

ADDENDUM

Assumptions and Limiting Conditions

Certification

Letter of Engagement/Standards

Legal Description

Regional Analysis

Professional Qualifications

ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the appraiser appearing in this appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the appraiser on the report.

1. The appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Any sketch in this report is included to assist the reader in visualizing the property, and the appraisers assume no responsibility for its accuracy. The appraisers have made no survey of the property.
3. The appraiser is not required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been previously made therefore.
4. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
5. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil or structures which would render it more or less valuable. The appraisers assume no responsibility for such conditions or for engineering which might be required to discover such factors.
6. Information, estimates and opinions furnished to the appraiser and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished to the appraisers can be assumed by the appraisers.
7. Disclosure by the appraiser of the contents of this appraisal report is subject to review in accordance with the by-laws and regulations of the Appraisal Institute and any other professional appraisal organizations with which the appraiser is affiliated.
8. Neither all nor part of the contents of this report, or copy thereof (conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organizations, or the firm with which he is connected) shall be used for any purposes by anyone but the client or its assigns without the previous written consent of the appraisers; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the appraiser.
9. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workman-like manner.
10. The appraisers assumed that there is no hazardous waste contaminating the subsoils. The appraisers are not qualified to detect such substances on the property or to evaluate the effect of such substances on the value of the property.
11. This assignment was undertaken for the client specified herein. The appraisers do not recognize or assume any duty to persons other than that client in the formulation of this report and its conclusions. The client

may make such reasonable use of this report as is consistent with the intended use of the report, but any third or other party into whose possession the report may come should not assume that its rationales or conclusions will serve any other client or intended use. Possession of this report, or a copy thereof, does not carry with it the right of publication.

12. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is noted.
13. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the analysis.
14. It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national governmental 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.
15. This is a summary appraisal report intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice. As such, it represents only a summary of the data, reasoning, and analyses used in the appraisal process. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' file. The depth of the discussion contained in this report is specific to the needs of the client, the stated intended use of the appraisal report, and the complexity of the subject property.
16. The undersigned is a fully qualified commercial appraiser who has been involved in the valuation and/or review of many similar properties. The education and experience in valuing and reviewing similar properties satisfies the competency provision of USPAP.

SPECIAL ASSUMPTIONS AND LIMITING CONDITIONS: We assumed that the 30-foot easement does not affect the proposed development.

CERTIFICATION OF THE APPRAISER

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

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

As of the date of this report, I have completed the continuing education program of the Appraisal Institute.



Charles L. Clark, Ph.D., MAI
Massachusetts General Real Estate Appraiser # 123

<p style="text-align: center;">MINIMUM STANDARDS FOR APPRAISAL REPORTS PREPARED FOR SOVEREIGN BANK August 1, 2006</p>
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All appraisals of real property and interests in real property prepared for Sovereign Bank are to be prepared in accordance with:

- A) The Uniform Standards of Professional Appraisal Practice (Including scope of work requirement).
- B) Supplemental Standards Applicable to Federally Related Transactions.
- C) Additional Standards and Conditions Required for Appraisals Prepared for Sovereign Bank

These standards and conditions are described in detail below.

The Uniform Standards of Professional Appraisal Practice (USPAP)

USPAP are recognized throughout the United States as the generally accepted standards for appraisal practice. All appraisal reports prepared for Sovereign Bank must comply fully with USPAP. The complete USPAP text can be ordered from the Appraisal Foundation.

Supplemental Standards Applicable to Federally Related Transactions

Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) mandated that bank regulatory agencies establish standards for performing appraisals in connection with federally related transactions (including lending activity). Each agency has issued appraisal regulations requiring compliance with USPAP in addition to supplemental standards applicable to federally related transactions. All appraisals shall, at a minimum:

- 1) Conform to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards of the Appraisal Foundation.
- 2) Disclose any steps taken that were necessary or appropriate to comply with the Competency Provision of USPAP;
- 3) Be based upon the definition of market value as set forth in Section 34.42(f):

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

- Buyer and seller are typically motivated;

- Both parties are well informed or well advised, and acting in what they consider to be their own best interests;
 - A reasonable time is allowed for exposure in the open market;
 - Payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and
 - The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
- 4)
 - i) Be written and presented in a narrative format or on forms that satisfy all the requirements of this section;
 - ii) Be sufficiently descriptive to enable the reader to ascertain the estimated market value and the rationale for the estimate; and
 - iii) Provide detail and depth of analysis that reflect the complexity of the real estate appraised;
 - 5) Analyze and report in reasonable detail any prior sales of the property being appraised that occurred within the three years preceding the date when the appraisal was prepared;
 - 6) Analyze and report data on current revenues, expenses, and vacancies for the property if it is and will continue to be income-producing;
 - 7) Analyze and report a reasonable marketing period for the subject property;
 - 8) Analyze and report on current market conditions and trends that will affect projected income or the absorption period to the extent that they affect the value of the subject property;
 - 9) Analyze and report appropriate deductions and discounts for any proposed construction, or any completed properties that are partially leased or leased at other than market rents as of the date of the appraisal, or any tract developments with unsold units;
 - 10) Address, for new construction, a proposed project's marketability and feasibility prospects.
 - 11) Include in the certification required by USPAP an additional statement that the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan;
 - 12) Contain sufficient supporting documentation with all pertinent information reported so that the appraiser's logic, reasoning, judgment, and analysis in arriving at a conclusion indicate to the reader the reasonableness of the market value reported;

13) Include a legal description of the real estate being appraised as required by USPAP;

14) Identify and separately value any personal property, fixtures, or intangible items that are not real property but are included in the appraisal, and discuss the impact of their inclusion or exclusion on the estimate of market value; and

15) Follow a reasonable valuation method that addresses the income, sales comparison and cost approaches to market value; reconcile those approaches, and explain the elimination of any approach not used.

16) If information required or deemed pertinent to the completion of an appraisal is unavailable, that fact shall be disclosed and explained in the appraisal.

Additional Standards and Conditions Applicable to all Appraisals Prepared for Sovereign Bank

The following standards and conditions apply to all appraisals prepared for Sovereign Bank:

1) The Requirement for "As Is" Current Value

All appraisals prepared for Sovereign Bank must include the Appraiser's estimate of the "as is" current value of the subject property, i. e., the market value, as defined above, of the subject property in its actual condition, as of a specified date. This requirement does not eliminate the need for the Appraiser to estimate and report other values or the prospective value expected upon completion of proposed improvements and/or value upon stabilization. The Appraiser should consult the engagement letter for specific values to be provided for a given assignment.

2) Purpose of the Appraisal and Property Rights to be Appraised

The purpose of appraisals prepared for Sovereign Bank is to estimate the current market value "as is" of the owner's rights and interests in the subject property, subject to any lease or leases in effect as of the date of the appraisal, **but as if free and clear of debt**, and to provide other estimates and services to Sovereign Bank as defined in the engagement letter. The term "owner's rights and interests" refers to all of the rights and interests that have been pledged to or are owned by Sovereign Bank and could be sold on the open market.

3) Format and Contents of the Appraisal Report

Unless otherwise stipulated in the Sovereign Bank engagement letter, the written appraisal report shall be in a complete self-contained format. Use of limited and/or restricted reports require the specific approval of the Appraisal and Environmental Services Unit.

The full narrative appraisal report **must** include an Executive Summary, which concisely sets forth all pertinent facts and conclusions that are detailed in the appraisal report. The written appraisal report **must** contain a copy of all instructions given to the Appraiser, including the engagement letter from Sovereign Bank, these Minimum Standards and a **completed Appraisal Standards Requirements Checklist** which is

reproduced on the following pages. Sovereign Bank will not accept reports omitting these items.

4) Visual Microbial Matter (Mold) Inspection

Real Estate Appraisers will complete a visual microbial matter (mold) inspection, which includes the following:

- Is there evidence of water intrusion within building? If so, where and to what extent? Require photographic documentation of issue.
- Is there obvious visual evidence of microbial matter growth within building? If so, where and to what extent? Describe in detail.
- Is there obvious olfactory evidence of microbial matter growth within building? If so, where?

Appraisal Standards Requirements Checklist
Includes Compliance with USPAP, FIRREA & SB Minimum Standards

PROJECT NAME: Blue Bird Realty

JOB ID#: 19691

ADDRESS: 2 School Street and 127 and 131 Main Street, Acton MA

NA	Page(s)	Requirement	Confirm
	Title	1. Identify report type (Self-contained, Summary, Restricted).	<input type="checkbox"/>
	Letter	2. Signature state certified/licensed appraiser.	<input type="checkbox"/>
		3. Market value:	
	1	a. Identify real property interest(s) appraised.	<input type="checkbox"/>
	Letter	b. identify effective date(s) of appraisal.	<input type="checkbox"/>
	N/A	c. includes "As Is" value.	<input type="checkbox"/>
<input type="checkbox"/>	Letter	d. includes "As Complete" value.	<input type="checkbox"/>
<input type="checkbox"/>	N/A	e. includes "As Stabilized" value.	<input type="checkbox"/>
		f. includes marketing period.	<input type="checkbox"/>
		4. Identify the real estate being appraised:	
	1	a. address.	<input type="checkbox"/>
	2	b. legal description .	<input type="checkbox"/>
<input type="checkbox"/>	5	c. identification on tax map.	<input type="checkbox"/>
<input type="checkbox"/>	2	d. deed reference.	<input type="checkbox"/>
<input type="checkbox"/>	N/A	e. plat map.	<input type="checkbox"/>
	Addenda	5. Discloses all assumptions and limiting conditions.	<input type="checkbox"/>
<input type="checkbox"/>	Addenda	6. For prospective values a limiting condition citing the market conditions from which the estimate was made as detailed in USPAP Supplemental SMT-4.	<input type="checkbox"/>
	2	7. Market value definition per 12 CFR 34.2 f FIRREA.	<input type="checkbox"/>
	1	8. Discuss purpose and intended use of appraisal.	<input type="checkbox"/>
	3	9. Discuss extent of data collection (scope).	<input type="checkbox"/>
		10. For proposed improvements:	
<input type="checkbox"/>	N/A	a. examined and have available plans, specs. or other reasonable documentation of the proposed improvements.	<input type="checkbox"/>
<input type="checkbox"/>	Letter	b. indicated evidence of the probable time of completion.	<input type="checkbox"/>
<input type="checkbox"/>	N/A	c. indicated evidence of costs, earnings, occupancy projections and competition at time of completion.	<input type="checkbox"/>
		11. Analyzed and reported in reasonable detail prior sales of the property:	
<input type="checkbox"/>	2	a. for all properties - sales occurring during the three preceding years, and	<input type="checkbox"/>
<input type="checkbox"/>		b. consider and analyze any current Agreement of Sale, option, or listing of the property, if such information is available.	<input type="checkbox"/>
		12. Analysis and description of pertinent factors:	
<input type="checkbox"/>	4	a. Physical and functional (Site, Improvements),	<input type="checkbox"/>
<input type="checkbox"/>	4	b. Legal (Easements)	<input type="checkbox"/>
<input type="checkbox"/>	Add.	c. Economics (National, Regional, Local)	<input type="checkbox"/>
<input type="checkbox"/>	6	d. Neighborhood (Urban, Commercial, Transitional, etc.)	<input type="checkbox"/>
<input type="checkbox"/>	5	e. Government (Zoning, Taxes)	<input type="checkbox"/>
<input type="checkbox"/>	7	f. Market (Occupancy, Rental Rates, Competition, Trends)	<input type="checkbox"/>
	10	13. Discuss highest & best use conclusion.	<input type="checkbox"/>
<input type="checkbox"/>	12	14. Explain & support exclusion of usual valuation approaches.	<input type="checkbox"/>

NA	Page(s)	Requirement	Confirm
<input type="checkbox"/>	N/A	15 Cost Approach	<input type="checkbox"/>
<input type="checkbox"/>		a. Land valued as though vacant.	<input type="checkbox"/>
<input type="checkbox"/>		b. Improvements valued for actual contribution to site.	<input type="checkbox"/>
<input type="checkbox"/>		c. Comparable data to estimate cost and depreciation if available.	<input type="checkbox"/>
<input type="checkbox"/>	N/A	16 Sales Comparison Approach	<input type="checkbox"/>
<input type="checkbox"/>		a. Comparable sales data.	<input type="checkbox"/>
<input type="checkbox"/>	13	17 Income Approach	<input type="checkbox"/>
<input type="checkbox"/>	14	a. Historical/comparable rental/income data.	<input type="checkbox"/>
<input type="checkbox"/>	14	b. Historical/comparable expense data.	<input type="checkbox"/>
<input type="checkbox"/>	15	c. Comparable capitalization and/or discount rates.	<input type="checkbox"/>
<input type="checkbox"/>		d. Cite name and version of DCF software and description of assumptions and methods inherent in software	<input type="checkbox"/>
<input type="checkbox"/>	15	e. Rationale for capitalization, discount and growth rates.	<input type="checkbox"/>
<input type="checkbox"/>	N/A	f. Deduction to reach stabilization.	<input type="checkbox"/>
<input type="checkbox"/>		18 Analyzed and reported discounts/deductions for:	
<input type="checkbox"/>	17	a. proposed construction.	<input type="checkbox"/>
<input type="checkbox"/>		b. completed projects partially leased.	<input type="checkbox"/>
<input type="checkbox"/>		c. projects leased at other than market rents.	<input type="checkbox"/>
<input type="checkbox"/>		d. tract developments with unsold units.	<input type="checkbox"/>
<input type="checkbox"/>		e. assumption of a loan.	<input type="checkbox"/>
<input type="checkbox"/>		19 Separate valuation where there is a significant percentage of:	
<input type="checkbox"/>		a. personal property,	<input type="checkbox"/>
<input type="checkbox"/>		b. fixtures,	<input type="checkbox"/>
<input type="checkbox"/>		c. intangible items, and	<input type="checkbox"/>
<input type="checkbox"/>		d. impact of their inclusion/exclusion on the estimate of market value discussed.	<input type="checkbox"/>
<input type="checkbox"/>	18	20 Reconciliation	<input type="checkbox"/>
<input type="checkbox"/>		21 Certification:	
<input type="checkbox"/>	Addenda	a. Similar in content to USPAP 2-3.	<input type="checkbox"/>
<input type="checkbox"/>	Addenda	b. States "assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan."	<input type="checkbox"/>
<input type="checkbox"/>	Addenda	c. States subject property was personally inspected by state certified/licensed appraiser signing report.	<input type="checkbox"/>
<input type="checkbox"/>		22 If information was unavailable, that fact was disclosed and explained in the appraisal.	<input type="checkbox"/>
<input type="checkbox"/>	No	23 Is there obvious evidence of mold growth within the subject?	<input type="checkbox"/>

Comments:



Signature Inspecting Appraiser:

Licensed Certified Appraiser #: CG 123

Licensed/Certified State: MA

Sovereign Bank Review Appraiser:

Date: _____

Reasoning for the exclusion of any approach to value must be supported in the written appraisal report. Additionally, the *income approach* must provide rationale for the capitalization, discount, growth, and inflation rates used. An appraisal report for leased properties must include a lease abstract summarizing the terms and conditions of existing leases. The *sales comparison approach* must contain an analysis of current pertinent listings in addition to sales. Further, photographs of the sales and listings are required. If the *cost approach* is developed, it must contain a land value estimate.

5) Appraisal Update and Supplementary Services

Acceptance of an appraisal assignment for Sovereign Bank indicates that the Appraiser and the Appraisal Firm will be willing to provide supplementary services related to the assignment, such as court testimony and appraisal updates. Appraisal updates, if required, must make reference to the original report, and must fully explain and document any market or property changes affecting the value since the date of value of the original report. The update letter of transmittal must contain the original value estimate, as well as the update value.

6) Appraiser Qualifications

In accepting an assignment for Sovereign Bank, the Appraiser is indicating that he or she is qualified, independent, and competent to complete the assignment, or has disclosed any concerns in this regard to Sovereign Bank. The Appraiser, in accepting an assignment for Sovereign Bank, affirms that he or she is certified as required by federal and state law to complete the particular assignment. **State Certification in the state where the subject property is located, is required, by the appraiser engaged to perform the assignment.** If it is determined in the course of the review process that the appraiser was clearly not qualified, competent, independent, or requisitely certified to complete the assignment accepted, Sovereign Bank will refuse payment. In addition, the assigned appraiser must inspect the property, sign the report and have full involvement in the appraisal process and be able to discuss *in detail* the key issues in the valuation. Except for data gathering, any subcontracting of assignments outside the assigned appraiser's firm must receive prior approval of Sovereign Bank Appraisal Unit.

7) Use of Appraisal Reports

Appraisal reports prepared for Sovereign Bank may be made available to third parties and to authorized reviewers, examiners, regulators, Bank customers and other financial institutions in the regular course of business. Market data and other information contained in appraisal reports prepared for Sovereign Bank may be entered into computerized systems for use in statistical and other analyses at the discretion of Sovereign Bank.

8) Assumptions, Disclosures, and Limiting Conditions

In accordance with USPAP, written appraisal reports must make certain disclosures and set forth all assumptions and limiting conditions that affect the Appraiser's analyses, opinions, and conclusions. Sovereign Bank will not accept any assumptions, disclosures, or limiting conditions which are inconsistent with these Minimum Standards unless approved by Sovereign Bank.

9) Appraisal Review

All appraisal reports submitted to Sovereign Bank are subject to review by Sovereign Bank in accordance with our review guidelines. Appraisers accepting assignments from Sovereign Bank are expected to cooperate with reviewers in providing information as may be required to supplement or clarify information contained in the report, and to make necessary corrections, if requested. This obligation extends beyond the payment of the appraisal fee.

10) Property Inspections

The subject property must be inspected by the Appraiser engaged to perform the assignment, and the date of inspection must be included in the appraisal report. The appraiser should note any deferred repairs/maintenance and include an estimate of cost to cure. While the appraiser is neither required nor expected to be an expert in the field of hazardous substances, the Appraiser is required to report any hazardous substances or signs of hazardous substances observed in the course of inspection of the subject property. The Appraiser is expected to consider and incorporate into the report and the final opinion of value the cost of remedying any noted areas of noncompliance with the requirements of the Americans with Disabilities Act, including fitting buildings with required wheelchair access. For new or proposed multifamily dwellings, the Appraiser must consider HUD Fair Housing Act Guidelines. Sovereign Bank will accept reasonable limiting conditions which disclose the Appraiser's lack of expertise with respect to hazardous substances, and disclaim the Appraiser's responsibility for matters beyond the Appraiser's level of expertise.

11) Expense Analysis

All property expenses must be analyzed and presented by individual expense categories and supported by comparable data and historical data (if available), even in cases in which the tenant(s) is(are) responsible for payment of such expenses. Analysis and presentation of expenses as a percentage of income is unacceptable without independent support and development of individual expense categories.

12) Additional Appraisal Requirements for Specific Property Types

The Appraisal of Multi-Tenant Commercial and Industrial Properties

Appraisals of multi-tenant commercial and industrial properties, including shopping centers, office buildings, and industrial parks must be appraised using all applicable approaches to value including the income approach. The application of direct capitalization and discounted cash flow techniques should be based on the complexity of the assignment. Use of a discounted cash flow analysis generally provides the best measure of the future cash flow streams for multi-tenant properties. Direct capitalization is useful when a property is currently stabilized and is expected to remain so over a normal investment holding period.

For unstabilized properties, the Appraiser should include an estimate of future stabilized value with a discounting for the time to reach stabilization and interim net income deficiencies.

The appraiser is responsible for the validity and accuracy of all calculations and results. Lease by lease DCF analyses must be documented in the appraisal report with an explanation of the process, support for all key assumptions and controlling input, lease data, detailed printouts of projected cash flow, and tabulation of the results. A copy of a diskette providing the DCF analysis should be provided with the written appraisal report.

The Appraisal of Hotels and Motels

Appraisals of Hotels and Motels must include valuation via the income approach using either direct capitalization with an overall rate for properties that are operating at a stabilized level of occupancy and are expected to continue at a stabilized rate for the foreseeable future, or DCF analysis, when changes in market or physical condition or capital expenditures will significantly affect cash flows. In either approach, historical and prospective income and expense must be analyzed and presented.

The Appraisal of Apartment Properties

Appraisals of apartment properties must include valuation via the income approach using either direct capitalization with an overall rate for properties that are operating at a stabilized level of occupancy and are expected to continue at a stabilized rate for the foreseeable future, or DCF analysis, when changes in market or physical condition or capital expenditures will significantly affect cash flows. In either approach, historical and prospective income and expense must be analyzed and presented. Appraisals of new or proposed multi-family dwellings must consider the cost of meeting the requirements of HUD Fair Housing Act and Americans with Disabilities Act Guidelines. **Actual income, as opposed to market rents, must be utilized unless significant differences between market and actual**

rents can be attributed to property improvements and/or changes in market conditions. In those cases where market rent is utilized, the Appraiser must include calculations of rent loss until the market rent can be achieved.

The Appraisal of Owner Occupied Properties (Partial or Whole)

When valuing an owner occupied property, the Appraiser is requested to provide an estimate of Market Value Assuming a Lease at Current Market Rent. The Appraiser must also provide marketing periods for sale and lease of the property, estimated cost of any tenant improvements, commission schedules, other fixed expenses, and any deferred maintenance of capital improvements, if appropriate.

The Appraisal of Developments with Units for Sale

The appraisal of developments with units for sale such as condominiums, cooperatives, and land subdivisions prepared for Sovereign Bank must clearly state the Appraiser's opinion of the current market value of the property as a whole, as is, as if sold to a single purchaser. The Appraiser must analyze and report the present value of all of the unsold units based on a discounted sellout analysis, which must cover a time frame that is sufficient to sell off all units under development or scheduled for development at the time of appraisal, and incorporates costs to complete, marketing expenses, commissions, and an allocation for profit. A discounted sellout analysis is not required for the valuation of undeveloped future phases of a project that can be valued in bulk on a sales comparison basis.

For multifamily developments the market value estimate should also include an analysis of the rental potential assuming no sales of individual units unless otherwise instructed.

The Appraisal of Proposed Improvements

The appraisal of proposed improvements, i.e., improvements that have not yet been constructed or are under construction at the time of appraisal, must include values "upon completion" and "upon stabilization", identified as prospective values as of a stated future date and must be accompanied by the Appraiser's estimate of the current "as is" value of the subject property.

The Appraisal of Vacant or Partially Leased Income Properties

All appraisals of vacant or partially leased income properties that have not yet achieved a stabilized level of occupancy at the time of appraisal must take into account the full effects of the time required to achieve a stabilized level of occupancy and the expected expenses to be incurred during the rent up period. Such appraisals must include, in addition to the Appraiser's estimate of the current "as is" value, the Appraiser's estimate or estimates of any prospective value required in the engagement letter, including the Appraiser's estimate of the date that occupancy is expected to be stabilized. The projected date for the property to achieve full stabilized occupancy should be reconciled with the Appraiser's market analysis and absorption trends.

The Appraisal of Raw Land

Appraisals of raw land, including properties that include infrastructure improvements, must be valued utilizing comparable sales and listings. Development of a value indication employing the land residual technique is not acceptable except as a test of reasonableness and should not constitute a major component of the valuation analysis. Paired sale and quantitative adjustment grid analyses are not acceptable. Rather, sales and listings should be compared directly to the subject to establish a bracketing of a value indication.

The Appraisal of One to Four Family Residential Property

The written appraisal reports of appraisals of one to four family residential properties may be done on forms approved by the Federal National Mortgage Association (Fannie Mae), unless otherwise stipulated in the engagement letter. Form appraisals should be supplemented as may be required for compliance with USPAP and these Minimum Standards.

The Appraisal of Smaller Residential Apartment Properties

The written appraisal reports of appraisals of five to twenty family residential properties may be done on forms approved by the Federal National Mortgage Association (Fannie Mae), unless otherwise stipulated in the engagement letter. Form appraisals should be supplemented as may be required for compliance with USPAP and these Minimum Standards.

EXCHANGE HALL, ACTON, MA

**ADDENDUM
CLARK & COMPANY**

LEGAL DESCRIPTION

Bk: 47438 Pg: 76

RECORDATION REQUESTED BY:



Bk: 47438 Pg: 76 Doc: MTG
Page: 1 of 13 05/12/2006 12:38 PM

RECORD AND RETURN TO:

UCC Direct Services
187 WOLF RD. SUITE 101
ALBANY, NY 12205

MH 8380150

SD 175
51810435-18

C-13

2504

2 School Street, Acton, MA

FOR RECORDER'S USE ONLY

MORTGAGE

Glen Berger

THIS MORTGAGE dated March 21, 2006, is made and executed between Blue Bird Realty Trust, whose address is 2 School Street, Acton, MA 01720 (referred to below as "Grantor") and Sovereign Bank, whose address is 75 State Street, Boston, MA 02109 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor grants to Lender with MORTGAGE COVENANTS all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Middlesex County, Commonwealth of Massachusetts:

Beginning at the Southeasterly corner of the premises at the highway leading from South Acton to Concord, now called School Street, and adjoining a street or way leading to land formerly owned by Abram H. Jones; thence North 9 degrees, 10' East by said street or way, about 87 feet to a stake and stones at land formerly owned by Abram H. Jones; thence North 77 degrees 10' West by said Jones' land to a stake and stone; thence South 12 degrees 55' West about 75 feet to the highway first mentioned; thence Southeasterly on said highway about 51 feet to the corner and bound first mentioned with the right to pass and repass at pleasure over any land adjoining and lying within 10 feet of the above described premises.

Also, beginning at a stone bound at the Northwesterly corner of the above described premises; thence running South 78 degrees 25' West by land formerly of Abram H. Jones, about 65 feet, through the center of an ash tree to the highway above mentioned; thence Southeasterly by said highway about 74 feet to a stake and stones at the Southwesterly corner of the first described premises; thence Northeasterly on said premises about 75 feet to the corner and bound first mentioned.

The Real Property or its address is commonly known as 2 School Street, Acton, MA 01820.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

B 1 9 4 4 6 P 1 7 4

MASSACHUSETTS QUITCLAIM DEED INDIVIDUAL (LONG FORM) 882

Q-H

ROSE B. DAVIS, TRUSTEE of the DAVIS REALTY TRUST under a Declaration of Trust dated July 24, 1962, recorded in Middlesex South Registry of Deeds, Book 10091, Page 327,

of Acton, Middlesex County, Massachusetts

being ~~un~~married, for consideration paid, and in full consideration of Two Hundred Sixty Thousand (\$260,000.00) Dollars

grant to Main Street Acton Corp. *
of 2 School Street, Acton, Massachusetts with quitclaim returns

~~XXXXXXXX~~

[Description and encumbrances, if any]

A certain parcel of land with the buildings thereon situated in Acton, Middlesex County, Massachusetts, being shown as Lot #1 on a plan entitled "Plan of land in Acton, Mass. owned by: Estate of Sarah A. Greenough" dated December 3, 1974 by Acton Survey & Engineering, Inc., said plan recorded Middlesex South District Registry of Deeds Book 12757, Page 205; said premises being further bounded and described according to said plan as follows:

- WESTERLY by Main Street in three courses of eighty-four and 56/100 (84.56) feet, twenty-four and 50/100 (24.50) feet and forty and 94/100 (40.94) feet respectively;
- NORTHERLY by other land of Grantors, one hundred forty-five (145) feet;
- EASTERLY by other land of Grantors, one hundred sixty-five and 54/100 (165.54) feet;
- SOUTHEASTERLY by land now or formerly of John F. Feely, ninety and 08/100 (90.08) feet;
- SOUTHERLY by School Street by two courses of two and 86/100 (2.86) feet and twenty-seven and 56/100 (27.56) feet respectively;
- WESTERLY again by land now or formerly of Hilbur J. Tolman, one hundred two (102) feet;
- SOUTHWESTERLY by land now or formerly of Tolman forty-four (44) feet; and
- SOUTHERLY by land of Tolman, seventy-three and 93/100 (73.93) feet.

Containing 23,101 square feet of land according to said plan.

Being the same premises conveyed to me by Deed of Robert M. Greenough, et als, dated January 14, 1975 and recorded with said Deeds in Book 12757, Page 205.

Said premises are conveyed subject to the rights of way as set forth in said Deed.

I hereby state that all of the beneficiaries of said Trust have directed me to sell the real estate herein described and I further state that said Trust has not been terminated as of this date and that none of the beneficiaries are minors or are otherwise legally incompetent.

Property Address: 127 - 131 Main St., Acton, MA 01720
*** MSB, EXCISE TAX: 592.80
MSD 11/02/88 01:05:16 406 25.80

THE INFORMATION ON THIS PROPERTY IS AVAILABLE FROM
CLARK & COMPANY
QUICKCORP, 600 WYOMING
(508) 369-8333



(*Individual - Joint Tenants - Tenants in Common.)

Handwritten signature or initials.

B 1 9 4 4 6 2 1 7 5

NOTARIAL PUBLIC
STATE OF MASSACHUSETTS

Witness my hand and seal this 1st day of November, 1988.

Rose B. Davis Trustee
Rose B. Davis, Trustee

The Commonwealth of Massachusetts

Middlesex, ss.

November 1, 1988

Then personally appeared the above named Rose B. Davis, Trustee as aforesaid,

and acknowledged the foregoing instrument to be

her free act and deed, before me

Louis A. Florio
Louis A. Florio-Notary Public - ~~RENEWED~~

My commission expires June 22, 1995

CHAPTER 183 SEC. 6 AS AMENDED BY CHAPTER 427 OF 1969

Every deed presented for record shall contain or have endorsed upon it the full name, residence and post office address of the grantee and a recital of the amount of the full consideration thereof in dollars or the nature of the other consideration therefor, if not delivered for a specific monetary sum. The full consideration shall mean the total price for the conveyance without deduction for any liens or encumbrances assumed by the grantee or remaining thereon. All such endorsements and recitals shall be recorded as part of the deed. Failure to comply with this section shall not affect the validity of any deed. No register of deeds shall accept a deed for recording unless it is in compliance with the requirements of this section.

REGIONAL ANALYSIS

Regional Overview: The subject property is located in Eastern Massachusetts. The economic and social conditions of the surrounding area and the immediate neighborhood of the subject property are important factors in estimating future demand and cash flow potential for real estate.

Economic: The economic growth between 1996 and 2000 marked a significant rebound from the lengthy recession of the early 1990's. After the boom of the late 1990s, the economy reached its peak in 2000 and experienced declines for the next few years. The economy has begun to slowly recover and economic conditions are improving. This can be seen in the jobs recovery and improving commercial and industrial real estate markets. The residential markets have slowed, and even declined, after rapid price appreciation from 2001-2005, which was driven by increased demand and low interest rates.

Overall consumer confidence has declined over the past year. In Massachusetts, the level of consumer confidence has fallen from 88 in October 2005 (100.7 US average) to 76 (107 US Average) in July 2006, the last date recorded for the state. This decline is widely believed to reflect the declining residential markets. The consumer price index rose by 3.7% at mid-2006 from the 2005 annual average. In a sign that the Federal Reserve is less concerned about inflation, short-term interest rates remained unchanged at 5.25% during the 3rd quarter of the year.

As reported by the Department of Housing and Urban Development (HUD) in November 2006, nonfarm employment in New England averaged 6.927 million jobs, an increase of 43,700 jobs, or 0.6%, during the 12 months ending June 2006. With an annual job growth of less than 1% over the past 2 years, New England has had the lowest rate of job growth in the nation. Massachusetts at 20,900 net job gains had the highest increase in employment in the region. Job creation in Massachusetts was primarily in the professional and business services and health services sectors.

Goods-producing industries in the region declined by 8,900 jobs during this period. Gains in construction have been more than offset by the loss of manufacturing jobs. Service-providing industries throughout the region gained almost 53,000 jobs, an increase of 0.9 percent, with all states registering gains. Overall, New England continues to lag the nation and all other regions in the rate of job growth.

The unemployment rate in New England remained relatively unchanged from a year ago. During the 12 months ending in June 2006, the average unemployment rate was 4.6 percent, down from 4.7 percent during the previous 12 months. Vermont and New Hampshire had the lowest average rates of unemployment in the region, at 3.4 percent and 3.5 percent, respectively. Rhode Island had the highest unemployment rate at 5.2%.

Unemployment data are shown on the following table.

<u>Area</u>	<u>Unemployment Rate</u>	
	<u>June 2006</u>	<u>June 2005</u>
United States	4.6%	5.1%
New England	4.6%	4.7%
Massachusetts	5.0%	5.0%
Boston-Cambridge-Quincy	4.6%	4.5%

According to the Census Bureau, an estimated 14.2 million people reside in the New England region, an increase of 317,200 people, or 2.3 percent, since April 2000. New Hampshire had the highest rate of growth, at 6 percent, between 2000 and 2005 as Massachusetts residents continued to migrate to southern and coastal New Hampshire counties due, in part, to the lack of a state income tax. Massive job losses in the early part of the decade and significantly increasing housing costs have led to out-migration to higher growth areas, particularly to southern and western states.

Local sources indicate that increases in interest rates, land, significant increases in the cost of building materials due to economic expansion in Asia, and shortages of skilled labor in the region have affected the level of housing construction. The number of single-family homes permitted in the region during the 12 months ending June 2006 decline by 4% to 39,400.

The sales markets through the region are characterized by slowing sales, flat-to-moderate median sales price changes, and increased inventories of homes for sale. In Massachusetts, total home sales for the 12 months ending June 2006 declined by about 7 percent to approximately 46,900 units, according to the Massachusetts Association of REALTORS® (MAR). The median home sales price for this period increased by 2 percent to \$358,800.

The condominium market has also slowed as price appreciation has moderated and sales have declined. The MAR reports that condominium sales in Massachusetts were up 3.2 percent to 22,500 units during this period and that the median sales price was up 5 percent to \$277,200, a 2.5 % increase over the 12-month period. According to Listing Information Network, Inc., a real estate data service focusing on the Boston area, median condominium sales prices fell by 4.5% to \$454,400 over this period

During the 12 months ending June 2006, multifamily building activity in the region, as measured by units permitted, was up only 3 percent, totaling more than 16,000 units. More than 90 percent of those units were built in Southern New England. With 8,500 units permitted, multifamily building activity in the Boston-Cambridge-Quincy, Massachusetts-New Hampshire metropolitan area represents almost 53 percent of the units authorized in the region for the 12-month period ending June 2006.

The Boston area commercial and industrial real estate markets have begun to stabilize over the past years with some market segments showing appreciation. Investor interest from local and national investors remains strong for well-located properties with strong tenancies. Demand has been especially strong in the biotechnology and software sectors. The employment increases are primarily in office employment industries leading to increased demand for office space. In addition, many economists believe that a continued strong retail sector with many consumer goods being produced overseas will further strength the market for modern warehouse/distribution facilities.

According to CB Richard Ellis' Third Quarter 2006 MarketView report, the industrial market totals \$134.1 million square feet and has stabilized from the decline experienced between 2002 and 2005. The average asking rent has increased to \$6.66 per square foot and the NNN vacancy rate has declined to 15.3% from a rate of 17.3% in 2005. Net absorption, a prime indicator of market vitality, was 2.9 million square feet for the year to date.

The Greater Boston office market has total inventory of 165.6 million square feet. The suburban office market has 99.1 million square feet and has continued to appreciate. The overall vacancy rate has fallen to 17.1% while the average asking rent has increased to \$18.86 per square foot on a gross basis. More than 390,000 square feet of net absorption were recorded in the 3rd quarter. The 66.5 million square foot Boston CBD office market saw the vacancy rate continue to fall: it now stands at 8.2%. The average rental rates increased to \$38.19 per square foot, gross. Investment sales activity has been brisk in downtown with over \$2 billion in transaction in 2006 alone.

The Eastern Massachusetts retail market, as reported in *The Finard Report: Eastern Massachusetts/Greater Boston*, has a market inventory of 176 million square feet and grew by 2.6% during the past year. The overall vacancy rate fell to 5.6%, despite significant new construction.

The following demographic overviews are based on *The Site To Do Business On-Line* with demographic analysis and projections based on the 2004 US Census data, 2004 state data and demographic projections and analysis by Experian/Applied Geographic Solutions.

Massachusetts Demographic Overview: The current year population in is 6,461,761. The 2000 Census revealed a population of 6,349,097, and in 1990 it was 6,016,419 representing a 5.53% change. It is estimated that the population will be 6,561,659 in 2010, representing a change of 1.55% from 2005. In 2005, the median age of the population in this area was 38.0, compared to the US median age, which was 36.3.

There are currently 2,431,252 households in the state. The Census revealed household counts of 2,443,580 in 2000, up from 2,247,124 in 1990, representing a change of 8.74%. It is estimated that the number of households will be 2,419,569 in 2010, representing a change of -0.48% from the current year. For the current year, the average household size in this area is 2.66 persons.

In 2005, the median household income was \$55,165, compared to the US median, which was \$46,350. The Census revealed median household incomes of \$50,621 in 2000 and \$36,995 in 1990 representing a change of 36.83%. It is

EXCHANGE HALL, ACTON, MA

**ADDENDUM
CLARK & COMPANY**

estimated that the median household income in this area will be \$61,471 in 2010, which would represent a change of 11.43% from the current year.

In 2005, the per capita income in this area was \$27,928, compared to the US per capita, which was \$23,594. The 2005 average household income for this area was \$71,967, compared to the US average which was \$61,553.

The median housing value in Massachusetts was \$162,300 in 1990, compared to the US median of \$78,382 for the same year. The 2000 Census median housing value was \$185,061, which is a 14.0% change from 1990. In 1990, there were 1,331,502 owner occupied housing units in this area vs. 2,443,580 in 2000.

In 2005, there were 3,419,215 people over the age of 16 in the labor force. Of these 94.71% were employed, 5.12% were unemployed, 33.68% were not in the labor force and 0.11% were in the armed forces. The March 2006 unemployment rate fell to 4.9%. In 2005, there were 3,176,238 employees in this selected area (daytime population) and there were 280,413 establishments.

PROFESSIONAL QUALIFICATIONS

Charles L. Clark, Ph.D., MAI
MA Certified General Real Estate Appraiser # 123

Charles Clark brings a wide range of experience in real estate brokerage and social science research to real estate consulting/valuation. Prior to forming his own firm, he was Senior Associate at Realty Services International, where he conducted appraisals throughout the Northeast, and at Bonz & Company, where he advised institutional, corporate and governmental clients. As Director of Research for Codman Associates and Meredith & Grew, both large commercial real estate brokerage firms, he was responsible for commercial/industrial market analysis throughout Eastern Massachusetts, valuation studies, as well as consulting assignments for major financial institutions, corporations, public agencies, universities and real estate developers. He has published numerous articles in the local and national business press and newsletters on real estate market conditions in the Greater Boston area. Dr. Clark's monographs include *A Guide to Theories of Economic Development* and *The Role of Socio-Political Factors in Economic Development*. He is a Commonwealth of Massachusetts Certified General Real Estate Appraiser (License No. 123). He holds a B.A. from Bridgewater State College and a Ph.D. in Social Science from State University of New York at Buffalo. In addition, he has completed advanced real estate training at the Harvard Graduate School of Design and The Appraisal Institute. He is a member of the Appraisal Institute.

Representative projects include: appraisal of a major pharmaceutical facility in upstate New York; appraisal of over .500 million square feet of mixed-use bio-technology, office, retail and residential space in Cambridge; valuation of 1.1 million square foot industrial facility in Connecticut, appraisal and consulting for a major Boston area university's expansion of primary extension campus sites; consulting for a Rhode Island college's development potential for vacant land; analysis of market leasing dynamics for developers of office projects totaling more than one million square feet in Downtown Boston; highest and best use analysis for multiple-acre vacant land in South Boston; acquisition consulting to major public agency for purchase of major airport-related land parcels and several hundred thousand square feet of waterfront property for industrial reuse; demographic and labor-market analyses for major insurance/financial services companies relocating from downtown to suburban locations; consulting and financial analysis for redevelopment of a former aircraft facility for a combined city and state planning group; building and site assemblage consulting for a major Boston institution, airport-related facilities; and various appraisals of office, R&D, retail and industrial properties for lenders and owners.

Recent assignments include appraisals of: a proposed 108-unit affordable housing complex in Franklin, MA; a 100,000+ square foot shopping center undergoing renovation in Maine; conservation easements in Eastern Massachusetts; a proposed assisted living facility in Rhode Island; proposed condominium development in Concord, MA; conservation easements in Lincoln, MA, a self-storage/car wash facility in South Boston, a 200,000 square foot manufacturing facility in Bridgeport, CT and several office and R&D properties in the Greater Boston area.