

**APPRAISAL REPORT
1916 Benedict Avenue
Bronx, New York 10462**

Submitted to:

**Migel Rodriguez
1916 Benedict Avenue
Bronx, New York 10462**

SUBJECT PHOTOGRAPH

Saturday, September 29, 2001

Paul J. Dougherty
Certified General New York Real Estate Appraiser #46-11571
2046 Colonial Avenue
Bronx, New York 10461-3909

Migel Rodriguez
1916 Benedict Avenue
Bronx, New York 10462-1218

**Re: 1916 Benedict Avenue
Bronx, New York 10462**

Dear Mr. Rodriguez:

In accordance with your request, I have prepared an appraisal of the premises known as 1916 Benedict Avenue, Bronx, New York, delineated on the City of New York Assessment Maps as Block 3930, Lot 14.

The subject site is a 5,000± square foot parcel of land improved with a 2-story & basement multi-use building containing a professional unit, two apartment units and 4,514± square feet. The property is situated on the southerly side of Benedict Avenue, approximately 112 feet east of Metropolitan Avenue in the Parkchester section of the Borough of The Bronx and is within the confines of an R-6/C1-2 Zoning District.

I hereby certify that Paul J. Dougherty inspected the property on 11-Jun-99. All data gathered in my investigations are from sources believed to be reliable. After an examination of the subject property and the surrounding neighborhood I have given consideration to all pertinent factors influencing real estate values such as sales of comparable properties and the demand for residential, professional and parking spaces in the Bronx.

The purpose of this appraisal is to estimate the Market Value of the Fee Simple Interest in the subject property as of 11-Jun-99. Market value is defined as 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. This appraisal report is to be used for proposed sale purposes.

In estimating the market value I have made the underlying assumptions that are set forth in this report. This appraisal report has been prepared in conformance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Institute. In my opinion the Market Value Estimate of 1916 Benedict Avenue, Bronx, New York, as of 11-Jun-99 was:

**THREE HUNDRED THIRTY THOUSAND DOLLARS
(\$330,000)**

This report and its contents are intended solely for your information and assistance for the function stated above and should not be relied upon for any other purpose.

Respectfully submitted,

Paul J. Dougherty
State Certified General Appraiser
I.D. #46000011571

UNDERLYING ASSUMPTIONS AND CONTINGENT CONDITIONS

For the purpose of this appraisal it is assumed:

That the legal description is correct.

1. That the title to the property is legally sufficient.
2. That there are no encumbrances or defects of title.
3. That the property is free and clear of all liens.
4. That the property will be efficiently managed and properly maintained.
5. That there are no structural conditions which are not apparent.
6. That there are no sub-surface soil conditions which would cause extraordinary development costs.

The appraisal is made subject to the following contingent conditions:

That no liability is assumed because of inaccuracies or errors in said estimate and opinions.

1. That no liability is assumed as a result of matters of legal character affecting the property such as title defects encroachments liens overlapping boundaries party wall agreements and easements.
2. Unless otherwise stated in this report the existence of hazardous material which may or may not be present on the property was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser however is not qualified to detect such substances. The presence of substances such as asbestos urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field if desired.
3. This appraisal is to be used in whole and not in part. No part of it shall be used in conjunction with any other appraisal. The appraisal is invalid if so used.
4. That no survey structural or sub-surface soil investigation was made of the property by the appraiser.
5. The appraiser herein by reason of this appraisal is not required to give testimony in court with reference to the subject property unless otherwise previously arranged.
6. Possession of this report or copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone but the applicant without the previous written consent of the appraiser.
7. Present worth of the purchasing power of the dollar.
8. This appraisal was made for the purpose stated and should not be used for any other purpose.
9. Each finding prediction assumption or conclusion contained in the appraisal report is the appraiser's personal opinion and is not an assurance that an event will or will not occur. We assume that there are no conditions relating to the real estate sub-soil or structures located on the real estate which would affect appraiser's analyses opinions or conclusions with respect to the real estate that are not apparent.
10. The data gathered in the appraisal process (except data furnished by client) and the appraisal report will remain property of the appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to him. The appraiser is however authorized by the client to disclose all or any portion of the appraisal report and the related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable appraiser to comply with the by-laws and regulations of such Institute now or hereafter in effect.
11. The client agrees that the appraisal report will not be quoted or referred to in any report or financial statement of the client or in any documents filed with any governmental agency without the prior written consent of the appraiser. Neither all nor any part of the contents of the appraisal report (especially the conclusions as to value the identity of the appraiser references to the Appraisal Institute or references to the MAI or RM designations) shall be disseminated to the public through advertising media public relations media news media sales media or other public means of communication without the prior written consent and approval of the appraiser.
12. The appraiser has not made a specific compliance survey and analysis of the property to determine whether or not it is in conformity with the various detailed requirements of the Americans with Disabilities Act (ADA, effective January 16, 1992). It is possible that a compliance survey of the property and a detailed analysis of the ADA requirements may reveal that the property is not in compliance with one or more requirements. If so, this fact might have a negative effect upon the value of the property. Appraisers and Planners, Inc. is not an ADA expert and has no direct evidence relating to this issue. This report does not reflect possible non-compliance with the ADA or its potential negative effect on the estimated value herein.

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Property Identification:	1916 Benedict Avenue Bronx, New York Block 3930, Lot 14
Ownership:	According to a deed dated 11-Jul-77 and recorded in the Bronx Borough Hall the subject property is owned by Migel A. Rodriguez.
Interest Appraised:	Fee Simple Interest
Purpose of the Appraisal:	To estimate market value of the Fee Simple interest in the subject property.
Function of the Appraisal:	To be used for proposed sale purposes.
Land Area:	The subject site is a rectangular shaped parcel of land containing a total of 5,000± square feet. The site has 50± feet of frontage and 100± feet of depth.
Site Improvements:	The subject site is improved with an 2-story & basement multi-use building containing 4,514± square feet and an adjoining yard which can accomodate parking for 6-cars.
Zoning:	R-6/C1-2 General residential zoning district with a local retail district overlay.
Highest and Best Use:	
"As Vacant"	Multi-story, multi-use building with on-site parking.
"As Improved"	Multi-story, multi-use building with professional space and on-site parking.
Indications of Value (As of 11-Jun-99)	
Sales Comparison Approach:	
Size:	4,514 SF
Price per square foot:	\$90/SF
Price per unit:	\$90,000
Preliminary Value Indication:	\$340,000
Deduction for improvements:	\$ <u>20,000</u>
Value Indication:	\$320,000
Income Capitalization Approach:	
Net Operating Income:	\$35,000
Capitalization Rate:	10%
Value Indication	\$350,000
Deduction for improvements:	\$ <u>20,000</u>
Value Indication:	\$330,000
Final Value Indication:	<u>\$330,000</u>

SCOPE OF THE APPRAISAL

Paul J. Dougherty has been retained by Migel Rodriguez, to estimate the market value of the realty located at 1916 Benedict Avenue, Bronx, New York as of 11-Jun-99, the effective date of appraisal. This appraisal agreement has been conducted using applicable standard appraisal techniques and in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Institute. To perform this appraisal we have undertaken the following scope of services:

- Inspected the subject property and the surrounding area.
- Reviewed zoning regulations applicable to the subject property.
- Determined the Highest and Best Use of the subject property as vacant and as improved.
- Investigated comparable improved sales in the vicinity of the subject property and other similar areas of the Bronx.
- Investigated rental rates for residential, professional and parking lot spaces in the Parkchester section of the Bronx.
- Estimated the value of the subject by means of the Sales Comparison and Income Capitalization Approaches to value.
- Reconciled the two value indications and concluded to a final value estimate.

PROPERTY IDENTIFICATION

The subject property is located at 1916 Benedict Avenue in the Parkchester section of the Borough of the Bronx. The municipal jurisdictions governing the subject property are New York City, Borough of The Bronx, and the State of New York. The subject property is recorded in the Borough of The Bronx property tax rolls as Block 3930, Lot 14.

PURPOSE AND EFFECTIVE DATE OF THE APPRAISAL

The purpose of the appraisal is to estimate the market value of the subject property as of 11-Jun-99, the effective date of the appraisal. The property was inspected on 11-Jun-99 by Paul J. Dougherty.

FUNCTION OF THE APPRAISAL

This appraisal is to be used for proposed sale purposes.

DEFINITION OF MARKET VALUE

For purposes of this report, market value is defined as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

PROPERTY RIGHTS APPRAISED

The legal interest appraised herein is the Fee Simple interest in the land and site improvements. A Fee Simple interest is defined as follows:

*"Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government."*¹

HISTORY OF THE SUBJECT PROPERTY

According to a deed dated 11-Jul-77 the subject property was purchased by Migel A. Rodriguez for an unspecified amount. As of the effective date of value the professional unit of the property was vacant; the 2nd level apartment was occupied by the owner; the third level apartment unit was leased to a residential tenant; the parking lot was utilized by the owner.

AREA AND NEIGHBORHOOD ANALYSIS

The subject property is situated within the confines of Bronx Community Planning District #9. District #9 is a peninsula, situated south of East Tremont Avenue between the Bronx River and Westchester Creek. The East River forms the southerly boundary of the district; included are the communities of Westchester Square, Bronx River, Soundview-Bruckner, Unionport, Soundview, Castle Hill, Clason Point, Harding Park and Parkchester. The subject neighborhood is known as the Parkchester section of the Bronx.

District #9's housing stock is largely made up of the 12,869 condominium units contained within the Parkchester development, 1-2 family homes, walk-up apartment buildings, commercial properties and vacant land. The immediate area surrounding the subject property is residential with walk-up apartment buildings and 1-2 family homes along Benedict Avenue, with the Parkchester development one block west of the subject property.

Westchester Avenue, White Plains Road and Metropolitan Avenue are the major arteries that serve the subject neighborhood. Westchester Avenue and White Plains Road are improved with a variety of retail, commercial and mixed use improvements; tenants include supermarkets, bodegas as well as local service stores. Metropolitan Avenue is improved primarily with the multi-story, multi-family Parkchester development with some single-story retail buildings.

Residential units in multi-use buildings are presently commanding rents of approximately \$600 per month for Studio apartments, \$800 per month for 1-Bedroom apartments and up to \$900 per month for full-floor 2-Bedroom apartments. Rental rates for professional space generally range from \$15-25 per square foot. Higher rental rates are paid for properties with major artery exposure; lesser rental rates are paid for properties with modest locations. Prices paid for the multi-use buildings generally range from \$80,000-\$100,000 per unit. Higher prices are generally paid for properties in better locations; lower prices are paid for properties in poor condition or with more modest locations.

Parks and recreational facilities in the area include Soundview Park (156½ acres); this park includes a baseball and softball fields. Access to Pelham Bay Park and Orchard Beach is available via the elevated IRT #6 train. This park has two golf courses, a beach as well as baseball/softball fields, a picnic ground and a ¼-mile running track.

Private and Public Schools in the area include P.S. #106 (K-8; 2120 St. Raymond Avenue), and St. Raymond's High School. Public Library branches in the area include the Parkchester branch (1985 Westchester Avenue).

Police protection is provided by the 43rd Precinct (900 Fteley Avenue). Fire protection is provided by Engine Company #64 (1214 Castle Hill Avenue). Health care service is available at Westchester Square Medical Center (2475 St. Ryamond Avenue).

Access to public transportation is good in this area of the Bronx; the elevated IRT #6 train is available one block south of the subject at Westchester Avenue and Metropolitan Avenue. Local bus service is available at Hugh Grant Circle; local buses Bx#4, Bx#14 & Q#44 provide access to points east and west as well as to the Borough of Queens.

In conclusion, the subject neighborhood is best described as a stable residential area that has access to good public schools, parks, and shopping. Because of the recent purchase of the Parkchester Development and plans for the upgrading of plumbing and electrical work, it is the appraiser's opinion that this neighborhood should improve and support residential and commercial real estate values into the foreseeable future.

DESCRIPTION OF THE LAND

Location:	The subject site is located on the southerly side of Benedict Avenue 111¾ feet east of Metropolitan Avenue in the Parkchester section of the Borough of The Bronx. The subject tax lot is identified on the tax maps as Block 3930, Lot 14. Benedict Avenue is a one-way 60 foot wide west bound roadway.
Size and Shape:	According to the topographic and planimetric survey for the City of New York, the subject site is rectangular in shape with a total land area of approximately 5,000 square feet. The subject site has approximately 50 feet of frontage on the southerly side of Benedict Avenue and a depth of 100 feet.
Site Condition:	The subject site is level and at grade and is currently improved with a 2-story & basement multi-use building containing 4,514 square feet. Soil conditions are assumed to be adequate to support the existing development. The appraiser has not made any test boring and makes no conclusions as to the soil and subsoil conditions.
Easements and Encroachments:	A check with public records indicates that the conveyance of the property is subject to any easements, reservations, covenants and restrictions, party wall, sewer and public utility agreements if any.
Utilities:	The subject has access to public amenities such as water, sewer, electric, gas, and telephone.
Ingress/Egress:	Pedestrian and vehicular access is gained via the pedestrian and vehicular entrances on Benedict Avenue. Visibility to the site from Benedict Avenue is good.

DESCRIPTION OF THE IMPROVEMENTS

General Specifications

Type:	The subject site is improved with a 2-story & basement multi-use building containing a professional unit, two apartment units and 4,514 square feet and a 6-car capacity gravel covered fenced parking lot.
Construction:	Non-fireproof
Exterior Walls:	The exterior of the building is brick and vinyl siding.

- Entrances:** There is a front and rear entrance to the multi-use building.
- Professional Space:** This space features tile floors painted walls and ceiling.
- Residential Space:** These spaces features tiled and carpeted floors, painted sheetrock walls and ceiling, bathrooms and kitchen.
- Heating System:** Located adjacent to the basement level professional space is the heating system. This is an oil fired system which provides heat via slant-fin radiators as well as hot water.
- Parking Lot:** Adjacent to the multi-use building is an approximate 2,500 square foot gravel covered piece of land currently utilized as a parking lot.
- Comment on Condition:** As of the date of inspection the building was in good overall condition. Heating system is new and windows have been recently replaced.
- Deduction for Improvements:** The appraiser will deduct \$20,000 from the value indications for the asphalt paving of the subject parking lot and the alteration of the subject residential units to professional space.

The subject property suffers from a moderate amount of deferred maintenance, some physical deterioration, (both curable and incurable) but not at all from functional obsolescence.

ASSESSED VALUATION AND REAL PROPERTY TAXES

Current Assessments The subject property tax assessments, target and transitional, for the fiscal years 1998/99 are summarized below:

Fiscal Year	Block/Lot		Assessment
1998/99	3930/63	Land:	\$6,400
		Improvements:	<u>7,319</u>
		Total	\$13,719

Tax Rate To estimate real estate taxes the transitional or target assessment (whichever is lower) is multiplied by the annual tax rate. The subject property are classified within Tax Class I. The following table summarizes the 1998/99 Class I tax rate.

Fiscal Year	Class I Tax Rate Per \$100 of Assessed Valuation
1998/99	\$10.961

The calculations below summarize the taxes that were in effect for 1998/99 fiscal year.

Fiscal Year	Block/Lot	Assessment		Tax Rate	Total Taxes
1998/9	3930/67	\$13,719	x	0.10961	<u>\$1,503</u>

9

Say: \$1,500

ZONING

The subject site is situated within an R-6/C1-2 General Residential District. According to the City Planning Commission's Zoning Handbook,

"R6 districts are appropriate for medium density housing. Typical development are from three to twelve stories. FAR ranges from 0.78 to 2.43. R6 is the highest density found in Staten Island and the lowest in Manhattan. Typical R6 areas include sections of Ridgewood in Queens and Parkchester in the Bronx. Parking must be provided for 70% of the dwelling units. C1 districts accommodate the retail and personal service shops needed in residential neighborhoods. These districts are often mapped as overlays along major avenues. Typical uses include grocery stores, small dry cleaners, restaurants and barber shops."

The following are standards for R6/C1-2 districts:

Permitted Use Groups	Groups 1-4; General residence and community facility uses. Groups 5-6; Retail and Commercial uses.
Maximum Floor Area ratio:	0.78-2.43
Minimum Lot Size:	
Detached single and 2-family:	3,800 SF, 40 foot minimum lot width
All Others:	1,700 SF, 18 foot minimum lot width

The subject site contains a total land area of 5,000± square feet, indicating a maximum permissible gross building area of approximately 12,150± square feet. The subject use for residential, parking and professional uses is among the permitted uses, the building bulk is within the permitted building limits. It is assumed that the subject represents a legal conforming use.

HIGHEST AND BEST USE

Introduction The market value of the subject property is a function of its highest and best use. This use is the reasonably probable and legal use which is physically possible appropriately supported financially feasible and that results in the highest value. The analysis of highest and best use for the subject property involves the analysis of the site as it currently exists vacant and available for development.

It is implied that the determination of the highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners. An additional implication is that the use determined from analysis represents an opinion not a fact to be found. The concept of highest and best use represents the premise upon which market value is based.

In this analysis the relationship of the site and the improvements to the area's real estate markets and surrounding improvements were considered as well as the individual physical and locational characteristics of the property.

The major considerations in estimating the highest and best use of the vacant site include the zoning classification and locational attributes of the site the quality and quantity of surrounding land use patterns the current availability of infrastructure and the supply and demand factors currently affecting the real estate marketplace.

Highest and Best Use as Vacant In estimating highest and best use there are essentially four states of analysis:

1. Possible Use. What uses are possible based upon the site's size shape area terrain soil conditions topography and access to utilities?
2. Permissible Use (legal). What uses are permitted by zoning and deed restrictions on the site in question?
3. Feasible Use. What possible and permissible uses will produce a net return to the owner of the site?
4. Highest and Best Use. Among the feasible uses which use will produce the highest net return or the highest present worth?

The highest and best of use of land (or site) if vacant and available for use may be different from the highest and best use of the improved property. This is true when the improvement is not an appropriate use but it makes a contribution to the total property value in excess of the site. The following four tests must be met in estimating the highest and best use: The use must be legal; the use must be probable not speculative or conjectural; there must be a profitable demand for such use and it must return to the land the highest net return for the longest period of time.

In arriving at the estimate of highest and best use, the subject site was analyzed: (1) as if vacant and available for development, and (2) as presently improved.

Highest and Best Use Assuming a Vacant Site

Physically Possible: The first constraint imposed on the possible use of the property is dictated by the physical aspects of the site itself. The size and location within a given block are the most important determinants of potential use. In general, the larger the site, the greater its potential to achieve economies of scale and flexibility in development.

The subject site encompasses 5,000± square feet. The site is generally rectangular in shape, and is of sufficient length and width to permit most development. There are no unusual deficiencies of the site which would hinder development. All types of improvements suitably scaled to the site are physically possible.

Legally Permissible: Legal restrictions as they apply to the subject property are private restrictions and the public restrictions of zoning. There are no known private restrictions affecting title. As discussed previously, the subject zoning district permits a variety of residential, community facility, retail and commercial uses.

Financially Feasible: Feasible uses include multi-use commercial uses, several of which are found in the Parkchester area.

Based on the location, the zoning and the demand for residential/commercial zoned development parcels in the Bronx, it appears that it is financially possible to construct a multi-story, multi-use building, with parking on the site.

Maximally Productive: In the final analysis, a determination must be made as to which feasible use is the highest and best use. The immediate area is presently developed with a variety of multi-family residential uses. The subject property occupies a good location that is in close proximity to a densely populated housing development and is convenient to public transportation. The demand for residential/commercial zoned development parcels in the Bronx is expected to continue for the next several years and for this purpose the use is neither speculative nor conjectural. If the subject site was currently completely vacant, a multi-story, multi-use building, with on-site parking would be the highest and best use of the site.

Highest and Best Use: As a result of our analysis of the market, supply/demand relationships within the subject market area and expected economic returns, the use of the site as a multi-story, multi-use building provides the greatest economic return to the site and, therefore, meets the test of highest and best use as vacant.

Highest and Best Use, As Improved

The 5,000± square foot parcel of land is presently improved with a 2-story and basement multi-use building containing a lower level professional unit, and two upper level full-floor apartment units and a total building area of 4,514 square feet. In addition the site is improved with a gravel covered and brick fenced 6-car capacity parking lot. The professional unit of the walk-up apartment building is presently vacant, but could command a rent of approximately \$12 per square foot or \$1,000 per month. One upper level apartment unit is owner-occupied, the other is being leased on a month-to-month basis. The highest and best use of this improvement would be to convert these two units to professional space. The parking lot is presently leased on a month-to-month basis to several tenants. In densely populated areas parking spaces generally command \$100 per space per month. Because the professional rents will include use of the subject parking lot the appraiser will not include this as income in the income approach.

APPRAISAL PROCESS

This section of the report explains the applicability of recognized appraisal methods reviews the work done in the valuation process and sets forth the reasoning that supports each opinion or conclusion.

The Cost Approach: In this approach the cost to replace the improvements is estimated. A deduction is made for any depreciation and the result is combined with the estimated value of the land. The approach is applicable when each component is independently measurable and when the sum of all components is believed to reflect fair market value.

The Sales Comparison Approach: This approach compares the subject property to other property that have changed hands fairly recently at known price levels. The approach is most meaningful when there is adequate market data involving comparable property. Reliability of the approach varies directly with the quantity and quality of available market data.

The Income Capitalization Approach: This approach analyzes the property's capacity to generate income (or other monetary benefit) and converts this capacity into an indication of value. The approach is suitable for property that have obvious earning power and investment appeal but inappropriate for property that have no readily discernible income potential. This approach is generally the preferred technique for appraising income producing property because it most closely reflects the investment rationale and strategies of typical buyers.

Applicability to Subject Property: Due to the presence of several sales of multi-use buildings in the subject area, the Sales Comparison Approach was utilized to value the subject apartment building. Because both the subject multi-use building and the subject parking lot are income producing properties the Income Capitalization Approach was utilized to provide an indication of value to an investor. The Cost Approach was not utilized because of the age of the structure and the difficulty in accurately measuring depreciation.

SALES COMPARISON APPROACH

The Sales Comparison Approach, also known as the Market Data Approach, provides a market value estimate of a particular property through comparison of recent sales and offerings of similar property. This approach is built upon the premise that value is directly related to prices of comparable and competitive property. Implied within this premise is the principle of substitution whereas a prudent investor would pay no more for a particular property than the cost to acquire a similar substitute, equal in desirability and utility. This principle also implies that the reliability of the Sales Comparison Approach is directly related to the comparability of sales available. When recent similar sales have occurred, this approach provides a reliable indication of value. When sufficient income and expense data is available for sales of income-producing property, the Sales Comparison Approach can also provide overall rates, income and expense ratios and gross income multipliers.

The concept of highest and best use must be recognized in the development of the Sales Comparison Approach. When selecting comparable sales, the appraiser must consider the highest and best use of both the subject property, as vacant and as improved as well as the comparables' highest and best use.

The systematic procedure for the development of the first application of Sales Comparison Approach is outlined as follows:

1. Research market to obtain data on sales transactions, offerings to purchase and listings of property considered similar to the subject.
2. Verify information by public record and conform all information to ascertain the accuracy of data and determine whether the transactions are bona-fide and arms length conveyances.
3. Determine appropriate unit of comparison for marketplace (ie., price per acre, per square foot, etc.) and develop comparative analysis.
4. Compare and adjust comparable sales to subject property for similarities and dissimilarities and omit sales which differ too greatly.
5. Reconcile various value indications of adjusted comparables and conclude final value estimate.

The Sales Comparison Approach is most applicable when recent sales of similar property exist. This approach may not provide a reliable value estimate when too few sales exist or when sales reflect strong differences in market conditions due to dated transactions. Omission of this approach altogether may sometimes be necessary when sufficient data does not exist.

In determining comparability of the sales, they should be recent bona-fide, arms length transactions which reflect similarity to the subject property. Dissimilarities to the subject are usually adjusted based upon, but not limited to, the following elements of comparison:

1. Real property rights conveyed
2. Financing terms
3. Conditions of sale
4. Date of sale
5. Location
6. Physical characteristics

The following section fully outlines step-by-step the procedure discussed for the first application of the Sales Comparison Approach.

Selection of Comparable Sales Comparable sales of property similar to the subject walk-up apartment building were derived through a thorough investigative search of public records as well as discussions with knowledgeable parties.

Geographic Parameters The geographic parameters defining the area from which to consider sales was the Borough of The Bronx with particular emphasis placed on the Parkchester, Castel Hill and Morris Park areas of the Borough.

Time Frame All sales which occurred within 24 months of the effective date of value (11-Jun-99) were considered to allow for an 2-year time frame for the sales search.

Sales Criteria Our criteria for improved sales was multi-story, multi-use buildings ranging from 2-4 units in size.

Sales Found Upon researching all available data, four sales of property considered comparable were selected for analysis.

Unit of Comparison The most common unit of comparison for the subject property type and marketplace is price per unit and price per square foot of building area. These units of comparison have been adopted for analysis of the comparable sales as they best reflects the common denominator used by buyers, sellers and brokers for multi-use properties such as the subject property within the Bronx real estate market

Comparison of Sales As previously stated, four comparable sales were selected for analysis to provide an indication of value for the subject property. The sales were analyzed on a price per unit and price per square foot of building area.

The following is a summary of the comparable sales. A description and analysis of each, including photograph is included in the addenda.

Sale	Address; Section	Description	Date of Sale	# Units	GBA	Price	Per Unit	Per SF
# 1	1230 Castle Hill Avenue	3-sty multi-use bldg	Jul-98	3	4,800	\$325,000	\$108,000	\$68
# 2	1246 Castle Hill Avenue	3-sty multi-use bldg	May-98	3	3,600	\$268,000	\$89,000	\$74
# 3	1323 Castle Hill Avenue	3-sty multi-use bldg	Nov-98	3	2,688	\$250,000	\$83,000	\$93
# 4	844 Morris Park Avenue	2-sty multi-use bldg	Jul-98	3	2,074	\$275,000	\$92,000	\$133

EXPLANATION OF ADJUSTMENTS

We have considered the following categories of adjustments: property rights conveyed, financing, time (market conditions), location, size, site/configuration characteristics, and condition and physical characteristics.

Property Rights Conveyed Specific lease data was not available for each of the comparables. No adjustment was made in this category.

Financing All of the comparables presented were either all cash transactions or typically financed, therefore no adjustment was necessary to reflect cash equivalency.

Time/Market Conditions Typically, sales and re-sales of the same property provide the best measurement of a time trend. As of the effective date of value 11-Jun-99 market conditions were improving; therefore a 6% per annum time adjustment has been utilized to adjust sales to the effective date of value (11-Jun-99).

Location: The subject enjoys a side street residential location in close proximity to a major residential development. Location adjustments were calculated based on the relative rental rates achievable in the locations of the various comparables. All four sales are located on major arteries and have been adjusted downward to reflect their superior locations.

Size: The subject measures 4,514 square feet. Sales which differed by more than 500 square feet from the subject warranted a size adjustment. Typically, smaller buildings sell at a higher per unit price and vice versa. Sales #1, #2 & #3 were adjusted downward to reflect their smaller sizes.

Condition/Physical Characteristics: The condition/physical characteristics adjustment reflects differences to the subject property in overall age, condition and physical characteristics as of the date of purchase. No adjustments were required in this regard.

Site/Configuration Characteristics: Site/configuration characteristics such as corner location, street frontages, rear yards and on-site parking were considered. The subject is a mid-block property with on-site parking which can accommodate parking for six cars. All four sales were adjusted in a negative fashion to reflect the lack of on-site parking.

Sale	Subject	1	2	3	4
Address	1916 Benedict Avenue	1230 Castle Hill Avenue	1246 Castle Hill Avenue	1323 Castle Hill Avenue	844 Morris Park Avenue
Description	2-sty & bsmt multi-use bldg.	3-sty multi-use bldg	3-sty multi-use bldg	3-sty multi-use bldg	2-sty multi-use bldg
Number Units	3	3	3	3	3
Bldg. (SF)	4,514	4,800	3,600	2,688	2,074
Date of Transfer		Jul-98	May-98	Nov-98	Jul-98
Sales Price		\$325,000	\$268,000	\$250,000	\$275,000
Property Rights Conveyed		\$0	\$0	\$0	\$0
Conditions of Sale		\$0	\$0	\$0	\$0
Financing Terms		\$0	\$0	\$0	\$0
Adjusted Sales Price		\$325,000	\$268,000	\$250,000	\$275,000
Price/Unit		\$108,000	\$89,000	\$83,000	\$92,000
Price/SF		\$68	\$74	\$93	\$133
Time Adjustment		5%	6%	3%	5%
Time Adjusted Price Per Unit		\$111,000	\$92,000	\$86,000	\$95,000
Time Adjusted Price Per SF		\$72	\$78	\$96	\$140
Adjustments					
Location		-10%	-10%	-10%	-10%
Size		0%	-5%	-10%	-15%
Site/Configuration		10%	15%	15%	15%
Conditional/Physical		0%	0%	0%	0%
Total Adjustments		0%	0%	-5%	-10%
Adjusted Price Per Unit		\$111,000	\$92,000	\$82,000	\$86,000
Adjusted Price Per SF		\$72	\$78	\$91	\$126

Conclusion of Sales Comparison Approach After adjustments, the comparable sales ranged from \$82,000-\$111,000 per unit and from \$72-126/SF of building area. Placing reliance upon all four sales, it is my opinion, based on the sales comparison approach, that the market value of the subject property, as of 11-Jun-99 was \$90,000 per unit and \$90 per square foot of gross building area, or:

$$4,514 \text{ SF} @ \$90/\text{SF} = \$406,260$$

$$3 \text{ Units} @ \$90,000/\text{Unit} = \$270,000$$

Say: = \$340,000

INCOME APPROACH

The Income Capitalization Approach is based on the premise that the value of a property is represented by the present worth of anticipated future benefits to be derived from ownership. After considering the various methods for converting a stream of expected income into value, the technique known as Direct Capitalization was chosen as most appropriate.

In the analysis which follows, an estimate of the prospective Net Annual Income (cash flow from operations before, debt service and income taxes) of the property was prepared for the 1-year fiscal year period (Jun-99 - May-2000). In support of the Net Annual Income estimate the appraiser spoke with tenants, property owners as well as brokers familiar with the income and expenses of residential property in the Parkchester real estate market.

Direct Capitalization is a method utilized to convert a single year's estimate of income into a value indication. In this method, it is important that market comparable reflect risk, income, expenses and physical and locational characteristics similar to those of the subject. In direct capitalization, a precise allocation between return on and return of capital is not made because investor assumptions or forecasts concerning the holding period, pattern of income, or changes in value of the original investment are not simulated in the method. Using this method, one must:

1. Project potential income from all sources that a competent owner could generate from a property.
2. Deduct an estimate of vacancy and collection allowance to arrive at Effective Gross Income.
3. Deduct operating expenses and real estate taxes from Effective Gross Income.
4. Divide the net operating income by the overall capitalization rate resulting in a value estimate.

Revenue Analysis The subject improvements are a 2-story & basement multi-use building containing a building area of 4,514± square feet. As of the effective date of value (11-Jun-99) the subject had a vacant professional unit, an owner-occupied residential unit and a leased residential unit. As discussed in the highest and best use analysis section of the report, the highest and best use of the property is to lease all three spaces to professional tenants at market levels of \$12 per square foot. In addition, the subject has a six car capacity parking lot; the use of this parking lot was included in the rent for the professional spaces and we will not add them as income in our stabilized statement.

Vacancy and Credit Loss: Vacancy and credit loss accounts for the differences between potential gross income and actual total collections. The vacancy factor is typically comprised of two components, the absolute underlying property vacancy, and the time necessary between leases to install a new tenant. The credit loss factor is simply the estimate of revenue lost to non-paying tenants and tenants who break leases by vacating without proper notice. Because of the good location of the subject property and historical occupancy rates at competitive buildings (rarely below 90%) the appraiser has applied a modest (5%) vacancy/credit loss factor to the stabilized income and expense statement.

OPERATING EXPENSES

In developing operating expenses for the subject property, the appraiser consulted with property owners in the Bronx. Most walk-up apartment property owners incur costs of real estate taxes, insurance, fuel for the heating system, water & sewer, utilities, repairs and maintenance, reserves and management.

Real Estate Taxes: Real Estate Taxes were developed in the assessed valuation and real estate tax section of this report.

Insurance: This expense item consists of premiums for fire and liability insurance. Based on the appraisers experience with similar property types the appraiser has allocated an insurance expenditure of \$0.50/SF to the stabilized income and expense statement.

Fuel: This expense item consists of the cost to run the heating system. Based on experience with similar property the appraiser has allocated a fuel expenditure of \$1.00/SF, to the stabilized income and expense statement.

Utilities: This expense item consists of the cost to light the public areas. Based on experience with similar property the appraiser has allocated a public area utilities expenditure of \$0.15/SF, to the stabilized income and expense statement.

Water & Sewer: This expense item consists of the cost to provide water to the apartment dwellers. Based on experience with similar property the appraiser has allocated a water & sewer expenditure of \$0.20/SF per square foot to the stabilized income and expense statement.

Repairs & Reserves: This expense item considers anticipated repairs to the roof, the heating system, as well as painting and exterior repairs. In light of the recent upgrading of the subject heating system and the condition of the improvements, the appraiser has set aside \$0.25/SF per annum for reserves.

Management: Smaller walk-up apartment property, like the subject, typically do not have a live in or visiting superintendent but do have expenses such as bookkeeping, and accounting. Based upon industry standards the appraiser has applied a 3% of Effective Gross Income management expense item to the stabilized income and expense statement.

DERIVATION OF CAPITALIZATION RATE

To estimate a capitalization rate, the appraiser has relied upon input from several market sources including an investment bulletins published by the Appraisal Institute.

Capitalization rates in the 4th quarter of 1999 generally ranged from 8-10% for multi-tenant residential property. Typically property with upside potential have lower capitalization rates. In addition, property with an established financial record are perceived as less risky, and have lower capitalization rates.

The appraiser considered the capitalization rates presented in Appraisal Institutes Survey (8.0%-10.0%) as being representative of rates of return for higher quality investments. Based on the above a capitalization rate of 10% is deemed appropriate for the subject.

CAPITALIZATION OF NET OPERATING INCOME

The result of the direct capitalization technique utilizing the capitalization rate of 10% is presented in the following table:

Income	Size (SF)	Rent/SF	Jun-99
Baasement Level Professional Space	1,000	\$12	\$12,000
Grade Level Professional Space	1,500	\$12	\$18,000
2nd Level Professional Space	1,500	\$12	<u>\$18,000</u>
Potential Gross Income			\$48,000
Vacancy/Credit Loss @ 5%			<u>600</u>
Effective Gross Income			\$47,400
Expenses	SF		
	4,514		
Real Estate Taxes	\$0.30 /SF		\$1,500
Insurance	\$0.50 /SF		2,300
Fuel	\$1.00 /SF		4,500
Utilities	\$0.15 /SF		700
Water & Sewer	\$0.20 /SF		900
Repairs & Reserves	\$0.25 /SF		1,100
Management Fee @ 3%	<u>\$0.30 /SF</u>		<u>1,400</u>
Total Expenses	\$2.70 /SF		\$12,400
Net Operating Income			\$35,000
Capitalized @ 10%			\$350,000
		Deduction for Improvements:	<u>\$20,000</u>
		Say:	\$330,000

Conclusion

The Direct Capitalization technique of the Income Approach was used in this analysis. Direct Capitalization indicated a value of \$330,000

The direct capitalization technique is most accurate in determining market value of property whose income and expenses are not subject to large changes over time. After considering all the income variables, it is the appraisers' opinion that the fair market value of the subject property, as indicated by the Income Capitalization Approach, as of 11-Jun-99, the effective date of value is:

THREE HUNDRED THIRTY THOUSAND (\$330,000) DOLLARS

RECONCILIATION

The Sales Comparison and Income Capitalization Approaches to value were used to estimate the value of the subject property. The indications of value are as follows:

COST APPROACH	Not Applicable
SALES APPROACH	\$320,000
INCOME APPROACH	\$330,000

In our final reconciliation, we have considered the reliability, accuracy, and validity of the data available from which the conclusions were drawn.

The Cost Approach was not considered applicable to the subject property due to lack of reliable support to estimate accrued depreciation and the high degree of subjectivity in estimating physical obsolescence.

The Sales Comparison Approach is generally a good indication of value of multi-use properties. The four sales of multi-use properties presented are generally comparable; adjustments were made to reflect differences to the subject. Because the subject property types are purchased by both investors and owner-users this approach has been utilized and given limited emphasis.

The Income Capitalization Approach provides a pertinent indication of value for an income producing property. Because the subject multi-use building and adjoining parking lot are income producing properties and can be marketed as investment property this approach has been utilized but have been given more emphasis because the property types are predominantly investor properties.

Recognizing both the investment nature of the subject property, as well as the above factors, a reliable indication of value is considered to be reflected more by the Income Capitalization Approach and less by the Sales Comparison Approach to value. From our investigation and analysis, considering the factual data previously discussed and the available market data analyzed, it is our opinion that the market value of the subject property, as of 11-Jun-99 is:

THREE HUNDRED THIRTY THOUSAND DOLLARS
(\$330,000)

CERTIFICATION

I certify that to the best of our knowledge and belief:

- The statements of fact contained in the accompanying report dated September 29, 2001 for Migel Rodriguez, covering the valuation of property in the Borough of The Bronx, New York are true and correct.
- The reported analyses opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal unbiased professional analyses opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent on an action or event resulting from the analyses opinions or conclusions in or the use of this report.
- This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- Our analyses opinions and conclusions were developed and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute and in conformity with 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.
- Paul J. Dougherty has inspected the property that is the subject of this report.
- No one other than the undersigned has provided significant professional assistance in the preparation of this report.

Paul J. Dougherty
State Certified General Appraiser #46-11571

PAUL J. DOUGHERTY

EXPERIENCE

- He has been actively engaged in the preparation of real estate appraisals since 1986. He has appraised a wide variety of residential (apartment, cooperative, condominium, luxury high-rise, garden apartment) residential and professional (taxpayers, strip, neighborhood & community centers) commercial (urban and suburban office buildings) and industrial property (warehouses, factories, lofts), vacant land and special purpose property (marinas) as narrative appraisal reports for various purposes, including mortgage financing and estate planning purposes.

EDUCATION

- Bachelor of Science Degree in Economics
Fordham University, Bronx, New York
- Candidate Appraisal Institute (#M89-0674)

CERTIFICATION

- General Appraiser: He is certified by New York State as a General Appraiser meeting the requirements for certification relating to the appraisal of all types of real property. Certification #: 46000011571

REAL ESTATE COURSES

- Appraisal Principles
- Appraisal Procedures
- Income Capitalization Part A
- Income Capitalization Part B
- Advanced Applications
- Standards of Professional Practice

AREA MAP

TAX MAP

SANBORN MAP

ZONING MAP

COMPARABLE SALES MAP

Improved Sale #1:

Address: 1230 Castle Hill Avenue
Location: Northeasterly corner of Ellis Avenue and Castle Hill Avenue; Castle Hill area of The Bronx, New York
Block/Lot: 3822/1

Grantor: Rocco DiTomasso
Grantee: Lee Yau Ying
Date of Sale: 9-Jul-98
Sales Price: \$325,000
Property Rights Conveyed: Fee Simple Interest
Financing: None recorded
Conditions of Sale: Arms length transaction.
Verification: Deed
Site Data: Rectangular shaped corner parcel; 1,863± square feet.
Improvements: 3-sty multi-usebuilding; 4,800 SF
Unit Price: \$68± Per SF; \$108,000 per unit
Comments: Property located on major retail artery.

Improved Sale #2:

Address: 1246 Castle Hill Avenue
Location: Easterly side of Castle Hill Avenue; between Ellis Avenue and Newbold Avenue; Castle Hill area of The Bronx, New York
Block/Lot: 3822/8

Grantor: Rocco DiTomasso
Grantee: Lee Yau Ying
Date of Sale: 9-Jul-98
Sales Price: \$325,000
Property Rights Conveyed: Fee Simple Interest
Financing: None recorded
Conditions of Sale: Arms length transaction.
Verification: Deed
Site Data: Rectangular shaped corner parcel; 1,863± square feet.
Improvements: 3-sty multi-usebuilding; 4,800 SF
Unit Price: \$68± Per SF; \$108,000 per unit
Comments: Property located on major retail artery.

