

Real Estate Matters

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With home ownership rates at historic lows, it's no surprise that more people are renting. What may surprise you is that, more and more, people are renting by choice instead of renting by necessity.

The demand for rental housing in Lancaster at all levels is increasing. Millennials and baby boomers alike are gravitating to quality rental options for flexibility, lifestyle, and convenience.

The trend has been accelerated by anemic returns as homes, traditionally a family's largest asset,

"High® has focused its residential strategy to address the demand across a broad spectrum of housing, from workforce housing to new upscale projects to service the higher end of the market."

A Great Place to Call Home

By Brad Mowbray, Senior Vice President & Managing Director - Residential Division, High Associates Ltd.



The Reserve at Greenfield, a new 82-unit upscale apartment project on Pitney Road in Lancaster, Pa., broke ground in October.

no longer appreciate as they did in the years prior to the great recession. Among other factors are stricter lending criteria, requiring larger down payments despite historically low interest rates.

High® has focused its residential strategy to address the demand across a broad spectrum of rental housing, from *continued on page 5*



The High Philosophy- *The Ethical Statement of Our Beliefs*

We are committed to two great tasks:

1. Building Trustworthy Relationships.

- Valuing our customers and meeting their needs.
- Respecting the dignity of all co-workers and their families.
- Energizing our teamwork with participative management.
- Recognizing and rewarding the accomplishment of our co-workers.

- Strengthening our partnership with suppliers.
 - Contributing to a world of beauty and prosperity and peace.
- ### 2. Being Innovative Leaders.
- Creating an environment for innovation since 1931.
 - "Right the first time" - High quality products and services.
 - Investing profits to secure our future.

President's Message

Fall reminds us of the importance of giving back. Following with the United Way Day of Caring and the corporate campaign underway, High co-workers are again sharing their time, skills, and generosity in the community to help bring about meaningful positive change. High's tradition of service extends back to the company's beginnings, and is based on our belief that strong businesses are fundamental to strong communities, and that they reinforce each other.



A big win for our community is the new PA College campus in Greenfield Corporate Center. In this issue of *Real Estate Matters*, High's CEO Mike Shirk provides a personal perspective on the importance of this community treasure to lifting families up and building the workforce of the future for Central Pennsylvania and beyond.

Of course, High's tradition of service starts with the service we provide to our customers, who make it all possible. We're delighted that David Jacobs, General Manager of our TownePlace Suites by Marriott, was recognized as the only Service award recipient in the franchise of more than 250 properties.

He and his team live *The High Philosophy* of building trustworthy relationships and being innovative leaders, and are outstanding examples of our commitment to "Giving Good Measure" to our customers every day.

As always, we at High Real Estate Group welcome the opportunity to be of service to you.



Mark Fitzgerald
President and Chief Operating Officer
High Real Estate Group LLC
717.293.4446
mfitzgerald@high.net

Time is Everything in a Contract

By Terry Warco, General Counsel and Treasurer, the High companies

Parties to agreements always need to be aware of time provisions in contracts. Time provisions mean what they say, and cannot be ignored. A recent Minnesota case, *Contractors Edge, Inc. v. City of Mankato*, illustrates this point. This case involved a public works project, the owner being a municipality. The holding of the case, however, applies to all contracts.

Timely Notice

The contract at issue established a process and set time limits for the contractor to present claims for extra compensation. Contractors Edge was required to provide the owner a written notice of the general nature of any claim within thirty days of the claim arising. Contractors Edge then had to provide the owner a second written notice setting forth the amount and extent of the claim. The second notice had to be provided within sixty days of the claim arising. Contractors Edge timely provided the first notice but was late in providing the second. The owner refused to recognize Contractors Edge's claim for extra compensation, the Court agreed that the owner was right to do so.

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The New Pennsylvania College of Health Sciences: Building Success The High Way

By Mike Shirk, CEO of the High companies

I'm fortunate to have many opportunities to meet new people as they begin their professional path—so rich with potential and so full of optimism about their futures. The new campus for the Pennsylvania College of Health Sciences (PA College) was the setting for such a moment this week.

PA College President Mary Grace Simcox and I welcomed visitors for a celebration and tour of the College's new 320,000 sq. ft campus with 16 labs, 27 classrooms, a

400-seat auditorium and many advanced learning technologies, that will be home to more than 2,000 students.

PA College's graduates fill many critical roles—healthcare technicians, surgical technologists, professional nurses, and healthcare administrators, just to name a few. They are the very folks caring for us at doctors' offices, in hospitals, and during times of emergency throughout Dauphin, Lancaster, and York counties, or wherever

their personal aspirations take them.

One of the things that excites me most about the PA College is the positive impact it has on so many, filling a dramatic community need for healthcare professionals while simultaneously lifting up many individuals and families. There is an inspiring human story underlying all of this. I believe that education, and particularly education aligned with our

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High CEO Mike Shirk with PA College President Mary Grace Simcox.

The New Pennsylvania College of Health Sciences: Building Success The High Way continued from page 3

society's demand, is the ultimate passport to success and a better life. PA College graduates have the highest earnings potential of any two-year college in Pennsylvania, and 55 percent of their graduates are the first members of their families to attend college. When we empower young Americans to gain an education and acquire the skills to secure an in-demand career, we open the door to prosperity for them and their families, and ensure that our region's employers have a steady pool of skilled talent. This new campus will enable that impact to multiply.

The other thing that excites me is the extraordinary partnership between the PA College and the High companies. We're deeply honored to help realize this vision. Our two organizations have many shared values. We both hold ourselves to a higher standard and push the boundaries of what's possible. We both care deeply about the health and prosperity of Lancaster County and the region beyond. Whoever tells you that academia moves at a snail's pace clearly has not met Dr. Simcox, the PA College leadership, nor our professionals at High. A shared vision and a collaborative spirit can break down barriers.

The High part of the team included our affiliates High Associates, Greenfield Architects as lead architect, and High Construction leading the physical transformation. Utilizing a

creative design-build approach, this partnership moved mountains to transform this campus in just 18 months from the start of design. Much faster than it should typically take. **Collectively, that team made a commitment and got it done. Under budget and ahead of schedule. That's The High Way, living The High Philosophy of building trustworthy relationships and being innovative leaders.**

The students are now here. I've talked with several and they are awed by the inspiring, collaborative environment, the innovative equipment, and the possibilities for active learning laid before them. Executing on this vision really highlights the College's unwavering commitment to providing an immersive, integrated curriculum that puts the learner at the center of it all.

Congratulations to all who had a hand in creating the new Pennsylvania College of Health Sciences. And, I wish great success to all the students enrolled there this fall. Enjoy your new campus.



Michael F. Shirk
CEO of the High companies

Time is Everything in a Contract continued from page 2

The result may seem harsh. The Court said, however, that parties are "free to contract as to the type of notice that would be required." Having done so, the Court was not going to rewrite the contract to the benefit of one party and detriment of the other. A court will only provide relief from time and process provisions of a contract if both parties have established a pattern of acting contrary to the contract provisions or if the party seeking to assert the contract provisions has waived them.

Waiver

Waiver is another aspect of contract time and process provisions that I want to mention. As an owner, or as a contractor, we need to be careful to not inadvertently waive contract protections. The Court dealt with waiver in *RDP Royal Palm Motel, L.P. ex rel PADC Hospitality Corp. I v. Clark Construction Group, Inc.* In this case, the owner was seeking damages flowing from the contractor's failure to timely complete construction of a hotel. The contract had a "time is of the essence" provision and a provision establishing a construction completion date. Although the contractor failed to meet the completion date, the owner did not serve the contractor a default notice. Further, after the construction completion date, the owner processed change orders and issued construction directives. The Court sided with the contractor, ruling that the owner was not entitled to liquidated damages or damages flowing from a delayed opening of the

hotel. The Court held that the owner's actions constituted a waiver of the contract's time provisions.

Conclusion

The lesson of these two cases is that we need to know the time provisions in our contracts. We then need to rigorously follow them, no matter how uncomfortable it is to do so or how strong a conviction we have that all will be well in the end because we are getting along with the other side. If we do want to waive a contract provision, we need to do so knowingly in writing and clearly state, that it is only a "one time" waiver, and that no other provision of the contract is being waived.

The above are things for you to think about and do not constitute legal advice. Before you enter a contract, consult with a qualified attorney.



Terry A. Warco
General Counsel and Treasurer
The High companies
717.293.4077
twarco@high.net

A Great Place to Call Home continued from page 1

workforce housing to new upscale projects to service the higher end of the market.

High investment expands all apartment classes

High is expanding its multi-family portfolio across multiple rental price points. At Greenfield Estates in East Lampeter Township, \$7 million in renovations and upgrades were completed on all 371 units. Earlier this year High purchased the 180-unit Greenland Village property in East Lampeter Township, and is investing \$2.7 million in upgrades at that property.

Nearly all the multi-family units in High's portfolio meet the needs of the average family of four. As we increase our investment in multi-family, we see opportunities to meet the current demand for quality workforce housing and are committed to providing outstanding customer service in addition to our well maintained apartments and grounds.

Upscale choices coming to Lancaster

Would you like to park your car in a secure garage and take an elevator to your residence? High plans to market several new exclusive apartment communities in Lancaster with this option. We have submitted plans for two new communities featuring upscale housing: The Reserve at Greenfield, an 82-unit complex on Pitney Road in East Lampeter Township; and the 258-unit residential component of The Crossings at Conestoga Creek in Manheim Township. The Reserve at Greenfield began development in late 2016. We anticipate approvals for The Crossings in November of 2016.

With The Reserve at Greenfield and The Crossings we are introducing lifestyle products to meet the demand of the higher end of the market. These apartments will be characterized by amenities such as elevator access, controlled secure access, fitness centers and yoga studios, pools, a pet-friendly policy, bike storage and repair facilities, nearby footpaths, and recreational open space. At four stories, and with some parking located underneath, these buildings represent an efficient model for land utilization and reduced environmental impact.

High is known for award-winning, well-maintained communities that are regularly updated and feature attractive amenities. We're delighted that we will soon be able to offer these new upscale communities to Lancaster residents.

The Reserve at Greenfield. Located near Greenfield Road, High's Pitney Road apartments will be a mix of one-, two-, and three-bedroom models. Interior appointments will be



distinguished by granite finishes and stainless steel appliances, with security keycard access. Amenities will include a lounge area and fitness center with yoga studio, pet spa, and a bike repair and storage room.

The Crossings at Conestoga Creek. Situated at the west gateway to Lancaster City on Harrisburg Pike, The Crossings lifestyle center will offer convenient access to Route 30 and will be in close proximity to Long's Park and Park City Mall. The residential component will include seven buildings with a pool, outdoor seating, a fitness center and clubhouse with a community room, outdoor kitchen and fire pit. Residents will have the option to lease individual garage bays.

High also recently introduced 42 new units at its Bentley Ridge community Phase IV development, which was completed in June 2016.

Brad Mowbray, Senior Vice President & Managing Director - Residential Division, High Associates Ltd., leads the operation and growth of High Real Estate Group LLC's Residential division. Mr. Mowbray has more than 15 years of experience in the real estate, investment banking, and private equity markets, having closed \$1.75 billion in transactions, including the acquisition and development of 5,000 apartment units.



Brad Mowbray
Senior Vice President &
Managing Director -
Residential Division
High Associates Ltd.
717.209.4052
bmowbray@high.net

Is That Your Final Answer? Settling an Agreement of Sale

By Linford Good, Senior Vice President - Brokerage Services, High Associates Ltd.

"Finalizing Transaction Agreements" is the tenth step in our key issues in all real estate transactions.

After putting forth the necessary time and effort into building a trustworthy relationship and negotiating a deal, there is one document that is the most significant component of the entire transaction: the Agreement of Sale. Every conversation, discussion and negotiation leads up to this crucial step in securing an arrangement for the buying and selling of a property. This document—often produced by the broker—holds the most weight and value of any document in the process, and therefore must be meticulously examined and carefully assembled in order to avoid conflict, error, and inconsistency within the deal. The Agreement of Sale must be assessed by legal experts to assure its accuracy and clarity, and to protect the

interests of the parties involved. This step is called the Attorney Review. With this document being the spine of such a substantial agreement, it is crucial that the language is free of possible misunderstanding or confusion on either side of the transaction.

Similarly to the Letter of Intent discussed in Step 9 of *All Real Estate Transactions*, the Agreement of Sale will carefully outline all of the details related to the sale. It will clearly define the dates, times, and schedule to take place during the settlement of the transaction in order for the brokers to monitor both parties and make sure they are keeping to their contract.

In order to ensure a smooth transaction between buyer and seller, a broker must use effective contract language—and even down to a single word, one can never be

too careful. Pull out your magnifying glass, because there is no room in this document for assumptions. The content needs to be assembled thoughtfully, with all issues clearly outlined. The agreement becomes the "final word" of the transaction, and overpowers any previous verbal negotiations between the buyer and seller and the letter of intent.

All involved parties must move through the document logically, deliberately and meticulously in order to prevent miscommunication. Daniel Kahneman, renowned psychologist and author of the *New York Times* bestseller *Thinking, Fast and Slow* explains the importance of "slow thinking," especially in a corporate setting. He maintains that, in order to avoid glitches in understanding

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TownePlace Suites Recognizes David Jacobs

TownePlace Suites by Marriott, a national brand of extended-stay hotels, recognized David Jacobs with its Service Excellence – General Manager Award for 2015. Jacobs was the only recipient in the TownePlace Suites organization of more than 260 hotels.

Jacobs manages the TownePlace Suites Harrisburg West/Mechanicsburg, Pa., which is owned and operated by High Hotels Ltd., an affiliate of High Real Estate Group LLC. The award recognizes “service for real living commitment and activation, a focus on customer service, an outstanding service story, and hotel performance in guest satisfaction.”

Jacobs and his team received two additional TownePlace awards in 2015:

- Maintenance & Upkeep Award – one of three hotels recognized for guest satisfaction and a well-maintained building
- Platinum Circle Award – one of six hotels recognized for being in the top five percent in the brand for guest satisfaction

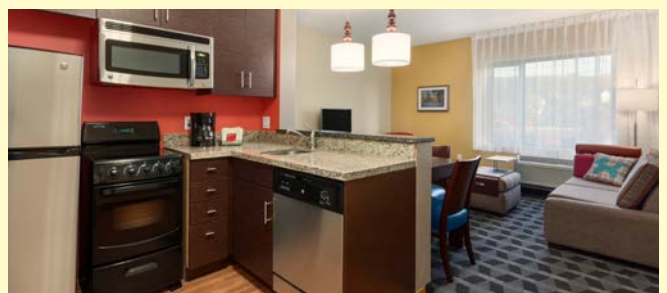
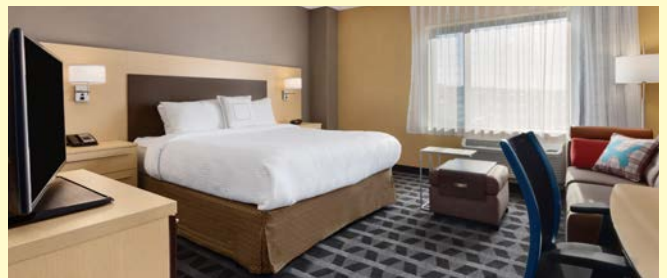
Jacobs and his team opened the TownePlace Suites Harrisburg West/Mechanicsburg for High in 2014. The property is located in Rossmoyne Business Center near two other High hotels: Homewood Suites by Hilton - Harrisburg West; and, Hampton Inn by Hilton - Harrisburg West.



David Jacobs, General Manager, TownePlace Suites - Harrisburg West/ Mechanicsburg, Pa.

About the Award-Winning Towneplace Suites - Harrisburg West/Mechanicsburg, Pa.

- Extended-stay format preferred by travelers
- 120 spacious suites
 - one- and two-bedroom
 - full-size kitchens
 - separate living/working and sleeping areas
- Marriott Rewards® frequent travel program
- Approximately 30 full- and part-time jobs



Is That Your Final Answer? Settling an Agreement of Sale continued from page 6

and comprehension, we must think in a way that is effortful and calculating rather than assumptive and automatic. His advice aligns with a well-done Agreement of Sale when he states, "If you care about being thought of as credible and intelligent, do not use complex language where simpler language will do."

When a buyer and seller have reached the point of an Agreement of Sale, both parties have duties to fulfill before signing. It is the seller's responsibility to disclose known defects on a property to a potential buyer, which can include physical defects, financial defects and legal defects. The buyer needs to make sure the Agreement of Sale provides for a due diligence period allowing the buyer to inspect the property prior to a final commitment to purchase. The buyer, after signing, then has the responsibility of performing his or her own due diligence, which is the process of researching the statements of facts and potential downfalls of the property at hand. Should the buyer find something wrong with the property during the due diligence period, he or she can go back and either attempt to renegotiate the contract or terminate the agreement.

The broker will oversee this due

diligence process by actively managing the buyer and seller in completion of the tasks outlined in the agreement's contingencies. Orchestrating communication between all parties throughout the process of settling a transaction is the key component of the broker's job—all involved parties must understand their responsibilities, assigned tasks, timelines for completion, and expected results. In order to be a successful broker, one must successfully supervise these details or items can easily be overlooked, resulting in the deal being suspended or terminated if the contingencies go unresolved.

All people who have legal interest in the property will sign, making it lawfully official with the signatures of principals. Once this document is signed, the terms and conditions are legally binding, and it is crucial for these details to be completely clear to both the buyer and seller.

At this mature stage in a real estate agreement, the end is in sight, but a deal is more easily achieved with a diligent and effective broker. In order to complete the transaction, the broker must be active in overseeing the responsibilities of all involved parties. Only then come the handshakes, signatures, and the

excitement of moving forward with a successful property sale.

Linford L. Good is responsible for managing the brokerage activities of High Associates' sales/leasing team. The brokerage activities include selling or leasing industrial/commercial properties for corporations, private industries, and individual investors.

This article is intended to be an overview of commercial and residential financing. It does not purport to give either legal or financial advice. Before taking any action, you should consult with your attorney or real estate adviser.



Linford L. Good, CCIM, SIOR
Senior Vice President of
Brokerage Services
High Associates Ltd.
717.293.4551
lgood@high.net

RealEstateMatters

High Real Estate Group LLC

1853 William Penn Way
P.O. Box 10008
Lancaster, PA 17605-0008
Tel: 800.638.4414
www.highrealestategroup.com



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