

APPRAISAL OF THE
Remaining Inventory – Lots Only
The Villas Residential Subdivision
Silk Drive, Tulpehocken Avenue and Elm Street
West Reading, Pennsylvania, 19601
West Reading Borough, Berks County



APPRAISAL REPORT
Prepared By
Crognale Appraisal Company

EFFECTIVE DATE
October 1, 2015

PREPARED FOR:
Sandra Dietch
FFC Appraisal Group
Fulton Financial Corporation
160 East King Street
Lancaster, PA 17602
FFC Appraisal File Number: FFC-C-15-01381

Crognale Appraisal Company

John Crognale, MAI
Principal
Crognale Appraisal Company
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October 19, 2015

Sandra Dietch
FFC Appraisal Group
Fulton Financial Corporation
160 East King Street
Lancaster, PA 17602
FFC Appraisal File Number: FFC-C-15-01381

Re: Appraisal of the Remaining Inventory – Lots Only
West Reading Townhouse Subdivision
Silk Drive, Tulpehocken Avenue and Elm Street
West Reading, Pennsylvania, 19601
West Reading Borough, Berks County

Dear Ms. Dietch:

Attached is the appraisal report for the property noted above. The subject property represents the remaining lot inventory of a residential subdivision known as The Villas. In its entirety, The Villas comprises 6.1631 acres with 58 townhouse units, open space and associated streets. The overall The Villas subdivision is located on the northwest corner of Tulpehocken Avenue and Walnut Street, in West Reading Borough, Berks County, Pennsylvania. As previously noted, The Villas is being developed with 58 townhouse lots. As of the effective date of this appraisal, 36 townhouse lots have been sold and settled to homebuyers. Therefore, the remaining 22 townhouse lots at The Villas represent the subject of this appraisal. All of the 22 subject lots are essentially site-improved with minor paving required to be completed. It is also noted that there is a vertical dwelling improvement on subject lot 22 and six foundations on subject lots 53, 54, 55, 56, 57 and 58. However, this appraisal is made under the hypothetical condition that there are no vertical dwelling improvements or foundations on any of the subject lots.

The lot number, street address and tax parcel number for each individual lot is summarized in the *Introduction* section of the report. The town and zip code for each lot is West Reading 19601.

The purpose of the appraisal is to estimate the market value of the subject property as of the effective date of the report under the hypothetical condition that there are

no vertical dwelling improvements or foundations on any of the subject lots. The intended use of the report is for determining loan and credit underwriting decisions that will be made by the client. The client and intender user of the appraisal report is Fulton Financial Corporation, its affiliates, successors and assigns. The appraisal report is not intended for any other use or user. The report may not be relied upon by any other parties unless specifically noted in the report.

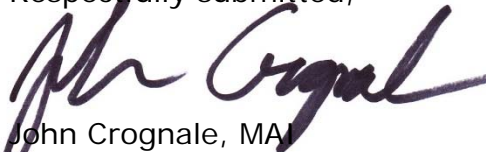
The fee simple estate of the subject property is being appraised herein. The effective date of the appraisal is October 1, 2015, the date Crognale Appraisal Company inspected the subject property.

The value conclusion(s) are located in the Appraisal Summary and Reconciliation sections of the accompanying report. Please note that the value(s) concluded herein are subject to the Extraordinary Conditions and Hypothetical Conditions found in the Appraisal Summary section of this report.

The reported analyses, opinions, and conclusions within this report conform to the requirements of the following: Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute; Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation; Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA); Applicable state appraisal regulations; and the appraisal guidelines outlined by the client. This document has been prepared as an Appraisal Report as defined in Standards Rule 2-2(a) of USPAP.

Please contact the undersigned with any questions or comments regarding this report. Thank you for the opportunity to serve your appraisal needs.

Respectfully submitted,



John Crognale, MAI
Principal

Crognale Appraisal Company
Pennsylvania Certified General Appraiser Number GA003762

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Appraisal Summary

Summary of Important Facts and Conclusions

Appraisal Client	Fulton Financial Corporation
Subject Property	Remaining Inventory – Lots Only
Location	The Villas Residential Subdivision Silk Drive, Tulpehocken Avenue and Elm Street West Reading, Pennsylvania, 19601 West Reading Borough, Berks County
Tax Identification	Multiple tax parcels
Property Owner	Fulton Bank, N.A.
Purpose of the Appraisal	The purpose of the appraisal is to estimate the market value of the subject property as of the effective date of the report under the hypothetical condition that there are no vertical dwelling improvements or foundations on any of the subject lots.
Date of Value Opinion	October 1, 2015
Property Rights Appraised	Fee Simple Estate
Zoning Designation	R-P Residential/Professional District
Property Summary	<p>the remaining lot inventory of a residential subdivision known as The Villas. In its entirety, The Villas comprises 6.1631 acres with 58 townhouse units, open space and associated streets. The Villas subdivision is located on the northwest corner of Tulpehocken Avenue and Walnut Street, in West Reading Borough, Berks County, Pennsylvania.</p> <p>As previously noted, The Villas is being developed with 58 townhouse lots. As of the effective date of this appraisal, 36 townhouse lots have been sold and settled</p>

to homebuyers. Therefore, the remaining 22 townhouse lots at The Villas represent the subject of this appraisal. All of the 22 subject lots are essentially site-improved with only minor paving required to be completed. It is also noted that there is a vertical dwelling improvement on subject lot 22 and six foundations on subject lots 53, 54, 55, 56, 57 and 58. However, this appraisal is made under the hypothetical condition that there are no vertical dwelling improvements or foundations on any of the subject lots.

Highest and Best Use

As Vacant

development of townhouses with approximately 1,800 square feet of gross living area.

As Improved

N/A

Value Indications

Value Indications		
As-Is Market Value	Value	Value/Unit
Sales Comparison Approach	\$865,000	\$39,318
Cost Approach	n/a	n/a
Subdivision Development Analysis	\$880,000	\$40,000
Final Value Indication	\$880,000	\$40,000

Extraordinary Assumptions

The subject property represents 22 lots within a 58-unit residential subdivision. A site infrastructure budget was not made available to the appraiser. However, all site improvements are installed except for a final top coat of paving on Elm Street. The lots with paving remaining include Lots 47-58. The cost to install the final topcoat of paving is estimated to be \$1,000 per lot. This estimate is based on site infrastructure costs of similar residential subdivisions retained in our files and interviews with residential site developers. Therefore, remaining site infrastructure costs are estimated at \$12,000. This appraisal is made under the extraordinary assumption that these costs are adequate to complete the remaining site infrastructure improvements at the subject property, but not excessive. If actual site infrastructure costs are significantly different, the value conclusion will likely be impacted.

A potential purchaser of the subject property would be responsible for all of the remaining site infrastructure costs at the development and not a pro-rata amount. If it is deemed that a potential purchaser is responsible for less than the entire amount of the remaining site infrastructure costs at the development, the value conclusion will likely be impacted.

Hypothetical Conditions

There is a vertical dwelling improvement on subject lot 22 and six foundations on subject lots 53, 54, 55, 56, 57 and 58. However, this appraisal is made under the hypothetical condition that there are no vertical dwelling improvements or foundations on any of the subject lots.

Subject Photographs



View of Townhouse on Subject Lot 22



View of Subject Lots 47 and 48



View of Subject Lots 47-58





View of Subject Lots 38-46





Elm Street Viewed from the East to the West



Elm Street Viewed from the West to the East



Tulpehocken Avenue Viewed from the South to the North



Tulpehocken Avenue Viewed from the North to the South

Extraordinary Assumptions

An Extraordinary Assumption is "an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. 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."¹

This appraisal has been made with the following extraordinary assumptions:

The subject property represents 22 lots within a 58-unit residential subdivision. A site infrastructure budget was not made available to the appraiser. However, all site improvements are installed except for a final top coat of paving on Elm Street. The lots with paving remaining include Lots 47-58. The cost to install the final topcoat of paving is estimated to be \$1,000 per lot. This estimate is based on site infrastructure costs of similar residential subdivisions retained in our files and interviews with residential site developers. Therefore, remaining site infrastructure costs are estimated at \$12,000. This appraisal is made under the extraordinary assumption that these costs are adequate to complete the remaining site infrastructure improvements at the subject property, but not excessive. If actual site infrastructure costs are significantly different, the value conclusion will likely be impacted.

A potential purchaser of the subject property would be responsible for all of the remaining site infrastructure costs at the development and not a pro-rata amount. If it is deemed that a potential purchaser is responsible for less than the entire amount of the remaining site infrastructure costs at the development, the value conclusion will likely be impacted.

¹ Appraisal Standards Board, Uniform Standards of Professional Appraisal Practice, USPAP 2012-2013 Edition (Washington, DC: The Appraisal Foundation).

Hypothetical Conditions

A Hypothetical Condition is "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis. Hypothetical Conditions are 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."²

This appraisal has been made with the following hypothetical conditions:

There is a vertical dwelling improvement on subject lot 22 and six foundations on subject lots 53, 54, 55, 56, 57 and 58. However, this appraisal is made under the hypothetical condition that there are no vertical dwelling improvements or foundations on any of the subject lots.

² Appraisal Standards Board, Uniform Standards of Professional Appraisal Practice, USPAP 2012-2013 Edition (Washington, DC: The Appraisal Foundation).

Introduction

Subject Property Identification

The subject property represents the remaining lot inventory of a residential subdivision known as The Villas. In its entirety, The Villas comprises 6.1631 acres with 58 townhouse units, open space and associated streets. The overall The Villas subdivision is located on the northwest corner of Tulpehocken Avenue and Walnut Street, in West Reading Borough, Berks County, Pennsylvania.

As previously noted, The Villas is being developed with 58 townhouse lots. As of the effective date of this appraisal, 36 townhouse lots have been sold and settled to homebuyers. Therefore, the remaining 22 townhouse lots at The Villas represent the subject of this appraisal. All of the 22 subject lots are essentially site-improved with minor paving required to be completed. It is also noted that there is a vertical dwelling improvement on subject lot 22 and six foundations on subject lots 53, 54, 55, 56, 57 and 58. However, this appraisal is made under the hypothetical condition that there are no vertical dwelling improvements or foundations on any of the subject lots.

The lot number, street address and tax parcel number for each individual lot is summarized in the following exhibit. The town and zip code for each lot is West Reading 19601. A metes and bounds legal description of the entire The Villas residential townhouse subdivision is located in the *Addendum* of the report.

Subject Property Summary					
Lot Number		Parcel Number	Lot Size (Acres)	Improvement Summary	Assessment
22	206 Silk Drive	93530717115181	0.06	Townhouse	\$95,000
38	Tulpehocken Avenue	93530717119230	0.11	Vacant	\$27,400
39	Tulpehocken Avenue	93530717119223	0.06	Vacant	\$21,400
40	Tulpehocken Avenue	93530717119215	0.06	Vacant	\$21,400
41	Tulpehocken Avenue	93530717118297	0.06	Vacant	\$21,400
42	Tulpehocken Avenue	93530717118289	0.06	Vacant	\$21,400
43	Tulpehocken Avenue	93530717118371	0.06	Vacant	\$21,400
44	Tulpehocken Avenue	93530717118363	0.06	Vacant	\$21,400
45	Tulpehocken Avenue	93530717118356	0.06	Vacant	\$21,400
46	Tulpehocken Avenue	93530717118348	0.11	Vacant	\$27,400
47	Elm Street	93530717115357	0.15	Vacant	\$28,100
48	Elm Street	93530717115399	0.05	Vacant	\$20,200
49	Elm Street	93530717116410	0.05	Vacant	\$20,200
50	Elm Street	93530717116431	0.05	Vacant	\$20,200
51	Elm Street	93530717116452	0.05	Vacant	\$20,200
52	Elm Street	93530717116483	0.05	Vacant	\$20,200
53	Elm Street	93530717117404	0.05	Foundation	\$20,200
54	Elm Street	93530717117425	0.05	Foundation	\$20,200
55	Elm Street	93530717117446	0.05	Foundation	\$20,200
56	Elm Street	93530717117468	0.05	Foundation	\$20,200
57	Elm Street	93530717117489	0.05	Foundation	\$20,200
58	Elm Street	93530717118510	0.09	Foundation	\$25,000
Open Space	Silk Drive	93530717116173	0.34	Open Space	\$13,800
Average Towhouse Lot Size			0.07 acres		

Ownership and History of the Property

Title to the subject property is currently held by Fulton Bank, N.A. as evidenced by a deed dated August 8, 2014 and recorded in the Berks County Recorder of Deeds office under Instrument Number 2014034065. The consideration indicated on the deed is \$9,500. It is noted that the transaction is due to a writ of execution of Mortgage Foreclosure issued on May 30, 2014 out of the Court of Common Pleas of the County of Berks, Pennsylvania, as of No. 13-24274.

Title to the subject property was formerly held by the Belovich Group as evidenced by a deed dated January 23, 2006 and recorded in the Berks County Recorder of Deeds office under Instrument Number in Deed Book 4763, Page 1888.

The subject property is not currently under agreement of sale or offered for sale on the open market. However, a representative of the subject owner noted that it is their intention to sell the subject lots to a homebuilder. Several homebuilders have reportedly expressed interest in purchasing the subject lots; however, no purchase offers have been submitted to the subject owner.

Belovich Group at The Villas

The subject property represents the remaining lot inventory of a residential subdivision known as The Villas. In its entirety, The Villas comprises 6.1631 acres with 58 townhouse units, open space and associated streets.

The original developer of The Villas was the Belovich Group. Reportedly, construction commenced in 2006 and the Belovich Group sold and settled 36 townhouses to homebuyers. However, construction of townhouses ceased in 2008 as the Belovich Group filed for bankruptcy. Prior to bankruptcy, the Belovich Group was reportedly marketing townhouses with dwelling sizes ranging from 1,552 square feet to 1,910 square feet with base prices ranging from \$164,900 to \$207,900. It is noted that select townhouses also include a two-car detached garage.

Purpose of the Appraisal

The purpose of the appraisal is to estimate the market value of the subject property as of the effective date of the report under the hypothetical condition that there are no vertical dwelling improvements or foundations on any of the subject lots.

Intended Use and User of the Report

The intended use of the report is for determining loan and credit underwriting decisions that will be made by the client. The client and intender user of the appraisal report is Fulton Financial Corporation, its affiliates, successors and assigns. The appraisal report is not intended for any other use or user. The report may not be relied upon by any other parties unless specifically noted in the report.

Definitions

Market Value - The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

Market Value means 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:

- (1) Buyer and seller are typically motivated;

- (2) Both parties are well informed or well advised and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.³

Property Rights Appraised

Fee Simple Estate - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.⁴

The fee simple estate of the subject property is being appraised herein.

Effective Date of the Appraisal

The effective date of the appraisal is October 1, 2015, the date Crognale Appraisal Company inspected the subject property.

Scope of Work

Scope of work refers to the type and extent of research and analyses in an assignment. Scope of work for an assignment is acceptable if it leads to credible assignment results, is consistent with the expectations of parties who are regularly intended users for similar assignments, and is consistent with what the actions of the appraiser's peers would be in the same or a similar assignment.⁵ An appraiser must properly identify the problem to be solved in order to determine the appropriate scope

³ Appraisal Standards Board, Uniform Standards of Professional Appraisal Practice, USPAP 2012-2013 Edition (Washington, DC: The Appraisal Foundation) Advisory Opinion 22, Pg. A-72. As noted in Advisory Opinion 22, this example definition is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994.

⁴ Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010).

⁵ Appraisal Institute, The Appraisal of Real Estate, 13th Edition (Chicago: Appraisal Institute, 2008), Pg. 135

of work. ⁶ Competently determining the scope of work is an essential step in all assignments performed under USPAP.⁷

It is noted that pertinent information regarding the subject property was collected by Crognale Appraisal Company from the subject owner or representative, public sources and through a physical inspection of the subject property. It is noted that Crognale Appraisal Company requests all relevant information from the subject owner or representative relating to the subject property for every assignment.

Public sources of information for the subject property include the most recent subject deed, tax assessment records and maps, zoning ordinances and maps and other available public information.

The subject property was physically inspected by John Crognale, MAI on October 1, 2015. Photographs taken during this inspection are presented in the Appraisal Summary section of this report.

Demographic and market data such as comparable sales and rentals were obtained from various sources such as Site To Do Business, Costar, Trend MLS, LoopNet or other sources deemed reliable. Comparable sales and rentals are verified through public records and with a party involved in the transaction or through a reliable third party source if necessary.

Appraisal Report Format

This document has been prepared as an Appraisal Report as defined in Standards Rule 2-2(a) of USPAP.

Prior Assignments Involving the Subject Property

Crognale Appraisal Company acknowledges that no one currently affiliated with Crognale Appraisal Company has provided any services, as an appraiser or in any other capacity, regarding the subject property within the three years preceding the acceptance of this assignment.

Valuation Process

The Valuation Process section of this report discusses the valuation approaches used in this appraisal assignment.

⁶ Appraisal Standards Board, Uniform Standards of Professional Appraisal Practice, USPAP 2012-2013 Edition (Washington, DC: The Appraisal Foundation) Pg. U-13.

⁷ Appraisal Standards Board, Uniform Standards of Professional Appraisal Practice, USPAP 2012-2013 Edition (Washington, DC: The Appraisal Foundation) Advisory Opinion 22, Pg. A-70.

Area and Market Analysis

Regional Analysis

Berks County is located in southeastern Pennsylvania. It is bounded as follows: Lebanon County to the west; Lancaster County to the southwest; Chester County to the south; Montgomery County to the southeast; Lehigh County to the northeast and Schuylkill County to the north. Despite its closeness to the Philadelphia metropolitan area, it is considered part of Pennsylvania's Dutch Country. The location of Berks County is shown in the following map.



The City of Reading is the county seat of Berks County. Philadelphia is located approximately 50 miles to the southeast of Reading. New York City is located approximately 90 miles to the northeast of Reading. Baltimore is located approximately 80 miles to the southwest of Reading and Washington D.C. is located approximately 110 miles to the southwest of Reading. The County is a diamond-shaped area of 864 square miles. Sections of the Blue and South Mountains and two ridges of the Appalachian Mountain chain form its northern and southern boundaries with elevations averaging about 640 feet above sea level.

Population

The following exhibit summarizes the population of Berks County and Pennsylvania.

Berks County - Population Summary							
Source: U.S. Census and ESRI							
	Actual		Projected		Growth Rates		
	<u>2000</u>	<u>2010</u>	<u>2014</u>	<u>2019</u>	<u>2000-2010</u>	<u>2010-2014</u>	<u>2014-2019</u>
Berks County	373,638	411,442	417,126	423,343	10.12%	1.38%	1.49%
Pennsylvania	12,281,054	12,702,379	12,817,894	12,960,538	3.43%	0.91%	1.11%
County as % of PA	3.04%	3.24%	3.25%	3.27%			

As shown, the population of Berks County increased 10.12% from 2000 to 2010. This increase was higher than the 3.43% increase experienced by the state over the same time period. The county population as a percentage of the overall state population increased from 3.04% in 2000 to 3.24% in 2010. It is noted that population growth rates for the county are higher than those of the state through 2019.

Households

The following exhibit summarizes households in Berks County and Pennsylvania.

Berks County - Households Summary							
Source: U.S. Census and ESRI							
	Actual		Projected		Growth Rates		
	<u>2000</u>	<u>2010</u>	<u>2014</u>	<u>2019</u>	<u>2000-2010</u>	<u>2010-2014</u>	<u>2014-2019</u>
Berks County	141,570	154,356	156,188	158,239	9.03%	1.19%	1.31%
Pennsylvania	4,777,003	5,018,904	5,091,067	5,157,789	5.06%	1.44%	1.31%
Area as % of PA	2.96%	3.08%	3.07%	3.07%			

As shown, the number of households in Berks County increased 9.03% from 2000 to 2010. This increase was higher than the 5.06% increase experienced by the state over the same time period. The number of households as a percentage of the overall number of households in the state increased from 2.96% in 2000 to 3.08% in 2010. It is noted that the growth rates for the number of households in the county was lower than that of the state from 2000 to 2014.

Income Characteristics

The following exhibit summarizes median household income in Berks County and Pennsylvania.

Berks County - Median Household Income Summary					
Source: U.S. Census and ESRI					
	Actual	Projected			
	<u>2000</u>	<u>2014</u>	<u>2019</u>	<u>2000-2014</u>	<u>2014-2019</u>
Berks County	\$44,719	\$54,851	\$63,900	22.66%	16.50%
Pennsylvania	\$40,108	\$52,222	\$60,616	30.20%	16.07%
Area as % of PA	111.50%	105.03%	105.42%		

As shown, median household income for Berks County increased significantly from 2000 to 2014. However, the county's median household income growth rate was lower than that of the state overall. Projected median household income growth rates for the county and state are similar through 2019.

Employment

The following table summarizes the employment mix by industry for Berks County.

Employment by Industry - Berks County				
<u>Industry</u>	<u>Employment</u>	<u>Projected</u>		<u>% of 2012</u>
	<u>2012</u>	<u>Employment</u>	<u>% Change</u>	<u>Employment</u>
		<u>2022</u>		
Agriculture, Forestry, Etc.	2,000	1,990	-0.5%	1.1%
Mining	0	0	N/A	0.0%
Construction	6,450	8,020	24.3%	3.7%
Manufacturing	29,630	30,450	2.8%	16.9%
Utilities	800	840	5.0%	0.5%
Wholesale Trade	6,640	7,270	9.5%	3.8%
Retail Trade	19,330	20,230	4.7%	11.0%
Transportation	4,640	5,350	15.3%	2.6%
Information	1,290	1,090	-15.5%	0.7%
Finance and Insurance	4,300	4,450	3.5%	2.4%
Real Estate	1,550	1,740	12.3%	0.9%
Professional and Tech. Serv.	6,470	7,360	13.8%	3.7%
Management	4,620	4,610	-0.2%	2.6%
Admin. & Waste Serv.	8,590	9,910	15.4%	4.9%
Educational Services	14,640	15,670	7.0%	8.3%
Health Care & Social Assist.	25,880	31,110	20.2%	14.7%
Arts, Entertainment & Rec	2,260	2,590	14.6%	1.3%
Accommodation & Food Serv.	11,820	12,550	6.2%	6.7%
Other Services	8,370	9,020	7.8%	4.8%
Government	7,650	7,480	-2.2%	4.4%
Self-Employed	8,660	8,800	1.6%	4.9%
Totals	175,590	190,530	8.5%	100.0%

Source: Pennsylvania Department of Labor & Industry

The largest industry in the county in terms of employment is manufacturing. The industry accounts for approximately 16.9% of the employment in the county. However, employment in this industry is projected to only grow an additional 2.8% through 2022. The second largest industry in the county in terms of employment is health care and social assistance. The industry accounts for approximately 14.7% of the employment in the county. In addition, the employment in the industry is projected to increase 20.2% through 2022. With the projected employment increase,

health care and social assistance will be the largest industry in terms of employment in 2022.

The exhibit below displays the top employers for Berks County obtained from the Pennsylvania Department of Labor.

Major Employers ¹	Industry Sector
EAST PENN MFG CO	Manufacturing
THE READING HOSPITAL & MEDICAL CTR	Health Care and Social Assistance
CARPENTER TECHNOLOGY CORPORATION	Manufacturing
READING SCHOOL DISTRICT	Educational Services
WAL-MART ASSOCIATES INC	Retail Trade
COUNTY OF BERKS	Public Administration
ST JOSEPH MEDICAL CENTER	Health Care and Social Assistance
GIANT FOOD STORES LLC	Retail Trade
WILSON SCHOOL DISTRICT	Educational Services
BERKS COUNTY INTERMEDIATE UNIT	Educational Services
¹ 4th Quarter 2013	

As shown, major employers consists of hospitals, manufacturers and retailers.

Unemployment

The following table compares the Berks County’s unemployment rate with that of other counties in Pennsylvania.

Pennsylvania County Unemployment Rates November 2014 (Seasonally Adjusted)					
County	Unemployment Rate (%)	County	Unemployment Rate (%)	County	Unemployment Rate (%)
Adams	3.9	Elk	4.2	Montgomery	4.3
Allegheny	4.6	Erie	5.2	Montour	4.1
Armstrong	5.8	Fayette	5.7	Northampton	5.2
Beaver	4.9	Forest	6.1	Northumberland	5.3
Bedford	5.9	Franklin	4.3	Perry	4.4
Berks	5.0	Fulton	5.9	Philadelphia	6.7
Blair	4.7	Greene	3.9	Pike	6.7
Bradford	4.1	Huntingdon	6.3	Potter	6.1
Bucks	4.7	Indiana	4.9	Schuylkill	5.5
Butler	4.4	Jefferson	5.0	Snyder	4.8
Cambria	5.9	Juniata	4.8	Somerset	5.8
Cameron	6.6	Lackawanna	5.8	Sullivan	4.3
Carbon	5.9	Lancaster	4.1	Susquehanna	4.3
Centre	3.9	Lawrence	5.5	Tioga	5.4
Chester	4.0	Lebanon	4.1	Union	4.8
Clarion	5.3	Lehigh	5.3	Venango	4.7
Clearfield	5.6	Luzerne	6.2	Warren	4.3
Clinton	5.5	Lycoming	5.2	Washington	4.9
Columbia	4.6	McKean	5.0	Wayne	5.0
Crawford	4.9	Mercer	5.8	Westmoreland	4.8
Cumberland	4.0	Mifflin	5.0	Wyoming	5.4
Dauphin	4.4	Monroe	6.2	York	4.8
Delaware	5.1				

Source: Pennsylvania Department of Labor and Industry

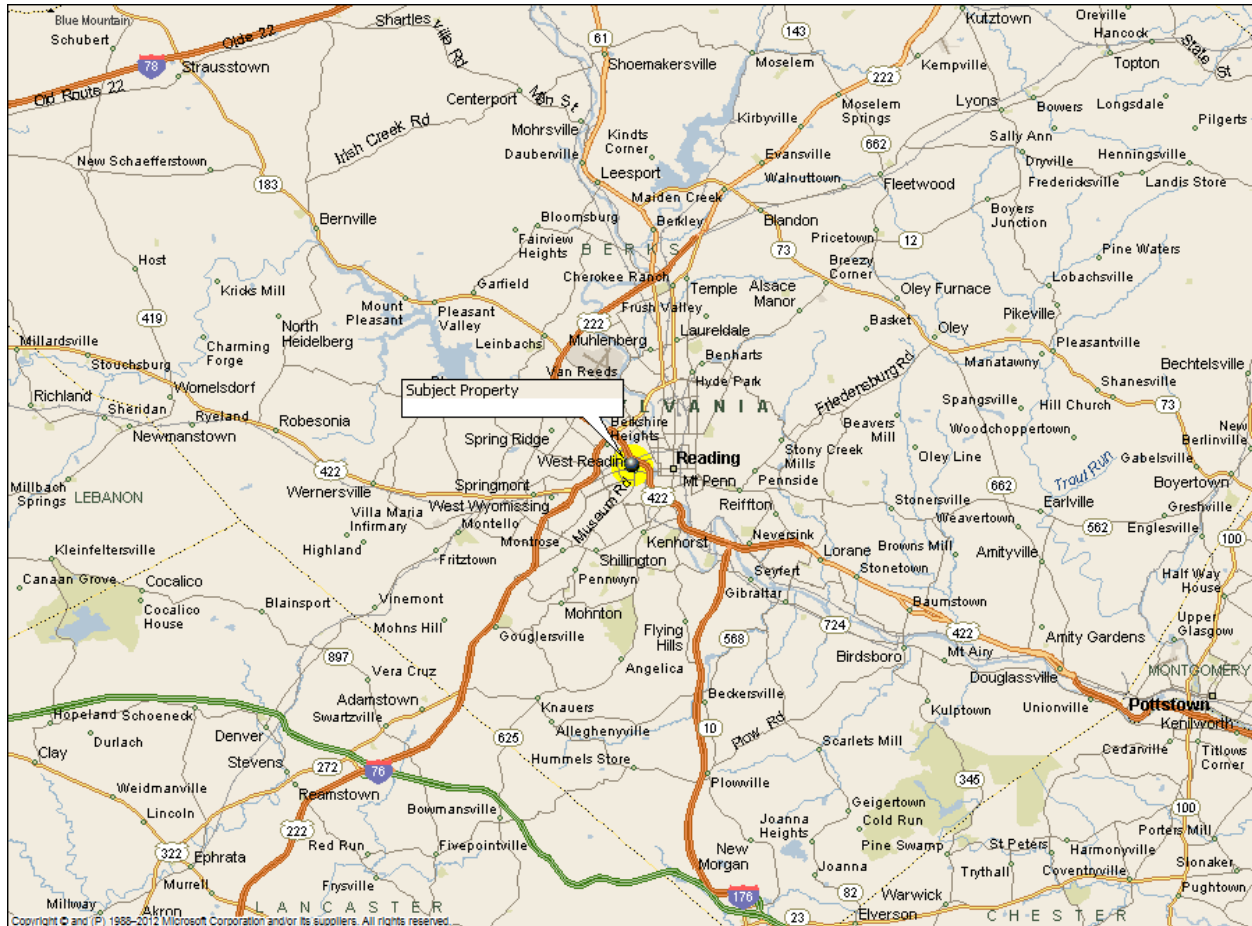
Berks County has the 33rd lowest unemployment rate out of the 67 PA counties. The unemployment rate of Berks County is slightly lower than the 5.1% unemployment rate of the entire state. The counties with the higher unemployment rates are concentrated in the more rural areas of the state such as northeast, north central and southwestern portions of the state. The counties with the lowest unemployment rates are concentrated around the major cities of Philadelphia and Pittsburgh.

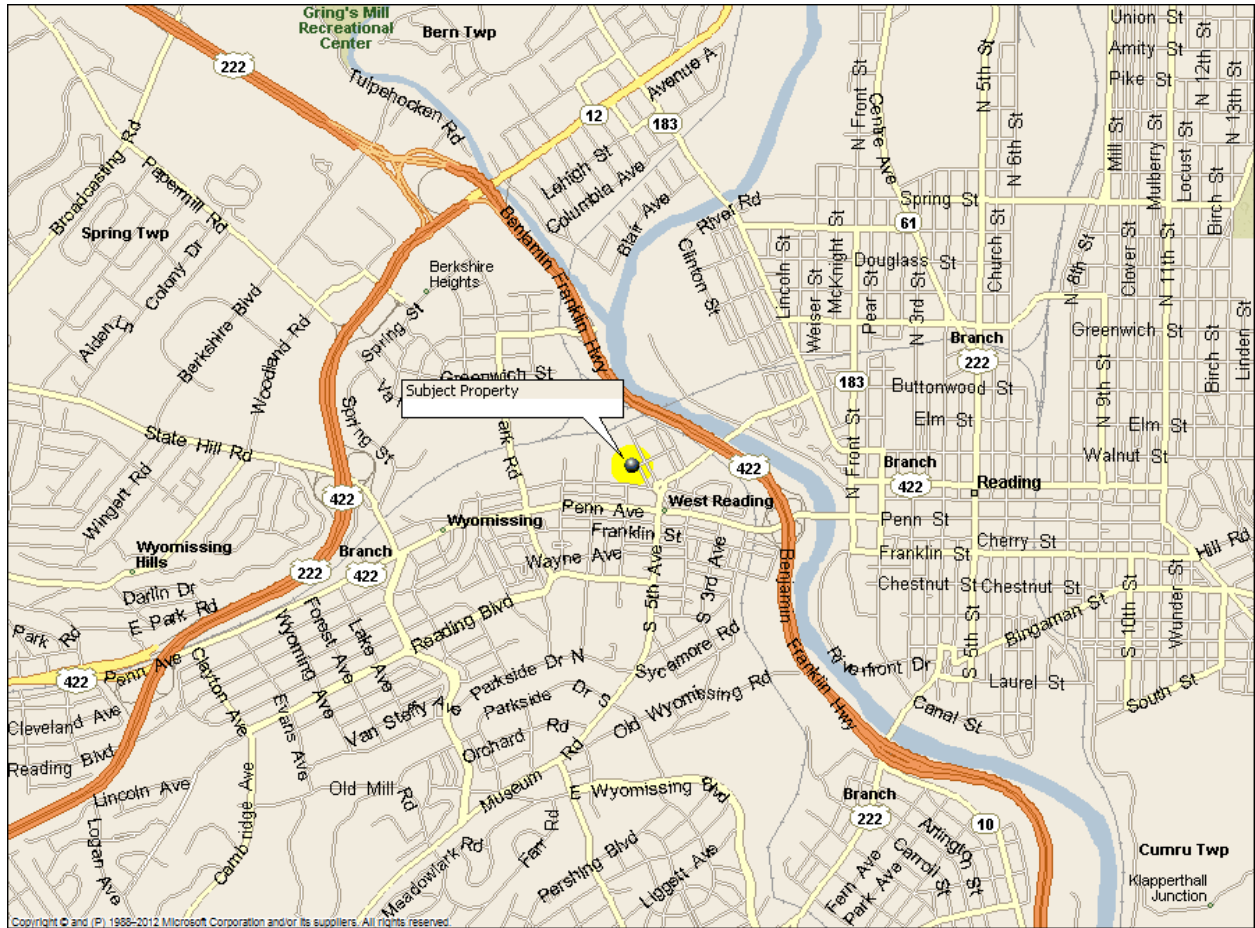
Conclusion

The outlook for continued growth in jobs, population, households and income in the overall county is positive. Employment in the region is largely concentrated in health care, manufacturing and retail trade. Overall, the county has a strong unemployment rate which is lower than the overall unemployment rate of the state. Overall, the outlook for the region is positive.

Neighborhood Analysis

The Villas subdivision is located on the northwest corner of Tulpehocken Avenue and Walnut Street, in West Reading Borough, Berks County, Pennsylvania. The location of the subject property is shown in the following maps.

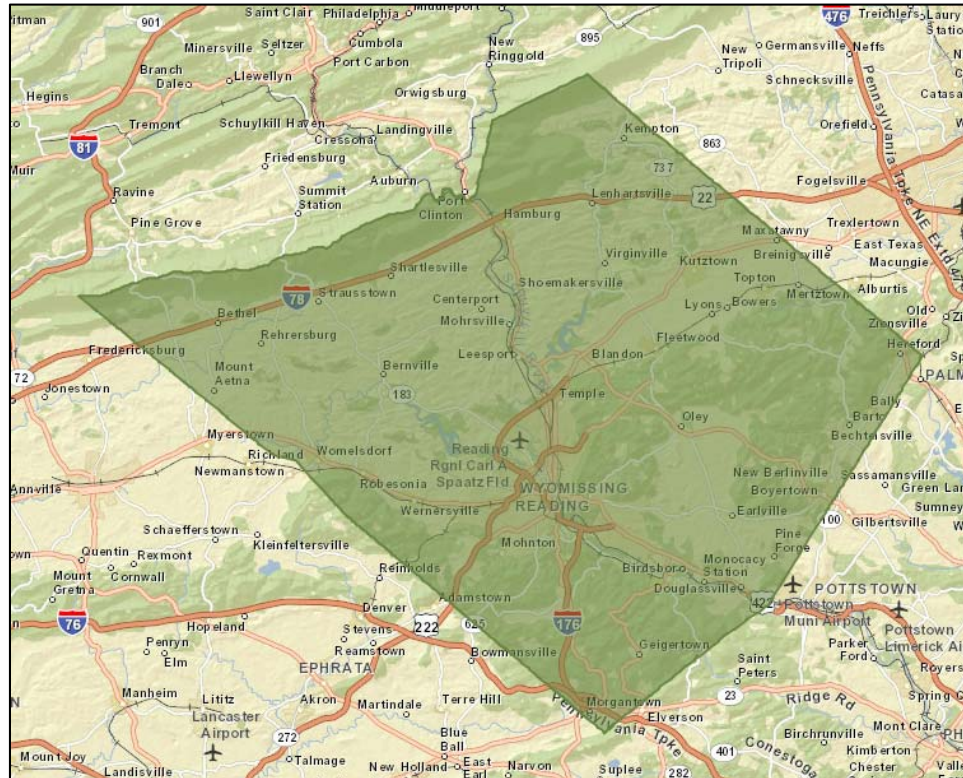




Transportation and Linkages

As shown in the following map, Berks County has an extensive system of roadways with several major roadways providing access through the county.

Berks County Map



Interstate 78 provides access through the northern portion of the county from the east to the west. To the east, Interstate 78 provides access into neighboring Lehigh County where it has a full interchange with Interstate 476, also known as the Northeast Extension of the Pennsylvania Turnpike. Interstate 476 provides access north into the Pocono area of northeast Pennsylvania. To the south, Interstate 476 provides access through Bucks County and into Montgomery County where it has an interchange with Interstate 76 and the Pennsylvania Turnpike. Interstate 476 continues south through Delaware County where it has an interchange with Interstate 95. To the west, Interstate 78 provides access into neighboring Lebanon County where it has a full interchange with Interstate 81. Interstate 81 provides access north into the state of New York and south into the state of Maryland. Interstate 81 also provides access into the city of Harrisburg.

The Pennsylvania Turnpike provides access through the southern portion of the county from east to west. To the east, the Pennsylvania Turnpike provides access into New Jersey and to the west into western Pennsylvania. Interstate 176 provides

access from the Pennsylvania Turnpike in the southern portion of the county north into central Berks County where it has an interchange with US 422. US 422 provides access through the central portion of the county from east to west. To the west, US 422 provides access through Lebanon County and eventually into Dauphin County. To the east, US 422 provides access into neighboring Montgomery County.

US 222 provides access through the central portion of the county from the southwest to the northeast. To the southwest, US 222 provides access into neighboring Lancaster County where it has a full interchange with the Pennsylvania Turnpike. To the northeast, US 222 provides access into Lehigh County where it has a full interchange with Interstate 78 and PA-309. Additional primary roadways in the county include PA-73, PA-100 and PA-501. The other roads in the county are predominantly local roads which facilitate access within the municipalities.

The Villas subdivision is located on the northwest corner of Tulpehocken Avenue and Walnut Street, in West Reading Borough, Berks County. The subdivision is located approximately a ½ mile to the west of a full interchange with US 422 and less than one mile to the east of a full interchange with US 222. The subdivision is also located approximately 10 miles to the north of a full interchange with the Pennsylvania Turnpike. Overall, the subdivision has a good location in terms of commuting.

Area Demographics and Income

The following exhibit displays demographic and income information for West Reading Borough and Berks County. This information has been obtained from the *U.S. Census Bureau* and *Esri Business Analyst Online*.

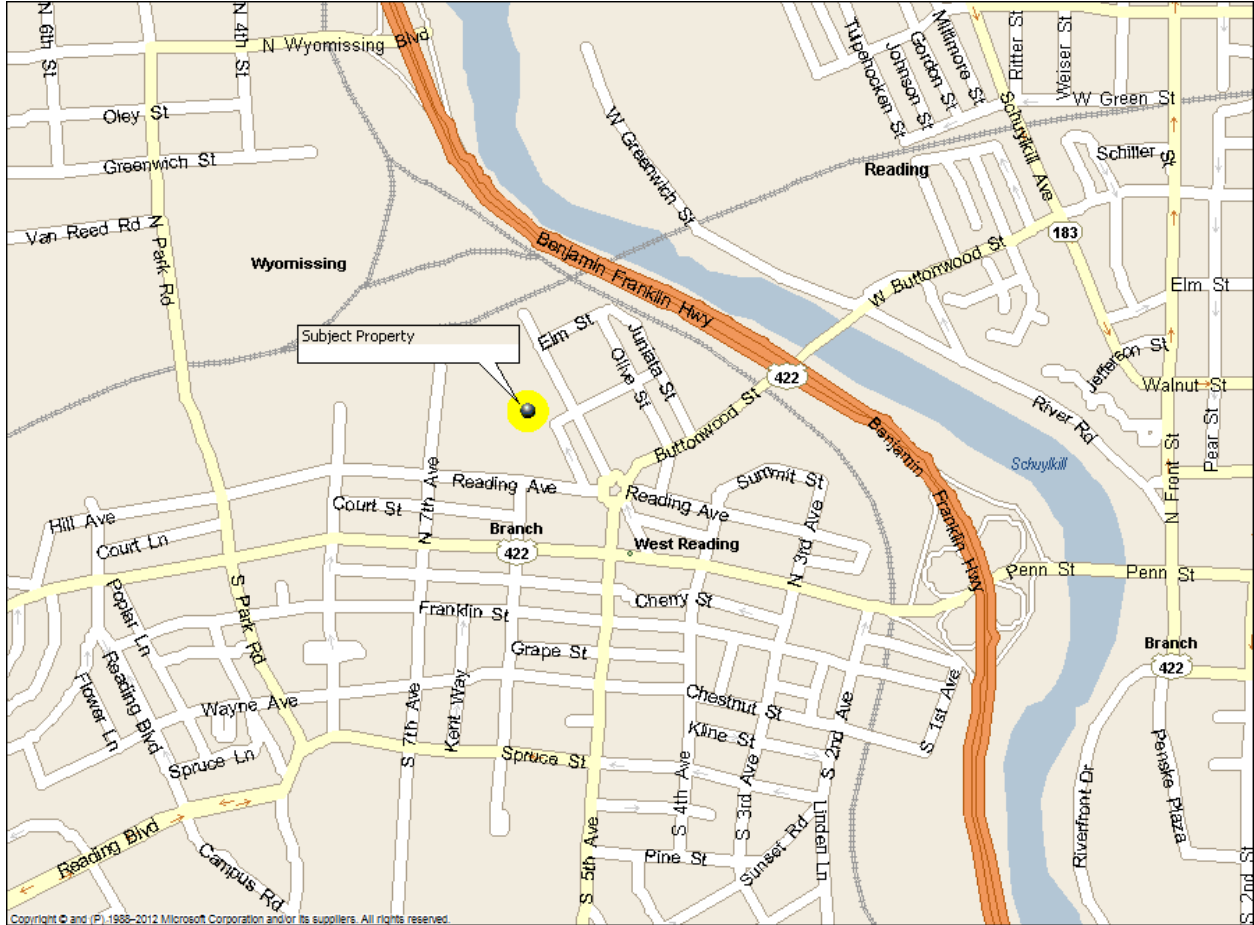
Demographic and Income Summary West Reading Borough, Berks County, Pennsylvania							
	2000 Census	2010 Census	2000-2010 % Change	2015 Estimate	2010-2015 % Change	2020 Proj.	2015-2020 % Change
Population							
Municipality	4,049	4,212	4.0%	4,287	1.8%	4,355	1.6%
County	373,638	411,442	10.1%	418,216	1.6%	425,124	1.7%
Households							
Municipality	1,666	1,625	-2.5%	1,639	0.9%	1,661	1.3%
County	141,570	154,356	9.0%	156,480	1.4%	158,836	1.5%
Housing Units							
Municipality	1,783	1,738	-2.5%	1,757	1.1%	1,792	2.0%
County	150,222	164,827	9.7%	167,193	1.4%	169,819	1.6%
Per Capita Income							
Municipality	N/A	N/A	N/A	\$21,794	N/A	\$24,357	11.8%
County	N/A	N/A	N/A	\$26,926	N/A	\$30,572	13.5%
Avg. Household Income							
Municipality	N/A	N/A	N/A	\$55,630	N/A	\$62,475	12.3%
County	N/A	N/A	N/A	\$71,401	N/A	\$81,261	13.8%
Median Household Income							
Municipality	N/A	N/A	N/A	\$46,817	N/A	\$51,707	10.4%
County	N/A	N/A	N/A	\$55,737	N/A	\$64,452	15.6%

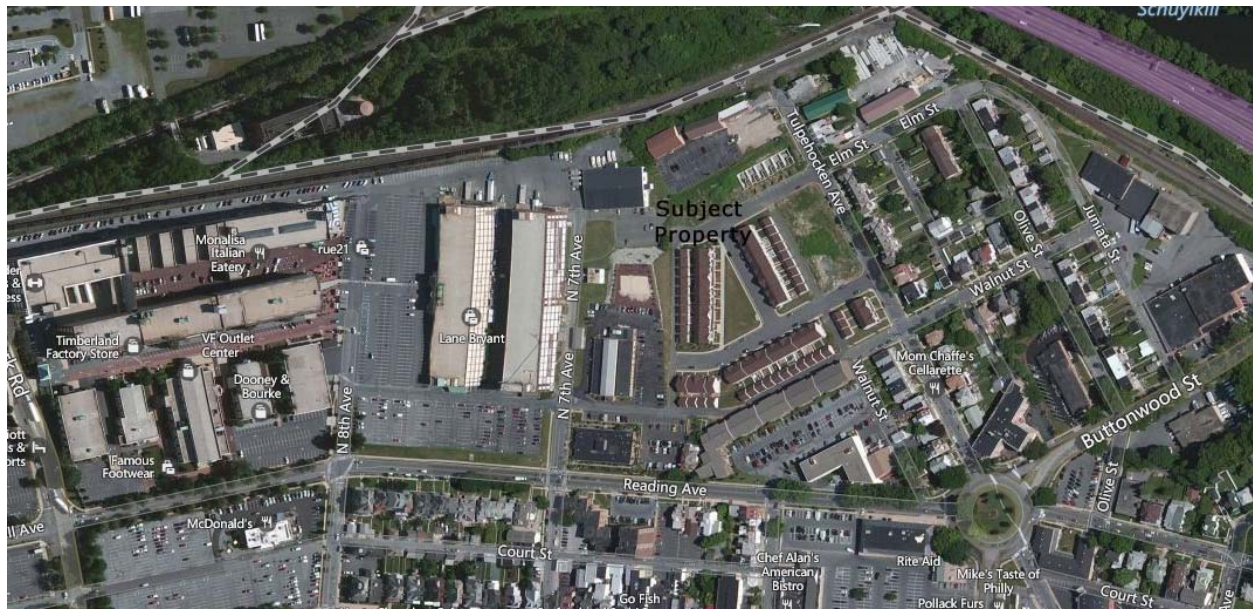
Sources: U.S. Census Bureau and Esri Business Analyst Online

As shown, the population of the borough increased 4.0% from 2000 to 2010. The county experienced a 10.1% increase in population during the same time period. The population of the borough slightly increased 1.8% from 2010 to 2015 with an additional 1.6% increase projected through 2020. The number of households in the borough decreased 2.5% from 2000 to 2010. However, the number of households slightly increased from 2010 to 2015 with another minor increase projected through 2020. Finally, income levels in the borough are lower than those of the county overall. In addition, income growth rates are projected to be lower in the borough than those of the county through 2020 further increasing the income disparity.

Immediate Subject Neighborhood

The immediate subject neighborhood is shown in the following maps.





Located to the east of the subject property are on the opposite side of Tulpehocken Avenue from the subject property are attached dwellings. Apartment buildings and additional attached dwellings are located to the south of the subject property. Located to the west of the subject property is the Vanity Fair Outlet Center. Vanity Fair is a retail center with national retailers such as Nautica, Wilson Leather, Reebok and Timberland. Penn Street is located less than $\frac{1}{2}$ mile to the south of the subject property. Penn Street is a major commercial roadway through West Reading Borough. Located along Penn Street include the West Reading Diner, A to Z Vacuum Stores and other local retailers. The Schuylkill River and the City of Reading are located approximately $\frac{1}{2}$ mile to the east of the subject property

The subject's immediate neighborhood can best be described as a built-up residential and commercial area. Given its regional accessibility, the general outlook for the neighborhood is average.

Market Analysis

Overview

The subject property represents 22 townhouse lots at the residential subdivision known as The Villas. In its entirety, The Villas comprises 6.1631 acres with 58 townhouse units, open space and associated streets. This section analyzes the market for townhouse units at the subject property.

The subject property is located in West Reading Borough and within the Wyomissing Area School District. The Wyomissing Area School District consists of three schools including two elementary schools and a junior/senior high school. According to schooldigger.com (2013-2014), the Wyomissing Area School District is ranked 133 out of 468 Pennsylvania School Districts.

Employment Accessibility

The Villas subdivision is located on the northwest corner of Tulpehocken Avenue and Walnut Street, in West Reading Borough, Berks County, Pennsylvania. The subject is located less than one mile to the west of an interchange for US 422 providing convenient access into King of Prussia and the City of Reading. The employment center of King of Prussia is located approximately 30 miles to the southeast. In addition, the City of Reading is located less than a ½ mile to the east of the subject property. Overall, the subject property has an average location in terms of access to employment centers.

Fundamental Demand Analysis

The Fundamental Demand Analysis is used to project the subject's capture rate of income-qualified household growth for its West Reading Borough location. Income-qualified household growth is determined by analyzing the overall projected borough household growth in relation to its income levels over the projection period. This number of income-qualified households is compared to the projected annual absorption of subject dwelling units determined at the end of the Market Analysis section to estimate the subject's capture rate.

As noted at the end of this section, it is estimated that the most appropriate dwelling for the subject property is a 1,800 square foot townhouse with an overall price of \$201,000. With a down payment of 10%-20%, a 30-year fixed rate mortgage at 4.0% and typical taxes and insurance, it is estimated that a household income of approximately \$45,000 would be required to afford a ±\$201,000 dwelling. Therefore, only households with income levels over \$45,000 can theoretically afford the proposed dwellings at the subject property. The Fundamental Demand Analysis is summarized in the following exhibit.

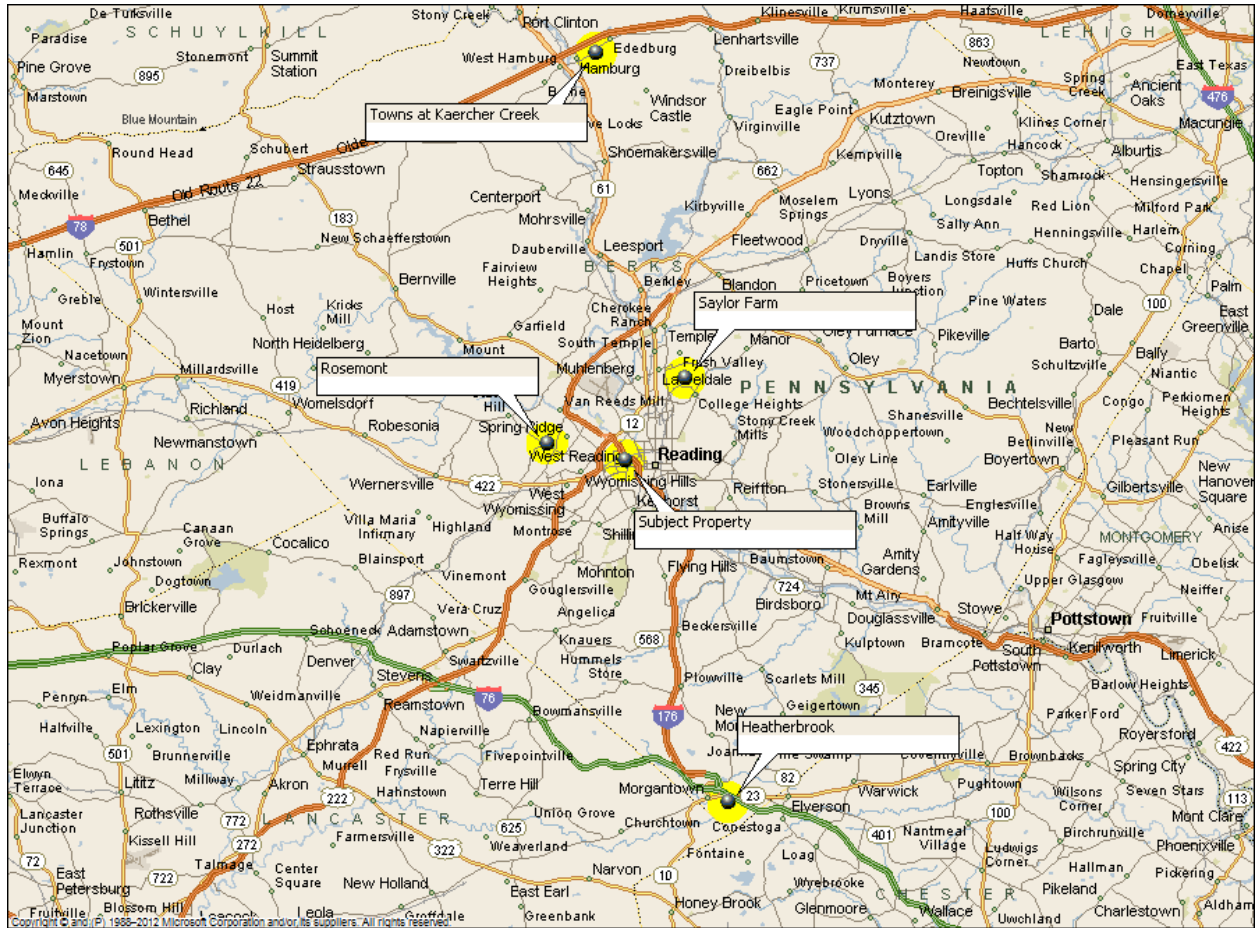
Capture Rate Analysis West Reading Borough, Berks County Study Period: 2015-2020 Income Level: \$45,000 Data Source: ESRI Business Analyst Online				
Household Income Category	Total Number of Households	Income- Qualified Households	% of Income- Qualified Households	
< \$15,000	179	0	0.0%	
\$15,000 - \$24,999	233	0	0.0%	
\$25,000 - \$34,999	116	0	0.0%	
\$35,000 - \$49,999	346	115	33.3%	
\$50,000 - \$74,999	403	403	100.0%	
\$75,000 - \$99,999	175	175	100.0%	
\$100,000 - \$149,999	134	134	100.0%	
\$150,000 - \$199,999	38	38	100.0%	
\$200,000 +	<u>15</u>	<u>15</u>	100.0%	
Total Households - 2015	1,639	881	53.7%	
Total Households - 2020 (Projected)	<u>1,661</u>			
Projected New Households 2013-18	22			
# Inc.-Qualified @ 53.7%	<u>12</u>			
Annualized over five-year period	2.4			
<i>Subject Absorption Projection (Unit Settlements)</i>				
2.50 yrs	22 units	units/year:	8.8	
÷ Annualized Income Qualified HH Growth		÷	<u>2.4</u>	
Required Capture Rate			372.2%	

As shown, the subject must capture an estimated 372.2% of new income-qualified households in West Reading Borough during the absorption period projected in the Subdivision Development Analysis. It is noted that the results of the Fundamental Demand Analysis do not show sufficient demand for continued development at the subject property. However, the household projections used in the analysis are subjective. Projected demand for the proposed development at the subject property is investigated further by analyzing sales history at competitive developments in the subject's market.

Competitive Developments

In order to determine the most likely dwelling size, pricing and absorption rate for the subject property, sales activity at competitive residential developments have been analyzed. The competitive developments are summarized in the following chart. The summary chart is followed by a map showing the location of each competitive development.

Competitive Developments Market Summary Survey Date: October 2015								
Development/Location	Date Opened/ No. of Units	Total Months Opened	Base Dwelling Sizes (SF)/ Overall Base Prices/ Base Price per SF	Total Units Sold	Total Units Avail.	Overall Monthly Absorption	Units Sold (6 Months)	Recent Monthly Absorption
<i>Heatherbrook</i> Caernarvon Township Berks County	Oct-14 24	12	1,440 - 1,501 \$190,000 - \$200,000 \$132 - \$133	10	14	0.83	6	1.00
<i>Rosemont</i> Spring Township Berks County	Jan-06 95	117	2,383 - 2,542 \$237,900 - \$285,900 \$100 - \$112	85	10	0.73	6	1.00
<i>Towns at Kaercher Creek</i> Windsor Township Berks County	Jan-07 36	105	1,825 - 1,825 \$199,900 - \$199,900 \$110 - \$110	31	5	0.30	1	0.17
<i>Saylor Farm Estates</i> Muhlenberg Township Berks County	Jan-06 194	117	1,377 - 1,774 \$137,990 - \$159,990 \$100 - \$90	180	14	1.54	7	1.17
Totals	349	351		306	43		20	
<u>Absorption</u>								
<i>Weighted Average (Overall)</i>		0.87						
<i>Weighted Average (Recent)</i>		0.83						



Heatherbrook

Located approximately 13 miles to the south of the subject property in Caernarvon Township, Berks County, Berks Homes is building townhouses at Heatherbrook. Sales opened in October 2014 and Berks Homes has 24 townhouse units planned at the development. Reportedly, the original builder at Heatherbrook was Beaumont Builders. The typical lot size at the development is ± 0.05 acres. To date, Berks Homes has sold 10 townhouse units with six townhouse units sold in the previous six months. Berks Homes is marketing two- and three-story townhouses with three bedrooms, 2½ bathrooms and a one-car garage. Dwelling sizes range from 1,440 square feet to 1,501 square feet of finished gross living area with base prices ranging between \$190,000 and \$200,000. The broker noted that the builder is offering a \$2,000 seller assist as a sale incentive. The development does not have any significant amenities. The development is located in the Twin Valley School District, ranked 161 out of 468 Pennsylvania School Districts by schooldigger.com. It is also located in close proximity to an interchange with the Pennsylvania Turnpike. Although the subject property is located in a slightly superior school district, the overall location and desirability of Heatherbrook is considered superior to that of the subject property. Overall, this is a superior location as compared to the subject property.

Rosemont

Located approximately three miles to the west of the subject property in Spring Township, Berks County, Grande Construction is building townhouses and semi-detached units at Rosemont. In addition to townhouses and semi-detached units, Grande Construction was building single-family detached homes at Rosemont. However, the single-family detached lots sold out and the builder is only marketing the remaining townhouse and semi-detached units. Reportedly, sales opened in 2006. Grande Construction was marketing 75 single-family detached units and 95 townhouse/semi-detached units at the development. The typical townhouse lot size at the development is approximately ± 0.07 acres. To date, Grande Construction has sold 85 townhouse/semi-detached units with six units sold in the previous six months. Grande Construction is marketing a two-story townhouse with three bedrooms, 2½ bathrooms and a two-car garage. In addition, Grande Construction is marketing a two-story semi-detached units with three bedrooms, 2½ bathrooms and a two-car garage. Dwelling sizes range between 2,383 square feet of finished gross living area for the townhouse unit and 2,542 square feet of finished gross living area for the semi-detached unit. Base prices range between \$237,900 and \$285,900, respectively. The development does not have any significant amenities. The development is located in the Wilson School District, ranked 34 out of 467 Pennsylvania School Districts by schooldigger.com. Overall, this is a superior location as compared to the subject property.

Towns at Kaercher Creek

Located approximately 15 miles to the north of the subject property in Windsor Township, Berks County, Greth Homes is building townhouses at Towns at Kaercher Creek. Reportedly, sales commenced in 2007 but sales were reportedly suspended several times since the commencement date. Overall, Towns at Kaercher Creek contains 36 townhouse units. The typical lot size at the development is ± 0.05 acres; however, some of the lots back up to the Kaercher Creek Park. To date, Greth has sold 31 townhouse units with one unit sold in the previous six months. The broker noted that Greth initially offered three bedroom townhouses but recently has only been marketing two bedroom townhouses with 2½ bathrooms and a one-car garage. The dwelling contains 1,825 square feet of finished gross living area with a base price of \$199,900. The development does not have any significant amenities. The development is located in the Hamburg Area School District, ranked 217 out of 467 Pennsylvania School Districts by schooldigger.com. Overall, this is an inferior location as compared to the subject property.

Saylor Farm Estates

Located approximately 3½ miles to the northeast of the subject property in Muhlenberg Township, Berks County, Forino Company is building single-family detached homes and semi-detached units at Saylor Farm Estates. Forino Company reportedly commenced marketing in 2006 and have 62 single-family detached units and 194 semi-detached units planned at the development. The typical semi-detached lot size at the development is ± 0.10 acres. To date, Forino has sold 49 single-family detached units and 180 semi-detached units. A representative of Forino noted that 48 of the semi-detached homes are rental units. Forino is marketing two-story semi-detached units with three bedrooms, 2½ bathrooms and a one-car garage. It is noted that select units do not have garages. Semi-detached dwelling sizes range from 1,377 square feet to 1,774 square feet of finished gross living area with base prices ranging between \$137,990 and \$159,990. The best seller at the development is the Greenville II model with 1,377 square feet of above grade gross living area and a base price of \$137,990 (\$100/SF). The development does not have any significant amenities. The development is located in the Muhlenberg School District, ranked 379 out of 467 Pennsylvania School Districts by schooldigger.com. Overall, this is an inferior location as compared to the subject property.

Absorption

The absorption statistics for the competitive developments is reproduced in the following exhibit.

Competitive Developments Market Summary Survey Date: October 2015								
Development/Location	Date Opened/ No. of Units	Total Months Opened	Base Dwelling Sizes (SF)/ Overall Base Prices/ Base Price per SF	Total Units Sold	Total Units Avail.	Overall Monthly Absorption	Units Sold (6 Months)	Recent Monthly Absorption
Heatherbrook Caernarvon Township Berks County	Oct-14 24	12	1,440 - 1,501 \$190,000 - \$200,000 \$132 - \$133	10	14	0.83	6	1.00
Rosemont Spring Township Berks County	Jan-06 95	117	2,383 - 2,542 \$237,900 - \$285,900 \$100 - \$112	85	10	0.73	6	1.00
Towns at Kaercher Creek Windsor Township Berks County	Jan-07 36	105	1,825 - 1,825 \$199,900 - \$199,900 \$110 - \$110	31	5	0.30	1	0.17
Saylor Farm Estates Muhlenberg Township Berks County	Jan-06 194	117	1,377 - 1,774 \$137,990 - \$159,990 \$100 - \$90	180	14	1.54	7	1.17
Totals	349	351		306	43		20	
Absorption								
Weighted Average (Overall)			0.87					
Weighted Average (Recent)			0.83					

As shown, the competitive developments exhibit an overall absorption pace of 0.87 units per month and a recent absorption pace of 0.83 units per month. However, Heatherbrook, Rosemont and Saylor Farm Estates reported recent sale paces of ±1.0 units per month. The builder for Towns at Kaercher Creek is only offering custom built townhouses on a spec basis. Therefore, the absorption rate for this development is expected to be lower than those of the other competitive developments.

Belovich Group at The Villas

The original developer of The Villas was the Belovich Group. Reportedly, construction commenced in 2006 and the Belovich Group sold and settled townhouses to homebuyers. However, construction of townhouses ceased in 2008 as the Belovich Group filed for bankruptcy. Prior to bankruptcy, the Belovich Group was reportedly marketing townhouses with dwelling sizes ranging from 1,552 square feet to 1,910 square feet with base prices ranging from \$164,900 to \$207,900. It is noted that select townhouses also include a two-car detached garage.

Conclusion

The subject property represents 22 townhouse lots at the residential subdivision known as The Villas. In its entirety, The Villas comprises 6.1631 acres with 58 townhouse units, open space and associated streets. There are no community amenities planned at The Villas. Overall, the subject positioning is considered to be average. Based on the sales performance of the competitive residential subdivisions previously presented, pricing levels and sizes for finished residential dwellings to be sold within a Subdivision Development Analysis cash flow model are projected.

We have analyzed base pricing and dwelling sizes at competitive developments to estimate the initial pricing of market units at the subject property. The best-selling units at the competitive developments are summarized on the following page:

Competitive Developments Best-Selling Unit Summary				
Development	Model Type	Base Price	Unit Size (SF)	Base Price (SF)
Heatherbrook	Wyndham	\$190,000	1,440	\$132
	Montery	\$200,000	1,501	\$133
Rosemont	Semi-Detached	\$285,900	2,542	\$112
	Townhouse	\$237,900	2,383	\$100
Towns at Kaercher Creek	Helena	\$199,900	1,825	\$110
Saylor Farm Estates	Greenville	\$137,990	1,377	\$100
Averages:		\$208,615	1,845	\$113

As shown, the best-selling units at the competitive developments have an average base price of \$208,615 with an average unit size of 1,845 square feet. All of the developments are considered similar to the subject property in terms of typical lot size. Heatherbrook is considered superior to the subject property in terms of location and overall desirability. Rosemont was also considered superior to the subject property in terms of location and school district. Towns at Kaercher Creek and Saylor Farm Estates are considered inferior to the subject property in terms of school district.

For the purposes of projecting the sellout of the subject property, we estimate that the most appropriate attached dwelling is a \pm 1,800 square foot townhouse that will have a base price of \$190,000, or about \$105 per square foot. It is estimated that option purchases less builder incentives typically increase the base price by \$10,000. This amount is based on interviews with sales professionals at competitive developments. In addition, end unit premiums have averaged approximately \$5,000 per unit. Four subject lots are end units. The overall weighted average sale price for the subject property is \$201,000. The overall weighted average sale price is calculated in the following exhibit.

Weighted Average Calculation			
Category	No. of Units	Amount	Totals
Base Pricing	22	\$190,000	\$4,180,000
Option Purchases	22	\$10,000	\$220,000
End Unit Premiums	4	\$5,000	<u>\$20,000</u>
Total			\$4,420,000
Overall Weighted Average Sale Price:			\$200,909
Rounded			\$201,000

As previously noted, the competitive developments exhibit an overall absorption pace of 0.87 units per month and a recent absorption pace of 0.83 units per month. However, Heatherbrook, Rosemont and Saylor Farm Estates reported recent sale paces of ± 1.0 units per month. The builder for Towns at Kaercher Creek is only offering custom built townhouses on a spec basis. Therefore, the absorption rate for this development is expected to be lower than those of the other competitive developments. An absorption pace of 1.0/month is projected in the cash flow and continues at that pace until sell-out is complete.

Property Analysis

Site Analysis

Location:	<p>The Villas Northwest corner of Tulpehocken Avenue and Walnut Street West Reading Borough Berks County, Pennsylvania</p> <p>Individual subject lots are located on Silk Drive, Elm Street and Tulpehocken Avenue within the development.</p>
Tax Identification:	22 separately assessed townhouse lots and one open space lot.
Land Area:	The Villas development comprises 6.1631 acres; the average size of the subject lots is 0.07 acres. Overall project density is 9.4 units per acre.
Shape:	Each subject lot has either a rectangular or irregular shape.
Topography:	Generally level.
Frontage:	<p>The Villas development has road frontage on the east side of Tulpehocken Avenue and the north side of Walnut Street.</p> <p>One subject lot has road frontage on Silk Drive, 12 subject lots have road frontage on Elm Street and nine subject lots have road frontage on Tulpehocken Avenue.</p>
View/Visibility:	The Villas development has good visibility from Tulpehocken Avenue and Walnut Street.
Access:	Vehicular access to The Villas development is provided by Lace Drive and Elm Street from the western side of Tulpehocken Avenue.
Soil Conditions:	We have not reviewed a soil survey of the subject site; however, based on the surrounding developed uses, it

	appears that the soil is of a sufficient load-bearing capacity to support typical residential development.
Utilities:	Public water, sewer, gas, electric, telephone and cable television are available to the site.
Floodplain:	According to the FEMA flood map 42011C0504G dated July 3, 2012, the subject site is located in Zone X, an area of minimal flood risk. A copy of the flood map is presented in the Addendum.
Wetlands:	Wetlands are not depicted on the site plan or were observed by the appraiser during the inspection of the subject property.
Environmental Concerns:	No environmental or waste hazards affecting the subject site are known. In addition, none were observed during the inspection of the property. Identification of hazardous material is not within the scope of this appraisal assignment, and we have assumed that no such materials are present because no evidence to the contrary has been provided.
Drainage:	No apparent drainage problems were observed, but it should be noted that the scope of this appraisal does not include specific tests for adequacy.
Detrimental Influences:	There were no detrimental influences to the site noted upon our physical inspection of the site; additionally, no detrimental influences have been reported to us during this appraisal. There are no known easements, restrictions or covenants that would have an adverse effect on the subject site or future residential improvements.
Existing Improvements:	The subject property consists of site-improved lots with the majority of site infrastructure installed. In addition, there is a vertical dwelling improvement on subject lot 22 and six foundations on subject lots 53, 54, 55, 56, 57 and 58. However, this appraisal is made under the hypothetical condition that there are no vertical dwelling improvements or foundations on any of the subject lots.

Development Plan: As previously noted, in its entirety, The Villas is being developed with 58 townhouse lots. The subject property represents lots 22, 38-46 and 47-58.

As improved, vehicular access to the development is provided by Elm Street and Lace Drive from the west side of Tulpehocken Drive. Subject lots are located on Elm Street, Silk Drive and Tulpehocken Avenue.

Site Infrastructure Costs: The subject property is essentially site-improved with only a final topcoat of paving required on Elm Street. It is estimated that the cost to install the final topcoat is \$1,000 per lot or \$12,000 overall. As previously noted, this appraisal is made under the extraordinary assumption that a potential purchaser of the subject property would be responsible for all of the remaining site infrastructure costs and not a pro-rata amount. If it is deemed that a potential purchaser is responsible for less than the entire amount of the remaining site infrastructure costs, the value conclusion will likely be impacted.

Conclusion: The subject site is well suited for residential use having good regional access, visibility and sufficient road frontage. Utility availability is good, and there were no detrimental influences to the site noted upon our physical inspection of the property.

The site plan with the subject building lots highlighted in grey is shown on the following page.

Improvements Analysis

The subject property represents 22 townhouse lots in The Villas residential subdivision. There is a vertical dwelling improvement on subject lot 22 and six foundations on subject lots 53, 54, 55, 56, 57 and 58. However, this appraisal is made under the hypothetical condition that there are no vertical dwelling improvements or foundations on any of the subject lots. Therefore, no descriptions are presented.

Tax Assessment Analysis

The subject building lots are outlined in red in the following tax maps.



The current total tax rate for West Reading Borough, the Wyomissing Area School District and Berks County is \$44.2556 per \$1,000 of assessed value. The subject's current tax liability is summarized in the following exhibit.

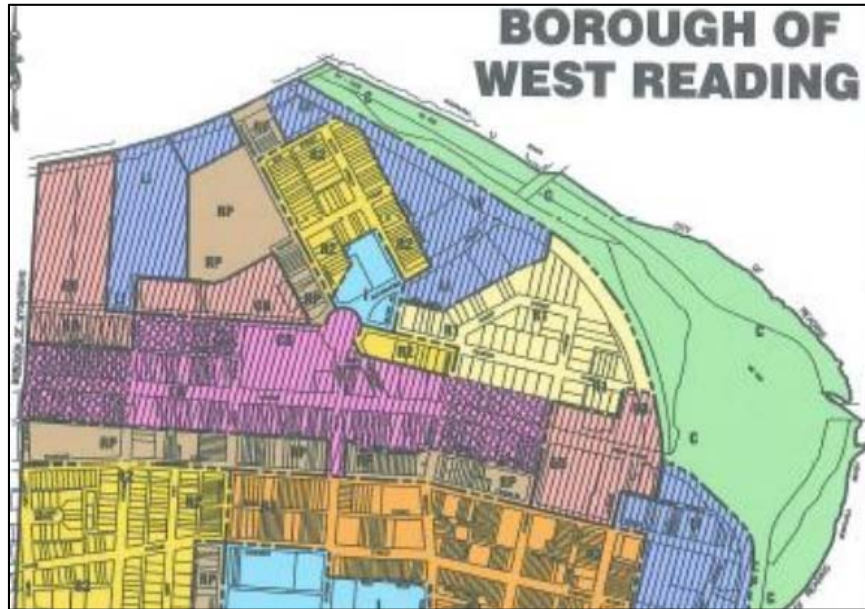
Subject Property Tax Summary							
Lot Number	Parcel Number	Lot Size (Acres)	Improvement Summary	Assessment	County/School		Tax Liability
					Tax Rate		
22	206 Silk Drive	93530717115181	0.06	Townhouse	\$95,000	0.0442556	\$4,204
38	Tulpehocken Avenue	93530717119230	0.11	Vacant	\$27,400	0.0442556	\$1,213
39	Tulpehocken Avenue	93530717119223	0.06	Vacant	\$21,400	0.0442556	\$947
40	Tulpehocken Avenue	93530717119215	0.06	Vacant	\$21,400	0.0442556	\$947
41	Tulpehocken Avenue	93530717118297	0.06	Vacant	\$21,400	0.0442556	\$947
42	Tulpehocken Avenue	93530717118289	0.06	Vacant	\$21,400	0.0442556	\$947
43	Tulpehocken Avenue	93530717118371	0.06	Vacant	\$21,400	0.0442556	\$947
44	Tulpehocken Avenue	93530717118363	0.06	Vacant	\$21,400	0.0442556	\$947
45	Tulpehocken Avenue	93530717118356	0.06	Vacant	\$21,400	0.0442556	\$947
46	Tulpehocken Avenue	93530717118348	0.11	Vacant	\$27,400	0.0442556	\$1,213
47	Elm Street	93530717115357	0.15	Vacant	\$28,100	0.0442556	\$1,244
48	Elm Street	93530717115399	0.05	Vacant	\$20,200	0.0442556	\$894
49	Elm Street	93530717116410	0.05	Vacant	\$20,200	0.0442556	\$894
50	Elm Street	93530717116431	0.05	Vacant	\$20,200	0.0442556	\$894
51	Elm Street	93530717116452	0.05	Vacant	\$20,200	0.0442556	\$894
52	Elm Street	93530717116483	0.05	Vacant	\$20,200	0.0442556	\$894
53	Elm Street	93530717117404	0.05	Foundation	\$20,200	0.0442556	\$894
54	Elm Street	93530717117425	0.05	Foundation	\$20,200	0.0442556	\$894
55	Elm Street	93530717117446	0.05	Foundation	\$20,200	0.0442556	\$894
56	Elm Street	93530717117468	0.05	Foundation	\$20,200	0.0442556	\$894
57	Elm Street	93530717117489	0.05	Foundation	\$20,200	0.0442556	\$894
58	Elm Street	93530717118510	0.09	Foundation	\$25,000	0.0442556	\$1,106
Open Space	Silk Drive	93530717116173	0.34	Open Space	\$13,800	0.0442556	\$611
Total Tax Liability				\$25,159			
Average Tax Liability per Building Lot				\$1,144			

As shown, the average tax liability for the subject property is \$1,144 per lot. This amount is used in the Subdivision Development Analysis.

Zoning Analysis

The subject property is zoned R-P Residential/Professional District by West Reading Borough as shown in the following map. It is the purpose of this district "to provide for medium density predominantly single-family and higher density multifamily residential areas and for professional uses."

Zoning Map



Permitted uses within the R-P Residential/Professional District include:

- Offices;
- Personal service establishments, but not massage establishments;
- Governmental uses;
- Single-family detached dwellings;
- Single-family semi-detached dwellings;
- Single-family attached dwellings;
- No-impact home-based businesses;
- Public parks and playgrounds;
- Forestry;
- Accessory buildings, structures, and uses on the same lot and customarily incidental to the permitted uses.

As previously noted, in its entirety, The Villas comprises 6.1631 acres with 58 townhouse units, open space and associated streets. The project received development approvals in December 2005.

Valuation

Highest and Best Use Analysis

The highest and best use analysis determines the most profitable use of the property both as though vacant and as improved. Highest and Best Use may be defined as “the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value.”⁸

The highest and best use of the subject property is analyzed both as though vacant and as improved. The highest and best of land as though vacant and the highest and best of the property as improved are connected but different concepts. The highest and best use conclusion of the property as though vacant can be different than the highest and best use as improved. Generally, if the value of the property as improved is greater than the value of the land as though vacant, the highest and best use is continued use of the property as improved. However, it is possible that the existing use of the property represents an interim use which means the current improvement represents the highest and best use in the short-term only. Overall, the highest and best use analysis examines potential uses for the property and determines the use that yields the maximum value.

In this analysis, the following four criteria are applied sequentially in order to develop adequate support for the highest and best use conclusions:

- Legally Permissible
- Physically Possible
- Financially Feasible
- Maximally Productive

Each test is considered in order. After the analysis of each test, potential uses of the property are eliminated until the highest and best use is determined.

Highest and Best Use as though Vacant

The first step in the highest and best use analysis is to determine what the highest and best use of the subject property would be if the site was vacant land. The highest and best use of the land as though vacant must be considered in relation to its existing use and all potential uses. The four criteria of highest and best use are applied to the subject property on the following pages.

⁸ Appraisal Institute, *The Appraisal of Real Estate*, 13th Edition (Chicago: Appraisal Institute, 2008), Pg. 135

Legally Permissible

Factors such as zoning ordinances, building codes, historic district regulations, easements and environmental regulations may eliminate may uses for a property.

As previously noted, the subject property is zoned R-P Residential/Professional District by West Reading Borough as shown in the following map. It is the purpose of this district "to provide for medium density predominantly single-family and higher density multifamily residential areas and for professional uses."

Permitted uses within the R-P Residential/Professional District include: offices; personal service establishments, but not massage establishments; governmental uses; single-family detached dwellings; single-family semi-detached dwellings; single-family attached dwellings; no-impact home-based businesses; public parks and playgrounds; forestry; and accessory buildings, structures, and uses on the same lot and customarily incidental to the permitted uses.

As previously noted, in its entirety, The Villas comprises 6.1631 acres with 58 townhouse units, open space and associated streets. The subject property represents 22 site-improved lots within the greater The Villas residential subdivision. The project received development approvals in December 2005.

There are no known or reported legal restrictions such as deed restrictions, easements, environmental regulations, etc. that would adversely impact the site or prohibit any of the above uses. Ordinary utility and storm water easements that may be present are not considered to impact the subject site negatively.

Physical Possibility

The remaining legal uses from the previous section are tested for physical possibility. The physical characteristics of the site such as size, shape, terrain, existence of wetlands and utility availability affect the potential use of the site.

As noted in the Site Analysis section of the report, the site is well located and appropriate for residential use. Ordinary utility and storm water easements are not considered to impact the subject site negatively.

Financial Feasibility

The uses that met the first two criteria are analyzed further to determine if they are financially feasible. A use is considered financially feasible if it is likely to produce an income (or return) equal to or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization of the investment. If the use is non-income producing, it is considered financially feasible if it is likely to create value or result in a profit equal to or greater than the amount needed to develop and market the property under those uses.

As discussed in more detail in the Market Analysis section, similar townhouse developments in the subject's vicinity exhibit recent sale paces ranging from roughly 0.17 to 1.17 units per month, and recently averaging roughly 0.83 units per month.

Based upon development economics in conjunction with evident end-buyer demand, it is apparent that development of townhouses on the subject site is financially feasible.

Maximum Productivity

The maximum productive use of the site is the financially feasible use that produces the highest net return to the land. Therefore, it is determined that the maximally productive use of the site is for townhouse development.

Conclusion - Highest and Best Use As Vacant

Considering the four criteria of highest and best use, it is our conclusion that the highest and best use of the subject site, as vacant, is for the development of townhouses with approximately 1,800 square feet of gross living area.

Valuation Process

The valuation process is "a systematic procedure used in the valuation of real property." It is used to develop a well-supported opinion of value using as much relevant data in the marketplace as possible. The data is analyzed within the three approaches to value as follows: Cost Approach, Sales Comparison Approach and Income Capitalization Approach. One or more of these approaches are used in all estimations of value. The approaches utilized in an appraisal depend on the type of property, the intended use of the appraisal, the scope of work and the quality and quantity of data available for analysis.

In this appraisal assignment, all three valuation approaches have been considered in rendering a final opinion of value. However, only the Sales Comparison Approach and the Subdivision Development Analysis are utilized.

Cost Approach

The Cost Approach is based on the understanding that market participants relate value to cost. The Cost Approach is particularly important when a lack of market activity limits the usefulness of the Sales Comparison Approach and when the property being appraised is not amenable to valuation by the Income Capitalization Approach.

Cost and market value are also usually more closely related when properties are new or nearly new. The Cost Approach is important in estimating the market value of new or relatively new construction. The approach is especially persuasive when land value is well supported and the improvements are new or suffer only minor depreciation. Overall, the Cost Approach is frequently applied to proposed construction, newer improvements, special-purpose or specialty properties, and other properties that are not frequently exchanged in the market such as public buildings.

The Cost Approach was considered but not used in this appraisal as the subject property represents site-improved townhouse lots scattered throughout an existing subdivision.

Sales Comparison Approach

The Sales Comparison Approach is most useful when a number of similar properties have recently been sold or are currently for sale in the subject property's market. Using this approach, a value indication is produced by comparing the subject property with similar properties. The Sales Comparison Approach is utilized in this assignment.

Subdivision Development Analysis

Subdivision Development Analysis is a procedure used to value land when subdivision and development represent the highest and best use of the land, and sales data on finished lots are available. Subdivision analysis may also be performed with the sale

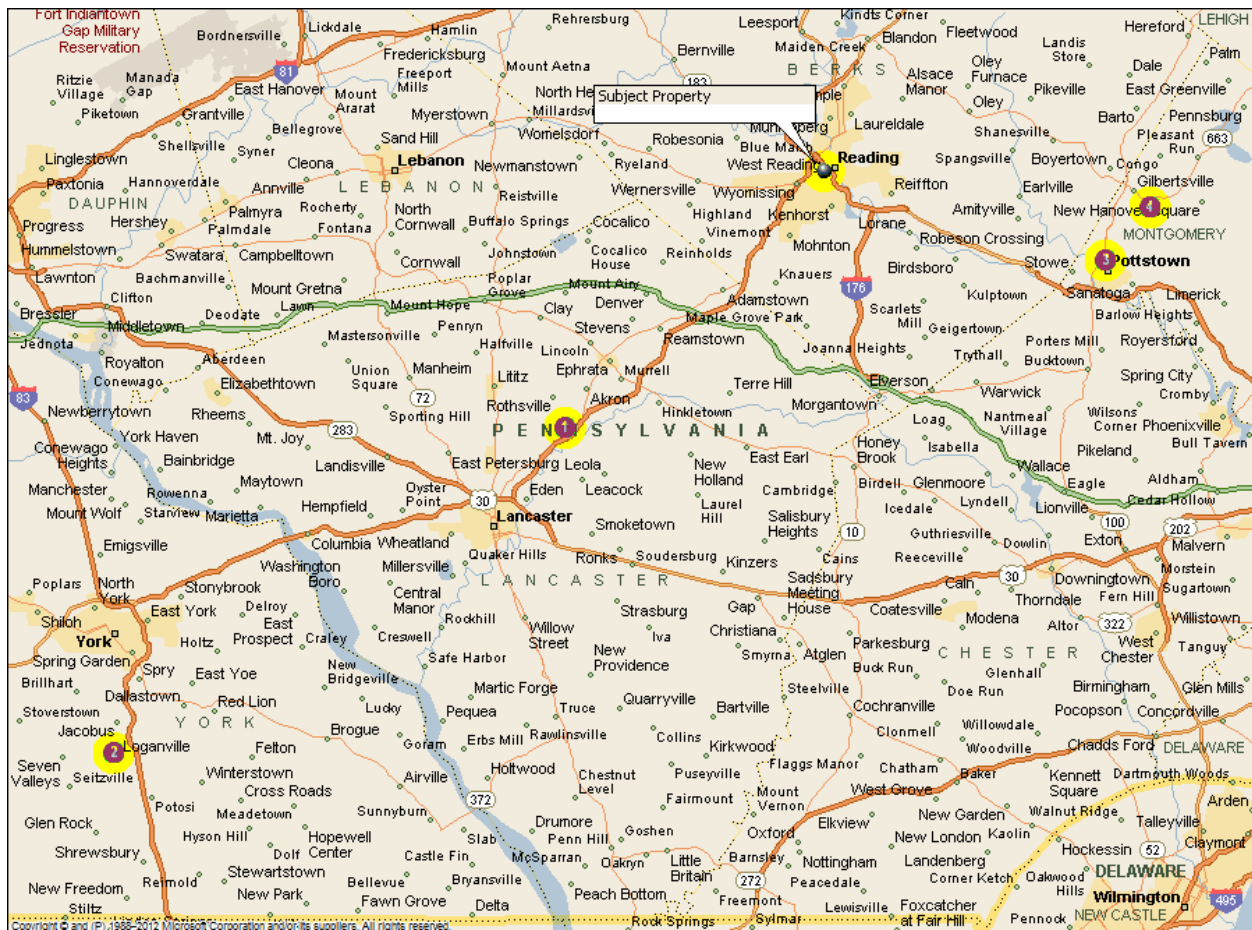
prices of finished homes by deducting the cost of constructing the homes. In both case, pre-development costs, carrying costs and site infrastructure costs are deducted to arrive at an as-is value. The estimated cash flows during the sellout of the project are discounted to a net present value.

Sales Comparison Approach

The Sales Comparison Approach is the process of deriving a value indication for the subject property by comparing it to similar properties that have recently sold. An appropriate unit of comparison is identified. Qualitative comparisons or quantitative adjustments are made to the sale prices or unit prices of the comparable properties based on relevant, market-derived elements of comparison.

A search of the subject's marketplace using various sources has been conducted with several comparable land sales identified. The appropriate unit of comparison is price per lot as this is the most common unit used by market participants. The Sales Comparison Approach is developed on the following pages.

Comparable Sales Map



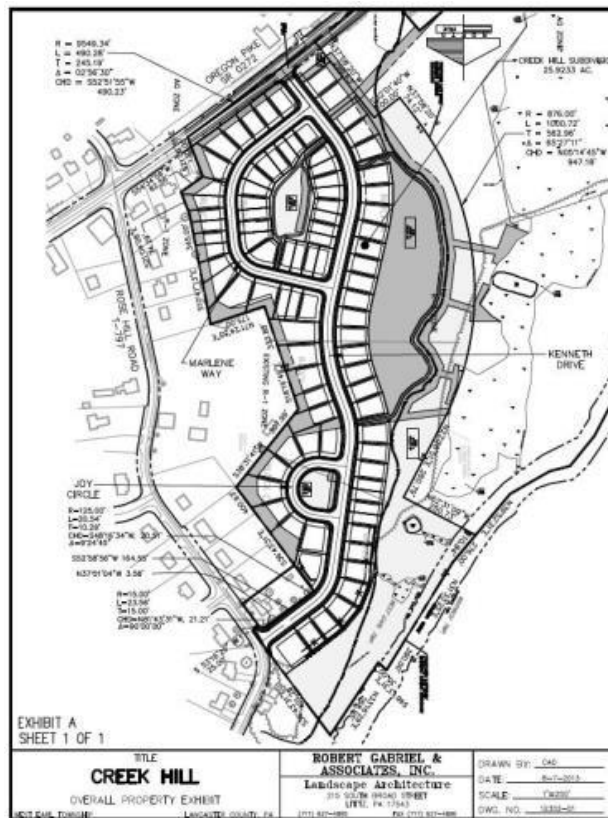
Comparable Sale One

Location:	Creek Hill 300 Rose Hill Road & 3879 Oregon Pike West Earl Township Lancaster County, Pennsylvania
Tax Identification:	210-16864-0-0000 & 210-21804-0-0000
Date of Sale:	November 2014 (Contract Date)
Seller:	Summit Land Holdings, Inc.
Buyer:	Burkholder Builders
Property Rights Conveyed:	Fee simple estate
Deed Reference:	N/A
Consideration:	\$1,472,000
Financing:	Cash to seller
Parcel Size:	N/A
No. of Lots:	32
Proposed Unit Type:	Duplexes
Price per Lot:	\$46,000
Density:	N/A
Typical Lot Size:	0.08 acres
Topography:	Generally Level
Utilities:	All available
Zoning/Approvals:	R-2 Residential/Final
Site Improvements:	Site-Improved

Comments:

This is an unexecuted agreement of sale for 32 site-improved duplex lots located in a 91-lot, mixed-use development. The takedown schedule is as follows: 1) 12 lots for a consideration of \$552,000 when plan is recorded; 2) 10 lots for a consideration of \$460,000 within 10 days of completion of installation of site improvements; and 3) 10 lots for a consideration of \$460,000 within six months of second transfer of dwelling. As of October 2015, title to the lots are still recorded under the grantor.

Confirmation Source: Appraiser who appraised property and public records



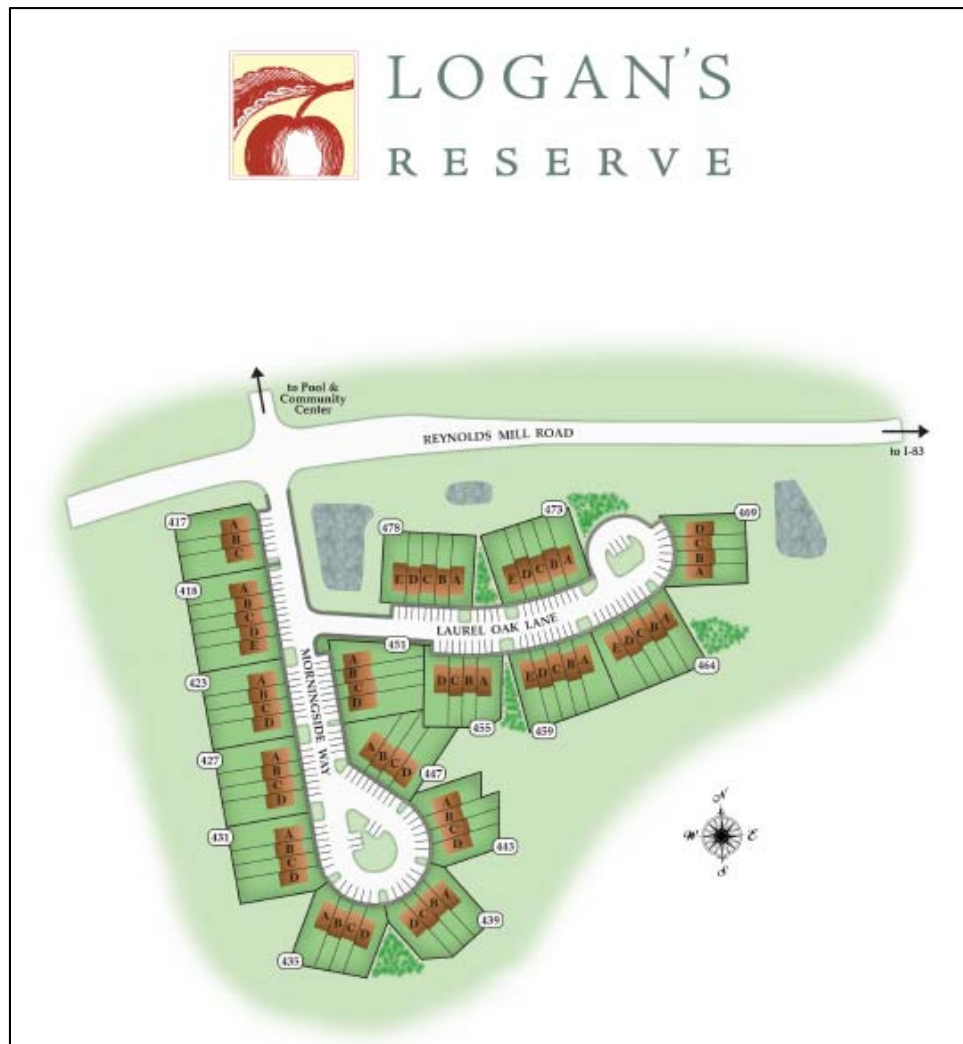
Comparable Sale Two

Location:	Logan's Reserve Reynold Mill Road and Player Boulevard Springfield Township York County, Pennsylvania
Tax Identification:	470000900001B000000
Date of Sale:	September 2013
Grantor:	Logan's Reserve Development
Grantee:	NVR, Inc.
Property Rights Conveyed:	Fee simple estate
Deed Reference:	N/A
Consideration:	\$2,681,264
Financing:	Cash to seller
Parcel Size:	11.37 acres
No. of Lots:	68
Proposed Unit Type:	Townhouses
Price per Lot:	\$39,430
Density:	6.0 lots per acre
Typical Lot Size:	±0.05 acres
Topography:	Generally level
Utilities:	All available
Zoning/Approvals:	ROS/Residential/Final
Site Improvements:	Site-Improved

Comments:

This is the sale of 68 site-improved townhouse lots on a takedown basis. In addition to the lot purchase price, the buyer is required to reimburse the seller \$5,610 per lot for various utility tap fees. As of October 2015, Ryan Homes is marketing townhomes ranging in size from 1,886 square feet to 2,440 square feet with base prices ranging from \$169,900 to \$189,900.

Confirmation Source: Appraiser who appraised property, marketing brochures, and public records



Comparable Sale Three

Location:	Coddington View Farmington Avenue Upper Pottsgrove Township Montgomery County, Pennsylvania
Tax Identification:	72 individual tax parcels
Date of Sale:	April 2013
Grantor:	Arcadia at Coddington View
Grantee:	NVR, Inc.
Property Rights Conveyed:	Fee simple estate
Deed Reference:	Multiple deeds
Consideration:	\$3,240,000
Financing:	Cash to seller
Parcel Size:	14.18 acres
No. of Lots:	72
Proposed Unit Type:	Townhouses
Price per Lot:	\$45,000
Density:	5.1 lots per acre
Typical Lot Size:	±0.05 acres
Topography:	Generally level
Utilities:	All available
Zoning/Approvals:	R-3 Residential/Final
Site Improvements:	Site-Improved

Comments:

This is the sale of 72 site-improved townhouse lots via a takedown agreement. The overall development comprises 43 acres with 218 townhouse units. As of October 2015, the builder is marketing townhomes ranging in size from 1,280 square feet to 2,462 square feet with base prices ranging from \$184,900 to \$209,900.

Confirmation Source: Third-party appraiser, marketing brochures, and public records



Comparable Sale Four

Location:	The Greens Middle Creek Road New Hanover Township Montgomery County, Pennsylvania
Tax Identification:	47-00-05020-21-4 to 47-00-05020-21-8
Date of Sale:	April 2013
Grantor:	East Mabel Investments, LLC
Grantee:	NVR, Inc.
Property Rights Conveyed:	Fee simple estate
Deed Reference:	5871/02552
Consideration:	\$7,140,000
Financing:	Cash to seller
Parcel Size:	43.36 acres
No. of Lots:	102
Proposed Unit Type:	Townhouses
Price per Lot:	\$70,000
Density:	2.4 lots per acre
Typical Lot Size:	±0.08 acres
Topography:	Generally level
Utilities:	All available
Zoning/Approvals:	Residential/Final
Site Improvements:	Site-Improved

Comments:

This is the sale of 102 site-improved townhouse lots via a takedown agreement. Lot prices range between \$67,000 per lot and \$79,500 per lot. In addition to the purchase price, the buyer is required to reimburse the seller \$5,200 per lot for pre-paid sewer EDUs. As of August 2014, the builder is marketing townhomes ranging in size from 1,364 square feet to 1,997 square feet with base prices ranging from \$179,900 to \$244,900.

Confirmation Source: Third-party appraiser, approved site plan, marketing brochures, and public records



Analysis of Comparable Sales

The following paragraphs explain the comparable sale adjustments.

Financing – None of the sales involved atypical financing; therefore, no adjustments are made in this category.

Property Rights Conveyed – The fee simple estate of the subject property is being appraised. All of the sales were sold as fee simple estates and no adjustments are necessary.

Conditions of Sale – All of the sales occurred under normal sale conditions with no seller distress. Therefore, no adjustments are made.

Market Conditions – Sale 1 represents an agreement of sale dated November 2014 and no adjustment is necessary. Sales 2, 3 and 4 occurred in 2013. Market conditions for residential development have improved since 2013 and minor upward adjustments are necessary to Sales 2, 3 and 4.

Location – The subject property represents 22 site-improved townhouse lots within The Villas residential subdivision. The Villas subdivision is located on the northwest corner of Tulpehocken Avenue and Walnut Street, in West Reading Borough, Berks County. The subdivision is located approximately a ½ mile to the west of a full interchange with US 422 and less than one mile to the east of a full interchange with US 222. The subdivision is also located approximately 10 miles to the north of a full interchange with the Pennsylvania Turnpike. Overall, the subject property has an average location. The locations of Sales 1, 3 and 4 are considered superior to that of the subject property and various downward adjustments are made. The location of Sale 2 in York County is considered inferior to that of the subject property and an upward adjustment is made.

Number of Units – The subject property represents 22 site-improved townhouse lots within The Villas residential subdivision. All of the sales are sufficiently larger than the subject property and warrant various upward adjustments.

Average Lot Size/Unit Type – The subject lots have an average lot size of ±0.07 acres. The Villas residential development has a project density of 9.4 units per acre. Sale 1 is considered superior to the subject property in this category as it comprises duplex lots only. Therefore, a downward adjustment is made to Sale 1. Although Sales 2, 3 and 4 comprise townhouse lots, the overall project densities of these sales are considered superior to that of the subject property and various downward adjustments are made.

Topography/Physical Issues – No discernable differences in topography is noted. Therefore, no adjustments are necessary in this category.

Zoning/Approvals – Similar to the subject property, all of the sales sold with approvals in place obtained by their respective sellers.

Site Improvements – The subject property represents essentially site-improved with lots with minimal site work remaining to be completed. However, this analysis assumes the subject lots are fully improved with the remaining subject site costs subtracted to conclude an as-is value.

All of the sales sold as fully improved lots with no site work remaining to be completed. Therefore, no adjustments are made in this category.

Takedown Schedules – Takedown agreements places the risk and carrying costs on the seller ultimately resulting in higher per lot prices compared to a bulk purchase. Sale 1 was subject to only three overall takedowns and a minor downward adjustment is made. The remaining sales were subject to standard takedown agreements and moderate downward adjustments are made.

Utilities/Fees – The subject property has access to all utilities. All of the sales also have access to all public utilities and no adjustments are made. The respective buyer for Sales 2 and 4 were required to reimburse the seller various utility tap fees; therefore, minor upward adjustments are made to these sales.

Prior to the adjustments, the unit prices ranged from \$39,340 per lot to \$70,000 per lot. After making the appropriate adjustments, the range of lot prices narrowed from \$37,800 per lot to \$44,100 per lot. Based on the previous discussion, the appropriate unit rate for the subject property as complete with site infrastructure is estimated at \$40,000 per lot.

As noted in the Site Analysis section of the report, the subject property is essentially site-improved with only a final topcoat of paving required on Elm Street. It is estimated that the cost to install the final topcoat is \$1,000 per lot or \$12,000 overall. As previously noted, this appraisal is made under the extraordinary assumption that a potential purchaser of the subject property would be responsible for all of the remaining site infrastructure costs and not a pro-rata amount. If it is deemed that a potential purchaser is responsible for less than the entire amount of the remaining site infrastructure costs, the value conclusion will likely be impacted. In order to estimate the as-is value of the subject property, the remaining site costs plus a profit deduction are subtracted from the previously concluded subject value as complete with site infrastructure. This calculation is shown in the following exhibit.

Sales Comparison Approach - As-Is Valuation		
	<u>Total</u>	<u>Per Lot</u>
Site Improved Value	\$880,000	\$40,000
Costs to Complete Site Work	- <u>\$12,000</u>	<u>\$545</u>
Subtotal	\$868,000	\$39,455
Profit Deduction (25%)	- <u>\$3,000</u>	
As-Is Value	\$865,000	\$39,318

As shown, deducting the remaining site costs plus profit results in an as-is value of \$865,000 for the subject property.

As-Is Market Value
By the Sales Comparison Approach..... \$865,000

The Sales Adjustment Grid is shown on the following page.

Comparable Bulk Lot Sales Grid As-Is Valuation					
Location Municipality County State	Subject Property The Villas West Reading Borough Berks Pennsylvania	Sale 1 Creek Hill West Earl Township Lancaster Pennsylvania	Sale 2 Logan's Reserve Springfield Township York Pennsylvania	Sale 3 Coddington View Upper Pottsgrove Township Montgomery Pennsylvania	Sale 4 The Greens New Hanover Township Montgomery Pennsylvania
Sale/Appraisal Date Sale Price Unit Type # of Units Project Density (Units/Acre) Typical Lot Size (Acres) Topography/Physical Issues Zoning Approvals/Obtained By Site Improvements Utilities	Oct-15 N/A Townhouse 22 9.4 0.07 Generally Level R-P Final Assumed Improved All Available	Nov-14 \$1,472,000 Duplexes 32 N/A 0.08 Generally Level R-2 Final Site-Improved All Available	Sep-13 \$2,681,264 Townhouse 68 6.0 0.05 Generally Level ROS Final Site-Improved All Available	Apr-13 \$3,240,000 Townhouse 72 5.1 0.05 Generally Level R-3 Final Site-Improved All Available	Apr-13 \$7,140,000 Townhouse 102 2.4 0.08 Generally Level Residential Final Site-Improved All Available
Sale Price per Unit	N/A	\$46,000	\$39,430	\$45,000	\$70,000
Financing	Cash Equivalent	0.0% \$46,000	0.0% \$39,430	0.0% \$45,000	0.0% \$70,000
Property Rights Conveyed	Fee Simple	0.0% \$46,000	0.0% \$39,430	0.0% \$45,000	0.0% \$70,000
Conditions of Sale	Arm's Length	0.0% \$46,000	0.0% \$39,430	0.0% \$45,000	0.0% \$70,000
Market Conditions (Time) Adjusted Sale Price		0.0% \$46,000	5.0% \$41,402	5.0% \$47,250	5.0% \$73,500
Location Number of Units Typical Lot Size (Acres)/Density Topography/Physical Issues Zoning/Approvals Site Improvements Takedown Schedule Utilities	Average 22 0.07/9.4 units per acre Generally Level R-P/Final Assumed Improved Bulk All Available	-5.0% 2.5% -5.0% 0.0% 0.0% 0.0% -5.0% 0.0% -12.5%	5.0% 5.0% -5.0% 0.0% 0.0% 0.0% -15.0% 10.0% 0.0%	-5.0% 5.0% -5.0% 0.0% 0.0% 0.0% -15.0% 0.0% -20.0%	-30.0% 10.0% -10.0% 0.0% 0.0% 0.0% -15.0% 5.0% -40.0%
Adjusted Sale Price Per Unit		\$40,250	\$41,402	\$37,800	\$44,100

Subdivision Development Analysis

Introduction

The Subdivision Development Analysis is used to value land that has the potential for subdivision development. Under this valuation approach, direct and indirect costs are deducted from an estimate of the anticipated gross sale prices of finished lots or dwellings constructed on the lots. The net sale proceeds are discounted to present value using a market-derived rate over the development and absorption period.

Subject Inventory/Retail Dwelling Values

The subject property represents 22 townhouse lots within The Villas Townhouse residential subdivision. As noted in the Market Analysis section of the report, For the purposes of projecting the sellout of the subject property, we estimate that the most appropriate attached dwelling is a $\pm 1,800$ square foot townhouse that will have a base price of \$190,000, or about \$105 per square foot. It is estimated that option purchases less builder incentives typically increase the base price by \$10,000. This amount is based on interviews with sales professionals at competitive developments. In addition, end unit premiums have averaged approximately \$5,000 per unit. Four subject lots are end units. The overall weighted average sale price for the subject property is \$201,000. The overall weighted average sale price is calculated in the following exhibit.

Weighted Average Calculation			
Category	No. of Units	Amount	Totals
Base Pricing	22	\$190,000	\$4,180,000
Option Purchases	22	\$10,000	\$220,000
End Unit Premiums	4	\$5,000	<u>\$20,000</u>
Total			\$4,420,000
Overall Weighted Average Sale Price:			\$200,909
Rounded			\$201,000

No price increases are modeled in the cash flow.

Existing Dwelling Units

As previously noted, there is a vertical dwelling improvement on subject lot 22 and six foundations on subject lots 53, 54, 55, 56, 57 and 58. However, specific and/or individual retail market values for these dwellings are not necessary given the hypothetical condition employed for this appraisal.

Absorption of Subject Units

Absorption rates for the competitive developments are discussed in the Market Analysis section of this report. An appropriate absorption rate for the subject property is projected from the absorption data derived from these competitive developments. As previously noted, the competitive developments exhibit an overall absorption pace of 0.87 units per month and a recent absorption pace of 0.83 units per month. However, Heatherbrook, Rosemont and Saylor Farm Estates reported recent sale paces of ± 1.0 units per month. The builder for Towns at Kaercher Creek is only offering custom built townhouses on a spec basis. Therefore, the absorption rate for this development is expected to be lower than those of the other competitive developments. An absorption pace of 1.0/month is projected in the cash flow and continues at that pace until sell-out is complete.

The cash flow model is calculated using semi-annual periods due to the number of subject units and the length of time projected for the total sellout. Settlements of the subject units are modeled to occur the following period after in which the corresponding units are sold, allowing time for the construction of the dwellings.

Development Costs

Development costs for residential subdivisions typically consist of pre-development costs, construction costs and carrying costs. For the subject property, only some of these costs apply.

Pre-Development Costs

Pre-development costs typically include the cost incurred in the process of obtaining the development approvals. These costs include engineering, attorney fees, environmental reports, financing fees, market research, etc.

It is noted that the subject property represents 22 site-improved lots within a greater subdivision. Therefore, pre-development costs do not apply.

Carrying Costs

Deductions are made from the gross income for carrying costs such as administrative, transfer fees, marketing and real estate taxes. These items are discussed in more detail in the following paragraphs.

Administration – Expenses under this category include the costs to manage the site development, dwelling construction and sales effort. Based on developer surveys, an administration expense of 3% is deemed adequate.

Transfer Costs – This expense includes fees associated with the settlements of the subject units. A transfer cost of 1% is deemed adequate.

Sales and Marketing – This expense includes the costs of maintaining a sales office, producing marketing material, advertising and sales commissions. A marketing expense of 6% is deemed adequate.

Real Estate Taxes - This expense item is discussed more fully in the Tax Assessment Analysis section. As currently assessed, each subject lot is individually assessed with an average tax liability of \$1,144 per lot. Therefore, a tax liability of \$1,144 per lot with 3% annual increases is modeled in the cash flow.

Construction Costs

Site Infrastructure Costs – Also deducted are the construction costs required to complete the site infrastructure. As previously noted, the subject property is essentially site-improved with only a final topcoat of paving required on Elm Street. It is estimated that the cost to install the final topcoat is \$1,000 per lot or \$12,000 overall. As previously noted, this appraisal is made under the extraordinary assumption that a potential purchaser of the subject property would be responsible for all of the remaining site infrastructure costs and not a pro-rata amount. If it is deemed that a potential purchaser is responsible for less than the entire amount of the remaining site infrastructure costs, the value conclusion will likely be impacted. These costs are deducted in the fifth period of the cash flow.

Dwelling Construction Costs – Average construction costs of \$60 per square foot (above grade) are projected for the typical 1,800 square foot townhouse, or \$108,000 on average. This amount includes the cost of the projected option purchases.

The dwelling cost is based on the comparable dwelling costs comparisons presented in the following exhibit.

Comparable Townhouse Dwelling Costs				
County	State	Project Size (Units)	Dwelling Size (GLA SF)	Hard Cost/SF GLA
Montgomery	PA	119	1,825 - 2,725	\$95.00
Chester	PA	64	2,191 - 2,729	\$45.79 - \$65.38
Chester	PA	188	1,216 - 1,864	\$47.17 - \$59.10
Chester	PA	76	2,431	\$53.08
Sussex	DE	28	1,796	\$83.30
Dauphin	PA	266	1,320 - 1,645	\$68.28
Lancaster	PA	68	1,400 - 1,690	\$53.38 - \$57.32
York	PA	12	1,962	\$60.00
Dauphin	PA	106	1,643 - 2,247	\$60.77

Construction costs are deducted in the cash flow for each dwelling. For each dwelling sold, 50% of the dwelling costs are deducted in the period prior to settlement and 50% are deducted in the settlement period. Dwelling costs are modeled to increase three percent annually throughout the sellout period.

Profit Deduction

A purchaser of the subject property will not participate in a real estate project without the potential to obtain a profit for the risk and time involved. In the application of the Subdivision Development Analysis, the return to the purchaser/developer can be applied as either a profit line item deduction or it can be included in the applied discount rate which would then represent the Internal Rate of Return (IRR) on the entire investment.

Both methods are generally considered as correct procedures. In this analysis, developer's profit is deducted as a line item deduction pursuant to the client's requirements. In selecting an appropriate profit deduction, several developers were interviewed in conjunction with various assignments in the Philadelphia area. Developers have noted that desired profit levels for residential projects range from 5% to 15% depending on the risks associated with the project. For the subject property, a profit level of 9.0% is deemed appropriate considering the risks associated with the subject property.

Discounting Procedure

In selecting an appropriate discount rate, opportunity costs of alternative investments have been considered, since real estate competes with other types of investment vehicles. The selected yield is based upon a review of various investor surveys on a local and national level. Land developers require a total return on the investment at rates ranging from 15 to 40 percent. These rates include both entrepreneurial profit and yield requirements. (Since profit was deducted separately as a line item, the adjusted yield requirements would generally be in a range of 5 to 20 percent.)

The following exhibit summarizes real estate investment criteria. This information was obtained from the PwC Real Estate Investor Survey (Third Quarter 2015).

PwC Real Estate Investor Survey Real Estate Investment Criteria Third Quarter 2015			
Market	Discount Rates		
	Range		Average
National Power Center	5.75% - 10.00%		7.79%
National Strip Shopping Center	6.00% - 10.75%		7.80%
National CBD Office	5.25% - 11.00%		7.21%
National Suburban Office	5.75% - 10.00%		7.64%
National Warehouse	5.25% - 9.00%		6.93%
National Apartment	5.00% - 11.00%		7.30%

It is noted that development property has greater risk than that associated with improved retail, office and apartment properties. Therefore, desired rates of return for residential developments are expected to exceed those of other types of investment real estate.

Discount rates are also available from the National Development Land Market Survey section of the PwC Real Estate Investor Survey. PwC surveys land developers for desired rates of return on land development projects. The following exhibit summarizes the most recent survey results.

Exhibit DL-1 DISCOUNT RATES (IRRS)^a Second Quarter 2015		
	CURRENT QUARTER	FOURTH QUARTER 2014
FREE & CLEAR		
Range	10.00% – 20.00%	10.00% – 25.00%
Average	15.90%	16.75%
Change		- 85
a. Rate on unleveraged, all-cash transactions; including developer's profit		

As noted in the survey, *“Free-and-clear discount rates including developer’s profit range from 10.0% to 20.00% and average 15.90% this quarter. This average is down 85 basis points from the fourth quarter of 2014 and assumes that entitlements are in place. Without entitlements in place, certain investors increase the discount rate between 100 and 800 basis points (an average increase of 400 basis points).”*

Finally, the following exhibit presents discount rates obtained from the Third Quarter 2015 Realty Rates Developer Survey for Subdivisions and PUDs in the Mid-Atlantic Region.

The Realty Rates Developer Survey summarizes discount rates for, conventionally financed (interest-only interim or construction financing) subdivisions and planned unit developments (PUDs) and condominium and co-op projects. Actual Rates are historical rates achieved by survey respondents, while Pro-Forma Rates reflect forward-looking revenue and development costs. Subdivision and PUD rates include developer's profit.

RealtyRates.com DEVELOPER SURVEY - 3rd Quarter 2015*						
Mid-Atlantic - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	18.03%	42.94%	28.24%	17.31%	41.22%	27.11%
-100 Units	18.03%	37.01%	26.97%	17.31%	35.53%	25.89%
100-500 Units	18.48%	40.71%	28.41%	17.74%	39.09%	27.28%
500+ Units	18.93%	42.57%	28.90%	18.17%	40.86%	27.75%
Mixed Use	19.38%	42.94%	28.66%	18.60%	41.22%	27.52%
Manufactured Housing	18.34%	44.87%	29.29%	17.61%	43.07%	28.12%
-100 Units	18.34%	39.02%	28.10%	17.61%	37.45%	26.98%
100-500 Units	18.80%	42.92%	29.62%	18.05%	41.20%	28.44%
500+ Units	19.26%	44.87%	30.14%	18.49%	43.07%	28.93%
Business Parks	18.16%	42.57%	28.16%	17.44%	40.86%	27.04%
-100 Acres	18.16%	37.01%	27.04%	17.44%	35.53%	25.95%
100-500 Acres	18.62%	40.71%	28.48%	17.87%	39.09%	27.34%
500+ Acres	19.07%	42.57%	28.97%	18.31%	40.86%	27.81%
Industrial Parks	18.52%	36.57%	25.63%	17.78%	35.11%	24.60%
-100 Acres	18.52%	31.80%	24.66%	17.78%	30.53%	23.67%
100-500 Acres	18.98%	34.98%	25.90%	18.22%	33.58%	24.86%
500+ Acres	19.44%	36.57%	26.33%	18.67%	35.11%	25.27%

*2nd Quarter 2015 Data

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Overall, a discount rate of 10% is deemed appropriate for the subject property due to size of the project and the construction of dwellings rather than the sale of improved lots modeled in the sell-out model. As noted previously, semi-annual periods are used in the cash flow; therefore, semi-annual discount factors are used to calculate the net present value. The overall Internal Rate of Return for the subject property produced by the combined profit deduction and discount rate appears appropriate based on the aforementioned Developer Survey.

The discounted cash flow analysis is shown in the following exhibit. As shown, a net present value of \$880,000 (rounded) is indicated. This equates to \$40,000 per unit based on the subject property's 22 units.

**As-Is Market Value
By the Subdivision Development Analysis \$880,000**

The Villas West Reading Borough, Berks County, Pennsylvania As-Is Value											
Prior to Start of Cash Flow	Oct-15 Mar-16	Apr-16 Sep-16	Oct-16 Mar-17	Apr-17 Sep-17	Oct-17 Mar-18	Apr-18 Sep-18	Oct-18 Mar-19	Apr-19 Sep-19	Oct-19 Mar-20	TOTALS	
INVENTORY											
Unsold inventory at beginning of period	22	16	10	4	0	0	0	0	0	0	
Number of units sold this period	0	6	6	4	0	0	0	0	0	22	
Average sale price											
Price increase at end of period	\$201,000	\$201,000	\$201,000	\$201,000	\$201,000	\$201,000	\$201,000	\$201,000	\$201,000	\$201,000	
Units already under contract	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	
Average contract price (units already sold)	0	22	16	10	4	0	0	0	0	0	
Unsettled inventory at beginning of period	0	6	6	6	4	0	0	0	0	22	
Number of units settled this period	0	6	6	6	4	0	0	0	0	0	
Average settled price											
	\$0	\$201,000	\$201,000	\$201,000	\$201,000	\$201,000	\$201,000	\$201,000	\$201,000	\$201,000	
TOTAL GROSS SALES INCOME	\$0	\$1,206,000	\$1,206,000	\$1,206,000	\$804,000	\$0	\$0	\$0	\$0	\$4,422,000	
Carrying Costs											
Administration	0	36,180	36,180	36,180	24,120	0	0	0	0	132,660	
Transfer costs	0	12,060	12,060	12,060	8,040	0	0	0	0	44,220	
Sales and marketing	0	72,360	72,360	72,360	48,240	0	0	0	0	265,320	
Real estate taxes											
Ongoing tax liability	\$1,144	9,152	5,892	2,357	0	0	0	0	0	29,984	
Rollback taxes	0	0	0	0	0	0	0	0	0	0	
Condo/HOA fees	0	0	0	0	0	0	0	0	0	0	
Construction Costs											
Site Development	0	0	0	0	0	0	0	0	0	0	
Pre-Development Costs	0	0	0	0	0	0	0	0	0	0	
Infrastructure Costs	0	0	0	0	12,000	0	0	0	0	12,000	
Construction of dwellings	0	0	0	0	0	0	0	0	0	0	
Completion of existing dwellings	3.0	6.0	6.0	5.0	2.0	0.0	0.0	0.0	0.0	0	
Construction of new dwellings	\$108,000	\$108,000	\$108,000	\$108,000	\$108,000	\$108,000	\$108,000	\$108,000	\$108,000	\$108,000	
Total Carrying/Construction Costs	\$324,000	\$657,648	\$667,440	\$644,481	\$229,154	\$0	\$0	\$0	\$0	\$2,442,724	
NET PROCEEDS FROM SALES											
	-\$336,584	-\$336,584	-\$336,584	-\$336,584	-\$336,584	-\$336,584	-\$336,584	-\$336,584	-\$336,584	-\$336,584	
PROFIT DEDUCTION											
	0	-108,540	-108,540	-108,540	-72,360	0	0	0	0	0	
NET PROCEEDS LESS PROFIT											
	-\$336,584	-\$336,584	-\$336,584	-\$336,584	-\$336,584	-\$336,584	-\$336,584	-\$336,584	-\$336,584	-\$336,584	
Discount Rate/factors	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	
annual period	0.952381	0.907029	0.863838	0.822702	0.783526	0.746215	0.710681	0.676839	0.644602	0.613576	
Discounted Proceeds	-\$320,556	\$281,233	\$262,199	\$337,326	\$321,313	\$0	\$0	\$0	\$0	\$0	
Profit and Internal Rate of Return Crosschecks											
Total gross sales income										\$4,422,000	
Theoretical purchase price										\$881,515	
Total carrying/construction costs										2,926,908	
Total costs in										-3,808,424	
Total profit, not discounted										\$613,576	
Total Profit as Percentage of total gross sales										13.88%	
Profit Margin (mark-up over total costs)										16.11%	
Periodic IRR using net proceeds including profit, with value indication as initial cash outlay: Annualized: 13.42%											
26.84%											
VALUE INDICATIONS											
Sum of Discounted Proceeds											\$881,515
Rounded value indication											\$880,000
Rounded indication per unit											\$40,000

Reconciliation and Final Value Opinions

The reconciliation approach analyzes the value indications from the three approaches and reconciles them into a final value conclusion. In the final reconciliation, the strengths and weaknesses of each approach are discussed and a final value is selected.

Value Indications		
As-Is Market Value	Value	Value/Unit
Sales Comparison Approach	\$865,000	\$39,318
Cost Approach	n/a	n/a
Subdivision Development Analysis	\$880,000	\$40,000
Final Value Indication	\$880,000	\$40,000

In developing the Sales Comparison Approach, several recent sales of residential improved lots considered similar to the subject property were analyzed. The comparable sales were analyzed based on the price paid per lot and have been compared to the subject using this unit of comparison. Several adjustments have been made which indicate a range of unit prices into which the value of the subject property should fall.

The Subdivision Development Analysis includes the projected pricing of residential units that could be built, as well as the time period anticipated for a complete sellout. The carrying costs typically incurred during this sale period are deducted, including the direct and indirect costs of development and construction. The resulting net cash flows are discounted using an appropriate discount rate. As derived by the Subdivision Development Analysis, the estimated market value reflects the price a knowledgeable purchaser would be willing to pay for the subject property in based on projected revenues and sell-out costs. This approach is based on projected income and more emphasis is placed on the Subdivision Development Analysis in rendering a final value estimate for the subject property.

Based on my inspection of the subject property and the analysis of all relevant data, the as-is market value of the subject property, as of October 1, 2015, is:

Eight Hundred Eighty Thousand Dollars
\$880,000

As previously noted, this appraisal has been made with the following extraordinary assumptions:

The subject property represents 22 lots within a 58-unit residential subdivision. A site infrastructure budget was not made available to the appraiser. However, all site improvements are installed except for a final top coat of paving on Elm Street. The lots with paving remaining include Lots 47-58. The cost to install the final topcoat of paving is estimated to be \$1,000 per lot. This estimate is based on site infrastructure costs of similar residential subdivisions retained in our files and interviews with residential site developers. Therefore, remaining site infrastructure costs are estimated at \$12,000. This appraisal is made under the extraordinary assumption that these costs are adequate to complete the remaining site infrastructure improvements at the subject property, but not excessive. If actual site infrastructure costs are significantly different, the value conclusion will likely be impacted.

A potential purchaser of the subject property would be responsible for all of the remaining site infrastructure costs at the development and not a pro-rata amount. If it is deemed that a potential purchaser is responsible for less than the entire amount of the remaining site infrastructure costs at the development, the value conclusion will likely be impacted.

In addition, this appraisal has been made with the following hypothetical conditions:

There is a vertical dwelling improvement on subject lot 22 and six foundations on subject lots 53, 54, 55, 56, 57 and 58. However, this appraisal is made under the hypothetical condition that there are no vertical dwelling improvements or foundations on any of the subject lots.

Exposure Time

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 is defined as:

- 1) The time a property remains on the market.
- 2) The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.⁹ Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions.

Based on the information presented in the body of the report, a reasonable exposure time for the subject property is 6-9 months.

Marketing Time

The reasonable marketing time is an estimate of the amount of time it might take to sell a property interest in real estate at the opinion of market value during the period immediately after the effective date of an appraisal. Marketing time is defined as "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."¹⁰

Based on the information presented in the body of the report, a reasonable marketing time for the subject property, at the appraised market value, is approximately 6-9 months.

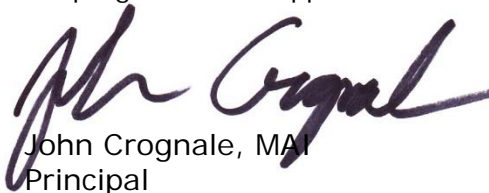
⁹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010).

¹⁰ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010).

Certification

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- I have not provided any services regarding the subject property, as an appraiser or in any other capacity, within the three year period immediately preceding the acceptance of this assignment.
- 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 Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, John S. Crognale, MAI has completed the continuing education program of the Appraisal Institute.



John Crognale, MAI
Principal

Crognale Appraisal Company
Pennsylvania Certified General Appraiser Number GA003762

General Assumptions and Limiting Conditions

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

- No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- The appraisers cannot guarantee that the property is free of encroachments or easements, and recommend further investigation and survey. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
- No responsibility beyond reason is assumed for matters of a legal nature, whether existing or pending. It is assumed that there are no existing judgments or pending or threatened litigation which could affect the value of the property.
- Responsible ownership and competent property management are assumed.
- Information and data contained in the appraisal report, although obtained from public record and other reliable sources and, to the extent possible, carefully checked by the appraiser(s), are accepted as satisfactory evidence upon which rest the opinions expressed herein. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy. Unless otherwise noted, it is assumed that all information known to the client and relevant to the valuation has been accurately furnished and that there are no undisclosed leases, agreements, liens or other encumbrances affecting the use or value of the property. Any financial information provided to us with respect to the operation of the property, such as financial statements and reports, rent rolls and lease data, is assumed to be complete, true and correct. Any lease, mortgage, deed of trust or other agreement or instrument reviewed by us relating to the property is assumed to be legal, valid, binding and enforceable in accordance with its express terms.
- All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
- No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in the appraisal report.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them. Unless otherwise noted, the property is not located in an area in which the purchase of flood insurance is required as a condition for federal or federally related financial assistance.
- If the appraisal assignment includes a land valuation, the appraisers' conclusion of value is based upon the assumption that there are no hidden or unapparent conditions of the property that might impact buildability. The appraisers recommend due diligence to be conducted through the local building department or appropriate municipal authority to investigate buildability and whether the property is suitable for its intended use or for any use. The appraisers make no representations, guarantees or warranties.

Remaining Lot Inventory at The Villas

- 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 average condition unless otherwise noted in the report.
- It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
- It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a non-conformity has been identified, described, and considered in the appraisal.
- It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
- It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- If the appraisal assignment is for property to be built or under construction, it is assumed that construction will be completed as outlined in the report. The appraiser reserves the right to review finalized plans, require a current on-site inspection prior to the release of any funds and/or recertify any values reported.
- Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser(s). The appraiser(s) has no knowledge of the existence of such materials on or in the property. The appraiser(s), however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous material may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.
- No environmental impact studies were conducted in conjunction with this appraisal assignment, and our value opinions are subject to revision based upon any such studies. If any environmental impact statement is required by law, the appraisal assignment assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
- The appraisers have not been made aware of, nor are they qualified to ascertain, the existence of radon, a radioactive gas which occurs naturally in the soil of certain identified areas. In concentrated form, this gas has been shown to have detrimental health effects, and its existence would potentially have a negative impact on the value(s) reported in the appraisal report. The value estimate(s) assume that the subject is free and clear of radon gas.

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

- An appraisal is inherently subjective and represents only an opinion of a property's value.
- This appraisal report shall be considered only in its entirety and no part of this appraisal report shall be utilized separately or out of context. Any separation of the signature pages from the balance of the appraisal report invalidates the conclusions established herein.
- Any valuation opinions and/or any market or feasibility conclusions found herein apply only to the property or properties specifically identified and described in this report.
- The value reported herein is only applicable to the Property Rights Appraised in conjunction with the Objective of the Appraisal Assignment and the Intended Use of the Appraisal Report as herein set forth; the appraisal report is not to be used for any other objectives or uses.
- The conclusions stated in the appraisal report apply only as of the effective date(s) indicated and no representation is made as to the effect of any subsequent events.
- Any opinions of value provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the opinion of value, unless such proration or division of interests has been set forth in the report.
- Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. Any separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- Unless otherwise noted herein, the value opinions presented in this report do not include any value attributable to machinery, equipment or other personal property items.
- The appraisers reserve the right to modify the opinions and conclusions found herein should future engineering studies or consultations determine that the site and/or building measurements reported herein are inaccurate.
- Appraisers provide opinions of value and are not building or environmental inspectors. This appraisal assignment does not guarantee that the property is free of defects or environmental problems. Appraisers perform inspections of visible and accessible areas only. Defects such as mold may be present in areas that an appraiser cannot see. A professional building inspection or environmental inspection is always recommended.
- The individual appraisers signing the report and Crognale Appraisal Company are in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property - physically, financially and/or legally.
- We reserve the right to require, as a condition to our rendering an opinion as to value, the engagement of professional experts in certain disciplines. The engagement of any such expert and the compensation of such expert shall be solely the responsibility of the client.
- If a Cost Approach is presented herein, it has only been developed as an analysis to support the appraiser's opinion of market value. Use of this data, in whole or in part, for other purposes is not intended by the appraiser. Nothing set forth in the appraisal assignment or report should be relied upon for the purpose of determining the amount or type of insurance coverage appropriate for the subject property. The appraiser does not guarantee that any insurable value estimate inferred from this report will result in the subject property being fully insured for any loss that may be sustained, and the appraiser assumes no liability for any such inference. Further, the Cost Approach may not be a

reliable indication of replacement or reproduction cost for any date other than the effective date of this appraisal assignment due to changing costs of labor and materials and due to changing building codes and governmental regulations and requirements.

- If an estimate of insurable value is provided herein, neither the intended user, the intended use, nor the objective of the appraisal assignment changes from that described herein. The appraiser assumes no liability for any Insurable Value estimate provided and does not guarantee that any estimate or opinion will result in the subject property being fully insured for any possible loss that may be sustained. The appraiser recommends that an insurance professional be consulted. An Insurable Value presented herein may not be a reliable indication of replacement or reproduction cost for any date other than the effective date of this appraisal assignment due to changing costs of labor and materials and due to changing building codes and governmental regulations and requirements.
- The Americans with Disabilities Act (ADA) became effective January 26, 1992. Unless otherwise noted herein, a specific compliance survey or analysis of this property has not been made to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since there is no direct evidence relating to this issue, any possible noncompliance with the requirements of the ADA was not considered in estimating the value of the subject property.
- Any income and expense estimates contained in this appraisal report are used only for the purpose of estimating current value and do not constitute predictions of future operating results.
- The forecasts, projections, and estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions. This appraisal assignment is based on the condition of local and national economies, purchasing power of money, and financing rates prevailing as of the effective date(s) of value.
- If a prospective value opinion is rendered herein, it is important to emphasize that prospective value opinions are intended to reflect the expectations and perceptions of market participants at the time the report was written; therefore, the appraisal assignment cannot account for – and the appraiser(s) cannot be held responsible for – unforeseen events that may occur and that may alter market conditions prior to the effective date of the appraisal assignment.
- Possession of this report, or a copy thereof, does not carry with it the right of publication.
- Neither all nor any part of the contents of this report (especially any conclusions as to value(s), the identity of the appraiser, or the firm with which the appraiser is affiliated) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraisers.
- The liability of the individual appraisers signing the appraisal report and Crognale Appraisal Company is limited to the client only and to the fee actually received by the appraisers. Furthermore, there is no accountability, obligation or liability to any other party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment. Acceptance and

Remaining Lot Inventory at The Villas

use of this analysis by the client or any third party constitutes acceptance of the above conditions. The appraiser(s) have no liability to any parties other than the client.

- The appraiser(s), by reason of this appraisal assignment, are not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made for just and fair compensation for said services.
- The value found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from these General Assumptions and Limiting Conditions.

Addendum

John S. Crognale, MAI

QUALIFICATIONS

Current Position

Principal - Crognale Appraisal Company, Chalfont, Pennsylvania

Work Experience

March 2009 to December 2013 - Senior Appraiser

Mid-Atlantic Valuation Group, Inc. Wayne, Pennsylvania

July 2006 to March 2009 - Appraiser

Mid-Atlantic Valuation Group, Inc. Wayne, Pennsylvania

July 2005 to June 2006 - Associate, Assistant to the Certified Real Estate Appraiser,
Commercial Real Estate Appraiser Trainee

Sockler Mignogna DiLello Realty Group; Wayne, Pennsylvania

September 2003 to March 2006 - Litigation Analyst

American International Group; Fort Washington, Pennsylvania

December 1997 to September 2003 - Analyst

GE Financial Assurance; Fort Washington, Pennsylvania

Appraisal Certificates and Licenses

Certified General Appraiser, State of Pennsylvania #GA-003762

Certified General Real Property Appraiser, State of Delaware #X1-0000550

Education

Bachelor of Science - 1993

The Pennsylvania State University, University Park, Pennsylvania

Major: Administration of Justice

Bachelor of Business Administration - 2002

Temple University, Philadelphia, Pennsylvania

Major: Finance

Master of Business Administration -2008

Villanova University, Villanova, Pennsylvania

Concentration: Finance

Appraisal Institute Courses and Exams Successfully Completed

Uniform Standards of Professional Appraisal Practice (USPAP) - Course 410, March 2006

Basic Appraisal Principles - Course 110, October 2005

Basic Appraisal Procedures - Course 120, December 2005

Basic Income Capitalization - Course 310, October 2006

Advanced Income Capitalization - Course 510, August 2007

John S. Crognale, MAI
Qualifications Continued

Appraisal Institute Courses and Exams Successfully Completed (Cont.)

General Market Analysis and Highest and Best Use - Course 400G, October 2007
Report Writing and Valuation Analysis, July 2008
Advanced Applications - Course 550, November 2008
Business Practices and Ethics - September 2010
Consumer Protection in the Appraisal Industry - September 2010
Seven Hour National USPAP Update Course - October 2010
Pennsylvania Eminent Domain Law - May 2011
Developments in Assessment Law and Procedure and Valuation - May 2011
Subdivision Valuation - May 2011
Seven Hour National USPAP Update Course - October 2011
General Demonstration Report Writing- May 2012
Loss Prevention Program for Real Estate Appraisers - March 2013
Liability Issues for Appraisers Performing Litigation - March 2013
Pennsylvania Appraiser Certification Act, Rules & Regulations - April 2013
Seven Hour National USPAP Update Course - May 2013
Online Small Hotel/Motel Valuation - June 2013
Online Advanced Internet Search Strategies - June 2013
Delaware State Rules and Regulations - September 2013
Online Supervising Appraisal Trainees - October 2013
Introduction to Green Buildings: Principles and Concepts - December 2013
Seven Hour National USPAP Update Course - January 2014

Other Real Estate Courses

PA Mandated Law for Appraisers (Polly Associates) - May 2011
Delaware Laws and Regulations for Appraisers (McKissock) - October 2011

Testimony

Board of Assessment Appeals, Montgomery County, Pennsylvania

Professional Designations

MAI Designated Member of the Appraisal Institute; Member Number 476580

15 0076182

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



Certificate Type
Certified General Appraiser

Certificate Status
Active

JOHN STEVEN CROGNALE
1240 Revere Drive
Chalfont PA 18914

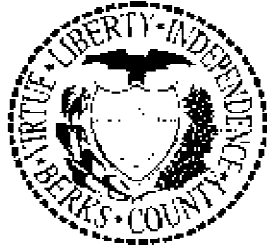
**Certificate
Number**
GA003762

Initial Certification Date
03/27/2009

Expiration Date
06/30/2017

Acting Commissioner of Professional and Occupational Affairs

Signature

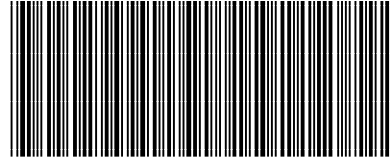


Frederick C. Sheeler
Berks County Recorder of Deeds

Berks County Services Center 3rd Floor
 633 Court Street
 Reading, PA 19601
 Office: (610) 478-3380 ~ Fax: (610) 478-3359
 Website: www.countyofberks.com/recorder

INSTRUMENT # 2014034065

RECORDED DATE: 10/15/2014 03:05:10 PM



4488515-0023X

Document Type: DEED - SHERIFF
Prothy - Docket # 1324274

Transaction #: 4802052
Document Page Count: 9
Operator Id: donnas

PARCEL ID(s): (See doc for additional parcel #'s)

935307171115181	93530717118371
93530717119230	93530717118363
93530717119223	93530717118356
93530717119215	93530717118348
93530717118297	93530717115357
93530717118289	93530717115399

SUBMITTED BY:
 SHERIFF OF BERKS COUNTY
 633 COURT ST

READING, PA 19601

*** PROPERTY DATA:**

** PLEASE SEE DOCUMENT OR INDEX FOR PROPERTY DATA

*** ASSOCIATED DOCUMENT(S):**

CONSIDERATION/SECURE AMT:	\$9,500.00
TAXABLE AMOUNT:	\$744,735.00
FEES / TAXES:	
RECORDING FEES: DEED	\$14.50
AFFORDABLE HOUSING FEE	\$11.50
RECORDS IMPROVEMENT FUND	\$5.00
JUDICIAL FEE	\$35.50
WRIT TAX	\$0.50
PARCEL ID FEE	\$230.00
ADDITIONAL PAGE FEE	\$10.00
ADDITIONAL PAGE FEE (AFF)	\$10.00
Total:	\$317.00

INSTRUMENT #: 2014034065
 Recorded Date: 10/15/2014 03:05:10 PM

I hereby CERTIFY that this document is recorded
 in the Recorder of Deeds Office in Berks County,
 Pennsylvania.



Frederick C. Sheeler
Recorder of Deeds

OFFICIAL RECORDING COVER PAGE

Page 1 of 10

PLEASE DO NOT DETACH

THIS PAGE IS NOW PART OF THIS LEGAL DOCUMENT

NOTE: If document data differs from cover sheet, document data always supersedes.
***COVER PAGE DOES NOT INCLUDE ALL DATA, PLEASE SEE INDEX AND DOCUMENT FOR ANY ADDITIONAL INFORMATION.**

Prepared By: Eric J. Weaknecht
Sheriff of Berks Co., PA.
633 Court St.
Reading, Pa. 19601

Return To: SCOTT F. LANDIS, ESQUIRE
126 E. KING STREET
LANCASTER, PA 17602

Premises: *200 Silk Dr., Silk Dr.,*
Tulpehocken Ave., Roads/Lot(s) 38/39/40/41
42/43/44/45/46/22/47/48/49/50/51/52/53/
54/55/56/57/58 AND Elm St., Open Space
Borough of West Reading, Berks Co., Pa
Pin: *SEE** ..

* 93 5307 1711 5181; 93 5307 1711 9230
93 5307 1711 9223; 93 5307 1711 9215
93 5307 1711 8297; 93 5307 1711 8289
93 5307 1711 8371; 93 5307 1711 8363
93 5307 1711 8356; 93 5307 1711 8348
93 5307 1711 5357; 93 5307 1711 5399
93 5307 1711 6410; 93 5307 1711 6431
93 5307 1711 6452; 93 5307 1711 6483
93 5307 1711 7404; 93 5307 1711 7425
93 5307 1711 7446; 93 5307 1711 7468
93 5307 1711 8510; 93 5707 1711 6173
93 ~~5307~~ 1711 7489

Know all men by these presents

That I, ERIC J. WEAKNECHT, SHERIFF of the County of Berks, in the State of
Pennsylvania, for and in consideration of the sum of
NINE THOUSAND FIVE HUNDRED DOLLARS (9500.00) to me in hand paid,
do hereby grant and convey to...

FULTON BANK, N.A.

of

LANCASTER, PA 17604

THEIR SUCCESSORS OR ASSIGNS,
THE FOLLOWING DESCRIBED REAL ESTATE, TO WIT:-

ALL THAT CERTAIN lot or piece of land together with a brick building and other improvements erected thereon, located on the west side of Tulpehocken Street, being Lot No. 2 as shown on the Narrow Fabric Minor Subdivision, recorded in Plan Book Volume 274, Page 12, Berks County Records, situate in the Borough of West Reading, County of Berks, Commonwealth of Pennsylvania, more fully bounded and described as follows to wit:

BEGINNING at a marble monument on the west topographical building line of Tulpehocken Street, sixty feet (60') wide, a corner of property belonging to Bruce L. Albrecht trading as Albrecht-Bagenstose Partnership, said point being the northeastern most corner of the herein described Lot No. 2;

THENCE extending in a southeasterly direction along the west topographical building line of Tulpehocken Street on a line bearing South twenty-nine degrees, two minutes, fifty-four seconds East (S. 29° 02' 54" E.), a distance of five hundred forty-five feet and forty-seven hundredths of one foot (545.47') to an iron pin on the point of intersection of the west topographical building line of Tulpehocken Street and the north topographical building line of Walnut Street, sixty feet (60') wide;

THENCE extending in a southwesterly direction along the north topographical building line of Walnut Street on a line bearing South sixty degrees, fifty-seven minutes, six seconds West (S. 60° 57' 06" W.) a distance of one hundred thirty five feet (135') to an iron pin;

THENCE extending in a southeasterly direction on a line bearing South twenty-nine degrees, two minutes, fifty-four seconds East (S. 29° 02' 54" E.), a distance of thirty feet (30') to an iron pin a corner of property belonging to Village Associates;

THENCE extending in a southwesterly direction along property belonging to Village Associates the two (2) following courses and distances to wit:

1. On a line bearing South sixty degrees, fifty-seven minutes, six seconds West (S. 60° 57' 06" W.), a distance of two hundred ninety feet and twenty-three hundredths of one foot (290.23') to an iron point of curve;
2. Along said curve deflecting to the right having a radius of one hundred seventy-nine feet and fifty-one hundredths of one foot (179.51'), a central angle of twenty-six degrees, six minutes, fifteen seconds (26° 06' 15"), a chord of eighty-one feet and eight hundredths of one foot (81.08'), a chord bearing of South seventy-four degrees, zero minutes, fourteen seconds West (S. 74° 00' 14" W.), and a distance along the arc of eighty-one feet and seventy-nine hundredths of one foot (81.79') to an iron pin on the south side of a vacated twenty foot (20') wide alley;

THENCE extending in a northwesterly direction crossing the above mentioned vacated twenty foot (20') alley on a line bearing, North thirty-one degrees, thirty-three minutes, fifty-three seconds West (N. 31° 33' 53" W.), a distance of ten feet and fifty-nine hundredths of one foot (10.59') to an iron pin of the centerline of the above vacated twenty foot (20') wide alley;

THENCE extending in a northwesterly direction along the centerline of the above mentioned vacated twenty foot (20') wide alley on a line bearing North eighty-six degrees, fifty-five minutes, eighteen seconds West (N. $86^{\circ} 55' 18''$ W.), a distance of forty-nine feet and sixty-nine hundredths of one foot (49.69') to a P.K. spike on the eastern terminus of twenty foot (20') wide alley;

THENCE extending in a northeasterly direction along the eastern terminus of a twenty foot (20') wide alley line bearing North three degrees, four minutes, forty-two seconds East (N. $3^{\circ} 04' 42''$ E.), a distance of ten feet (10') to a P.K. spike on the north side of a twenty foot (20') wide alley.

THENCE extending in a northwesterly direction along the north side of a twenty foot (20') wide alley on a bearing North eighty-six degrees, fifty-five minutes, eighteen seconds West (N. $86^{\circ} 55' 18''$ W.), a distance of sixty-two and forty hundredths of one foot (62.40') to a P.K. spike a corner of Lot No. 1 as shown on the above mentioned recorded plan;

THENCE extending along Lot No. 1 as shown on the above mentioned recorded plan the two (2) following courses and distances to wit:

1. In a northeasterly direction on a line bearing North one degree, fourteen minutes, fifty-nine seconds East (N. $1^{\circ} 14' 59''$ E.), a distance of three hundred twenty-two feet and twenty-five hundredths of one foot (322.25') iron pin;
2. In a northwesterly direction on a line bearing North one degree, fifty-four minutes, fourteen seconds West (N. $1^{\circ} 54' 14''$ E.), a distance of two hundred twenty-one feet and ninety-one hundredths of one foot (221.91') P.K. spike a corner of property belonging to Bruce L. Albrecht trading as Albrecht-Bagenstose Partnership;

THENCE extending in a northeasterly direction along property belonging to Bruce L. Albrecht trading as Albrecht-Bagenstose Partnership on a line bearing North sixty degrees, fifty-seven minutes, six seconds East (N. $60^{\circ} 57' 06''$ E.), a distance of three hundred thirty-five feet and thirty-five hundredths of one foot (335.35') to the PLACE OF BEGINNING.

CONTAINING in area 6.163 acres of land.

PARCEL NO. 93-5307-17-11-7251
PARCEL NO. 93-5307-17-11-5181
PARCEL NO. 93-5307-17-11-9230
PARCEL NO. 93-5307-17-11-9223
PARCEL NO. 93-5307-17-11-9215
PARCEL NO. 93-5307-17-11-8297
PARCEL NO. 93-5307-17-11-8289
PARCEL NO. 93-5307-17-11-8371
PARCEL NO. 93-5307-17-11-8363
PARCEL NO. 93-5307-17-11-8356
PARCEL NO. 93-5307-17-11-8348
PARCEL NO. 93-5307-17-11-5357

PARCEL NO. 93-5307-17-11-5399
PARCEL NO. 93-5307-17-11-6410
PARCEL NO. 93-5307-17-11-6431
PARCEL NO. 93-5307-17-11-6452
PARCEL NO. 93-5307-17-11-6483
PARCEL NO. 93-5307-17-11-7404
PARCEL NO. 93-5307-17-11-7425
PARCEL NO. 93-5307-17-11-7446
PARCEL NO. 93-5307-17-11-7468
PARCEL NO. 93-5307-17-11-7489
PARCEL NO. 93-5307-17-11-8510
PARCEL NO. 93-5307-17-11-6173

BEING THE SAME PREMISES which Gregory Sarangoulis, Co-Partner, and Kevin Timochenko, Co-Partner, t/a KGPTR1, a Pennsylvania general partnership, by Deed dated January 23, 2006 and recorded January 25, 2006 in the Office of the Recorder of Deeds in and for the County of Berks in Book 4763 Page 1888, granted and conveyed unto The Belovich Group, its successor and assigns.

Excepting therefrom premises conveyed in Record Book 5045, Page 1229 (Lot 3).
Excepting therefrom premises conveyed in Record Book 5050, Page 968 (Lot 2).
Excepting therefrom premises conveyed in Record Book 5128, Page 1782 (Lot 13).
Excepting therefrom premises conveyed in Record Book 5158, Page 2112 (Lot 5).
Excepting therefrom premises conveyed in Record Book 5228, Page 686 (Lot 23).
Excepting therefrom premises conveyed in Record Book 5228, Page 691 (Lot 24).
Excepting therefrom premises conveyed in Record Book 5229, Page 364 (Lot 18).
Excepting therefrom premises conveyed in Record Book 5231, Page 806 (Lot 17).
Excepting therefrom premises conveyed in Record Book 5236, Page 2316 (Lot 27).
Excepting therefrom premises conveyed in Record Book 5236, Page 2372 (Lot 28).
Excepting therefrom premises conveyed in Record Book 5253, Page 1291 (Lot 35).
Excepting therefrom premises conveyed in Record Book 5260, Page 1362 (Lot 32).
Excepting therefrom premises conveyed in Record Book 5266, Page 1009 (Lot 33).
Excepting therefrom premises conveyed in Record Book 5267, Page 1500 (Lot 31).
Excepting therefrom premises conveyed in Record Book 5268, Page 2293 (Lot 29).
Excepting therefrom premises conveyed in Record Book 5271, Page 820 (Lot 4).
Excepting therefrom premises conveyed in Record Book 5355, Page 548 (Lot 34).
Excepting therefrom premises conveyed in Record Book 5368, Page 131 (Lot 37).
Excepting therefrom premises conveyed in Record Book 5374, Page 636 (Lot 25).
Excepting therefrom premises conveyed in Record Book 5383, Page 781 (Lot 36).
Excepting therefrom premises conveyed in Record Book 5106, Page 525 (Lot 6).
Excepting therefrom premises conveyed in Record Book 5116, Page 1464 (Lot 7).
Excepting therefrom premises conveyed in Record Book 5344, Page 1203 (Lot 10).
Excepting therefrom premises conveyed in Record Book 5141, Page 1755 (Lot 14).
Excepting therefrom premises conveyed in Record Book 5210, Page 304 (Lot 16).
Excepting therefrom premises conveyed in Record Book 5217, Page 345 (Lot 19).

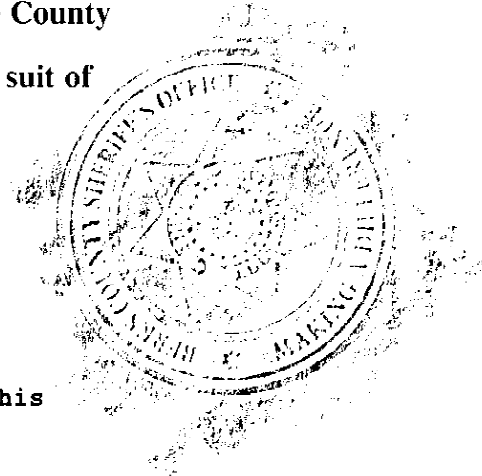
Excepting therefrom premises conveyed in Record Book 5217, Page 3341 (Lot 20).
Excepting therefrom premises conveyed in Record Book 5201, Page 154 (Lot 21).
Excepting therefrom premises conveyed in Record Book 5344, Page 1199 (Lot 26).
Excepting therefrom premises conveyed in Record Book 5097, Page 687 (Lot 8).
Excepting therefrom premises conveyed in Record Book 5117, Page 1320 (Lot 9).
Excepting therefrom premises conveyed in Record Book 5117, Page 1324 (Lot 11).
Excepting therefrom premises conveyed in Record Book 5117, Page 1305 (Lot 12).
Excepting therefrom premises conveyed in Record Book 5080, Page 2246 (Lot 1).
Excepting therefrom premises conveyed in Record Book 5178, Page 1968 (Lot 15).
Excepting therefrom premises conveyed in Record Book ____, Page ____ (Lot 30).
Excepting therefrom premises conveyed in Record Book ____, Page ____ (Lot 22).

The same having been sold by me to the said grantee on the 8th day of August, 2014, after due advertisement according to law under and by virtue of a writ of execution Mortgage Foreclosure issued on the 30th day of May, 2014 out of the Court of Common Pleas of the County of Berks, State of Pennsylvania, as of No. 13-24274 at the suit of

FULTON BANK NA

Against

BELOVICH GROUP INC



IN WITNESS WHEREOF I have hereunto affixed my signature this 14th day of October, 2014.

Eric J. Weaknecht
ERIC J. WEAKNECHT
Sheriff of Berks County, PA

Commonwealth of Pennsylvania,
Berks County } SS

On this 14th day of October, 2014, before me, Ann LR Fitzgerald Deputy Prothonotary, the undersigned officer, personally appeared ERIC J. WEAKNECHT, SHERIFF OF BERKS COUNTY, PENNSYLVANIA, known to me (or satisfactorily proven) to be the person described in the foregoing instrument, and acknowledged that he executed the same in the capacity therein stated and for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

I hereby certify that the precise residence of the grantee herein named is

ONE PENN SQUARE, PO BOX 4887
LANCASTER, PA 17604



Marianne R. Sutton Prothonotary

ERIC J. WEAKNECHT
For Grantee

Ann LR Fitzgerald
Deputy Prothonotary

13-24274

DEED POLL

ERIC J. WEAKNECHT
Sheriff of Berks County

TO:

FULTON BANK, N.A.

PREMISES:

200 Silk Dr., Silk Dr.,
Tulpehocken Ave., Roads/Lot(s) 38/39/40/41
42/43/44/45/46/22/47/48/49/50/51/52/53/
54/55/56/57/58 AND Elm St., Open Space
Borough of West Reading, Berks Co., Pa
Pin: SEE *

Sold as property of:

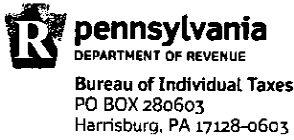
BELOVICH GROUP INC

Recorder of Deeds-----\$317.00

*

- 93 5307 1711 5181; 93 5307 1711 9230
- 93 5307 1711 9223; 93 5307 1711 9215
- 93 5307 1711 8297; 93 5307 1711 8289
- 93 5307 1711 8371; 93 5307 1711 8363
- 93 5307 1711 8356; 93 5307 1711 8348
- 93 5307 1711 5357; 93 5307 1711 5399
- 93 5307 1711 6410; 93 5307 1711 6431
- 93 5307 1711 6452; 93 5307 1711 6483
- 93 5307 1711 7404; 93 5307 1711 7425
- 93 5307 1711 7446; 93 5307 1711 7468
- 93 5307 1711 8510; 93 5707 1711 6173
- 93 5307 1711 7489

REV-183 EX (04-10)



REALTY TRANSFER TAX STATEMENT OF VALUE

See reverse for instructions.

RECORDER'S USE ONLY

State Tax Paid
Book Number
Page Number
Date Recorded

Complete each section and file in duplicate with Recorder of Deeds when (1) the full value/consideration is not set forth in the deed, (2) the deed is without consideration or by gift, or (3) a tax exemption is claimed. A Statement of Value is not required if the transfer is wholly exempt from tax based on family relationship or public utility easement. If more space is needed, attach additional sheets.

A. CORRESPONDENT – All inquiries may be directed to the following person:

Name Scott F. Landis, Esquire	Telephone Number: (717) 229-5201		
Mailing Address 126 E. King Street	City Lancaster	State PA	ZIP Code 17602

B. TRANSFER DATA

C. Date of Acceptance of Document

Grantor(s)/Lessor(s) Berks County Sheriff	Grantee(s)/Lessee(s) Fulton Bank, N.A.				
Mailing Address 633 Court Street	Mailing Address One Penn Square, P.O. Box 4887				
City Reading	State PA	ZIP Code 19601	City Lancaster	State PA	ZIP Code 17604

D. REAL ESTATE LOCATION

Street Address 2016 Silk Dr, Silk Dr, Tulpehocken Ave, Elm St	City, Township, Borough West Reading	
County Berks	School District Wyomissing	Tax Parcel Number *See attached

E. VALUATION DATA - WAS TRANSACTION PART OF AN ASSIGNMENT OR RELOCATION? Y N

1. Actual Cash Consideration Successful bid of \$9,500.00	2. Other Consideration +0.00	3. Total Consideration = 9,500.00
4. County Assessed Value *See attached	5. Common Level Ratio Factor X 1.31	6. Fair Market Value =*See attached

F. EXEMPTION DATA

1a. Amount of Exemption Claimed 100%	1b. Percentage of Grantor's Interest in Real Estate 100%	1c. Percentage of Grantor's Interest Conveyed 100%
---	---	---

Check Appropriate Box Below for Exemption Claimed.

- Will or intestate succession. _____ (Name of Decedent) _____ (Estate File Number)
- Transfer to a trust. (Attach complete copy of trust agreement identifying all beneficiaries.)
- Transfer from a trust. Date of transfer into the trust _____
If trust was amended attach a copy of original and amended trust.
- Transfer between principal and agent/straw party. (Attach complete copy of agency/straw party agreement.)
- Transfers to the commonwealth, the U.S. and instrumentalities by gift, dedication, condemnation or in lieu of condemnation. (If condemnation or in lieu of condemnation, attach copy of resolution.)
- Transfer from mortgagor to a holder of a mortgage in default. (Attach copy of mortgage and note/assignment.)
- Corrective or confirmatory deed. (Attach complete copy of the deed to be corrected or confirmed.)
- Statutory corporate consolidation, merger or division. (Attach copy of articles.)
- Other (Please explain exemption claimed.) _____

Under penalties of law, I declare that I have examined this statement, including accompanying information, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of Correspondent or Responsible Party 	Date 9/23/14
---	-----------------

FAILURE TO COMPLETE THIS FORM PROPERLY OR ATTACH REQUESTED DOCUMENTATION MAY RESULT IN THE RECORDER'S REFUSAL TO RECORD THE DEED.

Parcel Number	County Assessed Value	Fair Market Value
93-5307-17-11-5181	\$95,000.00	\$124,450.00
93-5307-17-11-9230	\$27,400.00	\$35,894.00
93-5307-17-11-9223	\$21,400.00	\$28,034.00
93-5307-17-11-9215	\$21,400.00	\$28,034.00
93-5307-17-11-8297	\$21,400.00	\$28,034.00
93-5307-17-11-8289	\$21,400.00	\$28,034.00
93-5307-17-11-8371	\$21,400.00	\$28,034.00
93-5307-17-11-8363	\$21,400.00	\$28,034.00
93-5307-17-11-8356	\$21,400.00	\$28,034.00
93-5307-17-11-8348	\$27,400.00	\$35,894.00
93-5307-17-11-5357	\$28,100.00	\$36,811.00
93-5307-17-11-5399	\$20,200.00	\$26,462.00
93-5307-17-11-6410	\$20,200.00	\$26,462.00
93-5307-17-11-6431	\$20,200.00	\$26,462.00
93-5307-17-11-6452	\$20,200.00	\$26,462.00
93-5307-17-11-6483	\$20,200.00	\$26,462.00
93-5307-17-11-7404	\$20,200.00	\$26,462.00
93-5307-17-11-7425	\$20,200.00	\$26,462.00
93-5307-17-11-7446	\$20,200.00	\$26,462.00
93-5307-17-11-7468	\$20,200.00	\$26,462.00
93-5307-17-11-8510	\$25,000.00	\$32,750.00
93-5307-17-11-6173	\$13,800.00	\$18,078.00
93-5307-17-11-7489	\$20,200.00	\$26,462.00



MAP DATA

Map Number : **42011C0504G**
Panel Date : **July 03,2012**
FIPS Code : **42011**

Census Tract : **0112.00**
Geo Result : **S5 (Most Accurate) -
single close match, point located at
the street address position**

Flood	
	X or C Zone
	X500 or B Zone
	A Zone
	V Zone
	D Zone
	Area Not Mapped

09/23/2015

John Crognale
Crognale Appraisal Company
1240 Revere Drive
Chalfont, PA 18914

Re: FFC Appraisal File# FFC-C-15-01381

Dear Mr. Crognale:

This letter is your authorization to complete an appraisal assignment for Fulton Financial Corporation (FFC) in accordance with the terms and conditions stated herein.

In accepting this assignment, you affirm that you:

- are in full compliance with all applicable laws and regulations
- have fully met the Competency Rule as contained in the current USPAP
- are acting independently
- are certified as required by federal and state law in the state where the subject property is located
- do not have an interest, direct or indirect, financial or otherwise in the subject property or transaction

The engaged individual appraiser (named above) to whom this engagement letter is addressed to is required to personally inspect the subject property, have full involvement in the appraisal process, and sign the written appraisal report including the certification and take full responsibility for the appraisal; unless otherwise approved in writing by the FFC Appraisal Group.

SUBJECT PROPERTY INFORMATION

Property Location and Identification

Street, City, State, Zip: Tulpehocken and Walnut Streets West Reading, PA 19601

County: Berks

Tax Parcel/Account Number(s): 93-5307-17-11-5181; 93-5307-17-11-9230; 93-5307-17-11-9223; 93-5307-17-11-9215; 93-5307-17-11-8297; 93-5307-17-11-9289; 93-5307-17-11-8371; 93-5307-17-11-8363; 93-5307-17-11-8356; 93-5307-17-11-8348; 93-5307-17-11-5357; 93-5307-17-11-5399; 93-5307-17-11-6410; 93-5307-17-11-6341; 93-5307-17-11-6452; 93-5307-17-11-6483; 93-5307-17-11-7404; 93-5307-17-11-7425; 93-5307-17-11-7446; 93-5307-17-11-7468; 93-5307-17-11-8510; 93-5307-17-11-6173; 93-5307-17-11-7489

Property Name: West Reading Townhouse Subdivision

Property Description and Status

West Reading Subdivision - Requesting an appraisal of only the lots; 23 townhouse lots with partially completed foundations. VALUATION SCENARIO REQUESTED: 1) The current "As-Is" Bulk Value of

the lots. REQUIRED MINIMUM APPROACHES: The Subdivision/Development Method with the developer's profit as a single-line item and as required by USPAP, all other relevant approaches necessary to produce a credible opinion of value are to be used in the appraisal report.

VALUATION SCENARIOS REQUIRED

1) The Current "As-Is" Bulk Value of the lots

Notes:

- The definition of Market Value that the appraisal must be based on the most recent Minimum Appraisal Standards and Required Supplemental Guidelines, which the appraiser to whom this engagement letter is addressed has previously accepted and acknowledged. The said acknowledgement is on file with the FFC Appraisal Group.
- The Current Market Value must be included and reported as of a current date to be specified by the appraiser but such date shall not be earlier than the date of this engagement letter, nor later than the date of the appraiser's last inspection of the subject property.

HYPOTHETICAL CONDITIONS AND EXTRAORDINARY ASSUMPTIONS

The use of any Hypothetical Conditions and Extraordinary Assumptions must be submitted to and authorized (in writing) by a member of the FFC Appraisal Group.

PROPERTY INTEREST APPRAISED

Fee Simple

REPORT TYPE AND FORMAT

Report Type: Summary (as previously defined in the 2012-2013 USPAP)

Report Format: Narrative

VALUATION APPROACHES REQUIRED

The Subdivision/Development Method with the developer's profit as a single-line item and as required by USPAP, all other relevant approaches (Sales Comparison, Income and Cost) necessary to produce a credible opinion of value are to be used in the appraisal report. The rationale for the Sales Comparison, Income, and Sales Approach must be supported in the written appraisal report.

INTENDED USE AND USER

The intended use of this appraisal report is for determining loan and credit underwriting decisions that will be made by Fulton Financial Corporation, its affiliates, successors, assigns, and any additional users including participants specified herein.

APPRAISAL REPORT ADDRESSEE

The appraisal report is to be addressed to:
Fulton Financial Corporation
FFC Appraisal Group
160 East King Street
Lancaster, PA 17602
Attention: Sandra Dietch

BORROWER/PROJECT IDENTIFICATION AND PROPERTY CONTACT INFORMATION

Borrower/Project Name: The Belovich Group
Property Contact Name: Cathy Ashley
Property Contact Phone: 610-918-8820
Property Contact Email: cashley@fult.com

Notes:

- The appraiser is required to reach out and make contact with the property contact within 3 business days of engagement
- The appraiser should notify the FFC Appraisal Group via email that contact has been made

COMPLETED APPRAISAL DELIVERY DUE DATE

10/19/2015

APPRAISAL REVIEW

This appraisal report is subject to review and the engaged appraiser agrees to cooperate with reviewers in a timely manner as specified below. This includes discussing the appraisal, providing additional information that may be needed for supplemental and/or clarification purposes and making any necessary corrections.

APPRAISAL AND INVOICE DELIVERY INSTRUCTIONS

- 1) Upload (1) Signed copy of the appraisal report in PDF format and (1) separate PDF copy of your invoice to the Fulton Financial eTrac system by the appraisal due date specified above.
- 2) Upon review and acceptance of the appraisal, you will be notified by email from the FFC Appraisal Group to with your authorization to send 0 hard copies of the appraisal report directly to the address

specified below within 48 hours of the notification. You will receive a notification from the Fulton Financial eTrac system stating the order is in a Completed status. Please be sure to log into the eTrac system to check for special instructions before sending hard copies.

- 3) If after the appraisal report is reviewed; corrections and or revisions are required, you will receive an email from the FFC Appraisal Group and/or review appraiser on the behalf of FFC notifying you of the issues found and you will need to address or respond to these review issues within (3) business days of the notification.
- 4) Upon review and acceptance of the revised report, you will be notified by email from the FFC Appraisal Group and/or review appraiser on the behalf of FFC to send 0 hard copies of the revised appraisal report directly to the address specified below within 48 hours of the notification.

DISTRIBUTION OF HARD COPIES

**** Do not send hard copies of the appraisal report until notified as specified herein.***

After you receive notification that the appraisal has been reviewed and accepted, please send 0 hard copies of the Signed Final appraisal report directly to the following:

Cathy Ashley
Fulton Financial Corporation
One Penn Square
Lancaster, PA 17602

APPRAISAL FEE PAYMENT

Appraisal Fee: \$3,500

FFC agrees to pay the appraisal fee as specified above for the appraisal services rendered by the appraiser as set forth herein, provided the final appraisal report is prepared, completed, satisfactorily reviewed and delivered in accordance with the terms and conditions of this agreement.

FFC reserves the right to reduce the appraisal fee specified above by \$100/day for every Calendar Day that the appraisal report is past due the completed appraisal delivery due date as previously specified herein. However, no appraisal fee penalty shall be imposed for any delay that is beyond the appraiser's control, providing the delay is promptly submitted in writing to the FFC Appraisal Group. If the appraiser requires an extension due to circumstances beyond his/her control, then he/she is required to request an extension at least 5 Business days prior to the completed appraisal delivery due date. Any requests to extend the completed appraisal delivery due date must be directly submitted in writing to the FFC Appraisal Group.

FFC reserves the right to reduce the appraisal fee specified above by \$100/day for every Calendar Day that the appraiser is past due in responding to any review issues as previously specified herein.

If FFC terminates/cancels this agreement prior to the completed appraisal delivery due date, written notification will be sent to the appraiser and upon receipt thereof, this agreement shall be terminated. In the event of such termination, FFC shall pay the appraiser for reasonable expenses incurred for the work completed on this assignment prior to the appraiser's receipt of the written notification of termination unless otherwise agreed upon in writing. In the event that this agreement is terminated, the appraiser

agrees to promptly furnish copies of working papers and file memoranda to the FFC Appraisal Group, if requested.

CONFIDENTIALITY AND INDEPENDENCE

This appraisal was ordered by and prepared for the sole use and benefit of Fulton Financial Corporation. The fiduciary appraiser/client relationship is only with FFC. The report is based in part on documents and information owned and possessed by FFC and the information, analyses, conclusions, statements and appraised values contained within the report are strictly confidential. The unlawful interception, use or disclosure of such information is strictly prohibited under 18 USCA 2511 and the Gramm-Leach-Bliley Act of 1999. The appraisal report may be made available to third parties who have been authorized to

receive it including review appraisers, examiners, regulators, bank customers and other financial institutions in the regular course of business.

To ensure independence of the appraisal process, do not communicate or divulge in any manner the results or contents of the appraisal to anyone including the property owner(s), prospective borrower(s), broker(s), lending staff or other employees of FFC or its affiliates, or anyone else other than the FFC Appraisal Group or FFC review appraiser as previously specified under the appraisal delivery instructions. The appraiser's opinion of value will be developed competently and with independence, impartiality and objectivity.

REVISIONS TO THIS ENGAGEMENT AGREEMENT

If after you review this engagement agreement and/or obtain information during the course of this assignment, you believe any of the above needs to be revised for credible results, immediately communicate the same with the FFC Appraisal Group.

All changes to the herein specified valuation scenarios, property interest appraised, valuation approaches used and/or any other changes to the herein terms and conditions must be submitted to and authorized (in writing) by a member of the FFC Appraisal Group.

ACCEPTANCE OF THIS ENGAGEMENT AGREEMENT

To acknowledge your acceptance of the terms and conditions of this engagement agreement including the FFC Minimum Appraisal Standards and Required Supplemental Guidelines, please sign and date below. If this engagement letter is not electronically accepted in eTrac within 2 business days of issuance, this agreement automatically becomes null and void.

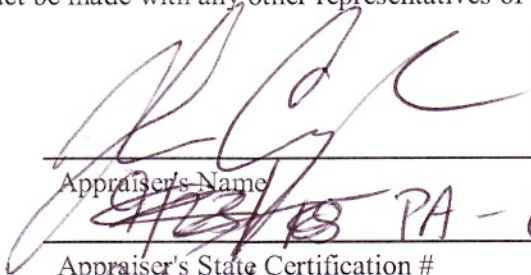
All copies of the appraisal report must include a signed copy of this engagement letter. The appraisal will not be accepted without this included.

All correspondences regarding this assignment are required to be made to the FFC Appraisal Group and should include the FFC Appraisal File# FFC-C-15-01381. In no case, without the written permission from the FFC Appraisal Group, should contact be made with any other representatives of the bank.

Regards,

Johanna Bauer

For Sandra Dietch
FFC Appraisal Group



Appraiser's Name

Appraiser's State Certification #

Date Signed

PA - GA003762

4/23/15