

# NEWPORT APPRAISAL GROUP, LLC

REAL ESTATE CONSULTANTS & APPRAISERS

## SUMMARY APPRAISAL REPORT

**PLAT 10, LOT 145  
JAMESTOWN, RHODE ISLAND 02835**



Requested by

Mr. Bruce Keiser  
Town Administrator  
Town of Jamestown  
93 Narragansett Avenue  
Jamestown, Rhode Island 02835

Appraised by

George F. Valentine  
Newport Appraisal Group, LLC  
38 Dr. Marcus Wheatland Boulevard  
Newport, Rhode Island 02840

**Effective Appraisal Date**

August 30, 2010

# NEWPORT APPRAISAL GROUP, LLC

Mr. Bruce Keiser  
Town Administrator  
Town of Jamestown  
93 Narragansett Avenue  
Jamestown, Rhode Island 02835

**Re: Appraisal of Fort Wetherill Boat Owners' and Operators' Association  
Plat 10, Lot 145  
1 Fort Wetherill Road  
Jamestown, Rhode Island 02835**

Dear Mr. Keiser:

I have conducted the required analysis and drawn certain conclusions as to my opinion of the market value on an "as is" basis of the fee simple interest in Assessor's Plat 10, Lot 145 located at 1 Fort Wetherill Road in Jamestown, Rhode Island.

The subject property consists of a single parcel of land located along Fort Wetherill Road in the Town of Jamestown. The site is currently improved with a 5,000 square foot former Navy mine storage building on the eastern boundary adjacent to the waterfront (the former Jamestown highway barn), along with a parking lot, waterfront bulkhead, and a 42 slip marina leased by the Fort Wetherill Boat Owners' and Operators' Association. The waterfront improvements consist of dock ramps, floating docks, pilings, and a concrete wharf which allows access to the Boat Owners' floating docks. The Town acquired the land and building in 1973 as surplus property from the federal government.

The improvements are situated on approximately 164,648 square feet (3.78 acres) of land in a zone designated Public "P" district.

At the client's request, the site will be appraised based upon the extraordinary assumption that the parcel is subdivided into 2 lots. The waterfront portion of the subject parcel (Proposed Lot B) including the Fort Wetherill Boat Owner's Association improvements and the former Jamestown highway barn will contain approximately 84,468 square feet of land area. The upland portion of the site (Proposed Lot A) will contain the remaining 80,000 square feet. The waterfront portion of Proposed Lot B is encumbered by a lease to the Fort Wetherill Boat Owner's Association which expires in 2015. Proposed Lot A will be rezoned to RR-80 and is assumed to be able to support development with a four bedroom single-family residence.

Mr. Keiser  
September 21, 2010  
Page 2 of 2

The analysis and conclusion within the attached summary report are based upon field research, interviews with market participants, and publicly available data collected by the appraiser. The accompanying report has been prepared in accordance with the *Uniform Standards of Professional Appraisal Practice*. Included is a summary description and analysis of the real estate, all pertinent data, valuation methodology, supporting relevant exhibits and addenda to the attached report.

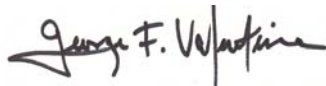
The scope of the assignment reflects a level of detail and depth of analysis consistent with the complexity of the subject property and the marketplace. In this assignment, sales comparison approach and the income approach were developed. It was my determination that the level of appraisal reporting is consistent with the property and with the client's requirements.

The value conclusion contained in this report is premised upon a 12-month exposure time prior to the hypothetical consummation of a sale on the effective date of the appraisal. Additionally, if properly priced and marketed in its entirety, the property would be expected to sell within a 12-month marketing period.

Based upon my inspection of the subject property and knowledge with respect to economic growth data, trends, competition, and conditions in the subject's market area as of the effective dates of the appraisal, it is my opinion that the **market value** on an "as is" basis of the subject property, is:

Component	Value
Proposed Lot A (Fee Simple)	\$1,100,000
Proposed Lot B (Fee Simple disregarding existing lease)	\$1,140,000
Proposed Lot B (Leased Fee based upon existing lease)	\$590,000

Respectfully submitted,



George F. Valentine  
License No.: A00682G

**EXECUTIVE SUMMARY**

*To:* Mr. Bruce Keiser  
Town Administrator  
Town of Jamestown  
93 Narragansett Avenue  
Jamestown, Rhode Island 02835

*From:* George F. Valentine  
NEWPORT APPRAISAL GROUP  
38 Dr. Marcus Wheatland Blvd  
Newport, Rhode Island 02840

*Date of Report:* September 21, 2010

*Subject Property:* Fort Wetherill Boat Owners' and Operators' Association  
1 Fort Wetherill Road  
Plat 10, Lot 145  
Jamestown, Rhode Island 02835

*Owner of Record:* Town of Jamestown

*Plat/Lot:* 10/145

*Property Description:* Small marina

*Number of slips:* 42

*Land Area:* 164,648 square feet (3.78 acres).

*Zoning:* Rural Residential "RR-80"

*Interest Appraised:* Fee simple interest, market based slip rates and lease rate

*Highest & Best Use:* Existing use

*Most Likely Buyer:* Owner operator

*Effective Date of Valuation:* August 30, 2010

*Value Opinion (fee Simple)* **\$2,240,000**

**Extraordinary Assumptions**

An extraordinary assumption is defined as: “an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions.”<sup>1</sup> There are no extraordinary assumptions associated with this appraisal.

**Description of the Property**

The subject property consists of a single parcel of land located along Fort Wetherill Road in the Town of Jamestown. The site is currently improved with a 5,000 square foot former Navy mine storage building on the eastern boundary adjacent to the waterfront (the former Jamestown highway barn), along with a parking lot, waterfront bulkhead, and a 42 slip marina leased by the Fort Wetherill Boat Owners’ and Operators’ Association. The waterfront improvements consist of dock ramps, floating docks, pilings, and a concrete wharf which allows access to the Boat Owners’ floating docks. The Town acquired the land and building in 1973 as surplus property from the federal government.

The improvements are situated on approximately 164,648 square feet (3.78 acres) of land in a zone designated Public “P” district.

At the client’s request, the site will be appraised based upon the extraordinary assumption that the parcel is subdivided into 2 lots. The waterfront portion of the subject parcel (Proposed Lot B) including the Fort Wetherill Boat Owner’s Association improvements and the former Jamestown highway barn will contain approximately 84,468 square feet of land area. The upland portion of the site (Proposed Lot A) will contain the remaining 80,000 square feet. The waterfront portion of Proposed Lot B is encumbered by a lease to the Fort Wetherill Boat Owner’s Association which expires in 2015. Proposed Lot B will be valued as currently encumbered and as if unencumbered. Proposed Lot A will be re-zoned to RR-80 and is assumed to be able to support development with a four bedroom single-family residence.

**Sales History**

The subject property has not transferred in the past five years. A legal description is recorded in the Land Evidence Records for the Town of Jamestown. The subject property is not known to be under and purchase and sales agreement or listed for sale.

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<sup>1</sup> The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, 2007

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**Purpose and Function of the Appraisal**

The purpose of the appraisal is to assist the client in formulating an opinion of the market value of the two proposed lots that make up the subject property. The values appraised include the fee simple value of Proposed Lot A and the fee simple and leased fee values of Proposed Lot B.

**Interest Appraised**

The rights appraised are the **fee simple interest** and **leased fee interest** of the owner of record.

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”.<sup>2</sup>

Leased Fee Estate is defined as: “an ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (leased fee owner) and the leased fee are specified by contract terms contained within the lease”.<sup>3</sup>

**Client and Intended User of this Appraisal**

The client and intended user of this appraisal report is Mr. Bruce Keiser, Town Administrator, Town of Jamestown.

**Effective Date and Report Date**

The effective date of the appraisal, as is, is August 30, 2010. The report date and effective date are similar and represent the same market conditions. General assumptions and limiting conditions applicable to this evaluation are attached to this report.

**Definition of Market Value**

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the

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<sup>2</sup> The Appraisal Institute, The Dictionary of Real Estate Appraisal, (Third Edition, 1993), Page 140.

<sup>3</sup> The Appraisal Institute, The Dictionary of Real Estate Appraisal, (Third Edition, 1993), Page 140.

consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a) buyer and seller are typically motivated;
- b) both parties are well informed or well advised, and each acting in what they consider their own best interest;
- c) a reasonable time is allowed for exposure in the open market;
- d) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>4</sup>

Market value also assumes the buyer and seller are knowledgeable about the highest and best use of the property. Highest and best use is that use, from among reasonably probable and legal alternative uses, which is found to be physically feasible and which results in the highest present value of the property.

### **Scope of the Appraisal**

In performing this appraisal assignment, the valuation process consisted of:

- physical inspection of the property on September 21, 2010, including a neighborhood inspection;
- research of the subject property in Jamestown Town Hall, including the Tax Assessor's Office, Clerk's Office and Land Evidence Records;
- area and neighborhood data were reviewed and analyzed to determine market conditions for this class of property as of the effective date of the appraisal;
- researched public records of improved commercial property sales for the period 2000 through the present;
- survey of comparable property types in the subject market that are currently leased
- evaluated the data, reconciled and estimated values, and provided a Summary report.

### **Personal Property**

Personal property is defined as identifiable portable and tangible objects that are considered by the general public and includes movable items that are not permanently affixed to, and part of, the real estate.<sup>5</sup> No personal property is included in the final value opinion for the subject property. Any items of

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<sup>4</sup> The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, 2008

<sup>5</sup> The Appraisal Institute, The Dictionary of Real Estate Appraisal, (Third Edition, 1993), Page 265.

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personal property are owned by the lessee and are not included in the value opinions presented in this report.

### **Environmental Concerns**

A visual inspection of the property revealed no surface evidence of toxic or environmental hazards. However, the appraisers are not experts in the field of environmental hazards, and advise the client that experts in this field should be employed for further information.

### **MARKET AREA**

A *market area* is “the defined geographic area in which the subject property competes for the attention of market participants; the term broadly defines an area containing diverse land uses.”<sup>6</sup> The subject market area therefore refers to an area where market participants live and work, and can include neighborhoods and districts. Boundaries may include areas that are affected in the same way by the social, economic, environmental, and governmental forces that influence property value.

The subject property is located in the town of Jamestown, Rhode Island. Jamestown is a suburban island community bounded by Narragansett Bay to the north and east, West Passage to the west and Rhode Island Sound to the south. Aquidneck Island, which includes the city of Newport and towns of Middletown and Portsmouth, is situated to the east of Jamestown and Washington County including the towns of North Kingstown, South Kingstown, Narragansett, Charlestown, Exeter and Westerly situated to the west. The 2000 population density of Jamestown is 580 persons per square mile of land area. Jamestown contains approximately 9.69 square miles of land area (25,105,547 Sq. meters) (6,203.76 acres) and 25.64 square miles of water area (66,414,721 square meters) (16,383.93 acres). In 2000, Jamestown ranks 35th in population among Rhode Island's 39 cities and towns.

The population count for the town of Jamestown as of April 1, 2000, was 5,622. This represented a 12.46% increase (623 persons) from the 1990 population of 4,999. The total number of housing units in the town of Jamestown as of April 1, 2000, was 2,769. In 1999 Jamestown had a median household income of \$63,073, or 49.9 percent more than the Rhode Island average of \$42,090.

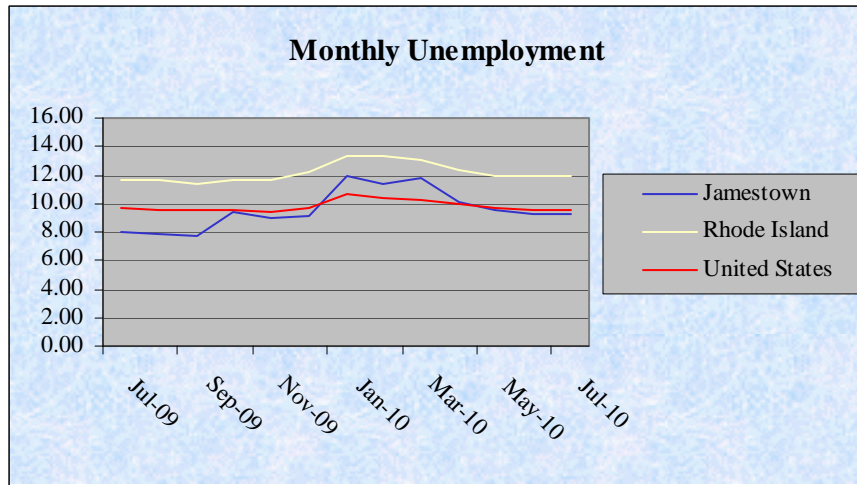
### **Employment**

The latest statistics from the Rhode Island Department of Labor and Training indicates that as of July 2010 Jamestown had a civilian labor force of 3,181 persons, total employment of 2,886 persons and total unemployment of 295 persons. The indicated unemployment rate was 9.3 percent.

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<sup>6</sup> The Appraisal Institute, The Appraisal of Real Estate, (Twelfth Edition, 2001), Page 164.

The following charts compare the historical unemployment rate of Jamestown to Rhode Island and the United States.<sup>7</sup> The statistics show that the average unemployment rate for the town is seasonal and typically increases during the colder months. Overall the unemployment rate has historically been below the state and national averages. The most recent statistics show the unemployment rate slowly declining as we approach the warmer summer months.



<sup>7</sup> Rhode Island Department of Labor and Training, 2010

Population, labor force, and employment statistics for the town of Jamestown are positive, as private employment has been increasing steadily since 1995. Service industries and Health Care are the largest employers. Transportation, Leisure and hospitality, retail trade and service industries posted the largest gains in private employment. The most recent private employment data available is one year old. Market conditions have changed over time but continue to trend in a similar direction. Population continues to decrease and the unemployment rate remains below state and national levels.

### **Neighborhood**

A neighborhood is defined as “a group of complementary land uses.”<sup>8</sup> Neighborhood boundaries are drawn to include those uses within an area that are affected in the same way by the social, economic, environmental, and governmental forces that influence property value. Neighborhood boundaries may be determined by physical barriers (e.g. roadways and waterways), legal boundaries (e.g. zoning or town limits), availability of utilities and services, or by the change in land uses.

### **Location**

The subject property is located at Fort Cove along the shoreline of Narragansett Bay in the Bull Point and Fort Wetherill section of Jamestown. Fort Wetherill is situated on the eastern shore of Jamestown in Newport County about two miles from the City of Newport. A fort on this site was first erected in the summer of 1776 and later abandoned to the British. After the Revolution, a stone tower mounting eight guns was erected under the direction of Major Tousard, who also supervised the building of Fort Adams.

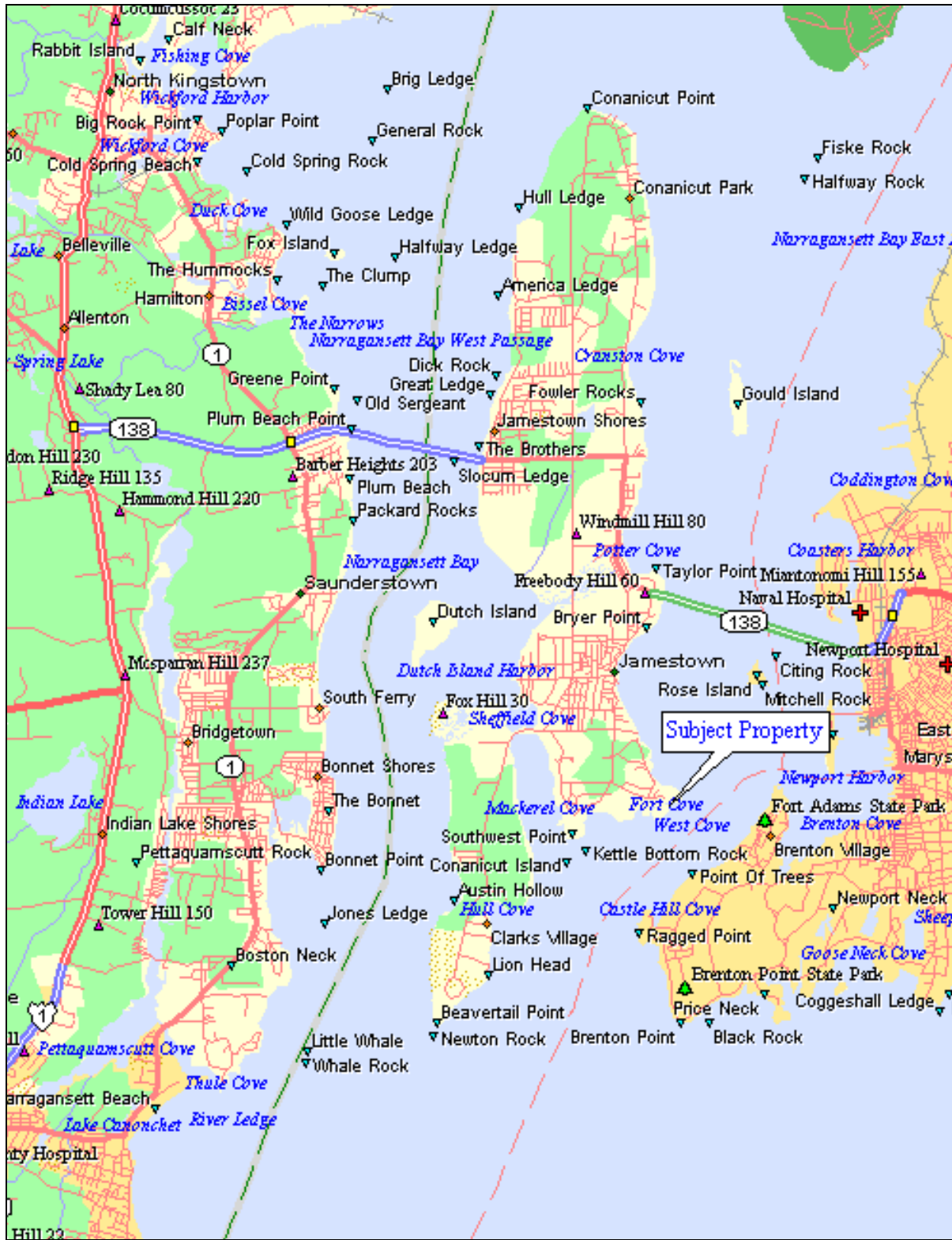
The modern fortifications were begun in 1896 and in 1900 named in honor of Captain Alexander Wetherill, U.S. Infantry, killed in action on July 1, 1808 at San Juan, Santiago, Cuba. The present site of Fort Wetherill covers an area of 61.60 acres, more or less.

Fort Wetherill Road intersects with Walcott Avenue which then intersects with Canonicus Avenue and the Commercial Downtown area of the Island along Narragansett Avenue. The subject property is located about four miles from the Commercial Downtown District. Narragansett Avenue is the primary commercial corridor that travels east/west through Jamestown bisecting the island from Canonicus Avenue and East Passage to the east to Westwood Road and West Passage to the west. Property types in the neighborhood now include DEM support buildings on the abutting parcel, and high-end residential homes along the adjacent waterfront locations.

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<sup>8</sup> The Appraisal Institute, The Appraisal of Real Estate, (Twelfth Edition, 2001), Page 164.

Map of Neighborhood



**Site Description**

Land Area	3.78 acres
Frontage	425± linear feet along Fort Wetherill Road with approximately 400 feet along the water frontage on Narragansett Bay
Topography:	Gently Sloping
Shape:	Irregular
Utilities:	Electric, water, telephone
Ingress/Egress:	Good
Landscaping:	Minimal
Parking:	Adequate
Easements, etc:	Typical utility easements in place including an overhead electrical easement running along the northeast corner of the site, no adverse effect on value. No other easements, encumbrances or encroachments were noted.
Zoning:	RR-80 Rural Residential
Flood Zone	A-8, within the 100 year flood plain, areas susceptible to flooding
Site Improvements	The waterfront area is improved with a riprap bulkhead along the westerly upland area and a concrete wharf along the southerly lot line. Most of the wharf is located on the abutting parcel which is controlled by RI DEM. Marina improvements include about 40 pilings, and floating docks. The pilings and floating docks are property of the Fort Wetherill Boat Owners' and Operators' Association.

**Zoning**

According to the official zoning maps for the Town of Jamestown, the subject property is located in a zone designated "**RR-80**", Rural Residential District. The intended use of the Rural Residential District is to allow land uses which will not substantially impact the rural character of the zoning district, nor compromise natural resources. Permitted uses are limited to single family residences, single family cluster, community residences, family day care home, and agricultural uses. Minimum dimensional requirements include 80,000 square foot lot area, 200 feet of frontage, 40' front and rear yards and 30' side yards. The site, as a whole appears to meet the dimensional requirements of the RR-80 zoning district. The current use is not allowed and is considered to be a pre-existing legal and non-conforming use.

**Tax and Assessment Data**

<b>Plat /Lot</b>	<b>Land assessment (\$)</b>	<b>Improvements assessment (\$)</b>	<b>Total assessment (\$)</b>	<b>Tax Rate</b>	<b>Taxes</b>
10/145	\$2,397,300	\$104,200	\$2,501,500	\$8.11	\$0.00

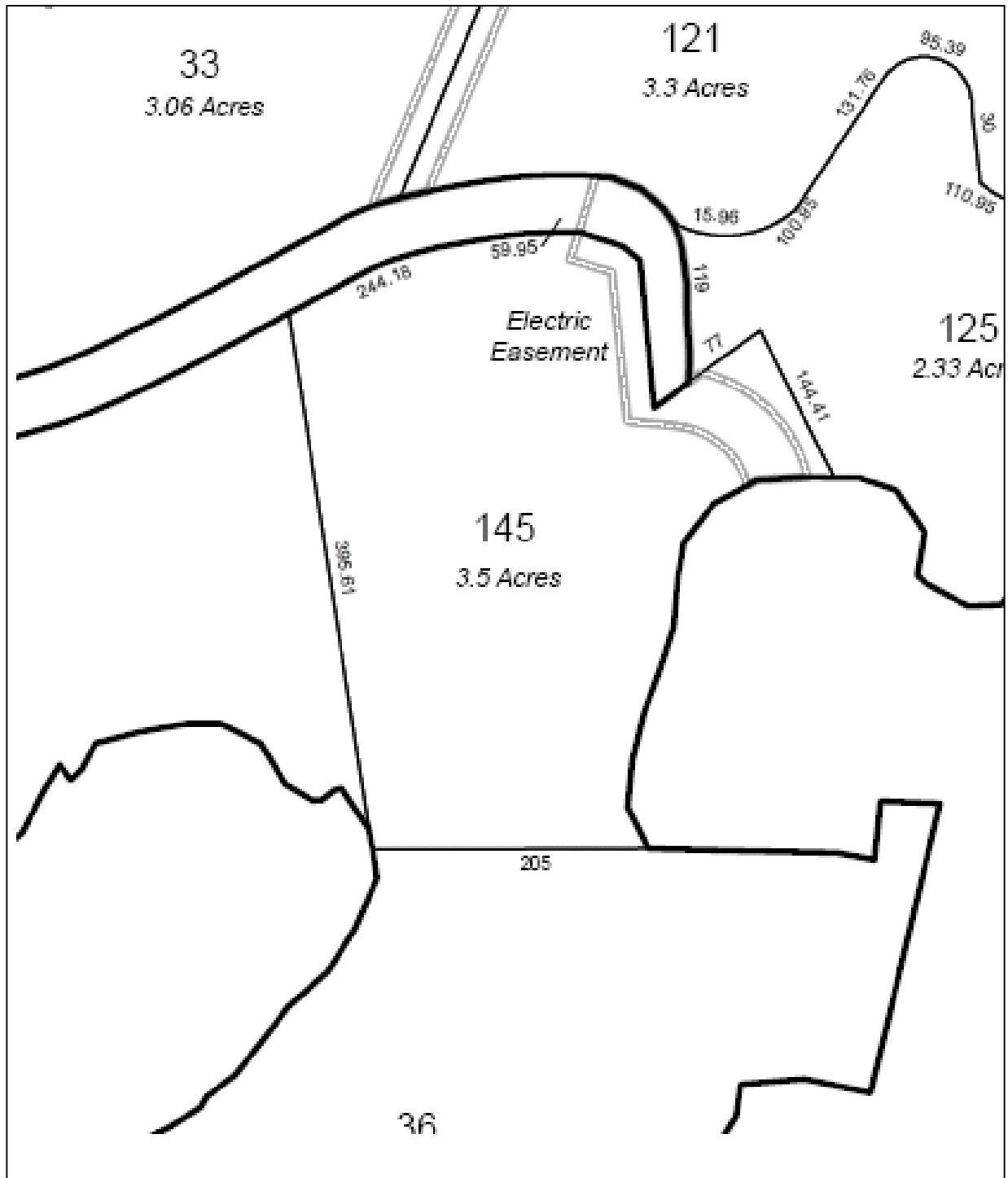
*Source: Tax Assessor's Office*

The subject property is tax exempt. The 2010 tax rate in the town of Jamestown is \$8.11 per \$1,000 of assessed valuation. Properties in Jamestown are currently assessed at 80 percent of value based on the last town-wide tax equalization program that was undertaken in fiscal year 2009 effective fiscal year 2010. The state of Rhode Island mandates that there be a tax equalization program once every ten years.



Proposed Lot A: 80,180 sq ft  
Proposed Lot B: 84,468 sq ft

Plat Map



Subject Photographs



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**Highest and Best Use**

Real estate is valued in terms of highest and best use. The highest and best use of the land (or site) if vacant and available for use may be different from the highest and best use of the improved property. This will be true when the improvement is not an appropriate use and yet makes a contribution to the total property value in excess of the value of the site. Highest and best use is defined as: “The reasonable, probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The highest and best use must be legally permissible, physically possible, financially feasible, and maximally productive.”<sup>9</sup> In analyzing the highest and best use for any property, the following factors must be considered:

1. **Possible Use:** What uses of the site and/or structures are physically possible?
2. **Permissible Use (Legal):** What uses are permitted by zoning and deed restrictions on the site in question?
3. **Financially Feasible:** Which possible and permissible use will produce a net return to the owner of the site? Such uses are, typically, consistent neighborhood trends, and are not speculative or conjectural.
4. **Maximally Productive:** Among the feasible uses, which use will produce the highest net return or the highest present worth?

The definition considers the highest and best use of vacant land or the site as though vacant, and the highest and best use of the property as improved. When a site is improved, the highest and best use may be different than the existing use. If this is the case, the existing use should be continued until the land value in its highest and best use exceeds the sum of the entire property value in its current use plus the cost to remove the improvements.

Our evaluation of the site and improvements, taking into consideration the surrounding land uses, indicates that there is no alternative use of the property that would generate a higher economic return than the existing use as a small marina on Proposed Lot B and development with a single family residence on Proposed Lot A.

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<sup>9</sup> The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, 2008

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**Market Exposure Time / Marketing Period**

Market exposure is the period of time that would have been necessary to achieve a closed sale as of the effective date of the appraisal. Marketing period is the time anticipated it would take for the subject property to sell after the effective date of the appraisal. The value opinion is premised upon a 12-month exposure time prior to the hypothetical consummation of a sale on the effective date of the appraisal. Additionally, if properly priced and marketed, the subject would be expected to sell within a 12-month marketing period.

**VALUATION METHODOLOGY**

There are three basic approaches that may be used by appraisers in the estimation of market value, the Cost Approach, the Sales Comparison Approach, and the Income Approach.

**Cost Approach**

The Cost Approach estimates the replacement cost of the improvements, less any accrued loss of value (depreciation) added to the land value. The Cost Approach is based on the proposition that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property. This approach was not developed due to the lack of comparable land sales on the Island.

**Sales Comparison Approach**

The Sales Comparison Approach assumes that the value of a property relates directly to the prices of comparable, competitive properties, that the value of a property tends to be set by the price that would be paid to acquire a substitute property of equal utility and comparability. Sales Comparison analysis focuses on identifying and analyzing the sales of similar properties and adjustments for differences in sales price. Each of the two subject components (Proposed Lots A & B) will be valued separately. Lot B will be valued by analyzing sales of small commercial marinas and Lot A will be valued by analyzing sales of vacant water view and waterfront land.

**Income Capitalization Approach**

The Income Approach has as its premise the estimation of the amount of the net income, which when capitalized in a manner that is commensurate with the risk and the life expectancy of the improvements will indicate the present value of the income stream. This approach was developed for the valuation of Proposed Lot B because this portion of the subject property is encumbered by a long-term lease.

**SALES COMPARISON APPROACH (LOT B)**

The sales comparison approach to value is based on the premises that the value of a particular property is directly related to and influenced by the prices of comparable, competitive properties. The principle of supply and demand influences value by effecting the negotiations between buyers (demand) and sellers (supply). In the sales comparison approach, the value of the subject (both land and improvements) is estimated by analyzing recent sales of similar properties. Methodology involves extracting various elements of comparison, such as legal, physical, locational, and economic characteristics and then determining market-supported adjustments for any differences between the sales and the subject property.

In the highest and best use analysis, it was determined that the highest and best use of the subject property is as presently improved with a mixed-use small marina property. Therefore, similar types of properties are utilized as comparable sales in the sales comparison approach. The sales comparison approach indicates that small marina properties generally comparable to the subject are selling from \$2,000,000 to \$2,650,000. The price range variation is dependent upon their location, amenities, physical condition, and date of sale (time). A summary of the reviewed comparable sales, selected improved comparable sales that were utilized in valuing the subject property and the valuation analysis is presented on the following pages.

**IMPROVED SALES SUMMARY TABLE**

<b>No.</b>	<b>Location</b>	<b>Sale Date</b>	<b>Price</b>	<b>Linear feet of Slips</b>	<b>Price/ SF</b>
1.	13 Pasadena Avenue, Westerly	11/04	\$2,478,000	1,987	\$1,007
2.	650 Succotash Road, S. Kingstown	02/06	\$2,000,000	2,362	\$1,049
3.	244 + 252 Narragansett Ave, Jamestown	07/05	\$2,650,000	Moorings only	N/A

**Improved Sale No. 1****Property Identification**

**Record ID** 3971  
**Property Name** 384  
**Address** 13 Pasadena Avenue, Westerly, Washington County, Rhode Island

**Sale Data**

**Grantor** James E Long  
**Grantee** Palaemon Holdings LLC  
**Sale Date** November 01, 2004  
**Deed Book/Page** 1341/266, 1341.  
**Recorded Plat** 162.20  
**Property Rights** Simple Fee  
**Conditions of Sale** Normal  
**Financing** Conventional Finance  
**Verification** Public Records & Deed & Exterior Inspection;

**Sale Price** \$2,478,000  
**Cash Equivalent** \$2,478,000

**Land Data**

**Land Size** 2.130 Acres or 92,783 SF  
**Zoning** R4  
**Topography** Level Street Grade

**Utilities** All Public Utilities  
**Flood Info** Zone "C" areas least susceptible to flooding

**General Physical Data**

**Building Type** Single Tenant  
**Gross SF** 6,870

**Stories** 2  
**Year Built** 1978

**Indicators**

**Floor Area Ratio** 0.07  
**Land to Building Ratio** 13.51:1

**Remarks**

This property is an operating marina and boat yard in the Watch Hill area of Westerly. The improvements consist of a maintenance and storage shed, office, apartment and other support structures. The owner reports that there are 81 slips and 27 moorings. The improvements were in fair to average condition. Location is good. There were typical expenditures after sale with no known sales concessions. Prior sale occurred between family members. James E. Long, Jr. to James E. Long Senior, Estate on November 4, 2004 for \$232,000.

**Improved Sale No. 2****Property Identification**

**Property Type** Former Kenport Marina  
**Property Name** 384  
**Address** 650 Succotash Road, South Kingstown, Washington County, Rhode Island  
**Location** Snug Harbor Area

**Sale Data**

**Grantor** Kenport Marina, LLC  
**Grantee** Lockwood Commercial, LLC  
**Sale Price** \$2,000,000  
**Sale Date** February 09, 2006  
**Deed Book/Page** 1226/722  
**Recorded Plat** 87-2/4  
**Property Rights** Fee Simple  
**Conditions of Sale** Arms-length  
**Financing** Conventional  
**Verification** Public records, deed & exterior inspection;

**Land Data**

**Land Size** 0.780 Acres or 33,977 SF  
**Street Footage** 169 linear feet  
**Water Frontage** 170 linear feet  
**Topography** Level and at street grade  
**Shape** Irregular  
**Docks (LF)** 6,193  
**Slips (LF)** 1,987  
**# of Slips** 87

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

<b># of Moorings</b>	None
<b>Utilities</b>	No sewer
<b>Fuel</b>	No
<b>Repair</b>	No
<b>Upland storage</b>	No
<b>Zoning</b>	CW, Commercial Waterfront
<b>Flood Info</b>	Zone "A10" flood hazard areas are within the 100 year flood zone

**General Physical Data**

<b>Building Area (sf)</b>	3,552
<b>Year Built</b>	1960

**Income Analysis**

<b>Potential Gross Income</b>	\$355,239
<b>Expenses</b>	\$207,239
<b>Net Operating Income</b>	\$148,000

**Indicators**

<b>Floor Area Ratio</b>	0.10
<b>Land to Building Ratio</b>	9.57:1
<b>Gross Income Multiplier</b>	5.63
<b>Eff. Gross Income Multiplier</b>	5.63
<b>Expenses/Sq. Ft.</b>	\$58.34
<b>Overall or Cap Rate</b>	7.4%
<b>Net Operating Income/Sq. Ft.</b>	\$41.67
<b>Sales Price per LF of Slips</b>	\$1,007
<b>Sales Price per Sq. Ft. of land</b>	\$57.39

**Remarks**

This mostly recreational boating facility is located in the Jerusalem/Snug Harbor area of the town of South Kingstown. The facility provides wet storage and little else. The facility caters to the mostly local fisherman for the convenience of accessing Block Island Sound. The improvements are in fair to average condition. The quoted seasonal slip rate is \$120.00 per linear foot. Prior sales date 2/6/1998 for \$335,000 from Succotash Marina Inc. to Kenport Marina LLC.

**Improved Sale No. 3****Property Identification**

**Record ID** 4482  
**Property Name** 031 or 384  
**Address** 244 + 252 Narragansett Avenue, Jamestown, Newport County, Rhode Island

**Sale Data**

**Grantor** Lovenson Associates  
**Grantee** DUBY LLC  
**Sale Date** July 08, 2005  
**Deed Book/Page** 567/258  
**Recorded Plat** 8-2,467 + 597  
**Property Rights** Fee Simple  
**Conditions of Sale** Normal  
**Financing** Conventional Finance  
**Verification** Public Records & Deed & Exterior Inspection;

**Sale Price** \$2,650,000  
**Cash Equivalent** \$2,650,000

**Land Data**

**Land Size** 0.800 Acres or 34,848 SF  
**Front Footage** Narragansett Avenue  
**Topography** Level Street Grade

**Utilities** All Public Utilities  
**Flood Info** Zone "C" areas least susceptible to flooding

**General Physical Data**

**Building Type** Single Tenant  
**Gross SF** 7,824

**Year Built** 1960

**Indicators**

**Floor Area Ratio** 0.22  
**Land to Building Ratio** 4.45:1

**Remarks**

This sale consists of an operating marina and boat yard with no rental slippage but 86 moorings. The facility has full winter storage, along with repair and maintenance sheds. There is mixed use office and apartment building on the site. The location is at the westerly most point of Narragansett Avenue in the West Ferry section of Jamestown. The property is considered to be in average condition. There were no expenditures after sales nor sales concessions. Prior sale date 10/13/1988 for \$302,000 from Dutch Harbor Associates to Lorenson Associates.

Location Map of the Comparable Sales



## Selected Improved Comparable Sales &amp; Comparable Price Indicators

	Subject Property	Comparable 1	Comparable 2	Comparable 3
<b>Property:</b>	Fort Wetherill Fort Wetherill Rd. Jamestown, RI	Watch Hill Boat Yard Pasadena Avenue Westerly, RI	Kenport Marina 650 Succotach Road South Kingstown, R. I.	Dutch Harbor Marina 244 Narragansett Ave. Jamestown, RI
<b>Transaction Data:</b>				
Sale Price:		\$2,478,000	\$2,000,000	\$2,650,000
Time:		1-Nov-04	9-Feb-06	8-Jul-05
Sale Price/S.F of GBA.:		\$360.70	\$563.06	\$338.70
Sale Price/Slip/Mooring:		\$22,944	\$22,989	\$30,814
<b>Physical Features:</b>				
Construction:	Masonry	Wood and metal	Wood frame	Wood and metal
Gross Building Area (s.f.):	5,000	6,870	3,552	7,824
Slips/moorings:	42	81/27	87/0	0/86
Upland Improvements:	Storage building	Mixed use bldgs.	Mixed use bldg.	Mixed use bldgs.
Year Built:	1930	1978	1960	1960
Effective Age (yrs.):	30	15	20	15
Total Economic life (yrs.):	45	45	45	45
Physical depreciation (%):	67%	33%	44%	33%
Land Area (s.f.):	84,468	92,783	33,977	34,848
Usable Land area (ac.):	0.58	2.13	0.78	0.80
Lot coverage (%):	6%	7%	10%	22%
Zoning:	P	R-4	CW	CW
Utilities:	All	All	No sewers	All
<b>Adjustments:</b>				
Time:		1-Nov-04	9-Feb-06	8-Jul-05
(Adjustment):		-10.0%	-15.0%	-15.0%
Property Rights:		Fee Simple	Fee Simple	Fee Simple
(Adjustment):		0.0%	0.0%	0.0%
Financing:		Market	Market	Market
(Adjustment):		0.0%	0.0%	0.0%
Condition of Sale:		Typical	Typical	Typical
(Adjustment):		0.0%	0.0%	0.0%
Location:		Similar	Inferior	Inferior
(Adjustment):		0.0%	10.0%	10.0%
Slips:	42	81/27	87/0	0/86
(Adjustment):		-25.0%	-25.0%	-20.0%
Construction:	Masonry	Similar	Similar	Similar
(Adjustment):		0.0%	0.0%	0.0%
Physical Condition:	Fair	Superior	Superior	Superior
(Adjustment):		-20.0%	-20.0%	-20.0%
Lot coverage (%):	6%	Similar	Similar	Inferior
(Adjustment):		0.0%	0.0%	5.0%
GBA (s.f.):	5,000	6,870	3,552	7,824
(Adjustment):		-5.0%	5.0%	-5.0%
Gross Adjustment:		60.0%	75.0%	75.0%
Net Adjustment:		-60.0%	-45.0%	-45.0%
<b>Adjusted Price:</b>		<b>\$991,200</b>	<b>\$1,100,000</b>	<b>\$1,457,500</b>
<b>Source: Newport Appraisal Group, LLC</b>				

**RECONCILIATION OF ADJUSTMENTS**

A review of the characteristics of the subject property and the comparables indicates that there are no specific and relevant units of comparison that would normally be utilized in the comparative analysis, i.e. price per square foot of building area or price per slip. The main underlying driver of value in the small marina market is the waterfront land value along with the permits in place for the operation of the marina. Therefore, the unit of comparison in the analysis of the comparable sales and the subject property will be the price per property. It should be noted that the 5,000 square foot former highway barn structure is included in this analysis and would be considered to be a storage and marina operations support building similar to the upland improvements associated with the comparable sales. The unadjusted price indicators for the selected sales range from \$2,000,000 to \$2,650,000.

**Adjustments to the  
Comparable Price Indicators**

The selected transactions and other market activity were reviewed and analyzed to identify sales price differences. The selected transactions were compared to the subject parcel and adjustments were made for differing factors that effect value. The major adjustment factors considered in the analysis are property rights, financing terms, condition of sale, market conditions (time), location, and physical characteristics. The physical characteristics include quality, condition, age, and utility of the improvements. The adjusted values range from \$991,200 to \$1,457,500.

Market Condition (time) - Recent activity in the credit markets has had significant negative effects on the overall real estate market. The health of the commercial real estate market will depend largely on the availability of credit going forward, as most buyers rely on commercial mortgage lending when buying real estate. After considering all factors, the sales were adjusted negatively by 10% to 15% to reflect the impact of the recession and the declining real estate market over the past few years.

Location, Prominence and Access - Location, prominence and access influence the value of real estate. This adjustment considers the type and intensity of land use in comparable neighborhoods relative to the land use in proximity to the demised property. Adjustments include street frontage and interstate access. Location adjustments are typically measured by paired sales analysis. In the absence of any paired sales the appraiser attempted to measure a location adjustment based upon a comparison of estimated lease rates with that of the subject's district. The subject property is waterfront land located on Narragansett Bay with good access to the Atlantic Ocean. Sale 1 has similar locational appeal and was not adjusted. Sales 2 & 3 are in inferior locations and were each adjusted positively.

Condition - The improved comparable sales are adjusted based upon observed differences in condition and effective ages. The subject storage facility was constructed circa 1930 and is in fair overall condition. Sale 1 was in inferior condition and was each adjusted positively for condition.

Slips and Moorings: The subject has a bulkhead and floating slips that can accommodate 42 boats. The comparable marinas have larger capacities, in the 80-100 boat range. Each of the sales was adjusted negatively to reflect their superior capacities.

Site Area, Lot Coverage – Buyers are willing to pay more for properties with larger site areas for parking or expansion. The subject site contains 84,468 square feet of site area and has a lot coverage ratio of 6%. Lot coverage ratios of Sales 1 & 2 are similar and therefore required no adjustment. Sale 1 has inferior site area and was adjusted positively.

Building Size - The subject property has a gross building area of 5,000 square feet. Each of the comparable sales was adjusted nominally to reflect differences in building size.

**Weighting of Price Indicators**

A weighting is used to estimate the relative reliance of the adjusted price indicators. The weighting considers the following factors:

- The reliability of the comparable transaction for comparative purposes (market conditions, financing, conditions and terms of sale);
- The similarities and differences between the comparable property and the subject property (physical characteristics, zoning, development potential and other factors);
- The relative support for the adjustments for differences.

Weighting of price indicators is estimated by weighting each adjusted price by its reliability weighting. Higher weightings are given to the more reliable comparable value indicators.

No.	Adjusted price	Weighting	Weighted product
1	\$991,200	30%	\$297,360
2	\$1,100,000	50%	\$550,000
3	\$1,457,500	20%	\$291,500
Weighted value indicators:		100%	\$1,138,860
<b>Indicated Value:</b>			<b>\$1,140,000</b>

*Source: Newport Appraisal Group, LLC*

Based upon the weighting process, value indicators for the valuation analysis range from \$991,200 to \$1,457,500. Most weight was placed upon Sale 2 because it is the most recent sale and is most similar in overall characteristics. All indicators support a value conclusion in the **market value** on an “as is” basis of the fee simple interest in the subject property via sales comparison approach of \$1,138,860, rounded to:

**ONE MILLION ONE HUNDRED FORTY THOUSAND DOLLARS  
(\$1,140,000)**

**INCOME APPROACH (PROPOSED LOT B LEASED FEE ANALYSIS)**

The Income Capitalization Approach is based on the theory that the value of a property is determined by the anticipated future benefits (usually income) generated over the property's economic life. This process begins with a determination of the market rent, the rent that the subject would most likely generate in the open market. This rent expressed as an annual amount is the potential gross income (PGI). A vacancy and collection loss, derived from the market, is then applied against the PGI. Potential gross income less vacancy and collection loss equals effective gross income (EGI).

Fixed and variable operating expenses are deducted from EGI to determine the property's net operating income (NOI), which is capitalized at an appropriate rate to arrive at an indication of value. Capitalization rates can be derived from the analysis of comparable sales or calculated using techniques that build rates from a combination of market-derived investor and mortgage expected rates of return. In valuing the subject property via the Income Approach, the appraiser used the Direct Capitalization Technique.

As stated earlier Proposed Lot B is owned by the Town of Jamestown and leased to the Fort Wetherill Boat Owners' and Operators' Association. The lease terms are presented below. In addition to the existing lease to the Fort Wetherill Boat Owner's and Operators lease, the appraiser will apply market rent to the storage building to fully account for the potential income generated by this portion of the subject property. Market rent for the storage building is estimated at \$4.00 per square foot of GBA, or \$20,000 per year. Therefore, the current year PGI for Proposed Lot B is \$45,000 as presented below.

Address	City/Town	Tenant	Commence date	Expiration date	Current rent (Annual)
Ft. Wetherill Rd.	Jamestown	Ft. Wetherill Boat Owners' Assoc.	12/01/08	09/30/15	\$25,000
		Storage Building	N/A	N/A	\$20,000
Potential Gross Income					\$45,000

Potential Gross Income is the total income attributable to the real property at 100% occupancy and before operating expenses are deducted. The contract rate for the docks and market-based rates for the storage building generate an estimated annual potential gross income of **\$45,000**.

**Vacancy and Collection Loss, or V & C**, is an allowance for reductions in potential income attributable to vacancies, tenant turnover, and non-payment of rent. The annual rent collections are usually less than annual potential gross income, so an allowance for vacancy and collection loss is usually included in the appraisal of income producing property. This allowance is usually estimated as a percentage of potential gross income and varies depending on the type and characteristics of the property, the quality of the tenants, and local supply and demand forces. We have applied a nominal vacancy rate of 2 percent for the analysis.

### **Operating Expenses**

Operating expenses are the periodic expenditures necessary to maintain the real property and to continue the production of the effective gross income. In the case of the subject property, the tenants would be responsible for all fixed and variable operating expenses.

### **Capitalization Rate**

The final step involves capitalizing the net operating income to arrive at an indication of value. The mortgage equity technique was used for in the selection of the capitalization rate. The mortgage equity technique is predicated upon the assumption that the typical investor will seek the best mortgage financing available for a maximum yield on a minimum down payment. This approach uses the mortgage and inventory yield rates to build a blended rate for the investment-holding period, and assumes compensation for equity buildup and the amortization of the loan over the holding period. The appraiser utilized the terms and rates in accordance with the special conditions of this appraisal. The mortgage equity model is included on the following page. It is noted that the specified rates and terms are consistent with other financial institutions current rates and terms.

The 1<sup>st</sup> Quarter of 2010 Real Estate Research Corporation (RERC) survey indicates that typical investors/developers require internal rates of return on suburban properties ranging from 8.0-11.5% with an average of 10.0%. For this analysis the appraiser used an equity yield rate of 10.0%.

**MORTGAGE EQUITY MODEL**

<u>LENDING INSTITUTIONS</u>	<u>SOVEREIGN</u>	<u>CITIZENS</u>	<u>BANK OF NEWPORT</u>
Amortization Period:	25	25	20
Fixed Rate (years):	5	5	5
Typical Holding Period:	10	10	10
Interest Rate:	7.75%	7.50%	7.50%
Annual Constant:	0.0906	0.0887	0.0967
Debt Service Coverage Ratio:	1.30	1.25	1.30
Loan To Value:	75%	75%	75%
Lenders Rate:	8.84%	8.31%	9.43%
<b>Mean Rate:</b>	<b>8.86%</b>		

MORTGAGE EQUITY ANALYSIS

Interest Rate Utilized:	7.50%
Mortgage Term:	20
Loan To Value:	70%
Projection Term:	10
% Loan Paid	0.3213
Monthly Constant:	0.0081
Annual Constant:	0.0967
Equity Yield Rate:	10.0%
Sinking Fund Factor:	0.0627
Change In Property Value:	0%

<u>Investment Component</u>	<u>Portion</u>		<u>Rate</u>		<u>Weighted</u>
Mortgage Loan:	0.70	x	0.0967	=	0.0677
Down Payment:	0.30	x	0.1000	=	<u>0.0300</u>
Weighted Average:					0.0977
Less Credit & Equity Buildup:					<u>-0.0141</u>
Basic Rate (r):					0.0836
Unload For Appreciation:			0		0.0000
Load For Depreciation:			0		<u>0.0000</u>
Capitalization Rate:					0.0836
<b>Rounded:</b>					<b>8.50%</b>

*Source: Newport Appraisal Group, LLC*

**Income and Expense Pro-forma**

<b>Fort Wetherill Boat Owners</b>		
<b>POTENTIAL GROSS INCOME (PGI):</b>		
<b>PGI:</b>		<b>\$45,000</b>
Less Vacancy:	2%	\$900
<b>EFFECTIVE GROSS INCOME (E.G.I.):</b>		<b>\$44,100</b>
Total Expenses:		\$0
Operating Expense Ratio:		0%
<b>NET OPERATING INCOME (N.O.I.):</b>		<b>\$44,100</b>
<i>Source: Newport Appraisal Group, LLC</i>		

**Income Capitalization**

<b>Ft. Wetherill (Lot B)</b>	
<b>NET OPERATING INCOME (N.O.I.):</b>	<b>\$44,100</b>
Divided By Overall Capitalization Rate:	7.5%
Estimated Market Value Via The Income Approach:	\$588,000
<b>ROUNDED:</b>	<b>\$590,000</b>
<i>Source: Newport Appraisal Group, LLC</i>	

Dividing the Net Operating Income of \$44,100 by the capitalization rate of 7.5% results in an indicated Market Value on an “as is” basis of the Leased Fee Interest in the subject via the Income Approach of \$588,000, rounded to:

**FIVE HUNDRED NINETY THOUSAND DOLLARS**  
**(\$590,000)**

**Sales Comparison Analysis – Lot A**

For the valuation of Proposed Lot A, the appraiser selected waterfront and water view land sales purchased for residential development. Three Jamestown land sales were selected for this analysis. A summary of the selected comparable sales that were utilized in valuing the subject property and the valuation analysis is presented on the following pages. The comparable data sheets are included in the addendum of this report.

<b>No.</b>	<b>Location</b>	<b>Sale Date</b>	<b>Price</b>	<b>Size in SF</b>
1.	Marine Avenue, Jamestown	12/17/09	\$1,000,000	71,579
2.	32 Coulter Street, Jamestown	7/29/09	\$1,050,000	25,000
3.	245 Seaside Drive, Jamestown	9/18/09	\$885,000	17,910

Sales Comparison Grid

	Subject	Sale 1	Sale 2	Sale 3
<b><u>Property &amp; Location</u></b>	Fort Wetherill Rd Jamestown, RI	Marine Ave. Jamestown, RI	Coulter St. Jamestown, RI	245 Seaside Dr. Jamestown, RI
Plat/Lot:	10/145	9/426	7/35	/15/202
<b><u>Transaction Data:</u></b>				
Sale Price:		\$1,000,000	\$1,050,000	\$885,000
Date of Sale:		17-Dec-09	29-Jul-09	18-Sep-09
Grantor:		Harsch	Houlihan, Hyman	M4 Enterprises
Grantee:		Marine Ave Group	Petrosinelli	Heine
<b><u>Property Data:</u></b>				
Land Area (s.f.):	80,000	71,579	25,000	17,910
Land Area (ac.):	1.84	1.64	0.57	0.41
Frontage (LF):	220	289	63	75
Shape:	Irregular	Rectangular	Rectangular	Rectangular
Location:	Water view/Newport	Water view	Waterfront	Waterfront
Zoning:	RR-80	R-20		
<b><u>Value Indicator:</u></b>				
Price/s.f.		\$13.97	\$42.00	\$49.41
Price/ac.		608,558	1,829,520	2,152,462
Price/front foot:		\$3,460	\$16,667	\$11,800
<b><u>Adjustments:</u></b>				
Property Rights:		Fee Simple	Fee Simple	Fee Simple
(Adjustment):		0.0%	0.0%	0.0%
Financing:		Market	Market	Market
(Adjustment):		0.0%	0.0%	0.0%
Condition of Sale:		Typical	Typical	Typical
(Adjustment):		0.0%	0.0%	0.0%
Time:		17-Dec-09	29-Jul-09	18-Sep-09
(Adjustment):		0.0%	0.0%	0.0%
<b>Adjusted Price:</b>		<b>\$1,000,000</b>	<b>\$1,050,000</b>	<b>\$885,000</b>
<b><u>Additional Adjustments:</u></b>				
Location	Water view/Newport	10.0%	-10.0%	-10.0%
Land area:	80,000	0.0%	20.0%	30.0%
Utility:	Good	0.0%	0.0%	0.0%
Gross Adjustment:		10.0%	30.0%	40.0%
Net Adjustment:		10.0%	10.0%	20.0%
<b>Adjusted Price:</b>		<b>\$1,100,000</b>	<b>\$1,155,000</b>	<b>\$1,062,000</b>
<b>Source: Newport Appraisal Group, LLC</b>				

**Reconciliation of adjustments**

For Proposed Lot A, the appraiser selected the price per lot as the relevant unit of comparison and the basis of the comparative analysis. The unadjusted price indicators for the selected sales range from approximately \$885,000 to \$1,100,000 per lot.

**Adjustments to the Comparable Price Indicators**

The selected transactions and other market activity were reviewed and analyzed to identify sales price differences. The selected transactions were compared to the subject parcel and adjustments were made for differing factors that effect value. The major adjustment factors considered in the analysis are property rights, financing terms, condition of sale, market conditions (time), location, and physical characteristics. The physical characteristics include topography, shape, size, and overall utility of the site. The adjusted values range from \$1,062,000 to \$1,155,000 per lot.

Market Condition (time) - The trend in Jamestown is consistent with the state of Rhode Island's economy, where market data has shown increasing values until mid year 2006 and declining values over the recent past. All of the sales occurred late in 2009 and no adjustments were required.

Location, Prominence and Access - Location, prominence and access influence the value of real estate. This adjustment considers the type and intensity of land use in comparable neighborhoods relative to the land use in proximity to the demised property. The subject property is a water view parcel of land with an easterly view of Narragansett Bay and Newport. This is a very good location with respect to water views but may be slightly impacted by the presence of the former highway barn. Overall, the subject locaiont is superior to many water view parcels on the Island but inferior to waterfront parcels. Therefore, Sale 1 was adjusted positively for location and Sales 2 & 3 were adjusted negatively.

Site Area - The subject site is approximately 2 acres in size. Sale 1 is similar and was not adjusted. Sales 2 & 3 are smaller and were each adjusted positively to reflect the subject's larger site area.

Utility - The subject site is considered to be capable of supporting a 4 bedroom single family residence. All of the comparable sales have similar utility and were not adjusted.

**Weighting of Price Indicators**

A weighting is used to estimate the relative reliance of the adjusted price indicators. The weighting considers the following factors:

- The reliability of the comparable transaction for comparative purposes (market conditions, financing, conditions and terms of sale);
- The similarities and differences between the comparable property and the subject property (physical characteristics, zoning, development potential and other factors);
- The relative support for the adjustments for differences.

No.	Adjusted price	Weighting	Weighted product
1	\$1,100,000	33%	\$366,630
2	\$1,155,000	33%	\$384,962
3	\$1,062,000	33%	\$353,965
Weighted value indicators:		100%	\$1,105,556
All indicators:			\$1,105,556
Most reliable (All Sales):			\$1,105,556
Most recent (Sale 1):			\$1,100,000
Most similar in size (Sale 1):			\$1,100,000
<b>Indicated Value:</b>			<b>\$1,100,000</b>
<i>Source: Newport Appraisal Group, LLC</i>			

Based upon the weighting process, value indicators for the valuation analysis range from \$1,062,000 to \$1,155,000. Equal weight was placed on all sales because they are all similar in overall characteristics. All indicators support a value conclusion in the **market value** on an “as is” basis of the **fee simple interest** in Proposed Lot A via sales comparison approach of:

**ONE MILLION ONE HUNDRED THOUSAND DOLLARS**  
**(\$1,100,000)**

**Reconciliation**

The function of the reconciliation is to review the data and correlate the indications of value by the approaches used into a final opinion of value.

At the client's request, the site will be appraised based upon the extraordinary assumption that the parcel is subdivided into 2 lots. The waterfront portion of the subject parcel (Proposed Lot B) including the Fort Wetherill Boat Owner's Association improvements and the former Jamestown highway barn will contain approximately 84,468 square feet of land area. The upland portion of the site (Proposed Lot A) will contain the remaining 80,000 square feet. The waterfront portion of Proposed Lot B is encumbered by a lease to the Fort Wetherill Boat Owner's Association which expires in 2015. Proposed Lot B will be valued as currently encumbered and as if unencumbered. Proposed Lot A will be re-zoned to RR-80 and is assumed to be able to support development with a four bedroom single-family residence.

In estimating the market value of the Fee simple interest in the subject property, all three approaches to value are considered - Cost, Sales Comparison and Income Approaches. The sales comparison approach and the income approach were developed for this assignment. The sales comparison approach was the primary approach utilized in the development of the fee simple values for Proposed Lot A and Proposed Lot B. The income approach was developed for the leased fee value of Proposed Lot B.

<b>Component</b>	<b>Value</b>
Proposed Lot A (Fee Simple)	\$1,100,000
Proposed Lot B (Fee Simple disregarding existing lease)	\$1,140,000
Proposed Lot B (Leased Fee based upon existing lease)	\$590,000

## CONTINGENT AND LIMITING CONDITIONS

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The certification of the appraisers appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the appraisers in the report.

- The appraisers assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto; nor do the appraisers render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under reasonable ownership.
- Unless otherwise stated in the report, the property is appraised as though unencumbered by any liens or limitations other than those of taxation, eminent domain, police power, and escheat.
- Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The appraisers have made no survey of the property.
- The appraisers are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been made previously.
- Any distribution of the value estimate in the report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building may not be used in conjunction with any other appraisal and are invalid if so used.
- The appraisers assume that there are no hidden or unapparent conditions of the property, subsoil, or structures that would render it more or less valuable. The appraisers assume no responsibility for such conditions, or for engineering that might be required to discover such factors.
- In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of urea formaldehyde foam insulation, and/or the existence of toxic waste, and/or the presence of radon gas, which may or may not be present on the property, has to be considered. The appraiser is not qualified to detect such substances. We urge the client to retain an expert in this field if desired.
- Information, estimates, and opinions furnished to the appraiser, and contained in the report, are obtained from sources considered reliable and believed to be true and correct. No responsibility, however, for the accuracy of such items furnished can be assumed by the appraisers.
- Neither all, nor any part of, the contents of the report, or copy thereof, (including conclusions as to the property value, the identity of the appraiser, professional designations, or the firm with which the appraiser is connected) shall be used for any purpose by anyone other than the client specified in the report; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the appraiser.

## **CONTINGENT AND LIMITING CONDITIONS**

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- On all appraisals that are subject to the satisfactory completion, repair, or alteration of the improvements, the appraisal report and value conclusion are contingent upon completion of the improvements in the workmanlike manner.
- This report constitutes a Summary Appraisal Report.
- The conclusions apply only to the property specifically identified and described herein.
- The appraisers have made no legal survey nor have they commissioned one to be prepared. Therefore, reference to a sketch, plat, diagram or previous survey appearing in the report is only for the purpose of assisting the reader to visualize the property.
- Should it occur that any of the assumptions in this report prove to be in material error the results of this report are subject to review and revision.

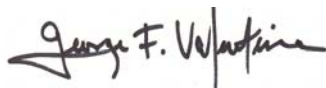
## CERTIFICATION

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We certify, to the best of our knowledge and belief:

- Reported statements of fact are true and correct.
- Reported analysis, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions and conclusions.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- We have no present or prospective interest in the property that is the subject of this report, and have no professional interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- This report has been made in conformity with the requirements of the Code of Professional Ethics and the Uniform Standards of Professional Appraisal Practice 2008.
- George F. Valentine inspected subject real estate on September 21, 2010 No one else provided significant professional assistance to the persons signing this report.
- We certify that we are appropriately licensed and certified to appraise the subject property in the State in which it is located.

Respectfully submitted,



George F. Valentine  
License No.: A00682G

**QUALIFICATIONS OF GEORGE F. VALENTINE**

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Office: 38 Dr. Marcus Wheatland Boulevard, Newport, Rhode Island 02842  
Phone (401) 846-1356, Fax (401) 846-8952  
E-mail George@NewportAppraisal.com

Position: Senior Appraisal Associate

Experience: Residential and Commercial Property Appraiser, 1992 to present

Certification: Rhode Island General Certified Real Estate Appraiser:  
Certification No. A00682G  
Massachusetts General Certified Real Estate Appraiser  
License No.: 5581

Education: New England College, Bachelor of Arts, Business Administration

Appraisal Courses and Seminars

Attended and Successfully Completed:

Course 101	Introduction to Appraising Real Property
Course 102	Residential Property Valuation
Course 1BA	Capitalization Theory and Techniques
Course 510	Advanced Income Capitalization
Course 520	Highest and Best Use and Market Analysis
Course 550	Advanced Applications
Course SPP	Standards of Professional Practice, Part A
Course SPP	Standards of Professional Practice, Part B

Seminars

Impact of Lead Paint  
Condemnation by the State Department of Transportation  
Feasibility Analysis & Highest and Best Use Analysis  
The Valuation of Industrial Properties  
Appraising Apartments  
Market Extractions  
Residential Appraisal: Confronting Environmental Issues  
Argus Training  
Report Writing  
Land Use Planning and Eminent Domain in Rhode Island  
2006 USPAP Update

University of Rhode Island Courses:

Course Res. 048, Law For Real Estate Title Examiners

Expert testimony: Middletown, North Kingstown, Glocester, Rhode Island; Zoning Boards of Review; Wendell, Concord, Milton, Stow, North Andover, Gloucester & Walpole, Massachusetts Zoning Boards of Appeals; Putnam Connecticut Zoning Board of Appeals; Rhode Island Family Court

**QUALIFICATIONS OF GEORGE F. VALENTINE**

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Significant Clients:

Bank of Newport, Newport Federal Savings Bank, Town of Jamestown, Town of North Kingstown, Bank of America, Citizens Bank, Slades Ferry Bank, BankRI, Sovereign Bank, First Fed, AT&T, The Nature Conservancy, Rhode Island Department of Transportation

