

APPRAISAL REVIEW

Property of
Martha S. Vernlund

Map 1, Block 9-1, Lot 1, 12, 15, 16 and 18
Stantack Road
Middletown, Connecticut
Five parcels of vacant land on Stantack Road, an unimproved road

And

Property of Charles W. Savage
Map 1, Block 9-1, Lot 7 Stantack Road
An 8.82-acre parcel of vacant land

To be acquired in single purchase by the City of Middletown

AUTHORIZED BY:

Elizabeth Varhue, Assistant Director of Land Acquisition
State of Connecticut Department of Environmental Protection
79 Elm Street
Hartford, Connecticut 06106-5127

APPRAISAL REPORT PREPARED BY
Santacroce Associates LLC

VALUATION DATE OF APPRAISAL REPORT
December 4, 2000

DATE OF REVIEW
February 20, 2002

REVIEW PREPARED BY:
William H. Kisluk Associates
174 Old Mill Road
Middletown, CT 06457

FILE REFERENCE:
Stantack Rd., Middletown1

**Real Estate Appraisal Review
State of Connecticut Department Of Environmental Protection
Land Acquisitions Division**

| | |
|----------------------------|--|
| Review Report Prepared for | Elizabeth Varhue, Assistant Director of Land Acquisition |
| Appraised Property Address | W/s Stantack Road, Middletown, CT |
| Appraiser | D.A. Santacroce |
| Appraisal Firm | Santacroce Associates LLC |
| Appraisal Prepared for | City of Middletown Planning and Zoning |
| Appraisal Process | Complete |
| Appraisal Format | Form Summary |
| Property Type | Land |
| Land Area | 28.6 acres |
| Improvements | None |
| Property Rights Appraised | Fee Simple |
| Date of Appraisal | December 4, 2000 |
| Date of Value Opinion | January 8, 2001 |
| Highest and Best Use | Present Use (Open Space) |
| Unit of Value Used | Price per acre |
| Sales Comparison Approach | \$62,000 |
| Cost Approach | Not developed |
| Income Approach | Not developed |
| Market Value Conclusion | \$62,000 |
| Unit Value | \$2,168 per acre |

| | |
|--------------------------------------|---|
| Reviewer: Firm/Appraiser: | William H. Kisluk Associates/William H. Kisluk |
| Date of Review | February 20, 2002 |
| Purpose & Scope of Review | The purpose of this review is to evaluate the adequacy and appropriateness of the data in the report and to form an opinion pertaining to the relevance of the data, the propriety of any adjustments to the data, the appropriateness of the appraisal methods and techniques, and whether the analyses and conclusions in the report are reasonable. The appraisal under review is included into this review report by reference. |
| Function of Review | The function of this review is to provide the client with an independent opinion of the adequacy and reasonableness of the appraisal report for the State of Connecticut's Open Space Grant Program. |

| Type of Review | Yes | No | N/A |
|-----------------------|-----|----|-----|
| Desk Review | X | | |
| Subject Inspection | | X | |
| Comparable Inspection | | X | |
| Data Verification | | X | |
| Interviewed Appraiser | | X | |

| Review Conclusions | Yes | No | N/A |
|--|-----|----|-----|
| Meets Minimum DEP Requirements | X | | |
| Report is Accepted | | | |
| Report is Accepted Modified | X | | |
| Report is Rejected | | | |
| Reviewer Conclusion: Several modified adjustments and arithmetic corrections required. | | | |

Comments: Accept with corrections to modified market value estimate of \$63,000.

CT DEP APPRAISAL REVIEW (Stantack Road, Middletown1)

REVIEWER'S NOTE

The appraisal includes separate form appraisals of seven parcels of record, with supporting narrative commentary, maps etc. There is no estimate of market value of all of the properties to a single purchaser, or bulk sale market value estimate. A bulk sale estimate was provided by the reviewer.

The properties appraised are listed below. All are accessed from Stantack Road

| Map/Block/Lot | Area, ac. | Reviewer | |
|----------------------------------|-------------|---|------------------|
| | | As Appraised | Modified |
| 1/9-1/1 | 28.6 | \$ 62,000 | \$ 63,000 |
| 1/9-1/2 | 65 | \$325,000 (<i>Rizza property, excluded from review</i>) | |
| 1/9-1/7 | 8.82 | \$ 9,600 | \$ 19,000 |
| 1/9-1/12 | 6.5 | \$ 6,300 | \$ 14,000 |
| 1/9-1/15 | 6.2 | \$ 6,300 | \$ 15,000 |
| 1/9-1/16 | 8.9 | \$ 8,600 | \$ 20,000 |
| 1/9-1/18 | 8.6 | \$ 8,300 | \$ 19,000 |
| ESTIMATED BULK SALE VALUE | None | | \$130,000 |

CT DEP APPRAISAL REVIEW (Stantack Road, Middletown1)

| Appraisal Requirements | Yes | No | N/A |
|--|------------|-----------|------------|
| Purpose and scope of appraisal identified | X | | |
| Function identified | X | | |
| Special limiting conditions or extraordinary assumptions used | A | | |
| Real property interests correctly identified | X | | |
| Legal description included | | X | |
| Legal description conforms to land area used in report | | | X |
| Three-year subject property history included | | X | |
| Prior sales analyzed and discussed | | | X |
| Current listing, option, or pending contract for subject revealed and discussed? | | X | |
| If information was unavailable, this is disclosed and explained in report | | | |

A – The appraisal states that the site appears subject to revocable license to use land of others for access to real property. The appraisal is made under the specific assumption that no environmental contamination is present. No indications of contamination were observed during the inspection.

| Site Information <i>Land Area: 28.6 acres</i> <i>Source: Tax Map</i> | Yes | No | N/A |
|---|------------|-----------|------------|
| Adequate description of area/neighborhood: | X | | |
| Shape/Frontage Description Adequate | A | | |
| Topography Description Adequate | X | | |
| Soils identified | | X | |
| Wetlands identified | | B | |
| Utilities noted | X | | |
| Zoning information adequate | X | | |
| Relevant subdivision regulations identified and analyzed | | | X |
| Zoning regulations analyzed | | | |
| Easements or other encumbrances identified and analyzed | A | | |

A – The subject property has frontage along an old Jeep trail known as Stantack Road. Stantack Road is not a municipal street. The reviewer consulted with Middletown Engineering Department officials who reported that Stantack Road was one of several streets declared to be other than town roads by the City of Middletown within the past two or three years. A definite determination of the legal status of the road was not available. Specifically, the official could not state whether or not Stantack Road was ever a municipal street. The appraiser makes the assumption that access appears to be available along Stantack Road under a revocable license, but does not relate his source for this information. The reviewer accepts the appraisal under the assumption that reasonable access is available and retains the right to amend this review report should subsequent events prove otherwise.

B – The appraiser notes that there are some wetlands soils present on the subject property but does not estimate their size. Most wetlands are poorly drained soils associated with Spruce Brook, East Spruce Brook and Snow Hill Brook. Wetlands are considered somewhat detrimental to possible residential development.

CT DEP APPRAISAL REVIEW (Stantack Road, Middletown1)

| Highest and Best Use Conclusion: Present use (Open space or assemblage) | Yes | No | N/A |
|--|------------|-----------|------------|
| Appropriate Highest and Best Use Criteria applied to subject | X | | |
| Adequate market analysis (supply/demand factors identified) | X | | |
| Highest and Best Use Analysis is logical | X | | |
| Highest and Best Use Conclusion is reasonable | X | | |

Comments:

| Valuation Methods | Yes | No | N/A |
|---|------------|-----------|------------|
| Valuation methods selected are appropriate | | | |
| Exclusion of valuation methods adequately explained | | | |

Comments: The Sales Comparison Approach was developed

| Sales Comparison Approach | | | |
|--|----------------------------|-----------------------------|------------|
| Land Sales Size Range | 15.5 – 60.59 acres | # of Sales | 3 |
| Sale Dates | 1/99 – 1/00 | # of Sales within 12 months | 1 |
| Sales Comparison Approach | Yes | No | N/A |
| Comparable sales selected are adequate | A | | |
| Sales verified | | | B |
| Recent listings of comparable properties provided | | X | |
| Detailed and comprehensive sales descriptions provided | C | | |
| Comparable sale sketch/survey map provided | X | | |
| Comparable sale sketches and maps are adequate | X | | |
| Comparable sale map provided | X | | |
| Conclusion is reasonable and logical | X | | |
| <i>Unadjusted Sale Indication</i> | \$2,393 - \$5,462 per acre | | |
| <i>Adjusted Sales Indication</i> | \$2,153 - \$4,377 per acre | | |
| <i>Sales Comparison Approach Conclusion</i> | \$62,000 (rounded) | | |
| <i>Conclusion Per Acre</i> | \$2,153 | | |

Comments:

A – The appraiser searched for sales of property with limited access similar to the subject. Because such sales are rare, the search was widened to consider sales in South Middletown, 8 and 9 miles away, and Portland, also eight miles away.

Sale 1 is a 30 acre parcel on Maromas Road in the Maromas area of Middletown. This parcel has better soils and topography, requiring downward adjustments of 10% each. Because this is a summary report, specific soils, wetlands and topo data on the comparable was not provided. The adjustments are accepted on this basis.

The sale apparently has some frontage on a city street and was adjusted downward 10% for this item. The reviewer does not agree that a -10% adjustment is adequate, as the subject property is a full 2,000' removed from a paved road. It is not clear that the parcel can be developed with a single house lot under such conditions, much less subdivided. A downward adjustment of a minimum of 25% needed given the severe access problems limiting the subject's potential.

CT DEP APPRAISAL REVIEW (Stantack Road, Middletown1)

General Comment on Methodology. The appraiser first makes adjustments to each sale of between -10% and +10% for various criteria on a bulk basis. That is, a \$150,000 **Sale Price** is adjusted downward by \$15,000 to reflect a characteristic that is 10% superior to the subject. The final "adjusted" prices were then divided by a given sale's acreage to arrive at an adjusted **Unit Price**. This process has the regrettable result of creating backward adjustments for size. *The appraiser adjusted larger sales downward for size, when in truth, an upward adjustment is required on a price per acre basis. The result is divergent adjusted prices, lump sum vs. per acre.*

To illustrate, Sale 2 is a 60.59-acre parcel that sold for \$145,000. The appraiser makes a 10% downward lump sum adjustment for size, resulting in an adjusted price of \$130,500. This indicates that the subject's market value is around \$130,000. Instead, the appraiser divides this adjusted price by Sale 2's size of 60.59 acres, yielding \$2,153 per acre. **This unit price was relied on to set the market value of the subject property.** The adjusted unit price was then multiplied by the subject's size of 28.6 acres to yield a *second market value estimate of \$62,000 based on this sale. By the appraiser's own analysis, Sale 2 indicates a market value for the subject of both \$130,500 and \$62,000!*

The subject and the three sales are raw land sales, not building lots. Each is appropriately considered on a price per acre basis. Doing so solves the problem of mixing absolute values (sale prices) with ratios (\$/ac.) in the adjustment process.

The sales are reordered on a price per acre basis, with necessary corrections made as follows:

Sale 1 is a 30-acre parcel in South Middletown that is superior to the subject in terms of frontage. The property also has better topographic features and soils. The property sold at \$150,000 in April of 1999, indicating a unit price of \$5,000 per acre. Sale 1 is adjusted downward 10% for better access, as it has frontage on a paved street. This adjustment is not sufficient, as the subject property is located approximately 2,000' from a paved road, which severely hampers its development potential. A more reasonable adjustment would be a minimum of -25%. Other adjustments are accepted as reasonable.

| Sale 1 - 30 ac. | Appraiser | Review Mod. |
|------------------------|------------------|--------------------|
| Unadjusted | \$5,000 | \$5,000 |
| Size | 0 | accept |
| Topo | -10% | accept |
| Soils | -10% | accept |
| Access | -10% | -25% |
| Net | -30% | -45% |
| Adjusted Price | \$3,500/ac. | \$2,750/ac |

Sale 2 is a 60.59-acre parcel that was subsequently developed as a residential subdivision. The \$145,000 sale price indicates a unit price of \$2,393 per acre. The appraiser made an effective downward unit price adjustment of 10% for size. This property has some frontage (although limited) on a paved street and is superior to the subject in this regard, indicating a downward adjustment. The appraiser makes no adjustment for this item. The adjustment grid is modified below:

CT DEP APPRAISAL REVIEW (Stantack Road, Middletown1)

| Sale 2 – 60.59 ac. | Appraiser | Review Mod. |
|---------------------------|------------------|--------------------|
| Unadjusted | \$2,393 | \$2,393 |
| Size | -10% | +10% |
| Topo | 0 | accept |
| Soils | 0 | accept |
| Access | 0 | -15% |
| Net | -10% | - 5% |
| Adjusted Price | \$2,154/ac. | \$2,273/ac |

Sale 3 is a 15.1-acre parcel located at 822 Brooks Road in Middletown. This property is considered superior to the subject in topography and soils and was adjusted downward 10% for each category. These adjustments are accepted. A +10% price per acre adjustment was made for size. This size adjustment appears to be backwards, as smaller parcels generally command higher unit prices. The appropriate size adjustment would be negative, not positive.

| Sale 3 – 15.1 ac. | Appraiser | Review Mod. |
|--------------------------|------------------|--------------------|
| Unadjusted | \$5,462 | \$5,462 |
| Size | +10% | -10% |
| Topo | -10% | accept |
| Soils | -10% | accept |
| Access | -10% | -15% |
| Net | -10% | - 25% |
| Adjusted Price | \$2,154/ac. | \$4,096/ac |

In addition to the foregoing sales, the reviewer also considers the sale of Map 2, Block 9-1, Lot 6 on Stantack Road very comparable to the subject. This 12-acre lot sold in January of 1999 for \$14,500, or \$1,208 per acre. The land is located just south of the subject property and suffers from the same access problems as the subject. Conversely, upward adjustment is required for shape, as this property has 200' frontage and is extremely deep. This sale is considered to be more comparable than Sale 3. Its exclusion from this appraisal is curious, as it was included in the appraisal of other parcels on Stantack Road attached to this appraisal report. Adjustments are made as follows.

Additional Sale

Nancy C. Caputi to Roger C. Anderson et al

| 12 acres | Reviewer |
|--------------------|--|
| Unadjusted | \$1,208 |
| Conditions of Sale | +20% (probate sale, quick sale, 7 days on market, marked down from \$22,500 to \$14,500) |
| Size | -15% |
| Shape/Depth | +20% |
| Topo | 0 |
| Soils | 0 |
| Access | 0 |
| Net | + 25% |
| Adjusted Price | \$1,510/ac. |

CT DEP APPRAISAL REVIEW (Stantack Road, Middletown1)

Conclusion. Sale 3 is not considered a close comparable. Sales 1, 2 and the additional sale on Stantack Road have adjusted unit prices between \$1,510 and \$2,750 per acre, with an average of \$2,178. Based on a unit market value of \$2,200 per acre, the estimated market value of the subject property is \$63,000 (rounded).

| Reconciliation and Final Value Estimate: \$62,000, modified to \$63,000. | Yes | No | N/A |
|---|------------|-----------|------------|
| Final value estimate consistent with the data presented | A | | |
| Contains sufficient documentation to assess appraisers logic, reasoning, judgments and analysis | | | |
| Is conclusion reasonable based on the data presented | | | |
| Conforms to USPAP | | | |
| Estimated marketing period disclosed | | | |
| Estimated exposure period disclosed | | | |

Comments: The appraisal has a flawed adjustment process that required correction. One sale not considered to be a good comparable was excluded by the reviewer and replaced with a sale on Stantack Road that was not considered by the appraiser, but was used by him in the appraisal of other land on Stantack Road in attached appraisal reports. The reviewer added this sale to the grid and made appropriate adjustments. The appraisal is accepted with corrections and modified market value estimate of \$63,000.

Additional Smaller Subject Parcels, Lots 7, 12, 15, 16 and 18.

As shown on the attached map, these smaller parcels are narrow and extremely deep, with the exception of Lot 15, which is nearly square. All have fair soils and share the access limitations of the main 28.6-acre parcel previously appraised. These ancillary parcels are considered as follows:

Lot 12 – 6.5 acres

Appraisal. This property was appraised at \$6,300 (\$969/ac.) The appraisal is based on the foregoing sale to Cauputi of 12 acres on Stantack Road at an indicated \$1,208 per acre. The appraiser was not aware that the property was sold at a deep discount (64%) to the listing price after having been on the market for only seven days. This is a probate sale (per Matthew Welinsky appraisal, see attached profile). The reviewer considers this sale to be low and adjusts it up 20% for conditions of sale. The reviewer also considers it inappropriate to base an appraisal mainly on this single sale. The appraiser’s market value estimate is modified below.

This property is very long and narrow, with limited frontage. The very extreme depth of this parcel make its use inefficient, indicating a downward adjustment on a per acre basis for shape. Conversely, an upward adjustment is indicated for this parcels much smaller size. The reviewer considers these to be offsetting factors. The baseline per acre market value estimate of \$2,200 per acre established in the appraisal of Lot 1 (the main 28.6-acre parcel) is applied as reasonable.

CT DEP APPRAISAL REVIEW (Stantack Road, Middletown1)

Lot 12 (continued)

Modified Market Value: 6.5 acres @ \$2,200 per acre equals \$14,300, rounded to \$14,000

Lot 15 – 6.2 acres

Appraisal. This property was appraised based on Sale 1, 12 acres on Stantack Road. The sale price was \$14,500. The indicated market value of the subject by this sale is \$11,500 (lump sum) or \$5,939, rounded to \$6,000 (\$958/ac. x 6.2 acres). Again, the sale analysis does not consider conditions of sale. The lump sum and per acre analysis is mixed and is rejected.

Reviewer. This parcel is more regularly shaped and is similar to the baseline parcel, but should command a higher unit price because of its small size. The baseline per acre market value estimate of \$2,200 per acre is adjusted upward 10% to \$2,400 per acre.

Modified Market Value: 6.2 acres @ \$2,500 per acre equals \$14,880, rounded to \$15,000.

Lot 7 – 8.82 acres

Appraisal. This elongated parcel with fair soils was again based on Sale 1, 12 acres on Stantack Road. The indicated market value of the subject by this sale was \$13,000 (lump sum adjustments), or \$9,600 (per acre analysis, \$1,083/ac. x 8.82). Again, this sale analysis does not consider conditions of sale. The lump sum and per acre analysis is mixed and is rejected.

Reviewer. The baseline unit value of \$2,200 per acre is applied here for the same reasons as Lot 12 (see above). The modified market value estimate is:

Modified Market Value: 8.82 acres @ \$2,200 per acre equals \$19,404, rounded to \$19,000.

Lot 16 – 8.9 acres

Appraisal. This elongated parcel with fair soils was again based on Sale 1, 12 acres on Stantack Road. The indicated market value of the subject by this sale was \$13,000 (lump sum adjustments), or \$9,600 (per acre analysis, \$1,083/ac. x 8.82). Again, this sale analysis does not consider conditions of sale. The lump sum and per acre analysis is mixed and is rejected.

Reviewer. The baseline unit value of \$2,200 per acre is applied here for the same reasons as Lot 12 (see above). The modified market value estimate is:

Modified Market Value: 8.9 acres @ \$2,200 per acre equals \$19,580, rounded to \$20,000.

Lot 18 – 8.6 acres

Appraisal. This elongated parcel with fair soils was again based on Sale 1, 12 acres on Stantack Road. The indicated market value of the subject by this sale was \$13,000 (lump sum adjustments), or \$9,600 (per acre analysis, \$1,083/ac. x 8.82). Again, this sale analysis does not consider conditions of sale. The lump sum and per acre analysis is mixed and is rejected.

Reviewer. The baseline unit value of \$2,200 per acre is applied here for the same reasons as Lot 12 (see above). The modified market value estimate is:

Modified Market Value: 8.6 acres @ \$2,200 per acre equals \$18,920, rounded to \$19,000.

ASSUMPTIONS AND LIMITING CONDITIONS

The purpose of this appraisal review report is to review the appropriateness of the conclusions and the reasonableness of the market value estimate determined within appraisal under review.

This review report is intended solely for the use of the client. Possession of this review does not carry with it the right of publication without the prior written consent and approval of the reviewer.

The reviewer is not required to give further consultation or court testimony concerning the property that is the subject of this review unless prior arrangements have been made.

This review report constitutes a limited assignment and should not be construed as an appraisal of the subject property.

Unless stated otherwise within the review report, the analyses, opinions and conclusions in this review are based solely on the data, analyses, and conclusions contained in the appraisal report under review; it is assumed that these data are representative of existing market data. No attempt has been made to obtain additional market data for this review.

All analyses, opinion and conclusions expressed by the reviewer are limited by the scope of the review process as described herein.

The reviewer has made no legal survey, nor commissioned one to be prepared; therefore, reference to a sketch, plat, diagram, or previous survey appearing in the report is only for the purpose of assisting the reader to visualize the property.

No responsibility is assumed for legal matters existing or pending, nor is opinion rendered as to title, which is assumed to be good.

Disclosure of the contents of this review is governed by the Bylaws and Regulations of the Appraisal Institute.

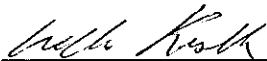
The compensation received for this assignment is in no manner contingent upon the estimate of value reported.

The reviewer is fully qualified commercial real estate appraiser who has been involved in the valuation of many similar properties. The reviewer's education and experience in appraising similar properties satisfies the competency provision of USPAP.

CERTIFICATE OF APPRAISAL

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

- the facts and data reported by the reviewer and used in the review process are true and correct.
- the analyses, opinions and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have not bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- my analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I did not personally inspect the subject property of the work under review.
- No one provided significant real or personal property appraisal or appraisal review assistance to the person signing this certification.



William H. Kisluk
Certified General Appraiser
CT License RCG 336

MARKET SALE 1

Location/Address Stantack Road
 Map 2, Block 9-1, Lot 6
 Middletown, CT
 Grantor Nancy C. Caputi
 Grantee Roger C. & Tammy A. Anderson
 Date of Sale January 28, 1999
 Recorded Sale Price \$14,500
 Reference Volume 1188, Page 481; Warranty Deed

Prop. Rights Conveyed Fee Simple

Land Data:

Zone Residential District (R-60)
 Land Area 12± acres (assessor map); 10 acres, more or less per deed
 Frontage 200 ± (scaled from map)
 Shape Rectangular
 Topography Rolling topography
 Utilities Water [N], Sewer [N], Gas [N], Elec. [Y*], Phone [Y*]
 Neighborhood Forest, some scattered residential * (available from Footit Drive
 and/or lower Stantack Road, access to lot is dirt trail)
 Other Site Imp. None
 Type development None, scattered dwellings, forest location
 Amenities None
 Map/Block/Lot Assessor Map 2, Block 9-1, Lot 6

Verification Source Warranty Deed
 Conditions of Sale Quasi-Arms-length (possible motivated seller)
 Marketing Time 7 days (asking \$22,500-subject to probate)
 Comments Grantee pays taxes due on list October 1, 1997 second half and
 thereafter

Financing: None listed

| | |
|--------------------------------|---------|
| Sale Price/Acre (assessor map) | \$1,208 |
| Sale Price/Acre (deed) | \$1,450 |

SKETCH OF MARKET SALE 1

