

COMPARABLE NO. 1



COMPARABLE NO. 1			
Address:	Halfmoon Heritage, Heirloom Lane		
Description:	A 176-unit complex with 1-, 2-, and 3-bedroom luxury apartments that was built in 2008. 55 more are planned in the next 6 months.		
Location:	Halfmoon, New York		
Age/Condition/Street Appeal:	Built in 2008/09. Good condition and appeal		
Unit Type	Monthly Rent	Square Footage	Rent Per Square Foot
1 BR Units:	\$875	866	\$1.01
2 BR Units:	\$1,325	1,240	\$1.07
3 BR Units:	\$1,500	1,475	\$1.02
Current Occupancy:	95%		
Parking:	Yes – Included in rent.		
Contact:	(518) 723-0977		
Comments:	Similar location but closer to Albany than Saratoga Springs. Good condition but inferior street appeal after the subject has been rehabilitated. Dishwashers, carpeted floors, garage, in unit, laundry, heat and hot water included in rent.		

COMPARABLE NO. 2



COMPARABLE NO. 2			
Address:	Steeplechase at Malta, 2400 Steeplechase Blvd.		
Description:	A 234-unit complex with 1-, 2-, and 3-bedroom luxury apartments that was built in 2006.		
Location:	Malta, New York		
Age/Condition/Street Appeal:	Completed in 2006. Good condition and appeal		
Unit Type	Monthly Rent	Estimated Square Footage	Rent Per Square Foot
Studio Units:	N/A	N/A	N/A
1 BR Units:	\$1,025	909	\$1.13
2 BR Units:	\$1,365	1,204	\$1.13
3 BR Units:	\$1,550	1,300	\$1.19
Current Occupancy:	95%		
Parking:	Yes – Included in rent.		
Contact:	(518) 584-2617		
Comments:	Similar location on the outskirts of Malta. Good condition and inferior street appeal after the subject has been rehabilitated. Dishwashers, laundry in the unit, attached garages and cable included in rent. The complex also has a clubhouse with a fitness center and heated pool.		

COMPARABLE NO. 3



COMPARABLE NO. 3			
Address:	Winners Circle at Saratoga, 100 Madison Drive		
Building Description:	A 122-unit complex with 1-, 2-, and 3-bedroom luxury apartments that was built in 2008. Another 100 units will be added per year for 4 more years.		
Location:	Saratoga Springs, New York		
Age/Condition/ Street Appeal:	Built in 2008/09. Good condition and appeal.		
Unit Type	Monthly Rent	Estimated Square Footage	Rent Per Square Foot
Studio Units:	N/A	N/A	N/A
1 BR Units:	\$950	900	\$1.06
2 BR Units:	\$1,350	1,200	\$1.13
3 BR Units:	\$1,725	1,600	\$1.08
Current Occupancy:	100%		
Parking:	Yes – Included in rent.		
Contact:	(518) 885-7368		
Comments:	Slightly superior location due to proximity to downtown Saratoga Springs. Good condition but inferior appeal after renovation. Dishwashers, laundry in the unit, attached garages and cable included in rent. The complex also has a clubhouse with a fitness center and heated pool.		

COMPARABLE NO. 4



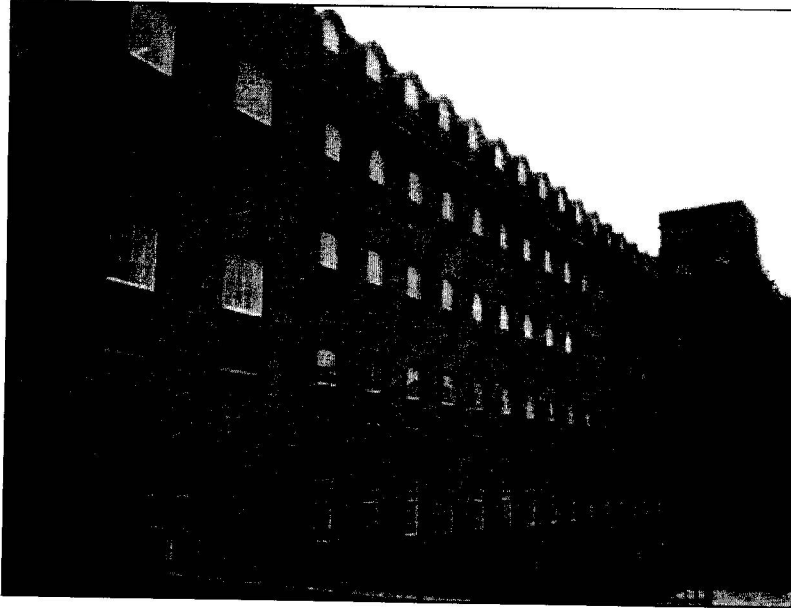
COMPARABLE NO. 4			
Address:	Saratoga Heritage Apartments, 5 Heritage Way		
Building Description:	A 216-unit complex with 1-, 2-, and 2-bedroom w/den luxury apartments that was built in 2001 and 2008.		
Location:	Saratoga Springs, New York		
Age/Condition/Street Appeal:	Built in 2008. Good condition and appeal.		
Unit Type	Monthly Rent	Estimated Square Footage	Rent Per Square Foot
Studio Units:	N/A	N/A	N/A
1 BR Units:	\$1,150	1,060	\$1.08
2 BR Units:	\$1,350	1,355	\$1.00
3 BR Units:	\$1,555	1,500	\$1.04
Current Occupancy:	98%		
Parking:	Parking included in rent.		
Contact:	(518) 885-7368		
Comments:	Superior location, located near shopping in Wilton. Good condition and inferior street appeal after renovation. Dishwashers, laundry in the unit, attached garages, and cable included in rent. The complex also has a clubhouse with a small fitness center and seasonal pool.		

COMPARABLE NO. 5



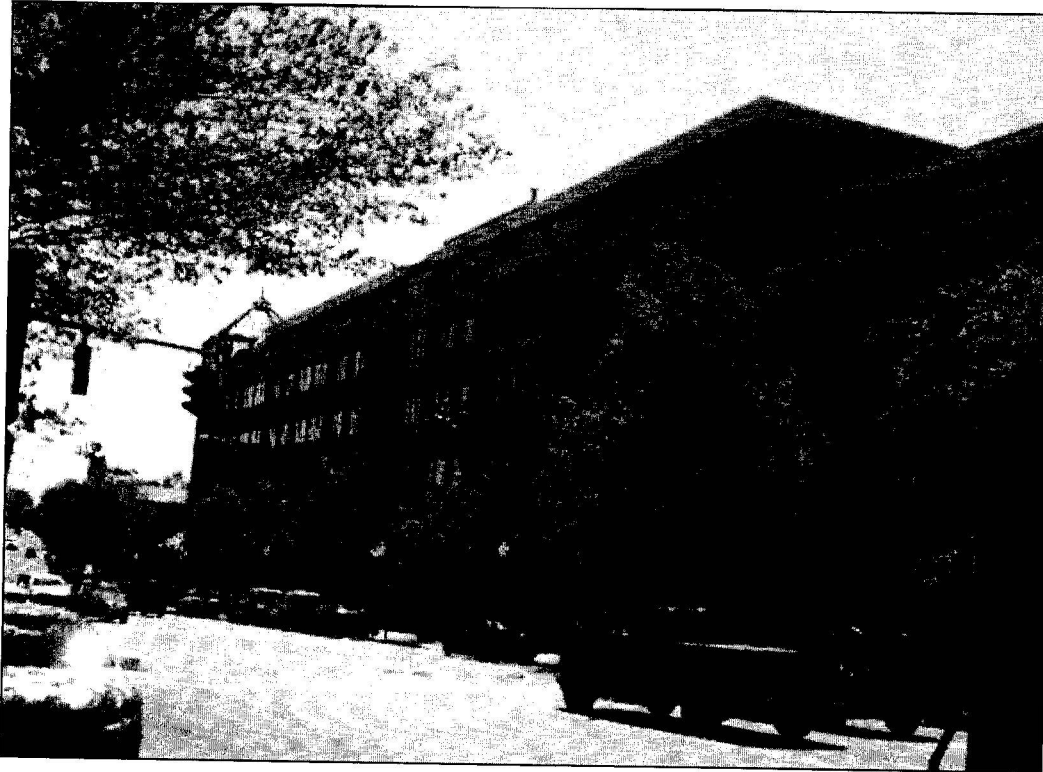
COMPARABLE NO. 5			
Address:	The Paddocks at Saratoga, 1 Ascot Circle		
Building Description:	A 336-unit complex with 1-, 2-, and 2-bedroom w/den luxury apartments that was built from 2006 to 2009.		
Location:	Saratoga Springs, New York		
Age/Condition/Street Appeal:	Built 2007-2009. Good condition and appeal.		
Unit Type	Monthly Rent	Estimated Square Footage	Rent Per Square Foot
Studio Units:	N/A	N/A	N/A
1 BR Units:	\$1,250	895	\$1.40
2 BR Units:	\$1,600	1,300	\$1.23
3 BR Units:	\$1,825	1,454	\$1.26
Current Occupancy:	95%		
Parking:	No parking.		
Contact:	(518) 581-7400		
Comments:	Inferior location, located right up against the Northway (I-87). Inferior condition after renovation. Private garage, washers & dryers in each apartment, cathedral ceilings, granite countertops, dishwasher, concierge service, clubhouse and pool, fitness center, and wireless internet. It was indicated that 2-bedroom rental rates at the low end of the range represented first floor units.		

COMPARABLE NO. 6



COMPARABLE NO. 6			
Address:	Harmony Mills, 100 North Mohawk Street		
Building Description:	A former mill building being developed in stages. Currently 96 units. Constructed in 2006. Second phase beginning in 2010.		
Location:	Cohoes, New York		
Age/Condition/ Street Appeal:	1890±/renovated 2006/2010. Good condition and good appeal.		
Unit Type	Monthly Rent	Estimated Square Footage	Rent Per Square Foot
Studio Units:	N/A	N/A	N/A
1 BR Units:	\$1,100	1020	\$1.08
2 BR Units:	\$1,425	1,230	\$1.16
3 BR Units:	\$2,075	2,154	\$0.96
Current Occupancy:	98%		
Parking:	Included with the rent.		
Contact:			
Comments:	Inferior neighborhood location but similar waterfront location. Good condition and similar street appeal after renovation. Rent includes phone service, high speed internet, loft apartments, extra storage unit, washer & dryer hook-ups, parking garage, AC, exercise facility, patio & balcony, & Mohawk River views.		

COMPARABLE NO. 7



COMPARABLE NO. 7			
Address:	Congress Park Center, 333 Broadway		
Description:	A 34-unit complex with 1-, 2-, and 3-bedroom luxury apartments that was built in 2000. There is on-site, indoor parking available.		
Location:	Saratoga Springs, New York		
Age/Condition/Street Appeal:	Built in 2000. Good condition and appeal		
Unit Type	Monthly Rent	Square Footage	Rent Per Square Foot
1 BR Units:	\$1,400	750	\$1.87
2 BR Units:	\$2,100	1,100	\$1.91
3 BR Units:	\$2,800	1,500	\$1.87
Current Occupancy:	95%		
Parking:	Yes – Included in rent.		
Contact:	(518) 584-5033		
Comments:	Superior downtown location, in Saratoga Springs. Good condition and street appeal. Dishwashers, carpeted floors, garage, heat and hot water included in rent.		

Market Survey Summary

Market-comparable improvements that typically are provided by the landlord are summarized in the following table:

Improvement	Typical for Market (Yes or No)	Included in Subject (Yes or No)
Refrigerator	Yes	Yes
Range/Oven	Yes	Yes
Dishwasher	Yes	Yes
Microwave	Sometimes	Maybe
Air Conditioner	Yes	Yes
Washer/Dryer (in apartment)	Yes	Yes

Nearly all buildings in the subjects market provide dishwashers, refrigerators, and range/oven units (gas or electric). Within renovated units, landlords generally provide air conditioning units and washer and dryers in this market.

The Subject's Competitive Position

With the exception of Comparable 6, all of the comparables are within a 15-mile radius of the subject property, with six of the seven comparables located in the subject's primary market. The comparables are generally located in areas with similar economic and social influences and generally similar surrounding building stock, although adjustments for location are warranted for several comparables due to differences in the quality of the surrounding building stock and the proximity to Saratoga Springs.

Several additional factors were considered in our projections for the subject's market rent. First, the subject building will be undergoing gut rehabilitation, and the overall condition will be generally equal or superior to the majority of the building stock in the primary trading area. For this reason, in selecting the comparable rentals, every effort was made to find recent leases in buildings that have been newly constructed or gut renovated.

Due to a general lack of supply of similar renovated properties within the subject's primary market, we were forced to expand our search to include one comparable in the secondary market as well as inferior properties in the primary trading area in terms of condition and appeal. The comparable found in the secondary market area is also a newly converted condominium building from an industrial building (2005) and is in excellent condition. Second, the subject's rent will include only cold water while several of the comparables have one or more utilities included in the rent. Landlord-paid utilities have a significant impact on rental rates in this market. Third, the size of the subject apartments falls at the high end of the comparable range. Fourth, amenities in the building will include a fitness center with lap pool and sauna, two lounges, a business center, and a cafe in the rear overlooking the water. Other amenities being considered include a children's playroom and outdoor play area as well as the use of some of the rooftop areas for public space making the subject's units more desirable than the comparables. Fifth, the subject

will have river views, 18 foot ceilings, an indoor atrium, and a certain appeal due to its origins as an industrial building.

Adjustment of Comparables

Below we have explained our line adjustments and why adjustments weren't made where there were differences between the subject and the comparables. If a line does not appear, it is because the comparables and the subject have similar utility with regard to that particular feature.

Line 4: Type of Project/Stories: The subject building will contain 3 elevators. Comparables 6 and 7 have elevators, and no adjustments are necessary. The balance of the comparables are located in garden-style walkup buildings and warrant upward adjustments.

Line 8: Year Built/Renovated: Within the subject's market, newly renovated or recently constructed properties lease for significantly more than older, unrenovated properties. Upon completion, the subject will be newly renovated with new interiors and a renovated façade. All of the comparables chosen were in either recently constructed or newly renovated properties. However, Comparables 2, 4 and 6 were constructed 5 or more years ago. As such, we made a slight upward adjustment to these comparables.

Line 9: Square Foot Area: Adjustments of approximately \$0.75 per square foot have been made to the comparable rentals to account for differences in size. For less than a 50 square foot difference, no adjustments have been made.

Line 13: Balcony/Terrace/Patio: The subject's units will have no balconies or patios, as is the case with Comparable 6. However, Comparable 7 does have balconies or terraces and Comparables 1-5 are all garden style apartments with patios or balconies. These comparables will be adjusted downward.

Line 15(g): Laundry: The subject will have in-unit laundry facilities. However, Comparables 6 and 7 do not have in-unit facilities but rather on-site facilities, and this warrants a small upward adjustment.

Line 15(h): Cable/Phone/Internet: Many newer developments offer a bundle of cable/phone and/or internet services. The subject offers all three with the rent. Comparables 5 and 7 do not offer any. The other comparables offer various combinations of the three. Upward adjustments have been applied to all comparables with inferior services.

Line 15(i): Pool/Recreation: The subject will have a fitness area, tenant lounge, pool, and a business center. Comparable 7 does not have a pool and will be adjusted upward.

Line 17(i): Storage: The subject will have storage lockers in the basement. Only Comparable 6 has a similar arrangement. All of the other comparables do not have this feature and are adjusted upward accordingly.

Line 18: Location: The subject is located approximately 12 miles east of Saratoga Springs at the northeast corner of Saratoga County. This is considered to be a good location relative to what is available in its immediate surroundings. Comparables 1-5 are also located within 12 miles of Saratoga Springs and, therefore, do not warrant an adjustment. Comparable 6 is located in Cohoes, New York, which is located outside of the primary area and is closer to Albany. This is inferior to the subject in terms of the demographics and will, therefore, be adjusted upward. Comparable 7 is located in the heart of downtown Saratoga Springs. This is superior to the subject and all of the comparables as evidenced by its ability to attract renters at rates far higher than any of the other comparables. We have applied a large downward adjustment to Comparable 7.

Line 19: Condition/Appeal: Upon completion, the subject will be in excellent condition with good quality finishes and all new interiors. In addition, the units will all be loft-like with high ceilings, oversized windows, and an indoor atrium. In addition, many of the units will have water views. This is superior to all of the comparables except Comparables 6 and 7. Comparable 6 is a similar conversion of an older mill building and overlooks the Mohawk River. Comparable 7 is an elevator, doorman building that has a similar appeal to those individuals desiring a more urban type of living arrangement. All of the other comparables will be adjusted upward for their inferior appeal.

The resulting rent adjustment grids are found on the following pages.

COMPARABLE RENTAL ANALYSIS

1. Unit Type/2. Subject Property (Address)	3. (Address)	4. (Address)	5. (Address)	6. (Address)	7. (Address)	8. (Address)	9. (Address)
1 BR 42 Great Avenue Village of Victory	Hallmoon Heritage Hallmoon, NY	2 (Address) Steinbocher at Walla, 2600 Steinbocher Malta, NY	3 (Address) Farmers Office at Saratoga 100 Medical Saratoga Spa NY	4 (Address) Saratoga Heritage Apartments, 5 Heritage way Wilton, NY	5 (Address) The Paddock at Saratoga 1 Ascot Circle Saratoga Springs, NY	6 (Address) Hemery Mills, 100 N. Mohawk Street Cooper	7 (Address) Covyness Park Center 333 Broadway Saratoga Springs
Characteristics	Data	Data	Data	Data	Data	Data	Data
3. Effective Date of Rental	06/01/10	June-10	June-10	June-10	June-10	June-10	June-10
4. Type of Property/Structure	Apartment/4	Walk-up/2	Walk-up/2	Walk-up/2	Walk-up/2	Walk-up/2	Elevator/4
5. Ratio of Unit in Building	2	Average	Average	Average	Average	Average	Average
6. Project Occupancy %	96%	95%	100%	98%	95%	98%	95%
7. Construction	None	None	None	None	None	None	None
8. Year Built	1900/ren 2011	2008-2010	2008-2010	2001-2008	2008-2009	2008/10	1890/ren 2008/10
9. Number of Bedrooms	1, 2/5	909	900	1,060	695	1,020	1,020
10. Number of Bathrooms	1	1	1	1	1	1	1
11. Number of Rooms	3	3	3	3	3	3	3
12. Number of Floors	3	3	3	3	3	3	3
13. Balcony/Terrace/Patio	No	Yes	Yes	Yes	Yes	No	No
14. Parking	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15. Equipment: a. A/C	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Range/Oven	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Refrigerator	Yes	Yes	Yes	Yes	Yes	Yes	Yes
d. Dishwasher	No	No	No	No	No	No	No
e. Microwave	No	No	No	No	No	No	No
f. Dishwasher	Yes	Yes	Yes	Yes	Yes	Yes	Yes
g. Washer/Dryer	In Unit	In Unit	In Unit	In Unit	In Unit	In Unit	On-site laundry
h. Pool/Hot Tub	Yes	Yes/No/Yes	Yes	Yes/No/Yes	Yes	Yes	Yes
i. Pet/Fee	Yes	Yes	Yes	Yes	Yes	Yes	Yes
16. Services a. Heat/Type	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant
b. Cool/Type	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant
c. Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
d. Water Cooler	Owner/Tenant (Ind)	Owner/Tenant (Ind)	Owner/Tenant (Ind)	Owner/Tenant (Ind)	Owner/Tenant (Ind)	Owner/Tenant (Ind)	Owner/Tenant (Ind)
17. Storage	Good	Good	Good	Good	Good	Good	Good
18. Pest/Condition	Good	Good	Good	Good	Good	Good	Good
19. Own. Security	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
20. Unit Rent Per Month	\$ 1,500	\$ 1,370	\$ 1,025	\$ 950	\$ 1,250	\$ 1,100	\$ 1,400
21. Total Adjustments	\$ 495	\$ 1,515	\$ 50	\$ 385	\$ 1,515	\$ 1,365	\$ 115
22. Indicated Rent	\$ 1,500	\$ 1,370	\$ 1,025	\$ 950	\$ 1,250	\$ 1,100	\$ 1,400
23. Contractual Subject Rent	\$ 1,500	\$ 1,370	\$ 1,025	\$ 950	\$ 1,250	\$ 1,100	\$ 1,400

Note: In the adjustments column enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.

Appraiser's Signature: *[Signature]* Date (mm/dd/yyyy): 4/28/2010

Reviewer's Signature: *[Signature]* Date (mm/dd/yyyy):

COMPARABLE RENTAL ANALYSIS

Unit Type	2 Subject Property (Address)	A Comparable Property No. 1 (Address)	B Comparable Property No. 2 (Address)	C Comparable Property No. 3 (Address)	D Comparable Property No. 4 (Address)	E Comparable Property No. 5 (Address)	F Comparable Property No. 6 (Address)	G Comparable Property No. 7 (Address)
2 BR	Village of Victory 42 Gates Avenue Village of Victory	Hallroom, NY Hallroom, NY	Steinbach at Malia, 2400 Steep Malia, NY	Winners Circle at Saratoga, 100 Mad Ballston Spa, NY	Saratoga Heritage Apartments, 5 Her Wilton, NY	The Paddock at Saratoga, 1 Ascol Saratoga Springs, NY	Cherry Hill, 100 N. Mohawk Street Covus	Congress Park Center, 333 Broadway Saratoga Springs
Characteristics								
1. Effective Date of Rental	06/01/10	June-10	June-10	June-10	June-10	June-10	June-10	June-10
4. Type of Project Status	Elavator/4	Walk-up/2	Walk-up/2	Walk-up/2	Walk-up/2	Walk-up/2	Walk-up/2	Elavator/4
5. Floor of Unit in Building	2	Average	Average	Average	Average	Average	Average	Average
6. Project Completion, %	0%	95%	95%	100%	99%	95%	98%	95%
7. Concessions	None	None	None	None	None	None	None	None
8. Year Built	1900/Reb 2011	2008-2010	2005	2008-2010	2001-2008	2006-2008	1890/Reb 2006/10	2000
9. Sq Ft Area	1,278	1,240	1,204	1,230	1,355	1,300	1,230	1,100
10. Number of Bedrooms	2	2	2	2	2	2	2	1
11. Number of Baths	1	1	1	1	1	1	1	1
12. Elevator	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
13. Ejector	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
14. Parking	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15. Equipment & A/C	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
a. Refrigerator	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Range/Oven	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Dishwasher	No	No	No	No	No	No	No	No
d. Microwave	No	No	No	No	No	No	No	No
e. In-Unit Laundry	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
f. Washer/Dryer	In Unit	In Unit	In Unit	In Unit	In Unit	In Unit	In Unit	In Unit
g. Washer/Dryer	Yes	Yes/No/Yes	Yes	Yes/No/Yes	Yes/No/Yes	Yes/No/Yes	Yes/No/Yes	Yes/No/Yes
h. Fuel/Rec.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
16. Sewer's a. Head/Type	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant
b. Cond/Type	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant
c. Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
d. Water Cond/Hot	Owner/Tenant (hot)	Owner/Tenant (hot)	Owner/Tenant (hot)	Owner/Tenant (hot)	Owner/Tenant (hot)	Owner/Tenant (hot)	Owner/Tenant (hot)	Owner/Tenant (hot)
17. Storage	Yes	None	None	None	None	None	None	None
18. Project Location	Good	Average	Good	Good	Good	Good	Good	Excellent
19. Other - Condition/Appraisal	Excellent	Good/Average	Good/Average	Good/Average	Good/Average	Good/Average	Good/Average	Excellent
20. Unit Rent Per Month	\$ 1,325	\$ 1,245	\$ 1,365	\$ 1,350	\$ 1,350	\$ 1,600	\$ 1,425	\$ 2,100
21. Total Adjustments	\$ 1,700	\$ 1,570	\$ 1,630	\$ 1,565	\$ 1,515	\$ 1,930	\$ 1,535	\$ 1,940
22. Indicated Rent								
23. Created Subject Rent	\$ 1,700	\$ 1,570	\$ 1,630	\$ 1,565	\$ 1,515	\$ 1,930	\$ 1,535	\$ 1,940
<p>Note: In the adjustments column enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a plus amount and if subject is inferior to the comparable, enter a minus amount. Use back of page to explain adjustments as needed.</p> <p>Appraiser's Signature: <i>[Signature]</i> Date (mm/dd/yyyy): 4/29/2010</p> <p>Reviewer's Signature: <i>[Signature]</i> Date (mm/dd/yyyy):</p> <p>HUD Form 92273 (7/2003)</p>								

COMPARABLE RENTAL ANALYSIS

1. Unit Type	2. Subject Property (Address)	3. BR	4. Comparable Property No. 1 (Address)	5. Comparable Property No. 2 (Address)	6. Comparable Property No. 3 (Address)	7. Comparable Property No. 4 (Address)	8. Comparable Property No. 5 (Address)	9. Comparable Property No. 6 (Address)	10. Comparable Property No. 7 (Address)	
	Village of Victory		Highmoon Heritage, Highmoon Lane Highmoon, NY	Steepfichess at Malta, 2400 Steepfichess Malta, NY	Elmwood Circle at Saratoga, 100 Madison Drive Ballston Spa, NY	Saratoga Apartments, 51 Heritage Way Malta, NY	Heritage Apartments, 1 Ascot Circle Malta, NY	Hammony Mills, 100 N. Mohawk Street Saratoga Springs, NY	Congress Park Center, 333 Broadway Saratoga Springs	
Characteristics	1600/110	1600/110	1600/110	1600/110	1600/110	1600/110	1600/110	1600/110	1600/110	
3. Effective Date of Rental	Elmwood	Elmwood	Elmwood	Elmwood	Elmwood	Elmwood	Elmwood	Elmwood	Elmwood	
4. Type of Property	2	2	2	2	2	2	2	2	2	
5. Project Occupancy %	95%	95%	95%	95%	95%	95%	95%	95%	95%	
6. Project Occupancy %	None	None	None	None	None	None	None	None	None	
7. Construction	1900/ren 2011	2006-2010	2006-2010	2001-2008	2001-2008	2001-2008	2001-2008	2001-2008	2001-2008	
8. Year Built	1,809	1,475	1,300	1,600	1,500	1,500	1,500	1,500	1,500	
9. Sq Ft Area	3	3	3	3	3	3	3	3	3	
10. Number of Rooms	2	2	2	2	2	2	2	2	2	
11. Number of Baths	1	1	1	1	1	1	1	1	1	
12. Number of Bedrooms	1	1	1	1	1	1	1	1	1	
13. Balu/Terrace/Patio	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
14. Parking	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
15. Equipment a. A/C	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
b. Range/Oven	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
c. Refrigerator	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
d. Dishwasher	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
e. Microwave	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
f. Washer/Dryer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
g. Hardwood	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
h. Carpet/Parquet	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
i. Hardwood	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
16. Services a. Heat/Type	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	Gas/Tenant	
b. Cool/Type	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	
c. Electric	Owner/Tenant (No)	Owner/Tenant (No)	Owner/Tenant (No)	Owner/Tenant (No)	Owner/Tenant (No)	Owner/Tenant (No)	Owner/Tenant (No)	Owner/Tenant (No)	Owner/Tenant (No)	
d. Water	Good	Good	Good	Good	Good	Good	Good	Good	Good	
17. Storage	Gas	Gas	Gas	Gas	Gas	Gas	Gas	Gas	Gas	
18. Other - Commu/Aspet	Excitng	Good	Good	Good	Good	Good	Good	Good	Good	
19. Other - Security	Buzz/Int	Buzz/Int	Buzz/Int	Buzz/Int	Buzz/Int	Buzz/Int	Buzz/Int	Buzz/Int	Buzz/Int	
20. Unit Rent Per Month	\$ 1,500	\$ 1,500	\$ 1,550	\$ 1,550	\$ 1,550	\$ 1,550	\$ 1,550	\$ 1,550	\$ 1,550	
21. Total Adjustments	\$ 448	\$ 448	\$ 580	\$ 580	\$ 580	\$ 580	\$ 580	\$ 580	\$ 580	
22. Estimated Rent	\$ 1,948	\$ 1,948	\$ 2,140	\$ 2,140	\$ 2,140	\$ 2,140	\$ 2,140	\$ 2,140	\$ 2,140	
23. Corrected Subject Rent	\$ 2,150	\$ 2,150	\$ 2,150	\$ 2,150	\$ 2,150	\$ 2,150	\$ 2,150	\$ 2,150	\$ 2,150	
Notes: In the adjustments column enter other amounts by which subject property varies from comparable properties. If subject is better, enter a plus amount and subject is inferior to the comparable property, enter a minus amount. Use blank space to explain adjustments as needed. Penalties and fees are observed.										
			Appraiser's Signature		Appraiser's Signature		Appraiser's Signature		Appraiser's Signature	
			Date (mm/dd/yyyy)		Date (mm/dd/yyyy)		Date (mm/dd/yyyy)		Date (mm/dd/yyyy)	
			4/29/2010		4/29/2010		4/29/2010		4/29/2010	
			HJD-Form 9273		HJD-Form 9273		HJD-Form 9273		HJD-Form 9273	
			(7/2003)		(7/2003)		(7/2003)		(7/2003)	

SUMMARY OF ADJUSTED RENT COMPARABLES AND MARKET RENT CONCLUSION

Market Rent									
Unit Type	Total # of Units	Average SF	Adjusted Comparable Range			Market Average Rent	Market Rent Conclusion	Market Rent Conclusion PSF	Total Rent
One Bedroom	18	1,275	\$1,320	to	\$1,755	\$1,515	\$1,500	\$1.18	\$324,000
Two Bedroom	65	1,278	\$1,515	to	\$1,940	\$1,669	\$1,700	\$1.33	\$1,326,000
Three Bedroom	15	1,809	\$1,945	to	\$2,640	\$2,150	\$2,150	\$1.19	\$387,000
Total									\$2,037,000

The one-bedroom units exhibit an adjusted rental range of \$1,320 to \$1,755 per month with an average of \$1,515 per month. We have concluded with a market rental rate of \$1,500 per month for the subject's one-bedroom units.

The two-bedroom units exhibit an adjusted rental range of \$1,515 to \$1,940 per month, averaging \$1,669 per month. We have concluded at a market rent of \$1,700 per month for the subject's two-bedroom units.

The three-bedroom units exhibit an adjusted rental range of \$1,945 to \$2,640 per month, averaging \$2,150 per month. Comparables 6 and 7, which are most similar to the subject, both have lease rates above the adjusted average. We have concluded at a market rent of \$2,150 per month for the subject's three-bedroom units.

Miscellaneous Income

The developer has envisioned putting a pre-school in the building. He has conservatively projected additional income of \$3,000 per month, or \$36,000 per year. Since this is within the range of what an investor would expect, we have adopted this in our analysis.

Effective Gross Income

The total potential income for the subject's residential units and ancillary income is as follows:

Potential Residential Income	\$2,037,000
Parking Income	\$0
Laundry Income	\$0
Commercial Income	\$36,000
Potential Gross Income	\$2,073,000

Vacancy and Collection Loss

In terms of vacancy, there are no published sources from which to obtain vacancy information in the Saratoga County. However, according to area real estate professionals, there was a significant increase in real estate and demand during the past several years that resulted in an average city-wide occupancy rate of 97%. In addition, our own survey of almost 20 large apartment

complexes revealed a vacancy rate of less than 5%.

Most real estate professionals concur that new construction and renovations of existing properties have seen significantly higher demand than the older housing stock. Size and condition are primary factors in demand for rental properties at this time. Due to the limited supply of newly constructed and renovated properties in Saratoga County, it is our opinion that newly renovated apartment properties should command rents at the high end of the market and have significantly higher demand than is typical in the market due to a general lack of supply or renovated properties. Based on market data, newly renovated market rate apartment properties such as the subject should lease at a rate of 7 to 10 units per month and have a stabilized vacancy and collection loss rate of 5%.

Potential Residential Income	\$2,037,000
Parking Income	\$0
Laundry Income	\$0
Commercial Income	\$36,000
Potential Gross Income	\$2,073,000
Less Residential V/C Loss @ 5%	-\$101,850
Less Commercial V/C Loss @ 20%	+ -\$7,200
Effective Gross Income	\$1,963,950

DISCUSSION OF EXPENSES

To project the subject's expenses as a market based rental property, we have estimated expenses based on four comparable properties. These statements are summarized on the following page. Following are the comparable properties summarized with the use of HUD's 92274 form.

COMPARABLE 1



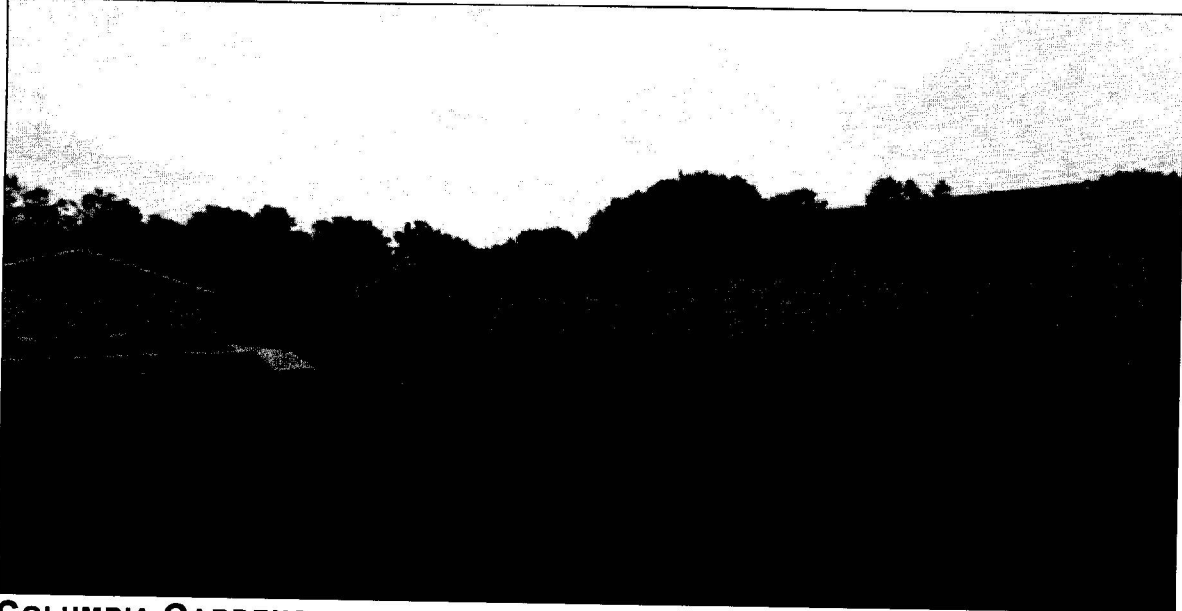
**HERITAGE APARTMENTS
425 GLEN STREET**

COMPARABLE 2



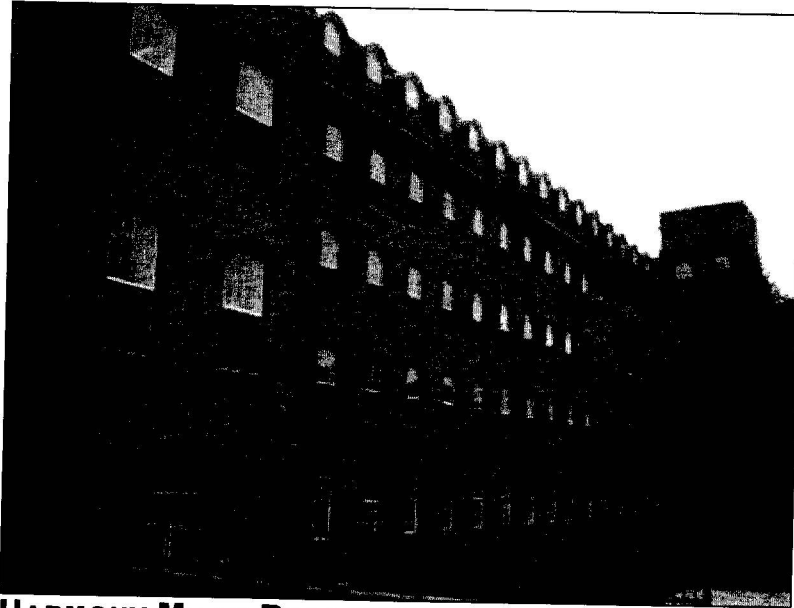
**STEEPLECHASE AT MALTA
2400 STEEPLCHASE BLVD**

COMPARABLE 3



**COLUMBIA GARDENS
1-121 COLUMBIA ROAD**

COMPARABLE 4



**HARMONY MILLS RIVERVIEW
100 NORTH MOHAWK STREET**

We have concluded total annual operating expenses of \$6,603 per unit. This equates to \$647,078 per annum. Please note that our operating expenses include a provision of \$64,000 for replacement reserves. As per HUD guidelines, this amount is calculated as .004% of the estimated mortgage amount. Our expense ratio amounts to 32.62% of the EGI, (assuming a 5% vacancy factor) which is within the typical range of 25% to 45% for recently built projects where the tenant pays all utilities.

Expenses have been updated to the most recent comparable (2012) based on a 3% per annum inflation factor in accordance with HUD map guidelines. Please note that no further trending is necessary. In accordance with MAP guidelines, income and expenses reflect the current year as if the property were operating today. Following is a summary of each expense estimate.

Adjustments to the Comparable Properties

Appropriate adjustments are applied to our comparable buildings based on differences in project size/type, condition and unit size. The following are a summary of adjustments warranted for the comparable expenses properties:

The subject will contain individual heating and hot water systems for each unit. The landlord will only be responsible for heating common areas of the building and will not be responsible for heating water, thus significantly reducing heating fuel costs. Comparables 2 and 4 are similar in that the tenants are responsible for all heating and hot water costs. Comparables 1 and 3 include heating fuel and hot water in the rent and warrant downward adjustments.

The subject includes cable, phone and internet in the rent. Comparable 4, which has the same developer as the subject, also includes these amenities in the rent. Comparables 1-3 have been adjusted upward to account for this difference.

The owner provided a proforma of expenses which compared well with three of the comparables. Comparable 2 has a significantly higher outlay for repairs and maintenance. This comparable is on a large site with extensive groundskeeping and a separate building for a health club, rec center, and pool. None of the other comparables has these expenses. This comparable will be adjusted downward.

We have provided a separate real estate tax analysis with local, unsubsidized comparables to help project a reasonable tax burden for the subject property upon completion (see the Real Estate Tax Analysis section of this report).

Expense Estimates

Management Fee	Low	High	Average	Projection
Comparable (Per Unit)	\$213	\$488	\$384	
Appraiser				\$403

Management fees at market-rate properties typically range from 2% to 5%, with higher percentages charged at properties that have lower income levels, or at properties that are more management intensive. Management expenses at the comparable properties range from \$213 to \$488 per unit, with an average of \$384. Our projection is based on 2% of the effective gross income, assuming a 5% residential vacancy factor. This amounts to \$403 per unit, which falls in the middle of the comparable range.

Legal/Accounting/Administration/ Miscellaneous	Low	High	Average	Projection
Comparable (Per Unit)	\$121	\$316	\$208	
Appraiser				\$321

This expense accounts for annual professional fees associated with the operation of the building and miscellaneous and administrative costs. The comparables show costs ranging from \$121 to \$316 per unit. We estimated this expense at \$321 per unit, which is on the higher end of the comparable range.

Fuel	Low	High	Average	Projection
Comparable (Per Unit)	\$133	\$225	\$182	
Appraiser				\$165

The comparables show an adjusted per unit range of between \$133 and \$225 per unit, however, adjustments were required since the subject will require tenants to pay for interior heat and hot water costs while the comparables with a higher expense include heat and hot water in the rent. We have estimated this expense at \$165 per unit, which amounts to \$0.07 on a per square foot basis.

Light & Power	Low	High	Average	Projection
Comparable (Per Unit)	\$0	\$321	\$184	
Appraiser				\$312

The owners pay for common electric. We have estimated this expense at \$312 per unit due to the limited common area and limited exterior land area. This is toward the low end of the comparable range of \$0 to \$321 per unit, which is reasonable given that the subject has one lobby and one building while several of the comparables have multiple buildings, and more significant exterior lighting required.

Water & Sewer	Low	High	Average	Projection
Comparable (Per Unit)	\$0	\$310	\$168	
Appraiser				\$245

The comparables exhibit a range between \$0 and \$310 per unit, with an average of \$168. We project the expense at \$245 per unit, which is in the middle of the comparable range.

Payroll	Low	High	Average	Projection
Comparable (Per Unit)	\$472	\$1,045	\$802	
Appraiser				\$854

The adjusted comparables range from \$472 to \$1,045 per unit, with an average of \$802. The developer intends to hire outside contractors to maintain the building and grounds. There will be a part-time super on site to take care of smaller items. The developer has a similar arrangement at Comparable 4 which is at the low end of the range. However, the subject has more groundskeeping duties and, as such, we will conclude closer to the average of the range. We project payroll at \$854 per residential unit, which is within the adjusted and unadjusted range.

Trash Removal	Low	High	Average	Projection
Comparable (Per Unit)	\$0	\$155		
Appraiser				\$153

Only Comparable 4 had a separate line item for garbage removal, reported at \$155 per unit. However, as this comparable is owned and operated by the same developer who will be building and managing the subject, we will use this as a basis for our projected expense. Therefore, we will project the expense at \$153 per unit.

Repairs & Maintenance	Low	High	Average	Projection
Comparable (Per Unit)	\$381	\$698	\$548	
Appraiser				\$571

This expense includes exterior maintenance, elevator maintenance, painting, trash removal, groundskeeping, cleaning of the common areas, and exterminating. Repairs and maintenance costs vary depending on the age and quality of a building, management philosophy, services provided, and accounting methodology. Some management companies expense items that typically are included as a capital cost. In addition, repairs and maintenance costs may change from year to year and, in some cases, repairs that require attention may be postponed due to cash flow considerations. The comparables show a range from \$381 to \$698 per unit, with an average of \$548 per unit. After rehabilitation, the subject will be like new construction. We estimated this expense at \$571 per unit, which is in the middle of the adjusted range. This amounts to \$0.26 on

a per square foot basis, which is within typical market norms of between \$0.25 to \$0.55 per square foot for newly renovated or newly constructed properties.

Insurance	Low	High	Average	Projection
Comparable (Per Unit)	\$198	\$566	\$322	
Appraiser				\$270

The comparables show a range of \$198 to \$566 per unit, with an average of \$322 per unit. This expense is estimated at \$270 per unit. This amounts to \$0.12 per square foot, which is within the typical range of \$0.40 and \$0.55 per square foot range typically seen for these property types.

Reserves	Low	High	Average	Projection
Appraiser	N/A	N/A	N/A	\$653

The HUD formulated reserve amount, based on 0.004% of the mortgage amount, would amount to \$64,000 per annum, or \$653 per unit. Well-maintained market properties which do not have to meet HUD requirements typically have reserves totaling \$200 to \$250 per unit.

Real Estate Taxes	Low	High	Average	Projection
Appraiser	\$768	\$4,131	\$1,695	\$1,842

The subject will not be viable without some sort of real estate tax relief. However, we have been asked to provide an estimate of the taxes as a bank officer would underwrite them prior to issuing a construction loan. As noted above, based on a review of comparable data, we project full taxes at \$2,250 per unit, plus \$1.30/s.f. for the school for a total of \$230,900/year (see the Real Estate Analysis section of this report).

Conclusion

Total annual operating expenses are projected to be \$7,118 per unit for the stabilized year following the date of this report. This amounts to \$697,562 on an annualized basis. Our estimate amounts to 32.62% of the effective gross income (assuming 5% vacancy), which is within the typical range of 25% to 45% for properties that do not include utilities in the rent. The annual expenses before taxes is \$402,525 per year, or \$4,107 per unit.