



## WADE APPRAISAL, LLC

### Appraisal of a Multi-Family Property Located At

774-776 S Main St  
Block 2505, Lot 24  
Town of Phillipsburg  
Warren County, New Jersey 08865  
File No. 2125

### Prepared For

To Whom It May Concern  
I Fund Cities, LLC  
448 N 10th Street, Suite 402  
Philadelphia, PA 19123



### Prepared By

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### Effective Date(s) of Valuation

May 17, 2024 As-Is



## WADE APPRAISAL, LLC

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May 28, 2024

To Whom It May Concern  
I Fund Cities, LLC  
448 N 10th Street Suite 402  
Philadelphia, PA 19123

RE: **774-776 S Main St**  
**Block 2505, Lot 24**  
**Town of Phillipsburg**  
**Warren County, New Jersey 08865**  
**Wade Appraisal, LLC File No: 2125**

Mr. Stiuso:

Wade Appraisal, LLC is proud to present the appraisal that satisfies the agreed upon scope of work with I Fund Cities, LLC.

The subject property is located along the south side of S Main St between Limekiln Rd and Pursel St, within the Town of Phillipsburg, Warren County, New Jersey.

The property consists of a 10,237 square foot lot improved with two (2) multi-family dwellings. The front building contains (2) two three-bedroom and one (1) one-bedroom unit. The back building contains two (2) two- bedroom units. A three (3) car detached garage is located at the rear of the lot. The property was 100% occupied at the time of the inspection. It was observed to be in average condition.

The purpose of this appraisal is to develop an opinion of the As-Is (Leased Fee Interest). The following table conveys the final opinion of value that is developed in this appraisal:

MARKET VALUE CONCLUSION			
VALUATION SCENARIO	INTEREST APPRAISED	EFFECTIVE DATE	VALUE
As-Is	Leased Fee Interest	May 17, 2024	\$1,050,000

This report conforms to the current Uniform Standards of Professional Appraisal Practice (USPAP).

### Extraordinary Assumptions

No Extraordinary Assumptions were made for this assignment.

To Whom It May Concern  
I Fund Cities, LLC  
May 28, 2024

### Hypothetical Conditions

No Hypothetical Conditions were made for this assignment.

### Reliance Language

None

If there are any specific questions or concerns regarding the attached appraisal report, or if Wade Appraisal, LLC can be of additional assistance, please contact the individuals listed below.

Respectfully Submitted,

### WADE APPRAISAL, LLC



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## EXECUTIVE SUMMARY

### PROPERTY IDENTIFICATION

Address	774-776 S Main St
City, State Zip	Phillipsburg, New Jersey 08865
County	Warren County
MSA	New York-Newark-Jersey City, NY-NJ-PA MSA
Market / Submarket	Northern New Jersey / Warren County
Geocode	40.681113,-75.178866
Census Tract	34-041-030900

### SITE DESCRIPTION

Number of Parcels	1	
Assessor Parcel Number	Block 2505, Lot 24	
Land Area	Square Feet	Acres
Usable	10,237	0.24
Total	10,237	0.24
Zoning	Business-South Main (B-5)	
Shape	Irregular	
Topography	Level at street grade	
Flood Zone	Zone X (Unshaded)	
Seismic Zone	Low Risk	

### IMPROVEMENT DESCRIPTION

Tenancy	Multi-Tenant Occupied By Third Party Tenants - 5 Units
Net Rentable Area (NRA)	4,748
Gross Building Area (GBA)	4,748
Units	5
Total Buildings	2
Floors	2
Year Built	1900; (1900 weighted) (Renovated 2023)
Actual Age	124 Years
Effective Age	20 Years
Economic Life	50 Years
Remaining Useful Life	30 Years

### QUALITATIVE ANALYSIS

Site Quality	Average
Site Access	Average
Site Exposure	Average
Site Utility	Average
Building Quality	Average
Building Condition	Average
Building Appeal	Average

## HIGHEST &amp; BEST USE

As Vacant	Multi-family development
As Improved	Continued-use

## EXPOSURE &amp; MARKETING TIME

Exposure Time	Three to Six Months
Marketing Time	Three to Six Months

## INVESTMENT INDICATORS

Current Occupancy	100.00%	
Stabilized Occupancy / Stabilized Vacancy & Credit Loss	96.13%	3.9%
Expense Ratio (Expenses/EGR)	22.92%	
Direct Capitalization NOI	\$84,019	\$16,804/Unit
Capitalization Rate (OAR) Conclusion	8.00%	

## VALUE CONCLUSION

VALUATION SCENARIOS	AS-IS
Interest	Leased Fee Interest
Exposure Time	Three to Six Months
Effective Date	May 17, 2024
Site Value	Not Presented
Cost Approach	Not Presented
Sales Comparison Approach	\$930,000
Income Capitalization Approach	\$1,050,000
FINAL VALUE CONCLUSION	\$1,050,000



## ASSUMPTIONS & LIMITING CONDITIONS

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1. Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
2. This analysis assumes that the information provided for this appraisal accurately reflect the current condition of the subject property.
3. This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
4. The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made.
5. The statements of value and all conclusions shall apply as of the dates shown herein.
6. There is no present or contemplated future interest in the property by the appraisers which is not specifically disclosed in this report.
7. Without the written consent or approval of the authors neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraisers and the company with which the appraisers are connected.
8. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.
9. We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
10. The appraisal has provided exhibits to assist the client(s)/intended user(s) to understand from a graphical standpoint some of the salient issues which impact the subject property. We have made no survey of the property and if further verification is required, a survey by a registered surveyor is advised.
11. The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
12. The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.

13. The liability of Wade Appraisal, LLC, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.
14. The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Wade Appraisal, LLC and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.
15. The appraisers assume no responsibility for determining if the subject property complies with the Americans with Disabilities Act (ADA). Wade Appraisal, LLC, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance.
16. This appraisal assumes that the subject meets an acceptable level of compliance with ADA standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
17. Unless otherwise noted herein, a detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection of the subject property and surrounding properties, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.

### Extraordinary Assumptions

No Extraordinary Assumptions were made for this assignment.

### Hypothetical Conditions

No Hypothetical Conditions were made for this assignment.

## IDENTIFICATION OF ASSIGNMENT

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### Property Identification

The subject property is located along the south side of S Main St between Limekiln Rd and Pursel St, within the Town of Phillipsburg, Warren County, New Jersey.

The property consists of a 10,237 square foot lot improved with two (2) multi-family dwellings. The front building contains (2) two three-bedroom and one (1) one-bedroom unit. The back building contains two (2) two-bedroom units. A three (3) car detached garage is located at the rear of the lot. The property was 100% occupied at the time of the inspection. It was observed to be in average condition.

The assessor parcel Number is: Block 2505, Lot 24.

### Legal Description

A detailed legal description was not provided.

### Client Identification

The client of this specific assignment is I Fund Cities, LLC.

### Intended Use & Intended Users

The intended use of this appraisal is to assist the client with a potential loan that would be collateralized by this asset. Stiuso & Associates is the only intended user of this report.

### Reliance Language

None

### Purpose

The purpose of this appraisal is to develop an opinion of the As-Is (Leased Fee Interest).

### Personal Property & Business Intangible

There is no personal property (FF&E) included in this valuation.

### Property And Sales History

#### Current Owner

The subject title is currently recorded in the name of 774 S Main Street LLC who acquired title to the property on July 24, 2023 for the improvements for \$600,000, as recorded in the Warren County Deed Records, Document Number 3370/220. Since the sale, the owner has spent \$130,000 in renovations and released the building. Therefore, the value has increased.

### Three-Year Sales History

According to county records there has been no other transfers of ownership for the subject property in the past three years nor has it been listed for sale in the last 12 months.

### Exposure & Marketing Time

Marketing time and exposure time are both influenced by price. That is, a prudent buyer could be enticed to acquire the property in less time if the price were less. Hence, the time span cited below coincides with the value opinion(s) formed herein.

USPAP Standard rule 1-2(c)(iv) requires an opinion of exposure time, not marketing time, when the purpose of the appraisal is to estimate market value. In the recent past, the volume of competitive properties offered for sale, sale prices, and vacancy rates have fluctuated little. Sale concessions have not been prevalent. The following information is used to estimate exposure time and marketing time for the subject:

EXPOSURE & MARKETING TIME				
SOURCE	YEAR/QUARTER	MONTHS RANGE		AVERAGE
Mid-Atlantic Region Apartment Market PwC				
Current Quarter	2024 Q2	0.0	to 12.0	5.1
Last Quarter	2024 Q1	1.0	to 12.0	4.7
Four Quarters Ago	2023 Q2	1.0	to 9.0	4.5
<b>OVERALL AVERAGE</b>				<b>5.1</b>
Exposure Period Conclusion			Three to Six Months	
Marketing Time Conclusion			Three to Six Months	
Most Probable Buyer			Local Developer	

### Exposure Time Conclusion

The subject is a multi-family (other multi-family housing) use totaling 4,748 SF (NRA) on 0.2350-acres (10,237 SF) located at 774-776 S Main St in Phillipsburg, Warren County, New Jersey. Considering these factors, a reasonable estimate of exposure time for the subject As-Is (Leased Fee Interest) is three to six months.

### Marketing Time Conclusion

A marketing time estimate is a forecast of a future occurrence. History should be considered as a guide, but anticipation of future events & market circumstances should be the prime determinant. Overall market conditions are expected to remain stable, so a marketing time of three to six months is predicted for the subject.

### Definition of Market Value

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, knowledgeably, and assuming that 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 United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup>

### Property Rights Appraised

The property rights appraised constitute the leased fee interest.

#### Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.<sup>2</sup>

### Value Scenarios

#### As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.<sup>3</sup>

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<sup>1</sup> Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C -Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the FDIC, FRS and NCUA definitions of market value.

<sup>2</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th Ed. (Chicago: Appraisal Institute 2022)

<sup>3</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th Ed. (Chicago: Appraisal Institute 2022)

## Scope of Work

The scope of work for this appraisal assignment is outlined below:

- ▶ The appraisal analyzes the regional and local area profiles including employment, population, household income and real estate trends. The local area was inspected to consider external influences on the subject.
- ▶ The appraisal analyzes legal and physical features of the subject including site size, improvement size, flood zone, seismic zone, site zoning, easements, encumbrances, site access and site exposure.
- ▶ The appraisal includes a apartment market analysis for the Northern New Jersey market and Warren County submarket using vacancy, absorption, supply and rent data. Conclusions were drawn for the subject's competitive position given its physical and locational features, current market conditions and external influences.
- ▶ The appraisal includes a Highest and Best Use analysis and conclusions have been completed for the highest and best use of the subject property As Vacant and As Improved. The analysis considered legal, locational, physical and financial feasibility characteristics of the subject site and existing improvements.
- ▶ In selecting applicable approaches to value, the appraisers considered the agreed upon appraisal scope and assessed the applicability of each traditional approach given the subject's characteristics and the intended use of the appraisal. As a result, this appraisal developed Sales Comparison and Income (Direct Capitalization) Approaches. The values presented represent the As-Is (Leased Fee Interest).
- ▶ The assignment was prepared as an Appraisal Report in accordance with USPAP Standards Rules 2, with the analysis stated within the document and representing a summarized level of analysis.
- ▶ The authors of this report are aware of the Competency Rule of USPAP and meet the standards.

## Assistance Provided

No one provided real property appraisal assistance to the individuals signing this report.



## Sources of Information

The following sources were contacted to obtain relevant information:

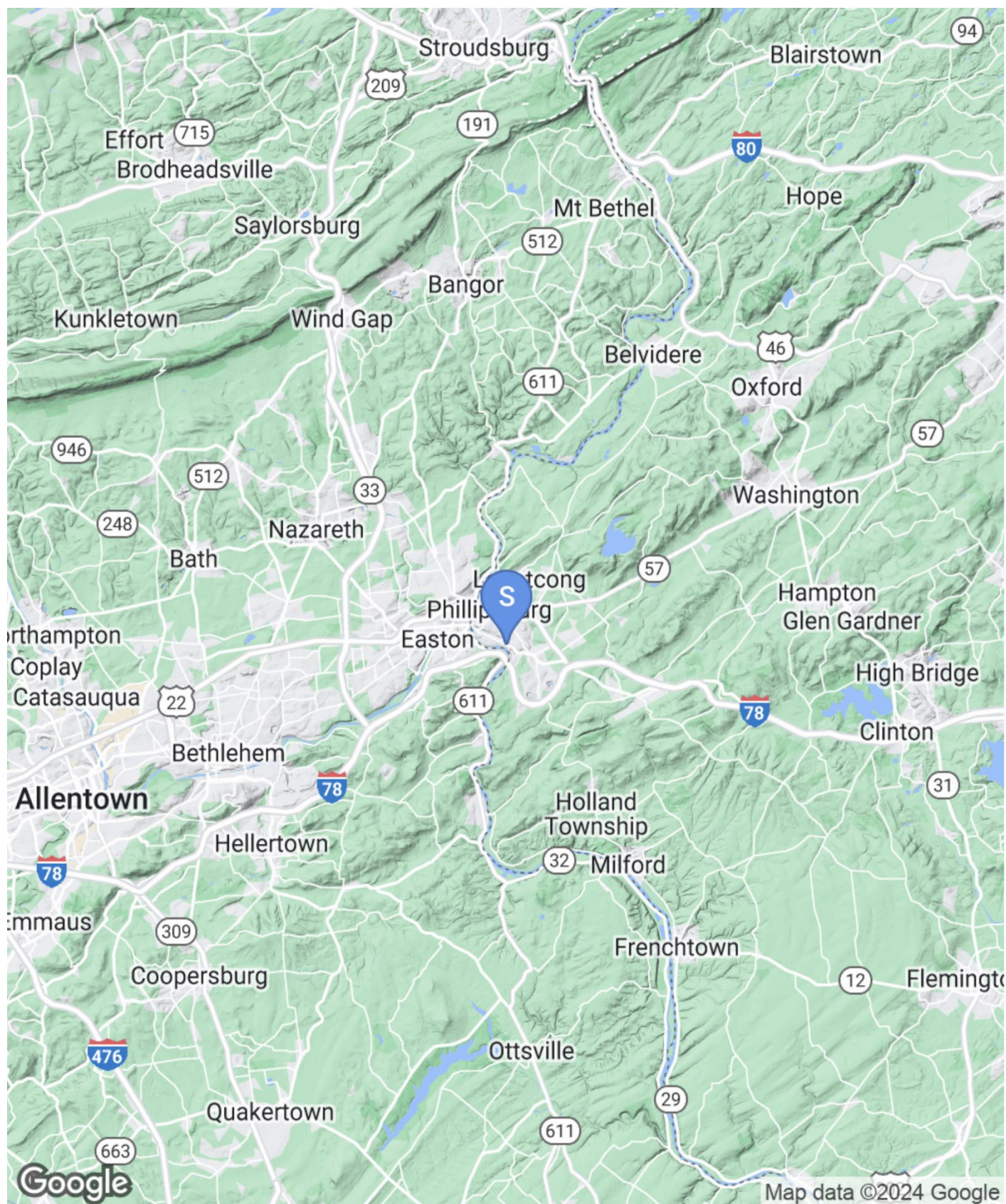
INFORMATION PROVIDED	
Property Assessment & Tax	Town of Phillipsburg Tax Assessor
Zoning & Land Use Planning	Town of Phillipsburg Zoning
Site Size	Tax Map
Building Size	Tax Records
Supply & Demand	CoStar
Flood Map	FEMA
Demographics	STDB On-Line
Comparable Information	MLS   Public Records   Confirmed by Local Agents
Legal Description	Not Provided
Rent Roll	Client

The lack of the unavailable items could affect the results of this analysis. As part of the general assumptions and limiting conditions, the subject is assumed to have no adverse easements, significant items of deferred maintenance, or be impacted by adverse environmental conditions.

## Subject Property Inspection

PROPERTY INSPECTION				
APPRAISER	INSPECTED	EXTENT	DATE	ROLE
Gary M. Wade, MAI	No	N/A	May 17, 2024	Primary Appraiser
Brian Cumiskey	Yes	Interior & Exterior	May 17, 2024	Appraiser

## REGIONAL AREA MAP





# REGIONAL AREA ANALYSIS

## Introduction

In order to understand the subject's position in the area or region, we have undertaken a brief analysis in order to determine how trends—both historical and projected—in population, employment, personal income, consumer spending, and housing impact supply and demand and influence the subject's area directly and indirectly. This analysis first begins on a broader spectrum, and without respect to the subject itself, and is highlighted in the Regional Area Analysis. Secondly, we undertake a more narrowly focused study of the aforementioned attributes as they relate directly to the subject and the subject's neighborhood. This discussion is presented in the forthcoming Local Area Analysis.

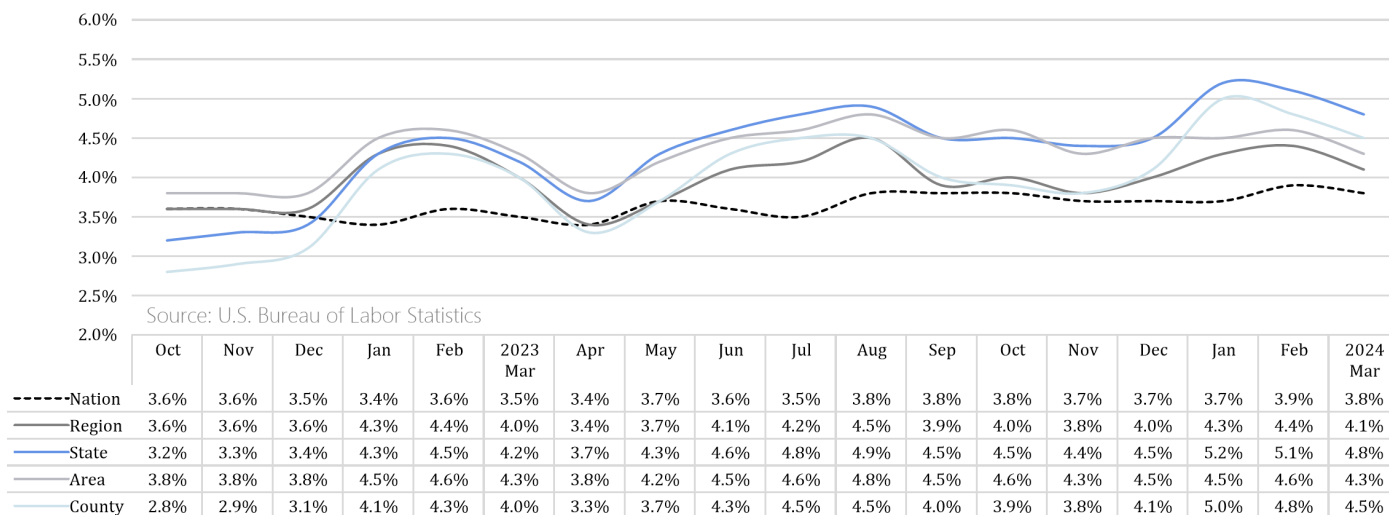
## Regional Area Analysis

The subject property is located in Phillipsburg, New Jersey. The map presented on the previous page illustrates the subject property location relative to the New York-Newark-Jersey City, NY-NJ-PA MSA metropolitan area.

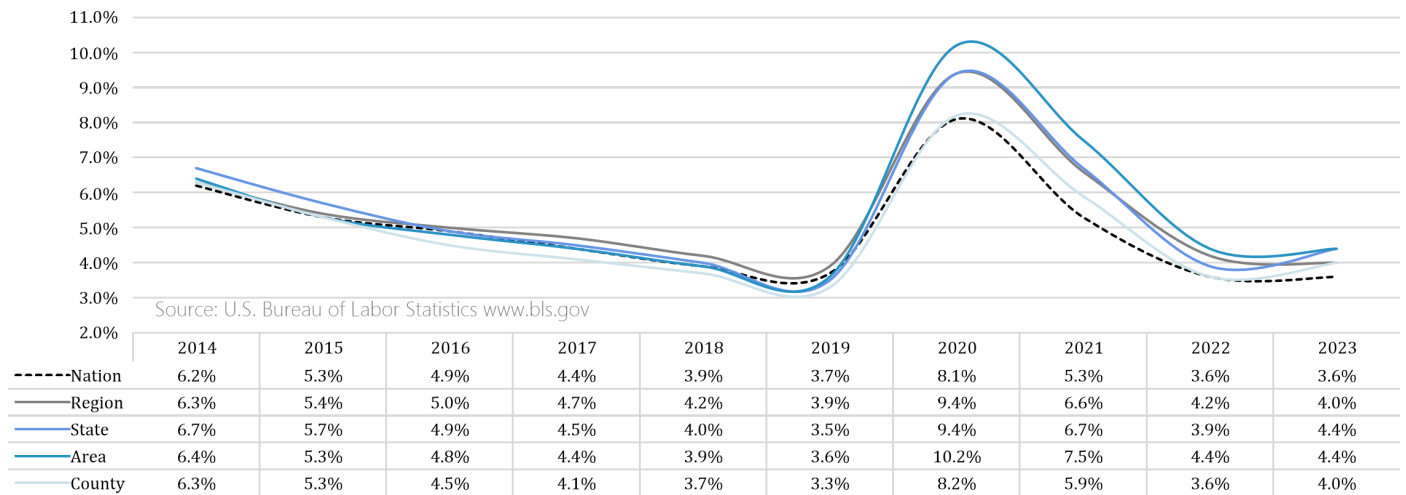
## Unemployment

The following graphs charts the trailing 18 months and trailing 10 years unemployment rate for the United States, Middle Atlantic Division, New Jersey, New York-Newark-Jersey City, NY-NJ-PA MSA, and Warren County.

### MONTHLY UNEMPLOYMENT RATE (18 MONTHS)



## ANNUAL UNEMPLOYMENT RATE (10 YEARS)



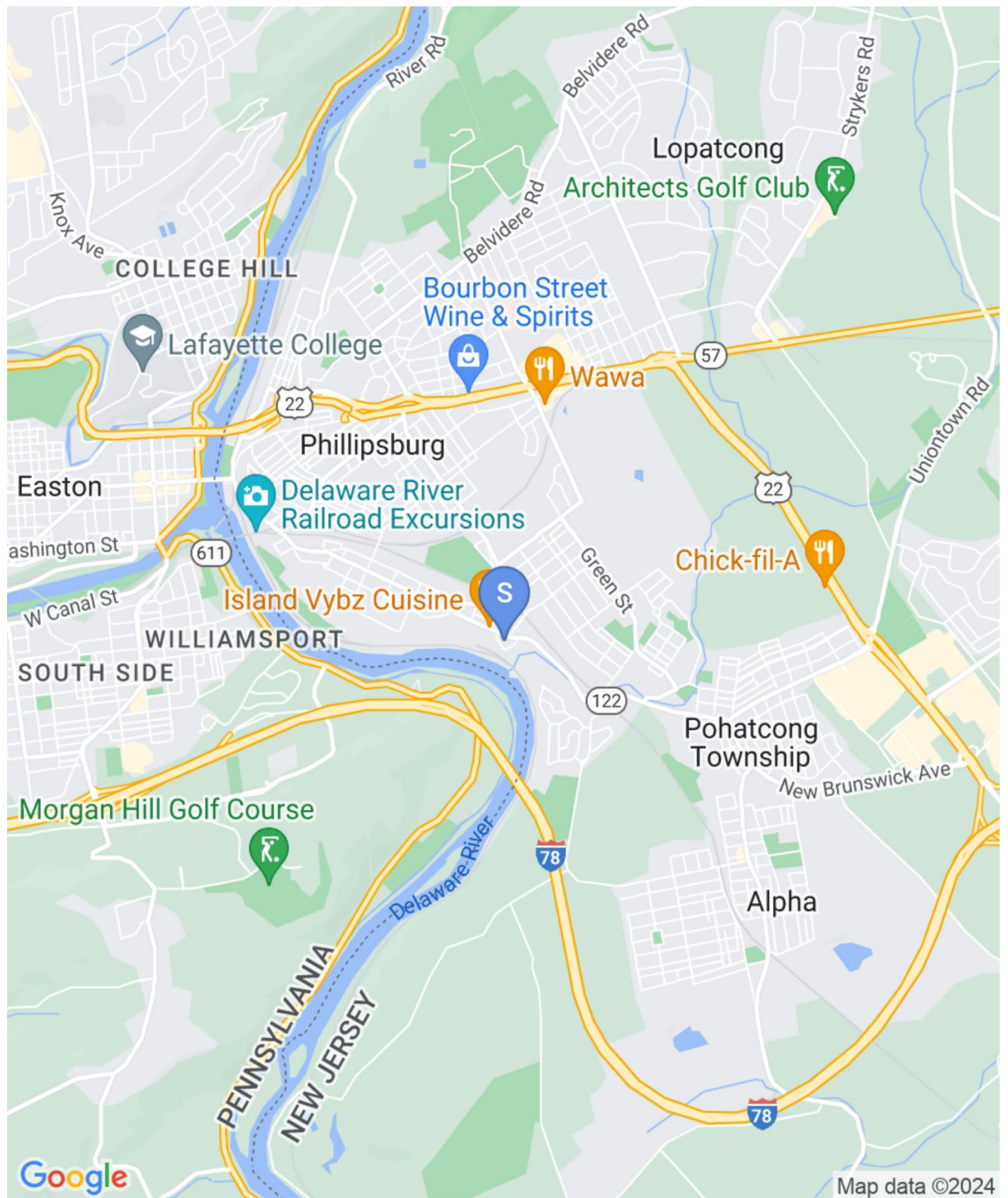
## Employment

The following chart shows the trailing 10 years employment for the state of New Jersey, New York-Newark-Jersey City, NY-NJ-PA MSA, and Warren County.

STATE & REGIONAL EMPLOYMENT						
YEAR	STATE	% CHG.	AREA	% CHG.	COUNTY	% CHG.
2014	4,191,318	1.0%	9,258,148	1.4%	53,337	0.4%
2015	4,237,876	1.1%	9,401,094	1.5%	53,749	0.8%
2016	4,271,201	0.8%	9,454,043	0.6%	54,012	0.5%
2017	4,406,151	3.1%	9,840,788	3.9%	55,277	2.3%
2018	4,420,713	0.3%	9,864,803	0.2%	54,975	(0.5%)
2019	4,525,044	2.3%	9,975,920	1.1%	56,256	2.3%
2020	4,200,980	(7.7%)	9,041,969	(10.3%)	52,883	(6.4%)
2021	4,337,793	3.2%	9,320,430	3.0%	54,760	3.4%
2022	4,552,563	4.7%	9,758,020	4.5%	56,933	3.8%
2023	4,615,722	1.4%	9,909,167	1.5%	57,624	1.2%
<b>CAGR</b>	<b>1.1%</b>	<b>-</b>	<b>0.8%</b>	<b>-</b>	<b>0.9%</b>	<b>-</b>

Source: U.S. Bureau of Labor Statistics [www.bls.gov](http://www.bls.gov)

## LOCAL AREA MAP



## LOCAL AREA ANALYSIS

### Introduction

The subject property is located in the Phillipsburg area of the Warren County submarket. The immediate area of the subject is characterized by industrial uses with residential and commercial uses in the surrounding area. The neighborhood is bounded by the Delaware River to the south, South Main Street to the north and east, and McKeen St to the west. The neighborhood is in the stability stage of its life cycle.

### Demographics

The following information reflects the demographics for the subject's area.

LOCAL AREA DEMOGRAPHICS							
DESCRIPTION	1 MILE	3 MILE	5 MILE	DESCRIPTION	1 MILE	3 MILE	5 MILE
POPULATION TOTAL				HOUSEHOLDS			
2010 Census	9,780	62,947	105,429	2010 Census	3,911	23,543	39,415
2020 Census	10,026	65,668	110,472	2020 Census	3,969	24,973	42,045
2023 Estimate	10,124	66,244	111,782	2023 Estimate	4,100	25,479	42,967
2028 Projection	10,302	66,980	113,498	2028 Projection	4,250	26,274	44,276
Δ 2010-2020	2.52%	4.32%	4.78%	Δ 2010-2020	1.48%	6.07%	6.67%
Δ 2020-2023	0.98%	0.88%	1.19%	Δ 2020-2023	3.30%	2.03%	2.19%
Δ 2023-2028	1.76%	1.11%	1.54%	Δ 2023-2028	3.66%	3.12%	3.05%
Total Daytime Population	7,531	58,352	93,657	HOUSEHOLDS BY INCOME (2023 ESTIMATE)			
HOUSING UNITS				<\$15,000	22.0%	12.3%	8.6%
Total (2023 Estimate)	4,508	27,594	45,846	\$15,000 - \$24,999	9.0%	6.7%	5.1%
Owner Occupied	50.7%	52.9%	62.1%	\$25,000 - \$34,999	8.1%	6.6%	5.9%
Renter Occupied	40.3%	39.4%	31.6%	\$35,000 - \$49,999	12.0%	12.1%	10.8%
Vacant Housing Units	9.1%	7.7%	6.3%	\$50,000 - \$74,999	14.9%	16.8%	16.4%
Total (2028 Projection)	4,635	28,335	47,011	\$75,000 - \$99,999	13.8%	13.0%	13.3%
Owner Occupied	52.0%	53.1%	62.7%	\$100,000 - \$149,999	14.6%	18.4%	20.7%
Renter Occupied	39.7%	39.6%	31.5%	\$150,000 - \$199,999	2.8%	6.8%	8.6%
Vacant Housing Units	8.3%	7.3%	5.8%	\$200,000+	3.0%	7.3%	10.4%
AVERAGE HOUSEHOLD INCOME				AVERAGE HOUSEHOLD SIZE			
2023 Estimate	\$67,232	\$93,349	\$108,863	2023 Estimate	2.45	2.45	2.50
2028 Projection	\$75,006	\$104,407	\$123,023	2028 Projection	2.41	2.40	2.47
Δ 2023-2028	11.56%	11.85%	13.01%	Δ 2023-2028	(1.63%)	(2.04%)	(1.20%)
MEDIAN HOUSEHOLD INCOME				MEDIAN HOME VALUE			
2023 Estimate	\$48,376	\$66,536	\$79,598	2023 Estimate	\$170,549	\$238,040	\$271,652
2028 Projection	\$53,436	\$75,101	\$88,838	2028 Projection	\$189,940	\$285,286	\$313,695
Δ 2023-2028	10.46%	12.87%	11.61%	Δ 2023-2028	11.37%	19.85%	15.48%
PER CAPITA INCOME				AVERAGE HOME VALUE			
2023 Estimate	\$26,656	\$35,924	\$41,997	2023 Estimate	\$216,127	\$282,103	\$306,083
2028 Projection	\$30,252	\$40,966	\$48,151	2028 Projection	\$262,645	\$328,297	\$344,822
Δ 2023-2028	13.49%	14.04%	14.65%	Δ 2023-2028	21.52%	16.37%	12.66%

Source: Sites To Do Business Online



## Population

The estimate provided by ESRI for the current 2023 population within the subject neighborhood's 3 mile radius is 66,244 representing a 0.88% change since 2020. ESRI's 2020 population estimate for the subject's 5 mile radius is 111,782, which represents a 1.19% change since 2020.

Looking forward, ESRI estimates that the population within the subject neighborhood's 3 mile radius is forecasted to change to 66,980 by the year 2028. As for the broader area, ESRI forecasts that the population within the subject's 5 mile radius will change to 113,498 over the next five years. The population estimates for the next five years within the subject's 5 mile radius represents a 1.54% change as well as a 1.76% change within the subject's 1 mile radius for the same period.

## Households

The estimates provided by ESRI indicate that the number of households within the subject neighborhood's 3 mile radius is 25,479, which is a 2.03% change since 2020. Within the subject's broader 5 mile radius, ESRI estimates that the number of households is 42,967, a 2.19% change over the same period of time.

By the year 2028, the estimates provided by ESRI indicate that the number of households within the subject neighborhood's 3 mile radius will change by 3.12% to 26,274 households. Additionally, ESRI's estimate for total households over the next five years within the subject's broader 5 mile radius indicates an expected change of 3.05% which will result in a total household estimate of 44,276.

Looking back, the number of households in the subject neighborhood's 3 mile radius changed 6.07% during the ten-year period of 2010 to 2020. Since then it has changed by 2.03%.

## Income

Income estimates provided by ESRI for the subject neighborhood's 3 mile radius indicates that the median household income is \$66,536 and that the average household income is \$93,349. Further, the estimates provided by ESRI indicate that, for the subject's broader 5 mile radius the median household income is \$79,598, and the average household income is \$108,863. Given that there are reportedly 42,967 households in the subject's 5 mile radius, it is estimated that the local effective buying income is around \$4,677,516,521.

## Conclusion

Based on our observation and the data provided by ESRI, it is perceived that the income and population demographics for the subject neighborhood exhibit above average characteristics in terms of reported population growth and income levels. As previously mentioned, the population growth for the subject's 3 mile radius has increased 0.88% since 2020 and based on the projections provided by ESRI, it is expected to continue to increase another 1.11% during the next 5 years. Lastly, we perceive that, since average household incomes are above the national average (\$93,349, for the subject's 3 mile radius) and given that the area is well-populated (25,479 households in a 3 mile radius), developments like the subject should be adequately supported.

## Surrounding Land Uses

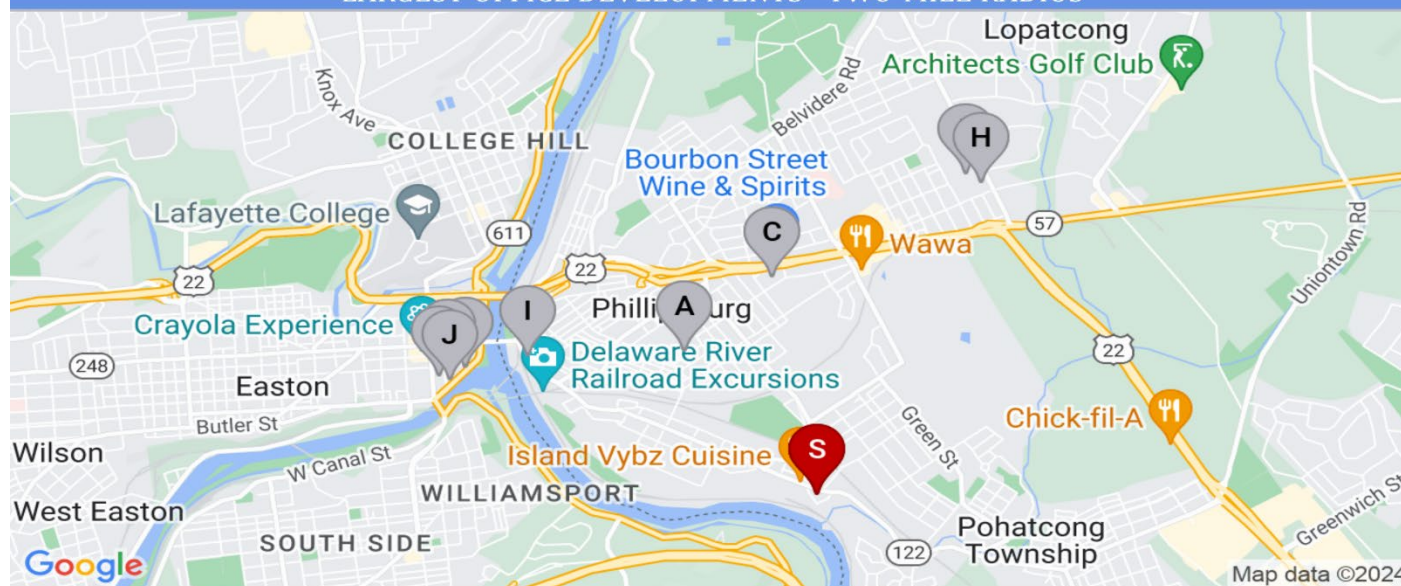
The following tables and maps highlight the development in and around the subject.

### LOCAL AREA OFFICE - TWO-MILE RADIUS

CLASS	RBA	YEAR BUILT	PERCENT LEASED	PROPERTIES
A	92,834 SF	1955	89.8	2
B	283,340 SF	1973	90.9	21
C	375,309 SF	1959	93.2	41
<b>TOTAL</b>	<b>751,483 SF</b>	<b>1963</b>	<b>91.9</b>	<b>64</b>

Source: CoStar

### LARGEST OFFICE DEVELOPMENTS - TWO-MILE RADIUS



PIN	NAME	ADDRESS, CITY	DIST TO SUBJ	RBA	BUILT	CLASS	%LEASED
A	Hillcrest Professional Plaza	755 Memorial Pky, Phillipsburg	0.9 mi	80,000	2011	C	100
B	Hillcrest Professional Plaza	755 Memorial Pky, Phillipsburg	0.9 mi	80,000	2011	C	100
C		445 Marshall St, Phillipsburg	1.0 mi	49,000	N/A	B	100
D	Riverside Plaza Phase 1	101 Larry Holmes Dr, Easton	1.6 mi	47,170	1988	A	79.97
E	Heritage River View	132-142 S 3rd St, Easton	1.6 mi	45,664	1920	A	100
F		222 Red School Ln, Phillipsburg	1.6 mi	30,774	1966	C	100
G		220 Ferry St, Easton	1.6 mi	26,772	1968	C	100
H		212 Red School Ln, Phillipsburg	1.6 mi	25,000	2019	B	100
I		75 S Main St, Phillipsburg	1.3 mi	24,000	1920	C	100
J		201 Larry Holmes Dr, Easton	1.6 mi	21,800	1975	B	100

Source: CoStar

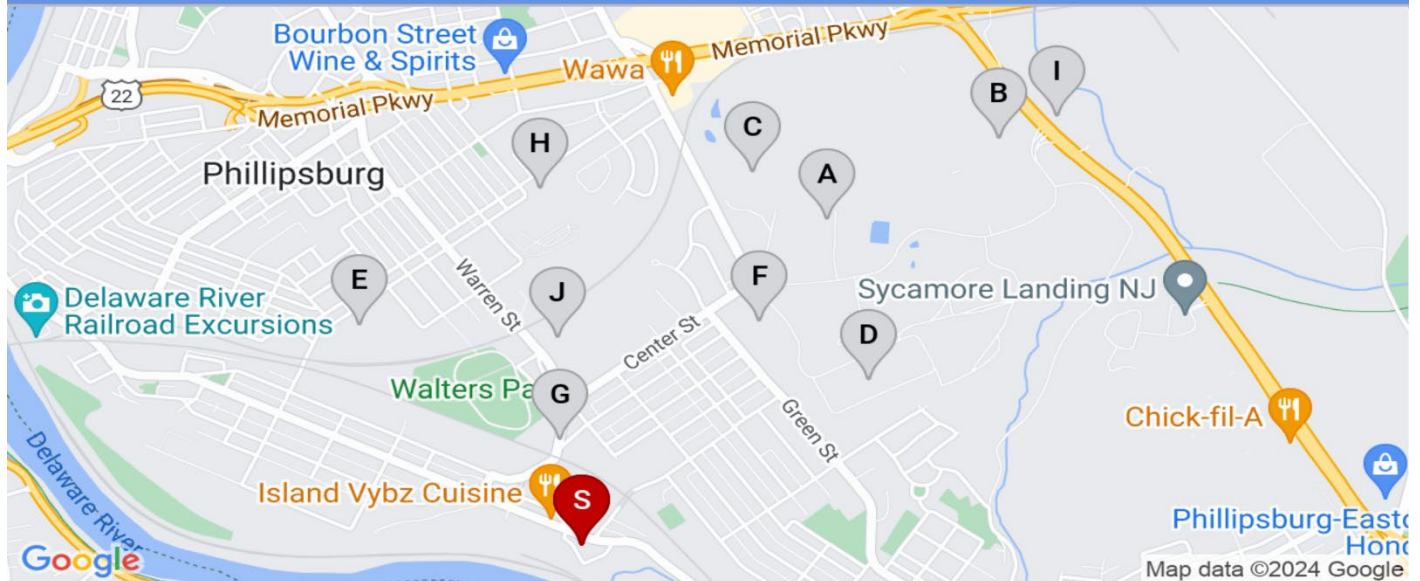


## LOCAL AREA INDUSTRIAL - TWO-MILE RADIUS

TYPE	RBA	YEAR BUILT	PERCENT LEASED	PROPERTIES
Flex	151,622 SF	1956	86	10
Gen-Ind <25,000 FT	318,556 SF	1950	88	36
Gen-Ind >25,000 FT	4,388,568 SF	2002	95	22
<b>TOTAL</b>	<b>4,858,746 SF</b>	<b>1999</b>	<b>94.4</b>	<b>68</b>

Source: CoStar

## LARGEST INDUSTRIAL DEVELOPMENTS - TWO-MILE RADIUS



PIN	NAME	ADDRESS, CITY	DIST TO SUBJ	RBA	BUILT	TYPE	%LEASED
A	Building 1 - Phase II	3000 Rand Blvd, Phillipsburg	0.9 mi	1,249,122	2023	Industrial	100
B	Building 7 - Phase I	9000 Rand Blvd, Lopatcong	1.3 mi	975,761	2019	Industrial	100
C	Building 3 - Phase I	1000 Rand Blvd, Phillipsburg	0.9 mi	607,279	2020	Industrial	100
D	Building 6 - Phase I	4000 Addison Dr, Phillipsburg	0.7 mi	367,704	2020	Industrial	100
E	Tuscany Hill Plaza	224 Stockton St, Phillipsburg	0.7 mi	310,000	1900	Industrial	69.48
F	Building 5 - Phase I	2000 Rand Blvd, Phillipsburg	0.6 mi	175,055	2020	Industrial	100
G		259 Center St, Phillipsburg	0.3 mi	100,000	1900	Industrial	100
H		400 Heckman St, Phillipsburg	0.8 mi	87,000	1950	Industrial	100
I	Phoenix Commercial Park	1011 Route 22, Phillipsburg	1.4 mi	75,000	1950	Flex	100
J		555 Warren St, Phillipsburg	0.5 mi	57,000	1920	Industrial	0

Source: CoStar



## LOCAL AREA RETAIL - TWO-MILE RADIUS

SIZE	RBA	YEAR BUILT	PERCENT LEASED	PROPERTIES
<5,000 FT	330,486 SF	1948	96.5	127
>5,000 FT-<20,000 FT	683,965 SF	1941	95.9	66
>20,000 FT	1,248,001 SF	1984	97.6	10
<b>TOTAL</b>	<b>2,262,452 SF</b>	<b>1968</b>	<b>97.0</b>	<b>209</b>

Source: CoStar

## LARGEST RETAIL DEVELOPMENTS - TWO-MILE RADIUS



PIN	NAME	ADDRESS, CITY	DIST TO SUBJ	RBA	BUILT	CLASS	%LEASED
A		1200 Highway 22, Phillipsburg	1.3 mi	494,313	1989	B	100
B	Hillcrest Professional Plaza	755 Memorial Pky, Phillipsburg	1.2 mi	220,000	2004	B	100
C	Pohatcong Plaza I	1236-1242 Route 22, Phillipsburg	1.6 mi	154,000	1997	C	100
D	Market Place at Lopatcong	US Route 22, Lopatcong	1.5 mi	130,000	N/A	B	98.08
E	Kohl's	1200 Highway 22, Phillipsburg	1.4 mi	82,825	2004	B	100
F	The Eastonian	140 Northampton St, Easton	1.6 mi	46,670	1900	A	100
G		671 Memorial Pky, Phillipsburg	1.1 mi	35,415	1950	C	100
H		123-125 Northampton St, Easton	1.6 mi	32,703	1830	C	100
I	Retail Center	680-690 Cedarville Rd, Easton	1.3 mi	27,000	N/A	B	0
J		158 S 3rd St, Easton	1.6 mi	25,075	1971	B	100

Source: CoStar

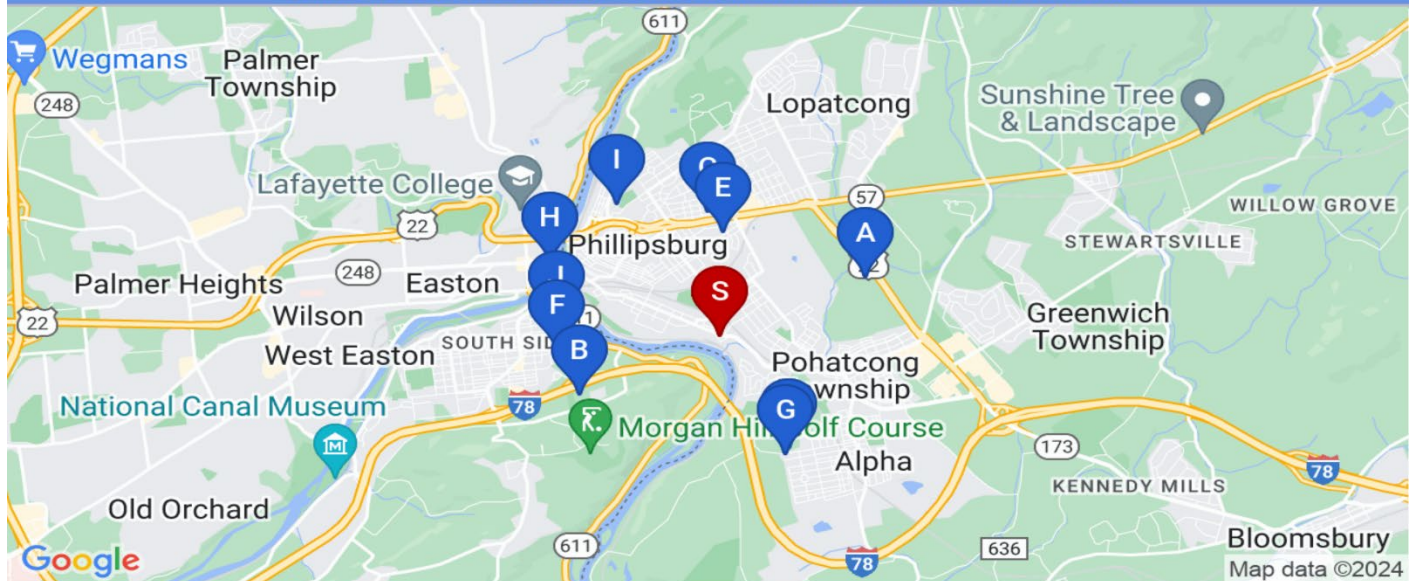


## LOCAL AREA MULTI-FAMILY - TWO-MILE RADIUS

CLASS	RBA	YEAR BUILT	UNITS	PROPERTIES
A	0 SF	-	-	0
B	1,010,204 SF	2010	915	14
C	798,336 SF	1948	850	47
<b>TOTAL</b>	<b>1,808,540 SF</b>	<b>1983</b>	<b>1,777</b>	<b>68</b>

Source: CoStar

## LARGEST MULTI-FAMILY DEVELOPMENTS - TWO-MILE RADIUS



PIN	NAME	ADDRESS, CITY	DIST TO SUBJ	RBA	BUILT	CLASS	STORIES
A	Sycamore Landing	1000 Birch Ln, Phillipsburg	1.3 mi	384,885	2017	B	3
B	Cedar Park Lofts and Townhomes	199 Cedar Park Blvd, Easton	1.3 mi	162,960	2016	B	3
C	Corliss Apartments	640-681 Corliss Ave, Phillipsburg	1.2 mi	130,422	1968	C	3
D	Monte View at Pohatcong	1001 Monte View Dr, Pohatcong Township	1.2 mi	120,000	2024	B	3
E	Village Arms Apartments	461 Heckman St, Phillipsburg	1.0 mi	107,632	1971	C	2
F	Neston Heights	210 Jones Houston Way, Easton	1.4 mi	96,000	2010	B	2
G	Evergreen Village	962 High St, Alpha	1.2 mi	88,388	1963	C	2
H	The Commodore	100 Northampton St, Easton	1.6 mi	74,500	2023	B	7
I	Ravenscroft Apartments	25 Fairview Ave, Phillipsburg	1.5 mi	60,906	1965	C	3
J	Apartments By The Park	250 Ann St, Easton	1.3 mi	56,838	1970	C	3

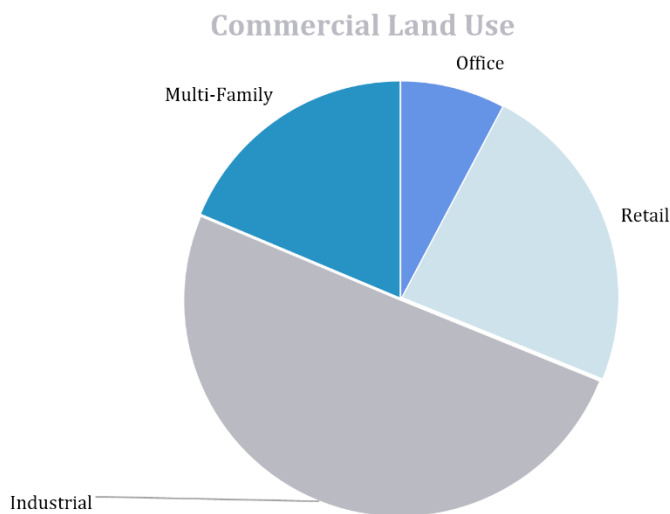
Source: CoStar







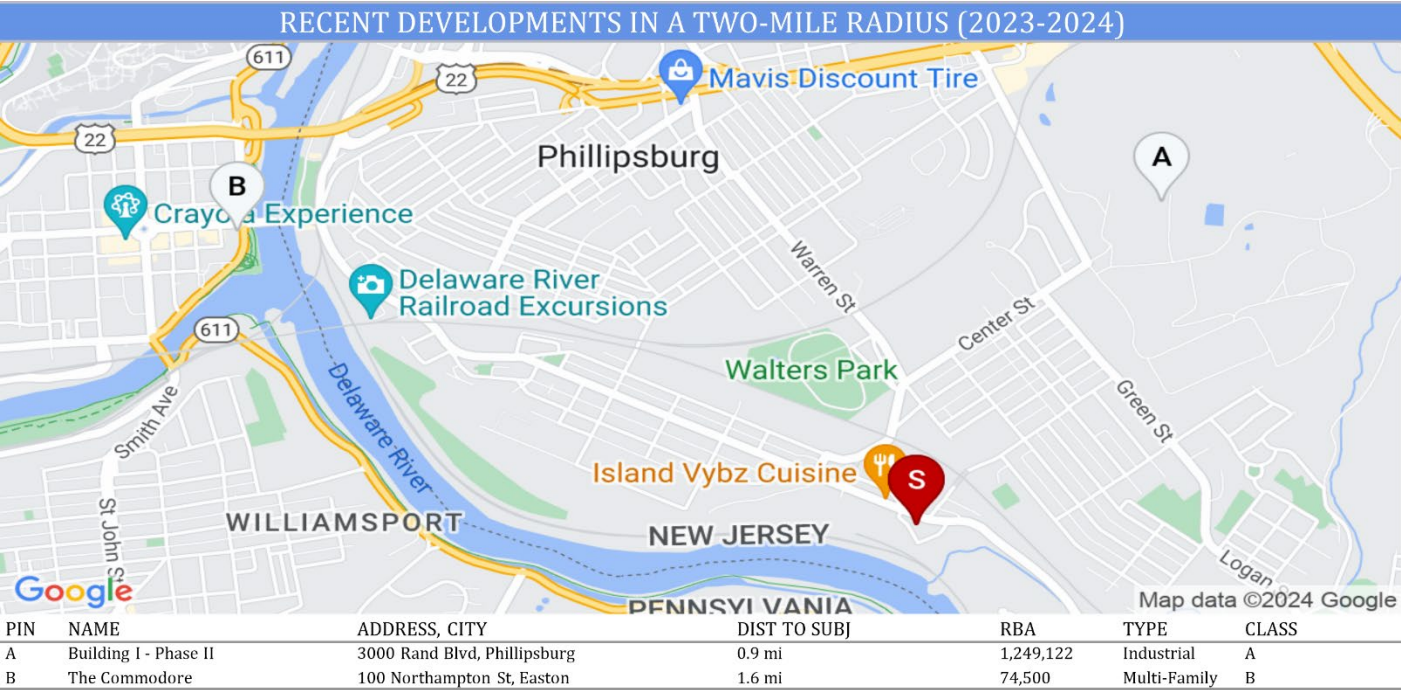
The land use in the subject's immediate neighborhood consists of a significant amount of commercial property, comprising of a mix of many property types. Commercial uses in the area include the Regional malls and many other larger-sized multitenant retail centers, medium-sized retail/industrial/distribution-type properties, small- to- medium sized freestanding office and retail properties, as well as service-related uses, restaurants, gas stations/convenience stores and banks. The following chart illustrates the high concentration of industrial compared to office, multi-family and retail properties.



Recent Development

Based on CoStar's research, there appears to be about 2 projects that have been recently developed. All of these projects are perceived to be within 1.6 miles of the subject. The range in size of developments is 74,500 SF to the largest development of 1,249,122 SF. Overall, the average size of recent developments in the area is 661,811 SF. Further, it appears that most of the developments are industrial and multi-family in nature.

The following table details our findings:



Development Pipeline

Under Construction

Based on CoStar's research, there appears to be 1 project that is currently under construction. The project is perceived to be within 1.2 miles of the subject. The size of the development when completed is estimated to be 120,000 SF. Further, it appears that the development under construction is multi-family in nature.

The following table details our findings:

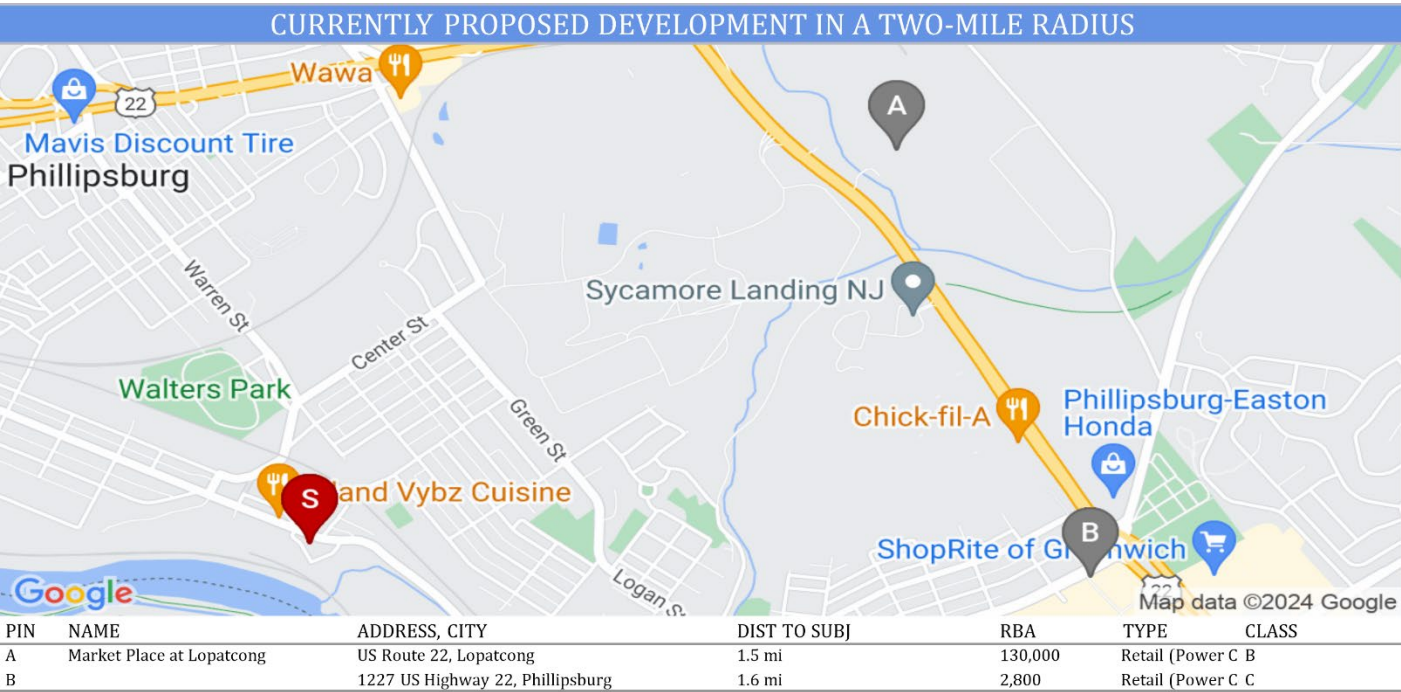




Proposed

Based on CoStar's research, there appears to be about 2 projects that are proposed for construction. All of these projects are perceived to be within 1.6 miles of the subject. The range in size of proposed developments is 2,800 SF to the largest proposed development of 130,000 SF. Overall, the average size of proposed developments in the area is 66,400 SF. Further, it appears that most of the developments that are proposed will be retail in nature.

The following table details our findings:



Economic Influences

The local area economic status is important to recognize as the measurement of income levels provides an indication of the ability of the area population to buy, rent and maintain property. The economic status of an area also provides an indication of the population’s appetite for goods and services. Relevant economic information includes income levels, property ownership vs. rent, property rent levels, rent level trends, property vacancy and new construction.

The vast majority of the housing units within the area are owner occupied, which contrasts with relative similarity to other parts of Phillipsburg.

### Government Influence

Governmental considerations relate to zoning, building codes, regulations, flood plain restrictions, special assessment, property tax and empowerment zones.

Zoning in the area is mixed, including commercial, residential and industrial designations. Zoning code is enforced by the municipality and enforcement in all areas of Town of Phillipsburg is considered to be strong. Rezoning is typically discouraged and requires public input in all municipalities. Building codes are in force and require a certain standard of construction quality and design. This is a typical influence on properties similar to the subject and falls in line with the zoning classification.

### Access/Public Transportation

The major north/south streets in the neighborhood include Warren Street and Roseberry Street. The major east/west streets include Interstate 78 and Route 22. With the existing transportation system, most areas of metropolitan Phillipsburg are accessible from the subject neighborhood and access is considered for the metropolitan area. Public bus service is available throughout the area. Overall, access within the neighborhood is average for the metropolitan area.

### Environmental Influences

The subject area is considered to be a typical neighborhood with average building size and density. There are no extraordinary topographical features, nuisances or hazards. Public utilities are available in most all areas in quantities from public and private sources. The area has both public and private schools in adequate supply and quality.

### Local Area Summary

The market benefits from a diverse blend of residential, commercial, and community uses and close proximity to many recreational activities. The outlook for this market area is good into the foreseeable future.





## MARKET ANALYSIS

In this section, market conditions which influence the subject property are analyzed. An overview of Apartment supply and demand conditions for the Northern New Jersey market and Warren County submarket are presented. Key supply and demand statistics for the most recent quarter, last year and historical averages over the past 10 years are summarized in the tables below.

APARTMENT MARKET AND SUBMARKET DATA SUMMARY (10 YEARS)					
INVENTORY SUPPLY (UNITS)				VACANCY (%)	
QTR	YEAR	MARKET	SUBMARKET	MARKET	SUBMARKET
Q1	2024	203,250	5,263	4.9%	3.9%
Q4	2023	201,885	5,263	5.0%	4.1%
Q3	2023	200,215	5,263	4.7%	4.7%
Q2	2023	198,588	5,263	4.6%	4.8%
	2023	195,527	5,143	5.0%	2.5%
	2022	194,606	5,143	3.9%	2.2%
	2021	190,731	5,143	3.8%	0.9%
	2020	186,989	5,143	4.3%	3.7%
	2019	183,490	4,945	4.7%	4.4%
	2018	179,555	4,945	3.8%	3.7%
	2017	176,654	4,945	3.8%	5.5%
	2016	172,384	4,700	4.0%	4.2%
	2015	170,475	4,700	4.4%	3.8%
	2014	168,052	4,700	4.7%	8.7%
RENT \$/UNIT/MONTH				NET ABSORPTION (UNITS)	
QTR	YEAR	MARKET	SUBMARKET	MARKET	SUBMARKET
Q1	2024	\$2,018.00	\$1,610.00	1,576	9
Q4	2023	\$2,004.00	\$1,602.00	910	34
Q3	2023	\$1,993.00	\$1,610.00	1,288	7
Q2	2023	\$1,985.00	\$1,616.00	1,340	(3)
	2023	\$2,004.00	\$1,567.00	4,797	21
	2022	\$1,933.00	\$1,557.00	3,500	(68)
	2021	\$1,842.00	\$1,427.00	4,537	145
	2020	\$1,746.00	\$1,290.00	4,112	223
	2019	\$1,715.00	\$1,251.00	2,168	(31)
	2018	\$1,684.00	\$1,211.00	2,845	86
	2017	\$1,649.00	\$1,170.00	4,508	173
	2016	\$1,612.00	\$1,135.00	2,520	(19)
	2015	\$1,575.00	\$1,103.00	2,842	229
	2014	\$1,525.00	\$1,069.00	2,580	(45)

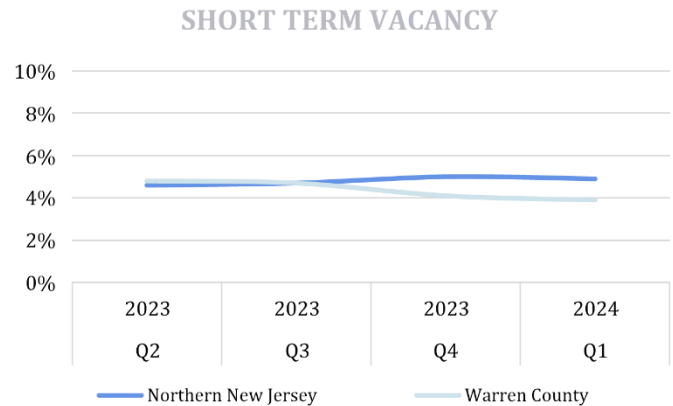
Source: CoStar Property®

The Northern New Jersey Apartment market demonstrates **positive** conditions. There has been little variance in supply over the last year. Vacancy decreased slightly over the last quarter to the most recent figure at 4.9%. Asking rents increased in each of the last four quarters. Net absorption was positive for the last year.

The Warren County Apartment submarket **demonstrates mostly stable** conditions. Vacancy had only minor fluctuations between 4.6% and 5.0% throughout 2023 and Q1 2024. Asking rents were relatively stable as well ranging from a low of \$1,567/unit to a high of \$1,616/unit with the most recent figure in-between at \$1,610/unit. Net absorption was positive for the last year.

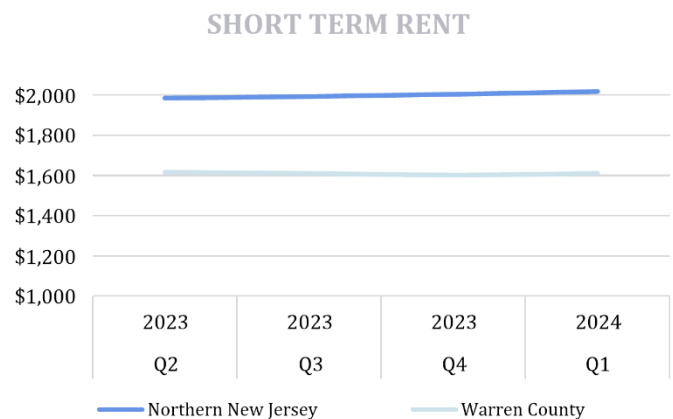
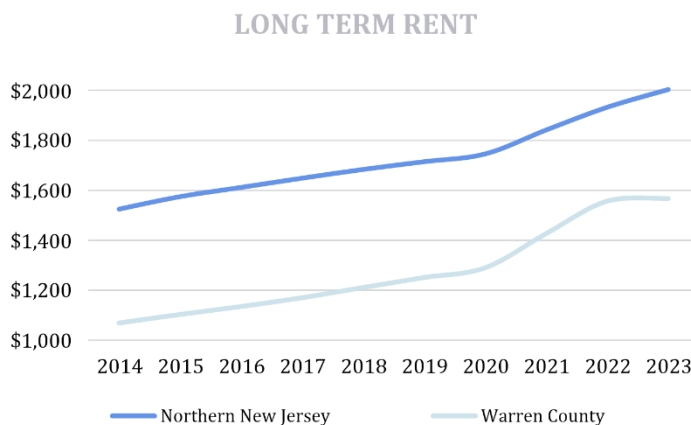
### Vacancy

The following tables provide visual illustration of the long term and short term Apartment vacancy for the Northern New Jersey market and Warren County submarket.

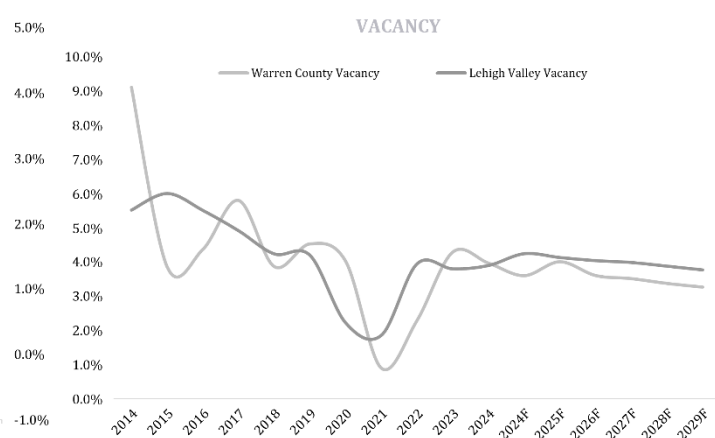


## Rental Rates

The following tables provide a visual illustration of rental Apartment trends for the Northern New Jersey market and Warren County submarket in the short and long term:



## Market Rent & Vacancy

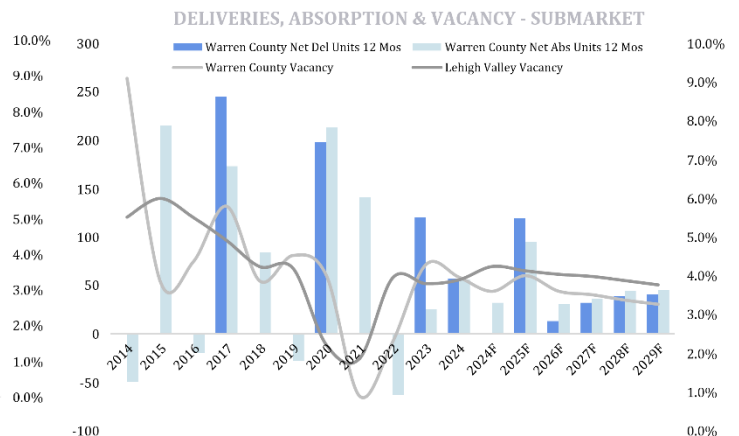
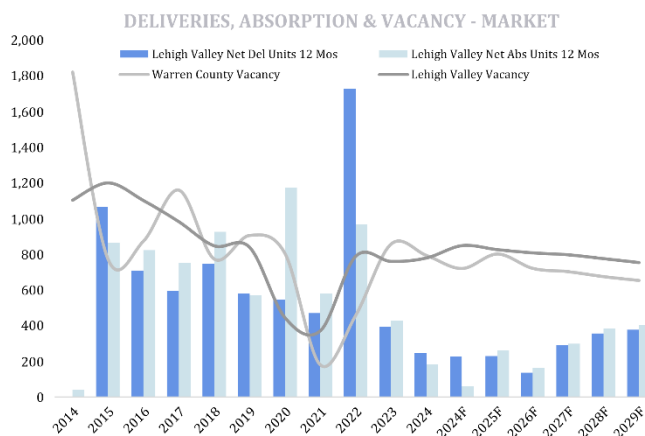


## Deliveries

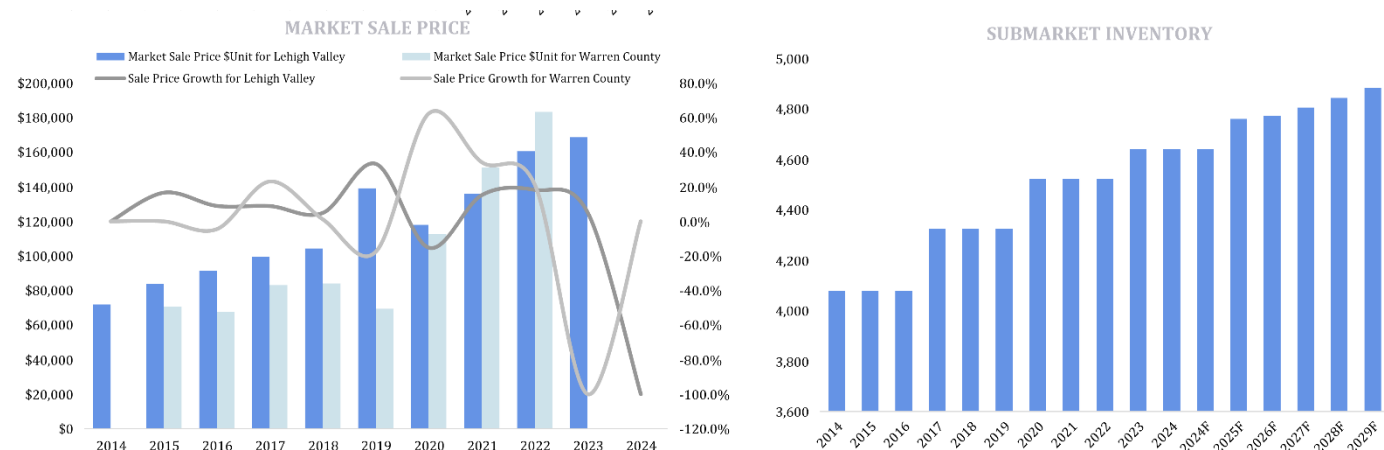
The following tables provides the recently delivered and under construction Apartment supply for the Northern New Jersey market and Warren County submarket:

DELIVERIES (UNITS)					
QTR	YEAR	MARKET	% OF TOTAL	SUBMARKET	% OF TOTAL
Q1	2024	1,378	0.7%	0	0.0%
Q4	2023	1,670	0.8%	0	0.0%
Q3	2023	1,627	0.8%	0	0.0%
Q2	2023	3,061	1.5%	120	2.3%
	2023	7,279	3.7%	120	2.3%
	2022	4,405	2.3%	0	0.0%
	2021	3,742	2.0%	0	0.0%
	2020	3,544	1.9%	198	3.8%
	2019	3,943	2.1%	0	0.0%

UNDER CONSTRUCTION (UNITS)					
QTR	YEAR	MARKET	BUILDINGS	SUBMARKET	BUILDINGS
Q1	2024	13,435	16	120	0
Q1	2023	17,818	19	120	0
Q1	2022	11,514	17	120	0
Q1	2021	8,242	6	0	0
Q1	2020	6,635	16	198	0



## Sale Price & Inventory



## Conclusion

Overall, investors would recognize these general multi-family conditions and the subject's positioning in the immediate market area as having a positive overall influence when contemplating purchase of the subject.

## SITE DESCRIPTION

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The subject property consists of one parcel with a total site area of 10,237 SF (0.24 AC) which is based on information obtained from the tax map. It is perceived that there is no surplus or excess land at the subject. For the purposes of this report we have relied on this site area and reserve the right to amend our analysis upon receipt of a formal legal plan. The following summaries the salient characteristics of the subject site.

**Address** 774-776 S Main St, Phillipsburg, New Jersey.

**Census Tract** 34-041-030900

**Number of Parcels** 1

**Assessor Parcel** Block 2505, Lot 24

<b>Land Area</b>	<b>Square Feet</b>	<b>Acres</b>
------------------	--------------------	--------------

Economic Unit (Primary) Site Size	10,237	0.24
-----------------------------------	--------	------

Usable Site Size	10,237	0.24
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<b>Total Land Area</b>	<b>10,237</b>	<b>0.24</b>
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**Excess/Surplus Land** No

**Corner** No

**Permitted Building Height** 50 Feet

**Floor Area Ratio (FAR)** Not Available

**Site Topography** Level At street grade

**Site Shape** Irregular

**Site Grade** At street grade

**Site Quality** Average

**Site Access** Average

**Site Exposure** Average

**Site Utility** Average

**Utilities** All

**Comments** The site has average and typical utility.

### Adjacent Properties

North	Residential
South	Light Industrial
East	Residential
West	Residential

**Accessibility**

Access to the subject site is considered average overall.

STREET & TRAFFIC DETAIL									
Street Improvements	Type	Direction	Lanes	Lights	Curbs	Sidewalks	Signals	Median	Parking
S Main St	Minor arterial	Two-Way	2		x	x	x		x
Frontage									
S Main St	41 feet; No points of ingress/egress.								

**Exposure & Visibility**

Exposure of the subject is average.

**Flood Plain**

Zone X (Unshaded). This is referenced by Panel Number 34041C0291E, dated September 29, 2011. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local storm water drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25% of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1% and 0.2% annual chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)

**Easements**

A preliminary title report was not available for review. During the property inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there are no adverse easements present. If questions arise, further research is advised.

<b>Soils</b>	A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.
<b>Hazardous Waste</b>	We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.
<b>Site Rating</b>	Overall, the subject site is considered average as a multi-family site in terms of its location, exposure and access to employment, education and shopping centers, based on its location along a minor arterial.
<b>Site Conclusion</b>	In conclusion, the site's physical characteristics appear to be supportive of the subject's current use and there were no significant detriments discovered that would inhibit development in accordance with its highest and best use.



## ZONING

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The subject is located in the Business-South Main (B-5) zoning area which is to promote mixed-use development downtown.

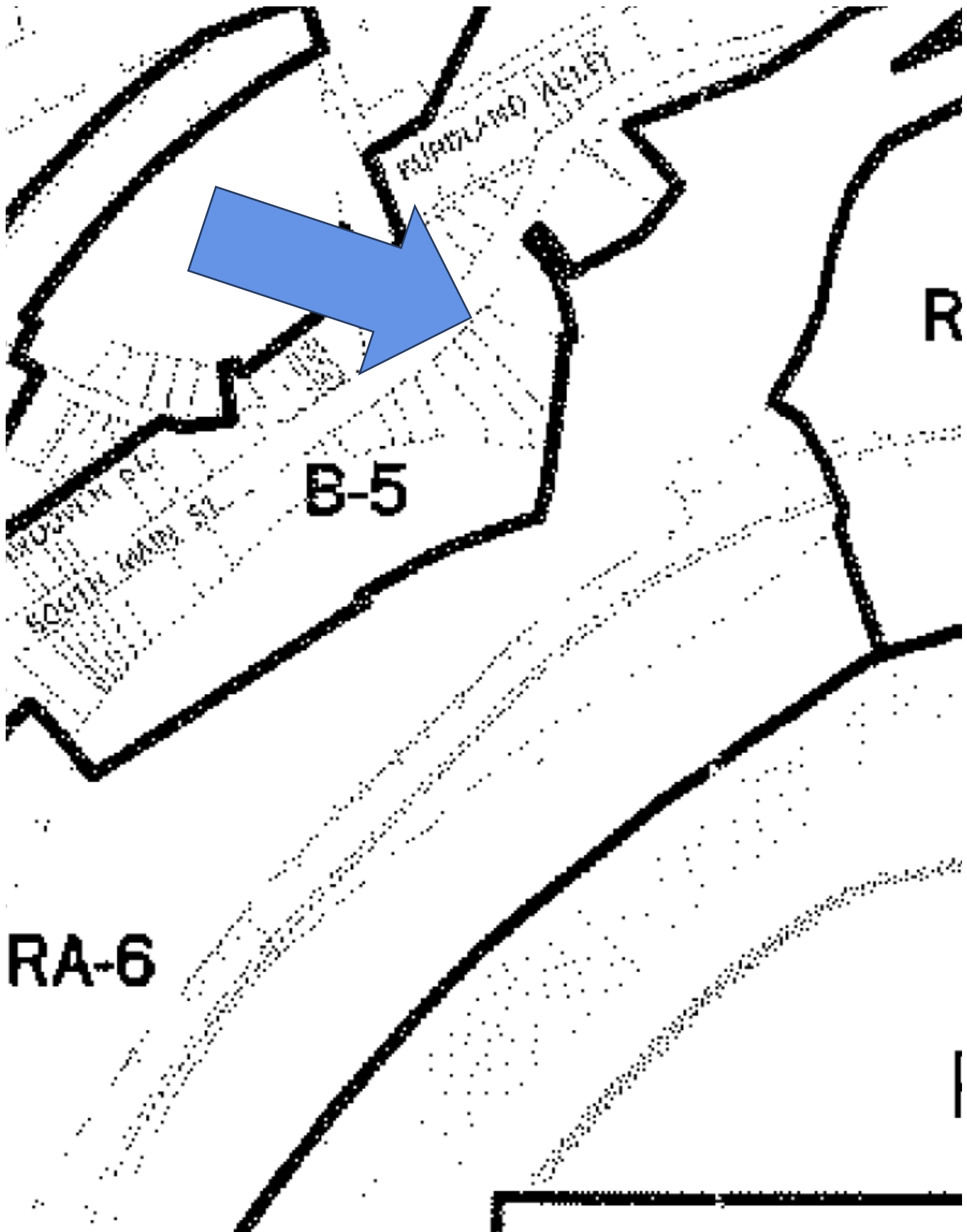
ZONING	
Designation	Business-South Main (B-5)
Zoning Authority	Town of Phillipsburg
Permitted Uses	Retail shops and personal service, Restaurants, Taverns, Brewpubs, Offices, Cultural and educational facilities, Studios, Churches, Public buildings, Medical and dental clinics/labs, Small business, Residential above business, Office above business, Theaters.
Prohibited Uses	Bail bond services, Check cashing services, Pawnshops, Cannabis uses.
Current Use	Other Multi-Family Housing
Current Use Legally Permitted	Yes
Zoning Change	Not Likely
Max Permitted Height	50
Min Permitted Site Area (SF)	10,000
Min Permitted Yard Setbacks	
Front (Feet)	25
Rear (Feet)	0
Side (Feet)	15

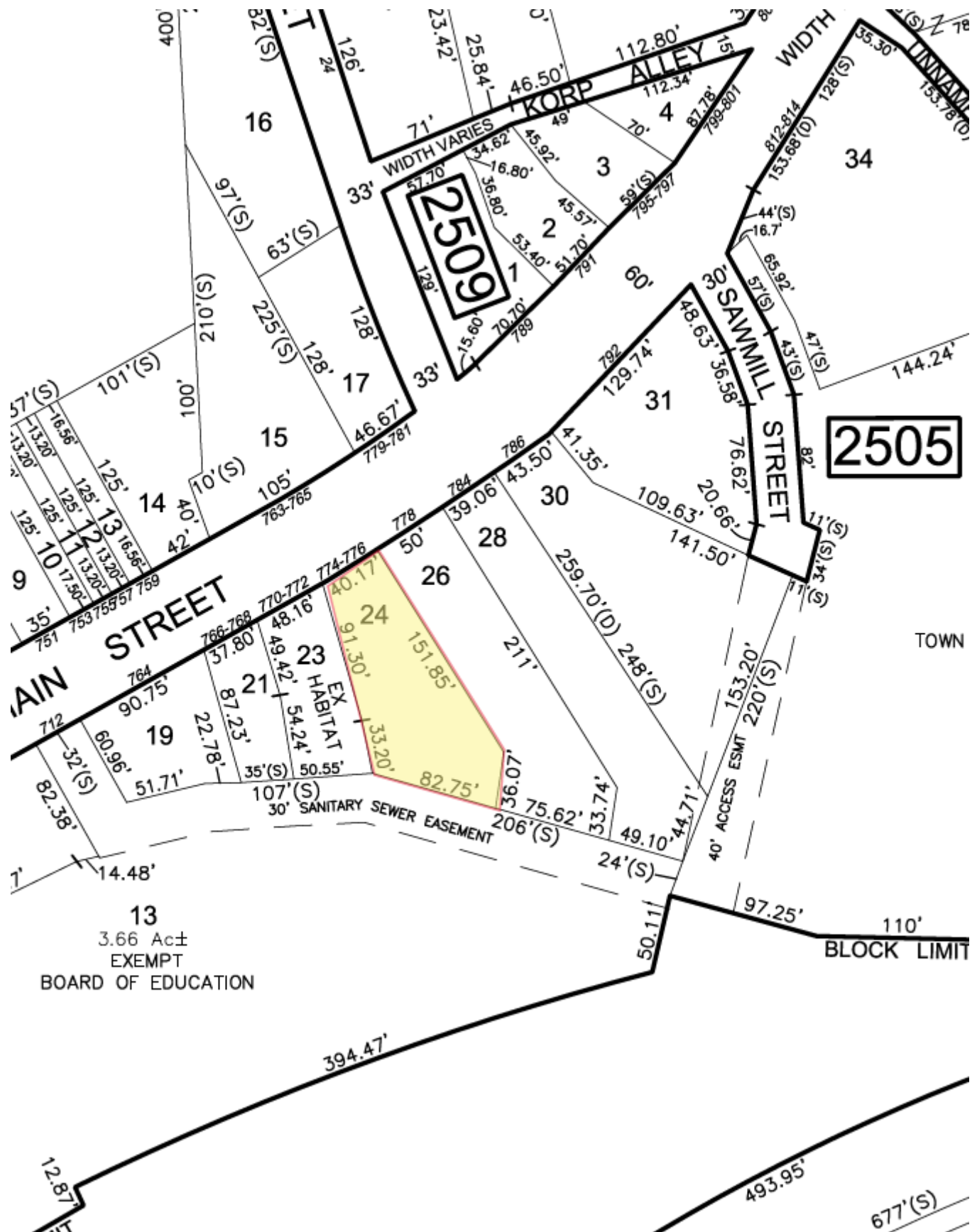
Source: Town of Phillipsburg Planning & Zoning Department

### Zoning Conclusion

The current use for the subject property is multi-family housing. It is not a permitted use based on the current zoning guidelines. A zoning change for the subject does not appear likely. Based on the foregoing, it appears that the subject's improvements are a legally non-conforming use of the subject site as they predate current zoning standards. This is common and typical of older established communities.







RiskMeter

CoreLogic

The closest match to 774-776 s main st phillipsburg nj is 774-776 S MAIN ST PHILLIPSBURG, NJ 08865-3324

774-776 S MAIN ST PHILLIPSBURG, NJ 08865-3324

LOCATION ACCURACY: Good

## Flood Zone Determination Report

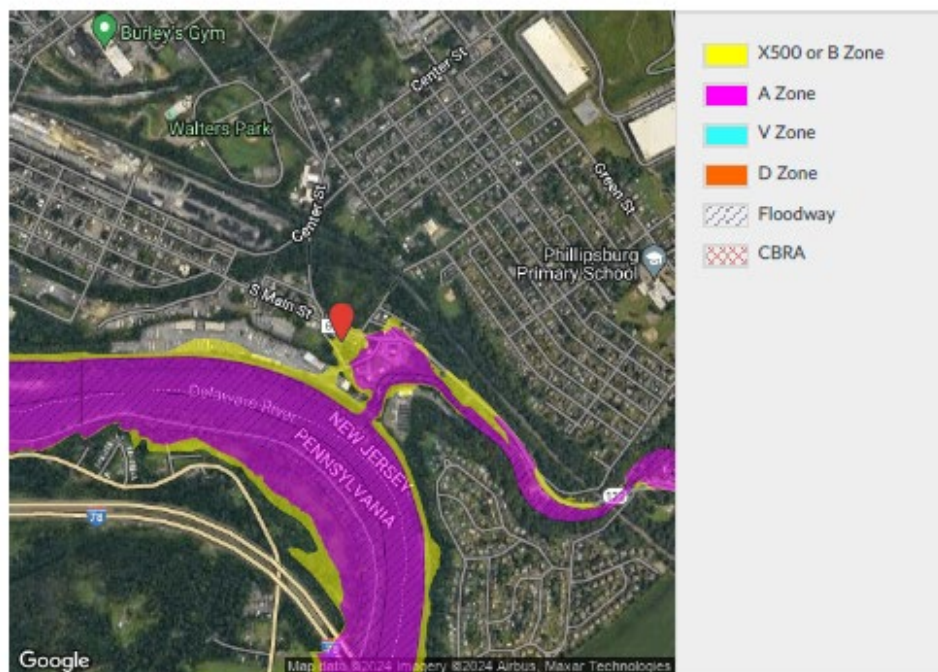
Flood Zone Determination: **OUT**

PANEL DATE

September 29, 2011

MAP NUMBER

34041C0291E



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Report generated May 21, 2024 by llevenberg@wadesappraisal.net

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## IMPROVEMENT DESCRIPTION

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The information presented below is a basic description of the existing improvements that is used in the valuation of the property. Reliance is placed on information provided by sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources.

### Overview

The subject property is located along the south side of S Main St between Limekiln Rd and Pursel St, within the Town of Phillipsburg, Warren County, New Jersey.

The property consists of a 10,237 square foot lot improved with two (2) multi-family dwellings. The front building contains (2) two three-bedroom and one (1) one-bedroom unit. The back building contains two (2) two-bedroom units. A three (3) car detached garage is located at the rear of the lot. The property was 100% occupied at the time of the inspection. It was observed to be in average condition.

<b>Tenancy</b>	Multi-Tenant Occupied By Third Party Tenants - 5 Units
<b>Net Rentable Area (NRA)</b>	4,748
<b>Gross Building Area (GBA)</b>	4,748
<b>Total Buildings</b>	2
<b>Density Per Unit (AC)</b>	21.3
<b>Floors</b>	2
<b>Year Built</b>	1900; (1900 weighted); Renovated: 2023
<b>Age/Life Analysis</b>	
Actual Age	124
Effective Age	20
Economic Life	50
Remaining Useful Life	30
<b>Overall Building Quality</b>	Average
<b>Overall Building Condition</b>	Average
<b>Overall Building Appeal</b>	Average
<b>Land to Building Ratio</b>	2.16 : 1
<b>Site Coverage Ratio</b>	23.19% (Based On Total Overall Site Area)
<b>Floor Area Ratio (FAR)</b>	0.46
<b>Total Parking Spaces</b>	0 - On-Street spaces
<b>Parking Ratio</b>	0.0 / 1,000 SF NRA



**Size** The Net Rentable Area (NRA) and gross building area (GBA) are shown in the following table.

UNIT MIX					
TYPE	DESCRIPTION	UNIT DETAIL			NRA
		UNITS	% TOT	SIZE	SF
Flat 1 Bed / 1 Bath	1-Bed	1	20%	430	430
Flat 2 Bed / 1 Bath	2-Bed	2	40%	864	1,728
Flat 3 Bed / 2 Bath	3-Bed	2	40%	1295	2,590
<b>TOTAL / AVERAGE</b>		<b>5</b>	<b>100%</b>	<b>950</b>	<b>4,748</b>
<b>NET RENTABLE AREA</b>		<b>5</b>		<b>950</b>	<b>4,748</b>
<b>GROSS BUILDING AREA</b>		<b>5</b>		<b>950</b>	<b>4,748</b>

**Project Amenities** No Amenities

**Unit Amenities** None

**Laundry** None

**Security Features** None

### Component Description

**Foundation** Masonry

**Exterior Walls/Framing** Vinyl siding

**Roof** Shingle

**Elevator** None

**Heating & AC (HVAC)** Baseboard Heat, Electric, Radiator, Window units

**Insulation** Assumed to be standard and to code for both walls and ceilings

**Lighting** Fluorescent

**Electrical** Each tenant is separately metered

**Interior Walls** Plaster, Drywall

**Doors and Windows** Double hung and casement windows

**Ceilings** 2 x 4 acoustical tile, Drywall

**Plumbing** Standard plumbing for a multi-family building

**Floor Covering** Hardwood, Vinyl, Carpet

<b>Fire Protection</b>	None
<b>Interior Finish/Build-Out</b>	The interior of the subject is typical of a multi-tenant multi-family building with Hardwood, Vinyl, Carpet flooring, 2 x 4 acoustical tile, Drywall ceilings and Plaster, Drywall walls.
<b>Site Improvements</b>	Lawn
<b>Landscaping</b>	Low maintenance shrubs and grass.
<b>Signage</b>	None
<b>Parking</b>	Parking varies by use but is stated as minimum of one space per unit. The subject provides 0 parking spaces and is therefore conforming to zoning requirements. The parking ratio of 0.0 per unit is within the typical range of spaces per unit and within zoning requirements.
<b>Site Coverage Ratio</b>	23.2% (2,374 SF footprint / 10,237 SF site), which is within market standards (20-35%) for similar other multi-family housing buildings in the area.
<b>Deferred Maintenance</b>	There were no signs of deferred maintenance at the time of inspection.
<b>Functional Design</b>	The building features a functional Other Multi-Family Housing design with typical site coverage and adequate off-street parking.
<b>ADA Comment</b>	This analysis assumes that the subject complies with all ADA requirements. Please refer to the Assumptions and Limiting Conditions section.
<b>Hazardous Materials</b>	A Phase I report was not provided. This appraisal assumes that the improvements are constructed free of all hazardous waste and toxic materials, including (but not limited to) unseen asbestos and mold. Please refer to the Assumptions and Limiting Conditions section regarding this issue.



## Current Taxation & Assessment Description

Real Estate Taxes in New Jersey are computed on a fiscal year basis starting July 1. New Jersey's real property tax is an "*ad valorem tax*," or a tax according to value. All real property is assessed according to the same standard of value. The standard measure of property value is "true value" or market value; that is, *what a willing, knowledgeable buyer would pay a willing, knowledgeable seller on the open market at a bona fide sale* as of the statutory October 1 pretax year assessment date. Property shall be assessed under general law and by uniform rules. The basic authority for the assessment of real property is derived from Article VIII, Section 1, paragraph 1 of the New Jersey Constitution. Implementing legislation is found in New Jersey Statutes Annotated Title N.J.S.A. 54:4-1 et seq. Real property is required to be assessed at some percentage of true value established by the county board of taxation in each county. The applicable tax assessments, tax rates, and equalization ratios relative to the subject are as follows:

ASSESSMENT & TAXES (2023)						
EQUALIZATION RATIO	78.87%				TAX RATE	\$ 4.196
ASSESSOR PARCEL #	LAND	IMPROVEMENTS	TOTAL	EXEMPTIONS	EQUALIZED	BASE TAX
Block 2505, Lot 24	\$41,500	\$249,700	\$291,200	\$0	\$369,215	\$12,218.75
Subtotal	\$41,500	\$249,700	\$291,200	\$0	\$369,215	\$12,218.75
Subtotal \$/Unit	\$8,300.00	\$49,940.00	\$58,240.00	\$0.00	\$73,843.03	\$2,443.75
<b>TOTAL BASE TAX \$/UNIT / \$ TOTAL</b>					<b>\$2,443.75</b>	<b>\$12,218.75</b>

Source: Town of Phillipsburg Assessment & Taxation

Based on the conclusions contained herein, the subject is in an advantageous tax position. A tax appeal is not recommended at this time.



## SUBJECT PROPERTY ANALYSIS

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The subject property is located along the south side of S Main St between Limekiln Rd and Pursel St, within the Town of Phillipsburg, Warren County, New Jersey.

The property consists of a 10,237 square foot lot improved with two (2) multi-family dwellings. The front building contains (2) two three-bedroom and one (1) one-bedroom unit. The back building contains two (2) two-bedroom units. A three (3) car detached garage is located at the rear of the lot. The property was 100% occupied at the time of the inspection. It was observed to be in average condition.

The market generally classifies the subject as a standard Apartment investment property that if exposed to the open market would command good interest from local and regional buyers that are actively pursuing similar investment properties in the \$1 Million to \$5 Million price range. Currently there is strong buyer demand, while there is limited availability for this property type on the supply side.

Based on the above factors the subject is considered to have average investment appeal. Further, the subject is considered to have average overall tenant appeal with a typical competitive position for attracting and retaining tenants.

### Strengths, Weaknesses, Opportunities & Threats

The following SWOT Analysis chart summarizes the major property strengths and weaknesses while outlining potential opportunities or threats to the subject's competitive position and overall marketability.

STRENGTHS, WEAKNESSES, OPPORTUNITIES & THREATS	
STRENGTHS	WEAKNESSES
The subject is 100% occupied.	The improvements are dated.
OPPORTUNITIES	THREATS
Upgrading the improvements could lead to increased rents.	The global unrest could affect the US Economy.
	There is threat of an economic recession.

## SUBJECT PROPERTY PHOTOGRAPHS

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**Exterior Front (Building 1)**



**Exterior Side (Building 1)**



**Exterior Rear (Building 1)**



**Exterior Rear (Building 1)**



**Exterior Front (Building 2)**



**Exterior Rear (Building 2)**





Garage



Interior View



Interior View



Interior View



Interior View



Interior View





Interior View



Interior View



Utilities



Utilities



Street View



Street View

### Introduction

The highest and best use of the subject property provides the foundation for the valuation section. Highest and best use is defined in the 6<sup>th</sup> edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute, Chicago, 2015), as follows:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Highest and best use analysis uses the following steps for the subject:

- ▶ Highest & Best Use As Vacant
- ▶ Determination of the ideal improvements
- ▶ Highest & Best Use As Improved
- ▶ Conclusion of the Highest & Best Use

The analysis of highest and best use can be thought of as the logical end of a spectrum of market analysis procedures, running from the macroeconomic overview of a general market study, through more detailed marketability studies and analyses of financial feasibility, to the formal analysis of highest and best use. In theory, the highest and best use is commonly described as that reasonable and most profitable use that will support its highest present value. The highest and best use, or most profitable use, must be legally permissible, physically possible, financially feasible, and maximally productive.

This section develops the highest and best use of the subject property As-Vacant and As Improved.

### As Vacant Analysis

In this section the highest and best use of the subject as vacant is concluded after taking into consideration financial feasibility, maximal productivity, marketability, legal, and physical factors.

### Legally Permissible

Private restrictions, zoning, building codes, historic district controls, and environmental regulations are considered, if applicable to the subject site. The legal factors influencing the highest and best use of the subject site are primarily government regulations such as zoning ordinances. Permitted uses of the subject's Business-South Main (B-5) include retail shops and personal service, restaurants, taverns, brewpubs, offices, cultural and educational facilities, studios, churches, public buildings, medical and dental clinics/labs, small business, residential above business, office above business, theaters. projects. Zoning change is not likely; therefore, uses outside of those permitted by the B-5 zoning are not considered moving forward in the as-vacant analysis.

**Physical Possible**

The test of what is physically possible for the subject site considers physical and locational characteristics that influence its highest and best use. In terms of physical features, the subject site totals 0.2350-acres (10,237 SF), it is irregular in shape and has a level topography. The site has average exposure and average overall access. There are no physical limitations that would prohibit development of any of the by-right uses on the site.

**Financial Feasibility**

Based on the analysis of the subject's market and an examination of costs, a newly constructed building similar to the subject would likely have a value commensurate with its cost; however, a speculative build is not prudent and the site should only be developed for an identified user.

**Maximum Productivity**

There is only one use that creates value and at the same time conforms to the requirements of the first three tests. Financial feasibility, maximal productivity, marketability, legal, and physical factors have been considered and the highest and best use of the subject site as-vacant concluded to be multi-family development.

**As Improved Analysis**

The legal factors influencing the highest and best use of the subject property are primarily governmental regulations such as zoning and building codes. The subject's improvements were constructed in 1900; (1900 weighted) and are a legal, conforming use. The physical and location characteristics of the subject improvements have been previously discussed in this report. The project is of average quality construction and in average condition. Therefore, the property as improved, meets the physical and location criteria as the highest and best use of the property.

In addition to legal and physical considerations, analysis of the subject property as-improved requires consideration of alternative uses. The five possible alternative treatments of the property are demolition (not warranted as the improvements contribute substantial value to the site), expansion (not warranted, no excess or surplus land), renovation (not warranted), conversion (not applicable), and continued use "as-is".

Among the five alternative uses, continued-use is the Highest and Best Use of the subject As Improved.

**Most Probable Buyer**

Based on the type of property and the income generating potential of the improvements, it is our opinion that the most probable buyer for the subject would be a local investor.



In traditional valuation theory, the three approaches to estimating the value of an asset are the cost approach, sales comparison approach, and income capitalization approach. Each approach assumes valuation of the property at the property's highest and best use. From the indications of these analyses, an opinion of value is reached based upon expert judgment within the outline of the appraisal process.

### Site Valuation

The site value is a specific scope requirement of this assignment. Characteristics specific to the subject property do not warrant that a site value is developed. Therefore, this appraisal does not provide a valuation of the subject site.

### Cost Approach

The cost approach considers the cost to replace the proposed improvements, less accrued depreciation, plus the market value of the land. The cost approach is based on the understanding that market participants relate value to cost. The value of the property is derived by adding the estimated value of the land to the current cost of constructing a reproduction or replacement for the improvements and then subtracting the amount of depreciation in the structure from all causes. Profit for coordination by the entrepreneur is included in the value indication.

The Cost Approach is a specific scope requirement of this assignment. Characteristics specific to the subject property do not warrant that this valuation technique is developed. Based on the preceding information, the Cost Approach will not be presented.

### Sales Comparison Approach

The sales comparison approach estimates value based on what other purchasers and sellers in the market have agreed to as price for comparable properties. This approach is based upon the principle of substitution, which states that the limits of prices, rents, and rates tend to be set by the prevailing prices, rents, and rates of equally desirable substitutes. In conducting the sales comparison approach, we gather data on reasonably substitutable properties and make adjustments for transactional and property characteristics. The resulting adjusted prices lead to an estimate of the price one might expect to realize upon sale of the property.

The Sales Comparison Approach is a specific scope requirement of this assignment. Considering the applicability of this approach in relation to the subject property's characteristics, we consider the application of this approach to be warranted.

### Income Capitalization Approach

The income capitalization approach (“income approach”) simulates the reasoning of an investor who views the cash flows that would result from the anticipated revenue and expense on a property throughout its lifetime. The net income developed in our analysis is the balance of potential income remaining after vacancy and collection loss, and operating expenses. This net income is then capitalized at an appropriate rate to derive an estimate of value or discounted by an appropriate yield rate over a typical projection period in a discounted cash flow analysis. Thus, two key steps are involved: (1) estimating the net income applicable to the subject and (2) choosing appropriate capitalization rates and discount rates. The appropriate rates are ones that will provide both a return on the investment and a return of the investment over the life of the particular property.

The Income Approach is a scope requirement for this assignment. The subject is a leased investment property making this valuation technique particularly applicable. Therefore, the Income Approach is developed. The Direct Capitalization method is used in this analysis. The Discounted Cash Flow analysis does not contribute substantially to estimating value beyond the Direct Capitalization method and is not used in this analysis.

### Correlation and Conclusion

Based on the agreed upon scope with the client, the subject’s specific characteristics and the interest appraised, this appraisal developed Sales Comparison and Income (Direct Capitalization) Approaches. The values presented represent the As-Is (Leased Fee Interest) This appraisal does not develop the Cost Approach, the impact of which is addressed in the reconciliation section.



## Introduction

In the Sales Comparison Approach, the value of a property is estimated by comparing it with similar, recently sold properties in the surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set by the cost of buying an equally desirable property, assuming that no costly delay occurs in making the substitution.

## Comparable Selection

Through the analysis of sales of verified arm's-length transactions, market value and price trends are identified. The sales utilized are comparable to the subject in physical, functional, and economic characteristics.

Comparable sales are presented, which were selected due to their similarity in physical, locational, and qualitative attributes. They represent the most recent and relevant comparable sale available for this analysis. Emphasis was given to the subject's location and similarly positioned properties.

## Unit of Comparison

The most relevant unit of comparison is the price per Unit Unit. This best reflects the unit of comparison used by buyers and sellers in this market for the subject property type.

## Adjustments

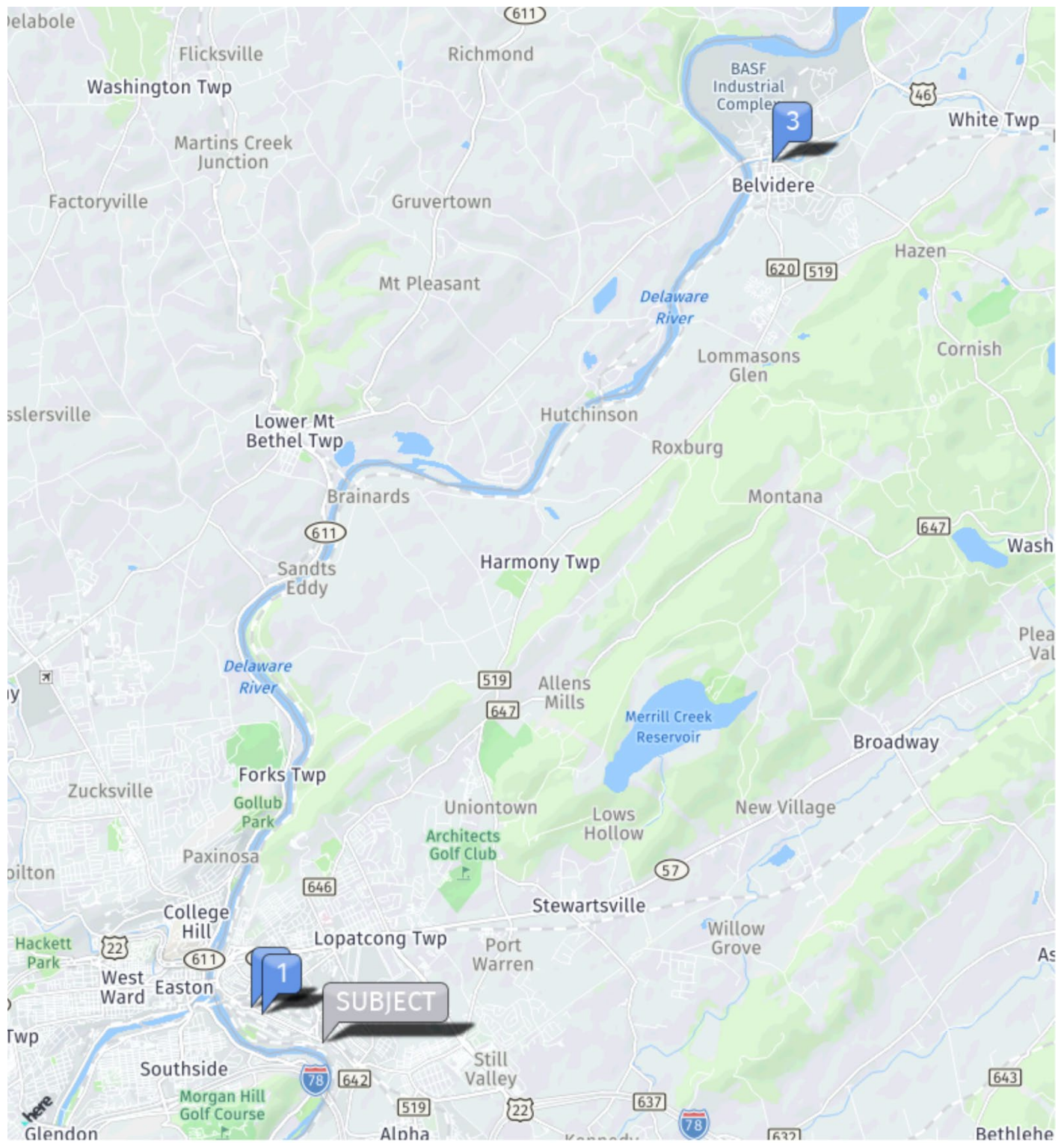
Adjustments to the comparable sales were considered and made when warranted for property rights, financing terms, conditions of sale, expenditures after sale and market conditions.

1. **Property Rights** - All of the sales comparables were leased fee sales reflecting the property rights appraised herein per the agreed upon scope of work.
2. **Financing** - The sales all reflected typical cash equivalent, lender-financed transactions and no adjustments were required for financing terms.
3. **Sale Conditions** - None of the comparables required a condition of sale adjustment, as all were confirmed to be arm's length transactions.
4. **Expenditures After Sale** - Expenses that the buyer incurs after purchase (deferred maintenance, HVAC repairs, etc.). No adjustments are warranted based on review of the sales.
5. **Market Conditions (Time)** - Based on the analysis performed, which includes research and interpretation of value trends of the comparables presented herein, a market conditions adjustment of 2% is applied on an Annual basis reflecting the relatively consistent appreciation that occurred between the oldest comparable sale date up through the effective valuation date.

## Presentation

The subject and comparable property attributes are presented on the following Improved Sales Comparison Table, location map and photographs. This is followed by analysis of the subject and comparable sales and the value conclusion indicated using the Sales Comparison Approach.

IMPROVED SALES COMPARISON TABLE							
	SUBJECT	COMP 1	COMP 2	COMP 3			
Address	774-776 S Main St	388 S Main St	317 S Main St	303-313 Mill St			
City	Phillipsburg	Phillipsburg	Phillipsburg	Belvidere			
State	NJ	NJ	NJ	NJ			
Zip	08865	08865	08865-2848	07823			
County	Warren	Warren	Warren	Warren			
Submarket	Warren County	Warren County	Warren County	Warren County			
Parcel Name	Block 2505, Lot 24	Block 1506 Lot 7	Block 1411 Lot 83	Block 11 Lot 36			
SALE INFORMATION							
Transaction Price		\$675,000	\$750,000	\$960,000			
Transaction Price\$/Unit		\$168,750	\$150,000	\$120,000			
Property Rights <sup>1</sup>		Fee Simple	Leased Fee	Leased Fee			
Financing <sup>2</sup>		Conventional	Cash	Conventional			
Sale Conditions <sup>3</sup>		Arm's length	Arm's Length	Arm's length			
Expenditures After Sale <sup>4</sup>		\$0	\$0	\$0			
Market Conditions <sup>5</sup>		9/18/2023 1.3%	1/1/2024 0.8%	11/9/2022 3.1%			
Sale Status		Recorded	Closed	Recorded			
Recording Number		3383/271	Not Yet	3315/238			
Marketing Status		Open Market	Open Market	Open Market			
Total Transactional Adjustments		\$2,251 1%	\$1,129 1%	\$3,702 3%			
<b>Adjusted \$/Unit</b>		<b>\$171,001</b>	<b>\$151,129</b>	<b>\$123,702</b>			
PHYSICAL INFORMATION							
Units	5	4	5	8	10%		
Year Built/Ren	1900	1901 / 2019	1910	1871			
Location	Average	Average	Average	Below Average	15%		
Access	Average	Average	Average	Average			
Exposure	Average	Average	Average	Average			
Quality	Average	Average	Average	Average			
Condition	Average	Below Average 10%	Below Average 10%	Average			
Appeal	Average	Average	Average	Average			
Parking Ratio	-	-	-	0.6	(5%)		
Total Physical Adjustments		\$17,100 10%	\$15,113 10%	\$24,740 20%			
<b>Adjusted \$/Unit</b>		<b>\$188,101</b>	<b>\$166,242</b>	<b>\$148,442</b>			
CONFIRMATION INFORMATION							
Company		Confidential	Confidential	Fairclough Realtors			
Name		Confidential	Confidential	Marc Weitz			
Affiliation		Confidential	Confidential	Listing Agent			
Phone		Confidential	Confidential	(646) 408-8024			
Date		Confidential	Confidential	12/18/2023			



COMPARABLE	LABEL	ADDRESS	MILES FROM SUBJECT
COMPARABLE 1	1	388 S Main St, Phillipsburg, NJ, 08865	0.8
COMPARABLE 2	2	317 S Main St, Phillipsburg, NJ, 08865-2848	0.9
COMPARABLE 3	3	303-313 Mill St, Belvidere, NJ, 07823	11.5





### Improved Sales Photographs



COMPARABLE 1



COMPARABLE 2



COMPARABLE 3

### Analysis of Comparable Sales

The comparable sales indicate an overall unadjusted unit value range from \$120,000/Unit to \$168,750/Unit, and an average of \$146,250/Unit. After adjustments, the comparables indicate a narrower range for the subject property from \$148,442/Unit to \$188,101/Unit, and \$167,595/Unit on average. The adjustment process is summarized below.

**Sale No. 1 (\$188,101/Unit Adjusted)** - The property is made up of a 5,924 square foot lot improved with a 6,098 square foot mixed-use building. There is an office/retail unit on the ground floor and three (3) apartments on the upper floors (unit mix consists of 1 one-bedroom unit and 2 three-bedroom units). There is also 1500 square foot commercial warehouse on the property. The improvements appear to be in average condition. This is an arm's length transaction. It was purchased for partial owner/user purposes. The deal was conventionally financed.

This comparable required an upward adjustment for condition.

**Sale No. 2 (\$166,242/Unit Adjusted)** - The property is made up of a 2,526 square foot lot improved with a 3,000 three-story apartment building. It contains two (2) two-bedroom and three (3) three-bedroom units. The improvements appear to be in average condition. This is an arm's length transaction. It sold for investment purposes. The deal was conventionally financed.

This comparable required an upward adjustment for condition.

**Sale No. 3 (\$148,442/Unit Adjusted)** - The property consists of a 5,314 square foot lot improved with a 7,615 square foot mixed-use building. It has two (2) retail units on the ground floor and five (5) apartments on the second and third floors (One 4BR, one 3BR, two 2BR, one 1BR). The improvements appear to be in average condition. The listing broker confirmed that this was an arm's length transaction. The deal was conventionally financed. It sold for investment purposes.

This comparable required an upward adjustment for size and condition. A downward adjustment was made for parking.

### Sales Comparison Approach Conclusion

Based on general bracketing, the comparable sales support an adjusted unit value range from \$148,442/Unit to \$188,101/Unit, with a unit value of \$185,000/Unit concluded for the subject property. The following table summarizes the analysis of the comparables, reports the reconciled price per Unit value conclusion, and presents the concluded value of the subject property by the Sales Comparison Approach.

IMPROVED SALES COMPARISON APPROACH CONCLUSION (UNIT)							
	TRANSACTION		ADJUSTMENT			NET	GROSS
	PRICE	TRANSACTIONAL <sup>1</sup>	ADJUSTED	PROPERTY <sup>2</sup>	FINAL	ADJ	ADJ
1	\$168,750	1%	\$171,001	10%	\$188,101	11%	11%
2	\$150,000	1%	\$151,129	10%	\$166,242	11%	11%
3	\$120,000	3%	\$123,702	20%	\$148,442	24%	33%
HIGH	\$168,750	3%	\$171,001	20%	\$188,101	24%	33%
AVG	\$146,250	2%	\$148,611	13%	\$167,595	15%	18%
MED	\$150,000	1%	\$151,129	10%	\$166,242	11%	11%
LOW	\$120,000	1%	\$123,702	10%	\$148,442	11%	11%
SUBJECT UNIT				\$/UNIT		VALUE	
5			x	\$185,000	=	\$925,000	
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)				\$186,000		\$930,000	

<sup>1</sup>Cumulative <sup>2</sup>Additive

## INCOME APPROACH

The Income Approach is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. The two fundamental methods of this valuation technique include Discounted Cash Flow and Direct Capitalization. The Direct Capitalization method of the Income Approach is used in this analysis. This valuation technique best represents the decision-making process of an investor.

### Direct Capitalization Method

The first step in direct capitalization is to estimate the durable rental income through analysis of the in-place leases and market rent terms. Next, reimbursements and other revenue are analyzed. Then, vacancy and operating expenses are estimated. Finally, the net operating income is capitalized at a supported rate. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as-is value.

### Subject Rent Roll

The following table summarizes the subject's in place unit mix and current leasing posture.

RENT ROLL										
TYPE	DESCRIPTION	UNIT DETAIL							ACTUAL RENT	
		OCC	VAC	TOT	% TOT	SIZE	VAC %	OCC %	\$/UNIT	\$/SF
Flat 1 Bed / 1 Bath	1-Bed	1	0	1	20%	430	0.0%	100.0%	\$1,400	\$3.26
Flat 2 Bed / 1 Bath	2-Bed	2	0	2	40%	864	0.0%	100.0%	\$1,875	\$2.17
Flat 3 Bed / 2 Bath	3-Bed	2	0	2	40%	1295	0.0%	100.0%	\$2,000	\$1.54
<b>TOTAL / AVERAGE</b>		<b>5</b>	<b>0</b>	<b>5</b>	<b>100%</b>	<b>950</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$1,830</b>	<b>\$1.93</b>

The tenants are responsible for their utilities.

### Market Rent Survey Analysis

This section examines comparable properties within the marketplace to estimate market rent for the subject. This allows for a comparison of the subject property's contract to what is attainable in the current market.

### Unit of Comparison

The analysis is conducted on a dollar per unit per month basis, reflecting market behavior. The market rent analysis is based on a modified gross expense structure where the landlord pays for all building maintenance and expenses including utility expense of water, sewer, and garbage. Tenants are responsible for direct payment of electric and cable. The comparables are adjusted to reflect water, sewer, and garbage as included in the base rent. This adjustment is based on the set value paid at the comparables.

### Selection of Comparables

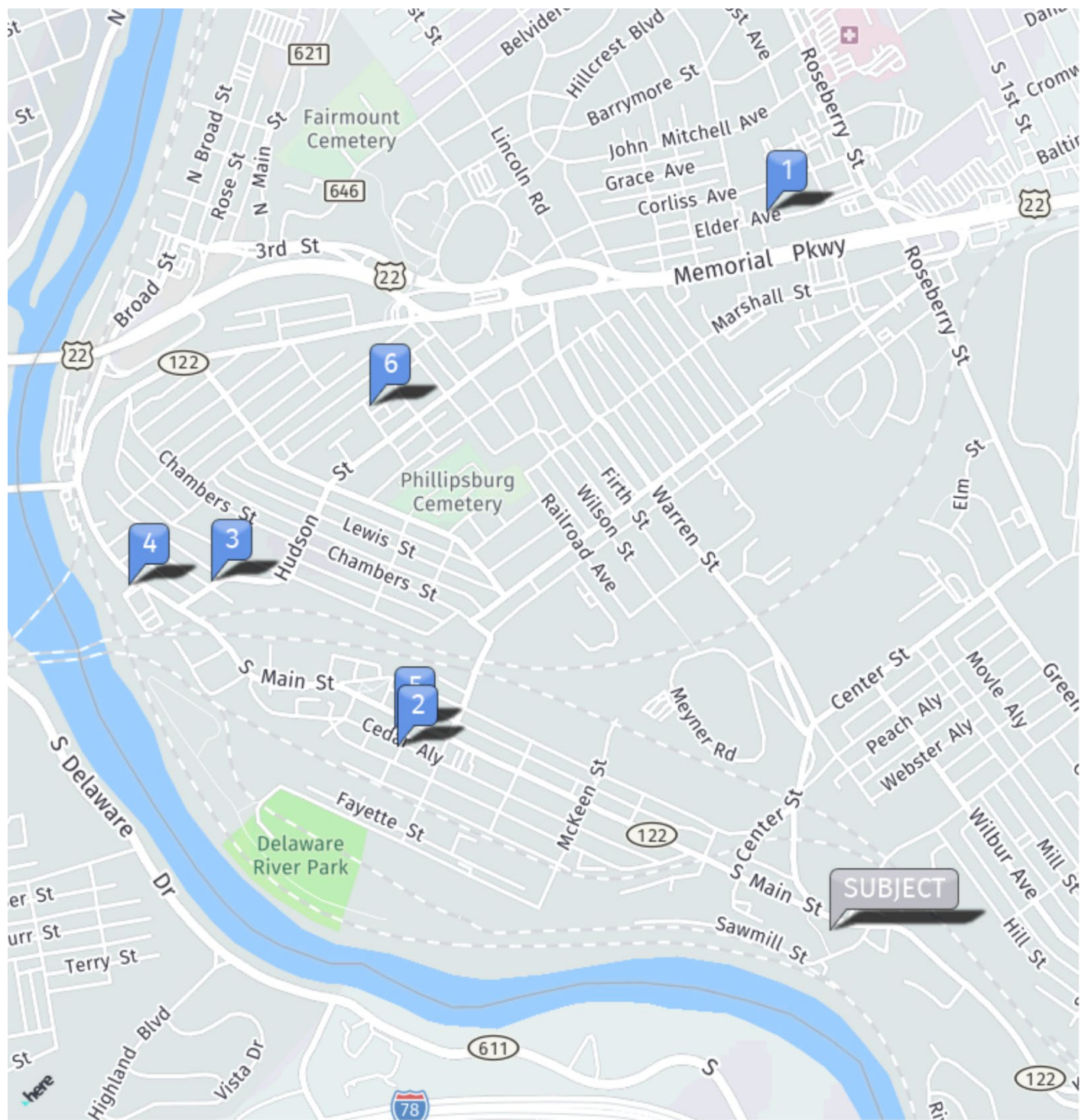
A complete search of the area was conducted to find the most comparable properties in terms of location, tenancy, age, exposure, quality, and condition. The comparables in this analysis are the most reliable indicators of market rent for the subject available at the time of this appraisal.

## Presentation

The following presentation summarizes the comparables most similar to the subject property. The Survey Comparison Table, location map, photographs, and an analysis of the rent survey are presented on the following pages.

SURVEY COMPARISON TABLE							
	SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6
Address	774-776 S Main St	640-681 Corliss Ave	45 Fox St	59 Brainard St	120 South Main Street	388 S Main St	90 Glen Ave
City	Phillipsburg	Phillipsburg	Phillipsburg	Phillipsburg	Phillipsburg	Phillipsburg	Phillipsburg
State	NJ	NJ	NJ	NJ	NJ	NJ	NJ
Zip	08865	08865	08865	08865	08865	08865	08865
County	Warren	Warren	Warren	Warren	Warren	Warren	Warren
Submarket	Warren County	Warren County	Warren County	Warren County	Warren County	Warren County	Warren County
RENT SURVEY INFORMATION							
Rent Type	Market	Market	Market	Market	Market	Market	Market
Rent/Unit Avg	\$1,830	\$1,331	\$1,300	\$1,375	\$1,450	\$1,200	\$1,600
Rent/SF Avg	\$1.93	\$1.62	\$1.96	\$1.41	\$2.42	\$1.89	\$2.00
*Electricity = E   Garbage = T   Gas = G   Hot-Water = HW   Sewer = S   Water = W   Cable/Satellite = C   Internet = I							
BUILDING INFORMATION							
Occupancy	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Location	Average	Average	Average	Average	Average	Average	Average
Access	Average	Average	Average	Average	Average	Average	Average
Exposure	Average	Average	Average	Average	Average	Average	Average
Quality	Average	Average	Average	Average	Average	Average	Average
Condition	Average	Average	Average	Average	Average	Average	Average
Appeal	Average	Average	Average	Average	Average	Average	Average
OVERALL COMPARISON		SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR
CONFIRMATION INFORMATION							
Company		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Name		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Affiliation		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Phone		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Date		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential





COMPARABLE	LABEL	ADDRESS	MILES FROM SUBJECT
COMPARABLE 1	1	640-681 Corliss Ave, Phillipsburg, NJ, 08865	1.2
COMPARABLE 2	2	45 Fox St, Phillipsburg, NJ, 08865	0.8
COMPARABLE 3	3	59 Brainard St, Phillipsburg, NJ, 08865	1.2
COMPARABLE 4	4	120 South Main Street, Phillipsburg, NJ, 08865	1.3
COMPARABLE 5	5	388 S Main St, Phillipsburg, NJ, 08865	0.8
COMPARABLE 6	6	90 Glen Ave, Phillipsburg, NJ, 08865	1.1



Rent Survey Photographs



COMPARABLE 1



COMPARABLE 2



COMPARABLE 3



COMPARABLE 4



COMPARABLE 5



COMPARABLE 6

## Conclusion Of Market Rent

The following table summarizes the various indicators of market rent for each unit type, and provides the market rent analysis and the conclusions for the subject property.

1 BED UNITS						
COMP	TYPE	AVERAGE UNIT SIZE	UNADJUSTED	ADJUSTMENTS		NET
			RENT	SURVEY	BUILDING	ADJ
1	Flat 1 Bed / 1 Bath	700	\$1,135	\$0	\$0	\$1,135
2	Flat 1 Bed / 1 Bath	500	\$1,200	\$0	\$0	\$1,200
3	Flat 1 Bed / 1 Bath	850	\$1,250	\$0	\$0	\$1,250
5	Flat 1 Bed / 1 Bath	400	\$0	\$0	\$0	\$0
HIGH		850	\$1,250	\$0	\$0	\$1,250
AVG		613	\$896	\$0	\$0	\$896
MED		600	\$1,168	\$0	\$0	\$1,168
LOW		400	\$0	\$0	\$0	\$0

UNIT TYPE ANALYSIS & CONCLUSIONS				
TYPE	UNIT SIZE	RENT	ASKING	CONCLUSION
Flat 1 Bed / 1 Bath	430	\$1,400		\$1,250

2 BED UNITS						
COMP	TYPE	AVERAGE UNIT SIZE	UNADJUSTED	ADJUSTMENTS		NET
			RENT	SURVEY	BUILDING	ADJ
1	Flat 2 Bed / 1 Bath	825	\$1,346	\$0	\$0	\$1,346
4	Flat 2 Bed / 1 Bath	600	\$1,450	\$0	\$0	\$1,450
6	Flat 2 Bed / 1 Bath	800	\$1,600	\$0	\$0	\$1,600
HIGH		825	\$1,600	\$0	\$0	\$1,600
AVG		742	\$1,465	\$0	\$0	\$1,465
MED		800	\$1,450	\$0	\$0	\$1,450
LOW		600	\$1,346	\$0	\$0	\$1,346

UNIT TYPE ANALYSIS & CONCLUSIONS				
TYPE	UNIT SIZE	RENT	ASKING	CONCLUSION
Flat 2 Bed / 1 Bath	864	\$1,875		\$1,600

3 BED UNITS						
COMP	TYPE	AVERAGE UNIT SIZE	UNADJUSTED	ADJUSTMENTS		NET
			RENT	SURVEY	BUILDING	ADJ
1	Flat 3 Bed / 1 Bath	1,000	\$1,504	\$0	\$0	\$1,504
2	Flat 3 Bed / 2 Bath	827	\$1,400	\$0	\$0	\$1,400
3	Flat 3 Bed / 1 Bath	1,100	\$1,500	\$0	\$0	\$1,500
5	Flat 3 Bed / 2 Bath	750	\$1,800	\$0	\$0	\$1,800
HIGH		1,100	\$1,800	\$0	\$0	\$1,800
AVG		919	\$1,551	\$0	\$0	\$1,551
MED		914	\$1,502	\$0	\$0	\$1,502
LOW		750	\$1,400	\$0	\$0	\$1,400

UNIT TYPE ANALYSIS & CONCLUSIONS				
TYPE	UNIT SIZE	RENT	ASKING	CONCLUSION
Flat 3 Bed / 2 Bath	1,295	\$2,000		\$1,800

### Market Rent vs. Contract Rent

Based on the previous conclusions, the subject's average contract rent is 113.7% of market rents. Note that the vacant units are assumed at the average contract rent of the occupied units when calculating the overall average actual rent

Contract rents are applied in our analysis.

CONTRACT VERSUS MARKET									
TYPE	DESCRIPTION	UNITS	ASKING RENT		ACTUAL RENT		CONCLUDED		CONTRACT V MARKET
			\$/UNIT	\$/SF	\$/UNIT	\$/SF	\$/UNIT	\$/SF	
Flat 1 Bed / 1 Bath	1-Bed	1			\$1,400	\$3.26	\$1,250	\$2.91	112.0%
Flat 2 Bed / 1 Bath	2-Bed	2			\$1,875	\$2.17	\$1,600	\$1.85	117.2%
Flat 3 Bed / 2 Bath	3-Bed	2			\$2,000	\$1.54	\$1,800	\$1.39	111.1%
<b>TOTAL / AVERAGE</b>		<b>5</b>	<b>\$0</b>	<b>\$0.00</b>	<b>\$1,830</b>	<b>\$1.93</b>	<b>\$1,610</b>	<b>\$1.70</b>	<b>113.7%</b>

### Reimbursement Revenue

There is no reimbursement revenue.

### Miscellaneous Revenue

Based on review of the subject's historical operations, there is no miscellaneous revenue generators present.

### Potential Gross Revenue (PGR)

The potential gross revenue equals the total rental revenue plus reimbursement and miscellaneous revenue. The potential gross revenue of the subject is calculated by multiplying the sum of market rent of \$22,680/Unit and \$23.88 per square foot rent and reimbursements if any at \$0 which is \$0/Unit and -/SF by the net rentable area of 4,748 square feet, which indicates a PGR of \$113,400.

### Vacancy and Credit Loss

This category accounts for the time period between occupants, as well as possible prolonged vacancies under slow market conditions. Market participants typically expect a vacancy and credit loss of 3% to 6% of potential gross income for similar property types. This assignment reflects the probable vacancy during the economic life of the property and not necessarily the current or short-term vacancy. The findings of the Market Analysis section support a typical vacancy and credit loss allocation. As of the effective date, the subject is 100.0% occupied. Based on current and perceived long-term market conditions and the subject's current and anticipated tenancy over a typical holding period, a vacancy and credit loss of 3.9% is concluded.

ALL VACANCY LOSS	%PGR	%EGR	\$/UNIT	\$/YEAR
Vacancy	4.0%	4.0%	(\$878)	(\$4,392)
<b>TOTAL VACANCY &amp; CREDIT LOSS</b>	<b>3.9%</b>	<b>4.0%</b>	<b>(\$878)</b>	<b>(\$4,392)</b>

## Effective Gross Revenue (EGR)

Effective gross revenue equals the potential gross revenue less vacancy and credit loss. The total effective gross revenue for the subject is \$109,008 which is \$21,802/Unit and \$22.96/SF.

## Expense Comparables

The following table summarizes the expense comparables deemed to be applicable to the subject property.

EXPENSE COMPARABLES									
COMPARABLE	COMP 1		COMP 2		COMP 3		LOW	HIGH	AVG
City	Rahway		Bound Brook		Jersey City		-	-	-
State	NJ		NJ		NJ		-	-	-
Net Rentable Area	12,663		48,359		17,560		12,663	48,359	26,194
Year Built	1900		2022		1920		1900	2022	1947
EFFECTIVE GROSS REVENUE	-	-	-	-	\$20,122	-	\$19.48	\$19.48	\$19.48
OPERATING EXPENSES	\$/UNIT	%EGR	\$/UNIT	%EGR	\$/UNIT	%EGR	LOW	HIGH	AVG
Insurance	\$502	-	\$400	-	\$578	2.9%	\$0.53	\$1.07	\$0.72
Common Area Maintenance	\$1,102	-	\$2,297	-	\$1,477	7.3%	\$1.43	\$3.04	\$2.27
Management Fees	\$464	-	\$280	-	\$362	1.8%	\$0.35	\$0.99	\$0.57
Reserves	\$352	-	\$249	-	\$258	1.3%	\$0.25	\$0.75	\$0.44
TOTAL OPERATING EXPENSES	\$2,420	-	\$3,226	-	\$2,675	13.3%	\$3	\$5	\$4

## Expense Conclusions

The individual expense conclusions for the subject are summarized below. The analysis relies upon expense comparables and general market parameters.

EXPENSE CONCLUSIONS				
OPERATING EXPENSES	%EGR	\$/UNIT	TOTAL	COMMENT
Taxes	11.2%	\$2,444	\$12,219	The concluded amount is based on the subject actual tax burden.
Insurance	2.3%	\$500	\$2,500	Based on the comparable and historic expenses, the insurance expense is estimated at \$500/Unit.
Common Area Maintenance	5.3%	\$1,150	\$5,750	Based on the comparable expenses, the CAM expense is estimated at \$1,150/Unit.
Management Fees	3.0%	\$654	\$3,270	The management fee is estimated at 3% of the EGI. This is supported by the comparable expenses.
Reserves	1.1%	\$250	\$1,250	The reserves are estimated at \$250/Unit.
TOTAL OPERATING EXPENSES	22.9%	\$4,998	\$24,989	

## Net Operating Income (NOI)

The net operating income equals the effective gross income less the total expenses. The total net operating income for the subject is \$84,019 which is \$16,804/Unit and \$17.70/SF.

## Capitalization Rate

In this section, a capitalization rate for the subject is developed based upon market extraction, national survey data, and band of investments analysis.

## Market Extraction

The following capitalization table restates the information for the sales previously presented in the Sales Comparison Approach.

MARKET EXTRACTION METHOD				
	COMP 1	COMP 2	COMP 3	COMP 4
City	Roselle Park	Roselle Park	Plainfield	Rahway
State	NJ	NJ	NJ	NJ
NRA (SF)	17,575	13,696	28,140	12,663
Units	23	17	33	27
Sale Date	1/5/2021	7/27/2021	1/5/2022	12/8/2021
Sale Price	\$3,300,000	\$2,725,000	\$6,375,000	\$2,750,000
Price/Unit	\$143,478	\$160,294	\$193,182	\$101,852
NOI/SF NRA	\$11.27	\$11.94	\$17.99	\$13.87
<b>Capitalization Rate</b>	<b>6.00%</b>	<b>6.00%</b>	<b>7.94%</b>	<b>6.39%</b>
HIGH	7.94%			
<b>AVERAGE</b>	<b>6.58%</b>			
LOW	6.00%			

The comparable capitalization rates indicate a range from 6.00% to 7.94% with an average of 6.58%.

## National Survey

The investor pool for the subject property likely includes regional or local investors, with a national investor profile viewed as unlikely based on the relatively smaller size and mix of local and national tenant profile. However, for additional support, the following table summarizes national cap rate trends for similar properties.

NATIONAL INVESTOR SURVEY			
CAPITALIZATION RATE (OAR)	YEAR/QUARTER	RANGE	AVERAGE
Mid-Atlantic Region Apartment Market			PwC
<b>Current Quarter</b>	<b>2024 Q2</b>	<b>4.25% to 6.50%</b>	<b>5.50%</b>
Last Quarter	2024 Q1	4.25% to 6.50%	5.43%
Four Quarters Ago	2023 Q2	4.00% to 6.50%	5.03%



### Band of Investment Technique

To analyze the capitalization rate from a financial position, the Band of Investment Technique is used. Available financing information from lenders and the sales comparables indicates the following terms. Equity dividend rates vary depending upon motivations of buyers and financing terms. The terms, appreciation, NOI growth and other rates used in the Band of Investment calculations along with the Band of Investment conclusions are presented in the following table:

SIMPLE BAND OF INVESTMENT					
ASSUMPTIONS					
Interest Rate	7.54%	Ten Year Treasury	300 bp		
Loan Amortization Period	30 Years	<u>Current 10-Yr. Treasury</u>	4.54% (As of Report Date)		
Loan-To-Value-Ratio	75.00%	6-Mos Trend			
Mortgage Constant	0.08423	<u>Current SOFR</u>	5.31% (As of Report Date)		
Debt Service Coverage Ratio	1.35000	6-Mos Trend			
CALCULATION					
Mortgage Component	75%	x	8.42%	=	0.0632
Equity Component	25%	x	7.50%	=	0.0188
<b>INDICATED CAPITALIZATION RATE</b>					<b>8.19%</b>

Based on our research, and market participant input, we have estimated that a reasonable EDR should be 7.50%, which is supported by our analysis.

As well, the resulting debt coverage service ratio (1.7465) is within the range indicated by analysts and lenders (1.2 to 2.5) as acceptable.

DEBT SERVICE COVERAGE RATIO			
DSCR	LTV	MORTGAGE CONSTANT	INDICATED CAP RATE
1.35	0.75	0.0842	8.53%

### Capitalization Rate Conclusion

Taking all factors into consideration, the following table summarizes the various capitalization rate indicators and provides the final capitalization rate conclusion.

CAPITALIZATION RATE CONCLUSION				
COMPONENT	RANGE			AVERAGE
Market Extraction	6.00%	to	7.94%	6.58%
National PwC Investor Surveys Average	4.25%	to	6.50%	5.50%
Simple Band of Investment Calculation				8.19%
DSCR Method Cap Rate				8.53%
<b>CONCLUDED CAPITALIZATION RATE</b>				<b>8.00%</b>

## Direct Capitalization Conclusion

The table below summarizes the Direct Capitalization Method and its value conclusion.

DIRECT CAPITALIZATION							
UNIT MIX							
TYPE	UNITS	CATEGORY	CONTRACT	MARKET	CONT V MKT	\$/UNIT	\$/YEAR
Flat 1 Bed / 1 Bath	1	1 Bed	\$1,400	\$1,250	112%	\$1,400	\$16,800
Flat 2 Bed / 1 Bath	2	2 Bed	\$1,875	\$1,600	117%	\$1,875	\$45,000
Flat 3 Bed / 2 Bath	2	3 Bed	\$2,000	\$1,800	111%	\$2,000	\$48,000
UNIT MIX SUBTOTAL	5	-	\$1,830	\$1,610	114%	\$1,830	\$109,800
RENTAL REVENUE			%PRR	%PGR	%EGR	\$/UNIT	\$/YEAR
Total Multifamily Revenue			100%	97%	101%	\$21,960	\$109,800
TOTAL RENTAL REVENUE						\$21,960	\$109,800
OTHER REVENUE (MISCELLANEOUS)							
Garage Rental			3%	3%	3%	\$720	\$3,600
TOTAL OTHER REVENUE (MISCELLANEOUS)			3%	3%	3%	\$720	\$3,600
POTENTIAL GROSS REVENUE						\$22,680	\$113,400
ALL VACANCY LOSS				%PGR	%EGR	\$/UNIT	\$/YEAR
Vacancy				4.0%	4.0%	(\$878)	(\$4,392)
TOTAL VACANCY & CREDIT LOSS				3.9%	4.0%	(\$878)	(\$4,392)
EFFECTIVE GROSS REVENUE						\$21,802	\$109,008
OPERATING EXPENSES				%PGR	%EGR	\$/UNIT	\$/YEAR
Taxes				10.8%	11.2%	(\$2,444)	(\$12,219)
Insurance				2.2%	2.3%	(\$500)	(\$2,500)
Common Area Maintenance				5.1%	5.3%	(\$1,150)	(\$5,750)
Management Fees				2.9%	3.0%	(\$654)	(\$3,270)
Reserves				1.1%	1.1%	(\$250)	(\$1,250)
TOTAL OPERATING EXPENSES				22.0%	22.9%	(\$4,998)	(\$24,989)
NET OPERATING INCOME						\$16,804	\$84,019
Capitalization Rate							8.00%
Capitalized Value							\$1,050,238
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)						\$210,000/Unit	\$1,050,000

## RECONCILIATION OF VALUE CONCLUSIONS

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Based on the agreed upon scope with the client, the subject's specific characteristics and the interest appraised, this appraisal developed Sales Comparison and Income (Direct Capitalization) Approaches. The values presented represent the As-Is (Leased Fee Interest).

The Reconciliation of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. Below, the individual strengths and weaknesses of each approach are analyzed.

As previously discussed, the **Cost Approach** was not presented in this analysis. This approach has limited application due to the age of the improvements and lack of market based evidence to support accrued depreciation. Additionally, investors typically do not place emphasis on replacement cost in establishing value for properties with stabilized income in place such as the subject. The exclusion of the Cost Approach does not diminish the credibility of the value conclusion.

The price per square foot method has been presented in the **Sales Comparison Approach**. There have been several recent sales of properties similar to the subject in the market area in the current market conditions, which increases the validity of this approach. The most likely buyer for the subject would be an investor and this approach is given less weight.

The **Income Approach** to value is generally considered to be the best and most accurate measure of the value of income-producing properties. The value estimate by this approach best reflects the analysis that knowledgeable buyers and sellers carry out in their decision-making processes regarding this type of property. Sufficient market data was available to reliably estimate gross income, vacancy, expenses and capitalization rates for the subject property. The subject is leased to multiple tenants and the most likely buyer is an investor, suggesting this approach deserves primary emphasis.

After considering all factors relevant to the valuation of the subject property, equal emphasis is placed on the Sales Comparison and Income Approaches in the following As-Is market value.



RECONCILIATION OF VALUES	
VALUATION SCENARIOS	AS-IS
Interest	Leased Fee Interest
Date	May 17, 2024
SALES COMPARISON APPROACH	
SALES COMPARISON APPROACH	
Indicated Value	\$930,000
\$/Unit	\$186,000
INCOME CAPITALIZATION APPROACH	
DIRECT CAPITALIZATION	
NOI	\$84,019
NOI \$/Unit	\$16,803.80
Capitalization Rate (OAR)	8.00%
Indicated Value	\$1,050,000
\$/Unit	\$210,000
FINAL VALUE CONCLUSION	
FINAL VALUE CONCLUSION	<b>\$1,050,000</b>
\$/Unit	\$210,000





## CERTIFICATION

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

The statements of fact contained in this report are true and correct.

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

The signers of this report has 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.

Gary M. Wade, MAI and Brian Cumiskey have performed no services, specifically 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.

The signers are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.

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

The 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 analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics* and *Standards of Professional Appraisal Practice* of the Appraisal Institute, and the *Uniform Standards of Professional Appraisal Practice*, as set forth by the Appraisal Standards Board of the Appraisal Foundation.

Gary M. Wade, MAI did not inspect the property Brian Cumiskey of Wade Appraisal, LLC inspected the property that is the subject of this report.

No one provided significant real property appraisal assistance to the appraisers signing the certification.

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

As of the date of this report, Gary M. Wade, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.



Gary M. Wade, MAI  
Certified General Real Estate Appraiser  
New Jersey License No. 42RG00214100  
Expiration Date 12/31/2025



Brian Cumiskey  
Appraiser Trainee



## ENGAGEMENT LETTER



**WADE APPRAISAL, LLC**  
460 Main Street, Metuchen, NJ 08840

GARY M. WADE, MAI  
MICHAEL J. HALLAS  
LAWRENCE LEVENBERG  
WENDY WITKOWSKY  
DUWAN IRBY  
JONATHAN BECKER

Date of Agreement: Tuesday, April 16, 2024

Stiuso & Associates  
George Stiuso  
P.O. Box 6002  
Bridgewater, NJ 08840

Gary M. Wade, MAI  
Principal  
(732) 204-6445  
gwade@wadeappraisal.net

### PROFESSIONAL SERVICE AGREEMENT ("Agreement")

This Professional Services Agreement (this "Agreement") is made and entered into on April 16, 2024 (the "Effective Date"), by and between Wade Appraisal, LLC and Stiuso & Associates (herein referred to as "Client").

<b>Property Identification</b>	774-776 S Main St, Phillipsburg, NJ 8865
<b>Property Type</b>	Multi-Family
<b>Interest Valued</b>	Leasehold Interest
<b>Intended User(s)</b>	The appraisal will be prepared for the above-mentioned client. Intended users include the client. <i>Note: No other users are intended by Appraiser. Appraiser shall consider the intended users when determining the level of detail to be provided in the Appraisal Report.</i> <i>The client is also hereby informed that if this engagement is directly with the owner of the Property, the Appraisal may not be accepted by many federally insured lenders due to FIRREA Compliance and would likely not be accepted for future financing of said property.</i>
<b>Intended Use</b>	The report to be performed under this Agreement ("Appraisal") is intended for Financing. <i>Note: No other use is intended by Appraiser. The intended use as stated shall be used by Appraiser in determining the appropriate Scope of Work for the assignment.</i>
<b>Type of Value</b>	As-Is
<b>Date of Value</b>	Date of inspection
<b>Report Type</b>	Appraisal Report
<b>Level of Analysis</b>	Summary
<b>Professional Fee</b>	\$2,200
<b>Retainer</b>	- Retainer payment is required to begin the work. Please include a check with the original executed Professional Service Agreement.
<b>Expenses</b>	Fees include all associated expenses.
<b>Payment Terms</b>	Appraiser shall invoice Client for services rendered pursuant to this Agreement based upon the fees specified in this Agreement. Appraiser's invoices are considered due upon receipt by Client and shall be deemed delinquent if not paid within five (5) days of the date of Appraiser's invoice.

Email: [gwade@wadeappraisal.net](mailto:gwade@wadeappraisal.net)



Website: [www.wadeappraisalllc.com](http://www.wadeappraisalllc.com)



Tuesday, April 16, 2024

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**SCOPE OF WORK**

Site Inspection	Interior and exterior observation, on-site
Valuation Approaches	<p>Appraiser will provide the Appraisal in accordance with Uniform Standards of Professional Appraisal (USPAP), The Code of Professional Ethics of the Appraisal Institute, Standards of Professional Appraisal Practice of the Appraisal Institute, and State Licensing Laws.</p> <p>Appraiser will research relevant market data, and perform analysis to the extent necessary to produce credible appraisal results. Appraiser anticipates developing the following valuation approaches:</p> <ul style="list-style-type: none"> <li>▶ Cost Approach</li> <li>▶ Sales Comparison Approach</li> <li>▶ Income Approach</li> </ul> <p>The scope of work will be included in the Appraisal. A copy of the Assumptions and Limiting Conditions, which appear in the Appraisal, is available upon request.</p> <p><i>Note: Appraiser shall use all approaches necessary to develop a credible opinion of value.</i></p>
Delivery	2 Weeks (effective from date of 50% retainer or signed/returned engagement contract, whichever is later)
Number of Reports	One (1) Electronic Final Appraisal and Two (2) hard copies (at the request of Client)
Acceptance Date	These specifications are subject to modification if this Agreement is not accepted within 5 business days from the date of this letter.

**PROPERTY DATA REQUEST**

Please forward any additional materials you would consider relevant in the analysis of the subject property. Such items may include, as applicable, an accurate property description, site survey, current rent roll, copies of leases, at least three years of historical operating statements, purchase and sale agreement, title report, any environmental reports or other third party reports, or any other sources of information known to exist that may impact the valuation of the property.

Our ability to honor the terms of this Agreement will require Client's response within five (5) business days. If you have questions regarding the enclosed, please feel free to contact me. Wade Appraisal, LLC appreciates this opportunity to be of service to you on this assignment and looks forward to serving you. If you have additional questions, please contact us.

I, George Stiuso, agree to the above stated terms and authorize Wade Appraisal, LLC to prepare the above referenced appraisal.

\_\_\_\_\_, Date: \_\_\_\_\_

George Stiuso

Respectfully,

WADE APPRAISAL, LLC



Gary M. Wade, MAI  
Principal



Tuesday, April 16, 2024

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**TERMS AND CONDITIONS****CONFIDENTIALITY**

Appraiser shall not provide a copy of the written Appraisal Report to, or disclose the results of the appraisal prepared in accordance with this Agreement to, any party other than Client, unless Client authorizes, except as stipulated in the Confidentiality Section of the Ethics Rule of the Uniform Standards of Professional Appraisal Practice (USPAP).

**USE OF EMPLOYEES OR INDEPENDENT CONTRACTORS**

Appraiser may use employees or independent contractors at Appraiser's discretion to complete the assignment, unless otherwise agreed by the parties. Notwithstanding, Appraiser shall sign the written Appraisal Report and take full responsibility for the services provided as a result of this Agreement.

**SERVICES NOT PROVIDED**

The fees set forth in this Agreement apply to the appraisal services rendered by Appraiser as set forth in this Agreement. Unless otherwise specified herein, Appraiser's services for which the fees in this Agreement apply shall not include meetings with persons other than Client or Client's agents or professional advisors; Appraiser's deposition(s) or testimony before judicial, arbitration or administrative tribunals; or any preparation associated with such depositions or testimony. Any additional services performed by Appraiser not set forth in this Agreement will be performed on terms and conditions set forth in an amendment to this Agreement, or in a separate agreement.

**TESTIMONY AT COURT OR OTHER PROCEEDINGS**

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

**CHANGES TO AGREEMENT**

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

**CANCELLATION**

Client may cancel this Agreement at any time prior to Appraiser's delivery of the Appraisal Report upon written notification to Appraiser. Client shall pay Appraiser for work completed on assignment prior to Appraiser's receipt of written cancellation notice, unless otherwise agreed upon by Appraiser and Client in writing.

**GOVERNING LAW AND JURISDICTION**

This Agreement shall be governed by the law of the state in which Appraiser's office as specified in this Agreement is located, exclusive of that state's choice of law rules. The parties agree that any legal proceeding brought by either party to interpret or enforce this Agreement, or to enforce an arbitration award entered pursuant to this Agreement, shall be brought in a state or federal court having jurisdiction over the location of Appraiser's office as specified in this Agreement, and the parties hereby waive any objections to the personal jurisdiction of said court.

**APPRAISER INDEPENDENCE**

Appraiser cannot agree to provide a value opinion that is contingent on a predetermined amount. Appraiser cannot guarantee the outcome of the assignment in advance. Appraiser cannot ensure that the opinion of value developed as a result of this Assignment will serve to facilitate any specific objective of Client or others or advance any particular cause. Appraiser's opinion of value will be developed competently and with independence, impartiality and objectivity.

**NOTICES**

Any notice or request required or permitted to be given to any party shall be given in writing and shall be delivered to the receiving party by: a) registered or certified mail, postage prepaid; (b) overnight courier, such as Federal Express, United Parcel Service or equivalent; or (c) hand delivery. The address for delivery of any notice shall be the address for the party as specified in this Agreement, or at such other address as party may designate by written notice to the other party in conformance with this paragraph. Unless otherwise specified herein, notice shall be effective the date it is postmarked or given to a third party for delivery to the receiving party, whether or not the receiving party signs for or accepts delivery of such notice.

**NO THIRD-PARTY BENEFICIARIES**

Nothing in this Agreement shall create a contractual relationship between Appraiser or Client and any third party, or any cause of action in favor of any third party. This Agreement shall not be construed to render any person or entity a third party beneficiary of this Agreement, including, but not limited to, any third parties identified herein.

**MEDIATION & ARBITRATION**

In the event of a dispute concerning the subject matter of this Agreement, the parties shall in good faith attempt to resolve such dispute by negotiation between the parties' principals, or, if such negotiation is unsuccessful, by mediation conducted by a third-party mediator. If such mediation results in an impasse, the parties shall submit their dispute to binding arbitration. Such mediation or, if necessary, binding arbitration shall be conducted pursuant to the mediation procedures or the commercial arbitration rules of the American Arbitration Association. Any arbitration shall be conducted in the city in which Appraiser's office as specified herein is located. The parties shall share equally the costs of any mediation. In the event of binding arbitration, the arbitrators shall, in addition to any relief appropriate to be awarded to the prevailing party, enter an award in favor of the prevailing party for that party's costs of the arbitration, including the party's reasonable attorneys' fees and arbitration expenses incurred in prosecuting or defending the arbitration proceeding. Subject to the right of the prevailing party to recover its share of the costs of the arbitration services pursuant to the arbitrator's award, the costs of the arbitration services shall be borne



**Tuesday, April 16, 2024**

**Page 4**

equally by the parties. If the prevailing party seeks judicial confirmation of any arbitration award entered pursuant to this Agreement, the court shall, in addition to any other appropriate relief, enter an award to the prevailing party in such confirmation proceeding for its reasonable attorneys' fees and litigation expenses incurred in confirming or successfully opposing the confirmation of such an award.

#### **SPECIAL OR CONSEQUENTIAL DAMAGES**

Neither party shall under any circumstances be liable to the other party for special, exemplary, punitive or consequential damages, including, without limitation, loss of profits or damages proximately caused by loss of use of any property, whether arising from either party's negligence, breach of the Agreement or otherwise, whether or not a party was advised, or knew, of the possibility of such damages, or such possibility was foreseeable by that party. In no event shall Appraiser be liable to Client for any amounts that exceed the fees and costs paid by Client to Appraiser pursuant to this Agreement.

#### **ASSIGNMENT**

Neither party may assign this Agreement to a third party without the express written consent of the other party, which the non-assigning party may withhold in its sole discretion. In the event this Agreement is assigned by mutual consent of the parties, it shall become binding on the assigning party's permitted assigns.

#### **SEVERABILITY**

In the event any provision of this Agreement shall be determined to be void or unenforceable by any court of competent jurisdiction, then such determination shall not affect any other provision of this Agreement and all such other provisions shall remain in full force and effect. Template for Agreement for Professional Valuation Services

#### **CLIENT'S DUTY TO INDEMNIFY APPRAISER**

Client agrees to defend, indemnify and hold harmless Appraiser from any damages, losses or expenses, including attorneys' fees and litigation expenses at trial or on appeal, arising from allegations asserted against Appraiser by any third party that if proven to be true would constitute a breach by Client of any of Client's obligations, representations or warranties made in this Agreement, or any violation by Client of any federal, state or local law, ordinance or regulation, or common law (a "Claim"). In the event of a Claim, Appraiser shall promptly notify Client of such Claim, and shall cooperate with Client in the defense or settlement of any Claim. Client shall have the right to select legal counsel to defend any Claim, provided that Appraiser shall have the right to engage independent counsel at Appraiser's expense to monitor the defense or settlement of any Claim. Client shall have the right to settle any Claim, provided that Appraiser shall have the right to approve any settlement that results in any modification of Appraiser's rights under this Agreement, which approval will not be unreasonably withheld, delayed or conditioned.

#### **CLIENT'S REPRESENTATIONS AND WARRANTIES**

Client represents and warrants to Appraiser that (1) Client has all right, power and authority to enter into this Agreement; (2) Client's duties and obligations under this Agreement do not conflict with any other duties or obligations assumed by Client under any agreement between Client and any other party; and (3) Client has not engaged Appraiser, nor will Client use Appraiser's Appraisal Report, for any purposes that violate any federal, state or local law, regulation or ordinance or common law.

#### **EXTENT OF AGREEMENT**

This Agreement represents the entire and integrated agreement between the Client and Appraiser and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both Client and Appraiser. This Agreement includes the following Appendices, which are incorporated into, and made a part of this Agreement:

Appendix A: Extraordinary Assumptions and Hypothetical Conditions contained within the appraisal report

Appendix B: Information Request



THIS DOCUMENT IS PRINTED ON WATERMARKED PAPER, WITH A MULTI-COLORED BACKGROUND AND MULTIPLE SECURITY FEATURES. PLEASE VERIFY AUTHENTICITY.

**State Of New Jersey**  
**New Jersey Office of the Attorney General**  
**Division of Consumer Affairs**

THIS IS TO CERTIFY THAT THE  
**Real Estate Appraisers Board**

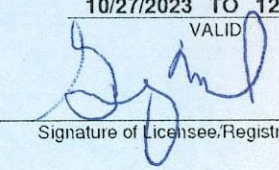
HAS CERTIFIED

Gary M. Wade  
P.O. Box 428  
Metuchen NJ 08840

FOR PRACTICE IN NEW JERSEY AS A(N): Certified General Appraiser

10/27/2023 TO 12/31/2025  
VALID

42RG00214100  
LICENSE/REGISTRATION/CERTIFICATION #

  
Signature of Licensee/Registrant/Certificate Holder

  
ACTING DIRECTOR







## WADE APPRAISAL, LLC

Company\_Address, Company\_CityStateZip

PHONE: Company\_Phone

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**GARY M. WADE, MAI**  
**RG002141 (New Jersey)**  
**GA 003875 (Pennsylvania)**  
**NY46000050050 (New York)**

### **EDUCATION:**

University of Colorado, Boulder, CO

Bachelor of Arts in Environmental Studies with a Minor in Geography

All Appraisal Institute Courses required for the MAI designation.

- Fundamentals of Separating Real Property, Personal Property, and Intangible Assets, March 2012
- Business Practices and Ethics, September 2020
- Uniform Standards of Professional Appraisal Practice, December 2020 ARGUS Enterprise Training – December 2018
- Uniform Appraisal Standards for Federal Land Acquisitions, April 2019

### **PROFESSIONAL AFFILIATIONS:**

MAI Designated Member, Appraisal Institute

Approved Small Business Administration Appraiser

State of New Jersey Green Acres Approved Appraiser

New Jersey State Agricultural Development Committee Approved Appraiser

2020 Appraisal Institute Metro New Jersey Chapter President

2021 Director – Metuchen Area Chamber of Commerce

Chairman of the Metuchen Parking Authority

### **EXPERIENCE:**

Gary M. Wade, MAI, has seventeen years of real estate valuation experience specializing in multi-family, office, industrial, retail, special-use, and land properties throughout the States of New Jersey, New York, and Pennsylvania. Mr. Wade's experience covers consultations for market valuations, investment and discounted cash flow analysis, valuation of partial interests, highest and best use studies, rental analysis, condemnation/ eminent domain, and estate planning. He has been qualified as an expert witness in New Jersey Superior Court and United States Bankruptcy Court. He has also served as a court appointed commissioner presiding over eminent domain proceedings in Middlesex County, New Jersey. Mr. Wade has extensive experience with a regional railroad performing appraisals of abandoned rail yards, railroad rights-of-way, vacant land and multi-family land on former rail yards in several counties throughout New Jersey. This experience includes several corridor valuations.

