LIMITED APPRAISAL SUMMARY REPORT

of property known as and situate:

Vacant land – 20 acres
Pagan Road
Summit Township
Erie County, PA 16509

for:

Timothy Sennett
Knox McLaughlin Gornall & Sennett, P.C.
120 West Tenth Street
Erie, PA 16501

Prepared by:

Sammartino Appraisal Services, Inc.
Real Estate Analysts
1001 State Street, Suite 1100
Erie, Pennsylvania 16501-1831

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Appraisal Institute MAI TM

April 6, 2005

Timothy Sennett, Esquire
Knox McLaughlin Gornall & Sennett, P.C.
120 West Tenth Street
Erie, PA 16501

Re.: Vacant land - 20 acres
Pagan Road
Summit Township
Erie County, PA 16509

As you requested, I have completed a **Limited Appraisal Summary Report** of the above referenced property for the purpose of estimating **Market Value and Market Rent,** as of April 6, 2005 (the effective date of this appraisal).

The subject was personally inspected, relevant data was collected and analyzed, and after an appropriate Highest and Best Use analysis, the implementation of the Sales Comparison Approach (only) and Income Capitalization methodology for extraction of market rent was applied. This report is made according to the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and to the Uniform Standards of Professional Appraisal Practices of The Appraisal Foundation. **The property is appraised as a whole, unencumbered by any liens, mortgages, or other indebtedness, and subject to the Assumptions and Limiting Conditions.**

The format of this report (i.e., a Limited Appraisal Summary Report) was specifically requested by, and is intended only for use by the client. Supporting documentation is contained in our files. Reference is made to the Addendum for a summary of the specific departures from Standard 1 of USPAP. Note: the intended user of this report is aware that the reliability of the value conclusion provided may be impacted to the degree there is departure from specific guidelines of USPAP.

My conclusion(s) of Market Value and Market Rent, as of April 6, 2005, 2005 (the effective date of this report) assuming a typical marketing/exposure time[1], was:

Opinion of Market Value:	**$240,000**
Opinion of Annual Triple Net Market Rent:	**$24,000**

Sincerely,

Raymond J. Sammartino, MAI, SRA
PA Certified General Appraiser
License Number: GA-000111-L

[1] Marketing/Exposure time is estimated at 12 months.

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DEFINITIONS

Market rent is defined as *the most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract of a specified date and the passing of the leasehold from lessor to lessee under conditions whereby:*

1. *Lessee and lessor are typically motivated.*
2. *Both parties are well informed or well advised, and acting in what they consider their best interests.*
3. *A reasonable time is allowed for exposure in the open market.*
4. *The rent payment is made in terms of cash in United States dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract.*
5. *The rental amount represents the normal consideration for the property leased unaffected by special fees or concessions granted by anyone associated with the transaction.*[1]

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 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.*[2]

Net net net lease is defined *as a net lease under which the lessee assumes all expenses of operating the property, including both fixed and variable expenses and any common area maintenance that might apply, but the landlord is responsible for structural repairs.*[3]

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[1] *Dictionary of Real Estate Appraisal, Fourth Edition*, Appraisal Institute.
[2] *Appraisal of Real Estate, 12th Edition*, Appraisal Institute, pp. 22-23.
[3] *Dictionary of Real Estate Appraisal, Fourth Edition*, Appraisal Institute.

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Known As:	Vacant Land – 20 Acres
Location:	Pagan Road Summit Township, Erie County, PA
Owner of Record:	Erie County Technical School
Tax Parcel No.:	Part of (40) 17-78-9
Present Use:	Vacant Land
Defined Value:	Market Value and Market Rent
Date of Inspection:	April 6, 2005
Effective Date of Appraisal:	April 6, 2005
Highest and Best Use:	Single Family Residential Development
Zoning:	R-2 Residential District
Marketing/Exposure Time:	6 to 12 months
Site Area[1]:	Approximately 20.00 acres
Estimated Market Value:	
Sales Comparison Approach:	$240,000
Estimated Annual Triple Net Market Rent:	
At Applicable Capitalization Rate (10%):	$24,000

Opinion of Market Value:	**$240,000**
Opinion of Annual Triple Net Market Rent:	**$24,000**

[1] The subject is part of a larger parcel and this report assumes subdivision is possible.

AREA/NEIGHBORHOOD SUMMARY

Erie County and its seat of government, the City of Erie, are situated on the south shore of Lake Erie about 120 miles north of Pittsburgh. The location is midway between Buffalo, New York and Cleveland, Ohio – less than 100 miles from each. Erie County has an area of 802 square miles with a 2000 census count of 280,843 and a projected population of 286,235 in 2005[1]. The City of Erie is the largest municipality. During the administration of Governor Tom Ridge, an Erie native, the State has funded over $500 million in area projects. Most economic change has occurred in the City and its immediate suburbs. Recent moderate economic growth will continue into the foreseeable future by new development, particularly along "upper" Peach Street (U.S. Route 19) south of the City, on the bayfront, and in the vicinity of Penn State Erie – the Behrend College.

The subject is located in Summit Township adjacent to McKean Township and on lands which are part of the Erie County Technical School. The site is approximately one mile south of Peach Street. Peach Street is the major north/south roadway leading to I-90 and the Millcreek and Summit Township Shopping districts. Further north, Peach Street leads to the Central Business District of the City of Erie. Uses along Oliver Road include the "Family First" sports park, the First Assembly of God Church, and Bush Industries.

The neighborhood is primarily an agricultural and mixed-use area with the agricultural and vacant sites slowly transforming to residential and industrial.

CONCLUSION

The subject neighborhood is a changing agricultural area with vacant land, residential new construction, and a growing industrial sector, which is supported by the nearby Peach Street shopping district. Its rural setting, proximity to employment, shopping, and the Interstate Highway System create the neighborhood appeal. The area is anticipated to continue to strengthen its residential and industrial base into the foreseeable future.

[1] Source: Pennsylvania State Data Center.

SITE ANALYSIS

Land Description

The subject is part of a larger parcel, tax ID (40) 17-78-9 containing approximately 166 acres. The subject site consists of approximately 20 acres as delineated by the client. It is noted that no formal survey was provided and subdivision is assumed possible.

Frontage

The subject has frontage along the west side of Pagan Road.

Topography

The parcel is generally level.

Shape

The subject is generally rectangular in shaped.

Subsoil Conditions

The valuator has no independent information regarding sub-soil conditions. This report assumes the site is capable of supporting its highest and best use without excessive and/or abnormal clean-up costs.

Easements/Right-of-Ways

The valuator has no knowledge of any easements/right-of-ways of record that would adversely affect the future use and/or development of this property.

Encroachments

None known.

Restrictions

Apart from the land use restrictions contained in the applicable Zoning Ordinance for Summit Township, no other use restrictions on the Subject are known.

Adverse Factors

There are no known factors, as of this date, which would adversely affect the future use and/or development of this property.

Site Improvements

N/A vacant land

Public Utilities

All utilities (public water, sewer, gas, and electricity) can service the subject site by extension.

Street Improvements

Pagan Road is a bi-directional asphalt paved roadway. This roadway has ditch drainage, and no sidewalks, streetlights, or curbing. Note: Minimal street lighting is located at the "five points" intersection.

Access/Visibility

Both access and visibility are good.

Zoning

The Summit Township Zoning Map and Ordinance indicate that the Subject is located in a **"R-2" Residential District."** Principal Uses include, Agriculture, Essential Services, Single Family, and Two Family Dwellings, are some of the permitted uses.

Flood Plain

According to the Flood Map for the Summit Township, Community Panel Number 422481 0015 A, dated September 16, 1981, the subject appears to be located in flood Zone C (an area of minimal flooding).

Legal Data

The Subject is part of a larger parcel, therefore according to the public records of Erie County, the legal ownership for parcel (40) 17-78-9 is as follows.

Tax parcel number:	(40) 17-78-9 of which the subject is part of
Owner of Record:	Erie County Vocational Technical School
Legal Reference:	1493/446
Document Date:	May 6th, 1983
Consideration:	N/A

The valuator is not aware of any other recent transfers, (within the past three years), current listings, offerings, options, and/or agreements of sale, as to the Subject property.

Assessment and Taxes

The subject is part of Tax ID # (40) 17-78-9 with a **current** assessment and taxes as follows:

Land Assessment	$896,100
Building Assessment	$8,884,100.

Based on a prorated share of the underlying land assessment, the tax burden for the subject 20 acres are calculated as follows:

Pro-rata land Assessment	×	Assessment Ratio	×	2004/05 Millage	=	Total Taxes
$107,950	×	100%	×	0.0189400	=	$2,045
				Taxes Rounded	**=**	**$2,000**

As can be seen by the above calculation, the assessor's Market Value is below the market value estimate herein.

IMPROVEMENTS DESCRIPTION(S)

N/A: Vacant Land

HIGHEST AND BEST USE

As Vacant

The Subject property is comprised of 20+/- acres which are assumed to be subdivided from a parent parcel. Zoning is "R-2" Residential, which allows for single family and two family dwellings. Topography, access, and visibility are good (located near the "five point" intersection). Given the zoning, reasonable land costs, the ready availability of municipal utilities, the demand trend toward single family development in semi-rural locations, (as opposed to high density residential) the most feasible use appears to be Single Family Residential development. After considering the legally permissible, physically possible, financially feasible, and maximally productive uses **the Highest and Best Use of the subject "As Vacant" is for a single family residential development.**

In summary, it is my opinion that the Highest and Best Use of the Subject site "as vacant" is for single family residential development.

As Improved

N/A vacant site

LAND SALES TABLE

Address	Sale Date Sale Price	Site size	Price per Acre	Comments
1) Traditions At Hamot Farms Hamot Road Summit Township, Erie, PA	4/29/2004 $ 358,000	28.645	$ 12,498	This is a 50 lot planned development, a wooded site with all public utilities.
2) The Meadows Johnson Road Summit Township, Erie, PA	3/23/2001 $ 500,000	54.795	$ 9,125	This is a planned 145 unit condo development. All utilities however developer has to install a lift station at $143,000.
3) Woodland Hills Subdivision Glenridge Road Millcreek Township, Erie, PA	4/7/2000 $ 265,000	14.95	$ 17,726	This is a 29 lot residential development with rolling topography and all public utilities .
4) Oak Hill Thomas Road Millcreek Township, Erie, PA	4/15/2002 $ 600,000	47.5	$ 12,632	This is a 88 lot development with rolling topography and all public utilities. It is located next to an up scale development known as Echo Hills.
5) Fairview Commons West Lake Road Fairview Township, Erie, PA	4/4/2002 $ 250,000	17.451	$ 14,326	This is the sale of excess lands of Fairview Commons. Utilities, roadways, etc. are in place for 6 units. $35,000 for storm water costs was completed for development.
Subject Property Pagan Road Summit Township, Erie, PA		20.00		This site is suitable as a residential development or home site with relatively level topography and all utilities available.
Average Price per Acre			**$ 13,261**	

LAND VALUE CONCLUSION

The comparable land sales indicate prices per acre ranging from $9,125 to $17,726, with an average of $13,261. Sale #1 is similar in location and is slightly larger, plus (+) adjustment, but is wooded minus (-) adjustment. Sales #3 and #5 are slightly smaller than the subject and are adjusted downward. Sale #3 also has a higher buyer appeal due to wooded topography, thereby requiring a minus (-) adjustment. Sales #2 and #4 are larger developments and are adjusted for size and sale date plus (+) adjustments. Based on the range of the comparable data, considering the subject's highest & best use, location, and size along with the subject's ranking to the comparables (comparable #1 the most recent sale, but wooded) a unit rate of $12,000 per acre is reconciled. Therefore,

Subject Site Area	**X**	**$ Per Acre**	**=**	**Indicated Value**
20 Acres	**X**	**$12,000**	**=**	**$240,000**

OPINION OF LAND VALUE:	**$240,000**

MARKET RENT CALCULATION - LAND

There have been no leases or sales of residential development land, in the Erie area, where market derived rent or capitalization rates were determinable. Because of the lack of market data, the opinion of market rent is derived by the multiplication of a reasonable land capitalization rate (R_L) times the indicated land value. The formula is as follows:

Market value	X	Land Capitalization Rate (R_L)	=	Indicated Annual (NNN) rent
$240,000	**X**	**10%**	**=**	**$24,000/annum**

The Land Capitalization Rate (R_L) applied in the formula (above) was based on the mortgage equity technique since it most closely resembles the actions and thinking of buyers in today's market place. The formula for income capitalization using the mortgage equity technique is as follows:

Mortgage Ratio X Mortgage Constant + Equity Ratio X Equity Dividend =
Overall Capitalization Rate

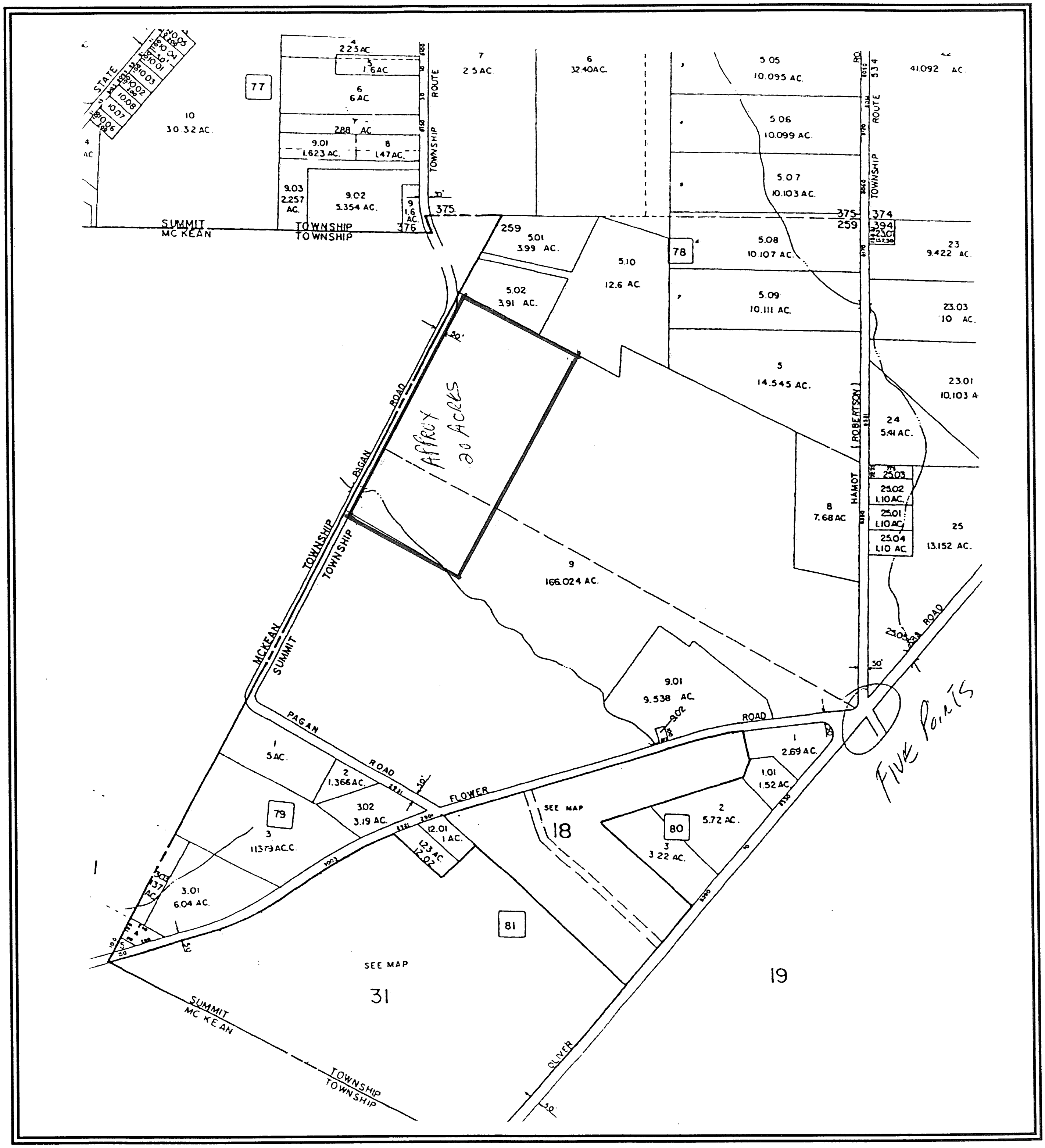
0.70	X	0.10786[1]	=	0.0755
0.30	X	0.08000[2]	=	0.0240
				0.0995
				10.0% (rounded)

Support is also provided from the most recent national survey data; *RealtyRates.com Investor Survey, 4th Quarter 2004*, reported land capitalization rates for all property types average 10.11% with a range from 4.28% to 18.28%

After considering the national survey data, as well as the mortgage equity technique, the rate of 10.0% was applied in the above formula.

Opinion of Annual Triple Net Market Rent:	**$24,000**

[1] As per local lenders a typical loan would be 7.0%, for a 15 year amortization term. The mortgage constant is calculated as 0.10786.
[2] 0.08 = Equity capitalization rate required by a typical purchaser when comparing the cash on cash return to competitive investments in the open market and the risk associated with the subject.



ASSESSMENT MAP