

APPRAISAL REPORT

Pertaining to

ERICK R. JACKSON'S  
(d.b.a. Splendid Acres, LLC)

Property Located at

1363 FRANKSTOWN ROAD  
JOHNSTOWN, PENNSYLVANIA 15902

For

MR. ZACHARY HELSLEY  
APPRAISAL ADMINISTRATOR  
SOMERSET TRUST COMPANY

151 W. MAIN STREET  
SOMERSET, PENNSYLVANIA 15501

By

Ginger L. Jakubowski

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March 22, 2019

Mr. Zachary Helsley  
Appraisal Administrator  
Somerset Trust Company  
151 W. Main Street  
Somerset, PA 15501

RE: Erick Jackson (d.b.a. Splendid Acres, LLC) - 1363 Frankstown Road  
Johnstown, PA 15902

Dear Mr. Helsley,

Per your request, I have made an appraisal report of the property located at 1363 Frankstown Road, Conemaugh Township, Cambria County, Pennsylvania. The subject property is shown on Cambria County Assessment files as tax map and parcel # 14-014. -111. It is owned and titled under Erick R. Jackson, per deed book volume 2554 starting on page 548. There have been no known recorded transfers of the subject property within the past 3 years. There are no known agreements of sale or option and the property is not currently listed for sale, nor has it been listed for sale to the public within the last year. Normal marketing time for this type of property, in our market area, is estimated to be between 1-12 months, per available MLS data, the experience of the appraiser, and appraisals completed where marketing time was known. There are multiple lease agreements active on the subject property which will be discussed in detail in the income section of the report.

The purpose of this appraisal is to estimate the market value of the fee simple interest of the property based upon market conditions prevailing on March 4, 2019, the effective date of the appraisal and the date of the site and structure tour. This report is intended to assist the client Somerset Trust Company (intended user) for loan underwriting and/or credit related decisions (intended use).

This is an Appraisal Report which is intended to comply with reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. This type of report includes summarized discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value.

The final report has been prepared in conformity with standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

The report is in accordance with the Department of the Treasury, Office of the Comptroller of the Currency, 12CFR, Part 34, appraisals.

This appraisal report, of which this letter is a part, describes the applicable methods of appraisal and contains the pertinent data considered in reaching our value conclusions. The opinion of value is subject to the Statement of Assumptions and Limiting Conditions included in the report.

Based upon my analysis, it is my opinion that the market value of the fee simple interest of the subject property, based upon the current market conditions and the 'as is' condition of the subject as of March 4, 2019, is:

ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000)

Very truly yours,

A handwritten signature in blue ink, appearing to read "Ginger L. Jakubowski", is written over a light blue horizontal line.

Ginger L. Jakubowski  
Pennsylvania Certified General Real Estate Appraiser #GA004041

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Subject Photograph



Left Side & Front Views of Apartment Building



Right Side & Rear Views of Apartment Building



First Floor Apartment Building – Unit G1 Kitchen



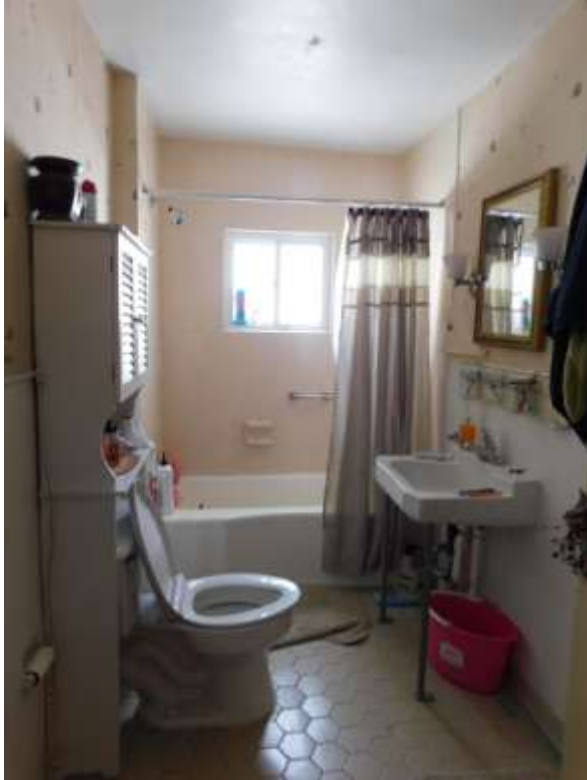
First Floor Apartment Building – Unit G1 Living Room



First Floor Apartment Building – Unit G1 Full Bath



Second Floor Apartment Building – Unit #1 Kitchen



Second Floor Apartment Building – Unit #1 Full Bath



Second Floor Apartment Building – Unit #1 Dining Room - Currently Setup as Bedroom, includes a private, stackable washer and dryer



Second Floor Apartment Building – Unit #2 Kitchen



Second Floor Apartment Building – Unit #2 Living Room



Second Floor Apartment Building – Unit #2 Full Bath



Stair Access to Third Floor



Third Floor Apartment Building – Unit #3 Kitchen



Third Floor Apartment Building – Unit #3 Living Room



Third Floor Apartment Building – Unit #3 Full Bath



First Floor Apartment Building – Coin Operated Laundry



First Floor Apartment Building – Water Meters



First Floor Apartment Building – Water Heaters 1 & 2



First Floor Apartment Building – Water Heaters 3 & 4



First Floor Apartment Building – Electrical Panel Boxes



First Floor Apartment Building – Additional Electrical Panel Box



First Floor Apartment Building – Propane Gas Fired Furnace



First Floor Apartment Building – Storage



Propane Tanks for Apartment Building



Separate Electric Meters for Apartment Building



Left Side & Front Views of Accessory Single Family Unit Building



Rear View of Accessory Single Family Unit Building



Accessory Single Family Unit Building Unit R1 – Kitchen



Accessory Single Family Unit Building Unit R1 – Full Bath



Accessory Single Family Unit Building Unit R1 – Water Heater & Oil Tank



Accessory Single Family Unit Building Unit R1 – Furnace



Accessory Single Family Unit Building Unit R1 – Laundry



Electric Meter for Single Family Unit Accessory Building



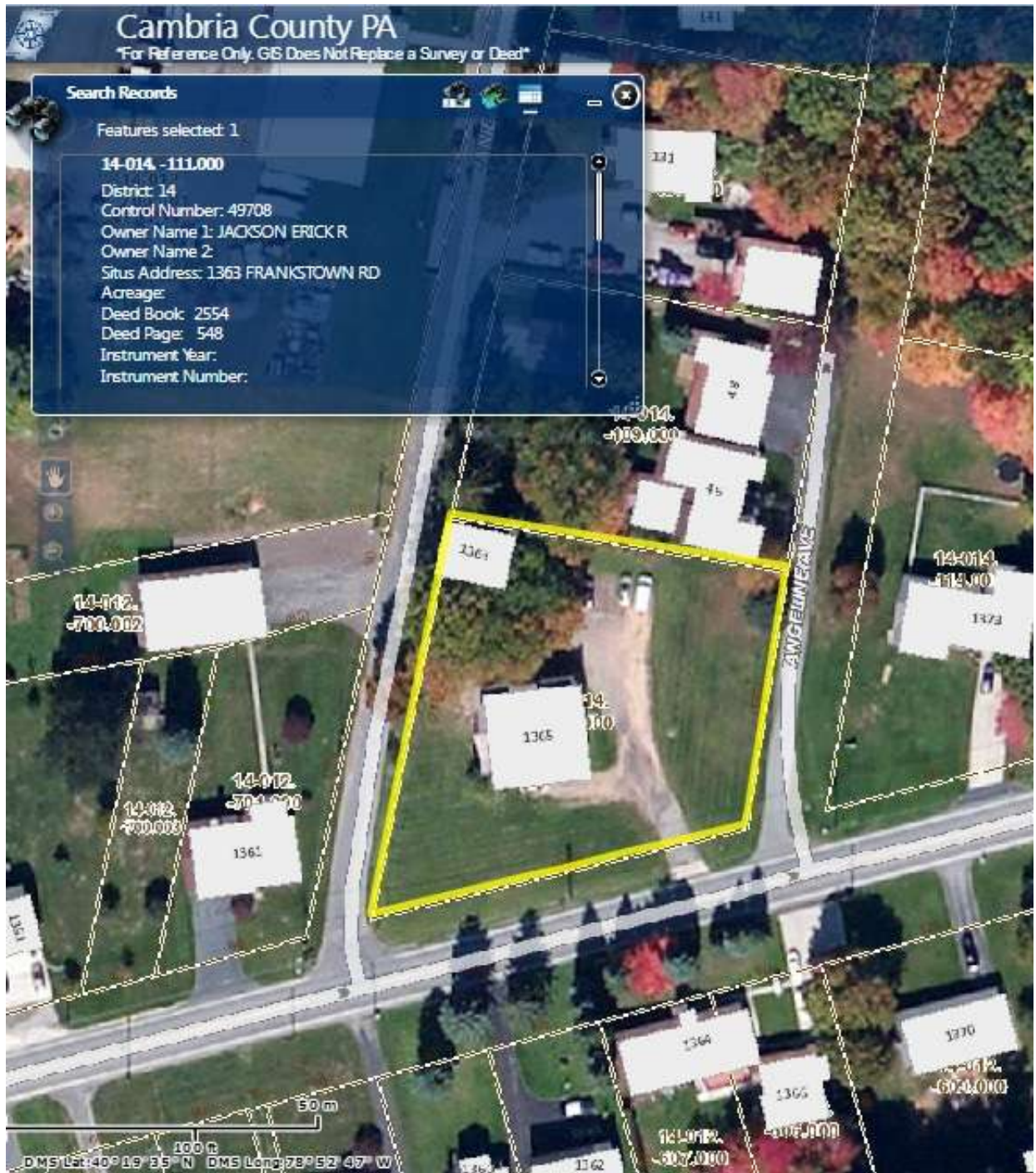
Additional Side Yard Area and Driveway Entrance to Property from Frankstown Road



Street Scene – Frankstown Road



Street Scene – Frankstown Road (Opposite Direction)



Aerial View from Cambria County GIS

## APPRAISAL REPORT

**Owners: Erick R. Jackson**

**Interest Appraised: Fee simple**

**Estimated market value of Entirety: \$150,000**

**Effective date of the Appraisal: March 4, 2019**

**Date of Inspection: March 4, 2019**

**Site Description:** The site is comprised of a basically rectangular shaped parcel with frontage along township maintained Frankstown Road as well as side streets Janie Street and Angeline Avenue. Total site size is approximately 179' x 175' = 31,325 SF = 0.72 acre (per county records). Public water, sewer, and electricity are all available and all currently service the subject site. An extraordinary assumption is being made that the sewer lines are fully compliant with all current governmental standards. Use of said extraordinary assumption may have an impact on the appraisal results. There is C - Commercial zoning for this portion of Conemaugh Township. The subject property's use as a multi-family residential property is a legal (grandfathered) non-conforming use based having been in operation as such prior to the creation of the zoning ordinance for the township. This was verified by text message on March 15, 2019 with the zoning officer. Building and sewer permits are also required within the township. The FEMA map of the municipality (community map and panel #42021C0384D, effective date for the map of June 19, 2012) indicates that the subject property is located in an "X" flood prone hazard area. There was no standing water on the site on the date of inspection. There are no known environmental hazards on the site, but that fact is not warranted by the appraiser. Soil conditions are considered to be suitable for building purposes. The site supports an apartment bldg. with and an additional single family unit accessory building.

**Building Description(s): Main Structure:** The main structure is a two and a half story raised cape cod apartment building that was originally built in the 1940's (approximately, based upon the materials used since the county records only show a question mark for the structure's date of construction). The lower level is fully at-grade so there is no basement level. It was built over a concrete slab with concrete block footers. Exterior walls are concrete block and brick with some siding on the dormers. The roof system is pitched with shingle covering and gutters and downspouts are present. Windows are a mixture double hung and awning throughout. There is total above grade area of 4,451 SF. There are a total of four apartments. Apartment G1 is at ground level and has kitchen, living room, 2 bedrooms, and full bath. Apartments 1 & 2 are on the second floor and both have kitchen, living room, dining room, 1 bedroom and full bathroom. Apartment 1 currently has the living room and dining room setup as bedrooms. Apartment 3 spans the entire third floor with a living room, dining room, kitchen, den, 3 bedrooms, and full bath. Interior finishes

for the apartment units include: laminate, vinyl, wood, and carpet flooring; plaster, panel, and drywall walls; wood trim/finish; and bathroom floors are vinyl with plaster and tile wainscoting. All units have their own electric meters and there is a separate meter for the ground level mechanical and common areas. HVAC for the structure is a NEW propane gas fired forced air furnace and there is no central air conditioning. Actual age of the structure is unknown but estimated to be 70+ years. Effective age is 20 years, and remaining economic life is estimated to be 25 years. Overall condition is generally average.

**Accessory Single Family Unit Building:** Unit R1 is a detached 1 story ranch style structure. It was built over a concrete slab with concrete block footers. The exterior walls are aluminum siding and the roof is pitched with metal covering. Windows are all double hung. Total above grade area is 972 SF. There is a living room, kitchen, 2 bedrooms, full bath, and separate utility area. Interior finishes include: laminate and vinyl flooring; panel and drywall walls; wood trim/finish; and tile flooring with tile and plaster wainscoting in the bathroom. HVAC for this structure is an oil fired hot water system and there is no central air conditioning. Actual age of the structure is unknown but estimated to be 70+ years. Effective age is 20 years, and remaining economic life is estimated to be 25 years. Overall condition is generally average.

**Highest and Best Use: Apartment Building**

**Purpose of Appraisal: Market value**

**Estimated Marketing Time: 1-12 months**

**Indicated Land Value: N/A**

**Indicated Value by the Cost Approach: N/A**

**Indicated Value by the Income Approach: \$154,000**

**Indicated Value by the Sales Comparison Approach: \$140,000**

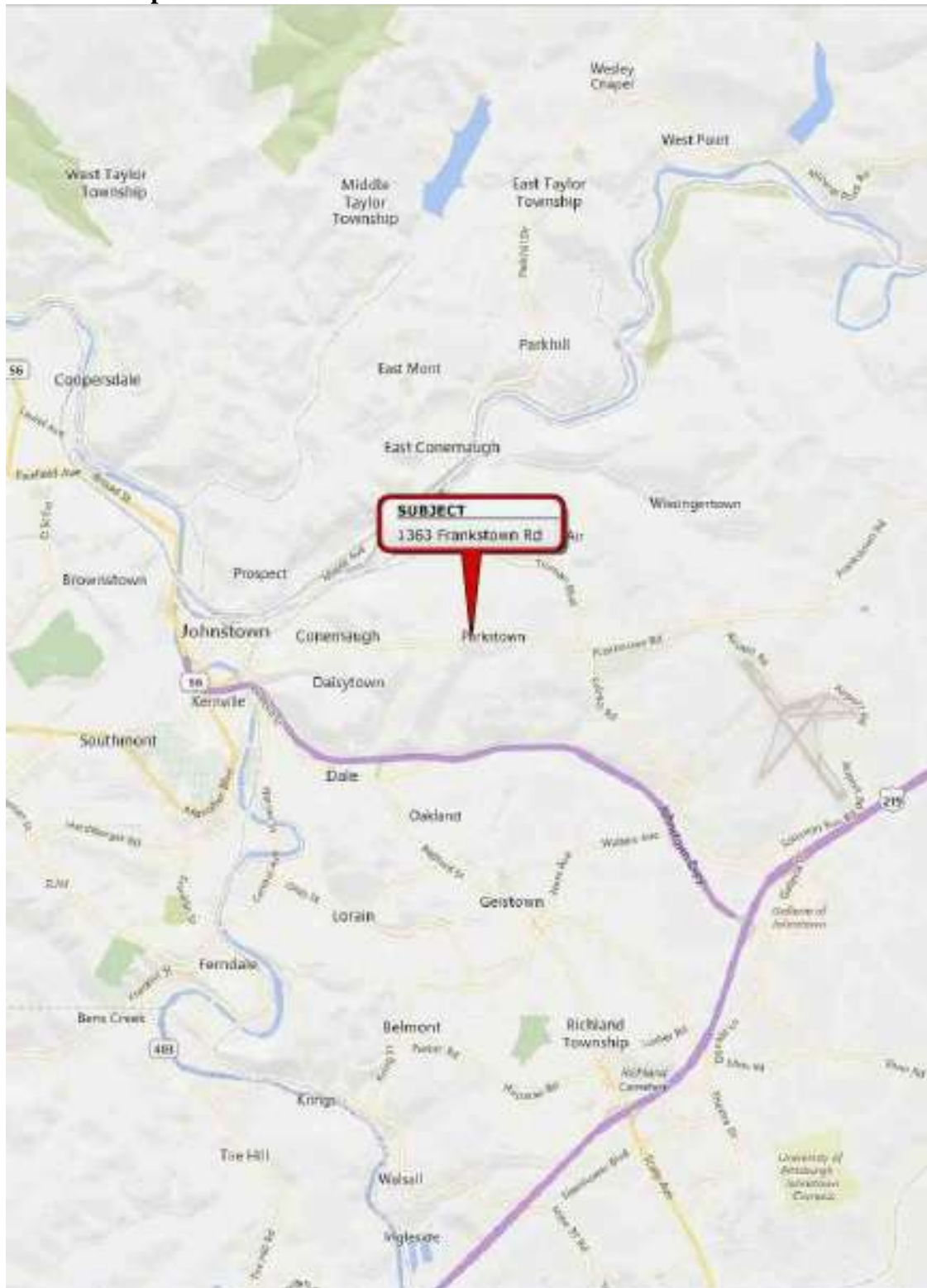
**Competency Statement: I have appraised many similar use and location properties over the past 23+ years. I believe I am competent to complete this assignment.**

**Real Estate Property Taxation Info.**

**\$24,480 (county assessed value) x's 106.2772 (total mills for taxing bodies) =  
\$2,602 (2018/2019 annual property taxes)**

**\$24,480 (county assessed value) divided by 26.9% (2018/2019 Common Level Ratio) =  
\$91,004 (2018/2019 County Market Value)**

## Location Map



# Conemaugh Township Zoning Map

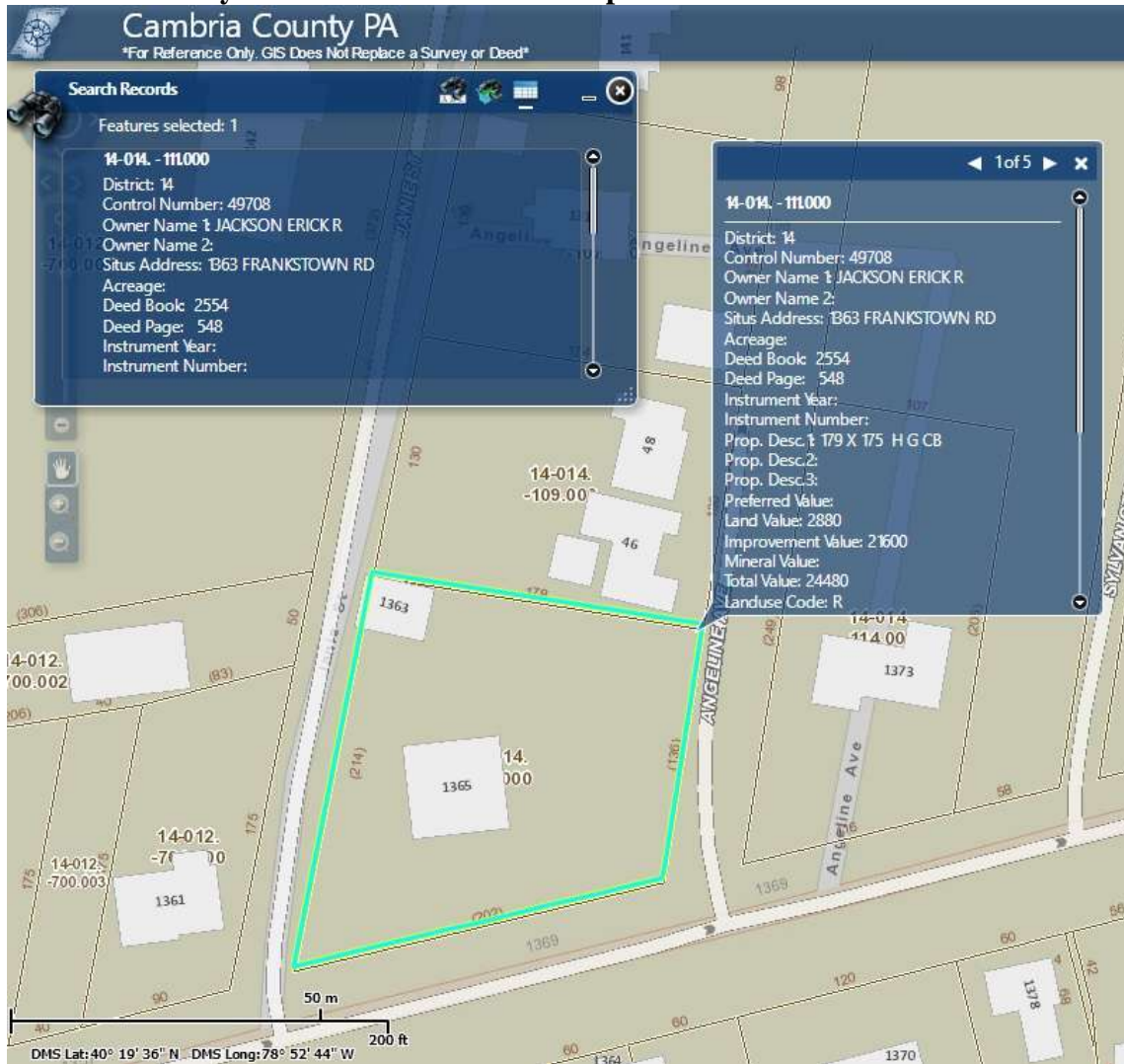


Approximate  
Location of  
Subject Property

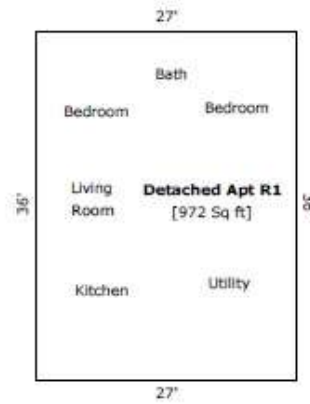
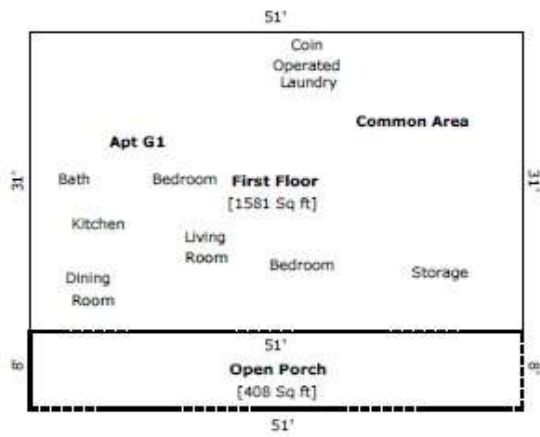
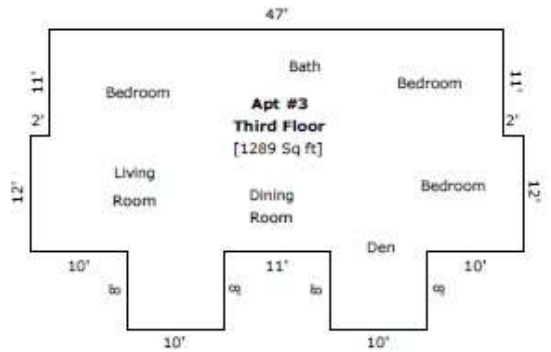
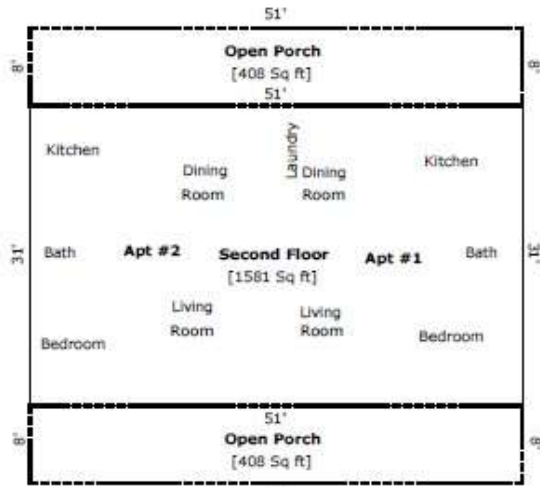
## LAYER LEGEND ZONING DISTRICT

A/R-1	AGRICULTURAL/RESIDENTIAL (LOW DENSITY)	S	CONSERVANCY
A/R-2	AGRICULTURAL/RESIDENTIAL (MEDIUM DENSITY)	U	URBANIZED
R-3	MULTI-FAMILY RESIDENTIAL (HIGH DENSITY)	O/R	OPEN SPACE AND RECREATION
MH	MOBILE HOME PARKS	A	AGRICULTURAL
C	COMMERCIAL	WD-1	WASTE DISPOSALS-PERMANENT LAND DISPOSAL
L-1	LIGHT INDUSTRIAL	WD-2	WASTE DISPOSAL,TEMPORARY,TRANSFER, RECYCLING COLLECTION
L-2	HEAVY INDUSTRIAL	N-1	SURFACE MINING (BY SPECIAL EXCEPTION)
FP	FLOOD PLAIN		

# Cambria County Tax Assessment Parcel Map



# Building Sketch



## Certification

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 with respect to the parties involved.

I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

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.

My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.

I have made a personal inspection of the property that it is the subject of this report.

No one provided significant professional assistance to the person signing this certification.

Appraiser Signature:  Date: March 22, 2019

**Pennsylvania Certified General Real Estate Appraiser**  
**#GA004041**

(USPAP 2018-2019 Edition © The Appraisal Foundation)

## **Assumptions and Limiting Conditions**

Contingent and Limiting Conditions: The appraiser's certification that appears in the appraisal report is subject to the following conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and therefore, will not tender any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
2. The appraiser has provided a sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to help the reader of the report in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps provided by the Federal Emergency Management Agency (or other date sources) and has noted in the appraisal report whether the subject sited is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, she makes no guarantees, express or implied regarding this determination.
4. The appraiser will not give testimony or appear in court because they made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
5. The appraiser has noted in the appraisal report any adverse conditions (such as, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that they became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered an environmental assessment of the property.
6. The appraiser obtained the information, estimates, and opinions expressed in the appraisal report from sources that they consider to be reliable and are believed to be true and correct. The appraiser does not assume responsibility for the accuracy of such items furnished by other parties.
7. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.

8. The appraiser has based her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alteration, on the assumption that completion of the improvements will be performed in a workmanlike manner.

9. The appraiser must provide her prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organization or the firm with which the appraiser is associated) to anyone other than the borrower; the mortgagee or its successors and assigns; the mortgage insurer; consultants; professional appraisal organizations; any state or federally approved financial institution; of any department agency, or instrumentality of the United States or any state or the District of Columbia; except that the lender/client may distribute the property description section of the report only to data collection or reporting service(s) without having to obtain the appraisers' prior written consent. The appraisers' written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, new, sales, or other media.

10. The appraisal is prepared in conformance with the USPAP guidelines.

### **Market Value Definition**

The agencies' appraisal regulations state, in part:

“*Market value* means 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 that the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Buyer and seller are well informed or well advised, and are acting in what they consider their 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.”

**(USPAP – Advisory Opinions 2018-2019 Edition © The Appraisal Foundation)**

## **Property Rights Appraised**

The property rights being appraised in this report consist of the fee simple estate bundle of rights.

## **Purpose of the appraisal**

The purpose of this appraisal is to estimate the market value of the fee simple interest of the property based upon market conditions prevailing on March 4, 2019, the effective date of the appraisal and the date of the site and structure tour. This report is intended to assist the client Somerset Trust Company (intended user) for loan underwriting and/or credit related decisions (intended use).

## **Appraisal Reporting Process**

This is an Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. This type of report includes summarized discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value.

## **Ownership, Sales History and Current Sales Status of the Subject Property**

The subject property is shown on Cambria County Assessment files as tax map and parcel # 14-014. -111. It is owned and titled under Erick R. Jackson, per deed book volume 2554 starting on page 548. There have been no known recorded transfers of the subject property within the past 3 years. There are no known agreements of sale or option and the property is not currently listed for sale, nor has it been listed to the public within the last year. Normal marketing time for this type of property, in our market area, is estimated to be between 1-12 months, per available MLS data, the experience of the appraiser, and appraisals completed where marketing time was known. There are multiple lease agreements active on the subject property which will be discussed in detail in the income section of the report.

## **Scope of the Appraisal**

Definition: This type and extent of research and analyses in an assignment per USPAP 2018-2019.

The appraisal will consider and apply the three generally accepted approaches to value: cost, income capitalization, and sales comparison. Typically, the income producing properties are purchased based on their anticipated income producing performance. I have found that local users and investors in our market area typically utilize income capitalization methods as their primary indicator of the value of properties, when that approach is viable. The sales comparison approach, where adequate data exists, is also a strong indicator of value. The cost approach will primarily test the reasonableness of the other two approaches. It will take a stronger position only when the other approaches are not considered viable.

On a micro level, the following steps incorporated in this appraisal include:

A. The physical improvements will be analyzed to determine their condition and functional utility when compared to the subject market segment's demand and competitive supply.

B. The existing and proposed competitive supply of comparable properties will be examined to determine the demand, penetration, and future competitiveness in the local market.

C. A forecast of the subject's potential rental income, vacancy rates, and operating expenses will be made based on existing rental incomes and anticipated market conditions in the local market. This forecast will form the base of the income approach to value.

D. The subject's economic environment will be considered on both an area and neighborhood basis to determine demographic and economic trends which have the potential to impact the local and regional market.

E. The final value estimated will be properly reconciled after weighing the indicated values by the cost, income, and sales comparison approaches to value.

Public officials from Cambria County provided information on zoning, current assessment and tax rate, economic development, and demographic data. The estimated size of the subject site was based upon surveys, county records, borough or township records, and legal description, where available.

### **Marketing Period**

The marketing period of the subject property is defined in this report as the time it might take to sell an interest in real property, in this case the fee simple interest, at its estimated market value during the period immediately after the effective date of the appraisal, allowing for appropriate time for negotiation, the exercise of due diligence, and the consummation of the sale.

Comparable sales in the local market indicate marketing times of 1 to 12 months.

Knowledgeable real estate brokers in the area indicate that this range is typical of commercial properties in the local market area. My experience also indicates a marketing term as is set forth. Therefore, it is my opinion that the market time for this property would be 1 to 12 months.

Exposure time, which is defined in this report 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 the appraisal, is estimated to 1 to 12 months.

## **AREA ANALYSIS**

### **I. Regional Influences**

#### **Location and General information**

The general location of the subject area is the Cambria & Somerset county market area. This section takes in the cities of Johnstown, Somerset, Ebensburg, and Windber. From the City of Johnstown, Pittsburgh is 70 miles to the West, Harrisburg is 150 miles to the East. The Maryland border is 60 miles to the South, and the New York border is 190 miles to the North.

The area is nestled in a beautiful mountain range known as the Laurel Mountain Ridge. There are several ski resorts within a one hour drive to the South in Somerset County and in nearby Westmoreland County.

#### **Transportation**

There are several major highway routes in the area. These include the Pennsylvania Turnpike with exits in Donegal, Somerset, and Bedford. Interstate #80, a limited access highway, runs East-West across the state approximately 80 miles North of the area. Part of Route #220 in Bedford and Blair Counties has been rename interstate #99. It is limited access from Bedford to connect with I-80 in Milesburg. There is access by way of routes #219 and #119, which vary from two to four lanes (limited access). Route #22 runs East-West through the center of Cambria County.

There is both rail and bus transportation to and from the area. These systems travel on set schedules. There is freight rail available and also service from companies such as UPS and Federal Express.

Cambria County Airport is located just two miles from both the centers of Johnstown and fast growing Richland Township. An exit off limited access route #219 makes the airport closer for much of the community. This exit also serves the Johnstown Industrial Park and the Galleria Mall commercial complex.

#### **Municipal Services**

There are several municipal water and sewer companies operating in the area. The largest of these are the Greater Johnstown Water Authority and the Highland Water and Sewer Authority. Between them, they serve over half of the homes in the area. The electricity to area properties is provided by Pennsylvania Electric Company (Penelec). Natural gas is provided in the area by Dominion People's Natural Gas and Columbia Gas.

There is municipal trash collection in most of the area. Most of the borough and townships also have old item and yard cuttings pickup service. There is a paid fire department in the City of Johnstown. The remainder of the area is served by part paid and part volunteer units. Most of the paid those that work as EMT's through area ambulance services.

## Population

The Cambria/Somerset area lost population from the 1980 to 1990, 2000 and 2010 U.S. census periods. Some Johnstown proper loss was shown as gains in the local suburbs, but most left the area totally. This trend is typical of older heavy industry towns that have not properly turned toward light industrial and service type employment. Most persons who left did so for economic reasons. This loss in population can be shown in the 1980, 1990, 2000 & 2010 census reports. The trend appears to continue for the present date.

## II. Economic Influences

### Industrial

Steel and coal have always been the industry's 'looked at for basic production' in the area. This type of industry could also be counted on to produce spin-off supply functions, such as trucking, material supply, power supply, and rail for shipping and raw material delivery. Farming has also been a strong basic industry and continues in that role.

These basic industries have been in decline for approximately the past 30 years. Several factors can be attributed to decline. Changes in environmental laws required large amounts of money to be diverted from updating production capabilities to satisfying increasingly stringent DER and EPA regulations. Secondly, metal making coal was not needed with the new electric type steel furnaces. Furthermore, new methods of steel making required more machines and fewer people. The area lost approximately 19,000 steel and coal mining jobs between 1977 and 1990 when steel making ceased in Johnstown. The coal mines mostly produced metallurgical grade product which was used in the production of coke for steel making process.

There is a medium size light industrial park located in suburban Richland Township. The park has 20 small to moderate sized companies that employ approximately 2,500 people. There are small industrial parks in Ebensburg, Somerset, and the city of Johnstown has an area of the 7<sup>th</sup> Ward known as the Hornerstown Industrial Park. The parks in Richland Township and Ebensburg were in the process of expansion due to the demand and sell-out of most existing parcels. A windmill manufacturing company was built and operational but has since been shuttered and is for sale in the Ebensburg park. A small industrial park is was developed in Boswell, Somerset County, with two structures built and a third finalized. These parks were built by authorities with public funding and offer attractive financing packages for interested parties.

There has been some increase in defense related industrial and office jobs in the Johnstown region due to the influence of the late Congressman Murtha and his prior position on the armed services committee. It is being proven to all parties that some of these jobs have grown roots and are continuing to survive since his death in 2010.

### Commercial

The downtown areas of Johnstown, Ebensburg, Somerset, and Windber had much of the retail and office use entities up until the mid 1970's when suburban areas developed and the advent of

the shopping center began. Much of that growth took place in Richland Township, along SR 601 (North Center Avenue) in Somerset, and along SR 22 (Admiral Peary Highway) in Cambria Township. There has also been an out-migration of office tenants, primarily to suburban Richland Township where approximately 200,000 SF of space has been developed over the past 20+/- years. This has produced a high vacancy rate for office space in the downtowns areas. This is not a unique trend for our market area, but has taken place all across the USA.

The result is substantial growth in the outlying areas. The most growth in the area has been in Richland Township. This section has grown for about 2,500 people in 1960 to 12,814 people at the 2010 census. The township has also seen a dramatic growth in commercial activity. The Galleria shopping mall, several strip centers, and a multitude of restaurant chains are all located in a 1 mile square area bounded by Route 219 and Scalp Avenue. Super Walmart plazas have been constructed and have been opened in Ebensburg, Somerset, and Richland Township within the past decade. Many of the “big box” players are also present, such as Lowe’s & Home Depot.

The downtown areas, with their inferior ingress/egress and parking, have become more service areas rather than a retail center.

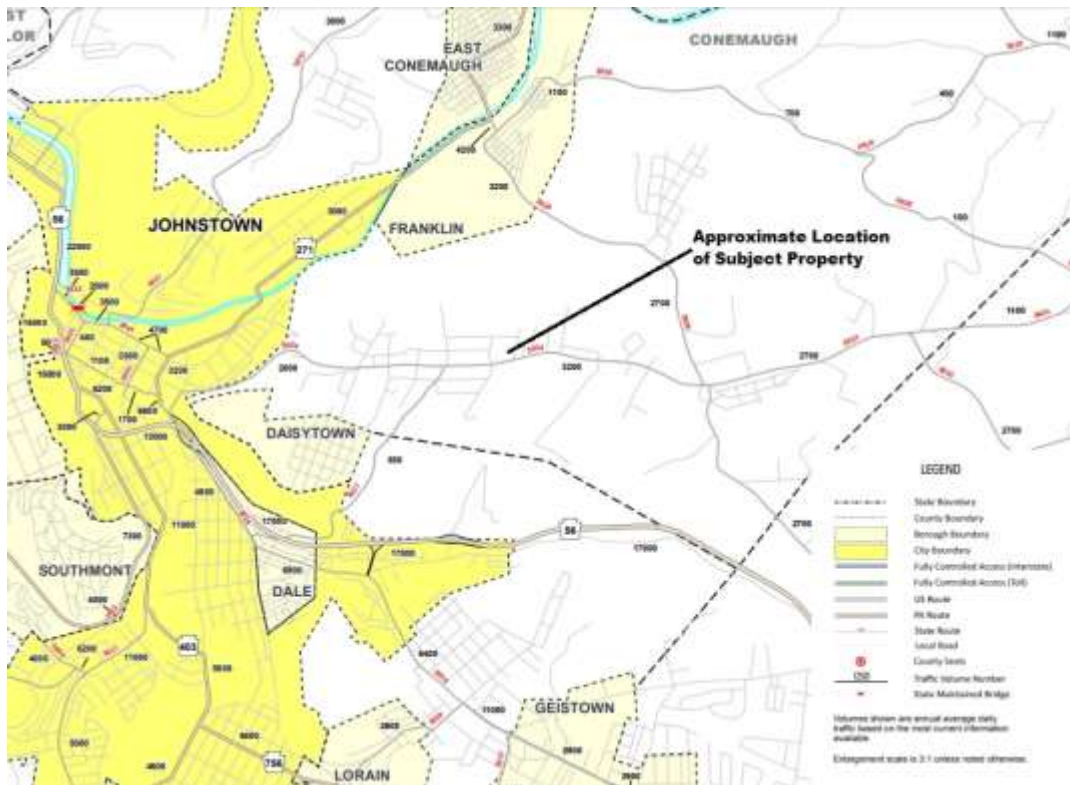
#### Employment

The employment picture has been bleak in the area since the late 1970’s. The region has been among the top areas in the state in employment statistics for most the past three decades. As stated above, much of the loss in relatively high paying industry related jobs have been replaced by lower paying retail and service professions. These new jobs do not have the wage scale or benefits of the former union positions.

## NEIGHBORHOOD

The neighborhood is Conemaugh Township, Cambria County limits. This municipality lies to the North of the Greater Johnstown Area and South from Jackson Township which includes SR 22 (running East to West). There are commercial properties scattered through-out the township, primarily focused along the main roads. Located back one block from these busy retail commercial properties are single family dwellings and a few multiply family homes. The side streets are typical fully developed with only a few remnant parcels vacant. Much of the usable and available land has been built upon.

2017 PennDOT Traffic Volume Map (published Nov. 2018)



**TOP REGIONAL EMPLOYERS FOR**

Cambria County, PA

Somerset County, PA

- |   |   |
|---|---|
| 1. DLP Conemaugh Health System                  | 1. State Government                         |
| 2. State Government                             | 2. Seven Springs Mountain Resort            |
| 3. Federal Government                           | 3. Somerset Hospital                        |
| 4. Cambria County                               | 4. Windber Hospital, Inc.                   |
| 5. St. Francis University                       | 5. ROXCOAL Inc.                             |
| 6. Wal-Mart Associates Inc.                     | 6. Somerset County                          |
| 7. Concurrent Technologies Corp.                | 7. Somerset Area School District            |
| 8. Conemaugh Health Initiatives Inc.            | 8. CVS PA Distribution Inc.                 |
| 9. American Red Cross Blood Services            | 9. Wal-Mart Associates Inc.                 |
| 10. Greater Johnstown School District           | 10. Hidden Valley Four Seasons Resort       |
| 11. Giant Eagle Inc.                            | 11. Somerset Trust Co.                      |
| 12. University of Pittsburgh                    | 12. Church of the Brethren Home             |
| 13. Sheetz Inc                                  | 13. North Star School District              |
| 14. Alleghenies Unlimited Care Provider         | 14. Laurel View Village                     |
| 15. Forest Hills School District                | 15. Devilbiss Healthcare LLC                |
| 16. Metlife Group Inc.                          | 16. PBS Coals Inc.                          |
| 17. Mount Aloysius College                      | 17. Windber Area School District            |
| 18. Lockheed Martin Aeroparts Inc.              | 18. North American Hoganas Inc.             |
| 19. Cambria Care Center                         | 19. Wheeler Brothers Inc.                   |
| 20. Arbutus Park Manor                          | 20. Federal Government                      |
| 21. Penn Cambria School District                | 21. Somerset Welding & Steel Inc.           |
| 22. Johnstown Wire Technologies Inc.            | 22. Conemaugh Township Area School District |
| 23. Galliker Dairy Co.                          | 23. Berlin Brothersvalley School District   |
| 24. AmeriServ Financial                         | 24. Meadowview Nursing Center               |
| 25. Childrens Behavioral Health Inc.            | 25. Senior Choice Inc.                      |
| 26. Laurel Technologies                         | 26. Meyersdale Area School District         |
| 27. Central Cambria School District             | 27. Envoy of Somerset                       |
| 28. Bottling Group LLC                          | 28. Birds Eye Foods LLC                     |
| 29. Inter-Media Marketing Inc.                  | 29. Leiss Tool & Die Co.                    |
| 30. Westmont Hilltop School District            | 30. Bedford-Somerset MH/MR                  |
| 31. Johnstown Welding & Fabrication Inc.        | 31. Boswell Pharmacy Services               |
| 32. Lifestyle Support Services                  | 32. Giant Eagle Inc.                        |
| 33. Pennsylvania Highlands                      | 33. HMS Host Family Restaurants LLC         |
| 34. Nutrition Inc.                              | 34. Maak Alamo LLC                          |
| 35. Alternative Community Resource Prg.         | 35. Sheetz Inc.                             |
| 36. Cambria Heights School District             | 36. Meyersdale Medical Center               |
| 37. Richland School District                    | 37. Highland Tank & manufacturing Co.       |
| 38. Home Nursing Agency Affiliates              | 38. Rockwood School District                |
| 39. Goodwill Industries of the Conemaugh Valley | 39. Rockwood MFG. Co.                       |
| 40. LaurelWood Care Center LLC                  | 40. Argonaut Management Services            |

*List was obtained from the February 23, 2014 Tribune Democrat Newspaper*


The following pages include information from the U.S. Census Tract.

People	
Population	
Population estimates, July 1, 2017, (V2017)	133,054
Population estimates base, April 1, 2010, (V2017)	143,674
Population, percent change - April 1, 2010 (estimates base) to July 1, 2017, (V2017)	-7.4%
Population, Census, April 1, 2010	143,679
Age and Sex	
Persons under 5 years, percent	4.9%
Persons under 18 years, percent	19.2%
Persons 65 years and over, percent	22.0%
Female persons, percent	50.8%
Race and Hispanic Origin	
White alone, percent(a)	94.1%
Black or African American alone, percent(a)	3.6%
American Indian and Alaska Native alone, percent(a)	0.1%
Asian alone, percent(a)	0.6%
Native Hawaiian and Other Pacific Islander alone, percent(a)	0.1%
Two or More Races, percent	1.6%
Hispanic or Latino, percent(b)	1.6%
White alone, not Hispanic or Latino, percent	92.9%
Population Characteristics	
Veterans, 2012-2016	11,968
Foreign born persons, percent, 2012-2016	1.2%
Housing	
Housing units, July 1, 2017, (V2017)	65,972
Owner-occupied housing unit rate, 2012-2016	74.1%

Median value of owner-occupied housing units, 2012-2016	\$88,200
Median selected monthly owner costs -with a mortgage, 2012-2016	\$995
Median selected monthly owner costs -without a mortgage, 2012-2016	\$421
Median gross rent, 2012-2016	\$586
Building permits, 2017	83
<b>Families &amp; Living Arrangements</b>	
Households, 2012-2016	57,214
Persons per household, 2012-2016	2.27
Living in same house 1 year ago, percent of persons age 1 year+, 2012-2016	88.8%
Language other than English spoken at home, percent of persons age 5 years+, 2012-2016	2.9%
<b>Education</b>	
High school graduate or higher, percent of persons age 25 years+, 2012-2016	90.5%
Bachelor's degree or higher, percent of persons age 25 years+, 2012-2016	20.2%
<b>Health</b>	
With a disability, under age 65 years, percent, 2012-2016	12.7%
Persons without health insurance, under age 65 years, percent	6.0%
<b>Economy</b>	
In civilian labor force, total, percent of population age 16 years+, 2012-2016	55.0%
In civilian labor force, female, percent of population age 16 years+, 2012-2016	51.0%
Total accommodation and food services sales, 2012 (\$1,000)(c)	179,029
Total health care and social assistance receipts/revenue, 2012 (\$1,000)(c)	1,047,349
Total manufacturers shipments, 2012 (\$1,000)(c)	1,798,810
Total merchant wholesaler sales, 2012 (\$1,000)(c)	664,908
Total retail sales, 2012 (\$1,000)(c)	1,733,778
Total retail sales per capita, 2012(c)	\$12,246
<b>Transportation</b>	
Mean travel time to work (minutes), workers age 16 years+, 2012-2016	24.0
<b>Income &amp; Poverty</b>	
Median household income (in 2016 dollars), 2012-2016	\$42,917
Per capita income in past 12 months (in 2016 dollars), 2012-2016	\$23,993
Persons in poverty, percent	15.6%
<b>Businesses</b>	
<b>Businesses</b>	
Total employer establishments, 2016	3,171

Total employment, 2016	46,970
Total annual payroll, 2016 (\$1,000)	1,645,418
Total employment, percent change, 2015-2016	0.9%
Total nonemployer establishments, 2016	6,241
All firms, 2012	8,860
Men-owned firms, 2012	4,632
Women-owned firms, 2012	2,856
Minority-owned firms, 2012	523
Nonminority-owned firms, 2012	7,807
Veteran-owned firms, 2012	789
Nonveteran-owned firms, 2012	7,308
<b>Geography</b>	
<b>Geography</b>	
Population per square mile, 2010	208.7
Land area in square miles, 2010	688.35
FIPS Code	42021

*Value Notes*

*Estimates are not comparable to other geographic levels due to methodology differences that may exist between different data sources. Some estimates presented here come from sample data, and thus have sampling errors that may render some apparent differences between geographies statistically indistinguishable. Click the Quick Info  icon to the left of each row in TABLE view to learn about sampling error. The vintage year (e.g., V2017) refers to the final year of the series (2010 thru 2017). Different vintage years of estimates are not comparable.*

*Fact Notes*

- (a)Includes persons reporting only one race*
- (b)Hispanics may be of any race, so also are included in applicable race categories*
- (c)Economic Census - Puerto Rico data are not comparable to U.S. Economic Census data*

*Value Flags*

*D*Suppressed to avoid disclosure of confidential information

*F*Fewer than 25 firms

*FN*Footnote on this item in place of data

*NA*Not available

*SS*Suppressed; does not meet publication standards

*X*Not applicable

*Z*Value greater than zero but less than half unit of measure shown

*-Either no or too few sample observations were available to compute an estimate, or a ratio of medians cannot be calculated because one or both of the median estimates falls in the lowest or upper interval of an open ended distribution.*

*QuickFacts data are derived from: Population Estimates, American Community Survey, Census of Population and Housing, Current Population Survey, Small Area Health Insurance Estimates, Small Area Income and Poverty Estimates, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits.*

## **Highest and Best Use Analysis**

Definition: The Highest and Best Use is that reasonable and probable use that will support the highest present value as of the date of the appraisal. Alternatively, it is the most profitable likely use to which a property can be put. It may be measured in terms of the present worth of the highest net return that the property can be expected to produce over a stipulated long run period.

In estimating the highest and best use for both the land (as though vacant) and the property (as improved), there are four stages of analysis.

### 1. Possible use

This stage asks, 'What are the physically possible uses for the subject site?' The subject site is basically level and can support almost any building project.

### 2. Legal Permissible Use

This stage asks, 'What uses are permitted on the subject property by zoning authorities and deed restrictions?' There is C - Commercial zoning for this portion of Conemaugh Township. Due to limited exposure commercial use properties along this corridor are felt to satisfy the existing needs. Multi-family is allowable based upon the subject's pre-existing use. It is a legal (grandfathered) non-conforming use since the property had been used as a multi-family use property prior to the local municipality adopting zoning restrictions.

### 3. Financially Feasible Use

This stage asks, 'Which types of possible and legally permissible uses will provide a positive net return to the user or investor?' A positive net present value or acceptable rate of return would indicate that a use is financially feasible. Multiply Family apartment complex will provide a positive net return to the user or investor.

### 4. Maximally Productive

This stage asks, 'Of the financially feasible uses, which provides the highest net return to the subject property?' Multiply family apartment complex provides the highest net return to the subject property.

Therefore, it is my opinion that the Highest and Best Use for the subject property, as though vacant, is multiply family apartment complex. The use as improved is the same. This is the current use of the property and has been for many years.

## **Methods of Valuation**

There are three generally used methods in the valuation of real property. These are the cost, income, and sales comparison approaches.

The cost approach takes the cost to rebuild the property, deducts for depreciation factors, and then adds market value of the site to the depreciated value of the buildings. We find that knowledgeable buyers of income producing properties generally base their purchase on the forecasted net operating income of a given property. The cost approach, while generally reliable for newly constructed properties, becomes more difficult to quantify as the building improvement deteriorates.

Estimating depreciation can be highly subjective with little hard data to substantiate the adjustments. When appraising a new or nearly new property enjoying little or no depreciation, the cost approach is a more convincing approach to value. Due to the required amount of depreciation, this approach was rendered non-applicable and was not completed.

In the income approach to value, a potential rental income is estimated based on the total market rent an income producing property could generate. The PRI is then deducted by a vacancy and credit loss factor, and further reduced by normal operating expenses. Actual lease data was reviewed and compared to the market rental rates. This approach is felt to be the strongest indicator of value since most investors in our marketplace analyze and utilize this method mostly when determining to purchase.

The sales comparison approach to estimating value takes comparable sales of similar properties and adjusts for items such as location, age, condition, quality of construction, and financing terms. The sales comparison approach to value is most effective when appraising relatively homogeneous properties where several recent sales in the subject's neighborhood have occurred.

The income approach and the sales comparison approach to value will be covered in the following pages.

## **Income Approach to Value**

The income approach to value is based on the economic principle of anticipation. As stated in *The Appraisal of Real Estate, 3rd Edition*, all income capitalization methods attempt to consider anticipated future benefits and estimate their present value. This may involve either forecasting the anticipated future income or selecting a capitalization rate that implicitly reflects the anticipated pattern of change in income over time.

There are two capitalization methods used to value income producing properties in the local market. These are direct capitalization and yield capitalization.

Yield capitalization is a method of converting future benefits into present value by discounting each future benefit at an appropriate yield rate. The method of converting these future benefits into present value is called discounting. Direct Capitalization is a method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step by dividing the income estimate by an appropriate income rate. Direct capitalization will be used to estimate the leased fee value of the subject property.

Rental study: The subject is currently tenant occupied and has been leased to individuals for decades. Per the owner, the leases are as follows:

Unit G1: \$700/month plus electricity. Annual lease Expires 12/09/2019

Unit # 1: \$685/month plus electricity and garbage. Annual lease Expires 11/30/2019

Unit # 2: \$650/month plus electricity and garbage. Annual lease Expires 11/30/2019

Unit # 3: \$550/month plus electricity, water, and garbage. Annual lease Expires 12/31/2019

Unit R1: \$550/month plus all utilities. Annual lease Expires 11/30/2019

Current monthly income \$3,135 x 12 months = \$37,620 annual income

### **Comparable Rental Rates:**

979 Ragers Hill Road, South Fork – 3 unit apt. bldg. Apt. 1 (1 bedroom) month to month, \$650 + elec, water, sewer; Apt. 2 (3 bedrooms) month to month, \$800 + elec, water, sewer (\$650 for the living space and additional \$150 for basement level garage space); Apt. 3 (1 bedroom) month to month, \$500 + ½ electric bill, water, sewer.

1695 Solomon Run Road, Johnstown – 5 unit residential apartment bldg.

Unit # 1: \$525/month plus electricity. Annual lease 04/26/2018 – 03/31/2019 then mo. to mo.

Unit # 2: \$480/month plus electricity. Month to Month.

Unit # 3: \$480/month plus electricity. Currently vacant.

Unit # 4: \$435/month plus electricity (only electric baseboard heat). Month to Month.

Unit # 5: \$450/month plus electricity. Month to Month.

113 Meyers Road, Sidman

Unit # 1: \$400/month all utilities included. Annual lease now mo. to mo.

Unit # 2: \$475/month plus electricity. Annual lease now mo. to mo.

Unit # 3: \$450/month plus electricity. Currently vacant and being renovated.

Unit # 4: \$450/month plus electricity. Annual lease now mo. to mo.

Unit # 5: \$400/month plus electricity. Annual lease now mo. to mo.

Unit # 6: \$450/month plus electricity. Annual lease now mo. to mo.

Unit # 7: \$450/month all utilities included. Annual lease now mo. to mo.

203 Main Street, St. Michael- 3 unit residential apartment bldg. Apt. A (2 bedrooms) \$550/month; Apt. B (2 bedrooms) \$575/month; Apt. C (3 bedrooms) \$675/month.

72 Forest Hills Drive, Sidman – 4 unit residential apartment bldg. \$625/month per unit.

2 units are 2 bedroom 1 bathroom and 2 units are 1 bedroom 1 bathrooms.

Landlord covers heat, water, sewer, and garbage and tenants are responsible for electricity.

127 Penn Avenue, Cresson – 7 unit residential apartment bldg. Former personal care facility converted into apartments (sprinkler system). Single utility meters, tenants only pay rent.

Unit 1- 1 bedroom, 1 bath, \$650/month; Unit 2 – 1 bedroom, 1 bath, \$650/month

Unit 3 – 1 bedroom, 1 bath, \$650/month; Unit 4 – 1 bedroom, 1 bath, \$600/month

Unit 5 – 1 bedroom, 1 bath, \$600/month; Unit 6 – 1 bedroom, 1 bath, \$600/month

Unit 7 – 1 bedroom, 1 bath, \$600/month

263 MANOR DRIVE #1-5, EBENSBURG, PA 15931- 3 units are rented for \$500, 1 unit is rented for \$550 and the final unit is rented for \$600. Heat, water, sewage are all provided by the landlord.

Based upon residential apartment rental market review, actual lease amounts appear to be in line with market rents. Thus, potential gross annual income is \$3,135/month x's 12 months = \$37,620. Plus, one half a percent of the potential gross income for the on-site coin-operated laundry income = \$1,881 (typically this percentage is slightly higher; however, 2 of the units have their own washer and dryer units. Total potential gross income is \$39,501.

#### General Vacancy and Credit Loss

Subtracted from the gross revenue, this factor takes into account the vacancy and bad debt allowances associated with an income producing property. This factor is arrived at by comparing several other similar properties in the market area. Vacancy rates for similar type structures range from 5% to 30% depending on the quality of the building, location, and availability of parking. The historical vacancy of the subject property was not provided.

Based upon the quality, condition, and location of the subject property, ample parking and convenient Richland Twp. location, I feel a V&CL rate of 15% would be reasonable for this typical of property in the market. This reflects vacancy, holding periods between new tenants occupying and also bad debts.

Effective Rental Income

Effective Rental Income is the potential rental income multiplied by (1-Vacancy rate.)

Potential rental income	Vacancy rate	Effective rental income
\$39,501	10%	\$35,551

Operating Expenses

Expenses	Amount
Utilities: Propane <\$2,250/year per owner> Sewer & Water <\$5,184/year> Garbage <\$1,140/year dumpster> Electricity <Common Area Meter Only: \$1,080/year>	\$ 9,654 (actual & estimated based upon similar property assignments since no verification documentation was available)
General Maintenance (snow plowing, yard maintenance, minor repairs, etc.)	\$ 3,555 (10% of ERI)
Insurance	\$ 1,600 (borrowers actual)
Property Taxes	\$ 2,602 (\$24,480 assessed x's 106.2772 mills)
Management	\$ 2,133 (6% of ERI)
Reserve for Replacement	\$ 1,500 (\$300/ unit sinking fund created for the periodic replacement of mechanicals, floor coverings, roof, etc.)
Misc.	\$ 1,000 (advertising, professional fees <legal, accounting>)
Total Operating Expenses	\$22,044

Net Operating Income

The estimated value of the subject property by the income approach to value is based upon the effective income of the subject less its operating expenses capitalized by the appropriate rate.

Effective rental income	Operating expenses	Net operating income
\$35,551	\$22,044	\$13,507

## Basic Income Capitalization Rate Selection

There are several methods for arriving at a capitalization rate which will derive the capital value of an income stream. The overall capitalization rate, OAR, is a rate of return that converts a property's estimated net operating income into value. Three techniques are utilized to estimate the capitalization rate: market derived rates, investor surveys, and the mortgage and equity method.

The following will outline what methods were used to derive this rate.

### Band of Investment-Mortgage and Equity Components Method

Most properties in the local market are purchased with both debt and equity capital. Therefore, the overall capitalization rate must satisfy the market return requirements of both investment positions. This method of deriving a capitalization rate weighs mortgage and equity rates.

#### Mortgage Availability

At the time of this report, most lenders are offering historically low rates based upon international economic conditions and actions by the Federal Reserve. I am comfortable with a rate of 5.25% amortized over 20 years. Rates are anticipated to rise within the next couple of years.

#### Equity rate

In this model, the equity rate represents returns on equity of similar properties. When data is insufficient in this regard, alternative investments such as the prime rate, corporate bonds, U. S. 5 and 10 year bonds, and other instruments may supplement this data. Typical rates for income properties similar to the subject range from 8% to 12%, with the lower range representing properties with less risk. Based on the subject's history and its satisfactory location, an equity rate of 10% would be justified.

#### Mortgage-Equity Model

Term of loan	20 yrs
Loan to value ratio	75%
Mortgage constant	0.081
Equity dividend rate	10%

Debt	75%	0.081	0.06075
Equity	25%	0.10000	0.02500
Debt + Equity =	100%		0.08575 (8.58%)

## Investor Surveys Methods

OVERALL CAPITALIZATION RATES		
Fourth Quarter 2017		
National Markets	Average	Quarterly Change*
Warehouse	5.06%	-- 16
Apartment	5.32%	- 3
CBD Office	5.73%	7
Regional Mall	6.25%	2
Strip Shopping Center	6.38%	19
MOB**	6.69%	- 2
Suburban Office	6.72%	3
Power Center	6.73%	33
Net Lease	6.80%	9
Secondary Office	7.51%	5



Price WaterHouse Coopers

REIS

Per the above noted Price Waterhouse Coopers Real Estate Investor Study (4th Quarter 2017 addition) and the 2017- 4th Quarter REIS Apartment Cap Rate Trend, Apartment reports a 5.32%-5.75% cap rate range. Due to our marketplace not being as strong (robust markets with extensive turnover) as those surveyed and we experience limited turnover rates, relying upon this rate is suspect. National Investor Surveys reflect robust market areas with heavy turnover. No weight was given to this method of cap rate selection.

## Direct Capitalization Rate Method (overall REGIONAL market derived cap rates)

1. 199 West Crawford Street, Ebensburg, PA – N.O.I. \$24,677 divided by sales price of \$230,000 = 10.73% OAR
2. 272-290 Lakeview Road, Ebensburg, PA – N.O.I. \$44,219 divided by sales price of \$445,000 = 9.94% O.A.R.
3. 614 Sherman Street, Portage, PA – N.O.I. \$44,296 divided by sales price of \$552,500 = 8.02% O.A.R.
4. 503 Ferndale Avenue, Johnstown, PA – N.O.I. \$16,106 divided by sales price of \$180,000= 8.95% O.A.R.
5. 168 Kar-Ri-Mar Drive, Boswell, PA – N.O.I. \$21,647 divided by sales price of \$220,000 = 9.84% O.A.R.

The cap rate selection is based mostly upon the Band of Investment and market derived overall rate methods (ex.3 being the best indicator).

Based upon an analysis of the above noted data and studies the appraiser has arrived at a determination of an appropriate overall rate. The subject's NOI is divided by said appropriate overall rate to find the estimate of market value for the subject property.

Therefore, the actual cap rate for the subject property is 8.75%.

Net operating income	Capitalization rate	Indicated value by the Income approach
\$13,507	8.75%	\$154,366 (say \$154,000)

### **Sales Comparison Approach to Value**

In this report, the sales comparison approach is defined as *“The process in which a market value estimate is derived by analyzing the market for similar properties and comparing these properties to the subject property. The comparative analysis performed in the approach focuses on similarities and differences among properties and transactions that affect value, including the property rights appraised, motivations of buyers and sellers, financing terms, market conditions at the time of sale, size, location, physical features, and economic characteristics”*. (Taken from The Appraisal of Real Estate, 3rd Edition, page 367)

Based upon the nature of this property, the sales comparison is not given as much weight as the income approach.

The basic outline of the sales comparison approach is as follows:

- Research the local market to find recent sales transactions that are similar to the subject property based on the characteristics defined above.
- Verify the information regarding the comparable sales
- Compare the recent sales transactions with the subject property using relevant units of comparison based on the elements of comparison defined above.
- Reconcile the conclusions from the analysis of comparables into a single value indication.  
When there is limited market data, a range of value rather than a point value indication may be appropriate.

I have identified five sale transactions involving comparable properties sold in the subject market area over the past several years. The comparables will be analyzed using the following factors of adjustment.

- Real Property Rights Conveyed
- Financing Terms
- Market Conditions
- Location
- Physical Characteristics
- Economic Characteristics
- Use

The following pages will identify the comparable sales used in this approach to value.

Comparable #1

Parties: Seller: James and Marcy McDannell to Buyer: ERW Rentals LLC

Location: 263 Manor Drive Units #1-5, Cambria Township, Ebensburg, Pa 15931

Proximity: 19.9 miles

Date of Sale: December 6, 2016

Consideration: \$105,000

Sales Price per Unit: \$21,000

Improvements: Two story 5 unit apartment building. Originally built in 1933 as a restaurant with an owners apt. Then converted into an apartment building. 5,308 SF. (either one or two bedroom units each with one bath) apartment building. Full unfinished basement. Average condition.

Land Area: 0.41 acre

Tax Identification #08-045-110

Verified: County record, Listing agent, Local MLS, Office Appraisal



Comparable #2

Parties: Lisa Rae Rutledge to Nicholas & Alyssa Paros

Location: 203 Main Street, Adams Township, St. Michael, Cambria County, PA 15951

Proximity: 7.1 miles

Date of Sale: December 29, 2017

Consideration: \$72,500

Sales Price per Unit: \$24,167

Improvements: Two story structure with 3 rental apartments. Originally built in 1910 with 2,840 SF. Overall average condition. 2 Car Carport.

Land Area: 0.23 acres

Tax Identification: 01-032. -223

Verified: Office Appraisal Assignment, Local MLS, County Records, Listing Agent



Comparable #3

Parties: Seller: Estate of Thomas J. Miller to Dill Family LLC

Location: 199 West Crawford Street, Ebensburg Borough, Cambria Co., PA 15931

Date of Sale: August 26, 2016

Proximity to the Subject: 19 miles

Consideration: \$230,000

Sales Price per Unit: \$28,750

Improvements: Two story mixed use structure. First floor is fair condition garage with minimal office space. Second floor includes three 1 bedroom and four 2 bedroom apartments in average condition. Original built in 1920+/- . 12,128 SF above grade building area with a partial unfinished basement. No on-site parking.

Land Area: 0.15 acre

Verified: Office Appraisal assignment, seller, buyer, county records

County ID #: 24-004-203

Conditions of Sale: Arm's length



Comparable #4

Parties: Seller: Robert W. Knipple to Buyer: Bradley James & Laura Marie Vogel

Location: 600 Bay Street, Stonycreek Township, Johnstown, Pa 15902

Proximity: 3.1 miles

Date of Sale: August 31, 2015

Consideration: \$145,000

Sales Price per Unit: \$36,250

Improvements: Two story brick quadplex apartment buildings with 4 units total. Ample off street parking and 4 car integral garage. 3,500 SF total above grade bldg. area. Built in 1974. Average condition.

Land Area: 0.588 acre

Verified: Local MLS, County Records

County ID #: 57-005. -420

Conditions of Sale: Arm's length



Comparable #5

Parties: Seller: Anthony L. & Patricia J. Koenigsberg to Buyer: Michael Fiffick

Location: 113 Myers Road, Croyle Township, Sidman, Pa 15955

Proximity: 8.8 miles

Date of Sale: December 18, 2018

Consideration: \$137,500

Sales Price per Unit: \$19,643

Improvements: Two story 7 unit apartment building. Originally built in 1920 +/- . Total above grade building area is 5,231 SF. Two 2 bedroom units and five 1 bedroom units. Partial unfinished basement. Average condition. Located in Flood Zone.

Land Area: 0.53 acre

Tax Identification #17-021.-105

Verified: County record, Office Appraisal



Sales Comparison Grid

	Subject	Sale#B-1	Adj#1	Sale#B-2	Adj#2	Sale#B-3	Adj#3	Sale#B-4	Adj#4	Sale#B-5	Adj#5
Price per Unit		\$21,000		\$24,167		\$28,750		\$36,250		\$19,643	
Date		12/16		12/17		08/16		8/15		12/18	
Location	Aver	Aver		Aver		Aver		Aver		Aver-Flood Zone	+10%
Site size	0.72 ac	0.41 ac	+10%	0.23 ac	+15 %	0.15 ac- No prkg	+20%	0.588 ac		0.53 ac	
Structure Quality	Aver	Aver		Aver		Aver		Aver		Aver	
Structure Condition	Aver	Aver		Aver		Aver-Fair	+10%	Average		Aver	
Number of Units	5 units	5 units		3 units		7 units		4 units		7 units	
Structure Age	70+ yrs	84 yrs		100+/- yrs		97+/- yrs		41 yrs	-20%	100+/- yrs	
Other	Coin-Operated Laundry	None	+5%	None	+5%	None	+5%	None	+5%	None	+5%
Basement	None-Equal Value Mech. Area	Full-Part Finished	-5%	Full-None Finished		Partial-Unfinished		Full-None Finished		Partial-None Finished	
Garage	None	None		2 Car Carport	-5%	Comm. Garage Bay	-10%	4 Car Integral Garage	-10%	None	
Net adj.			+10%		+15 %		+25%		-25%		+15%
Adj. Price		\$23,100		\$27,792		\$35,938		\$27,188		\$22,589	

The estimated value of the subject through the sales comparison approach is:

I have reconciled the adjusted values of the comps to arrive at a per SF estimate for the subject.

\$28,000 per UNIT x's 5 units = \$140,000

Notes on Adjustments:

Location: Sale five is situated within a flood hazard zone which is less desirable due to the risk plus adds an additional cost to the investor due to flood hazard insurance requirements.

Site Size: Sales were adjusted for their varying site sizes and/or lack of on-site parking.

Structure Condition: Sales three had repair/unfinished space at the time of its transfer. It was adjusted accordingly.

Structure Age: Comparable sale four required an adjustment based upon its much newer structure age.

Other: None of the sales offered coin operated laundry within their structures.

Basement: Sale one included partially finished basement space.

Garage/Car Storage: Sales were adjusted according to their varying levels of garage space.

### **Reconciliation and Final Value Estimate**

In the appraisal of the subject property, I have researched general and specific data, determined the property's highest and best use, and applied the income and sales comparison approaches to value.

The indicated value of the subject property by the three approaches to value is as follows:

- Indicated Value by the Cost Approach: N/A
- Indicated Value by the Income Approach: \$154,000
- Indicated Value by the Sales Comparison Approach: \$140,000

The cost approach to value is most convincing when appraising new or nearly new buildings with little or no depreciation taking place. Due to the age of the structure and required depreciation this approach is rendered non-applicable since it is unable to produce credible results.

The income capitalization approach to value is typically a strong indicator of value for income producing/investment properties. The projected rent and expenses were reviewed for the subject property. A market rental study was reviewed to confirm actual rents are in line with market rental rates.

In the sales comparison approach to value, typically similar use and location properties are studied and gridded with applicable adjustments. Five sales were cited and adjusted for accordingly.

The final value estimate will be based on the income and sales comparison approaches. Slightly more weight was given to the income approach based upon the varying features and factors of the comparable sales approach and due to the nature of the property being an investment vehicle.

Final Value Estimate

Based upon my analysis, it is my opinion that the market value of the fee simple interest of the subject property, based upon the current market conditions and the 'as is' condition of the subject as of March 4, 2019, is:

ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000)

Very truly yours,

A handwritten signature in blue ink, appearing to read "Ginger L. Jakubowski".

Ginger L. Jakubowski  
Pennsylvania Certified General Real Estate Appraiser #GA004041

## **Resume of Ginger L. Jakubowski**

Business Address: 2706 Bedford Street, Johnstown, PA 15904

Office Phone: (814) 262-5815

Office (tollfree) Fax: (888) 317-5167

Cell. Phone: (814) 242-5126

E-mail: [gingerjakubowskiappraisals@gmail.com](mailto:gingerjakubowskiappraisals@gmail.com)

### Business Affiliations:

Pennsylvania State Certified General Real Estate Appraiser

Certification Number GA004041

Independent Broker with Ginger Jakubowski Appraisals and Realty Services

Pennsylvania Licensed Real Estate Sole Proprietor Broker

License Number SB065637

### Experience:

Current - Pennsylvania State Certified General Real Estate Appraiser as of November 2013

Prior- Pennsylvania State Certified Residential Real Estate Appraiser as of July 2002 (expired upon obtaining above general certification)

19 years as an assistant to David J. Murphy, PA State Certified General Real Estate Appraiser

Current – Pennsylvania Licensed Real Estate Broker (Sole Proprietor) Standard as of November 2015

Prior – Pennsylvania Licensed Associate Broker as of September 2007 – May 2016

Prior – Pennsylvania Licensed Real Estate Salesperson as of February 1996 – May 2008

### Education:

1995 Graduate of Greater Johnstown Area Vocational Technical School/Career and Technology Center

Pennsylvania Certificate in Market and Distributive Education

Various McKissock Courses (examples of such completed course are but not limited to):

General Appraiser Income Approach, Expert Witness for Commercial Appraisers , Ad Valorem Tax

Consultation, Land & Site Valuation

Appraisal Institute:

CR000030B Appraisal Income Producing Property, CR000031B Appraisal Residential Property,

CR002082B Real Estate Law-II

Lincoln Graduate Center Courses:

Yield Capitalization of Income Property, Direct Capitalization of Income Property, Commercial Investment Appraisal, Financial Analysis of Income Property

Real Estate Appraisal Courses: Polley Associates

Appraisal Standards of Practices & Ethics

Continuing education credits as required 1996 to 2017 for re-certification of sales license and appraisal certificate.

Property Types of Appraisal Experience include:

Single family & multifamily properties, farms, numerous commercial uses, industrial, as well as vacant land (individual parcels to large tracts of land).

Purposes of Appraisals include:

Refinancing, Home Equity Lending, Estates, Estate Planning, Tax Assessment Appeal, Condemnation, Sale, Purchase, PA Eminent Domain

## **Current & Historical Appraisal Clients** (Ginger Jakubowski Appraisals and Realty Services, Inc.)

1 <sup>st</sup> Summit Bank	Jersey Shore State Bank
1889 Foundation Inc.	Johnstown Redevelopment Authority
84 Lumber Co.	Johnstown Welding and Fabricating
AmeriServ Financial	Lender X (AMC)
Appraisal Management Solutions LLC (AMC)	Lender's Service
ArcelorMittal Pristine Resources, LLC	Marion Center Bank
Berwind Natural Resources of PA	Masonic Temple Associations of Somerset
Caliber Homes Loans	MERHO Federal Credit Union
Cambria County Commissioners, PA	National Link (AMC)
Cambria Thrift	Northwest Savings Bank
CARTUS (Fidelity Residential)	OA Leasing Partnership
Citizens Northern Bank	PNC Mortgage
City of Johnstown	Paint Borough Supervisors, PA
CBW School Federal Credit Union	Prime Lending
CNB Bank	Property Owner(s) vs. PA Turnpike
Carstensen Inc.	Property Owner(s) vs. Penn DOT
Co-Part	Redevelopment Authority of Cambria County
Community Action Partnership of Cambria County	Richland Area School District, PA
DLP Conemaugh Memorial Medical Center, LLC	Richland Township Supervisors, PA
Distinctive Human Services	Riverview Bank
DustOff Tactical Inc.	Robindale Energy
Forest Hills School District	Rosebud Mining Co.
First Commonwealth Bank	Salem Family Trust
First National Bank	Salvation Army
First Peoples Community (Credit Union)	Slovenian Savings and Loan
GAP Federal Credit Union	Somerset Health Holdings LLC
Habitat for Humanity of Cambria County	Somerset Trust Company
Health Care First Credit Union	S & T Bank
Indiana First Bank (InFirst Bank)	United One Resources Inc. (AMC)
Iron Creek Properties, LLC	USSCO Federal Credit Union
Jenner Township, PA	Various Local Attorneys and Individuals
	Westmont Hilltop School District

### **Courtroom Testimony Experience:**

*(part gained while in association with David J. Murphy Real Estate)*

Allegheny County, PA Tax Appeal Board	Erie County, PA Tax Appeal Board
Armstrong County, PA Tax Appeal Board	Fayette County, PA Tax Appeal Board
Beaver County, PA Tax Appeal Board	Greene County, PA Tax Appeal Board
Bedford County, PA Court	Indiana County, PA Tax Appeal Board
Bedford County, PA Tax Appeal Board	Lawrence County, PA Tax Appeal Board
Blair County, PA Tax Appeal Board	Luzerne County, PA Tax Appeal Board
Butler County, PA Tax Appeal Board	Mahoning County, OH Tax Appeal Board
Cambria County, PA Court	Mercer County, PA Tax Appeal Board
Cambria County, PA Tax Appeal Board	Somerset County, PA Tax Appeal Board
Crawford County, PA Tax Appeal Board	Venango County, PA Tax Appeal Board
Cumberland County, PA Tax Appeal Board	Westmoreland Co., PA Tax Appeal Board

**Pennsylvania Certificate for General Real Estate Appraiser**

DISPLAY THIS CERTIFICATE PROMINENTLY • NOTIFY AGENCY WITHIN 10 DAYS OF ANY CHANGE

18 0015038

Commonwealth of Pennsylvania  
Department of State  
Bureau of Professional and Occupational Affairs  
PO Box 2649 Harrisburg PA 17105-2649

Certificate Type  
Certified General Appraiser

Certificate Status  
Active

Initial Certification Date  
11/26/2013

Expiration Date  
06/30/2019

GINGER LEIGH JAKUBOWSKI  
2706 Bedford Street  
JOHNSTOWN PA 15904

Certificate Number  
GA004041

  
Commissioner of Professional and Occupational Affairs

  
Signature

ALTERATION OF THIS DOCUMENT IS A CRIMINAL OFFENSE UNDER 18 PA.C.S.S. 4911

# Engagement Letter



151 W. Main Street, P. O. Box 777, Somerset PA 15001  
Phone: (814) 443-9200 Fax: (814) 443-9369  
[www.somersettrust.com](http://www.somersettrust.com)

## Appraisal Request Worksheet

Appraiser: Ginger Jakubowski Date of Order: 2-14-19  
Email or Fax: \_\_\_\_\_ Loan Originator/  
Underwriter: Kim Riek

**\*\* Please send all appraisals in XML and PDF formats \*\***

**\*\* SIC Requests a 7-10 day turnaround on all appraisals. (Please notify us if this delivery date cannot be met) \*\***

- URAR - Single Family Form 1004  
Full Residential Appraisal Form FNMA/MHLMC with comp photos
- URAR -1004c for Manufactured housing
- 2075 Exterior Only  2055 Exterior Only (1 unit)
- PHFA (See Attached Appendix I)
- USDA - Appraisal (Meets requirements of HUD Handbook 4000.1)

**Appraiser:** Verify with Realtor or seller that utilities are on & working, prior to your appointment.

**\* All Appraisals must include site value \***

Please check only one:

- Primary Residence  Second Home  Investment

Please check all that apply:

- Purchase  Refinance  Construction  Foreclosure

Attachments:

- Deed  Sales Agreement  Plans/Specs

Sales Price (if applicable) \_\_\_\_\_ Please Note Closing Date: \_\_\_\_\_

Borrower: Splendid Acres, LLC Erick Jackson

Subject Property: 1363 Frankstown Rd Johnstown, PA 15902

Realtor: n/a

Appraisal Fee Quoted: \$ 800.00

Contact for Appraiser: Erick Jackson Phone # (814) 329-8734

For Our Processing:

**\*\*Please email [appraisals@somersettrust.com](mailto:appraisals@somersettrust.com) with date and time of appointment \*\***

Please forward the appraisal report and invoice directly to: [appraisals@somersettrust.com](mailto:appraisals@somersettrust.com).

Requested by:

Kim Riek 2-14-19  
Name Date

Revised 4/1/18