

*PREPARED
FALL 2012*

HUDSON

PROPERTY ADVISORS

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BERNZ, MAI**
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10 So. Moger Ave.
Mt. Kisco, NY
10549 USA

File No. 2012.12001

APPRAISAL OF REAL PROPERTY

SUMMARY APPRAISAL REPORT

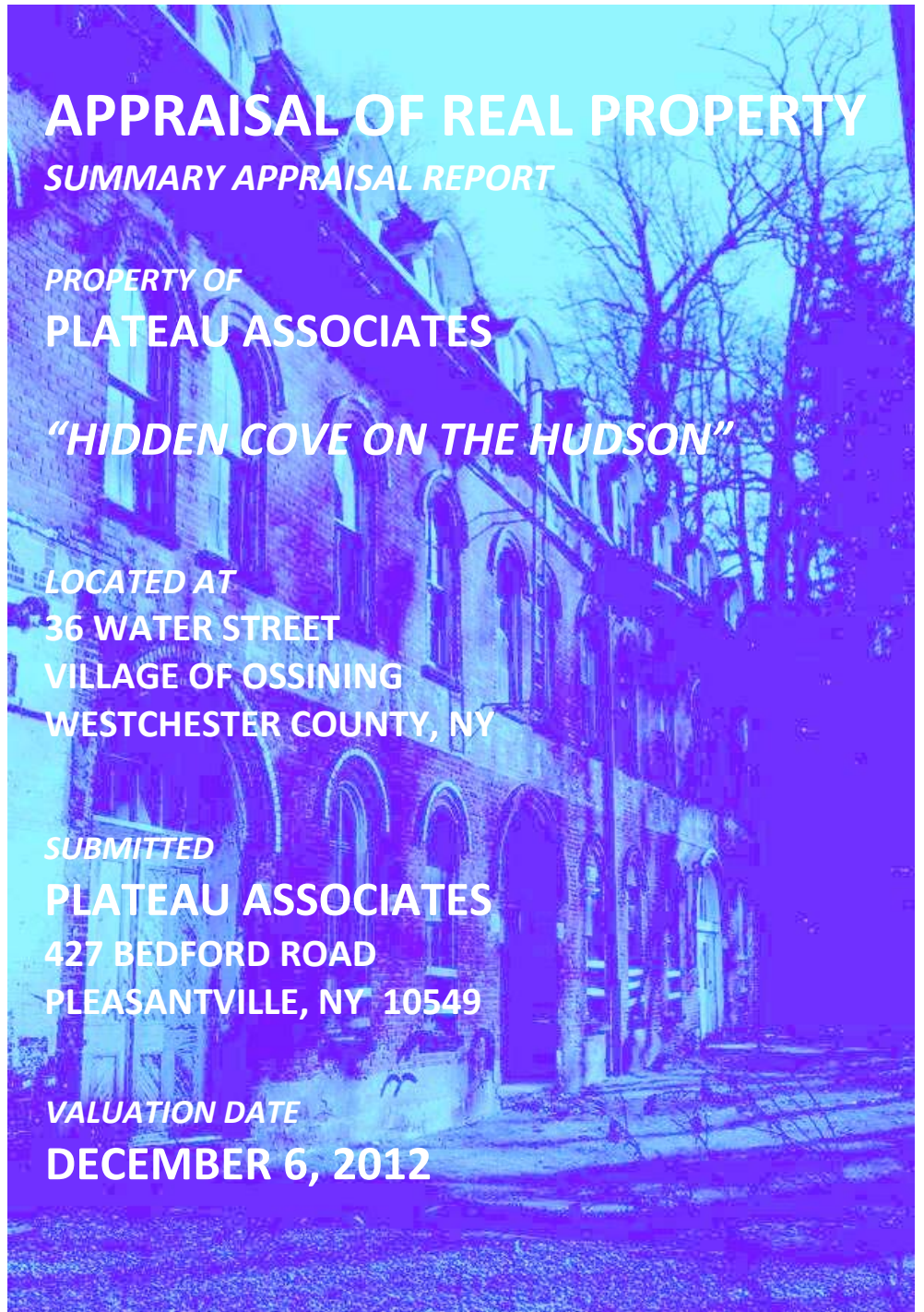
PROPERTY OF
PLATEAU ASSOCIATES

"HIDDEN COVE ON THE HUDSON"

LOCATED AT
**36 WATER STREET
VILLAGE OF OSSINING
WESTCHESTER COUNTY, NY**

SUBMITTED
**PLATEAU ASSOCIATES
427 BEDFORD ROAD
PLEASANTVILLE, NY 10549**

VALUATION DATE
DECEMBER 6, 2012



APPRAISAL OF REAL PROPERTY

Summary Appraisal Report

Property of
Plateau Associates, LLC

Hidden Cove on the Hudson

**36 Water Street
Village of Ossining
Westchester County, New York**
(Our file # 2012.12001)

Submitted
**Plateau Associates
427 Bedford Road
Pleasantville, NY 10570**

Date of Appraisal
December 6, 2012

Date of Report
December 10, 2012

**HUDSON
PROPERTY
ADVISORS, LLC**

Jonathan A. Bernz, MAI

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Advanced Real Estate Appraisal and Consulting

December 10, 2012

Plateau Associates
427 Bedford Road
Pleasantville, NY 10570

Attention: Peter Stolatis

Re: 36 Water Street (Hidden Cove on the Hudson)
Village of Ossining
Westchester County, NY (Our File No. 2012.12001)

Gentlemen:

In accordance with your request, we inspected the captioned property, consisting of a 5.1415 acre parcel improved with a building known as the Brandreth Pill Factory, for the purpose of providing you with our estimate of market value of the fee simple interest under the following hypothetical conditions:

1. Assuming renovation/conversion of the existing main structure into 24 residential units, assuming completion of construction in accordance with plans and specifications.
2. Assuming that the property is operated on a stabilized basis.

The use of these hypothetical conditions may affect the results of this assignment. The market value estimate is rendered as of the date of our physical inspection, December 6, 2012. The summary report attached hereto represents the results of our complete appraisal process.

As indicated in the statement of underlying assumptions and contingent conditions appearing at the end of this report, this appraisal is predicated on the assumption that the subject property is free of asbestos and is not contaminated by any other noxious or dangerous materials. We do not have the expertise to recognize such conditions. It is the responsibility of the client to retain other experts who have training and experience in

ascertaining the existence of these substances.

Recent U.S. financial market turmoil and ensuing events have impacted the U.S. economy in a variety of ways, including an increased level of uncertainty. In analyzing market conditions for this assignment, the appraiser applied the best available means to measure the effects of these events, however, limited information is available at this time. As a result, because of these circumstances, the client and intended users of this appraisal are cautioned of the following:

1. The ability to rely on the conclusion(s) reached within this appraisal may be more limited than usual.
2. The conclusion(s) reached within this appraisal may be subject to more fluctuation than usual in the short term.

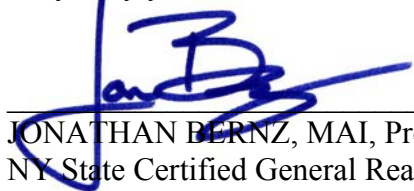
The summary appraisal report that follows sets forth the definition of market value, identification of the property, assumptions and limiting conditions, summary of pertinent facts relative to the area and the subject property, summary of comparable data, the results of our investigations and analyses, and the reasoning leading to our conclusions.

This appraisal has been prepared in conformance with our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Foundation, the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and in accordance with the regulations established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).

We believe the content of this report covers the scope of our assignment. If you have any questions, or if you should require clarification, please do not hesitate to call.

Thank you for providing us with the opportunity to assist you with this matter.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Jonathan Bernz", is written over a horizontal line.

JONATHAN BERNZ, MAI, President
NY State Certified General Real Estate Appraiser
#46-26085

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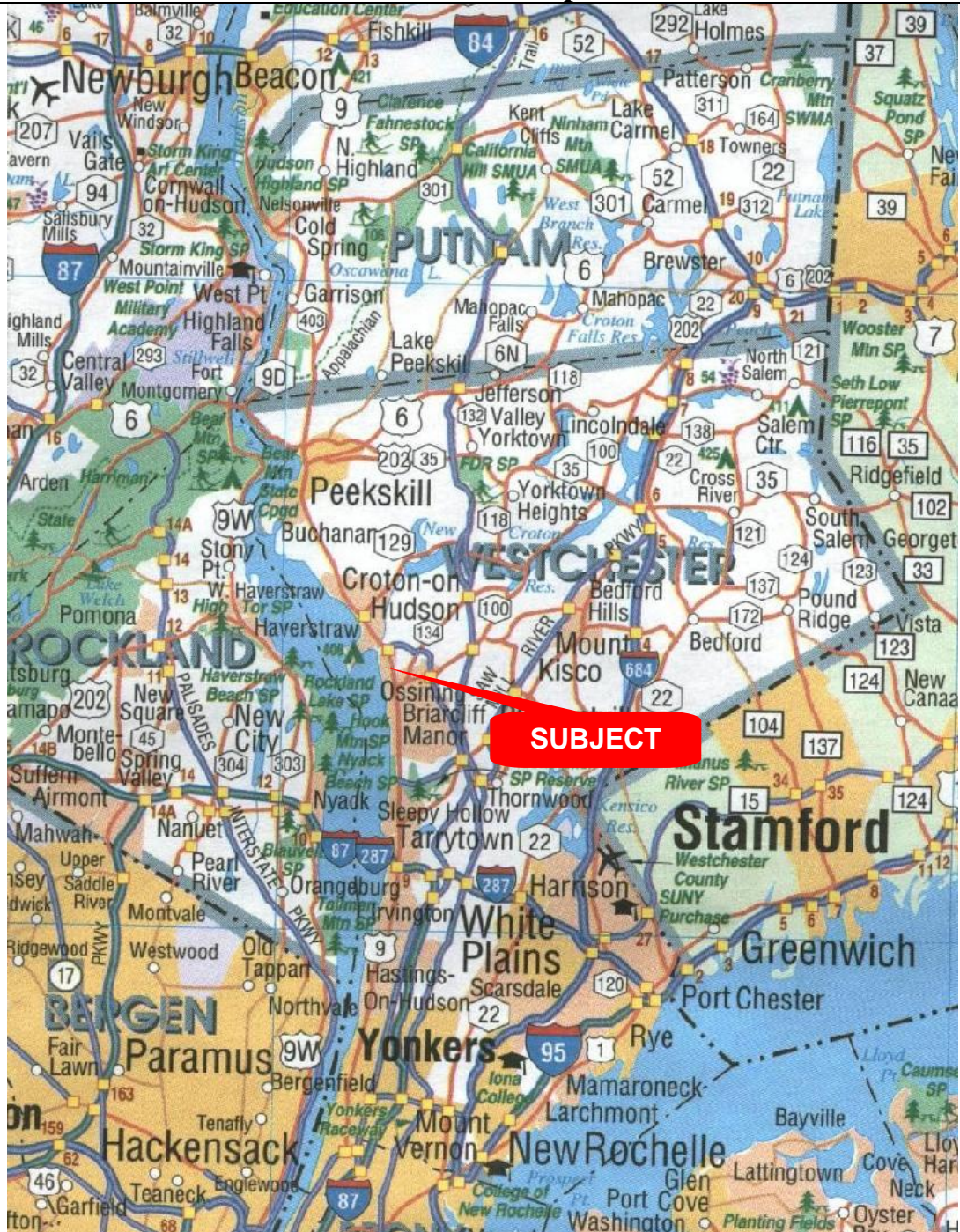
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Executive Summary

Date of Appraisal:	December 6, 2012.
Type of Report:	Summary report; complete appraisal process.
Type of Property:	Proposed rental apartment in an antique factory building which is planned to be converted to residential use.
Location:	36 Water Street, Village of Ossining, Westchester County, New York.
Tax ID No.:	89.14-1-11.
Land Area:	5.1415 acres.
Principal Improvements:	Three-story antique factory building planned to be converted into 24 rental apartments to be known as Hidden Cove on the Hudson. As mentioned, this appraisal is made subject to the hypothetical condition assuming completion of construction/conversion and operation on a stabilized basis.
Property Rights Appraised:	Hypothetical leased fee.
Assessed Valuation:	\$48,600 (represents current assessment before conversion/renovation).
Real Estate Taxes:	\$32,327.57 (before conversion/renovation)
Zoning District:	"CDD, Conservation Development District."
Highest and Best Use:	Rental apartments (assuming completion of construction and renovation).
Hypothetical Condition(s):	<p>This appraisal is made under the following hypothetical conditions:</p> <ol style="list-style-type: none">1. Assuming renovation/conversion of the existing main structure into 24 residential units, assuming completion of construction in accordance with plans and specifications.2. Assuming that the property is operated on a stabilized basis. <p>The use of these hypothetical conditions may affect the results of this assignment</p>

Conclusion - Market Value of Subject Property **\$3,900,000**
(Assuming completion of construction and stabilized occupancy)

Location Map



36 Water Street
Village of Ossining, Westchester County, NY
Tax Map ID No: 89.14-1-11



Subject Identification

The property that is the subject of this appraisal is a 5.1415 acre parcel of land presently improved with an antique factory (Brandreth Pill Factory) owned by Plateau Associates, LLC, located at 36 Water Street, Village of Ossining, Westchester County, New York.

Tax Map ID # - 89.14-1-11.

Date of Appraisal

December 6, 2012.

Identification of Client and Submittee

The client and submittee is Plateau Associates, 427 Bedford Road, Pleasantville, NY, Attention: Peter Stolatiss.

Intended Use (Function) of Appraisal

The function of this appraisal is to demonstrate, through the use of professionally recognized and commonly accepted appraisal practice and procedure, the market value of the hypothetical leased fee interest in the subject property under the ***Hypothetical Condition(s)*** described herein, for use in connection with our client's objectives. The intended use of this appraisal is to assist Client in demonstrating hardship in connection with an application for a demolition permit.

Intended User of Appraisal

The intended user of this report is the client and the submittee, Plateau Associates, 427 Bedford Road, Pleasantville, NY, Attention: Peter Stolatiss.

Extraordinary Assumptions

An extraordinary assumption is “An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.”¹ Recent U.S. financial market turmoil and ensuing events have impacted the U.S. economy in a variety of ways, including an increased level of uncertainty. In analyzing market conditions for this assignment, the appraiser applied the best available means to measure the effects of these events, however, limited information is available at this time. As a result, because of these circumstances, the client and intended users of this appraisal are cautioned of the following:

1. The ability to rely on the conclusion(s) reached within this appraisal may be more limited than usual.
2. The conclusion(s) reached within this appraisal may be subject to more fluctuation than usual in the short term.

This appraisal contains no other extraordinary assumptions.

Hypothetical Conditions

A hypothetical condition is defined as “That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”²

The difference between whether a particular condition is an extraordinary assumption or a hypothetical condition depends upon what the appraiser knows about the particular condition in question. “If an appraiser cannot verify a certain condition that is critical to the valuation but which he believes is true and has no reason to doubt is true, then the

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute), 2010, p. 73.

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute), 2010, p. 97.

condition is an extraordinary assumption . . . If, on the other hand, an appraiser is asked to use a condition which he knows to be false but which is necessary for the analysis, then two things are required; the appraiser can use the condition as long as it meets the criteria in USPAP (Uniform Standards of Professional Appraisal Practice) and the appraiser must not confuse the information with the known facts. The appraiser must clearly distinguish ‘false conditions’ from those other assumptions or conditions which are believed or taken to be true.”³ As requested, this appraisal is made under the following hypothetical conditions:

1. Assuming renovation/conversion of the existing main structure into 24 residential units, assuming completion of construction in accordance with plans and specifications.
2. Assuming that the property is operated on a stabilized basis.

The use of these hypothetical conditions may affect the results of this assignment.

This appraisal contains no other hypothetical conditions.

Appraisal Foundation Standards and Definition of Market Value

This appraisal has been prepared to conform to the Uniform Standards of Professional Appraisal Practice (USPAP), adopted by the Appraisal Foundation.

The **definition of market value** which follows is taken from Uniform Standards of Professional Appraisal Practice (USPAP) instructions, adopted by the Appraisal Standards Board of the Appraisal Foundation.

“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 and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a date and the passing of title from seller to buyer under conditions whereby-

³ Uniform Standards of Professional Appraisal Practice (USPAP) Frequently Asked Questions, 2000 Edition, Appraisal Standards Board, The Appraisal Foundation, 2000, p. 41-42.

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised, and acting in what they consider their own best interests.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto.
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.”

According to The Dictionary of Real Estate Appraisal, Fifth Edition, a publication of the Appraisal Institute, “The most widely accepted components of market value are incorporated in the following definition:

The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.”

The Dictionary of Real Estate Appraisal, Fifth Edition, also indicates that *market value* is described in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows:

“A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. (USPAP, 2010-2011 ed.).”

Property Rights and/or Interest Appraised

Real Estate is commonly defined as physical land and appurtenances affixed to the land, e.g., structures. Real Property consists of all interests, benefits, and rights inherent in the ownership of physical real estate.

Real property does not necessarily include the complete bundle of rights, i.e., “fee simple” rights or interests. For example, when a property is subject to a lease, different interests are created, the “leased fee” interest and the “leasehold” interest.

Since we are valuing the subject property as though construction/renovation is complete and that the property is operated on a stabilized basis, the individual apartments would likely be encumbered by short term (one-year or two-year) leases. Accordingly, within this appraisal, we will primarily be concerned with the valuation of the leased fee interest.

The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, provides the following definitions.

“Fee Simple (Estate)”

Absolute ownership subject only to limitations imposed by the State.

“Leased Fee Interest”

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

“Leasehold Interest”

The tenant’s possessory interest created by a lease.⁴

Personal Property Fixtures and Intangible Items

The value conclusion within this appraisal is of the real estate only; unless specifically stated otherwise, it excludes the value of any personal property, fixtures and intangible items, if any.

⁴ Note: A leasehold interest may be a negative leasehold or positive leasehold.

Current Ownership, Sales and Property History

The present owner of record is **Plateau Associates, LLC**. There have been no arm's length transfers of ownership recorded within the past three years.

Property Inspection

The subject was physically inspected for the purpose of this appraisal report by Jonathan Bernz on December 6, 2012. It was subsequently revisited for further review and analysis. The appraiser(s) have not performed services regarding this property within the past three years.

Americans with Disabilities Act (ADA)

We have not made a specific compliance survey to determine if the improvements on subject property (if any), which were built prior to enactment of the ADA, conform with its requirements. Any non-compliance could have a negative effect upon value.

Competency Provision

The appraiser has accepted this appraisal assignment having the knowledge, training and experience necessary to complete the assignment competently. We are aware of the competency provision of the Uniform Standards of Professional Appraisal Practice (USPAP) and the author of this report meets these standards. Jonathan Bernz, MAI has inspected the property and its surrounding environs and prepared this report. Additionally, the appraiser has extensive appraisal experience in the appraisal of similar properties. Thus, it is our opinion that we are fully competent to perform this appraisal, due to the fact that:

1. We have full knowledge and experience in the nature of this assignment;
2. All necessary and appropriate steps have been taken in order to complete the assignment competently; and
3. We do not lack any knowledge or experience that would prohibit this assignment to be completed in a professional, competent manner, or where a biased or misleading opinion of value would be rendered

Extent of the Appraisal Process⁵

The extent of the appraisal process encompasses the research and the scope of the analyses required to prepare an appraisal in accordance with the intended use of the report, and in compliance with the Standards of Professional Appraisal Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

Valuation of the subject property involved the following:

- 1) The subject property was physically inspected on December 6, 2012, by Jonathan Bernz. At this time the property was photographed and visually inspected for the purpose of obtaining general physical characteristics as reported herein.
- 2) County, municipal and neighborhood data are based upon our inspection and prior knowledge of the area, and information available in Hudson Property Advisors' library, consisting of various documents and periodicals.
- 3) Lot area, dimensions and physical characteristics were based upon our review of several sources including:
 - a) Map entitled "Hidden Cove on the Hudson, Village of Ossining, New York, Existing Conditions Plan, Figure 10," prepared by Rudolph C. Petrucelli, Petrucelli Engineering (undated),
 - b) Map entitled "Topographical Survey of Property prepared for EPN situate in the Town of Ossining, Westchester County, New York," surveyed July 25, 2007, map prepared August 4, 2007,
 - c) "Subdivision Map prepared for Filex Steel Products Co., Inc., Located in the Village of Ossining, Town of Ossining, Westchester County, N.Y.," prepared by Charles Riley, Land Surveyor, filed in the Westchester County Clerk's Office, Division of Land Records on August 25, 1995 as Map No. 25508,
 - d) The legal description contained in deed Liber 42081, Page 318,
 - e) USGS Topographic Quadrangle Maps (15" Series),
 - f) The subject's municipal tax assessment map,
 - g) Aerial imagery,

⁵ Formerly "Scope of the Appraisal."

- h) Direct on-site physical inspection.
- 4) Building area, dimensions and physical characteristics were based upon our review of several sources including:
 - a) Floor plans provided by the property owner,
 - b) Artist rendering provided by the property owner,
 - c) Municipal records including information available at the office of the Assessor and/or Building Department,
 - d) Direct on-site physical inspection.
- 5) Real estate tax and assessment data were obtained from the municipal Receiver of Taxes and Assessment Offices.
- 6) Zoning data was obtained from the municipal Zoning Ordinance.
- 7) In developing the approaches to value, the appraisers analyzed market data collected from company files, TRW/REDI Data realty reports, the Empire Access Multiple Listing Service (formerly known as the Westchester-Putnam Multiple Listing Service), and the CID Division of the MLS, the commercial real estate brokerage community, the Westchester County Division of Land Records located in the City of White Plains, the NY State Office of Real Property Tax Services (ORPTS), other appraisers, developers, investors and other persons knowledgeable of, and experienced in, the subject market. If sufficient comparables were unavailable from within the immediate community, we expanded our geographic search to include comparables located in other nearby locations.
- 8) Recent U.S. financial market turmoil and ensuing events have impacted the U.S. economy in a variety of ways, including an increased level of uncertainty. In analyzing market conditions for this assignment, the appraiser applied the best available means to measure the effects of these events, however, limited information is available at this time. As a result, because of these circumstances, the client and intended users of this appraisal are cautioned of the following (1) The ability to rely on the conclusion(s) reached within this appraisal may be more limited than usual and (2) The conclusion(s) reached within this appraisal may be subject to more fluctuation than usual in the short term.
- 9) As requested by the client, this appraisal is made under the following hypothetical conditions: 1) Assuming completion of construction and renovation/conversion of

the existing structure in accordance with plans and specifications into 24 residential rental units and 2) Assuming that the property is operated as rental apartments on a stabilized basis. The use of these hypothetical conditions may affect the results of this assignment.

- 10) After assembling and analyzing the data defined in this scope of the appraisal, we relied upon the Income Capitalization Approach and concluded at a final value estimate of the subject property's hypothetical leased fee interest.

Westchester County Regional Overview

The subject property is located in northern Westchester County, New York, roughly 25 miles north of mid-town Manhattan.



Westchester County is located in the southeastern portion of New York State directly north of New York City (NYC) and is bordered on the west by the Hudson River and on the east by Connecticut's Fairfield County. Westchester County is part of the greater NYC region, which includes NYC's surrounding suburban areas in New York, New Jersey and Connecticut

encompassing 21 counties in total. Westchester County covers an area of 450 square miles and has a diverse population residing in 45 municipalities comprising six cities (Mount Vernon, Rye, New Rochelle, White Plains, Peekskill, and Yonkers), 16 towns, and 23 villages with a total population of 923,459 according to the 2000 Census and an estimated 2010 population of roughly 956,959.

Westchester County is intricately tied both economically and culturally to Manhattan, as is most of the NYC region. Located only 10 miles north of Midtown Manhattan, its accessibility to NYC is a key factor to its appeal and growth. Within its land area of 432.8 square miles, the County offers both upscale residential communities and prestigious suburban office centers that are home to numerous businesses as well as headquarters for Fortune 500 corporations. Many County residents commute to work in Manhattan as well as neighboring suburbs. Likewise, people from surrounding communities commute to Westchester County.

Westchester County is renowned for its high quality of living. Westchester has excellent school systems at the primary level with students performing well above the state and national averages on standardized testing. A very high percentage of Westchester County students go on to pursue some form of higher education. Westchester residents enjoy numerous recreational and leisure options. There are many public and private recreational facilities including golf courses, parks, and beaches within Westchester County. Westchester County also offers many cultural activities and excellent shopping highlighted by upscale retail malls (The Westchester) and a mid-level retail mall (The Galleria), both located in downtown White Plains, as well as several large shopping centers concentrated along the Central Avenue corridor spanning from White Plains south to Yonkers. Residents of Westchester County are able to enjoy a wide variety of activities which further contributes to the appeal of this area.

Westchester County's status as a prestigious, affluent and upscale suburban county within a short commute of Manhattan has played an important role in attracting executives and their companies to the area. In addition, the cost of commercial real estate is also relatively cheaper in Westchester County compared to Manhattan.

A snapshot of Westchester's ultra- high end luxury estate real estate market, including a sampling of sales and current listings is as follows:

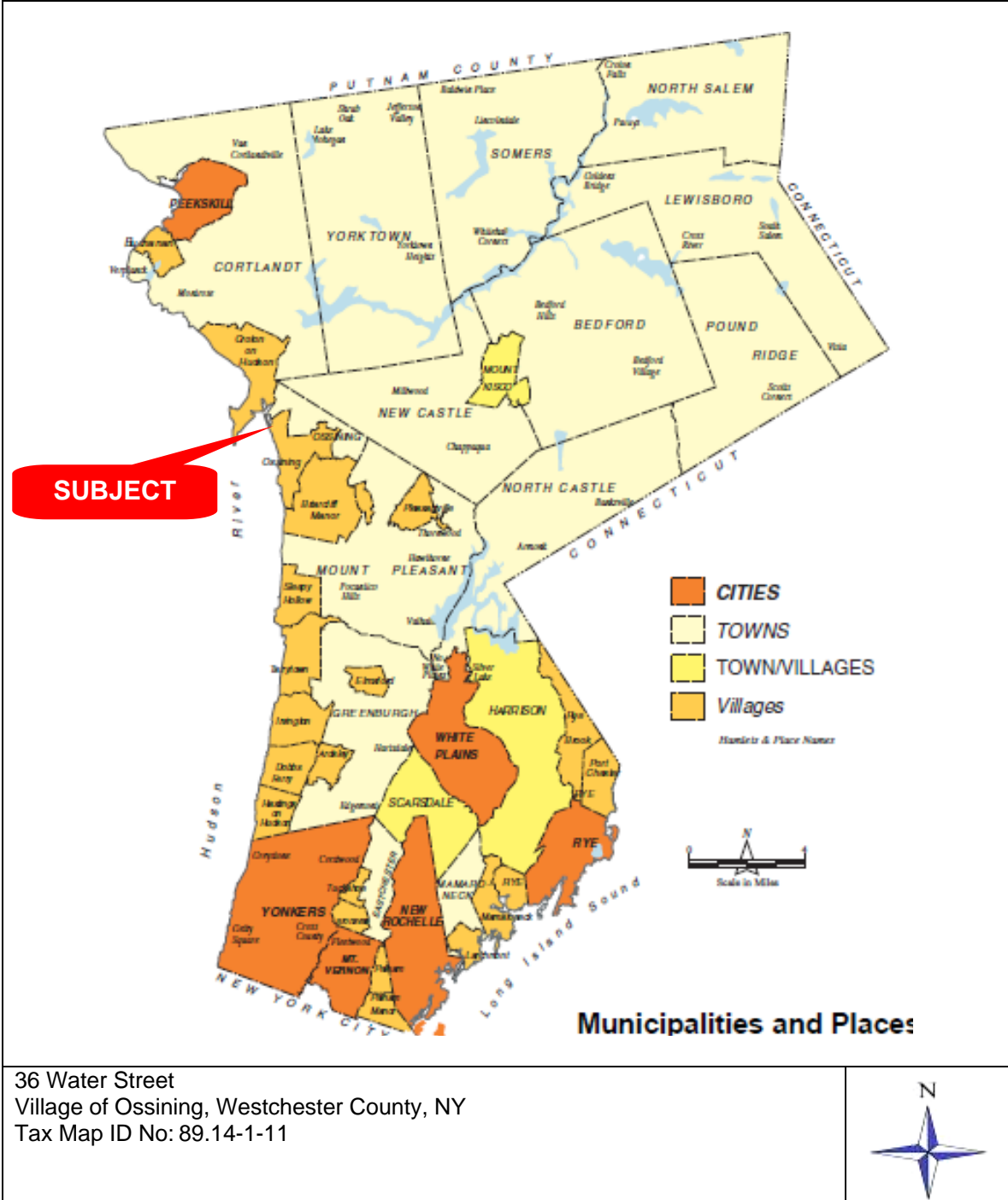
Status	Address	Post Office	List/Sell \$	Rooms	BD	BA	Sq Ft	Built	Acres	DOM ⁶
Active	44 Mead Rd	Armonk	\$17,000,000	11	5	5 (4 1)	5,888	1989	33.59	17
Active	44 W Patent Rd	Bedford Hills	\$17,900,000	26	8	18 (9 9)	15,458	1895	13.277	14
Active	58 Cat Ridge Rd	North Salem	\$18,500,000	17	7	9 (7 2)	9,000	1934	26.168	70
Active	888 Old Post Rd	Bedford	\$19,888,000	17	6	11 (9 2)	12,000	1999	72.3	87
Active	129 Dingle Ridge Rd	North Salem	\$24,900,000	0	8	8 (4 4)	22,000	2006	286.28	843
Active	96 Westwood Dr	Bedford Corners	\$26,500,000	19	8	10 (8 2)	21,000	1901	101.6	480
Active	10 Parsonage	Rye	\$16,995,000	14	7	10 (7 3)	7,325	2006	2.666	4
Sold	290 Stuyvesant Ave	Rye	\$11,600,000	14	6	8 (5 3)	7,991	1918	1.571	135
Sold	9 Heathcote Rd	Scarsdale	\$10,884,000	20	7	9 (6 3)	11,600	2006	2.54	251

⁶ Days on market (marketing time) as of May 25, 2012.

As demonstrated above, there is both supply and demand for high end luxury estate residences in Westchester are relatively high price levels. Presently, however, supply appears to be outpacing demand.

Westchester County's long term advantages of close proximity to Manhattan, one of the world's largest economies, as well as the County's highly educated workforce and high quality-of-life, bode well for its future. Its position of relative business cost affordability within the region provides added reason for encouragement. Continued growth in population, households and income levels is expected for the foreseeable future.

Location Map



The Town of Ossining / Village of Ossining

The Town of Ossining, with a land area of 11.1 square miles, contains within its boundaries The Village of Ossining, part of the Village of Briarcliff Manor (the rest is located in the Town of Mount Pleasant), and a small, unincorporated area (2.6 square miles). Ossining lies approximately 30 miles north of midtown Manhattan, and approximately 15 miles north of White Plains. Ossining is situated on the east bank of the Hudson River and is bounded north by the Village of Croton-on-Hudson, the Croton River and the Town of New Castle, east by the towns of New Castle and Mount Pleasant and south by the Town of Mount Pleasant. The 2010 population of the town is 38,514, a 5.42% increase over 2000, and is projected to grow a modest 0.25 from 2010 to 2015.

The main north-south roads in Ossining are Routes 9 and 9A. Route 9 connects with the New York State Thruway (I-87) and the Cross-Westchester Expressway (I-287) in Tarrytown, approximately seven miles south of the Ossining central business district. The thruway and expressway provide access to New York City, Upstate New York and New England. Other major roads within the town are Routes 100 and 133. Metro-North Commuter Railroad maintains regular service to and from Ossining and Grand Central Station in New York City. There are two railroad stations in the town, one in the Village of Ossining, and one further south in the Scarborough neighborhood.

Ossining's downtown, like the majority of industrially-oriented communities along the Hudson River, experienced a severe economic decline after the advent of the outlying shopping center. The most dramatic undertaking in the village center was the facade restoration program along Main Street known as the Scarborough Historic District. The district consists of small retail store and eateries.

There are four primary commercial sections or corridors located in the town. The largest and most diversified is the Arcadian Shopping Center located on the west side of South Highland Avenue (U.S. Route 9) within the Village of Ossining. It includes numerous retail stores including a large food market, a greenhouse/nursery, several restaurants and clothing stores.

Another retail/commercial strip is located at the corner of Route 9 and Croton Avenue (Rte. 133); from this point the corridor runs along Croton Avenue in a northeasterly direction, ending at the Chilmark Shopping Center (currently under renovation). Several neighborhood shopping centers, restaurants, banks and the Ossining Public Library are on this strip.

The following information concerning housing for the Town of Ossining was obtained from the US Census Bureau.

Subject	Ossining town, Westchester County, New York			
	Estimate	Margin of Error	Percent	Percent Margin of Error
HOUSING OCCUPANCY				
Total housing units	13,383	+/-718	13,383	(X)
Occupied housing units	12,438	+/-675	92.9%	+/-2.1
Vacant housing units	945	+/-292	7.1%	+/-2.1
Homeowner vacancy rate	2.6	+/-1.7	(X)	(X)
Rental vacancy rate	3.4	+/-2.6	(X)	(X)
UNITS IN STRUCTURE				
Total housing units	13,383	+/-718	13,383	(X)
1-unit, detached	5,911	+/-403	44.2%	+/-2.8
1-unit, attached	1,428	+/-240	10.7%	+/-1.7
2 units	1,281	+/-274	9.6%	+/-2.0
3 or 4 units	1,331	+/-349	9.9%	+/-2.5
5 to 9 units	730	+/-261	5.5%	+/-1.9
10 to 19 units	491	+/-218	3.7%	+/-1.6
20 or more units	2,201	+/-409	16.4%	+/-2.9
Mobile home	10	+/-15	0.1%	+/-0.1
Boat, RV, van, etc.	0	+/-115	0.0%	+/-0.4
YEAR STRUCTURE BUILT				
Total housing units	13,383	+/-718	13,383	(X)
Built 2005 or later	182	+/-98	1.4%	+/-0.7
Built 2000 to 2004	294	+/-113	2.2%	+/-0.8
Built 1990 to 1999	690	+/-151	5.2%	+/-1.2
Built 1980 to 1989	1,956	+/-350	14.6%	+/-2.4
Built 1970 to 1979	963	+/-255	7.2%	+/-1.8
Built 1960 to 1969	2,372	+/-469	17.7%	+/-3.5
Built 1950 to 1959	2,619	+/-412	19.6%	+/-3.0
Built 1940 to 1949	479	+/-202	3.6%	+/-1.5
Built 1939 or earlier	3,828	+/-476	28.6%	+/-3.0

Source:
U.S. Census Bureau

Subject	Ossining town, Westchester County, New York			
	Estimate	Margin of Error	Percent	Percent Margin of Error
ROOMS				
Total housing units	13,383	+/-718	13,383	(X)
1 room	263	+/-129	2.0%	+/-1.0
2 rooms	393	+/-199	2.9%	+/-1.5
3 rooms	1,623	+/-387	12.1%	+/-2.8
4 rooms	2,266	+/-440	16.9%	+/-3.0
5 rooms	2,114	+/-359	15.8%	+/-2.4
6 rooms	2,020	+/-352	15.1%	+/-2.6
7 rooms	1,553	+/-300	11.6%	+/-2.2
8 rooms	1,026	+/-210	7.7%	+/-1.6
9 rooms or more	2,125	+/-391	15.9%	+/-2.9
Median rooms	5.5	+/-0.2	(X)	(X)
BEDROOMS				
Total housing units	13,383	+/-718	13,383	(X)
No bedroom	296	+/-135	2.2%	+/-1.0
1 bedroom	2,155	+/-374	16.1%	+/-2.6
2 bedrooms	4,303	+/-591	32.2%	+/-3.4
3 bedrooms	3,525	+/-418	26.3%	+/-3.1
4 bedrooms	2,096	+/-389	15.7%	+/-3.0
5 or more bedrooms	1,008	+/-221	7.5%	+/-1.7
HOUSING TENURE				
Occupied housing units	12,438	+/-675	12,438	(X)
Owner-occupied	7,944	+/-572	63.9%	+/-3.2
Renter-occupied	4,494	+/-481	36.1%	+/-3.2
Average household size of owner-occupied unit	2.61	+/-0.11	(X)	(X)
Average household size of renter-occupied unit	2.97	+/-0.25	(X)	(X)

Source:
U.S. Census Bureau

The data indicates that 4,944, or 36.9 % of the 13,383 housing units in the Town of Ossining are renter occupied.

Some of the major rental apartment buildings (or apartment building complexes) in Ossining are summarized on the following chart.

Name	Location	No. Units (approx.)
Cedar Arms	Cedar lane	72
London Terrace	Croton Avenue	43
Fuller/Hampton	Croton Avenue	92
Clinton terrace	Croton Avenue	96
Fair Housing	James Street	68
Maple House (ALF)	Maple Place	104
Hudson View	South Highland Avenue	26
Jefferson House	Charter Circle	190
	South Highland Avenue	24
Birch Brook Manor	South Highland Avenue	79
Sparta Green	South Highland Avenue	42
Parkview	South Highland Avenue	204
Jefferson Highlands	South Highland Avenue	60
Sherwood Avenue Apartments	Sherwood Avenue	31
Claremont Gardens (asst.)	Van Cortlandt Avenue	182
Audubon Manor	Wolden Avenue	75
Total		1,388

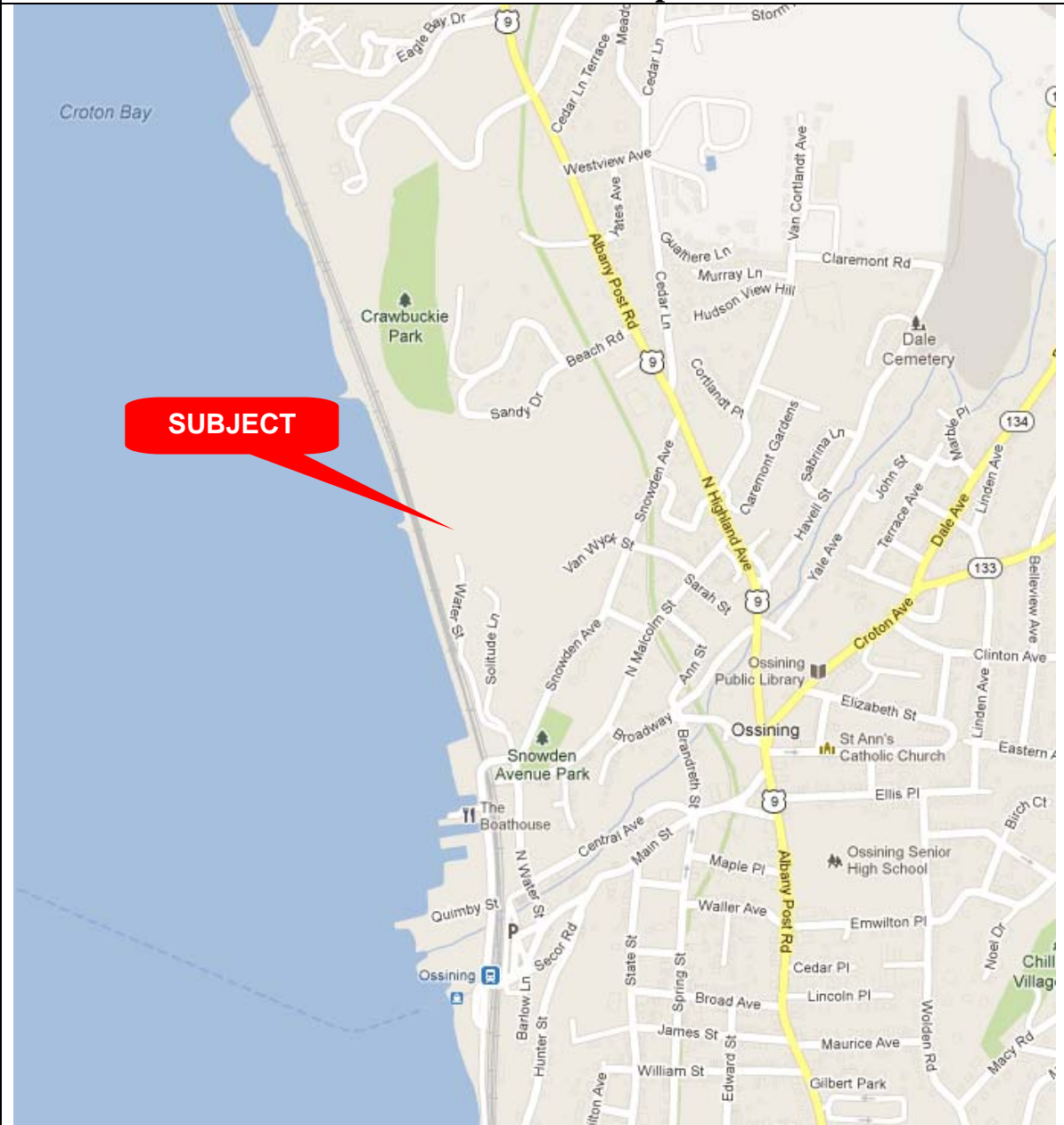
The following information for the Village of Ossining was obtained from the US Census Bureau.

	Ossining	New York
Population, 2011 estimate	25,230	19,465,197
Population, 2010 (April 1) estimates base	25,060	19,378,104
Population, percent change, April 1, 2010 to July 1, 2011	0.7%	0.4%
Population, 2010	25,060	19,378,102
Persons under 5 years, percent, 2010	6.4%	6.0%
Persons under 18 years, percent, 2010	21.3%	22.3%
Persons 65 years and over, percent, 2010	10.4%	13.5%
Female persons, percent, 2010	46.9%	51.6%
Homeownership rate, 2007-2011	54.1%	54.8%
Housing units in multi-unit structures, percent, 2007-2011	59.0%	50.5%
Median value of owner-occupied housing units, 2007-2011	\$424,300	\$301,000
Households, 2007-2011	8,313	7,215,687
Persons per household, 2007-2011	2.72	2.59
Per capita money income in the past 12 months (2011 dollars), 2007-2011	\$30,685	\$31,796
Median household income, 2007-2011	\$70,872	\$56,951
Persons below poverty level, percent, 2007-2011	18.4%	14.5%

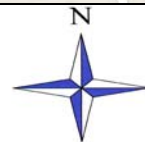
Source:

U.S. Census Bureau

Area Location Map



36 Water Street
 Village of Ossining, Westchester County, NY
 Tax Map ID No: 89.14-1-11



Neighborhood Data

A neighborhood, from an appraisal perspective is defined as “A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.”⁷

The subject property is located in the extreme westerly section of the Village in an area comprised of heterogeneous uses, including older industrial properties, municipal offices and marine related uses and sites proposed for development such as Harbor Square (see comments below).

The quality and level of upkeep of the improvements within the neighborhood is as varied as the uses. Basically, the industrial uses are typical of those found within communities both up and down the Hudson River. Relatively inexpensive labor is readily available and this is catalytic to the continued occupancy and limited growth of riverfront industries. While employment opportunities exists, these are typically lower paying positions with employees having limited discretionary incomes (which impacts on the economic viability of the local business community).

Vehicular access to the waterfront area (west of the railroad tracks) is provided by two elevated bridges, crossing the Metro-North Railroad tracks. These bridges are of relatively recent construction.

Traveling east from the subject neighborhood, toward Main Street, free standing neighborhood retail buildings and small to medium size light industrial/garage structures prevail. Sing Sing Correctional Facility is located less than one mile south of subject.

In close proximity to the neighborhood is Main Street. At the height of business activity, many years ago, Main Street was considered the 100% business location within the Village. With the passage of time, and the disintegration of the downtown district, business activity and development branched away from this downtown location and took hold along Croton Avenue (to the northeast) and along South Highland Avenue (the Arcadian shopping center being the largest development), to the south. In recent years, many properties along Main Street have benefited from a significant effort, on the part of private and public funds, to rejuvenate this former central business district. While many of the historically significant facades and buildings have been rehabilitated to varying

⁷ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute), 2010

degrees, much work is yet to be done in order to bring to fruition the plans for a complete revitalization and renewal of the central business district.

Ossining has also recently attempted to revitalize the waterfront district in the hopes of attracting a retail trade. In connection with this revitalization attempt, years ago, the entire waterfront area was re-zoned.

One Harbor Square is likely the largest planned development along Ossining's waterfront; it has, however, been stalled for several years. "Cappelli Enterprises and Ginsburg Development, LLC (GDC Homes) have formed a joint venture to build "One Harbor Square," a mixed-use waterfront development on the banks of the Hudson River in the Village of Ossining. The \$78 million project will be located on part of a 4.5-acre waterfront site and will include 150 market-rate condominiums, 10,000 square feet of retail and restaurant space, as well as a waterfront park, a water's edge esplanade, fishing pier, kayak launch and storage, a public beach and the existing commuter ferry pier. A total of 60 percent of the site is being developed for publicly accessible open space. Ground has been broken and sales are scheduled to start in early 2007."⁸

Long term plans for the area include a riverfront park, walking/cycling path and a trolley that would run from the Village of Hastings (to the south) through Ossining, to the Village of Croton-on-Hudson (to the north). Recently, a proposal was made to construct a micro-brewery and pub in the waterfront area. Thus far, however, these attempts have been relatively unsuccessful, with little, if any, revitalization actually achieved.

Primary vehicular access to the subject neighborhood is provided by Route 9, via a series of connecting roads. Route 9 is a major north-south corridor servicing western Westchester County, and within the approximate vicinity of the subject property, provides access to the Bear Mountain Bridge, the Tappan Zee Bridge, the NY State Thruway (I-87) and the Cross Westchester Expressway (I-287). The Taconic State Parkway to the east, is readily accessible and Metro North's Commuter Railroad station at Ossining is a long walk (roughly one-half mile) from the subject.

Overall, the subject's general location is well-suited for development.

⁸ <http://www.cappelli-inc.com/developments/harborsquare.shtml>.

Trend Analysis and Marketing Period (Marketing Time)

The term “marketing time” typically takes into consideration current and anticipated market conditions. It is defined as “an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. In essence, estimated marketing period is the amount of time elapsed starting from the date a property is listed for sale (usually the effective date of this appraisal) and ending on the date that a contract is executed for purchase and sale of the property. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.”⁹ Implicit in the definitions of marketing time are the following assumptions:

- The property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by buyers and sellers of similar type properties.
- The property will be offered at a price reflecting the most probable mark-up, over market value, used by sellers of similar type properties.
- A sale will be consummated under terms and conditions of the definition of market value.

In order to estimate a marketing time that could reasonably be expected for the subject, we conducted interviews with market participants, brokers and other professionals who are actively involved in the purchase and / or sale of the type of property represented by the subject. Based upon the results of our survey, and considering current and anticipated supply and demand factors, we formed the opinion that in this particular sub-market, a period of approximately twelve (12) months should be sufficient to successfully market a property such as the subject. *Our conclusion is made subject to the assumption of realistic pricing and assuming professional marketing efforts.*

⁹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute), 2010, p. 121.

Exposure Time

Exposure time is considered to ***precede*** the effective date of appraisal. It is defined in *The Dictionary of Real Estate Appraisal*, 5th ed. as follows:

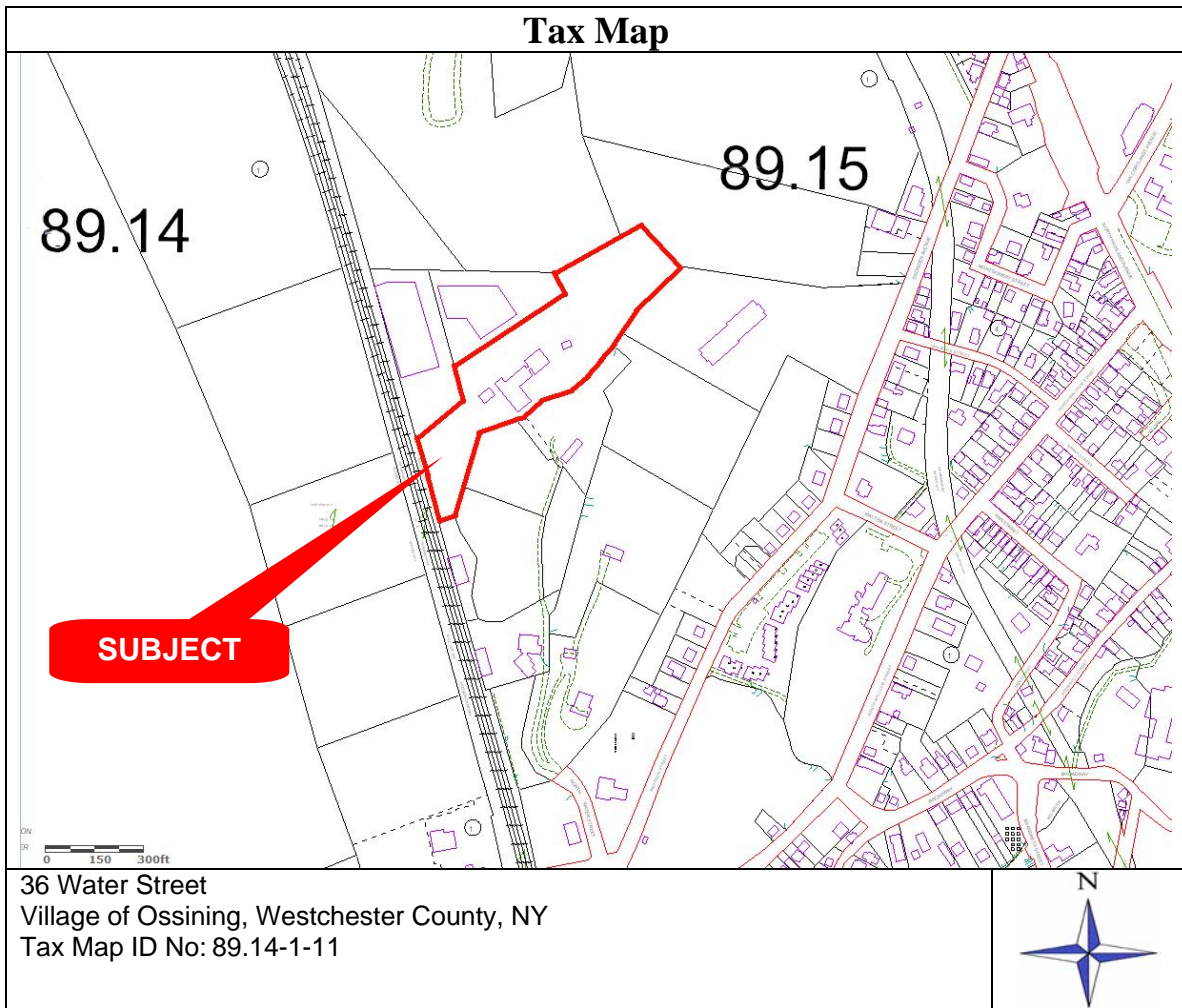
“Exposure Time

1. *The time a property remains on the market.*
2. *The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.”¹⁰*

Exposure time is a ***retrospective estimate*** based upon an analysis of past events, assuming a competitive and open market. In arriving at an estimate of reasonable exposure time, the appraiser assumes an adequate, sufficient and reasonable effort to sell the real property.

Owing to market conditions, preceding the effective date of this valuation, that were similar to present market conditions, i.e., similar supply and demand factors, stable local and regional economic conditions, similar availability and cost of financing, etc., and based upon information gathered through sales verification, our daily activity in the real estate market and interviews with market participants, it is our opinion that a reasonable exposure time for the subject real property, would have been 12 to 18 months.

¹⁰ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute), 2010, p. 73

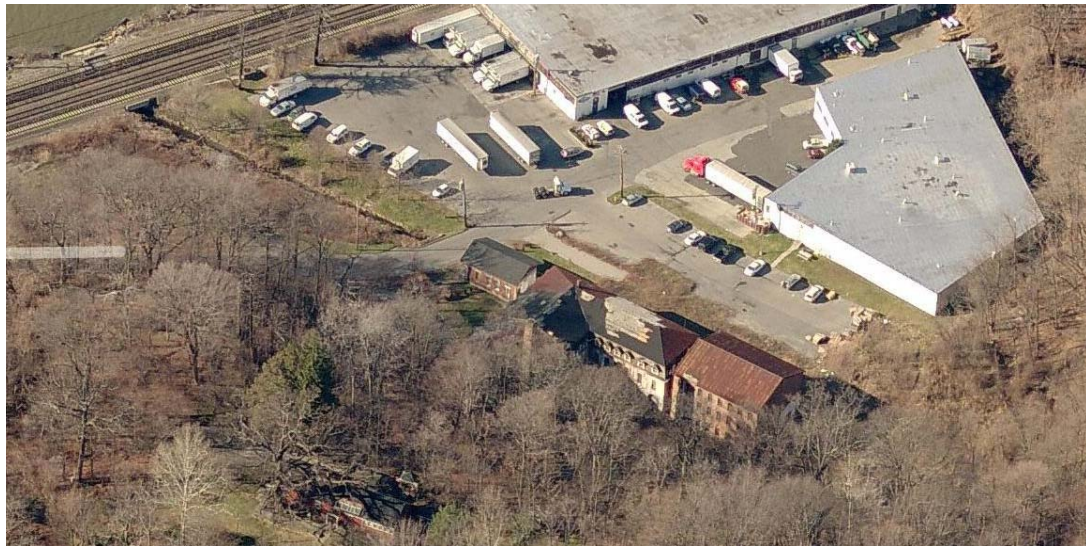


Aerial Images



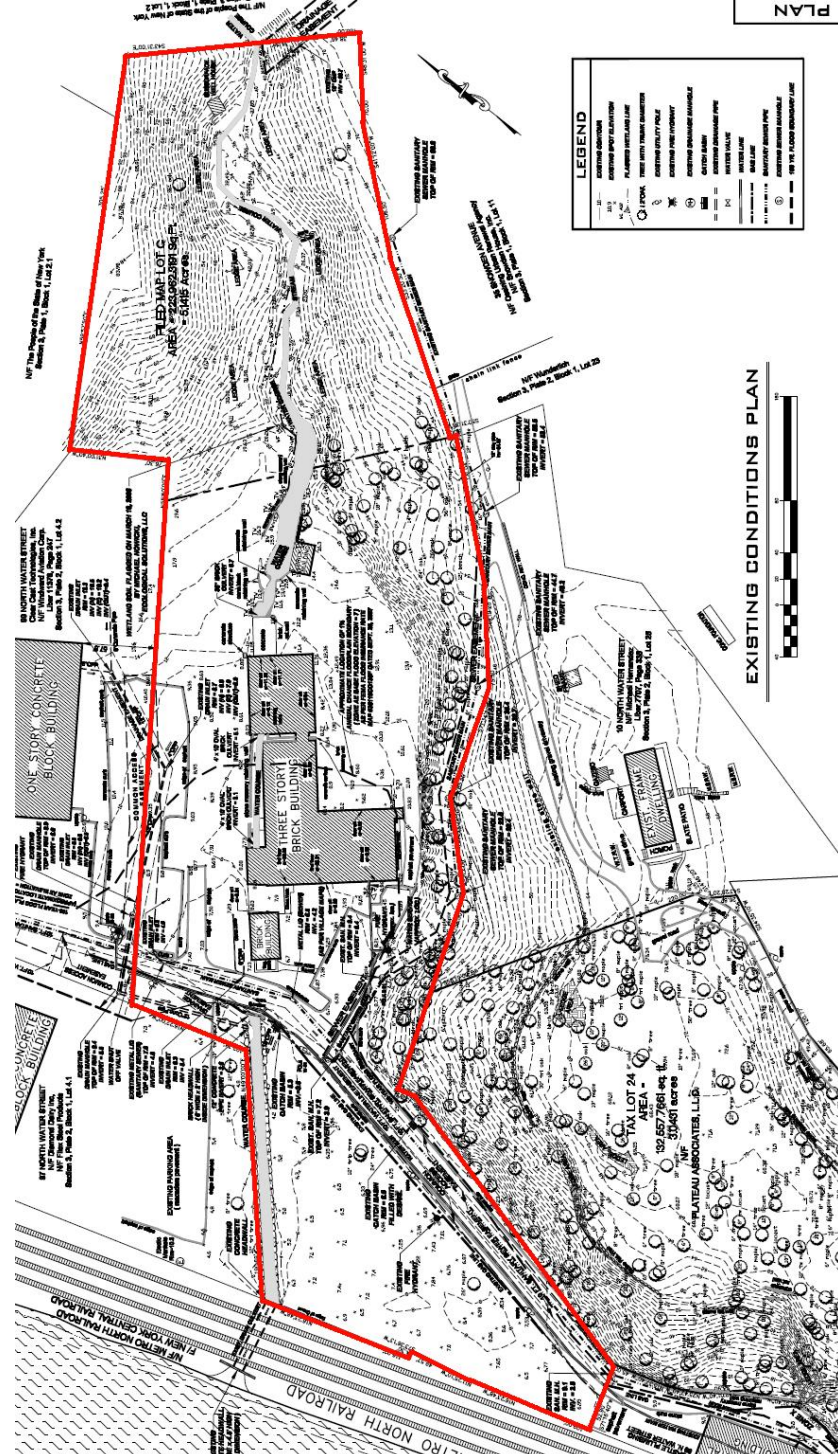
36 Water Street
Village of Ossining, Westchester County, NY
Tax Map ID No: 89.14-1-11

Aerial Images



36 Water Street
Village of Ossining, Westchester County, NY
Tax Map ID No: 89.14-1-11

Existing Conditions Map



36 Water Street
Village of Ossining,
Westchester County, NY
Tax Map ID No: 89.14-1-11

Base map Source: "Hidden Cove on the Hudson, Village of Ossining, New York, Existing Conditions Plan, Figure 10," prepared by Rudolph C. Petrucelli, Petrucelli Engineering (undated)

Site Data

Location:	Northerly end of an access easement leading to Water Street, Village of Ossining, Westchester County, New York. The subject's street address as per the Village of Ossining Assessment Roll is 36 Water Street, Ossining, NY 10562.
Tax Map ID No.:	89.14-1-11.
Size:	5.1415 acres
Shape:	Irregular.
Road Frontage:	The site does not appear to have direct road frontage; access appears to be provided to Water Street by means of an access easement (see Filed Subdivision Map No. 25508).
Depth:	Irregular.
Topography:	Moderately sloping to partly level around the building site; the northeasterly portion forms a steep valley with a water course traversing in a generally northeast southwest course.
Terrain:	Mostly overgrown and unkempt vegetation around the building. Upon completion of the assumed construction, the property is assumed to be very well landscaped.
Drainage:	Appears adequate (though the property had been inundated with water from the Hudson River as a result of the recent storm Hurricane Sandy this past October).
Soil Conditions:	No soils report was provided to the appraiser; we assume that the subject's soils are adequate to support development.
Utilities:	All.

Fronting Roads: None.

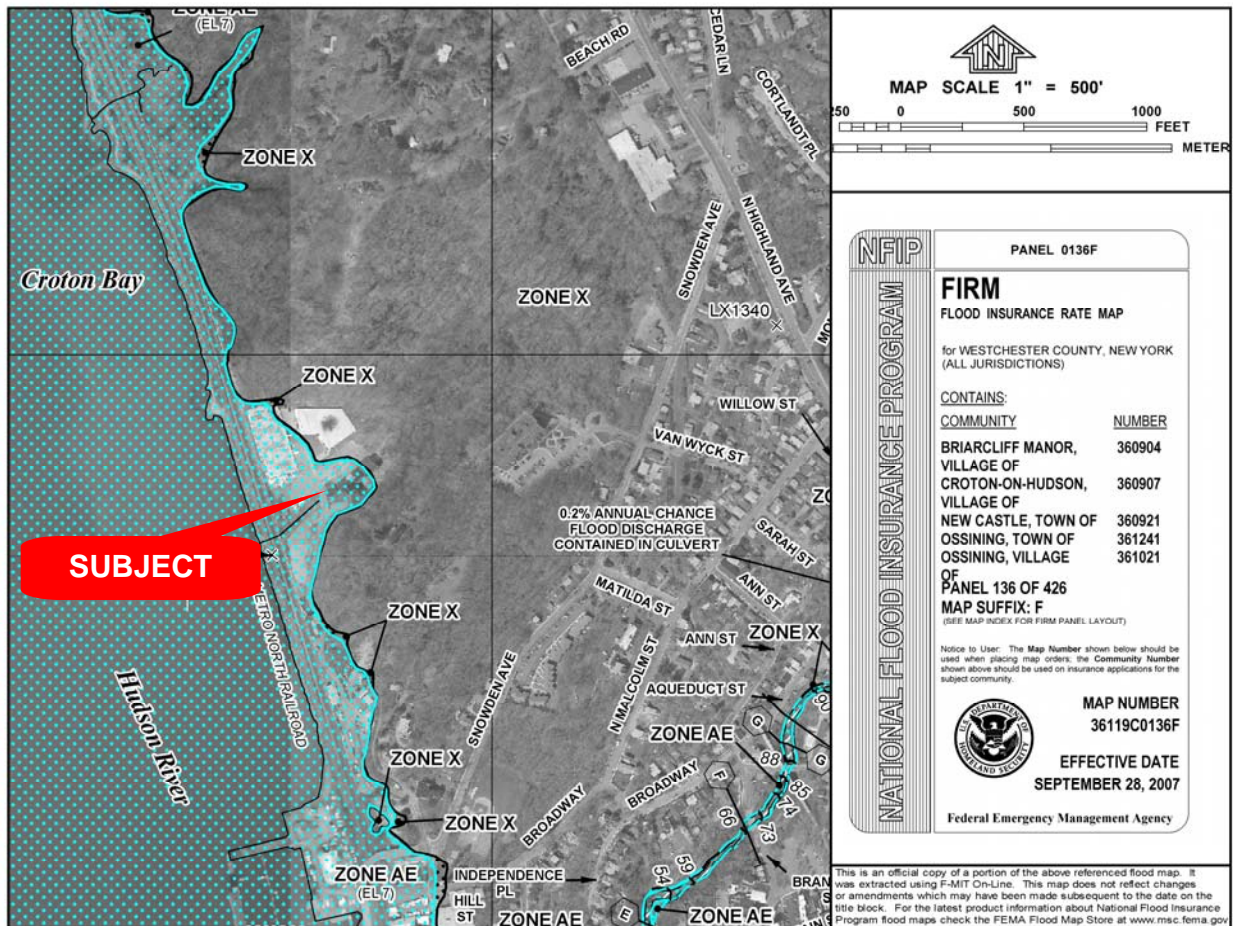
Visibility: Limited road visibility, however the structure is visible from the Metro North railroad trains which travel just west of the subject.

Access: Vehicular access to and from the property is planned to be provided by an access easement which would extend from Water Street in a generally northerly direction to the property.

Easements/
Encroachments: An extension of Water Street traverses the westerly portion of the property. Typical utility and drainage easements; no other apparent adverse easements or encroachments noted.

Flood Zone: According to Flood Hazard Map #36119C0136F, effective September 28, 2007 much of the subject is situated within a designated flood hazard zone identified as "Zone AE, (EL 7). Ownership reports that the property has suffered flooding during Hurricanes Irene and Sandy. A copy of the flood map cited is shown on the following page.

Flood Map



Environmental
Hazards:

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge

required to discover them. The client is urged to retain an expert in this field, if desired.

Natural, Cultural

Recreational or

Scientific Value:

Our inspection of the real estate revealed that the subject property apparently has no significant natural, cultural, recreational or scientific factors affecting its market value.

Legal Description: See addendum.

Improvement Data (Proposed)

As of the appraisal date, structural improvements on the subject property consisted of a deteriorated factory building complex; the main structure is known as the Brandreth Pill Factory. As mentioned, this appraisal is made under the following hypothetical conditions:

1. Assuming renovation/conversion of the existing main structure into 24 residential units, assuming completion of construction in accordance with plans and specifications.
2. Assuming that the property is operated on a stabilized basis.

The use of these hypothetical conditions may affect the results of this assignment

Construction details of the structure to be known as Hidden Cove on the Hudson are planned to be as follows:

Exterior

Foundation:	Masonry.
Number of Stories:	Three.
Number of Apartments:	24 (including three designated as affordable and subject to rent restrictions).
Framing:	Brick and frame.
Exterior Walls:	Brick (planned to be restored)
Roof Style:	Mansard
Roof Structure:	Wood and steel framing members.
Roofing:	Standing seam, slate and asphalt composition shingle.
Windows:	Wood / vinyl, triple-glazed.
Main Entry Doors:	Fireproof Wood.
Garage Doors:	None.
Other Doors:	Main entries: glass anodized aluminum/Thermo-pane.

Interior

Floor Structure:	First floor: slab on grade. Second and third floors: steel and wood joist with light weight concrete.
Floor Covering:	Hardwood and ceramic tile / stone.
Ceilings:	Painted gypsum wall board.
Interior Walls:	Painted gypsum wall board.
Interior Doors:	Solid core wood, multiple panel, in wooden frame.
Lighting:	Decorative incandescent.
Kitchen Facilities:	Each unit will have a modern state of the art kitchen with wood cabinetry, stainless steel (double-bowl) sink with Delta (or equiv.) single-lever faucet, set in granite countertop, "G.E." appliances including stove/oven, dishwasher, refrigerator, washer and dryer
Toilet Facilities:	Modern three-fixture lavatories in each unit; wood cabinetry, Formica / marble counter, ceramic sink, porcelain fixtures.
Plumbing:	Each unit to be served by a cold water feed and a typical 4" dia. drain.
Sprinkler:	Yes, entire building to be sprinklered
Heating:	Each unit to have separate dedicated mechanical HVAC system.
Air Conditioning:	Central thru heat exchanger.
Hot Water:	Each unit to have separate tank-less water heater.
Electrical:	Minimum service of 100 amperes for each unit with modern circuit-breaker panel.
Stairwells:	Decorative, concrete with metal stringers, risers and concrete steps; ornamental metal balusters.
Elevator:	One three-stop / side rail passenger elevator with automatic controls.

Building Layout

Basement:	None
First Floor:	Eight apartments (six market rate and three designated as affordable).
Second Floor:	Eight apartments (seven market rate and one designated as affordable).
Third Floor:	Eight apartments (all market rate).
Total	24 apartments (including three designated as affordable).

FLOOR BY FLOOR BUILDING LAYOUT (HIDDEN COVE ON THE HUDSON)

Floor	Unit No	Rooms	Bdrms	Baths	Sq. ft.	Amenities	Type
1	1	5	2	2.5	1,400	View, Private Garden	Mkt Rate
1	2	5	2	2.5	1,400	View	Mkt Rate
1	3	5	2	2	1,100	View	Mkt Rate
1	4	3.5	1	2	1,200	View, Sleep Alcove (Den)	Mkt Rate
1	5	3.5	1	1	900	View	Aff
1	6	5	2	2	1,300	View, Corner Unit	Mkt Rate
1	7	4.5	2	2	900	View, Sleep Alcove (Den)	Aff
1	8	4.5	2	2.5	1,300	View, Sleep Alcove (Den)	Mkt Rate
Total - 1st Floor		36	14	16.5	9,500		
2	1	5	2	2.5	1,400	View, Private Garden	Mkt Rate
2	2	5	2	2.5	1,400	View	Mkt Rate
2	3	5	2	2	1,100	View	Mkt Rate
2	4	3.5	1	2	1,200	View, Sleep Alcove (Den)	Mkt Rate
2	5	3.5	1	1	900	View	Mkt Rate
2	6	5	2	2	1,300	View, Corner Unit	Mkt Rate
2	7	4.5	2	2	900	View, Sleep Alcove (Den)	Aff
2	8	4.5	2	2.5	1,300	View, Sleep Alcove (Den)	Mkt Rate
Total - 2nd Floor		36	14	16.5	9,500		
3	1	5	2	2.5	1,400	View, Private Garden	Mkt Rate
3	2	5	2	2.5	1,400	View	Mkt Rate
3	3	5	2	2	1,100	View	Mkt Rate
3	4	3.5	1	2	1,200	View, Sleep Alcove (Den)	Mkt Rate
3	5	3.5	1	1	900	View	Mkt Rate
3	6	5	2	2	1,300	View, Corner Unit	Mkt Rate
3	7	4.5	2	2	900	View, Sleep Alcove (Den)	Mkt Rate
3	8	4.5	2	2.5	1,300	View, Sleep Alcove (Den)	Mkt Rate
Total - 3rd Floor		36	14	16.5	9,500		
Total - Entire building		108	42	49.5	28,500		

UNIT MIX (HIDDEN COVE ON THE HUDSON)

Type	Rooms	Bdrms	Baths	Sq. ft.	No. Units	% of Units	Total Rooms	Total SF
Aff 1	3.5	1	1	900	1	4.2%	3.50	900
Aff 2	4.5	2	2	900	2	8.3%	9.00	1,800
Small 1	3.5	1	1	900	2	8.3%	7.00	1,800
Large 1	3.5	1	2	1,200	3	12.5%	10.50	3,600
Jr. 2	4.5	2	2	900	1	4.2%	4.50	900
Small 2	5	2	2	1,100	3	12.5%	15.00	3,300
Med. 2 Alc.	4.5	2	2.5	1,300	3	12.5%	13.50	3,900
Med. 2 Cor.	5	2	2	1,300	3	12.5%	15.00	3,900
Large 2	5	2	2.5	1,400	6	25.0%	30.00	8,400
Total					24	100.0%	108.00	28,500

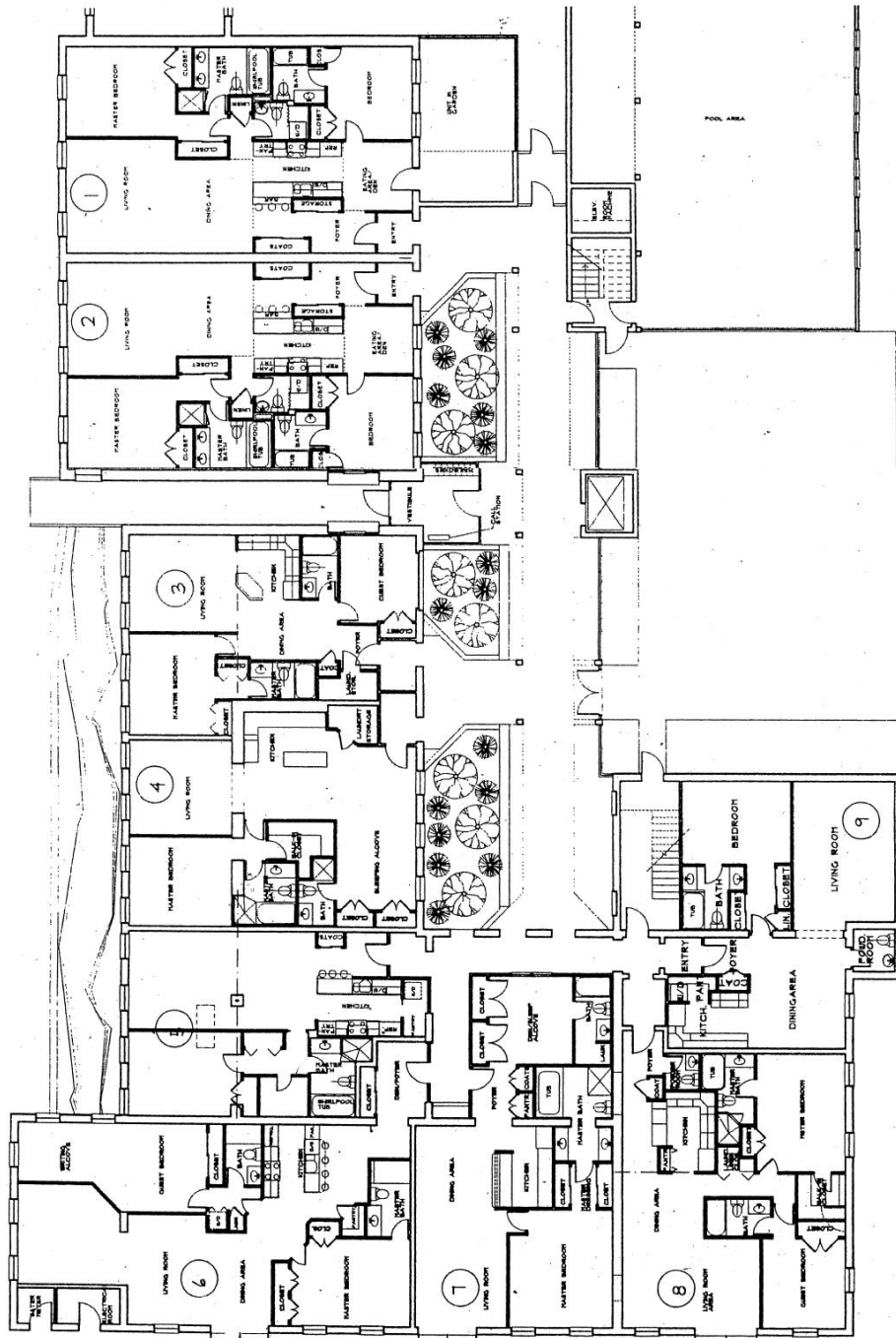
Building Areas

First Floor Area: 10,000 square feet.
Second Floor Area: 10,000 square feet.
Third Floor Area: 10,000 square feet.
Gross Building Area: 30,000 square feet.

Site Improvements

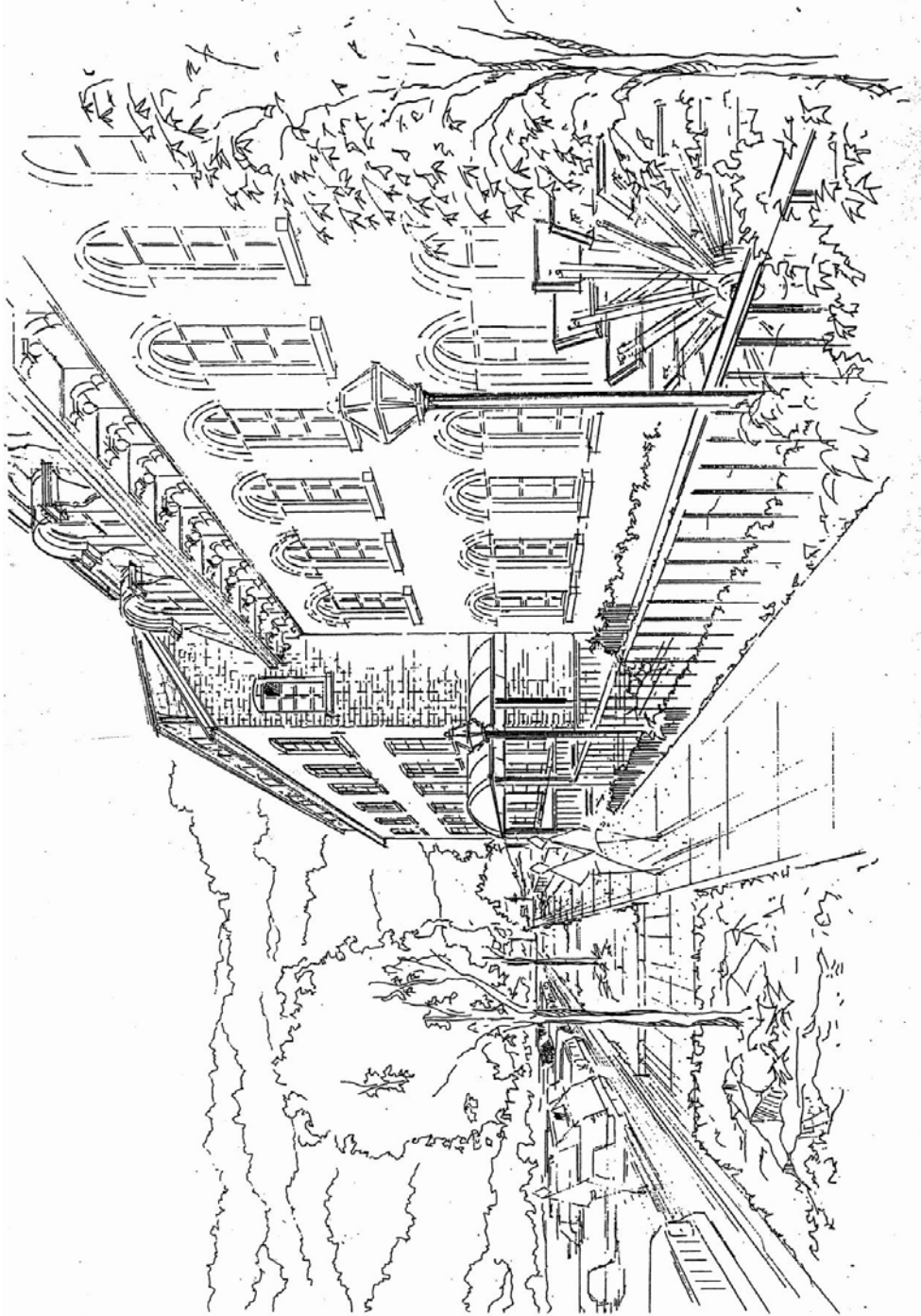
Site improvements are planned to consist of a paved driveway, paved parking (for 28 cars), exterior lighting, drainage, utilities and appropriate landscaping. Formal interior courtyard and main building entry / access to the glass atrium system which allows access to the 24 residential units, the parking area and the courtyard.

Proposed Floor Plan



36 Water Street
 Village of Ossining, Westchester County, NY
 Tax Map ID No: 89.14-1-11

Proposed Rendering



36 Water Street
Village of Ossining, Westchester County, NY
Tax Map ID No: 89.14-1-11

Photographic Log



Client Name: Plateau Associates		Site Location: 36 Water Street Village of Ossining, Westchester County, NY Tax Map ID No: 89.14-1-11	Project No.: 2012.12001
Photo No.: 1	Date: 12/06/12		
Direction Photo Taken: East			
Description: Northwest side of existing main structure			

Photo No.: 2	Date: 12/06/12	
Direction Photo Taken: Southeast		
Description: Southwest side of existing main structure		











Photographic Log			
Client Name: Plateau Associates		Site Location: 36 Water Street Village of Ossining, Westchester County, NY Tax Map ID No: 89.14-1-11	Project No.: 2012.12001
Photo No.: 3	Date: 12/06/12		
Direction Photo Taken: Northeast			
Description: Southwest side (front) of ancillary structure			



Photo No.: 4	Date: 12/06/12	
Direction Photo Taken: North		
Description: East side of existing main structure		

Photographic Log			
Client Name: Plateau Associates		Site Location: 36 Water Street Village of Ossining, Westchester County, NY Tax Map ID No: 89.14-1-11	Project No.: 2012.12001
Photo No.: 5	Date: 12/06/12		
Direction Photo Taken: Northwest			
Description: Southeast side of rear portion of main structure			
Photo No.: 6	Date: 12/06/12		
Direction Photo Taken: Southwest			
Description: Northeast side of front portion of existing main structure			

Photographic Log			
Client Name: Plateau Associates		Site Location: 36 Water Street Village of Ossining, Westchester County, NY Tax Map ID No: 89.14-1-11	Project No.: 2012.12001
Photo No.: 7	Date: 12/06/12		
Direction Photo Taken: Northwest			
Description: Southeast side of rear portion of main structure			
Photo No.: 8	Date: 12/06/12		
Direction Photo Taken: Southwest			
Description: Northeast side of front portion of existing main structure			

Photographic Log			
Client Name: Plateau Associates		Site Location: 36 Water Street Village of Ossining, Westchester County, NY Tax Map ID No: 89.14-1-11	Project No.: 2012.12001
Photo No.: 9	Date: 12/06/12		
Direction Photo Taken: Northeast			
Description: Ancillary structure; channeled watercourse in foreground			
Photo No.: 10	Date: 12/06/12		
Direction Photo Taken: Southwest			
Description: Northwest side of existing main structure			

Photographic Log			
Client Name: Plateau Associates		Site Location: 36 Water Street Village of Ossining, Westchester County, NY Tax Map ID No: 89.14-1-11	Project No.: 2012.12001
Photo No.: 11	Date: 12/06/12		
Direction Photo Taken: South			
Description: Northwest side of existing main structure			
Photo No.: 12	Date: 12/06/12		
Direction Photo Taken: Southeast			
Description: Building detail (water wheel) along northwest side of existing main structure			

Photographic Log			
Client Name: Plateau Associates		Site Location: 36 Water Street Village of Ossining, Westchester County, NY Tax Map ID No: 89.14-1-11	Project No.: 2012.12001
Photo No.: 13	Date: 12/06/12		
Direction Photo Taken: Southwest			
Description: View of Hudson River taken from project site at approximate street level elevation			
Photo No.: 14	Date: 12/06/12		
Direction Photo Taken: N./A. (interior)			
Description: Interior view, first floor			

Photographic Log			
Client Name: Plateau Associates		Site Location: 36 Water Street Village of Ossining, Westchester County, NY Tax Map ID No: 89.14-1-11	Project No.: 2012.12001
Photo No.: 15	Date: 12/06/12		
Direction Photo Taken: N./A. (interior)			
Description:			

Photo No.: 16	Date: 12/06/12	
Direction Photo Taken: N./A. (interior)		
Description: Interior view, first floor		

Photographic Log			
Client Name: Plateau Associates		Site Location: 36 Water Street Village of Ossining, Westchester County, NY Tax Map ID No: 89.14-1-11	Project No.: 2012.12001
Photo No.: 17	Date: 12/06/12		
Direction Photo Taken: N./A. (interior)			
Description:			

Photo No.: 18	Date: 12/06/12	
Direction Photo Taken: N./A. (interior)		
Description: Interior view, first floor		

Quality of Construction & Condition

The building is planned to be of very high quality construction, typical of similar luxury rental apartment buildings in other parts of the county. Upon completion of construction and renovation, the building would be in excellent physical condition.

Functional Utility

The *Dictionary of Real Estate Appraisal* defines functional utility as follows.

“The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building’s use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms.”¹¹

Functional utility may be described as a property's usefulness, the ultimate test of which is its marketability. The functional utility of a building is ascertained by comparing its functional characteristics with the observed characteristics of similar buildings in the marketplace. Functional utility of a suburban apartment building, pertains to its efficiency and desirability of intended use.

Requirements for maximum efficiency of apartment buildings in today's suburban market typically include the following:

1. Adequate-sized apartments.
2. Modern and functioning utilities including electric and heat.
3. Adequate on-site parking.
4. Convenient access to all areas

Upon completion of construction and renovation, the subject building would have sufficient apartment size, modern utilities including heat and electricity and cooking gas and ample on-site parking. The subject improvements as proposed are assumed to generally meet the aforementioned criteria and are considered to have adequate to good overall functional utility.

¹¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute), 2010, p. 85.

Effective Age and Remaining Economic Life

Physical life of a structure refers to the estimated period over which it would function, if limited only by physical deterioration of its structural components, assuming normal maintenance. Structures, however, may have been remodeled or reconditioned since the date of their erection, or may have had better or worse than average maintenance in recent years, in which case effective age, rather than actual age, would be the guide. Effective age is “the age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age.”¹² Effectively, it is the number of years of age indicated by the condition of the building and its components.

Physical deterioration may be insufficient as a measure of a loss in value from all causes. Functional and economic obsolescence must also be considered in order to arrive at a reasonable and accurate estimate of accrued total depreciation.

Remaining economic life refers to the period over which it is anticipated that a property may be utilized on a profitable basis, yielding a return on and of the investment, beyond the economic rent attributable to the land. Remaining economic life is defined as “The estimated period during which improvements will continue to represent the highest and best use of the property; an estimate of the number of years remaining in the economic life of the structure or structural components as of the date of the appraisal; used in the economic age-life method of estimating depreciation.”¹³ Economic life cannot exceed, and is most often less than, the physical life of a structure.

Based upon our experience with similar properties, upon completion of construction and renovation, the building is estimated to have an effective age of 5 to 10 years, and to have a remaining economic life of at least 30 to 35 years.

¹² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute), 2010, p. 65.

¹³ Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute), 2010, p. 167.

Assessment And Tax Data

Tax Map ID No.: Section 89.14, Block 1, Lot 11

The assessment below does not represent the subject as it is being appraised (as though renovation and conversion is complete). It is the amount shown on the current (2012 Assessment Roll) assessment and is based on the existing structure before renovation/conversion. Since the property has not yet been renovated / converted, it does not represent the assessment upon completion of construction. It is included for informational purposes only.

Assessment

Land	\$17,000
Improvements	<u>\$31,600</u>
Total	\$48,600

Assessment and Tax Comments

Upon of renovation/ conversion, the property would be re-assessed. The taxes that are based on the current assessment are not applicable to the property as it is being appraised. In order to estimate market value later in this report, we will use an equalized capitalization rate. The equalized capitalization rate is calculated by using the overall capitalization rate (R_o) plus the addition of the effective tax rate which allows us to assume that the property would be equitably assessed upon completion of construction.

Equalization Rate

The New York State Office of Real Property Tax Services (ORPTS) is statutorily obligated to administer an equalization program in order to assure equitable property tax allocation among nearly 4,000 taxing jurisdictions in New York State, and to insure the proper allocation of State Aid to Education funds, among other purposes. Equalization seeks to measure the relationship of locally assessed values to an ever-changing real estate market. Each year, ORPTS calculates equalization rates for each of the state's more than 1,200 assessing units.... ... Equalization is necessary in New York State because:

- (1) there is no fixed percentage at which property must be assessed;

- (2) not all municipalities assess property at the same percentage of market value; and
- (3) taxing jurisdictions, such as most school districts, do not share the same taxing boundaries as the cities and towns that are responsible for assessing properties.

Most of the state's more than 700 school districts distribute their taxes among segments of several municipalities, many of which have different levels of assessment. The number of municipal segments in a school district can range from one to fifteen or more.”¹⁴ An equalization rate, at its simplest “is the state's measure of a municipality's level of assessment (LOA). This is the ratio of total assessed value (AV) to the municipality's total market value (MV). The municipality determines the AV; the MV is estimated by the state. The equalization rate formula is:

$$\frac{\text{Total Assessed Value (AV)}}{\text{Total Market Value (MV)}} = \text{Equalization Rate}$$

Equalization rates **do not** indicate the degree of uniformity among assessments within a municipality.”¹⁵ An equalization rate is computed by dividing the total assessed value of taxable real property by an estimated total market value of the property in accordance with a complex model promulgated by the New York State Office of Real Property Tax Services for each city, town or village in the state as of a specified date. Thus, an equalization rate can be used to convert the assessed value of a property into the indicated assessor's full market value of the property. The 2012 New York State Equalization Rate for the Town and Village of Ossining is 6.10.

¹⁴ Understanding the Equalization Rate, NY State Office of Real Property Tax Services.

¹⁵ Ibid.

Tax Rates

The tax rates applicable to the subject are as follows:

Tax Rates	
County Tax	60.989496
Town General	10.901532
Ossining Ambulance	3.201192
County Solid Waste	5.950405
County Sewer Ossining	12.337665
Total Town/County	93.38029
Village	174.4799
Ossining School	381.674182
Library	15.641958
Total "School"	397.31614
Total Tax Rate	665.17633

Taxes

The taxes presently levied on the subject are summarized on the following chart. Again, upon of renovation/ conversion, the property would be re-assessed. The taxes that are based on the current assessment are not applicable to the property as it is being appraised.

Taxes	
County Tax	\$2,964.09
Town General	\$529.81
Ossining Ambulance	\$155.58
County Solid Waste	\$289.19
County Sewer Ossining	\$599.61
Total Town/County	\$4,538.28
Village	\$8,479.72
Ossining School	\$18,549.37
Library	\$760.20
Total "School"	\$19,309.56
Total Taxes	\$32,327.57

Calculation of Effective Tax Rate

The effective tax rate is calculated using the total mill rate (that is applicable to the subject property) and the Equalization Rate. Calculations are shown in the following table:

Total Mill Rate	665.17633
Tax Rate as a %	66.52%
x Equalization Rate	6.10%
Effective Tax Rate	4.058%

The effective tax rate will be added to the overall capitalization rate (derived later in this report) to derive an effective capitalization rate; the effective capitalization rate will be used to estimate the market value of the subject property assuming that it is equitably assessed.

Zoning Data

The subject property is situated in a district designated “CDD, Conservation Development District” by the Zoning Ordinance of the Village of Ossining, as amended to the date of appraisal. The following information is from the Official Zoning Ordinance¹⁶ of the Village of Ossining:

A. Purpose.

(1) To provide for development that is low density and will protect the aesthetics, natural resources and environmental features of the remaining undeveloped lands within the CDD District, including preserving natural features of development sites such as wetlands, steep slopes, hilltops, ridgelines, views to and from the Hudson River, trees, outstanding natural topography, significant geological features and other areas of scenic, ecological and historic value.

(2) Protecting the water quality of the streams and watercourses leading into the Hudson River, including fish, wildlife and natural vegetation; requiring the use of best management practices with respect to protection of water quality, stormwater management and erosion and sediment control; *Editor's Note: See Ch. 227, Stormwater Management and Erosion and Sediment Control.* minimizing construction on or re-grading of steeply sloped areas; enhancing the aesthetics of these natural resources to the greatest extent practicable by protecting scenic views.

B. Uses. Permitted principal, accessory, conditional and special permit uses in the CDD shall be as provided in Appendix A. *Editor's Note: Appendix A, Use Tables, is included at the end of this chapter.*

C. Conditional uses. The following shall also be permitted conditional uses, subject to the applicable requirements set forth in §§ 270-26 and 270-51 and as set forth below: Cemeteries, places of worship, senior living facilities, elementary or secondary educational uses and higher learning educational uses are permitted, subject to the following:

(1) The minimum lot size shall be 3.0 acres.

¹⁶ § 270-19. CDD Conservation Development District, Village of Ossining Zoning Ordinance.

(2) No building or part thereof or any parking or loading area shall be located within 75 feet of any street line or lot line.

(3) The sum of all areas covered by all principal and accessory buildings shall not exceed 30% of lot area, and the sum of all areas covered by impervious surfaces shall not exceed 50% of the lot area.

(4) The maximum height shall not exceed either 35 feet or 2 1/2 stories.

D. Additional accessory uses. In addition to the permitted accessory uses specified in Appendix A *Editor's Note: Appendix A, Use Tables, is included at the end of this chapter.* and the requirements found in § 270-26, the following are permitted accessory uses and requirements:

(1) Greenhouse, tool shed, subject to the requirements of § 270-27.

(2) Wading pool or swimming pool incidental to the residential use on the premises and not operated for gain, provided that any swimming pool shall be subject to the requirements of § 270-32 or § 270-33.

(3) Bars or taverns, indoor entertainment or recreation; provided, however, that they are an integral part of the primary use, the total square footage of such uses shall not constitute more than 30% of the building area and the site can accommodate any required additional parking.

(4) Clubhouses and community centers constructed within a residential community for the use by its residents, which shall be operated by a homeowners, co-op or condominium association.

[Added 8-2-2011 by L.L. No. 3-2011]

E. Parking requirements. Parking requirements in the CDD District shall be as provided in Appendix C *Editor's Note: Appendix C, Parking Requirements, is included at the end of this chapter.* and subject to requirements specified elsewhere in this chapter.

F. Special provisions applicable to CDD.

(1) Deductions from developable land area. The land located in the CDD has been identified by the Comprehensive Plan and, if applicable, LWRP, as having unique, natural environmental features. In order to help preserve and conserve these

features, the following lands shall be deducted from the developable land area for the purposes of determining whether a development proposal complies with coverage, lot area and density requirements: Wetlands shall be deducted in their entirety.

(2) Building width and open area. The total cumulative width of buildings, structures, solid fences and walls more than 36 inches in height shall not occupy more than 50% of the width of a parcel as measured along a line substantially parallel to the Hudson River, and the maximum building width for each structure or building shall not be more than 75 feet measured along a line substantially parallel to the Hudson River. Of the remaining open area, one uninterrupted space shall be at least 30% of such parcel width, unless the Planning Board approves more than one view corridor totaling 30%. Excluded are existing Village of Ossining designated historical buildings or any parcel or structure that is deemed by the Planning Board as irrelevant to preserving view corridors either to or from the Hudson River.

(3) View corridor preservation. Views of the Hudson River and/or natural features, including forested lands that are identified by the Planning Board as important, shall be studied during site plan review. Site layout and design shall consider public views and view corridors and shall also consider the importance of views of the Village from the Hudson River. A view corridor analysis, including photo simulations showing the building(s) from public vantages identified by the Planning Board, shall be required. The visual impact of buildings or portions of buildings that can be seen from public streets or spaces shall be mitigated to the maximum extent practicable by reducing the height of the building, changing the design of the building or moving the structures to alternate locations on the site. Providing landscape screening is not an alternative to reducing building height or placement of the building in a less visible location. Excluded are existing Village of Ossining designated historical buildings or any parcel or structure that is deemed by the Planning Board as irrelevant to preserving view corridors either to or from the Hudson River.

(4) Open space. Open space should be maximized. To the greatest extent reasonably practicable, any open space proposed on site plans of adjoining properties should be connected and coordinated.

(5) Site analysis. The site plan applicant shall cause a site analysis to be prepared

that shall demonstrate that the proposed application preserves and enhances the natural ecosystem on the site, including consideration of the elements listed below to the maximum extent practicable. Consideration shall be given to these elements independently and to the way they work together to form a natural ecosystem. Consideration shall also be given to historical and cultural elements that lend character to the site. The applicant shall demonstrate that the proposal incorporates the cultural heritage and community character of the Village of Ossining to the maximum extent practicable. The elements are:

- (a) Streams and other water bodies.
 - (b) Forested uplands.
 - (c) Views of the Hudson River, forested uplands and other natural features from public rights-of-way.
 - (d) Wetlands, swamps and vernal pools.
 - (e) Steep slopes and other hillsides.
 - (f) Potential pedestrian connections to RiverWalk, the Croton Aqueduct and existing neighborhoods.
 - (g) Archaeological sites and historical buildings.
 - (h) Habitat of threatened and endangered species.
- (6) The minimum habitable floor area for each dwelling unit in the CDD shall be 450 square feet for an efficiency or studio unit, 600 square feet for a one-bedroom unit, 750 square feet for a two-bedroom unit and 250 additional square feet for each additional bedroom in units with three or more bedrooms.

G. Affordable housing. An applicant for a residential use in the CDD District must provide affordable housing pursuant to the Affordable Housing Law of the Village of Ossining, Chapter 62, Affordable Housing.

H. Density bonus incentives.

- (1) An applicant may apply to the Planning Board for one or more density bonuses in exchange for providing amenities to the Village of Ossining. The Planning Board may, at its discretion and subject to the standards and considerations set

forth below, grant density bonuses as set forth in Appendix B *Editor's Note: Appendix B, Bulk Requirements, is included at the end of this chapter.* for developments in the CDD District in exchange for an applicant providing one or more of the following amenities:

(a) Provision of a portion of publicly accessible RiverWalk: providing a portion of RiverWalk that shall contain a trailway having an average width of not less than 25 feet unless a lesser width is permitted by the Planning Board. The trailway shall not be less than 15 feet wide at any point except where space constraints require a reduction in width. The trailway shall consist principally of paved or wood surfaces, but may also include landscaped areas, sitting areas, benches, gazebos and suitable lighting facilities. The dimensions and location of the RiverWalk trailway may be negotiated with the Planning Board.

(b) Provision of public park or public open space: committing a significant portion of contiguous land to public park or public open space use, either by conveying the land to the Village for such purposes or by other means, such as covenants and deed restrictions.

[Amended 8-2-2011 by L.L. No. 3-2011]

(c) Historic preservation: preserving a significant portion of a building(s) or structure(s) identified by the Planning Board and agreed to by the Historic Review Commission as being of historical, cultural or architectural significance.

(d) Use of green building techniques. After construction, the development would achieve LEED Gold certification or a similar level of standards. The Planning Board may modify the LEED certification level if the applicant is able to demonstrate that the particularities of the development warrant modification due to site constraints or financial hardships that are directly related to the development of the project. At a minimum, the applicant would have to achieve LEED Silver certification or similar standard. An applicant pursuing a similar standard would have to demonstrate that the green building technologies being incorporated into the project are of similar or greater efficiency in water and energy usage and produce a carbon footprint that is similar or smaller than the LEED Gold certification.

(e) Brownfields remediation. Environmental remediation work conducted on site

that is not already substantially subsidized by state or other funding but is required in order for the development to take place.

(f) Contribution to non-site-related infrastructure improvements. As negotiated by the Planning Board, non-site-related improvements would be improvements that are not directly needed, required or related to the development of the proposed project but will be able to be utilized by the proposed project's residents or will indirectly improve the project or its site-related infrastructure. Infrastructure improvements may include sidewalk, street or water and sewer system improvements. This list is not exhaustive, and the Village Engineer may provide recommendations to the Planning Board.

(g) Provision of public artwork: incorporation of publicly accessible artwork, sculpture, monument or other permanent aesthetic structure on a development site or at a designated off-site location as negotiated by the Planning Board.

(h) Streambank restoration or stabilization: maximizing and facilitating streambank restoration or stabilization of tributaries of the Hudson River or other local streams.

(2) The Planning Board shall grant a density bonus of 10% for each amenity offered, provided that the Planning Board finds that the amenity is proportional to such density bonus. Notwithstanding the foregoing, such bonus(es) shall not exceed the maximum number of dwelling units specified in Appendix B. *Editor's Note: Appendix B, Bulk Requirements, is included at the end of this chapter.*

(3) The bonus permitted under this subsection is a bonus in permissible density only and does not authorize deviation from or enlargement of any bulk or lot coverage restrictions.

(4) In awarding a bonus for the amenities listed above, the Planning Board shall:

(a) Consider the incentives being proposed by the applicant and the degree to which the proposed amenity is compatible with the goals and objectives for the zoning district and the Village as a whole.

(b) Set forth, in detail, the amenities to be provided by the applicant, how those amenities further the purposes of the LWRP, if applicable, and Comprehensive Plan, and, in particular, how they preserve and enhance the unique aesthetic,

recreational, environmental and/or historic qualities and features of this district for the benefit and enjoyment of the entire community and otherwise promote the public health, safety and welfare of the community.

(c) Set forth, in detail, the relationship between the amenities being provided and the bonus being awarded and shall specify the rationale supporting the proportionality of the amenities to the bonus. The public benefit improvements provided shall be roughly proportional in nature and extent to the bonus granted, and their proportionality shall be demonstrated by the applicant and agreed to by the Planning Board. The cost of the improvements need not equal the value of the benefits granted.

(5) The provision of public park or open space pursuant to § 270-19H(1)(b) shall not reduce the lot area for the purposes of determining allowable density.

[Added 7-17-2012 by L.L. No. 5-2012]

Village of Ossining

Appendix A, Use Tables
Table A-1: Permitted, Conditional and Special Permit Principal Uses in
Business and Mixed-Use Districts and Planned Waterfront Subdistricts

USE	DISTRICT													
	PC	NC-1	NC-2	VC	GB	O-R	SP-N	SP-S	CDD	RDD	IR	PW-a	PW-b	PW-c
Residential Use Group														
Residential dwelling units	np	c	c	c	np	np	c	np	c	sp	c	c	c	c
Commercial Use Group														
Adult entertainment uses	c	np	np	np	np	np	np	np	np	np	np	np	np	np
Animal-related uses, general	p	p	p	p	p	np	p	np	np	p	p	p	p	p
Animal-related uses, intensive	c	c	c	np	c	np	np	np	np	np	np	np	np	np
Bar or tavern uses	c	c	c	c	np	np	c	c	np	c	c	c	c	np
Cemeteries	np	np	np	np	np	np	np	np	np	np	np	np	np	np
Entertainment or recreation uses, indoor	c	c	c	c	c	np	np	np	np	c	c	c	c	c
Entertainment or recreation uses, outdoor	np	np	np	np	p	np	np	np	np	p	p	p	p	np
Lodging uses, bed-and-breakfasts	np	c	c	c	np	np	c	np	c	c	c	c	c	c
Lodging uses, hotels	c	c	c	c	sp	p	np	np	p	p	p	np	p	p
Office uses, general	p	p	p	p	p	p	p	p	p	p	p	p	p	p
Office uses, live-work	np	c	c	c	np	np	c	np	c	c	c	c	c	c
Office uses, medical and dental	p	p	p	p	p	p	c	np	c	c	c	c	c	c
Parking uses, nonaccessory	np	c	c	c	np	np	np	c	np	np	c	c	c	c
Restaurants	p	c	c	p	p	np	p	p	p	p	p	p	p	p
Retail sales and service uses, sales oriented	p	p	p	p	p	np	p	p	c	p	p	p	p	p
Retail sales and service uses, personal service oriented	p	p	p	p	p	np	p	p	c	p	p	p	p	p
Funeral parlors, taxidermists, mortuaries, crematoriums	np	c	c	c	c	np	np	np	np	np	np	np	np	c

USE	DISTRICT													
	PC	NC-1	NC-2	VC	GB	O-R	SP-N	SP-S	CDD	RDD	IR	PW-a	PW-b	PW-c
Retail sales and service uses, repair oriented	p	p	p	p	p	np	p	p	np	p	p	p	p	p
Retail sales and service uses, outdoor sales oriented	c	c	c	np	p	np	np	np	np	c	c	c	c	np
Vehicle-related uses, general	p	c	c	c	p	np	np	np	np	np	c	np	np	np
Vehicle related uses, general plus	c	c	c	np	p	np	np	np	np	np	np	np	np	np
Vehicle-related uses, intensive	sp	np	np	np	c	np	np	np	np	np	np	np	np	np
Civic and Institutional Use Group														
Clubhouses, community centers	np	c	c	c	np	np	c	np	c	c	c	c	c	c
Day-care and nursery schools	c	c	c	c	c	np	np	np	c	np	c	c	c	c
Educational uses, elementary or secondary	np	c	c	c	np	np	np	np	p	p	p	p	p	p
Educational uses, specialized	p	p	p	p	p	np	np	np	c	c	c	c	c	c
Educational uses, higher learning	c	c	c	c	c	c	np	np	sp	np	sp	np	np	np
Hospitals	sp	np	np	np	sp	c	np	np	c	np	c	np	np	np
Infrastructure and utilities uses, general	p	p	p	p	p	p	sp	sp	sp	sp	sp	sp	sp	sp
Infrastructure and utilities uses, intensive	sp	sp	sp	sp	sp	sp	np	np	sp	sp	sp	sp	sp	sp
Municipal uses	p	p	p	p	p	p	p	p	p	p	p	p	p	p
Places of worship	np	c	c	c	np	p	np	p	c	np	c	c	c	c
Senior living facilities	np	c	c	c	np	p	np	np	c	np	c	c	c	c
Water-related recreation facilities	np	np	np	np	np	np	p	p	p	p	p	p	p	p
Industrial Use Group														
Artisan workshop, general	p	p	p	p	p	np	p	p	p	p	p	p	p	p
Artisan workshop, intensive	c	np	np	np	c	np	np	np	np	c	c	c	c	c
Light manufacturing	np	np	np	np	np	np	np	np	np	np	c	c	np	np
Self-storage uses	np	np	np	np	c	np	np	np	np	np	np	c	c	np
Warehouse and freight movement uses	np	np	np	np	c	np	np	np	np	c	np	c	c	np

NOTE: The column under each zoning classification indicates whether the use is permitted (p), not permitted (np), conditionally permitted (c) or permitted as a special use (sp).

Village of Ossining

Appendix A, Use Tables
Table A-2: Permitted Accessory Uses in Business and Mixed-Use Districts and Planned Waterfront Subdistricts
 [Amended 8-2-2011 by L.L. No. 3-2011]

USE	DISTRICT													
	PC	NC-1	NC-2	VC	GB	O-R	SP-N	SP-S	CDD	RDD	IR	PW-a	PW-b	PW-c
Clubhouses, community centers	np	np	np	np	np	np	np	np	p	p	p	p	p	p
Drive-through facilities	p	np	np	np	p	np	np	np	p	p	p	p	p	np
Fences and walls	p	p	p	p	p	p	p	p	p	p	p	p	p	p
Home-based businesses	n/a	p	p	p	n/a	n/a	p	np	p	p	p	p	p	p
Home occupations	n/a	p	p	p	n/a	n/a	p	np	p	p	p	p	p	p
Garage, private	p	p	p	p	p	p	p	p	p	p	p	p	p	p
Off-street parking and loading	p	p	p	p	p	p	p	p	p	p	p	p	p	p
Outdoor dining	p	p	p	p	p	p	p	p	p	p	p	p	p	p
Outdoor storage	p	p	p	p	p	p	p	p	p	p	p	p	p	p
Outdoor displays	p	p	p	p	p	np	p	p	p	p	p	p	p	p
Outdoor accessory recreation	np	np	np	np	p	p	np	np	p	p	p	p	p	p
Signs	p	p	p	p	p	p	p	p	p	p	p	p	p	p

NOTE: The column under each zoning classification indicates whether the use is permitted (p), not permitted (np), conditionally permitted (c) or permitted as a special use (sp).

Village of Ossining**Appendix B, Bulk Requirements****Table B-5: Bulk Requirements for CDD Conservation Development District**

Setbacks	
Minimum lot area	2 acres
Building width and open area (ft.)	Shall be in accordance with § 270-19
Buffer for lots abutting a residential district (ft.)	25
Minimum setback for buildings, parking or loading areas	30 ft. of any street or lot line
Minimum distance between any two buildings except attached dwellings sharing a party wall (ft.)	35
Residential Requirements	
Density	Baseline density: 6 units per acre up to 8 dwelling units per acre pursuant to § 270-19
Bedroom mix	one-bedroom units or studios: 10% of total units two-bedroom units: 20% of total units three-bedroom units: 10% of total units
Heights	
Maximum building height (stories/ft.), whichever is less	4.0/48
Coverage	
Maximum impervious coverage (percent)	50
Maximum building coverage (percent)	30
Open Space	
Minimum open space	25% of lot area

Village of Ossining

Appendix C, Parking Requirements
Table C-1: Parking Requirements in the PC, NC-1,
NC-2, GB, CDD, O-R, and IR Districts

REQUIREMENT	Minimum Spaces
Residential Use Group	
Residential dwellings units	1.25 spaces for an efficiency or studio; 1.5 spaces for 1 bedroom; 2 spaces for units with 2 or more bedrooms
Commercial Use Group	
Adult entertainment establishment	1 space per 200 sq. ft. of gross floor area
Animal-related uses, general	1 space per 200 sq. ft. of gross floor area
Animal-related uses, intensive	1 space per 400 sq. ft. of gross floor area
Bar or tavern uses	1 space for each 3 seats plus 1 space for each person employed therein
Entertainment or recreation uses, indoor	1 space per 400 sq. ft. of gross floor area
Entertainment or recreation uses, outdoor	1 space per 2,000 sq. ft. of outdoor area open to the public
Lodging uses, bed-and-breakfast	1 space per guest room
Lodging uses, hotel	1 space per guest room, plus 1 space per 30 sq. ft. of net floor area in meeting halls, plus 1 space per 3 seats and 1 employee in restaurants open to the public
Office uses, general	1 space per 300 sq. ft. of gross floor area
Office uses, live-work	1 space per unit in addition to spaces required for the dwelling
Office uses, medical-professional	1 space per 200 sq. ft. of gross floor area
Restaurants	1 space for each 3 seats plus 1 space for each person employed therein
Retail sales and service uses, sales oriented	1 space per 250 sq. ft. of gross floor area
Retail sales and service uses, personal service oriented	1 space per 250 sq. ft. of gross floor area
Funeral parlors	1 space per 150 sq. ft. of gross floor area
Retail sales and service uses, repair oriented	1 space per 300 sq. ft. of gross floor area
Retail sales and service uses, outdoor sales oriented	1 space per 300 sq. ft. of outdoor sales area accessible to customers
Vehicle-related uses, general and general plus	1 space per 250 sq. ft. of gross floor area
Vehicle-related uses, intensive	1 space per 400 sq. ft. of gross floor area, plus 1 space for customers and employees per 1,000 sq. ft. of outdoor sales and storage area

REQUIREMENT	Minimum Spaces
Civic/Institutional Use Group	
Clubhouses, community centers, places of worship	1 space per 4 seats. If benches or pews are provided, 24 linear inches of bench or pew space shall be equivalent to 1 seat. If no seats are provided, 6 square feet of floor area in each assembly room and classroom shall be equivalent to 1 seat.
Educational uses, specialized	
Educational uses, higher learning	
Educational uses, elementary or secondary	2 spaces per classroom, plus 1 space per 18 square feet of floor area in each gymnasium and assembly hall
Day-care and nursery schools	1 space per employee and 1 space per 5 children. If there is a drop-off area where at least 5 cars can queue up, then it could be reduced to 1 space per 10 children.
Hospitals	1 space per 400 sq. ft. of gross floor area
Senior living facilities	1 space per employee at the largest shift. and 1 space per 2 units
Water-related recreation facilities	1 space per 2,000 sq. ft. of public outdoor area, plus 1 space per boat slip
Industrial Use Group	
Artisan workshops, general and intensive	1 space per 500 sq. ft. of gross floor area
Light manufacturing	1 space per 1,000 sq. ft. of gross floor area
Self-storage uses	1 space per 20 storage units
Warehouse and freight movement uses	1 space per 1,000 sq. ft. of gross floor area

NOTE: Space requirements for uses not provided in the above table shall be subject to the determination of the Planning Board. Parking ratios listed under the table do not indicate if the use is permitted in the district. See Appendix A for permitted uses.

Zoning Comments

Based on the hypothetical condition(s) contained herein, the subject property is assumed to either conform to zoning regulations or be permitted by variance since it would have been approved in order to have been constructed/converted.

Highest & Best Use

Highest and best use may be defined as:

Highest and Best Use

“The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value.”¹⁷

Highest and Best Use of Land or a Site as Though Vacant

“Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.”¹⁸

Highest and Best Use of Property as Improved

“The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.”¹⁹

Both the site and an improved property have a highest and best use; highest and best use of an improved property may differ from that of the site.

The site is valued as though vacant and available to be put to its highest and best use. The value of an improved property is also estimated in terms of its highest and best use taking into consideration such contribution, if any, the improvements are making to the value of the total property.

Estimating highest and best use typically requires application of the following criteria:

¹⁷ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute), 2010., p. 93.

¹⁸ IBID.

¹⁹ IBID., p. 94.

1. Legal (Permissible) Use

What uses are legally permitted by zoning regulations and not prohibited by deed restrictions or covenants?

2. Possible Use

What uses are physically possible, considering the site's size, configuration, topography, availability of utilities, etc.?

3. Financially Feasible Use

Which uses, being both possible and legally permitted, will produce any net return to the site?

4. Highest and Best Use (Maximally Productive Use)

Among the feasible uses, which use will produce the highest net return?

In analyzing the subject property's highest and best use, we considered the four criteria above on an individual basis as they pertain to the subject property, as follows:

Highest and Best Use - As Though Vacant

Highest and best use *as though vacant* assumes that a parcel of land is vacant or can be made vacant by demolishing any improvements.

Legally Permissible

The subject is situated within a zoning district designated CDD which restricts use of the site to any of the uses summarized earlier.

Physically Possible

The subject site has adequate size, shape, frontage, utilities, ingress/egress and topography that allows for a variety of land uses, including residential development. Though the subject is located within the limits of a federally designated flood plain, we have been asked to estimate value assuming completion of construction and assuming that the building is operated on a stabilized basis.

Financially Feasible

Which uses, being both possible and legally permitted, will produce any net return to the site. All uses that are expected to produce a positive return are regarded as financially feasible.

Maximally Productive/Highest and Best Use (as though vacant)

The use that will produce the greatest gain to the property owner, that is both possible and legally permissible will be the highest and best use. It is our opinion, therefore, that as of the date of appraisal, the highest and best use (optimal use) of the subject property, as though vacant (and as though approved), is for development with a multi-family residential development use. With regard to timing, it is anticipated that the property would be put to this use when market conditions improve or so indicate. With regard to the most likely market participant, it is our opinion that the most likely purchaser or user of the property as though vacant would be a developer.

Highest and Best Use - As Improved

The underlying principles of highest and best use also require the consideration of the contributory value, if any, of the existing improvements to the overall value of the entire property.

Legally Permissible

The proposed use is assumed to be a legal use.

Physically Possible

Upon completion of construction / renovation and conversion, the subject building would have considerable economic life remaining.

Maximally Productive/Highest and Best Use

The criterion for an existing improvement to be the highest and best use of a site is whether it adds value to the land. The value of the property as though improved with a completely renovated 24 unit apartment far exceeds its value as if vacant. Because it would not be financially feasible to convert the building to another permitted use(s), the proposed use would represent the maximally productive use.

Therefore, as of the date of appraisal, it is our opinion that the subject property's highest and best use, as though the building has been completely renovated and converted into 24 residential rental units, is for its proposed use – a 24 unit rental apartment. With regard to timing, given the hypothetical conditions described herein, it is anticipated that the property would have already been put to this use. With regard to the most likely market participant, it is our opinion that the most likely purchaser or user of the property would be an investor.

Appraisal Objective and Methodology

The objective of this appraisal is to estimate the “as-is” market value of the herein described property as of December 6, 2012.

In arriving at the estimate of market value of a given property, an established and systematic procedure is followed. The steps required include definition of the problem, the accumulation of data in the analysis, and interpretation of the data based upon the three approaches to value. Finally, the results of each applicable approach are correlated into a final estimate of value. In the appraisal process three recognized approaches to value are considered:

- Sales Comparison Approach
- Income Capitalization Approach
- Cost Approach

Following is a brief description of each of the three valuation approaches, along with an explanation of their applicability and relevance to the valuation of the subject.

The Sales Comparison Approach

The sales comparison approach is a process of comparison of similar properties which have recently sold with various items of similarity or dissimilarity noted; the sale prices of the comparable properties are then adjusted to the subject in order to indicate a range of value for the property being appraised. Since sufficient sales of similar properties were available for comparison, we employed the Sales Comparison Approach to estimate market value of the subject.

The Income Capitalization Approach

The income capitalization approach is a process in which a value indication is estimated by calculating the present worth of future income through a capitalization process. This process capitalizes annual net income before debt service and uses capitalization techniques commensurate with quality and durability of the income stream. In order to use this approach, an estimate of potential gross income is made by analyzing actual income or comparing income from similar or competitive properties. Reasonable expenses, including an allowance for vacancy and credit loss, are estimated and are then subtracted from gross income in order to arrive at net income. Net income is then capitalized using market-derived rates to arrive at an estimate of value. The income

capitalization approach is commonly relied upon by market participants for this type of property. Additionally, sufficient data was available for our review and analysis. The Income Capitalization Approach will, therefore, be used to estimate the subject property's market value.

The Cost Approach

The cost approach is based on the proposition that a knowledgeable purchaser would pay no more than the vacant land value plus construction cost, less physical, functional and external (economic) depreciation reflected in substitute property with the same utility as the subject property. This approach may be relevant when the property being appraised involves new or nearly new improvements which represent the highest and best use of the land, when unique or specialized improvements are located on the site, and when there are recent comparable land sales available to estimate underlying land value.

Although the subject would represent, to a large part, new construction, portions of the building would be very old. The Cost Approach has not been developed for the valuation of the subject property for the following reasons.

1. The subject is not improved with a new, or nearly new, building,
2. The improvement is not a specialty structure,
3. This type of property is typically bought and sold on the open market,
4. Though renovated, levels of accrued depreciation that would need to be approximated would render this approach less reliable than would be desired.

The Cost Approach is not considered especially relevant for the valuation of the subject property, and, has therefore, been omitted.

Sales Comparison Approach

The sales comparison approach is an appraisal technique in which the appraiser estimates the subject's market value based on prices paid in actual market transactions. It is a process of analyzing recently sold properties that are similar to and have the same or similar highest and best use as the subject.

The reliability of this technique depends on (a) the degree of comparability of the property appraised with each sale, (b) the length of time since the sale, (c) the accuracy of the sales data, and (d) the absence of unusual conditions affecting the sale.

The steps of the Sales Comparison Approach are as follows:

1. Research the market to obtain sales of properties comparable to the subject property; this step includes the verification of all relevant factual sales data.
2. Analyze the comparable sales to derive market supported adjustments that reflect the significant differences between the comparable sales and the subject; general adjustment categories include buyer expenditures, property rights conveyed, finance terms, conditions of sale, market conditions, location and physical characteristics.
3. Formulate an opinion of the price or unit price for which each comparable property would have sold had it possessed all of the important attributes of the subject property, by applying the market derived adjustments to the comparable sales.
4. Reconcile the adjusted sale or unit prices into an indication of value for the subject property.

Collection and Analysis of Sale Data

Comparable sales were researched through leads found on SalesWeb, published by the NYS Office of Real Property Tax Services, or in COMPS, published by First American Real Estate Solutions. SalesWeb and COMPS compile transfers of real estate within the county through deeds recorded at the Westchester County Clerk's Office, Division of Land Records located in the City of White Plains. Leads were then analyzed based on a physical inspection of the property, information at the office of the Assessor and/or Building Department, and a review of the recorded deeds and mortgages. The

respective grantor, grantee, real estate broker, or attorney of the grantor or grantee verified each of the sales used in this analysis.

The research yielded recent sales of comparable properties in the market area of the subject property; the properties that were considered most comparable to the subject have been used as the basis of this analysis.

Consideration is given to the following characteristics and elements of comparison:

Real Property Rights Conveyed

A transaction price is always predicated on the real property interest conveyed. Many types of real estate, particularly income-producing properties, are sold subject to existing leases. The revenue-generating potential of a property is often fixed or limited by the terms of existing leases. Therefore, in the valuation process, if possible, adjustments must be made to reflect the difference between contract rent and market rent and how this difference affects property price. However, in most cases, such rental data for comparable sale properties is difficult to obtain, often precluding the ability to make appropriate adjustments.

Finance Terms

The transaction price of one property may differ from that of an identical property owing to different financing arrangements.

Conditions of Sale

Adjustments of conditions of sale usually reflect the motivations of the buyer and the seller. A sale may be transacted at a below-market price if the seller needs cash in a hurry. A financial, business, or family relationship between the parties may also affect the price of property. When non-market conditions of a sale are detected in a transaction, the sale can be used as a comparable only with care. The circumstances of the sale must be thoroughly researched before an adjustment is made.

Expenditures Made Immediately After Purchase

A knowledgeable purchaser will typically consider expenditures that will be necessary upon purchase of a property because these costs

will affect the price a buyer agrees to pay and the price a seller is willing to accept. Such expenditures may include the costs to demolish or remove buildings, costs to obtain a zone change, or costs to remediate environmental contamination. These expenditures (or planned expenditures) must be researched in order to accurately derive a proper adjustment.

Market Conditions (Time Adjustment)

Market conditions generally change over time, but the date of an appraisal is a specific time. Therefore, past sales must be examined in light of the direction of change between the sale date of the comparable and valuation date of the subject property.

Although the adjustment for market conditions is often referred to as a "time adjustment," time is not the cause of the adjustment. Market conditions shift over time; therefore, market conditions, not time, create the need for an adjustment. If market conditions have not changed, no adjustment is required, even though considerable time may have elapsed.

Location

An adjustment for location may be required when the location characteristics of a comparable property are different from those of the subject property. Location adjustments are usually expressed as percentages that reflect the increase or decrease in value attributable to the property's location or neighborhood.

Physical Characteristics

If the physical characteristics of a comparable property and the subject differ in many ways, each of these differences may require comparison and adjustment to the comparable. For vacant land properties, physical characteristics may include such factors as zoning, land size (area/unit), frontage, shape/configuration, topography, wetlands, and other physical features. For improved properties, physical differences may include such factors as building size, quality of construction, architectural style, building materials, age, condition, functional utility, site size, attractiveness and

amenities. Furthermore, on site environmental conditions are adjusted when deemed necessary.

After analysis, an estimate is made of the price for which each comparable sale property would have sold had it possessed all of the same attributes and/or disabilities of the property being appraised. These opinions are then reconciled into an estimate of market value for the subject property.

Units of Comparison

To evaluate the comparable sales, it is generally considered necessary to analyze the sale prices by an appropriate unit of comparison. Units of comparison are defined as the components into which a property may be divided for purposes of comparison, e.g., price per square foot, front foot, cubic foot, room, bed, seat, apartment unit. A unit of comparison allows analysis of the comparable sales in the manner used by market participants. The effect of this process is to adjust for differences among the sales so that application of appropriate adjustments can be applied.

The most commonly used unit of comparison for rental apartment buildings within the subject's market area is price per unit. Within this appraisal, therefore, the comparable sales will be analyzed on that basis. If sufficient data is available, following our analysis of the comparable sales, we will present an analysis of Effective Gross Income Multipliers (EGIM). EGIM's are often used by investors in residential apartment buildings.

Research revealed several sales of apartment buildings considered to be reasonably comparable to the subject property. Due to the lack of recent sales within the immediate neighborhood, we included sales located in other nearby geographic areas which are considered to be in generally comparable locations. Each sale is described on the following pages, along with a picture of each sale and a map of the sales' locations.

The following sales are used to estimate the subject property's market value.

Sale No. 1 (Audubon Manor Apartments)



Location:	Wolden Road and Lincoln Place, Village of Ossining, Westchester County, NY.
Tax Map ID No.:	97.07-6-9.
Sale Date:	7/2/12, (Contract 1/31/12, Control No.521523466).
Effective Sale Price:	\$10,220,000.
Grantor:	Audubon Manor Co., LLC.
Grantee:	Audubon Apartments of NY LLC.

Land

Land Area:	2.1 acres.
Land Comments:	Gently rolling and part level.
Utilities:	All.

Improvements

Total Building Area (SF):	73,330 (in four two- and three-story buildings).
Number of Units:	75.
Density (D.U./Ac.):	35.7.
Total Number of Rooms:	273 (1 studio, 54 one-bedroom and 22 two-bedroom units).
Avg. Apartment Size (sf):	978.
Avg. sf./room:	269.
Number of Stories:	Two and three.
Building Age:	1967.
Building Type:	Garden style.
Quality/Condition:	Average/Good.
On-site Parking:	100 spaces (50 garage and 50 surface).

Financials

Estimated NOI:	\$613,200.
NOI/SF:	\$8.36.
NOI/Unit:	\$8,176.
O.A.R.:	6.0%.
GIM:	7.8 ~ 8.5.
Sale Price/Unit:	\$136,267

Sale No. 2 (Cedar Lane Apartments/Cedar Arms)



Location:	42 Cedar Lane, Village of Ossining, Westchester County, NY.
Tax Map ID No.:	89.11-2-2.
Sale Date:	9/17/12, (Contract 5/29/12, Control No.522373676).
Effective Sale Price:	\$7,025,000.
Grantor:	Cedar Arms, LLC.
Grantee:	Waterview Hudson, LLC.

Land

Land Area (SF):	6.725 acres.
Land Comments:	Sloping.
Utilities:	All.

Improvements

Total Building Area (SF):	69,858 sq. ft. (in six two-story buildings).
Number of Units:	72 (including superintendent's unit).
Density (D.U./Ac.):	10.7.
Total Number of Rooms:	310 (2 studios, 28 one-bedroom units, 40 two-bedroom units and 2 three-bedroom units).
Avg. Apartment Size (sf):	970.
Avg. sf./room:	225.
Number of Stories:	Two.
Building Age:	1962.
Building Type:	Garden.
Quality/Condition:	Avg./Avg.
On-site Parking:	100± cars.

Financials

Estimated NOI:	\$448,500 (using 50% expense ratio).
NOI/SF:	\$6.42.
NOI/Unit:	\$6,229.
O.A.R.:	6.4%.
GIM:	7.4.
Sale Price/Unit:	97,569

Sale No. 3 (Claremont Gardens)



Location:	No. Highland Ave and Van Cortlandt Avenue, Village of Ossining, Westchester County, NY.
Tax Map ID No.:	89.15-2-1.
Sale Date:	1/15/11 (Contract 12/7/10, Control No. 510193151).
Effective Sale Price:	\$14,250,000.
Grantor:	Claremont Gardens Assoc., LP.
Grantee:	Cortlandt Ridge, LLC.

Land

Land Area:	11.38 acres.
Land Comments:	Sloping.
Utilities:	All.

Improvements

Total Building Area (SF):	120,000 (18 buildings).
Number of Units:	182.
Density (D.U./Ac.):	16.
Total Number of Rooms:	749 (33 studios, 37 one-bedroom units, 67 two-bedroom units and 45 three-bedroom units).
Avg. Apartment Size (sf):	659.
Avg. sf./room:	160.
Number of Stories:	2.
Building Age:	1976.
Building Type:	Low-rise.
Quality/Condition:	Avg./Avg.
On-site Parking:	Ample.

Financials

Estimated NOI:	\$969,000 (many of the units are subsidized).
NOI/SF:	\$8.08.
NOI/Unit:	\$5,324.
O.A.R.:	6.80%.
GIM:	7.4.
Sale Price/Unit:	\$78,297

Sale (Listing) No. 4



Location:	79 South Highland Avenue, Village of Ossining, Westchester County, NY.
Tax Map ID No.:	97.07-7-38.
Listing Date:	Current (2012).
Listing Price:	\$3,575,000.
Owner:	South Highland Associates, LLC.

Land

Land Area:	0.33 acre.
Land Comments:	High site with Hudson River views.
Utilities:	All.

Improvements

Total Building Area (SF):	19,100.
Number of Units:	25.
Density (D.U./Ac.):	75.8.
Total Number of Rooms:	N./A.
Avg. Apartment Size (sf):	764.
Avg. sf./room:	N./A.
Number of Stories:	4.
Building Age:	1970's±.
Building Type:	Low-rise.
Quality/Condition:	Good/Good (23 of 25 units renovated with high-end finishes).
On-site Parking:	25 surface parking spaces.

Financials

Estimated NOI:	\$21,313 (Below market rents with no EPTA).
NOI/SF:	\$112.63.
NOI/Unit:	\$9,653.
O.A.R.:	6.75%.
GIM:	7.4 (based on an estimated 50% expense ratio).

Asking Price/Unit:	\$143,000 (asking)
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Sale No. 5



Location: 300 Broadway, Village of Dobbs Ferry, Westchester County, NY.
Tax Map ID No.: 3.80-30-46-8.
Sale Date: 1/10/11 (Contract 1/10/11, Control No. 510073328).
Effective Sale Price: \$11,750,000.
Grantor: Coolidge Osborne, LLC.
Grantee: 300 Broadway, LLC.
Note: Portfolio sale of two properties.

Land

Land Area (SF): 9.53.
Land Comments: Level/Rolling.
Utilities: All.

Improvements

Total Building Area (SF): 87,825.
Number of Units: 78.
Density (D.U./Ac.): 8.2.
Total Number of Rooms: 354.
Avg. Apartment Size (sf): 1,126.
Avg. sf./room: 248.
Number of Stories: 3.
Building Age: 1953.
Building Type: Low-rise.
Quality/Condition: Avg./Good.
On-site Parking: 100 surface spaces.

Financials

Estimated NOI: \$842,400 (estimated, based on 50% expense ratio).
NOI/SF: \$9.59.
NOI/Unit: \$10,800.
O.A.R.: 7.17%.
GIM: 7.0.
Sale Price/Unit: \$150,641

Comparable Sale Location Map



36 Water Street
 Village of Ossining, Westchester County, NY
 Tax Map ID No: 89.14-1-11



Adjustment Grid Process

In the following grid(s), the numerical adjustment factors with respect to each of the individual categories for which adjustments are made are applied as follows:

0 denotes a degree of similarity, equality, or parity as between the comparable sale (or lease) and the subject property sufficient to justify no numerical adjustment.

A positive (+) adjustment indicates a relative degree of inferiority of the comparable sale (or lease) compared to the subject property for the particular adjustment category.

A negative (-) adjustment indicates a relative degree of superiority of the comparable sale (or lease) compared to the subject property for the particular adjustment category.

In accordance with the suggestion of the Appraisal Institute, preliminary adjustments for economic factors are made sequentially for property rights, financing, motivation, and market conditions, where warranted. Individual adjustments are then made for various physical characteristics of the sales on a cumulative basis. The net cumulative adjustment indicated is the total addition of each individual positive or negative numerical adjustment in the respective comparable column. The net adjustment is applied to a 1.00 factor (for multiplication purposes), and the adjusted factor is subsequently applied to the preliminary adjusted base unit value of the comparable sale (or lease).

In making the various computations herein, the appraiser has adopted typical and reasonable methods of rounding in order to retain, wherever possible, the convenience and utility of whole numbers. In no case does the rounding process materially affect the results obtained.

The Summary of Comparable Sales and Adjustment Grid is presented on the following page and is followed by our conclusion of value for the subject property.

Sales Summary & Adjustment Grid

Listing						
Sale No.	1	2	3	4	5	Subject
Location	Wolden Road & Lincoln Pl. Ossining	Cedar Lane Ossining	No. Highland Avenue Ossining	79 So. Highland Avenue Ossining	300 Broadway Dobbs Ferry	36 Water Street Ossining
Sale Date	7/2/12	9/17/12	1/15/11	Current Listing	1/10/11	12/6/12
Effective Sale Price	\$10,220,000	\$7,025,000	\$14,250,000	\$3,575,000	\$11,750,000	
Property Rights	Leased fee	Leased fee	Leased fee	Leased fee	Leased fee	Leased fee
Financing	Typical	Typical	Typical	Typical	Typical	N/A.
Conditions of Sale	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	N/A.
Market Conditions	Similar	Similar	Similar	Similar	Similar	N/A.
Land						
Land Area (Ac.)	2.1	6.7	11.4	0.33	9.5	5.1
Land Comments	Gently rolling, level	Sloping	Sloping	High	Level/Rolling	Level, sloping Flood zone
Utilities	All	All	All	All	All	All
Improvements						
Total Building Area (sq. ft.)	73,330	69,858	120,000	19,100	87,825	28,500
Number of units	75	72	182	25	78	24
Density (D.U./Ac.)	35.7	10.7	16.0	75.8	8.2	4.7
Total Number of Rooms	273	310	749	N/A.	354	108
Avg. Apartment Size (sf)	978	970	659	764	1,126	1,188
Avg. sf./room	269	225	160	N/A.	248	264
Number of Stories	2 & 3	2	2	2	3	3
Building Age	1967	1962	1976	1970's	1953	Antique/Renov.
Building Type	Low-rise	Garden	Low rise	Low rise	Low-rise	Low-rise
Quality/Condition	Avg./Avg.	Avg./Avg.	Avg./Avg.	Good/good	Avg./Good	V. Good/V. Good
On-site Parking	100	100	Ample	25	100	28
Parking Ratio	1.33	1.39	n/a.	1.00	1.28	1.17
Financials						
Estimated NOI	\$613,200	\$448,500	\$969,000	\$241,313	\$842,400	\$497,619
NOI/SF	\$8.36	\$6.42	\$8.08	\$12.63	\$9.59	\$17.46
NOI/Unit	\$8,176	\$6,229	\$5,324	\$9,653	\$10,800	\$20,734
O.A.R.	6.00%	6.4%	6.8%	6.75%	7.17%	6.00%
GIM	7.8 ~ 8.5	7.4	7.4	7.4	7.0	7.2%
Sale Price/Unit	\$136,267	\$97,569	\$78,297	\$143,000	\$150,641	
Adjustments						
PROPERTY RIGHTS	0%	0%	0%	0%	0%	
	\$136,267	\$97,569	\$78,297	\$143,000	\$150,641	
FINANCING	0%	0%	0%	0%	0%	
	\$136,267	\$97,569	\$78,297	\$143,000	\$150,641	
CONDITIONS OF SALE	0%	0%	0%	-20%	0%	
	\$136,267	\$97,569	\$78,297	\$114,400	\$150,641	
MARKET CONDITIONS	0%	0%	0%	0%	0%	
Adjusted Price	\$136,267	\$97,569	\$78,297	\$114,400	\$150,641	
Zoning/Utility	0%	0%	0%	0%	0%	
Area/Unit	5%	5%	10%	0%	5%	
Building Age/Condition	15%	20%	20%	10%	15%	
Land / Parking	5%	0%	5%	10%	0%	
Location/Visibility	10%	10%	10%	10%	-10%	
Utilities	0%	0%	0%	0%	0%	
Building Quality/Utility	10%	10%	10%	10%	10%	
Net Adjustment	45%	45%	55%	40%	20%	
Value Indication (\$/Unit)	\$197,587	\$141,476	\$121,360	\$160,160	\$180,769	

Adjustment Factors

In the preceding adjustment grid, the various comparables are analyzed and compared with the subject property. Adjustments are applied to the comparable sales to estimate the price for which the comparable property would most probably sell on the valuation date, had they possessed all the important attributes of the property being appraised. A review of the foregoing comparable sales indicates that each was sufficiently similar to the subject property to justify its use, and to provide reliable value reference. The various factors considered in making such adjustments include the following:

Real Property Rights Conveyed - A transactions price is always predicated on the real property interest conveyed. Many types of real estate, particularly income-producing properties, are sold subject to existing leases. The revenue-generating potential of a property is often fixed or limited by the terms of existing leases. Therefore, in the valuation process, if possible, adjustments must be made to reflect the difference between contract rent and market rent and how this difference affects property price. However, in most cases, such rental data for comparable sale properties is very difficult to obtain, often precluding the ability to make appropriate adjustments. Properties may also be encumbered by easements, covenants or restrictions which represent various property rights that may influence value. Therefore, in the valuation process, if possible, an analysis must be made with respect to the differences in property rights and how these differences affect property price.

Finance Terms - The transaction price of one property may differ from that of an identical property due to different financing arrangements.

Conditions of Sale - Adjustments of conditions of sale usually reflect the motivations of the buyer and the seller. A sale may be transacted at a below-market price if the seller needs cash in a hurry. A financial, business, or family relationship between the parties may also affect the price of property. When non-market conditions of a sale are detected in a transaction, the sale can be used as a comparable only with great care. The circumstances of the sale must be thoroughly researched before an adjustment is made.

Expenditures Made Immediately After Purchase - A knowledgeable purchaser will typically consider expenditures that will be necessary upon purchase of a property because these costs will affect the price a buyer agrees to pay and the price a seller is willing to accept. Such expenditures may include the costs to demolish or

remove buildings, costs to obtain a zone change, or costs to remediate environmental contamination. These expenditures (or planned expenditures) must be thoroughly researched in order to accurately derive a proper adjustment.

Time - The price of each comparable sale was adjusted to reflect the effect of the passage of time on the value of real property in the market. The factor includes an allowance reflecting the increment in real value (related to supply and demand), as well as that portion of increasing value attributable to inflation. The adjustment made is referred to in terms of percent increase or decrease annually.

Zoning/Utility - An analysis of uses permitted in differing zoning district classifications, yield potentials, building regulations and/or applicable restrictions and limitations.

Area/Unit Ratio - Area/Unit is an analysis of the relationship that exists between overall area, or size, and unit value, based on the proposition established in the real estate market wherein, generally, other factors being equal, the larger the property size, the lower the unit price, or value, and vice versa.

Building Age/Condition - An analysis and evaluation of the age, and condition of all structural and site improvements which enhance the land.

Land/Parking - An analysis of the differences in land size and quality (corner influence, topography, configuration) and availability and functionality of available on-site parking as factors affecting the value of improved properties. This adjustment reflects the ratio between overall land area and overall building area as a factor affecting value.

Location/Desirability - An analysis of various location factors (transportation facilities, highway accessibility, population density, patterns of existing improvements and uses, labor supply, availability, convenience, and adequacy of shopping and municipal services, vehicular traffic patterns and volume, etc.).

Utilities - An analysis of the availability of municipal utilities (water, sanitary and storm sewer, natural gas, electricity, telephone, paved street, etc.).

Building Quality/Utility - An analysis and evaluation of the type, quality and functional utility of all structural and site improvements which enhance the land.

Indicated Property Value - Sales Comparison Approach

We applied appropriate adjustments to each of the comparable sales offered herein to reflect the differences between each sale and the subject property. The adjusted unit values for the comparable sales were as follows:

Sale No.	1	2	3	4	5
Value Indication (\$/Unit)	\$197,587	\$141,476	\$121,360	\$160,160	\$180,769

After adjustments, the comparables demonstrate a range in value from a low of \$121,360 per unit to a high of \$197,587 per unit. The average adjusted unit value indication is \$160,270 per unit and the median is \$160,160 per unit. Substantially equal weight is given to each of the comparables since each of these properties have characteristics closely resembling the subject property.

Utilizing the comparable sales, it is our opinion that the market value indication of the subject property, as derived through application of the Sales Comparison Approach, as of the date of appraisal, and subject to the hypothetical conditions described herein was:

Three Million Eight Hundred Forty Thousand (\$3,840,000) Dollars
(24 units x \$160,000 per unit = \$3,840,000)

Income Capitalization Approach

The income capitalization approach is based upon the premise that one measure of property value is the present worth of the annual net income stream it produces during a typical ownership period. This appraisal utilizes appropriate and accepted procedures to estimate and capitalize annual net income. The steps of the income capitalization approach are as follows:

- 1) Estimate potential gross income attributable to the subject property, based on its actual rent roll and/or applying market level rent.
- 2) Estimate a vacancy and collection loss and deduct it from potential gross income to calculate effective gross income.
- 3) Deduct expenses from effective gross income to estimate annual net operating income (NOI) before debt service and income tax payments.
- 4) Select an appropriate capitalization technique to capitalize annual net operating income into an estimate of market value.

Market Rent Survey

In order to estimate market rent for the proposed units within the subject property, we researched and analyzed rents achieved within similar buildings in the subject's market area. These comparable rentals represent space having utility comparable to the subject property, in whole or in part

A survey of comparable apartment rents in the subject's sub-market is presented on the following pages. Our research was focused in Ossining; all of the rentals on the following pages are from 2012. The research parameters included the following three general apartment types:

- One-bedroom apartment rentals (ranging from 800 to 1,250 sq. ft.)
- Small two-bedroom apartment rentals (ranging in size from 800 to 1,200 sq. ft.)
- Large two-bedroom apartment rentals (ranging in size from 1,200 to 1,700 q. ft.)

Market Rent Survey - One-bedroom Apartments

(800 sq. ft. to 1,250 sq. ft, Town of Ossining, NY)

MLS#	Address	P.O.	Rent/Mo.	BD	BA	Sq Ft	Rent/sf	DOM	Complex	Type
3200661	32 Hamilton Ave #2FL R	Oss.	\$925	1	1 (1 0)	800	\$1.16	21	32 Hamilton	Multi-family house
3213712	32 Hamilton Ave #2FL R	Oss.	\$950	1	1 (1 0)	800	\$1.19	28	32 Hamilton	Multi-family house
3211941	35 Hudson View Hill	Oss.	\$1,550	1	1 (1 0)	800	\$1.94	24	Riverview	Townhouse
3212525	14 Gilbert Park	Oss.	\$1,250	1	1 (1 0)	845	\$1.48	100	14 Gilbert park	Multi-family house
3211305	29 Dale Ave	Oss.	\$1,100	1	1 (1 0)	850	\$1.29	63	29 Dale	Multi-family house
3206714	123-7 S Highland Ave #A5	Oss.	\$1,250	1	1 (1 0)	900	\$1.39	65	Highland Terrace	3-story brick coop bldg.
3134659	97 Main St #3A	Oss.	\$1,650	1	1 (1 0)	950	\$1.74	231	97 Main St.	4-story mixed-use
3221894	97 Main St #3A	Oss.	\$1,750	1	1 (1 0)	950	\$1.84	61	97 Main St.	4-story mixed-use
3218219	97 Main St #3E	Oss.	\$1,750	1	1 (1 0)	950	\$1.84	16	97 Main St.	4-story mixed-use
3211481	97 Main St. #1A	Oss.	\$1,500	1	1 (1 0)	950	\$1.58	50	97 Main St.	4-story mixed-use
3217448	97 Main St. #3B	Oss.	\$1,650	1	1 (1 0)	950	\$1.74	23	97 Main St.	4-story mixed-use
3209509	21-4 Horseshoe Cir #4	Oss.	\$2,400	1	2 (1 1)	1,152	\$2.08	171	Fox Hill	Townhouse
3231250	73 Spring St #2B	Oss.	\$1,675	1	1 (1 0)	1,230	\$1.36	14	The Orchid	4-level brick apt. bldg.
<i>Survey Low</i>			\$925			800	\$1.16	14		
<i>Survey High</i>			\$2,400			1,230	\$2.08	231		
<i>Survey Average</i>			\$1,492			933	\$1.59	67		
<i>Survey Median</i>			\$1,550			950	\$1.58	50		

We researched the Ossining area market for one-bedroom apartment rentals which occurred since January 2012. We narrowed the results of this research to those which contain from 800 sq. ft. to 1,250 sq. ft. (the proposed subject one-bedroom units contain 1,200 sq. ft.). Thirteen such unit rentals were found; they are summarized above. The average and median monthly rent for these units was \$1,492 and \$1,550. On a per sq. ft. basis, the units demonstrated average and median figures of \$1.59 and \$1.58 respectively.

Market Rent Survey - Two-bedroom Apartments (Small)

(800 sq. ft. to 1,200 sq. ft., Town of Ossining, NY)

MLS#	Address	P.O.	Rent/Mo.	BD	BA	Sq Ft	Rent/sf	DOM	Complex	Type
3200662	32 Hamilton Ave #3rd	Oss.	\$1,300	2	1 (1 0)	800	\$1.63	72	32 Hamilton	Multi-family house
3200610	151 S Highland Ave #2J	Oss.	\$1,400	2	1 (1 0)	800	\$1.75	69	Jefferson House	7-story brick elev. apt. bldg.
3130069	71 Charter Cir #3L	Oss.	\$1,525	2	1 (1 0)	850	\$1.79	260	Jefferson House	7-story brick elev. apt. bldg.
3219410	71 Charter Cir #5D	Oss.	\$1,525	2	1 (1 0)	850	\$1.79	50	Jefferson House	7-story brick elev. apt. bldg.
3209215	81 Charter Cir #6L	Oss.	\$1,475	2	1 (1 0)	850	\$1.74	61	Jefferson House	7-story brick elev. apt. bldg.
3207111	321 Spring St	Oss.	\$1,575	2	1 (1 0)	900	\$1.75	255	321 Spring	Multi-family house
3136740	121 S Highland Ave #L1	Oss.	\$1,400	2	1 (1 0)	900	\$1.56	61	The Parkview	7-story brick co-op
3134802	121-6K S Highland Ave #6K	Oss.	\$1,500	2	1 (1 0)	900	\$1.67	158	The Parkview	7-story brick co-op
3203675	4 Sherman Pl	Oss.	\$1,525	2	1 (1 0)	950	\$1.61	40	4 Sherman	Multi-family house
3229812	43 South Highland Ave #20	Oss.	\$1,695	2	2 (1 1)	975	\$1.74	44	Hudson View Terrace	Garden/mixed-use
3225738	3 Stanley Ave	Oss.	\$1,550	2	1 (1 0)	1,000	\$1.55	48	3 Stanley	Multi-family house
3223745	6-2 S Briarcliff Dr #6-2	Oss.	\$1,750	2	1 (1 0)	1,065	\$1.64	30	Briarcliff Woods	Garden style apartments
3213701	22-2 Belle Ave #2	Oss.	\$1,850	2	1 (1 0)	1,100	\$1.68	39	22-2 Belle	Multi-family house
3215762	3-17 Kemeys Cove #317	Briar.	\$2,400	2	2 (2 0)	1,100	\$2.18	28	Kemeys Cove	Townhouse
3223877	88 Broadway #4	Oss.	\$2,600	2	3 (2 1)	1,120	\$2.32	69	88 Broadway	Antique school conversion
3130990	31 Forest Ave	Oss.	\$1,400	2	1 (1 0)	1,150	\$1.22	137	31 Forest	Multi-family house
3215326	1 Charles Pl	Oss.	\$1,600	2	1 (1 0)	1,200	\$1.33	28	1 Charles	Multi-family house
3225496	3-6 Briarcliff Dr #6	Oss.	\$2,000	2	2 (2 0)	1,200	\$1.67	40	Briarcliff Woods	Garden style apartments
3226973	2 N Water St #3C	Oss.	\$2,000	2	2 (2 0)	1,200	\$1.67	42	Vireum Schoolhouse	4-level antique conv. School
Survey Low			\$1,300			800	\$1.22	28		
Survey High			\$2,600			1,200	\$2.32	260		
Survey Average			\$1,688			995	\$1.70	81		
Survey Median			\$1,550			975	\$1.67	50		

We researched the Ossining area market for small two-bedroom apartment rentals which occurred since January 2012. We narrowed the results of this research to those which contain from 800 sq. ft. to 1,200 sq. ft. (the proposed subject small two-bedroom units contain 900 sq. ft. and 1,100). Nineteen such unit rentals were found; they are summarized above. The average and median monthly rent for these units was \$1,688 and \$1,550. On a per sq. ft. basis, the units demonstrated average and median figures of \$1.70 and \$1.67 respectively.

Market Rent Survey - Two-bedroom Apartments (Large)

(1,200 sq. ft. to 1,700 sq. ft., Town of Ossining, NY)

MLS#	Address	P.O.	Rent/Mo.	BD	BA	Sq Ft	Rent/sf	DOM	Complex	Type
3215326	1 Charles Pl	Oss.	\$1,600	2	1 (1 0)	1,200	\$1.33	28	1 Charles	Multi-family house
3225496	3-6 Briarcliff Dr #6	Oss.	\$2,000	2	2 (2 0)	1,200	\$1.67	40	Briarcliff Woods	Garden style apartments
3226973	2 N Water St #3C	Oss.	\$2,000	2	2 (2 0)	1,200	\$1.67	42	Vireum Schoolhouse	4-level antique conv. School
3201018	107 Kemeys Cv #107	Briar.	\$2,050	2	3 (2 1)	1,265	\$1.62	73	Kemeys Cove	Townhouse
3224097	5-13 Kemeys Cove #13	Briar.	\$2,500	2	3 (2 1)	1,265	\$1.98	22	Kemeys Cove	Townhouse
3223744	2-1 S Briarcliff Dr #2-1	Oss.	\$1,850	2	2 (2 0)	1,275	\$1.45	30	Briarcliff Woods	Garden style apartments
3222627	32 Colby Ln	Briar.	\$2,900	2	2 (1 1)	1,340	\$2.16	33	Briarcliff Commons	Townhouse
3221945	5 Kemeys Cv #5	Briar.	\$2,300	2	3 (2 1)	1,340	\$1.72	41	Kemeys Cove	Townhouse
3203913	15 Stanley Ave	Oss.	\$1,550	2	1 (1 0)	1,350	\$1.15	59	15 Stanley	Multi-family house
3220699	407 Kemeys Cv	Briar.	\$2,700	2	3 (2 1)	1,350	\$2.00	94	Kemeys Cove	Townhouse
3208431	6-24 Revolutionary Rd #24	Briar.	\$1,950	2	3 (2 1)	1,350	\$1.44	77	Kemeys Cove	Townhouse
3200110	322 Kemeys Cv #22	Briar.	\$2,600	2	3 (2 1)	1,355	\$1.92	4	Kemeys Cove	Townhouse
3230050	333 N State Rd #32	Briar.	\$2,700	2	2 (2 0)	1,370	\$1.97	38	Copley Court	Garden style apartments
3218783	333 N State Rd #32	Briar.	\$2,950	2	2 (2 0)	1,370	\$2.15	94	Copley Court	Garden style apartments
3217062	4 Stevens Dr #8	Oss.	\$2,150	2	2 (1 1)	1,376	\$1.56	12	Hudson View	Townhouse
3217111	38 Hudson View Hill #38	Oss.	\$2,600	2	2 (2 0)	1,400	\$1.86	38	Riverview	Townhouse
3211354	8-2 Steven Dr #8-2	Oss.	\$2,100	2	2 (1 1)	1,432	\$1.47	110	Hudson View	Townhouse
3201120	353 Chappaqua Rd #26	Briar.	\$2,350	2	2 (2 0)	1,500	\$1.57	21	Briar Oaks	Garden style apartments
3206665	4 Hudson View Hill	Oss.	\$1,950	2	2 (1 1)	1,500	\$1.30	74	Riverview	Townhouse
3213750	22 Fawn Ct	Oss.	\$2,600	2	3 (2 1)	1,547	\$1.68	23	Deerfield	Townhouse
3213410	16 Rockledge Ave #3-0-1	Scarb.	\$2,800	2	2 (2 0)	1,580	\$1.77	158	Scarborough Manor	7-story brick coop
3227093	15 Stanley Ave	Oss.	\$1,650	2	1 (1 0)	1,600	\$1.03	43	15 Stanley	Multi-family house
3217273	46 Mystic Dr	Oss.	\$3,100	2	3 (2 1)	1,690	\$1.83	23	Mystic Point	Townhouse

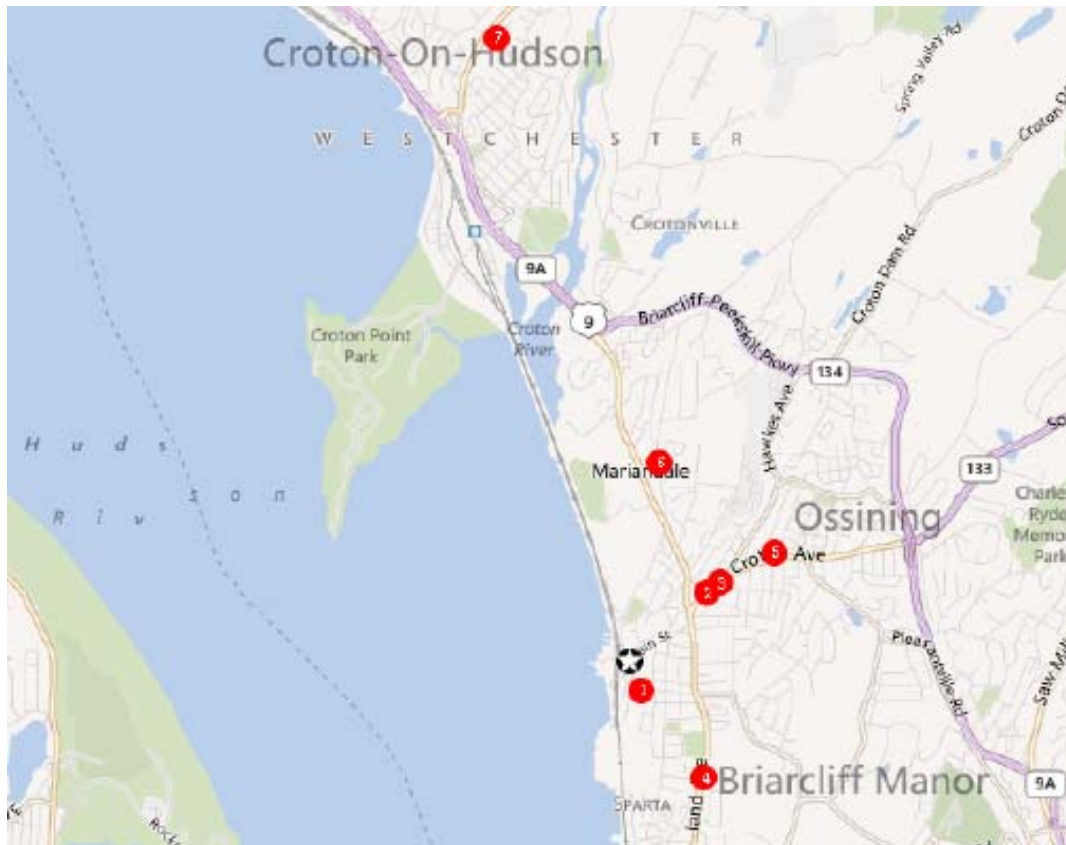
<i>Survey Low</i>	<i>\$1,550</i>	<i>1,200</i>	<i>\$1.03</i>	<i>4</i>
<i>Survey High</i>	<i>\$3,100</i>	<i>1,690</i>	<i>\$2.16</i>	<i>158</i>
<i>Survey Average</i>	<i>\$2,302</i>	<i>1,385</i>	<i>\$1.67</i>	<i>51</i>
<i>Survey Median</i>	<i>\$2,300</i>	<i>1,355</i>	<i>\$1.67</i>	<i>40</i>

We researched the Ossining area market for large two-bedroom apartment rentals which occurred since January 2012. We narrowed the results of this research to those which contain from 1,200 sq. ft. to 1,700 sq. ft. (the proposed subject large two-bedroom units contain 1,300 sq. ft. and 1,400). Twenty-three such unit rentals were found; they are summarized above. The average and median monthly rent for these units was \$2,302 and \$2,300. On a per sq. ft. basis, the units demonstrated average and median figures of \$1.67 respectively.

In addition to researching actual rents achieved in surrounding apartments, we reviewed an apartment report prepared by REIS for the third quarter 2012 which surveyed asking rents in several area apartments. The REIS report surveyed the following apartment complexes:

APARTMENT COMPLEXES USED IN REIS REPORT (LISTINGS)

	Name	Location	Units	Built	Stories
1	15-16 James St.	15-16 James St., Ossining	67	1963	3
2	London Terrace	50 Croton Ave. , Ossining	45	1967	3
3	Clinton Terrace	70 Croton Ave. , Ossining	100	1962	7
4	Jefferson Highlands	151 S. Highland, Ossining	60	1967	7
5	Sparta Green	135 Croton Ave, Ossining	42	1974	2
6	Cedar Lane Heights	40 Cedar Lane, Ossining	72	1962	3
7	Bari Manor	31 Old Post Rd South, Croton	84	1964	3



The group of rental complexes surveyed in the REIS report indicated the following:

COMPARABLE GROUP SUMMARY STATISTICS

	Low	Mean	Median	High
Current Asking Rent/Unit	\$1,109.00	\$1,321.74	\$1,286.00	\$1,713.00
Current Vacancy Rate	0.0%	2.1%	1.5%	7.1%
Property Size (units)	42	67	67	100
Year Built	1962	1966	1964	1974

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	\$1,071.25	\$1,206.46	\$1,417.40	\$1,898.00
Unit Size (SF)	483	684	911	1,052
Current Asking Rent/SF	\$2.22	\$1.76	\$1.56	\$1.80

As of 9/30/12

Source:

REIS, Apartment Report, Westchester County, Third Quarter, 2012

Restricted Units

The subject is planned to contain three units which are to be designated as affordable. “Ten percent of the units are required to be affordable with rents based on the Westchester County Area Median Income (AMI) rent limits. For 2012, the monthly rents are \$1,359 for a one-bedroom unit and \$1,580 for a two-bedroom unit. The rent levels are to include all housing costs associated with the apartment. If there are any tenant paid utilities, an amount based on a utility allowance is deducted from the maximum rent allowed to arrive at the net rent that may be charged the tenant under the lease.”²⁰

To calculate the maximum Net Rent, the rent that may be charged to a tenant on a lease for any unit, tenant paid utilities are deducted from the rent limit based on specified guidelines²¹. The calculation for the subject affordable units is as follows:

MAXIMUM NET RENT CALCULATION – AFFORDABLE UNITS

	One-bedroom	Two-bedroom
Maximum Net Rent (before utility allowance)	\$1,359	\$1,580
Less Utility Allowance		
Heat (Gas, 2-3 story building)	\$82	\$104
Cooking (Gas)	\$11	\$12
Electricity	\$20	\$28
Air conditioning	\$5	\$5
Hot Water (gas)	\$11	\$14
Total Utility Allowance	\$129	\$163
Maximum Net Rent charged to Tenant	\$1,230	\$1,417

²⁰ Email correspondence from Gina Martini, AICP, VHB Engineering, Surveying and Landscape Architecture, P.C., 12/5/12.

²¹ Income and Rent Program Guidelines, Westchester County 2012 Area median Income (AMI), Sales & Rent Limits, Westchester County Board of Legislators, effective January 1, 2012.

Potential Gross Income

Potential Gross Income (PGI) is defined as “The total income attributable to real property at full occupancy before vacancy and operating expenses are deducted.”²² The subject’s Potential Gross Income is estimated as follows:

POTENTIAL GROSS INCOME ESTIMATE

Type	Rooms	Bdrms	Baths	Sq. ft.	No. Units	Rent/Mo.	\$/SF	Annual/Unit	Total
Aff 1	3.5	1	1	900	1	\$1,230	Aff.	\$14,760	\$14,760
Aff 2	4.5	2	2	900	2	\$1,417	Aff.	\$17,004	\$34,008
Small 1	3.5	1	1	900	2	\$1,530	\$1.70	\$18,360	\$36,720
Large 1	3.5	1	2	1,200	3	\$1,740	\$1.45	\$20,880	\$62,640
Jr. 2	4.5	2	2	900	1	\$1,710	\$1.90	\$20,520	\$20,520
Small 2	5	2	2	1,100	3	\$1,980	\$1.80	\$23,760	\$71,280
Med. 2 Alc.	4.5	2	2.5	1,300	3	\$2,210	\$1.70	\$26,520	\$79,560
Med. 2 Cor.	5	2	2	1,300	3	\$2,210	\$1.70	\$26,520	\$79,560
Large 2	5	2	2.5	1,400	6	\$2,380	\$1.70	\$28,560	\$171,360
Total (P.G.I.)									\$570,408

²² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute), 2010, p. 148.

Occupancy

As requested, this appraisal is made assuming that the property is operated on a stabilized basis (we excluded lease-up/absorption costs).

Vacancy Analysis

In the economic life of a rental property, tenant turnover causes temporary vacancies. In fact, very few rental properties remain fully occupied for extended time periods. An allowance for vacancy and collection loss is included herein, primarily to reflect the rent loss attributable to these periods of vacancy. Though very few formal vacancy surveys are available for the subject's particular sub-market, we reviewed a report prepared by REIS. Following is a summary of the vacancy rate comparisons for the third quarter 2012 for Westchester:

VACANCY RATE COMPARISONS

	Quarterly			Annualized		
	2012Q3	2012Q2	YTD	1 Year	3 Year	5 Year
Comparable Group	2.1%	1.7%	2.0%	2.6%	2.6%	2.7%
N Westchester	2.1%	2.2%	2.2%	2.5%	2.9%	2.7%
Westchester	3.1%	2.9%	3.0%	3.3%	4.2%	3.8%

1. Quarter ending 9/30/12 2. Quarter ending 6/30/12 3. Avg over period ending 9/30/12 4. Avg over period ending 12/31/11

Source:

REIS, Apartment Report, Westchester County, Third Quarter, 2012

Given the lack of available space within the immediate neighborhood, and, given the demand traditionally experienced within the subject building, we concluded at an overall stabilized vacancy allowance as shown in the income and expense preform later in this report.

Effective Gross Income (EGI)

The *Dictionary of Real Estate Appraisal* defines effective gross income (EGI) as “The anticipated income from all operations of the real property after an allowance is made for vacancy and collection losses and an addition is made for any other income”²³ Thus, deducting the estimated vacancy and collection loss from the PGI derives the EGI.

²³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute), 2010, p. 65.

Expense Analysis

Total operating expenses are the sum of all fixed and variable operating expenses (assuming prudent and competent management) and the estimated replacement allowance. However, some expenses are the responsibility of the landlord and other expenses are the responsibility of the tenant; only the landlord's expenses are deducted from the EGI.

The expense estimates utilized in our analysis are based upon a review of the actual expenses incurred in the operation of other apartment buildings over the past several years as well as review and analysis of a report entitled "Property Maintenance and Operations Cost Survey, Annual income and Expenses" for the years 2008 through 2010 prepared by the NY State Division of Housing and Community Renewal. The DHCR Survey is based on 556 schedules for buildings containing 18,155 housing units of which 16,620 are subject to the ETPA act of 1974.

NY STATE DHCR SURVEY DATA (2010)

<u>Income</u>	<u>(\$000's)</u>	<u>\$/Unit</u>	<u>% Gross</u>
Rental	\$230,442	\$12,693	94.9%
Misc.	\$3,500	\$193	1.4%
Real Estate	\$2,188	\$121	0.9%
Non Residential	\$6,618	\$365	2.7%
Total Rental Income	\$242,745	\$13,371	100.0%
 Other Income	 \$0	 \$0	 0.0%
Total Income	\$242,745	\$13,371	100.0%
 <u>Expenses</u>			
Fuel	\$24,781	\$1,365	10.2%
Utilities	\$9,359	\$516	3.9%
Payroll	\$17,401	\$958	7.2%
Real Estate Taxes	\$39,773	\$2,191	16.4%
Insurance	\$8,729	\$481	3.6%
Management	\$18,144	\$999	7.5%
Repairs & Maint.	\$31,435	\$1,731	12.9%
Misc.	\$36,712	\$2,022	15.1%
Professional Fees	\$8,253	\$455	3.4%
Total Expenses	\$194,587	\$10,718	80.2%
Net Income	\$48,158	\$2,653	19.8%

In addition to the DHCR survey, we reviewed an apartment expense report prepared by REIS which indicates the following.

Submarket Expense Ratio	48.70%
Submarket Free Rent (Mo./year)	0.42

As of 9/30/12

Source:

REIS, Apartment Report, Westchester County, Third Quarter, 2012

As previously stated in the *Assessment Analysis*, the subject property has not yet been assessed.

Therefore, we estimated the market value by using an equalized capitalization rate; the equalized capitalization rate is calculated by using the overall capitalization rate plus the addition of the effective tax rate, which allows us to assume that the property would be equitably assessed.

The effective tax rate is calculated in the *Calculation of Effective Tax Rate for Real Property* section of this report; all subsequent calculations regarding the equalized capitalization rate are presented later in the *Capitalization Rate* section of this report.

Net Operating Income

The Dictionary of Real Estate Appraisal defines net operating income as “The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted.”²⁴ The previously estimated expenses are then deducted from the effective gross income to derive the estimated net operating income.

INCOME AND EXPENSE PROJECTION

<u>INCOME</u>		Amount	\$/SF	% EGI	\$/unit
Market Rate Units		\$570,408	\$19.01	95.2%	\$23,767
Laundry Income		\$0	\$0.00		\$0
Potential Gross Income		\$570,408	\$19.01	95.2%	\$23,767
Vacancy & Collection Loss	5.0%	\$28,520	\$0.95	4.8%	\$1,188
Effective Gross Income		\$598,928	\$19.96	100.0%	\$24,955
<u>OPERATING EXPENSES</u>					
Real Estate Taxes		In rate			
Insurance		\$12,000	\$0.40	2.0%	\$500
Utilities		Tenant			
Water & Sewer		\$9,600	\$0.32	1.6%	\$400
Repairs & Maintenance		\$24,000	\$0.80	4.0%	\$1,000
General & Administrative		\$4,800	\$0.16	0.8%	\$200
Professional Fees		\$8,984	\$0.30	1.5%	\$374
Replacement Reserves		\$8,984	\$0.30	1.5%	\$374
Management Fees		\$32,941	\$1.10	5.5%	\$1,373
TOTAL OPERATING EXPENSES		\$101,309	\$3.38	16.9%	\$4,221
NET OPERATING INCOME		\$497,619	\$16.59	83.1%	\$20,734
(before real estate taxes)					

²⁴ Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute), 2010., p. 134. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization).

Capitalization

Capitalization is the process of converting income into a present value (market value) estimate. A rate of return is the relationship or ratio between income generated and an original investment. The two most common rates used within the Income Capitalization Approach are the overall capitalization rate (R_o) and the discount rate, or internal rate of return (IRR).

Overall Capitalization Rates

Overall Capitalization Rates show the relationship between net operating income and value. If net income can be computed, overall property value can be estimated. A going-in capitalization rate is first year NOI divided by present value or purchase price; a terminal capitalization rate is usually used to estimate resale or reversionary value at the end of the investment period. Capitalization rates developed within this report were based, for the most part, upon our experience with actual properties appraised within this market area, with additional consideration given to national averages for the various property types.

Going-in capitalization rates are usually lowest for retail and office properties, with rates for apartment buildings slightly higher and with rates for industrial properties typically slightly higher yet. Terminal capitalization rates generally average approximately ½ point higher than going-in rates.

Discount Rate (Yield Rate)

A discount rate, also referred to as an internal rate of return (IRR), is in effect an annualized rate of return on capital that is generated over the period of ownership; it discounts all returns from an investment, including both annual net income and the return from its ultimate sale (reversionary profit). Since capital will flow to the highest return (rate of return), commensurate with risk, the rate of return on real estate is in competition with rates of return available on alternative investments, i.e., bonds, stocks, etc. Rates used within this report have been carefully computed to insure that they are reasonably accurate, and reflective of rates being generated for the type of real estate being appraised, given its relative level of risk and relative level of future benefits.

Conclusion

Market participants for the type of property represented by the subject, typically rely upon overall capitalization rates, rather than discounted cash flow analyses.

Therefore, the overall capitalization rate (R_o) is considered most appropriate for capitalization of the subject property's anticipated income and will be employed within this appraisal to estimate its market value.

The subject property's net operating income will be analyzed using the band of investment method of analysis.

Capitalization by Band of Investment

In this appraisal, we also analyzed net income before real estate taxes capitalized by an equalized rate (comprised of a base capitalization rate and an effective tax rate).

Derivation of R_o from Band of Investment

Most properties are purchased with debt and equity capital; therefore, the overall capitalization rate must satisfy the market return requirements of both investment positions. The lender/mortgagee must anticipate a rate of return that is appropriate for the investment's perceived risk in order to make the loan; the loan principal is typically repaid through periodic amortization payments. The equity investor/mortgagor must also anticipate a rate of return that is commensurate with the investment's perceived risk or they opt for an alternative investment.

Band of Investment is defined by the Fifth edition of *The Dictionary of Real Estate Appraisal* as "A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment." Thus, capitalization rates for debt and equity are analyzed. The capitalization rate for debt is known as the mortgage constant (R_M); it is the ratio of annual debt service to the principal amount of the mortgage loan. It is calculated as follows:

$$R_M = \frac{\text{Monthly Payment} \times 12}{\text{Amount of Loan}}$$

The monthly payment of a loan is calculated using the following formula:

$$\text{Monthly Payment} = \frac{\text{Interest Rate (i)}}{1 - \text{Present Value Factor}}$$

The Present Value Factor can be obtained from financial tables that show the six

functions of a dollar.

The rate used to capitalize equity income is called the equity capitalization rate (R_E); it is the ratio of annual pre-tax cash flow (usually in the first year of the holding period) to the amount of the equity investment.

The R_O indicated by the band of investment is a weighted average of the R_M and R_E . Using the loan-to-value ratio (M) and the equity ratio (E or $1-M$) the R_O is calculated as follows:

$$R_O = (M \times R_M) + (E \times R_E)$$

Mortgage Rates

For developing an overall capitalization rate, we have conducted discussions with loan representatives knowledgeable of the apartment building market. Based on this research we concluded that the market terms for a mortgage for an investment-grade apartment building such as the subject would be for a 10-year term at 4.75% interest per annum with payments based on a 25-year amortization. The mortgage constant (mortgage capitalization rate) is 6.841%. A 70% loan-to-value ratio is typical.

Equity Dividend Rate

In selecting the equity dividend rate, we considered the subject's location and physical characteristics, its financial characteristics as well as current market conditions. In consideration of these factors and the type and quality of the subject property in relation to the yield rates available on competing investments, it is our opinion that an investor would expect an initial equity dividend rate in the range of normal market parameters.

The Real Estate Investor Survey, published by PWC, PriceWaterhouseCoopers, which surveys required investment yields for national markets, indicates free and clear equity IRR rates (or equity dividends) and free and clear equity capitalization rates for the "National Apartment Market. According to the report, "The national apartment market remains firmly planted in the expansion phase of the real estate cycle, characterized by strong demand, robust rent growth, and new supply. Our PwC Real Estate Barometer shows that 90.4% of the total apartment stock will be in the expansion phase with the balance in the recovery phase by year-end 2012. "The home ownership bubble has popped, and many families will never go back to that style of living," predicts a participant. Due to superior asset performance, many investors are still looking to place capital in the apartment sector. In the second quarter of 2012, total sales reached \$16.2 billion, the highest level since 2007, as per Real Capital Analytics. At the same time, the average overall capitalization (cap) rate in the Survey has fallen to a level seen in 2007. In fact, the current average overall cap rate is just below the average of 5.76% from five years ago. Despite what seems like insatiable demand for apartment assets, steady overall cap rates signal that this market may be approaching its pricing peak. Although 73.3% of surveyed investors expect overall cap rates to hold steady in this market over the next six months, the remainder is divided between cap rates rising and cap rates falling.²⁵

²⁵ "Investors Rethink Strategies as Recovery Slows," PriceWaterhouseCoopers, *PwC Real Estate Investor Survey*, Third Quarter 2012, p. 47.

Figures from the PWC report are shown below:

Table 27 NATIONAL APARTMENT MARKET Third Quarter 2012					
	CURRENT	LAST QUARTER	1 YEAR AGO	2 YEARS AGO	4 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	5.25% – 14.00%	5.25% – 14.00%	4.75% – 14.00%	6.00% – 14.00%	6.00% – 10.50%
Average	8.28%	8.30%	8.34%	9.40%	8.23%
Change (Basis Points)		- 2	- 6	- 112	+ 5
OVERALL CAP RATE (OAR)^a					
Range	3.75% – 10.00%	3.75% – 10.00%	3.75% – 10.00%	4.50% – 11.00%	3.50% – 8.00%
Average	5.74%	5.76%	5.98%	7.12%	5.86%
Change (Basis Points)		- 2	- 24	- 138	- 12
RESIDUAL CAP RATE					
Range	4.50% – 9.75%	4.50% – 9.75%	4.75% – 9.75%	5.25% – 11.00%	4.50% – 8.50%
Average	6.20%	6.15%	6.38%	7.54%	6.74%
Change (Basis Points)		+ 5	- 18	- 134	- 54
MARKET RENT CHANGE^b					
Range	(2.00%) – 10.00%	(2.00%) – 8.00%	(2.00%) – 8.00%	(10.00%) – 3.00%	0.00% – 8.00%
Average	2.73%	2.80%	2.00%	(0.12%)	3.13%
Change (Basis Points)		- 7	+ 73	+ 285	- 40
EXPENSE CHANGE^b					
Range	1.00% – 3.50%	1.00% – 4.00%	0.00% – 4.00%	0.00% – 4.00%	2.50% – 3.75%
Average	2.69%	2.65%	2.68%	2.42%	2.97%
Change (Basis Points)		+ 4	+ 1	+ 27	- 28
MARKETING TIME^c					
Range	0 – 18	0 – 18	0 – 18	1 – 18	1 – 12
Average	5.3	5.3	5.9	7.2	6.0
Change (▼, ▲, =)		=	▼	▼	▼
a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months					

Source:

PriceWaterhouseCoopers real Estate Investor Survey, National Apartment Market, third Quarter 2012

Regional Apartment Markets

The PriceWaterhouseCoopers report also tracks and analyzes regional apartment markets. “Despite steady sales velocity in the Mid-Atlantic, Pacific, and South - east apartment regions, average overall capitalization rates (OARs) reveal little movement this quarter, paralleling the national apartment market. The Pacific region boasts the lowest average OAR at 5.19% while the averages for the Mid-Atlantic and Southeast regions are slightly higher at 5.67% and 5.96%, respectively.

REGIONAL APARTMENT MARKETS				
Third Quarter 2012				
MID-ATLANTIC REGION				
	CURRENT QUARTER	LAST QUARTER	1 YEAR AGO	2 YEARS AGO
DISCOUNT RATE (IRR)^a				
Range	5.50% – 14.00%	5.50% – 14.00%	5.60% – 14.00%	7.50% – 14.00%
Average	9.25%	9.25%	9.32%	10.33%
Change (Basis Points)		0	- 7	- 108
OVERALL CAP RATE (OAR)^a				
Range	4.00% – 7.50%	4.00% – 7.50%	4.00% – 7.50%	4.50% – 10.00%
Average	5.67%	5.71%	5.98%	7.15%
Change (Basis Points)		- 4	- 31	- 148
RESIDUAL CAP RATE				
Range	4.50% – 9.75%	4.50% – 9.75%	4.50% – 9.75%	5.00% – 9.75%
Average	6.27%	6.35%	6.65%	7.52%
Change (Basis Points)		- 8	- 38	- 125
MARKET RENT CHANGE^b				
Range	(5.00%) – 6.00%	(5.00%) – 7.00%	(5.00%) – 5.00%	(5.00%) – 2.00%
Average	2.58%	2.92%	1.92%	(0.25%)
Change (Basis Points)		- 34	+ 66	+ 283
EXPENSE CHANGE^b				
Range	1.00% – 3.00%	1.00% – 3.00%	1.00% – 3.00%	1.00% – 3.00%
Average	2.58%	2.58%	2.58%	2.58%
Change (Basis Points)		0	0	0
MARKETING TIME^c				
Range	1 – 18	1 – 18	1 – 18	1 – 18
Average	5.4	5.4	6.2	7.1
Change (▼, ▲, =)		=	▼	▼
a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months				

Source:
PriceWaterhouseCoopers

“Even though steady cap rates suggest a slowdown in price escalations, some Survey participants expect value increases in apartment assets over the next 12 months. Others, however, anticipate declines. As a whole, investors foresee asset prices increasing an average of 5.6% in the Pacific region, 2.0% in the Mid-Atlantic region, and just below 1.0% in the Southeast region. In comparison, surveyed investors expect an average asset value increase of 4.75% for the national apartment market.

“Given such a positive outlook for these apartment regions, buyers are seeking to acquire both single-asset and portfolio deals. "Fundamentals are strong, and this sector

has provided the highest risk-adjusted returns for the last 30 years," underscores an investor. In a recent trade, Harbor Group International (HGI) purchased a four-asset portfolio with 1,593 units in Nashville for \$130.5 million. This acquisition follows three recent apartment portfolio purchases by HGI in Florida, Baltimore, and Virginia.

“Within the sales arena, investors' perceptions of current market conditions relative to buyers and sellers vary among the three apartment regions in our Survey. In the Mid-Atlantic region, 50.0% of investors believe the market is buyer friendly, while the majority sees conditions favoring sellers in the Pacific region. In the Southeast region, half of Survey participants view conditions as neutral – equally favoring buyers and sellers.”²⁶

As real estate competes with investments in the capital markets, other rates, including bond and Treasury bill yields, must also be considered. A review of alternative investment opportunities provides a measure of relative levels of risk. The Appraisal institute publishes a compilation of monthly data concerning a variety of investment vehicles in a publication known as Economic Indicators. “The monthly Economic Indicators provide a continuous monitor of the economy and real estate markets by providing economic data from a variety of government Web sites. The monthly indicators include market rates and bond yields, disposable income data, housing data, unemployment rates, and other benchmarks.”²⁷ A sampling of these alternative investment opportunities follows:

²⁶ Ibid. p. 48.

²⁷ Appraisal institute, News & Advocacy, Economic Indicators, www.appraisalinstitute.org.

Yields of Alternative Investments

ECONOMIC INDICATORS – October 2012

Market Rates and Bond Yields

	Oct12	Apr12	Oct11	Apr11	Oct10	Oct09
Reserve Bank Discount Rate	0.75	0.75	0.75	0.75	0.75	0.50
Prime Rate (monthly average)	3.25	3.25	3.25	3.25	3.25	3.25
Federal Funds Rate	0.16	0.14	0.07	0.10	0.19	0.12
3-Month Treasury Bills	0.10	0.08	0.02	0.06	0.13	0.07
6-Month Treasury Bills	0.15	0.14	0.05	0.12	0.18	0.16
3-Month Certificates of Deposit	0.23	0.29	0.37	0.23	0.27	0.24
LIBOR-3 month rate	0.35	0.46	0.49	0.40	0.40	0.49
U.S. 5-Year Bond	0.71	0.89	1.06	2.17	1.18	2.33
U.S. 10-Year Bond	1.75	2.05	2.15	3.46	2.54	3.39
U.S. 30-Year Bond	2.90	3.18	3.13	4.50	3.87	4.19
Municipal Tax Exempts (Aaa) [†]		3.43	3.91	4.93	3.83	3.85
Municipal Tax Exempts (A) [†]		4.23	4.73	5.52	4.57	4.71
Corporate Bonds (Aaa) [†]	3.47	3.96	3.98	5.16	4.68	5.15
Corporate Bonds (A) [†]	4.58	4.44	4.54	5.52	5.09	5.57
Corporate Bonds (Baa) [†]		5.19	5.37	6.02	5.72	6.29

Stock Dividend Yields

Common Stocks—500	2.24	2.20	2.28	1.92	1.97	2.02
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[†] Source: *Moody's Bond Record*
Source: Appraisal Institute

Characteristics that affect required rates of return for real estate versus alternative investments include risk, liquidity, management, and the possibility of value appreciation or depreciation during the holding period. Therefore, these investment vehicles are typically superior to a real estate investment because they are less risky, and more liquid. Therefore, considering the preceding analyses, the R_E is estimated herein. Our assumptions and calculations of value are shown below.

Calculation of Overall Capitalization Rate via Band of Investment

The overall capitalization rate is calculated by the Band of Investment format as follows:

BAND OF INVESTMENT

Loan to Value Ratio (LTV)	70%				
Mortgage Term	25	Years			
Mortgage Interest Rate	4.75%				
Projection Period	10	Years			
Mortgage Constant	6.841%				
Mortgage Component	6.841%	x	70%	=	4.79%
Equity Ratio	30%				
Equity Dividend Rate	5.50%				
					1.65000
Equity Component	5.50%	x	30%	=	%
Weighted Average (Mortgage - Equity)					6.44%

Capitalization Rates from Local Comparable Properties

Since the figures cited in the PWC survey are national in scope, an analysis of local capitalization rates is also considered relevant. Accordingly, overall capitalization rates were extracted from several listings of investment-grade apartment buildings.

On the following page is a summary of capitalization rates derived from listings of apartment buildings in Westchester County:

CAPITALIZATION RATES DERIVED FROM PROPERTY LISTINGS

Location	Comments	List Price	\$/Unit	OAR	GIM
170 Grand Street, White Plains, NY	Art Deco style 6-story elevator apartment building; 62 apartments and 2 professional commercial units 52 Studio units and (10) 1-Bedroom units of which (60) are RS, (1) is RC and (1) is FM.	\$6,600,000	\$103,125	6.59%	9.1
43 South Highland Ave., Ossining, NY	garden style mixed-use apartment and office building with 27 units built in 1970 containing 27,000 sq. ft.	\$3,495,000	\$129,444	7.28%	
35 Clinton Place, New Rochelle, NY	Six (6) story elevator apartment building. With 55 units including super. 42 1-bedroom units, (6) 2-bedroom units, and (6) studio units. There is a (70) car parking lot under a long term lease to ownership and a single family house on the adjacent lot.	\$12,000,000	\$218,182	4.63%	12.8
347 Huguenot Street. 778 Main Street & 10-14 Glencar, New Rochelle, NY	Three (3) walk-up apartment buildings with 66 units, total. 347 Huguenot Street is a (5) story (24) unit apartment building consisting of (23) 1-bedroom units and (1) 2-bedroom unit of which (23) are RS and (1) is RC. 778 Main Street (a/k/a 1-3 Allard Ave.), is a (4) story (18) unit apartment building with (16) 2-bedroom units and (1) 1-bedroom unit, of which (16) of the units are RS and (1) is RC/SCRIE. There is a ground floor retail/office unit that is currently vacant and being renovated. 10-14 Glencar Ave. (a/k/a 340 Mayflower Ave.), is a (3) story garden style (24) unit apartment building with (2) 3-bedroom units, (7) 2-bedroom unit, and a (15) 1-bedroom units. Built in 1969, units in 10-14 Glencar Ave. are rent stabilized under ETPA.	\$6,995,000	\$105,985	7.93%	7.3
110-120 Stonlea Place, New Rochelle, NY	Four-story brick pre-war 28 unit apartment building	\$3,500,000	\$125,000	5.40%	
229 No. Broadway, Yonkers, NY	Three and part four-story brick elevator apartment building with 190+ apartments containing 587 rooms plus substantial on-site parking. The building contains a mix of studios, juniors, 1, 2 and 3 bedrooms	\$31,000,000	\$163,158	5.50%	10.4
79 So. Highland, Ossining, NY	Four-story brick 25-unit elevator apartment building with on-site parking.	\$3,575,000	\$143,000	6.40%	10.1
598 Union Avenue, New Rochelle, NY	Four-story brick 25-unit elevator apartment building with on-site parking built in 1928 on a 0.22 acre parcel. \$1,500,000 Assumable mortgage at 5.5%.	\$2,650,000	\$106,000	7.00%	8.86
101 Carpenter Ave., Mt. Kisco, NY	Two-story 36-unit garden style apartment building constructed in 1951.	\$5,100,000	\$141,667	5.40%	7.76
1179 Yonkers Ave., Yonkers, NY	Three-story brick apartment and retail building constructed in 1930 on a 0.25 acre parcel with 20 residential units and 7 retail stores	\$3,900,000	\$144,444	6.60%	9.3
29-30 E 4 TH St., Mt. Vernon, NY	Four-story brick 36 unit apartment building constructed in 1920; 34,000 sq. ft.	\$2,600,000	\$72,222	9.00%	
86 Hamilton Ave., Yonkers, NY	Four-story brick 37 unit apartment building built in 1927; 27,480 sq. ft.	\$2,995,000	\$80,946	5.84%	
204 Union Ave., Mt. Vernon	Six-story brock elevator apartment building with 41 units containing 38,250 sq. ft.	\$4,399,999	\$107,317	10.72%	
	Minimum		\$72,222	4.6%	7.3
	Maximum		\$218,182	10.7%	12.8
	Average		\$126,192	6.8%	9.5
	Median		\$125,000	6.6%	9.2

Summary of Overall Capitalization Rate Indications

Source	Range	Average/Indication
Band of investment		6.44%
Real Estate Investor Survey, PWC, PriceWaterhouseCoopers National	3.75% - 10%	5.74%
Real Estate Investor Survey, PWC, PriceWaterhouseCoopers Regional	4.00% - 7.50%	5.67%
Local Market Survey	4.6% - 10.7%	6.8%

Based on the preceding, the subject's NOI is capitalized as follows:

NET OPERATING INCOME	\$497,619
(before real estate taxes)	

CAPITALIZATION

Basic Capitalization Rate	6.50%
Add Equalized Tax Rate:	
Total Tax Rate	66.52%
x NYS Equaliz. Rate	6.10%
Equalized Tax Rate	4.058%
Overall (Equalized) Capitalization Rate	12.60%

Indicated Value	\$3,949,361
Rounded to	\$3,950,000

Reconciliation and Conclusion of Value

Within this appraisal, two of the three commonly accepted valuation approaches were considered appropriate - sales comparison, and income capitalization. As indicated, the cost approach was deemed inappropriate owing to the building's advanced age and the difficulty presented in attempting to estimate accrued depreciation.

The sales comparison approach was used to estimate the subject property's market value based upon an investigation of sales of comparable properties. This approach provides a reasonably good indicator of market value because of the numerous similarities between the subject property and the comparable sales. This approach resulted in a market value of \$3,840,000.

The income capitalization approach provided a value estimate based upon an analysis of the subject property's anticipated income and expenses. Income was based on market rents; expenses were based on our experience with similar properties in the area as well as published surveys. The resulting net income was capitalized at an appropriate rate to arrive at the estimated conclusion of value. This approach resulted in a market value of \$3,950,000. The income capitalization approach provided a value estimate based upon direct capitalization using a band of investment technique. With direct capitalization a single year's estimate of net operating income was converted into a value estimate.

The two approaches resulted in reasonably similar value indications. However, since the subject would be, by definition, an investment property and, since investors of similar properties typically determine value through direct capitalization, the income capitalization approach is given most weight in this appraisal. We placed secondary emphasis upon the value indication derived by application of the sales comparison approach.

Conclusion of Market Value

Based upon the foregoing data and analyses, it is our opinion that the subject property's market value, as of the appraisal date, and based on the hypothetical conditions described herein was:

Three Million Nine Hundred Thousand (\$3,900,000) Dollars

This appraisal, and the value conclusion reached herein is made under the following hypothetical conditions:

- 1. Assuming renovation/conversion of the existing main structure into 24 residential units, assuming completion of construction in accordance with plans and specifications.**
- 2. Assuming that the property is operated on a stabilized basis.**

The use of these hypothetical conditions may affect the results of this assignment.

Underlying Assumptions and Contingent Conditions

This appraisal, made as of December 6, 2012, is made subject to the following assumptions and limiting conditions.

1. No responsibility is assumed for matters of a legal nature, or require legal expertise or specialized knowledge beyond that of a real estate appraiser nor has an opinion been rendered on title, good and clear title being assumed, free of any encumbrances and/or defects or liens.
2. No opinion is intended to be expressed and no responsibility is assumed for the legal description of the property. Although a legal description may be included herein, it is included as a matter of courtesy and no responsibility is assumed for its accuracy or completeness.
3. The distribution of values estimated herein for land and/or improvements where separately scheduled are values applicable to each such respective element of the subject property under the program(s) of utilization defined herein by virtue of the definition and description of highest and best use. Such individual values may not be applicable under other alternative use programs, and are invalid in conjunction with any other appraisal.
4. If this appraisal report contains a valuation relating to an estate that is less than the whole fee simple estate, then (i) the value reported for such estate relates to a fractional interest only in the real estate involved, and (ii) the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate considered as a whole.
5. If this appraisal report contains a valuation relating to a geographical portion of a larger parcel or tract of real estate, then (i) the value reported for such geographical portion relates to such portion only and should not be construed as applying with equal validity to other portions of the larger parcel or tract, and (ii) the value reported for such geographical portion plus the value of all other geographical portions may or may not equal the value of the entire parcel or tract considered as an entity.
6. The subject property is assumed to have been held under responsible ownership and competent management, unless otherwise specifically stated. In the absence of a statement herein to the contrary, it is assumed that such quality

ownership and management will continue for the remaining economic and useful life estimated therefor.

7. It is assumed that there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that the property is in full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report
9. It is assumed that all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
10. Any representation, indication, and/or description herein as to the physical condition and/or content of the unseen, underlying land or the indiscernible improvements included in this report is intended solely as an expression of the general visual impression gained by the appraiser upon inspection of the property. No representation is made as to any technical and/or engineering expertise of such observations, and no technical and/or engineering professional responsibility is assumed therefor, or for any conditions not observable or specifically mentioned herein.
11. The physical condition of the improvements, if any, considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. Hudson Property Advisors, LLC assumes no responsibility for the soundness of structural members of the improvements, or for the condition of mechanical equipment, plumbing or electrical components. The appraiser is not an expert in the field of structural integrity of the improvements or of mechanical equipment, plumbing or electrical components.
12. Unless otherwise stated in this report, the existence of hazardous material and/or chemical or other contamination, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials or contamination on or in the property. The appraiser, however, is not qualified to detect such substances. The

presence of substances such as asbestos, urea-formaldehyde foam insulation, radon gas, or other potentially hazardous materials or contamination may affect the value of the property. The value estimate provided herein is predicated on the assumption that there is no such material or contamination on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for their discovery. The client is urged to retain an appropriate expert if desired.

13. Any sketch(s), map(s), drawing(s), and/or diagram(s) prepared by the appraiser and included in this report have been offered only for the purpose of providing visual assistance. No engineering survey or analysis of the property has been made by the appraiser, and no responsibility is assumed in connection therewith.
14. To the extent, if any, that information, estimates, and/or opinions have been obtained from others, and to the extent, if any, that such information, estimates, and/or opinions have been utilized and/or included herein, the source(s) of such information, estimates, and/or opinions may be deemed to have been sound, responsible, and reliable. However, no responsibility or liability therefor is assumed by the appraiser.
15. The projected financial information (such as, but not necessarily limited to potential gross income and expenses) referred to in the Report may be based on lease summaries, lease abstracts or other financial information provided by the owner, client or third parties. Hudson Property Advisors, LLC assumes no responsibility for the authenticity or completeness of such information provided by others and recommends that legal and/or accounting advice be obtained regarding the interpretation of financial statements, lease provisions and the contractual rights of parties.
16. Possession of this report, or a copy thereof, does not confer any right of disclosure as to the value conclusions, identity of the appraiser, or any part of the contents hereof, or of publication, nor may it be used for any purpose by anyone other than the submittee without the prior written consent of the appraiser or the submittee, and then only subject to such qualification(s) as may be imposed in connection therewith. Exception to this condition is granted for appraisal reports submitted to any court of competent jurisdiction, or other duly constituted official body by, or

on behalf of the submittee, pursuant to duly instituted legal proceedings.

17. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by Hudson Property Advisors, LLC, in writing to use or rely thereon, hereby agrees to indemnify and hold Hudson Property Advisors, LLC, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorney's fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity or entities.
18. All values rendered within this report assume marketing times of twelve months or less unless otherwise indicated.
19. In arriving at the value set forth in this appraisal no consideration has been given to the effect of state, local or federal income and gains taxes, or of occupancy, hotel, capital levy, gift, estate, succession, inheritance, or similar taxes, which may be imposed upon any owner, lessee or mortgagee, by reason of any sale, conveyance, transfer, leasing, hypothecation, mortgage, pledge or other disposition of the appraised property.
20. This appraisal expresses an opinion as of the date of appraisal. It is supplied at the request of the submittee and, unless otherwise stated, is for the submittee's exclusive use. It is not a guarantee. Neither Hudson Property Advisors, LLC, nor any of its officers or employees has made any representation or warranty regarding this report. Since real estate appraising is not an exact science, this report constitutes only the best professional opinion of this company and the appraiser(s) who signed this report. Hudson Property Advisors, LLC is under no circumstances responsible for differences in value conclusion(s) which could occur as the result of repeated expertise and/or the use of standards, norms, methods or criteria other than those employed by Hudson Property Advisors, LLC.
21. The opinions and or conclusions reached herein are only effective as of the date stated in the Report. Changes either before or after the effective date in external and market factors or in the Property itself can significantly affect the conclusions.

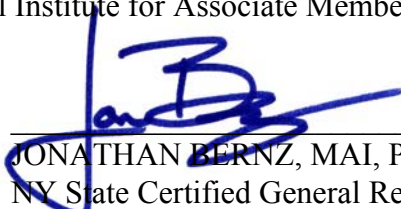
22. In the event of a claim against Hudson Property Advisors, LLC, or its affiliates or their respective officers, owner(s) or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be limited to the amount of the fee actually collected by Hudson Property Advisors, LLC or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
23. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of the ADA in estimating the value of the subject.
24. By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

Appraiser's Certification

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, 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 performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program of the Appraisal Institute.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.

Dated: December 10, 2012



JONATHAN BERNZ, MAI, President
NY State Certified General Real Estate Appraiser
#46-26085

Addendum



420810318DEDG

Control Number 420810318	WIID Number 2002081-000138	Instrument Type DED
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**WESTCHESTER COUNTY RECORDING AND ENDORSEMENT PAGE
(THIS PAGE FORMS PART OF THE INSTRUMENT)
*** DO NOT REMOVE *****

THE FOLLOWING INSTRUMENT WAS ENDORSED FOR THE RECORD AS FOLLOWS:

TYPE OF INSTRUMENT **DED - DEED**

FEE PAGES **3**

TOTAL PAGES **3**

RECORDING FEES

STATUTORY CHARGE	\$5.25
RECORDING CHARGE	\$9.00
RECORD MGT. FUND	\$4.75
RP 5217	\$25.00
TP-584	\$5.00
CROSS REFERENCE	\$0.50
MISCELLANEOUS	\$0.00
TOTAL FEES PAID	\$49.50

TRANSFER TAXES

CONSIDERATION	\$1,005,000.00
TAX PAID	\$4,020.00
TRANSFER TAX #	14206

MORTGAGE TAXES

MORTGAGE DATE	
MORTGAGE AMOUNT	\$0.00
EXEMPT	
YONKERS	\$0.00
BASIC	\$0.00
ADDITIONAL	\$0.00
SUBTOTAL	\$0.00
MTA	\$0.00
SPECIAL	\$0.00
TOTAL PAID	\$0.00

SERIAL NUMBER
DWELLING

RECORDING DATE 03/27/2002
TIME 15:32:00

THE PROPERTY IS SITUATED IN
WESTCHESTER COUNTY, NEW YORK IN THE:
TOWN OF OSSINING

WITNESS MY HAND AND OFFICIAL SEAL

LEONARD N. SPANO
WESTCHESTER COUNTY CLERK

Record & Return to:
PAUL STONE ESQ
427 BEDFORD RD
PLEASANTVILLE, NY 10570

THIS DEED made September 5, 2001 BETWEEN Jonathan D. Kraut, the Referee, with offices at 8 Preston Street, Rye, New York, duly appointed in the action hereinafter mentioned, Grantor, AND Plateau Associates, LLC, 427 Bedford Road, Pleasantville, New York, Grantee.

WITNESSETH, that the Grantor, the Referee appointed in an action between 36 North Water, Inc., Plaintiff, and Mark Caliper, Inc., New York State Department of Taxation and Finance, the Defendant(s), foreclosing a mortgage recorded on November 20, 1995 in the office of the Clerk of the County of Westchester, in Liber 21059 Page 289, in pursuance of a judgment entered at a term of the Supreme Court of the State of New York, County of Westchester, on November 24, 1999 and in consideration of \$1,005,000.00 paid by the Grantee, being the highest sum bid at the sale under said judgment, does hereby grant and convey unto the Grantee, all the right, title and interest of the defendant(s) Mark Caliper, Inc., in and to the property described as follows:

SEE ATTACHED DESCRIPTION

TO HAVE AND TO HOLD the premises herein granted unto the Grantee, Plateau Associates, LLC, and assigns forever.

Whenever the text hereof requires, singular shall include plural and he shall include all genders.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal on the date first written above.


Jonathan D. Kraut, Esq., Referee


STATE OF NEW YORK }
COUNTY OF WESTCHESTER } ss.:

On the 27 day of June in the year 2001 before me, the undersigned, a Notary Public in and for said State, personally appeared Jonathan D. Kraut, Esq., Referee, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

File No. 50997 F1-W

Record & Return to

✓
PAUL STONE ESQ
427 BEDFORD ROAD
PLEASANTVILLE, NY 10570


NOTARY PUBLIC

MARC TOLCHIN
Notary Public, State of New York
No. 02T05064114
Qualified in Westchester County
Commission Expires August 5, 2002

Section 3-2 ✓
Block 1
Lot 4.3
Town OSSAWINGO
County: Westchester

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Village and Town of Ossining, County of Westchester, and State of New York, known and designated as Lot C on a certain map entitled, "Subdivision Map Prepared for Filex Steel Products Co., Inc.," which map was filed in the Westchester County Clerk's Office, Division of Land Records on August 25, 1995 as Map Number 25508.

TOGETHER with an easement of right of way as a means of ingress and egress to and from the lands above described to be used and enjoyed in common with others, over the existing road known as the "Lower Road" leading from the said lands through lands of Alcolac Chemical Corporation and thence over the existing right of way across lands of the Village of Ossining the North Water Street Extension, a public road.

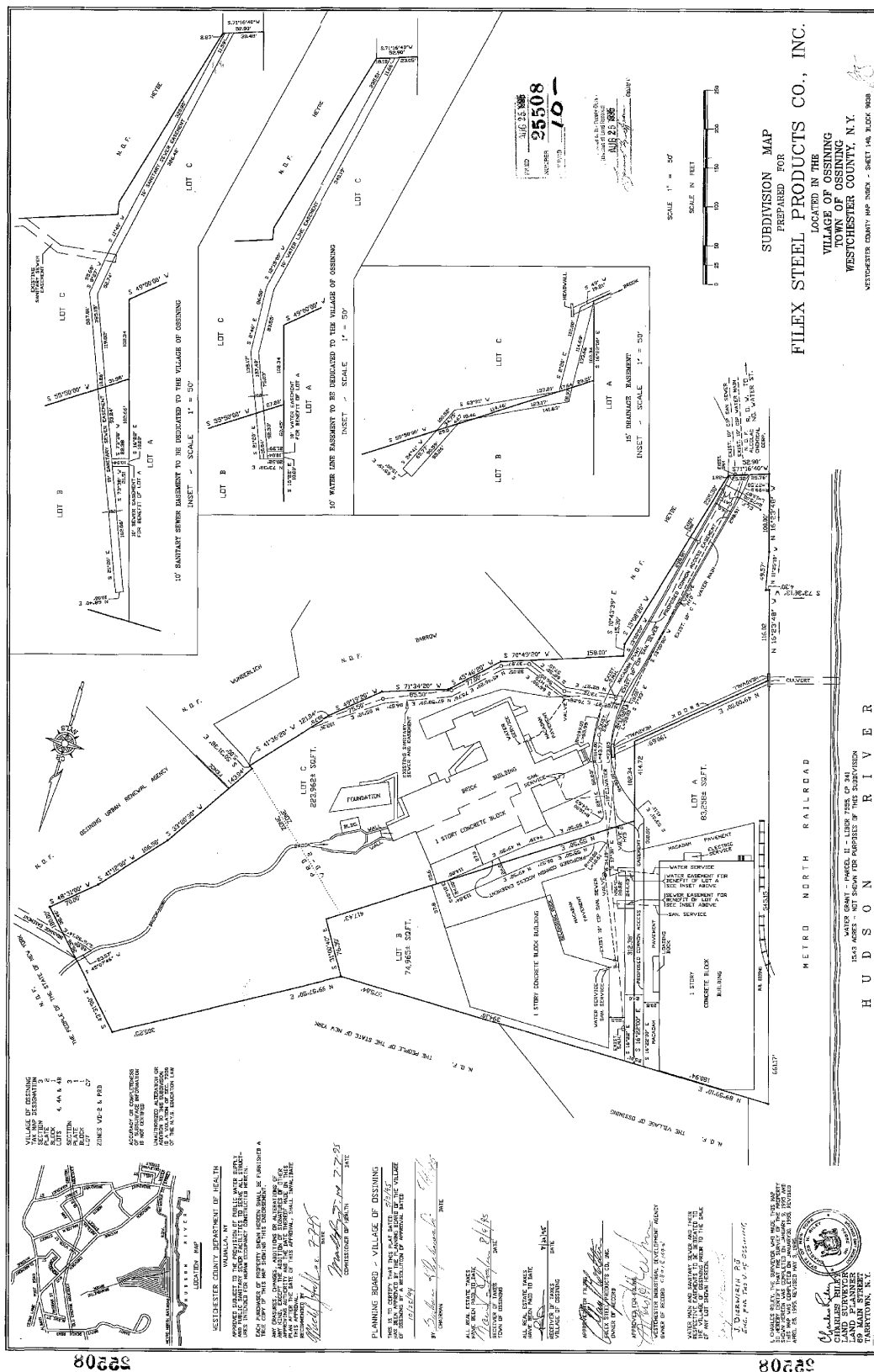
AND TOGETHER with an easement of right of way as means of ingress and egress, to be used in common with others, over that portion of the existing road known as the "Upper Road" from said North Water Street Extension through lands now or formerly of Brandreth and the Easterly portion of lands of Alcolac Chemical Corporation, and thence over the road across the Northerly portion of the said lands of Alcolac Chemical Corporation from said "Upper Road" to the above mentioned "Lower Road" at the Northwest corner of said lands of Alcolac Chemical Corporation, as now existing.

THE JUDICIAL TITLE INSURANCE AGENCY, INC.

550 MAMARONECK AVENUE

HARRISON, N.Y. 10528

914-381-6700



Utility Allowance Schedule

Income and Rent Program Guidelines, Westchester County 2012 Area median Income (AMI), Sales & Rent Limits, Westchester County Board of Legislators, effective January 1, 2012

UTILITY ALLOWANCE SCHEDULE	The following table is the Utility Allowance Schedule used to calculate tenants' utility costs. Circle and add the tenant paid utilities for each apartment size to determine the total utility allowance for that unit size:					
	TENANT PAID UTILITIES:	Studio	1	2	3	4
	HEAT					
	Apt. Bldg					
	Natural Gas	\$ 57	\$ 67	\$ 79	\$ 96	\$118
	Bottle Gas	\$ 78	\$ 96	\$122	\$151	\$193
	Oil	\$ 66	\$ 83	\$103	\$129	\$163
	Electric	\$ 79	\$ 94	\$115	\$140	\$176
	2-3 Story Bldg					
	Natural Gas	\$ 67	\$ 82	\$104	\$125	\$146
	Bottle Gas	\$ 96	\$124	\$170	\$209	\$248
	Oil	\$ 83	\$106	\$143	\$178	\$209
	Electric	\$ 94	\$117	\$156	\$189	\$222
	Low Rise/Garden					
	Natural Gas	\$ 61	\$ 75	\$ 96	\$116	\$137
	Bottle Gas	\$ 85	\$112	\$154	\$188	\$229
	Oil	\$ 72	\$ 95	\$129	\$161	\$195
	Electric	\$ 84	\$107	\$142	\$172	\$207
	Single Family Detached					
	Natural Gas	\$ 75	\$ 96	\$112	\$137	\$153
	Bottle Gas	\$112	\$151	\$181	\$229	\$259
	Oil	\$ 95	\$129	\$155	\$195	\$221
	Electric	\$107	\$140	\$166	\$207	\$232
	COOKING					
	Natural Gas	\$ 8	\$ 11	\$ 12	\$ 13	\$ 14
	Electric	\$ 7	\$ 8	\$ 11	\$ 14	\$ 19
	Bottle Gas	\$ 15	\$ 20	\$ 22	\$ 25	\$ 28
	ELECTRICITY	\$ 15	\$ 20	\$ 28	\$ 33	\$ 38
	Air Conditioning	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
	HOT WATER					
	Natural Gas	\$ 9	\$ 11	\$ 14	\$ 17	\$ 20
	Electric	\$ 21	\$ 27	\$ 35	\$ 41	\$ 48
	Bottle Gas	\$ 16	\$ 21	\$ 27	\$ 32	\$ 37
	Oil	\$ 13	\$ 17	\$ 22	\$ 26	\$ 30
	If appliances are provided by Tenant:					
	Range	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3
	Refrigerator	\$ 4	\$ 4	\$ 4	\$ 5	\$ 6
	TRASH COLLECTION	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
	TOTAL ALLOWANCE	\$	\$	\$	\$	\$
EFFECTIVE DATE	January 1, 2012					

Professional Qualifications

Jonathan A. Bernz, MAI

President, Hudson Property Advisors, LLC

10 South Moger Avenue

Mt. Kisco, NY 10549 USA

Tel. (914) 244-3400 email jon@hudsonprop.com Fax (914) 244-3450

Certification/Affiliations

- Member of the Appraisal Institute (MAI). Mr. Bernz began his affiliation in 1985 when he was admitted as a candidate member with the predecessor organization, then known as the American Institute of Real Estate Appraisers (AIREA).
- Former President of the Mid-Hudson Chapter of the Appraisal Institute, Mr. Bernz has served on the Board of Directors for many years and is presently a chapter member.
- Former member, Metropolitan New York Chapter of the Appraisal Institute.
- Former member Southern California Chapter of the Appraisal Institute.
- New York State Certified General Real Estate Appraiser, #46-26085 (Current license expires October 23, 2013)
- Connecticut State Certified General Real Estate Appraiser, Lic. #RCG.0001165 (Current License expires April 30, 2012).
- Former California State Certified General Real Estate Appraiser License #AG 018482 (1993-1997)
- Temporary Massachusetts Certified General Real Estate Appraiser, Temporary Practice Permit #253 (1998)
- Temporary US Virgin Islands (US V.I.) Certified Appraiser, Temporary Practice Permit License #2-2033298-2007 (2007).

Formal Education

- State University of New York at Albany, Bachelor of Science Degree in Economics, Combined Minor, Math and Computer Science.
- Over 500 hours of real estate appraisal, general real estate and related courses and seminars (see following summary).

Professional Real Estate Appraisal and Consulting Experience

Since 1983, engaged exclusively in the appraisal, consultation and analysis of commercial, industrial, large scale residential, special purpose properties, and vacant land, for purposes of tax certiorari proceedings; appropriation and/or severance damage; mortgage security, utility easement; urban renewal acquisition; assessment review; condemnation by public authority; estate, DEIS submission, transfer and gift tax; partial interests, sale, acquisition, disposition, investment analysis; tax basis; economic and/or location feasibility; leasehold interest; leased fee interests; equity yield; cash flow analysis; construction financing, development, rehabilitation; zoning constitutionality, assessment ratio analysis; lease vs. purchase analysis, co-operative and condominium conversion; tax revenue impact, value impact analyses and easement valuation. Assisted in coordination, research, and analysis of tax ratio studies in several municipalities in Westchester County.

Professional Real Estate Appraisal Experience (Continued)

Primary professional territory in the greater New York metropolitan area includes Westchester, Putnam, Rockland, Dutchess, and Orange Counties in New York. Assignments also completed in New York City, NY, Fairfield County, Connecticut, Nantucket County Massachusetts, St. Croix, USVI, Franklin County, Ohio, Palm Beach County, Florida, Richmond City, Virginia, Bergen County, New Jersey, Los Angeles, Orange, Riverside and San Bernardino Counties, California.

Professional Appraisal Employment

<i>2007-Current</i>	President, Hudson Property Advisors, LLC 10 South Moger Avenue, Mt. Kisco, NY 10549
<i>1995 - 2007:</i>	Senior Vice President, Albert Valuation Group, Inc. 100 White Plains Road, Tarrytown, NY 10591
<i>1993 – 1995</i>	McGrath Basciani & Associates 141 North State Road, Briarcliff Manor, NY
<i>1992 – 1993</i>	Ryon Associates, Inc. 865 Manhattan Beach Boulevard, Manhattan Beach, California Independent Appraiser, assignments completed for: Curtis, Rosenthal & Associates, Inc. 8939 So. Sepulveda Boulevard, Suite 401, Los Angeles, California The Research Group, Inc. 865 Manhattan Beach Boulevard, Manhattan Beach, California
<i>1987 - 1992:</i>	Vice President, McGrath Basciani & Associates 141 North State Road, Briarcliff Manor, NY
<i>1984 – 1987</i>	Senior Commercial Appraiser, The Albert Appraisal Company, Inc. 383 So. Riverside Avenue, Croton-on-Hudson, NY
<i>1983 – 1984</i>	Residential Appraiser, The Albert Appraisal Company, Inc. 383 So. Riverside Avenue, Croton-on-Hudson, NY

Appraisal and consultation assignments have been completed on a wide variety of property types including:

Vacant land - small to extremely large tracts (over 15,000 acres), land assemblages, commercial and retail developments, residential subdivision developments, beachfront property, condominium development sites; sub-surface easements, conservation easements; single-family, multi-family apartment complexes, condominium and cooperative properties; historic estates and landmark properties golf courses; country clubs horse farms; contaminated properties and inactive hazardous

waste sites; industrial factories and plants, warehouse, mill, refrigeration, distribution, flex, office and medical office properties, complexes and parks; automotive dealerships, auto service facilities, gasoline service stations and garages; mini/self-storage facilities; parking facilities; mobile home trailer parks; lumber yards; retail buildings, banks, department stores, big box discount warehouses, strip shopping centers, neighborhood, community, regional and super regional

shopping centers; restaurants and fast food establishments; mixed-use residential and commercial properties; corporate headquarters; retirement homes and complexes, independent, assisted and nursing facilities; subsidized and low-income properties; hotel and motel properties; airport related properties; churches and education facilities; public utilities, substations and telephone exchange properties; rock and gravel quarries; coastal, river waterfront and wetlands properties.

Since 1983, Mr. Bernz has completed assignments for a wide variety of clientele and properties including:

Developers, Construction & Real Estate Industry and Related Companies	
37 Croton Dam Road Corp.	Henry George Greene, AIA
Annie K. Harper	Heritage Development Group, Inc.
Awdeh & Co.	Jesselson Capital Corporation
Bourke & Matthews	JFE Associates
Briar Contracting Corp.	John A. Dodson
Briarcliff Associates	Kurt Wittek
Brycon Development #2, Inc.	Laramie-Dawson Corp.
Carra Construction Corp.	Mack-Cali Realty
Castagna and Son	National Patent Development Corp.
Construction Management Group	RHNB Realty Company, Inc.
Edgemont Development Co., Inc.	Robert Martin Co.
Fareri Companies	Samson Management
Finklestein-Morgan Real Estate	Schulweiss Realty
Forest City Ratner	Sullivan Data
Forest Charolais Farm	Summit Development
Garden Homes Management	Thalle Construction Company, Inc.
Generation Building Corp.	The Sturman Organization
Corporation	The Trump Organization
George Comfort & Sons, Inc.	Victor Weingarten
Garden Homes, Inc.	Willow Development Corp.
Ginsburg Development Co. (GDC)	Yonkers Contracting Co.

Fortune 500, General Commercial and Industrial	
Aerotech Holding Co., Inc.	Lederle Laboratories
Algonquin Gas Transmission Co.	McDonalds
Bell Atlantic	Michael Anthony Jewelers, Inc.
Breakthrough Publications	New York Telephone Company
Champion International	NYNEX
Coastal Distribution, Inc.	Pawling Rubber Corp.
Columbus Construction Corp.	Pizza Hut, Inc.
Condon Lumber	Putnam Valley Properties Company
Consolidated Edison Company of New York, Inc.	Richmar Controls, Inc.
Corbin Co.	SEMX Corporation
Cortlandt Animal Hospital	Shell Oil Company
Dairy Conveyor Corp.	Sunoco, Inc.
Farrand Realty Corp.	The Stop & Shop Supermarket Company
INSL-X Products Corp.	Universal Voltronics
Jilco Corp.	Van Wyck Assoc.
Katonah Professional Associates	Verizon Services Corp.
LaFarge, NA	Weinstein Enterprises, Inc.
	Zwilling J.A. Henckels, Inc.

Financial Institutions, Mortgage Related & Insurance Companies

American Savings Bank, FSB	Home Mortgagee Corp.
Aristar Mortgage Corp.	Household Finance Corp.
Associated Financial Services	HSBC
Bache Funding	Hudson Valley Bank
Bankers Trust Company	Inspectus/Mortgageramp
Barclays Bank of New York	Investors Mortgage Insurance Company
Beverly Hills Savings Bank	J.P. Morgan Investment Management, Inc.
BLS Funding	Kennedy Funding
C.I.T. Financial Services	Key Bank
Capital Resources Corp.	Lincoln First Bank-NBW Division
Chase Manhattan Bank, N.A.	Lincoln Savings Bank
Chase NBW	M&T Bank
Chemical Bank	Marine Midland Bank
Citibank	Merrill Lynch
Citibank Home Equity Center	Mid-Hudson Savings Bank
Citicorp	Mid-Lantic Home Mortgage Corp.
Citicorp Real Estate, Inc.	MONY Relocation Center
CitiTrust	National Westminster Bank U.S.A.
City Federal Savings Bank	New York Surety Company
CNA Insurance Companies	Northern Funding
Collateral Mortgage, Ltd.	Peoples United Bank
Commerce Bank	Peoples Westchester Savings Bank
Connecticut Bank and Trust	Poritzky Funding
Connecticut National Bank and Trust Co.	Porter Capital
Corporate Transfer Service	Putnam County Savings Bank
Delta Funding	RECOLL Management Corporation
Dime Savings Bank of New York	Resource Funding Group
Dreyfuss Consumer Bank	Ridgewood Savings Bank
East New York Savings Bank	San Paolo Bank
Emigrant Savings Bank	Seacoast Mortgage Co.
Empbankque Capital Corp	Sibley Corp.
Ensign Bank, FSB	The Yonkers Savings & Loan Association
Equitable Life Assurance Co.	TransAmerica Equity Corp.
Equitable Relocation Service	U.S. Trust
Exposure Consultants	Union State Bank
Family Financial Services	Williamsburg Savings Bank
Federal Financial Fund	Yonkers Savings & Loan Association
First Fidelity Bank	Yorkville Federal Savings & Loan Association
First New Hampshire Bank	
Gateway Asset Management Co.	
Golddome Realty Credit Corp.	
Grand Pacific Finance Corp.	

Farms, Estates Subdivisions, Land Tracts, Condominiums/Coops

Astor Rhinebeck Property	Madison Development Group
Baltic Estates	Marble Heights
Beaverkill Conservancy, Inc.	Mariners Pointe
Bedford Lake	Maintop
Blue Lake	Oak Ridge Condominium
Brookside	Old Salem Farm
Boulder Ridge	Park Lane Reserve
Briarcliff Acres Subdivision	Perkins III
Buckingham Towers	Pennybridge Manor
Buxton Gorge	Primrose Farm
Cameo House	Prickly Pear Hill
Camrose Associates	Quarry Lake
Cannon Hill	Random Farms
Castlebrook Estates	Red Brook Glen
Cedar Pond	Ridgeview
Chiselhurst Co.	Rye Brook Estates
Copley Court	Tara Close
Corbin Hill	The River Club
Eagle Bay Condominium	Thornbrooke Farm
Galway Farm	Squire Green
Garden Homes, Woodlands	The David Rockefeller Fund, Inc.
Estate of Laurance S. Rockefeller	The Woods at King Pond
East Boyds Conservation, LLC	Three Ponds
Half Moon Bay	Sterling Forest
Haverstraw Road Lands Co.	Stonewall Farm
Hilltop Hanover Farm	Stoneybrook Farm
Hillpoint	Stoneyvreek Farm
Hudson Courts	Villas Lucania
Hudson Pines	Wampus Lakes Estates
Hudson Pointe	Watch Hill Homeowners Association, Inc.
Indian Hill	Watch Hill Manor
Lake Meahagh Woods Subdivision	White Willow
Lakeland Acres, Inc.	Willow Farm
Lakepointe Woods	Winterburn Farm
Lily Pond Stables	Zoey Estates
Little Whaley Lake	

Golf Courses & Recreational

Apawamis Club	Leewood Golf Club
Bonnie Briar Country Club	New York Country Club
Brae Burn Country Club	Orienta Beach Club
Bronxville Field Club	Pelham Country Club
Centennial Golf Club	Pleasantville Golf Course Corp.
Century Country Club	Shenorock Shore Club
Dellwood Country Club	Siwanoy Country Club
GlenArbor Golf Club	Sleepy Hollow Country Club
Hampshire Country Club	The Sedgewood Club
Hampshire Country Club	Westchester Country Club
Julius Petersen, Inc.	Westchester Hills Golf Club, Inc.
Lake Isle Country Club	

Institutional, Not-for-Profits, Schools and Religious

American Committee for the Weizmann Institute of Science, Inc.	NY Medical College
Anderson School	Open Space Institute, Inc.
Archdiocese of New York	Pace University
Catholic Health Care Systems	Purchase Environmental Protection Association
Camp Cummings	S.O.U.N.D.
Camp Salomon	Scenic Hudson Land Trust
Children's Hospital Foundation at WMC, Inc.	Sound Shore Medical Center
Children's Village	St. Hilda's and St. Hugh's School
Church of the Holy Spirit	Stony Lodge Hospital
Cross Cultural Solutions, Inc.	SUNY at Purchase
Delmar Properties Group, Ltd.	Surprise Lake Camp
East Boyd's Conservation, LLC	The Margaret Chapman School
The Educational Alliance, Inc.	The Trust for Public Land
Franciscan Sisters	The Trustees of St. Patrick's Cathedral
Guideposts Associates, Inc.	UJA-Federation of New York
Hawthorne Foundation, Inc.	Westchester County Medical Society
Missionary Sisters of the Third Order St. Francis	Westhab, Inc.
New York Medical College	Westchester Medical Center
Northern Westchester Hospital Center	White Plains Hospital Medical Center
	YMCA of Greater NY
	YMYWHA of Southern Westchester

Municipal Entities and Governmental Agencies

City of Rye	Town of Kent
City of White Plains	Town of Mamaroneck
County of Putnam	Town of New Castle
County of Rockland	Town of Orangetown
County of Westchester	Town of Ossining
National Park Service	Town of Ramapo
NY State Office of Parks, Recreation and Historic Preservation	Town of Rye
Town of Eastchester	Town of Southeast
Town of Clarkstown	Town of Yorktown
Town of Cortlandt	Town/Village of Scarsdale
Town of Eastchester	Village of Croton-on-Hudson
Town of Greenburgh	Village of Scarsdale

Attorneys, Law Firms and Legal Related

Andrew J. Fiore, Esq.
Berger Stern & Webb, LLP
Biggerstaff Law Firm
Bleakley Platt & Schmidt
Campbell, McMillan, Bosco, Penzel,
Danzig & Maker
Charles K. Pietrow, Esq.
Charles Martabano, Esq.
Charles T. Bistany, Esq.
Cleary, Gottlieb, Steen & Hamilton
Constantine B. Filardi, Esq.
Cuddy, Feder & Worby
Danziger Markhoff
DelBello Donnellan Weingarten &
Tartaglia, LLP
Dewey Ballantine, LLP
Farley Jutkowitz Balint and Wiederkehr
Greenburg & Schulman
Griffin Coogan & Veneruso
Hahn & Hessen LLP
Hocherman Tortorella & Wekstein
J. Bruce Gilman, Esq.
John E. Watkins, Jr.
Keane & Beane
Kirkpatrick & Lockhart Nicholson &
Graham, LLP
Kittay, Gold & Gershfeld
Lasky & Douglas, CPA's
Law Firm of Steven J. Small
Law Offices of David N. Namm, Esq.
Lawrence Blumberg, Esq.
Leahy, Nyberg, Curto & D'Apice
Luskin & Stern
McCullough Goldberger
McGovern Connelley & Davidson
Milbank Tweed Hadley & McCloy
Milton Berner, Esq.
Morgan, Lewis & Bockius
O'Connor Davies Munns & Dobbins,
LLP

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Roosevent & Arfa
Rosenman & Colin LLP
Rossi & Smith
Rothschild, Himmelfarb, Sher, Pearl &
Giacomo
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Shamberg Marwell Hocherman & Davis
Shapiro & Goodfriend, P.C.
Sidley & Austin
Sills Cummins Zuckerman Radin
Tischman Epstein & Gross
Sirlin & Sirlin
Stephens and Charbonneau
Stern, Keiser, Panken & Wohl
Teahan & Constantino
Thatcher Profit
Townley & Updike
Vincent A. DeIorio, Esq.
Westchester Supreme and County Courts
William A. Miller, Esq.
Willis Stephens, Esq.
Wilson, Elser, Moskowitz, Edelman &
Dicker
Young Conway Stargatt & Taylor, LLP
Zarin & Steinmetz

Professional Appraisal Education, Seminars and Courses

Course/Seminar Name	Organization	Location
Basic Valuation Procedures	Appraisal Institute (f/k/a AIREA)	New York City, NY
New Industrial Valuation	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Real Estate Appraisal Principles	Appraisal Institute (f/k/a AIREA)	New York City, NY
NY State Real Estate Salesperson's Licensing Course	Westchester County Board of Realtors	White Plains, NY
Capitalization Theory and Techniques - Part A	Appraisal Institute (f/k/a AIREA)	New York City, NY
Capitalization Theory and Techniques - Part B	Appraisal Institute (f/k/a AIREA)	New York City, NY
NY State Real Estate Broker's Licensing Course	Westchester County Board of Realtors	White Plains, NY
Valuation Analysis and Report Writing	Appraisal Institute (f/k/a AIREA)	Boston, MA
Standards of Professional Practice	Appraisal Institute (f/k/a AIREA)	New York City, NY
Appraisal Procedures	Appraisal Institute (f/k/a AIREA)	Irvine, CA
Valuation By Subdivision Analysis	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Litigation Appraising - Part 1- Current Issues in Tax Certiorari	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Current Issues in Tax Certiorari	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Advanced Applications (Case Studies)	Appraisal Institute (f/k/a AIREA)	New York City, NY
Course 410, Standards of Professional Practice, Part A	Appraisal Institute, Mid-Hudson Chapter	Poughkeepsie, NY
Course 420, Standards of Professional Practice, Part B	Appraisal Institute, Mid-Hudson Chapter	Poughkeepsie, NY
Golf Course Valuation	NY State Assessor's Association	Mount Kisco, NY
Preserving Family Lands	Teatown Lake Reservation	Ossining, NY
Special-purpose Properties; Appraising in Limited Markets	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Appraising High Value & Historic Homes	Appraisal Institute, Mid-Hudson Chapter	Bear Mountain, NY
Case Studies in Special Purpose Properties	Appraisal Institute, Mid-Hudson Chapter	Wappingers Falls, NY
Planning Board, Land Use Control and Zoning Board of Appeals	Appraisal Institute, Mid-Hudson Chapter	Wappingers Falls, NY
Current Issues in Tax Certiorari	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
The New York City Watershed Protection Plan	Sive, Paget & Riesel, P.C.	Brewster, NY
Internet Search Strategies	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Development Projects and Urban Theory and the Cities of Westchester and Fairfield Counties	Urban Land Institute (Westchester/Fairfield District Council, ULI)	Rye Brook, NY
Proposed USPAP Changes	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Litigation Case Studies	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Course 430, Standards of Professional Practice, Part C	Appraisal Institute, Mid-Hudson Chapter	Poughkeepsie, NY
Business Valuation Seminar	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Non-residential Demonstration Appraisal Report Preparation Seminar	NY Metro District Chapter of the Appraisal Institute	New York, NY
Case Studies in Special Purpose Properties Seminar	Appraisal Institute, Mid-Hudson Chapter	Wappingers Falls, NY
Mass Appraisal in Mid-Hudson Area	Appraisal Institute, Mid-Hudson Chapter	Wappingers Falls, NY
State of the Appraisal Profession	Appraisal Institute, Mid-Hudson Chapter	Wappingers Falls, NY
Court Testimony: Preparing for Rebuttal and Cross Examination	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Appraisal of Local Retail Properties	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Dynamics of Office Building Valuation	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Appraising Vacant Land	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY

Professional Appraisal Education, Seminars and Courses (continued)

Course/Seminar Name	Organization	Location
Real Property Tax Issues in Real Estate Contracts	Westchester County Bar Association	Yonkers, NY
The Use of Appraisals in Tax Certiorari Proceedings	Westchester County Bar Association	Yonkers, NY
Recent Developments Regarding real Property Tax Law §727	Westchester County Bar Association	Yonkers, NY
Litigation Skills for the Appraiser	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Feasibility Analysis, Market Value & Investment Timing	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Scope of Work: Expanding Range of Services	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Builders, Brokers, Banks & the Big Apple	Metropolitan New York Chapter, Appraisal Institute	New York, NY
USPAP Update	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Appraisal Consulting	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Subdivision Valuation	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
2006 Changes to USPAP	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Analyzing Commercial Lease Clauses	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Business Practices & Ethics	Appraisal Institute, Chicago, Ill	On-line
USPAP Update	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
Case Studies in Commercial Highest and Best Use	Appraisal Institute, Mid-Hudson Chapter	Fishkill, NY
On-line Valuation Resources for the NY Appraiser	Appraisal Institute, Mid-Hudson Chapter	Tarrytown, NY
Evaluating Commercial Construction	Appraisal Institute, Mid-Hudson Chapter	Goshen, NY
Declining Markets and Sales Concessions	Appraisal Institute, Mid-Hudson Chapter	Goshen, NY
Land Trusts, Landowners and Appraisers: Working in Tandem Toward Successful Conservation	Land Trust Alliance	West Point, NY
Appraisal Curriculum Overview (Two-day, General)	Appraisal Institute, Mid-Hudson Chapter	Goshen, NY
Updates in Eminent Domain	Westchester County Bar Association	White Plains, NY
Understanding Blueprints and Specifications in New Home Construction	Westchester County Society of Real Estate Appraisers	White Plains, NY
Sales Verification: Principles, Procedures, & Case Studies	McKissock	Mt. Kisco, NY
Mandatory CT R.E. Appraisal Law Update	Appraisal Institute, CT Chapter	Berlin, CT
Hotel Appraising-New Techniques for Today's Uncertain Times	Appraisal Institute, Mid-Hudson Chapter	Goshen, NY