

****Property identification & value information have been
redacted from this Sample Appraisal Report****

SAMPLE APPRAISAL OF PROPERTY
APARTMENT COMPLEX
PROPERTY ADDRESS
TOWN OF WALLKILL, ORANGE COUNTY
MIDDLETOWN, NEW YORK

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

LOCATION: Property Address
XXXXXX, New York

ASSESSOR'S PARCEL NUMBER: T/WALLKILL SBL XX-XX-X
and XX-X-X & XX-X-X

INTEREST APPRAISED: Fee Simple

DATE OF INSPECTION
AND VALUATION: December 2, 2010

LAND AREA: ±XX.XXX acres (3 Parcels)

ZONING: R-2: Suburban Residential

HIGHEST AND BEST USE
If Vacant: Single Family Residential
As Improved: Apartment Complex

IMPROVEMENTS
Type: Garden Apartment Complex
Year: 1990
Size: XX Buildings, ±XXX,XXX SF
Condition: Very Good

VALUE INDICATORS: "As Is"
Sales Comparison Approach: \$XX,XXX,000
Income Approach: \$XX,XXX,000
Cost Approach: Not Applicable

VALUE CONCLUSION: \$XX,XXX,000

MARKETING TIME: Eighteen Months

EXPOSURE TIME: Eighteen Months

6 Front Street
Newburgh, New York
12550
Tel. 845-568-0600
Fax. 845-568-0699



Date

Client
Bank Name
Address
City, State, Zip

RE: APPRAISAL OF PROPERTY - Our File E0XXXXX
APARTMENT UNITS
PROPERTY ADDRESS TOWN OF WALLKILL, ORANGE COUNTY
Middletown, NEW YORK 10941

Dear Mr. XXXXXXXX:

Pursuant to your request and in accordance with the instructions set forth in the engagement letter, we are pleased to submit the accompanying self contained appraisal report on the above captioned property. The report, including exhibits, fully describes the various approaches and contains all pertinent data gathered in the investigation of the subject property.

The value opinion reported below is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the report. This report was prepared for XXXXXXXXXX Bank and it is intended only for their specified use. The property was inspected by and this report was prepared by Paul Wiley and was reviewed by Gregory R. Langer. This appraisal report was prepared in accordance with our interpretation of FDIC, OTS and FIRREA Appraisal Policies and Guidelines.

After careful consideration we have concluded the Fee Simple Market Value of the subject property "as is," in accordance with its highest and best use including land and improvements as of December 2, 2010 to be:

XXXXXXXXXXXXXXXXX DOLLARS
(\$XX,XXX,000)

Thank you for asking us to serve you in this matter.

Respectfully submitted,

Paul Wiley

Gregory R. Langer

VALUATION CONSULTANTS, INC.

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 no bias with respect to the property that is the subject of this report or to the parties involved in with 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.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics of the 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.
- Paul Wiley has made a personal inspection of the property that is the subject of this report. Gregory R. Langer did not inspect the property, but has reviewed the analyses, opinions and conclusions concerning real estate contained in this Market Valuation Analyses Report and fully concurs with the Final Market Value Estimate.

VALUATION CONSULTANTS, INC.

- No one provided significant real property appraisal assistance to the persons signing this certification.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.
- We have not provided any appraisal or consulting services nor any other services with regard to the property, such as property management, leasing, brokerage, auction, or investment advisory services in the past three years.

Paul Wiley
Certified General Appraiser #46000048291

Date

Gregory R. Langer
Certified General Appraiser #46000043405

Date

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SCOPE OF WORK

The subject property consists of a XXX-unit garden apartment complex on one lot and two vacant lots, professionally managed and tenant occupied as XXXXXXXXXXXX XXXXX, and located at XX XXXXXXXX Road in the Town of XXXXXXXXX in Orange County, New York.

The subject property was inspected on December 2, 2010 with Property Manager XXXX XXXXX. Eighteen of the units were accessed, including several of each style, as well as the office and storage areas. The units that were not accessed are assumed to be in similar condition to the units that were inspected.

The intended use of the report is for possible financing purposes with XXXXXXXXXXXX Bank, the intended user. The purpose of the report is to determine the Fee Simple Market Value of the subject property. An insurable value is included as an addendum, as per client instructions.

The scope of work performed must be sufficient to develop credible assignment results. It must meet or exceed the expectations of parties who are regularly intended users for similar assignments. Additionally, it must meet or exceed what an appraiser's peers actions would be in performing the same or a similar assignment.

The type of report requested was a Complete, Self-contained Appraisal. The Sales Comparison and Income Approaches were

utilized to determine the value of the subject apartment complex; the Cost Approach was not considered applicable based on the age of the structures. The Sales Comparison Approach was utilized to value the vacant land, as it is the only applicable approach for valuing vacant land.

To complete this report the appraiser:

- A. Did investigate appropriate market data for utilizing a Sales Comparison Approach to Value, and if appropriate, Cost and Income Capitalization Approaches. The appraiser's investigations included researching public records through the use of commercial sources of data such as printed comparable data services, computerized data-bases, Realtors, local multiple listing services, other appraisers and municipal records. Search parameters such as dates of sales, leases, locations, sizes, types of properties and distances from the subject started with relatively narrow constraints and were expanded until the available pool of data was reasonably exhausted. Researched sales data were viewed and efforts were made to verify the data with persons directly involved in the transactions such as buyers, sellers, brokers, attorneys or agents. At the appraiser's discretion some data may be used without personal verification if the data appeared to be correct. In addition, the appraiser considered any appropriate listings or properties found through observation during the data collection process. The Income Approach utilized the Direct Capitalization Method based on current financing and market capitalization rates. The appraiser reported only the data deemed to be pertinent to the valuation problem;
- B. Did investigate and analyze any pertinent easements or restrictions on the fee simple ownership of the subject property. A title report was not available and the appraiser relied on a visual inspection to identify any readily apparent easements or restrictions;
- C. Did analyze the data found and reached conclusions regarding the market value, as defined in the report, of the subject property as of the date of value using appropriate valuation approach(es) identified above;
- D. Did complete the appraisal report in compliance with the

appraiser's interpretation of the *Uniform Standards of Professional Appraisal Practice* as promulgated by The Appraisal Foundation and the Code of Professional Ethics and Certification Standard of the Appraisal Institute;

- E. Did prepare a report including photographs of the subject property, descriptions of the subject neighborhood, the site, any improvements on the site, description of the zoning, highest and best use analysis, summary of the most relevant data for each approach used in the appraiser's valuation, an income approach, a reconciliation and conclusion, a map illustrating the sales in relationship to the subject property and other data deemed by the appraiser to be relevant to the report. Pertinent data and analyses not included in the report may be retained in the appraiser's files.

PROPERTY RIGHTS APPRAISED

The subject property is appraised in fee simple estate, assumed free and clear of all encumbrances.

RECORD OF TITLE

Town of XXXXXXXXX, Tax Map Number Section XX, Block XX, Lot X; Section XX, Block X, Lot XXX; and Section XX, Block X, Lot X. Title is held by X & X XXXXXXXXX, Inc., Deed Liber XXXX, Page XXX, recorded May 22, 1997 for Lots XXX & X, and Liber XXXX, Page XXX, recorded September 24, 1997 for Lot X. Public records show the ownership under the name XXXXX XXXXXXXXX Inc., which is believed to be a corporate name change without new deeds being filed. The address of the property is XX XXXXXXXX Road, XXXXXXXXXXXX, New York XXXXX. The address of the office shows as X XXXXXXXXXXXX XXXXX on some correspondence, including the Letter of Engagement from the client, which is the name of the private road that runs through the property; the official, overall property address according to public records is XX XXXXXXXX Road. The Census Tract Number is 0XXX.00.

ASSESSMENT DATA

	Lot X	Lot XXX	Lot X
Land	\$1,800	\$600	\$196,500
Building	<u> \$0</u>	<u> \$0</u>	<u>\$1,573,500</u>
Total	\$1,800	\$600	\$1,770,000

Combined Total Assessments: \$1,772,400

The final 2010 equalization rate for the Town of XXXXXXXX is 19.0%, which equates the assessment for Lot X to a market value of \$X,XXX; the market value of Lot XXX to \$X,XXX; the market value of Lot X to \$X,XXX,XXX, and the combined total assessments to a market value of \$X,XXX,XXX. This is less than our value of the property; if the property were to be reassessed, the assessment could be increased.

TAXES

	Lot X	Lot XXX	Lot X
School 2010/11	\$175.10	\$55.86	\$164,789.12
Town, County 2010	\$150.95	\$263.53	\$101,209.62
<u> </u> Total	\$226.05	\$319.39	\$265,998.74

Combined Total Taxes: \$266,544.18

Taxes per apartment unit: \$2,082.38/Unit

HISTORY OF THE PROPERTY

The subject property is in contract to be purchased by XXXXX XXXXXX, D/B/A XX XXXXX XXXXX, Inc., for \$XX,XXX,000. According to the purchase agreement, the seller will hold a XX year, \$X.X million mortgage with a 4% annual interest rate. A copy of the agreement is retained in the appraiser's file.

The subject property has been held by the current title since 1997 and has not sold in the last three years.

The pending purchase was negotiated by the XXXXXX Company, a real estate brokerage, and the subject was not known to be actively listed for sale prior to this.

EXPOSURE TIME

The exposure time or the length of time the subject being appraised would have been offered on the market prior to the appraisal date is eighteen months. The subject is situated in an accessible area with adequate visibility. Sales of similar properties have sold within a one to two year period. The exposure time is estimated at eighteen months.

MARKETING TIME

The marketing time is also eighteen months. The market has slowed since 2007, and for the same reasons as the exposure time, this property would be expected to sell within eighteen months after this appraisal date.

DEFINITION OF MARKET VALUE

The definition of Market Value as defined by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and FDIC Rules and Regulations Part 323-Appraisal {{2-28-03 p.2239}}, Section 323.2(g).

"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 specified date and the passing of title from seller to buyer under conditions whereby:

- i. buyer and seller are typically motivated;
- ii. both parties are well informed or well advised, and acting in what they consider their best interests;
- iii. a reasonable time is allowed for exposure in the open market.
- iv. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- v. 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."

Fee Simple (Estate)

"Absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."¹

¹ Dictionary of Real Estate Appraisal, 5th Ed, Page 78

AREA DATA*Orange County*

Orange County is located approximately 40 miles northwest of New York City on the western shore of the Hudson River. It covers more than 816 square miles from the Hudson along the east border to the Delaware River in the west. Orange borders Sullivan County in the northwest, Ulster County to the north, Dutchess County across the Hudson to the east, Rockland County in the southeast, Passaic and Sussex Counties in New Jersey to the southwest, and Pike County in Pennsylvania across the Delaware River to the west. Adding to this is the county's proximity to Connecticut, and the fact that it borders both New Jersey and Pennsylvania on its southwest side, placing Orange County at the "crossroads of the northeast."

According to the Census Bureau, the 2009 estimated population was 383,532, 11.7% higher than the 2000 Census count of 343,155. This increase is fairly substantial, especially when taking into account that the population had increased by 11.0% from 1990 to 2000, and by 18.5% from 1980 to 1990. Orange County has seen continued growth, even in the past economic recession, and has been one of the fastest growing counties in New York State in spite of the declining population of the metropolitan area. Many people moving out of New York City have found Orange County to be close enough for commuting and far enough to be

removed from the crowded metropolitan area.

This growth in population is reflected in employment, retail sales and household income. In the period from 1990 to 2000, employment has increased more than 31% and the median household income increased 2.3%. Retail sales between 1985 and 1990 grew 60%; Orange County is now doing more than two billion dollars a year in retail sales.

All these factors point to the addition of new business and new people. There are many examples of this expansion throughout Orange County: warehouse and distribution facilities in Montgomery and Newburgh; distribution facilities in eastern Orange County and housing projects along the Route 17/Interstate 86 Corridor.

Transportation

One of the most important aspects of Orange County is its transportation network: the extensive web of roads has certainly assisted in this county's continued growth. Route 87 (the New York State Thruway) runs north and south, connecting Orange County with New York City and Albany; Interstate 84 runs east and west, allowing easy accessibility to Pennsylvania and Connecticut. State Route 17, also known as "the Quickway," follows a northwest path straight through the heart of the Catskill Mountains. Most of Route 17 has just been re-christened as Interstate 86, and there are plans to update more sections of

this highway to interstate standards. The Interstate 287 Extension now connects the Thruway/Route 87 directly to New Jersey.

An interchange has just opened between the New York Thruway/I-87 and I-84, helping to speed traffic through the region and easing tie-ups in the Newburgh area. In the past, travelers needed to get off the highway and use sections of Route 300 to connect between these two major highways. The project included multiple new ramps and bridges over I-84, a new toll plaza, and new ramps onto the Thruway from Route 300.

Orange County also has passenger train lines and easy access to additional train lines. These include the New Jersey Transit and the MTA (Metro North-Port Jervis Line) with stops at Tuxedo, Harriman, Cornwall, Campbell Hall, Middletown, Otisville and Port Jervis. Also, although not in Orange County, there is fast access across the Hudson River to Beacon where the MTA (Metro North) Hudson Line is located, and a ferry now runs from Newburgh across the Hudson to ease parking congestion in Beacon.

Stewart Airport

The largest single entity in Orange County which influences the future prosperity of the county is Stewart Airport. The airport is comprised of 2,400 acres including two runways, passenger, cargo and general aviation facilities plus an industrial park. The airport has already undergone a \$15.4

million renovation in anticipation of future increased air traffic to the facility. The renovations doubled the size of the terminal, and added a second story, five new jet ways and new facilities. The former airport operator, National Express Group, spent \$50 million dollars in capital improvements on the airport. In addition, a Hilton extended stay hotel was completed in October 2007. Other projects at the airport include the development of the New York International Plaza and the launch of the Hudson Valley World Trade Center. The New York International Plaza encompasses 260 acres with 2 million square feet of space including corporate offices, conference rooms, educational centers, hotels, restaurants, and research and development space. Eight tenants have already signed leases for the first building. The Hudson Valley World Trade Center is constructing two, 125,000-square-foot buildings, with an estimated cost of \$50 million. In addition, the Foreign Trade Zone has expanded to five new sites in the mid-Hudson including 4,000 acres of Stewart and the adjacent Northeast Business Center. Businesses in the zone benefit by delaying the payment of the import duties until the goods leave the zone.

In November 2007 the airport was officially taken over by the Port Authority of New York and New Jersey, which also operates Newark, Kennedy and LaGuardia airports, and is the largest airport operator in the country. Upon the takeover at

Stewart, they immediately built a new surface parking lot with 350 additional spaces, and are planning on investing \$500 million over ten years at Stewart Airport. Other recent Stewart Airport news includes the construction of a new exit and access from I-84 to the airport. This project was completed in November 2007 with new exit ramps off I-84 to Drury Lane, which has been christened I-747 and widened with a new overpass and a new access road from South Drury Lane into the airport at the west end of International Boulevard.

The Stewart Industrial Park has been successful in attracting businesses including a food processing center, a 308,000-square-foot, Anheuser-Busch can manufacturing facility; a Federal Express Airport City Station, a 30,000 square foot office complex, CRS, New England Laminates (NELCO), Sky Chef, USPO, and Mountain Air Cargo, which loads freight and provides aircraft maintenance for Federal Express. In January 2008 the Restore New York program awarded a \$2,500,000 grant to the Town of New Windsor and First Columbia, the owners of the New York International Plaza, for the demolition of a series of vacant military barracks adjacent to the airport.

Jet Blue airlines started flying out of Stewart in January 2007, and Delta returned with flights to Atlanta in May 2007. They join Northwest Airlines and US Airways in providing service to a variety of locations. Several other carriers have come and

gone, including American Airlines, one of the original airlines at the airport; Southeast, which left in December, 2004; TransMeridian Airlines and United Airlines.

Although the airport facilities have continued to expand over recent years, the number of passengers utilizing the airport had decreased for several years. That trend was finally reversed in 2007; although larger flights and air carriers are decreasing, the smaller flights and air taxis have been increasing. The addition of JetBlue has already had an impact: in 2007 the number of passengers flying in and out of Stewart rose dramatically from 2006, from approximately 310,000 to 900,000. The officials at Stewart had hoped that passenger numbers in 2007 would triple from the previous year, and the addition of the new carriers and the takeover by the Port Authority had the desired impact. Numbers for 2008 and 2009 have been substantially lower, as the high cost of fuel and the soft economy have had a negative impact on air carriers and they cut back many routes. According to Mid-Hudson News, in the first half of 2010 194,778 people flew in or out of Stewart, up approximately 3,000 from the previous year. Cargo was up approximately 10 percent so far this year, not including "belly cargo" recently added by Jet Blue.

The cargo and general aviation sectors have experienced some growth in recent years, with cargo handlers at the airport,

including Emery Worldwide and Airborne, looking to expand. Emery, the largest cargo operator at the airport plans to add an additional 10,000 square feet. GE moved its air fleet from Westchester County Airport to Stewart, and constructed a \$25 million, 120,000-square-foot corporate hanger. There is a proposal for a U.S. Customs inspection station for international cargo at the Foreign Trade Zone. This would establish a Centralized Examination Station (CES), a privately operated warehouse where goods entering the country can be examined by U.S. Customs officers. Two local companies have made a joint venture called Stewart International Warehouse and Logistics Company LLC and are currently negotiating for a lease of about 5,000 square feet of space in a new hanger to get the operation started. In addition, they are planning a CES warehouse totaling 200,000 square feet with the hopes to help Stewart get more international cargo business.

The land around Stewart Airport has been preserved, with more than 6,200 acres of the buffer lands dedicated to a state park known as Stewart Forest. In 2006 an additional 1200 acres along Drury Lane, now I-747, were added to the Stewart Forest. The remaining 400 acres along I-747 will likely see some commercial development, and a portion is being considered for acquisition by the Orange County Industrial Development Agency, although substantial wetlands limit development. In March 2008

the IDA announced preliminary plans to acquire 58 acres along I-747 for a new business park. This site straddles the border of the towns of New Windsor and Newburgh. This proposal includes six office buildings, ranging from 21,500 to 71,000 square feet.

In addition to Stewart Airport, there is also the Orange County Airport, located just outside of the Village of Montgomery. This 526-acre public airport has a capacity of 300 planes and can land small jets and cargo planes. It was recently reported that Orange County has reached a deal with a private developer to construct ten new high-end hangers for upscale jets, planes and helicopters. The deal has the developer paying rent of \$10,000 per acre per year for 16 acres for 20 years, after which time the county will take ownership of the hangers. This plan also puts the airports capacity above 300 planes, allowing the county to apply for federal funding for a tower and terminal.

Professional Office Space/Business Parks

At the end of 2009, there was ±4.1 million square feet of Class A office space. The vacancy rate was 12.0%, with approximately 490,000 square feet of space available for sale or lease. This is the highest vacancy rate in Orange County in over a decade but is still lower than the nation average of 16.4% according to Mansfield Commercial Real Estate. The total amount of office space, including non-Class A space for 2009 was 5.4

million square feet, this had an overall vacancy rate of 13.2%. At the present time there are 22 business parks in the county including New York International Plaza at Stewart International Airport, Interchange Commerce Center in Woodbury, Crystal Run Corporate Park and Quickway Park in Wallkill, Northeast Distribution Center in Newburgh, Chester Industrial Park and Tetz Corporate Center in Chester, Orange County Executive Center in Goshen, Montgomery Industrial Park, Wawayanda Business Center, and Westgate-Goshen Business Park. Also, Savanna Investment Management plans to develop Hudson International Business Center near Stewart Airport, a 1 million-square-foot commercial project. Crystal Run Healthcare has also recently opened a new 127,000 square foot facility on Crystal Run Road in Middletown. These designated parks have been successful in attracting more than 80 corporations over the past few years and adding more than 8.7 million square feet of new industrial and office space to Orange County's tax base.

Residential Housing

The housing market was very active after 2000 throughout Orange County, but has slowed significantly in the past three years. The demand for new housing had been very strong and recent subdivisions were relatively quick to sell out. The selling times were based mostly upon the speed with which the contractors could erect the houses, as most prefer to build and

sell homes rather than sell lots for others to build.

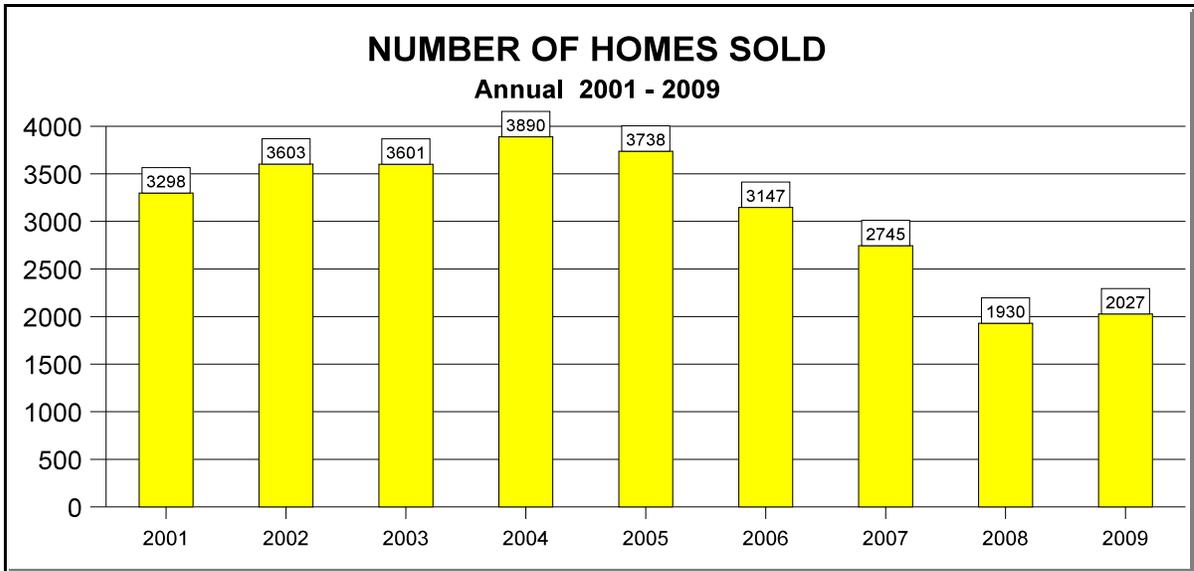
However, the housing market has softened throughout the country, particularly for new construction. This is true in Orange County as well, with the number of sales dropping and median sales prices slipping, and the number of available homes and the days on market increasing. The *Greater Hudson Valley Multiple Listing Service* indicates that sales volume for Orange County in 2009 was up 4.6% from 2008, with 2,027 sales compared to 1,937 that year. Sales volume for the year 2008 was down -35.7% from 2007, after a drop in volume of -13.8% from 2006 to 2007; the increase is heartening but may be due in part to tax breaks for first-time home buyers.

The prices have also declined, with the average sales price in the county down -2.3% for the third quarter of 2010 compared to the year previous falling from \$276,578 to \$270,170, and the median price slipping -3.8% from \$262,000 to \$252,000. For the entire 2009 average sales price fell from the previous year as well, it was down -12.2% from \$315,441 to \$276,859, and the median price slipping -10.3 from \$290,000 to \$260,000, according to the *MLS*. The median sales price for the county was down -9.7% from 2007 to 2008, and had increased 0.9% from 2006 to 2007. The average days-on-market (DOM) for 2009 was 130, up from 120 in 2008, but down from 144 in 2007. The number of new listings has been declining, from 6,902 for 2006 to 6,702 for 2007, to 5,547

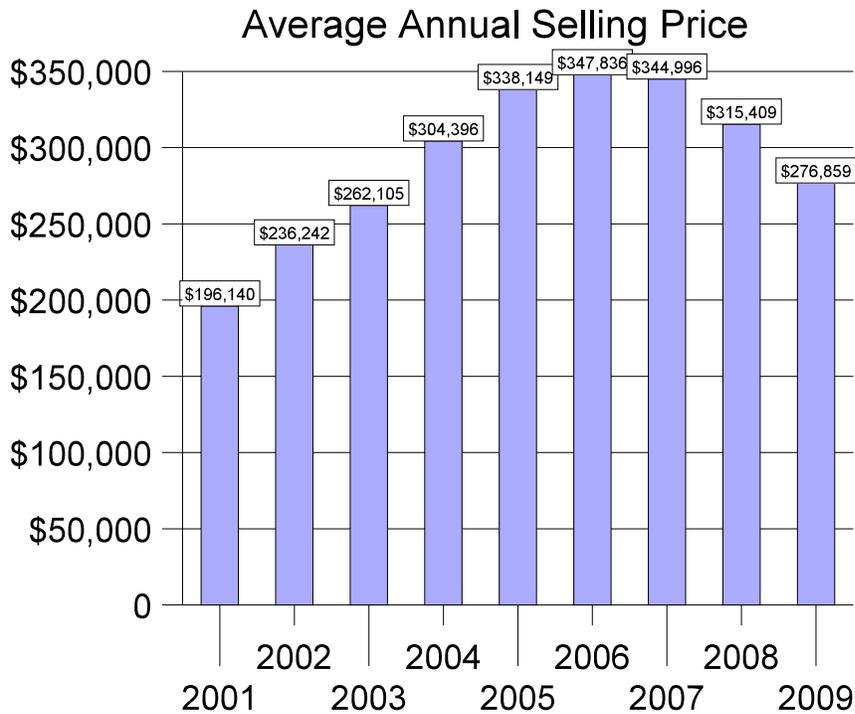
for 2008, and down to 5,180 new listings in 2009. This is indicative of a slower, more cautionary market, as people opt to wait instead of trying to sell.

There were 359 single family building permits issued in Orange County in 2009, according to the Census Bureau and the latest information available at this time. This is a decrease of 267 permits, or -42.7%, from the 626 issued in 2008, and follows a decline of -27.3%, in 2008 and -16.7% in 2007, showing the overall slowdown in new construction in the area.

The trends of sales in Orange County are generally similar to the other counties in the Hudson Valley, with somewhat less volatility to the south and east, closer to New York City and New Jersey, and more to the north and west.



Source: Greater Hudson Valley Multiple Listing Service



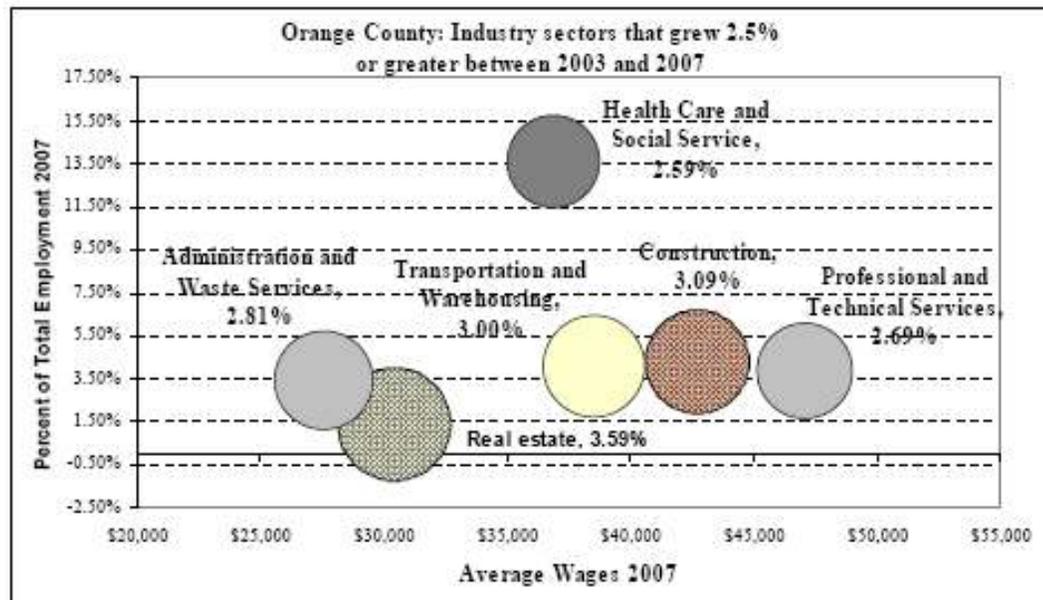
Source: Greater Hudson Valley Multiple Listing Service

Employment & Economic Factors

Orange County has experienced fairly high employment numbers for the past few years. According to the New York State Department of Labor website, as of September 2009 the total number of people employed in Orange County was 166,885, a decrease of 5,154, or -3.0% from the same time in 2008. The unemployment rate for Orange County was 7.77% at the end of the 4th Quarter of 2009, up from 5.97% the year before, and in June 2010, it increased slightly to 7.8%. In 2008, there were a total of 255,300 non-agricultural jobs, which has remained the same since 2007, according to the Marist College Bureau of Economic Research. The transportation-oriented activities surrounding Stewart International Airport and orientation of interstate highways, rail roads and water routes throughout the county should continue to attract new businesses and jobs to the area.

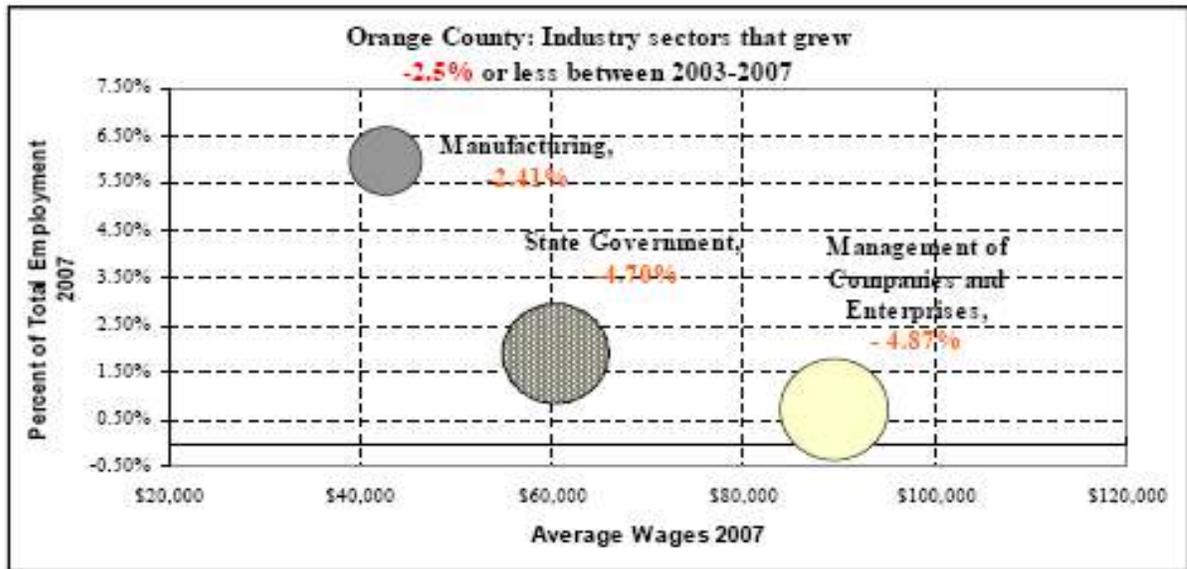
Employment by Sector: 2008		
Sector	Employed (1000's)	% of Total
Goods Producing	32,800	12.84%
Trade, Trans & Utils	56,500	22.12%
Information	4,700	1.84%
Fin, Ins, Real Estate	9,500	3.72%
Professional Services	21,600	8.46%
Education & Health	48,100	18.83%
Leisure & Hospitality	20,000	7.83%
Other Services	9,800	3.84%
Total Government	52,400	20.52%
Total, Non-Agriculture	255,400	100.00%

The strongest growth in the county between 2004 and 2008 occurred in the professional services sector, which increased by over five percent. Other industries that experienced strong growth over the same time period included manufacturing, education and health services, and government.



Source: Marist College Bureau of Economic Research

The employment in the management of companies and enterprise sector, the state government sector and the manufacturing sector changed negatively between 2003 and 2007, as shown following:



Source: Marist College Bureau of Economic Research

Orange County's largest employers are listed below:

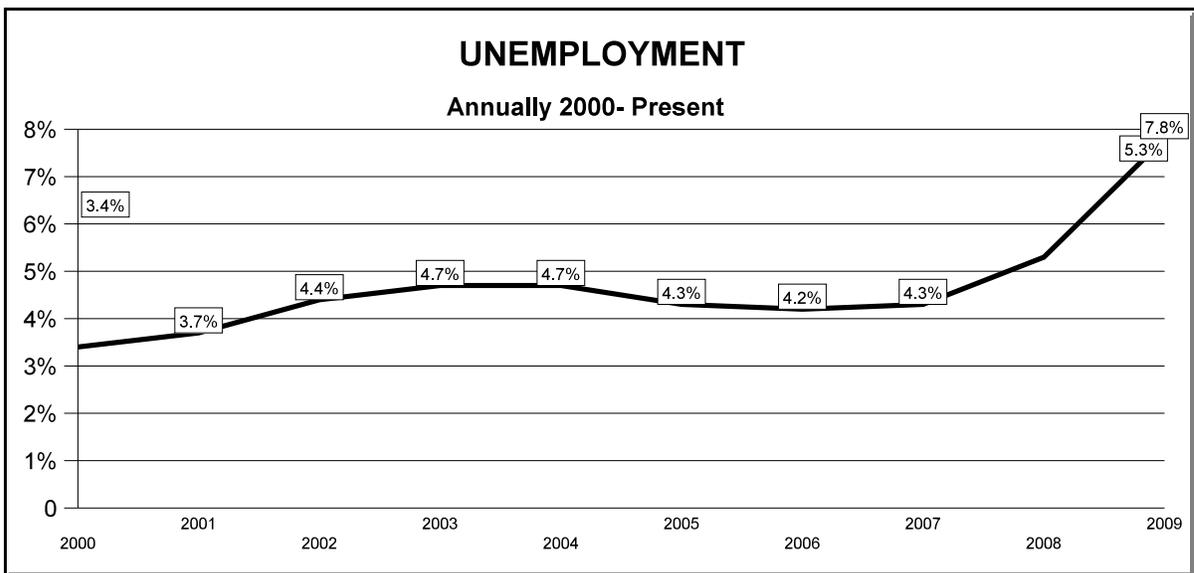
Major Employers		
U.S.M.A. at West Point	County wide	3,000
Orange-Regional Medical Center	Middletown & Goshen	2,524
St Lukes/Cornwall Hospital	Newburgh & Cornwall	1,700
Elant, Inc.	Goshen	1,200
SUNY Orange	Middletown	900
Empire Blue Cross/Blue Shield	Middletown	825
Kolmar Laboratories Inc.	Port Jervis	700
AHRC	Newburgh	650
Occupations Inc.	Middletown	618

Major Employers		
Valley View Center for Nursing	Goshen	600
105 th Airlift Wing	Newburgh	600
Bon Secours Community Hospital	Port Jervis	600
C&S Wholesale Grocers	Newburgh	600
Mid-Hudson Processing	Newburgh	550
Crystal Run Healthcare	Middletown	550
Yellow Transportation Inc.	Maybrook	550

Source: Orange County Partnership, Demographic Profile

Retail & Service Sectors

The retail and service sector in Orange County continues to grow fueling a \$4.2-billion-dollar-a-year industry. While some of the larger chain stores and supermarkets are closing or downsizing in this region, including Montgomery Ward, Grand Union, ShopRite, and Bradlees, a number of new larger stores have recently opened in Orange County. The retail activity is



Source: New York State Department of Labor

mainly centered around four areas: Route 211 in Middletown/Wallkill, the Route 6/17/32 exchange in Monroe and Woodbury, Vails Gate in New Windsor and Route 300/17K in Newburgh, all of which have experienced tremendous growth in the past few years.

In the Town of Wallkill, the Galleria at Crystal Run is now being challenged by the new, completely rebuilt Orange Plaza. The Galleria at Crystal Run, a \$100 million regional mall that opened in 1992 and totaling 1.2 million square feet with three anchor stores, Filene's, J.C. Penny's and Sears, added a 120,000-square-foot cluster of satellite stores on North Galleria Drive two years later, with tenants including Pier 1 Imports, Seaman's, and an Olive Garden restaurant. Pyramid Co., the developers behind this mall, announced tentative plans for a possible ±1 million square foot addition, which would include one or two more anchors. In addition, a Lowe's Home Center, Hannaford Supermarket, Super Stop and Shop, H & M, Best Buy, Linen's and Things, and Target have opened at the Galleria or along Route 211 not far from this mall.

The new Orange Plaza now boasts more than 25 stores in some 900,000 square feet. This is a two story, outdoor strip plaza emphasizing value-price stores. It includes a 204,000-square-foot Wal-Mart Supercenter, a Kohls Department store, a Rag Shop, Bed Bath & Beyond, a Marshalls, Staples and Modell's Sporting

Goods. A Burlington Coat Factory has opened in a portion of the space left from the closing K-Mart at this plaza.

Recent restaurant additions in Wallkill include TGI Fridays, Charlie Browns, Outback Steakhouse, Applebees, and Chuckie Cheese, with a new Panera Bakery, Chilis, Cheeseburger in Paradise and Ruby Tuesdays having been built in the past few years.

Also in the Middletown area, a 127-room Hampton Inn has opened near the intersection of Routes 17 and I-84, next to the Outback Steakhouse and TGI Friday; a Marriott was constructed on an adjoining parcel, and a Microtel Suites was added in 2007.

In Monroe, the busy interchange by Exit 16 of the Thruway with Routes 6, 17 and 32 is undergoing tremendous retail expansion. A Home Depot was built in 2000, just southwest of the huge Woodbury Commons Outlet center, and a 118,000-square-foot BJ's Wholesale Club opened next door in October of 2002. The Woodbury Center was constructed across Route 32, a retail strip center consisting of thirteen stores. A Kohls opened also in October of 2002, followed by Staples, Linens 'n Things and Michaels Arts & Crafts, however Linens 'n Things has since closed. A Provident bank recently opened. New restaurants include Pizzeria Uno, TGI Fridays, Chili's and Wendy's.

Additions in the Town of Newburgh include Bon Ton in the recently updated Newburgh Mall, and a retail plaza anchored by

a Super Stop & Shop just to the north along Route 300. A large shopping complex was built at the southwest corner of the intersection of Route 300 and 17K, including a 139,000-square-foot Lowe's Home Improvement Center, a Barnes & Noble bookstore, Michaels Arts & Crafts, Pier One and TGI Fridays restaurant. Another retail plaza was recently constructed on the northeast corner of Routes 300 and 17K and currently includes a Panera Bread, Verizon Wireless, Texas Longhorn Steakhouse and Chili's restaurant.

Another project is proposed for a tract of land across Route 300 from the Newburgh Mall. "The Market Place at Newburgh" will be 800,000 square feet of retail space, with several big box-type stores including a Costco, JC Penny and Best Buy. It will also incorporate an 180,000 square-foot, lifestyle center with a range of smaller, upscale specialty shops. Construction on this project has slowed with the current credit crisis.

Vails Gate, around the junction of Routes 32, 94 and 300 in the Town of New Windsor, has also been under further development. Big V Town Center has completed a new ShopRite and K-Mart surrounded by numerous smaller stores in the surrounding strip plaza, and a new Hannafords Supermarket was constructed at this very busy intersection. This project has approvals but is stalled by the current economic conditions.

Additional recent growth includes Woodbury Commons, a

regional outlet mall which is the largest tourist site in the county, drawing international shoppers visiting from New York City. It has its own exit lane from the Thruway/Route 17 interchange, and has completed another expansion, adding 70 more outlets, bringing the total number of stores to 220.

Some bad news on the retail front included the closing of K-Marts in Wallkill and Monroe. The store in Wallkill was divided and is now mostly occupied by several other smaller retailers. A new Shop Rite supermarket known as Gibbs Court that was constructed in Wallkill was left empty as the parent company for a chain of these supermarkets struggled with debt in this competitive market; however, Raymour & Flanigan, a furniture retailer, purchased this property and converted it into a new showroom.

Car Dealerships

Unfortunately, many local car dealerships have suffered lately. Several of them in secondary locations have recently lost their franchises and closed or are expected to close soon.

The National Automobile Dealers Association estimates that roughly 760 dealerships throughout the U.S. closed in 2008. In Orange County, this included Harriman Chevrolet Cadillac in Harriman, B&H Auto Sales in Middletown, and Galleria Chrysler Jeep Dodge in New Hampton. Monroe Ford closed suddenly on September 26th due to a potential buyer backing out of a deal at

the last minute. It recently went into foreclosure and was taken over by the bank. At the end of the year, Jim Smith Chevrolet in Walden closed and the showroom/repair garage is now listed for sale for \$2,800,000.

The new year did not bring any better luck for car dealers. Several more closed throughout the first half of 2009, including Brag Suzuki in New Hampton, Middletown Pontiac Buick GMC in Middletown, and Bernicker Dodge in Cornwall. In May, Chrysler ended their franchises with Phil's Jeep Eagle in Port Jervis and Rally Chrysler Dodge Jeep in Monroe. The former closed after 30 years in business, but the latter will remain open for service repair and to sell used cars. Rea Buick in Port Jervis also received notification that its contract would not be renewed by General Motors in October, 2010 and due to Pontiac being discontinued, DG Pontiac, also in Port Jervis, will likely close in the near future.

Additionally, a deal has recently been made by Paul Healey of Healey Brothers Chevrolet Buick in Goshen and John Worts of Fulton Chevrolet Cadillac in Middletown. Healey will purchase the Fulton dealership and, after renovations, move his dealership from the current Goshen location to his new property in Middletown; Worts plans to retire after the transition is complete. However, in the greater Newburgh area, none of the estimated seven new car dealerships have closed or lost their

franchise and a new dealership is scheduled to break ground soon.

Warehouse Sector

Orange County, with its easy access to a number of major roadways and interstate highways including I-84, I-87, has established itself as one of the distribution hubs of the Northeast. In 2009, Class A industrial space in the county had grown to 19.4 million square feet with a vacancy rate of approximately 15.0%, up from a 2008 vacancy of 11.4%, according to Mansfield Commercial Real Estate. The high vacancy is due in part to the weakened economy as well as to a few large facilities being vacant. After removal of the largest available vacant building in the county, the vacancy rate drops to 12%.

There are plans for several large facilities in the works throughout the county. Panattoni Development recently constructed a facility of over 700,000 square feet along Route 6 in Wawayanda, partially occupied by Medline, and 500,000 square feet along Neelytown Road in Montgomery. Opus East is planning on constructing 1,200,000 square feet in Montgomery and Hamptonburgh, and Matrix Development has proposed 650,000 square feet in Newburgh.

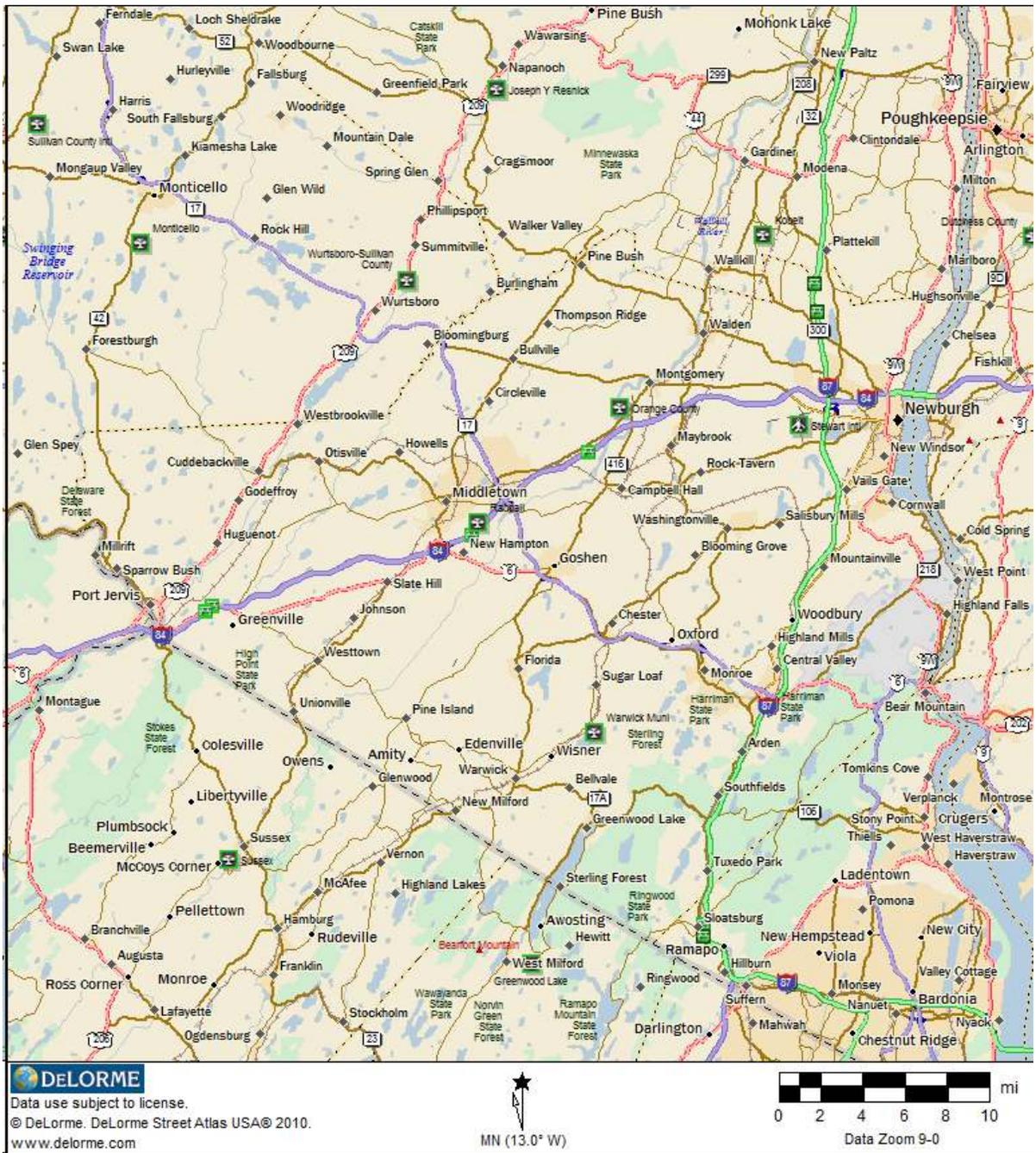
Recent expansions and growth in these sectors include Amscan's construction of a warehouse distribution center of more than 1 million square feet, located in the Town of Montgomery.

Amscan, which had moved into the previously vacant Child World building at Stewart Airport and also occupied other warehouse buildings in Harriman and Chester, has consolidate most of their operations under one roof in the new building. Frassetto, a commercial developer, has constructed two large multi-tenant flex buildings along Tower Drive in the past few years "on spec;" both buildings are leased up at this time. Other additions included the construction of a large Home Depot distribution center, a 700,000-square-foot, state-of-the-art warehouse for Baxters Pharmaceuticals, and the construction of a 360,000-square-foot distribution center for Do It Best Corp., all along Neeleytown Road in the Town of Montgomery. Baxters, now known as Allegiance Healthcare, subsequently expanded the warehouse to 1.4 million square feet.

In Sterling Forest, a large scale residential and commercial development had been proposed for a tract of land in Tuxedo, Woodbury and Warwick in the southern section of the county. Recently, the state purchased a remaining tract of 575 acres of land to add to the 17,500 acres that it had acquired several years ago to create a state park. Another plan in this area, known as the Tuxedo Reserve, proposes some 1,100 units of residential development, including a mix of apartments, townhouses, and single-family residences with some of the units age-restricted assisted living. Additional commercial and light

industrial space is also planned as part of this project.

In conclusion, in the past the county has been successful in attracting new businesses and keeping existing employers. This trend has continued, even when the economy declined and some businesses have left or downsized. Factors such as Stewart Airport, an extensive transportation network and Orange County's geographical location and proximity to New York City are a large part of this success. These trends should continue into the foreseeable future, making this a viable location for a variety of commercial and residential endeavors.



AREA MAP

NEIGHBORHOOD DATA

XXXXXXX Road, XXXXXXXXXXX, Town of Wallkill

The subject property is located along XXXXXXX Road, in the XXXXXXXXXXX section of the Town of Wallkill. Wallkill is located north and west of the middle of the county, and is bordered on the south by the Towns of Wawayanda and Goshen, on the west by the Town of Mount Hope, on the north by Sullivan County and the Town of Crawford, and on the east by the Towns of Hamptonburgh and Montgomery. Wallkill includes the Hamlets of Circleville, East Middletown, Fair Oaks, Mechanicstown, Phillipsburgh, Pilgrims Corners, Pocatello, Scotchtown, Silver Lake, Stony Ford and Washington Heights. The Town of Wallkill does not have any incorporated villages but encircles the City of Middletown; most areas in the Town of Wallkill have a Middletown mailing address, and a new zip code designation for the Scotchtown area was recently added to accommodate the growth in the town.

According to the Census Bureau, the estimated population of Wallkill in 2009 was 27,926 people, an increase of 3,267 people, or 13.2%, from the 2000 Census. This is a significant increase, considering that the population had grown 7.1% from 1990 to 2000. The town covers over 62 square miles and consists of newer suburban residential neighborhoods, industrial parks, rural residential sections and major commercial shopping areas, and includes the primary retail and commercial district in the

western half of the county.

Recreation in the town is offered at the C. Hudson Thompson Memorial Park, with a lake and over 400 acres for swimming, boating, fishing, tennis, soccer and other activities; golf is available at the Wallkill Golf Course, an 18-hole municipal course with a catering facility; and Winding Hills, an 18-hole executive golf course located in Bullville.

The single family houses range in value from \$150,000 for the smaller cottages to over \$750,000 for some of the larger mini-estates. There is also a mixture of townhouses and condominium projects as well as apartment complexes, particularly in the Scotchtown area. For the last three years, home sales have slowed and values have declined following several years of rapid growth, typical of much of the market. According to the *Greater Hudson Valley Multiple Listing Service*, 83 single family homes sold in Wallkill in the first three quarters of 2010 with an average sales price of \$213,425 and a median price of \$207,500. This is a decrease in volume of 13 sales, or -15.3%, a decrease in average sales price of -9.8% and a decrease in median sales price of -9.8% from the same point in 2009.

These numbers show a market that has softened over the past few years, similar to the rest of the region, although the decreases in Wallkill have not been as dramatic as some other

municipalities, due in part to the lower overall values of homes in the town. Activity in the area has slowed substantially, as it has in much of the area, but this is after several years of record-breaking sales volume. The lower interest rates have made for a steady market in the lower end as well as affording first-time home buyers a chance to buy, and the Middletown/Scotchtown area is a relatively affordable place to live in this county. The average sales price for single family houses in Orange County in the first three quarters of 2010 was \$270,170 and the median was \$252,000, decreases of -2.3% and -3.8% from the previous year, according to the *MLS*. Sales volume has also slipped in the county, with the number of sales of houses down -6.0% over the same time period.

The main highways in Wallkill are Route 17/I-86 and I-84, both divided highways that are part of the northeast's major highway network. Local routes include State Highways 17M, 211 and 302, as well as numerous county and town roads that provide good access to nearly all of the town. There is passenger train service in the Town of Wallkill providing daily service to New York City, and a Shortline bus terminal is located in downtown Middletown.

The main business districts in Wallkill are around the I-84 & Route 17 junction and along the busy commercial corridor of Route 211. This area includes much of the major retail activity

in the county, and has seen tremendous growth in the two decades.

The Galleria at Crystal Run, a regional mall that opened in 1992 and totals 1.2 million square feet with three anchor stores, Filene's (now Macy's), JC Penney's and Sears, added a 120,000-square-foot cluster of satellite stores on North Galleria Drive two years later, with national name tenants including Pier 1 Imports and an Olive Garden restaurant. In addition, a Lowe's Home Center, Hannaford Supermarket, H & M, Best Buy, and Target have since opened at the Galleria or along Route 211 not far from this mall.

The Orange Plaza has been completely rebuilt and now boasts 30+ stores in some 900,000 square feet. This is now a two story, outdoor power center plaza emphasizing value price stores. It includes a 204,000-square-foot Wal-Mart Supercenter, a Kohls Department store, a Rag Shop, Bed Bath & Beyond, Marshalls, Staples, Modell's Sporting Goods, and Burlington Coat Factory.

Many national chain restaurants have located in this area. Recent restaurant additions in Wallkill include TGI Fridays, Charlie Browns, Outback Steakhouse, Applebee's, and Chuckie Cheese. A Panera Bakery and a Ruby Tuesday's were recently constructed at the Orange Plaza. A Chilis restaurant opened near the TGI Fridays and Outback Steakhouse, and a Cheeseburger in Paradise was constructed along Route 211 East, at the front of

the old Caldors Plaza.

Also in the Middletown area, Hampton Inn, Marriott, a Comfort Inn Suites and a Microtel have opened near the intersection of Routes 17 and I-84, next to the Outback Steakhouse, TGI Friday and Chilis.

Along Dunning Road is a retail strip mall called Dunning Farms, which has 430,000 square feet of retail space, including AC Moore, Michael's, PetsMart and Toys 'R Us. Across the street is a shopping center that includes a Price Chopper grocery store; an expansion has added three more stores including the above-mentioned Charlie Browns restaurant, as well as an office/retail building and a bank. A new bank building was also recently constructed across the street. A 79,000-square-foot supermarket building was constructed along Dunning Road behind Price Chopper, although financial troubles with the parent company stalled the opening of this store and it was subsequently converted into a Raymour & Flanigans furniture showroom. A Stop & Shop opened at the old Lloyds site to the west on Route 211; that site has been taken over by Shop-Rite. Gander Mountain, a large outdoor and sporting goods shop, opened in the space along Route 211 left vacant by Wal-Mart's move to the Orange Plaza, and Middletown Honda renovated an old OTB site next door to Gander Mountain into a car dealership. The Town of Wallkill moved its operations to Tower Drive and is in

negotiations with a developer to sell the old site along Route 211. Also nearby are numerous existing smaller office buildings and service retail shops that have been thriving over the past two decades, and which also attract customers from the surrounding areas.

The Horton Pavilion and the Crystal Run Medical Center, two medical service facilities, opened along Crystal Run Road near the intersection with Ballard Road. A professional office park started in the early 1990s along Rykowski Lane off of Crystal Run Road to the east has also recently been seeking doctors and others to start additional construction; a new credit union building and a day care center have recently opened and a law office is underway. The Orange Regional Medical Center, formed from the partnership of Middletown's Horton Hospital and Goshen's Arden Hill Hospital, is building a new \$350 million regional hospital along East Main Street just west of the Route 17 interchange, and Crystal Run Medical Center constructed another building across from their first facility.

This area also has a strong industrial base, and has been fairly successful in attracting new industry. This includes three office parks: Midway, Mills Heights, and Crystal Run, which totals 550,000 square feet of office space and includes such major tenants as Blue Cross/Blue Shield, Toyota Motor Corporation, Time Warner and GMAC Credit Corporation. A 160,000-

square-foot industrial building was erected on Tower Drive, built "on spec" with no tenants at the time of construction, showing the confidence that developers have in the area. Chromalloy, a turbine manufacturer along Tower Drive, is expanding into a large addition to their present facility and is occupying another nearby building in the interim. Black Creed Holdings, LLC has acquired and is seeking approvals on a 50 acre site for "The Commerce Park at Fair Oaks". They are proposing pre-approved sites that will feature 25,000 to 65,000 square foot facilities that are aimed at small to mid-sized, light industrial users.

Although all of this activity seems very positive, there have been some negative news: Westwood Chemicals, an industrial manufacturer along Tower Drive, closed its doors in February 2005 due to financial difficulties, causing the loss of 55 jobs; that building was recently sold to investors and a chemical manufacturer is proposing an addition and renovation of the facility. Wakefern, a major distribution warehouse along Ballard Road, closed and took 500 jobs with it; this building has recently been purchased by Presidential Container, however and plan on spending \$50 million in improvements. Tesa Tape closed its manufacturing plant off Crystal Run Road and moved its operations elsewhere; that building has been purchased by investors who are seeking tenants.

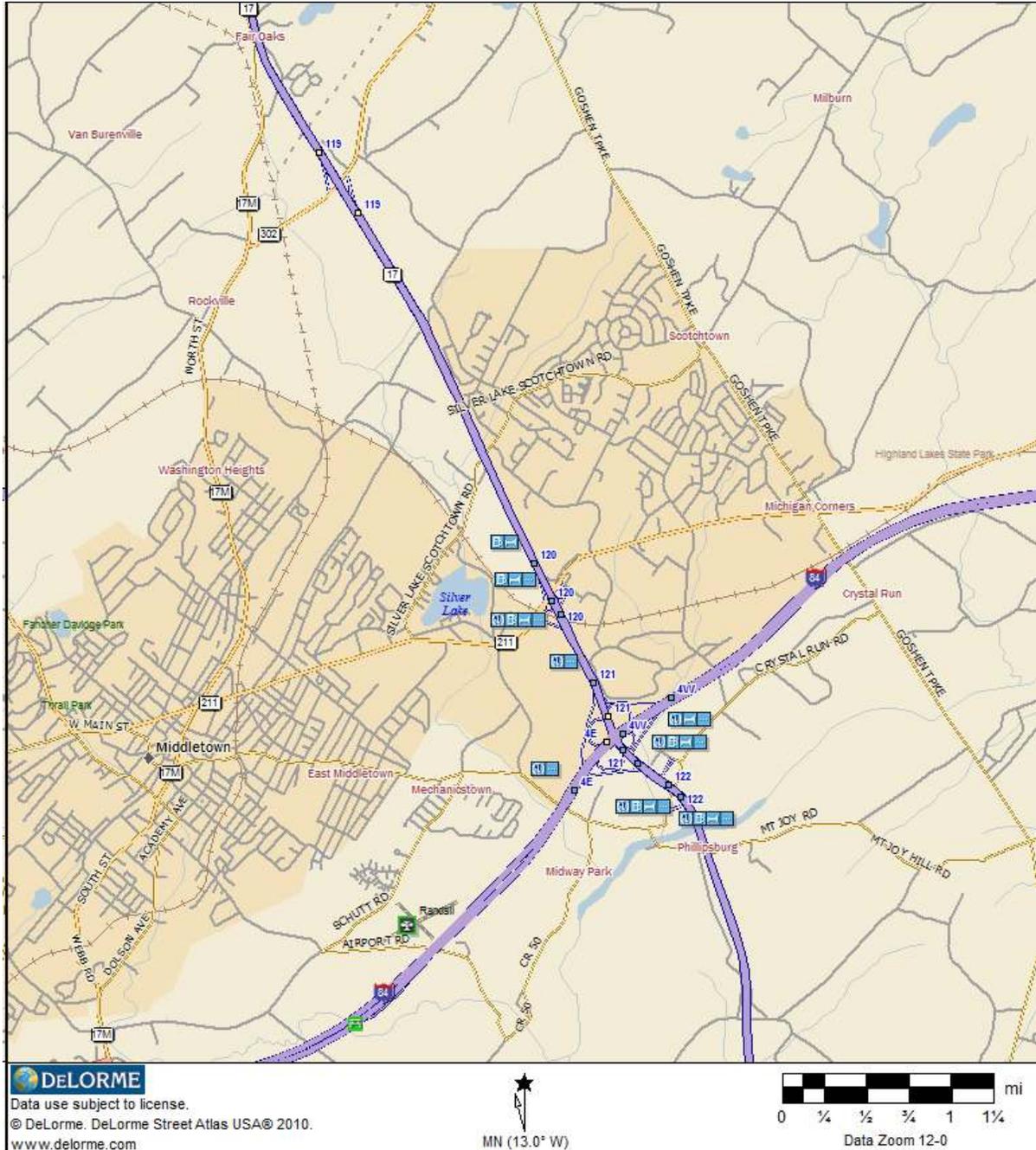
On the retail front, several closed buildings, including the Caldors plaza and Rickel's along Route 211, have been given new life, similar to the rebuilding of the old Lloyd's and Orange Plaza: an Aldi's market and a Huffman Koos Furniture Gallery opened in the Rickle's store, and the Caldors plaza has been purchased by developers that are redeveloping the site by dividing the space into several retail stores and pads of various sizes.

Along Blumel, Crystal Run and Ballard Roads in the east-central section of the town are several industrial warehouse and manufacturing buildings, including Tetz, a large concrete distribution facility; an Ottaway Newspapers printing facility, and Revere Smelting & Refining, a metals processor and battery recycler, located along Ballard Road and Crystal Run to the south and west. Tetz has just constructed a new asphalt plant along Cemetery Road in the northeast section of the town.

The subject property is located along XXXXXXXX Road, along the Route 17/I-86 corridor, just northwest of the business activity along Tower Drive. This is an established residential neighborhood, consisting mostly of single-family houses near the subject, and garden apartments and condominiums to the east and southeast. The density of development increases to the southeast, closer to Route 211. The aforementioned Galleria and numerous shopping centers are approximately two miles to the

south, offering a variety of shopping and services. Train service is near the front of the Galleria, and access to Route 17/I-86 and I-84 are directly off of Route 211. The subject apartment complex is within the Pine Bush School District, along the border with the Middletown School District.

In summary, the subject is located along a town road in residential section of Scotchtown, in the central part of the Town of Wallkill. Wallkill has been a growing commercial and economic area for quite some time and should continue to be so into the foreseeable future, offering local jobs as well as train service and nearby highway access for commuters. This is therefore a viable location for an apartment complex.



NEIGHBORHOOD MAP

APARTMENT MARKET

The apartment market in the Middletown/Wallkill area has been relatively strong for some time, with numerous garden apartment complexes similar to the subject, as well as condominiums and townhouses. Many residents commute to New York City or northern New Jersey, via Route 17/I-86 or by train at the nearby station along Galleria Drive, and the housing tends to be modest and affordable compared to some other areas in the county.

After several years with little to no construction, two new apartment complexes are underway in the area. The Point at Sutton Hill is an addition to an existing project along County Route 78 in Middletown, with 112 new units being built. At this time, five of eight buildings are completed and fully rented, with the remaining buildings in various stages of construction. The second project is off of Silverlake-Scotchtown Road in Wallkill, and is a proposed 120 unit complex. Site work is underway at this time.

Another project is proposed for the corner of CR 78 and Mount Hope Road; that site is in the Town of Wallkill and does not have water and sewer, but the developer is trying to get the property annexed into the neighboring City of Middletown, so that they can build 108 townhouse-style units.

The same developer built the Regency Club along Schutt Road in the Town of Wallkill. Constructed in 2003, it was the first such complex in at least ten years. This high-end, luxury project offered larger units, upscale kitchens, a fitness center and a pool, and rented very quickly.

The existing apartment complexes appear to be doing well. Several older projects have been renovating units, and vacancies are reportedly consistently under 5 percent. Rents had been increasing steadily since 2000, and appear to have generally leveled off with the downturn in the economy.

In general, the Middletown and Wallkill area appears to be a viable location for apartment complexes, particularly those that are well managed.

ZONING

The subject property is located in the Town of Wallkill in Orange County, New York, and is situated in an R-2 Zoning District. This is a Suburban Residential District. The following regulations shall apply in all R-2 Districts.

A. Permitted Uses:

1. One family dwellings, not to exceed one such dwelling per lot
2. Growing of crops & orchards
3. Buildings, structures, & uses owned & operated by the Town
4. Tourist homes & lodging houses

B. Accessory Uses:

1. The keeping of livestock, other than pigs & minks (20 acre minimum, except horses: 3 acre minimum for 1st horse, 2 ac each additional horse)
2. The keeping of fowl (10 ac minimum)
3. The keeping of dogs & cats
4. Sale of agricultural products
5. Outside storage of farm & earth moving equipment
6. Renting of rooms
7. Customary accessory uses

C. Uses Subject to Authorization & Plan Approval by the Planning Board:

1. Home occupations
2. Public utilities
3. Hospitals, Philanthropic or eleemosynary institutions; schools, colleges & other education institutions (5 acre minimum)
4. Day-care centers & nursery schools
5. Camps
6. Public or private recreational facilities
7. Mining, loading, & hauling of sand, topsoil, or other aggregate
8. Churches & religious institutions (3 acre minimum)
9. Cemeteries
10. Mobile home parks
11. Neighborhood grocery stores
12. Two-family dwellings (one such dwelling per lot)

Lot & building standards for two-family dwellings:

Minimum (ft)	Type of Lot*		
	A	B	C
Lot width	125	125	150
Lot depth	150	150	150
Front yard	35	35	35
Rear Yard	50	50	50
One side yard	20	20	25
Both side yards	40	40	50
Floor area (sq ft)	1,200	1,200	1,200
Building height (max)	35	35	35

D. Lot & building standards in the R2 District.

Minimum Required	Type of Lot*		
	A	B	C
Lot area (acres)	0.75	0.75	0.75
Lot width (ft)	150	150	200
Lot depth	200	200	250
Front yard	35	35	35
Rear yard	30	30	35
One side yard	15	15	15
Both Sides	30	30	30
Floor area (sq ft)	1,000	1,000	1,000
Lot coverage	30%	30%	25%
Building height (max)	35	35	35

*A: Lots served by both public water & public sewerage systems.
 B: Lots served by a public sewerage system, but no public water system.

C: Lots not served by either a public sewerage system or a public water system

The minimum lot area in conventional subdivisions is 1.5 acres for Lot Types A & B, with Type C lots determined by the soil formula in Section 249-19D(2) of the zoning.

If a non-conforming use status is discontinued for a period of one year, the non-conforming use status is lost and the property must conform to current regulations.

Further information and clarification may be obtained by consulting the Town of Wallkill Zoning Ordinance. Most uses allowed are subject to the above minimum requirements.

Zoning Map

DESCRIPTION OF THE PROPERTY

The subject property is comprised of three tax lots, with the primary lot located on the westerly side of XXXXXXXX Road, ±140 feet north of the intersection with XXXXXXXX Road; the second lot situated across from the first on the easterly side of XXXXXXXX Road, ±110 feet north of the intersection with XXXXX Road, and the third situated adjacent to the southwest side of the first lot and along the northerly side of XXXXXXXX Road, ±439 feet west of the intersection with Freezer Road. All three are in the Town of Wallkill, County of Orange, State of New York, and can further be identified as Section XX, Block X, Lot X; Section XX, Block X, Lot XXX and Section XX, Block XX, Lot X in the records of the Town of Wallkill.

The subject property consists of a garden apartment complex on one tax lot, and two vacant lots.

Land

The three subject parcels together total ±21.102 acres, according to surveys provided to us, prepared by Leo J. Carroll & Associates, dated February 12, 1997 and September 17, 1997. Assessor's maps indicate the size as 20.7 acres; the difference appears to be due to rounding. Lots XX-X-X and XX-XX-X are contiguous, and Lot XX-X-XXX is across the street from XX-X-X. The apartment complex is on Lot XX-X-X, and the other two lots are vacant.

Lot XX-X-X: Apartment Complex on ±X.XX Acres

This lot has ±XXXX feet along the westerly side of XXXXXXXX Road, providing for good ingress and egress. Access is via two curb cut entries, one near the north end and one near the south. The lot is irregular in shape, roughly resembling a rectangle that bends to follow the road and has various corners and several shallow angles; the shape does not appear to adversely affect development. The lot is situated at and below street grade. The topography is lightly rolling, generally sloping downward from the front to the rear. The lot is cleared and landscaped around the improvements with some light woods and brush around the perimeter.

Orange & Rockland Utilities has a 150' wide easement that angles southwest-northeast across this lot, approximately 450 feet south of the northeast corner. Although there do not appear to be any utilities on this easement at this time, the easement effectively prevents any permanent structures from being constructed in this path, and somewhat divides the northern third of the property from the remainder; five of the apartment buildings are on the north side and ten are on the south. The easement does allow for parking and walkways, and creates a green area in the complex that includes landscaping, lawn areas and a gazebo. This easement continues across XXXXXXXX Road and covers most of Lot XX-X-XXX. There do not appear to be any other

easements or right-of-ways that adversely impact on the site.

Lot XX-X-XXX: ±X.XX Acres Vacant Land

This parcel is situated across XXXXXXXX Road from the north entry of the main apartment complex Lot XX-X-X. It is a vacant lot that has ±XXX feet of frontage along the easterly side of XXXXXXXX Road, providing for limited ingress and egress to a site of this size. The lot is irregular and narrow, with various angles along the northerly side; this narrow shape adversely affects development, due to setback requirements. There is no curbing along this side of the road, and no driveways or access roads into the site. The topography is level to rolling, sloping upward along the south side, and the lot is wooded and overgrown brush. There do not appear to be any wetlands on the property, although a small stream was present at the time of the inspection.

The O&R Utility easement mentioned above crosses this property, and covers most of this parcel. This easement is 150 feet wide, with 120 feet or more situated on the entire southeasterly side of this lot, including the entire frontage. The easement effectively limits development to a very narrow strip along the northwesterly side of this parcel, allowing for perhaps two houses to be built in the wider, northwest section.

There is also a sewer line easement that runs northeast and southwest across the southwesterly section of the site, and

which limits development somewhat further, although the O&R easement is by far more restrictive.

Lot XX-XX-X: ±X.XX Acres Vacant Land

The third parcel is situated adjacent to the southwest corner of Lot XX-X-X, along XXXXXXXX Road. This vacant lot has ±329.6 feet of frontage along the northerly side of XXXXXXXX Road, providing for adequate ingress and egress; the paved section of XXXXXXXX Road ends by the southeast, front corner, with the road continuing as an unpaved "paper" road along the southerly side of the subject lot to end by the Route 17/I-86 corridor, along the westerly side of the lot. It appears that there is adequate existing frontage to access the subject, should development be desired, and that XXXXXXXX Road could be extended if necessary. There is a concrete curb along Connors Road that runs along the subject frontage and to adjoining Tammy Drive, with no actual curb cut for access to the subject at this time.

This lot is situated at and above street grade. The topography is level to lightly rolling, and the site is partially cleared, with overgrown brush and light woods. There do not appear to be any easements or rights-of-way that adversely affect the property or the value.

Electricity, natural gas and municipal water and sewer are available to all three of the lots, and are connected to the

apartment complex on Lot XX-X-X.

The subject is not situated within a flood plain, as verified by the FEMA Flood Insurance Rate Map for the Town of XXXXXXXX, Community Number 360634, Panel 257 E, dated August 3, 2009.

The land around the subject is perhaps 50% improved, as the subject is located in a partially developed section of XXXXXXXXXXXX in the Town of Wallkill. The surrounding properties to the east and southeast are predominately residential and consist mostly of single family houses; to the north and west the land is more lightly developed, with scattered single family houses on larger lots and tracts of land.

Lots XX-X-X and XX-X-XXX are within the Pine Bush School District, and Lot XX-XX-X is in the Middletown School District.

XXXXXXX Road is a paved, two lane town road which runs generally north and south past the subject. It turns southeast to XXXXXXXXXXXX Road, and runs north to XXXXXXXX Road. XXXXXXXX Road is a more secondary town road that runs southwest from XXXXXXXX Road and ends by the subject after a short distance, connecting with Tammy Drive by Lot XX-XX-X. These streets provide adequate access to the subject property from the surrounding area, with connections to more major highways, including Routes XXX, XX/I-XX and I-XX, via several local roads.

Improvements

The subject property is improved with a XXX-unit garden apartment complex. The buildings total ±224,016 square feet including unfinished lower level storage space, as per field measurements. The buildings were constructed in 1990 with the possibility of being converted to condominiums, and have separate heat and utilities.

There are a total of XX, three-story buildings, constructed in six connected pairs with one stand alone building and one group of three. The lower levels are partially below grade. The buildings are identical in size, style and construction, and are masonry and frame with brick exteriors and concrete block foundations. The roofs are gable style, covered with asphalt shingles. Entry doors are insulated steel, and windows are insulated, metal-framed casements. There are small balcony decks or patios for each unit. The exteriors are in good condition; the roofs appear to be the original shingles, which are nearing the end of their usable life.

The units are broken down as follows: XX, one-bedroom units; XX, one-bedroom-with-den units; XX, two bedrooms; and XX, two-bedroom-with-den duplexes. Each of the XX buildings has XX units and similar footprints, with each floor divided into four sections on either side of a covered, central access staircase. The lower level has two, one bedroom units at the front and

storage to the rear, save for Building 1, which has an office in place of the storage; the second floor has two lower duplex levels and two one bedroom with den or two bedroom units, and the top floor has the two upper duplex levels and two more two bedroom or one bedroom with den units.

The one bedrooms each total $\pm 1,056$ square feet, the one bedroom with den and the two bedrooms each total $\pm 1,278$ square feet, and the duplex units are $\pm 2,112$ square feet. The one-bedroom units have a full bathroom, kitchen with breakfast nook, and a large living/dining room. The one-bedroom-with-den and the two-bedroom units have similar layouts, with a galley kitchen, two full baths, and living/dining room. The dens have no doors or closets, and the master bedrooms have walk-in closets. The duplex units have a large, open living/dining room, galley kitchen and half bath on the main level, and two bedrooms, a den and two full baths on the upper level, with an interior staircase providing access between the levels. Some of the dens have been enclosed with a doorway as an extra bedroom; however, the Town of Wallkill Assessor's Office indicates that none of the units with dens have been officially converted to bedrooms. Those converted units do not appear to conform with the original building layout, and so will be considered as units with dens.

Interior finish is all of good quality materials, with wall-to-wall carpeting, ceramic tile entries, kitchens and

baths; and painted gypsum walls and ceilings. The kitchens have full appliances, including a built-in microwave, electric stove with flush range-top, refrigerator, and dishwasher, and have ceramic tile or laminate back splashes. Washers and dryers are available as an option, and are stacked units provided by the management. Many of the units have been updated with newer appliances, and all appear to be well maintained. The interiors are in good to very good condition.

Heating and air conditioning are provided by in-wall electric heat pumps, with two units in the one bedrooms, three units in the one bedroom with den and two-bedroom apartments, and a total of five units in the duplex apartments. The electrical services are separately metered, 100 to 200 amps each. Hot water is from separate, 50-gallon electric water heaters, many of which have been updated.

Along the rear of the lower levels is an unfinished storage area totaling 2,556 square feet. These have wood-framed, steel mesh enclosures that are used as tenant storage. The rear of Building 1 is finished as an office area, with a front reception area, two lavatories and executive offices in one side, and offices, kitchen and full bath on the other side. Finish is of good quality, with ceramic tile and carpeted floors, painted, papered and ceramic tile walls, and suspended acoustical tile and painted gypsum ceilings with recessed incandescent and

fluorescent lighting and extensive soffits. There are also built-in custom wood bookcases and desks.

The condition of these buildings is very good. The actual age of the buildings is 20 years. Due to the quality of construction and maintenance on the property, they have an effective age of 10 years and remaining economic life of 40 years.

The units are larger than average for apartments in this market. The layouts appear functional with adequate closet space; the presence of dens as opposed to an extra bedroom is somewhat unusual for apartments, due likely to the units being originally designed for condominium occupancy. Many of the tenants use the den as a bedroom; of course, this is less desirable than an actual bedroom.

Site Improvements & Amenities

The site includes an in-ground pool and pump house located behind Building 1, a gazebo near the middle, and a playground in the southwest corner. There are concrete walkways throughout the site, connecting all the buildings and parking areas. The site around the buildings is landscaped, with extensive lawn areas and shrubbery, with an in-ground sprinkler system fed by three wells.

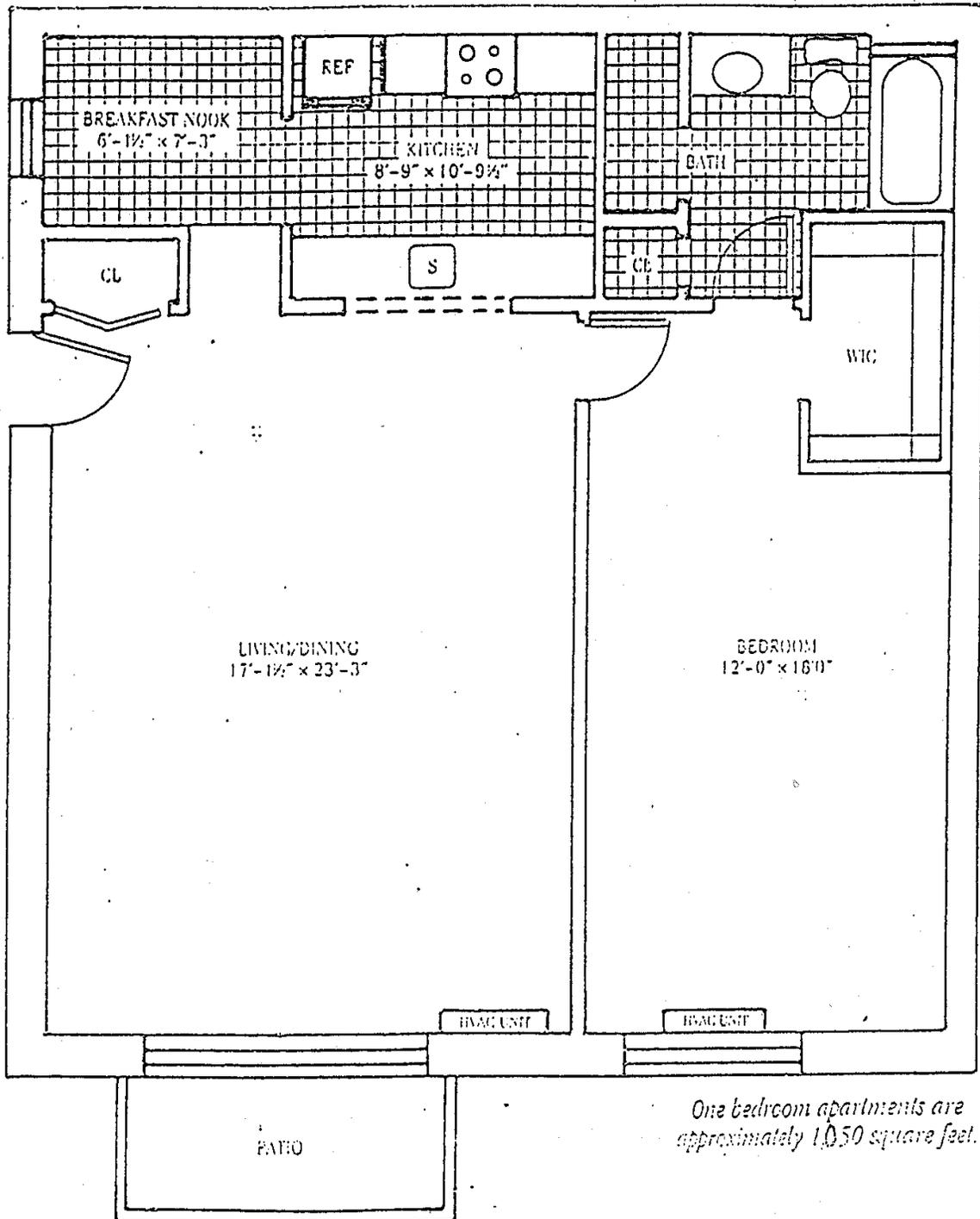
There are seven connected, macadam-paved parking areas around the sides and rear of the site, providing a total of 256

parking spaces, adequate for the facility.

There are also several freestanding, metal-framed storage sheds, which are considered removable structures and are therefore not included in this valuation.

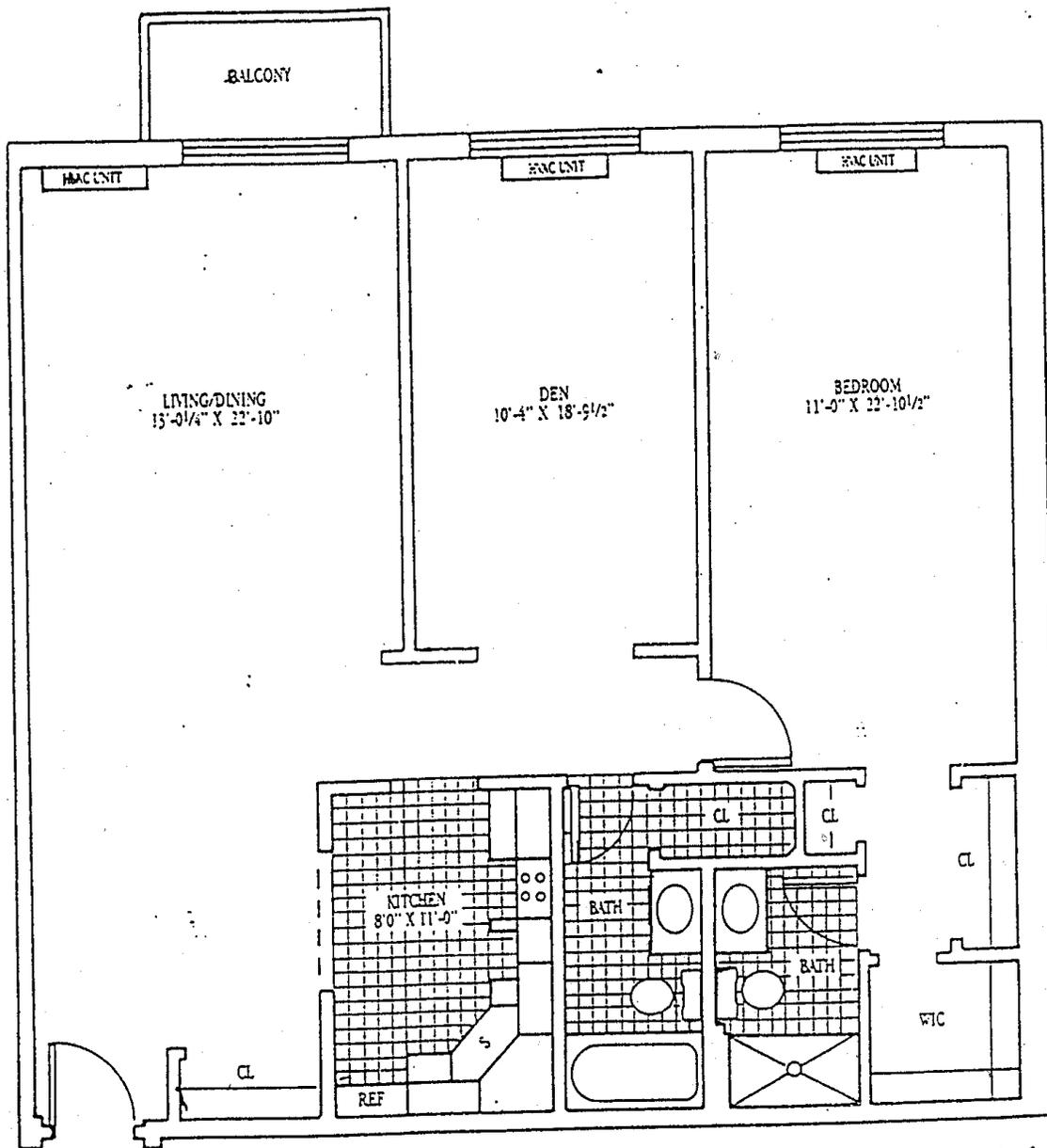
The configuration of the improvements on the site is typical for this type of use, with clusters of units, and supporting improvements around the buildings.

Building Sketch



One bedroom apartments are approximately 1,050 square feet.

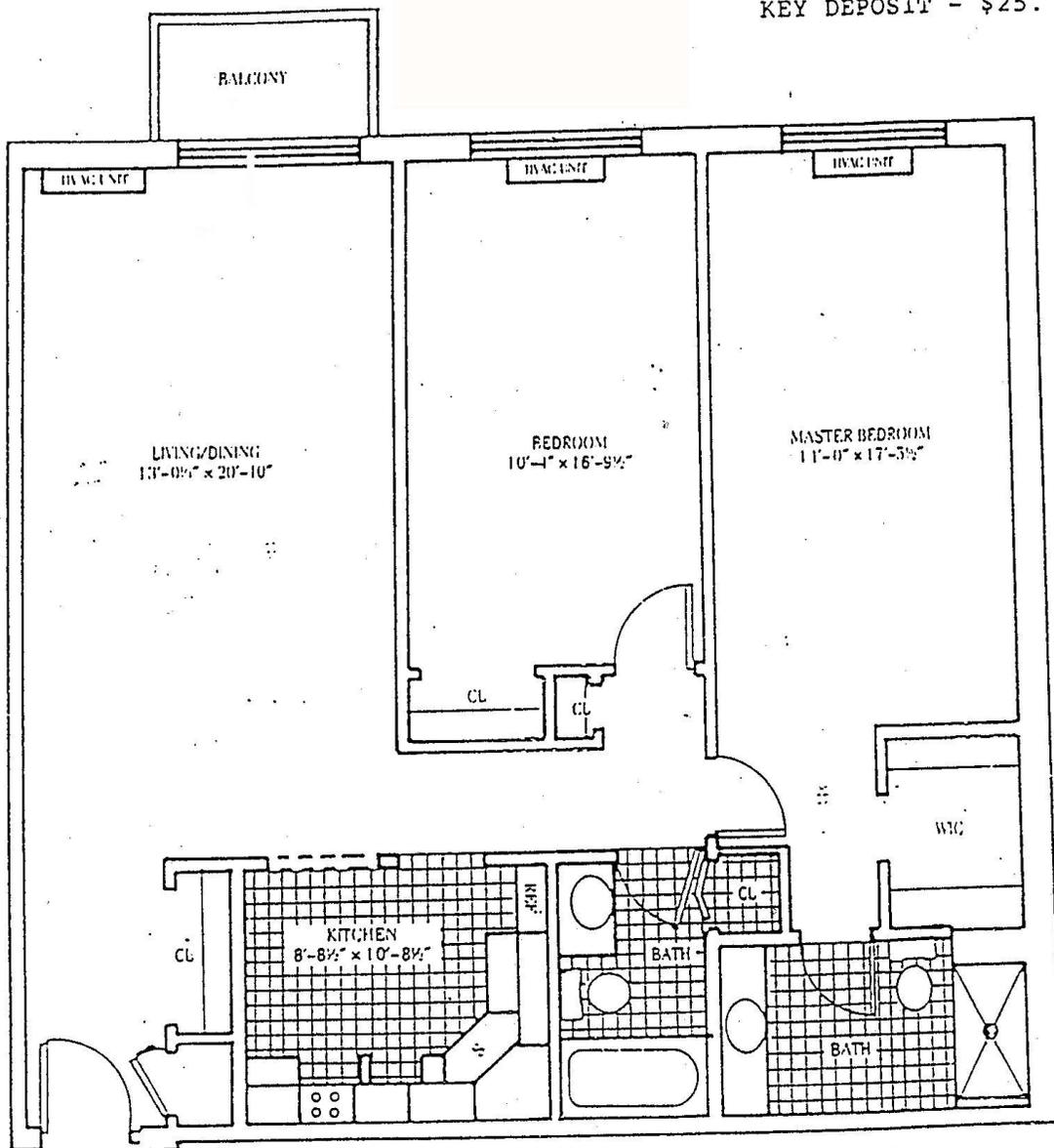
FLOOR PLAN: ONE BEDROOM UNIT



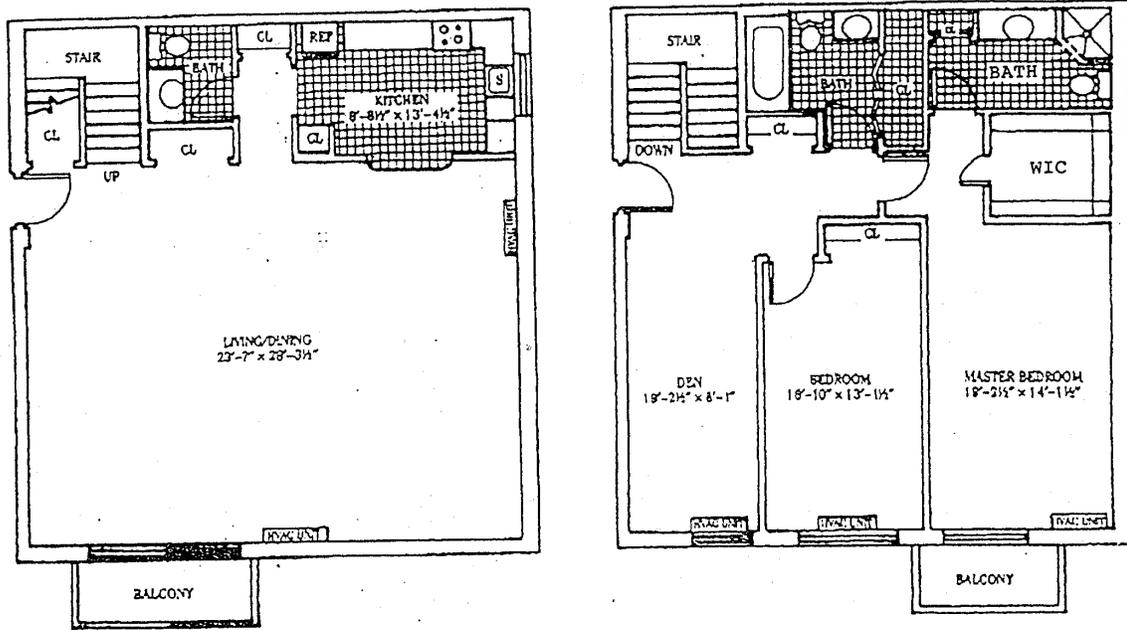
One bedroom apartments are approximately 1,150 square feet.

FLOOR PLAN: ONE BEDROOM W/ DEN

KEY DEPOSIT - \$25.



FLOOR PLAN: TWO BEDROOM UNIT



FLOOR PLAN: DUPLEX UNIT

SUBJECT PICTURES

ASSESSOR'S MAP

FLOOD PLAIN MAP

SURVEY MAP

TOPOGRAPHY & WETLANDS MAP

THE HIGHEST AND BEST USE ANALYSIS

The Highest and Best Use may be defined as: *"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".²*

This definition implies that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals, as well as the benefits of that use to individual property owners. Hence, in certain situations the highest and best use of land may be for parks, greenbelt, preservations, conservation, wildlife habitats, and the like.

Further consideration must then be given to the dynamic attributes of the subject site, as well as past, present, and future market conditions in order to determine the subject's highest and best use, as vacant.

²

The Dictionary of Real Estate Appraisal, 5th Edition,
(Chicago: Appraisal Institute, 2010), Page 93

HIGHEST AND BEST USE AS THOUGH VACANT

Highest and best use of land or a site as though vacant is defined as, "*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.*"³

Legally Permissible Use:

Legal restrictions as they apply to the subject are any private restrictions and the public restrictions of zoning. There are no known private restrictions. The public restrictions of the R-2 zoning limit development by right to one family houses, town buildings, crops & orchards, and tourist homes & lodging houses. A variety of uses subject to planning board authorization and plan approval are also allowed, including hospitals, day care centers, camps, recreational facilities, mining, churches, cemeteries, mobile home parks, grocery stores and two family dwellings. Apartments are not an allowable use as per the current zoning.

Physically Possible Use:

The physical characteristics of a site that affect its possible use(s) including, but are not limited to, location,

³ Ibid

street frontage, size, shape, street access, availability of utilities, easements, soils and subsoils, and topography.

The main parcel, SBL XX-X-X, consists of ±XX.XX acres with adequate road access. The shape of the parcel is irregular, but this does not impact development. The topography is generally level. The shape and topography lend the site to all the permitted uses; the lot is larger than needed for single family development, but could be subdivided. There is a utility easement across the lot that prevents full development of the site.

Lot XX-XX-X is ±X.XX acres of vacant land. It appears to have adequate road access, although a substantial amount of the frontage is an unpaved, "paper road." This lot is generally level, and is irregular in shape, but appears large enough for development. The size, shape and topography lend the site to all of the permitted uses.

Lot XX-X-XXX is ±X.XX acres of vacant land. It has limited road frontage but adequate for access. This lot is narrow and irregular in shape. The topography is mixed with level and sloping sections. The size is larger than necessary for single family development, and the topography appears to lend itself to development, but the narrow shape impedes full use of the site. A utility right-of-way dominates most of this lot, leaving approximately 2.0 acres of useable land; however, much of this

remaining land is very narrow and not suitable for development, limiting the potential use of this property.

Municipal water and sewer, natural gas and electricity are available. The site is not located in a flood hazard zone. Soils and subsoils appear to be typical of the area and are not considered to adversely affect the development potential of the site.

Financially Feasible Use:

Considering the possible and permissible uses, the demands of the market were examined. The subject is situated in a partially developed residential neighborhood, in the growing Town of Wallkill. A residential type of use would bring the greatest return to the site, and appears to be feasible.

Maximally Productive

After examining the possible, the legally permissible and the financially feasible uses, it is the opinion of your appraiser that the most profitable use of the subject property as vacant is for residential development. As apartments are not an allowable use under the current zoning, development is limited to single family residences.

HIGHEST AND BEST USE AS IMPROVED

Highest and best use of the property as improved is defined, "*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.*"⁴

Legally Permissible Use:

Legal restrictions as they apply to the subject are any private restrictions and the public restrictions of zoning. The existing improvements appear to be a legal, non-conforming use as they pre-date the current zoning. According to the building department, they can be rebuilt for a one year period without a new variance.

Physically Possible Use:

The existing improvements consist of XXXX, three-story structures utilized as a garden apartment complex. The improvements are on Lot XX-X-X with the two other lots vacant.

Based on the subject's land area, its generally regular configuration, the positioning of the improvements on the site, the zoning restrictions, and the presence of a utility easement

⁴ Ibid.

through the site, increasing the size of the existing project does not appear to be physically possible. This could create disharmony with surrounding land uses and would violate zoning restrictions.

Therefore, based on these criteria, the improvements "as is" on Lot XX-X-X represent the maximum size that could currently be developed under existing conditions and still conform to surrounding land uses and zoning. As apartments are not allowed in the current zoning, the project could not be expanded into the other lots without a variance, which could require substantial time and money.

Financially Feasible Use:

The subject is rented to tenants, which is typical for this type of use. The property has been under the same management for several years and appears to be successful. The value of the site as improved exceeds the land as vacant. The property has a functional floor plan and it does not appear financially feasible to expand or modify it. Therefore, the subject "as is" is the most financially feasible use of the site.

Maximally Productive

No other probable or profitable alternative use for the site is believed to exist that would economically justify removal or modification of the existing improvements to allow for an alternate use. The maximally productive and, therefore,

the highest and best use of the property as improved is for continued use as an apartment complex, with the possibility of single family development on the two vacant lots.

SALES COMPARISON APPROACH TO VALUE: Apartment Complex

According to *The Dictionary of Real Estate Appraisal*, the Sales Comparison Approach may be defined as follows:

*"The process of deriving a value indication for the subject property by comparing market information for similar properties that the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison."*⁵

This approach employs the Principle of Substitution which holds that, *"when several similar or commensurate commodities, goods or services are available, the one with the lowest price will attract the greatest demand and widest distribution."*⁶

By analyzing sales which qualify as arms-length transactions between willing, knowledgeable buyers and sellers with reasonable market exposure, price trends can be identified from which value parameters may be extracted. Comparability in physical, locational and economic characteristics is an important criteria in evaluating the sales in relation to the subject property. The basic steps involved in the application of this approach are as follows:

- (1) Researching recent relevant property sales and current offerings throughout the competitive area.

⁵ *The Dictionary of Real Estate Appraisal, 5th Edition*, (Chicago: Appraisal Institute, 2010), Page 175

⁶ *Ibid*, Page 190

- (2) A selection process to focus on properties considered most similar to the subject, and then analyzing the selected comparable properties giving consideration to the time of sale and any change in economic conditions which may have occurred to the date of value. Other relevant factors of a physical, functional or locational nature are also considered.
- (3) Reducing the sales price to common units of comparison (i.e., price per square foot of building area).
- (4) Making appropriate adjustment between the comparable properties and the property appraised.
- (5) Interpreting the adjusted sales data and drawing a valid conclusion.

Lot XX-X-X: Apartment Complex on XX.XX Acres

The market area was examined for sales of similar apartment complexes. There have been limited sales during the past few years, and so the search was extended back in time and throughout the Mid Hudson Valley. Four of the most similar were selected for comparison to the subject.

The properties were compared on a per-unit basis, as that is typically the unit of measure when comparing apartment complexes. The sales were reviewed for conditions of sale, including financing and property rights transferred. No abnormal conditions of sale were found in any of these transactions that would significantly impact upon value.

The sales date back to 2007; values for commercial properties have generally been decreasing since this time, and

so adjustments of -5% per year were made for changing market conditions.

Considerations were made for a variety of attributes that impact value. Where the comparable property was considered inferior, a positive adjustment was made; if the comparable was superior to the subject, a negative adjustment was indicated. The subject includes a pool, available washers & dryers and storage basements, which add to the utility compared to many other projects.

Adjustments were made for differences for the following considerations:

Time: Adjustments may be made according to the market conditions under which a comparable sales transaction occurred. Both the transaction date and the appraisal date must be identified so that an appropriate comparison may be made between the conditions prevailing at each time. Trends in supply and demand, as well as availability of mortgage money, employment and income, are factors which determine market conditions during a given period.

Location: Adjustments were made where indicated between comparable properties for impact in utility experienced by a structure as a result of environmental forces outside the property boundaries.

Land Size/Units-per-Acre Ratio: An adjustment was made, where indicated, between each comparable and the subject as to the size of the property, and the relative number of units. This adjustment is based on the premise that a lower unit-to-land ratio is more desirable than a lower one, as it allows for additional parking, site improvements, future expansion, etc.

Utility: Adjustments were made for functional utility since the ability of a property to perform the function for which it is intended is based on current market tastes and standards. Particular attention is paid to building layout and construction.

Building Size: An adjustment was made where indicated for physical building size based on the premise that larger properties tend to sell for less per unit than do smaller properties.

Average Unit Size: Adjustments were made where indicated for differences in average unit size, as larger units tend to rent for more than do smaller units.

Building Condition: Adjustments are made as shown as to the age, maintenance and general appearance of the improvements compared to the subject.

Sale 1 is situated along South Road in Poughkeepsie in Dutchess County, in a similar location for apartments. It was adjusted for inferior density, as it has more units in a given area than the subject. A utility adjustment was made as the subject includes a pool and has basement storage available. This complex is larger than the subject and typically larger properties sell for less on a per-unit basis, and so a size adjustment was made. The average size of these units is smaller than the subject, and an adjustment is indicated as smaller units tend to rent for less. This property is older and inferior in condition compared to the subject.

Sale 2 is located along Crabtree Lane in Montgomery, in a similar area for apartments. An adjustment was made for superior density, with less units per acre than the subject. This complex was adjusted for inferior utility for the subject's pool and storage areas, and smaller average unit size.

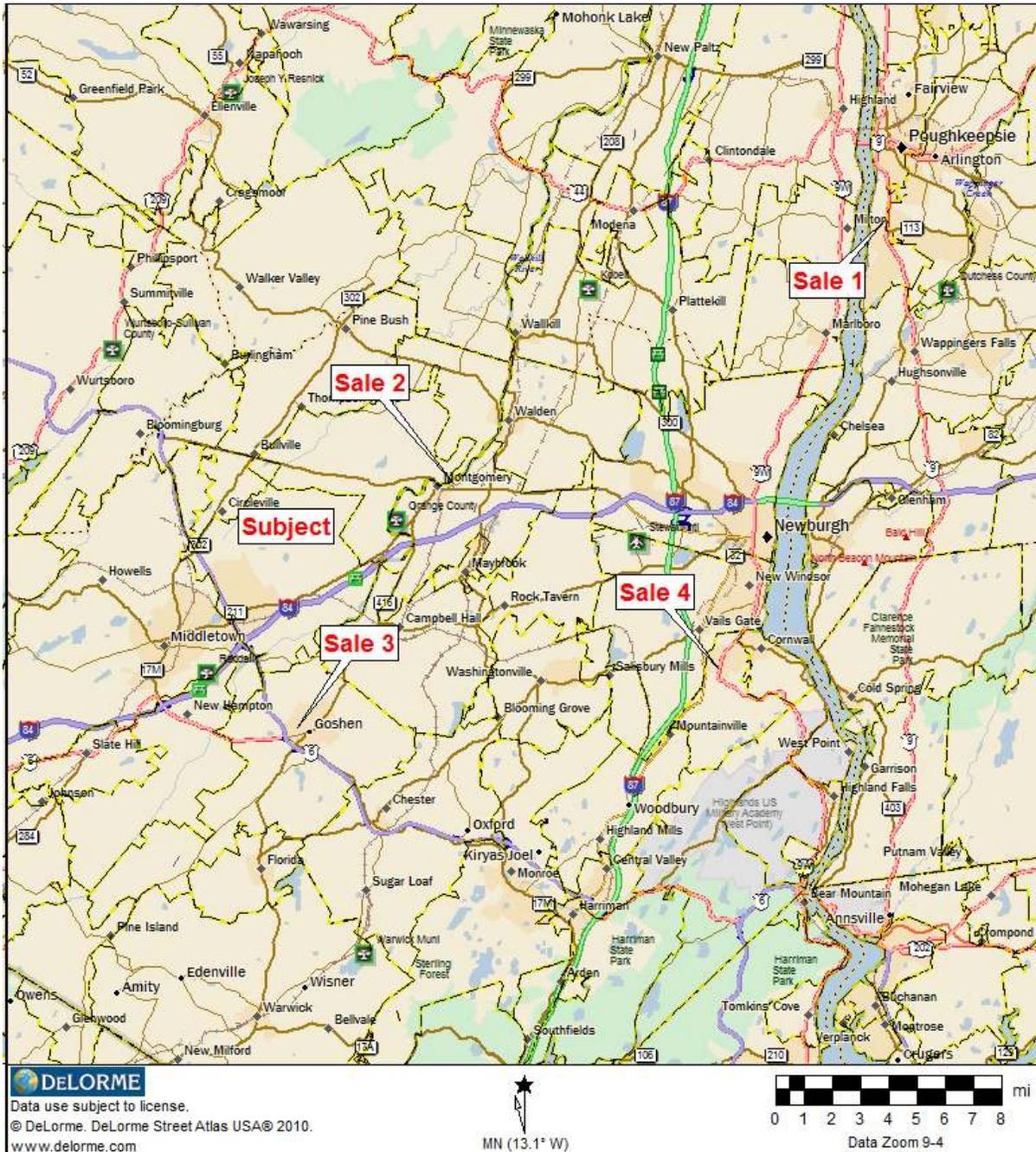
Sale 3 is situated along Woodhills Drive in Goshen, a slightly superior location. Adjustments were made for inferior

density, inferior utility, smaller average unit size, and inferior condition.

Sale 4 is situated along Brewster Avenue in Cornwall in a similar location. Adjustments were made for superior density, inferior utility, smaller size and smaller average unit size.

After adjustments for differences, the sales indicate a range in value from \$101,200 to \$119,064 per unit. A value near the mid-point will be utilized, as higher numbers are not justified in the current market. Using a value of \$XXX,XXX per unit results in a value for the subject apartment complex on ±XX.XX acres of \$XX,XXX,000.

To this must be added the value of the two vacant lots, determined using the Sales Comparison Approach later in this report to be \$XXX,000. Adding this to the value of the apartment complex above yields \$XX,XXX,000. Therefore, the Indicated Value of the subject property "as is," via the Sales Comparison Approach, is **\$XX,XXX,000** (rounded).



COMPARABLE BUILDING SALES MAP

Improved Sale No. 1**Property Identification**

Record ID	7527
Property Type	Apartments, 411
Property Name	Hudson Harbour
Address	2565 South Road, Poughkeepsie, Dutchess County, New York 12601
Location	Poughkeepsie, Town of
Tax ID	6060-02-888727 & 890672
School District	Spackenkill

Sale Data

Grantor	Amico Hudson Harbour, LLC
Grantee	Hudson Harbour NY, LLC
Sale Date	November 18, 2009
Deed Book/Page	22009/6393
Verification	Confirmed by Christine Bell

Sale Price	\$28,500,000
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Land Data

Land Size	26.140 Acres or 1,138,658 SF
Zoning	RM
Topography	Generally level
Utilities	Municipal water & sewer
Shape	Irregular

General Physical Data

Building Type	Multi Tenant
Gross SF	407,516
Unit	350

Improved Sale No. 1 (Cont.)

Stories	2
Year Built	1980
Condition	Good

Indicators

Sale Price/Gross SF	\$69.94
Sale Price/Unit	\$80,965.91
Floor Area Ratio	0.36
Land to Building Ratio	2.78:1

Remarks

An apartment complex, known as Hudson Harbor, with a total of 352 units in 21 buildings together totaling 407,516 square feet. The complex has one, two and three bedroom units with eight different floor plans. There is on-site parking in front of each building as well and various other parking areas throughout the site. There are laundry facilities and a playground on the site. The buildings appear to be in good condition. The property consists of two adjacent parcels totaling 26.14 acres.

Improved Sale No. 2**Property Identification**

Record ID	6973
Property Type	Apartments, 411
Address	Crabtree Ln, Patchett Way & Mills Ln., Montgomery, Orange County, New York 12549
Location	Montgomery, Village of
Tax ID	204-1-2.21 & 2.22
School District	Valley-Montgomery

Sale Data

Grantor	Loosestrife Fields & Paltz River
Grantee	Tower Management Financing Partnership LP
Sale Date	July 31, 2008
Deed Book/Page	12713/906 & 911
Verification	Confirmed by Christine Bell
Sale Price	\$9,200,000
Cash Equivalent	\$9,200,000

Land Data

Land Size	21.600 Acres or 940,896 SF
Front Footage	Crabtree Ln.;Patchett Way;Mills Ln.
Zoning	RM-1
Topography	Level
Utilities	Municipal water & sewer
Shape	Irregular

General Physical Data

Building Type	Multi Tenant
Gross SF	81,110 7 Buildings 92

Improved Sale No. 2 (Cont.)

Area Breakdown	10,004
	7,472
	11,208
	3,736
	3,136
	9,042
	9,042

Stories	2
Year Built	1996

Indicators

Sale Price/Gross SF	\$113.43 Actual
Sale Price/Unit	\$100,000.00 Actual
Floor Area Ratio	0.06
Land to Building Ratio	16.67:1

Remarks

Seven separate apartment buildings totaling 53,640 sq. ft. Each building is approximately 9,042 sq. ft. There are 92 units. The apartments have a range between 785 and 943 square feet. The buildings are situated on two parcels totaling 21.6 acres. The topography is generally level and cleared around buildings and wooded throughout the remainder of the acreage. There is access to the apartment buildings via Crabtree Lane, Mills Lane and Patchett Way. There is paved parking areas for all seven buildings.

Improved Sale No. 3**Property Identification**

Record ID	6691
Property Type	Apartments, 411
Property Name	Carriage Hill Apartments
Address	500-1000 Woodhills Drive, Goshen, Orange County, New York 10924
Location	Goshen Village
Tax ID	113-2-9.2 & 9.11 & 9.12; 113-1-2
School District	Goshen

Sale Data

Grantor	Home Properties Carriage Hill LLC
Grantee	Carriage Hill Apartments LLC
Sale Date	January 31, 2008
Deed Book/Page	12615/527
Verification	Salesweb; Assessor's records; Confirmed by Tom Woloszyn

Sale Price	\$15,085,000
Cash Equivalent	\$15,085,000

Land Data

Land Size	9.330 Acres or 406,415 SF
Front Footage	1003 ft Woodhills Dr
Zoning	R-3, Multi Family Residential District
Topography	Level
Utilities	Municipal Water/Sewer; Gas; Electric

Improved Sale No. 3 (Cont.)**General Physical Data**

Building Name	Carriage Hill Apts
Building Type	Multi Tenant
Gross SF	132,792
Unit	140

Stories	2
Year Built	1974
Condition	Average/Good

Income Analysis

Potential Gross Income	\$2,134,780 8/2007 Rent Roll
Vacancy	\$95,400 4%+10,000 bad debt
Effective Gross Income	\$2,039,380
Expenses	\$1,025,000
Net Operating Income	\$1,014,380

Indicators

Sale Price/Gross SF	\$113.60 Actual
Sale Price/Unit	\$107,750.00 Actual
Floor Area Ratio	0.33
Land to Building Ratio	3.03:1
Occupancy at Sale	96%
Gross Income Multiplier	7.07
Eff. Gross Income Multiplier	7.4
Expenses/Sq. Ft.	\$7.72
Overall or Cap Rate	6.72%
Net Operating Income/Sq. Ft.	\$7.64

Remarks

This is a 140 unit apartment complex known as Carriage Hill Apartments. It totals 132,792 square feet in 10 two-story buildings, constructed in 1974. Lot 9.2 includes six buildings: two are 8,792 SF, one totals 12,712 SF and three measure 15,632 SF each - for a total of 80 units. Lot 9.12 has one building totaling 11,588 SF with 12 units. Lot 2 has three buildings: one totals 15,952 SF, one is 13,652 SF and the third is 14,408 SF - for a total of 48 units. Lot 9.11 includes the pool and playground facilities. There is paved parking throughout the complex, as well as concrete sidewalks leading to and around each building/entrance. Overall, the complex appears to be in average to good condition.

Improved Sale No. 4**Property Identification**

Record ID	6567
Property Type	Apartments, 411
Address	17 Brewster Ave., Cornwall, Orange County, New York 12518
Location	Off Route 9W
Tax ID	12-1-18.1
School District	Cornwall

Sale Data

Grantor	Home Properties Cornwall
Grantee	Cornwall Park Townhouses LLC
Sale Date	December 12, 2007
Deed Book/Page	12609/1254
Verification	Confirmed by Christine Bell

Sale Price	\$11,231,250
Cash Equivalent	\$11,231,250

Land Data

Land Size	12.800 Acres or 557,568 SF
Front Footage	70 ft Brewster;150 ft Route 9W
Zoning	R-3, Residence (Multiple Dwelling) District
Topography	Level
Utilities	Municipal water & sewer
Shape	Irregular

Improved Sale No. 4 (Cont.)**Indicators**

Sale Price/Gross SF	\$111.01
Sale Price/Unit	\$149,750.00
Floor Area Ratio	0.18
Land to Building Ratio	5.56:1

Remarks

Apartment complex consists of 75 units in 101,173 square feet that features exclusively three-bedroom units. The complex is situated on 12.80 acres. Brewster Avenue is off Route 9W across from St. Lukes Hospital.

SALES COMPARISON ANALYSIS: Apartment Complex

SALE	SUBJECT	1	2	3	4
SALE PRICE		\$28,500,000	\$9,200,000	\$15,085,000	\$11,231,250
UNITS	XXX	352	92	140	75
PER UNIT		\$80,966	\$100,000	\$107,750	\$149,750
PROP RIGHTS CONVEYED		0%	0%	0%	0%
ADJUSTED PRICE		\$80,966	\$100,000	\$107,750	\$149,750
FINANCING TERMS		0%	0%	0%	0%
ADJUSTED PRICE		\$80,966	\$100,000	\$107,750	\$149,750
CONDITIONS OF SALE		0%	0%	0%	0%
ADJUSTED PRICE		\$80,966	\$100,000	\$107,750	\$149,750
DATE	Dec 2010	Nov 2009	Jul 2008	Jan 2008	Dec 2007
MARKET CONDITIONS		-5%	-12%	-15%	-15%
ADJUSTED PRICE		\$76,918	\$88,000	\$91,588	\$127,288
LOCATION	XXXXXX Rd T/Valkill Good	South Rd Poughkeepsie Similar 0%	Crabtree Ln Montgomery Similar 0%	Woodhills Dr Goshen Superior -5%	Brewster Ave Cornwall Similar 0%
LAND SIZE (Acres)	XX.XX	26.14	21.60	9.33	12.80
UNIT/ACRE RATIO	9.74	13.47	4.26	15.01	5.86
		5%	-5%	5%	-5%
UTILITY	Garden Apts Den Units Pool, Storage	Garden Apts Inferior 5%	Garden Apts Inferior 5%	Garden Apts Inferior 5%	Garden Apts Inferior 5%
BUILDING SIZE (SF)	XXX,XXX	407,516	81,110	132,792	101,173
UNITS	XXX	352	92	140	75
		10%	0%	0%	-5%
AVERAGE UNIT SIZE (SF)	1,750	1,158	882	949	1,349
		10%	15%	15%	-5%
BUILDING CONDITION	V Good	Inferior 10%	Similar 0%	Inferior 10%	Similar 0%
TOTAL ADJUSTMENTS		40%	15%	30%	-10%
ADJUSTED PRICE		\$107,685	\$101,200	\$119,064	\$114,559
INDICATED VALUE	\$XXX,XXX	Per Unit x	XXX	Units =	\$XX,XXX,000
ADDITIONAL LAND					XXX,000
					\$XX,XXX,000
				Rounded	\$XX,XXX,000

SALES COMPARISON APPROACH TO LAND VALUE: Vacant Lots

The Sales Comparison Approach was utilized to determine the value of the two vacant lots. Lot XX-XX-X is a ±X.XXX-acre-lot situated in the Middletown School District, and Lot XX-X-XXX is an irregularly-shaped, ±X.XXX-acre-lot in the Pine Bush School District that has a substantial utility easement. Because of this, separate sales grids were used to determine the value of each lot, and the usable area of ±X acres for Lot XX-X-XXX was utilized for comparison purposes.

The market area was examined for sales of vacant residential lots. There have been a few sales of residential land, with limited sales in the Middletown School District due to the lack of remaining vacant land. Four of the most similar sales were selected for comparison. The same sales were utilized for both, with adjustments made for differences between the comparables and the subject lots.

The sales were compared on a per-lot basis, as opposed to a per-acre basis; in this case, the logical potential buyer would be someone looking to build a home as opposed to a developer purchasing acreage. The sales were reviewed for conditions of sale, including financing and property rights transferred. No abnormal conditions of sale were found in any of these transactions that would significantly impact upon value.

The sales date back to 2009; values for residential properties have generally been declining since this time, and at a rate somewhat faster than that for commercial properties, and so adjustments of -8% per year were made for changing market conditions.

Adjustments were made for the following considerations:

Time: Adjustments may be made according to market conditions under which a comparable sales transaction occurred as they relate to present conditions. Both the transaction date and the appraisal date must be identified so that an appropriate comparison may be made between the conditions prevailing at each time. Trends in supply and demand, as well as availability of mortgage money, employment, and income levels, are factors which determine market conditions during a given period.

Location: Adjustments are made, where indicated, for impact in utility experienced by a property as a result of environmental forces outside the property boundaries. These are reflected in surrounding land use, traffic patterns, level of development, and market acceptability.

Size: Adjustments were made between comparables as to physical size, based on the premise that larger lots sell for less per unit than do smaller lots.

Utility: Adjustments are made for increased or diminished utility based upon the ability of a property to perform the function for which it is intended as dictated by current market tastes and standards. Particular consideration is given to road frontage and availability of services, such as water and sewer.

Zoning: Through zoning, a community may indicate uses and intensity of use permitted or excluded in a given geographic area. This control of land use is an important ingredient in the forces that make up value. It becomes necessary to adjust for significant differences in zoning.

Topography: The elevations and contours of the land affect its development and adjustments are made for advantages or disadvantages as indicated.

Lot XX-XX-X: ±X.XX Acres

Land Sale 1 is situated along Mount Hope Road in the Town of Wallkill, in the Middletown School District and a similar location. This is a larger lot and so a size adjustment was made as larger lots would tend to sell for more than would a smaller lot. A utility adjustment was made as this lot does not have municipal water and sewer, although it does have an existing well and septic that may be able to be used for a new house, and so a smaller adjustment was warranted.

Land Sale 2 is along Seaman Road in the Town of Wallkill, in Middletown Schools and a similar location. This sale is actually two adjoining parcels that will be combined into one as required by the town for development with a house. It is larger than the subject and so was adjusted for size. A utility adjustment was also made for the subject's water and sewer.

Land Sale 3 is along Burlingham Road in the Town of Crawford, in the more desirable Pine Bush School District, and a superior location. This sale was adjusted for inferior utility.

Land Sale 4 is also along Burlingham Road in the Town of Crawford in the Pine Bush School District, and in a superior

location. It was adjusted for larger size and inferior utility.

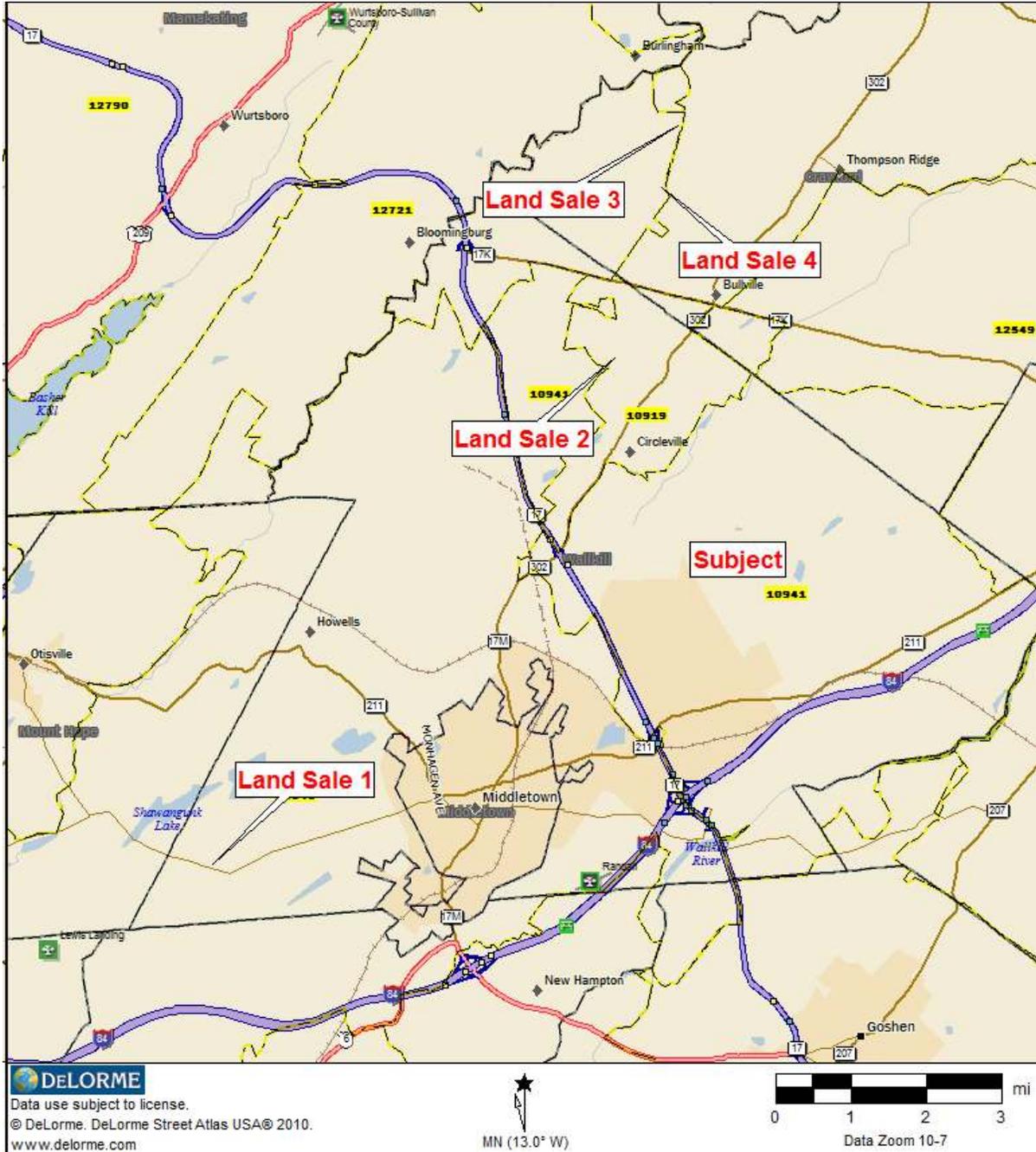
After adjustments for differences, the sales indicate a range in value from \$63,000 to \$88,400, with three of the sales at the bottom of the range. Considering a number near the lower end to be more appropriate, the Indicated Value of the subject Lot XX-XX-X, via the Sales Comparison Approach, is **\$XX,000.**

Lot XX-X-XXX: ±6.442 Acres

The same sales were utilized and the useable acreage of ±2 acres for this lot was considered for comparison purposes. Adjustments were made in the same manner as for Lot XX-XX-X, but with the presence of the easement, and irregular shape of the useable area, considered as detrimental to the utility of this sale.

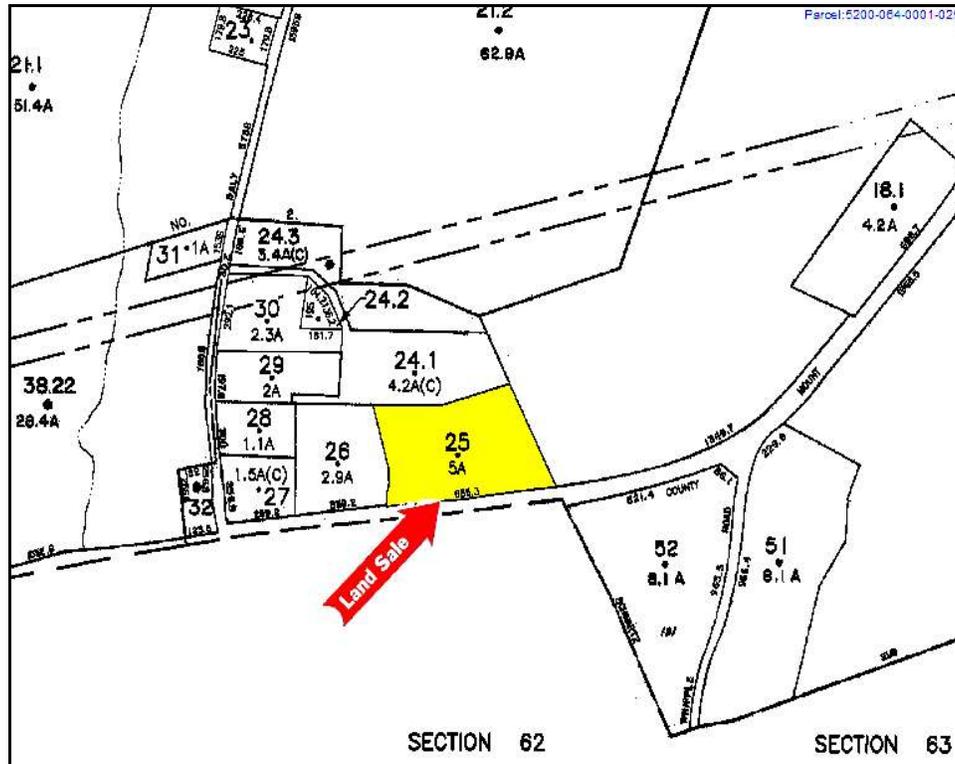
This lot is in the Pine Bush School District, and so Sales 1 and 2 were adjusted for inferior location, being in the Middletown School District. The larger lots were adjusted for size as compared to the useable acreage of this lot. The sales were considered superior in utility to the subject due to the irregular shape and utility easements; although water and sewer are available to the subject, the buildable area is quite far from the road frontage, requiring extensive lines to reach the existing services.

After adjustments for differences, the sales indicate a range in value from \$45,500 to \$66,300, again with three of the sales at the lower end. The Indicated Value of the subject Lot XX-X-XXX, via the Sales Comparison Approach, is **\$xx,000.**



COMPARABLE LAND SALES MAP

Land Sale No. 1

**Property Identification**

Record ID	5429
Property Type	Vacant Residential Land, 311
Address	938 Mt Hope Rd, Middletown, Orange County, New York 10940
Location	Wallkill town
Tax ID	5200-64-1-25
School District	Middletown

Sale Data

Grantor	Manzella, Joseph
Grantee	Eljuga, Rajko & Marija
Sale Date	July 30, 2009
Deed Book/Page	12875/499
Verification	GHVMLS 466791; Other sources: SalesWeb, Real-Info, Assessor's records, Confirmed by Paul Wiley

Sale Price	\$81,250
Cash Equivalent	\$81,250

Land Sale No. 1 (Cont.)**Land Data**

Zoning	RA, Rural Agricultural
Topography	Level to rolling
Utilities	Electric

Land Size Information

Gross Land Size	5.000 Acres or 217,800 SF
Front Footage	655 ft N/S Mt Hope Rd

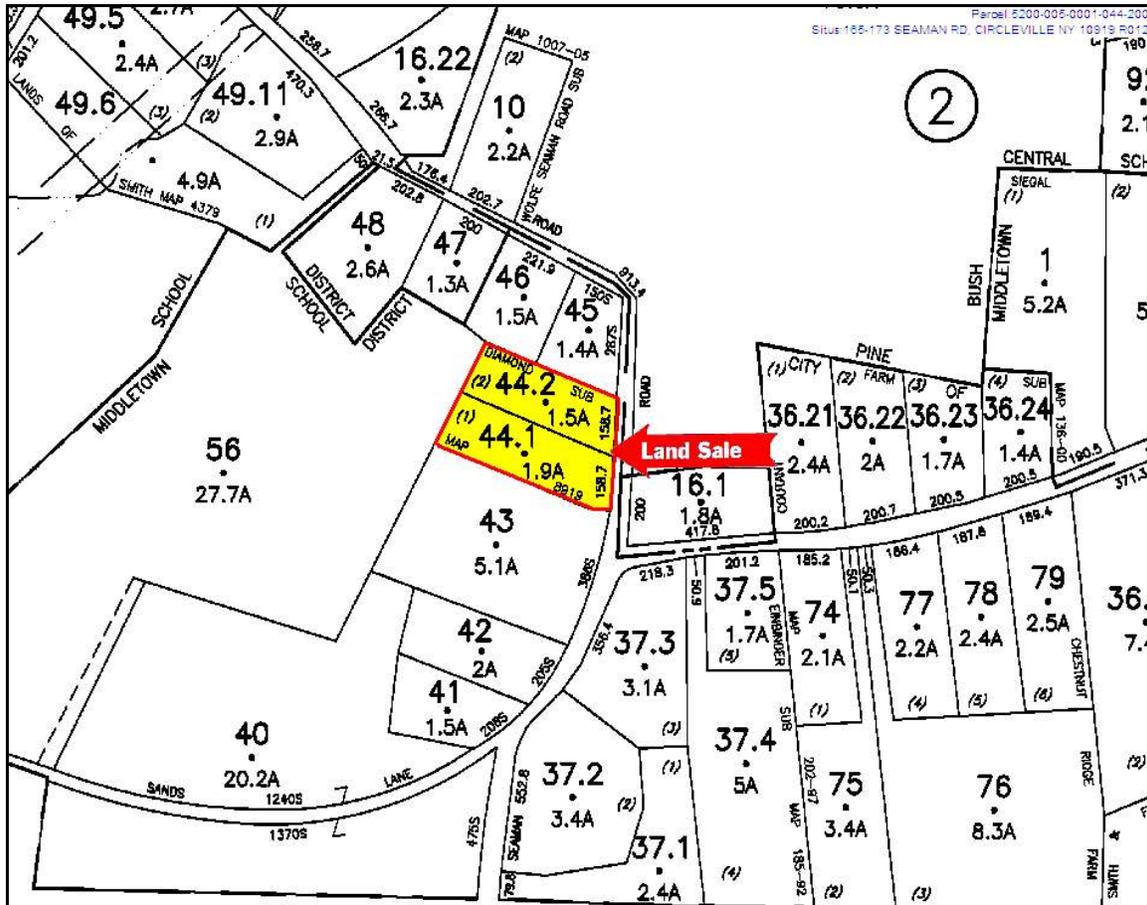
Indicators

Sale Price/Gross Acre	\$16,250
Sale Price/Gross SF	\$0.37

Remarks

A residential lot totaling 5.0 acres. There was an old house on the property that was in poor condition and did not add to the value. The property is nearly rectangular in shape and has 655.3 feet of frontage along the northerly side of Mount Hope Road. The topography is level to rolling, and there is a seasonal stream through the westerly section. Electricity is available, and the old well and septic may possibly be used for a new home. The lot is situated in an Rural Agricultural zone in the western section of the Town of Wallkill.

Land Sale No. 2



Property Identification

Record ID 5042
 Property Type Vacant Residential Land, 311
 Address 155-173 Seaman Rd, Circleville, Orange County, New York 10919
 Location Walkkill town
 Tax ID 5200-5-1-44.1 & 44.2
 School District Middletown

Sale Data

Grantor McEwan, Jo-Ann
 Grantee Tomson, Alexandra
 Sale Date January 27, 2009
 Deed Book/Page 12775/626
 Verification Greater Hudson Valley MLS; #450600, Other sources: Real-Info, Assessor's records

Sale Price \$104,000
 Cash Equivalent \$104,000

Land Sale No. 2 (Cont.)**Land Data**

Zoning	RA, Residential Agricultural
Topography	Generally level
Utilities	Electric

Land Size Information

Gross Land Size	3.400 Acres or 148,104 SF
Front Footage	317 ft W/S Seaman Rd

Indicators

Sale Price/Gross Acre	\$30,588
Sale Price/Gross SF	\$0.70

Remarks

A vacant residential building lot totaling 3.4 acres. The property is two separate tax lots, but will revert back to one lot for single family home development. It has 317.4 feet of frontage along the westerly side of Seaman Road and is rectangular in shape. The site is a mix of woods and brush. The topography is level to lightly rolling at the front and slopes up to the rear. Electricity is available. The property is situated in an RA zone in Circleville in the northerly section of the Town of Walkill.

Land Sale No. 3 (Cont.)**Land Data**

Zoning	RA, Residential & Agricultural
Topography	Generally level
Utilities	Electric

Land Size Information

Gross Land Size	2.000 Acres or 87,120 SF
Front Footage	158 ft W/S Burlingham Rd

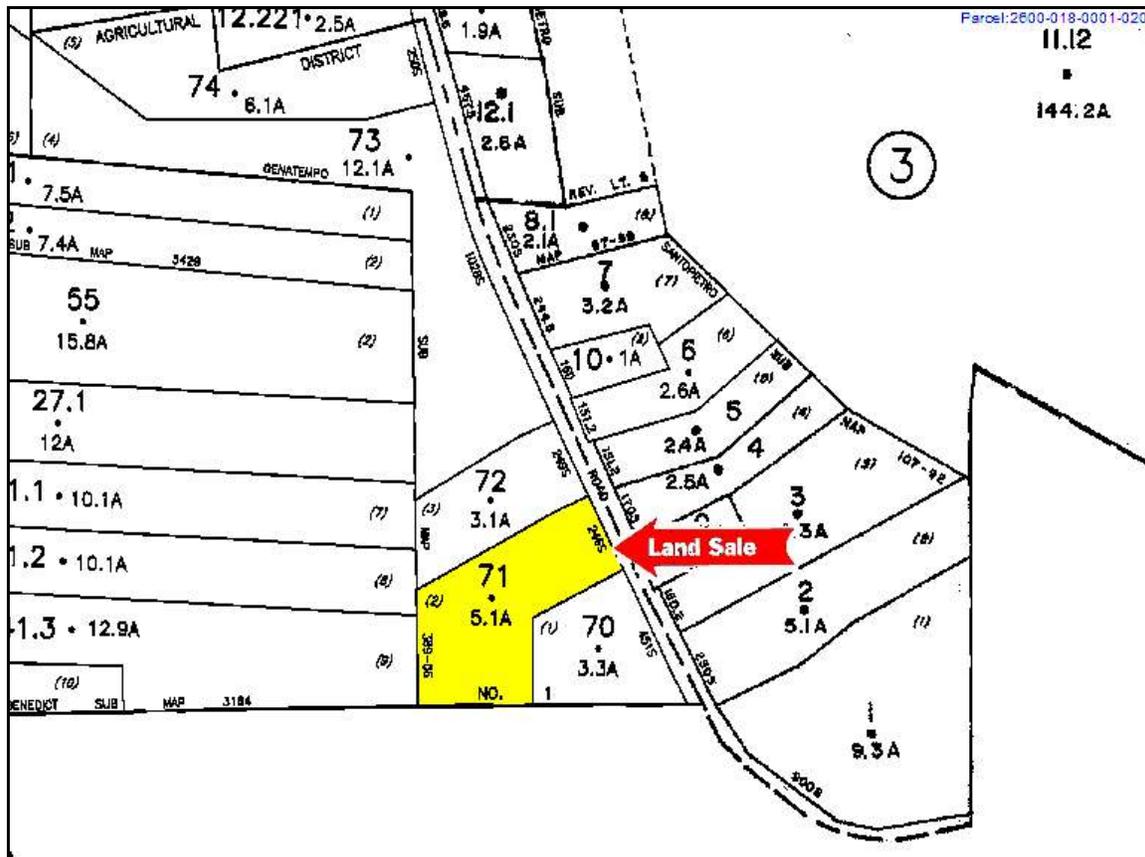
Indicators

Sale Price/Gross Acre	\$31,000
Sale Price/Gross SF	\$0.71

Remarks

An approved residential building lot totaling 2.0 acres. The lot is nearly rectangular in shape, widening slightly from the front to the rear, and has 158 feet of frontage along the westerly side of Burlingham Road. The lot is wooded, the topography slopes gently down to the rear, and the property offers seasonal mountain views of the nearby Shawangunk Ridge. Electricity is available. It is situated in a Residential-Agricultural district in the northwestern section of the Town of Crawford.

Land Sale No. 4

**Property Identification**

Record ID	5432
Property Type	Vacant Residential Land, 311
Address	Burlingham Rd, Pine Bush, Orange County, New York 12566
Location	Crawford town
Tax ID	2600-18-1-71
School District	Pine Bush

Sale Data

Grantor	Coombes, Andrew
Grantee	Equity Homes of New York, Inc.
Sale Date	October 27, 2010
Deed Book/Page	13077/1396
Verification	GHVMLS 478255; Chris Ogden, 845 856 2700, December 29, 2010; Other sources: SalesWeb, Real-Info, Assessor's records, Confirmed by Paul Wiley

Sale Price	\$70,000
Cash Equivalent	\$70,000

Land Sale No. 4 (Cont.)**Land Data**

Zoning	RA, Residential & Agricultural
Topography	Level to rolling
Utilities	Electric

Land Size Information

Gross Land Size	5.100 Acres or 222,156 SF
Front Footage	246 ft W/S Burlingham Rd

Indicators

Sale Price/Gross Acre	\$13,725
Sale Price/Gross SF	\$0.32

Remarks

An approved residential building lot totaling 5.1 acres. It is shaped as an irregular 'L,' with the front generally rectangular and then bending to the southwest, and has 246 feet of frontage along the westerly side of Burlingham Road. The lot is wooded and slopes gently down to a stream along the rear. The property offers seasonal mountain views of the nearby Shawangunk Ridge. Electricity is available. It is situated in a Residential-Agricultural district in the northwestern section of the Town of Crawford.

COMPARABLE LAND SALE ANALYSIS: Lot XXX, ±X.XXX Acres

SALE	SUBJECT	1	2	3	4
SALE PRICE		\$81,250	\$104,000	\$62,000	\$70,000
PROP RIGHTS CONVEYED		0%	0%	0%	0%
ADJUSTED PRICE		\$81,250	\$104,000	\$62,000	\$70,000
FINANCING TERMS		0%	0%	0%	0%
ADJUSTED PRICE		\$81,250	\$104,000	\$62,000	\$70,000
CONDITIONS OF SALE		0%	0%	0%	0%
ADJUSTED PRICE		\$81,250	\$104,000	\$62,000	\$70,000
DATE		Jul 2009	Jan 2009	Oct 2010	Oct 2010
MARKET CONDITIONS		-10%	-15%	0%	0%
ADJUSTED PRICE		\$73,125	\$88,400	\$62,000	\$70,000
LOCATION	X00000X Rd	Mt Hope Rd	Seaman Rd	Burlingham Rd	Burlingham Rd
SCHOOL DISTRICT	T/Walkill	T/Walkill	T/Walkill	T/Crawford	T/Crawford
	Middletown	Middletown	Middletown	Pine Bush	Pine Bush
	Good	Similar	Similar	Superior	Superior
		0%	0%	-5%	-5%
LOT SIZE (Acres)	X.XXX	5.00	3.40	2.00	5.10
		-15%	-10%	0%	-15%
UTILITY	Sewer & Water	Old well, septic	Well & Septic	Well & Septic	Well & Septic
		Inferior	Inferior	Inferior	Inferior
		5%	10%	10%	10%
ZONING	R-2	RA	RA	RA	RA
		0%	0%	0%	0%
TOPOGRAPHY	Level	Similar	Similar	Similar	Similar
		0%	0%	0%	0%
TOTAL ADJUSTMENTS		-10%	0%	5%	-10%
ADJUSTED PRICE		\$65,813	\$88,400	\$65,100	\$63,000
INDICATED LOT VALUE	\$XX,000				

COMPARABLE LAND SALE ANALYSIS: Lot XXX, ±X.XXX Acres

SALE	SUBJECT	1	2	3	4
SALE PRICE		\$81,250	\$104,000	\$62,000	\$70,000
PROP RIGHTS CONVEYED		0%	0%	0%	0%
ADJUSTED PRICE		\$81,250	\$104,000	\$62,000	\$70,000
FINANCING TERMS		0%	0%	0%	0%
ADJUSTED PRICE		\$81,250	\$104,000	\$62,000	\$70,000
CONDITIONS OF SALE		0%	0%	0%	0%
ADJUSTED PRICE		\$81,250	\$104,000	\$62,000	\$70,000
DATE		Jul 2009	Jan 2009	Oct 2010	Oct 2010
MARKET CONDITIONS		-10%	-15%	0%	0%
ADJUSTED PRICE		\$73,125	\$88,400	\$62,000	\$70,000
	X00000X Rd	Mt Hope Rd	Seaman Rd	Burlingham Rd	Burlingham Rd
LOCATION	T/Walkill	T/Walkill	T/Walkill	T/Crawford	T/Crawford
SCHOOL DISTRICT	Pine Bush	Middletown	Middletown	Pine Bush	Pine Bush
	Good	Inferior	Inferior	Similar	Similar
		5%	5%	0%	0%
LOT SIZE (Acres)	X.0	5.00	3.40	2.00	5.10
	(Useable)	-15%	-10%	0%	-15%
	Sewer & Water	No Easement	No Easement	No Easement	No Easement
UTILITY	Easement	Superior	Superior	Superior	Superior
	Narrow & Irreg	-20%	-20%	-20%	-20%
ZONING	R-2	RA	RA	RA	RA
		0%	0%	0%	0%
TOPOGRAPHY	Level to Rolling	Similar	Similar	Similar	Similar
		0%	0%	0%	0%
TOTAL ADJUSTMENTS		-30%	-25%	-20%	-35%
ADJUSTED PRICE		\$51,188	\$66,300	\$49,600	\$45,500
INDICATED LOT VALUE	\$XX,000				

INCOME APPROACH TO VALUE

The Income Approach is the procedure which converts anticipated benefits to be derived from ownership of the property into a present value estimate.

The Income Approach has its greatest usefulness in the valuation of income-producing properties. The subject is a multi-tenant property that generates income, and therefore this approach is considered applicable.

In the case of income-producing properties, generally, the higher the net earnings, the higher the value, other factors remaining constant. The anticipation of future benefits, either amenities or dollars, is the principal basis of the Income Approach.

Selecting the proper capitalization method and rate are two of the most important steps in the Income Approach. Capitalization is the process of converting income expectancy into present value. If a plausible relationship between income and value can be established, it is possible to estimate value when only the income is known.

The development of a reliable projection of net income expectancy is a prerequisite to any capitalization technique. Although past and current income are significant, the ultimate concern is for future income expectancy. The earning history of a property is important only if it can be used to help

predict future probable income levels. Equally important as an accurate income estimate is the necessity of a careful expense analysis in order to arrive at an estimate of net income expectancy. While an accurate gross income estimate is important, net income expectancy is of prime concern to the typical investor in income-producing properties.

In estimating the value of the subject property by the Income Approach, data has been selected and processed as follows:

1. Estimated gross annual income, by comparing the subject property to similar rental properties in the same manner as used for comparison of market sales data previously described, and using appropriate factors related to rentals in order to estimate, from the market, the annual gross income ("Market Rent") which the subject can be expected to produce.
2. Determined a discount to the gross income estimate to allow for vacancy and collection loss, and thus arrive at an estimate of Effective Gross Income.
3. Estimated the probable annual expenses which would be incurred in operation of the property, as a deduction from effective gross income to realize net income, before making allowance for overall depreciation or recapture of the wasting asset. The condition of the building and its equipment were considered in order to estimate a reserve allowance for repairs and replacements.
4. Derived a capitalization rate from the Ellwood Mortgage Equity Method, and, after considering the quality and durability of the expected income, selected an appropriate method and technique for capitalizing the net income to an estimate of value.

CURRENT TENANCY AND INCOME

At the time of inspection, there were four vacant units, or X.X%. Two units had just been rented the day before. Two of the vacant units were reportedly being rented for mid-month occupancy, leaving only two units available. The current rents are as follows:

One Bedroom	\$1,000 per month
One Bedroom with Den	\$1,165 per month
Two Bedroom	\$1,200 per month
Two Bedroom w/Den Duplex	\$1,615 per month

The tenants are responsible for their own electric, which includes electric heat and air conditioning units.

COMPARABLE MARKET RENTS

The market area was examined for rentals of similar apartments. The duplex units have two bedrooms, a den, and two and one half baths, and are comparable to many three bedroom apartments in this market. The subject apartments are in the Pine Bush School District, which is generally considered more desirable than the Middletown School District. Families with more than two school-age children often tend toward three bedroom apartments, which the subject does not have, and which there are few complexes in the Pine Bush School District. Regardless, the subject has one and two bedroom units which also appeal to commuters, and compete with other complexes in nearby Scotchtown in the Middletown School District.

The Middletown and Wallkill area includes several garden apartment complexes. Because of the size and condition of the subject, and as they were constructed as possible condominiums with superior layouts to some older projects, the search focused on newer, larger complexes. Some comparable rentals are as follows:

Sutton Hill, CR 78, Middletown

1 Bedroom, 611 to 673 SF: \$895-\$945 per month
2 Bedrooms, 815 to 837 SF: \$1,065-\$1,200 per month
3 Bedrooms, 1,038 SF: \$1,450-\$1,470 per month
Heat, hot water & cooking gas included
Older project (1970s), includes pool, clubhouse, basketball
Middletown Schools

The Point at Sutton Hill, CR 78, Middletown

1 Bedroom, 773-843 SF: \$1,200-\$1,250 per month
2 Bedroom, 1,088 to 1,111 SF: \$1,425-\$1,495 per month
3 Bedroom, 1,234 SF: \$1,750 per month
Tenants pay utilities
New section (2010), pool, clubhouse, basketball
Middletown Schools

Regency Club, Schutt Road, Middletown

1 Bedroom, 1,148 SF: \$1,325-\$1,375 per month
2 Bedroom, 1,172 SF: \$1,475-\$1,500 per month
Tenants pay utilities. Washer & Dryer in each unit
Newer project (2003), pool, clubhouse, playground
Middletown Schools

Imperial Gardens, Imperial Park, Imperial Ridge

1 Bedroom, 780-900 SF: \$1,020-\$1,090 per month
2 Bedroom, 916-1,000 SF: \$1,175-\$1,260 per month
2 Bedroom w/den, 1,000 sf: \$1,460 per month
3 Projects, c.1990, 2 pools, tennis, basketball, on-site laundry.
Heat, hot water & cooking gas included
Pine Bush Schools

These comparable rentals for garden apartment complexes have the following market ranges:

One Bedroom	\$895 to \$1,250 per month
Two Bedroom	\$1,175 to \$1,500 per month
Two Bdrm w/Den; 3 Bdrm	\$1,460 to \$1,750 per month

The monthly rents at the subject are \$1,000 for a one bedroom, \$1,165 for one bedroom plus den, \$1,200 for a two bedroom, and \$1,615 for a two bedroom plus den duplex. The subject rents appear to be generally at market levels, considering that the units are larger than most of the other complexes. The newer projects are commanding the higher rents, as would be expected. The subject is not new, but is newer than some of the other projects and has been well maintained.

According to the income statements provided to us, the total apartment rental income increased 3.5% from 2008 to 2009. Although a total income for 2010 was not made available, a current rent roll was provided. The rents have reportedly leveled off, and we predict a modest increase of only 0.7% from 2009, based upon the current actual rents.

In addition to rental income, the owners receive income from renting washers and dryers and storage areas. The washers and dryers which rent from \$35 per month for a smaller stacked pair to \$45 per month for a larger pair. The storage units are in the basement of each building save for Building 1, and rent from \$15 per month for an 8 x 10 space and \$25 for a 10 x 10.

The actual rents as provided will be utilized to establish the Potential Gross Income of the subject property.

VACANCY AND CREDIT LOSS AND EXPENSE ANALYSIS**Vacancy & Credit Loss**

The subject is currently 97% occupied. Vacancies have reportedly been low for the past few years, after spiking at the end of last year, due likely to the economy. The units are of a good size, are in a desirable school district, and appeal to a wide segment of this market. The five new buildings at The XXXXX at XXXXXX XXXX are fully occupied, with leasing already starting for the next building, which is due to be completed in March. Imperial Ridge, Imperial Manor and Imperial Park, which are owned and managed by one group, indicated that vacancy at this time is 3.5%. There is currently perhaps 3 to 5 percent vacancy for space of this type in the area. As the subject typically has had high occupancy, we deducted a four percent vacancy and credit loss to arrive at the Effective Gross Income (EGI).

Expenses

The cash flow analysis is structured as the Effective Gross Income (EGI) less expenses paid by the landlord, resulting in the Net Operating Income (NOI). We were provided with a pro forma statement, prepared by Kislak brokers, as well as the 2008 and 2009 income and expense statements from the management. These were used as a basis for this analysis, with market numbers for the remainder.

It should be noted that the pro forma and the information provided by the management differed in some items, at times significantly, particularly in the areas of salaries and office and operating expenses. This is likely due to additional expenses for operating the business beyond the basics for running an apartment complex, possibly for tax purposes, including such items as automobile, travel and lunch expenses. The pro forma is not dated but appears to be current for this year. No 2010 year-to-date income or expense information was made available to the appraiser.

Real Estate Taxes: These are the actual taxes for the three properties, as provided by the Orange County Real Property Office.

Insurance: This is based on the actual amount provided to us in the pro forma, which seemed reasonable at \$270 per unit per year; the management numbers shown for 2008 and 2009 were significantly higher at approximately \$390 per unit, which is well beyond comparable projects in the market.

Management: A management fee was deducted to take care of such duties as rent collection, leasing supervision and preparation of all financial budgets and operating statements. It is estimated at 3% of the EGI, typical of projects such as this, and slightly less than the numbers shown in the statements provided to us.

Salaries & Benefits: This is the actual amount provided to us from the pro forma, which seems reasonable at \$1,094 per unit. The cost of the lifeguard is included here.

Professional Fees: This is for the cost of annual professional fees, including tax preparation and legal fees. The average for the past two years in the management statements was utilized; the pro forma did not include a separate expense for this item.

Office & Telephone: This is for expenses related to running the office, and is based on market and similar properties in the area and estimated at \$50 per unit per year. The numbers provided by management are much higher.

Advertising: This was based on the two year average from the expenses provided to us, and works out to \$47 per unit. This is reasonable, considering the competitive apartment market.

Repairs & Maintenance: The buildings are in good condition, and require some regular maintenance. We used the two year average as provided, which works out to \$324 per unit. This is higher than some other projects in the market but lower than the pro forma number of \$350 per unit. The costs of maintaining the pool and of pest control are included here.

Landscaping & Snow Removal: This is the two year average as provided to us; the pro forma has a very low number, considering the size of the project and the amount of parking, walkways, lawns and landscaping.

Painting & Updating: This includes the cost of cleaning the units between occupancy, as well as updating the paint and carpet. We used the two year average provided, which works out to \$302 per unit. This is somewhat high compared to some other projects, due likely to the age of the project, and also may include updated appliances and some fixtures.

Common Electric: The tenants pay their own electric, which includes their heat and air conditioning. The landlord pays for the common areas, including exterior lighting, the office, hallways and basements. The number provided by the management includes electricity for three of the units occupied by the owner and family members, and was reduced accordingly.

Water & Sewer: This is based on the actual amount provided to us, and appears reasonable.

Garbage Removal: This is based on the two year average of the numbers provided, which works out to \$250 per unit, similar to the market.

Town Inspections: The town does annual inspections of apartments, paid for by the owners. This is the actual as provided to us.

Miscellaneous & Reserves: *Miscellaneous* covers any items not covered in the above categories and is estimated at \$40 per unit, as typical. A *reserve* sets aside money for short-lived items, and is estimated from the market at 2.0% of the EGI.

The total expenses indicate an Operating Expense Ratio (OER) of 40.7%. This works out to a cost of \$5,948 per unit. This is similar to, if somewhat higher than, other properties of this type in this market, with the tenants paying their own utilities.

Expense Comparables:

Sycamore Gardens, New Windsor: \$4,630/unit; 38.7% OER

Windsor Terrace, New Windsor: \$5,579/unit; 47.6% OER

Wallkill Gardens, Wallkill: \$5,413/unit; 32.9% OER

Rivers Edge, Montgomery: \$5,044/unit; 32.5% OER

Normandy Village, Nanuet: \$5,514/unit; 38.6% OER

Average: \$5,238/unit; 38.1% OER

CAPITALIZATION PROCESS

Selecting a rate by which to capitalize income into value is an important factor in the Income Capitalization Approach. In the usual market transactions, the Overall Capitalization Rate can be expressed as a composite of the debt service rate and the yield required by the equity investment. The debt service rate is based on the mortgage interest rate and the mortgage terms. The equity rate is based on the cash equity required by investors on their equity investment. The debt service rate and cash equity yield, combined on the basis of the proportionate share of the debt and equity, gives the Overall Capitalization Rate (OAR).

An analysis of the rate components first requires the selection of an interest rate at which conventionally available financing can be obtained in the market. In developing the capitalization rate, the appraiser determined that conventional financing is available for the subject property at the present time at an interest rate of 6.0%, with a 20 year term and a mortgage ratio of 70%. Considering the Corporate Bonds are yielding between 0.56% to 5.75%, the 30 Year Treasury Bonds Yield is 4.66%, and the prime rate is 3.25%⁷, it is also the opinion of the appraiser that an equity investor would require a cash equity yield of approximately

⁷ New York Times - December 2, 2010

Investor Surveys

Another method for establishing an overall capitalization rate for the subject is to review the criteria of major investors in the market place. This may serve as a check against other techniques or may be a primary source when ample data exists.

This technique is also considered to be appropriate for the subject. The results of relevant published investor survey data for apartment complexes are as follows:

3rd Quarter 2010 <i>Korpacz</i> Real Estate Investment Survey			
Overall Cap Rate, National Apartment Market			
Range	4.5% to 11.0%		
Average	7.12%, down 0.56 from the previous quarter		
3 rd Quarter 2010 <i>Realty Rates</i> Investor Survey			
Overall Cap Rate, Garden/Suburban Apartments			
Range	5.0% to 12.39%		
Average	8.57%		

The subject property is a middle-sized complex, in a good suburban location with adequate access to Interstate highways.

Comparable Sales

Capitalization rates can also be derived from sales of comparable properties in the market place. While preferable when available, this requires recent, similar sales, in which the income and expense information can be verified. There have been few recent sales of apartment complexes in the area, and the parties typically do not make the income and expense information public, making it difficult to establish an OAR.

However, Sale 3, Carriage Hill Apartments in Goshen, sold in January 2008 with an OAR of 6.72%. Stevens Manor, an older project located in Wallkill not far from the subject, sold in July 2007 with an OAR of 6.61%. Woodhill Fletcher Apartments, a smaller project in Goshen, sold in April 2007 with an OAR of 5.83%, and Village Crest Apartments, a larger complex in Wappingers Falls in Dutchess County, sold in July 2007 with an OAR of 6.29%. These sales are older, and capitalization rates have generally risen the past few years.

Based on the available market data, including the investor surveys, a concluded capitalization rate of 7.83% is considered reasonable for the subject.

In order to convert the Net Operating Income (NOI) into value, Direct Capitalization has been utilized. The formula utilized to do this is: $VALUE = NOI / RATE$

Therefore, the estimated value of the subject property by the Income Approach is as follows:

$$\begin{aligned} VALUE &= \$X,XXX,XXX / 0.0783 \\ &= \$XX,XXX,XXX \end{aligned}$$

To this must also be added the value of the vacant land, previously determined to be \$XXX,000 by the Sales Comparison Approach. The total value of the subject property "as is," via the Income Approach, is **\$XX,XXX,000** (rounded).

INCOME APPROACH ANALYSIS

INCOME & EXPENSES						
INCOME	XXX	Units	Month	Annual		
1 Bedroom	XX	Units @	\$1,000	\$0		
1 Bedroom + Den	XX	Units @	\$1,165	\$0		
2 Bedrooms	XX	Units @	\$1,200	\$0		
2 Bedroom + Den Duplex	XX	Units @	\$1,615	\$0		
Washer & Dryer Rentals				\$35,000		
Storage				\$2,500		
Potential Gross Income (PGI)				\$37,500		
Vacancy & Credit Loss	Market		-4.0%	-\$1,500		
Effective Gross Income (EGI)				\$36,000		
EXPENSES						
Real Estate Taxes			Actual	\$XXX,XXX	XXX	/unit
Insurance		\$270	/Unit	\$XX,XXX	XXX	/unit
Management	Market	3%	of EGI	\$XX,XXX	XXX	/unit
Salaries & Benefits, Lifeguard			Provided	\$XXX,XXX	XXX	/unit
Professional Fees		2 Yr	Average	\$X,XXX	XXX	/unit
Office & Telephone	Market	\$50	/Unit	\$X,XXX	XXX	/unit
Advertising		2 Yr	Average	\$X,XXX	XXX	/unit
Repairs & Maintenance		2 Yr	Average	\$XX,XXX	XXX	/unit
Landscaping & Snow Removal		2 Yr	Average	\$XX,XXX	XXX	/unit
Cleaning & Updating		2 Yr	Average	\$XX,XXX	XXX	/unit
Common Electric			Provided	\$XX,XXX	XXX	/unit
Water & Sewer			Provided	\$XX,XXX	XXX	/unit
Garbage		2 Yr	Average	\$XX,XXX	XXX	/unit
Town Inspections			Actual	\$X,XXX	XXX	/unit
Reserve	Market	2%	of EGI	\$XX,XXX	XXX	/unit
Miscellaneous	Market	\$40	/Unit	\$X,XXX	XXX	/unit
TOTAL EXPENSES				\$XXX,XXX	XXX	/unit
					40.7%	of EGI
NET OPERATING INCOME				\$X,XXX,XXX		
CAPITALIZATION RATE				0.0783		
INDICATED VALUE				\$XX,XXX,XXX	\$XXX,XXX	/unit
ADDITIONAL LAND				\$XXX,XXX		
				\$XX,XXX,XXX		
ROUNDED				\$XX,XXX,XXX	\$XXX,XXX	/unit

RECONCILIATION

The Sales Comparison Approach, the Cost Approach and the Income Approach were considered to estimate the Market Value of the subject property. These approaches have certain advantages and disadvantages and reliance on any one approach depends, to a great degree, on the type of property being appraised and the availability of relevant market data. Emphasis should be given to the approach or approaches which generally best reflect the attitudes and motives of buyers and sellers participating in the market. The purpose of this section is to weigh the advantages and disadvantages of each approach used herein, and to arrive at a valuation conclusion.

Valuation estimates reached as a result of these approaches are as follows:

Market Value Estimates:

SALES COMPARISON APPROACH	\$XX,XXX,000
INCOME CAPITALIZATION APPROACH	\$XX,XXX,000
COST APPROACH TO VALUE	Not Applicable

The Sales Comparison Approach involved the process of analyzing sales of similar, recently sold properties in order to derive an indication of the most probable sales price for the subject property. In our search of the market area, we found limited recent sales similar to the subject. The search was expanded adjustments were made for differences. Some

emphasis should be placed on this approach since it reflects the attitudes of buyers and sellers in the market place. This approach was also utilized to value the two vacant lots.

The Income Capitalization Approach is based upon the premise that one measure of the value of the property is the present worth of the net income it will produce during the remainder of its productive life. The accuracy of the Income Approach is dependent upon the availability of current market data to support the estimated gross income, operating expenses and overall capitalization rate. The subject property is tenant occupied and a history of income and expenses was provided. Some emphasis should be placed on this approach as the typical purchaser of this type building would be an investor.

The Cost Approach to Value is especially relevant when the property being appraised involves new or nearly new improvements which represent the highest and best use of the land. The subject is not new and therefore this approach was not considered applicable.

Based on this analysis, it is the appraiser's opinion that some emphasis will be placed on both the Sales Comparison and Income Capitalization Approaches. The Market Value of the subject property "as is," considered in fee simple, assuming

an eighteen month selling period as of December 2, 2010, is **\$XX,XXX,000.**

This is lower than the contract price of \$XX,XXX,000. The purchase agreement includes favorable, below-market financing of \$X.X million at X% interest for XX years, resulting in substantially lower payments compared to market financing. Assuming market financing of 6% with a 20 year term, the lower interest rate and longer term results in payments that are \$XXX,XXX less per year. Discounting the savings at the market rate of 6% over the ten year holding period results in a present value for the favorable financing of \$X,XXX,000.

Considering the present value of the favorable financing, our value is reasonable and well supported.

PRESENT VALUE OF SPECIAL FINANCING

ADDENDUM

INSURABLE VALUE

INCOME AND EXPENSES

LEASE AGREEMENT

COPY OF DEED

LETTER OF ENGAGEMENT

BASIC ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal report is subject to the underlying assumptions and limiting conditions qualifying the information contained in the report as follows:

The valuation estimate and market feasibility conclusions apply only to the property specifically identified and described in the ensuing report.

Information and data contained in the report, although obtained from public record and other reliable sources and, where possible, carefully checked by the appraisers, are accepted as satisfactory evidence upon which rests the final expression of property value.

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

It is assumed that all information known to the client and relative to the valuation has been accurately furnished and that there are no undisclosed leases, agreements, liens or other encumbrances affecting the use of the property.

Ownership and management are assumed to be in competent and in responsible hands.

No responsibility beyond reason is assumed for matters of a legal nature, whether existing or pending.

Information identified as being furnished or prepared by others is believed to be reliable, but no responsibility for its accuracy is assumed.

The appraisers, by reason of the appraisal, will not be required to give testimony as an Expert Witness in any legal hearing or before any court of law unless justly and fairly compensated for such services.

By reason of the purpose of the appraisal report herein set forth, the value reported is only applicable to the property rights appraised and the appraisal report should not be used for any other purpose.

Disclosure of the contents of the appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute.

The appraisers are not engineers, and any reference to physical property characteristics in terms of quality, condition, cost, suitability, soil conditions, flood risk, obsolescence, etc., are strictly related to their economic impact on the property. No liability is assumed for any engineering-related issues.

Neither all nor part of the contents of the report (especially any conclusions as to value, the identity of the Appraisers, or the Appraisal Institute or the MAI, or RM Designations), shall be reproduced for dissemination to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior consent and written approval of the appraisers.

In the absence of soil boring tests it has been assumed that there are no unusual subsoil conditions or if any do exist, they can be or will be corrected through the use of modern construction techniques at a reasonable cost.

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 appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are 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 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.

Inherent in our value conclusions, is the assumption that all information and materials provided to the appraisers by the client, are reasonably correct. However, the appraisers note a substantial discrepancy between current market rents and the contractual rents, as per the leases submitted. Therefore, in determining the estimated market value of the subject property the appraisers determined what the estimated market value would be utilizing current market rents, as well as the estimated value utilizing the contractual rents. In the final determination of value primary emphasis was placed upon the estimated market value utilizing current market rents.

This appraisal is based on the condition of local and national economies, purchasing power of money and financing rates prevailing at the effective date of value.

Possession of this report or a copy thereof does not imply right of publication, nor use for any purpose by any other than the person to whom it is addressed, without the written consent of the authors.

The Americans with Disabilities Act (ADA) became effective January 26, 1992. I (we) have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines.

Since compliance matches each owner's financial ability with the cost to cure the property's potential physical characteristics, the real estate appraiser cannot comment on compliance to ADA.

A brief summary of physical aspects is included in this report. It in no way suggests ADA compliance by the current owner.

Given the compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance.

Specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

No personal property, fixtures or intangibles were considered in the valuation.

PAUL WILEY - APPRAISER'S QUALIFICATIONS**MEMBERSHIPS AND AFFILIATIONS:**

State of New York - Certified Real Estate General Appraiser	#46000048291
Mid-Hudson Chapter of the Appraisal Institute Board of Directors	2007-2009

EDUCATION:

A.A., Communications, Orange County Community College Middletown, New York	1986
B.A. Communications, State University of New York College at New Paltz GPA 3.49	1988
New York State Teaching Certification English (Secondary)	1990
Appraisal Institute: Standards of Professional Appraisal Practice Part A- Course 410	1993
Appraisal Institute: Appraisal Principles- Course 110	1993
Appraisal Institute: Appraisal Procedures- Course 120	1994
Appraisal Institute: Basic Income Capitalization- Course 310	1999
Appraisal Institute: Income Valuation of Small, Mixed-Use Properties- Course 600	2002
Appraisal Institute: General Applications- Course 320	2001
Appraisal Institute: Standards of Professional Appraisal Practice- Course 430	2002
Appraisal Institute: Advanced Income Capitalization- Course 510	2002
Appraisal Institute: Highest & Best Use and Market Analysis- Course 520	2003
Manfred Real Estate Learning Center: Appraisal Qualifying Course: Fair Housing, Fair Lending & Environmental Issues	2003
Appraisal Institute: USPAP National Update-Course 400	2003
Appraisal Institute: Mathematically Modeling Real	

	136
Estate Data- Course 762	2004
Appraisal Institute: Business Practices & Ethics Course 420	2004
Manfred Real Estate Learning Center: Applied Income Property Valuation- Course G3	2004
Appraisal Institute: USPAP Update Course- NYS Code #2379-07	3/2008
Appraisal Institute: Analyzing Distressed Real Estate- NYS Code #3215-04	5/2008
Appraisal Institute: Analyzing Real Estate in Distressed or Troubled Markets- NYS Code 3212-3.5	5/2008
Appraisal Institute: Office Building Valuation: A Contemporary Perspective- NYS Code 3016-07	9/2008
Appraisal Institute - Course OL-638 Feasibility, Market Value, Investment Timing: Option Value (State Code: 3069-07 online	9/2009
Appraisal Institute - NYS Code 3249-5.25 Business Practices & Ethics	11/2009
Appraisal Institute: USPAP Update Course	1/2010
Appraisal Institute - NYS Code 3526-07 Hotel Appraising-New Techniques for Today's Uncertain Times	6/2010
Appraisal Institute - NYS State Code 2883-16 Uniform Appraisal Standards for Federal Land Acquisitions	9/2010

SEMINARS:

Appraisal Institute Internet Search Strategies	1998
Argus Lease Analysis	1999
Appraisal Institute Scope of Work: Expanding Your Range of Services	2003
Appraisal Institute Code #2352-07 - Appraisal Consulting: A Solution Approach for Professionals	2005

	137
Appraisal Institute Subdivision Valuation	2005
Appraisal Institute - Course OL-733 Introduction to GIS Applications for Real Estate Appraisal	9/2005
Appraisal Institute - NY State Code #2837-02 2006 Changes to USPAP; The Demise of Departure	3/2006
Argus Lease Analysis	4/2008
Appraising Distressed Commercial Real Estate: Here We Go Again Appraisal Institute Webinar	11/2008
Introducing Valuation for Financial Reporting Appraisal Institute Webinar	4/2009
Marshall & Swift Green Building Cost Webinar	11/2009

ADULT EDUCATION:

Orange-Ulster BOCES Web Site Development	2000
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WORK EXPERIENCE:

2/93 to Present -
Valuation Consultants, Inc., Newburgh, New York
Real Estate Appraiser

9/92 to 2/93 -
Appraisal Services Company, Newburgh, New York
Real Estate Appraiser

As a member of the staff, I have appraised all types of residential property, commercial and industrial buildings and vacant land.

I have made appraisals for financial institutions, attorneys, investors, accountants, insurance companies and major corporations. Here listed are a few selected employers:

A. GENERAL EXPERIENCE

American Business Lenders
Appraisal Management
Astoria
Bank of America
Bank of New York
Berkshire Bank
Business Lending

Chase Manhattan Bank
 Citizens Bank
 City of Newburgh
 Community Preservation Corporation
 Concorde Lending
 Dormitory Authority of State of New York
 Eastern Savings Bank
 Interbay
 HSBC Bank USA
 Hudson United Bank
 Hudson Valley Bank
 Hudson Valley Federal Credit Union
 Key Bank of New York
 Lakeland Bank
 Lend Lease
 M&T Bank
 Metbank
 Mahopac National Bank
 Mid Hudson Valley Federal Credit Union
 Newburgh Central School District
 New York State Office of Mental Retardation and Developmental
 Disabilities
 Orange County Trust
 Putnam County Savings Bank
 Provident Bank
 Rhinebeck Savings Bank
 Riverside Bank
 Rondout Bank
 SI Bank and Trust
 Stanley Marks and Company, CPA
 Summit Bank
 SBU
 Town of Chester
 Town of Newburgh
 Town of Wallkill
 Trust Company of New Jersey
 Ulster Savings Bank
 Union Savings Bank
 Union State Bank
 Vanacore, DeBenedictus, DiGiovanni and Weddell, CPA
 Valley National Bank
 Village of Walden
 Walden Federal
 Walden Savings
 Webster Bank
 Wilber National Bank

B. ATTORNEYS

Bloom & Bloom, P.C.
 Dinardo, Gilmartin and Burke
 Drake, Sommers, Loeb, Tarshis and Catania, P.C.

Duggan, Crotty and Dunn
 Finkelstein, Levine, Gittelsohn & Tetenbaum
 Jacobowitz and Gubits
 Kopald and Kopald
 George Pafenbarger, Esquire
 Rider, Weiner, Frankel and Calhelha, P.C.
 Sheila Callahan-O'Donnell, Esquire
 Werner and Saffioti

C. AREAS OF APPRAISAL EXPERIENCE - NEW YORK STATE

COUNTIES: Orange, Dutchess, Putnam, Rockland, Sullivan, & Ulster

FACTUAL STATISTICAL AND REFERENCE INFORMATION

An up-to-date set of area Zoning Maps and Ordinances

Multiple Listing Services and TRW (Experian) Redi Data

City maps showing existence of underground utilities

Maintenance of sales transactions by subdivisions and street name, effective dates of sale and current listing

Current community statistics referring to retail sales, bank clearance, employment, transportation routes, construction activity, and mortgage recordings

Census Tract Maps, FEMA Flood Plain Maps NYState Wetland Maps

UNIQUE ID NUMBER 46000048291	State of New York Department of State DIVISION OF LICENSING SERVICES	FOR OFFICE USE ONLY Control No. 50789
PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.		EFFECTIVE DATE MO. DAY YR 10 09 09
WILEY PAUL G C/O VALUATION CONSULTANTS INC & FRONT ST NEWBURGH, NY 12550		EXPIRATION DATE MO. DAY YR 10 08 11
HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER		
In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed LORRAINE A. CORTES-VAZQUEZ SECRETARY OF STATE		
DOS-1098 (Rev. 3/01)		

VALUATION CONSULTANTS, INC.

GREGORY R. LANGER - APPRAISER'S QUALIFICATIONS**EDUCATION:**

BA - Hartwick College, Oneonta, New York Undergraduate	1976
Newburgh Free Academy - Adult Education Principles of Real Estate	1976
Real Estate Law	1977
New York State Association of Realtors Graduate Realtors Institute - Course I	1977
Marist College Society of Real Estate Appraisers Course 101 - An Introduction to Appraising Real Property	1980
Pennsylvania State University Society of Real Estate Appraisers Course 201 - Principles of Income Property Appraising	1981
Dartmouth College American Institute of Real Estate Appraisers Capitalization Theory and Techniques Parts II and III	1982
American Institute of Real Estate Appraisers Case Studies in Real Estate Valuation and Valuation Analysis and Report Writing	1983
Tampa, Florida American Institute of Real Estate Appraisers Standards of Professional Practice	1984
University of Florida American Institute of Real Estate Appraisers Real Estate Investment Analysis	1985

MEMBERSHIPS AND AFFILIATIONS:

American Institute of Real Estate Appraisers MAI Candidate	
State of New York - Certified Real Estate General Appraiser - #46-43405	

COURSES/SEMINARS:

Argus Seminar	1993
Appraisal Institute Consideration of Environmental Hazards in Real Estate Valuation	1994
Appraisal Institute Understanding Limited Appraisals	1994
Orange County Community College Environmental Law and The Planning Board	1995
Appraisal Institute New Industrial Valuation	1997
Appraisal Institute Appraisal of Local Retail Properties	1998
Appraisal Institute Attacking & Defending an Appraisal In Litigation	1998
Appraisal Institute Emerging Technologies Forum	1998
Appraisal Institute Internet Search Strategies	1998
Appraisal Institute - Course 1064-07 Case Studies in Commercial Highest & Best Use	06/2000
Appraisal Institute - Mid Hudson Chapter Standards of Professional Appraisal Practice - Part C - Course 11430	09/2002
Appraisal Institute Scope of Work: Expanding Your Range of Services	10/2003
Appraisal Institute Course 1400N - USPAP National Update Standards and Ethics for Professionals	10/2003
Manfred Real Estate Learning Center, Inc. Code #0022 - (AQ1) Fair Housing, Fair Lending & Environmental Issue	01/2004
Appraisal Institute Code #2352-07 - Appraisal Consulting:	

A Solution Approach for Professionals	5/2005
Appraisal Institute Subdivision Valuation	6/2005
Appraisal Institute NY State Code #2814-07 Appraising Convenience Stores	12/2005
Appraisal Institute - NY State Code #2837-02 2006 Changes to USPAP; The Demise of Departure	3/2006
Appraisal Institute - NY State Code #2839-07 Analyzing Commercial Lease Clauses	6/2006
Appraisal Institute USPAP Update Course	9/2006
Appraisal Institute - NY State Code #3023-02 Online Valuation Resources to the NY Appraiser	4/2007
Appraisal Institute - NY State Code #2994-07 Appraisal of Local Retail Properties	5/2007
Appraisal Institute - NY State Code - 3053-04 Professional Guide to Conservation Easements	8/2007
Appraisal Institute - NYS Code #2379-07 USPAP Update Course	3/2008
Argus Lease Analysis	4/2008
Appraisal Institute - An Introduction to Valuing Green Buildings	10/2008
Land Trust Alliance - Northeast Land Trust Conference Mapping Tools for Your Land Trust: Selecting and Evaluating Conservation Lands Using Online Mapping and GIS Resources	4/2009
Appraisal Institute - NYS Course #3452-07 Long Island Chapter of the Appraisal Institute Hotel Appraising- New Techniques for Today's Uncertain Times	9/2009
Appraisal Institute - NYS Code 3249-5.25 Business Practices and Ethics	11/2009

Appraisal Institute - Webinar
Self Storage Buildings

01/2010

EXPERIENCE:

Valuation Consultants, Inc. 3/93 to Present
Owner and Senior Commercial Appraiser

As an owner of the company, I will review and appraise all types of commercial appraisal reports.

H.F. Ahmanson and Company 11/86 to 2/93

Served in various positions including Senior Real Estate Financial Analyst, Chief Appraiser of the Bowery and Vice President-Loan Officer. Responsibilities and duties included valuation of the commercial real estate portfolio on the Eastern Seaboard, overseeing a full staff of commercial appraisers in the Manhattan office, portfolio valuation in the acquisition of Bowery Savings Bank and Home Savings Bank, and northeast lending operations.

Eastern Savings Bank 10/85 to 11/86

Served as an Assistant Vice President in lending, as well as an Appraiser

Appraisal Services Company 10/79 to 10/85

Worked as the Senior Commercial Appraiser after previously performing residential appraisals and overseeing the residential staff.

Sold Residential Real Estate 1976 to 1979

I have appraised all types of residential property, commercial and industrial buildings, farms and vacant land.

I have made appraisals for financial institutions, attorneys, major corporations, home guarantee programs, insurance companies and others. I have worked on assignments for the following companies:

I have had experience in court testimonials for various cases

A. GENERAL EXPERIENCE

American Business Lenders
Appraisal Management
Astoria
Bank of America
Bank of New York
Berkshire Bank
Business Lending

Chase Manhattan Bank
 Citizens Bank
 City of Newburgh
 Community Preservation Corporation
 Concorde Lending
 Dormitory Authority of State of New York
 Eastern Savings Bank
 Interbay
 HSBC Bank USA
 Hudson United Bank
 Hudson Valley Bank
 Hudson Valley Federal Credit Union
 Key Bank of New York
 Lakeland Bank
 Lend Lease
 M&T Bank
 Metbank
 Mahopac National Bank
 Mid Hudson Valley Federal Credit Union
 Newburgh Central School District
 New York State Office of Mental Retardation and Developmental
 Disabilities
 Orange County Trust
 Putnam County Savings Bank
 Provident Bank
 Rhinebeck Savings Bank
 Riverside Bank
 Rondout Bank
 SI Bank and Trust
 Stanley Marks and Company, CPA
 Summit Bank
 SBU
 TD Banknorth, N.A.
 Town of Chester
 Town of Newburgh
 Town of Wallkill
 Trust Company of New Jersey
 Ulster Savings Bank
 Union Savings Bank
 Union State Bank
 Vanacore, DeBenedictus, DiGiovanni and Weddell, CPA
 Valley National Bank
 Village of Walden
 Walden Federal
 Walden Savings
 Webster Bank
 Wilber National Bank

B. AREAS OF APPRAISAL EXPERIENCE -

New York State -

COUNTIES: Orange, Dutchess, Putnam, Rockland, Sullivan, and
 Ulster

FACTUAL STATISTICAL AND REFERENCE INFORMATION

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Census Tract Maps.

Flood Plain Maps.

Wetland Maps.