

Daniel

REAL ESTATE APPRAISAL REPORT

UPDATE FROM 3/2000

EFFECTIVE DATE 6/10/2002

PROPERTY AT

***MAP 45 BLOCK 48-2 LOT 15
MILLBROOK ROAD
MIDDLETOWN, CT***

SANTACROCE ASSOCIATES, LLC
REAL ESTATE APPRAISERS AND CONSULTANTS
68 ERIN STREET EXTENSION
MIDDLETOWN, CONNECTICUT 06457
Commercial/Industrial/Residential

David A. Santacroce, CGA
Certified General Appraiser # 544

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June 19, 2002

Mr. William Warner, Director
Planning & Zoning City of Middletown
245 DeKoven Drive
Middletown, Ct 06457

*received
6/20/02
JSS/mw*

Re: Lot 15 Block 48-2 Map 45 Millbrook Rd; Middletown, Ct

Dear Mr Warner:

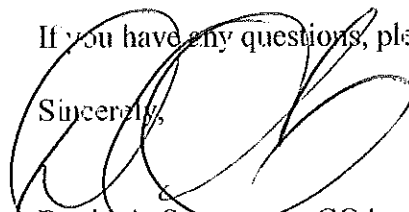
Pursuant to your request, we have updated an Appraisal of the above captioned Subject, more specifically described herein. The effective date of the Appraisal is 06/10/2002. The Objective of the Appraisal is to estimate Market Value of the Subject for the Purpose of open space acquisition. The premises of the Appraisal is a 65.673 acre site we originally appraised in March of 2000 that is now or was formerly designated the "first piece". We have examined the Subject and have concluded that it is probably legally accessible from Old Johnson Lane as a matter of right, necessity, or implication from a prior use. Further it is our opinion that seller and buyer would likely arrive at an exchange value that reflects the direction of the neighborhood and the demand for lots in the subject neighborhood.

After careful analysis and review of the data we estimate the Market Value of the Subject, unencumbered as of 6/10/2002, to be:

\$542,000.00

If you have any questions, please do not hesitate to contact us at our offices.

Sincerely,



David A. Santacroce, CGA
Santacroce Associates, LLC
Real Estate Appraisers & Consultants

DAS/lmw

An Equal Opportunity Employer

PURPOSE OF THE APPRAISAL

The purpose of this Appraisal is to estimate the Market Value of Lot 15 in Block 48-2 of Middletown Assessors Map 45 for open space acquisition.

MARKET VALUE DEFINITION

Market Value is defined as (OCC Rule 12 CFR 34.43 (F)):

The most probable price which a property would bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting 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 both acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and,
5. The price reflects the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

EXPOSURE TIME

Exposure Time is defined by the Appraisal Standards Board [ASB] as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of sale at Market Value on the Effective Date of the Appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.

MARKETING TIME

The reasonable marketing time is an estimate of the amount of time it might take to sell a property interest in real estate at the estimated market value during the period immediately after the effective date of the Appraisal as defined by the Appraisal Standards Board.

CERTIFICATION OF THE APPRAISER

I certify, that to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no interest, present or prospective, in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- No one provided significant professional assistance to the person signing the report.
- This Appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.



David A. Santacroce, CGA
Certified General Appraiser

RCG # 544

CONTINGENT AND LIMITING CONDITIONS

The Certification of the Appraiser appearing in this Appraisal Report is subject to the following conditions and to such other specific limiting conditions and assumptions as set forth by the Appraiser:

1. The Appraiser assumes no responsibility in matters of a legal nature affecting the property appraised or the title thereto; nor is the Appraiser rendering a legal opinion as to Title which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Sketches in this report show approximate dimensions and are included to assist the recipient in formulating a reasonable understanding of the property appraised. No survey has been made although maps and sketches are believed to be reasonably and approximately accurate.
3. The Appraiser assumes that there are no apparent conditions to the property such as hazardous wastes, toxic discharges, buried or abandoned underground or above ground storage tanks, or holding devices of similar nature.
We are held harmless from any conditions, direct or consequential, related thereto. We assume no liability for contamination, disposal, testing, removal, treatment or remediation for any such conditions. Environmental analysis is beyond the scope of this Appraisal.
4. All information contained within this report is obtained from sources believed to be reliable. This information is in no sense guaranteed. A personal inspection of the property has been made.
5. Possession of this Report does not give the possessor Right of Publication. The Appraiser reserves the Right to restrict publication of this Report and then only to permit it in a complete and full form.
6. Distribution of the total valuation between land and improvements applies to the present state of utilization or alternative equal use. This study is invalidated under other programs and utilizations.
7. The Appraiser has no present or contemplated interest in the Subject property and our employment as the Appraisers was in no way contingent upon the value conclusion of this Report.
8. Inspection of the Subject property was for the purpose of estimating a specified value. The inspection was in no way related to codes, standards, life safety standards or to the Americans With Disabilities Act of 1/26/92.
It is possible that inspection of the Subject property would reveal conditions not conformal to those codes prevailing as partially enumerated above.
9. Environmental analysis is beyond the Scope of this Appraisal Report. We encourage execution of due diligence via expert analysis.
10. It is assumed that all use and occupancy permits, insurances, and administrative approvals, license and/or authorizations are in effect over the Subject property or are otherwise renewable.
11. It is assumed that all applicable zoning and use regulations have been complied with; any nonconformities have been stated and considered in this report.

12. Boundaries shown on map abstracts are approximate and are not measured or surveyed by the Appraiser for accuracy or correctness. Mapping is intended to convey an overview only of the properties referenced.
13. The Appraiser is not obligated to provide testimony in a legal proceeding without prior consent.
14. On Appraisals involving proposed construction, the Appraisal Report and value conclusions as to property value are contingent upon completion of the proposed improvements with plans and specifications provided by receipted statement relative to the assignment.
15. Neither all nor any part of the contents of this Report or copy thereof [including conclusions as to property value, the identity of the Appraiser, professional designations, reference to any professional appraisal organizations] shall be used by anyone but the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, any state or federally approved financial institution, any department, agency or instrumentality of the United States or of the District of Columbia without the previous written consent of the Appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media without the written consent of the Appraiser.

APPROACHES TO VALUE

There are three classical Approaches which are utilized in estimating the Market Value of Real Estate. These Approaches are defined as following:

COST APPROACH TO VALUE

That Approach in Appraisal Practice 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 the property being appraised involves relatively new improvements which represents the Highest and Best Use of the land or when relatively unique or specialized improvements are on site for which there exists no comparable properties on the market.

DIRECT SALE COMPARISON APPROACH

That Approach in Appraisal Practice which is based on the proposition that an informed purchaser would pay no more for a property than the cost to him of acquiring an existing property with the same utility. This Approach is most applicable when an active market provides sufficient quantities of related and reliable sales data which can be verified by authoritative sources. This Approach is relatively unreliable in an inactive market or in the estimation of value of properties for which no comparable sales exist. It is also questionable when sales data cannot be verified with principals to the transaction.

INCOME APPROACH TO VALUE

That procedure in Appraisal Practice which converts anticipated benefits [dollar income or amenities] to be derived from the ownership of the Property into a Value Estimate. The Income Approach is widely applied in appraising income producing property.

HIGHEST AND BEST USE

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

This definition above applies specifically to the Highest and Best Use of the land. It is recognized that in cases where the site has existing improvements on it, the Highest and Best Use may very well be determined to be different from 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.

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners.

Also implied is that determination of Highest and Best Use resulting from the Appraisers judgement and analytical skills represents an Opinion and not a fact to be found. In Appraisal practice, the the concept of Highest and Best Use represents the basis upon which Value is estimated.

In the context of Most Probable Selling Price [Market Value] another appropriate term to reflect the Highest and Best Use would be the Most Probable Use.

In the context of investment value an alternative term would be Most Profitable Use

The Financial Institutions Reform, Recovery and Enforcement Act [FIRREA] requires an Appraiser to have the knowledge and experience necessary to perform a specific Appraisal assignment. Reference is made to the qualifications, education and experience of the Appraiser cited in the Appraisal Report. These demonstrate a competency commensurate with the requirements to appraise the Subject property.

Qualifications Of The Appraiser

David A. Santacroce, CGA #544, State Of Connecticut

Educational Background

Graduate, University of Massachusetts @ College of Arts & Sciences, Bachelor of Science, 1973
 Real Estate Appraisal I, Middlesex Community College
 Real Estate Appraisal II, University of Connecticut
 Principals & Practices of Real Estate, Middlesex Community College
 Real Estate Brokerage, University of Connecticut
 Real Estate Law, Middlesex Community College
 Historic & Antique Properties, Middlesex Community College
 Real Estate Financial Workout, Real Estate Consortium
 Unique & High Value Properties, DARES Institute
 Sales Analysis & Market Trends, DARES Institute
 Appraisal of Partial Interests, DARES Institute
 Appraisal Review, DARES Institute
 Appraisal and Marketing Issues of Affordable Housing
 Tax: Code 2001 & Real Estate Values

Mr. Santacroce has experience in tax appeal appraisals, rights of way appraisals, special use property appraisals, eminent domain appraisals and open space appraisals. Santacroce Associates, LLC is experienced in light industrial appraisals

Mr. Santacroce has completed in excess of 250 hours continuing education and has passed both the Residential and General Appraiser examinations as endorsed by the Appraisal Foundation and the Appraisal Qualification Board.

David Santacroce has been in continuous practice since 1984 and has been continuously licensed and Certified by the State of Connecticut since inception in 1989.

Partial Listing of Clients

Pullman & Cornley, LLC	Attorney Bonye Barone	The Beard Companies
Rym & Ryan, PC	Attorney Frances Morris	Medallion Mortgage Co.
Halloran, Sage, LLC	Attorney Lisa Faccadio	Farrell, Boccalate & Guarino
Atty Win Bowles	Attorney Mark Balaban	Attorney David Moore
CitiBank/CitiMortgage	Attorney Philip Karpel	
Attorney Frances Szewczyk	Amerigas	
Atty Julie Crawford	Brock Farm LLC	

Government Agencies

State Of Connecticut Department of Transportation
 State Of Connecticut Department of Environmental Protection
 City of Middletown

Scope:

The scope of this Appraisal has involved the following steps commencing 6/10/2002:

1. Review of soil mapping of the USDA; topographical maps published by the State of Connecticut; aerial photographs of Microsoft Terra Server; assessors' plats of Middlefield and Middletown, Ct.
2. Relevant sale data developed and confirmed via public records and Warren Group Information Services from 3/2000 [previous appraisal] through 6/10/2002 including costs and general market conditions.
3. On-site examination from Old Johnson Lane and from Margarite Road Extension.
4. Compilation and reconciliation of the data to a value conclusion expressed as Value per Acre, as is.

These steps are commonly considered necessary to convey a logical and reasonable value conclusion based on the data and the facts collected in the course of the assignment.

The value conclusion is based on the following methods:

1. Direct Sale Comparison Approach;

No data has been compiled, included, or excluded that would tend to support a biased Opinion of Value in the development of the Appraisal

Diagrams and maps submitted by the Appraiser are to illustrate the basis upon which the Opinion[s] are based. These diagrams are not intended to convey approvals or permits nor have they been examined by local officials. They are believed to be of sufficient accuracy to be considered in development of the value opinions as they represent the efforts of organizations upon which material reliance is commonly made.

This Summary of Salient Facts and Important Conclusions is a part of the Report and reflects any changes since 3/2000.

Client: City of Middletown, Ct.

Type of Property: Unimproved woodland.

Location: No changes. Subject of 65.673 acres described as "first piece" in Appraisal Report of 3/2000.

Ownership: Now of formerly of Janet B. Daniels.

Rights Appraised: No changes.

Objective: Estimate Market Value as of 6/10/2002, the date of the engagement.

Purpose: Update of Appraisal to reflect Market Value of "first piece" so-called of 65.673 acres.

Improvements: None.

Site Data: 65.673 acres with with 235' of workable roadway frontage from Old Johnson Lane; an unimproved public roadway of the City of Middletown and 296' of frontage on Margarite Road Extension, an improved public roadway of the City of Middletown.
Soil composition and topography are unchanged. The contours are 8%-15% providing views easterly and northerly from a hillside constituting a land formation marketable for views. The site is considered suitable for residential development.

Neighborhood: The Subject neighborhood market includes the area south of Livingston Road in Middletown; south and west to Haddam Quarter Road in Durham to Little City southerly to Route 9 easterly. In many regards this is a residentially improved woodland locale serviced by vestigial inter-village roadways limiting traffic generally to the neighborhood and constituting an infrastructural condition that maximizes privacy typically sought in this locale.

Zoning: No changes.

Highest & Best Use: This concept is defined in the Dictionary Of Real Estate Appraisal [American Institute of Real Estate Appraisers] 1984, Page 152 as:

1. The reasonable and probable use that supports the highest present value of vacant land or improved property, as defined, of the date of the appraisal.
2. The reasonably probable and legal use of land or sites as though vacant, found to be physically possible, appropriately supported, financially feasible and that results in the highest present land value.
3. The most profitable use.

In analysis of the Highest and Best Use of a property, the following factors must be considered:

- A. Legally permissible;
- B. Physically possible;
- C. Financially feasible;
- D. Maximally productive

In determining the Highest and Best Use of the Subject properties, consideration was given to location, zoning, utility, and the demand for residential properties in the Subject Market.

The Subject site is zoned R-60 in a locale that supports large lot development due to topographical conditions and septic design considerations for a stony or rocky soil. The Market absorbs residential lots in this neighborhood in the 2-4 acre range accessed via long private drives, rights of way or common area access which tends to limit infrastructural costs associated with challenging topography.

The Subject appears legally and physically accessible from Old Johnson Lane.

Our estimate of Highest and Best Use of the site as if available for development would be for a 16 lot yield $[65.673\text{Ac} - 15\% = 55.824\text{Ac}]$ @ 3.5 Acres per lot] absorbed over a 2 year period with a developer seeking a 15% profit and net proceeds discounted to a present value [Ellwood] @ 12%.

To demonstrate the Opinion of Value we have developed sales of acreage in the neighborhood to determine the most probable sale price of the Subject, as-is, from the standpoint of a purchaser who would seek to pay the least for the product. We have considered the standpoint of a seller who

obviously would seek to be paid the most for foregoing development income in the future. To that end we have calculated a wholesale value of income inherent in finished lot sales less costs .

Pollution: The Value estimated in this Report is based on the assumption the properties are not negatively affected by the existence of hazardous substances or detrimental environmental conditions. The routine inspection of the Appraiser and inquiries about the Subject properties did not develop any information that indicated any apparent significant hazardous substances or detrimental conditions which would affect the properties negatively. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous materials and environmental conditions on or about the properties that would negatively affect their value.

Marketing Period: The Market Value conclusion includes an estimate of reasonable exposure time and marketing time. By definition, exposure time precedes the valuation date while marketing time occurs subsequent to the date of the Appraisal. An exposure time of 12 months is considered reasonable to induce a sale at the Market Value estimate. Analysis of market conditions indicates that the exposure time and marketing time are related to the economic real estate conditions as of the date specified in the Appraisal. The exposure and marketing time assumes reasonable seller expectations and compliance with the definition of Market Value as defined in this Report.

Value Estimate: \$542,000 of as 6/10/2002.

The Subject site is a 65.673 acre parcel identified in the legal description as the "first piece" of 65 acres in the initial appraisal report of 3/10/2000. This appraisal excludes the "second piece" and the "third piece". The first piece is predominantly Weathersfield very stony loam of 8%-15% slopes. This soil has fair potential for community development.

An informed purchaser of open space would observe that a range in value from \$3,000-\$15,000 exists with a mean value of \$7,553/Acre from the data. The Subject neighborhood has a Mean Value of \$9,247 per acre. An informed purchaser would seek to quantify differences among the sales. Sales 2 and 3 are from the same topography with soil conditions ranging from steep and rocky to low and poorly drained. The Subject is of neither extreme and slopes upward at about 8%-15% in a southwesterly direction providing an elevated view east and north. The market value of land accessible from a public roadway incorporating a view would seem to preclude the lower end of the range and probably exclude those sales where natural privacy is non-existent. The range proposed by mean overall and mean to the neighborhood are the probable brackets of market value in this analysis.

Acresage

William C. Phillips to Patrick & Joyce Daly	Little City Rd	Open Space	7.6 Acres	3/2/2000	\$73,000 \$ 9,605/Ac
Gerald Lentini Etux to Wayne Paradis Etux	Wiese Albert	Res/Agri	49.6 Acres	10/2/2000	\$163,000 \$ 3,286/Ac
Howard Wiese Etux to So Cntl Ct Reg Wtr	Wiese Albert	Dwg/Open	26.6 Acres	3/13/2000	\$395,000 \$ 14,850/Ac
Mary Rusconi to Guilford Land Trust	Durham Road	Open Space	44.0 Acres	12/17/2001	\$200,000 \$ 4,545/c
Mg. Betts Fmy Trust to Gifd Lad Trst	Durham Road	Open Space	21.45 Acres	11/17/2000	\$117,500 \$ 5,478/Ac

Improved Residential Lots

The sale of finished and improved residential lots provides a value for the whole on a retail basis. An informed seller of buildable land could observe that the average value of an improved site with new construction in the neighborhood is \$320,672.

Priest Farms Of Hdm to Will. O'Brien etux	Wiese Albert Dwelling Haddam, Ct	1.6 Acres	9/10/2001	\$524,000 \$209,000 Mortgage 65% LTV
Priest Farms of Hdm to Robin Gibbons	Wiese Albert Dwelling Haddam, Ct		6/4/2001	\$337,000 \$269,600 Mortgage 80% LTV
Banworth to Demarest	Foot Hills Rd Dwelling Haddam, Ct	2.3 Acres	5/8/2000	\$369,000 \$100,000 Mortgage 27% LTV
Housewright Dev to Thomas Leonard	Foot Hills Rd Dwelling Durham, Ct		4/26/2000	\$269,029 \$255,577 Mortgage 95% LTV
Robt. Wiedenmann Jr to Carrasco	Foot Hills Rd Durham, Ct		3/1/2000	\$300,000 \$252,700 Mortgage 84% LTV
Linskct to Palmarozza	Millbrook Rd Middletown, Ct		8/13/2001	\$325,000 \$260,000 Mortgage 80% LTV

Unimproved Lot Sale & Resale Improved

An informed seller would seek to determine value of the land site, vacant of improvements, but approved for residential building. A ratio can be developed by sales of land vacant and approved later resold improved. An average [mean] land ratio of 26% is developed by simple averaging. A seller could assume that 26% of overall retail value is resident in approved land. This results in a site value of \$83,375/Lot retail, approved.

Foot Hills Assn to Housewright Dev
Foot Hills Rd Vacant Land
Durham, Ct
4/26/2000
\$ 72,000

Housewright Dev to Thomas Leonard
Foot Hills Rd Improved Site
Durham, Ct
4/26/2000
\$269,029
\$255,577
Mortgage
95% LTV
27%

Land Value Ratio [\$72,000/\$269,029]

Robt. Wiedenmann Jr to Badamo
Foot Hills Rd Vacant Land
Durham, Ct
10/30/2000
\$90,000

Brian Badamo to Natan Ravid etux
Foot Hills Rd Improved Site
Durham, Ct
1/31/2001
\$314,000
\$251,200
Mortgage
80% LTV
29%

Land Value Ratio [\$90,000/\$314,000]

Foot Hills Ass'n to Ward Kuehn
Foot Hills Rd Vacant Land 2.33 Acres
Durham, Ct
5/17/2001
\$ 65,000

Ward Kuehn to David Schaub etux
Foot Hills Rd Improved Site 2.33 Acres
5/17/2001
\$296,400
\$160,000
Mortgage
54% LTV
22%

Land Value Ratio [\$65,000/\$296,400]

Mean Land Value Ratio = 26%

The probable value of an improved residential building lot is estimated at $\$320,672 \times 26\% = \$83,375$

Development Cost Approach

The following exercise reduces retail value approved and wholesale value, as-is. It is estimated that 40% of retail absorbs Direct and Indirect Costs.

Estimated Gross Income 16 Lot Yield $\times \$83,375/\text{Lot}$
[$\$83,375 \times 16 \text{ Lots}$] $\$1,334,000$

Downward Adjustment of 40% Public Works/Carrying Costs
[$\$533,600$]

Pre Profit Income $\$800,400$

Developers Profit @ 15%
[$\$120,060$]

Net Income After Profit $\$680,340$

Absorption Rate 2.0 Years

Discount Rate [Ellwood] .797194

Value = $\$680,340 \times .797194 =$
Say, $\$542,363$

Say, $\$542,000$

$\$ 8,253/\text{Ac}$

The Market Data tends to indicate a net value per acre to the Subject of $\$7,500 - \$8,300$ in the Subject, as-is. Based on the location and market direction we have determined that the exchange value is $\$8,253/\text{Acre}$ or $\$541,999$ rounded to $\$542,000$ to the "first piece".

