

EXHIBIT O

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X

In re:
FRONTIER INSURANCE GROUP, INC.,

Chapter 11

No. 05-36877 (RDD)

Debtor.

-----X

BENJAMIN LAWSKY, SUPERINTENDENT OF
FINANCIAL SERVICES OF THE STATE OF
NEW YORK, AS LIQUIDATOR OF FRONTIER
INSURANCE COMPANY,

Adversary Proceeding
No. 14-9022 (RDD)

Plaintiff-Counterclaim Defendant,

-- against --

FRONTIER INSURANCE GROUP, LLC,

Defendant-Counterclaim Plaintiff-
Crossclaim Plaintiff,

--and--

COUNTY OF SULLIVAN INDUSTRIAL
DEVELOPMENT AGENCY,

Defendant-Crossclaim Defendant.

-----X

NOTICE OF APPEAL

Part 1: Identify the appellant(s)

1. Name(s) of appellant(s):

BENJAMIN LAWSKY, SUPERINTENDENT OF FINANCIAL SERVICES OF THE

STATE OF NEW YORK, AS LIQUIDATOR OF FRONTIER INSURANCE COMPANY¹

¹ The current Superintendent of Financial Services is Maria T. Vullo.

2. Position of appellant(s) in the adversary proceeding or bankruptcy case that is the subject of this appeal:

Plaintiff-Counterclaim Defendant

Part 2: Identify the subject of this appeal

1. Describe the judgment, order, or decree appealed from:

Partial Judgment after Trial Pursuant to Fed. R. Civ. Pro. 54(b) as incorporated by Fed. R. Bank. P. 7054 (Exhibit A hereto)

2. State the date on which the judgment, order, or decree was entered:

Partial Judgment entered March 13, 2018

Part 3: Identify the other parties to the appeal

List the names of all parties to the judgment, order, or decree appealed from and the names, addresses, and telephone numbers of their attorneys (attach additional pages if necessary):

1. Party: Attorney:

FRONTIER INSURANCE GROUP, LLC

(Defendant-Counterclaim Plaintiff-Crossclaim Plaintiff)

Represented by Robert E. Malchman, Esq., Allegaert Berger & Vogel LLP,

111 Broadway, 20th Floor, New York, New York 10006, (212)571-0550

2. Party: Attorney:

COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY

Represented by Walter Garigliano, Esq., General Counsel for the County of Sullivan

Industrial Development Agency

1 Cablevision Center, Ferndale, New York 12734, (845)295-2603

Part 4: Sign below

Dated: New York, New York
March 26, 2018

COSTIGAN LAW PLLC

By /s/William F. Costigan
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Attorneys for Plaintiff/Counterclaim Defendant

EXHIBIT P



**CUSHMAN &
WAKEFIELD**

December 2017 Financial Report

Frontier Insurance
195 Lake Louise Marie Road
Rock Hill, New York

Prepared For

**Frontier Insurance
Company**

Prepared By

Michael Baldino
Portfolio Manager
(201) 508-5334

Jeff Manzi
Property Manager
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Jeff Hubbs
Financial Manager
(480) 546-2438

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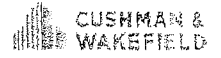
**Frontier Insurance Company in Liquidation
Financial Report**

TABLE OF CONTENTS

SECTION I - FINANCIAL RESULTS

Profit & Loss Statement
Year by Month Profit & Loss Statement
Balance Sheet
Trial Balance
General Ledger
Statement of Cash Flow
Rent Roll
Receivable Summary by GL Account Name
Receivable Summary by Tenant Code
Receivable Detail by Tenant Code
Detail Receivable Aging by Tenant Code
Expense Distribution
Check Register
Bank Reconciliation
Management Fee Calculations

FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
DETAIL PROFIT AND LOSS STATEMENT
ACTUAL TO 2017 REVISION (CASH BASIS)
FOR THE PERIOD ENDED DECEMBER 2017



CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION

NET SQ. FT.: 100,124

FOR THE PERIOD DECEMBER 1, 2017 TO DECEMBER 31, 2017

FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2017

ANNUAL

FOR THE PERIOD DECEMBER 1, 2017 TO DECEMBER 31, 2017						FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2017						ANNUAL			
ACTUAL		BUDGET		VARIANCE		ACTUAL		BUDGET		VARIANCE		BUDGET	REMAINING		
AMOUNT	PSU	AMOUNT	PSU	AMOUNT	%	AMOUNT	PSU	AMOUNT	PSU	AMOUNT	%	AMOUNT	PSU	AMOUNT	
INCOME															
OPERATING INCOME															
RENT															
10,362.02	1.24	7,720.00	0.93	2,642.02	34.2	102,864.30	1.03	92,640.00	0.93	10,224.30	11.0	92,640.00	0.93	0.00	
0.00	0.00	0.00	0.00	0.00	0.0	755.90	0.01	0.00	0.00	755.90	100.0	0.00	0.00	0.00	
10,362.02	1.24	7,720.00	0.93	2,642.02	34.2	103,620.20	1.03	92,640.00	0.93	10,980.20	11.9	92,640.00	0.93	0.00	
OTHER OPERATING INCOME															
0.00	0.00	0.00	0.00	0.00	0.0	20,724.04	0.21	0.00	0.00	20,724.04	100.0	0.00	0.00	0.00	
0.00	0.00	0.00	0.00	0.00	0.0	20,724.04	0.21	0.00	0.00	20,724.04	100.0	0.00	0.00	0.00	
10,362.02	1.24	7,720.00	0.93	2,642.02	34.2	124,344.24	1.24	92,640.00	0.93	31,704.24	34.2	92,640.00	0.93	0.00	
OPERATING EXPENSES															
RECAPTURABLE EXPENSES															
CLEANING															
0.00	0.00	1,800.00	0.22	1,800.00	100.0	20,500.00	0.20	21,600.00	0.22	1,100.00	5.1	21,600.00	0.22	0.00	
0.00	0.00	417.00	0.05	417.00	100.0	3,779.68	0.04	5,004.00	0.05	1,224.32	24.5	5,004.00	0.05	0.00	
0.00	0.00	2,217.00	0.27	2,217.00	100.0	24,279.68	0.24	26,604.00	0.27	2,324.32	8.7	26,604.00	0.27	0.00	
REPAIRS AND MAINTENANCE															
6,982.42	0.75	7,357.00	0.88	1,274.58	17.3	77,482.42	0.77	88,284.00	0.88	10,801.58	12.2	88,284.00	0.88	0.00	
0.00	0.00	0.00	0.00	0.00	0.0	510-410-00 - R&M - Elev/Escal: Svc Contract	10,911.99	0.11	9,324.00	0.09	(1,587.99)	(17.0)	9,324.00	0.09	0.00
0.00	0.00	0.00	0.00	0.00	0.0	510-440-00 - R&M - HVAC: Svc Contract	0.00	0.00	18,000.00	0.18	18,000.00	100.0	18,000.00	0.18	0.00
0.00	0.00	0.00	0.00	0.00	0.0	510-475-00 - R&M - HVAC: Supplies & Material	1,032.61	0.01	5,000.00	0.05	3,967.39	79.3	5,000.00	0.05	0.00
0.00	0.00	417.00	0.05	417.00	100.0	510-490-00 - R&M - HVAC: Miscellaneous	0.00	0.00	5,004.00	0.05	5,004.00	100.0	5,004.00	0.05	0.00
0.00	0.00	0.00	0.00	0.00	0.0	510-495-00 - R&M - Electrical: Svc Contracts	0.00	0.00	12,000.00	0.12	12,000.00	100.0	12,000.00	0.12	0.00
0.00	0.00	0.00	0.00	0.00	0.0	510-500-00 - R&M - Pading Ltr Lighting	0.00	0.00	1,000.00	0.01	1,000.00	100.0	1,000.00	0.01	0.00
0.00	0.00	250.00	0.03	250.00	100.0	510-510-00 - R&M - Electrical: Supp & Material	0.00	0.00	3,000.00	0.03	3,000.00	100.0	3,000.00	0.03	0.00
0.00	0.00	250.00	0.03	250.00	100.0	510-511-00 - R&M - Electrical: Light Bulbs	1,918.02	0.02	3,000.00	0.03	1,081.98	36.1	3,000.00	0.03	0.00
0.00	0.00	208.00	0.02	208.00	100.0	510-525-00 - R&M - Electrical: Miscellaneous	3,307.48	0.03	2,496.00	0.02	(811.48)	(32.5)	2,496.00	0.02	0.00
0.00	0.00	0.00	0.00	0.00	0.0	510-530-00 - R&M - Struc/Roof: Svc Contract	0.00	0.00	8,000.00	0.08	8,000.00	100.0	8,000.00	0.08	0.00
0.00	0.00	42.00	0.01	42.00	100.0	510-540-00 - R&M - Ceiling Tiles	0.00	0.00	504.00	0.01	504.00	100.0	504.00	0.01	0.00
0.00	0.00	208.00	0.02	208.00	100.0	510-565-00 - R&M - Plumbing: Svc Contract	0.00	0.00	2,496.00	0.02	2,496.00	100.0	2,496.00	0.02	0.00
0.00	0.00	83.00	0.01	83.00	100.0	510-575-00 - R&M - Plumbing: Supp & Material	0.00	0.00	996.00	0.01	996.00	100.0	996.00	0.01	0.00
0.00	0.00	25.50	0.00	25.50	100.0	510-580-00 - R&M - Plumbing: License & Inspec	0.00	0.00	300.00	0.00	300.00	100.0	300.00	0.00	0.00
0.00	0.00	83.00	0.01	83.00	100.0	510-585-00 - R&M - Plumbing: Miscellaneous	0.00	0.00	996.00	0.01	996.00	100.0	996.00	0.01	0.00
0.00	0.00	67.00	0.01	67.00	100.0	510-587-00 - R&M - Plumbing: Water Treatment	3,201.65	0.03	894.00	0.01	(2,307.65)	(298.2)	894.00	0.01	0.00
0.00	0.00	250.00	0.03	250.00	100.0	510-588-00 - R&M - Plumbing: Boiler	282.78	0.00	3,000.00	0.03	2,717.22	90.6	3,000.00	0.03	0.00

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FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
DETAIL PROFIT AND LOSS STATEMENT
ACTUAL TO 2017 REVISION (CASH BASIS)
FOR THE PERIOD ENDED DECEMBER 2017

CUSHMAN & WAKEFIELD

CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION

NET SQ. FT : 100,124

FOR THE PERIOD DECEMBER 1, 2017 TO DECEMBER 31, 2017

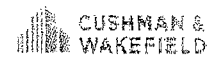
FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2017

ANNUAL

FOR THE PERIOD DECEMBER 1, 2017 TO DECEMBER 31, 2017						FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2017						ANNUAL		
ACTUAL		BUDGET		VARIANCE		ACTUAL		BUDGET		VARIANCE		BUDGET	REMAINING	
AMOUNT	PSU	AMOUNT	PSU	AMOUNT	%	AMOUNT	PSU	AMOUNT	PSU	AMOUNT	%	AMOUNT	PSU	
0.00	0.00	125.00	0.01	125.00	100.0	510-590-00 - R&M - Fire/Life: See Contract	4,454.72	0.04	1,500.00	0.01	(2,954.72)	(197.0)	1,500.00	0.01
0.00	0.00	100.00	0.01	100.00	100.0	510-600-00 - R&M - Fire/Life: Supplies & Mater	1,998.00	0.02	1,200.00	0.01	(798.00)	(66.5)	1,200.00	0.01
0.00	0.00	0.00	0.00	0.00	0.0	510-605-00 - R&M - Fire/Life: License & Inspec	0.00	0.00	2,500.00	0.02	2,500.00	100.0	2,500.00	0.02
0.00	0.00	0.00	0.00	0.00	0.0	510-610-00 - R&M - Fire/Life: Prevention	388.80	0.00	1,200.00	0.01	811.20	67.6	1,200.00	0.01
0.00	0.00	200.00	0.02	200.00	100.0	510-615-00 - R&M - Fire/Life: Miscellaneous	2,513.46	0.03	3,400.00	0.03	886.54	26.1	3,400.00	0.03
0.00	0.00	188.00	0.02	188.00	100.0	510-635-00 - R&M - Other: Rubbish Removal	2,096.04	0.02	2,256.00	0.02	159.96	7.1	2,256.00	0.02
0.00	0.00	25.00	0.00	25.00	100.0	510-641-00 - R&M - Other: Small Tons & Suppl	0.00	0.00	300.00	0.00	300.00	100.0	300.00	0.00
0.00	0.00	0.00	0.00	0.00	0.0	510-675-00 - R&M - Other: Windows	0.00	0.00	500.00	0.00	500.00	100.0	500.00	0.00
6,082.42	0.75	9,878.00	1.18	3,795.58	38.4	Total Repairs & Maintenance	109,588.01	1.09	177,060.00	1.77	67,471.99	38.1	177,060.00	1.77
						UTILITIES								
17,406.73	2.09	10,000.00	1.20	(7,406.73)	(74.1)	515-010-00 - Utilities - Electric	113,113.09	1.13	120,000.00	1.20	6,886.91	5.7	120,000.00	1.20
0.00	0.00	0.00	0.00	0.00	0.0	515-020-00 - Utilities - Gas	22,282.93	0.22	3,000.00	0.03	(19,282.93)	(642.8)	3,000.00	0.03
0.00	0.00	0.00	0.00	0.00	0.0	515-030-00 - Utilities - Fuel Oil	22,255.85	0.22	40,000.00	0.40	17,744.15	44.4	40,000.00	0.40
0.00	0.00	0.00	0.00	0.00	0.0	515-080-00 - Utilities - Sewer	150,174.40	1.50	146,000.00	1.46	(4,174.40)	(2.9)	146,000.00	1.46
17,406.73	2.09	10,000.00	1.20	(7,406.73)	(74.1)	Total Utilities	307,826.29	3.07	309,000.00	3.09	1,173.71	0.4	309,000.00	3.09
						GROUNDS								
0.00	0.00	1,500.00	0.18	1,500.00	100.0	520-010-00 - Grounds - Landscaping Contract	9,612.00	0.10	18,000.00	0.18	8,388.00	46.6	18,000.00	0.18
0.00	0.00	0.00	0.00	0.00	0.0	520-020-00 - Grounds - Landscaping Add'l Sv	5,437.80	0.05	0.00	0.00	(5,437.80)	(100.0)	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.0	520-135-00 - Grounds - Pkg Lot Repairs	0.00	0.00	2,000.00	0.02	2,000.00	100.0	2,000.00	0.02
0.00	0.00	0.00	0.00	0.00	0.0	520-140-00 - Grounds - Pkg Lot Sweeping	0.00	0.00	1,200.00	0.01	1,200.00	100.0	1,200.00	0.01
0.00	0.00	0.00	0.00	0.00	0.0	520-150-00 - Grounds - Pkg Lot Lights	0.00	0.00	2,500.00	0.02	2,500.00	100.0	2,500.00	0.02
0.00	0.00	5,000.00	0.60	5,000.00	100.0	520-200-00 - Grounds - Snow Removal	38,307.60	0.38	25,000.00	0.25	(13,307.60)	(53.2)	25,000.00	0.25
0.00	0.00	0.00	0.00	0.00	0.0	520-300-00 - Grounds - Other	751.62	0.01	0.00	0.00	(751.62)	(100.0)	0.00	0.00
0.00	0.00	6,500.00	0.78	6,500.00	100.0	Total Grounds	54,109.02	0.54	48,700.00	0.49	(5,409.02)	(11.1)	48,700.00	0.49
						SECURITY								
0.00	0.00	0.00	0.00	0.00	0.0	525-180-00 - Security - Contract Services	0.00	0.00	400.00	0.00	400.00	100.0	400.00	0.00
0.00	0.00	0.00	0.00	0.00	0.0	Total Security	0.00	0.00	400.00	0.00	400.00	100.0	400.00	0.00
						ADMINISTRATIVE								
6,382.11	0.76	6,916.00	0.83	533.89	7.7	530-010-00 - Admin - P/R (Reg): General	83,675.09	0.84	82,992.00	0.83	(683.09)	(0.8)	82,992.00	0.83
3,309.00	0.40	3,300.00	0.40	9.00	0.0	530-450-00 - Admin - Mgmt Fee: Fixed	39,600.00	0.40	39,600.00	0.40	0.00	0.0	39,600.00	0.40
0.00	0.00	0.00	0.00	0.00	0.0	530-500-00 - Admin - Computers	0.00	0.00	200.00	0.00	200.00	100.0	200.00	0.00
0.00	0.00	10.00	0.00	10.00	100.0	530-680-00 - Admin - Postage	0.00	0.00	120.00	0.00	120.00	100.0	120.00	0.00
180.64	0.02	750.00	0.09	569.36	75.9	530-700-00 - Admin - Telephone/Alarm	9,117.11	0.09	9,000.00	0.09	(117.11)	(1.3)	9,000.00	0.09
9,862.75	1.18	10,976.00	1.32	1,113.25	10.1	Total Administrative	132,392.20	1.32	131,912.00	1.32	(480.20)	(0.4)	131,912.00	1.32
						TAXES / LICENSES / PERMITS								
0.00	0.00	0.00	0.00	0.00	0.0	535-010-00 - Taxes - Real Estate	186,438.90	1.86	94,000.00	0.94	(92,438.90)	(98.3)	94,000.00	0.94
0.00	0.00	0.00	0.00	0.00	0.0	Total Taxes / Licenses / Permits	186,438.90	1.86	94,000.00	0.94	(92,438.90)	(98.3)	94,000.00	0.94
						INSURANCE								
0.00	0.00	15,417.00	1.85	15,417.00	100.0	540-010-00 - Insurance - Property	0.00	0.00	185,004.00	1.85	185,004.00	100.0	185,004.00	1.85

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FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
 DETAIL PROFIT AND LOSS STATEMENT
 ACTUAL TO 2017 REVISION (CASH BASIS)
 FOR THE PERIOD ENDED DECEMBER 2017



CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION

NET SQ. FT.: 100,124

FOR THE PERIOD DECEMBER 1, 2017 TO DECEMBER 31, 2017

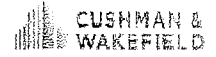
ACTUAL		BUDGET		VARIANCE		
AMOUNT	PSU	AMOUNT	PSU	AMOUNT	%	
0.00	0.00	15,417.00	1.85	15,417.00	100.0	Total Insurance
33,351.90	4.00	54,988.00	6.59	21,636.10	39.3	Total Recapturable Expenses
33,351.90	4.00	54,988.00	6.59	21,636.10	39.3	Total Operating Expenses
(22,989.88)	(2.76)	(47,268.00)	(5.67)	24,278.12	51.4	NET OPERATIONS
(22,989.88)	(2.76)	(47,268.00)	(5.67)	24,278.12	51.4	NET INCOME

FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2017

ACTUAL		BUDGET		VARIANCE		ANNUAL		
AMOUNT	PSU	AMOUNT	PSU	AMOUNT	%	BUDGET	PSU	REMAINING
0.00	0.00	185,004.00	1.85	185,004.00	100.0	185,004.00	1.85	0.00
814,634.10	8.14	972,680.00	9.71	158,045.90	16.2	972,680.00	9.71	0.00
814,634.10	8.14	972,680.00	9.71	158,045.90	16.2	972,680.00	9.71	0.00
(690,289.80)	(6.89)	(880,040.00)	(8.79)	189,750.14	21.6	(880,040.00)	(8.79)	0.00
(690,289.80)	(6.89)	(880,040.00)	(8.79)	189,750.14	21.6	(880,040.00)	(8.79)	0.00

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FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
DETAIL ACTUAL YEAR BY MONTH REPORT
(CASH BASIS)



CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION

FOR THE PERIOD ENDED DECEMBER 2017

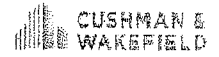
NET SQ. FT: 100,124

ACCOUNT	JAN-17	FEB-17	MAR-17	APR-17	MAY-17	JUN-17	JUL-17	AUG-17	SEP-17	OCT-17	NOV-17	DEC-17	TOTAL	PSU
INCOME														
OPERATING INCOME														
RENT														
405-010-00 - Rent - Ofc: Base	7,720.00	10,210.84	12,701.68	10,210.84	10,210.84	0.00	0.00	10,362.02	10,362.02	10,362.02	10,362.02	10,362.02	102,864.30	1.03
405-020-00 - Rent - Ofc: CPI Increase	151.18	151.18	151.18	151.18	151.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	755.90	0.01
Total Rent	7,871.18	10,362.02	12,852.86	10,362.02	10,362.02	0.00	0.00	10,362.02	10,362.02	10,362.02	10,362.02	10,362.02	103,620.20	1.03
OTHER OPERATING INCOME														
415-990-00 - Unapplied Income	0.00	0.00	0.00	0.00	0.00	10,362.02	10,362.02	0.00	0.00	0.00	0.00	0.00	20,724.04	0.21
Total Other Operating Income	0.00	0.00	0.00	0.00	0.00	10,362.02	10,362.02	0.00	0.00	0.00	0.00	0.00	20,724.04	0.21
Total Operating Income	7,871.18	10,362.02	12,852.86	10,362.02	10,362.02	10,362.02	10,362.02	10,362.02	10,362.02	10,362.02	10,362.02	10,362.02	124,344.24	1.24
OPERATING EXPENSES														
RECAPTURABLE EXPENSES														
CLEANING														
505-100-00 - Cleaning - Contract: General Bldg	0.00	1,782.00	0.00	3,483.00	0.00	3,564.00	2,322.00	1,711.00	3,564.00	0.00	4,074.00	0.00	20,500.00	0.20
505-160-00 - Cleaning - Supplies & Materials	0.00	2,306.62	353.25	0.00	0.00	0.00	1,119.81	0.00	0.00	0.00	0.00	0.00	3,779.68	0.04
Total Cleaning	0.00	4,088.62	353.25	3,483.00	0.00	3,564.00	3,441.81	1,711.00	3,564.00	0.00	4,074.00	0.00	24,279.68	0.24
REPAIRS AND MAINTENANCE														
510-095-00 - R&M - P/R (Reg): General	5,066.21	5,691.46	8,537.17	5,086.93	6,082.44	6,082.43	6,082.43	6,082.42	9,123.64	6,082.43	6,082.44	6,082.42	77,482.12	0.77
510-410-00 - R&M - Elev/Esca: Svc Contract	2,407.23	0.00	0.00	3,607.23	0.00	0.00	2,407.23	0.00	0.00	2,400.30	0.00	0.00	10,911.99	0.11
510-475-00 - R&M - HVAC: Supplies & Materials	0.00	0.00	0.00	0.00	0.00	0.00	1,032.61	0.00	0.00	0.00	0.00	0.00	1,032.61	0.01
510-511-00 - R&M - Electrical: Light Bulbs	0.00	0.00	0.00	1,918.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,918.02	0.02
510-525-00 - R&M - Electrical: Miscellaneous	0.00	0.00	0.00	0.00	0.00	2,928.64	0.00	0.00	0.00	0.00	379.44	0.00	3,307.48	0.03
510-567-00 - R&M - Plumbing: Water Treatment	65.00	1,354.69	0.00	932.00	0.00	425.00	0.00	0.00	0.00	425.00	0.00	0.00	3,201.69	0.03
510-588-00 - R&M - Plumbing: Boiler	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	282.78	0.00	282.78	0.00
510-590-00 - R&M - Fire/Life: Svc Contract	0.00	3,099.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,355.40	0.00	4,454.72	0.04
510-600-00 - R&M - Fire/Life: Supplies & Material	216.00	216.00	216.00	216.00	216.00	0.00	216.00	216.00	0.00	216.00	270.00	0.00	1,998.00	0.02
510-610-00 - R&M - Fire/Life: Prevention	0.00	0.00	388.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	388.80	0.00
510-615-00 - R&M - Fire/Life: Miscellaneous	0.00	2,513.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,513.46	0.03
510-635-00 - R&M - Other: Rubbish Removal	185.64	185.64	0.00	371.28	185.64	54.00	371.28	185.64	185.64	185.64	185.64	0.00	2,096.04	0.02
Total Repairs & Maintenance	8,540.08	13,060.57	9,141.97	12,931.46	6,484.06	9,489.47	10,109.55	6,484.06	9,309.28	9,309.37	8,555.70	6,082.43	109,588.01	1.09
UTILITIES														
515-010-00 - Utilities - Electric	15,569.94	16,216.23	14,383.48	13,941.70	8,730.14	5,136.58	4,863.19	5,875.36	10,989.74	0.00	0.00	17,406.73	113,113.09	1.13

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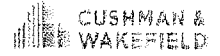
FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
DETAIL ACTUAL YEAR BY MONTH REPORT
(CASH BASIS)



CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION												FOR THE PERIOD ENDED DECEMBER 2017		NET SQ. FT.: 100,124
ACCOUNT	JAN-17	FEB-17	MAR-17	APR-17	MAY-17	JUN-17	JUL-17	AUG-17	SEP-17	OCT-17	NOV-17	DEC-17	TOTAL	PSU
515-020-00 - Utilities - Gas	0.00	0.00	0.00	0.00	0.00	1,730.98	0.00	0.00	0.00	0.00	20,551.97	0.00	22,282.95	0.22
515-030-00 - Utilities - Fuel Oil	15,703.85	0.00	0.00	0,052.00	0.00	0.00	0.00	0.00	0.00	500.00	0.00	0.00	22,255.85	0.22
515-080-00 - Utilities - Sewer	0.00	0.00	0.00	150,174.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150,174.40	1.50
Total Utilities	15,703.85	0.00	0.00	150,226.40	0.00	1,730.98	0.00	0.00	0.00	500.00	20,551.97	0.00	225,510.20	2.22
GROUNDS														
520-010-00 - Grounds - Landscaping Contract	0.00	0.00	0.00	0.00	0.00	4,698.00	0.00	1,404.00	2,106.00	1,404.00	0.00	0.00	9,612.00	0.10
520-020-00 - Grounds - Landscaping Add'l Svc	0.00	0.00	0.00	0.00	0.00	0.00	5,437.80	0.00	0.00	0.00	0.00	0.00	5,437.80	0.05
520-200-00 - Grounds - Snow Removal	7,408.80	0.00	18,381.60	12,517.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38,307.60	0.38
520-900-00 - Grounds - Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	751.62	0.00	0.00	751.62	0.01
Total Grounds	7,408.80	0.00	18,381.60	12,517.20	0.00	4,698.00	5,437.80	1,404.00	2,106.00	2,155.62	0.00	0.00	54,109.02	0.54
ADMINISTRATIVE														
530-010-00 - Admin - P/R (Reg): General	6,171.37	6,183.51	9,410.59	6,288.99	6,381.56	7,457.00	6,381.56	6,499.25	9,609.10	6,382.12	6,527.93	6,382.11	83,075.09	0.84
530-450-00 - Admin - Mgmt Fee: Fixed	3,300.00	3,300.00	3,300.00	3,300.00	3,300.00	3,300.00	3,300.00	3,300.00	3,300.00	3,300.00	3,300.00	3,300.00	39,600.00	0.40
530-700-00 - Admin - Telephone/Alarm	742.12	338.54	733.45	1,401.57	396.64	639.71	993.90	1,224.20	412.08	1,228.99	825.47	180.64	9,117.11	0.09
Total Administrative	10,213.49	9,822.05	13,444.04	10,990.56	10,078.20	11,396.71	10,675.46	11,023.45	13,321.18	10,911.11	10,653.40	9,862.75	132,392.20	1.32
TAXES / LICENSES / PERMITS														
535-010-00 - Taxes - Real Estate	0.00	0.00	0.00	93,219.45	0.00	0.00	0.00	0.00	0.00	93,219.45	0.00	0.00	186,438.90	1.86
Total Taxes / Licenses / Permits	0.00	0.00	0.00	93,219.45	0.00	0.00	0.00	0.00	0.00	93,219.45	0.00	0.00	186,438.90	1.86
Total Recapturable Expenses	57,436.16	43,187.47	55,704.34	303,309.57	25,292.42	36,015.74	34,527.81	26,497.87	39,296.20	110,185.55	43,835.07	33,351.90	814,634.19	8.14
Total Operating Expenses	57,436.16	43,187.47	55,704.34	303,309.57	25,292.42	36,015.74	34,527.81	26,497.87	39,296.20	110,185.55	43,835.07	33,351.90	814,634.19	8.14
NET OPERATIONS														
	(49,564.98)	(32,825.45)	(42,851.48)	(292,947.55)	(14,930.40)	(25,653.72)	(24,165.79)	(16,135.85)	(28,928.18)	(105,823.53)	(33,473.05)	(22,989.88)	(690,289.86)	(6.89)
NET INCOME														
	(49,564.98)	(32,825.45)	(42,851.48)	(292,947.55)	(14,930.40)	(25,653.72)	(24,165.79)	(16,135.85)	(28,928.18)	(105,823.53)	(33,473.05)	(22,989.88)	(690,289.86)	(6.89)
														AVERAGE
NET SQ. FT.	100,124	100,124	100,124	100,124	100,124	100,124	100,124	100,124	100,124	100,124	100,124	100,124	100,124	100,124
PSU	(0.50)	(0.33)	(0.43)	(2.93)	(0.15)	(0.26)	(0.24)	(0.16)	(0.29)	(1.06)	(0.33)	(0.23)	(6.89)	0.57
PSU (Annualized)	(5.94)	(3.93)	(5.14)	(35.11)	(1.79)	(3.07)	(2.90)	(1.93)	(3.47)	(12.68)	(4.01)	(2.76)	(6.89)	(6.89)

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FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
MONTHLY BALANCE SHEET
(CASH BASIS)



CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION

FOR THE PERIOD ENDED DECEMBER 31, 2017

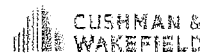
NET SQ. FT: 100,124

ACCOUNT	PREVIOUS MONTH END BALANCE	CURRENT MONTH ACTIVITY	CURRENT MONTH END BALANCE	CURRENT YEAR ACTIVITY	PRIOR YEAR ENDING BALANCE
ASSETS					
CASH					
105-010-00 - Cash - Penny Cash	750.00	0.00	750.00	0.00	750.00
105-020-00 - Cash - Oper: Lockbox	21,912.04	0.00	21,912.04	14,040.86	7,871.18
105-030-00 - Cash - Oper: General	26,260.83	13,913.23	40,174.06	(18,039.59)	58,213.65
Total Cash	<u>48,922.87</u>	<u>13,913.23</u>	<u>62,836.10</u>	<u>(3,998.73)</u>	<u>66,834.83</u>
Total Assets	<u>48,922.87</u>	<u>13,913.23</u>	<u>62,836.10</u>	<u>(3,998.73)</u>	<u>66,834.83</u>
LIABILITIES & EQUITY					
EQUITY					
CONTRIBUTED CAPITAL					
305-010-00 - Contributed Capital - Owner	4,253,121.53	67,989.17	4,321,110.70	818,506.55	3,504,604.15
Total Contributed Capital	<u>4,253,121.53</u>	<u>67,989.17</u>	<u>4,321,110.70</u>	<u>818,506.55</u>	<u>3,504,604.15</u>
DISTRIBUTED CAPITAL					
310-010-00 - Distributed Capital - Owner	796,741.32	31,086.06	827,827.38	132,215.42	695,611.96
Total Distributed Capital	<u>(796,741.32)</u>	<u>(31,086.06)</u>	<u>(827,827.38)</u>	<u>(132,215.42)</u>	<u>(695,611.96)</u>
EARNINGS					
315-010-00 - Earnings - Owner	(3,409,457.34)	(22,989.88)	(3,432,447.22)	(690,289.86)	(2,742,157.36)
Total Earnings	<u>(3,409,457.34)</u>	<u>(22,989.88)</u>	<u>(3,432,447.22)</u>	<u>(690,289.86)</u>	<u>(2,742,157.36)</u>
Total Equity	<u>48,922.87</u>	<u>13,913.23</u>	<u>62,836.10</u>	<u>(3,998.73)</u>	<u>66,834.83</u>
Total Liabilities & Equity	<u>48,922.87</u>	<u>13,913.23</u>	<u>62,836.10</u>	<u>(3,998.73)</u>	<u>66,834.83</u>

1. All numbers are in USD.

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FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
 GENERAL LEDGER
 (CASH BASIS)



CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION

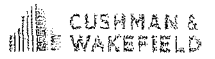
FOR THE PERIOD ENDED DECEMBER, 2017

NET SQ. FT.: 100,124

PROP	PERIOD DATE	CTRL	REFERENCE	PAYEE/DESCRIPTION	DEBIT	CREDIT	BALANCE	NOTES/REMARKS
105-010-00 - CASH - PETTY CASH								
ny12700					0.00	0.00	750.00	== Beginning Balance ==
				NetChange=0.00			750.00	== Ending Balance ==
105-020-00 - CASH - OPER: LOCKBOX								
ny12700					0.00	0.00	21,912.04	== Beginning Balance ==
ny12700	12/17	06-Dec-17	R-128299	12062619 SC Choice Management Corp. (ny127100)	10,362.02	0.00	32,274.06	
ny12700	12/17	15-Dec-17	K-130625	12121517 Frontier Insurance Co in Liquidation	0.00	24,724.04	7,550.02	12/17 Distribution
ny12700	12/17	22-Dec-17	R-128536	ACH122117 Frontier Ins Co in Liqui	4,000.00	0.00	11,550.02	Frontier Ins Co in Liquidation
ny12700	12/17	22-Dec-17	R-128539	ACH122117 Frontier Ins Co in Liqui	0.00	4,000.00	7,550.02	Prog Gen Reverses receipt Grid# 128536 Wro
ny12700	12/17	22-Dec-17	K-130756	12121517 Frontier Insurance Co in Liquidation	24,724.04	0.00	32,274.06	12/17 Distribution
ny12700	12/17	22-Dec-17	J-21245	:Recur 111 transfer-PostRecurring 12-22-17 LBX to Oper	0.00	10,362.02	21,912.04	12-22-17 LBX to Oper transfer
				NetChange=0.00			21,912.04	== Ending Balance ==
105-030-00 - CASH - OPER: GENERAL								
ny12700					0.00	0.00	26,260.83	== Beginning Balance ==
ny12700	12/17	01-Dec-17	R-128300	ACH12012017 Frontier Ins Co in Liqui	22,966.10	0.00	49,226.93	
ny12700	12/17	05-Dec-17	K-130538	12120517 NYSEG	0.00	5,342.68	43,884.25	12/17 NYSEG Check by Phone
ny12700	12/17	08-Dec-17	K-130561	12120817 Cushman & Wakefield - Payroll Reimb	0.00	12.16	43,896.41	12/2017 Benefits
ny12700	12/17	08-Dec-17	K-130561	12120817 Cushman & Wakefield - Payroll Reimb	0.00	128.06	43,744.03	Payroll w/e 12/03/17 FICA
ny12700	12/17	08-Dec-17	K-130561	12120817 Cushman & Wakefield - Payroll Reimb	0.00	226.50	43,517.53	Payroll w/e 12/03/17 FICA
ny12700	12/17	08-Dec-17	K-130561	12120817 Cushman & Wakefield - Payroll Reimb	0.00	891.18	42,626.35	12/2017 Benefits
ny12700	12/17	08-Dec-17	K-130561	12120817 Cushman & Wakefield - Payroll Reimb	0.00	2,021.97	40,604.38	Payroll w/e 12/03/17
ny12700	12/17	08-Dec-17	K-130561	12120817 Cushman & Wakefield - Payroll Reimb	0.00	2,952.39	37,651.99	Payroll w/e 12/03/17
ny12700	12/17	08-Dec-17	K-130577	10011 NYSEG	0.00	12,064.05	25,587.94	11/17 Electricity
ny12700	12/17	15-Dec-17	K-130751	12121517 Frontier Insurance Co in Liquidation	0.00	24,724.04	863.90	12/17 Distribution
ny12700	12/17	22-Dec-17	K-130738	12122217 Cushman & Wakefield - Payroll Reimb	0.00	12.16	851.74	12/2017 Benefits
ny12700	12/17	22-Dec-17	K-130738	12122217 Cushman & Wakefield - Payroll Reimb	0.00	128.06	723.68	Payroll w/e 12/17/17 FICA
ny12700	12/17	22-Dec-17	K-130738	12122217 Cushman & Wakefield - Payroll Reimb	0.00	226.51	497.17	Payroll w/e 12/17/17 FICA
ny12700	12/17	22-Dec-17	K-130738	12122217 Cushman & Wakefield - Payroll Reimb	0.00	891.18	(394.01)	12/2017 Benefits
ny12700	12/17	22-Dec-17	K-130738	12122217 Cushman & Wakefield - Payroll Reimb	0.00	2,021.97	(2,415.98)	Payroll w/e 12/17/17
ny12700	12/17	22-Dec-17	K-130738	12122217 Cushman & Wakefield - Payroll Reimb	0.00	2,952.39	(5,368.37)	Payroll w/e 12/17/17
ny12700	12/17	22-Dec-17	R-128334	ACH12212017 Frontier Ins Co in Liqui	45,025.07	0.00	39,654.70	Frontier Ins Co in Liquidation
ny12700	12/17	22-Dec-17	R-128340	ACH122117 Frontier Ins Co in Liqui	4,000.00	0.00	43,654.70	Frontier Ins Co in Liquidation
ny12700	12/17	22-Dec-17	K-130898	12122217 Frontier Insurance Co in Liquidation	0.00	10,362.02	33,292.68	12/17 Distribution
ny12700	12/17	22-Dec-17	J-21245	:Recur 111 transfer-PostRecurring 12-22-17 LBX to Oper	10,362.02	0.00	43,654.70	12-22-17 LBX to Oper transfer
ny12700	12/17	28-Dec-17	K-130778	12122817 Cushman & Wakefield, Inc. - Align Fee	0.00	330.00	43,324.70	12/17 Management Fee
ny12700	12/17	28-Dec-17	K-130778	12122817 Cushman & Wakefield, Inc. - Mgmt Fee	0.00	2,970.00	40,354.70	12/17 Management Fee
ny12700	12/17	29-Dec-17	K-130768	10046 Verizon Wireless	0.00	180.64	40,174.06	Cell Phones
				NetChange=13,913.23			40,174.06	== Ending Balance ==
305-010-00 - CONTRIBUTED CAPITAL - OWNER								
ny12700					0.00	0.00	(4,255,121.53)	== Beginning Balance ==
ny12700	12/17	01-Dec-17	R-128300	ACH12012017 Frontier Ins Co in Liqui	0.00	22,966.10	(4,278,087.63)	

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FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
 GENERAL LEDGER
 (CASH BASIS)



CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION

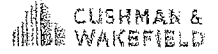
FOR THE PERIOD ENDED DECEMBER, 2017

NET SQ. FT.: 100,124

PROF	PERIOD DATE	CTRL	REFERENCE	PAYEE/DESCRIPTION	DEBIT	CREDIT	BALANCE	NOTES/REMARKS
305-010-00 - CONTRIBUTED CAPITAL - OWNER (continued)								
ny12700	12/17	22-Dec-17	R-128334	ACH12212017	0.00	45,023.07	(4,323,110.70)	Frontier Ins Co Ins Liquidation
				NetChange=(47,989.17)			(4,323,110.70)	== Ending Balance ==
310-010-00 - DISTRIBUTED CAPITAL - OWNER								
ny12700					0.00	0.00	796,741.32	== Beginning Balance ==
ny12700	12/17	15-Dec-17	K-130625	12121517	24,724.04	0.00	821,465.36	12/17 Distribution
ny12700	12/17	15-Dec-17	K-130751	12121517	24,724.04	0.00	846,189.40	12/17 Distribution
ny12700	12/17	22-Dec-17	R-128336	ACH122117	0.00	4,000.00	842,189.40	Frontier Ins Co in Liquidation
ny12700	12/17	22-Dec-17	R-128335	ACH122117	4,000.00	0.00	846,189.40	Prog Gen Reverses receipt Ctr# 128336 Wro
ny12700	12/17	22-Dec-17	R-128340	ACH122217	0.00	4,000.00	842,189.40	Frontier Ins Co in Liquidation
ny12700	12/17	22-Dec-17	K-130750	12121517	0.00	24,724.04	817,465.36	12/17 Distribution
ny12700	12/17	22-Dec-17	K-130898	12122217	10,362.02	0.00	827,827.38	12/17 Distribution
				NetChange=31,086.06			827,827.38	== Ending Balance ==
315-010-00 - EARNINGS - OWNER								
ny12700					0.00	0.00	2,742,157.36	== Beginning Balance ==
				NetChange=0.00			2,742,157.36	== Ending Balance ==
405-010-00 - RENT - OFC: BASE								
ny12700					0.00	0.00	(92,502.28)	== Beginning Balance ==
ny12700	12/17	06-Dec-17	R-128299	12062017	0.00	10,362.02	(102,864.30)	
				NetChange=(10,362.02)			(102,864.30)	== Ending Balance ==
405-020-00 - RENT - OFC: CPI INCREASE								
ny12700					0.00	0.00	(755.90)	== Beginning Balance ==
				NetChange=0.00			(755.90)	== Ending Balance ==
415-990-00 - UNAPPLIED INCOME								
ny12700					0.00	0.00	(20,724.04)	== Beginning Balance ==
				NetChange=0.00			(20,724.04)	== Ending Balance ==
505-100-00 - CLEANING - CONTRACT: GENERAL BLDG								
ny12700					0.00	0.00	20,500.00	== Beginning Balance ==
				NetChange=0.00			20,500.00	== Ending Balance ==
505-160-00 - CLEANING - SUPPLIES & MATERIALS								

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FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
 GENERAL LEDGER
 (CASH BASIS)



CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION

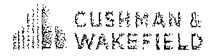
FOR THE PERIOD ENDED DECEMBER, 2017

NET SQ. FT : 100,124

PROP	PERIOD	DATE	CTRL	REFERENCE	PAYEE/DESCRIPTION	DEBIT	CREDIT	BALANCE	NOTES/REMARKS
505-160-00 - CLEANING - SUPPLIES & MATERIALS (...continued)									
ny12700						0.00	0.00	3,779.68	== Beginning Balance ==
					NetChange=0.00			3,779.68	== Ending Balance ==
510-005-00 - R&M - P/R (REG): GENERAL									
ny12700						0.00	0.00	71,400.00	== Beginning Balance ==
ny12700	12/17	08-Dec-17	K-130561	12120817	Cushman & Wakefield - Payroll Reimb	128.00	0.00	71,528.00	Payroll w/e 12/03/17 HICA
ny12700	12/17	08-Dec-17	K-130561	12120817	Cushman & Wakefield - Payroll Reimb	891.18	0.00	72,419.24	12/2017 Benefits
ny12700	12/17	08-Dec-17	K-130561	12120817	Cushman & Wakefield - Payroll Reimb	2,021.97	0.00	74,441.21	Payroll w/e 12/03/17
ny12700	12/17	22-Dec-17	K-130738	12122217	Cushman & Wakefield - Payroll Reimb	128.00	0.00	74,569.27	Payroll w/e 12/17/17 HICA
ny12700	12/17	22-Dec-17	K-130738	12122217	Cushman & Wakefield - Payroll Reimb	891.18	0.00	75,460.45	12/2017 Benefits
ny12700	12/17	22-Dec-17	K-130738	12122217	Cushman & Wakefield - Payroll Reimb	2,021.97	0.00	77,482.42	Payroll w/e 12/17/17
					NetChange=6,082.42			77,482.42	== Ending Balance ==
510-410-00 - R&M - ELEV/ESCAL: SVC CONTRACT									
ny12700						0.00	0.00	10,911.99	== Beginning Balance ==
					NetChange=0.00			10,911.99	== Ending Balance ==
510-475-00 - R&M - HVAC: SUPPLIES & MATERIALS									
ny12700						0.00	0.00	1,032.61	== Beginning Balance ==
					NetChange=0.00			1,032.61	== Ending Balance ==
510-511-00 - R&M - ELECTRICAL LIGHT BULBS									
ny12700						0.00	0.00	1,918.02	== Beginning Balance ==
					NetChange=0.00			1,918.02	== Ending Balance ==
510-525-00 - R&M - ELECTRICAL: MISCELLANEOUS									
ny12700						0.00	0.00	3,307.48	== Beginning Balance ==
					NetChange=0.00			3,307.48	== Ending Balance ==
510-587-00 - R&M - PLUMBING: WATER TREATMENT									
ny12700						0.00	0.00	3,201.69	== Beginning Balance ==
					NetChange=0.00			3,201.69	== Ending Balance ==
510-588-00 - R&M - PLUMBING: BOILER									
ny12700						0.00	0.00	282.78	== Beginning Balance ==

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FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
 GENERAL LEDGER
 (CASH BASIS)



CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION

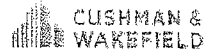
FOR THE PERIOD ENDED DECEMBER, 2017

NET SQ. FT.: 100,124

PROP	PERIOD	DATE	CTRL	REFERENCE	PAYEE/DESCRIPTION	DEBIT	CREDIT	BALANCE	NOTES/REMARKS
					NetChange=0.00			282.78	== Ending Balance ==
510-590-00 - R&M - FIRE/LIFE: SVC CONTRACT									
ny12700						0.00	0.00	4,454.72	== Beginning Balance ==
					NetChange=0.00			4,454.72	== Ending Balance ==
510-600-00 - R&M - FIRE/LIFE: SUPPLIES & MATERIAL									
ny12700						0.00	0.00	1,998.00	== Beginning Balance ==
					NetChange=0.00			1,998.00	== Ending Balance ==
510-610-00 - R&M - FIRE/LIFE: PREVENTION									
ny12700						0.00	0.00	388.80	== Beginning Balance ==
					NetChange=0.00			388.80	== Ending Balance ==
510-615-00 - R&M - FIRE/LIFE: MISCELLANEOUS									
ny12700						0.00	0.00	2,513.46	== Beginning Balance ==
					NetChange=0.00			2,513.46	== Ending Balance ==
510-635-00 - R&M - OTHER: RUBBISH REMOVAL									
ny12700						0.00	0.00	2,096.04	== Beginning Balance ==
					NetChange=0.00			2,096.04	== Ending Balance ==
515-010-00 - UTILITIES - ELECTRIC									
ny12700						0.00	0.00	95,706.36	== Beginning Balance ==
ny12700	12/17	05-Dec-17	K-130538	12120517	NYSEG	5,342.68	0.00	101,049.04	12/17 NYSEG Check by Phone
ny12700	12/37	08-Dec-17	K-130577	10011	NYSEG	12,064.05	0.00	113,113.09	11/17 Electricity
					NetChange=17,406.73			113,113.09	== Ending Balance ==
515-020-00 - UTILITIES - GAS									
ny12700						0.00	0.00	22,282.95	== Beginning Balance ==
					NetChange=0.00			22,282.95	== Ending Balance ==
515-030-00 - UTILITIES - FUEL OIL									
ny12700						0.00	0.00	22,255.85	== Beginning Balance ==

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FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
 GENERAL LEDGER
 (CASH BASIS)



CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION

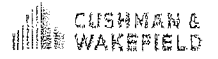
FOR THE PERIOD ENDED DECEMBER, 2017

NET SQ. FT.: 100,124

PROP	PERIOD	DATE	CTRL	REFERENCE	PAYEE/DESCRIPTION	DEBIT	CREDIT	BALANCE	NOTES/REMARKS
					NetChange=0.00			22,253.85	== Ending Balance ==
<u>515-050-00 - UTILITIES - SEWER</u>									
ny12700						0.00	0.00	150,174.40	== Beginning Balance ==
					NetChange=0.00			150,174.40	== Ending Balance ==
<u>520-010-00 - GROUNDS - LANDSCAPING CONTRACT</u>									
ny12700						0.00	0.00	9,612.00	== Beginning Balance ==
					NetChange=0.00			9,612.00	== Ending Balance ==
<u>520-020-00 - GROUNDS - LANDSCAPING ADD'L SVC</u>									
ny12700						0.00	0.00	5,437.80	== Beginning Balance ==
					NetChange=0.00			5,437.80	== Ending Balance ==
<u>520-200-00 - GROUNDS - SNOW REMOVAL</u>									
ny12700						0.00	0.00	38,307.60	== Beginning Balance ==
					NetChange=0.00			38,307.60	== Ending Balance ==
<u>520-900-00 - GROUNDS - OTHER</u>									
ny12700						0.00	0.00	751.62	== Beginning Balance ==
					NetChange=0.00			751.62	== Ending Balance ==
<u>530-010-00 - ADMIN - P/R (REG): GENERAL</u>									
ny12700						0.00	0.00	77,292.98	== Beginning Balance ==
ny12700	12/17	08-Dec-17	K-130561	12120817	Cushman & Wakefield - Payroll Reimb	12.46	0.00	77,805.14	12/2017 Benefits
ny12700	12/17	08-Dec-17	K-130561	12120817	Cushman & Wakefield - Payroll Reimb	226.50	0.00	77,531.64	Payroll w/e 12/03/17 FICA
ny12700	12/17	08-Dec-17	K-130561	12120817	Cushman & Wakefield - Payroll Reimb	2,952.39	0.00	80,484.03	Payroll w/e 12/03/17
ny12700	12/17	22-Dec-17	K-130738	12122217	Cushman & Wakefield - Payroll Reimb	12.10	0.00	80,496.19	12/2017 Benefits
ny12700	12/17	22-Dec-17	K-130738	12122217	Cushman & Wakefield - Payroll Reimb	226.51	0.00	80,722.70	Payroll w/e 12/17/17 FICA
ny12700	12/17	22-Dec-17	K-130738	12122217	Cushman & Wakefield - Payroll Reimb	2,952.39	0.00	83,675.09	Payroll w/e 12/17/17
					NetChange=6,382.11			83,675.09	== Ending Balance ==
<u>530-450-00 - ADMIN - MGMT FEE: FIXED</u>									
ny12700						0.00	0.00	36,300.00	== Beginning Balance ==
ny12700	12/17	28-Dec-17	K-130778	12122817	Cushman & Wakefield, Inc. - Mgmt Fee	350.00	0.00	36,630.00	12/17 Management Fee
ny12700	12/17	28-Dec-17	K-130778	12122817	Cushman & Wakefield, Inc. - Mgmt Fee	2,970.00	0.00	39,600.00	12/17 Management Fee
					NetChange=3,300.00			39,600.00	== Ending Balance ==

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FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
 GENERAL LEDGER
 (CASH BASIS)



CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION

FOR THE PERIOD ENDED DECEMBER, 2017

NET SQ. FT.: 100,124

PROP	PERIOD	DATE	CTRL	REFERENCE	PAYEE/DESCRIPTION	DEBIT	CREDIT	BALANCE	NOTES/REMARKS
530-700-00 - ADMIN - TELEPHONE/ALARM									
ny12700						0.00	0.00	8,936.47	== Beginning Balance ==
ny12700	12/17	29-Dec-17	K-130768	10048	Verizon Wireless	180.64	0.00	9,117.11	Cell Phones
					NetChange=180.64			9,117.11	== Ending Balance ==
535-010-00 - TAXES - REAL ESTATE									
ny12700						0.00	0.00	186,438.90	== Beginning Balance ==
					NetChange=0.00			186,438.90	== Ending Balance ==
						<u>218,599.25</u>	<u>218,599.25</u>		

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Frontier Insurance Company's Facility (ny12700)

Cash Flow Statement

Period w/ Dec 2017

Book w/ Cash

Period to: Date

%

Year to: Date

%

400-000-00	INCOME				
400-000-10	OPERATING INCOME				
405-000-00	RENT				
405-010-00	Rent - Ofc: Base	10,362.02	100.00	102,864.30	82.73
405-020-00	Rent - Ofc: CPI Increase	0.00	0.00	755.90	0.61
405-999-99	Total Rent	10,362.02	100.00	103,620.20	83.33
415-000-00	OTHER OPERATING INCOME				
415-990-00	Unapplied Income	0.00	0.00	20,724.04	16.67
415-999-99	Total Other Operating Income	0.00	0.00	20,724.04	16.67
499-999-99	Total Operating Income	10,362.02	100.00	124,344.24	100.00
500-000-00	OPERATING EXPENSES				
500-000-05	RECAPTURABLE EXPENSES				
505-000-00	CLEANING				
505-100-00	Cleaning - Contract: General Bldg	0.00	0.00	20,500.00	16.49
505-160-00	Cleaning - Supplies & Materials	0.00	0.00	3,779.68	3.04
505-999-99	Total Cleaning	0.00	0.00	24,279.68	19.53
510-000-00	REPAIRS AND MAINTENANCE				
510-005-00	R&M - P/R (Reg): General	6,082.42	58.70	77,482.42	62.31
510-410-00	R&M - Elev/Escal: Svc Contract	0.00	0.00	10,911.99	8.78
510-475-00	R&M - HVAC: Supplies & Materials	0.00	0.00	1,032.61	0.83
510-511-00	R&M - Electrical Light Bulbs	0.00	0.00	1,918.02	1.54
510-525-00	R&M - Electrical: Miscellaneous	0.00	0.00	3,307.48	2.66
510-587-00	R&M - Plumbing: Water Treatment	0.00	0.00	3,201.69	2.57
510-588-00	R&M - Plumbing: Boiler	0.00	0.00	282.78	0.23
510-590-00	R&M - Fire/Life: Svc Contract	0.00	0.00	4,454.72	3.58
510-600-00	R&M - Fire/Life: Supplies & Material	0.00	0.00	1,998.00	1.61
510-610-00	R&M - Fire/Life: Prevention	0.00	0.00	388.80	0.31
510-615-00	R&M - Fire/Life: Miscellaneous	0.00	0.00	2,513.46	2.02
510-635-00	R&M - Other: Rubbish Removal	0.00	0.00	2,096.04	1.69
510-999-99	Total Repairs & Maintenance	6,082.42	58.70	107,491.97	86.45
515-000-00	UTILITIES				
515-010-00	Utilities - Electric	17,406.73	167.99	113,113.09	90.97
515-020-00	Utilities - Gas	0.00	0.00	22,282.95	17.92
515-030-00	Utilities - Fuel Oil	0.00	0.00	22,255.85	17.90
515-080-00	Utilities - Sewer	0.00	0.00	150,174.40	120.77
515-999-99	Total Utilities	17,406.73	167.99	309,922.33	249.25
520-000-00	GROUNDS				
520-010-00	Grounds - Landscaping Contract	0.00	0.00	9,612.00	7.73
520-020-00	Grounds - Landscaping Add'l Svc	0.00	0.00	5,437.80	4.37
520-200-00	Grounds - Snow Removal	0.00	0.00	38,307.60	30.81
520-900-00	Grounds - Other	0.00	0.00	751.62	0.60
520-999-99	Total Grounds	0.00	0.00	54,109.02	43.52
530-000-00	ADMINISTRATIVE				
530-010-00	Admin - P/R (Reg): General	6,382.11	61.59	83,675.09	67.29
530-450-00	Admin - Mgmt Fee: Fixed	3,300.00	31.85	39,600.00	31.85
530-700-00	Admin - Telephone/Alarm	180.64	1.74	9,117.11	7.33
530-999-99	Total Administrative	9,862.75	95.18	132,392.20	106.47
535-000-00	TAXES / LICENSES / PERMITS				
535-010-00	Taxes - Real Estate	0.00	0.00	186,438.90	149.94
535-999-99	Total Taxes / Licenses / Permits	0.00	0.00	186,438.90	149.94
599-999-99	Total Recapturable Expenses	33,351.90	321.87	814,634.10	655.14
600-005-00	NON-RECAPTURABLE				
699-999-98	Total Operating Expenses	33,351.90	321.87	814,634.10	655.14
699-999-99	NET OPERATIONS	-22,989.88	-221.87	-690,289.86	-555.14
700-000-00	NON-OPERATING INC / (EXP)				
899-999-99	NET INCOME	-22,989.88	-221.87	-690,289.86	-555.14
Cash Flow		-22,989.88	-221.87	-690,289.86	-555.14

Frontier Insurance Company's Facility (rv12700)

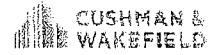
Cash Flow Statement

Period = Dec 2017

Book = Cash

	Period to Date	Beginning Balance	Ending Balance	Year to Date Difference	%
105-020-00	Cash - Oper: Lockbox	21,912.04	21,912.04	0.00	
105-030-00	Cash - Oper: General	26,260.83	40,174.06	13,913.23	
	Total Cash	48,172.87	62,086.10	13,913.23	
	Year to Date	Beginning Balance	Ending Balance	Difference	
105-020-00	Cash - Oper: Lockbox	7,871.18	21,912.04	14,040.86	
105-030-00	Cash - Oper: General	58,213.65	40,174.06	-18,039.59	
	Total Cash	66,084.83	62,086.10	-3,998.73	

FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
 DETAIL RENT ROLL
 AS OF DECEMBER 31, 2017



CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION

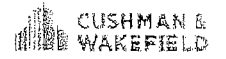
UNIT NUMBER	TENANT NAME	LEASE DATES		LEASE/ CURRENT SQFT	SECURITY DEPOSIT	CHARGE CODE	MONTHLY RENT	COST RECOVERY	OTHER CHARGES	ANNUAL PSF	FUTURE SCHEDULED CHARGE INCREASES				
		START DATE	END DATE								CHARGE CODE	STEP DATE	FUTURE AMOUNT	ANNUAL PSF	
100	Vacant			3,788	0.00										
101	Vacant			3,540	0.00										
102	Vacant			6,916	0.00										
103	Vacant			2,500	0.00										
200	Vacant			9,636	0.00										
201	Vacant			576	0.00										
202	Vacant			1,000	0.00										
203	Vacant			10,160	0.00										
204	Vacant			17,856	0.00										
300	Vacant			23,896	0.00										
301	Vacant			20,256	0.00										

Totals Leases Currently Occupying Space:

TOTALS FOR LEASED SQFT:	Total Leased Sqft:	0.00%	0	0.00
	Not Leased Sqft:	100.00%	100,124	
	Total Sqft:	100.00%	100,124	

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FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
 DETAIL RENT ROLL
 AS OF DECEMBER 31, 2017

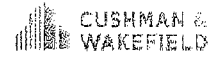


CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION

UNIT NUMBER	TENANT NAME	LEASE DATES		LEASE/ CURRENT SQFT	SECURITY DEPOSIT	CHARGE CODE	MONTHLY RENT	COST RECOVERY	OTHER CHARGES	ANNUAL PSF	FUTURE SCHEDULED CHARGE INCREASES			
		START DATE	END DATE								CHARGE CODE	STEP DATE	FUTURE ANNUAL AMOUNT	ANNUAL PSF
TOTALS FOR CURRENT SQFT:		Total Leased Sqft:	0.00%	0										
		Not Leased Sqft:	100.00%	100,124										
		Total Sqft:	100.00%	100,124										

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FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
 RECEIVABLE SUMMARY BY TENANT CODE
 FOR THE PERIOD ENDED DECEMBER, 2017



CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION

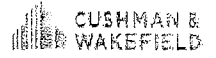
NET SQ. FT: 100,124

TENANT	OPENING BALANCE	CHARGE AMOUNT	RECEIPT AMOUNT	ENDING BALANCE
ny127100 (SC Choice Management Corp.) - (Current)	(64,662.96)	0.00	10,362.02	(75,024.98)
TOTALS FOR PROPERTY FRONTIER INSURANCE COMPANY'S FACILITY (NY12700):	(64,662.96)	0.00	10,362.02	(75,024.98)

Non-Tenant Receipts

Frontier Ins Co in Liqui	12/22/2017	12:00:00AMR-128330	4,000.00	
Frontier Ins Co in Liqui	12/22/2017	12:00:00AMR-128339	(4,000.00)	
Frontier Ins Co Ins Liqui	12/22/2017	12:00:00AMR-128334	(5,023.07)	
Frontier Ins Co in Liqui	12/22/2017	12:00:00AMR-128336	4,000.00	
Frontier Ins Co in Liqui	12/1/2017	12:00:00AMR-128300	22,966.10	
			<u>71,989.17</u>	
			82,351.19	

FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
RECEIVABLE DETAIL BY TENANT CODE
FOR THE PERIOD ENDED DECEMBER, 2017



CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION

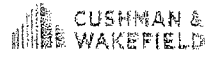
NET SQ. FT.: 100,124

CTRL NO	CHARGE CODE	CHARGE NOTES	CHARGE DATE	BALANCE FORWARD	CHARGE AMOUNT	RECEIPT NO	RECEIPT DATE	RECEIPT AMOUNT	ENDING BALANCE
NY127100 (SC CHOICE MANAGEMENT CORP.) UNIT --- (CURRENT) NET SQ. FT 0									
R-126511	prepay	(Prepayment)	03/17	(2,490.84)	-				(2,490.84)
R-127199	prepay	(Prepayment)	06/17	(10,362.02)	-				(10,362.02)
R-127651	prepay	(Prepayment)	07/17	(10,362.02)	-				(10,362.02)
R-127735	prepay	(Prepayment)	08/17	(10,362.02)	-				(10,362.02)
R-127740	prepay	(Prepayment)	09/17	(10,362.02)	-				(10,362.02)
R-127895	prepay	(Prepayment)	10/17	(10,362.02)	-				(10,362.02)
R-128152	prepay	(Prepayment)	11/17	(10,362.02)	-				(10,362.02)
R-128299	prepay	(Prepayment)	12/17	0.00	-			10,362.02	(10,362.02)
				(64,662.96)	0.00			10,362.02	(75,024.98)
TOTAL FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)				(64,662.96)	0.00			10,362.02	(75,024.98)

NON-TENANT RECEIPT			
Frontier Ins Co Ins Liqu	22-Dec-17	R-128334	45,023.07
Frontier Ins Co in Liqui	01-Dec-17	R-128300	22,966.10
Frontier Ins Co in Liqui	22-Dec-17	R-128339	(4,000.00)
Frontier Ins Co in Liqui	22-Dec-17	R-128336	(4,000.00)
Frontier Ins Co in Liqui	22-Dec-17	R-128340	(4,000.00)
			<u>73,989.17</u>

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FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
 DETAIL RECEIVABLE AGING BY TENANT CODE
 POST TO DECEMBER, 2017
 AGE AS OF DECEMBER 31, 2017



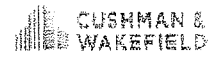
CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION

NET SQ. FT: 100,124

TENANT	TRAN#	DATE	UNIT	MONTH	MOVE OUT	TOTAL OWED	0-29	30-59	60-89	90+	PREPAID ACCOUNT	REMARKS
NY127100 (SC CHOICE MANAGEMENT CORP.) (Current)												
	R-127855	3-Oct-17	100	Oct-17		0.00	0.00	0.00	0.00	0.00	(10,362.02)	405-010-00
	R-127733	4-Aug-17	100	Aug-17		0.00	0.00	0.00	0.00	0.00	(10,362.02)	405-010-00 08/2017 Rent
	R-126211	8-Mar-17	100	Mar-17		0.00	0.00	0.00	0.00	0.00	(2,490.84)	405-010-00 Prepaid Rent
	R-128152	6-Nov-17	100	Nov-17		0.00	0.00	0.00	0.00	0.00	(10,362.02)	405-010-00
	R-128299	6-Dec-17	100	Dec-17		0.00	0.00	0.00	0.00	0.00	(10,362.02)	405-010-00
	R-127199	6-Jun-17	100	Jun-17		0.00	0.00	0.00	0.00	0.00	(10,362.02)	415-990-00
	R-127651	7-Jul-17	100	Jul-17		0.00	0.00	0.00	0.00	0.00	(10,362.02)	415-990-00
	R-127746	6-Sep-17	100	Sep-17		0.00	0.00	0.00	0.00	0.00	(10,362.02)	405-010-00 09/2017 Rent
						0.00	0.00	0.00	0.00	0.00	(75,024.98)	
					GRAND TOTAL:	0.00	0.00	0.00	0.00	0.00	(75,024.98)	

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FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)
EXPENSE DISTRIBUTION BY GL ACCOUNT CODE
ALL PAID INVOICES



CLIENT NAME: FRONTIER INSURANCE CO IN LIQUIDATION

FOR THE PERIOD ENDED DECEMBER, 2017

NET SQ. FT: 100,124

TRAN #	INVOICE	DATE	PRD	VENDOR NAME	COST CENTER	TOTAL	UNPAID	CTRL#	CHECK	DATE	DESCRIPTION
310-010-00 - Distributed Capital - Owner											
P-212126	12121517	15-Dec-17	12/17	ny127	Frontier Insurance Co in Liquid	24,724.04	0.00	K-130751	12121517	15-Dec-17	12/17 Distribution
P-212538	12122217	22-Dec-17	12/17	ny127	Frontier Insurance Co in Liquid	10,362.02	0.00	K-130898	12122217	22-Dec-17	12/17 Distribution
						<u>35,086.06</u>	<u>0.00</u>				
510-005-00 - R&M - P/R (Reg): General											
P-212122	127PRL121717	22-Dec-17	12/17	v02701	Cushman & Wakefield - Payro	2,021.97	0.00	K-130738	12122217	22-Dec-17	Payroll w/e 12/17/17
P-211755	127PRL120317	08-Dec-17	12/17	v02701	Cushman & Wakefield - Payro	891.18	0.00	K-130561	12120817	08-Dec-17	12/2017 Benefits
P-212122	127PRL121717	22-Dec-17	12/17	v02701	Cushman & Wakefield - Payro	891.18	0.00	K-130738	12122217	22-Dec-17	12/2017 Benefits
P-212122	127PRL121717	22-Dec-17	12/17	v02701	Cushman & Wakefield - Payro	128.06	0.00	K-130738	12122217	22-Dec-17	Payroll w/e 12/17/17 FICA
P-211755	127PRL120317	08-Dec-17	12/17	v02701	Cushman & Wakefield - Payro	128.06	0.00	K-130561	12120817	08-Dec-17	Payroll w/e 12/03/17 FICA
P-211755	127PRL120317	08-Dec-17	12/17	v02701	Cushman & Wakefield - Payro	2,021.97	0.00	K-130561	12120817	08-Dec-17	Payroll w/e 12/03/17
						<u>6,082.42</u>	<u>0.00</u>				
515-010-00 - Utilities - Electric											
P-211754	12707116545	07-Dec-17	12/17	v100600	NYSEG	12,064.05	0.00	K-130577	695	08-Dec-17	11/17 Electricity
P-211667	1001-3035-46	05-Dec-17	12/17	v100600	NYSEG	5,342.68	0.00	K-130538	12120517	05-Dec-17	12/17 NYSEG Check by Phone
						<u>17,406.73</u>	<u>0.00</u>				
530-010-00 - Admin - P/R (Reg): General											
P-212122	127PRL121717	22-Dec-17	12/17	v02701	Cushman & Wakefield - Payro	2,952.39	0.00	K-130738	12122217	22-Dec-17	Payroll w/e 12/17/17
P-211755	127PRL120317	08-Dec-17	12/17	v02701	Cushman & Wakefield - Payro	2,952.39	0.00	K-130561	12120817	08-Dec-17	Payroll w/e 12/03/17
P-212122	127PRL121717	22-Dec-17	12/17	v02701	Cushman & Wakefield - Payro	226.51	0.00	K-130738	12122217	22-Dec-17	Payroll w/e 12/17/17 FICA
P-212122	127PRL121717	22-Dec-17	12/17	v02701	Cushman & Wakefield - Payro	12.16	0.00	K-130738	12122217	22-Dec-17	12/2017 Benefits
P-211755	127PRL120317	08-Dec-17	12/17	v02701	Cushman & Wakefield - Payro	12.16	0.00	K-130561	12120817	08-Dec-17	12/2017 Benefits
P-211755	127PRL120317	08-Dec-17	12/17	v02701	Cushman & Wakefield - Payro	226.50	0.00	K-130561	12120817	08-Dec-17	Payroll w/e 12/03/17 FICA
						<u>6,382.11</u>	<u>0.00</u>				
530-450-00 - Admin - Mgmt Fee: Fixed											
P-212212	171500180030	28-Dec-17	12/17	v02699	Cushman & Wakefield, Inc. - M	2,970.00	0.00	K-130778	12122817	28-Dec-17	12/17 Management Fee
P-212212	171500180030	28-Dec-17	12/17	v02699	Cushman & Wakefield, Inc. - M	330.00	0.00	K-130778	12122817	28-Dec-17	12/17 Management Fee
						<u>3,300.00</u>	<u>0.00</u>				
530-700-00 - Admin - Telephone/Alarm											
P-212042	9797231056	01-Dec-17	12/17	v64926	Verizon Wireless	180.64	0.00	K-130768	696	29-Dec-17	Cell Phones
						<u>180.64</u>	<u>0.00</u>				
						<u>668,437.96</u>	<u>0.00</u>				

Total for FRONTIER INSURANCE COMPANY'S FACILITY (NY12700)

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Check Register

Frontier - Operating (ny12700b)

From Period: 2017-12-01 00:00:00 To Period: 2017-12-01 00:00:00

All Checks Selected (Yes)

Property=ny12700

Bank	Control Number	Check#	Vendor	Check Date	Post Month	Total Amount	Item Reconciled
ny12700b - Frontier - Operating	130898	12122217	ny127 - Frontier Insurance Co in Liquidation	12/22/2017	12/2017	10,362.02	Yes
ny12700b - Frontier - Operating	130538	12120517	v100660 - NYSEG	12/05/2017	12/2017	5,342.68	Yes
ny12700b - Frontier - Operating	130561	12120817	v02701 - Cushman & Wakefield - Payroll Reimb	12/08/2017	12/2017	6,232.26	Yes
ny12700b - Frontier - Operating	130751	12121517	ny127 - Frontier Insurance Co in Liquidation	12/15/2017	12/2017	24,724.04	Yes
ny12700b - Frontier - Operating	130577	695	v100600 - NYSEG	12/08/2017	12/2017	12,064.05	Yes
ny12700b - Frontier - Operating	130738	12122217	v02701 - Cushman & Wakefield - Payroll Reimb	12/22/2017	12/2017	6,232.27	Yes
ny12700b - Frontier - Operating	130768	696	v64926 - Verizon Wireless	12/29/2017	12/2017	180.64	No
ny12700b - Frontier - Operating	130778	12122817	v02699 - Cushman & Wakefield, Inc. - Mgmt Fee	12/28/2017	12/2017	3,300.00	Yes
Total						68,437.96	
						68,437.96	

FRONTIER - OPERATING (NY12700B)
BANK RECONCILIATION REPORT
DECEMBER 2017

Balance Per Bank Statement as of 12/31/2017	42,258.70	
Less: Outstanding Checks	<u>2,084.64</u>	
Reconciled Bank Balance		40,174.06
<hr/>		
Balance per GL as of 12/31/2017	<u>40,174.06</u>	
Reconciled Balance Per G/L		40,174.06
<hr/>		
Difference		<u><u>0.00</u></u>

<u>Frederick Thomas</u>	<u>10-Jan-2018 4:49 pm</u>
Prepared By	Date
<u>Frederick Thomas</u>	<u>10-Jan-2018 4:51 pm</u>
Approved By	Date

FRONTIER - OPERATING (NY12700B)
BANK RECONCILIATION REPORT
DECEMBER 2017

Cleared Items:

Cleared Checks

Tran Date	Ref #	Notes	Amount	Effective Date	Cleared By	Cleared Date
11/15/2017	687	v103489 - Fallsburg Gas	2,563.82	12/31/2017	Frederick Thomas	1/8/2018 6:55:43AM
11/30/2017	689	v105226 - New Cleaning Service	2,292.00	12/31/2017	Frederick Thomas	1/8/2018 6:55:43AM
11/30/2017	690	v14406 - Verizon	237.98	12/31/2017	Frederick Thomas	1/8/2018 6:55:43AM
11/30/2017	691	v88605 - Spectrum Business	406.85	12/31/2017	Frederick Thomas	1/8/2018 6:55:43AM
11/30/2017	692	v102816 - Grainger	282.78	12/31/2017	Frederick Thomas	1/8/2018 6:55:43AM
11/30/2017	693	v103521 - County Petroleum Products, Inc.	17,988.15	12/31/2017	Frederick Thomas	1/8/2018 6:55:43AM
11/30/2017	694	v101512 - Thompson Sanitation Corp	185.64	12/31/2017	Frederick Thomas	1/8/2018 6:55:43AM
12/05/2017	12120517	v100600 - NYSEG	5,342.68	12/31/2017	Frederick Thomas	1/8/2018 6:55:43AM
12/08/2017	695	v100600 - NYSEG	12,064.05	12/31/2017	Frederick Thomas	1/8/2018 6:55:43AM
12/08/2017	12120817	v02701 - Cushman & Wakefield - Payroll Reimb	6,232.26	12/31/2017	Frederick Thomas	1/8/2018 6:55:43AM
12/15/2017	12121517	ny127 - Frontier Insurance Co in Liquidation	24,724.04	12/31/2017	Frederick Thomas	1/8/2018 6:55:43AM
12/22/2017	12122217	ny127 - Frontier Insurance Co in Liquidation	10,362.02	12/31/2017	Frederick Thomas	1/10/2018 4:49:33PM
12/22/2017	12122217	v02701 - Cushman & Wakefield - Payroll Reimb	6,232.27	12/31/2017	Frederick Thomas	1/8/2018 6:55:43AM
12/28/2017	12122817	v02699 - Cushman & Wakefield, Inc. - Mgmt Fee	3,300.00	12/31/2017	Frederick Thomas	1/8/2018 6:55:43AM
Total			<u>92,214.54</u>			

Cleared Deposits

Tran Date	Ref #	Notes	Amount	Effective Date	Cleared By	Cleared Date
12/01/2017	39		22,966.10	12/31/2017	Frederick Thomas	1/8/2018 6:53:09AM
12/21/2017	40		45,023.07	12/31/2017	Frederick Thomas	1/8/2018 6:53:09AM
12/22/2017	41		4,000.00	12/31/2017	Frederick Thomas	1/8/2018 6:53:09AM
Total			<u>71,989.17</u>			

Cleared Other Items

Tran Date	Ref #	Notes	Amount	Effective Date	Cleared By	Cleared Date
12/22/2017	JIE 21245	:PostRecurring 12-22-17 L BX to Oper transfer	10,362.02	12/31/2017	Frederick Thomas	1/10/2018 4:43:19PM
Total			<u>10,362.02</u>			

Outstanding Items:

Outstanding Checks

Date	Ref #	Notes	Amount	Date Cleared
10/27/2017	675	v121122 - Commissioner of NYSDEC	500.00	
11/29/2017	688	v101510 - Mountain Valley Landscaping, Inc.	1,404.00	
12/29/2017	696	v64926 - Verizon Wireless	180.64	
Total			<u>2,084.64</u>	

FRONTIER - OPERATING (NY12700B)
BANK RECONCILIATION REPORT
DECEMBER 2017

<u>ACCOUNT</u>	<u>AMOUNT</u>
10503000	40,174.06
	<u>40,174.06</u>



**STATEMENT
OF ACCOUNTS**

Page 1 of 2
FRONTIER INSURANCE COMPANY IN
Statement Number: 0023418957
12/01/17 - 12/29/17

UNION BANK
COMML RE TREASURY SVCS 0211
POST OFFICE BOX 513840
LOS ANGELES CA 90051-3840

Customer Inquiries
800-849-6466

Thank you for banking with us
since 2012.

FRONTIER INSURANCE COMPANY IN
LIQUIDATION
CUSHMAN & WAKEFIELD, INC. AS AGENT FOR
1131 W WARNER RD STE102
TEMPE AZ 85284

Analyzed Business Checking Summary

Account Number: 0023418957

Days in statement period: Days in statement period: 29

Balance on 12/ 1	\$		52,122.05
Total Credits			82,351.19
Electronic credits (4)		82,351.19	
Total Debits			-92,214.54
Checks paid (8)		-36,021.27	
Electronic debits (6)		-56,193.27	
Balance on 12/29	\$		42,258.70

C R E D I T S

Electronic credits

<i>Date</i>	<i>Description/Location</i>	<i>Reference</i>	<i>Amount</i>
12/1	WIRE TRANS TRN 1201022832 120117 FTJ171201050786	93054055 \$	22,966.10
12/21	WIRE TRANS TRN 1221022539 122117 FTJ171221061566	93056923	4,000.00
12/21	WIRE TRANS TRN 1221017941 122117 FTJ171221030966	93053594	45,023.07
12/22	CASH MANAGEMENT BKTRANSFER	93090080	10,362.02
	4 Electronic credits	Total	\$ 82,351.19

D E B I T S

Check Paid

<i>Number</i>	<i>Date</i>	<i>Amount</i>	<i>Number</i>	<i>Date</i>	<i>Amount</i>
0687	12/5	2,563.82	0692	12/5	282.78
0689*	12/12	2,292.00	0693	12/5	17,988.15
0690	12/6	237.98	0694	12/6	185.64
0691	12/6	406.85	0695	12/20	12,064.05
8 Checks paid			Total		\$ 36,021.27

* Checks missing in sequence. Out of sequence check numbers may also be located in the Electronic Debits section of your statement.

Electronic debits

<i>Date</i>	<i>Description</i>	<i>Reference</i>	<i>Amount</i>
12/7	NYSEG NYSEG BILL CCD 010013035463	54987496 \$	5,342.68

Electronic debits

<i>Date</i>	<i>Description</i>	<i>Reference</i>	<i>Amount</i>
12/8	CUSHMAN WAK 869 CONS COLL PPD56904394 *****2700		6,232.26
12/15	WIRE TRANS TRN 1215029353 121517 UBOC93054221 UB922371N		24,724.04
12/22	WIRE TRANS TRN 1222024723 122217 UBOC93057598 UB869979N		10,362.02
12/22	CUSHMAN WAK 869 CONS COLL PPD59680388 *****2700		6,232.27
12/28	CUSHMAN WAK 869 CONS COLL PPD55343268 *****2700		3,300.00
	6 Electronic debits	Total	\$ 56,193.27

Daily Ledger Balance

<i>Date</i>	<i>Ledger Balance</i>	<i>Date</i>	<i>Ledger Balance</i>
12/1-12/4	\$ 75,088.15	12/15-12/19	\$ 14,831.95
12/5	54,253.40	12/20	2,767.90
12/6	53,422.93	12/21	51,790.97
12/7	48,080.25	12/22-12/27	45,558.70
12/8-12/11	41,847.99	12/28-12/29	42,258.70
12/12-12/14	39,555.99		



**STATEMENT
OF ACCOUNTS**

Page 1 of 1
FRONTIER INSURANCE COMPANY IN
Statement Number: 0023418890
12/01/17 - 12/29/17

UNION BANK
COMML RE TREASURY SVCS 0211
POST OFFICE BOX 513840
LOS ANGELES CA 90051-3840

Customer Inquiries
800-849-6466

Thank you for banking with us
since 2012

FRONTIER INSURANCE COMPANY IN
LIQUIDATION DP
CUSHMAN & WAKEFIELD, INC. AS AGENT FOR
1131 W WARNER RD STE 102
TEMPE AZ 85284

Analyzed Business Checking Summary

Account Number: 0023418890

Days in statement period: Days in statement period: 29

Balance on 12/1	\$		21,912.04
Total Credits			10,362.02
Deposits (1)		10,362.02	
Total Debits			-10,362.02
Electronic debits (1)		-10,362.02	
Balance on 12/29	\$		21,912.04

C R E D I T S

Deposits including check and cash credits

Date	Description/Location	Reference	Amount
12/6	LOCKBOX DEPOSIT # 0045258144	35506164 \$	10,362.02

D E B I T S

Electronic debits

Date	Description	Reference	Amount
12/22	CASH MANAGEMENT BKTRANSFER	93090079 \$	10,362.02

Daily Ledger Balance

Date	Ledger Balance	Date	Ledger Balance
12/1-12/5	\$ 21,912.04	12/22-12/29	\$ 21,912.04
12/6-12/21	32,274.06		

EXHIBIT Q

COMPLETE SUMMARY APPRAISAL

of

FRONTIER INSURANCE CORPORATE HEADQUARTERS
195 LAKE LOUISE MARIE ROAD
TAX MAP #052.-1-1.3
TOWN OF THOMPSON
SULLIVAN COUNTY, NEW YORK

CLIENT/INTENDED USER
FRONTIER INSURANCE
195 Lake Louise Marie Road
Rock Hill, New York 12275
Attention: Al Escobar, Chief Executive Officer

EFFECTIVE VALUATION DATE
JULY 2, 2012

DATE OF INSPECTION
JULY 2, 2012

DATE OF REPORT
AUGUST 6, 2012

PREPARED BY
APPRAISAL RESEARCH, INC.
PER BECK-ANDERSEN
CERTIFIED GEN. R.E. APPRAISER
N.Y.S. I.D. #46-39983

APPRAISAL IDENTIFICATION NUMBER
23291

503 Myrtle Street
Syracuse, New York 13204


Appraisal
RESEARCH INC.

Phone: (315) 488-4688
Fax: (315) 487-6436

August 6, 2012

Frontier Insurance
195 Lake Louise Marie Road
Rock Hill, New York 12275

Attention: Al Escobar, Chief Executive Officer

Re: Complete Summary Appraisal
Frontier Insurance Corporate Headquarters
195 Lake Louise Marie Road
Tax Map #052.-1-1.3
Town of Thompson
Sullivan County, New York

Dear Mr. Escobar:

At the request of Jeff Manzi of June 21, 2012, Appraisal Research, Inc. is pleased to submit our complete summary appraisal report of the above-captioned property. The purpose of the report is to estimate the "as is" market value of the subject property in fee simple estate under prevailing market conditions. The effective valuation date is July 2, 2012. The subject property was inspected and photographed by Per Beck-Andersen, Certified General R.E. Appraiser #46-39983, on July 2, 2012, the appraiser was accompanied by D. Christopher DuBois, Esq. The appraiser toured and inspected all levels of the headquarters building in addition to making a full walk around exterior inspection including the grounds, and made exterior inspections of Nana's House and the maintenance building.

The Frontier Insurance Company is a property and casualty insurer domiciled in the State of New York, which was established in 1986. Frontier wrote commercial auto, Workers' Compensation, homeowners, general liability and medical malpractice coverage as well as surety bonds. The company experienced rapid growth between its establishment in 1986 and the 1990's. In 1991, Frontier built Phase I of its corporate headquarters on Lake Louise Marie Road which totaled approximately 114,000 s.f. In 1997, a 50,000 s.f. addition was added in addition to the daycare facility totaling 9,700 s.f. and the maintenance building totaling 2,400 s.f. The completion of the additions brought the gross building area to 176,050 s.f. In 2000, Frontier Insurance Company lost its Best's rating and subsequently stopped underwriting policies. The company was placed in rehabilitation and the New York Superintendent of Insurance was appointed as Rehabilitator on October 15, 2001, by order of the Supreme Court of the State of New York. At its height, the company had 40 offices, 2,000 employees, 700 of which worked from the headquarters. In 2005, it seemed that Frontier Insurance would be taken out of rehabilitation and restored to independent operations, this, however, did not transpire. The filing of Chapter 11 now appears to be imminent. The purpose of the appraisal is to provide information to Frontier Insurance for internal auditing purposes as it relates to its Chapter 11 proceedings.

Mr. Al Escobar
August 6, 2012

The subject site is an irregularly shaped parcel located along the north side of Lake Louise Marie Road, a half mile east of the Rock Hill exit of N.Y.S. Route 17/I-86 in the Town of Thompson, Sullivan County, New York. The site totals 30.90 Acres, which were acquired between 1991 and 1996. The original parcels were identified on the Town assessment rolls as Tax Map #052.-1-1.1 and 1.3, #1.1 has since been deleted and the two parcels merged and identified as #1.3 and are in the ownership of the Sullivan County Industrial Development Agency. The site has 2328' of frontage to Lake Louise Marie Road off of which are three entrance roads. The northerly boundary fronts on N.Y.S. Route 17/I-86 with 2271.24' of frontage, the easterly boundary totals 763.01'. The site's prevailing topography is downward sloping in an east to west direction which generally follows the contour of Lake Louise Marie Road. The building site is generally level. According to Federal Emergency Management Agency Flood Map Panel No. 36105C 0630F (effective February 18, 2011), the site is located in a Zone X placing it outside the 100-year flood plain. Municipal utilities available to the area include electricity, water and sewer, and telephone. The primary energy sources in the area are propane and fuel oil, the subject utilizes electric and fuel oil. Zoning is NC – Neighborhood Commercial, the improvements appear to be a legal conforming use.

The site is improved with a good to excellent quality, Class A corporate office building which was built between 1991 and 1997. The original building constructed in 1991 totals 113,920 s.f., an addition was added in 1997 totaling 50,030 s.f. bringing the gross building area to 163,950 s.f. In 1997, the site was also improved with Nana's House, a one-story wood frame daycare facility totaling 9,700 s.f. and a maintenance building with 2,400 s.f. The gross building area of all structures is 176,050 s.f. The improvements are between 15 and 21 years old. Based on the Marshall Valuation Service, construction of this quality has an estimated economic whole life assuming routine maintenance of 50 years. The aggregate age of the improvements is estimated at 15 years indicating a remaining economic life of 35 years. Based on the appraiser's observations, the improvements appear to be generally well maintained and feature limited physical depreciation due to normal wear and tear. The appraiser did not observe any major repair items on the day of inspection, however, Christopher DuBois did indicate that the backup generator is no longer operable. The subject was designed and built as the corporate headquarters of Frontier Insurance for which it was functional. The building is designed for single tenant occupancy, it is not easily adaptable for multi-tenant or alternative uses. The founder of the Frontier Insurance Company was from the local area and, as such, chose Rock Hill as the location for the company's headquarters. Now that the building is in large part vacant and no longer occupied by Frontier Insurance, it is considered to be an over improvement in this location which exhibits incurable functional obsolescence. The primary weaknesses related to the property includes its location in Sullivan County which lacks public transportation, limited qualified workforce, super-adequacy, limited adaptive reuses, the property is coming off its 20 year P.I.L.O.T., sewer charges, the lack of natural gas, limited market and its distance to New York City (90 miles).

Mr. Al Escobar
August 6, 2012

The subject property is identified on the Town of Thompson assessment rolls as Tax Map #052.-1-1.3. The total assessment is \$9,000,000 of which \$1,405,600 is allocated to the land and \$7,594,400 to the improvements. The Town's 2011 final equalization rate is 78.10% indicating a full market value of \$11,523,688. In the appraiser's opinion, the subject property is substantially over assessed. Frontier Insurance negotiated a P.I.L.O.T. with the Sullivan County IDA for the original building constructed in 1991 which was then amended to include the 1997 addition and extended for 15 years, the last year of the P.I.L.O.T. is 2014. In 2011, the P.I.L.O.T. payment was \$138,278. Taxes excluded from the P.I.L.O.T. add \$17,379, there is, in addition, an annual installment fee of \$25,000 resulting in a total of \$180,658. The property also pays approximately \$135,000 in sewer charges which was based on a negotiated point system, the property ownership had an opportunity to challenge the basis of the sewer charges, however, this was never done. Based on the formula of the P.I.L.O.T., taxes in the remaining two years will be approximately \$175,000 which is in addition to the other charges. Annual taxes without the P.I.L.O.T. would be approximately \$315,000 which would be in addition to the sewer charges for a total of approximately \$450,000.

The subject property is in the ownership of the County of Sullivan IDA, the most recently recorded deed is in the Sullivan County Clerk's Office in Book 1649 at page 612 on February 25, 1993. This is the transfer from the Frontier Insurance Company to County of Sullivan IDA, which is a non-arm's length transfer. According to information provided by Christopher DuBois, there has been no sale or listing activity related to the property in the last three years. A copy of the deed is included in the Addenda.

The appraisal is provided in a summary report format which is intended to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) as formulated by the Appraisal Standards Board of the Appraisal Foundation and the Code of Professional Ethics and Standards of Appraisal Practice by the Appraisal Institute. The appraisal is provided in compliance and conformity with the rules and regulations stated under Title XI of FIRREA.

The value opinion reported is qualified by certain definitions, limiting conditions and certifications that are set forth through the appraisal contained herein. The report is being provided for and our professional fee billed to Frontier Insurance Company. The appraisal is being certified to Frontier Insurance Company.

This report is not being made based on a requested minimum valuation, specific valuation or approval of a loan. The report should not be distributed to or relied on by other persons, entities or authorized representatives without permission of the appraiser. The appraiser has no current or prospective interest in the property or with any of the parties involved. The appraisal assignment is a complete summary appraisal report under Standards Rule 2-2 as defined in the Uniform Standards of Professional Appraisal Practice (USPAP) of a complete appraisal completed under Standards Rule 1 of USPAP.

The purpose of the appraisal is to estimate the "as is" market value of the subject property in fee simple estate as of the effective valuation date of July 2, 2012 under prevailing market conditions.

Mr. Al Escobar
August 6, 2012

The conclusions contained in this report represent the opinions of the appraiser. The opinions are valid only as of a specified valuation date. All properties and markets are unique and subject to change. There are no assurances that the appraised value will remain the same although judgments of the perceived probability are often necessary in the valuation process. The value opinions expressed within the report are not contingent on the reporting of a predetermined value, direction of value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the value opinion. The appraisers have no interest in the property, present or contemplated, and neither is the employment nor they contingent on the value opinion.

Based on an inspection and in consideration of the critical factors influencing value and as a result of our analysis, the estimated "as is" market value of the subject property in fee simple estate as of the effective valuation date of July 2, 2012 under prevailing market conditions and subject to the definitions, certifications and limiting conditions set forth in the attached report is:

\$4,100,000 - \$5,750,000

This transmittal letter must remain attached to the accompanying appraisal report plus related exhibits and Addenda in order for the value opinion set forth to be considered valid.

The accompanying appraisal report contains a discussion of the factual data of the subject property including market area analysis, site description, building description, occupancy and leases, assessment and taxes, legal description, zoning, highest and best use analysis, summary of significant factors affecting market value, data and reasoning and portions of the computations employed in arriving at the market value estimate, definitions of market value, fee simple estate, exposure time and marketing time, Underlying Assumptions and Limiting Conditions, and appraiser's qualifications.

Respectfully submitted,

APPRAISAL RESEARCH, INC.

Per Beck-Andersen
Certified Gen. R.E. Appraiser
N.Y.S. I.D. #46-39983

EXECUTIVE SUMMARY

Location of Property 195 Lake Louise Marie Road, Town of Thompson, Sullivan County, New York

Owner of Record Sullivan County IDA/Frontier Insurance

Property Rights Appraised Fee simple estate

Effective Date of Valuation July 2, 2012

Date of Inspection July 2, 2012

Date of Report August 6, 2012

Type of Property Corporate headquarters of Frontier Insurance

Total Site Area 30.90 Acres/1,346,004 s.f.

Zoning NC, Neighborhood Commercial

Flood Zone Information Non-flood hazard area according to Federal Emergency Flood Map Panel No. 36105C 0630F (effective February 18, 2011).

Building Improvements Good to excellent, Class A corporate headquarters which was built between 1991 and 1997, the gross building area is 163,950 s.f. The site is also improved with a 9,700 s.f. daycare center and a 2,400 s.f. maintenance building. The gross building area of all structures is 176,050 s.f.

Tax Map No. 052.-1-1.3

Assessment \$9,000,000, allocated as:

Land	\$1,405,600
Improvements	<u>7,594,400</u>
Total	<u>\$9,000,000</u>

Total Taxes (without P.I.L.O.T.) \$314,284

EXECUTIVE SUMMARY cont'd

Highest & Best Use	As vacant As improved	commercial/office use office or institutional
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Summary of Value Estimates

Site Value by Sales Comparison Approach	Not developed
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Indicated Value by Cost Approach	Not developed
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Indicated Value by Sales Comparison Approach As Improved	\$4,100,000 - \$5,750,000
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Indicated Value by Income Capitalization Approach	Not developed
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Indicated "As Is" Market Value in Fee Simple Estate	<u>\$4,100,000 and \$5,750,000</u>
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Exposure Time	18 to 36 months
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Marketing Time	18 to 36 months
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T A B L E O F C O N T E N T S

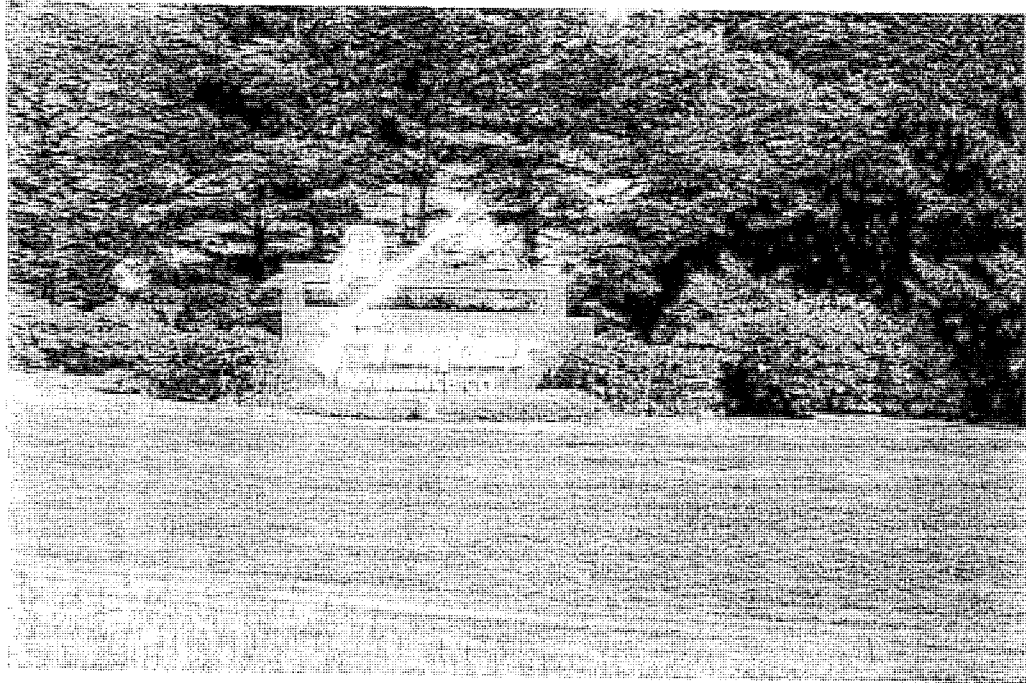
PAGE

Cover Page	1
Letter of Transmittal	2
Executive Summary	6
Table of Contents	8
Subject Photographs	9
Function.	23
Purpose	23
Scope of Work Rule.	24
Competency Provision.	26
Property Identification	27
Property Rights Appraised	28
Market Value.	28
Fee Simple Estate	29
Exposure Time	29
Marketing Time.	29
Intended User	30
Intended Use of Report.	30
Underlying Assumptions and Limiting Conditions.	31
Certification	35
Market Area Map	36
Market Area Analysis and Data	37
Site Plan	44
Site Description and Analysis	45
Environmental Conditions.	47
Building Plans.	48
Building Description.	51
Occupancy and Leases.	54
Legal Description and Recent History.	55
Zoning.	55
Tax Map	56
Assessment and Taxes.	57
Highest and Best Use.	59
Appraisal Process and Valuation	60
Sales Comparison Approach	63
Final Reconciliation.	70

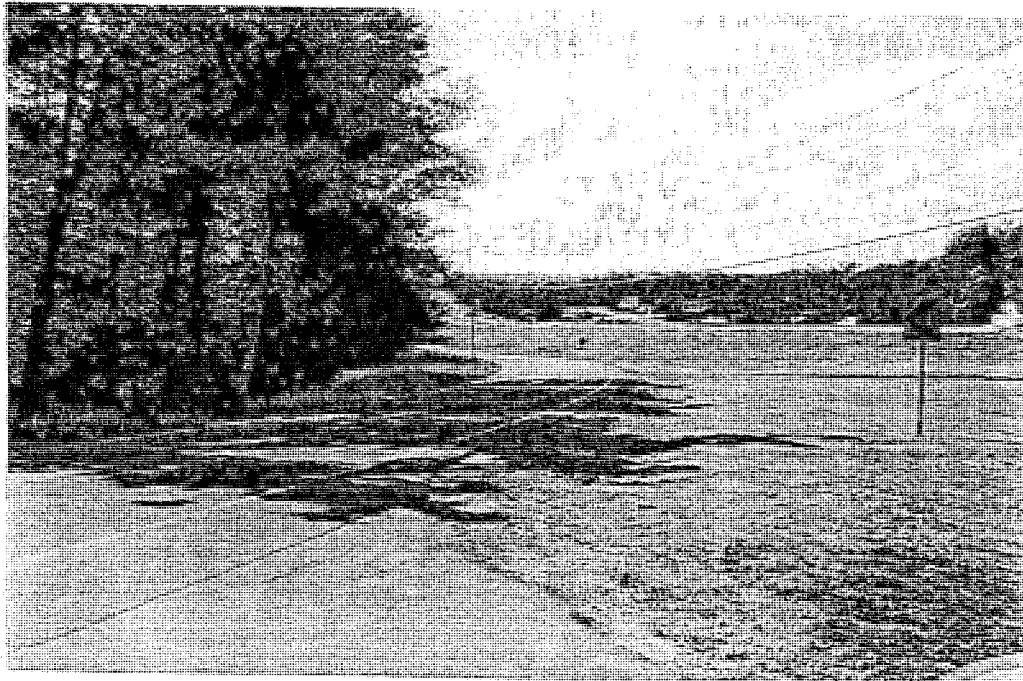
Addenda

- Appraisal Authorization Letter
- Flood Map
- Tax Bills
- P.I.L.O.T. Agreement
- Legal Description
- Sale Data Sheets

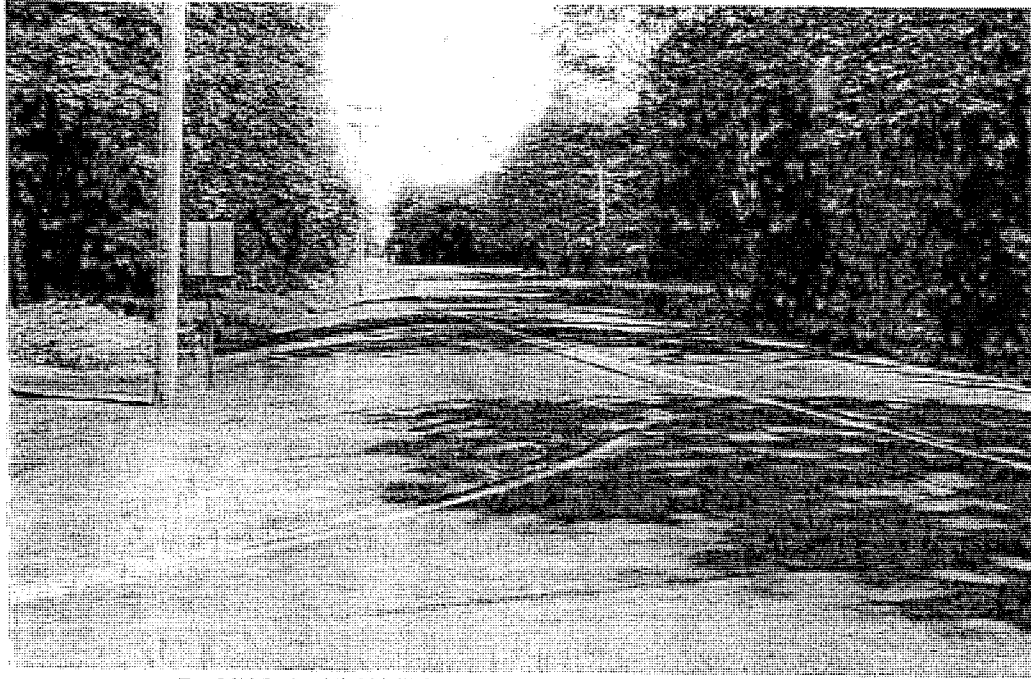
- Copy of Appraiser's Qualifications & State License



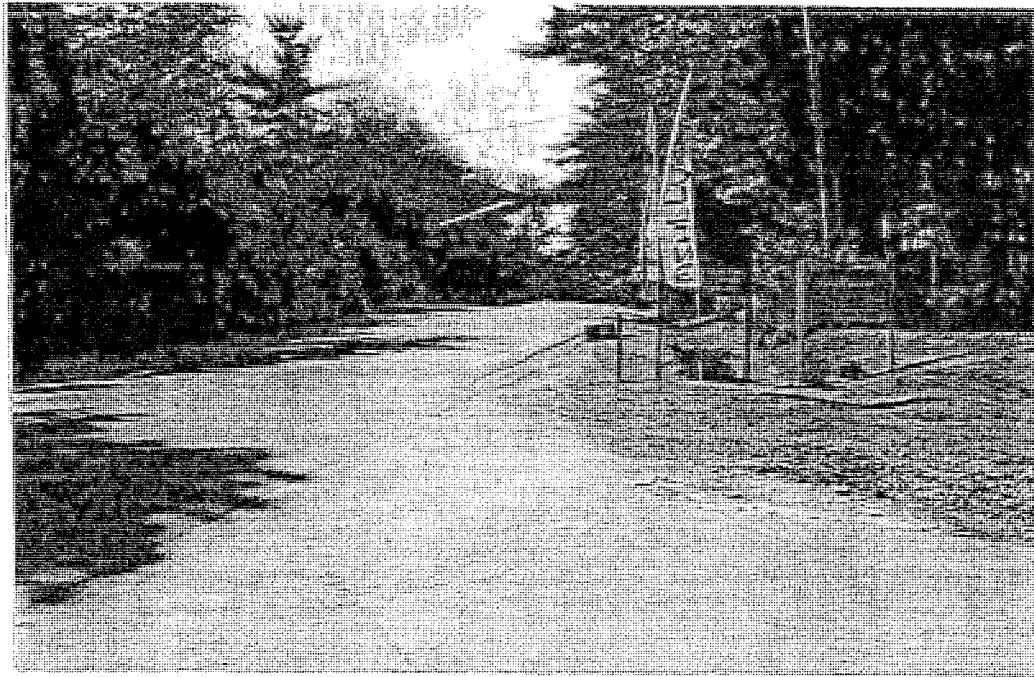
ENTRANCE SIGNAGE



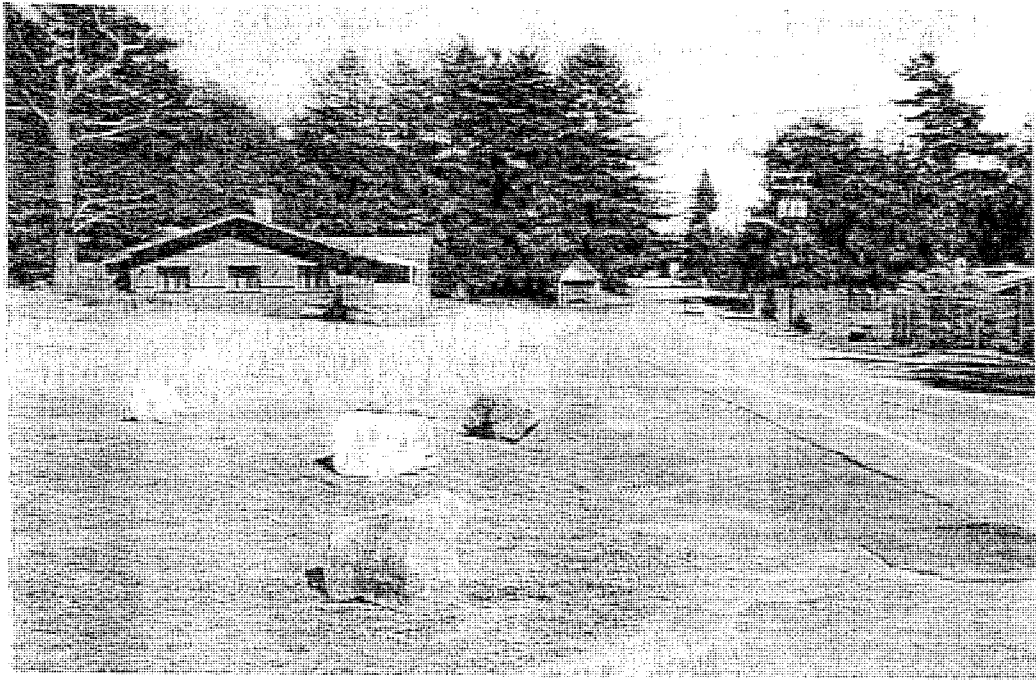
FACING NORTH VIEWING LAKE LOUISE MARIE ROAD
FROM MAIN ENTRANCE



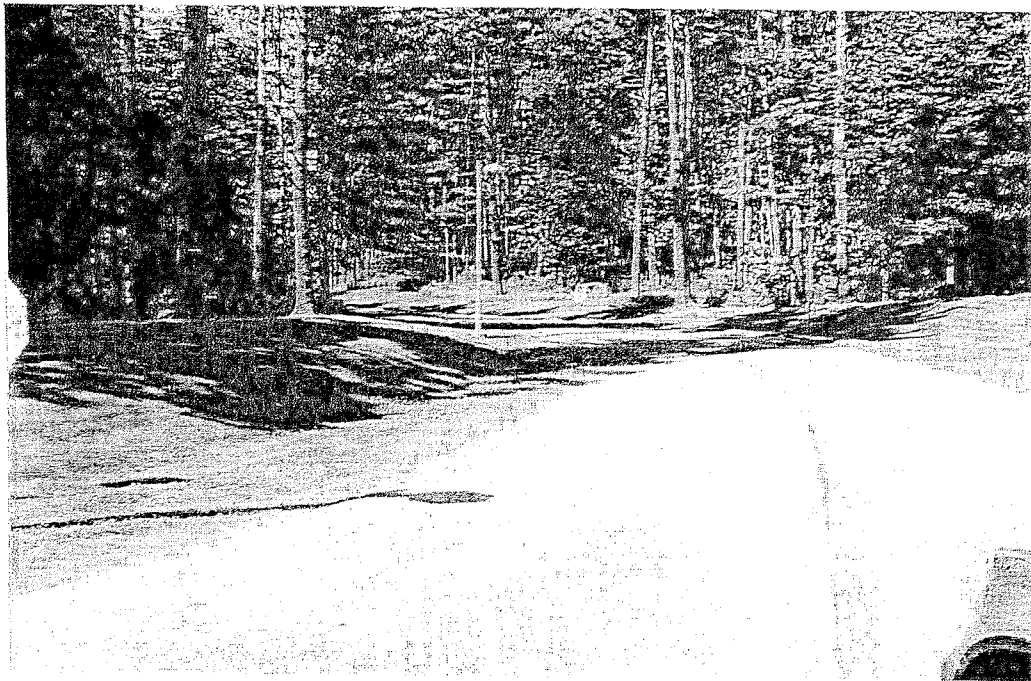
FACING SOUTH VIEWING LAKE LOUISE MARIE ROAD
FROM MAIN ENTRANCE



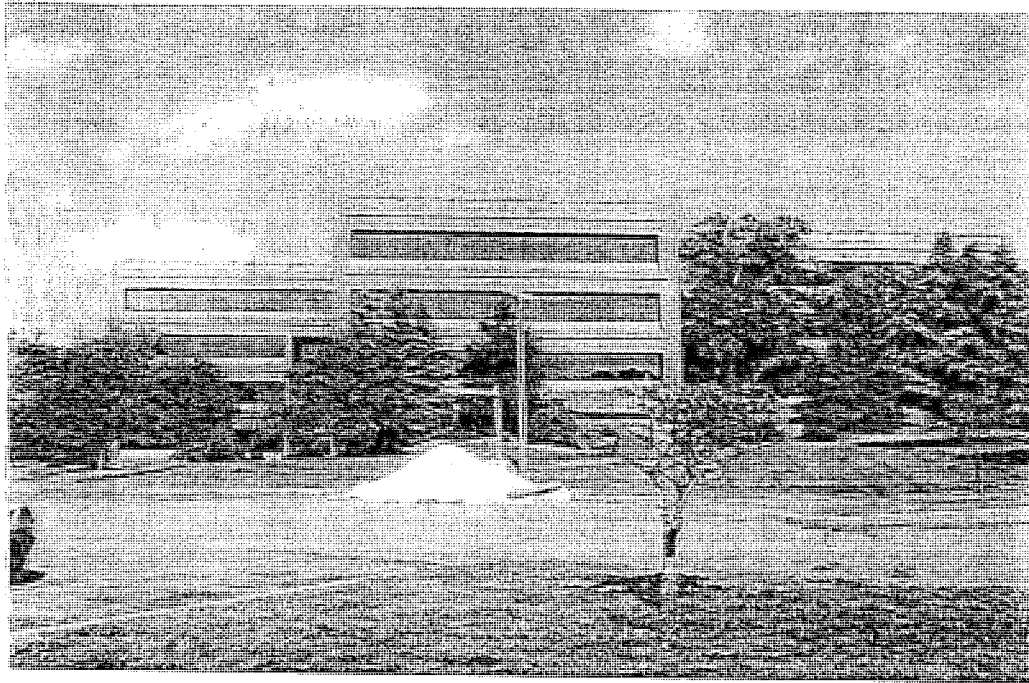
FACING NORTH VIEWING LAKE LOUISE MARIE ROAD
FROM SECONDARY ENTRANCE



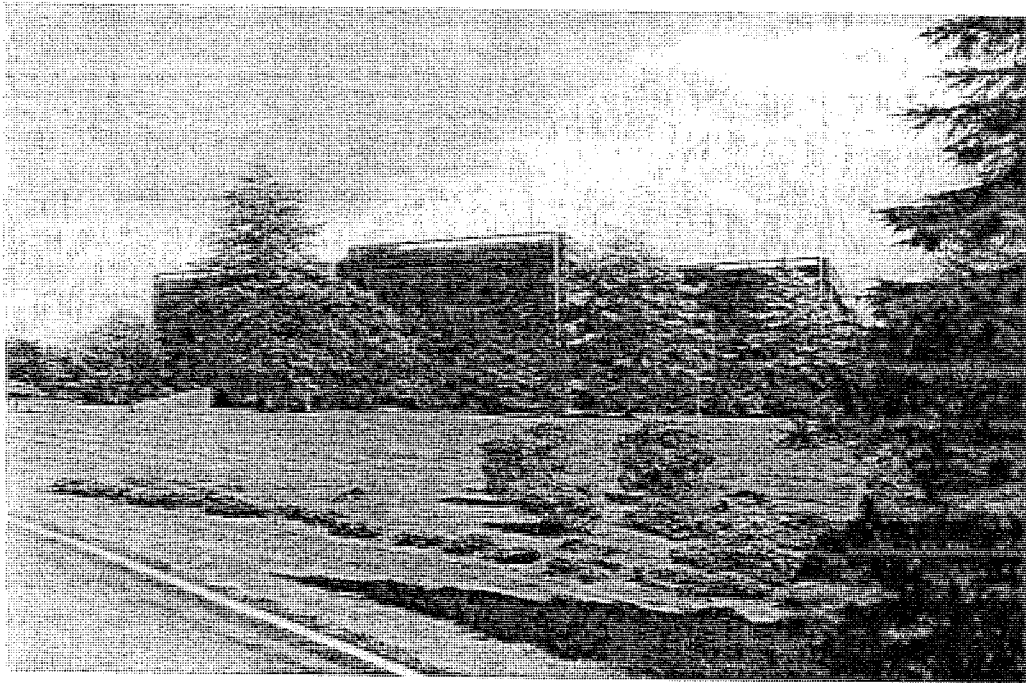
FACING SOUTH VIEWING LAKE LOUISE MARIE ROAD
FROM SECONDARY ENTRANCE



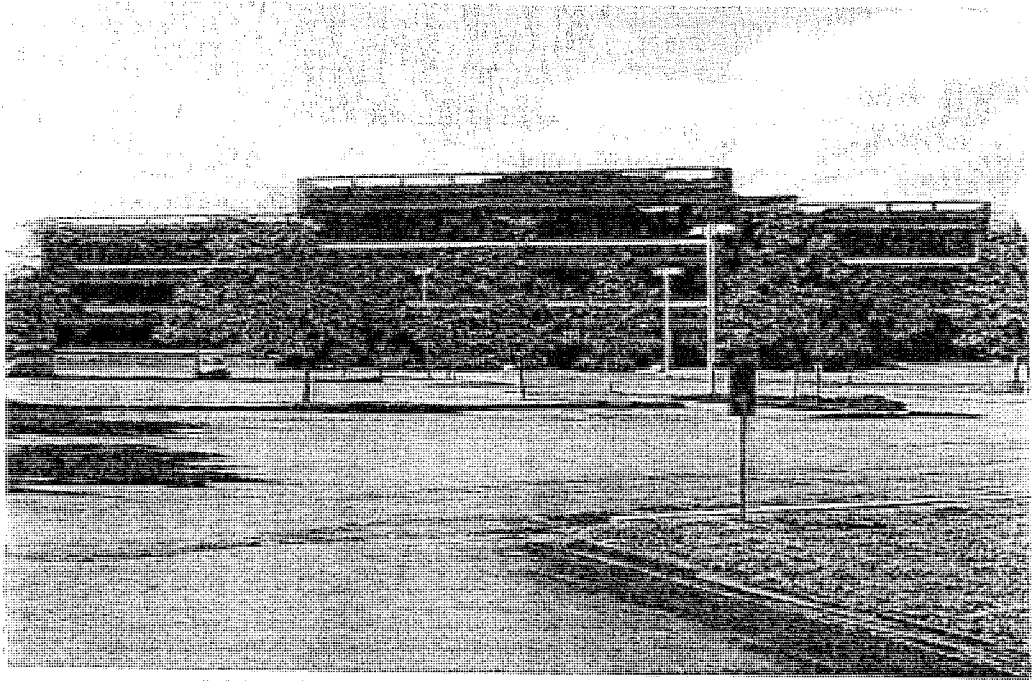
SECONDARY ENTRANCE ROAD



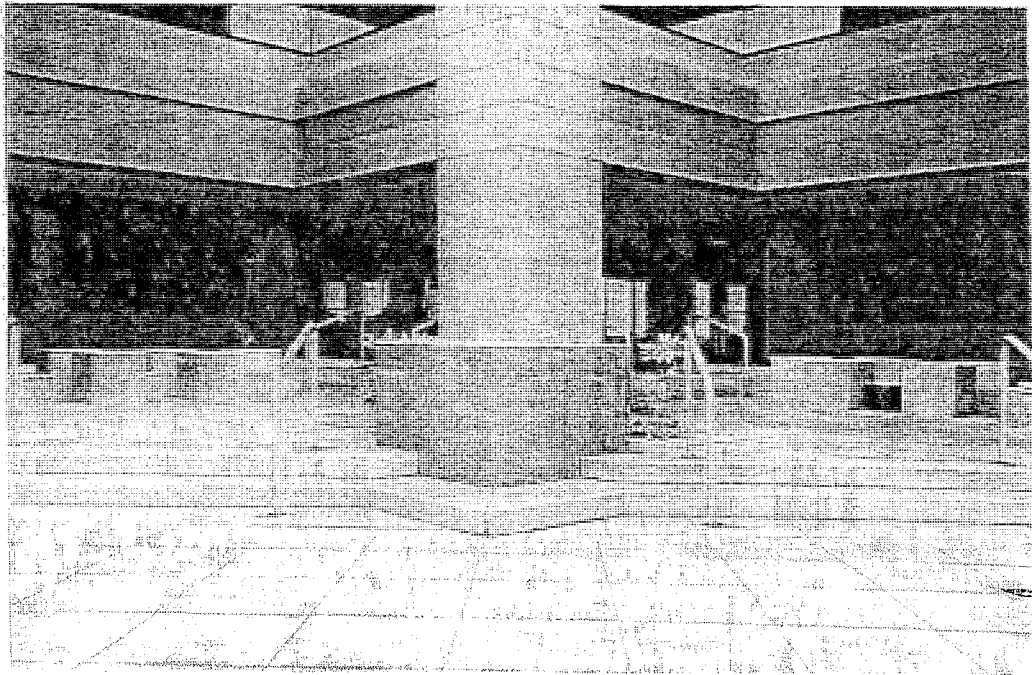
FRONT ELEVATION SHOWING WINGS A, B AND C



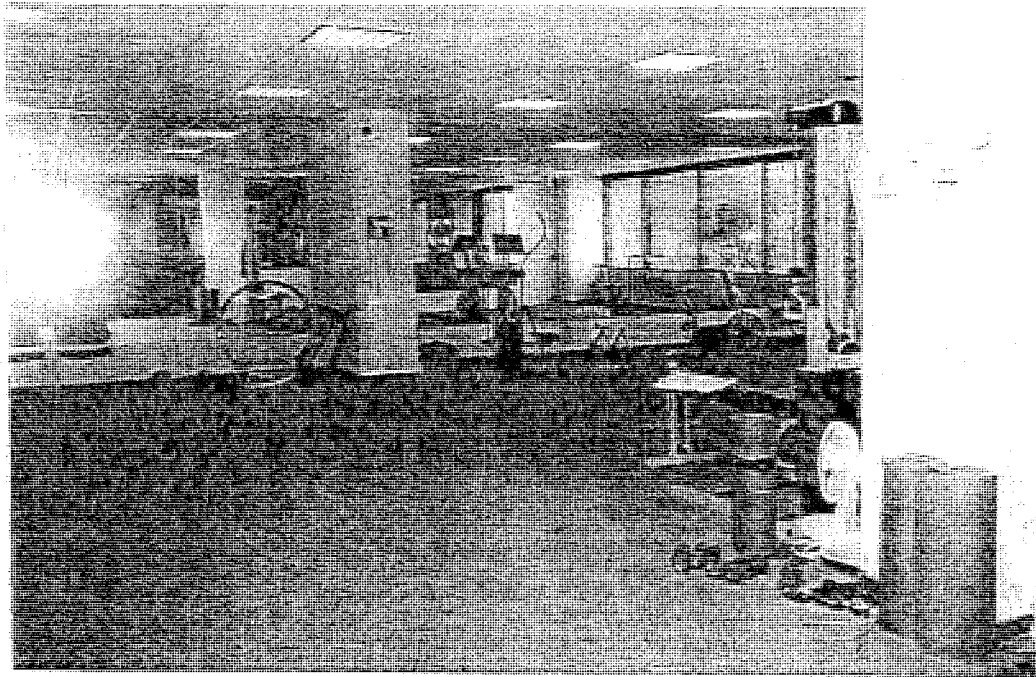
NORTHERLY ELEVATION SHOWING WINGS B, C AND D



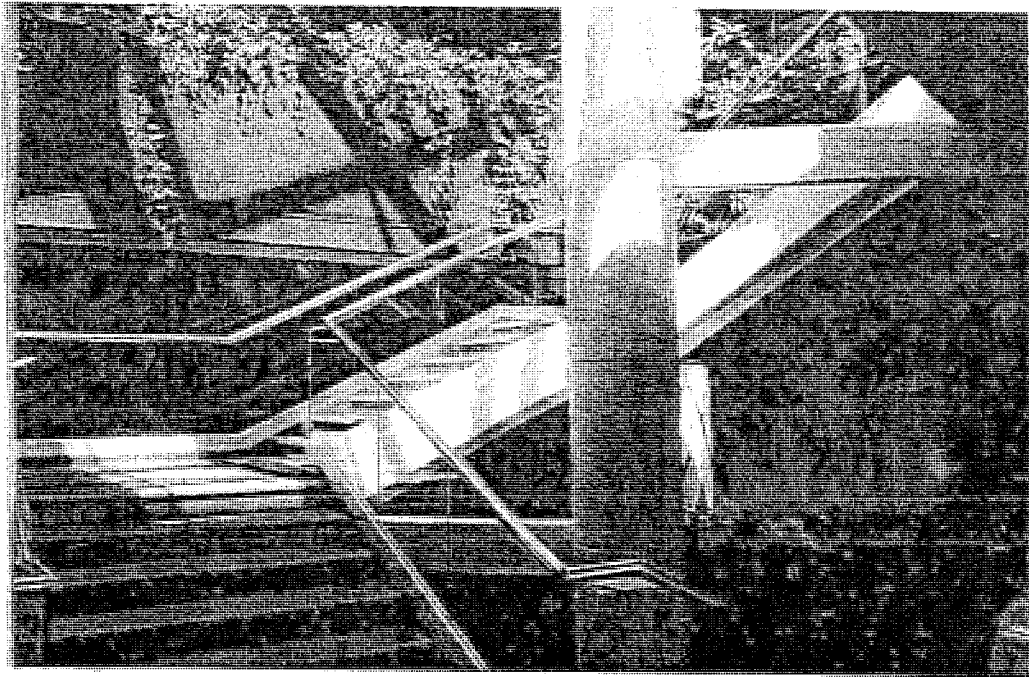
REAR ELEVATION SHOWING WINGS D, E AND F



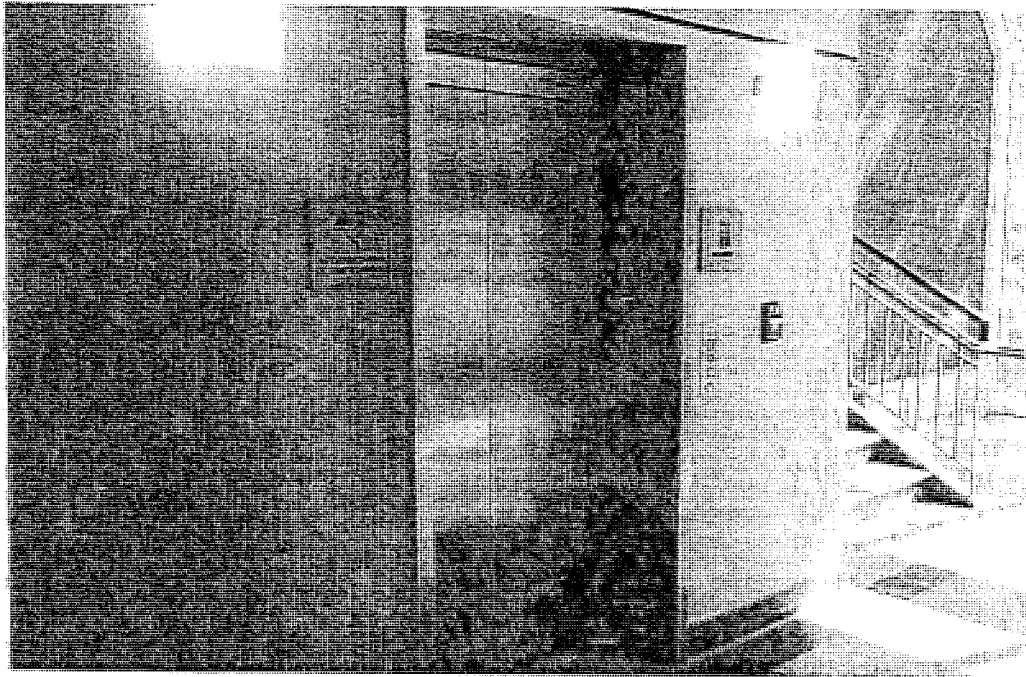
LOWER LEVEL ENTRANCE ON FRONT ELEVATION



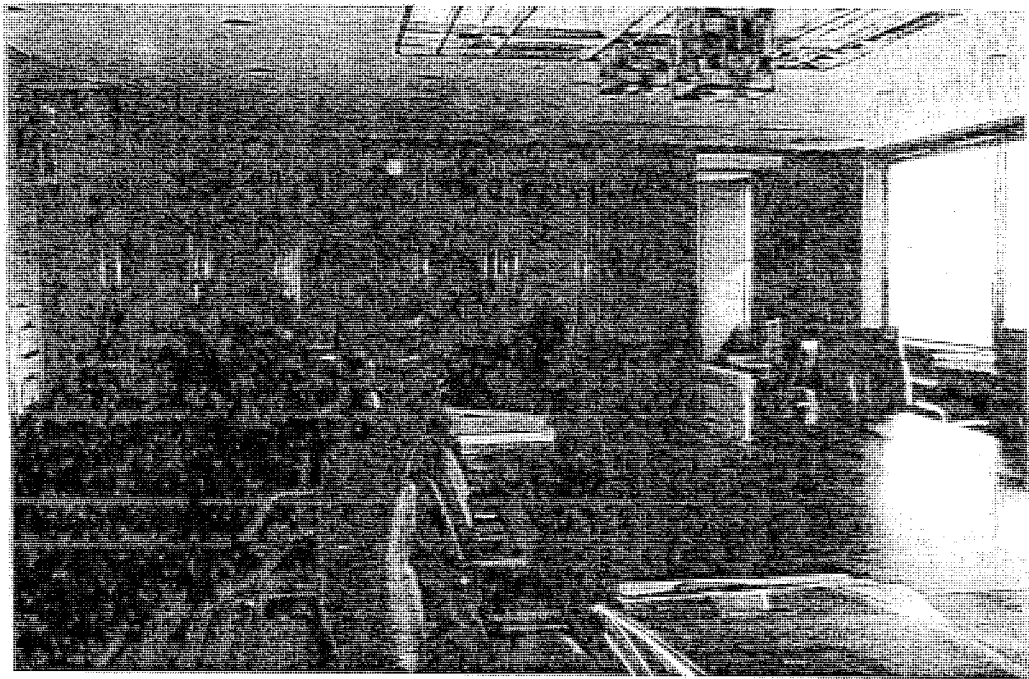
GYM AREA ON LOWER LEVEL



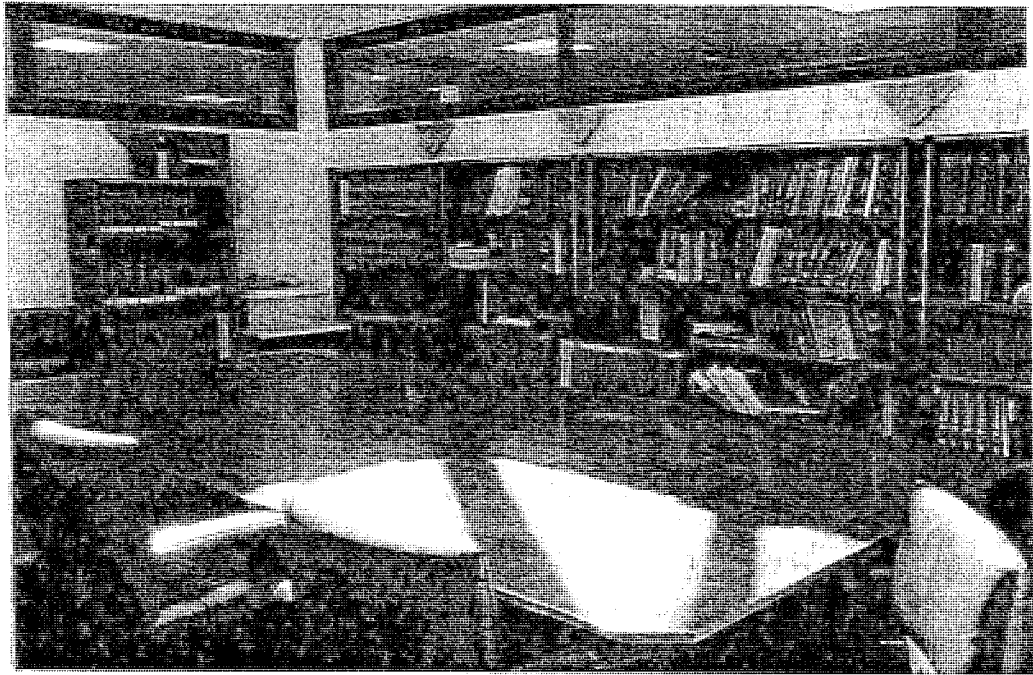
STAIRWELL IN MAIN ENTRANCE LOBBY



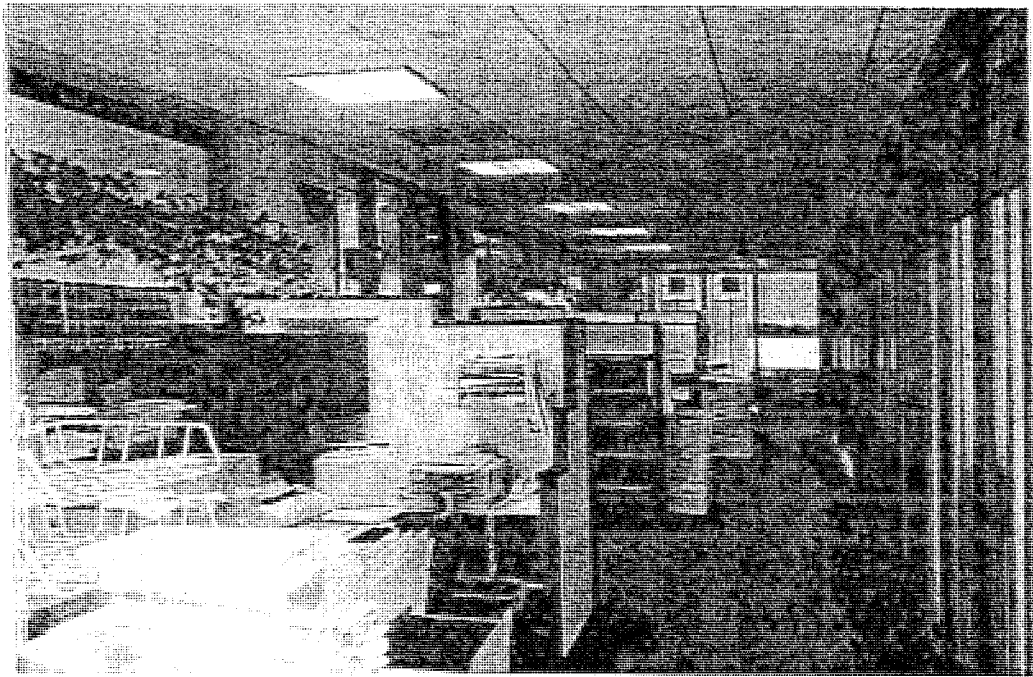
TYPICAL ELEVATOR



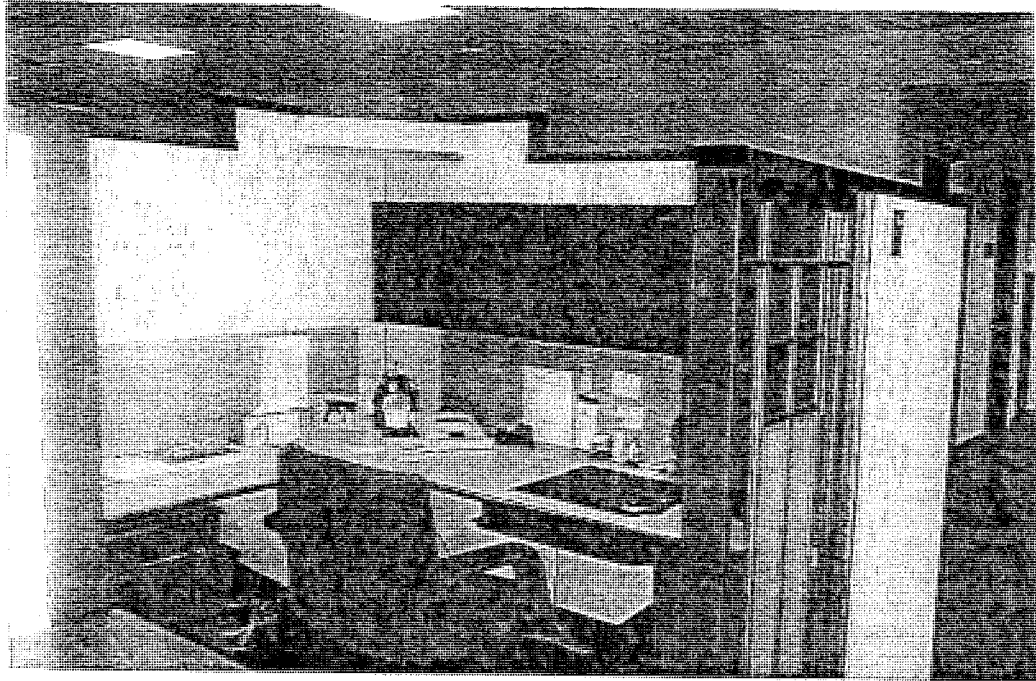
BOARD ROOM IN EXECUTIVE WING



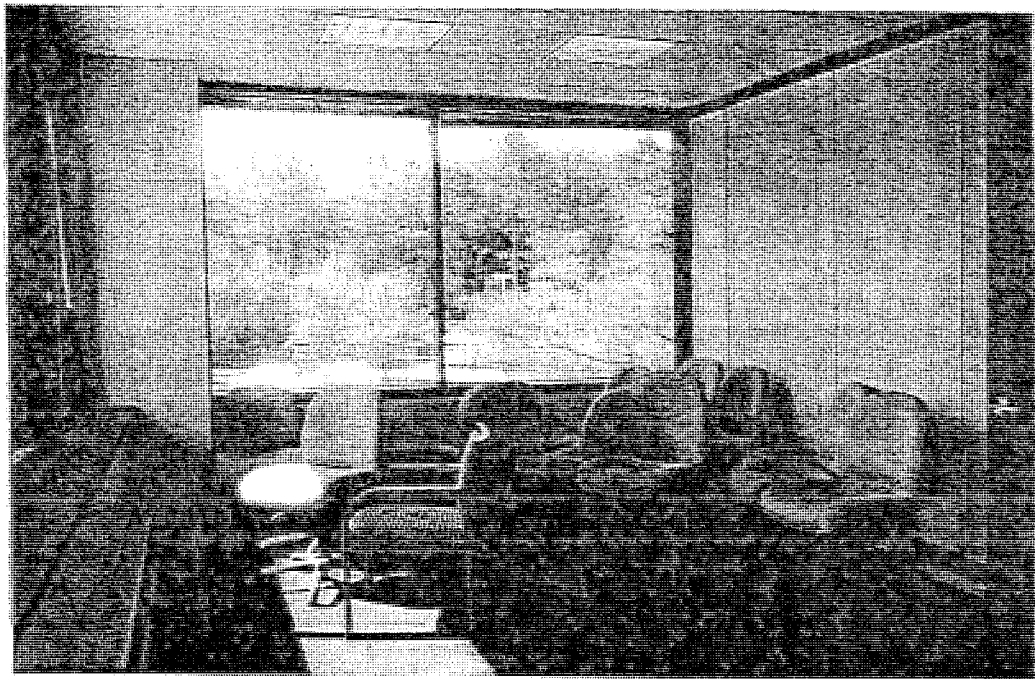
LAW LIBRARY AND CONFERENCE ROOM



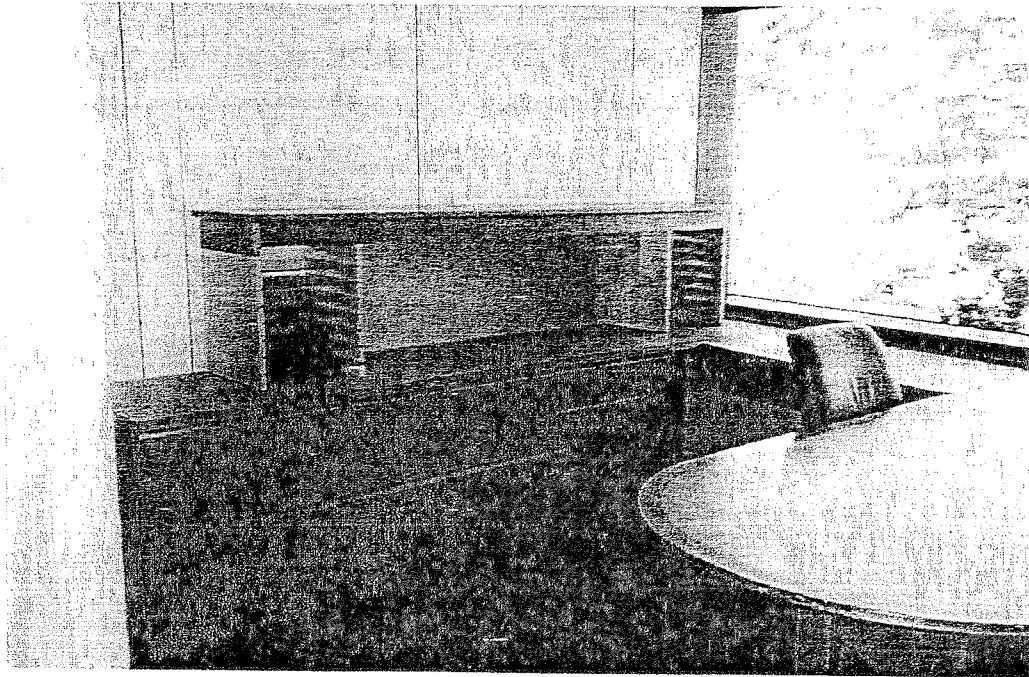
TYPICAL OFFICE CUBICLES



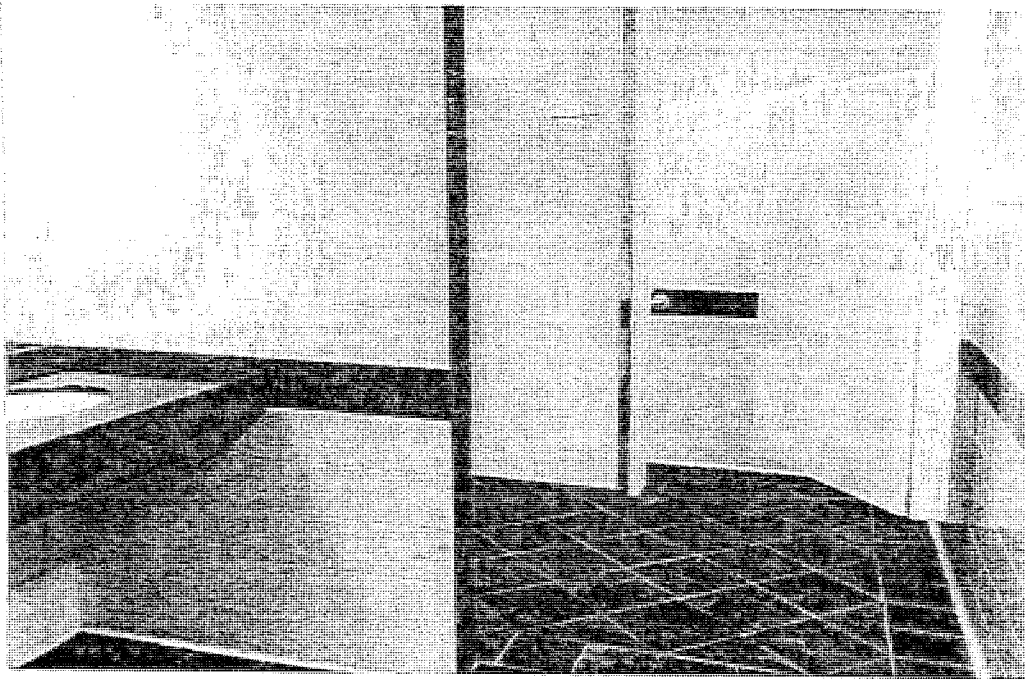
TYPICAL OFFICE CUBICLES



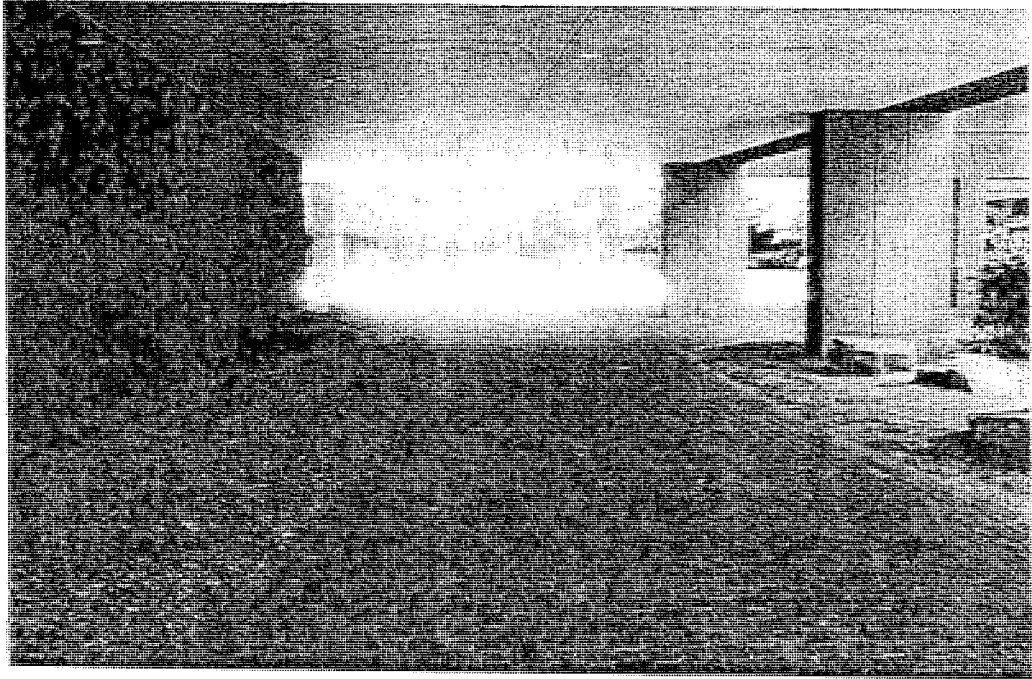
EXECUTIVE OFFICE



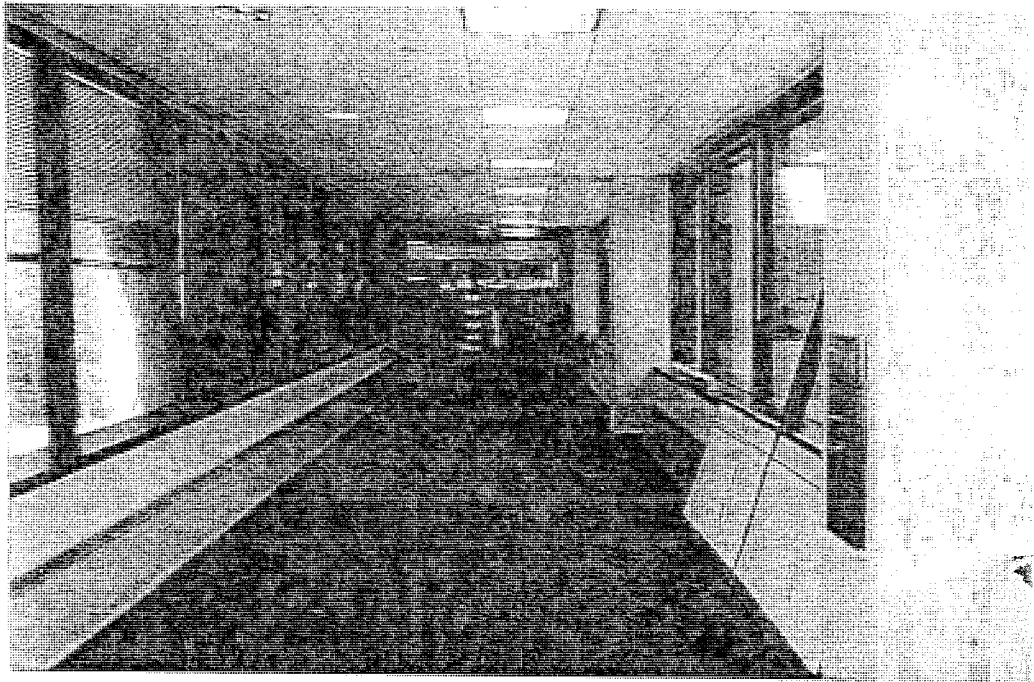
EXECUTIVE OFFICE



TYPICAL BATHROOM - MEN'S



ENTRANCE TO INNER COURTYARD



BRIDGE CONNECTING WINGS A AND F

FUNCTION

The function of the appraisal report is to estimate the "as is" market value of the real estate located at 195 Lake Louise Marie Road, Town of Thompson, Sullivan County, New York, as of July 2, 2012 under prevailing market conditions. The property is identified as Tax Map #052.-1-1.3. The appraisal is being utilized for internal auditing purposes as it relates to the Chapter 11 process. The intended user of the report is Frontier Insurance, their accountants and legal counsel.

PURPOSE

The purpose of the appraisal is to estimate the "as is" market value of the subject property in fee simple estate as of the effective valuation date of July 2, 2012 under prevailing market conditions.

The complete appraisal is provided in a summary format that is in conjunction and conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as formulated by the Appraisal Standards Board of the Appraisal Foundation and the Code of Professional Ethics and Standards of Appraisal Practice by the Appraisal Institute. The appraisal is provided in compliance and conformity with the rules and regulations stated under Title XI of FIRREA.

The appraisal assumes the owner has good, marketable and insurable title and will not render any opinions about the title. The appraiser will not be responsible for matters of legal nature that affect either the property being appraised or the title to it except for information that may become apparent during the research involved in performing the appraisal.

SCOPE OF WORK RULE

The scope of work is "the type and extent of research and analysis in an assignment."⁽¹⁾ The scope of work includes but is not limited to:

- (1) identifying the problem to be solved;
- (2) determine and perform the scope of work necessary to develop credible assignment results;
and
- (3) disclose the scope of work in the report.

It also involves the following:

- the extent to which the property is identified;
- the extent to which tangible property is inspected;
- type and extent of data researched;
- type and extent of analysis applied to arrive at the opinion of value or conclusions.

In preparing this complete report of a complete appraisal, the appraiser has:

- (1) Identified the real estate being appraised and real property interest being appraised.
- (2) Researched the purpose and intended use of the appraisal and provided statement and definitions of market value, fee simple estate, and other assumptions and limiting conditions that affect the "as is" fee simple market value estimate.
- (3) Received written authorization from Frontier Insurance on June 22, 2012 to provide a complete summary appraisal report of the subject property. The purpose of the appraisal is to estimate the "as is" market value of the subject property in fee simple estate as of the effective valuation date of July 2, 2012 under prevailing market conditions. The subject was inspected and photographed by Per Beck-Andersen, Certified Gen. R.E. Appraiser #46-39983, on July 2, 2012. I am responsible for the property inspection, photographs, data collection and verification, report content, preparation and writing, all assumptions and approaches to value and final market value opinion.
- (4) Provided statements setting forth all assumptions and limiting conditions that affect the analysis of opinions in the "as is" fee simple market value estimate.

(1) Standards of Professional Appraisal Practice
USPAP, 2008-2009 Edition, effective January 1, 2009
The Appraisal Foundation, Page U-12

SCOPE OF WORK RULE cont'd

- (5) Gathered primary and secondary data including vacant land and improved property sales, construction costs related to the development of Class A office buildings and lease rates of competitive office space. The subject property is unique in that it is a corporate office building located in a rural and sparsely populated county approximately 90 miles northwest of New York City. In order for the appraiser to assemble data with which to appraise this property, it was necessary to expand the area of analysis to all areas outside of New York City.
- (6) Considered and analyzed any current listing or sale activity over the past five years. According to Christopher DuBois, there has been no sale or listing activity of the property in the last three years.
- (7) Confirmed and analyzed data in accordance with the request of the client and prepared a summary appraisal report. The appraiser has at his disposal the Sales Comparison, Cost and Income Capitalization Approaches. Typically, a land value is provided if the Cost Approach is developed, in the case of the subject, due to the degree of functional obsolescence due to super-adequacy and external obsolescence, the Cost Approach was not considered relevant. The Income Capitalization Approach is best utilized in the valuation of income producing properties, the subject was not built for this use and it is extremely unlikely that the subject could be successfully adapted for this use, this approach is also, therefore, not developed. Therefore, the appraiser determined that only the Sales Comparison Approach was applicable, the omission of the Cost and Income Capitalization Approaches does not materially impact the reliability of the report.
- (8) Arrived at an "as is" market value for the subject property in fee simple estate as of the effective valuation date of July 2, 2012 under prevailing market conditions, wrote and submitted this report.
- (9) Provided signed certification in accordance with Standards Rule 2-3 of the Uniform Standards of Professional Appraisal Practice (USPAP).

As a complete appraisal in summary format, the data was collected through the municipal offices of the Town of Thompson, deed references recorded in the Sullivan County Clerk's Office and our physical inspection, in addition to information provided by ownership. Local real estate brokers, local market participants, management companies, property owners and information retained in the appraiser's files were used in order to gather market data and trends.

SCOPE OF WORK RULE cont'd

Site information is based on the tax maps available from the Sullivan County Department of Real Property, deed references recorded in the Sullivan County Clerk's Office, a survey dated July 17, 1996 and our physical inspection. The current assessment, tax rates and equalization rates were verified with the Sullivan County Department of Finance, the Town of Thompson and Monticello School District. A copy of the P.I.L.O.T. agreement is attached.

The data in this report which is limited to sales of large corporate type office buildings in an expanded market area was confirmed with assessment records, property deeds, grantor or grantee, lessor or lessee, leasing agents, management companies, primary parties or representatives of estates involved in the transaction, and information contained in our files.

COMPETENCY PROVISION

The appraisers possess the necessary education and experience to complete the appraisal assignment competently. The appraisers are New York State certified and designated as indicated on the certification and corresponding qualification pages. The appraisers are familiar with the geographic area in which the subject property is located. The subject property was inspected and photographed by Per Beck-Andersen, Certified General R.E. Appraiser #46-39983. Per Beck-Andersen was responsible for inspection, measurements and photographs, data collection, data verification, report content and report writing and market value estimate. Copies of New York State licenses and qualifications are included in the Addenda.

PROPERTY IDENTIFICATION

The subject property is located along the north side of Lake Louise Marie Road, a half mile east of the Rock Hill exit of N.Y.S. Route 17 in the Town of Thompson, Sullivan County, New York. The site totals 30.9 Acres which is an assemblage of two parcels acquired between 1991 and 1996. The site has 2328.13' of frontage to Lake Louise Marie Road and 2271.24' of frontage to N.Y.S. Route 17 (Interstate Route 86). The site is improved with the corporate headquarters of Frontier Insurance which was built between 1991 and 1997, the gross building area of the main office building is 163,950 s.f., the site is also improved with a daycare totaling 9,700 s.f. and a maintenance building totaling 2,400 s.f. Based on the Marshall Valuation Service, the subject is classified as a good to excellent. Class A office building. The property is identified on the Town of Thompson assessment rolls as Tax Map #052.-1-1.3. The site originally included #1.1, however, this was deleted and merged with #1.3 which was in the ownership of the Sullivan County IDA. The following is a summary of the Town's taxation records.

<i>Frontier Insurance Corporate Headquarters</i>		
<i>195 Lake Louise Marie Road</i>		
<i>Town of Thompson, Sullivan County NY</i>		
<i>Tax Map# 052.-1-1.3</i>		
<i>Assessment & Taxes</i>		
<i>Tax Year 2012</i>		
Assessment		<i>Total</i>
Land		\$1,405,600
Improvements		7,594,400
Total Assessment		\$9,000,000
less: Industrial Development Agency Exemption*		\$0
Taxable Assessment		\$9,000,000
Equalization		
Rate: 2011 Final		78.10%
Equalized Assessed Value		\$11,523,688
Lot Size (Acres)		30.90
Use		Office Building
Building Size (s.f.)		173,680
Classification		464
Levy Descriptions	Tax Rate	Tax Amount
Sullivan County/Town Taxes (1/1/12 - 12/31/12)	\$14.2426	\$126,185.40
Subtotal		126,185.40
add: Monticello		
School District (7/1/11 - 6/30/12)	\$20.6779	186,101.03
Total	\$34.92045	\$312,286.43
* Facility operates under a PILOT with IDA.		

PROPERTY RIGHTS APPRAISED

The property rights appraised consist of the fee simple estate with unencumbered interest in the land, site improvements and building components.

MARKET VALUE

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

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

(1) Federal Deposit Insurance Corporation (FDIC) Final Rules,
12 CFR Part 323.2(f)

FEE SIMPLE ESTATE

"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."⁽¹⁾

EXPOSURE TIME

The estimated length of time the property interest being appraised would have been offered on the market prior to a hypothetical consummation of a sale at a market value on the effective date of appraisal, a retrospective estimate based on an analysis of past events assuming a competitive and open market. The estimated exposure time is 18 to 36 months.

MARKETING TIME

Marketing time is "the time it takes an interest in the real property to sell on the market subsequent to the date of appraisal. Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of appraisal. It is the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence and the consummation of a sale at a price supported by current market conditions. The estimated marketing time is 18 to 36 months.

(1) The Dictionary of Real Estate Appraisal, 4th Edition
Appraisal Institute, Page 113

INTENDED USER

The intended user of the report is Frontier Insurance, their accountants and legal counsel.

INTENDED USE OF REPORT

The purpose of the appraisal is to provide a current market value of the real estate located at 195 Lake Louise Marie Road located in the Town of Thompson, Sullivan County, New York, as of July 2, 2012 under prevailing market conditions. The appraisal is being utilized for internal auditing to assist with the Chapter 11 process.

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following assumptions and limiting conditions except as otherwise noted:

- The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The appraisal assumes the owner has good, marketable and insurable title. There is no responsibility assumed for the legal description or for matters including legal or title considerations.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise noted. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
- The property is under responsible ownership and competent management is available for its highest and best use. Competent property management is assumed.
- The information furnished by others is believed to be reliable, true and factually correct. However, no warranty is given for its accuracy. Should there be any material error in the assumptions in this report, the results of this report are subject to review and revision.
- All engineering reports are assumed to be correct. The plot plans and illustrative matter in this report are included only to assist the reader in visualizing the property. The property is assumed to be in compliance with all applicable building, environmental, zoning and other federal, state and local laws, regulations and codes. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable.
- 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.
- It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in the appraisal report. Information and analysis shown in this report concerning these items are based on reasonable investigation, but any significant questions should be addressed to local zoning or land use officials and/or an attorney.
- It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
- 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 noted in the report.
- Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that could cause a loss in value. There is no responsibility assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if so desired.
- This appraisal report is complete in its submitted form. Our fee is deemed earned at the time of submission of this report. If additional information is required, it can be furnished at a reasonable fee for the service provided and within a reasonable time period. This report is for the use of the client and intended users as outlined in the appraisal report. We are not required to furnish additional information or consultation to any third party or possessor of this report. The appraiser is not required to give future consultation, testimony, or be in attendance in Court unless arrangements have been previously made.
- An appraisal is inherently subjective and represents our opinion as to the value of the property appraised. The conclusions stated in our appraisal apply only as of the effective date of appraisal and no representation is made as to the effect of subsequent events.
- No changes in federal, state or local laws, regulations or codes, including and without limitation, the internal revenue code are anticipated.
- No environmental impact studies were either requested or made in conjunction with this appraisal. The appraiser reserves the right to revise or rescind any of the value opinions based on any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
- The appraiser has made no survey of the property and assumes no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report and the areas and dimensions set forth are assumed to be correct. Any maps, plats, plot plans, drawings and/or exhibits reproduced and included in the report are intended only for the purpose of showing spatial relationships and to assist the reader in visualizing the property unless otherwise stated. The reliability of the information contained on any said map or drawing is assumed by the appraiser and cannot be guaranteed to be correct. A surveyor should be consulted if there is any concern about boundaries, setbacks, encroachments, and/or other survey matters.

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS cont'd

- It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless non-compliance is stated, defined and considered in the appraisal report. The comprehensive examination of laws and regulations affecting the subject property was not performed for the appraisal by the appraiser.
- No opinion is expressed as to the value of subsurface oil, gas or mineral rights if any, and we have assumed that the property is not subject to surface entry for the exportation or removal of such materials unless otherwise noted in the appraisal. It is assumed that there are no hidden or apparent conditions of the property, subsoil or structures that would render it more or less valuable unless so stated. No responsibility is assumed for such conditions or for the engineering that may be required to discover such factors. Since no engineering or percolation tests were made by the appraiser, no reliability is assumed for soil conditions. Subsurface rights other than those typically associated with properties in this area were not considered in making this appraisal unless so stated.
- Wells and septic systems if any are assumed to be in good working condition and of sufficient size, capacity for their stated highest and best use unless otherwise stated.
- This appraisal should not be considered a report on the physical items that are part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, environmental or legal experts and any statement given on these matters in this report should be considered in that context.
- Observed condition of the foundation, roof, exterior walls, interior walls, floors, heating and mechanical systems, plumbing, insulation, electrical service and all mechanicals and construction is based on a reasonable inspection unless otherwise stated. However, the appraiser is not a licensed building inspector. The structures and corresponding mechanicals were not checked for building code violations and it is assumed that all buildings and improvements meet applicable building codes unless so stated in the report.
- The appraiser accepts no responsibility for considerations, requiring expertise in other fields. These considerations include, however are not limited to, legal descriptions and other legal matters such as legal title, geological considerations such as soils and seismic stability, civil, mechanical, electrical, structural and other engineering and environmental matters.
- The appraisers are not environmental experts and do not have the expertise necessary to determine the existence of environmental hazards including but not limited to mechanical equipment or structures or presence of chemical or toxic substances, urea-formaldehyde foam insulation, toxic or hazardous waste, asbestos or hazardous building materials, petroleum leakage, fire retardant treated substances, lead contaminated plumbing, soil and subsoil contamination, ground water contamination, agricultural chemicals, electric magnetic fields, radon and other indoor air contamination which may or may not be present on the property or other environmental hazards or conditions on the subject or surrounding properties. None of these conditions were apparent nor were the appraisers aware of such during the inspection unless so stated. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. Nondisclosure should not be taken as an indication that such a problem does not exist however. The appraiser, however, is not qualified to test such substances or conditions. Based on visual inspection, there does not appear to be any conditions including but not limited to the above-referenced items which would render the property more or less valuable except as noted. The client is urged to retain an expert in that field if certainty is desired.
- No chemical or scientific tests were performed by the appraiser on the subject and it is assumed that the air, water, ground and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the lot does not contain any type of dumpsite and that there are no underground tanks or underground source leaking toxic or hazardous chemicals into the ground water or the environment unless otherwise noted in the report.
- Unless otherwise stated in the report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the value opinion. Failure to comply with the requirements of the ADA may adversely affect the property value. The appraiser recommends that an expert in this field be employed to determine the compliance of the property with the requirements of the ADA and the impact of these matters on the value opinion. The appraiser is not qualified to judge whether the property complies with such laws.
- The distribution of the total valuation in the report between land and improvements, when used, applies only under the reported highest and best use of the property. The land and improvement value allocations must not be used in conjunction with any other appraisal and are only valid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be used separately or out of context.
- The report is to be used in whole and not in part. No part of the report shall be used in conjunction with any other analysis. Publication of the report or any portion thereof without the prior written consent of Appraisal Research, Inc. is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the report may not be used by any persons other than the party or parties to whom it is addressed or for purposes other than that for which it was prepared. No part of the report shall be conveyed to the public through advertising or used in any sales, promotion, Securities and Exchange Commission material or public offerings without Appraisal Research, Inc.'s prior written consent. Any authorized user or users of the report who provides a copy to, or permits reliance thereon, by any persons or entity not authorized by Appraisal Research, Inc. in writing to use or rely thereon, hereby agrees to indemnify and hold Appraisal Research, Inc., its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorney's fees, incurred in investigating and defending any claim arising from or in any way connected to the use of or reliance upon, the report by any such unauthorized person or persons or entity and entities.

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS cont'd

- Neither all or any part of the contents of this report including, especially conclusions as to value, the identity of the appraisers or any reference to the Appraisal Institute, shall be disseminated through advertising media, public relations media, news media or any other means of communication without limitation prospectuses, private offering memorandum and other any offering material provided to perspective investors without prior written consent of the persons signing the report.
- Information, estimates and opinions contained in this report obtained from third party sources are assumed to be reliable and have not been independently verified.
- The comparable sales and other market derived data relied upon in the appraisal are believed to be from reliable sources. Although all of the comparables were examined, it is not possible to inspect them all in detail. The value conclusions are subject to the accuracy of such data.
- Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results. The forecasted potential gross annual income and operating expenses referred to in the report may be based on lease summaries and operating expense history provided by the owner or third parties. The report assumes no responsibility for the authenticity and completeness of the lease information and historical operating expenses provided by others. Appraisal Research, Inc. recommends that legal advice can be obtained regarding the interpretation of lease provisions and the contractual rights of the parties.
- If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy or the real estate industry or of the appraised property at the time the leases expire or otherwise terminate.
- The forecast of income and expenses are not predictions of the future. Rather, they are the appraiser's best opinions of current market thinking on future income and expenses. The appraiser and Appraisal Research, Inc. make no warranty or representation that these forecasts will materialize. The real estate market is never stagnant and is consistently fluctuating and changing. It is not the appraiser's task to predict or in any way warrant the conditions of the future real estate market. The appraiser can only reflect what the investment community as of the date of the report envisions for the future in terms of rental rates, expenses, and supply and demand.
- The current purchasing power of the dollar is the basis for the value stated in our appraisal. The appraisal assumes that there will be no extreme fluctuations in economic cycles.
- The value opinion found herein is subject to these and any other assumptions or conditions set forth in the body of the report but which may have been omitted from this list of assumptions and limiting conditions.
- The analysis contained in this report necessarily incorporates numerous estimates and assumptions regarding property performance, general and local business, and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize and any unanticipated events and circumstances may occur. Therefore, actual results achieved during the period covered by analysis will vary from our estimates and the variations by material.
- The appraisal report is prepared for the exclusive use of the client and stated intended users, affiliates, subsidiaries and related entities. It may not be used or relied on by any other party. All parties who use or rely on any information in the report without our written consent do so at their own risk.
- The appraisers signing the report may have reviewed available flood maps and noted within the appraisal report whether the subject property is located in an identified special hazard area. The appraisers are not qualified to detect such areas and, therefore, do not guarantee such determination. The presence of flood plain areas and/or wetlands may affect the value of the property being appraised and the value conclusion is predicated on the assumption that wetlands are non-essential or minimal.
- The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs and alterations in a workmanlike manner.
- It is expressly acknowledged that in any action which may be brought against Appraisal Research, Inc. or their respective officers, owners, managers, directors, agents, subcontractors or employees (the Appraisal Research, Inc. Parties), arising out of, relating to or in any way pertaining to this engagement, the appraisal reports, or any estimates or information contained therein, the "Appraisal Research, Inc. Parties" shall not be responsible or liable for any incidental or consequential damages or losses unless the appraisal was fraudulent or prepared with gross negligence. It is further acknowledged that the collective liability of the "Appraisal Research, Inc. Parties" and any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with gross negligence. It is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability. The maximum damages recoverable shall be the amount of the monies actually collected by Appraisal Research, Inc. or its affiliates for the report and under no circumstances shall any claim for consequential damages be made.
- If the report is referred to or included in any offering material or prospectus, the report shall be deemed referred to or included for informational purposes and Appraisal Research, Inc., its employees and the appraiser have no liability to such recipients. Appraisal Research, Inc. disclaims any and all liability to any party other than the parties that retained Appraisal Research, Inc. to prepare the report.

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS cont'd

- If the report is submitted to a lender or investor with the prior approval of Appraisal Research, Inc., such party should consider this report as only one factor, together with its independent investment considerations and underlying criteria in its overall investment decision making process. Such lender or investor is specifically cautioned to understand all extraordinary assumptions, hypothetical conditions and the assumptions and limiting conditions incorporated within this appraisal.
- The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partially on property information, data obtained in public records, interviews, existing trends, buyer/seller decision criteria in the current market, and research conducted by third parties and such data are not always completely reliable. Appraisal Research, Inc. and the undersigned are not responsible for these and other future occurrences that could have reasonably been foreseen on the effective date of the assignment. It is inevitable that some assumptions will not materialize and the unanticipated events may occur that will likely affect actual performance. While the appraisers are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved as they are subject to considerable risk and uncertainty. The appraiser assumes competent and effective management and marketing for the duration of the projected holding period.
- Any prospective value estimate if included within the agreed upon scope of work in this report are estimates and forecasts which are prospective in nature and subject to considerable risk and uncertainty. In addition to the contingencies noted in the report, several events which may occur that could substantially alter the outcome of our estimate such as but not limited to changes in the economy, interest rates and capitalization rates, consumer behavior, investors and lenders, fire and other physical destruction, conditions and title or conveyances of easements and deed restrictions. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with future conditions.
- Any estimate of insurable value if included within the agreed scope of work and presented within this report is based on figures derived from the national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and the underwriters have varied specifications, exclusions and non-insurable items. As such, Appraisal Research, Inc. strongly recommends that the client obtain estimates from experienced professionals in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, Appraisal Research, Inc. makes no warranties regarding the accuracy of this estimate.
- By use of this report, each party that uses the report agrees to be bound by all of the assumptions, limiting conditions, hypothetical conditions and extraordinary assumptions stated herein.

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, unbiased professional analyses, opinions, and conclusions;

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

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

My analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute; in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and regulations stated under Title XI of the Federal Financial Institution's Reform, Recovery and Enforcement Act of 1989 (FIRREA).

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.

No one provided significant professional assistance to the person signing this report.

This report has been made in conformity with and is subject to the requirements of the Code of Ethics and Standards and Professional Conduct of the Appraisal Institute.

The appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.

The appraisers and Appraisal Research, Inc. have not performed or provided any professional services pertaining to the subject property within the prior three years as an appraiser or in any other capacity. The company is not presently involved with the management, leasing, disposition or any similar service regarding the subject property.

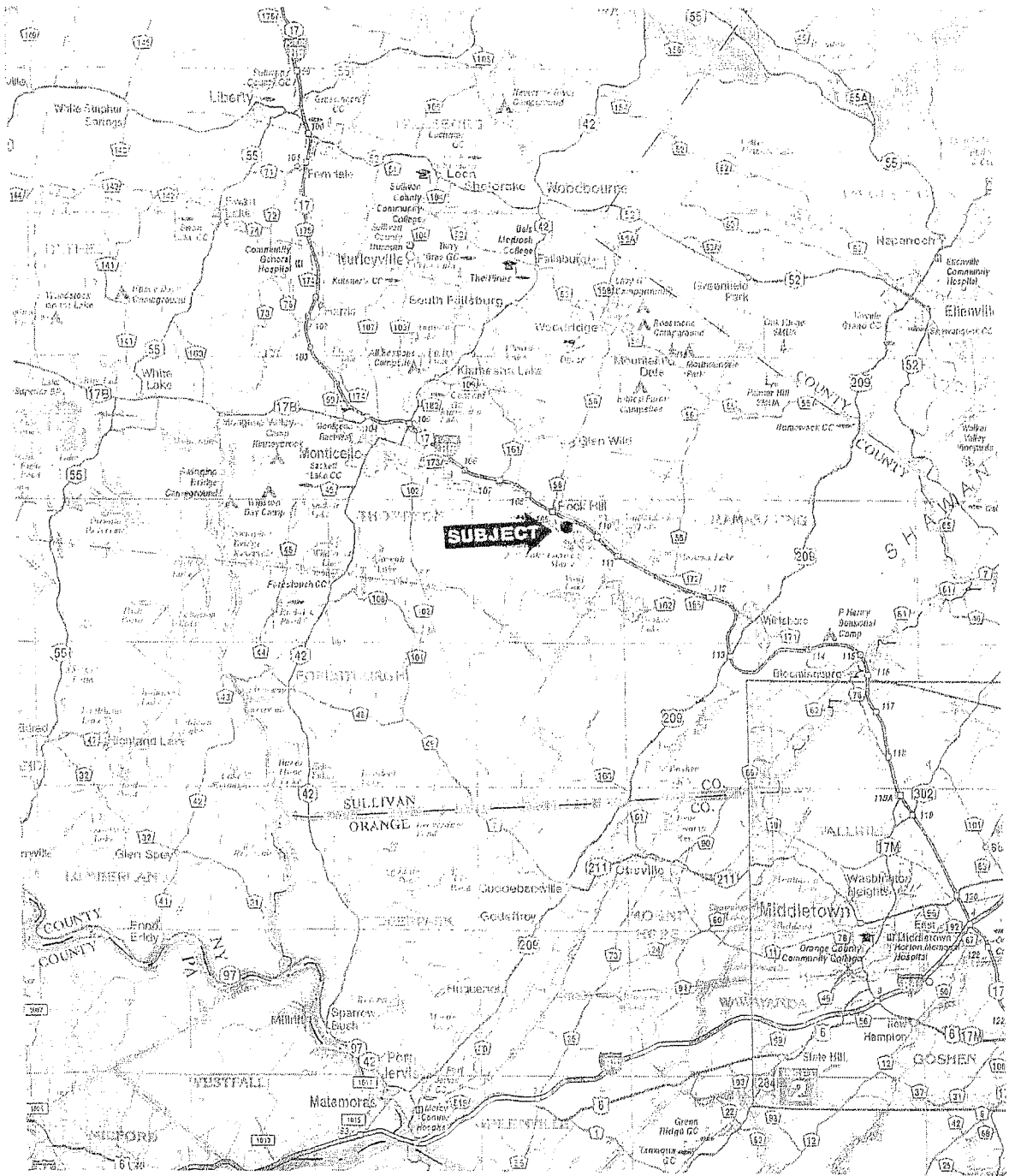
It is my opinion that as of JULY 2, 2012 the "as is" Market Value of the subject property in fee simple estate is:

\$4,100,000 - \$5,750,000

APPRAISAL RESEARCH, INC.

PER BECK-ANDERSEN
CERTIFIED GEN. R.E. APPRAISER
N.Y.S. I.D. #46-39983

MARKET AREA MAP



MARKET AREA ANALYSIS AND DATA

Market area analysis is synonymous with neighborhood analysis. Neighborhood analysis is defined as "the objective analysis of observable and/or quantifiable data indicating discernible patterns of urban growth, structure that may detract or enhance property values."⁽¹⁾ Neighborhood tends to be synonymous with market area which is an area associated with a subject property that contains its direct competition. The boundaries of market area differ depending on property type. Single family dwellings may have a relatively small defined market area. A multiple tenant regional shopping center may have a broader less defined market area.

The analysis considers several factors that influence value including social, economic, governmental and environmental factors. Social influences include demographic characteristics including population density, employment categories, age distribution, household sizes, etc. Economic influences relate to financial capability of market area occupants. Governmental influences relate to laws, regulations, taxation and how these are administered and enforced. Environmental influences are external factors, natural or manmade. These elements serve as a basis for describing the market and neighborhood area for the subject property.

The subject property is located along the north side of Lake Louise Marie Road approximately a half mile east of the Rock Hill exit (#109) in the Town of Thompson, Sullivan County, New York. The Town of Thompson is in the southeastern part of the County bordering the Towns of Fallsburgh to the north, Mamakating to the east, Forestburg to the south and Bethel to the west. The Village of Monticello is located in the central section of the Town and is the largest community within the County. The subject's location is identified on the map on the facing page.

(1) Dictionary of Real Estate Appraisal, 5th Edition
Appraisal Institute, Page 133

MARKET AREA ANALYSIS AND DATA cont'd

Sullivan County is in the southern part of New York State, southeast of Binghamton and southwest of Albany, it is separated by the Delaware River from Pennsylvania. The County, which starts about 75 miles northwest of New York City, is in the Catskill Mountains, its northeastern corner is within the Catskill Park. According to the 2010 Census, the County's population was 77,547, an increase of 4.8% from its 2000 level. The County's population has experienced moderate growth over the last 20 years. The Town of Thompson's 2010 population was 15,308, an increase of 8% over the 2000 level. The County is perhaps most renowned for being the location of hundreds of Borscht built hotels and resorts, which had their heyday from the 1920's through the 1970's, the majority of which have since closed. However, the population is estimated to reach 150,000 residents if second homeowners were included. During the summer, when other temporary residents and visitors are counted, the population can reach 300,000 at its peak.

In spite of Sullivan County's comparatively centralized location, placing it within a 100 mile radius of 26,000,000 people and just 90 miles northwest of New York City, lacks a good public transportation system which has clearly limited its growth except for the seasonal second homeowners emanating from New York City. N.Y.S. Route 17 (Interstate Route 86) is the primary transportation route serving the County, it extends from Exit 16 at I-87 in a northwesterly direction intersecting with I-84 continuing northwest through the County linking Bloomingburg, Monticello, Liberty and Roscoe, and on into Delaware County. Exit 4 of I-84 is 18 miles from Rock Hill, I-84 connects with I-87 at Exit 7 approximately 15 miles east which is the primary route connecting the subject with New York City. Interstate Routes 84 and 87 tend to establish the boundaries of commercial development in the Hudson Valley region.

MARKET AREA ANALYSIS AND DATA cont'd

The Hudson Valley economic region is made up of Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster and Westchester Counties. The region had a May 2012 unemployment rate of 7.6% which was up from 6.9% a year earlier. Individually, Sullivan County tends to post the highest unemployment rate which, as of May, was 9.87% up from 8.7% a year earlier. Putnam, Rockland and Westchester Counties tend to maintain the lowest unemployment rates. While Sullivan County is within the Hudson Valley region, it accounts for a very small part of the economic activity.

Private sector jobs in the Hudson Valley rose by 10,100 or by 1.4% to 745,700 for the 12 month period ending May 2012. Gains were largest in education and health services (+5,000), trade, transportation and utilities (+3,900), professional and business services (+2,500) and leisure and hospitality (+2,100). Losses were concentrated in natural resources, mining and construction (-2,900) and manufacturing (-1,500). Sullivan County has a labor force of about 35,000, this has essentially remained unchanged for the last 5 years. As of June 2012, 31,800 were employed, the unemployment rate of 9.8%. The County's unemployment rate reached a 10 year high in February of 2010 when it hit 10.9%. Clearly, the County was adversely affected like most other areas in New York State by the 2008 financial crisis, prior to which the County's unemployment rate had fluctuated between 4.5% to 5.0%. Total non-farm employment as of June 2012 was 26,500, the largest employment centers are private service providing, educational and health services, and government.

The County has three industrial parks including Emerald Corporate Center, Glen Wild Industrial Park and Liberty Business Park. The last major development in the County was in the Emerald Corporate Park which is located on the north side of Route 17 opposite the subject in 2001 when Crystal Run Healthcare built an 81,000 s.f. outpatient medical facility which employs 30 physicians and 180 support staff. This building still remains the only building in the 57 Acre industrial park.

MARKET AREA ANALYSIS AND DATA cont'd

The 2002 Gaming Compact signed with the State of New York under the Federal Indian Gaming Regulatory Act permitted the establishment of five Class III Indian casinos, there are also some Indian casinos that offer Class II gambling which consist of electronic gaming machines. In October 2001, legislation was passed to allow the introduction of slot machine-type video lottery machines at New York racetracks, officially referred to as Video Gaming Machines (VGMs), they are regulated by the New York State Lottery Division. It has a been a long held belief that if New York State would permit casino gambling, Sullivan County would be home to the largest resort in New York State in decades which would include a \$600 million entertainment, housing and gambling complex on the grounds of the once famous Concord Resort.

In March of 2012, the project was unveiled at a Town meeting which includes a proposal to move the Monticello Racetrack and Slot Machine Parlor to the site of the hotel. The two companies involved in the development include the Entertainment Properties Trust which owns 1,530 Acres and Kien Huat, a Malaysian company that controls the racetrack. Development would include a hotel, conference center, water park and upscale shopping mall, along side a refurbished championship golf course at the site. The project will not proceed unless the State approves casino gambling which seems unlikely based on the existing compact with the Indian tribes. In addition, Louis R. Cappelli, the Westchester County developer who bought the defunct Concord Resort in 1999 but lost most of the property, filed a lawsuit in Federal Court in Manhattan to stop the proposed project. Mr. Cappelli contends that Entertainment Properties and the racetrack company controlled by Kien Huat had engaged in a "secret conspiracy" to block his plan for the development of a competing racetrack and casino at the site. Mr. Cappelli is seeking \$1.5 billion in damages. Realistically, a Class III gaming resort in Sullivan County whether it be on the former Concord site or any other is extremely unlikely!

MARKET AREA ANALYSIS AND DATA cont'd

Sullivan County is economically depressed, it has a very high unemployment rate, lacks good public transportation and has a limited workforce for entry level and support staff positions. Any large scale company occupying the subject property would need to import middle and upper level management from outside the area including Downstate, New Jersey and Pennsylvania. Quality of life considerations would also tend to severely hinder the property in terms of being site selected when compared to areas along the I-84 and 87 corridor. Simply getting a "good deal" on a property would not be a persuasive argument to relocating a company to Sullivan County.

Rock Hill is in the eastern section of the Town, it has a heavy concentration of second homes which are built on and around Lake Louise Marie, Wolf Lake and Wanaksink Lake. The majority of new development within the County is almost exclusively single family residential, a significant portion of which are second homes. The sale prices of single family homes in the Emerald Green Estates range from \$150,000 up to a half million dollars+, the higher of which are homes with direct lake frontage. Sullivan County recorded a total of 534 sales in 2011, the median home selling price was \$139,450. The median selling price over the last three years has ranged from \$136,472 to \$145,000, which is substantially below neighboring counties. The median selling price in Ulster County in 2011 was \$210,750 and in Orange County was \$253,500. Non-residential uses in the area of the subject include the Las Vegas Sports Bar at 227 Lake Louise Marie Road, this is located to the subject's immediate east, the Irwin Siegel Insurance Services at 25 Lake Louise Marie Road, this is a 30,000 s.f. professional office building, and the Crescent Hill Synagogue.

Rock Hill's commercial district is located closer to Exit 10 on Rock Hill Drive which extends along the north side of Route 17/I-86. Located on the northerly edge of the commercial district is the Lodge at Rock Hill, this is a 73 room hotel and convention center situated on 55 Acres, which at one time was owned by Frontier Insurance. To its east is the Corporate Emerald Center.

MARKET AREA ANALYSIS AND DATA cont'd

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MARKET AREA ANALYSIS AND DATA cont'd

Monticello is the County seat which historically has been the center of retailing within Sullivan County. A survey of Broadway, Monticello's main commercial district, found approximately 50% of the storefronts to be vacant and many of the properties were in disrepair. An emerging commercial district has developed on Route 42 north of Monticello which includes a Walmart and various fast food restaurants.

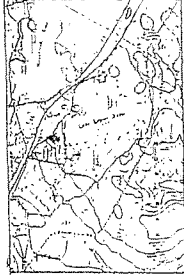
Located on the western side of Monticello is the luxury condo complex known as Dunbar Towers, this is a 175,000 s.f. building with 92 one and two bedroom condos overlooking the Monticello Casino and Raceway. The original developer, Lieb Puretz, conceived the project in 2006 and obtained construction financing of over \$15 million. The project was partially completed and has remained so for three to four years. In January of 2012, the partially completed project was sold for \$2.1 million. The Manhattan based investment group, Dunbar Equity Partners, LLC, has indicated to the Village that they will invest a further \$3 million completing the seven-story complex. The plan is to market the homes to the ultraorthodox community.

As a good to excellent quality, Class A corporate headquarters, the subject is unique within Sullivan County. A search of similarly classified buildings (#464s) of more than 25,000 s.f. yielded 8 properties, the largest (excluding the subject) of which is located at 1-3 Cablevision Center Drive in Liberty, which totals 115,000 s.f., this is essentially an owner occupied office building. The remaining buildings range from 26,000 to 40,000 s.f., two of the properties are located in Liberty, four in Monticello and two in the Town of Thompson, one of which is the subject. The lack of similar buildings in the County as a whole only goes to illustrate the limited demand for a property of this size and quality. The property's original site selection is thought to have been based more on the company founder's ties to the local community than a sound business decision!

MARKET AREA ANALYSIS AND DATA cont'd

The primary weaknesses of the property relating to the physical improvements and its location are as follows:

- Lack of public transportation
- Lack of qualified workforce for support positions and particularly for middle and upper management
- Super-adequacy of the improvements
- Limited adaptive reuses
- Property coming off 20 year P.I.L.O.T.
- Sewer charges
- No natural gas
- Limited market
- Distance to New York City



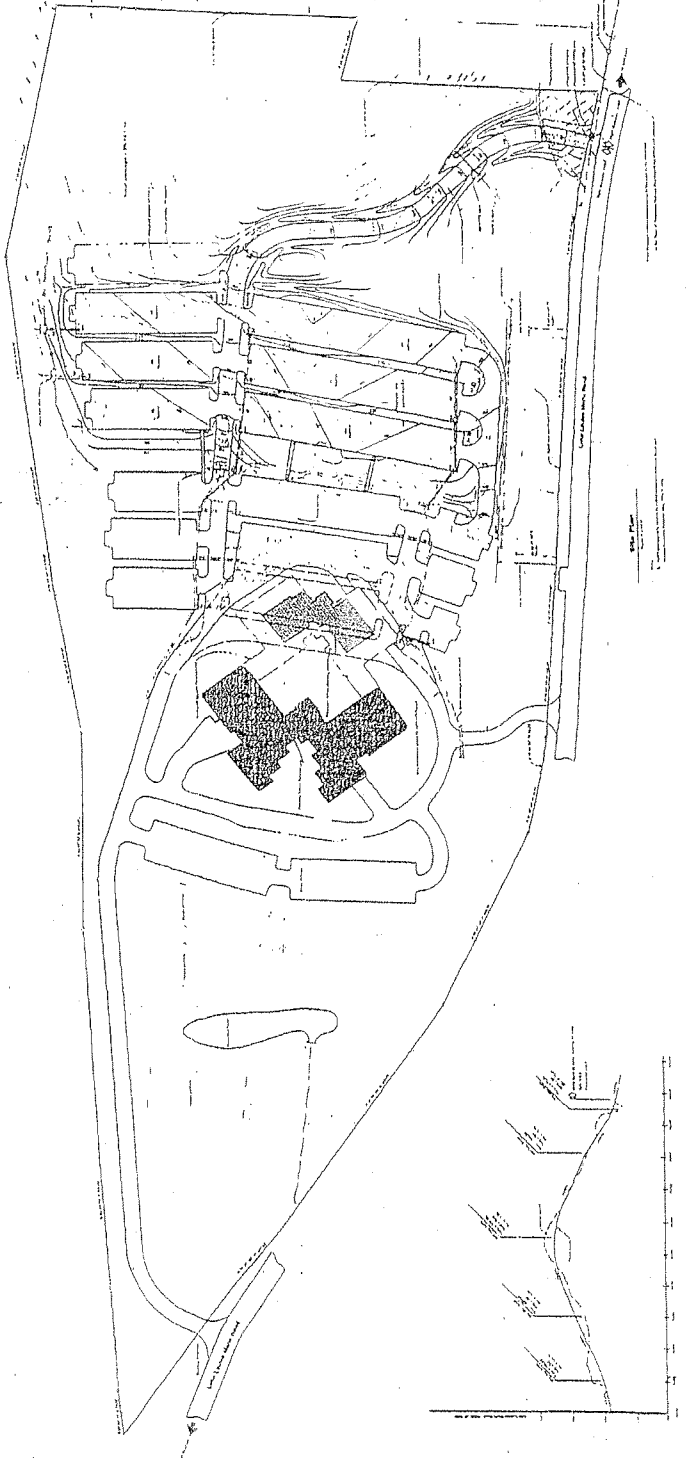
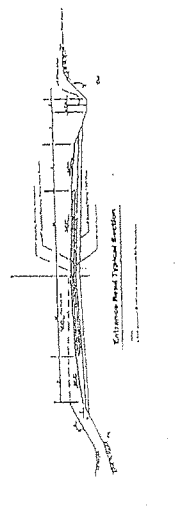
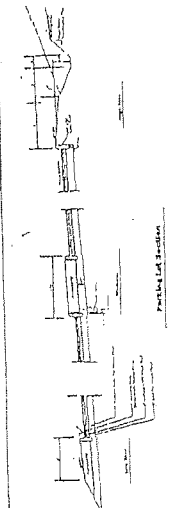
CONCRETE REINFORCING
 Approved by the
 State of New York
 License No. 1074000

ZONING DISTRICT / CLASSIFICATION

Code	Description	Permitted	Prohibited
R-1	Single-Family Residential	Yes	No
R-2	Two-Family Residential	Yes	No
R-3	Three-Family Residential	Yes	No
R-4	Four-Family Residential	Yes	No
R-5	Five-Family Residential	Yes	No
R-6	Six-Family Residential	Yes	No
R-7	Seven-Family Residential	Yes	No
R-8	Eight-Family Residential	Yes	No
R-9	Nine-Family Residential	Yes	No
R-10	Ten-Family Residential	Yes	No
R-11	Eleven-Family Residential	Yes	No
R-12	Twelve-Family Residential	Yes	No
R-13	Thirteen-Family Residential	Yes	No
R-14	Fourteen-Family Residential	Yes	No
R-15	Fifteen-Family Residential	Yes	No
R-16	Sixteen-Family Residential	Yes	No
R-17	Seventeen-Family Residential	Yes	No
R-18	Eighteen-Family Residential	Yes	No
R-19	Nineteen-Family Residential	Yes	No
R-20	Twenty-Family Residential	Yes	No

NOTE:
 1. All proposed improvements shall conform to the provisions of the Zoning Ordinance, Chapter 24-00, of the Town of ...
 2. The proposed improvements shall be designed and constructed in accordance with the provisions of the ...
 3. The proposed improvements shall be designed and constructed in accordance with the provisions of the ...

NOTE:
 1. All proposed improvements shall conform to the provisions of the Zoning Ordinance, Chapter 24-00, of the Town of ...
 2. The proposed improvements shall be designed and constructed in accordance with the provisions of the ...
 3. The proposed improvements shall be designed and constructed in accordance with the provisions of the ...



SITE DESCRIPTION AND ANALYSIS

A site is defined as "land that is improved so that it is ready to be used for a specific purpose."⁽¹⁾ The site description contains compilation of detailed factual data sometimes including a legal description, other title and record data, and information on the pertinent physical characteristics of a parcel of land or site. The physical characteristics are analyzed in relation to neighborhood characteristics in order to determine whether the utility and marketability is increased or decreased.

Site information is based on the tax maps available from the Sullivan County Department of Real Property, deed references recorded in the Sullivan County Clerk's Office, a survey dated July 17, 1996 and our physical inspection. The physical characteristics are as follows:

Size	The site was assembled between 1991 and 1996. The original parcel totaled 17.93 Acres, a further 12.96 Acres was acquired in 1996 for the addition. The combined site area is 30.90 Acres. The Town originally identified the two parcels as #1.1 and #1.3, #1.1 has been deleted and merged with #1.3.
Shape	Irregular
Frontage & Boundaries	The site has 2328.13' of frontage on Lake Louise Marie Road and 2271.24' of frontage to N.Y.S. Route 17, this is Interstate Route 86 which is non-accessible. The southerly boundary is 763.01'.
Topography	The prevailing topography of the site is sloping downward in an east to west direction. The site is a series of plateaus accommodating the parking lot and building area. The site is at steepest on its westerly boundary.
Drainage	Average and adequate, and typical for the immediate neighborhood. The appraiser did not observe any drainage issues on the day of inspection. There is a retention basin on the westerly boundary and various drainage swales.
Flood Zone Information	According to Federal Emergency Management Agency Flood Map Panel No. 36105C 0630F (effective February 18, 2011), the site is in a Zone X placing it outside the 100-year flood plain.
Ingress & Egress	There are three curb cuts on Lake Louise Marie Road which provide safe and adequate access. The property's main entrance is on the westerly boundary.

(1) Dictionary of Real Estate Appraisal, 5th Edition
Appraisal Institute, Page 182

SITE DESCRIPTION AND ANALYSIS cont'd

Visibility & Property Identification

Good and excellent

Utilities

Municipal utilities available to the area include electricity, sewer and water, and telephone. The primary energy sources used in this area are fuel oil and propane. The subject utilizes fuel oil and electric as its primary energy courses.

Easements & Rights-of-Way

The site appears to be encumbered by the usual utility easements which do not affect value or marketability.

Relationship to Surrounding Land Use Properties

The subject's neighborhood is in the easterly part of the Town which is a heavily developed community of mostly second homes that are built on several area lakes. The neighborhood is approximately 75% to 80% developed, it is predominantly residential. Non-residential uses in the area of the subject include the offices of Irwin Siegel Insurance Services at 25 Lake Louise Marie Road, the Crescent Hill Synagogue, the Las Vegas Sports Bar & Grill, and several municipally owned parcels which are related to the local sewer district.

Site Improvements

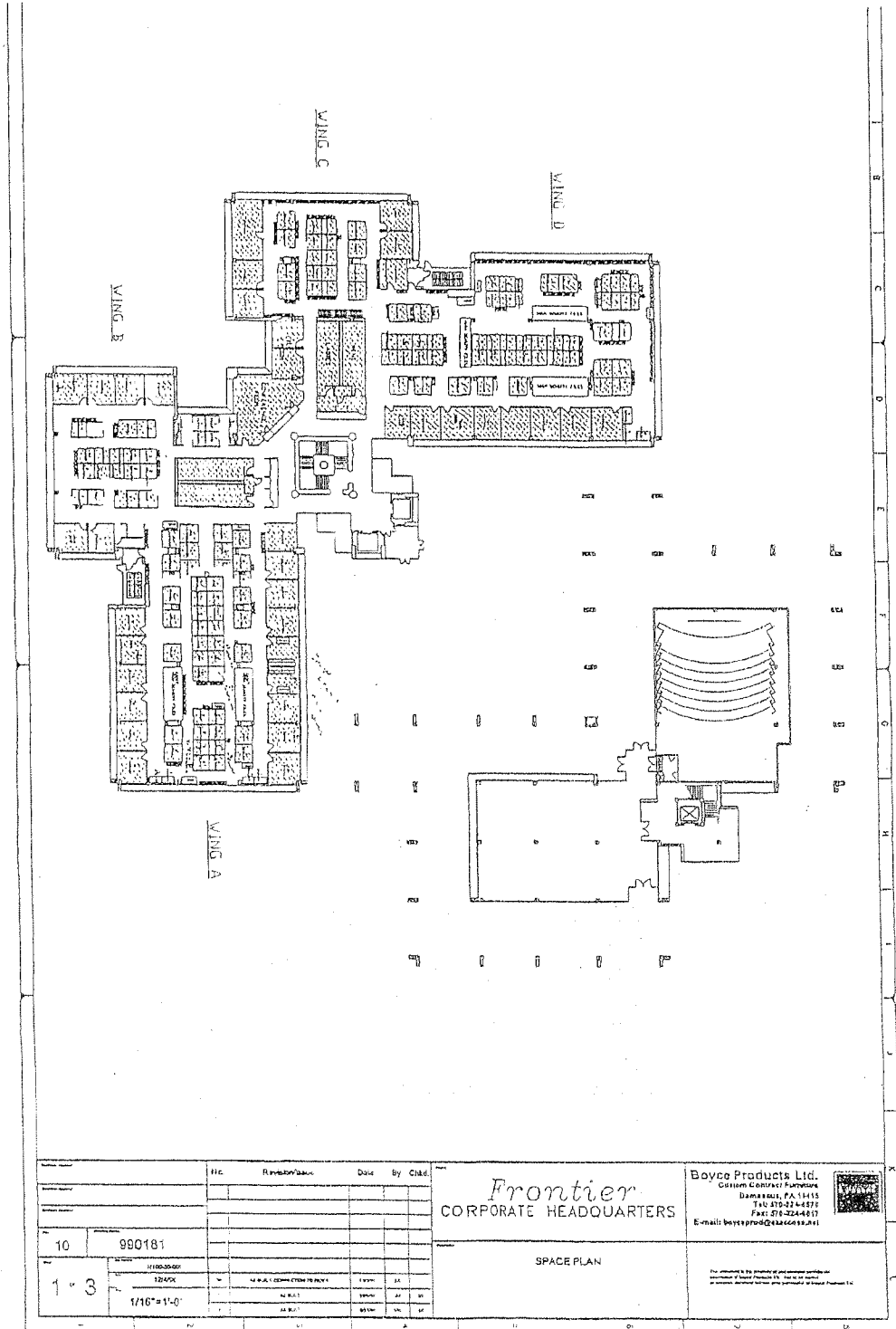
There are three asphalt paved driveways entering the site from Lake Louise Marie Road which connect with the interior roadways and the 14 paved and striped parking areas which are all illuminated with parking for approximately 780 vehicles. A long sweeping driveway extends along the northerly boundary which extends around the office building and connects with two other entrance roads. There is an asphalt paved turnaround in front of the daycare center with additional parking. The center courtyard which measures approximately 120' square has brick and granite pavers and raised planters. A retention pond is located on the westerly boundary. The site is heavily wooded providing good screening from adjoining properties and N.Y.S. Route 17/I-86, and there are extensive landscaped lawn areas extending toward the westerly boundary.

Comments

The site enjoys an elevated location with commanding views toward the west. The site is considered adequate to support the subject's improvements and appears to exceed all zoning district regulations related to lot area, lot width, depth, setback and parking requirements. The survey also indicates that there are potentially (4) additional parking areas for approximately 200 vehicles which are located on either side of the retention pond.

ENVIRONMENTAL CONDITIONS

Although no obvious hazardous waste, surface or subsurface contamination, presence of asbestos or other hazardous material, or other adverse conditions appeared to exist on the subject site or in the subject property at the time of my inspection, the analysis of environmental cleanliness is beyond the scope of this report, and this report assumes that there are no environmental problems. This appraisal is not an environmental assessment of the subject property and should not be relied on as such.



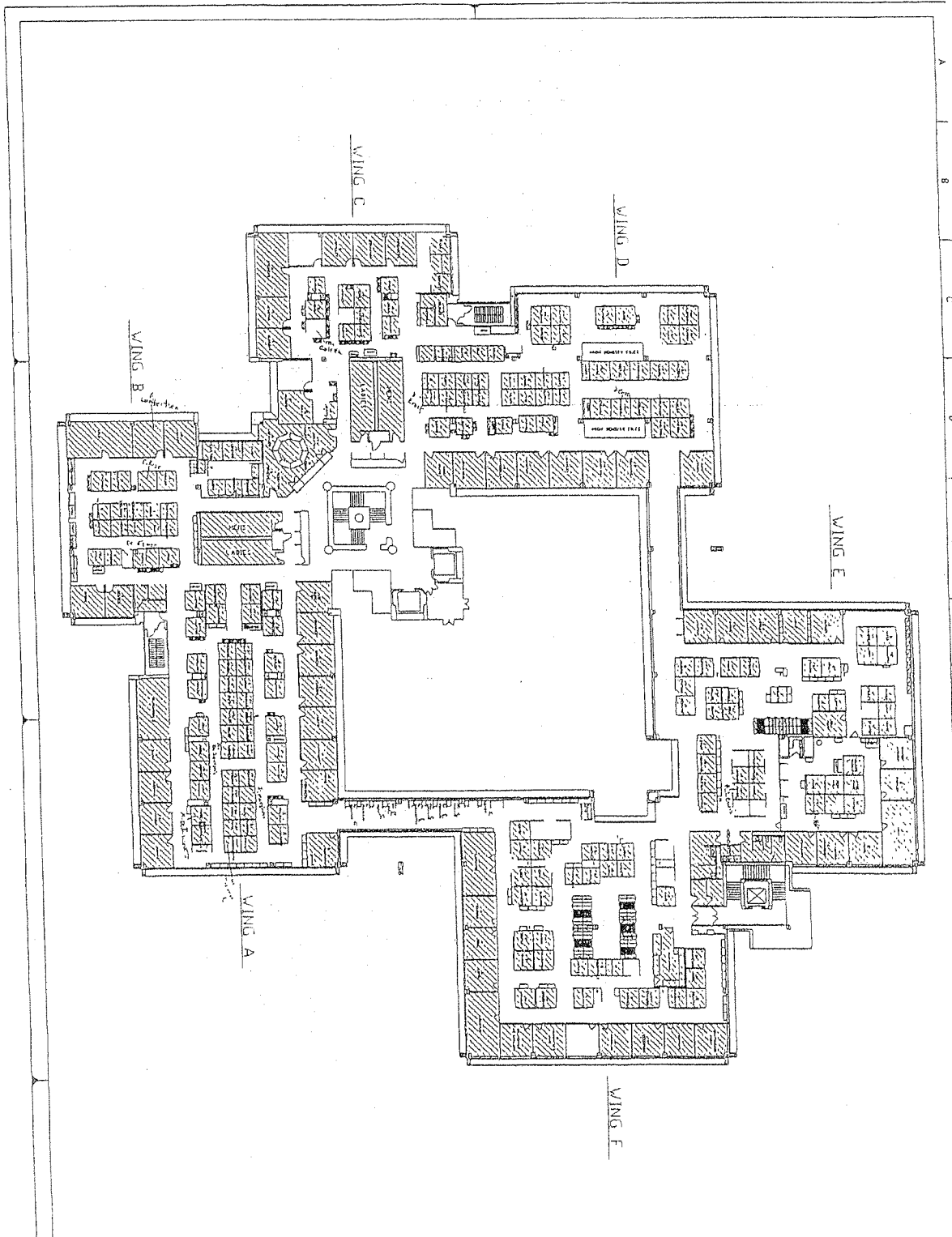
Rev	Rev	Revision/Date	Date	By	Check
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1	3	1/16"=1'-0"			

Frontier
CORPORATE HEADQUARTERS

SPACE PLAN

Boyce Products Ltd.
CUSTOM LIGHTING FIXTURES
DANMORVILLE, PA 15115
TEL: 717-224-4275
FAX: 717-224-4975
E-mail: boyce@boyceprod.com

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No.	Revision/Issue	Date	By	CHKD.
9	990182			
1	AS BLDG	10/20/99	JF	JA
1	AS BLDG	8/9/00	NO	LM

Frontier
CORPORATE HEADQUARTERS

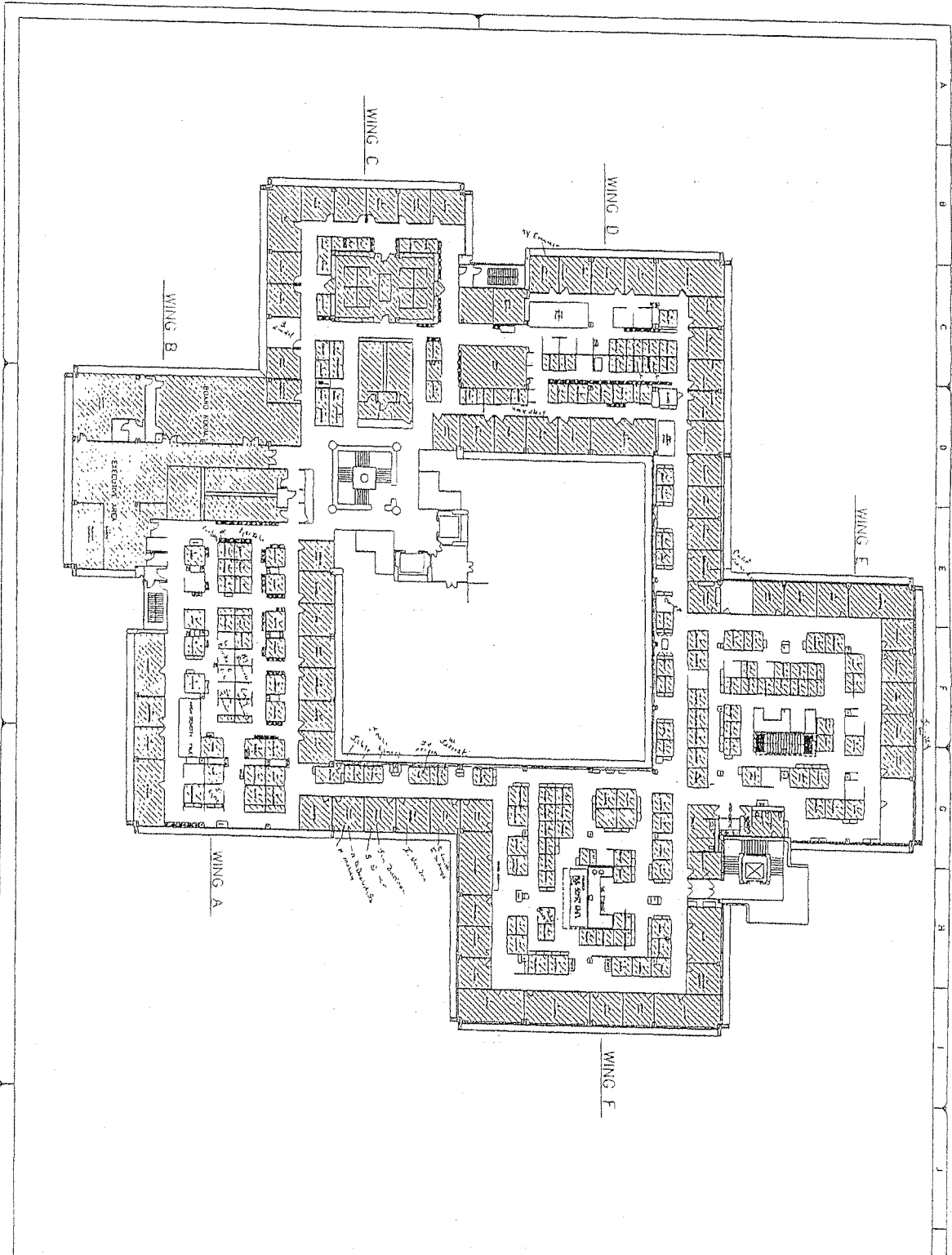
Boyce Products Ltd.
Custom Contract Furniture
Damasque, PA 16415
Tel: 570-224-6575
Fax: 570-224-0617
E-mail: boyceprod@netaccess.net

SPACE PLAN

2 x 3

11/09-36-000
15/7456
1/16"=1'-0"

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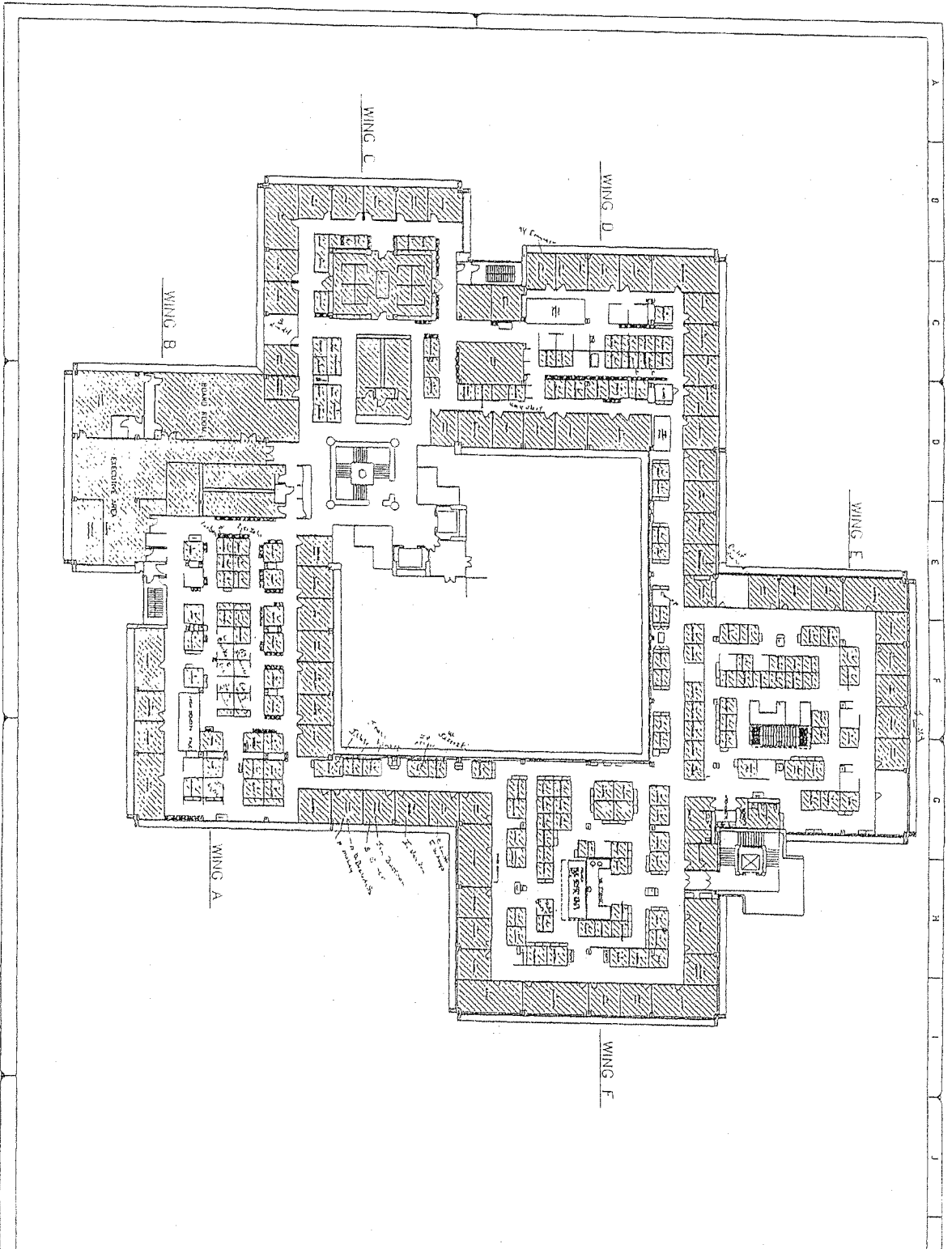
No.	Revision/Author	Date	By	Chkd.
9	990183			
3	3			
1	ASB/ST	10/99	ZW	BA
2	ASB/ST	10/99	VW	CA

Frontier
CORPORATE HEADQUARTERS

Boyce Products Ltd.
Custom Contract Furniture
Damasco, PA 15415
Tel: 570-224-6570
Fax: 570-224-4617
E-mail: boyceprod@access.net

SPACE PLAN

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No.	Revision/Issue	Date	By	Chkd.
9	990183			
3	3			
	(1100-10 000)			
	12/4/00			
	1/10"=1'-0"			
	APR 01	12/00	JV	SA
	AS BLDG	12/00	VIT	CA

Frontier
CORPORATE HEADQUARTERS

SPACE PLAN

Boyce Products Ltd.
Custom Contract Furniture
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E-mail: boyceprod@comcast.net

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BUILDING DESCRIPTION

As indicated by a portion of the "as built" plans on the preceding pages, the subject is improved with a three-story plus partial subterranean level corporate office building consisting of good to excellent, Class A construction as defined within the parameters of the Marshall Valuation Service. The subject was inspected on June 2, 2012 by Per Beck-Andersen, Certified Gen. R.E. Appraiser #46-39983, accompanied by Christopher DuBois. The physical characteristics are as follows:

Type	Good to excellent, three-story, steel frame and masonry corporate office building consisting of Class A quality construction as defined within the parameters of the Marshall Valuation Service.
Property Use	The property was built-to-suit as the corporate headquarters of Frontier Insurance, the building is largely vacant.
Age	The original building was constructed in 1991 which is comprised of Wings A through D. In 1997, Wings E and F were added as well as the daycare center and the maintenance building. The age of the improvements is, therefore, between 15 and 21 years. The estimated economic whole life of good to excellent, Type A construction is 50 years based on routine maintenance. The building's effective age is 15 years indicating a remaining economic life of 35 years.
Condition	Good
Size	The original building totaled 113,920 s.f., the addition added 50,030 s.f. bringing the gross building area to 163,950 s.f. The daycare totals 9,700 s.f. and the maintenance building 2,400 s.f. The gross building area of all structures is 176,050 s.f.
Land-to-Building Ratio	13.08%
Foundation	A portion of the building structure has a subterranean level with walkout access on the westerly elevation. The subterranean level has reinforced poured concrete perimeter walls and poured concrete slab floor. The balance of the building is constructed at grade.
Roof	The office building appears to have a rubber membrane roof, this was not inspected. Nana's House Daycare Center has a center ridge gable style roof with composition asphalt shingle.
Perimeter Walls	Perimeter walls are three-story structural steel with a masonry façade. Fenestration is considered excellent consisting of fixed "picture" thermopane windows on all four elevations, the building has multiple secure entrances. The main entrance is in the courtyard entering the original building featuring a three-story glass atrium.

BUILDING DESCRIPTION cont'd

Interior Finishes

The building features high end finishes and workmanship, much of which was custom built for the property including the millwork and custom built office furniture. Finishes are standard and typical for a corporate office building featuring wall-to-wall carpeting, painted sheetrock walls and dropped ceilings with recessed fluorescent lighting. The executive offices on the third floor include upgraded finishes with a large wood paneled board room and wood flooring, these finishes are also featured in the law library. Each floor has gang men's and ladies' bathrooms which feature fully ceramic tiled walls and marble tile flooring. The layout of each floor is very similar with management offices on the perimeter walls with modular office cubicles in the core, each floor also features a kitchen, a conference or meeting room, and various storage rooms. The third floor of the B wing features the executive area which includes the board room. The first floor features a lecture hall, the lower level had a fitness center which included locker rooms and saunas, a full service restaurant/cafeteria, various computer rooms, storage areas and a large walk-in safe for storing backup computer files. The basement includes a loading dock for the restaurant and any other supplies, and an enclosed garage area which was for the storage of the company limousines.

Electric

The building has a 1500 KW service. The building was equipped with a backup generator which is no longer operable.

Heating & Cooling

The entire building has centralized heat and air conditioning. Heat is provided by two separate systems, three oil fired closed loop systems are in the new section and electric is in the older section.

Amenities

The building is fully sprinklered, it has a security system which permits each area of the building to be closed off to non-authorized personnel. There are two 3500 lb. Dover elevators for each building serving the basement, first and second floors.

ADA Compliance

The subject has been built to be in compliance with the ADA of 1990.

Comments

The subject is classified as a good to excellent quality corporate office building consisting of Class A quality construction based on the parameters of the Marshall Valuation Service. In addition to the office building, the site is improved with a daycare totaling 9,700 s.f. which was built in 1997 and a maintenance building totaling 2,400 s.f. The appraiser was able to make exterior inspections only of these two buildings, therefore, only parts of the forgoing property description relate to these two buildings. The building was designed and constructed for Frontier Insurance for which it was functional.

TENANT INFORMATION

Sullivan ARC

Start Date: August 1, 2008
End Date: July 31, 2012
Square Footage: 9,636 square feet
Monthly Rental: \$18,504.30
Business Type: Administrative Offices for not-for-profit corporation
providing services to people with developmental
disabilities (a chapter of NYSARC, Inc.)
Certificate of Insurance attached.

Medical Professional Liability Agency

Start Date: February 1, 2010
End Date: Month to Month
Square Footage: 576 square feet
Monthly Rental: \$1,071.70
Business Type: Insurance Agency

SC Choice Management Corp.

Start Date: April 1, 2010
End Date: March 31, 2013
Square Footage: 3,920 square feet
Monthly Rental: \$7,393.53
Business Type: Administrative Offices for chain of retail tobacco outlets

Offer Ya, LLC

Start Date: August 1, 2011
End Date: July 31, 2012
Square Footage: 576
Monthly Rental: \$2,000.00
Business Type: International financial trading company
Policy Declarations attached

Cinium Holdings, LLC

Start Date: February 1, 2012
End Date: January 31, 2013
Square Footage: 2500
Monthly Rental: \$4,791.67
Business Type: Administrative Offices for surety/insurance company
Certificate of Insurance attached

BUILDING DESCRIPTION cont'd

While the appraiser recognizes the importance of projecting a certain corporate image, the quality of the subject finishes and amenities are somewhat excessive and now represent functional obsolescence due to super-adequacy. The building is a misplaced improvement in Sullivan County.

The building improvements are not easily adaptable as they were designed and intended for use by a single tenant, it is not feasible to "mothball" portions of the building due to the way the property is designed, the carrying cost of the building are, therefore, significant.

OCCUPANCY AND LEASES

Based on information provided to the appraiser, there are currently five tenants in the building occupying 17,208 s.f., the largest of which is Sullivan ARC. The start date of their lease was August 1, 2008 which extended to July 31, 2012, the space occupied totaled 9,636 s.f. at an annual rental of \$222,052 or \$23.00 per s.f.

Medical Professional Liability Agency occupies 576 s.f. on a month-to-month basis at an annual rental of \$12,860 or \$22.33 per s.f. SC Choice Management Corp. occupies 3,920 s.f., their lease extends from April 1, 2010 to March 31, 2013. The annual rent is \$88,722 or \$22.63 per s.f. OfferYa, LLC occupies 576 s.f. at \$24,000 per year which equates to \$41.67 per s.f. The lease extends from August 1, 2011 to July 31, 2012. Cinium Holdings, LLC has a one year lease which extends to January 31, 2013 occupying 2,500 s.f. at an annual rent of \$57,500 or \$23.00 per s.f.

During Frontier Insurance's rehabilitation, leasing the property has not been a primary focus of the company. According to Christopher DuBois, the quoted rents to interested parties are \$23.00 per s.f. which is a full service lease.

LEGAL DESCRIPTION AND RECENT HISTORY

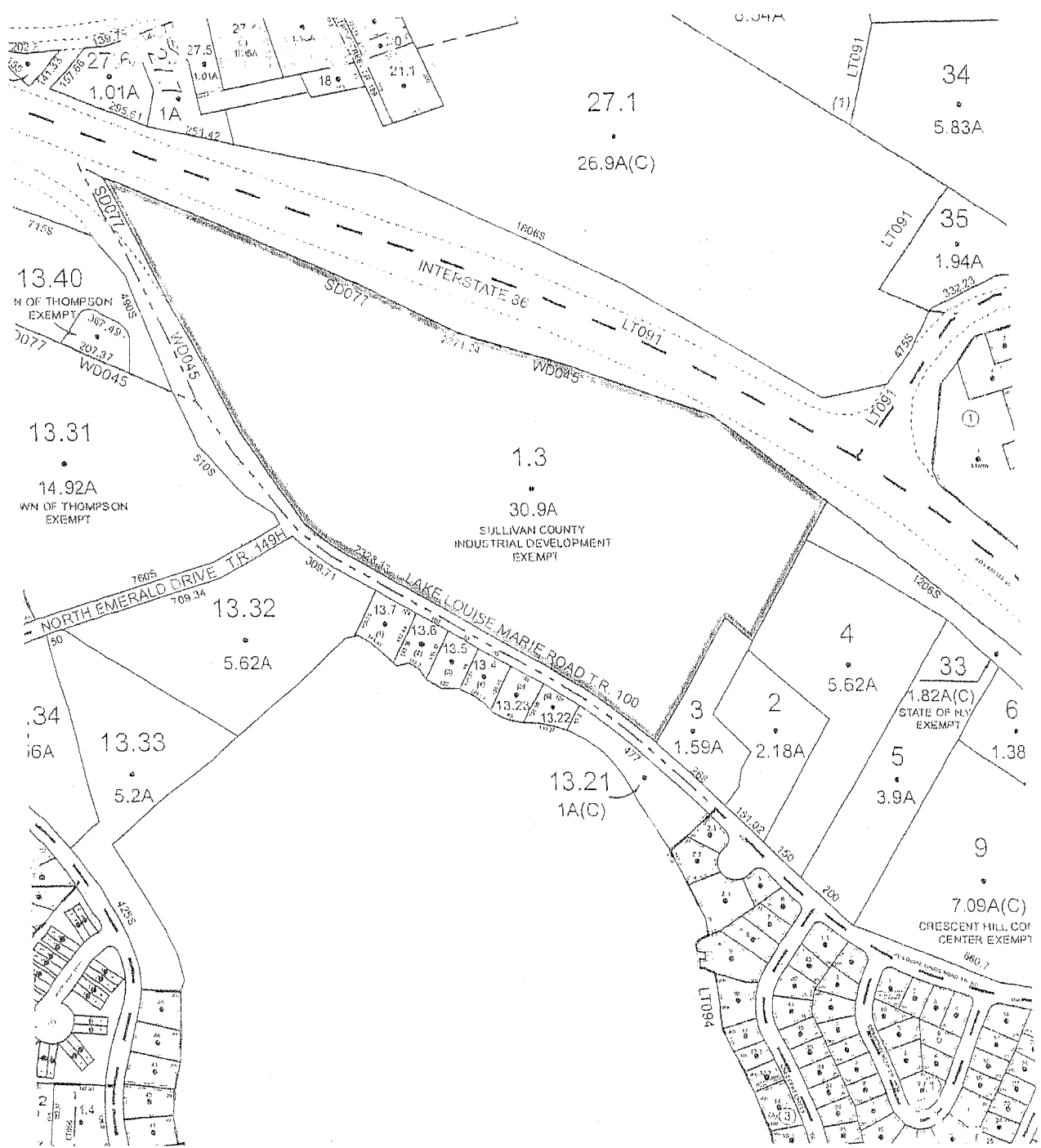
The subject property is in the ownership of the County of Sullivan IDA, the most recently recorded deed is in the Sullivan County Clerk's Office in Book 1649 at page 612 on February 25, 1993. This is the transfer from the Frontier Insurance Company to County of Sullivan IDA, which is a non-arm's length transfer. According to information provided by Christopher DuBois, there has been no sale or listing activity related to the property in the last three years. A copy of the legal description is included in the Addenda.

ZONING

According to the Town of Thompson, the subject property is in an area zoned NC - Neighborhood Commercial. The required minimum lot area is 40,000 s.f. The subject site area totals 1,346,004 s.f. The minimum lot width is 150'. The minimum lot depth is 150'. The minimum front yard setback is 80'. The minimum rear yard setback is 50'. The minimum side yard setback is 35' and the total side yard must be 70'.

In the appraiser's opinion, the subject as improved is a legal conforming use which more than satisfies all zoning district requirements.

TAX MAP



ASSESSMENT AND TAXES

A copy of the Town of Thompson tax map is identified on the facing page. The subject is identified as Tax Map #052.-1-1.3. The subject's assessment, market value and total taxes (without exemptions) are summarized in the following table:

<i>Frontier Insurance Corporate Headquarters</i>		
<i>195 Lake Louise Marie Road</i>		
<i>Town of Thompson, Sullivan County NY</i>		
<i>Tax Map# 052.-1-1.3</i>		
<i>Assessment & Taxes</i>		
<i>Tax Year 2012</i>		
<i>Assessment</i>		<i>Total</i>
Land		\$1,405,600
Improvements		7,594,400
Total Assessment		\$9,000,000
less: Industrial Development Agency Exemption*		\$0
Taxable Assessment		\$9,000,000
Equalization		
Rate: 2011 Final		78.10%
Equalized Assessed Value		\$11,523,688
Lot Size (Acres)		30.90
Use		Office Building
Building Size (s.f.)		173,680
Classification		464
<i>Levy Descriptions</i>	<i>Tax Rate</i>	<i>Tax Amount</i>
Sullivan County/Town Taxes (1/1/12 - 12/31/12)	\$14.2426	\$128,183.40
Subtotal		128,183.40
add: Monticello		
School District (7/1/11 - 6/30/12)	\$20.6779	186,101.03
Total	\$34.92049	\$314,284.43
* Facility operates under a PILOT with IDA		

ASSESSMENT AND TAXES cont'd

The total assessment is \$9,000,000 of which \$1,405,600 is allocated to the land and \$7,594,400 to the improvements. The Town's 2011 final equalization rate is 78.10% indicating a full market value of \$11,523,688. In the appraiser's opinion, the subject property is substantially over assessed. Frontier Insurance negotiated a P.I.L.O.T. with the Sullivan County IDA for the original building constructed in 1991 which was then amended to include the 1997 addition and extended for 15 years, the last year of the P.I.L.O.T. is 2014. In 2011, the P.I.L.O.T. payment was \$138,278. Taxes excluded from the P.I.L.O.T. add \$17,379, there is, in addition, an annual installment of \$25,000 resulting in a total of \$180,658. The property also pays approximately \$135,000 in sewer charges which was based on a negotiated point system, the property ownership had an opportunity to challenge the basis of the sewer charges, however, this was never done. Based on the formula of the P.I.L.O.T., taxes in the remaining two years will be approximately \$175,000 which is in addition to the other charges. Annual taxes without the P.I.L.O.T. would be approximately \$315,000 which would be in addition to the sewer charges for a total of approximately \$450,000. A copy of the P.I.L.O.T. is included in the Addenda.

HIGHEST AND BEST USE

Highest and best use is defined as follows:

"The reasonable, probable and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible, and that results in the highest value."⁽¹⁾

The four criteria highest and best use must meet are legal permissibility, physically possible, financial feasibility and maximum productivity. Highest and best use analysis is a three step process. The first step involves the highest and best use of the site as though vacant. The determination must be made to leave the site as vacant or to improve it. If the conclusion is the latter, the second step is to determine the ideal improvement. The final step involves the comparison of the ideal improvement and the existing. A decision is then made to maintain the property in its current condition or to renovate/modify the improvements to more closely conform with the ideal.

Highest & Best Use As Though Vacant

The subject is zoned NC – Neighborhood Commercial. The subject site totals 30.90 Acres, available road frontage, topography and the availability of some municipal utilities are available to support all permitted uses. The property is located in a rural residential neighborhood, a half mile south of Exit 10 of N.Y.S. Route 17/Interstate Route 86. The immediate neighborhood is located south of the Rock Hill business district in an area of the Town of Thompson which has a high percentage of second home ownership. In this location, most types of development would be in conformance with existing land use patterns in the surrounding area which include restaurant, synagogue, solid waste facility and residential. All uses expected to provide a positive return are regarded as financially feasible. Commercial development including office use on a much smaller scale than currently exists is considered the highest and best use.

(1) The Dictionary of Real Estate Appraisal, 5th Edition, 2009
Appraisal Institute, Page 93

HIGHEST AND BEST USE cont'd

Highest & Best Use As Improved

The site is improved with the Frontier Insurance corporate headquarters which is a legal conforming use within the NC neighborhood in the Town of Thompson. The site contains 30.90 Acres and is of sufficient size to support the improvements. The utilization of the subject in conjunction with a corporate headquarters was specific to Frontier Insurance, the company is in the process of declaring Chapter 11, it is, therefore, not a potential tenant. The building is ideally suited for single tenant occupancy use, it is not easily adaptable for alternative uses. Assuming the building could be broken up into smaller blocks of space, the demand for Class A office space in this market is extremely limited. Crystal Run Healthcare did look at the subject for its renovation into a healthcare center, however, found the cost prohibitive and subsequently built a new 81,000 s.f. building in the Corporate Emerald Center. Municipal uses might be an alternative use, however, they already have existing buildings. Based on the concentration of ultraorthodox Jews within the immediate and expanded market area, a potential reuse of the subject property which would require little or no renovation would be a Yeshiva which is a Jewish educational institution that focuses on the study of traditional religious texts, primarily the Talmud and Torah study.

APPRAISAL PROCESS AND VALUATION

The purpose of the appraisal is to estimate the "as is" market value of the subject property in fee simple estate as of the effective valuation date of July 2, 2012 under prevailing market conditions. In estimating the market value, the three approaches were considered, however, only the Sales Comparison Approach was considered to be applicable.

APPRAISAL PROCESS AND VALUATION cont'd

The appraiser has at his disposal three methods of estimating market value, it is very common for an appraiser to use two out of the three methods depending on the property type and availability of data. The three valuation methods are the Income Capitalization Approach, the Sales Comparison Approach and the Cost Approach. Analyzing salient facts and data regarding a selected piece of real estate from three separate and distinct perspectives lends the process to a more objective and accurate conclusion of value. Since the value of a property exists regardless of the method used to in its calculation, all three approaches should arrive at the same general estimate of value, however, the accuracy of these is largely dependent on the availability the data and the property type. While all three approaches to value have been developed in this report, not all are applicable in valuing the different components.

The Income Capitalization Approach is based on the idea that the average investor will pay no more for a property than they would pay for another investment with similar risk and return characteristics. The principle of anticipation plays a critical role in this valuation method. The Income Capitalization Approach assumes there is a relationship between future income potential value. The value can be derived by either capitalizing a reasonable single year's estimate of income or discounting anticipated future years incomes to present value. For stable properties in balanced markets with predictable income streams, direct capitalization is more applicable. The capitalization rate selected should be based on market parameters and be a reasonable estimate of the risk inherent in the property appraised.

The Sales Comparison Approach involved a detailed comparison analysis of similar properties that were sold in similar or competitive markets. After finding an appropriate unit measure of comparison, comparable transactions are adjusted for pertinent differences such as financing, conditions of sale, market conditions, location, physical characteristics, etc. The resulting value conclusion reflects that a typical purchaser would be willing to pay for a property with a sufficient degree of similarity as the property appraised. The principle of substitution dictates that a prudent purchaser will not pay more to buy a property than it would cost them to buy a comparable substitute property in a similar location.

APPRAISAL PROCESS AND VALUATION cont'd

The Cost Approach examines the relationship between cost and value by calculating the sum of the land value and the cost new of the improvements less accrued depreciation. The Cost Approach is based on the premise that an informed, rational investor/purchaser would pay no more for an existing property than it would cost them to reproduce a substitute property with the same utility without undue delay. The Cost Approach provides an ideal valuation method for new or recent construction with limited accrued depreciation.

Upon each approach being developed, a reconciled value is determined based on the quality and the quantity of data available and typical motivation of market participants. The approaches to value are given greater or less weight during the reconciliation process depending on the strengths and weaknesses of each approach. The most weight is placed on the approach or approaches that best reflect the market value. The reconciliation concludes with a statement of final opinion of value.

As a general rule, the Income Capitalization Approach is given greatest weight in conjunction with properties which are purchased strictly for their income producing characteristics. The Sales Comparison Approach tends to be more applicable in the valuation of properties purchased for owner use and occupancy, this approach is only as reliable as the data is good. The Cost Approach is best utilized in the valuation of new or recent construction, due to the inherent difficulties of accurately estimating accrued depreciation.

Based on the scope of work, the property type and its age, the appraiser has developed the Sales Comparison and Income Capitalization Approaches.

SALES COMPARISON APPROACH

Improved Sales

The Sales Comparison Approach involves comparative analysis of the subject property to comparable properties. Comparative analysis is the process by which quantitative and/or qualitative techniques are applied to derive a value indication. The comparative analysis involves four general steps which are as follows:

1. Identify the elements of comparison that affect the value of the type of property being appraised.
2. Compare the attributes of each comparable with those of the subject property and then measure the difference in each element of comparison between the two.
3. Derive a net adjustment for each comparable and apply it to the sale price or unit price of the comparable to arrive at a range of adjusted sale or unit prices for the subject property.
4. Reconcile the range of adjusted unit prices to the subject property.

The subject property consists of a 30.90 Acre parcel located along the north side of Lake Louise Marie Road just south of the Rock Hill exit of N.Y.S. Route 17/I-86 in the Town of Thompson. The property is improved with the Frontier Insurance headquarters building which totals 163,950 s.f.

The reliability of the Sales Comparison Approach is largely dependent on the availability and adequacy of comparable data. Limiting our search to counties which make up the Hudson Valley region would simply not yield adequate data with which to develop the Sales Comparison Approach, therefore, it is necessary to significantly expand the area of search. Data collection is a two part process involving identifying the sales which is done by reviewing deeds, mortgages, 5217s and various data bases, and then verifying pertinent information related to each sale. A very broad market was considered based on the need to select adequate data but also the regional nature of a corporate headquarters. From approximately 20 sales, 7 sales were selected for further analysis which are based on their comparability to the subject and the availability of verifiable data.

Summary of Improved Sales Data
Sales Comparison Approach

Address/Location Municipality	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
185 Lake Louise Marie Road Town of Thompson Sullivan County	Frontier Insurance Town of Thompson Sullivan County	Syracuse Development Center 800 Wilbur Avenue City of Syracuse Onondaga County	The Riverwood Campus 4545 East River Road Town of Henrietta Monroe County	HSBC Tower 368 S. Warren Street City of Syracuse Onondaga County	The 500 Building 500 South Salina Street City of Syracuse Onondaga County	OBG Office Building 5000 Battlefield Parkway Town of Dewitt Onondaga County	Former Telemetry Building 8333 Route 29B Town of Dewitt Onondaga County	3101 Westgate Business Center Dr Town of Fishkill Dutchess County
		NYS Urban Development Corp	Tower Investments, Inc	Hoban Development, et al	500 South Salina Street, LLC	Buckley Road Properties	Michael J. Balanoff Trustee	Westgate Realty, LLC
		Syracuse Resort Development Corp.	4545 East River Road, LLC	360 Warren Street Associates, LLC	U.A. Properties, llc	Battlefield Associates, LLC	141 Olympus Property Development, LLC	Westgate Business Center, LLC
		7/2/2012	3/7/100	11/3/2015	11/12/2009	8/23/2008	11/20/2002	8/10/2006
		163,950	\$1,000,000	\$550,000	\$1,000,000	\$7,500,000	\$4,200,000	\$15,100,000
		30.90	331,300	202,875	152,000	180,000	115,000	118,727
		652-1-1-3	\$3.02	\$2.71	\$6.58	\$40.32	\$36.52	\$127.10
		fee simple	150.00	14.00	1.25	18.46	9.70	6,400
		fee simple	Book 10976 page 403	Book 2005 page 16826	Book 5107 page 508	Book 5048 page 569	Book 4754 page 804	Book 22006 page 6089
		fee simple	174.03-1.1	253.08-03-03	fee simple	28-1-1.2	25-5-23	6355.00 28-1582 0000
		fee simple	market	fee simple	fee simple	leased fee	fee simple	leased fee
		market	market	market	market	market	market	market
		market	normal	normal	normal	normal	normal	normal
		none	none	none	none	none	none	none
		50 months ago	16 months ago	48 months ago	32 months ago	46 months ago	130 months ago	71 months ago
		current	none	none	none	none	none	none
		Market Conditions	Market Conditions	Market Conditions	Market Conditions	Market Conditions	Market Conditions	Market Conditions

SALES COMPARISON APPROACH cont'd

The summary of comparable properties used in the Sales Comparison Approach is indicated on the facing page. As illustrated, the sales occurred between 2002 and 2011.

Explanation of Adjustments

The purpose of this section is to explain the adjustments made to the sales used. Comparative sales analysis considered quantitative adjustments on a percentage basis. The discussion of the elements of comparison is as follows:

Property Rights Conveyed

The property rights appraised consist of the fee simple estate with unencumbered rights to the use of the property. Five sales sold in fee simple estate and two sold in leased fee estate, the appraiser does not have first-hand knowledge relating to the encumbering leases related to Sales 5 and 7, there is, therefore, not actual basis with which to make an adjustment for the difference in property rights conveyed. Therefore, no adjustment was required.

Financing Terms

All sales used involved cash to the seller. No financing adjustments were required.

Conditions of Sale

Adjustments for conditions of sale reflect motivations of the buyer and the seller. All sales used are believed to have transferred under normal conditions. Therefore, no conditions of sale adjustments were required.

Buyer Expenditures Made Immediately After Purchase

An adjustment within this category typically reflects any non-discretionary costs which the purchaser incurred after purchase. To the best of the appraiser's knowledge, no such costs were incurred, therefore, no adjustment was required.

SALES COMPARISON APPROACH cont'd

Market Conditions

An adjustment for market conditions, often referred to as a time adjustment, reflects any change in the market from the sale date of the comparable to the valuation date of the property being appraised. Time adjustments are best supported through analysis of sales and resales. The sales occurred between 2002 and 2011, or between 16 and 139 months ago. The passage of time in of itself is not a justification to make a market condition adjustment unless accompanied by a demonstrable change in the market. There is a dearth of data with which to support either an upward or downward trend in value which is a function of the absence of sales and resales. Therefore, the sales are considered without adjustment. The adjusted unit value range is \$2.71 to \$127.18 per s.f. prior to consideration for physical characteristics.

Location

An adjustment for location is required when the locational characteristics of a property are different from those of the subject. The subject has an average location in Sullivan County which is part of the Hudson Valley economic region and is approximately 90 miles northwest of New York City. In spite of the subject's proximity to New York City, the subject's location is considered inferior to that of all the sales since there is essentially a greater potential pool of users in those markets than in Sullivan County. Therefore, downward adjustments of 10% are made to Sales 1 through 6 and a 25% downward adjustment is made to Sale 7.

Site Size

The subject's site size is 30.90 Acres. The sales range from 1.25 to 150 Acres. The site size of the subject and all sales is adequate to support their respective improvements. Clearly, all of the sales have excess acreage and some have limited potential to expand. In the appraiser's opinion, the acreage associated with these sales would not be a driving force in a decision of a prospective owner, therefore, no adjustment is made.

Improved Sale Adjustment Grid

Element	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Address/location Municipality	Frontier Insurance 185 Lake Louise Marie Road Town of Thompson Sullivan County	Synestia Developmental Center 870 Wilbur Avenue City of Syracuse Onondaga County	The Riverview Campus 4548 East River Road Town of Henrietta Monroe County	HSBC Tower 368 S. Warren Street City of Syracuse Onondaga County	The 500 Building 500 South Salina Street City of Syracuse Onondaga County	DEG Office Building 5000 Patterson Parkway Town of Davitt Onondaga County	James T. Foley Building 6301 Thruway 20B Town of Onondaga Onondaga County	Westgate Business Center Dr Town of Fishkill Dutchess County
Proximity to Subject		130 miles northwest	200 miles northwest	130 miles northwest	130 miles northwest	130 miles northwest	120 miles northwest	40 miles east
Sale Price	\$2,231,208	\$1,000,000	\$31,300	\$550,000	\$1,000,000	\$7,500,000	\$4,200,000	\$15,100,000
Bidding Size (\$-L)	\$60,000			207,878	152,000	186,000	110,000	118,727
Sale Price Per Unit (\$/Sq. Ft.)	\$3.85	\$3.02		\$2.71	\$6.58	\$10.32	\$36.32	\$127.10
Property Rights Conveyed	fee simple	none	none	none	none	leased fee	none	leased fee
Adjustment	none	none	none	\$2.71	none	none	none	none
Adjusted Unit Price	\$3.85	\$3.02		\$2.71	\$6.58	\$10.32	\$36.32	\$127.10
Financing Terms Adjustment	none	none	none	none	none	none	none	none
Conditions of Sale Adjustment	none	none	none	none	none	none	none	none
Adjusted Unit Price	\$3.85	\$3.02		\$2.71	\$6.58	\$10.32	\$36.32	\$127.10
Expenses with Immediacy	none	none	none	none	none	none	none	none
also Purchase adjustment	none	none	none	none	none	none	none	none
Adjusted Unit Price	\$3.85	\$3.02		\$2.71	\$6.58	\$10.32	\$36.32	\$127.10
Market Conditions/Time Adjustment	none	none	none	none	none	none	none	none
Adjusted Unit Price	\$3.85	\$3.02		\$2.71	\$6.58	\$10.32	\$36.32	\$127.10
Location	Sullivan County	Syracuse MSA (10%)	Rochester MSA (10%)	Syracuse MSA (10%)	Syracuse MSA (10%)	Syracuse MSA (10%)	Syracuse MSA (10%)	Mid Hudson (25%)
Site Size (Acres)	30.80	150.00	14.00	14.00	1.25	18.45	9.70	6.24
Building Size(-L)	183,360	331,300	202,875	202,875	152,000	186,000	115,000	118,727
Condition	Built 1972, fair	Built 1971, average	Built 1972, average	Built 1972, average	Built 1920/85, average	Built 1995, above average	Built 1970/1990, good	Built 1987, good
Utility	farmer	KODAK trading facility, office complex	CRD office building	CRD - multi-tenant office building	CRD - multi-tenant office building	corporate office building	corporate office building	suburban - Class A multi-tenant office
Miscellaneous Improvements	none	multi-building complex	none	none	none	none	none	none
Net Adjustment Factor	1.10	1.00	0.90	0.90	0.90	1.10	1.10	0.95
Adjusted Unit Value (\$/Unit)	\$4.24	\$3.02	\$2.44	\$2.44	\$5.92	\$14.35	\$40.17	\$120.82
Indicated Value to Subject	\$694,328	\$495,129	\$399,874	\$399,874	\$976,912	\$7,271,510	\$6,588,190	\$19,086,503

SALES COMPARISON APPROACH cont'd

Building Size

The subject totals 163,950 s.f. The sales range from 115,000 to 580,000 s.f. The market generally recognizes the inverse relationship between unit price and building size whereby smaller properties will command higher per unit values, conversely larger properties lower per unit values. Therefore, upward adjustments of 20% and 10% are made to Sales 1 and 2, respectively, both of which are substantially larger than the subject.

Condition

The subject was built between 1991 and 1997 and has a good condition rating. Sales 1, 2 and 3 are all rated in average condition, they are all older and all sold for less than \$6.00 per s.f., making adjustments to these sales in the appraiser's opinion somewhat redundant. Sales 5, 6 and 7 are all newer and in better condition, but still inferior to the subject, these sales are, therefore, adjusted upward 20%.

Utility

The subject is a functional corporate headquarters building, the sales include a former developmental center and various office buildings which, within their respective property categories, are all considered functional. Therefore, no adjustment is necessary.

Amenities

The subject has an onsite daycare center and a maintenance building. Sale 2 is a multi-building complex, the remaining sales do not have any other significant miscellaneous improvements. Therefore, no adjustment is considered necessary.

Comments

The quantitative improved sale adjustment grid is indicated on the facing page. Sale data sheets are included in the Addenda.

SALES COMPARISON APPROACH cont'd

Reconciliation of Adjusted Unit Values

The sales after applying all necessary quantitative adjustments indicate a unit value range of \$2.44 to \$120.82 per s.f. The indicated value range to the subject property based on the total gross building size of 163,950 s.f. is \$400,000 to \$19,800,000. The mean unit value is \$36.12 per s.f., the median is \$23.05 per s.f. The sales which have been included cover the entire spectrum of similarly classified buildings and have a range in value of over \$120.00 per s.f. The lower end of the range represent sales of buildings in the 30 to 40 year age range which were basically surplus to the owners, the upper end of the range set by Sale 7 represents the sale of a multi-tenant Class A suburban office building which was sold by a REIT. Sales 5 and 6 were former corporate headquarters buildings.

Based on the foregoing considerations, the estimated unit value by comparison is between \$25.00 and \$35.00 per s.f., and for 163,950 s.f., a value of between \$4,098,750 rounded to \$4,100,000 and \$5,738,250 rounded to \$5,750,000.

FINAL RECONCILIATION

The purpose of the appraisal is to estimate the "as is" market value of the subject property in fee simple estate under prevailing market conditions. The effective valuation date is July 2, 2012. The subject property is the former corporate headquarters of Frontier Insurance which is soon to declare Chapter 11 bankruptcy. While the appraiser has at his disposal the three traditional approaches to value, it was determined that only the Sales Comparison Approach was applicable. The Cost Approach was discounted due to the substantial depreciation related to physical, functional and locational obsolescence which would be virtually impossible to measure. The Income Capitalization Approach is a reliable indicator of value for income producing properties, the subject would not be purchased on this basis.

The Sales Comparison Approach considered seven sales of similar type buildings in the expanded market area. The sales were adjusted for significant differences. The extremes of the value range were discounted. The appraiser determined a value between \$25.00 and \$35.00 per s.f. resulting in a rounded value of between \$4,100,000 and \$5,750,000.

Based on the foregoing considerations, the estimated "as is" market value of the subject property in fee simple estate as of the effective valuation date of July 2, 2012 under prevailing market conditions and subject to the definitions, certifications and limiting conditions set forth in the attached report is between \$4,100,000 and \$5,750,000.

Addenda



503 Myrtle Street, Syracuse, New York 13204
Phone: (315) 488-4688 Fax: (315) 487-6438

June 21, 2012

Frontier Insurance
195 Lake Louise Marie Road
Rock Hill, New York 12275

Attention: Al Escobar

Re: 195 Lake Louise Marie Road
Town of Thompson
Sullivan County, New York

Dear Mr. Escobar:

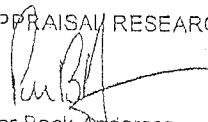
At the request of Jeff Manzi, Appraisal Research, Inc. has been asked to submit a fee quote to prepare an appraisal of the above-captioned property. Based on my limited conversation with Mr. Manzi, the appraisal is for internal use and relates to the possible disposition of the property.

Appraisal Research last appraised the property in March of 2001, therefore, presumably with the exception of the physical description, an entire new report will have to be prepared. I would propose on providing Frontier Insurance with an estimate of the "as is" fee simple market value. The appraisal will comply with the Uniform Standards of Professional Appraisal Practice (USPAP) as formulated by the Appraisal Standards Board of the Appraisal Foundation and the Code of Professional Ethics and Standards of Professional Practice by the Appraisal Institute. The appraisal will be provided in compliance and conformity with the rules and regulations stated under Title XI of FIRREA.

I propose on providing two approaches to value, the Sales Comparison Approach and Income Capitalization Approach. Based on our current commitments and the complexity of this assignment, we could deliver the report to you within a five to six week time frame. The fee to complete this assignment would be \$7,500 plus expenses not to exceed \$600. If these terms are acceptable to you, please sign and return this letter along with a retainer in the amount of \$3,500 which will serve as our authorization to commence the assignment immediately.

Sincerely,

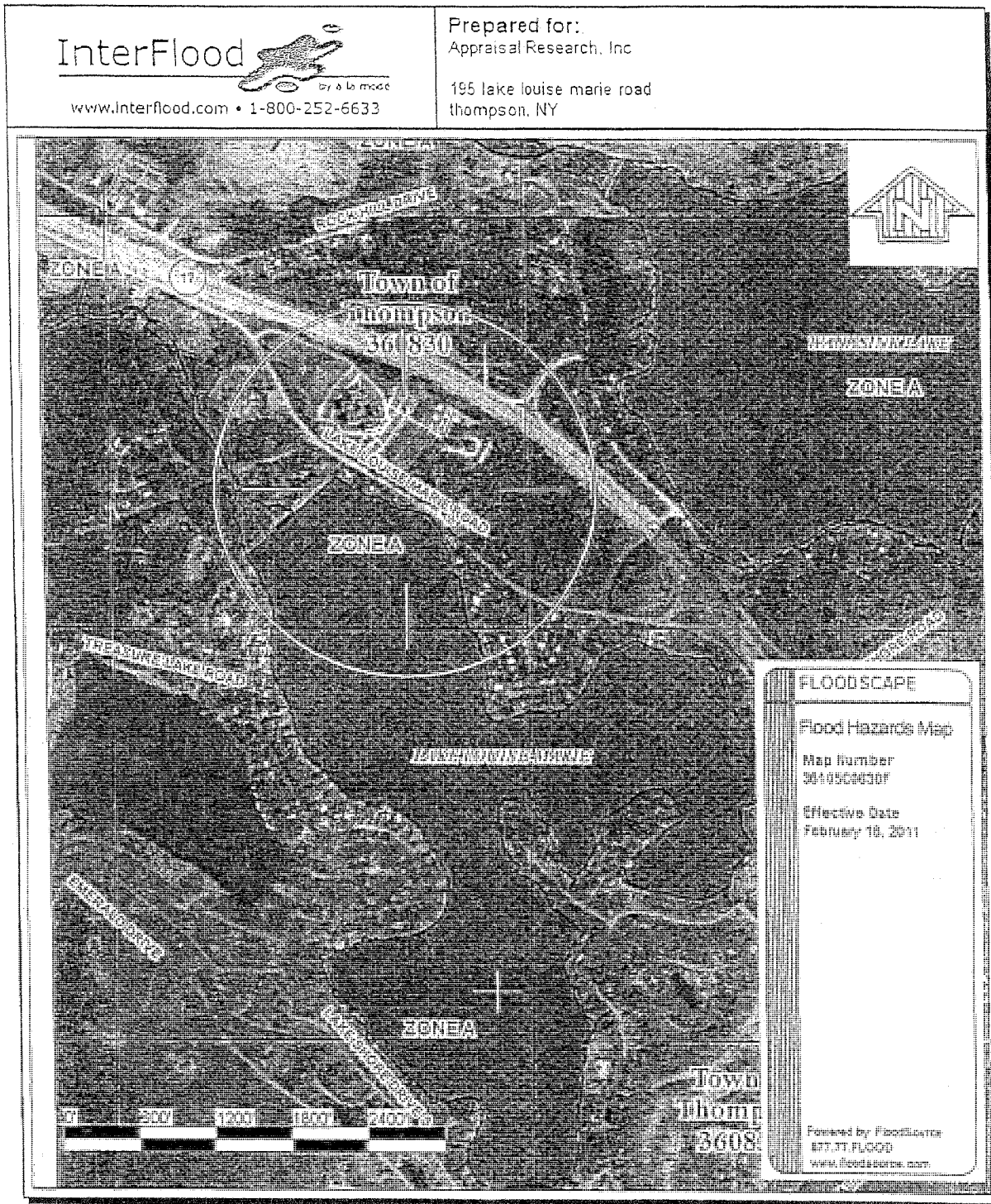
APPRAISAL RESEARCH, INC.


Per Beck-Andersen
Certified Gen. R.E. Appraiser
N.Y.S. I.D. #46-39983

PBA/bjc


ACCEPTED

6-22-12
DATE



2012 SULLIVAN COUNTY/TOWN TAXES

Bill No. *010206*

Printed at the County Offices

For Fiscal Year 01/01/2012 to 12/31/2012 * Warrant Date 01/01/2012

MAKE CHECKS PAYABLE TO

TO PAY IN PERSON

SWIS S/B/L ADDRESS LEGAL DESCRIPTION

484689 TH52.-1-1.3
 County of Sullivan IDA
 One Cablevision Center
 Ferndale, NY 12734

484689 TH52.-1-1.3
 Address: 195 Lake
 Muni: Thompson
 School: Monticelli Class: 464
 NYS Tax and Finance School District Code:
 Roll Sect. 8
 Parcel Acreage: 0.00 X 0.00 30.90
 Account No.
 Bank Code
 Estimated State Aid: CNTY 0
 TOWN 0



COLLECTOR:

PROPERTY TAXPAYER'S BILL OF RIGHTS

The assessor estimates the Full Market Value of this property as of Jan 1, 2012 was \$ 11,523,688.00
 The Total Assessed Value of this property is: \$ 9,000,000.00
 The Uniform Percentage of Value used to establish assessments in your municipality was: 78.10

If you feel your assessment is too high, you have the right to seek a reduction in the future. For further information, please ask our assessor for the booklet "How to File a Complaint on Your Assessment." Please note that the period for filing complaints on the above assessment has passed.

Exemption/Purpose	Value	Exemption/Purpose	Value	Exemption/Purpose	Value
ADA 032	9000000				

PROPERTY TAXES

Taxing Purpose	Total Tax Levy	% Levy Change from Prior Year	Taxable Assessed Value or Units	Rate per \$1000 or per Unit	Tax Amount
Medicaid	21,358,117	0.00000	0.00	3.30381600	0.00
NYS Welfare Mandates	8,095,005	0.00000	0.00	1.25218900	0.00
Other NYS Mandates	17,034,396	0.00000	0.00	2.63499400	0.00
County Levy	3,390,339	0.00000	0.00	0.52444000	0.00
Town to Highway	3,191,202	0.00000	0.00	2.68147000	0.00
Highway Outside Vill	1,818,440	0.00000	0.00	1.87032300	0.00
Ten Fund out of Vill	60,000	0.00000	0.00	0.06171300	0.00
Solid Waste Fee	0	***,*****	0.00	1.00000000	300.00
Rock hill ambulance	86,588	0.00000	0.00	0.21665500	1,949.90
Rock hill fire	546,124	0.00000	0.00	1.36563300	12,290.70
Lib Crawford Mem Lib	411,198	0.00000	0.00	0.33180300	2,986.23

TOTAL TAXES DUE \$ 17,526.83

TAX RECEIPT - DO NOT PAY

Payment Date 04/01/2012 Batch Paid/Town

Tax Paid 17526.83

*** Checks Subject to Collection ***

Paid By OWNER

Printed at the County Offices

Date Printed 07/31/2012
 report - vsullrcl

Property Address: 195 Lake Louise Marie Rd Owner: Louise Marie Rd Owner:
 County of Sullivan IDA One Cablevision Center Ferndale NY 12734
 Land Assessment: \$1,405,600.00
 Total Assessment: \$9,000,000.00
 Tax Before Star: \$0.00
 Star Savings: \$0.00

Account #: Bill #: 0
 Tax Map #: 52.-1-1.3
 Front: 0
 Depth: 0
 Acreage: 30.9
 Bank:

SWIS Code: 484689
 School Code: 484601
 School District: Monticell
 Book #: 1649
 Page #: 612
 Roll Section: 8
 Class: 464

Exemptions:

MIDA \$9,000,000.00

Levy Description	Tax Value	Tax Rate	Tax Amount
Monticello School	9000000.0000	20.677892	\$0.00

Total Tax: \$0.00

Payment History

(Payments made to the county directly may not be reflected on this site.)

Date	Comments	Amount	Paid By
09/01/2011	Tax Bill	\$0.00	

Balance Due: \$0.00 *

* Does not include penalties or fees, if any.

Penalty Schedule

This table shows the penalties that will be due for late payments on this property.

Pay By	Penalty	Fee	Total Due
10/21/2011	\$0.00	\$0.00	\$0.00 **
10/31/2011	\$0.00	\$0.00	\$0.00 **
11/30/2011	\$0.00	\$0.00	\$0.00 **

** Does not include returned check fees, if any.

County of Sullivan Industrial Development Agency

Second Amended and Restated
Payment in Lieu of Tax Agreement
September 1, 1999

THIS IS AN AGREEMENT, made as of this 1st day of August, 1999 by and among COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation organized and existing under the laws of the State of New York having its office at 198 Bridgeville Road, Monticello, New York 12701 ("Agency"), FRONTIER INSURANCE GROUP, INC., a Delaware corporation, with its principal office located at 195 Lake Louise Marie Road, Rock Hill, New York 12775-8000 ("FIGI"), and FRONTIER INSURANCE COMPANY, a New York corporation, with its principal office located at 195 Lake Louise Marie Road, Rock Hill, New York 12775-8000 ("FIC"). FIGI and FIC are sometimes collectively referred to herein as "Frontier".

RECITALS .

The Agency was created by Chapter 560 of the Laws of 1970 of the State of New York pursuant to Title 1 of Article 18A of the General Municipal Law of the State of New York (the "Act") as a public benefit corporation of the State of New York.

Pursuant to and in accordance with a certain Bond Purchase Agreement dated as of December 1, 1993 by and among the Agency, FIGI and FIC on December 30, 1993 the Agency issued its taxable industrial revenue bond in the principal amount of \$26,000,000 ("Bond") for the purpose of financing a certain project ("Original Project") consisting of (1) the acquisition of certain parcels of land containing in the aggregate approximately 17.93 acres ("Original Parcel") located on Lake Louise Marie Road, Rock Hill, Sullivan County, New York; (2) the construction of a 114,000 square foot building on the Original Parcel ("Original Improvements"); and (3) the acquisition and installation therein and thereon of machinery and equipment (the "Original Equipment"; the Original Equipment and Original Improvements are collectively referred to herein as the "Original Facility".)

Contemporaneously with issuance of the Bond, the Agency and FIC entered into an Installment Sale Agreement dated as of December 1, 1993 ("Original Installment Sale Agreement") pursuant to which the Agency appointed FIC to act as its agent in the acquisition, installation, and

construction of the Original Facility and sold the Original Parcel and the Original Facility to FIC on an installment basis in accordance with the terms thereof. The Agency and Frontier also entered into a Payment in Lieu of Tax Agreement, (the "Original PILOT Agreement") effective December 1, 1993, which provided for exemption from real estate taxation for the Original Facility as defined in said Original PILOT Agreement subject to the payment in lieu of taxes by the Frontier to the Agency for a twenty (20) year period commencing on the 28th day of February, 1994.

On August 5, 1996 the Frontier submitted an application to the Agency requesting that the Agency approve an additional project consisting of (1) the acquisition of an approximately 12.967 acre parcel of land located adjacent to the Original Parcel (the "Additional Parcel" and, together with the Original Parcel collectively referred to as the "Land"); (2) the construction on the Land of an approximately 50,000 square foot expansion to the Original Improvements for use as commercial office space, and related site work improvements (collectively the "1996 Addition"); and (3) the acquisition and installation in and around the Original Improvements and the 1996 Addition of certain equipment, machinery and other items of tangible personal property.

Thereafter, by Resolution, duly adopted on February 18, 1997, the Agency approved the 1996 Addition Project and authorized the Agency to execute and deliver to Frontier a First Supplemental Sale Agreement and an Amended and Restated Payment in Lieu of Tax Agreement. The aforesaid Agreements and related documents were duly executed and delivered on February 26, 1997.

On April 7, 1999 and April 26, 1999 Frontier submitted an application requesting the Agency to undertake a new project consisting of (1) the construction and equipping of ~~two buildings: a 9,700 square foot day care center and a 2,400 square foot storage building~~ (collectively referred to as the "1999 Additions") on Land owned by the Agency and located at 195 Lake Louise Marie Road, Rock Hill, New York and designated on the Town of Thompson Tax Map as Section 52, Block 1, Lot 1.1; and (2) the acquisition and installation in and around the 1999 Additions of certain furniture, fixtures, equipment, machinery and other items of tangible personal property. The Original Facility, the 1996 Addition and the 1999 Additions are collectively referred to herein as the "Facility"

Pursuant to Resolution, duly adopted by the Agency on April 27, 1999, and an Agent Agreement dated as of February 1, 1999 between the Agency and the Frontier, the Agency appointed Frontier and Frontier agreed to serve as agent for the Agency for the purpose of acquiring, constructing and equipping the 1999 Additions.

In order to induce Frontier to develop the 1999 Additions, the Agency is willing to take title to the 1999 Additions, and sell the 1999 Additions to FIC on an installment sale basis in accordance with the terms of a Second Supplemental Sale Agreement by and between the Agency and FIC of event date herewith.

Pursuant to 874-1 of the Act, the Agency is exempt from the payment of taxes imposed upon real property and improvements owned by it.

The Agency and Frontier deem it necessary and proper to enter into an agreement making provision for payments in lieu of taxes by Frontier to the Agency for the benefit of the County of Sullivan, Town of Thompson, and Monticello Central School District ("Taxing Jurisdictions").

All agreements of the Agency and Frontier relating to payments in lieu of taxes shall be governed by this Second Amended and Restated Payment in Lieu of Tax Agreement (the "Agreement"), which shall supersede the Original PILOT and the Amended and Restated Payment in Lieu of Tax Agreement in their entirety.

Now therefore, in consideration of the foregoing recitals and the mutual terms, conditions, limitations and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is mutually agreed as follows:

1. Agreement to make payment in lieu of taxes:

As long as the Facility is owned by the Agency, Frontier agrees to pay annually to the Agency at 198 Bridgeville Road, New York 12701, or at such other address as shall be designated from time to time by the Agency, an annual payment in lieu of taxes ("PILOT payment(s)") on or before the dates indicated below computed in accordance with Paragraph 2 hereof.

Payment Date	Land Value	Improvement Value	Exemption Percentage	Exemption Amount	Improvement Value Net of Exemption	Total Value Subject to PILOT
February 15, 2000	\$700,000	\$6,173,500	37.50%	\$2,315,063	\$3,863,438	\$4,563,438
February 15, 2001	\$700,000	\$6,173,500	35.00%	\$2,160,725	\$4,012,775	\$4,712,775
February 15, 2002	\$700,000	\$6,173,500	32.50%	\$2,006,388	\$4,167,113	\$4,867,113
February 15, 2003	\$700,000	\$6,173,500	30.00%	\$1,852,050	\$4,321,450	\$5,021,450
February 15, 2004	\$700,000	\$6,173,500	27.50%	\$1,697,713	\$4,475,788	\$5,175,788

Payment Date	Land Value	Improvement Value	Exemption Percentage	Exemption Amount	Improvement Value Net of Exemption	Total Value Subject to PILOT
February 15, 2005	\$700,000	\$6,173,500	25.00%	\$1,543,375	\$4,630,125	\$5,330,125
February 15, 2006	\$700,000	\$6,173,500	22.50%	\$1,389,038	\$4,784,463	\$5,484,463
February 15, 2007	\$700,000	\$6,173,500	20.00%	\$1,234,700	\$4,938,800	\$5,638,800
February 15, 2008	\$700,000	\$6,173,500	17.50%	\$1,080,363	\$5,093,138	\$5,793,138
February 15, 2009	\$700,000	\$6,173,500	15.00%	\$926,025	\$5,247,475	\$5,947,475
February 15, 2010	\$700,000	\$6,173,500	12.50%	\$771,688	\$5,401,813	\$6,101,813
February 15, 2011	\$700,000	\$6,173,500	10.00%	\$617,350	\$5,556,150	\$6,256,150
February 15, 2012	\$700,000	\$6,173,500	7.50%	\$463,013	\$5,710,488	\$6,410,488
February 15, 2013	\$700,000	\$6,173,500	5.00%	\$308,675	\$5,864,825	\$6,564,825
February 15, 2014	\$700,000	\$6,173,500	2.50%	\$154,338	\$6,019,163	\$6,719,163

The Agency shall remit to the Taxing Jurisdictions amounts received hereunder within thirty (30) days of receipt thereof and shall allocate the PILOT payment among the Taxing Jurisdictions in the same proportion as normal taxes would have been allocated but for the Agency's involvement.

The PILOT payments provided for herein shall commence as of February 15, 2000, which is the sixth (6th) year of a twenty (20) year period in which Frontier is to receive tax benefits relative to the Facility. The PILOT payments by Frontier to the Agency for the first three (3) years of the twenty (20) year period were made pursuant to the Original PILOT and for the next two (2) years of the twenty (20) year period pursuant to the Amended and Restated PILOT Agreement dated February 26, 1997. In no event shall Frontier be entitled to receive tax benefits relative to the Facility for more than the twenty (20) year period provided in the Original PILOT, the Amended and Restated PILOT Agreement and this Agreement. Frontier agrees that it will not seek any tax exemption for the Facility which could provide benefits for more than the periods provided for in the Original PILOT, the Amended and Restated PILOT Agreement and this Agreement and specifically agrees that the exemptions provided for in the Original PILOT, the Amended and Restated PILOT Agreement and this Agreement, to the extent actually received (based upon the number of years elapsed), supersede and are in substitution of the exemptions provided by Section 485-b of the Real Property Tax Law ("RPTL"). It is hereby agreed and understood that the Taxing Jurisdictions can rely upon and

enforce this waiver to the same extent as if they were signatories hereto.

2. Calculation of Annual Payment in Lieu of Tax:

The calculation of the annual PILOT payments shall be made as follows:

(a) The Total Value Subject to PILOT shall be multiplied by the equalization rate as defined in paragraph 3 hereof; and

(b) The annual PILOT payment shall be determined by multiplying the amount derived in Paragraph 2(a) hereof by the tax rates identified in Paragraph 4 hereof.

3. Equalization Rate:

The equalization rate to be utilized in making the computation contemplated by Paragraph 2(a) hereof shall mean the equalization rate for the Town of Thompson utilized by the County of Sullivan to allocate and levy County taxes in connection with the January 1st tax roll immediately preceding the due date of the PILOT payment. In the event that the equalization rate shall exceed 100%, the equalization rate utilized in making the computation contemplated by Paragraph 2(a) shall be 100%.

4. Tax Rates:

For the purposes of determining the amount of the PILOT payment as contemplated by Paragraph 2(b) hereof, the tax rates for each Taxing Jurisdiction shall mean the last tax rate utilized for levy of taxes by each such jurisdiction. For County and Town purposes, the tax rates used to determine the PILOT payment shall be the tax rates relating to the calendar year which includes the PILOT payment due date. For school district purposes, the tax rates used to determine the PILOT payment shall be the rate relating to the school tax year which began in the year immediately preceding the year in which the PILOT payment is due. The chart which follows sets forth the remaining years of the twenty (20) year period governed by the Original PILOT, the Amended and Restated PILOT Agreement and this Agreement; the date that a PILOT payment is due; and the appropriate tax periods utilized in determining the tax rates for computing the PILOT payment:

Year	Payment Date	School	County/Town/ Special District
Year 6	February 15, 2000	July 1, 1999	January 1, 2000
Year 7	February 15, 2001	July 1, 2000	January 1, 2001
Year 8	February 15, 2002	July 1, 2001	January 1, 2002
Year 9	February 15, 2003	July 1, 2002	January 1, 2003
Year 10	February 15, 2004	July 1, 2003	January 1, 2004
Year 11	February 15, 2005	July 1, 2004	January 1, 2005
Year 12	February 15, 2006	July 1, 2005	January 1, 2006
Year 13	February 15, 2007	July 1, 2006	January 1, 2007
Year 14	February 15, 2008	July 1, 2007	January 1, 2008
Year 15	February 15, 2009	July 1, 2008	January 1, 2009
Year 16	February 15, 2010	July 1, 2009	January 1, 2010
Year 17	February 15, 2011	July 1, 2010	January 1, 2011
Year 18	February 15, 2012	July 1, 2011	January 1, 2012
Year 19	February 15, 2013	July 1, 2012	January 1, 2013
Year 20	February 15, 2014	July 1, 2013	January 1, 2014

(5) Determination of Improvement Value:

The Agency and Frontier have agreed, for purposes of this Agreement, that the Improvement Value of the 1999 Additions (upon its completion in substantial conformity with the plans for the ongoing 9,700 square foot and 2,400 square foot expansions of the Facility) shall be 423,500. Such valuation was made in consultation with the Assessor of the Town of Thompson and was made without regard to the actual cost of construction. Such valuation shall not be increased or decreased if the Facility is completed in substantial conformity with the plans and specifications for the Improvements submitted to the Agency. If there is a substantial change relating to the 1999 Additions during the construction phase, the Agency may redetermine the Improvement Value of the Facility. Such redetermination shall be made on the basis of a per square foot value of \$35.00. An increase or decrease in building size shall not be deemed to be a substantial change unless such increase or decrease in size is by more than 605 square feet.

6. Valuation of Future Additions to the Facility:

If there shall be a future addition to the Facility (other than the ongoing construction of the 1999 Additions) constructed or added in any manner after the date of this Agreement, Frontier shall notify the Agency of such future addition ("Future Addition"). The notice to the Agency shall contain a copy of the application for a building permit, plans and specifications, and any other relevant evidence that the Agency may thereafter request. Upon the earlier of substantial completion, or the issuance of a Certificate of Occupancy, any such Future Addition to the Facility shall become liable for payment of an increase in the PILOT payment. The Agency shall notify Frontier of any proposed increase in the Improvement Value caused by such Future Addition. The Improvement Value shall be determined in accordance with the procedure utilized to determine the Improvement Value pursuant to Paragraph 5 hereof and without regard to the cost of construction of any Future Addition. Absent an agreement to the contrary, the Improvement Value of any Future Addition shall be subject to calculation of the PILOT payment in the same manner contemplated by Paragraphs 1 and 2 hereof. If Frontier shall disagree with the determination of Improvement Value for any Future Additions made by the Agency, then and in that event that valuation shall be fixed by a court of competent jurisdiction. Notwithstanding any disagreement between Frontier and the Agency, Frontier shall pay the increased PILOT payment until a different determination of Improvement Value shall be established. If a lesser Improvement Value is determined in any proceeding or by subsequent agreement of the parties, the PILOT payment shall be recomputed and any excess payment shall be refunded to Frontier or, in the Agency's discretion, such excess payment shall be applied as a credit against the next succeeding PILOT payment(s).

7. Provisions of Plans to Agency:

Frontier has provided the Agency with copies of its plans for the 1999 Additions to the Facility. It is understood that the plans consist of a site plan depicting the 1999 Additions; basic floor plans for each building; and exterior elevations of the Day Care building as it will appear following its completion.

8. Additional Payments:

In addition to the PILOT payments to be made by Frontier to the Agency pursuant to this

Agreement, Frontier shall pay to the Agency all special assessments, special ad valorem levies, and any other charges for which the Agency shall be liable and for which it is not wholly exempt from taxation. Such payments shall be made within twenty (20) days after the date upon which a bill shall be rendered by the Agency to Frontier. Such charges shall be paid without adjustment, exemption or other deduction provided; in each case, however, to Frontier's right to obtain exemption and credits, if any, which would be afforded a private owner of the Facility, including any available exemptions under Section 485-b of the RPTL with respect to the Facility.

9. Representations and Warranties:

(a) Frontier Insurance Group, Inc. is a corporation duly organized and existing by virtue of the laws of the State of Delaware and authorized to do business in the State of New York.

(b) Frontier Insurance Company is a corporation duly organized and existing by virtue of the laws of the State of New York.

(c) FIGI and FIC are duly authorized under all applicable provisions of law to enter into and perform this Agreement. FIGI and FIC's entering into and performing this Agreement will not violate any applicable provisions of law and will not result in a breach of or a default under any agreement or instrument to which FIGI or FIC is a party and will not result in the creation of any lien, charge or encumbrance upon any of the assets of FIGI or FIC under any such agreement or instrument.

(d) Neither FIGI nor FIC is a party to any agreement or subject to any corporate restriction that materially and adversely effects it's business assets or financial condition.

(e) FIGI and FIC have paid or provided for payment of all taxes and assessments duly affecting the Facility.

(f) When executed, this Second Amended and Restated Payment in Lieu of Tax Agreement will be a valid and binding obligation of both FIGI and FIC, both jointly and severally.

10. Frontier's right to challenge:

Frontier shall have all of the rights and remedies of a taxpayer with respect to any tax, service charge, special benefit, ad valorem levy, assessment, or special assessment or service charge in lieu of which Frontier is obligated to make a payment pursuant to this Agreement, as if and to the same extent as if Frontier were the owner of the Facility.

Frontier shall have all of the rights and remedies of a taxpayer as if and to the same extent as if Frontier were the owner of the Facility, with respect to the assessed value of the Facility by the Town and shall be entitled to protest before and be heard by the appropriate assessors or Board of Assessment Review, and shall be entitled to take any and all appropriate appeals or initiate any proceedings to review the validity or amount of any assessment.

11. Transfer of Facility to Frontier:

In the event that the Facility is transferred from the Agency to FIC, and FIC is ineligible for a continued tax exemption under some other tax incentive program, or any available exemptions result in a payment to the Taxing Jurisdictions in excess of the payment computed pursuant to Paragraphs 1 and 2 hereof, Frontier shall pay, no later than the next tax lien date (plus any applicable grace period), to each of the Taxing Jurisdictions, an amount equal to the taxes and assessments which would have been levied on the Facility if the Facility had been classified as fully taxable as of the date of transfer or loss of eligibility of all or a portion of the exemption described herein.

12. Involuntary Termination of Agreement:

To the extent the Facility is declared to be subject to taxation or assessment by an amendment to the Act, other legislative change, or by final judgment of a Court of competent jurisdiction, Frontier's obligations hereunder shall, to such extent, be null and void.

13. Event of Default:

During the term of this Agreement, the following shall be an event of default (sometimes referred to as an "Event of Default"):

- (a) The failure to pay any amount due hereunder within the time allowed for payment;
- (b) The adjudication of FIGI or FIC as a bankrupt and the failure to vacate, set aside or terminate such adjudication within ninety (90) days thereafter;
- (c) The appointment by any court of a receiver or trustee to take possession of all, or substantially all, of the assets of FIGI or FIC which said appointment shall not have been discharged within a period of ninety (90) days after the filing of same;
- (d) The making by FIGI or FIC of an assignment for the benefit of creditors;

(e) The abandonment of the Facility by Frontier for a period of thirty (30) days or more, unless such abandonment is caused by fire or other catastrophe, war, act of God or governmental order or decree without fault of Frontier contributing thereto; provided, however, that in the event of fire or other catastrophe, Frontier elects within ninety (90) days from the happening of such event to reconstruct the Facility;

(f) The attachment, execution or other seizure of all or substantially all of the assets of FIGI or FIC, which such attachment, execution or other seizure is not discharged within a period of sixty (60) days after the date of levy;

(g) The failure, refusal or neglect of Frontier to perform, keep or observe any of the terms, covenants and agreements herein contained on the part of Frontier to be performed, kept or observed;

(h) The failure to substantially complete construction of the 1999 Additions within a period of one (1) year after the date of this Agreement (or such later date as may be agreed to in writing by the Agency), provided any delay shall not be occasioned by any factors within the control of Frontier or any fault of Frontier contributing thereto, and provided further that Frontier shall have provided the Agency with information concerning the necessity for such delay(s) in requesting an extension of time to complete the facility, which consent shall not be unreasonably withheld by they Agency;

14. Remedies on Default:

Upon the happening of any event of default as herein defined, after thirty (30) days written notice to Frontier which notice shall specify the event of default, if the default shall not be remedied within such thirty (30) day period, (or if, with reasonable diligence the default cannot be remedied within such thirty (30) day period, then within such extended period as may be reasonably required therefore) the Agency, at its option, may take any action hereinafter set forth and all such remedies shall be cumulative and not exclusive:

- (a) Recover damages for the breach of any covenant or condition hereof;
- (b) Seek an injunction to bar any actual or threatened violation or breach of this Agreement;
- (c) Seek any other remedy authorized by law or in equity.

15. Termination of Agreement by Agency:

Following the thirty (30) day notice period contemplated by Paragraph 14 hereof, and upon thirty (30) days additional written notice of intention to terminate this Agreement, and upon the expiration of such thirty (30) day period, unless the default specified in the original thirty (30) day period has been remedied during such additional thirty (30) day period, (or if, with reasonable diligence the default cannot be remedied within such thirty (30) day period, then within such extended period as may be reasonably required therefore) the Agency may terminate this Agreement. Such termination may be accomplished by conveying title to the Land by quitclaim deed from the Agency to FIC and the recording of said deed in the Sullivan County Clerk's Office shall be deemed to be delivery thereof.

16. Legal Fees on Default:

If the Agency shall be required to take any action to enforce this Agreement or to collect any amount due hereunder, Frontier shall be liable to pay, in addition to any other costs and expenses incurred by the Agency, its reasonable legal fees and the reasonable fees of any experts, accountants, or other professionals retained by it, without regard to whether the Agency shall have instituted any law suit or action at law or in equity in any court or before any body, provided such expenses were actually and necessarily incurred.

17. Late charges:

If any PILOT payment is not made by the Due Date, or if any other payment required to be made hereunder is not made by the last day of any applicable cure period, Frontier shall pay penalties and interest as provided herein. With respect to PILOT payments, if said payment is not received by the Due Date, Frontier shall pay, in addition to the PILOT payment, a late charge equal to four percent (4%) of the amount due plus interest on said payment equal to one percent (1%) per month or fraction thereof until the PILOT payment, penalty and interest is paid in full. With respect to all other payments due hereunder, if said payment is not paid within any applicable cure period, Frontier shall pay, in addition to said payment, the greater of (a) a late charge equal to four (4%) percent of the amount due plus interest on said payment equal to one (1%) percent per month or fracture thereof until said payment, penalty and interest is paid in full; or (b) penalties and interest which would have

been incurred had payments made hereunder been tax payments to the Taxing Jurisdictions.

18. Termination of use:

If the substantial use of the Facility shall be discontinued by Frontier, the Exemption Percentage set forth in Paragraph 1 may be modified. It is understood that the benefits of this Agreement have been extended to Frontier on the grounds that it is a major employer of higher wage, professional and salaried personnel; that Frontier is a substantial economic force in the Sullivan County economy; that Frontier's presence in Sullivan County was considered vital to the well-being of the County as of the date of this Agreement and for the foreseeable future; and that the discontinuance of the substantial use of the Facility by Frontier would alter the purpose for which this Agreement was made. In such event, the Agency may give notice to Frontier that modification is required. If the parties cannot agree on the basis of modification of the Exemption Percentage set forth in Paragraph 1, the parties may seek judicial intervention to determine the extent of such modification. A modification shall include a change in the Exemption Percentage, a return to taxable status, or any alternative in between such results. It is understood that a modification under this Paragraph 18 shall not affect the total value subject to PILOT but only the Exemption Percentage.

19. Indemnification:

Frontier shall indemnify, defend and hold the Agency (and its executive director, directors, officers, members, agents, employees and servants) harmless from all claims and liabilities for loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever in relation to the Project, including expenses incurred by the Agency (and its executive director, directors, officers, members, agents, employees and servants) in defending any claim, suit or action which may result as a result of the foregoing.

20. No Recourse: Special Obligation:

Notwithstanding anything to the contrary contained herein, the obligations and agreements of the Agency contained herein and in any other agreement executed by the Agency and in any other instrument or document supplemental thereto executed in connection therewith shall be deemed the

obligation and agreements of the Agency, and not of any director, officer, member, agent, or employee of the Agency in his or her individual capacity, and the executive director, directors, officers, members, agents, and employees of the Agency shall not be liable personally thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby. The obligations and agreements of the Agency contained herein or therein shall not constitute or give rise to an obligation of the State of New York, the County of Sullivan, the Town of Thompson, the Monticello Central School District and neither the State, County, Town, nor School District shall be liable thereon, and, further, such obligations and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute a limited obligation of the Agency payable solely from revenues derived from the sale of the Project.

21. General Provisions:

(a) Notices All notices provided for by this Agreement shall be made in writing, and shall be deemed to have been given on the date of delivery if served on the party to whom notice is to be given, or on the next day after mailing if mailed to the party to whom notice is to be given by overnight courier of national reputation providing evidence of receipt and properly addressed, or on the third day after mailing if mailed to the party to whom notice shall be given by First Class, Certified mail, postage prepaid and properly addressed to the following:

To the Agency: County of Sullivan Industrial
 Development Agency, Inc.
 198 Bridgeville Road
 Monticello, New York 12701
 Attn: Executive Director

With a copy to: Walter F. Garigliano, Esq.
 265 Broadway
 P.O. Drawer 1069
 Monticello, New York 12701

To FIGI: Frontier Insurance Group, Inc.
195 Lake Louise Marie Road
Rock Hill, New York 12775
Attn: Executive Vice President

With a copy to: DuBois, Billing, Loughlin,
Conaty & Weisman
195 Lake Louise Marie Road
Rock Hill, New York 12775-8000
Attn: D. Christopher DuBois, Esq.

To FIC: Frontier Insurance Company
195 Lake Louise Marie Road
Rock Hill, New York 12775
Attn: Executive Vice President

With a copy to: Dubois, Billing, Loughlin,
Conaty & Weisman
195 Lake Louise Marie Road
Rock Hill, New York 12775-8000
Attn: D. Christopher DuBois, Esq.

(b) Assignment. No portion of any interest in this Agreement may be assigned by Frontier, nor shall any person other than Frontier be entitled to succeed to or otherwise obtain any benefits hereunder without the prior written consent of the Agency, which consent may be withheld by the Agency in its sole and absolute discretion.

(c) Waiver. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver.

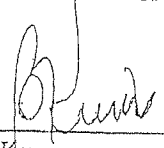
(d) Severability. If any provision of this Agreement shall be determined to be illegal and unenforceable by any court of law or any competent governmental or other authority, the remaining provisions shall be severable and enforceable in accordance with their terms so long as this Agreement without such terms or provisions does not fail of its essential purpose or purposes. The parties will negotiate in good faith to replace any such illegal or unenforceable provision or provisions with suitable substitute provisions which will maintain the economic purposes and intentions of this Agreement.

(e) Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. The parties hereby designate Supreme Court, Sullivan County as the exclusive venue for resolution of any disputes which may arise under or by reason of this Agreement.

(f) Entire Agreement. This Agreement sets forth the entire Agreement and understanding between the parties relating to the subject matter hereof and supersedes all prior discussions and negotiations between them. This Agreement may not be amended in any respect except by a written amendment expressly referring to this Agreement and executed by the parties to be bound thereby.

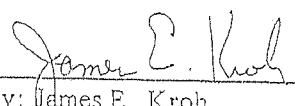
IN WITNESS WHEREOF, the parties hereto have executed this Agreement this 1st day of September, 1999.

COUNTY OF SULLIVAN INDUSTRIAL
DEVELOPMENT AGENCY



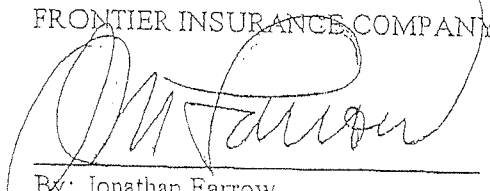
By: Robert Kunis
Title: Chairman

FRONTIER INSURANCE GROUP, INC.



By: James E. Kroh
Title: Vice President

FRONTIER INSURANCE COMPANY

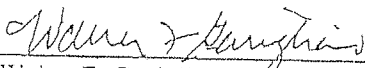


By: Jonathan Farrow
Title: Senior Vice President

ACKNOWLEDGMENT

STATE OF NEW YORK)
)SS.:
COUNTY OF SULLIVAN)

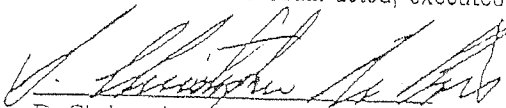
On the 2nd day of September in the year 1999 before me, the undersigned, a Notary Public in and for said State, personally appeared Robert Kunis, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.


Walter F. Garigliano
Notary Public, State of New York
NYS Reg.#4
Qualified in Sullivan County
Commission Expires: June 30, 2000

ACKNOWLEDGMENT

STATE OF NEW YORK)
)SS.:
COUNTY OF SULLIVAN)

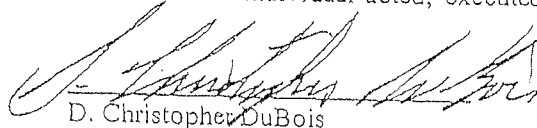
On the 2nd day of September in the year 1999 before me, the undersigned, a Notary Public in and for said State, personally appeared James E. Kroh, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.


D. Christopher DuBois
Notary Public, State of New York
NYS Reg. #02DU4607107
Qualified in Sullivan County
Commission Expires: May 31, 2001

ACKNOWLEDGMENT

STATE OF NEW YORK)
)SS.:
COUNTY OF SULLIVAN)

On the 2nd day of September in the year 1999 before me, the undersigned, a Notary Public in and for said State, personally appeared Jonathan Farrow, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



D. Christopher DuBois
Notary Public, State of New York
NYS Reg. #02DU4607107
Qualified in Sullivan County
Commission Expires: May 31, 2001

JOHN W. GALLIGAN

LICENSED LAND SURVEYOR
25 PRINCE STREET · P.O. BOX 71
MONTICELLO, NEW YORK 12701
(814) 794-0562

17.93 Acre Existing County of Sullivan Industrial Development Agency Parcel (Frontier).

ALL that tract or parcel of land situate near Lake Louise Marie and near Rock Hill, Town of Thompson, County of Sullivan and State of New York, intended to be all of the premises described in deeds to County of Sullivan Industrial Development Agency as follows:

- (1) All of the 2.70 acre parcel described in Land Records Liber 1728 at Page 301, and
- (2) All of the 15.20 acre parcel and the 0.03 acre parcel described in Land Records Liber 1649 at Page 612,

intended to be a portion of lands formerly described in a deed from Lake Marie Associates, Inc. to William J. Rieber, recorded in the Sullivan County Clerk's Office in Deed Liber 731 at Page 645, together with a portion of the Old Newburgh-Cochecton Turnpike, described as a six rod (99 feet) wide road in a deed recorded in the Ulster County Clerk's Office in Deed Liber 18 at Page 325, more particularly bounded and described as follows:

BEGINNING at a concrete highway monument found on the northeasterly bounds of Lake Louise Marie Road (Town Road Number 100, also known as Old Route 17, at the most southerly corner of Parcel "A" as shown on Taking Map Number 3.95 A-B, dated January 10, 1930, for State Highway Number 5457 (Bloomingburgh-Monticello, Part 2), said highway monument being North 82 degrees 30 minutes 20 seconds East 36.20 feet from a spike set at the intersection of the approximate center of travelled way of said Lake Louise Marie Town Road Number 100 with the center of travelled way of North Emerald Drive, and running thence from said point of beginning along the northeasterly bounds of said Lake Louise Marie Road, being the northeasterly bounds of said Parcel "A" on said State Highway Map Number 3.95 A-B, the following two (2) courses and distances:

- (1) North 25 degrees 51 minutes 10 seconds West 304.32 feet to a concrete highway monument found, and
- (2) North 16 degrees 23 minutes 10 seconds West 409.00 feet to a point at the most northerly corner of said Parcel "A";

thence running along the assumed northeasterly bounds of Old Route 17 as said northeasterly bounds existed January 10, 1930, North 15 degrees 31 minutes 20 seconds West 431.03 feet to a point on the southerly bounds of Bloomingburgh-Monticello, Part 2, State Highway Number 5457 - Quickway, at the most southerly corner of lands shown as Taking Parcel Number 162 on Map Number 78 for said State Highway (Quickway), said point also being a westerly corner of lands shown on Taking Parcel Number 168 on Map Number 81 for said State Highway (Quickway); thence running along the southerly bounds of said Bloomingburgh-Monticello Part 2, State Highway No. 5457 (Quickway), the following three courses and distances:

- (1) South 57 degrees 54 minutes 10 seconds East 72.00 feet to a point,
- (2) South 55 degrees 33 minutes 00 seconds East 722.00 feet to a concrete New York State Highway Monument Found, and
- (3) South 52 degrees 07 minutes 50 seconds East 312.000 feet to a concrete New York State Highway monument found;

thence continuing along the southerly bounds Bloomingburg-Monticello, Part 2, State Highway No. 5457 (Quickway), running along the southerly bounds of said Parcel Number 168, running to and along the southerly bounds of Taking Parcel Number 166 as shown on Map Number 80R-1 for said State Highway Number 5457 (Quickway), running to and through said Old Newburgh-Cochecton Turnpike for a portion of the way, South 62 degrees 01 minutes 00 seconds East 294.81 feet to a point on the southerly bounds of said Quickway at a northerly corner of a 1.826 acre parcel of land described in a deed to Frontier Insurance Group, Inc. (See Land Records Liber 1651 at Page 313, Schedule "C"); thence running along the northwesterly bounds of said 1.826 acre parcel, running through said Old Newburgh-Cochecton Turnpike, running along the bounds of a 12.967 acre parcel proposed to be conveyed to the County of Sullivan Industrial Development Agency, South 40 degrees 16 minutes 40 seconds West 31.24 feet to a point at the most northerly corner of a 2.70 acre parcel described in a deed to County of Sullivan Industrial Development Agency in Land Records Liber 1728 at Page 301; thence running along the northeasterly bounds of said 2.70 acre parcel of County of Sullivan Industrial Development Agency, running along the bounds of said 12.967 acre parcel proposed to be conveyed to said County of Sullivan Industrial Development Agency, South 37 degrees 34 minutes 00 seconds East 217.48 feet to a point at the most easterly corner of said 2.70 acre parcel; thence running along the southeasterly bounds of said 2.70 acre parcel, running along a northwesterly bounds of said 12.967 acre parcel, South 47 degrees 16 minutes 40 seconds West 647.56 feet to a corner of said 2.70 acre parcel on the northeasterly bounds of a parcel described as a "Restricted Parcel" in Land Records Liber 1719 at Page 273, being a corner of said 12.967 acre parcel proposed to be conveyed to the County of Sullivan Industrial Development Agency; thence running along a southwesterly bounds of said 2.70 acre parcel, the northeasterly bounds of said "Restricted Parcel" and a bounds of said 12.967 acre parcel, North 49 degrees 04 minutes 40 seconds West 108.69 feet to a point at the most northerly corner of said "Restricted Parcel", said point also being a corner of said 2.70 acre parcel and said 12.967 acre parcel; thence running along the northwesterly bounds of said "Restricted Parcel", running along a bounds of said 2.70 acre parcel and said 12.967 acre parcel, South 40 degrees 16 minutes 40 seconds West 61.50 feet to a point on the assumed northeasterly bounds of said Lake Louise Marie Road (Town Road Number 100) at the most westerly corner of said "Restricted Parcel", said point also being a corner of said 2.70 acre parcel and said 12.967 acre parcel; thence running along the said assumed northeasterly bounds of Lake Louise Marie Road (Town Road Number 100), the following four (4) courses and distances:

17.93 acre existing County of
Sullian IDA Parcel. (Frontier)
Page Three

- (1) North 49 degrees 04 minutes 40 seconds West 130.40 feet,
- (2) North 47 degrees 34 minutes 10 seconds West 155.49 feet,
- (3) North 43 degrees 44 minutes 20 seconds West 55.56 feet, and
- (4) North 39 degrees 34 minutes 40 seconds West 98.31 feet
to the point of beginning,

containing 17.93 ACRES of land.

SUBJECT to highway use-dedication of record, and all easements of record.

BEARINGS are as the magnetic needle pointed in November of 1974.

PREPARED by John W. Galligan, Licensed Land Surveyor, on February 14, 1997.

JOHN W. GALLIGAN
LICENSED LAND SURVEYOR
25 PRINCE STREET - P.O. BOX 71
MONTICELLO, NEW YORK 12701
(914) 794-0562

Page One of 12.967 acre
Pct. to be conveyed to
County of Sullivan IDA
(Frontier)

12.967 Acre Parcel To Be Conveyed By Frontier Insurance
Group, Inc. to County of Sullivan Industrial Development Agency.

ALL that tract or parcel of land situate near Rock Hill and Lake Louise Marie, Town of Thompson, County of Sullivan and State of New York, being the remaining portion of a 13.316 acre parcel of land described in a deed from Rock Hill J-J Corp. to Frontier Insurance Group, Inc., and recorded in the Sullivan County Clerk's Office in Deed Liber 1651 at P: 313 (schedule A), together with all of the same premises as described in a deed from Charles F. Grant to William J. Rieber, as Trustee, f/b/o Marie Rieber, recorded in the Sullivan County Clerk's Office in Deed Liber 1033 at Page 204, and also intended to be all of the second described parcel of land in a deed to Rock Hill J-J Corp., recorded in the Sullivan County Clerk's Office in Deed Liber 1587 at Page 45, including all lands described as Schedule "B" in a deed from Rock Hill J-J Corp. to Frontier Insurance Group, Inc., recorded in the Sullivan County Clerk's Office in Land Records Liber 1651 at Page 313, together with a portion of the Old Newburgh Cohecton Six Road Road, and being the same parcel of land wherein Frontier Insurance Group, Inc. was granted all the right, title and interest of Rock Hill J-J Corp. in Land Records Liber 1651 at Page 313 as Parcel "C", more particularly bounded and described as follows:

BEGINNING at a point on the assumed northeasterly bounds of Lake Louise Marie Road (Town Road Number 100, also known as Old Route 17), said point being South 49 degrees 04 minutes 40 seconds East 25.00 feet, as measured along said assumed northeasterly bounds of Lake Louise Marie Road, from a point on said assumed northeasterly highway bounds at the most southerly corner of a 15.20 acre parcel of land described in a deed to County of Sullivan Industrial Development Agency recorded in Land Records Liber 1649 at Page 612 and the most westerly corner of said 13.316 acre parcel, said point of beginning being a southerly corner of a 2.70 acre parcel of land described in a deed to County of Sullivan Industrial Development Agency recorded in the Sullivan County Clerk's Office in Land Records Liber 1728 at Page 301, said point of beginning being the most westerly corner of a 0.517 acre parcel described as a Restrictive Covenant in a document between Frontier Insurance Group, Inc. and Charles Segal & Jack Rubin, recorded in the Sullivan County Clerk's Office in Land Records Liber 1719 at Page 273, said point of beginning being the following four (4) courses and distances as measured along the said assumed northeasterly bounds of Lake Louise Marie Road, from a concrete monument found at the most southerly corner of lands described as Parcel "A" as shown on Taking Map Number 3.95 A-B, dated January 10, 1930 for State Highway Number 5457 (Bloomingsburg-Monticello Part 2), said concrete monument being North 82 degrees 30 minutes 20 seconds East 36.20 feet, from a spike set at the intersection of the approximate center of travelled way of said Lake Louise Marie Town Road Number 100 with the center of travelled way of North Emerald Drive:

JOHN W. GALLIGAN
LICENSED LAND SURVEYOR
25 PRINCE STREET · P.O. BOX 71
MONTICELLO, NEW YORK 12701
(914) 794-0562

Page One of 12.967 acre
Pcl. to be conveyed to
County of Sullivan IDA
(Frontier)

12.967 Acre Parcel To Be Conveyed By Frontier Insurance
Group, Inc. to County of Sullivan Industrial Development Agency.

ALL that tract or parcel of land situate near Rock Hill and Lake Louise Marie, Town of Thompson, County of Sullivan and State of New York, being the remaining portion of a 13.316 acre parcel of land described in a deed from Rock Hill J-J Corp. to Frontier Insurance Group, Inc., and recorded in the Sullivan County Clerk's Office in Deed Liber 1651 at Page 313 (schedule A), together with all of the same premises as described in a deed from Charles F. Grant to William J. Rieber, as Trustee, f/b/o Marie Rieber, recorded in the Sullivan County Clerk's Office in Deed Liber 1033 at Page 204, and also intended to be all of the second described parcel of land in a deed to Rock Hill J-J Corp., recorded in the Sullivan County Clerk's Office in Deed Liber 1587 at Page 45, including all lands described as Schedule "B" in a deed from Rock Hill J-J Corp. to Frontier Insurance Group, Inc., recorded in the Sullivan County Clerk's Office in Land Records Liber 1651 at Page 313, together with a portion of the Old Newburgh Cohecton Six Road Road, and being the same parcel of land wherein Frontier Insurance Group, Inc. was granted all the right, title and interest of Rock Hill J-J Corp. in Land Records Liber 1651 at Page 313 as Parcel "C", more particularly bounded and described as follows:

BEGINNING at a point on the assumed northeasterly bounds of Lake Louise Marie Road (Town Road Number 100, also known as Old Route 17), said point being South 49 degrees 04 minutes 40 seconds East 25.00 feet, as measured along said assumed northeasterly bounds of Lake Louise Marie Road, from a point on said assumed northeasterly highway bounds at the most southerly corner of a 15.20 acre parcel of land described in a deed to County of Sullivan Industrial Development Agency recorded in Land Records Liber 1649 at Page 612 and the most westerly corner of said 13.316 acre parcel, said point of beginning being a southerly corner of a 2.70 acre parcel of land described in a deed to County of Sullivan Industrial Development Agency recorded in the Sullivan County Clerk's Office in Land Records Liber 1728 at Page 301, said point of beginning being the most westerly corner of a 0.517 acre parcel described as a Restrictive Covenant in a document between Frontier Insurance Group, Inc. and Charles Segal & Jack Rubin, recorded in the Sullivan County Clerk's Office in Land Records Liber 1719 at Page 273, said point of beginning being the following four (4) courses and distances as measured along the said assumed northeasterly bounds of Lake Louise Marie Road, from a concrete monument found at the most southerly corner of lands described as Parcel "A" as shown on Taking Map Number 3.95 A-U, dated January 10, 1930 for State Highway Number 5457 (Bloomingburg-Monticello Part 2), said concrete monument being North 82 degrees 30 minutes 20 seconds East 36.20 feet, from a spike set at the intersection of the approximate center of travelled way of said Lake Louise Marie Town Road Number 100 with the center of travelled way of North Emerald Drive:

JOHN W. GALLIGAN

LICENSED LAND SURVEYOR

25 PRINCE STREET · P.O. BOX 71
MONTICELLO, NEW YORK 12701

(914) 794-0562

17.93 Acre Existing County of Sullivan Industrial Development Agency Parcel (Frontier).

ALL that tract or parcel of land situate near Lake Louise Marie and near Rock Hill, Town of Thompson, County of Sullivan and State of New York, intended to be all of the premises described in deeds to County of Sullivan Industrial Development Agency as follows:

- (1) All of the 2.70 acre parcel described in Land Records Liber 1728 at Page 301, and
- (2) All of the 15.20 acre parcel and the 0.03 acre parcel described in Land Records Liber 1649 at Page 612,

intended to be a portion of lands formerly described in a deed from Lake Marie Associates, Inc. to William J. Rieber, recorded in the Sullivan County Clerk's Office in Deed Liber 731 at Page 645, together with a portion of the Old Newburgh-Cochecton Turnpike, described as a six rod (99 feet) wide road in a deed recorded in the Ulster County Clerk's Office in Deed Liber 18 at Page 325, more particularly bounded and described as follows:

BEGINNING at a concrete highway monument found on the northeasterly bounds of Lake Louise Marie Road (Town Road Number 100, also known as Old Route 17, at the most southerly corner of Parcel "A" as shown on Taking Map Number 3.95 A-B, dated January 10, 1930, for State Highway Number 5457 (Bloomingburgh-Monticello, Part 2), said highway monument being North 82 degrees 30 minutes 20 seconds East 36.20 feet from a spike set at the intersection of the approximate center of travelled way of said Lake Louise Marie Town Road Number 100 with the center of travelled way of North Emerald Drive, and running thence from said point of beginning along the northeasterly bounds of said Lake Louise Marie Road, being the northeasterly bounds of said Parcel "A" on said State Highway Map Number 3.95 A-B, the following two (2) courses and distances:

- (1) North 25 degrees 51 minutes 10 seconds West 304.32 feet to a concrete highway monument found, and
- (2) North 16 degrees 23 minutes 10 seconds West 409.00 feet to a point at the most northerly corner of said Parcel "A";

thence running along the assumed northeasterly bounds of Old Route 17 as said northeasterly bounds existed January 10, 1930, North 15 degrees 31 minutes 20 seconds West 431.03 feet to a point on the southerly bounds of Bloomingburgh-Monticello, Part 2, State Highway Number 5457 - Quickway, at the most southerly corner of lands shown as Taking Parcel Number 162 on Map Number 78 for said State Highway (Quickway), said point also being a westerly corner of lands shown on Taking Parcel Number 168 on Map Number 81 for said State Highway (Quickway); thence running along the southerly bounds of said Bloomingburgh-Monticello Part 2, State Highway Number 5457 (Quickway), the following three courses and distances:

- (1) South 57 degrees 54 minutes 10 seconds East 72.00 feet to a point,
- (2) South 55 degrees 33 minutes 00 seconds East 722.00 feet to a concrete New York State Highway Monument Found, and
- (3) South 52 degrees 07 minutes 50 seconds East 312.000 feet to a concrete New York State Highway monument found;

thence continuing along the southerly bounds Bloomingburg-Monticello, Part 2, State Highway No. 5457 (Quickway), running along the southerly bounds of said Parcel Number 168, running to and along the southerly bounds of Taking Parcel Number 166 as shown on Map Number 8QR-1 for said State Highway Number 5457 (Quickway), running to and through said Old Newburgh-Cochecton Turnpike for a portion of the way, South 62 degrees 01 minutes 00 seconds East 294.81 feet to a point on the southerly bounds of said Quickway at a northerly corner of a 1.826 acre parcel of land described in a deed to Frontier Insurance Group, Inc. (See Land Records Liber 1651 at Page 313, Schedule "C"); thence running along the northwesterly bounds of said 1.826 acre parcel, running through said Old Newburgh-Cochecton Turnpike, running along the bounds of a 12.967 acre parcel proposed to be conveyed to the County of Sullivan Industrial Development Agency, South 40 degrees 16 minutes 40 seconds West 31.24 feet to a point at the most northerly corner of a 2.70 acre parcel described in a deed to County of Sullivan Industrial Development Agency in Land Records Liber 1728 at Page 301; thence running along the northeasterly bounds of said 2.70 acre parcel of County of Sullivan Industrial Development Agency, running along the bounds of said 12.967 acre parcel proposed to be conveyed to said County of Sullivan Industrial Development Agency, South 37 degrees 34 minutes 00 seconds East 217.48 feet to a point at the most easterly corner of said 2.70 acre parcel; thence running along the southeasterly bounds of said 2.70 acre parcel, running along a northwesterly bounds of said 12.967 acre parcel, South 47 degrees 16 minutes 40 seconds West 647.56 feet to a corner of said 2.70 acre parcel on the northeasterly bounds of a parcel described as a "Restricted Parcel" in Land Records Liber 1719 at Page 273, being a corner of said 12.967 acre parcel proposed to be conveyed to the County of Sullivan Industrial Development Agency; thence running along a southwesterly bounds of said 2.70 acre parcel, the northeasterly bounds of said "Restricted Parcel" and a bounds of said 12.967 acre parcel, North 49 degrees 04 minutes 40 seconds West 108.69 feet to a point at the most northerly corner of said "Restricted Parcel", said point also being a corner of said 2.70 acre parcel and said 12.967 acre parcel; thence running along the northwesterly bounds of said "Restricted Parcel", running along a bounds of said 2.70 acre parcel and said 12.967 acre parcel, South 40 degrees 16 minutes 40 seconds West 61.50 feet to a point on the assumed northeasterly bounds of said Lake Louise Marie Road (Town Road Number 100) at the most westerly corner of said "Restricted Parcel", said point also being a corner of said 2.70 acre parcel and said 12.967 acre parcel; thence running along the said assumed northeasterly bounds of Lake Louise Marie Road (Town Road Number 100), the following four (4) courses and distances:

UNIQUE ID NUMBER

246000039233

State of New York
Department of State

DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY

Control

No.

64618

EXPIRES ON THE REVISED EDITION OF THE EFFECTIVE DATE
EXPIRES ON THE REVISED EDITION OF THE EFFECTIVE DATE
04 10 14

EXPIRES ON THE REVISED EDITION OF THE EFFECTIVE DATE
EXPIRES ON THE REVISED EDITION OF THE EFFECTIVE DATE
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EXPIRES ON THE REVISED EDITION OF THE EFFECTIVE DATE
04 09 14

DOS-1098 (Rev. 3/01)

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A
GENERAL APPRAISER

In Witness Whereof The Department of State has caused
its official seal to be hereunto affixed.
GEBAR A. PERALES
SECRETARY OF STATE

EXHIBIT R

RETROSPECTIVE APPRAISAL OF PROPERTY
FOR TAX CERTIORARI
FRONTIER INSURANCE OFFICE
195 LAKE LOUISE MARIE ROAD
TOWN OF THOMPSON, SULLIVAN COUNTY
ROCK HILL, NEW YORK

VALUATION CONSULTANTS, INC.

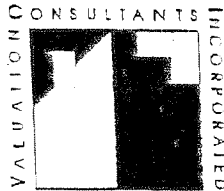
6 Front Street

Newburgh, New York

12550

Tel. 845-568-0600

Fax. 845-568-0699



January 29, 2014

Mr. Marvin Newberg, Esq.
33 North Street
Monticello, NY 12701

RE: APPRAISAL OF PROPERTY - Our File E310062
RETROSPECTIVE APPRAISAL OF PROPERTY FOR TAX CERTIORARI
FRONTIER INSURANCE OFFICE
195 LAKE LOUISE MARIE ROAD TOWN OF THOMPSON, SULLIVAN COUNTY
ROCK HILL, NEW YORK

Dear Mr. Newberg:

Pursuant to your request and in accordance with the instructions set forth in the engagement letter, we are pleased to submit the accompanying self contained retrospective appraisal report on the above captioned property. The report, including exhibits, fully describes the various approaches and contains all pertinent data gathered in the investigation of the subject property.

The subject is a large, mostly-vacant office complex, formerly the headquarters of Frontier Insurance, and comprised of three buildings totaling ±170,824 SF on a ±30.9 acre parcel. The main building is a single-occupant Class A office with ±159,195 SF in four stories, with 5 tenants occupying ±17,208 SF, or 10.8%, as of the date of valuation. The second building is a ±9,229 SF, single-story day care center occupied as Nana's House Day Care, with no lease or rental information available. The last is a ±2,400 SF garage used for property maintenance. As this valuation is being done for tax certiorari purposes, the value will be determined in fee simple, assuming no long term leases are in place, and assuming the condition as of the date of valuation was generally similar as on the date of inspection.

The property has been mostly vacant since 2001, after Frontier ran into financial trouble and ceased most operations. The main building was constructed in two phases for use by a single company, owned by a family with local ties, and it is not conducive to multi-tenant occupancy. There is limited demand for Class A office space in this area, and virtually no need for an office building of this size; most corporate headquarters are situated to the southeast, much closer to larger population centers, employee bases, and New York City. The property is vastly over improved for the area, and as predominately a single-occupant structure, it suffers from incurable functional obsolescence, with expansive open spaces and atriums, a gymnasium, cafeteria and auditorium, and would require significant modifications to separate areas for smaller occupancy or for another use. The current occupants are typically using relatively undefined, non-secure areas with shared entries, corridors, and support facilities, with the majority of the building unused.

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For the purposes of this tax certiorari, the property is valued as if with equalized taxes. There is a PILOT agreement that reduces the amount paid in taxes, but as the agreement is near the end, and the property is being valued as if with equalized taxes, this PILOT is not considered to have any significant impact on the retrospective value of the property for the purposes of this valuation.

The value opinion reported below is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the report. This report was prepared for Marvin Newberg, the client, and the New York Liquidation Bureau, and it is intended only for their specified use. The property was inspected by and this report was prepared by Paul G. Wiley and was reviewed by Gregory R. Langer. This appraisal report was prepared in accordance with our interpretation of FDIC, OCC and FIRREA Appraisal Policies and Guidelines.

After careful consideration we have concluded the retrospective Market Value of the subject property "as is," under prevailing market conditions as of July 1, 2012 to be:

FIVE MILLION ONE HUNDRED TWENTY FIVE THOUSAND DOLLARS
(\$5,125,000)

Based on this value, applying the 2013 Equalization Rate of 86.00% would result in a total assessed value of \$4,407,500.

Thank you for asking us to serve you in this matter.

Respectfully submitted,



PAUL WILEY



GREGORY R. LANGER

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

LOCATION: 195 Lake Louise Marie Road
Rock Hill, New York

ASSESSOR'S PARCEL NUMBER: T/Thompson Section 52, Block 1, Lot 1.3

INTEREST APPRAISED: Fee Simple

DATE OF INSPECTION: November 14, 2013
AND VALUATION: July 1, 2012

LAND AREA: ±30.9 acres

ZONING: HC-1: Highway Commercial-1

IMPROVEMENTS

Main Building
Type: Class A, Steel & Masonry Office Building
Year: c. 1993 & 1997
Size: 4 Stories, ±159,195 SF
Condition: Good

Nana's Day Care
Type: Wood-framed Day Care Building
Year: c. 1999
Size: 1 Story, ±9,229 SF
Condition: Good

Maintenance Garage
Type: Wood-framed Garage
Year: c. 1999
Size: 1 Story, ±2,400 SF
Condition: Average

VALUE INDICATORS: "As Is"
Sales Comparison Approach: \$5,125,000
Income Approach: \$4,925,000
Cost Approach: Not Applicable

VALUE CONCLUSION: \$5,125,000

2013 EQUALIZATION RATE: 86.00%

ASSESSED VALUE CONCLUSION: \$4,407,500

MARKETING TIME: 12 to 24 Months

EXPOSURE TIME: 12 to 24 Months

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CERTIFICATION

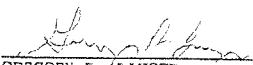
I certify that, to the best of my knowledge and belief:

- 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 in 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.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- Paul G. Wiley has made a personal inspection of the property that is the subject of this report. Gregory R. Langer did not inspect the property, but has reviewed the analyses, opinions and conclusions concerning real estate contained in this Market Valuation Analyses Report and fully concurs with the Final Market Value Estimate.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Paul G. Wiley and Gregory R. Langer have completed the Standards and Ethics Education Requirement for Candidates of the Appraisal Institute.
- I have performed no 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.



PAUL WILEY

Certified General Appraiser #46000048291



GREGORY R. LANGER

Certified General Appraiser #46000043405

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TABLE OF CONTENTS

SCOPE OF WORK	<u>1</u>
HISTORY OF THE PROPERTY	<u>3</u>
DEFINITIONS Market Value	<u>8</u>
AREA DATA	<u>11</u>
NEIGHBORHOOD DATA	<u>31</u>
MARKET ANALYSIS	<u>39</u>
DESCRIPTION OF THE PROPERTY	<u>45</u>
ZONING	<u>79</u>
THE HIGHEST AND BEST USE ANALYSIS	<u>83</u>
SALES COMPARISON APPROACH TO VALUE	<u>84</u>
SALES COMPARISON ANALYSIS	<u>98</u>
INCOME APPROACH TO VALUE	<u>99</u>
CURRENT TENANCY AND INCOME	<u>101</u>
COMPARABLE MARKET RENTS	<u>103</u>
VACANCY AND CREDIT LOSS AND EXPENSE ANALYSIS	<u>121</u>
CAPITALIZATION PROCESS	<u>125</u>
INCOME APPROACH ANALYSIS	<u>128</u>
RECONCILIATION	<u>129</u>
ADDENDUM	<u>131</u>
BASIC ASSUMPTIONS AND LIMITING CONDITIONS	<u>150</u>
PAUL G. WILEY - APPRAISER'S QUALIFICATIONS	<u>153</u>
GREGORY R. LANGER - APPRAISER'S QUALIFICATIONS	<u>158</u>

SCOPE OF WORK

The subject is a large, mostly-vacant office complex, formerly the headquarters of Frontier Insurance, and comprised of three buildings on a single parcel located at 195 Lake Louise Marie Road in the Town of Thompson in Sullivan County, New York. As this valuation is being done for tax certiorari purposes, the value will be determined in fee simple, assuming no long term leases are in place, and assuming the condition as of the date of valuation was generally similar as on the date of inspection.

The subject property was inspected on November 14, 2013, with Stephen Perfit, the listing agent for the property. Perry, a member of the property maintenance staff, accompanied the appraiser throughout the main building, and Jim Buckman, formerly the building supervisor for Frontier, provided access and accompanied the appraiser for the inspection of the day care and maintenance garage buildings. All areas were available to the appraiser except for occupied rooms in the day care, and a representative sample of the interiors were inspected, including all four levels and the roof of the main building, several classrooms in the day care building and the full interior of the garage, as well as mechanical areas in all of the buildings. This valuation is done under the extraordinary assumption that the property was generally in the same condition on the date of valuation as it was on the date of inspection.

The intended use of the report is for tax certiorari purposes with the Town of Thompson, the New York Liquidation Bureau, and Marvin Newberg, the intended user. The type and definition of the report is to determine the retrospective Fee Simple Market Value of the subject property as of the valuation date of July 1, 2012. This valuation is also done under the extraordinary assumption that there are no long-term leases that impact the

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value.

The scope of work performed must be sufficient to develop credible assignment results. It must meet or exceed the expectations of parties who are regularly intended users for similar assignments. Additionally, it must meet or exceed what an appraiser's peers actions would be in performing the same or a similar assignment.

The type of report requested was a Complete, Self-contained Appraisal. The Sales Comparison and Income Approaches were utilized to determine the value of the subject property. The Cost Approach was not considered applicable based on the age of the structures and the lack of relevant land sales.

To complete this report the appraiser:

- A. Did investigate appropriate market data for utilizing a Sales Comparison Approach to Value, and if appropriate, Cost and Income Capitalization Approaches. The appraiser's investigations included researching public records through the use of commercial sources of data such as printed comparable data services, computerized databases, Realtors, local multiple listing services, other appraisers and municipal records. Search parameters such as dates of sales, leases, locations, sizes, types of properties and distances from the subject started with relatively narrow constraints and were expanded until the available pool of data was reasonably exhausted. Researched sales data were viewed and efforts were made to verify the data with persons directly involved in the transactions such as buyers, sellers, brokers, attorneys or agents. At the appraiser's discretion some data may be used without personal verification if the data appeared to be correct. In addition, the appraiser considered any appropriate listings or properties found through observation during the data collection process. The Income Approach utilized the Direct Capitalization Method based on prevailing financing and market capitalization rates. The appraiser reported only the data deemed to be pertinent to the valuation problem;
- B. Did investigate and analyze any pertinent easements or restrictions on the fee simple ownership of the subject property. A title report was not available and the appraiser relied on a visual inspection to identify any readily apparent easements or restrictions;
- C. Did analyze the data found and reached conclusions regarding the market value, as defined in the report, of the subject property as of the date of value using appropriate valuation approach(es) identified

above;

- D. Did complete the appraisal report in compliance with the appraiser's interpretation of the *Uniform Standards of Professional Appraisal Practice* as promulgated by The Appraisal Foundation and the Code of Professional Ethics and Certification Standard of the Appraisal Institute;
- E. Did prepare a report including photographs of the subject property, descriptions of the subject neighborhood, the site, any improvements on the site, description of the zoning, highest and best use analysis, summary of the most relevant data for each approach used in the appraiser's valuation, an income approach, a reconciliation and conclusion, a map illustrating the sales in relationship to the subject property and other data deemed by the appraiser to be relevant to the report. Pertinent data and analyses not included in the report may be retained in the appraiser's files.

PROPERTY RIGHTS APPRAISED

The subject property is appraised in fee simple estate, assumed free and clear of all encumbrances.

RECORD OF TITLE

Town of Thompson, Tax Map Number Section 52, Block 1, Lot 1.3. Title is held by the County of Sullivan Industrial Development Agency, Deeds Liber 1649, Page 612, recorded February 25, 1993; Liber 1728, Page 301, recorded February 16, 1994; and Liber 1928, Page 505, recorded February 26, 1997. The different deeds appear to be the addition of other parcels to the original lot. The address of the property is 195 Lake Louise Marie Road, Rock Hill, New York 12775. The Census Tract Number is 9517.00.

2012 ASSESSMENT DATA

Land	\$1,405,600
Building	<u>\$7,594,400</u>
Total	\$9,000,000

The final 2013 equalization rate for the Town of Thompson is 86.00%, which equates the assessment to a market value of \$10,465,116. This is significantly more than our value of the property, which impacts negatively on the value in the form of potentially higher taxes when the Payment In Lieu Of Taxes (PILOT) agreement expires on February 28, 2014.

TAXES

As mentioned above, the subject property has a PILOT agreement that reduces the amount paid in taxes. However, as this valuation is for tax certiorari purposes, and the assessment is in dispute, it must be valued as if with equitable assessment and taxes; therefore, the actual taxes paid, and the reduced PILOT payments, will not be included for this valuation, and are not considered to impact the market value.

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Following are the tax rates per \$1,000 of assessed value that were in effect for the property as of July 1, 2012:

Monticello School 2011'2012	\$20.677892
Town, County, Highway, Fire 2012	<u>\$14.243036</u>
Total	\$34.920928

HISTORY OF THE PROPERTY

The subject property has been held under the current title since 1997, when an adjoining lot was added to the main parcel, for the purposes of expanding the site. The title is held by the County of Sullivan Industrial Development Agency, which acquired the title of the original property from the Frontier Insurance Company in an Installment Sale Agreement dated December 1, 1993. There are two subsequent Supplemental Sale Agreements, one dated February 26, 1997 and the other September 1, 1999, which expanded the original agreement, first for a large addition to the original building, and second for the addition of the day care building and maintenance garage. Both agreements included additional land, as well as fixtures and equipment.

Because of the failure of Frontier Insurance due to heavy financial losses in 1999 and 2000, the company was placed in rehabilitation in 2001. Frontier Insurance was placed into liquidation in 2012. The New York Liquidation Bureau, which carries out the liquidator's responsibilities and arranges management for the property, is currently in the process of liquidating the property.

It was reported verbally by Stephen Perfit and Jim Buckman that there is an ongoing dispute between the Frontier Insurance Group Inc. (FIGI), against the IDA and the New York Liquidation Bureau. The dispute apparently involves claims by FIGI that the IDA expansion or expansions are not valid as far as the liquidation of the property, and that the day care,

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maintenance garage and 12.967 acres of land that were added should not be part of the liquidation. FIGI has been maintaining the day care and maintenance garage. However, the lots were combined in 1997, each supplemental sale agreement clearly describes the relevant additional parcel and buildings, and the copies provided to the appraiser appear to have been signed by all parties.

Regardless, as the purpose of this valuation is for tax certiorari, the entire assessed unit, in this case the three buildings on 30.9 acres, will be valued. The ownership by the IDA is assumed as stated earlier, the title is assumed to be reasonably clear, and the property is presumed to be marketable; it should be noted that the challenge to the ownership may have a negative impact on the value to a prospective purchaser, due to the uncertainty of clear title and possibility of a protracted legal battle.

The subject property has been listed for sale and/or lease with Cushman & Wakefield, prior to and at the time of the valuation. According to broker Stephen Perfit, the property was originally listed October 24, 2008, with an asking purchase price reportedly of \$16 million. The number was eventually lowered to \$9,000,000. Asking rents have ranged between \$16 and \$23 per square foot, gross, including all expenses. As stated earlier, the property has reportedly been mostly empty since Frontier left, with vacancy around 90%.

EXPOSURE TIME

The exposure time or the length of time the subject being appraised would have been offered on the market prior to the appraisal date is twelve to twenty-four months. The subject is readily visible from a state highway with exits nearby, but is situated in a secondary, rural county with little demand for a large, Class A office building. Sales of similar properties in

better locations have sold within a one to two year period. The exposure time is estimated at twelve to twenty four months.

MARKETING TIME

The marketing time is also twelve to twenty four months. The market has slowed since 2007, and for the same reasons as the exposure time, this property would be expected to sell within twelve to twenty four months after this appraisal date, assuming aggressive marketing and a competitive price to attract either a company looking to expand and willing to relocate to Rock Hill, or an investor willing to repurpose the building for other occupancy.

DEFINITIONS

Market Value

The definition of Market Value as defined by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and FDIC Rules and Regulations Part 323-Appraisal ((2-28-03 p.2239)), Section 323.2(g).

"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:

- i. buyer and seller are typically motivated;
- ii. both parties are well informed or well advised, and acting in what they consider their best interests;
- iii. a reasonable time is allowed for exposure in the open market.
- iv. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- v. 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."

Fee Simple (Estate)

"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."

Leasehold Estate

"The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions."

Leased Fee Interest

"A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease)."

Market Rent

"The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TI's)"

Cash Equivalent

"An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentive is converted into a price expressed in terms of cash."

Value As Is

"The estimate of the market value of real property in its current physical condition, use and zoning as of the appraisal date. (Proposed Interagency Appraisal and Evaluation Guidelines, OCC-4810-33-F 20%)"

Prospective Value

"A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some point specific future date."

Retrospective Value

"A value opinion effective as of a specified historical date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date."

Subject Property

"The property that is appraised in an assignment"

Extraordinary Assumption

"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. (USPAP 2012-2013 ed.)"

In this case, the extraordinary assumption is that the condition of the property as of the July 1, 2012 date of valuation was generally similar as on the November 14, 2013 date of inspection.

Hypothetical Condition

"That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about the physical, legal, or economic characteristics of the subject property; or about conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.)"

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period
2. The property is subjected to market conditions prevailing as of the date of valuation
3. Both the buyer and seller are acting prudently and knowledgeably
4. The seller is under extreme compulsion to sell
5. The buyer is typically motivated
6. Both parties are acting in what they consider to be their best interests
7. A normal marketing effort is not possible due to the brief exposure time

8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto

9. 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

AREA DATA*Sullivan County 2012***Overview**

Sullivan County lies in the Catskill Mountains in the south central portion of New York State, bounded by the New York counties of Delaware, Ulster, and Orange to the north, east and south respectively; Sullivan shares the Delaware River as a common boundary with Pennsylvania to the west. The county is located some 80 to 110 miles from New York City.

Containing over 1,000 square miles of land area, Sullivan County is some 29 miles in width and 35 miles in length. The landscape is dominated by the Catskill foothills, with other smaller ranges throughout the county. It is primarily wooded and rolling hills, and much of the land is undeveloped. Of particular note is the possibility of casino gambling coming to the area, long perceived as a possible boon to this struggling, rural area.

Population

According to the 2010 Census, the population in Sullivan County is 77,547, an increase of 3,581 people, or 4.8%, over the 2000 Census estimate of 73,966. The population had increased 6.8% from 1990 to 2000 and 25.6% from 1980 to 1990. Most of the communities in the county showed population increases since 2000, although four of the villages and two of the towns showed minor decreases. These decreases are not surprising, since several of the larger resorts, primary employers in this area, closed or have had difficulties in the past decade.

Access & Highways

The county is accessed by New York State Highway 17, also known as the Quickway, and soon to be Interstate 86. It runs from southeast New York near

New York City north and west to the communities in western New York State. It is a well-traveled divided highway that runs northwest and southeast through the middle of Sullivan County, and much of the commercial trade and tourism are located near or along this corridor. According to the NYS DOT *Traffic Data Viewer*, as of 2012 on an average day 22,659 vehicles used Route 17 at the Orange County line at the southeast border of the county, dropping to 6,378 vehicles at the northwest border with Delaware County. There are also numerous state and county highways crossing the county, including Routes 42, 52 and 55, providing somewhat limited but adequate access to the rest of the county, with most of the commercial development concentrated near the Route 17 corridor.

This corridor should receive a boost as it is undergoing upgrades to convert Route 17 into Interstate 86, qualifying the road for additional funding for improvements, as well as spurring commercial growth. Some major hurdles, including traffic lights and road-grade crossings in the Parksville and Roscoe areas, are being addressed; a major rerouting of the corridor was recently completed in the Parksville area. An exit at the east end of Monticello has also been upgraded. Several of the existing, smaller exits in the county will likely be shut down while others are being expanded and improved, and many overpasses are being be upgraded.

The county seat and the largest population center are located in the Village of Monticello. This village has numerous retail and service businesses, and is situated along Route 17/I-86. To the west of Thompson is the Sullivan County Airport, a small municipal airport with 6,300 feet of runway, providing capacity for air traffic up to DC 9/717 level. This airport offers limited service; however, there are ample facilities and hanger space for future growth and expansion. Around the airport is a 300-

acre industrial park, which is in the early stages of development. In the Town of Thompson south of the village, a 656-acre tract of land along Cantrell Road off Route 42 that was previously the Monticello Airport has been redeveloped into a private, Grand Prix-style racetrack, catering to wealthy race car owners and enthusiasts. The track is before the town already looking to expand.

Housing

The residential home sales have slowed since 2007 after several years of very busy activity, similar to the rest of the region. There was a surge in home sales and values had been steadily increasing in Sullivan County from 2000 to 2007, following the market for the Mid-Hudson Valley; the market turned in mid-2007, with both volume and sales prices dropping steadily.

Although the prices have been declining, there are some indications that the drops have slowed, which may be an indication that the downturn is at or near the bottom in some areas, as evidenced by some recent increases in volume. However, the Sullivan market tends to lag behind the rest of the region, and will likely take longer to recover. Homes in Sullivan generally sell for less than for the other Mid-Hudson counties, due in a big part to the distance from major employers. This makes the area relatively more affordable to buy a home, and the county also includes many seasonal and second homes.

Sullivan County is covered by two Multiple Listing Services, which overlap and include many of the same properties, making proper statistical analysis somewhat difficult. The Sullivan County Multiple Listing Service covers the entire county, but the Hudson Gateway Multiple Listing Service covers multiple counties including Sullivan, with properties often listed

in one, the other, or both; the latter has better exposure to the larger population centers to the south and east, and properties along that side of the county tend to list more with the HGMLS, while properties in the north and west side of the county list mostly in the SCMLS.

The HGMLS shows 91 single-family houses sold in Sullivan County in the first half of 2012, with an average price of \$148,601 and a median price of \$135,000, representing a decrease in volume from the previous year of 24 sales, or -20.9%, a decrease in average sales price of -9.5%, and a decrease in median price of -2.9% from the first half of 2011. The Sullivan MLS shows 154 houses sold county-wide from January 1 to June 30, 2012, with an average price of \$139,888 and a median price of \$123,500, a drop in volume of 11 sales, or -6.7%, a decline in average price of -7.3% but an increase in median price of 2.9%. These numbers indicate a soft housing market that is still in decline.

Compared to the rest of the Hudson Valley, the prices of single family houses in Sullivan rank well below the prices in other counties. Somewhat surprisingly, due to the lower starting point, the decreases as a percent of value from the peak as of the middle of 2012 were largest in Sullivan, as well: the *2nd Quarter 2012 Economic Report of the Hudson Valley* from the Marist College Bureau of Economic Research shows that the median price of a single family home in Sullivan dropped -38.6% from the peak of \$187,500 in the 2nd Quarter of 2007 to \$115,000 in the 2nd Quarter 2012, based on data from the NYS Association of Realtors. The next closest county for percentage losses was Dutchess, which lost -33.3% of value from \$360,000 to \$240,000, with the least being Westchester, which at \$619,000 in the second quarter of 2012 was -15.2% lower than the peak of \$730,000 in the third quarter of 2007.

County	Peak Date	Peak Median Price	2007 Median Price	% Change
Dutchess	2005 Q3	\$350,000	\$240,000	-33.33%
Orange	2007 Q3	\$330,000	\$242,300	-26.58%
Putnam	2006 Q2	\$435,777	\$299,500	-31.27%
Rockland	2005 Q3	\$529,950	\$377,000	-28.86%
Sullivan	2007 Q2	\$187,500	\$115,000	-38.63%
Ulster	2007 Q3	\$255,000	\$203,500	-23.21%
Westchester	2007 Q3	\$730,000	\$619,000	-15.21%

According to the Census Bureau, as of 2011, the latest information available for housing, there were 49,239 housing units in Sullivan County, an increase of 12.8% from the 43,731 units in 2000; the number had increased 6.97% from 1990. The towns with the greatest percent increases were Neversink, Thompson and Liberty. Of the 2011 total housing units, 17.5% were in multi-unit structures, significantly lower than neighboring Orange (28.5%) and Ulster (22.3%) counties.

A substantial amount of the housing market is second homes, particularly in western Sullivan County, but also including substantial numbers in the towns along the Route 17/I-86 corridor. According to the Second Home Owner Study 2008 issued by the Sullivan County Division of Planning & Environmental Management, there were 10,085 second homeowners in Sullivan in 2007, up 65% from the 2001 figure of 6,089. Second homeowners make an average of two to five trips per day in the county when they are here, according to the study. Furthermore, it is estimated that the population of the county nearly doubles on an average summer weekend, bringing in an additional 87,000 people on a peak summer weekend.

Of particular note is a luxury home subdivision in the Town of Bethel.

Developer Steve Dubrovsky and the Woodstone Group have been developing the 5,000 acre Chapin Estate property along the Toronto Reservoir. The first phase had 19 five- to eight-acre home sites, with lots selling for upwards of \$500,000, and the last few lots sold in excess of \$800,000. Sales were brisk for the first few years, but slowed the past five years with the downturn in the economy. A similar, smaller project is underway for Kenoza Lake to the west, and a high-end townhouse project was started along White Lake. However, the townhouse project stalled prior to completion, due to internal management problems and the slowing market, and the Kenoza Lake project also has taken longer than anticipated to sell.

As of 2009, there were a total of 11 proposed projects with over 2,800 units in various stages of planning in the Town of Thompson alone, many planning on the demand that would come with a revamped Concord Resort. One of these, Rock Hill Town Center, has proposed 1,340 house, condo and townhouse units. The Town of Fallsburg Planning Department has 18 major housing projects with over 2,400 units of various types. Since that time, many of these projects have been put on hold pending the return of the market.

Elsewhere in the county, there are several other proposed projects that could impact significantly on housing in the future, in spite of the current soft market. A project known as Seven Peaks in the Town of Mamakating is proposing a gated community with 49 high-end luxury homes on 650 acres. Shalom Lamm, the developer behind the project, has built an 8,000-square-foot model home that he hopes will inspire wealthy buyers. The project is on the Shawangunk Ridge outside of Wurtsboro near the Orange County border, with extensive views to the east and west. The same developer also has an approved but controversial 396-unit townhouse project in Bloomingburg, which

many residents fear would double or triple the population of this small village. In the mostly rural Town of Forestburgh, there are two projects which could dramatically change the landscape: the biggest project is "Lost Lake Resort," which has a planned community of some 2,600 possible units, a golf course, hotel, spa and support facilities. The second project, known as The Falls at Black Creek, would add 250+ housing units to an old golf course off of Route 42. At this time, both of these projects are in the planning phase, and the actual number of units that may eventually be built could change significantly from the original plans.

The slowing economy, downturn in the housing market and financial lending crisis have been taking their toll. In 2008 DR Horton, one of the largest home builders in the United States, walked away from The Grande subdivision it was developing in Hurleyville. After gaining the approvals and putting in most of the infrastructure, the property had sold only 15 of the 111 planned units. Pulte Homes also stopped its 450-unit project in Morningside Park. A condominium project known as Schoolbell Townhouses in Liberty started in 2005 but stalled with only 10 sales and 23 more units complete, leaving 35 of 68 units left unfinished. The property was foreclosed upon in February 2010 and subsequently failed to sell at auction a year later. An investment group that acquired the property is seeking to finish and sell the units at a substantial discount from original prices.

A new deluxe condo project was also started in Monticello, but stalled and was subsequently foreclosed. "Dunbar Towers," a high-rise building off West Broadway near the Monticello Raceway, was proposed to have a total of 92 one- and two-bedroom units in seven stories, with a pool, recreation area and tennis courts. However, the project stalled in mid-2009, with the structure up but not finished, and the building permits expired in September

2009. It subsequently sold in a foreclosure auction to a group of investors that plan to finish the condos and market them to the ultra-orthodox community. Another developer reportedly had plans to possibly construct 99 town houses on a tract across the street from the Dunbar Towers, but that project also stalled prior to construction when the economy turned.

Employment

According to the Sullivan County Partnership for Economic Development, the five major employers in the county as of 2009, the latest data available, were the Sullivan Diagnostic Treatment Center, with 1,300 employees; County of Sullivan, with 1,196 employees; Catskill Regional Medical Center, with 930 employees; the Monticello School District employing 713; and the Sullivan County Correctional Facility, with 550. Other major employers in the top ten include New Hope Community, Sullivan ARC, the United States Postal Service, and the Woodbourne Correctional Facility.

The county has seen its share of problems and layoffs in recent years. The closing of the Concord hotel was a blow to the area, and this resort had been in the process of being rebuilt into a major resort and conference center with plans to move the race track and racino to this site; that project stalled due in part to the recent financial crisis, but has recently been revamped and appears may once again be moving forward. Frontier Insurance in Rock Hill, one of the larger employers in the county with nearly 700 workers at one time, ran into trouble in 1999 and 2000 after repeated poor financial reports. The Villa Roma Resort, one of the larger employers in the western part of the county, suffered a fire and a flood in 2006 that destroyed their main building, including kitchen and dining facilities and some guest rooms; however, the remainder of the resort stayed functioning, and the owners rebuilt the damaged sections while remaining

open.

There has been some good employment news. Kohl's completed a 500,000-square-foot distribution warehouse on Route 209 in Mamakating. A Japanese agricultural company is moving forward on building a mushroom growing & processing facility, also in Mamakating, which could employ hundreds; however, local residents have slowed the approval process, and the developer substantially scaled back their plans. The Sullivan County Partnership for Economic Development is reportedly involved in numerous projects of various sizes mostly manufacturing and processing in nature, each of which could bring more jobs to the county. The Partnership, which was formed in the spring of 1998 in conjunction with the Sullivan County Industrial Development Agency, the Chamber of Commerce and the Business Association, the county government and the Sullivan County Community College, are all working together to bring in new activity and to retain existing businesses.

A boom for the county comes from the new Bethel Woods Performing Arts Center, which opened July 1, 2006 on the site of the original Woodstock Music Festival. This \$70+ million project is the work of cable magnate Alan Gerry, and has a covered stage pavilion that seats 5,000 with an additional 12,000 lawn seats. It has been an immediate success, and may become the summer home of the New York Philharmonic.

Over 17% of the major employers (50 employees or more) are involved in the recreation trade. The recreation industry is included in the service sector, which is the largest employment sector of Sullivan County. Past trends indicate a steady increase in the number of people employed in the service sector. Other sectors which have grown are wholesale trade and finance, insurance and real estate. Sectors with stabilized employment were manufacturing; transportation, communication and utilities; and retail

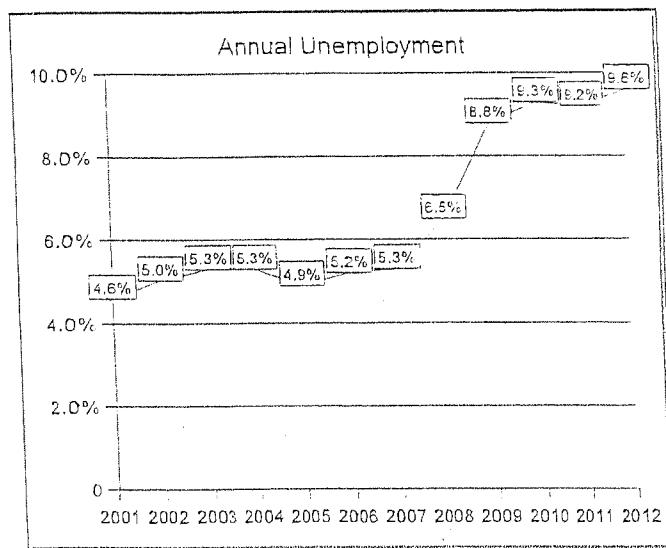
trade.

However, wages in Sullivan County are typically well below the rest of the region. According to the 2nd Quarter 2012 Marist Economic Report, the average weekly wage (AWW) in the private sector in Sullivan County was \$613, ranking it 56 out of the 62 counties in the state, where the statewide-

average was \$1,414. Across the region, the average was \$1,112. The county also had the lowest ratio of private-to-public sector AWW in the Hudson Valley: \$62.03, which means that \$620.30 is paid in the private sector for every \$100 paid in the public sector.

Unemployment in Sullivan is typically higher than the rest of the Hudson Valley. Because of the seasonal nature of the area, Sullivan generally posts better employment numbers in the summer months. According to the New York State Department of Labor, the unemployment rate in Sullivan County for June 2012 was 9.4%, down slightly from 9.5% the month before, but higher than the 8.8% rate the previous June. It is also above the June 2012 statewide average of 8.7%, and above the neighboring Mid-Hudson counties of Orange (8.6%) and Ulster (9.1%), typical of the county.

The towns with the highest percentage of the total employment in Sullivan County are typically Thompson, Fallsburg, and Liberty. Together these towns represent over one-half of the County's total employment. Total employment in June 2012 was 32,000, up 3.9% from the month before and



unchanged from the previous year. Sullivan County's labor force in June 2012 of 35,300 was up from 34,000 the previous month, up -0.6% from the previous year, and is a -7.4% change from the peak labor force of 38,119 in October 2008, according to data from the Marist College Bureau of Economic Research and from the NYS Department of Labor.

Economy

Sullivan County's economy typically lags somewhat behind that of most of the northeast, as it has little resident manufacturing and relies on the limited tourism trade and the resort hotels, which tend to be bellwether economic indicators and which have been seeing difficult times. Sullivan was only lately seeing some of the same recovery that most of the other Mid-Hudson counties had been undergoing, prior to the economic downturn. Two large resorts, the Concord and the Pines, closed down in 1998, which led to a 25% decrease in the room tax that the county collects and helped to further Sullivan's economic woes; it was not until several years later that the market improved in any measurable way.

Looking at Sales Tax Collection as a measure of retail sales activity, the quarterly sales collection in Sullivan increased in the 2nd Qtr of 2012 after decreasing the previous two years, but is still lower than it had been in the prior four years. It is also substantially lower than any of the other Hudson Valley counties, with the collection numbers approximately 1/4 of Ulster and around 1/8 of Orange, showing the limited overall activity in Sullivan County.

Quarterly Sales Tax Collection						
Data Source: New York State Department of Taxation and Finance						
Office of Tax Policy Analysis						
	2012.Q2	2011.Q2	2010.Q2	2009.Q2	2008.Q2	2007.Q2
Dutchess	\$40,623,907	\$38,743,503	\$39,477,391	\$33,956,517	\$37,300,353	\$39,693,041
Orange	\$64,288,432	\$59,525,635	\$56,406,398	\$52,551,603	\$56,724,326	\$55,173,197
Putnam	\$12,337,016	\$12,333,367	\$11,253,949	\$11,771,156	\$13,156,243	\$11,666,367
Rockland	\$41,963,389	\$42,305,749	\$41,468,450	\$41,378,574	\$39,917,549	\$42,906,630
Sullivan	\$8,318,381	\$7,819,677	\$8,487,913	\$8,918,534	\$8,895,137	\$8,690,847
Ulster	\$25,712,590	\$23,720,083	\$24,201,456	\$23,174,842	\$24,421,036	\$22,237,210
Westchester	\$113,637,011	\$112,418,443	\$112,996,212	\$101,244,063	\$116,957,617	\$117,604,383
Hudson Valley	\$306,881,724	\$297,976,459	\$294,893,771	\$272,605,326	\$297,572,863	\$298,573,675

Home construction was very busy in the last few years leading to the downturn, and construction slowed in 2006 from a very busy 2005. The boom had been picking up in many Sullivan County locations for several years, particularly for second homes. The Marist Report shows that Sullivan County had a peak of 761 single family construction permits in 2005, an increase of 16% from the previous year; that number slowed to 554 permits in 2006, 420 in 2007, 313 in 2008, 226 for 2009, 216 in 2010, up to 233 in 2011 and down to a low of 158 in 2012, a decrease of -32% from the previous year.

The retail and manufacturing sections, according to the county reports, struggled through the 1990s but have been doing better since 2000. The recreational trade, especially the resort hotel and outdoor recreation business, has had mixed results. The well-managed properties are surviving, while others are in financial difficulty. Sullivan tends to follow the economic recovery of the rest of the region by approximately 3 years, according to economy experts, and was showing positive economic indicators

for several years; however, as the region's economy slows down, Sullivan feels the negative impacts quite quickly.

An important event in the retail sector was the construction of a Wal-Mart in Monticello. This project provides a centrally-located retailer of household goods and clothing, something the residents of the county have desperately needed since the closing of the Jamesway and Sullivan's stores. Not to be outdone, Shop-Rite constructed a new 50,000-square-foot supermarket across the street, which opened in February of 2000. A Home Depot opened in December, 2003 on the site of the old Jamesway next to the Shop Rite, an Auto Zone was constructed at the front of this plaza, and a Staples has opened next to Shop Rite, filling in some gaps in the retail businesses in the area. There are also plans for a major chain restaurant to be constructed near the Auto Zone. Other positive signs are the redevelopment of a large retail strip in Liberty, and the aforementioned construction of the new Bethel Woods Performing Arts Center.

Another project comes with a corporate park off Route 17 in Rock Hill in the Town of Thompson. Sullivan County purchased 57 acres on Rock Hill Drive with plans to develop the site into five to seven office sites, ranging from 4 to 20 acres. However, at this time, only one building has been constructed: the Crystal Run Healthcare facility, developed by the same group that built a similar new building in Orange County. The county is considering changes to spur other development.

Possible industrial parks in Liberty and Mamakating may add some additional manufacturing jobs.

On the negative side is the closing of the Apollo Plaza in Monticello. This older building was finally closed due to condemnation in January 2003, ending years of speculation and closing the last of the 39 stores. The

building had fallen into a state of limbo and disrepair due to financial hardships of the various entities that have owned the property. However, local developer Butch Resnick has agreed to purchase the mall with plans to renovate the 195,000-square-foot building, possibly build a truck stop on adjoining land. The recent reconstruction of the nearby Route 17/I-86 exit should also have a positive impact on this site.

Hotels & Resorts

Sullivan County's primary business is tourism, and while the 'golden years' of the resorts may have occurred decades ago, the county has had a number of large hotels and resorts that relied on tourism for their trade.

An idea perceived as a possible economic boon for the area would be the legalization of casino gambling, which would draw tourists from New York City and other major metropolitan areas. The first entry to the gambling scene was a state-run video lottery terminal that opened in June of 2004 at the Monticello Raceway. This 'racino,' managed by Empire Resorts, features some 1,800 video lottery terminals and employed 390 people. However, after a few disappointing seasons with daily visits and revenues down, Empire Resorts was forced to restructure their deal with the state to stay afloat. As of the valuation date of July 2012, casinos were even less likely.

Some positive possible news comes with the construction of an amusement center at the Holiday Ski Center in Bridgeville, along Route 17 in the east section of the town. The ski center was sold to the principals of the Villa Roma resort, who have worked on increasing attendance and expanding the site to include a water park. One of the proposed casinos could be built in this area, which could dramatically increase traffic to the town.

Of particular note is the closing, subsequent sale and potential rebuilding of the aforementioned Concord Hotel, the largest of the resort

hotels in the Catskills. A severe blow to the area came when the Concord declared bankruptcy and eventually closed in 1998 while owing over \$8 million in back property, room and sales taxes. Developer Louis Capelli purchased the site and has demolished most of the old structures and planned on building a large motel, resort and conference center. After the prospect of an Indian casino stalled, Empire Resorts, the group that had been working with the St. Regis Mohawks for an Indian Casino, announced plans in February 2008 to move the Monticello Raceway and the racino to this site, and develop a \$700 million to \$1 billion gambling, hotel, golf, family entertainment and convention center. The state passed a resolution providing certain tax breaks and incentives for the project, and construction was started; however, due to the recent banking problems, the developer had difficulty securing financing, the project stalled, the deal to move the race track is now up in the air, and Capelli and Empire Resorts split. It was reported that EPR Properties of Kansas City and Empire Resorts were working on getting the latest incarnation of the project approved by the town, featuring a racino with +2,100 video gaming machines, a 248 room hotel, and a half-mile harness track.

The old Browns Hotel was re-christened as "Grandview Palace," and was renovated into 396 condominiums several years back. All the units reportedly sold fairly quickly; however, the project was mostly destroyed by fire in April 2012. The owners and the management are currently engaged in a battle with the insurance company.

The Raleigh Hotel, a landmark resort in the Town of Fallsburg that shut down in 2005, reopened in January 2007 as a weekend retreat. Although primarily catering to Hasidim, the property is also open to non-religious groups and is back on the tax rolls. The congregation that purchased the

property is planning on building bungalows on the surrounding land, and has applied for approvals for 320 condominiums.

Some other news includes the Stevensville Country Club, a 400-room hotel on Swan Lake in the Town of Liberty. This resort and golf course are being repackaged with the help of the Sullivan County IDA. Phase I of the project involved renovating 100 rooms and portions of the facility at a cost of \$3 million. This resort re-opened with 96 of 355 rooms renovated as the Swan Lake Resort Hotel, with more units opening as renovations continued. Other news for the old Catskill resorts includes two nearby Ulster County resorts: the Fallsview and the Nevele, both of which have been purchased and are proposed to be renovated; Ulster County is also a possible location for a Catskill casino. Sullivan County acquired the old Alladin hotel property in the Town of Fallsburg after failure to pay taxes; the county sold the property to an investor with plans on reopening the resort colony/hotel.

Other news on the hotel front includes the purchase of the Pines hotel by Fallsburg Estates LLC, with plans to reopen the hotel and build a condominium development, similar to other Orthodox Jewish communities that have been successful in the Fallsburg area.

Natural Gas Drilling

A possibly significant boom for Sullivan could come with drilling for natural gas. The western side of the county is reportedly on the edge of a large shale field that could yield substantial amounts of natural gas. Energy companies have been approaching property owners about purchasing mineral rights, and the possibility of drilling for gas has been garnering headlines. If significant gas is found, there could be a major influx of people, jobs and money in several otherwise lightly-developed rural towns; however, there is also concern over potential damage to the environment and

water supply, which may need to be addressed before any potential drilling. The prospect of potential drilling caused some residents to band together to try to maximize the value of the gas rights and others to come out to question what the drilling would do to their lifestyle and the local environment. A study is underway to determine the potential dangers of such drilling, and a recent estimate has significantly decreased the amount of viable gas that could be extracted. The recent downturn in the economy and drop in crude fuel prices have also slowed progress for this drilling, but it may come into play in the future when the study is complete, as demand for energy increases.

Agriculture

In spite of the earlier residential development, the county still has numerous farms and agriculture is a major factor. According to the Sullivan County Department of Planning & Environmental Management, "agriculture represents one of the largest economic sectors in Sullivan County, with the combined output value of agriculture exceeding \$60,000,000 in 2004. Generally, Sullivan County's agricultural operations supply the New York Metropolitan Area with eggs, milk, meats and other specialty farm products. Various global market influences have resulted in the loss of over 150 laying hen operations and 700 small dairy farms in the past 50 years. Other farms have avoided this fate by growing larger, creating new products, or reacting to fill niche opportunities. Sullivan County is a leading supplier of specialty poultry products to the New York Metropolitan Area." The USDA reported that the number of farms in the state fell 23% from 7,400 to 5,700 between 2002 and 2007, with declines of 40% in Sullivan, 43% in Orange, and 21% in Ulster. Some of the farms in the area have changed to growing food more organically, appealing to a select market. Another niche is providing

kosher food products to the growing Jewish communities. Other egg and poultry facilities in the area include K-Brand Eggs in Woodridge, Murray Bresky's Chicken in South Fallsburg, and Hudson Valley Foie Gras in Ferndale, the nation's largest foie gras factory.

Also in 2012, the Sullivan IDA approved \$1.2 million for site work toward a long-planned slaughterhouse in Liberty. The project will allow farmers a local facility for processing meat.

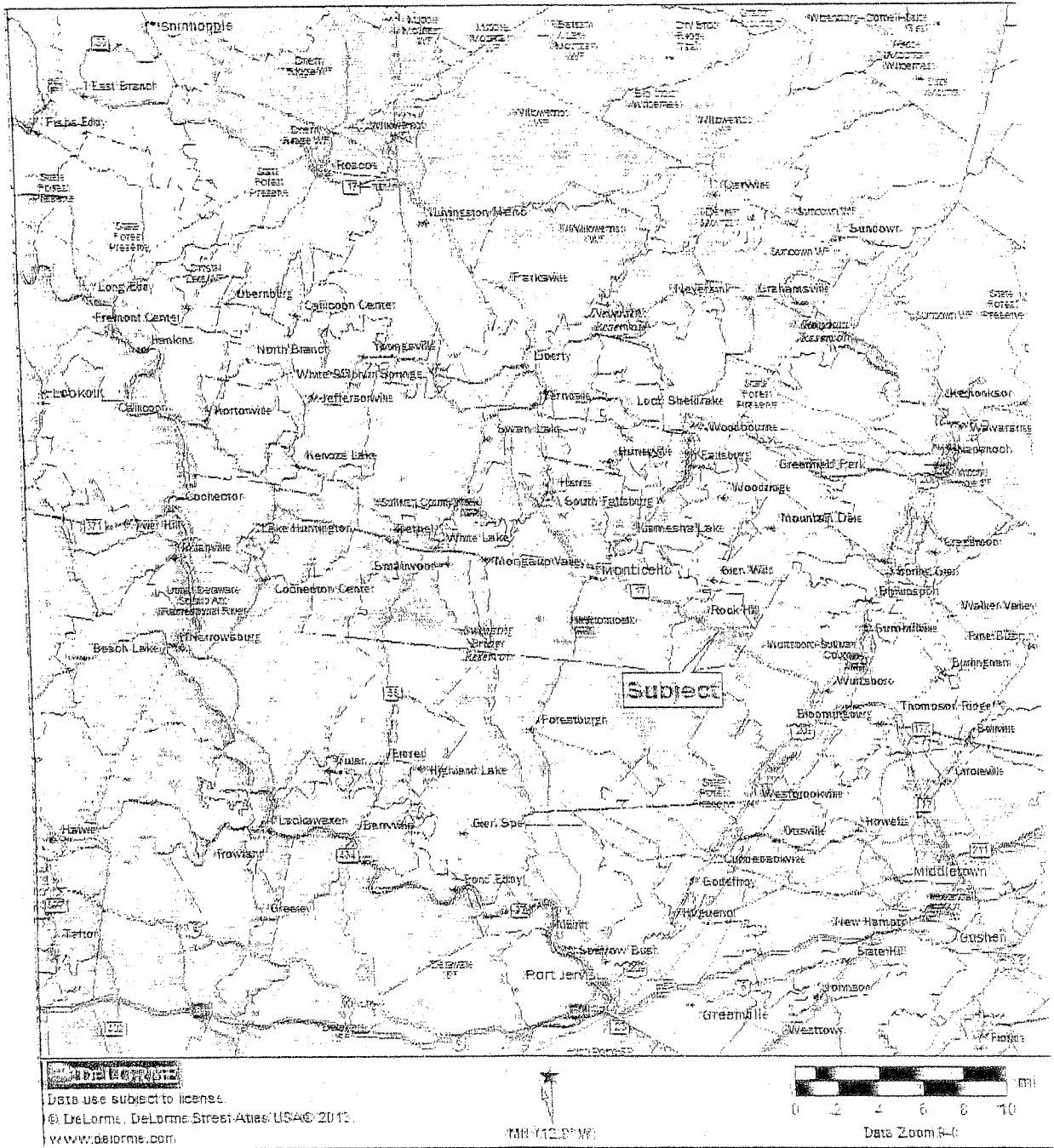
Proposed Projects

As of 2012, several other projects were also proposed for the county: the Center for Discovery won \$2.5 million in state funding toward a \$30 million, 60-bed, high-risk assessment clinic to be constructed in Harris, and the Town of Tusten will receive a \$106,400 grant for a riverwalk along the Delaware in Narrowsburg. A new brewery was to be constructed along Old Route 17 in Livingston Manor.

Conclusion

Some of the advantages this county has are its scenic mountain settings, affordable housing and land, combined with relatively low labor and building costs. As a result, first-time home buyers or new companies may consider this area. Surges in home sales and construction, driven in part by the more expensive home sales to the south and east, and combined with investor's interest in both residential and commercial properties and spurred on by the possibility of casino gambling, created an upswing in the local economy for several years; the downturn in the housing market and overall economic situation have stifled much of this growth. Stalled projects including Dunbar Towers, Bella Lago, and Schoolbell Townhouses are indicative of the challenges in this market. The second home market has been relatively doing well, and the new Bethel Woods Performing Arts Center is

bringing more people to the area. Our outlook for Sullivan County is therefore cautiously optimistic, considering the consistently high unemployment and soft home sales, but also the possibility of a casino coming to the area and overall improvement in the regional economy.



AREA MAP

NEIGHBORHOOD DATA*Lake Louise Marie Road, Town of Thompson*

The subject property is located along Lake Louise Marie Road in the southeast section of the Town of Thompson. The Town of Thompson is located roughly 85 miles northwest of New York, south and east of the center of the county, and is bordered by the Towns of Fallsburg and Liberty in the north, Mamakating in the east, Forestburgh in the south, and Bethel and the Swinging Bridge Reservoir in the west. Thompson is primarily a rural, wooded area characterized by scattered lake-side resorts, with the Village of Monticello covering 3.5 square miles in the middle of the town.

According to the Census Bureau, the 2010 population for the Town of Thompson was 15,308, an increase of 1,119 OR 7.9% from 2000 of 14,189. The Census estimates that 6,726 of the residents are within the Village of Monticello, an increase of 3.3% from 2000. These increases are fairly significant, as the population of the town had increased 3.5% between 1990 and 2000, and the population of the village had decreased -1.3% from 1990. Prior to the recent decline in the housing market and economy, Sullivan County had been undergoing a surge in construction and sales as people were moving out of the more expensive counties to the southeast, and the possibility of casino gambling pushed increased interest in real estate. The population also experiences extreme growth during the summer months due to the area's reliance upon tourism and a growing second home market.

The housing market in the town has softened after several years of growth, similar to the market throughout the region. According to the *Hudson Gateway Multiple Listing Service*, 17 single family houses sold through the HG MLS in the first half of 2012, with an average sales price of \$146,695 and a median price of \$118,000. While this is not all of the properties

sold, but rather the ones sold through this MLS, it is considered to be representative of the market as a whole. These numbers indicate an increase in volume of 3 sales, or 21.4%, but decreases in average sales price of -26.0% and in median sales price of -30.0% from the first half of the previous year. Looking at the Sullivan MLS, which also covers the county, there were 28 sales in the same period in the Town of Thompson with an average sale price of \$119,588 and a median of \$122,500, representing a drop in volume of 8 sales, or -22.2%, a decrease in average sales price of -11.6%, and an increase in median sales price of 4.3%. The values in Thompson are generally similar to, or somewhat below, that of the county, where the median sales price in the HG MLS for the first half of 2012 was \$135,000, and in the SC MLS was \$122,000.

Route 17 runs through the middle of the town, and much of the population and commercial activity are concentrated along this corridor. This divided highway is undergoing upgrades and is being given the interstate designation of I-86, a move that should increase traffic through the area and promote growth. An exit at the eastern edge of Monticello is being revamped to improve access in both directions from Route 17/I-86.

Public transportation is limited and relies heavily upon the automobile, with no available train service in the county; passenger trains run out of Port Jervis and Middletown in Orange County to New York City. The Shortline Bus company has a station in Monticello and provides service primarily along the Route 17 corridor, with some secondary local services available.

The Village of Monticello is the primary commercial center for the town, and includes a main street commercial district with many local retail and service businesses. There is also a growing retail sector and other

commercial activity along Highway 42 leading in and out of the village. Monticello is the county seat, and around the county building the area includes professional office buildings which house the many professionals working with the varied branches of the county.

Four of the five largest employers in Sullivan, the county government, SDTC Center for Discovery, Catskill Regional Medical Center and the Monticello School District are located in the Town of Thompson or Village of Monticello. Other major employers in Thompson include Leisure Time Ice & Water and the Monticello Gaming & Raceway; Leisure Time recently ran into financial trouble and was saved from bankruptcy by another company.

Frontier Insurance, a past major employer in Thompson with over 600 workers at one point, had undergone extreme difficulties and was dramatically downsized, and the Concord Resort closed after declaring bankruptcy. These situations coupled with the slow economy had a negative impact for confidence for the area. The Concord sold to a developer with plans to turn this huge resort into a national chain hotel and conference center, and there are plans to move the Monticello Raceway and racino to this site and redevelop the projects into a huge resort and entertainment complex, as previously mentioned in the Area Analysis.

Additional uncertainty in the Monticello area includes the future of the Apollo Plaza, located on East Broadway at the southeast corner of the village. This large, retail plaza shut down after minimal occupancy for several years, and subsequently failed to sell at auction. Its future was uncertain as of 2012, and the County was fielding a variety of potential plans to redevelop the site.

However, there were some small, positive signs in the area. The subject Frontier Building is partially occupied. A large business project in the

area came with the Emerald Green Corporate Center, located in Rock Hill across Route 17 from the Frontier Insurance building and east of the Village of Monticello. The first building, a large medical office facility known as Crystal Run Health Care, opened in 2005; however, no other buildings have been constructed at this point.

Another large project was the conversion of the Monticello Raceway to the Mighty M "Racino." This state-run facility features 1,500 video lottery terminals, similar to slot machines, as well as various restaurants and shops. It employed some 450 people and was bringing in some 20,000 to 40,000 people per day. However, the 2007 numbers from Empire Resorts, the company that runs the facility, showed declines of -13% in income and -9.0% in attendance from the previous year, and the latest information from the county shows the complex employs 344 people. Empire Resorts has been fighting to stave off bankruptcy, and recently was renegotiating with one of their primary bondholders.

There has also been a chance of Indian-run casino gambling coming to the area, and there were at one time two proposals in front of the Department of Interior after the Governor gave his approvals. The Interior Secretary subsequently rejected all proposals of off-reservation casinos; however, as of 2012, the new Interior Secretary was reportedly reconsidering the issue, and the state legislature renewed talks of amending the constitution to allow casino gambling, although there were no guarantees that anything would happen in the immediate future. Even with the subsequent passage of the constitutional amendment, it may be several years before anything concrete happens as far as a casino is concerned.

Other positive developments include a Wal-Mart, built off Route 42 at the north edge of the Village of Monticello, and the construction of a Home

Depot and other retailers. While some of the local small retailers were concerned about the impact of such a large store, most of the population was in favor of the retailer, which helped fill the gap left after Jamesway closed, and provided an alternative to Shop Rite. Shop Rite has since built a new building along Route 42 across from the Wal-Mart, and moved from its current location along East Broadway. There are now a Home Depot and an Auto Zone in the Shop Rite plaza on the site of the Jamesway building, filling in some gaps in the retail businesses in the area. A chain restaurant is also reportedly planned for this plaza. Aldi's supermarket and Family Dollar have since located to East Broadway.

Another development comes with a private, Formula 1-style auto race track on the site of the old Monticello Airport along Cantrell Road, just south of the Village of Monticello. The Drive & Race Club opened in 2008 and offers a Watkins Glen-style race track, clubhouse, restaurant, accommodations and heliport. This high-end private club reportedly has a \$100,000 initiation fee and \$7,500 annual dues. It has a full-time staff of 25, including driving pro, instructors, mechanics, safety staff and private chef. There is a proposal to expand the project, although some nearby residences have been asking for sound barriers to decrease the noise.

Some more positive possible news comes with the addition of an amusement center at the Holiday Ski Center in Bridgeville, along Route 17 in the east section of the town. The ski center was recently sold to the principals of the Villa Roma resort, who are working on increasing attendance and are expanding the site to include a water park and possibly a hotel.

Two residential projects that were proposed but not completed include a luxury condominium building and a townhouse project, both located off West

Broadway in the northwest section of the Village of Monticello, near the Monticello Raceway. The condominium project was 92 units in a 7 story high-rise building, and the townhouse project proposed 99 units. However, Dunbar Towers, the high-rise project, stalled in 2009 with the building unfinished, and was subsequently foreclosed. The townhouse project has not been started.

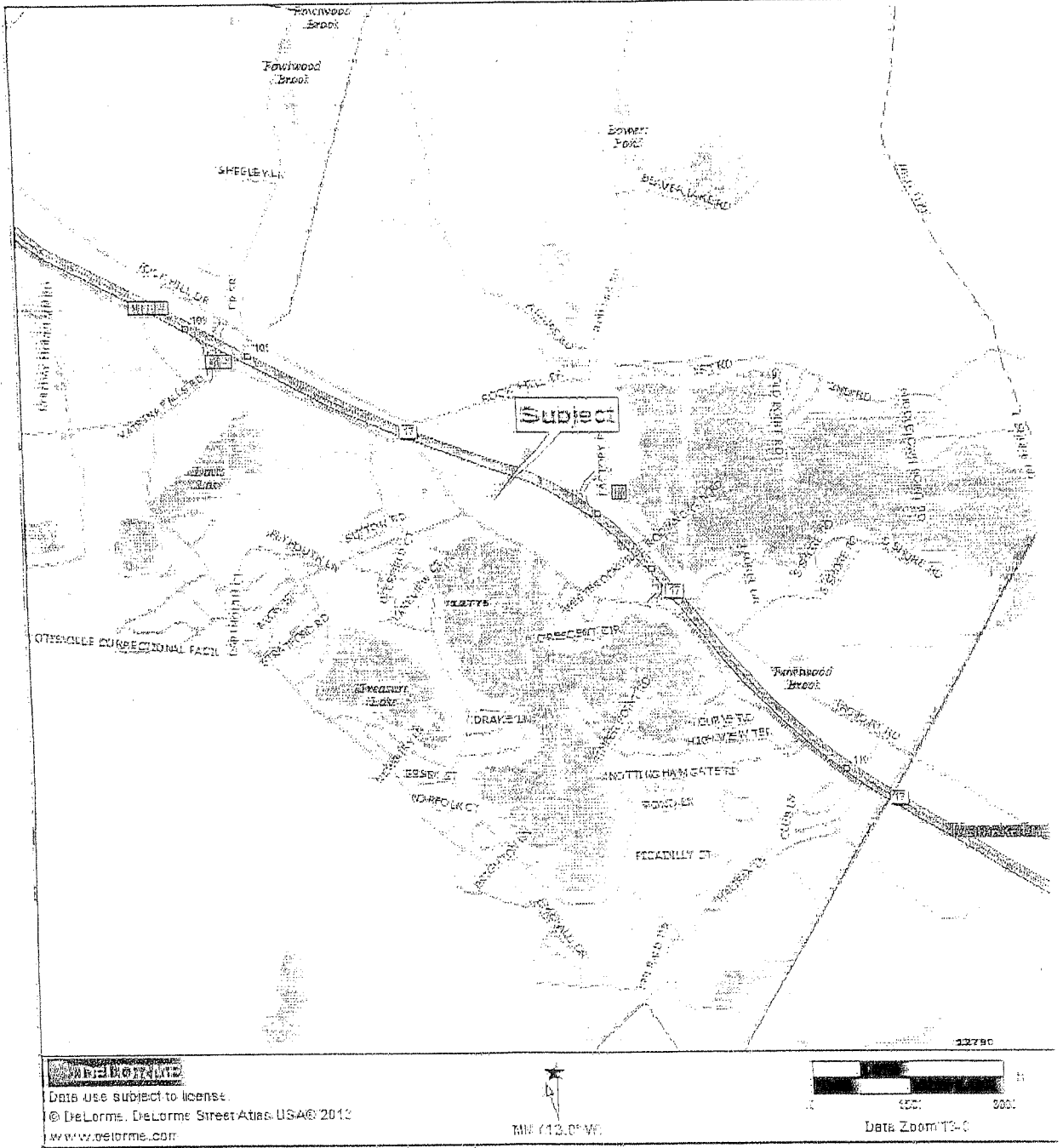
Broadway in the village recently underwent a full repaving project. This was stalled for several years as the state wrangled with the budget, but was started in 2009 and finally completed in 2012. The project widened driving lanes and added sidewalks and landscaped areas to make the street more pedestrian friendly, and rearranged some parking and access lanes. However, it made access to properties along its length difficult for more than two years, and many businesses suffered from the decreased traffic, worsening an already bad economic situation. There is still a high amount of vacant storefronts visible along Broadway, with vacancies appearing around 20 to 25 percent for ground-level stores.


The subject is located along Lake Louise Marie Road near Rock Hill, in the southeastern section of the Town of Thompson. It is also along State Route 17/Future I-86, but there is no direct access to that divided highway. Lake Louise Marie Road runs southeast and northwest by the subject, generally paralleling Route 17, ending to the southeast at Marginal Road by Exit 110 for Route 17 and at Katrina Falls Road by Exit 109 in Rock Hill. It provides adequate access to the subject property, with nearby access to Route 17/I-86.

This is a mixed residential and commercial neighborhood, extending the length of Lake Louise Marie Road. Lake Louise Marie is just to the south, and is ringed by a residential lake side community, featuring numerous waterfront and second homes; Wanaksink Lake, a second, similar lake, is just

to the northeast. In addition to some nearby residences, along the road by the subject is a restaurant that is closed and available for sale. Across the highway to the north is the Emerald Green Corporate Center, which at this time has only the Crystal Run Health Care center. There are some local service and retail businesses and convenience stores around the exit for Route 17 and in Rock Hill to the northwest.

In conclusion, the subject is located in an accessible but secondary mixed residential and commercial neighborhood in the Rock Hill section of the Town of Thompson. The slumping economy, soft housing market and financial crisis have had negative impacts everywhere, and all indicators are that the market is still in decline in Sullivan County and in the Town of Thompson. The local economy is heavily dependent upon summer tourism and resort hotels, most of which have seen difficult times; however, the revamped Holiday Mountain and new private race club, as well as the nearby Bethel Woods Performing Arts Center, are positive draws that should ultimately help the tourist trade, and therefore the economy as a whole. The subject is situated outside of a main business district but is readily accessible to Route 17. Therefore, this is considered a secondary commercial neighborhood, suitable for smaller businesses catering to the nearby lake side communities and highway traffic.





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NEIGHBORHOOD MAP

MARKET ANALYSIS

The subject is a large, Class A office complex, formerly the headquarters of an insurance company that failed around 2000. Since that time, the company downsized considerably and eventually ceased operations, leaving the main building mostly empty. A few tenants occupy a small percentage of the property, in a less-than-ideal situation that does not cover the operating expenses. The day care building is occupied, but no rental information was available; it is possible that the occupancy is not arms-length, as Nana's House is listed as a non-profit organization, and at least one member of the Board of Directors had the name of Rhulen.

The property may have served Frontier well before the financial crisis that doomed the company; at one time, the company employed some 2000 people in 40 locations, with around 700 workers at the Rock Hill headquarters. The location was reportedly chosen based upon the Rhulen family's ties to the area; however, there is very limited demand for Class A office space in this area, and virtually no need for an office building of this size. Most corporate headquarters are situated to the southeast, much closer to larger population centers, employee bases, and New York City. Other than the county building, the Sullivan County Community College and the Catskill Regional Medical Center, there are only a few other offices any where near the size of the subject- one is cable magnate Allen Gerry's Cablevision building in Liberty; another complex is for the Center of Discovery, a facility dedicated to helping the disabled; and a third is Crystal Run Healthcare, a medical office building in the Emerald Green Corporate Park, across the highway in Rock Hill. Crystal Run reportedly considered the subject before deciding to build their office building, due in part to the cost of modifying the subject property to suit their needs.

While possibly well-suited for a large single office entity, the building is less usable for smaller, multiple-user tenancy. As such, the property suffers from incurable functional obsolescence, with expansive open spaces and corridors, large atriums, and central utilities making separation into smaller, more manageable and rentable spaces difficult. It also includes a gymnasium, cafeteria and auditorium, which have little appeal to a smaller office tenant. The current occupants are typically using relatively undefined, non-secure areas with shared entries, corridors, and support facilities, as well as central heat, air conditioning and electricity. Closing off some of the corridors would create smaller areas; however, the building would still have large amounts of unrentable common area with little use or utility, as well as central utilities.

According to Stephen Perfit, the broker from Cushman & Wakefield, there were three possible conversion scenarios that were examined by an architectural firm at some point prior to the valuation date: dormitories, classrooms or a medical facility. Each was reportedly considered and rejected after study, due to either extensive expected costs or limited demand. The scenarios were reportedly preliminary, and no final reports or details of these estimates were available.

The office market in general has softened with the downturn in the economy after the economic near-collapse of 2007. According to the CBRE U.S. *Office MarketView*, in the second quarter 2012, office vacancy nationwide dropped slightly from the previous quarter to 15.7%. The market in New York has been slower to recover, as the recent gains have been mostly in the technology and energy sectors in the west, while the financial and professional services are still responding to poor economic conditions and reduced public sector spending from government cutbacks. At the time, the

looming "fiscal cliff" was also a concern for the upcoming quarters, further reducing confidence in the overall market.

The Suburban Office Market has been softer than the office market in the larger cities, typical of a soft economy. Weak demand and lower prices generally allow tenants to improve their situation by renting up to better space for less money. The CBRE report states that, "among office users, there is a notable flight to quality across major markets. Class A vacancy rates have been tightening at a fast clip, as office tenants relocate from Class B properties." This has left a higher vacancy in suburban locations of around 17.5%, according to CBRE. The subject property is in a more secondary, rural location, in the opposite direction from that which the Class A office market has been heading.

It is important to note that different sectors of the market can effect each other, and a rise or fall in one sector can impact another in ways that may not seem obvious. The CBRE report stated that the future office market would be impacted by the housing and household income sectors; the credit problems and housing bubble that so badly sapped the economy also dragged down the office market, which should recover as those sectors improve. The labor market is also a key indicator of office demand. As of the middle of 2012, unemployment was weighing heavily on people's minds prior to the November elections. As previously reported, the housing market, the economy and employment have been soft in Sullivan County, and were all steadily down as of the valuation date. Coupled with the increasing taxes and budget shortfalls in Sullivan County, all indicators are that selling or renting a large, Class A office building in this market will be challenging, and that such a property would tend to be at the low end of the range when compared to other, superior markets to the south and east.

The subject property represents a significant portion of the office space in the county, and a majority of the available Class A space. In the four years prior to the valuation date, there were only seven sales of office buildings, retail/office buildings or bank buildings in the county. The seven buildings total 40,229 SF, one quarter the size of the subject's main building. Three were medical office buildings, two were banks, and two were multi-tenant buildings.

Looking to CoStar, a major, national commercial real estate database, the office market in the Mid Hudson Valley was examined. In the four years prior to the valuation date, CoStar shows a total of 4 office sales in Sullivan County, with a gross sales volume of \$570,500. The sales had a total of 17,709 SF, for an average sales price of \$32.22 per square foot. When compared to the rest of the counties in the Mid-Hudson Valley, the sales represent just 1.8% of the total number, only 0.3% of the total gross sales, 0.7% of the total office building area sold, and the average sale price per square foot is the lowest by far, coming in at only 39% of the overall average of \$81.92/SF, and -23.7% lower than the next number, Ulster, which had an average sale price of \$42.24/SF.

Mid-Hudson Office Sales From 7/1/2008 to 7/1/2012					
County	# Sales	\$ Volume	Avg Price	Total SF	Avg/SF
Sullivan	4	\$570,500	\$142.625	17,709	\$32.22
Orange	58	\$35,654,838	\$614.739	371,114	\$96.08
Ulster	17	\$8,092,331	\$358.372	144,234	\$42.24
Rockland	49	\$44,437,013	\$906.878	718,977	\$61.81
Dutchess	75	\$111,598,494	\$1,487.980	1,116,730	\$99.93
Putnam	24	\$11,091,199	\$462.133	188,086	\$58.97
Total	227	\$209,444,375	\$922.662	2,556,850	\$81.92
Sullivan, % of total	1.8%	0.3%	15.5%	0.7%	39.3%
Source: CoStar					

The above chart generally shows the relationship between value and proximity to New York City, and the average sales price per square foot decreases as the distance from NYC increases. The ratio is not perfect, with Orange and Dutchess coming in at the highest numbers, but both counties have very strong commercial markets, as well as some of the largest populations in the Mid-Hudson Valley. The numbers also point out the nearly non-existent office market in Sullivan County, making it less likely than most other areas in the Mid-Hudson Valley to be considered when a potential purchaser is shopping for office space.

Another factor is that of the few offices built in the county in the past decade, nearly all were involved in the medical industry, including doctor's offices and a VA office building in Monticello, and the Crystal Run Healthcare building in Rock Hill. Other offices in the county tend to be smaller, and located in converted residences and retail plazas. In fact, no other buildings have been constructed in the Emerald Green Corporate Park after the Crystal Run building, and the park is otherwise vacant. The large, two story Peachtree building was renovated along Broadway in the mid-2000s, but ran into financial trouble and was threatened with foreclosure in 2010, a matter made worse when the Sullivan County Chamber of Commerce, which had been one of their tenants, chose to vacate their space and move into an RV in 2011.

A perceived potential boon to the county comes with the November 2013 state referendum to allow casinos in New York State. This is given no consideration for this valuation for several reasons, not the least of which is that the referendum was passed 16 months after the valuation date of this report. Although a casino coming to the Catskills at some point in the future is more likely after the referendum, as of the writing of this

report, the time line has already been extended once, and no county or location has a lock on when and where a casino may occur. Furthermore, while a casino may indeed be a benefit for some, it is not likely to spur a demand for an existing, large Class A office building, particularly if it is not located on the site of, or adjacent to, a proposed casino. Furthermore, the actual demand for casinos is, in large part, uncertain: the construction of other casinos in neighboring states has divided the market into smaller pieces, some of those sites are closer to the metropolitan NYC area than Sullivan County, and half of Atlantic City's casinos have filed for bankruptcy in recent years. Therefore, the prospect of casino gambling in Sullivan County has little discernable impact on the subject property as of the date of the valuation.

In summary, the subject is overall ill-suited to this market. It is significantly larger than any of the other properties of this type in the county, and the local economy has little need for a property of this type. The persistent vacancy around 90 percent attests to this. In the overall market, office vacancy is around 15 to 20 percent. Therefore, lowering the asking rents and sectioning off portions of the building to create smaller spaces to increase occupancy and try to generate positive cash flow would be advisable. The subject day care building, in contrast, is believed to be doing well, but is run by a non-profit organization, and no information was available. However, increasing occupancy in the main building would likely increase attendance at the day care.

DESCRIPTION OF THE PROPERTY

The subject property is located on the northeast side of Lake Louise Marie Road, across from the intersection with North Emerald Drive, in the Town of Thompson, County of Sullivan, State of New York. It can further be identified as Section 52, Block 1, Lot 1.3 in the records of the Town of Thompson.

The subject property consists of a large office building, a day care building and a maintenance garage on a single tax lot.

Land

The subject parcel totals ± 30.9 acres, according to assessor's maps. No current survey or site plan was available; an older survey prepared by John Galligan and dated December 12, 1996 was provided, and shows the property prior to being combined as five parcels with a total area of ± 30.867 acres, which rounds to 30.9 acres. The lot has $\pm 2,328.13$ feet of frontage along the northeasterly side of Lake Louise Marie Road, providing for good ingress and egress. Access to the site is via three paved entries, one near either end of the frontage and one near the middle. There is no curbing along this section of road. The northeasterly edge of the site is along the southwesterly side of Route 17/I-86, with $\pm 2,271$ feet of frontage; however, there is no direct access to this divided highway from the subject property. The shape of the lot is irregular, roughly triangular and tapering to the northwest; the shape does not greatly impact the potential development or value. The lot is situated at and above street grade. The topography is level to rolling, and generally rises from the west to the east. The lot is mostly cleared around the main building, with lawn and landscaping around the main building, and woods in the east and southeast corners.

The survey indicates a 0.517-acre restrictive covenant along the front, just east of the central entry along Lake Louise Marie Road frontage. This does not significantly impact on the overall use or value of the property, due to the large size and adequate frontage. There do not appear to be any other easements or right-of-ways that impact on the value.

The land around the subject is perhaps 50 to 75% improved, as the subject is located in a mixed, partially-developed section in Rock Hill in the Town of Thompson. The nearby properties include a closed restaurant on Lake Louise Marie Road and lake side communities around Lake Louise Marie and Treasure Lake to the south, southeast and southwest, and around Wanaksink Lake to the northeast, across the Route 17 corridor. Also across Route 17 to the north is the Crystal Run Healthcare building in the Emerald Green Corporate Park. To the west is the Holiday Mountain Ski Center. The subject is situated within the Monticello School District.

Lake Louise Marie Road is a paved, two lane town road which runs northwest and southeast past the subject. To the southeast, it ends at Marginal Road by an exit for Route 17; to the northwest, it ends at Katrina Falls Road by Exit 109 for Route 17 in Bridgeville. Lake Louise Marie Road serves mostly residential traffic for the nearby lake communities, and provides adequate access to the subject property.

Electricity, telephone and municipal water and sewer are available and connected to the site.

The subject is not situated within a flood plain, as verified by the FEMA Flood Insurance Rate Map for the Town of Thompson, Community Number 360830, Panel 630F, dated February 18, 2011.

Improvements

As of the date of the valuation, the subject property is improved with

a corporate office complex comprised of three buildings totaling ±170,824 square feet, based upon field measurements and floor plans provided to us. The buildings include a ±159,195-square-foot, three-to-four story Class A office building, a ±9,229-square-foot, single-story day care center, and a ±2,400-square-foot maintenance garage.

Main Office Building

The main building totals ±159,195 square feet of mostly above-grade, finished space, not including a basement area, connecting tunnel and underground generator room totaling ±7,688 square feet. The sizes are based upon the appraiser's actual measurements of the building, as well as available floor plans of the building. The building includes various decorative exterior surfaces, numerous overhangs, elevated walkways and differing footprints for each floor. The appraiser's area is based upon measurements to the usable surfaces of the exterior walls, disregarding the additional exterior surface extensions that do not actually increase the floor area.

Year Built: 1993, with large addition to southeast corner 1997

Foundation: Poured concrete w/partial basements

Basement: Partial, under southeast section

Framing: Type A, steel-framed masonry

Exterior Walls: Masonry veneer

Roof/Roofing: Flat with rubberized membrane on steel decking; no signs of obvious leaking observed during the inspection

Windows: Large, fixed glass, including some floor-to-ceiling units

Ceilings: Suspended acoustical tile

Interior Walls: Painted and papered gypsum, wood panel finish in 3rd floor executive offices

Floors: Carpet, ceramic tile, marble tile

Bathrooms: 2 pairs of large lavatories & 2 pairs of smaller lavatories per Floors 1-3, additional lav in executive offices; 2 locker rooms with showers & lavatories on lower level

Plumbing: Appears to be typical copper & PVC

HVAC: Central A/C w/roof-top units

Meters: 1

Electrical: 1,500 amps with generator back-up

Heat: Electric HVAC in original section, oil-fired hot water in new section

Oil Tanks: No information available; believed to be underground tank

Lighting: Ceiling mounted fluorescent and recessed incandescent

Entrances: 3 main steel & glass entries with pairs of double doors: 2 on main level with glass atria, 1 on lower level NW corner; additional steel utility exits at stairwells; steel utility exit & loading dock with overhead door north side of lower level; steel overhead door & utility exit along west side of lower level; separate steel entry for generator room

Stairwells: Large open staircases in two atria, two enclosed stairwells in north and west wings

Elevators: 2 in Main Atrium, 1 in SE Atrium

Other: Two 3-story glass atria around main entries, large central courtyard

Building Layout

Lower Level:	±23,724 SF
Main Level, NW:	±28,538 SF
Main Level, SE:	±8,892 SF
Second Level:	±48,317 SF
Third Level:	±49,724 SF
Total Finished Area:	±159,195 SF

Basement:	±6,699 SF
Generator Room:	±989 SF
Total Utility Area:	±7,688 SF

Configuration

Lower Level: Cafeteria with large dining room & kitchen w/prep areas, walk-in cooler & freezer; gymnasium, 2 locker rooms w/showers and saunas; server room, storage, mail room, loading dock,

Main Level, NW: Main Lobby Atrium w/stairs & 2 elevators; 2 gang lavatories, conference room, 4 wings each w/ general office

- area & perimeter offices, file storage areas
- Main Level, SE: Auditorium w/approx. 200 seats, media & projection room, entry lobby w/wheelchair lift, lobby w/ elevator & stairs
- Second Level: 6 wings each w/ general office area & perimeter offices; main lobby w/ stairs, 2 elevators, & 2 gang lavatories; second lobby w/stairs, elevator & 2 lavatories, conference room, file storage areas, 2 elevated connecting walkways
- Third Level: 5 wings each w/ general office area & perimeter offices; 1 wing w/executive offices & boardroom; main lobby w/ stairs, 2 elevators, & 2 gang lavatories; second lobby w/stairs, elevator & 2 lavatories & kitchenette; conference room, file storage areas, 2 elevated connecting walkways w/cubicle office areas
- Basement: Under SE wing, boiler room & mechanical areas, connecting tunnel, electrical rooms
- Generator Room: Subterranean area off SW corner, large, diesel-powered generator, fuel storage tank, switching equipment, large ventilation louvers

The building was constructed as a corporate headquarters. The layout appears may have been functional for the use as an office for a large company, but is not easily adaptable to another use, or for smaller, multi-tenant occupancy. Adding interior doorways to section off smaller areas may be possible, although this would likely result in potential access issues, and/or substantial lost rentable space due to corridors. Furthermore, the building has central utilities, and sectioning off areas may require separating some of the utilities, adding to the cost. It therefore suffers from substantial incurable functional obsolescence.

Condition and Remaining Economic Life:

The building appears to have been well maintained, even with the minimal occupancy. Based upon the inspection, the improvements are in good condition with an effective age of 15 years and a remaining life of 35 years.

Nana's House Day Care

The day care building totals ±9,229 square feet on a single story, not including the unfinished basement area, and based upon the appraiser's actual measurements of the building.

Year Built: 1999

Foundation: Poured concrete w/partial basement

Basement: Partial, under north section

Framing: Type D, wood frame

Exterior Walls: Vinyl siding & stone veneer

Roof/Roofing: Peaked, multiple gables with fiberglass shingles

Windows: Wood-framed double-hung

Ceilings: Painted gypsum

Interior Walls: Painted gypsum

Floors: Carpet, vinyl tile

Bathrooms: 7 lavatories, including toddler fixtures

Plumbing: Appears to be typical copper & PVC; additional sinks in classrooms

HVAC: Central A/C

Meters: 1

Electrical: 200 amps

Heat: Propane-fired hot water w/ 3 boilers

Oil Tanks: None noted

Lighting: Ceiling mounted fluorescent and incandescent

Entrances: Steel & glass units with double door main entry, single door exit for each perimeter room

Stairwells: Enclosed interior stair down to basement

Other: Covered recessed front entry, covered patio along north side & rear

Configuration: Secure vestibule entry, reception area, front offices, 8 classrooms, central multipurpose areas

Basement: Partial under north end, ±2,348 SF, used for mechanical areas, chain link water treatment enclosure

The building was constructed as a day care, and the layout appears to be functional for this use.

Condition and Remaining Economic Life:

The building appears to have been well built and well maintained, and is believed to have been fully occupied the past several years. Based upon the inspection, the improvements are in good condition with an effective age of 10 years and a remaining life of 40 years.

Maintenance Garage

The maintenance garage building totals ±2,400 square feet on a single story, based upon the appraiser's actual measurements of the building.

Year Built: 1999

Foundation: Concrete slab-on-grade

Basement: None

Framing: Type D, wood frame

Exterior Walls: Vinyl siding

Roof/Roofing: Peaked, with fiberglass shingles

Windows: Vinyl-clad double-hung

Ceilings: Unfinished & exposed in main garage, painted gypsum in enclosed rooms

Interior Walls: Unfinished & exposed in main garage, painted gypsum in enclosed rooms

Floors: Unfinished concrete

Bathrooms: 1 bathroom with shower stall

Plumbing: Appears to be typical copper & PVC

HVAC: None

Meters: 1

Electrical: 200 amps

Heat: Suspended, propane-fired hot air, electric baseboard in enclosed room

Oil Tanks: None noted; UG propane tank near building

Lighting: Ceiling mounted fluorescent

Entrances: Steel utility units, 10 x 14 OH door, 8 x 8 OH door

Stairwells: Open wood stairs to storage mezzanine

Other: 16' interior height. Mold visible in enclosed rooms

Configuration: Primarily open & unfinished garage, with small office, bathroom & storage room along one end

The building was constructed as a maintenance & storage garage, and the layout appears to be functional for this use.

Condition and Remaining Economic Life:

The building appears to have been neglected; with missing eaves & extensive mold in enclosed rooms. Based upon the inspection, the improvements are in average condition with an effective age of 15 years and a remaining life of 25 years.

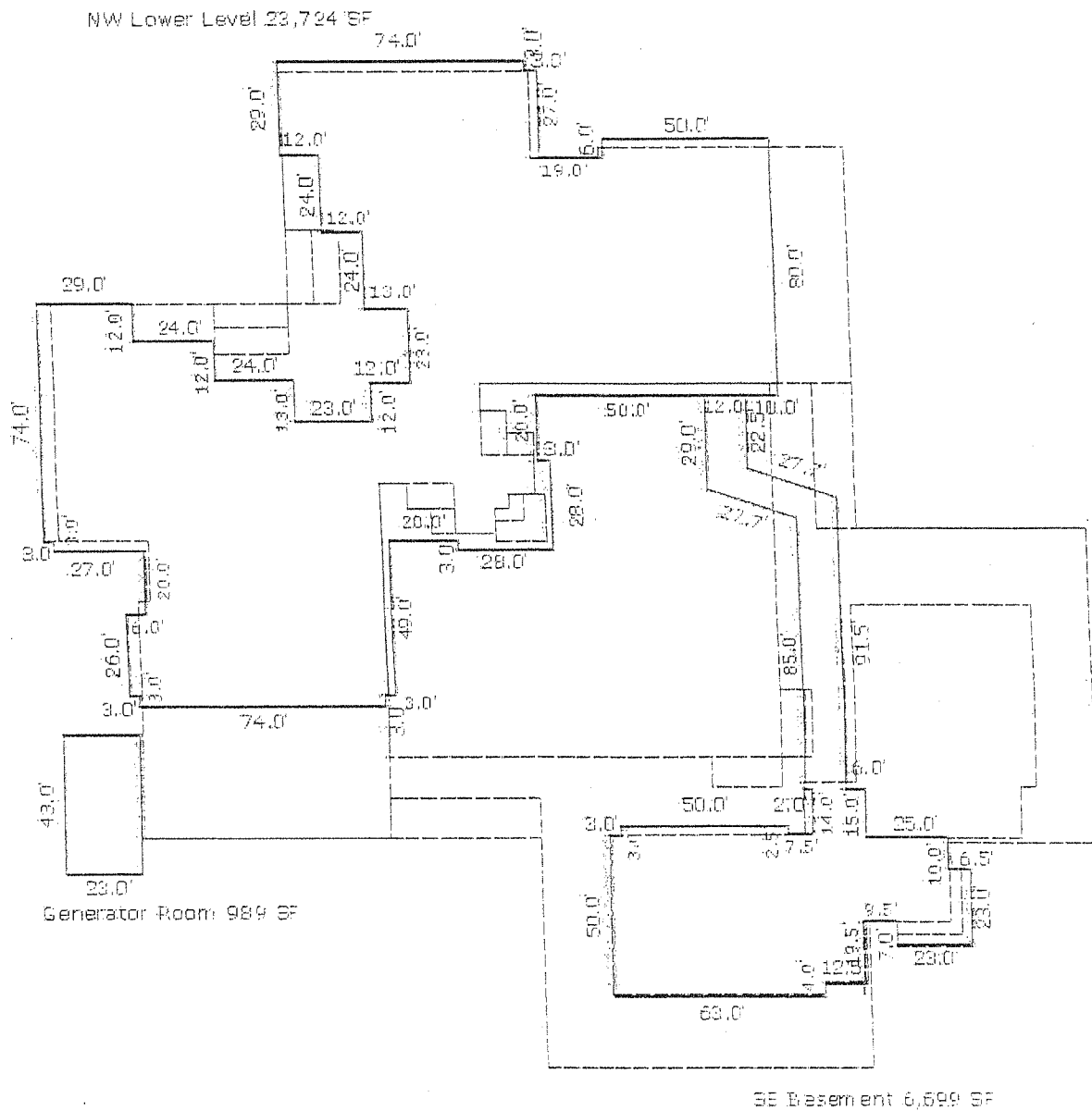
Site Improvements

The site includes a paved interior road, with three entries from Lake Louise Marie Road. The interior drive rings the main building, has a circular drop-off area in front of the day care, and connects to a series of paved parking lots. The parking areas provide some 750 to 800 spaces, believed to be more than adequate for the site. There is room for additional parking to be added west of the main building.

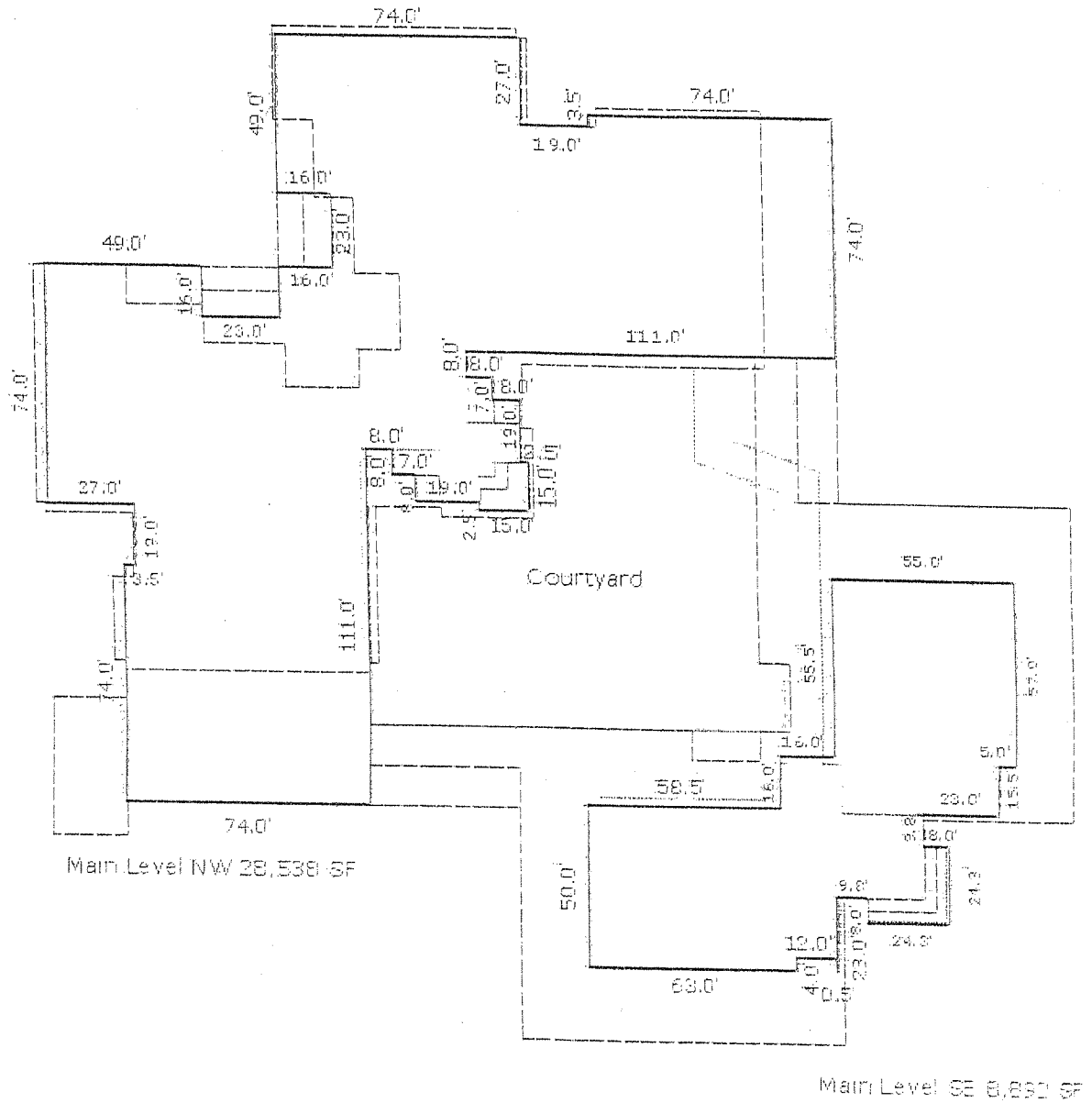
There is a retention pond in the western section of the site. There is a large sign area at the westerly entry; however, it is specific to the Frontier company, and does not provide for other occupancy.

The property has municipal water and sewer. At least two wells were also visible on the property, one near the main building and one near the day care building.

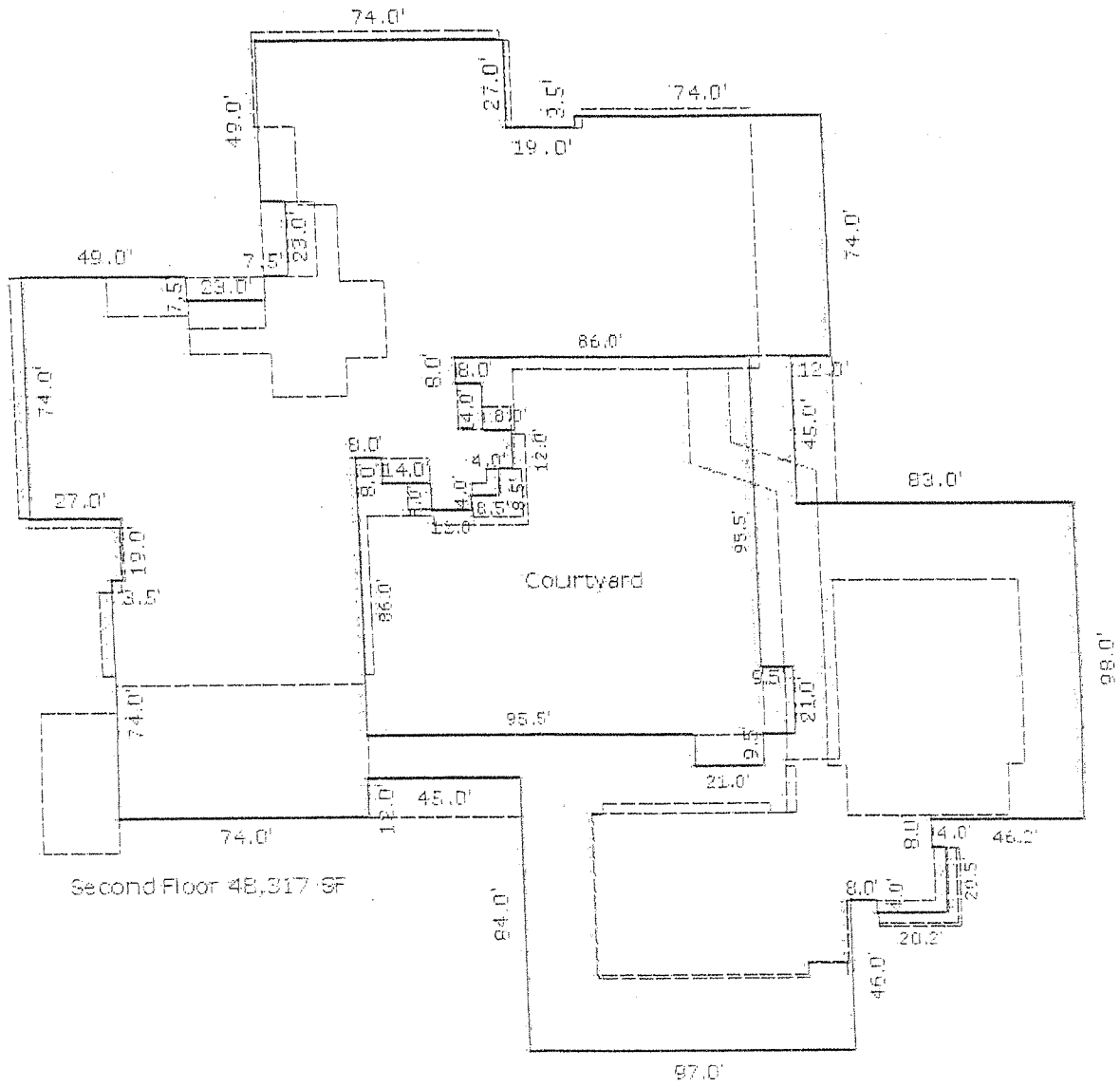
The configuration of the improvements on the site appears to be generally typical for this use. The lot is larger than required, so that the buildings are situated well off the road.



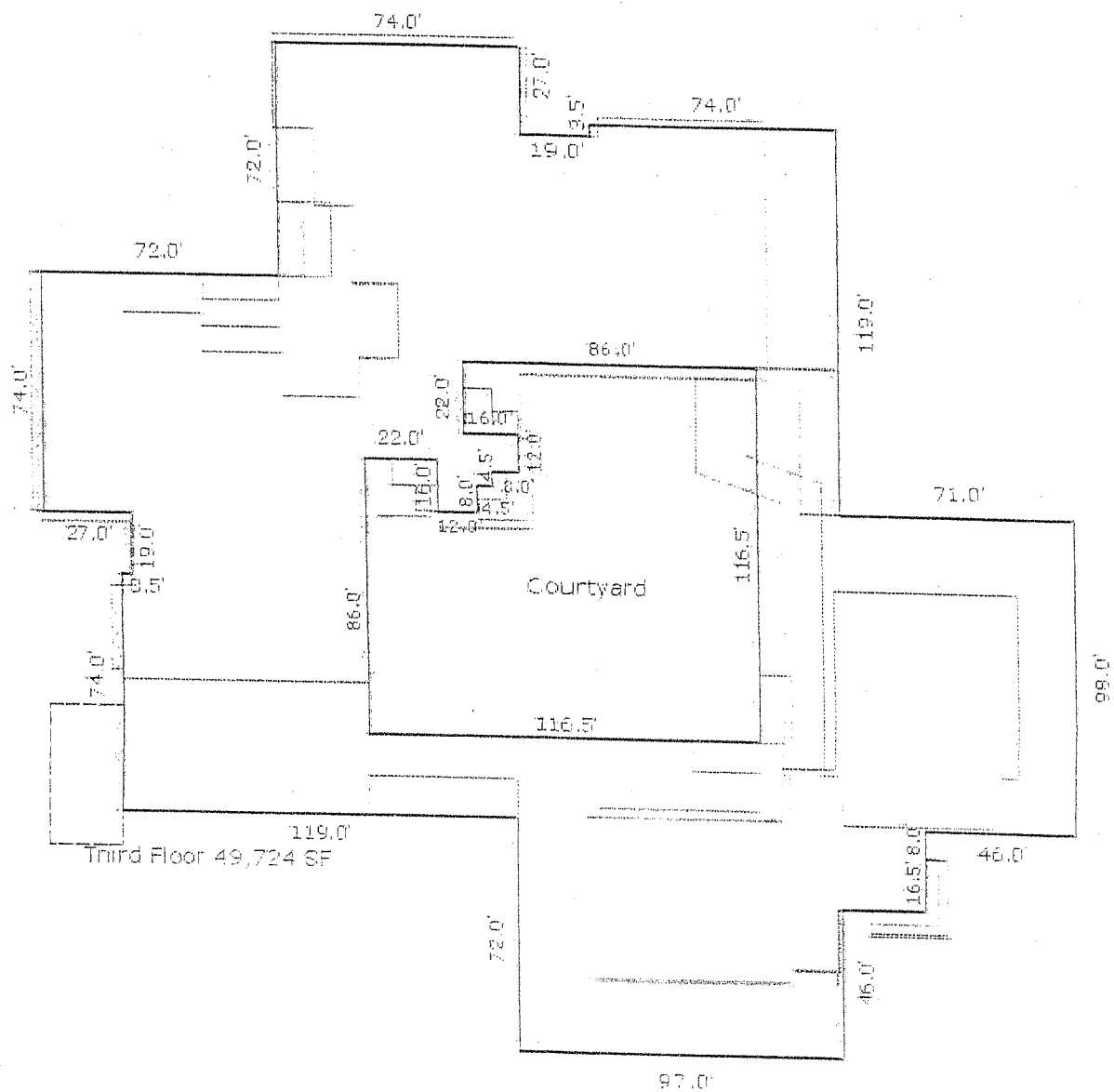
BUILDING SKETCH: LOWER LEVEL & BASEMENT



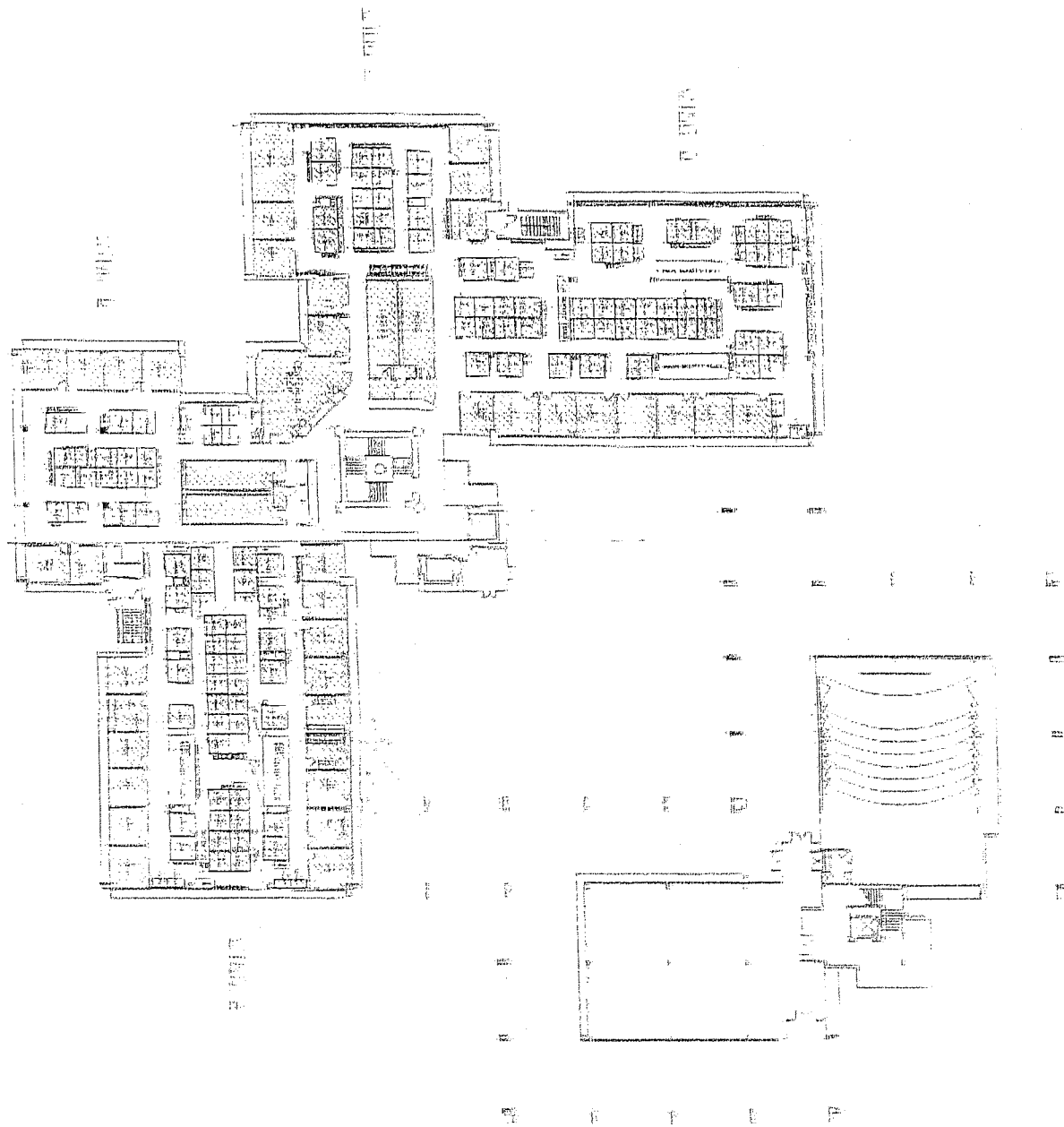
BUILDING SKETCH: MAIN LEVEL



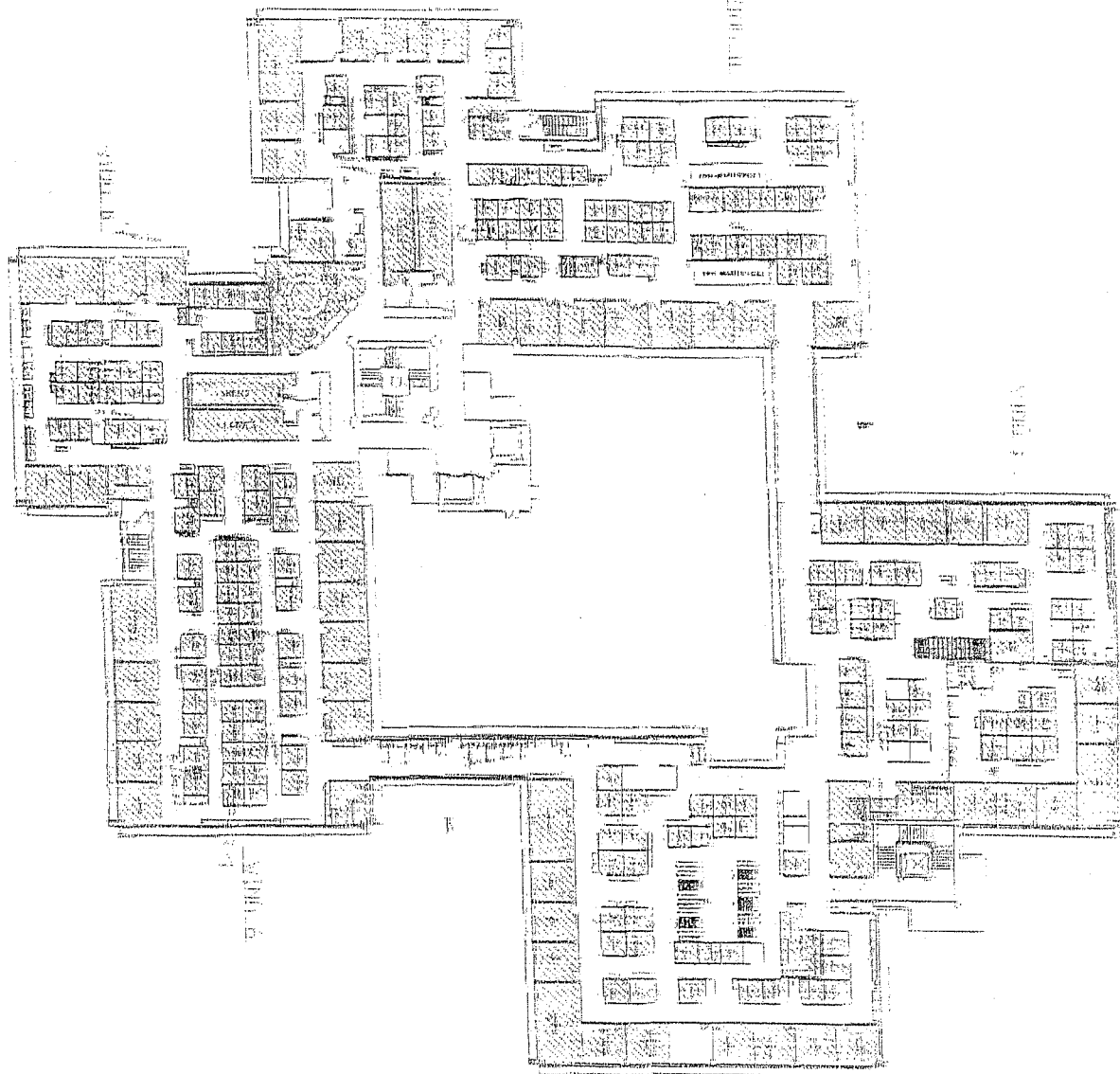
BUILDING SKETCH: SECOND FLOOR



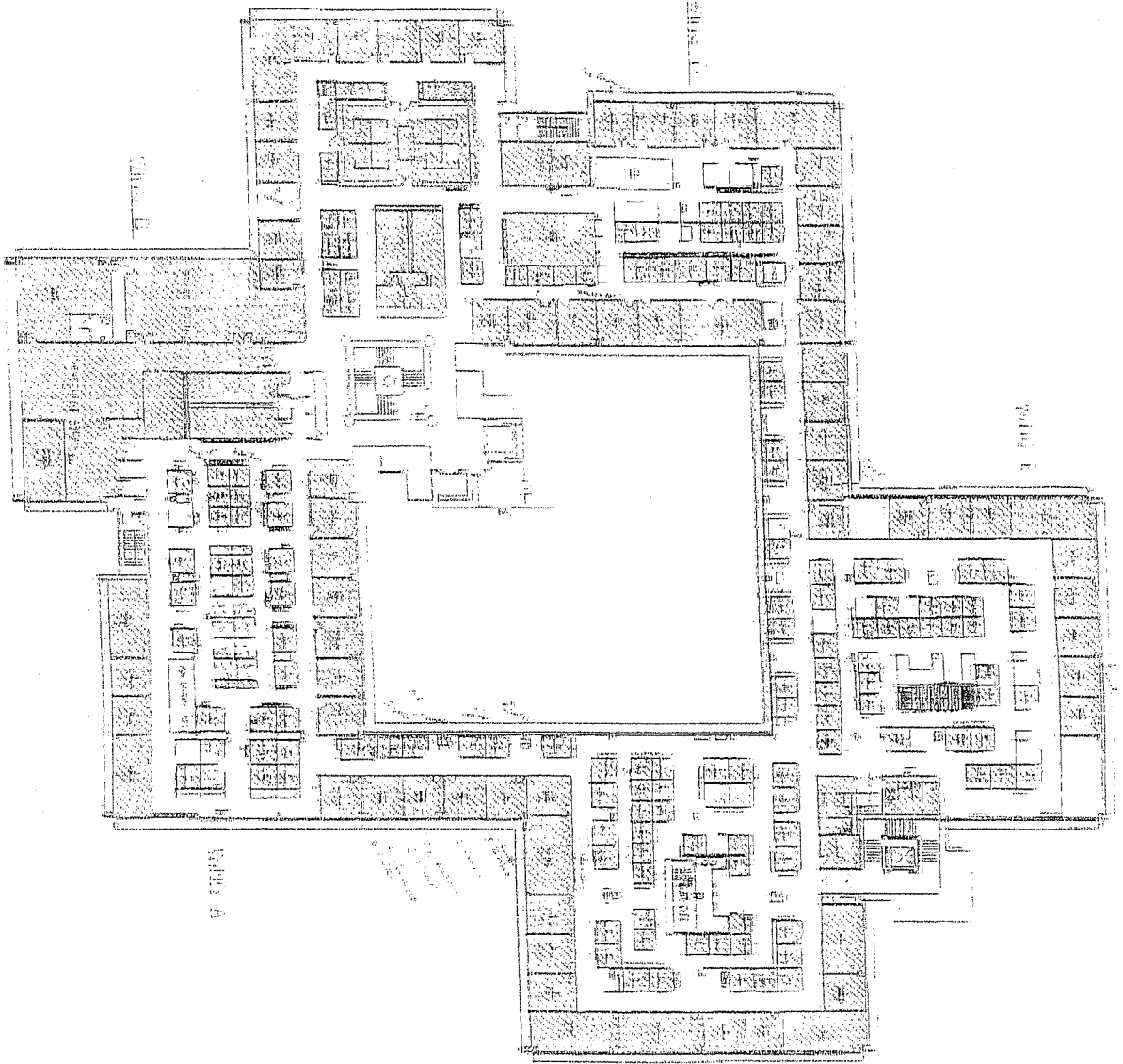
BUILDING SKETCH: THIRD FLOOR



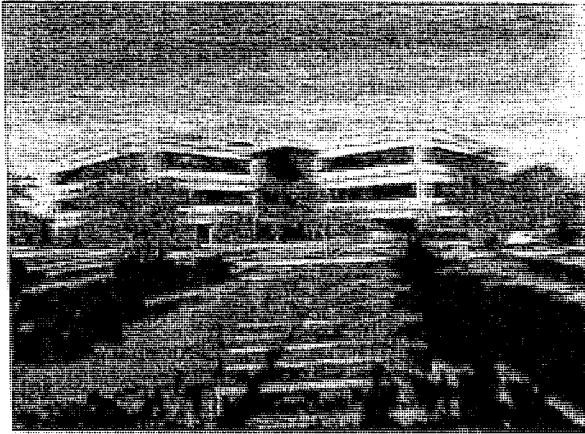
MAIN BUILDING FLOOR PLAN: 1ST FLOOR



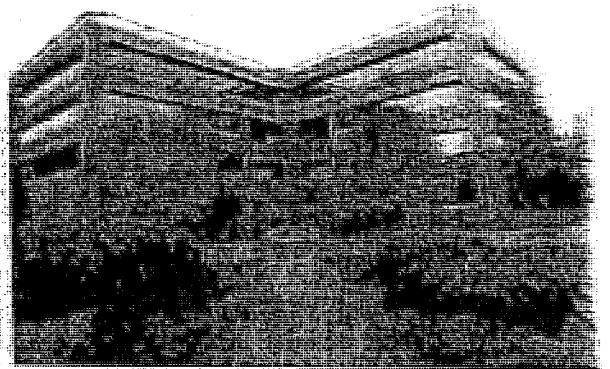
MAIN BUILDING FLOOR PLAN: 2ND FLOOR



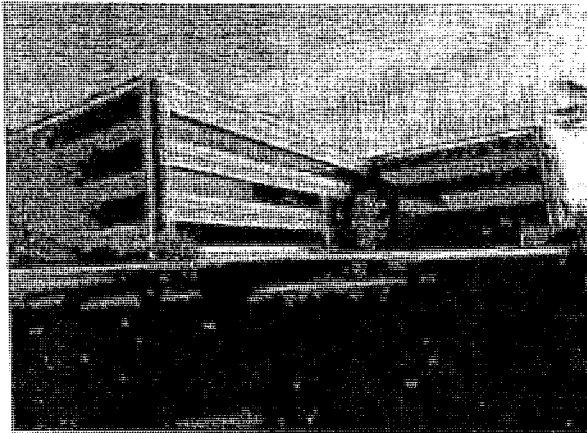
MAIN BUILDING FLOOR PLAN: 3RD FLOOR



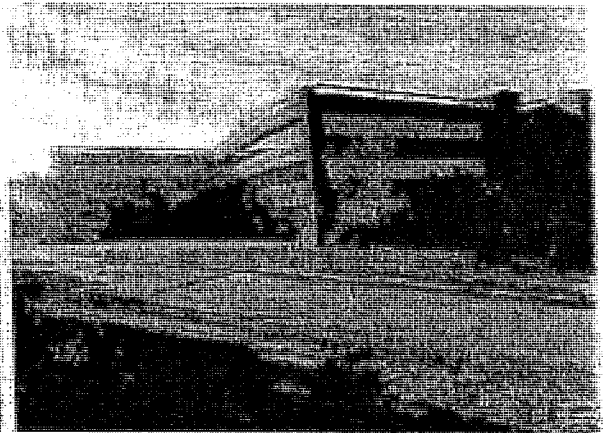
Main Bldg S&E Sides



Main Bldg N&W



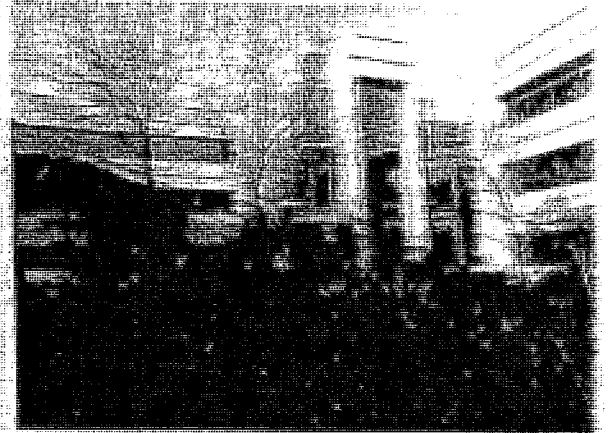
Main Bldg S&W



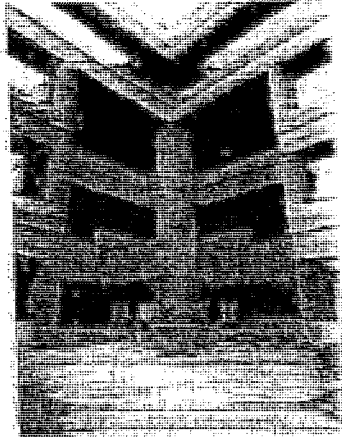
Main Bldg E&W Sides



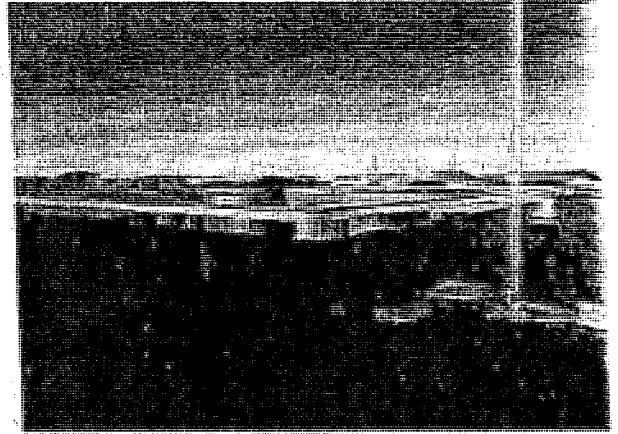
Main Bldg Courtyard South



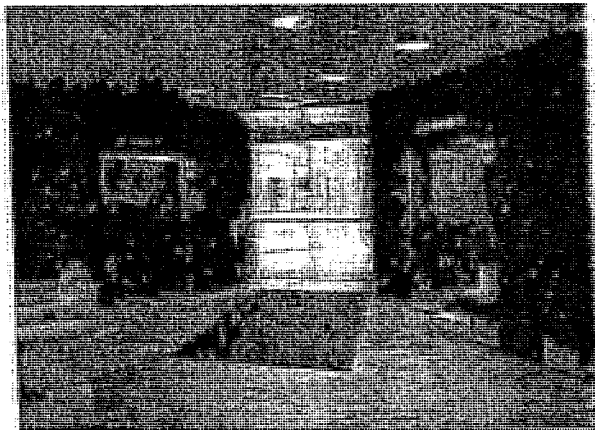
Main Bldg Courtyard Entry



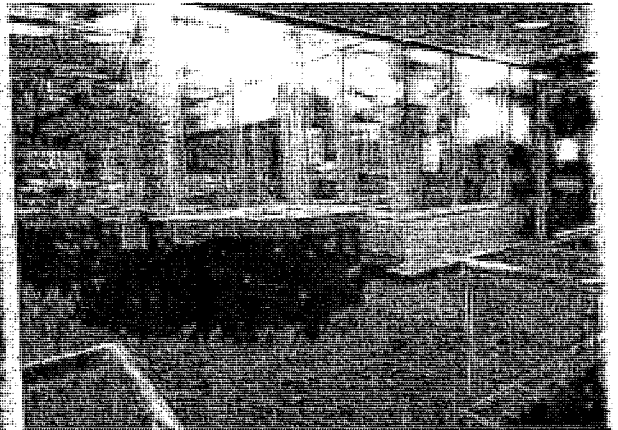
Main Bldg NW Entry



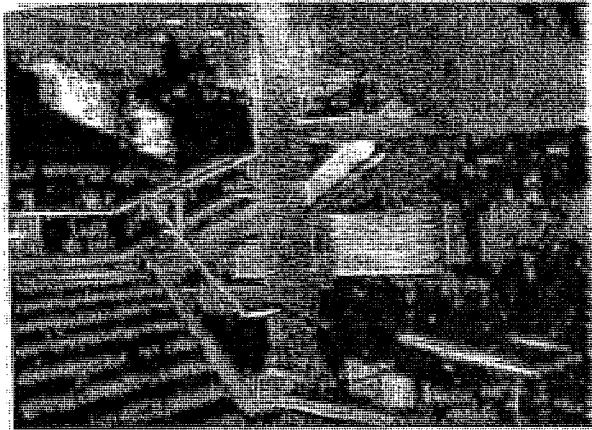
Main Bldg Roof 1



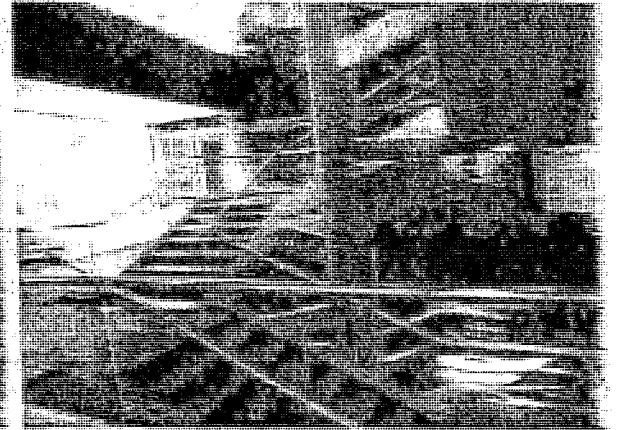
Main Bldg Entry & Elevs



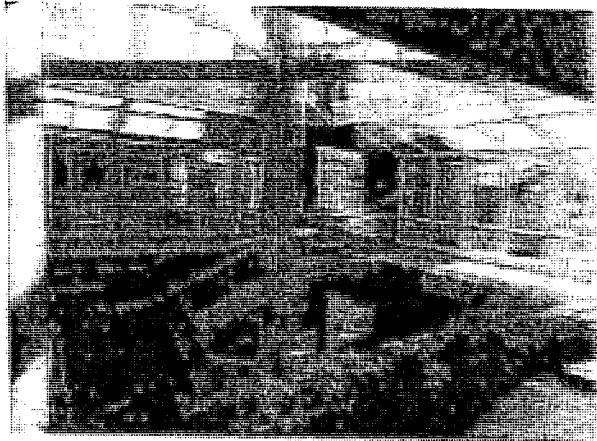
Main Bldg Lobby



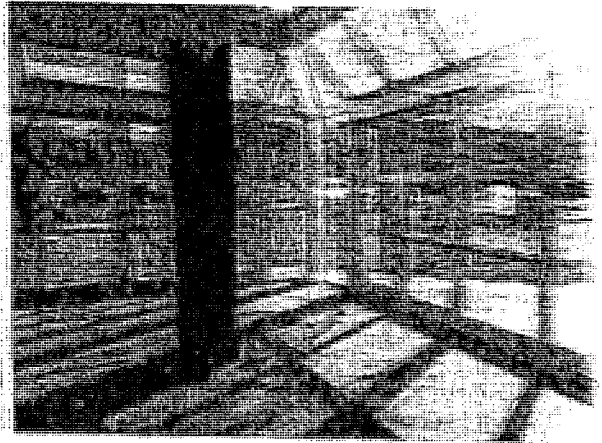
Main Bldg Atrium



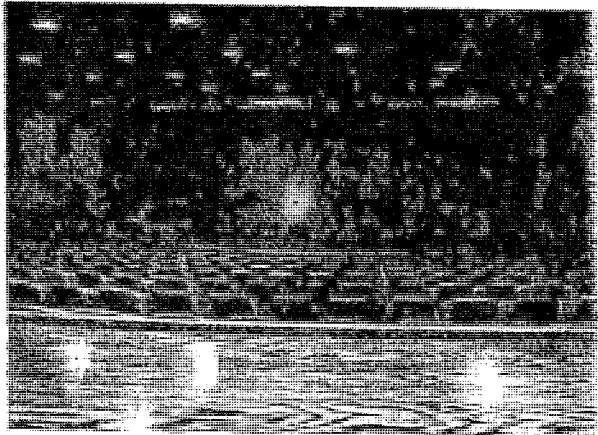
Main Bldg Atrium 2nd



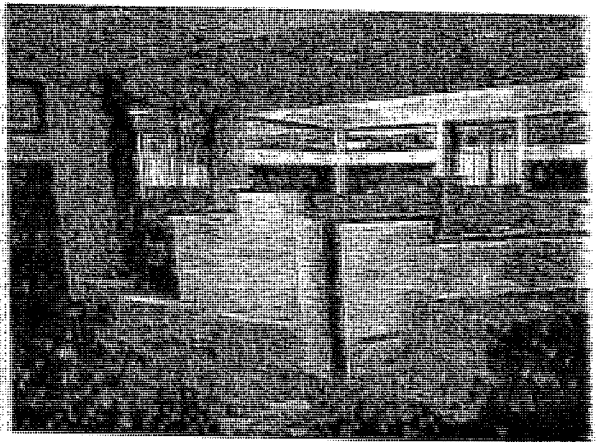
Main Bldg Atrium 3rd Fl



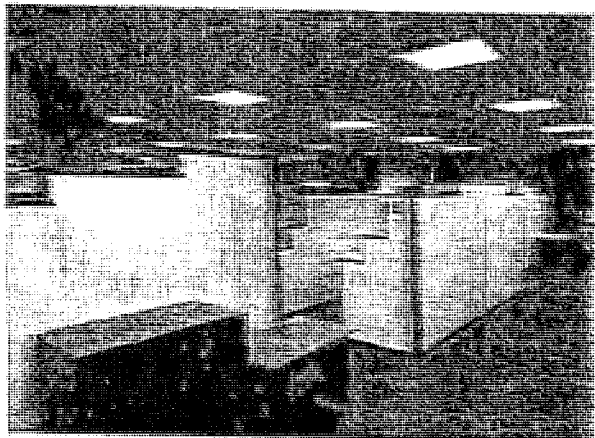
Main Bldg Main Level SE Entry



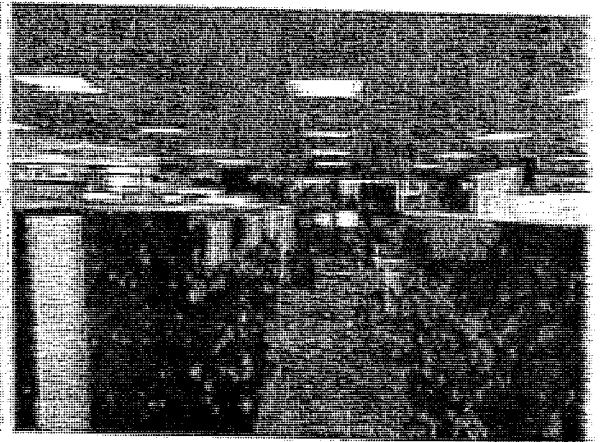
Main Bldg SE Auditorium



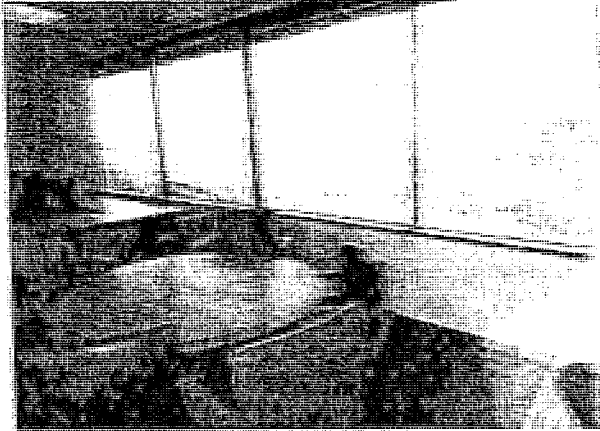
Main Bldg General Office Area



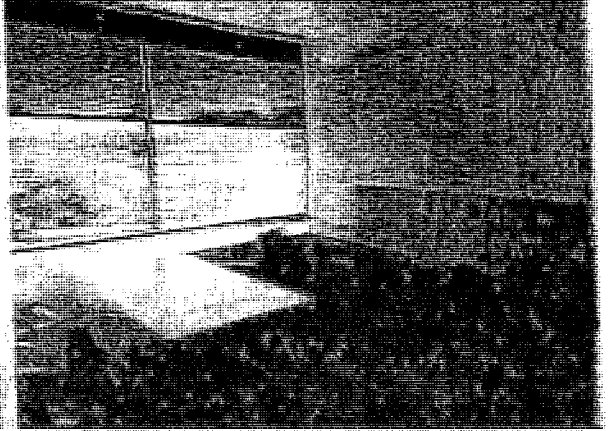
Main Bldg General Office



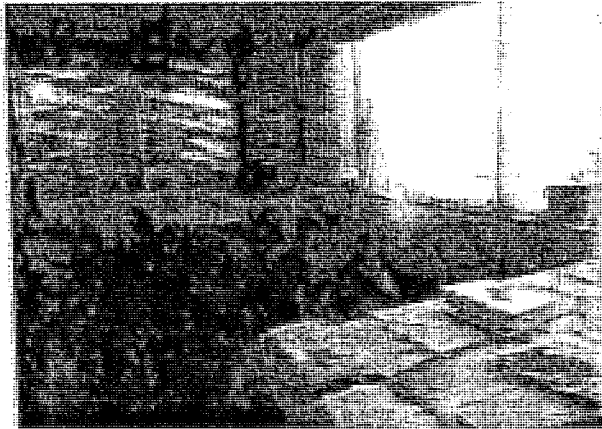
Main Bldg General Office 2



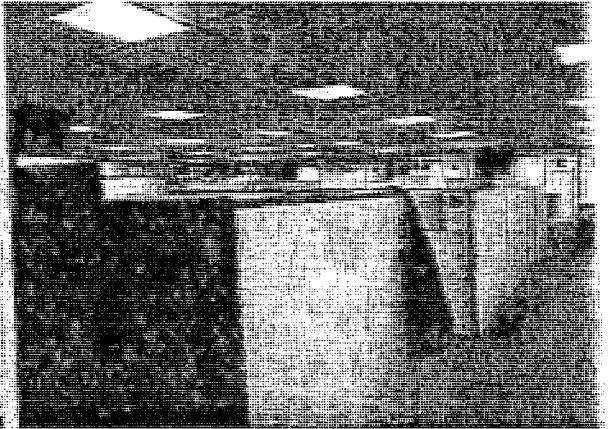
Main Bldg Typical Office



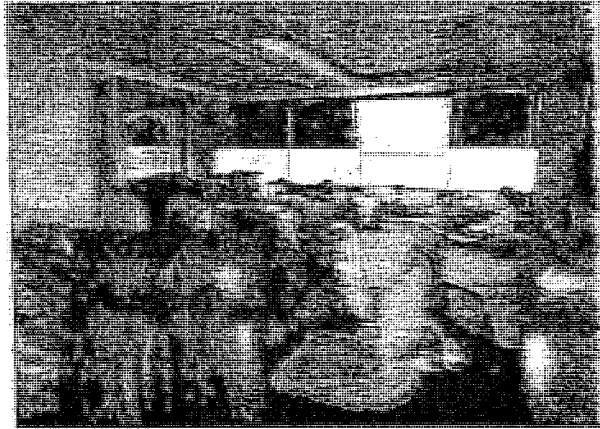
Main Bldg Typical Office 2



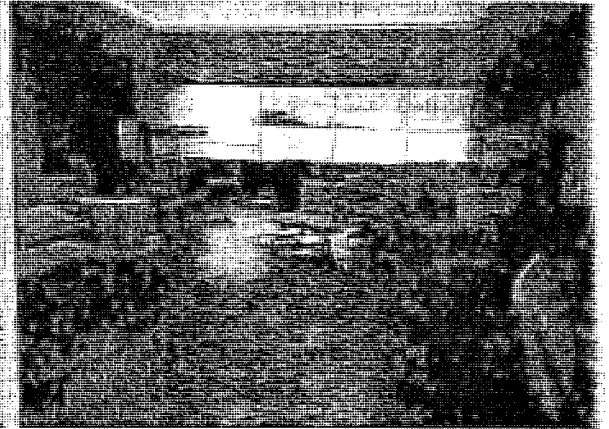
Main Bldg Typical Tenant Office



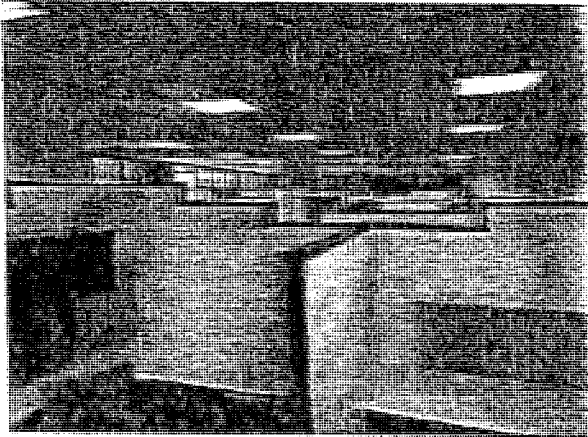
Main Bldg Typical Tenant Space 1



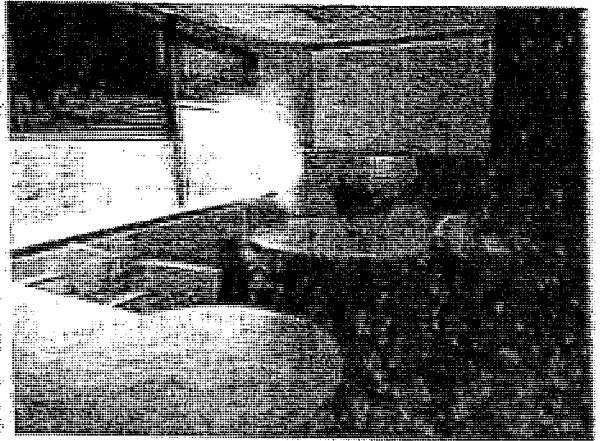
Main Bldg Typical Upper Office



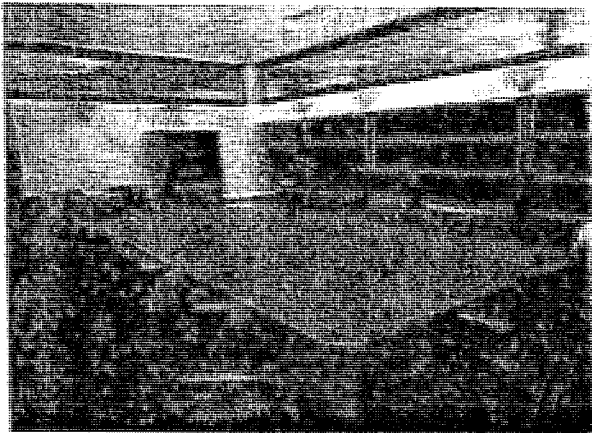
Main Bldg Typical Upper Office 2



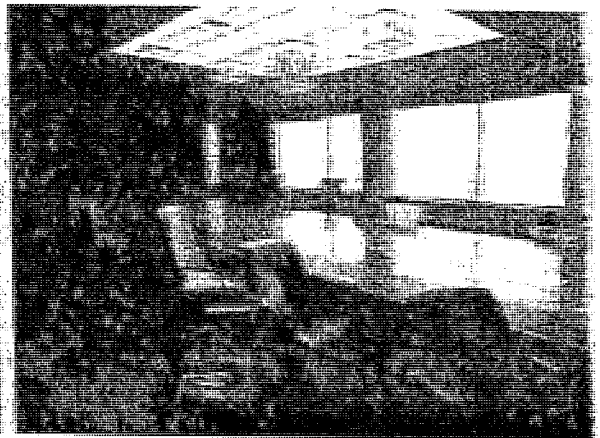
Main Bldg SE Section General Office



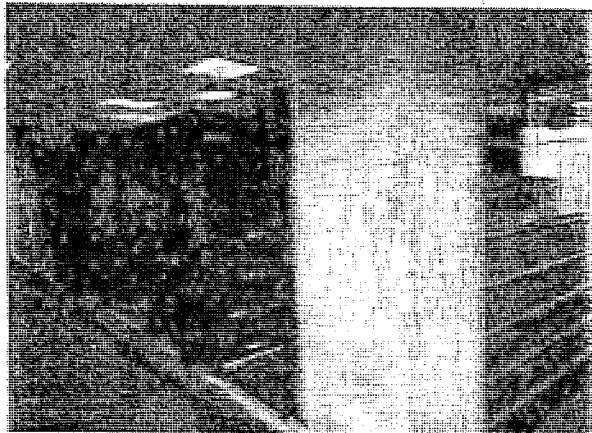
Main Bldg SE Section Typical Office



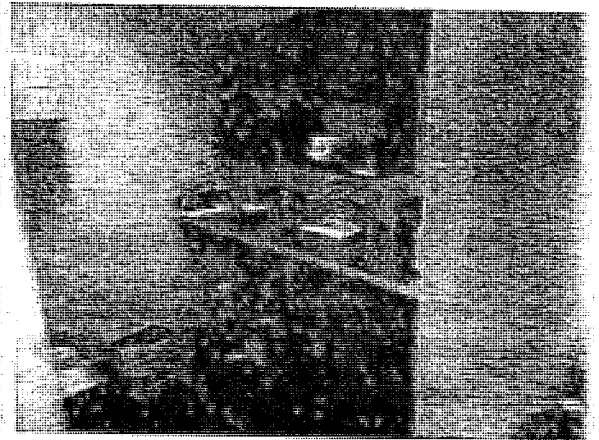
Main Bldg Conference Rm



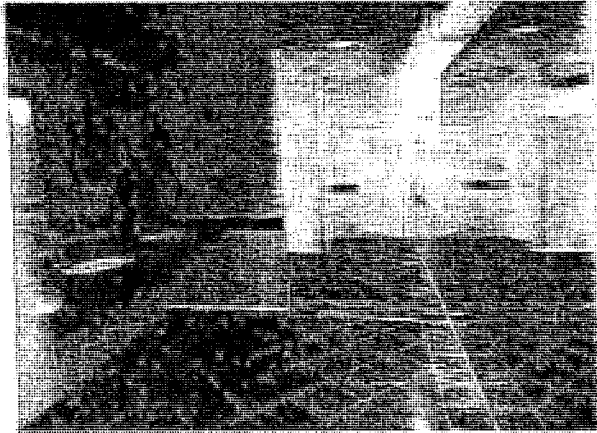
Main Bldg Board Rm



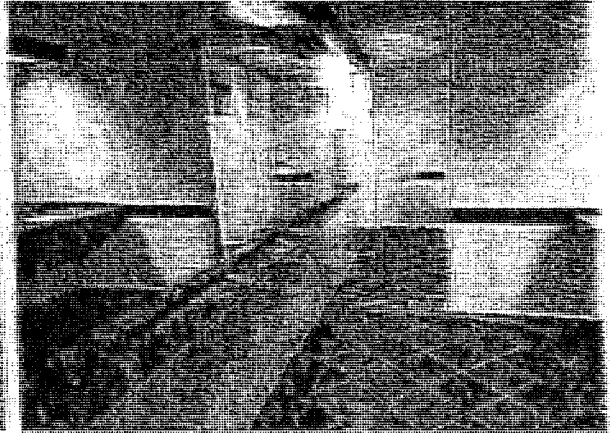
Main Bldg File Storage



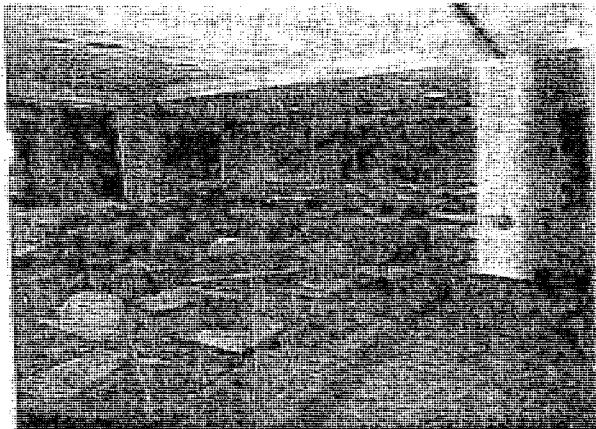
Main Bldg 2nd Fl Kitchenette



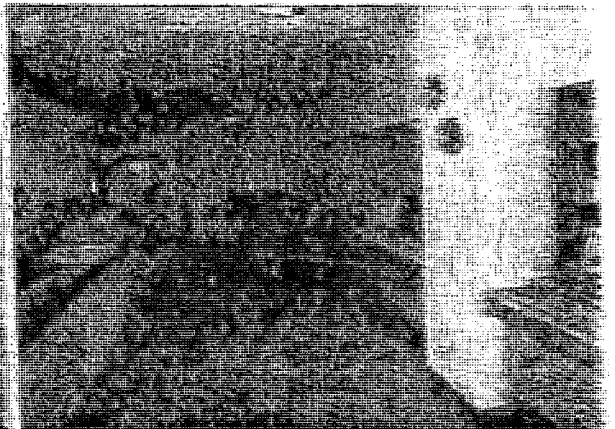
Main Bldg 2nd Fl Lav 1



Main Bldg 2nd Fl Lav 2



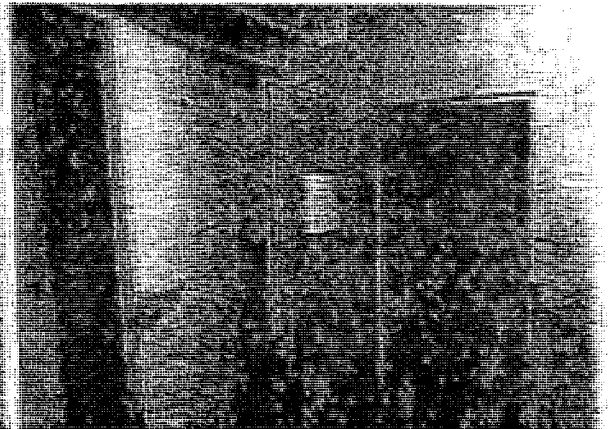
Main Bldg Cafeteria Dining Rm



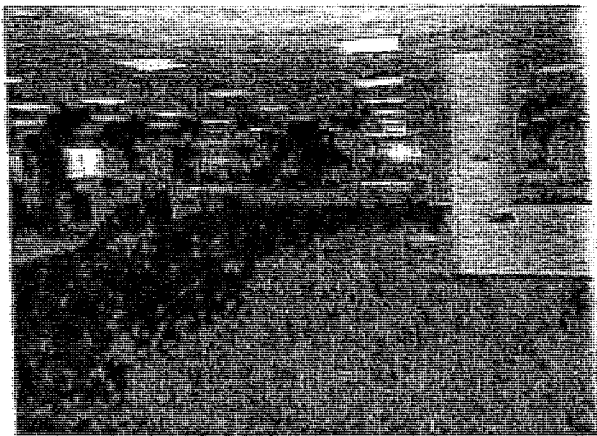
Main Bldg Cafeteria Service Counters



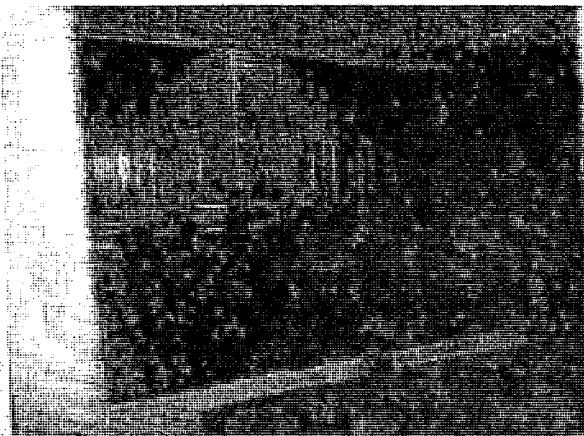
Main Bldg Cafeteria Kitchen 1



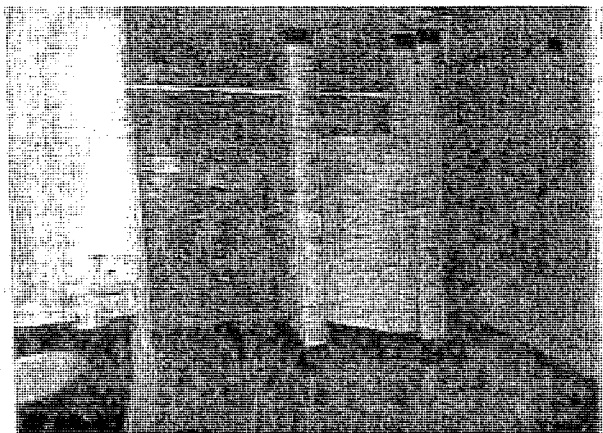
Main Bldg Cafeteria Kitchen Coolers



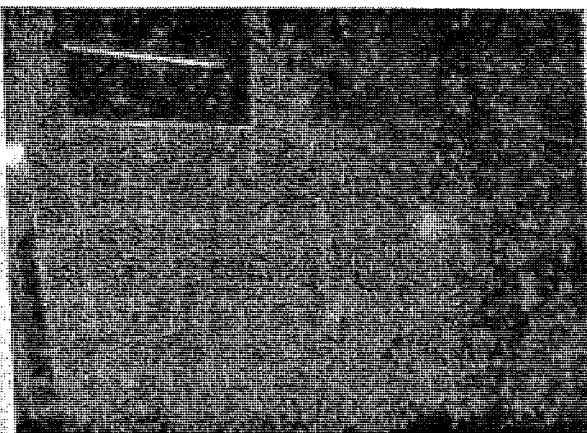
Main Bldg Lower Level Gym



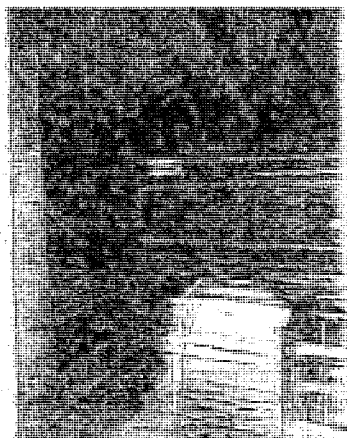
Main Bldg Lower Level Lockers



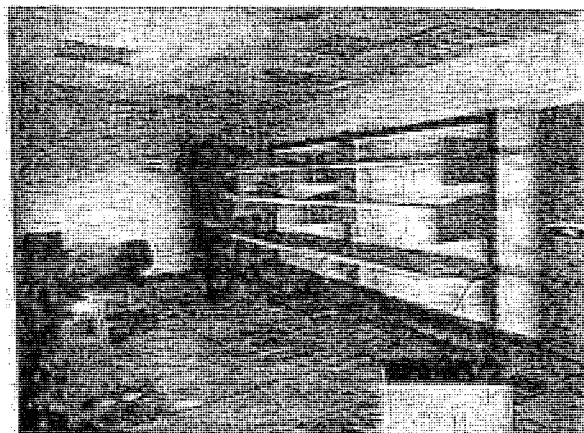
Main Bldg Lower Level Locker Lav 1



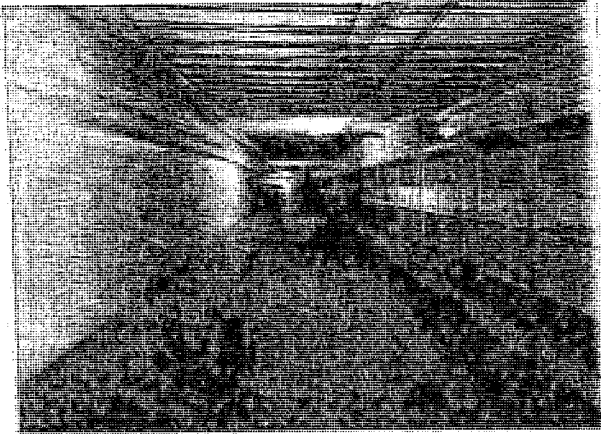
Main Bldg Lower Level Locker Lav 2



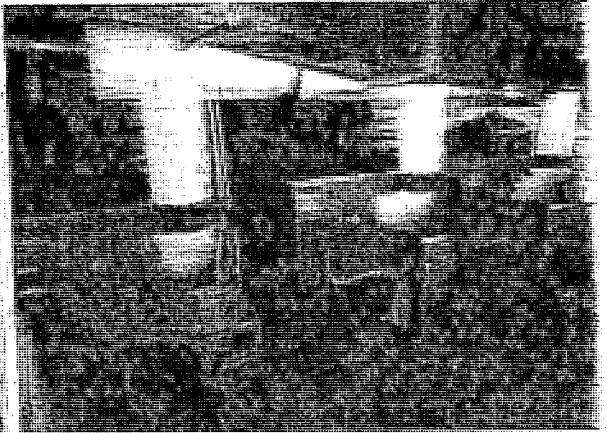
Main Bldg Lower Level Sauna



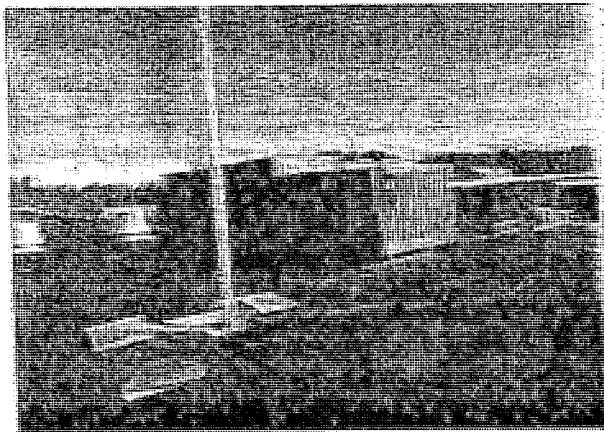
Main Bldg Lower Level Server Rm



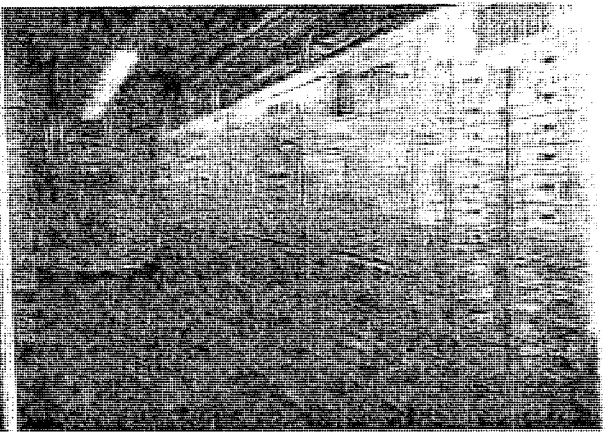
Main Bldg Lower Level Tunnel



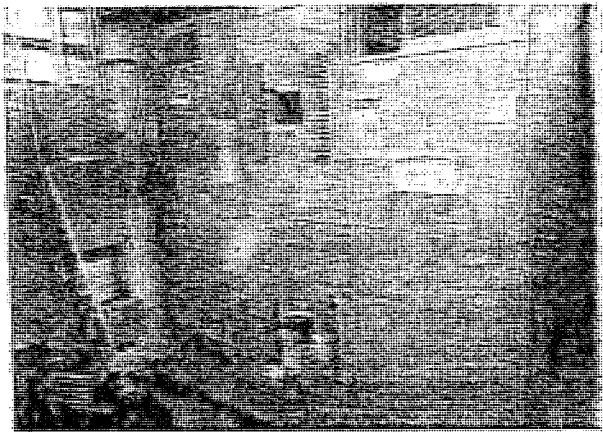
Main Bldg Lower Level Boilers



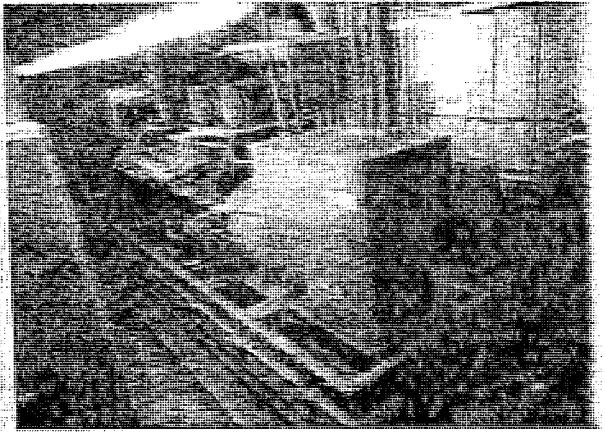
Main Bldg Typical Rooftop Unit



Main Bldg Electric



Main Bldg Elec 2



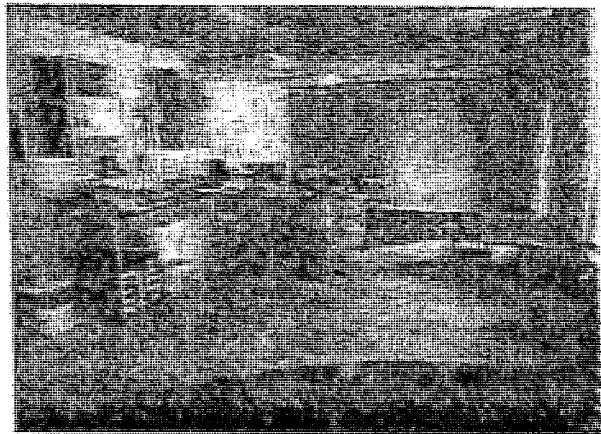
Main Bldg Generator



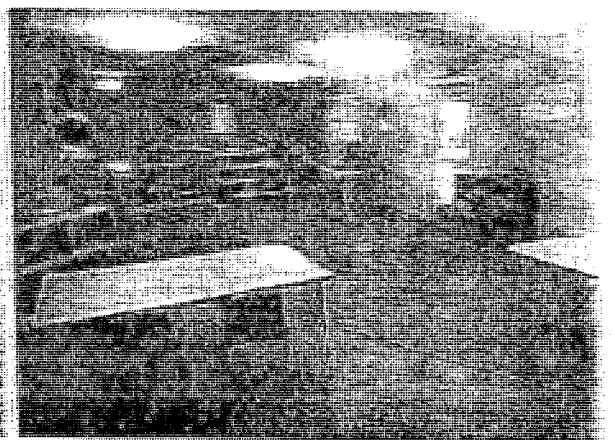
Nana's House Front



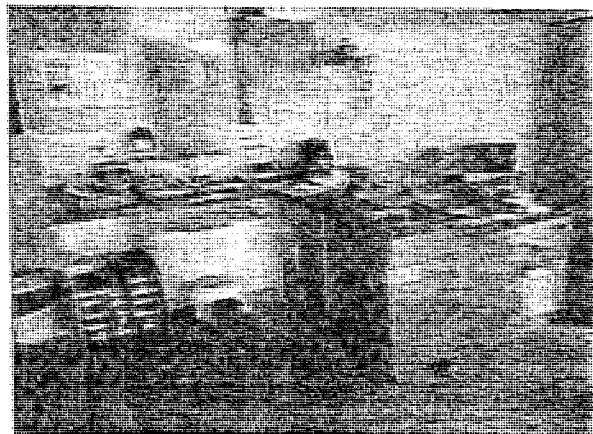
Nana's House Rear



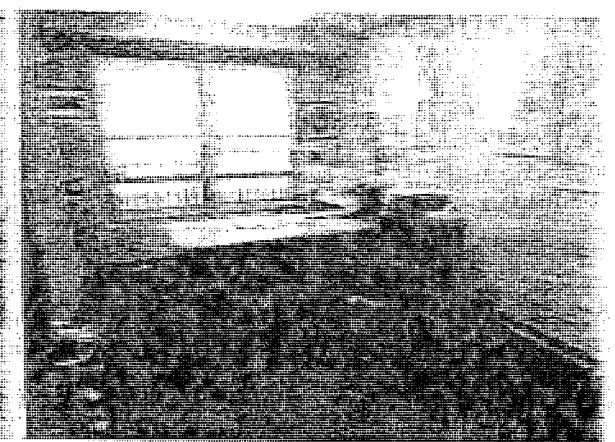
Nana's House Typical Classroom



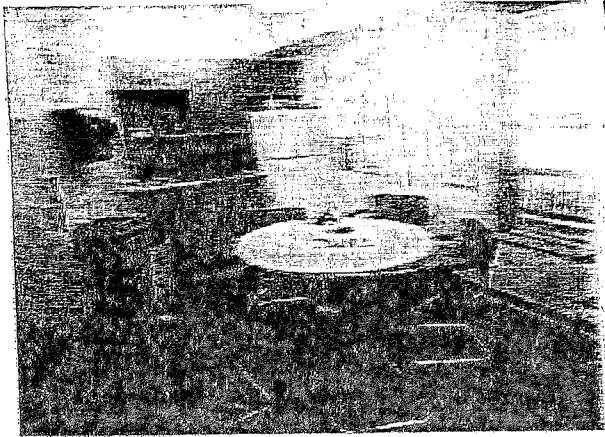
Nana's House Classroom 2



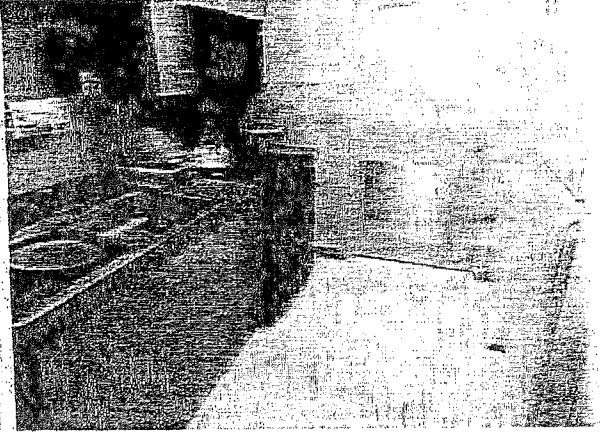
Nana's House Classroom Cabinets



Nana's House Office



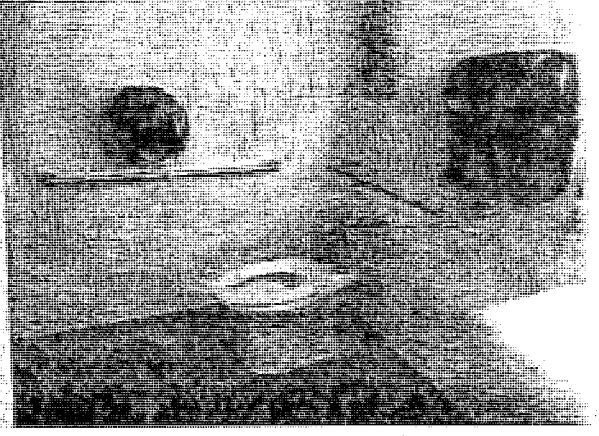
Nana's House Lunch



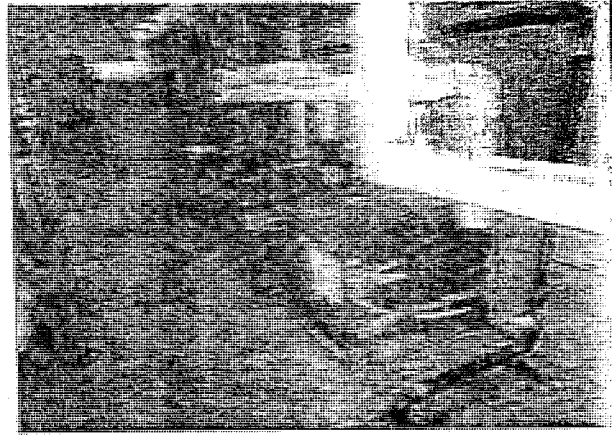
Nana's House Kitchen 2



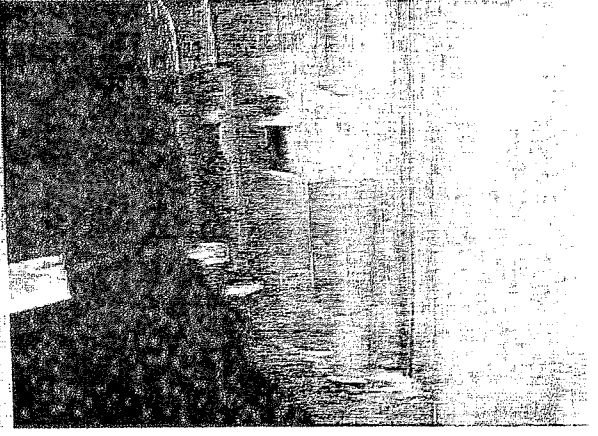
Nana's House Lav 1



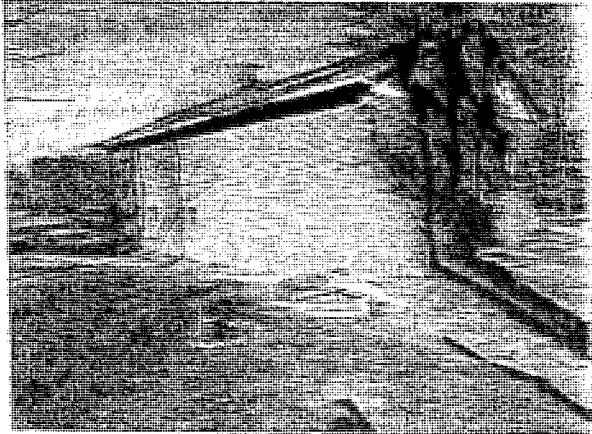
Nana's House Lav 2



Nana's House Boilers



Nana's House Elec



Maintenance Garage S&E



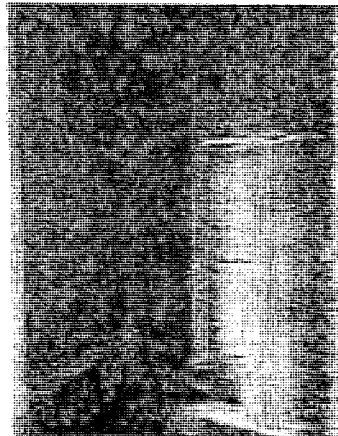
Maintenance Garage N&W



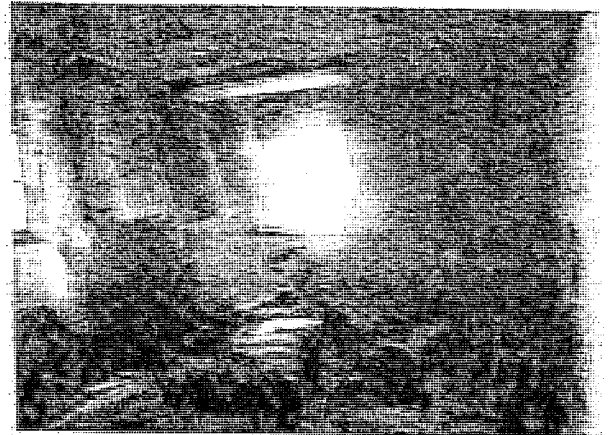
Maintenance Garage Interior



Maintenance Garage Office



Maintenance Garage Bathroom



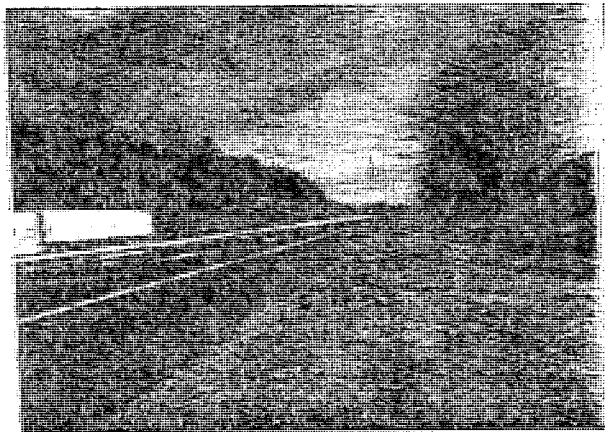
Maintenance Garage Storage - Misc



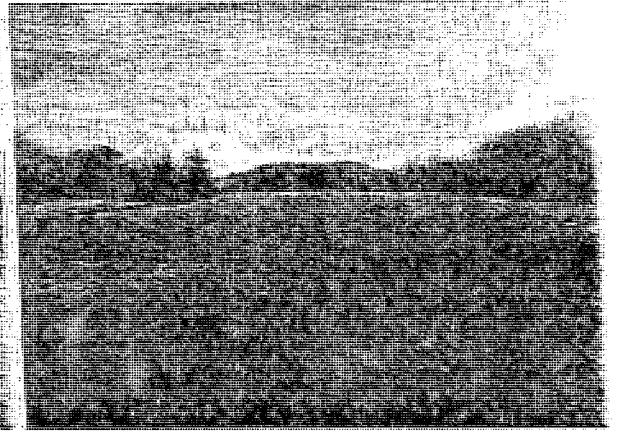
Typical Parking Lot



Interior Road East



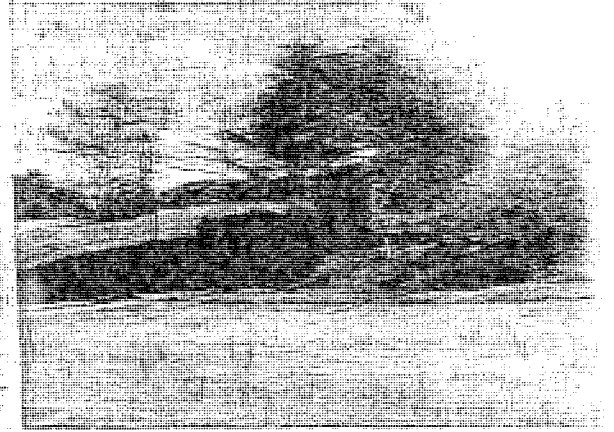
Route 17-86 Along North Side



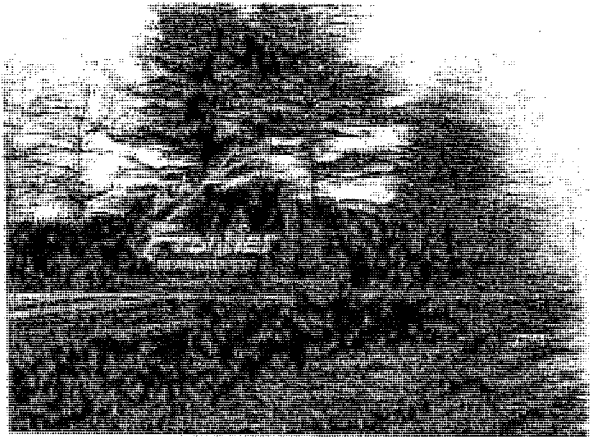
Site Facing East



Site Facing West



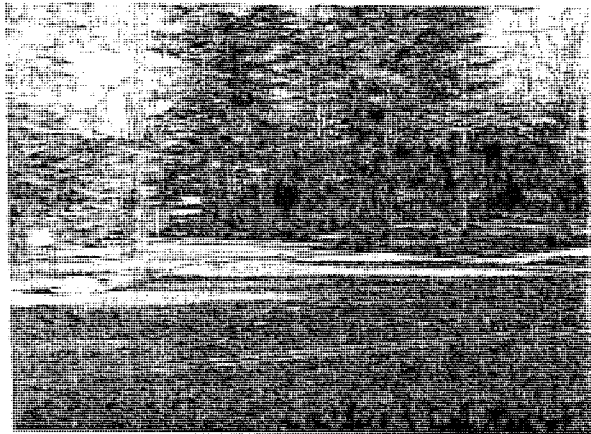
Site Front



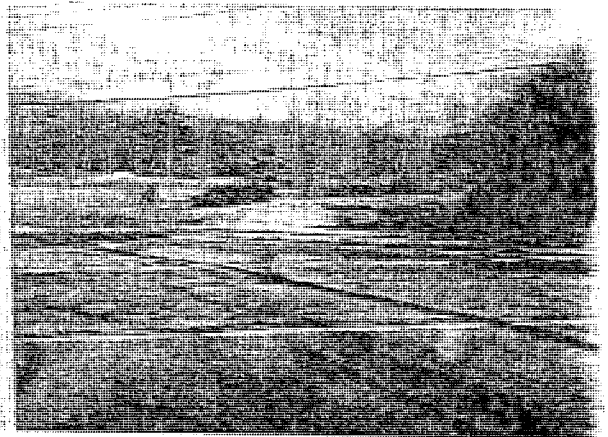
Frontier Sign



East Entry



Central Entry



West Entry



Lake Louise Marie Road SE



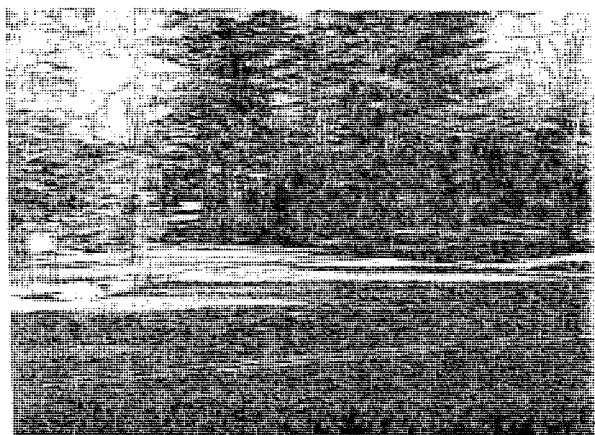
Lake Louise Marie Road NW



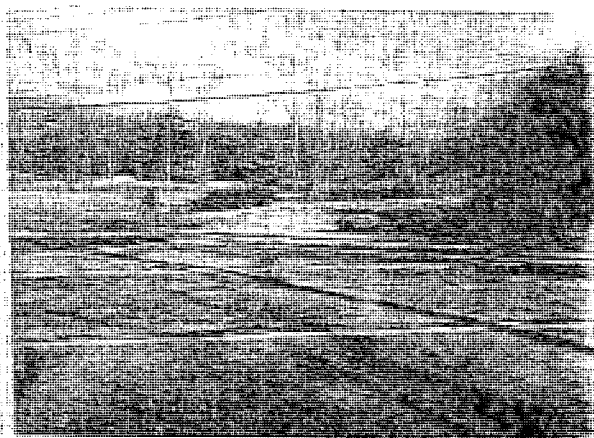
Frontier Sign



East Entry



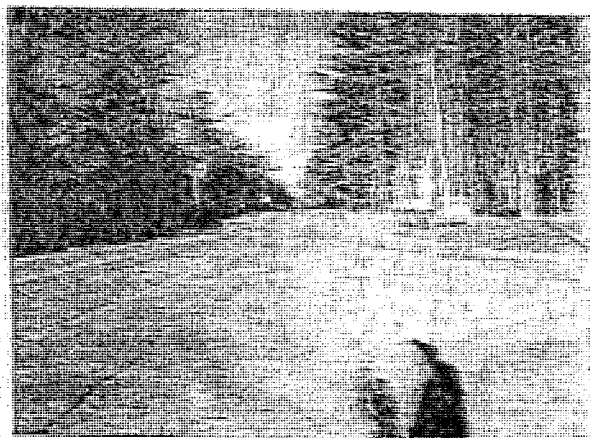
Central Entry



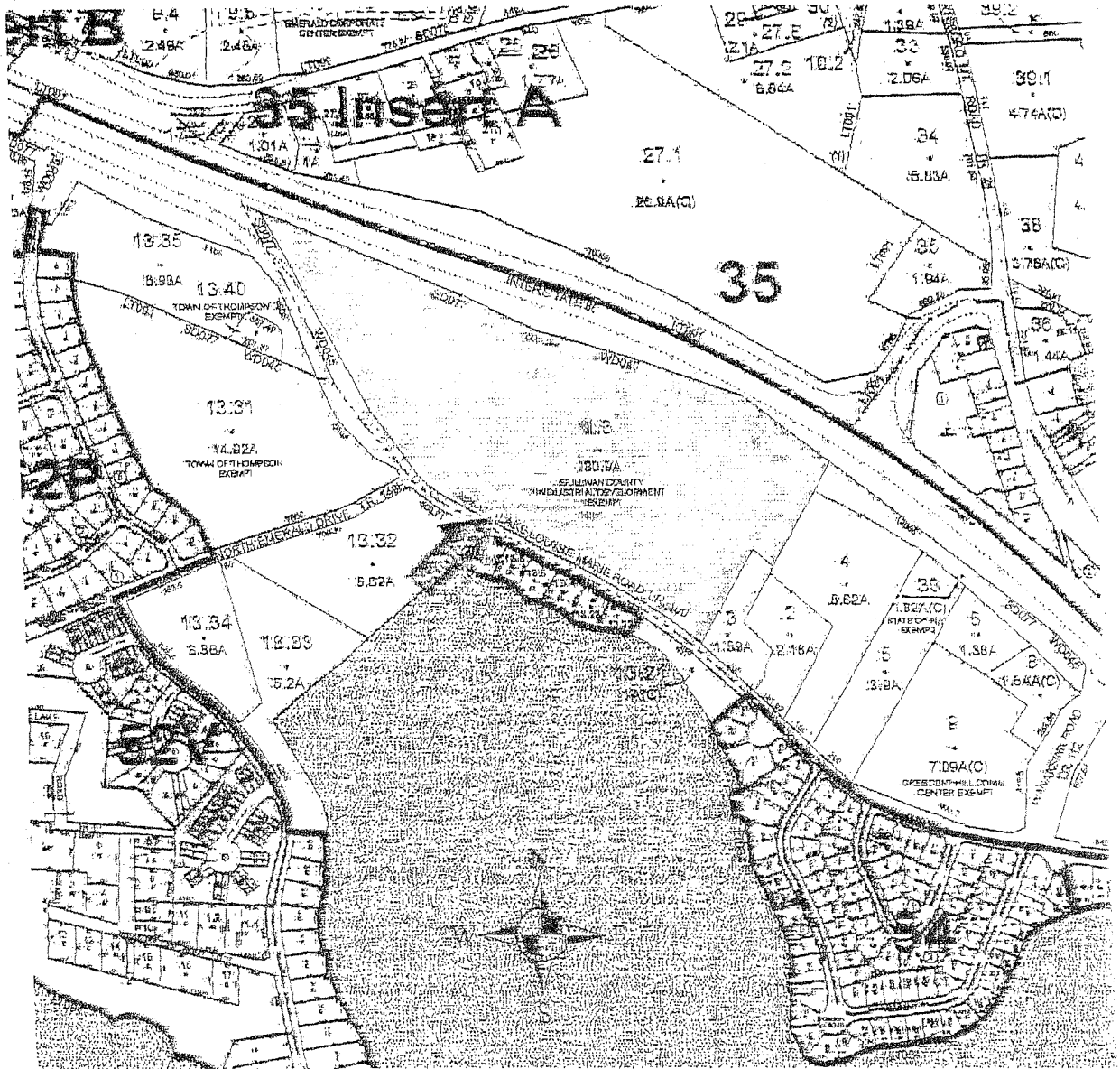
West Entry



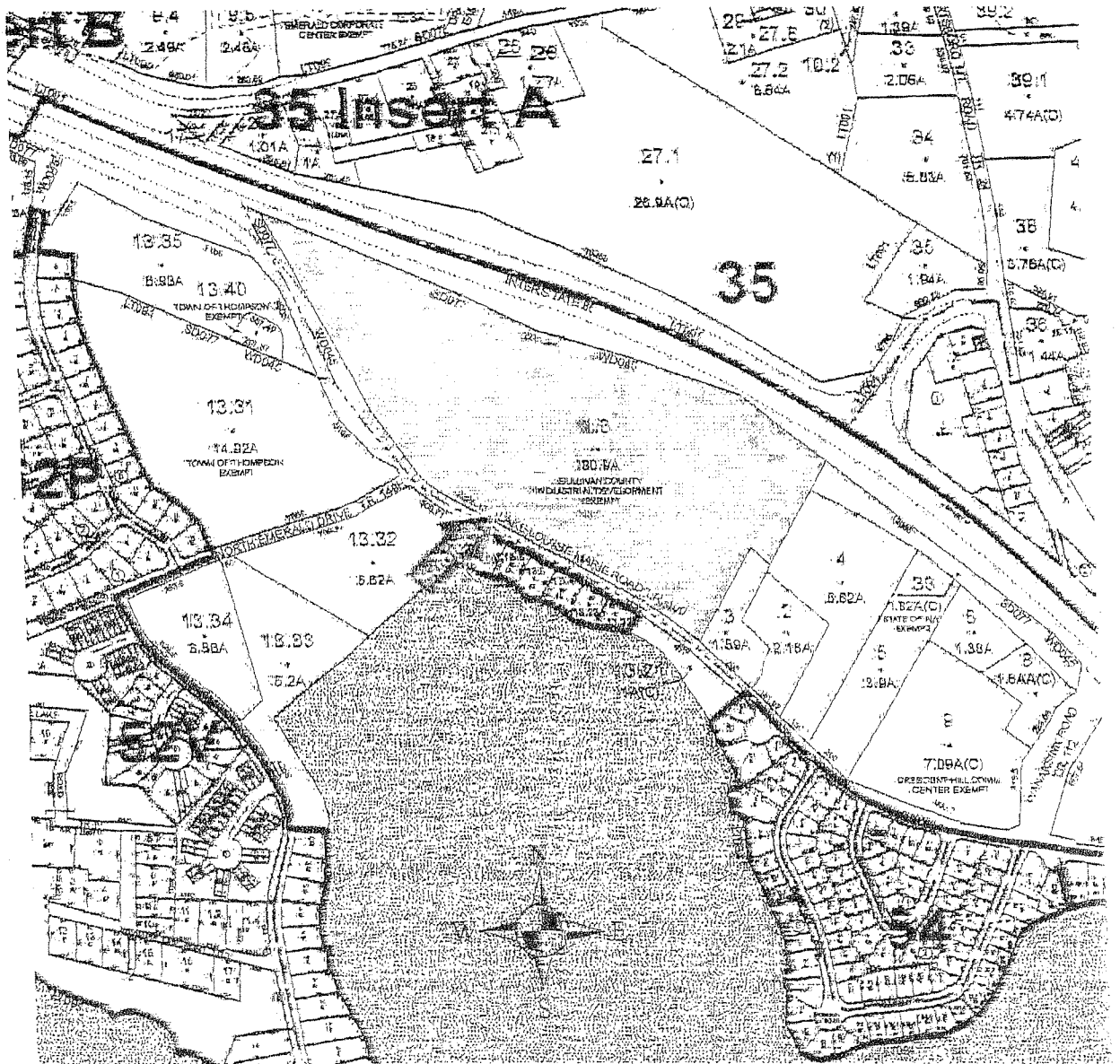
Lake Louise Marie Road SE



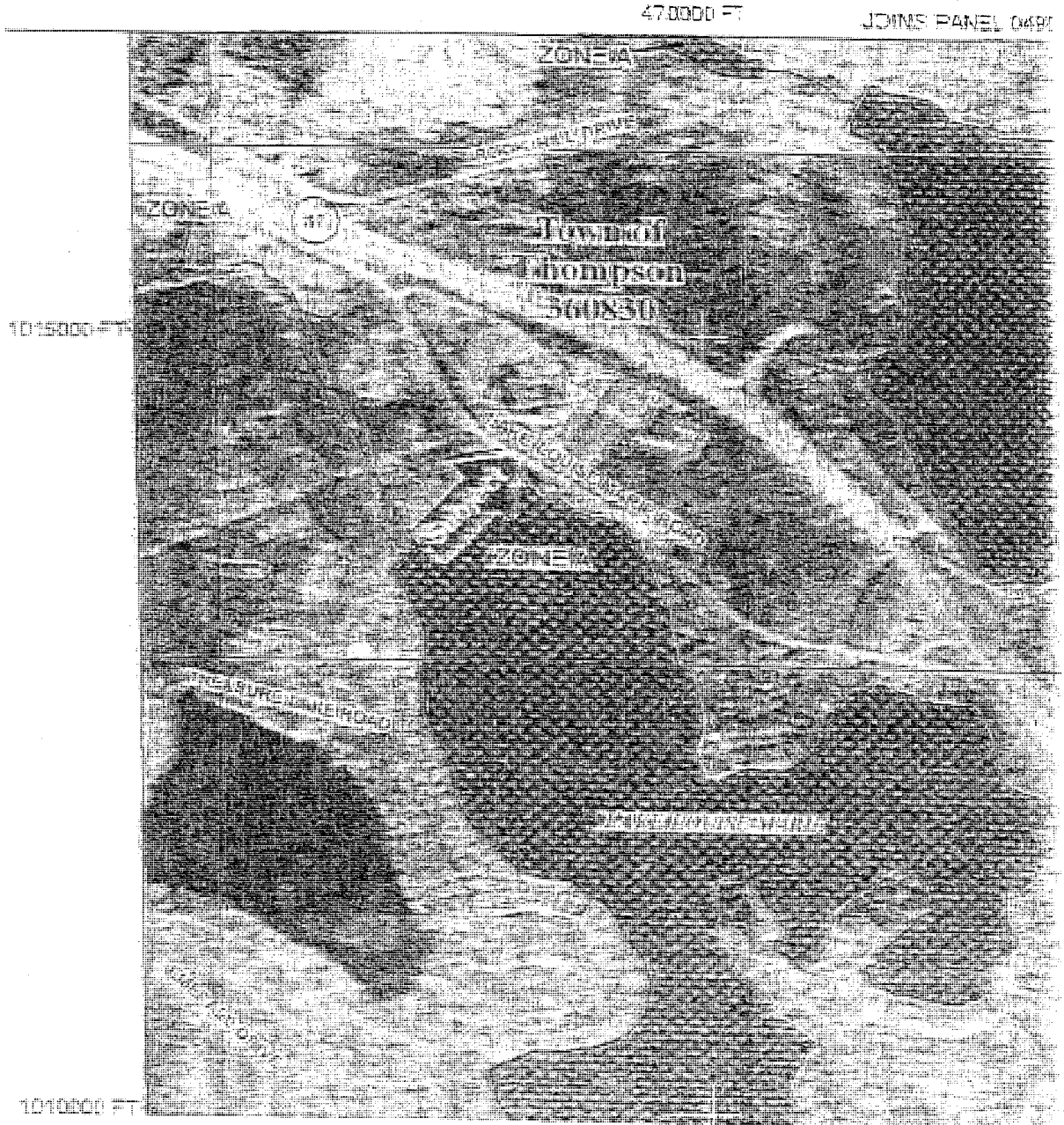
Lake Louise Marie Road NW



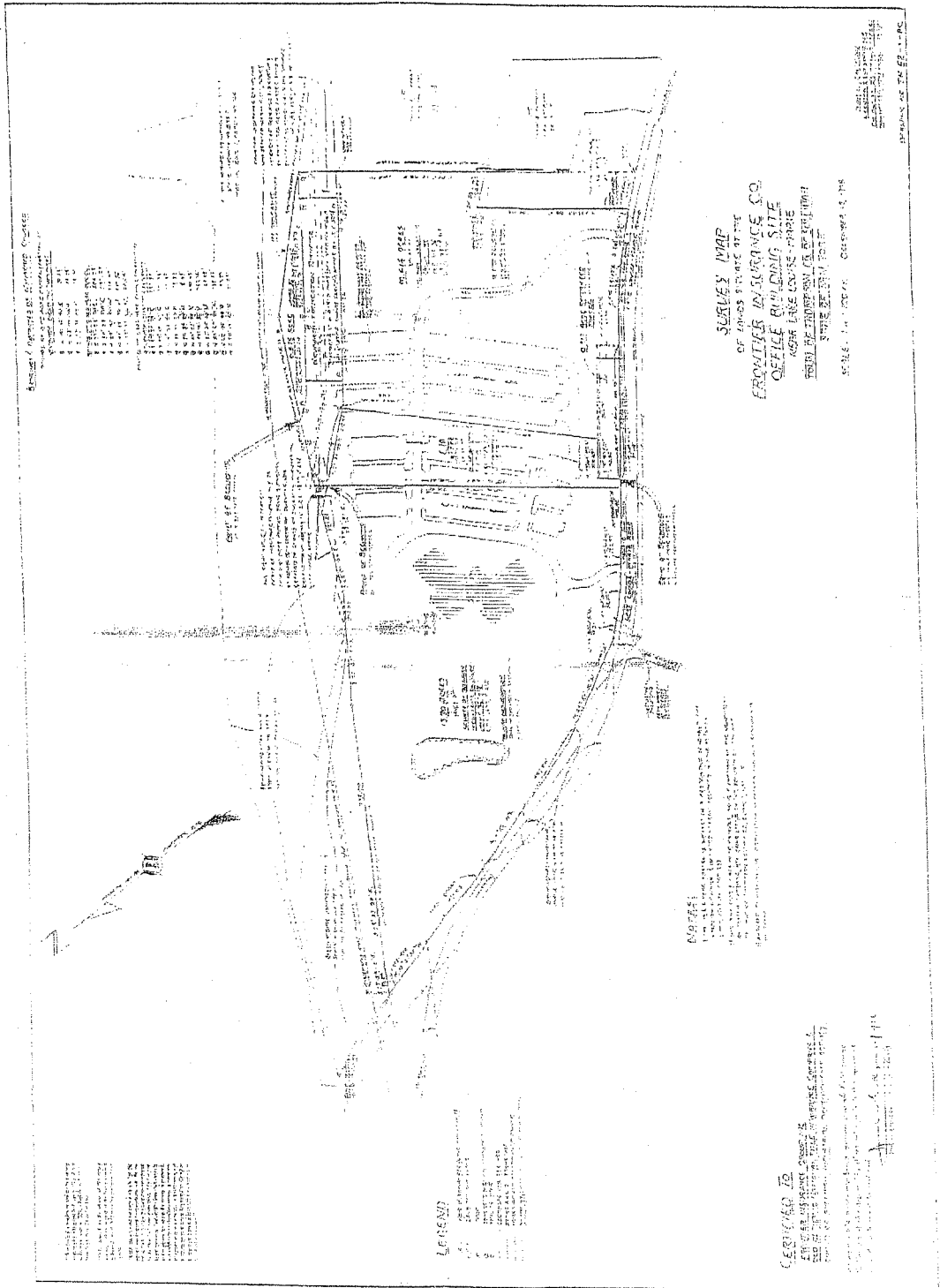
ASSESSOR'S MAP



ASSESSOR'S MAP

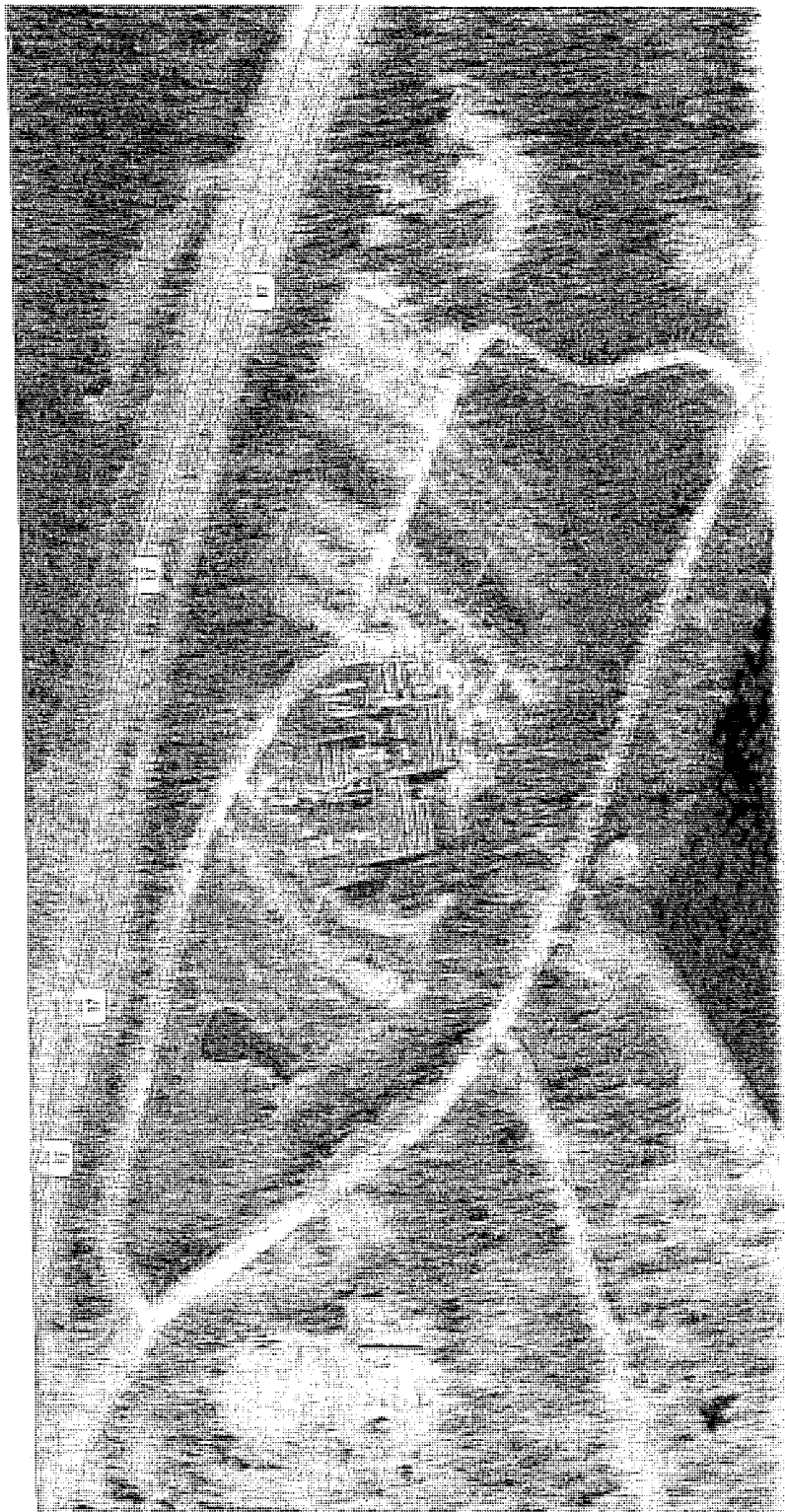


FLOOD PLAIN MAP



SURVEY: 1996

VALUATION CONSULTANTS, INC.



AERIAL VIEW: OVERALL SITE
VALUATION CONSULTANTS, INC.



AERIAL VIEW: MAIN BUILDING



AERIAL VIEW: MAIN BUILDING

ZONING

The subject property is located in the Town of Thompson in Sullivan County, New York, and is situated in an HC-1 Zoning District. This is a Highway Commercial-1 District. The following regulations shall apply in all HC-1 Districts.

A. Permitted Uses

1. 1-family dwellings, not to exceed one per lot
2. The following agricultural operations, not including cage-type poultry raising:
 - a. growing of crops, orchards or nurseries
 - b. keeping not more than 25 fowl, + 1 farm animal per additional acre over 5
 - c. keeping of livestock
3. Harvesting of forest products & wild crops
4. Hunting & fishing cabins w/ <400 sf floor area
5. Signs, <40' long or <20' high; 1 per 1,000' of road frontage
6. Greenhouses and nurseries

B. Accessory Uses

1. Home occupations
2. Processing & sale of farm produce
3. Keeping not more than two farm animals on lots <5 acres; 1 additional animal per additional acre
4. Rental offices
5. Related recreational uses
6. Parking garage
7. Dwellings for agricultural employees or security personnel
8. One sign for permitted use
9. Outdoor vending machines
10. Non-flashing business signs
11. Rental autos

C. Uses Subject to Site Plan Review by the Planning Board

1. 2-family dwellings
2. Car wash
3. Theaters
4. Eating & drinking establishments
5. Government buildings
6. Service establishments
7. Personnel service establishments
8. Day care
9. Forest industries
10. Retail and service establishments
11. Planned resort development

D. Uses Subject to Site Plan Review & Special Use Permit

1. Bed & Breakfast and inns
2. Multiple dwellings, ROW & attached dwellings

3. Mobile Home Parks
4. Motor vehicle service stations & public garages
5. Summer camps & Campgrounds
6. Commercial recreational facilities, except drive-in theaters
7. Nursing homes; Medical & Dental facilities
8. Outdoor sales
9. Stripping of land
10. Places of worship & related parish homes, seminaries, convents, dormitories & related uses
11. Hotels & motels
12. Business offices
13. Animal hospitals & kennels
14. Outdoor storage of buildings supplies, equipment, machinery & farm implements, not including junkyards
15. Mobile home sales
16. Shopping centers
17. Funeral homes
18. Warehousing & parking garages
19. Mini-storage warehouses
20. Motor vehicle sales
21. Amusement establishments

D. Minimum Lot Area

Dwellings:

w/central water & sewer	20,000 sf
w/out central water & sewer	40,000 sf
Crops, orchards, nurseries, keeping of fowl	5 acres
Keeping of livestock	25 acres
Hunting & fishing cabins	20,000 sf
Forest and wild crop harvesting	10 acres
Greenhouses & nurseries	2 acres
Uses subject to Site Plan review:	Varies

E. Minimum Lot Width & Depth

Dwellings:

	Width	Depth
w/central water & sewer	100 ft	125 ft
w/out central water & sewer	150 ft	150 ft
Forest and wild crop harvesting	No structures w/in 200' of line	
Hunting & fishing cabins	100 ft	125 ft
Greenhouses & nurseries	250 ft	250 ft
Uses subject to Site Plan review:	Varies	

F. Minimum Front & Rear Yards

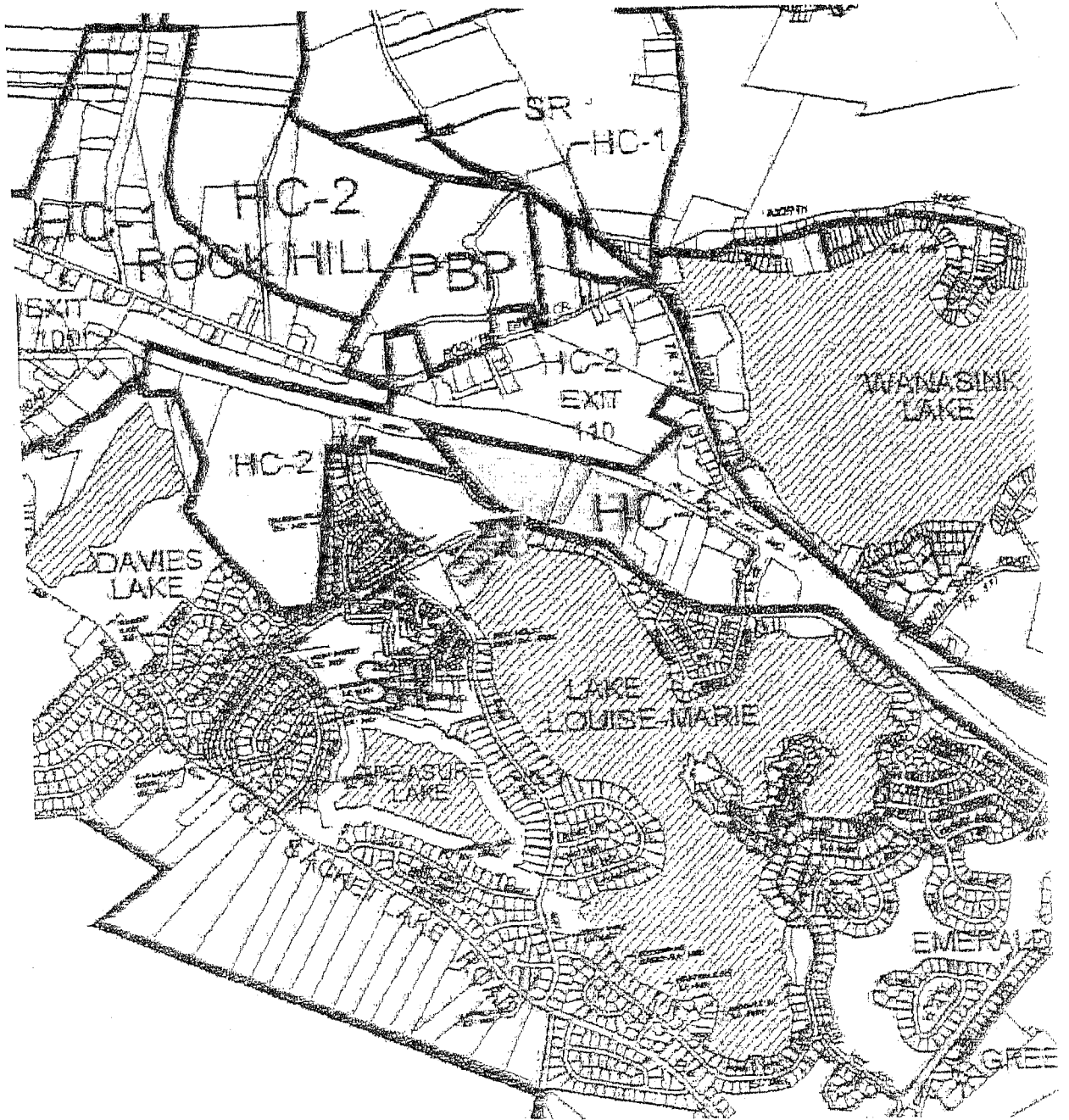
Dwellings:

	Front	Rear
w/central water & sewer	40 ft	40 ft
w/out central water & sewer	50 ft	50 ft
Forest and wild crop harvesting	No structures w/in 200' of line	
Hunting & fishing cabins	40 ft	50 ft
Greenhouses & nurseries	50 ft	50 ft
Uses subject to Site Plan review:	Varies	

G.	Minimum Side Yards:	One	Both
	Dwellings:		
	w/central water & sewer	15 ft	40 ft
	w/out central water & sewer	20 ft	50 ft
	Forest and wild crop harvesting	No structures w/in 200' of line	
	Hunting & fishing cabins	25 ft	50 ft
	Greenhouses & nurseries	40 ft	80 ft
	Uses subject to Site Plan review:	Varies	
H.	Maximum Permitted Building Coverage		
	Dwellings:		
	w/central water & sewer	20%	
	w/out central water & sewer	10%	
	Hunting & fishing cabins	30%	
	Greenhouses & nurseries	30%	
	Uses subject to Site Plan review:	Varies	
K.	Building Height Limit		
	Dwellings:	30 ft	
	Hunting & fishing cabins	35 ft	
	Greenhouses & Nurseries:	35 ft	
	Uses subject to Site Plan review:	Varies	

If a non-conforming use status is discontinued for a period of one year, the non-conforming use status is lost and the property must conform to current regulations.

Further information and clarification may be obtained by consulting the Town of Thompson Zoning Ordinance. Most uses allowed are subject to the above minimum requirements.



ZONING MAP

THE HIGHEST AND BEST USE ANALYSIS

Typically, for most appraisal valuation purposes, properties are valued on their highest and best use. However, for assessment purposes in New York State, properties are valued as they are being used, and not necessarily on their highest and best use. Often times, this "value in use" is the highest and best use; in this case, the subject is an over-improvement of the property, with substantial vacancy, and does not represent the highest and best use of the property, but will be valued as it is being used for tax certiorari purposes.

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SALES COMPARISON APPROACH TO VALUE

According to *The Dictionary of Real Estate Appraisal*, the Sales Comparison Approach may be defined as follows:

*"The process of deriving a value indication for the subject property by comparing market information for similar properties that the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison."*¹

This approach employs the Principle of Substitution which holds that, "when several similar or commensurate commodities, goods or services are available, the one with the lowest price will attract the greatest demand and widest distribution."²

By analyzing sales which qualify as arms-length transactions between willing, knowledgeable buyers and sellers with reasonable market exposure, price trends can be identified from which value parameters may be extracted. Comparability in physical, locational and economic characteristics is an important criteria in evaluating the sales in relation to the subject property. The basic steps involved in the application of this approach are as follows:

- (1) Researching recent relevant property sales and current offerings throughout the competitive area.
- (2) A selection process to focus on properties considered most similar to the subject, and then analyzing the selected comparable properties giving consideration to the time of sale and any change in economic conditions which may have occurred to the date of value. Other relevant factors of a physical, functional or locational nature are also considered.

¹ *The Dictionary of Real Estate Appraisal*, 5th Edition, (Chicago: Appraisal Institute, 2010), Page 175.

² *Ibid*, Page 190

- (3) Reducing the sales price to common units of comparison (i.e., price per square foot of building area).
- (4) Making appropriate adjustment between the comparable properties and the property appraised.
- (5) Interpreting the adjusted sales data and drawing a valid conclusion.

The Sullivan County market area was examined for sales of similar office buildings. There are very few buildings at all similar to the subject in Sullivan County, and none that have sold in the past five years. Therefore, the search area was expanded throughout the Mid-Hudson Valley, and four of the most similar were selected for comparison to the subject.

The properties were compared on a per-square-foot basis, as that is typically the unit of measure when comparing commercial properties of this type. The sales were reviewed for conditions of sale, including financing and property rights transferred. Sale 1 was purchased by the adjoining hospital; however, according to the management company, the sale price was at market, with no premium paid, and no Condition of Sale adjustment was necessary. No other abnormal conditions of sale were found in any of these transactions that would significantly impact upon value.

The sales date back to August, 2011, less than one year before the valuation date. Values for commercial properties have generally been decreasing since 2007, although the declines appear to be slowing in 2012. Adjustments of -5% per year were therefore made for changing market conditions.

Considerations were made for a variety of attributes that impact value. Where the comparable property was considered inferior, a positive adjustment was made; if the comparable was superior to the subject, a negative adjustment was indicated. Adjustments were made for differences for the

following considerations:

Time: Adjustments may be made according to the market conditions under which a comparable sales transaction occurred. Both the transaction date and the appraisal date must be identified so that an appropriate comparison may be made between the conditions prevailing at each time. Trends in supply and demand, as well as availability of mortgage money, employment and income, are factors which determine market conditions during a given period.

Location: Adjustments were made where indicated between comparable properties for impact in utility experienced by a structure as a result of environmental forces outside the property boundaries.

Land Size/Land-to-building Ratio: An adjustment was made, where indicated, between each comparable and the subject as to the physical size of the property. This adjustment is based on the premise that a higher land-to-building ratio is more desirable than a lower one, as it allows for additional parking, site improvements, future expansion, etc.

Utility: Adjustments were made for functional utility since the ability of a property to perform the function for which it is intended is based on current market tastes and standards. Particular attention is paid to building layout, configuration and construction; in the case of the subject property, the single-user configuration and central utilities are considered detrimental to the subject's utility.

Zoning: Through zoning a community may indicate uses and intensity of uses permitted or excluded in a given geographic area. This control of land use is an important ingredient in the forces that make up value. It becomes necessary to adjust for significant differences in zoning.

Building Size: An adjustment was made where indicated for physical building size based on the premise that larger properties tend to sell for less per unit than do smaller properties.

Building Condition: Adjustments are made as shown as to the age, maintenance and general appearance of the improvements compared to the subject.

Sale 1 is a multi-tenant office building situated along Midway Park Drive in the Orange County Town of Wallkill, in a superior location, near larger population and employment bases. Although this property is on a smaller lot, it has a similar land-to-building ratio, and so no adjustment for land size is indicated. A utility adjustment was made as this is a two story, multi-tenant building, easier to rent than the subject. A size adjustment was made as this is a smaller building, and smaller buildings tend to rent to more per square foot than do larger buildings. A condition

adjustment was also made, as the subject includes newer sections.

Sale 2 is an office and data storage building along Ramland Drive in an office park in Orangetown in Rockland County, in a superior location with higher values and rents, near larger population and employment bases. A utility adjustment was made as this is a two-story, multi-tenant office building that included data storage and disaster recovery, superior to the configuration of the subject. This sale was also adjusted for larger size.

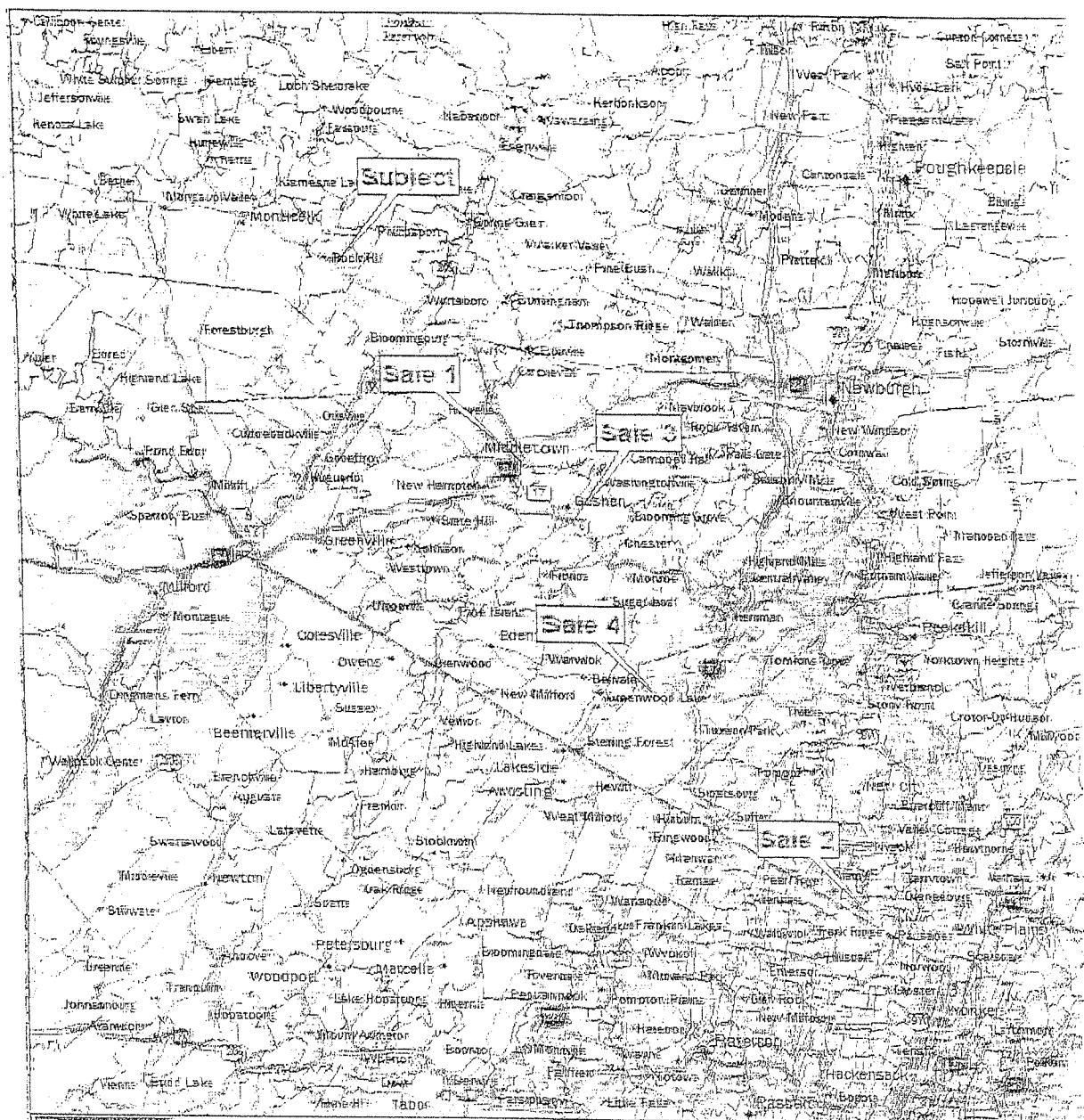
Sale 3 is multi-tenant office building along Route 17M in Goshen in Orange County, in a superior location. This sale has less land in relation to building area, and so was adjusted for inferior land-to-building ratio. A utility adjustment is indicated as this is a multi-tenant building. Adjustments were also made for smaller size and inferior condition.

Sale 4 is the former headquarters of International Paper, and is an office and industrial property along Long Meadow Road in the Town of Tuxedo in Orange County, in a superior location closer to major development and population centers. An adjustment was made for superior land to building ratio. No utility adjustment was made, as this is a single user, one to four story, corporate headquarters facility, similar to the subject. This is an older building, and was adjusted for inferior condition.

After adjustments for differences, the sales indicate a range in value from \$15.62 to \$40.71 per square foot, with two lower numbers, one near the middle, and one higher number. A value slightly above the mid-point will be considered most reasonable, due to the quality finish of the subject property.

Therefore, the Indicated Value of the subject property "as is," via the Sales Comparison Approach, is \$30.00 per square foot, or \$5,125,000 (rounded).

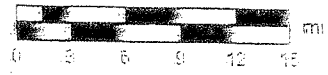
There are a few other sales that were not used, due to their age, but which also support the concluded value. In September 2009, KeyBank sold a 49,512 SF bank headquarters and office at 100 Dutch Hill Road in Orangeburg in Rockland County for \$3,000,000, or \$60.59 per SF, in a better market compared to 2012. This building was substantially smaller than the subject and in a far superior location; and could also be used by multiple tenants. In 2004, the former headquarters for the Bank of New York, a 78,005 SF office complex, sold at 280 Broadway in Newburgh in Orange County for \$2,080,000, or \$26.66 per SF. This building was older but is smaller than the subject and in a superior commercial location; furthermore, the market by 2012 had erased most all of the gains that happened after 2004.



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Date Zoom E-F

COMPARABLE SALES MAP

Improved Sale No. 1

Property Identification

Record ID	8562
Property Type	Office Building, 465
Address	200 Midway Park Ln, Middletown, Orange County, New York 10940
Location	Walkkill town
Tax ID	78-1-76
APN	335200-78-1-76
School District	Middletown

Sale Data

Grantor	JFF Real Estate LLC
Grantee	Greater Hudson Valley Health System Inc.
Sale Date	September 06, 2012
Deed Book/Page	13419/648
Verification	Ted Petrillo, Westage; 845-897-3800, January 24, 2014; Other sources: Poughkeepsie Journal, Win2Data, LoopNet, SalesWeb, Image Mate, Confirmed by Paul Wiley
Sale Price	\$1,900,000

Improved Sale No. 1 (Cont.)

Cash Equivalent \$1,900,000

Land Data

Land Size 2.900 Acres or 126,324 SF
 Front Footage 379 ft Total Frontage: 379 ft Midway Park
 Zoning O/R, Office and Research
 Topography level, cleared
 Utilities municipal sewer & water, gas & elec.
 Shape irregular

General Physical Data

Building Type Multi Tenant
 SF 21,000

Construction Type steel frame and brick
 Foundation poured concrete
 Stories 2
 Year Built 1987

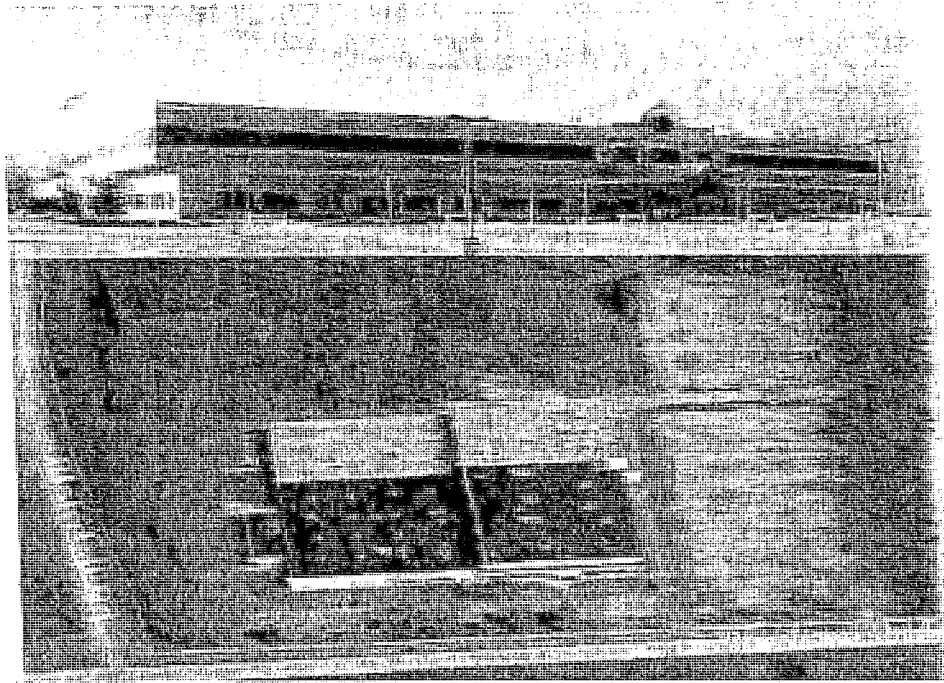
Indicators

Sale Price/Gross SF \$90.48
 Floor Area Ratio 0.17
 Land to Building Ratio 6.02:1

Remarks

A 21,000 SF professional/medical office building on 2.90-acre Office/Research zoned lot. Two story building was constructed in 1987, and was in good condition. First floor contains a lobby, two bathrooms, an elevator, two mechanical rooms, and rented office space. The second floor also contains a lobby, two bathrooms, an elevator, two mechanical rooms, and rented office space. Both floors are similar in layout. Presently used as a professional office, and can continue to be used as such. It was purchased by the new Orange Regional Health Center, adjacent to the property. According to Ted Petrillo of Westage, the property manager, the price was at market with no premium paid by the hospital as adjoining property owner.

Improved Sale No. 2

Property Identification

Record ID	8385
Property Type	Office Building w/vacant land, 465/322
Address	1 Ramland Road & 283-295 Blaisdell Road, Orangeburg, Rockland County, New York 10962
Location	Orangetown
Tax ID	73.20-1-24, 23
School District	Pearl River

Sale Data

Grantor	Chesapeake Holdings Orangeburg LLC
Grantee	Ramland Holdings LLC
Sale Date	March 21, 2012
Deed Book/Page	2012/13022
Verification	Kathleen Kennedy, broker; 845 461-9889, January 24, 2014; GHMLS #525972, August 07, 2012; Other sources: Sales Web, Confirmed by Paul Wiley

Improved Sale No. 2 (Cont.)

Sale Price \$12,325,000
Cash Equivalent \$12,325,000

Land Data

Land Size 32.580 Acres or 1,419,185 SF
Front Footage 1095 ft Ramland Road; 917 ft Blaisdell Road/County Route 17
Zoning LIO, Light Industrial Office
Topography Generally level
Utilities Electricity, natural gas, municipal water, & sewer available
Shape Irregular

General Physical Data

Building Type Multi Tenant
Gross SF 232,000
Unit 5

Construction Type Block
HVAC Forced air, Central AC
Sprinklers Fully sprinklered
Stories 2
Year Built 1973 Renov 1999+
Condition Average

Other Parking lot with 100 spaces

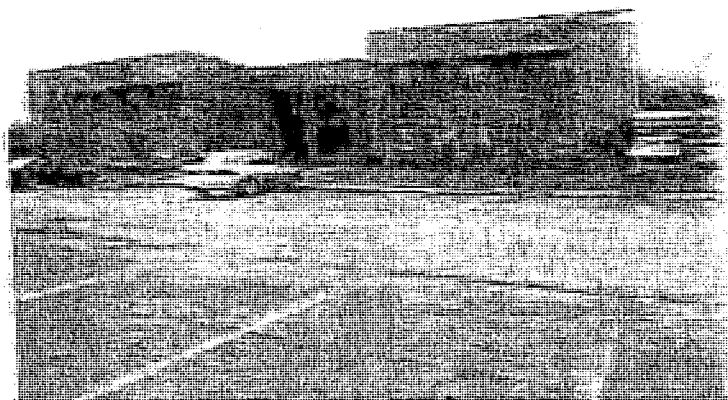
Indicators

Sale Price/Gross SF \$53.13
Sale Price/Unit \$2,465,000.00
Floor Area Ratio 0.16
Land to Building Ratio 6.12:1

Remarks

A 2-story, 5-unit office building totaling 232,000 SF on 2 parcels totaling 32.58 acres. Parcel 73.20-1-24 contains the structure and parcel 73.20-1-23 is residential vacant land. The building is of steel-framed block construction. It was built in 1973 and has been renovated several times. Electricity, natural gas, municipal water, and sewer are available. Heat is provided by natural gas forced air. There is central air conditioning. The site includes a parking lot with 100 spaces. The lots have a total of 1,094.9 feet of frontage along Ramland Road and a total of 917.1 feet of frontage along Blaisdell Road/County Route 17. The property is located in the Pearl River School District. It is situated in an LIO Zoning District, which is a Light Industrial Office Designation. The building included a computer server area, and was utilized for data storage & disaster recovery.

Improved Sale No. 3

Property Identification

Record ID	E203
Property Type	Office, 465
Address	1997 Route 17W, Goshen, Orange County, New York 10924
Location	Goshen, Village of
Tax ID	3001-116-2-1.2
School District	Goshen

Sale Data

Grantor	Benchmark Goshen LTD PTN Assoc
Grantee	Seneco Enterprises
Sale Date	March 14, 2012
Deed Book/Page	13310/1525
Verification	Jim Martin, McBride Corp RE; 845 928 6500, February 16, 2012; Other sources: Loopnet.com, Confirmed by Christine Bell

Sale Price	\$600,000
Cash Equivalent	\$600,000

Land Data

Land Size	1.900 Acres or 82,764 SF
Front Footage	282 ft Route 17W/285 ft Route 17/Route 6
Zoning	OB, Office Building
Topography	Level
Utilities	Municipal water & sewer
Shape	Irregular rectangle

Improved Sale No. 3 (Cont.)

General Physical Data

Building Type	Multi Tenant
Gross SF	25,263
HVAC	Gas-fired, central
Stories	2
Year Built	1982
Condition	Good

Indicators

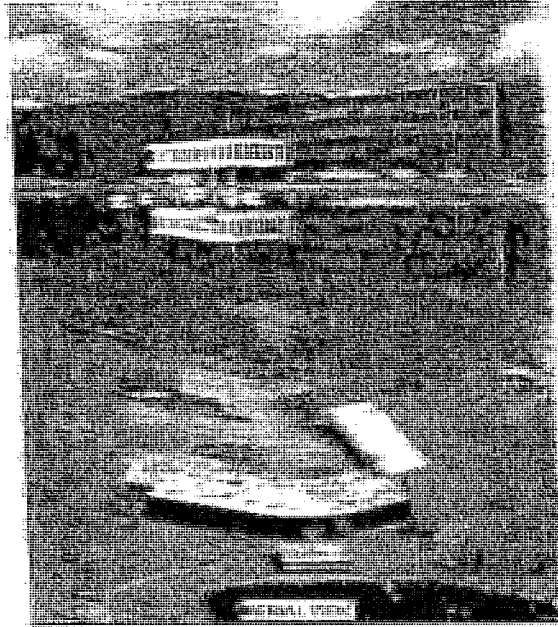
Sale Price/Gross SF	\$23.75
Floor Area Ratio	0.31

Remarks

Two-story, decorative block building with glass atrium lobby. The building was constructed in 1982 and is in good condition. A new roof was installed fall 1995. There are approximately 16 suites with two vacant at the time of the sale. Most suites have individual rest rooms within; there are additional handicapped men and women's rest rooms on each floor in the common area of the lobby.

The site consists of 1.9 acres with asphalt paved parking for approximately 130 vehicles.

Improved Sale No. 4

Property Identification

Record ID	8107
Property Type	Industrial Warehouse, 700/465
Property Name	Former - International Paper Company
Address	1422 Long Meadow Road, Tuxedo Park, Orange County, New York 10987
Location	Tuxedo, Town of
Tax ID	5089-1-1-60
School District	Monroe-Woodbury

Sale Data

Grantor	IPCO Research Development Center Inc.
Grantee	Watchtower Bible and Tract Society of NY
Sale Date	August 11, 2011
Deed Book/Page	13227/1315
Verification	CoStar Group, September 21, 2011; Other sources: Loopnet.com, sales web, Confirmed by Christine Bell
Sale Price	\$3,200,000
Cash Equivalent	\$3,200,000

Improved Sale No. 4 (Cont.)

Land Data

Land Size	50.500 Acres or 2,199,780 SF
Front Footage	1920 ft Long Meadow Road, 2495 ft Warwick Brook Road
Zoning	L1, Light Industrial Office
Topography	Generally level
Utilities	Well & septic
Shape	Irregular

General Physical Data

Building Type	Single Tenant
Gross SF	184,900
Year Built	1969
Condition	Average

Indicators

Sale Price/Gross SF	\$17.31
Floor Area Ratio	0.08

Remarks

A 184,900 sf industrial complex situated on 50.50 acres. There are four buildings on the property, with the main building totaling 174,900 sf. There is 38,400 sf of warehouse area with 30,000 sf in the main building. The building was constructed in 1969 with renovations done in 1988, 1996, 2000, and 2002. It is in average condition.

The parcel is accessed via two curb cuts off of Long Meadow Road and one curb cut off of Warwick Brook Road to the main structure. There is an additional access point off of Warwick Brook Road for the smaller shed/storage type structures. There is adequate asphalt paved parking throughout the site.

SALES COMPARISON ANALYSIS

SALE	SUBJECT	1	2	3	4
SALE PRICE		\$1,900,000	\$12,325,000	\$600,000	\$3,200,000
BUILDING SIZE (SF)	170,824	21,000	232,000	25,263	184,900
PER SF		\$90.48	\$53.13	\$23.75	\$17.31
PROP RIGHTS CONVEYED		0%	0%	0%	0%
ADJUSTED PRICE		\$90.48	\$53.13	\$23.75	\$17.31
FINANCING TERMS		0%	0%	0%	0%
ADJUSTED PRICE		\$90.48	\$53.13	\$23.75	\$17.31
CONDITIONS OF SALE		0%	0%	0%	0%
ADJUSTED PRICE		\$90.48	\$53.13	\$23.75	\$17.31
DATE	Jul 2012	Sep 2012	Mar 2012	Mar 2012	Aug 2011
MARKET CONDITIONS		0%	-2%	-2%	-5%
ADJUSTED PRICE		\$90.48	\$52.06	\$23.28	\$16.44
LOCATION	Laws Louse Marie Rd T/T ndmazon Secondary	200 Midway Park T/Walkill Superior -25%	1 Remlent T/Orangetown Superior -30%	1887 17th T/Gosher Superior -20%	1422 Long Meadow T/Tuxedo Superior -20%
LAND SIZE (Acres)	30.90	2.90	32.58	1.900	50.50
LAND/BLDG RATIO	7.88	6.02	6.12	3.28	11.90
		0%	0%	5%	-6%
UTILITY	Office DayCare 4 Levels Single Occ Central Utils	Prof Office 2 Story Multi-tenant Superior -10%	Office/Data 2 Story Multi-tenant Superior -10%	Prof Office 2 Story Multi-tenant Superior -10%	Offind 4 Story Single Occ Similar 0%
ZONING	HC	OR 0%	LIC 0%	OB 0%	LI 0%
BUILDING SIZE (SF)	170,824	21,000 -25%	232,000 5%	25,263 -25%	184,900 0%
BUILDING CONDITION	Good	Inferior 5%	Similar 0%	Inferior 20%	Inferior 20%
TOTAL ADJUSTMENTS		-55%	-25%	-30%	-5%
ADJUSTED PRICE		\$40.71	\$33.84	\$16.29	\$15.62
INDICATED VALUE	\$30.00	per SF x	170,824	SF =	\$3,124,720
				Roundec	\$3,125,000

INCOME APPROACH TO VALUE

The Income Approach is the procedure which converts anticipated benefits to be derived from ownership of the property into a present value estimate.

The Income Approach has its greatest usefulness in the valuation of income-producing properties. The subject is primarily a single user property, and has struggled to rent space to smaller tenants. It would more likely be used by an owner-occupant as opposed to being held by an investor for its income, but could be rented, and so the Income Approach was also considered. Due to the extreme vacancy, the property is reportedly losing money, and so this approach is less reliable than the Sales Comparison Approach, but is used as a check to that approach.

In the case of income-producing properties, generally, the higher the net earnings, the higher the value, other factors remaining constant. The anticipation of future benefits, either amenities or dollars, is the principal basis of the Income Approach.

Selecting the proper capitalization method and rate are two of the most important steps in the Income Approach. Capitalization is the process of converting income expectancy into present value. If a plausible relationship between income and value can be established, it is possible to estimate value when only the income is known.

The development of a reliable projection of net income expectancy is a prerequisite to any capitalization technique. Although past and current income are significant, the ultimate concern is for future income expectancy. The earning history of a property is important only if it can be used to help predict future probable income levels. Equally important as an accurate income estimate is the necessity of a careful expense analysis

in order to arrive at an estimate of net income expectancy. While an accurate gross income estimate is important, net income expectancy is of prime concern to the typical investor in income-producing properties.

In estimating the value of the subject property by the Income Approach, data has been selected and processed as follows:

1. Estimated gross annual income, by comparing the subject property to similar rental properties in the same manner as used for comparison of market sales data previously described, and using appropriate factors related to rentals in order to estimate, from the market, the annual gross income ("Market Rent") which the subject can be expected to produce.
2. Determined a discount to the gross income estimate to allow for vacancy and collection loss, and thus arrive at an estimate of Effective Gross Income.
3. Estimated the probable annual expenses which would be incurred in operation of the property, as a deduction from effective gross income to realize net income, before making allowance for overall depreciation or recapture of the wasting asset. The condition of the building and its equipment were considered in order to estimate a reserve allowance for repairs and replacements.
4. Derived a capitalization rate from published surveys and the Band Mortgage Equity Method, and, after considering the quality and durability of the expected income, selected an appropriate method and technique for capitalizing the net income to an estimate of value.

CURRENT TENANCY AND INCOME

The subject property is currently partially occupied, but has been mostly vacant since Frontier downsized. As of the date of the valuation, occupancy of the main building consisted of 5 tenants occupying ±17,208 SF, or 10.8% of the building area. The day care building was occupied as Nana's House Day Care, with no lease or rental information available to the appraiser, due to legal battles between the parties involved. The ±2,400 SF garage was used for property maintenance, and is considered necessary to store and maintain equipment and therefore unlikely to be rented.

A rental synopsis for the main building was provided by Cushman & Wakefield, acting as managers of the property. Leases were provided by the New York Liquidation Bureau, and copies are kept in the appraiser's file. All rents are gross, including all expenses. According to the information provided, the five tenants in the main building were as follows:

Sullivan County ARC has a four-year lease, expiring July 31, 2012-- one month after the valuation date. They occupy approximately 9,636 square feet on the second floor, with a monthly rent of \$18,504.30, or \$23.04 per square foot, on a gross basis that includes all expenses.

Medical Professional Liability, an insurance agency, is renting ±576 SF of offices and adjoining space on the second floor on a month-to-month basis since February 1, 2010. The rent was \$1,071.70 per month, or \$22.23 per square foot, gross.

Smokers Choice has been in the building since April 1, 2010, and have a four year lease. They are renting ±3,788 SF on the main floor for \$7,393.53 per month, as of the date of valuation, or \$23.42 per square foot, gross.

OfferYa, LLC, an investment company, is renting around 1,000 SF on the second floor. They had a one-year lease to the end of July 2012. The rent was \$2,000.00 per month, or \$24.00 per square foot, gross.

Cinium Holdings, LLC, was renting ±2,500 SF on the first floor as administrative offices for an insurance company, on an annual basis since February 1, 2012. The rent was \$4,791.67 per month, or \$23.00/SF, gross.

No information was available regarding the rental of Nana's House Day Care. According to Stephen Perfit, the broker for Cushman & Wakefield, no rent is being paid to Cushman & Wakefield as managers or to the New York Liquidation Bureau, and the occupants pay for their own heat and electric but do not contribute anything toward maintenance or expenses of the overall property.

The remainder of the main building appears to have been mostly vacant for the previous few years. Catskill Hudson Bank was occupying some 7,200 SF but moved out of the building after their lease expired in April 2012, and no other tenants have moved in as of the date of this report.

Considering the large amount of vacancy, and the large spaces involved, a lower rental is advisable to increase occupancy. As indicated in the Market Analysis, a single occupant for the entire main building in this location is unlikely, either buying or renting. The more likely scenario would be an investor buying the property for a low amount, installing some dividing walls and doors, and renting out smaller, more marketable spaces.

COMPARABLE MARKET RENTS

The subject property is mostly vacant, and so market rents were established for the spaces. The market area was examined for rentals of large office spaces, as well as day care centers. There are limited office rentals in Sullivan County, and so the search was expanded throughout the Mid-Hudson Valley. The most similar rentals were selected for establishing market rents for the subject.

Building owners, tenants and real estate brokers lease commercial space and establish rental levels based on a per-square-foot of measure, with the annual rent divided by the size. Therefore, the fair market rental value of the subject property is estimated on the per-square-foot basis.

The subject spaces are larger and somewhat undefined, comprising essentially the entire floor of each level. They would likely be portioned off based upon the needs of potential tenants, within reason, based on the constraints of the physical spaces within the building. Larger spaces would involve less demising walls and would fill the building faster, but most tenants in this market are occupying smaller spaces. However, for tax certiorari purposes, the property is valued "as is," and so larger spaces comprising the different floor areas were considered.

Considering the large size of the spaces involved, as well as the secondary market area, a rental of \$13.00 per square foot on a gross basis, will be applied to the spaces on Floors 2, 3, and the northwest section of the main level. A lower rent of \$11.00 per square foot will be utilized for the lower level, as it is mostly below grade and has inferior configuration and finish. No rental will be assigned to the auditorium; it will be considered as common space that would support the other office spaces, as a typical tenant would not need an auditorium often enough to pay monthly

rent.

Rents for day care spaces are typically similar to average or above-average offices in the same market; many are found in locations near commercial and office centers, and are often in retail plazas, paying similar rent to the office tenants. The subject day care is fairly large, and occupies a free-standing structure in good condition, but is in a secondary market, somewhat hindered by the vacancy of the main building. A rent of \$13.00 per square foot on a modified gross basis, with the tenant responsible for their own heat and electric, will be applied.

On the following pages are samples of rentals that were used to estimate market rents for the subject property.

rent.

Rents for day care spaces are typically similar to average or above-average offices in the same market; many are found in locations near commercial and office centers, and are often in retail plazas, paying similar rent to the office tenants. The subject day care is fairly large, and occupies a free-standing structure in good condition, but is in a secondary market, somewhat hindered by the vacancy of the main building. A rent of \$13.00 per square foot on a modified gross basis, with the tenant responsible for their own heat and electric, will be applied.

On the following pages are samples of rentals that were used to estimate market rents for the subject property.

Improved Lease No. 1

Property Identification

Record ID	3508
Property Type	Office, 465
Property Name	Colonial Square Plaza - Crystal Run Healthcare
Address	1987 Rt 52, Liberty, Sullivan County, New York 12754
Location	Liberty village
Tax ID	3601-121-3-5:1
School District	Liberty

Physical Data

Land Size	8.400 Acres or 365,904 SF
Gross SF	17,381
Gross SF	2,100

Construction Type	Steel frame masonry
Roof Type	Peaked gable, asphalt shingles
Foundation	Poured concrete & slab
Electrical	Separate meters, 100-200 amps
HVAC	Separate propane-fired HVAC units
Stories	1-2

Improved Lease No. 1 (Cont.)

Year Built 1997
 Condition V Good

General Lease Data

Tenant Crystal Run Healthcare
 Typical Lease Term Five years and one month
 Lease Type Triple Net
 Tenant Size 2,100

General Tenant Summary

Owner Martco Realty LLC
 Verification Mario Martinez, owner, 1 518 450 1250, June 27, 2013; Other sources: Appraiser's file, Confirmed by Tobey Kass

Rent Analysis

Actual Rent \$13.26 - \$13.26/SF; \$13.26/SF Average
 Effective Rent \$13.26 - \$13.26/SF; \$13.26/SF Average

User Comments

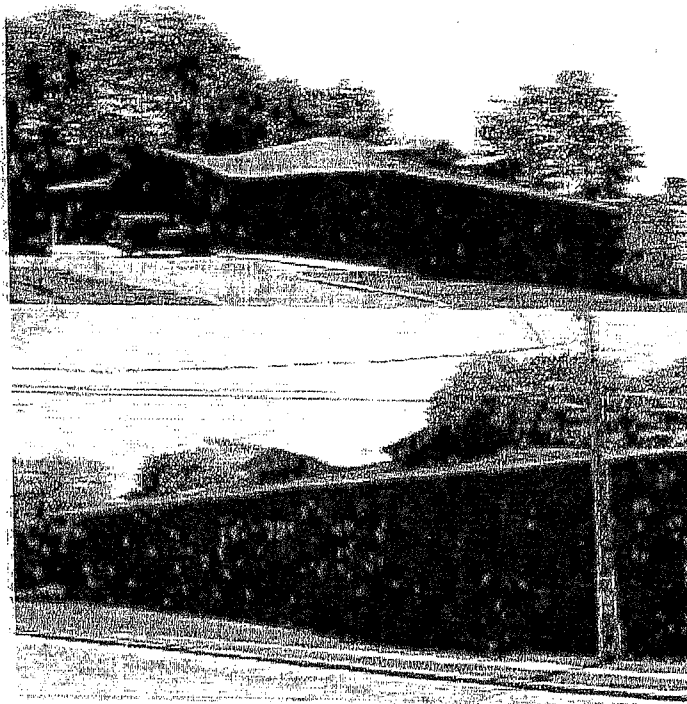
This is a triple net lease with a term of five years and one month, beginning May 1, 2011 and ending June 1, 2016. The tenant pays their own utilities, share of taxes, insurance, maintenance, and common area maintenance. The rent is \$13.26 per SF or \$2,320 monthly, and it increases with the CPI index.

Remarks

A healthcare office totaling 2,100 square feet in a partially 2 story, mixed use building totaling 17,381 square feet on a parcel totaling 6.43 acres. The building was constructed in 1997 and is in very good condition. It is of steel framed masonry with a asphalt shingle peaked gable roof on a poured concrete and slab foundation. The building is divided into 11 commercial rental units. Separately metered 100-200 amp electricity, municipal water, and sewer are available and connected to the site. There are separate, propane-fired HVAC units.

Site improvements include paved parking lots around the front, rear, and east sides. The parcel has 210 feet of frontage along Route 52, 135 feet of frontage along Old Monticello Road, and 581.3 feet of frontage along Crestview Drive. The property is located in a C Commercial Zoning District in the Liberty School District.

Improved Lease No. 2

Property Identification

Record ID	2475
Property Type	Office Building, 465
Property Name	Hudson River Healthcare
Address	23 Lakewood Avenue, Monticello, Sullivan County, New York 12701
Location	Monticello, Village of
Tax ID	4601-115 -6-29
School District	Monticello

Physical Data

Land Size	1.150 Acres or 50,094 SF
Gross SF	10,400
Net SF	9,800
Stories	1
Year Built	2006

Improved Lease No. 2 (Cont.)

General Lease Data

Tenant	Hudson River Healthcare
Typical Lease Term	20 yr
Lease Type	Triple Net
Tenant Size	9,800 to 9,800

General Tenant Summary

Owner	MG Catskill, LLC
Management Co.	Same
Verification	Mario Martine z, owner; Confirmed by Paul Wiley

Rent Analysis

Actual Rent	\$16.50 - \$16.50/SF; \$16.50/SF Average
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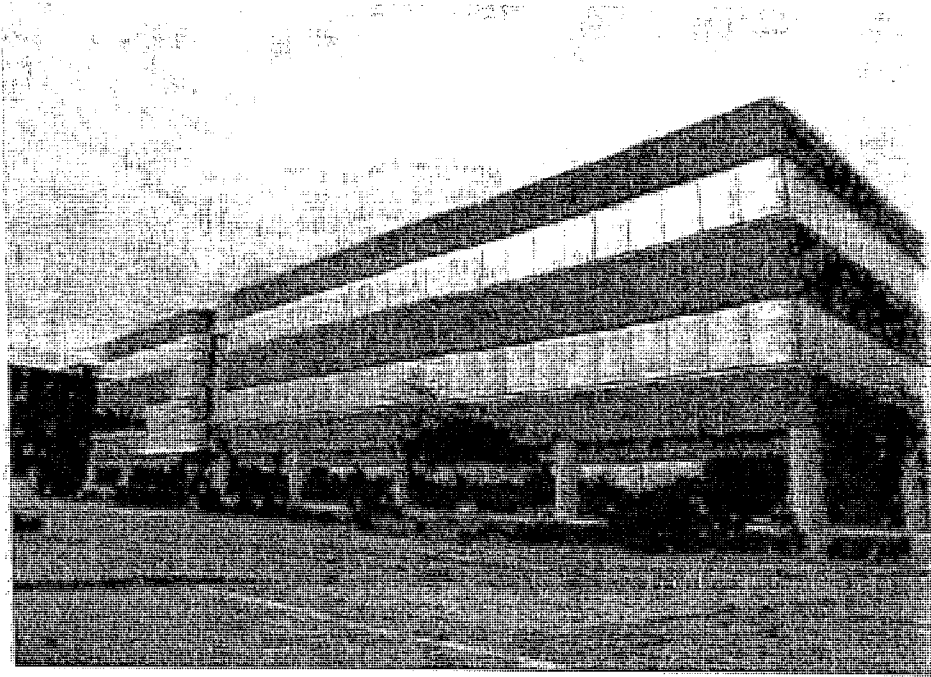
User Comments

The building is owned by MG Catskill, LLC. The tenant is Hudson River Healthcare. It is a 20 year net lease that began on December 1, 2006. The rent is \$16.50 per sf, triple net.

Remarks

A stand-alone single-story medical office building constructed in 2006 and totaling 10,400 sf. There is 8,000 sf on the main level and a 2,400 sf lower level, with 1,800 sf of finished space and 600 sf of utility area. Municipal water and sewer. It is situated on a 1.15 acre lot with ample paved parking, located just south of Broadway in the Village of Monticello.

Improved Lease No. 3

Property Identification

Record ID	3107
Property Type	Office Building, 465
Address	30-40 Matthews Street, Goshen, Orange County, New York 10924
Location	Goshen, Village of
Tax ID	114-5-9-22
School District	Goshen

Physical Data

Land Size	5.200 Acres or 226,512 SF
Gross SF	23,114
Gross SF	23,114
HVAC	Fully air conditioned
Sprinklers	Fully sprinklered
Stories	3
Year Built	1988
Condition	Good

Improved Lease No. 3 (Cont.)

<u>Suite</u> <u>No.</u>	<u>Tenant Name</u>	<u>Tenant Rent Roll</u>		<u>Lease Type</u>	<u>Beg. Date</u>	<u>Term</u>
		<u>Size</u>	<u>Rent/SF</u>			
	Orange County	23,114	\$13.00	Gross	10/1/11	2

General Tenant Summary

Owner Goshen Shopping Assoc
Verification Elisabeth Mansfield (Mansfield Commercial Real Estate); April 04, 2012; Other sources: OC Gov, Confirmed by Christine Bell

Rent Analysis

Actual Rent \$13.00 - \$13.00/SF; \$13.00/SF Average
Effective Rent \$13.00 - \$13.00/SF; \$13.00/SF Average

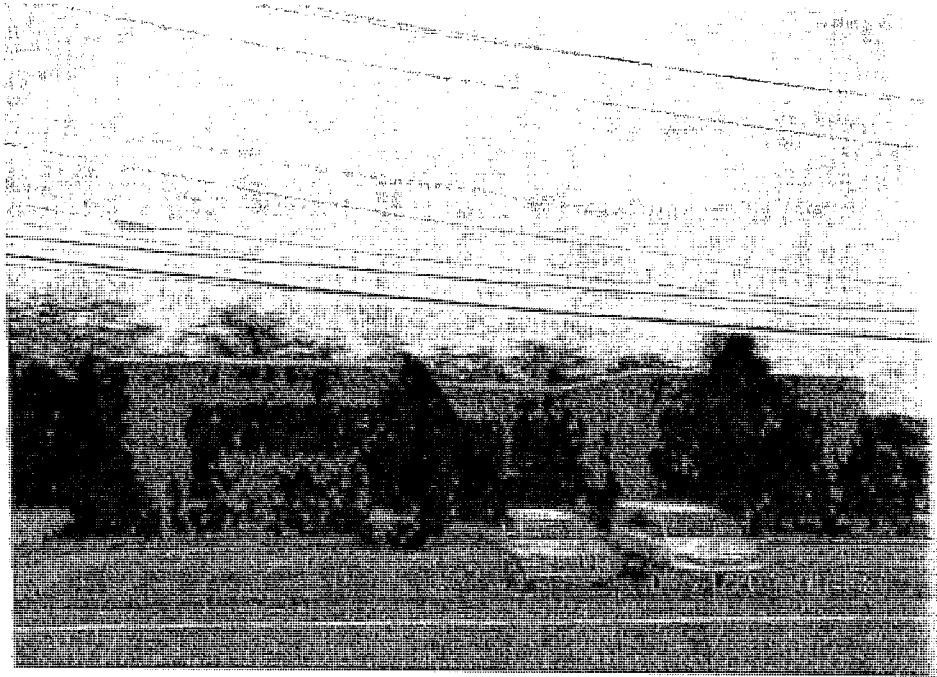
User Comments

A 2 year lease from 10/1/11 to 9/30/13. Gross rent is \$13.00 per SF annually, which is also \$25,040.17 per month. Option to renew for two years at \$13.50. Flat rates. Landlord painted and carpeted.

Remarks

The tenant is leasing 23,114 SF (8,698 SF at 30 Matthews Street and 14,416 SF at 40 Matthews Street) of a 3-story office building totaling 40,129 SF on a parcel that totals 5.2 acres. The lot has 507.1 feet of frontage along Matthews Street and 311.5 feet of frontage along West Main Street. The structure was built in 1988 and is in good condition. It is fully air conditioned, fully sprinklered, fully alarmed, and has 1 elevator. There is also a large asphalt-paved parking lot. The property is located in Goshen School District. It is in a DS, Designated Shopping Zoning District.

Improved Lease No. 4

Property Identification

Record ID	3106
Property Type	Professional Building, 465
Address	1997 State Route 17M, Goshen, Orange County, New York 10924
Location	Goshen, Village of
Tax ID	116-2-12
School District	Goshen

Physical Data

Land Size	1.900 Acres or 82,764 SF
Gross SF	11,000
Gross SF	11,000
HVAC	Fully air conditioned
Stories	2
Year Built	1978
Condition	Average

Improved Lease No. 4 (Cont.)

<u>Suite No.</u>	<u>Tenant Name</u>	<u>Tenant Rent Roll</u>		<u>Lease Type</u>	<u>Beg. Date</u>	<u>Term</u>
		<u>Size</u>	<u>Rent/SF</u>			
	Orange County	11,000	\$10.50	Gross	04/01/12	4 years

General Tenant Summary

Owner

Seneco Enterprises LLC

Verification

Elisabeth Mansfield (Mansfield Commercial Real Estate); April 04, 2012; Other sources: Sales Web, OC Gov, Confirmed by Christine Bell

Rent Analysis

Actual Rent

\$10.50 - \$10.50/SF; \$10.50/SF Average

Effective Rent

\$10.50 - \$10.50/SF; \$10.50/SF Average

User Comments

A 4 year lease from 4/1/12 to 3/31/16. Gross rent is \$10.50 per SF annual, which is also \$9,625 per month. Landlord carpeted and painted.

Remarks

The tenant is leasing 11,000 SF of a 2-story office building totaling 32,538 SF on a parcel that totals 1.9 acres. The structure was built in 1978 and is in average condition. The lot has 282 feet of frontage along NY State Highway 17M and 284.9 feet of frontage along NY State Highway 17. It is fully air conditioned and has 1 elevator. Municipal water, sewer, and electric are available. The property is in Goshen School District. It is situated in an OB, Office Building Zoning District.

Improved Lease No. 5



Property Identification

Record ID 3072
 Property Type Office, 465
 Address 83 Crystal Run Road, Middletown, Orange County, New York
 10941
 Location Walkkill, Town of
 Tax ID 5200-60-1-50.21
 School District Middletown

Physical Data

Land Size 20.600 Acres or 897,336 SF
 Gross SF 118,532
 Gross SF 118,532
 Stories 4
 Year Built 1991
 Condition Good

<u>Suite No.</u>	<u>Tenant Name</u>	<u>Tenant Rent Roll</u>			<u>Beg. Date</u>	<u>Term</u>
		<u>Size</u>	<u>Rent/SF</u>	<u>Lease Type</u>		
	Empire HealthChoice Assurance	118,532	\$15.75	Triple Net	March 1, 2012	10 years

General Tenant Summary

Owner Almad Crystal Run 85 LLC
 Verification Other sources: Lease, Confirmed by Christine Bell

Improved Lease No. 5 (Cont.)

Rent Analysis

Actual Rent	\$15.75 - \$15.75/SF; \$15.75/SF Average
Effective Rent	\$15.75 - \$15.75/SF; \$15.75/SF Average

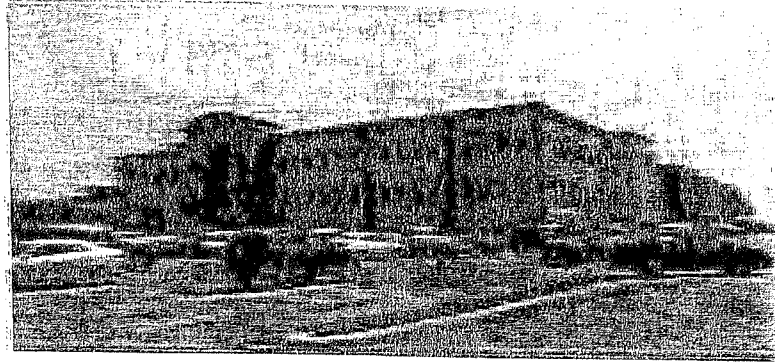
User Comments

A ten-year lease with a commencement date of March 1, 2012. The initial annual base rent is \$15.75 psf or \$15,5373.25 per month. The annual base rent shall escalate 2.25% every year, commencing as of March 1, 2013. This is a triple-net lease with the tenant being responsible for proportionate share of the building operating expenses and real estate taxes.

Remarks

A four-story building of class A type professional office space. The building was built in 1990 and is in good condition. The rental space is a portion of the 2nd floor consisting of 31,108 sf, the entire 3rd floor consisting of 53,093 sf and the entire 4th floor consisting of 34,331 sf. The total rented space is 118,532 sf. The tenant was renting the entire 172,800 sf building but downsized and negotiated a new lease. There is adequate asphalt paved parking.

Improved Lease No. 6



Property Identification

Record ID 2902
 Property Type Office, 465
 Property Name Westage Pavilion
 Address 75 Crystal Run Road, Middletown, Orange County, New York
 12589
 Location Wallkill, Town of
 Tax ID 50-1-50.11-1, 50.11-2, 50.12-1, 50.12-2
 School District Middletown

Physical Data

Land Size 11.500 Acres or 500,940 SF
 Gross SF 17,717
 Gross SF 17,717

Construction Type Steel frame
 Roof Type Flat
 Foundation Concrete slab
 HVAC Natural gas fired individual u
 Stories 2-3
 Year Built 2002
 Condition Good

<u>Suite No.</u>	<u>Tenant Name</u>	<u>Tenant Rent Roll</u>				
		<u>Size</u>	<u>Rent/SF</u>	<u>Lease Type</u>	<u>Beg. Date</u>	<u>Term</u>
G20/22	Orange Regional Medical Center	17,717	\$17.80	Triple Net	Sept. 1, 2009	10 years

General Tenant Summary

Owner Horton Medical Center

Improved Lease No. 6 (Cont.)

Management Co. Walkkill Medical Development,
Verification Other sources: Lease, Confirmed by Michele Bray

Rent Analysis

Actual Rent \$17.80/SF Average

User Comments

The lease is for 10 years with 1 five year renewal option at the same terms. The rent is \$17.80 psf + property operating costs at 21.87% of building = \$21.99 psf estimate.

Free rent for September 1, 2009 to December 31, 2009, rent freeze for years 1-4, then greater of CPI or 3% per year for 11-15 and extension term (if exercised). First and last months rent not due until January 1, 2010

Remarks

The tenant occupies 17,717 sf of rental space in a 186,929 sf two to three story medical/office building. It was constructed in 2002 and has had an addition added in 2005. The tenants space is over 2 floors, Suite G 20, totals 10,890sf on the ground floor and contains a larger open work space, thirteen enclosed offices, reception area, kitchen area and a bathroom with rine fixtures and Suite G 22, totals 6,827sf on the first floor and was constructed for the tenants fit up at the landlords expense. This unit contains a conference room, seven sleep rooms, each with its own full bathroom, a technical room, a linen area, three enclosed offices and a half bathroom. The building is in good condition.

The site includes four large parking areas with a sufficient amount of parking. The site is equipped with exterior lighting.

Improved Lease No. 7

Property Identification

Record ID	3273
Property Type	Fitness Center, 340
Address	5 Locust ST, Washingtonville, Orange County, New York 10992
Location	Washingtonville VLG
Tax ID	000-0001-001.000
School District	Washingtonville

Physical Data

Land Size	1.100 Acres or 47,916 SF
Gross SF	7,032
Gross SF	7,032
Construction Type	Steel Frame
Roof Type	Corrugated Metal
Foundation	Concrete Slab
Electrical	400 AMP main, 200 AMP remainder
HVAC	Gas fired
Year Built	2011
Condition	good

Improved Lease No. 7 (Cont.)

<u>Suite No.</u>	<u>Tenant Name</u>	<u>Tenant Rent Roll</u>			<u>Beg. Date</u>	<u>Term</u>
		<u>Size</u>	<u>Rent/SF</u>	<u>Lease Type</u>		
	JJM Rigby, INC	7,032	\$13.82	Triple Net	Sept 1, 2011	2 year term

General Tenant Summary

Owner J & J Industrial LLC Transmiss
Verification Other sources: Appraisal, Lease, Win 2 Data, Confirmed by
Christine Bell

Rent Analysis

Actual Rent \$13.82/SF Average

User Comments

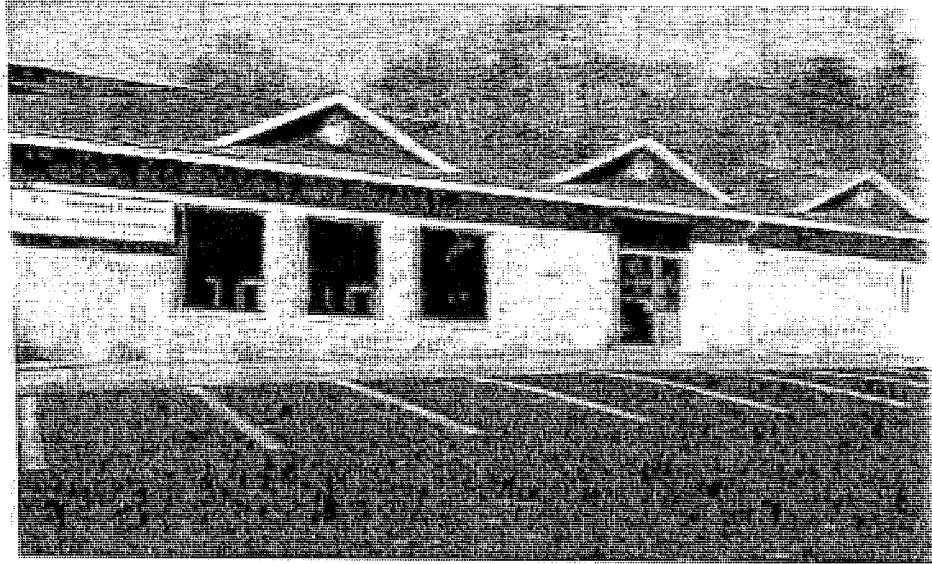
This is a modified gross lease that was commenced on September 1, 2011, for a two-year term that expires on September 1, 2013. There are two extended terms of 5 years with an increase of \$1,200 per year. The tenant pays \$97,200 annually or \$8,100 monthly. The tenant is responsible for their own utilities, municipal water, sewer, and refuse.

Remarks

The tenant occupies 7,032 sf of a single story building. It is utilized as a gym. It was constructed in January of 2011 and is in good condition. The building has a front entrance, a rear entrance, and two side entrances. There is a 14' x 12' overhead door located at the rear of the building. The interior consists of an open workout room with a reception area, an enclosed exercise room, a daycare room, and two lavatories/locker rooms. The interior ceiling heights range between 30-35 feet. In addition, there is a four unit industrial building that totals 5,900 sf. Combined the two buildings total 12,932 sf.

The subject parcel totals 1.14 acres. The site has a new constructed paved parking lot with a sufficient amount of parking.

Improved Lease No. 8

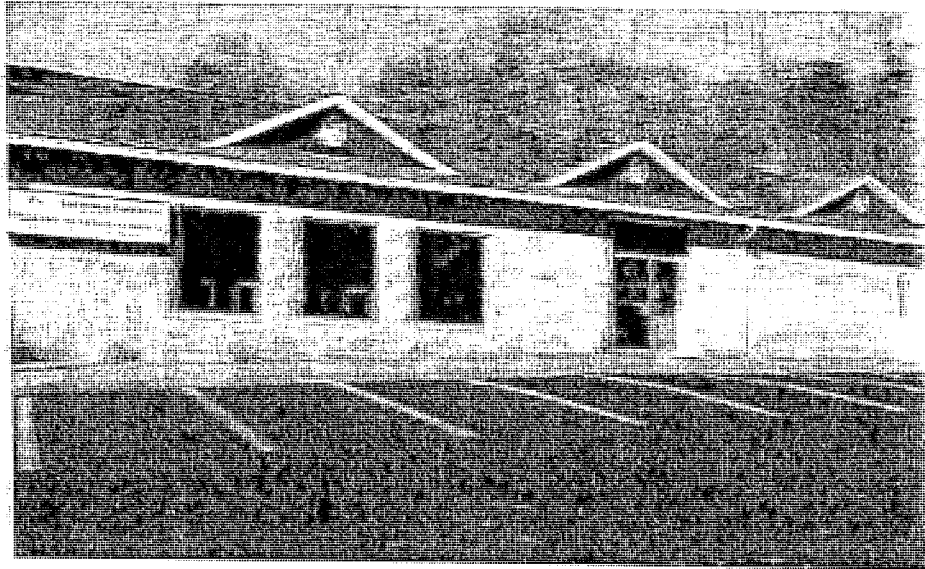
Property Identification

Record ID	3520
Property Type	Day Care, 430
Property Name	Pattycake Playhouse
Address	262 Windsor Highway, New Windsor, Orange County, New York 12553
Location	New Windsor, Town of
Tax ID	4800-33-1-43
School District	Newburgh

Physical Data

Land Size	1.700 Acres or 74,052 SF
Gross SF	4,500
Gross SF	4,500
Stories	1
Year Built	1950
Condition	Average/good

Improved Lease No. 8

Property Identification

Record ID	3520
Property Type	Day Care, 430
Property Name	Pattycake Playhouse
Address	262 Windsor Highway, New Windsor, Orange County, New York 12553
Location	New Windsor, Town of
Tax ID	4800-33-1-43
School District	Newburgh

Physical Data

Land Size	1.700 Acres or 74,052 SF
Gross SF	4,500
Gross SF	4,500
Stories	1
Year Built	1950
Condition	Average/good

Improved Lease No. 8 (Cont.)

<u>Suite No.</u>	<u>Tenant Name</u>	<u>Tenant Rent Roll</u>			<u>Beg. Date</u>	<u>Term</u>
		<u>Size</u>	<u>Rent/SF</u>	<u>Lease Type</u>		
	Pattycake Playhouse	4,500	\$8.00	Triple Net	August 2013	Month to month

General Tenant Summary

Owner Petro Metals Inc.
Verification J. Petro - Owner; January 06, 2014; Confirmed by Christine Bell

Rent Analysis

Actual Rent \$8.00/SF Average

User Comments

A month to month lease with a commencement date of August 2013. This is a triple net basis at \$8,000 per month.

Remarks

A 4,500 sf mixed use building that is being utilized by a daycare facility known as Pattycake Playhouse. The structure consists of several classrooms categorized by age and administrative offices. The site has adequate parking available. The center opened for business in August 2013.

VACANCY AND CREDIT LOSS AND EXPENSE ANALYSIS**Vacancy & Credit Loss**

As previously mentioned, the subject has substantial vacancy, with only 10.8% occupancy in the main building, and the day care center has been occupied long term by a non-profit group that is not paying rent to the entity that controls the property.

The spaces in the main building are substantially larger than most others in this market, and larger than what most potential occupants are seeking. It is also Class A space, which is typically more exclusive and expensive, but the soft market and down economy have lowered the value of such space, and the local economy has little demand at this time. There is currently perhaps 10 to 20 percent vacancy for office space of this type in the area. The asking rents have ranged from \$16 to \$21 per square foot, and lowering the rent to attract more occupants is necessary. Considering the low occupancy, weak local economy and secondary location, 20% will be deducted for vacancy and credit loss.

The day care center would likely have more potential occupants, especially if the main building were to increase occupancy. Therefore, 10% was deducted vacancy and credit loss for the day care building.

These were applied to the spaces to arrive at the Effective Gross Income (EGI).

Expenses

The cash flow analysis is structured as the Effective Gross Income (EGI) less expenses paid by the landlord, resulting in the Net Operating Income (NOI). These are gross rentals, with the landlord paying all of the expenses. In the case of the day care building, the tenants are paying their own heat and electric, but are reportedly not actually paying rent to the

entity that owns the property, and are not contributing toward any other expenses.

A history of the expenses was provided by the management. However, it does not break down or include all of the operating expenses that would be expected in operating such a property beyond utilities, repairs & maintenance, salaries & benefits for the maintenance staff, sewer and PILOT payments. Therefore, the expenses as provided were considered as a basis, but market numbers were also utilized. It is also worth noting that the expenses are for the building with minimal occupancy; increasing the occupancy would likely increase certain expenses as well.

Real Estate Taxes: In this case, as the property is being valued for tax certiorari purposes, the real estate taxes are capitalized, so that they are removed from the income and expense equation. Therefore, the taxes are zeroed out here, and the capitalization analysis appears later. Furthermore, the property is nearing the end of a 20 year PILOT agreement, which expires at the end of February 2014. As the property is being valued as if with equalized taxes, and as the agreement is near the end, this PILOT is not considered to have any impact on the retrospective value of the property for the purposes of this valuation.

Insurance: This is the estimated number for the year of \$102,000, as provided to us. It is similar to the 2011 number of \$101,360, and works out to \$0.60 per square foot, which is reasonable considering the size and configuration of the property, and similar to other large offices.

Repairs & Maintenance: This is a large building, with two smaller out buildings, and which require regular maintenance. This expense is based on the three year average from the history. It works out to \$0.46 per square foot, in the range of other office properties.

Staff, Salaries & Benefits: The property is quite large and requires a multi-person staff for maintenance, security, etc. This is based on the three year average, including benefits, and appears reasonable.

Utilities: The main building has central heat and electric, and the landlord pays the utilities. This number is based on the actual as provided, was provided by the owner, and is based upon the management's estimate for the year. It works out to \$1.76 per square foot, which is at the higher end of the range for similar properties, but the building has central heat which is mostly electric, and cannot easily cut down on heat or electric charges.

Sewer: This is the actual as provided to us, and is reportedly based on a formula negotiated at the start of the PILOT.

Refuse Removal: This is estimated at \$1,000 per month, considering that if the property is being valued as if 80% occupied, which would increase the number of Dumpsters and frequency of pickup.

Management: A management fee was deducted to take care of such duties as rent collection leasing supervision and preparation of all financial budgets and operating statements. It is estimated at 5% of the EGI as typical for a multi-tenant property such as this.

Professional Fees: This is for the cost of annual professional fees, including tax preparation and legal fees. It is estimated at \$2,500 per year for an office of this size.

Miscellaneous & Reserves: Miscellaneous covers any items not covered in the above categories. A reserve sets aside money for short-lived items. This expense is estimated at 2.5% of the EGI as typical.

The total expenses indicate an Operating Expense Ratio (OER) of 62.9%. This works out to a cost of \$6.35 per square foot. This is in keeping with other office properties such as this, considering that this analysis is

leaving out taxes. This is similar to other properties of this type in this market: according to the RealtyRates.com 2nd Qtr 2012 Market Survey, the average total expenses for suburban office buildings was \$8.19, and the expense ratio was 57.18%.

CAPITALIZATION PROCESS

Selecting a rate by which to capitalize income into value is an important factor in the Income Capitalization Approach.

Band of Investment

In the usual market transactions, the Overall Capitalization Rate can be expressed as a composite of the debt service rate and the yield required by the equity investment. The debt service rate is based on the mortgage interest rate and the mortgage terms. The equity rate is based on the cash equity required by investors on their equity investment. The debt service rate and cash equity dividend, combined on the basis of the proportionate share of the debt and equity, gives the Overall Capitalization Rate in a method known as *Band of Investment*. According to the Dictionary of Real Estate Appraisal, Band of Investment is "a technique in which the capitalization rate attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment."³

An analysis of the rate components first requires the selection of an interest rate at which conventionally available financing can be obtained in the market. In developing the capitalization rate, the appraiser determined that conventional financing was available for the subject

³ Dictionary of Real Estate Appraisal, 5th Ed., Pg 16

property at the time of valuation at an interest rate around 5.25%. The term is typically 15 years with a mortgage ratio of 70%. Considering the Corporate Bonds were yielding between 0.15% to 6.78%, the 30 Year Treasury Bonds Yield was 2.68%, and the prime rate was 3.25%, it is also the opinion of the appraiser that an equity investor would require a cash equity capitalization rate around 11% on the equity investment due to the risk involved in this type of real estate, considering the consistently high vacancy. The mortgage and equity rates used above were verified with the "The New York Times Financial Pages", and local lending institutions.

Using the above debt service rate and cash equity dividend results, and assuming an equity dividend rate of 11.0%, results in an Overall Capitalization Rate of 10.06%.

CAPITALIZATION PROCESS

In the Band of Investment Method, the following data was considered:

Equity Yield Rate: An equity dividend rate of 11.0% is considered appropriate, considering alternative investments available in the market place, the risk of the subject property given the current occupancy, and current market conditions.

Mortgage Interest Rate: 5.25%
 Mortgage Term: 15 Years
 Loan-to-Value Ratio: 70%

Calculations:

					Yield to Mortgage x Mortgage Constant
					+ Yield to Equity x Equity Dividend
Mortgage Position:	0.70	x	0.0965	=	0.0676
Equity Position:	0.30	x	0.11	=	+ 0.0330
					<u>0.1006</u>
Overall Capitalization Rate (OAR):					10.06%

⁴ New York Times - July 3, 2012

Investor Surveys

Another method for establishing an overall capitalization rate for the subject is to review the criteria of major investors in the market place. This may serve as a check against other techniques, or may be a primary source when ample data exists. This technique is also considered appropriate for the subject.

The subject is a large, corporate office, in a secondary market outside of suburban areas. Below are the relevant published investor survey data for office properties.

2 nd Quarter 2012 Realty Rates Investment Survey	
Office- Suburban	
Overall Cap Rate	Range 5.34% to 12.48%
	Average 9.54%
Equity Dividend Rate	Range 8.39% to 16.34%
	Average 11.97%

2 nd Quarter 2012 PWC Korpacz Real Estate Investor Survey	
National Suburban Office Market- Non-Institutional	
Overall Cap Rate	Range 5.25% to 13.50%
	Average 9.04%

The subject property is a larger building, in a secondary location, with good access and exposure. Based on the available market data, including the investor surveys, and considering that the property has been substantially empty for several years, an equity dividend rate and overall cap rate from the higher end of the range would be appropriate. The limited number of sales in the subject area indicates less activity, indicating a higher number is most reasonable. Therefore, the concluded base capitalization rate of 10.0% is considered reasonable for the subject.

CAPITALIZED REAL ESTATE TAXES

The subject is currently assessed at \$9,000,000, which equalizes to a market value of \$10,465,116, after applying the 2013 final equalization rate for the Town of Thompson of 86.00%. This is substantially more than the

value determined by the sales comparison approach, which diminishes the potential value of the property due to the high taxes after the PILOT agreement runs out February 28, 2014. Therefore, in order to estimate equitable real estate taxes, they will be capitalized.

To capitalize the taxes, the equalized tax rate is added to the base capitalization rate. This "built-up" rate is then applied to the net income less real estate taxes, resulting in an estimated value as if with market taxes.

The 2012 total tax rate that would apply to the subject property is \$34.9209 per \$1,000 of assessed value, or \$0.0349 per \$1, and the current equalization rate is 86.0%. Multiplying the two results in a capitalized tax rate of 0.0300 ($\$0.0349 \times 0.86 = 0.030014$). Adding this to our base capitalization rate of 0.1000 indicates a built-up capitalization rate of 0.1300, or 13.0% ($0.1000 + 0.0300 = 0.1300$).

The Effective Gross Income (EGI) of \$1,725,649, after deducting for vacancy and collection loss, will be used to calculate the net income without taxes. Deducting the estimated expenses of \$1,084,924, less taxes, results in a Net Operating Income (NOI) of \$640,725. Applying the built-up capitalization rate to the NOI without taxes results in an equalized value of \$4,925,000 ($\$640,725/0.1300 = \$4,928,856$, rounded to \$4,925,000). This is similar to, but less than, the value from the sales approach, which is to be expected, considering that the property is not conducive to renting in its current state.

Under the conditions previously mentioned, the indicated Retrospective Value of the subject property as of July 1, 2012, via the Income Approach, is \$4,925,000 (rounded).

INCOME APPROACH ANALYSIS

INCOME & EXPENSES				
INCOME - Actual & Market		Monthly	Annual	
Main Building				
Third Floor	48,724 SF	\$13.00 Per SF	\$646,412	\$53,868 /Month
Second Floor	48,317 SF	\$13.00 Per SF	\$628,121	\$52,343 /Month
Main Level	57,430 SF	\$13.00 Per SF	\$486,590	\$40,549 /Month
Lower Level NW	23,724 SF	\$11.00 Per SF	\$260,964	\$21,747 /Month
Potential Income	159,195 SF		\$2,022,087	\$11.84 /SF
Vacancy & Credit Loss @		-20%	-\$404,417	
Effective Income				\$1,617,670
Nana's House				
Day Care Center	9,229 SF	\$13.00 Per SF	\$119,977	\$9,998 /Month
Vacancy & Credit Loss @		-10%	-\$11,998	
				\$107,979
Maintenance Garage	2,400 SF	\$0.00 Per SF	\$0	\$0 /Month
Effective Gross Income	170,624 SF			\$1,725,649
EXPENSES				
Real Estate Taxes	Equalized		\$0	\$0.00 /SF
Insurance	Actual	\$102,000 Per Year	\$102,000	\$0.60 /SF
Repairs & maintenance	3 Yr Avg	\$78,000 Per Year	\$78,000	\$0.46 /SF
Staff Salaries & Benefits	3 Yr Avg	\$326,000 Per Year	\$326,000	\$1.91 /SF
Utilities	Provided	\$300,000 Per Year	\$300,000	\$1.76 /SF
Sewer	Actual	\$135,000 Per Year	\$135,000	\$0.79 /SF
Refuse Removal	Estimated	\$1,000 Per Month	\$12,000	\$0.07 /SF
Management	Est	5.0% of EGI	\$86,282	\$0.51 /SF
Professional Fees	Est	\$2,500 Per Year	\$2,500	\$0.01 /SF
Miscellaneous & Reserve	Est	2.5% of EGI	\$43,141	\$0.25 /SF
			\$1,084,924	\$6.33 /SF
TOTAL EXPENSES			-\$1,084,924	\$6.9% OER
NET OPERATING INCOME			\$640,725	
CAPITALIZATION RATE			0.1300	
INDICATED VALUE			\$4,928,656	
Rounded			\$4,925,000	\$28.83 Per SF

RECONCILIATION

The Sales Comparison Approach, the Cost Approach and the Income Approach and the were all considered to estimate the Retrospective Market Value of the subject property. These approaches have certain advantages and disadvantages and reliance on any one approach depends, to a great degree, on the type of property being appraised and the availability of relevant market data. Emphasis should be given to the approach or approaches which generally best reflect the attitudes and motives of buyers and sellers participating in the market. The purpose of this section is to weigh the advantages and disadvantages of each approach used herein, and to arrive at a valuation conclusion.

Valuation estimates reached as a result of these approaches are as follows:

Market Value Estimates:

SALES COMPARISON APPROACH	\$5,125,000
COST APPROACH TO VALUE	Not Applicable
INCOME CAPITALIZATION APPROACH	\$4,925,000

The Cost Approach to Value is especially relevant when the property being appraised involves new or nearly new improvements which represent the highest and best use of the land. The subject is not new, and there is little market data to support the land value. This approach was not considered applicable, due to the difficulty in properly estimating depreciation from all sources.

The Sales Comparison Approach involved the process of analyzing sales of similar, recently sold properties in order to derive an indication of the most probable sales price for the subject property. In searching the market area, limited sales similar to the subject were found. Therefore, the search

VALUATION CONSULTANTS, INC.

was expanded throughout the Mid-Hudson Valley, and adjustments were made for differences. Most emphasis should be placed on this approach since it reflects the attitudes of buyers and sellers in the market place.

The Income Capitalization Approach is based upon the premise that one measure of the value of the property is the present worth of the net income it will produce during the remainder of its productive life. The accuracy of the Income Approach is dependent upon the availability of current market data to support the estimated gross income, operating expenses and overall capitalization rate. The subject property is a large, corporate office that has been mostly vacant since the company collapsed. There is limited rental data available for a property of this size, and smaller office spaces had to be considered. Less emphasis will be placed on this approach due to the limited data available, and as the likely purchaser would be an investor that would have to divide the building into smaller tenant areas.

Based on this analysis, it is the opinion of your appraiser that most emphasis will be placed on the Sales Comparison Approach. The Retrospective Market Value of the subject property, considered in fee simple, assuming a twelve to twenty four month selling period, as of July 1, 2012, is:

FIVE MILLION ONE HUNDRED TWENTY FIVE THOUSAND DOLLARS
(\$5,125,000)

Applying the 2013 Equalization Rate of 86.00% would result in a total assessed value of \$4,407,500.

ADDENDUM

4. 2165 MINIMUM REQUIRED WORDS FOR THIS INSTRUMENT - THIS INSTRUMENT SHOULD BE WRITTEN IN FULLY LEGAL ENGLISH 152

THIS INSTRUMENT, made this 15th day of February, 1952, between FRONTIER INSURANCE COMPANY, a corporation organized under the laws of the State of New York, having a place of business at 196 Broadway, Monticello, New York.

party of the first part, and
COUNTY OF SULLY INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation, having its principal place of business at 180 North Street, Monticello, New York 12701.

WITNESSETH, that the party of the first part, in consideration of ONE OR MORE dollars, money of the United States, to TAKE by the party of the second part, does hereby grant and convey unto the party of the second part, the heirs or successors and assigns of the party of the second part herein,
ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon, shown, map and being in the Town of Thompson more particularly described in Schedule "A" annexed hereto.

DEED LIBER 1649 PAGE 612

1987 1645 PAR 610

Schedule "A"

ALL that tract or parcel of land situate in the Town of Thompson, County of Sullivan and State of New York, being portion of the first described parcel of land in a deed to Middle J. Corp., dated October 16, 1989 and filed in the Sullivan County Clerk's Office in Deed Liber 1931 at Page 72, more particularly bounded and described as follows:

BEGINNING at a concrete monument found on the northeasterly bounds of Lake Louise Marie Road (Town Road Number 100, Also known as Old Route 17) at the most southerly corner of Parcel "A" as shown on Tacking Map Number 3.75 A-B, dated January 10, 1930, for State Highway Number 5457 (Bloomington - Monticello, Part 2), said highway monument being North 32 degrees 30 minutes 20 seconds East 36.20 feet from a spike set at the intersection of the approximate center of travelled way of said Lake Louise Marie Town Road Number 100 with the center of travelled way of North Emerald Drive, and running thence from said point of beginning along the northeasterly bounds of said Lake Louise Marie Road, being the westerly side of said par. "A" on said State Highway Map Number 3.75 A-B, the following two (2) courses and distances:

- (1) North 25 degrees 51 minutes 10 seconds West 304.32 feet to a concrete highway monument found, and
- (2) North 16 degrees 23 minutes 10 seconds West 409.80 feet to a point at the most northerly corner of said Parcel Number "A";

thence running along the assumed northeasterly bounds of Old Route 17 as said northeasterly bounds existed January 10, 1930, North 15 degrees 31 minutes 20 seconds West 431.03 feet to a point on the southerly bounds of Bloomington-Monticello, Part 2, State Highway Number 5457 - Quickway at the most southerly corner of lands shown as Tacking Parcel Number 162 on Map Number 78 for said State Highway (Quickway), said point also being a westerly corner of lands shown as Tacking Parcel Number 168 on Map Number B) for said State Highway (Quickway); thence running along the southerly bounds of said Bloomington-Monticello Part 2, State Highway Number 5457 (Quickway), running along the southerly bounds of said Parcel Number 168, the following three courses and distances:

- (1) South 57 degrees 54 minutes 10 seconds East 72.06 feet to a point,
- (2) South 58 degrees 38 minutes 00 seconds East 722.00 feet to a concrete New York State Highway Monument found, and
- (3) South 52 degrees 07 minutes 50 seconds East 312.00 feet to a concrete New York State Highway Monument found;

UNFR 1646 PAGE 614

thence continuing along the southerly bounds Bloomingburgh-Monticello, Part 3, State Highway Number 5457 (Quickway) running along the southerly bounds of said Parcel Number 166, running to and along the southerly bounds of Taking Parcel Number 166 as shown on Map 80R-1 for said State Highway Number 5457 (Quickway), South 62 degrees 01 minute 00 second East 221.02 feet to a point on the southerly bounds of The Old Newburgh and Cochenon Turnpike described as a six rod road in a deed recorded in the Ulster County Clerk's Office in Deed Liber 18 at Page 324, said point being North 62 degrees 01 minutes 00 seconds West 118.98 feet from a concrete New York State Highway Monument found on the southerly bounds of said State Highway Number 5457 (Quickway); thence running along the southerly bounds of said Old Newburgh - Cochenon Turnpike, being a six rod road, South 37 degrees 34 minutes 00 seconds East 73.75 feet to a point; thence running through said lands of Middle J. Corp. as described in said Deed Liber 1381 at Page 72, first described parcel, South 40 degrees 16 minutes 40 seconds West 748.51 feet to a point on the said assumed westerly bounds of Lake Louise Marie Road (Town Road Number 100, also known as Old Route 17); thence running along said assumed northeasterly bounds of Lake Louise Marie Town Road Number 100, the following four (4) courses and distances:

- (1) North 49 degrees 04 minutes 40 seconds West 105.40 feet,
- (2) North 47 degrees 34 minutes 10 seconds West 155.49 feet,
- (3) North 43 degrees 44 minutes 20 seconds West 55.96 feet, and
- (4) North 39 degrees 34 minutes 40 seconds West 98.31 feet to the point of beginning, containing 15.20 acres of land.

ALSO GRANTING all the right, title and interest of the grantor herein, in and to the following described parcel of land, being a portion of the Old Newburgh-Cochenon six rod road:

BEGINNING AT a point at the northeasterly corner of the above described 15.20 acre parcel of land on the southerly bounds of the Old Newburgh - Cochenon Turnpike six rod road as described in a deed recorded in the Ulster County Clerk's Office in Deed Liber 18 at Page 324, and running thence from said point of beginning on a projection of the easterly bounds of the above described 15.20 acre parcel of land, North 40 degrees 16 minutes 40 seconds East 31.24 feet to a point on the southerly bounds of Bloomingburgh-Monticello, Part 3, State Highway Number 5457 (Quickway), See Map Number: 80R-1, Parcel Number 166; thence running along the southerly bounds of said Quickway and the southerly bounds of lands shown as Parcel Number 166, North 62 degrees 01 minutes 00 seconds West 73.75 feet to an angle point on the northerly bounds of the above described 15.20 acre

Map 6649 NW 615

parcel at the terminus of the line described in said 15.20 acre description as South 62 degrees 01 minutes 00 seconds East 221.00 feet; thence running along the northerly bounds of the above described 15.20 acre parcel of land, being the southerly bounds of said Old Newburgh-Cochecton Turnpike, South 37 degrees 14 minutes 00 seconds East 73.75 feet, to the point of beginning, containing 0.03 acre of land.

The 15.20 acre parcel of land above described is subject to a ten (10) foot wide easement granted to the New York Telephone Company in Deed Liber 513 at Page 274 (See Deed Liber 513 at Page 274 relative to possible relocation of the easement).

The 15.20 acre parcel and the 0.03 acre parcel are subject to highway use-dedication of record, and all easements of record.

BEARINGS are as the magnetic needle pointed in November of 1974.

LIBER 1649 PAGE 616

TOGETHER with all right, title and interest, if any, of the party of the first part in and to any streets and roads abutting the above described premises to the center lines thereof,

TOGETHER with the appurtenances and all the estate and rights of the party of the first part in and to said premises,

TO HAVE AND TO HOLD the premises herein granted unto the party of the second part, the heirs or successors and assigns of the party of the second part forever.

This Deed is executed and delivered pursuant to the terms of an Agreement dated June 8, 1992, between County of Sullivan Industrial Development Agency and Frontier Insurance Company.

AND the party of the first part covenants that the party of the first part has not done or suffered anything whereby the said premises have been incumbered in any way whatsoever, except as aforesaid

AND the party of the first part, in compliance with Section 2.3 of the Lien Law, covenants that the party of the first part will receive the consideration for this conveyance and will hold the right to receive said consideration as a trust fund to be applied first for the purpose of paying the cost of the improvements and will apply the same first to the payment of the cost of the improvements before using any part of the total of the same for any other purpose.

The word "party" shall be construed so if it read "parties" whenever the sense of the instrument so requires.

IN WITNESS WHEREOF, the party of the first part has duly executed this deed this day and year first above written.

IN WITNESS OF:

FRONTIER INSURANCE COMPANY

BY: *[Signature]*

RECEIVED

\$ _____

FEB 23 1993

REAL ESTATE
TRANSFER TAX
SULLIVAN COUNTY

VALUATION CONSULTANTS, INC.

LIBER 1649 PAGE 617

STATE OF NEW YORK, COUNTY OF ... On the ... day of ... 19 ... before me personally came

STATE OF NEW YORK, COUNTY OF ... On the ... day of ... 19 ... before me personally came

is not known to be the individual described in and who executed the foregoing instrument, and acknowledged that executed the same.

is not known to be the individual described in and who executed the foregoing instrument, and acknowledged that executed the same.

STATE OF NEW YORK, COUNTY OF SULLIVAN

STATE OF NEW YORK, COUNTY OF ...

On the 25th day of February 19 93, before me personally came ... being by me duly sworn, did depose and say that he resides at No.

On the ... day of ... 19 ... before me personally came ... the subscribing witness to the foregoing instrument, with whom I am personally acquainted, who, being by me duly sworn, did depose and say that he resides at No.

that he is the ... of Frontier Insurance Company ... the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is said corporation's seal; that it was so affixed by order of the board of directors of said corporation, and that he signed it in accordance with the order.

that he knows ... to be the individual described in and who executed the foregoing instrument; that he, said subscribing witness, was present and saw execute the same; and that he, said witness, at the same time subscribed in name as witness thereto.

[Signature] Notary Public

RENEWAL OF LICENSE ... 5/13/93

Margaret and Louis Deeb With Unanimous Assent Guardian's Act

SECTION ... BLOCK ... LOT ... COUNTY OF TOWN

FRONTIER INSURANCE COMPANY

TO COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY

RETURN BY MAIL TO: [Handwritten]

[Handwritten: Wm. Rosen, Box 947, Haverhill, MA 01830]

STATE OF NEW YORK ... RECEIVED ... FEB 25 1993 ... VALUATION CONSULTANTS, INC.

Revised N.Y.S.D.L. Form 1997
JULIEN BUSHNERS, INC., LAW BLANK PUBLISHERS
LIBER 1728 PAGE 301

CONSULT YOUR LAWYER BEFORE SIGNING THIS INSTRUMENT - THIS INSTRUMENT SHOULD BE USED BY LAWYERS ONLY

THIS INDENTURE, made the 16th day of February, nineteen hundred and Ninety-Four
BETWEEN

FRONTIER INSURANCE GROUP, INC., A Delaware Corporation,
with its offices at 195 Lake Louise Marie Road, Rock
Hill, New York 12775

party of the first part, and

COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY, A PUBLIC
BENEFIT CORPORATION, having its principal place of business
at 100 North Street, Monticello, New York 12701

party of the second part,

WITNESSETH, that the party of the first part, in consideration of

ONE OR MORE ----- (\$1,000) ----- dollar,

lawful money of the United States, to them paid

by the party of the second part, do hereby grant and release unto the party of the second part, the heirs or
successors and assigns of the party of the second part forever,

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate,

lying and being in the Town of Thompson, County of Sullivan and State of New York
and more particularly described on Schedule "A" annexed hereto and made a part
hereof.

DEED LIBER 1728 PAGE 301

1726 302

SCHEDULE A
(Description of Premises)

AL. THAT CERTAIN OR PARCELS OF LAND situate near Rock Hill and Lake Louise Marie, Town of Thompson, County of Sullivan, and State of New York, being a portion of a 13.316 acre parcel of land described in a deed from Rock Hill J-J Corp. to Frontier Insurance Group, Inc. and recorded in the Sullivan County Clerk's Office in Deed Liber 1651 at Page 313, more particularly bounded and described as follows:

BEGINNING at a point on the assumed northeasterly bounds of Lake Louise Marie Road (Town Road Number 100, also known as Old Route 17) at the most southerly corner of a 15.26 acre parcel of land described in a deed to County of Sullivan Industrial Development Agency and recorded in the Sullivan County Clerk's Office in Deed Liber 1649 at Page 612, said point being 20.85 feet northeasterly of the center of travelled way of said Lake Louise Marie Road, said point of beginning being the following four (4) courses and distances, as measured along the said assumed northeasterly bounds of Lake Louise Marie Rd. from a conc. monu. found at the most easterly corner of Pl. "A" as shown on Tracing Map Number 3.25 A-B, dated January 10, 1930, for State Highway Number 5457 (Bloomburgh-Monticello, Part 2), said monument being North 82 degrees 30 minutes 20 seconds East 36.20 feet from a spike set at the intersection of the approximate center of travelled way of said Lake Louise Marie Town Road Number 100 with the center of travelled way of North Emerald Drive:

- (1) South 39 degrees 34 minutes 40 seconds East 98.11 feet,
- (2) South 43 degrees 44 minutes 20 seconds East 55.56 feet,
- (3) South 47 degrees 34 minutes 10 seconds East 155.49 feet, and
- (4) South 49 degrees 04 minutes 40 seconds East 105.40 feet,

said point of beginning being the most westerly corner of said 13.316 acre Frontier Insurance Group, Inc. Parcel as described in Deed Liber 1651 at Page 313, and running thence from said point of beginning along the southeasterly bounds of said lands of County of Sullivan Industrial Development Agency and the northwesterly bounds of said lands of Frontier Insurance Group, Inc. North 40 degrees 16 minutes 40 seconds East 745.51 feet to a point at the most easterly corner of said County of Sullivan Industrial Development Agency 15.26 acre parcel and the most northerly corner of said 13.316 acre Frontier Insurance Group, Inc. Parcel, said point being on the southwesterly bounds of The Old Newburgh and Cochester Turnpike described as a six rod road in a deed recorded in the Ulster County Clerk's Office in Deed Liber 10 at Page 125, said point being the most southerly corner of a 0.517 acre parcel of land quit claimed to The County of Sullivan Industrial Development Agency in said Deed Liber 1649 at Page 612, thence running along the southwesterly bound of said Old Newburgh and Cochester Turnpike, running along the southwesterly bounds of a 1.826 acre parcel of land quit claimed to said Frontier Insurance Group, Inc. in said Deed Liber 1651 at Page 313, South 37 degrees 34 minutes 00 seconds East 217.48 feet to a point on said southwesterly bound of the Old Newburgh-Cochester Turnpike; thence running through said Frontier Insurance Group, Inc. 13.316 acre parcel of land, South 47 degrees 16 minutes 40 seconds West 647.56 feet to a point on the northeasterly bounds of a 0.517 acre parcel of land described as a Restrictive Covenant in a document between Frontier Insurance Group, Inc., party of the First Part and Charles Segal and Jack Rubin, parties of the second part, dated January 3, 1994 and recorded in the Sullivan County Clerk's Office in Deed Liber 1719 at Page 273; thence running along the northeasterly bounds of said 0.517 acre Restrictive Covenant Parcel, North 49 degrees 04 minutes 40 seconds West 104.49 feet to a point at the most northerly corner of said 0.517 acre Restrictive Covenant Parcel; thence running along the northwesterly bounds of said 0.517 acre Restrictive Covenant Parcel, South 40 degrees 16 minutes 40 seconds West 61.56 feet to a point on said assumed northeasterly bound of Lake Louise Marie Road (Town Road Number 100, also known as Old Route 17) at the most westerly corner of said 0.517 acre Restrictive Covenant Parcel; thence running along the said assumed northeasterly bound of Lake Louise Marie Town Road Number 100, North 49 degrees 04 minutes 40 seconds West 25.00 feet to the point of beginning, containing 2.70 Acres of land.

VALUATION CONSULTANTS, INC.

DEED 1726 PAGE 333

TOGETHER with all right, title and interest, if any, of the party of the first part in and to any streets and roads abutting the above described premises to the center lines thereof.

TOGETHER with the appurtenances and all the estate and rights of the party of the first part in and to said premises.

TO HAVE AND TO HOLD the premises herein granted unto the party of the second part, the heirs or successors and assigns of the party of the second part forever.

This Deed is executed and delivered pursuant to the terms of an Agreement dated June 8, 1992, between County of Sullivan Industrial Development Agency and Frontier Insurance Company and further pursuant to the terms of an Amended Agreement dated February 8, 1994, between County of Sullivan Industrial Development Agency and Frontier Insurance Group, Inc.

AND the party of the first part covenants that the party of the first part has not done or suffered anything whereby the said premises have been incumbered in any way whatever, except as aforesaid.

AND the party of the first part, in compliance with Section 18 of the Lien Law, covenants that the party of the first part will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

The word "party" shall be construed as if it read "parties" whenever the sense of this instrument so requires.

IN WITNESS WHEREOF, the party of the first part has duly executed this deed this day and year first above written.

IN PRESENCE OF:

FRONTIER INSURANCE GROUP, INC.

By: [Signature]
HENRY W. KRUIZAN, VICE PRESIDENT

RECEIVED

5

FEB 24 1994

REAL ESTATE
TRANSFER TAX
SULLIVAN COUNTY

2000

STATE OF NEW YORK, COUNTY OF SULLIVAN

On the 6th day of February 1994, before me personally came HARRY W. RHULEN to me known, who, being by me duly sworn, did depose and say that he resides at No. Forestburgh, NY

that he is the Vice President of Frontier Insurance Group, Inc. the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed the same thereon by like order.

STATE OF NEW YORK, COUNTY OF

On the day of 19 , before me personally came the subscribing witness to the foregoing instrument, with whom I am personally acquainted, who, being by me duly sworn, did depose and say that he resides at No.

that he knows to be the individual described in and who executed the foregoing instrument; that he, said subscribing witness, was present and saw execute the same; and that he, said witness, at the same time subscribed his name as witness thereto.

[Signature]
Notary Public

D. CHRISTOPHER DUBOIS
Attorney & Counselor At Law
NYS- Sullivan County Clerk's #1270
Commission Expires 5-31-95

Bargain and Sale Deed
WITH COVENANT AGAINST GRANTOR'S ACTS

FRONTIER INSURANCE GROUP, INC.

TO
COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT
AGENCY

SECTION
BLOCK
LOT
COUNTY OR TOWN

22-
NY
31-

RETURN BY MAIL TO:

WILLIAM ROSEN, ESQ.
Box 947
Monticello, NY 12701
Zip No.

Reserved this space for use of Recording Office.

RECEIVED
SULLIVAN COUNTY CLERK
94 FEB 24 PM 3:05

STATE OF NEW YORK
SULLIVAN COUNTY SE:
RECORDED ON THE DAY
OF 24 FEB 1994
OF 100. IS 111 1994
OF 100. IS 111 1994
AND EXAMINED.

[Signature]

LIBER 1928 PAGE 505

BARGAIN AND SALE DEED

THIS INDENTURE, made 26th day of February, 1997,

WITNESSETH, that FRONTIER INSURANCE COMPANY, a New York business corporation, with offices at 195 Lake Louise Marie Road, Rock Hill, New York 12775-8000, the party of the first part, in consideration of Ten Dollars and other good and valuable consideration paid by the COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY, a New York public benefit corporation, with offices at Sullivan County Government Center, 100 North Street, Monticello, New York 12701, party of the second part, do hereby grant and release unto the party of the second part, his heirs or successors and assigns of the party of the second part forever,

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon situate in the Town of Thompson, County of Sullivan and State of New York, and more particularly described on Schedule A attached hereto.

TOGETHER with all right, title and interest, if any, of the party of the first part in and to any streets and roads abutting the above described premises to the center line thereof; TOGETHER with the appurtenances and all the estate rights of the party of the first part in and to said premises; TO HAVE AND TO HOLD the premises herein granted unto the party of the second part, the heirs or successors and assigns of the party of the second part forever.

AND the party of the first part covenants that the party of the first part has not done or suffered anything whereby the said premises have been encumbered in any way whatever, except as aforesaid.

AND the party of the first part, in compliance with Section 13 of the Lien Law, covenants that the party of the first part will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of improvement before using any part of the total of the same for any other purpose. The word "party" shall be construed as if it read "parties" whenever the sense of this indenture so requires.

DEED LIBER 1928 PAGE 505

LIBER 1928 PAGE 0506

JOHN W. GALLIGAN
 LICENSED LAND SURVEYOR
 22 PRINCE STREET - P.O. BOX 71
 MONTICELLO, NEW YORK 12701
 (518) 794-0862

Page One of 11.967 acre
 parcel to be conveyed to
 County of Sullivan IDA
 (Frontier)

11.967 Acre Parcel To Be Conveyed By Frontier Insurance
 Group, Inc. to County of Sullivan Industrial Development Agency.

All that tract or parcel of land situate near Rock Hill and Lake Louise Marie, Town of Thompson, County of Sullivan and State of New York, being the remaining portion of a 11.316 acre parcel of land described in a deed from Rock Hill J-J Corp. to Frontier Insurance Group, Inc., and recorded in the Sullivan County Clerk's Office in Deed Liber 1651 at Page 313 (Schedule A), together with all of the same premises as described in a deed from Charles F. Grant to William G. Rieber, as Trustee, f/b/o Marie Rieber, recorded in the Sullivan County Clerk's Office in Deed Liber 1033 at Page 204, and also intended to be all of the second described parcel of land in a deed to Rock Hill J-J Corp., recorded in the Sullivan County Clerk's Office in Deed Liber 1587 at Page 45, including all lands described as Schedule "A" in a deed from Rock Hill J-J Corp. to Frontier Insurance Group, Inc., recorded in the Sullivan County Clerk's Office in Land Records Liber 1651 at Page 313, together with a portion of the Old Newburgh Connection Six Road Road, and being the same parcel of land wherein Frontier Insurance Group, Inc. was granted all the right, title and interest of Rock Hill J-J Corp. in Land Records Liber 1651 at Page 313 as Parcel "C", more particularly bounded and described as follows:

BEGINNING at a point on the assumed northwesterly bound of Lake Louise Marie Road (Town Road Number 1200, also known as Old Route 17), said point being South 49 degrees 04 minutes 40 seconds East 25.00 feet, as measured along said assumed northwesterly bound of Lake Louise Marie Road, from a point on said assumed northwesterly highway bound at the most southerly corner of a 15.30 acre parcel of land described in a deed to County of Sullivan Industrial Development Agency recorded in Land Records Liber 1649 at Page 612 and the most westerly corner of said 11.316 acre parcel, said point of beginning being a southerly corner of a 2.70 acre parcel of land described in a deed to County of Sullivan Industrial Development Agency recorded in the Sullivan County Clerk's Office in Land Records Liber 1728 at Page 151, said point of beginning being the most westerly corner of a 0.517 acre parcel described as a Restrictive Easement in a document between Frontier Insurance Group, Inc. and Charles Segal & Jack Rubin, recorded in the Sullivan County Clerk's Office in Land Records Liber 1719 at Page 273, said point of beginning being the following four (4) courses and distances as measured along the said assumed northwesterly bound of Lake Louise Marie Road, from a concrete monument found at the most southerly corner of lands described as Parcel "A" as shown on Tacking Map Number 2.95 A-B, dated January 10, 1930 for State Highway Number 5457 (Bloomingbury-Monticello Part 2), said concrete monument being North 82 degrees 20 minutes 20 seconds East 36.20 feet, from a spike set at the intersection of the approximate center of travelled way of said Lake Louise Marie Town Road Number 1200 with the center of travelled way of North Emerald Drive;

Page TWO, of 11.967 acre parcel
to be conveyed to County of Sullivan
IDA (Frontier)

Map 1328 PAGE 0507

- (1) South 39 degrees 34 minutes 40 seconds East 88.31 feet,
- (2) South 43 degrees 44 minutes 20 seconds East 55.56 feet,
- (3) South 47 degrees 34 minutes 10 seconds East 155.48 feet, and
- (4) South 49 degrees 04 minutes 40 seconds East 130.40 feet,

and running thence from said point of beginning along said assumed

northeasterly bounds of Lake Louise Marble Road (Town Road Number 100),
the following 3 (three) courses and distances:

- (1) South 49 degrees 04 minutes 40 seconds East 466.70 feet,
- (2) South 44 degrees 54 minutes 20 seconds East 119.85 feet, and
- (3) South 40 degrees 07 minutes 40 seconds East 155.46 feet to
said point of beginning assumed northeasterly bounds of Lake Louise Marble
Road at the most westerly corner of lands of The Catskill Grill, Inc.
as described in Land Record Liber 1573 at Page 453.

thence running along the northwesterly bounds of said lands of
The Catskill Grill, Inc., North 39 degrees 57 minutes 00 seconds
East 400.00 feet to a wood stake and pile of stones found at the most
northerly corner of said lands of The Catskill Grill, Inc.; thence
running along the northeasterly bounds of said lands of The Catskill
Grill, Inc., South 36 degrees 50 minutes 00 seconds East 100.00
feet to a stake at the most northerly corner of lands of Frank S.
Porpora (Land Record Liber 1557 at Page 292); a westerly corner of
lands of Palma A. Porpora (Land Record Liber 1557 at Page 292); thence
running along the northwesterly bounds of said lands of Palma A. Porpora,
running generally along or very near a wire fence, North 39 degrees
57 minutes 00 seconds East 263.01 feet to a wood stake and a pile of
stones found on the southwesterly bounds of the Old Newburgh-Cochecton
Turnpike, being a 6 rod (99 feet) wide road as described in a deed
recorded in the Ulster County Clerk's Office in deed Liber 10 at
Page 128, said wood stake and a pile of stones found being the
most southerly corner of a 1.826 acre parcel wherein Frontier Insurance
Group, Inc. was granted all the right, title and interest of rock
Hill G-3 Corp. in Land Record Liber 1651 at Page 315, Schedule "C".
said wood stake and a pile of stones found being the most northerly
corner of said lands of Palma A. Porpora as described in Land Record Liber

1557 at Page 292; thence running along

the southwesterly bounds of said 1.826 acre parcel, running through
the Old Newburgh-Cochecton Turnpike, described as a 6 rod road (99 feet)
in a deed recorded in the Ulster County Clerk's Office in deed Liber
18 at Page 125, North 39 degrees 57 minutes 00 seconds East 57.51 feet
to a point on the southwesterly bounds of New York State Route 17 (Highway),
see Map Number 80-R-1, Parcel Number 166 from Bloomingburg-Horticultural,
Part #2, State Highway Number 5457; thence running along the southwesterly
and southerly bounds of said New York State Route 17 as shown on said
Map Number 80-R-1 as Parcel Number 166, the following three (3) courses
and distances:

Page THREE of 12.967 acre parcel
to be conveyed to County of Sullivan
IDA (Frontier)

LIBR 1928 PAGE 0508

- (1) North 40 degrees 50 minutes 00 seconds West 403.26 feet to a New York State Highway Monument Bound,
- (2) North 50 degrees 09 minutes 00 seconds West 422.00 feet to a New York State Highway Monument Bound, and
- (3) North 02 degrees 01 minutes 00 seconds West 45.19 feet to a point at the most easterly corner of a 0.03 acre parcel of land described in a deed to County of Sullivan Industrial Development Agency in Land Records Liber 1649 at Page 612, said 0.03 acre parcel being a portion of the said Old Newburgh - Cochecton Turnpike;

thence running through said Old Newburgh - Cochecton Turnpike, running along the southeasterly bounds of said 0.03 acre County of Sullivan Industrial Development Agency Parcel, South 40 degrees 10 minutes 40 seconds West 21.24 feet to a point at the most northerly corner of said 0.03 acre parcel, said point being the most northerly corner of said 2.70 acre parcel of land described in a deed to County of Sullivan Industrial Development Agency, recorded in the Sullivan County Clerk's Office in Land Records Liber 1720 at Page 301, thence running along the northeasterly bounds of said 2.70 acre County of Sullivan Industrial Development Agency Parcel, South 37 degrees 34 minutes 00 seconds East 217.48 feet, running along the southwesterly bounds of said Newburgh - Cochecton Turnpike, to a point at the most easterly corner of said 2.70 acre County of Sullivan Industrial Development Agency Parcel; thence running along the southeasterly bounds of said 2.70 acre County of Sullivan Industrial Development Agency Parcel, South 47 degrees 16 minutes 40 seconds West 667.56 feet to a corner of said 2.70 acre County of Sullivan Industrial Development Agency Parcel, said point being on the northeasterly bounds of said 0.517 acre "Restricted Parcel" as described in Land Records Liber 1719 at Page 773; thence running along a bounds of said 2.70 acre County of Sullivan Industrial Development Agency Parcel, running along the northeasterly bounds of said 0.517 acre "Restricted Parcel", North 49 degrees 04 minutes 40 seconds West 181.69 feet to a corner of said 2.70 acre County of Sullivan Industrial Development Agency Parcel at the most northerly corner of said 0.517 acre "Restricted Parcel"; thence running along a bounds of said 2.70 acre County of Sullivan Industrial Development Agency Parcel, running along the northwesterly bounds of said 0.517 acre "Restricted Parcel", South 40 degrees 16 minutes 40 seconds West 61.50 feet to the point of beginning, containing 12.967 acres of land.

PAGE FOUR of 11.967 ACRE PCL. TO BE CONVEYED TO County of Sullivan, SPA-Frontier
 A 0.517 acre portion of the above described 11.967 acre parcel of land
 is subject to a "Restrictive Covenant" as described in a document
 dated the thirtieth day of January 1994 and recorded in the Sullivan
 County Clerk's Office on January 11, 1994, between Frontier
 Insurance Group, Inc. as party of the first part & Charles Segal and
 Jack Rubin, parties of the second part, in Land Records Liber 1719
 at Page 273, said 0.517 acre parcel is described in said document
 recorded in the Sullivan County Clerk's Office in Land Records Liber
 1719 at Page 273, as follows:

UNDER 1928 PAGE 0509

All that tract or parcel of land situate in the Town of Thompson,
 County of Sullivan, and State of New York, being a portion of the first
 described parcel of land in a deed to Middle J. Corp., dated October 16,
 1989 and filed in the Sullivan County Clerk's Office in Deed Liber 1391
 at Page 72, more particularly bounded and described as follows:

BEGINNING at a point on the assumed northeasterly bounds of Lake Louise Marie
 Road (Town Road Number 100), said point being South 49 degrees 04 minutes
 40 seconds East 25.00 feet, as measured along said northeasterly
 assumed road bounds, from a point at the most southerly corner of
 a 15.20 acre parcel of land described in a deed to Frontier Insurance
 Company recorded in the Sullivan County Clerk's
 Office in Deed Liber 1502 at Page 651, said point at the most
 southerly corner of lands of Frontier Insurance Company being North
 30 degrees 50 minutes 10 seconds West 212.32 feet from a point
 on the southwesterly bounds of Lake Louise Marie Road at the most
 northerly corner of lands of Segal (Deed Liber 1313 at Page 107) and
 the most easterly corner of lands of Rubin (Deed Liber 1150 at Page
 205), and running thence from said point of beginning along
 the said assumed northeasterly bounds of Lake Louise Marie Town Road
 Number 100, South 49 degrees 04 minutes 40 seconds East 396.10 feet
 to a point on said assumed northeasterly road bounds, said point being
 South 86 degrees 28 minutes 00 seconds East 109.80 feet from a point
 on the southwesterly bounds of said Lake Louise Marie Town Road Number 100
 at the most easterly corner of said lands of Segal (Deed Liber 1313 at
 Page 107) and the most northerly corner of lands of Boren (Deed Liber
 1005 at Page 90); thence running through said lands of Middle J. Corp.,
 as described in said Deed Liber 1391 at Page 72 (first described parcel),
 North 40 degrees 16 minutes 40 seconds East 61.50 feet to a point which
 is North 40 degrees 16 minutes 40 seconds East 75.0 feet from a point
 on the northeasterly edge of the pavement of said Lake Louise Marie
 Town Road Number 100; thence running on a line parallel to and 75.0 feet
 northeasterly of the northeasterly edge of said pavement of Lake Louise Marie
 Road, North 49 degrees 04 minutes 40 seconds West 366.10 feet to
 a point; thence continuing through said lands of Middle J. Corp.,
 South 40 degrees 16 minutes 40 seconds West 61.50 feet, running on
 a line 25.00 feet southeasterly of and parallel to the southeasterly
 bounds of said 15.20 acre Frontier Insurance Company parcel, to the
 point of beginning, containing 0.517 acre of land.

SUBJECT to highway use-dedication of record, and all easements of record.

bearings are as the magnetic needle pointed in November of 1974.

The 11.967 Acre parcel of land is subject to highway use-dedication
 of record, and all easements of record,

BEARINGS ARE as the magnetic needle pointed in November of 1974.

PREPARED by John W. Galligan, Licensed Land Surveyor, on February 11,
 1997.

IN WITNESS WHEREOF, the party of the first part has duly executed this deed the day and year first above written.

IN PRESENCE OF:

Frontier Insurance Company

LIBR 1928 PAGE 0510

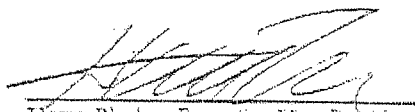
1997

RECEIVED

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FEB 26 1997

REAL ESTATE
TRANSFER TAX
SULLIVAN COUNTY

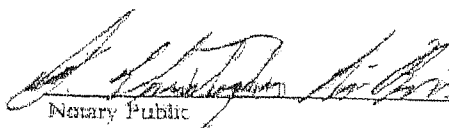

Harry Rhulan, Executive Vice President

STATE OF NEW YORK:

SS

COUNTY OF SULLIVAN:

On this 26th day of February, 1997, before me personally came Harry Rhulan, to me known, who, being by me duly sworn, did depose and say that he resides at Monticello, New York; that he is the Executive Vice President of Frontier Insurance Company, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.


Notary Public

ARMS 1001

D. CHRISTOPHER DUBOIS
Attorney & Counselor at Law
1178 - Sullivan County Clerk #1278
Commission Expires 5-31-97

A TRUE RECORD ENTERED 2-26-97
GEORGE L. COOKE, CLERK

FRONTIER INSURANCE COMPANY in REHABILITATIO					
REAL ESTATE EXPENSES BY SQUARE FOOT					
	2009	2010	2011	06/30	Estimated 2012
Expenses-					
Insurance-Relating to Building	105,700	110,515	107,980	47,400	102,000
Utilities-					
Electric			244,311	85,051	170,100
Oil			54,601	29,015	58,000
Other			58,960	4,718	60,000
Total Utilities	321,308	365,775	397,272	118,785	288,100
Repairs & Maintenance	78,034	104,548	58,308	30,950	61,888
Salaries of Maintenance & Cleaning St.	174,871	278,708	258,121	127,028	254,048
Benefits of Maintenance & Cleaning St.	57,477	87,418	41,852	24,527	48,058
Total Real Estate Expense	807,376	927,367	782,012	348,698	765,100
Taxes-					
Sever	107,407	133,257	134,768	68,928	137,858
Property	115,228	130,618	138,278	82,626	165,252
Taxes	11,657	15,035	17,379	1,763	17,827
Annual Installment	25,000	25,000	25,000	12,500	25,000
Total Real Estate Taxes	260,392	294,908	315,426	172,818	345,938
Total Expense & Taxes	1,120,788	1,222,275	1,107,438	521,516	1,110,740

EXPENSE STATEMENT

STATE OF NEW YORK
SUPREME COURT

COUNTY OF SULLIVAN

Court IDA - Frontier
(Petitioner)

TAX CERTAIN
DISCOVERY
STIPULATION
& ORDER
Index No. 1857-13
LJ No. 52-34473-13

-vs-

T. Trump Assess
(Respondent)

It is hereby STIPULATED and ORDERED that discovery shall proceed as follows:

1. PAIRER DISCOVERY by Court IDA
2. EXAMINATIONS BEFORE TRIAL by What Payment due Feb 2014
3. FILING OF TWO (2) APPRAISAL REPORTS AND STATEMENT OF INCOME AND EXPENSES:

a. PETITIONER on or before: Ordered - 90 Days

b. RESPONDENT on or before: 90 Days after Pet. Appraisal
Cons. on -> Jan. 30, 2014 10:30 AM

UPON THE FILING OF THEIR RESPECTIVE APPRAISAL REPORTS, EACH PARTY SHALL SEND UPON THEIR ADVERSARY A NOTICE OF THE DATE OF SUCH FILING. ONCE THE COURT IS IN RECEIPT OF BOTH APPRAISALS, THE COURT WILL EXCHANGE THEM WITH EACH PARTY.

Attorney for Petitioner

Attorney for Respondent

SO ORDERED.

Jan 24-13

Stephane Schick
STEPHANE SCHICK, INC.

STIPULATION

BASIC ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal report is subject to the underlying assumptions and limiting conditions qualifying the information contained in the report as follows:

The valuation estimate and market feasibility conclusions apply only to the property specifically identified and described in the ensuing report.

Information and data contained in the report, although obtained from public record and other reliable sources and, where possible, carefully checked by the appraisers, are accepted as satisfactory evidence upon which rests the final expression of property value.

The appraisers have made no legal survey nor have they commissioned one to be prepared; therefore reference to a sketch, plat, diagram or previous survey appearing in the report is only for the purpose of assisting the reader to visualize the property.

It is assumed that all information known to the client and relative to the valuation has been accurately furnished and that there are no undisclosed leases, agreements, liens or other encumbrances affecting the use of the property.

Ownership and management are assumed to be in competent and in responsible hands.

No responsibility beyond reason is assumed for matters of a legal nature, whether existing or pending.

Information identified as being furnished or prepared by others is believed to be reliable, but no responsibility for its accuracy is assumed.

The appraisers, by reason of the appraisal, will not be required to give testimony as an Expert Witness in any legal hearing or before any court of law unless justly and fairly compensated for such services.

By reason of the purpose of the appraisal report herein set forth, the value reported is only applicable to the property rights appraised and the appraisal report should not be used for any other purpose.

Disclosure of the contents of the appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute.

The appraisers are not engineers, and any reference to physical property characteristics in terms of quality, condition, cost, suitability, soil conditions, flood risk, obsolescence, etc., are strictly related to their economic impact on the property. No liability is assumed for any engineering-related issues.

Neither all nor part of the contents of the report (especially any conclusions as to value, the identity of the Appraisers, or the Appraisal Institute or the MAI, or RM Designations), shall be

reproduced for dissemination to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior consent and written approval of the appraisers.

In the absence of soil boring tests it has been assumed that there are no unusual subsoil conditions or if any do exist, they can be or will be corrected through the use of modern construction techniques at a reasonable cost.

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

Inherent in our value conclusions, is the assumption that all information and materials provided to the appraisers by the client, are reasonably correct. However, the appraisers note a substantial discrepancy between current market rents and the contractual rents, as per the leases submitted. Therefore, in determining the estimated market value of the subject property the appraisers determined what the estimated market value would be utilizing current market rents, as well as the estimated value utilizing the contractual rents. In the final determination of value primary emphasis was placed upon the estimated market value utilizing current market rents.

This appraisal is based on the condition of local and national economies, purchasing power of money and financing rates prevailing at the effective date of value.

Possession of this report or a copy thereof does not imply right of publication, nor use for any purpose by any other than the person to whom it is addressed, without the written consent of the authors.

The Americans with Disabilities Act (ADA) became effective January 26, 1992. I (we) have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines.

Since compliance matches each owner's financial ability with the cost to cure the property's potential physical characteristics, the real estate appraiser cannot comment on compliance to ADA.

A brief summary of physical aspects is included in this report. It in no way suggests ADA compliance by the current owner.

Given the compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance.

Specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

No personal property, fixtures or intangibles were considered in the valuation.

PAUL G. WILEY - APPRAISER'S QUALIFICATIONS

MEMBERSHIPS AND AFFILIATIONS:

State of New York - Certified Real Estate General Appraiser	#46000048291
Mid-Hudson Chapter of the Appraisal Institute Board of Directors	2007-2009

EDUCATION:

A.A., Communications, Orange County Community College Middletown, New York	1986
B.A. Communications, State University of New York College at New Paltz GPA 3.49	1988
New York State Teaching Certification English (Secondary)	1990
Appraisal Institute: Standards of Professional Appraisal Practice Part A- Course 410	1993
Appraisal Institute: Appraisal Principles- Course 110	1993
Appraisal Institute: Appraisal Procedures- Course 120	1994
Appraisal Institute: Basic Income Capitalization- Course 310	1999
Appraisal Institute: Income Valuation of Small, Mixed-Use Properties- Course 600	2002
Appraisal Institute: General Applications- Course 320	2001
Appraisal Institute: Standards of Professional Appraisal Practice Course 430	2002
Appraisal Institute: Advanced Income Capitalization-Course 510	2002
Appraisal Institute: Highest & Best Use and Market Analysis Course 520	2003
Manfred Real Estate Learning Center: Appraisal Qualifying Course Fair Housing, Fair Lending & Environmental Issues	2003
Appraisal Institute: USPAP National Update-Course 400	2003
Appraisal Institute: Mathematically Modeling Real Estate Data Course 762	2004
Appraisal Institute: Business Practices & Ethics Course 420	2004
Manfred Real Estate Learning Center: Applied Income Property Valuation- Course G3	2004
Appraisal Institute: USPAP Update Course- NYS Code #2379-07	3/2008
Appraisal Institute: Analyzing Distressed Real Estate NYS Code #3215-04	5/2008
Appraisal Institute: Analyzing Real Estate in Distressed or Troubled Markets- NYS Code 3212-3.5	5/2008

VALUATION CONSULTANTS, INC.

Appraisal Institute: Office Building Valuation: A Contemporary Perspective- NYS Code 3016-07	9/2008
Appraisal Institute - Course OL-638 Feasibility, Market Value, Investment Timing: Option Value (State Code: 3069-07)	9/2009
Appraisal Institute - NYS Code 3249-5.25 Business Practices & Ethics	11/2009
Appraisal Institute - NYS Code 2379-07 USPAP Update Course	1/2010
Appraisal Institute - NYS Code 3526-07: Hotel Appraising New Techniques for Today's Uncertain Times	6/2010
Appraisal Institute - NYS Code 2883-16 Uniform Appraisal Standards for Federal Land Acquisitions	9/2010
Appraisal Institute - NYS Code 3735-07 Litigation Skills for the Appraiser	5/2011
Appraisal Institute - NYS Code 2379-07 National USPAP Update Course	4/2012
Appraisal Institute - NYS Code 3903-07 Introduction to Conservation Easement Valuation	5/2012
Appraisal Institute - NYS Code 3902-07 Subdivision Valuation: A Comprehensive Guide to Valuing Improved Subdivisions	11/2012
Appraisal Institute - NYS Code 3924-07 Marketability Studies: Six Step Process & Basic Application	4/2013
Appraisal Institute - NYS Code 3249-5.25 Business Practices & Ethics	6/2013
Appraisal Institute - State Code: 4102-07 The Discounted Cash Flow Model: Concepts, Issues and Apps.	9/2013
SEMINARS:	
Appraisal Institute: Internet Search Strategies	1998
Argus Lease Analysis	1999
Appraisal Institute Scope of Work: Expanding Your Range of Services	2003
Appraisal Institute: Code #2352-07 - Appraisal Consulting: A Solution Approach for Professionals	2005
Appraisal Institute: Subdivision Valuation	2005
Appraisal Institute - Course OL-733 Introduction to GIS Applications for Real Estate Appraisal	9/2005
Appraisal Institute - NYS Code #2837-02 2006 Changes to USPAP: The Demise of Departure	3/2006
Argus Lease Analysis	4/2008

Appraising Distressed Commercial Real Estate: Here We Go Again: Appraisal Institute Webinar	11/2008
Introducing Valuation for Financial Reporting Appraisal Institute Webinar	4/2009
Marshall & Swift Green Building Cost Webinar	11/2009
Appraisal Institute - Webinar Guides Notes 11 and 12 - What They Mean to You	6/2012
Appraisal Institute - Webinar Regression Analysis is Becoming Mainstream: Are You Prepared?	9/2012
Organization of Real Estate Professionals Webinar - Mobile Appraising: Saving Both Time and Money	9/2012
Appraisal Institute - Webinar Commercial Bankruptcy, Workouts and the Valuation Process	4/2013
Appraisal Institute - Webinar Appraising Cell Towers	10/2013

ADULT EDUCATION:

Orange-Ulster BOCES Web Site Development 2000

WORK EXPERIENCE:

2/93 to Present -

Valuation Consultants, Inc., Newburgh, New York
Real Estate Appraiser

9/92 to 2/93 -

Appraisal Services Company, Newburgh, New York
Real Estate Appraiser

As a member of the staff, I have appraised all types of residential property, commercial and industrial buildings and vacant land.

I have made appraisals for financial institutions, attorneys, investors, accountants, insurance companies and major corporations. Here listed are a few selected employers:

A. GENERAL EXPERIENCE

Abacus Bank
Advent Valuation
American Business Lenders
Appraisal Management
Astoria
Bank of America
Bank of New York
Bank of the West
Bank of Greene County
Bank United
Berkshire Bank
Bloom and Eloom
Business Lending
Catskill Hudson Bank
Charles Brodie, Esquire
Chase Manhattan Bank
Citizens Bank
City National Bank

City of Middletown
 City of Newburgh
 City of Poughkeepsie
 Community Bank
 Community Preservation Corporation
 Concorde Lending
 Country Bank
 County of Orange
 County of Dutchess
 Cumberland Farms
 Cumberland Gulf
 David Erodsky, Esquire
 Dormitory Authority of State of New York
 Dwight Joyce, Esquire
 Eastern Savings Bank
 First Niagara Bank
 Freedom Bank
 Greater Hudson Bank
 Hometown Bank of the Hudson Valley (formerly Walden Federal)
 HSEC Bank USA
 Hudson Heritage Federal Credit Union
 Hudson United Bank
 Hudson Valley Bank
 Hudson Valley Federal Credit Union
 Jacobowitz and Gubits, LLP
 Jeff Bank
 JP Morgan Chase
 Key Bank of New York
 Kingston City School District
 Lakeland Bank
 Lend Lease
 M&T Bank
 Metbank
 Mahopac National Bank
 Mid Hudson Valley Federal Credit Union
 National Valuation Services
 NET
 Newburgh Central School District
 NYS Office of Mental Retardation & Developmental Disabilities
 Orange County Trust
 Orange County Land Trust
 Orange & Rockland Utilities
 Peoples United
 Putnam County National Bank
 Putnam County Savings Bank
 Richard Drake, Esq.
 Rhinebeck Savings Bank
 Riverside Bank
 Rondout Savings
 Salisbury Bank
 Sawyer Savings Bank
 SI Bank and Trust
 Stanley Marks and Company, CPA
 Sterling National Bank (formerly Provident Bank)
 Summit Bank
 SBU
 Stevan Nosonowitz, Esquire
 TD Banknorth, N.A.
 Town of Chester
 Town of Newburgh
 Town of Wallkill
 Trust Company of New Jersey

GREGORY R. LANGER - APPRAISER'S QUALIFICATIONS

EDUCATION:

BA - Hartwick College, Oneonta, New York Undergraduate	1976
Newburgh Free Academy - Adult Education Principles of Real Estate Real Estate Law	1976 1977
New York State Association of Realtors Graduate Realtors Institute - Course I	1977
Marist College Society of Real Estate Appraisers Course 101 - An Introduction to Appraising Real Property	1980
Pennsylvania State University Society of Real Estate Appraisers Course 201 - Principles of Income Property Appraising	1981
Dartmouth College American Institute of Real Estate Appraisers Capitalization Theory and Techniques Parts II and III	1982
American Institute of Real Estate Appraisers Case Studies in Real Estate Valuation and Valuation Analysis and Report Writing	1983
Tampa, Florida American Institute of Real Estate Appraisers Standards of Professional Practice	1984
University of Florida American Institute of Real Estate Appraisers Real Estate Investment Analysis	1985

MEMBERSHIPS AND AFFILIATIONS:

American Institute of Real Estate Appraisers MAI Candidate	
State of New York - Certified Real Estate General Appraiser - #46-43405	

COURSES/SEMINARS:

Argus Seminar	1993
Appraisal Institute Consideration of Environmental Hazards in Real Estate Valuation	1994
Appraisal Institute Understanding Limited Appraisals	1994
Orange County Community College Environmental Law and The Planning Board	1995
Appraisal Institute New Industrial Valuation	1997
Appraisal Institute Appraisal of Local Retail Properties	1998

	159
Appraisal Institute Attacking & Defending an Appraisal In Litigation	1998
Appraisal Institute Emerging Technologies Forum	1998
Appraisal Institute Internet Search Strategies	1998
Appraisal Institute - Course 1064-07 Case Studies in Commercial Highest & Best Use	06/2000
Appraisal Institute - Mid Hudson Chapter Standards of Professional Appraisal Practice - Part C - Course 11430	09/2002
Appraisal Institute Scope of Work: Expanding Your Range of Services	10/2003
Appraisal Institute Course 1400N - USPAP National Update Standards and Ethics for Professionals	10/2003
Manfred Real Estate Learning Center, Inc. Code #0022 - (AQ1) Fair Housing, Fair Lending & Environmental Issue	01/2004
Appraisal Institute Code #2352-07 - Appraisal Consulting: A Solution Approach for Professionals	5/2005
Appraisal Institute Subdivision Valuation	6/2005
Appraisal Institute NY State Code #2814-07 Appraising Convenience Stores	12/2005
Appraisal Institute - NY State Code #2837-02 2006 Changes to USPAP; The Demise of Departure	3/2006
Appraisal Institute - NY State Code #2839-07 Analyzing Commercial Lease Clauses	6/2006
Appraisal Institute USPAP Update Course	9/2006
Appraisal Institute - NY State Code #3023-02 Online Valuation Resources to the NY Appraiser	4/2007
Appraisal Institute - NY State Code #2994-07 Appraisal of Local Retail Properties	5/2007
Appraisal Institute - NY State Code - 3053-04 Professional Guide to Conservation Easements	8/2007
Appraisal Institute - NYS Code #2379-07 USPAP Update Course	3/2008
Argus Lease Analysis	4/2008
Appraisal Institute - An Introduction to Valuing Green Buildings	10/2008

Land Trust Alliance - Northeast Land Trust Conference Mapping Tools for Your Land Trust: Selecting and Evaluating Conservation Lands Using Online Mapping and GIS Resources	4/2009
Appraisal Institute - NYS Course #3452-07 Long Island Chapter of the Appraisal Institute Hotel Appraising- New Techniques for Today's Uncertain Times	9/2009
Appraisal Institute - NYS Code 3249-5.25 Business Practices and Ethics	11/2009
Appraisal Institute - Webinar Self Storage Buildings	01/2010
Appraisal Institute - Webinar Uniform Appraisal Standards for Federal Land Acquisitions	8/2010
Appraisal Institute - Webinar Strategies for Successfully Appealing a Real Estate Tax Assessment	9/2010
Appraisal Institute - Webinar A Debate on the Allocation of Hotel Total Assets	10/2010
Appraisal Institute - Webinar Understanding the New Interagency Appraisal and Evaluation Guidelines	2/2011
Appraisal Institute - Webinar Profiting from the New Estate Tax Law	5/2011
Appraisal Institute - Webinar Perspectives from Commercial Review Appraisers	7/2011
Appraisal Institute - Webinar The New Demand Reports	8/2011
Appraisal Institute - Webinar Understanding the Impact of the Interagency Appraisal and Evaluation Guidelines for Appraisers and Lenders	10/2011
Appraisal Institute Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets	2/2012
Appraisal Institute USPAP Equivalent Course	3/2012
Appraisal Institute - State Code: 2623-07 Online Small Hotel/Motel Valuation	3/2012
Appraisal Institute - Webinar Guides Notes 11 and 12 - What They Mean to You	6/2012
Appraisal Institute - Webinar IRS Valuation	7/2012
Appraisal Institute - Webinar	9/2012

Regression Analysis Is Becoming Mainstream
Are You Prepared?

Appraisal Institute - Business Practices and Ethics	2/2013
Appraisal Institute - Webinar Property Taxation: Valuation & Consultation Services	7/2013
Appraisal Institute - State Code: 4102-07 The Discounted Cash Flow Model: Concepts, Issues and Applications	9/2013
Appraisal Institute - NYS Code 4101-07 Appraising the Appraisal: Appraisal Review-General	10/2013
Appraisal Institute - Webinar Appraising Cell Towers	10/2013
Appraisal Institute - NYS Code: 4020-14 Residential & Commercial Valuation of Solar	11/2013
Appraisal Institute 7 Hour USPAP Update Course	12/2013

EXPERIENCE:

Valuation Consultants, Inc. 3/93 to Present
Owner and Senior Commercial Appraiser

As an owner of the company, I will review and appraise all types of commercial appraisal reports.

H.F. Ahmanson and Company 11/86 to 2/93

Served in various positions including Senior Real Estate Financial Analyst, Chief Appraiser of the Bowery and Vice President-Loan Officer. Responsibilities and duties included valuation of the commercial real estate portfolio on the Eastern Seaboard, overseeing a full staff of commercial appraisers in the Manhattan office, portfolio valuation in the acquisition of Bowery Savings Bank and Home Savings Bank, and northeast lending operations.

Eastern Savings Bank 10/85 to 11/86

Served as an Assistant Vice President in lending, as well as an Appraiser

Appraisal Services Company 10/79 to 10/85

Worked as the Senior Commercial Appraiser after previously performing residential appraisals and overseeing the residential staff.

Sold Residential Real Estate 1976 to 1979

I have appraised all types of residential property, commercial and industrial buildings, farms and vacant land.

I have had experience in court testimonials for various cases.

I have made appraisals for financial institutions, attorneys, major corporations, home guarantee programs, insurance companies and others. I have worked on assignments for the following companies:

VALUATION CONSULTANTS, INC.

A. GENERAL EXPERIENCE

Abacus Bank
 Advent Valuation
 American Business Lenders
 Appraisal Management
 Astoria
 Bank of America
 Bank of New York
 Bank of the West
 Bank of Greene County
 Bank United
 Berkshire Bank
 Bloom and Bloom
 Business Lending
 Catskill Hudson Bank
 Charles Brodie, Esquire
 Chase Manhattan Bank
 Citizens Bank
 City National Bank
 City of Middletown
 City of Newburgh
 City of Poughkeepsie
 Community Bank
 Community Preservation Corporation
 Concorde Lending
 Country Bank
 County of Orange
 County of Dutchess
 Cumberland Farms
 Cumberland Gulf
 David Brodsky, Esquire
 Dormitory Authority of State of New York
 Dwight Joyce, Esquire
 Eastern Savings Bank
 First Niagara Bank
 Freedom Bank
 Greater Hudson Bank
 Hometown Bank of the Hudson Valley (formerly Walden Federal)
 HSBC Bank USA
 Hudson Heritage Federal Credit Union
 Hudson United Bank
 Hudson Valley Bank
 Hudson Valley Federal Credit Union
 Jacobowitz and Gubits, LLP
 Jeff Bank
 JP Morgan Chase
 Key Bank of New York
 Kingston City School District
 Lakeland Bank
 Lend Lease
 M&T Bank
 Metbank
 Mahopac National Bank
 Mid Hudson Valley Federal Credit Union
 National Valuation Services
 NET
 Newburgh Central School District
 NYS Office of Mental Retardation & Developmental Disabilities
 Orange County Trust
 Orange County Land Trust
 Orange & Rockland Utilities
 Peoples United

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 Dwight Joyce, Esquire
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 First Niagara Bank
 Freedom Bank
 Greater Hudson Bank
 Hometown Bank of the Hudson Valley (formerly Walden Federal)
 HSBC Bank USA
 Hudson Heritage Federal Credit Union
 Hudson United Bank
 Hudson Valley Bank
 Hudson Valley Federal Credit Union
 Jacobowitz and Gubits, LLP
 Jeff Bank
 JP Morgan Chase
 Key Bank of New York
 Kingston City School District
 Lakeland Bank
 Lend Lease
 M&T Bank
 Metbank
 Manopac National Bank
 Mid Hudson Valley Federal Credit Union
 National Valuation Services
 NET
 Newburgh Central School District
 NYS Office of Mental Retardation & Developmental Disabilities
 Orange County Trust
 Orange County Land Trust
 Orange & Rockland Utilities
 Peoples United

Putnam County National Bank
 Putnam County Savings Bank
 Richard Drake, Esq.
 Rhinebeck Savings Bank
 Riverside Bank
 Rondout Savings
 Salisbury Bank
 Sawyer Savings Bank
 SI Bank and Trust
 Stanley Marks and Company, CPA
 Sterling National Bank (formerly Provident Bank)
 Summit Bank
 SBU
 Stevan Nosonowitz, Esquire
 TD Banknorth, N.A.
 Town of Chester
 Town of Newburgh
 Town of Wallkill
 Trust Company of New Jersey
 Ulster Savings Bank
 Union Savings Bank
 Union State Bank
 Vanacore, DeBenedictus, DiGiovanni & Weddell, CPA
 Valley National Bank
 Village of Walden
 Walden Savings
 Wallkill valley Federal Credit Union
 Warwick Valley School District
 Webster Bank
 Wells Fargo
 Wilber National Bank

B. AREAS OF APPRAISAL EXPERIENCE -

New York State -

COUNTIES: Orange, Dutchess, Putnam, Rockland, Sullivan, and Ulster

FACTUAL STATISTICAL AND REFERENCE INFORMATION

An up-to-date set of area Zoning Maps and Ordinances

City maps showing existence of underground utilities

Maintenance of sales transactions by subdivisions and street name, effective dates of sale and current listing

Current community statistics referring to retail sales, bank clearance, employment, transportation routes, construction activity, and mortgage recordings

Census Tract Maps, Flood Plain Maps, Wetland Maps

PROPERTY IDENTIFICATION	PROPERTY ADDRESS	PROPERTY TYPE
10000 10th Street	New York, NY	Commercial
10000 10th Street	New York, NY	Commercial
10000 10th Street	New York, NY	Commercial
10000 10th Street	New York, NY	Commercial

EXHIBIT S



Michael J. Bernholz, CCIM, SRA, MAI

APPRAISAL REPORT

SUBJECT PROPERTY:
REAL PROPERTY LOCATED AT 195 LAKE LOUISE MARIE ROAD
TOWN OF THOMPSON
SULLIVAN COUNTY, NY

OWNER OF RECORD:
COUNTY OF SULLIVAN IDA

TAX MAP NUMBER:
SECTION 52., BLOCK 1, LOT 1.3

AT THE REQUEST OF:
MR. RONALD H. LABENSKI, CFO
NEW YORK LIQUIDATION BUREAU
110 WILLIAM STREET
NEW YORK, NEW YORK 10038

VALUATION DATE:
DECEMBER 26, 2017

PREPARATION DATE:
FEBRUARY 7, 2018

PREPARED BY:
HUDSON VALLEY APPRAISAL CORPORATION
P.O. BOX 1004
PORT EWEN, NY 12466

HUDSON VALLEY APPRAISAL
CORPORATION



HUDSON VALLEY APPRAISAL CORPORATION

Real Property Valuation Services

Route 9W and Sunset Drive • P.O. Box 1004 • Port Ewen NY 12466-1004
Tel: (845) 331-8545 • Fax: (845) 339-1665



Michael J. Bernholz, CCIM, SRA, MAI

February 7, 2018

Mr. Ronald H. Labenski, CFO
New York Liquidation Bureau
110 William Street
New York, New York 10038

**RE: Appraisal of real property located at
195 Lake Louise Marie Road, Rock Hill, New York
Tax Map Number: 52.-1-1.3**

Dear Mr. Labenski:

This letter is in response to your request to prepare an appraisal of the above-referenced property. As per your request, on December 26, 2017, we inspected the subject property for the purpose of deriving an opinion of the market value, as defined in this report, of the fee simple interest in the property. The subject parcel is identified on the Town of Thompson assessment roll and tax maps as Section 52., Block 1, Lot 1.3, and is known locally as the Frontier Insurance building.

The property is a single tax parcel improved with a three-story, 163,980 SF structure which was last used as a professional office building by Frontier Insurance. The building currently has a single tenant, Smokers Choice, in a small portion of the ground floor space. The remainder of the building is empty. There have been a smattering of smaller tenants over the last 4+/- years since Frontier Insurance Company shut down its operations in April of 2013.

A search of the Sullivan County and Hudson Gateway Multiple Listing Services did not produce a listing for the property. To the best of our knowledge, the property last sold on October 29, 2003 (Sullivan County Deeds Book 11280, Page 760). A diligent search for a more recent sale of the property did not produce any results.

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The appraiser is aware of a listing for the lease of the property by Pyramid Brokerage Company. The asking rate is \$21/SF, on a gross basis. We have been advised that the company is also entertaining offers for the sale of the property, but due to the bankruptcy of Frontier, an actual asking price has not been proffered.

This is a "troubled" property which is involved in a bankruptcy, and reportedly also "tied up" in a lawsuit concerning the parking area. Given the existing legal situation of the property, the unusually large size of the building, the property's exurban location, and the current state of the office market in nearby Orange County, we think that the most likely potential buyer of the property, apart from a governmental entity or institutional user, would be a speculator willing to assume the large risk associated with the property, but who will also only buy under the most favorable pricing conditions.

Our highest and best use analysis summary indicates that if this property were currently vacant, it would probably be held until there was sufficient demand for some type of development. To our minds, a 20+ year old professional office building of this size in this location is more of an impediment to a sale than if the site were vacant. Yet, it is possible that the new Resorts World Catskills Casino under construction in nearby Monticello might provide the necessary impetus for someone to purchase the property and re-purpose it for the economic benefit of the buyer and the local economy.

The accompanying report describes the Sales Comparison Approach to value, and the conclusion derived by application of that approach. A supporting value inferred by some income information will also be proffered. The Cost Approach is generally used for newer buildings and is not considered applicable for appraising a property such as the subject. It is thus not utilized herein. Please note the assumptions and limiting conditions under which the appraisal has been developed.

In this appraisal assignment, the existence of potentially hazardous material used in the construction, maintenance or past uses of the building, such as the presence of asbestos, mold, urea formaldehyde foam insulation, underground fuel storage tanks, and/or the existence of toxic waste, and/or any other hazardous materials resulting from any operation now or formerly taking place on the premises has not been considered. The appraiser is not qualified to detect such substances. We urge the client to retain an expert in this field if desired.

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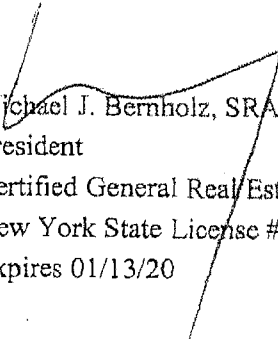


Michael J. Bernholz, CCIM, SRA, MAI

Based upon my investigation, and analysis of the data gathered in connection with this assignment, I have formed the opinion that the market value of the fee simple interest in the subject property, in as-is condition, as of December 26, 2017, was:

TWO MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS ----- (\$2,550,000).

Respectfully submitted,


Michael J. Bernholz, SRA, CCIM, MAI
President
Certified General Real Estate Appraiser
New York State License #4600005221
Expires 01/13/20

HUDSON VALLEY APPRAISAL
CORPORATION



Michael J. Bernholz, CCIM, SRA, MAI

5

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Property location: 195 Lake Louise Marie Road, Rock Hill, Town of Thompson,
Sullivan County, New York

Property type: Professional office building

Property size: 30.9+/- acres

Improvements: 163,980+/- SF office building

Property rights appraised: Fee simple

Highest and best use: Hold for development

Date of Inspection: December 26, 2017

Zoning: HC-1, Highway Commercial

Flood Plain Designation: FEMA Flood Hazards Map Number 361050C0630F,
Effective date February 18, 2011, indicates property is in low
flood risk area.

Date of Report: January 29, 2018

Market Value Conclusion: Sales Comparison Approach - \$2,550,000
Income Approach - \$2,560,000
Appraised Value: \$2,550,000

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6

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to determine the market value of the fee simple interest in the subject property, in its "as-is" condition, under the premise of highest and best use.

DEFINITION OF VALUE

"Market value" as defined in The Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA):

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 interests;*
3. *A reasonable time is allowed for exposure in the open market;*
4. *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
5. *The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

Federal Register, vol. 55, no. 163, August 22, 1990, page 34228 and 34229.

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7

INTENDED USE AND INTENDED USER OF REPORT: This appraisal is intended to assist the client, New York Liquidation Bureau, in determining the market value of the subject property for potential disposition. The client is the intended user.

EFFECTIVE DATE OF VALUE: December 26, 2017

DATE OF REPORT: February 7, 2018

PROPERTY RIGHTS APPRAISED: Fee-simple estate as defined in the Thirteenth Edition of *The Appraisal of Real Estate*, Appraisal Institute, Chicago, 2008, (page 111): "Ownership of a title in fee-establishes the interest in property known as the fee simple estate —i.e., *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.*"

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8

SCOPE OF WORK:

In preparing this appraisal, the appraiser:

1. inspected the subject site, and site and building improvements.
2. inspected the subject market area and influences such as schools and support facilities.
3. reviewed a copy of the assessment record for the subject property.
4. researched and analyzed sales of commercial properties in the immediate area, and in the Tri-State region and beyond.
5. applied the Sales Comparison Approach utilizing selected sales of properties to arrive at an indication of market value for the subject property.
6. applied aspects of the Income Approach to arrive at a value to corroborate our Sales Comparison Approach analysis.

The appraiser relied upon personal inspection of public records, the Sullivan County and Hudson Gateway Multiple Listing Services, LoopNet, data from our appraisal files, and discussions with local real estate brokers. Whenever possible, financing arrangements of all comparables were verified with principals, their attorneys, or brokers. Information provided by others was independently verified to the greatest extent possible. Every effort has been made to adhere to the Uniform Standards of Professional Appraisal Practice and the Code of Ethics and Standards of Professional Conduct of the Appraisal Institute.

The appraiser was asked to determine the market value of the fee simple interest in the subject, and the accompanying report describes the Sales Comparison and certain aspects of the Income Approach, and the conclusions derived by application of those approaches. As the Cost Approach is typically best suited to special purpose properties, it was not used in our analysis. Sufficient data was obtained from the client and the marketplace to perform a credible analysis.

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9

AREA DESCRIPTION

Social, environmental, governmental and economic forces all combine to influence the market for a particular property. This section of the appraisal report describes and analyzes these factors as they relate to the local real estate market.

Sullivan County, is located 90 miles northwest of New York City, and is bordered by Orange County to the south, Ulster County to the east, Delaware County to the north and across the natural border of the Delaware River to the west, by Wayne County, Pennsylvania. This 976 square mile county, part of which is situated in the Catskill Mountains State Preserve, is 29 miles wide and 35 miles long. The terrain is predominantly rolling hills following the rugged contours of the Catskill foothills. The county is divided into fifteen towns (Rockland, Neversink, Freemont, Callicoon, Liberty, Fallsburgh, Delaware, Cohecton, Bethel, Thompson, Mamakating, Forestburgh, Lumberland, Highland and Tusten) and six villages (Monticello, Liberty, Jeffersonville, Woodridge, Wurtsboro and Mamakating). Sullivan County is predominantly rural in nature, with over seventy-five percent of its total land area in forests. Six percent of the land area is utilized for agricultural purposes and four percent are wetlands, leaving only fifteen percent of the available land currently devoted to commercial, industrial, and residential use. Hence, large areas of land are potentially available for growth and development. The county contains many lakes and streams that are used for recreational sport purposes. The Neversink Reservoir and a portion of the Rondout Reservoir, both of which are located in the northeastern region of Sullivan County, are part of the New York City Water Supply.

MARKET AREA DATA

The subject property is located in the Village of Monticello, Town of Thompson. The Town of Thompson, encompasses an area of 87.4+/- square miles of which 3.41 square miles is water leaving 83.99 square miles of land. Thompson is located approximately 100 miles northwest of New York City. Bordering to the east of the Town of Thompson is the Town of Mamakating, to the north is the Town of Fallsburgh, to the south is the Town of Forestburgh, and to the west is the Town of Bethel. The County seat is in Monticello which is located in the Town of Thompson.

As of the census of 2010, there were 15,308 people, 5,982 households, and 3,716 families residing in the Town. The population density was 182.26 people per square mile. There were 9,130 housing

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Michael J. Bernholz, CCIM, SRA, MAI

10

units at an average density of 108.70 per square mile. There were 5,982 households within the town with an average household size of 2.45, and the average family size was 3.10. The median income for a household in the town was approximately \$37,417, and the median income for a family was approximately \$45,514.

Neighborhood.

The subject property is located at 195 Lake Louise Marie Road, in a predominantly residential locale. The property is located in the hamlet of Rock Hill, proximate to both Lake Louise Marie and Treasure Lake. The area is a mix of property types, from upscale single family lakefront homes to mobile homes. To the west are large tracts of undeveloped land. This is an exurban location with very limited services and shopping found primarily along Rock Hill Drive, which runs parallel to Route 17 to the north and east. Monticello, the county seat, is the largest nearby commercial center, and is about eight miles north and west of the subject. The Village of Wurtsboro is about seven miles to the south and east, and is a smaller commercial center than Monticello.

CONCLUSION AND RELEVANCE TO THE SUBJECT PROPERTY

Both the short-term and long-term outlook for the Sullivan County region is considered to be fair. The real estate market has been relatively stagnant in recent years, but the market appears to be stabilizing. In the short term, the area is expected to offer a relatively stable, economic climate for both residential and commercial properties. Much anticipated gaming and a full service gambling casino appears to be coming to fruition as the casino in the Town of Thompson is under construction. This has buoyed the real estate market for some time and projections are that the facility will open in 2018. MLS statistics for Sullivan County, overall, show that the number of residential sales have increased steadily over the prior three year period, with median and average sales prices remaining stable and the days on market decreasing.

**HUDSON VALLEY APPRAISAL
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Michael J. Bernholz, CCIM, SRA, MAI

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11

IDENTIFICATION OF THE PROPERTY, LEGAL DESCRIPTION

Property Type: Professional office building

Address: 195 Lake Louise Marie Road, Rock Hill, Town of Thompson, Sullivan County, NY

Owner of Record: County of Sullivan IDA

Form of Ownership: Fee simple estate

Legal Description/Recent Sale History: The subject property is identified on the Town of Thompson assessment roll and tax maps as Section 52., Block 1, Lot 1.3, and contains approximately 30.9+/- acres according to municipal data. A legal description of the property is further described in Sullivan County Deeds Book 1649, page 612.

A search of the Sullivan County and Hudson Gateway Multiple Listing Services did not produce a listing for the property. To the best of our knowledge, the property last sold on October 29, 2003 (Sullivan County Deeds Book 11280, Page 760). A diligent search for a more recent sale of the property did not produce any results.

The appraiser is aware of a listing for the lease of the property by Pyramid Brokerage Company. The asking rate is \$21/SF, on a gross basis. We have been advised that the company is also entertaining offers for the sale of the property, but due to the bankruptcy of the Frontier Insurance Company, an actual asking price has not been proffered.

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12

SITE INSPECTION DATE

The appraiser inspected the subject site, and site and building improvements, on December 26, 2017.

SITE DATA AND ANALYSIS

The subject site is irregularly shaped and contains approximately 30.9+/- acres according to municipal data. The property has substantial road frontage along Lake Louise Marie Road, with three primary access points; at the eastern end of the property, the south central portion, and the western end. There is also substantial road frontage along the eastbound lane of Route 17, but there is no direct access to this roadway. The primary entry is at the western end of the property, where Lake Louise Marie Road meets Frontier Drive. Frontier Drive provides access to the entire developed portion of the site.

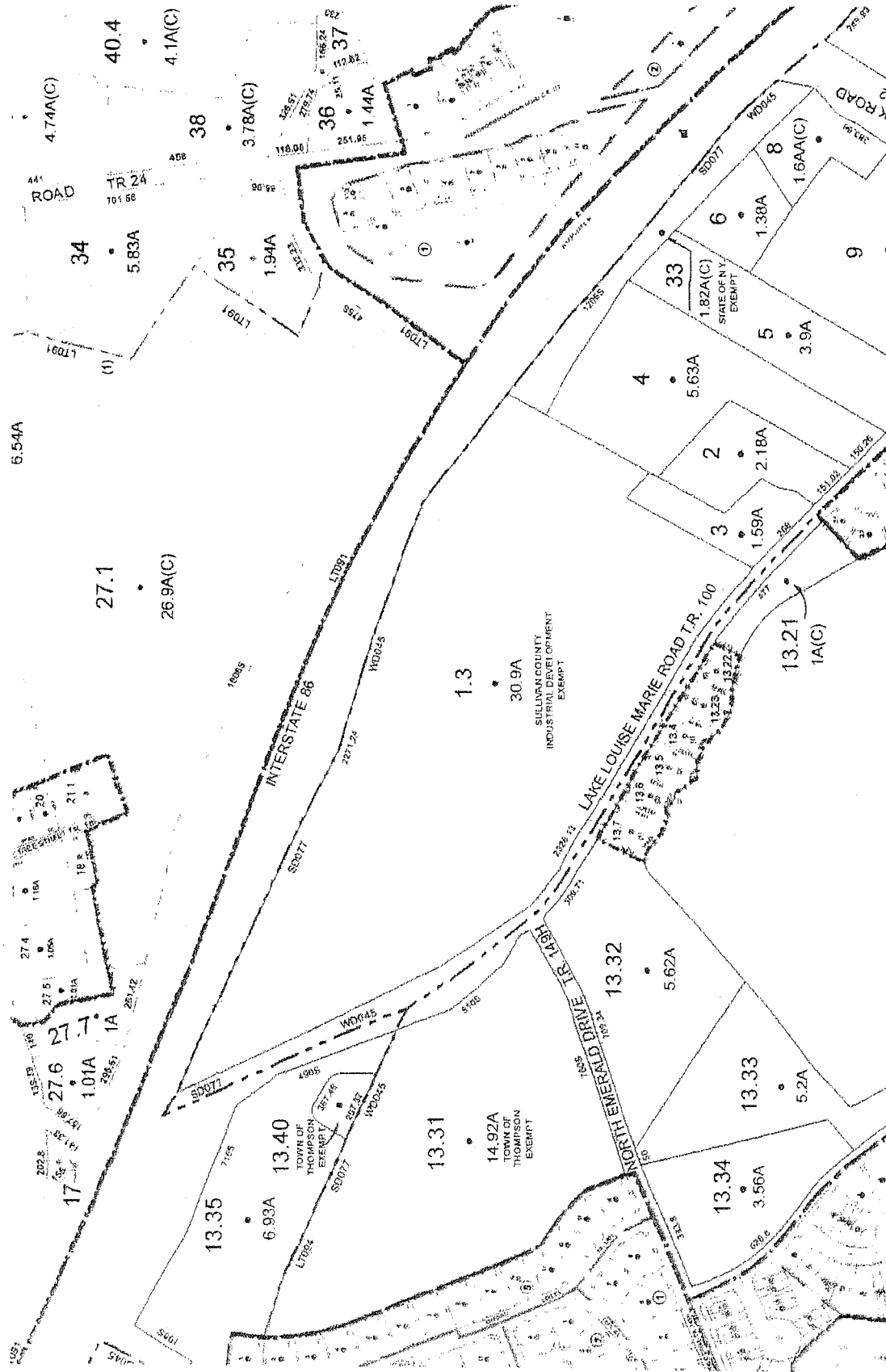
The building improvement and parking area occupies much of the central and eastern end of the property, while the western end is primarily grass, with a partial perimeter of trees. The entire perimeter of the property is also largely wooded, and there is a pond in the western end of the site. The site generally slopes up from west to east, with the building improvement sitting on a generally level area.

The area around the office building is nicely landscaped, with specimen trees, grassy areas, and a large central courtyard with plantings, specimen trees, and gravel. The large paved parking area reportedly holds 350+/- cars, and has grassy islands with trees. Overall, the property is very nicely landscaped, well surpassing the norm for commercial properties in the area.

Flood Hazards Map Number 36015C0630F, with an effective date of February 18, 2011, indicates that the property is in a low flood risk area. The property is connected to municipal water and sewer service, and zoning is HC1, Highway Commercial. The zoning will be discussed in a separate section of this report.

In summary, the site appears to be well suited to its current use and other uses as permitted by zoning.






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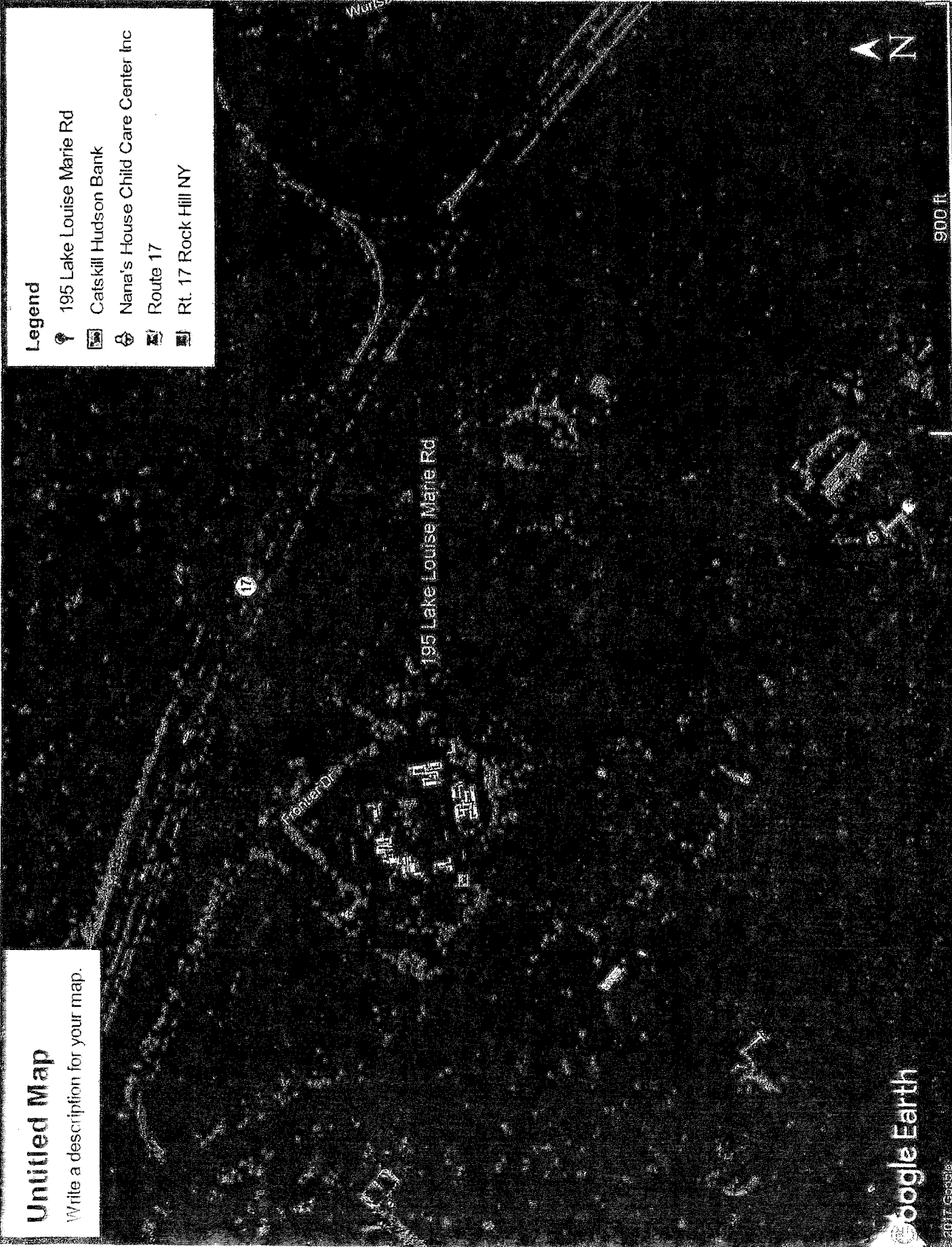


Untitled Map

Write a description for your map.

Legend

-  195 Lake Louise Marie Rd
-  Catskill Hudson Bank
-  Nana's House Child Care Center Inc
-  Route 17
-  Rt. 17 Rock Hill NY



900 ft

Google Earth

© 2017 Google



Scale 22 % LOMC

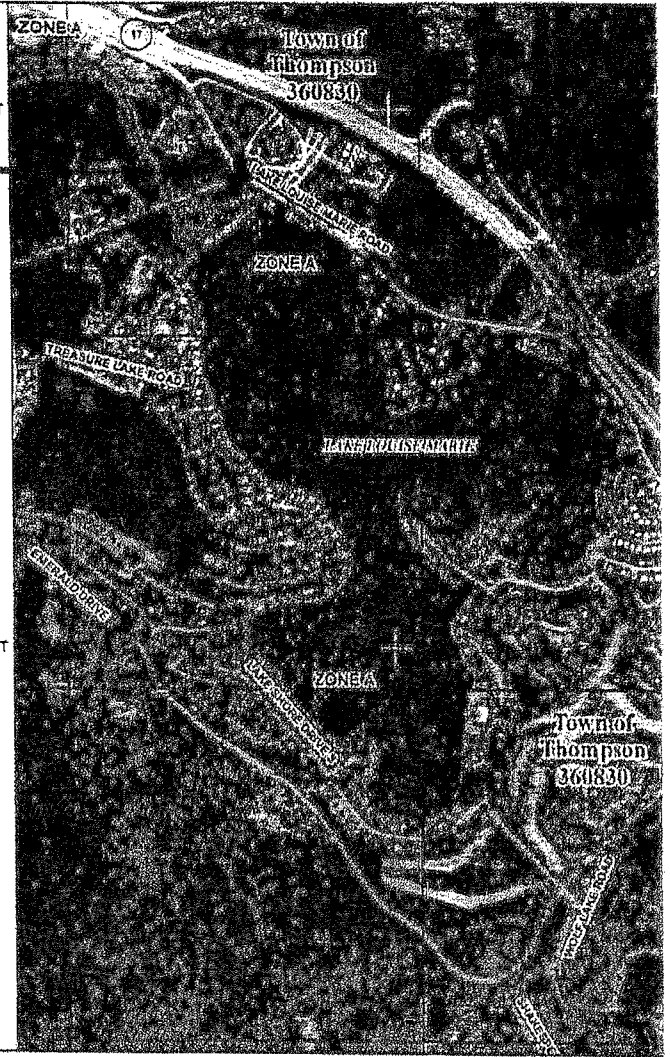
Map navigation controls including a search icon, a north arrow, and a grid of zoom and pan buttons.

Subject

1015000 FT

MAP AT A SCALE OF 1"=500'
NUMBER 36105C0626

1010000 FT

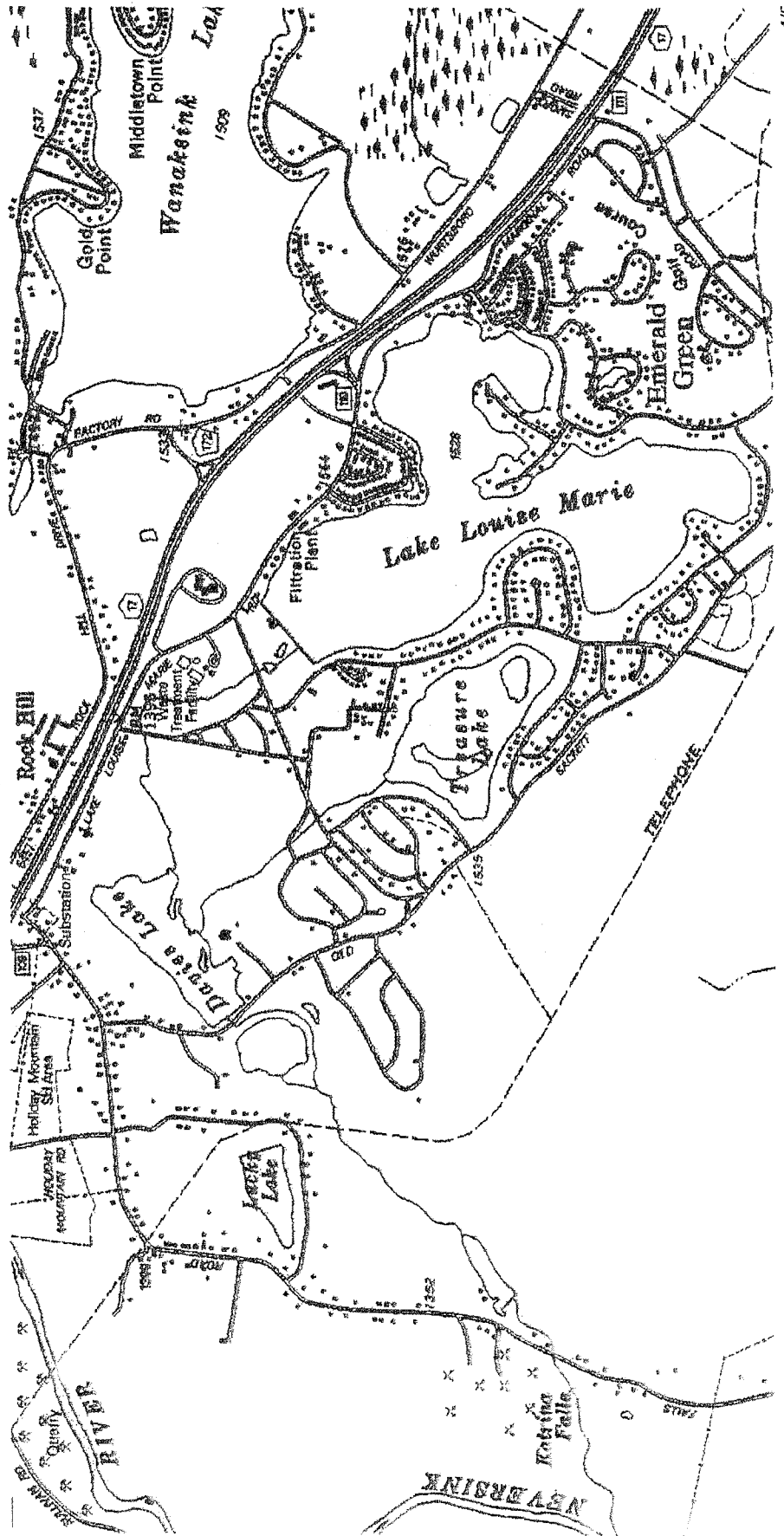


GIS.NYS.GOV

NYS ITS GIS Program Office

Geographic Information Systems Clearinghouse

NYS DOT Quad Code: BB42





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17

Building Improvements

The building improvement is a three-story glass and steel professional office building with lower level reportedly constructed in two stages. The first was reportedly constructed circa 1991, while the second was built circa 1996. Municipal data indicates the building area is 163,980 SF.

Following is a brief description of the main construction details:

Exterior

- | | |
|-------------|---|
| Foundation: | Reinforced poured concrete, basement level. |
| Structure: | Steel, 24' on center column bays. |
| Exterior: | Panels with synthetic covering and fiberglass insulation underneath, plate glass. |
| Windows: | Mainly fixed thermopane, excellent fenestration. |
| Roof: | Flat, rubberized cover with insulation. |
| Entrances: | Two primary entrances, multiple secondary entrances. |

Interior

- | | |
|-------------|---|
| Main Entry: | Glass doors in aluminum mullions, lobby areas with reception desks. There is a large, three-story atrium in the main section of the building. |
| Stairs: | Two main stairwells. |
| Walls: | Gypsum wallboard with mixed coverings, primarily textured but some faux stone, decorative moldings in many areas. |
| Ceilings: | High grade acoustic ceiling tiles. |

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18

Floors: Metal floor deck with 5" concrete slab, mixed carpeting, wood, ceramic, and vinyl coverings.

Lavatories: Separate mens and ladies ADA compliant lavatories on each floor, some floors have two each of mens and ladies lavatories.

Lighting: Mostly recessed high hats.

Electric: 120/240/480 volt, three phase, 2,000 amp service, multiple circuit breaker panels, appears adequate. 15 kilowatt diesel generator backup.

HVAC: One section has oil fired hot water baseboard heat with central air conditioning, the other section has electric hvac, with central air conditioning. There is a 10,000 gallon oil storage tank. Three (3) A O Smith boilers, propane fired hot water heater, and multiple on-demand hot water heaters.

Elevators: Two, serving each section of the building. Both have 3,500 lb. capacity, one is three-stop, the other is four-stop (includes lower level).

Fire Suppression: Fully wet sprinklered.

Floor space: 163,980 SF, according to municipal records.

Physical age: Constructed in two stages, 1991 and 1996.

Effective age: 15-20 years.

Overall condition: Excellent, with no deferred maintenance noted.

Comments: This is a very large professional office building originally constructed for single tenant use.

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19

The size and configuration of the building reflect this fact, and division into smaller, multi-tenant space is hindered by the lack of sufficient stairs, elevators, and lavatories.

The lower level has a health club with locker rooms, commercial kitchen and cafeteria, mail room, fire pump room, garage, and loading dock. There is also a tunnel connecting to the first floor. The first floor contains the two main entries and lobby areas, a 160 seat theater with stadium seating, mens and ladies lavatories, and offices. The second floor has two each of mens and ladies lavatories, and offices. The third floor was the executive level, with board room and executive area, kitchen and dining area, library, and additional offices.

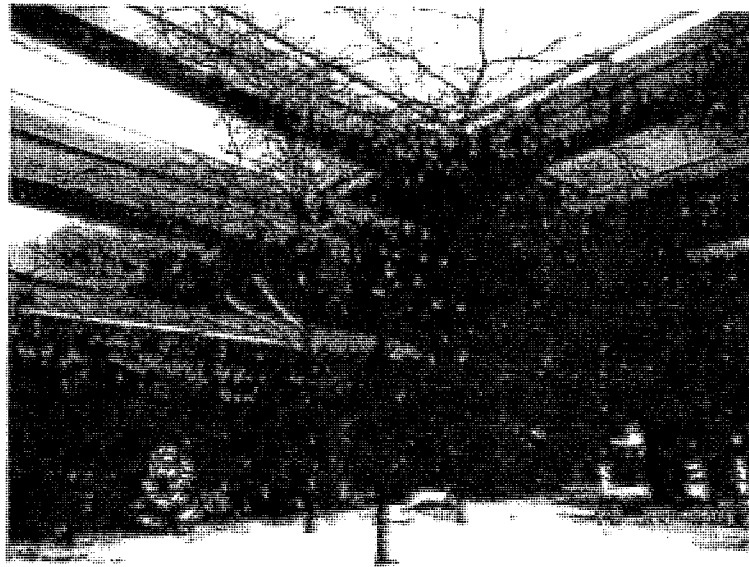
The building is extremely well maintained, and no major deferred maintenance was noted.

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VISUAL IMPRESSIONS - DECEMBER 2017



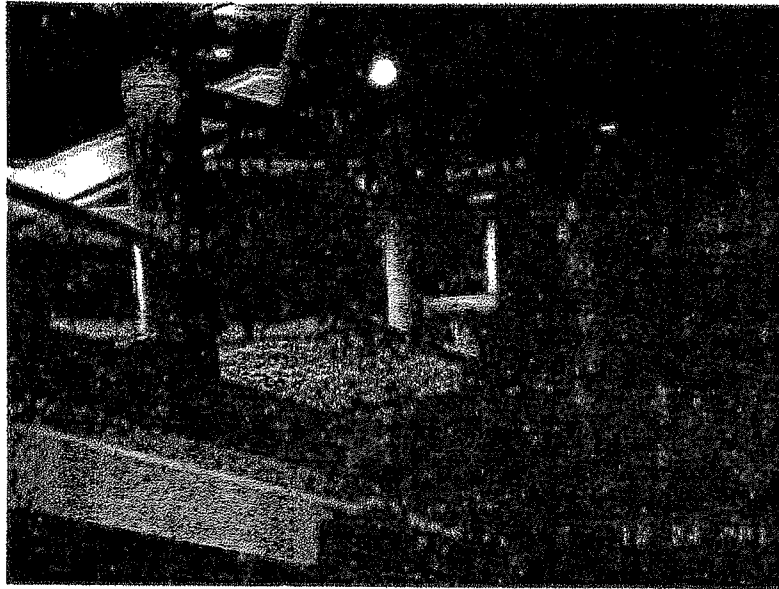
A view of one of the main entries.



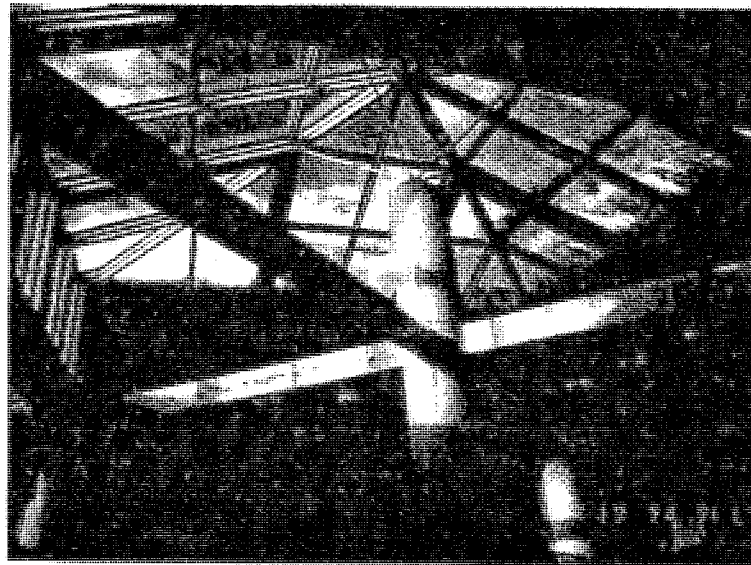
Another view of the building from the courtyard.

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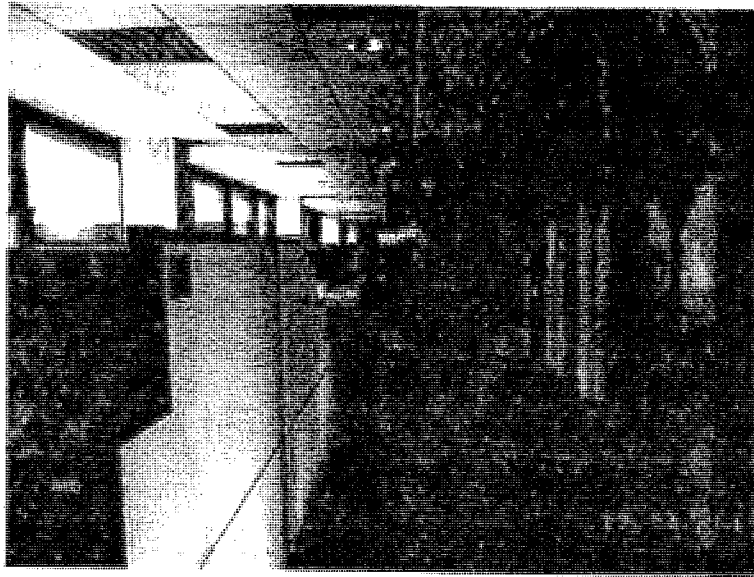
A view of the ground level atrium area.



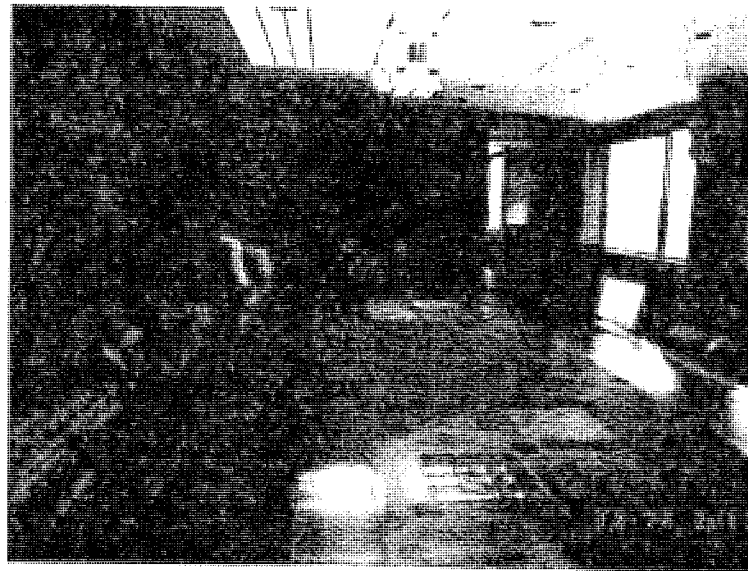
A view of the atrium skylight.

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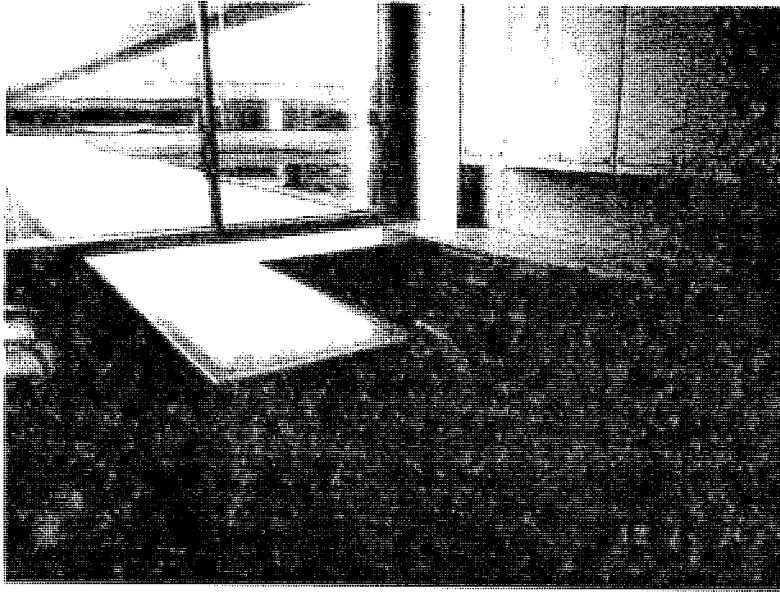
A view of one of the office areas.



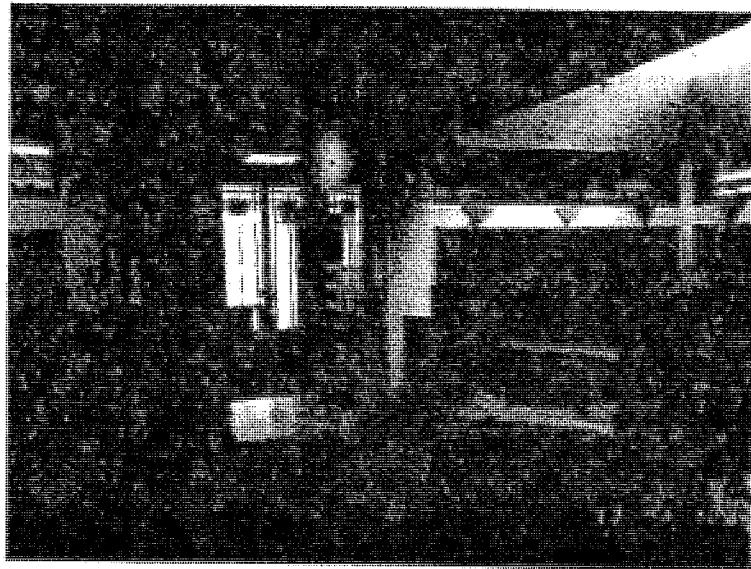
A view of the executive conference room.

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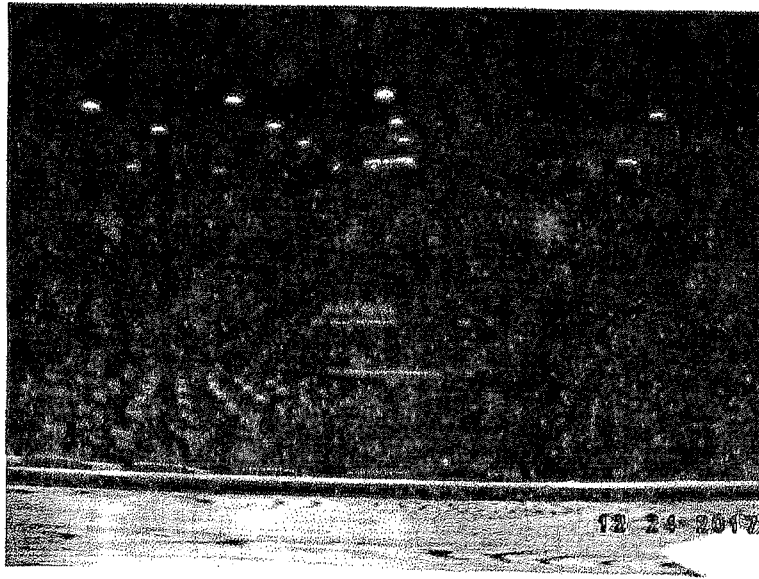
A view of a typical office.



A view of a portion of the library.

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A view of the theater with stadium seating.



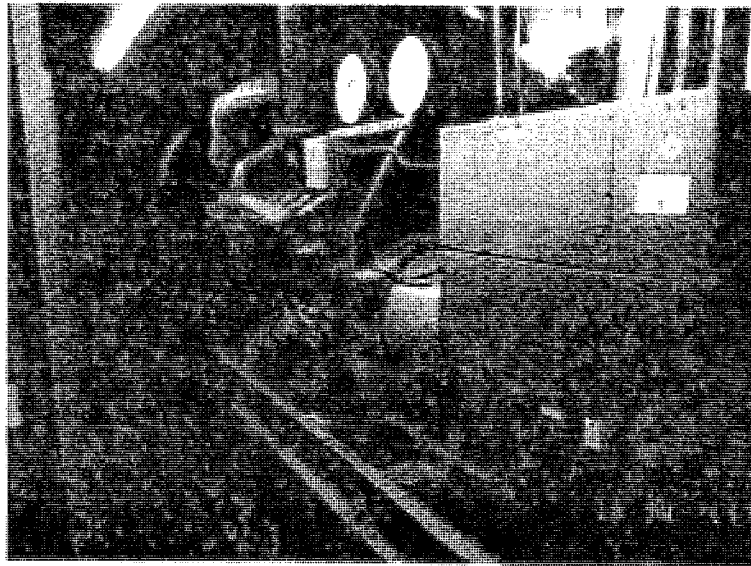
A view of one of the entry lobbies.

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A view of the electric service room.



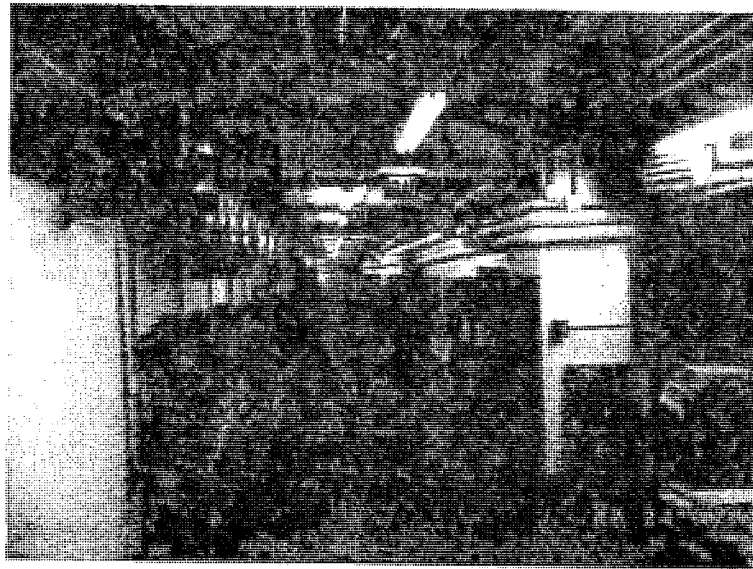
A view of the diesel powered backup generator.

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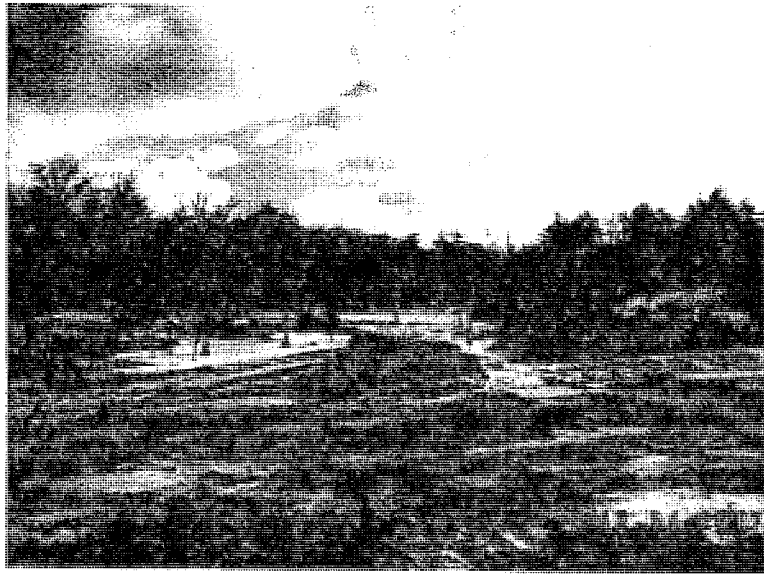
A view of the lower level exercise room.



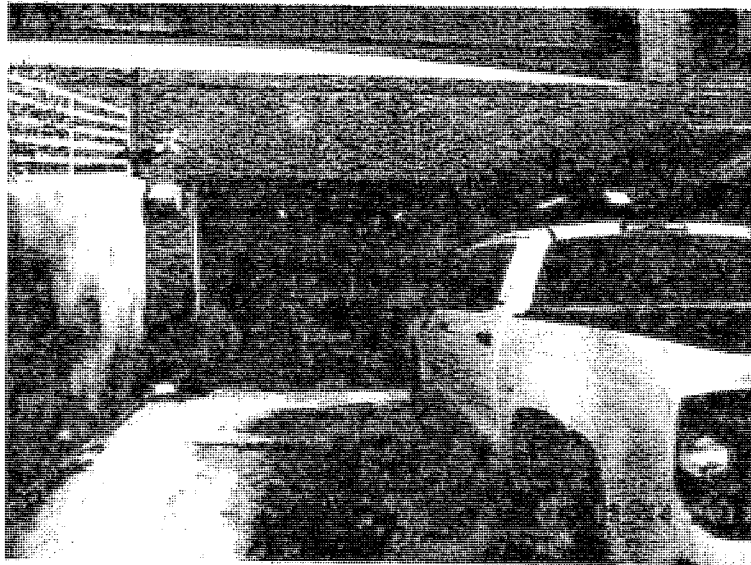
A view of a lower level storage room.

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A view of part of the rear parking area.



A view of the lower level service/loading entrance.



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28

TAX AND ASSESSMENT DATA

The property is located in the Town of Thompson. The assessment for the subject property as indicated on the 2017 roll is shown below, as is the Assessor's opinion of the property's market value when equalized at the current equalization rate of 88%:

<u>52.-1-1.3</u>		<u>Equalized Value @ 88%</u>
Land	\$1,405,600	\$1,597,273
Improvements	<u>\$4,098,400</u>	<u>\$4,657,273</u>
Total	\$5,504,000	\$6,254,546

Real estate taxes for the property for 2017/2018 are as follows:

2017 County/Town:	\$ 93,528.61
2017/2018 School:	<u>\$115,197.88</u>
Total	\$208,726.49

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29

ZONING

The governing body regulating zoning in the subject's area is the Town of Thompson. The subject property is located in the HC1, Highway Commercial zoning district.

The Highway Commercial district provides for a wide variety of commercial uses, as well as some agricultural, residential and light industrial uses. Permitted uses include single family homes, agriculture, hunting and fishing cabins, and greenhouses and nurseries.

Most other uses require a special use permit and/or are subject to site plan approval. The reader is directed to the Zoning section of the Town of Thompson Municipal Code for a detailed list of these uses.

Bulk requirements vary by use, from as low as a minimum of 20,000 SF for certain medical facilities, up to 25 acres for the keeping of livestock. Again, the reader is directed to the Zoning Code for a detailed summary of bulk requirements.

It would appear that the subject's use is permitted under the current zoning, and we assume that the property complies with the zoning and other regulations in effect at the time it was built. Our analysis assumes that the current use as a professional office building is legal.



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30

HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined in the Twelfth Edition of *The Appraisal of Real Estate*, Appraisal Institute, 2002, (page 305) as: "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

In the same publication, the authors address the analysis of highest and best use as follows (page 60): "Analyzing the highest and best use of the land as though vacant serves two functions. First, it helps the appraiser identify comparable properties...Each comparable property's highest and best use of the land as though vacant should be similar to that of the subject property...The second reason...is to identify the use that would produce maximum income to the land after property income is allocated to the improvements...There are also two reasons to analyze the highest and best use of the property as improved. The first is to help identify comparable properties...The second...is to decide whether the improvements should be demolished, renovated, or retained in their present condition."

There are instances when a property's highest and best use as vacant may differ from its highest and best use as improved. In such a case the existing improvement would be referred to as the highest and best "interim use". This interim use will continue until the value of the vacant land under its highest and best use minus demolition costs equals or exceeds the value of the property as improved.

Another situation that must be considered is the possibility of renovating an existing improvement to a more functional similar use or even to a new use. If such renovation is feasible, the appraiser determines the value of the property as currently improved by considering its value after renovation and after accounting for the renovation costs. The value of the property as currently improved is therefore equal to its value after renovation minus renovation costs.

In determining highest and best use there are four tests or stages of analysis:

- 1) *Permissible Uses (legal)*: What uses are permitted under existing zoning and other land use regulations, as well as existing deed restrictions on the subject site?
- 2) *Possible Uses (physical)*: What uses of the subject site are physically possible?

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30

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31

3) *Feasible Uses (financial)*: Which possible and permissible uses are appropriate in the context of market, neighborhood and property characteristics and will produce a net return to the owner?

4) *Maximally Productive Use*: Among the appropriate or feasible uses, which use will produce the highest present value?

It is not uncommon for appraisers to reverse the order of the first two stages or tests to reduce the number of use options at the beginning of the analysis. Regardless of the order chosen, a use must eventually pass both tests.

Highest and best use as though vacant. The governing body regulating zoning in the subject's area is the Town of Thompson. The subject property lies within the HCl, Highway Commercial zoning district which provides for a wide variety of commercial and light industrial uses, as well as some agricultural and residential uses. We anticipate that if the site were vacant, the property would be held until there was demand for the development of a site as large as this one. We anticipate that the construction of the new Resorts World Catskill Casino in nearby Monticello might prompt a speculator to purchase the site.

Highest and best use as improved. As in the case of the site as if vacant, the improved site is subject to the considerations of possible, permissible and feasible uses. After analysis of the nature of the subject property's improvements, we expect that at the current time, demolition of the existing improvements and redevelopment of the site is unlikely to result in a substantially higher return to the land than is currently being achieved. As such, the existing use is considered the highest and best use of the property as improved.

Exposure Time

Exposure time is the estimated length of time that the property interest being appraised would be offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. The estimated exposure time for the subject property is 18 to 24 months.

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33

THE APPRAISAL PROCESS

The appraiser has available three approaches to value, these being the Cost, the Income, and the Sales Comparison or Market Approach.

In the Cost Approach, the appraiser determines through supportive sources the current cost of replacing or reproducing the subject building, and determines all forms of depreciation (that is, physical, functional, and economic obsolescence) to arrive at a depreciated value of the improvements.

Land value is determined through current market transactions, and is added to the depreciated value of the subject structures to derive a value opinion via the Cost Approach.

In the Sales Comparison Approach, value is determined by comparison with comparable or competitive sales obtained from the market. These sales are carefully analyzed for all variables considered indicative of the elements of value.

In the Income Capitalization Approach, the appraiser ascertains through market analysis the property's capacity to produce income, and analyzes expenses to derive a stabilized net operating income. This income is then converted into an expression of market value utilizing an appropriate overall rate.

Finally, the three approaches, and their corresponding opinions of value are reconciled into a final value conclusion.

In this appraisal, the Sales Comparison and Income Approaches will be developed to value the property as currently improved. The Cost Approach is typically used for specialty properties which do not frequently sell on the open market. Clearly the subject does not fall into this category, and for this reason the Cost Approach is not utilized.

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SALES COMPARISON APPROACH

In the Sales Comparison Approach, an opinion of value for a particular property is developed by comparing it to similar properties that have sold recently. The economic principle of substitution, which states that an informed buyer will pay no more for a property than the price that must be paid to acquire a property of similar utility, and with similar amenities, forms the basis of the Sales Comparison Approach. Because the price paid for a property is affected by the market conditions that prevailed at the date of sale, the market approach is also based on the economic principle of supply and demand. Another key concept in appraisal theory, and one that forms the theoretical basis for the process of adjusting comparable properties in the Market Approach, is the principle of contribution, which states that the value of a particular component is measured by the increase in value of the property as a whole that results from the component's existence. That increase in value is not necessarily equal to the cost of the component.

The comparative analytical techniques utilized in the Sales Comparison Approach can be subdivided into the categories of quantitative and qualitative. When quantitative techniques are employed, mathematical procedures are applied to the elements of comparison to determine the magnitudes of the adjustments. When qualitative techniques are employed, comparable sales are analyzed to determine whether the sales are superior to, inferior to, or equal to the subject. The analysis itself is similar to that involved in the application of quantitative techniques, but the adjustments are not quantified. Comparative analysis is a general term used to describe the process of deriving an opinion of value by the Sales Comparison Approach using either category of analysis. In this report, the appraiser will utilize quantitative techniques to derive adjustments to all comparable properties. Whether quantitative or qualitative techniques are selected, the sequence of steps followed in applying the Sales Comparison Approach is the same. That procedure is outlined below.

- 1) Research the market to identify properties that have sold or are listed for sale, and that are similar to the subject property in size, location, property type, etc.
- 2) Verify the information by confirming that the public record regarding the sales is accurate, and that the sales constitute arms-length, market value transfers.
- 3) Select appropriate units of comparison, such as price per acre, price per square foot, price per front foot or overall sale price.



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35

4) Compare the sold properties to the subject property using relevant elements of comparison, and measure the difference in each element between the subject, and the comparable sale either quantitatively or qualitatively. The elements of comparison chosen depend on the nature of the property being appraised, but there are nine basic elements that should always be considered: property rights conveyed, financing terms, conditions of sale, market conditions, location, physical characteristics, economic characteristics, use, and non-realty components of value.

5) Reconcile the value indications resulting from the adjustment process into a single value indication or a range of values.

The sales selected for the grid analysis are described on the following pages and within the analysis grid. The unit of comparison chosen is price per square foot of gross building area.

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36

Comparable Sale #1:

Address: 399 Jefferson Road, Parsippany Troy Hills Township, Morris County, New Jersey

Grantor: HSBC Technology & Services, Inc.

Grantee: Jeffroad Green, LLC

Parcel ID: 736-14

Sale Date: 5/11/2010

SR1A #: 118698

Recording Date: 5/27/2010

Sale Price: \$5,125,000

Sale Price/SF: \$28.33

Property Type: Professional office

Building Size (SF): 180,898

Lot Size: 21.962 acres

Electricity: Yes

Gas: Natural

Water: Municipal

Sewer: Municipal

DESCRIPTION: Sale of one-story office building reportedly constructed in 1968. Steel frame, masonry and glass exterior, parking garage, grade level parking garage. At the time of sale, building was vacant and had been gutted for renovation. Owner never completed build out. Buyer was original seller of building to HSBC.

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37

Comparable Sale #2:

Address: Horton Hospital Campus, 52-70, 76-78, 87-89, 93-99 Prospect Avenue, et. al., City of Middletown, Orange County, New York

Grantor: Horton Local Development Corp

Grantee: Danza Leser Group, LLC

Parcel ID: 36-4-22.1, 22.2; 36-5-13, 14, 16, 19; 36-6-14-18; 36-7-13, 16, 18.1

Sale Date: 11/3/2011

Deed Book/Page: 13245/1293

Sale Price: \$2,268,300

Sale Price/SF: \$5.80 (GBA), \$6.48 (NRA)

Property Type: Medical office

Building Size (SF): 391,065 GBA; 350,113 NRA

Lot Size: 13.89+/- acres

Electricity: Yes

Gas: Natural

Water: Municipal

Sewer: Municipal

DESCRIPTION: Sale of former Horton Hospital campus in the City of Middletown. Original hospital building dates from 1929, later additions in 1956, 1963, 1971, and 1980. Campus consists of five (5) interconnected buildings,

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38

Comparable Sale #3:

Address: International Paper Campus, 1422 Long Meadow Road, Town of Tuxedo, Orange County,
New York

Grantor: Ipco Research

Grantee: Watchtower Bible and Tract Society of New York

Parcel ID: 1-1-60

Sale Date: 8/11/2011

Deed Book/Page: 13227/1315

Sale Price: \$3,200,000

Sale Price/SF: \$17.31

Property Type: Flex building, office/light industrial

Building Size (SF): 184,900+/-

Lot Size: 50.5+/- acres

Electricity: Yes

Gas: Natural

Water: Municipal

Sewer: Municipal

DESCRIPTION: Sale of former International Paper Office and Research facility on Long Meadow Road in Tuxedo. Proximate to I-87, Route 17, and other major roadways. A short distance from northern New Jersey border and job market.

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39

Comparable Sale #4 (Not included in Sales Comparison Grid):

Address: Comsat Campus, 22021, 22300 Comsat Road, Town of Clarksburg, Montgomery County, MD

Grantor: LCOR Clarksburg, LLC

Grantee: Lantian Gateway, LLC

Parcel ID: Map EV 33, Parcel NH888; Map EV 32, Parcels NO63, P400; Map EV43, Parcel N820

Sale Date: 1/12/2016

Deed Book/Page: 51471/00271

Sale Price: \$11,500,000

Sale Price/SF: \$21.62

Property Type: Office

Building Size (SF): 496,000 in main building, 36,000 in three ancillary buildings, total 532,000

Lot Size: 204 acres

Electricity: Yes

Gas: Natural

Water: Municipal

Sewer: Septic

DESCRIPTION: Sale of Cesar Pelli designed headquarters building located along I-270 corridor, which has multiple research facilities, educational institutions, Federal agencies, technology corporations, and newly developed mixed use communities. The main building is a steel and glass structure, Class A office space.

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40

Comparable Offering:

Address: NYU School of Medicine Campus, 57 & 61 Old Forge Road, Town of Tuxedo, Orange County, NY

Offering Broker: Pyramid Brokerage Company, Robert W. Scherrik,

Offering Date: Current

Offering Price: \$3,915,000

Offering Price/SF: \$45

Property Type: Office, research, educational facility

Building Size (SF): 87,000+/- SF

Lot Size: 7.01+/- acres

Electricity: Yes

Gas: Natural

Water: Municipal

Sewer: Septic

DESCRIPTION: Offering of three (3) interconnected two and three-story buildings located near the Bergen County, New Jersey border. Proximate to I-287, Route 17, and other major area roadways, 33+/- miles from NYC. Steel and masonry construction, 220 rooms, 12 lavatories, ADA compliant. East building constructed in 1920's, West building constructed 1961-1962, South Building constructed in 1972. Each of the buildings have "heavy" electric, three backup generators. Conference room, classrooms, kitchen/cafeteria, offices, etc.

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RVA:11729 PROPERTY OWNER: COUNTY OF SULLIVAN IDA CLIENT: NY LIQUIDATION BUREAU SALES ANALYSIS GRID - AS IMPROVED
 If this comparable property is similar to the subject with respect to a particular feature, a positive (+) adjustment is made, thus increasing the indicated value of the subject.
 If this comparable property is inferior to the subject with respect to a particular feature, a negative (-) adjustment is made, thus reducing the indicated value of the subject.

ITEM	SUBJECT	COMPARABLE SALE #1	COMPARABLE SALE #2	COMPARABLE SALE #3
ADDRESS	195 LAKE LOUISE ROAD	398 JEFFERSON ROAD	52-70, 76-78, 87-89, 93-99 PROSPECT AVENUE, ET. AL.	1422 LONG MEADOW ROAD
MUNICIPALITY	ROCK HILL, TOWN OF THOMPSON	PASSIPPANY TROY-HILLS TOWNSHIP, MORRIS COUNTY, NEW JERSEY	CITY OF MIDDLETOWN, ORANGE COUNTY NEW YORK	TOWN OF TUXEDO, ORANGE COUNTY, NEW YORK
TAX MAP ID	52-1-1-3	736-14	36-4-22-1, 22-2; 36-5-13, 14, 16, 19; 36-6-14-18; 36-7-13, 16, 18.1	1-1-60
SALE PRICE		\$5,125,000	\$2,268,300	\$3,200,000
SALE PRICE PER SF OF GROSS BLDG. AREA		\$28.33	\$5.80	\$17.31
PROPERTY RIGHTS CONVEYED		FEE SIMPLE	FEE SIMPLE	FEE SIMPLE
CONDITIONS OF SALE		TYPICAL	HIGHLY MOTIVATED SELLER	TYPICAL
FRANCING		TYPICAL	TYPICAL	TYPICAL
MARKET CONDITIONS (DATE OF SALE)	12/26/2017 (DATE OF INSPECTION)	5/11/2010	11/3/2011	8/11/2011
ADJUSTED SALE PRICE PER SF		\$28.33	\$8.70	\$17.31
LOCATION	RURAL/EXURBAN, PROXIMATE TO ROUTE 17, DISTANT FROM SUPPORT SERVICES AND MAJOR JOB MARKETS	SUBURBAN, PROXIMATE TO I-90, I-287, SUPPORT SERVICES, MAJOR JOB MARKETS, SUPERIOR	URBAN, PROXIMATE TO ROUTE 17, I-94, NORTHERN NJ JOB MARKET, SUPERIOR	SUBURBAN, PROXIMATE TO ROUTE 17, I-287, NORTHERN NJ JOB MARKET, SUPERIOR
BUILDING SIZE (SQUARE FEET)	163,980	190,898	391,065	20,154,900
BUILDING AGE/CONDITION	1993, 1997/EXCELLENT	1968/CUTTED, INFERIOR	25 MIXED/AVERAGE, INFERIOR	25 MIXED, MOSTLY OLDER/AVERAGE, INFERIOR
BUILDING QUALITY/APPEAL	EXCELLENT QUALITY/GOOD APPEAL	EXCELLENT QUALITY/GOOD APPEAL, SIMILAR	GOOD QUALITY/GOOD APPEAL, INFERIOR	EXCELLENT QUALITY/EXCELLENT APPEAL, SIMILAR
INTERIOR FINISH	PROFESSIONAL OFFICE	PROFESSIONAL OFFICE, SIMILAR	PROFESSIONAL OFFICE, SIMILAR	PROFESSIONAL OFFICE, LABORATORY, WAREHOUSE, INFERIOR
SITE BUILDING RATIO	8.21	5.29	5 1.55	15 11.90
NET ADJUSTMENT		-30		-15
INDICATED VALUE PER SQUARE FOOT	\$15.58	\$19.83	\$13.05	\$14.71
INDICATED PROPERTY VALUE	\$2,554,808	\$3,251,989	\$2,140,055	\$2,412,253
INDICATED PROPERTY VALUE (ROUNDED)	\$2,550,000			

INDICATED VALUE PER SQUARE FOOT	WGT	EXTENDED VALUE
COMPARABLE #1	1.0	\$19.83
COMPARABLE #2	1.0	\$13.05
COMPARABLE #3	2.0	\$29.42
	4.0	\$62.30
		\$15.58
		WEIGHTED AVERAGE





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42

SALES COMPARISON APPROACH: NOTES AND CONCLUSION OF VALUE

The elements of comparison considered on the preceding grid and the adjustments applied, if any, are described below.

1) Property rights conveyed. Property rights conveyed can affect the price of a sale. Adjustments are sometimes necessary if sales are being considered in which property rights were transferred that are different from the property rights that are being appraised. For example, a property that sold with long term leases (fee simple interest) in place that are above or below the range of market rentals would have to be adjusted for that fact if the leased fee interest in the subject is being valued. The fee simple interest in the subject property is being appraised in this report. Because it was also the fee simple interest that was transferred in all of the comparable sales, no adjustments are warranted.

2) Conditions of sale. Each sale must be analyzed carefully to determine whether its sale price was affected by any unusual motivations on the part of the principals. If a sale is to be defined as a market value transfer, the property must have been exposed to the open market for a sufficient time and both buyer and seller must have been under no unusual pressure. There are of course times when the motivation of either the buyer or the seller is not typical. A seller might be in need of immediate cash and might therefore be willing to accept a low offer, or a buyer might need a certain parcel to complete an assemblage for a very lucrative development and be willing to pay more than market value. All comparable sales were reportedly arms-length transactions with typical conditions of sale, but the seller in Sale 2 was highly motivated due to the size of the campus and the number of buildings which comprised the property. A plus adjustment recognizes these circumstances.

3) Financing. The sale price of a property can be influenced by non-market financing. If a seller offers to hold a mortgage (or has an assumable mortgage) at below market interest rates, this might result in an increase in the price a purchaser would be willing to pay for the property vs a similar property offered without favorable terms. In most cases the adjustment for favorable financing is not a dollar-for-dollar adjustment based on the exact amount of the consideration, but rather a portion of the total. Ideally, the adjustment should be based on market-supported differences between sales with equivalently favorable terms and sales with no favorable terms. In that all of the comparable sales selected for this appraisal took place with typical market financing, no adjustments for financing are called for.

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43

4) **Market conditions.** Changing market conditions can obviously affect sale prices. Market conditions can change due to a number of factors, such as tax law revisions, supply and demand imbalances, economic recession, or economic boom. Each comparable sale should be analyzed to determine if the market conditions at the time of sale were different than those that prevail as of the effective date of the appraisal. If the comparable property sold when higher prices were prevalent, then a negative adjustment should be made to account for the difference, and the opposite if prices were lower. Although all the sales are somewhat older than one might consider ideal, given the size of the subject building and its exurban location, comparable sales of similar vacant properties are more limited than occupied properties. As such it was necessary to use those sales which best mirrored the subject's current condition. Economic conditions post 2008 remained generally stable for vacant properties of this type, and because of this, no adjustments are warranted.

5) **Location.** All three comparable sales are situated in more desirable urban and suburban locales with greater economic activity and superior support services. Also, each has superior access to major roadways and job markets. The appropriate minus adjustment to each of the comparables reflect their superior locations.

6) **Building Size (SF).** Market behavior indicates that larger space tends to sell (or lease) for less on a per SF basis than smaller space. This is because there is less competition for larger spaces, and market participants expect a discount for larger spaces. Sales 1 and 3 are in the same general size range as the subject, and no adjustment is made. Sale 2 is substantially larger than the subject, and a plus adjustment reflects this difference.

7) **Building Age/Condition.** All three comparables have buildings which are older than the subject and in inferior condition. The appropriate plus adjustment is made to each.

8) **Building Quality/Appeal.** Sales 1 and 3 compare favorably to the subject in this regard, and no adjustment is warranted. Sales 2 is inferior to the subject in this regard. A plus adjustments recognizes this difference.

9) **Site/Building Ratio.** Sales 1 and 2 have smaller site/building ratios than the subject, and a plus adjustment to each is appropriate. Sale 3 has a greater ratio, and a minus adjustment is made.

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44

SALES COMPARISON APPROACH - AS-IMPROVED - SUMMARY

After appropriate adjustments were made to each of the comparable sales, the adjusted price/SF for the comparables ranged from \$13.05/SF - \$19.83/SF.

All three comparable sales are considered to be reliable indicators of value, however, we tend to place most emphasis on Sale 3 due its similarity to the subject relative to overall size and market area. We place lesser emphasis on Sale 1, given its location in the highly desirable northern New Jersey office market along the I-80 corridor, as well as Sale 2, which is much large in building area, and consists of multiple buildings. The appraiser will utilize a weighted average of the adjusted sale prices of all three sales to derive an opinion of value for the subject.

In our analysis, we arrive at an indicated value of \$15.58/SF using the weighted average. We multiply this by the size of the subject building by the concluded value per SF to arrive at a total value.

163,980 SF @ \$15.18/SF = \$2,554,508
rounded, \$2,550,000

The concluded value of the subject via the Sales Comparison Approach is \$2,550,000.

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45

INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach (Income Approach) is the procedure that converts anticipated economic benefits to be derived from ownership of the property into a present value. Specifically determined is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over period of time. In the case of income-producing properties, the higher the net earnings, the higher the value, all other factors remaining constant.

Capitalization is the process of converting income expectancy into present value. If a plausible relationship between income and value can be established, it is possible to determine value when only income is known. Two of the most common techniques associated with the Income Capitalization Approach are direct capitalization and the discounted cash flow (DCF) analysis.

Direct Capitalization

Direct capitalization is the method used to convert a single year's estimate of income into a value indication. In direct capitalization, a precise allocation between return on and return of capital is not made because investor assumptions or forecasts concerning the holding period, pattern of income, or changes in value of the original investment are not simulated in the method. Direct capitalization is most appropriate when analyzing a stable income stream. The following process is typically employed for this method:

Estimate the Potential Gross Income (PGI) from all sources that a competent owner should be able to generate from a property based on existing and/or market rents.

Deduct an estimate of Vacancy and Collection Loss (VCL) to arrive at an Effective Gross Income (EGI).

Deduct operating expenses from the estimate of EGI. The result is an estimate of the stabilized Net Operating Income (NOI).

Determine an Overall capitalization rate (R_o , or OAR).

Divide the NOI by R_o , resulting in a value at stabilized occupancy.

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46

Discounted Cash Flow Analysis

The discounted cash flow (DCF) analysis is a detailed analysis used when the future income is expected to fluctuate, usually as a result of numerous lease obligations and/or anticipated changes in income and expenses. It is also particularly relevant when institutional buyers are the most likely purchasers of the subject because institutional buyers often place great weight on this analysis. The DCF analysis specifies the quantity, variability, timing, and duration of the projected net operating income and cash flows. Selecting the proper yield rate (discount rate) is essential. The appraiser must consider the target yield sought by investors as well as yields derived from comparable sales and/or market information. The methodology is:

Estimate the before-tax cash flows for each period of a projected holding period net of any capital expenditures such as leasing expenses and tenant improvements.

Estimate a discount rate and a terminal overall capitalization rate.

Estimate a selling price, known as the reversion, for the end of the projected holding period.

The cash flows and the reversion are then discounted to a present value at the selected discount (yield) rate.

The development of a reliable projection of net income expectancy is a prerequisite to any capitalization technique. Although past income is significant, as is current income, the ultimate concern centers on future income expectancy. The earning history of a property is important only if can be used to predict future probable income levels. Equally important as an accurate income estimate is the necessity of careful expense analysis in order to arrive at an estimate of net operating income. While an accurate gross income estimate is important, net income expectancy is of prime concern to the typical investor in income-producing properties.

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47

Appropriate Capitalization Method

A number of factors were considered in evaluating the appropriateness of using the direct capitalization method and/or the DCF technique, including occupancy status, lease structure, above-market or below-market rent, typical buyer behavior, and the purpose and function of the appraisal report. Given the property type, it was determined that the direct capitalization method was most appropriate for our analysis and valuation.

COMPARABLE MARKET LEASES

Estimate of Market Rent - The State of the Office Market

The first step in the development of an estimate of net operating income is the determination of rent for the subject property. The subject property was a large, owner-occupied professional office building occupied by an insurance company. After the insurance company became insolvent, the building was leased to a number of smaller tenants. We have not been provided with any of these leases, nor has the latest lease to Smoker's Choice been made available. As we have no lease information, we must review office leases from the market to arrive at an appropriate market rent for the subject. And herein lies the problem.

The building is far larger than any office building in Sullivan County, and is larger than most office buildings in nearby Orange County. Given the lack of demand for this much office space in the local market, it would be a fools errand to try and predict a lease-up scenario with any accuracy. Also, the current configuration of the building does not lend itself to small, multi-tenant space, which is the primary market in this area. Based on the current configuration and the existing service systems, the building could probably be divided into two larger spaces with little difficulty. But the problem lies in the fact that tenants seeking office space of this size exist within a very small universe.

The primary competition for Class A office space like the subject is in Monticello. 60 Jefferson Street is the only "larger" modern office building in the area, and it is only 21,288 SF. It is advertised as Class A office space ideal for medical or suitable for most any office configuration. Space is ground level with adequate parking. As of this writing, two suites are offered; 1,753 SF and 4,324 SF, totaling 6,077 SF. Asking rent is \$18/SF.

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48

Apart from small offerings in mixed use or older, converted residences, modern Class A office space which would compete with the subject is virtually non-existent anywhere in the area. The primary competition for Class A office space is found in central Orange County, in the Middletown-Walkkill area.

Recent indications are that there is an over-supply of office space in the Walkkill area in Orange County, and this locale would be the primary competition for the subject building. The Orange County office market has been dominated by medical office space over the last few years, and this trend appears to be continuing. Elizabeth Mansfield of Mansfield Commercial Real Estate Provides an annual summary of industrial and office activity in Orange County. The most recent summary indicated that "Construction of build-to-suit medical facilities continues to be the primary development activity in the Orange County, NY office market, but the volume of new deliveries in 2017 was considerably lower than four of the last five years. Just one office building was under construction at year-end, and on the horizon, there appear to be no planned starts for another few years. Only two small office buildings, totaling 14,000 square feet, were constructed in Orange County in 2017, leaving the inventory of Class A office space unchanged at 4.7 million square feet. Both of these buildings were medical related".

"Approximately 170,000 square feet of office space was absorbed in 2017, of which approximately two-thirds was through leasing transactions. This level of total activity was about 10% lower than what is average for Orange County. Over 75% of space absorbed was in Class A buildings, with the average size lease transaction being 2,750 square feet".

"With minimal completions and few new construction starts in the immediate future, the Orange County office market will likely continue to be static for another few years".

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Based on this, and other data from area brokers, the demand for office space has fallen off somewhat in the last year, and there appears to be sufficient inventory in Orange County to satisfy existing, and near future demand. This does not bode well for the subject building, which is in an outlying area some distance north of Orange County, and outside the area where the primary demand for professional office space of this type is found.

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49

The Market Rent Conundrum

Given current market conditions in both the Sullivan and Orange County regions, where does this leave the subject office building?

We are forced to believe that any potential purchaser of the subject property would not try to subdivide the building into multiple, small tenant spaces. The cost would be prohibitive, and the absorption time too protracted to make economic sense. We think a lease of the entire building to an institutional or governmental user is the most likely option to succeed. Although the marketing time necessary to find a suitable tenant for the building could be extensive, we think that this is the only economically feasible option for an office building of this size in this location. We also think that a favorable lease with rental concessions in the earlier years of the lease might be necessary to entice a lessee.

As previously noted, a lack of meaningful data precludes a complete Income Approach analysis. But we have been fortunate to find a lease of a large block of office space in the old Horton Hospital in Middletown. We utilized the sale of this hospital campus in our Sales Comparison Approach, and will analyze the lease of 108,323 SF of office space on this campus. The situation of the sale of this campus was not dissimilar to that of the subject property, in that it remained vacant for some time before a large portion of the office space was leased.

The lessee is Touro College, which will renovate the space for medical use. The lease term is twenty years, beginning in March, 2012. Rental concessions are provided in the early years of the lease to provide the tenant for renovations or build-out. This is a triple net lease where the tenant is responsible for a pro-rata share of all operating expenses. The total rent over the 20 year term is \$10,947,119, which calculates to an average annual rent of \$547,356, or an effective base rent of \$5.05/SF.

We think that the lease is instructive for our office building, given the large amount of office space leased by a single tenant. We must also keep in mind that the location of this office space in central Orange County is far superior to that of the subject, and that the subject office building is 163,980 SF, or 50% larger than the Touro College office space. We think that the interior finish of the subject is far superior to that of the Touro College space, but in a Sullivan County location, we think that this is less important than the location.

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50

People seeking office space make decisions based on a comparison of hedonic factors; i.e., those factors which affect a lease or purchase decision. These include location, support services, building configuration, quality of construction, interior finish, etc. Any leasing decision is a compromise of these factors, with location typically the most important. We think the fact that the subject building is located about 25 miles north of the Wallkill/Middletown nexus, or about 25 minutes by vehicle on Route 17, is the most important factor affecting the subject property.

Based on our analysis of the Touro College lease, and after a review of the asking rents for other large office space in the region, we think that an average market rent of \$2.50/SF on a triple net basis is reasonable and appropriate for the subject property.

We can now calculate the potential gross income for the subject property using our concluded market rent of \$2.50/SF.

Potential Gross Income: \$2.50/SF X 163,980 SF = \$409,950

Vacancy and Collection Loss

Vacancy and collection loss is estimated at 10% based on industry standards for a property such as the subject, and observation of vacancies in the subject's immediate area. As previously noted, Elizabeth Mansfield (Mansfield Commercial Real Estate, "Annual Overview of the Orange County, NY, Commercial Real Estate Market at Year-End 2017") indicates a vacancy range of 10.8% for all office space, and 9.8% for Class A space.

Again, this pertains to the Orange County market which is much more active and stronger than the office market in the subject locale. Even with an institutional or governmental agency possibly leasing the building, we think a very conservative vacancy and collection loss factor is necessary. Governmental agency leases frequently have "kick-out" clauses which permit vacating a premises prior to the termination of the lease. Many of these clauses provide for relatively short notice on a long term lease. As such, although government agency leases are often considered less risky than that of a corporate tenants, we think that the risk remains relatively high.

Based on all relevant factors, we think a 25% vacancy and collection loss factor is reasonable and appropriate for the subject property. We think any prospective purchaser of the building would have

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51

to also consider the time it might take to re-lease all or a portion of the building if and when a tenant vacated their space, and would have to include a considerable vacancy and collection loss factor as prudent.

We calculate the effective gross income as follows:

Potential Gross Income =	\$409,950
Less 25% vacancy and collection loss =	<u>\$102,488</u>
Effective Gross Income =	\$307,463

EXPENSES

The assumption is that the entire building is leased on a triple net basis. We will include an expense for professional and legal services, management, and reserves. All these expenses will be negligible, given the fact that a single tenant will occupy the entire building. We allocation \$100/month, or \$1,200 annually for professional and legal services, and 3% and 5% of effective gross income for management and reserves, respectively.

We calculate net operating income by deducting these expenses from the effective gross income.

Effective Gross Income =	\$307,463
Less professional and legal services	\$ 1,200
Less management at 3% of EGI	\$ 9,224
Less reserves @ 5% of EGI	<u>\$ 15,373</u>
Net operating income	\$281,666

CAPITALIZATION

The term Capitalization denotes any process of converting income into an opinion of value. The Income Approach is therefore often called the Income Capitalization Approach. There are two income capitalization methods. They are direct capitalization and yield capitalization, also known as discounted cash flow analysis.

1) **Direct capitalization.** On page 91 of The Dictionary of Real Estate Appraisal, Appraisal Institute, Chicago, 2002, direct capitalization is defined as, "the method used to convert an opinion

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Michael J. Bernholz, CCIM, SRA, MAI

52

of a single year's income expectancy or an annual average of several years' income expectancies into an indication of value in one direct step, either by dividing the income opinion by an appropriate rate or by multiplying the income opinion by an appropriate factor."

Net operating income divided by the overall capitalization rate (OAR) yields an opinion of value, as expressed by the equation displayed below.

$$\text{VALUE} = \frac{\text{NET OPERATING INCOME}}{\text{CAPITALIZATION RATE}}$$

Alternatively, gross potential rental income (or effective gross income, or net operating income) can be multiplied by an appropriate factor to derive a lump-sum capital value, as in the following formula.

$$\text{VALUE} = \text{GROSS RENT} \times \text{GROSS RENT MULTIPLIER}$$

When adequate market data are available, the OAR can be extracted directly from recent comparable sales through a simple rearrangement of the first of the above formulas, i.e., by dividing a property's stabilized annual net operating income by its sale price. Gross rent multipliers are useful if the opinion of vacancy rates and expense ratios is not considered feasible, but again only if adequate market data are available.

Should the available data permit, direct extraction of an overall rate or a rent multiplier from the market is the preferable option. Alternatively, one of several other techniques can be employed. Because these techniques require market projections, the individual parameters utilized in building up a capitalization rate should be based to the greatest degree possible on actual market data. These alternative methodologies include the band of investment technique (mortgage and equity components), band of investment technique (land and building components), the debt coverage formula, yield capitalization techniques such as the general yield change formula, $R_o = \text{yield} - \text{change in income and value}$, and the Ellwood method (as revised by Akerson). The most commonly used alternative techniques, band of investment and the Ellwood method are described in detail below. The band of investment technique states that the overall capitalization rate must satisfy both the mortgage constant requirement of the lender and the equity dividend requirement of the investor.

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It is a composite rate, weighted in the same proportion as the total investment components in the property, i.e., debt and equity. The band of investment equation is written as follows:

$$\begin{aligned} R_o &= (M \times R_m) + [(1-M) \times R_e], \text{ where} \\ M &= \text{Loan-to-value ratio} \\ R_m &= \text{Mortgage constant, the capitalization rate for debt} \\ R_e &= \text{Equity dividend rate, used to capitalize equity income.} \end{aligned}$$

In the 1960's and 1970's, L.W. Ellwood devised a series of yield capitalization equations that allow the appraiser to solve for value using a mortgage-equity. The basic Ellwood equation was subsequently restated in a revised four-step format by Akerson in the early 1970's. The format introduced by Akerson appears below.

$$\begin{aligned} \text{Step 1} & \quad M \times R_m \\ \text{Step 2} & \quad + (1-M) \times Y_e \\ \text{Step 3} & \quad -(M \times P \times 1/S_n) \\ \text{Basic rate} & \quad = r \\ \text{Step 4} & \quad -(V \times 1/S_n) \\ \text{Overall rate} & \quad = R_o, \text{ where} \end{aligned}$$

M and R_m have the same meanings as before, and

$$\begin{aligned} Y_e &= \text{Equity yield rate} \\ P &= \text{Percentage of mortgage retired during holding period} \\ V &= \text{Change in property value during holding period} \\ 1/S_n &= \text{Sinking fund factor at the equity yield rate} \end{aligned}$$

The first two steps resemble the band of investment formula, but with one important exception. The factor Y_e is the equity yield rate as opposed to the equity dividend rate, R_e , that appears in the band of investment equation. Steps 3 and 4 account for the effect on the equity yield rate of future equity buildup and any change in property value during the holding period.

It should be noted that the band of investment technique and the Ellwood approach account for both return on capital and return of capital, although in different ways. In the band of investment technique, return on capital and return of capital are expressed in a single term, the equity dividend



Michael J. Bernholz, CCIM, SRA, MAI

54

rate. In the Ellwood (Akerson) formula, the equity yield rate represents the return on capital, whereas return of capital is accounted for by resale of the property at the end of the holding period.

2) Yield capitalization. Yield capitalization converts income into an opinion of value by projecting the cash flows a property is expected to generate over each year of an assumed investment holding period, including sale proceeds at the end of the holding period. Because dollars to be received in the future are worth less than current dollars, the successive cash flows are discounted at a selected rate to their present value. Hence the value opinion derived by yield capitalization can be expressed by the formula below.

V_0 = Net Present Value = (PW NOI + PW PR) @ Y_0 , where:

PW NOI = Present Worth of Net Operating Incomes from each year of the holding period;

PW PR = Present Worth of Property Reversion Value at the end of the holding period;

Y_0 = Overall Yield

The discount rate is not directly extractable from the market because it is a function of a property's expected performance over time. Hence it cannot be calculated unless for a particular property a particular buyer makes known his cash flow expectations. Although the suitability of a rate cannot be proven with market evidence, the rate selected should be consistent with available data. It should represent the rate of return necessary to attract investment capital and should incorporate compensation for such factors as giving up control of money, giving up liquidity, the extent of management expertise a particular investment requires and the degree of risk involved (e.g., principal loss or decline, income decline and income instability).

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55

VALUE OPINION BY DIRECT CAPITALIZATION USING THE BAND OF INVESTMENT TECHNIQUE

The appraiser will use the band of investment method to construct an overall base capitalization rate. The band of investment format appears below.

$$\begin{aligned} R_o &= (M \times R_m) + [(1-M) \times R_e], \text{ where} \\ M &= \text{Loan-to-value ratio} \\ R_m &= \text{Mortgage constant, the capitalization rate for debt} \\ R_e &= \text{Equity dividend rate, used to capitalize equity income.} \end{aligned}$$

From conversations with local lending institutions it was learned that a loan-to-value ratio of 70%, an amortization period of 20 years and an interest rate of 5% were typical terms for loans being made on commercial properties like the subject that were at stabilized occupancy.

We are dealing with a large vacant professional building in an exurban location. We think any lender would demand an interest rate which reflected the risk associated with a property of this type. We think an interest rate of 7% is more appropriate, with an additional 200 basis points on the interest rate compensating for the additional risk.

Regarding the equity dividend rate, real estate investment returns do not correlate well with those from tax-free municipal bonds, ultra-safe U.S. Treasury bonds, or even corporate bonds, many of which carry minimal risk. It is widely accepted that a closer analogy to real estate investment risk is to be found in BBB-type debt investments. The rate of return on BBB bonds as of December 26, 2017, was 3.63%. Normally to this rate we add a penalty for real estate's substantially poorer liquidity of 2%, and an additional 2% for the management of real estate. This results in an equity dividend rate of 7.63%.

We doubt that any prudent real estate investor would settle for a 7.63% return given the risk associated with an empty 163,980 SF professional office building in an exurban location. We think that an equity return position of at least 15% is reasonable and appropriate for the subject property.

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56

Therefore:

$$\begin{aligned} M &= .70 \\ R_m &= .093036 \\ R_e &= .15 \\ R_o &= (M \times R_m) + [(1-M) \times R_e] \\ &= (.70 \times .093036) + [(1-.70) \times .15] \\ &= .065125 + (.30 \times .15) \\ &= .065125 + .045 \\ &= .110125 \\ &= 11\% \text{ (rounded)} \end{aligned}$$

Accordingly, the overall rate selected is 11%.

Conclusion of Value - Band of Investment Technique

Value is determined by dividing the subject's stabilized annual net operating income by the composite capitalization rate. The Direct Capitalization analysis is displayed below.

VALUE	=	NET OPERATING INCOME ----- CAPITALIZATION RATE
VALUE	=	\$281,666 ----- .11
VALUE	=	\$2,560,600
ROUNDED		\$2,560,000

Therefore, as of December 26, 2017, it is the appraiser's opinion that the market value of the fee simple interest in the subject property, in as-is condition, via the Income Capitalization Approach was \$2,560,000.

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57

RECONCILIATION AND FINAL VALUE CONCLUSION

At this point, the appraiser has completed gathering, verifying, qualifying, and analyzing with all due diligence the relevant market data. Upon reviewing this entire report, the appraiser is confident that the databases researched and developed are accurate, documentable reflections of current market conditions.

Conclusion of Market Value:

Sales Comparison Approach:	\$2,550,000
Income Capitalization Approach:	\$2,560,000
Appraised Value:	\$2,550,000

In this appraisal, the Sales Comparison Approach and the Income Capitalization Approach to value were utilized. In the Sales Comparison Approach, value was determined by comparing sales obtained from the regional marketplace to the subject property. All relevant elements of comparison were adjusted appropriately to arrive at an opinion of value for the subject by the Sales Comparison Approach. In the Income Capitalization Approach, the appraiser ascertained through market analysis the property's capacity to produce income and used market income and expenses to derive a stabilized Net Operating Income, which was then converted in an expression of market value utilizing Direct Capitalization.

The appraiser gave most emphasis to the Sales Comparison Approach because of the sale of two large properties in the immediate region which might offer an alternative to a potential buyer of the subject property. The Income Approach is used predominantly as a test of reason because we only have one lease of a large, vacant, office building in a nearby market. Yet the lease provides strong support for a potential market rent for the subject in its as-is condition, and yields a market value which corroborates our Sales Comparison Approach value.

Final Value Conclusion

Thus, after applying all due diligence in gathering, qualifying, and analyzing the available market data, in my opinion, the market value of the fee simple interest in the subject property, in as-is condition, and subject to the basic assumptions and limiting conditions recited in this report, as of December 26, 2017, was \$2,550,000.

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58

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

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

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59

10. It is assumed that the use of the land is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser however, is not qualified to detect such substances. The presence of such substances as asbestos, mold, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The opinion of value is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
12. The Americans with Disabilities Act (ADA) became effective March 11, 1992. I have not made any specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of ADA requirements. If so, this fact could have an effect on the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of the ADA in developing an opinion of value for the subject property.

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60

This appraisal report has been made with the following general limiting conditions:

1. Possession of this report, or copies thereof, does not carry with it the right of publication.
2. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the properties in question unless arrangements have been previously made.
3. 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 the prior written consent and approval of the appraiser.
4. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Since the appraiser is not a surveyor, he makes no guarantees, express or implied, regarding this determination.
5. Hudson Valley Appraisal Corporation, its appraisers or employees (referred to collectively as HVAC) shall not be liable for any incidental or consequential damages or losses relating to the appraisal report unless such losses or damages solely and directly result from gross negligence in the preparation of this appraisal report. In any event, the collective liability of HVAC shall not exceed the fee paid for the preparation of the appraisal report to the client and/or intended user(s) only.

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61

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, 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.
- 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 include the Uniform Standards of Professional Appraisal Practice(USPAP).
- No one provided significant real property appraisal assistance to the persons signing this certification.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

HUDSON VALLEY APPRAISAL
CORPORATION



Michael J. Bernholz, CCIM, SRA, MAI

62

- I, Michael J. Bernholz, did not personally inspect the property that is the subject of this report, however, I am familiar with the market area.
- I, Harvey D. Cohen, personally inspected the property that is the subject of this report.
- Harvey D. Cohen and Michael J. Bernholz have performed no prior services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

No part of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which he may be connected) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without prior written consent and approval of the author.

The analysis, opinions and conclusions of this report will not be disclosed to anyone other than the client and those persons specifically authorized by the client to receive such information; third parties, when and to the extent that the appraiser is legally required to do so by statute, ordinance, or order of the court; and the duly authorized committees of the Appraisal Institute.

Our original reports are embossed with a Hudson Valley Appraisal Corporation seal over the signature on the Certification.

As of the date of this report, Michael J. Bernholz, SRA, CCIM, MAI, and Harvey D. Cohen, MAI, have completed the requirements of the continuing education program for designated members of the Appraisal Institute.

To the best of my knowledge and belief I have sufficient relevant appraisal knowledge and experience to complete this assignment competently. I (Michael J. Bernholz, SRA, CCIM, MAI) have appraised over 3400 commercial properties in New York, New Jersey, and Connecticut, and have been appraising all classes of commercial and residential real estate for the past 35 years.

In my opinion, the market value of the fee simple interest in the subject property, in its "as-is" condition, as of December 26, 2017, was: \$2,550,000.

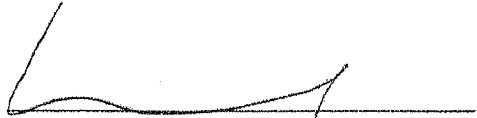
HUDSON VALLEY APPRAISAL
CORPORATION



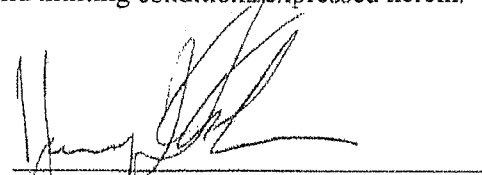
Michael J. Bernholz, CCIM, SRA, MAI

63

This conclusion is based upon my independent appraisal and the exercise of my professional judgment and are subject to the basic assumptions and limiting conditions expressed herein.



Michael J. Bernholz, SRA, CCIM, MAI
Certified General Real Estate Appraiser
New York State License #46000005221
Expires 01/13/20



Harvey D. Cohen, MAI
Certified General Real Estate Appraiser
New York State License #46000004300
Expires 11/18/19

HUDSON VALLEY APPRAISAL
CORPORATION



Michael J. Bernholz, CCIM, SRA, MAI

64

**QUALIFICATIONS OF
MICHAEL J. BERNHOLZ, SRA, CCIM, MAI**

NYS CERTIFIED R.E. GENERAL APPRAISER

#4600005221

NJS CERTIFIED R.E. GENERAL APPRAISER

#42RG00084900

FHA APPROVED APPRAISER

Formal Education

Bachelor of Science Degree - Brockport University, Rochester, NY.

Major in Business Administration

Minor in Real Estate Economics and Mathematics

Designations

SRA designated member of the Appraisal Institute

CCIM designated member of the Commercial Investment Real Estate Institute

MAI designated member of the Appraisal Institute

Memberships and Professional Affiliations

Member, NYS Society of Real Estate Appraisers

Member, National Association of Realtors

Member, NYS Association of Realtors

President, Hudson Valley Appraisal Corporation

Real Estate-Related Experience

Town of Olive Assessor - 1982

Treasurer, Ulster County Board of Realtors - 1984-1987

Board of Directors, Ulster County Board of Realtors, 1984-1987

Vice President, Ulster County Multiple Listing, 1989

Broker-Owner, Prudential Hudson Valley Properties -

completed over 2000 transactions - million dollar seller 1977-1987

Appraiser - full time, self-employed - 1977 - Present

President- Hudson Valley Appraisal Corporation - 1983 - Present

**HUDSON VALLEY APPRAISAL
CORPORATION**



Michael J. Bernholz, CCIM, SRA, MAI

65

Society of Real Estate Appraisers Courses

- 101 - An Introduction to Appraising Real Property
- 102 - Applied Residential Property Valuation
- Demonstration Lock-In
- Awarded an Educational Scholarship

Appraisal Institute Courses

- 201 - Principles of Income Property Appraising
- 202 - Applied Income Property Valuation
- I410 - Standards of Professional Practice, Part A., 4/19/96-4/20/96
- 0274 - 110 Standards of Professional Practice, Part B, 10/3/97 - 10/4/97
- II430 - Standards of Professional Practice, Part C, 9/21/01
- 2185-07 Appraisal of Local Retail Properties, 11/8/01
- 2814-07 Dynamics of Office Building Valuation, 11/9/01

CCIM Courses through the Realtors National Marketing Institute

- CCIM Course 101, Fundamentals of Real Estate Investment and Taxation
- CCIM Course 102, Fundamentals of Creating a Real Estate Investment
- CCIM Course 103, Real Estate Taxation and Marketing Tools For Investment Real Estate
- CCIM Course 104, Impact of Human Behavior on Commercial Investment Decision Making
- CCIM Course 105, Case Studies in Commercial Real Estate
- GRI 1 & 3 through the National Association of Realtors

Continuing Education

- How to fill out F.H.L.M.C. form 70/FNMA form 40
- How to fill out revised FNMA form 1004
- Employees Relocation Council, September 1988
- Marshal Swift Valuation Service Segregated Method, October 1988
- Seminar on Professional Practice, Society of Real Estate Appraisers, 1989
- Seminar on Uniform Industrial & Commercial Appraisal Reports
- Seminar on "Boundary Law In New York", National Business Institute, Inc.
- Seminar on Assessment and Easements, 1993
- The New Uniform Residential Appraisal Report, 1993
- Appraisal Reporting of Complex Residential Properties, 1994
- Understanding Limited Appraisals-General, 1994

**HUDSON VALLEY APPRAISAL
CORPORATION**



Michael J. Bernholz, CCIM, SRA, MAI

66

Planning and Zoning Law Seminar, 1995
The Appraiser and Expert Testimony, 1995
Seminar on Appraising Conservation and Preservation Easements, 1995
The Appraiser's Complete Review, 1996
Special-Purpose Properties: The Challenges of Real Estate Appraising in Limited Markets, 10/96
Contemporary Valuation Issues as They Relate To Ad Valorem Taxation, 1997
Eminent Domain for Attorneys & Appraisers: National Highway Institute, 1998
1999 Proposed USPAP Changes: Mid Hudson Chapter, 1999
Litigation Appraising - Current Issues in Tax Certiorari, 1999
Litigation Case Studies, 5/12/99
Attacking & Defending an Appraisal In Litigation, 1999
Case Studies in Commercial Highest & Best Use, 6/9/2000
Subdivision Analysis Seminar, 6/15/2001
8th Annual Spring Appraisal Conference, 4/19/2002
Scope of Work: Expanding Your Range of Services, 9/16/03
USPAP Update, 10/8/03
Small, Mixed-Use Properties, 11/21/03
Mathematically Modeling Real Estate Data, 3/15/04
Uniform Standards for Federal Land Acquisitions, 7/7/04
Appraising for FHA 2005, 12/21/04
Conservation Easements Valuation & Case Studies, 4/25-27/06
USPAP Update Course, 9/21/06
Appraisal of Local Retail Properties, 5/17/07
FHA Appraising and the Lending Process, #3178-07, 5/19/08
USPAP Update Course, 12/17/08
Green Construction #2985, 3/26/09
Business Practices and Ethics #2586-08, 9/27/09
Quality Assurance in Residential Appraisals #2968-07, 10/29/09
Environmental Issues in Home Ownership #3695-03, 03/24/11
2010-2011 National USPAP Update Course, #2365-07, 4/28/11
An Appraisal Guide to Understanding the UAD, #3734, 6/20/11
The Appraiser as an Expert Witness: A Case Study and Mock Trial, #3769-05, 10/19/11
Online Professional's Guide to the Fannie Mae 2-4 Unit Form 1025, 11/29/2011
The Art of Defensive Appraising, #3894, 8/27/12
Marketing and Appraising REO's in Today's Environment, #3541, 9/21/12

HUDSON VALLEY APPRAISAL
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Michael J. Bernholz, CCIM, SRA, MAI

67

Home Inspection: Defect Recognition and Interpretation, #0578, 02/19/2013
USPAP Update Course, #2365-07, 05/21/2013
Recent Changes to FHA, Fannie Mae and FIRREA: A 2013 Update, #4059, 06/06/2013
USPAP Update Course, 03/19/14
Analyzing Tenant Credit Risk and Commercial Lease Analysis: #4251-07, 9/4/14
Supervisory Appraiser/Trainee Appraiser Course: #Q-0332, 12/15/14
Condominiums and Town Houses: Delineating the Difference: #3022, 5/5/2015
Do Legal Documents Have an Impact on Market Value: #3166, 6/4/15
The New FHA Manual and Its Impact on the Real Estate Transaction: #4417, 12/8/15
2016-2017 7-Hour National USPAP Update Course, 4/5/16
Luxury Homes: Establishing Market Value: #2292, 11/16/2016
Appraisal of Self-Storage Facilities: #4204-07, 11/7/2017
The FHA Handbook 4000.1: #4350-07, 12/13/2017

Government/State/Federal Agency/Municipalities Clients

N.Y.S. Department of Transportation
NYC Department of Environmental Protection (one of six companies selected statewide to appraise for the DEP's Land Acquisition Program in the watershed areas serving New York City)
NYS Department of Conservation
Watershed Agricultural Council
NYS Job Development Authority
NYS Dormitory Authority
NYS Thruway Authority and Canal Corporation
NYS Attorney General's Office
NYS Office of General Services
NYSUT
NYS Office of Mental Retardation
NY Rising
Governor's Office of Storm Recovery
The Housing Trust Fund Corporation
HUD
Farmers Home Administration
F.D.I.C.
U.S. Marshall
Town of Esopus

**HUDSON VALLEY APPRAISAL
CORPORATION**



Michael J. Bernholz, CCIM, SRA, MAI

68

Town of Ulster
City of Kingston
Town of Rosendale
Town of Ossining
Town of Plattekill
Town of Prattsville
Town of Shandaken
County of Orange
County of Columbia
Town of Cortlandt
Town of Poughkeepsie
Town of Fishkill

Review Appraiser

Reviewer of commercial, narrative reports for numerous lending institutions.

Court Testimony

Testified as Real Estate expert in Supreme Court on numerous occasions.

Types of Property Appraised

Single-family, Multi-family, Coop, Big Box Stores, Apartment Complexes, Condominium Projects, Subdivision Analyses, Industrial Properties, Airports, Manufacturing Facilities, Schools, Medical Office Buildings, Mixed-Use, Motels, Restaurants, Hotels, Resorts, Golf Courses, Mobile Home Parks, Bowling Alleys, Vacant Land, Farms, Marinas and Regional Malls, et al. Also experienced in appraisals of Avigation Easements, Permanent and Temporary Easements, Conservation and Agricultural Easements. Also complete commercial construction loan inspections for disbursements of funds.

Community Service

- Member, Ulster County Industrial Development Agency.
- Ulster County Development Corp - Board Member - committee in charge with the sale of Golden Hill.
- Ulster County Habitat for Humanity - Board Member - 3 yrs.
- Held various board positions with the Ulster County Board of Realtors and Ulster County MLS.

HUDSON VALLEY APPRAISAL
CORPORATION



Michael J. Bernholz, CCIM, SRA, MAI

69

**QUALIFICATIONS OF
HARVEY D. COHEN, MAI
NYS CERTIFIED GENERAL RE APPRAISER
#46000004300**

Professional Affiliations

Appraisal Institute - MAI Designation
New York State Certified Real Estate General Appraiser

Experience

2008 - Present	Appraiser, Hudson Valley Appraisal Corporation, Port Ewen, NY
1989 - 2008	Senior Appraiser, American Property Counselors
1986 - 1989	Lakewood Appraisal Corporation, a subsidiary of Progressive Bank Corporation (NASDAQ) Manager, Commercial Division, 1988 - 1989 Staff Appraiser, 1986 - 1987
1985 - 1986	Vantage Funding Company, Mortgage Loan Officer
1984 - 1985	Key Associates Realtors, Inc., Real Estate Salesman

Professional Training

Appraisal Institute (American Institute of Real Estate Appraisers)

- Report Writing and Valuation Analysis
- Case Studies in Real Estate Valuation
- Capitalization Theory and Techniques
- Real Estate Risk Analysis
- Money Markets and Real Estate
- Standards of Professional Practice
- Mortgage Equity Analysis
- Analyzing Commercial Lease Clauses
- Litigation Skills for the Appraiser
- Rates and Ratios

**HUDSON VALLEY APPRAISAL
CORPORATION**



Michael J. Bernholz, CCIM, SRA, MAI

70

Appraisal Consulting: A Solutions Approach for Professionals
Scope of Work: Expanding Your Range of Services
Case Studies in Commercial Highest and Best Use
Real Estate Fraud: The Appraiser's Responsibilities and Liabilities
Sales Comparison Valuation of Small, Mixed-Use Properties
Eminent Domain and Condemnation
Analyzing Distressed Real Estate
Office Building Valuation: A Contemporary Perspective
Business Practices and Ethics
National USPAP Update
Appraisal of Local Retail Properties
Partial Interest Valuation - Divided
Quality Assurance in Residential Appraisals

Society of Real Estate Appraisers

Introduction to Appraising Real Property
Applied Residential Property Valuation
Professional Practice Seminars

CCIM Institute

Introduction to Commercial Investment Real Estate

I have successfully completed courses and seminars concerning shopping center development and leasing, computer-assisted valuation techniques, real estate law and brokerage.

I have written and conducted seminars sponsored by the Northeast Regional Association of Assessing Officers and the New York State Association of Assessing Officers.

My article on the valuation of water rights appeared in the "Appraisal Journal" of July 1996.

Educational Background

B.A., New York University, Washington Square College, 1969

M.A., Columbia University, 1972

HUDSON VALLEY APPRAISAL
CORPORATION



Michael J. Bernholz, CCIM, SRA, MAI

ADDENDUM

HUDSON VALLEY APPRAISAL
CORPORATION

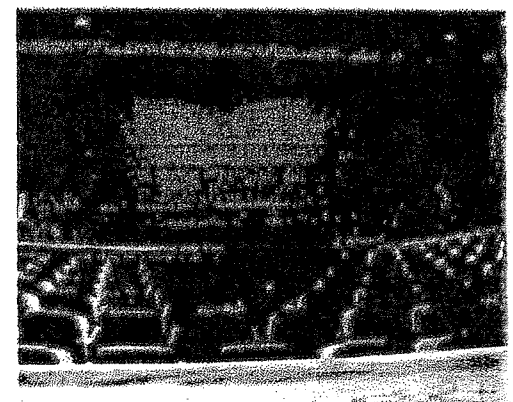
195 LAKE LOUISE MARIE RD
ROCK HILL
SULLIVAN COUNTY, NY

CAMPUS SITE FOR LEASE
163,000 SQ. FT.



Pyramid Brokerage
Company
INDEPENDENTLY OWNED AND OPERATED

CLASS "A" OFFICE SPACE



PROPERTY HIGHLIGHTS | AMENITIES INCLUDE

- Auditorium
- Multiple Conference Rooms Heavy Telecom Infrastructure Full-Service Cafeteria
- Fitness Center
- On-Site Day Care
- 40 KVA UPS Power Data Center
- CAT5 Wiring
- Time Warner T3 Fiber Internet
- Generator Back-Up
- 1500 KW Generator
- Security Cameras
- Fire Monitoring & Suppression Systems
- Fixtures and Furniture Included
- FOR LEASE: \$21 PSF Gross

For more information, please contact:

STEPHEN J. PERFIT, CCIM, SIOR
Senior Executive Director
Associate Real Estate Broker
(845) 787-1376
sperfit@pyramidbrokerage.com

BRIAN J. COLEMAN
Associate Real Estate Broker
(845) 787-1383
bcoleman@pyramidbrokerage.com

PYRAMID BROKERAGE COMPANY
356 Meadow Avenue
2nd Floor
Newburgh, NY 12550
(845) 522-5900 • Fax: (845) 522-5970
pyramidbrokerage.com

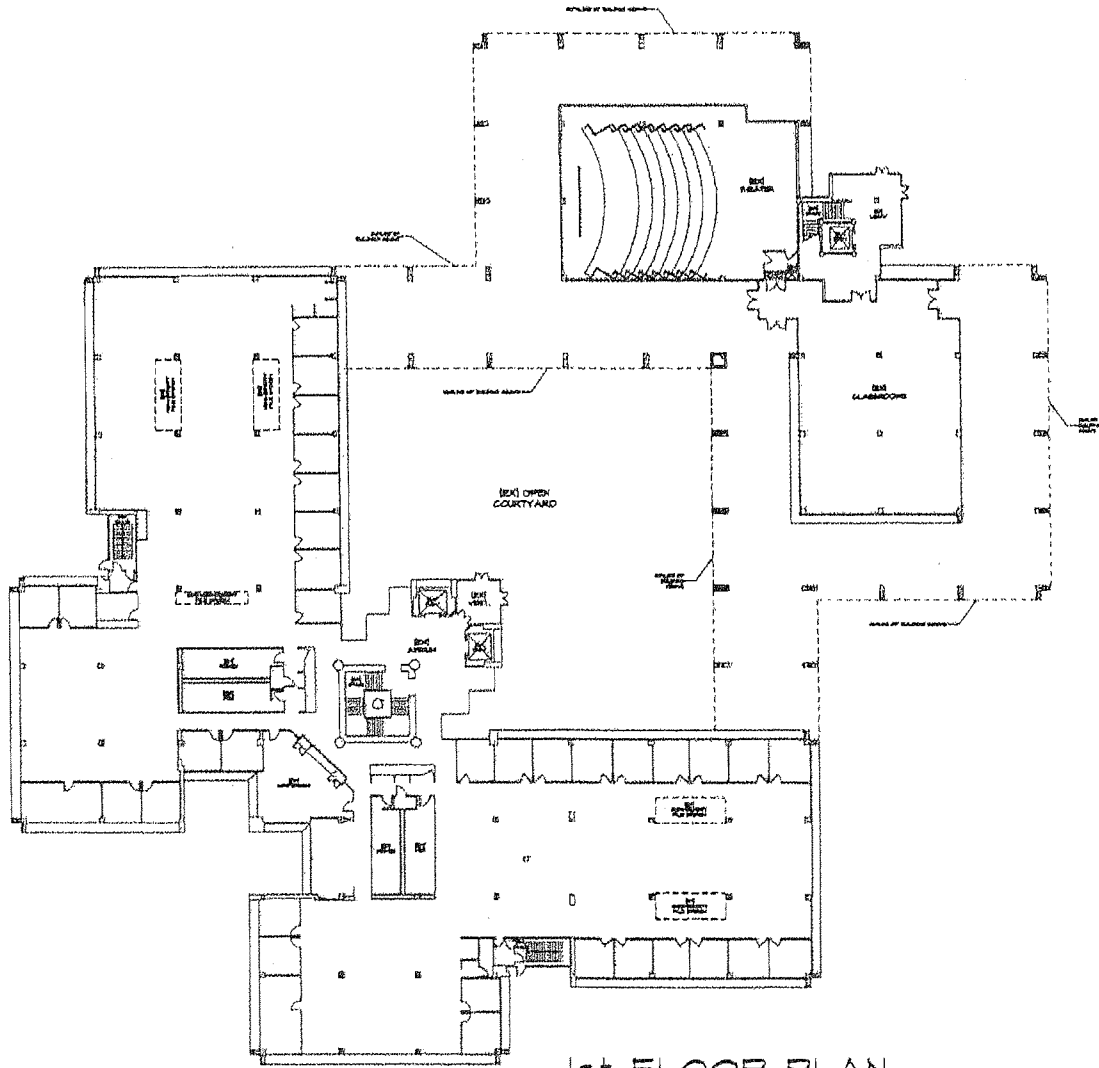
No warranty or representation, express or implied, is made as to the accuracy of the information contained herein, and same is submitted subject to errors omissions, change of price, rental or other conditions, withdrawal without notice and to any specific listing conditions, imposed by our principals.

195 LAKE LOUISE MARIE RD

Campus Site for Lease

163,000 SQ. FT.
CAMPUS
AVAILABLE

1ST FLOOR



1st FLOOR PLAN

For more information, please contact:

STEPHEN J. PERFIT, CCIM, SIOR
Senior Executive Director
Associate Real Estate Broker
(845) 787-1370
sperfit@pyramidbrokerage.com

BRIAN J. COLEMAN
Associate Real Estate Broker
(845) 787-1383
bcoleman@pyramidbrokerage.com

PYRAMID BROKERAGE COMPANY
356 Meadow Avenue
2nd Floor
Newburgh, NY 12550
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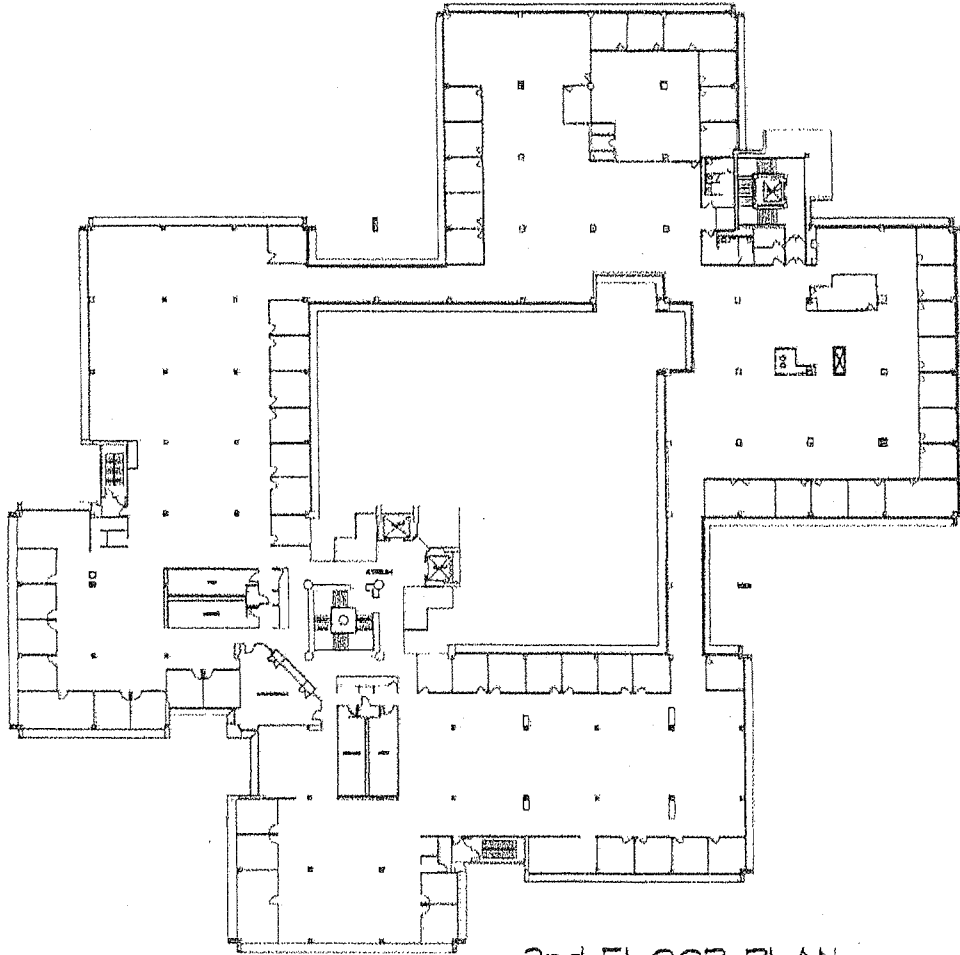
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195 LAKE LOUISE MARIE RD

Campus Site for Lease

163,000 SQ FT
CAMPUS
AVAILABLE

2ND FLOOR



2nd FLOOR PLAN

For more information, please contact:

STEPHEN J. PERFIT, CCIM, SIOR
Senior Executive Director
Associate Real Estate Broker
(845) 787-1370
sperfit@pyramidbrokerage.com

BRIAN J. COLEMAN
Associate Real Estate Broker
(845) 787-1383
bcoleman@pyramidbrokerage.com

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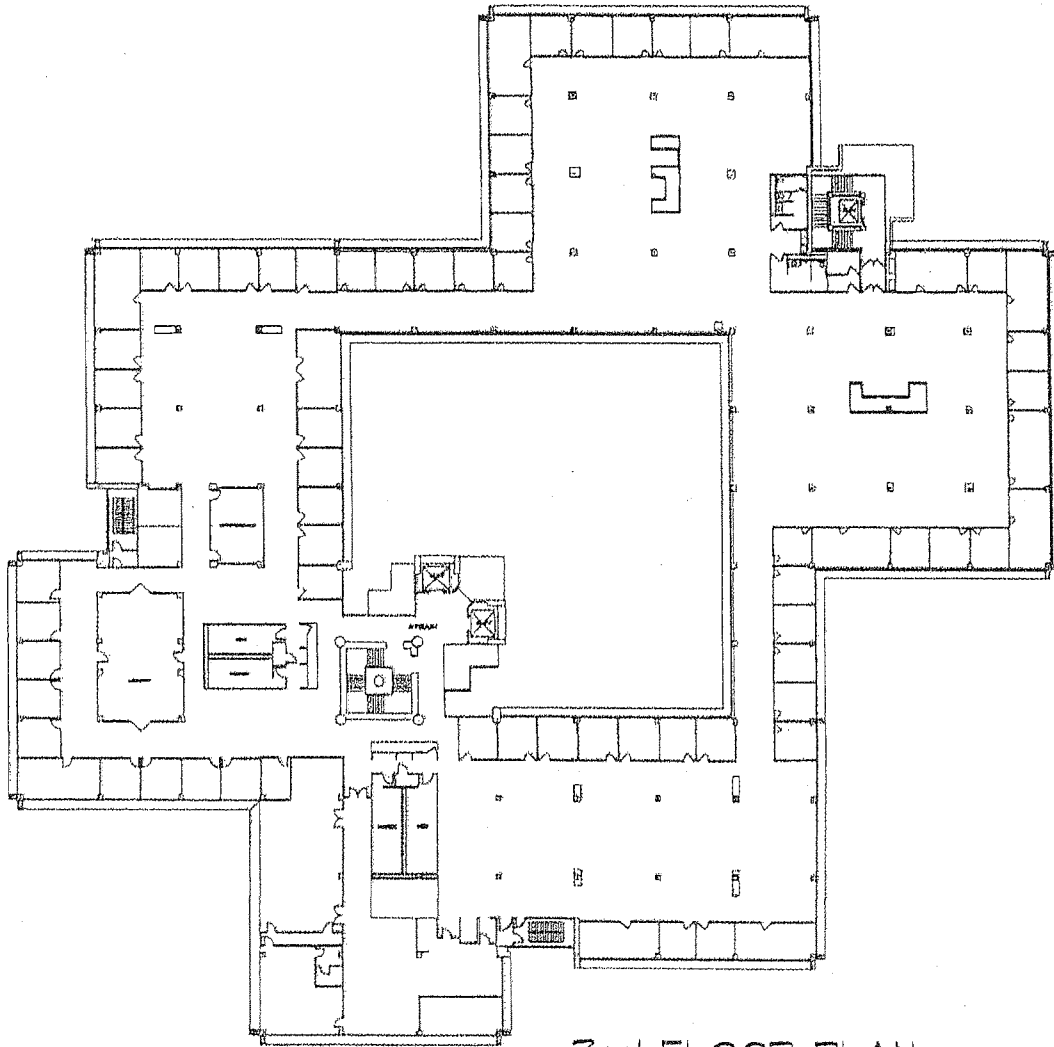
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195 LAKE LOUISE MARIE RD

Campus Site for Lease

163,000 SQ. FT.
CAMPUS
AVAILABLE

3RD FLOOR



3rd FLOOR PLAN

For more information, please contact

STEPHEN J. PERFIT, CCIM, SIOR
Senior Executive Director
Associate Real Estate Broker
(845) 787-1370
sperfit@pyramidbrokerage.com

BRIAN J. COLEMAN
Associate Real Estate Broker
(845) 787-1383
bcoleman@pyramidbrokerage.com

PYRAMID BROKERAGE COMPANY
356 Meadow Avenue
2nd Floor
Newburgh, NY 12550
(845) 522-5900 • Fax: (845) 522-5970
pyramidbrokerage.com

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2 0 1 7 T E N T A T I V E A S S E S S M E N T R O L L
 T A X A B L E SECTION OF THE ROLL - 1

TAX MAP NUMBER SEQUENCE
 UNIFORM PERCENT OF VALUE IS 088.00
 UNIFORM PERCENT OF VALUE IS 088.00

TAX MAP PARCEL NUMBER	PROPERTY LOCATION & CLASS	ASSESSMENT	EXEMPTION CODE	COUNTY	TOWN	SCHOOL
CURRENT OWNERS NAME	SCHOOL DISTRICT	LAND	TAX DESCRIPTION	TAXABLE VALUE		ACCOUNT NO.
CURRENT OWNERS ADDRESS	PARCEL SIZE/GRID COORD	TOTAL	SPECIAL DISTRICTS			
52.-1-1.3 County of Sullivan IDA Frontier Ins Co in liquidation c/o NY Liquidation Bureau 110 William St New York, NY 10038	195 Lake Louise Marie Rd 464 Office bldg. Monticello 484601 ACRES 30.90 EAST-0431567 NRTH-0589781 DEED BOOK 1649 PG-612 FULL MARKET VALUE	1405,600 5504,000 6254,500	COUNTY TAXABLE VALUE TOWN TAXABLE VALUE SCHOOL TAXABLE VALUE AMB80 Rock hill ambulance FD108 Rock hill fire LD003 E b Crawford mem lib SD077 E.g./1k l.m. sewer 1880.00 UN C WD045 E.g./1k l.m. water 1880.00 UN C	5304,000 5304,000 5304,000 5504,000 TO 5504,000 TO 5504,000 TO 1880.00 SU M 1880.00 SU M	52.-1-1.3	
52.-1-2 Emerald Green Lake Louise Marie Water Co. Inc. 1339 Old Sackett Rd Rock Hill, NY 12775	239 Lake Louise Marie Rd 210 1 Family Res Monticello 484601 ACRES 2.18 EAST-0432319 NRTH-0589071 DEED BOOK 2016 PG-2148 FULL MARKET VALUE	29,500 137,400 156,100	COUNTY TAXABLE VALUE TOWN TAXABLE VALUE SCHOOL TAXABLE VALUE AMB80 Rock hill ambulance FD108 Rock hill fire LD003 E b Crawford mem lib SD077 E.g./1k l.m. sewer 10.00 UN C WD045 E.g./1k l.m. water 10.00 UN C	137,400 137,400 137,400 137,400 TO 137,400 TO 137,400 TO 10.00 SU M .00 SU M	52.-1-2	
52.-1-3 JMG Associates LLC PO Box 817 Rock Hill, NY 12775	227 Lake Louise Marie Rd 421 Restaurant Monticello 484601 ACRES 1.59 EAST-0432086 NRTH-0589071 DEED BOOK 2281 PG-498 FULL MARKET VALUE	26,200 325,000 369,300	COUNTY TAXABLE VALUE TOWN TAXABLE VALUE SCHOOL TAXABLE VALUE AMB80 Rock hill ambulance FD108 Rock hill fire LD003 E b Crawford mem lib SD077 E.g./1k l.m. sewer 20.00 UN C WD045 E.g./1k l.m. water 20.00 UN C	325,000 325,000 325,000 325,000 TO 325,000 TO 325,000 TO 20.00 SU M 20.00 SU M	52.-1-3	

TOWN OF THOMPSON

DOREEN HUEBNER, TAX RECEIVER
 PO BOX 240, 4052 Rte 42, Monticello, NY 12701
 845-794-2500 ext:320 / FAX: 845-794-8600
 HOURS: 9AM-4PM, LUNCH 1-2

Property Address: 195 Lake Louise Marie Rd
Owner: County of Sullivan IDA
 Frontier Ins Co in Liquidation
 c/o NY Liquidation Bureau
 110 William St
 New York NY 10038

Account #:
Bill #: 7278
Tax Map #:
 52.-1-1.3

SWIS Code: 484689
School Code: 484601
School District:

Land Assessment:
 \$1,405,600.00
Total Assessment:
 \$5,504,000.00
Tax Before Star: \$93,528.61
Star Savings: \$0.00

Front: 0
Depth: 0
Acreage: 30.9
Bank:

Book #: 1649
Page #: 612
Roll Section: 1
Class: 464

Exemptions: There are currently no exemptions applied to this property.

Levy Description	Tax Value	Tax Rate	Tax Amount
Medicaid	5504000.00	3.287916	\$18,096.69
NYS Welfare Mandates	5504000.00	1.281532	\$7,053.55
Other NYS Mandates	5504000.00	2.775075	\$15,274.01
County Levy	5504000.00	1.966692	\$10,824.67
Town to Highway	5504000.00	2.866192	\$15,775.52
Highway Outside VIII	5504000.00	2.228509	\$12,265.71
Gen Fund out of VIII	5504000.00	0.001271	\$7.00
Rock hill ambulance	5504000.00	0.222128	\$1,222.59
Rock hill fire	5504000.00	1.697741	\$9,344.37
E b crawford mem lib	5504000.00	0.611283	\$3,364.50
Solid Waste Fee	300.00	1	\$300.00

Total Tax: \$93,528.61

Payment History

(Payments made to the county directly may not be reflected on this site.)

Date	Comments	Amount	Paid By
12/27/2017	Tax Bill	\$93,528.61	

Tax Due: \$93,528.61 *

* Does not include penalties or fees, if any.

Penalty Schedule

This table shows the penalties that will be due for late payments on this property.

Pay By	Penalty	Fee	Total Due

1/25/2018

Parcel Information

01/31/2018	\$0.00	\$0.00	\$93,528.61 **
02/28/2018	\$935.29	\$0.00	\$94,463.90 **
03/31/2018	\$1,870.57	\$2.00	\$95,401.18 **

** Does not include returned check fees, if any.



Monticello Central School District
Sullivan County

PAY TO: Monticello Central School Dist, Post Office Box 4250, Buffalo, NY 14240-4250 845-794-1515

Property and summary tax balance information for the selected parcel is shown to the right. Exemptions are displayed as well if they exist for the property.

You can view or hide tax bill detail and any payments by clicking the bar near the bottom of the page.

If the property appears in other tax years, you can quickly view the tax history for the property. Just select a tax year from the drop-down list at the top of the page.

To request a signed Tax Certification, click the "Request Signed Certificate" button at the bottom of the page.

[Re-enter search conditions](#)

For Tax Year: [2017 School Tax (2017-2018) ▼] Last Updated: 11/13/17 10:40 am

Owner:	Tax Map #	52.-1-1.3
County of Sullivan IDA	Tax Bill #	017636
Frontier Ins Co in Liquidation	Bank Code:	
c/o NY Liquidation Bureau	School Code:	484601
110 William St	Property Class:	464
New York, NY 10038	Tax Roll:	1
Location: 195 Lake Louise Marie Rd	Acreage:	30.9
SWIS: 484689 Thompson	Frontage:	
	Depth:	
	Liber:	1649
	Page:	612
	Full Value:	8,264,500
	Assessment:	5,504,000
	STAR Savings:	0.00
	Tax Amount:	115,197.88
	Tax Paid:	115,197.88
	Balance:	0.00

Show Bill and Payment Details

Tax Balance does not include any accrued Late Fees
Payments shown may not include
payments made directly to the County

[Payment Schedule](#) | [Tax Certification](#) | [Request Certification](#)

THOMPSON CODE

Town of Thompson

Schedule of District Regulations
HC-1 Highway Commercial-I District
(cont'd)

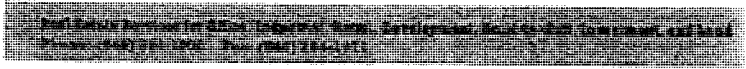
Accessory Uses	Permitted Uses	Uses Subject to Site Plan Review and Special Use Permit	Uses Subject to Site Plan Review by Planning Board	Minimum Required					Maximum Permitted				
				Lot Area	Lot Width (feet)	Lot Depth (feet)	Front Yard (feet)	Rear Yard (feet)	One Side Yard (feet)	Both Side Yards (feet)	Habitable Floor Area (square feet)	Density per Acre	Percentage of Lot Coverage
<p>Notwithstanding business signs related to a use on the same lot, provided that:</p> <p>The number of square feet of the gross surface area of all signs on a lot shall not exceed the number of linear feet of lot frontage. Each side of a building that abuts more than 1 street shall be considered a separate frontage.</p> <p>No sign shall project more than 18 inches from a wall to which it is affixed.</p> <p>Billboard signs in accordance with § 250-37D</p>	<p>Signs advertising a product or activity not conducted on the premises, provided that:</p> <p>The sign does not exceed 40 feet in length or 20 feet in height.</p> <p>Not more than 1 such sign shall be permitted per 1,000 feet of road frontage.</p> <p>No sign shall be within 25 feet of the right-of-way of a public street or within 200 feet of an intersection of a public street.</p>	<p>Mobile home pads in accordance with § 250-25</p> <p>Motor vehicle service stations and public garages in accordance with § 250-37</p> <p>Summer camps and playgrounds, in accordance with §§ 250-31 and 250-34</p> <p>Commercial recreational facilities, except drive-in theaters</p>	<p>Theaters</p> <p>Eating and drinking establishment</p> <p>Government buildings</p> <p>Service establishments</p> <p>Personal service establishments</p> <p>Day care</p> <p>Forest industries</p>	<p>10 acres</p> <p>40,000 sq. ft.</p> <p>10 acres</p> <p>3 acres</p>	<p>400</p> <p>150</p> <p>150</p>	<p>400</p> <p>150</p> <p>100</p>	<p>80</p> <p>50</p> <p>70</p> <p>50</p> <p>50</p>	<p>50</p> <p>50</p> <p>50</p> <p>50</p> <p>50</p> <p>40</p> <p>50</p> <p>75</p> <p>50</p>	<p>100</p> <p>100</p> <p>100</p>	<p>750 sq. ft./lot and 12 feet wide</p> <p>2.0</p> <p>35, plus 1 foot for each side or rear yard in excess of 50, but in no event greater than 75</p> <p>30%</p>	<p>7</p> <p>10%</p> <p>35</p>		
<p>Greenhouses and nurseries</p>				2 acres	250	250	50	50	40	80	N/A	30%	35
		<p>Nursing homes, medical and dental facilities</p> <p>Outdoor sales in accordance with § 250-32</p>		70,000 sq. ft.	100	125	40	50	75	50	N/A	30%	35

ZONING AND PLANNED UNIT DEVELOPMENT

Town of Thompson

Schedule of District Regulations
 HC-1 Highway Commercial-I District
 (cont'd)

Accessory Uses	Permitted Uses	Uses Subject to Site Plan Review and Special Use Permit § 250-29	Uses Subject to Site Plan Review by Planning Board	Lot Area	Lot Width (feet)	Lot Depth (feet)	Minimum Required				Habitable Floor Area (square feet)	Density per Acre	Maximum Permitted		
							Front Yard (feet)	Rear Yard (feet)	One Side Yard (feet)	Both Side Yards (feet)			Percentage of Lot Coverage	Building Height (feet)	
		Shipping of hand in accordance with § 250-29		3 acres	150	150	50	50	100			15%	45		
		Places of worship and related parish houses, seminaries, convents, dormitories and related uses.		1 acre + 2,000 sq. ft. Amb over 50 units	650	300	100				400 sq. ft.		30%	33, plus 1 foot for each floor of side or rear yard in excess of 50, but in no event greater than 75.	
		Hotels and motels		10 acres + 10,000 sq. ft. Amb over 12 units											
		Without sewer facilities		20,000 sq. ft. 40,000 sq. ft.	100	125	40	50	25	50			30%	35	
		Business offices			150	150	40	50	75	50			15%		
		With rental sewer facilities													
		Without central sewer facilities		3 acres	250	300	40	100	50	100			30%	35	
		Animal hospitals and kennels													
		Outdoor storage of building supplies, equipment, machinery and farm implements, not including tractors		4,000 sq. ft. 3 units	150	150	40	50	40	80			30%		
		Mobile home sales		5 acres	400	150	50	50	35	70	N/A		30%	35	
		Shopping centers		40,000 sq. ft.	150	150	50	50	35	70	N/A		30%	35	
		Financial offices													
		Warehousing and parking garages		20,000 sq. ft.	100	125	40	80	75	50	N/A		30%	35	
		Multi-story warehouses													
		Motor vehicle sales													
		Amusement establishments													
		Planned resort development in accordance with § 250-21.2													



Orange County, NY - Market Overview

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Prime Industrial Inventory	21.2 MSF	21.0 MSF	20.9 MSF	20.1 MSF	19.7 MSF	19.7 MSF	19.7 MSF	19.4 MSF	18.8 MSF	18.5 MSF
Total Prime Industrial Vacancy Rate	3.2%	3.3%	4.0%	5.0%	5.8%	7.2%	9.5%	15.0%	11.4%	10.8%
Total Industrial Inventory (including non-prime space)	27.8 MSF	27.4 MSF	27.4 MSF	26.5 MSF	25.7 MSF	25.3 MSF	26.0 MSF	25.4 MSF	24.9 MSF	24.4 MSF
Total Industrial Vacancy Rate (including non-prime space)	4.8%	4.8%	5.3%	6.4%	7.0%	10.5%	13.4%	15.7%	13.5%	11.7%
Total Class A Office Inventory	4.7 MSF	4.5 MSF	4.4 MSF	4.4 MSF	4.2 MSF	4.1 MSF	4.1 MSF	4.1 MSF	3.9 MSF	3.9 MSF
Total Class A Office Vacancy Rate	5.1%	6.6%	9.7%	9.7%	10.2%	10.0%	11.3%	12.0%	9.5%	8.0%
Total Office Inventory (including non-Class A space)	5.2 MSF	5.0 MSF	5.8 MSF	5.8 MSF	5.6 MSF	5.5 MSF	5.5 MSF	5.4 MSF	5.4 MSF	5.3 MSF
Total Office Vacancy Rate (including non-Class A space)	10.3%	10.5%	10.8%	11.6%	11.8%	11.6%	13.0%	13.2%	10.6%	10.0%

MSF = million square feet

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[Back](#)



Orange County, NY - Market Overview

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Prime Industrial Inventory	21.2 MSF	21.0 MSF	20.8 MSF	20.1 MSF	19.7 MSF	19.7 MSF	19.7 MSF	19.4 MSF	18.8 MSF	18.6 MSF
Total Prime Industrial Vacancy Rate	3.2%	3.3%	4.0%	5.0%	5.6%	7.2%	8.5%	15.0%	11.4%	10.8%
Total Industrial Inventory (including non-prime space)	27.8 MSF	27.4 MSF	27.4 MSF	26.5 MSF	25.7 MSF	25.9 MSF	26.0 MSF	25.4 MSF	24.8 MSF	24.4 MSF
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Total Class A Office Inventory	4.7 MSF	4.5 MSF	4.4 MSF	4.4 MSF	4.2 MSF	4.1 MSF	4.1 MSF	4.1 MSF	3.9 MSF	3.9 MSF
Total Class A Office Vacancy Rate	5.1%	6.5%	9.7%	9.7%	10.2%	10.0%	11.3%	12.0%	9.5%	8.0%
Total Office Inventory (including non-Class A space)	5.2 MSF	5.9 MSF	5.8 MSF	5.6 MSF	5.6 MSF	5.8 MSF	5.5 MSF	5.4 MSF	5.4 MSF	5.3 MSF
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[Back](#)

LEASE ABSTRACT

LEASE ABSTRACT - TOURO COLLEGE		
Lessor		Dan Holding, LLC
Lessee		Touro College
Guarantor		None
Building Size (SF)		108,323
Lease Date		October 7, 2011
Lease Commence Date		March 1, 2012
Expiration Date (Base Lease)		February 28, 2032
Lease Term (Base Lease)		240 Months
Remaining Lease Term (Base Lease)		236 Months
No. & Term of Options		1 option @ 10 years
Expiration Date (Base + All Options)		2/28/2042
Remaining Lease Term (Base + All Options)		356 Months
Assignment/Subletting		Allowed
Termination Clause		None
Contract Rental Rate	\$/SF/Yr.	Total \$/Yr.
Base Lease Term	\$1.18	\$127,500
Year 2	\$1.18	\$127,500
Year 3	\$3.53	\$382,500
Year 4	\$4.71	\$510,000
Year 5	\$4.71	\$510,000
Year 6-10	\$5.18	\$561,000
Year 11-15	\$5.70	\$617,100
Year 16-20	\$6.27	\$678,810
Escalations		Yes
Lessor Expenses		RE + CAM
Lessee Expenses		Net Pro Rata Share (29.76%)
Expense Cap		None
% Rent Clause:		None
Source: Lease		



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Michael J. Bernholz, CCIM, SRA, MAI

December 12, 2017

Mr. Ronald H. Labenski, CFO
New York Liquidation Bureau
110 William Street
New York, NY 10038

RE: Appraisal of 195 Lake Louise Marie Road
Rock Hill, NY
SBL: 52.-1-1.3

Dear Mr. Labenski:

Hudson Valley Appraisal will complete an appraisal report of the above referenced property for the purpose of determining the market value of the fee simple interest, under the premise of highest and best use, as of the date of inspection. The NY Liquidation Bureau will be named as the intended user. The intended use is for potential disposition.

Our appraisal will be prepared in conformity with the Code of Ethics and Standards of Professional Conduct of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice, as currently amended. This appraisal report is not intended for use by a federally insured depository institution in a federally related transaction.

In preparing the appraisal, the appraiser will:

- * inspect the interior and exterior of the subject improvement and site;
- * appraise the property in its as is condition;
- * view information from a survey or additional maps, if provided, as well as information from the assessor's records;
- * apply the Sales Comparison Approach utilizing market sales to arrive at an indication of market value for the subject property;
- * review copies of any leases in place as well as historical expense information, as provided;
- * inspect the subject market area and influences such as schools and support facilities;
- * utilize market rent and expenses to arrive at an indication of market value for the subject via the Income Approach;

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Michael J. Bernholz, CCIM, SRA, MAI

This assignment will include summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. The depth of discussion contained in this report is specific to the needs of the client and is for the intended use stated herein.

Our fee for the appraisal will be \$7,900.00. Should you wish us to proceed with the appraisal, please sign where indicated acknowledging that you've read and agree to our limiting conditions. Payment is due within 30 days of receiving our report.

We will require approximately 3 weeks from authorization to proceed to complete this assignment.

Thank you for the opportunity to bid on this assignment. If you have any questions or require any additional information please do not hesitate to contact me.

Sincerely,

Michael J. Bernholz, SRA, CCIM, MAI
President
NYS Certified General R.E. Appraiser
#4600005221

MJB/pas

MAComm.Bids\NY Liquidation Bureau\Frontier Building bid.wpd

HUDSON VALLEY APPRAISAL
CORPORATION



Michael J. Bernholz, CCIM, SRA, MAI

ASSUMPTIONS AND LIMITING CONDITIONS

Hudson Valley Appraisal reports are made with the following general assumptions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. Any engineering studies are assumed to be correct. The plot plans and illustrative material are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property or subsoil that would render the property more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in the appraisal report.
9. It is assumed that all required licenses, consents and other legislative or administrative authorizations from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
10. It is assumed that the use of the land is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. Unless otherwise stated in the report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser however, is not qualified to detect such substances. The presence of such substances as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The opinion of value is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

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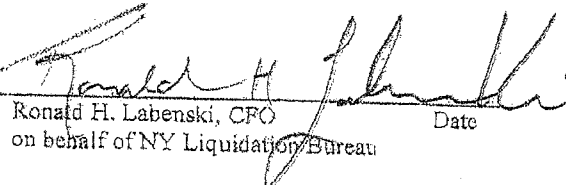
Michael J. Bernholz, CCIM, SRA, MAI

12. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made any specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of ADA requirements. If so, this fact could have an effect on the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of the ADA in developing an opinion of value for the subject property.

Hudson Valley Appraisal reports are made with the following general limiting conditions:

1. Possession of the report, or copies thereof, does not carry with it the right of publication.
2. The appraiser, by reason of the appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the properties in question unless arrangements have been previously made.
3. Neither all nor any part of the contents of the report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
4. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Since the appraiser is not a surveyor, he makes no guarantees, express or implied, regarding this determination.
5. Any survey map supplied to the appraiser will be relied upon for the size and configuration of the property. The appraiser makes no guarantees, express or implied, regarding the accuracy of this information.
6. Hudson Valley Appraisal Corporation, its appraisers or employees (referred to collectively as HVAC) shall not be liable for any incidental or consequential damages or losses relating to the appraisal report unless such losses or damages solely and directly result from gross negligence in the preparation of this appraisal report. In any event, the collective liability of HVAC shall not exceed the fee paid for the preparation of the appraisal report to the client and/or intended user(s) only.

Agreed to by:


 Ronald H. Labenski, CFO
 on behalf of NY Liquidation Bureau

Date

12/18/17

HUDSON VALLEY APPRAISAL CORPORATION