REAL ESTATE APPRAISAL
SUMMARY REPORT
FORMER SANFORD MILLS BUILDING
61 WASHINGTON STREET
SANFORD, MAINE 04073

Date of Report
April 1, 2008

Values Appraised
Market Value As-Is

Date of Valuation
April 1, 2008

Appraiser
John H. Schwartz
General Certification #668
Maineland Appraisal Consultants
30 Exchange Street
Portland, Maine 04101

Client
Mr. Mark Green, Town Manager
Town of Sanford
919 Main Street
Sanford, Maine 04073

Maineland
CONSULTANTS
REAL ESTATE APPRAISALS • FLOOD DETERMINATIONS

April 1, 2008

Mr. Mark Green, Town Manager
Town of Sanford
919 Main Street
Sanford, Maine 04073

Re: Real Estate Appraisal Summary Report of:
Former Sanford Mills Building
61 Washington Street
Sanford, Maine 04073

Dear Mr. Green:

Per your request, I, John H. Schwartz, have inspected the property and conducted a detailed market investigation in order to provide a value estimate for the subject property. The subject is a vacant mill building in a well trafficked location adjacent to the downtown, but has been stripped of mechanical systems and windows, eliminating its potential for industrial rental. The subject is appraised "as-is" as of April 1, 2008, the date of inspection and the fee simple interest is considered. The market value estimate is:

AS-IS MARKET VALUE OPINION
$ 0
ZERO DOLLARS

This appraisal is intended to comply with USPAP as a summary reporting format. The narrative appraisal describes the property, and reports the facts, data, and analyses as well and limiting conditions and underlying assumptions utilized in conjunction with this appraisal. Included is an analysis of highest and best use and the valuation models supporting the market value estimates. This valuation is made subject to a number of extraordinary assumptions and/or hypothetical conditions.

Extraordinary Assumptions:

1). *At the request of the client, the property owner was not contacted. As a result, the interior was not inspected by the appraiser, and what information the owner might have contributed. The appraiser then reserves the right to change the value opinion, should something material in that event alter the known or assumed facts analyzed herein; and*

30 EXCHANGE STREET, PORTLAND, MAINE 04101 (207) 774-6226 FAX (207) 774-2503
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2.) *The appraiser has relied upon Mr. Dave O'Connell, a design/build contractor, for the information pertaining to the interior condition, and status of the building mechanical systems and assumes his information to be correct and/or substantially correct.*

If we can be of any further assistance to you or if there are any questions concerning this appraisal report, please do not hesitate to contact us.

Respectfully submitted,

John H. Schwartz, EAC
Senior Appraisal Associate
State of Maine
General Certification #668

Frank R. Montello, MAI/SRA
Supervisory Appraiser
State of Maine
General Certification #19

SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

Owner of Record:	59 Washington Street Realty (Patrick Fagan)
Location of Property:	61 Washington Street, Sanford, Maine 04073
Tax Map Reference:	Map J29 Lot 17
Property Rights/Values Appraised:	Fee Simple
Intended Use:	As a guide to potential acquisition, possibly via condemnation
Intended User:	Town of Sanford, possible court and jury
Effective Date of Values:	April 1, 2008
Market Conditions:	Stable economy, softening in certain sectors
Site Area/Flood Zone:	0.73 acres: Zone X per FEMA Map #230156-0005E, dated 12/3/91, building's east foundation wall is river boundary and in flood hazard zone
Easements/Encroachments:	Typical utility easements serving building. Access to building to east.
Hazardous Waste Conditions:	Possible asbestos mitigation required around furnace, remainder is unknown, potential for contamination exists based upon historic uses to include those on adjoining sites.
Zoning/Status:	IR - Industrial Reuse Zone
Improvements:	66,545 sf., older, masonry, wood floor support, multi-story industrial mill building.
Present Use/Occupancy:	Mill building, substantially gutted and open to weather, unoccupied.
Highest & Best Use:	Possible adaptive reuse with government subsidy.
MARKET VALUE CONCLUSIONS	
As-is	**$ 0**
Extraordinary Assumptions:	1). *At the request of the client, the property owner was not contacted. As a result, the interior was not inspected by the appraiser, and what information the owner might have contributed. The appraiser then reserves the right to change the value opinion, should something*

material in that event alter the known or assumed facts analyzed herein; and

2.) *The appraiser has relied upon Mr. Dave O'Connell, a design/build contractor, for the information pertaining to the interior condition, and status of the building mechanical systems and assumes his information to be correct and/or substantially correct.*

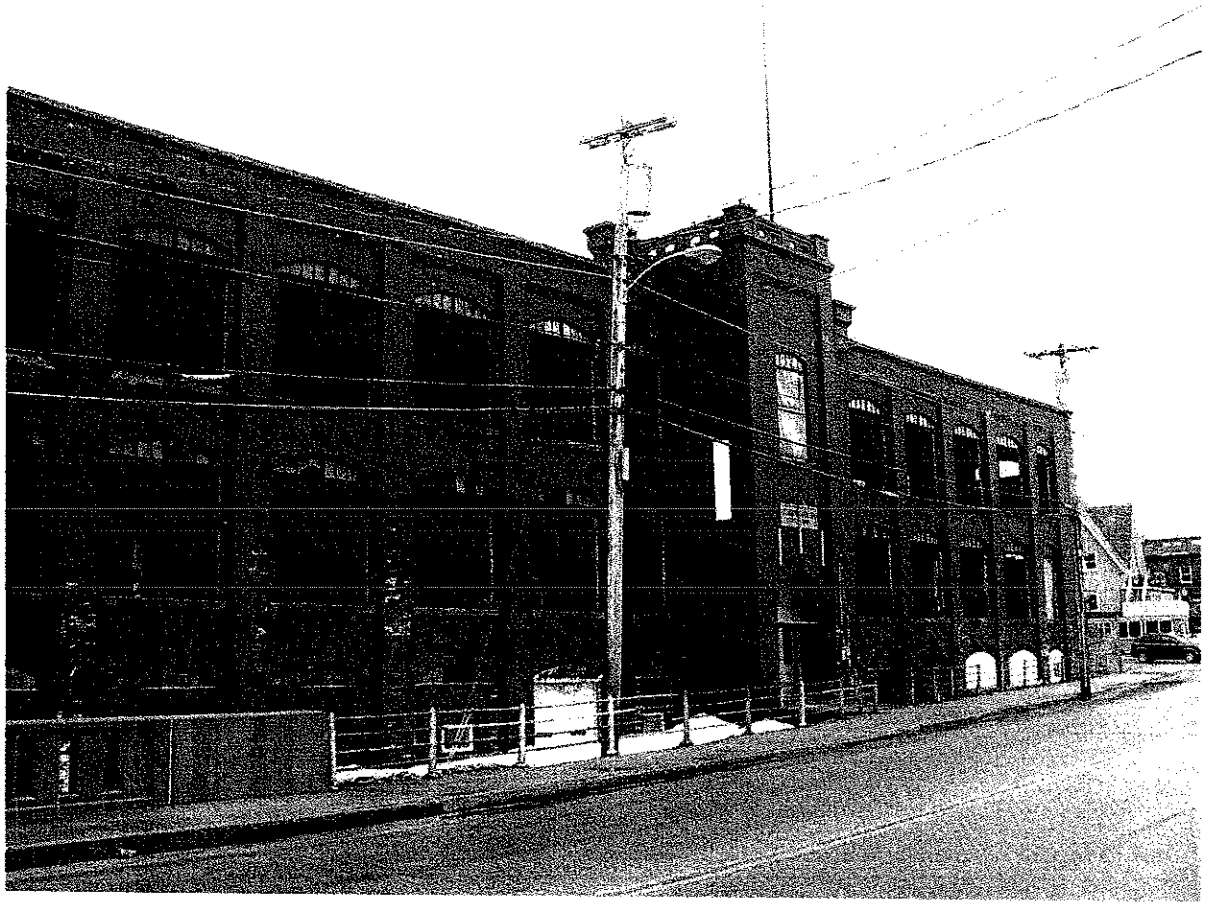
Estimated Exposure Time:

The exposure time estimate reflects market conditions leading up to the date of valuation and reflects conditions in which the comparative data has occurred. Mill buildings often represent a unique reuse opportunity at a very favorable price. When historically developed, it was in the leading era of the industrial revolution, predating the automobile. As such they tended to have city center locations, and the surrounding communities literally grew up around them. They often have a wide range of reuse potential to include residential, hospitality, retail, office, or continued industrial, commonly on a multi-tenanted basis.

The subject's deteriorated condition renders a direct market transfer unlikely, due to inherent liability for unfeasible demolition. It does have historic tax credit potential, and so with sufficient government subsidy, may provide a development opportunity. It is assumed a prospective buyer could be attracted within 3 to 6 months, but it is likely that the buyer would get a contingency contract until approvals and suitable incentives were assured. That is estimated to be another 6 to 9 months, so the total period is 9 months to 15 months.

Estimated Marketing Time:

Looking forward, the exposure time analysis is considered reflective of forward looking at 9 months to 15 months.



Front View
Photograph taken by J. Schwartz - April 1, 2008

APPRAISAL OVERVIEW

The subject is an older mill building, subdivided from a larger complex of mill buildings some time ago. It contains 66,545 sf. on three levels. The building was purchased out of foreclosure some time ago, and no deeds were transferred, rather a mortgage deed and some assignments. The current ownership has removed the windows, and most salvageable metal including, heat distribution plumbing, sprinklers, lighting, and electrical wiring. Open to the weather, the flooring cover, made of Georgia pine has curled. There is construction debris from removing interior partitioning scattered in the interior. The building then is nothing more than a shell structure, with roof, masonry walls, and timber supported wood floors, with the floor cover, and under layer (ceiling to the floor below) in deteriorated condition. The building almost fully occupies the site and parking is limited.

Identification of the Real Estate

The property is a portion of the Sanford Mills, an extensive complex of mills extending south of the subject along the Mousam River. It has been subdivided from that larger complex. It has a street address of 61 Washington Street, Town of Sanford, York County, Maine. Its tax map number is Map J29 Lot 17. Legal descriptions are contained in mortgage deeds and assignments included in the addenda.

ASSESSMENT AND TAXES					
Town	**Tax Map #**	**Land**	**Building**	**Total**	**2007-08**
Sanford	Map J29 Lot 17	$79,500	$125,200	$204,700	
Mil Rate = $14.68/M				**Total Taxes**	$3,005.00
Summary & Analysis - The assessment recognizes the overall market conditions, but likely doesn't reflect the deteriorated condition.					

Sales and Property History
The building was originally developed in the late 1800's as a portion of a textile mill. It changed hands several times as a textile mill. In 1987 it was acquired by 59 Washington Street Realty for a reported price (not verified by the appraiser) of $810,000. It went through some type of foreclosure action in 1998 and in that transaction, the reported owner, Patrick Fagan, acquired the remaining interest of the property for $330,000 in some kind of foreclosure debt reduction plan. Subsequent documents show other properties being cross collateralized with the subject. Since it was requested that the appraiser not contact the owner, the remaining information is incomplete. The Northland development group made a tentative purchase offer for the property in 2007. Their plan was to develop the property into office-retail on the first floor and market rental apartments on upper floors. That deal was contingent upon the Town of Sanford providing some land for parking nearby. Their cost estimate was $9,500,000. The developer indicated that after detailed analysis, they would have retracted their $500,000 offer, contingent on a range of subsidies, and offered less.

Purpose of the Appraisal
To estimate the market value of the fee simple estate of the subject property as of the date of appraisal, in as is condition.

Intended Use of the Appraisal
To assist the client in acquisition, possibly via eminent domain.

Intended User
The Town of Sanford, and by extension, possibly by a law court.

Reporting Format
Summary Report

Property Rights Appraised
Fee simple estate is defined as: *"Absolute ownership unencumbered by any other interest or estate, subject only to limitations of the four powers of government."*[1]

Outstanding Rights
None noted.

Statement of the Effective Date of the Appraisal and Date of the Report
The report date and date of the "as-is" valuation is the date the property was inspected, April 1, 2008. The date of the report is the same.

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[1] The Dictionary of Real Estate Appraisal, Second Edition

SCOPE OF WORK

It was requested that the property owner not be contacted, and thus an interior inspection was not possible. Included below then are the steps the appraiser undertook to determine the interior condition.

The preparation of this appraisal consisted of:

** An inspection of the exterior of property on April 1, 2008;
** Spoke extensively with Mr. Dave O'Connell, of Benchmark, a design/engineer builder who extensively reviewed the interior for the purposes of adaptively reusing the building. He provided details of the interior and a cost estimate to remove existing debris from the building;
** Spoke extensively with Mr. Rex Bell of Northland Development who had a tentative purchase offer on the property. I discussed his offer and their thinking with respect to adaptively reusing the subject building. They provided a detailed cost estimate of their plan, their ideas concerning the sale of historic tax credits as a subsidy, their view of market parameters, and their planned subsidy requirements;
** Reviewed the scope of work requirements, planning the data gathering and data requirements;
** A review of the property's legal description;
** Research of municipal assessment records, land-use records, and building development trends;
** Research and collection of market data related to market conditions and market activity, for industrial mill buildings;
** Diligence to determine the existence of apparent adverse conditions;
** Discussion with area brokers regarding activity for similar buildings, both for rentals and sales;
** Develop a highest and best use analysis for the property;
** Develop a sales comparison analysis and cost based analysis to measure both value and the feasibility of highest and best use; and
** Arriving at a value and writing this report.

DEFINITIONS

Market Value

Market Value is defined in *Rules and Regulations*, (Federal Register), Volume 55, Number 165, Page 34696 as: *"the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit to 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 each acting in what they consider to be their own best interest;*
3.) *A reasonable time is allowed for exposure in the open market;*
4.) *Payment is made in terms of cash in U.S. 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."*

(Title X of FIRREA of 1989, 12 U.S.C. 3339, on September 19, 1990 by the FDIC)

Extraordinary Assumption

"An assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions of conclusions." (USPAP Definitions, Page 5)

Hypothetical Condition

"That which is contrary to what exists but is supposed for the purpose of analysis."

QUALIFICATIONS ON CONTAMINATED LAND AND HAZARDOUS SUBSTANCES

The appraiser is designated as an EAC (Environmental Assessment Consultant) by the National Society of Environmental Consultants, and is trained to provide Phase 1 Environmental Assessments and Environmental Transaction screenings, as per ASTM standards as approved by the EPA.

USPAP standards (Advisory Opinion G-9), indicate that the role of the appraiser is that of an observer, who reports any layman's indications of a possible toxic or hazardous substance contamination on the property. In a dual role, for appraisal purposes, all such conditions noted during an inspection and inquiry typical of those for appraisal reports are reported herein. Unless otherwise stated, however, this appraisal report is not intended or purported to satisfy the requirements of either an Environmental Transaction Screening or a Phase 1 Environmental Assessment as per ASTM standards. "All appropriate inquiry" as defined for environmental purposes has not been routinely conducted in conducting this appraisal assignment, nor should the reader or user assume it has.

Some of the differences between conducting some level of environmental screening or assessment and a typical appraisal include:

1.) A less detailed site inspection;
2.) A less detailed building description;
3.) Different interview and inquiry for appraisal purposes than for environmental screening purposes;
4.) A limited history is conducted for subject or adjoining properties;
5.) Rarely are adjoining property owners interviewed for appraisal purposes;
6.) No environmental lists or records (CERCLA, RCRA, UST, LUST, NPL & ERNS) have been researched in conjunction with an appraisal. The scope and goals of an appraisal are different than those of an Environmental Screening or Phase 1 Environmental Assessment.

Further, the appraiser conducting solely an appraisal, will not further pursue observed potential or actual environmental problems beyond reporting their existence or recommending an Environmental Screening or Phase 1 Environmental Assessment.

The appraisal process does not adequately screen or assess the property as per recognized ASTM standards, and the appraiser wholly disclaims that possibility.

If an environmental hazard is subsequently discovered on the property, the cost of curing or cleaning up the environmental hazard could result in the whole loss of investment in the property, or legal liability for a clean-up cost well in excess of the property's value. The reader is also advised, that only a Phase 1 Environmental Assessment has withheld legal tests to date in providing the "Innocent Landowner's Defense" in limiting the liability of owning a property upon which an environmental hazard has been discovered. Only the Phase 1 Environmental Assessment meets the test established by CERCLA, that a landowner who makes *"...all appropriate inquiry to a property's past"* can be spared clean-up liability. The reader then is advised of the limitations of the appraisal as an environmental screening process and of the potential liability of purchasing or lending upon property not screened.

It is reported that the property likely requires some asbestos removal around the boiler. Adjoining properties had historically been used for leather tanning, and there are no soils tests available to ascertain the exact status of the subject or adjoining properties. No Phase 1 or Phase 2 data is provided. The appraiser values the property assuming no environmental hazards to exist, but if further research indicates there are hazardous situations, the value estimate would decline by at least the cost to cure and remediate those conditions, if not more.

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

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

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

2.) Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The Appraiser(s) have made no survey of the property.

3.) The Appraiser(s) are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made therefore.

4.) Possession of this report, or a copy thereof, does not carry with it the right of publication.

5.) Any distribution of the valuation in the report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

6.) The Appraiser(s) assume that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser(s) assume no responsibility for such conditions, or for engineering which might be required to discover such factors.

7.) Information, estimates and opinions furnished to the Appraiser(s), 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 to the Appraiser(s) can be assumed by the Appraiser(s).

8.) Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the professional appraisal organizations with which the Appraiser(s) are affiliated.

9.) Neither all nor part of the content of the report, nor copy thereof (including conclusions as to the property value, the identity of the Appraiser(s), professional designations, reference to any professional appraisal organizations, or the firm with which the Appraiser(s) are connected), shall be used for any purposes by anyone but the client specified in the report, the borrower if appraisal fee paid by same, 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 or the District of Columbia, without the previous written consent of the Appraiser(s); 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(s).

10.) On all appraisals subject to satisfactory completion, repairs or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner.

11.) In this appraisal assignment, the existence of potentially hazardous materials used on construction or maintenance of the building, such as the presence of urea formaldehyde foam insulation, and/or existence of toxic waste, which may or may not be present on the property, has not been considered. Unless otherwise stated, the property is appraised assuming no hazard to exist. We recommend that the client obtain an environmental assessment or transaction screening for every property. In addition, please see the additional memorandum concerning hazardous conditions following these underlying assumptions and limiting conditions.

12.) This appraisal assignment was not based upon a requested minimum valuation, a specific valuation or approval of a loan.

13.) The Americans with Disabilities Act (ADA) became effective January 26, 1992. At this time, a set of guidelines has been established regarding building code requirements affecting access to buildings. Codes vary for different building types, and different types of ownership, as well as, the financial capability of the owner. The appraiser has viewed the building in the context of the generally stated guidelines, and attempts to report same. The appraiser is not empowered to form a declaration of compliance (a building code issue) nor does the market have sufficient experience with this issue to render opinions regarding marketability or market adjustments for compliance or noncompliance. Further, legal tests and precedents have yet to be established, and it is with the further passage of time, that such market standards will be developed. Since there is no currently available direct evidence relating compliance or noncompliance to value, we do not consider noncompliance with the requirements of ADA in estimating the value of the property, unless otherwise stated within the appraisal report.

14.) Unless otherwise stated, all mechanical systems are assumed to be operational. While the appraiser attempts to ascertain such information, the appraiser assumes no responsibility for such data, either via physical inspection, or information reported correctly, incorrectly, or by omission, purposeful or otherwise.

15.) We have given, and cite in various later sections, financial statements or data prepared by the client and/or leasing brokers for the project. We consider this information to be sensitive, proprietary information. Further, this information has not (to our knowledge) been independently audited. We are relying, in part, on this information which we believe reliable, but we make no guarantee of its accuracy. Per our assignment authorization, we acknowledge "all information received in performing this agreement shall be considered non-public and confidential" and will comply with 12 CFR 1606.11 regarding non-public information. Thus information only to the extent we deem necessary to support our observations or conclusions is presented herein.

16.) The appraiser is also a certified environmental assessment consultant. No environmental screening or assessment was requested for the property. The appraiser conducted an inspection and records search consistent with USPAP appraisal standards, but did not conduct a review or search conducted as per ASTM standards for an Environmental Screening or Phase 1 Assessment unless otherwise specifically stated in the appraisal.

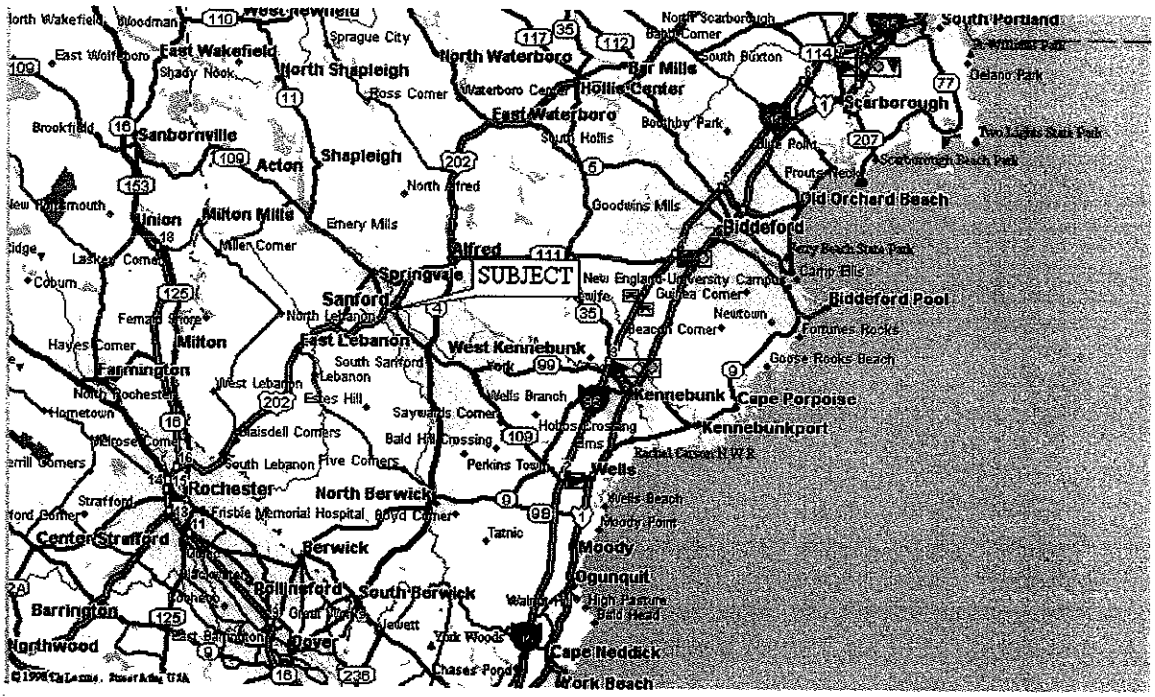
Extraordinary Assumptions:

1). *At the request of the client, the property owner was not contacted. As a result, the interior was not inspected by the appraiser, and what information the owner might have contributed. The appraiser then reserves the right to change the value opinion, should something material in that event alter the known or assumed facts analyzed herein; and*

2.) *The appraiser has relied upon Mr. Dave O'Connell, a design/build contractor, for the information pertaining to the interior condition, and status of the building mechanical systems and assumes his information to be correct and/or substantially correct.*

REGIONAL/MUNICIPAL/NEIGHBORHOOD ANALYSIS

The value of real estate is influenced by dynamic economic forces that affect supply and demand. These include demographic change, employment/income trends, and the expansion and/or contraction of the region's economic base. The following market overview describes and analyzes economic trends, current government policy, social forces and environmental issues influencing the demand for real property. The mapping exhibit below shows the subjects location on a wide scale and its relation to Portland, I-95 (the Maine Turnpike), and Route 16 to the west in New Hampshire.



NATIONAL OVERVIEW

The U.S. economy experienced little if any growth in the first quarter of 2008, due in large part to the sub prime mortgage fall out. There have been significant increases in foreclosures resulting in a tightening of available credit for borrowers, which negatively affected consumer spending. Out of pocket expenses, to include gas and home heating fuel, health care costs, homeowners' insurance, food and other categories, have also affected household budgets. Uncertainty in the economy and the likelihood of a recession have contributed to a drop in consumer confidence.

The gross domestic product (GDP), the country's broadest barometer of economic growth, went from 4.9% in the third quarter to 0.6% growth in the fourth quarter of 2007. For all of 2007, the economy grew by 2.2%, which is the weakest performance in five years. Federal Reserve Chairman Ben Bernanke believes that economy will not grow much and could contract slightly in the first half of 2008. Bernanke said *"a recession is possible"* but he also said that he expects more economic growth in the second half of the year. The 2007 average unemployment rate was 4.6%. It is expected to increase slightly in 2008 as evidenced by the January unemployment rate of 4.9%.

The Federal Reserve has taken measures to prevent a recession and free up more available funds for lending by making some of the most drastic Federal Reserve rate cuts in nearly 20 years. Their comments on the recent rate cuts and the state of the economy are as follows: *"We are fighting against the wind" Bernanke said. The Fed's interest rate cuts and other actions are working their way through the economy and are*

having the effect of at least offsetting significantly the headwinds coming from these financial factors." (Federal Reserve in an April 2, 2008 press release.)

In addition to rate cuts, the President and Congress are working to pass an economic stimulus package that will put 140 billion dollars into the economy starting in May. While the government has acted to stimulate economic growth, and mortgage rates are expected to continue dropping through the first half of 2008, the effects in the real estate market are unclear. Typically mortgage rate reductions stimulate market activity, however with more foreclosures looming in 2008, the expectations are that the Federal Reserve rate cuts will prevent or slow a recession and at best keep the market activity and values stable. Concerns include a continuation of the credit crunch, high energy cost, and a continuation of the housing correction.

MAINE OVERVIEW

Charles Colgan, a professor at the University of Southern Maine's Muskie School, presented his 2008 Maine's Economic Forecast. His outlook for Maine is *"slow growth with a moderate recession likely."* Key factors include:

* Maine's employment growth will lag the nation's; jobs will grow less in 2008 (0.1%);
* Maine's unemployment rate is expected to be slightly below the national rate (4.8% to 5.0%) through 2008;
* New housing permits and existing housing sales are expected to decline; commercial development is going to be key to keeping the construction sector stable; and
* The state's economy is linked directly to the nation's. There are several areas of concern that may effect Maine: to include a depressed housing market, debt, inflation, the value of US currency and energy cost.

SANFORD AREA ANALYSIS

The town of Sanford is located in northern York County, Maine's southwestern-most county bordering the state of New Hampshire. Sanford is situated ±35 miles southwest of Portland and 15 miles west of Saco-Biddeford. Containing ±50 square miles, it is bounded to the north by Alfred, to the east by Lyman and Kennebunk, to the south by North Berwick and Wells and to the west by Lebanon. Most of York County's population and populous towns are located along the shoreline with the Atlantic Ocean. York County's population has been growing at a fast pace, while inland towns have experienced much slower growth. The 2000 census estimates that Sanford's population was 20,806, up just 1.68% over 1990. I-95 parallels the coastline directly serving the coastal communities. Sanford is inland, located ±12 miles from I-95 and is surrounded by rural towns. As a result, it serves as a retail and limited business center.

Historically, Sanford was an agricultural center, and emerged into an industrial mill town when the Goodall Mills were developed along the Mousam River in the mid 1800's. That triggered the town's growth, attracting French Canadian workers to the area, influencing the community's culture. The textiles industries declined from the 1930's through the 1960's. Many of the old mill buildings remain, housing other manufacturing businesses, attracted by the low cost space. In the 1980's and 1990's, the retail and service sectors fuelled Sanford's moderate population and economic growth.

Sanford has a historic downtown area housing local businesses, and is adjacent to older mill buildings along the Mousam River. South of the historic central business district, is a newer retail neighborhood located along Route 109 (Main Street), just north of the intersection with Route 4. There is a ±20-year old

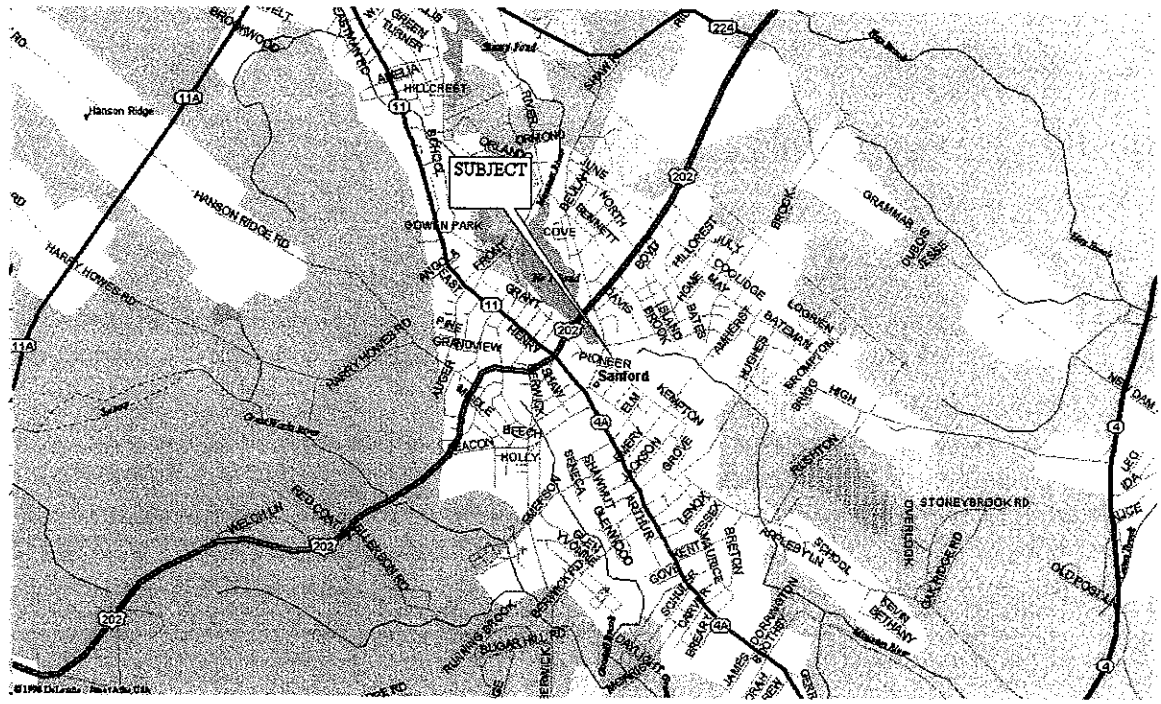
shopping center located there, anchored with a Shaw's Supermarket and there is a ±10-year old Wal-Mart nearby. In addition, there are several freestanding retail operations, as well as fast food restaurants, including McDonald's, Burger King and Wendy's. There is recent retail development on Route 109 south of the intersection with Route 4. This area includes several restaurants, a new rental store, and several smaller local businesses.

Further south is the Sanford Airport, an operating facility suitable for freight, charter, private, and corporate use. It is surrounded by industrial and industrial park development and includes a number of modern buildings. Although Sanford has managed to attract and retain some relatively stable, modern industries, providing a somewhat diversified economic base, Sanford's unemployment rate has been consistently higher than the State as a whole, as well as York County and neighboring Cumberland County.

In February 2008, Sanford's unemployment rate was 7.6% down from 8.1% a month prior and but up from 6.6% a year prior. By contrast, the state as a whole was 5.9% and slowly climbing. Sanford's heavy reliance on manufacturing is considered the primary cause, as manufacturing employment has been slumping locally and nationally.

Sanford's per capita income is below the county as a whole. The coastal communities within York County tend to attract higher income populations than inland towns. Similarly, 10.4%(1990) of Sanford's population was below the poverty level, higher than the York County average, but below other low employment areas of the state. There is an active industrial base in nearby New Hampshire, to which Sanford residents have access. Retail sales in Sanford show progressive growth, generally exceeding the county as a whole. The remainder of York County is more heavily influenced by tourism spending, which experienced a peak year in 1995, accounting for the higher comparative performance in 1995. This data verifies Sanford's position as a local retailing center.

Sanford's future, at least in the short term, appears driven by an uncertain future manufacturing economic sector. While several large employers have sagging employment levels, there has been turnover of vacant modern industrial buildings, and the older mills have become popular small business incubator's due to the lower priced rentals. In the longer term, however, Sanford is likely to be positively impact by population growth from coastal York country, where a number of municipalities have enacted growth management plans that limit annual building permit issuances. Very southern York county has been defined as an outer Boston suburb and housing prices have been increasing well in excess of general inflation levels. At some point, driven by demand for lower priced housing, residential demand should start to impact local businesses. Sanford is served with a large airport capable of a higher level of use, it features a good public golf course which are in short supply in York County, is well linked to the coastal communities, and accesses the White Mountains for recreational purposes. This potential is a future one, but the Portland area has already sprawled to almost Gardiner, so the patterns are evident, as-is demand. Prospects short term are general stability but also sensitive to manufacturing employment



NEIGHBORHOOD ANALYSIS

The subject neighborhood is an industrial mill building neighborhood that extends along both sides of the Mousam River, which has been dammed into a series of ponds for the historic use of water power to drive machinery and later for electrical power generation. The central business district which borders these mills to the west was developed concurrently. The mill ponds form a succession of public parks extending northward.

The central business district includes several blocks of downtown mercantile buildings with retail at ground level and generally walk up office space on upper levels. There is a main bank office, City Hall, and related downtown small stores centered along Route 4A and around the intersection of Routes 4A and 202.

Between the mills (of which the subject is one) and the downtown are an older in-town small shopping mall and a restaurant. There are some retail stores on River Street and some of the older wood frame multi-family dwellings that corner on River Street feature small ground floor retail spaces.

Surrounding development includes a modern child care facility, and older wood frame single and multi-family houses, crowded on small, older factory lots. By Route 202, a half block away, residential development quickly transitions to larger homes and larger lots, and more modern post WWII housing is just a block further.

This locale is well traveled, as traffic circulates around the downtown area and is highly visible. The area has been stable in its current use for a considerable period of time. The surrounding residential neighborhoods, while older, for the most part exhibit ongoing maintenance and upkeep. Therefore, the neighborhood is anticipated to remain stable for the foreseeable future.

ZONING

The subject is located in an IR (Industrial Reuse) Zone. Its stated purpose is to foster continued use, reuse, and redevelopment of existing older mill complexes and other underutilized industrial areas.

Use Criterium

There are three classes of use in this zoning ordinance: 1.) permitted uses considered a use by right; 2.) uses permitted with a site plan review; and 3.) conditional uses requiring planning board approval.

There is an extensive table of uses copied in the Appendix. A summary of the most significant uses applicable to the subject are: residential uses with review; schools, colleges, and museums with review; restaurants, financial institutions, and office and business uses; retail; and warehousing and light manufacturing with review.

The subject has been in continuous use for manufacturing for a considerable period of time.

Space & Bulk Requirements

Minimum Lot Size:	None	
Minimum Street Frontage:	50'	
Minimum Front Setback:		20' - Doesn't apply to existing buildings
Minimum Side & Rear Setbacks:		10'
Maximum Height:	75'	

It is unlikely the subject conforms to all the setbacks, and the subject is also likely to be a little higher than 75' in height. In regards to existing space and bulk requirements the subject is considered a legal nonconforming use and predates these regulations.

Summary

The subject is an old mill building, a use consistent with the intent of its zoning ordinance. The subject's use, both as-is and potential prospective uses, is the continuation as manufacturing and storage space, or adaptive reuse via rehabilitating. While it may not comply with all the setback requirements, this is a minor consideration as the building is considered a legally nonconforming use with respect to those criteria.

Of additional note, many older mill buildings are adaptively reused for multiple uses and the subject's close proximity to the central business district of Sanford warrants recognition that the subject in the future could also potentially be used for multiple uses to include hotel and lodging, restaurant, retail, or office. The Town has expressed positive interest in redeveloping the subject and has expressed a willingness to consider providing incentives for redevelopment purposes.

PROPERTY DESCRIPTION

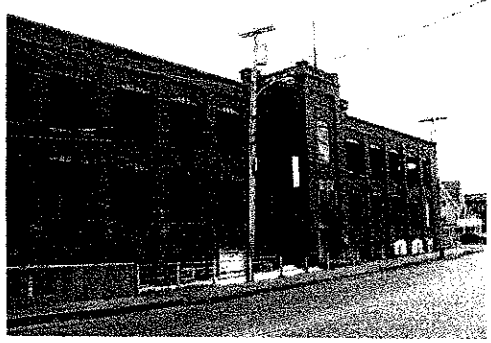
SITE

The subject is a corner parcel containing 31,799 sf. (0.73 acres) and is located on the southeast corner of Washington Street and Pioneer Street. The site's eastern boundary is the Mousam River, contained in concrete retaining walls, a component of the subject's foundation. The appraiser has scaled a non-dimensioned mapping indicating frontage on Washington Street of approximately 200' and frontage along Pioneer Street of approximately 190'. The site has been excavated to be slightly below grade along Washington Street. Pioneer Street climbs upward along the frontage so the site is approximately 12' below grade to the rear. A wood frame industrial building abuts the rear to the building, but it is not a common wall.

The site has all urban utilities available to include public water, sewer, electricity, telephone, and cable television. Flood hazard map FIRM #230156 0005E, dated 12/3/91 indicates that no portion of the subject is located within a flood hazard zone.

The site is visible from the downtown and enjoys good visual exposure with respect to passing traffic. It is located on a well trafficked secondary arterial that accommodates traffic circulating around the downtown area. The Mousam River, north of the subject, is a series of ponds surrounded by small parks, providing a limited view amenity. The site has the requisite locational aspects to promote the development for commercial or general business purposes.

IMPROVEMENTS



The subject has 66,545 sf. of gross building area with a half basement level, fully finished, a second floor the same area, and a 15,875 sf. third level. The building has brick masonry walls, and interior timbers supporting the floors. The bay spacing is 20" x 20'. The roof is slightly pitched, with a saw tooth section for lighting. The roof cover is built up composition cover and leaking is limited, but the roof cover is older.

The wall heights are 14', with 11' clear height. The building did have some office space, and was heated by a high pressure steam boiler, distributed by radiators and suspended space heaters. It had a dry sprinkler system, and heavy duty industrial level electricity distributed through out. It had a single loading dock on the east building side. Windows to two sides have been blocked in, and the former front windows removed. The floor system had pine floor cover, over a strong timber support. The ceilings then, also has a wood cover on the bottoms, or ceilings to the floors below. There is a freight elevator shaft of an open elevator.

If the loading dock is used, the site offers no parking.

In "as -is" condition, the interior has been stripped as reported by Mr. Dave O'Connell. Wood frame partitioning has been torn down and the front windows removed, opening the space to the weather and ruining the pine flooring. The electrical wiring had been removed for salvage, as had sprinkler plumbing and most general plumbing. This includes the heating distribution system. Some blocked side windows are removed and there is debris, visible from the open windows from the street. The floor cover, and ceiling covering are both weather damaged and require removal. After removing the debris, the building

represents a masonry shell, with floors. There are no mechanicals, heat, light, sprinklers, plumbing, all or most of which has been removed for salvage.

The building also has some elevated bridges, connecting the subject building to a building across the river, formerly a portion of the same complex. In reuse they would require the removal. As is the subject requires the removal of the debris inside, warped flooring and the wood layer on the ceilings. The restoration of all mechanicals, sprinkler, heat, plumbing, and electricity is also required. The subject is a building shell that is considered structurally sound.

From a cost approach perspective, the building is at the end of its economic life and is depreciated to the extent that the shell and timber floor structure can adaptively be reused.

SUMMARY OF SITE CHARACTERISTICS	
Land Area	0.73 acres
Location	61 Washington Street, Sanford, Maine 04073
Shape/Frontage	Irregular boundaries, but a generally rectangular shape: 200' on River Street
Access/Visibility	Adequate access: High visibility location
Topography/Soil Conditions	Level topography: Soils appear well drained
Functional Utility	Average, good sized for location
Utilities	E, T, W, S, CATV
Improvements	
Easements/Encroachments	None noted or observed
Flood Zone	Located in or near flood hazard zone per FIRM Panel #230156 0005 E, dated 12/3/91
Adjacent Property Uses	Residential, office, retail, industrial
Detrimental Conditions	Possible environmental issues
Zoning/Conformity	IR - Industrial Reuse
Marketability	As vacant, average

BUILDING DESCRIPTION	
Building Area	66,545 sf.
Number of Stories	Two and three
Construction Type	Brick masonry exterior walls, timber column support of floors
Condition/Bldg Quality	Poor/Average - Historic tax credits possible
Use & Occupancy	Vacant
Exterior Finish	Brick - ample windows
Interior Finish	Exposed walls
F, F & E	None considered
Sprinklers	None
Heat	None
Elevators	Freight shaft and car in place.
Air-conditioning	None
Ceiling Heights	14' Wall height, 10' to 12' clear height
Loading docks	1 - Difficult to access
Functional Utility	Adaptive reuse

COMPETITIVE ANALYSIS

There are numerous older mill buildings in urban centers around Maine, a reflection of the development of the industrial age in the 1800's where multi-story textile mills were developed along rivers using the river as a source of power.

The mills were large structures, and typically the community built up around the mills which were the center of life for workers and their families, and a center for the community as well. For the most part, they were very sturdily built, and now 150 years later most remain.

Beginning in the 1970's, mill buildings have been adaptively reused for a variety of purposes. The first in the country may have been the former Sperry Univac plant in Utica, New York, converted to a discount outlet mall. It became the destination of daily bus tours. A similar building was redeveloped in Hershey, PA, still a famed tourist destination shortly thereafter.

Since the mills are often well served by roads and adjoin central business districts they have been reused for residential apartment and condominiums, colleges, office space and retail, hotel, a mix of these uses, or remain as multi-user industrial space.

In an industrial use, they tend to be used by small business incubators since the rental is often considerably lower than competing modern industrial space, and provides a low cost alternative for a start up business.

Within Maine, an old mill in the village area of Kennebunk serves as retail and office space. The Saco Island complex in Saco, on the border with Biddeford, houses 90 residential condominiums, and a mix of retail and office space, including a college branch, and retains a considerable amount of vacant space for further development potential. Recently purchased, the buyers intend to build it out with office and residential condominium units. The City has provided a rather sizable TIF to subsidize the development.

In Westbrook, the Dana Warp Mill was maintained in industrial use, or large open space offices. It spurned the adjacent development of a modern suburban office building. Several mills, all adjacent to each other in Biddeford, adjacent to downtown, remain in industrial manufacturing or warehouse use.

Likewise, the Bates Mill in Lewiston, adjacent to the downtown contains manufacturing, a considerable area of backroom office, and includes some retail, some restaurants, etc. It benefits in location to already developed public parking and is easily accessed by local traffic patterns. In the same neighborhood, LL Bean has reused part of a multi-story industrial building as a call center, and Central Maine Medical Center has redeveloped a building for medical office use.

In Waterville, developers intend to redevelop the former Hathaway Shirt Factory into offices, first floor retail and upper level residential apartments. Still securing financing, this development is subsidized by Federal, State, and new market tax credits, as well as a sizable TIF.

The remaining mill buildings surrounding the subject in Sanford, remain in industrial or storage, but there has been no attempt to adaptively redevelop one at this point in time.

At a minimum, the mills derive value from continued industrial use. While the buildings may be near the end of their economic life, they are heated, have freight elevators, sprinklers, and industrial grade electricity distributed throughout. As such, they can serve multiple smaller tenants and have strong appeal to start up and low budget enterprises.

Similar redevelopment and reuse has occurred in Massachusetts, New Hampshire, and Vermont, in similar settings.

Since the reuse of a mill often has a lower cost as a starting point, most models viewed achieve profitable use with less than full occupancy and the price of expansion is generally a fairly low cost fit up, almost always favorable when compared to the cost of new construction. As a result they remain profitable and popular investments, and an active market for them exists locally and regionally.

HIGHEST & BEST USE ANALYSIS

Prior to the completion of the three approaches to value, a determination of the property's highest and best use (or most probable/profitable use) must be completed. The highest and best use conclusion provides the premise from which the property value estimate is derived. The definition of highest and best use, as recognized by the Appraisal Institute, is: *"The reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible and that results in highest value." (The Appraisal of Real Estate, Tenth Edition, Page 275.)*

1.) *Physically Possible: What uses are physically possible on the site?*
2.) *Legally Permissible: What uses are legally permissible under current zoning and deed restrictions on the subject site?*
3.) *Financially Feasible: Which uses produce a positive return on investment?*
4.) *Maximally Productive: Of the financially feasible uses, the use that produces the highest residual land value consistent with the rate of return warranted by the market for that use.*

As previously defined, highest and best use is that reasonable and probable use which will support the highest present value as of the date of the appraisal. Alternatively, it is the most profitable and likely use to which a property can be put. In order for a use to fit this definition, it must pass all the phases of the analysis, i.e. physically possible, legally permissible, financially feasible use, and it must be maximally productive; the most profitable use amongst the competing alternate uses. To complete a highest and best use study, the site and improved property must be considered separately. Since they may not have the same highest and best use, a value must be established for each, based on the principles of valuation. The following analysis will provide a basis for the estimation of the present worth of the improvements as it relates to the total property value as a whole.

LAND AS IF VACANT AND AVAILABLE FOR DEVELOPMENT

Physically Possible Uses

The subject site is a usable size and centrally located just on the outer perimeter of the historic central business district. It has been leveled and is located in a well trafficked commercial area. Physically, as vacant, it has good potential for some commercial use and is reasonably sized for development.

Legally Permissible Uses

The Industrial Reuse Zone is largely oriented towards the subject as improved and because there are modern industrial parks in Sanford's airport neighborhood it is unlikely that new industrial development would occur on the subject site. There are a range of permitted general business, retail, and office uses. The current government has expressed a willingness to discuss site redevelopment, and is open to a variety of urban redevelopment alternatives. Accordingly, some subsidy is a possibility, via vehicles like a TIF, and zone changes and exceptions may also be well received.

Financially Feasible Uses

There is a pattern of ongoing new construction in the Sanford area, albeit at a slow pace, which assures some form of development. Banking or restaurant use, or a multiple use might be considered. Without additional parking and considered on a stand alone basis, the site size limits the extent of development when parking must also be developed on site.

Highest & Best Use Summary
Based upon this analysis, the subject land parcel considered as vacant and available for development has a highest and best use for potential commercial or general business development.

AS IMPROVED - AS-IS
Physically Possible Uses
The subject is a building shell, and requires further removal of debris in the building currently.

Legally Permissible Uses
The industrial zoning permits a wide range of potential uses for potential building reuse and continued industrial use.

Financially Feasible Uses
Note that the valuation analysis and financially feasible use analysis in the highest and best use analysis are one and the same.

Maximally Productive Use
The building has sufficient land to support the existing improvements in an industrial use but if converted to a residential use, might strain the existing lot size for parking. However, there is no consideration of excess land.

Highest and Best Use
The value conclusion recognizes that the subject property has no measurable market value as of the date of appraisal. This is a function of there being no feasible use without considerable government subsidy. This takes the form of historic tax credits, TIF agreements, and possible grant monies, as well as the provision of parking. These are not in place and cannot be assumed or to what extent. All those functions would require a timely process to achieve, including possible legislation at the State level.

As a result, the highest and best use remains undefined.

THE APPRAISAL PROCESS

Once the highest and best use of a property has been determined, the appropriate valuation approaches are applied to the subject, each of which forecasts a value estimate. To complete an appraisal the three approaches to value are employed, the cost approach; sales comparison approach; and, the income capitalization approach. Certain hybrid valuation techniques for specialized properties, are categorized as one of these three approaches to value. The approaches are described as follows.

Sales Comparison Approach

The sales comparison approach, as the name suggests, compares the sale of similar and comparable properties, to the property being appraised to provide an estimate of value. This approach is widely applicable to vacant land valuation, as well as most improved property types for which a market exists. The approach is based upon the economic principle of substitution, that is, the property with the lowest price enjoys the greatest demand. It affirms a competitive marketplace, and relates value to the prevailing market prices, established and exhibited by comparable sales. The specific application and technique is described with the use of the approach. This approach relies upon an active market for the type of property being appraised, for the underlying data.

Cost Approach

The cost approach is applicable to improved properties. In this approach, land value is determined separately via the sales comparison approach or other recognized valuation models. The cost of the property's improvements are estimated as if new. Depreciation is deducted from cost new to arrive at the current contributory market value of the improvements, which added to land value provide the indication of value. In a broad sense, depreciation is the difference between cost new and value. Depreciation takes three forms:

1.) Physical Depreciation from factors of age, wear and tear, and deferred maintenance;
2.) Functional Obsolescence caused by design, or the use of materials, either in excess or insufficiency; and
3.) Economic Obsolescence, caused by market conditions in the environment surrounding the property, but not the property itself.

The approach is specifically well suited to special purpose properties for which a limited market exists and is generally more reliable when the improvements are newer. The underlying rationale applies when a prospective property purchaser would consider developing a property new, as part of the consideration of alternatively buying an existing property. The approach is applicable only if the property is improved to its highest and best use. Most of the inputs for cost and depreciation are derived from market data using a variety of extraction techniques.

Income Approach

The income approach is applicable to value properties that are either leased for the production of income or operated for the production of income, and therefore appeal to investors. An office building, apartment, or warehouse may be leased to a tenant producing income, or a restaurant, motel/hotel, or convenience store may be operated to produce an income. In this approach, the property is viewed as an investment and its ability to maintain an income stream become the primary criteria. The quantity, quality, and duration of the income stream are primary determinants. While there are a number of specialized valuation models for various property types, they fall primarily into two valuation model categories:

1.) Static valuation models; and
2.) Dynamic valuation models

In a static model, a single current years income is evaluated and stabilized, then converted to value using the formula: **Value = Income / Rate (V = I / R)**.

There are a variety of rate development techniques described in the application. The dynamic valuation model, is also known as the Discounted Cash Flow technique (DCF) and involves forecasting a series of annual incomes less the applicable expenses to produce a series of annual net cash flows. The cash flows are discounted to a present value and added to the discounted assumed future sale of the property (known as the reversion) to produce an indication of value. The DCF models accommodate varying assumed conditions, is especially suited to anticipated irregular cash flows, and is widely used when lease by lease analyzes are required. This is often the preferred approach for income producing properties.

Reconciliation of Value
The type of property appraised, and/or the scope and format of the appraisal assignment dictate which of the valuation approaches are used and are applicable in any given appraisal. If multiple value approaches have been applied, this section evaluates each of the approaches developed to a single valuation conclusion. The appraiser's rationale is summarized, and typically is based upon the applicability of the specific approaches to the property and the quality of data available for use in each approach.

Specific To Subject Valuation
Each of the approaches to value are considered for application to this appraisal problem.

There are some fundamental issues of feasibility that are unresolved. The highest and best use is undefined. The valuation of this property, due to its unique circumstances will be developed by a feasibility style analysis, employing an analysis of costs and comparable sales to arrive at a reasoned valuation.

VALUATION ANALYSIS

This analysis follows a feasibility style of format to a value conclusion.

In analyzing the general market for mills, the most typical use is continued use for industrial purposes, and a pricing level is established for that purpose. Occasionally, in more dynamic markets, mills are restored with a full building rehabilitation which typically includes new mechanicals. Recently, Saco Island and the Hathaway Mill in Waterville have planned projects in former mills. Both however are subsidized by at least a TIF, and in Waterville there are donations, and historic tax credits as well. In Saco, there was a mill converted to condominiums without significant incentive. The coastal York County communities have experienced a prolonged upward surge in pricing, at least until the more recent market slow down.

In Sanford there has been no market driven demand to convert mills to other uses, but rather the large inventory of mill space is used by a variety of industrial users or for storage purposes. The nearby Stetson Mill formerly had some 90,000 sf. of tenants, but is now vacant. The following mill sales are considered as indicators of value.

HISTORIC MILL BUILDING SALES

	Sale	Size (SF)	Date	Price	Price/SF
1	Saco Island, Saco	402,000	6/92	$110,000	$0.27
2	Lincoln Mill, Biddeford	238,614	3/97	$275,000	$1.15
3	Dana Warp Mill, Westbrook	278,209	8/97	$415,000	$1.49
4	13 River Street, Sanford	293,844	7/99	$600,000	$2.04
5	29 Lowell Street, Lewiston	113,912	12/99	$640,000	$5.62
6	24 Pearl Street, Biddeford	249,681	12/00	$650,000	$2.60
7	3 Weavers Drive, Sanford	104,640	9/02	$425,000	$4.06
8	18 Park Street, Saco	63,395	7/03	$300,000	$4.73
9	Building 4, Saco Island, Saco - Offering	233,734**	11/03	$850,000	$3.64
10	24 Pearl Street, Biddeford - Resale of #6 above	249,681	12/04	$945,000	$3.78
11	72 Emery Street, Sanford	280,000	12/04	$1,100,000	$3.93
12	17 Lincoln Street, Biddeford	233,001	12/07	$1,187,500	$5.10

The above sales summary depicts a 15-year trend pattern of mill sales, weighted to location in Saco/Biddeford and Sanford as being the most proximate in location. From 1999 to the current date, sales prices have ranged from a low of $2.04/sf. to a high of $5.62/sf. The sale in Lewiston was a more modern mill style building located adjacent to their hospital and it was converted to clinic and medical office space. The Lincoln Mill in Biddeford, the most timely sale was almost 100% occupied at the time of sale. The Sanford sales depict a range of $2.04/sf. to $4.06/sf. Considerable weight is afforded Sale 7 as it is joined to the subject and of a more comparable size and very similar location. Based upon this data, if the subject had its windows in tact, all its mechanicals in place and working, and not in weather damaged condition, a value conclusion in the $4/sf. to $4.25/sf. would appear reasonably warranted. A review of this data doesn't appear to warrant an upward adjustment within the 1999 to current time frame. At $4.25/sf. then a total value of $282,816 (Say) **$285,000** is considered reasonable based upon this data.

Traditional valuation methodology then would consider the cost to take the building from as is condition to a usable condition.

Three sources of costs are considered. The Marshall & Swift Valuation manual is referenced for the installation of mechanicals, windows and flooring. Secondly, Dave O'Connell of Benchmark, a design engineer/construction firm provided a cost estimate to convert the building to a first level office and restaurant, and upper level market apartments. Some of the expenses are relevant, and others are not. He does provide an estimate to clean out the building. Third, in a more general sense, Maineland files are accessed for information pertaining to the reconditioning of other similar buildings. This data is considered confidential, but is used to ascertain reasonableness within the two sources mentioned.

The Benchmark estimate is used to clear out material and demolish the boiler, the connecting bridges over the river, and a rear wood building, not a portion of the property appraised herein, and not considered. That estimate was $502,516 to effectively gut the building. This is adjusted downward to $425,000 because some of the expense is oriented to a new remodeled version, and not simply restoring it for low cost industrial use. New floor covering of hardwood is $6.40/sf. for 66,545 sf. is $425,880, sourced by MSCV Sect 44, page 2, the segregated cost section. The same source indicates sprinklers at $1.49/sf. or $99,152 for industrial use. The lowest cost form of heat is gas space heaters at $1.04/sf. or $69,200.

To install a low cost electrical system with an average number of outlets is $2.75/sf. or $183,000. Plumbing is $1.26/sf. for $83,850. Front window replacement is estimated at $25,000. A single freight elevator for the existing shaft and power is estimated at $45,000. This is considered to be an absolute minimum to achieve industrial rentals between $1.25/sf. and $3.00/sf. and pass building codes, and satisfy insurance requirements. Added to the total of these expenses is 20% for general conditions and miscellaneous items not detailed.

Cost Rehabilitation Summary

Demolition/Clean Up	$ 425,000
Flooring	$ 425,880
Sprinklers	$ 99,150
Heat	$ 69,200
Electrical	$ 183,000
Plumbing	$ 83,850
Windows	$ 25,000
Elevator	$ 45,000
Subtotal	$1,356,080
Add: 20% Miscellaneous, permits, fees, soft costs, contingencies, etc.	$ 271,216
Total Minimal Rehabilitation Cost	***$1,627,296 ($24.45/sf.)***

With a potential market value of approximately $285,000 and a cost to create that of $1,627,296, it is apparent that a prudent and knowledgeable buyer would not act accordingly. This indicates that the property as improved (or basic industrial space) is not the highest and best use, as it may have been with the older mechanicals in place. The further conclusion is that the buildings do not contribute value to the property as is.

This leads to the second component of highest and best use, that is the underlying land value, less demolition. The following land sales from Sanford are considered.

SANFORD COMMERCIAL LAND SALES				
Sales	**Date**	**Sales Price**	**$/SF**	**Comments**
439 Main Street Sanford 1.9 acres	4/00	$165,000	$1.99	Located amongst modern commercial strip development in a neighborhood with Wal Mart and fast food restaurants, developed with an Auto Zone store
Country Club Road Sanford 1.87 acres	1/05	$145,000	$1.78	Located on Rt. 4, just west of Rt. 109, growing commercial strip mall neighborhood developed with a credit union branch
Corner, Routes 4 & 109 Sanford 1.64 acres	4/05	$145,000	$2.03	Corner parcel in high profile location, improved with single user retail building

These sales affirm a fairly stable pricing level since 2000 and reflect current prices paid for retail and higher profile spaces. These sales are located south of the central business district where a modern retail shopping neighborhood exists. The central business district has some measure of vacancy, but the subject is located with some identity and could be developed to offer on site parking. Based upon these sales and recognizing the subject's smaller size, the market value of the subject site could approach $3.00/sf., assumed herein. That would indicate a market value of $3.00/sf. for 31,799 sf. is $95,397, (say) **$95,000**.

This price could be achieved if it were vacant ground, cleared of the building and ready for potential development. The MSCV indicated demolition for the subject would approximate $4.00/sf. before dumping fees. In addition, the two wood frame bridges would need to be removed, and the Benchmark cost estimate for that is $120,000. The dumping fee for essentially clean fill, is estimated at $1/sf. This totals $5/sf. or $332,725. Adding the $120,000 indicates a cost of $452,725. The heavy wood timbers have some salvage value and will assist in offsetting some of the demolition, although this also adds to the demolition expenses. The total offset is estimated to be 10% of the $332,725 expense, reducing the total demolition expense to $419,453, (Say) **$420,000.** Deducting $420,000 from $95,000 indicates a negative value of ($330,000).

Stepping back from the analysis for a moment, it was not feasible to apply a cost to cure to rehabilitate the property as improved, nor is it feasible to demolish the building. In the property's recent history, an arms length experienced developer offered $500,000 subject to a number of subsidies, but when the due diligence was completed, recognized that even with a number of contingencies, they would have to offer considerable less. There is a reasonable probability that a combination of subsidies, possibly a grant by the Town to develop subject parking, getting the property designated an historic property to receive historic tax credits, and a TIF would yield some residual value to cover demolition or the base reconditioning of the property for some adaptive reuse scheme. All those levels however require a feasible development plan, getting the historic designation and possibly special State legislation, the Town acquiring funding to acquire parking, and a willingness to create a TIF that sufficiently covers development and provides an adequate return to interest developer's. Considered as is, there is no historic designation, and no assurance one will be granted, although a reasonable probability exists. There is no assurance Sanford will receive grant monies to develop acquired land to develop parking. Further, with significant retail

vacancy in the downtown, a limited office marketplace, and some 700,000 to 1,000,000 sf. of competing mill space available for redevelopment, there is also some probability that feasible redevelopment opportunities are extremely limited. To create value in the property, a lot of design, market study work, and front end costs have to be spent, and the appropriate subsidies have to be created.

As is, the subject has no plan in place, and no subsidies.

As a result, the conclusion of this analysis, within the market terms defined by the market value definition and accepted by USPAP, and without subjective and unsupported assumptions of subsidy, there is no measurable market value attributable to the subject, a result of no feasible use.

FINAL RECONCILIATION

A final reconciliation is a process in which all pertinent facts and data, which influence the value of the subject property, are consolidated into a final value estimate. In this review, all the mathematics and information are reexamined to assure accuracy. The strengths and weaknesses inherent in each approach are analyzed to ascertain their appropriateness in reflecting market behavior. Once completed, the appraiser then correlates all the information into a supportive and defensible estimate of value.

The subject is a 66,545 sf. 3-level mill building, located in close proximity to the central business district and historic downtown of Sanford. Its design features indicate a reasonable probability that its exterior could be designated historic(it is not currently), and that historic tax credits could be available for redevelopment. Physically however, the interior has been stripped of mechanicals and construction debris remains. This then, denies use for economy level industrial and storage use, prevalent in the market in other mill buildings. The cost to restore the building for that use is not feasible.

Further, the cost to demolish the improvements considerably exceeds its value as land only. The subject also lacks parking. On the basis of these factors, and viewing the subject as is, leads to the conclusion that there is no measurable market value associated with the property and the conclusion is reported as zero.

This is not a unique condition however. Properties like this exhibit similar conditions. There is a possibility that with sufficient government subsidy and an approved development plan, that the property could be developed and yield a positive value. As is, there is no approved plan nor structured and approved incentives and attempting to forecast such a scenario would be both speculative and unreliable.

Accordingly, the value conclusion for the property "as is" is:

AS-IS MARKET VALUE OPINION
$ 0
ZERO DOLLARS

Extraordinary Assumptions:

1). *At the request of the client, the property owner was not contacted. As a result, the interior was not inspected by the appraiser, and what information the owner might have contributed. The appraiser then reserves the right to change the value opinion, should something material in that event alter the known or assumed facts analyzed herein; and*

2.) *The appraiser has relied upon Mr. Dave O'Connell, a design/build contractor, for the information pertaining to the interior condition, and status of the building mechanical systems and assumes his information to be correct and/or substantially correct.*

CERTIFICATION

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

** The statements of fact contained herein are true and correct.

** The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

** We have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.

** We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

** Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

** Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

** The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.

** John H. Schwartz has made a personal inspection of the property that is the subject of this report. The supervisory appraiser did not.

** No one provided significant real property appraisal assistance to the person(s) signing this certification.

** The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

** As of the date of this report, Frank R. Montello, MAI/SRA has completed the continuing education program of the Appraisal Institute.

John H. Schwartz, EAC
Senior Appraisal Associate
State of Maine
General Certification #668

F. R. Montello MAI/SRA.

Frank R. Montello, MAI/SRA
Supervisory Appraiser
State of Maine
General Certification #19

APPENDIX

The following items have been appended to the body of this report:

DEEDS

ZONING EXCERPTS

PROPERTY EXHIBITS

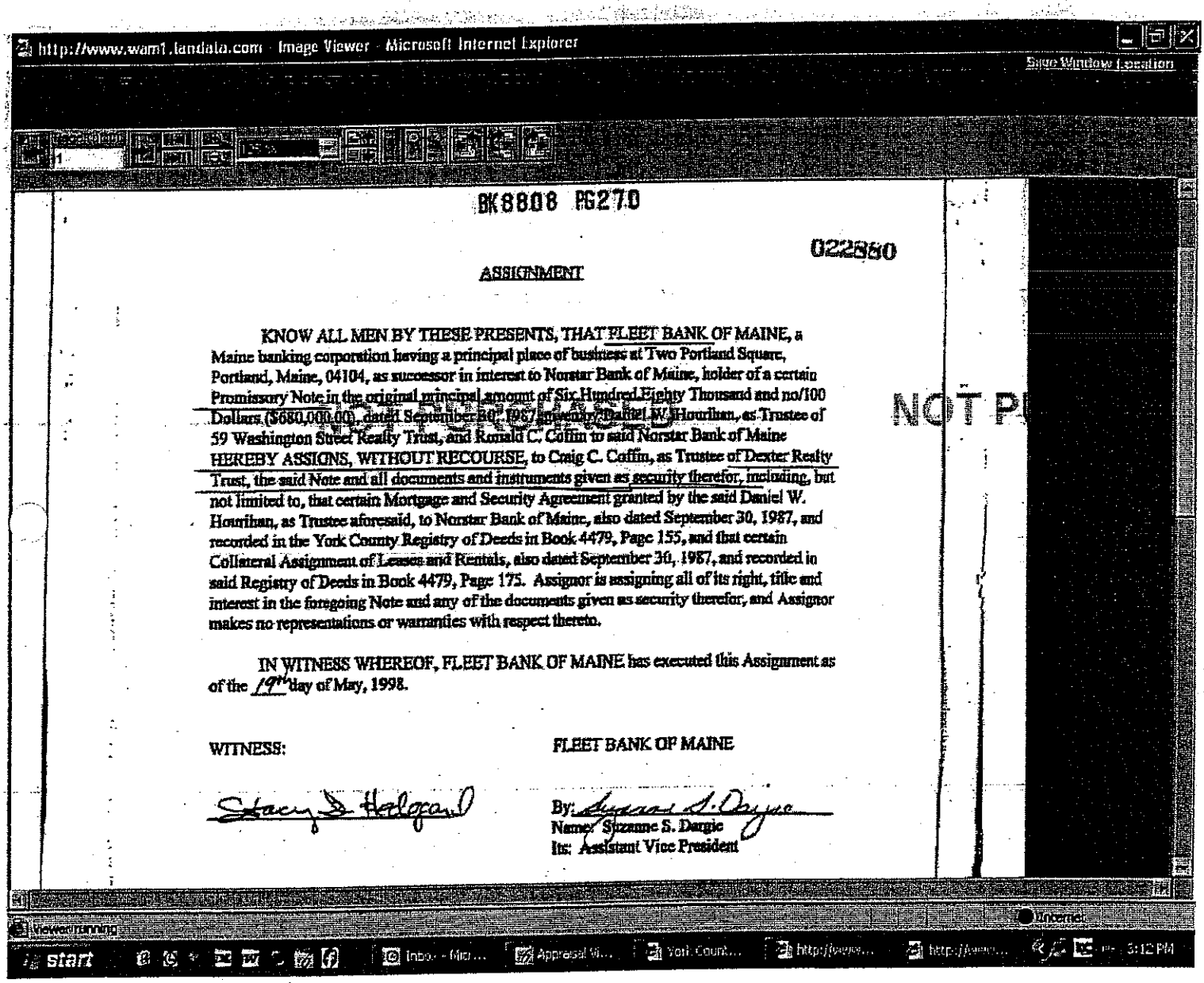
PROVIDED COST DATA

CLIENT ENGAGEMENT LETTER

APPRAISER QUALIFICATIONS

DEEDS

(6 pages to follow)



http://www.wam1.landata.com - Image Viewer - Microsoft Internet Explorer

Save Window Location

BK8808 PG270

022880

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS, THAT FLEET BANK OF MAINE, a Maine banking corporation having a principal place of business at Two Portland Square, Portland, Maine, 04104, as successor in interest to Norstar Bank of Maine, holder of a certain Promissory Note in the original principal amount of Six Hundred Eighty Thousand and no/100 Dollars ($680,000.00), dated September 30, 1987 executed by Daniel W. Hourihan, as Trustee of 59 Washington Street Realty Trust, and Ronald C. Coffin to said Norstar Bank of Maine HEREBY ASSIGNS, WITHOUT RECOURSE, to Craig C. Coffin, as Trustee of Dexter Realty Trust, the said Note and all documents and instruments given as security therefor, including, but not limited to, that certain Mortgage and Security Agreement granted by the said Daniel W. Hourihan, as Trustee aforesaid, to Norstar Bank of Maine, also dated September 30, 1987, and recorded in the York County Registry of Deeds in Book 4479, Page 155, and that certain Collateral Assignment of Leases and Rentals, also dated September 30, 1987, and recorded in said Registry of Deeds in Book 4479, Page 175. Assignor is assigning all of its right, title and interest in the foregoing Note and any of the documents given as security therefor, and Assignor makes no representations or warranties with respect thereto.

IN WITNESS WHEREOF, FLEET BANK OF MAINE has executed this Assignment as of the 19th day of May, 1998.

WITNESS:

Stacy D. Hallgarth

FLEET BANK OF MAINE

By: Suzanne S. Dargie
Name: Suzanne S. Dargie
Its: Assistant Vice President

NOT P

Fleet / Norstar to Coffin, Trustee of Dexter Realty Trust
May 19, 1998

Dexter "assumes" a direct relationship w/ Fleet, and is responsible to Fleet for the Note.

Doc# 2005063313
Bk 14642 Pg 0528
Received York SS
10/21/2005 10:28AM
Debra L. Anderson
Register of Deeds

ASSIGNMENT

For one dollar and other good and valuable consideration, DEXTER REALTY TRUST hereby assigns to PATRICK FAGAN all Dexter's right, title, and interest in and to All rights in and to that certain mortgage (the "Mortgage"), affecting land owned by the 59 WASHINGTON STREET REALTY TRUST, more particularly described in a deed recorded in the York County Registry of Deeds, Book 4479, page 149, which Mortgage was originally granted by the 59 Washington Street Realty Trust to Norstar Bank of Maine, recorded in the York Registry of Deeds, Book 4479, page 155, and to Dexter by assignment recorded in the York County Registry of Deeds Book 8808, page 270, as well as all rights of Dexter pursuant to a judgment of foreclosure of the Mortgage, as provided for in that certain civil action, York County Superior Court, docket no. ALFSC-RE-2005-43.

foreclosure

date: 9/23/05

DEXTER REALTY TRUST

by _____
Craig G. Coffin, its Trustee
hereunto duly authorized

State of Maine
Cumberland, ss.

Personally appeared Craig G. Coffin, known to me, and acknowledged the above to his free act and deed, and the free act and deed of the Dexter Realty Trust, whose trustee he is.

date: 9/23/05

_____
Notary Public
JOHN A. SEVIGNY NOTARY
Print Name and Title

My commission expires:
My Commission Expires
May 3, 2011

SEAL

1056520.1

Precision Title, 1837 Main St, Suite 201, Sanford, ME 04073

Doc# 2005066142
Bk 14657 Pg 0303 - 0304
Received York SS
11/01/2005 2:59PM
Debra L. Anderson
Register of Deeds

ASSIGNMENT OF NOTE AND MORTGAGE AND OF RIGHTS IN JUDGMENT OF FORECLOSURE

For one dollar and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Dexter Realty Trust ("Dexter") hereby assigns to Patrick Fagan ("Fagan"), without recourse, the following:

1. All rights in and to that certain Promissory Note (the "Note"), originally given to Norstar Bank, by the 59 Washington Street Realty Trust ("Mortgagor"), now held by Dexter, dated on or about September 30, 1987; and

Note

2. All rights in and to that certain mortgage (the "Mortgage") given by Mortgagor to Norstar Bank of Maine, recorded in the York Registry of Deeds, Book 4479, page 155, then assigned to Fleet Bank of Maine, and then to Dexter by assignment recorded in the York County Registry of Deeds Book 8808, page 270 (and a form of assignment of the Mortgage to Fagan suitable for recording in the registry of deeds shall be executed by Dexter); and

Mortgage

3. All rights in and to the rights of Dexter, as foreclosing mortgage of the Mortgage, as adjudicated in that certain civil action entitled Dexter Realty Trust v. 59 Washington Street Realty Trust, York County Superior Court, Docket no. ALFSC-RE-2005-43, including the right to complete the foreclosure sale contemplated by the judgment granted in that action.

Foreclosure

Dexter will cooperate with Fagan in making such filings as may be reasonably necessary to memorialize the assignments contemplated herein.

date: 9/23/05

DEXTER REALTY TRUST

by _____
its Trustee, hereunto duly authorized

Doc# 2005063312
Bk 14642 Pg 0517 - 0519
Received York SS
10/21/2005 10:28AM
Debra L. Anderson
Register of Deeds

MORTGAGE DEED
(Statutory Short Form)

KNOW ALL BY THESE PRESENTS that PZA, LLC, a Maine Limited Liability Company in the Town of Sanford, County of York and State of Maine, whose mailing address is 938 Main Street, Sanford, ME 04073, for consideration paid, grant to **DEXTER REALTY TRUST**, in the City of Portland, County of Cumberland and State of Maine, whose mailing address is 222 St. John Street, Suite 1G, Portland, ME 04102, Sanford, ME 04073, **WITH MORTGAGE COVENANTS**, in the amount of **ONE HUNDRED THIRTY THOUSAND AND 00/100** Dollars **($130,000.00)**, to secure in part the obligation of the underlying agreement, dated September 9, 2005 and attached hereto.

4 20,000 down

SEE EXHIBIT A ATTACHED HERETO AND MADE A PART HEREOF.

This mortgage is upon the statutory condition, for any breach of which the mortgagee shall have the remedies provided by law.

WITNESS my hand and seal this 7th day of October, 2005.

SIGNED, SEALED, AND DELIVERED
IN THE PRESENCE OF

PZA, LLC

Witness

By: PATRICK F. FAGAN, JR.
Its: Sole Member

STATE OF MAINE
YORK, SS:

October 7, 2005

Then personally appeared the above named **PATRICK F. FAGAN, JR.** and acknowledged the foregoing instrument to be his free act and deed and the free act and deed of **PZA, LLC**, before me,

Notary Public/ Attorney at Law
my comm. exp. _____
print name _____

Jessica Adler Cote
Notary Public
State of Maine
Comm. Exp. 12-22-2011

EXHIBIT A
Mortgage Deed
from PZA, LLC to Dexter Realty Trust

A certain lot or parcel of land located adjacent to Seneca Avenue in the Town of Sanford, County of York and State of Maine, and being identified on the Town of Sanford Tax Maps as follows:

12740/336 Seneca Ave.

Tax Map L32, Lot 7, specific only to the northerly portion of Lot 16, dated December 28, 1949 and recorded in the York County Registry of Deeds in Plan Book 19, Page 69.

and

12740/336 Seneca Ave.

Tax Map L32, Lot 7B, specific only to the southerly portion of Lot 16 and Lot 17, dated December 38, 1949 and recorded in the York County Registry of Deeds in Plan Book 19, Page 69.

Being a portion of the premises as conveyed to PZA, LLC by Deed of Ernest N. Kostis and Betty J. Kostis, dated April 15, 2003 and recorded in the York County Registry of Deeds in Book 12740, Page 336.

EXHIBIT B

Reference is hereby made to agreement between Dexter Realty Trust and Patrick Fagan, dated September 9, 2005. Agreement is on file with Precision law P.C., 1137 Suite 201, Maine Street, Sanford, Maine 04072.

END OF DOCUMENT

3P
Ls Precision Title, LLC, 137 Main St, Suite 201, Sanford, ME 04073

ZONING EXCERPTS

(3 pages to follow)

SECTION 11.13 INDUSTRIAL REUSE ZONE (IR)

11.13.1 Purpose

The purpose of the Industrial Reuse (IR) Zone is to foster the continued use, reuse, and redevelopment of existing mill complexes and other underutilized industrial areas.

11.13.2 Permitted Uses

Uses shown on Table 11.15 in Section 11.15 as being permitted uses shall be permitted by right in the Industrial Reuse (IR) Zone.

11.13.3 Uses Permitted with Review

Uses shown on Table 11.15 in Section 11.15 as being permitted uses in the Industrial Reuse (IR) Zone with review shall be permitted but only upon the receipt of approval of a development plan in accordance with the provisions of Section 17.0 of this Ordinance.

11.13.4 Conditional Uses

Uses shown on Table 11.15 in Section 11.15 as being conditional uses in the Industrial Reuse (IR) Zone shall be permitted only if a Conditional Use Permit for that use is approved by the Planning Board in accordance with the provisions of Section 14.0 of this Ordinance.

11.13.5 Prohibited Uses

Any use not listed as a permitted use, a use permitted with site plan approval, or a conditional use in the Industrial Reuse (IR) Zone, shall be prohibited within the Industrial Reuse (IR) Zone.

11.13.6 Standards

All buildings and structures shall be erected, structurally altered, enlarged, or moved and all land within the Industrial Reuse (IR) Zone shall be used in accordance with the following standards:

11.13.6.1 Space and Bulk Standards

Maximum net residential density	none
Minimum lot size	none
Minimum street frontage	50 feet

Front setback - principal buildings - accessory buildings	Where the existing buildings have a "uniform setback relationship" to the street (see definitions), any new building or alteration of an existing building shall maintain the existing relationship. Where a "uniform setback relationship" does not exist, or abutting lots are not developed, the front setback shall be a minimum of 20 feet 20 feet
Minimum side and rear setbacks (principal and accessory buildings)	10 feet
Maximum height - principal buildings - accessory buildings and structures	 75 feet 75 feet

11.13.6.2 Development Standards

In addition to the space and bulk standards set forth in Section 11.13.6.1, the following standards shall apply as indicated.

a. **Design standards** - For any proposal involving:

- the change of use of an existing building, or
- the expansion of the gross floor area of an existing building, or
- the construction of a new building or structure.

the Planning Board or Site Plan Review Committee (if the project is classified as a minor development in accordance with Section. 17.2) shall find that it complies with the following standards:

1. Off-street Parking - New off-street parking shall be located to the side or rear of the principal building. No new off-street parking for a nonresidential use shall be located in the area between the front property line and the wall of the building or structure closest to the street and running the full width of the property.

2. Lighting - Illumination from exterior lighting shall be contained on the property.

3. Residential Buffer - Where feasible, a strip of land not less than ten (10) feet in width shall be maintained as a vegetated area along any lot line adjoining a lot

located in a residential zone. A visual barrier which may be created by landscaping and/or fencing shall be established within the required buffer strip.

4. Storage - There shall be no exterior storage or display of material or equipment in conjunction with a nonresidential use in any required setback area.

b. **Minimum Size of Residential Units**

Any residential dwelling unit created in the Industrial Reuse (IR) Zone shall comply with the following minimum floor area requirements based upon the type of unit:

Studio/Efficiency Unit	not less than 410 square feet
1 bedroom unit	not less than 535 square feet
2 bedroom unit	not less than 720 square feet
3 bedroom unit	not less than 920 square feet
4 or more bedroom unit	not less than 1,120 square feet

11.13.6.3 Performance Standards

Uses within the Industrial Reuse (IR) Zone shall conform to all applicable performance standards of this Ordinance, including but not limited to the following:

Section 16.1 Groundwater Protection Standards
Section 16.2 Watershed Performance Standards
Section 16.3 Industrial Performance Standards
Section 16.7 Archaeological and Historic Resources

11.13.7 Overlay Districts

Areas within the Industrial Reuse (IR) Zone may be located within the Shoreland Overlay Zone as defined by the Shoreland Zoning Ordinance. All use of land within the Shoreland Overlay Zone shall comply with the standards and requirements of the Shoreland Zoning Ordinance.

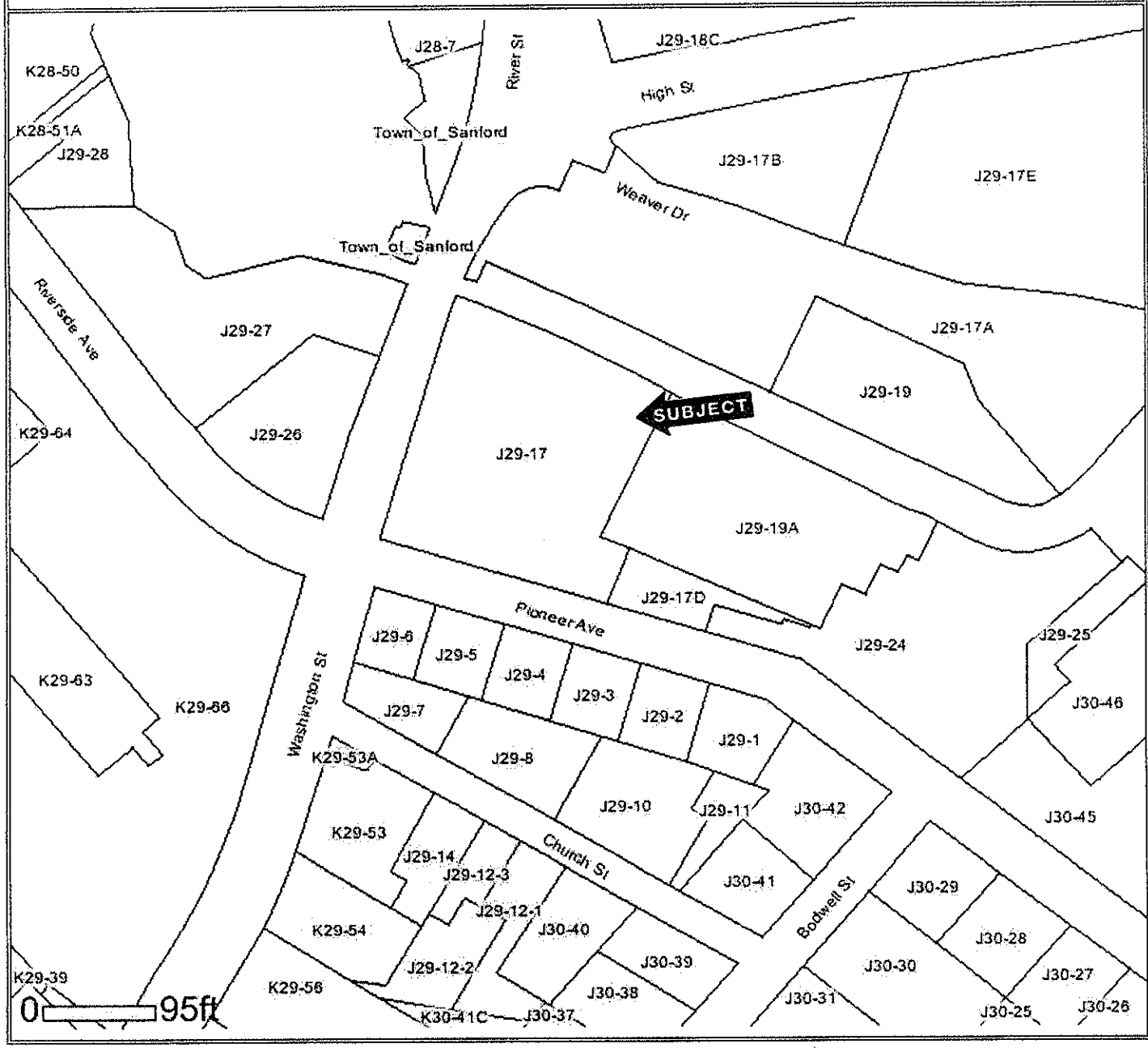
11.13.8 Flood Management

Areas of the Industrial Reuse (IR) Zone which are located within flood hazard areas as defined by the flood plain management ordinance shall additionally comply with the terms of that ordinance.

PROPERTY EXHIBITS

(6 pages to follow)

Site Map



1768 SANFORD · MAINE · SPRINGVALE

- Selected Parcels
- Parcels (dark outline)
- Parcel Map-Lot-Sublot
- Street Names
- Surrounding Towns

- ME
- NH
- Water
- Sanford

Disclaimer

The information shown in this website is provided as a service to the citizens of the Town of Sanford and other interested persons, and has been compiled from various public and private sources. While every effort has been made to provide accurate information, the Town cannot and does not warrant the accuracy of property and boundary lines, the dimensions of lots, the location of structures or improvements, or topographic or geologic features on the land. Only on site verification or field surveys can provide such accuracy. Parcel delineation is as of April, 2003. Owner-of-record is as of March 31, 2004. Questions about this site can be directed to the GIS Manager.

April 09, 2008

Property Location: 61 WASHINGTON ST | MAP ID: 0J29/ 0017/ 0000/ / | Bldg Name: | State Use: 4000

Vision ID: 2866 | Account # | Bldg #: 1 of 1 | Sec #: 1 of 1 | Card 1 of 1 | Print Date: 04/01/2008 09:40

CURRENT OWNER

59 WASHINGTON STREET REALTY
C/O PATRICK FAGAN
938 MAIN ST

SANFORD, ME 04073
Additional Owners:

TOPO.	UTILITIES	STRT./ROAD	LOCATION

SUPPLEMENTAL DATA

Other ID:
Note 1
Note 2
Note 3
Note 4
Note 5
GIS ID: J29-17

Note 6
Note 7
TIF DOWNTOWN TIF
ASSOC PID#

CURRENT ASSESSMENT

Description	Code	Appraised Value	Assessed Value
INDUSTR.	4000	107,400	107,400
IND LAND	4000	79,500	79,500
INDUSTR.	4000	17,800	17,800
	Total	204,700	204,700

4524
SANFORD, ME

VISION

RECORD OF OWNERSHIP

RECORD OF OWNERSHIP	BK-VOL/PAGE	SALE DATE	q/u	v/i	SALE PRICE	V.C.
59 WASHINGTON STREET REALTY	4479/ 149	09/30/1987	Q	I	810,000	W

PREVIOUS ASSESSMENTS (HISTORY)

Yr.	Code	Assessed Value	Yr.	Code	Assessed Value	Yr.	Code	Assessed Value
2007	4000	107,400	2007	4000	107,400	2006	4000	107,400
2007	4000	79,500	2007	4000	79,500	2006	4000	79,500
2007	4000	17,800	2007	4000	17,800	2006	4000	17,800
	Total:	204,700		Total:	204,700		Total:	204,700

EXEMPTIONS

Year	Type	Description	Amount
		Total:	

OTHER ASSESSMENTS

Code	Description	Number	Amount	Comm. Int.

This signature acknowledges a visit by a Data Collector or Assessor

APPRAISED VALUE SUMMARY

Appraised Bldg. Value (Card)	418,700
Appraised XF (B) Value (Bldg)	17,000
Appraised OB (L) Value (Bldg)	17,800
Appraised Land Value (Bldg)	79,500
Special Land Value	0
Total Appraised Parcel Value	204,700
Valuation Method:	O
Adjustment:	0
Net Total Appraised Parcel Value	204,700

ASSESSING NEIGHBORHOOD

NBHD/ SUB	NBHD NAME	STREET INDEX NAME	TRACING	BATCH
0001/A				

NOTES

BUILDING PERMIT RECORD

Permit ID	Issue Date	Type	Description	Amount	Insp. Date	% Comp.	Date Comp.	Comments

VISIT/ CHANGE HISTORY

Date	Type	IS	ID	Cd.	Purpose/Result
06/17/2005	01		JG	46	Change/Value Change

LAND LINE VALUATION SECTION

B #	Use Code	Use Description	Zone	D	Frontage	Depth	Units		Unit Price	I. Factor	S.A.	Acre Disc	C. Factor	ST. Idx	Adj.	Notes- Adj	Special Pricing	Adj. Unit Price	Land Value
1	4000	INDUSTRIAL MDL-96	IB				31,799	SF	1.19	1.00	5	1.0000	2.10		0.00			2.50	79,500

Total Card Land Units: 0.73 AC | Parcel Total Land Area: 0.73 AC | Total Land Value: 79,500

Property Location: 61 WASHINGTON ST | MAP ID: 0J29/ 0017/ 0000/ / | Bldg Name: | State Use: 4000

Vision ID: 2866 | Account # | Bldg #: 1 of 1 | Sec #: 1 of 1 | Card 1 of 1 | Print Date: 04/01/2008 09:40

CONSTRUCTION DETAIL

Element	Cd.	Ch.	Description
Style	42		Heavy Indust
Model	96		Ret/off condo
Grade	B-		Good -
Stories	2		
Occupancy			
Exterior Wall 1	20		Brick/Masonry
Exterior Wall 2			
Roof Structure	01		Flat
Roof Cover	02		Rolled Compos
Interior Wall 1	01		Minim/Masonry
Interior Wall 2			
Interior Floor 1	03		Concr-Finished
Interior Floor 2	12		Hardwood
Heating Fuel	02		Oil
Heating Type	06		Steam
AC Type	01		None
Bldg Use	4000		INDUSTRIAL MDL-96
Total Rooms			
Total Bedrms	00		
Total Baths	2		
Depreciation			
Heat/AC	00		NONE
Frame Type	03		MASONRY
Baths/Plumbing	02		AVERAGE
Ceiling/Wall	02		CEILING ONLY
Rooms/Prtns	02		AVERAGE
Wall Height	14		
% Comn Wall			

CONSTRUCTION DETAIL (CONTINUED)

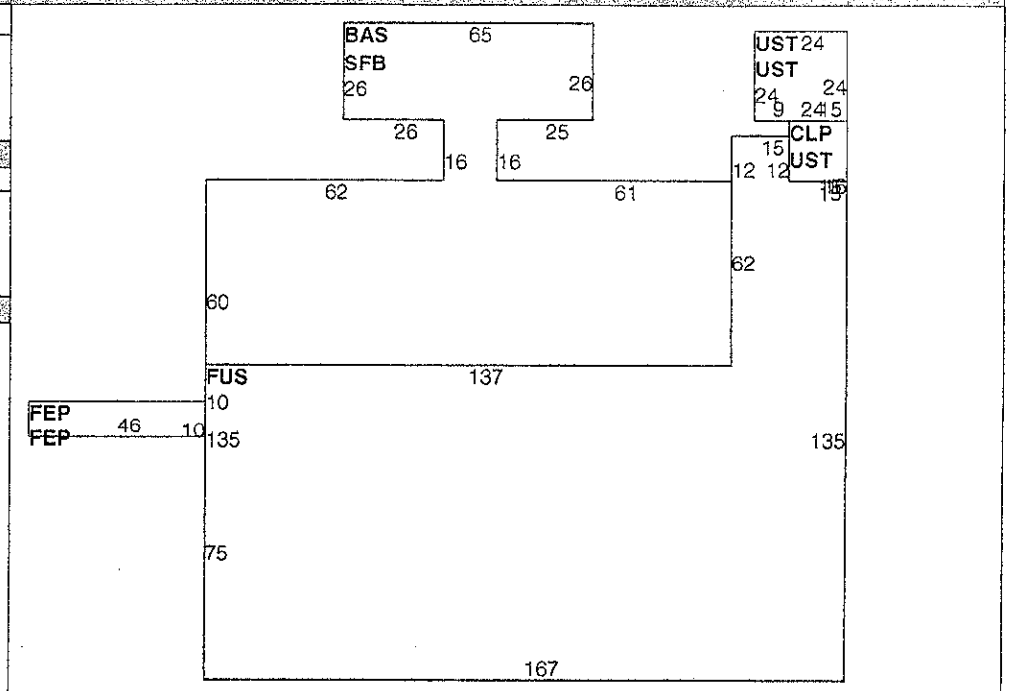
Element	Cd.	Ch.	Description

MIXED USE

Code	Description	Percentage
4000	INDUSTRIAL MDL-96	100

COST/MARKET VALUATION

Adj. Base Rate:	39.38
Section. RCN:	2,462,772
Net Other Adj:	0.00
Replace Cost	2,462,772
AYB	1920
EYB	1965
Dep Code	
Remodel Rating	
Year Remodeled	
Dep %	73
Functional Obslnc	10
External Obslnc	0
Cost Trend Factor	1
Condition	
% Complete	
Overall % Cond	17
Apprais Val	418,700
Dep % Ovr	0
Dep Ovr Comment	
Misc Imp Ovr	0
Misc Imp Ovr Comment	
Cost to Cure Ovr	0
Cost to Cure Ovr Comment	



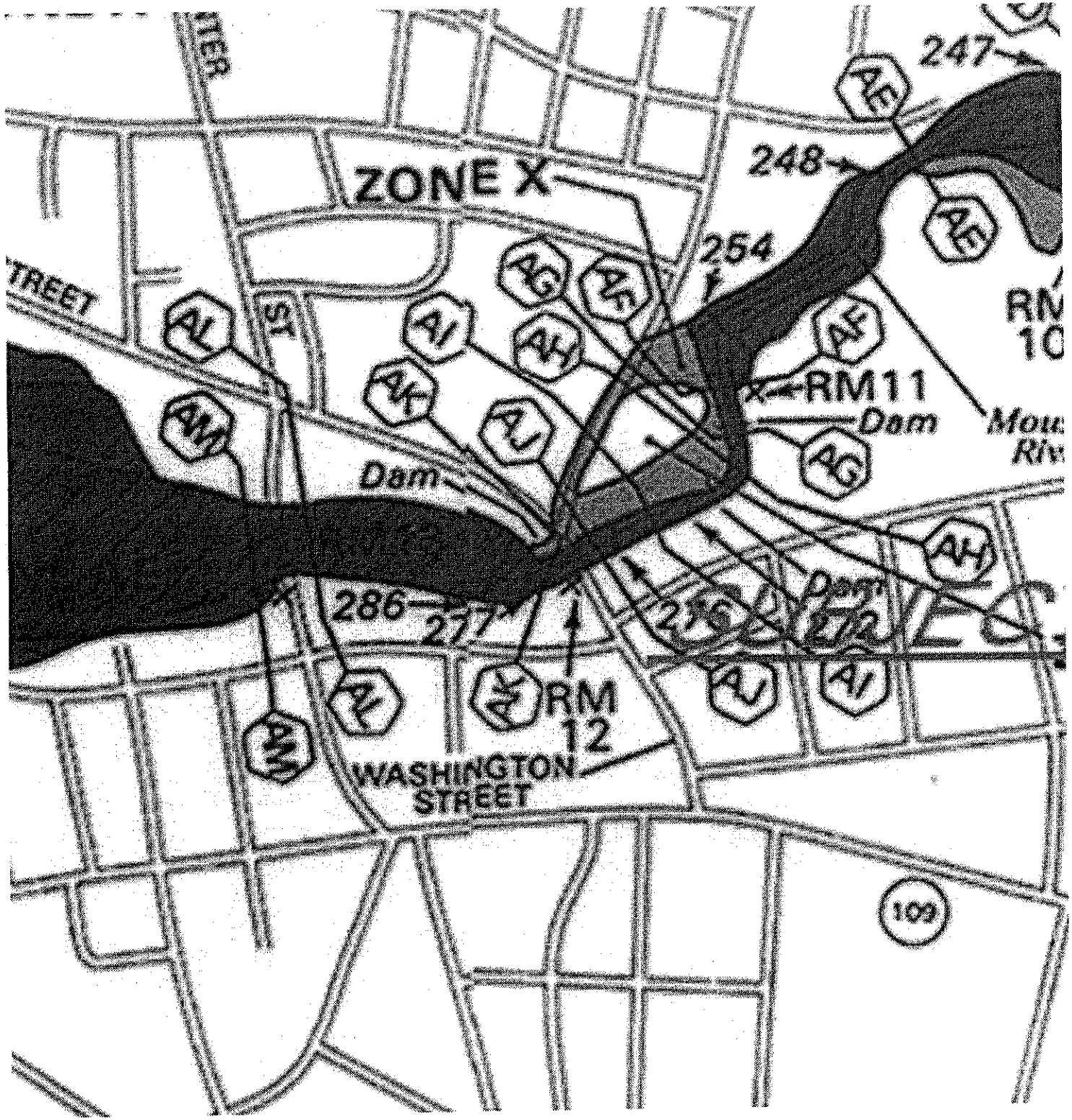
No Photo On Record

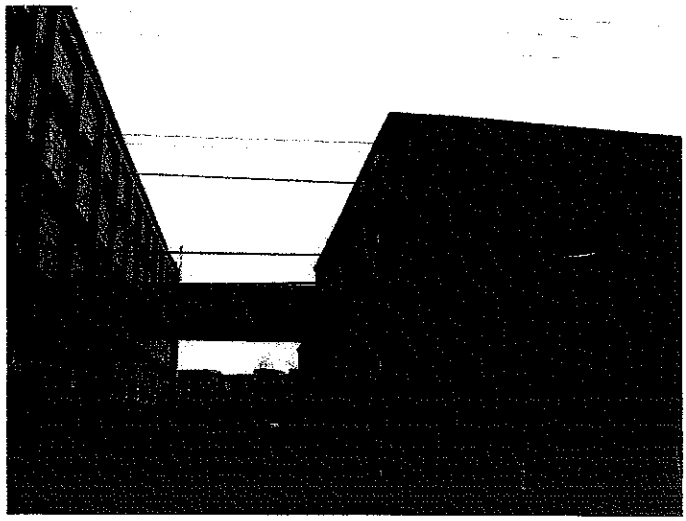
OB-OUTBUILDING & YARD ITEMS(L) / XF-BUILDING EXTRA FEATURES(B)

Code	Description	Sub	Sub Descript	L/B	Units	Unit Price	Yr	Gde	Dp Rt	Cnd	%Cnd	Apr Value
	ELEV			L	2	34,200.00	1962		1		70	17,800
SPR3	DRY			B	66,54	1.50	1965		2		100	17,000

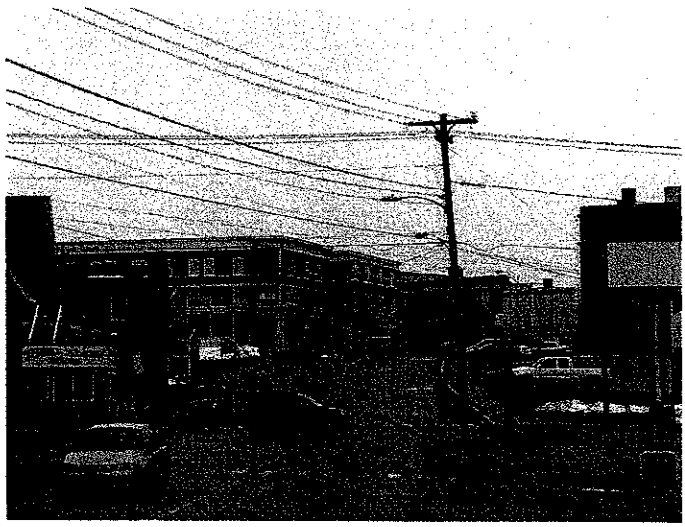
BUILDING SUB-AREA SUMMARY SECTION

Code	Description	Living Area	Gross Area	Eff. Area	Unit Cost	Undeprec. Value
BAS	First Floor	24,639	24,639	24,639	39.38	970,185
CLP	Loading Platform, Finished	0	240	72	11.81	2,835
FEP	Porch, Enclosed, Finished	0	920	598	25.59	23,547
FUS	Upper Story, Finished	15,875	15,875	15,875	39.38	625,094
SFB	Finishd Raised Bsmnt	20,943	24,639	20,943	33.47	824,652
UST	Utility, Storage, Unfinished	0	1,392	418	11.82	16,459
	Ttl. Gross Liv/Lease Area:	61,457	67,705	62,545		2,462,772

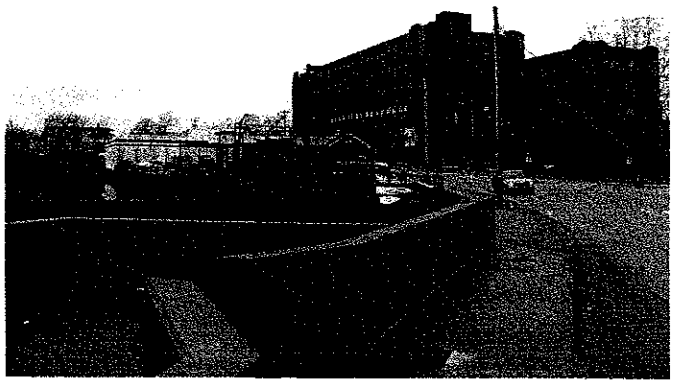

ZONE X
247
248
254
RM11
Dam
Dam
286
277
RM
12
WASHINGTON
STREET
109



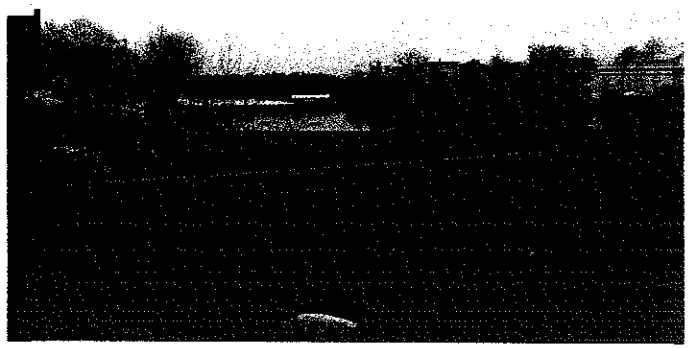
Subject Bridges to Other Building



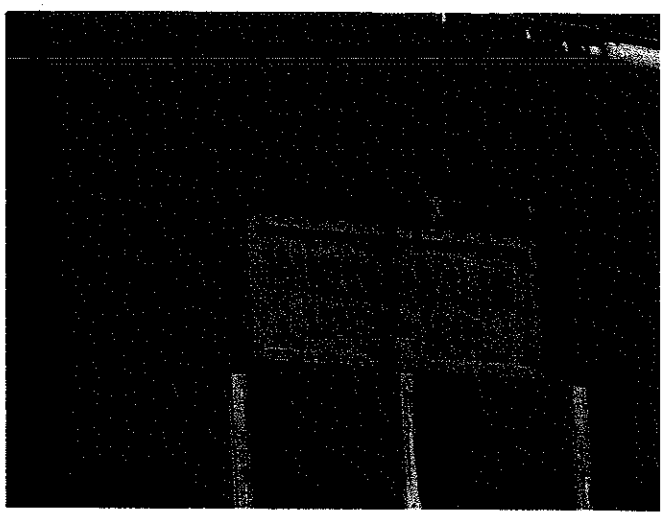
Neighborhood View Toward Central Business District



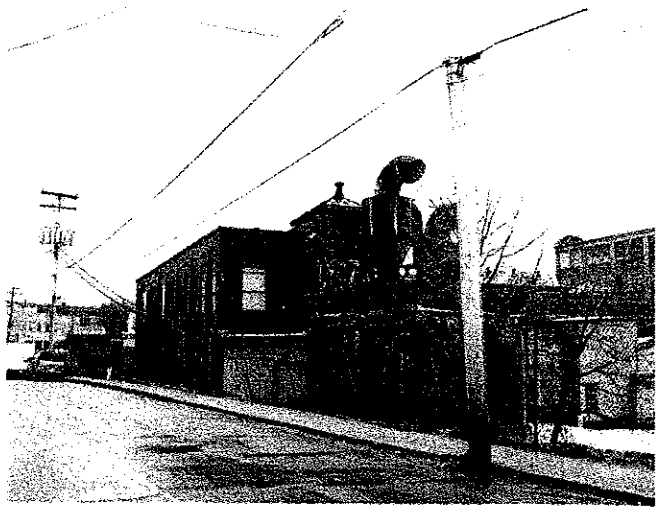
Neighborhood View Towards East & Stetson Mill



View Across Street of Ponds



Subject



Rear of Building

PROVIDED COST DATA

(9 pages to follow)

Project name	Sanford Mill Budget #1
Labor rate table	Labor - Burden Rates
Equipment rate table	Equipment
Job size	70000 sqft
Report format	Sorted by 'Group phase/Phase' 'Detail' summary

Item	Description	Takeoff Qty		Labor Amount	Material Amount	Subcontract Amount	Subcontract Name	Equipment Amount	Other Amount	Totals Amount
1000.000	***GENERAL CONDITIONS***									
1471.000	**Temporary Enclosures**									
10	Close Up Exterior Openings With 2x4 & Poly (Install & Remove	9,000.00	sqft	14,400	5,850	-		-	-	20,250
	Temporary Enclosures			14,400	5,850					20,250
	360.00 Labor hours									
	GENERAL CONDITIONS			***14,400***	***5,850***	***0***		***0***	***0***	***20,250***
	360.00 Labor hours									
2000.000	***SITEWORK/DEMOLITION***									
2000.100	**Demolition**									
11	Demo Existing Building @ Rear Parking Lot	25,000.00	sf	-	-	125,000		-	-	125,000
—	Demo Bridge	6.00	each	-	-	120,000		-	-	120,000
—	Remove Exterior Railings	1.00	ls			1		-	-	1
—	Remove Masonry @ Existing Openings	1.00	ls			1		-	-	1
—	Remove Existing Sprinkler Piping	1.00	ls			1		-	-	1
—	Remove Existing Electrical	1.00	ls	-	-	1		-	-	1
—	Remove Existing Wood Flooring	1.00	ls	-	-	1		-	-	1
—	Remove Existing Fire Escapes	2.00	each	-	-	1		-	-	1
—	Remove Existing Roofing	1.00	ls	-	-	1		-	-	1
—	Remove Existing Wood Ceilings	1.00	ls	-	-	1		-	-	1
—	Remove Existing Wood Stairs And Interior Partitions	1.00	ls	-	-	1		-	-	1
—	Remove Existing Windows	1.00	ls	-	-	1		-	-	1
—	Demo Old Boiler & Heat Piping	1.00	ls	-	-	15,000		-	-	15,000
—	Demo Old Retaining Walls	1.00	ls	-	-	6,000		-	-	6,000
—	Demo @ Tower	1.00	ls	-	-	11,500		-	-	11,500
—	Demo @ Main Building	70,000.00	sqft	-	-	350,000		-	-	350,000
	Demolition					627,510				627,510
2000.200	**Selective Demolition**									
07	Saw Cut & Remove 4" Slab In 2x3' Cubes & Place In Dumpster @ Elevator Pit	144.00	sqft	-	-	3,600		-	-	3,600
	Selective Demolition					3,600				3,600
2001.000	**Sitework Budget**									
14	Trench Excavation @ Elevator Pit	32.00	cuyd	-	-	1,000		-	-	1,000
16	Structural Fill @ Elevator Pit	18.00	cuyd	-	-	612		-	-	612
17	Gravel Sub Base @ Elevator Pit	7.00	cuyd	-	-	238		-	-	238
61	Pumpable Fill @ Basement Slab	1,797.00	cuyd		89,850	-		-	-	89,850
—	New Parking Lot	43,414.00	sqft	-	-	500,000		-	-	500,000
	Sitework Budget				89,850	501,850				591,700
2110.110	**Hazardous Waste**									
10	Asbestos Abatement NIC	1.00	ls	-	-			-	-	
10	Lead Abatement NIC	1.00	ls	-	-			-	-	
2900.990	**Landscaping Sub**									
—	Landscaping Allowance	1.00	ls	-	-	60,000		-	-	60,000
	Landscaping Sub					60,000				60,000
	SITEWORK/DEMOLITION			***0***	***89,850***	***1,192,960***		***0***	***0***	***1,282,810***
3000.000	***CONCRETE***									
3000.100	**Foundation & Slab Budget**									

Item		Description	Takeoff Qty		Labor Amount	Material Amount	Subcontract Amount	Name	Equipment Amount	Other Amount	Total Amount
3000.100		**Foundation & Slab Budget**									
	11	Concrete Elevator Pit	18.00	cuyd	-	2,700	3,240		-	-	5,940
—		Repair Retaining Wall @ Front Of Building	0.00	ls	-	-	0		-	-	
—		New Retaining Wall & Sidewalk	1.00	ls	-	-			-	-	
		Foundation & Slab Budget				2,700	3,240				5,940
3150.630		**Vapor Barrier**									
	6	6 Mil. Vapor Barrier @ Basement Slab	24,768.00	sf	-	795	1,981		-	-	2,776
		Vapor Barrier				795	1,981				2,776
3150.720		**Expansion Joints**									
	3	4" Flexcell @ Basement Slab	900.00	lnft	315	450	-		-	-	765
		Expansion Joints			315	450					765
		9.00 Labor hours									
3220.120		**Wire Mesh- Flats**									
	610	WWM 6X6- W 1.4 Flats @ Basement Slab	29,166.00	sf	-	4,375	3,500		-	-	7,875
		Wire Mesh- Flats				4,375	3,500				7,875
3300.999		**Concrete Slabs A.P. Conc.**									
	12	Pump Finish SOG- AP @ Basement Salb	24,768.00	sqft	-	-	11,146		-	-	11,146
	18	Saw Cut S-O-G AP Concrete @ Basement Slab	1,742.00	lf			1,742		-	-	1,742
	21	Finish Stair Treads-AP	90.00	each	-	-	2,250		-	-	2,250
		Concrete Slabs A.P. Conc.					15,138				15,138
3310.100		**Concrete- Buy**									
	30	3000 psi Concrete @ Basement Slab	312.00	cy	-	26,208	-		-	-	26,208
		Concrete- Buy				26,208					26,208
3350.150		**Sandblast & Bush Hammer**									
	2	Clean Interior Brick Walls	24,000.00	sf	0	0	12,000		-	-	12,000
	8	Clean Wood Beams & Floor Plank @ 1st Floor Area+25%	30,960.00	sf	0	0	15,480		-	-	15,480
	8	Clean Wood Beams & Floor Plank @ 2nd Floor Area+25%	22,750.00	sf	0	0	11,375		-	-	11,375
	8	Clean Wood Beams & Floor Plank @ Tower Area+25%	2,880.00	sf	0	0	1,440		-	-	1,440
		Sandblast & Bush Hammer					40,295				40,295
		2,417.724 Labor hours									
3390.170		**Curing**									
	6	Cure With Burlap @ Basement Slab	24,768.00	sf	2,972	2,861	-		-	-	5,833
		Curing			2,972	2,861					5,833
		74.304 Labor hours									
3995.100		**Misc Conc Equipment**									
	2	Concrete Pump @ Basement Slab	1.00	dy	-	-	-		1,400	-	1,400
	2	Concrete Pump For Pumpable Fill	4.00	dy	-	-	-		5,600	-	5,600
		Misc Conc Equipment							7,000		7,000
		40.00 Equipment hours									
		CONCRETE			***3,287***	***37,389***	***64,154***		***7,000***	***0***	***111,830***
		2,501.03 Labor hours									
		40.00 Equipment hours									
4000.000		***MASONRY***									
4000.001		**Masonry Budget**									
	12	8" Block Incl Rebar @ Elevator Shafts	1,280.00	sqft	-	-	15,360		-	-	15,360
	19	Cleaning Exterior Wall Including Staging	27,176.00	sqft	-	-	54,352		-	-	54,352
	19	Re-pointing Exterior Wall Including Staging 25%	6,794.00	sqft	-	-	67,940		-	-	67,940
—		Infill Existing Openings	14.00	each	-	-	11,200		-	-	11,200
—		Cut New Window Openings @ Tower	8.00	each	-	-	16,000		-	-	16,000
—		Cut New Door Openings	2.00	each	-	-	4,000		-	-	4,000

Item	Description	Takeoff Qty		Labor Amount	Material Amount	Subcontract Amount	Name	Equipment Amount	Other Amount	Total Amount
	Masonry Budget					168,852				168,852
	MASONRY			***0***	***0***	***168,852***		***0***	***0***	***168,852***
5000.000	***METALS***									
5510.009	**Wall Railing**									
10	Pipe Wall Railing	200.00	lnft	1,600	3,000	-		-	-	4,600
	Wall Railing			1,600	3,000					4,600
	40.00 Labor hours									
5510.100	**Stairs & Ladders**									
10	Metal Stairs Concrete Pans (Budget) 2 sets	90.00	rise	-	31,500			-	-	31,500
11	Install Steel Pan Stairs	90.00	rise	-	-	14,400		-	-	14,400
102	Elevator Pit Ladder	1.00	ea	80	300	-		-	-	380
---	Elevator Sill Angles	3.00	each	150	600	-		-	-	750
	Stairs & Ladders			230	32,400	14,400				47,030
	2.00 Labor hours									
5520.100	**Handrails- Steel**									
01	Exterior Handrail @ Retaining Walls	489.06	lnft	-	46,461	15,894		-	-	62,355
	Handrails- Steel				46,461	15,894				62,355
	METALS			***1,830***	***81,861***	***30,294***		***0***	***0***	***113,985***
	42.00 Labor hours									
6000.000	***WOOD & PLASTICS***									
6069.000	**Misc. Carpentry Items**									
---	Decks	11.00	each	8,250	5,500	-		-	-	13,750
---	Repair Existing Wood Plank Floor	1.00	ls	3,000	2,000	-		-	-	5,000
---	Repair Existing Plank Roofing	1.00	ls	4,000	4,000	-		-	-	8,000
---	Frame In Existing Skylights	10,000.00	sqft	40,000	50,000			-	-	90,000
	Misc. Carpentry Items			55,250	61,500					116,750
6116.120	**Blocking- @ Wood**									
26	Blocking 2x6 to Wood	3,900.00	lf	4,727	1,982	-		-	-	6,709
	Blocking- @ Wood			4,727	1,982					6,709
	118.182 Labor hours									
6160.300	**Underlayment**									
58	Underlayment 5/8" Ply @ 2nd Floor	24,768.00	sf	10,320	29,152	-		-	-	39,472
58	Underlayment 5/8" Ply @ 3rd Floor	18,200.00	sf	7,583	21,421	-		-	-	29,005
58	Underlayment 5/8" Ply @ Tower	2,304.00	sf	960	2,712	-		-	-	3,672
	Underlayment			18,863	53,285					72,148
	471.583 Labor hours									
6160.302	**Homasote**									
10	Homasote Soundboard @ Floors	38,272.00	sqft	15,947	28,130	-		-	-	44,077
	Homasote			15,947	28,130					44,077
	398.67 Labor hours									
	WOOD & PLASTICS			***94,787***	***144,897***	***0***		***0***	***0***	***239,685***
	988.432 Labor hours									
6200.000	***FINISH CARPENTRY***									

Item	Description	Takeoff Qty		Labor Amount	Material Amount	Subcontract Amount	Name	Equipment Amount	Other Amount	Total Amount
6410.200	**Stock Cabinets**									
	10 Stock Kitchen Base Units	148.00	lf	0	0	22,200		-	-	22,200
	10 Stock Vanity Base Units	296.00	lf	0	0	44,400		-	-	44,400
	20 Stock Kitchen Wall Units	515.00	lf	0	0	77,250		-	-	77,250
	Stock Cabinets					143,850				143,850
	959.00 Labor hours									
6420.500	**Countertops**									
	80 Formica Tops Sub	722.00	lnft	-	-	32,490		-	-	32,490
	Countertops					32,490				32,490
	FINISH CARPENTRY			***0***	***0***	***176,340***		***0***	***0***	***176,340***
	959.00 Labor hours									
7000.000	***THERMAL & MOIST PROTECT***									
7210.119	**Insulation Sub**									
	12 3 1/2" Sound Insulation @ Ceilings	24,768.00	sqft	-	-	11,146		-	-	11,146
	Insulation Sub					11,146				11,146
7530.100	**Roofing- Membrane**									
	20 Membrane Roofing Adhered With Insulation	25,258.36	sf	-	-	164,179		-	-	164,179
	Roofing- Membrane					164,179				164,179
	THERMAL & MOIST PROTECT			***0***	***0***	***175,325***		***0***	***0***	***175,325***
8000.000	***DOORS & WINDOWS***									
8110.100	**Doors & Hardware Budget**									
	11 Doors & Hardware @ 1st Floor	24,768.00	sqft	0	56,986	19,814		-	-	76,781
	18 Doors & Hardware 2nd Floor	24,768.00	sqft	-	56,966	19,814		-	-	76,781
	18 Doors & Hardware 3rd Floor	18,200.00	sqft	-	41,860	14,560		-	-	56,420
	18 Doors & Hardware Tower	2,304.00	sqft	-	5,299	1,843		-	-	7,142
—	Keyless Entry Card System and Buzzer & Pads For 4 Extra Doors	1.00	ls	-	-	9,500		-	-	9,500
	Doors & Hardware Budget				161,092	65,532				226,624
8410.100	**Storefronts- Aluminum**									
	30 Doors With Arched Window	4.00	ea	-	-	16,000		-	-	16,000
	Storefronts- Aluminum					16,000				16,000
8520.100	**Windows- Aluminum**									
-sub	Sub - Aluminum Window Type 1	36.00	ea	-	-	162,000		-	-	162,000
-sub	Sub - Aluminum Window Type 2	109.00	ea	-	-	272,500		-	-	272,500
	Windows- Aluminum					434,500				434,500
8600.100	**Skylights**									
—	Repair Existing Skylights	1.00	ls			50,000		-	-	50,000
	Skylights					50,000				50,000
8900.990	**Aluminum Storefronts**									
	10 Glass Wall @ Units 6x8 per	2,368.00	sqft	-	-	59,200		-	-	59,200
	Aluminum Storefronts					59,200				59,200
	DOORS & WINDOWS			***0***	***161,092***	***625,232***		***0***	***0***	***786,324***

Item	Description	Takeoff Qty		Labor Amount	Material Amount	Subcontract Amount	Name	Equipment Amount	Other Amount	Total Amount
9000.000	***FINISHES***									
9001.000	**Finishes Budget Costs/SF**									
—	Painting 1st Floor	24,768.00	sqft			68,112		-	-	68,112
—	Painting 2nd Floor	24,768.00	sqft			92,880		-	-	92,880
—	Painting 3rd Floor	18,200.00	sqft			68,250		-	-	68,250
—	Painting Tower	2,304.00	sqft			8,640		-	-	8,640
—	Flooring 1st Floor	24,768.00	sqft			61,920		-	-	61,920
—	Flooring 2nd Floor	24,768.00	sqft			61,920		-	-	61,920
—	Flooring 3rd Floor	18,200.00	sqft			45,500		-	-	45,500
—	Flooring @Tower	2,304.00	sqft			5,760		-	-	5,760
	Finishes Budget Costs/SF					412,982				412,982
9250.020	**Drywall Budget Systems**									
135	5/8" Hung Ceiling @ 1st Floor	24,768.00	sqft	-	-	69,350		-	-	69,350
142	Drywall Budget 1st Floor	24,768.00	sqft	-	-	247,680		-	-	247,680
148	Drywall Budget 2nd Floor	24,768.00	sqft	-	-	247,680		-	-	247,680
148	Drywall Budget 3rd Floor	18,200.00	sqft	-	-	182,000		-	-	182,000
148	Drywall Budget Tower	2,304.00	sqft	-	-	23,040		-	-	23,040
	Drywall Budget Systems					769,750				769,750
9560.980	**Ceilings- Subcontract**									
10	SF Suspended Ceiling 1st Floor	24,768.00	sf	0	0	43,344		-	-	43,344
10	Drywall Ceiling & Furring @ 2nd Floor	24,768.00	sf			43,344		-	-	43,344
10	Dryrall Ceiling & Furring @ 3rd Floor	18,200.00	sf			31,850		-	-	31,850
10	Dryrall Ceiling & Furring @ Tower	2,304.00	sf			4,032		-	-	4,032
	Ceilings- Subcontract					122,570				122,570
	FINISHES			***0***	***0***	***1,305,302***		***0***	***0***	***1,305,302***
10000.000	***SPECIALTIES***									
10111.000	**Building Specialties**									
10	Building Specialties @ 1st	24,768.00	sqft			23,530		-	-	23,530
10	Building Specialties @2nd	24,768.00	sqft			23,530		-	-	23,530
10	Building Specialties @ 3rd	18,200.00	sqft			17,290		-	-	17,290
10	Building Specialties @ Tower	2,304.00	sqft			2,189		-	-	2,189
—	Storage Units	37.00	each			37,000		-	-	37,000
	Building Specialties					103,538				103,538
	SPECIALTIES			***0***	***0***	***103,538***		***0***	***0***	***103,538***
11000.000	***EQUIPMENT***									
11440.120	**Residential Appliances**									
111	Appliances Housing Budget Pricing	37.00	unit	-	-	74,000		-	-	74,000
	Residential Appliances					74,000				74,000
11600.100	**Laboratory Equipment**									
—	Laundry Equipment	1.00	ls			40,000		-	-	40,000
	Laboratory Equipment					40,000				40,000
	EQUIPMENT			***0***	***0***	***114,000***		***0***	***0***	***114,000***

Item		Description	Takeoff Qty		Labor Amount	Material Amount	Subcontract Amount	Name	Equipment Amount	Other Amount	Total Amount
12000.000		***FURNISHINGS***									
12490.200		**Drapes & Curtains**									
	01	Window Treatments @ Large Windows	36.00	each	-	-	10,800		-	-	10,800
	01	Window Treatments @ Small Windows	109.00	each	-	-	16,350		-	-	16,350
		Drapes & Curtains					27,150				27,150
		FURNISHINGS			*0*	*0*	*27,150*		*0*	*0*	*27,150*
14000.000		***CONVEYING SYSTEMS***									
14240.100		**Elevator Hydraulic**									
	09	Elevator LS	1.00	ls	-	-	80,000		-	-	80,000
—		Elevator Cabin Upgrade	1.00	ls	-	-	10,000		-	-	10,000
		Elevator Hydraulic					90,000				90,000
		CONVEYING SYSTEMS			*0*	*0*	*90,000*		*0*	*0*	*90,000*
15000.000		***MECHANICAL***									
15300.120		**Sprinkler Systems**									
sub		Sub - Sprinkler System 1st	24,768.00	sf	-	-	49,536		-	-	49,536
sub		Sub - Sprinkler System 2nd	24,768.00	sf	-	-	49,536		-	-	49,536
sub		Sub - Sprinkler System 3rd	18,200.00	sf	-	-	36,400		-	-	36,400
sub		Sub - Sprinkler System Tower	2,304.00	sf	-	-	4,608		-	-	4,608
		Sprinkler Systems					140,080				140,080
15400.430		**Plumbing**									
—		Sump @ Elevator Pit	1.00	each			1,000		-	-	1,000
		Plumbing					1,000				1,000
15500.112		**Plumbing & HVAC Budget Co**									
	10	Plumbing & HVAC 1st	24,768.00	sqft	-	-	495,360		-	-	495,360
	10	Plumbing & HVAC 2nd	24,768.00	sqft	-	-	445,824		-	-	445,824
	10	Plumbing & HVAC 3rd	18,200.00	sqft	-	-	327,600		-	-	327,600
	10	Plumbing & HVAC Tower	2,304.00	sqft	-	-	41,472		-	-	41,472
—		Add For Air Conditioning	67,872.00	sqft	-	-	407,232		-	-	407,232
		Plumbing & HVAC Budget Co					1,717,488				1,717,488
		MECHANICAL			*0*	*0*	*1,858,568*		*0*	*0*	*1,858,568*
16000.000		***ELECTRICAL***									
16000.001		**Electrical Budget Cost/SF**									
	17	Electrical Budget @ Basement	24,768.00	sqft	-	-	346,752		-	-	346,752
	17	Electrical Budget Housing 1st Floor	24,768.00	sqft	-	-	272,448		-	-	272,448
	17	Electrical Budget Housing 2nd Floor	18,200.00	sqft	-	-	200,200		-	-	200,200
	17	Electrical Budget Housing Tower	2,304.00	sqft	-	-	25,344		-	-	25,344
—		Burgular Alarm System	70,040.00	sqft	-	-	56,030		-	-	56,030
—		Cable TV Wiring/Phone/Internet Wiring	70,040.00	sqft	-	-	26,910		-	-	26,910
		Electrical Budget Cost/SF					927,684				927,684

Item	Description	Takeoff Qty	Labor Amount	Material Amount	Subcontract Amount	Subcontract Name	Equipment Amount	Other Amount	Total Amount
	ELECTRICAL		*0*	*0*	*927,684*		*0*	*0*	*927,684*

Estimate Totals

Description	Amount	Totals	Hours	Rate	Cost Basis	Cost per Unit	Percent of Total
Labor	114,304		####### hrs			1.633 /sqft	1.22%
Material	520,939					7.442 /sqft	5.58%
Subcontract	6,859,400					97.991 /sqft	73.50%
Equipment	7,000		40.000 hrs			0.100 /sqft	0.08%
Other							
	7,501,643	7,501,643				107.166 /sqft	80.38 ####
Liability Insurance	27,438			4.000 $ /	1.000 C	0.392 /sqft	0.29%
tal Requirements	487,607			6.500 %	C	6.966 /sqft	5.22%
Sales Tax	26,047			5.000 %	C	0.372 /sqft	0.28%
verhead and Fee	482,564			6.000 %	T	6.894 /sqft	5.17%
& Payment Bond	57,029				B	0.815 /sqft	0.61%
Contingency	750,164			10.000 %	C	10.717 /sqft	8.04%
Total		*9,332,492*				*133.321 /sqft*	

CLIENT ENGAGEMENT LETTER

(3 pages to follow)

Maineland
CONSULTANTS

REAL ESTATE APPRAISALS • FLOOD DETERMINATIONS • MORTGAGE INSPECTIONS

March 13, 2008

Mr. Mark Green
Sanford Town Manager
919 Main Street
Sanford, ME 04073

RE: **Real Estate Appraisal Summary Report of:**
"The Sanford Mill"
61 Washington Street
Sanford, ME 04073

Dear Mr. Green:

In regards to your request, Maineland Consultants will be able to complete an appraisal pertaining to the above identified property. The appraisal will be completed in full accordance with The Uniform Standards of Appraisal Practice (USPAP). The purpose of this appraisal is to estimate the market value.

The fee for the appraisal is $4,200, which will include one original and one copy. The reports will be delivered upon completion, but no later than approximately4 to 6 weeks from the signing of this agreement.

The appraisal and the resulting estimates of value will be predicated upon the" Scope of Work" and "Limiting Conditions" as defined below.

SCOPE OF WORK

The appraiser:

1. will inspect the subject property to note the characteristics of the property that are relevant to its valuation;
2. will investigate available market data for use in a sales comparison approach to value and, if appropriate, cost and income capitalization approaches.

   The appraiser's investigations will include research of public records through the use of commercial sources of data such as printed comparable data services and computerized databases. Search parameters such as dates of sales, leases, locations, sizes, types of properties, and distances from the subject will start with relatively narrow constraints and, if necessary, be expanded until the appraiser has either retrieved data sufficient (in the appraiser's opinion) to estimate market value, or until the appraiser believes that he or she has reasonably exhausted the available pool of data. Researched sales data will be viewed and, if found to be appropriate, efforts will be made to verify data with persons directly involved in the transaction such as buyers, seller, brokers, or agents. At the appraiser's discretion, some data will be used without personal verification if, in the appraiser's opinion, the data appear to be correct. In addition, the appraiser will consider any appropriate listings or properties found through observation during appraiser's data collection process. The appraiser will report only the data deemed to be pertinent to the valuation problem;

3. will investigate and analyze any pertinent easements or restrictions, on the fee simple ownership of the subject property. It is the client's responsibility to supply the appraiser with a title report. If a title report is not available, the appraiser will rely on a visual inspection and identify any readily apparent easements or restrictions;
4. will analyze the data found and reach conclusions regarding the market value, as defined in the report, of the subject property as of the date of value using appropriate valuation approach(es) identified above;
5. will prepare the appraisal in compliance with Uniform Standards of Professional Appraisal Practice as promulgated by The Appraisal Foundation and the Code of Professional Ethics and Certification Standard of the Appraisal Institute;
6. will not be responsible for ascertaining the existence of any toxic waste or other contamination present on or off the site. The appraiser will, however, report any indications of toxic waste or contaminates that may affect value if they are readily apparent during appraiser's investigations. Appraiser cautions the user of the report that appraiser is not expert in such matters and that appraiser may overlook contamination that might be readily apparent to parties who are expert in such matters; and
7. will prepare a Summary Appraisal Report, as defined in USPAP, which will include photographs of the subject property, descriptions of the subject neighborhood, the site, any improvements on the site, a description of zoning, a highest and best use analysis, a summary of the most important sales used in the appraiser's valuation, a reconciliation and conclusion, a map illustrating the sales in relationship to subject property, and other data deemed by the appraiser to be relevant to the assignment. Pertinent data and analyses not included in the report may be retained in appraiser's files.

LIMITING CONDITIONS

This appraisal report will be made with the following general assumptions:

1.) No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2.) The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3.) Responsible ownership and competent property management are assumed.
4.) Information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5.) All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6.) It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7.) It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8.) It is assumed that the property conforms to all applicable land use regulations and restrictions unless a nonconformity has been identified, described, and considered in the appraisal report.
9.) It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
10.) It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

11.) Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances, such as asbestos and other potentially hazardous materials may affect the value of the property. The value opinion is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

12.) Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

13.) Possession of this report, or a copy thereof, does not carry with it the right of publication.

14.) The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.

15.) Neither all nor part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected, shall be disseminated to the public through advertising, public relations, news, sales, or other media, without the prior written consent and approval of the appraiser.

16.) On all appraisals subject to satisfactory completion, repairs or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in conformance with the plans provided in a workmanlike manner.

17.) The Americans with Disabilities Act (ADA), which became effective January 26, 1992, established a set of guidelines regarding access to buildings. Because codes vary for different building types and different types of ownership, as well as the financial capability of the owner, the appraiser cannot determine compliance. Unless otherwise stated within the appraisal report, noncompliance is not considered in estimating the value of the property.

18.) The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

If this is satisfactory to you, please sign and return this contract with a 50% retainer fee. The balance is due at the completion of the report. If you have any questions, please do not hesitate to contact me.

Very truly yours,

FR Montello MAI

Frank R. Montello, MAI
Maineland Consultants

ACCEPTED BY:

Mark Green

3/24/58
Date

APPRAISER QUALIFICATIONS

(6 pages to follow)

JOHN H. SCHWARTZ, EAC
STATE OF MAINE
CERTIFIED GENERAL REAL ESTATE APPRAISER #668
LICENSE EXPIRATION DATE: 12/31/09

John H. Schwartz entered the appraisal professional in 1973, directly from college. By 1976 he was teaching appraisal courses for SUNY and, by 1979, had completed the experience and educational requirements for the MAI designation. That company provided many opportunities for unique, challenging, and complex appraisal assignments throughout the northeast, to include assignments requiring court testimony. Moving to Colorado to join a partnership provided a new series of challenges, including a large number of hospitality properties. While there, he served as President of Carbondale Economic Development Corp., and received formal economic development education.

Returning east, he conducted complex appraisals in southern Connecticut and served as a financial officer for a development company with $35 million in annual sales. Since coming to Maine, he has continued to appraise complex properties, and has continued teaching. With 30 plus years experience, he continues to appraise a wide range of commercial and/or complex property types throughout the state.

EXPERIENCE

1992 - Present	**Maineland Consultants** Associate Appraiser and Environmental Assessment Consultant, Portland, Maine; Assignments include commercial, industrial, recreational, businesses, going concern, restaurant, hotel/motel, residential, tax abatement valuations, conservation properties, and highway condemnation properties.
1989 - 1992	**Self-employed, Fairfield, CT** Subcontracting income producing appraisal assignments to other appraisers, consulting with lenders regarding marketing, disposition, workouts, and reviews.
1987 - 1988	**Seaview Development Corp., Milford, CT** Vice President of Finance and Product Research, responsible for financing, loan negotiation, lender liaison, ongoing valuation and analyses of development projects, research, due diligence, and valuation of existing, and target acquisitions, both investment and development, wrote business plan, oversaw marketing, marketed and negotiated purchase and sale of principal assets.
1986 - 1987	**Arthur B. Estrada & Associates, North Haven, CT** Associate Appraiser, valued income producing properties, commercial, industrial, proposed residential subdivisions, condominium developments, office developments, and shopping centers.
1982 - 1986	**High Country Appraisal Associates, Carbondale, CO** Partner - Valued all types of properties, commercial, industrial, residential, motels, water rights. Served as President, Carbondale Economic Development Corporation.

1973 - 1982 **Pomeroy Appraisal Associates, Syracuse, NY**
Associate Appraiser, appraised all types of properties, conducted market and feasibility studies, managed community re-valuations, managed residential section.

PROPERTY TYPES APPRAISED

Residential, proposed, existing, condominiums, residential subdivisions, proposed condominium developments, commercial and industrial land, subdivisions, office parks, commercial and industrial improved properties, golf courses proposed and existing, shopping centers, manufacturing in excess of 1,000,000 sf., warehouse, truck terminals, petroleum tank farms, gasoline service stations, churches, rights of ways, timber and recreational properties, surface easements, partial interests, railroads, tidal and freshwater wetlands, marinas, hotel/motel, restaurants, funeral homes, automobile dealerships, urban, suburban, and rural properties, large apartment complexes, operating farms; dairy, cropland, and ranches, wet and dry, with land permits, gravel pits, avigation easements, trout hatcheries, and water rights. Experience with condemnation and certiorari proceedings. Business and Going Concern Valuations, for closely and privately held businesses.

Consulting, with several corporations regarding planning, financing, structuring development, soliciting loan services, development design, and the preparation of material to promote financing, support development, and marketing advice.

EDUCATION

- University of Bridgeport, Bridgeport, CT; B.S., Business Administration, Major, Marketing 1973
- Graduate, U.S. Army Intelligence School, 1968
- American Institute of Real Estate Appraisers, 1A, 1B, 2, 6, and Business Valuation Seminar, numerous 1 and 2-day seminars
- Western States Economic Development Institute, Colorado State University; Certificate, "Advanced Economic Development Practitioner", August 1983
- University of Maine; "Standards and Professional Practices Course, 15 Hours, Augusta, ME, February 1992
- Courses #193 (Real Estate Environmental Screening), # 196 (Residential Environmental Screening), & #693 (Environmental Site Assessment) by Lincoln Graduate Center, San Antonio, Texas (held in Portland, ME 5/95) the education provider to the National Society of Environmental Consultants in accordance with EPA and ASTM standards

PROFESSIONAL QUALIFICATIONS

- Candidate M.A.I. designation, experience and education completed, resigned, 1988
- Qualified by N.Y.S. Department of Transportation, and all other state agencies, as consultant/appraiser. Approved by State of Maine D.O.T.
- Qualified by N.Y.S. Board of Equalization and Assessment as valuation contractor, consultant, and to teach all assessor courses
- Vocational Teaching Certificate, State University of Colorado, all real estate courses for certification and continuing education
- Qualified instructor, SUNY, real estate valuation courses

- Formerly (program no longer active) certified FNMA appraiser (#1160124), sponsor, Chase Manhattan Bank
- Taught, SUNY, 1975 - 1982
- Taught, Colorado University System, 1983-1986
- Expert Witness; NYS, Court of Claims, Supreme Court, Surrogate Court; Colorado District Court; Federal Bankruptcy Court (Houston, Texas). State of Maine Claims Commission & County Commissioners, Superior Court, and Assessment Review Board
- Maine State License & General Certification # 668
- Instructor, State Bureau of Taxation, Tax School, Orono, ME 1992 - Current
- Instructor, Univ. Southern Maine, Center For Real Estate education, 2002 - Present
- Environmental Assessment Consultant, (EAC), a professional designation of the National Society of Environmental Consultants, Member Since1995
- President of Carbondale Economic Development Corporation, 1983 to 1986
- Member, Board of Directors, Garfield County Economic Development Corporation, 1984 to 1986, by appointment of County Commissioners
- Member, Supervisory Committee, Portland Regional Federal Credit Union, 1997 to 2005.
- Chairman of Supervisory Committee, Portland Regional Federal Credit Union, 2001 to 2003.
- Member, Board of Directors, Portland Regional Federal Credit Union, 2002 to July 31,2005.
- Treasurer & Member Board of Directors, Cumberland County Federal Credit Union as a result of merger, August 1, 2005 to present.

CONTINUING EDUCATION

- Government Regulations Seminar, Appraisal Institute, Augusta, ME 11/92 - ADA, Wetlands Regulations, Environmental Hazards regulation
- Subdivision Analysis & Valuation, Appraisal Institute, Bath, ME 11/94
- National Highway Institute Course 14136, "Eminent Domain Training for Attorneys and Appraisers", 12/98, Augusta, sponsored by Maine Department of Transportation and Federal Highway Administration. 3 days.
- Maine Commercial Brokers - Update on new wetlands regulations (3-tier approval system), storm water discharge regulations, and traffic impact analysis. Wetland mitigation (3 hours) 3/00

AREAS WORKED

New York, Pennsylvania, Massachusetts, Maine, Connecticut, Ohio, Colorado, Rhode Island, Vermont, New Hampshire, Commonwealth of Barbados

FRANCIS R. MONTELLO, JR., MAI/SRA/CMA
STATE OF MAINE CERTIFIED GENERAL APPRAISER #19
LICENSE EXPIRATION DATE - 12/31/08

Frank R. Montello, MAI has been an active real estate appraiser since 1981. During the past 20 years he has earned the reputation as a knowledgeable and versatile real estate professional. Frank has been a member of the Appraisal Institute since 1984. He earned his SRA in 1987, followed by a SRPA in 1990 and an MAI designation in 1994. Frank is also a Certified Maine Assessor and a Certified General Appraiser licenced in both Maine and New Hampshire. He is a former President of the Maine Chapter of the Appraisal Institute. Through the Institute and other professional associations he has developed a depth of skills, experience, and expertise in the valuation of both residential and commercial real estate.

Mr. Montello is an accomplished instructor and has taught appraisal courses for the Appraisal Institute, The Society of Real Estate Appraisers, the University of Southern Maine (CREE) the Maine Bureau of Taxation and the American Banking Association. He has qualified as an expert witness in Maine's District and Superior Courts, The Federal Bankruptcy Court (Boston) and the State of Maine Board of Assessment Review. He presently authors a monthly real estate column for the Portland Press Herald.

EXPERIENCE

1986 to Present	Maineland Consultants, Portland, Maine Senior Staff Appraiser/Principal Assignments include: Office, Retail, Industrial, Residential and Special Purpose Properties
January 1983 to September 1986	Solari Services Co. - Independent Fee Appraiser Office Manager
1979 to 1983	Thaddeus Thorne Surveying, Inc., Conway, NH Land surveyor, licensed sewage disposal designer and independent fee appraiser

EDUCATION

B.A., Local and Regional Planning
Plymouth State College
Plymouth, New Hampshire

Dual Major Associate Degree
Land Planning and Land Surveying
New Hampshire Vocational Technical College
Berlin, New Hampshire

APPRAISAL COURSES AND SEMINARS

Course 101 - Introduction to Appraising Real Estate
Course 102 - Applied Residential Property Valuation
Course 201 - Appraising Income Property
Course 202 - Applied Income Property Valuation
Seminar - Financial Calculations

APPRAISAL COURSES AND SEMINARS (Cont.)

Seminar - Appraisers' Liability
Seminar - Professional Practice
Seminar - Measuring Economic Obsolescence
Seminar- Appraising Special Purpose Properties
Seminar- Condemnation Appraising
Seminar- Appraising Non Conforming Properties
Seminar - Appraisal Litigation
Marshall & Swift Residential & Commercial Cost Seminars
The Basic Use & Understanding of the Marshall Valuation Service: Segregated Method
The Basic Use & Understanding of the Marshall Valuation Service: Calculator Method
Numerous Seminars on the URAR Form
Home Inspections & Structural Systems
Appraising From Blueprints and Specifications
Evaluating Commercial Construction
Appraising Convenience Stores
Real Estate Finance Statistics and Valuation Modeling
Business Practices and Ethics
Subdivision Valuation
Appraisal Consulting: A Solutions Approach for Professionals

PROFESSIONAL AFFILIATIONS

1991	Former President, State of Maine Chapter Appraisal Institute
1989-1993	Advisory Board Member Center for Real Estate Education and Research, U.S.M.

PROFESSIONAL QUALIFICATIONS

Member of the Appraisal Institute M.A.I. #9643
Senior Residential Appraiser - S.R.A.
Society of Real Estate Appraisers

State of Maine
General Certified Appraiser #CG00000019

State of New Hampshire
General Certified Appraiser #CG00000312

Environmental Assessment Consultant (EAC), a professional designation of the National Society of Environmental Consultants, Member 1995

Certified Maine Assessor - C.M.A.

INSTRUCTOR

I have taught the following appraisal courses for the Society of Real Estate Appraisers: 101, 102 and 310

I have taught the following appraisal courses for the Appraisal Institute: 110, 120, 210 and 310

I have developed and taught numerous courses and seminars involving the principals and procedures of real estate valuation to include USPAP and specific application(s) of the market, income and cost approaches to value.

PARTIAL LIST OF CLIENTS SERVED

Lending Institutions	BankBoston, Key Bank, Maine Bank & Trust, Gorham Savings Bank, Maine Credit Holdings, Norway Savings Bank, TD Banknorth, N.A., Bank of America
Attorneys	Ainsworth & Thelin, Thomas J. Peterson, Cloutier, Cloutier, Connolly & Barrett Verrill & Dana, Jensen, Baird, Gardner & Henry
Relocation Companies	Home Equity, Merrill Lynch, Prudential Relocation, Valuation Administrators, Better Homes & Gardens
Credit Unions	Medical Services Credit Union, University Credit Union, Portland Regional Federal Credit Union
Expert Witness	I have testified as an expert witness on appraisal matters in the following courts:

U.S. Bankruptcy Court
Boston, MA

Middlesex County Superior Court
Concord, MA

Cumberland County Superior/District Court
Portland, ME

State Of Maine Board of Assessment Review

BIBLIOGRAPHY

AREA ANALYSIS DATA SOURCES:

"9th Annual Retail Report." Malone Commercial Brokers, Inc. Portland, ME. January 2008.

"Center for Workforce Research and Information." Maine Department of Labor. <http://www.state.me.us/labor/lmis/

Colgan, Charles. "2008 Maine Economic Forecast." Maine Center for Business and Economic Research. January 2008. <http://muskie.usm.maine.edu/PDF/colgan-corporate-partners-2008.pdf>

"Greater Portland Office and Industrial Market Survey." RamHarnden Commercial Real Estate Services. Portland, ME. January 2008.

"Greater Portland Office Market Survey." CB Richard Ellis/The Boulos Company. Portland, ME. January 2008.

"Maine Economic Data." Maine State Planning Office. <http://www.maine.gov/spo/economics/economic/index.htm>

"Maine Retail Sales Reports & Data Files." Maine State Planning Office. <http://www.maine.gov/economics/economics/retailsales.php>

"Multi-Family Market in Southern Maine." 2008 MEREDA Real Estate Forecast Conference. Sullivan Multi-Family Realty. Portland, ME. 2008

"News Releases: Gross Domestic Product." Bureau of Economic Analysis, U.S. Department of Commerce. <http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>

"Press Releases." Department of Commerce. <http://www.commerce.gov>

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"Prime Rate, Fed Funds Rate, COFI." Bankrate.com. <http://www.bankrate.com/brm/ratewatch/leading-rates.asp>

"Report of the Consensus Economic Forecasting Commission." Maine Consensus Economic Forecasting Commission. November 1, 2007. <www.maine.gov/spo/economics/projections>

"Southern Maine Industrial Market Review and Forecast." NAI The Dunham Group. Portland, ME. January 2008.

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Korpacz Real Estate Investor Survey. PricewaterhouseCoopers LLP. Florham Park, NJ. 2007.

National Uniform Standards of Professional Appraisal Practice and Advisory Opinions. The Appraisal Foundation. Washington, D.C. 2008.

The Appraisal of Real Estate, 12th Edition. Appraisal Institute. Chicago, IL. 2001.

The Dictionary of Real Estate Appraisal, 4th Edition. Appraisal Institute. Chicago, IL. 2002.