

APPRAISAL REPORT

Property of:
Bevins Property #3, LLC
26-30 Catherine Street
St. Albans City, Vermont



MARTIN APPRAISAL SERVICES, INC.

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June 2, 2017

Ms. Martha Gagner
Franklin Central Supervisory Union
28 Catherine Street
St. Albans City, VT 05478

Appraisal Report - Property of
Bevins Property #3, LLC
26-30 Catherine Street, St. Albans City, Vermont

Dear Ms. Gagner:

In accordance with your request, I have completed an appraisal report for the purpose of estimating Market Value of the Leased Fee Interest in the property indicated above, referred to as the subject property. I personally inspected the property, which is 0.50 acre parcel improved with a two unit office building containing 8,660 square feet.

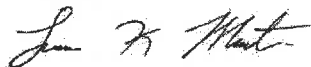
Based upon the facts and matters contained in the attached report, including all limiting conditions as outlined, it is my professional opinion that the Market Value of the subject property in "as is" condition, as of May 22, 2017 is:

Five Hundred Thousand Dollars (\$500,000)

The indicated market value assumes that there are no environmental problems or limitations. As a real estate appraiser I am not qualified to determine if there is any contamination. It is also assumed that all permits are in place for the existing improvements and current use of the property.

The appraisal has been prepared exclusively for our client, Martha Gagner, representing Franklin Central Supervisory Union. This appraisal may neither be used nor relied upon by anyone other than the client, for any purpose whatsoever, without the express written consent of the appraiser. The following report contains the results of my study and investigations, and is subject to the Statement of Limiting Conditions that is attached and included in the addendum to this report.

Respectfully submitted,



Lucas K. Martin
Certified General Real Estate Appraiser
State of Vermont License #080.0108505
Expires: May 31, 2018



Lawrence K. Martin, MAI
Certified General Real Estate Appraiser
State of Vermont License #080.0000019
May 31, 2018

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SUMMARY OF APPRAISAL & CONCLUSIONS

Identification of Property – 26-30 Catherine Street, St. Albans City, Franklin County, Vermont

Owner of Property – Bevins Property #3, LLC

Property Type – Office

Land – Approximately 0.50 acres based on tax assessment records

Building – One story, wood frame building designed for multi-tenant use, and currently consisting of two office suite units, with a total of 8,660 SF.

Zoning – “Business 1” district

Assessment & Taxes – \$399,500 @ \$2.4648/\$100 = \$9,846.88

Highest & Best Use – Continued use as an office building

Purpose of Appraisal – To estimate Market Value of the Leased Fee Interest of the subject property as of the date of the appraisal.

Opinion of Value in "As Is" Condition:

Indicated Value by the Cost Approach	N/A
Indicated Value by the Sales Comparisons Approach	\$500,000
Indicated Value by the Income Approach	\$470,000

Final Opinion of Market Value – “As Is” Condition \$500,000

Date of Inspection and Value Estimate – May 22, 2017

PHOTOGRAPHS OF SUBJECT PROPERTY



Front of Subject



Front of Subject



Rear of Subject



Garage

STREET SCENE



Catherine Street Looking Northerly



Catherine Street Looking Southerly



Market Street Looking Northerly



Market Street Looking Southerly

INTERIOR PHOTOGRAPHS



Office



Office



Conference Room



Kitchenette



Storage



Basement – Boiler Units

IDENTIFICATION OF PROPERTY

Location: 26-30 Catherine Street, St. Albans City, Franklin County, Vermont
Parcel ID: 26018026

CLIENT & INTENDED USERS

This appraisal has been prepared for our client, Martha Gagner, representing Franklin Central Supervisory Union. This appraisal may neither be used nor relied upon by anyone other than the client, for any purpose whatsoever, without the express written consent of the appraiser.

PURPOSE OF THE APPRAISAL

This appraisal has been completed to estimate Market Value of the Leased Fee Estate for the property being appraised, referred to as the subject property.

INTENDED USE OF THE APPRAISAL

The intended use of the appraisal can also be referred to as the function of the report. In this instance, it is the appraisers understanding that the intended use of this appraisal report is to assist in determining a potential sale price.

REPORTING OPTION

This appraisal has been completed in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP.) There are two options in 2016-2017 USPAP for written appraisal reports, "Appraisal Report" and "Restricted Appraisal Report." The appraisal has been reported under the requirements for an "Appraisal Report."

PROPERTY RIGHTS APPRAISED

This appraisal has been made with the understanding that the ownership of the property is encumbered by a lease agreement. Therefore, the Leased Fee Estate has been estimated. The lease limits the ownership rights, and this can have an effect on the value of a property. Leased Fee Estate can be defined as, "an ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the Lessor and the leased fee are specified by contract terms contained within the lease."¹

If the property was not subject to a lease, the fee simple estate would be appraised. Fee Simple Estate can be defined as, "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."²

¹ The Dictionary of Real Estate Appraisal, Appraisal Institute, Third Edition, 1993, page 204

² The Dictionary of Real Estate Appraisal, Appraisal Institute, Third Edition, 1993, page 140

MARKET VALUE DEFINED

"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:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."³

³ Federal Register, Part VI, Department of the Treasury, December 10, 2010

SCOPE OF THE WORK

Scope of the Work can be defined as "the type and extent of research and analyses in an appraisal or appraisal review assignment."⁴

The collection process starts by collecting data regarding the subject property from the client or property owner and then physically inspecting the property. The inspection by the appraiser is not an engineering inspection, environmental screening, or survey. The property is inspected to determine general physical conditions that affect value. The next step is to research the other conditions that may affect the value of the subject property. This includes obtaining the previous deed on the property, checking existing zoning and flood hazard maps, inspecting the neighborhood, and gathering data on the local market area. The most significant data that will impact value are reported in the appraisal. This information is the foundation on which the appraisal is constructed, and is needed to accurately value the property.

The next step is to research market data to support the approaches to value. Municipal sales records were researched to obtain meaningful sales data. The appraiser's files, property owners, real estate brokers, and others familiar with the market were also sources of market data. The transactions most similar to the subject were researched and the data confirmed, with a party involved in the transaction when possible. The most meaningful market data were reported in the appraisal to support the approaches to value.

The appraisal is based on the acceptable appraisal approaches to derive an estimated value for the subject property analyzing the available data. The approaches that were most meaningful for the subject property were considered and in some instances, certain approaches may not have been relied upon to estimate the value of the property.

The last step in the scope of the appraisal is to compile the report. The report includes the most meaningful information and is an attempt to communicate the analysis that led the appraiser to the estimated value of the property. Many users of the appraisal report do not have the time to read the entire document. Therefore, items of importance may be restated throughout different sections of the report. The information that has been relied upon was summarized in the report.

⁴ Uniform Standards of Professional Appraisal Practice 2016-2017, Appraisal Standards Board, page 4

AREA DATA

St. Albans is located in the northwest region of Vermont, approximately 26 miles from the metropolitan area of Burlington, Vermont. Montreal, Canada is located approximately 70 miles northwest of St. Albans. St. Albans City and Town are two separate municipalities, but together form the largest population base in Franklin County. The subject is located in the city. The following population figures were obtained from the U.S. Census Bureau and can provide an indication of the general market area:

Area	1990	% Change	2000	% Change	2010	% Change
	Population	from 1980	Population	from 1990	Population	from 2000
St. Albans City	7,339	0.40%	7,650	4.00%	6,918	-9.57%
St. Albans Town	4,606	29.60%	5,086	10.00%	5,999	17.95%
Franklin County	39,980	14.90%	45,417	14.00%	47,746	5.13%
Vermont	562,758	10.00%	608,827	8.20%	625,741	2.78%

While the rate of growth diminished during the last decade throughout much of the state, growth in Franklin County has continued above the state average. The city is nearly fully developed, which limits growth potential. However, the area is expanding with a considerable amount of new construction in St. Albans Town. The population in the city has actually declined since 2000; however, the population in St. Albans Town has been increasing at a high rate for this region.

The major thoroughfare through the St. Albans area is Interstate 89. Interstate 89 is a north-south artery extending from Montreal in the north, to Burlington, then southward to Interstate 91, thus completing a network that connects the Vermont region to southern New England and New York City. U.S. Route 7 is another important artery running north to south between Massachusetts and Quebec. The location of St. Albans on Interstate 89, in close proximity to both Burlington and Montreal, improves the potential for future growth in this community.

A major transportation asset is the Burlington International Airport. This facility has continued to expand over the years and provides above average transportation alternatives for a rural region. St. Albans is also serviced by Amtrak Rail Service and Vermont Transit Bus Lines.

There has been some recent commercial development in this area. A new office building and parking garage were built in the central business district of the City, and a Walmart store recently opened in St. Albans Town. A new hotel is also under construction and is nearly completed in the downtown district. These projects are a positive sign for the commercial real estate market.

The Vermont Department of Taxes provided the following information regarding the real estate market in the City of St. Albans and it is followed by the data for the Town:

Property Category - # of Valid Sales										
St. Albans	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Residential <6 Ac.	106	74	61	72	68	88	63	85	114	81
Commercial	18	15	10	2	3	5	12	9	6	8
Open Land	6	0	2	1	1	1	1	0	0	0
Median Sales Price										
Property Category	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Residential <6 Ac.	\$175,000	\$185,370	\$164,000	\$152,000	\$160,000	\$157,500	\$152,000	\$155,000	\$160,450	\$164,000
Commercial	\$217,176	\$275,000	\$296,000	N/A	N/A	\$63,250	\$180,000	\$264,995	\$282,400	\$136,700

Property Category - # of Valid Sales										
<i>St. Albans Town</i>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Residential <6 Ac.	93	64	52	47	67	50	71	71	64	72
Commercial	19	8	1	2	2	1	2	3	4	5
Open Land	15	13	13	7	6	12	8	16	7	13
Median Sales Price										
Property Category	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Residential <6 Ac.	\$215,000	\$218,950	\$225,950	\$195,000	\$199,900	\$212,000	\$195,000	\$222,000	\$206,423	\$200,000
Commercial	\$250,000	\$345,000	N/A	N/A	N/A	N/A	N/A	415,000	\$238,750	\$250,000

The residential real estate market has been fairly active over the past few years with median sale prices relatively level. The commercial market activity was very slow from 2009 to 2011, but it has improved over the past four years. In general the commercial data is not sufficient to support market trend analysis. Therefore, state sales data was considered as a better guide to market trends.

This is a rural State located between the metropolitan area of Boston and New York to the south and Montreal to the north. The population is increasing, but at a very slow rate. From 2000 to 2010 the population in the State expanded only 2.8%, as compared to the growth for the country of 9.7%. In addition, Vermont has one of the oldest populations in the nation, which presents a challenge for the workforce and health care system.

The economy is diversified with a mixture of manufacturing, private education, health care, tourism, professional services, and public sector employers. Chittenden County is the only “metropolitan statistical area” in the State and it provides nearly one third of the State’s jobs. The State was impacted by the great recession that started in 2008 and extended into 2009. Over the past few years the economy has been slowly recovering. The following table reflects a guide to the employment in Vermont.

Vermont Economic Indicators - VT Nonfarm Employment			
Period	Employed	%Change	Unemployment
Dec. 2005	310,700		3.60%
Dec. 2006	308,600	-0.68%	3.80%
Dec. 2007	309,200	0.19%	4.00%
Dec. 2008	302,700	-2.10%	5.90%
Dec. 2009	292,200	-3.47%	6.90%
Dec. 2010	295,300	1.06%	5.80%
Dec. 2011	303,000	2.61%	5.10%
Dec. 2012	304,600	0.53%	4.90%
Dec. 2013	309,100	1.48%	4.20%
Dec. 2014	310,200	0.36%	4.10%
Dec. 2015	313,500	1.06%	3.60%
Dec. 2016	315,800	0.73%	3.10%

Source: Vermont Department of Labor

The employed labor force had been expanding at a slow rate. Unemployment is low at present which is a positive sign for the local economy. However, the low unemployment is partially the result of a limited population base, which can be a concern for new employers considering moving into this market area.

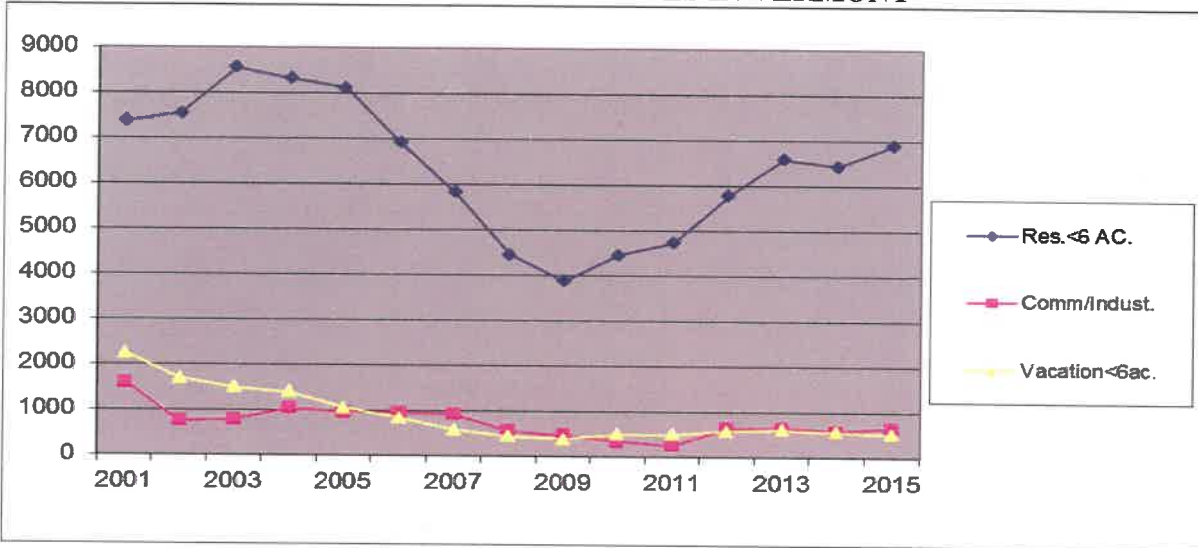
As an additional guide to the economic trends, consideration was given to the reported gross income of residents in Vermont and the gross sales based on the reported sales and use taxes in Vermont.

Year	Adjusted Gross Income		Sales & Use Taxes	
	Gross Income	% Change	Gross Sales	% Change
2003	\$12,329,165,483	N/A	\$21,263,695,491	N/A
2004	\$13,499,935,613	9.50%	\$23,490,101,762	10.47%
2005	\$14,626,285,918	8.34%	\$24,548,099,007	4.50%
2006	\$15,700,422,021	7.34%	\$27,241,028,420	10.97%
2007	\$16,716,271,160	6.47%	\$28,177,381,609	3.44%
2008	\$16,080,851,580	-3.80%	\$30,223,494,482	7.26%
2009	\$15,061,527,050	-6.34%	\$26,137,071,136	-13.52%
2010	\$15,648,693,875	3.90%	\$31,464,174,298	20.38%
2011	\$16,442,857,018	5.07%	\$31,415,753,879	-0.15%
2012	\$17,264,962,058	5.00%	\$32,305,280,211	2.83%
2013	\$17,621,172,293	2.06%	\$35,397,610,104	9.57%
2014	\$18,913,012,005	7.33%	\$37,102,252,344	4.82%
2015	\$18,878,603,431	-0.18%	\$30,845,565,336	-16.86%

The adjusted gross income of residents in Vermont was increasing steadily until the recession in 2008. It declined for two years, and had been slowly increasing during the period of slow economic recovery. In 2014 there was a relatively high increase, but there was a slight correction in 2015. The gross sales are the annual total based on the reported sales from the sales and use tax. It had been increasing, but a significant decline was reported for 2015. This could be a result of more consumers using the internet and is a concern for the economy.

The real estate activity for the entire State of Vermont was considered as a general guide to market trends. The following data was obtained from reports produced by the Vermont Department of Taxes.

NUMBER OF VALID SALES IN VERMONT



The market was quite active during the period from 1999 through 2005. However, in 2006 the residential market activity slowed considerably and this trend continued through 2009. The residential market has experienced an increase in activity from 2010 through 2015. Sales activity remains below the peak years, but the residential market has been active. The market for vacation homes had a similar pattern through 2013, but it has decreased slightly over the past two years.

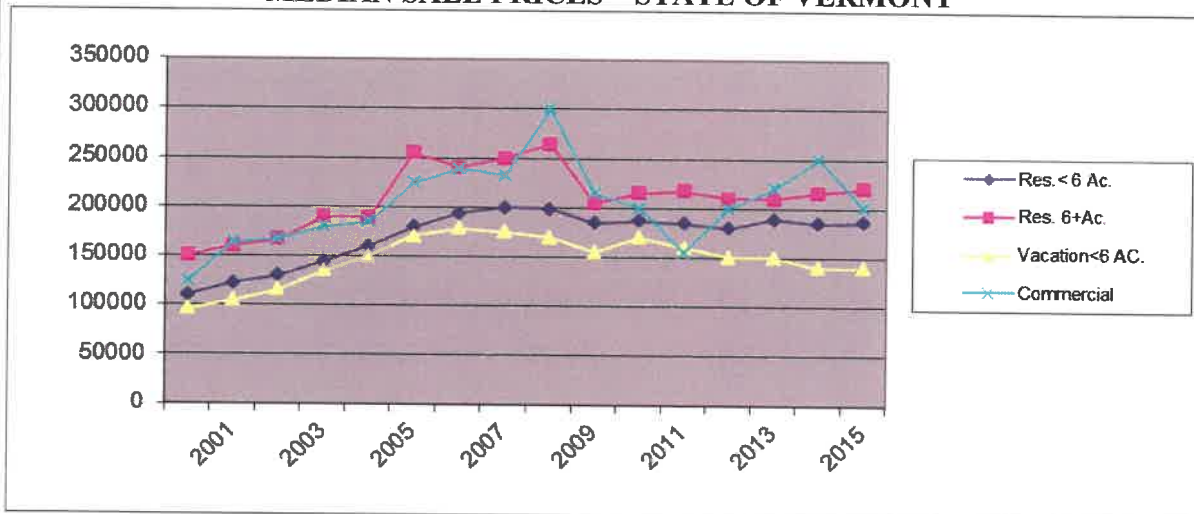
The commercial real estate market experienced a significant decrease in activity between 2007 and 2011 with very few valid commercial sales in 2011. The activity improved considerably in 2012 and the commercial market has remained active through 2015. The following table provides the actual figures and the percentage change for each category.

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Res.<6 AC.	6,919	5,820	4,455	3,873	4,449	4,727	5,776	6,585	6,431	6,892
% Change	N/A	-15.88%	-23.45%	-13.06%	14.87%	6.25%	22.19%	14.01%	-2.34%	7.17%
Avg./Mo.	577	485	371	323	371	394	481	549	536	574
Comm./Industrial	951	918	565	464	340	252	632	651	570	650
% Change	N/A	-3.47%	-38.45%	-17.88%	-26.72%	-25.88%	150.79%	3.01%	-12.44%	14.04%
Avg./Mo.	79	77	47	39	28	21	53	54	48	54
Vacation<6ac.	831	579	450	385	497	487	616	578	563	510
% Change	N/A	-30.32%	-22.28%	-14.44%	29.09%	-2.01%	26.49%	-6.17%	-2.60%	-9.41%

In general, the activity since 2012 demonstrates a recovery in the residential real estate market in Vermont after several slow years. During the first ten months of 2016 there have been 5,688 valid sales of residential properties on less than 6 acres, or an average of 569 per month. This indicates that the residential market activity has remained stable as compared to 2015. The commercial/industrial category has had 483 valid sales during the first ten months of 2016 or an average of 48 per month. This is down slightly from 2015, but similar to 2014.

The Vermont Department of Taxes also reports median sales prices by category, and this data was also considered as a general guide to market trends.

MEDIAN SALE PRICES – STATE OF VERMONT



The residential property values were increasing steadily through 2007, but were relatively level with only minor fluctuations from 2009 to 2015. The commercial market was increasing from 2012 through 2014, but was down in 2015. The actual median sale prices are indicated on the following table for primary residences on less than six acres.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Median Price	\$194,000	\$200,000	\$199,000	\$185,000	\$187,000	\$185,000	\$180,000	\$189,000	\$185,000	\$185,819
% Change		3.09%	-0.50%	-7.04%	1.08%	-1.07%	-2.70%	5.00%	-2.12%	0.44%

The median sale price for residential properties has been relatively stable over the past few years. During the first ten months of 2016, the median sales price was \$189,900 which is up slightly from 2015. The median sale price for the commercial properties was not heavily relied upon because the sample size remains fairly small and the property values vary widely within this category. However, the following table reflects the reported median sale price for just commercial properties.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Median	\$239,000	\$232,841	\$300,000	\$215,000	\$199,900	\$155,000	\$200,000	\$220,000	\$250,000	\$201,000
% Change		-2.58%	28.84%	-28.33%	-7.02%	-22.46%	29.03%	10.00%	13.64%	-19.60%
Average	\$423,761	\$630,067	\$602,301	\$555,644	\$387,800	\$426,461	\$470,696	\$556,727	\$704,977	\$519,552
% Change		48.68%	-4.41%	-7.75%	-30.21%	9.97%	10.37%	18.28%	26.63%	-26.30%

The median and the average price for commercial properties increased considerably between 2012 through 2014, but decreased in 2015. During the first ten months of 2016, the median sales price was \$250,000, which is up from 2015 and the same figure that was reported for 2014. The changes in the median and average sale price were not relied upon as a guide to an actual change in values because of the wide variety in property values for this category.

These statistics for Vermont reflect the trend of a slow recovery of the real estate market over the past few years after the recession in 2008. This trend is likely to continue. Consideration was given to the number of new housing permits issued and the estimated value of this construction as an additional guide to the real estate market trends in Vermont.

Residential Building Permits						
<u>Year</u>	<u>Total Housing Units</u>		<u>Value</u>		<u>Single Family</u>	
	<u># Units</u>	<u>% Change</u>	<u>(Thousands)</u>	<u>% Change</u>	<u># Units</u>	<u>% Change</u>
2005	2,917	N/A	\$441,336	N/A	2,360	N/A
2006	2,626	-9.98%	\$421,881	-4.41%	2,071	-12.25%
2007	2,056	-21.71%	\$350,005	-17.04%	1,583	-23.56%
2008	1,444	-29.77%	\$240,712	-31.23%	1,057	-33.23%
2009	1,367	-5.33%	\$213,945	-11.12%	897	-15.14%
2010	1,319	-3.51%	\$227,618	6.39%	980	9.25%
2011	1,299	-1.52%	\$221,336	-2.76%	805	-17.86%
2012	1,301	0.15%	\$218,961	-1.07%	889	10.43%
2013	1,499	15.22%	\$262,993	20.11%	955	7.42%
2014	1,546	3.14%	\$281,490	7.03%	978	2.41%
2015	1,998	29.24%	\$333,954	18.64%	936	-4.29%
2016	1,832	-8.31%	\$403,110	20.71%	1,214	29.70%

Source: US Census

The amount of new construction started to slow in 2005 prior to the recession. However, there were a considerable number of new units developed in 2005 and 2006 and the value of the new construction actually peaked in 2005. The number of units developed and the value of the units declined considerably in 2007 and remained low through 2012. Generally, there has been an increase in residential construction since 2013; however, the number of units developed in 2016 was down slightly. The value of the permits has increased considerably and the number of single family homes improved in 2016. In conclusion, residential construction has been slowly improving in Vermont over the past few years, but remains considerably below the peak years before the recession.

In conclusion St. Albans is a population center in a rural region. Access to Interstate 89 increases the desirability of real estate in this community. It is convenient to Burlington and Montreal, which are the commercial centers for the region. It is likely that there will continue to be growth in this community because of interstate access, the strong regional economy, and the burgeoning of the area north of Chittenden County.

NEIGHBORHOOD DATA

The subject neighborhood can be defined as the central business district of St. Albans City. The central business district consists of a few blocks of three to four story buildings, most of which are attached. The first floors are used for retail or offices, with apartments or office space on the upper floors. Most of the buildings are over 100 years old, and in average condition. Route 7 is called Main Street in this neighborhood, and serves as the main north to south artery through St. Albans.

A "Tax Increment Financing" or TIF district has been created in this neighborhood. TIF is a state program that encourages redevelopment in older central business districts. It allows tax revenues that would go to the general fund, and the state's education fund, to be used for public projects that will encourage new private development and expansion. Therefore, it is likely that there will continue to be redevelopment in this neighborhood.

A new office building and parking garage were recently developed. The parking garage is a block off of Main Street. It contains a total of 370 spaces; 170 of which are reserved for the state employees working in the new building. The former municipal parking lot had 100 spaces. The 46,000 SF office building is fully leased to the State of Vermont. Additionally, construction is almost complete for a new "Hampton Inn" hotel on Lake Street, and a lot on North Main Street was redeveloped with a new commercial building that has a hardware store on the first floor. These projects indicate growth and demand for commercial real estate.

The subject is located on Catherine Street and Market Street. These are secondary roads off of Lake Street (Route 36). Catherine Street and Market Street both run in a north-south direction and are parallel roads that connect to Stebbins Street to the south of the subject. This is a small neighborhood to the southwest of the downtown business district that has secondary commercial, office, and some industrial uses. There is a large industrial complex to the west off of Market Street. The subject is also close to the District Court House for the County. While this is not on a main roadway, it is within walking distance of many of the downtown businesses.

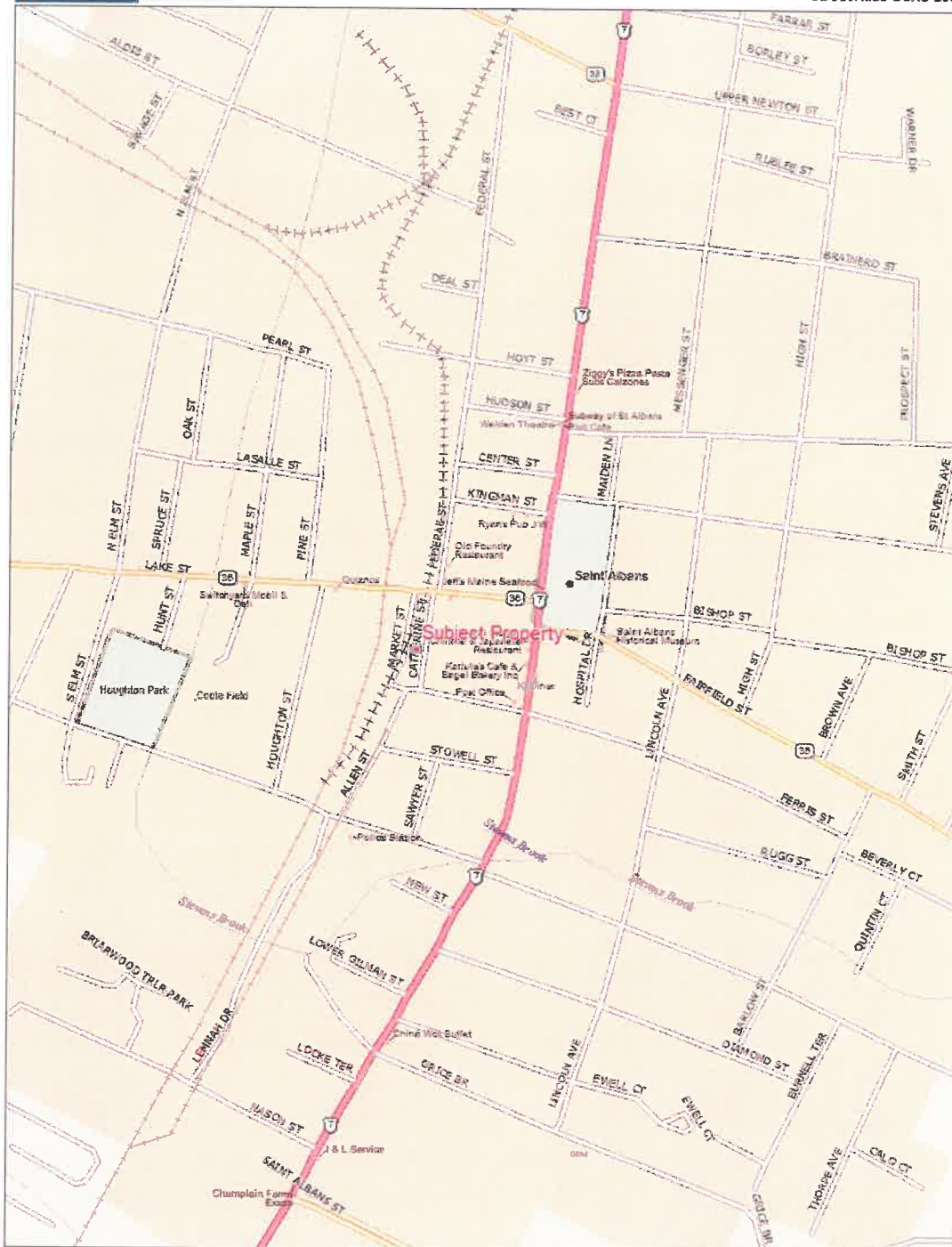
The prime commercial location for this market area has moved to the neighborhood north of the downtown, on Route 7, near the intersection of Route 207. This area has been developed with a modern community shopping center, which includes a new Walmart. This area attracts other larger retail tenants including fast food restaurants, convenience stores, and financial institutions. With the addition of Walmart, the demand for commercial units in this area is likely to increase, and more consumers will be attracted to the neighborhood to the north of the central business district.

The downtown district has shown some signs of growth in recent years. The investment in real estate in the downtown should improve property values in this community over the long-term. There will likely be some continued development projects. However, the character of the subject neighborhood will not change. This will remain a mixed use neighborhood with good market appeal due to the proximity to the central business district.

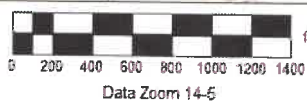
NEIGHBORHOOD MAP

DELORME

Street Atlas USA® 2008



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www.delorme.com



DESCRIPTION OF SUBJECT PROPERTY

HISTORY OF SUBJECT PROPERTY

Owner of Record: Bevins Property #3, LLC

Last Date of Transfer: November, 2005

Deed Book/Page: 199/566

Sale Price: N/A

Current Status: Not currently on the market for sale, but the main tenant is considering purchasing the property.

The previous transfer was from the owners' personal names to a corporate name, and was not considered an arm's length transaction. A copy of the deed has been included in the addendum to this report. As a real estate appraiser, I am not qualified to make judgments of a legal nature, and it is assumed that the legal description is accurate.

SITE DESCRIPTION

Size – Approximately 0.50 acres based on tax assessment records

Shape – Slightly irregular

Frontage & Access – Average, not a corner lot, but has frontage on two roads, Catherine Street, and Market Street.

Visibility – Both Catherine Street and Market Street are side roads with limited visibility

View – Local/Average

Topography – Mostly level

Utilities – Municipal water and sewer, natural gas service, public electric

Flood Hazard – No, as shown on FIRM Map Panel 500058 0001 B, dated June 15, 1978.

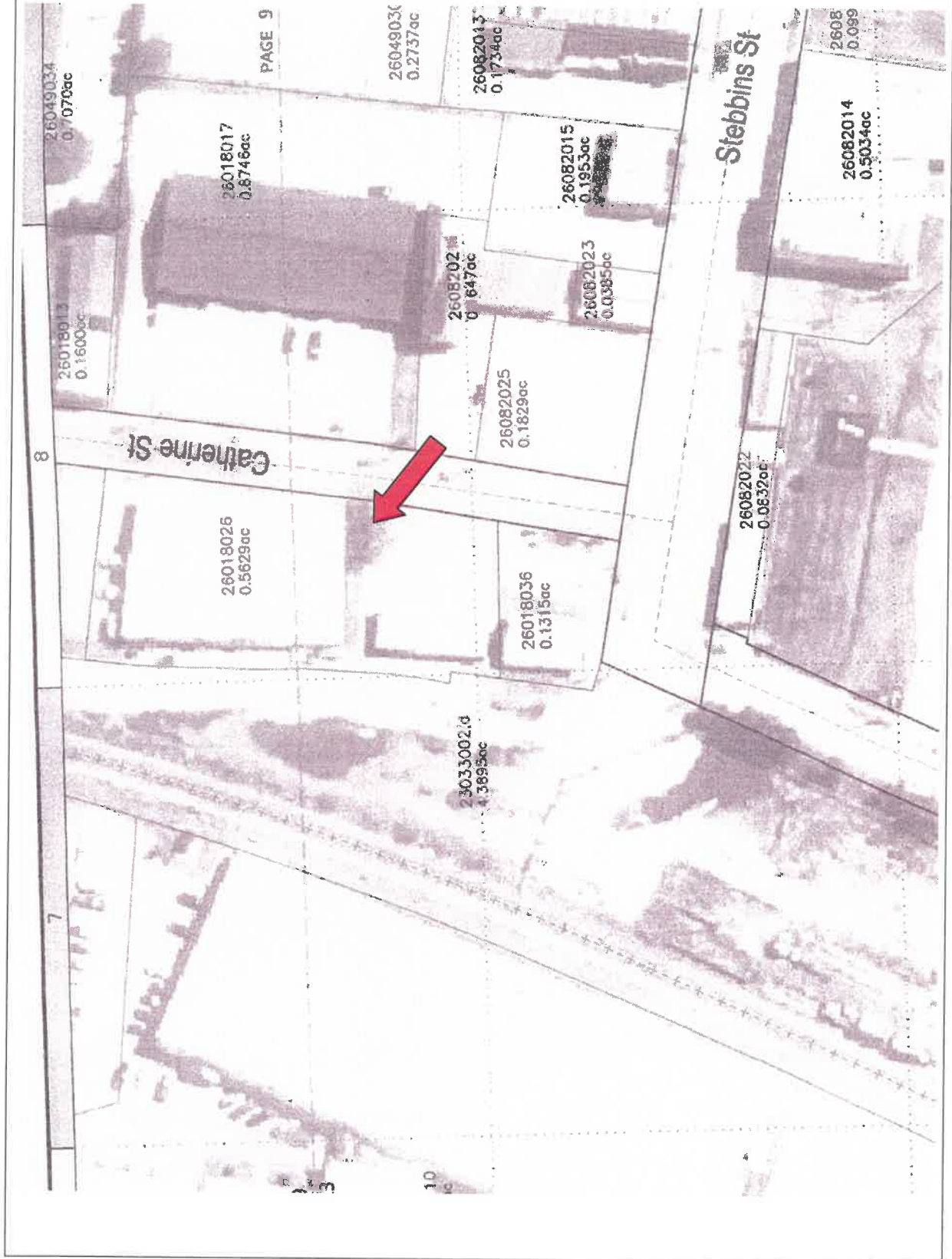
Easements, R.O.W., etc. – None known or represented that would have a significant impact on value.

Comments – The subject lot is almost completely covered by the footprint of the building, garage area and parking spaces. This is typical of a downtown village parcel. There is paved parking around the building, including 4 spaces in the front of the building, or east side, 14 on the south side of the building and 10 on the west side of the building, with a total of 28 spaces. There is a parking lot on the north side of the building as well, but this belongs to the adjoining property owners. The parking area is paved and lined for the vehicles. There is also a detached garage building used for storage. If the current tenant purchases the property, they plan to demolish this building and add additional parking spaces.

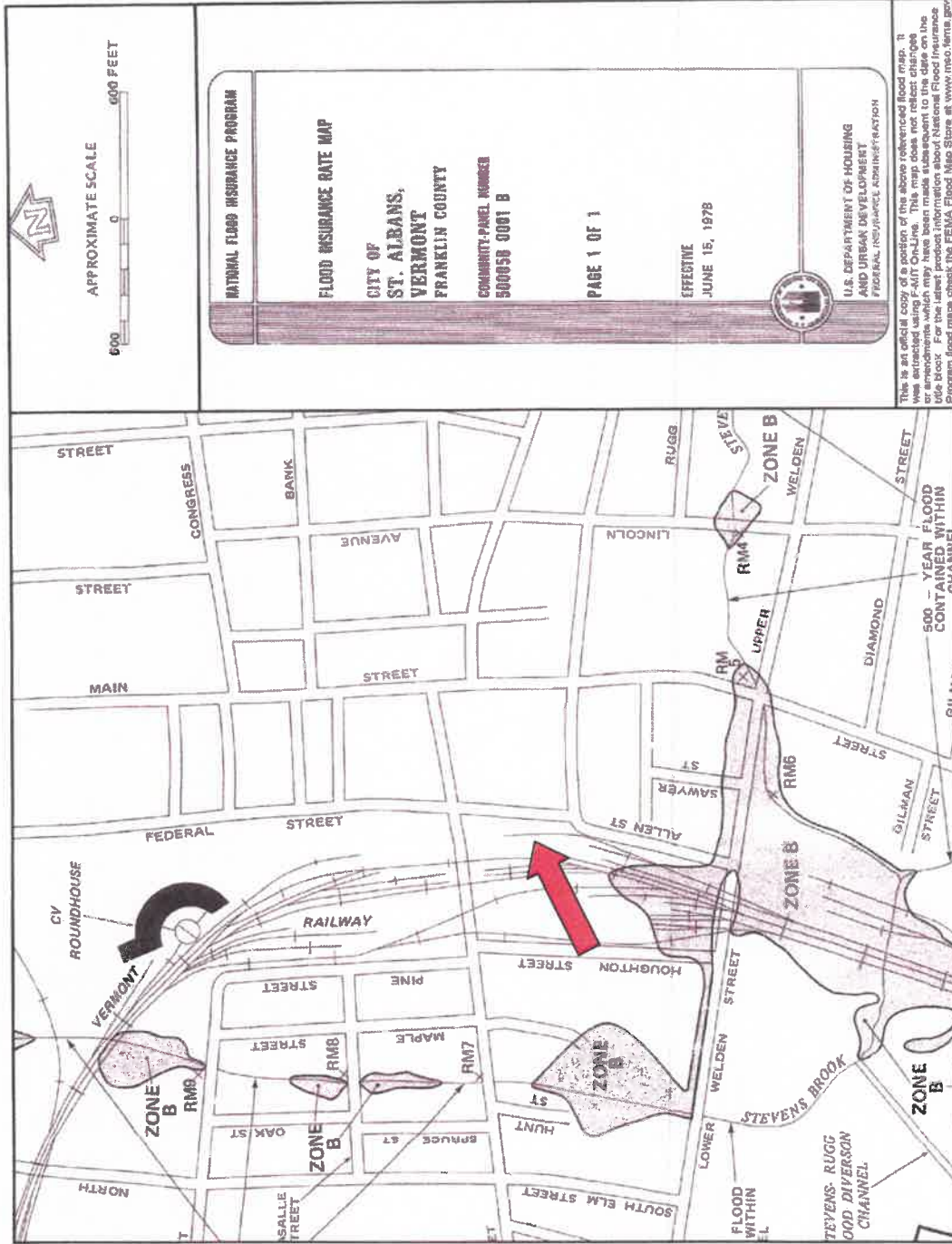
The subject fronts on both Catherine Street and Market Street. The front of the building faces Catherine Street.

The indicated value assumes that there are no environmental problems or limitations. As a real estate appraiser I am not qualified to determine if there is any contamination. An ANR Environmental Interest Locator Map obtained from the State of Vermont, Agency of Natural Resources is provided as a reference, but I take no responsibility for the accuracy of this map. The subject has a hazardous waste generator designation. This goes with the Comcast portion of the building. It is assumed for purposes of this report that there is no contamination associated with this site, but the buyers should have this verified by an environmental engineer. If there is a contamination issue associated with this designation, the value reflected in this report could be impacted. A copy of the State listing has been included in the addendum of this report.

PLAT MAP



FLOOD MAP

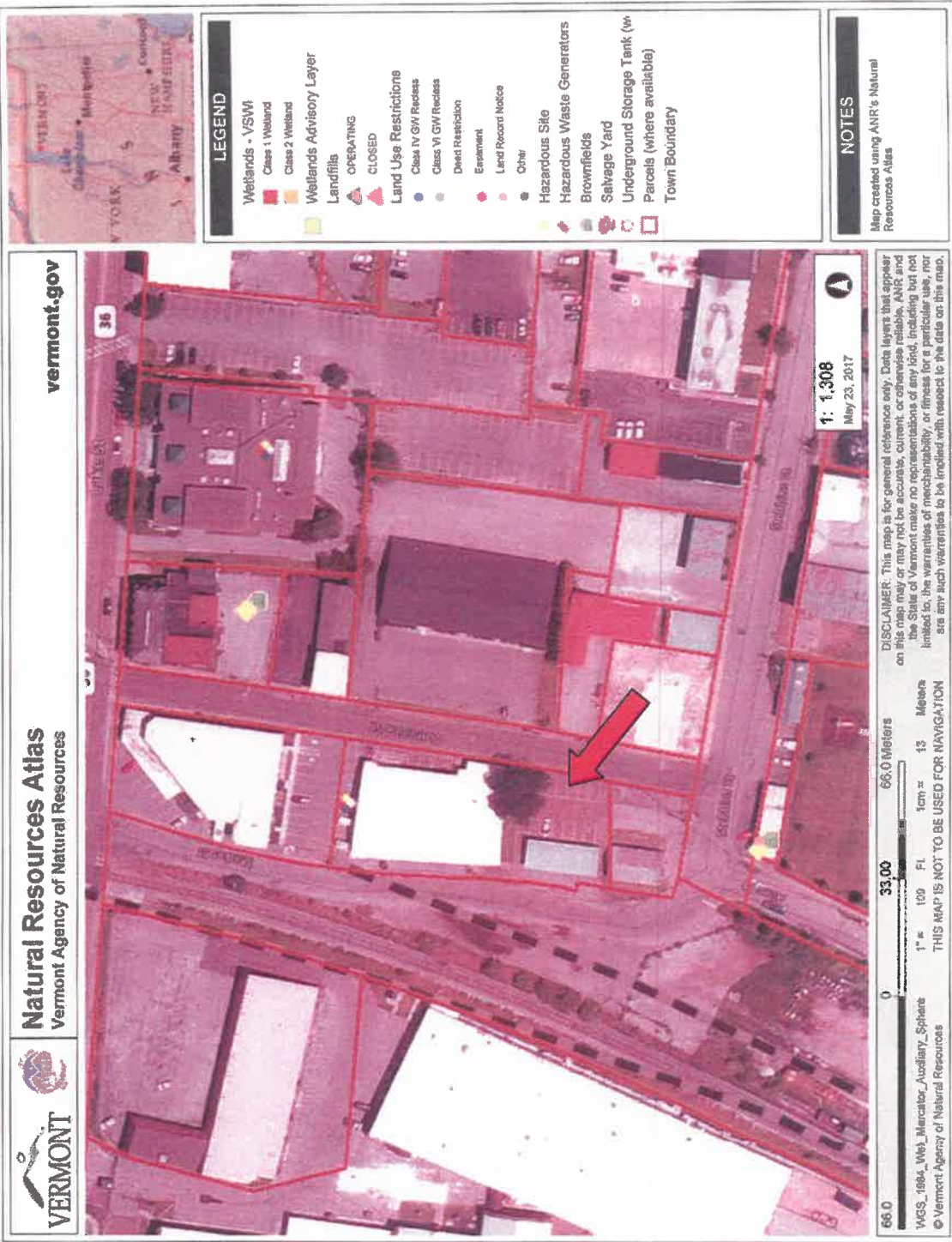


NATIONAL FLOOD INSURANCE PROGRAM
 FLOOD INSURANCE RATE MAP
 CITY OF ST. ALBANS, VERMONT
 FRANKLIN COUNTY
 COMMUNITY-PANEL NUMBER 500058 9001 B
 PAGE 1 OF 1
 EFFECTIVE JUNE 15, 1978

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
 FEDERAL RESERVE SYSTEM

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the old block. For the latest product information visit our website at www.fema.gov. Program flood maps check the FEMA Flood Map Store at www.map.fema.gov

ANR MAP



ZONING

The subject is located in the “Business 1” district. Permitted uses in this district include single family dwellings, mixed use with second floor apartments, office, restaurant, personal service, and sales properties. Conditional uses include lodging, motor vehicle sales and service, and daycare. The current use as an office is a permitted use in this district. The dimensional requirements are as follows:

- Minimum Lots Size: 2,000 SF per dwelling unit (no other restriction listed)
- Minimum Frontage: 20’
- Setback Requirements: Front – 0’ minimum, 10’ maximum Side & Rear – 0’
- Maximum Building Height: 60’
- Maximum Lot Coverage: 100%

The subject lot is larger than the minimum lot size requirement. No attempt was made to verify the permitting process, such as certificate of occupancy, or the setback requirements. These would be legal issues, which are beyond the scope of this appraisal assignment. As a real estate appraiser, I am not qualified to provide a legal opinion, and therefore, no attempt was made to determine if all of the necessary approvals are in place or if all of the conditions of the permits have been met.

TAXES & ASSESSMENTS

The actual tax assessments for this property are as follows:

Assessment Tax Rate Annual Taxes
\$399,500 @ \$2.4648/\$100 = \$9,846.88

The actual tax rates and common level of appraisal (CLA) for non-residential properties in St. Albans City over the past several years have been as follows:

<u>Year</u>	<u>Tax Rate</u>	<u>CLA</u>
2016	\$2.4648/\$100	94.99
2015	\$2.4260/\$100	97.94
2014	\$2.3999/\$100	97.79
2013	\$2.2837/\$100	98.11
2012	\$2.2427/\$100	99.36

The common level of appraisal is based on a comparison of actual sale prices of valid sales to the assessed value of that property. A common level of appraisal of 100% would suggest that the assessed values are similar to sale prices in this community. In St. Albans, the current assessed values are approximately 5% lower than market values. My opinion of value is considerably more than the current assessed value. The CLA is based on all types of properties and therefore, heavily influenced by the residential transactions. It is common for the assessed values of commercial properties to vary significantly from market values.

IMPROVEMENT DESCRIPTION

Type of Construction – One story, wood frame

Age – 33 Years, based on assessment records but owner indicated building was built in the early 1950's

Size – Approximately 8,660 SF

Exterior Description – Average quality in average condition

Foundation – Masonry block

Exterior Walls – Vinyl siding

Roof – Pitched membrane 10-15 years old

Doors – Metal frame doors with windows

Windows – Primarily older wood frame, insulated windows, with some replaced vinyl windows along the rear of the building

Interior Description – Average quality in average condition

Basement – Part, 792 SF, unfinished

Interior Floors – Primarily carpet, some tile

Interior Walls – Sheetrock

Insulation – Assumed adequate, fiberglass in attic

Interior Ceilings – Mix of sheetrock and acoustical tile

Lavatories – Total of six 2-fixture bathrooms

Mechanical Systems –

Heating – Gas fired, hot water baseboard heaters with five boilers

Air Conditioning – Central in boardroom only, or 9% of the building, some older wall units

Electric – 200 amp main, separate meters

Plumbing – Assumed adequate

Sprinkler System – None

Special Features (Elevator, alarm systems, etc.) – 3,000± SF of attic storage space, 1,440 SF detached garage

Comments: The building was designed to include numerous tenants, but the majority of the building is occupied by Franklin Central Supervisory Union. The northern portion of the building is currently leased to Comcast, but it is my understanding that there is a short-term remaining on this lease, and that Comcast plans to vacate the property in June, 2017.

The majority of the building is fit-up for average quality office use. In the Franklin Central Supervisory Union unit there are numerous private offices, a large board room, a smaller conference room, two kitchenette areas, some open rooms divided by cubicles and a few unfinished storage areas. The finishes in the offices include primarily carpet floors, sheetrock walls and a mix of sheetrock and acoustical tile ceilings. Some of the carpeting was older, but most of the carpeting was in average overall condition. This unit contains a total of 6,746 SF, or 78% of the total building area.

Behind the office space there is a portion of unfinished storage area. This consists of 942 SF of space. This area has wood floors, exposed beams and plywood for walls, and exposed ceilings. There is a 7' overhead door with a concrete pad on the exterior of the building that serves as a loading dock platform. The storage area is unheated and uninsulated, but it is a part of the main building footprint and was included in the overall square footage. It reflects 11% of the total building area.

The Comcast unit was not available for viewing at the time of the property inspection. The client represented that this was adequate, and gave a verbal description of the space. Additionally a floor plan was included, outlining the unit. In general this is similar type office and storage area. There is office space containing 1,305 SF, and storage area containing 609 SF, or a total of 1,914 SF for this unit. The storage area on this side has insulation and heat, and therefore, was also included in the overall building area.

There is a 792 SF unfinished basement. This houses two of the five boilers in the building. The basement has concrete floors, masonry walls and exposed ceilings. The balance of the building is over a crawl space.

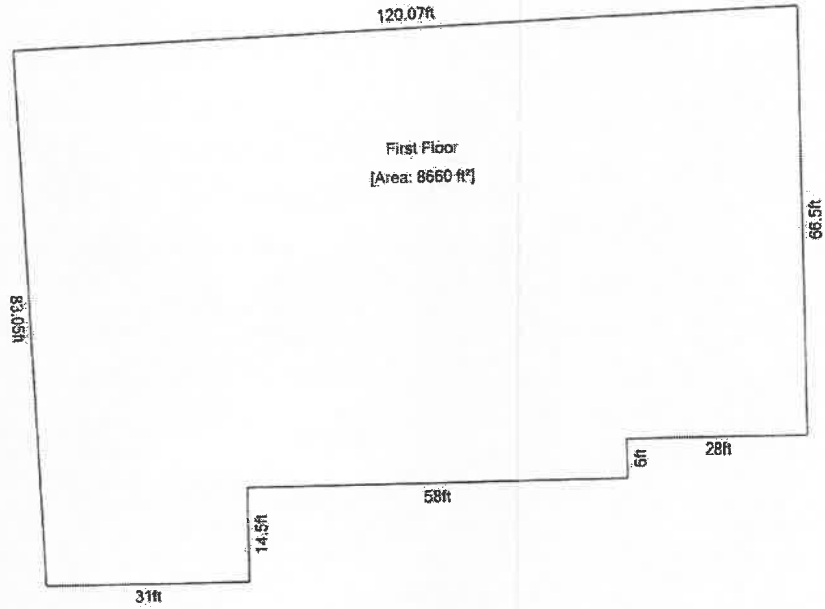
There is also a considerable amount of attic storage area. Portions of the attic have exposed insulation on the floors and could not be used for storage. However, over 3,000 SF has plywood flooring and is used for storage. This adds some value as unheated storage space, but was not included in the overall square footage.

There is a detached 1,440 SF garage structure on the property. This is a wood frame structure with metal siding and a metal roof. Access to this building was not available, and it was indicated it is also occupied by Comcast. The client represented that there are two bays, a larger bay and a single-car bay. The garage has concrete floors and exposed walls and ceilings. There is no heat or plumbing to this structure and only minimal electric. It is a low-cost structure but may add some minimal value as storage space.

The value estimated by this report assumes that the main building is structurally sound and that all mechanical systems are operational and adequate to serve the property. However, it is recommended that the building be inspected by a qualified engineer to determine if there are any physical limitations.

The building may meet the basic requirements for ADA accessibility. Determination of compliance with this act is beyond the scope of this appraisal, as well as the expertise of the appraiser.

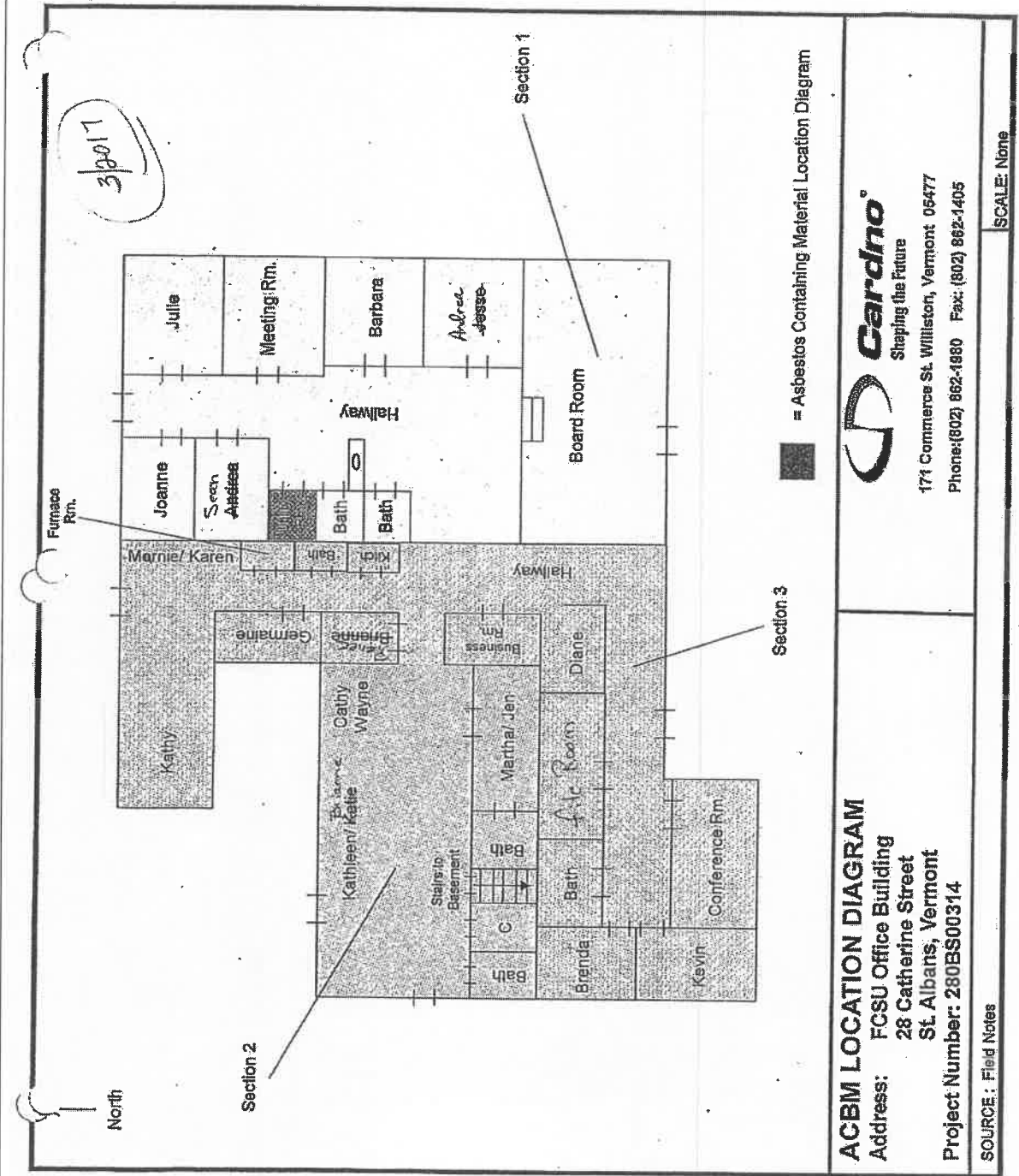
BUILDING SKETCH



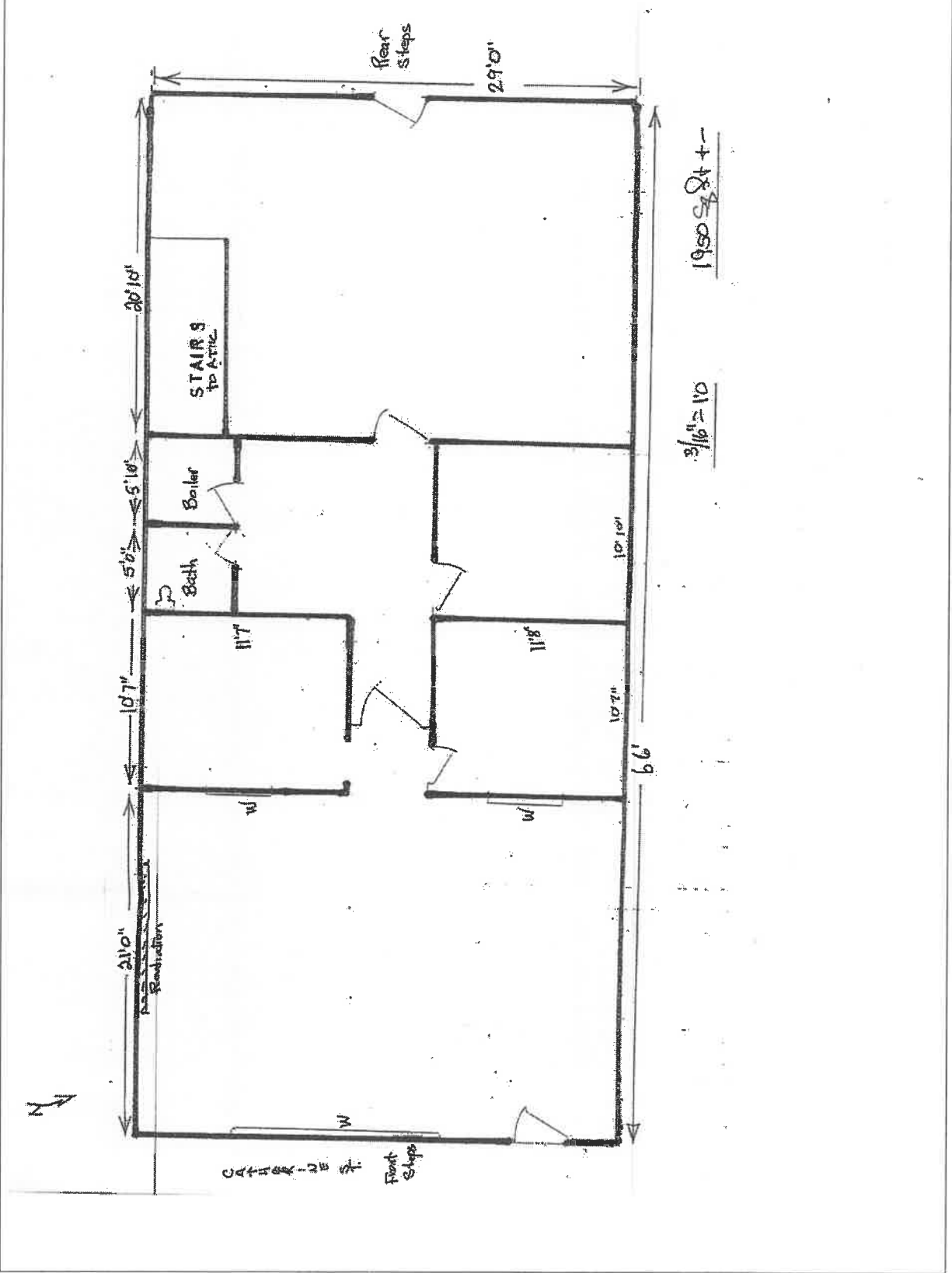
22 ft

Living Area	Area Calculation				
First Floor	8660.5 ft ²	First Floor			x 1.00 = 8660.5 ft ²
	Δ	120.07ft x	83.05ft x	0.50 =	4986 ft ²
	Δ	28ft x	66.5ft x	0.50 =	931 ft ²
	Δ	66.5ft x	6ft x	0.50 =	208.5 ft ²
	Δ	72.15ft x	121.50ft x	0.25 =	2226.88 ft ²
	Δ	24.30ft x	19.5ft x	0.30 =	141.38 ft ²
Total Living Area (rounded):	8660 ft ²	□	11.5ft x	14.5ft x	1.00 = 166.75 ft ²

FCSU Unit Layout



Comcast Unit Layout



HIGHEST AND BEST USE

Highest and best use may be defined as, "the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."¹

The first step is to consider the land as if vacant. This step is necessary to support a value estimate of the land if required for the Cost Approach. In addition, a land value may be necessary for an improved property to determine if the improvements added to the overall value of the property. In some instances, the land may be more valuable for an alternative use as opposed to the present use with existing improvements and redevelopment could be the highest and best use of an improved parcel.

The second step requires determining the highest and best use of the property as improved. This step is not necessary for vacant land. The use that maximizes an investment property's value is the highest and best use of the property and may not be the existing use in all circumstances.

A process of elimination can be used to determine the highest and best use of the property as if vacant or as improved. The first consideration is to determine the uses that will be physically possible on the site. The size of the lot, topography and soil conditions can physically limit the potential uses of any property.

The second consideration is to determine which of the uses that are physically possible are also legally permissible. Zoning will often limit the types of uses for a site and consideration must be given to other items such as deed restrictions or existing long-term leases that would limit the potential uses of a property.

The third step is to determine which uses would be financially feasible. This requires consideration of the demand for each potential use and the supply of existing properties that could serve that use. The location of a property can also be an important consideration in determining if certain uses would be financially feasible for a certain property.

The last step is to decide which of the uses that are still potential uses of the property will be maximally productive or would generate the highest value for the property. This step requires considerable analysis to determine which types of uses are in the greatest demand and can generate the greatest productivity for the specific property being appraised.

The following is a summary of the considerations regarding the subject property. A table was used to reflect a summary of the process of elimination to determine the highest and best use of this property. Potential uses are considered in broad categories, and a process of elimination is used based on the four criteria to establish the highest and best use. Once a use category is eliminated, it is no longer considered as a potential highest and best use for this property.

¹ The Appraisal of Real Estate. Appraisal Institute, 10th Edition, page 275.

Highest & Best Use Summary - Land as if Vacant				
Potential Use	Physically Possible	Legally Permissible	Financially Feasible	Maximally Productive
Agricultural	Too Small	---	---	---
Forestry	Too Small	---	---	---
Land Holding	Yes	Yes	Yes	No
Recreation	Yes	No	---	---
Single Family	Yes	Yes	No	---
Multi-Family	Yes	Yes	Yes	Yes
Mixed Use	Yes	Yes	Yes	Yes
Retail	Yes	Yes	No	---
Office	Yes	Yes	Yes	No
Industrial	Yes	No	---	---

If vacant, the highest and best use would likely be for a mixed use commercial building likely consisting of office space on the first floor and apartments on the upper floor(s). Sole development for multi-family would also be a potential use and could be maximally productive depending on the needs of the developer. In general, demand for apartments is strong in this market, and this is one of the few property types where rental rates are high enough to support new construction. There is more risk with renting commercial or office space, but there would also be demand for office space in this location given the close proximity to the downtown business corridor. Retail use would not be maximally productive because the subject lot lacks high visibility.

Highest & Best Use Summary - As Improved				
Potential Use	Physically Possible	Legally Permissible	Financially Feasible	Maximally Productive
Agricultural	Too Small	---	---	---
Forestry	Too Small	---	---	---
Single Family	No	---	---	---
Multi-Family	No	---	---	---
Mixed Commercial	Yes	Yes	No	---
Retail	Yes	Yes	No	---
Office	Yes	Yes	Yes	Yes
Industrial	No	---	---	---
Redevelopment				
Single Family	Yes	Yes	No	---
Multi-family	Yes	Yes	Yes	No
Commercial	Yes	Yes	No	---
Industrial	Yes	No	---	---

As improved the highest and best use would be the continued use as an office building, which could either be leased as a single office unit or multiple office suites. The building is designed primarily for office use, and there is some demand for offices given the proximity to downtown. The building could be converted to an alternative use, but this would require extensive renovations that are unlikely to be financially feasible. If an investor had a potential tenant with a specific need, perhaps renovation for alternative use would be financially feasible. However, it is unlikely that a buyer would consider altering the existing use based on speculation.

The building is older, but adds to the value of the land. Therefore, a buyer would not consider redevelopment at this time. If the demand for apartment housing continues to grow at the current rate, then future redevelopment for multi-family use could be possible. However, at this point the building value would exceed the value of the land if vacant, and a buyer would not consider redevelopment.

APPRAISAL APPROACH

The appraisal process typically involves applying three generally accepted appraisal approaches to estimate the value of a property. These three approaches are known as the Cost Approach, the Sales Comparison Approach, and the Income Approach. Each of these approaches is considered for each appraisal; however, not all are applicable for every property and only the approaches that are considered to reflect market considerations are used to value the subject property.

The Cost Approach

This approach is based upon the principle of substitution, which assumes that a prudent purchaser would not pay more for an existing structure than it would cost to purchase a vacant lot and build a similar structure of equal quality, less depreciation. The Cost Approach requires the appraiser to first estimate the value of the land as if vacant. The value of the land is typically estimated based on a sales comparison approach in which recent sales of similar lots are compared to the subject property as if vacant. The cost to replace the existing improvements is then estimated. The final step is to estimate the amount of depreciation to the existing improvements from all causes including physical deterioration, functional obsolescence and economic obsolescence. The estimated accrued depreciation is deducted from the replacement cost of the improvements plus the value of the land as if vacant to arrive at a value estimate by the Cost Approach.

The Sales Comparison Approach

This approach to value is also based upon the principle of substitution. In this approach, it is presumed that the market value of a property will approximate the sales price of similar properties offering similar utility. Recently sold similar type properties are compared to the subject property. These sales are analyzed and adjustments made to compare each sale to the subject property with respect to many factors such as location, condition, size, and market conditions. After adjustments, each comparable sale provides an indicated value for the subject property, and these indicated values are correlated to provide an estimate of value by the Sales Comparison Approach.

Income Approach

A value can be derived for an income producing type property based on the anticipated benefits. This requires the appraiser to first estimate the anticipated benefits or the income that can reasonably be anticipated to be generated from the property. The potential gross income is first estimated based on existing leases and recent leases for similar type space. The expenses and potential vacancy and rent loss must be estimated based on the operating history of the property, as well as what is typical in the market. The net operating income is then used to derive a value estimate for the property.

The conversion of net income to value can be accomplished by either direct capitalization or a discounted cash flow method. Direct capitalization is a method of converting a single year's income into value in one step. This method is reliable when the income is anticipated to remain relatively stable.

In cases where income is anticipated to vary considerably, a discounted cash flow method can be used. This method considers the future benefits over the typical holding period, which includes an annual cash flow plus the reversion or sale of the property at the end of the holding period. The anticipated cash flow is discounted to present value to reflect the anticipated return required by investors in the market. This approach typically reflects the considerations of real estate investors; however, it requires speculative projections regarding future market conditions that can limit the reliability of this approach.

Final Reconciliation

The last step in the appraisal process is to consider the separate values indicated by the approaches used for the property, and determine a final value for the property. A weighted average is generally used to derive the final value estimate. The approaches with the most market support or the approach that most closely reflects the considerations of buyers for these types of properties are given the greatest weight. Other approaches may be given considerably less weight depending on the type of property and support for each of the approaches used to value the subject property.

LAND VALUATION

The value of the land as if vacant can be provided as a guide to determining the highest and best use and for use as one of the components to the Cost Approach. The value of the land is estimated as if the site was vacant and the land was purchased to be used to its highest and best use.

There are several techniques that can be used in estimating land value; however, the Sales Comparison Approach is the most common and is preferred when recent sales of similar lots are available. This approach requires the appraiser to research sales of similar vacant parcels and then compare those properties to the subject property to derive an estimate of value for the subject as if vacant. This approach is often limited because of a lack of sales data.

Other methods for valuing land include allocation, extraction, subdivision development, land residual, and ground rent capitalization. These methods are generally only considered under special circumstances or when there is insufficient data to support a value by the Sales Comparison Approach.

In this instance, a separate value for the land as if vacant was not considered necessary. The subject property is located in an older, fully developed neighborhood, and this limits the amount of market data available to support a value for the land as if vacant. The Cost Approach was not relied upon, and therefore, a separate value for the land as if vacant was not necessary. The existing building is old, but it adds to the overall value of this site. Therefore, a separate land value was not necessary to support the highest and best use conclusions.

In summary, there is a lack of market data available to support a reliable value for the land as if vacant, and a value for the land as if vacant was not necessary to produce a credible appraisal for the property as improved.

COST APPROACH

The Cost Approach is one of the three basic approaches to value for real estate. This basically is a four-step process to derive a value estimate.

- 1) Estimate the value of the land as if vacant.
- 2) Estimate the cost to replace the existing improvements with improvements offering similar utility and of similar overall quality.
- 3) Determine the amount of depreciation of the improvements. Depreciation includes physical deterioration, functional obsolescence, and economic obsolescence.
- 4) Subtract the accrued depreciation from the replacement cost of all improvements and add the estimated value of the land to derive a value estimate by the Cost Approach.

This approach is most reliable when the improvements are new and there is a demand for this use in the market. In this instance the Cost Approach was not relied upon as a guide to value for the subject property for the following reasons.

1. There is a lack of market data available to support a value for the land as if vacant. Land value is an important component to the value indicated by the Cost Approach. The lack of support for the land value would reduce the reliability of the value indicated by this approach.
2. The building is quite old, and it is difficult to provide accurate replacement cost figures for this type of older building.
3. Depreciation is a subjective estimate for a building of this age. The need to make a substantial adjustment for physical deterioration would limit the reliability of the value conclusion by the Cost Approach.
4. The typical buyer of this type of property would not consider new construction. Therefore, the Cost Approach would not reflect the considerations of a typical buyer and was not relied upon as a guide to value.

SALES COMPARISON APPROACH

The Sales Comparison Approach is based upon the assumption that a potential buyer will pay no more for a property than other buyers paid for similar properties. There are five basic steps in this approach to value.

1. Research the market and obtain data regarding recent transactions and current offerings of properties that are similar to the subject property.
2. Verify the information to determine if the data is accurate and the transaction reflects an arm's-length market sale.
3. Select an appropriate unit of comparison and develop a comparative analysis.
4. Compare the subject and the comparable sales according to elements of comparison and adjust the sale price of each comparable to reflect differences between the subject property and the comparable sale.
5. Reconcile the values indicated by each of the comparables to arrive at an overall value indicated by the Sales Comparison Approach.

This approach reflects the actions of buyers and sellers in the market and generally is the most reliable guide to value. It can be limited by a lack of sales of similar type properties, particularly if the subject property is unique.

In this instance, the Sales Comparison Approach was considered as a good overall guide to value. The number of comparable sales is somewhat limited. Therefore, some older sales and sales from a larger geographic area were considered.

COMPARABLE SALE #1

Location: 172 South Main Street, St. Albans City, Vermont

Grantor: New England Federal Credit Union

Grantee: Krassets, LLC

Date of Sale: November 18, 2016

Sale Price: \$285,000

Sale Price/SF: \$91.26

Site Description: Size: 0.26 acres

Visibility: AADT – 10,100

Utilities: Municipal water/sewer

Flood Zone: No

Land to Building Ratio: 3.6 to 1

Access & Frontage: Corner, two curb cuts

Zoning: Commercial

Improvements: Age: Built 1972

Size: 3,123 SF

Bsmt: Full, unfinished

Description: One story, masonry former branch bank purchased for use as a real estate office. The exterior is finished with brick siding and a rubber membrane roof. The interior has primarily tile and carpet floors, and sheetrock walls and ceilings. It is heated by a gas fired, HVAC system, and there is central a/c. It is generally considered an average to good quality building in average to good overall condition at the time of sale.

Transaction Data: Terms of Sale: Cash to Seller

Comments: Buyer occupied the building for 14 months prior to purchase while the building was under an extended contract due to environmental issues that needed to be cleaned up by the seller prior to sale. It was sold with a restrictive covenant that it would not be used as a branch bank.

Source: Dd, Municipal records, Broker



COMPARABLE SALE #2

Location: 181 North Main Street, St. Albans City, Vermont

Grantor: Mary Wood Revocable Trust Grantee: White's Property Management, LLC

Date of Sale: August 24, 2016

Sale Price: \$164,000 - \$4,000 (Concession) = \$160,000

Sale Price/SF: \$65.68

Site Description: Size: 0.64 acres

Visibility: AADT – 11,300

Utilities: Municipal water & sewer

Flood Zone: None

Land to Building Ratio: 11.4 to 1

Access & Frontage: 48 Feet

Zoning: Commercial

Topography: Slopes up gradually from road

Improvements: Age: Built 1840 Size: Approx. 2,436 SF Bsmt: 1,299 SF

Description: Two story, brick and wood frame structure, used as office space. At the time of sale, the whole building was used for office space; but there had been a three bedroom apartment on the second floor in previous years that was currently used partially as storage space. There is an older two car, attached garage with limited added value and a parking area with 14 spaces. It has oil heat, but only window A/C units. The building was in need of some updates, with a portion being lower quality that was used as storage space. This is considered an average quality office building in average to fair overall condition.

Transaction Data: Terms of Sale: Cash to seller

Comments: The property was on the market for 3.5 months. The office tenant was vacating, and the sellers were motivated to sell the property because of the vacancy.

Source: Lm, Municipal records, Broker, Grantor



COMPARABLE SALE #3

Location: 152 South Main Street, Waterbury, Vermont

Grantor: Pilgrim Partnership LLC

Grantee: Superior Development LTD Co. & Malone 1 River Properties LLC

Date of Sale: October 29, 2015

Deed Book/Page: 373/96

Sale Price: \$905,000

Sale Price/SF: \$96.64

Site Description: Size: 2.0 Acres + 1.66 acres, or 3.66 Acres total

Land to Building Ratio: 17 to 1

Visibility: AADT: 8,500

Access & Frontage: Corner Lot

Utilities: Municipal water & sewer

Zoning: Commercial

Flood Zone: Yes – Zone AE, but the buyer represented that the building is above the 100 year elevation. There was some minor damage from tropical storm Irene in 2011

Comments: The property includes a two acre portion that is improved with the building and parking areas, and a 1.66 acre portion on the north side of Demeritt Place, which is excess land.

Improvements: Age: Built 1970 Size: Approx. 9,364 SF Bsmt: None, slab

Description: Primarily one story, metal frame, former auto dealership that was completely renovated into good quality office space in 2009. It has sprinklers, central a/c, kitchenette, and three bathrooms. The building was considered to be of average to good quality and in average to good overall condition at the time of sale.

Transaction Data: Terms of Sale: Cash to seller

Comments: The buyers purchased several properties from the sellers including this one. The property was purchased as an investment. It had been rented to Keurig Green Mountain, but they have vacated the building, and the buyers have agreed to lease terms with the State.

Source: Hb, Municipal records, Grantee (Randy LaGue)



COMPARABLE SALE #4

Location: 1753 Industrial Parkway, Lyndon, Vermont

Grantor: Laferriere Realty, LLC

Grantee: Rural Community Transport

Date of Sale: December 19, 2014

Sale Price: \$320,000

Sale Price/SF: \$40.00

Site Description: Size: Approx. 4.64 Ac.

Land to Building Ratio: 25.3 to 1

Visibility: Average – Side Street

Access & Frontage: Adequate – 200'

Utilities: Municipal Water & Sewer

Zoning: Business

Flood Zone: No

Topography: Slopes up – Limits utility

Improvements: Age: Built 2007

Size: Approx. 8,000 SF

Bsmt: None

Description: One story, steel frame office building that is a large open space on the interior with a conference room, kitchen area, and bathrooms. The building has oil fired heat, central a/c, three phase power, and there is a parking lot for up to 65 cars. It is an average quality office building in average overall condition due to the vacancy, despite being a relatively new building.

Transaction Data: Terms of Sale: Cash to seller – On the market for over 2 years, but the asking price started at \$700,000.

Comments: This property is located in an industrial park in close proximity to access to Interstate 91. The contributory value of the surplus land may be limited by the topography and wetlands. The seller was highly motivated after 2 years of marketing the vacant building, and reduced the price considerably from the original asking price.

Source: Lm, Municipal records, Broker



COMPARABLE SALE #5

Location: 23 Jones Brothers Way, Barre City, Vermont

Grantor: Washington County Mental Health

Date of Sale: January 15, 2016

Sale Price: \$250,000

Grantee: Not Recorded

Sale Price/SF: \$51.15

Site Description: Size: 1.18 Acres

Visibility: Good from Route 302

Utilities: Municipal water & sewer

Flood Zone: Yes

Land to Building Ratio: 10.52 to 1

Access & Frontage: Shared ROW

Zoning: Industrial/Commercial

Topography: Mostly level

Improvements: Age: Old, 100+ Years Size: 4,888 SF Bsmt: Full, Unfinished

Description: Two story, wood frame, office building. It was vacant at the time of sale, and it was indicated that it could be used either as single or multi-tenant office. It had multiple fuel sources for heat, but no A/C. It was considered an average quality building in average overall condition.

Transaction Data: Terms of Sale: Cash to seller

Comments: On the market for two months, with an initial asking price of \$275,000.

Source: Hp, Municipal records, broker



COMPARABLE SALE #6

Location: 317 River Street, Montpelier, Vermont

Grantor: AAA Northern New England

Grantee: River Street Assoc.

Date of Sale: May 20, 2014

Sale Price: \$435,000

Sale Price/SF: \$85.19

Site Description: Size: Approx. 0.79 Ac.

Land to Building Ratio: 6.7 to 1

Visibility: AADT – 13,200

Access & Frontage: Narrow – 120'

Utilities: Municipal Water & Sewer

Zoning: General Commercial

Flood Zone: No

Topography: Slopes up

Improvements: Age: 100+ but renovated in 1987 & addition in 1990

Size: Approx. 5,106 SF

Bsmt: Unfinished – 1,100 SF

Description: Two story, wood frame office building with vinyl exterior siding and shingle roof cover. The front of the building is an older residential type structure that is two stories, and the addition is a one story, open office area containing 2,040 SF. The building has gas hot air heat, central a/c, and 4 – 2 fixture bathrooms. The second floor was a separate office suite containing 1,536 SF. The building could be used as 1 to 3 units at present and it is an average to good quality office building in average overall condition.

Transaction Data: Terms of Sale: Cash to seller

Comments: High visibility location, but the design of the building is for office use. There are two parking lots with a total of approximately 26 spaces.

Source: Mm, Municipal records, Grantee



SALES COMPARISON GRID

	SUBJECT	Comparable #1	Comparable #2	Comparable #3	Comparable #4	Comparable #5	Comparable #6
Identification	26-30 Catherine St. St. Albans City, VT	172 S. Main St. St. Albans City, VT	181 N. Main St. St. Albans City, VT	152 S. Main St. Waterbury, VT	1753 Industrial Pkwy. Lyndon, VT	23 Jones Brothers Way Barre City, VT	317 River St. Montpelier, VT
Sale Price	N/A	\$285,000	\$160,000	\$905,000	\$320,000	\$250,000	\$435,000
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Similar	Fee Simple	Fee Simple
Financing	Assume Typical	Similar	Similar	Similar	Similar	Similar	Similar
Conditions of Sale	Assume Typical	Similar	Similar	Similar	Similar	Similar	Similar
Market Conditions	May-17	Nov-16	Aug-16	Oct-15	Dec-14	Jan-16	May-14
Adjusted Price	---	\$285,000	\$160,000	\$905,000	\$320,000	\$250,000	\$435,000
Price/SF	---	\$91.26	\$65.68	\$96.65	\$40.00	\$51.15	\$85.19
Land to Building	2.5 to 1	3.6 to 1	11.4 to 1	17 to 1	25.3 to 1	10.5 to 1	6.7 to 1
Location	Average	Similar	Similar	Similar	Inferior	Inferior	Superior
Frontage/Access	Average	Corner	Similar	Corner	Similar	R.O.W.	Similar
Visibility-AA/T	Limited, Side Road	Superior	Superior	Superior	Similar	Slightly Sup.	Superior
Construction	1 St./Frame	1 St./Masonry	2 St./Br-Wd.	1 St./Frame	1 St./Steel	2 St./Frame	2 St./Frame
Age/Condition	33+ Yrs./Average	44 Yrs./Avg.-Gd.	Old/Avg./Fair	45 Yrs./Avg.-Gd.	7 Yrs./Avg.	Old/Avg.	Old/Avg.
Size - SF	8,660	3,123	2,436	9,364	8,000	4,888	5,106
Heat - A/C	Gas - 9%	Gas - Central	Oil - None	Gas - Cent.	Oil - Cent.	Mixed - None	Gas - Cent.
Quality	Average	Avg./Gd.	Average	Avg./Gd.	Average	Average	Avg./Gd.
Basement	792 SF	Full, Unfin.	1,299 SF	None	\$0.50	Full, Unfin.	1,100 SF
Functional Utility	Office, 11% Storage	Office	Part Storage	Office	Office	Office	Office
Sprinklers	None	Similar	Similar	Yes	Similar	Similar	Similar
Att./Det. Structures	1,440 SF Garage	None	2 Car Car.	None	None	None	None
Flood Zone	None	Similar	Similar	Yes	\$7.00	Yes	\$7.00
Other	3,000 SF Attic	None	None	None	None	None	None
Net Adjustments		-\$35.00	-\$7.50	-\$37.00	\$1.50	\$4.50	-\$28.00
Indicated \$/SF		\$56.26	\$58.18	\$59.65	\$41.50	\$55.65	\$57.19

Conclusion to Sales Comparison Approach

The following is a summary of the adjustments considered for the sales used in the comparable sales grid:

- Unit of Comparison – A common unit of comparison for commercial properties was used in this analysis, “price per square foot” because the size of the building impacts the value. The sale price was divided by the gross building area to derive this figure.
- Property Rights – No adjustment was made for the leased fee interest in the subject. The lease is considered to be at a reasonable market rent, and would not have a significant impact on market value.
- Market Conditions – No adjustments were made for market conditions in this instance. Property values have been relatively stable for the past several years in this market area. While there have been some signs of increasing demand for commercial real estate, there is not sufficient data to support upward adjustments at this time.
- Lot Size – Adjustments were made for lot size based on the “land to building ratio,” which is the ratio of the lot size in square feet to the building square footage. The estimated contributory value of the surplus land was \$50,000/Acre for most comparable properties. Comparable #4 is a much larger lot in a far inferior location, so a lower land value was used for this adjustment. The land value as if vacant would be much higher, but this adjustment reflects the contributory value for surplus land. Surplus land can provide parking, recreational space, or can be used to meet zoning requirements, but is not considered to have significant future development potential.

- Location – An attempt was made to use comparables in similar locations, but some adjustments were made to reflect the demand for different property types in different market areas. Typically there is more demand in areas that are close to interstate access, or downtown commercial districts, while demand is limited in more rural areas or areas with lower property values.
 - Comparable #4 is in an industrial type park, further from downtown and is in an inferior market area. Therefore, a large upward adjustment for location was necessary.
 - Comparable #5 is in a slightly inferior market area. It is also further from interstate access and a downtown setting, and therefore, it was adjusted up for location.
 - Comparable #6 is located in Montpelier, which has above average demand for office space. Therefore, a downward adjustment was reasonable for location.

- Frontage/Access – The subject is not a corner lot, but does have access to two different roadways. The frontage is average, but no adjustments were necessary for sales on corner locations.

- Visibility – Some small adjustments were considered for sales with superior visibility. Visibility generally is not a significant value factor for office uses, but there are certain office uses that benefit from higher visibility. Therefore, a small adjustment was made, to reflect that some business would not find the subject building suitable due to the lack of visibility.

- Age/Condition – Adjustments were made to reflect that newer buildings and buildings in superior overall condition have lower maintenance costs and less risk. The subject was generally considered to be in average overall condition for office use.

- Building Size – An attempt was made to find transactions with buildings of a similar size, but it was necessary to make some size adjustments. There tends to be more demand for smaller buildings and less potential risk; therefore, smaller buildings typically will sell for more per square foot than similar larger buildings.

- Quality – Quality adjustments were made based on the overall quality of the building components. There is more demand for superior quality buildings with higher quality building components.

- Basement – Small adjustments were made for differences in basement space to reflect that this would add to the value of the properties as storage space. The basement adjustments were relatively limited in this instance.

- Functional Utility – The subject has 942 SF of unfinished storage space. This is 11% of the total building. It also has 609 SF of additional storage area, but this space is heated and insulated. The 942 SF is not heated, and an adjustment was made for the functional utility of this space. This is a small percentage of the total building area, which limited the necessary adjustment.

- Flood Zone –An adjustment was made to account for the added cost of flood insurance for properties located in a flood zone. Flood insurance costs have been increasing, and therefore, it was necessary to make relatively large flood zone adjustments.
- Outbuilding – No adjustment was made for the garage in this instance. This is an older structure that does not add significant value. Given the size of the lot, the land absorbed by the garage may be better suited as parking area, and therefore, this garage was not considered to add any value to the subject property.

Comparable sales #1 and #2 are much smaller office properties, but are two recent sales in St. Albans City. Comparable #1 is a similar type, one story office building, and is outside the downtown walking district. It was in superior quality and condition at the time of sale, but is considered as a good guide to the market for office space in this community. Comparable #2 is an older building and also had some unfinished storage space. This is a much smaller building but is considered a reasonable guide to value.

Comparables #3-#6 are more similar sized office properties from a larger geographic area. Comparable #3 is a similar sized building in a similar location, close to a downtown district. However, it was in superior condition because it had recently been renovated. Comparable #4 is also a similar sized building and required relatively few adjustments other than for location and lot size. However, this building was vacant for two years prior to the sale, and it was indicated that the vacancy significantly impacted the condition of the building and the demand for the property. Therefore, this sale was not heavily relied on. Comparable sales #5 and #6 were considered as good additional support.

After adjustments the sales reflect a range in values from \$42 to \$60 per square foot, after rounding. Excluding comparable #4, the remaining sales reflect a much closer range from \$56 to \$60 per square foot. A market value near the middle of this second range has been concluded at \$58/SF.

$$8,660 \text{ SF @ } \$58/\text{SF} = \$502,280$$

Indicated Market Value by the Sales Comparison Approach, rounded to, \$500,000

INCOME APPROACH

The Income Approach derives a value estimate based upon the present value of the future benefits of property ownership. This approach involves a series of techniques used in order to convert a property's capacity to generate monetary benefits into value. It is heavily relied upon in the valuation of investment type properties.

There are basically two techniques that appraisers use, direct capitalization and discounted cash flow analysis. Direct capitalization relies upon a comparison of one year of income to value. This can be a very reliable value estimate if income is not anticipated to change considerably and when capitalization rates can be derived directly from the market. However, if changes in income are anticipated due to changes in vacancy rates or expiration of existing leases, this approach may not be adequate to effectively adjust for those future changes. This method can also be limited by a lack of market data to support the capitalization rate. Income and expense information is often confidential and without actual income and expense data, the reliability of the capitalization rate is reduced.

The discounted cash flow method considers the future benefits during a typical holding period. This approach is used when income is projected to change during the holding period. This approach reflects the considerations of investors who are anticipating the long-term benefits of property ownership. However, this technique requires speculative projections on future market conditions that are difficult to support. This method requires that a series of yearly cash flows be estimated and discounted to present value as well as the reversion or proceeds from the sale of the property at the end of the holding period.

The subject is fully leased at present and the current owners treat the property as an investment. The potential buyer is one of the current tenants, and is the only tenant with a long-term lease. This limited the reliance on an Income Approach. However it was considered as a general guide to value. The income should not change in the next several years, and therefore, the direct capitalization technique was relied on.

The Direct Capitalization Method requires five basic steps to derive a value estimate.

1. Determine the potential gross income of the property. This can be based on actual leases within the subject property, a market derived rental, or a combination of the two. Any existing leases within the subject are analyzed and market rents are estimated based upon a comparison between the subject property and properties recently leased in this market area. The potential gross income is the maximum income before expenses that a buyer could anticipate over the next year and may be affected by existing leases.

2. Estimate an allowance for potential vacancy and rent loss and deduct this amount from the potential gross income to derive the effective gross income. Vacancy and rent loss may not be an actual yearly expense, but is an allowance to offset the risk of vacancy and or loss in income because of uncollected rent.

3. Expenses are established and an Income and Expense Statement is derived estimating the net operating income for the next year. Expenses are typically based upon historic expenses for the subject property as well as actual expenses on similar type buildings in the area. The total operating expenses before debt service and income taxes are deducted from the effective gross income to estimate a net operating income for the property. The cost of debt service and income taxes is factored into the overall capitalization rate.

4. An overall capitalization rate is derived. The best method of estimating a capitalization rate is by considering sales of similar type properties and dividing the net operating income of the recently sold property by the sale price. This method is often limited because of a lack of sales of similar properties, and a lack of access to income and expense information on a particular property that recently sold. Therefore, the Band of Investment Technique and other techniques can be used to estimate a capitalization rate based upon typical rates required in the market.

5. The last step in this technique is to apply the indicated overall capitalization rate to the estimated net operating income for the subject property to arrive at an indication of value by the Income Approach.

STEP 1 - Estimate Potential Gross Income

The current lease with Franklin County Supervisory Union is considered as a good guide to the potential rental income for this unit. The following is a summary of the current lease agreement:

Lease Abstract:

Landlord: Bevins Properties, LLC

Tenant: Franklin Central Supervisory Union

Term: Five years beginning September 1, 2015, ending August 31, 2020

Rent: \$4,150 per month, \$49,800 per year, or \$8.58 per square foot (office space only)

Increases in Rent: None

Tenant Expenses: All utilities, minor interior repairs and trash removal

Landlord Expenses: Property taxes, building insurance and major repair items

Comments: The leased premise is a 6,746 SF unit. There is 942 SF of unfinished storage area, with the balance, 5,804 SF being fully finished office space. The rent per square foot was considered based on the office square footage only.

There are over three years remaining on the existing lease term. Therefore, this is considered as a good guide to the stabilized potential gross income from this unit. The Comcast lease is nearly expired. The current rent is \$1,380 per month, or \$16,560 per year, or \$8.65 per square foot. Since the lease for this space will expire in the next few weeks the current rental rate was not relied on. The stabilized income was based on market rental data. The market rents for office space were also considered as a guide to the potential market rent for the FCSU office suite. The following is a summary of the market rent data considered:

Comparable Commercial Rents								
Comp. #	Location	Use	Term	Size-SF	Rent/SF	Adjusted Rent	Tenant Expenses	Comments
1	Lake Street, St. Albans	Office	Current/2016	2,116	\$7.21	\$10.21	All-NNN	Avg. Qual.
2	N. Main St., St. Albans	Office	Current/2014	1,000	\$11.40	\$10.00	Electric	Avg. Qual.
3	N. Main St., St. Albans	Office	Current/2014	1,350	\$8.00	\$7.00	Heat & Elec.	Avg. Qual.
4	N. Main St., St. Albans	Office	5 Yrs./2016	4,400	\$10.00	\$13.00	All-NNN	Gd. Qual.
5	Colchester	Office	3 Yrs./2016	1,012	\$10.08	\$9.00	Heat & Elec.	Avg. Qual.
6	Montpelier	Office	3 Yrs./2015	3,530	\$10.73	\$9.00	Electric	Avg. Qual.
7	Winooski	Office	2 Yrs./2015	5,320	\$9.02	\$7.00	50% of Utilities	Avg. Qual.
8	St. Johnsbury	Office	5 Yrs./2015	6,032	\$8.87	\$11.87	All-NNN	Avg./Gd. Qual.
9	Barre City	Office	5 Yrs./2013	2,700	\$9.80	\$9.80	Util. & Maint.	Avg. Qual.
10	Essex	Off./Storage	7 Yrs./2016	6,000	\$10.20	\$9.00	Heat & Elec.	Avg. Qual.
11	Colchester	Off./Storage	5 Yrs./2016	5,000	\$8.70	\$11.70	All-NNN	Avg. Qual.
12	Colchester	Off./Storage	5 Yrs./2015	4,800	\$9.64	\$8.50	Heat & Elec.	Avg. Qual.
13	Newport	Ret./Storage	Current	3,050	\$7.25	\$10.25	All-NNN	Avg. Qual.

The comparable rents were adjusted for tenant expenses. The FCSU unit is rented on a modified gross rent with the tenants paying all utilities, including water, sewer, trash removal, and some interior repairs. Most modified gross rents do not require as many tenant expenses. Units with the tenants only paying heat and electric were adjusted down to reflect the additional expenses paid by the tenants at the subject. Units on triple net leases required upward adjustments for tenant expenses.

Comparable units #1-#9 are office units and are considered the best guide to market rent for the FCSU unit. The rent comparables reflect a range from \$7.00 to \$13.00 per square foot for market rents of offices in the region. Rent for the subject units should be within this range. The current rent for the FCSU unit at \$8.58 is near the lower end of the range. However, this is a relatively large office unit, and the age of the interior finishes could impact the appeal. It was also indicated that the tenants had done some of the fit-up, which may have impacted the rental amount. Therefore, the current rent is considered a reasonable market rent, and was relied on.

The rent for the Comcast unit should also be within the range indicated. The back portion of the Comcast unit is storage space, but this is heated area and was included in the total square footage, or 1,914 SF. The storage portion is 609 SF, or 32% of the unit. Comparable units #10-#13 were included as rents with a mix of office and storage space, though most had a higher percentage of storage area than the subject. These comparable units reflect a similar range, as the office rental rates, but are mostly in superior locations.

Based on the market data, a market rent for the Comcast unit of \$9.00/SF has been considered reasonable, assuming similar rental terms to the current FCSU lease. The potential gross income for the property has been concluded as follows:

Potential Gross Income			
		Monthly	Annual
Size-SF	Rent/SF	Income	Income
5,804	\$8.58	\$4,150	\$49,800
1,914	\$9.00	\$1,436	\$17,226
Total			\$67,026

It should be noted that no additional rental income was considered for the detached storage garage. This is a low-cost structure and if FCSU purchases the property they plan to demolish this building. Any added value would be offset by the potential for parking where the footprint of the structure is. Therefore, this was not considered to add any rentable value.

STEP 2 - Vacancy & Rent Loss

The subject is fully occupied at present, but the tenant of the Comcast unit plans to vacate in the coming weeks. FCSU occupies the majority of the building and plans to purchase the property. If the purchase is completed the building will primarily be owner occupied, which limits the risk of vacancy. If the property was purchased by a third party, the current long-term lease with FCSU would reduce the risk of vacancy.

The demand for office space in this market is somewhat limited compared to some other commercial uses. Generally vacancy rates are higher for office use. There has been a recent trend for more employees to work from home, and this has reduced the need for office space. Additionally there has been some added supply of office space to the community, and it is difficult for older buildings such as the subject to attract tenants and compete with more modern office spaces. This would increase the risk of potential vacancy with the subject over the long-term. The subject has one tenant at present, with several years remaining on the existing lease. However, if the tenant were to vacate it could take several months or even years to find a good quality tenant for this space.

In addition to vacancy, some consideration was given to the potential for rent loss if a tenant is unable or refuses to pay rent. Evictions can take several months, during which time a landlord generally does not collect rent. In this instance, one vacancy and rent loss rate of 7% of the potential gross income was considered. This is relatively high, but reflects that the Comcast unit will be vacant, and that a buyer would potentially need to find a new tenant for this space. It also reflects the long-term risk of vacancy for older office buildings in this market.

Potential Gross Income –	\$67,026
Less: Vacancy and Rent Loss – 7%	\$ 4,692
Effective Gross Income –	\$62,334

STEP 3 - Expenses

The income and expense data available for the subject is somewhat limited. Therefore, consideration was given to expense comparable data as a guide to the typical expenses for similar property. There are few office buildings with sole office use that are used as investments. Therefore, some mixed use buildings were considered. The following is a summary of the operating expense comparables considered:

Commercial Expense Comparables						
	Exp. Comp. #1		Exp. Comp. #2		Exp. Comp. #3	
Size - SF	8,000		6,425		17,400	
Use	Offices		Retail/Apts.		Office	
Tenant Expenses	None-Gross		Various Heat/Gross		Mixed - Gross	
	Dollars	\$/SF	Dollars	\$/SF	Dollars	\$/SF
Gross Income	\$155,573	\$19.45	\$77,000	\$11.98	\$154,822	\$8.90
Operating Expenses:						
Real Estate Taxes	\$19,663	\$2.46	\$6,500	\$1.01	\$23,093	\$1.33
Insurance	\$1,950	\$0.24	\$1,750	\$0.27	\$4,256	\$0.24
Utilities	N/A	N/A	N/A	N/A	N/A	N/A
Fuel	\$6,068	\$0.76	\$5,000	\$0.78	\$12,158	\$0.70
Electric	\$10,232	\$1.28	\$5,000	\$0.78	\$11,871	\$0.68
Water & Sewer	\$529	\$0.07	\$0	\$0.00	\$2,042	\$0.12
Repairs & Maintenance	\$6,600	\$0.83	\$2,000	\$0.31	\$40,907	\$2.35
Legal & Professional	\$500	\$0.06	\$0	\$0.00	\$2,121	\$0.12
Lawn & Snow Care	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Trash & Recycling	\$768	\$0.10	\$0	\$0.00	\$0	\$0.00
Miscellaneous	\$0	\$0.00	\$3,000	\$0.47	\$4,888	\$0.28
Management	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Reserves	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Total Expenses	\$46,310	\$5.79	\$23,250	\$3.62	\$101,336	\$5.82

Expense comparable data is generally provided confidentially. Therefore, the properties included in the expense comparable table were not specifically identified. These were considered as a general guide to the operating expenses, but consideration was also given to the typical operating costs for other similar property from the market area. A stabilized income and expense statement for the subject has been estimated as follows:

Income & Expenses			
	Stabilized		
	<u>Dollars</u>	<u>\$/SF</u>	<u>Comments</u>
Pot. Gross Income	\$67,026	\$7.74	See Narrative
Less: Vacancy	<u>\$4,692</u>	<u>\$0.54</u>	7% of Gross
Eff. Gross Income	<u>\$62,334</u>	\$7.20	See Narrative
Operating Expenses			
Real Estate Taxes	\$9,847	\$1.14	See Narrative
Insurance	\$2,200	\$0.25	Est. @ \$0.25/SF
Repairs & Maintenance	\$4,300	\$0.50	Est. @ \$0.50/SF
Utilities	\$0	\$0.00	Tenants Pay
Trash Removal	\$0	\$0.00	Tenants Pay
Snow and Lawn Care	\$900	\$0.10	Est. @ \$0.10/SF
Management	\$1,870	\$0.22	3% of Eff. Gross
Reserves	<u>\$3,000</u>	<u>\$0.35</u>	Est. @ \$0.35/SF
Total Expenses	\$22,117	\$2.55	Total
Eff. Gross Income	\$62,334	\$7.20	
Less Expenses	<u>\$22,117</u>	\$2.55	
Net Operating Income	\$40,217	\$4.64	

The stabilized operating expenses have been determined based on the following considerations:

- **Property Taxes** – The tax expense was based on the actual assessed value and the current non-residential tax rate. The current assessed value appears relatively low based on the values indicated in this report, but the CLA is approximately 5% less than market values at present. In addition, some consideration was given to the potential for an increase in the property taxes when the stabilized capitalization rate was determined.
- **Insurance** – Generally insurance rates range from \$0.20/SF to \$0.50/SF for similar property. The expense comparable properties reflect a relatively low range from \$0.24 to \$0.27 per square foot. A stabilized expense for the subject of \$0.25/SF has been estimated.
- **Repairs and Maintenance** – These expenses can vary for different property types. The lease for FCSU requires the tenant to make some minor interior repairs when necessary and pay for all janitorial type expenses. Therefore, a relatively low expense of \$0.50/SF is considered reasonable.
- **Snow and Lawn Care** – The lease requires the landlord to provide plowing costs. Lawn care costs would be minimal for this property. A stabilized estimated expense of \$0.10/SF is considered reasonable for snow removal.

- Management – Most similar type properties are managed directly by the owner. However, some consideration should be given for the owners' time and skills necessary to provide this function. The subject is only two units, limiting the management function. Therefore, a management fee of 3% of the effective gross income has been concluded.
- Reserves – A reserve for replacement has been estimated. This may not be an actual annual expense, but rather is a fund designed to cover the potential high costs to replace building components over a typical holding period. This may cover major costs for replacing items such as boilers, hot water heaters, roof covers, and floor coverings. A stabilized reserve fund of \$0.35/SF has been concluded for the subject.

STEP 4 - Estimate Overall Capitalization Rate

The most reliable method for estimating an overall capitalization rate is from sales of similar properties. The following sales are not direct comparables to the subject property, but indicate overall capitalization rates acceptable to investors for properties in this general region. These were used as one guide to an overall rate for the subject property.

Capitalization Rate Comparable #1

Location: 60-68 Federal Street, St. Albans, Vermont

Date of Sale: December 18, 2013

Sale Price: \$325,000

Estimated Net Operating Income: \$26,700

Indicated Overall Capitalization Rate: 8.2%

Description: One story, 4,000 SF commercial building fully leased to one tenant and used as an auto parts store. The lease had two years remaining on the term.

Capitalization Rate Comparable #2

Location: 77 Fairfield Street, St. Albans City, Vermont

Date of Sale: October 30, 2013

Sale Price: \$270,000

Estimated Net Operating Income: \$22,400

Indicated Overall Capitalization Rate: 8.30%

Description: 0.44 acres improved with a two story, wood frame building with a medical office on the first floor and a two bedroom apartment on the second floor. It contains a total of 3,432 SF and was in relatively good condition at the time of sale.

Capitalization Rate Comparable #3

Location: 153 State Street, Montpelier, Vermont

Date of Sale: August 3, 2016

Sale Price: \$560,000

Estimated Net Operating Income: \$43,100

Indicated Overall Capitalization Rate: 7.7%

Description: 0.75 acre lot improved with 100+ year old house converted to a multi-tenant office.

Capitalization Rate Comparable #4

Location: 3 Pitkin Court, Montpelier, Vermont

Date of Sale: January 5, 2015

Sale Price: \$1,000,000

Estimated Net Operating Income: \$98,100

Indicated Overall Capitalization Rate: 9.8%

Description: 0.44 acres improved with a three story, 8,000 SF multi-tenant office building.

Capitalization Rate Comparable #5

Location: 1197 Main Street, St. Johnsbury, Vermont

Date of Sale: September 30, 2016

Sale Price: \$950,000

Estimated Net Operating Income: \$83,300

Indicated Overall Capitalization Rate: 8.8%

Description: 0.19 acre lot improved with 100+ year old three story brick building containing 17,400 SF. The building was completely renovated in 1994 to provide modern office space with an elevator, central a/c, and sprinklers. The building was fully leased to three good quality tenants.

Conclusion to Overall Capitalization Rate from the Market

Income and expense data is generally confidential, limiting the amount of market data available. The sales listed are investment properties in the region and provide a general guide to overall capitalization rates in this region.

The comparable sales reflect a range in capitalization rates from 7.7% to 9.8%. Comparable sales #1 and #2 are in St. Albans, but are not similar properties to the subject. The remaining sales are more comparable property types from a larger geographic area. The subject building is older, and this could impact the demand. Additionally there is some risk of an increase in the tax expense, and therefore, a stabilized capitalization rate of 8.5% has been concluded. The sales data is somewhat limited, and therefore, the band of investment technique has been included for additional support.

The Band of Investment Technique

The Band of Investment Technique considers the effect of financing on the capitalization rate and a first year return on equity is estimated. The overall capitalization rate is estimated based upon a weighted average of these two components. The following assumptions were used in deriving a capitalization rate by this technique.

Mortgage Loan Interest Rate – 5.5%	Mortgage Loan Term – 25 years
Mortgage Loan Constant – 0.0737	Loan to Value Ratio – 75%
Equity Dividend Rate – 12%	

Mortgages are available at slightly lower rates for commercial properties, but only fixed for a period of five years. Therefore, I have used a higher rate to reflect the anticipated rate over the long term.

	Rate	X	Portion	Weighted Rate
Mortgage	0.0737	X	0.75	0.0553
Equity Dividend	0.1200	X	<u>0.25</u>	<u>0.0300</u>
Estimated Capitalization Rate			1.00	0.0853

Rounded to, 8.5%

The rate estimated by the sales is supported by the rate indicated by the Band of Investment Technique. Therefore, it is my opinion that the overall capitalization rate for the subject property of 8.5% is reasonable for this property.

STEP 5 - DIRECT CAPITALIZATION:

Net Operating Income	divided by	Capitalization Rate	=	Value
\$40,217	divided by	0.085	=	\$473,141
Indicated Value by the Income Approach, Rounded to,				\$470,000

RECONCILIATION OF VALUE ESTIMATES

In this instance, the Sales Comparison Approach and the Income Approach were considered, with the following values indicated for the subject property.

SALES COMPARISON APPROACH	\$500,000
INCOME APPROACH	\$470,000

The Cost Approach was not relied on as a guide to value for the subject in this instance. There is limited land sales data and a land value is an important component of the Cost Approach. The lack of sales would limit the reliability of this approach to value. In addition, this is an older building, which limits the reliability of replacement cost estimates and depreciation adjustments. The typical buyer would not consider new construction, and therefore, this was not considered a reliable guide to value.

The Sales Comparison Approach was considered a good overall guide to value. The sales data in St. Albans alone was somewhat limited, but when a larger geographic area was considered, several sales were available to provide a guide to the market value for the subject. This approach is considered well supported.

The Income Approach was considered as additional support. It reflects the impact of the lease terms on value. However, the main tenant wishes to buy the property, at which point the subject will be primarily owner occupied. In addition, the historic expenses for the property were not available, and this limited the reliability of this approach to value.

Therefore, based upon the information provided in this report and additional data on file, it is my opinion that the market value of the subject property, as of May 22, 2017 is:

Five Hundred Thousand Dollars (\$500,000)

The indicated market value assumes that there are no environmental problems or limitations. As a real estate appraiser I am not qualified to determine if there is any contamination. It is also assumed that all permits are in place for the existing improvements and current use of the property.

EXPOSURE TIME & MARKETING TIME

Exposure time is addressed to conform to the Uniform Standards of Professional Appraisal Practice. Exposure time is defined as, "the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure Time is a retrospective opinion based on an analysis of past events assuming competitive and open market."¹

Marketing Time is addressed to assist the client in understanding the appraiser's projection of the time necessary to sell the property. It is a very subjective estimate and can vary from property to property. Marketing time is considered to be the period of time it might take to sell a property interest in real estate at the estimated market value level during the period immediately after the effective date of an appraisal. The difference between exposure time and marketing time is that exposure time assumes that the marketing has taken place, and marketing time is a projection into the future.

The estimated marketing time is a function of the asking price and the marketing efforts of the seller. The estimated marketing time for the subject is based on the assumption that it will be actively marketed at or near the value indicated in this report. A significantly higher or lower asking price would considerably alter the anticipated marketing period.

The economy has been slowly improving over the past few years in this region. The commercial real estate market in Vermont has been relatively active; however, the small size of the region limits the number of potential buyers, increasing the necessary marketing times in this region. However, the demand can vary depending on the potential uses of the property and the location within the region.

The subject is located in a small market area with no major cities, and often long marketing periods are required because there are a limited number of potential buyers. St. Albans is a commercial center for this region of the state. This is a growing commercial center, and there is demand for most commercial uses. However, the population size in the region is still relatively small, and this could increase the potential marketing time for the subject.

The subject property has some older features which could impact the overall appeal. The location may impact demand because it is on a secondary road and near industrial properties. However, it is close to the downtown district which has seen some recent new development projects, and this could reduce the potential marketing time for the subject.

It can be difficult to obtain actual marketing times on commercial properties in this area. Often the properties are marketed informally prior to actually being listed for sale with a broker. Other properties are listed with one broker for a period of time, and then re-listed with another broker, but the reported marketing time is only based on the last listing agreement. However, the following data is considered as one guide to marketing times in this area.

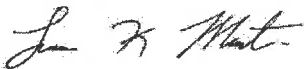
¹ Uniform Standards of Professional Appraisal Practice, 2016-2017, Page 3.

<u>Location</u>	<u>Town/City</u>	<u>Sale Date</u>	<u>Sale Price</u>	<u>Use</u>	<u>Time on Market</u>
94 South Main St.	St. Albans	3/26/2014	\$192,500	Office	6 Months
1197 Main St.	St. Johnsbury	9/30/2016	\$950,000	Office	2 Months
17-21 Court Street	Montpelier	1/10/2017	\$460,000	Office	12 Months
45 South Main St.	Randolph	4/5/2016	\$275,000	Office	3 Years
11 Burnham Ave.	Rutland	6/7/2016	\$300,000	Office	10 Months
23 Jones Brothers Way	Barre City	1/15/2016	\$250,000	Office	2 Months
159 State St.	Montpelier	1/16/2015	\$475,000	Office	7 Months
1753 Industrial Parkway	Lyndon	12/19/2014	\$320,000	Office	28 Months

These are not necessarily considered direct comparables, but do provide an indication of the overall marketing times in this region. In general, it can take from one month to over a year to market a commercial property in this market area. It is my opinion that the marketing time and the exposure time for the subject would be similar. However, the marketing time and exposure time could be increased significantly if a higher asking price were projected. I have projected a price at which the property could be sold within 12 months.

CERTIFICATION

1. The statements of fact contained in this report are true and correct.
2. The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. Lucas K. Martin made a personal inspection of the property that is the subject of this report, completed the majority of the research and was the primary author of the report.
9. Lawrence K. Martin did not inspect the property, but assisted in gathering market data, analyzing the market data and preparing the appraisal report.
10. No one provided significant professional assistance to the persons signing this report.
11. 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 and the Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representative.
13. As of the date of this report, Lawrence K. Martin, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
14. I am competent and appropriately licensed to appraise the subject property in the State in which it is located.
15. I have not provided a previous service as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.



Lucas K. Martin
Certified General Real Estate Appraiser
State of Vermont License #080.0108505
Expires: May 31, 2018



Lawrence K. Martin, MAI
Certified General Real Estate Appraiser
State of Vermont License #080.0000019
May 31, 2018

ADDENDUM

1. Statement of Assumptions and Limiting Conditions
2. Qualifications of the Appraiser
3. Letter of Engagement and instructions from the Client
4. Legal Description of the Property
5. Other Relevant Information

Statement of Assumptions and Limiting Conditions

1. Legal Information

The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.

It is assumed that the property is in compliance with all federal, state, and local environmental regulations and laws unless stated in the report. It is also assumed that all zoning and use regulations or restrictions have been complied with, unless stated in the report.

It is assumed that any and all leases affecting the property are legally binding contracts between the Lessee and the Lessor. It is also assumed that all the data provided to the appraiser regarding any leases is accurate.

It is assumed that all required licenses or other legislative or administrative authority from any governmental body or private entity or organization have been or can be obtained or renewed for any use on which the value estimated in this report is based.

The real estate is appraised as if free and clear and it is assumed that there are no outstanding liens, leases and encumbrances, except as specified in the report.

2. Maps or Surveys

Any sketches or drawings, or descriptions may show approximate dimensions and are included to assist the reader in visualizing the property. The Appraiser has made no survey of the property. It is assumed that all improvements are within the boundaries of the property as described and there are no encroachments unless noted in the report.

It is also assumed that any surveys or site sketches provided to the appraiser are accurate, however; no responsibility is taken for these documents, and if included these maps or surveys are only to assist the reader in visualizing the property.

3. Physical Inspection

An appraisal is not considered a report on the physical items that are a part of the subject property. The appraisal contains information about the physical components, however; it should be understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report on the property. As a real estate appraiser, I am not qualified to give opinions as to the structural or mechanical adequacies of the property. It is recommended that all properties be inspected by a qualified engineer to determine the physical condition of all components.

The Appraiser assumes that there are no hidden or unknown conditions of the property, subsoil or structures which would render it more or less valuable. No responsibility is assumed by the Appraiser for such conditions or for engineering which might be required to discover such factors. The physical inspection by the appraiser includes only a casual view of the exposed building components. No attempt was made to view items that were not exposed to view and the structures were not checked for building code violations.

On all reports that are subject to satisfactory completion, repairs or alterations, the report and conclusion are contingent upon completion of the improvements in a workmanlike manner.

This appraisal is based on the assumption that no toxic, hazardous waste, hazardous materials, or gases as may be defined in any state statute or similar equivalent federal statute, is present on the appraised property and that there is full compliance with any and all hazardous waste statutes. Unless otherwise stated in the report, the existence of hazardous substances, including without limitation asbestos, petroleum leakage, or agricultural chemicals, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property, unless otherwise stated, and the value indicated by this report assumes that no such conditions exist. As a real estate appraiser we are not qualified to test such substances and, take no responsibility for any hazardous materials that could affect the value of the property.

The Americans with Disabilities Act (ADA) became effective in 1992; however, this act is unclear as to the requirements for existing buildings. If the building does not conform to all of the requirements of this bill, a new owner would have to consider the costs to renovate the building to meet the ADA requirements. Specific study of both the owners' financial ability and the cost to cure any deficiencies would be needed to determine compliance. Therefore, determination as to the properties compliance with ADA is beyond the scope of this appraisal assignment. Comments may be included regarding deficiencies, however; no attempt was made to complete an inspection to determine full compliance.

Unless specifically noted in the report, the estimated value is for the real property only with no consideration given for any personal property located on the property, or the cost to remove any personal property if not removed by the owner.

4. Use of Report

Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property value, the identity of the Appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the Appraiser is connected), shall be used for any purposes by anyone but the client specified in the report, the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, any state or federally approved financial institution, any department, agency, or instrumentality of the United States or any state, without the previous written consent of the Appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the Appraiser.

The Appraisal Institute reserves the right to review the report for conformance with their professional and ethical standards without prior approval of either client or legal counsel.

The function of this report is not for use in conjunction with a syndication of real property. This report cannot be used for this purpose and, use of this report relating to syndication activities is prohibited.

Any distribution of the valuation in the report between land and improvements applies under the exiting program of use. The separate valuations for land and building must not be used in conjunction with any other appraisal.

The Appraiser is not required to give any type of testimony or appear in court because of having made the appraisal, unless arrangements have been previously made therefore.

The Cost Approach has only been developed by the appraiser as an analysis to support their opinion of the properties market value. Use of this data, in whole or part, for other purposes is not intended by the appraiser. Nothing set forth in the appraisal should be relied upon for the purpose of determining the amount or type of insurance coverage to be placed on the subject property. The appraiser assumes no liability for and does not guarantee that any insurance value estimate inferred from this report will result in the subject property being fully insured for any loss that may be sustained. Further, the Cost Approach may not be a reliable indication of replacement or reproduction cost for any date other than the effective date of this appraisal due to changing building codes and governmental regulations and requirements.

5. Reliability of Data

Information, estimates, and opinions furnished to the Appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished by the Appraiser can be assumed by the Appraiser.

The market data used in this report is assumed to be from a reliable source and attempts were made to verify all of the data considered. However, in many cases the amount of information available for comparable market activity is limited and the appraiser has relied on information provided by public records, brokers, property owners or other sources familiar with the property or transaction.

QUALIFICATIONS

Lucas K. Martin
Real Estate Appraiser
PO Box 791
Montpelier, Vermont 05601

REAL ESTATE EXPERIENCE

1. January 2015 to present: Real Estate Appraiser - Martin Appraisal Services Inc. Montpelier, Vermont. Specializing in commercial, industrial and complex investment property appraisals in Vermont.
2. June 2012 to December 2014: Trainee Real Estate Appraiser - Martin Appraisal Services Inc. Montpelier, Vermont. Specializing in commercial and Industrial Real Estate Appraising in Vermont.
3. September 2011 to May 2012: Appraisal Assistant - Martin Appraisal Services Inc. Montpelier, Vermont, Assisted with Real Estate Appraisals and Office Work.
4. May 2011 to August 2011: Appraisal Assistant – Vermont Agency of Transportation, Montpelier, Vermont, Assisted with Real Estate Appraisals and Office Work.

EDUCATION

University of Vermont, Burlington, Vermont, 2008-2012, B.S. degree in Business Administration (concentration in Finance)

Appraisal Institute:

OL Basic Appraisal Principals	January, 2012
OL Basic Appraisal Procedures	January, 2012
OL National USPAP	March, 2012
OL General Appraiser Sales Comparison Approach	October, 2012
OL General Appraiser Site Valuation and Cost Approach	December, 2012
OL General Appraiser Income Approach Part I	April, 2013
Real Estate Finance Statistics and Valuation Modeling	May, 2013
OL General Appraiser Income Approach Part II	June, 2013
OL Business Practices and Ethics	September, 2013
National USPAP 7-Hour Update Course	January, 2014
OL General Appraiser Report Writing and Case Studies	October, 2014
Advanced Income Capitalization	November, 2014
7-Hour National USPAP Update Course	December, 2015
Advanced Market Analysis and Highest & Best Use	March, 2016
Quantitative Analysis	February, 2017

McKissock Higher Education:

General Appraiser Market Analysis & Highest & Best Use	January, 2014
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License – Vermont - Certified General Real Estate Appraiser, #080.0108505, Expires: 5/31/2018

QUALIFICATIONS

Lawrence K. Martin, MAI
Real Estate Appraiser and Consultant
PO Box 791
Montpelier, Vermont 05601

REAL ESTATE EXPERIENCE

1. April 1994 to Present: Self-employed real estate appraiser, Montpelier, Vermont. Specializing in commercial and complex investment property appraisals in Vermont.
2. November 1988 - April 1994: Staff Appraiser - Bredice Appraisal Associates, Inc. Montpelier, Vermont - Commercial and industrial real estate appraising as an independent contractor and after 1990 as an employee, specializing in the appraisal of complex investment type properties throughout Vermont and New Hampshire.
3. March 1985 - September 1988: Staff Appraiser - James W. Mason Associates, Hasbrouck Heights, New Jersey - Residential, commercial, and industrial real estate appraising in Northern New Jersey. A large variety of appraisal assignments were completed varying from form reports on single family dwellings to narrative reports on complex commercial properties.
4. April 1984 - March 1985: Staff Appraiser - Hallmark Appraisal Company, North Bergen, New Jersey - Residential and commercial real estate appraising specializing in single family and multi-family dwellings in an urban area.
5. September 1982 - April 1984: Sales Associate - Hearthstone Realtors, Inc., Montvale, New Jersey. Real estate sales and listings primarily of single family dwellings in a suburban area.

EDUCATION

West Virginia University, Morgantown, West Virginia, 1978-1982, B.S. degree in Business Administration (concentration in Finance)

Graduate Realtor Institute, National Association of Realtors, Courses 1, 2 and 3 completing the requirements for the GRI designation.

National Association of Independent Fee Appraisers:

Principles of Residential Real Estate Appraising	1983
Introduction to Income Property Appraising	1984
Market Abstraction Seminar	1985
Techniques of Income Property Appraising	1991
Marshall and Swift Residential Cost Approach	1985
Report Writing Seminar	1987
Limited Scope Appraisals & USPAP	June 1994
Litigation Valuation	July 1994
USPAP Update Seminar	Oct. 1996
Introduction to Historic Appraising Part I	Jan. 1998

Appraisal Institute:

Real Estate Appraisal Principles 1A-1	1985
Basic Valuation Procedures 1A-2	1986
Capitalization Theory and Techniques Part A	1986
Capitalization Theory and Techniques Part B	1987
Case Studies in Real Estate Valuation	1987
Standards of Professional Practice #410	1993
Report Writing and Valuation Analysis	1990
Appraising Conservation and Preservation Easements	1991
Appraising Troubled Properties	Sept. 1992
Americans with Disabilities Act Seminar	Sept. 1992
Rates, Ratios, and Reasonableness Part I	Oct. 1993
Rates, Ratios, and Reasonableness Part II	Dec. 1993
Discounted Cash Flow Analysis	Oct. 1993
Appraisal Review - Income Properties	Dec. 1993
Standards of Professional Practice #420	May 1994
Reviewing Residential Appraisal Reports	April 1995
The High Tech Appraisal Office	July 1996
The Internet & Appraising	July 1996
Difficult Appraisal Issues	Jan. 1997
Litigation Skills for the Appraiser	March 1997
Small Hotel/Motel Valuation	Sept. 1997
Computer Technology for R.E. Appraisers	Jan. 1998
Subdivision Appraisals	March 1998
Loss Prevention Seminar	May 1998
Land Use Planning	Nov. 1998
Standards of Professional Practice - Part C	Oct. 1998
Internet Search Strategies for R.E. Appraisers	Feb. 1999
Residential Design & Functional Utility	March 1999
Overview of the Income Approach	Jan. 2000
Attacking & Defending an Appraisal in Litigation	May 2000
Highest & Best Use	Sept. 2001
Appraising in a Changing Economy	Jan. 2002
Valuation of Conservation Easements	March 2002
Loss Prevention	Sept. 2002
Environmental Contamination Considerations	Nov. 2002
Appraising in a Changing Economy	Jan. 2003
USPAP Update 2003	March 2003
Analyzing Operating Expenses	May 2003
GIS and the Appraiser	March 2004
USPAP Update 2004	May 2004
Scope of Work	Oct. 2004
Small Hotel/Motel Valuation	Oct. 2004
Appraisal of Nursing Homes	Nov. 2004
Eminent Domain and Condemnation	Nov. 2004
Online - Using Your HP 12C Financial Calculator	Oct. 2005
Business Practices & Ethics	Feb. 2006
Subdivision Valuation	March 2006
Effective Appraisal Writing	June 2006
Real Estate Finance Statistics & Valuation Modeling	Sept. 2007
Recent Legislation on Ancient Road (VT Chapter)	Oct. 2007
Analyzing Distressed Real Estate	Dec. 2007
National USPAP Course Update	Jan. 2008
Real Property Appraisal Issues	Aug. 2008

Appraisal Institute (Cont.)

National USPAP Course Update	Jan 2008
Appraisal Curriculum Overview	Nov. 2009
Online - Introduction to Valuing Green Buildings	Nov. 2009
National USPAP Course Update	Jan 2010
Business Practices & Ethics	Aug. 2011
What Commercial Clients Would Like Appraisers to Know	Nov. 2011
National USPAP Course Update	Jan 2012
Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets	April 2012
Residential & Commercial Valuation of Solar	Nov. 2013
National USPAP Course Update	Jan 2014
Case Studies in Appraising Green Commercial Buildings	Nov. 2014
Introduction to Green Buildings	May 2015
National USPAP Course Update	Dec. 2015

Massachusetts Board of Real Estate Appraisers

Expo 2007-Commercial Program Nov 2007

PROFESSIONAL AFFILIATIONS

Member - Appraisal Institute (designated MAI)

President - Vermont Chapter (1998)

As of this date, Lawrence K. Martin, MAI has completed the requirements under the continuing educational program of the Appraisal Institute.

Former Board Member - Vermont Board of Real Estate Appraisers (Term: 1/1/1998-12/31/2008)

Licenses - Vermont - Certified General Real Estate Appraiser, #080.0000019, Expires May 31, 2018

Member - National Association of Realtors

Member - Vermont Association of Realtors, Inc.

MARTIN APPRAISAL SERVICES, INC.

Lawrence K. Martin, MAI
Real Estate Appraiser - Consultant
P.O. Box 791
Montpelier, Vermont 05601-0791
Montpelier (802) 229-4807 Fax (802) 223-0036
Larry@mas-vt.com

AGREEMENT FOR REAL ESTATE APPRAISAL SERVICES

Date of Agreement: April 27, 2017

Client: Martha Gagner, FCSU Business Manager
28 Catherine Street
St. Albans, VT 05478

Appraisal Firm: Martin Appraisal Services, Inc.

This document is a letter of engagement for appraisal services from Martin Appraisal Services, Inc. and the client indicated above. The following is a summary of the assignment and the terms.

Location of Property: 25-30 Catherine Street, St. Albans, Vermont

General Description: Multi-tenant office building

Interest Valued: Leased Fee Estate

Intended Users: Franklin Central Supervisory Union (FCSU)
(The assignment shall be prepared for the client and the intended users only.)

Intended Use: The intended use of this appraisal report is to assist in determining potential purchase price.

Type of Value: Market value as defined in the Federal Register, Part VI, Department of the Treasury, December 10, 2010

Date of Value: The property will be valued as of the date the appraiser visits the site.

Hypothetical Conditions or Extraordinary Assumptions: None

Applicable Requirements: The appraisal assignment will be completed in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP.)

Martin Appraisal Services, Inc.

Scope of Work: The scope of this assignment will include the appraiser observing the interior and exterior of the building, site, and neighborhood. The valuation approach will include consideration of the three generally acceptable approaches (Cost Approach, Sales Comparison Approach, and Income Approach,) however, only the approaches most applicable to the property type will be fully developed. Attached to this letter is a copy of our Statement of Limiting Conditions and Appraiser's Certification, which are attached to all appraisals prepared by this office. Please review this information. Acceptance of this agreement would indicate acceptance of these documents.

Appraisal Report: The appraisal will be reported in a narrative report that is considered as a "Summary Appraisal Report." The appraiser will provide the client with 1 hard copy and one electronic copy of the appraisal report.

Confidentiality: Appraiser shall not provide a copy of the written Appraisal Report to, or disclose the results of the appraisal prepared in accordance with this Agreement with, any party other than Client unless Client authorizes, except as stipulated in the Confidentiality section of the Ethics Rule of the USPAP.

Appraisal Fee: The fee for this service will be \$2,500. The fee is due regardless of the results of the appraisal and is not contingent upon any predetermined result or occurrence of a subsequent event.

Completion Date: The estimated completion date of the assignment is June 6, 2017.

Cancellation: Client may cancel this Agreement at any time prior to the Appraisers' delivery of the Appraisal Report upon written notification the Appraiser. Client shall pay Appraiser for work completed on the assignment prior to the Appraiser's receipt of cancellation notice. A minimum fee of \$200 is charged for any cancellation to cover administrative expenses and scheduling issues.

Changes to Agreement: Any changes to the assignment as outlined in this Agreement shall necessitate a new Agreement. The identity of the client, intended users, or intended use; the date of value; type of value; or property appraised cannot be changed without a new agreement.

Appraiser and Use of Employees: Lawrence K. Martin, Lisa Martin and Lucas Martin are qualified to complete this assignment and all are licensed in Vermont as Certified General Real Estate Appraisers. This assignment will be completed by Lawrence K. Martin, Lisa Martin, or Lucas Martin and they may be assisted by an employee or trainee.

Testimony at Court or Other Proceedings: Unless otherwise stated in this Agreement, Client agrees that Appraiser's assignment pursuant to this Agreement shall not include the Appraiser's participation in or preparation for whether voluntarily or pursuant to subpoena, any oral or written discovery, sworn testimony in a judicial arbitration or administrative proceeding or attendance at any judicial, arbitration, or administrative proceeding relating to this assignment.

Martin Appraisal Services, Inc

If any court testimony or other hearings are required regarding this appraisal assignment, the client will be billed an additional fee of \$125 per hour for court testimony and preparation, plus travel expenses if required. A minimum of two hours will be billed for each appearance even if testimony is not necessary at any given date. If in the future an update of the appraisal report is requested, an additional fee for this service will be negotiated.

Governing Law & Jurisdiction: The interpretation and enforcement of this agreement shall be governed by the laws and of the state in which the Appraiser's principal place of business is located, exclusive and choice of law rules.

Client:

Martha Gagner
(Signature)

Date - 4/27/17

Martha Gagner
(Print Name)

Appraiser:

Lawrence K. Martin
Lawrence K. Martin, MAI

Date - 4/27/17

Martin Appraisal Services, Inc.

Martin Appraisal Services, Inc.

566

LARRY F. & MARY C. BEVINS
BY
BEVINS PROPERTY #3, LLC
Rec. for record November 22, 2005 @ 10:15AM

SPLIT CLAIM DEED

KNOW ALL PERSONS BY THESE PRESENTS THAT we, LARRY F. BEVINS and MARY C. BEVINS, husband and wife, of Swanton, in the County of Franklin and State of Vermont, Grantors, in the consideration of One or More Dollars paid to our full satisfaction by BEVINS PROPERTY #3, LLC, a Vermont Limited Liability company, Grantee, have REMISED, RELEASED, AND FOREVER QUIETCLAIMED unto the said BEVINS PROPERTY #3, LLC, all right and title which we, LARRY F. BEVINS and MARY C. BEVINS, or our heirs and assigns have in, and to a certain piece of land in St. Albans City, in the County of Franklin and State of Vermont, described as follows, viz:

A parcel of land, together with the buildings thereon, located on the westerly side of Catherine Street, and commonly known as 26-34 Catherine Street.

Said land and premises are more fully described as follows: Beginning at a point which point is in the westerly side of Catherine Street and which point marks the northeasterly corner of the land herein conveyed and the southeasterly corner of land heretofore conveyed to Sioux Furniture Company, Inc.; thence running in a westerly direction 100 feet, more or less, to a point in the westerly line of a railroad siding, which siding is adjacent to Market Street; thence turning and running in a southerly direction along the easterly line of said siding 218 feet, more or less, to a point; thence turning and running in an easterly direction 100 feet, more or less, to a point in the westerly line of Catherine Street; thence turning and running in a southerly direction 218 feet, more or less, to the point of beginning.

The principal building on this property shares a party wall and support with the building next northerly of it, and this conveyance is made subject to the rights of the owner adjacent to the support as it now exists.

The grantors also convey to the Grantee, its successors and assigns, all right, title and interest that they might have to that portion of the railroad siding adjacent to the property conveyed, subject to the rights of others in the use of said siding.

Being all and the same land and premises conveyed to Larry F. Bevins and Mary C. Bevins by Warranty deed of James K. Warner and Charlotte R. Warner dated September 10, 1986 and recorded in Book 75, Pages 430-431 of the St. Albans City Land Records.

To which deed, and to the deeds, records and references therein contained, refer in further aid of this description.

That the grantors, hereby transfer and assign to the Grantee, its successors and assigns, all right, title and interest that the grantors have in and to certain leases with tenants in possession of the herein conveyed premises.

LAWRENCE C. BROWN, JR.
ATTORNEY AT LAW
220 W. BROAD STREET
ST. ALBANS, VERMONT
05478
PHONE 248-9771

TO HAVE AND TO HOLD all right and title in and to said quit-claimed premises, with the appurtenances thereof, to the said BEVINS PROPERTY #3, LLC, its successors and assigns forever. AND FURTHERMORE we the said LARRY F. BEVINS and MARY C. BEVINS, do for ourselves and our heirs and assigns, covenant with the said BEVINS PROPERTY #3, LLC, its successors and assigns, that from and after the sealing of these presents the said LARRY F. BEVINS and MARY C. BEVINS will have and claim no right, in, or to the said quit-claimed premises.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 18th day of November, A. D. 2005.

In Presence Of:

Brian J. White

Larry F. Bevins
Larry F. Bevins
Mary C. Bevins
Mary C. Bevins

STATE OF VERMONT
FRANKLIN COUNTY, SS.

At St. Albans, in said County this 18th day of November, 2005, personally appeared Larry F. Bevins and Mary C. Bevins, and they acknowledged this instrument, by them sealed and subscribed, to be their free act and deed.

Before me *Brian J. White*
Notary Public

Notary Public
ACKNOWLEDGMENT
3922
Brian J. White

LAWRENCE B. DUNN, JR.
ATTORNEY AT LAW
27 CORRAL STREET
ST. ALBANS, VERMONT
05478
405-526-8121

A TRUE COPY ATTEST: *James P. Barry* City Clerk



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VT DEC

Hazardous Waste Generators

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Generator ID:

Generator Name:

Town:

Street Address:

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EPA ID	VTR000524504
Facility	COMCAST ST ALBANS VERMONT
Mailing Name	COMCAST CABLE COMMUNICATIONS LLC
Site Address 1	24 CATHERINE ST
Site Address 2	
Site Town	ST ALBANS
Site State	VT
Site Zip	05478
Mailing Address 1	222 NEW PARK DR
Mailing Address 2	
Mailing Town	BERLIN
Mailing State	CT
Mailing Zip	06037
Contact	SANDY SLATER
Contact Phone#	8608180724
Contact Email	SANDY_SLATER@CABLE.COMCAST.COM
Comments	

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