

**A RESTRICTED REVIEW
OF TWO CERTAIN APPRAISAL REPORTS
WITH REVIEWER'S OPINION OF VALUE**



***A One Story Detached Commercial Building
(Vacant & Blighted)***

Owner: Robinson A. Lora

1137 East Fourth Street

Bethlehem, PA 18015

(City of Bethlehem, Northampton County)

PARID: P6SE2B-7-35

PREPARED FOR:

Tony Hanna, Executive Director

Redevelopment Authority of the City of Bethlehem

10 East Church Street

Bethlehem, PA 18018

PREPARED BY:

Raymond C. Geiger, Jr.

Raymond C. Geiger Real Estate

Real Property Appraisers & Consultants

Exterior Only Inspection date: September 2, 2018

Effective valuation date: October 29, 2018

Report completion date: October 29, 2018

Raymond C. Geiger
Real Estate
Real Property Appraisers
& Consultants



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October 29, 2018

Tony Hanna, Executive Director
Redevelopment Authority of the City of Bethlehem
10 East Church Street
Bethlehem, PA 18018

Re: Review of two certain appraisals with reviewer's opinion for
Owner: Robinson A. Lora
1137 East Fourth Street
Bethlehem, PA 18015
Tax Map: P6SE2B-7-35
Property Rights Appraised: Fee Simple
Review Date: October 29, 2018

Dear Mr. Hanna:

Following your request, I have this date reviewed copies of two certain appraisal reports for the above captioned property, provided by you and prepared by (1) Christie M. Davies, SRA, dated as of June 15, 2018 ascribing a value of \$18,000, and (2) William T. Stoerrle, Jr., SRA, dated as of June 12, 2018, ascribing a value of \$67,500. These reports, at your hand, are incorporated herein by reference. The purpose of this review is to opine as to their reliability; proclaim one as the better of the two; and if necessary, offer my own independent opinion.

My review and appraisal included a personal inspection of the subject property from the street only, without benefit of an interior examination. Factual data contained in the reports under review were cross-checked via the various public records, available multiple-listing information and my office records. As a result of this review process, I have formed the following observations and opinions.

- Both reports satisfactorily meet the minimum technical requirements of the *Uniform Standards of Professional Appraisal Practice*.
- The subject property is atypically small in site size (i.e. 2,960 +/- SF) and in building size (i.e. 380 to 400 +/- SF GBA). This renders anyone's analysis difficult due the limited number of comparable sales.
- The Davies report was based on an exterior view only on June 15th; while the Stoerrle report, also based on an exterior view only was on June 12th. Davies reports a property in weak condition with a missing roof; while Stoerrle reports a mostly "average" condition property and does not mention the roof missing. My personal observation was not determinative—but it appeared to me from the street and sidewalk that at least a portion of the roof may be missing, but not all? In any event the condition of the property in my opinion is NOT average, but poor and in need of substantial costs to repair and renovate.
- The Davies report contained analysis of both the "as is" improved property and the underlying land/site value. The Stoerrle report relied solely on improved property comparisons. Typically, an appraisal that analyzes both the "as is" AND the underlying land/site value is more reliable.
- The Davies report concludes that the "as is" value is nearly equal to the underlying land/site value which is an indication of the limited contribution, if any, of the existing improvement. Davies concludes on a value which she labels, "land only", but in reality is "as is".
- Both the Davies and the Stoerrle reports, of necessity, rely on much superior comparable properties requiring large downward adjustments to the comparable sales prices. However, since Stoerrle recognizes an "average" property, and Davies recognizes a weak property---the resultant indications are widely apart.

Re: 1137-39 East Fourth Street, Bethlehem, Northampton County, PA

- Stoerrle reports strong reliance on Comparable #1 which sold for \$39,900. However, my personal contact with the agent and conversation leads me to the conclusion that this property was significantly superior to the subject property—suggesting that the subject property is worth less than \$39,900, NOT more as the Stoerrle report concludes.

Based on the foregoing, I have concluded that, as between the two reports, the more reliable is the Davies report with a conclusion of **\$18,000**.

In my own independent search for additional improved comparisons, I was unable to develop any more salient comparisons than those used in the two reports. However, I am of the opinion that my own independent analysis of all the comparables, and my tendency toward rounding would independently lead me to a conclusion of: **\$20,000**.

However, I am also of the independent opinion that the Davies conclusion of underlying land/site value is too high, simply because of my differing opinion on how much to adjust the comparables downward for their mostly superior features. Overall, Comparable Land Sale #5 is most similar at about a \$3.00 per SF sale price. However, it is still superior, and I would adjust that downward to \$2.00 per SF, which results in a rounded \$6,000 “as if vacant”.

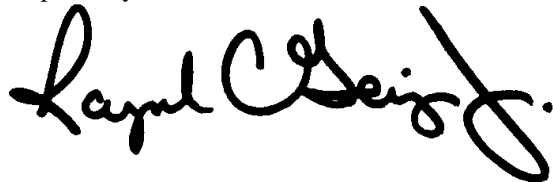
As a result, as of the present date, based on my exterior only observations and independent analysis of the comparable sales, is:

**Twenty Thousand (\$20,000) Dollars,
(of which \$6,000 is allocated to the land/site).**

(The site/land value is estimated via sales comparison with widely scattered site/land sales throughout the entire City of Bethlehem and Allentown during the past five years. These types of site sales are rare and typically occur after a fire has destroyed the dwelling and the site is sold for the construction of a replacement row home. The data suggests a range mostly between \$500 and \$5,000 “as if the site were vacant”. But in this instance, I have relied on Davies-Comparable Land Sale #5 adjusted to conclude on \$6,000).

This review and appraisal is subject to the definition of market value, the USPAP certification, and the statement of limiting conditions and assumptions contained hereinafter. I hereby certify that I have examined the exterior-only of the subject property; that I have no financial interest in the same; that neither employment nor the fee is contingent upon the amount of valuation; that I have based the worth upon a study of local conditions, comparison of similar sales and the general knowledge of real estate over a long period of active appraisal and consulting business.

Respectfully submitted,



Raymond C. Geiger, Jr.
Pennsylvania General Certified Appraiser- GA-000007-L

Re: 1137-39 East Fourth Street, Bethlehem, Northampton County, PA

INTENDED USE AND USERS

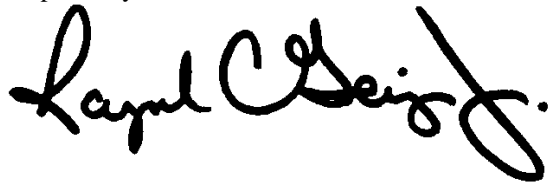
The intended users of this review and restricted use appraisal report are you and any other appropriate representatives of the Bethlehem Redevelopment Authority. The intended use is to employ this report as a guide to potential just compensation. This is a Restricted report and as such it lacks sufficient detail to be used in litigation. If this matter cannot be resolved, then it will be necessary for you to obtain a more detailed report in compliance with Pennsylvania Eminent Domain law.

REVIEW CERTIFICATION

I hereby certify and agree that, except as otherwise noted in this review report:

1. The facts and data reported by the reviewer and used in the review process are true and correct.
2. The analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of the work under review, and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of the work under review or to the parties or appraisers involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
7. My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
8. I made a personal exterior only inspection of the subject property of the work under review.
9. No one provided significant appraisal, appraisal review or appraisal consulting assistance to the person signing this certification.
10. As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute and the Commonwealth of Pennsylvania Bureau of Professional and Occupational Affairs.

Respectfully submitted,

A handwritten signature in black ink, reading "Raymond C. Geiger, Jr." with a stylized flourish at the end.

Raymond C. Geiger, Jr.
Pennsylvania General Certified Appraiser- GA-000007-L

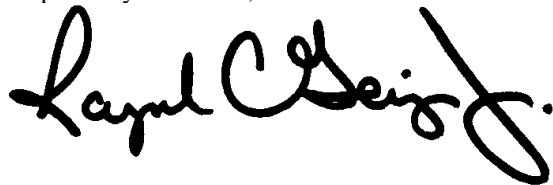
Re: 1137-39 East Fourth Street, Bethlehem, Northampton County, PA

APPRAISAL CERTIFICATION

I hereby certify and agree that, except as otherwise noted in this appraisal report:

1. To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct, and I have not knowingly withheld any significant information.
2. 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.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the owners, prospective owners, nor any parties involved. The estimate of value or values in the appraisal report are not based in whole or in part upon the race, color, or national origin of the present owners, occupants, or prospective owners of the subject property or any other property in the vicinity.
4. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report. Further, 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.
5. My value conclusions as well as other opinions expressed herein are not based on a requested minimum or maximum value, any specific value, or the approval of a loan, if any.
6. My analyses, opinions, and conclusions were developed and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*. Further, it has been made in conformity with and is subject to the requirements of the *Code of Professional Ethics* and the *Standards of Professional Appraisal Practice of the Appraisal Institute*, and with which I am affiliated. Therefore, this appraisal report is subject to the requirements of the *Appraisal Institute* relating to review by its duly authorized representatives.
7. No change of any item in the appraisal report shall be made by anyone other than me, and I shall have no responsibility for any such unauthorized change.
8. I have made a personal exterior-only inspection of the property that is the subject of this report, and I have made at least exterior inspections of all the comparable properties listed in this report.
9. No one provided significant professional assistance to the person signing this report. I expressly certify to having the necessary level of competency to perform this assignment.
10. As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute and the Commonwealth of Pennsylvania Bureau of Professional and Occupational Affairs.

Respectfully submitted,

A handwritten signature in black ink, reading "Raymond C. Geiger, Jr.", with a stylized flourish at the end.

Raymond C. Geiger, Jr.
Pennsylvania General Certified Appraiser- GA-000007-L

Re: 1137-39 East Fourth Street, Bethlehem, Northampton County, PA

ASSUMPTIONS AND LIMITING CONDITIONS

The Certification appearing in this appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth within the report:

1. I assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do I render any opinion as to the title, which is assumed to be good and marketable.
2. The property is appraised as though under responsible ownership and/or competent management.
3. The property is appraised as though free of liens and encumbrances, except as described hereinafter.
4. The property is appraised and it is assumed that the utilization of the land and/or improvements are within the boundaries of the real estate described; and that there are no encroachments or trespasses unless otherwise stated hereinafter.
5. The property is appraised and it is assumed that it is in full compliance with applicable federal, state, and local regulations and laws, as well as compliance with all applicable zoning, use and occupancy regulations and restrictions as considered in this report.
6. I assume that all required licenses, consents or other legislative or administrative authority from any federal, state or local government or private entity or organization have been or can be obtained or renewed for any use considered by this report.
7. I assume that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. Examples of such items would include, but are not limited to: asbestos, urea-formaldehyde foam insulation, radon, underground storage tanks or their contents, carbonate geology, toxic waste, or any other such condition not ordinarily observable, but such as might be discovered by a soil analysis, geological study, environmental impact study, or building or building component inspection or engineering study. I am not an expert in such fields, and assume no responsibility for such conditions, or for engineering which might be required to discover such factors. The client may wish to retain an expert in these fields if desired.
8. I assume that the subject property has never been utilized as a waste disposal site for toxic or other hazardous waste materials as defined by the appropriate governmental agencies.
9. No consideration has been given to the value for mineral deposits (oil, gas, coal, gravel, etc.) or timber, if any.
10. Information, estimates, and opinions furnished to me, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, I assume no responsibility for the accuracy of such items furnished to me.
11. Any map or sketch in the report may show approximate dimensions and is included to assist the client in visualizing the property.
12. The *Bylaws and Regulations of the Appraisal Institute* govern the disclosure of the contents of this report.
13. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property value, my identity, professional designations, reference to any professional appraisal organizations, or my firm, shall be used for any purposes by anyone but the client specified in the report, without my previous written consent; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without my written consent and approval.
14. I am not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made therefore. The fee charged for this appraisal does not include payment for court testimony or for further consultations.
15. Acceptance and/or use of this appraisal report constitutes acceptance of all the conditions set forth herein.

Re: 1137-39 East Fourth Street, Bethlehem, Northampton County, PA

FAIR MARKET VALUE DEFINITION

Fair market value is often referred to as simply market value and the terms are used interchangeably in this report. There are many definitions of both fair market value and market value.

For the purpose of this appraisal assignment, the definition of fair market value is defined by the *Pennsylvania Eminent Domain Code, Article 703*:

Fair Market Value shall be the price which would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

1. *The present use of the property and its value for such use;*
2. *The highest and best reasonably available use of the property and its value for such use;*
3. *The machinery, equipment and fixtures forming part of the real estate taken; and,*
4. *Other factors as to which evidence may be offered as provided by Chapter 11 (Relating to evidence).*

JUST COMPENSATION

“Just compensation is the difference between the fair market value of the condemnee’s entire property interest immediately before the condemnation and as unaffected thereby and the fair market value of his property interest remaining immediately after such condemnation and as affected thereby and such other damages as are provided by this code.

Article 702(a) Eminent Domain Code-Pennsylvania

PROPERTY RIGHTS APPRAISED

The market valuation set forth herein includes all of the rights of ownership in a fee simple title, free and clear of all other encumbrances except normal utility and access easements, zoning and restrictive ordinances, and other easements of record. These property rights are commonly referred to as “*fee simple*”.

APPRAISAL PROCESS AND SCOPE

The valuation of real property considers a precise eight-step process:

1. Identification of the Problem.
2. Scope of Work Determination
3. Data Collection and Property Identification
4. Data Analysis
5. Land Value Opinion
6. Application of the Approaches to Value
7. Reconciliation of Value Indications and Final Opinion of Value
8. Report of Defined Value.

I have personally inspected the exterior-only of the subject property and the neighborhood surrounding it. On-going appraisal work, near exclusively within the Lehigh Valley provides a strong knowledge of regional and neighborhood market conditions. The three traditional and accepted approaches to value, namely: the Cost Approach, the Direct Sales Comparison or Market Data Approach, and the Income Capitalization Approach have been considered in this analysis. They have been utilized and reported herein based on their reliability and meaningfulness for the appraisal problem at hand. The analysis includes an overview of economic, governmental, environmental, and social factors with emphasis on their impact on the subject property.

Raymond C. Geiger Real Estate maintains an abundant and ever-growing bank of pertinent data via public records, multiple-listing service information, governmental and real estate-related private-sector documents and reports, and interactions with buyers, sellers, brokers, and other appraisers and related professionals. Wherever possible, data are verified independently and confirmed via multiple sources. It is not practical to include every detail and item which I considered, because the amount of information is simply too voluminous. Also, frequently confidentially obtained data cannot be included, but has been given due consideration in the final conclusions ascribed. Nevertheless, the salient elements are described hereinafter, and this is a “Restricted Review & Appraisal Report” in accordance with the *Uniform Standards of Professional Appraisal Practice*.

Re: 1137-39 East Fourth Street, Bethlehem, Northampton County, PA

COUNTY GIS AERIAL MAP



Re: 1137-39 East Fourth Street, Bethlehem, Northampton County, PA

GOOGLE MAP



Re: 1137-39 East Fourth Street, Bethlehem, Northampton County, PA

QUALIFICATIONS OF THE APPRAISER & CONSULTANT

Raymond C. Geiger, Jr. is a native and resident since 1952 of Allentown, Pennsylvania, a part of the near 600,000 person Lehigh Valley metropolitan area, 60 miles northwest of Philadelphia. Mr. Geiger has been engaged in real estate related activities since his graduation from the Pennsylvania State University in 1973; and is presently a Pennsylvania State Certified General Appraiser (GA-000007-L) and licensed Real Estate Broker (RB-040925-A), operating a valuation and consulting office, known as **Raymond C. Geiger Real Estate**, located at 5050 West Tilghman Street, Allentown, Pennsylvania.

Prior to joining his father as a fourth generation in the real estate business in 1978, he worked as an assessor in Lehigh County, and then as a mortgage loan officer at The First National Bank of Allentown, now by merger part of Wells-Fargo. Since then, he became the sole proprietor of the business in 1980, and has devoted himself to a full spectrum of realty experiences, including: brokerage, development, financing, management, and primarily valuation and consulting services. He and his associates have performed over 10,000 appraisals and studies on a wide variety of property types predominantly in the Lehigh Valley and the surrounding six county areas. In the last ten years, special assignments have been taken in many other counties across the Commonwealth.

In 1983, Mr. Geiger was one of the first local appraisers to automate his office through the use of personal computer technology. As a result he maintains one of the most comprehensive real property data banks available anywhere, and is considered by many to be one of the foremost experts on real property in the Lehigh Valley and the surrounding regions. The availability of this data bank supports prospective judgments by understanding the history of value in eastern Pennsylvania, and provides an ability to provide sound retrospective analysis.

Mr. Geiger has provided services for many county, school district and local municipal governments, as well as several state and federal agencies. Legal, lending, relocating, and individual business and personal needs also comprise a major portion of his experiences. He has rendered expert testimony before the Lehigh, Northampton, Carbon, Berks, Luzerne and Greene County Courts of Common Pleas, the Federal Bankruptcy Court, and numerous hearing boards in matters of arbitration, bankruptcy, condemnation, domestic property settlement, tax appeal, and zoning-planning appeals.

Valuation services have been provided on nearly all property types with emphasis on farms and acreage, evaluating development prospects; mixed-use commercial properties throughout the urban areas; office-light industrial in many new business parks, and all flavors of retail-commercial along major regional corridors. Many atypical property types such as power plants, landfills, junkyards, auto salvage, billboards, cemeteries, schools and churches have also been analyzed for a variety of purposes. In recent years, a heavy emphasis has been placed on valuations for potential litigation of all kinds including tax assessment appeal, condemnation, title disputes, and damage loss.

He has conducted a variety of presentations before the Pennsylvania Assessor's Association, the Lehigh County Bar Association, the Pennsylvania Land Title Institute, and Realtor, appraiser and community groups.

Professional Memberships: Lehigh Valley Association of Realtors, Director (1996) (formed by the merger of the Allentown-Lehigh County, Bethlehem, and Eastern Northampton County Associations, Merger Committee Member and Director); former Allentown-Lehigh County Board of Realtors, Director (1986-1994), Treasurer (1987-89), Vice President (1990), and President (1991-1992), awarded "Realtor of the Year 1987", Pennsylvania Association of Realtors, Director (1988-1992); National Association of Realtors.

Affiliate Memberships: Affiliate Member-Northeastern Pennsylvania Chapter Appraisal Institute, (formerly Society of Real Estate Appraisers- Lehigh Valley Chapter #92): Director (1980-82), Treasurer (1982-85), Secretary (1986), Education Committee Chairman (1983-87).

Other Activities: Lehigh Valley (formerly Joint) Planning Commissioner (1983-1997), Chairman (1991-1992); Park and Recreation Board Member, South Whitehall Township, (1980-89), and Chairman (1983-86); The Pennsylvania State University, Instructor-(RI-001022-L) Residential Appraisal & Income Property Appraisal (1985-1989); Lehigh County Community College, Real Estate Education Advisory Committee (1987-2005); City of Allentown, Comprehensive Planning-Sub-committee on Housing Member (1989-1991); Lehigh County Board of View (1995 to present); Wildlands Conservancy, Director (1997 to 2002); South Whitehall Township Comprehensive Planning Committee (2008-2009).