

**SUMMARY APPRAISAL REPORT**

**COPY**

**OF:  
HEBERLING ASSOCIATES, INC.**

**LOCATED AT:  
904 MAIN STREET ALEXANDRIA, PA 16611**

**AS OF:  
OCTOBER 18, 2012**

**PREPARED FOR:  
COMMUNITY STATE BANK**

**PREPARED BY:  
DIVERSIFIED APPRAISAL  
JEREMY J. ARNOLD  
PA STATE CERTIFIED GENERAL APPRAISER  
GA003736**

# **Diversified Appraisal**

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November 15, 2012

Community State Bank  
50 Pennsylvania Ave.  
Huntingdon, PA 16652  
Attn: Dan Nead  
RE: Heberling Commercial Appraisal

Dear Mr. Nead,

At your request, we have prepared an appraisal for the above referenced property. The purpose of this appraisal is to estimate the market value of the subject property's fee simple interest for financing decisions. This appraisal is intended for the use of the client only.

The accompanying summary appraisal report has been completed in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and applicable Federal regulations.

The attached report details the scope of the appraisal, level of reporting, definition of value, valuation methodology, and pertinent data researched and analyzed in the development of this appraisal.

We certify that we have no present or contemplated future interest in the property beyond this estimate of value. Your attention is directed to the Limiting Conditions and Assumptions, located on page 8. Acceptance of this report constitutes an agreement with these conditions and assumptions.

In my opinion, the value of the subject property, as of 10/18/2012 was as follows:

Value Conclusion-----\$205,000

Further, we estimate the market exposure period necessary for the subject to have achieved this value to be 8-20 months.

The subject improvements contribute \$170,000 of the total value.

Respectfully submitted,



Jeremy J. Arnold GA003736

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## **Appraisal Specifics**

### **Appraisal Purpose**

The purpose of this appraisal is to estimate the market value of the subject property.

### **Intended Use**

The intended use of this appraisal is for mortgage underwriting and financing decisions.

### **Intended User(s)**

This appraisal is intended for the use of the client only.

### **Market Value Definition**

The definition of "Market Value", as defined by the Office of the Comptroller of Currency (OCC) under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions, the Board of Governors of the Federal Reserve System (FRS) and the Federal Deposit Insurance Corporation in compliance with Title XI of FIRREA, as well as by the Uniform Standards of Appraisal Practice as promulgated by the Appraisal Foundation, is as follows:

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming 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 interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

## Appraisal Scope

According to the Uniform Standards of Professional Appraisal Practice, it is the appraisers responsibility to determine the appropriate scope of work. USPAP defines the scope of work as: The amount and type of information researched and the analysis applied in an assignment.

Scope of work includes, but is not limited to, the following:

the degree to which the property is inspected or identified;

- the extent of research into physical or economic factors that could affect the property;
- the extent of data research; and
- the type and extent of analysis applied to arrive at opinions or conclusions.

## Appraisal and Report

**Type:** This is a summary appraisal report.

**Property Identification and** The subject has been identified and inspected by the

**Inspection:** appraiser(s) as follows:

A complete interior and exterior inspection of the subject was made, and photographs were taken.

Identification sources include property owner, lender, public records and inspection.

**Analysis of Physical Factors:** All pertinent physical factors were analyzed.

**Analysis of Economic Factors:** All pertinent economic factors were analyzed.

## Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of Community State Bank. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) our regular per diem rate plus expenses.



Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

**Three-Year Sale History**

No sales past three years.

**Current Listing/Pending Contracts**

No current listings or pending contracts.

## Area and Demographics

Huntingdon County is located in south central Pennsylvania, among ridges of the Appalachian Mountains. Visitors quickly discover why the area is nicknamed "Land of 1,000 Hills," as the area is laced by forested ridges and agricultural valleys. The Huntingdon Area comprises approximately 100 square miles of the county's 895 square miles. Approximately 72% of the county is forested, 22% agricultural and 4% developed according to the Huntingdon County Planning Commission.

The town is located along the beautiful Juniata River. The unpolluted waters of the Juniata and its tributaries provide an excellent fishery of trout, bass and other species and a dependable supply of water for domestic and industrial use.

Huntingdon County is also home to Spruce Creek, a premier trout fishing stream in the United States. Spruce Creek has been featured in many national publications and was frequented by President Jimmy Carter throughout the 1970's.

A well known attraction in Huntingdon County is Raystown Lake. Designed as a flood control project, the lake offers a major recreational attraction that brings approximately 1.4 million visitors per year. With 26 miles of shoreline one way and covering 8,300 acres, it is a paradise for boaters, anglers, water skiers, jet skiers, and scuba divers. Bordering the water is 21,000 acres of forested public lands. Seven public launches along the lake's 30-mile length provide access for boaters. Also along the shoreline are two major recreational centers: the Seven Points Recreational Complex and Lake Raystown Resort and Lodge. Found at both developments are campsites, marinas with dockage and rentals, tour boats, picnic grounds, restaurants, and beaches. In addition, the resort has a motel, a waterpark, and a miniature golf course. Seven Points is the site of an amphitheater and the park's headquarters. Raystown Lake is owned by the federal government and managed by the U.S. Army Corps of Engineers.

The Huntingdon Area was home to 17,131 persons in 2000, 38% of the county population. Between 1980 and 2000 the Huntingdon Area grew by 722 persons or 4.4%. The Huntingdon Area is home to three large institutions; Smithfield Correctional Institute, Huntingdon Correctional Institute and Juniata College, a coeducational private college specializing in the natural sciences and nationally ranked in these fields.

According to 2000 U.S. Census the county had a population of 45,586. These persons lived in 16,759 households and several institutions. Between 1990 and 2000, the county's population grew by 3.2%.

Approximately 93 percent of the county's population is white; 5.1 percent black; and 1.6 percent other. The county's median family income (2000) is \$40,388.

Year-round housing units in the Huntingdon Area grew from 4,472 in 1990 to 5,841 in 2000, or 30.6%. Occupied housing units in the county totaled 16,759 in 2000. The median value of owner occupied housing ranged from \$61,500 to \$94,600 among the region's ten municipalities in 2000.

Local housing costs have traditionally been lower than the state average and well below the average for all Northeastern states. Shoppers can find homes, year-round and seasonal, in all price ranges.

Most real estate agencies in the county participate in a multi-list service, in which each agency has information about the properties represented by all member agencies. Mortgages are available through 11 lending institutions with offices in the county.

The county workforce of 16 years and older is comprised of 36,941 workers of which 1,126 or 3% are unemployed. 9 of these workers are in the armed forces.

The occupations of the workforce are led by management and professional at 24.8%, production and transportation at 24.2%, sales and office at 19.8%, service occupations at 17.2%, construction at 12.5% and farming/ forestry occupations at 1.4%

Industry sectors are led by educational, health and social services at 21.8 % of the workers, manufacturing at 21.6%, retail trade at 9.8%, construction at 9.2%, public administration at 7.5%, arts, entertainment, recreation, accommodation and food services at 6.1%, and the remaining 24.1% being closely divided between agriculture, forestry, wholesale trade, transportation, warehousing, IT, finance, insurance, real estate, and miscellaneous.

74.8% of the working class is private and wage while 16.1% is government workers. 8.5% are self-employed with .5% being unpaid family workers.

Huntingdon County covers 895 square miles and has a population of 45,586 persons for a population density of 50.9 persons per square mile.

The subject is located in Porter Township.

## Site Description

The subject site is 3.53 acres and is fronted by Main Street. It is three parcels; a .46 acre parcel at the front of the site contains the structure, another parcel at the front of .57 acre and a 2.5 acre parcel to the rear of the site is a vacant area.

All utilities are in place and approved.

The site topography is mostly level with moderate slopes.

There are no known adverse easements or encroachments except for typical utility.

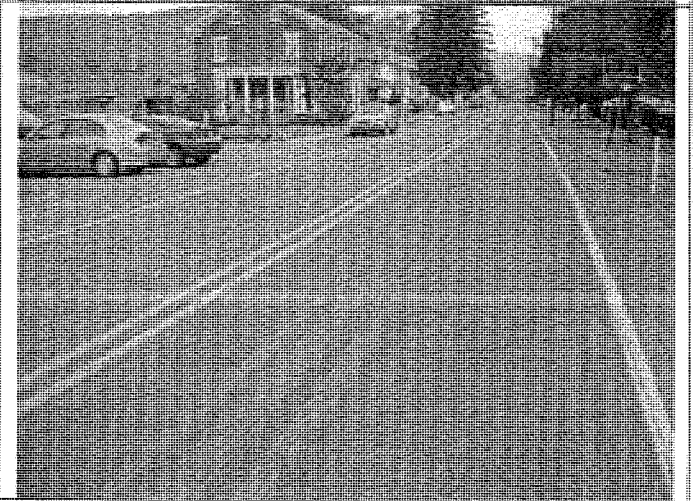
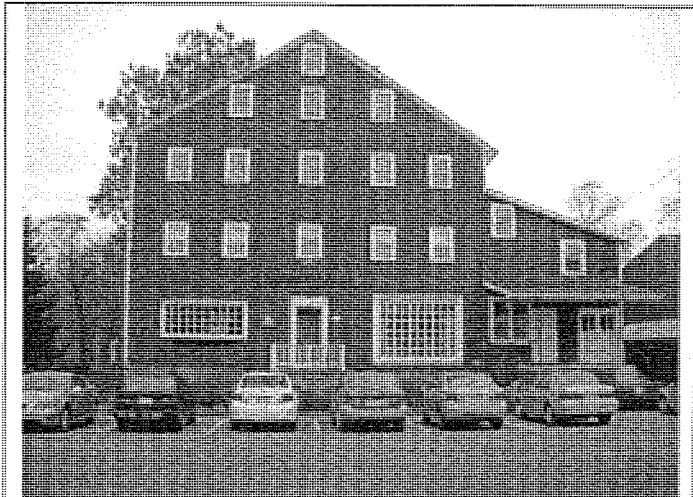
There is adequate storm drainage.

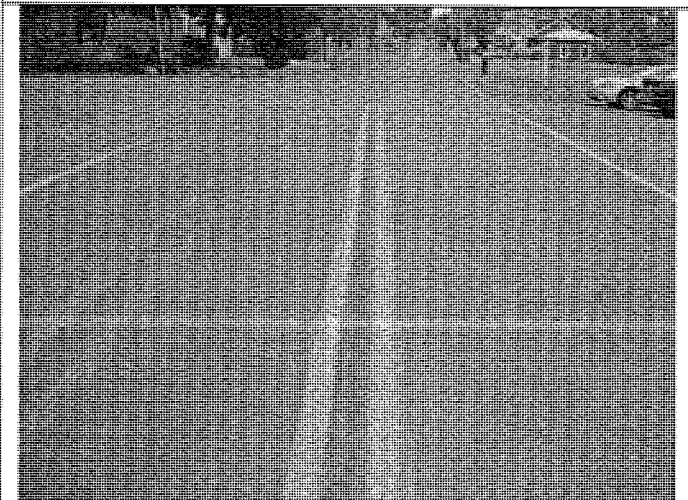
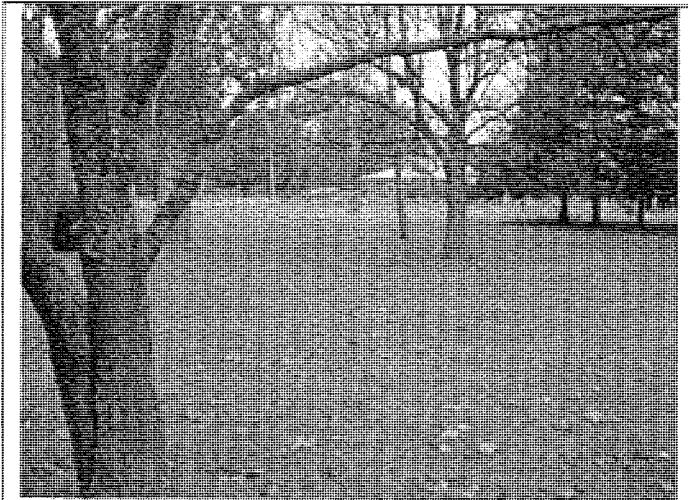
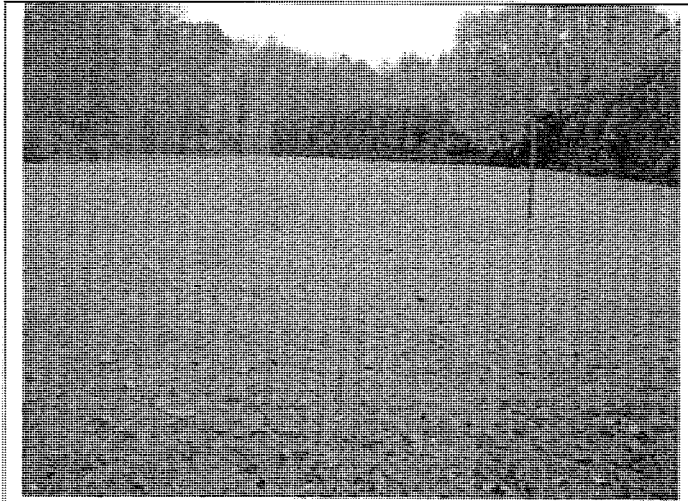
According to FEMA Map# 42061C0161D dated 10/16/2012, the subject is located in FEMA zone "AE".

## **Improvements Description**

The subject is a frame structure with wood siding and a full basement. It is serviced by two new oil hot water furnaces. There are employee restrooms on the first and second floors. The interior is finished in typical office grade surfaces. The attic, or fourth floor, is an unheated storage area. All components are considered to be in average condition. There is 7,800 square feet of net leasable area.

**Subject Photographs**





## **Taxes**

The subject tax parcels are 38-5-53.1, 38-5-43 and 38-5-42. The total yearly taxes are \$1,701.56.

## **Zoning**

There is currently no zoning in the subject township. Local codes must be adhered to.



## Highest and Best Use

Highest and best use may be defined as the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. (*The Appraisal of Real Estate 11<sup>th</sup> Edition*, Page 297, Appraisal Institute)

- **Permissible Use.** What uses are permitted by zoning and other legal restrictions?
- **Possible Use.** To what use is the site physically adaptable?
- **Feasible Use.** Which possible and permissible use will produce any net return to the owner of the site?
- **Maximally Productive.** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

Due to demand in the subject market area, the highest and best use is considered to be commercial office and/or retail.

## Valuation Methodology

Three basic approaches may be used to arrive at an estimate of market value. They are:

- The Cost Approach
- The Income Approach
- The Sales Comparison Approach

The **Cost Approach** is summarized as follows:

$$\begin{array}{r} \text{Cost New} \\ - \text{Depreciation} \\ + \text{Land Value} \\ \hline = \text{Value} \end{array}$$

The **Income Approach** converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounted process.

The **Sales Comparison Approach** compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

The appraisal process concludes with the **Final Reconciliation** of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others. This appraisal includes the following:

- Cost Approach: Due to the age of the structure, this approach is not applicable and has not been developed.
- Sales Comparison Approach: This approach is applicable, necessary and has been fully developed.
- Income Approach: This approach is applicable, necessary and has been fully developed.

## **Sales Comparison Approach**

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principals of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

We have researched and analyzed 3 comparables for this analysis. Where possible, sales have been researched through numerous sources, inspected and verified by a party to the transaction.

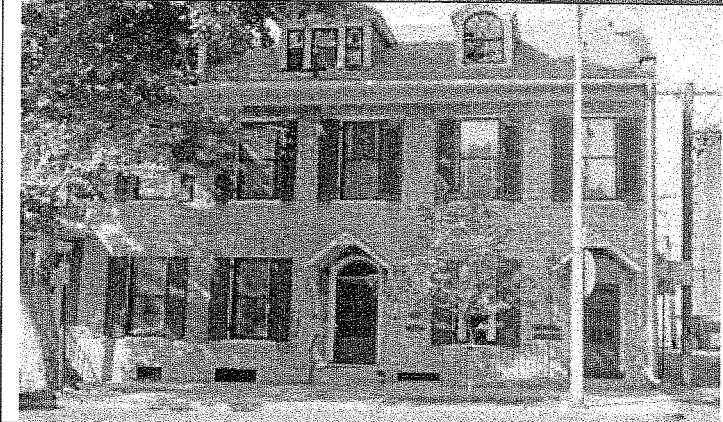
## Sales Analysis

|                 | SUBJECT                    | SALE 1                          |     | SALE 2                      |     | SALE 3                        |     |
|-----------------|----------------------------|---------------------------------|-----|-----------------------------|-----|-------------------------------|-----|
| Address         | 904 Main St.<br>Alexandria | 1201 Moore<br>St.<br>Huntingdon |     | 10 S. Main St.<br>Lewistown |     | 310 S. Main St.<br>Yeagertown |     |
| Sale Price      | N/A                        | \$127,000                       |     | \$120,000                   |     | \$285,000                     |     |
| Sale Date       | N/A                        | 7/31/2009                       |     | 1/3/2008                    |     | 5/4/2011                      |     |
| Price/ Sq. Ft.  | \$22                       | \$66                            |     | \$20                        |     | \$21                          |     |
| Property Rights | Fee Simple                 | Fee Simple                      |     | Fee Simple                  |     | Fee Simple                    |     |
| Financing       | N/A                        | Normal                          |     | Normal                      |     | Normal                        |     |
| Sale Conditions | N/A                        | Normal                          |     | Normal                      |     | Normal                        |     |
| Economic Trends | N/A                        | Normal                          |     | Normal                      |     | Normal                        |     |
| Location        | Suburban                   | Suburban                        |     | Suburban                    |     | Rural                         |     |
| Site Size       | 3.53 Acres                 | .17 Acre                        | 10% | .18 Acre                    | 10% | 1.06 Acres                    | 5%  |
| GBA             | 7,800                      | 1,914                           | 20% | 6,026                       |     | 13,254                        | -5% |
| Condition       | Average                    | Average                         |     | Average                     |     | Average                       |     |
| Adjusted Value  | \$175,000                  | \$165,100                       | 30% | \$132,000                   | 10% | \$285,000                     | 0%  |

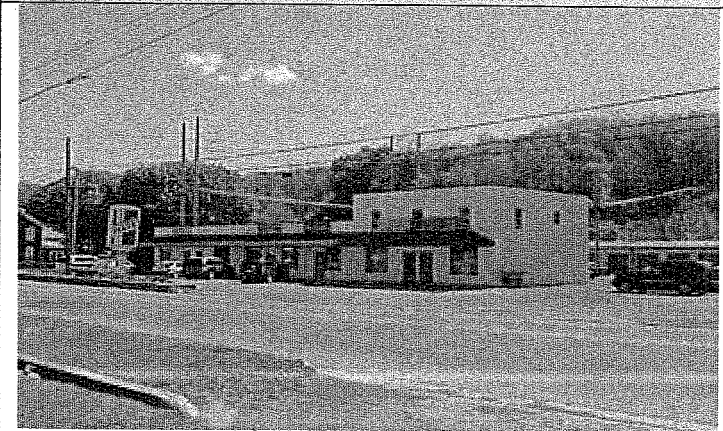
**Comparable Photos**



**SALE 1**  
**1201 Moore St. Huntingdon, PA**



**SALE 2**  
**10 S. Main St. Lewistown, PA**



**SALE 3**  
**310 S. Main St. Yeagertown, PA**

## Analysis Grid

The above sales have been analyzed and compared with the subject property. We have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Economic Trends (time)
- Location
- Physical Characteristics

Adjustments were applied for differences in NLA, site size, etc. where necessary. Some site sizes are adjusted on a minimal basis due a less usable site. Adjustments that could not be supported by market data were not applied and features/conditions which have no market reaction were also not included. Adjustments are "percentage based" and are derived from analysis and research of several sales.

Due to the low population density of the subject area, there were no sales in the immediate area within a reasonable time frame. This is often the case with most commercial properties, but especially commercial properties in rural areas like the subject. It is therefore typical to use sales and rental data from different counties and often involves the use of sales well over 1-2 years old. No sales were time adjusted since recent market volatility would negate any adjustment.

There has been a general decrease in commercial sales recently. This is due in part to increasing difficulty in securing financing for commercial properties. This further limits possible sales.

To the extent possible, the areas where the sales are located were researched demographically and considered to be similar to the subject. No data was available to support an adjustment for the differences in location and therefore none was applied.

## Value Conclusion

Based on the above analysis, we have reconciled to a value of \$175,000 as of 10/18/2012 and subject to the Limiting Conditions and Assumptions of this appraisal.

## **Income Approach**

The steps involved in capitalizing the subject's net operating income are as follows:

- Develop the subject's Potential Gross Income (PGI) through analysis of the subject's actual historic income and an analysis of competitive current market income rates.
- Estimate and deduct vacancy and collection losses to develop the Effective Gross Income (EGI).
- Develop and subtract operating expenses to derive the Net Operating Income (NOI).
- Develop the appropriate capitalization rate ( $R_o$ ).
- Divide the net operating income by the capitalization rate for an estimate of value through the income approach.

## Capitalization Rate

The capitalization rate is the factor that converts the stabilized net operating income (NOI) to a present value. It is the ratio of net income to value or sale price.

$$\text{NOI} \div \text{SALE PRICE} = \text{CAPITALIZATION RATE}$$

For example, if a property sells for \$500,000, and has a stabilized NOI of \$50,000, the indicated capitalization rate is 10%.

### *Market Extracted Rates*

There was insufficient market data to arrive at a meaningful market cap rate.



## Band of Investment

This technique utilizes lender and real estate investor investment criteria to develop, or synthesize a capitalization rate. There are four key inputs necessary for this method:

- The loan-to-value ratio (M)
- The mortgage interest rate (i)
- The loan term (n)
- The equity cap rate or equity dividend rate ( $R_E$ )

The mortgage variables are used to build the mortgage constant ( $R_M$ ), which is the total amount of the payments made in one year, expressed as a percentage of the original loan amount.

Payments x 12 / Original Loan Amount = Mortgage Constant ( $R_M$ )

The equity cap rate is the annual return to the investor, expressed as a percent of the original amount invested. The annual return to the investor is also known as the equity dividend rate; it is the profit remaining after debt service and all other expenses.

After Debt Service Profit / Equity Investment = Equity Cap Rate ( $R_E$ )

Note that the equity cap rate is not the same (usually, that is) as the equity yield rate. The equity yield rate reflects the total return to the investor over the life of the investment. Factors such as appreciation and mortgage pay down affect and usually increase this return to a point higher than the equity dividend rate. In markets where substantial appreciation is expected, investors will often accept a low or even negative equity dividend rate, anticipating a compensating payoff when the property is eventually sold. In markets where little appreciation is expected, much more weight is given to the annual equity dividend.

### Formula:

$R_M \times M$  = rate

$R_E \times (1-M)$  = rate

= Cap Rate ( $R_o$ )

## Debt Coverage Ratio Analysis

This technique develops a capitalization rate based on typical mortgage terms. There are four variables necessary for this method:

- The loan-to-value ratio (M)
- The mortgage interest rate (i)
- The loan term (n)
- The debt coverage ratio (DCR)

Items 1 through 3 are discussed above under the Band of Investment section. In this method it is also used to develop the mortgage constant ( $R_M$ ). The debt coverage ratio is the factor by which income exceeds debt on an annual basis.

### Formula:

Debt Coverage Ratio x Loan to Value Ratio x Mortgage Constant =  $R_o$

or

$$DCR \times M \times R_M = R_o$$

We have researched mortgage rates and terms typical of the subject market segment for the Huntingdon County area. The table below details the Band of Investment and Debt Coverage Ratio Analyses calculations.

| Capitalization Rate Calculations                              |   |              |   |                   |
|---|---|--------------|---|-------------------|
| <b>Capitalization Rate Variables</b>                          |   |              |   |                   |
| Mortgage Interest Rate  |   | 7.25%        |   |                   |
| Loan Term   |   | 15 Years     |   |                   |
| Loan To Value Ratio   |   | 75%          |   |                   |
| Debt Coverage Ratio   |   | 1.22         |   |                   |
| Equity Dividend Rate  |   | 6.50%        |   |                   |
| <b>Band of Investment Analysis</b>                            |   |              |   |                   |
| Mortgage Constant   |   | Loan Ratio   |   | Contributions     |
| 0.109544  | x | 75.0%        | = | 8.22%             |
| Equity Dividend Rate  |   | Equity Ratio |   |                   |
| 6.50%   | x | 25%          | = | 1.63%             |
| <b>Capitalization Rate</b>                                    |   |              | = | <b>9.84%</b>      |
| <b>Debt Coverage Ratio Analysis</b>                           |   |              |   |                   |
| Debt Coverage Ratio x Loan to Value Ratio x Mortgage Constant |   |              |   |                   |
| 1.22  | x | 75.0%        | x | 0.10954 = 0.10023 |
| <b>Capitalization Rate</b>                                    |   |              | = | <b>10.02%</b>     |

raisal.

## Potential Gross Income (PGI)

In order to achieve the most reliable income approach value, leases of similar properties were researched and applied to the subject. Leases are as follows:

| Address                     | Type          | Rate    |
|-----------------------------|---------------|---------|
| 3 W. Market St. Lewistown   | Office        | \$10.50 |
| 130 W. Market St. Lewistown | Office        | \$8     |
| Electric Ave. Lewistown     | Office/Retail | \$3.30  |

Based on market lease data, the following lease rates were applied to the subject:

| Subject | Leasable Area | Rate | Income   |
|---------|---------------|------|----------|
| Office  | 7,800         | \$4  | \$31,200 |

**Total Potential Income = \$31,200**

### Expense Analysis

The market trend seems to be a triple or fully net lease where all expenses are passed through to the tenant paying all expenses including taxes and insurance. The goal is to have the lessor be responsible only for vacancy and collection loss. Therefore, only vacancy and collection were applied as expenses. Vacancy and collection rates are based on V & C of similar properties.

## Income Analysis

| Item                   | Calculations         | Conclusions  |
|------------------------|----------------------|--------------|
| Yearly Income          |                      | \$31,200.00  |
| Vacancy & Collection   | 20%                  | \$6,240.00   |
| Effective Gross Income | \$31,200 - \$6,240   | \$24,960.00  |
| Expenses               | none                 | \$0.00       |
| Net Operating Income   |                      | \$24,960.00  |
| Rent Capitalization    | Cap Rate @ 10% ÷ NOI | \$249,600.00 |
|                        |                      |              |
| Total Value Rounded    |                      | \$250,000.00 |

### Income Value Conclusion

Based on the above analysis, we have reconciled to a value of \$250,000 as of 10/18/2012 and subject to the Limiting Conditions and Assumptions of this appraisal.

### **Final Reconciliation**

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed.

In this appraisal, all three approaches to value were applied. Each approach has been considered separately and comparatively with each other.

### **Value Indications**

#### **Sales Comparison**

Approach.....\$175,000

Income Approach.....\$250,000

#### **Sales Comparison Approach**

There is sufficient data to result in a meaningful analysis. Given equal weight.

#### **Income Approach**

There is sufficient data to result in a meaningful analysis. Given equal weight.

### **Value Conclusion**

Based on the data and analysis developed in this appraisal, we have reconciled to a value of \$205,000 as of 10/18/2012 and based on the Limiting Conditions & Assumptions and Hypothetical Conditions.

## Certification Statement

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or contemplated future interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to me in the development of the conclusions contained in this report.
- The Appraiser has established sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- My value conclusion and other opinions expressed herein are not based on a requested minimum value, a specific value or approval of a loan.



Jeremy J. Arnold GA003736

## Diversified Appraisal

P.O. Box 14

McVeytown, PA 17051

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November 15, 2012

Community State Bank  
50 Pennsylvania Ave.  
Huntingdon, PA 16652  
Attn: Dan Nead  
RE: Heberling Commercial Appraisal

|                                 |         |
|---------------------------------|---------|
| Narrative Appraisal Report..... | \$1,000 |
| Invoice# 12-20                  |         |

*Thank You for Your Business!*