

APPRAISAL REPORT

OF

VACANT LAND

LOCATED AT

**1-15 WEST OAK COURT
BAYONNE, NEW JERSEY 07104
(SECTION 1, BLOCK 471, LOTS 1-7)**

**AS OF
MAY 2, 2015**

FOR

**PSE&G SERVICES CORP.
80 PARK PLAZA, T68
BAYONNE, NJ 07102**

BY

**PATJO APPRAISAL SERVICES, INC.
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PATJO FILE # LNJO37-0415

VIEW OF SUBJECT PROPERTY

Taken by Patrick A. Josephs 05/02/2015 - Looking Northwest across subject property





Appraisal Services Incorporated

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May 12, 2015

PSE&G Services Corp.
80 Park Plaza, T68
Bayonne, NJ 07102

Re: Appraisal of 1-15 West Oak Court, Bayonne, NJ 07104 (Section 1, Block 471, Lots 1-7)

Sir/Madam,

As you requested, we have appraised the property located at 1-15 West Oak Court, Bayonne, Hudson County, New Jersey and prepared the accompanying report. The purpose of this appraisal is to estimate the market value, as defined in this report, of the Fee Simple estate in the subject property as of May 2, 2015.

The subject site comprises of seven contiguous tax parcels situated on the northwest corner of West Oak Court and Oak Street in Bayonne. It is situated approximately 312-feet east of the intersection of Linnet Street and Oak Street, on the northern side of Oak Street. It is irregular in shape and it occupies the entire street frontage on West Oak Court between Oak Street and State Route 440. Based on the tax map, the site has a frontage of 124.94-feet along Oak Street and a total frontage of 203.87-feet along West Oak Court for a total of 18,128± square feet (0.42 acre). The site is covered with natural vegetation and the perimeter has chain link fencing. It has level topography.

According to the tax map and our on-site measurements, there is an encroachment of approximately 375± square feet onto the subject site. The driveway of the recently constructed two-family home at 17½ Oak Street (Block 307, Lot 1.12) encroaches on the subject site at the southwest corner by approximately 15 feet on the north side of Oak Street. A site survey is recommended.

In keeping with instructions from the client, the owner was not notified about the appraisal or the inspection of the property. The property was inspected on May 2, 2015.

This report has been prepared in conformity with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.

Based on the investigations and analyses undertaken with respect to this appraisal, the market value of the Fee Simple estate in the subject property as of May 2, 2015 is:

FIVE HUNDRED AND FORTY THOUSAND DOLLARS (\$540,000)

It was a pleasure serving you.

Respectfully Submitted,
PATJO Appraisal Services, Inc.

.....
Patrick A. Josephs, MS, MRICS, MAI, AI-GRS.
NJ General Appraiser Lic. # 42RG00175200

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CERTIFICATION

I (Patrick A. Josephs) certify that, to the best of my knowledge and belief:

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

- As of the date of this report, I (Patrick A. Josephs) have completed the continuing education program of the Appraisal Institute.



.....
Patrick A. Josephs, MS, MRICS, MAI, AI-GRS.

May 12, 2015

.....
Date

PHOTOGRAPHS OF SUBJECT PROPERTY



VIEW OF SUBJECT PROPERTY LOOKING NORTH



FRONT VIEW OF SUBJECT PROPERTY



NEW HOMES NEXT TO SUBJECT PROPERTY

PHOTOGRAPHS OF SUBJECT PROPERTY



VIEW WEST ALONG OAK STREET



HOUSES ACROSS STREET FROM SUBJECT PROPERTY



DRIVEWAY OF 17½ OAK STREET - ENCROACHMENT

EXECUTIVE SUMMARY

SUBJECT PROPERTY: 1-15 West Oak Court, Bayonne, Hudson County, NJ 07002.

LOCATION OF PROPERTY: The subject property is situated on the northwest corner of Oak Street and West Oak Court in the City of Bayonne.

LEGAL DESCRIPTION: Section 1, Block 471, Lots 1-7.

SITE DESCRIPTION: The subject site comprises of seven contiguous tax parcels situated on the northwest corner of West Oak Court and Oak Street in Bayonne. It is situated approximately 312-feet east of the intersection of Linnet Street and Oak Street, on the northern side of Oak Street. It is irregular in shape and it occupies the entire street frontage on West Oak Court between Oak Street and State Route 440. Based on the tax map, the site has a frontage of 124.94-feet along Oak Street and a total frontage of 203.87-feet along West Oak Court for a total of 18,128± square feet (0.42 acre). The site is covered with natural vegetation and the perimeter has chain link fencing. It has level topography. According to the tax map and our on-site measurements, there is an encroachment of approximately 375± square feet onto the subject site. A site survey is recommended.

IMPROVEMENTS: None.

REAL ESTATE TAXES:	2015 Total Taxable Value	Taxes
	\$283,000	\$21,084

ZONING: R-2: Residential District.

HIGHEST AND BEST USE: Two-family Homes.

INTEREST APPRAISED: Fee Simple Estate

FINAL VALUE ESTIMATE: Five Hundred and Forty Thousand Dollars (\$540,000)

DATE OF APPRAISAL: May 2, 2015.

ASSUMPTIONS AND LIMITING CONDITION

1. No responsibility is assumed for the accuracy of the legal description or for matters including legal or title considerations. Ownership information and legal description were obtained from sources generally considered reliable. Title to the property is assumed to be good and marketable unless otherwise stated. The property is appraised free and clear of all liens or encumbrances, easements and restrictions except otherwise specifically stated. Responsible ownership and competent management are assumed for its highest and best use.
2. We have relied on various sources for rental, occupancy and other market information. These sources are considered to be reliable and the information utilized is believed to be accurate. However, no warranty is given for its accuracy.
3. A personal inspection of the property was made. Areas and dimensions of the property were not physically measured in all cases and much of this information was taken from the principal and/or from plot plans furnished by the principal or otherwise obtained. Maps and sketches included in this report, if any, are meant to assist the reader in visualizing the property. I have made no survey of the property and assume no responsibility for the accuracy of any survey supplied to me that was included or relied upon.
4. This report was not prepared for condemnation proceedings or negotiations. Testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal unless such arrangements are made a reasonable time in advance.
5. Unless otherwise stated, it is assumed that there are no hidden or undisclosed conditions of the property, the subsoil or any improvement on the site that would render it more or less valuable. No responsibility is assumed for such conditions or for arranging engineering studies that may be required to discover them.
6. It is assumed that there is full compliance with all-applicable federal, state and local environmental regulations and laws unless non-compliance is stated, defined and considered in the appraisal report.
7. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report.
8. It is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
9. No opinion is expressed as to the value of sub-surface oil, gas or mineral rights and that the property is not subject to surface entry for the exploration or removal of such materials except as is expressly stated.

10. The distribution of the total value in this report between land and improvement applies only under the existing program of utilization. No consideration has been given in this appraisal to personal property located on the premises, or to the cost of moving or relocating such personal property unless clearly stated otherwise. Only the real property has been considered.

11. The appraiser personally inspected the subject property and found no significant evidence of termite damage or infestation, although no termite inspection report was available. No engineering tests were performed to determine the structural integrity of the improvements. We assume the buildings are structurally sound. No test for Friable Asbestos, Urea Formaldehyde or Radon, a radioactive gas that occurs naturally in the soil, has been done. The appraiser was not apprised of the existence of any of these materials and assumes none exists.

12. The American with Disabilities Act (ADA) became effective in January 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this could have a negative effect upon the value of the property. However, in the absence of specific information, we did not consider compliance or non-compliance with the ADA in estimating the value of the property.

13. All the facts, conclusions and observations contained herein are consistent with information available as of the date of valuation. Forecasts of anticipated revenues and expenditures are based on our analysis and interpretation of market trends, economic conditions and historic operating data for the subject property and other similar property. No guarantee or representation is made that these forecasts will materialize and we assume no liability for any unforeseen precipitous change in neither the real estate market nor the local, state or national economy.

14. The Bylaws and Regulations of the Appraisal Institute govern disclosure of the contents of this report. Neither all nor part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public media of communication, without the prior written consent and approval of the author.

EXTRAORDINARY ASSUMPTIONS

The Uniform Standards of Professional Appraisal Practice (2014-2015 Edition) defines Extraordinary Assumption as follows;

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

UAPAP also has the following comment: *Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.*¹

We have made the following extraordinary assumptions:

1. None.

HYPOTHETICAL CONDITIONS

The Uniform Standards of Professional Appraisal Practice (2014-2015 Edition) defines Hypothetical Condition as follows;

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.

USPAP also has the following comment: *Hypothetical Conditions are contrary to know facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.*²

We have inferred the following hypothetical conditions:

1. That there is no encroachment of the driveway of the adjacent property on the subject site.

¹ USPAP (2014-2015), The Appraisal Foundation, Page U-3.

² ibid 1, Page U-3.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the Fee Simple interest or estate in the subject property as of May 2, 2015.

INTENDED USER AND INTENDED USE OF REPORT

This appraisal report will be used as the basis for property acquisition negotiation. The use of this report is restricted to the client and intended user – PSE&G- and its duly elected representatives for the purpose specified herein. The use of this report by any other and for other purpose is unauthorized.

DEFINITION OF VALUE AND DATE OF VALUE ESTIMATE

Market Value is defined as:

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

- *Buyer and seller are typically motivated;*
- *Both parties are well informed or well advised, and acting in what they consider their best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and*
- *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. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990; 59 Federal Register 29499, June 4, 1994.³*

The effective date of this valuation is May 2, 2015. The property was inspected on May 2, 2015. Data collection, analysis and the preparation of this report took place in the days immediately subsequent to the inspection date.

³Appraisal Institute (2010); The Dictionary of Real Estate Appraisal; Fifth Edition. Page 123.

PROPERTY RIGHTS APPRAISED

The interest being appraised is the Fee Simple estate in the subject property. Fee simple estate is defined as:

*Absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.*⁴

SCOPE OF APPRAISAL

In this appraisal, consideration was given to the application of the three approaches to value. Only one of the three approaches has been utilized. Formal instruction was received from Mr. Benson L. Goodwyn – Lead Real Estate Representative of PSE&G Services Corp. The subject property was inspected on May 2, 2015. In keeping with instruction from the client, the property owner was not notified of the appraisal or the inspection of the property.

To perform this appraisal, we took the following steps to gather, confirm and analyze relevant data.

- Physically inspected the subject property and the surrounding area and took photographs. Patrick Josephs of PATJO Appraisal Services, Inc. inspected the property.
- Researched transactional data (comparable sales and listings), inspected the comparable properties and took photographs.
- Collected physical, economic and demographic information about the subject property and the surrounding market area and confirmed the information with various sources.
- Performed a Highest and Best Use analysis of the subject property.
- Analyzed market information and developed indications of value using all applicable approaches.

Data sources include RealQuest, CoStar, other real estate professionals (Brokers & Appraisers) and participants in the local real estate market. Our research for sales was limited to Northern New Jersey and Sales were selected dating back to January 2012.

⁴ *ibid.*; Page 140.

COUNTY DATA

The subject property is located in Hudson County, one of the 21 counties in the State of New Jersey. Hudson County is located in the northeastern part of the state. It is the smallest of New Jersey counties and the most densely populated. It takes its name from the Hudson River, which constitutes part of its eastern boundary. The county seat is Bayonne. Hudson County is part of the New York Metropolitan Area (NYMA). According to the U.S. Census Bureau, the county has a total area of 62 square miles, of which, 47 square miles is land and 16 square miles (25.8%) is water.

Hudson County is located in the heart of the New York Metropolitan Area Tri-State Region and because of its proximity to Manhattan is sometimes referred to as New York City's sixth borough. It is bordered by the Hudson River and Upper New York Bay to the east; Kill van Kull to the south; Newark Bay and the Hackensack/Passaic River to the west; its only land boundary is shared with Bergen County to the north and west. The topography is marked by New Jersey Palisades in the north with cliffs overlooking the Hudson to the east and less severe slopes to the west. They gradually level off to the southern peninsula, which is coastal and flat. The western region, around Hackensack and Passaic is part of the New Jersey Meadowlands. The highest point at 260 feet (79 m) above sea level is in West New York; the lowest point is sea level. Counties adjacent to Hudson are New York County (Manhattan)-New York to the east; Essex County-New Jersey and Union County-New Jersey to west; Richmond County (Staten Island)-New York to the south; and Bergen County-New Jersey, the only one with which it shares a land border, to the north and west.

Much of the county lies between the Hackensack and Hudson Rivers on geographically long narrow peninsula, (sometimes called Bergen Neck), that is a contiguous urban area where it's often difficult to know when one's crossed a municipal boundary. These boundaries and the topography (including many hills and inlets) create very distinct neighborhoods. JF Kennedy Boulevard runs the entire length of the peninsula. Hudson County comprises of 12 municipalities, including four cities (Bayonne, Jersey City, Hoboken and Union City), five towns (West New York, Guttenberg, the smallest of its municipalities, Secaucus, Kearney and Harrison), one borough (East Newark), and two townships (Weehawken and North Bergen). There are three islands lying off its shores in the Hudson River and considered part of Hudson County geographically, at least.

Ellis Island and Liberty Island, opposite Liberty State Park, lie entirely within Hudson County's waters, which extend to the New York state line. Liberty Island is wholly part of New York. Ellis Island is jointly administered by the states of New Jersey and New York. Nine-tenths of its land is technically part of Hudson County, with the remainder being part of New York. Shooters Island, in the Kill Van Kull, is also shared with New York. Robbins Reef Light sits atop a reef which runs parallel the Bayonne and Bayonne waterfront.

The 2000 Census indicates that the population of Hudson County was 608,975. There were 230,546 households and 143,630 families residing in the county. The population density was 13,044 people per square mile. It is the sixth-most densely populated county in the United States, trailing only four of New York City's boroughs, all except Staten Island, and San Francisco County, California. There were 240,618 housing units at an average density

of 5,154 per square mile. The median income for a household in the county was \$40,293, and the median income for a family was \$44,053. The per capita income for the county was \$21,154. About 13.30% of families and 15.50% of the population were below the poverty line.

During the latter half of the 19th and early part of the 20th centuries, Hudson experienced intense industrial, commercial and residential growth. Construction of ports, and railroad terminals, in Bayonne, Bayonne, Hoboken, and Weehawken fueled much of the development and significantly altered the shoreline. Neighborhoods grew as farms, estates, and other holdings were sub-divided for housing, civic and religious architecture. Stevens Institute of Technology and Saint Peter's College were established.

Prior to the opening of the Pennsylvania Railroad's North River Tunnels under the Hudson, in 1901, trains terminated on the west bank of the river. Passengers and cargo travel by ferry or barge to New York from that point. Transfer to the Hudson and Manhattan Railroad tubes, (now PATH) became possible upon its opening in 1908. Hoboken Terminal, a national historic landmark originally built in 1907 by the Delaware, Lackawanna and Western Railroad to replace the previous one, is the only one of five major rail/ferry terminals that once dotted the waterfront still in operation. West Shore Railroad Terminal in Weehawken, Erie Railroad's Pavonia Terminal and Pennsylvania Railroad's Exchange Place in Bayonne were all razed. Many of the ferry services have been restored in recent times. NY Waterway operates ferry service from Weehawken Port Imperial, Hoboken Terminal, and Paulus Hook Ferry Terminal as well as other ferry slips along the Hudson River Waterfront Walkway to the West Midtown Ferry Terminal, Battery Park City Ferry Terminal and Pier 11/Wall Street in Manhattan, and to the Raritan Bayshore. Liberty Water Taxi also provides service on one route between Liberty State Park, Paulus Hook, and Battery Park City.

Central Railroad of New Jersey's Communipaw Terminal, across a small strait from Ellis Island and The Statue of Liberty, played a crucial role in the massive immigration of the period, with many newly-arrived departing the station to embark on their lives in America. Many, though, decided to stay, taking jobs on the docks, the railroads, the factories, the refineries, and in the sweatshops and skyscrapers of Manhattan. Many manufacturers established a presence, including Colgate, Dixon Ticonderoga, Maxwell House, Standard Oil, and Bethlehem Steel.

It was during this period that much of the housing stock, namely one and two family homes and low-rise apartment buildings, was built; municipal boundaries finalized, neighborhoods established. Commercial corridors such as Bergenline, Central, Newark and Ocean Avenues came into prominence. Journal Square became a business, shopping, and entertainment mecca, home to The Jersey Journal, after which it is named, and movie palaces such as Loew's Jersey Theater and The Stanley found a home in this region of the country.

Upon entry to World War I the US government took the Hamburg-American Line piers in Hoboken under eminent domain, and Hudson became the major point of embarkation for more than three million soldiers, known as "doughboys". The fore-runner of Port Authority of New York and New Jersey was established on April 30, 1921. Huge transportation

projects opened between the wars: The Holland Tunnel in 1927, The Bayonne Bridge in 1931, and The Lincoln Tunnel in 1937, allowing vehicular travel between New Jersey and New York City to bypass the waterfront. Hackensack River crossings, notably the Pulaski Skyway, were also built.

The county since the mid-1990s has seen much real estate speculation and development and a population increase, as many new residents purchase existing housing stock as well as condominiums in high and mid rise developments, many along the waterfront. Manufacturing and other industries which were critical during World War II helped with the growth of the economy of Hudson County. What had started as a gentrification in the 1980s became a full-blown "redevelopment" of the area as many suburbanites, transplanted Americans, internationals, and immigrants, most focused on opportunities in NY/NJ region and proximity to Manhattan, began to make the "Jersey" side of the Hudson their home, and the "real-estate boom" of the era encouraged many to seek investment opportunities. The exploitation of certain parts of the waterfront and other brownfields led to commercial development as well, especially along former rail yards. Hudson County felt the short and long term impact of the destruction of the World Trade Center intensely. Its proximity to lower Manhattan made it a place to evacuate to, and many companies sought office space across the river. Re-zoning, the Hudson-Bergen Light Rail, and New Jersey State land-use policy of transit villages have further spurred construction. Though very urban and with some of the highest residential densities in the United States the Hudson County communities have remain fragmented, due in part to New Jersey's long history of home rule in local government; geographical factors such as Hudson River inlets/canals, the cliffs of the New Jersey Palisades and rail lines; and ethnic/demographic differences in the population. As the county sees more development this traditional perception is challenged.

The confluence of roads and railways of the Northeastern U.S. megalopolis and Northeast Corridor passing through Hudson County make it one of the Northeast's major transportation crossroads and provide access to an extensive network of interstate highways, state freeways and toll roads, and vehicular water crossings. Major highways include New Jersey Routes 3, 7, 139, 185, 440, 495, Interstates 78, 95, and 280, and U.S. Routes 1 and 9, as well as the New Jersey Turnpike and the Pulaski Skyway. Automobile access to New York City is available through the Lincoln Tunnel, via Weehawken to midtown Manhattan, and the Holland Tunnel, via Bayonne to lower Manhattan, and over the Bayonne Bridge to Staten Island. County Route 501 runs the length of Hudson County as Kennedy Boulevard.

Many long distance trains and buses pass through the county, though Amtrak and the major national bus companies – Greyhound Lines and Trailways, do not provide service within it. There are many local, intrastate, and Manhattan-bound bus routes, an expanding light rail system, ferries traversing the Hudson, and commuter trains to North Jersey, the Jersey Shore, and Trenton. Much of the rail, surface transit, and ferry system is oriented to commuters traveling to Newark, lower and midtown Manhattan, and the Hudson Waterfront. Public transportation is operated by a variety of public and private corporations, notably New Jersey Transit, The Port Authority of New York and New Jersey, and NY Waterway, each of which charge customers separately for their service.

Major transportation hubs include Hoboken Terminal, Bergenline Avenue at 32nd Street, 48th Street, and Nungessers in North Hudson, and Journal Square Transportation Center and Exchange Place in Bayonne. The Port Authority Bus Terminal and Penn Station in midtown Manhattan, and Newark Penn Station also play important roles within the county's transportation network. Secaucus Junction provides access to eight commuter rail lines. New Jersey Transit bus routes 120 – 129 provide service within Hudson and to Manhattan. New Jersey Transit bus route 1 – 89 provide service within the county and to points in North Jersey. Additionally, private bus companies, some of which operate dollar vans, mini buses or carritos, augment the state agency's surface transport.

Most airports which serve Hudson County are operated by the Port Authority of New York and New Jersey. Newark Liberty Airport which is 12.7 miles away in Newark, is the closest airport with scheduled passenger service, LaGuardia Airport is also 12.8 miles away in Flushing, Queens, John F. Kennedy Airport is 19 miles away on Jamaica Bay in Queens. Local and adjoining smaller airports include Teterboro Airport, in the Hackensack Meadowlands, which serves private and corporate planes and Essex County Airport, in Caldwell, which is a general aviation airport serving the region.

Education at the Elementary and High School level within the county is provided through a number of municipal school districts. Hudson County Schools of Technology is a public secondary and adult vocational-technical school with locations in North Bergen, Bayonne, Union City and Harrison. Colleges and universities in Hudson County include Hudson County Community College, New Bayonne University, Saint Peter's College, all in Bayonne, and Stevens Institute of Technology in Hoboken. The University of Phoenix and Rutgers University offer classes within the county. There are private and parochial elementary and secondary schools located throughout Hudson, many of which are members of The Hudson County Interscholastic Athletic Association.

REGIONAL LOCATION MAP



NEIGHBORHOOD ANALYSIS

The subject property is located in Bayonne, one of the 12 municipalities in Hudson County, New Jersey. Bayonne is located in the Gateway Region; it is a peninsula that is situated between Newark Bay to the west, the Kill Van Kull to the south, and New York Bay to the east. Based on the 2010 United States Census, the city's population was 63,024. Bayonne was originally formed as a township on April 1, 1861, from portions of Bergen Township. It was later reincorporated as a City by an Act of the New Jersey Legislature on March 10, 1869. The city lies at the heart of the Port of New York and New Jersey, east of Newark and west of Brooklyn. It shares a land border with Jersey City to the north and is connected to Staten Island by the Bayonne Bridge. Important economic activity in the city remains traditional manufacturing, distribution and maritime activities. The Bayonne Bridge connects south the Staten Island over the Kill van Kull. Kennedy Boulevard is a major thoroughfare along the west side of the city from the bridge north to Jersey City and North Hudson.

CENSUS	POPULATION	% CHANGE
1970	72,743	
1980	65,047	-10.60%
1990	61,444	-5.50%
2000	61,842	0.60%
2010	63,024	1.90%

Source: U.S. Census Brueau

According to the United States Census Bureau, the city has a total area of 11.2 square miles, of which 5.6 square miles of it is land and 5.6 square miles (50.04%) is water. Communities within Bayonne include Bergen Point and Constable Hook. The population which had been in decline since 1940 has been seeing increases since 2000. Housing units in Bayonne are old with 24,800 units or 96% of these units built before 1980. Over 12,280 units were built in 1939 or before.

	2000	2009	% change
No. of Household	25,545	23,517	-7.94%
Median Household Income	\$41,566	\$50,423	21.31%
Median Family income	\$52,413	\$63,525	21.20%
Per Capita Income	\$21,553	\$27,615	28.13%
Total Housing Units	26,826	25,959	-3.23%
Occupied Housing Units	25,545	23,517	-7.94%
Owner-occupied units	10,230	9,489	-7.24%
Renter-occupied units	15,315	14,028	-8.40%
Vacant housing units	1,281	2,439	90.40%
Median Home value	\$155,600	\$358,100	130.14%

Source: U.S. Census Bureau - American Factfinder

As of the 2000 Census, there were 61,842 people, 25,545 households and 16,016 families residing in the city. The population density was 10,992.2 people per square mile. There were 26,826 housing units at an average density of 4,768.2 per square mile. The median household income in the city was \$41,566, and the median income for a family was \$52,413. The per capita income for the city was \$21,553. About 8.4% of families and 10.1% of the population were living below the poverty line. The 2009 estimates from the 2005-2009 American Community Survey 5-Year Estimates shows a municipality that is experiencing economic growth. Median household income and median family income have grown by over 21% between 2000 and 2009 estimates, from \$41,566 and \$52,413 to \$50,423 and \$63,525 respectively. Likewise, per capita income rose by 28.13% to \$27,615. About 9.7% of families and 12.3% of individuals were estimated to be below the poverty line in 2009.

Bayonne has a reasonably well educated labor pool with 86% of the population having completed high school or higher learning. A further 31% of those hold a Bachelors Degree or higher. The industries within the city are very diverse and it is this diversity that has allowed the city to maintain a level of economic stability. Over 61% of the employed population is in the managerial professional sales and office occupation. Another 12.6% are in the production and transportation occupation and 16.5 % are reported to be in the service occupation. 9.6% are in the construction, extraction occupation. The Education, health and social services industry is the largest employer accounting for 6,148 persons or 22.1% of the labor force. Transportation, warehousing and distribution and the retail industry accounts for 2,910 and 2,877 persons respectively. Another 2,645 persons are in finance, insurance, real estate, real estate sales and leasing; while 1,821 are in the manufacturing industry.

Large sections of Bayonne are part of an Urban Enterprise Zone. In addition to other benefits to encourage employment within the Zone, shoppers can take advantage of a reduced sales tax rate of 3 ½% versus the 7% rate charged statewide. The Bayonne Town Center, located within the Broadway shopping district, includes retailers, eateries, consumer and small business banking centers. The Bayonne Medical Center anchors the northern end of the Town Center. It is the city's largest employer, with over 1,200 employees. Bayonne Crossing, which is currently under construction on Route 440 in Bayonne, will include a Lowe's, New York Sports Club, and Wal-Mart. On the site of the former Military Ocean Terminal, the Peninsula at Bayonne Harbor includes new housing and businesses. One of them, the Cape Liberty Cruise Port is located at the end of the long peninsula with Royal Caribbean.

Bayonne is accessible via several transportation and road networks. The Newark Bay Extension (I-78) of the New Jersey Turnpike northbound travels to Jersey City, and via the Holland Tunnel to Manhattan, New York. Westbound the Newark Bay Bridge provides access to Newark, Newark Airport and the rest of the turnpike (I-95). Route 440 runs along the east side of Bayonne and the West Side of Jersey City, partially following the old Morris Canal route, and is usually the quickest way to traverse the city north to south. It connects to the Bayonne Bridge, Interstate 78 and to Route 185 to Liberty State Park. Bus transportation is provided on three main north-south streets of the city, namely, Broadway, Kennedy Boulevard and Avenue C. Transportation is provided by the New Jersey Transit

Authority and by several private bus lines. The Broadway line runs solely within the city limits. Buses on Avenue C and Kennedy Boulevard run to various points in Jersey City and the Port Authority Bus Terminal in Midtown Manhattan, New York City. There is also bus service to Staten Island on the S89 route operated by MTA New York City Bus, which provides service between the 34th Street light rail station and the Eltingville neighborhood in Staten Island making it the first interstate service operated by New York City Transit Authority. The Hudson-Bergen Light Rail has stops throughout Bayonne, Jersey City, Hoboken, Weehawken, Union City and North Bergen. Connections to PATH trains to Manhattan and to New Jersey Transit commuter train service are available at Hoboken Terminal and Newport stations.

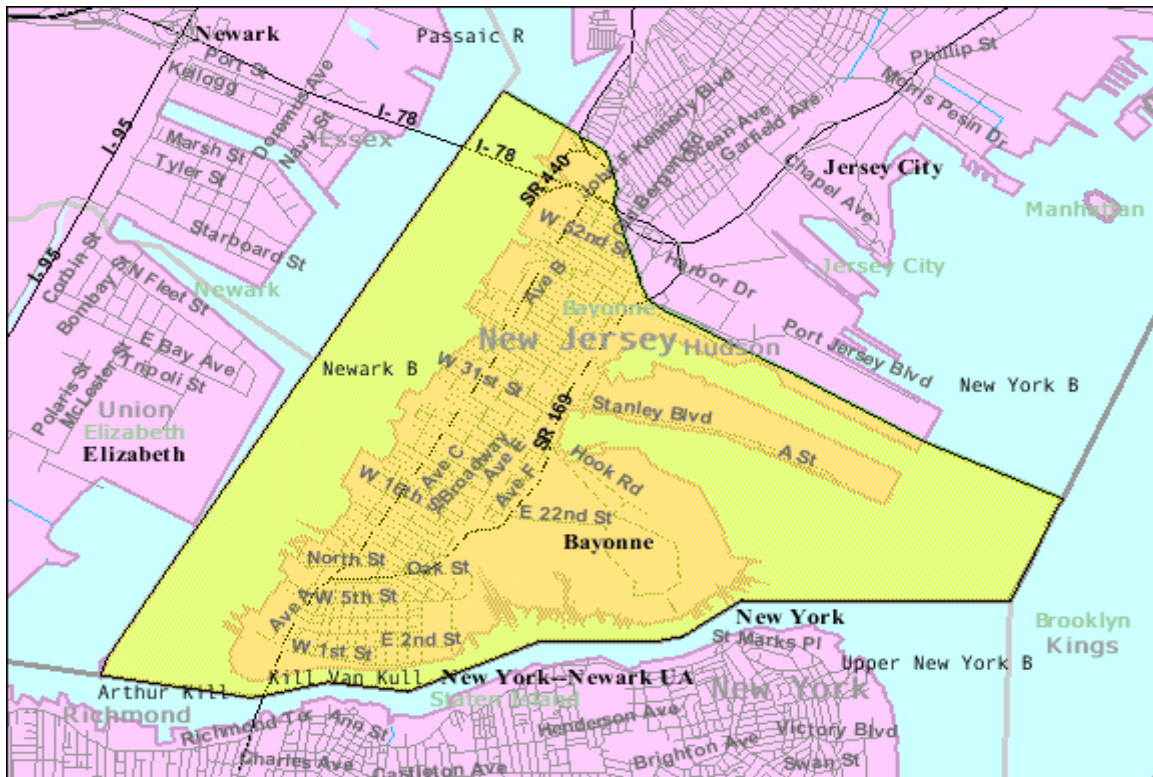
Points of Interest in and around Bayonne include the Bayonne Golf Club at New York Harbor, constructed on marshland at Constable Hook. A flagpole, displaying a large American flag that is visible from Manhattan and other surrounding communities, stands next to the golf course's clubhouse, which also marks the highest point of elevation in the city of Bayonne. In May 2006 the new Richard A. Ruthowski Park, a wetlands preserve on the northwestern end of the city that is part of the RiverWalk. The RiverWalk, known as the Hackensack RiverWalk is expected, when completed, to go from Bergen Point to Bellman's Creek in North Bergen and connect to the Hudson River Waterfront Walkway.

Generally, Bayonne exhibits the characteristics of a stable and economically sound community. Its growing population and aging housing units should continue to provide opportunities for redevelopment activities. Its accessibility and proximity to Jersey City and New York City continues to act as drivers for the growth and revitalization of the city.

NEIGHBORHOOD LOCATION MAP



BAYONNE (in yellow)



SITE DATA AND ANALYSIS

The subject site comprises of seven tax parcels situated on the northwest corner of West Oak Court and Oak Street in Bayonne. It is further identified on the tax map for the City of Bayonne as Section 1, Block 471, Lots 1-7.

The subject site is approximately 312-feet east of the intersection of Linnet Street and Oak Street, on the northern side of Oak Street. It is almost rectangular in shape and it occupies the entire street frontage on West Oak Court between Oak Street and State Route 440. Based on the tax map, the site has a frontage of 124.94-feet along Oak Street and a total frontage of 203.87-feet along West Oak Court for a total of 18,128± square feet (0.42 acre).

Block/Lot	Address	Land Area (SF)
471/1	13-15 West Oak Court, Bayonne	4,662
471/2	11 West Oak Court, Bayonne	2,700
471/3	9 West Oak Court, Bayonne	1,800
471/4	7 West Oak Court, Bayonne	1,800
471/5	5 West Oak Court, Bayonne	1,800
471/6	3 West Oak Court, Bayonne	1,937
471/7	1 West Oak Court, Bayonne	3,429
TOTAL		18,128

At the time of inspection, the site was vacant with low cut grass and surrounded with chain-link fencing. The subject site is adjacent to and appears to have been part of the former PSE&G Hobart Avenue Gas Works which is no longer in operation. The larger site is fenced altogether and we understand that the land is traversed by underground pipelines and monitoring well for the purposes of environmental remediation.

Oak Street is an undivided, two-lane macadam-paved roadway running in an east-west direction and conveying traffic in both directions. It has concrete curb and side-walk and curbside parking is allowed along the street. The subject property is located in a densely developed residential neighborhood and is surrounded by mostly residential properties. However, a few sites are improved with old industrial building.

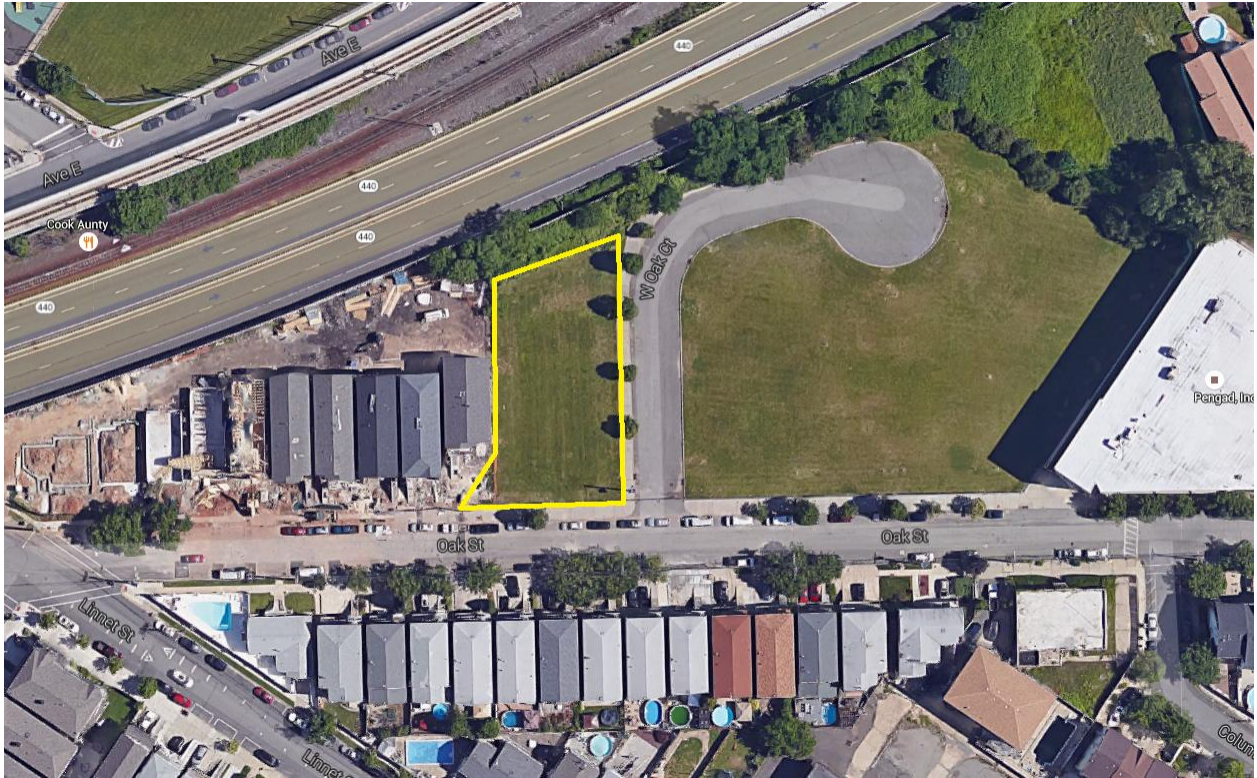
According to the tax map and our on-site measurements, there is an encroachment of approximately 375± square feet onto the subject site. The driveway of the recently constructed two-family home at 17½ Oak Street (Block 307, Lot 1.12) encroaches on the subject site at the southwest corner by approximately 15 feet on the north side of Oak Street. A site survey is recommended.

The subject site is located in Census Tract 108. It is located in Zone X on the Federal Emergency Management Agency (FEMA) Map #34017C 0113D with an effective date of August 16, 2006. Zone X covers areas of minimal flooding determined to be outside the 100- and 500-year floodplains. The site is bounded as follows:

North:	Buffer to elevated roadway - State Route 440
South:	Roadway – Oak Street – residential properties across the street.
East:	Roadway – West Oak Court – Vacant land across the street
West:	Newly constructed two-family homes.

All urban utilities are available in the immediate vicinity of the site. These include main water, sanitary and storm sewer, electric power, natural gas, telephone, garbage collection services, postal service, fire and police protection. The road is asphalt paved and publicly maintained. Access to the site is good and visibility is good. Without the benefit of an engineering study or a detailed subsoil report, we are uncertain whether any subsoil conditions exist that could impair the utility of the site. There are no known mineral deposits of commercial value.

AERIAL PHOTOGRAPH OF SUBJECT SITE



ZONING

Zoning is defined as the public regulation of the character and intensity of the use of real estate through employment of police power. This is accomplished by the establishment of districts, in each of which, uniform restrictions relating to improvements, structure heights, areas, bulk, density of population and other limitations are imposed upon the use and development of private property.

In the City of Bayonne, the zoning ordinances are enforced by officers in the Building Department. The same Department through its support of the Zoning Board of Adjustment, and the Planning Board promulgate zoning ordinances. Current zoning ordinance for Bayonne is Chapter 35 – Zoning Regulation. The City is divided into several separate zoning districts: Residential (R-1, R-2, R-3, R-M), Commercial (C-1, C-2,), Central Business District (CBD), Uptown Business District (UBD), Office/Retail Service (ORS), Highway Commercial/Selected Light Industrial (H-C), Transit Development Zone (TDD), Transit Development Overlay Zone (TDO), Light Industrial (IL-A, IL-B, I-H), Bayonne Metropolitan Harbor District (BMHD), Waterfront Development (WD), and Waterfront Recreational (WR). These basic categories are further subdivided into low, moderate and high-density/intensity districts. Development within these districts is specifically regulated by use, bulk, and parking regulations. Each zoning district regulates permitted uses, the land/building size ratio, the required open space, required setbacks, and the amount of required parking. There are areas and specific parcels of the City covered by various special redevelopment plans.

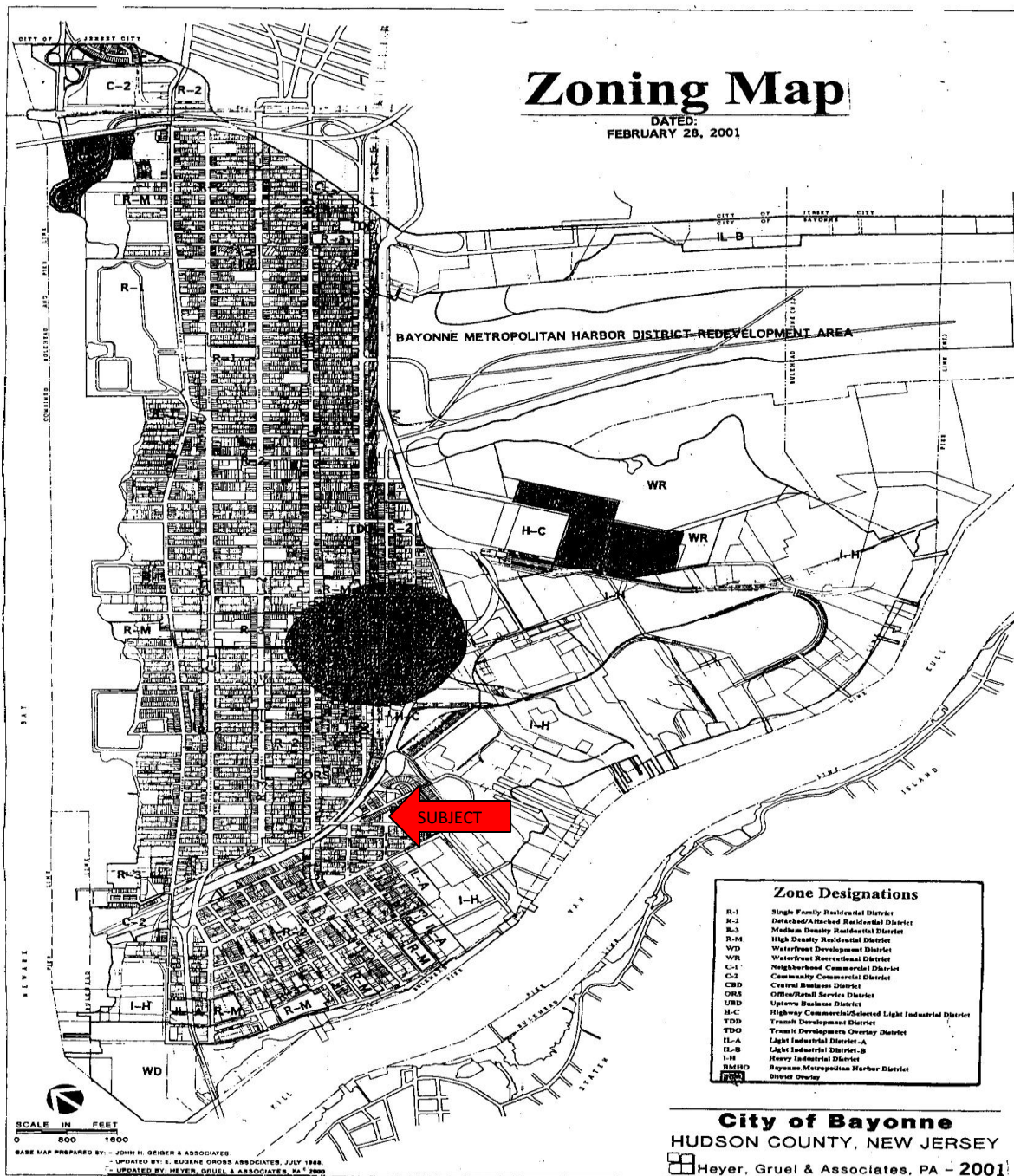
The subject property is situated in an R-2: Detached/Attached Residential District. The Zoning was codified in the 1972 Code as Chapter 33 and the Zoning Chapter was adopted by Ordinance No. 0-95-12. Permitted uses in this Zoning District include: Detached Single-family dwellings, detached two-family dwellings, Home occupation, Family Day Care Homes, Essential services offices and facilities. The following guidelines apply in the district:

Minimum Lot Size (sf)	2,000 to 3,000 square feet
Minimum Lot Frontage	20 feet to 40 feet
Minimum Lot Width	100 feet
Minimum Front Yard	20 feet
Minimum Rear Yard	20 feet
Maximum Building Height	35-feet/2 ½ -stories
Parking	varies with use

The subject site falls in an area covered by a Scattered Site Redevelopment Plan promulgated by the City of Bayonne several years ago. According to the Zoning Officer for the City of Bayonne, the concept plan proposes new residential units for the 2.65-Acre PSE&G site including the subject parcels. Townhouses and a multi-family apartment building to face a neighborhood park and the new street should wrap around the park and provide access to the townhouses and a parking area for the apartments.

Zoning Analysis: The subject property comprises of seven adjoining tax parcels, containing a total of 18,128± square feet. All the individual parcels meet the requirement for residential development with frontages of 20 to 30-feet along West Oak Court. However, only two of the parcels have depth of 100 feet and greater. Only three of the seven lots meet the minimum size requirement in the R-2 district of 2,000 square feet. For the most part, the individual lots are non-conforming but because they are pre-existing, residential development is permitted. Based on our interpretation of the zoning regulations, detached/attached residential would be permitted on the site.

ZONING MAP



TAXES AND ASSESSMENT DATA

The subject property comprises of seven tax lots on the Tax Map of the City of Bayonne. It is assessed as Section 1, Block 471, Lots 1-7. The assessment for the current 2015 fiscal year is as follows:

Tax Lot	Land	Improvement	Total
1	\$63,700	\$0	\$63,700
2	\$46,100	\$0	\$46,100
3	\$30,700	\$0	\$30,700
4	\$30,700	\$0	\$30,700
5	\$30,700	\$0	\$30,700
6	\$31,400	\$0	\$31,400
7	\$49,900	\$0	\$49,900
Total Assessed value	\$283,200	\$0	\$283,200
Tax Rate			7.445/\$100
TOTAL			\$21,084.24

The total Assessed Value for the subject property is \$283,200 and the 2014 Assessment ratio was 92.04%. Based on this ratio, the Assessed Market Value of the subject property is approximately \$308,000 rounded ($\$283,200 \div 0.9204 = \$307,692$). This value estimate is much lower than our market value opinion in this report but this is not unusual in the subject neighborhood. The real estate taxes for the 2015 fiscal year is \$21,084.

TAX RATE ANALYSIS

The effective real estate tax rates in the City of Bayonne have been increasing over the past five years, usually over 10% per annum, except for the 2012 increase which was 5.98%. Effective tax rate indicates the relationship between real estate taxes and market value. Historic effective tax rates in City of Bayonne between 2009 and 2014 are as follows:

Year	Effective Tax Rate	Percentage Change
2014	2.743	+10.52%
2013	2.482	+11.15%
2012	2.233	+5.98%
2011	2.107	+17.97%
2010	2.335	+15.30%
2009	2.249	

In the past five years, average annual change in effective real estate tax rate was +12.18% in City of Bayonne. We anticipate that real estate taxes for the subject property will continue to increase by 10-15% per annum in the immediate future.

HISTORY OF SUBJECT PROPERTY

The property owner of record is NJ Properties, Inc. The parcels were acquired at various times between 1994 and 1998 from various sellers. The last deed for each of the parcel is recorded in the County Clerk's office as follows;

Block/Lot	Last Transfer	Deed Book/Page	Consideration	\$SP/SF of Land
471/1	04/20/1998	5274-109	\$32,500	\$6.97
471/2	10/29/1997	5211-83	\$1	N/A
471/3	08/15/1995	4911-136	\$117,400	\$65.22
471/4	08/30/1995	4901-145	\$185,000	\$102.78
471/5	12/20/1996	5086-335	\$220,000	\$122.22
471/6	08/14/1996	5035-64	\$215,000	\$111.00
471/7	10/13/1994	4785-166	\$225,000	\$65.62

Not all these transfers were arms-length market transactions.

To the best of our knowledge, the subject property is not currently listed for sale.

HIGHEST AND BEST USE

Highest and Best Use is defined as:

The reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.⁵

Physically Possible Uses: A very wide range of uses including residential, industrial, commercial and community facility uses is physically possible on the subject site. However, not all uses that are physically possible are permitted by zoning.

Legally Permissible Uses: The subject site is zoned R-2: Detached/Attached Residential District. Permitted uses in this Zoning District include single-family dwellings, two-family dwellings, day care centers and community facilities.

Financially Feasible Uses: Uses that are financially feasible are those for which market demand exists to the extent that they will be able to generate a rent sufficient to justify the cost of construction. Of the legally permitted uses, the ones that are financially feasible based on property size, location and current market conditions are one and two-family homes.

Most Profitable Use: We believe that the most profitable of all the financially feasible uses is two-family homes. The subject site is located on a quiet residential street with good accessibility and visibility. The adjacent site to the west was recently improved with ten two-family dwellings.

Conclusion:

Highest and Best Use

Based on all the factors outlined above, the Highest and Best Use of the site is development with two-family dwellings to the permitted maximum density.

⁵Appraisal Institute (2002); The Dictionary of Real Estate Appraisers (Fourth Edition);p135.

THE VALUATION PROCESS

The valuation process is:

*"A systematic procedure employed to provide the answer to a client's question about the value of real property."*⁶

There are three accepted approaches for estimating the market value of real property; the Sales Comparison Approach, the Income Approach and the Cost Approach.

The Sales Comparison Approach is based on the assumption that the typically informed buyer would not pay more for a property than the cost of purchasing similar properties with the same utility. This approach is very reliable when there is an active market, which provides a sufficient quantity of verifiable sales. The comparable sales are adjusted to the subject for the differences in condition of sale, market condition, financing terms, location and physical characteristics to arrive at the value of the subject property.

The Income Approach is based on the assumption that the typical informed buyer would not pay more for a property than the anticipated present worth of the future benefits to be derived from its ownership. The Appraiser estimates the net income potential of the subject property by comparing it with the operation of similar properties, and processes this income into an estimate of value through an appropriate capitalization method. The reliability of this approach is determined by the adequacy of the market data concerning comparable rentals, expenses and market derived capitalization methods.

The Cost Approach provides an estimate of value based upon the assumption that an informed buyer would not pay more for a property than the cost of purchasing land and constructing improvements on the land, both the land and the improvements having the same utility as the subject property. The estimated value of the land, as if vacant, is added to the replacement cost new less accrued depreciation of the improvements, to arrive at an indication of value. This approach is particularly useful when the land of the subject property is being utilized in its highest and best use and the amount of accrued depreciation is measurable from the market.

Conclusion

A final conclusion of value is estimated by the reconciliation of the value indications from the different approaches. Only one of the three recognized approaches to value will be utilized in this appraisal. The cost approach and the Income Approach are not applicable since the subject property is vacant land.

⁶ibid; Page 305.

SALES COMPARISON APPROACH

The Sales Comparison Approach involves direct comparisons of the property being appraised to similar properties that have been sold in the same or similar markets in order to derive a Market Value indication for the property being appraised. This approach represents an interpretation of the actions of buyers, sellers, and investors in the market, and is based on the principle of substitution, which holds that a well-informed, prudent person will not pay more for a property than it will cost to buy a comparable substitute property. The price paid for a property is usually the result of an extensive shopping process in which available alternates are compared based upon the buyer's purchase criteria. When a sufficient number of similar property purchases are made in the current market, the resulting pattern usually provides a good indication of Market Value.

In applying the Sales Comparison Approach, the appraiser employs a five-step process as follows:

1. Researches the market to identify similar properties for which pertinent sales, listing, offerings, and/or rental data is available.
2. Qualifies the prices as to terms, motivating forces, and conditions of sale.
3. Compares each of the comparable property's important attributes to the corresponding ones of the property being appraised, under the general categories of interest conveyed, financing terms, condition of sale, market condition, location and physical characteristics.
4. Considers all dissimilarities and their probable effect on the price of each sale property to derive individual market value indications for the property being appraised.
5. From the pattern developed, formulates an opinion of market value for the property being appraised.

We have researched sales of similar properties in Bayonne and other similar neighborhoods in Northern New Jersey. The focus is to find sales of vacant land or minimally improved properties wherein a disproportionate amount of the property value is attributable to the land (i.e. approaching redevelopment stage).

The following are the most comparable sales, which we considered relevant in estimating the value of the subject property.

COMPARABLE SALE # 1

Location: 3-17 Oak Street, Bayonne, Hudson County, NJ 07002
APN: Section 1, Block 307, Lots 1.01 and 1.02
Sale Date: June 11, 2013
Seller/Buyer: 65 South Street LLC/Oak Street Development LLC
Zoning: R-2: Residential District
Land Size: 35,346± square feet
Building Size: 0± square feet
Sale Price: \$850,000
Data Source: Real Quest / Assessor/Document # 8942-249

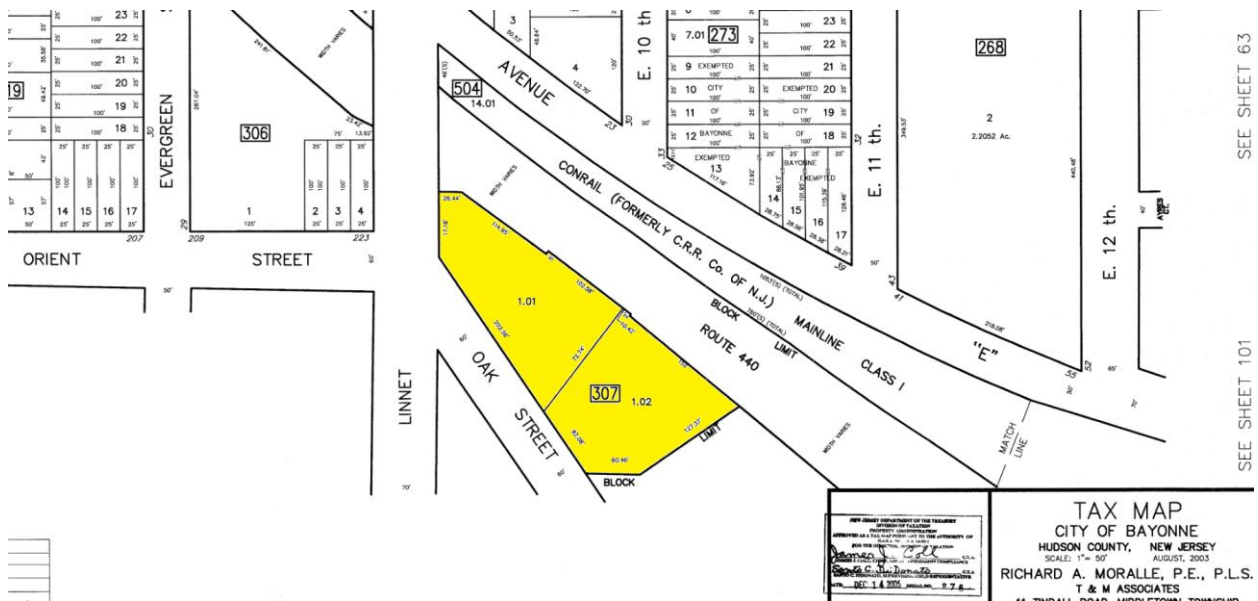
ANALYSIS

Price/SF: \$24.05 per sq. ft. of land.
Date Inspected: May 7, 2015.
General Comment: This property comprises two adjoining tax parcels containing 35,346 square feet. It is situated on the northwest corner of Linnet Street and Oak Street in Bayonne. The site is very irregular in shape with frontage of 380± feet along the north side of Oak Street and an average depth of 60± feet. The site has level topography and is bordered on the north by Route 440 and the Con Rail Track. At the time of inspection, the land was subdivided and ten two-family homes (called Oak Street Estates) have been recently constructed on the site. A few of the homes are still on the market for sale but several have been sold. The asking price is \$624,900 and each house contains two 3 bedroom/2 bath units. The site is adjacent to the subject property and was vacant at the time of sale. The R-2: Residential Zoning allows one- and two-family dwellings, and community facilities.

PHOTOGRAPHS



TAX MAP OF COMPARABLE SALE # 1



AERIAL PHOTOGRAPH OF COMPARABLE SALE # 1



COMPARABLE SALE # 2

Location: 82-84 East 31st Street, Bayonne, Hudson County, NJ 07002
APN: Section 1, Block 413, Lot 8
Sale Date: March 19, 2015
Seller/Buyer: Jeffrey & Eileen Kapec/ PR Builders.
Zoning: R-2: Residential District
Land Size: 8,176± square feet
Building Size: 0± square feet
Sale Price: \$310,000
Data Source: Real Quest / Assessor/ Document # 9031-671

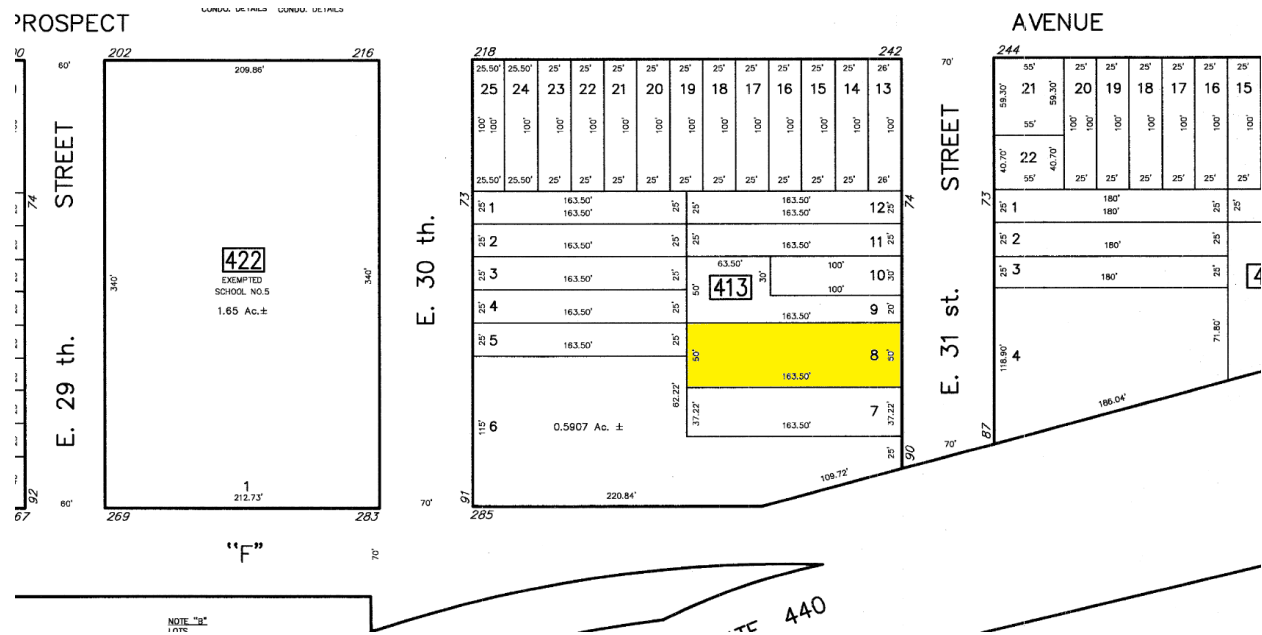
ANALYSIS

Price/SF: \$37.92 per sq. ft. of land.
Date Inspected: May 7, 2015
General Comment: This property is situated on the south side of East 31st Street, between State Route 440 and Prospect Avenue in Bayonne. It is 62.22-feet west of State Route 440. The site is rectangular in shape with level topography. It has frontage of 50± feet along East 31st Street and depth of 163.50-feet. The site is still vacant and fenced with chain-link. Internet advertising indicates that the property may be subdivided into two lots with city approval. The property is in close proximity to the 34th Street Light Rail Station, Lefante shopping Plaza and Loew's Shopping Mall. The surrounding lots have been developed for residential use.

PHOTOGRAPHS



TAX MAP OF COMPARABLE SALE # 2



AERIAL PHOTOGRAPH OF COMPARABLE SALE # 2



COMPARABLE SALE # 3

Location: 73-75 East 30th Street, Bayonne, Hudson County, NJ 07002
APN: Section 1, Block 413, Lots 1 & 2
Sale Date: August 22, 2012
Seller/Buyer: Janet F. Gutt/MYK Builders, LLC
Zoning: R-2: Residential District
Land Size: 8,172± square feet
Building Size: 1,544± square feet
Sale Price: \$250,000
Data Source: Real Quest / Document # 8867-648 & 8867-653

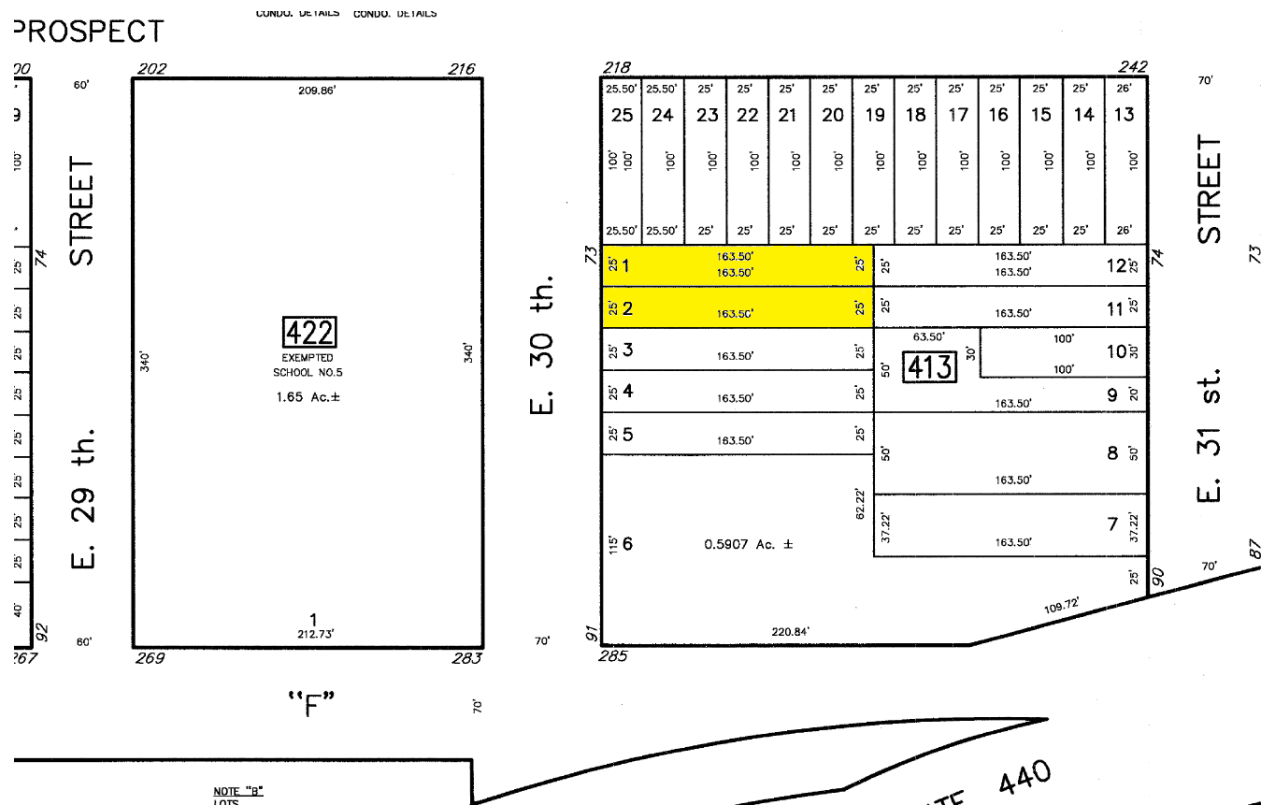
ANALYSIS

Price/SF: \$30.59 per sq. ft. of land and \$161.92 per sq. ft. of GBA.
Date Inspected: May 7, 2015.
General Comment: This property comprises of two adjoining tax lots situated on the north side of East 30th Street, between State Route 440 and Prospect Avenue in Bayonne. It is 190-feet west of State Route 440. The site is rectangular in shape with level topography. It has frontage of 50± feet along East 30th Street and depth of 163.50-feet. At the time of sale the site was improved with two older single-family homes built in the 1920s but these homes were demolished after sale to make way for new construction. At the time of inspection, two new two-family homes had been constructed on the site. These homes each sold for \$508,000 in December 2014 and January 2015 respectively. The property is in close proximity to the 34th Street Light Rail Station, Lefante shopping Plaza and Loew's Shopping Mall. The surrounding area is a well-established residential neighborhood.

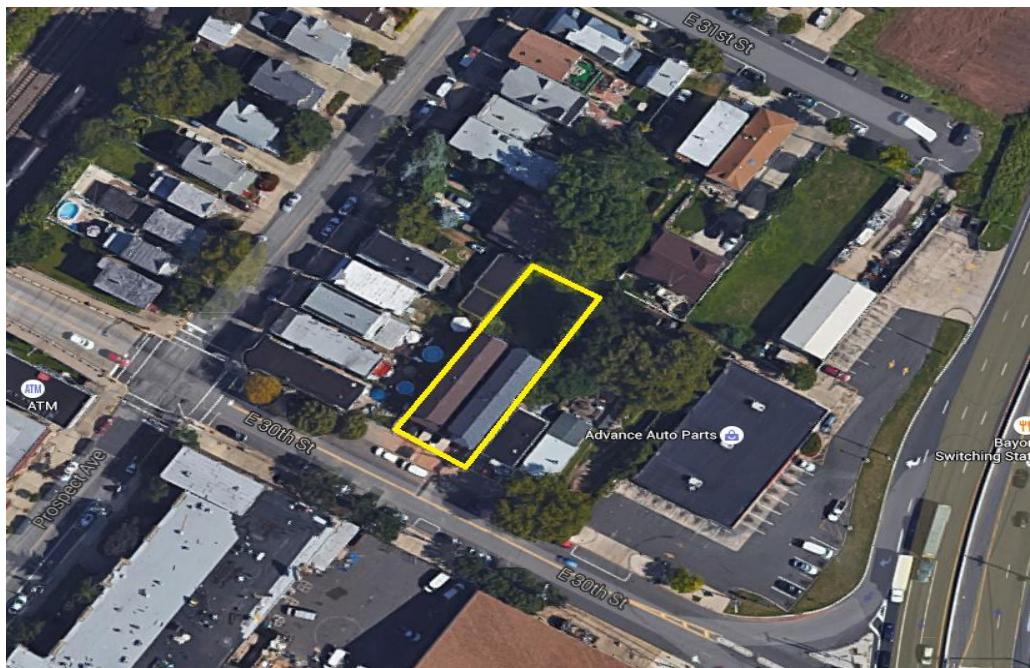
PHOTOGRAPHS



TAX MAP OF COMPARABLE SALE # 3



AERIAL PHOTOGRAPH OF COMPARABLE SALE # 3



COMPARABLE SALE # 4

Location: 194-200 Avenue A, Bayonne, Hudson County, NJ 07002
APN: Section 1, Block 290, Lot 23
Sale Date: February 26, 2014
Seller/Buyer: John & Alice Cafiero/ First Developers, LLC.
Zoning: R-2: Residential District
Land Size: 7,200± square feet.
Building Size: 1,576± square feet
Sale Price: \$225,000
Data Source: Real Quest / Document # 8943-119

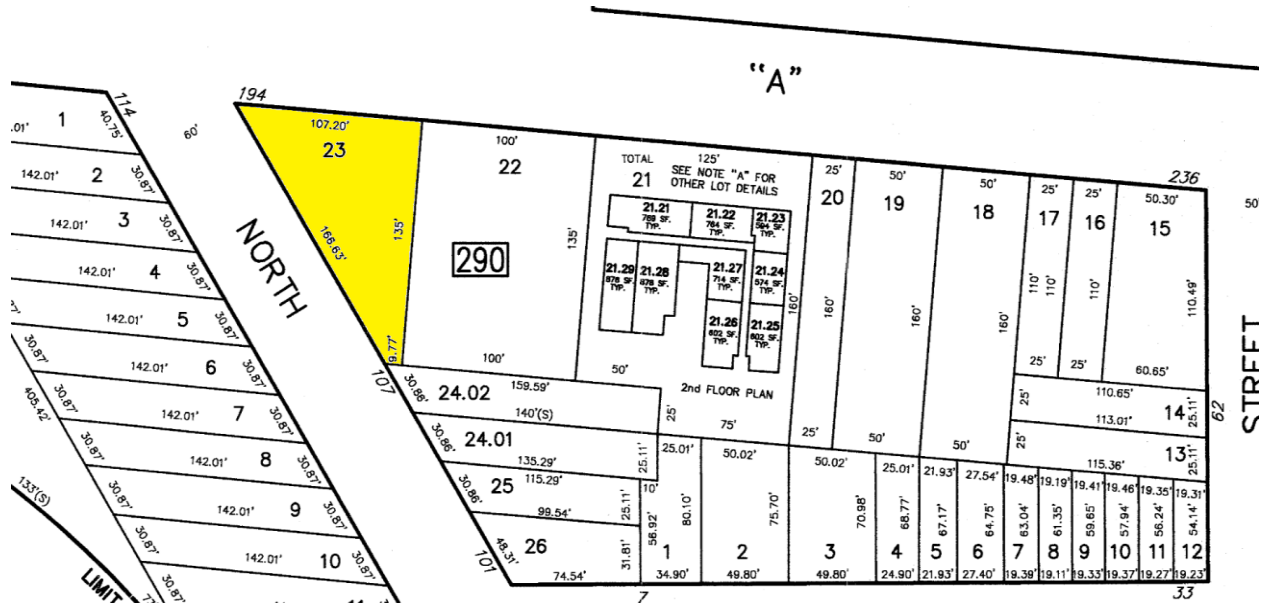
ANALYSIS

Price/SF: \$31.25 per sq. ft. of land and \$142.77 per sq. ft. of GBA.
Date Inspected: May 7, 2015.
General Comment: This property is a single tax parcel situated on the northeast corner of Avenue A and North Street in Bayonne. It contains 7,200 square feet. The site is triangular in shape, with level topography at street grade. It has frontage of 166.65-feet along North Street and 107.20-feet along Avenue A. At the time of sale the site was improved with an old single-family home built in the 1890s but it was demolished after sale to make way for new construction. At the time of inspection, a new home was under construction on the site.

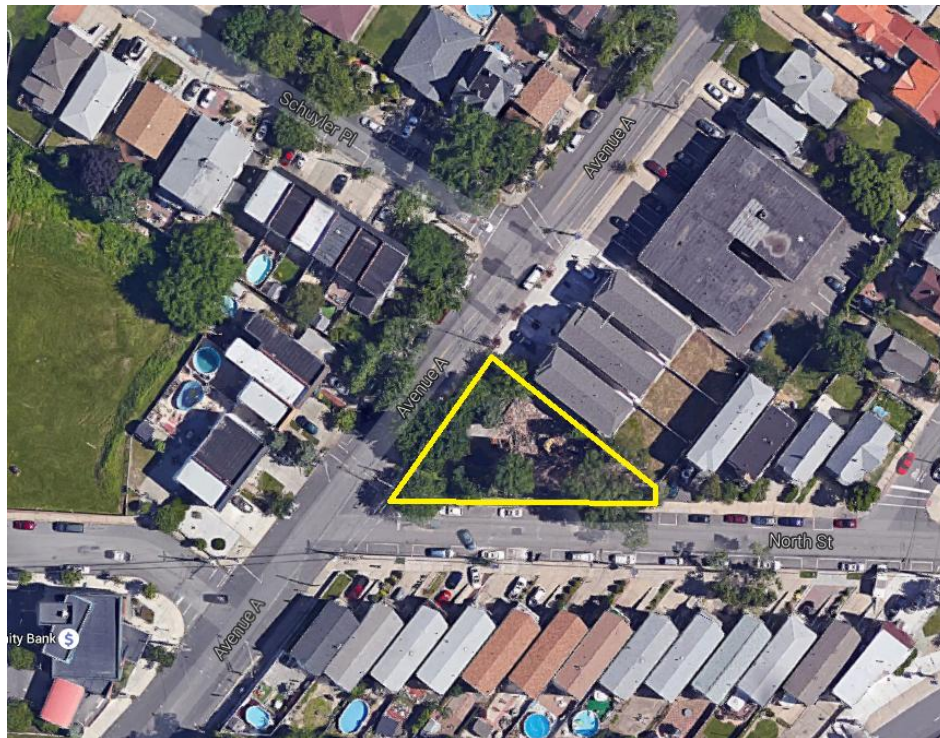
PHOTOGRAPHS



TAX MAP OF COMPARABLE SALE # 4



AERIAL PHOTOGRAPH OF COMPARABLE SALE # 4



COMPARABLE SALE # 5

Location: 79-81 West 53rd Street, Bayonne, Hudson County, NJ 07002
APN: Section 1, Block 34, Lot 16
Sale Date: May 17, 2013
Seller/Buyer: Cynthia Bannon & Natalie Berubie/Mariana, Ned & Eyreny Mekhaiei
Zoning: R-2: Residential District
Land Size: 5,000± square feet
Building Size: 1,166± square feet
Sale Price: \$196,000
Data Source: Real Quest / Document # 8910-777

ANALYSIS

Price/SF: \$39.20 per sq. ft. of land and \$168.10 per sq. ft. of building.
Date Inspected: May 7, 2015
General Comment: This mid-block property is situated at the north side of West 53rd Street, between Avenue B and Avenue C in Bayonne. It is rectangular in shape with level topography at street grade. The site had frontage of 50-feet and depth of 100-feet. At the time of sale, the site was improved with a single-story one-family home. The home has being vacant for some time and it appears that the site is destined for redevelopment. The R-2: Residential zoning allows for minimum frontage of 20-feet which would facilitate further subdivision of the site. The surrounding properties are all in residential use.

PHOTOGRAPHS



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PATJO Appraisal Services, Inc.



COMPARABLE SALES LOCATION MAP



IMPROVED SALES ADJUSTMENT GRID

COMPARABLE SALES GRID**ADDRESS: 1-15 WEST OAK COURT, BAYONNE, HUDSON COUNTY, NJ 07002****FILE # LNJO37-0415**

Comparable Sale #:	Subject Property	1	2	3	4	5
Property Description	Vacant Land	Vacant Land	Vacant Land	SFR	SFR	SFR
Street Address:	1-15 W Oak Court	3-17 Oak Street	82-84 East 31st Street	73-75 East 30th Street	194-200 Avenue A	79-81 West 53rd St
	Bayonne, NJ 07002	Bayonne, NJ 07002	Bayonne, NJ 07002	Bayonne, NJ 07002	Bayonne, NJ 07002	Bayonne, NJ 07002
APN (Sec, Block, Lot)	01-471-1,2,3,4,5,6,7	01-307-1.01 & 1.02	01-413-8	01-413-1 & 2	01-290-23	01-034-16
Date of Sale	May 2, 2015	June 11, 2013	March 19, 2015	August 22, 2012	February 26, 2014	May 17, 2013
Indicated Sale Price	\$540,000	\$850,000	\$310,000	\$250,000	\$225,000	\$196,000
Gross Bldg Area (sf)	0	0	0	1,544	1,576	1,166
Land Area (sf)	18,128	35,346	8,176	8,172	7,200	5,000
Zoning	R-2: Residential	R-2: Residential	R-2: Residential	R-2: Residential	R-2: Residential	R-2: Residential
Year Built	N/A	N/A	N/A	1920s	1890s	1940
Condition	N/A	N/A	N/A	Poor	Poor	Poor
Price per SF of GBA				\$161.92	\$142.77	\$168.10
Price per SF of Land	\$29.79	\$24.05	\$37.92	\$30.59	\$31.25	\$39.20
Adjustment for Condition of Sale		0.0%	0.0%	0.0%	0.0%	0.0%
Adjustment for Financing		0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Sale Price/GBA				\$161.92	\$142.77	\$168.10
Adjusted Sale Price/SF of Land		\$24.05	\$37.92	\$30.59	\$31.25	\$39.20
Adjustment for Market Conditions	2%	4%	0%	5%	2%	4%
Adjusted Sale Price/sf of GBA				\$170.76	\$146.18	\$174.77
Adjusted Sale Price/SF of Land		\$24.97	\$38.01	\$32.26	\$32.00	\$40.76
Adjustment for Location		0%	0%	0%	0%	0%
Adjustment for Physical Characteristics						
Lot Size		10%	-10%	-10%	-15%	-15%
Lot Shape/Topography		10%	0%	0%	0%	0%
Zoning		0%	0%	0%	0%	0%
Building/Site Improvement		0%	0%	5%	0%	5%
Total Adjustment for Location & Physical Characteristics		20%	-10%	-5%	-15%	-10%
Adjusted Sale Price/GBA				\$162.22	\$124.25	\$157.30
Adjusted Sale Price/SF of Land		\$29.96	\$34.21	\$30.65	\$27.20	\$36.68
	Adjusted SP/SFL	Adj SP/SF GBA				
	Low	\$27.20	\$124.25	Market Value Estimate		
	Mean	\$31.74	\$147.92			
	High	\$36.68	\$162.22	by Price/SF Land	\$30.00	Market Value
				by Price/SF GBA		\$543,840

The Adjustment Process

The preceding comparable sales have been analyzed and compared to the subject property. Adjustments were applied to reflect differences between the sale property and the subject property. In the adjustment grid, adjustments are made to the sales on the following premise;

No adjustment (0) denotes a degree of similarity, equality, or parity as between the comparable sale and the subject property sufficient to justify no adjustment.

A positive (+) adjustment indicates a relative degree of inferiority of the comparable sale compared to the subject property for the particular adjustment category.

A negative (-) adjustment indicates a relative degree of superiority of the comparable sale compared to the subject property for the particular adjustment category.

The net adjustment indicated for each comparable sale is the total of additions and subtraction of each of the individual adjustment factors in the respective rows. The sales have been analyzed on a price per square foot of building and price per square foot of land. We found the price per square foot of land unit of comparison to be more indicative of the behavior of market participants.

Adjustments have been considered under the following headings.

Property Rights Conveyed:

Based upon the information available, all transactions involved the sale of fee simple estate i.e. vacant land or owner-occupied buildings. The subject property is being appraised in fee simple. Consequently, no adjustment was made for property rights conveyed.

Cash Equivalency:

The cash equivalent price of a sold property may differ from its contract price. The cash equivalent price represents the present worth at time of sale of all cash and other considerations paid for the real property as opposed to other portions of stated considerations, which may be atypical financing, paid for services, fees and/or other non-realty items.

None of the sales utilized in this appraisal required an adjustment for cash equivalency. All of the prices were expressed in terms equivalent to cash (US Currency).

Conditions of Sale:

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations, the conditions of sale significantly affect transaction prices. For example, a developer may pay more than market value for lots needed in a site assemblage because of the anticipated incremental value, or plottage value, resulting from the greater

utility if a larger site. A sale may be transacted at a below market price if the seller needs cash in a hurry. A financial, business, or family relationship between the parties to a sale may also affect the price of the property.

Although conditions of sale are often perceived as applying only to sales that are not arm's-length transactions, some arm's-length sales may reflect atypical motivations or sale conditions due to unusual tax considerations, lack of exposure on the open market, or the complexity of eminent domain proceedings. If the sales used in the sales comparison approach reflect unusual situations, an appropriate adjustment must be made for motivation or conditions of sale.

No adjustment was made for condition of sale since all the transactions took place under normal conditions.

Market Conditions (Time):

Comparable sales that occurred under different market conditions than those applicable to the subject on the effective date of the value estimate require adjustment for any differences that affect their values. A common adjustment for market conditions is made for differences occurring since the date of sale. Since the time the comparable sales were transacted, general values may have appreciate or depreciated due to inflation or deflation and investor's perceptions or market conditions may have changed.

Changes in market conditions may also result from other factors such as changes in income tax laws, building moratoriums, and fluctuations in supply and demand. Sometimes several economic factors working in concert cause a change in market conditions. A recession tends to deflate all real estate prices, but different property types will be affected differently. A decline in demand may affect only one category of real estate. If the demand for a specific type of property falls during a period of inflation, appraisals made during that period may not provide a reliable indication of the value of a similar property in a different period unless appropriate adjustments are made.

Based on reports from local Real Estate Brokers, the price of all property types in Bayonne declined between 2008 and 2012, but has stabilized since 2012. Residential properties declined the most but commercial property values also declined. Some brokers have reported that prices are increasing once again as confidence returns to the local real estate market.

Considering all the factors, we have applied a market condition (time) adjustment of +2% per annum to all the sales to reflect changes in the market since the date of the earliest sale (August 2012) and the valuation date (May 2015).

Location:

The location adjustment attempts to equate difference among the comparable sales and the subject property for such factors as quality of surrounding properties, traffic conditions, access, neighborhood or sectional reputations or image. All the sales are located in the City

of Bayonne with very similar location characteristics to the subject property. No adjustment for location was necessary.

Physical Characteristics:

This category includes adjustments for plot size, plot shape/topography and building's contribution to total property value. We have made adjustments for plot size in keeping with the observed market phenomenon that larger lots typically sell for a lower per unit price and vice versa, all other things being equal. We also made adjustment for demolition cost where the land was improved at the time of sale. Sale #1 was adjusted +10% for size and +10% for shape. Sale #2 was adjusted -10% for plot size. Sale #3 was adjusted -10% for plot size and +5% for building improvement/demolition and site clearance cost. Sale #4 was adjusted -15% for plot size. Sale #5 was adjusted -15% for plot size and +5% for building improvement/demolition and site clearance cost.

Conclusion

All of the sales are located in the City of Bayonne, Hudson County and within a one-mile radius of the subject property. They all possess similar physical characteristics to the subject property. We have analyzed the sales on a price per square foot of land basis because this unit of comparison best reflects the actions of market participants.

The price range indicated by the five sales, before any adjustment, is \$24.05/SF to \$39.20/SF of land. Adjustments were made for Market Conditions and Physical Characteristics. The total net adjustment for physical characteristics range from -15% to +20%.

For the five sales, prices range from \$196,000 to \$850,000 and transaction dates from August 2012 through March 2015. After all adjustments, the sale price for the five sold properties ranges from \$27.20/SF to \$36.68/SF of land with a mean of \$31.74/SF. Sale #1 is the closest and most similar to the subject property and it indicates \$29.96/SF of land. We have applied \$30.00/SF to the subject property.

The data was applied to the subject property as follows;

18,128± Square Feet x \$30.00/SF = \$543,840 (Say \$540,000).

Value Indicated By the Sales Comparison Approach
FIVE HUNDRED AND FORTY THOUSAND DOLLARS (\$540,000)

FINAL VALUE OPINION

Only one of the three recognized approaches to value was utilized in this appraisal. The value indicated by this approach is as follows:

Direct Sales Comparison Approach	\$540,000
Income Approach	N/A
Cost Approach	N/A

The Cost Approach and the Income Approach are not applicable since the subject property is vacant land.

In conclusion, based on an analysis of all the factors discussed in this appraisal, we have concluded that the "AS IS" market value of the Fee Simple estate in the subject property, as of May 2, 2015 is:

FIVE HUNDRED AND FORTY THOUSAND DOLLARS (\$540,000)

ADDENDUM

Qualification of Appraiser
Appraiser License

QUALIFICATION OF APPRAISER

PATRICK A. JOSEPHS
BS (Hons.), MS, MRICS, MAI, AI-GRS

EXPERIENCE:

I have been active in real estate appraising and related activities since 1978. My training and experience span three countries; Jamaica (West Indies), United Kingdom and the United States.

In Jamaica, I was associated with the Association of Land Economy and Valuation Surveyors (ALEVS). I was the first recipient of the ALEVS scholarship to the Land Economy program at the University of Technology in Jamaica where I graduated "best student" with an Honors Diploma.

In England, I was affiliated with the Royal Institution of Chartered Surveyors (RICS) and I obtained my Bachelors Degree (with Honors) in Urban Estate Management from the University of Westminster (formerly PCL), London-England.

In the United States, I have lived and worked in the New York Metropolitan Region since the mid-1980s. I obtained a Masters Degree in Real Estate from New York University and the MAI designation from the Appraisal Institute.

Over the last two decades, I have worked as an independent fee appraiser, a review appraiser, a real property market analyst, a land economist, a real property valuation subject matter expert, an instructor, a course developer and an expert witness in various jurisdictions across the country. I have conducted thousands of real property valuation, market and feasibility studies and prepared thousands of reports on all types of properties. Property types appraised include single and multi-family residential, unsold (sponsor) shares in co-operative housing corporations, individual cooperative apartments, individual condominium apartments, commercial condominiums, office buildings, industrial plants, shopping centers, retail stores, automobile dealerships, gas stations, golf courses, air-rights (unused development rights), marinas, churches, hotels, nursing homes, restaurants, rent-regulated apartments, residential subdivisions, vacant development land, easements, schools, sport stadiums, oil terminals, farms, utility installations, and planned unit developments. In many cases, issues concerning tax abatement/exemption, housing subsidy, tax credit/bond financing, conservation easements, deferred maintenance, environmental contamination, wetlands regulations, rent regulation and the transfer of development rights had to be addressed. Appraisals have been done for mortgage financing, probate, matrimonial, condemnation, certiorari, portfolio review and taxation purposes. I have done work for private individuals, small businesses, large corporations, law firms, commercial banks, government and quasi-governmental agencies.

EDUCATION :

Master of Science.

New York University: The Real Estate Institute, New York, New York (1993).
Real Estate - Valuation and Analysis Concentration.

Bachelor of Science (Honors).

University of Westminster: London, England (1986).
Urban Estate Management - Real Estate Investment and Valuation
Concentration.

Diploma (Honors).

University of Technology: Jamaica, W.I. (1983).
Land Economy and Valuation. (Recipient of Best Student Award).

**CAREER
DEVELOPMENT
COURSES:**

Hofstra University/Columbia Society of Real Estate Appraisers.

Basic Real Estate Appraising and Valuations (1989)
Advance Real Estate Appraising and Valuations (1990)
(Recipient of Best Student Award)

Appraisal Institute

SSP - Standard of Professional Practice (1990)
IA1 - Real Estate Appraisal Principles (1991)
IA2 - Basic Valuation Procedures (1991)
IBA - Capitalization Theory & Techniques (Part A) (1992)
IBB - Capitalization Theory & Techniques (Part B). (1992)
110 - Standard of Professional Appraisal Practice - Part A.
420 - Standard of Professional Appraisal Practice - Part B.
430 - Standard of Professional Appraisal Practice - Part C.
600 - Residential Income Property Capitalization

Case Studies in Commercial Highest and Best Use

The Appraiser's Complete Review

Eminent Domain and Condemnation Appraising

Appraisal of Non-Conforming Uses

Partial Interest Valuation (Divided Shares)

Partial Interest Valuation (Undivided Shares)

Attacking and Defending an Appraisal in Litigation

FHA and The Appraisal Process

Appraisal Issues & Direction of the Appraisal Institute in the New Millenium

Recent Developments in Federal Tax Valuation

An Introduction to the International Valuation Standards

Business Enterprise Value – Case Studies and Applications

Forum on Information Technology in the Real Estate Industry

Addressing Ad Valorem Valuation Assignments

Easement Valuation

**CAREER
DEVELOPMENT
COURSES:**

Evaluating Commercial Construction
Income Valuation of Small Mixed-Use Properties
Forecasting Real Estate Income & Expenses
Appraisal Consulting: A Solutions Approach for Professionals
Instructor Leadership & Development Conference
Business Practices and Ethics
7-Hour National USPAP Update
The Art & Science of Real Estate Feasibility Analysis
Role of Technology in Commercial Real Estate
How Capital Markets are influencing Real Estate
Real Estate Finance, Statistics and Valuation Modeling
General Appraiser Income Approach (Part I)
General Appraiser Income Approach (Part II)
General Appraiser Sales Comparison Approach
General Appraiser Site Valuation and Cost Approach
General Appraiser Market Analysis and Highest & Best Use
Advanced Income Capitalization
Advanced Market Analysis and Highest & Best Use
Advanced Spreadsheet Modeling for Valuation Applications
Appraisal Curriculum Overview – General
Appraising the Appraisal: Appraisal Review – General
Business Practices and Ethics
Marketability Studies: Advanced Considerations & Applications

STATE LICENSES:

General Certified Real Estate Appraiser – NY, NJ, PA, CT, DE, DC
Licensed Real Estate Broker – New York

EMPLOYMENT

1990 – Present :

President/Chief Appraiser/Founder; PATJO Appraisal Service, Inc., New York, NY. PATJO Appraisal Services, Inc. is a real estate valuation and consulting firm that was founded in 1990 and incorporated in the State of New York in 1994. Services offered include real property valuation, appraisal reviews, feasibility studies, economic and market analysis.

2005 -2008 :

Sr. Commercial Review Appraiser – Team Leader; Washington Mutual Bank, West Paterson, New Jersey. Responsibilities include contracting independent fee appraisers, reviewing the work of staff appraisers and outside vendors, maintaining quality and ensuring compliance with internal appraisal guidelines, FIRREA and USPAP. Technical and Administrative Reviews were conducted on appraisal reports for multi-family, commercial, industrial and mixed-use properties in New York, New Jersey, Pennsylvania, Connecticut and Massachusetts.

1990 - 1994 :

Senior Commercial Valuation Specialist/Assistant Vice-President; Appraisal Advisory Group, Ltd., New York, NY. Responsibilities included commercial property valuation, quality control, in-house appraisal review and management of appraisal unit.

AFFILIATIONS:

Member: Appraisal Institute. (MAI – General Appraiser).
Member: Appraisal Institute. (AI-GRS – General Review Specialist).
Member: Royal Institution of Chartered Surveyors (MRICS)
Member: Columbia Society of Real Estate Appraisers. (CSA-G).
Member: Lambda Alpha International (A Honorary Land Economics Society).
Member: Appraisal Institute's National Diversity Committee (2004-06)
Member: Appraisal Institute's Appraisal Journal Review Committee (2004-05)
Member: Board of Directors – Metro NJ Chapter, Appraisal Institute(2009-11)
Chair: Education Committee – Metro NJ Appraisal Institute Chap. (2009-11).
Chair: Diversity Committee – Metro NJ Appraisal Institute Chap. (2009-11).
Diversity Liaison: Appraisal Institute – Region VI. (2011-Present).
Member: Nominating Committee – Appraisal Institute, Region VI. (2011-2013).
Member: Education Trust – Appraisal Institute (2013-Present).
Adjunct Professor: Hofstra University School of Business, Hempstead, New York (2000-01)
Adjunct Professor: New York University Schack Real Estate Institute, New York, NY (2008-Present)
Approved Instructor: Appraisal Institute

PARTIAL CLIENT LIST:

Over the years, I have provided real estate appraisal and consulting services to many major financial institutions, governmental and quasi-governmental agencies including the U.S. General Services Administration, U.S. Department of Housing and Urban Development, U.S. Department of Agriculture, U.S. Department of the Interior, New York State Department of Parks, Recreation and Historic Preservation, New York State Housing Finance Agency, The Trust for Public Land, Federal Deposit Insurance Corporation, Resolution Trust Corporation, New York City Economic Development Corporation, New York City Off-Track Betting Corporation, New York City Board of Education, New York City Department of Citywide Administrative Services, New York City Department of Housing and Preservation, Nassau County (NY), Cape May County (NJ), Passaic County (NJ), New Jersey Housing & Mortgage Finance Agency, Astoria Federal Savings Bank, Citibank, Alliance Funding, Neighborhood Housing Services of NYC, Bayonne Community Bank, Eastern Savings Bank, Bank of New York, Amalgamated Bank, Independence Community Bank, JP Morgan Chase Bank, TD Bank, Casino Development and Reinvestment Authority, Lockheed Martin.

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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

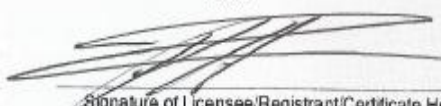
HAS CERTIFIED

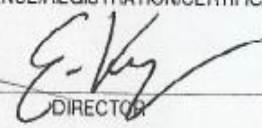
PATRICK A. JOSEPHS
21 Crestview Drive
PO Box 5055
Kendall Park NJ 08824

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

11/29/2013 TO 12/31/2015
VALID

42RG00175200
LICENSE/REGISTRATION/CERTIFICATION #


Signature of Licensee/Registrant/Certificate Holder


DIRECTOR