

APPRAISAL REPORT

SUBJECT PROPERTY

418-430 Lafayette Street
City of Utica, Oneida County, NY

PREPARED FOR-INTENDED USER

Oneida County Department of Law
800 Park Avenue
Utica, NY 13501

OWNER

418 Lafayette Street Corp

PREPARED BY

Stropp Appraisal
9535 Money Road
Brewerton, NY 13029

EFFECTIVE DATE OF VALUATION

February 20, 2020

DATE OF PREPARATION

March 13, 2020



Stropp Appraisal

Real Estate Appraisal & Consulting
9535 Money Road, Brewerton, New York 13029

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March 13, 2020

Linda Lark
Assistant County Attorney
Oneida County Department of Law
800 Park Avenue
Utica, NY 13501

Re: 418-430 Lafayette Street, Utica, NY

Dear Linda Lark:

In fulfillment of our agreement, I have prepared an appraisal report of the above-referenced property, described in more detail in the attached report. The property consists of a derelict warehouse building located in the City of Utica, NY. This appraisal assignment is developed and conforms to the *Uniform Standards of Professional Appraisal Practice* (USPAP) and the *Uniform Appraisal Standards for Federal Land Acquisitions*. Based on an inspection, investigation and analysis of the property, the “market value” of the fee simple interest as of February 20, 2020 is estimated as:

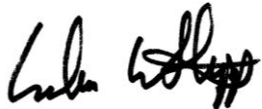
<i>Property Address/Location</i>	<i>Market Value</i>
418-430 Lafayette Street, Utica, NY	\$154,000

This appraisal report details my findings and conclusions with regard to this assignment and includes a summary of important conclusions, a thorough property description, the methodology applied, valuation analysis, appropriate definitions, certification, underlying assumptions and limiting conditions, and my qualifications.

Thank you for your confidence in my services. If you have any questions or comments, please contact me at your convenience.

Respectfully submitted,

STROPP APPRAISAL



Eriksen E. Stropp, MAI
President
NYS Certified General Appraiser #46-4452

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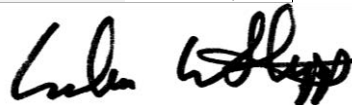
A-4. Appraisers Certification

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions, limiting conditions, and legal descriptions, and are my personal, unbiased professional analyses, opinions, and conclusions of the appraiser.
- I have no present or prospective interest in the property appraised and no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Past experience includes appraisals of this property type and purpose.
- As of the date of this report I have completed the continuing education program for Designated Members of the Appraisal Institute and the State of New York.
- No one provided significant professional assistance to the person signing this report except as stated.
- I have made a personal inspection of the property that is the subject of this report. That I have personally inspected the property herein appraised (both the exterior and interior of all affected improvements) and have also made a personal field inspection of the comparable sales relied upon in making said appraisal (all adjustments made to such comparables were based on an observed comparison to the property herein appraised). I have afforded the property owner and any tenant who claims ownership of fixtures the opportunity to accompany me at the time of the inspection. The subject and comparable sales relied upon in making said appraisal were as represented by the photographs contained in said appraisal.
- That such appraisal has been made in conformity with the contract, appropriate State laws, regulations and policies and procedures applicable to appraisal of right-of-way for such purposes; and that to the best of my knowledge no portion of the value assigned to such property consists of items which are non-compensable under the established laws of said State.
- That I understand that such appraisal may be used in connection with the acquisition by the County, Federal-aid highway funds, or other Federal/State funds.
- That I have not revealed the findings and results of such appraisal to anyone other than the proper officials of the County and its contract personnel. Furthermore, I will not do so until authorized by said officials or until I am required by due process of law, or until I am released from this obligation by having publicly testified as to such findings.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

It is our opinion that the fee simple value as of February 20, 2020 is:

Before Value =	\$154,000
After Value =	\$0
Total =	\$154,000



ERIKSEN E. STROPP, MAI
NYS Certified General Appraiser #46-4452
STROPP APPRAISAL

Date of Preparation: March 13, 2020

A-5. Summary of Salient Facts and Conclusions

Report Type	Appraisal Report
Location of Property	418-430 Lafayette Street, Utica, Oneida County, NY
Type/Use of Property	Commercial (i.e. derelict warehouse)
Total Land Area	0.45-acres
Building Improvements	Two-story derelict building
Highest and Best Use	Commercial (i.e. warehouse)
Total Assessment (5-Parcels)	\$78,100
Equalized Value (5-Parcels)	\$123,910
Zoning	Central Business District
Flood Zone	Zone X
Wetlands	None
Property Rights Appraised	Fee Simple Interest
Client	Oneida County
Intended Users	Oneida County and assigned users
Purpose/Intended Use	Acquisition purposes (i.e. full take)
Defined Value	Market Value
Extraordinary Assumption	None
Hypothetical Condition	None
Date of Value Estimate	February 20, 2020
Date of Preparation	March 13, 2020
Property Inspection	February 20, 2020
Marketing Period	One year
Final- Before Value	\$154,000
Final- After Value	\$0
Total (Fee Value) =	\$154,000

A-6. Photographs of Subject Property



Photo 1: Aerial Overview, photo taken on 2-20-20



Photo 2: Aerial Overview, photo taken on 2-20-20



Photo 3: Front and side, photo taken on 2-20-20



Photo 4: Rear and side, photo taken on 2-20-20



Photo 5: Rear and side, photo taken on 2-20-20



Photo 6: Rear side, photo taken on 2-20-20



Photo 7: Neighborhood- Looking east along Lafayette Street, photo taken on 2-20-20



Photo 8: Neighborhood- Looking west along Lafayette Street, photo taken on 2-20-20



Photo 9: Neighborhood- Looking east along Carton Avenue, photo taken on 2-20-20



Photo 10: Neighborhood- Looking west along Carton Avenue, photo taken on 2-20-20

A-7. Statement of Assumptions And Limiting Conditions

- No survey of the property has been made and no responsibility is assumed in connection with such matters. All engineering is assumed to be correct. Any maps, plats, plot plans, drawings and/or exhibits reproduced and included in this report are intended only for the purpose of showing spatial relationships and to assist the reader in visualizing the property unless otherwise stated. The reliability of the information contained on any such map or drawing is assumed by the appraiser and cannot be guaranteed to be correct. A surveyor should be consulted if there is any concern about boundaries, setbacks, encroachments, or other survey matters.
- No responsibility is assumed for matters of a legal nature that affects title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value estimate is given without regard to any questions of title, boundaries, encumbrances, or encroachments unless otherwise stated. We are not usually provided an abstract of the property being appraised and we are not qualified to render any legal opinion concerning such a document.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal report. A comprehensive examination of laws and regulations affecting the subject property was not performed for this appraisal by the appraiser.
- It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-conformity has been stated, defined, and considered in the appraisal report. Information and analysis shown in this report concerning these items are based on a reasonable investigation, but any significant question should be addressed to local zoning or land use officials and/or an attorney.
- It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based unless otherwise stated. This includes permits to emit any regulated substances into the air or water or onto or into the ground. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns on these items since we have not made a comprehensive examination of laws and regulations affecting the subject property.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
- The information furnished by others is believed to be reliable but its accuracy is not warranted.
- This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly 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. The appraisers are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered in that context.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that would render it more or less valuable unless so stated. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors. Since the appraiser made no engineering or percolation tests, no liability is assumed for soil conditions. Sub-surface rights (mineral and oil) other than those typically associated with properties in this area were not considered in making this appraisal unless so stated.

- Portions of the United States are considered to be located within a designated earthquake hazard zone. Such classification, if present in subject case, may be shared by the comparables considered in this appraisal, and would be reflected in any impact on value.
- Wells and septic systems, if any, are assumed to be in good working condition and of sufficient size and capacity for the stated highest and best use unless otherwise stated.
- I am not an environmental expert, and do not have the expertise necessary to determine the existence of environmental hazards including but not limited to mechanical equipment or structures, or presence of chemical or toxic substances, urea-formaldehyde foam insulation, toxic or hazardous waste, asbestos or hazardous building materials, polychlorinated biphenyls, petroleum leakage, fire-retardant-treated substances (FRT), lead-contaminated plumbing, soil and subsoil contamination, groundwater contamination, agricultural chemicals, electro-magnetic fields (EMFs), radon or other indoor air contamination which may or may not be present on the property, or other environmental hazards or conditions on the subject or surrounding properties. None were called to my attention nor did we become aware of such during the inspection unless so stated. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. Non-disclosure should not be taken as an indication that such a problem does not exist, however. The appraiser, however, is not qualified to test such substances or conditions. Based on visual inspection, there appear to be no conditions, including but not limited to the above-referenced items, which would render the property more or less valuable, except as noted. The client is urged to retain an expert in that field, if certainty is desired.
- No chemical or scientific tests were performed by the appraiser and it is assumed that the air, water, ground, and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the lot does not contain any type of dumpsite and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report.
- The appraiser is not qualified to judge whether the property complies with laws such as the Americans With Disabilities Act of 1990, Clean Air Act of 1990, Clean Water Act, Endangered Species Act, etc. or any subsequent revisions to any of these laws. Employee health and safety concerns as per the Occupational Safety & Health Administration (OSHA) and other agencies are also assumed to be in compliance with current regulations and standards unless specifically addressed in this report. Such categories can consist of operational procedures, storage of hazardous materials, building/property safety or protection devices, safeguards for utility entrances and distribution areas, anti-smoking legislation, Similarly, compliances with all relevant regulations of the US Environmental Protection Agency; the NYS Department of Environmental Conservation; State, County and local codes; and all other regulatory agencies are assumed to be in good standing unless otherwise specified in the report.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
- Responsible ownership and competent property management is assumed unless otherwise stated in this report.
- The value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that would cause a loss in value unless otherwise stated. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in that field, if certainty is desired.
- Personal property has not been included in this report unless otherwise stated.

- The comparable sales and other market data relied upon in the appraisal are believed to be from reliable sources. Though all the comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.
- The appraisal is an estimate of value based on an analysis of information known to us at the time the appraisal was made. We do not assume any responsibility for incorrect analysis because of erroneous or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice.
- Possession of this report or a copy thereof does not carry with it the right of publication nor may it be used for any purpose by any one but the client without the previous written consent of the appraiser and the client, and in any event, only with proper written qualification and only in its entirety.
- The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in Court with reference to the property in question unless arrangements have been previously made therefore.
- The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- Disclosure of the contents of this report is governed by the Bylaws and Regulations of the Appraisal Institute and other professional organizations to which the appraiser belongs as a member. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or the MAI designation or other professional appraisal organizations and their respective designations) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the author(s).
- This report is null and void if used in any connection with a real estate syndicate or syndication, defined as a general or limited partnership, joint venture, un-incorporated association or similar organization formed for or engaged in investment or gain from an interest in real property, including but not limited to a sale, exchange, trade, development or lease of property on behalf of others, or which is required to be registered with the U.S. Securities & Exchange Commission or any Federal or State agency which regulates investments made as a public offering.

A-8. Scope of the Appraisal

This section of the appraisal report sets forth “*the type and extent of research and analyses in an appraisal*”¹. Scope of work includes the following:

- The extent to which the property is inspected and identified
- The type and extent of data research
- The type and extent of analysis applied to arrive at opinions or conclusions

Identification and Inspection of the Property: Subject consists of a derelict warehouse located in the City of Utica, NY. The property was inspected on February 20, 2020. The owner was given the opportunity to accompany us, but declined to accompany the appraiser during inspection. Also, an interior inspection was not permitted by the owner.

Appraisal Problem: This appraisal is prepared to help the client to appropriately estimate the subject’s market value for acquisition purposes.

Larger Parcel: Subject property comprises of a commercially improved property (derelict warehouse). Note, that the entire property is evaluated and that there is no larger parcel.

Hypothetical Conditions: None.

Data Researched: Consumer Price Index (CPI) trends, assessments, equalization rates, tax rates, tax maps, the city’s zoning ordinance, floodplain maps, and other factual data was obtained from local municipalities, various web sites, and private data sources. Demographic data was provided by the local chamber of commerce, US Census, US Bureau of Labor Statistics, and various web sites. Comparable sales data was obtained from NYS Office of Real Property Taxation Services (ORPTS), Costar, Image Mate, real estate brokers, real estate professionals and the assessor’s office. Also, personal verification of all comparables was carried out with at least one of the parties involved unless otherwise noted. The nature of subject is such that all necessary comparable data was available within the City of Utica and/or adjoining townships; hence, comparable data from this market was researched and applied. The legal description of subject was obtained from public records. Measurement of subject’s boundary was acquired from personal inspection and the tax map.

Report Format: This analysis is an appraisal report. All data used in this analysis has been collected and verified as accordance to normal appraisal practices. This appraisal has been prepared and conforms to Uniform Standards of Professional Appraisal Practice (USPAP), and the *Uniform Appraisal Standards for Federal Land Acquisitions*. Also, this analysis conforms to the requirements of the Code of Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.

¹ Appraisal Institute, *Dictionary of Real Estate Appraisal*, Sixth Edition (Chicago: Appraisal Institute, 2015) 209.

Valuation Analysis: Real property investors are usually influenced by three factors when seeking to buy or sell property. These include the three traditional methods of valuation: the cost approach, the sales comparison approach and the income approach.

- *Cost Approach:* In the cost approach, a property is valued based on a comparison with the cost to build a new or substitute property. From this “cost new” estimate, all forms of depreciation are deducted to arrive at a depreciated value. Subsequently, the depreciated value is added to the estimated land value along with any additional enhancement items in order to arrive at a total property value via this approach. The cost approach is usually a good estimate of value on new or proposed properties where depreciation is not a significant factor and good land sale information is available. Considering the age of subject’s original building, the accuracy and credibility of depreciation is not considered reliable; hence, this method of valuation is not appropriate for this analysis.
- *Sales Comparison Approach:* The sales comparison approach is applied by comparing similar or comparable properties that have sold on the open market, identifying appropriate units of comparison, and adjusting the comparable properties based on relevant, market-derived elements of comparison. Commercial property similar to subject is often transferred. Several comparables of similar properties throughout the general market have occurred and are used in this analysis. Therefore, the sales comparison approach is considered a reliable method of valuation and applied in this analysis.
- *Income Capitalization Approach:* The income approach is applied in this report. Commercial property (or similar type properties) is sometimes leased or rented for profit purposes. Thus, the income capitalization approach is applied in this analysis.

Environmental Contamination-Hazardous Waste: Visual inspection of subject revealed no obvious environmental hazardous conditions that would negatively impact its value. Also, unless otherwise noted, the existence of any hazardous substance was not called to my attention. With that said, I am not qualified to test any such substances or conditions. The value opinion of this report is predicated on the assumption that there are no environmentally adverse conditions within the subject or in close proximity to it that would cause a loss in value unless otherwise stated. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The clients are urged to retain an expert in that field, if certainty is desired. This report is subject to revision should any such contaminants become known. This assumption is elaborated in detail within the “Underlying Assumptions and Conditions” section of this report following the value conclusion.

A-9. Purpose of the Appraisal

Purpose, Intended Use, Interest Appraised and Defined Values: This appraisal is prepared to help the client to appropriately estimate subject's market value for acquisition purposes. The appraisal purpose consists of a full acquisition. This analysis values the whole (entire) property. The valuation date is February 20, 2020.

Definitions: Detailed below are key definitions for this analysis.

Fee simple estate is 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.

Leased fee interest is defined as “*the ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.*”³.

Market value is defined as (Per Section A-9 of UASFLA) “*the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal*”⁴.

Real Property is defined as “*the interests, benefits, and rights inherent in the ownership of real estate*”⁵.

Contributory value is defined as “*the change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component*”⁶.

Arm's-length transaction is defined as “*a transaction between unrelated parties who are each acting in his or her own best interest*”⁷.

Jurisdictional Exceptions: For appraisals prepared under UASFLA, the definition of market value does not require a specific exposure time estimate. As such, this assignment will involve a Jurisdictional Exception for the lack of developing and stating an opinion of reasonable exposure time linked to that value opinion as required by USPAP Standards Rule 1-2(c) and Standards Rule 2-2(a)(v). If the Appraiser determines that the law or regulation of a jurisdiction precludes compliance of another part of USPAP, prior written approval must be obtained from the Review Appraiser in order for the Jurisdictional Exception Rule to be applied. No other jurisdictional exception is applied in this report.

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Sixth Edition (Chicago: Appraisal Institute, 2015) 90.

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Sixth Edition (Chicago: Appraisal Institute, 2015) 128.

⁴ Uniform Appraisal Standards for Federal Land Acquisitions, Fifth Edition, Interagency Land Acquisition Conference, Washington, D.C. 2000 13.

⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Sixth Edition (Chicago: Appraisal Institute, 2015) 188.

⁶ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Sixth Edition (Chicago: Appraisal Institute, 2015) 50.

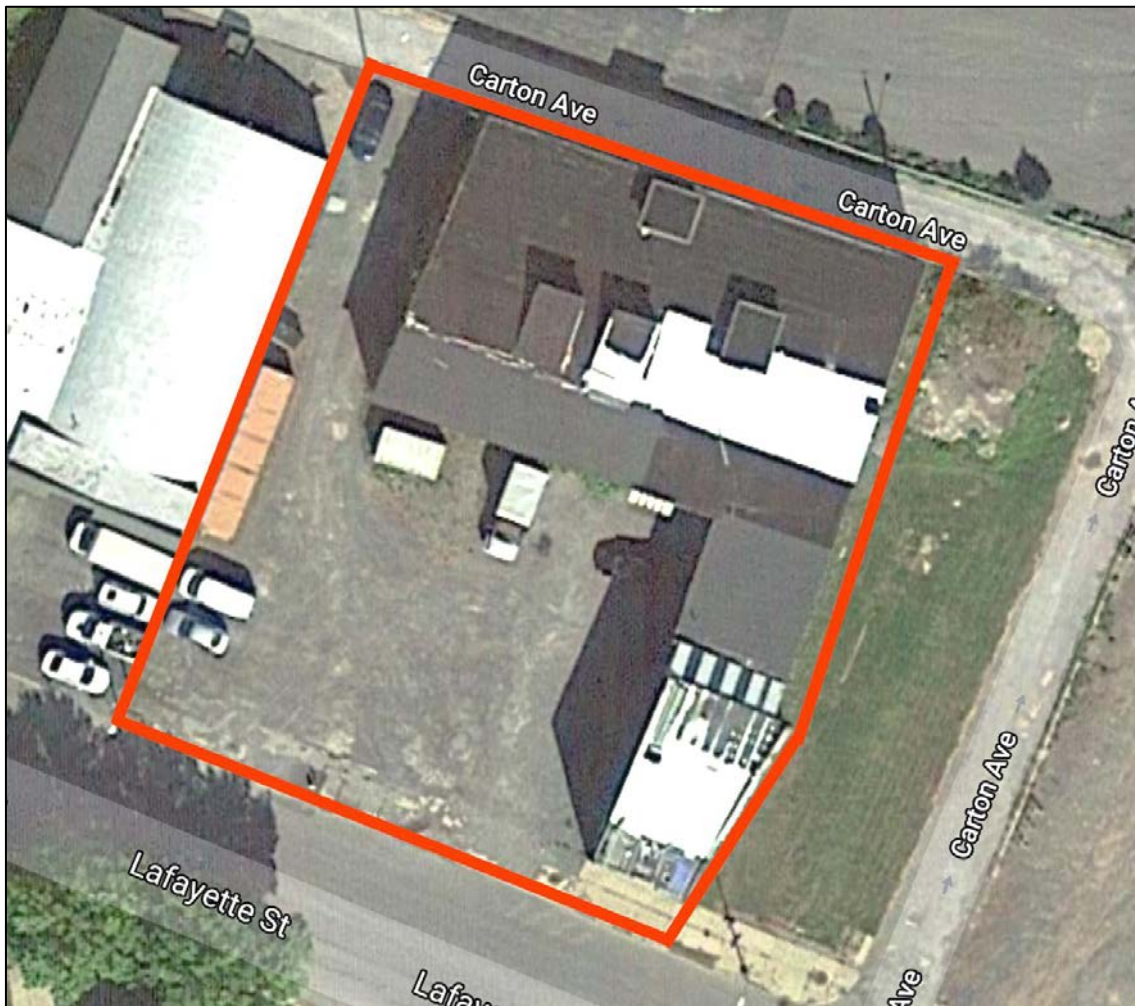
⁷ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Sixth Edition (Chicago: Appraisal Institute, 2015) 13.

A-10. Summary of the Appraisal Problem

Subject consists of a derelict warehouse. This appraisal analysis is performed to help the client to appropriately estimate the market value of the entire property.

Part II – FACTUAL DATA – Before Acquisition

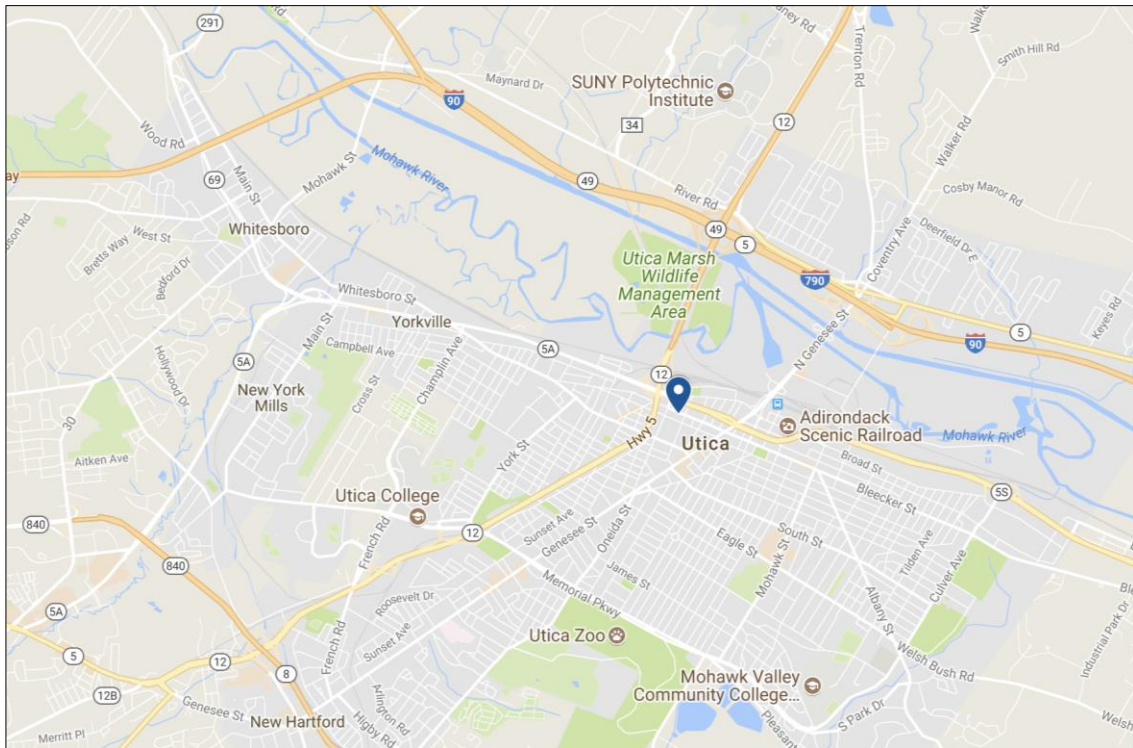
A-11. Legal Description



Legal Description: The tax map displayed on page 25 serves as the legal description of this report. The local assessment authority identifies subject property as Section 318.34, Block 1, and Parcels 25, 26, 27, 28, and 29 (i.e. tax map numbers). This includes subject's entire property. No significant easements, rights-of-way, or other encumbrances on subject property were known or were noted during my research with exception to typical road-front utility easements.

A-12: Area, City, and Neighborhood Data

Location: Subject is located along Lafayette Street and Carton Avenue several blocks west from downtown Utica. This section of Lafayette Street consists of a low-travelled urban roadway that connects the neighborhood to Genesee Street and NYS Route 5A (Oriskany Street). Oriskany Street links the neighborhood to Genesee Street, which connects to Exit 31 of the NYS Thruway (I-90) about a mile to the northeast. The general area is significantly influenced by the commerce/business associated with the downtown Utica market. The population of the City of Utica has decreased from 68,637 to 60,100 from 1990 to 2018, while Oneida County’s population experienced a similar percentage decrease from 250,836 to 231,190 during the same time-period. This stagnant trend has generally continued over the past 40-years. **Note:** subject lies within the designated project area of the proposed MVHS (Mohawk Valley Health System) new downtown medical center (hospital). This \$480 million project is expected to be completed in 2022 and consists of about a two-block square section of downtown and includes the razing and re-development of the area for the new hospital and medical center. Subject lies within this designated project area.



Boundaries and Major Arteries: The neighborhood is urban in nature and is bounded by Oriskany Street to the north, downtown Utica to the east and south, and the north-south arterial (Route 5/8/12) to the west. Major roadway includes NYS Routes 5A, 5S and 5/8/12. The NYS Thruway (I-90) is accessible at Exit #31 less than 1-mile to the northeast.

Population: Information obtained from the US Census is shown below and implies slightly decreasing trends of the area’s population. The County’s population decreased -0.3% per year from 1990 thru 2018, while the City of Utica experienced a decrease of -0.5% per year.

Population	1990	2000	2010	2018
City of Utica	68,637	60,523	62,235	60,100
Oneida County	250,836	235,469	234,878	229,577

Labor Force: Unemployment, Labor Force and Employed statistics obtained from the NYS Department of Labor for subject's general market is tabulated below. Although the unemployment rate has decreased over the past 6-years, the areas (i.e. Utica-Rome MSA) total labor and employed workforce has decreased -0.6% to -0.2% per year, respectively, during the same time period.

<i>Unemployment Rate</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
Oneida County	6.3%	5.3%	4.9%	4.7%	4.1%	3.7%
Utica-Rome MSA	6.3%	5.5%	5.0%	5.1%	4.5%	4.7%
NY State	8.3%	8.5%	7.7%	6.3%	5.3%	4.8%

<i>Total Labor Workforce</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
Oneida County	103,100	102,100	101,500	101,600	101,700	100,500
Utica-Rome MSA	132,000	130,500	129,700	129,600	129,700	128,400

<i>Employed Workforce</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
Oneida County	96,800	96,600	96,600	96,500	97,200	96,000
Utica-Rome MSA	123,700	123,300	123,200	122,900	123,800	122,400

Area Zoning: Properties along Lafayette Street and immediate cross streets are zoned Central Business District. Subject property conforms to surrounding properties and is a legal conforming use.

Predominant Land Uses - Immediate Vicinity: Subject's neighborhood is characterized as an older, established urban setting developed more than 100-years ago. Surrounding properties include Utica Memorial Auditorium, Utica Police Department, Salvation Army Thrift Store (recently razed), and several vacant buildings. As previously noted, the immediate area is currently in process of being re-developed by MVHS into a 480 million medical center (i.e. hospital) in which many properties have been acquired and razed by MVHS.

Median Sales Price Analysis: An analysis of Oneida County's home sale prices has been analyzed with the results charted below. The data implies slightly increasing trends of +1.5% per year since 2013.

<i>Oneida County</i>	<i>Number of Sales</i>	<i>Median Sale Price</i>	<i>Annual Change</i>
2013	1683	\$106,900	-
2014	1663	\$110,000	+ 2.9%
2015	1785	\$108,000	- 1.8%
2016	2,010	\$108,000	0.0%
2017	2,127	\$115,000	+ 6.5%
2018	2,222	\$114,900	- 0.1%

Equalization Rate Analysis: New York State publishes equalization rates annually for its cities and towns. These rates are a measure of the relationship between assessed value and market value. Annual changes in these rates can sometimes be used to identify trends in property values. A review of equalization rates over the past few years has suggested a slight increase in values. Note that a decrease in the equalization rate reflects an increase in value. The equalization rates indicate slight increasing trends (i.e. +2.6%) in property values since 2015.

<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2015-2019</i>
70.00%	72.00%	68.00%	67.50%	63.03%	+2.6%/year

Marketing Period: Marketing period is defined as the time frame after the date of valuation, looking forward in time, as to how long a property would require exposure in order to find a buyer. There is adequate data available to determine a marketing period for subject. Real estate professionals and neighborhood observation indicate that the market is steady with modest activity. Given current market conditions, it is my opinion that the marketing period for subject would be one year.

CPI and Construction Cost Analysis: Information obtained from the Bureau of Labor Statistics indicates the Consumer Price Index (CPI) has experienced slight annual increases over the past years. Cost data obtained from Marshall Valuation Services also indicates slight increases. This data is charted below.

<i>Marshall & Swift and Consumer Price Index</i>						
<i>Year</i>	<i>Building Cost Index (Class C, January)</i>	<i>Annual Change</i>	<i>Building Cost Index (Class D, January)</i>	<i>Annual Change</i>	<i>CPI (Annual Avg.)</i>	<i>Annual Change</i>
2015	3059.0	-	3024.1	-	237.1	-
2014	3082.3	+0.8%	3041.0	+0.6%	237.8	+0.3%
2017	3103.7	+0.7%	3051.5	+0.3%	241.2	+1.4%
2018	3201.4	+3.1%	3153.1	+3.3%	246.2	+2.1%
2019	3317.3	+3.6%	3266.0	+3.6%	252.1	+2.4%
2020	3326.2	+0.3%	3263.7	-0.1%	256.9	+1.9%
<i>Compounded Change</i>		+1.7%		+1.5%		+1.6%

Conclusion: Slight decreasing trends in population and employment; and slight increasing trends in home prices, equalization rates, cost data and CPI suggest nominal appreciation of values during the past several years. The table below summarizes these results.

<i>Source</i>	<i>Compounded Annual Change</i>
US Census-Population (City of Utica)	- 0.5%
US Census-Population (Oneida County)	- 0.3%
Employed Workforce (Utica-Rome MSA)	- 0.2%
Median Sales Prices	+ 1.5%
Equalization Rates (2015 thru 2019)	+ 2.6%
Building Cost Index (Class C)	+ 1.7%
Building Cost Index (Class D)	+ 1.5%
CPI Analysis	+ 1.6%

In summary, subject's main assets are its location along a major roadway and close proximity to the City of Utica. General property values are stagnant and are expected to remain at current levels with any increases or decreases expected to be nominal for the foreseeable future. Based on the above, it is my opinion that an annual appreciation rate of **0.0% per year** is reflective of the market for the years 2015 through 2020 for this type of property.

A-13. Property Data

A-13a. Site Data	
Current Use:	Commercial (i.e. derelict warehouse)
Location:	418-430 Lafayette Street, City of Utica, Oneida County, NY
Size:	0.45-acres
Access:	Along Lafayette Street and along Carton Avenue.
Road Frontage:	132' along Lafayette Street and 136' along Carton Avenue.
Traffic Counts:	3,539 cars per day along this section of Lafayette Street
Water Features:	None
Topography:	Level
Shape:	Regular
Utilities:	Water and Sewer-municipal; Electric and Gas-National Grid
Soil Conditions:	No visible problems were observed
Drainage:	Adequate for use
Wetland Area:	None
Timber:	None
Mineral Rights:	The existence of commercially valued mineral deposits is typical for the area and comparable data (see page 13).
Development Potential:	Average
Encumbrances:	Typical road-front easements. These easements do not prohibit the development of the site or affect the overall value of the property.
Site Improvements	Paved and gravel parking spaces

A-13b. through A-13f.	
A-13b. Improvements:	Two-story derelict warehouse
A-13c. Fixtures:	None
A-13d. Use:	Commercial. The adjoining properties consist of commercial property types (e.g. retail store, municipal buildings, parking lots, etc.)
A-13e. Sales History:	418 Lafayette Street Corp purchased the property from Joe Siemski for \$25,000 on May 22, 2000. According to public records, this may not have been an arm's length transaction. There have been no other known arm's length transfers of the subject property within the past 10-years. No current listings or agreements of sale were in effect at the time of this analysis.
A-13f. Rental History:	The building appears unoccupied as there are many broken windows. However, the front parking area is currently used for vehicle storage. No leases or rental agreements are apparent or brought to the appraiser's attention.



Aerial Overview, photo taken on 2-20-20



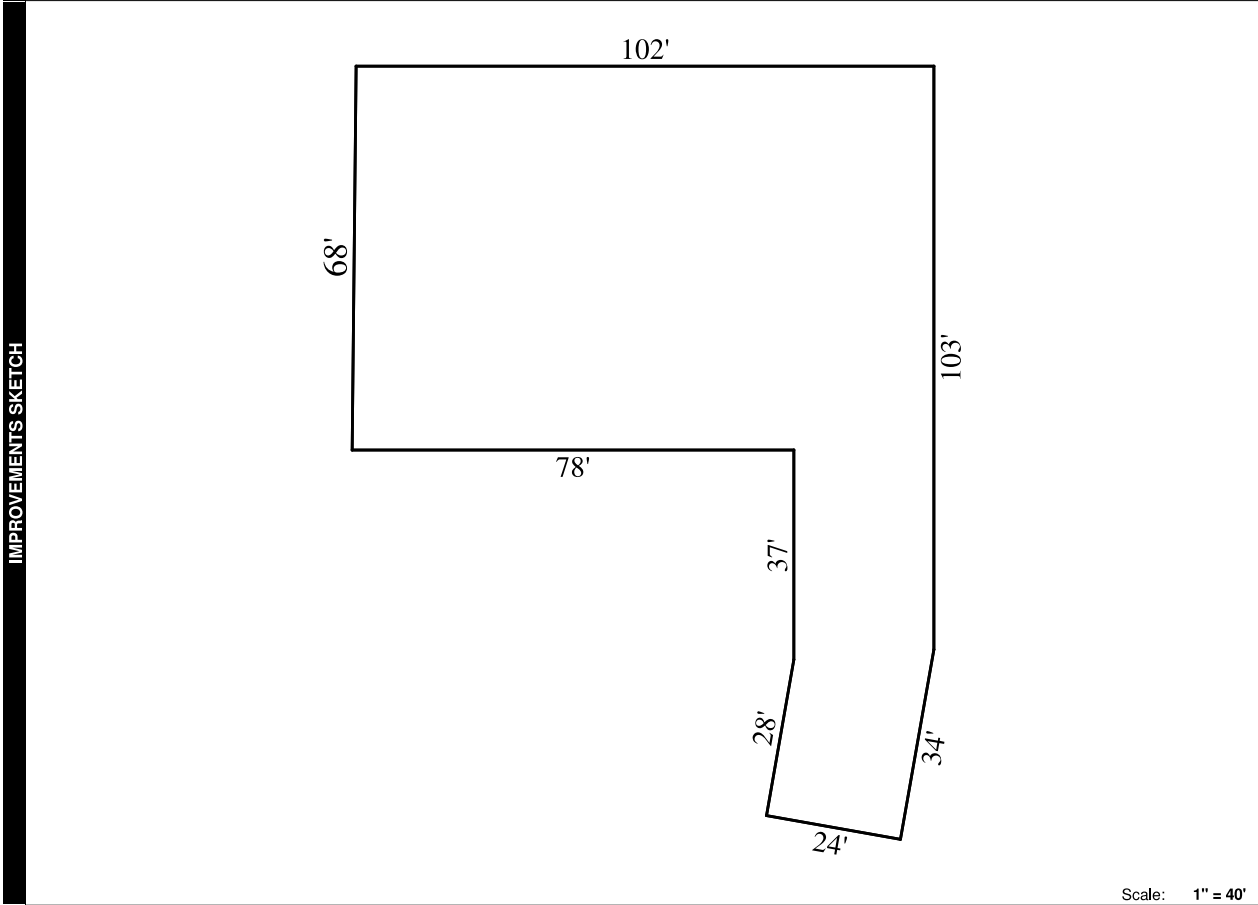
Front and side, photo taken on 2-20-20

A-13b. Building Descriptions

Type:	Two-story, commercial building
Size:	Total gross and rentable area is 17,136-sf
Year Constructed:	1900s
Foundation:	Concrete slab
Exterior Walls:	Concrete block with brick façade
Building Height:	18'
Roof:	Flat-style with rubber membrane cover
Flooring:	Typical for use
Interior Partitions:	Typical for use
Plumbing:	Typical for use
Heating & Cooling:	Typical for use
Electric:	Typical for use
Building Layout:	Typical for use
Additional Features:	None
Condition & Utility:	Worn and Poor. The building (exterior) has reached its economic life with obvious deferred maintenance (e.g. broken windows).
Capital Improvements:	Capital improvements during the past several years are not evident.
Personal Property:	Personal property is <u>not</u> valued in this analysis.

SKETCH/AREA TABLE ADDENDUM

SUBJECT	Property Address 418 Lafayette Street
	City Utica County Onieda State NY Zip
	Borrower
	Lender/Client
	Appraiser Name



Scale: 1" = 40'

AREA CALCULATIONS	AREA CALCULATIONS SUMMARY				BUILDING AREA BREAKDOWN			
	Code	Description	Net Size	Net Totals	Breakdown		Subtotals	
	GBA1	First Floor	8568.14	8568.14	First Floor			
	GBA2	Second Floor	8568.14	8568.14	0.5 x 102.0 x 0.0		0.00	
	Net BUILDING Area (rounded)				17136	21 Items	(rounded)	17136

Stropp Appraisal

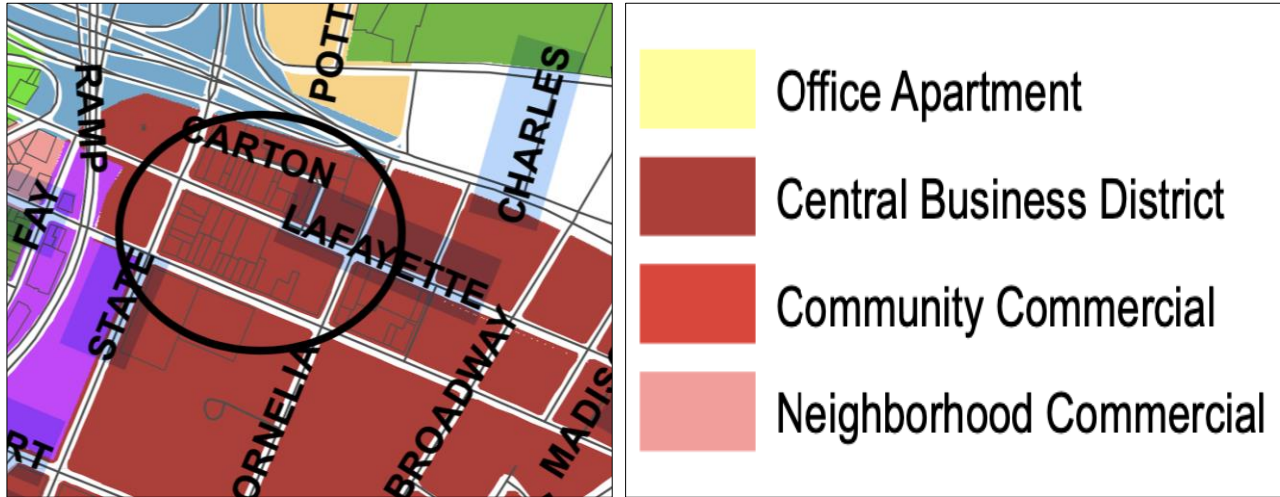
APEX SOFTWARE 800-858-9958

Apv7100-w Apex v5

Building Sketch

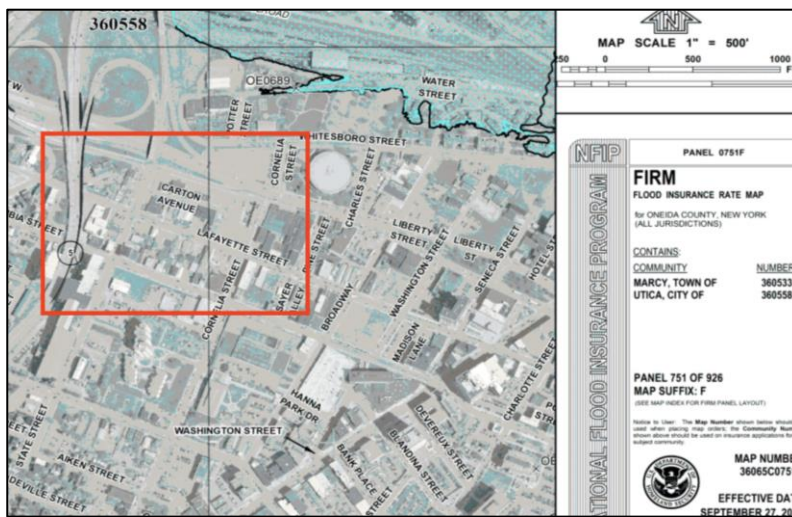
A-13h. Zoning and Other Land Use Regulations

Zoning: Subject is zoned Central Business District. Subject is a legal conforming use. The purpose of this district is to permit shopping, office, other commercial uses on an intensive level. Permitted uses are extensive and include municipal parks, banks, business offices, professional offices, retail, hotels, motels, apartments, schools, parking garages, parking lots, restaurants, and many others. A copy of the zoning map (with subject located within the black circle), corresponding legend, and the primary lot requirements are shown below.



District	Minimum Lot Size	Minimum Lot Width	Front Yard Setback	Side Yard Setback	Rear Yard Setback	Maximum Lot Coverage
CBD	None	None	10'	None	None	100%

Flood Insurance Rate Map: Subject property is in Flood Zone X according to FIRM Panel No. 36065C0751F. Flood Zone X denotes the least degree of hazard and flood insurance is not required within this zone. A copy of this map is shown below with subject property situated within the red rectangle.



Federal and NYS Wetlands: According to the National Wetland Inventory and State wetland maps, there are no Federally or State designated wetland areas within subject’s property.

Part III –DATA ANALYSIS AND CONCLUSION- Before Acquisition

A-14. 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 that is legally permissible, physically possible, appropriately supported, financially feasible, and that results in the highest value*”⁸. Four steps are implicit and applied in the following order to develop adequate support for a highest and best use opinion.

- Legally permissible
- Physically possible
- Financially feasible
- Maximally productive

The highest and best use is determined for the “land” as though vacant and unimproved, and also “as improved”. The four steps noted above are used for each highest and best use determination.

As Though Vacant: The highest and best use of the land as though vacant is concluded after the four step criteria has been applied and all options have been exhausted. Legally, zoning permits development of many uses. Restrictive covenants prohibiting uses were not discovered or disclosed. Physically, this site is capable of being utilized for several uses. Values in the immediate area are such that a commercial use would provide an adequate return to the land and therefore are likely financially feasible. Supply and demand relationships are such that a commercial use would provide the highest return to the land and therefore, is maximally productive.

Any development could occur in one year. Subject property comprises of a single economic unit. Consideration is given to contiguity, unity of ownership and unity of use. Subject itself (in its entirety) does not comprise of a larger parcel, and therefore is valued accordingly.

As Currently Improved: “*The highest and best use of a property as improved may be continuation of the existing use, renovation or rehabilitation, expansion, adaptation or conversion to another use, partial or total demolition, or some combination of these alternatives*”⁹. Legally, current zoning permits the existing use. There were no other legal issues that affect the property as currently improved. Physically, the site is capable of and has been accommodating subject’s improvements. For improved properties, there are three possibilities that should be considered when evaluating the financial feasibility and maximum productivity of a property (1) demolish the existing improvements and redevelop the site, (2) continue the existing use, (3) and modify the existing use. The first option relates directly to depreciation. Demolition generally occurs when the improvements have reached their economic lives and no longer afford an adequate return to the land or land value is high enough to support a different use. Total depreciation and/or land values are not high enough to warrant complete demolition. Significantly modifying the existing use to an alternative use would also not command significantly higher rents than the current use, indicating such change would not be economically feasible or maximally productive.

⁸ Appraisal Institute, The Appraisal of Real Estate, 14th Edition (Chicago: Appraisal Institute, 2008) 278.

⁹ Appraisal Institute, The Appraisal of Real Estate, 14th Edition (Chicago: Appraisal Institute, 2008) 287.

Furthermore, attention is given to the following Court case. “*Ordinarily, the highest and best use for the property sought to be condemned is the use to which it is subjected at the time of the taking. This is true because economic demands normally result in an owner’s putting his land to the most advantageous use*”¹⁰.

Highest and Best Conclusion: Based on the above, it is my opinion that subject’s highest and best use is its existing use that of an interim use that commercially improved property (i.e. derelict warehouse).

A-15. Land Valuation - Before Acquisition

Land Valuation: The appraisal problem is to estimate market value for ascertaining compensable damages resulting from a full (i.e. entire property) acquisition. Land value is estimated by comparing similar properties directly to subject in order to arrive at a market value estimate. According to various sources, sufficient similar land sales have occurred affording the viability of this approach. This research included vacant land properties that have sold since 2013, have similar zoning classification, contain land sizes of more than 5,000-sf, and are located within the City of Utica. The appropriate unit of comparison is price/acre. Comparables shown below in the valuation grid are discussed and used in estimating subject’s value and considered the best available data. A detailed description of each comparable property is included in Appendix A. The sales are arranged in ascending order (price/acre) to allow a better identification of market parameters.

	Subject	Land Sale 1	Land Sale 2	Land Sale 3	Land Sale 4	Land Sale 5	Land Sale 6
Sales Price	-	\$10,000	\$80,000	\$120,000	\$80,000	\$125,000	\$217,500
Sale Price/acre	-	\$72,464	\$82,902	\$92,308	\$97,561	\$125,000	\$230,403
Rights Conveyed	-	-	-	-	-	-	-
Financing Terms	-	-	-	-	-	-	-
Conditions of Sale	Market	Similar -0-	Similar -0-	Similar -0-	Similar -0-	Assemblage -20%	Assemblage -20%
Adjusted Price/acre	-	\$72,464	\$82,902	\$92,308	\$97,561	\$100,000	\$184,322
Sale Date	2-20-20	1/16/17 -0-	12/27/17 -0-	7/15/13 -0-	5/29/19 -0-	2/26/16 -0-	12-20-18 -0-
Adjusted Price/acre	-	\$72,464	\$82,902	\$92,308	\$97,561	\$100,000	\$184,322
Location	Lafayette Utica	Bleecker Utica -0-	Erie Utica -0-	Oriskany Utica -10%	Erie Utica -0-	Oriskany Utica -10%	Notre Dame Utica -30%
Land Size-acre	0.45	0.138 -10%	0.965 -0-	1.30 -0-	0.82 -0-	1.00 -0-	0.944 -0-
Road Frontage	132’ & 136’	50’ 1-Street +20%	275’ 1-Street +20%	235’ & 269’ 2-Streets -0-	240’ 1-Street +20%	152’ 1-Street -0-	194’ 1-Street +20%
Topography	Level	Level -0-	Level -0-	Level -0-	Level -0-	Level -0-	Level -0-
Shape	Sl. Irregular	Similar -0-	Similar -0-	Similar -0-	Similar -0-	Similar -0-	Similar -0-
Utilities	Electric, Water, Sewer	Similar -0-	Similar -0-	Similar -0-	Similar -0-	Similar -0-	Similar -0-
Zoning	CBD	Similar -0-	Similar -0-	Similar -0-	Similar -0-	Similar -0-	Similar -0-
Net Adjustment		+10%	+20%	-10%	+20%	-10%	-10%
Indicated Value for Subject/acre		\$79,710	\$99,482	\$83,077	\$117,073	\$90,000	\$165,890

¹⁰ United States v. Buhler, 305 F.2nd 319, 328 (5th Cir. 1962).

Explanation of Adjustments: Various elements of comparison are utilized and adjustments made in the valuation grid shown above. All factors listed were considered, but no adjustments were necessary for Rights Conveyed; Financing Terms; Sale Date; Topography; Shape; Utilities and Zoning due to similarities.

Conditions of Sale: Land Sales 5 and 6 were purchased with the intent to merge and assemble with the adjoining properties. A premium was paid for these assemblages with a 20% adjustment applied to each comparable recognizing this favorable condition.

Location: The locations of Land Sales 1, 2 and 4 are similar enough to subject that no adjustments are warranted. Land Sales 3 and 5 located along more heavily trafficked roadways result in -10% adjustments, while Land Sale 6's favorable location within a planned business park results in a -30% adjustment.

Land Size: Due to the inverse relationship between size and unit price (i.e. economies of scale), the comparables reflect adjustments of -10%, 0%, 0%, 0%, 0% and 0%, respectively.

Road Frontage: A frontage adjustment of +20% is applied to Land Sales 1, 2, 4 and 6 as each only contains frontage along one street, opposed to two streets (like subject). No adjustment is applied to Land Sale 3 (corner site) or Land Sale 5 as it was assembled with a property located on a corner.

Land Value - Conclusion: Prior to adjustments, comparables indicated a price range of \$72,464 to \$230,403/acre. After adjustments, a value range of \$79,710 to \$165,890/acre is indicated. The midpoint and mean of these comparables, after adjustments, are \$122,800 and \$105,872/sf. Slightly more weight is applied to Land Sales 3 and 5 due to their corner locations and least gross adjustments. These two comparables indicated an adjusted average of \$86,539/acre. It is our opinion that the market indicates a unit value of **\$105,000/acre**; and for subject's 0.45-acres, a "before appraisal" land value of \$47,250, or say, **\$47,000**.

Site Improvements Acquired- Conclusion: Site improvements on subject property are valued. Observed depreciation reflects all forms of depreciation affecting each item. Site improvements include miscellaneous site improvements (e.g. gravel and paved parking area) at \$3,000. Therefore, the estimated contributory value of site improvements totals **\$3,000**.

A-16. Value Estimate by the Cost Approach

Not applicable.

A-17. Value Estimate by the Sales Comparison Approach

Total Valuation: Total value is estimated by comparing similar properties directly to subject in order to arrive at a market value estimate. According to various sources, sufficient sales have occurred affording the viability of this approach. This research included similar use properties that have sold within the past 5-years and are within 5-miles of the subject. The appropriate unit of comparison is price/sf. Comparables shown on the following page in the valuation grid are discussed and used in estimating subject's value and considered the best available data. A detailed description of each comparable property is included in Appendix B. The sales are arranged in ascending order (i.e. price/sf) to allow a better identification of market parameters.

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Sales Price	-	\$150,000	\$70,000	\$236,000	\$120,000	\$160,000
Price/sf	-	\$3.26	\$3.47	\$8.44	\$17.37	\$28.17
Rights Conveyed	-	-	-	-	-	-
Financing Terms	-	-	-	-	-	-
Conditions of Sale	-	-	-	-	-	-
Adjusted Price/sf	-	\$3.26	\$3.47	\$8.44	\$17.37	\$28.17
Sale Date	2/20/20	6/15	5/17	4/16	9/17	10/16
Adjusted Price/sf	-	\$3.26	\$3.47	\$8.44	\$17.37	\$28.17
Location	Lafayette Utica	Elizabeth Utica	Broad Utica	Liberty, Utica	Bleecker Utica	Oriskany Utica
Land Size	0.45	0.90	0.71	0.18	0.45	0.23
Building Size	17,136	46,060 +15%	20,200 -0-	27,968 -0-	6,910 -15%	5,680 -15%
Construction Quality	1900s	1900s -0-	1950s -0-	1900s -0-	1940s -0-	1920s -0-
Condition	Worn & Poor	Similar -0-	Similar -0-	Similar -0-	Similar -0-	Superior -15%
Utility	Average	Similar -0-	Similar -0-	Similar -0-	Similar -0-	Similar -0-
Amenities	Average	Similar -0-	Similar -0-	Similar -0-	Similar -0-	Similar -0-
Net Adjustment		+15%	-0-	-0-	-15%	-30%
Indicated Unit Value for Subject/sf		\$3.75	\$3.47	\$8.44	\$14.76	\$19.72

Explanation of Adjustments: Various elements of comparison are utilized and adjustments made in the valuation grid shown above. All factors listed were considered, but no adjustments were necessary for Rights Conveyed, Financing Terms, Conditions of Sale, Sale Date, Location, Land Size, Construction Quality, Utility and Amenities.

Building Size: Due to the inverse relationship between size and unit price (i.e. economies of scale), Sales 1, 2, 3, 4, and 5 reflect adjustments of +15%, 0%, 0%, -15% and -15%, respectively.

Condition: The superior condition of Sale 5 results in a -15% adjustment.

Sales Comparison Approach-Conclusion: Prior to adjustments, comparables indicated a unit price range of \$2.68 to \$28.17/sf. After adjustments, a unit value range of \$3.47 to \$19.72/sf is indicated. The midpoint, median and mean of these sales are \$11.60, \$8.44 and \$10.03/sf, respectively. Equal weight is applied to each comparable. It is my opinion that the market indicates a unit value of \$9.00/sf; and for subject's 17,136-sf, a total value of \$154,224, or say, **\$154,000**.

As secondary support, the five comparables indicate a total sales price range of \$70,000 to \$236,000, with an average selling price of \$147,200. Subject's concluded value of \$154,000 is consistent to this range and further attests to the final value conclusion via the sales comparison approach.

A-18. Value Estimate by the Income Capitalization Approach

Income producing property is generally purchased, as an investment in which it's earning power is the key element affecting value. The direct capitalization method is used in this analysis. This method converts a single year's income expectancy into a value indication. The direct capitalization method involves the following steps:

- Estimate subject's potential revenue
- Estimate operating expenses
- Derive net operating income by subtracting total expenses from gross income
- Estimate a capitalization rate
- Capitalize the net operating income into value

Income Analysis: The first step is to estimate market rent for the subject. Rentals of similar properties were researched and compared to subject to evaluate subject's competitiveness. The table below summarizes the results with subject's details comprised of the first row and comparable rentals comprising of the next 3-rows.

<i>Competitive Rental Space Survey</i>					
<i>Rental No.</i>	<i>Tenant/Location</i>	<i>Expiration/ Term</i>	<i>Rent/sf</i>	<i>Size-sf</i>	<i>Tenant Provisions</i>
Subj.	418-430 Lafayette Street, Utica	-	-	17,136	-
R-1	Wedabest Appliances/Wager St., Utica	Current	\$1.42	22,046	Utilities
R-2	Archives/587 Main St., NY Mills	Current	\$1.92	25,000	None
R-3	Nortek, Success Drive, Rome	2021	\$2.96	23,315	All Expenses

After evaluating the comparable rents, only one adjustment is allocated to the rent comparables. This includes a -10% condition adjustment to each rent comparable. After adjustments the unit rental range is \$1.28 to \$2.66/sf. It is our opinion that the market reflects a market rent for subject of \$1.75/sf.

<i>Potential Gross Rental Income Summary</i>	
418-430 Lafayette Street: 17,136-sf at \$1.75/sf x =	\$29,988
Total Potential Gross Income =	\$29,988

Expense Analysis: The market indicates that space of this type is often leased with the tenant paying most or all operating costs. However, in order to maintain subject's cash flow several other charges are considered and deducted from the total gross income estimate. These include vacancy and collection loss, management fee, miscellaneous and a replacement allowance. Amounts allocated to the above items are based on comparable data and market estimates.

- *Vacancy and Collection Loss:* Vacancy and collection loss represents potential interruptions in the income stream due to tenant turnover and collection delays. Vacancy rates of 0-20% are evident in the general Utica market, but subject appears to have been vacant for several years. With that said, a stabilized vacancy rate of 15.0% is reflective of the market and applied in this analysis. This rate is taken as a prudent provision to cover any unanticipated vacancy and collection loss.
- *Management:* Management services may be contracted to an independent third party or provided by the property owner. This expense pertains to the professional property management fee and other expenses related to the operations of the asset, and includes such functions as rent collection, record-keeping, accounting fees, etc. This fee is usually expressed as a percentage of effective gross income. According to national data published by PWC (see Appendix B) management fees range from 0% to 7.0% of effective gross income for most property types. This expense is estimated at 4.0% of effective gross income, or say, \$1,100 and considers subject's single-tenant property.
- *Leasing Commissions:* Leasing commissions are fees paid to an agent for leasing the tenant space. Subject is currently owner-managed. Any miscellaneous leasing commissions that could occur are accounted for within the *Management* category and also within the *Miscellaneous* expense noted below.
- *Miscellaneous:* This category includes miscellaneous charges such as miscellaneous tenant improvements, miscellaneous utilities, unanticipated professional fees, any other unanticipated expenditures, etc. This category is estimated at \$2,000.
- *Tenant Improvements:* Conversations with the owner, real estate brokers and developers in the market area indicated that tenant improvements range from \$0.00 to \$20.00/sf depending on numerous variables. This category is often negotiable with either the landlord or tenant, or a mixture of both paying the applicable costs. However, at subject's estimated market rate, the tenant pays for the majority of tenant improvements.
- *Replacement Reserves:* A replacement allowance is defined as "an allowance that provides for the periodic replacement of building components that wear out more rapidly than the building itself and must be replaced during the building's economic life; sometimes referred to as reserves"¹¹. The periodic replacement of certain building components such as roof cover, paving, etc. are vital for the continuation of the property. According to national data published by RealtyRates.com (see Appendix B), replacement reserves for most property types range from 25¢ to \$1.00/sf. This item is stabilized at 50¢/sf, the middle of the range and reflects subject's current worn condition. This equates to say \$700 (17,136-sf x 50¢/sf = \$8,568, or say, \$8,600).

¹¹ Appraisal Institute, *The Appraisal of Real Estate*, Thirteenth Edition (Chicago: Appraisal Institute, 2008) 460.

Capitalization Rate: Several techniques support an overall capitalization rate. The strength and reliability of each technique is dependent upon the quantity and quality of available current data. This analysis concentrates on the three most common techniques: derivation from comparable data, band of investment method, and the debt coverage method.

Derivation from Comparable Data: National data published by RealtyRates.com indicates an average overall capitalization rate for all properties (weighted average) of **9.15%**. Copies of this publications are contained in Appendix B.

Derivation from the Band of Investment: Since most properties are purchased with debt and equity positions, an overall capitalization rate should satisfy the return requirements of both investment positions. In other words, the participants anticipate a return commensurate to the perceived risk of the investment. The band of investment formula is $(M \times (R_M)) + (E \times (R_E))$ where the overall capitalization rate is a weighted average of mortgage capitalization rate (R_M) and equity capitalization rate (R_E). The loan-to-value ratio (M) represents the loan or debt portion of the investment. The equity (E) or $(1-M)$ is the remaining portion of the investment. These terms along with equity requirements have been researched and obtained from market lending participants. Sources include personal surveys from local banks and national publications including PWC Real Estate Investor Survey, RealtyRates.com, Federal Reserve - Statistical Release, and the Appraisal Institute. This information is contained in Appendix B. The equity capitalization rate (R_E) is an income rate that reflects the relationship between a year's equity cash flow and the initial equity investment. Market equity capitalization rates are tabulated below. The data from RealtyRates.com includes national data for both grade A and B properties (i.e. low and medium risk).

<i>Summary of Equity Capitalization Rates</i>	
RealtyRates.com- Range	6.17% to 21.75%
Concluded Rate	15.00%

An overall equity dividend rate near the middle of the range or 15% is supported and appropriate for this analysis. Key interest rates, mortgage and equity rates, ratios, and competing investment yields are tabulated on the following page and form the component basis for the derivation of an overall capitalization rate via band-of-investment and debt coverage rate applicable to subject. Supporting data is detailed and included in the Appendix B.

Mortgage Rates, Equity Rates, Ratios and Terms	
Prime Rate:	4.75%
Interest Rate	10-year treasury rate plus 300 to 500 basis points
5-year-Treasury Yield:	1.08%
10-year-Treasury Yield:	1.27%
Debt Coverage Ratio (DCR)	1.40
Loan to Value Ratio (M)	80%
Term	20-years
Mortgage Interest	5.50%
Conventional Home Mortgage Rate	3.49%
Mortgage Constant (R_M)	0.0825 (Annual constant to amortize a 20-year, 5.50% interest mortgage with monthly payments)
Equity Dividend Rate (R_E)	15.00%

Band of Investment Technique Conclusion	
Mortgage Component: $80\% (M) \times .0825 (R_M) =$.0660
Equity Component: $20\% (1-M) \times .15 (R_E) =$.0300
Overall Capitalization Rate =	.0960 or 9.60%

Derivation from the Debt Coverage Ratio: The ratio of net income to annual debt service is measured by the ability a property has to cover its debt service from the net income generated by the property. The debt coverage ratio formula is $DCR (debt\ coverage\ ratio) \times R_M \times M$.

Debt Coverage Ratio Technique Conclusion	
$DCR \times R_M \times M$	
$1.40 \times .0825 \times .80 =$.0924
Overall Capitalization Rate =	.0924 or 9.24%

Overall Capitalization Rate Conclusion: Three sources of capitalization rates have been researched and summarized below. The overall capitalization rate range is 9.15% to 9.60% with a midpoint, median and mean of 9.38%, 9.24% and 9.33%, respectively. Considering all of the above, it is my opinion that an **9.50%** rate is appropriate.

Summary of Overall Capitalization Rate Analysis	Range
RealrtRates.com (All Properties)	9.15%
Band-of-Investment Technique	9.60%
Debt Coverage Ratio Formula	9.24%
Concluded Rate =	9.50%

Direct Capitalization: As previously noted, the direct capitalization method is used in this analysis. This method converts a single year's income into a value estimate by dividing the net income by the capitalizing rate. The following direct capitalization analysis was performed.

Direct Capitalization Summary	
Revenue	
Base Rental Income	\$29,988
<i>Minus: Vacancy & Collection Loss at 15% =</i>	<u>-4,498</u>
Effective Gross Income	\$25,490
Operating Expenses	
Management	1,100
Miscellaneous	2,000
Replacement Reserves	8,600
Total Expenses	-\$11,700
Net Operating Income (NOI)	\$13,790
NOI capitalized at 9.50% =	\$145,158
	(Rounded) \$145,000

Value Estimate by the Direct Capitalization Approach: \$145,000

A-19. Correlation and Final Value Estimate (Before Value)

As previously noted, the sales comparison and direct capitalization approaches to value are used in this analysis. These approaches indicate value estimates of:

Sales Comparison Approach:	\$154,000
Direct Capitalization Approach:	\$145,000

More emphasis is applied to the sales comparison approach due to the reliability of the sales comparable data. Based on the facts and data contained in this report, it is my opinion that subject has an “market value” of the fee simple interest as of February 20, 2020 of:

ONE HUNDRED FIFTY-FOUR THOUSAND DOLLARS: \$154,000

Part IV –FACTUAL DATA- After Acquisition

Not Applicable.

Part V – DATA ANALYSIS AND CONCLUSION- After Acquisition

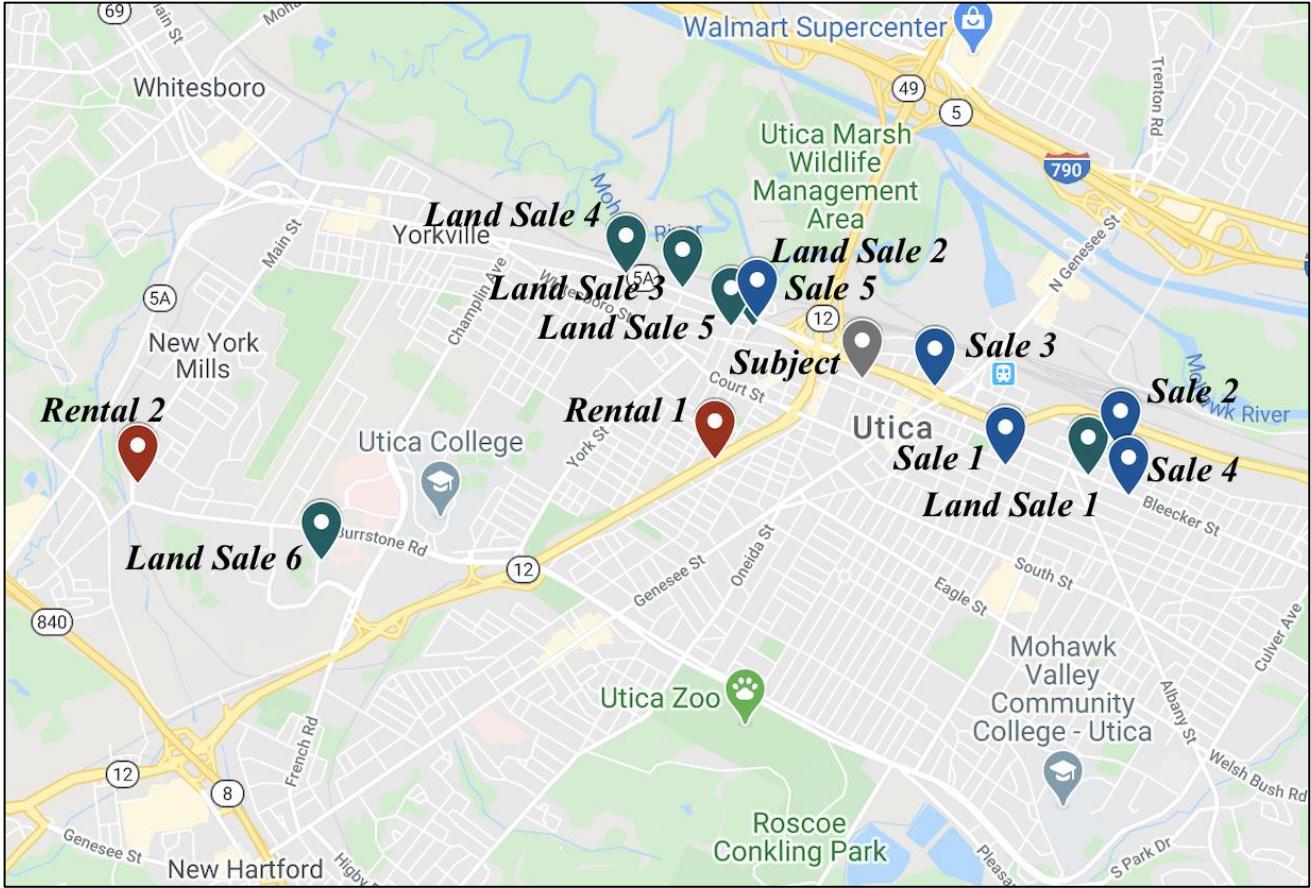
Not Applicable.

Part VI –ACQUISITION ANALYSIS

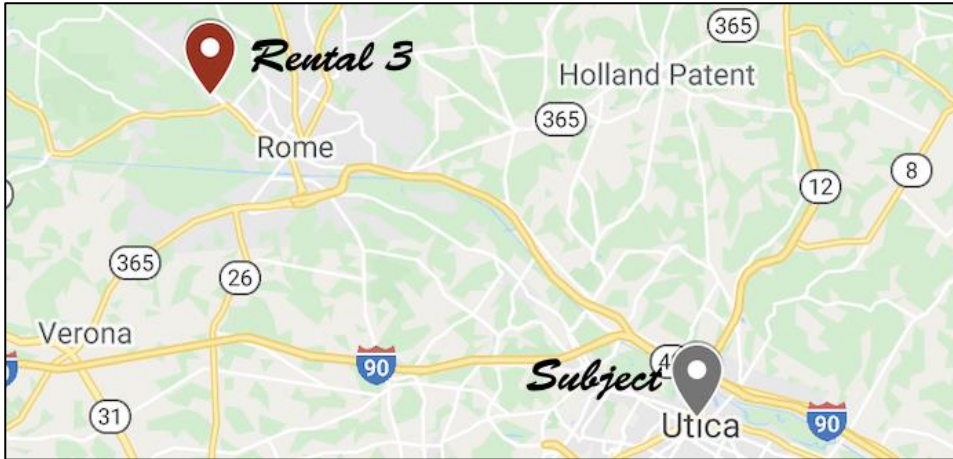
Not Applicable.

Part VII –EXHIBITS AND ADDENDA

APPENDIX A – Comparable Data Location Map and Comparable Data



Comparable Data Location Map



Comparable Data Location Map

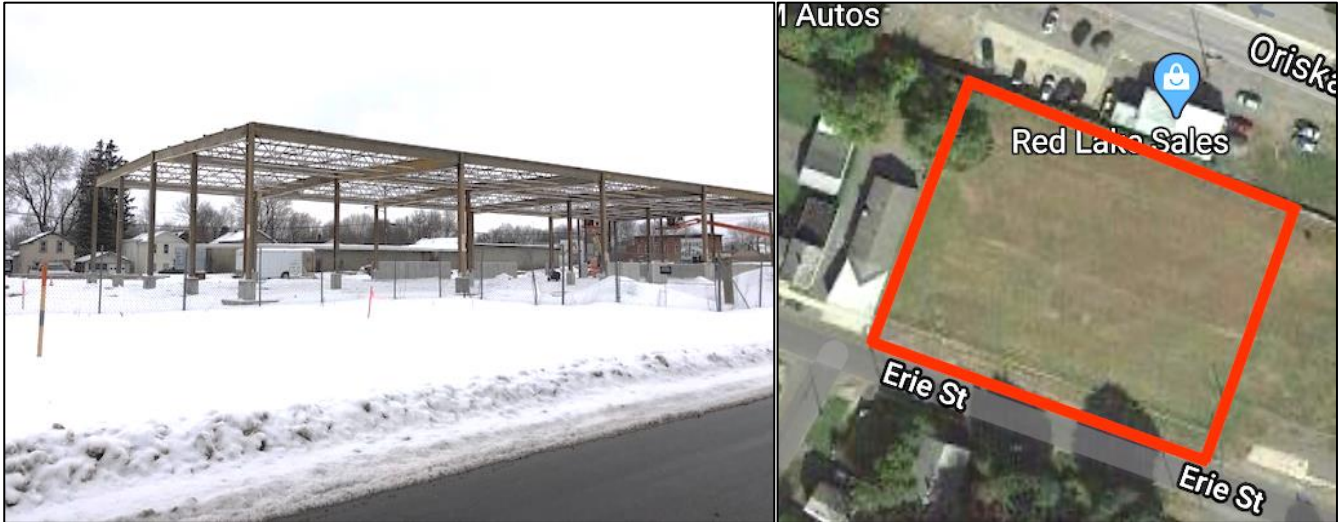
Land Sale 1



741 & 745 Blecker Street, Utica, Oneida County, NY

Factual & Sales Data			
Sales Price	\$10,000	Property Type	Vacant Commercial Land
Unit Price	\$72,464/acre	Property Code	330
Tax Map Number	319.53-2-29	Rights Conveyed	Fee Simple
Land Size	0.138-acres	Financing Terms	Market
Frontage	50'	Conditions of Sale	Market
Access	1-Street	Sale Date	1/16/17
Shape	Rectangular	Recorded Date	1/20/17
Topography	Level	Seller	Mark Anderson
Utilities	Electric, water & sewer	Buyer	Jose M. Dejesus
Water Features	None	Instrument #	2017-001119
Improvements	None	Prior Sales	None in the past 5-years
Zoning	Neighborhood Commercial		
Verified By	E. Stropp & T. Kehl on 11-20-17		
Verified With	Inspection, Deed, Image Mate, Google Images and ORPTS		
Photo By & Date	E. Stropp on 11-20-17		
Cross Street	The property is located 352' west of Hubbell Street		
Neighborhood	Urban		
Comments	The building shown in Google image above was razed prior to transfer. The property is currently used as a gravel parking lot.		

Land Sale 2



Erie Street, Utica, Oneida County, NY

Factual & Sales Data			
Sales Price	\$80,000	Property Type	Vacant Commercial Land
Unit Price	\$82,902/acre	Property Code	330
Tax Map Number	Part of 318.24-2-18	Rights Conveyed	Fee Simple
Land Size	0.965-acres	Financing Terms	Market
Frontage	275'	Conditions of Sale	Market
Access	1-Street	Sale Date	12-27-17
Shape	Rectangular	Recorded Date	1-8-18
Topography	Level	Seller	Kogel Estates, Inc.
Utilities	Electric, water & sewer	Buyer	Ralph Destefanis
Water Features	None	Instrument #	2018-000305
Improvements	None	Prior Sales	None in the past 5-years
Zoning	Community Commercial		
Verified By	E. Stropp on 11-12-18		
Verified With	Inspection, Deed, Google Images, and ORPTS		
Photo By & Date	E. Stropp on 2-20-20		
Cross Street	The property is located 500' west of Schuyler Street		
Neighborhood	Mixed-use commercial corridor		
Comments	The property was vacant land and currently being developed into 9,600-sf retail and service facility (carpet cleaning operation).		

Land Sale 3

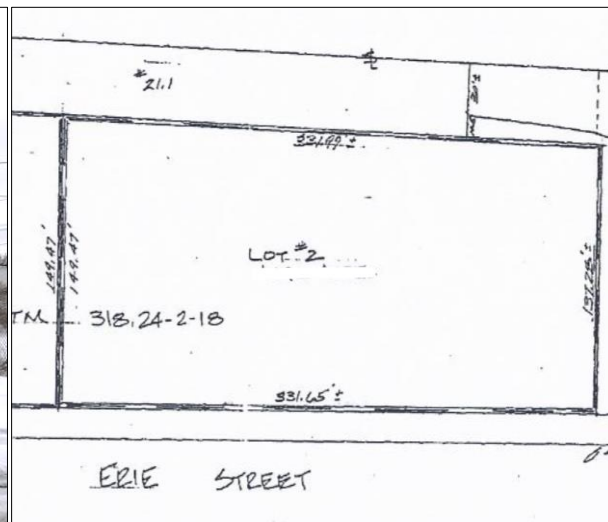


1700 Erie Street and Oriskany Street, Utica, Oneida County, NY

Factual & Sales Data

Sales Price	\$120,000	Property Type	Vacant Commercial Land
Unit Price	\$92,308/acre	Property Code	330
Tax Map Number	318.22-2-1	Rights Conveyed	Fee simple
Land Size	1.30-acres	Financing Terms	Market
Frontage	235' & 269'	Conditions of Sale	Market
Access	Two streets	Sale Date	7/15/13
Shape	Regular	Recorded Date	7/22/13
Topography	Level	Seller	HTR Enterprises, LLC
Utilities	All Public	Buyer	C-Bam, LLC
Zoning	Commercial	Book & Page	2015 & 1671
Comments	-	Prior Sales	No arm's length sales in past 5-years*
Verified By	Eriksen E. Stropp on 7-18-16		
Verified With	Inspection, deed, public records, ORPTS and broker		
Photo By & Date	Eriksen E. Stropp on 7-18-16		
Neighborhood	Mixed-use commercial corridor		
Cross Street	Across from Kernan Avenue		
Comments	The property contains 235' of road frontage and one curb cut along Oriskany Street (Route 5A); and 269' of road frontage and one curb cut along Erie Street. This sale includes vacant land subsequently developed into a Dollar General store. *Upon completion of the store, the property was subsequently sold for \$1,500,000.		

Land Sale 4



Erie Street, Utica, Oneida County, NY

Factual & Sales Data

Sales Price	\$80,000	Property Type	Vacant Commercial Land
Unit Price	\$97,561/acre	Property Code	330
Tax Map Number	Part of 318.24-2-18	Rights Conveyed	Fee Simple
Land Size	0.82-acres	Financing Terms	Market
Frontage	240'	Conditions of Sale	Market
Access	1-Street	Sale Date	5-29-19
Shape	Rectangular	Recorded Date	5-30-19
Topography	Level	Seller	Kogel Estates, Inc.
Utilities	Electric, water & sewer	Buyer	Engler Electric Inc.
Water Features	None	Instrument #	2019-006518
Improvements	None	Prior Sales	None in the past 5-years
Zoning	Community Commercial		
Verified By	E. Stropp on 2-20-20		
Verified With	Inspection, Deed, Google Images, ORPTS and buyer's attorney (William Borrill)		
Photo By & Date	E. Stropp on 2-20-20		
Cross Street	The property is located 200' west of Schuyler Street		
Neighborhood	Mixed-use commercial corridor		
Comments	The property is currently vacant land		

Land Sale 5



1400 Oriskany Street, Utica, Oneida County, NY

Factual & Sales Data			
Sales Price	\$125,000	Property Type	Vacant Commercial Land
Unit Price	\$125,000/acre	Property Code	330
Tax Map Number	306.18-1-7.4	Rights Conveyed	Fee Simple
Land Size	1.00-acre	Financing Terms	Market
Frontage	152'	Conditions of Sale	Market
Access	1-Street	Sale Date	2/26/16
Shape	Rectangular	Recorded Date	3/4/16
Topography	Level	Seller	Fastenal Company
Utilities	Electric, water & sewer	Buyer	Stittville 291 Properties, LLC
Water Features	None	Instrument #	2016-003085
Improvements	See below	Prior Sales	None in the past 5-years
Zoning	Community Commercial		
Verified By	E. Stropp & T. Kehl on 11-20-17		
Verified With	Inspection, deed, Google Images, ORPTS and buyer's attorney (Camille Kahler)		
Photo By & Date	E. Stropp on 11-20-17		
Cross Street	The property is located 280' west of Platt Street		
Neighborhood	Commercial Corridor		
Comments	The property was purchased by Fastrac (i.e. convenience store) and assembled with an adjoining parcel. The two parcels were merged, razed and developed into a Fastrac convenience store. The property was previously identified as Lot #4A.		

Land Sale 6



Notre Dame Lane, Utica, Oneida County, NY

Factual & Sales Data

Sales Price	\$217,500	Property Type	Vacant Commercial Land
Unit Price	\$230,403/acre	Property Code	330
Tax Map Number	317.19-1-5.3	Rights Conveyed	Fee Simple
Land Size	0.944-acres	Financing Terms	Market
Frontage	194'	Conditions of Sale	Market
Access	1-Street	Sale Date	12-20-18
Shape	Rectangular	Recorded Date	12-21-18
Topography	Level	Seller	ND Park LLC
Utilities	Electric, water & sewer	Buyer	Burrstone Road Associates LLC
Water Features	None	Instrument #	201-18414
Improvements	None	Prior Sales	None in the past 5-years
Zoning	Planned Development		
Verified By	E. Stropp on 12-16-19		
Verified With	Inspection, Deed, Google Images, ORPTS and buyer's attorney (Kara Lais)		
Photo By & Date	E. Stropp on 2-20-20		
Cross Street	The property is located south of Burrstone Road		
Neighborhood	Planned Business Park		
Comments	The property is currently vacant land. The buyer purchased the site for assemblage purposes as it owns the adjoining property commonly known as Slocum-Dickson Medical Group. An estimated premium (i.e. for assemblage purposes) of 20% is estimated.		

Sale 1



500 Elizabeth Street, Utica, Oneida County, NY

Factual & Sales Data			
Sales Price	\$150,000	Property Type	Warehouse
Unit Price	\$3.26/sf	Property Code	449
Tax Map Number	318.60-2-1	Rights Conveyed	Fee simple
Land Size	0.90-acres	Financing Terms	Market
Building Size	46,060-sf	Conditions of Sale	Market
Condition	Poor/Worn	Sale Date	6-22-15
Overall Utility	Average	Recorded Date	6-22-15
Year Built	1900s	Seller	B&J Realty of Owego LLC
Number of Stories	Three	Buyer	1C31 LLC
Construction Type	Masonry	Book & Page	2015 & 8774
Amenities	None	Prior Sales	No arms-length in the past 5-years
Verified By	Eriksen E. Stropp on 2-20-20		
Verified With	Inspection, ORPTS, and Google Maps		
Photo By & Date	Eriksen E. Stropp on 2-20-20		
Neighborhood	Urban		
Cross Street	At corner with Second Street		
Comments	The building contains 46,060-sf with additional basement area. There is 251' of road frontage along Elizabeth Street, 240' along Second Street, 70' along Mary Street. The structure was in worn/poor condition and purchased as a "shell" building.		

Sale 2



800 Broad Street, Utica, Oneida County, NY

Factual & Sales Data

Sales Price	\$70,000	Property Type	Warehouse
Unit Price	\$3.47/sf	Property Code	449
Tax Map Number	319.9-2-11	Rights Conveyed	Fee Simple
Land Size	0.71-acres	Financing Terms	Market
Building Size	20,200-sf	Conditions of Sale	Market
Condition	Worn-Poor	Sale Date	5-9-17
Overall Utility	Average	Recorded Date	5-10-17
Year Built	1950s	Seller	Ale Libic
Number of Stories	Two	Buyer	Paul J. Seymour J
Construction Type	Wood-frame	Book & Page	2017 & 6690
Amenities	-	Prior Sales	None in past 5-years
Verified By	E. Stropp on 3-10-19		
Verified With	Inspection, ORPTS, and broker (Coldwell Broker, Joseph Mcharris)		
Photo By & Date	E. Stropp on 3-10-19		
Neighborhood	Older, established industrial/commercial corridor about 1-mile east from downtown		
Cross Street	At corner with Hubbell Street		
Comments	Two-story, warehouse in worn/poor condition. Additional features include freight elevator and on-site parking. Since acquisition, the property has been and is currently in process of being renovated including new facade, new interior finish and new /upgraded heating system. There is 147' of frontage along Broad Street, 243' along Hubbell Street, and 108' along Catherine Street.		

Sale 3



106 Liberty Street (Oriskany Boulevard), Utica, Oneida County, NY

Factual & Sales Data			
Sales Price	\$236,000	Property Type	Warehouse
Unit Price	\$8.44/sf	Property Code	449
Tax Map Number	318.43-2-55	Rights Conveyed	Fee simple
Land Size	0.18-acres	Financing Terms	Market
Building Size	27,968-sf	Conditions of Sale	Market
Condition	Poor/Worn	Sale Date	4-27-16
Overall Utility	Average	Recorded Date	4-27-16
Year Built	1900s	Seller	Patel Arvind
Number of Stories	Four	Buyer	118 Liberty Street, LLC
Construction Type	Masonry	Book & Page	2016 & 5670
Amenities	None	Prior Sales	No arms-length in the past 5-years
Verified By	Eriksen E. Stropp on 2-20-20		
Verified With	Inspection, ORPTS, and Google Maps		
Photo By & Date	Eriksen E. Stropp on 2-20-20		
Neighborhood	Urban		
Cross Street	At corner with Hotel Street		
Comments	The building contains 27,968-sf with about 6,992-sf per floor. There is 75' of road frontage along Liberty and 105' along Hotel Street. The structure was in worn/poor condition and purchased as a "shell" building. Additional adjoining properties have also been purchased by the buyer.		

Sale 4



852 Bleecker Street, Utica, Oneida County, NY

Factual & Sales Data			
Sales Price	\$120,000	Property Type	Mixed-Use Building
Unit Price	\$17.37/sf	Property Code	482
Tax Map Number	319.54-3-15, 16 & 17	Rights Conveyed	Fee Simple
Land Size	0.45-acres	Financing Terms	Market
Building Size	6,910-sf	Conditions of Sale	Market
Condition	Worn/Average	Sale Date	9/29/17
Overall Utility	Average	Recorded Date	10/2/17
Year Built	1940s	Seller	V & V 852 Bleecker LLC
Number of Stories	Two	Buyer	852 Bleecker Street LLC
Construction Type	Masonry	Instrument No.	2017 & 14960
Amenities	-	Prior Sales	None in past 5-years
Verified By	Eriksen E. Stropp on 5-30-19		
Verified With	Inspection, ORPTS, and buyer's attorney (Andrew Kowalczyk)		
Photo By & Date	Photos by Eriksen E. Stropp and Google maps on 2-2-19		
Neighborhood	Urban		
Cross Street	300' west from Kossuth Street		
Comments	The building consists of a mixed-use building with on-site parking for about 20-cars. There is 118' of road frontage along Bleecker Street.		

Sale 5



926-930 Oriskany Street, Utica, Oneida County, NY

Factual & Sales Data			
Sales Price	\$160,000	Property Type	Row-Building
Unit Price	\$28.17/sf	Property Code	481
Tax Map Number	318.24-1-40 & 41	Rights Conveyed	Fee Simple
Land Size	9,915-sf	Financing Terms	Market
Building Size	5,680-sf	Conditions of Sale	Market
Condition	Average	Sale Date	10/21/16
Overall Utility	Average	Recorded Date	10/21/16
Year Built	1920s	Seller	Joseph Karwacki
Number of Stories	Three	Buyer	Kenneth C Leape
Construction Type	Masonry/brick	Instrument No.	2016 & 16061
Amenities	-	Prior Sales	No arm's length transfers in past 10-years
Verified By	Eriksen E. Stropp on 2-20-2020		
Verified With	Inspection, ORPTS, and broker (Jeffrey D'Amore-Pyramid Brokerage)		
Photo By & Date	Photos by Eriksen E. Stropp and Google maps on 2-2-2019		
Neighborhood	Urban and commercial corridor		
Cross Street	At corner with Schuyler Street		
Comments	Three-story row-type building with on-site parking lot.		



Rental 1: 801 Wager Street, Utica, NY



Rental 2: 587 Main Street, NY Mills, NY



Rental 3: 5880 Success Drive, Rome, NY

APPENDIX B – (Lease, Construction Costs, Capitalization Rate Support Data, Management Fee Data, Replacement Reserve Data & Qualifications, Appraiser’s License and Qualifications)

RealtyRates.com INVESTOR SURVEY - 1st Quarter 2020*
CURRENT & HISTORICAL CAP RATE INDICES

Method-Weighted* Property Category Indices

Year	Apts			Golf			Healthcare Senior Housing			Industrial			Lodging			MHRV Park			Office			Retail			Restaurant			Self Storage			Special Purpose			Weighted* Composite Indices		
	Rate	Chg	BP	Rate	Chg	BP	Rate	Chg	BP	Rate	Chg	BP	Rate	Chg	BP	Rate	Chg	BP	Rate	Chg	BP	Rate	Chg	BP	Rate	Chg	BP	Rate	Chg	BP	Rate	Chg	BP	Rate	Chg	BP
2019	7.92	-50	11.56	-47	8.58	-44	8.72	-47	9.86	-66	9.08	-48	8.54	-50	8.93	-45	11.20	-37	9.40	-46	11.20	-45	9.15	-49												
4th Qtr	7.67	-28	11.32	5	8.37	6	8.50	4	9.55	-7	8.84	3	8.30	5	8.71	3	11.03	6	9.19	9	10.96	22	8.92	-1												
3rd Qtr	7.96	0	11.27	-28	8.32	-27	8.46	-25	9.62	-30	8.81	-27	8.25	-31	8.68	-26	10.97	-21	9.10	-29	10.74	-48	8.92	-24												
2nd Qtr	7.95	-22	11.54	-25	8.59	-19	8.72	-22	9.92	-26	9.08	-24	8.56	-22	8.94	-21	11.18	-18	9.39	-22	11.23	-21	9.17	-22												
1st Qtr	8.18	-28	11.79	-29	8.78	-29	8.94	-29	10.18	-35	9.32	-30	8.78	-30	9.15	-29	11.36	-26	9.61	-31	11.44	-27	9.39	-29												
2018	8.42	26	12.02	30	9.01	14	9.19	23	10.53	25	9.56	30	9.04	10	9.38	20	11.57	15	9.86	29	11.64	40	9.64	22												
2017	8.16	4	11.73	-2	8.87	-6	8.96	-12	10.28	5	9.26	11	8.94	-22	9.19	-8	11.42	-15	9.57	-9	11.25	4	9.42	-6												
2016	8.13	-2	11.75	6	8.92	12	9.08	15	10.22	0	9.15	15	9.16	16	9.27	12	11.57	-10	9.67	14	11.21	10	9.48	9												
2015	8.15	-9	11.69	-14	8.80	-9	8.93	-10	10.22	-20	8.99	-18	9.00	-6	9.15	-11	11.66	-13	9.52	-22	11.11	-12	9.40	-12												
2014	8.24	-15	11.83	-9	8.89	-1	9.03	-4	10.43	-17	9.17	-5	9.06	-22	9.26	15	11.79	-6	9.75	-20	11.24	14	9.52	-7												
2013	8.39	14	11.92	-14	8.90	5	9.07	-2	10.60	3	9.22	14	9.28	-19	9.11	-4	11.86	9	9.95	-24	11.10	1	9.58	-2												
2012	8.25	-35	12.07	6	8.95	-36	9.09	-40	10.57	-24	9.08	-39	9.47	3	9.15	-13	11.77	6	10.19	-49	11.09	-4	9.60	-21												
2011	8.60	-29	12.00	-22	9.21	-40	9.49	-11	10.81	-24	9.48	-8	9.44	-10	9.28	-26	11.70	-14	10.69	-3	11.12	-17	9.81	-19												
2010	8.89	4	12.22	5	9.62	15	9.60	12	11.05	7	9.55	22	9.54	16	9.54	25	11.84	12	10.72	21	11.30	0	10.00	13												
2009	8.85	8	12.17	16	9.47	10	9.48	10	10.98	-7	9.33	1	9.38	29	9.29	20	11.72	15	10.50	37	11.30	8	9.87	14												
2008	8.77	-4	12.01	29	9.37	-16	9.38	-14	11.05	56	9.32	-5	9.09	-16	9.09	-11	11.57	-28	10.13	20	11.22	-7	9.74	-1												
2007	8.81	-45	11.72	-21	9.53	-65	9.52	-25	10.49	-28	9.37	-26	9.25	-47	9.20	-12	11.85	61	9.93	-38	11.29	-24	9.75	-28												
2006	9.26	12	11.93	47	10.18	15	9.77	35	10.77	27	9.63	41	9.72	26	9.32	30	11.24	18	10.31	27	11.53	9	10.03	26												
2005	9.14	14	11.46	80	10.03	-16	9.42	-30	10.50	-21	9.22	19	9.46	6	9.02	16	11.06	5	10.04	13	11.44	-30	9.77	2												
2004	9.00	-19	10.66	28	10.19	-37	9.72	19	10.71	-98	9.03	-48	9.40	-4	8.86	-19	11.01	-15	9.91	-13	11.74	-30	9.75	-19												
2003	9.19	-2	10.38	-32	10.56	64	9.53	33	11.69	56	9.51	-11	9.44	1	9.05	-18	11.16	8	10.04	-53	12.04	105	9.94	12												
2002	9.21	-40	10.70	18	9.92	-39	9.20	-61	11.13	26	9.62	-60	9.43	-35	9.23	-62	11.08	-3	10.57	-12	10.99	-177	9.82	-41												
2001	9.61	64	10.52	133	10.31	90	9.81	16	10.87	98	10.22	-68	9.78	-35	9.85	-53	11.11	47	10.69	13	12.76	32	10.23	21												
2000	8.97	9	9.19	9	9.41	9	9.65	9	9.89	9	10.90	9	10.13	9	10.38	9	10.64	9	10.56	9	12.44	9	10.01	9												

* Weighted by methodology: Band-of-Investment, DCR Technique, Sales Survey
^ Further weighted by property category
*4th Quarter 2019 Data
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RealtyRates.com– Capitalization Rate

RealtyRates.com INVESTOR SURVEY - 1st Quarter 2020*									
SURVEYED RESERVE REQUIREMENTS									
Property Type	Per SF			Per Unit			% of EGI		
	Min.	Max.	Typical	Min.	Max.	Typical	Min.	Max.	Typical
Apartments				\$165	\$410	\$381			
Golf				\$1,290	\$7,500	\$3,458	2.0%	4.0%	3.0%
Health Care/Senior Housing				\$265	\$720	\$402			
Industrial	\$0.25	\$0.70	\$0.48						
Lodging							4.0%	8.0%	4.5%
Mobile Home/RV Park				\$30	\$300	\$166	2.0%	5.0%	4.0%
Office	\$0.30	\$0.80	\$0.57						
Restaurants							2.0%	5.0%	3.0%
Retail	\$0.30	\$0.96	\$0.62						
Self-Storage	\$0.25	\$0.65	\$0.57	\$30	\$200	\$125			
Special Purpose	\$0.25	\$1.00	\$0.68						

*4th Quarter 2019 Data

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RealtyRates.com INVESTOR SURVEY - 1st Quarter 2020*											
PERMANENT FINANCING											
	Apt.	Golf	Health Senior Housing	Ind.	Lodging	RV/Camp Mfg Hsg MH Park	Office	Restaurant	Retail	Self Storage	Special Purpose
Spread Over Base**											
Minimum	0.82%	0.58%	1.38%	1.04%	0.75%	0.91%	1.14%	2.30%	1.08%	1.20%	1.63%
Maximum	5.70%	11.90%	6.98%	5.86%	11.25%	8.75%	5.46%	11.00%	6.95%	5.96%	11.38%
Average	2.75%	5.42%	3.48%	3.12%	3.69%	4.07%	2.80%	4.69%	3.24%	4.30%	5.13%
Interest Rate											
Minimum	2.63%	2.39%	3.19%	2.85%	2.56%	2.72%	2.95%	4.11%	2.89%	3.01%	3.44%
Maximum	7.51%	13.71%	8.79%	7.67%	13.06%	10.56%	7.27%	12.81%	8.76%	7.77%	13.19%
Average	4.56%	7.23%	5.29%	4.93%	5.50%	5.88%	4.61%	6.50%	5.05%	6.11%	6.94%
Debt Coverage Ratio											
Minimum	1.10	1.20	1.10	1.15	1.00	1.10	1.15	1.10	1.05	1.15	1.15
Maximum	1.86	2.15	2.25	2.05	2.85	2.05	2.15	2.15	2.15	2.50	2.15
Average	1.43	1.56	1.50	1.46	1.52	1.36	1.65	1.57	1.38	1.62	1.70
Loan-to-Value Ratio											
Minimum	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Maximum	90%	80%	90%	90%	80%	90%	90%	80%	90%	90%	80%
Average	73%	67%	71%	70%	67%	70%	73%	66%	71%	70%	67%
Amortization (Yrs.)											
Minimum	15	15	15	15	15	15	15	15	15	40	15
Maximum	40	40	40	40	40	40	40	30	40	15	40
Average	26	22	25	25	22	25	30	22	25	28	22
Term (Yrs.)											
Minimum	3	5	3	3	5	5	3	3	3	3	3
Maximum	40	30	25	30	30	30	30	15	10	10	20
Average	20.50	9.00	13.65	11.46	7.80	9.15	8.00	7.45	6.20	6.10	7.85
** 10-Year Treasury											

*4th Quarter 2019 Data

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RealtyRates.com— Replacement Reserve Data and Financing Terms

RealtyRates.com INVESTOR SURVEY - 1st Quarter 2020*						
ALL PROPERTY TYPES						
Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	0.58%	DCR Technique	1.00	0.038849	0.80	3.11
Debt Coverage Ratio	1.00	Band of Investment Technique				
Interest Rate	2.39%	Mortgage	80%	0.038849	0.031079	
Amortization	40	Equity	20%	0.061722	0.012344	
Mortgage Constant	0.038849	OAR				4.34
Loan-to-Value Ratio	80%	Surveyed Rates				4.06
Equity Dividend Rate	6.17%					
Maximum						
Spread Over 10-Year Treasury	11.90%	DCR Technique	2.85	0.157478	0.50	22.44
Debt Coverage Ratio	2.85	Band of Investment Technique				
Interest Rate	13.71%	Mortgage	50%	0.157478	0.078739	
Amortization	15	Equity	50%	0.217501	0.108751	
Mortgage Constant	0.157478	OAR				18.75
Loan-to-Value Ratio	50%	Surveyed Rates				13.12
Equity Dividend Rate	21.75%					
Average						
Spread Over 10-Year Treasury	3.24%	DCR Technique	1.93	0.064786	0.68	8.42
Debt Coverage Ratio	1.93	Band of Investment Technique				
Interest Rate	5.05%	Mortgage	68%	0.064786	0.043730	
Amortization	30	Equity	33%	0.155422	0.050512	
Mortgage Constant	0.064786	OAR				9.42
Loan-to-Value Ratio	67.5%	Surveyed Rates				8.99
Equity Dividend Rate	15.54%					

*4th Quarter 2019 Data

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RealtyRates.com– Financing Terms

	Week		Month		Year		Three Years	
	27-Feb-20	26-Feb-20	BPS	20-Feb-20	BPS	27-Jan-20	BPS	27-Feb-19
SOFR	1.58%	1.59%	-1.0	1.59%	-1.0	1.53%	+5.0	2.38%
6-Month LIBOR	1.5903%	1.6286%	-3.8	1.6988%	-10.9	1.8053%	-21.5	2.6870%
1-Year LIBOR	1.6101%	1.6458%	-3.6	1.7689%	-15.9	1.8799%	-27.0	2.8783%
Fed Prime Rate	4.75%	4.75%	+0.0	4.75%	+0.0	4.75%	+0.0	5.50%
Fed Funds	1.75%	1.75%	+0.0	1.75%	+0.0	1.75%	+0.0	2.50%
30-Year Mortgage	3.49%	3.47%	+2.0	3.47%	+2.0	3.65%	-16.0	4.37%
1-Year Treasury	1.185%	1.262%	-7.7	1.469%	-28.4	1.536%	-35.1	2.547%
3-Year Treasury	1.072%	1.122%	-5.0	1.359%	-28.7	1.419%	-34.7	2.456%
5-Year Treasury	1.082%	1.125%	-4.3	1.365%	-28.3	1.445%	-36.3	2.470%
10-Year Treasury	1.272%	1.315%	-4.3	1.519%	-24.7	1.611%	-33.9	2.675%
30-Year Treasury	1.760%	1.805%	-4.5	1.961%	-20.1	2.062%	-30.2	3.059%

Financial Rates

Exhibit 4

MANAGEMENT FEES AND LEASING COMMISSIONS

First Quarter 2019

	MANAGEMENT FEES (AS A % OF EGR)		LEASING COMMISSIONS (a) NEW LEASE		RENEWEL LEASES	
	Low	Average	Low	Average	Low	Average
National						
Regional Mall	1.00% – 5.00%	3.08%	(b)		(b)	
Power Center	2.00% – 6.00%	3.08%	3.00% – 6.00%	5.20%	2.50% – 3.00%	2.94%
Strip Shopping Center	1.50% – 6.00%	3.21%	2.00% – 8.00%	5.00%	0.00% – 6.00%	2.67%
CBD Office	1.00% – 6.00%	2.75%	3.00% – 8.50%	5.68%	2.00% – 7.00%	4.11%
Suburban Office	1.50% – 7.00%	3.14%	3.00% – 9.00%	5.85%	2.00% – 9.00%	3.82%
Net Lease	0.00% – 4.00%	2.50%	3.00% – 8.00%	4.71%	1.00% – 6.00%	2.89%
Medical Office Buildings	1.30% – 5.00%	3.44%	3.00% – 7.50%	5.71%	1.50% – 6.00%	3.75%
Secondary Office	1.50% – 5.00%	3.14%	4.00% – 7.50%	5.75%	2.00% – 5.00%	3.11%
Industrial						
National Warehouse	0.00% – 4.00%	2.48%	3.00% – 8.30%	5.82%	2.00% – 7.50%	3.98%
ENC Region Warehouse	2.00% – 3.00%	2.42%	4.00% – 8.00%	6.00%	2.00% – 8.00%	4.60%
Pacific Region Warehouse	100% – 4.00%	2.46%	4.00% – 7.50%	5.83%	2.00% – 5.00%	3.08%
Apartment						
National	1.50% – 5.00%	2.88%	(b)		(b)	
Mid-Atlantic Region	1.75% – 3.25%	2.65%	(b)		(b)	
Pacific Region	1.50% – 3.00%	2.41%	(b)		(b)	
Southeast Region	2.00% – 3.50%	2.72%	(b)		(b)	
Individual Office Markets						
Atlanta	1.25% – 4.00%	2.69%	4.00% – 9.50%	7.01%	2.00% – 7.00%	5.00%
Austin	1.50% – 4.00%	2.65%	4.00% – 6.00%	5.60%	3.00% – 6.00%	4.10%
Boston	1.00% – 3.50%	2.43%	3.00% – 7.50%	5.65%	1.50% – 6.00%	3.25%
Charlotte	1.50% – 5.00%	2.88%	4.00% – 6.00%	5.83%	2.00% – 6.00%	4.17%
Chicago	1.25% – 3.50%	2.28%	4.00% – 8.00%	6.33%	4.00% – 8.00%	5.67%
Dallas	1.75% – 4.00%	2.78%	3.00% – 7.00%	5.98%	2.00% – 6.75%	5.68%
Denver	2.00% – 4.00%	3.25%	3.00% – 9.00%	5.92%	3.00% – 6.00%	3.83%
Houston	1.50% – 5.00%	3.15%	3.00% – 6.00%	5.10%	2.00% – 6.00%	3.80%
Los Angeles	1.50% – 4.00%	2.50%	4.50% – 7.50%	6.05%	1.50% – 6.00%	3.65%
Manhattan	1.00% – 3.50%	2.40%	3.00% – 7.50%	5.80%	1.50% – 5.00%	3.45%
Northern Virginia	1.75% – 4.00%	2.77%	4.00% – 7.50%	5.64%	2.00% – 6.00%	4.45%
Pacific Northwest	1.50% – 4.00%	2.39%	3.00% – 7.50%	6.40%	0.00% – 7.50%	4.48%
Philadelphia	1.50% – 4.00%	2.69%	4.00% – 6.00%	5.25%	2.00% – 6.00%	3.63%
Phoenix	2.00% – 4.00%	3.13%	5.00% – 7.50%	6.31%	3.00% – 7.50%	4.56%
San Diego	2.00% – 4.00%	2.88%	3.00% – 7.00%	5.63%	2.00% – 6.50%	3.81%
San Francisco	1.00% – 3.00%	2.10%	2.50% – 8.00%	4.50%	2.00% – 6.00%	3.08%
Seattle	1.50% – 3.00%	2.38%	3.00% – 7.50%	5.30%	0.00% – 7.50%	3.75%
Southeast Florida	2.50% – 3.00%	2.81%	4.00% – 7.00%	5.88%	2.00% – 6.00%	3.94%
Washington, DC	0.75% – 3.00%	2.44%	4.50% – 6.00%	5.13%	1.50% – 6.00%	3.50%
Lodging Markets (c)						
Full Service	1.00% – 4.00%	2.60%				
Limited-Service Midscale & Economy	2.00% – 5.00%	3.50%				
Luxury/Upper Upscale	2.00% – 5.00%	3.30%				
Select Service	2.00% – 4.00%	3.10%				

(a) Leasing commissions are calculated against the gross lease value [base rent paid over the lease term]

(b) Most investors include leasing commissions in the management fee

(c) as a % of total revenue

Source: PwC Real Estate Investor Survey

UNIQUE ID NUMBER 46000004452	FOR OFFICE USE ONLY Control No. 117156
<p style="text-align: center;"><i>State of New York</i> <i>Department of State</i> DIVISION OF LICENSING SERVICES</p>	
<p>PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS.</p>	
<p>STROPP ERIKSEN E C/O STROPP APPRAISAL 9535 MONEY RD BREWERTON, NY 13029</p>	
<p>HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER</p>	
<p>EFFECTIVE DATE MO. DAY YR. 08 28 19</p>	
<p>EXPIRATION DATE MO. DAY YR. 08 27 21</p>	
<p>In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed</p> <p style="text-align: right;">ROSSANA ROSADO SECRETARY OF STATE</p>	
<p>DOS-1098 (Rev. 3/01)</p>	

Appraiser's License

ERIKSEN E. STROPP, MAI

Stropp Appraisal – Real Estate Appraisal & Consulting

9535 Money Road, Brewerton, NY 13029

Work: 315-668-5090 · www.stroppappraisal.com · estropp@twcny.rr.com

Employment History

2009-Current President - Stropp Appraisal
1993-2009: Vice President - Pomeroy Appraisal Associates, Inc.
1986-1993: Staff Appraiser - Pomeroy Appraisal Associates, Inc.

Professional Designations

MAI Appraisal Designation #11568

Member, Appraisal Institute (MAI) designation is awarded by the Appraisal Institute to those who have an advanced level of expertise and experience in the valuation of commercial, industrial, residential, and other types of properties, are technically trained, have passed a rigid examination and subscribe to a high code of ethics.

Education

Clark University, Worcester, MA - BA Economics

Appraisal Specific Education – Last 10 Years

2009-Marshall & Swift Commercial Cost Training	2013-Valuation of Cell Towers
2009-Appraisong Convenience Stores	2013-Mineral Rights Valuation Part II
2010- Case Studies in R.O.W & Eminent Domain	2014- USPAP Course (2014-2015)
2010- Case Studies in Valuation in Upstate, NY	2015- Analyzing Operating Expenses
2010-Real Estate Operations	2015- Case Studies in Upstate New York
2011-Case Studies in Upstate New York	2016- Right of Way Valuation & Management
2011-USPAP Course (2011-2012)	2017- Right of Way Valuation & Management
2012-Case Studies in Upstate New York	2017- USPAP Course (2017-2018)
2013-Business Practices and Ethics	2018- Business Practices and Ethics
2013-USPAP Course (2013-2014)	2018- Valuation Resources for Photovoltaic Systems
2013-Case Studies in Upstate New York	2018- Property Values Affected by Property Taxes

Professional Affiliation

Appraisal Institute (1992-Present) - Associate Member/MAI
Chairman (2002 & 2003) - Appraisal Institute, Upstate NY Chapter - Syracuse Branch
Board of Directors (2003-2005) - Appraisal Institute, Upstate NY Chapter
International Right-of-Way Association - (2013 Empire State Chapter- President and International Director)
International Right-of-Way Association - (2014-2017 Empire State Chapter-Treasurer)

Licenses

NYS Certified General Appraiser #46-000004452; Consultant Appraiser-NYS Department of Transportation; and temporary licenses held in Michigan, Indiana, Pennsylvania, Connecticut and California

Court Testimony

Testified before NYS Supreme Court-certiorari proceedings; NYS Court of Claims Court- eminent domain; Indiana Tax Tribunal; small claims court, Board of Assessment review panel, and Zoning Board of Appeals

ERIKSEN E. STROPP, MAI

Market Evaluation

Financing-loan underwriting	Retrospective Valuation
Condemnation-Eminent Domain	Prospective Valuation (<i>i.e.</i> New Built)
Assessment Dispute	Easement Valuation (<i>e.g.</i> Powerline, etc.)
HUD Market Rent Studies	Partial Interest Valuation
Market Rent Studies	Leased Fee and Leasehold Valuations
Review Appraisals	Insurable Value
Going Concern Value-Value in use	Estate Valuation
Contaminated Site Valuation	

Specialty Valuation

Yellow Book Appraisals	Prospective Valuation (<i>i.e.</i> New Built)
Retrospective Valuation	Partial Interest Valuation
Easement Valuation (<i>e.g.</i> Pipeline, etc.)	Insurable Value
Leased Fee and Leasehold Valuations	IRS Documented Appraisals

Litigation Support

Assessment Dispute	Trial Preparation and Consulting
Condemnation-Eminent Domain	Expert Testimony

Extraordinary Experience

Flood Appraisals (declared disaster 4020-DR-NY)	481 Sports Complex (indoor sports)
Oneida County Airport	Railroad (11.5-mile railway line)
US Steel-Gary Works (15 million-sf steel mill)	Harriet Tubman Residence (National Parks)
Steuben Rural Electric (landfill gas-to-energy)	Peak-n-Peek Ski & Golf Resort
Burrstone Energy Co-Gen Plant	Powerline relocation (Marcy, NY)

Clients

Banks and Lenders	Law Firms	Government/Private
Community Bank	O'Hara, O'Connell & Ciotoli, LLP	Percheron
CFCU Community Credit Union	Saunders Kahler, LLP	Oswego Health
Corning Federal Credit Union	Bond, Schoeneck & King PLLC	CDM Smith
Empower Federal Credit Union	Bousquet Holstein PLLC	Coates Field Services
Key Bank	Costello Cooney Fearon PLLC	Department of Interiors
M&T Bank	Paniccia Law Office	Oneida County Dept. of Planning
NBT Bank	Hancock Estabrook LLP	Liberty Affordable Housing
Pathfinder Bank	Harris Beach PLLC	R.K. Hite & Company, Inc.
The Upstate National Bank	Law Office of Rebecca Speno	Mohawk Valley EDGE
Visions Federal Credit Union		Cities of Syracuse, Utica & Rome