# APPRAISAL REPORT

# &

# VALUATION ANALYSIS

## PROPERTY

28.7+/- Acres of Land with Existing Dwelling & Outbuildings
59 Lincoln Road
Wayland, Massachusetts

## DATE OF VALUATION

May 24, 2013

## PREPARED FOR

Jerry Heller, Chairman
Wayland Community Preservation Committee
24 Hickory Hill Road
Wayland, MA 01778

## PREPARED BY

Avery Associates
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# Avery Associates

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May 29, 2013

Jerry Heller, Chair
Wayland Community Preservation Committee
24 Hickory Hill Road
Wayland, MA 01778

RE: 28.7+/- Acres of Land with Existing Dwelling & Outbuildings
59 Lincoln Road
Wayland, Massachusetts

Dear Mr. Heller:

In response to your request, as outlined in the letter of engagement dated April 9, 2013, we are pleased to transmit the appraisal report detailing our estimate of the market value of the subject property, both on an "as is" basis, and assuming encumbrance with a permanent conservation restriction. This report sets forth the value conclusion, together with supporting data and reasoning which forms the basis for our conclusions.

The subject of this report is 28.7+/- acres of residentially zoned land located at the corner of Lincoln Road and Hazelbrook Lane in Wayland, Massachusetts. The property is comprised of two parcels; one vacant 22.6 acre tract of land that is predominantly open, rolling pasture; and a 6.1 acre parcel improved with a 1920's colonial style dwelling garage building, in-ground pool and tennis court. Of the total acreage, approximately 4.6 are wetlands. The property abuts two small ponds and Hazel Brook to the rear.

We have been asked to estimate the value of the property "as is". In addition, we have been asked to estimate the value of the property assuming encumbrance with a permanent conservation restriction on all but 6.1+/- acres surrounding the dwelling on site. (*please refer to the Description of Real Estate Appraised, for clarification of the acreage sizes referred to herein*).

This appraisal has been completed using the following *extraordinary assumption*:

- The estimated value of the property is based upon the *extraordinary assumption* that the land has the development potential stated in the Highest and Best Use section of this report. If this is not the case, then the value estimate may be subject to change.

The estimated value of the property, assuming encumbrance with the CR described herein, is based upon the following *hypothetical condition*:

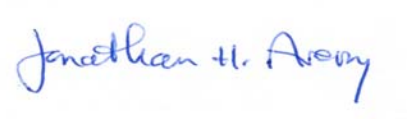
- The estimated value of the property is based upon the *hypothetical condition* that the terms of the CR, as stated in the Description of Real Estate Appraised section of this report, are in place as of the date of valuation even though this document has not yet been finalized or recorded.

As a result of our analysis it is our opinion that the market value(s) of the subject property as of May 24, 2013, subject to the definitions, limiting conditions, extraordinary assumption, hypothetical condition, and certifications set forth in the attached report are as follows:

| | |
|---|---|
| **Estimated Value of the Property Without Restriction** | **$4,600,000** |
| **Estimated Value of the Property After Restriction** | **$2,200,000** |
| **INDICATED DIMINUTION IN VALUE BECAUSE OF CR** | **$2,400,000** |

This letter must remain attached to the report, which contains 31 pages plus related exhibits, in order for the value opinion set forth to be considered valid.

Respectfully submitted,



Christopher H. Bowler, MAI, SRA
Massachusetts Certified General
Real Estate Appraiser #495

Jonathan H. Avery, MAI, CRE
Massachusetts Certified General
Real Estate Appraiser #26

## TABLE OF CONTENTS


| | PAGE |
|---|---|
| Summary of Important Facts and Conclusions..... | 1 |
| Subject Property Photographs..... | 2 |
| Purpose of the Appraisal..... | 6 |
| Intended Use of Report..... | 6 |
| Date of Valuation..... | 6 |
| Date of Report..... | 6 |
| Scope of the Appraisal..... | 7 |
| Description of the Subject Property..... | 7 |
| Tax Data..... | 8 |
| Property Description…… | 14 |
| Zoning..... | 16 |
| Highest and Best Use..... | 16 |
| Summary of Analysis and Valuation..... | 18 |
| Reconciliation..... | 30 |
| Certification..... | 31 |
| Addenda | |

## SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

**PROPERTY ADDRESS**: 59 Lincoln Road
Wayland, Massachusetts

**OWNER OF RECORD**: Lincoln Road Trust, Thomas Wray Falwell, Trustee

**DATE OF VALUE ESTIMATE**: May 24, 2013

**TOTAL LAND AREA**: 28.7+/- per David E. Ross February 2013 Plan

**EXISTING IMPROVEMENTS**: A wood frame dwelling built in 1920, containing 5,281 sq ft of living area; a detached garage; an in-ground pool; tennis court; shed.

**ZONING**: Residential 60,000 sf/210' frontage

**HIGHEST AND BEST USE (before restriction)**
Subdivision of the land into 6 Approval Not Required Lots (ANR), keeping the existing dwelling and improvements on one lot and development of the 5 vacant lots with dwellings that conform to the
neighborhood and market preferences.

**HIGHEST AND BEST USE (after restriction)**
Non-motorized recreation, agriculture, forestry, on the 22.6+/- restricted acres; unrestricted use of the existing dwelling on its own 6.1 acre parcel.

**FEE SIMPLE MARKET VALUE ESTIMATES:**

| | |
|---|---|
| **Estimated Value of the Property Without Restriction** | **$4,600,000** |
| **Estimated Value of the Property After Restriction** | **$2,200,000** |
| **INDICATED DIMINUTION IN VALUE BECAUSE OF CR** | **$2,400,000** |

**APPRAISED BY**: Christopher H. Bowler, MAI, SRA
Jonathan H. Avery, MAI, CRE
Avery Associates
Post Office Box 834
282 Central Street
Acton, MA 01720

**SUBJECT PROPERTY PHOTOGRAPHS**

59 Lincoln Road
Wayland, Massachusetts
Taken by C.H. Bowler (5/6/2013)

**View Looking Easterly at the Subject Land. This Photo Taken from the Western Portion of the Land on Lincoln Road.**

**View Looking Southerly at the Subject Land. Photo Taken from the Central Portion of the Frontage on Lincoln Road.**

**SUBJECT PROPERTY PHOTOGRAPHS**

59 Lincoln Road
Wayland, Massachusetts

**Aerial Photo Dated June 2010 Provided by Mass GIS/Google Earth. Subject Land is Bound by the Road to the Left in Photo; by the Two Ponds to the South; by the Wooded Acreage to the East; and by Lincoln Road and the Private Way to the North.**

**Additional Aerial View from a Higher Elevation.**

**SUBJECT PROPERTY PHOTOGRAPHS**

59 Lincoln Road
Wayland, Massachusetts
Taken by C.H. Bowler (5/6/2013)

**View Looking Southeast Along Hazelbrook Lane. Subject Property is to the Left in Photo.**

**View Looking Southerly at the South-Central Portion of the Land Near the Rear Wetlands on Site.**

**SUBJECT PROPERTY PHOTOGRAPHS**

59 Lincoln Road
Wayland, Massachusetts
Taken by C.H. Bowler (5/6/2013)

**Street Scene Looking SW Along Lincoln Road.**

**View Looking SE at the Subject Parcel Containing the Existing Dwelling & Improvements.**

# NARRATIVE APPRAISAL REPORT

**PURPOSE OF THE APPRAISAL**: The purpose of this appraisal is to estimate the value of the property "as is", and the value assuming encumbrance with a permanent conservation restriction, as of May 24, 2013. In estimating these values, it has been necessary to make a careful physical inspection of the property, a review of land planning, examination, and analysis of the property. The results are reported in this study.

The definition of market value and fee simple can be found in the Addenda section to this report.

**INTENDED USERS OF REPORT**: The Town of Wayland Community Preservation Committee.

**INTENDED USE OF REPORT**: The function of this appraisal is to estimate the market value of the property, based upon two distinct scenarios, for the possible acquisition of the property, or its development rights.

**INTEREST VALUE**: Fee Simple.

**CONSERVATION RESTRICTION IS DEFINED AS**: According to Section 31 of Chapter 184 of the General Laws of the Commonwealth of Massachusetts, a **Conservation Restriction**, also known as a conservation easement, means:

"A right, either in perpetuity or for a specified number of years, whether or not stated in the form of a restriction, easement, covenant or condition, in any deed, will or other instrument executed by or on behalf of the owner of the land or in any order of taking, appropriate to retaining land or water areas predominantly in their natural, scenic or open condition or in agricultural, farming or forest use, to permit public recreational use, or to forbid or limit any or all *(a)* construction or placing of buildings, roads, signs, billboards or other advertising, utilities or other structures on or above the ground, *(b)* dumping or placing of soil or other offensive materials, *(c)* removal or destruction of trees, shrubs or other vegetation, *(d)* excavation, dredging or removal of loam, peat, gravel, soil, rock or other mineral substance in such a manner as to affect the surface, *(e)* surface use except for agricultural, farming, forest or outdoor recreational purposes or purposes permitting the land or water area to remain predominantly in its natural condition, *(f)* activities detrimental to drainage, flood control, water conservation, erosion control or soil conservation, or *(g)* other acts or uses detrimental to such retention of land or water areas.

**DATE OF VALUATION**: The effective date of valuation of this appraisal is May 24, 2013. All data, analysis, and conclusions are based upon facts in existence as of the date of valuation.

**DATE OF REPORT**: May 29, 2013.

**SCOPE OF THE APPRAISAL**: Christopher H. Bowler, MAI, SRA and Jonathan H. Avery, MAI, CRE inspected the subject property on May 6, 2013 with Wade Staniar of LandVest. Mr. Staniar led a tour of the entire grounds. An exterior only inspection of the dwelling was made. Photographs were taken at this time and again on a 2nd inspection on May 24, 2013. In addition to the inspections, the appraisers:

- Reviewed a land planning analysis and Conservation Restriction Pricing report completed by LandVest, dated April 1, 2013.
- Reviewed FEMA flood map information pertaining to the property and soil survey information as well provided by the USDA NCRS.
- Obtained additional information regarding the property from the Wayland Assessors Department, Building Department, and the Middlesex South Registry of Deeds.
- Gathered information on comparable acreage and lot sales, antique home sales, and residential development activity in the Wayland area.
- Confirmed and analyzed the data and utilized a Cost of Development Approach and Sales Comparison techniques in order to estimate the market value of the property both on a 'before' and 'after' basis.
- Prepared a summary appraisal report in accordance with Standard 2-2(b) of the Uniform Standards of Professional Appraisal Practice.

## DESCRIPTION OF REAL ESTATE APPRAISED

**LEGAL DESCRIPTION -** The subject of this report is 28.7+/- acres of residentially zoned land located at the corner of Lincoln Road and Hazelbrook Lane in Wayland, Massachusetts. The property is comprised of two parcels; one vacant 22.6 acre tract of land that is predominantly open, rolling pasture; and a 6.1 acre parcel improved with a 1920's colonial style dwelling garage building, in-ground pool and tennis court.

The following is the address, assessors and legal reference for the property:

| Address | Town | Parcel Size (ac)** | Assessors Map/Lot | Current Owner | Legal Reference (Bk/Pg) |
|---|---|---|---|---|---|
| 59 Lincoln Road | Wayland | 25.00 | 11/41 | Lincoln Road Trust, Thomas Wray Falwell, Trustee | 61086/440 |
| 59 Lincoln Road | Wayland | 4.77 | 8/6 | Lincoln Road Trust, Thomas Wray Falwell, Trustee | 61086/440 |
| **Total** | | **29.77** | | | |

** Note that a recent survey by David E. Ross Associates estimates the total acreage as 28.7+/-, which will be used for this appraisal.

Ownership of the property was recently transferred to the Lincoln Road Trust, Thomas Wray Falwell, Trustee, from Bruce C. and Victoria M. Farrell on January 30, 2013. This transfer is recorded in Book 61086 Page 440 at the Middlesex South Registry of Deeds. The Farrells acquired the property in two transactions, in 1967 and 1972.

A copy of the deed listed above can be found in the Addenda to this report.

**Acreage Clarification**: The Assessor's records, the recent deed, and a 1972 recorded plan list the subject property as 29.77 acres total, comprised of a vacant 25 acre tract and a 4.77 acre parcel with the existing dwelling.

However, a February 2013 plan of the property was completed by David E. Ross Associates as part of the plan to restrict a portion of the acreage and to clarify a driveway easement. This plan shows the acreage as 28.7+/- acres total, comprised of a vacant 22.6+- acre tract and a 6.1+/- acre tract.

Although not recorded, we have used the acreage from the very recent Ross plan for this analysis.

**Proposed Conservation Restriction**: At present, no conservation restriction affects the subject acreage. The proposed Conservation Restriction does not yet exist in writing.

It is proposed to affect the western 22.6+/- acres of the property as shown on the David E. Ross plan, leaving the easternmost 6.1+/- acres unrestricted. The 6.1+/- acres contain the existing dwelling and all other site improvements.

The restriction will prevent any development of residential dwellings on the 22.6+/- acres and will limit future uses to agriculture, passive recreation, forestry, and open space. The restriction may allow for agricultural related improvements such as a barn.

**TAXES AND ASSESSMENT -** The following is the current assessment and tax burden for the subject:

| Address | Town | Parcel Size (ac) | Assessors Map/Lot | Current Assessment | FY 2013 Tax Rate | FY 2013 Taxes |
|---|---|---|---|---|---|---|
| 59 Lincoln Road | Wayland | 25.00 | 11/41 | $ 969,900 | $ 17.89 | $17,351.51 |
| 59 Lincoln Road | Wayland | 4.77 | 8/6 | $ 1,384,300 | $ 17.89 | $24,765.13 |
| **Totals** | | **29.77** | | **$ 2,354,200** | | **$ 42,116.64** |

** Note that a recent survey by David E. Ross Associates estimates the total acreage as 28.7+/-, which will be used for this appraisal.

Based upon the as is, "before" value estimate contained herein, it is our opinion that the current assessment by the Town of Wayland is low. The reason is that the town does not recognize the full development potential of the land in its assessment, but rather assigns a 'raw acreage' value to a majority of the land.

**LOCATION DESCRIPTION** - *Town* - The subject property is located in the Middlesex County community of Wayland. Surrounding communities are Sudbury and Framingham on the west, Natick on the south, Concord and Lincoln on the north, and Weston on the east. Its population according to the 2010 U.S. Census was 12,994, essentially unchanged since the 2000 census. Boston is 17 miles east or a 30-minute car drive.

Wayland is a semi rural, affluent bedroom community located in the 'Metro-West' region of Greater Boston. Approximately 20% of the land area in town is under conservation. Part of the Great Meadows National Wildlife Refuge is in the northern part of town. There are two public golf courses.

The town has an excellent, nationally recognized public school system that features 3 elementary schools, one middle and one high school. It is consistently ranked in the top 5 of all school systems in the Commonwealth using a variety of measures. The Claypit Hill Elementary School was recognized in the 1980's as one of the top public elementary schools in the nation.

Wayland is part of a small cluster of similar, affluent bedroom communities that includes Weston, Lincoln, Concord, and Sudbury. The town and region is a desirable and highly sought after place to live.

**ECONOMIC & MARKET CONDITIONS**: When completing an appraisal of real property it is necessary to have a proper perspective of economic conditions as of the date of valuation. Economic conditions play a significant role in the price paid for real estate at any given time.

As the second quarter of 2013 moves forward, the recovery from the "Great Recession", which lasted over a year between 2008 and 2009, continues. But the recovery is stubbornly slow and is characterized by tepid job growth and continued high unemployment. We look at several key economic indicators to measure the health of the economy as of the date of valuation:

## ECONOMIC GROWTH (growth in the U.S. GDP)

| | Annualized Growth Rate |
|---|---|
| 2013 Quarter 1 | 2.4% |
| 2012 Annual | 2.2% |
| 2011 Annual | 1.8% |
| 2010 Annual | 3.0% |
| 2009 Annual | -2.4% |
| 2008 Annual | 0.4% |

(Gross Domestic Product is the total market value of the goods and services produced by a nation's economy during a specific period of time).

## EMPLOYMENT/UNEMPLOYMENT

| | Town of Wayland | Middlesex County | Mass | U.S. |
|---|---|---|---|---|
| Most Recent Month | 3.9% | 5.0% | 6.3% | 7.5% |

| United States | New Jobs Created | Unempl. Rate |
|---|---|---|
| Last Mos.; Apr 2013 | 165,000 | 7.5% |
| Average Last 12 Mos. | 168,583 | 7.9% |

## STOCK MKT, COMMODITY & INTEREST RATE TRENDS

| | Beginning Price 1-Jan-13 | Closing Price 24-May-13 | *Change Since 1/1/2013* |
|---|---|---|---|
| Dow Jones Industrial | 13,104 | 15,303 | *16.78%* |
| S&P 500 | 1,426 | 1,650 | *15.69%* |
| London Gold $ fix/oz | 1,678 | 1,393 | *-16.96%* |
| Crude Oil $ per barrel | 92.27 | 94.26 | *2.16%* |
| 10 Year Treasury | 1.76% | 2.01% | *14.20%* |

| S & P 500 Annual Returns | |
|---|---|
| 2012 | +13.4% |
| 2011 | -.003% |
| 2010 | +12.8% |
| 2009 | +23.5% |
| *2008* | *-38.5%* |

## CONSUMER CONFIDENCE

| | | Source: Conference Board |
|---|---|---|
| **2013** | May-13 | 76.2 |
| **2012** | May-12 | 64.4 |
| **2011** | May-11 | 60.8 |
| **2010** | May-10 | 57.7 |
| **2009** | May-09 | 40.8 |
| **2008** | May-08 | 62.8 |
| **2007** | May-07 | 106.3 |

(1985=100)

## CASE-SHILLER HOME PRICE INDEX

| | | Greater Boston | *1 Year Change* | *Change Since Low/Peak* |
|---|---|---|---|---|
| **Current** | Mar-13 | 155.7 | 6.7% | ------- |
| **1 Year Earlier** | Mar-12 | 145.9 | ------- | ------- |
| **Low this Cycle** | Mar-09 | 145.8 | ------- | 6.78% |
| **Peak this Cycle** | Sep-05 | 182.5 | ------- | -14.66% |

In terms of the **GDP**, the economy slowed substantially in the fourth quarter of 2012. In fact, first reports indicated a 0.1% contraction in the fourth quarter, but were later revised to indicate very slight growth of +0.1%. Activity picked up in the first quarter of 2013, registering a +2.4% annualized gain. However, most economists predicted a 3.0% gain. The data suggest the economy was not growing in the final quarter of 2012, and started slow in 2013.

As with the GDP figures, the **employment figures**, while showing growth, are a bit of a disappointment coming out of a recession. Typically, post-recession job growth exceeding 300,000 per month is common. The average over the past 12 months is just 168,583 per month. Most economists indicate that job growth in the vicinity of 150,000 per month is needed just to keep up with population growth. So while employment gains are positive, the gains have not been enough to substantially boost the economy. After the 1981-82 recession, for example, the economy added more jobs in the next two years that at any time in the modern era. Monthly job growth topped 400,000 four times during that recovery. And this was at a time when the overall population in the country was 230+/- million versus the current 320+/- million.

Thus far in 2013, the **stock market** is off to a positive start. In fact, January 2013 was the best January start since 1989 for the stock market. As of the writing of this report the S&P 500 was up nearly 16% for the year. In 2012 the market, by measure of the S&P 500 index rose 13.4%. In 2011 it was generally unchanged.

The **consumer confidence** data shown above portrays the ups and downs of the economy over the past 5+ years. The index data is shown for May of each of the past 7 years. The most recent figure of 76.2 is the second straight month of increases and the highest reading in 5 years! Per the Conference Board, who compiles the index, the recent increase in confidence is related to consumers' perception that the labor market is improving. Also per the Conference Board a reading above 90 translates into an economy on solid footing while a reading above 100 reflects strong economic growth. So with a current reading at 76.2, while moving in a positive direction, it is still evident that the U.S. Consumer still does not think the economy is healthy.

The **housing market** in Massachusetts has stabilized from the severe downturn that took place between the 3rd quarter of 2005 and the end of 2008 and has very recently shown signs of surging back to the levels of the peak market of 2003-2005.

During the 2005-2008 period, by several measures, prices dropped approximately 15-20% in Greater Boston. Since the 2nd quarter of 2009 the market has stabilized, but is not yet back to the price level, or sales volume that was seen in 2004 and 2005. An index considered reliable by most is the Case-Shiller Home Price Index. This data includes only repeat sales of homes. The most recent data from the Case-Shiller Home Price Index listed on the previous page indicates that we are up 6.7% in terms of pricing from one year ago, and up 6.78% since the low reached in March of 2009. However, the market is still below the levels reach in September of 2005. Per this index, home prices in the Boston metropolitan area are down 14.66% since reaching a peak in September of 2005.

**Wayland and Massachusetts Single Family Residential Market Snapshot**: To get a more defined look at current market conditions and where it may be headed, we have looked at MLS statistics for current listings, pending sales, and total sold relating to single family homes in Wayland, and the State as a whole. The following is a breakdown of this data:

| | VOLUME OF SALES/LISTINGS TRENDS | | | | PRICE TRENDS | | | |
|---|---|---|---|---|---|---|---|---|
| **ACTIVE LISTINGS** | | **#** | | **% Change** | | **Average Price** | | **% Change** |
| Current Supply of Single Family Properties | Wayland | 66 | Down | -29.03% | $ | 1,142,563 | Up | 4.32% |
| Supply of SF Properties 1 Year Ago | Wayland | 93 | ----- | ----- | $ | 1,095,197 | ----- | ----- |
| Current Supply of Single Family Properties | Massachusetts | 16,882 | Down | -31.34% | $ | 570,846 | Up | 9.72% |
| Supply of SF Properties 1 Year Ago | Massachusetts | 24,588 | ----- | ----- | $ | 520,298 | ----- | ----- |
| **PENDING SALES** | | | | | | | | |
| # of SF Properties; Went Under Agrmnt; Past Year | Wayland | 200 | Up | 19.05% | $ | 709,581 | Up | 3.76% |
| # of SF Properties; Went Under Agrmnt; Previous 12 mos. | Wayland | 168 | ----- | ----- | $ | 683,847 | ----- | ----- |
| # of SF Properties; Went Under Agrmnt; Past Year | Massachusetts | 51,813 | Up | 21.62% | $ | 428,814 | Up | 5.57% |
| # of SF Properties; Went Under Agrmnt; Previous 12 mos. | Massachusetts | 42,601 | ----- | ----- | $ | 406,188 | ----- | ----- |
| **CLOSED SALES** | | | | | | | | |
| Total Closed Sales of SF Properties; Past Year | Wayland | 170 | Up | 17.24% | $ | 656,647 | Up | 2.96% |
| Total Closed Sales of SF Properties; Previous 12 mos. | Wayland | 145 | ----- | ----- | $ | 637,787 | ----- | ----- |
| Total Closed Sales of SF Properties; Past Year | Massachusetts | 42,888 | Up | 15.02% | $ | 389,004 | Up | 4.31% |
| Total Closed Sales of SF Properties; Previous 12 mos. | Massachusetts | 37,287 | ----- | ----- | $ | 372,921 | ----- | ----- |

*SOURCE: MLS Statistics*

From a developer's/seller's standpoint, the ideal results from these statistics would be: *decreasing* inventory, *increasing* sales activity, both pending and closed, and rising prices. And that is what we have for Wayland and the state as a whole. The year 2012 was a very good year both in Wayland and Massachusetts, and that continues into 2013. Prices and sales volume are on the rise and existing inventory is certainly declining.

For this assignment the focus is more on land values in Wayland and surrounding communities. The price for land in Wayland peaked in the 2004-2007 period. There was then a sharp decline in prices from 2008 through 2011. This was evident based upon a review of building lot prices in the same development that occurred during both periods of time, and a review of similar lots selling during these different time periods. Very recent transactions suggest that prices for land are back up, but not to peak levels. Further discussion of land values in town will take place in the valuation section of this report.

**CONCLUSIONS**: We draw the following conclusions from a review of the data presented above and a review of market activity:

- As of the date of valuation, the economy is stable and growing, albeit at a tepid pace. Recent consumer confidence data suggest the recovery may begin advancing at a quicker pace than we have seen the past 3 years.

- In terms of the local residential real estate market, 2012 was a strong year in which sales volumes increased, as did prices, while inventories declined. Aided by historically low mortgage rates the residential real estate market in Massachusetts, for most areas, was very strong and that continues into 2013.
- While there have been modest improvement in Massachusetts, conditions in the markets along and inside the Route 128 beltway of Greater Boston, where Wayland is located, are much stronger. Prices are beginning to rise again and brokers are reporting the return of 'bidding wars' among buyers for scant inventory.
- Barring a major economic downturn, market conditions are expected to be strong through 2013 in the subject market and Massachusetts.

Each of these factors has been taken into consideration with the valuation of the subject property.

***Neighborhood*** - The subject property is located at the corner of Hazelbrook Lane and Lincoln Road in the northern section of Wayland. The Lincoln town line is ½ mile to the north. The Weston town line is ¼ mile to the east. Wayland Center is 3 miles to the south via Route 126.

The immediate area is quite rural in appearance and is characterized by large stretches of open land, stone walls, wooded wetlands, and equestrian properties. Abutting the subject to south are two ponds and Hazel Brook and over 30 acres of conservation land owned or controlled by Sudbury Valley Trustees. Across Lincoln Road from the subject is an 8+ acre compound at 34 Lincoln Road that sold recently for $3.25 million, and the 33 acre Duck Puddle Farm, a property that includes a restored Greek Revival farmhouse, barns, and a pond all on 33 acres that is restricted from development via a 2002 conservation restriction. Just to the northwest of these two properties are 39.6 acres of land held in conservation by the Sudbury Valley Trustees known as Murphy Fields and Stone Land.

Lincoln Road in Wayland is a winding, unpaved roadway approximately 1.5 miles in total length. There are only 14-16 properties located on this entire stretch. Housing styles including antique farmhouses, newer contemporaries, modest colonials, and a couple of large, newer colonials. Recent sales on Lincoln Road include the aforementioned 34 Lincoln Road for $3.25 million in September; an older modest cape at 8 Lincoln Road that sold for $480,000 on 2.44 acres of land in January of 2012; a newer 5,000 sq ft colonial at 119 Lincoln Road that sold for $1.37 million in March of 2012; and a late 1970's contemporary style home on 3.71 acres of land at 75 Lincoln Road that sold for $875,000 in July of 2012.

The location of the subject property is considered a positive factor affecting its value. It offers a rural character surrounded by large tracts of vacant conservation land. Developers would be interested in acquiring the subject due to its potential to yield several building lots within this rural area that has seen prices for residential properties at the very upper end of the market for Wayland.

Conservation groups will be interested in acquiring the subject because of its location among environmentally sensitive tracts of land. Interest from both groups puts upward pressure on the value of the subject.

**PROPERTY DESCRIPTION**: The subject of this report is 28.7+/- acres of residentially zoned land located at the corner of Lincoln Road and Hazelbrook Lane in Wayland, Massachusetts. The property is comprised of two parcels; one vacant 22.6 acre tract of land that is predominantly open, rolling pasture; and a 6.1 acre parcel improved with a 1920's colonial style dwelling garage building, in-ground pool and tennis court. Of the total acreage, approximately 4.6 are wetlands. The property abuts two small ponds and Hazel Brook to the rear.

The following are additional details regarding the subject property:

## Site

| | |
|---|---|
| **Land Area** | 28.7+/- acres total. |
| **Frontage** | Lincoln Road - 1,750.57'.<br>Hazelbrook Lane - 415'.<br>Private Way - 378.12'. |
| **Shape** | Somewhat 'oval' in shape. Northern boundary totals 2,128.69'; eastern is 541.48'; southern is 2,023.02'; and western is 415'. |
| **Topography** | The land slopes gently down from street level (Lincoln Road) to the rear in the area of the two ponds and Hazel Brook. The elevation above sea level along the Lincoln Road frontage ranges from 171' to 175' above sea level. Along the southern boundary near the ponds elevations range from 154 to 159'. In the center of the land elevations are 163-171'. |
| **Flood Zone** | The rear or southern portion of the land is located within the boundaries of the 100 year flood district per FEMA Panel #250 17C 388E dated June 4, 2010. The specific dimensions of the flood hazard area on site can be seen on the LandVest Site Analysis colored plan in the Addenda to this report. |
| **Wetlands** | Per the LandVest planning analysis there are approximately 4.6 acres of wetlands on site, the location of which can be seen on the Site Analysis plan. |
| **Soils** | Per the maps of the USDA Natural Resources Conservation Service, soils on site include primarily silt loams with a secondary soil type fine sandy loam. A copy of this soil map and index can be found in the Addenda to this report. The Windsor soils located near the Hazelbrook Lane portion of the land are rated 'high' in terms of the potential for septic installation. All other soils on site rated 'low'. |
| **Utilities** | There is a municipal water line on Lincoln Road. There is no sewer. All properties must rely on private septic. There is also natural gas, electricity and all telecommunication lines as well. |
| **Easements/ Rights of Way** | The subject land is affected by and has the benefit of several rights of way easements as referenced in the deeds to the subject property. None of these easements affect the development potential of the land as stated herein. |

## Improvements

| Parcel ID | Address | Improvement | Year Built | Room Count Tot/BR/Bths | Gross Building Area(sf) | Living Area(sf) |
|---|---|---|---|---|---|---|
| **8/6** | 59 Lincoln Road | Single Family Dw elling | 1920 | 11/4/5 | 7,201 | 5,281 |
| | | Attatched Garage | 1920 | | 784 | |
| | | Detached Garage | 1982 | | 1,200 | |
| | | Shed | 1920 | | 210 | |
| | | Inground Pool | 1961 | | 800 | |
| | | Tennis Court | 1960 | | 7,200 | |
| | | Patios | u.k. | | 840 | |

**Comments/Conclusions** This report has been completed in conjunction with a land planning analysis and Conservation Restriction Pricing report completed by LandVest, dated April 1, 2013. A copy of this report and all the plans within can be found in the Addenda to this report.

In general, the subject land is characterized by open pasture with long stretches of road frontage on both Lincoln Road and Hazelbrook Lane. Lot yield, however, will be kept down by the presence of wetlands, flood plain and marginal soil conditions that are not readily receptive to installation of septic systems. Of all the areas on site, the western 4 +/- acres have receptive loamy sand type soils while the remainder has silt loam which is poorly draining soil. The LandVest report indicates that soil testing was done in the late 1990's on the land and indicated that there were enough good soil to support 9 building lots on site. However, the report does not indicate where these 9 lots would be located. We assume that the soils closer to Lincoln Road would produce positive results while the soils to the rear, or south of the land would not 'perc' as these soils are the silt loams that are near or within the boundaries of the flood plain or within wetlands setbacks.

## Consideration of Hazardous Substances in the Appraisal Process

Although no specific geotechnical engineering data has been provided, it is our assumption that the property is free and clear of any hazardous wastes or contaminating substances, as specified in applicable municipal, state and federal regulations or laws. In the event that this is not the case, the value as estimated herein may vary to the extent of contamination and the cost of cleanup.

As of May 24, 2013, the subject property is not included as either a contaminated site or a location to be investigated by the Bureau of Waste Site Cleanup of the Department of Environmental Protection, Commonwealth of Massachusetts. It is our assumption in this report, therefore, that the subject site is not a contaminated site. However, if the subject site is found to be contaminated, the value estimate contained herein will change.

**Zoning**

The subject property is located in the Residential 60,000 zoning district of the Town of Wayland. Permitted uses include single family residence, municipal, educational, religious, non-profit uses, forestry or agriculture.

Dimensional requirements include a minimum lot size of 60,000 square feet and a minimum frontage of 210 feet. Minimum front, side, and rear setback requirements are 30 feet each. The maximum building height is 35 feet or 2.5 stories. The maximum lot coverage is 20%.

## HIGHEST AND BEST USE

The Dictionary of Real Estate Appraisal, Fifth Edition defines highest and best use as "the reasonable, probable, and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability." The highest and best use is often referred to as the optimum use.

Since we are estimating two values, based upon two scenarios, one "before" restriction and one "after", a highest and best use analysis involving both are presented.

**Before Restriction**: Based upon a review of all of the legally permissible uses per zoning, and given the price of vacant lots and new construction in Wayland, some form of residential development is the likely highest and best use of the land.

Fortunately, there has been recent land planning completed for the property by LandVest. Taking into consideration zoning, soils, wetlands, and the topography of the land, LandVest has prepared 3 different conceptual subdivision plans. A copy of each can be found in the Addenda to this report. These plans are:

- **5 Lot Approval Not Required Plan**. This plan actually subdivides the 28.7 acres into 6 lots using the existing frontage on Lincoln Road. 5 of the lots are vacant and one 6.1 acre parcel contains the existing dwelling and improvements. No roadways are required for this development. There is no 'affordability requirement' either.
- **8 Lot Approval Not Required Plan**. This plan actually subdivides the 28.7 acres into 9 lots using the existing frontage on Lincoln Road. 8 of the lots are vacant and one 6.1 acre parcel contains the existing dwelling and improvements. No roadways are required for this development. However, under Article 22 of Wayland's Zoning By-Law, there would be an affordability requirement in that one of the dwellings constructed would have to be sold at a pre-determined below market cost to a household making no more than 80% of the median income for the area. LandVest shows Lot 1 on this plan as the 'affordable' lot. Thus, 7 vacant lots are market rate.

- **Conservation Cluster**. This plans shows 11 'cluster' lots, of which 10 are market rate; one 1.45 acre ANR lot; 11.94 acres of open space, and the existing dwelling, again on its own 6.1 acre lot. This development would require extensive engineering and approvals costs. Gaining entitlements for this development would likely take 9-18 months if they were to be gained at all.

Approval Not Required, or ANR, means that a proposed lot or lots have sufficient land area and frontage on an existing roadway so that no new roadways need to be installed and a formal approval process with the town planning board is not required. An applicant must simply file the new plan with the building department and registry of deeds.

The analysis begins with a review of the last development option listed above. It is our opinion that the conservation cluster is not physically or legally possible. If one looks at the existing conditions/site analysis plan completed by LandVest, and the soils map, and then compares them to the conservation cluster plan, it is evident that Lots 3, 4, 5, and 6 and a good portion of the cul de sac roadway are within wetlands or wetlands setback. And lots 3, 4 and 5 are within the aforementioned silt loam soils that would not be receptive to septic installation.

Looking at the 8 lot ANR plan it is our opinion that Lot 6 would not be possible due to its location within wetlands setbacks and the presence of wetlands and marginal soil conditions. Combined with the requirement of an affordable lot, this would mean only 6 market rate vacant lots.

The 5 lot ANR plan, in our opinion, is both *legally permissible* and *physically possible*. In addition, the low density, larger lot feature of this plan conforms better to the immediate area.

From a financially feasible standpoint, we then prepared two subdivision analyses; one for the 5 lot ANR plan, and one for the 8 lot plan, amended to reflect the fact that only 6 market rate lots are truly feasible. Because of higher individual lot prices, the value of the 5 lot ANR plan edged out the value of the higher density 8 lot (only 6 market rate lots) plan.

Based upon the analysis displayed above, it is our opinion that the highest and best use for the 28.7+/- acre subject property is for subdivision of the land into 6 approval not required lots (ANR), keeping the existing dwelling and improvements on one lot and development of the 5 vacant lots with dwellings that conform to the neighborhood and market preferences.

**After Restriction**: After the proposed/discussed conservation restriction is imposed, the development potential of the property is severely limited. The potential for 5 vacant lots on 22.6 of the 28.7 acres is eliminated as this land will be restricted from development. All residential use would be restricted to the 6.1 acres surrounding the existing dwelling, in-ground pool, garage and tennis court.

For the 22.6 restricted acres, uses allowed are limited to agriculture, forestry, open space, and passive recreation.

After the proposed restriction is imposed, it is our opinion that the highest and best use of the property is for non-motorized recreation, agriculture, forestry, on the 22.6+/- restricted acres; and unrestricted use of the existing dwelling on its own 6.1 acre parcel.

## EXPOSURE TIME

The Dictionary of Real Estate, 5th Edition, defines ***Exposure Time*** as:

> *"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of appraisal. Exposure time is always presumed to occur prior to the effective date of appraisal" (p 105)*

In other words, how long do we estimate it would have taken to sell the subject property at the estimated "as is" value of $4,600,000? Based upon a review of the periods it took to sell the comparable sales presented later in this report, it is our opinion that a reasonable exposure time is 6-9 months.

## ANALYSIS AND VALUATION

In order to estimate the change-diminution in the market value that will result from encumbrance with a permanent conservation restriction on a 22.6 acre portion of the property, we have utilized a "before and after" technique which measures the effect on value of the property as a result of placing this restriction on the land. For the "before" valuation a Cost of Development Approach has been utilized. For the "after" valuation, a similar valuation technique has been used.

**BEFORE RESTRICTION VALUATION**: In order to estimate the value of the subject property "as is" to a single purchaser, a Cost of Development Approach has been utilized. This is a valuation tool available to the appraiser when subdivision and development represent the highest and best use of a property. In this case, after determining the number and type of lots that can be created from the appraised parcel, physically, legally, and economically, a sales comparison analysis of finished lots is then undertaken. In the subject case we also review sales of antique/older homes in the area to project a value for the existing dwelling component of the development. After adjusting the comparable sales for differences, the appraiser estimates the most likely retail sale prices of these lots and the existing dwelling, the probable development period and the absorption rate.

All costs associated with constructing and selling the lots are then deducted from their projected retail sale prices. The periodic net sale proceeds are then discounted to present value at an appropriate yield rate over the estimated period required for the project development and market absorption. The result is an indication of the value of the property 'as-is'.

## *RETAIL LOT PRICE PROJECTIONS- Vacant Lots*

We have researched the area for sales/listings of single family building lots in order to project retail prices for our valuation model. Of the 15-20 lot sales initially researched, 10 sales were considered most similar to the subject lots. The following is a summary of these comparables:

**WAYLAND AREA LOT SALES SUMMARY**

**Date of Valuation:** **24-May-13**

**Annual Time Adjustment** **3.0%**

| | ADDRESS | SALE PRICE/ DATE | TIME ADJUSTED SALE PRICE | LOT SIZE (AC/SF) | LEGAL REF(Bk/Pg) | WATER/ SEWER | GRANTOR/ GRANTEE |
|---|---|---|---|---|---|---|---|
| **#1.** | Lot 8 Hidden Springs Ln<br>Wayland | $625,000<br>29-Mar-13 | **$627,877** | 0.70<br>30,506 | 61506/4 | public/<br>private | Terra Holdings, LLC/<br>David G. Robinson |
| | Comments: | *One of 8 lots in the Hidden Springs Farm subdivision located at the intersection of Plain Road & Claypit Hill Rd near the elementary school campus. 4 of 8 lots built, 1 is under construction. Homes have sold from $1.5 to over $2 million. This lot at entrance.* | | | | | |
| **#2.** | 9 Reservoir Road<br>Wayland | $500,000<br>31-May-12 | **$514,716** | 3.68<br>160,301 | 59196/245 | public/<br>private | Elizabeth Moon/<br>Joseph Hicklin |
| | Comments: | *Tear down lot sale off of common drive in Woodbridge area. Hilltop lot that overlooks conservation land and pond. Older dwelling needed to be razed. Pond frontage.* | | | | | |
| **#3.** | 12 Pheasant Run<br>Wayland | $475,000<br>17-Jan-13 | **$479,959** | 1.07<br>46,489 | LC 1429/118 | public/<br>private | Sacra Nominee Trust/<br>Steven Sundberg |
| | Comments: | *Tear down lot sale along established cul de sac in Claypit Hill school district. Level, wooded lot at end of cul de sac. Older dwelling razed post sale.* | | | | | |
| **#4.** | 58 Old Connecticut Pth<br>Wayland | $465,000<br>1-Mar-12 | **$482,164** | 1.39<br>60,591 | 58596/112 | public/<br>private | Yet Ming Chiang/<br>Kaushal B. Mehta |
| | Comments: | *Vacant, pasture lot near Rice Road and Route 20. Busy portion of Old Conn Path. Partial views of Mainstone Farm to SW.* | | | | | |
| **#5.** | 1 Pheasant Run<br>Wayland | $420,000<br>25-Jan-12 | **$436,746** | 1.03<br>45,000 | LC 1411/20 | public/<br>private | Maple Hill Architects/<br>Lingley Lane LLP |
| | Comments: | *Tear down lot sale along established cul de sac in Claypit Hill school district. Level, wooded lot at entrance to subdivision. Older dwelling razed post sale.* | | | | | |
| **#6.** | 30 Old Connecticut Pth<br>Wayland | $400,000<br>12-Oct-12 | **$407,366** | 1.37<br>59,677 | 60228/412 | public/<br>private | Roosevelt/<br>30 O.C.P. LLC |
| | Comments: | *Vacant, pasture lot near Rice Road and Route 20. Busy portion of Old Conn Path. Close to commercial properties; no views of Mainstone Farm from land.* | | | | | |
| **#7.** | 151-A Pelham Island Rd<br>Wayland | $400,000<br>25-May-12 | **$411,970** | 1.00<br>43,470 | 59160/287 | public/<br>private | Jane L. Lajoie/<br>Brotherstone Dev. |
| | Comments: | *Vacant meadow lot in older, established area south of town hall complex. Below average location by Wayland standards. Smaller, older homes nearby.* | | | | | |
| **#8.** | 83 Page Road<br>Lincoln | $900,000<br>17-Aug-12 | **$920,717** | 7.37<br>321,232 | 59785/259 | public/<br>private | Nora C. Dwyer/<br>M. Kolowich |
| | Comments: | *Part of 4 lot common drive development that abuts 83 acres of conservation land. Area of newer 6,500 sf homes. This lot is predominantly wooded and gently sloping.* | | | | | |
| **#9.** | 2 Millstone Lane<br>Lincoln | $710,000<br>8-Jun-12 | **$730,429** | 2.41<br>104,979 | 59260/591 | public/<br>private | W. Harrington/<br>J. Laupheimer |
| | Comments: | *'L' shaped lot off of cul de sac off Tower Road. Odd shape of lot limits its usability. Good views of open pasture.* | | | | | |
| **#10.** | Lot 2 Twin Pond Ln<br>Lincoln | $625,000<br>25-Sep-12 | **$637,383** | 3.22<br>140,244 | 60083/538 | private/<br>private | George S. Abrams/<br>Birchby R.E. Trust |
| | Comments: | *Lot at corner of Tower and Twin Pond Lane. Elevated, wooded lot that requires a significant private driveway. Overlooks Stoney Brook Pond, but no frontage on pond.* | | | | | |

**Lot Sales Analysis (cont.)**

The sales/listings range in price from $400,000 to $900,000. Of the 10 sales, 7 are within Wayland while 3 are in the abutting community of Lincoln.

The sales have been adjusted up for market conditions at a 3% annualized rate. We chose this rate after a review of the Case/Shiller index referenced earlier, along with a comparison of lot sales that have occurred recently, versus those occurring back in 2010 and 2011.

In general, the current market for building lots in Wayland ranges from $400,000 to $750,000. The highest price we have seen for vacant lots in town over the past decade was $800,000. But these were back in 2005 and 2006 which was the peak of the market for lot prices in town.

At the $400,000 price level in town, this will buy a 1+/- acre lot on a busy street in a lesser location. Lot sales #6 and #7 are examples of this.

At the upper end of the price range in town is Lot Sale #1 listed above. This lot is within an 8 lot cluster development across from the Claypit Hill school campus. New homes in this development have sold for in excess of $2 million. This lot, at the entrance to the development sold for $625,000. A similar lot in this development, also at the entrance, sold for $650,000 in May of 2007. This comparison supports our premise that while the market for land in Wayland is strong, it is not yet back to the peak levels experienced previously in town. Back in 2006 and early 2008 prices at Hidden Springs for cul de sac lots reached $750,000 to $800,000.

Lot Sale #2 from above is also informative. Like the subject lots, this lot has either pond frontage or views. However, the subject location is superior to Reservoir Road, which features many older, smaller homes in a more densely developed location.

Lot Sales #8 through #10 are within Lincoln. A Lincoln location is superior to a Wayland location in most all circumstances. However, the subject location, being tops in Wayland, is considered similar to that of #9 and #10, but still inferior to that of #8.

Based upon a review of all of these sales, as well as sales to have taken place over the past decade in all of Wayland, the following retail price projections are made for the 5 potential vacant lots "before" restriction:

**VACANT LOT PRICE PROJECTIONS**

| | | | |
|---|---|---|---|
| Lot 1 | 5.14 acres | $ | 750,000 |
| Lot 2 | 4.56 acres | $ | 750,000 |
| Lot 3 | 4.37 acres | $ | 725,000 |
| Lot 4 | 4.48 acres | $ | 625,000 |
| Lot 5 | 4.06 acres | $ | 675,000 |

On the cash flow sheet that follows, we project appreciation at a modest annual rate of 4% going forward.

### *RETAIL PRICE PROJECTIONS-Existing Dwelling*

The following sales were reviewed and analyzed in order to project the retail price potential for the existing dwelling on its own 6.1+/- acre parcel:

**RESIDENTIAL HOME SALES SUMMARY**

**Date of Valuation:** 24-May-13
**Time Adjustment:** 6%

| | Address | Sale Price/ Date | Size of Lot (ac) | Room Count (tot-br-baths) | Year Built/Reno. | Living Area (sf) | Price Per Sq Ft of Living Area | Time Adjusted Price Per Sq Ft | Water/Sewer |
|---|---|---|---|---|---|---|---|---|---|
| 1. | 34 Lincoln Road Wayland | $ 3,250,000 4-Sep-12 | 8.27 | 10-7-6.5 | 1740 | 7,025 | $ 463 | **$ 483** | public/private |
| | **Comments:** | Antique farmhouse property in North Wayland on Lincoln line. Pastoral setting. Property also contains a small, 1,200 sf 'saltbox' guesthouse, inground pool, barns, two pastures, stone walls. Improvements in good condition at sale. | | | | | | | |
| 2. | 4 Windy Hill Lane Wayland | $ 1,500,000 10-Aug-12 | 1.72 | 12-5-5.5 | 1873 | 5,758 | $ 261 | **$ 273** | public/private |
| | **Comments:** | Older colonial at corner of Route 27 and Windy Hill Lane. Busy location. Property also contains a pool and tennis court. Dwelling in good condition at time of sale. | | | | | | | |
| 3. | 180 Oxbow Road Wayland | $ 1,780,000 26-Apr-12 | 8.81 | 13-4-5 | 1985 | 4,680 | $ 380 | **$ 405** | public/private |
| | **Comments:** | Residential compound in North Wayland. Property includes a mid '80's colonial style dwelling, inground pool, small guest house, small pond and barn. Known as Stonegate Farm, the dwelling also features an extensively finished bsmnt. | | | | | | | |
| 4. | 78 Winter Street Lincoln | $ 2,950,000 20-Jul-11 | 5.79 | 13-6-4.5 | 1890 | 5,918 | $ 498 | **$ 554** | public/private |
| | **Comments:** | Sale of the Briggs Pollard estate. Property includes an older colonial on 5.79 acres that sits atop a ridge, greenhouse, stable and extensively landscaped grounds. | | | | | | | |

## Home Sales Analysis

We have compared these sales to the subject dwelling on a price per sq ft of living area basis. This is an all inclusive indicator that takes into consideration the location, condition, and quality of the property. For these sales we adjusted up for market conditions at a 6% annualized rate. Price indices and sales suggest that prices for existing dwellings are rising at a faster pace than vacant lots.

Of the 4 sales, #1 is most similar to the subject in terms of location, quality, and parcel size. But this property does have a much larger dwelling, and a larger parcel as well. The value of the subject should be lower than the $483 per sq ft time adjusted price for 34 Lincoln Road.

Based upon a review and analysis of each of the sales it is our opinion that the retail value of the existing dwelling on its own 6.1+/- acre parcel of land is as follows:

| Living Area | | Price Per Sq Ft | | Indicated Price |
|---|---|---|---|---|
| 5,281 | x | $ 425 | = | $2,244,425 |
| | | **ROUNDED** | | **$2,200,000** |

***ABSORPTION*** - Retail price projections for the components have been made. The next step in the Cost of Development Analysis is to project a development and sellout period. This period would include the time it takes to construct, market, sell and close on each of the components.

With strong market conditions, and no approvals required for this plan, we project it will take just 2 years to sell all 6 components of this potential subdivision "before" restriction. We project the existing dwelling on its own 6.1 acre lot and two vacant lots to sell in Year 1. In Year 2 the remaining 3 vacant lots are projected to sell.

***DEVELOPMENTAL EXPENSE ANALYSIS***

An estimate of the retail potential and a sellout period for the lots has been made. It is now necessary to deduct expenses related to the construction and marketing of the lots to individual buyers.

The following is an estimate and summary of the necessary expenses.

**Engineering & Approval Costs** Although a formal approval process will not be required, there will still be engineering costs required in the form of an ANR plan, soil testing and septic designs. We have projected engineering and approval costs at $7,500 per lot or $45,000 total for this 6-lot development (5 vacant, 1 improved lot).

**Legal/Conveyance** – The stamp tax alone on the sale of real estate in the Commonwealth of Massachusetts is $4.56 per thousand dollars of sale price. We have taken a closing cost expense of $4.56/$1000, plus $1,000 per sale to pay for the representation of an attorney at closings.

**Real Estate Taxes During Sellout** – The current real estate tax burden amounts to just over $42,000 per year. On the cash flow that follows, we project a total burden in Year 1 of $40,000. There is a lag in the assessment process that will likely cause the change in use not to be picked up for 6-12 months. However, because a portion of the property will be sold to third parties during the first year, we made a small allowance to account for this fact and only estimated $40,000 would be borne by the developer of the project.

In Year 2 we project the burden to be ½ of Year 1 as most of the property will be sold off to third parties in Year 1.

**Marketing Expense** - A marketing expense has been estimated for the purpose of allocating resources to the marketing and sale of the individual units. An allowance of 5% of the sale price has been used and is the norm for commissions in the Wayland area.

**Discount Rate** - The discount rate in this analysis includes a rate that recognizes the time value of money and compensation for the illiquidity of funds; it includes a factor for the risk associated with installing roadways, carrying costs and selling the various components of the development; and it includes overhead and entrepreneurial profit.

In order to project a rate commensurate with the subject property we have reviewed two sets of investor/developer surveys, excerpts of which can be found in the Addenda section to this report. The range of discount rates from the most recent survey ranges from 15.12% to 36.06% with an average of 23.81%. Because the subject development is very small at just 5-6 lots; requires no formal approvals and no road installation, we think a prospective buyer would project an overhead and profit rate at the lower end of this range, perhaps even lower than this range because we are dealing with a very small development, in a very good location, in which no entitlements or roadway installation are needed. We have projected a discount rate of 12% based upon a review of these surveys.

**SUMMARY** - After making expense deductions, the net cash flows are derived and the present worth of the investment can be calculated. After applying an appropriate discount rate, it is our opinion that the market value of the 28.7+/- acre subject property, "before" restriction, as of May 24, 2013, is **$4,600,000.** The following is our Cost of Development model:

## SUBDIVISION DEVELOPMENT ANALYSIS

**Subject Property**

**Wayland, Massachusetts**
**Land of Lincoln Road Trust**
**28.7 Acres of Land with Dwelling**

**Before Restriction Scenario**
**5 Vacant Lots, plus existing dwelling and structures on a separate 6.1 acre lot**

**Development Presumptions/Expenses**

| | |
|---|---|
| **Date of Valuation** | 24-May-13 |
| **Average Lot Price** | $ 705,000 |
| **Annual Price Change** | 4.0% |
| **Annual Cost Change** | 3.0% |
| **Real Estate Taxes (during sellout)** | $60,000 |
| **Legal - Closing Cost per lot** | $4.56/$1000+$1000 per lot |
| **Assumed Tax per lot** | $4,493 |
| **Advertising, brokerage** | 5% |
| **Discount Rate** | 12% |

(includes overhead and developers profit, time cost of money, risk)

| | | | | |
|---|---|---|---|---|
| **Number of VACANT lots to be sold** | 5 | **Sales During Period** | 2 | 3 |
| | | **Lots Remaining** | 3 | 0 |

| **INCOME** | | | | **YEAR 1** | **YEAR 2** | **TOTALS** |
|---|---|---|---|---|---|---|
| **Proceeds from Lot Sales** | | | | $ 1,410,000 | $ 2,199,600 | $ 3,609,600 |
| **Proceeds from Sale of Existing Dweling on 6.1 ac** | | | | $ 2,200,000 | $ - | $ 2,200,000 |
| | | | **Total Proceeds** | $ 3,610,000 | $ 2,199,600 | $ 5,809,600 |
| **EXPENSES** | | | | | | |
| **Engineering/Permitting/Approvals** | @ | $7,500 | **per lot** | $ 45,000 | $ - | $ 45,000 |
| **Legal Expense/Closing Costs** | | $4.56/$1000+$1000 | | $ 19,462 | $ 13,030 | $ 32,492 |
| **Real Estate Taxes During Sellout** | | | | $ 40,000 | $ 20,000 | $ 60,000 |
| **Advertising, brokerage** | @ | 5% | **of sales proceeds** | $ 180,500 | $ 109,980 | $ 290,480 |
| **Total Expenses** | | | | $ 284,962 | $ 143,010 | $ 427,972 |
| **Net Development Proceeds** | | | | $ 3,325,038 | $ 2,056,590 | $ 5,381,628 |
| **PRESENT WORTH OF NET PROCEEDS** | | $4,608,285 | **Rounded to** | **$4,600,000** | | |

**VACANT LOT PRICE PROJECTIONS**

| | | |
|---|---|---|
| Lot 1 | 5.14 acres | $ 750,000 |
| Lot 2 | 4.56 acres | $ 750,000 |
| Lot 3 | 4.37 acres | $ 725,000 |
| Lot 4 | 4.48 acres | $ 625,000 |
| Lot 5 | 4.06 acres | $ 675,000 |
| **Total Number of Lots** | **5** | |
| **Average Retail Price Projection** | | $ 705,000 |

**AFTER RESTRICTION VALUATION**: After the restriction is imposed the property consists of the existing dwelling and improvements on a 6.1+/- acre lot and 22.6+/- acres of restricted land. Data presented previously in this report can be used to project the retail value of the existing dwelling. But for the 22.6 acres of restricted land, we will need additional sales data.

In order to estimate the value of this portion of the subject property, a Sales Comparison Analysis of similar land has been conducted in the subject market area. The question arises then, *"What is similar to the 22.6 acres of restricted land"?*

There is no doubt that this portion of the subject is 'non buildable' due to the proposed perpetual conservation restriction. Our search for comparable data thus included sales of land that was either *legally* or *physically* 'non buildable', similar to the subject.

Sales of this type of land are far less frequent than sales of building lots and 'buildable' acreage. Therefore, the search area and search period for comparable sales was extended beyond typical guidelines.

The following is a brief summary of the 9 restricted and/or non-buildable land sales, similar to the subject 22.6 acres.

## RESTRICTED/NON BUILDABLE COMPARABLE LAND SALES SUMMARY

**Date of Valuation** 24-May-13

**Annual Time Adjustment** 3.00%

| # | ADDRESS/ TOWN | GRANTOR/ GRANTEE | SALE PRICE/ DATE/$ per AC | LAND AREA(ac) | LEGAL REF. BOOK/PAGE | TIME ADJUSTED PRICE/ ACRE | COMMENTS - REASON(S) FOR NON-BUILDABLE STATUS |
|---|---|---|---|---|---|---|---|
| 1. | Lot 5 Haynes Road Sudbury | Haynes Rd Rt/ Rocklage | $495,000 6-Apr-06 $18,915 | 26.17 | 47241/213 | **$22,966** | Land sold subject to an agricultural preservation restriction (APR). It cannot be developed and has been used in the past both for cropland and pasture for horses and sheep. Purchased by abutters. |
| 2. | 12-29 Hilltop Drive Wenham | Santamaria/ Gagnon | $45,670 4-Mar-13 $3,212 | 14.22 | 32263/446 | **$3,233** | This is an expired 1957 subdivision that does not have, nor can someone gain, sufficient access rights to develop the land. Sold as non buildable via MLS to an abutter who may attempt in future to acquire several nearby homes required to possibly develop the land. |
| 3. | 0 Weston Road Lincoln | Robert Antia/ Michael Feinberg | $125,000 3-Sep-09 $16,276 | 7.68 | 53498/556 | **$18,094** | Land sold subject to a conservation restriction indicating it could not be built upon. Open pasture land purchased by an abutter to enhance their yard. Lincoln Center, estate location. |
| 4. | 1459C Main Street Achushnet | Diane Ventura/ El Well Perry | $135,000 18-Jan-12 $12,173 | 11.09 | 10269/312 | **$12,665** | Backland parcel heavily affected by wetlands. Sold as non buildable parcel through MLS. Over 80% of lland is wooded wetlands. Purchased by abutter who can utilize small upland area. |
| 5. | 0 Adams Lane Dover | Estate of L. Crittendon/ Stephen Fogg | $325,000 19-Sep-08 $12,127 | 26.80 | 26048/234 | **$13,830** | Land is non buildable due to lack of road frontage. Abuts Hale Reservation. Very rocky land, with steep slopes. Land may be developable with acquistion of a couple abutting parcels but highly unlikely. Purchased by an abutter. |
| 6. | 0 Goshen Road Stow | Corzine/ Stow Conservation | $200,000 27-Sep-08 $6,329 | 31.60 | 51808/87 | **$7,214** | Wooded, 'L' shaped parcel with no frontage, located midway between Hudson and Maple. Some wetlands on site. Rights of way from Athens & Goshen Road, but not for roads. No independent development potential. |
| 7. | Parcel 39B Fitch Turnpike Concord | Margolskee/ Verrill | $98,000 12-Jan-07 $12,437 | 7.88 | 48823/421 | **$14,813** | Land at corner of Route 117 and Plainfield Road in S. Concord near the Lincoln line. Land sold subject to an APR preventing any development. Used for cropland and to support abutting farm stand. |
| 8. | Hartwell Ave, Cedar Street Lexington | Goodwin Family Tr/ Town of Lexington | $140,000 19-Mar-09 $6,490 | 21.57 | 52436/46 | **$7,305** | Two detached parcels between Hartwell Ave and Route 128 in Lexington. Land had no real development potential as both has excessive wetlands and no frontage on existing streets. Approximately 3/4 wetlands. Purchased for habitat protection. Priced based upon several appraisals. |
| 9. | Scotland Rd, Parker St Newbury, Newburyport | Hiller Realty Trust/ Essex County Green | $75,000 30-Apr-09 $2,396 | 31.30 | 28540/115 | **$2,689** | Sale of 31.3 acres of land permanently protected from development via APR's and CR'. It is located on Newbury-Newburyport line. Land bisected by a section of Little River. Across from Sunshine Dairy Farm. 17.8 ac is within Newbury; 13.5 acres in Newburyport. Newbury acreage used for field crops. Remainder is treed and wetlands. |

**Non Buildable Land Sales Analysis**

The motivations of buyers of non-buildable or restricted land are wide-ranging and vastly different from motivations involving the purchase of "usable" properties. Some of the more common motivations or reasons for purchase include:

Agricultural use or timber rights.

An abutter, who simply wants to increase the size of one's yard, create a larger buffer between a neighbor, or have extra room to walk their dog or for their children to play.

In the case of non-restricted land, that is non-buildable due to lack of access, a 'gambler' type developer who thinks that, through assemblage of other land, that access to the non-buildable parcel could be obtained, making it 'buildable'.

The local municipality may want to purchase the property for conservation, or perhaps prevent a higher authority such as the State or U.S. Government from acquiring the tract for other uses.

Nature conservancy. If a site is a natural nesting ground for a specific species, many government agencies, including the U.S. Fish & Wildlife Agency, would be interested in acquiring the parcel.

Recreational use.

The typical buyer of this type of property has been conservation groups acting for municipalities. These groups fear that even if a property is presently non-buildable due to physical or legal constraints, something may change years down the road that would allow for development. Better to buy now at a low price than risk development later is the logic used.

The 9 sales used in this analysis all generally have one of the above reasons as a motivator for purchase. The sales range in size from 7.68 to 31.60 acres. The gross sale prices range from $45,670 to $495,000. Prices per acre range from $2,396 to $18,915. It is worth noting here that none of the 9 sales are 'exactly' similar to the subject. As referenced above, sales of this type of land are quite rare. Our search for sales was exhaustive and was extended beyond normal guidelines, both in terms of area and time frame. While the 9 sales don't include a *duplicate* of the subject in terms of size and location, they do provide a solid range of indicators from which a reasonable estimate of the value of the subject can be derived.

We have made the +3% annualized adjustment to these sales for the market conditions of the past few years.

Based upon this analysis it is our opinion that an appropriate indicator for the restricted portion of the subject is $10,000 per acre. Therefore, the estimated value of this component of the subject property, after restriction, as of May 24, 2013, is as follows:

**22.6 acres x $10,000 per acre = $226,000**

For the value of the existing dwelling on its own 6.1 acre lot, we have increased the retail price by 10% over the "before" restriction price. The reasoning will be presented in the **Enhancement Consideration** section to follow:

**"AFTER" VALUE SUMMARY**: As with the larger "before" development, we do think discounting is appropriate and required because both components of the property "after" will take time to sell. We have therefore utilized the same cash flow model as the "before" scenario but adopted it for the "after" situation.

We have discounted the net proceeds at 10%. This is lower than the 12% used for the "before" analysis. However, "after" involves no development and limited risk. With no development there is no need for a profit allowance to be considered within the discount rate. A lower rate is justified.

By discounting the net proceeds at the 10% rate, the value of the subject property "after" restriction, as of May 24, 2013, is estimated at $2,200,000. The calculations can be seen below:

| INCOME | | | | YEAR 1 | YEAR 2 | TOTALS |
|---|---|---|---|---|---|---|
| Proceeds from Sale of 22.6 acres of Restricted Land @ $10,000 per acre | | | | $ - | $ 226,000 | $ 226,000 |
| Proceeds from Sale of Existing Dweling on 6.1 ac | | | | $ 2,420,000 | $ - | $ 2,420,000 |
| | | | Total Proceeds | $ 2,420,000 | $ 226,000 | $ 2,646,000 |
| EXPENSES | | | | | | |
| Engineering/Permitting/Approvals | @ | $10,000 | per lot | $ 20,000 | $ - | $ 20,000 |
| Legal Expense/Closing Costs | | $4.56/$1000+$1000 | | $ 12,035 | $ 2,031 | $ 14,066 |
| Real Estate Taxes During Sellout | | | | $ 40,000 | $ 20,000 | $ 60,000 |
| Advertising, brokerage | @ | 5% | of sales proceeds | $ 121,000 | $ 11,300 | $ 132,300 |
| Total Expenses | | | | $ 193,035 | $ 33,331 | $ 226,366 |
| Net Development Proceeds | | | | $ 2,226,965 | $ 192,669 | $ 2,419,634 |
| Discount Rate | 10% | | | | | |
| PRESENT WORTH OF NET PROCEEDS | | $2,183,744 | Rounded to | $2,200,000 | | |

## ENHANCEMENT CONSIDERATION

When estimating the value of a conservation restriction, consideration must be given to any enhancement in value to family owned abutting or nearby property as a result of placing a conservation restriction on the subject land. It makes sense that if we are estimating the diminution to the value of the subject land as a result of the conservation restriction for tax deduction purposes, we must also consider any benefits gained as well.

In this case, the Lincoln Road trust owns two properties abutting the 22.6+/- acres proposed for restriction. The first is the 6.1+/- acre lot that will contain the existing dwelling. Based upon a review of sales in the area, we projected a 10% increase in price assuming this component was located next to 22.6 acres of conservation land, versus a location next to 5 new dwellings. Although these dwellings would likely be grand in nature and at the very upper end of the price range for residential properties in town, the market still desires conservation land versus neighbors.

The second property is a 5.8 acre vacant site at the bend in Lincoln Road northeast of the subject land. This property is identified as Map 8 Parcel 1 by the Town of Wayland. We visited this parcel and viewed the surrounding area from different sections of the 5.8 acres. The property that most influences the views from the 5.8 acres is the aforementioned 33 acre Duck Puddle Farm. And this property is permanently protected from development via a 2002 conservation restriction. The 22.6 acres of restricted land are not the primary viewpoint from the 5.8 acres. Whether or not there are 5 new homes on this land or it is vacant, makes little difference to the value of this property in our opinion.

In summary, one property is enhanced by the proposed conservation restriction and this is accounted for in our valuation. One other property owned by the property owner is not enhanced in our opinion.

## RECONCILIATION AND VALUE CONCLUSION

The final step in estimating the market value both "before" and "after" a proposed conservation restriction is a correlation of the value from each of the approaches utilized in the appraisal process.

In order to estimate the diminution in value, we utilized a "before and after" technique which measured effect on the value of the overall property as a result of placing the proposed restriction on a portion of the land.

To estimate the value of the property *before restriction*, a Cost of Development/Subdivision analysis technique, was used. Ten building lot sales, and four sales of antique, older style homes were reviewed and analyzed in order to make retail price projections for the components involved with a subdivision of the subject property in accordance with our opinion of the highest and best use of the land. Cost necessary to achieve these retail prices were projected based upon a review of actual costs of similar developments in the area, along with expected brokerage commissions and real estate tax costs. The net proceeds from this exercise were then discounted at a 12% rate to estimate a present value of the property "before" restriction at $4,600,000.

After the restriction is imposed, the acreage has far less development potential. In fact, 22.6 acres are to be restricted from development leaving 6.1 acres unrestricted and for use in combination with the existing dwelling. A combination of the Cost of Development Approach and a Sales Comparison Analysis of restricted/non buildable land were utilized in order to estimate the value of the property after restriction at $2,200,000.

Based upon the methods of valuation used, it is our opinion that the market value(s) of the subject property as of May 24, 2013 are as follows:

| | |
|---|---|
| **Estimated Value of the Property Without Restriction** | **$4,600,000** |
| **Estimated Value of the Property After Restriction** | **$2,200,000** |
| **INDICATED DIMINUTION IN VALUE BECAUSE OF CR** | **$2,400,000** |

# CERTIFICATION

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

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal unbiased professional analyses, opinions, and conclusions.
- we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved with this assignment.
- we 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.
- our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- our 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.
- our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Mr. Bowler and Mr. Avery are currently certified under the voluntary continuing education program of the Appraisal Institute.
- we have made a personal inspection of the property that is the subject of this report.
- no one provided significant professional assistance to the persons signing this certification.
- the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

This appraisal has been completed using the following *extraordinary assumption*:

- The estimated value of the property is based upon the *extraordinary assumption* that the land has the development potential stated in the Highest and Best Use section of this report. If this is not the case, then the value estimate may be subject to change.

The estimated value of the property, assuming encumbrance with the CR described herein, is based upon the following *hypothetical condition*:

- The estimated value of the property is based upon the *hypothetical condition* that the terms of the CR, as stated in the Description of Real Estate Appraised section of this report, are in place as of the date of valuation even though this document has not yet been finalized or recorded.

Based upon the analysis completed, it is our opinion that the market value(s) of the subject property as of May 24, 2013, subject to the definitions, limiting conditions, extraordinary assumption, hypothetical condition, and certifications set forth in the attached report are as follows:

| | |
|---|---|
| **Estimated Value of the Property Without Restriction** | **$4,600,000** |
| **Estimated Value of the Property After Restriction** | **$2,200,000** |
| **INDICATED DIMINUTION IN VALUE BECAUSE OF CR** | **$2,400,000** |

Christopher H. Bowler, MAI, SRA
Massachusetts Certified General
Real Estate Appraiser #495

Jonathan H. Avery, MAI, CRE
Massachusetts Certified General
Real Estate Appraiser #26

# ADDENDA

# SUBJECT PROPERTY DEED

3.

9

2013 00024063
Bk: 61086 Pg: 440 Doc: DEED
Page: 1 of 3 01/30/2013 12:17 PM

**RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:**

Comins & Newbury LLP
9 Damonmill Square, Suite 4D
Concord, MA 01742

***SPACE ABOVE FOR REGISTRY USE ONLY***

QUITCLAIM DEED

Property Address: 59 Lincoln Road and Parcel 11-41 Lincoln Road, Wayland, MA 01778

We, **BRUCE C. FARRELL** and **VICTORIA M. FARRELL**, husband and wife, as tenants by the entirety, both of 59 Lincoln Road, Wayland, Massachusetts 01178 (the "Grantor"), for the sum of One ($1.00) Dollar and other valuable consideration, grant to **THOMAS WRAY FALWELL** as Trustee of **LINCOLN ROAD TRUST**, u/t/d January 29, 2013 with a mailing address c/o Comins & Newbury LLP, 9 Damonmill Square, Suite 4D, Concord, Massachusetts 01742 (the "Grantee"), to be recorded herewith, with QUITCLAIM COVENANTS the following two parcels:

Parcel 1:

A certain parcel of land in Wayland, Middlesex County, Massachusetts shown as Lot C-1 on a plan entitled "PLAN OF LAND IN WAYLAND MASS. On Lincoln Road & Private Way," dated July 31, 1967 by Everett M. Brooks, Co., Civil Engineers, recorded with the Middlesex South District Registry of Deeds as Plan No. 1210 of 1967, bounded and described, according to said plan as follows:

| | |
|---|---|
| NORTHERLY | by Lincoln Road and a private way in four courses totaling three hundred seventy-eight 02/100 (378.02) feet; |
| NORTHEASTERLY | by Lot C-2, in three courses totaling five hundred forty-one and 48/100 (541.48) feet; |
| SOUTHEASTERLY | by land of Sudbury Valley Trustees, Inc. two hundred fourteen and 30/100 (214.30) feet; |
| SOUTHWESTERLY | by land of J. Sidney Stone eight hundred four and 55/100 (804.55) feet. |

Lot C-1 contains 4.77 acres of land according to said plan.

Said premises are conveyed together with and subject to the right to use said private way for all purposes for which street and ways are commonly used in the said Town of Wayland.

Said premises are conveyed subject to and with the benefit of the grant of a Right of First Refusal from David B. and Elizabeth O. Turner to the Grantors dated October 16, 1967, recorded with said Deeds, Book 11411, Page 110.

For title see Deed dated October 16, 1967 recorded in said Deeds at Book 11411, Page 105.

Parcel 2:

A certain parcel of land situated on the southerly side of Lincoln Road and on the easterly side of Hazelbrook Lane in Wayland, Massachusetts shown as 25.0 Acres more or less on a plan entitled "Plan of Land in Wayland Mass., Owned by Bruce C. & Victoria M. Farrell and J. Sidney Stone," dated March 8, 1972 by Everett M. Brooks, Co., Civil Engineers, recorded with the Middlesex South District Registry of Deeds as Plan No. 332 of 1972, bounded and described, according to said plan as follows:

| | |
|---|---|
| NORTHERLY | by Lincoln Road by six courses: sixty-seven and 97/100 (67.97) feet, one hundred twenty-seven and 83/100 (127.83) feet, four hundred six and 98/100 (406.98) feet, sixty-one and 53/100 (61.53) feet, two hundred fifty-six and 26/100 (256.26) feet, and eight hundred thirty (830) feet, more or less; |
| WESTERLY | by Hazelbrook Lane, four hundred fifteen (415) feet, more or less; |
| SOUTHERLY | by land of Sudbury Valley Trustees, Inc. by seven courses: ninety-six and 45/100 (96.45) feet, two hundred seventy-two and 41/100 (272.41) feet, two hundred eighteen and 82/100 (218.82) feet, three hundred four and 74/100 (304.74) feet, one hundred sixty-nine and 89/100 (169.89) feet, two hundred twenty-seven and 25/100 (227.25) feet, and five hundred thirty-seven and 16/100 (537.16) feet; and |
| EASTERLY | by land of Bruce C. and Victoria M. Farrell by six courses: three hundred thirty six and 00/100 (336.00) feet, one hundred sixteen and 13/100 (116.13) feet, forty-six and 16/100 (46.16) feet, fifty-one and 44/100 (51.44) feet, sixty-two and 21/100 (62.21) feet, one hundred ninety-two and 61/100 (192.61) feet. |

The premises are conveyed subject to and with the benefit of easements and rights of way mentioned in two deeds from J. Sidney Stone to Sudbury Valley Trustees, Inc., one dated July 25, 1966, recorded with said Deeds, Book 11194, Page 151 and another dated March 6, 1967, recorded with said Deeds, Book 11300, Page 177.

The premises are also conveyed with the benefit of the grant of easement from Sudbury Valley Trustees, Inc. to J. Sidney Stone dated January 22, 1971, recorded with said Deeds, Book 11978, Page 618.

The premises are conveyed subject to the Order of Conditions issued by the Wayland Conservation Commission dated July 9, 1992 recorded with said Deeds in Book 22322, Page 593.

The premises are conveyed subject to the Order of Conditions issued by the Wayland Conservation Commission dated August 12, 1996 recorded with said Deeds, Book 26722, Page 156, as amended by 1st Amendment to Order of Conditions recorded on March 10, 2006 and recorded with said Deeds, Book 47090, Page 169, and by a partial Certificate of Compliance recorded on March 10, 2006 with said Deeds, Book 47090, 181.

For title see Deed dated March 30, 1972 recorded in said Deeds at Book 12181, Page 287.

The conveyance of both parcels is subject to and with the benefit of all easements, rights, and restrictions of record, if any there be, insofar as the same may now be in force and applicable.

Witness our hands and seals this 29th day of January, 2013.

Bruce C. Farrell

Bruce C. Farrell

Victoria M. Farrell

Victoria M. Farrell

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss.

On this 29th day of January, 2013 before me, the undersigned notary public, personally appeared Bruce C. Farrell, proved to me through satisfactory evidence of identification, being: [ ] driver's license or other state or federal governmental documents bearing a photographic image, [✓] oath or affirmation of a credible witness known to me who knows the above signatory, or [ ] my own personal knowledge of the identity of the signatory, to be the person whose name is signed on the preceding or attached documents, and acknowledged to me that he signed it voluntarily for its stated purpose.

RICHARD J. LANE, II
Notary Public
Commonwealth of Massachusetts
My Commission Expires
October 31, 2019

Richard J. Lane II

, Notary Public

My Commission Expires: October 31, 2019

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss.

On this 29th day of January, 2013 before me, the undersigned notary public, personally appeared Victoria M. Farrell, proved to me through satisfactory evidence of identification, being: [ ] driver's license or other state or federal governmental documents bearing a photographic image, [✓] oath or affirmation of a credible witness known to me who knows the above signatory, or [ ] my own personal knowledge of the identity of the signatory, to be the person whose name is signed on the preceding or attached documents, and acknowledged to me that she signed it voluntarily for its stated purpose.

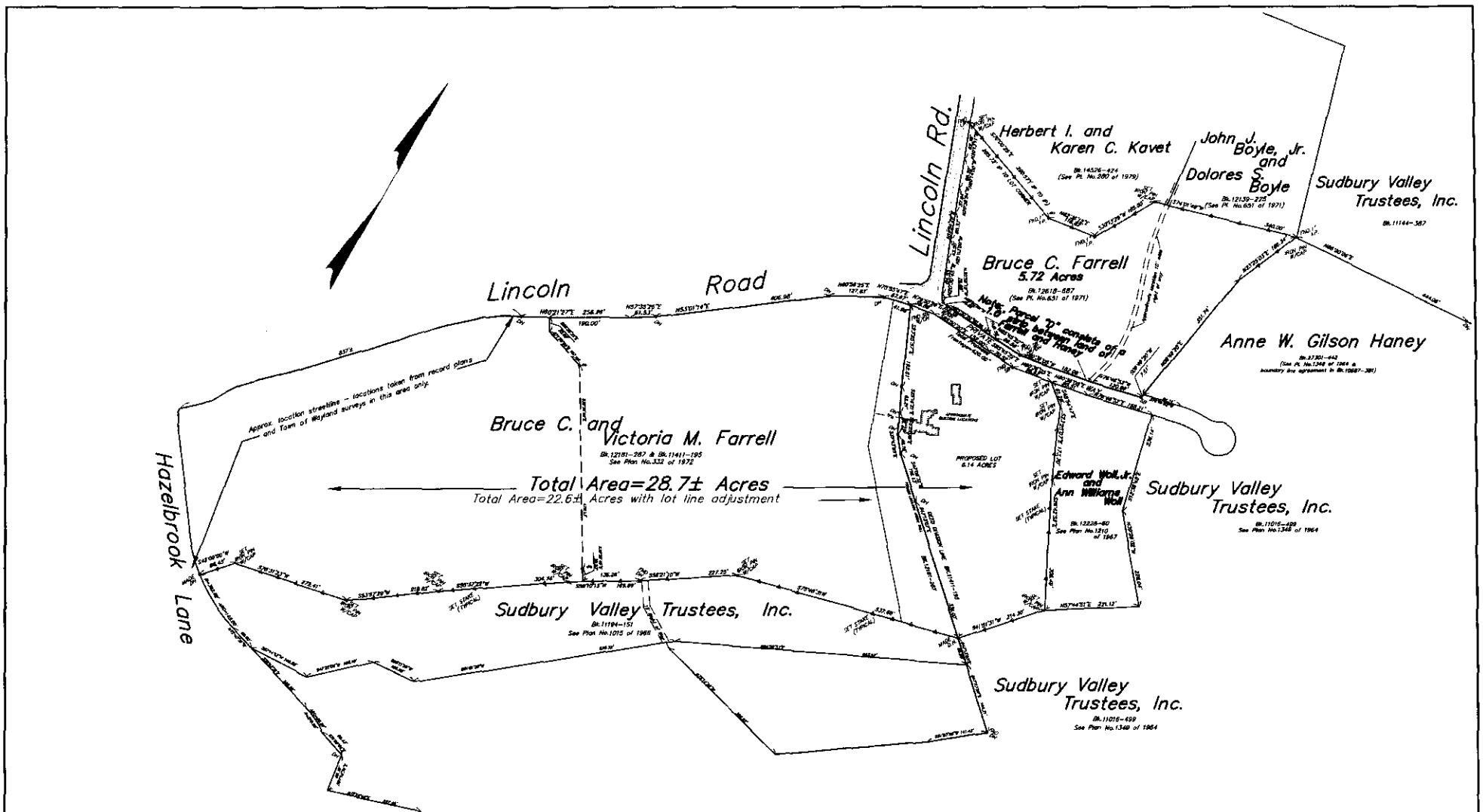
RICHARD J. LANE, II
Notary Public
Commonwealth of Massachusetts
My Commission Expires
October 31, 2019

Richard J. Lane II

, Notary Public

My Commission Expires: October 31, 2019

# DAVID E. ROSS 2013 LAND PLAN




SKETCH PLAN OF LAND

**Wayland, Mass.**

PREPARED FOR

**Bruce C. & Victoria M. Farrell**

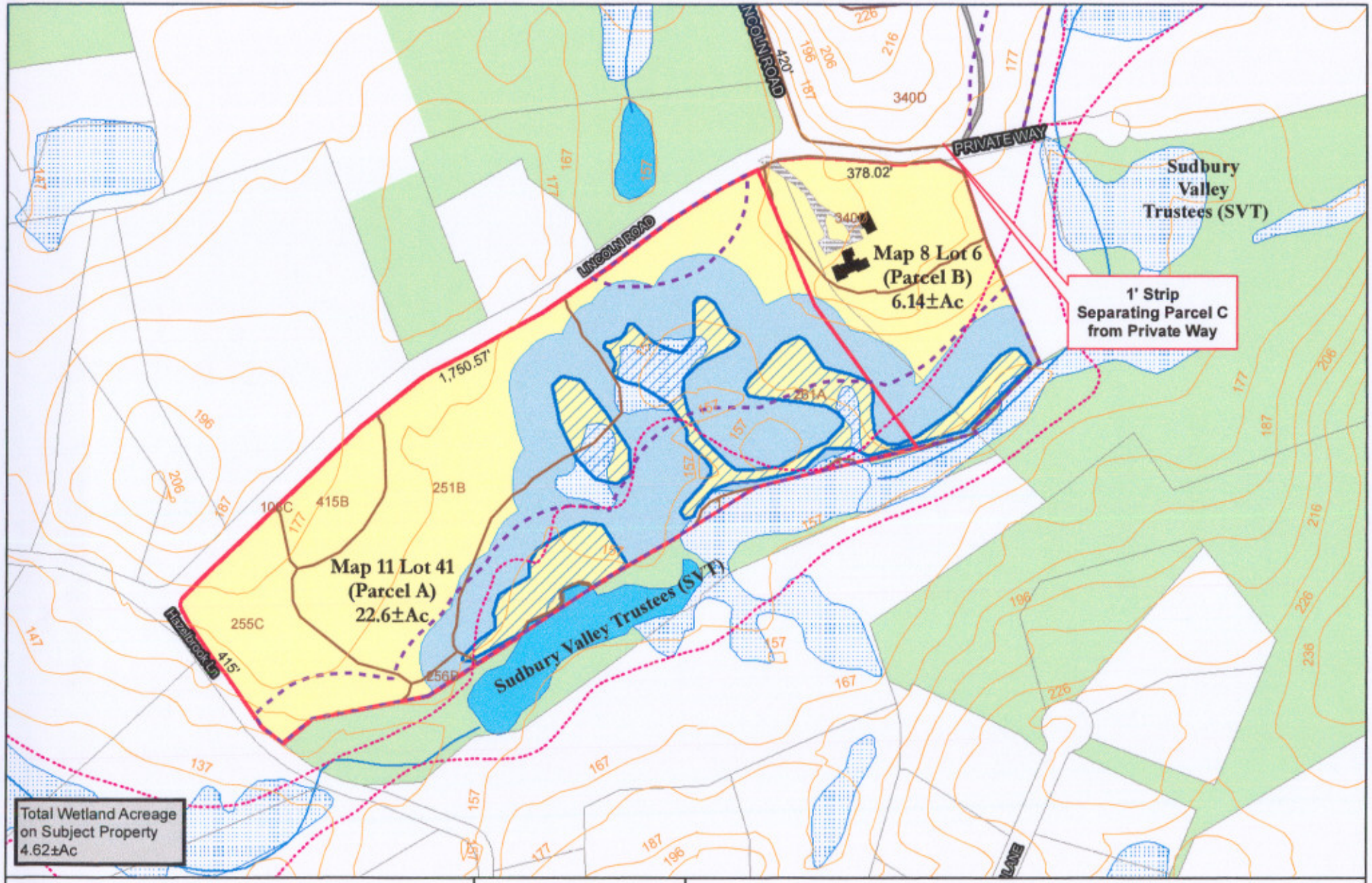
SCALE: 1"=100' FEBRUARY 2013

David E. Ross Associates, Inc.

CIVIL ENGINEERS - LAND SURVEYORS
ENVIRONMENTAL CONSULTANTS
PO BOX 368-111 FITCHBURG RD, AYER, MA 01432
(TEL. NO. 978-772-6232)

JOB NO. 28683 PLAN NO. L-12049

# LANDVEST SITE ANALYSIS, EXISTING CONDITIONS PLAN




**Legend**

- Subject Property-28.74±Ac
- Contours'
- Soil Type
- Building Footprints
- Protected Open Space
- Wetlands As Depicted on previous LMP
- DEP Wetlands
- Open Water
- Perrenial Streams
- Intermittent Streams
- 100 Year Flood Zone
- 100' Wetland Setback
- 200' Rivers Act Setback

**Property of Lincoln Road Trust**
Wayland, Massachusetts

## Site Analysis

Project Number: 9432

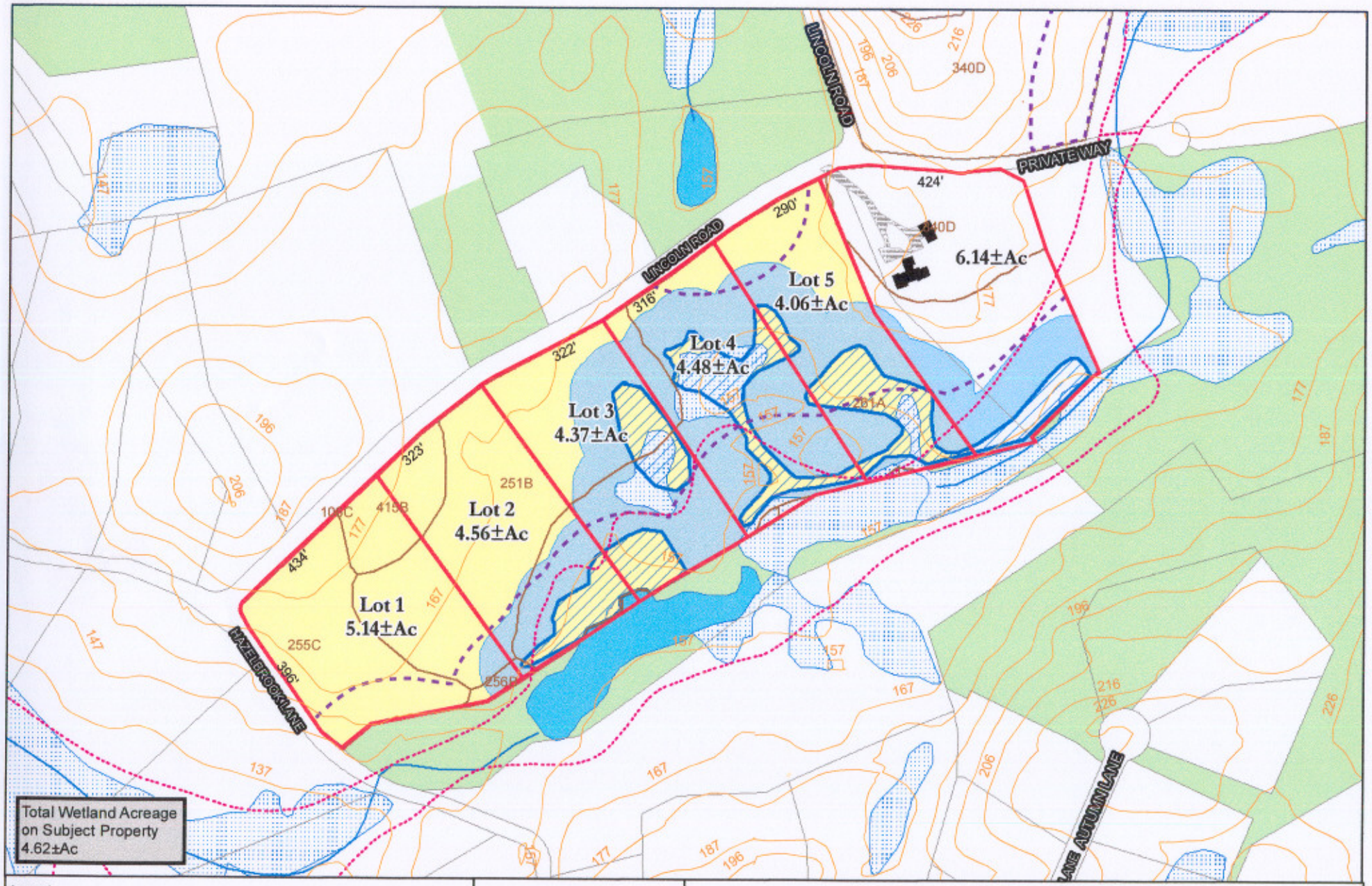
Scale: 1" = 300'

Date: April 2, 2013

*This plan is conceptual only and is not represented as an engineered plan.*

LandVest
Ten Post Office Square, Boston, MA 02109

# LANDVEST CONCEPTUAL LAND PLANS




**Legend**

- 5 ANR Alternative Subject Lots 22.6±Ac
- Contours
- 100 Year Flood Zone
- Building Footprints
- Soil Type
- Protected Open Space
- Wetlands As Depicted on prev. LMP
- DEP Wetlands
- Open Water
- Perennial Streams
- Intermittent Streams
- 100' Wetland Setback
- 200' Rivers Act Setback

**Property of Lincoln Road Trust**

Wayland, Massachusetts

# 5 Lot ANR Plan

Project Number: 9432

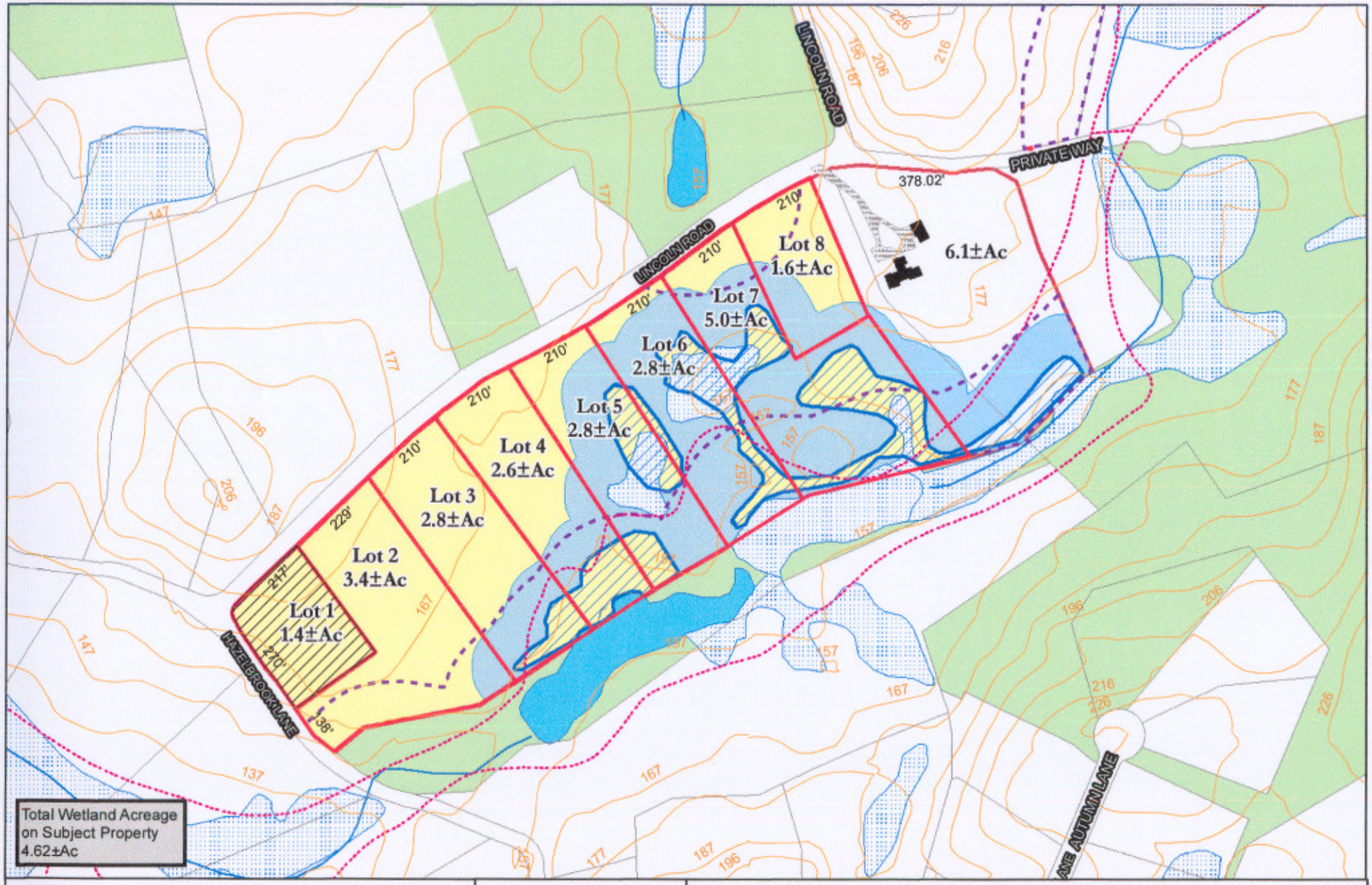
Date: April 2, 2013

Scale: 1" = 300'

*This plan is conceptual only and is not represented as an engineered plan.*

LandVest

Ten Post Office Square, Boston, MA 02109




**Legend**

- 8 ANR Subject Lots- 22.6±Ac
- Contours
- Affordable Duplex Units
- Building Footprints
- 100 Year Flood Zone
- 200' Rivers Act Setback
- Perrenial Streams
- Intermittent Streams
- Wetlands As Depicted on prev. LMP
- DEP Wetlands
- Open Water
- 100' Wetland Setback
- Protected Open Space

**Property of Lincoln Road Trust**

Wayland, Massachusetts

# 8 Lot ANR Plan

Project Number: 9432

Date: April 2, 2013

Scale: 1" = 300'

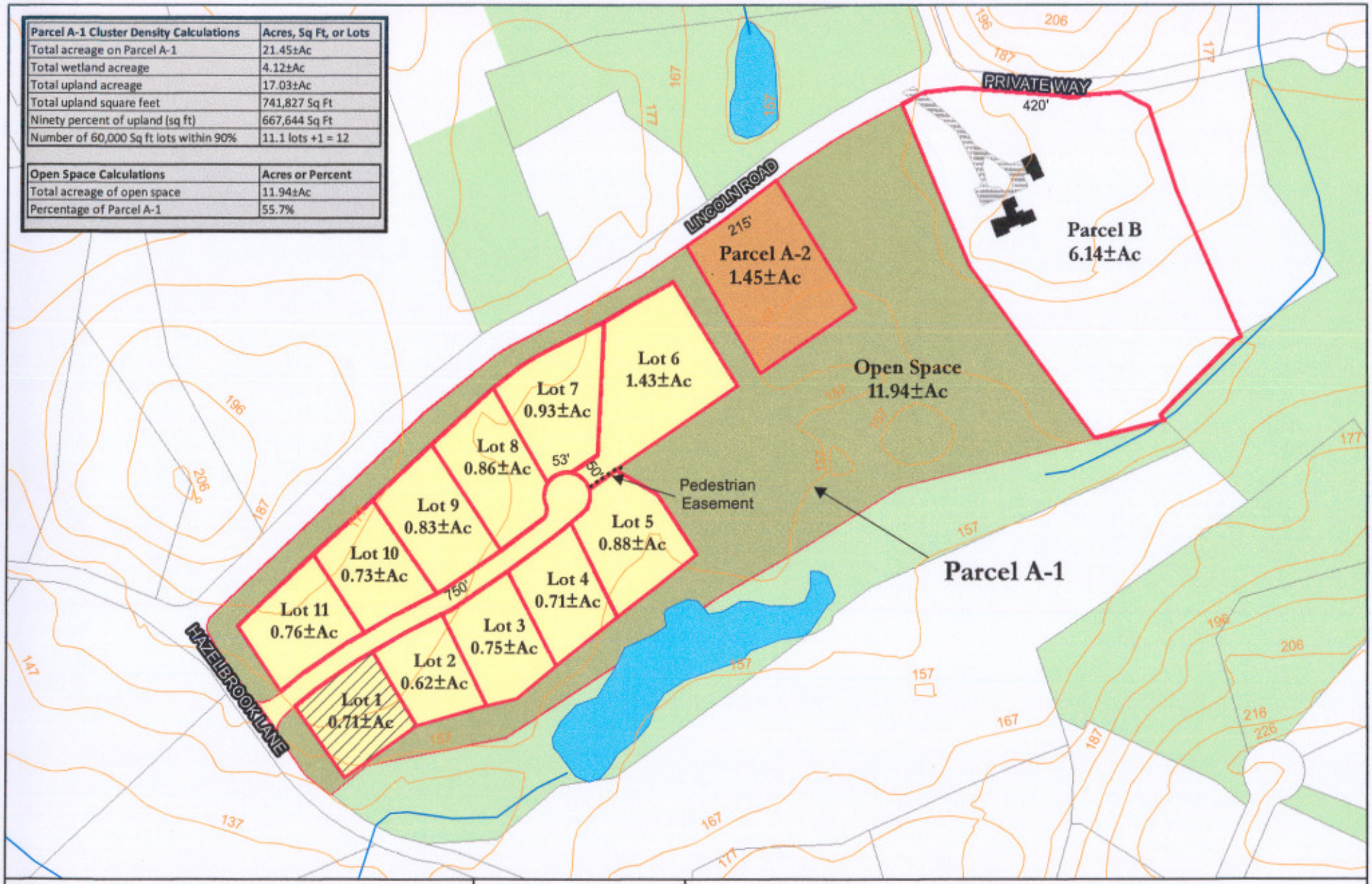
*This plan is conceptual only and is not represented as an engineered plan.*

LandVest

Ten Post Office Square, Boston, MA 02109

| Parcel A-1 Cluster Density Calculations | Acres, Sq Ft, or Lots |
|---|---|
| Total acreage on Parcel A-1 | 21.45±Ac |
| Total wetland acreage | 4.12±Ac |
| Total upland acreage | 17.03±Ac |
| Total upland square feet | 741,827 Sq Ft |
| Ninety percent of upland (sq ft) | 667,644 Sq Ft |
| Number of 60,000 Sq ft lots within 90% | 11.1 lots +1 = 12 |

| Open Space Calculations | Acres or Percent |
|---|---|
| Total acreage of open space | 11.94±Ac |
| Percentage of Parcel A-1 | 55.7% |




**Legend**

- Parcel A - 22.6±Ac
- ANR Lot
- Open Space
- Affordable Duplex Units
- Pedestrian Easement
- Contours'
- Building Footprints
- Protected Open Space
- Perrenial Streams
- Intermittent Streams
- Open Water

**Property of Lincoln Road Trust**
Wayland, Massachusetts

# Conservation Cluster / ANR Plan

Project Number: 9432

Scale: 1" = 250'

Date: April 2, 2013

*This plan is conceptual only and is not represented as an engineered plan.*

LandVest
Ten Post Office Square, Boston, MA 02109

# LANDVEST REPORT

LandVest®

**BASIS FOR CONSERVATION RESTRICTION PRICING**
**Property of Lincoln Road Trust**
**Thomas Falwell, Esq. Trustee**

**Located:**
Lincoln Road
Wayland, Massachusetts

LandVest®
Distinctive Properties ♦ Real Estate Consulting & Appraisal ♦ Forestry Consulting
TEN POST OFFICE SQUARE, BOSTON, MASSACHUSETTS 02109

REGIONAL OFFICES

Two Monument Square
Portland, ME 04101
Telephone 207 774-8518
Fax 207 774-5845

22 Bayview Street
P.O. Box 1262
Camden, ME 04843
Telephone 207 236-3543
Fax 207 236-2172

4A Tracy Road
P.O. Box 1068
Northeast Harbor, ME 04662
Telephone 207 276-3840
Fax 207 276-3837

186 College Street
Burlington, VT 05401
Telephone 802 660-2900
Fax 802 660-2543

One The Green
Woodstock, VT 05091
Telephone 802 457-4977
Fax 802 457-9021

19 South Summer Street
P.O. Box 1056
Martha's Vineyard
Edgartown, MA 02539
Telephone 508 627-3757
Fax 508 627-8617

16 Centre Street, First Floor
Concord, NH 03301
Telephone 603 228-2020
Fax 603 226-4391

April 1, 2013

Jerome Heller, Chairman
Wayland Community Preservation Committee
24 Hickory Hill Road
Wayland, MA 01778

Re: Basis for Conservation Restriction Pricing
Property of Lincoln Road Trust, Thomas Falwell, Trustee
South Side of Lincoln Road – Wayland, MA
(Portion of Map 11, Lot 41)

Dear Jerry,

LandVest represents Tom Falwell, Trustee of Lincoln Road Trust, who has asked me to provide you with a summary of our basis for pricing a conservation restriction on the above referenced property. Our price reflects consideration of the unique physical and aesthetic attributes of the property, local and state land use regulations and competitive market value indications for building lots and new homes in Wayland and comparable locations in neighboring Lincoln and Sudbury. As you know, the property benefits from a much-admired pastoral setting, which is largely protected by conservation easements on surrounding properties, as well as by adjoining Sudbury Valley Trustees ownership. It is characterized by open fields and meadows, adjacency to Hazel Brook and ponds, and extensive, readily developable public road frontage.

**Assumed Restriction Terms**

In developing a price for the conservation restriction, I have assumed hypothetical restriction terms that would extinguish residential and commercial development rights, but would allow for a modest amount of agricultural-related building envelope to accommodate barns, sheds, etc. I am assuming the restriction would allow for no more than one division of the property, other than lot line adjustments or partial sales to the town or other qualified non-profit organizations. For now I am also assuming the restriction would not convey public access rights.

TELEPHONE: 617 723-1800
FAX: 617 482-5376
WEB: www.landvest.com

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**Restriction Valuation Methodologies**

There are essentially two methodologies for valuing development rights, as hypothetically extinguished by a perpetual conservation easement or restriction. The most commonly employed is the "before and after" method, where the value of the restriction is equal to the difference between the value of the property to be encumbered before and after the hypothetical restriction is conveyed. The other method involves direct comparison with sales of similar restrictions on similar properties, which is actually the valuation methodology preferred by the IRS. I have made use of both methods in support of our pricing for the hypothetical conservation restriction contemplated for the Lincoln Road Trust property.

**Property Identification & Description**

**Record Owner:** Lincoln Road Trust

**Property Rights:** Fee simple estate, subject to and with the benefit of easements and rights of way mentioned in two deeds from J. Sidney Stone to Sudbury Valley Trustees, Inc. (Book 11194, Page 151; Book 11300, Page 177; and Book 11978, Page 618). These appear to be minor pedestrian easements that encumber a small portion of the subject along the south property line in the vicinity of the larger pond.

**Lot Description:**

| | |
|---|---|
| Land Area: | 22.6± acres |
| Road Frontage: | ~1,744 feet along the south side of Lincoln Road and ~403 feet along the east side of Hazelbrook Lane. |

The property comprises level to gently undulating hayfield on the westerly ~50% of the property and meadow/ wet meadow on the easterly portion of the parcel. Elevations range from about 156 feet above sea level (asl) along the south property line to about 184' asl along Lincoln Rd. in the NW corner of the parcel. The parcel is bounded by stone walls along the adjoining road frontage, and is wooded along the south, west and parts of the north property lines. The parcel is bounded to the south by Hazel Brook and two small open ponds and includes areas of wetlands associated with this drainage, predominantly along the south property line and in the easterly portion of the property. Estimated wetland acreage, based on Mass DEP wetlands and those delineated on an older Land Management Plan for the property, amount to ~4.12 acres. Underlying soils are mostly silt loams with 3% to 8% slopes that have proven to be suitable for septic installations in other locations. The westerly end of the property is underlain by Windsor loamy sand soils. Soils testing completed in 1998 on this

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parcel for a conceptual 9-lot ANR division of the property indicated the soils could accommodate systems for all 9 lots.

**Assessments & Taxes:**
(FY 2013)

| | **Assessments** |
|---|---|
| Land Assessment: | $969,900 |
| Building Assessment: | n/a |
| Total Assessment: | $969,900 |
| Annual Taxes: | $17,351.51 ($17.89 per $1,000) |

**Zoning – Town of Wayland**

**Zoning District/ Permitted Uses:**

The property is located in a *Single Residence – 60,000 District*, as defined in the Wayland Zoning By-Law. Permitted residential uses include a principle residence/ dwelling unit and accessory structures such as a garage, barn, etc. One accessory dwelling unit may be permitted by special permit.

**Dimensional Requirements:**

The following dimensional requirements are enforced in this district:

| | |
|---|---|
| Minimum Lot Area: | 60,000 square feet |
| Minimum Road Frontage: | 210 feet (Public or Private Way) |
| Building Setbacks: | |
| Front: | 55 ft. (from street) |
| | 30 ft. (from lot line) |
| Rear: | 30 ft. |
| Side: | 15 ft. |
| Maximum Lot Coverage: | 20% |
| Maximum Building Height: | 35 feet (or 2.5 stories) |

**Shape Factor:**

All new lots must be configured such that the center of a 100-foot diameter circle can pass through both the front lot line and some portion of the building without any part of the circle's circumference passing through the lot side lines.

**Conservation Cluster Subdivision:**

The Wayland Zoning Ordinance provides for a Conservation Cluster Subdivision option for residential zoned parcels comprising a minimum of 5 acres, subject to a special permit from the Planning Board. This option is intended to provide for "more efficient use of land in harmony with its natural features; encouraging the preservation of open land for conservation, agriculture, open space and recreational use; preserving historical

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and archaeological resources; and protecting existing or potential municipal water supplies." This option allows for relaxation of the dimensional requirements set forth for the subject zoning district, and also allows for multi-family use, up to 4 attached units.

Lot density is determined either by demonstrating the density that could be achieved in a conventional (i.e., conforming lot) division; or by the following formula: 90% of total tract area, exclusive of land located in the floodplain or designated by the Conservation Commission as wetlands, divided by the minimum lot area required in the relevant zoning district. For every 10 lots that could be created by either measure, one additional lot will be permitted.

**Conservation Cluster Dimensionals:**

The basic development parameters and dimensional requirements under this provision are summarized below.

| | |
|---|---|
| Minimum Parcel Size: | 5 acres |
| Minimum Lot Area: | 20,000 square feet |
| Minimum Road Frontage: | 50 feet (Public or Private Way) |
| Perimeter Setback: | 50 feet from tract perimeter |
| Minimum Open Space: | 35%, exclusive of roads or lots (50% for attached housing) |
| Open Space Ownership: | Open space can be conveyed to either the Town of Wayland, Sudbury Valley Trustees or a corporation, trust or association owned and controlled by the lot owners. |
| Use of Open Space: | Board of Health can approve use of open space for subsurface waste disposal (i.e., septic systems) |

**Affordable Housing:**

For all developments that create 6 or more dwelling units, a minimum of 16.7% of the total number of approved homes must be affordable to low-income households (not more than 80% of the median HH income in the Boston SMSA). Where this calculation results in a fraction the number shall be rounded to the nearest whole number. Affordable units shall be provided for "on site," though off-site development can and has been approved. The units can be smaller than other units in the development, should contain at least 2 bedrooms and the exteriors must be indistinguishable from other units in the development. The owners/renters shall have the same privileges as the owners/renters of market rate units.

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**Subdivision Regulations – Town of Wayland**

**Overview:**

The division of land into two or more lots with frontage on new roadways constitutes a subdivision and is subject to the Town of Wayland Subdivision Regulations. Provided all other zoning requirements are met, the Planning Board will endorse a plan showing a division of land into two or more lots fronting on an existing street "Subdivision Approval Not Required," which lots are not subject to the Subdivision Regulations. The lots created in such a division are commonly referred to as "Form A" or "ANR" lots.

All new building lots are required to meet the street frontage requirement of the applicable zoning district. Primary and secondary streets are any streets that carry through traffic. Residential and limited residential streets are streets used solely for access to adjoining building lots.

**Design Standards – Limited Residential Streets:**

| | |
|---|---|
| Minimum ROW Width: | 40 feet (Public or Private) |
| Minimum Paved Width: | 22 feet |
| Maximum Road Grade: | 8% (6% on north-facing slopes) |
| Street Jog Separation: | 125 ft. minimum |
| Centerline Curve Radii: | 290 ft. |
| Turn-Around Circle Diameter: | 120 ft. minimum |
| Maximum Road Length: | 750 ft. |

**Open Space:**

All new subdivisions shall set aside a minimum of 5% of total tract area (not less than 1 acre) for open space and this open space must have a minimum of 50 feet of frontage on a street. *This requirement is often waived for smaller subdivisions of up to 3 or 4 lots.*

**Board of Health Regulations – Town of Wayland**

The Wayland Board of Health regulations require septic tanks and soil absorption systems to be set back 100 feet from tributaries to surface water supplies and 75 feet from other surface water, including wetlands. The regulations also require an existing 4 feet of naturally occurring soil for approval on-site septic systems. The soil must have a percolation rate of less than 30 minutes per inch. In instances where there is a high water table, soils can be de-watered before testing for percolation rates. Mounded septic systems are also permitted in Wayland, as are shared systems.

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**Flood Plain Regulations – Federal & Local**

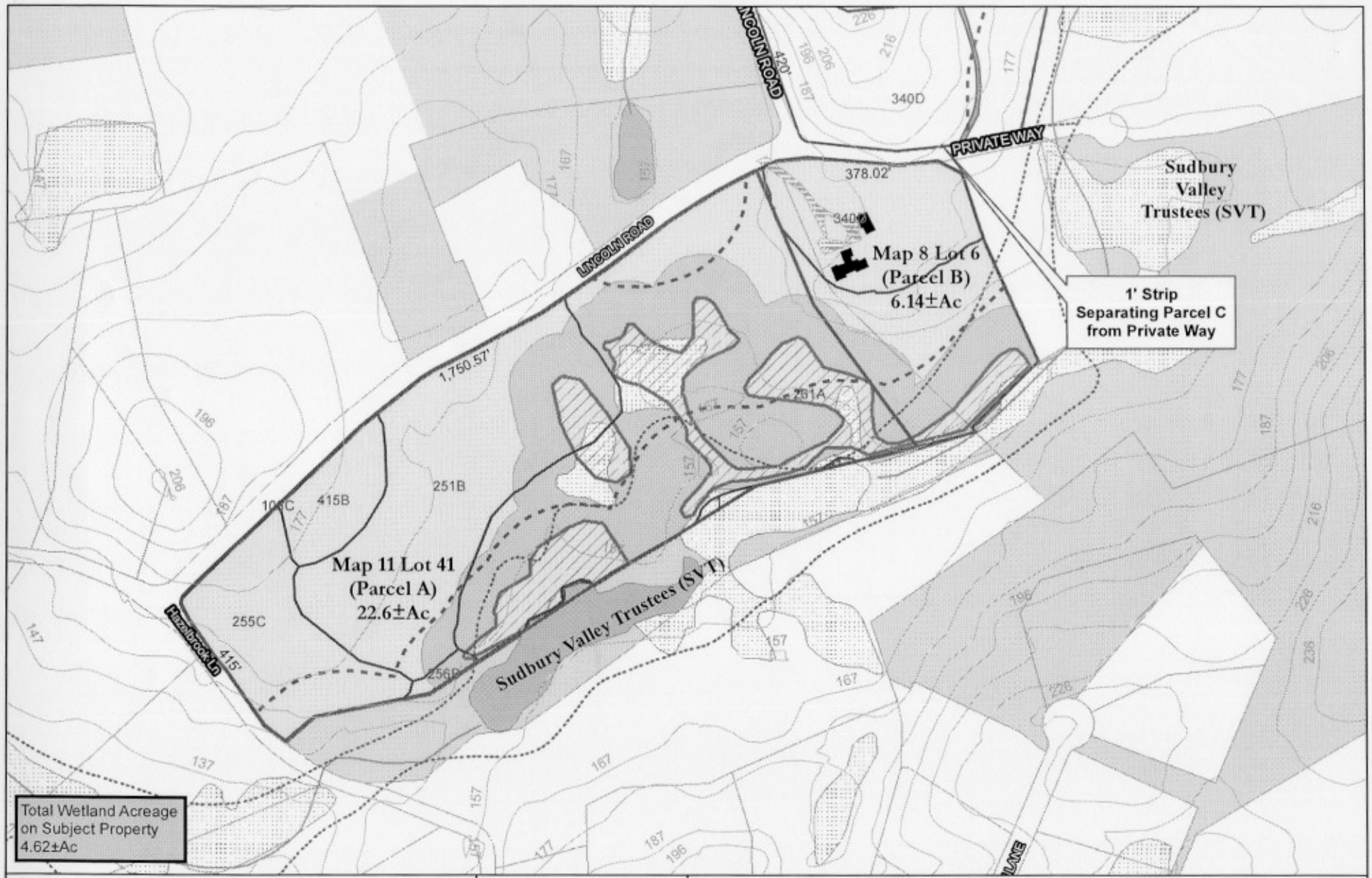
Town of Wayland regulations prohibit development or construction within the 100-year flood plain, as designated on the relevant FEMA Flood Insurance Rate Maps, unless it can be demonstrated the development or new construction will not result in an increase in flood level during the 100-year storm.

**Wetlands Regulations – Commonwealth of Massachusetts & Town of Wayland**

**General:** Wetlands in Massachusetts are regulated by the Massachusetts Wetlands Protection Act, which is administered locally by the town Conservation Commissions. In accordance with the Act, the Wayland Conservation Commission has jurisdiction within 100 feet of designated wetlands resources. Under the Act, development can occur within this 100-foot buffer, subject to an Order of Conditions from the Conservation Commission stipulating required mitigating measures. The Wayland Conservation Commission also imposes a 25-foot "no activity zone." The Act allows for alteration of up to 5,000 square feet of wetlands for new roadway construction where reasonable alternative access from a public way is not possible. Alterations of more than 5,000 square feet may be permitted and must be replicated at landowner's expense.

**Rivers Act:** The Massachusetts Rivers Protection Act (MRPA) amended the MWPA to create a new regulated wetlands resource, known as the "Riverfront Area," which is generally defined as all land within 200 feet of a perennial stream. Under the Rivers Act, any project proposed within the Riverfront Area, for which there is a "practical alternative," will generally be discouraged or denied. Where no practical alternative exists, projects may be approved subject to mitigating conditions.

Please refer to the *Site Analysis Plan* on the following page for a general and partial depiction of the subject regulated areas and development constraints.




**Legend**

- Subject Property-28.74±Ac
- Contours'
- Soil Type
- Building Footprints
- Protected Open Space
- Wetlands As Depicted on previous LMP
- DEP Wetlands
- Open Water
- Perenial Streams
- Intermittent Streams
- 100 Year Flood Zone
- 100' Wetland Setback
- 200' Rivers Act Setback

**Property of Lincoln Road Trust**

Wayland, Massachusetts

## Site Analysis

Project Number: 9432

Scale: 1" = 300'

Date: April 2, 2013

*This plan is conceptual only and is not represented as an engineered plan.*

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**Alternative Pre-Restriction Development Alternatives**

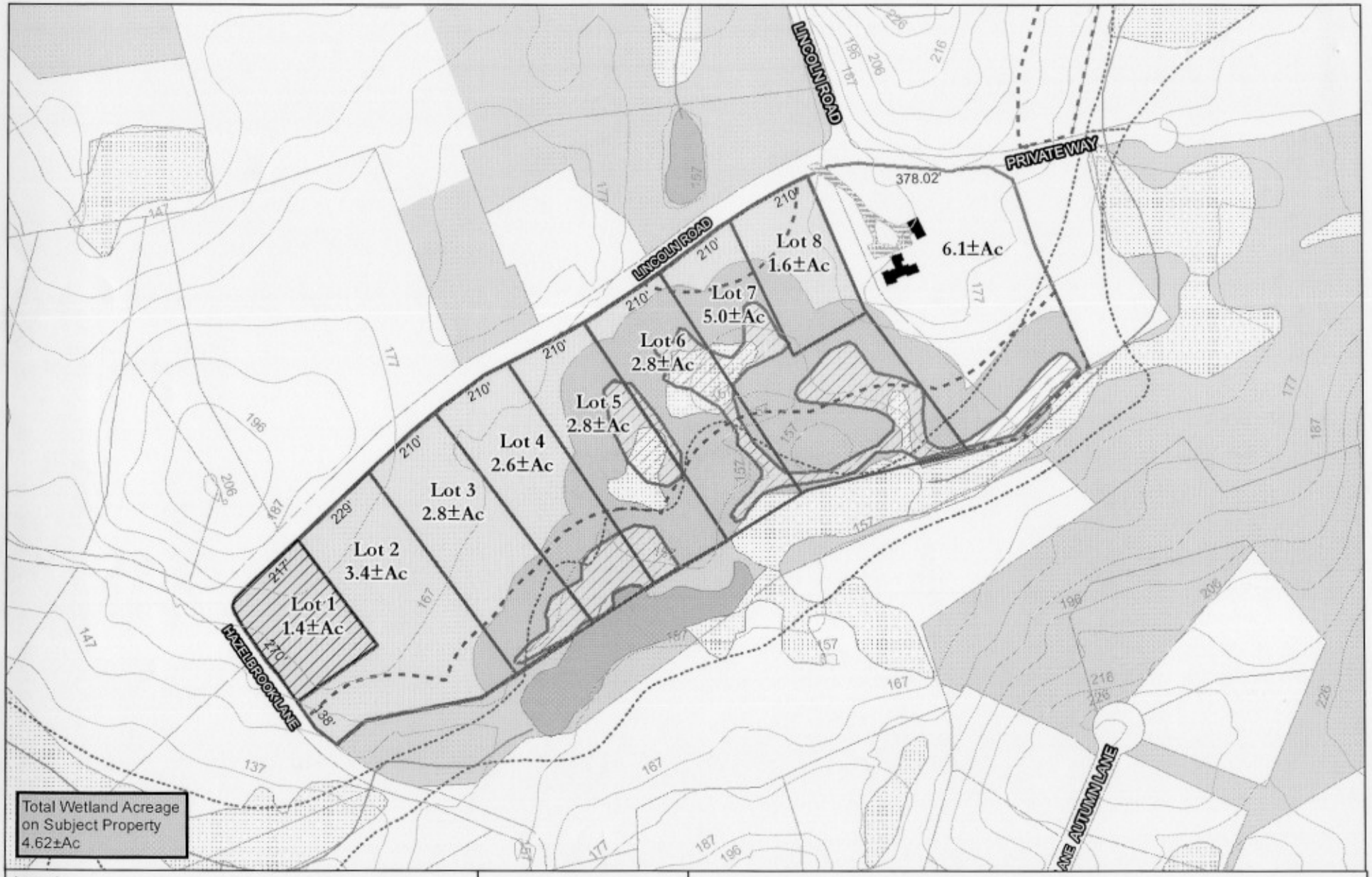
Based on my understanding of the property and relevant land use regulations, I have considered three alternative development scenarios for the Lincoln Road Trust property. These include an 8-lot "conventional," "by-right" plan, which happens to be a Form-A (i.e., ANR, or Subdivision Approval Not Required) plan; a combination 11-lot Conservation Cluster Subdivision plan, plus one Form-A lot; and a "limited development" Form-A estate lot plan (5 lots). These three plans are presented on the following pages.

**8-Lot ANR Plan**

Current zoning calls for new lots to have a minimum lot area of 60,000 square feet and a minimum of 210 feet of road frontage. The property has extensive frontage on two roads allowing for very easy and efficient ANR lot development, subject to physical and legal constraints.

The total parcel size and minimum lot area requirement imply a maximum potential conventional development density of 15 conforming, minimum 60,000 square foot lots. However, due to wetlands and Riverfront Area constraints, the feasible conventional lot density is much less than 15. In 1998 Cygnus Group completed soils and deep hole testing for a hypothetical 9-lot ANR division plan. Eight of the lots took their frontage from Lincoln Road and the ninth lot fronted on Hazelbrook Lane. The lots ranged in size from about 1.4 to 5-plus acres. The Cygnus testing concluded that this plan was feasible from a septic standpoint, subject to reliance on a septic easement on Lot 9 for the benefit of Lot 8.

In May of 2005 the Town of Wayland adopted Article 22 of their Zoning By-Law which provides for the Inclusion of Affordable Housing. This article provides that, for developments of 6 or more units, 16.7% of the total units developed must be affordable. Thus, for a 9-lot development, 1.503 units would have to be affordable. The article calls for fractional amounts to be rounded to the nearest whole number, which would be two units, thereby reducing the 1998 9-lot plan to 7 market rate lots and two affordable lots. Multi-family homes are only permitted by special permit under the Conservation Cluster provision. Therefore, the affordable units in the 9-lot plan would have to consist of two single family lots. Under these circumstances, and in light of the town's strict adherence to the law in this matter, it would be more profitable to submit an 8-lot plan, which would call for just one affordable unit. On that basis, we feel the most profitable conventional, Form-A plan is the 8-lot plan presented on the following page.




**Legend**

- 8 ANR Subject Lots- 22.6±Ac
- Contours'
- Affordable Duplex Units
- Building Footprints
- 100 Year Flood Zone
- 200' Rivers Act Setback
- Perrenial Streams
- Intermittent Streams
- Wetlands As Depicted on prev. LMP
- DEP Wetlands
- Open Water
- 100' Wetland Setback
- Protected Open Space

**Property of Lincoln Road Trust**

Wayland, Massachusetts

# 8 Lot ANR Plan

Project Number: 9432

Scale: 1" = 300'

Date: April 2, 2013

*This plan is conceptual only and is not represented as an engineered plan.*

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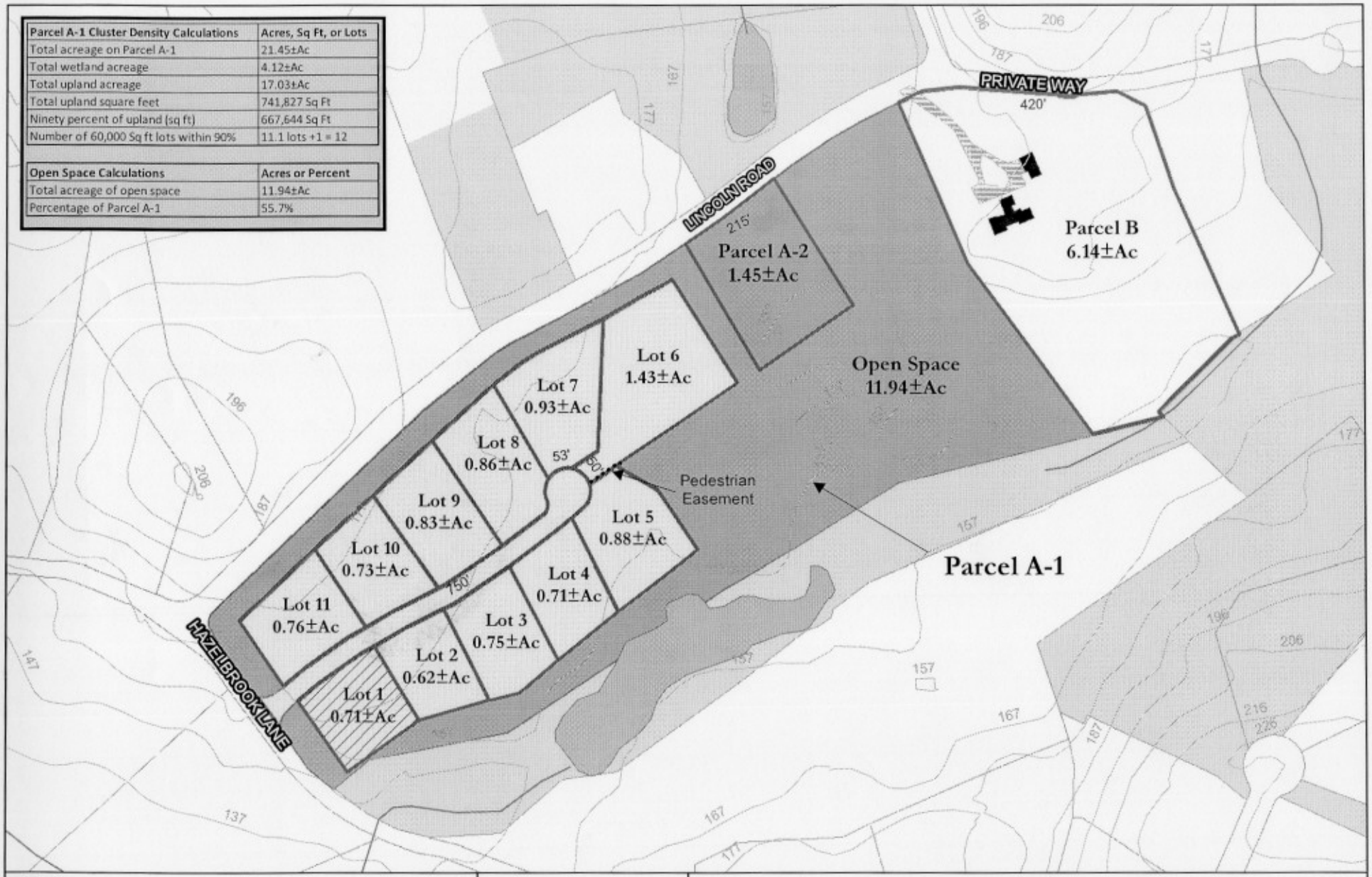
| Parcel A-1 Cluster Density Calculations | Acres, Sq Ft, or Lots |
|---|---|
| Total acreage on Parcel A-1 | 21.45±Ac |
| Total wetland acreage | 4.12±Ac |
| Total upland acreage | 17.03±Ac |
| Total upland square feet | 741,827 Sq Ft |
| Ninety percent of upland (sq ft) | 667,644 Sq Ft |
| Number of 60,000 Sq ft lots within 90% | 11.1 lots +1 = 12 |

| Open Space Calculations | Acres or Percent |
|---|---|
| Total acreage of open space | 11.94±Ac |
| Percentage of Parcel A-1 | 55.7% |




**Legend**

- Parcel A - 22.6±Ac
- ANR Lot
- Open Space
- Affordable Duplex Units
- Pedestrian Easement
- Contours'
- Building Footprints
- Protected Open Space
- Perrenial Streams
- Intermittent Streams
- Open Water

**Property of Lincoln Road Trust**
Wayland, Massachusetts

# Conservation Cluster / ANR Plan

Project Number: 9432

Scale: 1" = 250'

Date: April 2, 2013

*This plan is conceptual only and is not represented as an engineered plan.*

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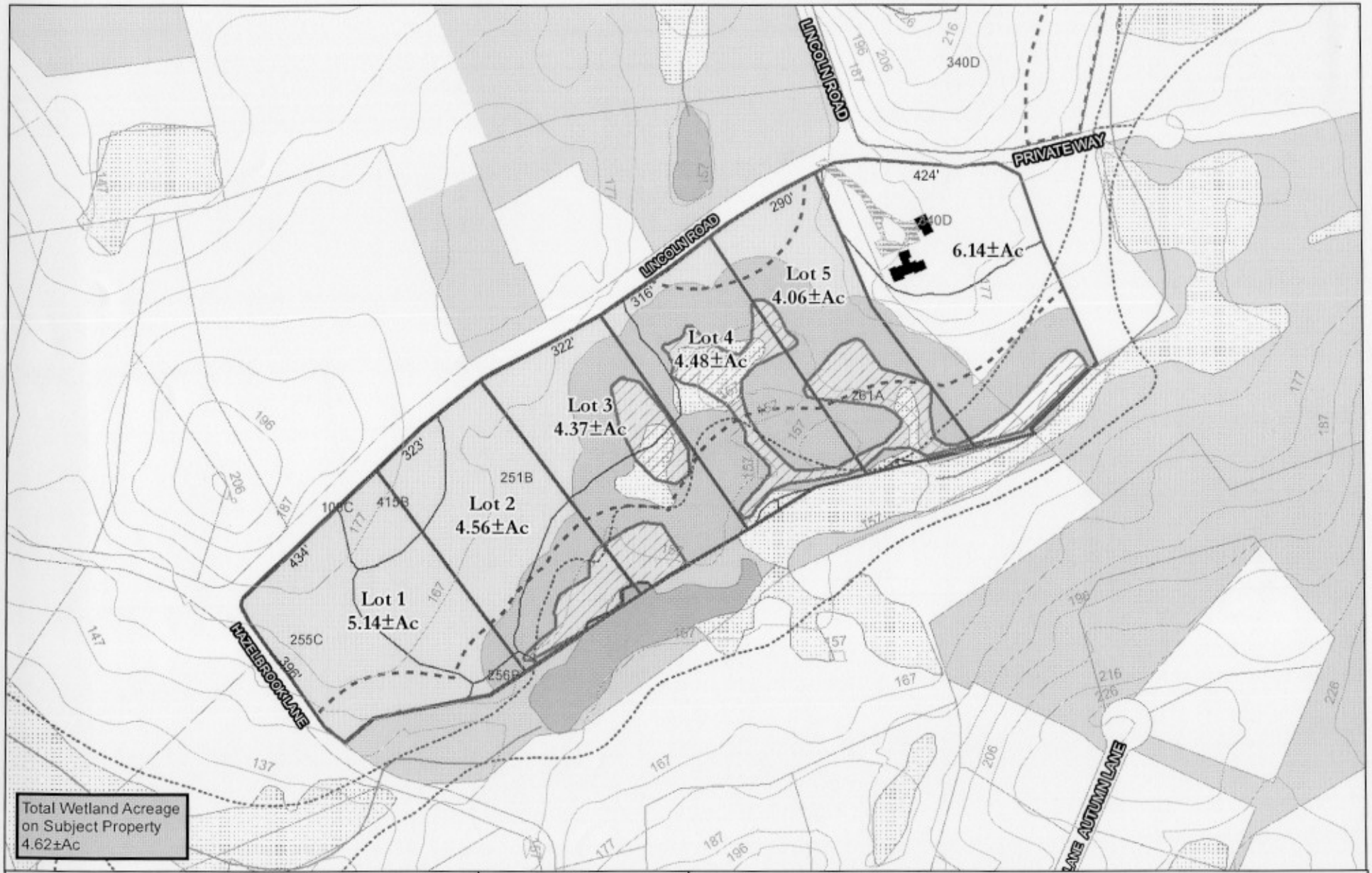


**Legend**

- 5 ANR Alternative Subject Lots 22.6±Ac
- Contours'
- 100 Year Flood Zone
- Building Footprints
- Soil Type
- Protected Open Space
- Wetlands As Depicted on prev. LMP
- DEP Wetlands
- Open Water
- Perrenial Streams
- Intermittent Streams
- 100' Wetland Setback
- 200' Rivers Act Setback

**Property of Lincoln Road Trust**

Wayland, Massachusetts

# 5 Lot ANR Plan

Project Number: 9432

Scale: 1" = 300'

Date: April 2, 2013

*This plan is conceptual only and is not represented as an engineered plan.*

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**Conservation Cluster Subdivision Option**

As an alternative to the preceding, by-right ANR plan, I have considered the options under Wayland's Conservation Cluster Provision. Based on the density formula (90% of total parcel area, exclusive of flood plain and wetlands, divided by 60,000 square feet) the Lincoln Road Trust property can support a maximum density of 12.07 units, which is rounded to 12, plus one bonus unit, for a total of 13 units. (Developer is allowed one extra lot/unit for every 10 lots that can be created by the formula.) These units could potentially take the form of either single family lots, attached homes or some combination of the two. Given the neighborhood setting, the lack of precedent for high-end attached housing in Wayland, and the generally greater profitability of single lots relative to attached homes in this market, I have designed a plan that maximizes single family lots. The creation of 13 new lots or units entails an affordable housing requirement of 2 units (13 x 16.7% = 2.17 affordable units), rounded to the nearest whole number.

Due to certain physical, legal and market constraints, it would be challenging to design a 13-lot cluster plan. The primary constraints include wetlands and the 750-foot maximum dead-end road limit. Also, although the minimum lot area and frontage requirements under the Cluster option (20,000 sf and 50 feet, respectively) might allow for 13 cluster lots, the market preference is for lots that are somewhat larger and wider than the allowable minimums. However, it is physically possible to create an 11-lot plan with 12 total units, in the form of one duplex lot, with a sufficient amount of "excess" land to allow for one Form-A lot, which I have located in the northeast corner of the property. The hypothetical 1.45-acre Form-A lot created from Parcel A is referred to in the following plan as Parcel A-2, and the remainder of Parcel A is referred to as Parcel A-1. Parcel A-1 contains ~21.45 acres, which is sufficient to support the 11-lot/12-unit density called for in the cluster plan, which also includes ~11.94 acres of open space (55.7% of total land area).

**5-Lot "Limited Development" ANR Plan**

Given the location of the property, the quality of the land and the limited supply of larger, estate quality lots available in Wayland at this time, a more limited development of larger estate-quality lots would have strong market appeal. A development of 5 lots or less would fall below the threshold for the affordable housing requirement, so all 5 lots are "market rate." Other advantages of this plan are the relative ease of entitling the property, along with the minimal infrastructure requirements. For a modest up-front expenditure, the current owner could obtain permits within several months and market the lots at retail to end users. This potentially allows for significantly greater return to the current owner as compared to selling the property in its entirety to one buyer.

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**Pre-Restriction Value Implications**

All three alternative plans are feasible and, depending on one's assumptions, all three support a relatively narrow range in "as-is" market value. However, given the option for landowner retail disposition afforded by the 5-lot plan, this plan best represents the value of the property to the current owner. The calculation of that value is summarized as follows. I included a summary of the best indicators of finished lot value for this plan as an addendum.

**5-Lot Plan Value**

The hypothetical 5-lot ANR plan presented previously requires no new road construction. The costs associated with this plan include soils testing and septic design, plan preparation, wells, resource mapping, legal, real estate taxes and broker commissions. Once permits are in place and the lots are ready to sell, they can be sold to end users at market value.

| | |
|---|---|
| Gross Revenue: | $3,525,000 ($600,000 to $825,000 per lot) |
| Direct Costs: | $145,000 (Plan prep, resource mapping, legal, driveway rough-in, 5% contingency) |
| Indirect Costs: | $292,000 (5% broker's commission, 1% development fee, tax carry, etc.) |
| Total Costs: | $437,000 |
| Net Revenue: | $3,088,000 |
| **Rounded Value To Landowner:** | **$3,100,000** |

**Post-Restriction Valuation – Indicated Value of Restriction**

Based on my analysis of restricted land sales in the metro-west market, which are summarized in an addendum, my opinion of this property's value as encumbered by a conservation restriction is $10,000 per acre, or $226,000, which is rounded to **$225,000**. This implies a value for the contemplated conservation restriction in the amount of **$2,875,000**, as summarized below.

| | |
|---|---|
| Pre-Restriction Value to Landowner: | $3,100,000 |
| Post-Restriction Value to Landowner: | $ 225,000 |
| **Indicated Value of Conservation Restriction:** | **$2,875,000** |

**Recent Restriction Sale in Sudbury – Implications for Lincoln Road Trust Rights**

The Town of Sudbury and Sudbury Valley Trustees together purchased a conservation restriction on a ~94-acre property in Sudbury known as Pantry Brook Farm, in December of 2012 for $7,910,000 or about $84,149 per acre. The purchase was reportedly funded primarily with Community Preservation Act monies ($7,822,500 in CPA funds were approved). This property included a significant amount of wetlands (~45-plus acres) and could accommodate an estimated 34 market rate subdivision lots, either as a conventional or a cluster subdivision. There is no affordable housing requirement. The restriction allows for two residences to be maintained or replaced within two separate building envelopes. Thus, the restriction purchase price amounted to about $247,187 per lot to be extinguished by the restriction (~$161,400-plus per upland acre).

As you know, Sudbury adjoins Wayland to the west. I would say that the best parts of Wayland are at least equal to the best parts of Sudbury. Like the Lincoln Road Trust property, the Pantry Brook property comprises a significant amount of open fields, with ancient stone walls. It also includes a large component of forested wetlands. Projected retail lot values for a hypothetical development of the Pantry Brook Farm property would be very similar to those projected for the 10 cluster lots in the preceding Conservation Cluster plan for the Lincoln Road Trust property. Therefore, on the basis of development earnings potential, I would say that the two properties are quite similar on a per market rate lot basis.

The Sudbury property comprises two separate parcels, which are separated by Concord Road. Each parcel is encumbered by a separate restriction and each restriction allows for one residence to be built on each parcel. The restrictions also allow for at least one land division for each parcel and up to 40,000 square feet of agricultural related building area on one of the parcels, subject to a limitation of 3,500 square feet per permanent structure and 10,000 square feet per temporary structure.

The restriction did convey some limited public access. The restriction holder has the right to conduct up to 12 educational walks or events on the property per year, with a maximum capacity of 50 members of the public and 10 staff persons per event. The restriction holder is required to provide the property owner with 30-day advance notice of each event.

Like the Lincoln Road Trust property, Pantry Brook Farm had very strong conservation values, including adjacency to a state park and other protected lands, significant wetlands and habitat value, and significant scenic value. Heavily trafficked Concord Road passes between the two parcels, with the open fields in full view.

Overall, the Pantry Brook conservation restriction can be considered less onerous than the restriction being contemplated for the Lincoln Road Trust property, in that there will be no reserved residential development rights. Therefore, all things considered, this sale supports a value for the Lincoln Road Trust property development rights in the range of $250,000 per market rate lot, or $161,400 per upland acre. This equates to a total indicated value for the Lincoln Road Trust contemplated conservation restriction in the amount of **$2,750,000 to $2,985,000**.

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Thus, the recent conservation restriction purchase in Sudbury supports the preceding valuation of the hypothetical conservation restriction being contemplated for the Lincoln Road Trust property, which was based on the "before and after" method. It is on the basis of both analyses, therefore, that we have established a price for the contemplated conservation restriction on the Lincoln Road Trust property in the amount of **$2,900,000**.

**Conservation Restriction Price – Lincoln Road Trust Property: $2,900,000**

After you have reviewed the foregoing please feel free to contact me if you would like to discuss this further.

Yours sincerely,

Michael J. Hart
LandVest, Inc.

cc: Thomas Falwell, Esq.

# SOILS MAP

71° 20' 50"
71° 20' 17"
42° 23' 35"
42° 23' 36"
42° 23' 19"
42° 23' 20"
71° 20' 49"
71° 20' 16"
306800
306880
306960
307040
307120
307200
307280
307360
307440
307520
4696080
4696000
4695920
4695840
4695760
4695680
Lincoln Rd
Middlebrook Ln
Autumn Ln
340D
52A
251A
251B
415B
106C
255C
256B
Map Scale: 1:3,590 if printed on A size (8.5" x 11") sheet.
N
Meters
0
45
90
180
270
Feet
0
150
300
600
900

## MAP LEGEND

**Area of Interest (AOI)**

- Area of Interest (AOI)

**Soils**

- Soil Map Units

**Special Point Features**

- Blowout
- Borrow Pit
- Clay Spot
- Closed Depression
- Gravel Pit
- Gravelly Spot
- Landfill
- Lava Flow
- Marsh or swamp
- Mine or Quarry
- Miscellaneous Water
- Perennial Water
- Rock Outcrop
- Saline Spot
- Sandy Spot
- Severely Eroded Spot
- Sinkhole
- Slide or Slip
- Sodic Spot
- Spoil Area
- Stony Spot
- Very Stony Spot
- Wet Spot
- Other

**Special Line Features**

- Gully
- Short Steep Slope
- Other

**Political Features**

- Cities

**Water Features**

- Streams and Canals

**Transportation**

- Rails
- Interstate Highways
- US Routes
- Major Roads
- Local Roads

## MAP INFORMATION

Map Scale: 1:3,590 if printed on A size (8.5" × 11") sheet.

The soil surveys that comprise your AOI were mapped at 1:25,000.

Warning: Soil Map may not be valid at this scale.

Enlargement of maps beyond the scale of mapping can cause misunderstanding of the detail of mapping and accuracy of soil line placement. The maps do not show the small areas of contrasting soils that could have been shown at a more detailed scale.

Please rely on the bar scale on each map sheet for accurate map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL: http://websoilsurvey.nrcs.usda.gov
Coordinate System: UTM Zone 19N NAD83

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Middlesex County, Massachusetts
Survey Area Data: Version 12, Feb 26, 2010

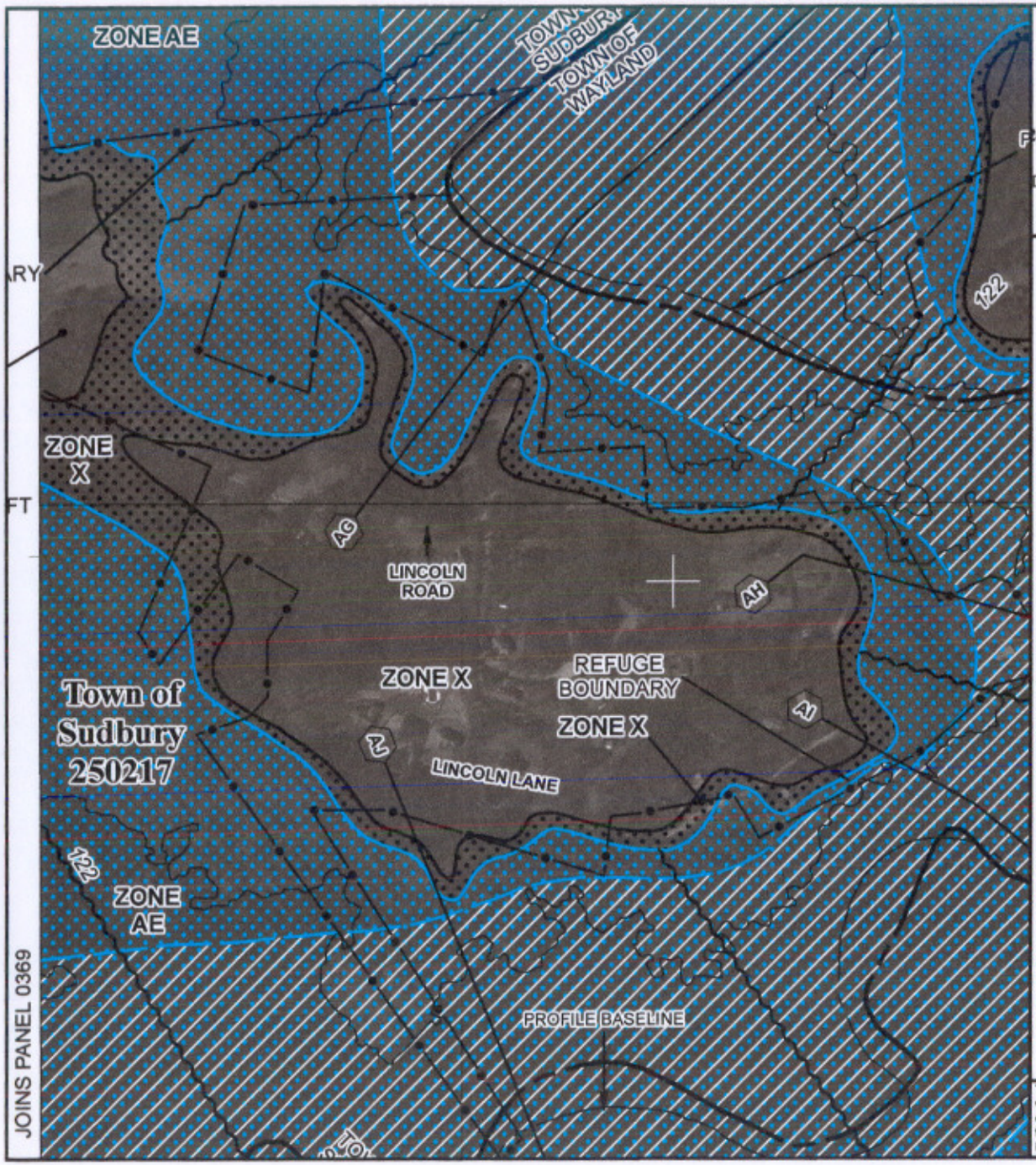
Date(s) aerial images were photographed: 7/10/2003

The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.

# Map Unit Legend

| Middlesex County, Massachusetts (MA017) | | | |
|---|---|---|---|
| **Map Unit Symbol** | **Map Unit Name** | **Acres in AOI** | **Percent of AOI** |
| 1 | Water | 0.1 | 0.2% |
| 52A | Freetown muck, 0 to 1 percent slopes | 0.5 | 1.5% |
| 106C | Narragansett-Hollis-Rock outcrop complex, 3 to 15 percent slopes | 0.0 | 0.1% |
| 251B | Haven silt loam, 3 to 8 percent slopes | 7.2 | 22.5% |
| 255C | Windsor loamy sand, 8 to 15 percent slopes | 2.8 | 8.6% |
| 256B | Deerfield loamy sand, 3 to 8 percent slopes | 0.0 | 0.1% |
| 261A | Tisbury silt loam, 0 to 3 percent slopes | 16.2 | 50.5% |
| 340D | Broadbrook very fine sandy loam, 8 to 25 percent slopes | 4.0 | 12.6% |
| 415B | Narragansett silt loam, 3 to 8 percent slopes | 1.3 | 4.0% |
| **Totals for Area of Interest** | | **32.0** | **100.0%** |

# FLOOD MAP




MAP SCALE 1" = 500'

250 0 500 1000 FEET

METER

NFIP

NATIONAL FLOOD INSURANCE PROGRAM

PANEL 0388E

# FIRM

## FLOOD INSURANCE RATE MAP

**MIDDLESEX COUNTY, MASSACHUSETTS**
**(ALL JURISDICTIONS)**

**PANEL 388 OF 656**

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

| COMMUNITY | NUMBER | PANEL | SUFFIX |
|---|---|---|---|
| LINCOLN, TOWN OF | 250199 | 0388 | E |
| SUDBURY, TOWN OF | 250217 | 0388 | E |
| WAYLAND, TOWN OF | 250224 | 0388 | E |

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

**MAP NUMBER**
**25017C0388E**

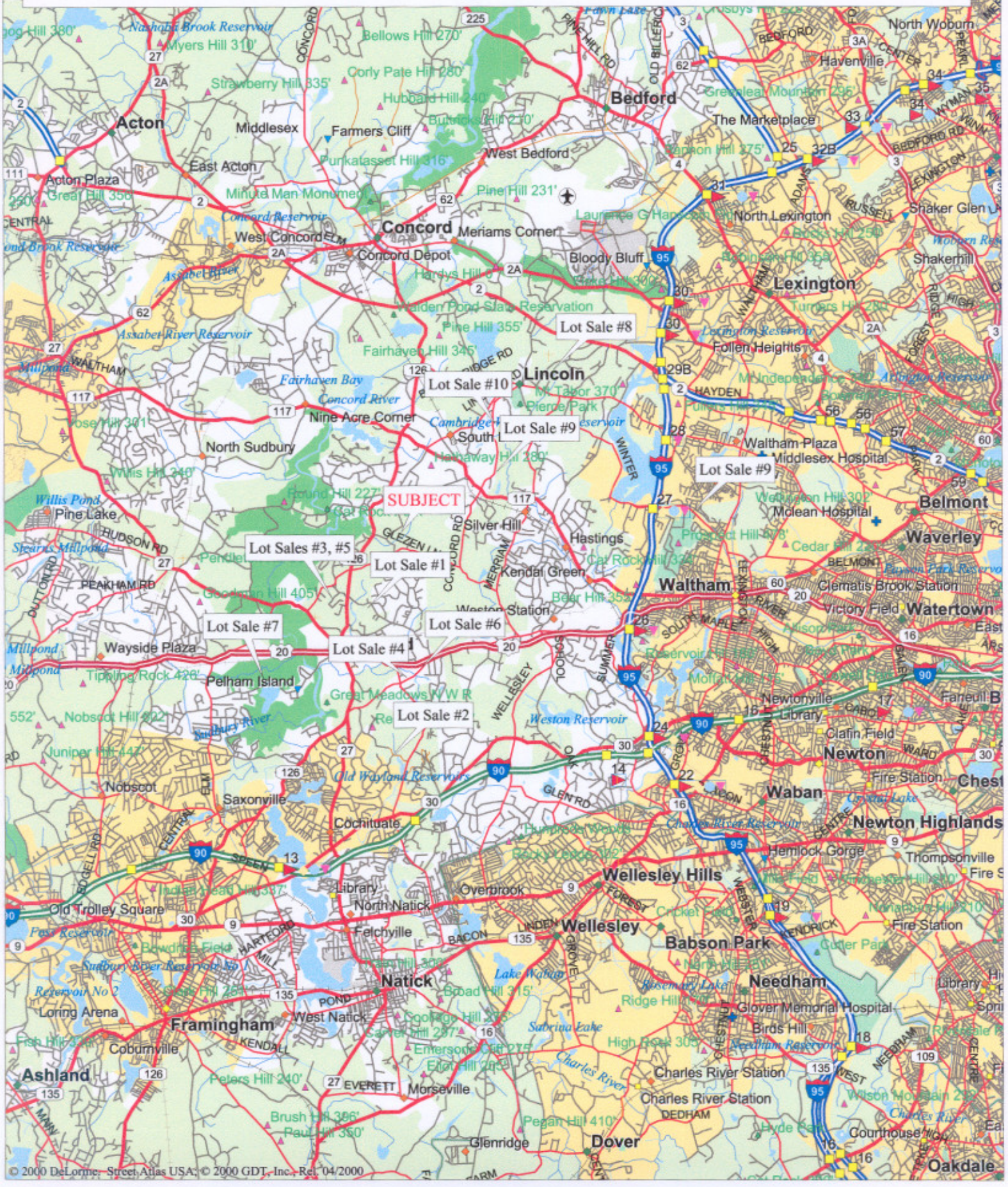
**EFFECTIVE DATE**
**JUNE 4, 2010**

Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov

# LOT SALES LOCATION MAP

# Building Lot Sales



# HOME SALES LOCATION MAP

# House Sales

House Sale #1
House Sale #2
House Sale #3
House Sale #4
SUBJECT
Silver Hill 140'
Reservoir Hill 228'
Bloody Angles
William Smith House
Smiths Hill 319'
Jupiter Ridge
Fiske Hill 300'
Cranberry Hill 290'
Fairyland Pond
Crosby Pond
Walden Pond State Reservation
Walden Pond
Fairhaven Hill 345'
Pine Hill 355'
Sandy Pond
Sandy Pond Dam
Baker Bridge
Lincoln
Mt Tabor 370'
White Pond
Fairhaven Bay
Concord River
Mt Misery 280'
Nine Acre Corner
Pierce Park
Codman House
South Lincoln
Cambridge Water Works Reservoir
Farrar Pond
Beaver Pond
Todd Pond
Hathaway Hill 280'
Round Hill 227'
Cat Rock Park
Sherman Bridge
Silver Hill
Cambridge Reservoir
Prospectville
Bridge Brook Swamp
Bellerica Mall
Hastings
Mccusker Pond
Cat Rock Hill 334'
Folsom Pond
Weston College
Kendal Green
Bear Hill 355'
Sudbury River
GLEZEN LN
Baldwin Pond
Cedarwood
Pigeon Hill 250'
Weston Station
Tower Hill
Weston
Rose Art Muse
Reservoir Hill 180'
Nob Hill 172'
Wayland
Pelham Island
Sandy Burr Country Club
Heard Pond
Great Meadows N W R
Cardinal Spellman Philatelic Museum
Doublet Hill 356'
Weston Reservoir
Reeves Hill 406'
Pine Brook Country Club
Schencks Pond Dam
Pod Meadow
Overthrough Hill 320'
Dudley Pond
Old Wayland Reservoirs
Norumbega Reservoir
Dudley Pond Dam
Norumbega Reservoir Dikes No 3
Noruumberga Reservoir Dike No 4
Saxonville
Camp Mary Day
Nonesuch Pond
Central Street Dam
Wellesley Farms Station
Cochituate
Hundreds Woods
Wights Pond
Charles River
Wellesley Farms
Rockridge Pond
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# NON BUILDABLE LAND SALES LOCATION MAP

# Restricted Land Sales

# REGIONAL AND NEIGHBORHOOD LOCATION MAPS

# Regional Location Map

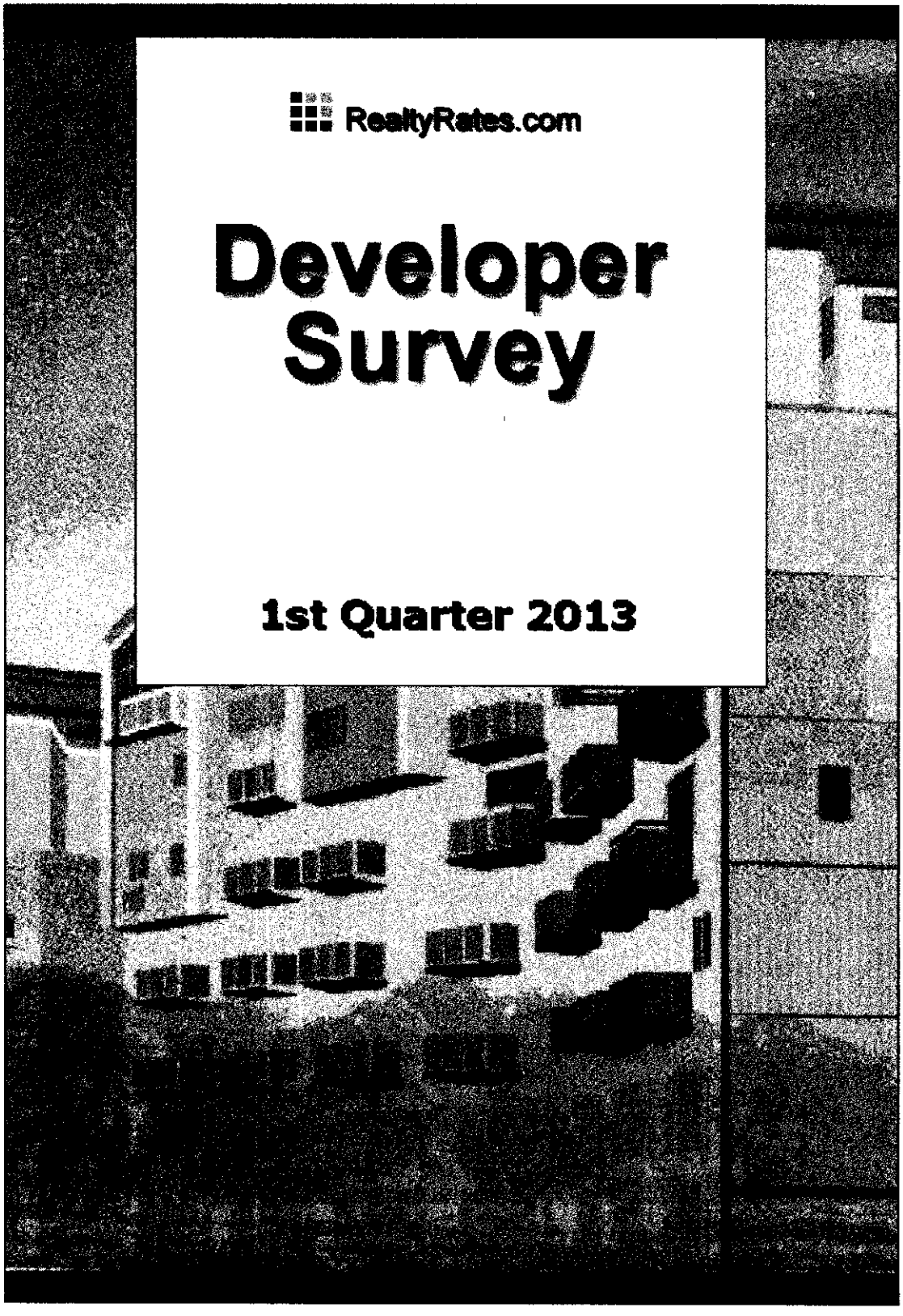
# Neighborhood Location Map..

# DEVELOPER SURVEYS EXCERPTS

RealtyRates.com

# Developer Survey

## 1st Quarter 2013



# RealtyRates.com - Developer Survey ™

Welcome to the 1st Quarter, 2013 edition (4th Quarter 2012 data) of the RealtyRates.com™ *Developer Survey*.

The *Developer Survey* tracks actual and pro-forma discount rates on 22 sell-out property types including residential subdivisions and PUDs, business and industrial parks, and residential and commercial/industrial condominiums and co-ops. The data is presented on both a national and regional basis and covers all 50 states as well as Puerto Rico, Guam and the U.S. Virgin Islands.

The *Developer Survey* represents a polling of 366 commercial appraisers (8%), lenders (26%), and local, regional and national developers (66%). The bulk of the data is comprised of individual tables for each region that include surveyed actual (historical) and pro-forma (forward looking) minimum, maximum and average discount rates for each property type. In the case of subdivisions and PUDs, rates incorporate developer's profit, while condominium and co-op rates do not.

RealtyRates.com™ is the Trade Name and a Trademark of Robt. G. Watts (RGW). Founded in Honolulu, Hawaii as Pacific Research Company and now headquartered in Bradenton, Florida, RGW has provided professional analytical, advisory and development management services to investors, property owners, major corporations, lenders and government agencies worldwide since 1973.

We hope you find the *Developer Survey* useful and informative.

Robert Watts

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RealtyRates.com - Developer Survey ™

# Table of Contents


**Market Commentary** 4
- National Rates

**Financial Indicators** 6
- Interest Rate Indices

**Interim Financing** 7
- Construction Financing Rates and Terms

**Regional Discount Rates**

**New England** 9
- CT, MA, ME, NH, RI, VT

**New York/New Jersey** 10
- NJ, NY

**Mid-Atlantic** 11
- DE, DC, MD, PA, VA, WV

**Southeast** 12
- AL, GA, KY, LA, MS, NC, SC, TN

**Florida/Caribbean** 13
- FL, PR, VI

**Great Lakes** 14
- IL, IN, MI, OH, WI

**Mid-West** 15
- AR, IA, MN, MO

**Texas** 16
- TX

**Great Plains** 17
- KS, NE, ND, OK, SD

**Mountain** 18
- CO, ID, MT, UT, WY

**Desert Southwest** 19
- AZ, NV, NM

**Pacific Northwest** 20
- AK, OR, WA

**California/Pacific Islands** 21
- CA, Guam, HI

**Addendum**
- General information
- Glossary
- Subscription Information

# Market Commentary

## RealtyRates.com™ *Developer Survey* Reports Decreased Discount Rates For All Sell-Out Property Types During 4th Quarter 2012

Reflecting an up-tick in prices and demand, together with a dearth of new product, average discount rates decreased for all sell-out property types during 4th Quarter 2012.

Overall, Residential Subdivision and PUD Rates decreased an average 78 basis points during the 4th Quarter, while Business and Industrial Park rates decreased an average 80 basis points during the same period. Likewise, Residential Condominium and Co-Op rates declined an average 60 basis points, while Commercial/Industrial Condominium rates decreased an average 55 basis points.

Once again, pro-forma discount rates declined somewhat more than actual rates, indicating a more positive and wide-spread outlook by developers.

RealtyRates.com DEVELOPER SURVEY 1st Quarter 2013*

Average Comparative (Quarter Over Quarter) National Rates

| Subdivisions & PUDs | | | | | | |
|---|---|---|---|---|---|---|
| **Site-Built Residential** | 36.85% | 37.67% | -82 | 35.38% | 36.08% | -71 |
| -100 Units | 32.77% | 33.59% | -81 | 31.46% | 32.16% | -70 |
| 100-500 Units | 35.51% | 36.34% | -84 | 34.76% | 35.33% | -56 |
| 500+ Units | 36.96% | 37.82% | -86 | 36.90% | 37.31% | -41 |
| Mixed Use | 37.40% | 38.28% | -88 | 37.33% | 37.75% | -42 |
| **Manufactured Housing** | 38.61% | 39.46% | -85 | 36.34% | 37.08% | -74 |
| -100 Units | 34.56% | 35.40% | -84 | 32.53% | 33.32% | -79 |
| 100-500 Units | 37.45% | 38.32% | -87 | 35.95% | 36.52% | -57 |
| 500+ Units | 38.99% | 39.88% | -89 | 38.16% | 38.58% | -42 |
| **Business Parks** | 37.48% | 38.34% | -86 | 35.28% | 36.01% | -73 |
| -100 Acres | 33.58% | 34.43% | -85 | 31.61% | 32.33% | -72 |
| 100-500 Acres | 36.37% | 37.25% | -88 | 34.92% | 35.50% | -58 |
| 500+ Acres | 37.86% | 38.76% | -90 | 37.05% | 37.48% | -43 |
| **Industrial Parks** | 33.32% | 34.18% | -86 | 32.05% | 32.79% | -74 |
| -100 Acres | 29.97% | 30.82% | -85 | 28.27% | 28.99% | -72 |
| 100-500 Acres | 32.39% | 33.27% | -88 | 31.16% | 31.74% | -58 |
| 500+ Acres | 33.70% | 34.60% | -90 | 31.79% | 32.19% | -41 |
| **Condominiums & Co-Ops** | | | | | | |
| **Primary Residential** | 20.91% | 21.55% | -65 | 20.11% | 20.58% | -47 |
| Hi-Rise/Urban Townhouse | 21.34% | 22.03% | -69 | 20.49% | 20.98% | -49 |
| Garden/Suburban Townhouse | 20.36% | 21.01% | -65 | 19.55% | 20.01% | -46 |
| Mixed Use | 21.63% | 22.33% | -70 | 20.56% | 21.21% | -65 |
| **Resort & Second Home** | 23.60% | 24.34% | -74 | 22.21% | 22.73% | -52 |
| Hi-Rise | 23.21% | 23.95% | -74 | 22.28% | 22.80% | -52 |
| Garden/Townhouse | 21.12% | 21.85% | -74 | 20.27% | 20.79% | -52 |
| **Commercial/Industrial** | 21.10% | 21.74% | -64 | 20.06% | 20.52% | -46 |
| Urban Office | 19.65% | 20.26% | -61 | 18.68% | 19.10% | -42 |
| Suburban Office | 19.55% | 20.15% | -60 | 18.59% | 19.01% | -42 |
| Retail | 21.63% | 22.35% | -72 | 20.57% | 21.08% | -52 |
| Industrial | 19.77% | 20.37% | -60 | 18.80% | 19.22% | -42 |

*4th Quarter 2012 Data

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# National Sell-Out Property Discount Rates

## Subdivisons and PUDs

The following summarizes discount rates for conventionally financed (interest-only interim or construction financing) subdivisions and planned unit developments (PUDs) nationwide. Actual Rates are historical rates achieved by survey respondents, while Pro-Forma Rates reflect forward-looking revenue and expenses. Developer's profit is not treated as a line item expense.

RealtyRates.com DEVELOPER SURVEY 1st Quarter 2013*
National Subdivisions & PUDs

| | | | | | | |
|---|---|---|---|---|---|---|
| **Site-Built Residential** | 14.51% | 58.93% | 36.85% | 13.93% | 56.47% | 35.38% |
| -100 Units | 14.51% | 50.71% | 32.77% | 13.93% | 48.68% | 31.46% |
| 100-500 Units | 14.97% | 55.78% | 35.51% | 14.28% | 53.55% | 34.76% |
| 500+ Units | 15.24% | 58.32% | 36.96% | 14.63% | 55.99% | 36.90% |
| Mixed Use | 15.60% | 58.83% | 37.40% | 14.97% | 56.47% | 37.33% |
| **Manufactured Housing** | 14.76% | 60.57% | 38.61% | 14.17% | 58.15% | 36.34% |
| -100 Units | 14.76% | 52.67% | 34.56% | 14.17% | 50.56% | 32.53% |
| 100-500 Units | 15.13% | 57.94% | 37.45% | 14.53% | 55.62% | 35.95% |
| 500+ Units | 15.50% | 60.57% | 38.99% | 14.88% | 58.15% | 38.16% |
| **Business Parks** | 14.81% | 58.32% | 37.48% | 14.22% | 55.99% | 35.28% |
| -100 Acres | 14.81% | 50.71% | 33.58% | 14.22% | 48.68% | 31.61% |
| 100-500 Acres | 15.18% | 55.78% | 36.37% | 14.58% | 53.55% | 34.92% |
| 500+ Acres | 15.55% | 58.32% | 37.86% | 14.93% | 55.99% | 37.05% |
| **Industrial Parks** | 14.91% | 50.11% | 33.32% | 14.31% | 48.10% | 32.05% |
| -100 Acres | 14.91% | 43.57% | 29.97% | 14.31% | 41.83% | 28.27% |
| 100-500 Acres | 15.28% | 47.93% | 32.39% | 14.67% | 46.01% | 31.16% |
| 500+ Acres | 15.65% | 50.11% | 33.70% | 15.03% | 48.10% | 31.79% |

*4th Quarter 2012 Data

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## Condominiums and Co-Ops

The following summarizes discount rates for conventionally financed condominium and co-op projects nationwide. Actual Rates are historical rates achieved by survey respondents, while Pro-Forma Rates reflect forward-looking revenue and expenses and developer's profit is treated as a line item expense.

RealtyRates.com DEVELOPER SURVEY 1st Quarter 2013*
National Condominiums & Co Ops

| | | | | | | |
|---|---|---|---|---|---|---|
| **Primary Residential** | 9.18% | 32.43% | 20.91% | 8.81% | 31.13% | 20.11% |
| Hi-Rise/Urban Townhouse | 10.04% | 32.43% | 21.34% | 9.64% | 31.13% | 20.49% |
| Garden/Suburban Townhouse | 9.18% | 30.55% | 20.36% | 8.81% | 29.32% | 19.55% |
| Mixed Use | 9.96% | 32.25% | 21.63% | 9.16% | 30.96% | 20.56% |
| **Resort & Second Home** | 10.77% | 35.28% | 23.60% | 10.34% | 33.87% | 22.21% |
| Hi-Rise | 10.91% | 35.28% | 23.21% | 10.47% | 33.87% | 22.28% |
| Garden/Townhouse | 10.77% | 30.44% | 21.12% | 10.34% | 29.22% | 20.27% |
| **Commercial/Industrial** | 8.48% | 32.30% | 21.10% | 8.14% | 31.00% | 20.06% |
| Urban Office | 9.11% | 29.62% | 19.65% | 8.74% | 28.43% | 18.68% |
| Suburban Office | 8.70% | 29.08% | 19.55% | 8.36% | 27.91% | 18.59% |
| Retail | 9.51% | 32.30% | 21.63% | 9.13% | 31.00% | 20.57% |
| Industrial | 8.48% | 29.73% | 19.77% | 8.14% | 28.54% | 18.80% |

*4th Quarter 2012 Data

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## Financial Indicators

Relevant financial indicators, many of which are utilized as indices for the pricing of various mortgage products, are summarized on the following table.

RealtyRates.com™ Investor & Developer Surveys

FINANCIAL INDICATORS

| | Nov-12 | Aug-12 | Quarterly Change (BP) | Nov-11 | Yearly Change (BP) |
|---|---|---|---|---|---|
| | 0.14% | 0.14% | 0 | 0.10% | 4 |
| | 3.25% | 3.25% | 0 | 3.25% | 0 |
| 1-Month | 0.15% | 0.14% | 1 | 0.09% | 6 |
| 2-Month | 0.19% | 0.16% | 3 | 0.17% | 2 |
| 3-Month | 0.21% | 0.19% | 2 | 0.21% | 0 |
| 1-Month | 0.19% | 0.18% | 1 | 0.21% | -2 |
| 3-Month | 0.23% | 0.26% | -3 | 0.41% | -18 |
| 6-Month | 0.33% | 0.40% | -7 | 0.58% | -25 |
| 1-Month | 0.21% | 0.24% | -3 | 0.25% | -4 |
| 3-Month | 0.31% | 0.43% | -12 | 0.48% | -17 |
| 6-Month | 0.53% | 0.72% | -19 | 0.68% | -15 |
| 1-Year | 0.86% | 1.04% | -18 | 1.00% | -14 |
| 4-Week | 0.13% | 0.09% | 4 | 0.01% | 12 |
| 3-Month | 0.09% | 0.10% | -1 | 0.01% | 8 |
| 6-Month | 0.14% | 0.14% | 0 | 0.05% | 9 |
| 1-Year | 0.17% | 0.18% | -1 | 0.11% | 6 |
| 1-Month | 0.12% | 0.09% | 3 | 0.01% | 11 |
| 3-Month | 0.09% | 0.10% | -1 | 0.01% | 8 |
| 6-Month | 0.14% | 0.14% | 0 | 0.05% | 9 |
| 1-Year | 0.18% | 0.18% | 0 | 0.11% | 7 |
| 2-Year | 0.27% | 0.27% | 0 | 0.25% | 2 |
| 3-Year | 0.36% | 0.37% | -1 | 0.39% | -3 |
| 5-Year | 0.67% | 0.71% | -4 | 0.91% | -24 |
| 7-Year | 1.08% | 1.14% | -6 | 1.45% | -37 |
| 10-Year | 1.65% | 1.68% | -3 | 2.01% | -36 |
| 20-Year | 2.39% | 2.40% | -1 | 2.72% | -33 |
| 30-Year | 2.80% | 2.77% | 3 | 3.02% | -22 |
| 30-Year | 3.35% | 3.60% | -25 | 3.99% | -64 |
| Aaa | 3.50% | 3.38% | 12 | 3.87% | -37 |
| Baa | 4.51% | 4.91% | -40 | 5.14% | -63 |

*Source: Federal Reserve; British Bankers' Association*

## Interim Financing

The following represent lender-quoted interim (construction) financing rates and terms for conventionally financed subdivisions and planned unit developments (PUDs) and residential and commercial/industrial condominiums and co-ops nationwide.

RealtyRates.com DEVELOPER SURVEY 1st Quarter 2013*

Interim (Construction) Financing

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Residential Subdivisions & PUDs** | | | | | | | |
| Minimum | 0.85% | 4.10% | 1.00% | 50% | 70% | 12 | Interest Only |
| Maximum | 6.85% | 10.10% | 4.00% | 100% | 100% | 60 | Interest Only |
| Average | 3.70% | 6.96% | 2.24% | 74% | 84% | 41 | Interest Only |
| **Commercial/Industrial Subdivisions & PUDs** | | | | | | | |
| Minimum | 1.00% | 4.25% | 2.00% | 60% | 70% | 12 | Interest Only |
| Maximum | 6.50% | 9.75% | 4.50% | 90% | 100% | 36 | Interest Only |
| Average | 3.63% | 6.89% | 3.00% | 75% | 85% | 26 | Interest Only |
| **Residential Condominiums & Co-Ops** | | | | | | | |
| Minimum | 0.85% | 4.10% | 2.00% | 65% | 70% | 12 | Interest Only |
| Maximum | 7.05% | 10.30% | 4.50% | 80% | 100% | 36 | Interest Only |
| Average | 3.82% | 7.08% | 2.99% | 72% | 84% | 26 | Interest Only |
| **Commercial/Industrial Condominiums** | | | | | | | |
| Minimum | 1.00% | 4.25% | 2.00% | 60% | 70% | 12 | Interest Only |
| Maximum | 6.50% | 9.75% | 4.50% | 80% | 100% | 24 | Interest Only |
| Average | 3.62% | 6.88% | 3.00% | 70% | 85% | 19 | Interest Only |

*4th Quarter 2012 Data

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## Regional Discount Rates

The following tables summarize discount rates for, conventionally financed (interest-only interim or construction financing) subdivisions and planned unit developments (PUDs) and condominium and co-op projects. Actual Rates are historical rates achieved by survey respondents, while Pro-Forma Rates reflect forward-looking revenue and development costs. Subdivision and PUD rates do include provision for developer's profit, i.e., profit is not treated as a line item expense, while condominium and co-op rates do not, i.e., profit is treated as a line item expense.

Data presented in the *Developer Survey* are provided by 362 commercial appraisers (4%), lenders (52%), and local, regional and national developers (44%).

# New England - CT, MA, ME, NH, RI, VT

| RealtyRates.com DEVELOPER SURVEY - 1st Quarter 2013* New England - Subdivisions & PUDs | | | | | | |
|---|---|---|---|---|---|---|
| **Site-Built Residential** | 19.36% | 47.60% | 31.00% | 15.12% | 36.06% | 23.81% |
| -100 Units | 19.36% | 41.04% | 29.60% | 15.12% | 32.72% | 23.44% |
| 100-500 Units | 19.85% | 45.14% | 31.19% | 15.16% | 35.24% | 24.19% |
| 500+ Units | 20.33% | 47.19% | 31.74% | 15.20% | 36.06% | 24.09% |
| Mixed Use | 20.81% | 47.60% | 31.47% | 15.56% | 35.58% | 23.52% |
| **Manufactured Housing** | 19.70% | 49.01% | 31.83% | 15.43% | 37.45% | 24.70% |
| -100 Units | 19.70% | 42.62% | 30.54% | 15.54% | 33.98% | 24.26% |
| 100-500 Units | 20.19% | 46.88% | 32.20% | 15.43% | 36.60% | 24.97% |
| 500+ Units | 20.68% | 49.01% | 32.76% | 15.46% | 37.45% | 24.87% |
| **Business Parks** | 19.77% | 47.19% | 31.04% | 15.43% | 36.06% | 24.06% |
| -100 Acres | 19.77% | 41.04% | 29.79% | 15.43% | 32.72% | 23.59% |
| 100-500 Acres | 20.26% | 45.14% | 31.39% | 15.48% | 35.24% | 24.35% |
| 500+ Acres | 20.76% | 47.19% | 31.94% | 15.51% | 36.06% | 24.24% |
| **Industrial Parks** | 19.89% | 40.55% | 28.10% | 15.53% | 30.98% | 21.76% |
| -100 Acres | 19.89% | 35.26% | 27.02% | 15.53% | 28.11% | 21.38% |
| 100-500 Acres | 20.39% | 38.78% | 28.40% | 15.58% | 30.28% | 22.01% |
| 500+ Acres | 20.89% | 40.55% | 28.87% | 15.61% | 30.98% | 21.90% |

*4th Quarter 2012 Data

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| RealtyRates.com DEVELOPER SURVEY - 1st Quarter 2013* New England - Condominiums & Co-Ops | | | | | | |
|---|---|---|---|---|---|---|
| **Primary Residential** | 12.25% | 26.24% | 18.69% | 9.36% | 25.05% | 15.70% |
| Hi-Rise/Urban Townhouse | 13.40% | 26.24% | 19.42% | 10.24% | 20.92% | 15.27% |
| Garden/Suburban Townhouse | 12.25% | 24.72% | 17.75% | 9.36% | 19.71% | 13.95% |
| Mixed Use | 13.29% | 26.10% | 18.90% | 12.22% | 25.05% | 17.89% |
| **Resort & Second Home** | 14.37% | 28.55% | 19.92% | 10.98% | 22.76% | 15.65% |
| Hi-Rise | 14.56% | 28.55% | 21.12% | 11.12% | 22.76% | 16.60% |
| Garden/Townhouse | 14.37% | 24.63% | 18.72% | 10.98% | 19.64% | 14.69% |
| **Commercial/Industrial** | 11.31% | 26.13% | 17.54% | 8.64% | 20.83% | 13.80% |
| Urban Office | 12.15% | 23.97% | 17.70% | 9.28% | 19.11% | 13.91% |
| Suburban Office | 11.61% | 23.53% | 16.87% | 8.87% | 18.76% | 13.26% |
| Retail | 12.69% | 26.13% | 18.64% | 9.70% | 20.83% | 14.66% |
| Industrial | 11.31% | 24.05% | 16.97% | 8.64% | 19.18% | 13.35% |

*4th Quarter 2012 Data

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# LEXICON, DEFINITIONS AND ASSUMPTIONS

# APPRAISAL LEXICON

## MARKET VALUE

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

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

## FEE SIMPLE ESTATE

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. (2)

## HIGHEST AND BEST USE

The reasonably probable and legal use of vacant land or an improved property, that 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 productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value. (3)

## LEASED FEE INTEREST

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (4)

## MARKETING TIME

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (5)

(1) FIRREA 12 CFR Part 323.2.
(2) The Dictionary of Real Estate Appraisal, Appraisal Institute, Chicago, IL, 2010, Fifth Edition - Page 78.
(3) Ibid. - 93.
(4) Ibid. – 111.
(5) Ibid. - 121.

## MARKET RENT

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). (6)

## EXPOSURE TIME

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. (7)

## PROSPECTIVE OPINION OF VALUE

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy. (8)

## RETROSPECTIVE OPINION OF VALUE

A value opinion effective as of a specified historical date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (9)

(6) Ibid. - 121.
(7) Ibid. – 73.
(8) Ibid. – 153.
(9) Ibid. – 171.

# ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1. This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2b of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraisers are not responsible for the unauthorized use of this report.

2. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.

3. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

4. Responsible ownership and competent property management are assumed.

5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

6. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.

9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.

10. 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.

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

This appraisal report has been made with the following general limiting conditions:

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

2. Possession of this report, or a copy thereof, does not carry with it the right of publication.

3. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be attendance in court with reference to the property in question unless arrangements have been previously made.

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

5. Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.

6. The forecasts, projections, or operating estimates contained herein are based upon current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes in future conditions.

# QUALIFICATIONS

# QUALIFICATIONS OF CHRISTOPHER H. BOWLER
# REAL ESTATE APPRAISER

## EDUCATION

- BA Economics, Union College, Schenectady, New York 1987

- Appraisal Institute

| | |
|---|---|
| Course SPP | Standards of Professional Practice |
| Course 1A-1 | Basic Appraisal Principles, Methods and Techniques |
| Course 1A-2 | Basic Valuation Theory and Techniques |
| Course 8-1 | Residential Valuation |
| Course 1B-A | Capitalization Theory & Techniques Part A |
| Course 1B-B | Capitalization Theory & Techniques Part B |
| Course 550 | Advanced Applications |
| Course 410 | Standards of Professional Practice Part A |
| Course 420 | Standards of Professional Practice Part B |
| Course 540 | Report Writing & Valuation Analysis |

## PROFESSIONAL AND TRADE AFFILIATIONS

- Appraisal Institute

| | | |
|---|---|---|
| 1992 | - | Senior Residential Appraiser - SRA Designation |
| 1997 | - | Residential Admissions Chairman, Greater Boston Chapter |
| 1998-9 | - | Education Chairman - Seminars, Greater Boston Chapter |
| 2000 | - | Member of Appraisal Institute - MAI Designation #11564 |
| 2000-3 | - | By-Laws Chairman, Greater Boston Chapter |
| 2000 | - | Regional Representative, Greater Boston Chapter |
| 2002-4 | | Director, Massachusetts Chapter |
| 2005 | | Secretary, Massachusetts Chapter |
| 2006 | | Treasurer, Massachusetts Chapter |
| 2007 | | Vice President, Massachusetts Chapter |
| 2008 | | President, Massachusetts Chapter |

- Massachusetts Certified General Real Estate Appraiser License #495

## BUSINESS EXPERIENCE

Presently an associate member of the firm of Avery Associates, Acton, Massachusetts. Avery Associates handles a wide variety of real estate appraisal and consulting assignments. Mr. Bowler has prepared appraisals on the following types of real property: office buildings, industrial buildings, research and development facilities, hotels/motels, golf courses, restaurants, medical buildings, auto dealerships, truck terminals, warehouses, bank branches, shopping centers, apartment complexes, commercial and industrial condominium units and buildings, lumber yards, service stations, industrial mill buildings, and cranberry bogs.

Mr. Bowler's experience also includes the appraisal of one to four family dwellings, condominium units, proposed residential subdivisions, and condominium projects. Also, Mr. Bowler has aided in the development of market studies on commercial, industrial and residential properties. Prior to joining Avery Associates in 1992, Mr. Bowler was employed in the following manner:

| | |
|---|---|
| 1987-1992 | Real Estate Appraiser<br>Edward W. Bowler Associates<br>Waltham, Massachusetts |
| 1987 | Research Associate, New York State Department of Transportation<br>Albany, New York |

**BUSINESS ADDRESS**

Avery Associates
282 Central Street
Post Office Box 834
Acton, MA 01720-0834
Tel: 978-263-5002
Fax: 978-635-9435
chris@averyandassociates.com

# QUALIFICATIONS OF JONATHAN H. AVERY
# REAL ESTATE APPRAISER AND CONSULTANT

## EDUCATION

- BBA University of Massachusetts, Amherst, Massachusetts
- Graduate of Realtors Institute of Massachusetts - GRI
- American Institute of Real Estate Appraisers

| | |
|---|---|
| Course 1-A | Basic Appraisal Principles, Methods and Techniques |
| Course 1A-B | Capitalization Theory and Techniques |
| Course 2 | Basic Appraisal of Urban Properties |
| Course 6 | Real Estate Investment Analysis |
| Course 410/420 | Standards of Professional Practice |

## PROFESSIONAL AND TRADE AFFILIATIONS

- The Counselors of Real Estate

| | | |
|---|---|---|
| 1985 | - | CRE Designation #999 |
| 1993 | - | Chairman, New England Chapter |
| 1995 | - | National Vice President |
| 1999 | - | National President |

- Appraisal Institute

| | | |
|---|---|---|
| 1982 | - | Member Appraisal Institute - MAI Designation #6162 |
| 1975 | - | Residential Member - RM Designation #872 |
| 1977 | - | Senior Residential Appraiser - SRA Designation |
| 1981 | - | Senior Real Property Appraiser - SRPA Designation |
| 1986-1987 | - | President, Eastern Massachusetts Chapter |
| 1992 | - | President, Greater Boston Chapter |
| 1995 | - | Chair, Appraisal Standards Council |
| 1996-1998 | - | Vice Chair, Appraisal Standards Council |

- Massachusetts Board of Real Estate Appraisers

| | | |
|---|---|---|
| 1972 | - | MRA Designation |
| 1981 | - | President of the Board |

- Royal Institution of Chartered Surveyors

| | | |
|---|---|---|
| 2005 | - | FRICS Designation |

- Affiliate Member, Greater Boston Real Estate Board
- Licensed Real Estate Broker - Massachusetts 1969
- Massachusetts Certified General Real Estate Appraiser #26
- New Hampshire Certified General Real Estate Appraiser #NHGC-241

## BUSINESS EXPERIENCE

Mr. Avery is Principal of the firm of Avery Associates located in Acton, Massachusetts. Avery Associates is involved in a variety of real estate appraisal and consulting activities including: market value estimates, marketability studies, feasibility studies, and general advice and guidance on real estate matters to public, private and corporate clients. Mr. Avery has served as arbitrator and counselor in a variety of proceedings and negotiations involving real estate. During 1993, he served as an appraisal consultant for the Eastern European Real Property Foundation in Poland. He has been actively engaged in the real estate business since 1967 and established Avery Associates in 1979. Prior to his present affiliation, Mr. Avery served in the following capacities:

| | |
|---|---|
| 1978-1979 | Managing Partner, Avery and Tetreault,<br>Real Estate Appraisers and Consultants |
| 1975 -1978 | Chief Appraiser, Home Federal Savings and Loan Association<br>Worcester, Massachusetts |
| 1972-1975 | Staff Appraiser, Northeast Federal Saving and Loan Association<br>Watertown, Massachusetts |
| 1971-1972 | Real Estate Broker, A. H. Tetreault, Inc.<br>Lincoln, Massachusetts |

## TEACHING EXPERIENCE

- Instructor, Bentley College, Continuing Education Division, 1976-1982;
  Appraisal Methods and Techniques
  Computer Applications for Real Estate Appraisal
- Approved Instructor Appraisal Institute - since 1982
- Chapter Education Chairman 1986-1987
- Seminar Instructor; Massachusetts Board of Real Estate Appraisers since 1981
- Certified Appraisal Standards Instructor-Appraiser Qualifications Board

## PROFESSIONAL EXPERIENCE

Qualified expert witness; Middlesex County District Court and Superior Court, Essex County Superior Court, Norfolk County Superior Court, Worcester County Probate Court, Federal Tax Court, Federal Bankruptcy Court, Appellate Tax Board of Massachusetts and Land Court of Massachusetts. Member, Panel of Arbitrators - American Arbitration Association, National Association of Securities Dealers Regulation, Counselors of Real Estate ADR.

**Property Assignments Include**:

Land (Single Lots and Subdivisions)
One to Four Family Dwellings
Apartments
Residential Condominiums
Office Buildings
Restaurants
Industrial Buildings
Racquet Club
Petroleum Fuel Storage Facility
Lumber Yard
School Buildings
Historic Renovations
Movie Theater
Conservation Easements
Hotels and Motels
Shopping Centers
Golf Courses
Churches
Gasoline Service Stations
Farms
Office Condominiums
Automobile Dealerships

## BUSINESS ADDRESS

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Acton, MA 01720-0834
Tel: 978-263-5002
Fax: 978-635-9435
jon@averyandassociates.com

**AVERY ASSOCIATES**
**REPRESENTATIVE LIST OF CLIENTS**

**FINANCIAL INSTITUTIONS**

Beverly National Bank
Brookline Savings Bank
Cambridge Savings Bank
Century Bank & Trust
Citizens Financial Group
Danversbank
Eastern Bank & Trust
Enterprise Bank & Trust
First Pioneer Farm Credit
Marlborough Savings Bank
Medford Savings Bank
Medford Savings Bank
Middlesex Savings Bank
North Middlesex Savings
Norwood Cooperative Bank
Salem Five Cent Savings Bank
Southern New Hampshire B&T
TD BankNorth Group
Webster Bank

**CORPORATIONS**

Boston Golf Club, Inc.
Boston Medflight
Bovenzi, Inc
Column Financial
Concord Lumber Corporation
Dow Chemical Company
Exxon Mobil Company
Fidelity Real Estate
MassDevelopment
Monsanto Chemical
PriceWaterhouseCoopers
Robert M. Hicks, Inc.
Ryan Development
Sun Life Assurance Company
Toyota Financial Services
U.S. Postal Service
VeryFine Corporation
Westinghouse Broadcasting

**PUBLIC SECTOR/NONPROFIT**

Acton Housing Authority
City of Gloucester
Emerson Hospital
Federal Deposit Insurance Corp.
Harvard Conservation Commission
Massachusetts Highway Dept.
Massachusetts Water Resources Authority
Mass. Div. of Conservation/Recreation
MassHousing
Stow Planning Board
Sudbury Valley Trustees
The Nature Conservancy
The Trust for Public Land
Town of Acton
Town of Cohasset
Town of Natick
Town of Concord
Trustees of Reservations
U.S. Forest Service
Walden Woods Project
Water Supply District of Acton

**LAW FIRMS & FIDUCIARIES**

Anderson & Kreiger LLP
Brown Rudnick
Choate, Hall & Stewart
Esdaile, Barrett & Esdaile
Foley Hoag, LLP
Hemenway & Barnes
Holland & Knight
Kirkpatrick Lockhart Nicholson Graham
Kopelman & Paige, P.C.
Lee & Levine. LLP
Loring, Wolcott & Coolidge
Lynch, Brewer, Hoffman & Fink, LLP
Nutter, McClennen & Fish, LLP
Office of Stephen Small
Palmer & Dodge
Peabody & Arnold, LLP
Rackemann, Sawyer & Brewster
Riemer & Braunstein, LLP
Rope & Gray
Stern, Shapiro, Weissberg & Garin
WilmerHale