

**AN APPRAISAL REPORT  
OF A SCHOOL**

**MARBLEHEAD COMMUNITY  
CHARTER PUBLIC SCHOOL  
17 LIME STREET  
MARBLEHEAD, MASSACHUSETTS 01945**

**EFFECTIVE APRIL 24, 2014**

**CLIENT:  
EAST BOSTON SAVINGS BANK  
10 ELM STREET  
DANVERS, MA 01923**

**ATTENTION: WHITNEY TOBIN**

**APPRAISER:  
ERIC T. REENSTIERNA, MAI**

**OF  
ERIC REENSTIERNA ASSOCIATES LLC**  
*Real Estate Appraisers and Consultants*

ERIC REENSTIERNA ASSOCIATES

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24 Thorndike Street, Cambridge, MA 02141

617 577-0096

May 8, 2014

Ms. Whitney Tobin, Commercial Loan Assistant  
East Boston Savings Bank  
10 Elm Street  
Danvers, MA 01923

Dear Ms. Tobin:

In accordance with your request, I have made an analysis of the property located at 17 Lime Street, Marblehead, Massachusetts, the campus of the Marblehead Community Charter Public School, for the purpose of estimating the Market Value of the Fee Simple Estate in the property, "as is," as of April 24, 2014.

This letter is introductory to an Appraisal Report in a summary format (formerly, a "Summary Appraisal Report"), intended to comply with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, standards of the Appraisal Institute, the Financial Institutions Reform, Recovery, and Enforcement Act, and East Boston Savings Bank Documentary Requirements. The subject property, comparable market data, and analyses are described in summary, or condensed, form in the text and other explanatory materials that follow. Extraordinary assumptions, hypothetical conditions, and any instructions of the client are described in full. The analysis presented here applies both the Sales Comparison Approach to Value and the Depreciated Replacement Cost Approach. The Income Capitalization Approach is not applied because schools are not typically acquired for rental income production. A copy of the client's engagement letter and a FIRREA Compliance Certification are included in the addenda. This letter is part of the larger document and, to be properly understood, must remain attached.

On the basis of the analyses presented here, it is my opinion that the Market Value of the Fee Simple Estate in the subject property, "as is," expressed as cash to the seller in a hypothetical transfer, as of April 24, 2014 is Four Million Two Hundred Fifty Thousand U.S. Dollars (\$4,250,000.).

The estimated exposure time and marketing time are both twelve months.

If I may be of further service to you, please call me.

Sincerely,



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Eric T. Reenstierna, MAI  
Mass. Cert. General R.E. Appraiser #343

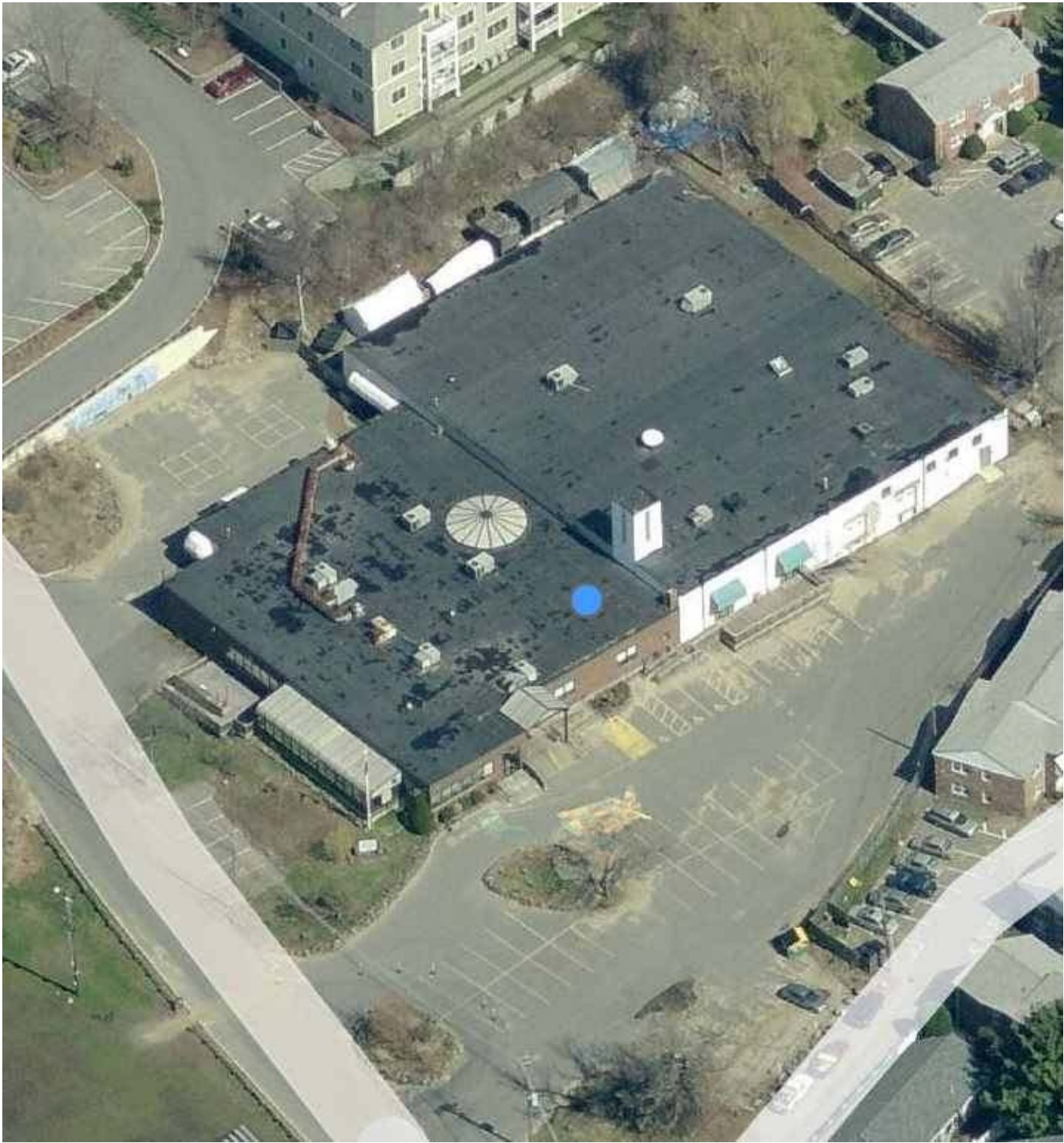
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**SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS**

Address:	Marblehead Community Charter Public School 17 Lime Street Marblehead, MA
Ownership:	Joseph I. Smullin, Trustee
Property Rights Appraised:	Fee Simple Estate
Value Appraised:	Market Value
Date of Value:	April 24, 2014
Important Locational Economic Factors:	Greater Boston school market
Land Area:	61,420 square feet
Extraordinary Assumptions:	none
Hypothetical Conditions:	none
Hazardous Waste Assumptions:	presumed not to require remediation
Zoning:	Unrestricted District, Expanded Central Residence District, and Single Residence District
Flood Zone:	Zone X; FEMA Map #25009C0438F
Building:	one-story former industrial converted to school
Building Area:	33,300 square feet gross
Construction Date:	1968
Use:	school
Occupancy:	Marblehead Community Charter Public School
Highest and Best Use of Land as if Vacant:	residential or institutional development
Highest and Best Use as Improved:	school
Value Indications	
Cost Approach:	\$6,050,000.
Income Capitalization Approach:	not applied
Sales Comparison Approach:	\$4,250,000.
Final Market Value Estimate:	\$4,250,000.
Exposure and Marketing Times:	12 months

**AERIAL VIEW**



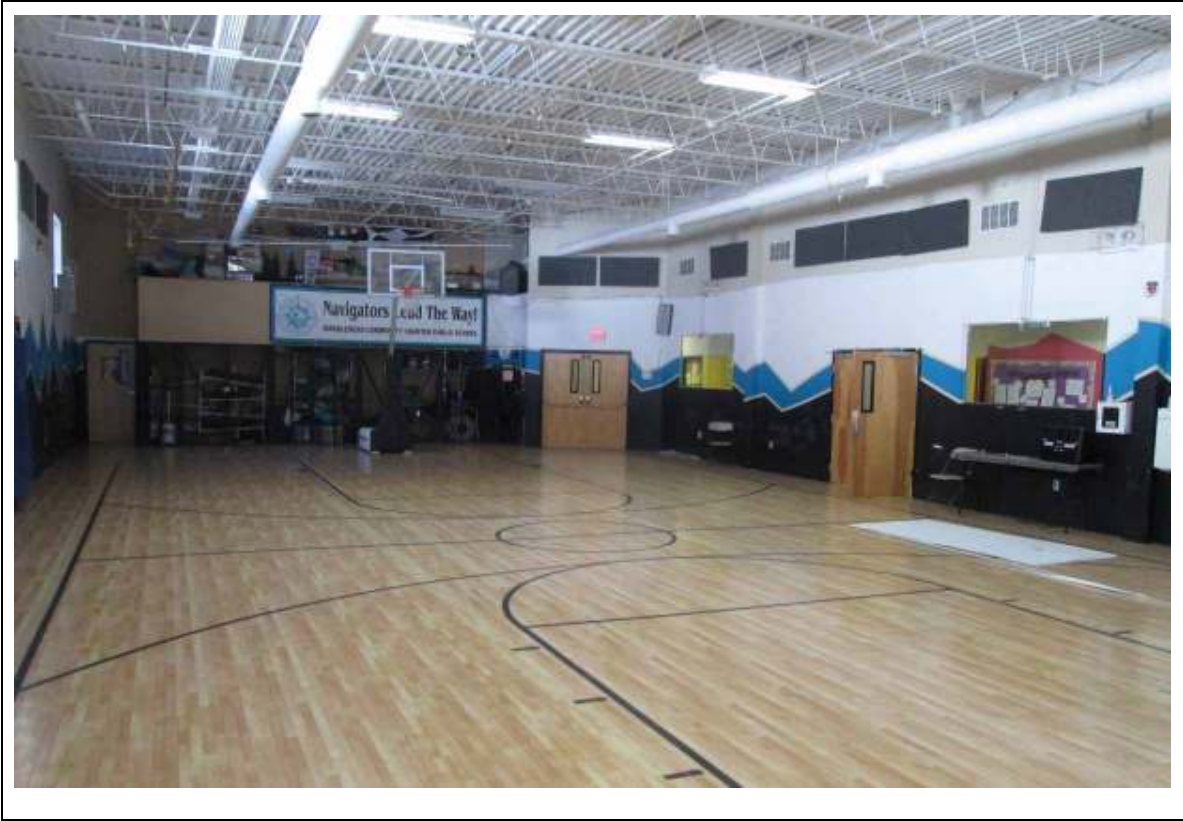
main entrance – April 24, 2014



typical classroom



gymnasium



art classroom



warehouse



Lime Street





## LOCATION

Marblehead Community Charter Public School, 17 Lime Street, Marblehead, Massachusetts. The property is located on the northeast side of Lime Street. It is shown as Lot 151-8-0 on plans of the Marblehead Assessors.

## OWNERSHIP

Joseph I. Smullin, Trustee, as shown in a deed dated June 20, 1992 and recorded in Book 11357, Page 413 at the Essex South County Registry of Deeds.

## PURPOSE OF APPRAISAL

The purpose of this appraisal is to estimate the Market Value of the Fee Simple Estate in the subject property, "as is," as of April 24, 2014.

Courts, lending institutions, and appraisal organizations make use of different definitions of "Market Value" or "Fair Market Value." All refer to a hypothetical sale in which the seller offers property in a competitive market and accepts the highest price offer made. That price, as estimated by the appraiser, is the most probable selling price and the Market Value. An exchange of property for cash to the seller is typically presumed, unless other terms are standard in the market and are available for the subject property. If seller financing, an assumable mortgage, tax credits, or other such terms are taken into account, these are made explicit in this report.

The definition of Market Value applied here follows.

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

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interest;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of 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.

(Source: Rules and Regulations, Federal Register, Vol. 55, No. 165, Page 34696)

A *Fee Simple Estate* is absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

(Source: *The Appraisal of Real Estate*, Thirteenth Edition, The Appraisal Institute, Chicago, 2008, p. 114)

## SCOPE OF WORK

This appraisal report is prepared at the request of Whitney Tobin of the East Boston Savings Bank. The function is for valuation of an asset for internal planning and portfolio management. The intended users of this report are officials of East Boston Savings Bank and of regulatory agencies that oversee the bank's lending practices. This assignment calls for an Appraisal Report (formerly termed a "Summary Appraisal Report"), as the term is defined by the Appraisal Foundation, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, standards of FIRREA, and East Boston Savings Bank Appraisal Requirements. The analysis presented here includes a complete highest and best use analysis and application of those methods of valuation (including the three traditional approaches) that are appropriate. Both the Sales and Cost Approaches to value are applied. Both are applied in full. Text and exhibits are presented in summary format.

The Uniform Standards of Professional Appraisal Practice require that an appraiser not undertake an assignment without the expertise and competence necessary for its proper completion. The appraiser is experienced in the valuation of schools and is competent to perform this valuation.

The Marblehead Community Charter Public School, the tenant in occupancy of most of the space at the property, has submitted a letter of intent to acquire the property from its owner. The parties are in agreement regarding the terms of the purchase. The price is \$4,250,000. Apart from this agreement, to the knowledge of the appraiser, in the past three years, the subject property has not been marketed for sale, placed under agreement for sale, or sold.

The subject property is subject to a lease to the Marblehead Community Charter Public School, which intends to acquire the property. At acquisition, the lease becomes void, as the new owner and the tenant are the same. The function of this appraisal is for use in connection with the purchase by the tenant. For this reason, the valuation that is presented here does not take account of the lease and is a valuation of the Fee Simple Estate.

The land area reported here is the area reported by the Marblehead Assessors. The building area is the area calculated by the appraiser from exterior dimensions of the building shown on the Marblehead Assessors' field card. It excludes a deck, unheated spaces, and space on the upper (mezzanine) level of the warehouse, which is not occupied by the school. Mezzanines are not typically included in the area measurements for industrial buildings. The mezzanine, part of which is built out as older office space, creates low-height lower-floor space. The Marblehead Assessors appear to include the mezzanine in their measurement of the building area. The Assessors' reported area is 37,584 square feet. The appraiser's is 33,316, which the appraiser has rounded to 33,300 square feet. The appraiser's area calculation is applied here because it conforms more closely to the method of measurement applied in the industry and because the majority of the users of the space (including schools) would not retain the mezzanine as a separate level. The area of the school as reported in the lease (24,725 square feet) and the area of the warehouse as reported by the school and the owner (7,321 square feet) total 32,046 square feet, a total that is more similar to the area calculated by the appraiser.

The appraiser inspected the property on April 24, 2014 in the company of Robert Erbetta of Management Design Associates, who is familiar with the building, and Joseph Smullin, the building owner and the occupant of part of the space. The appraiser was shown all the large rooms at the school and at the owner's space. On the same date, the appraiser met with Nina Cullen-Hamzeh, Head of School for the Marblehead Community Charter Public School and with John D. Sullivan, Treasurer of the school. Ms. Cullen-Hamzeh and Mr. Sullivan described the history of the school and of the facility and the terms of the agreement for sale.

The appraiser requested a building plan, a copy of the lease to the school, and a copy of the agreement for sale. The appraiser was supplied with a plan, copy of the lease, and a copy of the exhibit to the letter of intent.

The data in this report are derived from numerous sources, as follows:

- deed at Essex South County Registry of Deeds
- assessments at Marblehead Assessors
- site plan from Marblehead GIS
- building plan from school
- Marblehead zoning map and by-laws from Marblehead Web site
- *List of Contaminated Sites* issued by the Mass. D.E.P.
- personal inspection
- leases to Marblehead Community Charter Public School
- aerial views and maps by Bing and Google
- FEMA flood plain map, from FEMA Web site
- published data sources (CoStar, Banker and Tradesman, REDI Data, LoopNet, REIS, SecondStreetIndex.com, PriceWaterhouseCoopers)
- deeds for comparable properties
- conversations with brokers or principals for sales as noted
- inspection of comparable sales

## GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

An appraisal is an unbiased estimate of the value of a property reached through an analysis of that property and of data from the marketplace. An appraisal is not a certification of the soundness of a building, a survey, or a legal document (for instance, a title examination), though assumptions regarding these and other matters are made. Among the major assumptions and limiting conditions of this appraisal are those that follow.

1. This is an Appraisal Report (formerly known as a Summary Appraisal Report), which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice. It may or may not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. 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 arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private

entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.

11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.

14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine whether the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility. It is assumed that the subject may be used as described without adoption of any further program for compliance other than such programs as may be specified here.

15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with submitted plans and specifications.

16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

17. This report may not be used for any purpose by any person other than the party to whom it is addressed (or the parties listed as intended users in the Scope of Work section of this report, for the function specified) without the written consent of the appraiser and, in any event, only with proper written qualification and only in its entirety. The report is

not for use by parties not listed as intended users or for functions other than those specified in the Scope.

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

19. If an income analysis is part of this appraisal, the projections of future cash flow and resale value are intended only to reflect the thinking of a typical investor, as modeled by the appraiser, as of the appraisal's effective date and are not meant as any form of guarantee that such cash flow will actually be achieved or as the appraiser's personal opinion regarding the likelihood of future events. No analysis of future value or future cash flow is undertaken here other than that explicitly described in the text.

20. Unless otherwise stated, this appraisal takes no account of the potential for a higher price for the subject than that available on the general market that may result from buyers such as abutters who may gain special benefits from acquisition. Discovery of the identity, motivation, and purchasing power of parties in a position to gain special benefits requires information not publicly available and is beyond the scope of this appraisal.

## **EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS**

An extraordinary assumption is an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. This appraisal is subject to no extraordinary assumptions or hypothetical conditions.

## GREATER BOSTON

Greater Boston is one of the U.S.' largest and oldest metropolitan regions. Greater Boston's road layout, its pattern of development, and many of its cultural traditions are rooted in its early history. Boston has changed from a port city based on shipping to a center of finance and high tech industry. Among the distinctive characteristics of Greater Boston (a metropolitan area, or MSA, that includes parts of Massachusetts and bordering states), with data from the most recent U.S. Census, are these:

- high incomes (26% above U.S. median)
- high level of education (42.5% of adults with bachelor's degree or higher, versus 26.7% for U.S.)
- high cost of living (36.4% above national metropolitan average) (*ACCRA*)
- high housing prices (Greater Boston median single-family price of \$316,500 in Q4 2013 (55% above the U.S. median of \$203,500)
- stability in prices (Greater Boston single-family median price up 7.6% from 2012 to 2013) (*Greater Boston Assn. of Realtors*)
- moderate unemployment (March, 2014 Greater Boston rate of 5.7% and Massachusetts rate of 6.3% versus U.S. rate of 6.7%) (*BLS*)
- slow population growth (4.6% from 2000-2010, versus 9.7% for U.S.) (*U.S. Census*)
- strong employment in financial services and high tech fields
- concentration of teaching hospitals, medical research facilities, and biotech
- concentration of colleges and universities, including Harvard and MIT
- "liberal" political tradition; Democrat majority
- historic sites; tourist destinations
- cold-winter, northern climate
- deep-water seaport; major airport near downtown

## SCHOOLS AND COLLEGES

Schools and colleges are a special use sector of the real estate market, part of the larger market of non-profit facilities that includes churches and certain health care facilities.

Of the total U.S. population of 308,745,538 in 2010, 72,785,000, or 24.3%, were enrolled in schools from the nursery through the graduate school level. Of this number, 55.4 million, or 76%, were enrolled in elementary and secondary school, with the balance in colleges and universities. Of the total of 19.7 million in colleges and universities, 12.2 million were full-time students, with the balance part-time. At the elementary and secondary school levels, 49.4 million attended public schools, with the balance of 6.0 million in private schools.

Charter schools make up about 5% (5,000) of the total number of elementary and secondary public schools (98,000) in the U.S. The statistics show a general increase in the number of students and schools since 2000. From 2000 to 2010, the college-age population increased by 12%. Enrollment rose as well, with 41.3% of the college-age

population enrolled in 2009, versus 35.5% in 2000. Blacks and Hispanics have increased their share of the population of enrolled students, with their proportions in college approaching their proportions of the general population. In 2010, females represented more than 50% of the population of students enrolled at colleges and universities.

Schools are typically established to serve a local population. Actual sales of schools as schools from one user to another are relatively infrequent. Rather, a school community typically becomes established as a small group in rented quarters. As the community grows and requires additional space, it acquires ownership of a suitable property. If that property is not a school, the community adapts the building for school use. The school then grows by construction of new buildings designed specifically for school use or acquires additional property near the core building. When schools decline in enrollment, they often dispose of their former campus, either gradually, by selling individual buildings, or in a single sale, often to a new owner who redevelops the property for alternate use. Schools that originally locate in urban areas and that lack land for playing fields sometimes relocate to suburban areas. The result of the limited activity in relocation of schools is that little market data is typically available for analysis. For this reason and because schools are special-use property, their value is typically analyzed on a cost basis, with the depreciated replacement cost of the buildings added to land value to produce a value estimate. Where sales of schools are available for analysis, these provide a second measure of value, through sales comparison. Because a school typically does not suit the needs of new buyers without substantial expenditure to adapt the property to the buyer's new use, sales of schools are often at relatively low prices, substantially below the levels of value indicated by cost analysis. Schools and colleges are typically not rented. Analysis of rental income is therefore not typically a useful measure of value.

The optimum design for a school includes classrooms of about 600 square feet, as well as special-purpose rooms including a lecture hall, cafeteria, student lounge, and assembly rooms. Schools require playing fields and a gymnasium. Growing schools often combine certain of these special-purpose rooms into one, with resulting dysfunction for some rooms. Schools that are created from dwellings make use of rooms that are undersized for standard classrooms. Schools that are created from existing buildings such as mills and industrial buildings that provide larger interior spaces often afford the opportunity for creative design. The best locations for schools are on major through roads capable of handling their vehicular traffic at the start and end of the day. Access to public transportation is an advantage. Schools are typically sited on residentially-zoned land because of their need for large sites for playing fields and because of cost considerations. Schools are assets to communities in that they often provide playing fields, open spaces, and a community focus. They are sometimes viewed as detriments, however, in that they are tax-exempt and do not contribute directly to the tax base. When schools are sold, because of their residential locations, they are often developed for alternate residential use.

Schools and colleges depend on a student-age population that fluctuates in size over time. When the student-age population in the elementary and secondary schools declines, communities sometimes sell off or rent out surplus public school buildings. Because the private and parochial school population experiences similar decline at the same time, these are often unable to use the surplus space, and buildings are converted to alternate



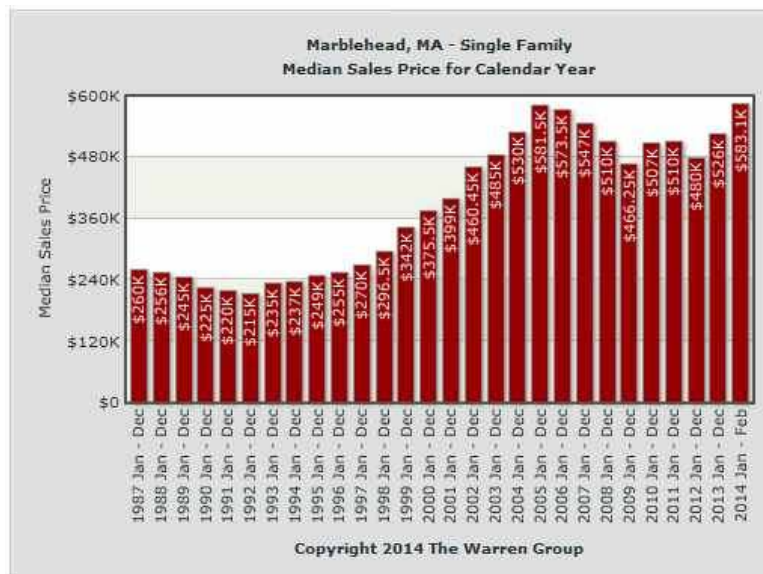
use. Parochial schools have experienced an increase in enrollment in recent years as a result of a perception of superior-quality education at relatively low cost. Private schools have increased their "market share" in communities able to afford their relatively high tuition and where public funding is made available, through vouchers and other innovative programs. At the elementary and secondary school levels, there is a trend to allow public schools to compete for students. At the college level, an excess of school capacity leads to under-population of a high proportion of space. Average tuition costs have risen at a rate substantially higher than the rate of increase for the cost of living generally over the past 20 years. At the same time, colleges are under pressure to alter their standards, in order to maintain an adequate student population.

## MARBLEHEAD

Marblehead is a fully-developed suburban community of 19,808 (2010 census) about 17 miles north of downtown Boston. Among the important demographic characteristics of Marblehead in comparison to Greater Boston (which extends to Worcester and into portions of adjacent states) from the 2010 census are these:

- declining population (down 2.8% since 2000)
- high median household income (\$105,090 for Marblehead, versus \$69,983 for the MSA)
- low incidence of poverty (4.1% of families, versus 6.6% for the MSA)
- high educational attainment (67.3% of population 25+ with bachelor's degree or higher, versus 42.1% for Greater Boston)
- high proportion of managers and professionals (59.2%, compared to 45.5% for Greater Boston)
- high proportion of single-family dwellings (77.8%, versus 53.7% for the MSA)
- older housing stock (42.3% built before 1940, versus 36.8% for the MSA)
- high median single-family dwelling value
- high proportion of households with two or more cars (61.9%, versus 51.8% for the MSA)

Marblehead is an upper-income bedroom community with a low proportion of young adults in their early 20s and a high proportion of married couples in their 30s to 60s. The majority of the population has a level of household income from \$60,000 to \$150,000 per year. For the average Marblehead household, investments are a source of income nearly equal to salaries. Marblehead has a long, rocky coastline, and much of the land is ledge. The town has a harbor and marinas. Marblehead is reached by way of older state roads, with Route 128 accessible through Salem, the adjacent community on the west. Marblehead has little industrial or office development and has local retail shopping. Numerous historic houses and the waterfront give the town its character. Single-family house prices declined by 20% from a peak in 2004 and have regained their former level of value in 2014.



## IMMEDIATE NEIGHBORHOOD

The subject property is located on a side street in central Marblehead, in a neighborhood of mixed office, apartment, and single-family uses. Lime Street is reached from minor local roads and is a two-way, paved road. It has overhead telephone, electric, and cable service and underground water, sewer, and gas. It has no sidewalks. Curbs are intermittent. Traffic on Lime Street is light. The road accesses the subject property, a playing field, an office/industrial building, two multi-family complexes, and houses.

The subject property and the public playing field across the street, Reynolds Playground, are on low, level ground, with higher ground on all sides.

Lime Street passes through single-family development in the approach to the subject property. A garden apartment complex, brick-clad, is adjacent to the subject property in the approach. Past the subject property, the road rises and reaches the site of an office/industrial building. A new multi-family complex, Marblehead Highlands, is beside the office/industrial complex.

A minor access road, Farrell Court, passes over the southwest side of the subject property, providing access to buildings in the adjacent garden apartment complex.

## PROPERTY DESCRIPTION

The subject property is a roughly four-sided site of 61,420 square feet with long frontage on Lime Street and use of Farrell Court, which occupies part of the southwest side of the site. Access is available at a long stretch of frontage at the southeast end of the frontage and at a second point at the northwest end. The site rises slightly from the street to the rear. The site is developed with a one-story 1968 industrial building containing 33,300 square feet, of which 7,321 square feet, or about 22%, remain in industrial use and the larger part has been converted to a school. The building has a poured concrete foundation, a concrete slab at tailgate height, concrete block perimeter walls, a frame of steel I beams and bar joists, a clear height of 15', and a flat roof with interior and perimeter drains. The industrial space is at a rear corner, with tailgate door access, a large mezzanine of plywood on wood joists (and partial build-out as older offices), and exposed slab, blocks, and ceiling. The mezzanine is not included in the building area. The school was built out in 1995 with later interior expansions. It has a meeting hall/cafeteria, a kitchen, a small basketball court, ten classrooms off central corridors, administrative offices near the entrance, multiple points of pedestrian access and egress, two clusters of men's, ladies, and unisex handicapped lavatories, handicapped access, a wet sprinkler, and 100% air conditioning. Finishes are plain, with vinyl tile floors, painted drywall walls, open ceilings with exposed structure, fluorescent lights, and flush doors with glass inserts and metal frames. Parking is in a paved, striped lot on the site's southwest side and in a smaller lot at the north end of the frontage. Drop-off is at a turnaround at the main entrance, facing the parking lot. Little on-street parking is available. In general, the facility is an average-quality school on one level with adequate

classroom and accessory spaces, adequate on-site parking, minor additional on-street parking, use of a public playing field across the road, and no exposure to through traffic.

## SITE

Size:	61,420 square feet
Frontage:	long frontage on Lime Street
Exposure:	light local traffic
Street Access:	curb cuts on Lime Street
Parking:	striped, surface lot; 55 cars
Loading:	tailgate doors at industrial space pedestrian doors at multiple points to school
Landscaping:	front shrubs
Fencing/Walls:	deck, damaged, on parking lot side wide concrete and stone steps at entries
Signage:	in-ground at parking lot entrance
Easements:	Farrell Court

## BUILDING

Age:	1968
Area:	33,300 square feet gross (excluding mezzanines)
Construction:	poured concrete foundation concrete slab at tailgate height concrete block perimeter walls steel I beams and bar joists; 15' clear height flat roof interior and perimeter drains
Layout:	school with interior corridors accessing classrooms and accessory spaces industrial space with separate entrance, tailgate doors, interior access to mezzanine

- Exterior Finishes: rubber roof cover (12 and 22 years old)  
painted block and brick walls  
glass in metal entry doors  
metal frame sash, single-thick and insulated glass
- Interior Finishes: entry lobby with quarry tile floor, double pair entry doors
- front classroom with exposed, black-painted ceiling, fluorescent lights, painted drywall walls, commercial carpet (older), former bar with formica counter, entry from corridor and from separate front entry
- greenhouse along wall facing street, quarry tile floor, metal frame thermopane sash, no a.c., electric blowers, track and fluorescent lights
- classrooms along greenhouse wall, interconnected with doors, separate accesses from main corridor, finishes similar to front classroom, flush wood doors with glass inserts, metal frames, round handsets, open ceilings, pendant lights, carpet, painted drywall, boxed columns, single-thick metal frame sash
- corridor with vinyl tile floor, painted drywall walls, painted drywall ceiling
- office, carpet, open ceiling
- kitchen, membrane floor cover on concrete, floor drain, painted metal exposed ceiling, painted block walls
- community room with vinyl tile floor, open black ceiling, painted drywall, distinctive large round skylight with opaque panels, track lights
- men's lavatory with quarry tile floor, painted drywall walls, suspended ceiling, fluorescent lights, 2 wall sinks, 2 stall toilets
- ladies' lavatory and handicapped lavatory adjacent
- interior classroom, no windows, carpet, open ceiling, glass wall to corridor
- art room with vinyl tile floor, concrete panel ceiling, walk-through to adjacent classroom

administrative offices adjacent to main entry, carpet, suspended ceiling, fluorescent lights, painted drywall, glass walls to offices one side

new wing (2004) –  
corridor with vinyl tile floor, flush doors, glass inserts, metal frames, and lever handsets, suspended ceilings, fluorescent lights

gymnasium with 10” tile floor striped for basketball, open white ceiling, exposed ducts, climbing wall, storage cage, fixed high sash

janitor’s closet, utility sink

industrial space –  
exposed slab and concrete block walls  
large room, painted plywood walls with insulation, fluorescent lights, under mezzanine  
2 tailgate doors, metal  
mezzanine storage above art classrooms  
upper level, open storage mezzanine, partitioned former office suite, 2 lavatories, vanity sink, ceramic tile floor and wainscoting, urinal, 2 stall toilets, fiberglass shower; adjacent ladies’ room out of service; offices with 6-panel white doors; leaking skylight with plywood cover

Systems: roof-mounted, gas-fired heat and electric a.c.  
wet sprinkler, backflow preventer  
gas-fired Modine blowers at industrial space  
800 ampere electric service

## CONTAMINATION

An address on Lime Street identified by the Massachusetts DEP as “Hood Yacht” is listed as a contaminated site, with a 1990 reporting date and a 1995 Response Action Outcome date. Hood Enterprises is a former owner of the subject property. Whether the subject property is the property identified by the DEP is not known to the appraiser. The appraiser is not expert in the detection of contamination. No tests for contamination were performed by or made available to the appraiser. For the purpose of this appraisal, the property is valued as though free of contaminants requiring immediate remediation.

## EQUIPMENT AND PERSONAL PROPERTY

The real estate valued here includes no personal property or equipment. Cubbies, chairs, tables, desks, and other furnishings are not part of the real estate. Goodwill and the going concern of the school are not part of the real estate. The real estate only is valued here.

## ASSESSMENTS AND TAXES

The Fiscal 2014 assessment and tax for the subject property are as follows.

	assessment	tax (2014)
land	\$713,600.	
xtra features	14,300.	
building	<u>1,403,300.</u>	
	\$2,131,200.	\$23,635

## HISTORY AND RECENT USE

The building at the subject property was constructed in 1968, according to the Marblehead Assessors. (An advisor to the charter school reports an earlier, 1950s date of construction.) It was used for building boats and was owned by Hood Enterprises. A later use was as an Elks lodge. A bank foreclosed and took ownership. In 1992, the bank sold the property to the present owner for \$850,000. The owner occupied the premises with a business, manufacturing insulation.

In 1995, the owner leased part of the building to the Marblehead Community Charter Public School, the first charter school in the state. The school has renewed and amended its lease, expanding the space it occupies. In 2004, it installed the wing that includes the gymnasium.

In early 2011, Joseph I. Smullin leased an area of 24,725 square feet to the Marblehead Community Charter Public School. The term was from February 1, 2011 to August 31, 2015. Base rent was as follows:

- \$245,700.20 per year for 7 months (\$9.94/s.f./year)
- \$251,867.71 per year for 12 months
- \$258,189.40 per year for 12 months
- \$264,669.13 per year for 12 months
- \$271,310.86 per year for 12 months

The rent increases are at 2.5% per year. The tenant has one five-year renewal option, with annual rent increases of 2.5% or the CPI rate, if the CPI rate of increase is greater. The tenant pays 80% of increases in real estate taxes above the 2011 base of \$18,373.44.

The tenant is responsible for payment of utilities, trash collection, maintenance of its premises (excluding major systems repair), and grounds maintenance. The tenant is in occupancy under the lease as of the effective date of this appraisal.

The school serves students in grades four to eight.

Recently the landlord and tenant entered into an agreement for sale. The price, in a proposed acquisition by the tenant, is \$4,250,000. The sale is to occur 90 days after the signing of a purchase and sale agreement. The sale has no unusual terms.

## ZONING AND OTHER USE RESTRICTIONS

Zoning Classification	<b>Unrestricted District</b>
Permitted Uses	single family place of worship school retail store bank office medical center personal service shop laboratory warehouse light manufacturing other (see by-law)
Special Permit	two-family multi-family hotel restaurant fast food other (see by-law)
minimum lot size	7,500 s.f.
minimum frontage	35'
maximum building height	35'



Zoning Classification	<b>Expanded Central Residence District</b>
Permitted Uses	single family place of worship school other (see by-law)
Special Permit	two-family club philanthropic institution neighborhood grocery store for-profit school other (see by-law)
minimum lot size	6,000 s.f. single-family 10,000 s.f. two-family
minimum frontage	35'
maximum building height	35'
Note:	rear margin of site in Single Residence zone
Flood Plain:	Zone X; FEMA Map #25009C0438F
Wetlands:	no
Rivers Act:	no
Conformity:	The subject property's use as a school is permitted.

## **HIGHEST AND BEST USE**

The highest and best use of the site as if vacant is for residential or institutional development. The highest and best use of the site as improved is for the existing use as a school, with the warehouse adapted for school use. The most likely buyer is a school.

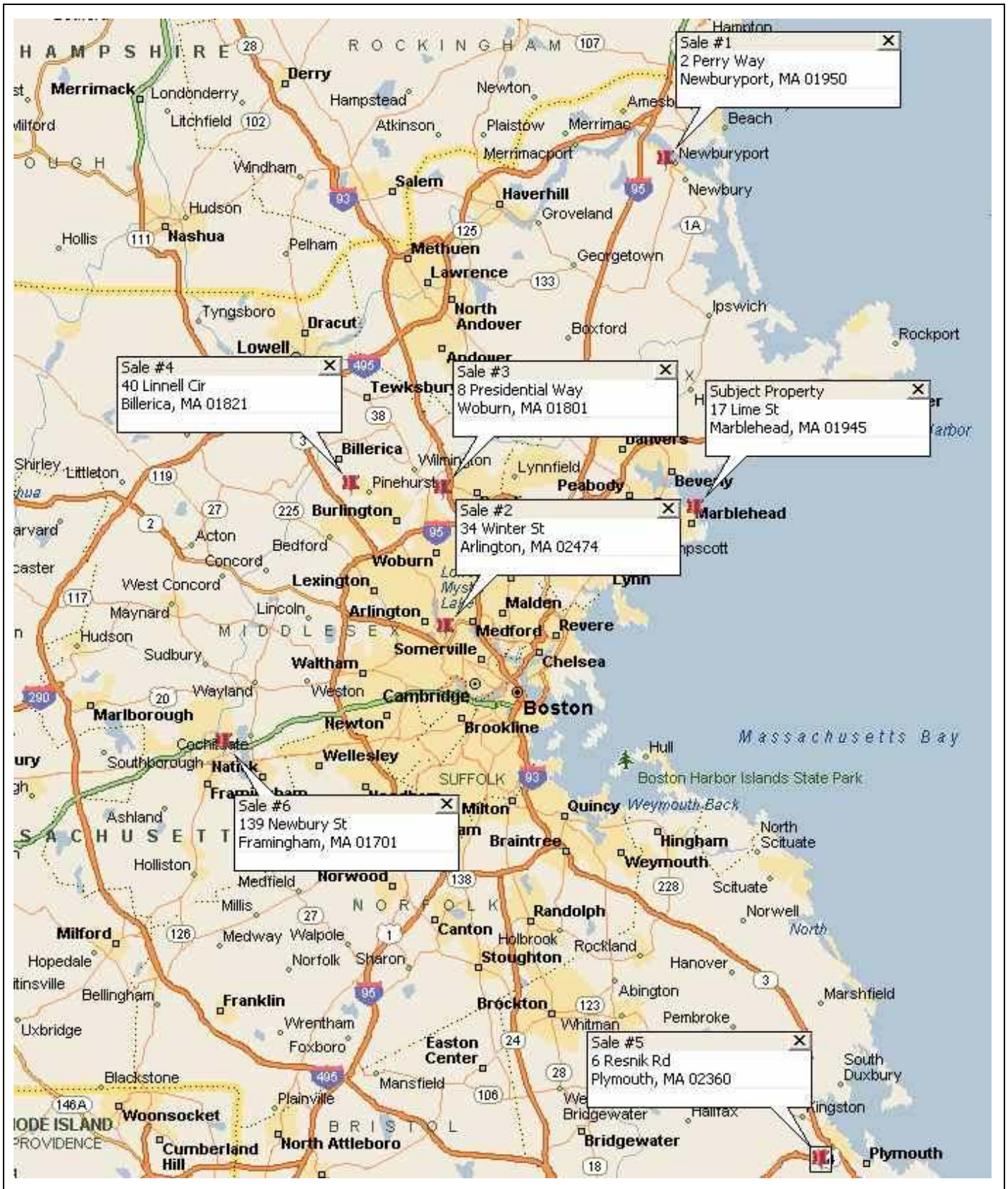
## **APPRAISAL ANALYSIS**

In the valuation of the subject property, the most useful method of analysis is the Sales Comparison Approach to Value. This is the most direct method of estimating market value. It is applied in full and is the basis of the final value estimate. The Income Capitalization Approach is not useful because properties like the subject property are not typically acquired for rental income production. It is not applied. The Cost Approach is frequently applied in the valuation of special use properties like the subject property. It is applied here. However, because it does not reflect the activity of the market of buyers and sellers, it is not useful as a method of estimating market value. It is applied for information.

## **SALES COMPARISON APPROACH**

In the Sales Comparison Approach, the subject property is compared to similar properties that have sold, the comparison made on the basis of the price paid per square foot of building. Sales of schools make the best comparisons. The following sales are most useful for analysis.

### COMPARABLE SALES MAP



**SALE No. 1**

Location: 2 Perry Way, Newburyport, MA

Grantor: DLI LLC  
Grantee: River Valley Charter School Foundation, Inc.  
Registry  
Reference: Essex County Registry of Deeds  
Book: 32024 Page: 4  
Date of Deed: December 14, 2012  
Date Recorded: December 17, 2012

Price: \$4,350,000.

Land Area: 171,626 square feet  
Building Area: 36,100 square feet  
Building Age: 1999; 2010 addition of 6,000 s.f.  
Zoning: Industry 1  
Financing: \$4,580,000 Citizens Bank

Verification: buyer, deed

Comments: This is the sale of the facility occupied by the River Valley Charter School, a K-8 school for 288 students at the corner of Low Street and Perry Way, on the edge of an industrial district, with modern metal industrial buildings on nearby lots and with a residential district adjacent to downtown Newburyport across Low Street. The site is level at road grade, with pockets of wetland. The building is a low-cost, two-story steel frame structure with a central corridor on each floor accessing classrooms, offices, lavatories, and accessory spaces. The gymnasium is in the 2010 addition. The building is elevatored, sprinklered, and fully air conditioned. Finishes for the most part are suspended ceilings, fluorescent lights, painted drywall walls, vinyl tile floors, and flush solid core natural finish wood doors in metal frames. The exterior is vertical metal with concrete block at the entries. The buyer will spend \$300,000 for work on new HVAC units and other upgrades. Parking is for 40 cars in a striped lot. A fenced play area has outdoor play equipment. There is no playing field. The school had leased the property from the seller since 1999. In 2010, the parties entered into an agreement with a purchase option for the tenant, at a price to be reached through an appraisal process, but to be no less than \$3,800,000 and no more than \$4,800,000. The actual price was reportedly negotiated in 2012. The buyer had sought alternate sites before the agreement.

Price per S.F.  
of Building: \$120.50

View of 2 Perry Way, Newburyport, MA



**SALE No. 2**

Location: 34 Winter Street, Arlington, MA

Grantor: Town of Arlington

Grantee: Schools for Children, Inc.

Registry  
Reference: Middlesex South County Registry of Deeds  
Book: 59820 Page: 184  
Date of Deed: July 23, 2012  
Date Recorded: August 22, 2012

Price: \$4,214,196.

Land Area: 75,549 square feet

Building Area: 40,167 square feet

Building Age: 1896

Zoning: R1

Financing: \$2,400,000. Cambridge Trust

Verification: deed; Arlington Patch (online newspaper)

Comments: This is the sale of the former Crosby School, an elementary school in East Arlington at Oxford and Winter Streets. The school has been in use for 15 years by Dearborn Academy (Schools for Children), which operates educational facilities for special needs students. The building has a stone foundation, a wood frame, a red brick exterior, three floors, a flat roof, and generally older finishes, of average quality. A parking lot and tennis courts are to the side. The sale was approved at Arlington's town meeting, over objections from members who wanted to retain the school for potential future use as a school by the Town. Schools for Children indicated that it could not likely remain in the facility as a tenant and would seek an alternate facility, unless it was able to acquire this property from the Town. The Town placed a series of restrictions in the deed, including an Educational Restriction that limited the use of the property to a school; an Access Agreement; a Right of First Refusal and Option to Purchase; a Service Agreement; and a Payment in Lieu of Taxes Agreement.

Price per S.F.  
of Building: \$104.92

View of 34 Winter Street, Arlington, MA



**SALE No. 3**

Location: 8 Presidential Way, Woburn, MA

Grantor: CFRI/CQ Woburn, LLC (James Keary, Managing Member)

Grantee: 8 Presidential Way, LLC (John H. Davis *et al.*)

Registry  
Reference: Middlesex South County Registry of Deeds  
L.C. Book: 1430 Page: 111  
Date of Deed: February 14, 2013  
Date Recorded: February 14, 2013

Price: \$13,100,000.

Land Area: 600,692 square feet

Building Area: 104,160 square feet

Building Age: 1999

Zoning: Office Park

Financing: \$6,700,000. Boston Private Bank

Verification: deed; William Steinberg

Comments: This is the sale of a two-story office building in the newest section of the Woburn Industrial Park near the interchange of Route 95 and 93. The building is at the north end of the park. It has steel frame construction with decorative blocks, a concrete slab at grade, a flat roof with rubber cover, an elevator, gas-fired forced hot air heat, central air conditioning, build-out as classroom space and work space for hands-on training, a 16,000-square-foot auto repair training shop, and large surface parking lots. The sole occupant is the Porter & Chester Institute, which operates adult training programs for careers in computers, nursing, and the building trades. The site includes additional land for expansion. The west side of the site is under a power easement. Mr. Steinberg, a party to the sale, indicates that the property was marketed through Eastdil and that it was exposed to multiple investors. The property was sold subject to a recent long-term lease to the school. The property sold previously in 2007 for \$11,650,000.

Price per S.F.  
of Building: \$125.77



View of 8 Presidential Way, Woburn, MA



**SALE NO. 4**

Location: 40 Linnell Circle, Billerica, MA

Grantor: Merrimack Education Center, Inc., of Chelmsford

Grantee: Merrimack Special Education Collaborative, of 40 Linnell Circle

Registry  
Reference: Middlesex North County Registry of Deeds  
Book: 27817 Page: 283  
Date of Deed: November 8, 2013  
Date Recorded: November 13, 2013

Price: \$3,260,000.

Land Area: 117,960 square feet

Building Area: 40,920 square feet

Building Age: 1980

Zoning: Industrial

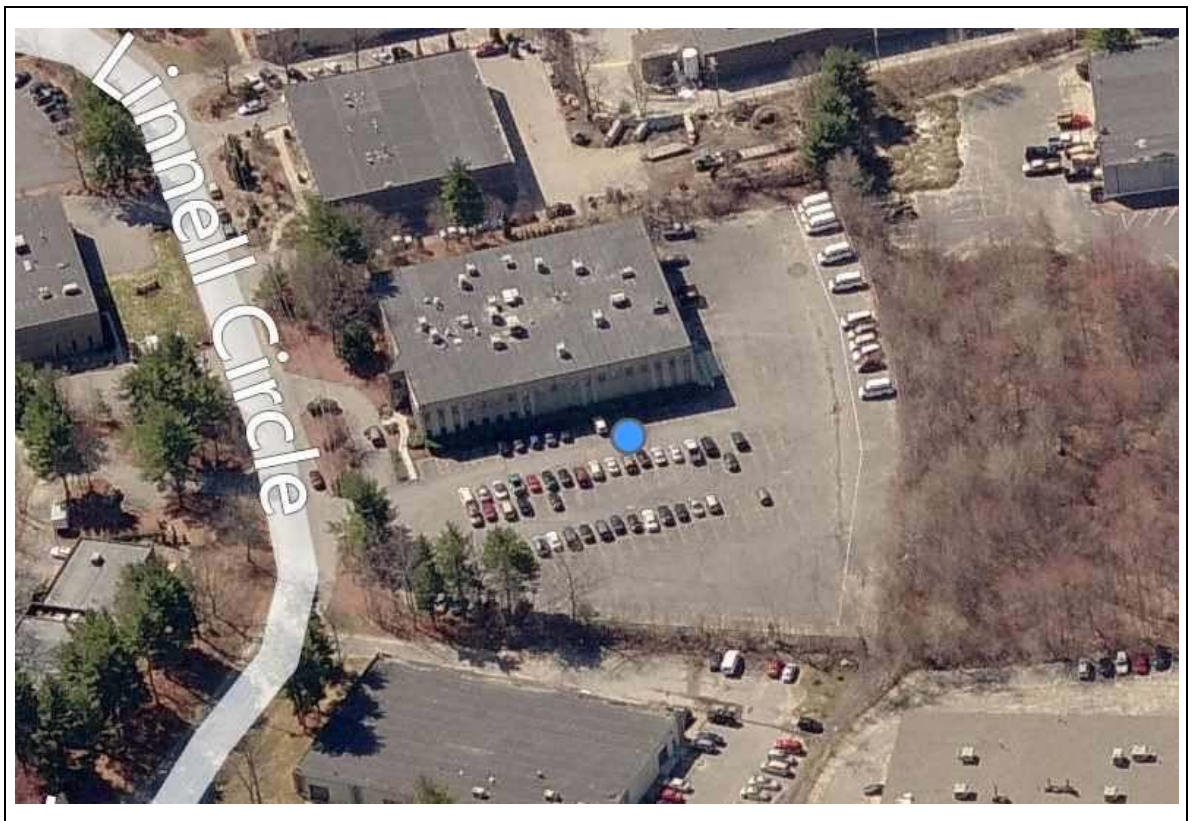
Financing: cash sale

Verification: deed

Comments: This is the sale of a two-story office/industrial building that was built out for use as a school for special needs students in 2005. The location is an office/industrial park off the Middlesex Turnpike. The building has a steel and masonry frame, concrete floors, a flat roof with a rubber cover, a concrete panel exterior, central air conditioning, and fixed sash. The build-out is with classrooms and accessory office and other spaces. A surface parking lot is to the side and rear. The seller and buyer in this transaction were formerly affiliated. The sale follows publicized reports of misuse of education funds by the director of the agency; the buyer established itself as a separate agency, acquiring this building to operate a high school. The school serves residents from communities along Route 495 north of Boston. Packard Biochip occupied the building from 2001 to 2005 and sold to the seller in this transaction in 2005 for \$2,500,000.

Price per S.F.  
of Building: \$79.67

View of 40 Linnell Circle, Billerica, MA



**SALE NO. 5**

Location: 6 Resnik Road, Plymouth, MA

Grantor: 4M 6 Resnik LLC, of Plymouth

Grantee: Plymouth Rising Tide Foundation Corp., of 6 Resnik Road

Registry  
Reference: Plymouth County Registry of Deeds  
Book: 43934 Page: 88  
Date of Deed: December 13, 2013  
Date Recorded: December 19, 2013

Price: \$3,350,000.

Land Area: 2.15 acres

Building Area: 36,400 square feet

Building Age: 1998

Zoning: LI

Financing: cash sale

Verification: deed

Comments: This is the sale of a school building in an industrial park on the north side of Plymouth, near Route 44 and Route 3. Nearby buildings are modern office and industrial facilities. A new Boys and Girls Club is across the road. The property has been in use as a school. The building has two stories, with a steel frame, a concrete block exterior, a flat roof, five half bathrooms, gas-fired forced hot air heat, 100% air conditioning, and standard interior finishes of carpet and painted drywall. Parking is to the front, with a lawn along the border. The site has no outdoor athletic facilities. The Rising Tide charter school is the occupant. It serves students in grades 5-12 and dates from 1998, the construction date of the building. It operates its Middle School from this facility.

Price per S.F.  
of Building: \$92.03

View of 6 Resnik Road, Plymouth, MA



**SALE NO. 6**

Location: 139 Newbury Street, Framingham, MA

Grantor: Framingham Newbury 135 CPI, LLC, of Hudson

Grantee: The Friends of Framingham Community Charter School, Inc.

Registry  
Reference: Middlesex South County Registry of Deeds  
Book: 62877 Page: 336  
Date of Deed: October 31, 2013  
Date Recorded: November 1, 2013

Price: \$4,950,000.

Land Area: 183,540 square feet

Building Area: 45,313 square feet

Building Age: 1960s

Zoning: M1 Light Manufacturing

Financing: \$7,905,500. Middlesex Savings Bank

Verification: deed; brokers Parsons Commercial and Scott Hughes

Comments: This is the sale of three one-story office buildings on a site off Route 30 (Cochituate Road) near Shopper's World and the Framingham/Natick interchange of the Mass. Pike. The site has frontage on Newbury Street and Burr Street, both minor roads. The buildings have flat roofs, concrete panel exteriors, concrete slabs at grade, office build-out, surface parking lots, and multi-tenant occupancy. The sale is subject to six leases. The buyer acquired while still in the process of planning for re-use of the property as the Christa McAuliffe Regional Charter Public School. The school sought approval for installation of a 7,567-square-foot modular classroom to connect two of the site's three buildings. The loan will fund a new build-out with classrooms and other facilities. The property sold previously in May of 2011 for \$4,150,000.

Price per S.F.  
of Building: \$109.24

View of 139 Newbury Street, Framingham, MA



**SALE No. 7**

Location: 17 Lime Street, Marblehead, MA

Grantor: Joseph I. Smullin, Trustee

Grantee: Marblehead Community Charter Public School

Date of Agreement  
for Sale: March, 2014

Price: \$4,250,000.

Land Area: 61,420 square feet

Building Area: 33,300 square feet

Building Age: 1968

Zoning: Unrestricted, Expanded Central Residence, and Single Residence

Verification: officials of buyer; letter of intent

Comments: This is the pending sale of a one-story industrial building in central Marblehead, on a minor dead-end street, across the street from a public playing field. The building has a flat roof, a steel frame with concrete block structural walls, a concrete slab at tailgate height, a poured concrete foundation, a warehouse that occupies about 22% of the space, and a school that occupies the balance. School finishes are nine and 19 years old and consist of corridors accessing classrooms, lavatories, administrative offices, teachers' offices, a gymnasium, a greenhouse, and a central meeting hall under a round skylight. Materials are vinyl tile floors, painted drywall walls, and open ceilings, with fluorescent lights. The school is fully air conditioned from roof-mounted units. The warehouse has a partially finished mezzanine level not included in the building area. Parking on-site is for 55 cars. The school makes use of the public playing field. The Marblehead Community Charter Public School, a middle school, has been a tenant at the building for 19 years and has a lease through August of 2015, with a five-year renewal option. The school sought to acquire the building; the parties negotiated the price in early 2014.

Price per S.F.  
of Building: \$127.63



View of 17 Lime Street, Marblehead, MA



The sales are of seven schools in the Boston suburbs. One is the pending sale of the subject property.

Adjustments are required for differences between the subject and the sales, as described below.

**Market Conditions (Date of Sale)** – Residential prices have appreciated by about 10% in Marblehead from 2012 to 2014, as seen in the chart of median single-family prices presented previously. Price trends in residential properties are a useful source for establishing price trends for schools, because schools are frequently constructed in residential zones. Schools also occupy space in office and industrial locations. These have appreciated marginally in the suburbs since 2010. Adjustments at the rate of 4% per year are applied for the period since 2012.

**Sale Terms** - Unusual sale terms, such as sales at foreclosure auction, can affect price. One of the comparable sales involved deed restrictions that are detrimental to the buyer. Upward adjustments of 10% are applied. One involved a seller under duress. An upward adjustment of 15% is applied.

**Financing** - Seller financing at a high loan:value ratio or a low rate of interest can have the effect of increasing the price for a property above the level that would be achieved without the special financing. The value that is estimated for the subject property is the value presuming no special financing. None of the sales presented here for comparison involved seller financing. No adjustments are applied.

**Property Rights** – The subject property is valued here in fee simple, in the situation in which the tenant becomes the owner and the present lease is voided as a result of the acquisition. For a school in Plymouth that acquired its facility, to the knowledge of the appraiser, the lease had no effect on the price, and no adjustment is applied. The sale of the technical school in Woburn is subject to a lease, made recently and at the market rate. Again, no adjustment is applied. The sale of a multi-tenant office complex in Framingham requires that the space be vacated for its new school use. An upward adjustment of 10% is applied, to reflect the difficulty of relocating tenants. The sale of the subject property is affected by a lease, with six years remaining, if a five-year option to renew is exercised (in the absence of the current purchase agreement). For any potential buyers other than the school, the lease is significant. Presuming that the capitalization rate for the building is 8.5% for investors, the price in the pending sale would require a net income that exceeds the rent in the lease. The lease has the effect of reducing the income to the property by about \$2.50 per foot per year, or \$15.00 per foot over six years, which is about 12% of the purchase price. An upward adjustment of 12% is applied to this sale to reflect the adverse effect of the lease for any buyer other than the school.

**Location** – The subject property is at a location rated here as “average to good,” in an upper-income suburb with demand for both charter and private school space. The comparable sales include some rated “average,” with less demand. Upward adjustments of 10% are applied to these.

**Building Quality and Condition** – The subject facility is rated here as “fair to average” in terms of quality and condition. The school space is functional and average. The warehouse lacks school build-out, diminishing the overall rating. The comparable sales range from “fair-average” to “good.” Adjustments of 15% are applied for each change in rating from fair to average, good, and very good, consistent with indicators from the market. A building with office build-out is adjusted upward because of the necessity to change the build-out for school use.

**Building Size** – For small schools up to about 20,000 square feet, increases in building size do not substantially alter prices paid per square foot. At larger sizes, size becomes a detriment, as a result of the limited number of users able to make use of a large facility. Increased size results in a lower price per square foot. Adjustments at the rate of 15% for each doubling or halving of a property’s building area that is required to make it equal to the subject property in this respect are consistent with differences in price observed in the market and are applied here.

**Parking and Fields** – The subject property has on-site parking but no on-site recreation facilities. Its parking and fields are rated “small.” Most of the comparable sales are equal in this respect and require no adjustment.

**Weight** - In the adjustment chart that follows, the various adjustments are applied to the per square foot prices for the sales. The adjustments are applied in summation. The indications are accorded different "weights," or influences, in the calculation of a final value estimate. Each sale is accorded a weight from one to ten. A sale accorded a weight of two has twice the influence of one accorded a weight of one, and a sale accorded a weight of eight has four times the influence of a sale accorded a weight of two. The assignment of influence in each case is based on the appraiser’s judgment of the reliability of that sale as an indicator of the value of the subject and depends on such factors as the amount of adjustment required to produce the value indicator from a given sale, its similarity to the subject, the proximity in time, and other such factors.

The sales indicate a value for the subject property at the rate of \$127.71 per square foot of building area, for a value through the Sales Approach of \$4,250,000, as follows.

ADJUSTMENT CHART  
17 Lime Street, Marblehead, MA

	SUBJECT	SALE #1 2 Penny Way Newburyport, MA	SALE #2 34 Winter Street Arlington, MA	SALE #3 8 Presidential Way Woburn, MA	SALE #4 40 Linnell Circle Billerica, MA	SALE #5 6 Resnik Road Plymouth, MA	SALE #6 139 Newbury St. Framingham, MA	SALE #7 17 Lime Street Marblehead
Sale Price/ S.F.		\$120.50	\$104.92	\$125.77	\$79.67	\$92.03	\$109.24	\$127.63
Date of Sale	April 2014	Dec. 2012	August 2012	Feb. 2013	Nov. 2013	Dec. 2013	Nov. 2013	April 2014
Sale Terms	standard	restrictions	standard	standard	seller duress	standard	standard	standard
Financing	standard	standard	standard	standard	standard	standard	standard	standard
Property Rights adjustment	fee simple	fee simple	fee simple	leased fee	fee simple	leased fee	leased fee	leased fee
Price, Adjusted for Terms		\$127.73	\$123.81	\$132.06	\$93.21	\$93.87	\$122.35	\$142.95
Location	avg.-good	avg.-good	avg.-good	avg.-good	average	average	average	avg.-good
Quality and Condition	fair-avg.	average	good	good	avg.-good	avg.-good	office	fair-avg.
Size (S.F.)	33,300	40,167	104,160	40,920	36,400	45,313	33,300	33,300
Parking, Fields adjustment	small	average	small	small	small	small	small	small
Price, Fully Adjusted		\$125.18	\$115.14	\$137.34	\$93.21	\$91.99	\$162.72	\$142.95

weight (0 = least; 10 = most) 8 3 5 2 5 3 10

weighted value for subject: \$127.71

$\$127.71 / \text{s.f.} \times 33,300 \text{ s.f.} = \$4,252,743$
rounded to $\$4,250,000$

## DEPRECIATED REPLACEMENT COST APPROACH

In the Depreciated Replacement Cost Approach, the value of the land is added to the depreciated value of the buildings to produce the value estimate.

The sales that follow are useful in the valuation of the land.

4 Corn Point, Marblehead – January 15, 2014 - \$790,000 – This is site of 35,043 square feet on the north side of Marblehead, near the shore but without water views. It is zoned Expanded Single Residence. The site has a lawn and trees and is in a residential neighborhood. The price per square foot of land is \$22.54.

7 Bradlee Road, Marblehead – July 31, 2013 - \$525,000 – This is a site of 29,670 square feet at Corn Point on the north side of Marblehead. The zoning is Expanded Residential. The site has a lawn. The asking price was \$795,000. The price per square foot of land is \$17.69.

6 and 8 Sewall Street, Marblehead – September 28, 2012 - \$1,600,000 – This is a site of 21,216 square feet at a business location. The site is developed with a garage building. It is classified as a car sales lot by the Assessors and is assessed primarily as land. The price per square foot of land is \$75.41.

The sales are of two residential development sites and one commercial site. In the absence of the building on the subject site and in the absence of its institutional (school) use, the highest and best use of the subject site is likely for multi-family development. Multi-family developments border the property on three sides. Approval would likely be available for the property for this use, at a density similar to that on the adjacent sites.

The best comparisons are the first two sales, at \$22.54 and \$17.69 per square foot. The locations of these are better than that of the subject property, nearer the waterfront. However, the subject property is nearer the center of town, and a higher density is likely available for the subject property than for either of these sales. A value in the range of \$25.00 to \$30.00 per square foot of land is the best indication for the subject property. In the analysis presented here, a value at the rate of \$27.50 per square foot of land is applied to the subject site, for a land value of \$1,689,050, as follows:

$$61,420 \text{ s.f. land} \times \$27.50/\text{s.f.} = \$1,689,050.$$

**Building Cost Analysis** – The Marshall Valuation Service provides a basis for analysis through the Cost Approach. However, actual costs at buildings constructed for non-profits in the area range substantially higher than the Marshall indicators. Actual costs provide the better indicators. The table below shows construction costs for school, religious, and residential facilities for non-profits and institutions in recent years in Greater Boston and Rhode Island.

2014	North Shore	\$6,982,840	42,600 s.f.	\$163.92/s.f.	two levels, concrete and steel, flat roofs, carpeted classrooms, elevator, 100% a.c., sprinkler, gymnasium; includes playing field, parking lot, hard and soft costs
2013	Rural Western N.E.	\$2,225,000	10,232 s.f.	\$217.46/s.f.	two levels, wood frame student commons, gable roof, elevator, no a.c., tiered meeting hall, classrooms, lounge, hard and soft costs
2011	West Inner Suburb	\$3,718,000	13,450 s.f.	\$276.43/s.f.	two-story steel frame gymnasium/classroom building, elevator, a.c., sprinkler, cafeteria kitchen; includes architect, hard costs, landscaping
2011	West Inner Suburb	\$2,249,537	17,400 s.f.	\$129.28/s.f.	two-story classroom and office building, elevator, concrete and steel, low-cost finishes, minimal site work, excludes architect
2011	Route 495 North	\$1,973,466	7,974 s.f.	\$247.49/s.f.	two-story wood frame small school or day care building with 5 classrooms, offices, reception, plain finishes, 100% a.c., sprinkler, elevator, tot lot, paved parking; includes soft costs, playground, 10% contingency
2011	Rhode Island	\$2,475,1	7,900 s.f.	\$313.31/s.f.	two-story concrete and steel library building, plain finishes, exposed ceilings, carpeted meeting rooms, one lavatory, brick exterior, flat roof, site work and soft costs included
2009	Route 495 North	\$2,160,000	8,068 s.f.	\$267.72/s.f.	one-story day care center, classrooms, offices, reception, 100% a.c., tot lot, paved parking; includes soft costs, playground
2009	Rhode Island	\$8,689,000	48,700 s.f.	\$178.42/s.f.	one-story concrete and steel classroom building, plain finishes, gymnasium, "shell" theater, science classroom, site work included, no soft costs
2007	North Shore	\$5,039,800	13,660 s.f.	\$368.95/s.f.	classroom building, one story, concrete floors, radiant heat, assembly space, offices, concrete exterior; site work with dry wells; includes 14.4% architectural/engineering, contingency, other soft costs
2006	Urban Rhode Island	\$6,866,000	30,750 s.f.	\$223.28/s.f.	gymnasium with seating for 375, locker rooms, fitness center, and accessory spaces; heavily detailed exterior; elevator, limited a.c., plain interior finishes; includes 5% contingency and 8% architect fee

2006	Rural Metrowest	\$7,144,500	31,780 s.f.	\$224.81/s.f.	2-story residential care facility, plain finishes, sprinkler, a.c., architect's fees and soft costs, landscaping, parking, elevator, multiple bedrooms off double-loaded corridor, living rooms, common dining, vinyl tile and drywall
2005	Urban Providence	\$495,000	3,870 s.f.	\$127.91/s.f.	one-story school addition; corridor, 4 classrooms, 3 lavatories, slab on grade, bar joists, brick exterior, a.c., plain finishes; hard cost only
2005	Rural Rhode Island	\$2,349,724	13,746 s.f.	\$170.94/s.f.	small grade school with classroom wing, offices, lavatories, multi-purpose room; steel frame, concrete block, part pitched roofs with wood trusses; plain finishes; design-build guaranteed maximum price
2005	Urban Providence	\$2,721,902	12,520 s.f.	\$192.12/s.f.	gymnasium with retractable seating; locker rooms; a.c., steel frame, decorative block, non-union; hard and soft costs
2005	Urban Providence	\$10,376,534	52,230 s.f.	\$198.67/s.f.	three-story classroom and administration building; steel frame, decorative concrete block with panels and glass, plain finishes; a.c., elevator, library, cafeteria; non-union; hard and soft costs
2004	Rhode Island	\$3,417,502	17,880 s.f.	\$191.14/s.f.	classroom building, cathedral ceilings, a.c., good quality, lobby, common room, office suite; walkways, lawn; hard and architectural costs
2004	Urban	\$18,970,000	60,370 s.f.	\$314.23/s.f.	high-ceilinged student "commons" with adjacent dining hall; classrooms, science labs, offices, elevator; construction as connector between 3 existing buildings
2004	Northwest Inner Suburb	\$1,600,000	8,700 s.f.	\$183.91/s.f.	dormitory and classroom; pitched roof, wood frame, kitchen, average finishes, elevator, a.c.; includes soft costs
2003	Metrowest	\$5,859,528	23,270 s.f.	\$251.81/s.f.	school addition, barn style, 3 floors, wood siding, elevator, 100% a.c.; includes 6,400-s.f. basketball court, classrooms, science labs; athletic field with sprinkler; architect, project manager, contingency

2002	South of Boston	\$2,121,500	11,430 s.f.	\$185.61/s.f.	school addition with pitched roof, wood frame, vinyl siding, standard classrooms, accessory offices and lavatories, assembly space, partial basement, small second story without elevator, a.c., sprinkler; architect, contingency, loan interest, other soft costs included
2002	North Shore	\$2,717,086	10,300 s.f.	\$263.79/s.f.	gymnasium, one-story, with 2 lavatories, office, small locker; Butler building; partial basement, unfinished; stucco walls, standing seam roof, maple floor, no a.c.; includes soft costs, 5% contingency
2002	Inner Boston Suburb	\$5,624,612	14,620 s.f.	\$384.72/s.f.	3-story steel and masonry frame school addition; 2 levels of science labs, computer classroom, offices, elevator, brick with extensive trim, cupola; also includes remodeling of 2 classrooms and nurse's station in existing building; full a.c.; hard cost, architect, and contingency
2002	Rural Rhode Island	\$1,250,000	10,700 s.f.	\$116.82/s.f.	dormitory and classroom; pitched roof, wood frame, average finishes, sprinkler, handicapped access, a.c., septic system; includes soft costs
2002	West of Boston	\$3,150,000	15,580 s.f.	\$202.18/s.f.	two group care residential buildings, two-story, and one one-story classroom/office building, wood frame construction, all a.c. and wet sprinkler, no elevators; soft costs and extensive site work, for parking area and plazas for larger complex included
2001	Metrowest	\$800,000	5,930 s.f.	\$134.91/s.f.	2-story steel frame; classrooms and offices first floor, bedrooms and bathrooms (3) second floor; plain low cost finishes; no elevator; full a.c.; hard cost and contingency
2001	Northwest Suburb	\$1,177,151	6,180 s.f.	\$190.48/s.f.	recital hall; wood frame construction, open truss ceiling, hardwood floor on concrete, raised performance stage; addition that includes 1,020 s.f. of retrofit of space in main building; includes architectural, contingency, most soft costs
2001	North Suburb	\$6,083,742	43,000 s.f.	\$141.48/s.f.	dormitory, 3 floors, central corridors accessing rooms with shared baths, a.c., elevator, dormers, soft cost included, storage space in building area



2001	Boston	\$6,041,430	23,080 s.f.	\$261.76/s.f.	two-story steel frame, masonry and wood exterior, elevator, plain finishes, classrooms, offices, gymnasium, kitchen, a.c.; small middle school; includes all soft costs, site work
2001	Boston	\$14,704,000	37,500 s.f.	\$392.11/s.f.	classrooms on three levels, with lavatories, corridors, high-quality finishes; elevator; utilities from common campus plant; unfinished, full attic and basement spaces of 20,150 s.f. excluded from building area
2001	Inner Boston Suburb	\$2,621,062	10,960 s.f.	\$239.15/s.f.	meeting hall, accessory space, and classrooms; includes soft costs and site work; addition to existing building; double-height hall, elevator, a.c., good-quality finishes
2000	North Shore	\$3,441,739	27,000 s.f.	\$127.47/s.f.	classroom, 2-story, average finishes, part a.c., steel and wood clapboard, multi-purpose room, elevator, 12' ceiling heights, kitchen; soft costs added at 15%
2000	Northwest Inner Suburb	\$5,500,000	24,700 s.f.	\$222.67/s.f.	administration building; partitioned offices; tutorial classroom wing; 2 stories, elevator; includes architect, site work
2000	Northwest Inner Suburb	\$1,113,800	8,700 s.f.	\$128.02/s.f.	dormitory and classroom; pitched roof, steel frame, kitchen, average finishes; excludes soft costs
2000	North Shore	\$2,295,635	11,660 s.f.	\$196.88/s.f.	school building; pitched roofs, wood frame, laboratories, tiered meeting hall, high cost finishes; excludes site work
2000	North Shore	\$3,448,841	13,000 s.f.	\$265.30/s.f.	classrooms, wood paneled recital hall on 3 stories, elevatore, pitched roof, air conditioned, brick, steel frame, soft costs included, storage space in total

The cost comparisons support a level of cost of \$175.00 per square foot of building for the school space at the subject property. For the industrial space, a cost of \$110.00 per square foot is indicated.

**Depreciation** – The Marshall Valuation Service provides indicators of depreciation based on effective age and expected life. The expected lives, effective ages, and resulting amounts of depreciation for the different spaces are as follows.

	life	age	deprec. %
School	45	15	21%
Warehouse	45	20	23%

**Profit** - Profit is the motivation for construction of a commercial building. Facilities for schools, religious organizations, and other non-profits typically are not constructed for profit. No factor for profit is applied here.

**Site Improvements** – Site improvements include the parking lot, walkways, retaining walls, lawns, and plantings. The cost of these is taken at \$150,000.

The indication of value through the Depreciated Replacement Cost Approach is \$6,050,000 as follows.

#### DEPRECIATED REPLACEMENT COST APPROACH

School – 25,979 s.f. x \$175.00/s.f.:		\$4,546,325.
Depreciation (21%):		<u>- 954,728.</u>
		\$3,591,597.
Warehouse – 7,321 s.f. x \$110.00/s.f.:	\$805,310.	
Depreciation (23%):	<u>- 185,221.</u>	
	\$620,089.	620,089.
Profit:		0.
Site Improvements:		150,000.
Land:		<u>1,689,050.</u>
Value Indication:		\$6,050,736.
rounded to		\$6,050,000.

## RECONCILIATION AND FINAL VALUE ESTIMATE

The indications of value are as follows:

Sales Comparison Approach:	\$4,250,000
Depreciated Replacement Cost Approach:	\$6,050,000
Income Capitalization Approach:	not applied

The only method of analysis that is useful for estimating the Market Value of the subject property is the Sales Comparison Approach. It tests the property in the competitive market. The Depreciated Replacement Cost Approach does not. The final value estimate is the indicator from the Sales Comparison Approach.

On the basis of these considerations, it is my opinion that the Market Value of the Fee Simple Estate in the subject property, "as is," expressed as cash to the seller in a hypothetical transfer, as of April 24, 2014 is Four Million Two Hundred Fifty Thousand U.S. Dollars (\$4,250,000.).

## RANGE OF THE ESTIMATE

The value reported above is best understood as the appraiser's estimate of the most probable selling price for the subject property within a range of potential selling prices. The breadth of the range and the relative likelihood of achieving prices within the range are useful information, as well.

Valuations of single-family houses, where there are large numbers of similar, competitive properties, large numbers of buyers, and a relatively efficient market, can be made with high confidence of a selling price near the value estimate (often, 90% confidence within 2% to 3% of the value estimate). Valuations of commercial and special use properties, where markets are smaller and the data less consistent, produce similar confidence only over a broader range. The average deviation of the weighted indicators in the Sales Comparison Approach is 13.29%. The average deviation is an indicator of a confidence level of 50% to 60%. The agreement of the actual selling price in the pending sale with the value estimate creates a higher-than-ordinary level of confidence. The 68% confidence interval for the subject property is likely a range within about 8% of the value as estimated here.

## RISK FACTORS

Risk factors that may tend to depress the value of the subject over time include the following:

- general economic decline
- aging of the facility

Factors that may potentially result in growth in value are as follows:

- general economic improvement
- continued strong demand for school facilities for charter and private schools

## EXPOSURE TIME, MARKETING TIME, AND FUTURE VALUE

The market value estimated above is the value presuming a sale on this appraisal's effective date. It is implied in this concept that the period of marketing, negotiation, and securing of financing by a hypothetical buyer is in the past, in order that a sale be possible on the effective date.

The *PwC Real Estate Investor Survey* (Q1, 2014) indicates marketing times for different commercial sectors nationally as follows:

	months
apartments	5.0
suburban offices	8.3
CBD offices	7.4
Boston offices	5.8
flex/r&d	7.3
warehouses	5.8
strip shopping centers	6.4
net leased properties	4.2

Marketing times recently have declined in the office sector, with marketing time relatively short in the Boston office market.

The data from the PwC survey provides a basis for estimating both the exposure time and the marketing time for the subject property. (Exposure time is the period of time before this appraisal's effective date that would have been required to produce a sale at the value estimated here.) Places of worship and schools require longer marketing times than do other property types because of the slow decision-making process for places of worship and schools. The exposure time that would likely have been required to produce a sale at the value for the subject as estimated here is twelve months.

Similarly, a marketing time (the time period going forward from the date of the appraisal) of twelve months is likely, presuming that financing availability and prices remain unchanged.

**CERTIFICATION**

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

- the statements of fact contained in this report are true and correct;
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions and conclusions;
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;
- my engagement in this assignment was not contingent upon developing or reporting predetermined results;
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice;
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
- I have made a personal inspection of the property that is the subject of this report;
- and no one provided significant real property appraisal assistance to the person signing this certification.

As of the date of this report, I, Eric T. Reenstierna, MAI, have completed the requirements under the continuing education program of the Appraisal Institute.

In my opinion, the Market Value of the Fee Simple Estate in the subject property, "as is," expressed as cash to the seller in a hypothetical transfer, as of April 24, 2014 is Four Million Two Hundred Fifty Thousand U.S. Dollars (\$4,250,000.).

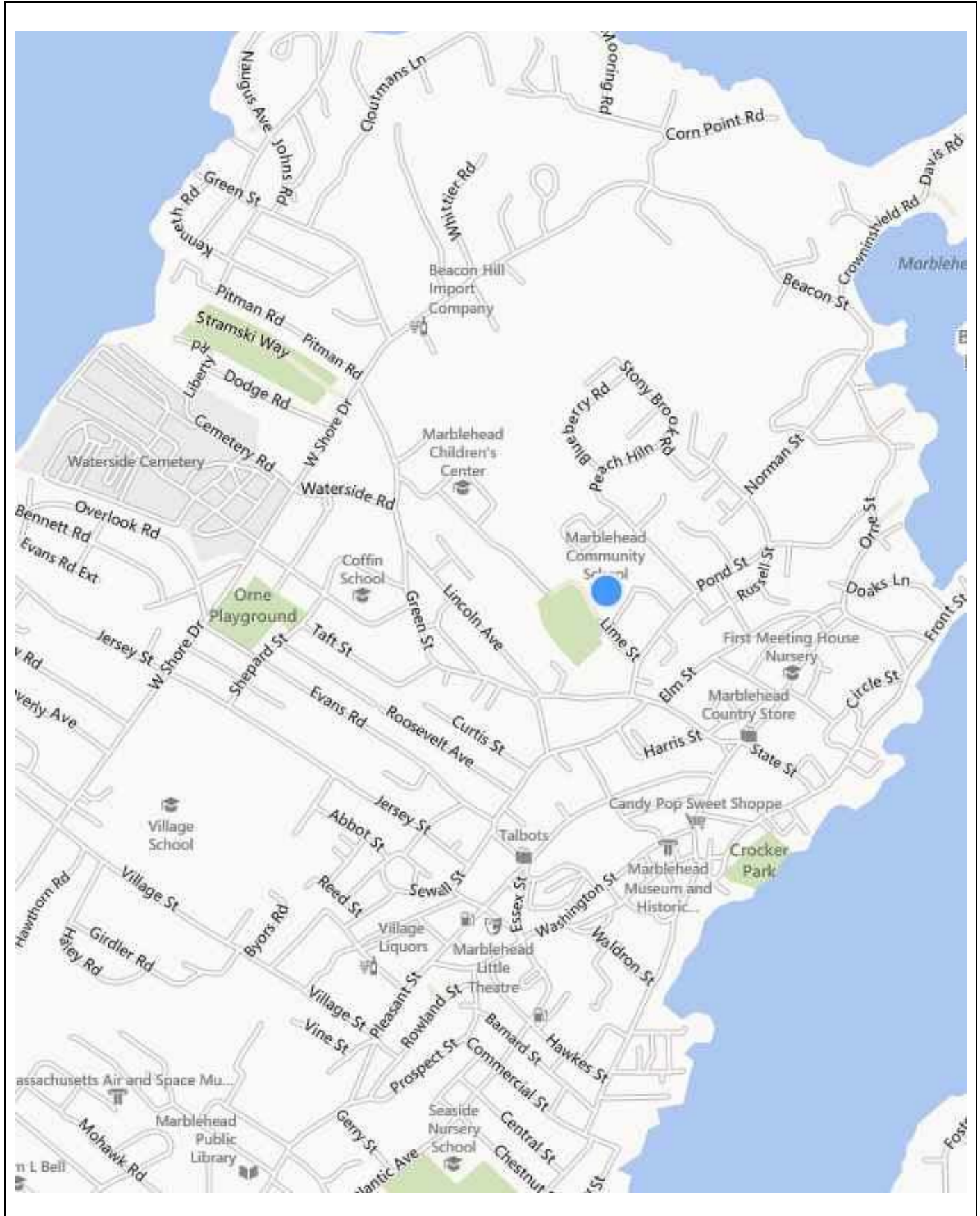


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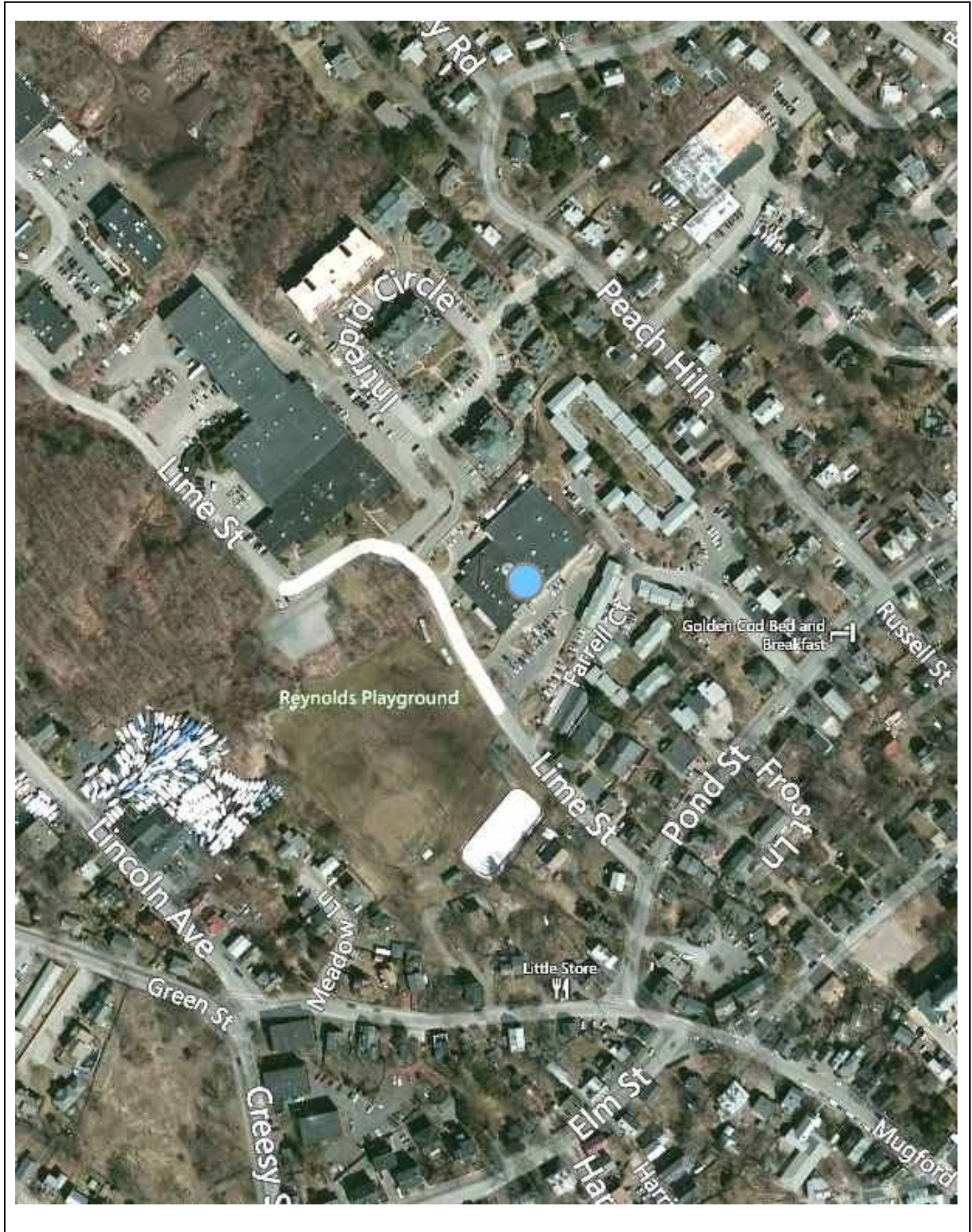
Eric T. Reenstierna, MAI  
Mass. Cert. Gen. R.E. Appraiser #343

## **ADDENDA**

# NEIGHBORHOOD MAP

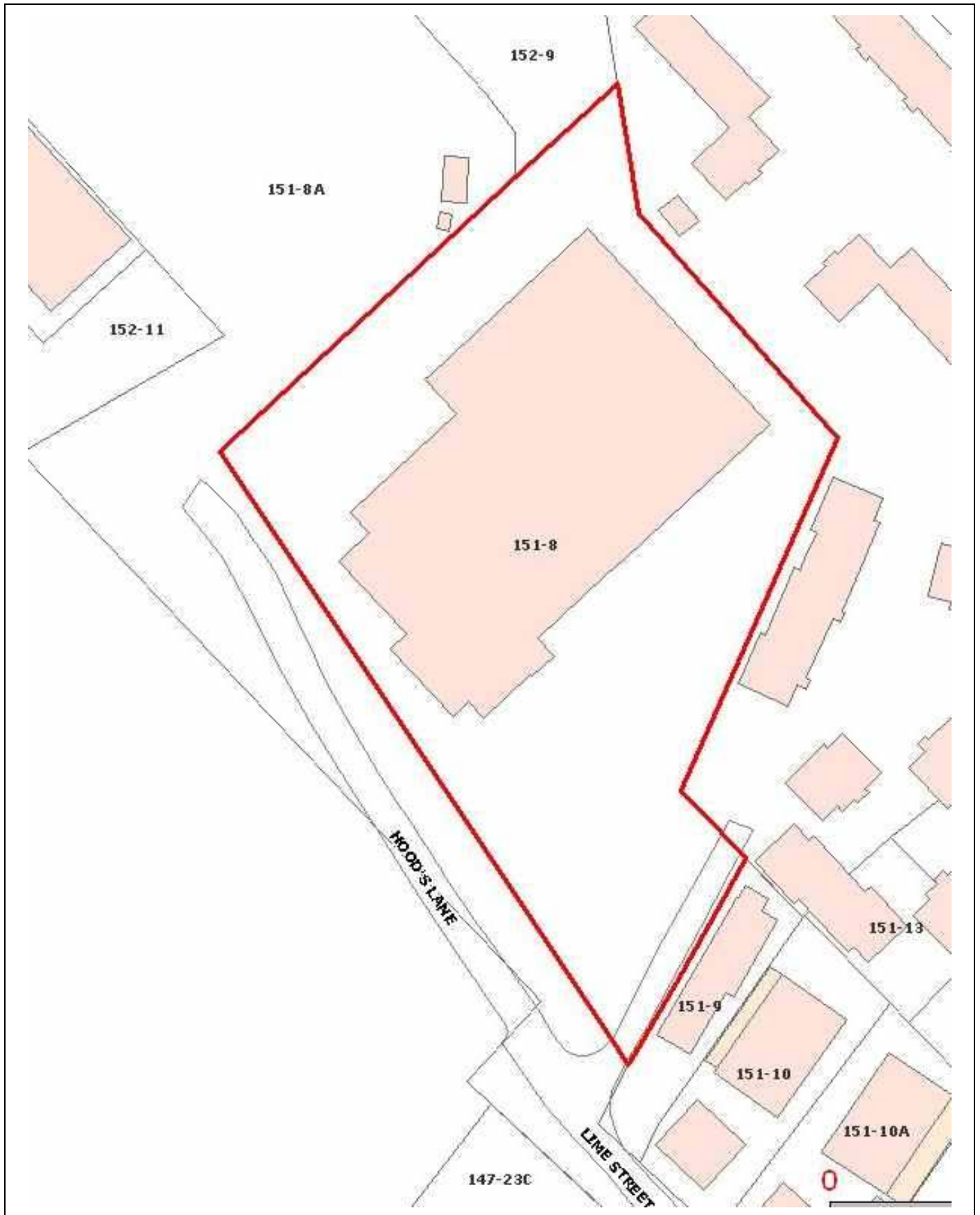


AERIAL VIEW

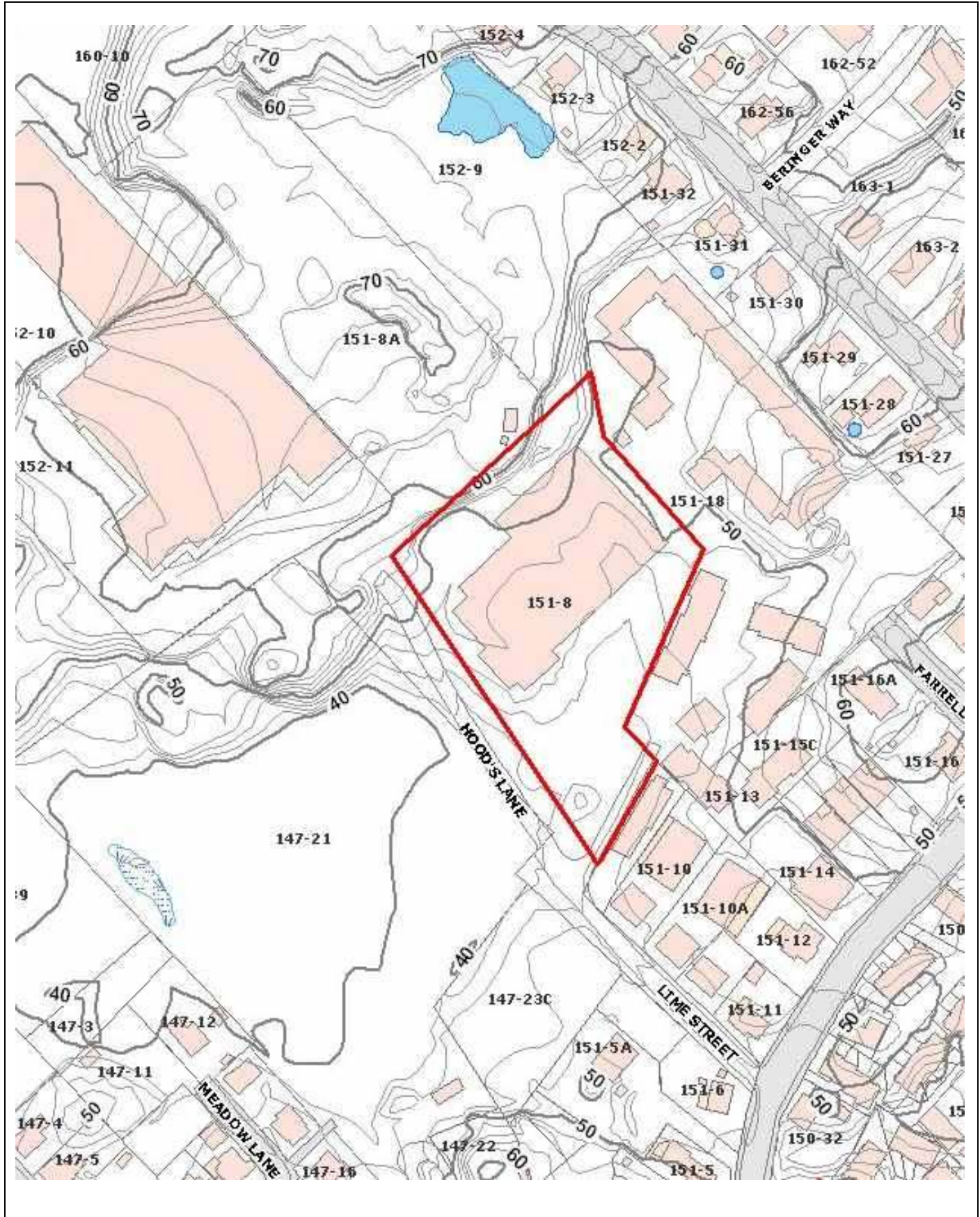




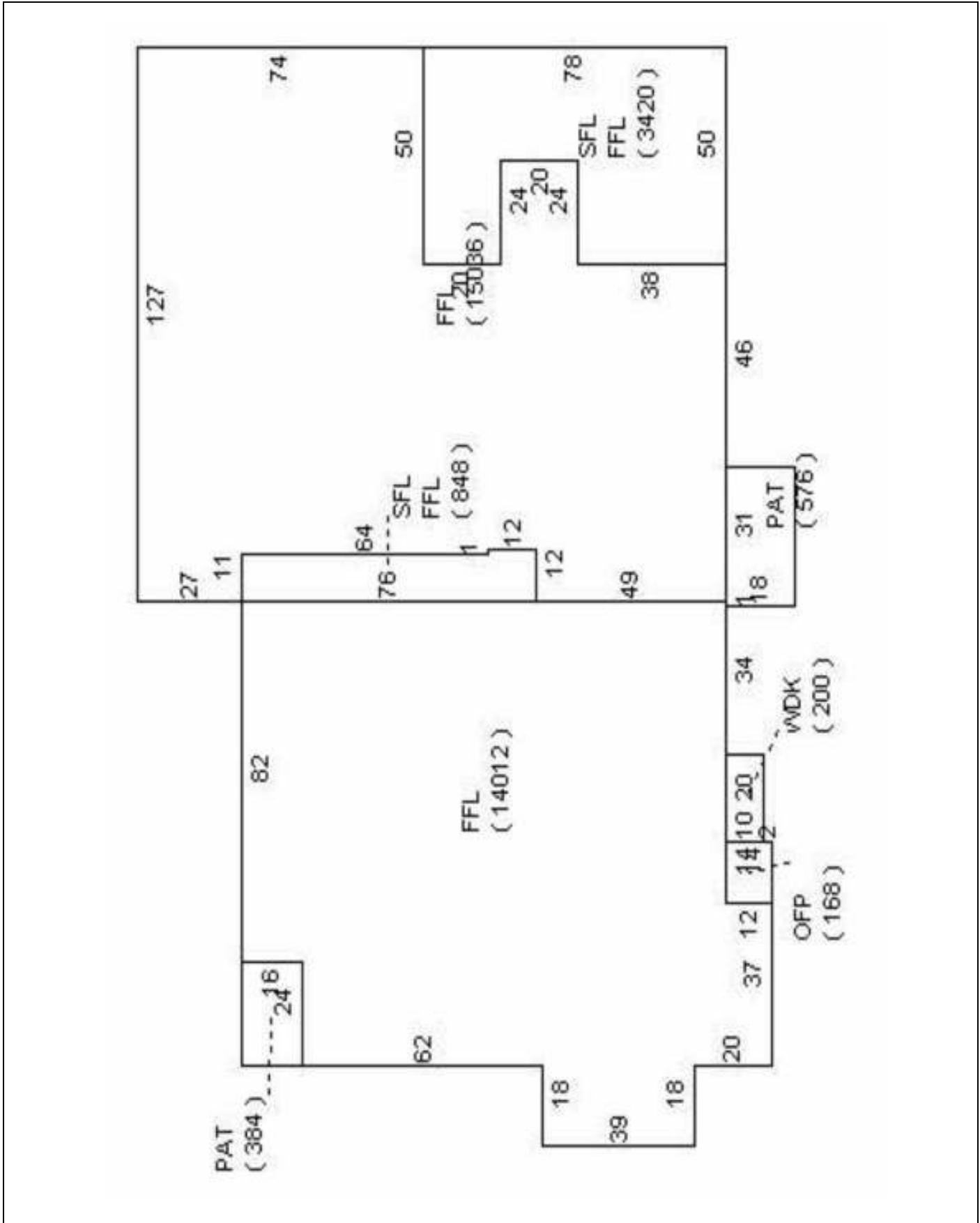
# SITE PLAN



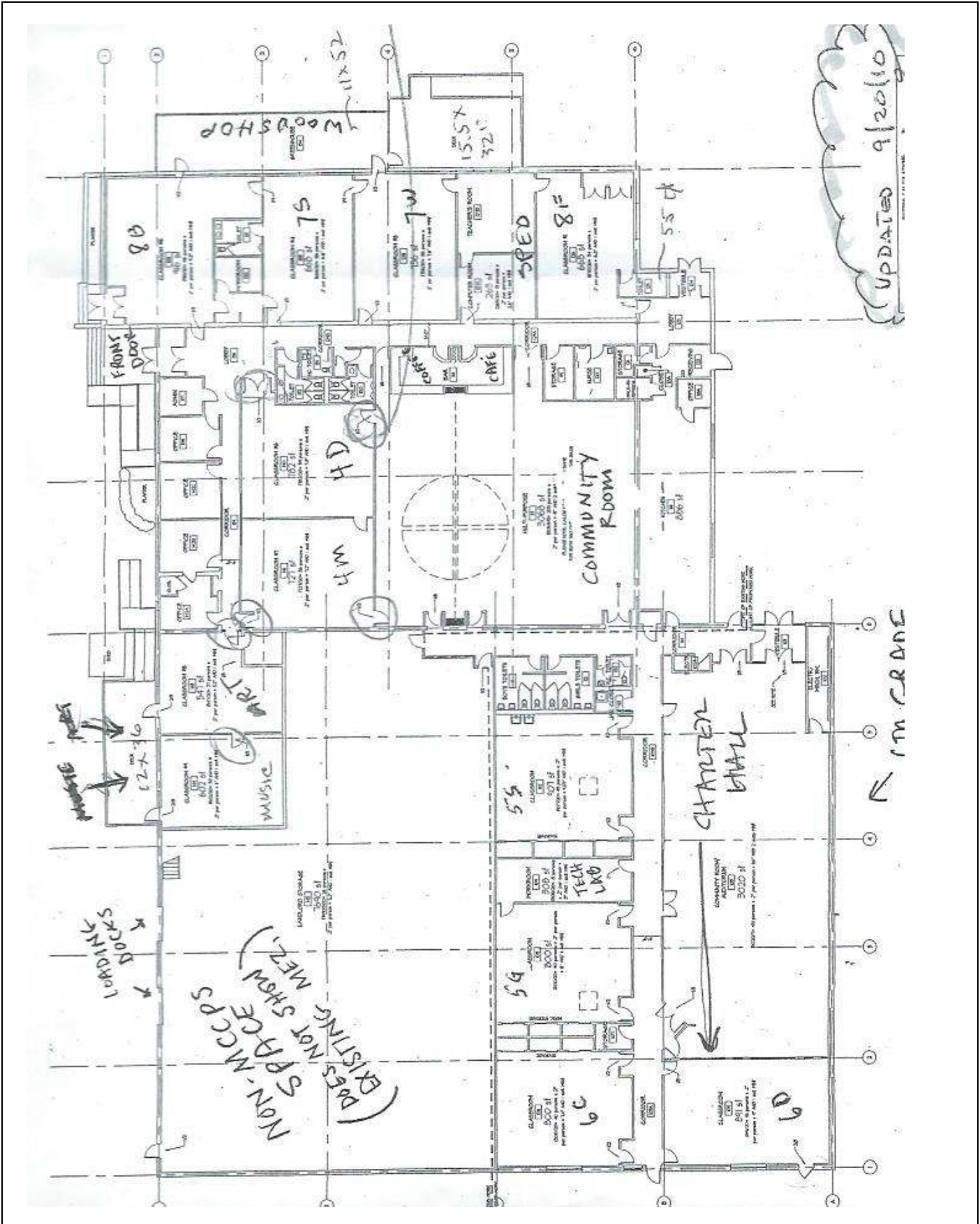
# TOPOGRAPHIC MAP



# BUILDING PLAN



**BUILDING PLAN**



LEGAL DESCRIPTION

25

BK 11357 PG 413  
06/26/92 08:46 Inst 51

MARBLEHEAD SAVINGS BANK,  
a corporation duly established under the laws of the COMMONWEALTH OF MASSACHUSETTS  
and having its usual place of business at 21 ATLANTIC AVENUE, MARBLEHEAD, ESSEX  
County, Massachusetts

for consideration paid, and in full consideration of \$850,000.00

grants to JOSEPH I. SMULLIN, TRUSTEE OF TWENTY-THREE LIME STREET TRUST, dated  
June 25, 1992, and recorded herewith  
of 22 Woodbine Avenue, Swampscott, MA 01907 with quitclaim returns

~~inclosed six~~

(Description and encumbrances, if any)

PARCEL I:

The land with the buildings thereon, situated in said Marblehead, shown as Lot 11 on a plan entitled "Plan of Land in Marblehead, MA. Properties of Frederick E. Hood, et al" having a scale of 1" = 80' dated April 18, 1984, drawn by Essex Survey Service, Inc., recorded with Essex South District Registry of Deeds in Book 7385, Page 256.

Containing 80,100 square feet of land, according to said plan.

Said premises are hereby conveyed subject to the effect of an Order of Taking by the Marblehead Housing Authority, dated June 7, 1966, recorded with said Registry of Deeds, Book 5369, Page 707, and subject to and with the benefit of rights and easements of record, insofar as now in force and applicable.

PARCEL II:

A certain parcel of land in Marblehead, shown as Lot 13 on a Plan of Land entitled "Plan of Land in Marblehead, MA. Properties of Frederick E. Hood et al" having a scale of 1" = 80', dated April 18, 1984, drawn by Essex Survey Service, Inc., recorded with said Registry of deeds in Book 7385, Page 256.

Both parcels are conveyed together with the right to pass and repass in common with others, over a certain Right of Way sometimes known as Lime Street as shown on a Plan of Land recorded in Essex South District Registry of Deeds in Plan Book 163, Plan 22; and together with the right to pass and repass, in common with others, for the purpose of access to Lots 11 and 13, as established in deeds recorded in said Essex South District Registry of Deeds in Book 5353, Page 503 and 505 and as further recorded in a deed recorded in Book 5750, Page 018; said easement being further defined and described by a "Grant of Easement" executed by Frederick E. Hood and Timothy J. Doherty, Trustees of Lime Realty Trust, dated April 18, 1984, and recorded with Essex South District Registry of Deeds in Book 7385, Page 252.

Both parcels are conveyed subject to the right of Frederick E. Hood and Timothy J. Doherty, Trustees of Lime Realty Trust, their heirs, successors and assigns, to maintain the existing sewer pipe running from the property standing in the name of the said Lime Realty Trust and being more particularly shown as Lots 2, 3 and 6 on the Plan of Land recorded in said Registry of Deeds in Book 7385, Page 256, said sewer pipe crossing the southwesterly portions of Lots 13 and 11 in the location as shown by the dotted line on said plan.

Meaning and intending to convey and hereby conveying the same premises conveyed to Marblehead Antler Associates, Inc., by Hood Enterprises, Inc., formerly Hood Sailmakers, Inc., by deed dated April 23, 1984, and recorded with said Registry of Deeds in Book 7385, Page 256; and meaning and intending to convey and hereby conveying the same premises conveyed to Marblehead Savings Bank by Foreclosure Deed from said Marblehead Savings Bank, dated May 8, 1991, and recorded in said Registry of Deeds in Book 10794, Page 265.

LOTS: LOTS 11 and 13 OFF LIME STREET, MARBLEHEAD, MA 01945

CANCELLED  
RECORD REG 18  
ESSEX SOUTH  
06/26/92  
TAX 3876.00  
CHSH 3876.00  
50% MAINT-88:44  
EXT. USE. TAX

In witness whereof, the said MARBLEHEAD SAVINGS BANK

has caused its corporate seal to be hereto affixed and these presents to be signed, acknowledged and delivered in its name and behalf by EDWARD H. COWDEN

its Treasurer hereto duly authorized, this 20th day of June in the year one thousand nine hundred and ninety-two

Signed and sealed in presence of

*[Signature]*

MARBLEHEAD SAVINGS BANK

by

*[Signature]*  
EDWARD H. COWDEN, TREASURER

The Commonwealth of Massachusetts

Essex,

ss.

June 20, 19 92

Then personally appeared the above named EDWARD H. COWDEN, TREASURER,

and acknowledged the foregoing instrument to be the free act and deed of the MARBLEHEAD SAVINGS BANK

before me,

*[Signature]*

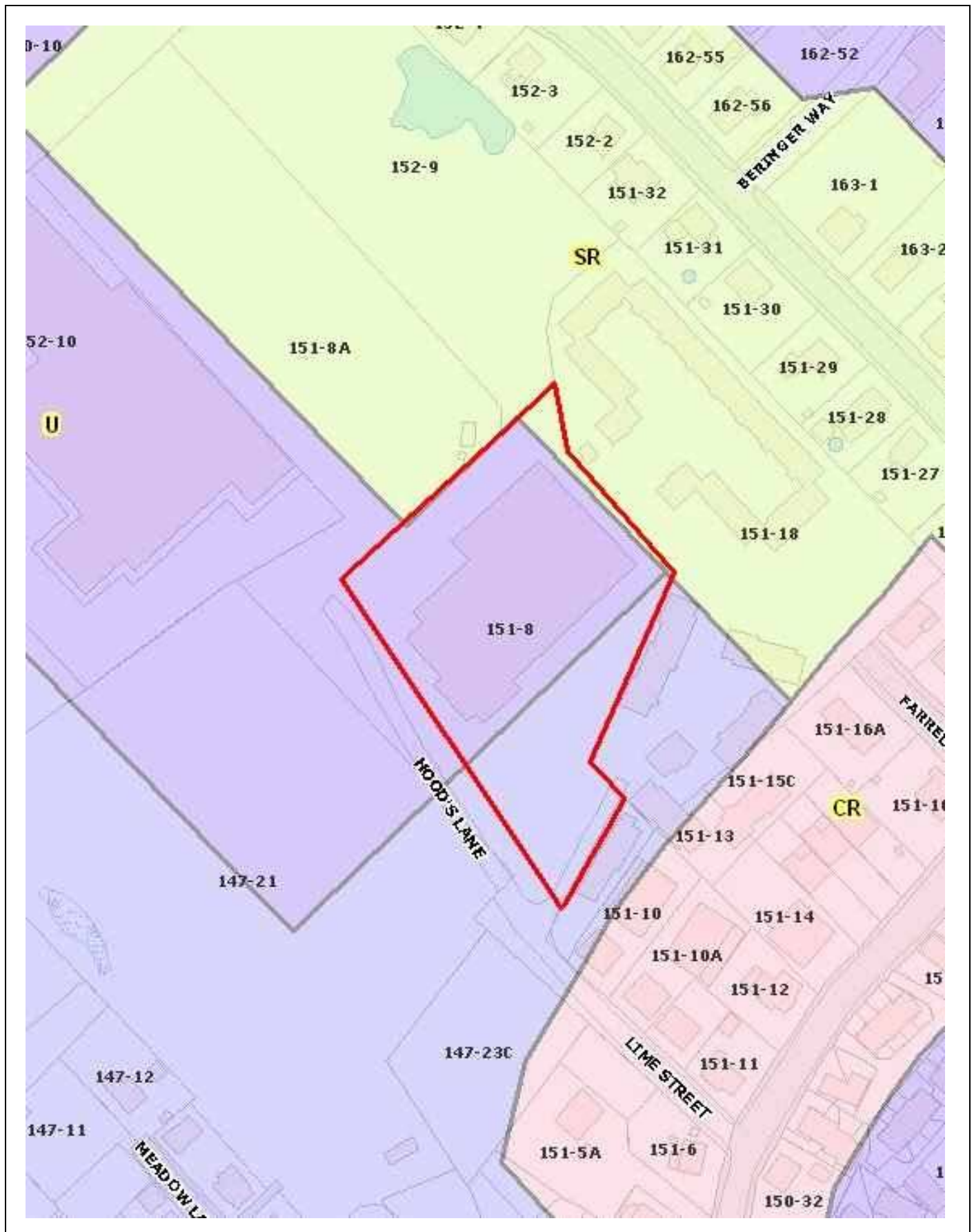
Notary Public - ~~XXXXXXXXXXXX~~

PAUL L. LAUSIER  
My commission expires March 27, 19 98

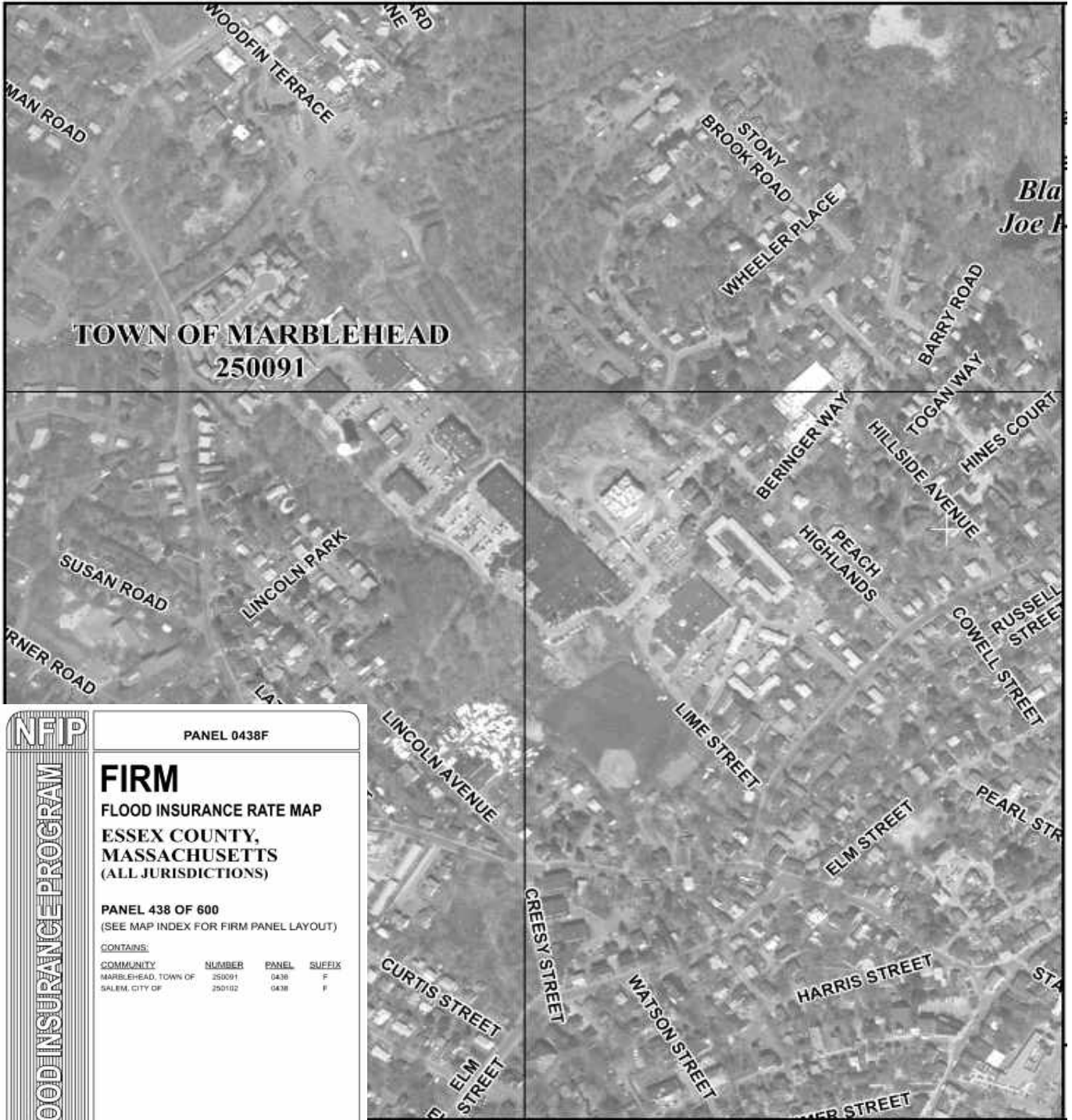
CHAPTER 183 SEC. 6 AS AMENDED BY CHAPTER 497 OF 1969

Every deed presented for record shall contain or have endorsed upon it the full name, residence and post office address of the grantee and a recital of the amount of the full consideration thereof in dollars or the nature of the other consideration therefor, if not delivered for a specific monetary sum. The full consideration shall mean the total price for the conveyance without deduction for any liens or encumbrances assumed by the grantee or remaining thereon. All such endorsements and recitals shall be recorded as part of the deed. Failure to comply with this section shall not affect the validity of any deed. No register of deeds shall accept a deed for recording unless it is in compliance with the requirements of this section.

# ZONING MAP



**FLOOD PLAIN**



**NFP**  
**NATIONAL FLOOD INSURANCE PROGRAM**

PANEL 0438F

**FIRM**

**FLOOD INSURANCE RATE MAP  
ESSEX COUNTY,  
MASSACHUSETTS  
(ALL JURISDICTIONS)**

**PANEL 438 OF 600**  
(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

**CONTAINS:**

COMMUNITY	NUMBER	PANEL	SUFFIX
MARBLEHEAD, TOWN OF	250091	0438	F
SALEM, CITY OF	250102	0438	F

Notice to User: The **Map Number** shown below should be used when placing map orders; the **Community Number** shown above should be used on insurance applications for the subject community.

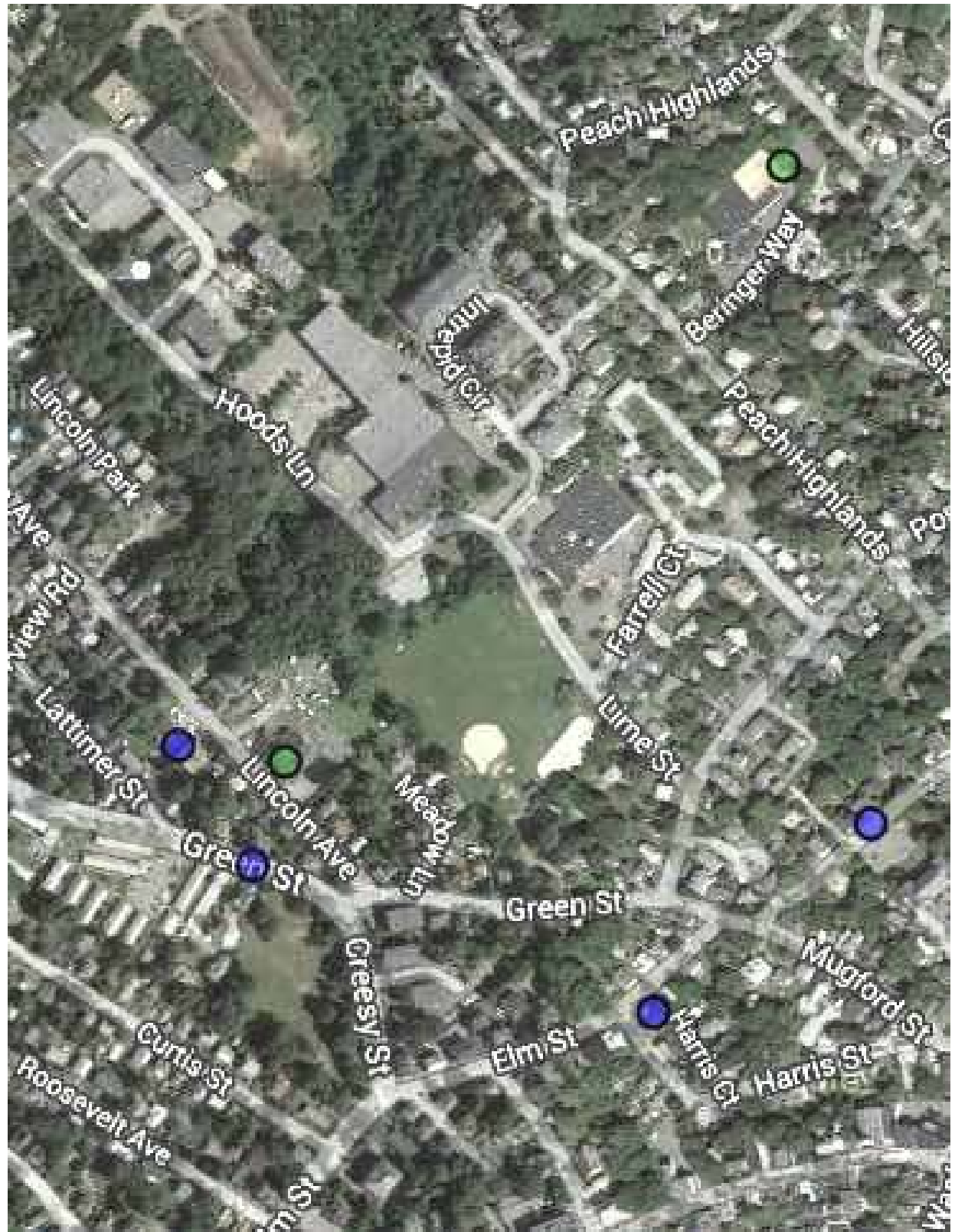


**MAP NUMBER  
25009C0438F  
EFFECTIVE DATE  
JULY 3, 2012**

Federal Emergency Management Agency



# MADEP MAP OF SITES WITH CONTAMINATION HISTORY



**COMMONWEALTH OF MASSACHUSETTS  
DIVISION OF PROFESSIONAL LICENSURE**

BOARD OF  
REAL ESTATE APPRAISERS  
ISSUES THE FOLLOWING LICENSE AS A  
CERT GEN. REAL ESTATE APPRAISER

ERIC REENSTIERNA

24 THORNDIKE ST

CAMBRIDGE

MA 02141-1882

343

07/02/15

46104

LICENSE NUMBER

EXPIRATION DATE

SERIAL NUMBER



LICENSEE SIGNATURE

# ERIC REENSTIERNA ASSOCIATES

*Real Estate Appraisers and Consultants*

24 Thorndike Street, Cambridge, MA 02141

617-577-0096

## Qualifications of Eric T. Reenstierna, MAI

### Professional Affiliations

Member, The Appraisal Institute - MAI  
Massachusetts State Certified General Real Estate Appraiser #343  
Rhode Island State Certified General Real Estate Appraiser #CGA.0A00982

### Education

American Institute of Real Estate Appraisers

Introduction to Appraising Real Property	The High-Tech Appraisal Office
Capitalization Theory and Techniques	Investment Analysis
Standards of Professional Practice	Valuation Analysis and Report Writing
Case Studies in Real Estate Valuation	Detrimental Conditions
Applied Residential Property Valuation	Appraising from Blueprints
Basic Principles, Methods and Techniques	

Brown University; Bachelor of Arts

### Appraisal Experience

<b>Major Valuation Assignments</b>	Fenway Park, Boston	JFK Federal Building
	North Shore Plaza, Peabody	Moakley Courthouse
	South Shore Plaza, Braintree	Fore River Shipyard

**Locales:** Massachusetts - All Counties  
Rhode Island, New Hampshire, Maine, Vermont, Connecticut

### Property Types

<b>Industrial -</b>	paper recycling plants	warehouses	biotech facilities
	barrel yards	laboratories	garages
	tanker terminals	oil depots	junkyards
	rendering plants	landfills	printing plants
	particle accelerator	lumber yards	railroad
	cold storage warehouses	telephone exchanges	mini-warehouses
<b>Commercial -</b>	store blocks	gas stations	offices
	banks	golf courses	parking lots
	auto dealerships	marinas	fast food restaurants
	hotels	billboards	shopping malls
	race track	health clubs	restaurants
	taverns	car washes	wireless antennas

<b>Recreational And Assembly -</b>	baseball stadium movie theaters roller and skating rinks	race tracks live theater bike paths
<b>School and Non-Profit -</b>	schools and colleges government buildings	churches and temples research institutes
<b>Residential -</b>	houses apartments subsidized housing	rooming houses condominium conversion homeless shelter
<b>Land -</b>	subdivisions contaminated sites wetland	farmland well sites; reservoirs timber land

## Clients

<b>Financial -</b>	Arbor National East Boston Savings Bank Boston Capital Mortgage Co. Middlesex Savings Bank F.D.I.C. Morgan Stanley Boston Private Bank	Bank of America Brookline Bank Century Bank Citizens Bank Sovereign Bank Commerce Bank
<b>Private and Corporate -</b>	Exxon Texaco, Inc. Gulf Oil Shell Lincoln Institute of Land Policy Tufts University M.I.T. Price Waterhouse Ducharme, McMillen & Assocs. The Nature Conservancy	Boston Gas Cabot, Cabot, and Forbes TRW, Inc. McDonald's Graham Gund Harvard University University of Massachusetts The Keefe Company Joseph C. Sansone Co. Transit Realty Associates
<b>Law Firms -</b>	Anderson & Krieger Clark, Hunt & Embry Foley, Hoag & Eliot Hale and Dorr Mintz, Levin, Cohn, Ferris, Glovsky & Popeo	Bingham, Dana & Gould Sherin & Lodgen Goodwin, Procter & Hoar Rubin & Rudman Masterman, Culbert & Tully Sullivan & Worcester
<b>Governmental -</b>	Government Service Administration National Park Service U. S. Army Corps of Engineers Mass. D.E.P. Mass. Attorney General Cities of Cambridge, Chelsea, Everett, Newton, Somerville Towns of Arlington, Bedford, Belmont, Brewster, Burlington, Holliston, Lexington, Reading, Watertown, Winchester	U. S. Postal Service Metropolitan District Commission M.B.T.A.

**Lecturer** Northeastern University: Income Property Valuation  
Real Estate Development

Ma. Assn. Assessing Officers: Simple Methods of Income Property Valuation  
Valuation of Contaminated Parcels

## Articles Authored

*The Real Estate Appraiser and Analyst* (Society of Real Estate Appraisers, Chicago)  
"The Appraisal of Wetlands", 1980 "Value Spread", 1983  
"Monopolistic Advantage", Winter, 1986

*The Appraisal Journal* (American Institute of Real Estate Appraisers, Chicago)  
"Alternatives to Point Estimates", 1985 "The Abutter Approach", 1988  
"Risk Assessment", 1996 "Industrials: The Baseline Model," 1997  
"An Argument for Establishing  
a Standard Method of Capitalization Rate Derivation," 2008

*Banker and Tradesman*: various articles, 1991-present

*New England Real Estate Journal*: various articles, 1993-present

*The Boston Globe*, Op-Ed, 2008

*The Reenstierna Associates Report*, editor and author, 1989-present  
Articles available at website <http://www.erassoc.com>

## Qualified as Expert Witness

U. S. District Court, District of Massachusetts  
Superior Courts of Middlesex, Norfolk, Essex, and Barnstable Counties (Mass.)  
Probate Courts: Suffolk and Middlesex Counties (Mass.)  
Rockingham (N.H.) Probate Court  
Massachusetts Appellate Tax Board

## Professional Recognition

*The Appraisal Journal* (Chicago): Armstrong Award, Best Article, 1996  
*Banker & Tradesman* (Boston): 125 Leaders Making A Difference Award, 1998



10 Elm Street, Danvers MA 01923

Date: April 8, 2014

*Eric Reenstierna  
Eric Reenstierna Associates  
24 Thorndike Street  
Cambridge, MA 02141  
Phone: 617.577.0096  
Fax: 617.530.0764  
E-mail: ericreen@tiac.net*

**RE: 17 Lime Street, Marblehead, MA 01945**

Dear Mr. Reenstierna,

East Boston Savings Bank requests that you conduct an appraisal of the referenced property with the purpose being to estimate its market value and should be addressed and delivered to East Boston Savings Bank, 10 Elm Street, Danvers MA 01923. The appraisal and the submitted report shall comply with the following conditions:

1. All real estate appraisers must comply with USPAP regulations in accordance with the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) as updated, and any additional standards imposed by East Boston Savings Bank.
2. If the report does not conform to the terms of this letter agreement, East Boston Savings Bank will either return the report for revision or reject it as unacceptable.
3. The appraisal report must communicate an "As is" estimate of the market value if a hypothetical condition such as improvements or construction exists.
4. As required by FIRREA, the appraiser must consider and when applicable, apply the cost, sales comparison and income approaches to value. If one or more of these approaches is deemed not applicable, the appraiser must explain the rationale behind their exclusion.
5. The appointed (licensed or certified) appraiser, noted herein, must inspect the subject property and oversee the valuation process. The appointed individual must sign the letter of transmittal and include his/her license number with expiration date.

6. Anyone providing professional assistance to the appraisers of the report must be identified in the certification section and their specific contribution outlined. Under no condition shall this assignment, or any part thereof, be subcontracted to a third party without prior written approval from East Boston Savings Bank.
7. The appraiser must provide a copy of a flood map showing the approximate location for the subject property and include a comment in the descriptive section of the report identifying the subject's Flood Zone designation. **If the property is located in a Flood Zone, the Bank will require a land value to be included in the Appraisal Report.**
8. If there are any problems or delays making an appointment to inspect the property or obtaining information needed to complete the appraisal, or if the assumed completion date cannot be met for whatever reason, the appraiser must provide a notification outlining the specific reasons for the delay.  
**Note:** If the appraisal report is not received by the expected completion date, East Boston Savings Bank reserves the right to charge a late penalty of 1% of the appraisal fee for every business day that the report is delayed beyond the agreed upon due date.
9. A copy of this letter, signed by both parties, must be included in the addendum section of the report.

Subject Property: 17 Lime Street, Marblehead, MA 01945  
Description: School - See attached Assessor's property card  
Contact & Phone: Nina Cullen - Hamzeh, Head of School -  
781.631.0777  
Type of Appraisal: Summary Narrative  
Number of Copies: 1 Original & 1 Copy  
Appointed Appraiser: Eric Reenstierna  
Appraisal Fee: \$2,800.00  
Completion Date: 3 Weeks  
Other:

  
Whitney Tobin, Comm'l Loan Assistant

  
Eric Reenstierna, Appraiser

Please mail Original to:  
East Boston Savings Bank  
Attn: Whitney Tobin  
10 Elm Street  
Danvers, MA 01923

N/A PAGE #

FIRREA CHECKLIST

YES/NO

Y (1) conform to the Uniform Standards of Professional Appraisal Practice (USPAP).  
\*Federal Register, FDIC "Final Rule," page 33884, (1).  
\*Article 2, pages IV-1 to IV-4.

Y 10 (2) disclose any steps taken to comply with the Competency Provision of USPAP.  
\*Federal Register, FDIC "Final Rule," page 33885, (2).  
\*Article 2, pages IV-4 to IV-6.

Y 9 (3) based on the definition of market value set forth in Title XI of FIRREA.  
\*Federal Register, FDIC "Final Rule," page 33885, (3).  
\*Article 2, pages IV-6 to IV-9.

Y (4) (a) written in a narrative format or on forms that satisfy the requirement of b and c of this section;  
Y (b) sufficiently descriptive to enable the reader to ascertain the estimated market value and the rationale for the estimate; and  
Y (c) provide detail and depth of analysis that reflect the complexity of the real estate appraised.  
\*Federal Register, FDIC "Final Rule," page 33885, (4).  
\*Article 2, pages IV-9 to IV-11. (NOTE: March 1992 -- Final Rules of all regulatory agencies were amended to allow FNMA guidelines to govern 1 to 4 family appraisals.)

2 (5) analyze and report in reasonable detail any prior sales of the property.  
Y 4 (a) for 1-4 family residential properties, one year prior;  
4 (b) for all other properties, three years prior.  
\*Federal Register, FDIC "Final Rule," page 33885, (5).  
\*Article 1, page 13, (1-5b).  
\*Article 2, pages V-2 to V-6.

2A (6) analyze and report data on current revenues, expenses, and vacancies if the property is income producing;  
\*Federal Register, FDIC "Final Rule," page 33885, (6).  
\*Article 2, pages V-6 to V-8.

Y 52 (7) analyze and report a reasonable marketing time;  
\*Federal Register, FDIC "Final Rule," page 33885, (7).  
\*Article 2, pages V-8 to V-12.

NA (8) analyze and report on current market conditions and trends that will materially affect the projected income or the absorption period;  
\*Federal Register, FDIC "Final Rule," page 33885, (8).  
\*Article 2, page V-12.

NA (9) analyze and report appropriate deductions and discounts for any:  
(a) proposed construction; or  
(b) completed properties partially leased; or  
(c) leased at other than market rents; or  
(d) any tract development with unsold units  
\*Federal Register, FDIC "Final Rule," page 33885, (9).  
\*Article 2, pages VI-2 to VI-7.



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53 (10) include in the certification that the appraisal was not based on a/the:

- (a) minimum valuation; or
- (b) specific valuation; or
- (c) approval of a loan.

\*Federal Register, FDIC "Final Rule," page 33885, (10).  
 \*Article 1, page 17 (2-3).  
 \*Article 2, pages VI-7 to VI-9.

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(11) contains sufficient supporting documentation so that the appraiser's logic, reasoning, judgement and analysis indicate reasonableness to the reader.

\*Federal Register, FDIC "Final Rule," page 33886, (11).  
 \*Article 2, page VI-9.

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ADDENDUM (12) include a legal description.

\*Federal Register, FDIC "Final Rule," page 33886, (12).  
 \*Article 2, page VI-10.

(13) identify and separately value any;

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- (a) personal property,
- (b) fixtures, or
- (c) intangible items that are not real property but are included in the appraisal, and
- (d) discuss the impact of their inclusion or exclusion on the value estimate;

\*Federal Register, FDIC "Final Rule," page 33886, (13).  
 \*Article 1, page 10 (1-2c).  
 \*Article 2, pages VII-1 to VII-3.

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(14) follow a reasonable valuation method that addresses the:

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- (a) direct sales comparison approach,
- (b) income approach,
- (c) cost approach, or
- (d) reconciliation of these approaches, or
- (e) elimination of each approach not used;

\*Federal Register, FDIC "Final Rule," page 33886, (14).  
 \*Article 2, pages VII-3.

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10 (15) disclose the unavailability of information pertinent to the completion of the report.

\*Federal Register, FDIC "Final Rule," page 33886, (14).  
 \*Article 2, pages VII-4.

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2 (16) addressed to a FIRREA governed financial institution.

Comments:

Appraiser

5/21/14

Date

