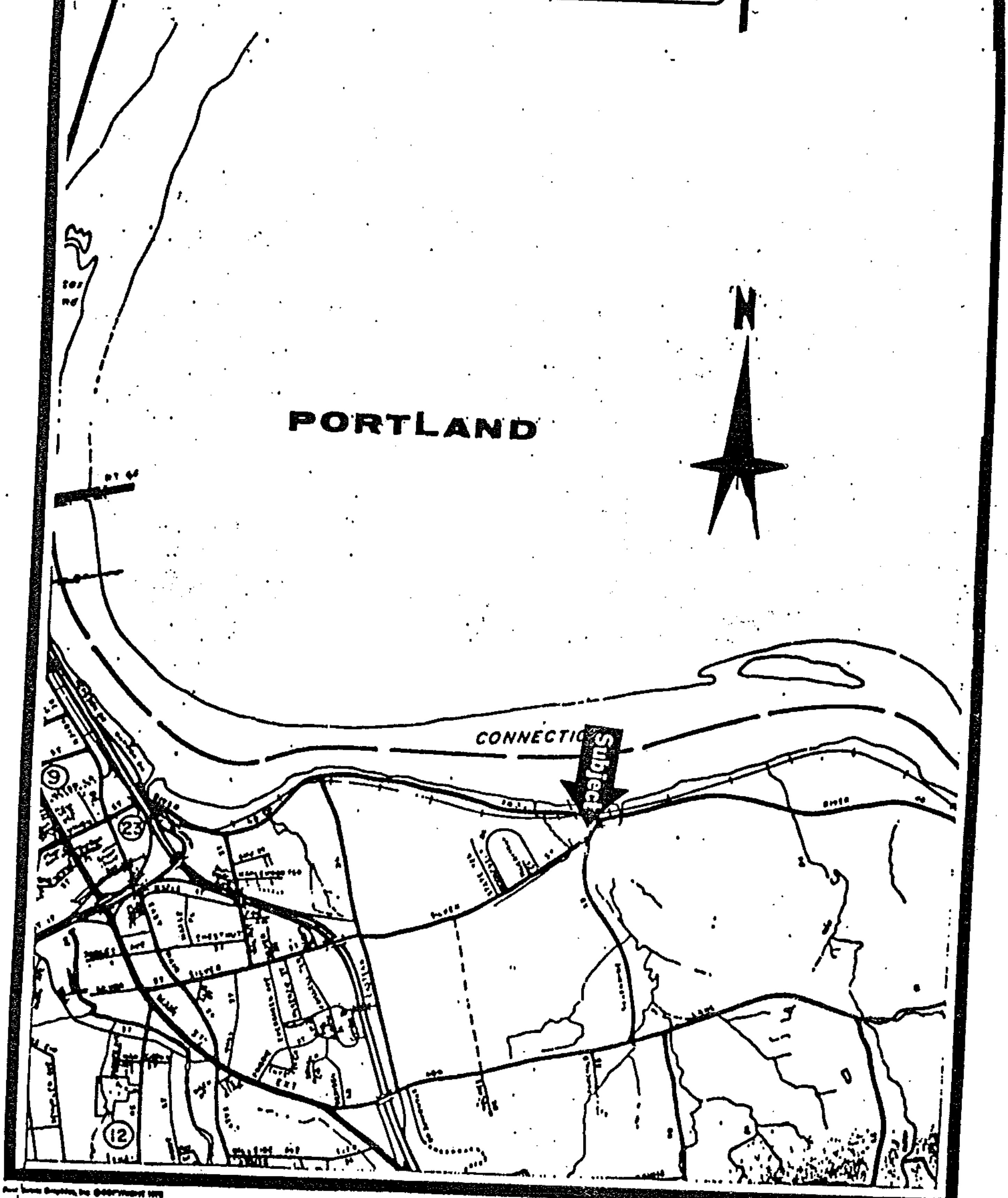
Middletown is bounded on the north by Cromwell, on the east by the Connecticut River which separates Middletown from Portland and East Hampton, on the south by Haddam and Durham, and on the west by Middlebury and Berlin. The current population of Middletown is approximately 40,000 persons.

Middletown has become a subsidiary retail and commercial headquarters for the surrounding towns. Middlesex Hospital provides for the medical needs of the local area via its downtown location, and a number of individual satellite health centers throughout the county.

Middletown officials have made a concerted effort to bring in more jobs to the area via tax abatement programs and the Economic Development Commission. The results of these activities included the 1,500,000 sq. ft. Aetna Building on the west side of Middletown.

The growth in population and office complexes in surrounding towns such as Cromwell and Rocky Hill to the north has increased the demands for commercial and residential market sectors in Middletown.

Neighborhood Map



NEIGHBORHOOD DATA

The subject property is located in the south central section of Middletown on the west side of the Connecticut River. The subject is located to the east of Connecticut Valley Hospital. Access to the general area is easily obtained via Route 9 and the Silver Street Exit.

The subject abuts Long River, a 90 unit low income housing project to the west, and the unused railroad track bed on the east. Connecticut Valley Hospital is a State of Connecticut run psychiatric and mental facility with State-sponsored drug and alcohol inpatient programs offered to indigent patients.

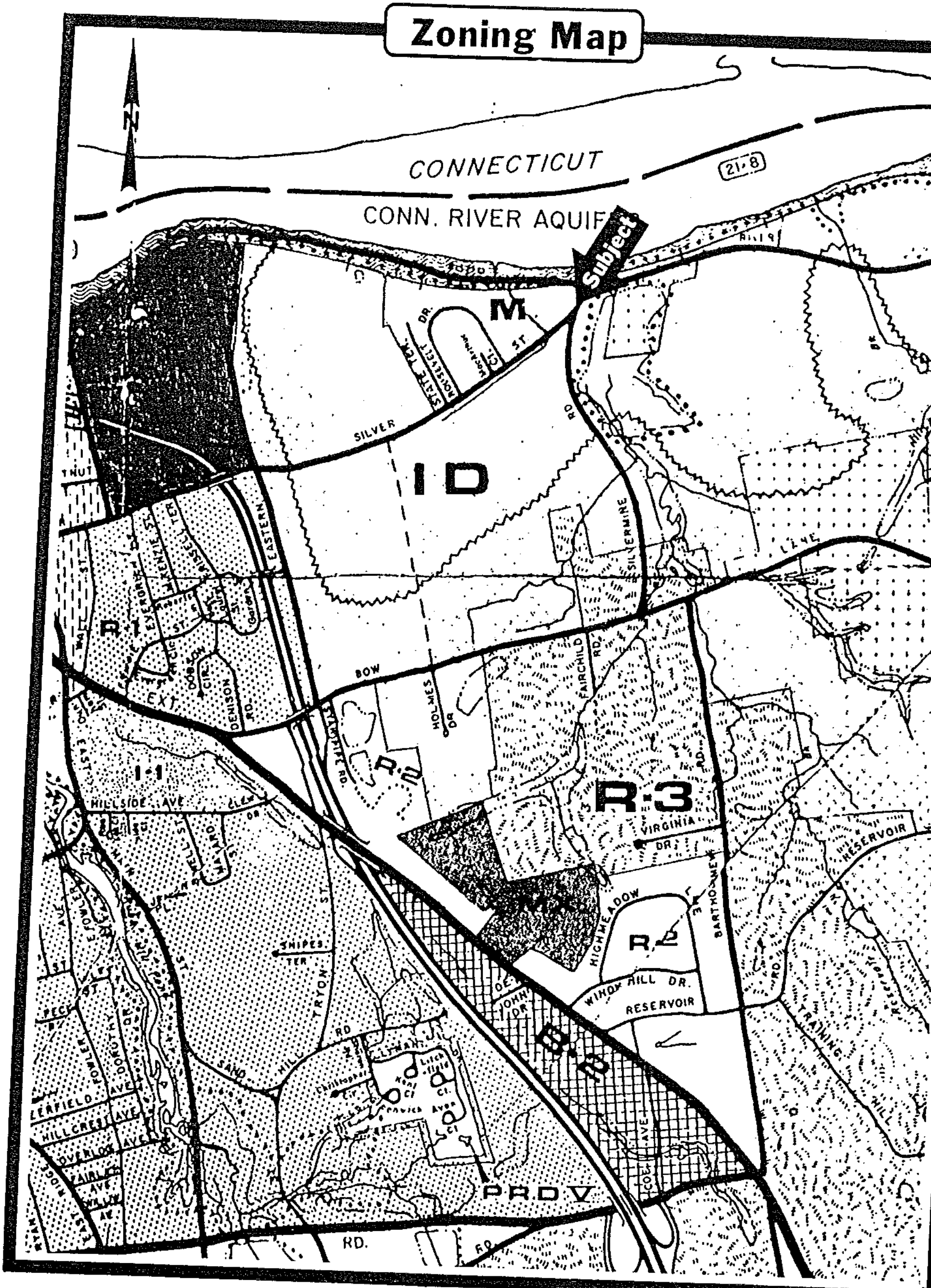
Along the riverfront is a portion of land that is owned by the City of Middletown which is scheduled for rehabilitation as a riverfront walkway and park. This will provide a promenade for all of the area residents including those using the subject property, the Long River housing project and Connecticut Valley Hospital.

Historically, the subject area has been less than desirable for an inn and conference center. Middlesex Hospital is located one mile northwest of the subject.

To the west of the subject on River Road is an industrial area and to the south and southwest of the subject is rural residential in nature. Pratt & Whitney has a facility approximately one mile south of the subject site along the same side of the Connecticut River. Between the subject and Pratt & Whitney, is a proposed 12 unit, 2 - 4 acre lot subdivision of substantial homes.

The general location offers a good locale for uses associated with low income housing and/or uses associated with both Middlesex Hospital and Connecticut Valley Hospital.

Zoning Map



N
CONNECTICUT
CONN. RIVER AQUIF
Subject
M
ID
SILVER
ST.
STATE TER.
DR.
EASTERN
SILVERMINE
RD.
BOW
LANE
R-1
EXT
DENISON
RD.
HOLMES
DR
FAIRCHILD
RD.
STATE ST.
R-2
R-3
VIRGINIA
DR.
I-1
HILLSIDE AVE
SHIPES
TER
TRYON
HIGH MEADOW
R-2
BARTHOLOMEW
RD.
WINDY HILL DR.
RESERVOIR
RESERVOIR
TRAINING
HILL
JOHN
DR.
B-2
SAND
HILL
RD.
FOWLER
HILLCREST AVE
PRDV
RD.

ZONING

The property being appraised is situated within an M (Multi-family, Residential) Zoning District.

Permitted uses within an M Zoning District within the City of Middletown include the following:

Multi-family residential uses

Area, dimensional and bulk requirements within a M (Multi-family) Zoning District within the City of Middletown, as they apply to the property being appraised, are as follows:

1 or 0 Bedrooms	4,356 sq. ft./unit (10/acre)
2 Bedrooms	5,445 sq. ft./unit (8/acre)
3 Bedrooms or more	7,260 sq. ft./unit (6/acre)
Minimum Front Yard	25'
Minimum Side Yard	10' or 1' for each story of building
Minimum Rear Yard	30'
Minimum Street Frontage	75'
Maximum Building Coverage	50% (including parking)
Maximum Building Height	8 stories
Parking Requirement	1.25/1 or 2 bedrooms 1.5/2 bedrooms 2/3 bedrooms or more or 1 space for each 50 sq. ft. of gross building area.
Loading Requirement	1 space

The subject has been approved for development with a 48 room Inn and Conference center having 143 parking spaces.

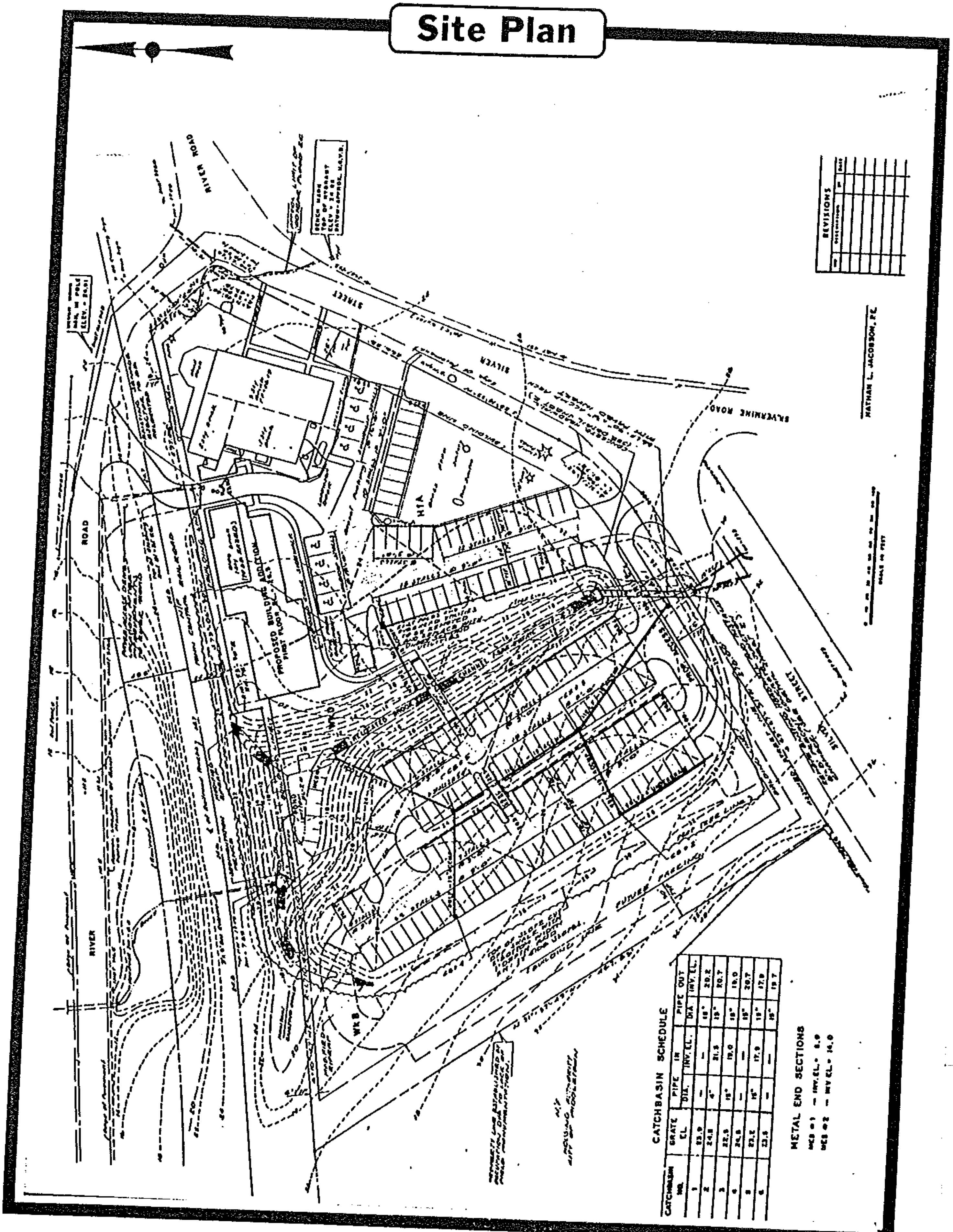
The property being appraised is assessed on the 10/1/87 Middletown Grand List as follows:

Buildings	$1,890,900
Land	$ 145,000
Total Assessment	$2,036,500
Current Tax Rate	34.5 mils
Fire Tax	2.94 mils
Total Tax Rates	37.44 mils
Total Tax Burden	$76,246.56

The above assessments are reported to represent 70% of 1987 market value. Based upon the value estimated within this report it appears the property is overvalued for assessment purposes.

The conclusion of your appraisers is that the subject would not be owned and/or operated for profit. Therefore, your appraisers have concluded that a non-profit organization would best utilize the realty and would be exempt from City Taxes.

Site Plan



RIVER ROAD
SILVER STREET
SILVERMINE ROAD
ROAD
RIVER
PROPOSED BUILDING ADDITION
FUTURE PARKING
REVISIONS
NATHAN L. JACOBSON, P.E.
CATCHBASIN SCHEDULE
METAL END SECTIONS

The property being appraised consists of 4.165± acres of land and is situated on the north side of Silver Street, where it has 626.70' of frontage. The subject also has approximately 87' of frontage on the curve of River Road at the Silver Street intersection. Access to the property via River Road is available via a driveway easement over the inactive Penn Central Railway spur.

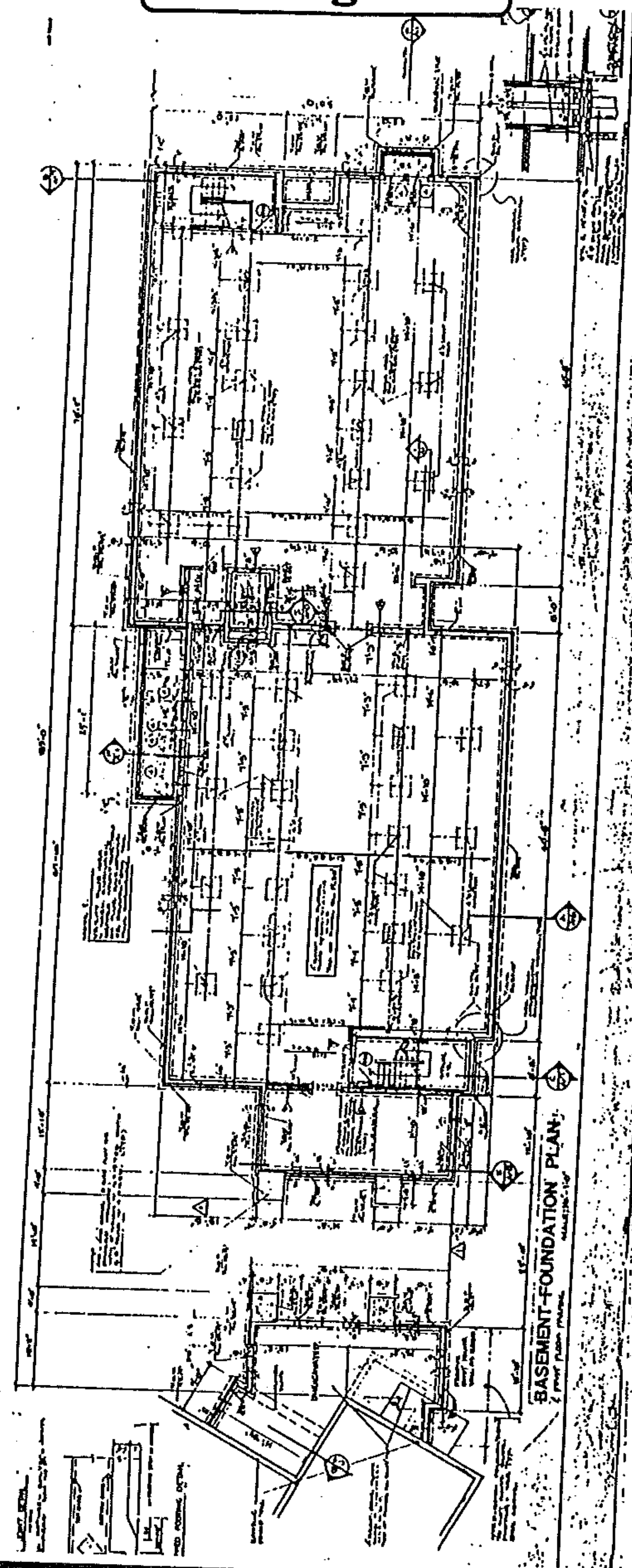
The site, which is rolling and at street grade, is irregular in shape with a maximum depth of 457.83'. The center of the site has a retention pond and drainage brook, which is spanned by a wooden bridge.

The subject is located within a 100 year flood zone, but all improvements have been built above the flood hazard level. Site improvements include processed stone parking area for approximately 143 cars, including 8 handicap designated parking spaces.

Other improvements include landscaping and grass areas surrounding the buildings, a loading area and dock, a wooden bridge, which spans the brook and a concrete ramp that allows easier access to rear parking area.

The subject site is serviced by all of the following utilities: electricity, telephone service, natural gas, municipal water, sanitary sewer and cable TV.

Building Plan

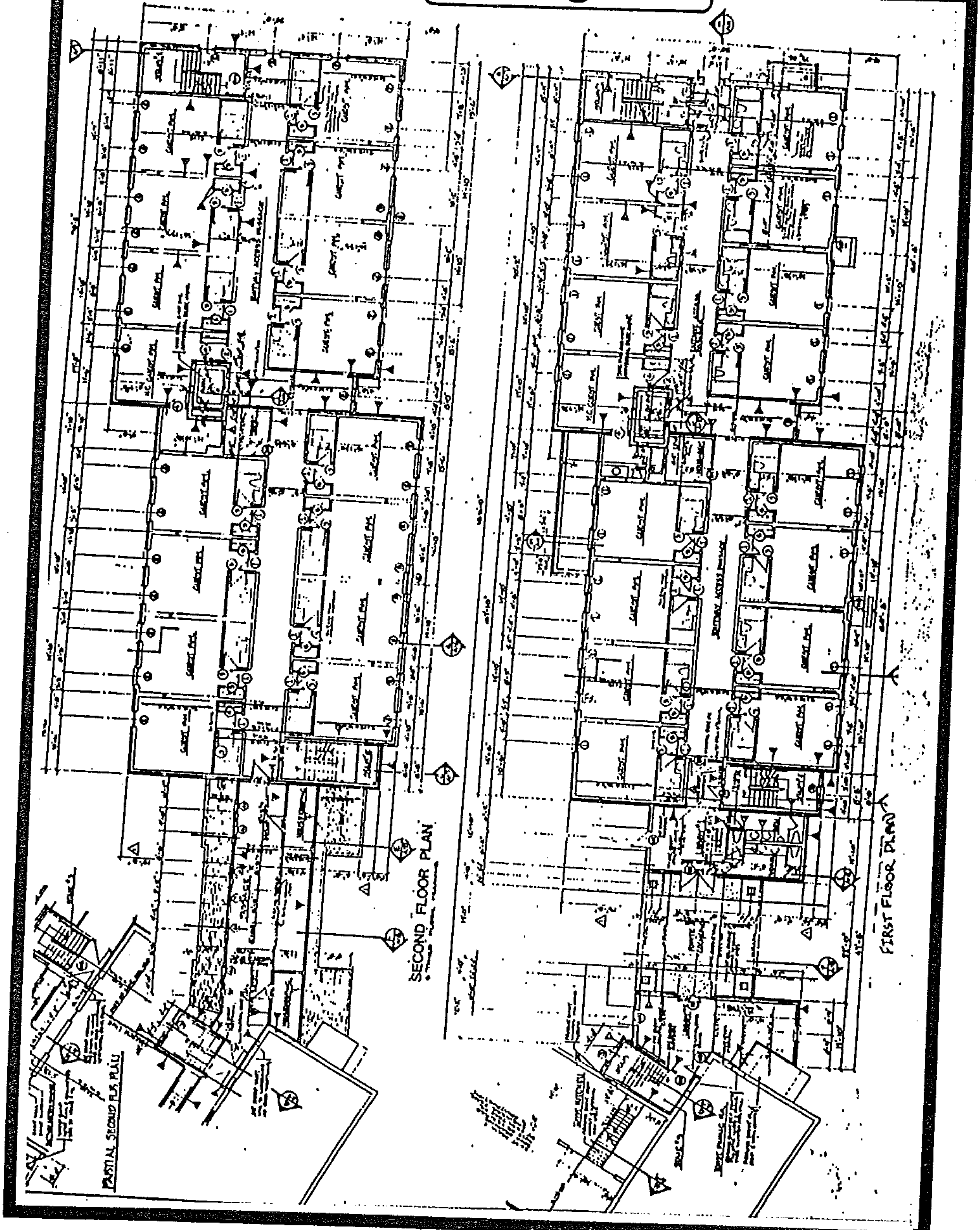


The subject building consists of a 35,580± square foot 1, 2, 3+ story building. The original structure was constructed in colonial times and used as the Alms House (Poor Farm) and subsequently converted to a restaurant and inn. A 48 room inn facility was added in 1986-87, at which time the original inn was remodeled and/or rehabilitated. The subject also has approximately 2,800 sq. ft. of finished basement in the new facility.

Construction Details

Foundation	Original - stonework. New - Poured concrete on concrete footings
Basement	Original - Partial, poured concrete floor. New - Full, poured concrete floor.
Exterior Walls	Brick on wood siding on wood framing with steel superstructure.
Windows	Original - Double-hung, wood-frame, single-pane with aluminum storm windows and screens. New - Double-hung, 12 over 12 single-pane insulated windows.
Roof	Original - Partial flat, cold rolled asphalt and vinyl on wood decking. Partial non-combustible asphalt shingle on wood trusses. New - Non-combustible asphalt shingles on wood trusses and sheathing.
Floors	Original - Wood planking with some wall-to-wall commercial carpeting over wood flooring. The kitchen area has fired tile in concrete base. New - Wall-to-wall commercial grade carpet over subfloor. Baths have ceramic tile floor.

Building Plan



Construction Details cont.

Interior Layout

Original Building

Basement: Partial area for storage only.

First Floor: Lobby/entryway, Great Room with fireplace, three dining rooms, modern commercial kitchen with bakery area. A 3 fixture lavatory.

Second Floor: Two conference rooms, men's lavatory with 8 fixtures, women's room with dressing area and 6 fixtures, office area with a 3 fixture bath. Also, there is a connecting corridor between this area and the new building.

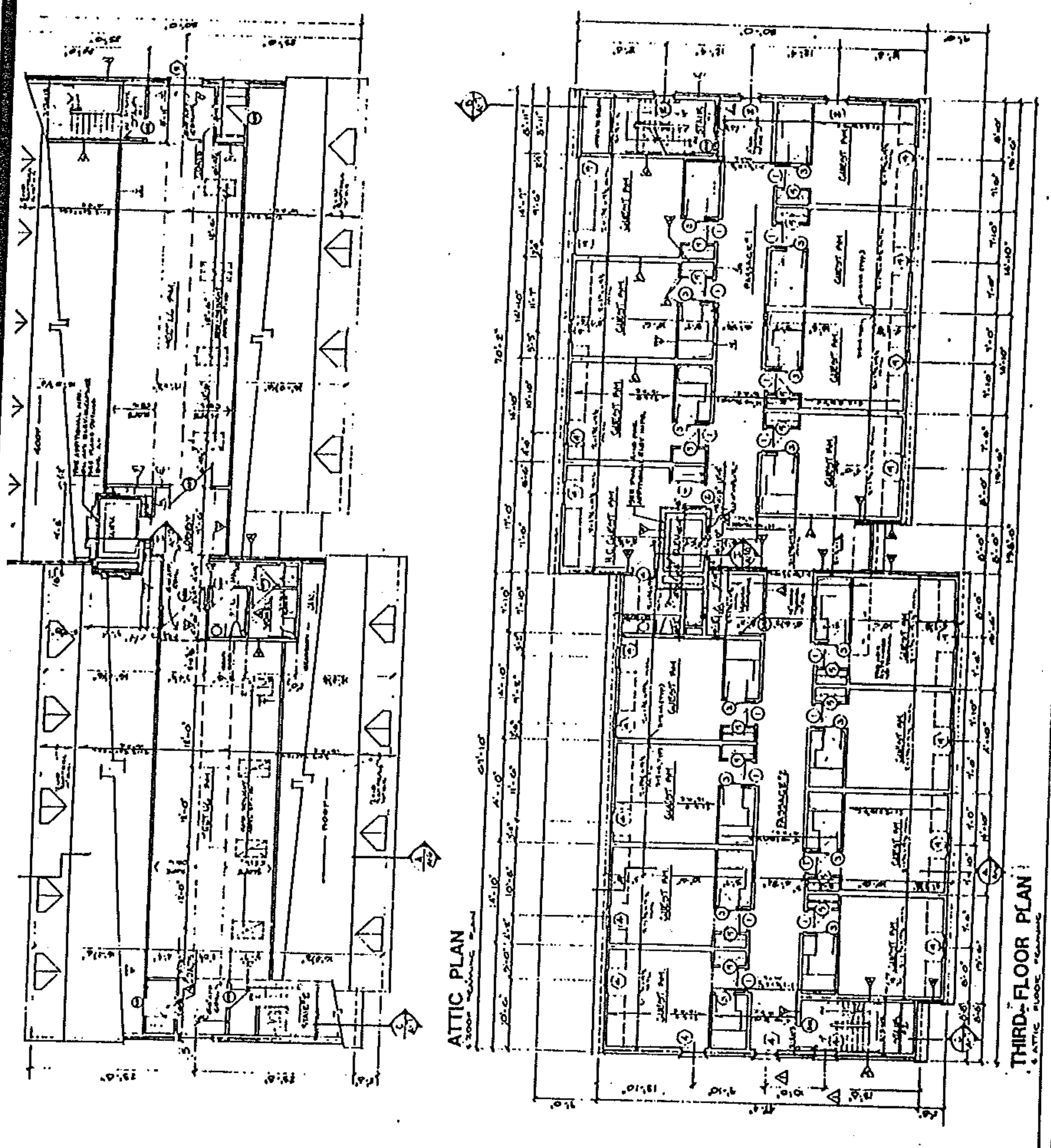
Attic Area: Floored, partially finished rooms for waiter/busboy changing. Area is basically for storage only.

New Building

Basement: Half finished with exercise room and sauna with two 3 fixture ceramic tile lavatories. The finish of this area includes carpeted floors or ceramic tile. The ceilings are acoustical tile in metal grid. The walls are painted gypsumboard. The remaining half of the basement is partially finished with storage and laundry facilities. Finish includes dropped ceilings, painted gypsumboard walls and exposed concrete floors.

First Floor: The first floor has an entry area (plans indicate lavatories which have not been completed). There are 16 rooms including one handicapped unit, all off of a center hallway.

Building Plan



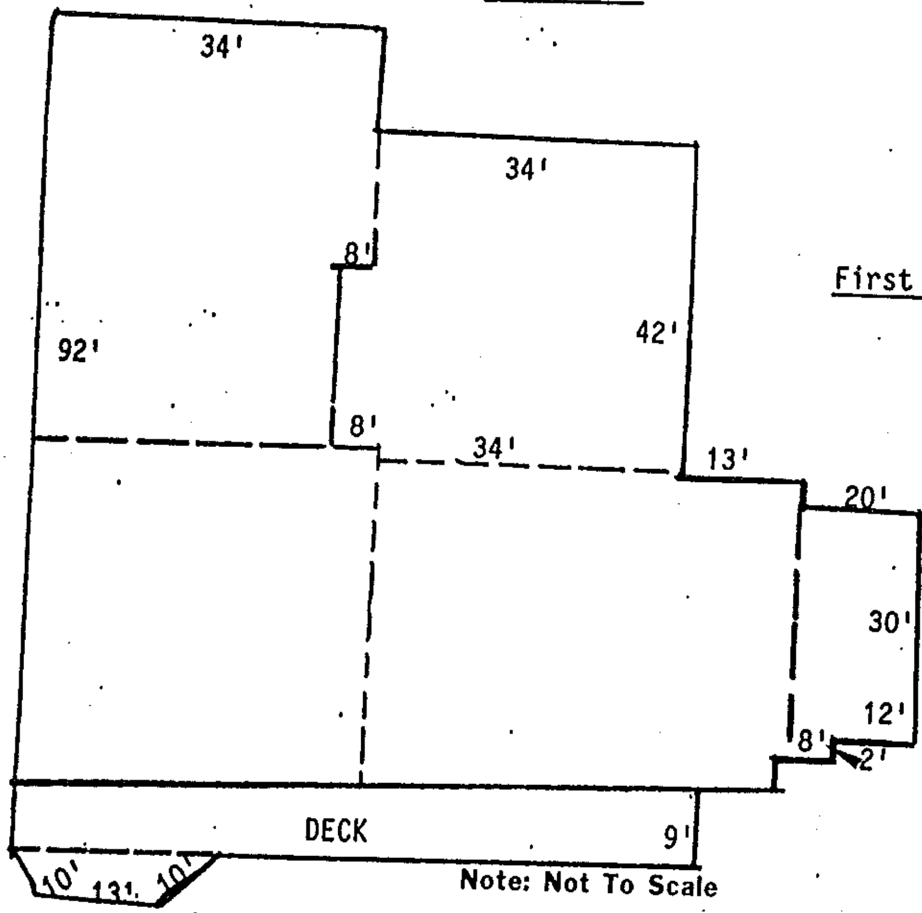
Construction Details cont.

	Second and Third Floors: These areas are identical to the first floor except there is no entryway. There are 16 rooms including a handicapped unit, off a central hallway.
	Attic: Two conference rooms, one totally complete with wood panelled walls, painted gypsum ceilings and wall-to-wall carpeting. One area is approximately 80% complete, requiring finished trim, finished woodworking and finished flooring.
Interior Finish	Walls and ceilings are painted gypsumboard, floors are commercial wall-to-wall carpeting.
Heating, Ventilating and Air Conditioning	Heat pump system, twelve units.
Main Electrical Service	800 amp, individually broken down into smaller units, 6 phase.
Lighting	Predominantly incandescent
Plumbing	Copper and plastic. Each room has a 3-fixture bath. There are four oil fired hot water tanks with 11 circulators.
Additional Features	One 2,500 lb Dover elevator with 5 stops, passenger type. Fully sprinklered, smoke detectors and emergency lighting. Metros Finland Sauna. Large wood veranda deck.
Overall Condition	Good. The roof over the kitchen appears to be 'spongy', which indicates need for replacement. There is a sump pump in the basement of the new building which is hosed to the brook.

Building Sketch

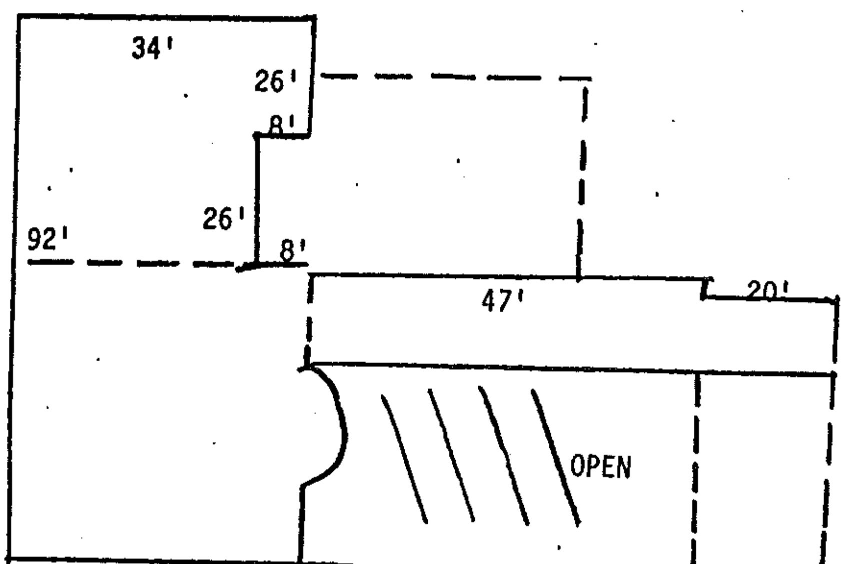
RESTAURANT

First Level



Note: Not To Scale

Second Level



Note: Not To Scale

Construction Details cont.

Functional Utility

Good. Use as a group home, either elderly or self-sufficient retarded, or inpatient and/or outpatient, minimal non-medical treatment center, are viable alternative uses.

Physical Characteristics of the Improvements

	Basement	First	Second	Third	Fourth		Total
Restaurant	(a)	7,050	3,800	(b)	---		10,850
Inn	2,800	7,230	7,980	6,800	2,470	(c)	27,280
	-----	-----	-----	-----	-----		------
Total	2,800	14,280	11,780	6,800	2,470		38,130

Finished Area Above Grade: 35,580±

(a) Storage Area
(b) Attic with small office, primarily storage
(c) Approximately 1,100 sq. ft. is only 80% complete, requiring finish trim, painting/paneling and carpet.

Overall:
2 Lobby's
1 Great Room
3 Dining Rooms
Commercial Kitchen Facility
4 Conference Rooms
1 Connecting Corridor
48 Guest Rooms
1 Exercise Room
1 Sauna
1 Laundry Facility

Highest and best use, as defined in Real Estate Appraisal Terminology[1], is:

> That reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal.
>
> Alternately, that use, from among reasonable, probable, and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

The definition immediately above applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Although designed and constructed for use as an Inn and Conference Center, the subject property has been economically unstable for a number of years. The original restaurant was a marginal commercial operation during the period 1977 to 1983. The subsequent conversion of the restaurant to include an inn and making it a conference center, was unsuccessful due primarily to adverse locational factors. The location next to the Long River low-income housing complex and to the rear of Connecticut Valley Hospital has not been conductive to providing a steady occupancy of the subject property. It is also fairly difficult to locate.

Therefore, possible alternative uses of the subject property include a group home or, as proposed, a private non-profit multi-service chemical dependency treatment center as these uses could put to use all of the facilities that are available to the subject site.

The concept of a group home used in this report is as private, non-profit, congregate housing for independent living by the slightly to moderately handicapped or mentally impaired; as a halfway house residence; or elderly housing.

Under both alternative uses - group home or multi-service chemical dependency treatment facility, only the realty is valued. Your appraisers have not included business or personalty value.

An important factor in the use is that the subject property is not located in an area likely to be attractive to a profit oriented organization. This assumption is based primarily on historical data. It is assumed throughout the remainder of this report, that the subject property will be utilized by a private non-profit organization, which does not require a return on equity as traditional non-profit organizations raise equity through donations, grants and/or endowments by individuals, institutions and/or governmental bodies which do not require repayment.

Based upon an analysis of all the data included herein, it is the opinion of your appraisers that the Highest and Best Use of the property being appraised, as of April 15, 1989, is as a group home or as proposed for conversion to a private, non-profit multi-service chemical dependency treatment center such as that proposed.

[1] Byrl N. Boyce, Ph.D., SRPA, ed., revised ed. (Cambridge, Mass.: Ballinger, 1984), pp. 126-127.

There are three generally recognized approaches to value, which may be used in estimating the value of real estate, as defined in Real Estate Appraisal Terminology as:

"**COST APPROACH** - That approach in appraisal analysis which is based on the proposition that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property. It is particularly applicable when relatively unique or specialized improvements are located on the site and for which there exists no comparable properties on the market."[1]

The Cost Approach will be developed within the body of this report as there is substantial information available to support a viable conclusion. Although the original building was constructed during colonial times, the new facility was added in 1986-87, with total renovation and rehabilitation of the original structure during the same time frame. Also, the use of the realty is proposed under the Highest and Best Use conclusion suggests a very unique and/or specialized use.

"**DIRECT SALES COMPARISON APPROACH** - An approach in appraisal analysis which is based on the proposition that an informed purchaser would pay no more for a property than the cost of acquiring an existing property with the same utility. This approach is applicable when an active market provides a sufficient quantity of reliable data which can be verified from authoritative sources. The Direct Sales Comparison Approach is relatively unreliable in an inactive market or in estimating the value of properties for which no real comparable sales data are available. It is also questionable when sales data cannot be verified with principals to the transactions. Also referred to as the Market Comparison or Market Data Approach."[2]

The Direct Sales Comparison Approach is not presented within the body of this report. Insufficient data was available to develop a unit of comparison for the subject site and improvements.

"**INCOME APPROACH** - That procedure in appraisal analysis which converts anticipated benefits (dollar income or amenities) to be derived from ownership of property into a value estimate. The Income Approach is widely applied in appraising income producing properties. Anticipated future income and/or reversions are discounted to a present worth figure through the capitalization process."[3]

As a support of the Cost Approach, your appraisers have conducted a two-faceted Income Approach: 1) as a congregate group home, and 2) as a private non-profit multi-service chemical dependency treatment center. The information that is developed is primarily the information supplied by the current operator of a substance dependency facility. The reasonableness of the income was valued with the market data.

[1] Byrl N. Boyce, Ph.D., SRPA, ed., revised ed. (Cambridge, Mass.: Ballinger, 1984) pp.63.

[2] Ibid. pp. 79

[3] Ibid. pp. 132

Introduction

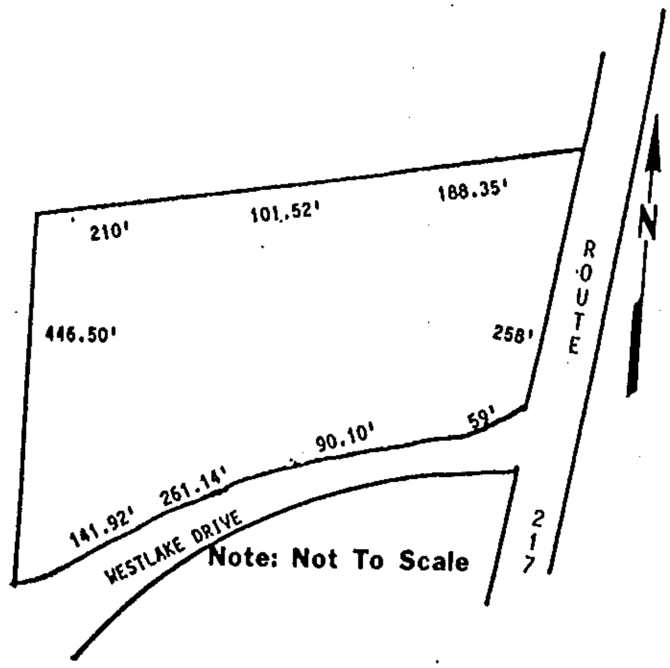
Within this approach, the current replacement cost of the improvements is calculated. An allowance for accrued depreciation from applicable physical, functional or economic sources is deducted from the replacement cost. The result represents the depreciated cost of the improvements and the value of the site. The total amount represents an indication of Market Value.

The value of the site, as if vacant, will first be estimated within this approach.

Estimate of Land Value

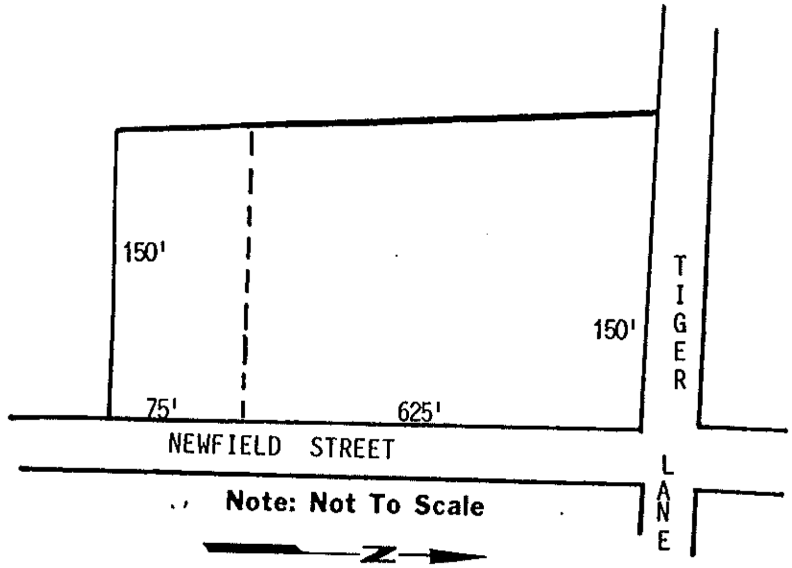
When compared to the subject site, the following land sale transactions are considered to be the most generally comparable, of available, recently consummated sales. They will be analyzed and compared to the subject site with adjustments to the sale prices made for all dissimilar pertinent variables having influence on value such as size, location, physical characteristics, shape and date of sale. The unit of comparison is $/acre.

COST APPROACH
Sale No. 1
Cambridge Commons



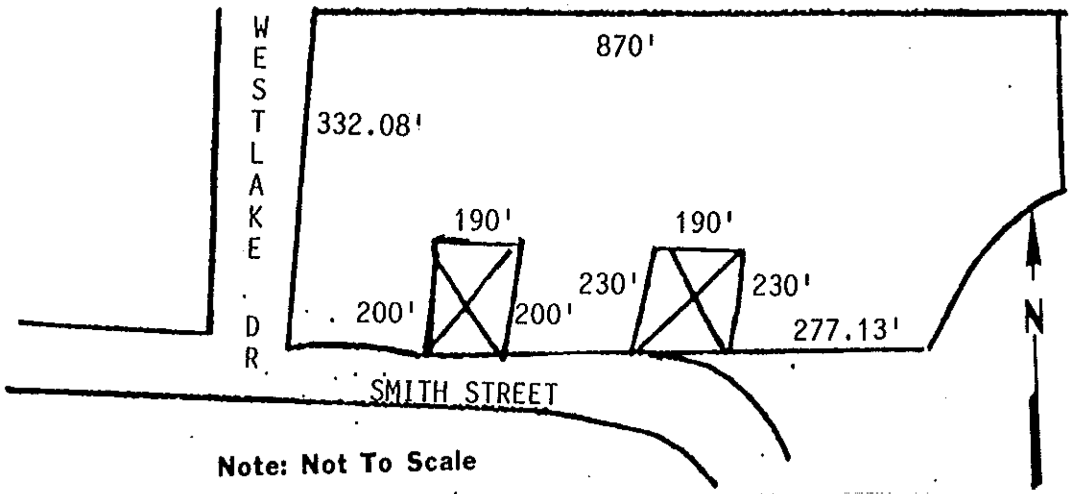
Location	CR Westlake Drive and East Street Middletown, CT
Grantor Grantee	MidConn V Limited Partnership Cambridge Commons Associates Limited Partnership, J. William Barnett, G.P.
Date of Sale Reference	9/14/87 Volume 831, Pages 211 Assessor's Map 5, Block 3-2, Lot 3
Zone	PRD II - Planned Residential Development
Sale Price	$728,000 (Deed)
Verification	Deed
Land Area	3.42± Acres St. Ftge. 493'-Westlake Dr. 258'-East St., 59'-Curve
Site Description	Level, approved condominium site for 52 units.
Improvements	Vacant land. Utilities include water, electricity, telephone, gas, and sanitary sewer.
	Density Units/Acre 15.20
Sale Price/Acre	$212,865.50
Sale Price/Unit	$14,000

Sale No. 2
Newfield Commons



Location	675 Newfield Street Middletown, CT
Grantor Grantee	P.J.S. Development Newfield Middletown Development Corp.
Date of Sale Reference	5/11/87 Volume 809, Page 493 Assessor's Map 10, Block 11-1, Lot 18
Zone	R-2
Sale Price	$330,000
Verification	Grantee, Keith Mahler
Land Area	2.58± Acres St. Ftge. 700'
Site Description	Level at grade. Utilities to the site include water, sanitary sewer, telephone and electricity.
Improvements	Approvals for 19 condominium units.
	Density Units/Acre 7.35
Sale Price/Acre	$127,907
Sale Price/Unit	$17,368

Sale No. 3
The Meadows



Note: Not To Scale

Location	CR Westlake Drive and Smith Street Middletown, CT
Grantor	MidConn IV Limited Partnership (40.9%) and Thomas J. Garvey (59.1%)
Grantee	Meadows Associates of Middletown, Inc.
Date of Sale	12/2/86
Reference	Volume 792, Pages 391 & 394 Assessor's Map 6, Block 2-3, Lot 17
Zone	PRD II - Planned Residential Development
Sale Price	$1,000,000 ($409,000 and $591,000)
Verification	Grantor - Michael Callahan
Land Area	6.1 Acres St. Ftge. 332'- Westlake Dr. Non-access 200'± Smith St.
Site Description	Rolling
Improvements	Approved for 63 condominium units, secured by Grantee prior to sale. Density Units/Acre 10.33
Sale Price/Acre	$163,934
Sale Price/Unit	$15,873

Land Sales Analysis

Sale No. 1 - was of a 52 unit condominium project located in a densely developed, multi-family (apartment and condominium) area with excellent access to I-91 and/or Route 9. Upward adjustments for time and number of units were indicated. Downward adjustments for approvals, profit motivation, land size, and location were also necessary. Overall, a substantial net downward adjustment was indicated.

Sale No. 2 - was of a smaller lot in an R-2 Zone with substantial industrial and auto dealership land uses surrounding the property. Access to shopping centers and major highways is excellent. Upward adjustments for time and zoning flexibility were indicated. Downward adjustments for profit motivation, land size, and use were also indicated. Overall, the net adjustment resulted in a slight downward adjustment.

Sale No. 3 - was of a slightly larger parcel located adjacent to a low-income housing project. Land uses surrounding the sale included vacant rural, low income, condominium and apartment complexes and industrial, which was approximately 500 yards west of the site. Upward adjustment for lot size and date of sale were necessary. Downward adjustments for profit motivation, density and approvals were indicated. Overall, the net adjustment resulted in a modest downward adjustment.

In addition to the above sales, your appraisers are familiar with a complex assemblage of five parcels of land along Newfield Street, in December 1987/January 1988, for an aggregate price of $1,093,000 for a 4.95 acre parcel. Subsequent to the sale, the buyer subdivided three of the parcels and sold part of the land with the improvements thereon. The net aggregate price was $493,000, or $109,071 per acre for the remaining 4.52 acres. This property was subsequently reported to be under contract with approvals for a 38 unit multi-family condominium project, at a contract price of $760,000 or $168,142 per acre or $20,000/unit. These sales are substantially the same as Sale No. 2 and similar adjustments would be required.

Conclusions

Based upon the analysis of the sale transactions presented herein, as they compare to the property being appraised, after making all pertinent adjustments having influence on value, the market value of the subject land, as of April 15, 1989, is estimated to be $100,000 per acre.

Then:

$100,000 x 4.165 Acres = $416,500

Rounded to $420,000

Site Improvements

The site improvements include an asphalt paved drive over the easement, a parking area for 143 cars, a wooded bridge, modest shrubbery and grass areas around the inn. These features are estimated using a $1.50/sq. ft. cost for the disturbed area, which is estimated to be 2.75± acres (120,000± Sq.Ft.), excluding the building areas.

Therefore:

2.75 acres x 43,560 Sq.Ft./Acre x $1.50/Sq.Ft. = $179,685

Rounded $180,000

Building Improvements

The subject property as developed as an inn and conference center resembles a number of various uses. In order to develop a unit cost, your appraisers have relied on The Marshall Valuation Service to provide the basis for construction cost. This service has been deemed a reliable source of general data by your appraisers on a number of projects. To this end, your appraisers have considered the appropriate unit price to be derived from three general categories - Motel, Hotel and Rectory. Each of these categories have partial descriptions applicable to the subject, but no one category applies directly. Therefore, your appraisers have developed a blended average unit rate on the chart on the following page.

DEPRECIATION

Physical Depreciation

As the older portion was substantially remodelled in 1985-87, the appropriate depreciation factor is considered to be approximately 10% of the unit value of this area with an additional amount to cure the poor roof over the kitchen area at an estimated cost of $5,000.

The new inn section requires no provision for physical depreciation except for the curable finishing required in attic area.

Locational - Economic

The differential between the economic value (Income Approach) and the physical value (Cost Approach) reflects the depreciation factor for the incurable economic depreciation. This is estimated and presented in the Reconciliation and Final Value Estimate section of this report.

Building Cost

Marshall Valuation Service Blend of Motel, Hotel and Rectory Class "D"

		Motel	Hotel	Rectory	Blended Average
Base Price		$51.66	$56.47	$55.24	
+ Elevator	+	$ 1.85	N/A	N/A	
+ Sprinklers	+	$ 1.45	+ $ 1.45	+ $ 1.45	
Adjusted Base		$54.96	$57.92	$56.69	$56.52

Adjustments

Local Multiplier	1.15
Current Multiplier	1.05

Adjusted Unit Price
$56.52 x 1.15 x 1.05 = $68.25

Therefore:
35,580 sq. ft. @ $68.25 = $2,428,335
(Rounded) $2,430,000

Basement

2,800 sq. ft. with sauna, 2 bath and changing rooms, and exercise room. Heated/air-conditioned and sprinklered unit price = $35/sq. ft.

2,800 sq. ft. @ $35/sq. ft. = $ 98,000
(Rounded) $ 100,000

Total Building Cost $2,530,000

Depreciation

(10,850 sq. ft. x $68.25/sq. ft. x 10%) + $5,000 = $74,051.25

$74,051.25 + $5,000 = $79,051.25
(Rounded) = $80,000

Summary Depreciated Building Cost

Building Cost	$2,430,000
Basement Finish	$ 100,000
Less: Depreciation	(80,000)
	$2,450,000

Summary of Cost

Land	$ 420,000
Site Improvements	$ 180,000
Building Cost	$2,450,000
Total	$3,050,000

Your appraisers were fortunate to be able to review the construction data for the renovation and construction of the new facility. The following is a summary of the cost breakdown as reported by the current owners. These costs are unadjusted for general contractor's profit, as the owner acted as his own general contractor.

Acquisition Price	$ 800,000
Original Contract	$2,228,000
Net Change Orders	$ 60,197
Bank Interest (Actual)	$ 131,351
TOTAL COST	$3,219,738

The general contractors fee would be approximately 8% of contract plus net change orders ($2,286,387) or $183,000±, which when added to the above costs results in a cost of $3,400,000 (rounded) or $70,890± per room or $95.56 per sq. ft. of gross building area above ground.

The difference between the adjusted actual cost and the cost survey is that the developer built a country inn/conference center while the Highest and Best Use indicates a residential use similar to the blend represented by the cost survey.

VALUE ESTIMATED VIA THE COST APPROACH, as of April 15, 1989, is:

THREE MILLION FIFTY THOUSAND ($3,050,000) DOLLARS

Introduction

The Direct Sales Comparison Approach is based upon the Principal of Substitution, which states that a property user/investor should pay no more for the cost of a property than the cost of acquiring an equally desirable substitute in the open market. In the development of the Direct Sales Comparison Approach, your appraisers gathered data on sales of similar properties in the competing market area. There was insufficient sales data of similar properties to analyze in order to determine a unit price for the property being appraised.

Insufficient recent sales data on comparable properties was available in the market to reliably estimate a unit price for the subject.

Introduction

The subject is a special use property, especially since the failure as an inn and conference center. The residential nature of the improvements lend the uses of the subject to a limited number of alternatives - 1) continued use as an inn/conference center; 2) a group home as defined in the Highest and Best Use section of this report; or 3) as proposed, a multi-service chemical dependency treatment facility. Despite the efforts of the current owner, the inn/conference center use was an economic factor due to locational problems, and therefore the continued use is deemed an inappropriate alternative.

After considering all the alternative uses, your appraisers have valued the subject within this approach via the estimation of a stabilized operating projection, under the following scenarios - 1) as a private, non-profit group home and 2) as a private, non-profit multi-service chemical dependency treatment facility. The stabilized operating projection used within this approach has been analyzed to provide a return of and on the realty only. Your appraisers recognize the necessity of the realty to create an income to the business entity under the above scenarios, but the purpose and function of this appraisal is the determination of the market value of the realty for mortgage purposes.

Group Home Scenario

Under this scenario, your appraisers have extracted from market survey a "rental rate" associated with the residential living unit without auxiliary services; such as housekeeping, food preparation, nursing care, and/or supervision. The unit of comparison is "$/month rental" for the realty only.

From the income your appraisers have deducted those costs associated with the provision of the living quarters; i.e. utilities, insurance, maintenance, and administrative management, etc.

The resulting net operating income is then capitalized to determine the value.

Multi-service Chemical Dependency Treatment Facility

PRO FORMA

Your appraisers have projected the income available to provide for the center based upon the Pro Forma projections anticipated for the new facility (see Exhibit C Addenda Section). Your appraisers have deducted a portion of the income to provide for the personalty

Multi-service Chemical Dependency Treatment Facility

PRO FORMA cont.

items, i.e, furnishings and equipment, which were valued in January, 1989, by the Clearing House Auction Galleries, Inc., a copy of the summarized report is presented in the Addenda Section as Exhibit D. The resulting income is then capitalized to determine the value of the realty under this scenario.

Industry Standards

Your appraisers then tested the reasonableness of the projections for the facility by analyzing the current and proposed rates for similar programs (see Exhibit B Addenda Section). Using industry standards for hotels, motels, and inns, your appraisers have extrapolated a percentage of gross income available to compensate the realty. The unit of comparison allows for the recognition of the residential use and the residential nature of the realty and the transient nature of both uses. Your appraisers used the hospitality industry as the benchmark, despite the subject's failure as an inn/conference center associated with the hospitality as the use proposed for the subject retains the residential factors associated with the hospitality industry.

A correlation of the resulting value conclusions then summarize the projections for the use as a multi-service chemical dependency treatment facility.

Capitalization Process

The Band of Investment Method will be used as a technique from which an overall capitalization rate will be developed. The rate developed is a weighted average of the return required to cover the mortgage interest and the return on investment required to provide an acceptable equity return. This technique recognizes that interest rates and terms may change from property to property and from time to time, and further recognizes the predisposition of investors to measure equity, cash flow, or dividend available on the required net investment.

Market information indicates that the most probable conventional loan for a property such as that being appraised would be at 80% of market value. In addition, due to the reduction of the risk of income loss resulting from the multi-tenant configuration of the subject property, it is your appraisers' opinion that such a loan would currently be at an interest rate of 12% for a term of 30 years. Mortgage tables indicate that the debt constant on such a loan is 0.12343.

Capitalization Process cont.

The primary assumption is that the property would be occupied by a private, non-profit organization. The equity portions of the investment are traditionally provided for by donations, endowments, gifts or fundraising, and therefore no equity return is required.

Traditionally, private non-profit organizations have borrowed the cost of acquisition and development at preferential rates, as the mortgage is insured or guaranteed by a sponsoring organization and/or a government agency. The "equity" portion of the financing package is provided by grants and/or endowments requiring no return on these funds.

In order to project a reasonable capitalization rate for a private non-profit organization, your appraisers have applied the loan/value ratio and anticipated mortgage rate to a private profit investment then projected the required equity position of the investment as a 0% yield. The resulting rate is calculated as follows:

.80 x 0.12343	=	0.098744
.20 x 0.0	=	0.00

Overall Capitalization Rate	=	0.098744

Rounded to 0.987

This capitalization rate will be employed to capitalize the net operating income under the two valuation scenarios - group home and multi-service chemical dependency treatment center.

Group Home

A survey of rental rates from area guest homes, retirement communities and rest homes, was conducted by your appraisers. The current rental rate for an independent living unit within a retirement community ranges from $525-$650 per month plus utilities for heat, hot water and electricity. The current rental rate for a private bedroom within a guest home is $950 per month and includes such services as laundry, meals, all utilities, transportation to appointments and general supervision, with the indications from the operators that these additional services represent approximately 1/3 ($320-$330) of this expense.

After adjusting for location, size and services, your appraisers have concluded that the appropriate rental rate for the realty including utilities, ranges from $130-$180 per week with an approximate average rate of $650 per month per room for the special features and amenities offered by the subject. It is assumed that all additional services, i.e. housekeeping, supervision, laundry, meals, nursing care, etc., are charged as used as separate items on a dollar for dollar basis.

An allowance for vacancy and/or rent loss of 5% is considered a reasonable allowance for normal turnover and relet time.

Expenses

Expenses associated with the operation of the realty include: administration, maintenance, insurance, rubbish/landscaping/snow removal, and utilities. In addition to these expense line items, reserves for replacement of long-lived capital items and for funding of operational endowments and grants are necessary.

Administration - This line item is to provide for the management functions of an overseer of the realty, including collection of rent payments, accounting, supervisor of maintenance staff, and rental management. This line item is estimated based upon income at 6% of effective gross income.

Maintenance is estimated at $0.20/sq. ft. of gross building area above grade to compensate for building maintenance including general redecoration, repair and maintenance of the mechanical systems. This rate is similar to charges of other residential use properties analyzed by your appraisers.

Insurance is estimated at $0.20/sq. ft. of gross building area. This rate is on the lower end of the rates of similar residential use properties analyzed by your appraisers, but recognizes the buildings features of new construction, fire retardant materials, sprinkler system, and emergency exits and lighting.

INCOME APPROACH

Income as a Group Home

Income:			
$150/week/room - Annualized		$374,400	
Less: Vacancy &/or Rent Loss (5%)		- $ 18,720	
Effective Gross Income:			$355,680
Expenses:			
Administration (6%)	$21,341		
Maintenance ($0.20 PSF)	$ 7,114		
Insurance ($0.20 PSF)	$ 7,114		
Rubbish/Landscaping	$ 9,600		
Utilities:			
Water & Sewer ($100/Room)	$ 4,800		
Electricity & Heat ($1.50 PSF)	$57,195		
Total Operating Expenses		$107,164	
Reserves:			
Replacements (1.5%)	$ 5,335		
Operating Endowment	$ 7,885		
Total Reserves		$ 13,220	
Total Expenses			$120,384
NET OPERATING INCOME			$235,296

Capitalization

$235,296 divided by .09871 = $2,383,951

Rounded $2,400,000

Expenses

Utilities - Utilities are estimated by your appraisers based upon experiences of other residential properties and include water and sewer estimates based upon $100/room per year, and electricity/heating requirements estimated at $1.50/sq. ft. of gross building area.

Rubbish Removal/Snow Removal/Landscaping - These items are assumed to be contractual in nature with the snow removal and landscaping being provided by one contractor at an annual rate of $3,600 or $300 per month and includes the resurfacing of the parking lot on a regular basis as necessary. The rubbish removal contract is estimated at $500/month or $6,000/year.

Reserves - The reserves for replacement is estimated at 1.5% of effective gross income ($0.15/sq. ft.) to provide a sinking fund for the long-lived depreciable items, such as elevator, roof, and carpeting. This rate recognizes the new construction and anticipated higher use represented by the residential living.

Reserve for Endowments - This line item recognizes the need to replenish the endowments of the organization. That is, to replenish the operating funds used to provide for the realty availability. This was estimated by calculating the anticipated contribution from endowments, gifts, charitable organizations, etc., which based upon the Pro Forma statement provided your appraisers, is estimated at $157,704 (see Exhibit C in the Addenda Section, under the heading "Sources of Funds").

This figure was then multiplied by a 5% factor, which is considered as a reasonable sinking fund note by your appraisers to provide for the long term replenishment of the endowment fund for future use.

The resulting net income ($235,296) represents the income available to provide for the debt service of the realty, which is capitalized a the previously calculated overall rate (9.87%) to determine the value of the realty. The resulting net operating income and capitalized value is presented on the facing page.

Chemical Dependency Treatment Facility

Under this scenario, your appraisers have reviewed the Pro Forma Income and Expense Statement (see Exhibit C of the Addenda Section, page 4) for the proposed center. The income available to the realty is the income for debt service ($173,451) and the depreciation ($130,667), a non-cash line item, which the State of Connecticut allows for rate setting purposes to provide for the construction of special use facilities. Included in these line items is the income attributable to the furnishings.

Your appraisers have reviewed the summary of personalty items, the summary of which is presented as Exhibit D in the Addenda Section. These items have been appraised at $233,553 or $4,866 per room.

Your appraisers have applied a rate of 12% return to the personal property to provide for the return of and the return on these assets. This equates to a reduction in income of $28,026. The remaining balance is the income attributable to the realty, which is then divided by the previously developed capitalization rate to estimate the value of the income.

Income from Debt Service	$173,451	
Depreciation	$130,667	
Total	$304,118	
Less Income for Furnishings $233,553 @ 12%	$ 28,026	
Net Income to Realty	$276,092	
Capitalized @ 9.87% =		
$269,168/9.87%		$2,797,285
(Rounded)		$2,800,000

TREATMENT CENTER - SUMMARY FEE CHART

	FACILITY/ LOCATION	PROGRAM FEE INPATIENT	EVENING	ANNUAL
1	Stonehaven Portland	$ 6,000	$3,200	$ 65,000
2	Gaylord Hospital Wallingford	$5,000-$6,000	N/A	$ 82,500
3	Blue Ridge Bloomfield	$ 7,800	$3,600	$ 92,000
4	Stonington Institute North Stonington	$10,200	N/A	$107,000
5	Shirley Frank New Haven	$ 8,000	$800-$3,200	$ 97,000
	Subject (Proposed) Middletown	$ 6,000 (a)	$2,750 (b)	$ 65,000

Inpatient
A) $300/day Detox + $205/day intensive 28 day program
B) $110/day

Industry Standards As A Chemical Dependency Facility

To test the reasonableness of the Pro Forma Income available to the realty, your appraisers analyzed the subject based upon market data of similar programs and applying hotel/motel standards to determine the realty portion of the income. Your appraisers recognize that the subject failed as an inn/conference center due to locational factors, however, the residential and transient nature of the proposed use in the hospitality industry are considered complementary when analyzing the underlying realty portion of the businesses.

On the facing page is a summary presentation of current programs from throughout the area of similar programs. The information was extrapolated from the summary data provided your appraisers which has been presented in Exhibit B in the Addenda Section. This information indicates a number of facts.

Most reasonably priced programs are currently full. The "for profit" programs at Stonington Institute and Blue Ridge are the only really undersubscribed programs. The Shirley Frank program has a minimum number of openings.

The range in costs for a 30 day program ranges from $5,931 to $10,200. This information equates to an annualized per patient fee of $65,123 to $107,145 with an average unit of $88,800.

The programs most like the subject are Stonehaven and Gaylord Hospital, with fees approximately $6,000 per 28 day program. Your appraisers have projected a room rate of $65,000/year, which equates to an annualized income of $3,120,000, slightly higher than the gross income projected by the Pro Forma in Exhibit C.

The percentage of gross income before depreciation, rent (or debt service), and taxes from the 1987 "Trends in Hotel and Motel Industry" for the New England area, range from 4.7% (resort inns) to 19% for motels with restaurants to 20.9% for hotels. The national average for resort facilities was 22.3% as opposed to the 4.7% of New England ratio.

The average size per unit was 189 sq. ft. for resort hotels, 220 sq. ft. for motels, and 417 sq. ft. for hotels. The average unit size was 275 sq. ft., and the average double occupancy level was 62.5%.

The subject is designed for single occupancy and the indicated average unit size is 458 sq. ft. for the living quarters area only (741 sq. ft. for the entire facility or 568 sq. ft. for the newly constructed building).

Industry Standards As A Chemical Dependency Facility cont.

Adjustments for unit size, occupancy differentials, location and profit motivation result in an indicated percentage range of Gross Income available for depreciation, rental/debt service, and taxes of 8 to 9%. These results parallel your appraisers' experiences and knowledge of motels/inns appraised throughout Connecticut.

The calculations indicate that the income available to the realty ranges from $249,600 to $280,800 (which supports the conclusions in the Pro Forma statement and the imputed NOI for the group home).

The range in income is then divided by the previously computed capitalization rate (9.87%) with the resulting rounded range of $2,530,000 to $2,850,000.

Income $65,000/Room/Year	=	$3,120,000
% Income to Realty		8 - 9%

Net Income Range $249,600 to $280,800

Capitalized @ 9.87%

Value Range $2,528,875 - $2,844,985

Rounded Range $2,550,000 - $2,870,000

Correlation Of Values As a Chemical Dependency Treatment Center

The Highest & Best Use of the subject as referenced earlier in this report, is as a Chemical Dependency Treatment Facility, which provides the greatest return on investment as opposed to a group home ($2,800,000 vs. $2,400,000).

The value conclusions derived from the market data of similar facilities and applying the lodging industry average standards to inpatient treatment centers, brackets the value derived by analysis of the Pro Forma projections. Therefore, the value of the subject as a multi-service chemical dependency treatment center as of April 15, 1989 is estimated at $2,800,000.

Conclusions - Income Approach

Your appraisers estimated the value via the Income Approach under two scenarios - 1) group home, and 2) multi-service chemical dependency treatment center. The value conclusions via these scenarios was $2,400,000 and $2,800,000 respectively. The value range developed for the multi-service chemical dependency treatment center from market data with the application of the hospitality industry standards was $2,550,000 to $2,880,000.

Based upon an analysis of all the preceding data, after making adjustments for all pertinent variables having influence on value, it is the opinion of your appraisers that the market value of the fee simple estate in the subject property via the Income Approach, as of April 15, 1989, is $2,700,000.

VALUE VIA THE INCOME APPROACH, as of April 15, 1989, is:

TWO MILLION SEVEN HUNDRED THOUSAND ($2,700,000) DOLLARS

Estimated Values:

	Total Value	$/Room	$/Sq. Ft.
Cost Approach	$3,050,000	$63,542	$85.72
Direct Sales Comparison Approach	N/A		
Income Approach	$2,700,000	$56,250	$75.89
(a) Group Home	$2,560,000	$53,333	$71.95
(b) Chemical Dependency Treatment Facility	$2,800,000	$58,333	$78.70

The Cost Approach is a good indication of value of the property as it is a special use, newly constructed and/or renovated facility. The major problem with the Cost Approach is that the income generating potential is ignored. The estimation of accrued depreciation is also somewhat subjective. The differential between the Cost Approach and the Income Approach is considered to be the economic depreciation that is incurable by locational factors.

There was insufficient market data available to develop a Direct Sales Comparison Approach.

The Income Approach is presented in your appraisers estimate of both Pro Forma and extrapolated data from industry standards. The values indicate a reflection of the realty's income generating potential.

Your appraisers have considered the impact of both the Income and the Cost Approach on overall value and put substantially more emphasis upon the Income Approach. Therefore, the overall value indicated by the full analysis contained within this report is $2,800,000.

FINAL VALUE ESTIMATE, as of April 15, 1989, is:

TWO MILLION EIGHT HUNDRED THOUSAND ($2,800,000) DOLLARS

CERTIFICATION

I, the undersigned, do hereby certify that I did personally inspect the property located at:

Town Farms Inn/Hotel
River Road
Middletown, CT

To the best of my knowledge and belief the statements of fact contained in this report and upon which the opinions herein are based are true and correct, subject to the assumptions and limiting conditions explained in the report, and are my personal, unbiased professional analyses, opinions, and conclusions.

Employment in and compensation for making this appraisal are in no way contingent upon the value reported, and I certify that I have no interest, either present or contemplated, in the subject property. I have no personal interest or bias with respect to the subject matter of the appraisal report or the parties involved.

This appraisal report identified all of the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report.

The analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the American Institute of Real Estate Appraisers.

The use of this report is subject to the requirements of the American Institute of Real Estate Appraisers relating to review by its duly authorized representatives.

I am currently certified under the voluntary continuing education program of the American Institute of Real Estate Appraisers.

No one other than the undersigned prepared the analysis, opinions, or conclusions concerning real estate that are set forth within this appraisal report.

In my opinion, the subject property has a market value of the fee simple estate, on April 15, 1989, of:

TWO MILLION EIGHT HUNDRED THOUSAND ($2,800,000) DOLLARS

Phillip A. Goodsell
Phillip A. Goodsell, MAI

CERTIFICATION

I, the undersigned, do hereby certify that I did personally inspect the property located at:

Town Farms Inn/Hotel
River Road
Middletown, CT

To the best of my knowledge and belief the statements of fact contained in this report and upon which the opinions herein are based are true and correct, subject to the assumptions and limiting conditions explained in the report, and are my personal, unbiased professional analyses, opinions, and conclusions.

Employment in and compensation for making this appraisal are in no way contingent upon the value reported, and I certify that I have no interest, either present or contemplated, in the subject property. I have no personal interest or bias with respect to the subject matter of the appraisal report or the parties involved.

This appraisal report identified all of the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report.

The analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the American Institute of Real Estate Appraisers.

The use of this report is subject to the requirements of the American Institute of Real Estate Appraisers relating to review by its duly authorized representatives.

No one other than the undersigned prepared the analysis, opinions, or conclusions concerning real estate that are set forth within this appraisal report.

In my opinion, the subject property has a market value of the fee simple estate, on April 15, 1989, of:

TWO MILLION EIGHT HUNDRED THOUSAND ($2,800,000) DOLLARS

Peter M. Kilbride

Peter M. Kilbride

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description or for matters including legal and title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.

2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

3. Responsible ownership and competent property management are assumed.

4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.

8. It is assumed that all applicable zoning and use regulations and restrictions may have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.

9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

This appraisal report has been made with the following general limiting conditions:

1. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

2. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by an person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.

3. The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

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

The above Certification and Assumptions and Limiting Conditions has been extracted from:

<u>The Appraisal of Real Estate</u>, Eighth Edition, American Institute of Real Estate Appraisers (Chicago, Ill.) pp. 581-520.

QUALIFICATIONS OF THE APPRAISER

PHILLIP A. GOODSELL, MAI
PRESIDENT
PHILLIP A. GOODSELL, INC.
1841 Silas Deane Highway
Rocky Hill, Connecticut 06067

Telephone: (203) 563-9447

PROFESSIONAL EXPERIENCE

President, Phillip A. Goodsell, Inc.
1841 Silas Deane Highway
Rocky Hill, Connecticut 06067
1981 - Present

Real Estate Consultants and Appraisers

Appraisal - all types of income producing real estate throughout Connecticut.

Marketability and Feasibility Studies - all types of new construction, renovation and rehabilitation projects.

Development Supervision - coordination of and direction of design, development, and marketing processes.

Real Estate Investment Counseling

President, G & S Realty Group, Inc.
621 Farmington Avenue
Hartford, Connecticut 06105
1981-1982

Professional Property Management

Property Management, maintenance, and renovation services.

Vice President and Principal
Edward F. Heberger & Associates, Inc.
426 Highland Avenue
Cheshire, Connecticut 06419
1977-1981

Real Estate Appraisers and Consultants

Income property appraisal and counseling

EDUCATION

UNIVERSITY OF CONNECTICUT
B.S., Business Administration
Major: Real Estate & Urban Economic Studies

ADDITIONAL ACADEMIC STUDIES:
Central Connecticut State College
Georgia State University

PROFESSIONAL DESIGNATIONS AND STUDIES

Member, (MAI Designation)
American Institute of Real Estate Appraisers (AIREA) #6918

Approved Appraiser:
Connecticut Development Authority (CDA)

Connecticut Housing Finance Authority (CHFA)

Federal National Mortgage Association (FNMA)

Connecticut Department of Transportation (DOT)

Numerous Banks and Lending Institutions

PARTIAL LIST OF CLIENTS:

Banks

Advest Bank
Bank of Boston/Connecticut
Bank of Boston
Bay Bank
Boston Five Mortgage Corp
Centerbank
Central Bank
Citicorp
CityTrust
Connecticut Bank & Trust Co.
Connecticut National Bank
Fleet Bank
Norwich Savings Bank
Peoples Bank
Rhode Island Hospital Trust
Shawmut Bank
Society for Savings
Suffield Bank

Mortgage Bankers

B. F. Saul Mortgage Corp.
Citicorp
Connecticut National Mortgage Corp.
Home Mortgage Corp.
Homequity Relocation
Lomas & Nettleton Co.
Homequity Relocatiox
McCue Mortgage Corp.
Hayden Tolzman Inc.
Prime Financial Corp.

Sampling of Additional Clients

Aetna Life and Casualty
A. J. Lane & Co.
Anaconda Brass Co.
Blum Shapiro and Co.
Community Development Corp.
Conn. General Life Insurance Co.
Crown Life Insurance Co.
Day, Berry & Howard
Development Resources Corp.
Emhart Corp.
Ensign-Bickford Corp.
Kaiser Permanente
Greene & Bloom
Hartford Development Corp.
Hartford Development Group
Healthtrax Inc.
Konover Management Inc.
Murtha, Cullina, Richter and Pinney
Paparazzo Management, Inc.
The Richard Roberts Group
Rogin, Nassau, Caplan, Lassman and Hirtle
Shearson/American Express
Mobil Oil

PARTIAL LISTINGS
SELECTED ASSIGNMENTS

750 Main Street, Hartford, CT - 122,000 sq. ft. 17-st. office bldg.

1 Myrtle Street, Hartford, CT - 166,000 sq. ft. office

Hartford Square West, Hartford, CT - 70,000 sq. ft. 3-story office

Research Park East, East Windsor, CT - 275,000 sq. ft. prop. multi-tenant ind. park

Hartford Square North, Hartford, CT - prop. 190,000 sq. ft. office tower

Emhart, Day Hill Rd, East Windsor, CT - 350,000 sq. ft. mixed manufacturing and office

60 Longridge Road, Stamford, CT - 55,000 sq. ft. prop. office bldg.

Putnam Park Towers - 165,000 sq. ft. office tower

Glastonbury Research Park, Glastonbury, CT - 216,000 sq. ft. ind. complex

Stanley Works Office/Manufacturing Complex, New Britain, CT

Armoury Commons, Springfield, MA - renovated apartments

American Thread Complex, Willimantic, 1,000,000± sq. ft. mill converted to residences

Glen Lochen Shopping Mall, Glastonbury, CT

50 Walnut Street, Hartford, CT - Prop. 98,000 sq. ft. office bldg.

Suffield Village Mall, Suffield, CT - 70,900 sq. ft. enclosed mall

Gothic Park Office complex, Hartford - Prop. 216,000 sq. ft. development

The Powder Forest, Simsbury, CT - prop. office park

Emhart Headquarters, Farmington, CT - 90,000 sq. ft. office bldg.

Black Swan Marina, Old Saybrook, CT

Arrow-Hart Ind. Complex, Hartford, CT - 466,000 sq. ft. mill bldg.

Avon Meadows, Avon, CT - prop. 100,000 sq. ft. office condo

Whitney Chain, Hartford, CT - 143,000 sq. ft. ind.

10 Prospect Street, Hartford, CT - former Hartford Times Building

Bennett Junior High School, Manchester, CT - renovation to 47 apartments

Cheney Oaks Apartments, Manchester, CT - 156,000 sq. ft. mill - proposed 248 apartments

SAMPLING OF NEW CONSTRUCTION AND CONVERSION CONDOMINIUM DEVELOPMENTS

Glen Lochen, Glastonbury
Candlewood Lake, New Milford
Stone Pond, Tolland
The Courtyard, Storrs
Northwood, Manchester
Manchester Gardens, Manchester
Washington Boulevard, Stamford
The Commons, Branford
The Long Estate, Bloomfield
Canal Place, Avon
Windemere, Madison
Hunters Run, Avon
Stratton Mtn, Vermont

Balbrae, Bloomfield
Century Hills, Rocky Hill
Boxwood, Old Lyme
Crystal Springs, Manchester
Seafarer, East Haven
Rocktree, Barkhamsted
Sterling Forest, Tuxedo, NY
Oyster Bay, Milford
Litchfield Mews, Litchfield
North Ridge, Danbury
Tunxis Village, Farmington
Allyn Estate, Hartford
Haystack Mtn, Vermont

QUALIFICATIONS OF THE APPRAISER

PETER M. KILBRIDE
Phillip A. Goodsell, Inc.
1841 Silas Deane Highway
Rocky Hill, Connecticut 06067

Telephone: (203) 563-9447

EDUCATION:

University of Connecticut
School of Business Administration
Bachelor of Science (BS)
Major: R.E. Finance and Accounting
Minor: Federal Income Taxation

University of New Haven
Master's Program
Major: Accounting

PROFESSIONAL DESIGNATIONS AND STUDIES:

Society of Real Estate Appraisers
Appraisal Courses:
101 - Introduction
201 - Income Property
R-2 Residential
301- Special Applications of Appraisal Analysis

Seminars on Financing, Condominium Appraising, Income Capitalization, Historical District Properties, Inc.

Qualified Expert Witness - Connecticut Courts and I.R.S.

PROFESSIONAL EXPERIENCE:

6/86-Present

Phillip A. Goodsell, Inc.
Staff Appraiser

5/73-Present

Peter M. Kilbride
Real Estate Consultant
Guilford, CT
Real Estate Appraisals & Consulting
Construction Inspections
Tax Consulting and Planning
Accounting Services
Mortgage Banking & Consulting

5/83 - 10/85	<u>First Bank Mortgage Corp</u> 111 Charles Street Manchester, NH 03103 Commercial Real Estate Mortgage Banker Construction Inspections & Underwriting Review Appraiser and Analyst
10/82 - 5/83	<u>NBI Mortgage Investment Corp</u> 345 Whitney Avenue New Haven, CT Commercial Mortgage Banking Real Estate Analyst
10/75 - 9/80	<u>Colonial Bank - Second New Haven Bank</u> 135 Church Street New Haven, CT Real Estate Appraiser Mortgage Underwriter/Analyst Property Management Loan Review and Workout
6/73 - 8/74	<u>Middletown Savings Bank</u> 345 Main Street Middletown, CT Real Estate Appraiser Mortgage Underwriting

ADDENDA

WARRANTY DEED

TOWN FARMS INN, INCORPORATED, a Connecticut Corporation having a place of business in Middletown, Connecticut, for consideration paid, grants to DAVID L. JOSLOW of Chester, Connecticut, his heirs and assigns, with WARRANTY COVENANTS, a certain piece or parcel of land together with all buildings and improvements thereon and appurtenances thereto situated on the northerly side of River Road in Middletown, County of Middlesex and State of Connecticut and more particularly bounded and described as follows:

> Beginning at an iron pipe set on the Westerly Street line of River Road, at the Northeast corner of the parcel herein described and in the Southerly line of the Penn Central Railroad; and thence run the following courses and distances: (1) S 43°-26'-01" E 43.24' to an iron pipe; (2) along a curve deflecting to the right, having a radius of 35.00' and an arc length of 43.78' to an iron pipe, the last two (2) courses being by and along said westerly street line of River Road; (3) S 28°-14'-39" W 266.98' to an iron pipe; (4) along a curve deflecting to the right, having a radius of 150.00' and an arc length of 81.72' to an iron pipe; (5) S 59°-27'-31" W 278.00' to an iron pipe, the last three (3) courses being by and along the Westerly Street line of Silver Street; (6) N 31°-37'-49" W 457.83', bounded Southwest by land now or formerly of the Housing Authority of the City of Middletown to an iron pipe; (7) along a curve deflecting to the left having a radius of 1710.50' and an arc length of 312.07' to an iron pipe; (8) N 79°-06'-30" E 30.03' to an iron pipe; (9) N 10°-53'-30" W 24.75' to an iron pipe; and (10) N 79°-06'-30" E 297.06' to the iron pipe at the point and place of beginning. The last four (4) courses being by and along said southerly line of the Penn Central Railroad.

Said parcel of land herein described contains approximately 4.165 Acres and is shown on a certain map entitled "Property Survey and Topographic Plan Town Farm Inn Silver St. & River Rd. Middletown, Conn. Scale: 1"-30' Nov., 1984" prepared by Construction Consultant Assoc. of Old Saybrook, Connecticut and filed or to be filed in the Office of the Middletown Town Clerk.

Together with any interest of the Grantor, if any, in and to the land lying in the bed of any street, road or avenue in front of or adjoining the above described premises.

Conveyance Tax received

Anthony Sbona

Town Clerk of Middletown"

Together with water rights as they appear in an agreement dated March 30, 1946, recorded in Volume 214, Page 197 of the Middletown Land Records and subject to any obligations with respect to such water rights contained in said agreement.

Reference is made to a certain Warranty Deed dated September 10, 1977 from Harry J. Jones, John Davis and Rudolph Greenway to the Grantor herein recorded in Volume 494 at Page 168 of the Middletown Land Records and also to a certain Warranty Deed from Joseph Tr. Aube and George Hannon, Jr. to Harry J. Jones, John Davis and Rudolph Greenway dated March 24, 1976 and recorded in Volume 461 at Page 10 of the Middletown Land Records.

Said premises are conveyed subject to the following:

1. A water agreement as set forth in an instrument recorded in Volume 214, Page 197 of the Middletown Land Records;

2. Rights and easements of others than the owner herein to drain through or otherwise use the brook abutting or running through the premises herein;

3. Rights with respect to pole line crossing premises in a north/south direction;

4. The provisions of all laws, ordinances, regulations and orders applicable to the premises or the use thereof and imposed by federal, state, or municipal governmental authorities;

5. Real property taxes assessed and due or to become due in respect of the premises to be conveyed by the City of Middletown and by the South Fire District.

Signed this 31st day of December, 1984.

Witnessed by:

Charles H. Tighe

CHARLES H. TIGHE

Terrence Lomac

TERRENCE D. LOMAC

TOWN FARMS INN, INCORPORATED

By Wm C Wintsch (L.S.)

Its President WILLIAM C. WINTSCH

EXHIBIT B
MARKET DATA as of March 15, 1989

Survey of Comparable Chemical Dependency Treatment Facilities

The fees include all services for treatment, including nursing staff supervision, meals, etc. Service not included vary with each facility are separately noted.

Stonehaven
Portland
342-1774

Elmcrest
Business Office
342-0480

Detox Treatment
$400.00 evaluation
$369.00 per day for 1-5 days (3 day average)
$158.00 for 28 Day Program or $5,931

Lab work and pharmacy are extra!
Evening program is $105.00 per day for a 6 week program ($3,200), patient would still need to pay evaluation costs.

Patient would need $6,000 check upon admission, will receive a refund if applicable upon discharge.

No openings at present - evening program opening probably in one week.

$1,107 + $4,424 = $5,531 / 31 days = $178.42/day

$178.42/day x 365 days = $65,123 annually

Gaylord Hospital
Wallingford
284-2890

Joan Larsen

$5,000, 21 days including detox ($238.10/day)
$6,000, 28 days including detox ($214.29/day)

Must pay upon entry

Aftercare
No Evening Program

NO OPENINGS UNTIL THE END OF THE MONTH

$238.10 x 365 days = $86,906.50
$214.29 x 365 days = $78,215.85
Average = $82,561.00 annually

Blue Ridge Bloomfield 243-1331	Maureen Farrell Business Office 286-4866

Evaluation	$235 per day
Detox	$298 per day
Inpatient	$250 per day (28 Days)
	$125 per evening treatment x 5 weeks
Total:	$3,600 (evening) 1/2 upon Admission
Total:	$7,800 Inpatient (day) 1/2 upon Admission

Bloodwork extra

OPENINGS

$298 per day x 3 days = $ 894.00
$250 per day x 28 days = $ 7,000.00

$ 7,894.00

$7,800 / 31 days = $251.61 x 365 days = $91,838.71 annually

Stonington Institute
North Stonington
1-800-832-1022

Detox	$355 per day - 1-5 days
Rehab	$325 per day - 28 day program
	$350 charge for psychiatric evaluation
Total	$10,200
Weekly	$2,200 (At entry)

<u>Only Aftercare Program</u>

OPENINGS

$355/day x 3 days = $ 1,065.00
$325/day x 28 days = $ 9,100.00

$1,065 + $9,100.00 = $ 10,165.00

$10,165 / 31 days = $293.55 x 365 days = $107,145.15 annually

Shirley Frank Foundation
New Haven
787-2771

$269.67 per day
$1,887.69 - 7 days in advance pay each week

Approximately 30 days
28 day program

Total: Around $8,000 for 28 day program

$8,000 / 30 days = $266.67 x 365 days = $97,333.33 annually

Evening Program

Assessment Evaluation (1 - 4 week program)

$158.80 per day
$800.00 to $3,200 plus evaluation charge

Evening treatment would be scheduled with staff if they thought it would be appropriate.

OPENINGS

EXHIBIT C
PROFORMA INCOME AND EXPENSE

Rushford Center Inc. FY 90/91 Budget
Revenue: Rushford Treatment Center
(WITH TOWN FARMS)

Source	Source	Detox	Rehab	Triage	Total
CADAC-Regula	CADAC-Regular	233,003	330,994	91,880	655,877
DHR	DHR			29,525	29,525
CADAC-Medica	CADAC-Medicare	40,373			40,373
Client Fees	Client Fees	21,000	189,000		210,000
Blue Cross	Blue Cross	109,500	261,888		371,388
Other P.Ins.	Other P.Ins.	109,500	261,888		371,388
Medicaid	Medicaid	164,250			164,250
Public Asst.	Public Asst.	339,450			339,450
United Way	United Way		36,750		36,750
Corporate	Corporate		15,000		15,000
Local	Local		10,709		10,709
Misc.	Misc.		5,021		5,021
DCYS	DCYS				
Foundations	Foundations				
Fee for Serv	Fee for Service				
Fundraising	Fundraising				
Special Prog	Special Programs				
Total	Total	$1,017,076	$1,111,249	$121,405	$2,249,730