

IN THE ORPHANS' COURT DIVISION OF THE COURT OF COMMON PLEAS  
OF CENTRE COUNTY, PENNSYLVANIA

IN RE: THE SECOND MILE

ORPHANS' COURT NO. 14-12-0255

FORWARDED BY A BARTON  
REGISTER OF WILLIS  
CLERK OF THE COURT  
CENTRE COUNTY PA

2013 MAR - 1 P 3:25

FILED FOR RECORD

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**PETITION FOR EXPEDITED APPROVAL  
OF SALE OF ATHERTON STREET PROPERTY.**

The Board of Directors of The Second Mile (“Petitioners”), by its attorneys, hereby files this Petition for Expedited Approval of Sale of Atherton Street Property (“Sale Petition”) pursuant to Section 5547(b) of the Pennsylvania Nonprofit Corporation Law of 1988, 15 Pa. C.S. §§ 5101, et seq. The Sale Petition seeks this Court’s approval for The Second Mile to sell its Atherton Street property to A.G.L. 2 Limited Partnership, a Pennsylvania limited partnership, for a price in excess of the property’s most recent assessment. In support of the Sale Petition, Petitioners state as follows:

**FACTUAL BACKGROUND.**

1. The Second Mile, founded and incorporated in 1977 as a Pennsylvania non-profit corporation, currently maintains its principal place of business at 1402 South Atherton Street, State College, Centre County, Pennsylvania (“Atherton Street Property”).

2. The Internal Revenue Service recognized The Second Mile in 1978 as a federal tax-exempt organization under Section 501(c)(3) and a public charity under Section 509(a)(1) of the Internal Revenue Code.

3. The Second Mile was formed to challenge young people to achieve their potential as individuals and community members by providing opportunities for them to develop positive life skills and self-esteem and provided, as part of its mission, education and support for parents and professionals addressing the needs of youth.

4. From its origins in 1977 as a Pennsylvania non-profit corporation first formed to

establish and operate a home for foster children, The Second Mile grew into a statewide organization providing nine different programs that reached tens of thousands of Pennsylvania children annually, with over 6,000 individuals receiving direct services. All programs were offered free of charge and were provided in partnership with parents, teachers, school counselors and other youth professionals.

5. The success of these programs also was accomplished through the efforts of a network of over 10,000 individuals, consisting of staff, school counselors, parents, volunteers and financial supporters.

6. As a private, non-profit corporation, The Second Mile historically relied on the efforts of local volunteers and financial support from individuals, businesses and organizations in order to fund its programs and serve children in communities throughout the Commonwealth of Pennsylvania.

7. On November 4, 2011, the news media widely reported on the findings of a Statewide Investigating Grand Jury that Mr. Gerald Sandusky (“Sandusky”), the founder of The Second Mile, had engaged in alleged acts of child sexual abuse, and that Sandusky had been indicted for such allegedly unlawful conduct.

8. As Sandusky was widely associated with The Second Mile as its founder and a prominent fund raiser, it immediately became apparent that the allegations against Sandusky, especially as they focused on child sexual abuse, jeopardized the continuing ability of The Second Mile to maintain its programs.

9. This Court has exclusive jurisdiction over The Second Mile and its assets pursuant to Section 711(21) of the Probate, Estates and Fiduciaries Code (“PEF Code”), 20 Pa.C.S.A. § 711(21), and Pennsylvania Rule of Judicial Administration 2156, Pa.R.J.A. No. 2156.

**PROPOSED SALE OF ATHERTON STREET PROEPRTY.**

10. The Second Mile owns the Atherton Street Property, which is The Second Mile’s

registered office and principal office.

11. The Atherton Street Property consists of approximately 0.26 acres +/- of land improved by a two-story office building (which has undergone significant improvements over the past several years) containing roughly 8,015 square feet of leasable space, all of which is currently being used by The Second Mile.

12. The Atherton Street Property was acquired by The Second Mile by deed in December 1999 for \$1.00 as a donation from the previous owners.

13. Additional consideration included in the sale of the Property to The Second Mile included the assumption of an existing mortgage on the Atherton Street Property at the time of sale.

14. The most recent appraisal (as of December 13, 2011) obtained by The Second Mile determined the market value of a fee simple interest in the Atherton Street Property to be \$560,000. A true and correct copy of the appraisal is attached hereto and incorporated as Exhibit "A."

15. The Second Mile has determined that it no longer requires the Atherton Street Property as a place of business or for any other purpose, and can carry on its continuing operations from rented facilities in Bellefonte, Pennsylvania.

16. Accordingly, the Atherton Street Property was listed for sale by The Second Mile with Coldwell Banker, a commercial real estate broker in State College, Pennsylvania, at the asking price of \$750,000.

17. Under date of January 18, 2013, The Second Mile entered into an Agreement of Sale for the sale of the Atherton Street Property for the total purchase price of \$650,000.00, with a required closing date of April 25, 2013. A true and correct copy of the Agreement of Sale is attached hereto and incorporated as Exhibit "B."

18. The proposed purchaser of the Atherton Street Property is A.G.L. 2 Limited

Partnership (“Purchaser”), a Pennsylvania limited partnership.

19. Petitioners approved the Agreement of Sale by unanimous consent.

20. The Second Mile has been advised by the Purchaser that, due to concerns raised by counsel for the title company engaged to insure the proposed transaction, the Purchaser will not proceed to closing “unless ... the sale is made pursuant to an Order of Court.”

21. The sale of the Atherton Street Property is in the best interests of The Second Mile insofar as the proposed sale price substantially exceeds the most recent assessed market value of a fee simple interest in the Property.

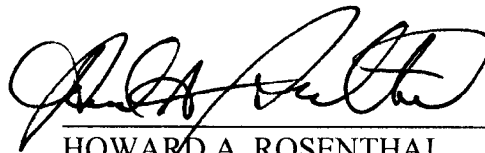
22. Should the Court approve the sale of the Atherton Street Property, proceeds from that sale will be held by The Second Mile pursuant to this Court’s September 5, 2012, Order, and shall not be distributed except for expenses necessary for maintenance of any ongoing programs of The Second Mile and its activities in the ordinary course of business, as well as, inter alia, victims’ claims, legal fees and insurance.

23. Petitioners request expedited treatment of this Petition given the imminence of the closing date of April 25, 2013.

24. This Petition has been served on the Attorney General and all interested parties.

WHEREFORE, Petitioners respectfully request that this Petition for Expedited Approval of Sale of Atherton Street Property be granted, that the sale of the Atherton Street Property be approved and the sale proceed pursuant to the terms of the Agreement of Sale dated January 18, 2013.

**OF COUNSEL:**  
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1650 Market Street  
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HOWARD A. ROSENTHAL  
FRANCES A. McELHILL  
GARY D. FRY  
Attorneys for Petitioners

**Appraisal of  
Second Mile Office Building**

Located at  
1402 South Atherton Street  
State College, PA  
State College Borough  
Centre County

**Prepared For**

Authorized Signature  
Second Mile  
1402 South Atherton Street  
State College, PA

**Date of Report  
January 4, 2012**

**Date of Valuation and Inspection Date  
December 13, 2011**

**File #: 14 11 010**

**EXHIBIT "A"**

January 4, 2012

Alec J. Pringle, Sr. Vice President  
Commercial Real Estate  
Keystone Real Estate Group, LP  
444 East College Avenue, Suite 560  
State College, PA 16801

**Re: *Second Mile Office Building  
1402 South Atherton Street  
State College Borough  
Centre County, Pennsylvania***

Dear Mr. Pringle:

We are transmitting the appraisal report that you requested on the subject property located at 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania. It is identified in the Centre County tax records as 36-026-.051-.0001P and 36-026-.051-.0002P. The effective date of the report is December 13, 2011. The intended user is identified as The Second Mile and the intended use will be for internal management.

Parcel ID	Address	Size/Acre	Assessment notes
36-026-.051-.0002P	1402 S Atherton Street	0.08	30% leased and taxable
36-026-.051-.0001P	1402 S Atherton Street	0.18	70% exempt
Total		0.26	

For the purpose of this report "subject" hereinafter refers to the two (2) parcels. It is assumed the subject is split due to a portion being taxable and a portion being exempt.

The three approaches; Income, Cost and Sales Comparison were considered for this report and the Income and Sales Comparison Approaches were developed. The Cost Approach was not considered applicable to the valuation of the subject property due to the age and subjective depreciation. There is not a recent active sales market of office properties in the State College area. The property is assumed to be environmentally clean and the value opinion does not include furniture, fixtures, equipment or personal property.

The subject was built in approximately 1964 and is considered to have many original components. The interior configuration is considered to have a very high degree of functional/physical obsolescence. The layout is multiple small rooms and hallways considered to be narrow by today's standards. The restrooms and building as a whole is not ADA compliant. The market trend in office properties is an open physical layout. The subject is not ADA compliant, is not sprinklered and does not have an elevator or security system.

The utilities are a single service. The physical configuration accommodates multi-tenancy for physical separation and external access however utilities are not separated. The subject has very limited on-site parking (approximately 13 spaces). This equates to one (1) parking space per 795 square feet of building space. Section 2403.c of the zoning ordinance indicates the guideline for newly-constructed off-street parking as one (1) space required per 300 square feet of gross floor space for Professional Office use. There is no formal parking agreement with the neighboring hotel property.

The land to building ratio for gross square footage is 0.91 to 1. There are factors indicating the possibility of nonconforming use by municipal requirements. The Borough staff would not confirm or deny nonconformance without further study as there have been multiple zoning amendments over the years and multiple zoning district requirements overlap.

Penn State University has a history of being a major influence to the area. The full effect to Penn State University of recent negative public relations is unknown.

Market value is partially defined as the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale. The enclosed report provides the market data and analysis supporting the opinion of this market value of fee simple interest as of the effective date of December 13, 2011 which is concluded as:

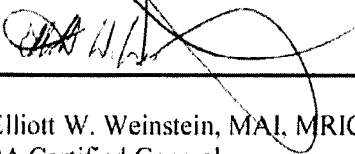
\$560,000  
Five Hundred Sixty Thousand Dollars

Certain definitions, limiting conditions, and certifications that are set forth within the attached report qualify the appraised values.

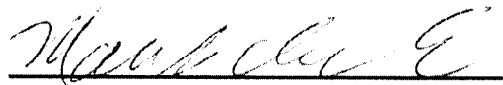
This report has been completed in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation. This appraisal has also been completed in conformity with the Code of Ethics and Standards of Professional Practice of the Appraisal Institute.

We expect you find the details of this analysis relevant to your decisions, and we would be pleased to answer any questions you might have.

Respectfully Submitted,  
**WEINSTEIN APPRAISAL GROUP A DIVISION OF  
WEINSTEIN REALTY ADVISORS,**



Elliott W. Weinstein, MAI, MRICS  
PA Certified General  
Real Estate Appraiser  
#GA-000063-L



Marion A. Oberdick  
PA Certified General  
Real Estate Appraiser  
#GA-003782

Subject Photos

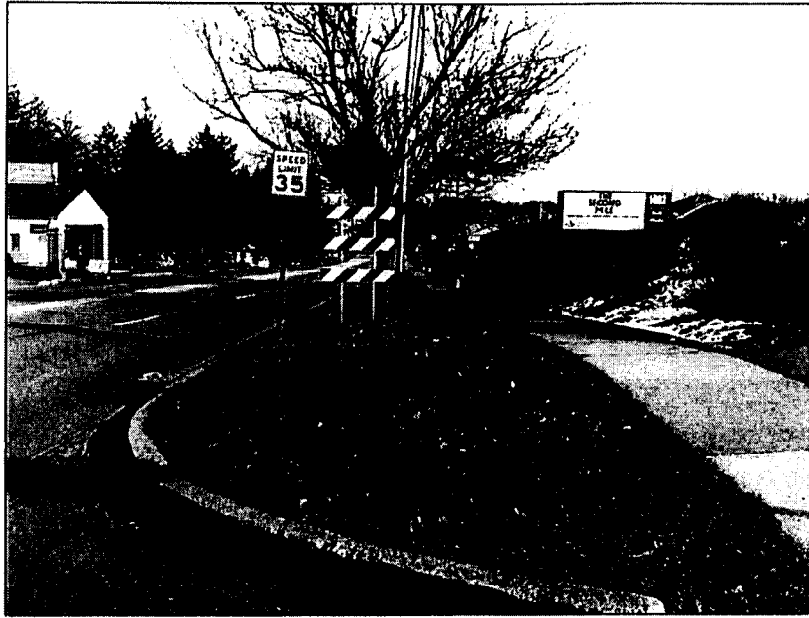


View from Atherton Street  
(north side)



Corner of Norma Street and South Atherton Street  
(west side)

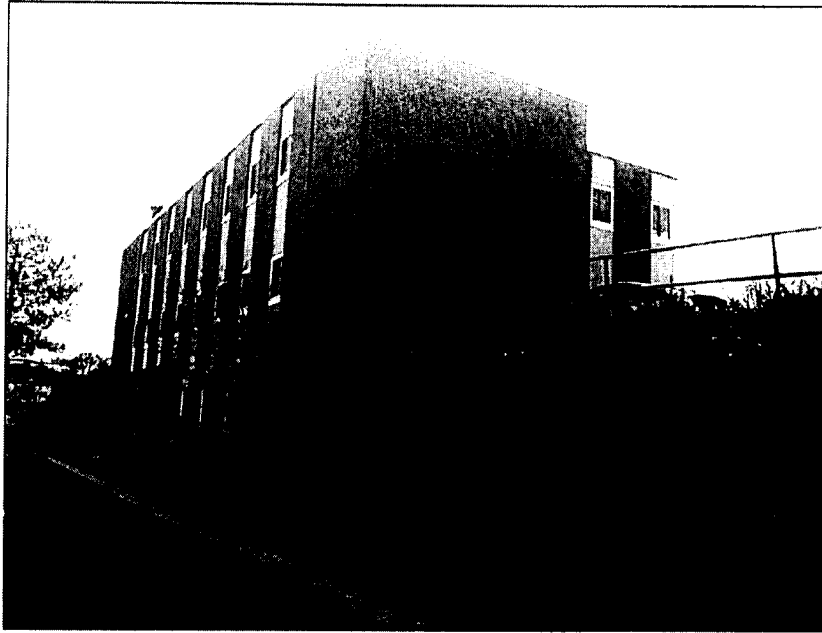




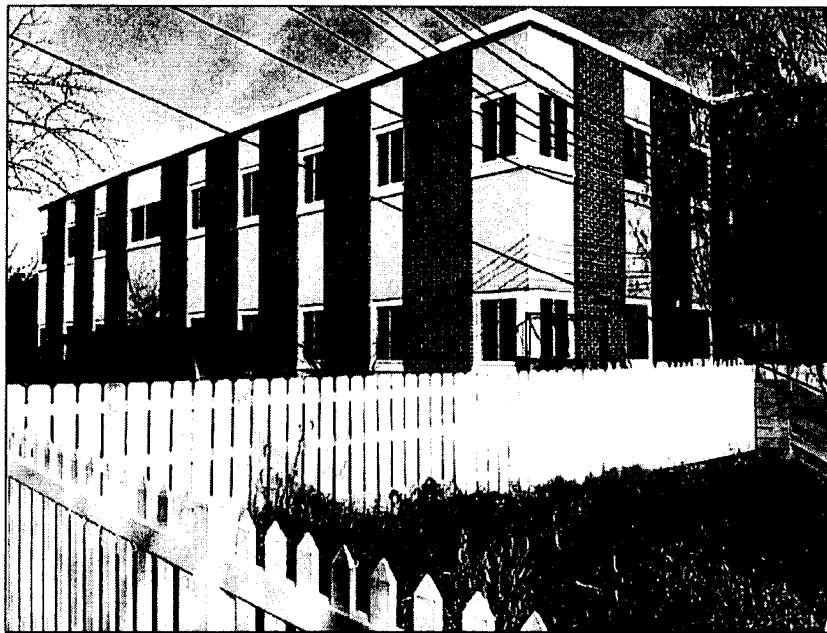
View east on South Atherton (subject on right)



View west on South Atherton



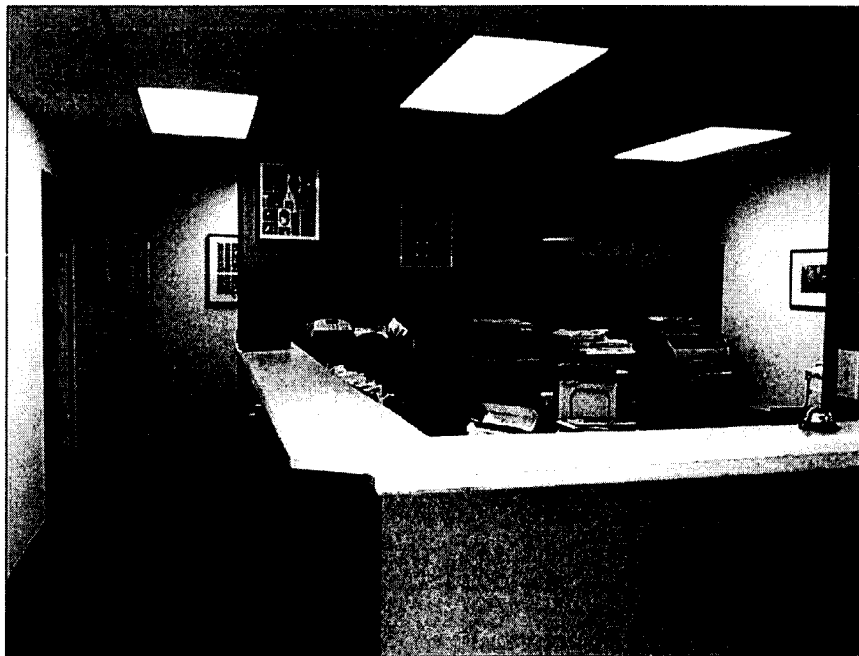
East side of building



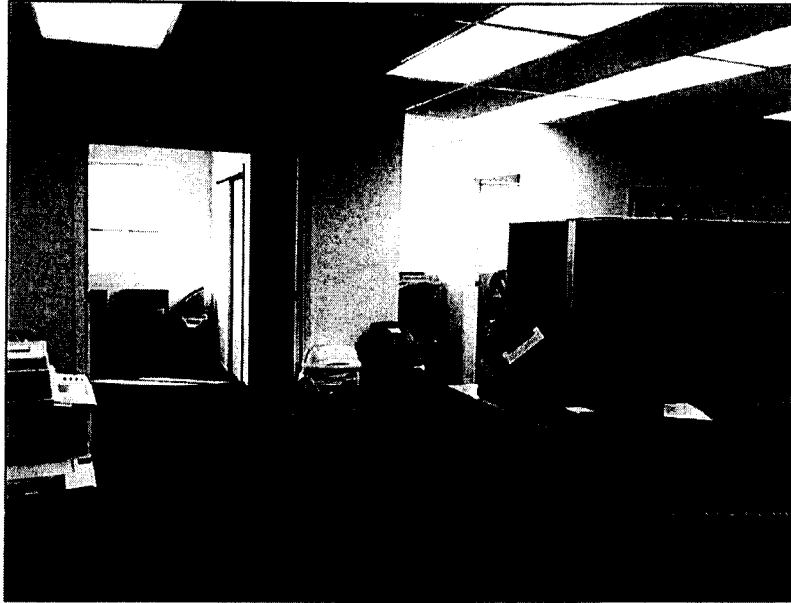
Rear (south) and west side of building



There is one main door into a vestibule of two (2) interior doors

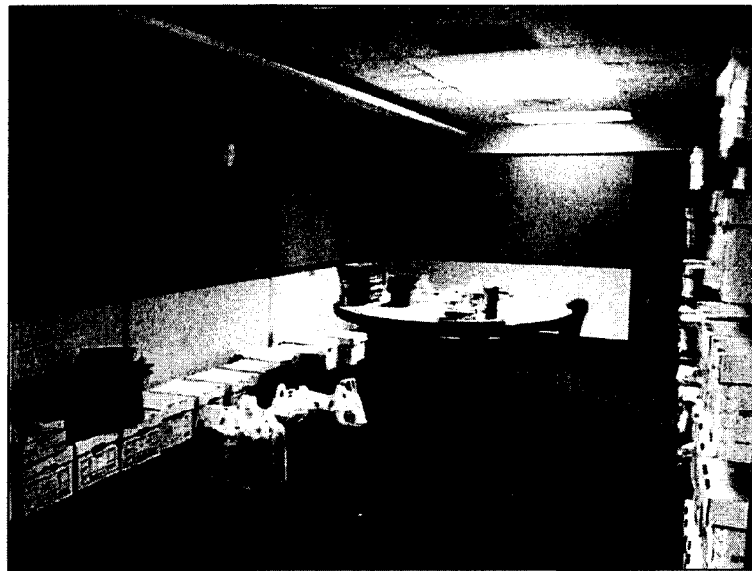


Front desk area



Interior

**weinstein appraisal group**



Lower level

**weinstein appraisal group**



Interior

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This appraisal was prepared solely for our client's use. Third parties who receive this appraisal properly from our client may use it for evaluating the property or properties to which it relates for our client. The unpublished appraisal contains confidential information owned by Weinstein Realty Advisors. And is protected under the United States Copyright Law. All unauthorized use is prohibited without the prior consent of Weinstein Realty Advisors

## EXECUTIVE SUMMARY

**Type of Property:** The subject is a multi-story masonry office building of approximately 6,888 gross square feet above grade and 3,444 gross square feet below grade. It is indicated as built in 1964 in assessment records.

**Address and Identification of Subject Property:** The subject is located at 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania. The Centre County Assessment records identify the property as two (2) parcels (36-026-.051-.0002P and 36-026-.051-.0001P).

Parcel ID	Address	Size/Acre	Assessment notes
36-026-.051-.0002P	1402 S Atherton Street	0.08	30% leased and taxable
36-026-.051-.0001P	1402 S Atherton Street	0.18	70% exempt
Total		0.26	

For the purpose of this report "subject" hereinafter refers to the two (2) parcels. It is assumed the subject is split due to a portion being taxable and a portion being exempt.

**Property Rights Appraised:** The property rights appraised in this report are the fee simple interests.

Fee simple estate is defined as:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>1</sup>

**Ownership and History:** The most recent deed dated December 29, 1999 records a transfer from Arthur D. Campbell (grantor) and The Second Mile, a Pennsylvania non-profit corporation, for a consideration of \$1.00 as referenced in Deed Book 1134 Page 0845 and recorded in the Centre County Recorder of Deeds. This deed indicates the transfer of parcel 36-26-051 and is assumed to represent the entire subject.

To the best of our knowledge, the subject has not been made available for sale in the past three (3) years. It is our understanding the lower level of the building had been tenant occupied in the past. A copy of the deed has been included in the Addenda of this report.

**Purpose of the Appraisal:** The purpose of this report is to give an opinion of the **as is market value** for the subject as of the effective date of December 13, 2011.

**Intended Use of the Appraisal:** This report is to be used solely by the client and designated third parties for internal management purposes.

<sup>1</sup> Appraisal Institute. *The Dictionary of Real Estate Appraisal*. Fifth Edition. Appraisal Institute, Illinois, USA.

*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*



**Intended User of the Appraisal:** The intended user of this report is the Client, The Second Mile, and any designated third parties.

**Date of Inspection:** The subject property was inspected on December 13, 2011.

**Effective Date of Valuation:** The effective date of this valuation is December 13, 2011.

**Date of Report:** January 4, 2012.

**Site:** The subject site, as indicated by the Centre County Office of Tax Assessment, is a total of 0.26 acres.

**Improvement Description:** The subject improvements consist of a multi-story masonry office building. There are two (2) stories above grade and a lower level with on-grade access on the east side. Total gross square footage is approximately 6,888 above grade and 3,444 below grade. Leasable square footage is considered to be 6,216 +/- above grade and 2,608 +/- below grade. Land to building ratio for gross square footage is 0.91 to 1. It is indicated as built in 1964 in assessment records.

	Below Grade SF	First Floor SF	Second Floor SF	Leasable
Stairwell	336	336	336	
Floor Area	2,608	3,108	3,108	8,824
Mechanical	500			
Total (10,332)	3,444	3,444	3,444	

A detailed description of the improvements can be found in the Description of Improvements Section of this report.

**Current Use:** Currently the non-profit corporation, The Second Mile, operates in the subject property.

**Zoning:** The subject is in the CP-2 Planned Commercial District. There appear to be a wide range of permitted uses.

- Permitted uses of the CP-2 District include any use permitted in the CP-1 District.
- Permitted uses of the CP-1 District include any use permitted in the R-3 District.
- Permitted uses of the R-3 District include any use permitted in the R-2 District.
- Permitted uses of the R-2 District include any use permitted in the R-1 District.

**Assessment:** The Centre County Assessment records identify the property as two (2) parcels (36-026-.051-.0002P and 36-026-.051-.0001P). Implied value is \$463,932.

Parcel ID	Assessment	Notes
36-026-.051-.0002P	\$34,125	30% leased and taxable
36-026-.051-.0001P	\$96,240	70% exempt
Total	\$130,365	

*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*

**Highest and Best Use "As if Vacant and Available for Development"**: Considering the four factors of Highest and Best Use, namely legally permissible, physically possible, financially feasible, and maximally productive, the Highest and Best Use of the subject site, as if vacant and available for development is for the subject property is most likely for business/office use as the market dictates.

**Highest and Best Use "As Improved"**: Considering the four factors of Highest and Best Use, namely legally permissible, physically possible, financially feasible, and maximally productive, the Highest and Best Use of the subject, as improved, is likely to be business/office use recognizing a high degree of functional and physical obsolescence of the subject.

**Most Likely Buyer**: The subject property would most likely be purchased by an owner/user.

**Valuation Issues**: The subject was built in approximately 1964 and is considered to have many original components. The interior configuration is considered to have a high degree of functional/physical obsolescence. The layout is multiple small rooms and hallways considered to be narrow by today's standards. The restrooms and building as a whole is not ADA compliant. The market trend in office properties is an open physical layout. The subject is not ADA compliant, is not sprinklered and does not have an elevator or security system. Extensive internal and external renovations are anticipated for a new user/purchaser.

The utilities are a single service. The physical configuration accommodates multi-tenancy for physical separation and external access however utilities are not separated. The subject has very limited on-site parking (approximately 13 spaces). This equates to one (1) parking space per 795 square feet of building space. Section 2403.c of the zoning ordinance indicates the guideline for newly-constructed off-street parking as one (1) space required per 300 square feet of gross floor space for Professional Office use.

The land to building ratio for gross square footage is 0.91 to 1. There are factors indicating the possibility of nonconforming use by municipal requirements. The Borough staff would not confirm or deny nonconformance without further study as there have been multiple zoning amendments over the years and multiple zoning district requirements overlap.

Penn State University has a history of being a major influence to the area. The full effect to Penn State University of recent negative public relations is unknown.

### Valuation Summary Table

<b>Valuation effective date December 13, 2011:</b>	<b>Total</b>
Opinion of Value by the Income Capitalization Approach	\$550,000
Opinion of Value by the Cost Approach	Not Applicable
Opinion of Value by the Sales Comparison Approach	\$570,000
<b>Final Opinion of Market Value</b>	<b>\$560,000</b>

Assumption of our value opinion is that the property is environmentally clean.  
Valuation does not include furniture, fixtures, equipment or personal property.

## SCOPE OF WORK

In order to form an opinion of market value of the subject, appraisers made a personal inspection of the property. Data pertaining to the subject site, zoning, tax, and general location were obtained and reviewed.

Information was obtained on the comparables and the subject from public records, multiple listing services, government agencies, including data retrieved from the Internet, and discussions with local brokers. Information was also obtained from the census bureau on population and demographics. A section is included specifying assumptions and limiting conditions. When possible, verification of appropriate information with buyers, sellers, brokers, and/or with other knowledgeable sources.

The scope of this summary appraisal includes:

- 1) An on-site inspection of the subject site;
- 2) Research and collection of data on comparable land and building sales and rentals for other comparable properties;
- 3) Verification of all information with buyers, sellers, brokers, public records, and/or with other knowledgeable sources;
- 4) Analysis of market conditions, location factors, physical attributes, unit sizes and other pertinent factors;
- 5) Consideration of the three recognized approaches to value, namely the Income Capitalization Approach, Cost Approach, and Sales Comparison Approach, with development of the Income Capitalization Approach; and,
- 6) Reconciliation of the as is market value.

The three approaches were considered for this report: Sales Comparison, Income and Cost. The Cost Approach was not considered applicable to the valuation of the subject property due to the age and subjective depreciation. The Sales Comparison Approach and Income Approach were developed for this report. Representatives of The Second Mile provided information for this report.

If client has concerns in the area of ADA, a professional with expertise in ADA, engineering, or architecture should be consulted.

Appraisers are not qualified to assess environmental issues and assume no responsibility, expertise, or knowledge for any environmental hazards. Neither a survey, title search, nor environmental studies were completed for this appraisal report.

## **HISTORY OF OWNERSHIP AND SALES**

The most recent deed located dated December 29, 1999 records a transfer from Arthur D. Campbell (grantor) and The Second Mile for a consideration of \$1.00 as referenced in Deed Book 1134 Page 0845 and recorded in the Centre County Recorder of Deeds. This deed indicates the transfer of parcel 36-26-051. It is assumed to represent the entire subject.

To the best of our knowledge, the subject has not been made available for sale in the past three (3) years. It is our understanding the lower level of the building had at one time been leased to a tenant. A copy of the deed has been included in the Addenda of this report.

## MARKET VALUE

Many definitions of market value, both legal and economic, have been developed and refined over the years. The economic definition used in this report can be stated as:

"The most probable sales 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 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) Both parties are well informed or advised, and both acting in what they consider their best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in United States 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."<sup>2</sup>

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<sup>2</sup> Definitions section of the Uniform Standards of Professional Appraisal Practice (USPAP) 2010 ed., also quoted in *The Appraisal of Real Estate Thirteenth Edition 2009*.

## DEFINITIONS

### MARKET VALUE

Many definitions of market value, both legal and economic, have been developed and refined over the years. The definition of market value most widely used by agencies that regulate federally insured financial institutions in the United States is defined as follows:

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in 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.”<sup>3</sup>

### INTEREST APPRAISED

This report has been produced to estimate the value of the owner's fee simple interest in the subject property.

Fee simple estate is defined as:

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

<sup>3</sup> 12 C.F.R. Part 34.42 (g) 55 Federal Register 34696, August 24, 1990; as amended at 57 Federal Register 12202, April 9, 1992, 59 Federal Register 29499, June 7, 1994; also quoted in *The Dictionary of Real Estate Appraisal*, Definition #3, Fifth Edition, Appraisal Institute, Illinois, 2010.

<sup>4</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Fifth Edition, Illinois, 2010.

*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*

## **EXTRAORDINARY ASSUMPTION**

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

Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.<sup>5</sup>

## **HYPOTHETICAL CONDITION**

That which is contrary to what exists but is supposed for the purpose of analysis.

Comment: Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.<sup>6</sup>

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<sup>5</sup> USPAP 2010-2011 Edition, Definitions; also quoted in *The Dictionary of Real Estate Appraisal*, Fifth Edition, Appraisal Institute, Illinois, 2010.

<sup>6</sup> USPAP 2010-2011 Edition, Definitions; also quoted in *The Dictionary of Real Estate Appraisal*, Fifth Edition, Appraisal Institute, Illinois, 2010.



## EXPOSURE AND MARKETING TIME

### Exposure Time<sup>7</sup>

Reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to precede the effective date of the appraisal. Exposure time may be defined 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: a retrospective estimate based on an analysis of past events assuming a competitive and open market."

Exposure time is different for various types of real estate and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. This statement focuses on the time component. The estimate may be expressed as a range and can be based on one or more of the following:

- Statistical information about days on market;
- Information gathered through sales verification; and,
- Interviews with market participants.

Based on the information presented in the body of the report which follows, a reasonable exposure time for the subject property at the indicated market value is six (6) to twelve (12) months. [The reader should note that exposure time is different than marketing time in that exposure time is always presumed to precede the effective date of an appraisal, whereas marketing time is a time period immediately subsequent to the date of the appraisal.]

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<sup>7</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Illinois, 2010.  
*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*

## **Marketing Period**

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.<sup>8</sup> Marketing time is different from exposure time, which is always presumed to precede the effective date of an appraisal.

The estimate of marketing time uses some of the same data analyzed in the process of estimating reasonable exposure time as part of the appraisal process and is not intended to be a prediction of a date of sale. The estimate may be expressed as a range and can be based on one or more of the following:

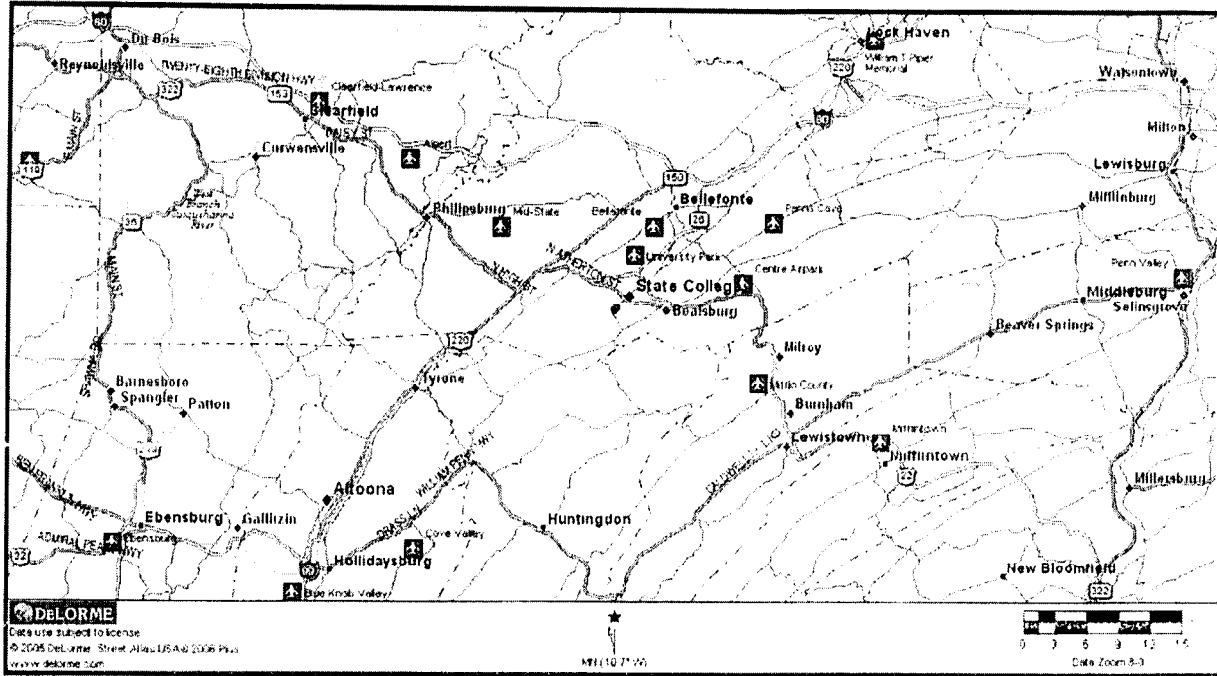
- Statistical information about days on market;
- Information gathered through sales verification;
- Interviews with market participants; and,
- Anticipated changes in market conditions.

Considering the information presented regarding market activity and the orientation of the appraisal, a reasonable estimate of marketing time for the subject property at the appraised market value is approximately six (6) to twelve (12) months.

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<sup>8</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Illinois, 2010.  
*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*

## REGIONAL MAP



### *Centre County, PA*

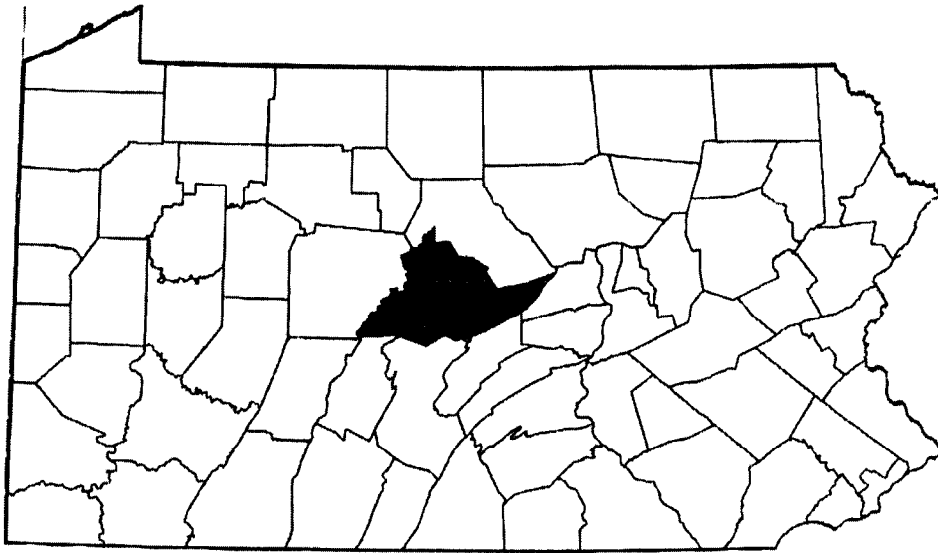
*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*

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**weinstein appraisal group**

## MARKET AREA ANALYSIS

The ever changing nature of the basic forces that motivate buyers and sellers within a given market area have a direct impact on the area's real estate values. The forces are usually considered in four major categories: 1) social standards and ideas; 2) economic conditions; 3) government controls and standards; and 4) environmental conditions. Below is the general analysis that outlines the general economic conditions and future outlook and trends of the subject market area.

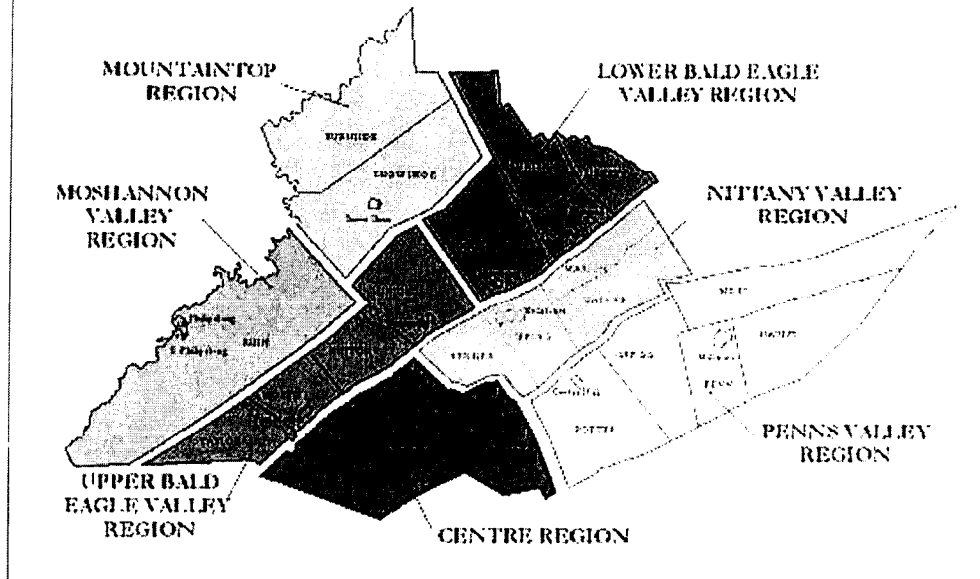


Centre County within Pennsylvania

### **CENTRE COUNTY, PENNSYLVANIA**

Centre County is located centrally in Pennsylvania. It covers a total area of 1,112 square miles. To the north of Centre County is Clinton County; to the west is Clearfield County, to the south are Blair and Huntingdon Counties; and to the east are Mifflin and Union Counties. Centre County was founded in 1800. Thirty-six municipalities are contained within the county, which includes 25 townships and 11 boroughs. For planning purposes, Centre County is divided into seven (7) regions. The county seat is Bellefonte.

## CENTRE COUNTY PLANNING REGIONS



State College Borough is in the Centre Planning Region

### Travel

Main routes in the area include Route 322, 220, Interstate 80, Route 550, 150, and 144. Route 322 travels east west connecting the State College area to Meadville to the west and Harrisburg to the east. Route 220 runs north south connecting the Milesburg area to the north of State College to Altoona to the south. Interstate 80 runs east west and connects to Ohio State to the west and New Jersey to the east. Route 550 runs north south connecting Bellefonte to the north to Warriors Mark to the south. Route 150 runs north south connecting Bellefonte to the north to State College to the south. Finally, Route 144 runs north south and bypasses State College to the east eventually meeting into Route 322.

Centre Area Transit Authority (CATA) provides public bus transportation service throughout the State College area and surrounding areas. According to the comprehensive plan for Centre County, the Centre County Office of Transportation provides transportation service throughout all of the regions of the county. It is a shared ride program available to the general public for a small fee, free for senior citizens and clients of Centre County's Human Service Agencies.

Air transportation in the area is the University Park Airport. University Park Airport provides commuter service to larger airports such as Pittsburgh, PA, Philadelphia, PA, Detroit, Michigan and Washington D. C..

*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*

### Employment and Income

The unemployment rate published by the U.S. Department of Labor – Bureau of Labor Statistics for National, Pennsylvania and for Centre and the surrounding counties are as follows:

Area	August 2010	August 2011
National	9.5%	9.1%
Pennsylvania	8.5%	8.5%
Centre County	6.2%	6.6%
Clearfield County	9.3%	8.8%
Clinton County	8.9%	8.3%
Union County	9.0%	8.6%
Mifflin County	9.4%	8.8%
Huntingdon County	9.7%	9.5%
Blair County	7.3%	7.3%

As noted above, Centre County benefits from a lower unemployment rate, however, the county did see an increase in August of 2011 versus the same period last year. The comprehensive plan for Centre County notes that income statistics in the county are skewed due to the large number of college students living in the area, however, per capita income is still higher than in the surrounding counties. The reported median household income for Centre County for (2009, last reported) is \$47,966, which is 96.9% of the State Median Household Income.

The PA Department of Labor and Industry reported the top major employers in Centre County in the third quarter of 2010 (*most recent release publicized*) as follows:

Employer	Industry Sector
Pennsylvania State University	Educational Services
State College Area School District	Educational Services
Mount Nittany Medical Center	Health Care and Social Assistance
Glenn O Hawbaker Inc	Construction
County of Centre	Public Administration
Wal-Mart Associates Inc	Retail Trade
Weis Markets Inc	Retail Trade
HRI Inc	Manufacturing
Raytheon Company	Professional and Technical Services
Bellefonte Area School District	Educational Services

### Industry

The Centre Region Council of Governments published a report in June 2010 of an Economic Development Assessment of the Centre Region. There is an analysis of the share of an industry the local economy has captured.

<b>Location Quotient - Centre County vs. Pennsylvania (2010-Q3)</b>			
<b>Industry/4-digit SIC Code</b>	<b>Centre County</b>	<b>Pennsylvania</b>	<b>LQ</b>
3812 Search and Navigation Equipment	401	449	53.37
3675 Electronic Capacitors	257	386	39.79
3274 Lime	60	149	24.06
3911 Jewelry, Precious Metal	402	1,034	23.23
3172 Personal Leather Goods, Nec	9	30	17.93
3663 Radio and T.v. Communications Equipment	671	2,920	13.73
3631 Household Cooking Equipment	14	62	13.49
2673 Bags: Plastic, Laminated, and Coated	122	545	13.38
3676 Electronic Resistors	108	487	13.25
8221 Colleges and Universities	23,186	107,665	12.87
<b>Total</b>	<b>85,136</b>	<b>5,087,592</b>	<b>1.00</b>

Comparing Centre County to the state of Pennsylvania, Centre County is considered to be more specialized in industries such as search and navigation equipment, electronics capacitors, lime, precious metal jewelry, electronic resistors, and colleges and universities.

The comprehensive plan has published employment projections for Centre County:

<b>2000 Total Employment</b>	<b>2030 Total Employment</b>	<b>% Change</b>
48,012	61,211	21.6%

### **Population**

Regional growth has slowed in the northeast according to the most recent data released by the U.S. Department of Commerce, Economics and Statistics Administration, U.S. Census Bureau's report issued March of 2011.

<b>U.S. Region</b>	<b>Growth 2000-2010</b>
National	9.7%
South	14.3%
West	13.8%
Midwest	3.9%
Northeast	3.2%

Centre County is considered a growing county in Pennsylvania. The following table shows the population growth in Centre County as reported by the U.S. Bureau of the Census over the past decade.

Year	Population	Growth
2010	153,990	----
2000	135,758	13.4%

The Pennsylvania State Data Center published statistics projecting the following population growth for Centre County, based on historical data.

2000 <i>Census</i>	2010 <i>Census</i>	2020	2030
135,758	147,935 <i>Projection</i> 153,990 <i>Actual</i>	156,620 <i>Projection</i>	166,148 <i>Projection</i>

The population of Centre County over the past decade had an increase above actual projections. From the statistics in the above table, we can assume that the Centre County region will continue to grow.

### Education

The County includes seven public school districts including Bald Eagle Area, Bellefonte Area, Keystone Central, Penns Valley Area, Philipsburg-Osceola Area, State College Area, and Tyrone Area. As of the 2000 census, 88.2% of the population over the age of 25 is a high school graduate. Of the graduates, 36.3% have a bachelor's degree or higher. Penn State University has a positive impact on the area that includes access to higher education for the residence as well as a positive economic impact. It provides opportunities for employment and draws people to sporting events and cultural activities.

### Housing

An adequate and diverse housing stock is critical to the County's long-range development potential. Centre County's housing market varies considerably by planning region. The 2010 census indicated 63,297 housing units in Centre County with 57,573 occupied.

Centre County's housing market varies considerably by planning region. The Centre Region is experiencing growth while some of the outlying areas lack infrastructure to support growth.

### Recreation

Centre County has a wide range of outdoor and indoor activities. Some of the recreational areas and attractions in Centre County include: Bald Eagle State Park, Black Moshannon State Park, McCall Dam, Penn Roosevelt State Park, Poe Paddy State Park, and Poe Valley State Park. There are sporting events, cultural activities and historical events as well. A sampling includes, Penn State Football Games, Bryce Jordan Center, Bellefonte Historic Railroad, Pavilion Theatre and various museums.



**Health Care**

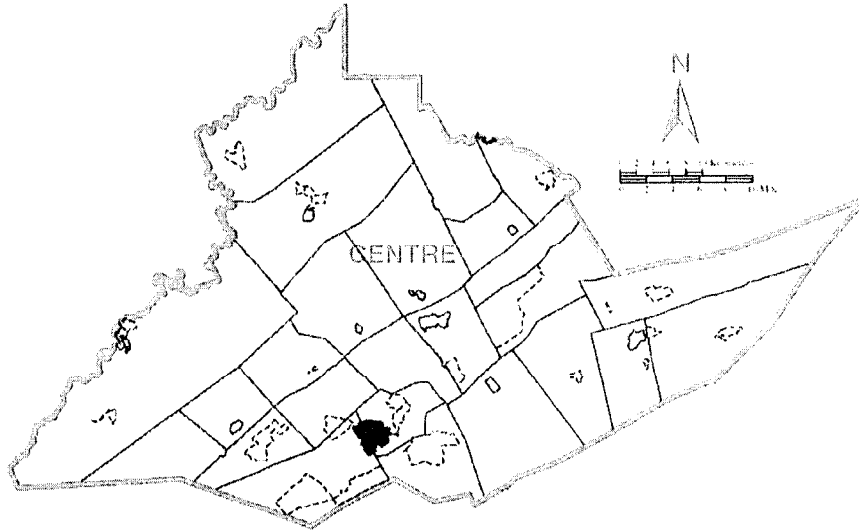
Medical facilities in the market area include the Mount Nittany Medical Center and Centre Community Hospital.

**Summary**

With the presence of The Pennsylvania State University, the area has become a major destination, increasing traffic. Overall, Centre County had the largest increase in the state in the number of housing units (19%) according to the 2010 census. Most recently, the region has seen the construction of Interstate 99, which will provide improved access between I-80 and the Pennsylvania Turnpike.

## NEIGHBORHOOD ANALYSIS

The Neighborhood Analysis provides a bridge between the Market Area Analysis and the study of the subject property. As in the Market Area Analysis, the goal of the Neighborhood Analysis is to determine how the operations of social, economic, governmental and environmental factors influence the value of real estate. The focus is on how these factors interact in the immediate vicinity of the subject property.



State College Borough within Centre County

State College Borough is in the south center area of Centre County in the Centre Planning Region. It is reported as approximately 4.56 square miles with a 2010 census population of 42,034 (up from 38,420 in 2000). These numbers include Penn State students. Approximately 600 acres is owned by Penn State University. The 2010 census reported 13,007 housing units in the borough.

### Forecasted Growth for State College Borough

The following map indicates the forecasted growth areas of State College Borough. The Centre Regional Planning Agency forecast redevelopment of properties in areas such as Downtown and the West End. The established residential neighborhoods are expected to have minimal change.



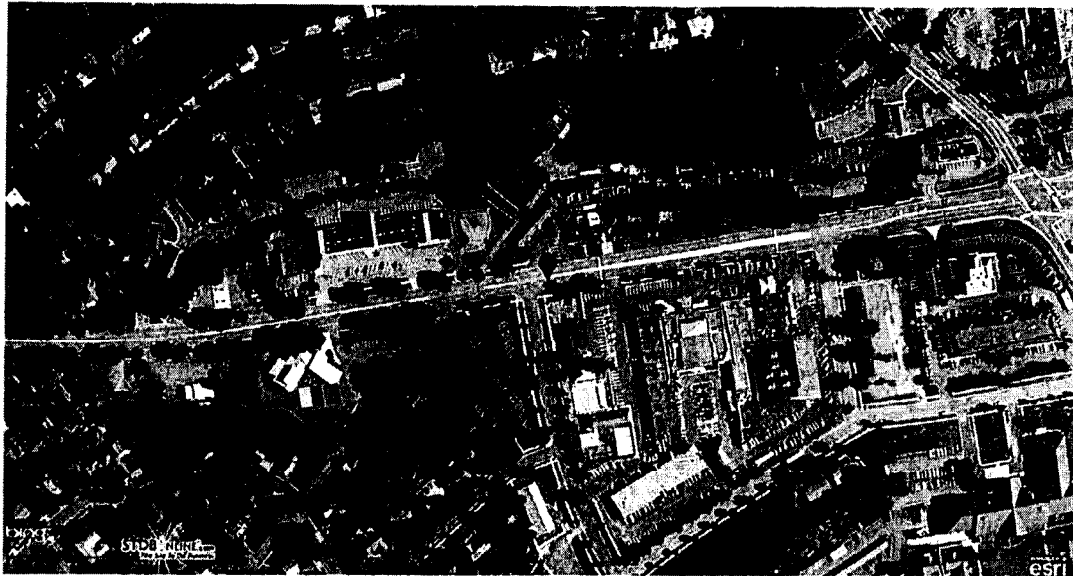
### The 2010 Centre Region Growth Management Report

This report, completed by the Centre Regional Planning Agency, notes future considerations as:

- The entire State College Borough is located within the Regional Growth Boundary and Sewer Service Area, therefore infrastructure is assumed to be in place for development.
- Redevelopment is expected to be a major factor.
- Student enrollment is expected to increase.
- Preservation of existing stable neighborhoods is a priority.

A limited amount of retail and office use is forecasted for the Borough. The West End Revitalization Plan for the Borough forecasts redevelopment of underutilized properties.

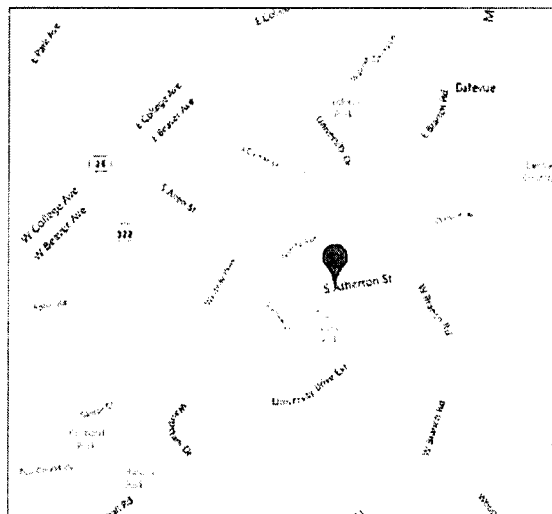
## Neighborhood



Much of the area along South Atherton Street is business/commercial use with residential use behind the streetscape. The area east of the subject at University Drive is a more heavily commercial use.

## Geographic Boundaries

The subject property is located at 1402 South Atherton Street on the southeast corner of the intersection of South Atherton Street and Norma Street. The site is in the eastern portion of the borough.



**Summary of Development**

The Centre County Planning and Community Development office compiles building permit activity for the region. The building permit activity for new construction in State College Borough is recorded as follows:

Residential Permit Type State College Borough	# Permits 2008	# Permits 2009	# Permits 2010
Single Family	2	3	1
Duplex	0	0	0
Multi-family	0	0	0
Townhouse	0	0	0
Mobile Home	0	0	0

Commercial Permit Type State College Borough	# Permits 2008	# Permits 2009	# Permits 2010
New	0	0	2
Additions	0	1	1

**2010 Centre Region Growth Management Report**

The Centre Region Growth Management Report 2010 reports the following growth projections for State College Borough.

**TABLE 12  
STATE COLLEGE BOROUGH GROWTH FORECAST<sup>1</sup>**

YEAR	DWELLING UNITS	RETAIL	RETAIL- HOTEL	OFFICE/LIGHT INDUSTRIAL	HEAVY INDUSTRIAL	PUBLIC/ SEMI-PUBLIC
2009-2020	329	78,500	0	89,150	0	345,405
2021-2030	311	89,800	125,000	74,200	0	220,200
2031-2040	455	21,200	0	12,500	0	15,000
<b>TOTAL (2009-2040)</b>	<b>1,095</b>	<b>189,500</b>	<b>125,000</b>	<b>175,850</b>	<b>0</b>	<b>580,605</b>

Source: 2009 Centre County Growth Forecast 2010

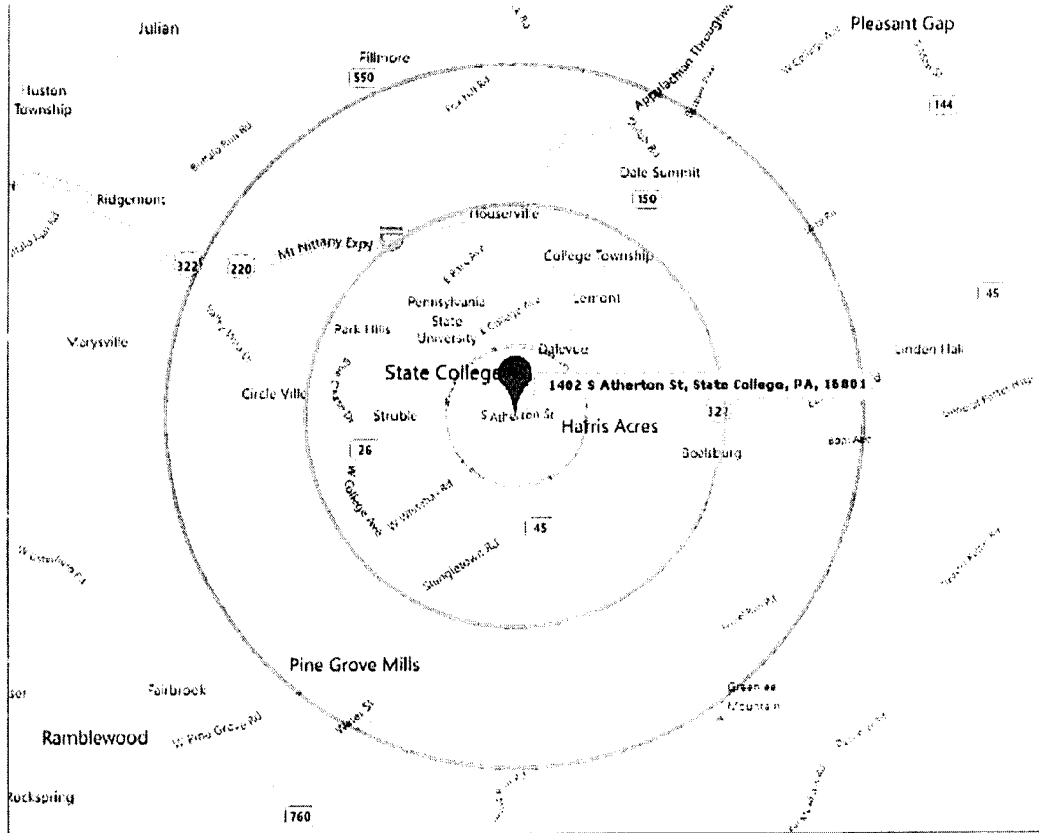
Footnote: 1—All numbers are in square feet except Dwelling Units.

**Conclusion**

The building permit activity indicates very little growth in State College Borough. Redevelopment is forecasted for some downtown areas. Penn State University is considered to be the major influence in the area. There is development projects planned for the University in the near future. The full effect to Penn State University of recent negative public relations is unknown.

**Site-To-Do-Business**

The research tool Site-To-Do-Business provides demographic data to a specific geographic area. The following map illustrates the geographic area of one (1), three (3) and five (5) mile radius of the subject property.

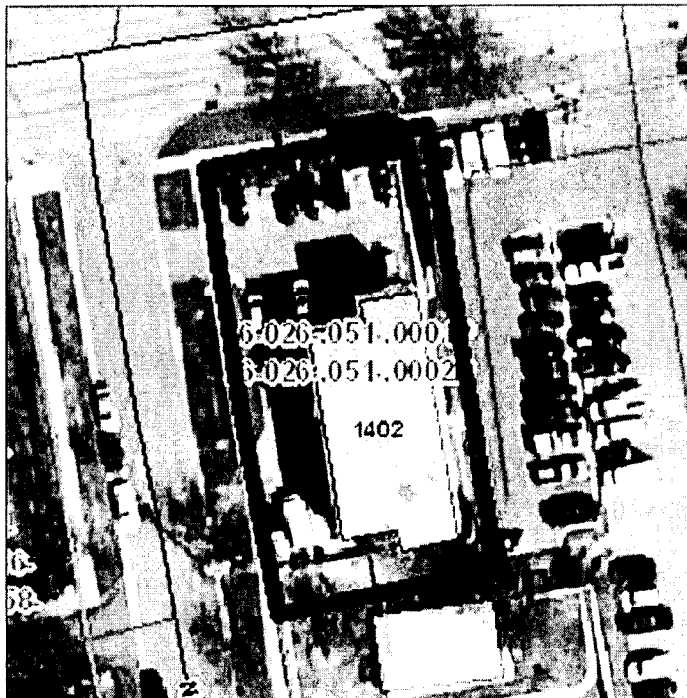


	One Mile	Three Miles	Five Miles
<b>Population</b>			
2000	9,098	53,808	73,216
2010	9,103	57,980	79,426
2015	9,070	58,717	80,804
<b>Households</b>			
2000	4,292	17,872	25,748
2010	4,392	19,140	28,080
2015	4,405	19,533	28,824

The rate of growth for population and households is anticipated to decrease from 2010 to 2015.

## SITE DESCRIPTION

The subject property is located at 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania. The site is on the southeast corner of the intersection of South Atherton Street and Norma Street.



*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*

**Size and relative conformity to adjacent sites:** The subject site consists of approximately 0.26 acres. The site is rectangular in shape and basically level. The land to building ratio is 0.91 to 1.

**Frontage and Visibility:** The site is on the southeast corner of the intersection of South Atherton Street and Norma Street with frontage and visibility.

**Access and Circulation:** There is a "U" shaped access from Norma Street. The size is a limiting factor to larger vehicle access and vehicle circulation.

**Parking:** The site, as currently configured, has limiting parking (approximately 13 spaces). This equates to one (1) space per 795 square feet of space. Management indicated the neighboring hotel property permits parking on their property on the east side of the building. A formal arrangement is not known. Section 2403.c of the zoning ordinance indicates the guideline for newly-constructed off-street parking as one (1) space required per 300 square feet of gross floor space for Professional Office use.

**Topography, Soils & Drainage:** No apparent drainage problems were noted but it should be noted that the scope of this appraisal does not include specific tests for adequacy. Similarly, soils have not been tested but are believed to be adequate for this type development. The topography is generally level.

**Flood Plain:** According to Floodsource Floodscape Map Number 42027C0630F, effective May 4, 2009, the subject property does not appear to be located in a flood hazard area.

**Utilities:** Public utilities.

**Site Improvements:** The site is improved with a multi-story office building built circa 1964 and paving. Above grade space is estimated as 6,888 square feet and below grade 3,444 square feet.

**Easements and Encroachments:** No easements or encroachments were noted on the subject site that would inhibit full use of the site.

**Nuisance Factors:** No nuisance factors were noted on the subject site.

**Environmental Concerns:** No environmental concerns are known to the appraisers; however, the reader of this report should be aware of the typical environmental concerns that go along with similar use properties in this area. We are not qualified for testing of hazardous substances. No responsibility, expertise or knowledge is assumed for any environmental hazards.

**Comments:** The subject site is located along a high traffic area. The size is a limiting factor to use.



## DESCRIPTION OF IMPROVEMENTS

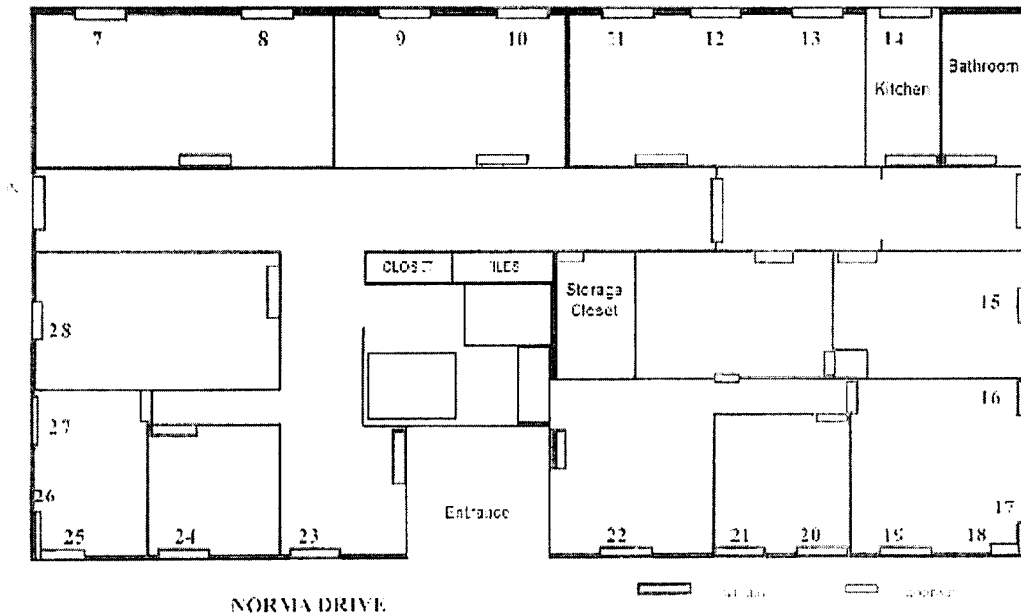
The descriptions below were taken from a personal inspection of the subject property, information collected from the Centre County Assessment office as well as information provided to us by the client.

The subject improvements consist of a multi-story masonry office building. There are two (2) stories above grade and a lower level with on-grade access on the east side. Total gross square footage is approximately 6,888 above grade and 3,444 below grade. Leasable square footage is considered to be 6,216 +/- above grade and 2,608 +/- below grade (500 SF assumed for mechanicals).

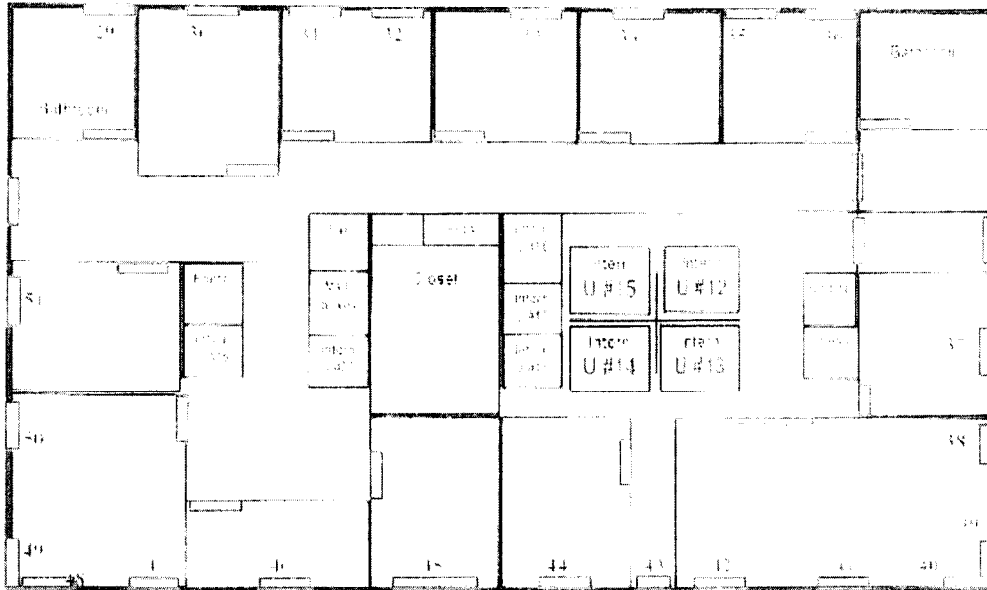
Land to building ratio for gross square footage is 0.91 to 1. It is indicated as built in 1964 in assessment records. The amount of on-site parking is very limited.

	Below Grade SF	First Floor SF	Second Floor SF	Leasable
Stairwell	336	336	336	
Floor Area	2,608	3,108	3,108	8,824
Mechanical	500			
Total (10,332SF)	3,444	3,444	3,444	

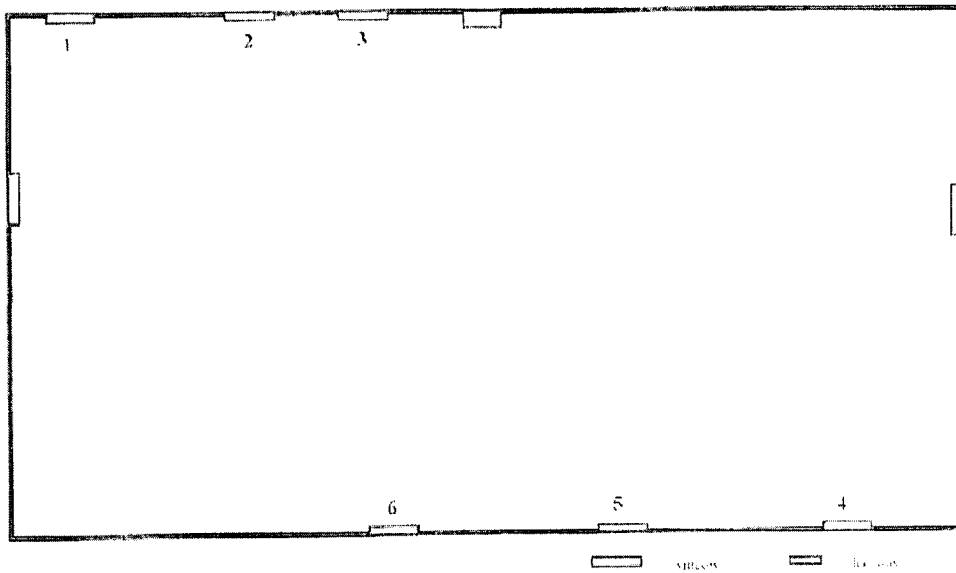
### FIRST FLOOR PLAN



SECOND FLOOR PLAN



BASEMENT FLOOR PLAN



The basement has interior walls not illustrated and stairwells are not on drawings.

### **General Description**

The subject is a multi-story masonry office building of approximately 10,332 square feet. It is basically rectangular shaped and the main entrance is a single door on the west of the building facing Norma Street. There are two (2) stair towers on the north and south ends of the building.

Mechanical and electrical systems are assumed to be adequate for the current use and are assumed to meet applicable codes. The utilities are a single service. The physical configuration accommodates multi-tenancy for physical separation and external access however utilities are not separated.

The building appears adequately maintained. The age of physical components such as roof and mechanicals is not known. Windows were replaced in the last few years. The first floor has a kitchen area. There is exterior lighting mounted to the building.

Interior finishes include painted block walls and painted drywall, carpet and tile flooring, acoustical tile ceilings and fluorescent lighting. It is our understanding the interior layout of the first and second floors were reconfigured in the last few years. The layout is multiple small rooms and hallways considered to be narrow by today's standards. Restrooms are not ADA compliant.

The building is not ADA compliant and is not sprinklered. It does not have an elevator or security system.

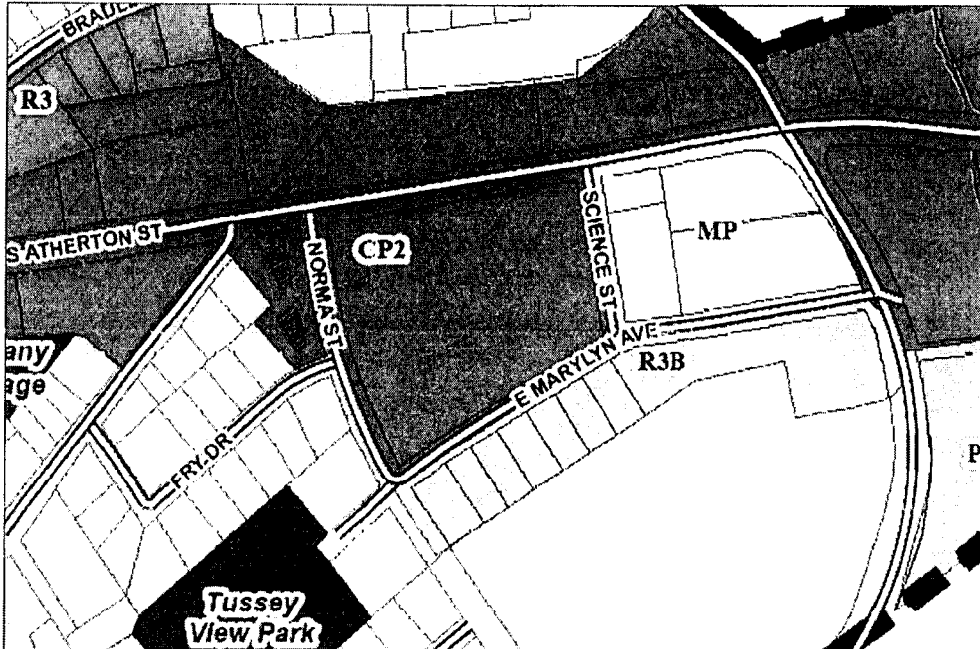
### **Summary of Improvements**

The subject was built in approximately 1964 and is considered to have many original components. The windows were recently replaced. The interior configuration is considered to have a high degree of functional/physical obsolescence. The market trend in office properties is an open physical layout. The lack of ADA compliance is considered a limiting factor. Extensive internal and external renovations are anticipated for a new user/purchaser.

Land to building ratio for gross square footage is 0.91 to 1. The amount of on-site parking is very limited. There is no formal agreement for parking with the neighboring hotel property. These factors indicate the possibility of being nonconforming by municipal requirements. The Borough staff would not confirm or deny nonconformance without further study as there have been multiple zoning amendments over the years and multiple zoning district requirements overlap.

## ZONING

The subject is in the CP-2 Planned Commercial District as set forth by the State College Borough Zoning Ordinance. The current use appears to be legally permissible under said ordinance.



**Section 1501. Use.** The CP-2 district, to be known as a "Planned Commercial District," is intended to provide for commercial use along major highways and in designed shopping centers. Adequate access roads or driveways must be provided, and they shall be designed to prevent traffic hazards and to minimize traffic congestion in public streets and alleys. Additionally, large setbacks and special screening regulations (see Section 2404.i of this Chapter) are required to provide open space with greenery along major highways. It is expressly intended that open space will provide aesthetic views through landscape planting and reduce congestion by moving development away from the street line. No building may be used or erected and no lot may be used or occupied in the CP-2 district, except for the following purposes:

- Any use permitted in a CP-1 district
- Any use permitted in a C district, except
  - Adult business use
  - Adult theaters
  - Telecommunications facilities
- Accessory land use and buildings customarily incidental to any of the above uses

- Signs in accordance with this Chapter and Chapter XV
- Exceptions and modifications to uses permitted:
  - Motels with frontage on a State highway
  - Automobile sales and service with frontage on State highway
  - Motor vehicle oriented business as conditional use pursuant to Part F
  - Bottled beverage distributor

#### CP-1 Planned Commercial District Permitted Uses

- Any use permitted in R-3 district
- Professional office or studio
- Delicatessen store, dairy lunch, but not restaurants or cafes
- Personal service shops
- Custom dressmaking, tailoring
- Sale of books, non-intoxicating beverages, flowers, drugs, notions
- Accessory land use and buildings customarily incident to any above uses
- Off-street parking and unloading
- Signs and name plates affixed flush with front of building and not above

Do not include sale of gasoline, automotive service station or adult business.

#### C General Commercial District Permitted Uses

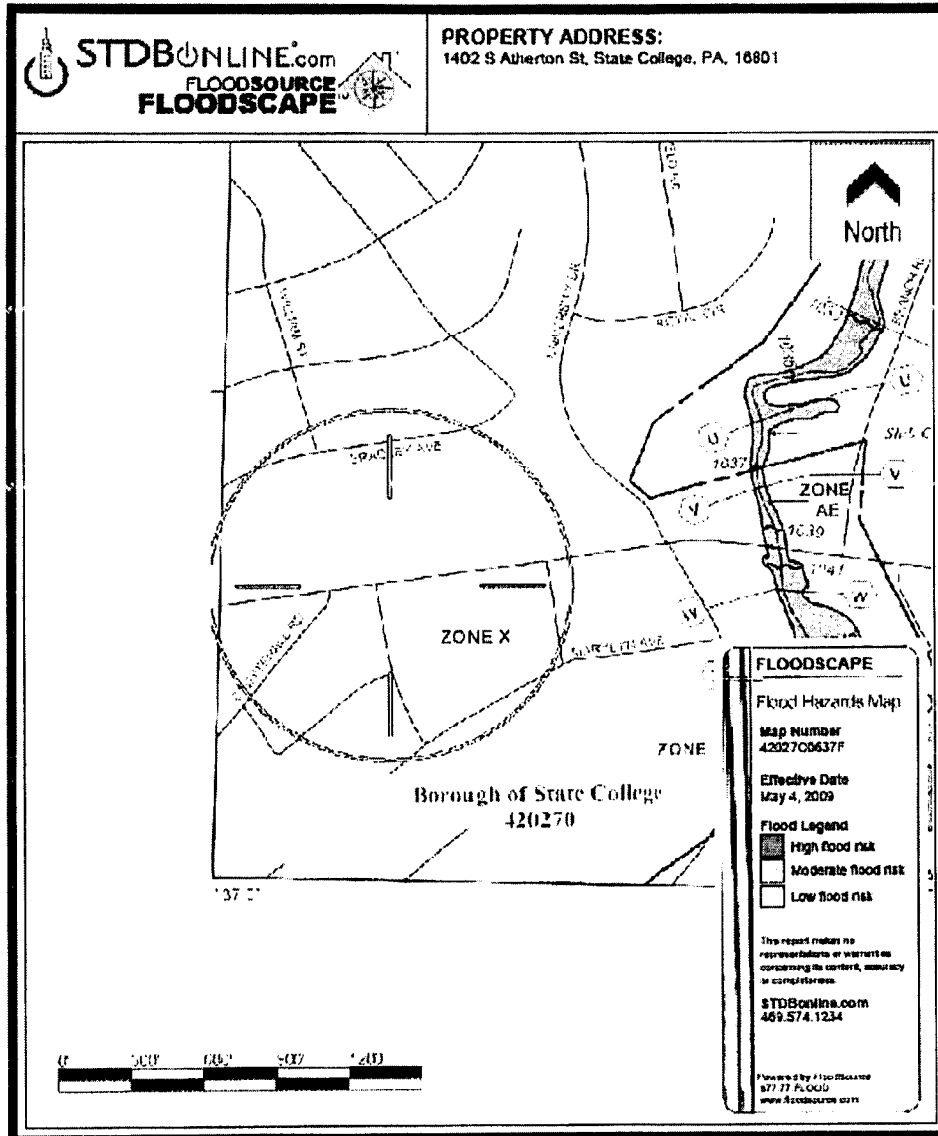
Land and structures may be used for any purpose except:

- Incineration (special fire hazards)
- Automobile wrecking
- Blacksmith
- Coal or coke storage
- Contractor shop, warehouse or material storage
- Lumber yards
- Bottling or distribution
- Stone or monument
- Those with emission of odor, dust, smoke, gas, vibration, noise

Land to building ratio for gross square footage is 0.91 to 1. The amount of on-site parking is very limited. These factors indicate the possibility of being nonconforming by municipal requirements. The Borough staff would not confirm or deny nonconformance without further study as there have been multiple zoning amendments over the years and multiple zoning district requirements overlap.

## FLOOD MAP

According to Floodsource Floodscape Map Number 42027C0630F, effective May 4, 2009, the subject property does not appear to be located in a flood hazard area. The Flood Hazard Map is provided below.



*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*

## REAL ESTATE ASSESSMENT ANALYSIS

The subject property is in State College Borough, Centre County, Pennsylvania.

The basis for the real estate tax assessment is made up of two parts, the assessment and the millage rate. The assessed value is multiplied by the millage rate to arrive at the tax liability. The assessment is set by the county assessment.

The Centre County Assessment records identify the property as two (2) parcels (36-026-.051-.0002P and 36-026-.051-.0001P).

Parcel ID	Assessment	Notes
36-026-.051-.0002P	\$34,125	30% leased and taxable
36-026-.051-.0001P	\$96,240	70% exempt
Total	\$130,365	

The millage rate breakdown is as follows:

Centre County	7.840
Municipal	11.040
School District	36.8500
<b>Total</b>	<b>55.7300</b>

The full tax liability for the subject is \$7,265.

Legislation passed in 1982 empowered the Pennsylvania State Tax Equalization Board (STEB) to establish a Common Level Ratio for each county in the Commonwealth. The PA State Equalization Board has published a rate of 28.1% as of July, 2011 for Centre County. The implied value is \$463,932.

## HIGHEST AND BEST USE<sup>9</sup>

Highest and best use reflects a basic assumption about real estate market behavior: that the price a buyer will pay for a property is based on their conclusions about the most profitable use of the site or property. The determination of highest and best use must be based on careful consideration of prevailing market conditions, trends affecting market participation and change, and the existing use of the subject property.

Highest and best use may be defined as "the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and results in the highest value."

Because the use of land can be limited by the presence of improvements, highest and best use is determined separately for the land or site as though vacant and available to be put to its highest and best use, or for the property as improved.

The first determination reflects that land value is derived from potential land use. Land has limited value unless there is a present or anticipated use for it. The amount of value depends on the nature of the land's anticipated use according to the concept of surplus productivity. Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination, is generally regarded as the highest and best use of the land as though vacant. This is the "classic" definition of a land residual analysis.

For the purpose of analysis, the appraiser assumes that the parcel of land in question is vacant. Even a site with a large building on it can be made vacant by demolishing the building. The question to be answered is: If the land were vacant, what new improvement(s) should be constructed on the site?

The highest and best use of a property as improved refers to the optimal use that could be made of the property including all existing structures. The implication is that the existing improvement should be renovated or retained so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

The determination of the highest and best use of land as though vacant is useful for land or site valuation. Determining the highest and best use of an improved property provides a decision regarding continued use or demolition of the property. [The reader should note that demolition is indicated when the land as though vacant has more value than the parcel as presently improved.]

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<sup>9</sup> *The Appraisal of Real Estate*, Appraisal Institute, 13th Edition, 2008, Page 278.



The relationship between the supply of, and demand for, land adaptable to a particular use is significant in determining highest and best use. A site or improved property may be placed under an interim use until demand is sufficient to support its highest and best use. If a more profitable use must be delayed due to insufficient present demand, the interim use will continue until the value of the land as though vacant, minus the cost of demolishing the existing improvements, exceeds the total value of the improved property at its current use.

When properties are devoted to temporary, interim uses, the concept of consistent use must be addressed. Consistent use is the concept that land cannot be valued on the basis of one use while the improvements are valued on the basis of another. Improvements that do not represent the land's highest and best use, but do have substantial remaining physical lives, may have an interim use of temporary value, or they may have no value at all.

The highest and best use analysis requires the employment of various categories of use-oriented decisions. To conclude that a given use is the highest and best use, the use must meet four criteria. The highest and best use must be:

- 1) Legally permissible;
- 2) Physically possible;
- 3) Financially feasible; and
- 4) Maximally profitable.

In sequential order, usually from the most general to the most specific, each criteria is considered in turn, thereby eliminating at each level, proposed uses that do not qualify. This process stimulates the thought process of the rational and informed decision maker and helps the appraiser identify the most likely users and buyers for the subject property.

### **Highest and Best Use As Though Vacant and Available for Development**

Highest and best use of land or a site as though vacant is defined as the use of a property based on the assumption that a parcel of land is vacant or can be made vacant through demolition of any improvements.<sup>10</sup> Land value, as though vacant, is a fundamental concept of valuation theory and the basis for the Cost Approach.

The four factors of highest and best use, that is whether the use is legally permissible, physically possible, financially feasible, or maximally profitable will be developed for the property as though it were vacant and available for development.

The subject is a 0.26 acre basically level site zoned CP-2 Planned Commercial District on the southeast corner of South Atherton Street and Norma Street. It is rectangular in shape and has public utilities.

**Legally Permissible:** The subject property is zoned CP-2 Planned Commercial District by the State College Borough zoning ordinance. The permitted uses are a wide range and have been presented in the zoning section of this appraisal. CP-1 and CP-2 include professional office, limited motel use, limited automobile sales/service, personal service, and limited retail (books, confections, drugs, flowers, small household articles).

- Permitted uses of the CP-2 District include any use permitted in the CP-1 District.
- Permitted uses of the CP-1 District include any use permitted in the R-3 District.
- Permitted uses of the R-3 District include any use permitted in the R-2 District.
- Permitted uses of the R-2 District include any use permitted in the R-1 District.

**Physically Possible:** A detailed description of the subject's 0.26 acre site is presented in the Description of the Site section. The size of the subject limits the potential use. Due to the overlap of Districts it is difficult to quantify the amount of development permitted.

**Financially Feasible:** The area has a history of commercial/business use along South Atherton Street.

**Maximally Profitable:** Considering the four factors: legally permitted, physically possible, financially feasible and maximally productive, and applying the assumption of industrial use being permitted, it would appear that the highest and best use as if vacant for the subject is most likely for office/business use as the market dictates.

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<sup>10</sup> *The Appraisal of Real Estate*, Appraisal Institute, 13th Edition, 2008, Page 281.

### Highest and Best Use as Improved

The highest and best use as improved is defined as the use that should be made of a property as it exists.<sup>11</sup> There are two reasons to analyze the highest and best use of a property as improved. The first is to identify the property use(s) that can be expected to produce the highest overall return for dollar of capital invested. The second reason is to help identify comparable properties in the Sales Comparison Approach.

As in the previous analysis, the four factors of highest and best use must be studied. These are legal, physical adaptability, financially feasible, and maximally profitable.

The subject improvements consist of a multi-story masonry office building zoned CP-2. There are two (2) stories above grade and a lower level with on-grade access on the east side. Total gross square footage is approximately 6,888 above grade and 3,444 below grade. Leasable square footage is considered to be 6,216 +/- above grade and 2,608 +/- below grade. Land to building ratio for gross square footage is 0.91 to 1.

The subject was built in approximately 1964 and is considered to have many original components. The layout is multiple small rooms and hallways considered to be narrow by today's standards. It is considered to have a high degree of functional/physical obsolescence. The subject is not ADA compliant, is not sprinklered and does not have an elevator or security system.

The utilities are a single service. The physical configuration accommodates multi-tenancy for physical separation and external access however utilities are not separated. The subject has very limiting on-site parking (approximately 13 spaces). This equates to one (1) parking space per 795 square feet of building space.

**Legally Permissible:** The subject property is zoned CP-2 Planned Commercial District. The current use appears to be legally permissible.

The Borough staff would not confirm or deny nonconformance without further study as there have been multiple zoning amendments over the years and multiple zoning district requirements overlap.

**Physically Possible:** It is physically possible to continue the office use of the subject property. The subject was built in approximately 1964 and is considered to have many original components. The windows were recently replaced. On-site parking is limited to approximately 13 spaces.

The physical configuration accommodates multi-tenancy for physical separation and external access however utilities are not separated. The layout is multiple small rooms and hallways considered to be narrow by today's standards (functional/physical obsolescence).

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<sup>11</sup> *The Appraisal of Real Estate*, Appraisal Institute, 13th Edition, 2008, Page 287.

**Financially Feasible:** The area does have a history of business/office use. The functional/physical obsolescence is anticipated to affect the use and thus the sale price and/or rental rate of the subject property. Extensive internal and external renovations are anticipated for a new user/purchaser.

**Maximally Profitable:** The highest and best use is usually a long-term consideration, expected to remain on the site for the normal life of the improvements. It represents that use which results in the highest value. Highest and best use of the subject is considered to be business/office use recognizing a degree of functional and physical obsolescence and very limited on-site parking.

## THE APPROACHES TO VALUE

In estimating the market value of a given property, it is normal appraisal practice to assemble as much relevant data from the marketplace as possible. This data is then applied in the three recognized approaches to value: the Income Capitalization Approach, the Cost Approach, and the Sales Comparison Approach.

**In a Cost Approach**, first an estimate of the subject site's land value is obtained by comparing the subject site with other similar sites that have been recently sold. The subject site is valued in accordance with the conclusions reached in the Highest and Best Use - As Though Vacant section of the appraisal report. Based on the physical description presented in the report, the subject's replacement cost new is estimated based on comparative costs derived from the market and from *Marshall Valuation Service* estimates. Accrued depreciation from all observed sources is then subtracted from replacement cost new to yield depreciated replacement cost. An appropriate level of entrepreneurial incentive is also added. This sum is then added to the indicated land value to yield an estimate of value based on the Cost Approach. The Cost Approach was considered and not found applicable for this report. The age of the subject indicates estimating significant physical and functional obsolescence, reducing reliability of the conclusion.

**The Income Capitalization Approach** analysis is concerned with the present worth of anticipated future benefits derived from the ownership of the subject property, expressed in terms of potential rental income. The anticipated stabilized net operating income available from the property is then converted into a value estimate by means of the application of an appropriate capitalization rate derived from market observations. The income approach has been developed, however, the subject is considered most applicable to an owner/user.

**The Sales Comparison Approach** uses the sales of similar properties as the basis of an indication of value for the subject property. This comparison may be made on a square foot, cubic foot, front foot, or any other basis that is recognized in the marketplace and provides an adequate unit of measure of indicated market value. The Sales Comparison Approach has been developed.

## COST APPROACH

To develop the value of the subject property by the Cost Approach, the value of the land, as if vacant and available for development to its highest and best use, must first be addressed. Then, the depreciated replacement cost of the subject improvements, including developer's profit and entrepreneurial incentive, must be estimated. The summation of land value and depreciated replacement cost would then be the indicated market value by the Cost Approach. The Cost Approach was considered and was not found applicable for this report.

## THE INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach allows an analysis of the typical investor-buyer, analyzing the property's income potential and future marketability. The present value of cash flows and future sale proceeds is quantified based on the timing, duration, stability and risk of these components of investment return. The investor trades present dollars for the right to receive future dollars in anticipation of making a profit. This is the Principle of Anticipation that is fundamental to the Income Capitalization Approach.<sup>12</sup>

The process of capitalization converts this income stream into a single value indication. This process involves applying a capitalization rate deemed appropriate for the subject's indicated risk and return profile to the subject's net operating income (NOI).

There are several methods to develop a value based on capitalization rates. Two of the most common include direct capitalization and yield capitalization. Direct capitalization requires market-derived capitalization rates from similar properties and transactions and then applies them to the subject property's stabilized net operating income without explicit attention to "return on", and "return of" capital. Yield capitalization is more complex and requires interpreting expectations and attitudes into formulas designed to convert several years' net income into a present value estimate. The income approach has been developed, however, the subject is considered most applicable to an owner/user.

The subject improvements consist of a multi-story masonry office building. There are two (2) stories above grade and a lower level with on-grade access on the east side. Total gross square footage is approximately 6,888 above grade and 3,444 below grade. Leasable square footage is considered to be 6,216 +/- above grade and 2,608 +/- below grade (500 SF assumed for mechanicals).

	Below Grade SF	First Floor SF	Second Floor SF	Leasable
Stairwell	336	336	336	
Floor Area	2,608	3,108	3,108	8,824
Mechanical	500			
Total (10,332SF)	3,444	3,444	3,444	

### **Direct Capitalization Analysis**

The discussion that follows is an analysis of the subject property on a direct capitalization basis. It is assumed that rent and expenses are stabilized at current, market based levels. The net operating income resulting from the subtraction of operating expenses from effective gross income (income after vacancy allowance) is capitalized at a rate appropriate for the type of property, risk of investment, and current market conditions.

<sup>12</sup> *The Dictionary of Real Estate Appraisal*, Appraisal Institute, Fifth Edition, Illinois, 2010.  
*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*

**Yield Capitalization Analysis**

Yield capitalization, also referred to as *Discounted Cash Flow Analysis*, is more complex and requires interpreting expectations and attitudes into formulas designed to convert several years of net income into a present value estimate. A discounted cash flow analysis has not been developed for the subject property.

**State College Office Buildings**

Highland Office Center, 270 Walker Drive

Leasable SF	Current Range of Lease Rates (Gross)	Current Range of Size (SF) of Units	Advertised Lease Rate	Estimated Net Income/SF	Estimated % expenses of EGI w/10% vacancy
38,517	\$12.40 - \$18.52	475 to 15,000	\$16.00	\$9.00	36%

Armenara Office Building, 111 Sowers Street

Leasable SF	Current Range of Lease Rates (Gross and Modified Gross)	Current Range of Size (SF) of Units	Advertised Lease Rate	Estimated Net Income/SF	Estimated % expenses of EGI w/10% vacancy
15,199	\$2.64 to \$17.18	373 to 2,500	\$15.00	\$5.60	53%

South Hills Office Centre, 1315 South Allen Street

Current Range of Lease Rates: \$7.27 to \$15.10

Expense Ratio: 50%

**For Lease in State College**



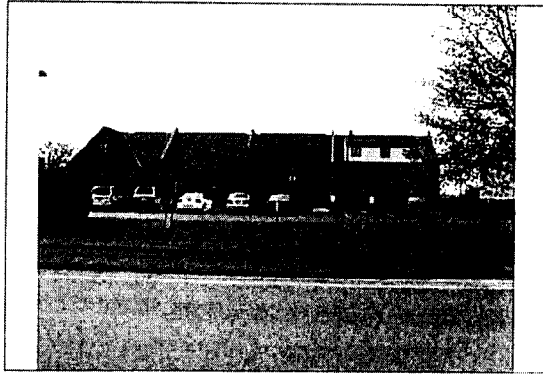
**North Atherton, 110 Village Drive**

Space available: 1,924SF, \$12 NNN

Ground level units with lots of parking

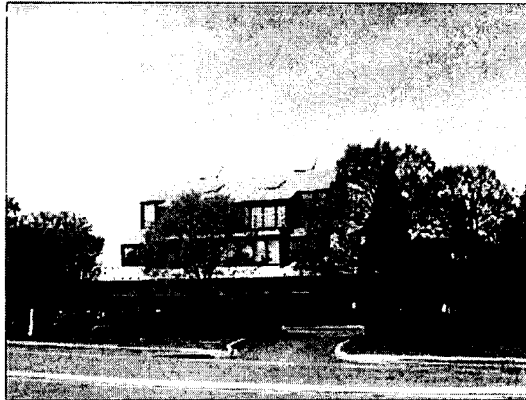
*Appraisal of 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania*





**2029 Cato Avenue**

Space available: 1,000, 1,500, 2,000, 2,800 SF, \$12 Modified Gross  
Office and R&D. Ample parking, Max continuous 4,500SF



**PNC Building, 1631 South Atherton**

Space available: 2,000SF, \$15.20 Modified Net  
Utility fee for gas, electric, water, sewer, No CAM, on-site parking

The Income Approach was developed and the direct capitalization analysis was used in this report. The subject is currently owner occupied. For the purpose of this report, the income approach is developed as a single tenant with a triple net lease (tenant pays operating costs).

**Direct Capitalization Analysis**

The discussion that follows is an analysis of the subject property on a direct capitalization basis. The subject is currently owner occupied.

The Direct Capitalization Analysis is done as a NNN lease with the tenant paying the operating expenses. The net operating income resulting from the subtraction of operating expenses from effective gross income (income after vacancy allowance) is capitalized at a rate appropriate for the type of property, risk of investment, and current market conditions.

**Potential Gross Income**

Potential Gross Income (PGI) is the sum of all achievable funds possible on an annual basis. The subject has 8,824 leasable SF.

**Vacancy and Collection Losses**

There must be a subtraction from potential gross income to account for income lost due to periods when the property is not fully leased or when a tenant is unable to pay its rent in a timely manner. It should be noted that the vacancy losses noted here are not the same as rent loss due to absorption. Rather, vacancy and collection losses refer to losses sustained by the landlord during normal, stabilized occupancy. A vacancy is applicable for a single or multi-tenant user. Consideration was given to the size of the property, age and market vacancy indicated earlier in the report and the risk of credit loss. We have applied a 5% vacancy and credit loss factor.

**Effective Gross Income**

Effective gross income results from the subtraction of vacancy and collection losses from all sources of potential gross income.

**Operating Expenses**

Leases for the subject property would generally be on a triple-net basis with the tenant paying all expenses including insurance and real estate taxes. Under this triple-net lease scenario, the tenant would be responsible for all operating expenses associated with the property.

**Non-reimbursed Expenses**

*Management/Leasing Fee:* This expense represents the non-reimbursable portion of the management fee and includes fees for advertising, office supplies, and professional fees. Competent management of the subject property is assumed. A management fee of 3% was applied to the effective gross income. Additionally, a leasing expense of 3% was applied to the effective gross income.

**Net Operating Income**

Stabilized net operating income is the subtraction of stabilized operating expenses from stabilized effective gross income.

**Capitalization Rate Development**

We have studied current and historical capitalization rates from Realty Rates to determine an appropriate capitalization rate.

**4th Quarter 2011 Realty Rates**

	<b>Office – Suburban (OAR)</b>	<b>Office – All Types (OAR)</b>
<b>Minimum</b>	5.86	5.86
<b>Maximum</b>	12.92	14.59
<b>Average</b>	8.74	9.12

**Capitalization of Net Operating Income**

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Applying the indicated overall capitalization rate of 10.0% to the stabilized net operating income is presented in the table below:

**Reconstructed Summary of Income and Expenses**

Potential Gross Income			\$61,768
	8.824SF @	\$7.00	\$ 61,768
Vacancy and Credit Loss	@ 5%		(\$3,088)
<b>Effective Gross Income</b>			<b>\$58,680</b>
<b>Expenses:</b>			
Management Fees	@ 3%		(\$1,760)
Leasing Fees	@ 3%		(\$1,760)
<b>Net Operating Income</b>			<b>\$55,160</b>
<b>Capitalization Rate</b>	10.0%		
Indicated Value			\$551,600
<b>Rounded To</b>			<b>\$550,000</b>

**Conclusion to the Income Approach**

The direct capitalization analysis was utilized to arrive at market value of the subject property.

**Indicated value of fee simple interest by the Income Approach  
as of December 13, 2011 is  
\$550,000**

**Five Hundred Fifty Thousand Dollars**

Assumption of our value opinion is that the property is environmentally clean.  
Value opinion does not include furniture, fixtures, equipment or personal property.

## SALES COMPARISON APPROACH

In the Sales Comparison Approach, the appraiser develops an opinion of value by analyzing closed sales, listings, or pending sales of properties that are similar to the subject property. This approach is based on the Principal of Substitution, which states that when several similar or commensurate commodities, goods, or services are available, the one with the lowest price will attract the greatest demand and widest distribution.<sup>13</sup> It is a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant.

The Sales Comparison Approach is considered important to most appraisal problems since it indicates the price paid for similar properties by typically knowledgeable buyers in the open market. It is applicable to the appraisal of all properties for which there are a sufficient number of comparable sales. This approach is most reliable when the property type under analysis is bought and sold regularly.

This approach to value may be very helpful when a sufficient number of sales of comparable property have occurred in the area within a year or two. This approach relies on the theories of supply and demand, substitution, balance, and externalities. The definitions are from Appraisal Institute, *The Appraisal of Real Estate, 13<sup>th</sup> Edition*.

### SUPPLY & DEMAND

Property prices result from negotiations between buyers, sellers, and lenders. Buyers constitute market demand, and the properties offered for sale make up the supply. If the demand for a particular type of property is high, prices tend to increase; if demand is low, prices tend to decline. Shifts in the Supply of improved properties frequently lag behind shifts in demand because supply is created by time-consuming construction and reduced by conversion to other uses, while satisfiable demand can change rapidly. The analysis of real estate markets at a specific time may seem to focus on demand, but the supply of properties must also be considered. Proposed construction, conversion, and demolition may change the supply/demand relationship and affect prices. To estimate demand, appraisers consider the number of potential users of a particular type of property, their purchasing power, and their tastes and preferences. To analyze supply appraisers focus on existing unsold or vacant properties as well as properties that are being constructed, converted, or planned. Shifts in any of these factors may cause the prices of the subject property and comparable properties to vary. Lenders, whose terms can cause the market to accelerate, decelerate, grind to a halt, or shift elsewhere, also influence sales activity.

The tightening of the credit markets has reduced the number of qualified purchasers in the market.

<sup>13</sup> *The Dictionary of Real Estate Appraisal*, Appraisal Institute, 5<sup>th</sup> Edition

*The Appraisal of Real Estate*, Appraisal Institute, 13<sup>th</sup> Edition

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### SUBSTITUTION

The principle of substitution holds that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time. This principle implies that the reliability of the sales comparison approach is diminished if substitute properties are not available in the market.

### BALANCE

The forces of supply and demand tend toward equilibrium, or balance, in the market, but absolute equilibrium is almost never attained. The balance between supply and demand changes continually. Due to shifts in population, purchasing power, and consumer tastes and preferences, demand varies greatly over time. The construction of new buildings, conversion to other uses, and the demolition of old buildings cause supply to vary as well.

Another aspect of this principle holds that the relationship between land and improvements and the relationship between a property and its environment must both be in balance for a property to reflect its optimum market value. If, for example, a property has too much land in relation to its improvements or too many expensive amenities for its location, an imbalance is created. Appraisers must watch for imbalances in the market and within properties because they can cause the market to impute different prices to otherwise comparable properties. The ratio of land to building also affects such things as drainage, truck access, parking and traffic patterns for customers and vehicles.

### EXTERNALITIES

Positive and negative external forces affect all types of property. Periods of economic development and economic depression influence property values. An appraiser analyzes the neighborhood of the subject property to identify all significant external influences. To a great extent, these external forces are reflected in the adjustments made for property location. Two properties with identical physical characteristics may have quite different market values if one of the properties has less attractive surroundings. The condition and lighting of streets, the convenience of transportation facilities, the adequacy of police protection, the enforcement of municipal regulation, and the proximity to shopping and restaurant facilities vary with location.<sup>14</sup>

The State College area is not considered to be as negatively affected by the recessionary climate as some areas. Penn State University has a history of being a major influence to the area. The full effect to Penn State University of recent negative public relations is unknown.

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<sup>14</sup> Appraisal Institute. *The Appraisal of Real Estate, 13th Edition*  
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Applying this approach is a systematic procedure where similar sales are researched and analyzed through the most relevant elements of comparison. Adjustments are made for differences in the sales that reflect market reaction. The following transactions have been selected from the area market as being most comparable to the subject property.

### Improved Industrial Sales in Centre County

There is a limited sales history in the State College area. It is not considered appropriate to consider surrounding counties.

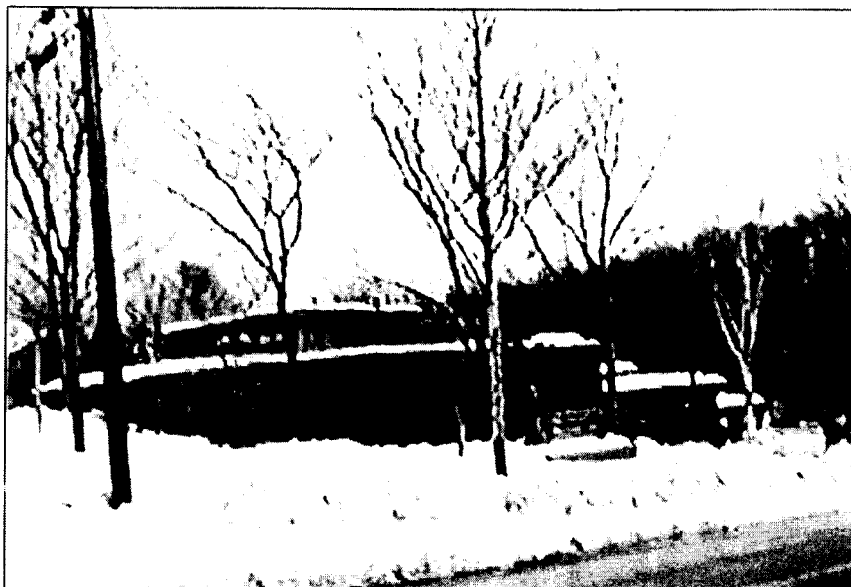
### COMPARABLE SALES

#	Property Location	Description Size	Sale Date	Sale Price	Price per SF
1	1001 University Drive Borough of State College Centre County	Office Building Built 1973, 60 Acres 7,320 SF	November 2007	\$550,000	\$75.14
2	325 W. Aaron Drive Ferguson Township Centre County	Office Building Built 1989, 0.53 Acres 6,094 SF	February 2010	\$809,000	\$132.75
3	365 Science Park Road Ferguson Township Centre County	Office Building Built 1980, 2.28 Acres 8,508 SF	May 2007	\$900,000	\$106.00

Units of Comparison: An important step in the Sales Comparison Approach is the selection of an appropriate unit of comparison. In this analysis, the unit of comparison is deemed to be the price per square foot.

Elements of Comparison: Key value elements under scrutiny that may require adjustments are financing terms and condition of sale, time, location, and physical characteristics, (i.e., condition of improvements, quality of construction, size and the like).

### COMPARABLE SALE #1



<b>Location:</b>	1001 University Drive, State College Borough, Centre County, PA
<b>Tax Identification:</b>	36-019-.176-.0000-
<b>Sale Information:</b>	
Grantor	Charles H. Smith, James B. Smith Family Limited Partnership
Grantee	George R. Sample and Marlene K. Sample
Sale Date	November 30, 2007
Sale Price	\$550,000
Unit Price per SF	\$75.14
Financing	Assumed cash to seller
Deed Book/Page	2001/0297
Verification	Public records, deed, assessment data
<b>Description:</b>	
Land Size	0.60 Acres
Building Type	Office Building
Year Built	1973
Building Size:	7,320 SF

**COMPARABLE SALE #2**



<b>Location:</b>	325 W. Aaron Drive, State College, Ferguson Township, Centre County, PA
<b>Tax Identification:</b>	24-010-.012-.0000-
<b>Sale Information:</b>	
Grantor	Alan G. Hawbaker, Marie H. Devinney, Glenn O. Hawbaker, Jr. & Daniel R. Hawbaker, t/d/b/a Hawbaker Family Partnership
Grantee	Centre County Youth Service Bureau
Sale Date	February 25, 2010
Sale Price	\$809,000
Unit Price per SF	\$132.75
Financing	Assumed cash to seller
Deed Book/Page	2052 / 0520
Verification	Public records, deed, assessment data
<b>Description:</b>	
Land Size	0.53 Acres
Building Type	1 & 2 Story Frame
Year Built	1989
Building Size	6,094 SF



### COMPARABLE SALE #3



<b>Location:</b>	365 Science Park Road, Ferguson Township, Centre County, PA
<b>Tax Identification:</b>	24-004-.021P,0000-
<b>Sale Information:</b>	
Grantor	Charrob Investments
Grantee	Diciple Makers, Inc.
Sale Date	June 13, 2011
Sale Price	\$900,000
Unit Price per SF	\$106.00
Financing	Assumed cash to seller
Deed Book/Page	1990/0863
Verification	Public records, deed, assessment data
<b>Description:</b>	
Land Size	2.28 Acres
Building Type	1 Story Office Building
Year Built	1980
Building Size	8,508 SF

## GENERAL DISCUSSION OF THE ELEMENTS OF COMPARISON

In general there is an upward adjustment if the comparable is inferior to the subject for a given element of comparison and a downward adjustment where the comparable is superior to the subject for a given element of comparison.

### **Property Rights Conveyed**

Property rights conveyed relates to what type of interest was transferred. The normal type of transfer is fee simple interest. If something other than fee simple interest is conveyed, then it is marked accordingly and if appropriate an adjustment is made.

### **Financing Adjustments**

The comparable sales have been adjusted for financing terms, if necessary. The adjustment renders the sales price to cash equivalent terms where the seller makes favorable financing terms available. The present value of this difference represents an advantage to the comparable sale and warrants a negative adjustment. In addition, there is an adjustment necessary if there are any unusual circumstances surrounding the transaction such as foreclosures, bulk sales, related parties, assemblages and the like. The transaction price of a property may differ from the price of an identical property because of different financing arrangements.

### **Conditions of Sale**

Conditions of sale adjustments typically reflect the motivations of the buyer and seller. Sometimes related parties are involved in a transaction and it is not readily apparent. (i.e. father and daughter/son-in-law). Many times only a contact with the parties can verify that there were not un-apparent interests that would affect the transaction price.

### **Date of Sale (Time) Adjustments**

After adjusting all the comparable sales to a cash equivalent price the sales must be brought current by means of a time adjustment to account for changing market conditions from the date of each comparable sale to the effective date of this appraisal. Time adjustments are made if the market has changed in a calculable way since the sale of the comparable.

### **Location Adjustments (Demand)**

These are based on market factors. Some areas are known to have a better appeal based on infrastructure, other development and the overall economic climate of that area. Also considered is how close and convenient is the property to major highway routes, retail markets and jobs. Real estate tax rates or incentives can also have an impact.

### **Zoning**

Zoning adjustments are made based on differences in permitted uses upon the property. Additionally, some districts are less strict with open space, setbacks, height limitations, etc. If a district openly allows more uses, it would be considered more valuable than a stringent zoning district (in many cases). However, some limitations are welcome to preserve neighboring property values and therefore are a welcome limitation. This adjustment factors in the zoning differences.

### **Size Adjustments**

As a factor in land pricing, size was considered on the basis of acres. Due to economies of scale, larger sites typically sell for a lower price per unit, and smaller sites typically sell for a higher price per unit.

### **Topography/Utility**

The topography of a particular site can have a significant impact on its appeal for building purposes. Typically, these adjustments take into account the differences in shape, amount and location of inclines, hills, and low-lying areas. Rock can also be a factor but many times is unknown until digging occurs. Some sites have areas that are not usable. This adjustment takes all these factors into consideration.

### **Specific Discussion of the Improved Comparable Sales/Data**

There is not an active recent sales market of office properties in the State College Area. The sales located are considered superior to the subject in utility and land area. The subject has very limited on-site parking and is considered to have very extensive functional and physical obsolescence. Extensive internal and external renovations are anticipated for a new user/purchaser. The subject is considered to be significantly below the comparable sales.

It is the opinion of the appraisers that the subject property with improvements as of the effective date of December 13, 2011 would have a per square foot price of \$55 for a total value of \$568,260 rounded to \$570,000.

<b>\$/SF</b>		<b>Total Square Feet</b>		<b>Indicated Value</b>	<b>Rounded</b>
\$55	X	10,332	=	\$568,260	\$570,000

### **Conclusion to the Sales Comparison Approach**

**Based on the Sales Comparison Approach market value of the fee simple interest of the subject property as of the effective date of December 13, 2011 is:**

**\$570,000**

**Five Hundred Seventy Thousand Dollars**

Assumption of our value opinion is that the property is environmentally clean. Valuation does not include furniture, fixtures, equipment or personal property.

## RECONCILIATION AND CORRELATION

The accuracy of an appraisal depends on the appraiser's knowledge, experience and judgment. Equally important, are the quantity and quality of the available data that will be reconciled in the final value conclusion. We used the best data that was available to us to estimate value.

A judgment is made as to the validity and reliability of each of the value indications arrived from the three approaches to value. These indications are never merely averaged. To do so is substituting arithmetic for judgment. Rather, the appraiser reconciles the value indications, analyzing the alternatives and selecting from among them the indication of value that will be most defensible and truly representative of the property being appraised.

<b>Valuation effective date December 13, 2011:</b>	<b>Total</b>
Opinion of Value by the Income Capitalization Approach	\$550,000
Opinion of Value by the Cost Approach	Not Applicable
Opinion of Value by the Sales Comparison Approach	\$570,000
<b>Final Opinion of Market Value</b>	<b>\$560,000</b>

The three approaches were considered for this report: Sales Comparison, Income and Cost. The Cost Approach was not considered applicable to the valuation of the subject property due to the age and subjective depreciation. The Sales Comparison Approach and Income Approach were developed for this report.

The subject was built in approximately 1964 and is considered to have many original components. The interior configuration is considered to have a very high degree of functional/physical obsolescence. The layout is multiple small rooms and hallways considered to be narrow by today's standards. The restrooms and building as a whole is not ADA compliant. The market trend in office properties is an open physical layout. The subject is not ADA compliant, is not sprinklered and does not have an elevator or security system. Extensive internal and external renovations are anticipated for a new user/purchaser.

The utilities are a single service. The physical configuration accommodates multi-tenancy for physical separation and external access however utilities are not separated. The subject has very limited on-site parking (approximately 13 spaces). This equates to one (1) parking space per 795 square feet of building space. Section 2403.c of the zoning ordinance indicates the guideline for newly-constructed off-street parking as one (1) space required per 300 square feet of gross floor space for Professional Office use. There is no formal parking agreement with the neighboring hotel property.

The land to building ratio for gross square footage is 0.91 to 1. There are factors indicating the possibility of nonconforming use by municipal requirements. The Borough staff would not confirm or deny nonconformance without further study as there have been multiple zoning amendments over the years and multiple zoning district requirements overlap.

Therefore, in terms of the subject located at 1402 South Atherton Street, State College Borough, Centre County, Pennsylvania, it is concluded that the market value of the fee simple interests of the subject, as of the effective date of December 13, 2011 subject to assumptions and limited conditions as outlined throughout this report is estimated to be **\$560,000 (Five Hundred Sixty Thousand Dollars)**.

## CERTIFICATION

Elliott W. Weinstein, MAI and Marion A. Oberdick, certify that, to the best of our knowledge and belief, except as otherwise noted in this report:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions.
3. We 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.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction 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.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. We have made a personal inspection of the property that is the subject of this report.
9. No one provided significant professional assistance to the person(s) signing this report.
10. We certify that, to the best of our knowledge and belief, 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 and the Standards of Professional Appraisal Practice of the Appraisal Institute.
11. I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. As of the date of this report, Elliott W. Weinstein, MAI has completed the requirements of the continuing education program of the Appraisal Institute.



Elliott W. Weinstein, MAI, MRICS  
PA Certified General  
Real Estate Appraiser  
#GA-000063-I.



Marion A. Oberdick  
PA Certified General  
Real Estate Appraiser  
#GA-003782

## STATEMENTS OF ASSUMPTIONS AND LIMITING CONDITIONS

**“Appraisal” means the appraisal report and opinion of value stated therein, or the letter opinion of value, to which these Assumptions and Limiting Conditions are annexed.**

**“Property” means the subject of the Appraisal.**

**“WRA” means Weinstein Realty Advisors or its subsidiary which issued the Appraisal.**

**“Appraiser(s) means the employee(s) of Weinstein Realty Advisors who prepared and signed the Appraisal.**

The Appraisal has been made subject to the following assumptions and limiting conditions:

No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters which are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.

The information contained in the Appraisal or upon which the Appraisal is based has been gathered from sources the Appraiser assumes to be reliable and accurate. Some of such information may have been provided by the owner of the Property. Neither the Appraiser nor Weinstein Realty Advisors shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters.

The opinion of value is only as of the date stated in the Appraisal. Changes since that date in external and market factors or in the Property itself can significantly affect property value.

The Appraisal is to be used in whole and not in part. No part of the Appraisal shall be used in conjunction with any other appraisal. Publication of the Appraisal or any portion thereof without the prior written consent of Weinstein Realty Advisors is prohibited. Except as may be otherwise stated in the letter of engagement, the Appraisal may not be used by any person other than the party to whom it is addressed or for purposes other than that for which it was prepared. No part of the Appraisal shall be conveyed to the public through advertising, or used in any sales or promotional material without Weinstein Realty Advisors' prior written consent. Reference to the Appraisal Institute is prohibited.

Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.

The Appraisal assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Appraisal; (d) unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective; and (e) all required licenses, certificates of occupancy and

other governmental consents have been or can be obtained and renewed for any use on which the value estimate contained in the Appraisal is based.

It is assumed that there are no structural defects hidden by floor or wall coverings or any other hidden or unapparent conditions of the property; that all mechanical equipment and appliances are in good working condition; and that all electrical components and the roofing are in good condition.

If the client has any questions regarding these items, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise needed to make such inspections. The appraiser assumes no responsibility for these items.

The forecasted potential gross income referred to in the Appraisal may be based on lease summaries provided by the owner or third parties. The Appraiser has reviewed lease documents and assumes no responsibility for the authenticity or completeness of lease information provided by others. Weinstein Realty Advisors recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best estimates of current market thinking on future income and expenses. The Appraiser and Weinstein Realty Advisors make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Appraisal, envisages for the future in terms of rental rates, expenses, supply and demand.

Unless otherwise stated in the Appraisal, the existence of potentially hazardous or toxic materials which may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. Weinstein Realty Advisors recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.

Unless otherwise stated in the Appraisal, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the property. Weinstein Realty Advisors recommends that an expert in this field be employed.



**ELLIOTT W. WEINSTEIN**

[www.weinsteinrealty.com](http://www.weinsteinrealty.com)

**Curricula Vitae**

**MEMBERSHIP:**

*Appraisal Institute* - MAI designation (Certificate #6591), awarded 1983.

*Royal Institute of Chartered Surveyors (RICS)* - MRICS designation (#1296728), awarded 2010.

**EXPERIENCE:**

*Weinstein Appraisal Group/Weinstein Realty Advisors* (1989 to Present): Principal of regional appraisal company.

*Weinstein Israel Real Estate Group* (1994-1997): Principal of international real estate brokerage company

*Weinstein-Hirsh Appraisal Group* (1984 to 1988): Partner of regional appraisal company.

*Orberg-Brenneman Appraisal Company* (1982-1983): Associate in appraisal company.

*H. G. Rotz Associates, Inc.* (1977-1982): Sales and appraising for industrial/commercial realtors

*Laventhol and Horwath* (1975-1976): International public accounting firm.

**LICENSEE:**

*State Certified Appraiser, Commonwealth of Pennsylvania* (1991) (GA-000063-L)

*Reciprocity - State Certified Appraiser, Maryland* (1994) (#10445)

*Reciprocity - State Certified Appraiser, Delaware* (2000) (#0000331)

*Real Estate Broker, Commonwealth of Pennsylvania* (1979) (RM-042897-C).

*Real Estate Broker of Record, Commonwealth of Pennsylvania* (1983) (RB-048080-C).

**EDUCATION:**

*Pennsylvania State University:*

Master of Science in Business Administration (1974)

Bachelor of Science in Business Administration (1973)

**REAL ESTATE ACTIVITIES:**

*Currently general partner, co-owner and/or developer of:*

12,000 sq. ft. historical restoration of an office building in downtown York

Vacant land in Zichron Yaacov, Israel

*Formerly general partner, co-owner and/or developer:*

Land in Kiryat Atta and Beersheva, Israel

Apartment in Tel Aviv, Israel

15,000-sq. ft. new, first class office building in Harrisburg;

9,000 sq. ft. commercial rehabilitation in downtown York

18,000 sq. ft. suburban shopping center in suburban York

10 historical rehabilitated dwelling units in York

2,500-sq. ft. office building in York, leased to a county agency.

10,000 sq.ft. suburban office building in Lancaster County

**TEACHING ACTIVITIES**

- *Advanced Real Estate Appraising*, Pennsylvania State Continuing Education, 1988, 1990 and 1993.
- Various seminars regarding real estate tax assessment and understanding real estate appraising, presented to numerous banks and financial institutions, realtors' boards, VALUE RETAIL NEWS (re: outlet shopping centers), bar associations, Pennsylvania Chamber of Commerce, and professional organizations
- *Approval by PA State Board of Accountancy* to become a program sponsor continuing professional education (CPE) courses for accountants.

**ELLIOTT W. WEINSTEIN, Curricula Vitae, continued**

**PUBLICATIONS AND ARTICLES:**

Provider of monthly articles on appraisal topics for TRI-STATE REAL ESTATE JOURNAL, June 1999-April 2000  
*The Need for Appraisal Company Standards*, THE APPRAISAL JOURNAL, July, 1997  
*The Art of Testimony: The Real Estate Appraiser, The Appraisal and the Expertise of the Expert Witness*, ABI JOURNAL (American Bankruptcy Institute), October, 1996  
*Synthesizing Marketing and Management of an Appraisal Company: A Creative Approach*, THE APPRAISAL JOURNAL, October, 1995  
*Appraising Outlet Shopping Centers*, VALUE RETAIL NEWS, October, 1994  
*Real Estate Investments in Israel, Israel Resource Directory*, THE PHILADELPHIA-ISRAEL CHAMBER OF COMMERCE, 1994  
*A New Bridge Across the Atlantic for the Appraisal Institute*, THE APPRAISAL JOURNAL, January, 1994  
*Personal Profile*, ISRAEL BUSINESS TODAY - ISRAEL'S ECONOMIC NEWSLETTER, June 11, 1993  
*Understanding Real Estate Taxes in Pennsylvania*, CENTRAL PENNSYLVANIA BUSINESS JOURNAL, Real Estate Guide, Fall, 1991  
*Appraisers Adjust to Demands of Government Regulations*, TRI-STATE REAL ESTATE JOURNAL, June 7, 1991

**WRITING AWARDS**

2002 RMA (Risk Management Association) South Central Pennsylvania Chapter writing award winner  
1996 Robert H. Armstrong Honorable Mention Award by The Appraisal Institute, to honor the best original article; for the article published in the October, 1995, THE APPRAISAL JOURNAL.

**TESTIMONY:**

U. S. Bankruptcy Court (Harrisburg, Wilkes-Barre), New Jersey  
U. S. District Court (Harrisburg, Lancaster)  
Board of Assessment Appeals (Pennsylvania): Over half of 69 counties in Pennsylvania  
Board of Assessment Appeals (Other States): California, Illinois, Maryland  
Board of View: Berks, Centre, Lancaster and York Counties  
Court of Common Pleas: Berks, Bucks, Centre, Cumberland, Dauphin, Lancaster, Lebanon, Luzerne, Schuylkill And York Counties  
City Council: City of Harrisburg  
Other: Approved Expert Witness for Cmwlth. of PA, Bureau of Professional and Occupational Affairs (2002-03)

**PROFESSIONAL AFFILIATIONS: (Current or Past):**

*The Appraisal Institute*  
*National Association of Property Taxation*  
*National Association of Industrial and Office Parks (NAIOP)*  
*International Council of Shopping Centers (ICSC)*  
*Institute of Property Taxation (IPT)*  
*National Association of Corporate Officers of Real Estate (NACORE)*  
*National Association of Industrial and Office Parks (NAIOP)*  
*Philadelphia-Israel Chamber of Commerce*  
*Lancaster, York, Harrisburg Board of Realtors*  
*Various local Chamber of Commerces*

**GEOGRAPHICAL AREAS SERVED:**

*Provided appraisals/consulting services in the following states (individually, or by Weinstein Realty Advisors):*  
California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Kansas, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New Mexico, New York, Ohio, Pennsylvania, Virginia  
*Provided real estate investment advice in the following countries: Canada, Israel*

**ELLIOTT W. WEINSTEIN, Curricula Vitae, continued**

**OTHER:**

- *Commonwealth of Pennsylvania - Department of State:* Bureau of Professional and Occupational Affairs – Approved Expert Witness – 2002/2003
- *Keynote speaker* – Shared keynote speaking with Congressman Adam Schiff (CA) and Todd Platts (PA) for Israel solidarity rally, June 5, 2001.

**COMMUNITY AND PROFESSIONAL ACTIVITIES:**

- Rotary – Membership (2006-current)
- Susan P. Bynres Health Education Center – Advisory Board (2006-current)
- United Jewish Communities – National Trustee (2006-current)
- Penn State University *Hillel* – Board of Directors (2003 to present); Board Vice Chair (2006-current)
- Betty Dressner Award for Community Service to the York Community (2005)
- United Jewish Communities Network of Independent Jewish Communities – State Chair (2003 to 2006)
- National Chair: *Partnership 2000* in Dimona and Yerucham, Israel (2001-2003) representing over 400 American communities
- Finalist: *Selected to be 6 of 120 applicants for position on Appraisal Standards Board (ASB) and/or Appraisal Qualifications Board (AQB) of The Appraisal Foundation (2001 and 2002)*
- Volunteer: *2000 York County Cultural Alliance.*
- Ambassadorship: *Appointed The Appraisal Institute's Ambassador to Israel (2000-02)*
- Volunteer: *1999 United Way Campaign (fund raising division responsible for \$1.0m campaign)*
- Member: *York 250<sup>th</sup> Anniversary Commission (1998-1999)*
- President-elect: *The National Council of Property Tax Consultants (1998)*
- National Chair: Economic division for *Partnership 2000* in Dimona and Yerucham, Israel (1998-present)
- Vice President: *The National Council of Property Tax Consultants (1997-1998)*
- Board of Governors: *The National Council of Property Tax Consultants (1996-1997)*
- Member - *York County Industrial Development Authority (YCIDA) (1995-1996)*
- Member - *Better York, Inc. (1995-present)*
- President - *The Jewish Day School (1993-1995)*
- Board of Directors - *Philadelphia-Israel Chamber of Commerce (1994 to 1997)*
- Supporter - *Donating 1st floor of 4 story building to ARTS CENTER OF YORK to provide the hub of a downtown York Arts District (1993)*
- Member - *Appraisal Institute, International Relations Committee (1992 to 1995)*
- United Way Ad Hoc Planning Committee (1991)
- President- *Ohev Sholom Congregation (1990-1992)*
- President-*York Council Jewish Charities (1988 to 1989)*
- Penn Laurel Girl Scout Ad Hoc Planning Committee (1988)
- Board Member-*York Jewish Community Center (1979 to 1990)*
- Vice-President-*York Jewish Community Center (1981-1984)*
- Membership Committee-*Philadelphia Chapter American Institute of Real Estate Appraisers (1985 to 1986, 1991)*
- Nominated-*Young Advisory Council of Society of Real Estate Appraisers (November, 1986)*
- Chairman- *Realtors Division, United Way (1985)*
- Panel Member- *United Way (1982 to 1984)*
- York City Zoning Hearing Board (1980-1982)
- President-*York Bicycle Club (1979)*
- President - *AEII Fraternity, Penn State (1973)*

**MARION A. OBERDICK**

[www.moberdick@weinsteinrealty.com](http://www.moberdick@weinsteinrealty.com)

**Curriculum Vitae**

**Membership**

Appraisal Institute – Associate Member  
Rotary Club of York, Rotary International District 7390

**Experience**

Weinstein Appraisal Group (2006 to 2009) Assistant to State Certified Real Estate Appraiser  
Pennsylvania Certified General Appraiser, 2009  
GMAC Mortgage (2005-2006) Loan Officer  
Sovereign Bank (aka Harris Savings Bank & Waypoint Bank) (1996-2005) Loan Officer  
Morgan Collins, Inc; O’Conor, Piper & Flynn; Strickland Thompson Real Estate (1987-1996)  
Real Estate Sales, Management and Training  
Olde York Homes (1980-1987) Partner Construction Firm

**License**

Real Estate Salesperson, Commonwealth of Pennsylvania (1987) RS163381A  
State Certified General Appraiser, Commonwealth of Pennsylvania, (2009) GA003782

**Education**

Real Estate Sales  
Real Estate Law  
Real Estate Brokerage  
Property Management  
Basic Real Estate Appraisal  
Basic Income Approach to Appraisal  
Advance Income Approach to Appraisal  
Sales Comparison Approach to Appraisal  
Fundamentals of Income Approach to Appraisal  
USPAP (Uniform Standards of Professional Appraisal Practice), update 1/2010  
Understanding Commercial Real Estate Investments & 1031 Tax Free Exchange  
Business Practices and Ethics  
Apartment Appraisal  
General Market Analysis and Highest & Best Use  
Condemnation Appraising: Basic Principles & Applications  
Attacking & Defending an Appraisal in Litigation  
Real Estate Finance Statistics and Valuation Modeling  
Subdivision Valuation  
Review of PA Appraisers Certification Act  
Introduction to Eminent Domain  
Uniform Appraisal Standards for Federal Land Acquisitions  
Real Estate Brokerage Management Council; People Management: Recruit, Train and Retain  
Real Estate Associates and Increase Productivity  
Certified New Home Sales Professional; Homebuilders Association of Maryland

**Education continued****Prudential Real Estate Affiliates**

- Transition to Management
- Growth in a Down Market
- Relocation specialist for Home Finding
- Relocation Specialist for Home Marketing

**Community and Professional Activities**

- Rotary Club of York (2009)
- Housing Alliance of York Board of Directors (2009-present)
- Housing Initiates Community Development Corporation Board of Directors (2006- present)
- Housing Authority of the City of York, Commissioner (2006-present) Chair 2009
- Historic York, Inc. Board of Directors (1996-2002)(2008-present) Board Secretary 2009
- Healthy York County Housing Task Force
- Housing Council of York Board of Directors-past President
- York County Association of Realtors – Vice-President 1994, President 1995
- Affordable Housing Endeavors – President Board of Directors
- Central York School Board (1992-1996)
- Planned Parenthood of Central Pennsylvania Board of Directors-President (1991-1993)
- Leadership York Graduate
- YWCA Board of Directors
- Displaced Homemakers Board of Directors
- Instructor: HUD Approved Homebuyer Education Class

AGREEMENT FOR THE SALE OF COMMERCIAL REAL ESTATE

ASC

This form recommended and approved for, but not restricted to use by, the members of the Pennsylvania Association of REALTORS® (PAR).

SELLER'S BUSINESS RELATIONSHIP WITH PA LICENSED BROKER

BROKER (Company) Coldwell Banker University RLT PHONE (814) 237-6543
ADDRESS
LICENSEE(S) Scott Shamrock FAX
BROKER IS THE AGENT FOR SELLER. OR (if checked below): Designated Agent? [X] Yes [ ] No
Broker is NOT the Agent for Seller and is a/an: [ ] AGENT FOR BUYER [ ] TRANSACTION LICENSEE

BUYER'S BUSINESS RELATIONSHIP WITH PA LICENSED BROKER

BROKER (Company) Kissinger, Bigatel and Brower Realtors PHONE (814) 238-8080
ADDRESS 1612 N. Atherton St FAX (814) 238-9630
LICENSEE(S) Justin O'Connell Designated Agent? [X] Yes [ ] No
BROKER IS THE AGENT FOR BUYER. OR (if checked below):
Broker is NOT the Agent for Buyer and is a/an: [ ] AGENT FOR SELLER [ ] SUBAGENT FOR SELLER [ ] TRANSACTION LICENSEE

When the same Broker is Agent for Seller and Agent for Buyer, Broker is a Dual Agent. All of Broker's licensees are also Dual Agents UNLESS there are separate Designated Agents for Buyer and Seller. If the same Licensee is designated for Seller and Buyer, the Licensee is a Dual Agent.

1. This Agreement, dated January 18, 2013 is between

SELLER(s): Second Mile

BUYER(s): A.G.L.2 Limited Partnership

2. PROPERTY. Seller hereby agrees to sell and convey to Buyer, who hereby agrees to purchase:

ALL THAT CERTAIN lot or piece of ground with buildings and improvements thereon erected, if any, known as: 1402 Atherton Street S State College, PA 16801

in the Borough of State College County of Centre Commonwealth of Pennsylvania. Identification (e.g., Tax ID #; Parcel #; Lot, Block; Deed Book, Page, Recording Date) Property Code 36-26-51/1P/2P Deed Book/Page 1134-0845

3. TERMS (10-06)

(A) Purchase Price \$650,000.00 U.S. Dollars, which will be paid to Seller by Buyer as follows:
1. Cash or check at signing this Agreement: \$ 10,000.00
2. Cash or check within days of the execution of this Agreement: \$
3. \$
4. \$
5. Cash or cashier's check at time of settlement: \$ 640,000.00
TOTAL \$ 650,000.00

(B) Deposits paid by Buyer within 30 DAYS of settlement will be by cash or cashier's check. Deposits, regardless of the form of payment and the person designated as payee, will be paid in U.S. Dollars to Broker for Seller (unless otherwise stated here),

deposits in an escrow account until consummation or termination of this Agreement in conformity with all applicable laws and regulations. Any check tendered as deposit monies may be held uncashed pending the acceptance of this Agreement.

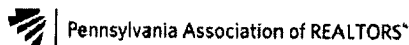
(C) Seller's written approval on or before: January 24, 2013

(D) Settlement to be on April 25, 2013, or before if Buyer and Seller agree.

Buyer Initials: [Signature]

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Seller Initials: [Signature]



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Kissinger Bigatel & Brower 2300 South Atherton St. State College, PA 16801 Phone: 814-238-8080 3210 Fax: 814-238-9630 Justin O'Connell

AGL2 Limited P

Produced with zipForm® by zipLogix 18070 Fifteen Mile Road Fraser, Michigan 48026 www.zipLogix.com

EXHIBIT "B"

- 42 (E) Conveyance from Seller will be by fee simple deed of special warranty unless otherwise stated here: \_\_\_\_\_  
 43 \_\_\_\_\_  
 44 \_\_\_\_\_  
 45 \_\_\_\_\_  
 46 \_\_\_\_\_  
 47 (F) Payment of transfer taxes will be divided equally between Buyer and Seller unless otherwise stated here: \_\_\_\_\_  
 48 \_\_\_\_\_  
 49 \_\_\_\_\_  
 50 \_\_\_\_\_  
 51 (G) At time of settlement, the following will be adjusted pro-rata on a daily basis between Buyer and Seller, reimbursing where applicable: taxes  
 52 (see Notices and Information Regarding Real Estate Taxes); rents; interest on mortgage assumptions; condominium fees, if any; water and/or  
 53 sewer fees, if any; together with any other lienable municipal service. All charges will be pro-rated for the period(s) covered. Seller will pay up  
 54 to and including the date of settlement and Buyer will pay for all days following settlement, unless otherwise stated here: \_\_\_\_\_  
 55 \_\_\_\_\_  
 56 \_\_\_\_\_  
 57 (H) Buyer will reimburse Seller for the actual costs of any remaining heating, cooking or other fuels stored on the Property at the time of settlement,  
 58 unless otherwise stated here: \_\_\_\_\_  
 59 \_\_\_\_\_

60 **4. FIXTURES & PERSONAL PROPERTY (1-00)**

- 61 (A) INCLUDED in this sale are all existing items permanently installed in the Property, free of liens, including plumbing; heating; HVAC equip-  
 62 ment; lighting fixtures (including chandeliers and ceiling fans); and water treatment systems, unless otherwise stated below. Also included:  
 63 **All desks, office furniture, phone systems, equipment and appliance manuals, any architectural or**  
 64 **engineered drawings of building to be selected by February 8th 2013**  
 65 \_\_\_\_\_  
 66 \_\_\_\_\_  
 67 \_\_\_\_\_  
 68 (B) LEASED items (not owned by Seller): \_\_\_\_\_  
 69 \_\_\_\_\_  
 70 \_\_\_\_\_  
 71 \_\_\_\_\_  
 72 \_\_\_\_\_  
 73 \_\_\_\_\_  
 74 (C) EXCLUDED fixtures and items: \_\_\_\_\_  
 75 \_\_\_\_\_  
 76 \_\_\_\_\_  
 77 \_\_\_\_\_  
 78 \_\_\_\_\_  
 79 \_\_\_\_\_

80 **5. POSSESSION (5-01)**

- 81 (A) Possession is to be delivered by deed, keys and:  
 82 1. Physical possession to vacant Property free of debris, with all structures broom-clean, at day and time of settlement, unless otherwise  
 83 stated here: \_\_\_\_\_  
 84 \_\_\_\_\_ AND/OR  
 85 2. Assignment of existing lease(s), together with any security deposits and interest, at day and time of settlement, if Property is leased at the  
 86 execution of this Agreement, unless otherwise specified here: \_\_\_\_\_  
 87 \_\_\_\_\_  
 88 \_\_\_\_\_  
 89 \_\_\_\_\_  
 90 \_\_\_\_\_  
 91 \_\_\_\_\_  
 92 \_\_\_\_\_  
 93 \_\_\_\_\_  
 94 \_\_\_\_\_  
 95 \_\_\_\_\_  
 96 \_\_\_\_\_  
 97 \_\_\_\_\_  
 98 \_\_\_\_\_  
 99 \_\_\_\_\_  
 00 (B) Buyer will acknowledge existing lease(s) by initialing the lease(s) at the execution of this Agreement, unless otherwise specified.  
 01 (C) Seller will not enter into any new leases, extensions of existing leases, or additional leases for the Property without the written consent of Buyer.

02  
 03  
 04 Buyer Initials:     *BJW*     ASC Page 2 of 9 Seller Initials:     *RAW*      
 Revised 8/11

05 **6. DATES/TIME IS OF THE ESSENCE (9-05)**

- 06 (A) The settlement date and all other dates and times referred to for the performance of any of the obligations of this Agreement are of the essence
- 07 and are binding.
- 08 (B) For the purposes of this Agreement, the number of days will be counted from the date of execution, excluding the day this Agreement was executed
- 09 and including the last day of the time period. The Execution Date of this Agreement is the date when Buyer and Seller have indicated
- 10 full acceptance of this Agreement by signing and/or initialing it. All changes to this Agreement should be initialed and dated.
- 11 (C) The settlement date is not extended by any other provision of this Agreement and may only be extended by written agreement of the parties.
- 12 (D) Certain time periods are pre-printed in this Agreement as a convenience to the Buyer and Seller. All pre-printed time periods are negotiable
- 13 and may be changed by striking out the pre-printed text and inserting a different time period acceptable to all parties.

14 **7. FINANCING CONTINGENCY (10-06)**

- 15  WAIVED. This sale is NOT contingent on financing, although Buyer may still obtain financing.
- 16  ELECTED.
- 17 (A) This sale is contingent upon Buyer obtaining financing as follows:
  - 18 1. Amount of loan \$ \_\_\_\_\_
  - 19 2. Minimum Term \_\_\_\_\_ years
  - 20 3. Type of loan \_\_\_\_\_
  - 21 4. Buyer agrees to accept the interest rate as may be committed by the lender, not to exceed a maximum interest rate of \_\_\_\_\_ %.
- 22 (B) Within \_\_\_\_\_ days (10 if not specified) from the Execution Date of this Agreement, Buyer will make a completed, written application for the
- 23 financing terms stated above to a responsible lender(s) of Buyer's choice. **Broker for Buyer, if any, otherwise Broker for Seller, is authorized**
- 24 **to communicate with the lender(s) to assist in the financing process.**
- 25 (C) **Should Buyer furnish false or incomplete information to Seller, Broker(s), or the lender(s) concerning Buyer's legal or financial status,**
- 26 **or fail to cooperate in good faith in processing the financing application, which results in the lender(s) refusing to approve a financing**
- 27 **commitment, Buyer will be in default of this Agreement.**
- 28 (D) 1. Upon receipt of a financing commitment, Buyer will promptly deliver a copy of the commitment to Seller.
- 29 2. **Financing commitment date** \_\_\_\_\_
- 30 Unless otherwise agreed to in writing by Buyer and Seller, if a written commitment is not received by Seller by the above date, this
- 31 Agreement will be VOID, with all deposit monies returned to Buyer according to the terms of paragraph 20. Buyer will be responsible
- 32 for any premiums for mechanics' lien insurance and/or title search, or fee for cancellation of same, if any; AND/OR any premiums for
- 33 flood insurance and/or fire insurance with extended coverage, insurance binder charges or cancellation fee, if any; AND/OR any appraisal
- 34 fees and charges paid in advance to lender.

35 **8. STATUS OF WATER (5-01)**

36 Seller represents that Property is served by:

- 37  Public water
- 38  On-site water
- 39  Community Water
- 40  None
- 41  \_\_\_\_\_

42 Seller warrants that the system(s) are fully paid for as of the Execution Date of this Agreement.

43 **9. STATUS OF SEWER (5-01)**

44 Seller represents that Property is served by:

- 45  Public Sewer
- 46  Community Sewage Disposal System
- 47  Off-Property Sewage Disposal System
- 48  Individual On-Lot Sewage Disposal System (See Sewage Notice 1)
- 49  Individual On-Lot Sewage Disposal System in Proximity to Well (See Sewage Notice 1; see Sewage Notice 4, if applicable)
- 50  Ten-acre Permit Exemption (see Sewage Notice 2)
- 51  Holding Tank (See Sewage Notice 3)
- 52  None (See Sewage Notice 1)
- 53  None Available/Permit Limitations in Effect (See Sewage Notice 5 or Sewage Notice 6, as applicable)
- 54  \_\_\_\_\_

55 Seller warrants that the system(s) are fully paid for as of the Execution Date of this Agreement.

56 **10. ZONING CLASSIFICATION (5-01)**

57 Failure of this Agreement to contain the zoning classification (except in cases where the property {and each parcel thereof, if subdividable} is zoned

58 solely or primarily to permit single-family dwellings) will render this Agreement voidable at the option of the Buyer, and, if voided, any deposits

59 tendered by the Buyer will be returned to the Buyer without any requirement for court action.

60 **Zoning Classification: CP-2**

61 **11. ZONING CONTINGENCY (10-06)**

- 62  WAIVED.
- 63  ELECTED. Contingency Period: \_\_\_\_\_ days (15 if not specified) from the Execution Date of this Agreement.
- 64 (A) **Within the Contingency Period,** Buyer, at Buyer's expense, may verify that Buyer's proposed use of the Property as \_\_\_\_\_
- 65 \_\_\_\_\_
- 66 is permitted under the current zoning classification for the Property and is not prohibited by any other governmental land use restrictions.

67 Buyer Initials:                     

Seller Initials:



68 (B) If Buyer's proposed use of the Property is not permitted, Buyer will, within the Contingency Period, notify Seller in writing that the pro-  
69 posed use of the Property is not permitted, and Buyer will:

70  Option 1

- 71 1. Accept the Property and agree to the RELEASE in paragraph 25 of this Agreement, OR
- 72 2. Terminate the Agreement of Sale by written notice to Seller, with all deposit monies returned to Buyer according to the terms of para-  
73 graph 20 of this Agreement, OR
- 74 3. Enter into a mutually acceptable written agreement with Seller.

75 **If Buyer and Seller do not reach a written agreement during the Contingency Period and Buyer does not terminate the**  
76 **Agreement of Sale by written notice to Seller within that time, Buyer will accept the Property and agree to the RELEASE in**  
77 **paragraph 25 of this Agreement.**

78  Option 2

- 79 1. **Within the Contingency Period**, Buyer will make a formal written application for zoning approval, variance, non-conforming use,  
80 or special exception from \_\_\_\_\_ (municipality) to use the Property as  
81 \_\_\_\_\_ (proposed use). Buyer will pay for  
82 applications, legal representation, and any other costs associated with the application and approval process.
- 83 2. If the municipality requires the application to be signed by the current owner, Seller agrees to do so.
- 84 3. If final, unappealable approval is not obtained by \_\_\_\_\_, Buyer will:

85 (A) Accept the Property with the current zoning and agree to the RELEASE in paragraph 25 of this Agreement. OR  
86 (B) Terminate the Agreement of Sale by written notice to Seller, with all deposit monies returned to Buyer according to the terms  
87 of paragraph 20 of this Agreement. OR  
88 (C) Enter into a mutually acceptable written agreement with Seller.

89 **If Buyer and Seller do not reach a written agreement before the time for obtaining final approval, and Buyer does not**  
90 **terminate the Agreement of Sale by written notice to Seller within that time, Buyer will accept the Property and agree**  
91 **to the terms of the RELEASE in paragraph 25 of this Agreement.**

92 **12. PROPERTY DEFECTS DISCLOSURE (10-01)**

- 93 (A) Seller represents and warrants that Seller has no knowledge except as noted in this Agreement that: (1) The premises have been contaminated  
94 by any substance in any manner which requires remediation; (2) The Property contains wetlands, flood plains, or any other environmentally  
95 sensitive areas, development of which is limited or precluded by law; (3) The Property contains asbestos, polychlorinated biphenyls, lead-  
96 based paint or any other substance, the removal or disposal of which is subject to any law or regulation; and (4) Any law has been violated in  
97 the handling or disposing of any material or waste or the discharge of any material into the soil, air, surface water, or ground water.
- 98 (B) Seller and Buyer acknowledge that any Broker identified in this Agreement: (1) Is a licensed real estate broker; (2) Is not an expert in con-  
99 struction, engineering, or environmental matters; and (3) Has not made and will not make any representations or warranties nor conduct invest-  
100 igations of the environmental condition or suitability of the Property or any adjacent property, including but not limited to those conditions list-  
101 ed in paragraph 12 (A).
- 102 (C) Seller agrees to indemnify and to hold Broker harmless from and against all claims, demands, or liabilities, including attorneys fees and court  
103 costs, which arise from or are related to the environmental condition or suitability of the Property prior to, during, or after Seller's occupation  
104 of the Property including without limitation any condition listed in paragraph 12 (A).
- 105 (D) The provisions of this paragraph will survive settlement.

106 **13. NOTICES AND ASSESSMENTS (5-01)**

- 107 (A) Seller represents, as of the date Seller signed this Agreement, that no public improvement, condominium or owner association assessments have  
108 been made against the Property which remain unpaid, and that no notice by any government or public authority has been served upon Seller or  
109 anyone on Seller's behalf, including notices relating to violations of zoning, housing, building, safety or fire ordinances that remain uncorrect-  
110 ed, and that Seller knows of no condition that would constitute a violation of any such ordinances that remains uncorrected, unless otherwise  
111 specified here: \_\_\_\_\_  
112 \_\_\_\_\_  
113 \_\_\_\_\_  
114 \_\_\_\_\_
- 115 (B) Seller knows of no other potential notices (including violations) and assessments except as follows: \_\_\_\_\_  
116 \_\_\_\_\_  
117 \_\_\_\_\_  
118 \_\_\_\_\_
- 119 (C) Any notice of improvements or assessments received on or before the date of Seller's acceptance of this Agreement, unless improvements con-  
120 sist of sewer or water lines not in use, shall be the responsibility of the Seller; any notices received thereafter shall be the responsibility of the  
121 Buyer.
- 122 (D) If required by law, Seller will deliver to Buyer, on or before settlement, a certification from the appropriate municipal department or depart-  
123 ments disclosing notice of any uncorrected violation of zoning, building, safety, or fire ordinances.
- 124 (E) Access to a public road may require issuance of a highway occupancy permit from the Department of Transportation.

125 **14. TITLE AND COSTS (10-06)**

- 126 (A) The Property is to be conveyed free and clear of all liens, encumbrances, and easements, EXCEPTING HOWEVER the following: existing  
127 deed restrictions, historic preservation restrictions or ordinances, building restrictions, ordinances, easements of roads, easements visible upon  
128 the ground, easements of record, privileges or rights of public service companies, and land use restrictions pursuant to property enrollment in  
129 a preferential tax program if any.

130 Buyer Initials:     *AW*    

Seller Initials:     *AW*

- !31 (B) Buyer will pay for the following: (1) Title search, title insurance and/or mechanics' lien insurance, or any fee for cancellation;  
!32 (2) Flood insurance, fire insurance with extended coverage, mine subsidence insurance, or any fee for cancellation; (3) Appraisal fees and  
!33 charges paid in advance to mortgage lender(s); (4) Buyer's customary settlement costs and accruals.  
!34 (C) Any survey or surveys required by the title insurance company or the abstracting attorney for preparing an adequate legal description of the  
!35 Property (or the correction thereof) will be obtained and paid for by Seller. Any survey or surveys desired by Buyer or required by a lender will  
!36 be obtained and paid for by Buyer.  
!37 (D) If Seller is unable to give a good and marketable title and such as is insurable by a reputable title insurance company at the regular rates, as specified  
!38 specified in paragraph 14 (A), Buyer will.  
!39 1. Accept the Property with such title as Seller can give, with no change to the purchase price, and agree to the RELEASE in paragraph 25 of this  
!40 Agreement, OR  
!41 2. Terminate this Agreement by written notice to Seller, with all deposit monies returned to Buyer according to the terms of paragraph 20 of  
!42 this Agreement. Upon termination, Seller will reimburse Buyer for any costs incurred by Buyer for any inspections or certifications obtained  
!43 according to the terms of this Agreement, and for those items specified in paragraph 14 (B) items (1), (2), (3) and in paragraph 14 (C).

!44 **15. COAL NOTICE (Where Applicable)**

!45 THIS DOCUMENT MAY NOT SELL, CONVEY, TRANSFER, INCLUDE OR INSURE THE TITLE TO THE COAL AND RIGHTS OF SUPPORT UNDERNEATH THE SURFACE LAND  
!46 DESCRIBED OR REFERRED TO HEREIN, AND THE OWNER OR OWNERS OF SUCH COAL MAY HAVE THE COMPLETE LEGAL RIGHT TO REMOVE ALL SUCH COAL AND  
!47 IN THAT CONNECTION, DAMAGE MAY RESULT TO THE SURFACE OF THE LAND AND ANY HOUSE, BUILDING OR OTHER STRUCTURE ON OR IN SUCH LAND. (This  
!48 notice is set forth in the manner provided in Section 1 of the Act of July 17, 1957, P.L. 984.) "Buyer acknowledges that he may not be obtaining the  
!49 right of protection against subsidence resulting from coal mining operations, and that the property described herein may be protected from damage  
!50 due to mine subsidence by a private contract with the owners of the economic interests in the coal. This acknowledgement is made for the purpose  
!51 of complying with the provisions of Section 14 of the Bituminous Mine Subsidence and the Land Conservation Act of April 27, 1966." Buyer agrees  
!52 to sign the deed from Seller which deed will contain the aforesaid provision.

!53 **16. TAX DEFERRED EXCHANGE (10-01)**

- !54  NOT APPLICABLE.  
!55  APPLICABLE. If Seller wishes to enter into a tax deferred exchange for the Property pursuant to Section 1031 of the Internal Revenue Code,  
!56 Buyer agrees to cooperate with Seller in connection with such exchange, including the execution of such documents as may be reasonably neces-  
!57 sary to conduct the exchange, provided that there shall be no delay in the agreed-to settlement date, and that any additional costs associated  
!58 with the exchange are paid solely by Seller. Buyer is aware that Seller anticipates assigning Seller's interest in this Agreement to a third party  
!59 under an Exchange Agreement and consents to such assignment. Buyer shall not be required to execute any note, contract, deed or other docu-  
!60 ment providing any liability which would survive the exchange, nor shall Buyer be obligated to take title to any property other than the  
!61 Property described in this Agreement. Seller shall indemnify and hold harmless Buyer against any liability which arises or is claimed to have  
!62 arisen from any aspect of the exchange transaction.

!63 **17. COMMERCIAL CONDOMINIUM (10-01)**

- !64  NOT APPLICABLE.  
!65  APPLICABLE. Buyer acknowledges that the condominium unit to be transferred by this Agreement is intended for nonresidential use, and  
!66 that Buyer may agree to modify or waive the applicability of certain provisions of the Uniform Condominium Act of Pennsylvania (68 Pa. C.S.  
!67 §3101 *et. seq.*).

!68 **18. RECORDING (9-05)** This Agreement will not be recorded in the Office of the Recorder of Deeds or in any other office or place of public record.  
!69 If Buyer causes or permits this Agreement to be recorded, Seller may elect to treat such act as a breach of this Agreement.

!70 **19. ASSIGNMENT (9-05)** This Agreement is binding upon the parties, their heirs, personal representatives, guardians and successors, and to the extent  
!71 assignable, on the assigns of the parties hereto. Buyer will not transfer or assign this Agreement without the written consent of Seller unless other-  
!72 wise stated in this Agreement.

!73 **20. DEFAULT, TERMINATION & RETURN OF DEPOSITS (8-11)**

- !74 (A) Where Buyer terminates this Agreement pursuant to any right granted by this Agreement, Buyer will be entitled to a return of all deposit monies  
!75 paid on account of Purchase Price pursuant to the terms of Paragraph 20(B), and this Agreement will be VOID. Termination of this Agreement  
!76 may occur for other reasons giving rise to claims by Buyer and/or Seller for the deposit monies.  
!77 (B) Regardless of the apparent entitlement to deposit monies, Pennsylvania law prohibits a Broker holding deposit monies to determine who is enti-  
!78 tled to deposit monies when settlement does not occur. If this Agreement is terminated for any reason, the Broker can only release the  
!79 deposit monies:  
!80 1. If there is no dispute over entitlement to the deposit monies. Buyer and Seller agree that a written agreement signed by both parties is evi-  
!81 dence that there is no dispute regarding deposit monies.  
!82 2. According to the terms of a written agreement signed by the Buyer and Seller directing Broker how to distribute some or all of the monies.  
!83 3. According to the terms of a final order of court.  
!84 4. According to the terms of a prior written agreement between Buyer and Seller that directs the Broker how to distribute the deposit monies  
!85 if there is a dispute between the parties that is not resolved. (See Paragraph 20(C))  
!86  
!87  
!88  
!89  
!90  
!91  
!92

!93 Buyer Initials:           

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Revised 8/11

Seller Initials:



157 **26. REPRESENTATIONS (9-05)**

- 158 (A) All representations, claims, advertising, promotional activities, brochures or plans of any kind made by Seller, Brokers, their licensees, employ-
- 159 ees, officers or partners are not a part of this Agreement unless expressly incorporated or stated in this Agreement. This Agreement contains
- 160 the whole agreement between Seller and Buyer, and there are no other terms, obligations, covenants, representations, statements or conditions,
- 161 oral or otherwise, of any kind whatsoever concerning this sale. This Agreement will not be altered, amended, changed or modified except in
- 162 writing executed by the parties.
- 163 (B) **Unless otherwise stated in this Agreement, Buyer has inspected the Property (including fixtures and any personal property specifical-**
- 164 **ly listed herein) before signing this Agreement or has waived the right to do so, and agrees to purchase the Property IN ITS PRESENT**
- 165 **CONDITION. Buyer acknowledges that Brokers, their licensees, employees, officers or partners have not made an independent exam-**
- 166 **ination or determination of the structural soundness of the Property, the age or condition of the components, environmental conditions,**
- 167 **the permitted uses or of conditions existing in the locale where the Property is situated; nor have they made a mechanical inspection**
- 168 **of any of the systems contained therein.**
- 169 (C) Any repairs required by this Agreement will be completed in a workmanlike manner.
- 170 (D) Broker(s) have provided or may provide services to assist unrepresented parties in complying with this Agreement.

171 **27. CERTIFICATION OF NON-FOREIGN INTEREST (10-01)**

- 172  Seller **IS** a foreign person, foreign corporation, foreign partnership, foreign trust, or foreign estate subject to Section 1445 of the Internal
- 173 Revenue Code, which provides that a transferee (Buyer) of a U.S. real property interest must withhold tax if the transferor (Seller) is a foreign
- 174 person.
- 175  Seller is **NOT** a foreign person, foreign corporation, foreign partnership, foreign trust, or a foreign estate as defined by the Internal Revenue
- 176 Code, or is otherwise not subject to the tax withholding requirements of Section 1445 of the Internal Revenue Code. To inform Buyer that the
- 177 withholding of tax is not required upon the sale/disposition of the Property by Seller, Seller hereby agrees to furnish Buyer, at or before clos-
- 178 ing, with the following:
- 179  An affidavit stating, under penalty of perjury, the Seller's U.S. taxpayer identification number and that the Seller is not a foreign person.
- 180  A "qualifying statement," as defined by statute, that tax withholding is not required by Buyer.
- 181  Other:

182 Seller understands that any documentation provided under this provision may be disclosed to the Internal Revenue Service by Buyer, and that any  
183 false statements contained therein could result in punishment by fine, imprisonment, or both.

184 **28. ARBITRATION OF DISPUTES (1-00)** Buyer and Seller agree to arbitrate any dispute between them that cannot be amicably resolved. After writ-  
185 ten demand for arbitration by either Buyer or Seller, each party will select a competent and disinterested arbitrator. The two so selected will select  
186 a third. If selection of the third arbitrator cannot be agreed upon within 30 days, either party may request that selection be made by a judge of a court  
187 of record in the county in which arbitration is pending. Each party will pay its chosen arbitrator, and bear equally expenses for the third and all other  
188 expenses of arbitration. Arbitration will be conducted in accordance with the provisions of Pennsylvania Common Law Arbitration 42 Pa. C.S.A.  
189 §7341 *et seq.* This agreement to arbitrate disputes arising from this Agreement will survive settlement.

190 **29. BROKER INDEMNIFICATION (10-01)**

191 Buyer and Seller represent that the only Brokers involved in this transaction are: Kissinger, Bigatel and Brower REALTORS and  
192 Coldwell Banker University RLT

193 and that the transaction has not been brought about through the efforts of anyone other than said Brokers. It is agreed that if any claims for broker-  
194 age commissions or fees are ever made against Buyer or Seller in connection with this transaction, each party shall pay its own legal fees and costs  
195 in connection with such claims. It is further agreed that Buyer and Seller agree to indemnify and hold harmless each other and the above-listed  
196 Brokers from and against the non-performance of this Agreement by either party, and from any claim of loss or claim for brokerage commissions,  
197 including all legal fees and costs, that may be made by any person or entity. This paragraph shall survive settlement.

198 **30. GOVERNING LAW, VENUE & PERSONAL JURISDICTION (9-05)**

- 199 (A) The validity and construction of this Agreement, and the rights and duties of the parties, will be governed in accordance with the laws of the
- 200 Commonwealth of Pennsylvania.
- 201 (B) The parties agree that any dispute, controversy or claim arising under or in connection with this Agreement or its performance by either party
- 202 shall be decided exclusively by and in the state or federal courts sitting in the Commonwealth of Pennsylvania.

203 **31. NOTICE BEFORE SIGNING (5-01)**

204 Buyer and Seller acknowledge that Brokers have advised them to consult and retain experts concerning the legal and tax effects of this Agreement  
205 and the completion of the sale, as well as the condition and/or legality of the Property, including, but not limited to, the Property's improvements,  
206 equipment, soil, tenancies, title and environmental aspects. Return by facsimile transmission (FAX) of this Agreement, and all addenda, bearing the  
207 signatures of all parties, constitutes acceptance of this Agreement

208 **32. NOTICE**

209 All notice requirements under the provisions of this Agreement or by application of statutory or common law will be addressed to the appropriate  
210 party, at the addresses listed below via any means of delivery as mutually agreed upon by the parties and stated here: In writing via US  
211 Postal Service or via email with confirmation of receipt by return email confirming receipt.

212 \_\_\_\_\_  
213 \_\_\_\_\_  
214 \_\_\_\_\_  
215 If to Seller: \_\_\_\_\_  
216 \_\_\_\_\_  
217 \_\_\_\_\_  
218 \_\_\_\_\_

219 Buyer Initials: ABV

Seller Initials: MAW

120 With a copy to: \_\_\_\_\_  
 121 \_\_\_\_\_  
 122 \_\_\_\_\_  
 123 \_\_\_\_\_  
 124 \_\_\_\_\_  
 125 If to Buyer: In Writing: Justin O'Connell KBB REALTORS, 1612 North Atherton St, State College, PA  
 126 16803 By Email: justinKBB@gmail.com  
 127 \_\_\_\_\_  
 128 \_\_\_\_\_  
 129 With a copy to: \_\_\_\_\_  
 130 \_\_\_\_\_  
 131 \_\_\_\_\_  
 132 \_\_\_\_\_

133 **33. SPECIAL CLAUSES:**

134 (A) The following are part of this Agreement if checked:  
 135  \_\_\_\_\_  \_\_\_\_\_  
 136  \_\_\_\_\_  \_\_\_\_\_

137 (B) **SPECIAL PROVISIONS (IF ANY):**  
 138 1) Buyer shall have till February 8th, 2013 to personally inspect or have a licensed  
 139 engineer/inspector inspect the roof system, HVAC systems, and any other components of the  
 140 building. If weather does not allow for inspection the Buyer must notify the Seller in writing  
 141 48 hours in advance. If the results of the inspections are not acceptable, the Buyer must  
 142 notify the Seller in writing by February 15th, 2013 and all earnest money will refunded to the  
 143 Buyer.  
 144  
 145 2) Seller will complete Commercial Property Information Sheet by January 25th, 2013 or sooner.  
 146  
 147 3) Property will be free and clear of all leases at settlement  
 148  
 149 4) Seller acknowledges that due to the age of the building no occupancy permit exists. Office  
 150 is a permitted use by the current zoning regulations. Buyer shall have till February 8th, 2013  
 151 to perform all due diligence with regards to Centre Region Code and State College Borough  
 152 Zoning. If the results of the due diligence are not acceptable, the Buyer must notify the  
 153 Seller in writing by February 15th, 2013 and all earnest money will be refunded to the Buyer.  
 154  
 155 5) On February 20th, 2013, the earnest money deposit of \$10,000 will become hard money. If for  
 156 any reason settlement does not occur by the agreed upon date, the money will be forfeited to the  
 157 Seller.  
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182 Buyer Initials: *JK*

Seller Initials: *JK*

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- Buyer has received the Consumer Notice as adopted by the State Real Estate Commission at 49 Pa. Code §35.336.
- Buyer has received a statement of Buyer's estimated closing costs before signing this Agreement.
- Buyer has read and understands the notices and explanatory information in this Agreement.
- Buyer has received the Deposit Money Notice (for cooperative sales when Broker for Seller is holding deposit money) before signing this Agreement.

Buyer acknowledges receiving a copy of this Agreement at the time of signing.

WITNESS/ATTEST [Signature] BUYER George Woskob DATE 1/22/13  
 Buyer(s) Name AGL LP (George Woskob)  
 Mailing Address 119 S. Burrows St, State College, PA 16801  
 Phone (814) 777-6739 FAX \_\_\_\_\_ E-Mail geowosk@aol.com

WITNESS/ATTEST \_\_\_\_\_ BUYER \_\_\_\_\_ DATE \_\_\_\_\_  
 Buyer(s) Name \_\_\_\_\_  
 Mailing Address \_\_\_\_\_  
 Phone \_\_\_\_\_ FAX \_\_\_\_\_ E-Mail \_\_\_\_\_

WITNESS/ATTEST \_\_\_\_\_ BUYER \_\_\_\_\_ DATE \_\_\_\_\_  
 Buyer(s) Name \_\_\_\_\_  
 Mailing Address \_\_\_\_\_  
 Phone \_\_\_\_\_ FAX \_\_\_\_\_ E-Mail \_\_\_\_\_

- Seller has received the Consumer Notice as adopted by the State Real Estate Commission at 49 Pa. Code §35.336.
- Seller has received a statement of Seller's estimated closing costs before signing this Agreement.
- Seller has read and understands the notices and explanatory information in this Agreement.

**VOLUNTARY TRANSFER OF CORPORATE ASSETS** (if applicable): The undersigned acknowledges that he/she is authorized by the Board of Directors to sign this Agreement on behalf of the Seller corporation and that this sale does not constitute a sale, lease, or exchange of all or substantially all the property and assets of the corporation, such as would require the authorization or consent of the shareholders pursuant to 15 P.S. §1311.

WITNESS/ATTEST [Signature] SELLER David Woskob DATE 1/22/13  
 SELLER(S) NAME David Woskob CEO  
 Mailing Address 1402 S Atherton St State College PA 16801  
 Phone 814-237-1714 FAX 814-237-4663 E-Mail \_\_\_\_\_

WITNESS/ATTEST \_\_\_\_\_ SELLER \_\_\_\_\_ DATE \_\_\_\_\_  
 SELLER(S) NAME \_\_\_\_\_  
 Mailing Address \_\_\_\_\_  
 Phone \_\_\_\_\_ FAX \_\_\_\_\_ E-Mail \_\_\_\_\_

WITNESS/ATTEST \_\_\_\_\_ SELLER \_\_\_\_\_ DATE \_\_\_\_\_  
 SELLER(S) NAME \_\_\_\_\_  
 Mailing Address \_\_\_\_\_  
 Phone \_\_\_\_\_ FAX \_\_\_\_\_ E-Mail \_\_\_\_\_

## COMMUNICATIONS WITH BUYER AND/OR SELLER

Wherever this Agreement contains a provision that requires or allows communication/delivery to a Buyer, that provision shall be satisfied by communication/delivery to the Broker for Buyer, if any. If there is no Broker for Buyer, those provisions may be satisfied only by communication/delivery being made directly to the Buyer, unless otherwise agreed to by the parties.

Wherever this Agreement contains a provision that requires or allows communication/delivery to a Seller, that provision shall be satisfied by communication/delivery to the Broker for Seller, if any. If there is no Broker for Seller, those provisions may be satisfied only by communication/delivery being made directly to the Seller, unless otherwise agreed to by the parties.

## INFORMATION REGARDING REAL ESTATE TAXES

**Real Estate Tax Proration:** For purposes of prorating real estate taxes, the "periods covered" by the tax bills are as follows:

**Municipal Taxes:** For all counties and municipalities in Pennsylvania, tax bills are for the period January 1 to December 31.

**School Taxes:** For all school districts, other than the Philadelphia, Pittsburgh and Scranton school districts, the period covered by the tax bill is July 1 to June 30. For the Philadelphia, Pittsburgh and Scranton school districts, tax bills are for the period January 1 to December 31.

**Real Estate Assessment Notice:** In Pennsylvania, taxing authorities (school districts and municipalities) and property owners may appeal the assessed value of a property at the time of sale, or at any time thereafter. A successful appeal by a taxing authority may result in a higher assessed value for the property and an increase in property taxes. Also, periodic county-wide property reassessments may change the assessed value of the property and result in a change in property tax.

## EXPERTISE OF REAL ESTATE AGENTS

Pennsylvania Real Estate Agents are required to be licensed by the Commonwealth of Pennsylvania and are obligated to disclose adverse factors about a property that are reasonably apparent to someone with expertise in the marketing of real property.

- (A) If Buyer wants information regarding specific conditions or components of the property which are outside the Agent's expertise, the advice of the appropriate professional should be sought.
- (B) If Buyer wants financial, legal, or any other advice, Buyer is encouraged to seek the services of an accountant, lawyer, or other appropriate professional.

## NOTICE REGARDING CONVICTED SEX OFFENDERS (MEGAN'S LAW)

The Pennsylvania General Assembly has passed legislation (often referred to as "Megan's Law," 42 Pa.C.S. § 9791 et. seq.) providing for community notification of the presence of certain convicted sex offenders. **Buyers are encouraged to contact the municipal police department or the Pennsylvania State Police for information relating to the presence of sex offenders near a particular property, or to check the information on the Pennsylvania State Police Web site at [www.pameganslaw.state.pa.us](http://www.pameganslaw.state.pa.us).**

## SEWAGE NOTICES

### NOTICES PURSUANT TO THE PENNSYLVANIA SEWAGE FACILITIES ACT

- NOTICE 1:** **THERE IS NO CURRENTLY EXISTING COMMUNITY SEWAGE SYSTEM AVAILABLE FOR THE SUBJECT PROPERTY.**  
Section 7 of the Pennsylvania Sewage Facilities Act provides that no person shall install, construct, request bid proposals for construction, alter, repair or occupy any building or structure for which an individual sewage system is to be installed, without first obtaining a permit. Buyer is advised by this notice that, before signing this Agreement, Buyer should contact the local agency charged with administering the Act to determine the procedure and requirements for obtaining a permit for an individual sewage system. The local agency charged with administering the Act will be the municipality where the Property is located or that municipality working cooperatively with others.
- NOTICE 2:** **THIS PROPERTY IS SERVICED BY AN INDIVIDUAL SEWAGE SYSTEM INSTALLED UNDER THE TEN-ACRE PERMIT EXEMPTION PROVISIONS OF SECTION 7 OF THE PENNSYLVANIA SEWAGE FACILITIES ACT.**  
(Section 7 provides that a permit may not be required before installing, constructing, awarding a contract for construction, altering, repairing or connecting to an individual sewage system where a ten-acre parcel or lot is subdivided from a parent tract after January 10, 1987.) Buyer is advised that soils and site testing were not conducted and that, should the system malfunction, the owner of the Property or properties serviced by the system at the time of a malfunction may be held liable for any contamination, pollution, public health hazard or nuisance which occurs as a result.
- NOTICE 3:** **THIS PROPERTY IS SERVICED BY A HOLDING TANK (PERMANENT OR TEMPORARY) TO WHICH SEWAGE IS CONVEYED BY A WATER CARRYING SYSTEM AND WHICH IS DESIGNED AND CONSTRUCTED TO FACILITATE ULTIMATE DISPOSAL OF THE SEWAGE AT ANOTHER SITE.**  
Pursuant to the Pennsylvania Sewage Facilities Act, Seller must provide a history of the annual cost of maintaining the tank from the date of its installation or December 14, 1995, whichever is later.
- NOTICE 4:** **AN INDIVIDUAL SEWAGE SYSTEM HAS BEEN INSTALLED AT AN ISOLATION DISTANCE FROM A WELL THAT IS LESS THAN THE DISTANCE SPECIFIED BY REGULATION.** The regulations at 25 Pa. Code §73.13 pertaining to minimum horizontal isolation distances provide guidance. Subsection (b) of §73.13 states that the minimum horizontal isolation distance between an individual water supply or water supply system suction line and treatment tanks shall be 50 feet. Subsection (c) of §73.13 states that the horizontal isolation distance between the individual water supply or water supply system suction line and the perimeter of the absorption area shall be 100 feet.
- NOTICE 5:** **THIS LOT IS WITHIN AN AREA IN WHICH PERMIT LIMITATIONS ARE IN EFFECT AND IS SUBJECT TO THOSE LIMITATIONS. SEWAGE FACILITIES ARE NOT AVAILABLE FOR THIS LOT AND CONSTRUCTION OF A STRUCTURE TO BE SERVED BY SEWAGE FACILITIES MAY NOT BEGIN UNTIL THE MUNICIPALITY COMPLETES A MAJOR PLANNING REQUIREMENT PURSUANT TO THE PENNSYLVANIA SEWAGE FACILITIES ACT AND REGULATIONS PROMULGATED THEREUNDER.**
- NOTICE 6:** **A REQUIRED REVISION FOR NEW LAND DEVELOPMENT, OR AN EXCEPTION TO THE REQUIREMENT TO REVISE, OR A REQUIRED SUPPLEMENT HAS NOT BEEN APPROVED FOR THIS LOT. SEWAGE FACILITIES ARE NOT AVAILABLE FOR THIS LOT AND SEWAGE FACILITIES WILL NOT BE AVAILABLE, NOR MAY CONSTRUCTION BEGIN UNTIL SEWAGE FACILITIES PLANNING HAS BEEN APPROVED PURSUANT TO THE PENNSYLVANIA SEWAGE FACILITIES ACT AND REGULATIONS PROMULGATED THEREUNDER.**



COMMERCIAL PROPERTY INFORMATION SHEET

CPI

This form recommended and approved for, but not restricted to use by, the members of the Pennsylvania Association of REALTORS® (PAR).

1 PROPERTY Second Mile Office Building  
2 1402 South Atherton Street State College PA 16803

3 OWNER Second Mile (David Woodle CEO)  
4 Owner is providing information to help Broker market the Property. This Statement is not a substitute for any inspections or warranties that a buyer  
5 may wish to obtain. This Statement is not a warranty of any kind by Owner or a warranty or representation by any listing real estate broker (Agent for  
6 Owner), any real estate broker, or their agents.

7 Property Type:  Office  Retail  Industrial  Multi-family  Land  Institutional  
8  Hospitality  Other:

9  
10 1. OWNER'S EXPERTISE Owner does not possess expertise in contracting, engineering, environmental assessment, architecture, or other areas related to the  
11 construction and conditions of the Property and its improvements, except as follows: n/a

12  
13 2. OCCUPANCY Do you, Owner, currently occupy the Property?  Yes  No  
14 If no, when did you last occupy the Property?

15 3. DESCRIPTION  
16 A. Land Area: 0.26 Acres  
17 B. Dimensions:  
18 C. Shape: Rectangular/Square  
19 D. Building Square Footage: 6888 Above Grade - 3444 Below Grade

20 4. PHYSICAL CONDITION  
21 A. Age of Property: 1964 construction Additions: N/A  
22 B. Roof  
23 1. Age of roof(s): +/- 15yrs  Unknown  
24 2. Type of roof(s): Rubber Membrane  
25 3. Has the roof been replaced or repaired during your ownership?  Yes  No  
26 4. Has the roof ever leaked during your ownership?  Yes  No  
27 5. Do you know of any problems with the roof, gutters, or downspouts?  Yes  No  
28 Explain any yes answers you give in this section:

29  
30  
31 C. Structural Items, Basements and Crawl Spaces  
32 1. Are you aware of any water leakage, accumulation, or dampness in the building or other structures?  Yes  No  
33 2. Does the Property have a sump pump?  Yes  No  
34 3. Do you know of any repairs or other attempts to control any water or dampness problem in the building or other structures?  
35  Yes  No  
36 4. Are you aware of any past or present movement, shifting, deterioration, or other problems with walls, foundations, floors, or other  
37 structural components?  Yes  No  
38 Explain any yes answers that you give in this section, describing the location and, if applicable, the extent of the problem and the date and person  
39 by whom any repairs were done, if known:

40  
41  
42 D. Mechanical Systems  
43 1. Type of heating:  Forced Air  Hot Water  Steam  Radiant  
44  Other:  
45 2. Type of heating fuel:  Electric  Fuel Oil  Natural Gas  Propane (on-site)  Central Plant  
46  Other types of heating systems or combinations: Heat Pumps / Basement  
47  
48 3. Are there any chimneys?  Yes  No If yes, how many?  
49 Are they working?  Yes  No When were they last cleaned?  
50 4. List any buildings (or areas in any buildings) that are not heated:  
51  
52 5. Type of water heater:  Electric  Gas  Oil Capacity: 86 Gallon  
53  Other:  
54

55 Buyer Initials: MA

CPI Page 1 of 6 Owner Initials: MW



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10/04

Coldwell Banker University Realty 126 E Foster Ave State College, PA 16801  
Phone: 814-237-6543 18 Fax: 814-237-6502 Scott Shamrock

Second Mile -

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6. Type of plumbing:  Copper  Galvanized  Lead  PVC  Unknown  
 Other: \_\_\_\_\_
7. Are you aware of any problems with plumbing or heating systems or fixtures on the Property?  Yes  No  
If yes, explain: \_\_\_\_\_
8. Type of air conditioning:  Central Electric  Central Gas  Wall  None Capacity: \_\_\_\_\_  
List any buildings (or areas of any buildings) that are not air conditioned: Chilling Tower / Compressors
9. Type of electric service: (2) 200 AMP  220 Volt  3-phase  1-phase  KVA: \_\_\_\_\_  
 Other: \_\_\_\_\_  
Transformers: \_\_\_\_\_ Type: \_\_\_\_\_  
Are you aware of any problems or repairs needed in the electrical system?  Yes  No If yes, explain: \_\_\_\_\_
10. Are you aware of any problems with any item in this section that has not already been disclosed?  Yes  No  
If yes, explain: \_\_\_\_\_

E. Site Improvements

1. Are you aware of any problems with storm-water drainage?  Yes  No
2. Are you aware of any past or present problems with driveways, parking areas, sidewalks, curbs, other paved surfaces, or retaining walls on the Property?  Yes  No
- Explain any yes answers that you give in this section, describing the location and, if applicable, the extent of the problem and the date and person by whom any repairs were done, if known: \_\_\_\_\_

F. Other Equipment

1. Exterior Signs:  Yes  No How many? 1 Number Illuminated: 1
2. Elevators:  Yes  No How many? \_\_\_\_\_  Cable  Hydraulic rail  
Working order?  Yes  No Certified through (date) \_\_\_\_\_ Date last serviced \_\_\_\_\_
3. Skylights:  Yes  No How many? \_\_\_\_\_
4. Overhead Doors:  Yes  No How many? \_\_\_\_\_ Size: \_\_\_\_\_
5. Loading Docks:  Yes  No How many? \_\_\_\_\_ Levelers:  Yes  No
6. At grade doors:  Yes  No How many? 4
7. Are you aware of any problems with the equipment listed in this section?  Yes  No  
If yes, explain: \_\_\_\_\_

G. Fire Damage

1. To your knowledge, was there ever a fire on the Property?  Yes  No
2. Are you aware of any unrepaired fire damage to the Property and any structures on it?  Yes  No  
If yes, explain location and extent of damage: \_\_\_\_\_

H. Are you aware of any problems with water and sewer lines servicing the Property?  Yes  No

If yes, explain: \_\_\_\_\_

I. Alarm/Safety Systems

1. Fire:  Yes  No In working order?  Yes  No  
If yes, connected to: Fire Department  Yes  No Monitoring Service:  Yes  No
2. Fire extinguishers:  Yes  No
3. Smoke:  Yes  No In working order?  Yes  No
4. Sprinkler:  Yes  No Inspected/certified?  Yes  No  
 Wet  Dry Flow rate: \_\_\_\_\_
5. Security:  Yes  No In working order?  Yes  No  
If yes, connected to: Police Department  Yes  No Monitoring Service  Yes  No
6. Are there any areas of the Property that are not serviced by the systems in this section?  Yes  No  
If yes, explain: \_\_\_\_\_

5. ENVIRONMENTAL

A. Soil Conditions

1. Are you aware of any fill or expansive soil on the Property?  Yes  No  
If yes, were soil compaction tests done?  Yes  No If yes, by whom? \_\_\_\_\_
2. Are you aware of any sliding, settling, earth movement, upheaval, subsidence, or earth stability problems that have occurred on or effect the Property?  Yes  No

118 Buyer Initials: \_\_\_\_\_

Owner Initials: NSW

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3. Are you aware of any existing or proposed mining, strip-mining, or any other excavations that might affect the Property?  
 Yes  No

Explain any yes answers you give in this section: \_\_\_\_\_  
\_\_\_\_\_

B. Hazardous Substances

1. Are you aware of the presence of any of the following on the Property?

- Asbestos material:  Yes  No
- Formaldehyde gas and/or ureaformaldehyde foam insulation (UFFI):  Yes  No
- Discoloring of soil or vegetation:  Yes  No
- Oil sheen in wet areas:  Yes  No
- Contamination of well or other water supply:  Yes  No
- Proximity to current or former waste disposal sites:  Yes  No
- Proximity to current or former commercial or industrial facilities:  Yes  No
- Proximity to current, proposed, or former mines or gravel pits:  Yes  No
- Radon levels above 4 picocuries per liter:  Yes  No
- Use of lead-based paint:  Yes  No

Note: If Property contains a residence with one to four dwelling units, and the structure was constructed, or construction began, before 1978, you must disclose any knowledge of lead-based paint and any reports and/or records of lead-based paint on the Property.

Are you aware of any lead-based paint or lead-based paint hazards on the Property?  Yes  No

If yes, explain how you know of it, where it is, and the condition of those lead-based paint surfaces: \_\_\_\_\_  
\_\_\_\_\_

Are you aware of any reports or records regarding lead-based paint or lead-based paint hazards on the Property?  Yes  No

If yes, list all available reports and records: \_\_\_\_\_  
\_\_\_\_\_

2. To your knowledge, has the Property been tested for any hazardous substances?  Yes  No

3. Are you aware of any storage tanks on the Property?  Yes  No  Aboveground  Underground

Total number of storage tanks on the Property: \_\_\_\_\_ Aboveground \_\_\_\_\_ Underground

Are all storage tanks registered with the Pennsylvania Department of Environmental Protection?  Yes  No

If no, identify any unregistered storage tanks: \_\_\_\_\_

Has any storage tank permit ever been revoked pursuant to a federal or state law regulating storage tanks?  Yes  No

Have you ever been ordered to take corrective action by a federal or state agency citing a release, or danger of release, from a storage tank?

Yes  No

Do methods and procedures exist for the operation of tanks and for the operator's/owner's maintenance of a leak detection system, an inventory control system, and a tank testing system?  Yes  No Explain: \_\_\_\_\_  
\_\_\_\_\_

Has there been any release or any corrective action taken in response to a release from any of the storage tanks on the Property?

Yes  No

If yes, have you reported the release to and corrective action to any governmental agency?  Yes  No

Explain: \_\_\_\_\_  
\_\_\_\_\_

4. Do you know of any other environmental concerns that may have an impact on the Property?  Yes  No

Explain any yes answers you give in this section: \_\_\_\_\_  
\_\_\_\_\_

C. Wood Infestation

1. Are you aware of any termites/wood-destroying insects, dryrot, or pests affecting the Property?  Yes  No

2. Are you aware of any damage to the Property caused by termites/wood-destroying insects, dryrot, or pests?  Yes  No

3. Is the Property currently under contract by a licensed pest control company?  Yes  No

4. Are you aware of any termite/pest control reports or treatments for the Property in the last five years?  Yes  No

Explain any yes answers you give in this section: \_\_\_\_\_  
\_\_\_\_\_

D. Natural Hazards/Wetlands

1. To your knowledge, is this Property, or part of it, located in a flood zone or wetlands area?  Yes  No

2. Do you know of any past or present drainage or flooding problems affecting the Property?  Yes  No

3. To your knowledge, is this Property, or part of it, located in an earthquake or other natural hazard zone?  Yes  No

Explain any yes answers you give in this section: \_\_\_\_\_  
\_\_\_\_\_

182 Buyer Initials: \_\_\_\_\_

Owner Initials: MAU

183 6. UTILITIES

184 A. Water

- 185 1. What is the source of your drinking water?  Public  Community System  Well on Property  
 186  Other: \_\_\_\_\_  
 187 2. If the Property's source of water is not public:  
 188 When was the water last tested? \_\_\_\_\_  
 189 What was the result of the test? \_\_\_\_\_  
 190 Is the pumping system in working order?  Yes  No  
 191 If no, explain: \_\_\_\_\_  
 192  
 193 3. Is there a softener, filter, or other purification system?  Yes  No  
 194 If yes, is the system:  Leased  Owned  
 195 4. Are you aware of any problems related to the water service?  Yes  No  
 196 If yes, explain: \_\_\_\_\_  
 197

198 B. Sewer/Septic

- 199 1. What is the type of sewage system?  Public Sewer  Community Sewer  On-site (or Individual) sewage system  
 200 If on-site, what type?  Cesspool  Drainfield  Unknown  
 201  Other (specify): \_\_\_\_\_  
 202 2. Is there a septic tank on the Property?  Yes  No  Unknown  
 203 If yes, what is the type of tank?  Metal/steel  Cement/concrete  Fiberglass  Unknown  
 204  Other (specify): \_\_\_\_\_  
 205 3. When was the on-site sewage disposal system last serviced? \_\_\_\_\_  
 206 4. Is there a sewage pump?  Yes  No  
 207 If yes, is it in working order?  Yes  No  
 208 5. Are you aware of any problems related to the sewage system?  Yes  No  
 209 If yes, explain: \_\_\_\_\_  
 210

211 C. Other Utilities

212 The Property is serviced by the following:  Natural Gas  Electricity  Telephone  
 213  Other: \_\_\_\_\_

214 7. TELECOMMUNICATIONS

- 215 A. Is a telephone system included with the sale of the Property?  Yes  No  
 216 If yes, type: \_\_\_\_\_  
 217 B. Are ISDN lines included with the sale of the Property?  Yes  No  
 218 C. Is the Property equipped with satellite dishes?  Yes  No  
 219 If yes, how many? \_\_\_\_\_ Location: \_\_\_\_\_  
 220 D. Is the Property equipped for cable TV?  Yes  No  
 221 If yes, number of hook-ups: unk Location: \_\_\_\_\_  
 222 E. Are there fiber optics available to the Property?  Yes  No Is the building wired for fiber optics?  Yes  No  
 223 Does the Property have T1 or other capability?  Yes  No

224 8. GOVERNMENTAL ISSUES/ZONING/USE/CODES

- 225 A. Compliance, Building Codes & OSHA  
 226 1. Do you know of any violations of federal (including ADA), state, or local laws or regulations relating to this Property?  Yes  No  
 227 2. Do you know of any violations of building codes or municipal ordinances concerning this Property?  Yes  No  
 228 3. Do you know of any health, fire, or safety violations concerning this Property?  Yes  No  
 229 4. Do you know of any OSHA violations concerning this Property?  Yes  No  
 230 5. Do you know of any improvements to the Property that were done without building or other required permits?  Yes  No  
 231 Explain any yes answers you give in this section: \_\_\_\_\_  
 232 \_\_\_\_\_  
 233

234 B. Condemnation or Street Widening

235 To your knowledge, is the Property located in an area where public authorities are contemplating proceedings for highway, thoroughfare, rail, or  
 236 utility construction, a redevelopment project, street widening or lighting, or other similar public projects?  Yes  No  
 237 If yes, explain: \_\_\_\_\_  
 238

239 C. Zoning

- 240 1. The Property is currently zoned CP2  
 241 (county, ZIP) Centre by the \_\_\_\_\_  
 242 2. Current use is:  conforming  non-conforming  permitted by variance  permitted by special exception  
 243 3. Do you know of any pending or proposed changes in zoning?  Yes  No  
 244 If yes, explain: \_\_\_\_\_  
 245

246 Buyer Initials: \_\_\_\_\_

Owner Initials: MS

- 247 D. Is there an occupancy permit for the Property?  Yes  No  
 248 E. Is there a Labor and Industry Certificate for the Property?  Yes  No  
 249 If yes, Certificate Number is: \_\_\_\_\_  
 250 F. Is the Property a designated historic or archeological site?  Yes  No  
 251 If yes, explain: \_\_\_\_\_  
 252 \_\_\_\_\_

253 **9. LEGAL/TITLE ISSUES**

- 254 A. Are you aware of any encroachments or boundary line disputes regarding the Property?  Yes  No  
 255 B. Are you aware of any recorded encumbrances, covenants, conditions, restrictions, mineral or natural restrictions, easements, licenses, liens, charges, agreements, or other matters which affect the title of the Property?  Yes  No  
 256 C. Are you aware of any encumbrances, covenants, conditions, restrictions, mineral or natural restrictions, easements, licenses, liens, charges, agreements, or other matters which affect the title of the Property that have not been recorded in the official records of the county recorder where the Property is located?  Yes  No  
 257  
 258 D. Are you aware of any public improvement, condominium, or owner association assessments against the Property that remain unpaid?  Yes  No  
 259  
 260 E. Are you aware of any existing or threatened action, suit, or government proceeding relating to the Property?  Yes  No  
 261 F. Are you aware of any reason, including a defect in title, that would prevent you from conveying title to the Property?  Yes  No  
 262 G. Are you aware of any judgment, encumbrance, lien (for example co-maker or equity loan) or other debt against the Property that cannot be satisfied by the proceeds of this sale?  Yes  No  
 263 H. Are you aware of any insurance claims filed relating to the Property?  Yes  No  
 264 Explain any yes answers you give in this section: \_\_\_\_\_  
 265 \_\_\_\_\_  
 266 \_\_\_\_\_  
 267 \_\_\_\_\_  
 268 \_\_\_\_\_  
 269 \_\_\_\_\_  
 270 \_\_\_\_\_

271 **10. RESIDENTIAL UNITS**

- 272 Is there a residential dwelling unit located on the Property?  Yes  No If yes, number of residential dwelling units: \_\_\_\_\_  
 273 Note: If one to four residential dwelling units are to be sold with, or as part of, the Property, Owner must complete a Seller's Property Disclosure Statement, as required by the Pennsylvania Real Estate Seller's Disclosure Law (68 P.S. §7301 et. seq.).  
 274

275 **11. TENANCY ISSUES**

- 276 A. Are you aware of any existing leases, subleases or other tenancy agreements affecting the Property?  Yes  No  
 277 B. Are there any verbal agreements or understandings with tenants that are not specifically recorded in the lease (e.g., a promise not to increase rent, an implied agreement to let tenant end lease early, a first right of refusal on adjoining space)?  Yes  No  
 278 C. Are there any tenants for whom you do not currently have a security deposit?  Yes  No  
 279 D. Are there any tenants who have been 5 or more days late with their rent payment more than once this year?  Yes  No  
 280 E. Are there any tenants who are currently more than 30 days behind in paying rent, cam, or tax charges?  Yes  No  
 281 F. Are there any tenants who are in default of the lease for other than monetary reasons (e.g., failure to comply with rules, regulations, lease terms, etc.)?  Yes  No  
 282 G. Are there any tenants that you have reason to believe are likely to fall into default of their lease within the next six months?  Yes  No  
 283 H. Is there any tenant that you would consider evicting or not offering an opportunity for renewal?  Yes  No  
 284 I. Are you currently involved in any type of dispute with any tenant?  Yes  No  
 285 Explain any yes answers you give in this section, providing names of tenants where applicable. Attach additional sheet if necessary:  
 286 \_\_\_\_\_  
 287 \_\_\_\_\_  
 288 \_\_\_\_\_  
 289 \_\_\_\_\_  
 290 \_\_\_\_\_

291 **12. DOMESTIC SUPPORT LIEN LEGISLATION**

- 292 Has any Owner, at any time, on or since January 1, 1998, been obligated to pay support under an order that is on record in a domestic relations office in any Pennsylvania county?  Yes  No  
 293 If yes, list name and social security numbers of Owner(s) obligated to pay, the county, and the Domestic Relations File or docket number:  
 294 \_\_\_\_\_  
 295 \_\_\_\_\_  
 296 \_\_\_\_\_  
 297 \_\_\_\_\_

298 **13. LAND USE RESTRICTIONS OTHER THAN ZONING**

- 299 A. Is the Property, or a portion of it, preferentially assessed for tax purposes under the Farmland and Forest Land Assessment Act (72 P.S. §5490.1 et seq.) (Clean and Green Program)?  Yes  No  
 300 Note: An Owner of Property enrolled in the Clean and Green Program must submit notice of the sale and any proposed changes in the use of  
 301 Owner's remaining enrolled Property to the County Assessor 30 days before the transfer of title to Buyer. The sale of Property enrolled  
 302 in the Clean and Green Program may result in the loss of program enrollment and the loss of preferential tax assessment for the Property  
 303 and/or the land of which it is a part and from which it is being separated. Removal from enrollment in the Clean and Green Program may  
 304 result in the charge of roll-back taxes and interest. A roll-back tax is the difference in the amount of taxes paid under the program and the  
 305 taxes that would have been paid in the absence of Clean and Green enrollment. The roll-back taxes are charged for each year that the  
 306 Property was enrolled in the program, limited to the past 7 years.  
 307

308 Buyer Initials: \_\_\_\_\_

Owner Initials: NSW

309 B. Is the Property, or a portion of it, preferentially assessed for tax purposes under the Open Space Act (16 P.S. §11941 et seq.)  
310 (an Act enabling certain counties of the Commonwealth to covenant with landowners for preservation of land in farm, forest, water supply,  
311 or open spaces uses)?  Yes  No

312 Note: This Act enables counties to enter into covenants with owners of land designated as farm, forest, water supply, or open space land on an  
313 adopted municipal, county or regional plan for the purpose of preserving the land as open space. A covenant between the owner and  
314 county is binding upon any Buyer of the Property during the period of time that the covenant is in effect (5 or 10 years). Covenants  
315 automatically renew at the end of the covenant period unless specific termination notice procedures are followed. When a breach of the  
316 covenant occurs, the then-owner is required to pay roll-back taxes and interest. A roll-back tax is the difference in the amount of taxes  
317 paid and the taxes that would have been paid in the absence of the covenant. The roll-back taxes are charged for each year that the  
318 Property was subject to the covenant, limited to the past 5 years.

319 C. Is the Property, or a portion of it, preferentially assessed for tax purposes or enrolled in any program, other than Clean & Green and Open Space,  
320 that contains any covenants, subdivision restrictions, or other restrictions affecting the Property?  Yes  No  
321 Explain any yes answers you give in this section: \_\_\_\_\_  
322 \_\_\_\_\_  
323 \_\_\_\_\_

324 14. SERVICE PROVIDER/CONTRACTOR INFORMATION

325 A. Provide the names, addresses and phone numbers of the service providers for any Maintenance Contracts on the Property (e.g., elevators, other  
326 equipment, pest control). Attach additional sheet if necessary:  
327 Keystone Real Estate Group LP / AHO: AL Fringe  
328 444 East College Ave. State 560  
329 State College PA 16801

330 B. Provide the names, addresses and phone numbers of the service providers for any Alarm/Safety Contracts on the Property (e.g., security alarm  
331 system, sprinkler system, fire/smoke). Attach additional sheet if necessary: \_\_\_\_\_  
332 \_\_\_\_\_  
333 n/a

334 C. Provide the names, addresses and phone numbers of the service providers for any utilities on the Property (e.g., water, water softener, sewage,  
335 on-site sewage service, natural gas, electric, telephone). Attach additional sheet if necessary: \_\_\_\_\_  
336 \_\_\_\_\_  
337 Columbia Gas  
338 West Penn Power  
339 State College Borough Water + Sewer

340  
341  
342  
343  
344 The undersigned Owner represents that the information set forth in this document is accurate and complete to the best of Owner's knowledge. Owner  
345 permits Broker to share information contained in this document with prospective buyers/tenants and other real estate licensees. OWNER ALONE IS  
346 RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS STATEMENT. Owner will notify Broker in writing of  
347 any information supplied on this form which is rendered inaccurate by a change in the condition of the Property following completion of this form.

348  
349 OWNER David Woodle DATE 1/22/13  
350 Second Mile (David Woodle CEO)

351  
352 OWNER \_\_\_\_\_ DATE \_\_\_\_\_  
353

354  
355 OWNER \_\_\_\_\_ DATE \_\_\_\_\_  
356


357  
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359  
360 BUYER N/A DATE \_\_\_\_\_  
361

362 BUYER \_\_\_\_\_ DATE \_\_\_\_\_  
363

364 BUYER \_\_\_\_\_ DATE \_\_\_\_\_  
365  
366 BUYER \_\_\_\_\_ DATE \_\_\_\_\_  
367

## VERIFICATION

David Woodle, being first duly sworn according to law, deposes and says that he is President of The Second Mile, and that he is authorized to make this Verification on its behalf, and, further, that he has reviewed the foregoing Petition and that the statements contained therein are true and correct based upon his personal knowledge or, otherwise, on information and belief. This Verification is made subject to the penalties of 18 Pa. C.S.A. § 4904 relating to unsworn falsification to authorities.

A handwritten signature in cursive script, reading "David Woodle", written over a horizontal line.

David Woodle  
President

**IN THE ORPHANS' COURT DIVISION OF THE COURT OF COMMON PLEAS  
OF CENTRE COUNTY, PENNSYLVANIA**

**IN RE: THE SECOND MILE**

**ORPHANS' COURT NO. 14-12-0255**

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**CERTIFICATE OF SERVICE**

The undersigned counsel for Petitioners certify that a true and correct copy of the foregoing Petition for Expedited Approval of Sale of Atherton Street Property was served on the Attorney General of Pennsylvania on March 1, 2013, in the manner noted and addressed as follows:

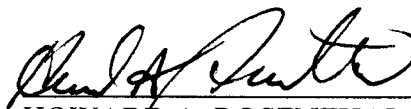
**VIA E-MAIL AND REGULAR MAIL**

Mark A. Pacella, Esquire  
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Copies of the Petition for Expedited Approval of Sale of Atherton Street Property are also being served on all interested parties whose names appear on the Service List attached as Exhibit "A," by depositing such copies in the United States Mail, first class postage prepaid.

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