APPRAISAL REPORT

of

41 Green Street

Middletown, CT 06457

As Of:

September 15, 2006

Prepared For:

Mr. William Warner
City of Middletown
245 DeKoven Drive
Middletown, CT 06457

Prepared By:

John W. Nitz, MAI
John W. Nitz & Associates, LLC
155 Greystone Drive
Plantsville, CT 06479

SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT

File No.
Case No.

SUBJECT

Property Address 41 Green Street | City Middletown | State CT | Zip Code 06457
Legal Description Volume 1552, Page 394, of the Middletown Land Records | County Middlesex
Assessor's Parcel No. Map 22, Block 17-37, Lot 14 | Tax Year 2005 | R.E. Taxes $ 2,858.79 | Special Assessments $ N/A
Neighborhood or Project Name Not applicable | Map Reference 3280 | Census Tract 5416
Borrower Not applicable | Current Owner Stephen C. Lynch | Occupant [ ] Owner [ ] Tenant [X] Vacant
Property rights appraised [X] Fee Simple [ ] Leasehold | Project Type [ ] PUD [ ] Condominium | HOA$ N/A /Mo.
Sales Price $ N/A | Date of Sale N/A | Description and $ amount of loan charges/concessions to be paid by seller N/A
Lender/Client Mr. William Warner, City of Middletown | Address 245 DeKoven Drive, Middletown, CT 06457
Appraiser John W. Nitz, MAI | Address 155 Greystone Drive, Plantsville, CT 06479

NEIGHBORHOOD

				Predominant Single Family Occupancy	Single family housing PRICE $ (000)	AGE (yrs)	Predominant 2-4 Family Occupancy	2-4 family housing PRICE $ (000)	AGE (yrs)
Location	[X] Urban	[ ] Suburban	[ ] Rural	[X] Owner	70 Low	30	[ ] Owner	80 Low	75
Built up	[X] Over 75%	[ ] 25-75%	[ ] Under 25%	[ ] Tenant	365 High	150	[X] Tenant	265 High	125
Growth rate	[ ] Rapid	[X] Stable	[ ] Slow	[X] Vacant (0-5%)	Predominant		[X] Vacant (0-5%)	Predominant	
Property values	[X] Increasing	[ ] Stable	[ ] Declining	[ ] Vacant (over 5%)			[ ] Vacant (over 5%)	185	110
Demand/supply	[ ] Shortage	[X] In balance	[ ] Over supply						
Marketing time	[ ] Under 3 mos.	[X] 3-6 mos.	[ ] Over 6 mos.						

Typical 2-4 family bldg. Type Wood frame No. stories 2 No. units 2 Age 110 yrs.
Typical rents $ 500 to $ 950 [ ] Increasing [ ] Stable [ ] Declining
Est. neighborhood apt. vacancy 50 % [ ] Increasing [ ] Stable [ ] Declining
Rent controls [ ] Yes [X] No [ ] Likely If yes or likely, describe
No rent controls are evident in the subject neighborhood.

Present land use %	
One family	5
2-4 family	60
Multi-family	5
Commercial	15
(Other)	15

Land use change: [X] Not likely [ ] Likely [ ] In process to: Not applicable

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood boundaries and characteristics: The subject neighborhood is bounded to the east by Route 9 or the parallel running Connecticut River; to the north by the Mattabesset River; to the west by the Coginchaug River; and to the south by the connector to Route 9, South Main Street, Warwick Street, and Bretton Road. The neighborhood envelopes Middletown's Main Street and its Central Business District. Two- to four-family dwellings are the predominant land use. Vacant land consists primarily of undevelopable flood plain, steep ravines, or the City of Middletown's landfill.

Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.): The neighborhood embodies much of the old growth of the city of Middletown, as well as its regenerated and active downtown commercial district. The city has devoted a considerable amount of its resources towards improving the commercial viability and residential attractiveness of the neighborhood. A prime example of their effort has been the redevelopment of land between Green and Ferry Streets, adjacent to the subject property, into six four-story buildings constituting 96 apartment units. Employment exists within the neighborhood at Middlesex Hospital, Wesleyan University, the City of Middletown, and a multiplicity of small businesses. A network of highways service the neighborhood, notably, limited-access north/south Route 9, and east/west Route 66 and its Arrigoni Bridge, the only area vehicular link over the Connecticut River.

The following available listings represent the most current, similar, and proximate competitive properties to the subject property in the subject neighborhood. This analysis is intended to evaluate the inventory currently on the market competing with the subject property in the subject neighborhood and recent price and marketing time trends affecting the subject property. (Listings outside the subject neighborhood are not considered applicable). The listing comparables can be the rental or sale comparables if they are currently for sale.

ITEM	SUBJECT	COMPARABLE LISTING NO. 1	COMPARABLE LISTING NO. 2	COMPARABLE LISTING NO. 3
Address	41 Green Street Middletown, CT 06457	54 Spring Street Middletown, CT	108 Spring Street Middletown, CT	108 Main Street Extension Middletown, CT
Proximity to subject		.25 of a mile	.25 of a mile	.75 of a mile
Listing price	$ N/A	[X] Unf. [ ] Furn. $ 180,000	[X] Unf. [ ] Furn. $ 189,900	[X] Unf. [ ] Furn. $ 179,900
Approximate GBA	2,436	1,752	1,980	1,803
Data source	Inspection	Public Records	Public Records	Public Records
# Units/Tot. rms/BR/BA	2 / 12 / 5 / 3.0	2 / 8 / 4 / 2.0	2 / 9 / 5 / 2.0	2 / 8 / 4 / 2.0
Approximate year built	Circa 1900	Circa 1900	Circa 1900	Circa 1900
Approx. days on market	N/A	120 days	90 days	40 days

Comparison of listings to subject property: The subject has a greater gross building area than all three listings. All the listings are in significantly superior physical condition than the subject and, as a consequence, are all more physically appealing than the subject. Locationally, the listings are similar to the subject.

Market conditions that affect 2-4 family properties in the subject neighborhood (including the above neighborhood indicators of growth rate, property values, demand/supply, and marketing time) and the prevalence and impact in the subject market area regarding loan discounts, interest buydowns and concessions, and identification of trends in listing prices, average days on market and any change over past year, etc.: The frenzied residential real estate market from years 2001 - 2005 has diminished markedly to the point that year 2006 has exhibited a more balanced market where neither buyer or seller is advantaged. Steady moderate increases in interest rates, a buoyant stock market, and stagnating rental rates have dampened the market. There appear to be increased vacancies in the residential real estate market; however, rental rates have remained stubbornly stable. It is yet to be determined how the recent completion of undergraduate dormitories at nearby Wesleyan University or the 96 units of subsidized housing along Ferry Street will affect the apartment rental market.

SITE

Dimensions 40' x 92" x 40' x 92'
Site area 3,680 square feet or .0845 of an acre | Corner lot [X] No [ ] Yes
Specific zoning classification and description B-1, Downtown Business
Zoning compliance [X] Legal [ ] Legal nonconforming (Grandfathered use) [ ] Illegal [ ] No zoning
Highest & best use as improved: [X] Present use [ ] Other use (explain)

Utilities	Public	Other	Off-site Improvements	Type	Public	Private
Electricity	[X]		Street	Asphalt	[X]	[ ]
Gas	[X]		Curb/gutter	Concrete	[X]	[ ]
Water	[X]		Sidewalk	Concrete	[X]	[ ]
Sanitary sewer	[X]		Street lights	Incandescent	[X]	[ ]
Storm sewer	[X]		Alley	None	[ ]	[ ]

Topography Generally level
Size Typical
Shape Rectangular
Drainage Adequate
View Residential
Landscaping Inferior
Driveway None
Apparent easements None adverse
FEMA Special Flood Hazard Area [ ] Yes [X] No
FEMA Zone X Map Date March 7, 2001
FEMA Map No.090068 0006C

COMMENTS

Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning, use, etc.): The subject property is located outside of a designated flood zone. The subject site is a legal conforming lot upon which improvements could be rebuilt if fire damaged or destroyed by natural catastrophe. The site is currently litter-strewn and unkempt, as the subject building has been condemned by the City of Middletown's Health Department as unsuitable for occupancy and is boarded up.

SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT

File No.
Case No.

DESCRIPTION OF IMPROVEMENTS

General description		Exterior description	(Materials/condition)	Foundation		Insulation (R-value if known)	
Units/bldgs.	2 / 1	Foundation	Stone/conc./average	Slab	None	☐ Roof	Unknown
Stories	Two	Exterior walls	Vinyl/average	Crawl space	2%	☐ Ceiling	Unknown
Type (det./att.)	Detached	Roof surface	Asphalt shingle/avg.	Sump Pump	Unknown	☐ Walls	Unknown
Design (style)	Conventional	Gutters & dwnspts.	Aluminum/average	Dampness	Unknown	☐ Floor	Unknown
Existing/proposed	Existing	Window type	Double-hung/average	Settlement	Unknown	☐ None	
Under construction	No	Storm sash/Screens	Vinyl/average	Infestation	Unknown	Adequacy	Undetermined
Year Built	Circa 1900	Manufactured housing*	☐ Yes ☒ No	Basement	98 % of 1st floor area	Energy efficient items:	
Effective age (yrs.)	50 years	*(Complies with the HUD Manufacturing Housing Construction and Safety Standards.)		Basement finish	None		

Units	Level(s)	Foyer	Living	Dining	Kitchen	Den	Family rm.	Bedrooms	# Baths	Laundry	Other	Sq. ft./unit	Total ☑
1			1	1	1	1		2	2.00				1,218
1			1	1	1			3	1.00				1,218

Improvements contain: 12 Rooms; 5 Bedroom(s); 3.0 Bath(s); 2,436 Square feet of GROSS BUILDING AREA

GROSS BUILDING AREA (GBA) IS DEFINED AS THE TOTAL FINISHED AREA (INCLUDING COMMON AREAS) OF THE IMPROVEMENTS BASED UPON EXTERIOR MEASUREMENTS.

Surfaces	(Materials/condition)	Heating		Kitchen equip.	(# / unit- cond.)	Attic	Car Storage	No. Cars 4
Floors	Unknown	Type	FWA	Refrigerator	Unknown	☐ None	Garage	☒
Walls	Unknown	Fuel	Oil	Range/oven	Unknown	☐ Stairs	Carport	☐
Trim/finish	Unknown	Condition	Unknown	Disposal	Unknown	☐ Drop stair	Attached	☐
Bath floor	Unknown			Dishwasher	Unknown	☐ Scuttle	Detached	☒
Bath wainscot	Unknown	Cooling		Fan/hood	Unknown	☐ Floor	Adequate	☒
Doors	Unknown	Central	None	Compactor	Unknown	☐ Heated	Inadequate	☐
		Other	Window	Washer/dryer	Unknown	☐ Finished	Offstreet	☐
		Condition	N/A	Microwave	Unknown	☐ Unfinished	None	☐
Fireplace(s)	None #			Intercom	Unknown			

Condition of the improvements, repairs needed, quality of construction, additional features, modernization, etc.:

At the date of inspection, the subject dwelling was boarded up and appears unoccupied. An interior inspection of the subject premises was not made by your appraiser. An exterior inspection, however, was made and deemed satisfactory for the purpose of this appraisal by the City of Middletown, as represented by City Planner, William Warner, for whom this appraisal was completed. The subject property was declared unsuitable for occupancy in June 2006. According to Dennis Murray, a health code enforcement officer employed by the City of Middletown, the interior of the subject has suffered extensive damage as a result of apparent tenant abuse.

ADDITIONAL COMMENTS

Depreciation (physical, functional, and external inadequacies, etc.):

At the date of inspection, the subject had suffered significant physical depreciation. The subject property also suffers from external obsolescence due to slightly softer market conditions in its immediate area. It also suffers from functional obsolescence due to the lack of off-street parking spaces.

Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) present in the improvements, on site, or in the immediate vicinity of the subject property:

The subject dwelling presumably has lead-based paint due to its construction prior to 1978. Asbestos may be evident in the basement; although, your appraiser is not an expert in detecting such hazardous substances.

COST APPROACH

VALUATION ANALYSIS

ESTIMATED SITE VALUE = $ 47,500

ESTIMATED REPRODUCTION COST - NEW OF IMPROVEMENTS:

2,436 Sq. Ft. @ $	75.00	= $	182,700
1,188 Sq. Ft. @ $	22.00	= $	26,136
Special Energy Efficient Items		= $	
Porches, Patios, etc.		= $	
Total Estimated Cost New		= $	208,836

	Physical	Functional	External		
Less	63	0	10		
Depreciation	131,567	0	7,727	= $	(139,294)

Depreciation Value of Improvements = $ 69,542

"As is" Value of Site Improvements = $ 0

INDICATED VALUE BY COST APPROACH = $ 117,042

Comments on Cost Approach (such as, source of cost estimate, site value, square foot calculations and, for HUD and VA, the estimated remaining economic life on the property):

The Marshall Valuation Service has been consulted in estimating the replacement cost of the improvements.

Physical depreciation to the subject property will be severe due to its rundown condition. there is no indication of functional obsolescence. The subject has been depreciated for external obsolescence due to a history of higher levels of crime in the subject's immediate area.

SMALL RESIDEN...AL INCOME PROPERTY APPRAIS... REPORT

File No.
Case No.

COMPARABLE RENTAL DATA

At least three rental comparables should be reported and analyzed in this section. The rental comparables should represent the most current rental information on properties as similar and proximate to the subject property as possible. (This comparison is based on current rental data, therefore, the rental comparables typically are not the same comparables used in the sales comparison analysis.) The appraisal report should assure the reader that the units and properties selected as comparables are comparable to the subject property (both the units and the overall property) and accurately represent the rental market for the subject property (unless otherwise stated within the report).

ITEM	SUBJECT	COMPARABLE RENTAL NO. 1	COMPARABLE RENTAL NO. 2	COMPARABLE RENTAL NO. 3
Address	41 Green Street Middletown, CT 06457	54 Green Street Middletown, CT 06457	12 Clinton Avenue Middletown, CT 06457	55 Bridge Street South Middletown, CT 06457
Proximity to subject		.10 of a mile	.25 of a mile	.30 of a mile
Lease dates(if available)	N/A	Month-to-month	Month-to-month	Month-to-month
Rent survey date	September 2006	September 2006	September 2006	September 2006
Data source	Public Records Inspection	Public Records MLS	Public Records MLS	Public Records MLS
Rent concessions	None evident	None evident	None evident	None evident
Description of property - units, design, appeal, age, vacancies, and conditions	No. Units 2 No. Vac. 2 Yr. Blt.: Circa 1900 Conv. design; .08 acre, below avg. appeal; poor cond.; uninhabitable	No. Units 2 No. Vac. 0 Yr. Blt.: 1900 .10 of an acre; fenced-in yard, side lawn area; good appeal; interior needs updating	No. Units 2 No. Vac. 0 Yr. Blt.: 1900 .32 of an acre; average appeal; large backyard; updating needed; quieter dead-end street	No. Units 2 No. Vac. 0 Yr. Blt.: 1900 .09 of an acre; No traffic on dead-end street; however, very near noisy Rt. 9; average appeal

Individual unit breakdown

	Subject Tot	Br	Ba	Size Sq. Ft.	Comp 1 Tot	Br	Ba	Size Sq. Ft.	Total Monthly Rent	Comp 2 Tot	Br	Ba	Size Sq. Ft.	Total Monthly Rent	Comp 3 Tot	Br	Ba	Size Sq. Ft.	Total Monthly Rent
	6	2	2.0	1,218	5	2	1.0	1,170	600	5	2	1.0	1,068	500	7	3	2.0	1,512	750
	6	3	1.0	1,218	4	2	1.0	1,050	500	5	2	1.0	960	500	5	3	1.0	936	750

ITEM	SUBJECT	COMPARABLE RENTAL NO. 1	COMPARABLE RENTAL NO. 2	COMPARABLE RENTAL NO. 3
Utilities, furniture, and amenities included in rent	Unfurnished Tenants would presumably pay own electric and oil; landlord pays water, sewer and sanitation.	Unfurnished Tenants pay own electric and oil. Landlord pays water, sewer, and sanitation.	Unfurnished Tenants pay own electric and oil. Landlord pays water, sewer, and sanitation.	Unfurnished
Functional utility, basement, heating/cooling, project amenities, etc.	Two-car garage; additional off-street parking; basement storage; front and rear porches	No garage; large parking area; basement storage; front porches	Two-car detached garage; off-street parking; basement storage; front porches	No garage no off-street parking; basement storage;

Analysis of rental data and support for estimated market rents for the individual subject units (including the adjustments used, the adequacy of comparables, rental concessions, etc.)

All comparables require upward adjustments because their gross living areas are markedly less than the subject. An upward adjustment was required for Comparable 3 to account for its lack of off-street parking. The utilities arrangement with the subject and the three comparable rental units is similar; consequently, no adjustments were necessary for the utilities provided. Also, no locational adjustments were necessary. For the purpose of comparison, it is assumed the subject property is in average to fair condition with average appeal and adequate functionality.

Subject's rent schedule The rent schedule reconciles the applicable indicated monthly market rents to the appropriate subject unit, and provides the estimated rents for the subject property. The appraiser must review the rent characteristics of the comparable sales to determine whether estimated rents should reflect actual or market rents. For example, if actual rents were available on the sales comparables and used to derive the gross rent multiplier (GRM), actual rents for the subject should be used. If market rents were used to construct the comparables' rents and derive the GRM, market rents should be used. The total estimated rent must represent rent characteristics consistent with the sales comparable data used to derive the GRM. The total gross estimated rent is not adjusted for vacancy.

LEASES				ACTUAL RENTS			ESTIMATED RENTS		
	Lease Date			Per Unit			Per Unit		
Unit	Begin	End	No. Units Vacant	Unfurnished	Furnished	Total Rents	Unfurnished	Furnished	Total Rents
1	N/A	N/A	1	$ N/A	$ N/A	$ 0	$ 700	$	$ 700
1	N/A	N/A	1	N/A	N/A	0	750		750
2			2			$ 0			$ 1,450

Other monthly income (itemize) $ 0

Vacancy: Actual last year Unkn. % Previous year Unk. % Estimated: 5 % $ 870 Annually Total gross estimated rent $ 1,450

Utilities included in estimated rents: ☐ Electric ☐ Water ☐ Sewer ☐ Gas ☐ Oil ☐ Trash collection ☐

Comments on the rent schedule, actual rents, estimated rents (especially regarding differences between actual and estimated rents), utilities, etc.:

The forecasted rents are based on the assumption that the subject property is habitable and in average condition with average appeal and adequate functionality. It is also based on 100% tenant occupancy and the rental information provided by the above comparable rentals. Properties similar to the subject property often have one of the rental units occupied by an owner.

John W. Nitz & Associates, LLC

SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT

File No.
Case No.

The undersigned has recited three recent sales of properties most similar and proximate to the subject property and has described and analyzed these in this analysis. If there is a significant variation between the subject and comparable properties, the analysis includes a dollar adjustment reflecting the market reaction to those items or an explanation supported by the market data. If a significant item in the comparable property is superior to, or more favorable than, the subject property, a minus (-) adjustment is made, thus reducing the adjusted sales price of the comparable property; if a significant item in the comparable property is inferior to, or less favorable than, the subject property, a plus (+) adjustment is made, thus increasing the adjusted sales price of the comparable property. [(1) Sales Price / Gross Monthly Rent]

SALES COMPARISON ANALYSIS

ITEM	SUBJECT	COMPARABLE SALE NO. 1		COMPARABLE SALE NO. 2		COMPARABLE SALE NO. 3	
Address	41 Green Street Middletown, CT 06457	63 Prospect Street Middletown, CT 06457		12 Clinton Avenue Middletown, CT 06457		54 Green Street Middletown, CT 06457	
Proximity to subject		.30 of a mile		.20 of a mile		Across the street	
Sales price	$ N/A	[X] Unf. [ ] Furn. $ 145,000		[X] Unf. [ ] Furn. $ 157,000		[X] Unf. [ ] Furn. $ 170,000	
Sales price per GBA	$ N/A	$ 58.85		$ 77.42		$ 76.58	
Gross monthly rent	$ 1,450	$ 1,200 est.		$ 1,000		$ 1,100	
Gross mo. rent mult. (1)	125.00	120.83		157.00		154.55	
Sales price per unit	$ N/A	$ 72,500		$ 78,500		$ 85,000	
Sales price per room	$ N/A	$ 14,500		$ 15,700		$ 18,889	
Data and/or Verification Sources	Inspection Public Records	Inspection Public Records		Inspection Public Records		Inspection Public Records, MLS	
ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment
Sales or financing concessions		$116,000 and $14,500 mtge.		No financing recorded		188,700 Mtge.	
Date of sale/time		06/27/06		03/30/06		07/28/06	
Location	Average	Average		Superior	-15,000	Average	
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Site	.08 of an acre	.14 of an acre		.32 of an acre		.10 of an acre	
View	Residential	Residential		Residential		Residential	
Design and appeal	Two-family/Fair	Two-fam./Superior	-7,500	Two-family/Avg.	-15,000	Two-family/Good	-35,000
Quality of construction	Average	Average		Average		Average	
Age	106+/- years	106+/- years		106+/- years		106+/- years	
Condition	Poor	Average	-35,000	Superior	-35,000	Average	-45,000
Gross Building Area	2,436 Sq. ft.	2,464 Sq. ft.		2,028 Sq. ft.	+8,160	2,220 Sq. ft.	+4,320
Unit breakdown (No. of units / Rm. count Tot Br Ba / No. Vac.)	1 / 6 2 2.0 / 1	1 / 5 2 1.0	+5,000	1 / 5 2 1.0	+5,000	1 / 5 2 1.0	+5,000
	1 / 6 3 1.0 / 1	1 / 5 2 1.0	+10,000	1 / 5 2 1.0	+10,000	1 / 4 2 1.0	+10,000
Basement description	Full, unfinished	Full, unfinished		Full, unfinished		Full, unfinished	
Functional utility	Average	Average		Average		Average	
Heating/cooling	Oil/FWA	Oil/FWA		Oil/FWA		Oil/FWA	
Parking on/off site	On-site	On-site		On-site		On-site	
Project amenities and fee (If applicable)	Front and rear porches	Front and rear enclosed porches		Front and rear porches		Enclosed front porches	
Garage	2-car det. garage	2-car det. garage		2-car det. garage		None	+5,000
Net Adj. (total)		[ ] + [X] - $	-27,500	[ ] + [X] - $	-41,840	[ ] + [X] - $	-55,680
Adjusted sales price of comparable		Net= -19% Gross= 40%	$ 117,500	Net= -27% Gross= 56%	$ 115,160	Net= -33% Gross= 61%	$ 114,320

Comments on sales comparison (including reconciliation of all indicators of value as to consistency and relative strength and evaluation of the typical investor's/purchaser's motivation in that market): The gross living adjustment equates to $20.00 per square foot. Most consideration has been given to Sale 1, which has a similar overall location compared to the subject and a nearly equal gross building average. Also, heavy consideration is given to Sale 3 primarily because of its close proximity to the subject. Substantial across-the-board negative adjustments are needed for appeal and substantial negative adjustments are needed for condition.

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Date, Price and Data Source for prior sales within year of appraisal	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Analysis of any current agreement of sale, option, or listing of the subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal:

INC

Total gross monthly estimated rent $ 1,450 x gross rent multiplier (GRM) 125.00 = $ N/A INDICATED VALUE BY INCOME APPROACH

Comments on income approach (including expense ratios, if available, and reconciliation of the GRM) A significant deduction is necessary to account for the physical condition and the necessary cost to renovate the subject for occupancy.

RECONCILIATION

INDICATED VALUE BY SALES COMPARISON APPROACH $ 116,000

INDICATED VALUE BY INCOME APPROACH $ N/A

INDICATED VALUE BY COST APPROACH $ 117,042

This appraisal is made [X] "as is" [ ] subject to the repairs, alterations, inspections, or conditions listed below [ ] subject to completion per plans and specifications.

Comments and conditions of appraisal: The subject has been appraised in an "as is" condition. It has been determined to be unsuitable for habitation by the City of Middletown's Health Department.

Final reconciliation: The sales comparison approach has been given primary consideration in this analysis. Secondary consideration has been given to the cost approach. The income capitalization approach has limited application as subject to uninhabitable and, therefore, not rentable.

The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, contingent and limiting conditions, and market value definition that are stated in the attached Freddie Mac Form 439/Fannie Mae Form 1004B (Revised 6-93).

I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF September 15, 2006 (WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE $ 116,000.

APPRAISER:	SUPERVISORY APPRAISER (ONLY IF REQUIRED):
Signature John W. Nitz	Signature [ ] Did [ ] Did Not Inspect Property
Name John W. Nitz, MAI	Name
Date Report Signed October 6, 2006	Date Report Signed
State Certification # 449 State CT	State Certification # State
Or State License # State	Or State License # State

SUBJECT PHOTOGRAPI

Front view

Front and side view

Rear view

SUBJECT PHOTOGRAPHS

Street scene easterly

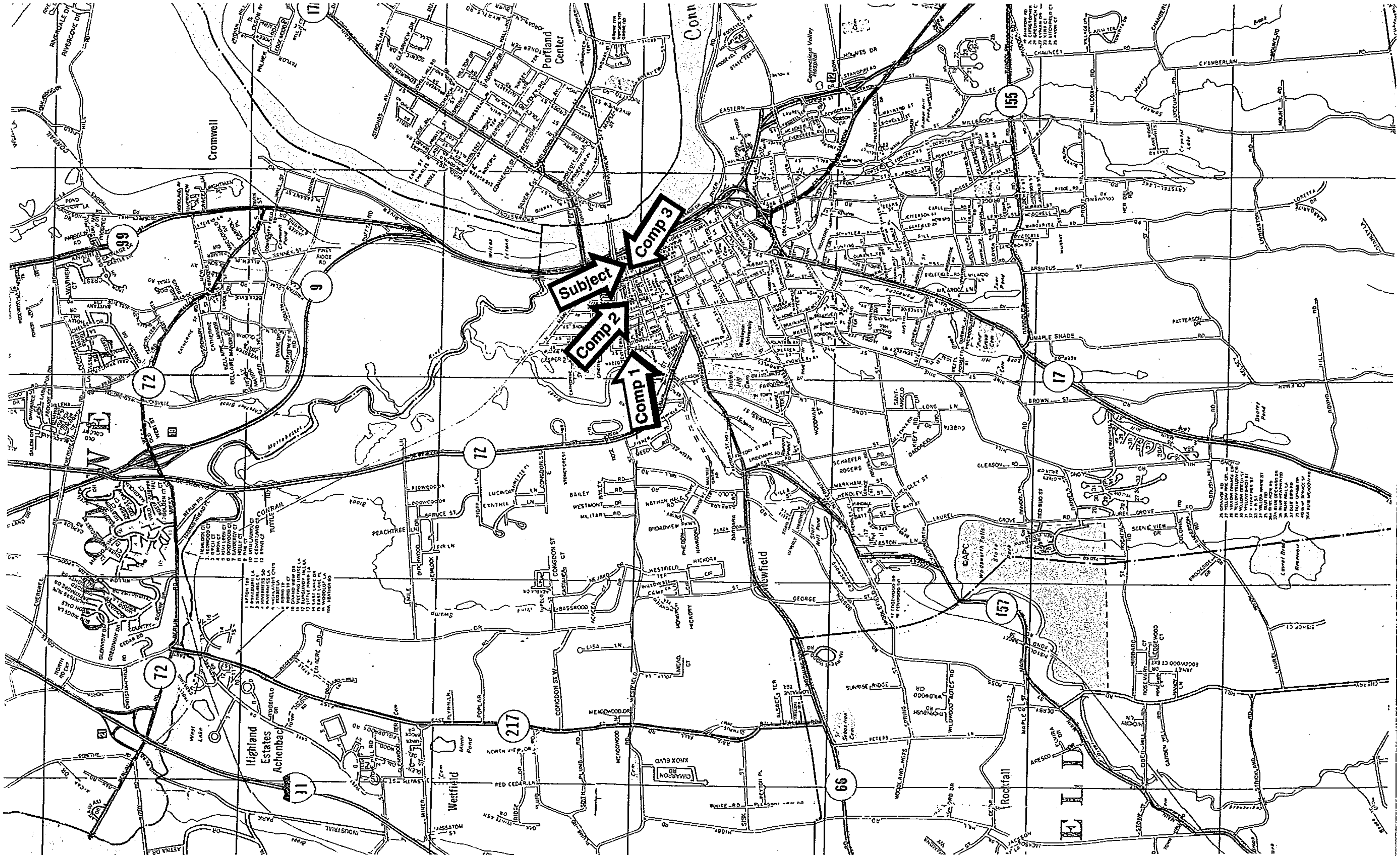
Street scene westerly

COMPARABLE SALE PHOTOGRAPHS

Sale 1

Sale 2

Sale 3


Subject
Comp 1
Comp 2
Comp 3
Cromwell
Portland Center
Connecticut Valley Hospital
Wesleyan University
Westfield
Rockfall
Highland Estates
Achenback
9
17
66
72
155
157
217

ROUTE 9
TO HARTFORD
TO SAYBROOK
DEKOVEN DRIVE
FERRY ST
GREEN
RAPALLO AVE
ALSOP AVE
MAIN ST
ST. JOHNS SQUARE
KINGS AVE
LONGWORTH AVE
PLACE
PLAZA
CITY OF MIDDLETOWN
Subject
17-36
17-37
17-47
17-29
17-52
17-46
17-35

Residential Property Record Card - Middletown, CT

Property Location: 41 Green St

Account: R00498 | **Map Block No:** 22 17-37 14 | **Class:** R | **State Class:** 105 | **Card 1 of 1**

Current Owner
Lynch Stephen C
41 Green St
Middletown Ct 06457

Previous Owner History		
Name	Deed	Date
Lynch George	1477/773	01/04/2005
Pura Realty Management Llc	1346/209	01/09/2003
Ortiz Ramon Cruz	973/204	03/25/1992

Miscellaneous	
Deed Info:	1552/394·05/24/2006·MAY
Zoning:	B-1
Routing No:	22/674
Neighborhd:	120
Living Units:	3
Census Trct:	5416
District:	1
Estimates	-
MRA:	96,700
Weighted:	103,900
Market:	99,800

Assessment Information		
Appraised Value:	*	Prior
Land:	26,600	26,600
Building:	81,730	81,730
Total:	108,330	108,330
Assessed Information:		
Code: 100 Value:	75,830	
Effective DOV:	10/1/2002	
Value Flag:	COST	
Manual Override Reason:	NO OVERRIDE	

Notes
00
00

Entrance Information					
Date	Time	ID	Act	Entrance Code	Sourc
				No Response	Other

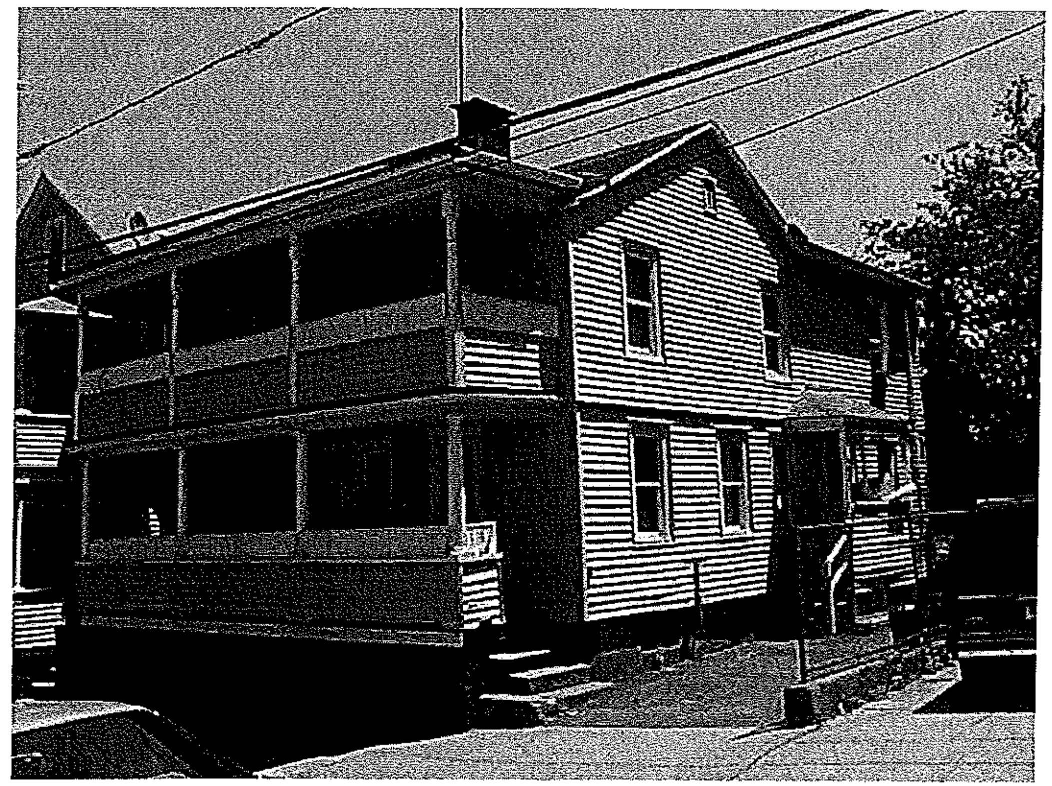
Sales History				
Book/Page	Date	Price	Type	Validity
1552/394	05/24/2006	240,000	2	01
1477/733	01/04/2005	144,200	2	0

Permit Information				
Date	Permit #	Price	Purpose	% Comp.
				0
				0

Land Information					
Type		Size	Grade	Influence Factor 1, 2 and %	Value
Primary	A	0.08	0	0	26,600

Total Acres for this Parcel 0.08 **Total Land Value** 26,600

Out Building Information								
Type	Qty	Year	Size1	Size2	Grade	Cond	%Good	Value
Garage-Wd/Cb	1	1959	22	21	C	P	25%	3,500
	0	0	0	0			0%	0
	0	0	0	0			0%	0
	0	0	0	0			0%	0
	0	0	0	0			0%	0
	0	0	0	0			0%	0
	0	0	0	0			0%	0
								0
								0
Total OBY for this card								3,500



Cole Layer Trumble Company   Printed Fri, Sep 29, 2006

Inspection witness by: ______________________

Residential Property Record Card - Middletown, CT

Property Location: 41 Green St

Account: R00498 | **Map Block No:** 22 17-37 14 | **Class:** R | **State Class:** 105 | **Card 1 of 1**

Dwelling Information

Style:	Three Family
Condo Style:	
Exterior Walls:	Alum/Vinyl
Story Height:	2.0
Attic:	None
Interior/Exterior:	Same
Basement:	Full
Bsmt Garage:	0
Rec Room size:	0 0
FBLA size:	0 0
Unfinished Area:	0
Inlaw Apts:	0
WB Fireplace:	Stacks 0 Openings 0
MTL Fireplace:	Stacks 0 Openings 0
Heating Type:	Basic
Fuel:	Oil
Heating System:	Hot Water
Year Built:	1900
Eff. Yr Built:	0
Ground Flr Area:	1188
Tot Living Area:	2466
Grade:	C+
Condition:	Average
CDU:	PR

Building Notes:

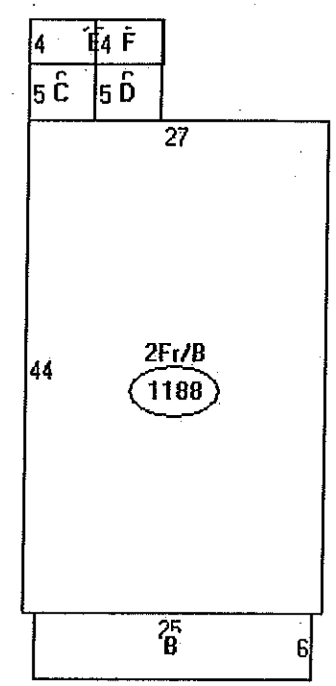
	Low	1st	2nd	3rd	Tot
Rooms:	0	4	3	0	12
Bedrooms:	0	2	3	0	5
Full Baths:	0	2	1	0	3
Half Baths:	0	0	0	0	0
Add'l Fixtures:	0	1	1	0	2

Replacement Costs

Base Price:	157,550
Additions:	14,900
Unfinished Area:	0
Basement:	0
Attic:	0
Plumbing:	8,640
Heating A/C Adj.:	0
FBLA:	0
Rec Room:	0
Fire Place:	0
Basement Garage:	0
Exterior Trim:	0
Subtotal:	181,090
Grade Factor:	1.08
C & D Factor:	0.00
Total RCN:	195,580
Percent Good:	0.40
Market Adj.:	0.00
Total RCNLD:	78,230

Addition Information

Low	1st	2nd	3rd	Area	Points
	11	11		150	7600
	10	10		30	3000
	11	10		30	2400
	11			48	1600
		11		24	300



Descriptor/Area

A: 2Fr/B 1188 sqft
B: OP/OP 150 sqft
C: 2Fr 30 sqft
D: 1Fr/OP 30 sqft
E: OFP 48 sqft
F: OFP 24 sqft

Owner/Values: Includes all Land/Buildings/OBYs for this Parcel

	Current	Cost	Market	Income	Prior
Land:	26,600	26,600	0	0	26,600
Building:	81,730	81,730	0	0	81,730
Total:	108,330	108,330	99,800	0	108,330

WARRANTY DEED

TO ALL PEOPLE TO WHOM THESE PRESENTS SHALL COME, GREETING:

KNOW YE, THAT I, George Lynch, of the Town of Cromwell, County of Middlesex and State of Connecticut, hereinafter referred to as the Grantor, for the consideration of **Two Hundred Forty Thousand and 00/100 ($240,000.00) Dollars**, received to my full satisfaction from **Stephen C. Lynch**, of the Town of Central Islip and State of New York, hereinafter referred to as the Grantee, does give, grant, bargain, sell and confirm unto the said Grantee, and his heirs, successors and assigns

WITH WARRANTY COVENANTS

SCHEDULE "A" ATTACHED HERETO

Said premises are conveyed subject to:

1. Any and all provisions of any ordinance, municipal regulation, public or private law.
2. Real Estate taxes on the List of October 1, 2005, which the Grantees herein assumes and agrees to pay as part consideration hereof.
3. Any easements, restrictions, building or building lines as of record may appear.

TO HAVE AND TO HOLD the above granted and bargained premises, with the appurtenances thereof, unto the said Grantee, his heirs, successors and assigns, and to his own proper use and behoof. And also, I, the said Grantor do for myself, and my heirs, executors, administrators and assigns covenant with the said Grantee, and his heirs, successors and assigns, that at and until the ensealing of these presents, I am well seized of the premises, as a good indefeasible estate in FEE SIMPLE, and have good right to bargain and sell the same in manner and form as is above written; and that the same is free from all encumbrances whatsoever, except as is above written.

AND FURTHERMORE, I, the said Grantor, do by these presents bind myself and my heirs, successors and assigns forever to WARRANT AND DEFEND the above granted and bargained premises to the said Grantees, and his heirs, successors and assigns, against all claims and demands whatsoever, except as is above written.

IN WITNESS WHEREOF, I, George Lynch, have hereunto set my hand this 22 day of May, 2006.

Signed and Delivered in the presence of

Gregory R. Shettle

Melanie M. Jordan

George Lynch

STATE OF CONNECTICUT :
COUNTY OF HARTFORD :ss. Rocky Hill May 22 2006

Personally appeared, **George Lynch**, signer of the foregoing Instrument, and acknowledged the same to be his free act and deed, before me.

Gregory R. Shettle
Commissioner of the Superior Court

Grantee's Address:
41-43 Green Street
Middletown, CT 06457

$ 1200.00 Conveyance Tax received, ST TX $ 1200.00

Town Clerk of Middletown

Shettle & Associates, LLC
10 Waterchase Drive, Rocky Hill, CT 06067
(860) 529-8575

SCHEDULE A

That certain piece or parcel of land known as 41-43 Green Street being Forty (40) feet, more or les, front and rear, and Ninety-two (92) feet, more or less, in depth, and is bounded:

NORTHERLY	:	by said Green Street;
EASTERLY	:	by land now or formerly of Maria Signorelli;
SOUTHERLY	:	by land now or formerly of Constance M. Vitale; and
WESTERLY	:	by land now or formerly of The Church of Saint Sebastian.

RECEIVED
06 MAY 24 PM 3:26
TOWN CLERK
MIDDLETOWN, CONN.
Sandra Stutter Russo

QUALIFICATIONS AND EXPERIENCE OF JOHN W. NITZ, MAI

EDUCATION

University of Connecticut

Bachelor of Science, University of Connecticut; May 1988
Major: Real Estate and Urban Economics

Completed five-course core curriculum in the Center for Real Estate and Urban Economic Studies (CREUS)

Appraisal Institute

1A-1:	Real Estate Appraisal Principles
1A-2:	Basic Valuation Procedures
8-2:	Residential Valuation
1B-A:	Capitalization Theory and Techniques
1B-B:	Capitalization Theory and Techniques
201:	Principles of Income Property Appraising
2-1:	Case Studies in Real Estate Valuation
2-2:	Report Writing and Valuation Analysis
SPP:	Standards of Professional Practice (Parts A and B)

Attended various seminars and workshops sponsored by the Appraisal Institute

PROFESSIONAL AFFILIATIONS

- Currently a Member of the Appraisal Institute (MAI), Member No. 10,643
- Received RPA (Real Property Administrator) designation in the Building Owner's and Manager's Association (BOMA), completed seven property management courses
- Qualified and served as an expert witness
- Licensed and certified by the State of Connecticut, License No. 00000449; the State of Massachusetts, License No. 4407; and the State of New York, License No. 46000030832

EXPERIENCE

Associate Commercial/Industrial Appraiser
Donald J. Nitz & Associates, Inc., of North Haven, Connecticut; May 1986 to May 1992

Commercial Review Appraiser
Society For Savings, in Hartford, Connecticut; May 1992 to May 1993

Senior Review Appraiser
People's Bank, in Bridgeport, Connecticut; June 1993 to February 1994

Instructor
Course 6: Real Estate Investment and Finance - BOMA; February 1995 to May 1995
Appraisal I - University of Connecticut; April 1996 - May 1996;
September 1996 - November 1996; and April 1997 - May 1997

Principal Owner
John W. Nitz & Associates, Wallingford, Connecticut; February 1994 to Present
Properties appraised and/or reviewed include apartment and office buildings, industrial properties, shopping centers, service stations, automobile dealerships, hotels, golf courses, nursing homes, places of worship, various commercial/ residential improvements, single and multi-family dwellings, condominiums, residential subdivisions, farm and raw land, building lots, and railroad trackage.

DEFINITION OF MARKET VALUE: The most probable price which 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, 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 he considers his own best interest; (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.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION

CONTINGENT AND LIMITING CONDITIONS: The appraiser's certification that appears in the appraisal report is subject to the following conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.

2. The appraiser has provided a sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size.

3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.

5. The appraiser has estimated the value of the land in the cost approach at its highest and best use and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used.

6. The appraiser has noted in the appraisal report any adverse conditions (such as, needed repairs, depreciation, the presence of hazard wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.

7. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.

8. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.

9. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.

10. The appraiser must provide his or her prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower; the mortgagee or its successors and assigns; the mortgage insurer; consultants; professional appraisal organizations; any state or federally approved financial institution; or any department, agency, or instrumentality of the United States or any state or the District of Columbia; except that the lender/client may distribute the property description section of the report only to data collection or reporting service(s) without having to obtain the appraiser's prior written consent. The appraiser's written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

File No.
Case No.

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.

2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.

3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.

4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familiar status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.

5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.

6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.

7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.

8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.

9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraiser report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: 41 Green Street, Middletown, CT 06457

APPRAISER:	**SUPERVISORY APPRAISER** (only if required)
Signature: John W. Nitz	Signature:
Name: John W. Nitz, MAI	Name:
Date Signed: October 6, 2006	Date Signed:
State Certification #: 449	State Certification #:
or State License #:	or State License #:
State:	State:
Expiration Date of Certification or License: 05/01/07	Expiration Date of Certification or License:
	☐ Did ☐ Did Not Inspect Property