

# APPRAISAL REPORT

Property of:  
**The State of Vermont**  
26 Terrace Street  
Montpelier, Vermont



**MARTIN APPRAISAL SERVICES, INC.**

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December 23, 2016

Mr. Bill Laferriere  
State of Vermont, BGS Property Management  
4 Aiken Avenue  
Montpelier, Vermont 05633-7001

Appraisal Report - Property of  
The State of Vermont  
26 Terrace Street, Montpelier, Vermont

Dear Mr. Laferriere:

In accordance with your request, I have completed an appraisal report for the purpose of estimating Market Value of the Fee Simple Interest in the property indicated above, referred to as the subject property. I personally inspected the property, which is a 10.14 acre parcel improved with a historic type building that has been used as State offices for many years, and contains 8,609 square feet.

Based upon the facts and matters contained in the attached report, including all limiting conditions as outlined, it is my professional opinion that the Market Value of the subject property in "as is" condition, as of December 9, 2016 is:

**One Million Dollars (\$1,000,000)**

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

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

Respectfully submitted,



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



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

## TABLE OF CONTENTS

SUMMARY OF APPRAISAL & CONCLUSIONS	1
PHOTOGRAPHS OF SUBJECT PROPERTY	2-6
IDENTIFICATION OF SUBJECT PROPERTY	7
CLIENT & INTENDED USERS	7
PURPOSE OF THE APPRAISAL	7
INTENDED USE OF THE APPRAISAL	7
REPORTING OPTION	7
PROPERTY RIGHTS APPRAISED	7
MARKET VALUE DEFINED	8
SCOPE OF THE WORK	9
AREA DATA	10-15
NEIGHBORHOOD DATA	16
MAPS	17-18
DESCRIPTION OF THE SUBJECT PROPERTY	
HISTORY	19
SITE DESCRIPTION	19-20
PLAT MAP	21-22
GOOGLE MAP	23
FLOOD ZONE MAP	24
ANR MAP	25
ZONING	26
TAXES & ASSESSMENTS	27
IMPROVEMENTS	28-29
BUILDING SKETCH	30
HIGHEST AND BEST USE	31-33
APPRAISAL APPROACH	34-35
LAND VALUATION	36-51
COST APPROACH	52
SALES COMPARISON APPROACH	53-62
INCOME APPROACH	63
RECONCILIATION	64
EXPOSURE TIME & MARKETING TIME	65-66
CERTIFICATION	67
ADDENDUM	

## SUMMARY OF APPRAISAL & CONCLUSIONS

Identification of Property – 26 Terrace Street, Montpelier, Washington County, Vermont

Owner of Property – The State of Vermont

Property Type – Office

Land – Approximately 10.14 acres based on tax assessment data

Building – Two to three story, masonry building designed as a single occupant office building with 8,609 SF

Zoning – “Medium Density Residential” district

Highest & Best Use – Continued office use

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

Opinion of Value in "As Is" Condition:

Indicated Value by the Cost Approach	N/A
Indicated Value by the Sales Comparison Approach	\$1,000,000
Indicated Value by the Income Approach	N/A

Final Opinion of Market Value – “As Is” Condition	\$1,000,000
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Date of Inspection and Value Estimate – December 9, 2016

PHOTOGRAPHS OF SUBJECT PROPERTY



Subject Building - Looking Westerly



Subject Building - Looking Southerly

STREET SCENE



Terrace Street - Looking Northwest



Terrace Street - Looking Southeast

INTERIOR PHOTOGRAPHS



First Floor Office Area



Second Floor Office Space



Second Floor Office Space



Third Floor Office Space





First Floor Entry Foyer



Basement Kitchen

## **IDENTIFICATION OF PROPERTY**

Location: 26 Terrace Street, Montpelier, Washington County, Vermont  
Tax Map: 500-072

## **CLIENT & INTENDED USERS**

This appraisal has been prepared for our client, Bill Laferriere, representing the State of Vermont, BGS Property Management. This appraisal may neither be used nor relied upon by anyone other than the client, for any purpose whatsoever, without the express written consent of the appraiser.

## **PURPOSE OF THE APPRAISAL**

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

## **INTENDED USE OF THE APPRAISAL**

The intended use of the appraisal can also be referred to as the function of the report. In this instance, it is the appraisers understanding that the intended use of this appraisal report is to assist in collateral valuation, loan underwriting or portfolio management.

## **REPORTING OPTION**

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

## **PROPERTY RIGHTS APPRAISED**

This appraisal has been made with the understanding that the ownership of the property is not encumbered by a lease agreement. Therefore, the Fee Simple Estate has been estimated.

Fee Simple Estate can be defined as, "absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."<sup>1</sup>

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<sup>1</sup> The Dictionary of Real Estate Appraisal, Appraisal Institute, Third Edition, 1993, page 140

## MARKET VALUE DEFINED

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

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

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<sup>2</sup> Federal Register, Part VI, Department of the Treasury, December 10, 2010

## SCOPE OF THE WORK

Scope of the Work can be defined as "the type and extent of research and analyses in an appraisal or appraisal review assignment."<sup>3</sup>

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

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

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

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

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<sup>3</sup> Uniform Standards of Professional Appraisal Practice 2016-2017, Appraisal Standards Board, page 4

## AREA DATA

The subject property is located in the City of Montpelier, Washington County, Vermont. This is a small city, which serves as the State Capital. Montpelier is a major employer and retail area for the region; however, the City of Barre and the town of Berlin also serves this function and forms one economic region.

The following population figures were obtained from the U.S. Census Bureau, and can provide an indication of the general market area:

Area	1990 Population	% Change from 1980	2000 Population	% Change from 1990	2010 Population	% Change from 2000
Montpelier	8,247	0.10%	8,035	-2.57%	7,855	-2.24%
Washington County	54,928	4.80%	58,039	5.66%	59,534	2.58%
Vermont	562,738	10.00%	608,827	8.19%	625,741	2.78%

Montpelier is an older community that is nearly fully developed, so there has been no growth in population. The slight decrease may be the result of smaller family sizes. The surrounding communities have more excess land and have experienced a greater increase in population.

The local economy is stable, with the State of Vermont being the largest employer. In addition, National Life Insurance Company, Union Mutual, and Vermont Mutual Insurance Company in Montpelier, and Blue and Cross Blue Shield of Vermont and Central Vermont Medical Center in the neighboring town of Berlin, provide many jobs. In Barre, Rock of Ages is one of the largest employers, and there are a number of smaller granite sheds that provide many manufacturing type jobs.

Montpelier has a full time police department and fire department. These services are above average because many of the more rural communities have limited services. Local government is adequate and should not have a significant impact on value. However, the tax rate in Montpelier is one of the highest in the state, and this reduces the demand for real estate.

Montpelier has a municipal school system with an elementary, middle, and high school. The Vermont College of Fine Arts and the New England Culinary Institute are in Montpelier, and Norwich University is located in nearby Northfield. These institutions are major employers in the area and offer above average educational opportunities to local residents.

Transportation alternatives are considered better than average. Montpelier is located on Interstate 89, which improves the accessibility of the community. The majority of the residents in Vermont rely on private automobiles, and I-89 is one of only two major interstate highways in the entire state. Montpelier is centrally located, which further improves the location for certain businesses. There is a private airport in the neighboring town of Berlin, and commercial flights are available at Burlington International Airport, which is less than an hour from Montpelier. There is bus and rail service in Montpelier, with Amtrak providing daily train service. Local transportation is provided between Barre and Montpelier, and this is one of the few areas in the state with local bus service.

The State of Vermont Department of Taxes provided the following real estate sales activity information for this community:

Property Category - # of Valid Sales										
<i>Montpelier</i>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Residential <6 Ac.	109	119	82	79	88	91	101	144	123	99
Commercial	12	16	4	16	11	14	1	4	0	2
Open Land	5	1	2	1	3	4	2	1	0	0
Median Sale Price										
Property Category	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Residential <6 Ac.	\$210,500	\$212,000	\$220,675	\$159,900	\$189,250	\$204,000	\$218,000	\$206,000	\$206,000	\$240,000
Commercial	\$350,824	\$289,950	\$632,000	\$181,450	\$199,000	\$260,800	N/A	\$215,500	N/A	N/A

The number of residential sales decreased in 2015 after several years of trending upward. This is partially the result of the lack of available housing on the market, and less a reflection of demand. The number of commercial sales has varied from year to year, but there have been few transactions over the last few years. However, this data is inaccurate, as there was more than one valid commercial transaction in this community in 2012 and 2014, and more than two commercial sales in 2015. Therefore, this data was not relied upon. Market data from the entire state was considered as a better guide to market trends.

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

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

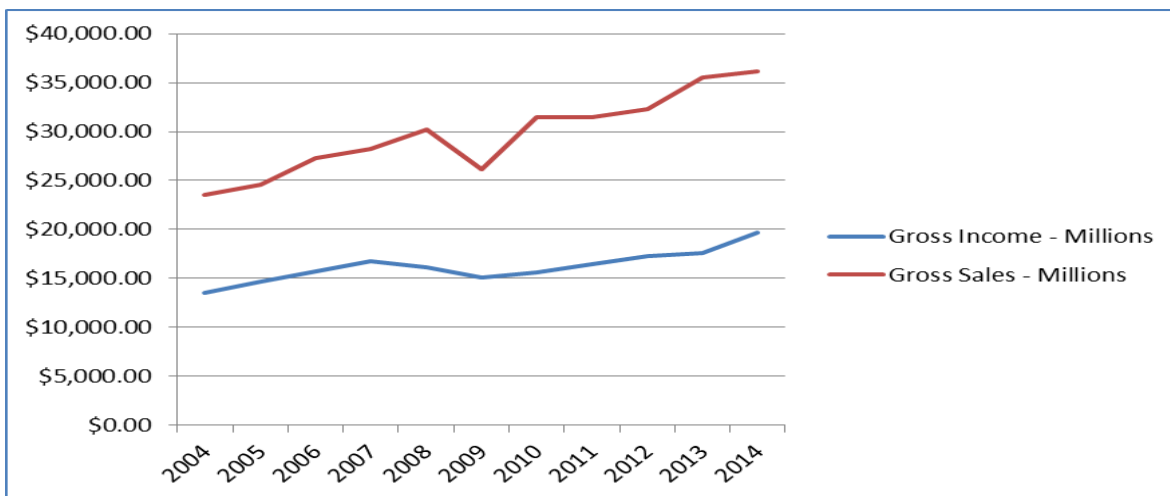
<b>Vermont Economic Indicators - VT Nonfarm Employment</b>				
<u>Period</u>	<u>Employed</u>	<u>%Change</u>	<u>Unemployment</u>	<u>Annual Avg.</u>
Dec. 2005	310,700		3.60%	305,500
Dec. 2006	308,600	-0.68%	3.80%	307,700
Dec. 2007	309,200	0.19%	4.00%	308,400
Dec. 2008	302,700	-2.10%	5.90%	307,200
Dec. 2009	292,200	-3.47%	6.90%	297,200
Dec. 2010	295,300	1.06%	5.80%	298,000
Dec. 2011	303,000	2.61%	5.10%	300,700
Dec. 2012	304,600	0.53%	4.90%	304,500
Dec. 2013	309,100	1.48%	4.20%	306,600
Dec. 2014	310,200	0.36%	4.10%	309,600
Dec. 2015	314,300	1.32%	3.60%	312,500
Source: Vermont Department of Labor				

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

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

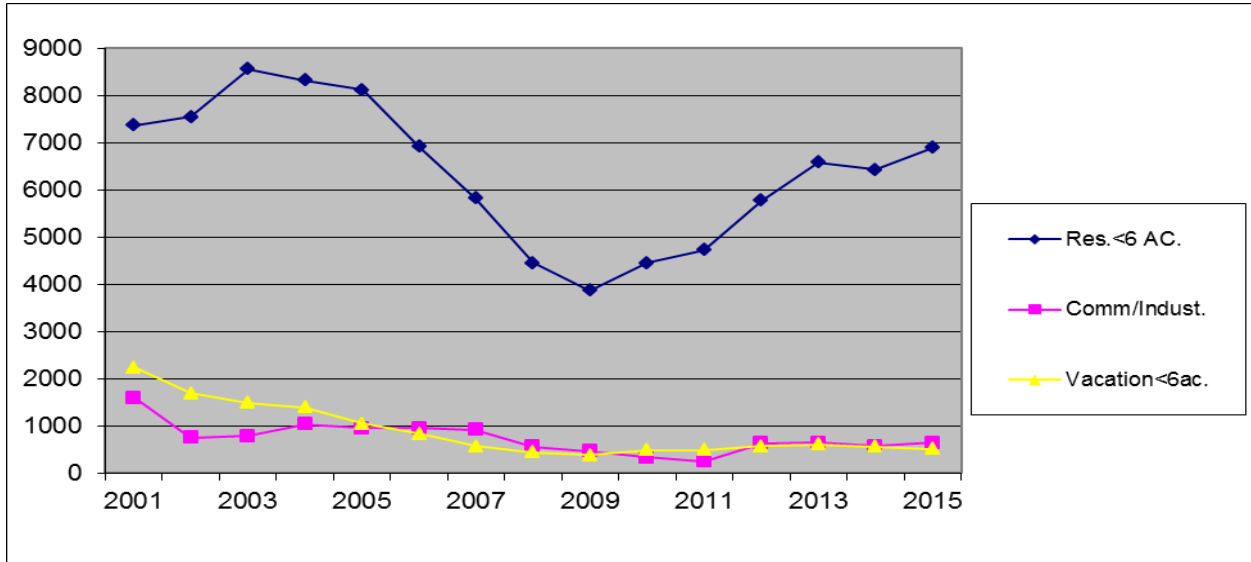
Year	Adjusted Gross Income		Sales & Use Taxes	
	Gross Income	% Change	Gross Sales	% Change
2003	\$12,329,165,483	N/A	\$21,263,695,491	N/A
2004	\$13,499,935,613	9.50%	\$23,490,101,762	10.47%
2005	\$14,626,285,918	8.34%	\$24,548,099,007	4.50%
2006	\$15,700,422,021	7.34%	\$27,241,028,420	10.97%
2007	\$16,716,271,160	6.47%	\$28,177,381,609	3.44%
2008	\$16,080,851,580	-3.80%	\$30,223,494,482	7.26%
2009	\$15,061,527,050	-6.34%	\$26,137,071,136	-13.52%
2010	\$15,648,693,875	3.90%	\$31,464,174,298	20.38%
2011	\$16,442,857,018	5.07%	\$31,415,753,879	-0.15%
2012	\$17,264,962,058	5.00%	\$32,305,280,211	2.83%
2013	\$17,621,172,293	2.06%	\$35,397,610,104	9.57%
2014	\$19,654,012,005	11.54%	\$36,188,358,084	2.23%

The adjusted gross income of residents in Vermont was increasing steadily until the recession in 2008. It declined for two years, and had been slowly increasing during the period of slow economic recovery. In 2014 there was a relatively high increase suggesting an improvement in the economy. The gross sales are the annual total based on the reported sales from the sales and use tax. It has been increasing over the past three years which is also a positive sign for the economy; however, the increase in 2014 was fairly small. The following chart provides a visual guide to the changes.



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

**NUMBER OF VALID SALES IN VERMONT**



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

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

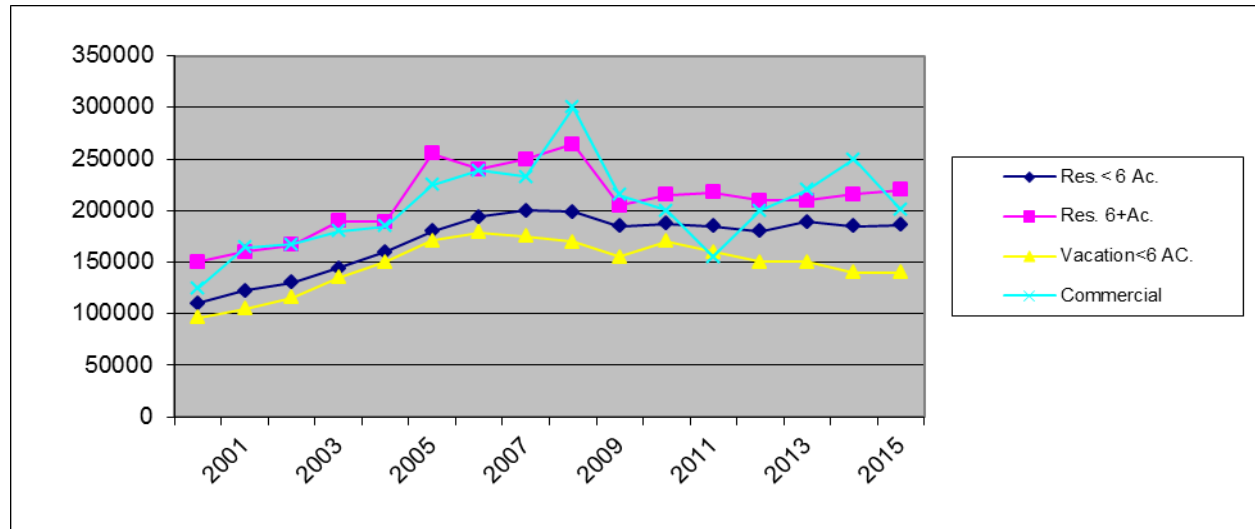
Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Res.<6 AC.	6,919	5,820	4,455	3,873	4,449	4,727	5,776	6,585	6,431	6,892
% Change	N/A	-15.88%	-23.45%	-13.06%	14.87%	6.25%	22.19%	14.01%	-2.34%	7.17%
Avg/Mo.	577	485	371	323	371	394	481	549	536	574
Comm./Industrial	951	918	565	464	340	252	632	651	570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

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



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

**MEDIAN SALE PRICES – STATE OF VERMONT**



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

<b>Valid Residential - Less Than 6 Acres - State of Vermont</b>										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Median Price	\$194,000	\$200,000	\$199,000	\$185,000	\$187,000	\$185,000	\$180,000	\$189,000	\$185,000	\$185,819
% Change		3.09%	-0.50%	-7.04%	1.08%	-1.07%	-2.70%	5.00%	-2.12%	0.44%

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

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

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

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

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

Source: US Census

The amount of new construction started to slow in 2005 prior to the recession. However, there were a considerable number of new units developed in 2005 and 2006 and the value of the new construction actually peaked in 2005. The number of units developed and the value of the units declined considerably in 2007 and remained low through 2012. There has been an increase over the past three years for the total units, which is a positive sign for the residential real estate market.

In conclusion, Montpelier is a small city that, along with Barre City and Berlin, acts as the economic center for Central Vermont. The commercial market in Montpelier has shown signs of improvement. Montpelier is nearly fully developed with little room for expansion, and has a stable economic base created by the State Government. There is a continual demand for commercial real estate in this community, but a limited supply of available space. This creates a favorable real estate market, and real estate values should increase in the future.

## NEIGHBORHOOD DATA

The subject is within walking distance of the downtown commercial district, but is located in what is primarily a residential neighborhood. It is considered the area west of the Capital Complex, north of Route 2, and east of the Town of Middlesex. Most of the surrounding properties are average to good quality, single family dwellings. Many of the dwellings are older, 100+ year old homes, but there was also significant development in this neighborhood in the 1950's. The subject is located on Terrace Street, a residential street that connects to Bailey Avenue. Bailey Avenue intersects with State Street (Route 2), just south of the subject. The subject is close to this intersection, improving the accessibility and appeal for a non-residential use.

The subject is close to State Street, on the western end of Montpelier. This portion of State Street is developed primarily with office buildings, including several that are leased or owned by the State of Vermont. The capital building is further east on State Street. This area is also close to interstate access, which is a benefit for office uses.

The Central Business District is primarily a few blocks along Main Street and State Street. This district is characterized by many historic buildings that are generally one to five stories in height and used as retail stores or professional offices on the first floor with offices or apartments on the upper floors. Most of the buildings are over 100 years old and are average to good quality buildings in good overall condition. Many have been renovated to provide functional commercial space, but there remains some older buildings that have functional limitations.

The Capital Complex forms the western boundary of the downtown district, which includes the State House and numerous other State office buildings. The State Government creates a direct demand for office space in the Central Business District. In addition, businesses that serve the State Government increase the demand for commercial space. The State employees create a consumer base for many of the local shops and restaurants in the downtown area.

There are several proposed projects for the downtown area of Montpelier that, over the long term, may improve the appeal of this neighborhood. The redevelopment of the "Carr lot" has been proposed for several years as a city project. This proposal is to build a transit center and new housing on this property. This project will include expanding the recreational path, which requires crossing the North Branch River in this area. The City purchased the "Carr Lot" and two properties on the other side of the river to facilitate this project. The city has begun replacing the retaining wall along the river, which is the first step in the redevelopment project.

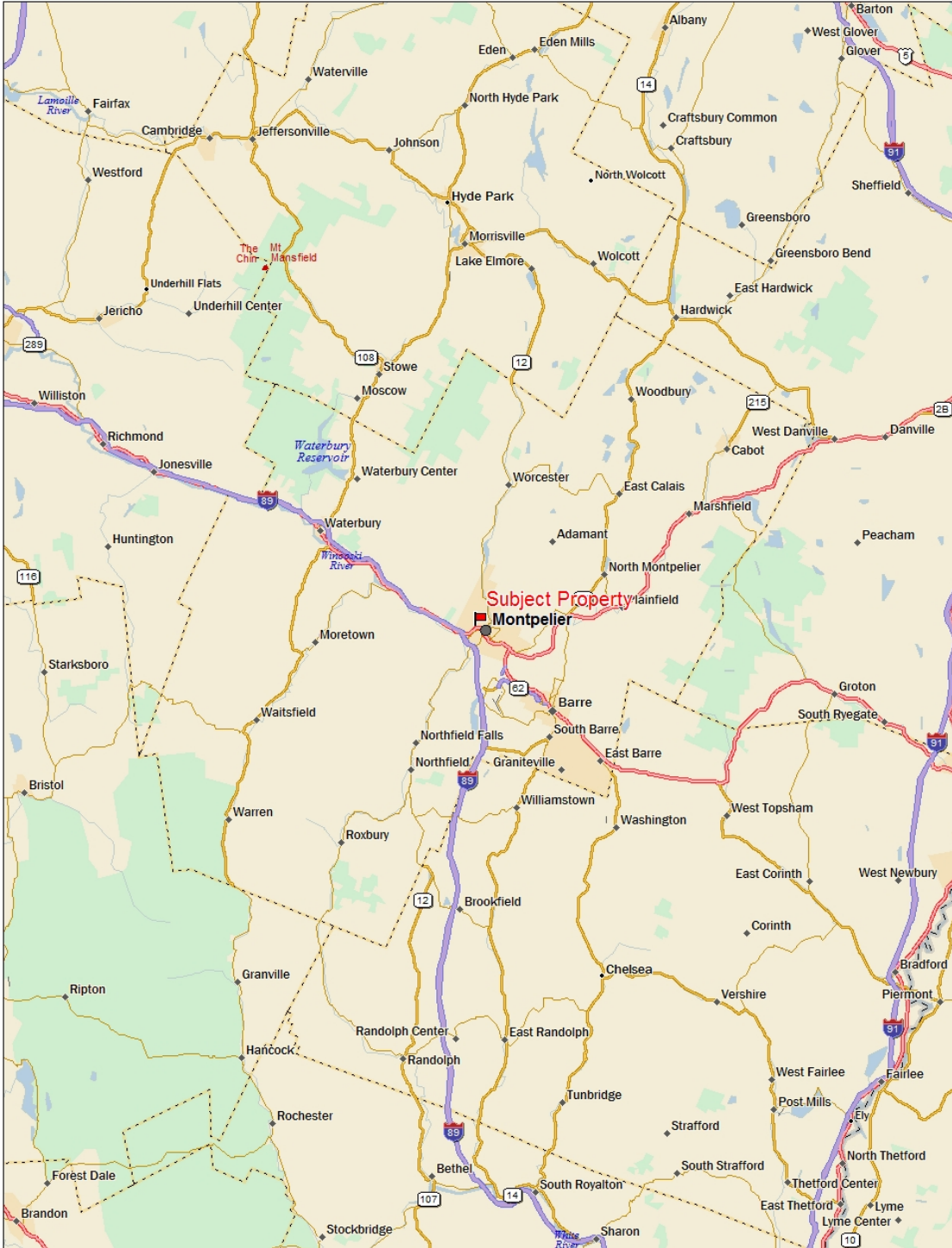
The other municipal project that was completed a couple of years ago was the "biomass district energy plant." A new biomass heating plant was constructed on part of the State Complex. The plant is used to heat the State owned buildings, but is also being used to heat several municipal properties and privately owned properties in the Central Business District.

In conclusion, the subject is located in a residential neighborhood near the Central Business District of Montpelier. The neighborhood is considered fully developed, with average to good quality residential dwellings. The subject is one of the few commercial uses in this neighborhood, but there are other similar office buildings fronting on State Street, just one block removed from the subject. It is unlikely that this neighborhood will see significant changes, and will remain a primarily residential neighborhood.

# REGIONAL MAP



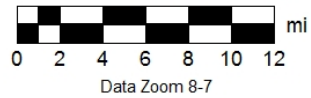
Street Atlas USA® 2008



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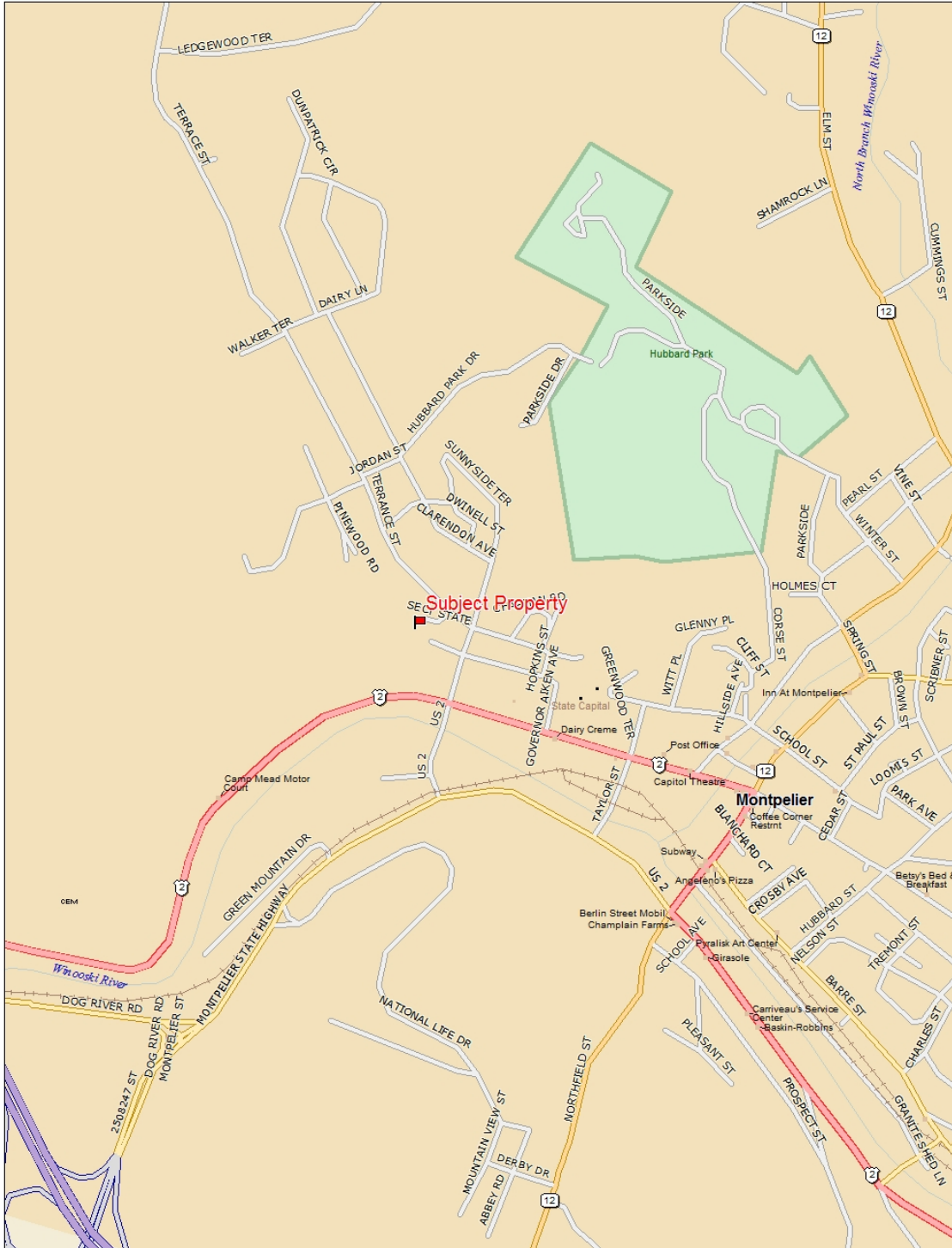
www.delorme.com



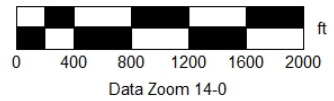
# NEIGHBORHOOD MAP



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## **DESCRIPTION OF SUBJECT PROPERTY**

### **HISTORY OF SUBJECT PROPERTY**

Owner of Record: The State of Vermont  
Last Date of Transfer: June 7, 1949  
Deed Book/Page: 65/303  
Sale Price: N/A  
Current Status: Not currently listed on the market for sale.

The owners are planning to market the property for sale. However, this is a State owned building, and the owners must obtain approvals from the State Legislature before they can market the property for sale. A copy of the deed has been included in the addendum to this report. As a real estate appraiser, I am not qualified to make judgments of a legal nature, and it is assumed that the legal description is accurate.

### **SITE DESCRIPTION**

Size – Approximately 10.14 acres based on tax assessment data

Shape – Irregular

Frontage & Access – Adequate, fronts on Terrace Street, a side road with one curb cut. There is also access from the end of Baldwin Street, with a footpath to the building, but the topography is steep from Baldwin Street, limiting the utility

Visibility – Limited, side road

View – Average, mostly wooded; however, the property is on a hill, and if some trees were removed, there would be above average views of downtown Montpelier

Topography – Mostly level at building sight, but slopes down steeply to the south and east behind the building

Utilities – Municipal water and sewer, public electric

Flood Hazard – No, as shown on FIRM Map Panel 50023C0264E, dated March 19, 2013

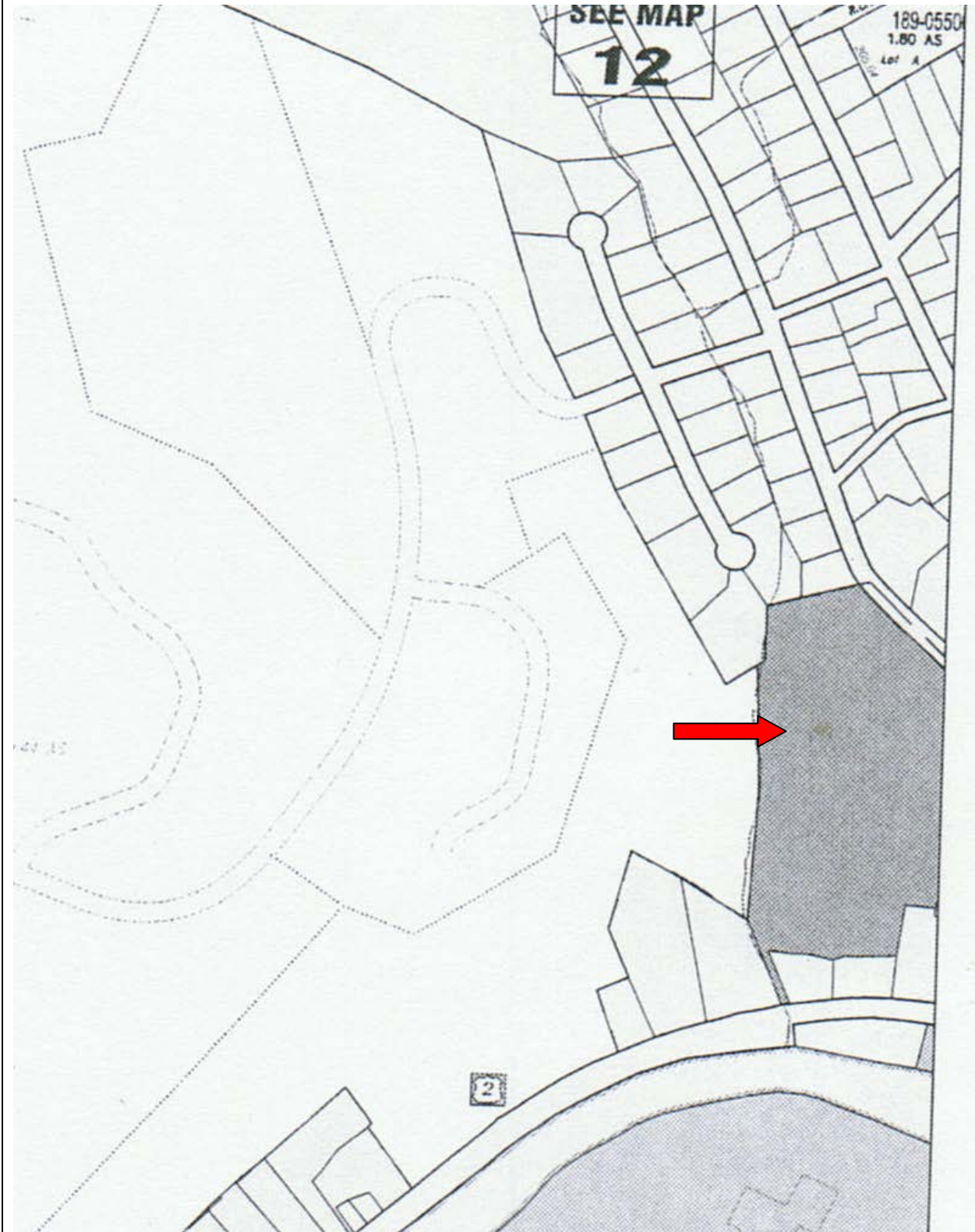
Easements, R.O.W., etc. – None known or represented that would have a significant impact on value.

Comments – This is a large parcel, given the location within Montpelier. There is a paved driveway off of Terrace Street, but the building sits back from the road. There is a paved parking area in front of the building, but there was snow at the time of the inspection, and it was difficult to determine the number of parking spaces. There appears to be ample parking for the existing use. There is also a paved driveway around the building, but no parking on the south side.

The majority of the land surrounding the building is wooded with tall pine trees. The topography slopes down from the building to the south and east. The topography of the lot could limit the potential for additional development, or subdivision of the parcel. Due to the topography, a significant amount of the land would be considered unusable. A boundary of the usable land was estimated using Google Maps, and the map has been provided on page 23. The map suggests a usable land area of 139,400 SF, or 3.2 acres. This is only an estimate, and some of the additional land would be necessary for zoning and set back requirements. Therefore, an estimate of the usable land was concluded at 3.5 acres. The remaining 6.64 acres was considered to be excess land with limited utility due to the topography. The 3.5 acre usable portion would reflect a land to building ratio of 17.7 to 1.

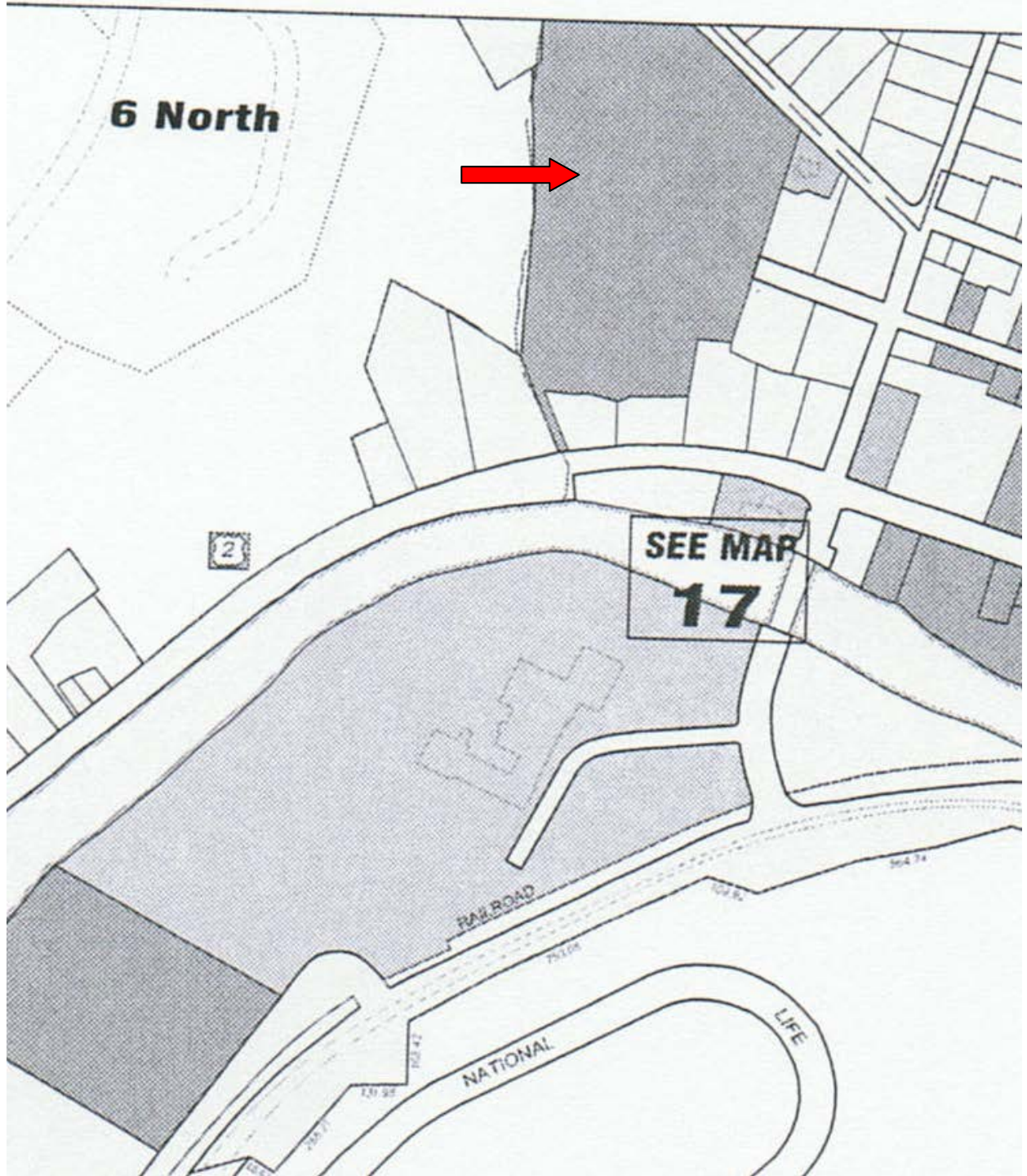
The indicated value assumes that there are no environmental problems or limitations. As a real estate appraiser, I am not qualified to determine if there is any contamination. An ANR Environmental Interest Locator Map obtained from the State of Vermont, Agency of Natural Resources is provided as a reference, but I take no responsibility for the accuracy of this map.

PLAT MAP

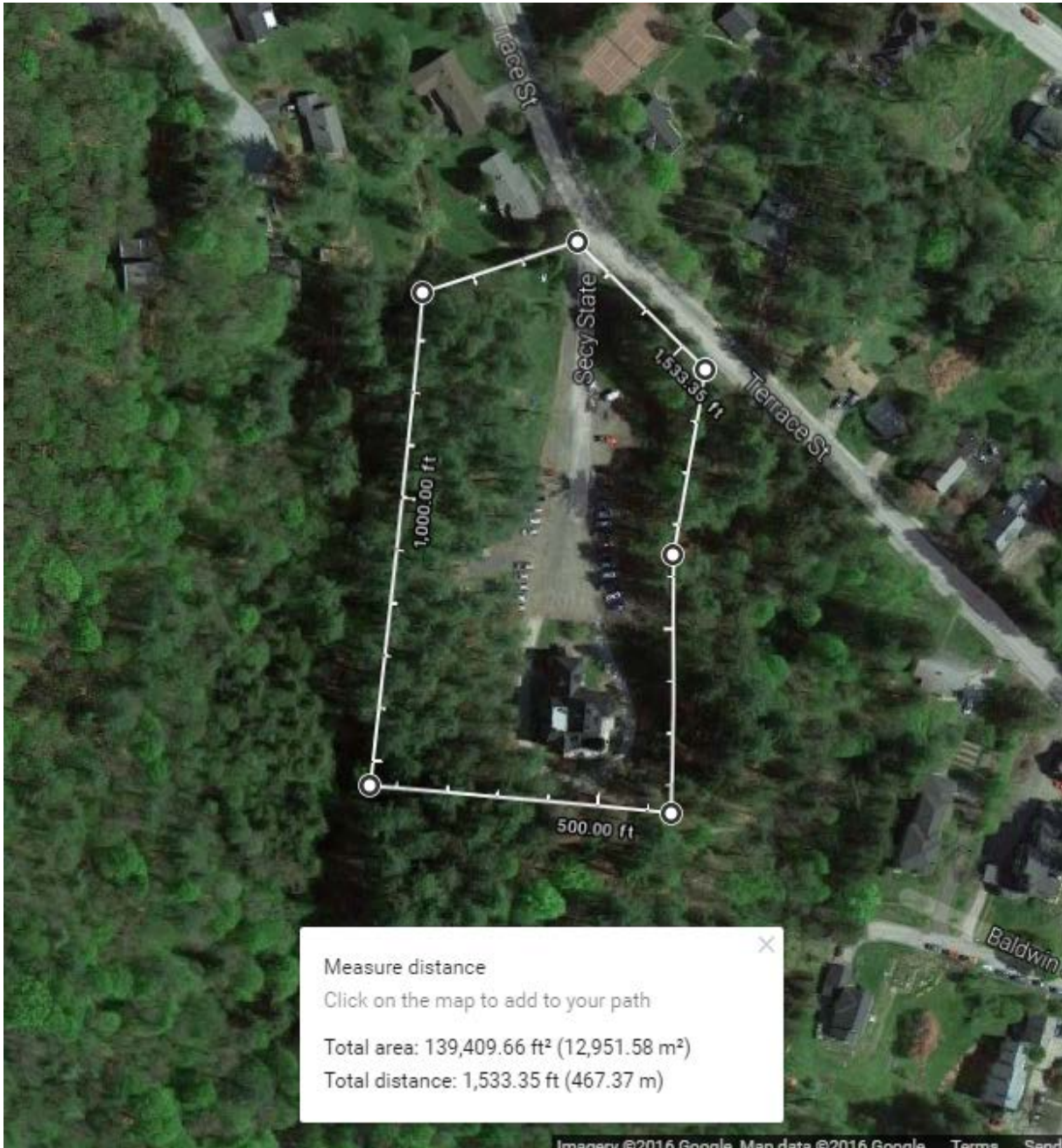




**PLAT MAP**



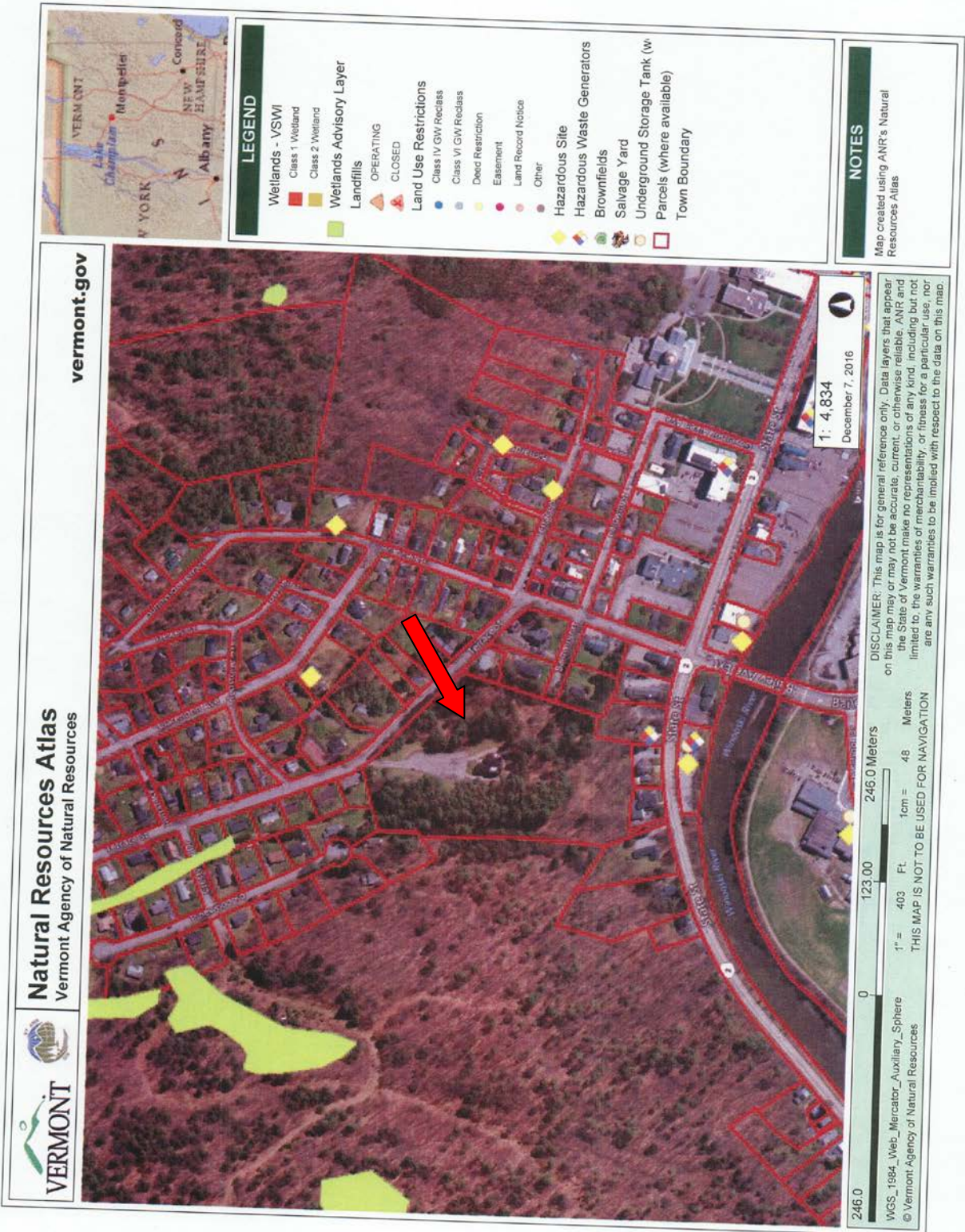
**GOOGLE MAP**  
Usable Land Boundary Estimate



# FLOOD MAP



# ANR MAP



### ZONING - Existing

The subject is located in the “Medium Density Residential” district. Permitted uses in this district include single family and two family dwellings, child care, group homes, churches and home occupations. Conditional uses include multi-family, bed and breakfast, office, medical clinics and recreation. The current designed use as an office is a conditional use in this district and the subject has been an office for many years. The dimensional requirements are as follows:

Minimum Lots Size: 10,000 SF  
Minimum Frontage: 75’  
Setback Requirements: Front & Side – 10’ Rear – 30’  
Maximum Building Height: Three Stories or 45’  
Maximum Lot Coverage: 33%  
Minimum Lot Area per Dwelling Unit: 10,000 SF

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

### ZONING - Proposed

The City of Montpelier is working on changes to the existing zoning ordinance. Under the current proposed zoning regulations, this property would appear to be in the “Mixed Use Residential” district. Permitted uses in this zone will include one to four unit residential dwellings, personal and professional services, religious facilities, schools, and child care facilities. Conditional uses will include offices, restaurants, laboratories, recreational uses, governmental facilities or offices, multi-family (4+ units), and senior housing.

Minimum Lots Size: 3,000 SF  
Minimum Frontage: 45’  
Setback Requirements: Front & Side – 5’ Rear – 10’  
Maximum Building Footprint: 6,000 SF  
Building Height: Minimum of 24’ but maximum of 40’  
Residential Density: One unit per 1,500 SF

If the zoning changes are approved, it will not significantly change the permitted or conditional uses, but it will increase the density for residential development. This could impact the highest and best use conclusions. However, the zoning change has not been approved, and this appraisal was based on the current zoning.

TAXES & ASSESSMENTS

The property is owned by the State and therefore, is tax exempt. The city of Montpelier does have a recorded assessed value of \$729,700 for the building, but this was indicated to be the insurable value of the building, and does not reflect any value for the land.

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

<u>Year</u>	<u>Tax Rate</u>	<u>CLA</u>
2016	\$2.7321/\$100	N/A
2015	\$2.6750/\$100	95.26
2014	\$2.6139/\$100	97.07
2013	\$2.5005/\$100	97.92
2012	\$2.4339/\$100	99.51
2011	\$2.4029/\$100	99.63
2010	\$2.4830/\$100	98.24

Also properties located in the Downtown District Tax (DID) are subject to an additional tax of \$0.0515/\$100. The subject does not appear to be in this district.

The common level of appraisal is based on a comparison of actual sale prices of valid sales to the assessed value of that property. A common level of appraisal of 100% would suggest that the assessed values are similar to sale prices in this community. In Montpelier, the assessed values are approximately 5% lower than market values.

## IMPROVEMENT DESCRIPTION

Type of Construction – Two and part three story, masonry structure

Age – Built in the late 1800's

Size – Approximately 8,609 SF

Exterior Description – Average quality in average condition

Foundation – Masonry

Exterior Walls – Brick and stone blocks

Roof – Metal

Doors – Original wood frame, historic entry doors

Windows – Wood frame, double hung, single pane windows with storms and screens

Interior Description – Average to good quality in average condition

Basement – Full, unfinished

Interior Floors – Primarily carpet, some hardwood

Interior Walls – Primarily sheetrock, some older plaster

Insulation – Assumed limited

Interior Ceilings – Acoustical tiles

Lavatories – Three – 2 fixture bathrooms

Mechanical Systems –

Heating – Oil fired, hot water baseboard

Air Conditioning – Some units, but limited duct work, assumed minimal

Electric – Three phase, 150 amp main

Plumbing – Assumed adequate

Sprinkler System – Full, wet system

Special Features (Elevator, alarm systems, etc.) – Security system, front porch with HCP ramp, fireplaces

Comments: The building was originally built as a house, but was renovated by the State for office use around 1949. It has several historic features, such as original doors and door frames, built-in cabinets and seven fireplaces. The first floor also has 11' ceilings height.

The design is unique for office space. It is divided into numerous rooms on each floor, but the rooms are all relatively large for single room offices. Most of the rooms were used as shared work spaces, with a few being private offices, and a couple of conference rooms. The floors have primarily older carpet, though a couple rooms have hardwood floors on the second floor. Many of the rooms may require updated flooring, but were generally in average overall condition for office use.

The third floor had been the servants' quarters for the original house. There are four finished rooms at present, with the balance being attic type storage space. The finished rooms have older carpet and are large for private offices, similar to the rooms on the first two floors. However, the third floor has a much lower clearance of only seven to eight feet.

There is a full basement, which has a small kitchenette area set up with a refrigerator and a sink. The entire basement area has concrete floors. The kitchenette fixtures are older and therefore, this was not considered finished basement space. The basement is completely below grade and therefore, was not included in the overall square footage. The majority of the basement is unfinished storage.

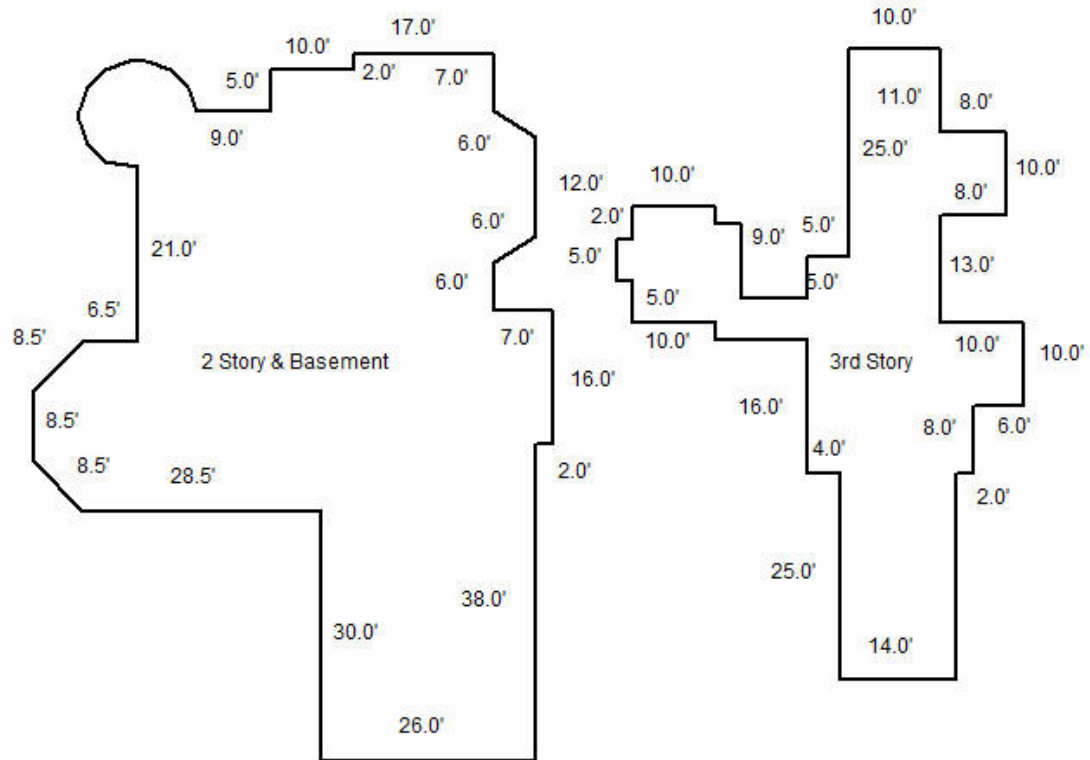
There is a detached 20' x 37' (740 SF) storage shed. This is a metal pole structure, with only canvas walls and roof covering. It is not considered a permanent structure, and is on a gravel pad. The owners plan to remove the structure prior to marketing the property for sale. Therefore, this was not included in the valuation of this property.

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

The building may not meet the basic requirements for ADA accessibility. Determination of compliance with this act is beyond the scope of this appraisal, as well as the expertise of the appraiser. Compliance with this act depends upon the use of the property and the number of employees, and a future owner may not be required to make any changes to the property to meet these requirements. However, a potential buyer should be aware of the American's with Disabilities Act (ADA) and consider the possibility that changes may be required in the future.



## BUILDING SKETCH



SKETCH CALCULATIONS		Perimeter	Area
<b>Building Area</b>			
First Floor			3561.8
Second Floor			3561.8
Third Floor			1485.0
<b>Total Building Area</b>			<b>8608.6</b>
<b>Basement Area</b>			
Basement			3561.8
<b>Total Basement Area</b>			<b>3561.8</b>

WinSketch by Jammin Software

## HIGHEST AND BEST USE

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

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

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

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

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

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

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

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

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<sup>1</sup> The Appraisal of Real Estate, Appraisal Institute, 10th Edition, page 275.

<b>Highest &amp; Best Use Summary - Land as if Vacant</b>				
Potential Use	Physically Possible	Legally Permissible	Financially Feasible	Maximally Productive
Agricultural	Too Small	---	---	---
Forestry	Too Small	---	---	---
Land Holding	Yes	Yes	Yes	No
Recreation	Yes	Yes	No	---
Single Family	Yes	Yes	Yes	No
Multi-Family	Yes	Yes	Yes	No
Residential PUD	Yes	Yes	Yes	Yes
Retail	Yes	No	---	---
Office	Yes	Yes	Yes	No
Industrial	Yes	No	---	---

If vacant, there would be a number of potential uses, but the most likely use would be a residential planned unit development (PUD), assuming the owners could obtain the necessary permitting. In Montpelier, it is very difficult to obtain local approvals for development of conditional uses. Most uses are conditional in this district, and this would limit the utility of the land. However, this is a residential neighborhood, and a small residential PUD would be in conformance with the surrounding uses. This type of development would allow the developer to maximize the number of units on the level portion of the building, while using the excess land to meet the density requirements.

A multi-family development or office property would also be potential uses, but would likely require approval from the zoning board. This is further removed from the downtown than is typically desired for office use, and this may limit the appeal for new office development. Multi-family development of rental units may be challenging to get approvals for in this neighborhood.

<b>Highest &amp; Best Use Summary - As Improved</b>				
Potential Use	Physically Possible	Legally Permissible	Financially Feasible	Maximally Productive
Agricultural	No	---	---	---
Forestry	No	---	---	---
Single Family	Yes	Yes	No	---
Multi-Family	Yes	Yes	No	---
Retail	Yes	No	---	---
Office	Yes	Yes	Yes	Yes
Industrial	No	---	---	---
<b>Redevelopment</b>				
Single Family	Yes	Yes	No	---
Multi-Family	Yes	Yes	Yes	No
Commercial	Yes	Yes	Yes	No
Industrial	Yes	No	---	---

As improved, the highest and best use would likely be the continued designed use as office space. There is a demand for office space in this market, and this would require the least renovations from a potential buyer. The building was originally a single family dwelling, but the cost to renovate the building for residential use would be high, and may not result in a significantly higher value than the current value as an office. The building is historic, and this would significantly limit the potential for redevelopment. It is unlikely the city would allow for the building to be razed and redeveloped.

The lot is large enough for development with another building or expansion of the existing building. It could be challenging to obtain permitting for any type of addition considering the zoning. Given the layout of the property, it would also be very difficult to subdivide the land. This would reduce the overall value of the surplus land.

There is a demand for sites suitable for multi-family residential development and a lack of land suitable for this type of use. This is a possible use of the subject property, as improved. The existing building could be converted to multi-family housing, and additional units could be developed on the site. However, multi-family housing is a conditional use in this district, and obtaining a conditional use permit for multi-family housing is difficult in Montpelier. Therefore, it was not concluded as a highest and best use at this time, but a buyer may be willing to make an offer subject to obtaining permits. These types of offers generally vary, depending on the number of units that are permitted.

If the new zoning is approved, it would allow for a higher density and the possibility of developing considerably more residential units on this site. However, even with the higher density, multi-family development would remain a conditional use, and any new development would require a conditional use permit, which could be difficult to obtain.

In conclusion, while residential development is a possible use, it was not considered the highest and best use at this time because this is a conditional use in this zoning district that may not be approved, and the number of potential units that could be developed on this site would be speculative at this time.

## **APPRAISAL APPROACH**

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

### The Cost Approach

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

### The Sales Comparison Approach

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

### Income Approach

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

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

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

#### Final Reconciliation

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

## LAND VALUATION

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

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

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

In this instance, the Sales Comparison Approach was considered as the best guide to determining a land value. This is a unique property type, and this limits the available comparable sales data. Several sales have been considered, including some older sales and sales from a large geographic area.

**COMPARABLE LAND SALE #1**

Location: 1021 Paine Turnpike, Berlin, Vermont

Grantor: David & Linda Butch Trustee

Grantee: Northfield Savings Bank

Date of Sale: June 20, 2014

Sale Price: \$330,000

Sale Price/Acre: \$132,000

Site Description: Size: 2.5 acres

Visibility: Side Street

Access & Frontage: Good, corner lot

Topography: Gradual slope

Utilities: Onsite water & municipal sewer

Zoning: Mixed

Improvements: Age: Older

Size: 2,028 SF

Bsmt: Part, unfin.

Description: Older, one story, structure with minimal value. The property was purchased for redevelopment and therefore, the sale price was considered to reflect the value of the land only.

Transaction Data: Terms of Sale: Cash to seller

Comments: Purchased to be developed with the NSB corporate headquarters.

Source: Mm, Municipal records, Broker, Grantee



After redevelopment



## COMPARABLE LAND SALE #2

Location: 367 River Street (U.S. Route 302,) Montpelier, Vermont

Grantor: Cumberland Farms, Inc.

Grantee: Connor Brothers River Street, LLC

Date of Sale: March 15, 2016

Sale Price: \$450,000

Sale Price/Acre: \$187,500

Site Description: Size: Approx. 2.40 acres

Visibility: AADT – 13,300

Access & Frontage: Good – 240' frontage

Utilities: Municipal Water & Sewer

Zoning: General Business District

Topography: Level with a steep bank up at the back of the lot, estimated at 15% of the total

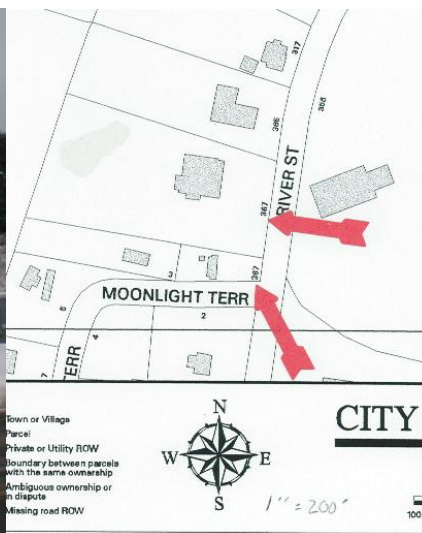
Comments: The total acreage includes a very small corner lot, containing approximately 0.22 acres. Access is off Moonlight Terrace, and the lot is improved with a mobile home.

Improvements: The site is improved with an old, one story, wood frame building containing some 6,120 SF, and several very low cost pole barns, used as storage shelters. The main building was a very basic structure used as a John Deere retail sales and service facility, and lawn and garden equipment store.

Transaction Data: Terms of Sale: Cash to seller

Comments: The sellers purchased this site in 2010 for \$440,000 at an auction.

Source: Dd, Municipal records, Grantee



### COMPARABLE LAND SALE #3

Location: Route 2, Waterbury, Vermont

Grantor: Grenier Land Company

Date of Sale: November 4, 2014

Sale Price: \$250,000

Grantee: Malone US Route 2 Waterbury Properties

Sale Price/Acre: \$83,893

Site Description: Size: Approx. 2.98 acres

Visibility: AADT – 5,600

Utilities: Municipal water, but onsite septic needed if developed

Zoning: Industrial

Flood Zone: No

Access & Frontage: Good – 528' Front

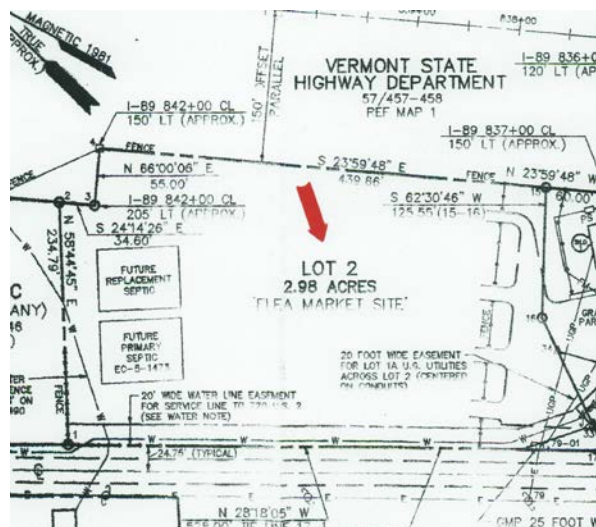
Topography: Level

Improvements: None – Vacant Land

Transaction Data: Terms of Sale: Cash to Seller

Comments: There is an easement allowing access from the adjoining lot which is a benefit to the property. It had been used as a “flea market” site during the summer, and it is visible from Interstate 89.

Source: Lm, Municipal records, Grantee Representative



## COMPARABLE LAND SALE #4

Location: Holiday Inn Drive, Hartford, Vermont (White River Junction)

Grantor: Valley Land Company

Date of Sale: August 13, 2013

Sale Price: \$399,000

Grantee: Riverbank Church

Deed Book/Page: 492/601

Sale Price/Acre: \$73,346

Site Description: Size: Approx. 5.44 acres

Visibility: Average – Side Street

Utilities: Municipal water & sewer

Topography: Generally level

View: Average

Access & Frontage: Average

Zoning: "I/C -2" industrial/commercial

Improvements: None – Vacant Land

Transaction Data: Terms of Sale: Cash to seller

Comments: The property includes a small strip of land at the corner of Holiday Drive and Sykes Mountain Road. This is large enough to support a sign on Sykes Mountain Road which improves the visibility. This site had been developed with a Holiday Inn motel, but it was closed, and the seller had razed this structure.

Source: Mm, Municipal records, Grantee



## COMPARABLE LAND SALE #5

Location: Center Road, Middlesex, Vermont

Grantor: Estate of Richard Atwood

Date of Sale: December 15, 2014

Sale Price: \$126,000

Grantee: KCOS Holdings, LLC

Sale Price/Acre: \$12,976

Site Description: Size: Approx. 9.71 acres

Visibility: Average

Utilities: Onsite well & septic needed

Flood Zone: None

Access & Frontage: Average

Zoning: Mixed Use

Topography: Sloped

Description: Just off Interstate 89, exit 9 on Center Road. There is a stream along the back portion of the lot, and approximately 30% of the lot was considered undevelopable because of wetlands.

Improvements: Vacant Land

Transaction Data: Terms of Sale: Cash to seller

Comments: The subject was listed as a 15.5 acre parcel, but a survey indicated there was a total of approximately 20.5 acres. This transaction was only for the 9.71 acre portion with frontage on Center Road. The property was originally listed for \$170,000, and was on the market for approximately four years. The buyers are planning to build an office on the lot, but needed to obtain permits.

Source: Mm, Municipal records, Broker (David Jamieson)



## COMPARABLE LAND SALE #6

Location: 5572 Route 4, Bridgewater, Vermont

Grantor: Janet Pearson

Date of Sale: September 25, 2014

Sale Price: \$100,000

Grantee: Long Trail Brewing Company

Deed Book/Page: 90/475

Sale Price/Acre: \$9,091

Site Description: Size: Approx. 11 acres

Visibility: Good, 5,600

Utilities: Private water & septic

Flood Zone: Yes, Primarily AE

Description: This is a tract of vacant land located along Route 4 and the Ottauquechee River. It is primarily undeveloped.

Access & Frontage: Good, one curb cut

Zoning: None

Topography: Mostly level

Improvements: There had been a mobile home on the property that the buyers were able to sell. There was also a 576 SF garage. Both buildings added limited utility. The value of the mobile home would have been offset by holding and brokerage costs. The value of the garage is limited, and the buyers may raze this structure. Neither building was considered to significantly impact the sale price of the land.

Transaction Data: Terms of Sale: Cash to seller

Comments: The buyers own a significant amount of property in the area and operate The Long Trail Brewery. They purchased this parcel for potential expansion area, either as parking or to host events.

Source: Mm, Municipal records, Grantee



## COMPARABLE LAND SALE #7

Location: Off Elm Street, Montpelier, Vermont

Grantor: Gary & Frances McAvoy

Date of Sale: Dec. 31, 2009

Sale Price: \$24,000

Grantee: City of Montpelier

Deed Book/Page: 582/33

Sale Price/Acre: \$2,687

Site Description: Size: Approx. 8.93 acres

Visibility: Limited

Topography: Slopes up steeply

Access & Frontage: None – Right of way provides access, but it is steep

Utilities: Municipal water & sewer at road, but would have to be extend to this site.

Zoning: MDR - Residential

Right of Way: There is a power easement through the lot. It is an electric line for a house on the city owned property, and it is not a major limitation to development.

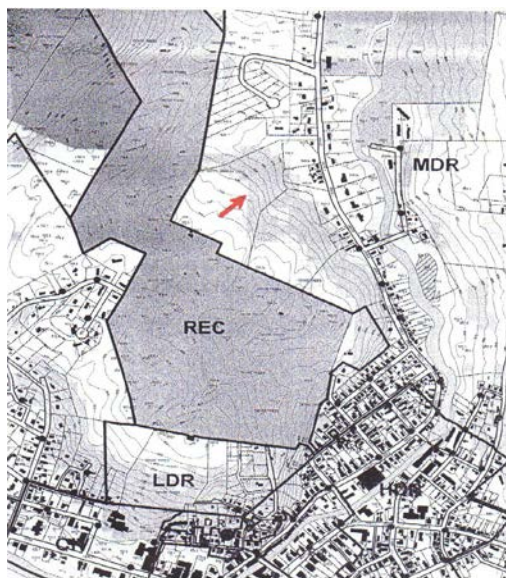
Comments: This lot borders “Hubbard Park”, which is a natural park area of over 100 acres owned by the city. The city had a walking path that crossed part of this parcel.

Improvements: None – Vacant Land

Transaction Data: Terms of Sale: Cash to seller

Comments: The sellers own 19 acres, and this land was the back of that parcel. The seller considered the site to have the potential to be subdivided with a driveway developed to this portion of the site. It is a steep lot and this would limit the development potential.

Source: Dd, Municipal records, Grantor





## COMPARABLE LAND SALE #9

Location: Sherwood Drive, Montpelier, Vermont

Grantor: Norman P. Kelley

Date of Sale: September 28, 2006

Sale Price: \$175,000

Grantee: Washington County Family Center

Deed Book/Page: 511/185-86

Sale Price/Acre: \$19,022

Site Description: Size: Approx. 9.2 acres

Visibility: Average - Residential

Utilities: Municipal water & sewer at street

Views: Above Average of Mountains

Easements/ROW - There is 50' utility easement along the west side of the lot, and an above ground, high voltage power line. In addition, two adjoining properties have a right of way to access their property from the 50' leg of this lot that provides the access.

Access & Frontage: Limited to 50' frontage

Topography: Rolling

Zoning: Med. Density – Residential

Improvements: None – Vacant Land

Transaction Data: Terms of Sale: Cash to seller

Comments: The buyers of this property also purchased the adjoining site that was improved with a meeting hall. It was purchased to be developed with a daycare/school. Norman Kelly sold this property to Thunder Mill Design in 2002, for \$98,000. In 2005, he bought the land back for \$113,670, and then resold the property again in this transaction.

Source: Dd, Municipal records, Grantee's representative.



## COMPARABLE LAND SALE #10

Location: Off Route 7, South Village Lot MU5, Middlebury, Vermont

Grantor: Middlebury South Village

Grantee: Village Walk MSV, LLC

Date of Sale: December 18, 2014

Sale Price: \$315,000

Sale Price/Unit: \$19,687

Price/Acre: \$264,705

Site Description: Size: Approx. 1.19 acres, part of PUD

Visibility: Local/Average

Density: 13.45 units/acre

Access & Frontage: Average

Utilities: Municipal water & sewer

Zoning: Village Res./Commercial

Topography: Level

Flood Zone: No

Approvals: The original master plan was amended and this site was approved by the town of 16 townhouses.

Improvements: None – Vacant Land

Transaction Data: Terms of Sale: Cash to seller

Comments: It was purchased by a developer who intended to construct 16 new townhouses on this site. At the time of purchase, the lot was part of a larger planned unit development, and was sited and approved for office development. The buyer amended the master plan and secured permits for the residential PUD after the purchase at his own cost.

Source: Lm, Municipal records, Grantee



## COMPARABLE LAND SALE #11

Location: 4492 Mountain Road, Stowe, Vermont

Grantor: Margaret Novotny

Date of Sale: November 15, 2013

Sale Price: \$329,000

Sale Price/Unit: \$36,556

Grantee: Very Vermonty Corp.

Deed Book/Page: 874/171

Sale Price/Acre: \$329,000 (useable)

Sale Price/Acre: \$78,333 (total)

Site Description: Size: Approx. 4.2 acres, but only roughly 1 acre is useable

Visibility: AADT – 6,800

Utilities: Municipal water & sewer

Flood Zone – No

Comments – There is roughly 1 acre of level land near the road, but the balance of the land has limited utility because of a stream and a steep bank.

Access & Frontage: Good

Zoning: UMR – Allows a mixture of uses

View – Average

Improvements: There was an old ski lodge on the site that was razed by the buyers

Transaction Data: Terms of Sale: Cash to seller

Comments: There were no approvals at the time of sale, but after this transaction, the buyer obtained approvals to build nine residential units on this site.

Source: Hb, Municipal records, Broker (Susi Benoit)



## COMPARABLE LAND SALE #12

Location: Lot 15 Vilma Court (Jenna Lane), Milton, Vermont

Grantor: Marketplace Development, LLC      Grantee: Gabriel Handy, Trustee of DDH GSH

Date of Sale: April 7, 2014

Deed Book/Page: 445/95

Sale Price: \$400,000

Price per Unit: \$10,526

Price/Acre: \$322,581

Site Description: Size: 1.24 acres

Density Units/Acre: 30.6/acre

Visibility: Limited, Side Road

Topography: Mostly level

Access & Frontage: Limited, no direct frontage on a municipal road, with only access being an easement

Utilities: Municipal water & sewer, natural gas

Zoning: Downtown Business

Flood Zone: None

Comments: There was no direct frontage at the time the property was purchased. The buyers are developing a roadway, Jenna Lane, off of Centre Drive, which will serve as the main access to the property.

Improvements: None, vacant land

Transaction Data: Terms of Sale: Cash to seller

Comments: The property is being developed with 38 – one - three bedroom apartments. The buyers purchased the property with initial approvals in place for the development. There are no rent restrictions on the units being developed.

Source: Lm, Municipal records, Grantee



## COMPARABLE LAND SALE #13

Location: Dulac Street Extension, Lebanon, New Hampshire

Grantor: Louise E. Dulac Rev. Trust

Grantee: Rivermere Community Housing, LTD

Date of Sale: July 19, 2012

Deed Book/Page: 3900-945

Sale Price: \$425,000

Sale Price Per Units: \$20,238

Price/Acre: \$106,250 (Usable)

Price/Acre: \$17,782 (Total)

Site Description: Size: Approx. 23.9 acres, but only 4 +/- acres is usable

View: Average

Density: 5.25 units/acre (Effective)

Topography: Steep in many areas

Shape: Irregular

Visibility: Average

Access & Frontage: Good 770'

Utilities: City water & sewer

Zoning: R-3 – Residential

Approvals: It was sold subject to the buyers obtaining permits for a 21 unit affordable housing project.

Improvements: None – Vacant land

Transaction Data: Terms of Sale: Cash to seller.

Comments: This lot fronts on the Mascoma River, but there is a very steep bank down to the river. Only roughly 4 acres was considered “useable”, with the topography and wetlands limiting the utility of the site.

Source: Mm, Municipal records, Broker



Land Value Conclusion:

Several sales were considered, and they provided various guides to the market value. Comparable sales #1 – #4 are considered the best guides to the market value of the usable 3.5 acres. Comparable sales #5 – #9 had limited utility, and were considered as comparable sales for the excess land, with limited development potential. Comparable sales #10 – #13 were purchased for residential development and were included as additional support.

In this instance, only a qualitative analysis was considered. In this type of analysis, no attempt is made to make quantitative adjustments. Instead, each comparable is considered as a general guide to value, and significant differences between the comparables and the subject are described narratively.

The sales were considered based on a unit of comparison, “price per acre.” This is a common unit of comparison for vacant land, and reflects that the size of the parcel has a significant impact on value. There is typically more demand for smaller properties because there are more buyers with the means to purchase smaller lots, and less risk. Therefore, smaller lots will typically sell for more per acre than similar, but larger parcels.

No consideration was given to market conditions for the land sales. Demand for commercial land has been limited in this region for many years, and there is little data to support upward adjustments at this time.

Comparable #1 is in the neighboring community of Berlin. This is considered a relatively similar location. It is further from downtown, but is in a growing commercial market area and very close to interstate access. It is a little smaller than the subject, and has superior visibility. Therefore, the value of the subject may be slightly less than this sale at \$132,000/acre.

Comparable #2 is a recent sale in Montpelier. However, this lot has superior visibility and is more of a retail type location than an office or secondary commercial location. Therefore, the value of the subject should be less than the \$188,000/acre indicated.

Comparable #3 is outside of the village district of Waterbury. It has superior visibility, but is in a slightly inferior location. Therefore, the value of the subject would likely be slightly higher than the \$84,000/acre.

Comparable #4 is an older sale. It is in a similar location, but is a larger parcel, and the value of the subject should be higher than the \$73,000/acre indicated.

Based on the comparable data, the value of the 3.5 usable acres at the subject should be more than \$84,000/acre, but less than \$132,000/acre. A market value has been concluded for this parcel at \$100,000/acre.

3.5 acres @ \$100,000/acre = \$350,000

Indicated Value of the 3.5 Usable Acres, \$350,000

Comparable sales #5 – #9 were considered as guides to the value of the excess land. Comparable #5 is a relatively recent sale from the neighboring community of Middlesex. It is located in a less developed area, but has very close access to the interstate. The lot had relatively steep topography, but had superior utility to the subject. Therefore, the excess land for the subject should be less than \$13,000/acre.

Comparable #6 is further geographically from the subject. This lot is almost completely located in a flood zone, which limited the development potential. This is an inferior location, but was purchased by an adjoining property owner that was expanding, and needed to add a parking area. Therefore, it was not heavily relied on. The value at \$9,000/acre is considered a reasonable guide to market value.

Comparable sales #7 – #9 are all older sales of lots with limited utility in Montpelier. These sales reflect a range from \$2,500 to \$19,000/acre. Comparable #7 is the most recent sale, and is similar to the subject in that the topography impacted the appeal. Comparable sales #8 and #9 are older, but were considered reasonable support in this instance.

Based on the comparable data, a market value for the excess 6.64 acres, with limited utility was concluded at \$10,000/acre.

6.64 acres @ \$10,000/acre = \$66,400

Indicated Value of the 6.64 Excess Acres, rounded to, \$70,000

The sum of the values indicated for the two components was not discounted because the value for the 6.64 acres is based on the contributory value of this additional land to the estimated value of the useable 3.5 acres.

Indicated Total Land Value of 10.14 acres, (\$350,000 + \$70,000) \$420,000

Comparable sales #10 – #13 were included as additional support. These lots all sold to be developed with multiple residential units, either as planned unit developments or multi-family type developments. The subject does not have approvals, and it would be difficult to speculate how many units might be developed on the lot. Therefore, limited weight was given to these additional sales. In addition, land sales with approvals typically are compared based on a unit of comparison, “price/developable unit.” Since the number of potential developable units for the subject is not available, this unit of comparison could not be relied on.

The total prices paid for these properties range from \$315,000 to \$425,000. The value for the subject for residential development would depend significantly on the development potential. The total of the 3.5 acre usable portion, and the 6.64 acres of excess land would be \$420,000, which is within the range indicated by comparable sales #10 – #13. Therefore, the value considered would be at least a reasonable price a developer would consider for land with potential for a planned unit development. The actual value of the subject land in “as is” condition for a PUD may be less because a buyer would need to obtain permitting. However, in general, these approved sales support the indicated land values.

## **COST APPROACH**

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

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

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

1. The building is quite old, and it is difficult to provide accurate replacement cost figures for this type of older historic building.
2. Depreciation is a subjective estimate for a building of this age. The need to make a substantial adjustment for physical deterioration would limit the reliability of the value conclusion by the Cost Approach.
3. The typical buyer of this type of property would not consider new construction. Therefore, the Cost Approach would not reflect the considerations of a typical buyer and was not relied upon as a guide to value.

## SALES COMPARISON APPROACH

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

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

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

In this instance, the Sales Comparison Approach was considered as a good guide to the market value of the subject property. Due to the limited market data, some older sales and sales from a larger geographic area were considered.



## COMPARABLE SALE #1

Location: 159 State Street, Montpelier, Vermont  
Grantor: 159 State Street Associates  
Date of Sale: January 16, 2015  
Sale Price: \$475,000

Grantee: Court Street Associates  
Deed Book/Page: 664/644  
Sale Price/SF: \$120.80

Site Description: Size: Approx. 1.2 acres

Visibility: Good

Utilities: Municipal water & sewer

Flood Zone: The building is above flood elevation

Comments: The shape and topography limit the utility of the lot.

Land to Building Ratio: 13.3 to 1

Access & Frontage: Average – 180'

Zoning: CB - 2

Topography: Slopes up

Improvements: Age: Built 1804      Size: Approx. 3,932 SF      Bsmt: 1,400 SF – Unfin.

Description: Two story, wood frame historic house that had been converted to an owner occupied law office. It had oil fired, hot water & steam heat, no a/c, updated electrical service, an attached 624 SF garage, and four fireplaces. The interior is finished with wood and carpet floors, plaster & sheetrock walls and ceilings, old wood single pane windows with storms, and older wood doors. While many of the building components are older, the quality is considered to be average to good because of the historic appeal of this structure. The overall condition is judged as average.

Transaction Data: Terms of Sale: Cash to seller – On the market for over 7 months

Comments: This property is located only a few blocks from the State House, and had been an owner occupied law office. The property is being marketed for lease.

Source: Mm, Municipal records, Broker



## COMPARABLE SALE #2

Location: 153 State Street, Montpelier, Vermont

Grantor: Donald and Noel Neely

Grantee: Robert McCullough

Date of Sale: August 13, 2016

Sale Price: \$560,000

Sale Price/SF: \$99.11

Site Description: Size: 0.75 acres

Visibility: AADT – 3,900

Utilities: Municipal water & sewer

Flood Zone: Yes – Partial

Land to Building Ratio: 5.8 to 1

Access & Frontage: Adequate – 143' frontage

Zoning: CB – 2, Commercial

Topography: Gradual

Improvements: Age: Built 1893    Size: Approx., 5,650 SF    Bsmt: Full/Unfin.

Description: Two and part three story, brick building converted to a multi-tenant office building. It has oil fired, hot water heat, window a/c units, and no sprinklers. The first floor is a 2,400 SF dental office, and there are five – 1 room suites on the 2<sup>nd</sup> floor, plus four – 1 room suites on the third floor with common bathrooms. There is a detach garage containing 1,768 SF, but in poor condition. It is an average to good quality office building in average condition.

Transaction Data: Terms of Sale: Cash to seller

Comments: The building was fully occupied at the time of sale, but the leases are all short term. The buyer had been a tenant in the building, but the buyers and sellers negotiated the sale price for over a year prior to closing.

Source: Dd, Municipal records, Grantee



### COMPARABLE SALE #3

Location: 3 Pitkin Court, Montpelier, Vermont  
Grantor: Duane S. Wells  
Date of Sale: January 5, 2015  
Sale Price: \$1,000,000

Grantee: Blueberry Assoc., LLC  
Deed Book/Page: 664/460  
Sale Price/SF: \$125

Site Description: Size: Approx. 0.43 acres

Visibility: Limited

Utilities: Municipal water & sewer

Flood Zone: Building Above Elevation

Comments: The lot is in a flood zone, but the owner indicated that engineering reports

indicated the building is above the base elevations, and flood insurance is not required. There are 24 parking spaces on-site, and the site includes the steep bank behind the building that had been proposed for additional parking, but requiring major excavation and a large retaining wall.

Land to Building Ratio: 2.3 to 1

Access & Frontage: Common parking lot

Zoning: Central Business District

Topography: Generally Level

Improvements: Age: 100+ yrs. with addition in 2004

Size: Approx. 8,000 SF

Bsmt: Full/Unfin. (2,800 SF)

Description: Three story, wood frame, historic building that was renovated into a multi-tenant office building with 10 units at time of sale. The building has an oil, and gas heating system, central a/c, sprinklers, and three common bathrooms. It is a good quality office building in good overall condition.

Transaction Data: Terms of Sale: Cash to seller

Comments: Unique location in the Central Business District, but behind the buildings that front on Main Street. The building had one vacancy at the time of sale. The net operating income was estimated at \$98,100, reflecting a capitalization rate of 9.8%

Source: Mm, Municipal records, Grantee



## COMPARABLE SALE #4

Location: 317 River Street, Montpelier, Vermont  
Grantor: AAA Northern New England  
Date of Sale: May 20, 2014  
Sale Price: \$435,000

Grantee: River Street Assoc.  
Sale Price/SF: \$85.19

Site Description: Size: Approx. 0.79 acres  
Visibility: AADT – 13,200  
Utilities: Municipal water & sewer  
Flood Zone: No

Land to Building Ratio: 6.7 to 1  
Access & Frontage: Narrow – 120'  
Zoning: General Commercial  
Topography: Slopes up

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

Size: Approx. 5,106 SF                      Bsmt: Unfinished – 1,100 SF

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

Transaction Data: Terms of Sale: Cash to seller

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

Source: Mm, Municipal records, Grantee



## COMPARABLE SALE #5

Location: 152 South Main Street, Waterbury, Vermont

Grantor: Pilgrim Partnership, LLC

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

Date of Sale: October 29, 2015

Deed Book/Page: 373/96

Sale Price: \$905,000

Sale Price/SF: \$96.64

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

Visibility: AADT – 8,500

Land to Building Ratio: 17.0 to 1

Utilities: Municipal water & sewer

Access & Frontage: Corner Lot

Zoning: Commercial

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

Comments: The property includes a 2 acre portion that is improved with the building and parking areas, and a 1.66 acre portion on the north side of Demerit Place.

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

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

Transaction Data: Terms of Sale: Cash to seller

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

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



## COMPARABLE SALE #6

Location: 1229 Portland Street, St. Johnsbury, Vermont

Grantor: Murphy Realty Company

Grantee: CLR W Properties, LLC

Date of Sale: April 4, 2014

Sale Price: \$1,175,000

Sale Price/SF: \$75.24

Site Description: Size: Approx. 5.5 acres

Visibility: AADT – 6,100

Utilities: Municipal water & sewer

Comments: The land is steep in the back

Land to Building Ratio: 15.34 to 1

Access & Frontage: Average – 749'

Zoning: Commercial

Improvements: Age: Built 1990    Size: Approx. 15,616 SF    Bsmt: Included in SF

Description: Two level, wood frame office building with wood exterior siding and a shingle roof. The interior is finished with carpet floors, sheetrock walls, and suspended ceilings. The building has gas, hot air heat, central a/c, covered front entry, and both levels are accessible at grade. There are no sprinklers or an elevator in the building. The lower level is at grade on one side of the building, but has limited windows, which could be a functional issue. This is an average to good quality office building in good overall condition.

Transaction Data: Terms of Sale: Cash to seller

Comments: Approx. 69% of the building was leased to the State of Vermont. The net operating income was indicated at \$99,300, reflecting a capitalization rate of 8.45%.

Source: Mm, Municipal records, Grantor



### SALES COMPARISON GRID

	SUBJECT	Comparable #1		Comparable #2		Comparable #3		Comparable #4		Comparable #5		Comparable #6	
Identification	26 Terrace St. Montpelier, VT	159 State St. Montpelier, VT		153 State St. Montpelier, VT		3 Pitkin Court Montpelier, VT		317 River St. Montpelier, VT		152 S. Main St. Waterbury, VT		1229 Portland St. St. Johnsbury, VT	
Sale Price	N/A		\$475,000		\$560,000		\$1,000,000		\$435,000		\$905,000		\$1,175,000
Property Rights	Fee Simple	Similar	---	Similar	---	Leased Fee	---	Similar	---	Similar	---	Leased Fee	---
Financing	Assumed Typical	Similar	---	Similar	---	Similar	---	Similar	---	Similar	---	Similar	---
Conditions of Sale	Assumed Typical	Similar	---	Similar	---	Similar	---	Similar	---	Similar	---	Similar	---
Market Conditions	Dec-16	Jan-15	9.58%	Aug-16	1.67%	Jan-15	9.58%	May-14	12.50%	Oct-15	5.42%	Apr-14	13.33%
Adjusted Sale Price	---		\$520,505		\$569,352		\$1,095,800		\$489,375		\$954,051		\$1,331,628
Indicated Price/SF	---		\$132.38		\$100.77		\$136.98		\$95.84		\$101.88		\$85.27
Land To Building	17.7 to 1	13.3 to 1	\$7.00	5.8 to 1	\$19.00	2.3 to 1	\$24.50	6.7 to 1	\$17.50	17.0 to 1	---	15.3 to 1	\$4.00
Excess Land	6.64 Acres	None	\$4.50	None	\$4.50	None	\$4.50	None	\$4.50	None	\$4.50	None	\$4.50
Location	Good	Superior	-\$6.50	Superior	-\$5.00	Superior	-\$20.50	Similar	---	Similar	---	Inferior	\$21.50
Frontage/Access	Average	Similar	---	Similar	---	Similar	---	Adequate	---	Corner	-\$2.00	Average	---
Visibility - AADT	Limited	Superior	-\$5.00	Superior	-\$5.00	Similar	---	Superior	-\$5.00	Superior	-\$5.00	Superior	-\$3.00
Construction	2-3 St./Frame	2 St./Frame	---	2-3 St./Brick	---	3 St./Frame	---	2 St./Frame	---	1 St./Metal	---	2 St./Frame	---
Age/Condition	Old/Average	Old/Avg.	---	Old/Avg.	---	Old/Good	-\$20.00	Renov./Avg.	---	Renov./Avg.-Gd.	-\$10.00	24 Yrs./Gd.	-\$20.00
Size - SF	8,609	3,932	-\$4.50	5,650	-\$3.00	8,000	---	5,106	-\$3.50	9,364	\$1.00	15,616	\$7.00
Heat - A/C	Oil - Limited	Oil - None	---	Oil - None	---	Oil/Gas - Cent.	-\$3.00	Gas - Cent.	-\$3.00	Gas - Cent.	-\$3.00	Gas - Cent.	-\$3.00
Quality	Avg.-Good	Similar	---	Similar	---	Good	-\$10.00	Average	\$10.00	Average	\$10.00	Avg.-Gd.	---
Functional Utility	Office	Similar	---	Dental Off.	-\$10.00	Mixed/Off.	---	Office	---	Office	---	Part Below Grd.	\$15.00
Basement	3,562 SF, Unfin.	1,400 SF	---	Similar	---	2,800 SF, Unfin.	---	1,100 SF	---	None	\$4.00	Incl. in SF	\$4.00
Flood Zone	None	Similar	---	Partial	\$4.00	Similar	---	Similar	---	500 Year	\$4.00	Similar	---
Att./Det. Building	Assume None	624 SF Garage	-\$2.50	Gar- Poor	-\$1.00	Similar	---	Similar	---	Similar	---	Similar	---
Sprinklers	Full System	None	\$3.00	None	\$3.00	Similar	---	Similar	\$3.00	Similar	---	None	\$3.00
Other	Porches, Fireplaces	Similar	\$0.00	Similar	\$0.00	None	\$2.00	Porch	\$1.00	None	\$2.00	None	\$2.00
Net Adjustments			-\$4.00		\$6.50		-\$22.50		\$24.50		\$5.50		\$35.00
Adjusted Price/SF			\$128.38		\$107.27		\$114.48		\$120.34		\$107.38		\$120.27

## *Conclusion to Sales Comparison Approach*

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

- **Unit of Comparison** – A common unit of comparison for commercial properties was used in this analysis, “price per square foot” because the size of the building impacts the value. The sale price was divided by the gross building area to derive this figure.
- **Market Conditions** – Upward adjustments were considered for market conditions over the past few years. Most regions have seen a relatively stable demand for commercial property. However, Montpelier is unique because of the positive impact the State Government has on the commercial real estate market. Therefore, a 5% annual upward adjustment has been made for properties from the beginning of 2014 to present. Before 2014, property values were stable, and no adjustments would be necessary.
- **Lot Size** – Adjustments were made for lot size based on the “land to building ratio,” which is the ratio of the lot size in square feet to the building square footage. The land to building ratio for the subject was estimated based on the 3.5 acres considered to be usable land. A separate adjustment was made for the excess land component. The estimated contributory value of the surplus land was \$70,000/acre. The land value, as if vacant, would be higher, but this adjustment reflects the contributory value for surplus land. Surplus land can provide parking, recreational space or can be used to meet zoning requirements, but is not considered to have significant future development potential.
- **Excess Land** – There is an additional 6.64 acres that has less utility because of the topography of the site. This is considered excess land. The value of this land was estimated to be \$70,000 in the Land Valuation analysis. The adjustment in this section was discounted because the contributory value of the excess land to the improved parcel would be less than the contributory value to buyers that are primarily motivated by the development potential of the site. Therefore, the contributory value of the excess land to the improved parcel was estimated at \$40,000, and the adjustment for this excess land was estimated at \$4.50/SF (\$40,000/8,609 SF).
- **Location** – An attempt was made to use comparables in similar locations, but some adjustments were made to reflect the demand for different property types in different market areas. Typically, there is more demand in areas that are close to interstate access, or downtown commercial districts, while demand can be limited in mixed areas, or sites that are further removed from other commercial uses.
- **Visibility** – Minor adjustments were considered for visibility to reflect that properties with higher levels of visibility would have more potential for alternative uses. In addition, some office uses require visibility, and these adjustments reflect the potential differences in demand.
- **Age/Condition** – Adjustments were made to reflect that newer buildings, and buildings in superior overall condition, have lower maintenance costs and less risk. The subject building is older, but has historic appeal. The overall condition is considered average.



- Building Size – An attempt was made to find transactions with buildings of a similar size, but it was necessary to make some size adjustments. There tends to be more demand for smaller buildings and less potential risk; therefore, smaller buildings typically will sell for more per square foot than similar, but larger buildings.
- Quality – Quality adjustments were made based on the overall quality of the building components. There is more demand for superior quality buildings with higher quality building components. The quality of the subject is considered average to good due to the historic appeal.
- Functional Utility – Comparable #3 was adjusted downward to reflect that the first floor unit is designed for a dental office with higher cost interior finishes. Comparable #6 was adjusted upward to reflect that the lower level is partially below grade, and this limits the windows and the appeal of this area as office space.
- Basement – Small adjustments were made for differences in basement space to reflect that this would add to the value of the property as storage space. Many sales had some basement area, and these sales did not require adjustments. However, adjustments were made for buildings with no basement space, or for finished basement space that may have added to the appeal.
- Flood Zone –An adjustment was made to account for the added cost of flood insurance for properties located in a flood zone.

Comparable sales #1 and #2 are in the same neighborhood as the subject, but front on State Street (Route 2), which is considered to be a superior location. These sales were considered good guides to value due to the close proximity to the subject property.

Comparable sale #3 is in downtown Montpelier, but has limited visibility. It is a similar sized building to the subject, but was considered to be superior quality and condition, and was fully occupied at the time of sale. Comparable #4 is an additional sale in Montpelier, and was included for additional support.

Comparable sales #5 and #6 are from a larger geographic region. Comparable #5 is a recent sale of a similar sized building. The building was originally an auto dealership, but was renovated for office use prior to the sale. The location is considered similar because although it is closer to downtown Waterbury; it is a smaller community than Montpelier. Comparable #6 is a larger building that was partially leased to the State of Vermont. St. Johnsbury is an inferior location, with much lower property values. It was considered because of the relatively large lot size, but was not heavily relied on.

After adjustments and rounding, the sales reflect a range in values from \$107 to \$120/SF. This is a large range, but reflects the limited market data available. The middle of the range is \$117/SF, and the average is \$116./SF, after rounding. Therefore, a market value of \$116/SF has been concluded for the subject.

8,609 SF @ \$116/SF = \$998,644

Indicated Value by the Sales Comparison Approach, rounded to, \$1,000,000

## **INCOME APPROACH**

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

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

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

The Income Approach was not relied upon as guide to value for the subject property for the following reasons:

1. The subject property has been owner occupied for many years. Therefore, there is no historic income and expense data to rely upon in this approach, and this would limit the reliability of a value indicated by this approach.
2. The income could be estimated based on typical rents in this market area. However, there are a limited number of truly similar properties that are leased, and this would limit the reliability of estimating a potential gross rental income for this property.
3. The subject property is designed as a single tenant building, and is not a typical investment type property. The most likely buyer would be an owner/occupant. Therefore, the Income Approach would not reflect the typical considerations of a buyer.
4. The value of the land is a significant contributory factor to the overall property value. The need for an adjustment for the additional land area would further reduce the reliability of this approach as a guide to value.

## RECONCILIATION OF VALUE ESTIMATES

In this instance, the Sales Comparison Approach was considered, with the following value indicated for the subject property:

SALES COMPARISON APPROACH	\$1,000,000
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The Cost Approach was not considered in this instance. Consideration was given to the land value to support the highest and best use conclusions, but the building is over 100 years old, limiting the reliability of replacement costs or depreciation adjustments. It is unlikely that the typical buyer would consider new construction. Therefore, this was not considered a reliable guide to value.

The Sales Comparison Approach was considered a good guide to value. There are several recent sales of similar type properties in Montpelier to support the value of the subject. In addition, sales of a few similar type buildings from a larger geographic area were also considered for additional support.

The Income Approach was not relied on in this instance. The property has been owner occupied for many years, limiting the income and expense data available. Income characteristics for similar properties could be estimated based on market data, but the design is for a single tenant, and it could be difficult to subdivide the building. As a single occupant, this would likely be an owner occupied building and therefore, no consideration was given to the value by the Income Approach.

Therefore, based upon the information provided in this report and additional data on file, it is my opinion that the market value of the subject property, as of December 9, 2016 is:

**One Million Dollars (\$1,000,000)**

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

## **EXPOSURE TIME & MARKETING TIME**

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

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

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

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

The subject is located in a small market area with no major cities, and often long marketing periods are required because there are a limited number of potential buyers. Montpelier is one of the largest commercial market areas in the region, and has a strong economic base due to the presence of the State offices. The demand for most property types is strong, including offices, and this should help to reduce the potential marketing time.

The subject building is older, but has historic appeal. The additional land area could add to the appeal, due to the potential for additional future improvements on the property. However, the building is old, and is relatively large for a single occupant. A buyer may need to renovate the property into multiple units, which could be costly and may limit the number of potential buyers.

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

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<sup>1</sup> Uniform Standards of Professional Appraisal Practice, 2016-2017, Page 3.

<u>Location</u>	<u>Town/City</u>	<u>Sale Date</u>	<u>Sale Price</u>	<u>Use</u>	<u>Time on Market</u>
159 State Street	Montpelier	1/16/2015	\$475,000	Office	7 Months
147 State Street	Montpelier	9/8/2010	\$450,000	Office	1.5 Months
63 Main Street	Essex	7/27/2016	\$360,000	Office	2 Months
80-94 Colchester Avenue	Burlington	2/8/2012	\$1,300,000	Office	2 Months
1107 Main Street	St. Johnsbury	5/29/2015	\$220,000	Office	1.5 Months
11 Burnham Avenue	Rutland	6/7/2016	\$300,000	Office	10 Months
23 Jones Brothers Way	Barre City	1/15/2016	\$250,000	Office	2 Months


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

## CERTIFICATION

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



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



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

## **ADDENDUM**

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

## **Statement of Assumptions and Limiting Conditions**

### **1. Legal Information**

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

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

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

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

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

### **2. Maps or Surveys**

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

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

### **3. Physical Inspection**

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

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



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

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

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

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

#### **4. Use of Report**

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

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

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

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

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

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

## **5. Reliability of Data**

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

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

# QUALIFICATIONS

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

## REAL ESTATE EXPERIENCE

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

## EDUCATION

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

### Appraisal Institute:

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

### McKissock Higher Education:

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

# QUALIFICATIONS

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

## REAL ESTATE EXPERIENCE

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

## EDUCATION

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

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

### **National Association of Independent Fee Appraisers:**

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

**Appraisal Institute:**

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

**Appraisal Institute (Cont.)**

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

**Massachusetts Board of Real Estate Appraisers**

Expo 2007-Commercial Program Nov 2007

**PROFESSIONAL AFFILIATIONS**

Member - Appraisal Institute (designated MAI)

President - Vermont Chapter (1998)

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

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

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

Member - National Association of Realtors

Member - Vermont Association of Realtors, Inc.

**MARTIN APPRAISAL SERVICES, INC.**

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

**AGREEMENT FOR REAL ESTATE APPRAISAL SERVICES**

**Date of Agreement:** October 28, 2016

**Client:** Bill Laferriere  
State of VT, BGS Property Management  
4 Aiken Ave.  
Montpelier, VT 05633-7001

**Appraisal Firm:** Martin Appraisal Services, Inc.

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

**Location of Property:** 26 Terrace Street, Montpelier, VT

**General Description:** 10.3 acres improved with a historic building converted to offices and containing some 7,200 SF

**Interest Valued:** Fee Simple Estate

**Intended Users:** State of Vermont - BGS Property Management  
(The assignment shall be prepared for the client and the intended users only.)

**Intended Use:** The intended use of this appraisal report is to assist in asset valuation.

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

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

**Hypothetical Conditions or Extraordinary Assumptions:** None

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

*Martin Appraisal Services, Inc.*

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

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

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

**Appraisal Fee:** The fee for this service will be \$2,400. The fee is due regardless of the results of the appraisal and is not contingent upon any predetermined result or occurrence of a subsequent event.

**Completion Date:** The estimated completion date of the assignment is Dec. 15, 2016.

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

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

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

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

*Martin Appraisal Services, Inc.*


*Martin Appraisal Services, Inc.*



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

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

Client:

  
(Signature)

Date - 10/28/2016

Bill Lattiere  
(Print Name)

Appraiser:

  
Lawrence K. Martin, MAI

Date - 10/28/16

Martin Appraisal Services, Inc.

WARRANTY DEED William F. and Frank C. and Florence E. Corry and Ruth Corry Lyman to The State of Ver

FORM 400 - WARRANTY DEED

TOWN SHREVEVER CO. RUTLAND, VT. LAW BOOK PUBLISHERS AND DEALERS

Know all Men by These Presents:

That Mr. William F. Corry, Frank C. Corry, and Florence E. Corry hereinafter, all of Montpelier in the County of Washington and State of Vermont, and Ruth Corry Lyman of Montpelier in the County of Washington and State of Vermont, and State of Vermont, in the consideration of Twenty-Five Thousand Dollars paid to our full satisfaction by THE STATE OF VERMONT a several State, Grants,

of in the County of Washington and State of Vermont, by these presents do freely give, grant, sell, convey and confirm unto the said Grants, State of Vermont, and its successors

and less and assigns forever, a certain piece of land in Montpelier in the County of Washington and State of Vermont, described as follows, viz:

Being the "Coistone Property" so-called, and being all and the same land and premises with buildings thereon which were conveyed to us the Grants herein by Arthur G. Eaton, by quit-claim deed dated July 7, 1947 and recorded on Page 324 in Book 55 of the Land Records of said Montpelier, said premises having been theretofore conveyed to said Eaton by the Administrators of the Estate of Frank H. Corry late of said Montpelier, by deed dated July 7, 1947 and recorded on Pages 412, 413 in Book 62 of said Land Records, said premises having been described in said last named deed more particularly as follows: "Commencing at an iron pin in the northerly line of State Street at a point 17.3 feet westerly from another iron pin set in said line; thence northerly along a line dividing the premises hereby conveyed from land owned by H. R. Pierce (formerly by George V. Young) 233 feet more or less to an iron pin; thence turning an angle toward the North and East and running North 20 degrees 45 minutes East a distance of 333 feet more or less to an iron pin; thence turning a slight angle toward the North and running North 13 degrees 45 minutes East a distance of 309 feet more or less to an iron pin; thence turning an angle toward the East and running North 27 degrees East 135 feet more or less; thence turning an angle toward the East and South and running South 90 degrees East a distance of 221 feet more or less to an iron pin set in the southerly line of Terrace Street; thence turning an angle toward the East and South and running South 29 degrees 40 minutes East a distance of 514 feet more or less along said street line to an iron pin set therein; thence turning an angle toward the South and East and running South 33 degrees 15 minutes East a distance of 775 feet more or less to a stone post in the southerly line of Ballin Street, being the Northwest corner of land of Maurice L. Kelley; thence in the same course and along the westerly line of said Kelley's

Continued.

then a distance of 177.9 feet more or less to an iron pin thence turning an angle toward the west and running North 27 degrees 15 minutes East a distance of 6.8 feet to an iron pin thence turning an angle of 13 degrees toward the West and running along the Northernly line of Land of George C. Cantobar and wife a distance of 73 feet more or less to a stone post at the Northwesterly corner of said Cantobar's land; thence turning an interior angle toward the South of 91 degrees 59 minutes and running Southeasterly along the Easterly line of said Cantobar's Land 132.7 feet more or less to a stone post set in said line at the Northeast corner of Land of Ella L. Edson; thence turning an interior angle of 95 degrees 30 minutes and running a distance of 153.5 feet more or less to an iron pin; thence turning a slight angle toward the North and running 165 feet more or less along the Northernly line of Land of Bro. A. E. Brown (formerly of A. C. Blanchard) to an iron pin and cement post; thence turning an interior angle of 66 degrees and running Southerly along the Easterly line of said Brown's Land 131 feet more or less to an iron pin set in the Northernly line of State Street; thence turning an interior angle of 83 degrees 55 minutes and running along said street line 17.3 feet to the iron pin at the point of beginning; being a portion of the land thereof said Frank E. Corry did seized and possessed in said Montpelier; and there are included in this conveyance all structures now on the land above described."

The premises hereby conveyed are part of the same land and premises which were conveyed to said Frank E. Corry and Edward H. Peavitt by Ruth P. and John L. Burgess by deed dated October 23, 1927 and recorded on pages 443, 444 in Book 27 of said Land Records, the interest of said Peavitt therein having been conveyed to said Corry by deeds dated respectively July 1 and July 2, 1938 and recorded respectively on Page 160 in Book 52 and Page 190 in Book 57 of said Land Records; and the bounds and courses of the premises hereby conveyed are more particularly shown and described by a plan thereof prepared by George H. Cook, Lic. Survr., and dated November 13, 1944, a copy whereof is hereto attached and made a part hereof and a like copy whereof is to be filed for record herewith, meaning hereby to convey all the land hereinabove described within the bounds and courses shown by said plan. The plan above mentioned is not to be confused with another plan bearing the same label and date but showing a larger and different portion of said Donatons Property, on file in the office of the Clerk of said City of Montpelier.

Reference is hereby had to all of said deeds, to all deeds and records therein mentioned and to the first above mentioned and hereto attached plan, for a more particular description and identification of the land and premises hereby conveyed.

Continued.

To have and to hold said granted premises, with all the privileges and appurtenances thereof, to the said \_\_\_\_\_ heirs and assigns, to their own use and behoof forever, and \_\_\_\_\_ the said \_\_\_\_\_ for ourselves and \_\_\_\_\_ heirs, executors and administrators, do covenant with the said \_\_\_\_\_

heirs and assigns, that until the encasing of these presents, \_\_\_\_\_ the sole owners of the premises and have good right and title to convey the same in manner aforesaid; that they are free from every encumbrance, and do hereby engage to warrant and defend the same against all lawful claims whatever.

In Witness Whereof, \_\_\_\_\_ hereunto set our hand and seal this \_\_\_\_\_ day of \_\_\_\_\_ A. D. 19\_\_\_\_

IN PRESENCE OF  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
As to \_\_\_\_\_  
W.F.C.  
F.C.C.  
F.C.C.  
As to \_\_\_\_\_  
H. C. L.

State of Vermont, } At \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ A. D. 19\_\_\_\_  
Washington County, ss. }

William F. Corry, Frank C. Corry, and Florence C. Corry unmarried, each personally appeared, and acknowledged this instrument, by \_\_\_\_\_ sealed and subscribed to be their free act and deed.

Before Me \_\_\_\_\_  
Notary Public.

At \_\_\_\_\_ in said County this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_ and \_\_\_\_\_ acknowledged the foregoing instrument by \_\_\_\_\_ sealed and subscribed to be their \_\_\_\_\_ true act and deed.

Approved as to form and execution June 27, 1949 \_\_\_\_\_  
My Commission Expires \_\_\_\_\_  
Attorney General

Montpelier, Vermont City Clerk's Office  
Received for record July 8, A. D. 1949 at 8 o'clock 30 minutes A. M.  
Also certify that \$13.75 in U.S.I.R. Stamps affixed and cancelled.

Attest: M. Ware Symon  
Assistant City Clerk