

**Forest View Apartments
622 North Martin Luther King Boulevard
Wadley, Georgia 30477**

**Prepared For
Mr. David Morrow
Morrow Companies
809 22nd Avenue
Tuscaloosa, Alabama 35401**

**Date of Appraisal
May 27, 2014**

**Effective Date of Appraisal
May 15, 2014**

Appraised By

***Gill
Group***
*P.O. Box 784
512 N. One Mile Road
Dexter, MO 63841*



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May 27, 2014

Mr. David Morrow
Morrow Companies
809 22nd Avenue
Tuscaloosa, Alabama 35401

RE: Forest View Apartments
622 North Martin Luther King Boulevard
Wadley, Georgia 30477
"As Is" & "As Complete" Appraisal Report
As of May 15, 2014

Dear Mr. Morrow:

In accordance with your request, I have personally appraised the property known as Forest View Apartments, a multifamily property designated for families. The site contains 3.11 acres. The subject is improved with five two-story garden-style buildings containing 36 units (one non-revenue unit). There is also a one-story accessory building containing a community room, laundry facility, maintenance area and leasing office. The property also contains a gazebo, playground and open parking areas with approximately 61 parking spaces. The subject's parcel number is W004 124, and the property is owned by Wadley Housing, Ltd.

The purpose of the Appraisal Report is to estimate the "as is" market value, subject to restricted rents, within 7 CFR Part 3560.752(b)(1)(i) as defined in the USDA-RD guidelines, the "as is" market value, within 7 CFR Part 3560.752(b)(1)(i) as defined in the USDA-RD guidelines, the prospective market value, subject to restricted rents, within 7 CFR Part 3560.752(b)(1)(ii) as defined in the USDA-RD guidelines; land value; value of interest credit subsidy from USDA Rural Development loans; and value of low income housing tax credits. This report is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice. Its intended users are Morrow Companies and USDA Rural Department of Agriculture, Rural Development. The intended use of the appraisal is to assist Morrow Companies and USDA Rural Department of Agriculture, Rural Development in rehabilitation loan underwriting evaluation.

This report is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an appraisal report. As such, it presents discussion of the data, reasoning and analysis used in the appraisal process to develop the opinion of value. In addition, the report is intended to comply with the reporting requirements set forth in Chapter 7 of the USDA RD Handbook HB-1-3560. Its intended users are USDA Rural Department of Agriculture, Rural Development; and Morrow Companies

The subject site was inspected on May 15, 2014. The effective date of the appraisal is May 15, 2014. A description of the property, together with information providing a basis for estimates, is presented in the accompanying report. This appraisal is subject to the definitions, assumptions, conditions and certification contained in the attached report. We have prepared this appraisal in compliance with the Uniform Standards of Professional Appraisal Practice; the Financial Institutions Reform and Recovery Enforcement Act.

The market value was determined under the hypothetical condition that the property was a conventional property and was not encumbered by rent or income restrictions. The prospective market value, subject to restricted rents, within 7 CFR Part 3560.752(b)(1)(ii) as defined in the USDA-RD guidelines is based on the extraordinary assumptions that the property is completed as described.

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the “As Is” Market Value, Subject to Restricted Rents, within 7 CFR part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition As-If Unsubsidized Conventional Housing in compliance with 7 CFR Part 3560.656(c)(1)(i), as of May 15, 2014, is as follows:

ONE MILLION THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS
\$1,375,000.00

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the Market Value, Subject to Restricted Rents within 7 CFR Part 3560.752(b)(1)(i), as of May 15, 2014, is as follows:

EIGHT HUNDRED TWENTY-FIVE THOUSAND DOLLARS
\$825,000.00

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the Prospective Market Value, Subject to Restricted Rents within 7 CFR Part 3560.752(b)(1)(i), as of December 31, 2015, under the extraordinary assumption that the rehabilitation is completed as detailed in the scope of work, is as follows:

ONE MILLION ONE HUNDRED FIFTY-FIVE THOUSAND DOLLARS
\$1,155,000.00

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the value of the interest credit subsidy from assumed 515 loan (with assumed loan terms), as of December 31, 2015, is as follows:

SIX HUNDRED FORTY-TWO THOUSAND DOLLARS
\$642,000.00

Based on the data analysis and conclusions present in the attached report, it is our opinion that the value of the tax credits, as of May 15, 2014, is as follows:

THREE MILLION NINE HUNDRED FIFTY-THREE THOUSAND DOLLARS
\$3,953,000.00

This assignment was made subject to regulations of the State of Georgia Real Estate Appraisers Board. The undersigned state licensed real estate appraiser has met the requirements of the board that allow this report to be regarded as a “certified appraisal”.

This report and its contents are intended solely for your information and assistance for the function stated previously, and should not be relied upon for any other purpose. Otherwise, neither the whole nor any part of this appraisal or any reference thereto may be included in any document, statement, appraisal or circular without my explicit, prior written approval of the form and context in which it appears.

The accompanying prospective financial analysis is based on estimates and assumptions developed in connection with the appraisal. However, some assumptions inevitably will not materialize and unanticipated events and circumstances will occur. The actual results achieved during the holding period will vary from my estimates and these variations may be material. I have not been engaged to evaluate the effectiveness of management, and I am not responsible for management’s actions such as marketing efforts.

This appraisal report sets forth only the appraiser's conclusions. Supporting documentation is retained in the appraiser's file. A copy of this report, together with the field data from which it was prepared, is retained in my files. This data is available for your inspection upon request.

Respectfully submitted,



Wayne Forrest Martin, Jr.
Appraiser Trainee



Samuel T. Gill
State Certified General
Real Estate Appraiser
GA #258907

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EXECUTIVE SUMMARY

Name of the Property Location Forest View Apartments
622 North Martin Luther King Boulevard
Wadley, Jefferson County, Georgia 30477

Current Owner Wadley Housing, Ltd.

Type of Report Appraisal Report

Total Land Area 3.11 acres, or 135,472+/- square feet

Floodplain Hazard According to Flood Scape, FloodSource Map Number 13163C-0410C, dated December 17, 2010, the subject is zoned X, an area determined to be outside the 100- and 500-year floodplains. Federal flood insurance is available but is not required.

Zoning According to the City of Wadley, the subject is zoned C-2, Highway Commercial District. Multifamily dwellings are permitted in this zoning district. Therefore, the subject is a legal, conforming use.

Property Description

As Is - The subject is improved with five two-story garden-style buildings containing 36 units (one non-revenue unit). There is also a one-story accessory building containing a community room, laundry facility, maintenance area and leasing office. The net rentable area is approximately 28,526 square feet.

Unit Type	# of Units	Square Footage	Total Square Footage
1/1	10	663	6,630
2/1	20	808	16,160
3/1.5	5	956	4,780
3/1.5 (non-rev)	1	956	956
			28,526

According to the Jefferson County Assessor's Office, the gross building area is approximately 29,222 square feet.

As Complete - The subject will be improved with five two-story garden-style buildings containing 36 units (one non-revenue unit). There will also be a one-story accessory building containing a community room, laundry facility, maintenance area and leasing office. As complete, there will be an additional accessory room which will contain a computer room, exercise room, kitchenette and laundry area. The net rentable area will be approximately 28,526 square feet.

Unit Type	# of Units	Square Footage	Total Square Footage
1/1	10	663	6,630
2/1	20	808	16,160
3/1.5	5	956	4,780
3/1.5 (non-rev)	1	956	956
			28,526

As complete, the gross building area will be approximately 29,894 due to the additional community building proposed.

EXECUTIVE SUMMARY (Cont.)

Real Estate Taxes \$17,764.59 for 2013

Parcel Number W004 124

Property Type Apartment Complex

Highest and Best Use Apartment Complex

Date of Inspection May 15, 2014

Date of Report May 27, 2014

Sales History of Subject According to the Jefferson County Assessor's Office, the property is owned by Wadley Housing, Ltd. The property has not transferred ownership within the past five years. The property is under contract to be sold to Wadley II Housing, LLLP for \$144,000 cash in hand paid to Seller plus the assumption by Buyer of the existing USDA Rural Development Section 515 mortgage loans on the Property, the total principal balance of which is estimated to total \$1,114,909 for a total estimated purchase price of \$1,258,909. The Purchase Price is subject to the approval of USDA.

Cost Approach \$1,375,000.00 (Market As Is)
 \$ 840,000.00 (Restricted As Is)
 \$1,165,000.00 (Restricted As Complete)

Income Approach \$1,375,000.00 (Market As Is)
 \$ 825,000.00 (Restricted As Is)
 \$1,155,000.00 (Restricted As Complete)

Value of Interest Credit Subsidy (Assumed Loan) \$ 542,000.00
Value of Tax Credits \$3,953,000.00

Sales Comparison Approach \$1,295,000.00 (Market As Is)
 Not Developed (Restricted As Is)
 Not Developed (Restricted As Complete)

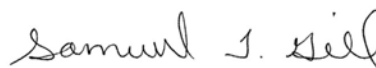
CERTIFICATION

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, impartial and unbiased professional analyses, opinions and conclusions.
- ◆ I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- ◆ A Desktop Evaluation was completed by Gill Group, Inc. in December 2013. I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- ◆ I have no bias with respect to the property that is the subject of the report or to the parties involved with this assignment.
- ◆ My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ◆ My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ◆ My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- ◆ Wayne Forrest Martin, Jr. made a personal inspection of the property that is the subject of this report. Samuel T. Gill viewed the exterior and supervised in every other aspect of the appraisal.
- ◆ This assignment was made subject to regulations of the State of Georgia Real Estate Appraisers Board. The undersigned state licensed real estate appraiser has met the requirements of the board that allow this report to be regarded as a "certified appraisal".
- ◆ No one provided significant assistance to the people signing this certification.



Wayne Forrest Martin, Jr.
Appraiser Trainee



Samuel T. Gill
State Certified General
Real Estate Appraiser
GA #258907

May 27, 2014

INTRODUCTION

IDENTIFICATION OF THE SUBJECT PROPERTY

The property appraised is the land and improvements known as Forest View Apartments. The site is located at 622 North Martin Luther King Boulevard, Wadley, Jefferson County, Georgia.

LEGAL DESCRIPTION

See Addendum B.

PAST FIVE YEARS SALES HISTORY OF THE SUBJECT

According to the Jefferson County Assessor's Office, the property is owned by Wadley Housing, Ltd. The property has not transferred ownership within the past five years. The property is under contract to be sold to Wadley II Housing, LLLP for \$144,000 cash in hand paid to Seller plus the assumption by Buyer of the existing USDA Rural Development Section 515 mortgage loans on the Property, the total principal balance of which is estimated to total \$1,114,909 for a total estimated purchase price of \$1,258,909. The Purchase Price is subject to the approval of USDA.

PROPERTY RIGHTS APPRAISED

For this appraisal, I have valued the property rights inherent in the **Fee Simple Estate** which is defined in the definitions section of this report.

PURPOSE OF THE APPRAISAL

The purpose of the Appraisal Report is to estimate the "as is" market value, subject to restricted rents, within 7 CFR Part 3560.752(b)(1)(i) as defined in the USDA-RD guidelines, the "as is" market value, within 7 CFR Part 3560.752(b)(1)(i) as defined in the USDA-RD guidelines, the prospective market value, subject to restricted rents, within 7 CFR Part 3560.752(b)(1)(ii) as defined in the USDA-RD guidelines; land value; value of interest credit subsidy from USDA Rural Development loans; and value of low income housing tax credits. The date of the inspection and the effective date of the value are both May 15, 2014. The effective date of the prospective value is December 31, 2015.

FUNCTION OF THE APPRAISAL

The function of this appraisal is to aid the client in the decision-making process involved in evaluating the value of the subject property.

CLIENT

Morrow Companies

INTENDED USE OF REPORT

The intended use of the appraisal is estimate the “as is” market value, subject to restricted rents, within 7 CFR Part 3560.752(b)(1)(i) as defined in the USDA-RD guidelines, the “as is” market value, within 7 CFR Part 3560.752(b)(1)(i) as defined in the USDA-RD guidelines, the prospective market value, subject to restricted rents, within 7 CFR Part 3560.752(b)(1)(ii) as defined in the USDA-RD guidelines; land value; value of interest credit subsidy from USDA Rural Development loans; and value of low income housing tax credits.

INTENDED USER OF REPORT

The intended users are USDA Rural Department of Agriculture, Rural Development; and Morrow Companies

EXTENT OF THE INVESTIGATION (SCOPE)

As part of this appraisal, the appraiser made a number of independent investigations and analyses. The investigations undertaken and the major data sources used are as follows: City of Wadley; the Jefferson County Recorder; the Jefferson County Assessor; United States Bureau of Labor Statistics; United States Census Bureau; and ESRI Business Information Solutions.

AREA AND NEIGHBORHOOD ANALYSES

Primary data was gathered pertaining to the subject neighborhood and the area during the week of May 12 to May 16, 2014. This information was analyzed and summarized in this report. Area data was obtained from the City of Wadley; the Jefferson County Recorder; the Jefferson County Assessor; United States Bureau of Labor Statistics; United States Census Bureau; and ESRI Business Information Solutions. The neighborhood analysis was based on the observations made by the appraiser as well as the sales in the neighborhood.

SITE DESCRIPTION AND ANALYSIS

The interior and exterior of the subject was inspected on May 15, 2014, by Wayne Forrest Martin, Jr., Appraiser Trainee. Samuel T. Gill, state certified general real estate appraiser viewed the exterior of the subject. The appraiser walked the site, physically inspected the exterior and all common areas and inspected at least one unit of each varying type. More than one of each unit type may have been inspected based on the condition, number of vacancies at the time of inspection or other mitigating factors. While inspecting the interior of each unit type, the inspector physically measured and calculated the size of differing units and considered the sizes provided by the property contact, if applicable. Based on measurements taken, the inspector determined the sizes provided by the contact were accurate. Since they were within the margin of error, the contact’s reported unit sizes were used in this report. The site and the street scenes were photographed and are included in this report.

IMPROVEMENT AND DESCRIPTION ANALYSES

Detailed descriptions of the site are included in this report. Interior and exterior photographs of the buildings at the subject are included in this report. Exterior photos of the rent comparables are also included in this report.

STATEMENT OF COMPETENCY

We have the knowledge and experience to complete the assignment competently based upon having completed appraisals of properties of a similar type throughout the United States for the past several years.

MARKET DATA

Market data on land sales were obtained from the subject neighborhood in Wadley and the surrounding area. Market data on improved sales and leased properties were obtained from Wadley and the surrounding area. The improved sales were obtained from parties involved with the sales. Summaries of the sales and leases are included in this report.

Attention of the reader is also directed to the assumptions and limiting conditions contained within the report.

REASONABLE EXPOSURE TIME

In the definition of market value, one of the conditions of a "market value sale" is as follows: a reasonable time is allowed for exposure in the open market. Marketing time has a definite influence on the potential selling price of a property. To obtain a maximum selling price, a property must be exposed to a given market for a time long enough to enable most market participants to gain full knowledge of the sale and the attributes of the property.

To produce a reliable estimate of the expected normal marketing period for the subject property, the following factors were considered and findings analyzed:

1. Historical evidence.
2. Supply and demand relationships including vacancy and occupancy rates.
3. Revenue and expense changes.
4. Future market conditions.

HISTORICAL EVIDENCE

Generally, the sales in the Sales Comparison Approach were on the market for one to two years. Since current supply and demand relationships are similar to historical relationships, there is justification for some reliance on historical evidence.

SUPPLY AND DEMAND RELATIONSHIPS

A survey of apartment complexes in Wadley, Georgia, and the surrounding area indicate that they are not owner-occupied. The Income Approach discusses similar apartment complexes in Wadley, Jefferson County, Georgia, which were leased.

REVENUE AND EXPENSE CHANGES AND FUTURE MARKET CONDITIONS

The revenue from apartment complexes has increased corresponding to increases in expenses at generally the same rate. A survey completed by PwC Real Estate Investor Survey indicated that the change rate of apartment complexes ranges from 0.00 to 8.00 percent, with an average of 2.73 percent for the first quarter of 2014. During the same period a year ago, the market rent change rate ranged from -2.00 to 6.00 percent, with an average of 2.57 percent.

The changes in expenses range from 1.00 to 3.50 percent, with an average of 2.70 percent (first quarter of 2014). The survey for a year ago indicated a range of expenses from 1.00 to 3.50 percent, with an average of 2.71 percent.

SUMMARY

For the purpose of this report the reasonable exposure time is estimated at one to two years based on the previous discussion and the length of time the comparables were on the market. The 2014 First Quarter National Apartment Market Survey conducted by PwC indicated a range of one to two years for marketing time. In accordance with the Uniform Standards of Professional Appraisal Practice, special financial arrangements and related special situations were not used in estimating the value of the property. In accordance with the Uniform Standards of Professional Appraisal Practice; the appraisal was completed using the current or anticipated use of the property as an apartment complex without regard to the highest and best use.

ESTIMATED MARKETING TIME

Marketing time is similar to exposure time in that it refers to a time during which a property is marketed prior to its sale. Marketing time differs from exposure time in that it is estimated to occur after the date of value as opposed to before that date of value. This time would be measured from the date of value and would be a measure of time necessary to secure a willing buyer for the property, at a market price. Since this refers to prospective events, it is typically necessary to analyze neighborhood trends. In theory, in a market which is near equilibrium, the estimated marketing time should be equal to past trends or the reasonable exposure time. In a market, which is experiencing down turning conditions, the estimated marketing time should be greater than the reasonable exposure time. In the case of the subject property, the market for this type of facility should be similar to previous market conditions. Therefore, the estimated marketing time is estimated at one to two years.

DEFINITION OF TERMS

Market Value

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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of U.S. cash dollars or in terms of financial arrangements comparable thereto; and
- 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.¹

Market Value, Subject to Restricted Rents

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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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.

It considers any rent limits, rent subsidies, expense abatements or restrictive-use conditions imposed by any government or non-government financing sources but does not consider any favorable financing involved in the development of the property.²

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute), 2010. and Attachment 7-A of Chapter 7 of the USDA RD Handbook HB-1-3560.

² Attachment 7-A of Chapter 7 of the USDA RD Handbook HB-1-3560

“As-Is” Value

The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning.³

Prospective Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.⁴

Investment Value

The specific value of an investment to a particular investor or class of investors based on individual requirements; as distinguished from market value, which is impersonal and detached.⁵ Investment value of the leased fee estate is determined utilizing the subject’s contract rents, historical and projected subject expenses and an overall capitalization rate based on the subject’s mortgage terms.

Fee Simple Estate

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

Leased Fee Estate

An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

Leasehold Estate

The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute), 2010. and Attachment 7-A of Chapter 7 of the USDA RD Handbook HB-1-3560.

⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute), 2010. and Attachment 7-A of Chapter 7 of the USDA RD Handbook HB-1-3560.

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

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout.

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout and quality of workmanship and embodying all the deficiencies, superadequacies and obsolescence of the subject building.

Contract Rent

The actual rental income specified in a lease.

Market Rent

The rental income that a property would most probably command in the open market; indicated by the current rents paid and asked for comparable space as of the date of the appraisal.

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect a locational advantage, unusual management, unknowledgeable parties or a lease execution in an earlier, stronger rental market.

Percentage Rent

Rental income received in accordance with the terms of a percentage lease; typically derived from retail store tenants on the basis of a certain percentage of their retail sales.

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified break-even sales volume.

Special Purpose Property

A limited market property with a unique physical design, special construction materials or layout that restricts its utility to the use for which it was built; also called special-design property.

SPECIAL LIMITING CONDITIONS AND ASSUMPTIONS

1. Limit of Liability

The liability of Gill Group, employees and subcontractors is limited to the client. There is no accountability, obligation or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser assumes no responsibility for any costs incurred to discover or correct any deficiencies present in the property. Possession of this or any copy thereof does not carry with it the right of publication nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for the analytical services only. This appraisal report is prepared for the sole and exclusive use of the client to assist with the mortgage lending decision. It is not to be relied upon by any third parties for any purpose whatsoever.

2. Copies, Publications, Distribution, Use of Report

The client may distribute copies of the appraisal report in its entirety to such third parties as he may select; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Neither all nor any part of this appraisal report shall be disseminated to the general public for the use of advertising media, public relations, news, sales or other media for public communication without prior written consent of the appraiser.

3. Confidentiality

This appraisal is to be used only in its entirety. All conclusions and opinions of the analyses set forth in the report were prepared by the Appraiser(s) whose signature(s) appear on the appraisal report unless indicated as "Review Appraiser". No change of any item in the report shall be made by anyone other than the Appraiser and/or officer of the firm. The Appraiser and the firm shall have no responsibility if any such unauthorized change is made.

The Appraiser may not divulge the material (evaluation) contents of the report, analytical findings or conclusions or give a copy of the report to anyone other than the client or his designee as specified in writing except by a court of law or body with the power of subpoena.

4. Copyright Law and Trade Secrets

This document is protected from unauthorized use or reproduction by the federal copyright laws of the United States of America. Any unauthorized reproduction, either in part or in whole, will warrant prosecution to the fullest extent of the law.

This appraisal was obtained from Gill Group, related companies and/or individuals or related independent contractors and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 1232 (b) (4). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or part.

5. Information Used

No responsibility is assumed for accuracy of information furnished by or from others, the client, his designee or public records. I am not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the consultant and possibly signing the report are independent contractors. The comparable data relied upon in this report have been confirmed with one or more parties familiar with the transaction or from affidavit or other source thought reasonable; all are considered appropriate for inclusion to the best of my factual judgment and knowledge. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the client consider independent verification within these categories as a prerequisite to any transaction involving sale, lease or other significant commitment of subject property and that such verification be performed by the appropriate specialists.

6. Testimony, Consultation, Completion of Contract for Appraisal Services

The contract for appraisal, consultation or analytical service is fulfilled and the total fee payable upon completion of the report. The appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post-appraisal consultation with client or third parties except under separate and special arrangement and at additional fee. If testimony or deposition is required because of any subpoena issued on the behalf of the client, then the client shall be responsible for any additional time fees and changes.

7. Exhibits

The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any, are included for the same purpose as of the date of the photos. Site plans are not surveys unless shown as being prepared by a professional surveyor.

8. Legal, Engineering, Financial, Structural or Mechanical Nature Hidden Components, Soil

No responsibility is assumed for matters legal in character or nature or matters of survey or of any architectural, structural, mechanical or engineering nature. The title to the property is good and marketable. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. The use of the land and improvements is confined within the boundaries or property lines of the property described.

The property is appraised as if free and clear unless otherwise stated in particular parts of the report. The legal description is assumed to be correct as used in this report as furnished by the client, his designee or as derived by the appraiser.

Please note that no advice is given regarding mechanical equipment or structural integrity or adequacy or soils and potential for settlement, drainage, etc., (seek assistance from qualified architect and/or engineer) nor matters concerning liens, title status and legal marketability (seek legal assistance). The lender and owner should inspect the property before any disbursement of funds; further, it is likely that the lender or owner may wish to require mechanical or structural inspections by qualified and licensed contractor, civil or structural engineer, architect or other expert.

The appraiser has inspected, as far as possible by observation, the land and the improvements; however, it was not possible to personally observe conditions beneath the soil or hidden structural or other components. I have not critically inspected mechanical components within the improvements, and no representations are made therein as to these matters unless specifically stated conditions that would cause a loss of value. The land or the soil of the area being appraised appears firm; however, subsidence in the area is unknown. The appraiser(s) do not warrant against this condition or occurrence of problems arising from soil conditions.

The appraisal is based on there being no hidden unapparent or apparent conditions of the property site subsoil or structures or toxic materials which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

All mechanical components are assumed to be in operable condition and status standard for properties of the subject type. Conditions of heating, cooling ventilation, electrical and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to adequacy of insulation, type of insulation or energy efficiency of the improvements or equipment.

If the Appraiser has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranties are made concerning obtaining the above-mentioned items.

The Appraiser assumes no responsibility for any costs or consequences arising due to the need or the lack of need for flood hazard insurance. An Agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

9. Legality of Use

The appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report and that all applicable zoning, building and use regulations and restrictions of all types have been complied with unless

otherwise stated in the report; further, it is assumed that all required licenses, consents, permits or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

10. Component Values

The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

11. Auxiliary and Related Studies

No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an agreement for services or in the report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimations or conclusions upon any subsequent such study or analysis or previous study or factual information as to market or subject or analysis subsequently becoming known to him.

12. Dollar Values, Purchasing Power

The market value estimated and the costs used are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the value estimate.

13. Inclusions

Furnishings and equipment or personal property or business operations except as specifically indicated and typically considered as part of real estate have been disregarded with only the real estate being considered in the value estimate unless otherwise stated. In some property types business and real estate interests and values are combined.

14. Proposed Improvements, Conditioned Value

Improvements proposed, if any, on or off-site as well as any repairs required are considered, for purposes of this appraisal, to be completed in good and workmanlike manner according to information submitted and/or considered by the appraisers. In cases of proposed construction the appraisal is subject to change upon inspection of property after construction is completed. This estimate of market value is as of the date shown, as proposed, as if completed and operating at levels shown and projected.

15. Value Change, Dynamic Market, Influences

The estimated market value is subject to change with market changes over time; value is highly related to exposure, time, promotional effort, terms, motivation and conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value or investment value or value in use is a reflection of such benefits and appraiser's interpretation of income, yields and other factors derived from general and specific client and market information. Such estimates are as of the date of the estimate of value; they are thus subject to change as the market and value are naturally dynamic.

The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

The Appraiser reserves the right to alter the opinion of value on the basis of any information withheld or not discovered in the original normal course of a diligent investigation.

16. Management of the Property

It is assumed that the property which is the subject of this report will be under prudent and competent ownership and management neither inefficient nor super-efficient.

17. Fee

The fee for this appraisal or study is for the service rendered and not for the time spent on the physical report.

18. Authentic Copies

The authentic copies of this report are signed originals. Any copy that does not have the above is unauthorized and may have been altered.

19. Insulation and Toxic Materials

Unless otherwise stated in this report, the appraiser(s) signing this report have no knowledge concerning the presence or absence of toxic materials, asbestos and/or urea-formaldehyde foam insulation in existing improvements; if such is present, the value of the property may be adversely affected and reappraisal an additional cost necessary to estimate the effects of such.

20. Hypothetical Conditions

The market value was determined under the hypothetical condition that the property was a conventional property and was not encumbered by rent or income restrictions.

21. Extraordinary Assumptions

The "as complete" value is based on the extraordinary assumption that the property is completed as described.

22. Americans with Disabilities Act (ADA)

The Americans with Disabilities Act (ADA) became effective January 26, 1992, as to the removal of barriers in existing public accommodations. The ADA applies to alterations of existing public accommodations or commercial facilities or places of public accommodation designed for first occupancy after January 26, 1993. A compliance survey of the subject property has not been conducted to determine if it conforms to the various requirements of the ADA. A compliance survey of the property, in conjunction with a detailed study of the ADA requirements, could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this could have a negative effect on the value of the property. Since I am not qualified to determine if the subject property complies with the various ADA regulations, I did not consider possible noncompliance with the requirements of the ADA in estimating the value of the property.

23. Review

Unless otherwise noted herein, the review appraiser has reviewed the report only as to general appropriateness of technique and format and has not necessarily inspected the subject or market comparable properties.

The appraiser(s) and/or associates of Gill Group reserve the right to alter statements, analyses, conclusions or any value estimate in the appraisal if there becomes known to them facts pertinent to the appraisal process which were unknown to Gill Group when the report was finished.

**Acceptance Of and/or Use Of This Appraisal Report
Constitutes Acceptance of the Above Conditions**

DESCRIPTIVE SECTION

REGIONAL AND AREA DATA

The following data on the City of Wadley and Jefferson County are included to give the reader an insight into the social, economic, governmental and environmental factors which provide the setting and ultimate stability for the subject neighborhood and the property which is the subject of this appraisal. The various social, economic, governmental and environmental factors within any locality are the underlying forces which create, modify or destroy real property values.

Location

The City of Wadley is located in the southern portion of Jefferson County which is located in the eastern portion of Georgia. It is located approximately nine miles south of Louisville, Georgia; 20 miles north of Swainsboro, Georgia; 54 miles southwest of Augusta, Georgia; 95 miles east of Macon, Georgia; 113 miles northwest of Savannah, Georgia; and 156 miles southeast of Atlanta, Georgia. Jefferson County has the following boundaries: Northwest – Glascock and Warren Counties; North – McDuffie and Richmond Counties; East – Burke County; South – Emanuel and Johnson Counties; and West – Washington County.

Utilities

The City of Wadley provides water services to the residents. Gas utilities are provided by Ferrell Gas. Georgia Power and Jefferson Energy Cooperative provide electricity services. Telephone service is provided by AT&T.

Population

The population for the City of Wadley in 2010, according to the U.S. Census Bureau, was 2,061. There were 752 total households, with 300 renter-occupied households. The rental vacancy rate was 4.4 percent. The population for Jefferson County in 2010 was 9,432, with 3,328 total households. The number of renter-occupied households was 828, and the rental vacancy rate was 8.2 percent. The population for the State of Georgia in 2010 was 9,687,653, with 3,585,584 total households. The number of renter-occupied households was 1,231,182. The rental vacancy rate for the State of Georgia was 12.3 percent.

Transportation

Major highways in the City of Wadley and Jefferson County include U.S. Highways 1, 221 and 319 and State Highways 4, 17, 24, 78, 80 and 242. Interstate 20 is located approximately 60 miles to the north of Wadley. Freight rail service is provided by Norfolk Southern Railroad. The nearest airport is Louisville Municipal Airport. Commercial air service is available at Augusta Regional at Bush Field.

Health Care

Health care is provided by Integra Rehab and Robert R. Perez Medical Clinic. Other area hospitals or medical clinic in the area include Jefferson Hospital in Louisville.

Employment Factors

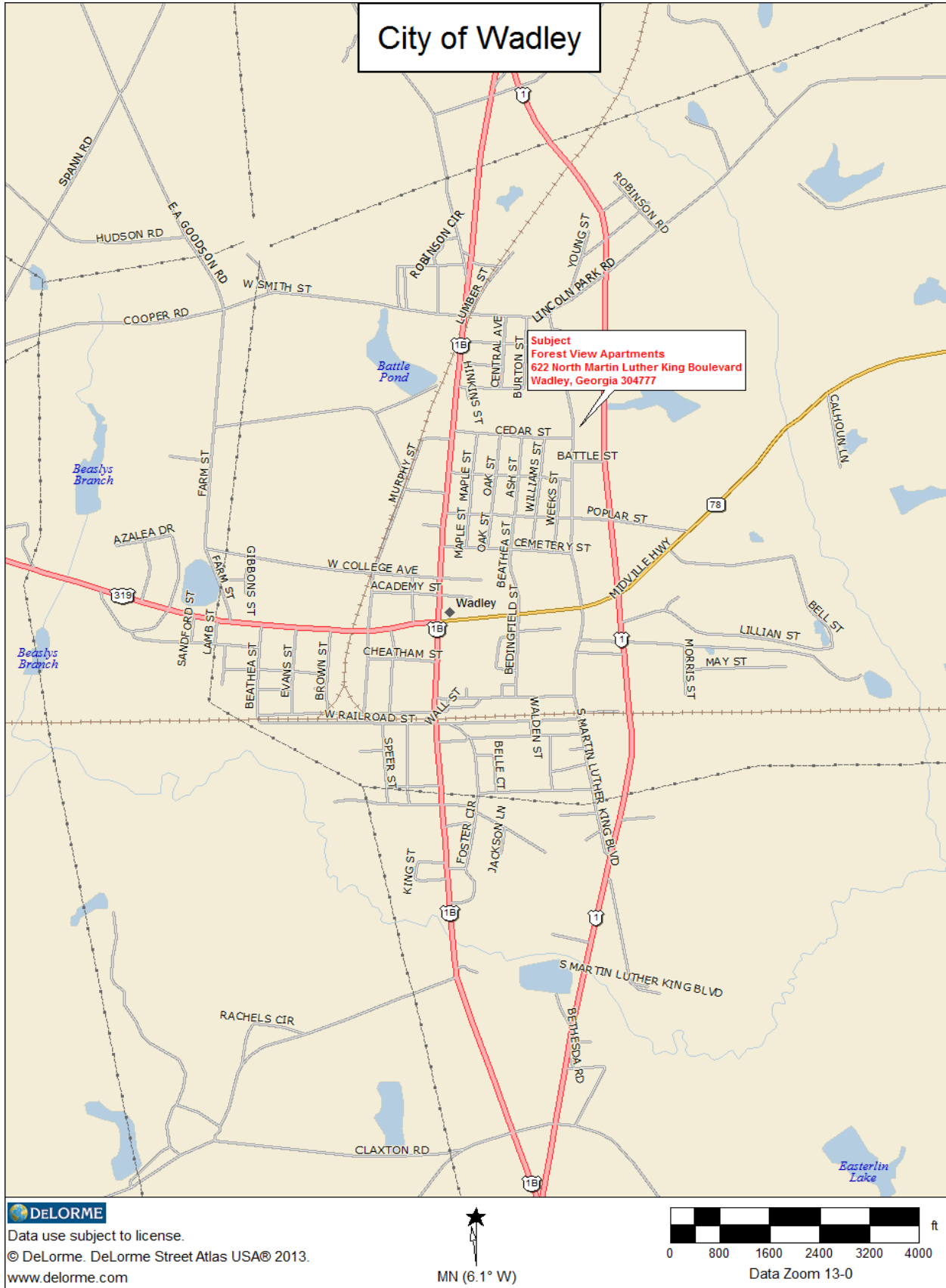
The average total civilian labor force in 2000 for Jefferson County, according to the U.S. Bureau of Labor Statistics, was 6,792, with 6,344 employed and 448 unemployed. The unemployment rate was 6.6 percent. The 2010 labor force statistics showed a civilian labor force of 6,882, with 5,902 employed. The number unemployed was 980. The unemployment rate was 14.2 percent. Preliminary estimates for March 2014 for the county showed a civilian labor force of 6,409, with 5,606 employed. There were 803 unemployed, and the unemployment rate was 12.5 percent.

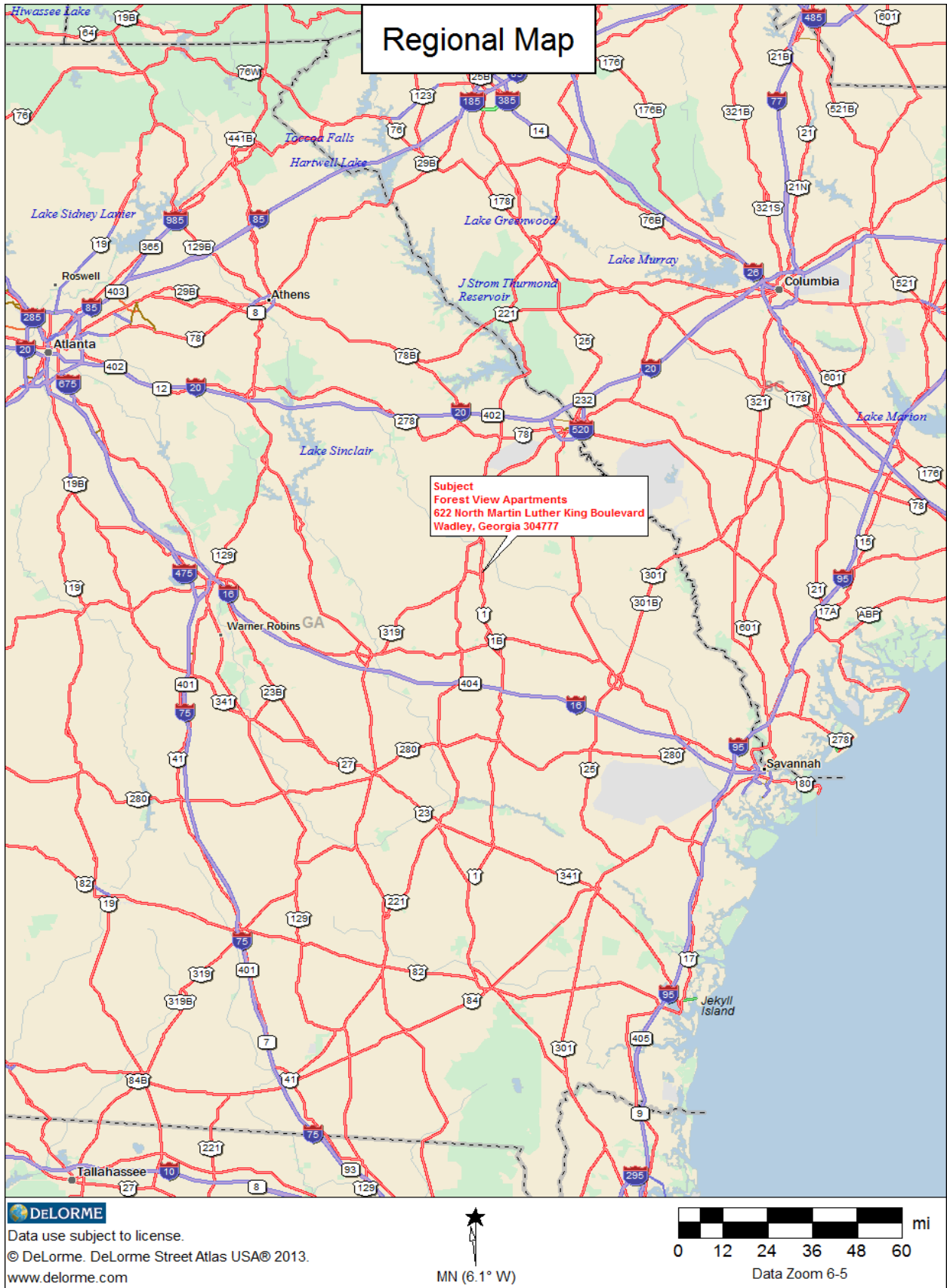
The average civilian labor force for 2000 for the State of Georgia was 4,242,889, with 4,095,362 employed. The number unemployed, according to the U.S. Bureau of Labor Statistics, was 147,527, for a 10.2 percent unemployment rate. The average for 2010 showed 4,713,978 for the total civilian labor force for the state, with 4,235,015 employed. The number unemployed was 478,963 and the unemployment rate was 10.2 percent. Preliminary estimates for March 2014 for the state showed a civilian labor force of 4,759,092, with 4,423,744 employed. There were 335,348 unemployed, and the unemployment rate was 7.0 percent.

Major employers in Jefferson County include the following: Fulghum, Battle Lumber, ThermoKing and Glit/Microtron.

Summary and Conclusions

Wadley is a city located in the eastern portion of Georgia. The economic outlook for future growth and development appears to be stabilizing.





NEIGHBORHOOD DATA

Location

The subject property is located in the northeastern portion of the City of Wadley, Georgia. The neighborhood has average attractiveness and appeal. The neighborhood is bound by the city limits.

Access

The neighborhood is accessed by U.S. Highways 1, 221 and 319 and State Highway 78. There are additional roads running north to south and west to east that provide access to the neighborhood as well. Street widths and patterns appear to be adequate for the surrounding uses.

Proximity to Services

There are several services located in the subject's area. Medical services located within the neighborhood include Integra Rehab and Robert R Perez Medical Clinic. Schools in the area include Wadley Headstart, Carver Elementary School, Wadley High School, Carver-Wadley Junior High School and Jefferson County Headstart. Houses of worship within the neighborhood include Tabernacle of Praise, First Baptist Church of Wadley, Trinity Church, Wadley Baptist Church and Wadley United Methodist Church. Other services within the area include Dollar General, Family Dollar Store, Gunn Drug Company, Haddens IGA, Waffle King, China One, Blocker's Pizza Bakery Grill, Wadley Police Department and Wadley Fire Department.

Land Use Pattern

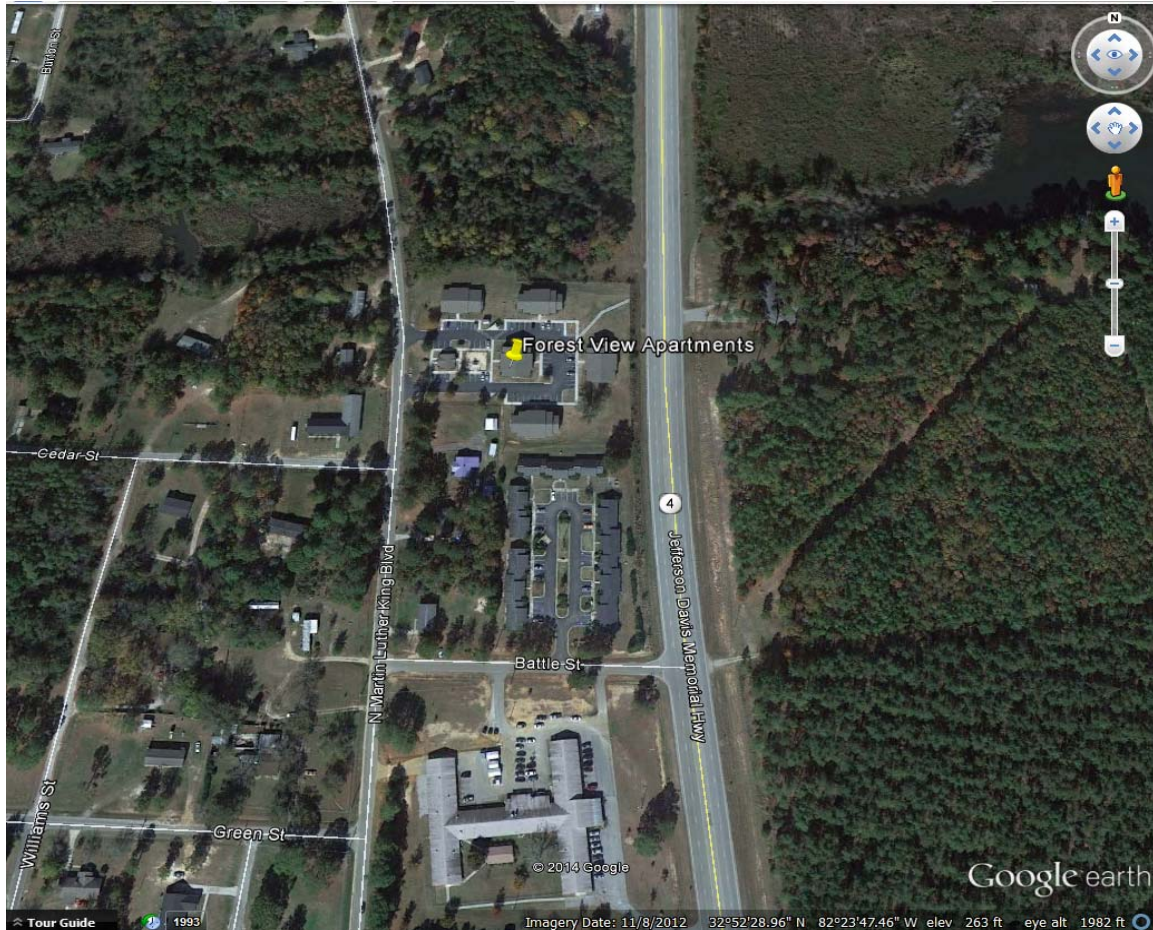
The neighborhood is a mixture of single-family residences, commercial properties, multifamily properties and vacant land. The area consists primarily of single-family properties with approximately 50 percent of the land use. Commercial properties make up an additional 15 percent, with another 15 percent being multifamily dwellings. Vacant land makes up the remaining 15 percent of the land use. The area is mostly suburban.

Neighborhood Characteristics

Most of the properties in the neighborhood maintain an acceptable level of property maintenance and condition. The ages of buildings in the area generally range from 10 to 75 years. The subject neighborhood is in average condition with average appeal. There are no rent controls affecting the marketability of the subject.

Neighboring Property Use

The neighborhood is a mixture of single-family residences, commercial properties, multifamily properties and vacant land. Vacant land and single-family residences are located to the north of the subject. Laurel Village Apartments are located to the south of the subject. East of the subject is U.S. Highway 1/State Highway 4 and then vacant land. Tabernacle of Praise and single-family residences are located to the west of the subject.



Adverse Influences

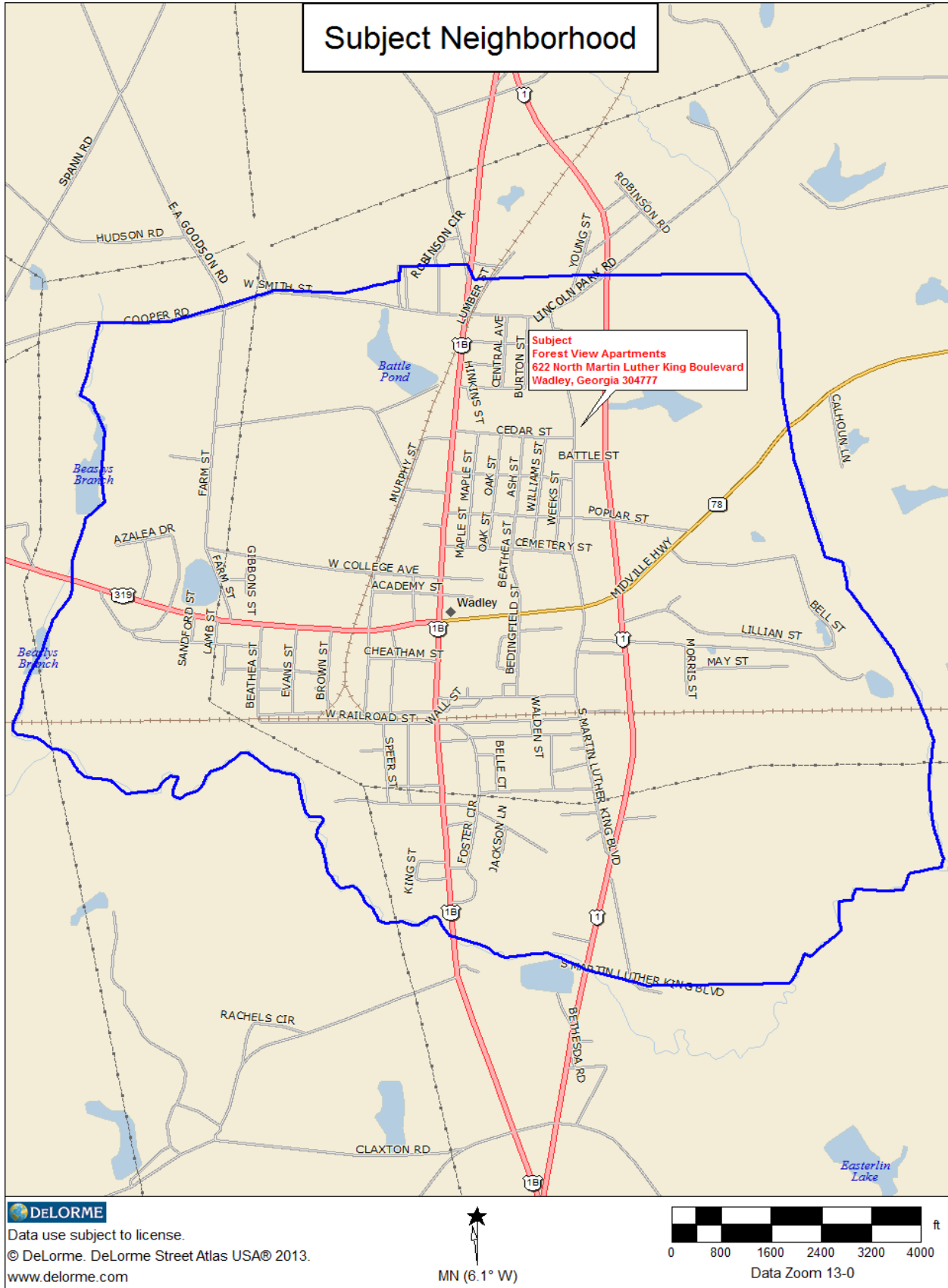
There are no major adverse influences or hazards observed or known by the appraiser in the immediate surrounding area.

Utilities

Utilities generally available in the neighborhood include water, gas, electricity, sewer and telephone.

Analysis/Comments

In conclusion, the subject is located in the northeastern portion of the City of Wadley, Georgia. The subject is considered to be compatible with the adjacent properties.

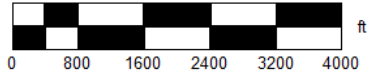
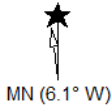


Subject Neighborhood

Subject
Forest View Apartments
622 North Martin Luther King Boulevard
Wadley, Georgia 30477



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www.delorme.com



Data Zoom 13-0

DEFINING THE MARKET AREA

The market area for the subject is defined as Jefferson County. Jefferson County has the following boundaries: Northwest – Glascock and Warren Counties; North – McDuffie and Richmond Counties; East – Burke County; South – Emanuel and Johnson Counties; and West – Washington County.

The field/phone survey was conducted in May 2014. Nine affordable housing properties including the subject and six conventional properties responded to the survey. Of the apartments surveyed, an overall vacancy rate of one percent was estimated for conventional apartments and five percent for affordable housing. The subject is 100 percent occupied. The subject contains Rental Assistance for 35 units. The occupancy rate for the subject property since 2011 has remained undisclosed. The 2014 budget indicates a 95 percent occupancy rate. The tenants with Rental Assistance pay only 30 percent of their income toward rent. In addition, the comparable properties in the area indicated that the units with Rental Assistance typically have higher occupancy rates than those units without Rental Assistance in which the tenants are responsible for the entire rental amount. Since the subject has Rental Assistance for all of its revenue units, it is likely that the subject will operate at a higher occupancy rate than the properties without Rental Assistance. After considering the vacancy rate of the subject and the comparables, a vacancy rate of five percent was deemed appropriate for conventional housing, and a vacancy rate of five percent was deemed appropriate for affordable housing.

Market Area Vacancy by Development - Affordable			
Property Name	# of Units	# of Vacant Units	Vacancy Percentage
Forest View Apartments (Subject)	36	0	0%
Laurel Village Apartments	24	0	0%
Green Meadows Apartments	32	3	9%
Peach Lane Apartments	18	0	0%
Oak Lane Villas	26	0	0%
Peach Village Apartments	24	2	8%
Northgate Apartments	20	3	15%
Louisville Villas	25	2	8%
Brooksfield Apartments	32	1	3%
TOTALS	237	11	5%

Market Area Vacancy by Development - Market			
Property Name	# of Units	# of Vacant Units	Vacancy Percentage
Ferncrest Apartments	78	2	3%
Manchester Wesleyann	328	1	0%
Pecan Ridge Apartments	53	0	0%
Galleria Park Apartments	152	2	1%
Claxton Pointe North	136	0	0%
Hidden Cove Townhomes	60	0	0%
TOTALS	807	5	1%

SUBJECT DESCRIPTION

The area of the site and the site dimensions are based on the building plans provided by the Jefferson County Assessor's Office.

Total Land Area 3.11 acres, or 135,472+/- square feet

Shape/Dimensions Irregular-shaped

Access & Exposure The subject property is located on North Martin Luther King Boulevard. The site is at or near pavement grade with North Martin Luther King Boulevard. The site has ingress and egress on North Martin Luther King Boulevard.

Topography/Drainage The site is nearly level. A water detention area is not located on the site. No adverse soil conditions are known in the area which would prevent development.

Flood Plain According to Flood Scape, FloodSource Map Number 13163C-0410C, dated December 17, 2010, the subject is zoned X, an area determined to be outside the 100- and 500-year floodplains. Federal flood insurance is available but is not required.

Environmental Issues The appraisers are not qualified to determine whether or not hazards exist. A copy of a Phase I Environmental Site Assessment was not provided to the appraisers with this assignment. No environmental hazards were observed on the site on the date of the inspection.

Encroachments No encroachments were observed. A survey was not provided with this assignment. The appraisers are not qualified to determine whether or not the adjacent properties encroach on the subject site.

Easements Typical utility easements that are not adverse to the site's development run on the property. A title insurance report was not provided to the appraisers with this assignment. No significant easements are known.

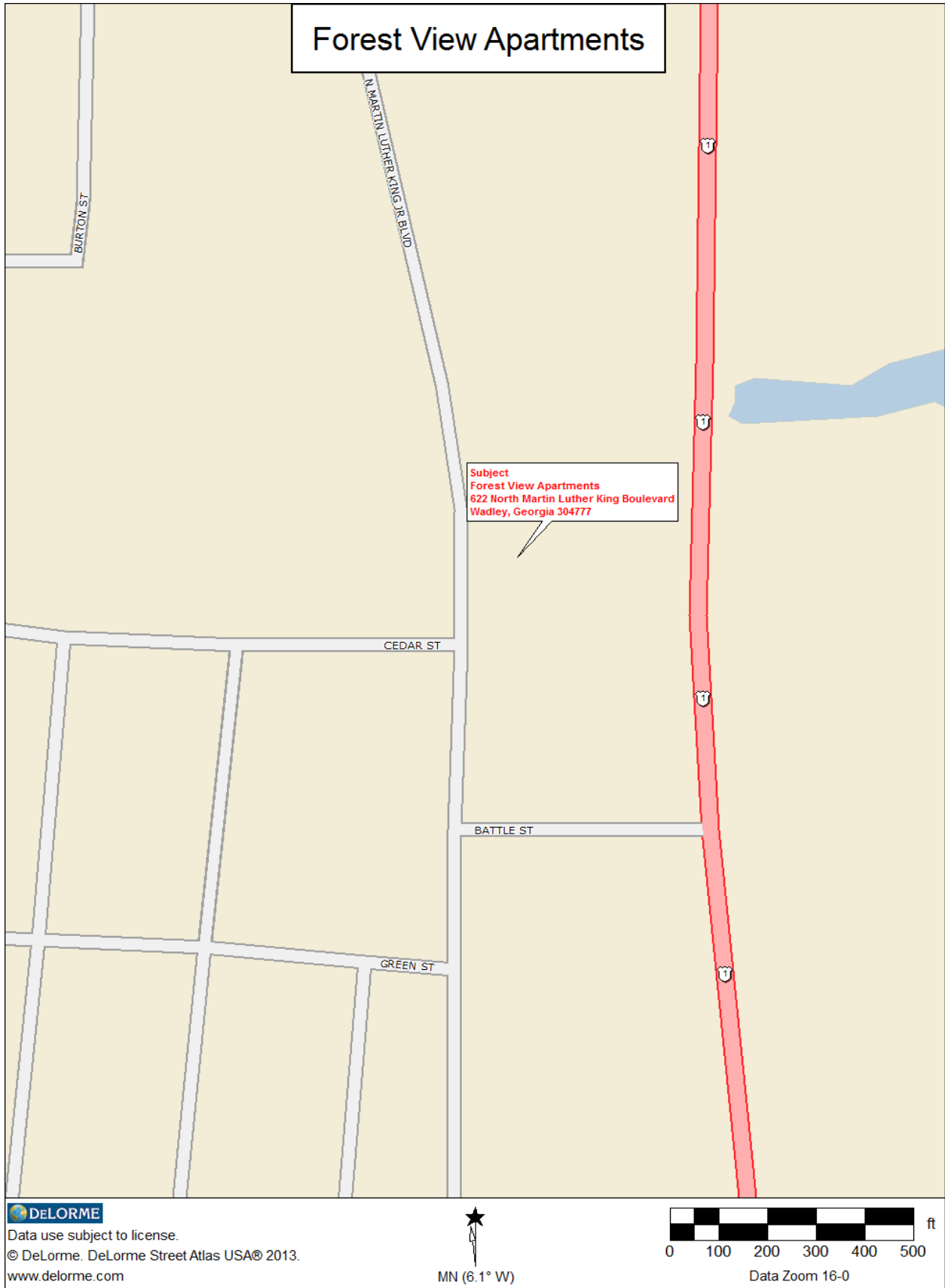
Site Ratios Building to Land Ratio: 1 to 7.97; Site Coverage Ratio: 12.54 percent
There is limited room for expansion of the existing facility as the current buildings do not occupy 100 percent of the site. The size of the buildings when compared to the total lot size does not preclude expansion of the facility and, therefore, does not negatively affect the estimated market value of the subject. The site coverage ratio indicates the available land around the buildings has been utilized at the subject to preclude a "cramped" feel to the property.

Utilities

Water, sewer and electricity are provided by county utilities along the site boundaries. These services appear to be adequate for commercial use.

Zoning

According to the City of Wadley, the subject is zoned C-2, Highway Commercial District. Multifamily dwellings are permitted in this zoning district. Therefore, the subject is a legal, conforming use. It appears there is no conflict between the subject property and the zoning ordinances provided by the City of Wadley. Since there are no obvious conflicts between the subject property and the zoning of the property, there is no negative effect on the market value by the zoning classification.



IMPROVEMENT DESCRIPTION

Number of Buildings	The subject contains five two-story garden-style buildings containing 36 units (one non-revenue unit). There is also a one-story accessory building containing a community room, laundry facility, maintenance area and leasing office.
Net Rentable Building Area	28,526 square feet
Gross Building Area	<i>As Is</i> - 29,222 square feet <i>As Complete</i> - 29,894 square feet
Year Built/Year Renovated	1998/Proposed
Building Construction	Brick and siding exterior, concrete slab floors, average quality construction and average condition
Economic Life	55 Years
Effective Age	10 Years – <i>As Is</i> 5 Years – <i>As Complete</i>

The subject property is improved with five two-story garden-style buildings containing 36 units (one non-revenue unit). There is also a one-story accessory building containing a community room, laundry facility, maintenance area and leasing office. The subject property was built in 1998. The net rentable area for the property is approximately 28,526 square feet. According to the Jefferson County Assessor’s Office, the gross building area is approximately 29,222 square feet. As complete, the gross building area will be approximately 29,894 due to the additional community building proposed. The following table shows the unit mix for the subject property.

Unit Type	# of Units	Square Footage	Total Square Footage
1/1	10	663	6,630
2/1	20	808	16,160
3/1.5	5	956	4,780
3/1.5 (non-rev)	1	956	956
			28,526

The subject is classified as Average Class D Multiple Residences, according to Marshall & Swift Valuation Service. Therefore, the property has an “as is” effective age of 10 years and a total economic life expectancy of 55 years. The subject will undergo a proposed rehabilitation. The rehabilitation will include repairs and replacements to the gazebo; playground; dumpster enclosure; mail facilities; roadways and parking lots; sidewalks; bus stop; additional community building with a computer room, exercise room, kitchenette and laundry area; exterior lighting; exterior doors; exterior walls; roofs; office; windows; bath accessories and fixtures; interior doors; interior light fixtures; kitchen countertops and cabinets; living area floors and walls; HVAC; appliances including new garbage disposals and dishwashers; water heaters; painting; telephone/internet/cable; electrical systems; building and building numbers; security; elevation; and ADA upgrades. (A complete scope of work is included in Addendum C.) Upon completion of the proposed rehabilitation, the subject will have an effective age of five years.

The units contain one to three bedrooms, one or more baths, living area, dining area and kitchen. The units contain a range/oven, refrigerator, washer/dryer hook-ups, carpet, tile, blinds, balcony and patio. As complete, the units will also contain garbage disposals and dishwashers.

Project amenities include a community room, gazebo, playground, laundry facility, on-site management, on-site maintenance and open parking lot with approximately 61 parking spaces. As complete, the property will also contain an additional community building which will contain a computer room, exercise room, kitchenette and laundry area. The property will also offer an enclosed bus stop at the entrance to the property.

Heating and cooling are both central electric. Cooking and hot water are also electric. Water, sewer and trash are provided by the landlord. All other utilities are the responsibility of the tenant. At the time of inspection, the property was 100 percent occupied.

The subject is 100 percent Rural Development and Low Income Housing Tax Credit at 60 percent of the area median income. It has Rental Assistance for its 35 revenue units at the property. The unit types, rents, utility allowances and square footage for the units are shown in the table below:

Unit Type	# of Units	Square Footage	Contract Rent	Utility Allowance
1/1 @ 60%	10	663	\$471	\$128
2/1 @ 60%	20	808	\$511	\$142
3/1.5 @ 60%	5	956	\$574	\$153
3/1.5 (non-rev)	1	956	N/A	N/A
	36			

The subject will continue to be 100 percent Rural Development and Low Income Housing Tax Credit at 60 percent of the area median income once rehabilitation is complete. It will continue to have Rental Assistance for its 35 revenue units. The rents listed below are the proposed rents. The proposed one-bedroom rent is slightly higher than the net LIHTC rent. However, the subject is 100 percent Rural Development with Rental Assistance for all revenue units. Therefore, the tenants pay only 30 percent of their income. At no time will the tenant be required to pay more than the maximum net rent. The proposed two- and three-bedroom rents are lower than the net LIHTC rents and were deemed reasonable.

Unit Type	# of Units	Square Footage	Maximum Net Rent	Utility Allowance	Proposed Rent
1/1 @ 60%	10	663	\$463	\$128	\$471
2/1 @ 60%	20	808	\$567	\$142	\$511
3/1.5 @ 60%	5	956	\$666	\$153	\$574
3/1.5 (non-rev)	1	956	N/A	N/A	N/A
	36				

CONSTRUCTION SUMMARY

Foundation	Concrete Slab on Grade
Construction	Wood Frame
Exterior Walls	Brick/Siding
Floors	Carpet/Tile
Roof	Asphalt Shingle

UTILITIES

Heat	Electric
Cooling	Electric
Cooking	Electric
Hot Water	Electric

APPEAL

Landscaping	Grass, Trees, Shrubs
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Age, Life and Condition

The improvements are of average quality construction and in average condition. The buildings are in average condition overall. The buildings are classified as Average Class D Apartments, according to the Marshall & Swift Cost Manual. Based on the life expectancy tables found in the Marshall & Swift Cost Manual, the economic life of the building is approximately 55 years. Therefore, the effective age of the property "as is" is 10 years, and the effective age of the property upon completion of the rehabilitation will be five years.



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Accessory Building



View of Accessory Building



View of Laundry Facility



View of Laundry Facility



View of Playground



View of Mail Center



View of Kitchen – One-Bedroom Unit



View of Kitchen – One-Bedroom Unit



View of Living Area – One-Bedroom Unit



View of Washer/Dryer Hook-Ups – One-Bedroom Unit



View of Bedroom – One-Bedroom Unit



View of Bath – One-Bedroom Unit



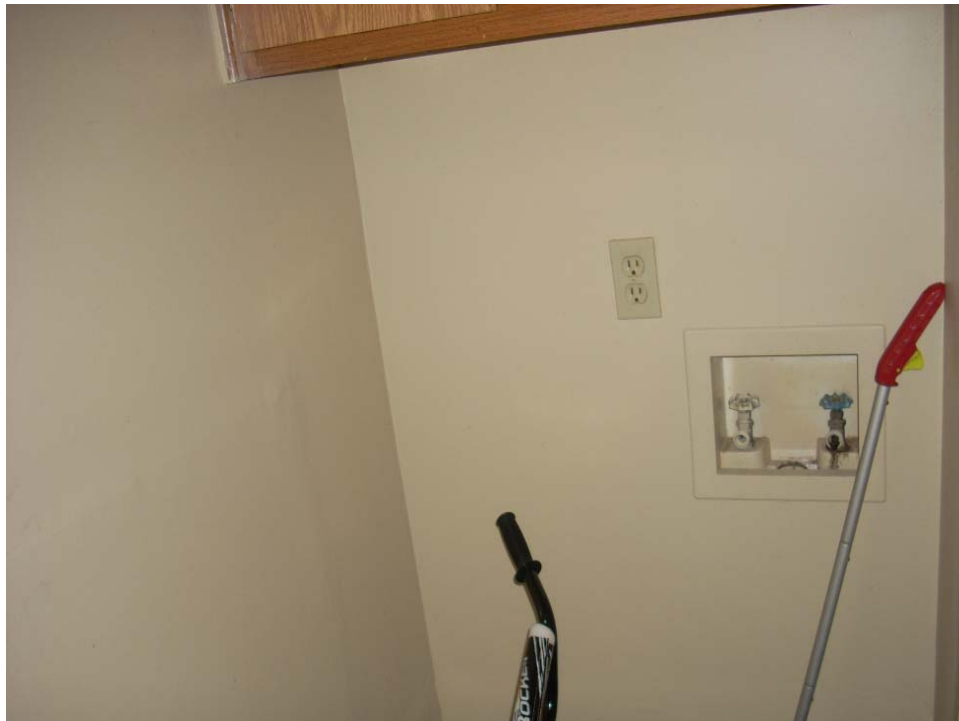
View of Kitchen – Two-Bedroom Unit



View of Kitchen – Two-Bedroom Unit



View of Living Area – Two-Bedroom Unit



View of Washer/Dryer Hook-Ups – Two-Bedroom Unit



View of Bedroom – Two-Bedroom Unit



View of Bath – Two-Bedroom Unit



View of Kitchen – Three-Bedroom Unit



View of Kitchen – Three-Bedroom Unit



View of Living Area – Three-Bedroom Unit



View of Washer/Dryer Hook-Ups – Three-Bedroom Unit



View of Bedroom – Three-Bedroom Unit



View of Bedroom – Three-Bedroom Unit



View of Bath – Three-Bedroom Unit



View of Half-Bath – Three-Bedroom Unit



View of Parking Lot



View of Parking Lot



View of Street



View of Street

ASSESSMENTS AND CURRENT REAL ESTATE TAXES

According to the Jefferson County Assessor’s Office, the 2013 real estate taxes for the subject are \$17,764.59. The property has an appraised value of \$1,086,378 - \$24,880 for the land, \$1,043,542 for the improvements and \$17,956 for accessory value. Real estate taxes are based on 40 percent of the appraised value. The county’s millage rate is \$29.271 per \$1,000 of the assessed value. The city’s millage rate is \$16.000 per \$1,000 of the assessed value. The taxes have been paid.

In order to determine the reasonableness of the real estate taxes when considering the “As Is” Market Value, Subject to Restricted Rents, within 7 CFR part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition As-If Unsubsidized Conventional Housing in compliance with 7 CFR Part 3560.656(c)(1)(i), real estate tax comparables were verified. These comparables are shown in the following table:

Property	No. of Units	Year Built	Parcel #	Assessed Value - 2013	Real Estate Taxes	Taxes Per Unit
Ferncrest Apartments 617 Ferncrest Drive Sandersville, Washington, GA	78	1983	094-012	\$589,208	\$12,658.00	\$162.28
Manchester at Wesleyan 1665 Wesleyan Drive Macon, Bibb, GA	328	1996	L003-0043	\$6,457,471	\$211,785.67	\$645.69
Pecan Ridge Apartments 104 Parker Dairy Road Dublin, Laurens, GA	53	1980	D15B-006	\$395,492	\$2,466.71	\$46.54
Galleria Park Apartments 100 Robins West Parkway Warner Robins, Houston, GA	152	1996	W78-50	\$2,958,920	\$98,916.69	\$650.77
Hidden Cove Townhomes 107 PA Johns Road Northeast Milledgeville, Baldwin, GA	60	1978	087-039	\$718,840	\$22,006.69	\$366.78

Due to the lack of conventional properties located in Jefferson County, comparable properties in neighboring counties were utilized. The comparables are all market-rate facilities and are located in Washington, Bibb, Laurens, Houston and Baldwin Counties. The comparables indicated a range of \$46.54 per unit to \$650.77 per unit. The subject’s real estate taxes averaged \$493.46 per unit. The subject’s real estate taxes are within the tax comparable range. Therefore, no adjustment was made to the real estate taxes for the market scenario.

HIGHEST AND BEST USE ANALYSIS

Highest and Best Use is defined in *The Dictionary of Real Estate Appraisal*, sponsored by the Appraisal Institute (Fifth Edition 2010), as follows:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible and that result in the highest value.

Implied in this definition is that the determination of highest and best use takes into account the contribution of specific use to the community and community development goals as well as the benefits of that use to individual property owners. Hence, in certain situations, the highest and best use of land may be for parks, greenbelt, preservation, conservation, wildlife habitat, etc.

In determining the highest and best use of the subject property, careful consideration was given to the economic, legal and social factors which motivate investors to develop, own, buy, sell and lease real estate.

There are four criteria that are used in evaluating the highest and best use of a property. The highest and best must be:

1. **Physically Possible**
2. **Legally Permissible**
3. **Financially Feasible**
4. **Maximally Productive**

The four criteria are applied in sequential order. The selection of uses is narrowed through the consideration of each criteria so that by the time the last criteria is applied; only a single use is indicated. Hence, a property often will have numerous uses which are physically possible, a lesser number which are both physically possible and legally permissible; fewer still which are physically possible, legally permissible and financially feasible; and only a single use which meets all four criteria.

In addition to the preceding four criteria, the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation further indicate that the following items must be considered as they relate to the use and value of the property:

1. Existing land use regulations
2. Reasonably probable modifications of such regulations
3. Economic demand
4. The physical adaptability of the property
5. Neighborhood trends

The previous sections of this report were used to render a judgment as to the highest and best use of the site as though vacant and as though improved.

Highest and Best Use as though Vacant

Highest and best use of land or a site as though vacant assumes that a parcel of land is vacant or can be made vacant by demolishing any improvements. With this assumption, uses that create value can be identified, and the appraiser can begin to select comparable properties and estimate land value. The questions to be answered in this analysis are as follows:

If the land is, or were, vacant, what use should be made of it?

What type of building or improvement, if any, should be constructed on the land and when?⁶

Physically Possible Use as Vacant

The first constraint imposed on the possible use of the property is dictated by the physical aspects of the site itself. The size and location within a given block are the most important determinants of value. In general, the larger the site, the greater its potential to achieve economies of scale and flexibility in development. The size of the parcel, considered within the provisions of the zoning, has considerable influence on its ultimate development.

The key determinant in developing a site is the permitted size of the project. More land permits higher density development, higher floor to area ratios (FAR), etc. the total number of square feet allowed for a building structure tends to rise in proportion to the size of the lot. Location is important when considering a site's proximity to open plazas, office trade areas, work force areas, public transportation, major highways (access/visibility), etc.

As noted in the Site Data section of this report, the subject site has a land area of 3.11 acres. Topographically, the site is nearly level. The subject is not located in a flood hazard area. No subsoil or drainage conditions are known that would adversely affect the development of the site. Public utilities available to the subject include electricity, gas, water, sewer and telephone. The size of the subject and the adjacent properties suggest a number of possible uses for the subject site.

LEGALLY PERMISSIBLE USE AS VACANT

Legal restrictions, as they apply to the subject property, are of two types, private restrictions (deed restriction easements) and public restrictions, namely zoning. No information regarding private restrictions affecting title was provided with this assignment other than those mentioned below. It is assumed that only common restrictions (i.e. utility easements, etc.) are applicable and are not of any consequence to the development of this site.

⁶ The Appraisal Institute. *The Appraisal of Real Estate*. 15th ed. (Chicago, 2008), 310.

FINANCIALLY FEASIBLE USE AS VACANT

After the discussion of the physically possible and legally permissible uses for the site as vacant, the adjacent property uses suggest that the possibilities for the subject have been narrowed to multifamily development.

MAXIMALLY PRODUCTIVE AS VACANT

Based on the analysis of the previous elements, it is reasonable to assume, if the site were vacant and available for development on the date of valuation, the highest and best use would be for multifamily development, most likely a multifamily use which could produce a higher return.

HIGHEST AND BEST USE AS IMPROVED

Highest and best use of a property as improved pertains to the use that should be made of an improved property in light of its improvements. The use that maximizes an investment property's value, consistent with the long-term rate of return and associated risk, is its highest and best use as improved.⁷

This part of highest and best use analysis is structured to answer the following problems:

1. Should the building be maintained as is?
2. Should the building be renovated, expanded or demolished?
3. Should the building be replaced with a different type or intensity of use?

PHYSICALLY POSSIBLE AS IMPROVED

The subject site supports an existing multifamily development with a gross building area of approximately 29,222 square feet. The subject does appear to suffer from functional or external obsolescence. The subject is in average condition.

LEGALLY PERMISSIBLE AS IMPROVED

Based on the adjacent property uses and the zoning restrictions for the subject, the highest and best use of the subject site is considered to be a multifamily facility. The configuration of the improvements is not in violation of any known regulations and is considered to be a compatible use with the adjacent commercial and residential properties.

⁷The Appraisal Institute. *The Appraisal of Real Estate*. 13th ed. (Chicago, 2008), 315

FINANCIALLY FEASIBLE AS IMPROVED

The third factor that must be considered is the economical feasibility of the types of uses that are physically and legally permissible. Based on the data presented in the Income Approach section of this report, the existing improvements appear to be capable to produce an adequate return to be financially feasible as they exist.

MAXIMALLY PRODUCTIVE AS IMPROVED

Considering the previous discussions, the existing improvements are physically possible, legally permissible and financially feasible. There currently is no alternative legal use that could economically justify razing the existing improvement or significantly changing their use. Based on the foregoing analysis, it is my opinion that the maximally productive use of the property is as a multifamily development.

APPRAISAL PROCEDURES

In order to develop a reasonable opinion of the value of the subject property, the following appraisal techniques have been used:

The Cost Approach

The Cost Approach considers the current cost of replacing a property, less depreciation from three sources: physical deterioration, functional obsolescence and external obsolescence. A summation of the market value of the land, assumed vacant and the depreciated replacement cost of the improvements provides an indication of the total value of the property.

The Income Approach

The Income Approach is based on an estimate of the subject property's possible net income. The net income is capitalized to arrive at an indication of value from the standpoint of an investment. This method measures the present worth and anticipated future benefits (net income) derived from the property.

The Sales Comparison Approach

The Sales Comparison Approach produces an estimate of value by comparing the subject property to sales and/or listings of similar properties in the same or competing areas. This technique is used to indicate the value established by informed buyers and sellers in the market.

In preparing this appraisal, the appraiser inspected the subject property and analyzed historic operating data for the subject. A Cost Approach was used to determine the effective age and economic life of the proposed development. Furthermore, I gathered information on competitive properties in the region for comparable improved rentals and operating expenses. Lastly, comparable sales were gathered primarily for their use as overall rate indicators. This information was applied in the Income Capitalization Approach. The application of each measure of value is discussed further in appropriate sections of this report.

VALUATION SECTION

COST APPROACH

The Cost Approach is a method in which the value of a property is derived by estimating the replacement cost of the improvements, deducting the estimated depreciation and adding the market value of the land.

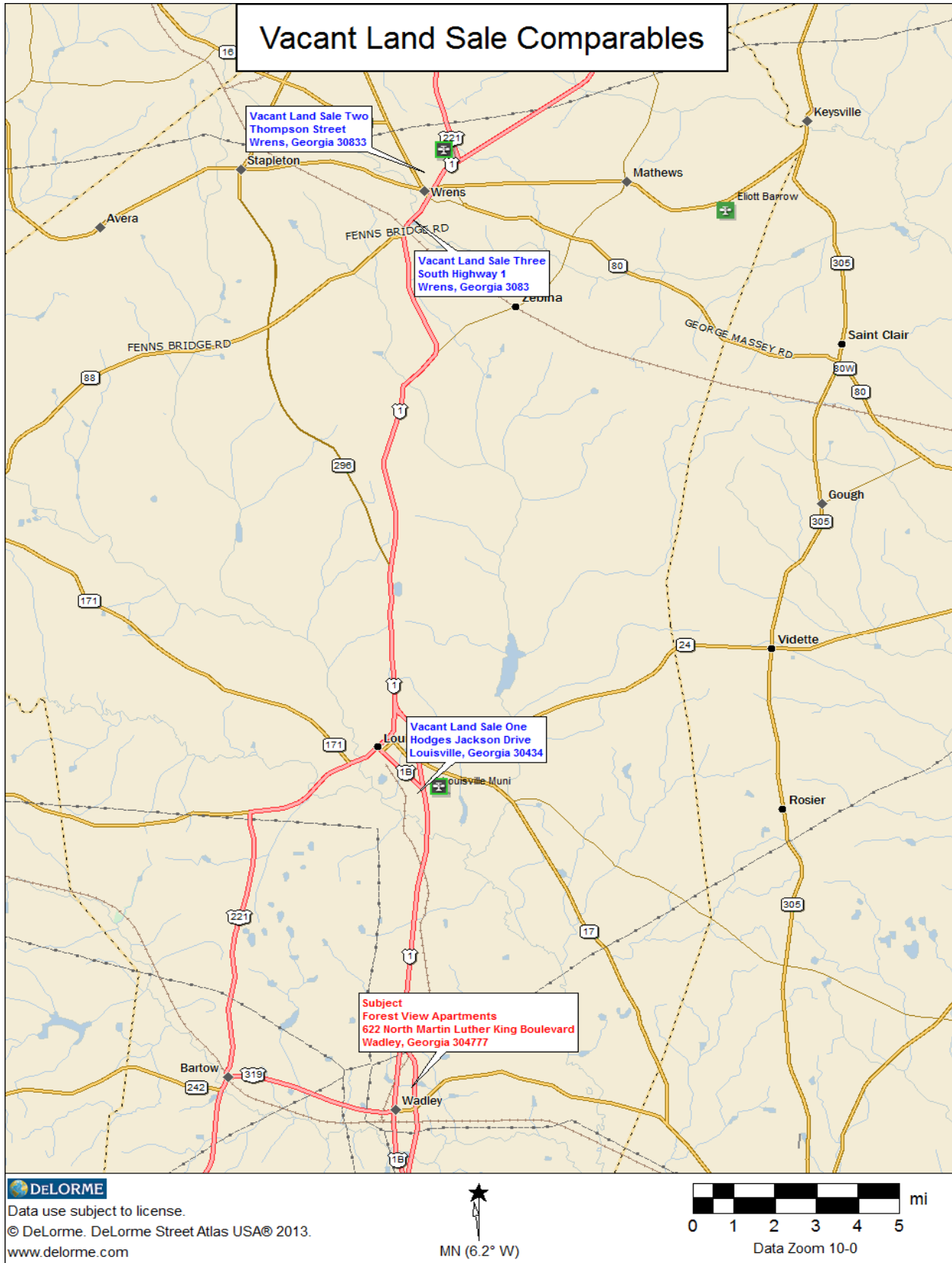
The first Step in the Cost Approach is to estimate the value of the subject site.

SITE VALUE

The comparison method is the most common way of developing a market value estimate for land. In the comparison method, sales of vacant land comparable to the subject property are gathered and analyzed. Ideally, such vacant sales are close in time and proximity to the subject property.

The sales prices are adjusted for time, location, physical characteristics and other relevant variations. The adjusted prices are reduced to some common unit of comparison and conclude a unit value applicable to the subject property. This unit value, when applied to the appropriate unit measure, results in an estimate of market value for land.

An investigation revealed several sales of similar sites in the subject's neighborhood. The comparables found are summarized on the following pages.



Land Comparable 1



Transaction

Address	Hodges Jackson	Date	3/20/2012
City	Louisville	Price	\$20,000
County	Jefferson	Acre Unit Price	\$8,000
State	Georgia	Financing	Conventional
Zip	30434	Property Rights	Fee Simple
Grantor	Josey Trucking Incorporation	Verification Source	Assessor
Grantee	Red Riader Realty	Conditions of Sale	Normal

Site

Acres	2.50	Topography	Nearly Level
Land SF	108,900	Zoning	C-3
Utilities	E, G, W, S	Road Frontage	Hodges
Shape	Irregular	Visibility/Access	Average

Land Comparable 2



Transaction

Address	Thompson Street	Date	12/21/2012
City	Wrens	Price	\$11,000
County	Jefferson	Acre Unit Price	\$6,250
State	Georgia	Financing	Conventional
Zip	30833	Property Rights	Fee Simple
Grantor	Robert Stephens	Verification Source	Assessor
Grantee	Bennett Clark	Conditions of Sale	Normal

Site

Acres	1.76	Topography	Nearly Level
Land SF	76,666	Zoning	R-3
Utilities	E, G, W, S	Road Frontage	Thompson Street
Shape	Irregular	Visibility/Access	Average

Land Comparable 3



Transaction

Address	South Highway 1	Date	4/2/2013
City	Wrens	Price	\$40,000
County	Jefferson	Acre Unit Price	\$15,326
State	Georgia	Financing	Conventional
Zip	30833	Property Rights	Fee Simple
Grantor	Clifford Jones	Verification Source	Assessor
Grantee	MB Jones Oil	Conditions of Sale	Normal

Site

Acres	2.61	Topography	Nearly Level
Land SF	113,692	Zoning	C-3
Utilities	E, G, W, S	Road Frontage	South Highway 1
Shape	Irregular	Visibility/Access	Average

Notes

Parcel was vacant at the time of sale.

Forest View Apartments * 622 North Martin Luther King Boulevard * Wadley, Georgia

Land Analysis Grid		Comp 1	Comp 2	Comp 3
Address	622 North Martin Luther King	Hodges Jackson	Thompson Street	South Highway 1
City	Wadley	Louisville	Wrens	Wrens
State	Georgia	Georgia	Georgia	Georgia
Date	5/15/2014	3/20/2012	12/21/2012	4/2/2013
Price	\$0	\$20,000	\$11,000	\$40,000
Acres	3.11	2.50	1.76	2.61
Acre Unit Price	\$0	\$8,000	\$6,250	\$15,326
Transaction Adjustments				
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	Conventional	Conventional	Conventional	Conventional
Conditions of Sale	Normal	Normal	Normal	Normal
Adjusted Acre Unit Price		\$8,000	\$6,250	\$15,326
Market Trends Through	5/15/14	0.0%	0.0%	0.0%
Adjusted Acre Unit Price		\$8,000	\$6,250	\$15,326
Location	Average	Similar	Similar	Superior
% Adjustment		0%	0%	-35%
\$ Adjustment		\$0	\$0	-\$5,364
Acres	3.11	2.50	1.76	2.61
% Adjustment		0%	0%	0%
\$ Adjustment		\$0	\$0	\$0
Topography	Nearly Level	Nearly Level	Nearly Level	Nearly Level
% Adjustment		0%	0%	0%
\$ Adjustment		\$0	\$0	\$0
Utilities	E, G, W, S	E, G, W, S	E, G, W, S	E, G, W, S
% Adjustment		0%	0%	0%
\$ Adjustment		\$0	\$0	\$0
Zoning	C-2	C-3	R-3	C-3
% Adjustment		0%	35%	0%
\$ Adjustment		\$0	\$2,188	\$0
Adjusted Acre Unit Price		\$8,000	\$8,438	\$9,962

After analyzing the land sales and adjusting each sale accordingly, it is our opinion that the estimated Market Value of the subject site as of May 15, 2014, is as follows:

3.11 acres x \$8,800 per acre = \$27,368

Rounded \$27,000

SUMMARY OF VACANT LAND SALES

Comparable	Address	Date	Price	Acre Unit Price	Acres	Land SF	Zoning
1	Hodges Jackson	3/20/2012	\$20,000	\$8,000	2.50	108,900	C-3
2	Thompson Street	12/21/2012	\$11,000	\$6,250	1.76	76,666	R-3
3	South Highway 1	4/2/2013	\$40,000	\$15,326	2.61	113,692	C-3

Adjustments

The prices of the comparable land sales range from \$6,250 to \$15,326 per acre before adjustments. The majority of the comparables were adjusted for differences from the subject site. The adjustments are based on the following characteristics.

Location

Consideration was given to the location of the subject and each of the comparables. The subject is located in Wadley. Comparables 2 and 3 are located in Wrens. Comparable 1 is located in Louisville. Comparables 1 and 2 are relatively similar in location when compared to the subject and were not adjusted. However, Comparable 3 is located right on Highway 1 with excellent location. Therefore, this comparable was adjusted downward 35 percent.

Size

Consideration was given to the size of the subject as compared to the comparables. Size can have an impact on site value based on the premise that smaller parcels often sell for a higher price per unit than larger parcels with equal utility. The subject site consists of a total of 3.11 acres. The comparables range in size from 1.76 acres to 2.61 acres. Paired analysis did not indicate an adjustment was needed for size. Therefore, no adjustments were given.

Topography

Consideration was given to the topography of the subject and each of the comparables. The subject and all comparables are nearly level. No adjustment was needed.

Utilities

Consideration was given to the utilities available. All comparables were considered similar in terms of utilities available. No adjustments were made.

Zoning

The subject is zoned C-2, Highway Commercial District. Comparables 1 and 3 are zoned commercial. Comparable 3 is zoned Residential. Paired analysis indicated a 35 percent adjustment was necessary for Comparable 2.

Summary Conclusions

The land sales analysis indicates the quantitative or qualitative adjustments and the order of comparability. The comparable land sales range from \$8,000 to \$9,962 per acre after adjustments. All comparables were given consideration.

3.11 acres x \$8,800 per acre = \$27,368

Rounded \$27,000

IMPROVEMENT VALUATION

The next step in the Cost Approach is to estimate the replacement cost new of the improvements.

Replacement cost new (RCN) is defined as follows:

The estimated cost to construct, at current prices as of the effective date of the appraisal, a building with utility equivalent to the building being appraised, using modern materials and current standards, design and layout.⁸

A description of the improvements was presented in the Improvement Data section. The costs estimated were made based on the developer's plans. Cost estimates were made based on the replacement cost new of the improvements using the **Marshall Valuation Service Cost Manual**. Soft costs are included in the base cost determined by the **Marshall Valuation Service Cost Manual**.

Depreciation Analysis

Depreciation may be defined as any loss of value from any cause. There are three general areas of depreciation: physical deterioration, functional obsolescence and external obsolescence. Depreciation may be curable or incurable, the test being that money spent to cure the depreciation be gained in value. If the depreciation costs more to fix than will be gained in value, then the depreciation is considered incurable.

Physical Deterioration

This results from deterioration from aging and use. This type of depreciation may be curable or incurable.

Depreciation Accrued To The Subject

The subject property has an effective age of 10 years "as is". Properties of this type are anticipated to have a total economic life of 55 years. Based upon the concept of age/life depreciation, the overall depreciation applicable to the subject "as is" is 10/55, or 18 percent.

⁸Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute), 2010

The rehabilitation will include repairs and replacements to the gazebo; playground; dumpster enclosure; mail facilities; roadways and parking lots; sidewalks; bus stop; additional community building with a computer room, exercise room, kitchenette and laundry area; exterior lighting; exterior doors; exterior walls; roofs; office; windows; bath accessories and fixtures; interior doors; interior light fixtures; kitchen countertops and cabinets; living area floors and walls; HVAC; appliances including new garbage disposals and dishwashers; water heaters; painting; telephone/internet/cable; electrical systems; building and building numbers; security; elevation; and ADA upgrades. (A complete scope of work is included in Addendum C.) Properties of this type are anticipated to have a total economic life of 55 years. Based upon the concept of age/life depreciation, the overall depreciation applicable to the subject is 5/55, or nine percent.

External Obsolescence

For the purpose of this report, external obsolescence is defined as “an element of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant”.⁹ According to Attachment 7-A in USDA RD Handbook HB-1-3560, the deduction for external obsolescence is calculated by capitalization of the difference between a property’s economic net operating income and the restricted net operating income.

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

The following formula shows the external obsolescence for the "as is" market value.

Total Construction Cost of Structures		\$1,888,954	
Plus: Entrepreneur's Profit		\$94,448	
Depreciation		\$360,320	
Cost of Structures before External obsolescence		\$1,623,082	
Value of Land		\$27,000	
Plus: Entrepreneur's Profit		\$1,350	
 Cost before External Obsolescence		 \$1,651,432	
 Current Capitalization Rate		 7.50%	
 Economic Net Operating Income (RCN x CR)		 \$123,857	
Net Operating Income from the Subject		\$103,044	
Net Loss Due to Economic Obsolescence		\$20,813	
 Ratio of Improvements Total Property Value		 0.9828	
 Year	Actual NOI Loss	Overall Cap Rate	Capitalized NOI Loss
1	\$20,813	7.50%	\$277,512
Times ratio of Improvements to Total Property			0.9828
 Total External Obsolescence			 \$272,748

Cost Analysis - Market As Is - Section 1 of 1

Marshall & Swift

Cost Source: Marshall & Swift	# 12: Dwellings, Multiples, Motels
No. of Stories Multiplier: 1.000	Local Multiplier: 0.850
Height/Story Multiplier: 1.000	Current Cost Multiplier: 1.100
Perimeter Multiplier: 1.000	Combined Multipliers: 0.935

Building Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Avg. Cost D Multiple Residences	Sq. Ft	\$65.24	29,222	0.935	\$1,782,524
Built-Ins	Per Unit	\$1,825.00	36	0.935	\$61,430
				0.935	\$0
				0.935	\$0
				0.935	\$0
Total Building Improvement Costs					\$1,843,954
Price per SF Gross Building Area					\$63.10

Site Improvements

Item	Unit Type	Cost	Quantity	Total
Asphalt Paving	Lump Sum	\$40,000.00	1	\$40,000
Recreation Area	Lump Sum	\$2,500.00	2	\$5,000
				\$0
				\$0
				\$0
Total Site Improvement Costs				\$45,000
Subtotal: Building & Site Costs				\$1,888,954
Price per SF Gross Building Area				\$64.64

Total Costs

Subtotal: Building, Site & Soft Costs	\$1,888,954
Developer's Profit 5.0%	\$94,448
Total Cost	\$1,983,402
Price per SF Gross Building Area	\$67.87

Depreciation: Section 1 of 1

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	10	55	18%	\$348,507
Physical Depreciation: Site	5	20	25%	\$11,813
Functional Obsolescence Building			0%	\$0
External Obsolescence Building				\$272,748
Total Depreciation				\$633,068
Depreciated Value of Improvements				\$1,350,334
Cost Per Square Foot Gross Building Area				\$46.21

Additional Cost Sections

Cost Section 2	\$0
Cost Section 3	\$0

Land Value

Land Value	\$27,000
Other	\$0
Cost Approach Value Indication	\$1,377,334
Rounded	\$1,375,000
Price per SF Gross Building Area	\$47.05

The costs in the preceding charts were derived by using the "Marshall Swift Valuation Service" and by conversations with local builders and comparable sales data. The total Estimated Value indicated by the Cost Approach for the subject "as is" market value.

Market Value As Is = \$1,375,000.00

The following formula shows the external obsolescence for the "as is" restricted value.

Total Construction Cost of Structures		\$1,888,954	
Plus: Entrepreneur's Profit		\$94,448	
Depreciation		\$360,320	
Cost of Structures before External obsolescence		\$1,623,082	
Value of Land		\$27,000	
Plus: Entrepreneur's Profit		\$1,350	
 Cost before External Obsolescence		 \$1,651,432	
 Current Capitalization Rate		 5.76%	
 Economic Net Operating Income (RCN x CR)		 \$95,122	
Net Operating Income from the Subject		\$47,654	
Net Loss Due to Economic Obsolescence		\$47,468	
 Ratio of Improvements Total Property Value		 0.9828	
 Year	Actual NOI Loss	Overall Cap Rate	Capitalized NOI Loss
1	\$47,468	5.76%	\$824,105
Times ratio of Improvements to Total Property			0.9828
 Total External Obsolescence			 \$809,958

Cost Analysis - Restricted As Is - Section 1 of 1

Marshall & Swift

Cost Source: Marshall & Swift	# 12: Dwellings, Multiples, Motels
No. of Stories Multiplier: 1.000	Local Multiplier: 0.850
Height/Story Multiplier: 1.000	Current Cost Multiplier: 1.100
Perimeter Multiplier: 1.000	Combined Multipliers: 0.935

Building Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Avg. Cost D Multiple Residences	Sq. Ft	\$65.24	29,222	0.935	\$1,782,524
Built-Ins	Per Unit	\$1,825.00	36	0.935	\$61,430
				0.935	\$0
				0.935	\$0
				0.935	\$0
Total Building Improvement Costs					\$1,843,954
Price per SF Gross Building Area					\$63.10

Site Improvements

Item	Unit Type	Cost	Quantity	Total
Asphalt Paving	Lump Sum	\$40,000.00	1	\$40,000
Recreation Area	Lump Sum	\$2,500.00	2	\$5,000
				\$0
				\$0
				\$0
Total Site Improvement Costs				\$45,000
Subtotal: Building & Site Costs				\$1,888,954
Price per SF Gross Building Area				\$64.64

Total Costs

Subtotal: Building, Site & Soft Costs	\$1,888,954
Developer's Profit 5.0%	\$94,448
Total Cost	\$1,983,402
Price per SF Gross Building Area	\$67.87

Depreciation: Section 1 of 1

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	10	55	18%	\$348,507
Physical Depreciation: Site	5	20	25%	\$11,813
Functional Obsolescence Building			0%	\$0
External Obsolescence Building				\$809,958
Total Depreciation				\$1,170,278
Depreciated Value of Improvements				\$813,124
Cost Per Square Foot Gross Building Area				\$27.83

Additional Cost Sections

Cost Section 2	\$0
Cost Section 3	\$0

Land Value

Land Value	\$27,000
Other	\$0
Cost Approach Value Indication	\$840,124
Rounded	\$840,000
Price per SF Gross Building Area	\$28.75

The costs in the preceding charts were derived by using the "Marshall Swift Valuation Service" and by conversations with local builders and comparable sales data. The total Estimated Value indicated by the Cost Approach for the subject "as is" restricted value.

Restricted Value As Is = \$840,000.00

The following formula shows the external obsolescence for the "as complete" restricted value.

Total Construction Cost of Structures		\$1,929,946	
Plus: Entrepreneur's Profit		\$96,497	
Depreciation		\$185,215	
Cost of Structures before External obsolescence		\$1,841,228	
Value of Land		\$27,000	
Plus: Entrepreneur's Profit		\$1,350	
 Cost before External Obsolescence		 \$1,869,578	
 Current Capitalization Rate		 5.76%	
 Economic Net Operating Income (RCN x CR)		 \$107,688	
Net Operating Income from the Subject		\$66,554	
Net Loss Due to Economic Obsolescence		\$41,134	
 Ratio of Improvements Total Property Value		 0.9848	
 Year	Actual NOI Loss	Overall Cap Rate	Capitalized NOI Loss
1	\$41,134	5.76%	\$714,127
Times ratio of Improvements to Total Property			0.9848
 Total External Obsolescence			 \$703,298

Cost Analysis - Restricted As Complete - Section 1 of 1

Marshall & Swift	
Cost Source: Marshall & Swift	# 12: Dwellings, Multiples, Motels
No. of Stories Multiplier: 1.000	Local Multiplier: 0.850
Height/Story Multiplier: 1.000	Current Cost Multiplier: 1.100
Perimeter Multiplier: 1.000	Combined Multipliers: 0.935

Building Improvements					
Item	Unit Type	Cost	Quantity	Multiplier	Total
Avg. Cost D Multiple Residences	Sq. Ft	\$65.24	29,894	0.935	\$1,823,516
Built-Ins	Per Unit	\$1,825.00	36	0.935	\$61,430
				0.935	\$0
				0.935	\$0
				0.935	\$0
Total Building Improvement Costs					\$1,884,946
Price per SF Gross Building Area					\$63.05

Site Improvements					
Item	Unit Type	Cost	Quantity	Multiplier	Total
Asphalt Paving	Lump Sum	\$40,000.00	1		\$40,000
Recreation Area	Lump Sum	\$2,500.00	2		\$5,000
					\$0
					\$0
					\$0
Total Site Improvement Costs					\$45,000
Subtotal: Building & Site Costs					\$1,929,946
Price per SF Gross Building Area					\$64.56

Total Costs		
Subtotal: Building, Site & Soft Costs		\$1,929,946
Developer's Profit 5.0%		\$96,497
Total Cost		\$2,026,443
Price per SF Gross Building Area		\$67.79

Depreciation: Section 1 of 1				
Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	5	55	9%	\$178,127
Physical Depreciation: Site	3	20	15%	\$7,088
Functional Obsolescence Building			0%	\$0
External Obsolescence Building				\$703,298
Total Depreciation				\$888,513
Depreciated Value of Improvements				\$1,137,930
Cost Per Square Foot Gross Building Area				\$38.07

Additional Cost Sections	
Cost Section 2	\$0
Cost Section 3	\$0

Land Value	
Land Value	\$27,000
Other	\$0
Cost Approach Value Indication	\$1,164,930
Rounded	\$1,165,000
Price per SF Gross Building Area	\$38.97

The costs in the preceding charts were derived by using the "Marshall Swift Valuation Service" and by conversations with local builders and comparable sales data. The total Estimated Value indicated by the Cost Approach for the subject "as complete" restricted value.

Restricted Value As Complete = \$1,165,000.00

INCOME APPROACH

The Income Approach is a procedure in which the value of a property is estimated by means of capitalization of a net income stream, either imputed or actual. The steps in the procedure are as follows:

1. Analyze the income the property is capable of generating.
2. Estimate the rental loss from vacancy and uncollected rents.
3. Estimate the amount of expense that will be incurred in operating the property.
4. Subtract 2 and 3 above from 1 to arrive at a net income estimate before capital charges.
5. Using an appropriate rate, capitalize the net income estimate into an indication of value.

Income Analysis

The first step in forming an opinion of reasonable net income expectancy is the estimation of market rent. Market rent is defined as the rental warranted by a property in the open real estate market based upon current rentals being paid for comparable space.

To estimate the market rent for the subject, lease information from comparable apartment complexes were collected and analyzed.

Apartment rentals found to be comparable to the subject property are summarized on the following pages.

One-Bedroom Units (663 SF) – As Is

**Estimates of Market Rent
by Comparison - As Is**

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0029
(exp. 9/31/2016)

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required by the Housing Appropriation Act of 9/28/1994. The information is needed to analyze the reasonableness of the Annual Adjustment Factor or formula, and will be used where rent levels for a specific unit type, in a Substantial Rehabilitation or New Construction Contract, exceed the existing FMR rent. The information is considered non-sensitive and does not require special protection. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)	B. Comparable Property No. 2 (address)	C. Comparable Property No. 3 (address)	D. Comparable Property No. 4 (address)	E. Comparable Property No. 5 (address)
1BR / 1BA	Forest View Apartments 622 N Martin Luther King Blvd Wadley/Jefferson - GA	Ferncrest Apartments 617 Ferncrest Drive Sandersville/Washington - GA	Manchester at Wesleyan 1665 Wesleyan Drive Macon/Bibb - GA	Pecan Ridge Apartments 104 Parker Dairy Road Dublin/Laurens - GA	Galleria Park Apartments 100 Robins West Parkway Warner Robins/Houston - GA	Claxton Pointe North 1003 Claxton Dairy Road Dublin/Laurens - GA
Characteristics	Data	Data	Data	Data	Data	Data
3. Effective Date of Rental	05/2014	05/2014	05/2014	05/2014	05/2014	05/2014
4. Type of Project/Stories	WU/2	WU/2	WU/2	G/1, WU/2	WU/2,3	WU/2
5. Floor of Unit in Building	Varies	Varies	Varies	Varies	Varies	Varies
6. Project Occupancy %	100%	97%	99%	96%	99%	100%
7. Concessions	None	None	None	None	None	None
8. Year Built	1998	1983	1996	1980	1996	1984
9. Sq. Ft. Area	663	650	825	630	815	750
10. Number of Bedrooms	1	1	1	1	1	1
11. Number of Baths	10	10	10	10	10	10
12. Number of Rooms	3	3	3	3	3	3
13. Balc./Terrace/Patio	Y	N	Y	N	Y	Y
14. Garage or Carport	L/0	L/0	L/0, G/75	L/0	L/0	L/0
15. Equipment	A/C	C	C	C	C	C
b. Range/Oven	Y	Y	Y	Y	Y	Y
c. Refrigerator	Y	Y	Y	Y	Y	Y
d. Disposal	N	N	Y	Y	Y	Y
e. Microwave	N	N	N	N	Y	N
f. Dishwasher	N	N	Y	N	Y	Y
g. Washer/Dryer	HU	HU	HU	HU	HU	HU
h. Carpet/Drapes	C/B	C/B	C/B	C/B	C/B	C/B
i. Pool/Rec. Area	RA	N	P/RA	N	P/RA	N
16. Services	a. Heat/Type	N/E	N/E	N/E	N/E	N/E
b. Cook/Type	N/E	N/E	N/E	N/E	N/E	N/E
c. Electricity	N	N	N	N	N	N
d. Water Cold/Hot	C	N	C	C	N	N
e. Sewer	Y	N	Y	Y	N	N
f. Trash	Y	Y	Y	Y	N	Y
17. Storage	N	N	Y/65	N	N	N
18. Project Location	Fair-Good	Similar	Superior	Superior	Superior	Superior
19. Special Features	N	N	N	N	F	N
20. Clubhouse/Community Room	CR	N	C	N	C	N
21. Business Center	N	N	Y	N	N	N
22. Security	N	N	N	N	N	N
23. Unit Rent Per Month		\$429	\$658	\$430	\$611	\$400
24. Total Adjustment		\$95	(\$105)	\$45	(\$90)	\$50
25. Indicated Rent		\$524	\$553	\$475	\$521	\$450
26. Correlated Subject Rent	\$500	If there are any Remarks, check here and add the remarks to the back of page.				
	high rent	\$553	low rent	\$450	60% range \$471 to \$532	
Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.		Appraiser's Signature		Date (mm/dd/yy)	Reviewer's Signature	
		<i>Samuel S. Zell</i>		05/15/14		

Previous editions are obsolete

form HUD-92273 (3/95)

Two-Bedroom Units (808 SF) – As Is

**Estimates of Market Rent
by Comparison - As Is**

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0029
(exp. 9/31/2016)

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required by the Housing Appropriation Act of 9/28/1994. The information is needed to analyze the reasonableness of the Annual Adjustment Factor formula, and will be used where rent levels for a specific unit type, in a Substantial Rehabilitation or New Construction Contract, exceed the existing FMR rent. The information is considered non-sensitive and does not require special protection. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 6 (address)			B. Comparable Property No. 2 (address)			C. Comparable Property No. 3 (address)			D. Comparable Property No. 4 (address)			E. Comparable Property No. 5 (address)		
2BR / 1BA	Forest View Apartments 622 N Martin Luther King Blvd Wadley/Jefferson - GA	Hidden Cove Townhomes 107 P.A. Johns Road Northeast Milledgeville/Baldwin - GA			Manchester at Wesleyan 1665 Wesleyan Drive Macon/Bibb - GA			Pecan Ridge Apartments 104 Parker Dairy Road Dublin/Laurens - GA			Galleria Park Apartments 100 Robins West Parkway Warner Robins/Houston - GA			Claxton Pointe North 1003 Claxton Dairy Road Dublin/Laurens - GA		
Characteristics		Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	
3. Effective Date of Rental	05/2014	05/2014		05/2014		05/2014		05/2014		05/2014		05/2014		05/2014		
4. Type of Project/Stories	WU/2	T/2		WU/2		G/1, WU/2		WU/2,3		WU/2		WU/2		WU/2		
5. Floor of Unit in Building	Varies	First		Varies		Varies		Varies		Varies		Varies		Varies		
6. Project Occupancy %	100%	100%		99%		96%		99%		100%		100%		100%		
7. Concessions	None	None		None		None		None		None		None		None		
8. Year Built	1998	1978	\$20	1996		1980	\$35	1996		1984	\$20	1996		1984	\$20	
9. Sq. Ft. Area	808	1,100	(\$55)	1,163	(\$65)	900	(\$15)	1,051	(\$45)	875	(\$15)	1,051	(\$45)	875	(\$15)	
10. Number of Bedrooms	2	2		2		2		2		2		2		2		
11. Number of Baths	1.0	1.5	(\$10)	2.0	(\$20)	1.5	(\$10)	1.0		1.0		1.0		1.0		
12. Number of Rooms	4	5		5		5		4		4		4		4		
13. Balc./Terrace/Patio	Y	Y		Y		N	\$5	Y		Y		Y		Y		
14. Garage or Carport	L/0	L/0		L/0, G/75		L/0		L/0		L/0		L/0		L/0		
15. Equipment	A/C	C		C		C		C		C		C		C		
b. Range/Oven	Y	Y		Y		Y		Y		Y		Y		Y		
c. Refrigerator	Y	Y		Y		Y		Y		Y		Y		Y		
d. Disposal	N	Y		Y		Y		Y		Y		Y		Y		
e. Microwave	N	N		N		N		Y	(\$5)	N		Y	(\$5)	N		
f. Dishwasher	N	N		Y	(\$10)	N		Y	(\$10)	Y	(\$10)	Y	(\$10)	Y	(\$10)	
g. Washer/Dryer	HU	HU		HU		HU		HU		HU		HU		HU		
h. Carpet/Drapes	C/B	C/B		C/B		C/B		C/B		C/B		C/B		C/B		
i. Pool/Rec. Area	RA	P/RA	(\$10)	P/RA	(\$10)	N	\$10	P/RA	(\$10)	N	\$10	P/RA	(\$10)	N	\$10	
16. Services	a. Heat/Type	N/E		N/E		N/E		N/E		N/E		N/E		N/E		
b. Cook/Type	N/E	N/E		N/E		N/E		N/E		N/E		N/E		N/E		
c. Electricity	N	N		N		N		N		N		N		N		
d. Water Cold/Hot	C	C		C		C		N	\$30	N	\$30	N	\$30	N	\$30	
e. Sewer	Y	Y		Y		Y		N	\$45	N	\$45	N	\$45	N	\$45	
f. Trash	Y	Y		Y		Y		N	\$20	Y		N	\$20	Y		
17. Storage	N	N		Y/65		N		N		N		N		N		
18. Project Location	Fair-Good	Superior	(\$35)	Superior	(\$50)	Superior	(\$15)	Superior	(\$100)	Superior	(\$15)	Superior	(\$100)	Superior	(\$15)	
19. Special Features	N	N		N		N		F	(\$10)	N		F	(\$10)	N		
20. Clubhouse/Community Room	CR	N	\$5	C		N	\$5	C		N	\$5	C		N	\$5	
21. Business Center	N	N		Y	(\$5)	N		N		N		N		N		
22. Security	N	N		N		N		N		N		N		N		
23. Unit Rent Per Month		\$550		\$765		\$495		\$709		\$500		\$709		\$500		
24. Total Adjustment			(\$85)		(\$160)		\$15		(\$85)		\$70		(\$85)		\$70	
25. Indicated Rent		\$465		\$605		\$510		\$624		\$570		\$624		\$570		
26. Correlated Subject Rent	\$575															
<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of page.																
high rent		\$624		low rent		\$465		60% range		\$497		to		\$592		
Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.								Appraiser's Signature		Date (mm/dd/yy)		Reviewer's Signature		Date (mm/dd/yyyy)		
								Samuel J. Hill		05/15/14						

Previous editions are obsolete

form HUD-92273 (3/95)

Three-Bedroom Units (956 SF) – As Is

**Estimates of Market Rent
by Comparison - As Is**

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0029
(exp. 9/3/2016)

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required by the Housing Appropriation Act of 9/28/1994. The information is needed to analyze the reasonableness of the Annual Adjustment Factor or formula, and will be used where rent levels for a specific unit type, in a Substantial Rehabilitation or New Construction Contract, exceed the existing FMR rent. The information is considered non-sensitive and does not require special protection. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 6 (address)	B. Comparable Property No. 2 (address)	C. Comparable Property No. 3 (address)	D. Comparable Property No. 4 (address)	E. Comparable Property No. 5 (address)
3BR / 15BA	Forest View Apartments 622 N Martin Luther King Blvd Wadley/Jefferson - GA	Hidden Cove Townhomes 107 PA Johns Road Northeast Milledgeville/Baldwin - GA	Manchester at Wesleyan 1665 Wesleyan Drive Macon/Bibb - GA	Pecan Ridge Apartments 104 Parker Dairy Road Dublin/Laurens - GA	Galleria Park Apartments 100 Robins West Parkway Warner Robins/Houston - GA	Claxton Pointe North 1003 Claxton Dairy Road Dublin/Laurens - GA
Characteristics	Data	Data	Data	Data	Data	Data
3. Effective Date of Rental	05/2014	05/2014	05/2014	05/2014	05/2014	05/2014
4. Type of Project/Stories	WU/2	T/2	WU/2	G/1,WU/2	WU/2,3	WU/2
5. Floor of Unit in Building	Varies	First	Varies	Varies	Varies	Varies
6. Project Occupancy %	100%	100%	99%	96%	99%	100%
7. Concessions	None	None	None	None	None	None
8. Year Built	1998	1978	1996	1980	1996	1984
9. Sq. Ft. Area	956	1563	1422	950	1362	1100
10. Number of Bedrooms	3	3	3	3	3	3
11. Number of Baths	1.5	2.5	2.0	1.0	2.0	2.5
12. Number of Rooms	6	7	6	5	6	7
13. Balc./Terrace/Patio	Y	Y	Y	N	Y	Y
14. Garage or Carport	L/0	L/0	L/0,G/75	L/0	L/0	L/0
15. Equipment	A/C	C	C	C	C	C
b. Range/Oven	Y	Y	Y	Y	Y	Y
c. Refrigerator	Y	Y	Y	Y	Y	Y
d. Disposal	N	Y	Y	Y	Y	Y
e. Microwave	N	N	N	N	Y	N
f. Dishwasher	N	N	Y	N	Y	Y
g. Washer/Dryer	HU	HU	HU	HU	HU	HU
h. Carpet/Drapes	C/B	C/B	C/B	C/B	C/B	C/B
i. Pool/Rec. Area	RA	P/RA	P/RA	N	P/RA	N
16. Services						
a. Heat/Type	N/E	N/E	N/E	N/E	N/E	N/E
b. Cook/Type	N/E	N/E	N/E	N/E	N/E	N/E
c. Electricity	N	N	N	N	N	N
d. Water Cold/Hot	C	C	C	C	N	N
e. Sewer	Y	Y	Y	Y	N	N
f. Trash	Y	Y	Y	Y	N	Y
17. Storage	N	N	Y/65	N	N	N
18. Project Location	Fair-Good	Superior	Superior	Superior	Superior	Superior
19. Special Features	N	N	N	N	F	N
20. Clubhouse/Community Room	CR	N	C	N	C	N
21. Business Center	N	N	Y	N	N	N
22. Security	N	N	N	N	N	N
23. Unit Rent Per Month		\$650	\$975	\$550	\$905	\$695
24. Total Adjustment						
25. Indicated Rent		\$475	\$785	\$600	\$780	\$745
26. Correlated Subject Rent	\$ 675					
	high rent	\$785	low rent	\$475	60% range	\$537
					to	\$723

Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.

Appraiser's Signature: *Samuel J. Zell* Date (mm/dd/yy): 05/15/14 Reviewer's Signature: _____ Date (mm/dd/yyyy): _____

Previous editions are obsolete

form HUD-92273 (3/95)

Explanation of Adjustments and Market Rent Conclusions – As Is

Forest View Apartments

Primary Unit Types – One-Bedroom Units (633 SF), Two-Bedroom Units (808 SF) and Three-Bedroom Units (956 SF)

Rent comparability grids were prepared for the primary unit types with 663, 808 and 956 square feet. Comparable apartments used include the following: Ferncrest Apartments (Comparable 1), Manchester at Wesleyan (Comparable 2), Pecan Ridge Apartments (Comparable 3), Galleria Park Apartments (Comparable 4) Claxton Pointe North (Comparable 5) and Hidden Cove Townhomes.

Structure/Stories – The subject contains two-story walk-up buildings. Comparables 1, 2, 4 and 5 contain two- to three-story walk-up buildings. Comparable 1 contains both one-story garden-style buildings and two-story walk-up buildings. Comparable 6 contains two-story townhouse buildings. Residents in the market area did not indicate a preference for one-story garden-style buildings versus two- or three-story walk-up or townhouse buildings. Therefore, no adjustment was needed.

Project Occupancy – The subject is currently 100 percent occupied. The occupancy rates of the comparables range from 96 to 100 percent. No adjustments were needed.

Concessions – The subject is not currently offering concessions. None of the comparables are currently offering concessions. No adjustment was needed.

Year Built/Year Renovated – The subject was constructed in 1998. Comparable 1 was built in 1983. Comparable 2 was constructed in 1996. Comparable 3 was built in 1980. Comparable 4 was constructed in 1996. Comparable 5 was constructed in 1984. Comparable 6 was constructed in 1978. All comparables except Comparables 2 and 4 warranted some form of adjustment due to age. Comparables 1, 3, 5 and 6 are inferior to the subject, and Comparables 2 and 4 are similar to the subject. It is difficult to determine adjustment amounts for condition as it is difficult to determine rent level fluctuations based on these items. Therefore, it was necessary to rely in large part on opinions of area apartment managers and tenants. In addition, adjusted rents of the comparables were considered as the difference in rents of the comparables after everything else is factored out is assumed to be attributable to condition. After considering all factors, Comparables 1, 5 and 6 were adjusted upward \$20 per month, and Comparable 3 was adjusted upward \$35 per month.

SF Area – For the purpose of this report, a range of comparable rents per square foot was derived. To determine this adjustment, each comparable's dollar per square foot rental rate was determined. This number was then multiplied by 33 percent for each comparable to derive an adjusted dollar per square

foot rental rate. The median dollar per square foot rental rate is determined. Next, the difference in square footage between the subject and each comparable is determined. The difference is multiplied by the determined adjusted dollar per square foot rate to arrive at the adjustment for each comparable. The selected dollar per square foot for the one- and three-bedroom grids is \$0.22 and for the two-bedroom grid is \$0.19. No adjustments were made to comparables within 25 square feet of the subject. The adjustments were rounded to the nearest \$5. These adjustments are reflected on the HUD-Form 92273, which is attached.

of Bedrooms – The subject and all comparables contain similar number of bedrooms. No adjustment was needed.

of Baths – Each community with a differing number of baths than the subject was adjusted \$10 per half-bath and \$20 per full bath. The majority of the difference in number of baths is accounted for in the unit square footage adjustment. However, an adjustment is made here to consider the added convenience of additional baths. The extra room(s) will enhance marketability of a unit even if the square footage remains the same. There was insufficient market data available for a paired analysis as the majority of properties containing two-bedroom units in this market contain similar number of baths. Therefore, a \$10 per half-bath adjustment was selected, and a \$20 per full bath adjustment was selected. The adjustments were deemed reasonable after conversations with local management companies.

Balcony/Patio – The subject contains patios. All comparables except Comparables 1 and 3 are similar to the subject. The comparables without balconies or patios were adjusted upward \$5 per month. Although the comparables do not indicate a rent differential for units with these features versus units without these features, the added amenity is an enhancement. Therefore, a nominal \$5 adjustment was selected for these features.

Parking – The subject and all comparables contain open parking lots. Comparable 2 also contains garage parking for an additional \$75 per month. Since this comparable also contains similar parking to the subject at no additional fee, no adjustment was needed.

AC: Central/Wall – The subject contains central air conditioning. All comparables contain central air conditioning. No adjustment was needed.

Range/Oven – The subject contains this feature in all units. All comparables contain this feature in the units. No adjustment was needed.

Refrigerator – The subject contains this feature in all units. All comparables contain this feature in the units. No adjustment was needed.

Garbage Disposal – The subject does not contain a garbage disposal in the units. All of the comparables except Comparable 1 contain garbage disposals. Since there is no market data concerning units with this feature, no adjustment was given.

Microwave – The subject does not contain microwaves in the units. All comparables except Comparable 4 are similar to the subject. Comparable 4 contains microwaves in the units. Complexes in the market area do not indicate a rent differential for these features. However, residents in the market area do indicate a preference for these items. Therefore, Comparable 4 was adjusted downward \$5 per month.

Dishwasher – The subject does not contain dishwashers in the units. All comparables except Comparables 1, 3 and 6 contain dishwashers in the units. Complexes in the market area do not indicate a rent differential for these features. However, residents in the market area do indicate a preference for these items, particularly in larger units such as two- and three-bedroom units. Therefore, based on management indications and estimated usage, a \$5 adjustment was selected for the comparables for the one-bedroom comparison, and a \$10 adjustment was selected for the comparables for the two- and three-bedroom comparisons.

Washer/Dryer – The subject and all comparables contain washer/dryer hook-ups in the units. No adjustment was needed.

Carpet/Drapes – The subject and all comparables contain carpet floor coverings and window coverings in the units. No adjustment was needed.

Pool/Recreation Areas – The subject contains a gazebo and playground. Comparables 1, 3 and 5 do not contain either type of amenity. Comparable 2 contains a swimming pool, fitness center, picnic area, playground and tennis court. Comparable 4 contains a swimming pool, fitness center, playground and tennis court. Comparable 6 contains a swimming pool and tennis court. Apartments with these features can command a higher rent in the market. Tenants in the market area indicated a willingness to pay a small amount for these amenities. The comparables with both types of recreation areas were adjusted downward \$10 per month. The comparables without either type of amenity were adjusted upward \$10 per month.

Heat – The subject does not have this utility provided. None of the comparables have this utility provided. No adjustment was needed.

Cooking – The subject does not have this utility provided. None of the comparables have this utility provided. No adjustment was needed.

Electricity – The subject does not have this utility provided. None of the comparables have this utility provided. No adjustment was needed.

Cold/Hot Water – The subject and Comparables 2, 3 and 6 have cold water provided by the landlord. None of the remaining comparables have either utility provided and were adjusted upward \$20 per month for the one-bedroom comparison, \$30 for the two-bedroom comparison, and \$35 per month for the three-bedroom comparison. The adjustments were based on the Jefferson County Utility Allowance Schedule and were rounded to the nearest \$5. The adjustments were substantiated with local utility companies.

Sewer – The subject and Comparables 2, 3 and 6 have this utility provided by the landlord. None of the remaining comparables have this utility provided and were adjusted upward \$35 per month for the one-bedroom comparison, \$45 for the two-bedroom comparison, and \$55 per month for the three-bedroom comparison. The adjustments were based on the Jefferson County Utility Allowance Schedule and were rounded to the nearest \$5. The adjustments were substantiated with local utility companies.

Trash – The subject and all comparables except Comparable 4 have this utility provided by the landlord. Comparable 4 was adjusted upward \$20 per month for all comparisons. The adjustment was based on the Jefferson County Utility Allowance Schedule and was rounded to the nearest \$5. The adjustments were substantiated with local utility companies.

Extra Storage – The subject does not contain this feature. None of the comparables except Comparable 2 contain this feature. Comparable 2 offers this amenity at \$65 per month. Therefore, no adjustment was needed.

Location – The subject's location is average. Comparable 1 is located in Sandersville and was considered relatively similar to the subject. All remaining comparables are superior to the subject. Comparable 2 is located in Macon. Macon is considerably larger than Wadley with greater access to services. Its median income and home value are higher than Wadley. Therefore, Macon is considered to be superior to the subject. Comparables 3 and 5 are located in Dublin, which is somewhat larger than Wadley but superior in median income and home value. Therefore, Dublin was considered to be slightly superior to Wadley. Comparable 4 is located in Warner Robins. Warner Robins is slightly smaller in size when compared to Macon; however, it is superior to Macon in median income and home value. Therefore, this comparable was adjusted more than Macon. Comparable 6 is located in Milledgeville, which is slightly larger than Dublin but superior to Macon in median income and home value. It is difficult

to determine adjustment amounts for location as it is difficult to determine rent level fluctuations based on these items. Therefore, it was necessary to rely in large part on opinions of area apartment managers and tenants. In addition, adjusted rents of the comparables were considered as the difference in rents of the comparables after everything else is factored out is assumed to be attributable to location. After considering all factors, Comparable 2 was adjusted downward \$50 per month, Comparables 3 and 5 were adjusted downward \$15 per month, Comparable 4 was adjusted downward \$100 per month, and Comparable 6 was adjusted downward \$35 per month.

	Wadley	Dublin	% Diff	Milledgeville	% Diff	Macon	% Diff	Warner Robins	% Diff	Sandersville	% Diff
Population	2,072	16,170	87.19%	17,813	88.37%	91,363	97.73%	68,555	96.98%	5,969	65.29%
Households	760	6,356	88.04%	6,169	87.68%	35,612	97.87%	26,889	97.17%	2,375	68.00%
Median Income	\$19,893	\$32,552	38.89%	\$28,591	30.42%	\$25,643	22.42%	\$45,159	55.95%	\$27,336	27.23%
Median Home Value	\$64,655	\$117,874	45.15%	\$126,587	48.92%	\$111,410	41.97%	\$138,964	53.47%	\$96,074	32.70%
Median Rent	\$229	\$375	38.93%	\$547	58.14%	\$481	52.39%	\$644	64.44%	\$302	24.17%

Special Features – The subject does not contain special features in the units. All comparables except Comparable 4 are similar to the subject. Comparable 4 contains a fireplace in the units. This amenity is an enhancement to the unit and can command a higher rent. Therefore, Comparable 4 was adjusted downward \$10 per month.

Clubhouse/Community Room – The subject contains a community room. None of the comparables except Comparables 2 and 3 contain either amenity. Comparables 2 and 3 contain clubhouse. Apartments with these features can command a higher rent in the market. Tenants in the market area indicated a willingness to pay a small amount for these amenities. Therefore, Comparables 2 and 3 were adjusted downward \$5 per month.

Business Center – The subject does not contain this feature. None of the comparables except Comparable 2 contain this feature. Comparable 2 was adjusted downward \$5 per month. Although, there is not much market data concerning apartment communities with business centers, the added amenity is an enhancement to the property. Therefore, a nominal adjustment was made.

Security – The subject does not contain any form of security. All comparables are similar to the subject. No adjustment was needed.

Conclusion of Market Rents – As Is

The adjusted rents range from \$450 to \$553 per month for the one-bedroom comparison; from \$465 to \$624 for the two-bedroom comparison; and from \$475 to \$785 for the three-bedroom comparison. All comparables were given consideration. The appraiser concluded the market rent for the units at the subject as follows:

- **663 SF One-Bedroom Units** - **\$500**
- **808 SF Two-Bedroom Units** - **\$575**
- **956 SF Three-Bedroom Units** - **\$675**

One-Bedroom Units (663 SF) – As Complete

**Estimates of Market Rent
by Comparison - As Complete**

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0029
(exp. 9/3/2016)

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required by the Housing Appropriation Act of 9/28/1994. The information is needed to analyze the reasonableness of the Annual Adjustment Factor formula, and will be used where rent levels for a specific unit type, in a Substantial Rehabilitation or New Construction Contract, exceed the existing FMR rent. The information is considered non-sensitive and does not require special protection. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)	B. Comparable Property No. 2 (address)	C. Comparable Property No. 3 (address)	D. Comparable Property No. 4 (address)	E. Comparable Property No. 5 (address)
1BR / 1BA	Forest View Apartments 622 N Martin Luther King Blvd Wadley/Jefferson - GA	Ferncrest Apartments 617 Ferncrest Drive Sandersville/Washington - GA	Manchester at Wesleyan 1665 Wesleyan Drive Macon/Bibb - GA	Pecan Ridge Apartments 104 Parker Dairy Road Dublin/Laurens - GA	Galleria Park Apartments 100 Robins West Parkway Warner Robins/Houston - GA	Claxton Pointe North 1003 Claxton Dairy Road Dublin/Laurens - GA
Characteristics	Data	Data	Data	Data	Data	Data
		Adjustments	Adjustments	Adjustments	Adjustments	Adjustments
3. Effective Date of Rental	05/2014	05/2014	05/2014	05/2014	05/2014	05/2014
4. Type of Project/Stories	WU/2	WU/2	WU/2	G/1, WU/2	WU/2,3	WU/2
5. Floor of Unit in Building	Varies	Varies	Varies	Varies	Varies	Varies
6. Project Occupancy %	100%	97%	99%	96%	99%	100%
7. Concessions	None	None	None	None	None	None
8. Year Built	1998	1983	1996	1980	1996	1984
		\$70	\$50	\$85	\$50	\$70
9. Sq. Ft. Area	663	650	825	630	815	750
			(\$35)	\$5	(\$35)	(\$20)
10. Number of Bedrooms	1	1	1	1	1	1
11. Number of Baths	1.0	1.0	1.0	1.0	1.0	1.0
12. Number of Rooms	3	3	3	3	3	3
13. Balc./Terrace/Patio	Y	N	Y	N	Y	Y
		\$5		\$5		
14. Garage or Carport	L/0	L/0	L/0, G/75	L/0	L/0	L/0
15. Equipment	A/C	C	C	C	C	C
b. Range/Oven	Y	Y	Y	Y	Y	Y
c. Refrigerator	Y	Y	Y	Y	Y	Y
d. Disposal	Y	N	Y	Y	Y	Y
e. Microwave	N	N	N	N	Y	N
					(\$5)	
f. Dishwasher	Y	N	Y	N	Y	Y
		\$5		\$5	(\$5)	(\$5)
g. Washer/Dryer	HU	HU	HU	HU	HU	HU
h. Carpet/Drapes	C/B	C/B	C/B	C/B	C/B	C/B
i. Pool/Rec. Area	RA	N	P/RA	N	P/RA	N
		\$15	(\$5)	\$15	(\$5)	\$15
16. Services	a. Heat/Type	N/E	N/E	N/E	N/E	N/E
	b. Cook/Type	N/E	N/E	N/E	N/E	N/E
	c. Electricity	N	N	N	N	N
	d. Water Cold/Hot	C	N	C	N	N
		\$20			\$20	\$20
	e. Sewer	Y	N	Y	N	N
		\$35			\$35	\$35
	f. Trash	Y	Y	Y	N	Y
					\$20	
17. Storage	Y	N	Y/65	N	N	N
18. Project Location	Fair-Good	Similar	Superior	Superior	Superior	Superior
			(\$50)	(\$15)	(\$10)	(\$15)
19. Special Features	N	N	N	N	F	N
					(\$10)	
20. Clubhouse/Community Room	CR	N	C	N	C	N
		\$5		\$5		\$5
21. Business Center	Y	N	Y	N	N	N
			(\$5)			
22. Security	N	N	N	N	N	N
23. Unit Rent Per Month		\$429	\$658	\$430	\$611	\$400
24. Total Adjustment			\$15	(\$45)	\$105	\$105
25. Indicated Rent		\$584	\$613	\$535	\$576	\$505
26. Correlated Subject Rent	\$565					
If there are any Remarks, check here and add the remarks to the back of page.						
high rent	\$613	low rent	\$505	60% range	\$527	to \$591

Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.

Appraiser's Signature: *Samuel J. Ziel* Date (mm/dd/yy): 05/15/14

Reviewer's Signature: _____ Date (mm/dd/yyyy): _____

Two-Bedroom Units (808 SF) – As Complete

**Estimates of Market Rent
by Comparison - As Complete**

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0029
(exp. 9/3/2016)

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required by the Housing Appropriation Act of 9/28/1994. The information is needed to analyze the reasonableness of the Annual Adjustment Factor or formula, and will be used where rent levels for a specific unit type, in a Substantial Rehabilitation or New Construction Contract, exceed the existing FMR rent. The information is considered non-sensitive and does not require special protection. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 6 (address)			B. Comparable Property No. 2 (address)			C. Comparable Property No. 3 (address)			D. Comparable Property No. 4 (address)			E. Comparable Property No. 5 (address)		
2BR / 1BA	Forest View Apartments 622 N Martin Luther King Blvd Wadley/Jefferson - GA	Hidden Cove Townhomes 107 PA Johns Road Northeast Milledgeville/Baldwin - GA			Manchester at Wesleyan 1665 Wesleyan Drive Macon/Bibb - GA			Pecan Ridge Apartments 104 Parker Dairy Road Dublin/Laurens - GA			Galleria Park Apartments 100 Robins West Parkway Warner Robins/Houston - GA			Claxton Pointe North 1003 Claxton Dairy Road Dublin/Laurens - GA		
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	
3. Effective Date of Rental	05/2014	05/2014		05/2014		05/2014		05/2014		05/2014		05/2014		05/2014		
4. Type of Project/Stories	WU/2	T/2		WU/2		G/1, WU/2		WU/2,3		WU/2,3		WU/2		WU/2		
5. Floor of Unit in Building	Varies	First		Varies		Varies		Varies		Varies		Varies		Varies		
6. Project Occupancy %	100%	100%		99%		96%		99%		99%		100%		100%		
7. Concessions	None	None		None		None		None		None		None		None		
8. Year Built	1998	1978	\$70	1996	\$50	1980	\$85	1996	\$50	1984	\$70	1984	\$70	1984	\$70	
9. Sq. Ft. Area	808	1,100	(\$55)	1,163	(\$65)	900	(\$15)	1,051	(\$45)	875	(\$15)	875	(\$15)	875	(\$15)	
10. Number of Bedrooms	2	2		2		2		2		2		2		2		
11. Number of Baths	1.0	1.5	(\$10)	2.0	(\$20)	1.5	(\$10)	1.0		1.0		1.0		1.0		
12. Number of Rooms	4	5		5		5		4		4		4		4		
13. Balc/Terrace/Patio	Y	Y		Y		N	\$5	Y		Y		Y		Y		
14. Garage or Carport	L/0	L/0		L/0, G/75		L/0		L/0		L/0		L/0		L/0		
15. Equipment	A/C	C		C		C		C		C		C		C		
b. Range/Oven	Y	Y		Y		Y		Y		Y		Y		Y		
c. Refrigerator	Y	Y		Y		Y		Y		Y		Y		Y		
d. Disposal	Y	Y		Y		Y		Y		Y		Y		Y		
e. Microwave	N	N		N		N		Y	(\$5)	N		N		N		
f. Dishwasher	Y	N	\$10	Y		N	\$10	Y		Y		Y		Y		
g. Washer/Dryer	HU	HU		HU		HU		HU		HU		HU		HU		
h. Carpet/Draperies	C/B	C/B		C/B		C/B		C/B		C/B		C/B		C/B		
i. Pool/Rec. Area	RA	P/RA	(\$5)	P/RA	(\$5)	N	\$15	P/RA	(\$5)	N	\$15	N	\$15	N	\$15	
16. Services																
a. Heat/Type	N/E	N/E		N/E		N/E		N/E		N/E		N/E		N/E		
b. Cook/Type	N/E	N/E		N/E		N/E		N/E		N/E		N/E		N/E		
c. Electricity	N	N		N		N		N		N		N		N		
d. Water Cold/Hot	C	C		C		C		N	\$30	N	\$30	N	\$30	N	\$30	
e. Sewer	Y	Y		Y		Y		N	\$45	N	\$45	N	\$45	N	\$45	
f. Trash	Y	Y		Y		Y		N	\$20	Y		Y		Y		
17. Storage	N	N		Y/65		N		N		N		N		N		
18. Project Location	Fair-Good	Superior	(\$35)	Superior	(\$50)	Superior	(\$15)	Superior	(\$100)	Superior	(\$15)	Superior	(\$100)	Superior	(\$15)	
19. Special Features	N	N		N		N		F	(\$10)	N		N		N		
20. Clubhouse/Community Room	CR	N	\$5	C		N	\$5	C		N		N		N		
21. Business Center	Y	N		Y	(\$5)	N		N		N		N		N		
22. Security	N	N		N		N		N		N		N		N		
23. Unit Rent Per Month		\$550		\$765		\$495		\$709		\$500		\$689		\$635		
24. Total Adjustment			(\$20)		(\$95)		\$80		(\$20)		\$135					
25. Indicated Rent		\$530		\$670		\$575		\$689		\$635		\$645		\$645		
26. Correlated Subject Rent	\$645	If there are any Remarks, check here and add the remarks to the back of page.														
	high rent	\$689	low rent	\$530	60% range \$562 to \$657		Reviewer's Signature									Date (mm/dd/yyyy)
Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.				Appraiser's Signature			Date (mm/dd/yyyy)			Reviewer's Signature			Date (mm/dd/yyyy)			
				Samuel J. Ziel			05/15/14									

Previous editions are obsolete

form HUD-922.73 (3/95)

Three-Bedroom Units (956 SF) – As Complete

**Estimates of Market Rent
by Comparison - As Complete**

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0029
(exp. 9/3/2016)

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required by the Housing Appropriation Act of 9/28/1994. The information is needed to analyze the reasonableness of the Annual Adjustment Factor or formula, and will be used where rent levels for a specific unit type, in a Substantial Rehabilitation or New Construction Contract, exceed the existing FMR rent. The information is considered non-sensitive and does not require special protection. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 6 (address)			B. Comparable Property No. 2 (address)			C. Comparable Property No. 3 (address)			D. Comparable Property No. 4 (address)			E. Comparable Property No. 5 (address)			
3BR / 1.5BA	Forest View Apartments 622 N Martin Luther King Blvd Wadley/Jefferson - GA	Hidden Cove Townhomes 107 PA Johns Road Northeast Milledgeville/Baldwin - GA			Manchester at Wesleyan 1665 Wesleyan Drive Macon/Bibb - GA			Pecan Ridge Apartments 104 Parker Dairy Road Dublin/Laurens - GA			Galleria Park Apartments 100 Robins West Parkway Warner Robins/Houston - GA			Claxton Pointe North 1003 Claxton Dairy Road Dublin/Laurens - GA			
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments		
3. Effective Date of Rental	05/2014	05/2014		05/2014		05/2014		05/2014		05/2014		05/2014		05/2014			
4. Type of Project/Stories	WU/2	T/2		WU/2		G/1, WU/2		WU/2,3		WU/2,3		WU/2		WU/2			
5. Floor of Unit in Building	Varies	First		Varies		Varies		Varies		Varies		Varies		Varies			
6. Project Occupancy %	100%	100%		99%		96%		99%		99%		100%		100%			
7. Concessions	None	None		None		None		None		None		None		None			
8. Year Built	1998	1978	\$70	1996	\$50	1980	\$85	1996	\$50	1984	\$70	1984	\$70	1984	\$70		
9. Sq. Ft. Area	956	1563	(\$135)	1422	(\$105)	950		1362	(\$90)	1100	(\$30)	1100	(\$30)	1100	(\$30)		
10. Number of Bedrooms	3	3		3		3		3		3		3		3			
11. Number of Baths	1.5	2.5	(\$20)	2.0	(\$10)	1.0	\$10	2.0	(\$10)	2.5	(\$20)	2.5	(\$20)	2.5	(\$20)		
12. Number of Rooms	6	7		6		5		6		7		7		7			
13. Balc/Terrace/Patio	Y	Y		Y		N	\$5	Y		Y		Y		Y			
14. Garage or Carport	L/0	L/0		L/0, G/75		L/0		L/0		L/0		L/0		L/0			
15. Equipment	A/C	C		C		C		C		C		C		C			
b. Range/Oven	Y	Y		Y		Y		Y		Y		Y		Y			
c. Refrigerator	Y	Y		Y		Y		Y		Y		Y		Y			
d. Disposal	Y	Y		Y		Y		Y		Y		Y		Y			
e. Microwave	N	N		N		N		Y	(\$5)	N		N		N			
f. Dishwasher	Y	N	\$10	Y		N	\$10	Y		Y		Y		Y			
g. Washer/Dryer	HU	HU		HU		HU		HU		HU		HU		HU			
h. Carpet/Draperies	C/B	C/B		C/B		C/B		C/B		C/B		C/B		C/B			
i. Pool/Rec. Area	RA	P/RA	(\$5)	P/RA	(\$5)	N	\$15	P/RA	(\$5)	N	\$15	N	\$15	N	\$15		
16. Services																	
a. Heat/Type	N/E	N/E		N/E		N/E		N/E		N/E		N/E		N/E			
b. Cook/Type	N/E	N/E		N/E		N/E		N/E		N/E		N/E		N/E			
c. Electricity	N	N		N		N		N		N		N		N			
d. Water Cold/Hot	C	C		C		C		N	\$35	N	\$35	N	\$35	N	\$35		
e. Sewer	Y	Y		Y		Y		N	\$55	N	\$55	N	\$55	N	\$55		
f. Trash	Y	Y		Y		Y		N	\$20	Y		Y		Y			
17. Storage	N	N		Y/65		N		N		N		N		N			
18. Project Location	Fair-Good	Superior	(\$35)	Superior	(\$50)	Superior	(\$15)	Superior	(\$10)	Superior	(\$15)	Superior	(\$10)	Superior	(\$15)		
19. Special Features	N	N		N		N		F	(\$10)	N		N		N			
20. Clubhouse/Community Room	CR	N	\$5	C		N	\$5	C		N		N		N			
21. Business Center	Y	N		Y	(\$5)	N		N		N		N		N			
22. Security	N	N		N		N		N		N		N		N			
23. Unit Rent Per Month		\$650		\$975		\$550		\$905		\$695		\$810		\$810			
24. Total Adjustment			(\$10)		(\$125)		\$115		(\$60)		\$115		(\$60)		\$115		
25. Indicated Rent		\$540		\$850		\$665		\$845		\$810		\$810		\$810			
26. Correlated Subject Rent	\$745	If there are any Remarks, check here and add the remarks to the back of page.															
	high rent	\$850	low rent	\$540	60% range	\$602	to	\$788	Reviewer's Signature							Date (mm/dd/yyyy)	
Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.				Appraiser's Signature			Date (mm/dd/yyyy)			Reviewer's Signature							Date (mm/dd/yyyy)
				Samuel J. Zell			05/15/14										

Previous editions are obsolete

form HUD-922.73 (3/95)

Explanation of Adjustments and Market Rent Conclusions – As Complete

Forest View Apartments

Primary Unit Types – One-Bedroom Units (633 SF), Two-Bedroom Units (808 SF) and Three-Bedroom Units (956 SF)

Rent comparability grids were prepared for the primary unit types with 663, 808 and 956 square feet. Comparable apartments used include the following: Ferncrest Apartments (Comparable 1), Manchester at Wesleyan (Comparable 2), Pecan Ridge Apartments (Comparable 3), Galleria Park Apartments (Comparable 4) Claxton Pointe North (Comparable 5) and Hidden Cove Townhomes.

Structure/Stories – The subject contains two-story walk-up buildings. Comparables 1, 2, 4 and 5 contain two- to three-story walk-up buildings. Comparable 1 contains both one-story garden-style buildings and two-story walk-up buildings. Comparable 6 contains two-story townhouse buildings. Residents in the market area did not indicate a preference for one-story garden-style buildings versus two- or three-story walk-up or townhouse buildings. Therefore, no adjustment was needed.

Project Occupancy – The subject is currently 100 percent occupied. The occupancy rates of the comparables range from 96 to 100 percent. No adjustments were needed.

Concessions – The subject is not currently offering concessions. None of the comparables are currently offering concessions. No adjustment was needed.

Year Built/Year Renovated – The subject was constructed in 1998. It will be renovated and be in good condition. Comparable 1 was built in 1983. Comparable 2 was constructed in 1996. Comparable 3 was built in 1980. Comparable 4 was constructed in 1996. Comparable 5 was constructed in 1984. Comparable 6 was constructed in 1978. As renovated, all comparables will be considered inferior to the subject in condition. It is difficult to determine adjustment amounts for condition as it is difficult to determine rent level fluctuations based on these items. Therefore, it was necessary to rely in large part on opinions of area apartment managers and tenants. In addition, adjusted rents of the comparables were considered as the difference in rents of the comparables after everything else is factored out is assumed to be attributable to condition. After considering all factors, Comparables 1, 5 and 6 were adjusted upward \$70 per month, Comparables 2 and 4 were adjusted upward \$50 per month, and Comparable 3 was adjusted upward \$85 per month.

SF Area – For the purpose of this report, a range of comparable rents per square foot was derived. To determine this adjustment, each comparable's dollar per square foot rental rate was determined. This number was then multiplied by 33 percent for each comparable to derive an adjusted dollar per square

foot rental rate. The median dollar per square foot rental rate is determined. Next, the difference in square footage between the subject and each comparable is determined. The difference is multiplied by the determined adjusted dollar per square foot rate to arrive at the adjustment for each comparable. The selected dollar per square foot for the one- and three-bedroom grids is \$0.22 and for the two-bedroom grid is \$0.19. No adjustments were made to comparables within 25 square feet of the subject. The adjustments were rounded to the nearest \$5. These adjustments are reflected on the HUD-Form 92273, which is attached.

of Bedrooms – The subject and all comparables contain similar number of bedrooms. No adjustment was needed.

of Baths – Each community with a differing number of baths than the subject was adjusted \$10 per half-bath and \$20 per full bath. The majority of the difference in number of baths is accounted for in the unit square footage adjustment. However, an adjustment is made here to consider the added convenience of additional baths. The extra room(s) will enhance marketability of a unit even if the square footage remains the same. There was insufficient market data available for a paired analysis as the majority of properties containing two-bedroom units in this market contain similar number of baths. Therefore, a \$10 per half-bath adjustment was selected, and a \$20 per full bath adjustment was selected. The adjustments were deemed reasonable after conversations with local management companies.

Balcony/Patio – The subject contains patios. All comparables except Comparables 1 and 3 are similar to the subject. The comparables without balconies or patios were adjusted upward \$5 per month. Although the comparables do not indicate a rent differential for units with these features versus units without these features, the added amenity is an enhancement. Therefore, a nominal \$5 adjustment was selected for these features.

Parking – The subject and all comparables contain open parking lots. Comparable 2 also contains garage parking for an additional \$75 per month. Since this comparable also contains similar parking to the subject at no additional fee, no adjustment was needed.

AC: Central/Wall – The subject contains central air conditioning. All comparables contain central air conditioning. No adjustment was needed.

Range/Oven – The subject contains this feature in all units. All comparables contain this feature in the units. No adjustment was needed.

Refrigerator – The subject contains this feature in all units. All comparables contain this feature in the units. No adjustment was needed.

Garbage Disposal – As complete, the subject will contain a garbage disposal in the units. All of the comparables except Comparable 1 contain garbage disposals. Since there is no market data concerning units with this feature, no adjustment was given.

Microwave – The subject does not contain microwaves in the units. All comparables except Comparable 4 are similar to the subject. Comparable 4 contains microwaves in the units. Complexes in the market area do not indicate a rent differential for these features. However, residents in the market area do indicate a preference for these items. Therefore, Comparable 4 was adjusted downward \$5 per month.

Dishwasher – As complete, the subject will contain dishwashers in the units. All comparables except Comparables 1, 3 and 6 contain dishwashers in the units. Complexes in the market area do not indicate a rent differential for these features. However, residents in the market area do indicate a preference for these items, particularly in larger units such as two- and three-bedroom units. Therefore, based on management indications and estimated usage, a \$5 adjustment was selected for the comparables for the one-bedroom comparison, and a \$10 adjustment was selected for the comparables for the two- and three-bedroom comparisons.

Washer/Dryer – The subject and all comparables contain washer/dryer hook-ups in the units. No adjustment was needed.

Carpet/Drapes – The subject and all comparables contain carpet floor coverings and window coverings in the units. No adjustment was needed.

Pool/Recreation Areas – The subject contains a gazebo and playground. As complete, the subject will also contain an exercise room. Comparables 1, 3 and 5 do not contain either type of amenity. Comparable 2 contains a swimming pool, fitness center, picnic area, playground and tennis court. Comparable 4 contains a swimming pool, fitness center, playground and tennis court. Comparable 6 contains a swimming pool and tennis court. Apartments with these features can command a higher rent in the market. Tenants in the market area indicated a willingness to pay a small amount for these amenities. The comparables with both types of recreation areas were adjusted downward \$5 per month. The comparables without either type of amenity were adjusted upward \$15 per month.

Heat – The subject does not have this utility provided. None of the comparables have this utility provided. No adjustment was needed.

Cooking – The subject does not have this utility provided. None of the comparables have this utility provided. No adjustment was needed.

Electricity – The subject does not have this utility provided. None of the comparables have this utility provided. No adjustment was needed.

Cold/Hot Water – The subject and Comparables 2, 3 and 6 have cold water provided by the landlord. None of the remaining comparables have either utility provided and were adjusted upward \$20 per month for the one-bedroom comparison, \$30 for the two-bedroom comparison, and \$35 per month for the three-bedroom comparison. The adjustments were based on the Jefferson County Utility Allowance Schedule and were rounded to the nearest \$5. The adjustments were substantiated with local utility companies.

Sewer – The subject and Comparables 2, 3 and 6 have this utility provided by the landlord. None of the remaining comparables have this utility provided and were adjusted upward \$35 per month for the one-bedroom comparison, \$45 for the two-bedroom comparison, and \$55 per month for the three-bedroom comparison. The adjustments were based on the Jefferson County Utility Allowance Schedule and were rounded to the nearest \$5. The adjustments were substantiated with local utility companies.

Trash – The subject and all comparables except Comparable 4 have this utility provided by the landlord. Comparable 4 was adjusted upward \$20 per month for all comparisons. The adjustment was based on the Jefferson County Utility Allowance Schedule and was rounded to the nearest \$5. The adjustments were substantiated with local utility companies.

Extra Storage – The subject does not contain this feature. None of the comparables except Comparable 2 contain this feature. Comparable 2 offers this amenity at \$65 per month. Therefore, no adjustment was needed.

Location – The subject's location is average. Comparable 1 is located in Sandersville and was considered relatively similar to the subject. All remaining comparables are superior to the subject. Comparable 2 is located in Macon. Macon is considerably larger than Wadley with greater access to services. Its median income and home value are higher than Wadley. Therefore, Macon is considered to be superior to the subject. Comparables 3 and 5 are located in Dublin, which is somewhat larger than Wadley but superior in median income and home value. Therefore, Dublin was considered to be slightly superior to Wadley. Comparable 4 is located in Warner Robins. Warner Robins is slightly smaller in size when compared to Macon; however, it is superior to Macon in median income and home value. Therefore, this comparable was adjusted more than Macon. Comparable 6 is located in Milledgeville, which is slightly larger than Dublin but superior to Macon in median income and home value. It is difficult to determine adjustment amounts for location as it is difficult to determine rent level fluctuations based on

these items. Therefore, it was necessary to rely in large part on opinions of area apartment managers and tenants. In addition, adjusted rents of the comparables were considered as the difference in rents of the comparables after everything else is factored out is assumed to be attributable to location. After considering all factors, Comparable 2 was adjusted downward \$50 per month, Comparables 3 and 5 were adjusted downward \$15 per month, Comparable 4 was adjusted downward \$100 per month, and Comparable 6 was adjusted downward \$35 per month.

	Wadley	Dublin	% Diff	Milledgeville	% Diff	Macon	% Diff	Warner Robins	% Diff	Sandersville	% Diff
Population	2,072	16,170	87.19%	17,813	88.37%	91,363	97.73%	68,555	96.98%	5,969	65.29%
Households	760	6,356	88.04%	6,169	87.68%	35,612	97.87%	26,889	97.17%	2,375	68.00%
Median Income	\$19,893	\$32,552	38.89%	\$28,591	30.42%	\$25,643	22.42%	\$45,159	55.95%	\$27,336	27.23%
Median Home Value	\$64,655	\$117,874	45.15%	\$126,587	48.92%	\$111,410	41.97%	\$138,964	53.47%	\$96,074	32.70%
Median Rent	\$229	\$375	38.93%	\$547	58.14%	\$481	52.39%	\$644	64.44%	\$302	24.17%

Special Features – The subject does not contain special features in the units. All comparables except Comparable 4 are similar to the subject. Comparable 4 contains a fireplace in the units. This amenity is an enhancement to the unit and can command a higher rent. Therefore, Comparable 4 was adjusted downward \$10 per month.

Clubhouse/Community Room – The subject contains a community room. None of the comparables except Comparables 2 and 3 contain either amenity. Comparables 2 and 3 contain clubhouse. Apartments with these features can command a higher rent in the market. Tenants in the market area indicated a willingness to pay a small amount for these amenities. Therefore, Comparables 2 and 3 were adjusted downward \$5 per month.

Business Center – As complete, the subject will contain a computer room to be served as a business center. None of the comparables except Comparable 2 contain this feature. Comparables 1, 3, 4, 5 and 6 were adjusted upward \$5 per month. Although, there is not much market data concerning apartment communities with business centers, the added amenity is an enhancement to the property. Therefore, a nominal adjustment was made.

Security – The subject does not contain any form of security. All comparables are similar to the subject. No adjustment was needed.

Conclusion of Market Rents – As Complete

The adjusted rents range from \$505 to \$613 per month for the one-bedroom comparison; from \$530 to \$689 for the two-bedroom comparison; and from \$540 to \$850 for the three-bedroom comparison. All comparables were given consideration. The appraiser concluded the market rent for the units at the subject as follows:

- **663 SF One-Bedroom Units** - **\$565**
- **808 SF Two-Bedroom Units** - **\$645**
- **956 SF Three-Bedroom Units** - **\$745**

Ferncrest Apartments



Lease Comparable 1

Name	Ferncrest Apartments	Verification Date	5/15/2014
Address	617 Ferncrest Drive	Verification Source	Betty
City	Sandersville	Phone Number	478-552-5207
County	Washington	Type Affordable Housing	Market
State	Georgia	Property Type	Multifamily
Zip	31082	Structure/Stories	WU/2
Total No. of Units	78	Year Built/Renovated	1983
No. Buildings	8	Project Occupancy%	97%
Utilities with Rent	Trash	Rent/Inc. Restrictions	None

Leased Space

Used in RCS?	No. of Units	Bedrooms	Baths	Interior Size	Average Rent
Y	78	1	1.0	650	\$429

Building

Unit Amenities	Refrigerator, Range/Oven, Washer/Dryer Hook-Ups, Carpet, Blinds
Project Amenities	None
HVAC	Central Electric/Central Electric
Parking	L/0
Comments	This complex does not maintain a waiting list. The annual turnover is unknown. There is an application fee of \$15. The security deposit is \$429.

Manchester at Wesleyan



Lease Comparable 2

Name	Manchester at Wesleyan	Verification Date	5/15/2014
Address	1665 Wesleyan Drive	Verification Source	Amanda
City	Macon	Phone Number	478-476-8474
County	Bibb	Type Affordable Housing	Market
State	Georgia	Property Type	Multifamily
Zip	31210	Structure/Stories	WU/2,3
Total No. of Units	328	Year Built/Renovated	1996
No. Buildings	12	Project Occupancy%	99%
Utilities with Rent	Water, Sewer, Trash	Rent/Inc. Restrictions	None

Leased Space

Used in RCS?	No. of Units	Bedrooms	Baths	Interior Size	Average Rent
Y	Unknown	1	1.0	825 - 1,126	\$658 - \$768
Y	Unknown	2	2.0	1,163 - 1,432	\$765 - \$836
Y	Unknown	3	2.0	1,422	\$975

Building

Unit Amenities	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Microwave(some), Washer/Dryer(some), Washer/Dryer Hook Ups, Carpet, Tile, Blinds, Ceiling Fans, Vaulted Ceilings, Fireplace(some), Balcony, Patio
Project Amenities	Clubhouse, Swimming Pool, Fitness Area, Picnic Area, Playground, Tennis Court, Extra Storage, Business Center, Car Wash Area, Laundry Facility, On-Site Management, On-Site Maintenance
HVAC	Central Electric/Central Electric
Parking	L/0, G/75
Comments	This complex does not maintain a waiting list. The annual turnover rate is unknown. There is an application fee of \$50. The security deposit is \$300 with \$150 being non-refundable. This complex does offer some detached garages for \$75. There is a \$65 fee for extra storage.

Pecan Ridge Apartments



Lease Comparable 3

Name	Pecan Ridge Apartments	Verification Date	5/15/2014
Address	104 Parker Dairy Road	Verification Source	Lois
City	Dublin	Phone Number	478-272-6055
County	Laurens	Type Affordable Housing	Market
State	Georgia	Property Type	Multifamily
Zip	31021	Structure/Stories	WU/1,2
Total No. of Units	53	Year Built/Renovated	1980
No. Buildings	4	Project Occupancy%	96%
Utilities with Rent	Water, Sewer, Trash	Rent/Inc. Restrictions	None

Leased Space

Used in RCS?	No. of Units	Bedrooms	Baths	Interior Size	Average Rent
Y	20	1	1.0	630	\$430
Y	24	2	1.5	900	\$495
Y	9	3	1.0	950	\$550

Building

Unit Amenities	Refrigerator, Range/Oven, Garbage Disposal, Washer/Dryer Hook Ups, Carpet, Blinds
Project Amenities	Laundry Facility, On-Site Management
HVAC	Central Electric/Central Electric
Parking	L/0
Comments	This complex does not maintain a waiting list. The annual turnover is unknown. The application fee is \$35. The security deposit is first months rent, depending on which apartment you have.

Galleria Park Apartments



Lease Comparable 4

Name	Galleria Park Apartments	Verification Date	5/15/2014
Address	100 Robins West Parkway	Verification Source	Savera
City	Warner Robins	Phone Number	478-953-5236
County	Houston	Type Affordable Housing	Market
State	Georgia	Property Type	Multifamily
Zip	31088	Structure/Stories	WU/2,3
Total No. of Units	152	Year Built/Renovated	1996
No. Buildings	7	Project Occupancy%	98%
Utilities with Rent	None	Rent/Inc. Restrictions	None

Leased Space

Used in RCS?	No. of Units	Bedrooms	Baths	Interior Size	Average Rent
Y	Unknown	1	1.0	815	\$611 - \$632
Y	Unknown	2	1.0	1051 - 1150	\$709 - \$773
Y	Unknown	3	2.0	1,362	\$905

Building

Unit Amenities	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Microwave, Washer/Dryer Hook Ups, Carpet, Blinds, Fireplace(some), Walk-In Closet, Balcony, Patio
Project Amenities	Clubhouse, Swimming Pool, Fitness Center, Playground, Tennis Court, Car Wash Area, Laundry Facility, On-Site Management, On-Site Maintenance
HVAC	Central Gas/Central Electric
Parking	L/0
Comments	This complex does not maintain a waiting list. The annual turnover rate is unknown. There is an application fee of \$55 plus an administration fee of \$155. The security deposit is \$100 with good credit.

Claxton Pointe North



Lease Comparable 5

Name	Claxton Pointe North	Verification Date	5/15/2014
Address	1003 Claxton Dairy Road	Verification Source	Misty
City	Dublin	Phone Number	478-272-7335
County	Laurens	Type Affordable Housing	Market
State	Georgia	Property Type	Multifamily
Zip	31021	Structure/Stories	WU/2
Total No. of Units	136	Year Built/Renovated	1984
No. Buildings	11	Project Occupancy%	100%
Utilities with Rent	Trash	Rent/Inc. Restrictions	None

Leased Space

Used in RCS?	No. of Units	Bedrooms	Baths	Interior Size	Average Rent
N	12	1	1.0	750	\$400
N	1	1	1.0	800	\$450
Y	12	2	1.0	875	\$500
N	103	2	1.5	975	\$580
N	8	3	2.5	1,100	\$695

Building

Unit Amenities	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook Ups, Carpet, Tile, Blinds, Ceiling Fans, Balcony, Patio
Project Amenities	Laundry Facility, On-Site Management, On-Site Maintenance
HVAC	Central Electric/Central Electric
Parking	L/0
Comments	This complex does not maintain a waiting list. The annual turnover is unknown. The application fee is \$40 dollars. The security deposit is first months rent, depending on which apartment you have.

Hidden Cove Townhomes



Lease Comparable 6

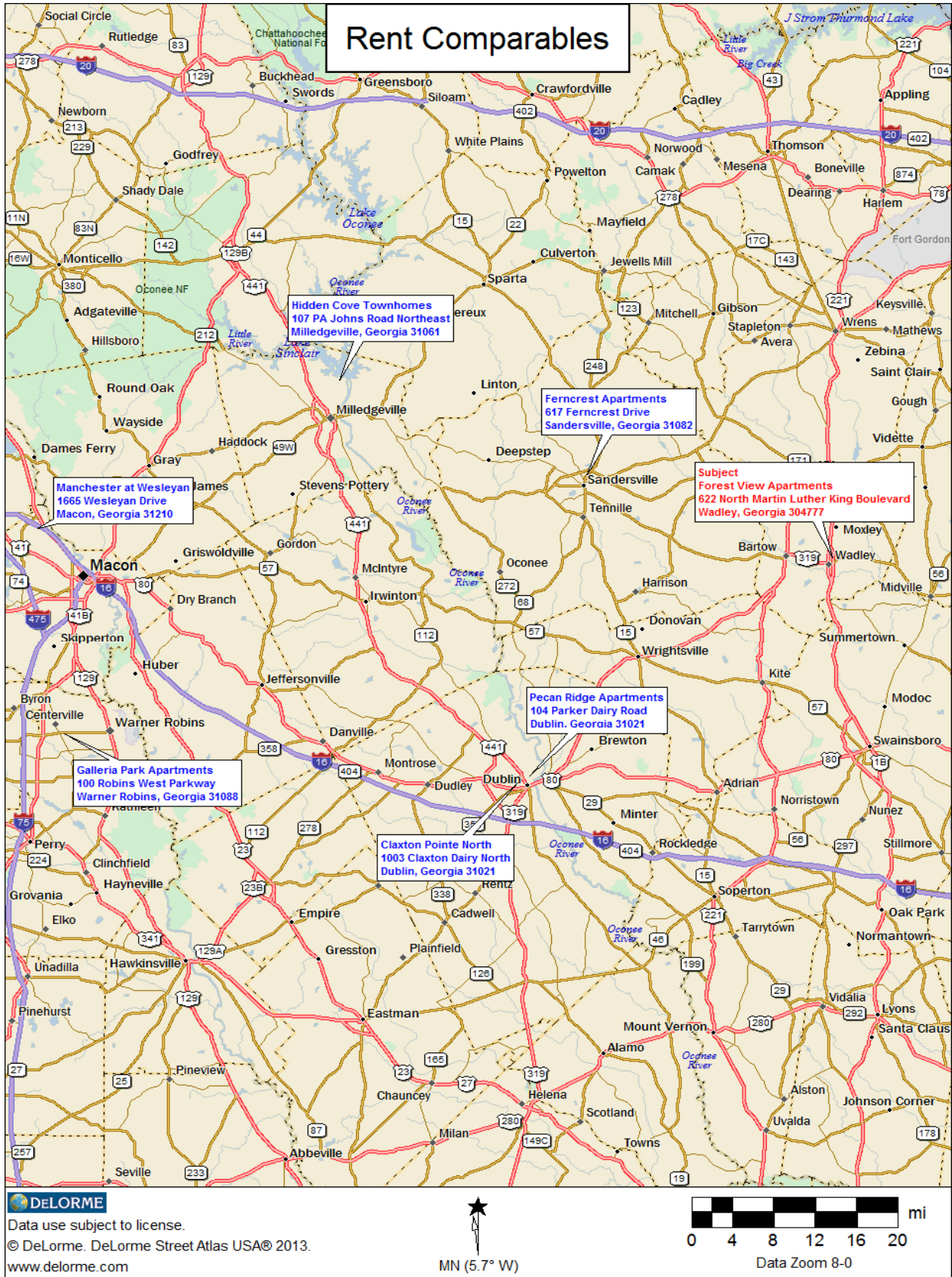
Name	Hidden Cove Townhomes	Verification Date	5/15/2014
Address	107 PA Johns Road Northeast	Verification Source	John
City	Milledgeville	Phone Number	478-452-4471
County	Baldwin	Type Affordable Housing	Market
State	Georgia	Property Type	Multifamily
Zip	31061	Structure/Stories	WU/2
Total No. of Units	60	Year Built/Renovated	1978
No. Buildings	Undisclosed	Project Occupancy%	98%
Utilities with Rent	Water, Sewer, Trash	Rent/Inc. Restrictions	None

Leased Space

Used in RCS?	No. of Units	Bedrooms	Baths	Interior Size	Average Rent
Y	40	2	1.5	1,100	\$550
Y	20	3	2.5	1,563	\$650

Building

Unit Amenities	Refrigerator, Range/Oven, Garbage Disposal, Washer/Dryer Hook-Ups, Carpet, Blinds, Balcony, Patio
Project Amenities	Swimming Pool, Tennis Court, Laundry Facility, On-Site Management
HVAC	Central Electric/Central Electric
Parking	L/0
Comments	The property does not maintain an active waiting list.



Summary and Conclusion

Comparable apartment complexes were analyzed as shown on the attached HUD-Forms 92273. Adjustments were based on market rates for individual items as discussed on the previous pages. After analyzing the aforementioned data, market rates were established with special emphasis placed on the best comparables for each unit type to arrive at the estimated market rents as shown in the chart below. After all adjustments, the comparables with the least amount of adjustments for each bedroom type were considered to determine market rates. These rates were used throughout the report as the "Market Rates" for all subject apartment types.

Total Potential Gross Rental Income (Market Rent) As Is

# of Units	Unit Type	Unit SF	Contract Rent	Potential Gross Income
10	1/1	663	\$500	\$5,000
20	2/1	808	\$575	\$11,500
5	3/1.5	956	\$675	\$3,375
Total Potential Monthly Rental Income				\$19,875
				x 12
Total Potential Gross Rental Income				\$238,500
Tenant Charges*				\$1,000
Total Potential Gross Income				\$239,500

Total Potential Gross Rental Income (Restricted Rent) As Is

# of Units	Unit Type	Unit SF	Contract Rent	Potential Gross Income
10	1/1	663	\$471	\$4,710
20	2/1	808	\$511	\$10,220
5	3/1.5	956	\$574	\$2,870
Total Potential Monthly Rental Income				\$17,800
				x 12
Total Potential Gross Rental Income				\$213,600
Tenant Charges*				\$1,000
Total Potential Gross Income				\$214,600

Total Potential Gross Rental Income (Restricted Rent) As Complete*

# of Units	Unit Type	Unit SF	Contract Rent	Potential Gross Income
10	1/1	663	\$463	\$4,630
20	2/1	808	\$567	\$11,340
5	3/1.5	956	\$666	\$3,330
Total Potential Monthly Rental Income				\$19,300
				x 12
Total Potential Gross Rental Income				\$231,600
Tenant Charges*				\$1,000
Total Potential Gross Income				\$232,600

*The Laundry & Vending Revenue and Tenant Charges were projected based on the subject's historical financial statements.

**The subject's one-bedroom units are currently over the net maximum LIHTC rent. Therefore, the "as complete" restricted income was determined using the net maximum LIHTC rent.

Vacancy and Collection Loss

Vacancy and collection loss is an allowance for reductions in potential rental income because space is not leased or rents that are due cannot be collected.

Annual rent collections are typically less than the potential annual gross income; therefore, an allowance for vacancy and collection loss is typically included in an appraisal of income-producing property. The allowance is usually estimated as a percentage of potential gross income. The percentage varies according to the type and characteristics of the physical property, the quality of tenancy, current and projected supply and demand relationships, and general and local economic conditions.

Expenses

To develop an estimate of the net operating income, the appraiser analyzes data for the property. Net operating income (NOI), the income remaining after total expenses have been deducted from the effective gross income, may be calculated before or after deducting replacement reserves. The actual expenses a landlord is required to defray include two specific categories: those incurred by the property itself, such as taxes and insurance, and those resulting from the operation of the property, such as utilities and maintenance. Generally, expenses incurred by the property per se are called fixed expenses. Expenses tied to the operation of the property, which rise or fall with occupancy, are called variable expenses.

Management

Building size determines the type of management. Generally, buildings of more than 25 units are of sufficient size to bear the additional burden of professional property management; larger high-rise or garden apartment projects of over 50 units often require the additional services of a site or resident manager. Lenders generally prefer that properties be professionally managed.

A property manager reports to the property owners, sets rent levels, establishes marketing procedures and does the fiscal planning for the project. The property manager also supervises on-site employees, among whom the resident manager is responsible for looking after the day-to-day dealings with the tenants, leasing of units, collection of rents, and coordination of routine and long-term building maintenance. The resident manager may oversee janitorial staff, an on-site maintenance crew or various outside contractors. Large-scale apartment projects and newly built developments also employ leasing agents to fill vacancies or negotiate lease renewals and to assist with marketing programs, promotion and advertising.

Tax and Assessment Information

Real property taxes are based on ad valorem assessments. The records of the county assessor or tax collector can provide the details of a property's assessed value and annual tax burden. From the present assessment data and recent history of tax rates, the appraiser can formulate conclusions about future taxes. Property taxes directly increase the cost of ownership and therefore reduce the net income derived from the rental of apartment units. The fairness of the assessment and anticipated future taxes must be thoroughly analyzed and their impact on value considered in the property appraisal. Property taxes are generally imposed to pay for local government services such as fire fighting, police protection and schools. Apartment properties in well-run communities, however, will attract potential tenants willing to pay higher rents for the superior services provided.

Special assessments are levied to pay for infrastructure development (roads or utilities) and extraordinary services (fire or police protection). Ideally, the value of the properties' subject to special assessment is not penalized. The enhancement resulting from the new infrastructure or the provision of additional services should offset the tax increase. However, when a property is subject to a special assessment that exceeds the benefit derived, the value of the property is diminished.

Insurance

The insurance expense is the responsibility of the landlord.

Maintenance

The property manager is responsible for the janitorial staff and on-site maintenance crew and various outside contractors.

Utilities and Service

Water, electricity, natural or liquid petroleum (propane) gas, sewage, trash collection, street maintenance, telephone and cable television are essential utilities and services in most residential markets. If the utilities on the site are inadequate, the cost of improving utility service must be considered. Utilities may be publicly provided or privately owned as part of a community system. In some cases, utilities are individual to the site. The availability and reliability of utilities have a direct bearing on the amount of rent a tenant will pay. At the same time, the cost of utility services is an operating expense that affects the potential net income of the project. The effect of this expenditure is investigated by comparing the costs of utilities and services at competing buildings in relation to rents with the costs incurred by the subject.

Reserves for Replacement

For large properties, the cost of replacing items such as heating/cooling equipment or hallway carpeting may occur regularly. Thus, an allowance for replacements is treated as a separate expense. Even for smaller apartment properties, however, mortgage lenders and property managers may require that part of net operating income be withheld as a reserve to fund the replacement of building components. Consequently, appraisers often estimate an allowance for replacements when projecting cash flow to be capitalized into market value. Other allowances are sometimes made for unusual circumstances—e.g., reserves to cover periodic non-annual repairs, eventual compliance with environmental regulations (asbestos removal) or bringing the building up to code for handicapped persons. Estimates of such reserves should be included in the income forecast if the appraiser believes the situation warrants it.

Because possible differences in the way accountants and property managers enter line-item expenses, the appraiser should ensure the subject property's operating statement is reconstructed to provide that the expense items recorded correspond to proper appraisal practice. In the reconstruction of the operating statement 1) nonrecurring past items are not repeated, 2) any deductions taken for non-operating expenses (personal expenses) are eliminated, 3) ambiguous, repetitive or atypical expense items are recategorized and 4) line items are appropriately grouped to facilitate analysis.

An expense comparison should be made on a uniform or standardized basis. If most of the expense comparables include a replacement reserve, an estimate of this item should be included in the reconstructed operating statement for the subject property. Recategorizing expense items allows the appraiser to compare the operation of the subject with the operating expenses of other properties and the expense averages from benchmark data.

For example, apartment managers often record air conditioning as an expense category. In some cases, this may simply cover the cost of maintaining the equipment, while in others it includes allocations for water, electricity, supplies (filters) and maintenance. Similarly, the category for management may reflect different items because of different ways of operating a property. Some apartment managers will contract for landscaping, snow removal, boiler maintenance and redecoration, while others have these functions performed by on-site managers. By grouping all expense items that are management-controllable, the appraiser will be able to compare the operations of building maintained on contract accounts with those of buildings that employ a permanent workforce to look after maintenance.

Utility expense often differ among properties because some managers operate apartments on a "self-contained" basis, whereby tenants pay directly for meterable natural gas and electricity, while other managers pay the costs of fuel for heating and cooking but not for electricity. Typically, the landlord absorbs all utility charges incurred by vacant units and public spaces (corridors, lobbies, office, basement storage rooms, laundry, parking and exterior lighting) as well as water and sewer charges.

In analyzing operating expenses, the appraiser may also consult benchmark data. For example, the Institute of Real Estate Management's annual reports include the following groupings:

- * Administration and management
- * Utilities
- * Repairs and maintenance
- * Real estate taxes and insurance
- * Payroll (salaries for maintenance and administrative staff)

These data are quoted per square foot of rentable area, as dollars per unit, and as percentage of effective gross income. Such data may be compared against the historic expense data for the subject and cited in the appraisal report. In this instance, the benchmark data was merely used to reflect the validity of my report.

Market Rent and Contract Rent

In the income capitalization approach, the appraiser arrives at an estimate of market rent, or rental income the subject property would likely command in the open market, by analyzing current rents paid and asked for space in comparable buildings. Estimated market rent is important for both proposed and operating properties. In the case of the former, market rent allows the forecast of gross income, and with the latter it is used to calculate the income for vacant rental space or space occupied by the ownership or property management. Contract rent is the actual rental income specified in a lease. It is calculated for operating properties from existing leases, including month-to-month extensions of former leases. It is essential to specify whether the cited rent is 1) the former or existing contract rent, 2) the asking amount sought by the landlord or property manager or 3) the market rent estimated by the appraiser.

Other Miscellaneous Income

In addition to income from apartment rents, income to the building may be generated from a variety of sources. License fees are paid for temporary, nonexclusive use of special facilities, such as party room or swimming pool fees. Service fees are charged for elective maid service. An apartment project may earn concession income from coin telephones, vending machines and laundry room equipment.

Rental income can also be generated from non-apartment space such as an on-site retail store, restaurant, beauty parlor or physician's office. A parking garage may be leased to an operator or, alternatively, the building may directly license the parking spaces to tenants or non-tenants (on-site parking, however, is often available to tenants at no additional charge). Finally, interest income may accrue on the balance between rents collected in advance and expenses paid in arrears. Interest can also be earned on security deposits, although in some jurisdictions such interest must ultimately be paid back to the tenants. Thus, other income includes rent for non-apartment space and miscellaneous income from various tenant charges.

In many instances, a significant degree of the apartment project's income stream is imputable to intangible as well as tangible personality. Apartment properties may earn business income from profits on the rental of in-suite furniture to tenants, marking up the cost of electricity privately metered to tenants, as well as for opening tenants' doors when the key is left inside, licensing the concierge function and the coin machines, profit centers such as storage rooms (including the sale of abandoned tenant goods) and the interest on company bank accounts.

Historical Financial Statements & Market Projections

Property: Forest View Apartments - Wadley, Georgia

of Rental Units: 36

of Commercial Units: 0

Revenue and Expense Analysis

Historical and Proforma

% change compared to preceding year.

2013 is base year for % changes for YTD current year annualized and projections.

REVENUE - Annual	As Is												REVENUE - Annual		
	2011	PUPA	2012	PUPA	%	2013	PUPA	%	Budget 2014	PUPA	%	Market Projections		PUPA	%
Residential & Ancillary Income															
Annual Gross Potential Rental Income	254,959	7,082	258,451	7,179	1%	254,955	7,082	-1%	213,600	5,933	-16%	238,500	6,625	-6%	
Annual Ancillary Income	2,305	64	3,520	98	53%	1,195	33	-66%	680	19	-43%	1,000	28	-16%	
Annual Gross Potential Income	257,264	7,146	261,971	7,277	2%	256,150	7,115	-2%	214,280	5,952	-16%	239,500	6,653	-7%	
Occupancy	Unknown	0	Unknown	0	0%	Unknown	0	0%	95.00%	298	0%	95.00%	333	0%	
Effective Gross Income (EGI)	257,264	7,146	261,971	7,277	2%	256,150	7,115	-2%	203,566	5,655	-21%	227,525	6,320	-11%	
Commercial Income															
Annual Gross Potential Inc. (Commercial)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Occupancy (Commercial)	0.00%	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	
EGI (Commercial)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

ITEMIZED EXPENSES - Annual Estimate of Annual Expense	As Is												ITEMIZED EXPENSES - Annual Estimate of Annual Expense	
	2011	PUPA	2012	PUPA	%	2013	PUPA	%	Budget 2014	PUPA	%	Market Projections		PUPA
Administrative														
Advertising	68	2	255	7	275%	203	6	-20%	500	14	146%	180	5	-11%
Management Fee	18,334	509	18,379	511	0%	18,245	507	-1%	18,690	519	2%	9,101	253	-50%
Other (Specify)	35,654	990	30,063	835	-16%	29,701	825	-1%	32,099	892	8%	12,600	350	-58%
Total Administrative	54,056	1,502	48,697	1,353	-10%	48,149	1,337	-1%	51,289	1,425	7%	21,881	608	-55%
Operating														
Elevator Maintenance Exp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fuel - Heating	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lighting and Misc. Power	9,654	268	9,416	262	-2%	9,479	263	1%	10,061	279	6%	9,540	265	1%
Water	1,712	48	1,772	49	4%	1,713	48	-3%	1,857	52	8%	1,800	50	5%
Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Garbage and Trash Removal	2,499	69	2,507	70	0%	2,555	71	2%	2,673	74	5%	2,520	70	-1%
Payroll	17,495	486	18,310	509	5%	19,247	535	5%	19,450	540	1%	10,800	300	-44%
Other (Specify)	9,836	273	7,224	201	-27%	21,564	599	199%	3,000	83	-86%	12,600	350	-42%
Total Operating	41,196	1,144	39,229	1,090	-5%	54,558	1,516	39%	37,041	1,029	-32%	37,260	75	-32%
Maintenance														
Decorating	1,289	36	2,549	71	98%	475	13	-81%	2,000	56	321%	1,800	50	279%
Repairs	37,984	1,055	30,500	847	-20%	25,918	720	-15%	5,500	153	-79%	5,400	150	-79%
Exterminating	1,559	43	1,706	47	9%	1,632	45	-4%	1,685	46	2%	1,620	45	-1%
Insurance	5,786	161	7,397	205	28%	9,952	276	35%	12,256	340	23%	10,260	285	3%
Ground Expense	184	5	1,697	47	822%	738	21	-57%	7,500	208	916%	1,800	50	144%
Other (specify)	1,147	32	1,509	42	32%	1,072	30	-29%	1,090	30	2%	1,080	30	1%
Total Maintenance	47,949	1,332	45,358	1,260	-5%	39,787	1,105	-12%	30,011	834	-25%	21,960	610	-45%
Taxes														
Real Estate Tax	0	0	0	0	0	0	0	0	19,257	535	0	17,820	495	0
Personal Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Employee Payroll Tax	3,000	83	3,120	87	4%	3,115	87	0%	3,558	99	14%	3,060	85	-2%
Employee Benefits	11,344	315	12,116	337	7%	15,130	420	25%	14,862	413	-2%	13,500	375	-11%
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Taxes	14,344	398	15,236	423	6%	18,245	507	20%	37,677	1,047	107%	34,380	955	88%
Operating Exp. before RFR	157,545	4,376	148,520	4,126	-6%	160,739	4,465	8%	156,018	4,334	-3%	115,481	3,208	-28%
Reserve For Replacement	69,399	1,928	32,539	904	-53%	14,754	410	-55%	11,970	333	-19%	9,000	250	-39%
Operating Exp. Incl. RFR	226,944	6,304	181,059	5,029	-20%	175,493	4,875	-3%	167,988	4,666	-4%	124,481	3,458	-29%
Commercial Space Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NOI	30,320	842	80,912	2,248	167%	80,657	2,240	0%	35,578	988	-56%	103,044	2,862	28%

Estimating Market Expenses Per Unit					
Subject As Is	Expenses	Comparable One	Comparable Two	Comparable Three	IREM Region IV
\$5	Advertising	\$5	\$100	\$50	\$0
\$253	Management	\$357	\$550	\$574	\$405
\$350	Other Administrative Expenses	\$350	\$300	\$1,010	\$297
\$0	Elevator Maintenance Expense	\$0	\$0	\$0	\$0
\$0	Fuel	\$0	\$0	\$0	\$49
\$265	Lighting & Misc. Power	\$115	\$125	\$24	\$191
\$50	Water/Sewer	\$270	\$125	\$122	\$291
\$0	Gas	\$0	\$0	\$0	\$10
\$70	Garbage/Trash Removal	\$75	\$100	\$32	\$0
\$300	Payroll	\$252	\$375	\$129	\$884
\$350	Other Operating Expenses	\$255	\$225	\$890	\$341
\$50	Decorating	\$0	\$0	\$0	\$90
\$150	Repairs	\$10	\$75	\$279	\$212
\$45	Exterminating	\$0	\$50	\$0	\$0
\$285	Insurance	\$235	\$200	\$325	\$234
\$50	Ground Expenses	\$0	\$100	\$0	\$193
\$30	Other Maintenance	\$0	\$0	\$210	\$0
\$495	Real Estate Taxes	\$419	\$450	\$575	\$495
\$85	Payroll Taxes	\$41	\$100	\$43	\$0
\$375	Employee Benefits	\$75	\$100	\$210	\$0
\$0	Other Taxes	\$0	\$0	\$0	\$0
\$250	Replacement Reserves	\$357	\$258	\$550	\$0
\$3,458	Total Per Unit	\$2,816	\$3,233	\$5,023	\$3,692

Comments:

Subject expenses were estimated based on comparable apartments and industry norms. Comparable apartment expenses were estimated after discussions with area apartment managers. The comparable estimates were substantiated by the *2013 Income/Expense Analysis: Conventional Apartments printed by the Institute of Real Estate Management*. No major fluctuations from the total expenses per unit are anticipated from the expenses provided above, although itemized expenses may deviate on the specific factors affecting the individual properties.

The expenses for the comparable apartments vary per unit but are consistently between 32 and 46 percent of the gross rent potential. The subject's expenses were estimated at 52 percent of the gross rent potential which is higher than the comparable range. Market expenses for the subject were categorized similar to the actual expenses as different properties categorize expenses in different ways. Explanations of specific itemized expenses are indicated on the following pages.

Itemized Expenses Explanations

Expense Numbers Per Unit – Market

	Expense	“As Is”	Range
1.	Advertising	\$5	\$5-100
	An advertising expense of \$5 per unit was projected. A comparable range of \$5 to \$100 per unit was determined. Historically, the subject’s advertising expense has ranged from \$2 to \$7 per unit. The subject is located in an area with moderate to high occupancies in all complexes. Therefore, the subject’s historical expenses were given a significant amount of consideration when determining the advertising expense.		
2.	Management	\$253	\$357-574
	A management expense of \$253 per unit was projected. A comparable range of \$357 to \$574 was determined. The majority of the conventional comparables show approximately four percent of the effective gross rent potential is used for management. Historically, the subject’s management expense has ranged from 7.0 to 7.1 percent of the effective gross rent potential. This expense has been contracted at \$44.50 per occupied unit. Generally restricted management fees are higher than market management fees as the property types are usually managed differently. Therefore, the comparable properties were considered to be the most reliable source of data when estimating market management fees. A management fee of four percent of the effective gross rent potential was determined to be appropriate for the subject.		
3.	Other Administrative	\$350	\$300-1,010
	An other administrative expense of \$350 per unit was projected. A comparable range of \$300 to \$1,010 was determined. Historically, the subject’s other administrative expense has ranged from \$825 to \$990 per unit. This expense has decreased each year. The approved budget indicates other administrative expenses of \$892 per unit. The subject’s historical and proposed expenses and comparables were given significant consideration. According to the <i>2013 Income/Expense Analysis: Conventional Apartments</i> printed by the Institute of Real Estate Management, market properties tend to have a lower other administrative expense when compared to restricted properties. As the subject is a restricted property, the market expense was projected slightly lower than the subject’s historical expense. Therefore, the market expense was projected at \$350 per unit.		
4.	Elevator	\$0	\$0-0
	The property will not have this expense. The expense is not typical in the market. Therefore, no expense was projected.		
5.	Fuel	\$0	\$0-0
	The property will not have this expense. The expense is not typical in the market. Therefore, no expense was projected.		
6.	Lighting & Misc. Power	\$265	\$24-125
	A lighting and miscellaneous power expense of \$265 per unit was projected. A comparable range of \$24 to \$125 per unit was determined. The lighting & miscellaneous power expense of the subject was projected using the subject’s historical expenses.		
7.	Water/Sewer	\$50	\$122-270
	A water/sewer expense of \$50 per unit was projected for the subject. A comparable range of \$122 to \$270 per unit was determined. The water/sewer expense of the subject was projected using the subject’s proposed expenses.		

- | | | | |
|-----|--|-------|-----------|
| 8. | Gas | \$0 | \$0-0 |
| | The property will not have this expense. The expense is not typical in the market. Therefore, no expense was projected. | | |
| 9. | Garbage/Trash Removal | \$70 | \$32-100 |
| | A garbage/trash removal expense of \$70 per unit was projected for the subject. A comparable range of \$32 to \$100 per unit was determined. The garbage/trash removal expense of the subject was projected using the subject's proposed expenses as well as the expenses from other properties with similar features. | | |
| 10. | Payroll | \$300 | \$129-375 |
| | The payroll expense of \$300 per unit was projected. A comparable range of \$129 to \$375 per unit was determined. Historically, the subject's payroll expense has been ranged from \$486 to \$535 per unit each year between 2011 and 2013. The approved budget indicates \$540 per unit. According to the <i>2013 Income/Expense Analysis: Conventional Apartments</i> printed by the Institute of Real Estate Management, market properties tend to have a slightly lower payroll expense when compared to restricted properties. As the subject is a restricted property, the market expense was projected lower than the subject's historical expense. Therefore, the market expense was projected at \$300 per unit. | | |
| 11. | Other Operating Expenses | \$300 | \$225-890 |
| | The other operating expense of \$300 per unit was projected. A comparable range of \$225 to \$890 per unit was determined. Historically, the subject's other operating expense has ranged from \$201 to \$599 per unit. The approved budget indicates \$83 per unit. This expense was derived by considering the comparable range and the <i>2013 Income/Expense Analysis: Conventional Apartments</i> printed by Institute of Real Estate Management. | | |
| 12. | Decorating | \$50 | \$0-0 |
| | A decorating expense of \$50 per unit was projected for the subject. A comparable range of \$0 to \$0 per unit was determined. Historically, the subject's decorating expense has ranged from \$13 to \$71 per unit. The approved budget indicates \$56 per unit. The subject's historical expenses and budgeted expenses were given a significant amount of consideration when determining this expense as well as the comparable range. | | |
| 13. | Repairs | \$150 | \$10-279 |
| | A repairs expense of \$150 per unit was projected. A comparable range of \$10 to \$279 was determined. Historically, the subject's repairs expense has ranged from \$720 to \$1,055 per unit. The approved budget indicates \$153 per unit. The subject's historical expenses and budgeted expenses were given a significant amount of consideration when determining this expense. | | |
| 14. | Exterminating | \$45 | \$0-50 |
| | An exterminating expense of \$45 per unit was projected for the subject. A comparable range of \$0 to \$50 per unit was determined. Historically, the subject's exterminating expense has ranged from \$43 to \$47 per unit. The approved budget indicates \$46 per unit. Therefore, a \$45 exterminating expense was projected. | | |
| 15. | Insurance | \$285 | \$200-385 |
| | The subject's insurance expense was projected at \$285 per unit. A comparable range of \$200 to \$385 per unit was determined. Historically, the subject's insurance expense has ranged from \$161 to \$276 per unit. The insurance expense of the subject was projected using the subject's historical expenses as well as the expenses from other properties with similar features. The approved budget indicates \$340 per unit. Therefore, a \$285 insurance expense was projected. | | |

16. Grounds Expenses \$50 \$0-100
A grounds expense of \$50 per unit was projected for the subject. A comparable range of \$0 to \$100 per unit was determined. Historically, the subject's grounds expense has ranged from \$5 to \$47 per unit. The approved budget indicates \$208 per unit. The subject's historical expenses and budgeted expenses were given a significant amount of consideration when determining this expense.
17. Other Maintenance \$30 \$0-210
Other maintenance expenses of \$30 per unit were projected for the subject. A comparable range of \$0 to \$210 per unit was determined. Historically, the subject's other maintenance expense has ranged from \$30 to \$42 per unit. The approved budget indicates \$30 per unit. The subject's historical expenses and budgeted expenses were given a significant amount of consideration when determining this expense.
18. Real Estate Taxes \$495 \$419-575
The real estate taxes were projected based on the subject's real estate taxes as reported by the Jefferson County Assessor.
19. Payroll Taxes \$85 \$41-100
A payroll taxes expense of \$85 per unit was projected for the subject. A comparable range of \$41 to \$100 per unit was determined. Historically, the subject's payroll taxes expense has ranged from \$83 to \$87 per unit. The approved budget indicates \$99 per unit. The subject's historical expenses and budgeted expenses were given a significant amount of consideration when determining this expense.
20. Employee Benefits \$375 \$75-210
Employee benefits of \$375 per unit were projected for the subject. A comparable range of \$75 to \$210 per unit was determined. Historically, the subject's employee benefits expense has ranged from \$315 to \$420 per unit. The approved budget indicates \$413 per unit. The employee benefits expense of the subject was projected using the subject's historical expenses.
21. Replacement Reserves \$250 \$258-550
The replacement reserves expense was projected based on the typical replacement reserves amount that is shown in the market. The typical replacement reserves amount per unit for the market generally ranges from \$100 to \$550 per unit. An amount within the range was determined to be appropriate. Therefore, replacement reserves of \$250 per unit were determined.

Historical Financial Statements & Restricted Projections

Property: Forest View Apartments - Wadley, Georgia

of Rental Units: 36
of Commercial Units: 0

Revenue and Expense Analysis

Historical and Proforma

% change compared to preceding year.

2013 is base year for % changes for YTD current year annualized and projections.

REVENUE - Annual	As Is									As Complete			REVENUE - Annual				
	2011	PUPA	2012	PUPA	%	2013	PUPA	%	Budget 2014	PUPA	%	Restricted Projections		PUPA	%	Restricted Projections	PUPA
Residential & Ancillary Income																	
Annual Gross Potential Rental Income	254,959	7,082	258,451	7,179	1%	254,955	7,082	-1%	213,600	5,933	-16%	213,600	5,933	-16%	231,600	6,433	-9%
Annual Ancillary Income	2,305	64	3,520	98	53%	1,195	33	-66%	680	19	-43%	1,000	28	-16%	1,000	28	-16%
Annual Gross Potential Income	257,264	7,146	261,971	7,277	2%	256,150	7,115	-2%	214,280	5,952	-16%	214,600	5,961	-16%	232,600	6,461	-9%
Occupancy	Unknown	0	Unknown	0	0%	Unknown	0	0%	95.00%	298	0%	95.00%	298	0%	95.00%	323	0%
Effective Gross Income (EGI)	257,264	7,146	261,971	7,277	2%	256,150	7,115	-2%	203,566	5,655	-21%	203,870	5,663	-20%	220,970	6,138	-14%
Commercial Income																	
Annual Gross Potential Inc. (Commercial)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Occupancy (Commercial)	0.00%	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0
EGI (Commercial)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

ITEMIZED EXPENSES - Annual Estimate of Annual Expense	As Is									As Complete			ITEMIZED EXPENSES - Annual Estimate of Annual Expense				
	2011	PUPA	2012	PUPA	%	2013	PUPA	%	Budget 2014	PUPA	%	Restricted Projections		PUPA	%	Restricted Projections	PUPA
Administrative																	
Advertising	68	2	255	7	275%	203	6	-20%	500	14	146%	180	5	-11%	180	5	-11%
Management Fee	18,334	509	18,379	511	0%	18,245	507	-1%	18,690	519	2%	18,156	504	0%	18,156	504	0%
Other (Specify)	35,654	990	30,063	835	-16%	29,701	825	-1%	32,099	892	8%	30,600	850	3%	30,600	850	3%
Total Administrative	54,056	1,502	48,697	1,353	-10%	48,149	1,337	-1%	51,289	1,425	7%	48,936	1,359	2%	48,936	1,359	2%
Operating																	
Elevator Maintenance Exp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fuel - Heating	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lighting and Misc. Power	9,654	268	9,416	262	-2%	9,479	263	1%	10,061	279	6%	9,540	265	1%	9,540	265	1%
Water	1,712	48	1,772	49	4%	1,713	48	-3%	1,857	52	8%	1,800	50	5%	1,800	50	5%
Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Garbage and Trash Removal	2,499	69	2,507	70	0%	2,555	71	2%	2,673	74	5%	2,520	70	-1%	2,520	70	-1%
Payroll	17,495	486	18,310	509	5%	19,247	535	5%	19,450	540	1%	19,260	535	0%	19,260	535	0%
Other (Specify)	9,836	273	7,224	201	-27%	21,564	599	199%	3,000	83	-86%	3,600	100	-83%	3,600	100	-83%
Total Operating	41,196	1,144	39,229	1,090	-5%	54,558	1,516	39%	37,041	1,029	-32%	36,720	1,020	-33%	36,720	1,020	-33%
Maintenance																	
Decorating	1,289	36	2,549	71	98%	475	13	-81%	2,000	56	321%	1,800	50	279%	1,800	50	279%
Repairs	37,084	1,055	30,500	847	-20%	25,918	720	-15%	5,500	153	-79%	5,400	150	-79%	3,600	100	-86%
Exterminating	1,559	43	1,706	47	9%	1,632	45	-4%	1,665	46	2%	1,620	45	-1%	1,620	45	-1%
Insurance	5,786	161	7,397	205	28%	9,952	276	35%	12,256	340	23%	10,260	285	3%	10,260	285	3%
Ground Expense	184	5	1,697	47	822%	738	21	-57%	7,500	208	916%	1,800	50	144%	1,800	50	144%
Other (specify)	1,147	32	1,509	42	32%	1,072	30	-29%	1,090	30	2%	1,080	30	1%	1,080	30	1%
Total Maintenance	47,949	1,332	45,358	1,260	-5%	39,787	1,105	-12%	30,011	834	-25%	21,960	610	-45%	20,160	560	-49%
Taxes																	
Real Estate Tax	0	0	0	0	0	0	0	0	19,257	535	0	17,820	495	0	17,820	495	0
Personal Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Employee Payroll Tax	3,000	83	3,120	87	4%	3,115	87	0%	3,558	99	14%	3,060	85	-2%	3,060	85	-2%
Employee Benefits	11,344	315	12,116	337	7%	15,130	420	25%	14,862	413	-2%	15,120	420	0%	15,120	420	0%
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Taxes	14,344	398	15,236	423	6%	18,245	507	20%	37,677	1,047	107%	36,000	1,000	97%	36,000	1,000	97%
Operating Exp. before RFR	157,545	4,376	148,520	4,126	-6%	160,739	4,465	8%	156,018	4,334	-3%	143,616	3,989	-11%	141,816	3,939	-12%
Reserve For Replacement	69,399	1,928	32,539	904	-53%	14,754	410	-55%	11,970	333	-19%	12,600	350	-15%	12,600	350	-15%
Operating Exp. Incl. RFR	226,944	6,304	181,059	5,029	-20%	175,493	4,875	-3%	167,988	4,666	-4%	156,216	4,339	-11%	154,416	4,289	-12%
Commercial Space Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NOI	30,320	842	80,912	2,248	167%	80,657	2,240	0%	35,578	988	-56%	47,654	1,324	-41%	66,554	1,849	-17%

Estimating Restricted Expenses Per Unit						
Subject As Is	Expenses	Subject As Complete	Comparable One	Comparable Two	Comparable Three	IREM Region IV
\$5	Advertising	\$5	\$43	\$120	\$1	\$0
\$504	Management	\$504	\$501	\$236	\$0	\$467
\$850	Other Administrative Expenses	\$850	\$601	\$174	\$1,389	\$1,069
\$0	Elevator Maintenance Expense	\$0	\$0	\$0	\$0	\$0
\$0	Fuel	\$0	\$0	\$0	\$0	\$31
\$265	Lighting & Misc. Power	\$265	\$125	\$182	\$678	\$151
\$50	Water/Sewer	\$50	\$444	\$71	\$310	\$371
\$0	Gas	\$0	\$0	\$70	\$368	\$17
\$70	Garbage/Trash Removal	\$70	\$83	\$91	\$63	\$0
\$535	Payroll	\$535	\$489	\$1,019	\$1,215	\$661
\$100	Other Operating Expenses	\$100	\$338	\$603	\$1,515	\$247
\$50	Decorating	\$50	\$72	\$0	\$0	\$83
\$150	Repairs	\$100	\$0	\$111	\$351	\$305
\$45	Exterminating	\$45	\$0	\$0	\$0	\$0
\$285	Insurance	\$285	\$156	\$429	\$291	\$278
\$50	Ground Expenses	\$50	\$196	\$0	\$0	\$208
\$30	Other Maintenance	\$30	\$0	\$0	\$0	\$0
\$495	Real Estate Taxes	\$495	\$357	\$274	\$0	\$327
\$85	Payroll Taxes	\$85	\$68	\$83	\$228	\$0
\$420	Employee Benefits	\$420	\$11	\$91	\$826	\$0
\$0	Other Taxes	\$0	\$0	\$0	\$0	\$0
\$350	Replacement Reserves	\$350	\$399	\$0	\$1,016	\$0
\$4,339	Total Per Unit	\$4,289	\$3,883	\$3,554	\$8,251	\$4,215

Comments:

Subject expenses were estimated based on comparable apartments and industry norms. Comparable apartment expenses were estimated after discussions with area apartment managers. The comparable estimates were substantiated by the *2013 Income/Expense Analysis: Federally Assisted Apartments* printed by the Institute of Real Estate Management. No major fluctuations from the total expenses per unit are anticipated from the expenses provided above, although itemized expenses may deviate on the specific factors affecting the individual properties.

The expenses for the comparable apartments vary per unit but are consistently between 54 and 93 percent of the gross rent potential. The subject's expenses were estimated at 67 percent of the gross rent potential which is within the comparable range. Market expenses for the subject were categorized similar to the actual expenses as different properties categorize expenses in different ways. Explanations of specific itemized expenses are indicated on the following pages.

Itemized Expenses Explanations

Expense Numbers Per Unit – Restricted

	Expense	“As Is”	“As Complete”	Range
1.	Advertising An advertising expense of \$5 per unit was projected. A comparable range of \$1 to \$120 per unit was determined. Historically, the subject’s advertising expense has ranged from \$2 to \$7 per unit. The subject is located in an area with moderate to high occupancies in all complexes. Therefore, the subject’s historical expenses were given a significant amount of consideration when determining the advertising expense.	\$5	\$5	\$1-120
2.	Management A management expense of \$504 was projected. A comparable range of \$0 to \$501 was determined. Historically, the subject’s management expense has ranged from 7.0 to 7.1 percent of the effective gross rent potential. This expense has been contracted at \$44.50 per occupied unit. Therefore, the management fee was projected at \$44.50 per occupied unit.	\$504	\$504	\$0-501
3.	Other Administrative An other administrative expense of \$850 per unit was projected. A comparable range of \$174 to \$1,389 was determined. Historically, the subject’s other administrative expense has ranged from \$825 to \$990 per unit. This expense has decreased each year. The approved budget indicates other administrative expenses of \$892 per unit. The subject’s historical and proposed expenses were given significant consideration. Therefore, the expense was projected at \$850 per unit.	\$850	\$850	\$174-1,389
4.	Elevator The property will not have this expense. The expense is not typical in the market. Therefore, no expense was projected.	\$0	\$0	\$0-0
5.	Fuel The property will not have this expense. The expense is not typical in the market. Therefore, no expense was projected.	\$0	\$0	\$0-0
6.	Lighting & Misc. Power A lighting and miscellaneous power expense of \$265 per unit was projected. A comparable range of \$125 to \$678 per unit was determined. The lighting & miscellaneous power expense of the subject was projected using the subject’s historical expenses as well as the expenses from other properties with similar features.	\$265	\$265	\$125-678
7.	Water/Sewer A water/sewer expense of \$50 per unit was projected for the subject. A comparable range of \$71 to \$444 per unit was determined. The water/sewer expense of the subject was projected using the subject’s proposed expenses as well as the expenses from other properties with similar features.	\$50	\$50	\$71-444
8.	Gas The property will not have this expense. The expense is not typical in the market. Therefore, no expense was projected.	\$0	\$0	\$0-0
9.	Garbage/Trash Removal A garbage/trash removal expense of \$70 per unit was projected for the subject. A comparable range of \$63 to \$91 per unit was determined. The garbage/trash removal expense of the subject was projected using the subject’s proposed expenses as well as the expenses from other properties with similar features.	\$70	\$70	\$63-91

- | | | | | |
|-----|---|-------|-------|-------------|
| 10. | Payroll | \$535 | \$535 | \$489-1,215 |
| | The payroll expense of \$120 per unit was projected. A comparable range of \$0 to \$1,215 per unit was determined. Historically, the subject's payroll expense has been ranged from \$486 to \$535 per unit each year between 2011 and 2013. The approved budget indicates \$540 per unit. However, historically, the subject is slightly lower than budgeted for this expense. Therefore, this expense was derived by considering the subject's historical expenses. | | | |
| 11. | Other Operating Expenses | \$100 | \$100 | \$338-1,515 |
| | The other operating expense of \$100 per unit was projected for the "as is" scenario, and an other operating expense of \$300 per unit was projected for the "as complete" scenario. A comparable range of \$338 to \$1,515 per unit was determined. Historically, the subject's other operating expense has ranged from \$201 to \$599 per unit. The approved budget indicates \$83 per unit. This expense was derived by considering the subject's historical expenses as well as the proposed budget and comparables with similar features. | | | |
| 12. | Decorating | \$50 | \$50 | \$0-72 |
| | A decorating expense of \$50 per unit was projected for the "as is" scenario, and a decorating expense of \$50 per unit was projected for the "as complete" scenario. A comparable range of \$0 to \$72 per unit was determined. Historically, the subject's decorating expense has ranged from \$13 to \$71 per unit. The approved budget indicates \$56 per unit. The subject's historical expenses and budgeted expenses were given a significant amount of consideration when determining this expense. | | | |
| 13. | Repairs | \$150 | \$100 | \$0-351 |
| | An "as is" repairs expense of \$150 per unit was projected. An "as complete" repairs expense of \$100 per unit was projected. A comparable range of \$0 to \$351 was determined. Historically, the subject's repairs expense has ranged from \$720 to \$1,055 per unit. The approved budget indicates \$153 per unit. The subject will undergo a substantial rehabilitation and will not need as many repairs as complete. Therefore, the "as complete" expense was projected lower than the "as is" expense. The subject's historical expenses, budgeted expenses and the <i>2013 Income/Expense Analysis: Federally Assisted Apartments</i> printed by Institute of Real Estate Management were given a significant amount of consideration when determining this expense. | | | |
| 14. | Exterminating | \$45 | \$45 | \$0-0 |
| | An exterminating expense of \$45 per unit was projected for the subject. A comparable range of \$0 to \$0 per unit was determined. Historically, the subject's exterminating expense has ranged from \$43 to \$47 per unit. The approved budget indicates \$46 per unit. Therefore, a \$45 exterminating expense was projected. | | | |
| 15. | Insurance | \$285 | \$285 | \$156-429 |
| | The subject's "as is" insurance expense was projected at \$285 per unit. An "as complete" expense at \$285 per unit was projected. A comparable range of \$156 to \$429 per unit was determined. Historically, the subject's insurance expense has ranged from \$161 to \$276 per unit. The insurance expense of the subject was projected using the subject's historical expenses as well as the expenses from other properties with similar features. The approved budget indicates \$340 per unit. This expense was derived by considering the subject's historical expenses as well as the proposed budget and comparables with similar features. The subject will be renovated. After the rehabilitation is completed, however, this expense is not expected to increase. Therefore, the "as complete" expense was projected similar to the "as is" expense. | | | |
| 16. | Grounds Expenses | \$50 | \$50 | \$0-196 |
| | A grounds expense of \$50 per unit was projected for the subject. A comparable range of \$0 to \$196 per unit was determined. Historically, the subject's grounds expense has ranged from \$5 to \$47 per unit. The approved budget indicates \$208 per unit. The subject's historical expenses, budgeted expenses and comparables with similar features were given a significant amount of consideration when determining this expense. | | | |

- | | | | | |
|-----|---|-------|-------|-----------|
| 17. | Other Maintenance | \$30 | \$30 | \$0-0 |
| | Other maintenance expenses of \$30 per unit were projected for the subject. A comparable range of \$0 to \$0 per unit was determined. Historically, the subject's other maintenance expense has ranged from \$30 to \$42 per unit. The approved budget indicates \$30 per unit. The subject's historical expenses and budgeted expenses were given a significant amount of consideration when determining this expense. | | | |
| | | | | |
| 18. | Real Estate Taxes | \$495 | \$495 | \$0-357 |
| | The "as is" real estate taxes were projected based on the subject's real estate taxes as reported by the Jefferson County Assessor. The subject will undergo a substantial rehabilitation. After the rehabilitation is completed, however, this expense is not expected to increase. Therefore, the "as complete" expense was projected similar to the "as is" expense. | | | |
| | | | | |
| 19. | Payroll Taxes | \$85 | \$85 | \$68-228 |
| | A payroll taxes expense of \$85 per unit was projected for the subject. A comparable range of \$68 to \$228 per unit was determined. Historically, the subject's payroll taxes expense has ranged from \$83 to \$87 per unit. The approved budget indicates \$99 per unit. The subject's historical expenses, budgeted expenses and comparables with similar features were given a significant amount of consideration when determining this expense. | | | |
| | | | | |
| 20. | Employee Benefits | \$420 | \$420 | \$11-826 |
| | Employee benefits of \$420 per unit were projected for the subject. A comparable range of \$11 to \$826 per unit was determined. Historically, the subject's employee benefits expense has ranged from \$315 to \$420 per unit. The approved budget indicates \$413 per unit. The employee benefits expense of the subject was projected using the subject's historical expenses as well as the expenses from other properties with similar features. | | | |
| | | | | |
| 21. | Replacement Reserves | \$350 | \$350 | \$0-1,016 |
| | The replacement reserves expense was projected based on the typical replacement reserves amount that is shown in the market. The typical replacement reserves amount per unit for the market generally ranges from \$100 to \$550 per unit. An amount within the range was determined to be appropriate. Therefore, replacement reserves of \$350 per unit were determined. This expense is within the historical range. | | | |

Conclusions

Potential Gross Income

The restricted rents were based on the subject's contract rents that were provided by the developer. The market potential gross income for the subject property was projected using the market rents determined by the appraiser. The calculations for the potential gross income for the subject are shown on the preceding pages.

Vacancy

Nine affordable housing properties including the subject and six conventional properties responded to the survey. Of the apartments surveyed, an overall vacancy rate of one percent was estimated for conventional apartments and five percent for affordable housing. The subject is 100 percent occupied. The subject contains Rental Assistance for 35 units. The occupancy rate for the subject property since 2011 has remained undisclosed. The 2014 budget indicates a 95 percent occupancy rate. The tenants with Rental Assistance pay only 30 percent of their income toward rent. In addition, the comparable properties in the area indicated that the units with Rental Assistance typically have higher occupancy rates than those units without Rental Assistance in which the tenants are responsible for the entire rental amount. Since the subject has Rental Assistance for all of its revenue units, it is likely that the subject will operate at a higher occupancy rate than the properties without Rental Assistance. After considering the vacancy rate of the subject and the comparables, a vacancy rate of five percent was deemed appropriate for conventional housing, and a vacancy rate of five percent was deemed appropriate for affordable housing.

Expenses after Reserves for Replacement

The subject's market expenses were projected considering the subject's operating history, the expense data of the comparables and the information contained in the *2013 Income/Expense Analysis: Conventional Apartments* printed by the Institute of Real Estate Management. The subject's restricted expenses were projected considering the subject's operating history, the expense data of the comparables and the information contained in the *2013 Income/Expense Analysis: Federally Assisted Apartments* printed by the Institute of Real Estate Management.

Direct Capitalization

Most apartment appraisers as well as buyers, sellers and lenders prefer value estimates derived from direct capitalization rather than discounted cash flow analysis. Other than in cases where the client and appraiser believe that the achievable income from an apartment property has not approximated its stabilized income, the net operating income to the property can be directly capitalized as of the effective date of the appraisal, based on the current yield to the property. In this situation, the discounting of forecast cash flows on a yield-to-maturity basis is considered superfluous. The use of overall cash flow analysis under other circumstances is discussed in the following section.

An overall capitalization rate (R_o) is the usual expression of the relationship between the net operating income and the value of the property (the R_o is the reciprocal of a net income multiplier). Overall capitalization rates are derived from the simple formula

$$\text{Rate} = \text{Income}/\text{Value of } R_o = I/V$$

A capitalization rate is typically expressed as a percentage. For example, if the net operating income to a comparable property was \$1.8 million and its value/price was \$20 million, the overall capitalization rate would be 9.0% (the reciprocal, 11.1, is the property's net income multiplier).

An overall capitalization rate incorporates many considerations, including the likelihood that property income will increase, the momentum and duration of such an increase, and the risk and timing of a possible decrease. It reflects judgments regarding the recapture of investment and property depreciation. An overall capitalization rate can be developed on the basis of the relative allocation between, or weighting of, property components (e.g., mortgage and equity), and the respective capitalization rates of both components. This procedure is known as the band of investment technique. The specific allocation between financial components is supported by their relative risk rating based on which component has the prior claim to payment; for example, mortgages are paid before equity investors.

Other ways to apportion NOI are among the physical and ownership components of the property. When the property's NOI, the value of one property component, and the capitalization rates of both property components are known, a residual technique is applied to estimate the value of the property component of unknown value. The income to the property component of known value is deducted from the property's NOI, and the residual income attributable to the property component of unknown value is capitalized. In many cases, however, it is not necessary to apportion an overall rate or net operating income to property components.

Market Derived Capitalization Rates

Income and expense data from comparable properties were analyzed to derive the capitalization rate. To derive the capitalization rate, the appraiser used the direct capitalization method, which consists of dividing the net income by the value.

The direct capitalization method will both reflect the value of income at yields attractive to a prospective investor and provide for the recapture of wasting purchase capital. The capitalization rate shows the rate of return for land, as well as the rate of return for the buildings. It also reflects the relationship between the income from the entire property and the value of the entire property.

Comparable #	Comparable Address	No. of Units	Year Built	Date of Sale	NOI /	Sales Price =	Indicated Capitalization Rate
1	122 Victoria Way Commerce, Georgia	50	1997	3/31/2014	\$202,500	\$1,965,000	10.31%
2	115 Rock Quarry Road Stockbridge, Georgia	88	1987	12/13/2013	\$247,263	\$3,275,000	7.55%
3	400 White Ingram Parkway Dallas, Georgia	45	2005	10/31/2013	\$234,500	\$2,200,000	10.66%
4	11 Sheffield Place Cartersville, Georgia	152	1997	8/1/2013	\$687,600	\$9,550,000	7.20%
5	2600 Castleberry Road Cumming, Georgia	64	1988 & 1996	6/1/2012	\$214,920	\$2,250,000	9.55%
6	4098 South Cobb Drive Smyrna, Georgia	106	1987/2008	1/7/2014	\$537,539	\$6,775,000	7.93%
7	100 Autumn Ridge Trail Roswell, Georgia	113	1986/2012	12/17/2013	\$762,850	\$10,250,000	7.44%
8	6595 Mount Zion Road Morrow, Georgia	116	1999	12/12/2013	\$489,286	\$7,497,036	6.53%

The comparables indicate a range of 6.53 to 10.66 percent for indicated capitalization rates. The average capitalization rate is 8.40 percent. Comparables 1, 4 and 8 are the most similar in year built and have an average of 8.01 percent. Therefore, the appraiser selected a weighted capitalization rate of 8.00 percent. Due to the lack of improved sales in the Wadley area, the appraiser utilized both new and older sales throughout the State of Georgia. The comparable range is broad. Therefore, the capitalization rate comparables were given minimal weight.

Realty Rates Investor Survey

The Realty Rates Investor Survey was considered in this analysis. The RealtyRates.com Investor Survey First Quarter 2014 found that investors in apartments indicate overall capitalization rates ranging from 4.55 percent to 13.21 percent with an average of 8.83 percent. In addition, the RealtyRates.com Market Survey First Quarter 2014 found that investors in apartments in the South Region which includes the State of Georgia indicated an overall capitalization rate of 8.70 percent.

PwC Real Estate Investor Survey

The PwC Real Estate Investor Survey was considered in this analysis. The National Apartment Market survey for the first quarter of 2014 found that investors in apartments indicate overall capitalization rates ranging from 3.50 percent to 10.00 percent, with an average of 5.79 percent.

Band of Investment – Conventional Terms

Another method of arriving at a capitalization rate is the Band of Investment Method. This method is based on typical mortgage terms currently available and expected investment return. This analysis uses *fixed* interest rates. Surveys of lenders that make loans on commercial properties are currently quoting interest rates at one percent over prime and amortization of 15 to 20 years. Local lenders quoted 250 to 350 basis points over the LIBOR for the same term as the loan. For our calculations, the following components were derived in this analysis.

Capitalization Rate Calculations				
Capitalization Rate Variables				
Mortgage Interest Rate	6.50%			
Loan Term (Years)	30			
Loan To Value Ratio	80.0%			
Debt Coverage Ratio	1.2			
Equity Dividend Rate	6.00%			
Band of Investment Analysis				
Mortgage Constant		Loan Ratio	Contributions	
0.075848163	x	80.0%	=	6.07%
Equity Dividend Rate		Equity Ratio	=	
6.00%	x	20.0%	=	1.20%
Band of Investment Capitalization Rate				7.27%

The capitalization rate shown above was calculated using a current market interest rate of 6.50 percent and loan term of 30 years. Therefore, a capitalization rate of 7.27 percent was determined for the market band of investment scenario.

Determination of the Market-Derived Capitalization Rate

The PwC Real Estate Investor Survey indicated an average capitalization rate of 5.79 percent. From the sales available in the area a capitalization rate of 8.00 percent was determined. The RealtyRates.com Investor Survey indicated an average capitalization rate of 8.83 percent. The RealtyRates.com Market Survey indicated an average capitalization rate of 8.70 percent. The Band of Investment Analysis indicates a capitalization rate of 7.27 percent. The capitalization rate indicated from the band of investment was considered to be the most accurate due to the lack of quality sales in the area. After considering all factors, a blended capitalization rate of **7.50 percent** was determined to be appropriate for the market value.

Market Derived Capitalization Rate of 7.50% gives a value of

Market As Is	\$103,044/7.50%	=	\$1,373,920.00
	Market Value As Is	=	\$1,375,000.00

Band of Investment – Considering Rental Assistance

Another method of arriving at a capitalization rate is the Band of Investment Method. This method is based on typical mortgage terms currently available and expected investment return. This analysis uses *fixed* interest rates. Surveys of lenders that make loans on commercial properties are currently quoting interest rates at one percent over prime and amortization of 15 to 20 years. Local lenders quoted 250 to 350 basis points over the LIBOR for the same term as the loan. For our calculations, the following components were derived in this analysis.

Capitalization Rate Calculations			
Capitalization Rate Variables			
Mortgage Interest Rate		4.50%	
Loan Term (Years)		35	
Loan To Value Ratio		90.0%	
Debt Coverage Ratio		1.2	
Equity Dividend Rate		6.00%	
Band of Investment Analysis			
Mortgage Constant		Loan Ratio	Contributions
0.056790808	x	90.0%	= 5.11%
Equity Dividend Rate		Equity Ratio	
6.00%	x	10.0%	= 0.60%
Band of Investment Capitalization Rate			5.71%

The capitalization rate shown above was calculated using an interest rate of 4.50 percent and loan term of 35 years, typical for an affordable housing property. Therefore, a capitalization rate of 5.71 percent was determined for the band of investment scenario when considering the rental assistance. The capitalization rate determined in this scenario assumes all units contain Rental Assistance. However, as the property contains one non-revenue unit that does not contain Rental Assistance, the analysis on the following page was used to determine the appropriate capitalization rate for the subject property.

Determination of Capitalization Rate Considering Subject’s Rental Assistance

The value of rental assistance was determined for the subject’s existing mortgage. The value of rental assistance was determined for the subject’s existing mortgage. Of the subject’s 36 units, 35 receive Rental Assistance (RA). Rental Assistance provides guaranteed income for the property which, in turn, provides less risk to a potential buyer or investor. Per 7-A of Chapter 7 of the USDA RD Handbook HB-1-3560, “The market value, subject to restricted rents, must include the value of any rental assistance (RA) available. When the subject property has RA, the appraisal must include a discussion of the Section 521 Rental Assistance Program, the number of RA units at the subject, and how RA affects the market value, subject to restricted rents, of the property. Rental assistance is a rent subsidy provided to owners of 514/515 projects. The renter of an RA unit is required to pay a tenant contribution toward the approved shelter cost (rent plus tenant-based utilities) of the unit that is equal to no more than 30 percent of his/her income. RA is the portion of the approved shelter cost paid by the Agency to compensate a borrower for the difference between the approved shelter cost and the tenant contribution. RA usually adds value to a 514/515 project in three ways: 1) it guarantees that the scheduled base rate rent for all occupied RA units will be attained; 2) it usually increases demand for the subject’s units and consequently decreases the vacancy rate; and 3) it reduces the risk of investment in the subject project by improving the durability of the income stream. Rental assistance need not be separately valued; the value of RA can be incorporated within the market value, subject to restricted rents. This can be accomplished within the Income Approach by taking into account the three ways that RA increases value, listed above, as follows. 1) Base rate rents should be included as Potential Gross Income (PGI) in the restricted pro forma; 2) a vacancy and collection loss factor that reflects the amount of RA at the property should be included; and 3) a capitalization rate for the subject may be adjusted downward to account for the reduced risk to the investor due to RA.” The subject has rental assistance for 35 units. Therefore, a weighted capitalization rate was determined as indicated in the following table:

Overall Capitalization Rate Selection				
Prospective Market Value Subject to Restricted Rents				
Lease Guarantor	# of Units	% of Total	Selected OAR	Weighted Rate
Tenant	1	2.78%	7.50%	0.21%
Rental Assistance	35	97.22%	5.71%	5.55%
Total	36	100.00%		5.76%
			Indicated OAR	5.76%

The market sales comparables indicated a weighted capitalization rate of 7.50 percent. The band of investment considering the rental assistance determined a 5.71 percent capitalization rate. One of the 36 units does not contain Rental Assistance. This one unit equals 2.78 percent of the total units at the property. Therefore, the 2.78 percentage was multiplied by the capitalization rate derived by the market sales comparables. The remaining 97.22 percent of the units was multiplied by the band of investment determined when considering the rental assistance. The results were added together to determine an appropriate blended capitalization rate for the subject. Based on the weighted average above, a blended capitalization rate of **5.76 percent** was determined for the property’s restricted valuations.

Restricted Derived Capitalization Rate of 5.76% gives a value of

Restricted As Is	\$47,654/5.76%	=	\$ 827,326.39
Restricted As Complete	\$66,554/5.76%	=	\$1,155,277.78
	Restricted Value As Is	=	\$ 825,000.00
	Restricted Value As Complete	=	\$1,155,000.00

Value of Interest Credit Subsidy from the Assumed USDA RD Section 515 Loan

\$1,114,909.00 – Proposed Loan
600 Months – Term of the loan
6.50 Percent – Market Interest Rate
3.75 Percent – Note Rate of Interest
1.00 Percent – Base Rate of Interest

Proposed Loan
\$1,114,909.00 PV
6.50 [g] [i]
360 [n]
Solve for PMT = \$7,046.98 per month

With 1% interest
\$1,114,909.00 PV
1.00 [g] [i]
600 [n]
Solve for PMT = \$2,362.04 per month

Value of Balloon
\$1,114,909.00 [CHS] [PV]
3.75 [g] [i]
600 [n]
Solve for PMT = \$4,117.36
360 [n]
Solve for FV = \$694,457.33

\$694,457.33 [CHS] [FV]
6.50 [g] [i]
360 [n]
Solve for PV = \$99,324.57

Interest Credit Subsidy
Difference in Payment \$4,684.94
\$4,684.94 [PMT]
6.50 [g] [i]
360 [n]
Solve for PV = \$741,208.20
- 99,324.57
\$641,883.63

Value of Subsidy from the Assumed 515 Loan (New Terms) Rounded = \$642,000.00

Value of Tax Credits

For the purposes of this analysis, the likely market value of the tax credits allocated to the subject has been estimated. The subject is a proposed rehabilitation. The developer has been allocated annual tax credits of \$356,828, for a 10-year total of \$3,568,287. The developer anticipates a commitment to purchase the federal tax credits at a rate of \$1.108 per credit. Therefore, this amount was utilized to determine the value of the tax credits for the subject property.

Analysis of Tax Credits

The following analysis is used to develop a present value for the subject's tax credits. Percentages utilized were based on similar transactions as well as interviews with state and federal authorities to arrive at an accurate market value for the allocated tax credits.

Tax Credit Calculation:

<i>Assumed Federal Allocation:</i>	=	\$3,568,287.00	
Price x 1.108 x 0.9999	=	\$3,953,266.63	\$3,953,266.63
Total Value of Tax Credits (rounded)			\$3,953,000.00
Value of Tax Credits = \$3,953,000.00			

SALES COMPARISON APPROACH

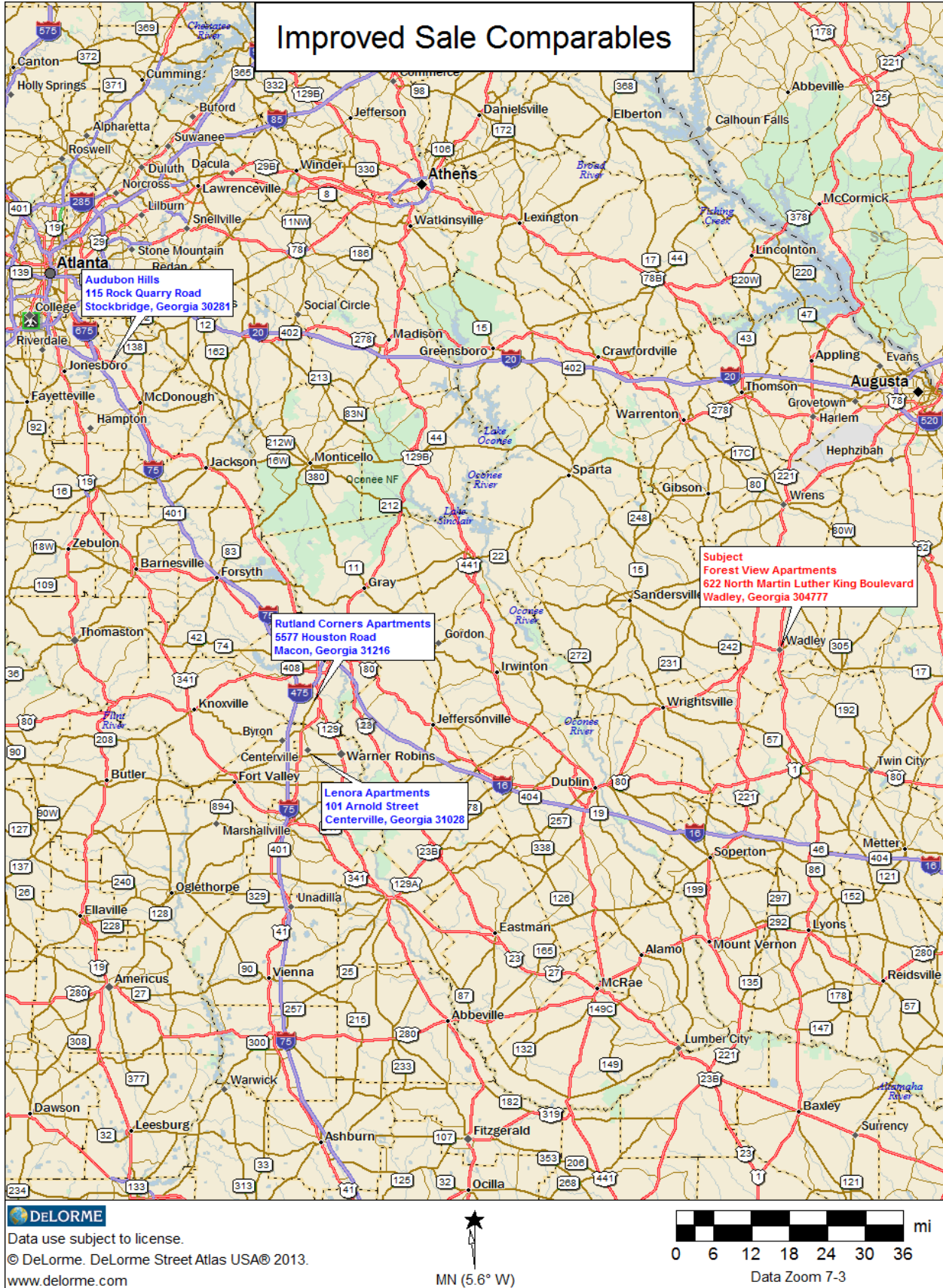
The Sales Comparison Approach is based on the assumption that an informed purchaser will pay no more for a property than the cost of acquiring an existing property of similar utility. Typically, one would estimate the value of the subject property by comparing the sales prices of recent transactions involving property similar to the subject. Adjustments are made to each sale for dissimilarities as compared to the subject property. These adjustments may include the date of sale, location, age, floor plan, condition, quality, size or external factors that may influence rents or occupancy levels. Typically, the reliability of the sales comparison approach is based on a number of factors such as:

- Availability of comparable sales data
- Verification of sales data
- Degree of comparability to the extent that large or numerous adjustments are not necessary to compensate for the differences between the subject property and the comparable sales used

I have found that the reliability of the sales comparison approach for traditional real estate is excellent when valuing vacant land, single family homes or small commercial type properties where there is more activity, a larger data base, and greater degree of comparability. For more complex and larger investment grade properties such as shopping centers, nursing homes, and apartment complexes, the required adjustments are often numerous and the degree to which they can be performed without a considerable amount of subjectivity is difficult. As mentioned previously, a number of factors must be verifiable and documented in order to make appropriate adjustments. Items necessary for verification might include the following:

- Location
- Condition
- Appeal
- Date of Sale
- Amenities
- Income and Expense Data
- Personal Property Included
- Financing Terms and Conditions
- Management Contracts Involved

There are obviously other differences that must be adjusted in the marketplace. For the purposes of this report, the appraiser has analyzed a number of sales; however, only those believed to be most similar to the subject were included. The information from the sales analyzed will be included. The information from the sales analyzed will be used to determine a value estimate for the subject property by the sales comparison approach. The unit of comparison considered will be the price paid per unit. The following sales are offered as an indication of value of the subject property as of the date of this assignment.



Rutland Corners Apartments



Comparable 1

Address	5577 Houston Road	Date	11/1/2013
City	Macon	Price	\$10,300,000
County	Bibb	Price per Unit	\$45,175.44
State	Georgia	Transaction Type	Closed
Tax ID	0120-00985	Financing	Conventional
Grantor	Tritex Advisors	Property Rights	Fee Simple
Grantee	Rutland Apartments	Verification Source	Ashley
Property Type	Multifamily	Deed Book/Page	09144/00259

Site

Acres	10.52	Topography	Nearly Level
Land SF	458,251	Zoning	Multifamily
Road Frontage	Houston Road	Utilities	E, G, W, S

Improvements & Financial Data

GBA	250,200	Construction Type	Brick
Total No. of Units	228	HVAC	Central Electric/Central
Year Built/Renovated	1997	Parking	Lot
Condition/Street Appeal	Similar	Structure/Stories	WU/2
Construction Type	Brick	Utilities with Rent	Water, Sewer, Trash
Unit Amenities	Refrigerator, Range/Oven, Dishwasher, Microwave, Washer/Dryer Hook-Ups, Ice Maker, Hardwood, Blinds, Walk-In Closet, Balcony, Patio		
Project Amenities	Clubhouse, Fitness Center, Exterior Storage, Business Center, Laundry Facility		

Lenora Apartments



Comparable 2

Address	101 Arnold Street	Date	5/31/2012
City	Centerville	Price	\$1,150,000
County	Houston	Price per Unit	\$35,937.50
State	Georgia	Transaction Type	Closed
Tax ID	C6-B-10	Financing	Conventional
Grantor	Fickling Company	Property Rights	Fee Simple
Grantee	Ascan LLC	Verification Source	Sherry
Property Type	Multifamily	Deed Book/Page	5846/331

Site

Acres	3.08	Topography	Nearly Level
Land SF	134,165	Zoning	Multifamily
Road Frontage	Arnold Street	Utilities	E, G, W, S

Improvements & Financial Data

GBA	35,904	Construction Type	Brick
Total No. of Units	32	HVAC	Central Electric/Window
Year Built/Renovated	1969	Parking	L/0
Condition/Street Appeal	Similar	Structure/Stories	T/2
Construction Type	Brick	Utilities with Rent	Water, Sewer, Trash
Unit Amenities	Refrigerator, Range/Oven, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Blinds, Ceiling Fans, Walk-In Closet, Balcony, Patio		
Project Amenities	Swimming Pool		

Audubon Hills



Comparable 3

Address	115 Rock Quarry Road	Date	12/9/2013
City	Stockbridge	Price	\$3,275,000
County	Henry	Price per Unit	\$37,215.91
State	Georgia	Transaction Type	Closed
Tax ID	S27-01008000	Financing	Conventional
Grantor	Audubon Communities	Property Rights	Fee Simple
Grantee	115 Rock Quarry Partners,	Verification Source	
Property Type	Multifamily	Deed Book/Page	13404/297

Site

Acres	11.28	Topography	Nearly Level
Land SF	491,357	Zoning	Multifamily
Road Frontage	Rock Quarry Road	Utilities	E, G, W, S

Improvements & Financial Data

GBA	92,024	Construction Type	Siding
Total No. of Units	88	HVAC	Central Electric/Central
Year Built/Renovated	1987	Parking	Lot
Condition/Street Appeal	Similar	Structure/Stories	WU/2
Construction Type	Siding	Utilities with Rent	Water, Sewer, Trash
Unit Amenities	Range/Oven, Refrigerator, Garbage Disposal, Washer/Dryer Hook-Ups, Carpet, Tile,		
Project Amenities	Swimming Pool, Community Room, Playground, Tennis Court, Fitness Center		

Sales Comparison per Unit – As Is

Analysis Grid		Comp 1	Comp 2	Comp 3
Address	600 North Martin Luther King Boulevard	5577 Houston Road	101 Arnold Street	115 Rock Quarry Road
City	Wadley	Macon	Centerville	Stockbridge
State	Georgia	Georgia	Georgia	Georgia
Date	5/15/2014	11/1/2013	5/31/2012	12/9/2013
Price	\$0	\$10,300,000	\$1,150,000	\$3,275,000
Total No. of Units	36	228	32	88
Price per Unit	\$0	\$45,175	\$35,938	\$37,216
Transaction Adjustments				
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	Conventional	Conventional	Conventional	Conventional
Conditions of Sale	Normal	Normal	Normal	Normal
Adjusted Price per Unit		\$45,175	\$35,938	\$37,216
Market Trends Through 5/15/14	0.0%	0.0%	0.0%	0.0%
Adjusted Price per Unit		\$45,175	\$35,938	\$37,216
Location	Average	Superior	Superior	Superior
% Adjustment		-10%	-10%	-10%
\$ Adjustment		-\$4,518	-\$3,594	-\$3,722
Total No. of Units	36	228	32	88
% Adjustment		0%	0%	0%
\$ Adjustment		\$0	\$0	\$0
Year Built/Renovated	1998	1997	1969	1987
% Adjustment		0%	0%	0%
\$ Adjustment		\$0	\$0	\$0
Condition/Street Appeal	Good	Similar	Inferior	Inferior
% Adjustment		0%	15%	10%
\$ Adjustment		\$0	\$5,391	\$3,722
HVAC	Central Electric/Central Electric	Central Electric/Central	Central Electric/Window	Central Electric/Central
% Adjustment		0%	0%	0%
\$ Adjustment		\$0	\$0	\$0
Parking	Lot	Lot	Lot	Lot
% Adjustment		0%	0%	0%
\$ Adjustment		\$0	\$0	\$0
Unit Amenities	Refrigerator, Range/Oven, Washer/Dryer Hook-Ups, Carpet, Tile, Blinds, Balcony, Patio	Refrigerator, Range/Oven, Dishwasher, Microwave, Washer/Dryer Hook-Ups, Ice Maker, Hardwood, Blinds, Walk-In Closet, Balcony, Patio	Refrigerator, Range/Oven, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Blinds, Ceiling Fans, Walk-In Closet, Balcony, Patio	Range/Oven, Refrigerator, Garbage Disposal, Washer/Dryer Hook-Ups, Carpet, Tile, Blinds, Walk-In Closet, Fireplace, Patio
% Adjustment		-4%	-3%	-3%
\$ Adjustment		-\$1,807	-\$1,078	-\$1,116
Project Amenities	Community Room, Gazebo, Playground, Laundry Facility	Clubhouse, Fitness Center, Exterior Storage, Business Center, Laundry Facility	Swimming Pool	Swimming Pool, Community Room, Playground, Tennis Court, Fitness Center
% Adjustment		-2%	1%	-2%
\$ Adjustment		-\$904	\$359	-\$744
Adjusted Price per Unit		\$37,947	\$37,016	\$35,355

36 units x \$36,000 per Unit = \$1,296,000

Indicated Value = \$1,295,000

APARTMENT SALES SUMMARY - AS IS

Comparable	Address	Date	Price	Price per Unit	Total No. of Units	Year Built/Renovated
1	5577 Houston Road	11/1/2013	\$10,300,000	\$45,175.44	228	1997
2	101 Arnold Street	5/31/2012	\$1,150,000	\$35,937.50	32	1969
3	115 Rock Quarry Road	12/9/2013	\$3,275,000	\$37,215.91	88	1987

Improved Sales Analysis

The sale prices of the comparables range from \$35,938 to \$45,175 per unit before adjustments. The sales were analyzed in order to estimate their comparability to the subject based on the following characteristics of value.

Location

The subject is located in Wadley, Georgia. Comparable 1 is located in Macon. Comparable 2 is located in Centerville. Comparable 3 is located in Stockbridge. The subject's location is average. All comparables are superior to the subject in varying degrees with greater access to services and were adjusted downward 10 percent.

Total No. of Units

Size can have an impact on value based on the premise that smaller facilities tend to sell for a higher price per unit than larger facilities. The subject contains 36 units. The number of units of the comparables range from 32 to 228. No adjustment was needed.

Year Built/Renovated

The subject was built in 1998. It is in good condition. Comparable 1 was built in 1997, and Comparable 2 was constructed in 1969. Comparable 3 was built in 1987. Any necessary adjustment was utilized in the condition/street appeal adjustment.

Condition/Street Appeal

The subject is similar in condition to Comparable 1. Comparables 2 and 3 are inferior to the subject and were adjusted upward 15 and 10 percent, respectively.

HVAC

The subject and all comparables contain central air conditioning. Therefore, no adjustment was needed.

Parking

The subject and all comparables contain parking lots. No adjustments were necessary.

Unit Amenities

The subject contains a range/oven, refrigerator, washer/dryer hook-ups, carpet, tile, blinds, balcony and patio. Comparable 1 contains a refrigerator, range/oven, dishwasher, microwave, washer/dryer hook-ups, icemaker, hardwood, blinds, walk-in closet, balcony and patio and was adjusted downward four percent. Comparable 2 contains refrigerator, range/oven, dishwasher, washer/dryer hook-ups, carpet, blinds, ceiling fans, walk-in closet, balcony and patio and was adjusted downward three percent. Comparable 3 contains a refrigerator, range/oven, garbage disposal, washer/dryer hook-ups, carpet, tile, blinds, walk-in closet, fireplace and patio and was adjusted downward three percent.

Project Amenities

The subject contains a community room, gazebo, playground and laundry facility. Comparable 1 contains a clubhouse, fitness center, exterior storage, business center and laundry facility and was adjusted downward two percent. Comparable 2 contains a swimming pool and was adjusted upward one percent. Comparable 3 contains a swimming pool, community room, playground, tennis court and fitness center and was adjusted downward two percent.

Summary and Conclusion

The comparables range from \$35,355 to \$37,947 per unit after adjustments. All comparables were given weight. Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of May 15, 2014, via the "as is" Sales Comparable Approach is as follows:

36 units x \$36,000 per Unit = \$1,296,000

Indicated Value = \$1,295,000

Restricted Value Determination

The sales comparison approach is applicable but not necessary for a credible appraisal and has not been developed for the restricted value determination. The subject is a Rural Development property with restricted rents. As a result, there are very few similar operating properties in the market area and none that could be confirmed as having sold within the past five years. Research for sales comparables similar to the subject was conducted with local realtors, MLS and www.loopnet.com, and none could be confirmed. As per the scope of work for this assignment, the sales comparison approach is not required and was not developed.

RECONCILIATION AND CONCLUSIONS

CONCLUSION OF VALUE

The values indicated by the three appraisal approaches utilized are as follows:

Market Value of the Real Estate – As Is

Cost Approach	Income Approach	Sales Comparison Approach
\$1,375,000.00 (Market)	\$1,375,000.00 (Market)	\$1,295,000.00 (Market)
\$ 840,000.00 (Restricted)	\$ 825,000.00 (Restricted)	Not Developed (Restricted)

Market Value of the Real Estate – As Complete

Cost Approach	Income Approach	Sales Comparison Approach
\$1,165,000.00 (Restricted)	\$1,155,000.00 (Restricted)	Not Developed (Restricted)

Reconciliation involves the weighing of the three approaches in relation to their importance or their probable influence on the reactions of typical uses and investors in the market. Consideration is given to the quality and quantity of the data available for examination in each approach, to the inherent advantages and disadvantages of each approach, and to the relevancy of each to the subject property.

The Income Approach is typically used when the real estate is commonly developed, or bought and sold for the anticipated income stream. Income and expense data of similar properties in Wadley and the surrounding area were used in this analysis. The most weight is accorded to the indication via the Income Comparison Approach in the final value conclusion.

The Sales Comparison Approach is a reflection of the buying and selling public based on physical and/or financial units of comparison. The market for properties similar to the subject has been active in the subject's market area. As was noted in the improved sales analysis, the range of unit values after adjustments was relatively narrow. Quantitative (percentage) adjustments for the differences between the comparables and the subject were made to the comparables.

The indicated value of the subject would best be represented by a value within this range. The data utilized and the value indicated by the three approaches is considered appropriate in estimating the value of the subject property. Weight is given to the Income Comparison Approaches and this value is considered to provide the best indication of value for the subject.

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the "As Is" Market Value, Subject to Restricted Rents, within 7 CFR part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition As-If Unsubsidized Conventional Housing in compliance with 7 CFR Part 3560.656(c)(1)(i), as of May 15, 2014, is as follows:

ONE MILLION THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS
\$1,375,000.00

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the Market Value, Subject to Restricted Rents within 7 CFR Part 3560.752(b)(1)(i), as of May 15, 2014, is as follows:

EIGHT HUNDRED TWENTY-FIVE THOUSAND DOLLARS
\$825,000.00

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the Prospective Market Value, Subject to Restricted Rents within 7 CFR Part 3560.752(b)(1)(i), as of December 31, 2015, under the extraordinary assumption that the rehabilitation is completed as detailed in the scope of work, is as follows:

ONE MILLION ONE HUNDRED FIFTY-FIVE THOUSAND DOLLARS
\$1,155,000.00

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the value of the interest credit subsidy from assumed 515 loan (with assumed loan terms), as of December 31, 2015, is as follows:

SIX HUNDRED FORTY-TWO THOUSAND DOLLARS
\$642,000.00

Based on the data analysis and conclusions present in the attached report, it is our opinion that the value of the tax credits, as of May 15, 2014, is as follows:

THREE MILLION NINE HUNDRED FIFTY-THREE THOUSAND DOLLARS
\$3,953,000.00

ADDENDUM A



April 21, 2014

David Morrow
Morrow Companies
809 22nd Avenue
Tuscaloosa, AL 35401

Dear Mr. Morrow:

This letter will serve as a formal engagement for Gill Group, Inc. to perform an Appraisal according to the Scope of Work listed below for the property known as **Forest View Apartments** located at 600 N Martin Luther King Blvd in **Wadley, GA 30477**.

Scope of Work: USDA Rural Development 515 Guidelines

The report will be completed for an agreed upon amount of [REDACTED] (total). A retainer fee of [REDACTED] (50% of total due) is due initially. Upon receipt of a signed copy of this letter in our office and the 50% retainer fee, Gill Group agrees to complete the draft report in **4 weeks**. Any remaining payment must be delivered to us no later than 30 days after you receive your draft report. All correction requests must be made within 30 days of the initial draft so that both parties have ample time to agree upon and make the necessary corrections. A final report shall consist of one (1) digital copy, and will **not** be issued to you prior to our receipt of payment in full.

Our deadlines are based on receiving all pertinent information from you, the client, in a timely fashion. If you have financial or other necessary information please forward that to us immediately. Failure to forward this information in an expedient manner will only delay the completion of the report by an equal amount of time, thus postponing our agreed upon deadline. **In order to meet the 4 week deadline, Gill Group must be granted access to the property and receive all requested information 2 weeks prior to the scheduled deadline.**

Gill Group liability is limited exclusively to the fee paid and excludes all other liabilities or warranties, expressed or implied, including consequential damages of any nature.

Please confirm your acceptance of this engagement with the aforementioned stipulations by signing below and returning to us with the amount stated above. Our physical mailing address is 512 North One Mile Road, PO Box 784, Dexter, Missouri 63841.

If you have any questions concerning the above information or figures, please call me at 1-800-428-3320.

Sincerely,

Cash Gill, MAI
Cash.gill@gillgroup.com

Accepted:

Date: 4/29/14

Gill Group

P.O. Box 784-Dexter, MO 63841
T: 573-624-6614/F: 573-624-2942
www.gillgroup.com

ADDENDUM B

ALL that tract or parcel of land, with improvements thereon, situate, lying and being in the County of Jefferson, State of Georgia, containing 3.11 acres, more or less, and being more particularly described as follows: Beginning at a point located on the west right-of-way line of U. S. Highway No. 1, 400.48 feet north of a point where the west right-of-way line of U. S. Highway No. 1 intersects the north right-of-way of Battle Street; thence North $85^{\circ} 02' 05''$ West for a distance of 242.59 feet to a point; thence North $04^{\circ} 54' 25''$ East for a distance of 80.29 feet to a point; thence North $84^{\circ} 56' 35''$ West for a distance of 156.04 feet to a point located on the east right-of-way line of Martin Luther King Boulevard; thence along the east right-of-way line of Martin Luther King Boulevard North $02^{\circ} 57' 00''$ East for a distance of 96.00 feet to a point; thence continuing along the east right-of-way line of Martin Luther King Boulevard North $00^{\circ} 51' 00''$ East for a distance of 96.00 feet to a point; thence continuing along the east right-of-way line of said street North $00^{\circ} 38' 00''$ West for a distance of 96.00 feet to a point; thence South $84^{\circ} 48' 38''$ East for a distance of 418.04 feet to a point located on the west right-of-way line of U. S. Highway No. 1; thence South $05^{\circ} 16' 38''$ West along the west right-of-way line of U. S. Highway No. 1 for a distance of 192.65 feet to a point; thence continuing along the west right-of-way line of U. S. Highway No. 1 in a southerly direction along an arc having a radius of 5794.58 feet and a length of 173.51 feet and concave to the West and having a chord bearing of South $04^{\circ} 31' 04''$ West and a distance of 173.50 feet to a point and the point of beginning.

ADDENDUM C

The Morrow Condos - Forest View

OneSite Leasing & Rents Affordable
5/7/2014 10:27:15 AM

Affordable Rent Roll Detail/ GPR Report

05/01/2014 through 05/31/2014

Parameters: Property - All, Programs/Contract - All, Sort by - Unit, Report Type - Details + Summary

Unit	Floorplan	Program/Set-Aside	Name	Move In	Move out	Market/Note Rate	Loss/Gain to Lease	Potential Rent	Vacancy	Actual Rent Charge	Actual Subsidy Charge	Excess Income/Outflow	Utility Reimb	Concess	Write Offs	Rental Income
1-A2	HN1	Forest View - 010	Scott, Edd	10/07/2013		577.00	0.00	471.00	0.00	66.00	405.00	0.00	0.00	0.00	0.00	471.00
1-A3	2BR	Forest View - 010	Hunt, Gemmy	07/15/1998		728.00	0.00	574.00	0.00	209.00	385.00	0.00	0.00	0.00	0.00	574.00
1-A4	1BR	Forest View - 010	Bowers, Barbara	11/01/2012		577.00	0.00	471.00	0.00	212.00	259.00	0.00	0.00	0.00	0.00	471.00
2-B1	2BR	Forest View - 010	Kitchin, Ashley	11/30/2012		651.00	0.00	511.00	0.00	167.00	354.00	0.00	0.00	0.00	0.00	511.00
2-B2	2BR	Forest View - 010	Marth, Lenora	07/23/1998		651.00	0.00	511.00	0.00	136.00	375.00	0.00	0.00	0.00	0.00	511.00
2-B3	2BR	Forest View - 010	Washington, LaShia	06/01/2007		651.00	0.00	511.00	0.00	0.00	511.00	0.00	53.00	0.00	0.00	511.00
2-B4	HN2	Forest View - 010	Gilmore, Bobby	04/01/1999		651.00	0.00	511.00	0.00	70.00	441.00	0.00	0.00	0.00	0.00	511.00
2-B5	2BR	Forest View - 010	Wigham, Bianca	09/01/2009		651.00	0.00	511.00	0.00	96.00	415.00	0.00	0.00	0.00	0.00	511.00
2-B6	2BR	Forest View - 010	Thomas, Malika	07/21/2011		651.00	0.00	511.00	0.00	151.00	360.00	0.00	0.00	0.00	0.00	511.00
2-B7	2BR	Forest View - 010	Howard, Jasmine	11/22/2013		651.00	0.00	511.00	0.00	35.00	475.00	0.00	0.00	0.00	0.00	511.00
2-B8	2BR	Forest View - 010	Higgins, Tanasha	07/24/2012		651.00	0.00	511.00	0.00	11.00	500.00	0.00	0.00	0.00	0.00	511.00
3-C1	3BR	Forest View - 010	MARTIN, TANIKA	07/27/1998		728.00	0.00	574.00	0.00	98.00	476.00	0.00	0.00	0.00	0.00	574.00
3-C2	2BR	Forest View - 010	Rolle, Yabilla	07/01/2002		651.00	0.00	511.00	0.00	211.00	300.00	0.00	0.00	0.00	0.00	511.00
3-C3	3BR	Forest View - 010	Hill, Chikara	06/16/2002		728.00	0.00	574.00	0.00	116.00	458.00	0.00	0.00	0.00	0.00	574.00
3-C4	2BR	Forest View - 010	Fournoy, Alberta	06/03/2011		651.00	0.00	511.00	0.00	107.00	404.00	0.00	0.00	0.00	0.00	511.00
3-C5	3BR	Forest View - 010	Bell, Marie	07/01/2002		728.00	0.00	574.00	0.00	176.00	398.00	0.00	0.00	0.00	0.00	574.00
3-C6	2BR	Forest View - 010	Brown, Natasha	08/12/2011		651.00	0.00	511.00	0.00	148.00	363.00	0.00	0.00	0.00	0.00	511.00
3-C7	3BR	Forest View - 010	Kitchens, Wendy	08/15/2008		728.00	0.00	574.00	0.00	249.00	325.00	0.00	0.00	0.00	0.00	574.00
3-C8	2BR	Forest View - 010	Wilburn, Kenya	02/27/2004		651.00	0.00	511.00	0.00	0.00	511.00	0.00	15.00	0.00	0.00	511.00
4-D1	2BR	Forest View - 010	Hodges, Derandolyn	09/01/2011		651.00	0.00	511.00	0.00	30.00	481.00	0.00	0.00	0.00	0.00	511.00
4-D2	2BR	Forest View - 010	ROLLE, SHERRY	10/25/2013		651.00	0.00	511.00	0.00	0.00	511.00	0.00	52.00	0.00	0.00	511.00
4-D3	2BR	Forest View - 010	Byrnes, Sharonda	03/14/2013		651.00	0.00	511.00	0.00	41.00	470.00	0.00	0.00	0.00	0.00	511.00
4-D4	2BR	Forest View - 010	Kitchens, Deborah	07/08/2011		651.00	0.00	511.00	0.00	0.00	511.00	0.00	7.00	0.00	0.00	511.00
4-D5	2BR	Forest View - 010	Clark, Chanel	07/29/2013		651.00	0.00	511.00	0.00	97.00	414.00	0.00	0.00	0.00	0.00	511.00
4-D6	2BR	Forest View - 010	Best, Corentia	01/31/2002		651.00	0.00	511.00	0.00	255.00	256.00	0.00	0.00	0.00	0.00	511.00
4-D7	2BR	Forest View - 010	Johnson, Ciera	12/23/2011		651.00	0.00	511.00	0.00	12.00	499.00	0.00	0.00	0.00	0.00	511.00
4-D8	2BR	Forest View - 010	Tanver, Felicia	07/01/2011		651.00	0.00	511.00	0.00	135.00	376.00	0.00	0.00	0.00	0.00	511.00
5-E1	1BR	Forest View - 010	Todd, William	12/02/2013		577.00	0.00	471.00	0.00	237.00	234.00	0.00	0.00	0.00	0.00	471.00
5-E2	1BR	Forest View - 010	White, Cora	12/01/2007		577.00	0.00	471.00	0.00	80.00	411.00	0.00	0.00	0.00	0.00	471.00
5-E3	1BR	Forest View - 010	Walden, Jackie	11/21/2012		577.00	0.00	471.00	0.00	22.00	449.00	0.00	0.00	0.00	0.00	471.00
5-E4	1BR	Forest View - 010	William, Gelana	12/19/2013		577.00	0.00	471.00	0.00	0.00	471.00	0.00	5.00	0.00	0.00	471.00
5-E5	1BR	Forest View - 010	Johnson, Nacola	08/30/2011		577.00	0.00	471.00	0.00	160.00	371.00	0.00	0.00	0.00	0.00	471.00
5-E6	1BR	Forest View - 010	Green, Tealsha	08/01/1998		577.00	0.00	471.00	0.00	277.00	194.00	0.00	0.00	0.00	0.00	471.00
5-E7	1BR	Forest View - 010	Gibbons, Inesl	04/09/2010		577.00	0.00	471.00	0.00	92.00	379.00	0.00	0.00	0.00	0.00	471.00
5-E8	1BR	Forest View - 010	KNIGHT, CORETTA	10/15/2013		577.00	0.00	471.00	0.00	208.00	263.00	0.00	0.00	0.00	0.00	471.00
Totals						22,439.00	0.00	17,800.00	0.00	3,814.00	13,986.00	0.00	133.00	0.00	0.00	17,800.00

Affordable Rent Roll Detail/ GPR Report

05/01/2014 through 05/31/2014

Parameters: Property - All; Programs/Contract - All; Sort by - Unit; Report Type - Details + Summary

Summary by Floorplan

Total SqFt: Market \$27,716 SqFt/Leased = 27,716 SqFt: As of: 05/31/2014		Market Rent		Leased		Units	
Floorplan	# Unit	Average SqFt	Market Rent	Average SqFt	Market Rent	Occupied	Available
1BR	9	648	577.00	0.89	471.00	9	0
2BR	19	792	651.00	0.82	511.00	19	0
3BR	5	1,078	728.00	0.88	574.00	5	0
HN1	1	648	577.00	0.89	471.00	1	0
HN2	1	792	651.00	0.82	511.00	1	0
Totals / Averages	35	792	656.60	0.82	507.80	35	0

Summary by Program

As of: 05/31/2014		Market Rent		Leased		Units	
Program	Floorplan	# Units	Average SqFt	Average Market Rent	Market Amt/SqFt	Leased	Occupied
Rural Housing							
Forest View - 010	1BR	9	648	577.00	0.89	471.00	9
Forest View - 010	2BR	19	792	651.00	0.82	511.00	19
Forest View - 010	3BR	5	1,078	728.00	0.88	574.00	5
Forest View - 010	HN1	1	648	577.00	0.89	471.00	1
Forest View - 010	HN2	1	792	651.00	0.82	511.00	1

Occupancy and Rents Summary

As of: 05/31/2014		Market Rent		Potential Rent	
Unit Status	# Units	Market Rent	Potential Rent	# Units	Potential Rent
Occupied no NTV	35	22,430.00	17,800.00		
Occupied NTV	0	0.00	0.00		
Vacant NTV Leased	0	0.00	0.00		
Vacant Not Leased	0	0.00	0.00		
Admin/Down	0	0.00	0.00		
Totals	35	22,430.00	17,800.00		

Summary Billing by Sub Journal

As of: 05/31/2014	
Sub Journal	Amount
RESIDENT	3,681.00
SUBSIDY	14,119.00
Total	17,800.00

Affordable Rent Roll Detail/ GPR Report

05/01/2014 through 05/31/2014

Parameters: Property - All; Programs/Contract - All; Sort by - Unit; Report Type - Details - Summary

Summary Billing by Transaction Code

Code	Amount
RENT	3,814.00
SUBRENT	13,966.00
UTAC	133.00
UTILREIMB	-133.00
Total	17,800.00

Project Name: FOREST VIEW APTS State: 10 Servicing Office: 604 County: 81
 Borrower Name: WADLEY HOUSING L.P. Borr ID: 747432507 Prj Nbr: 01-0 Paid Code: Active
 Classification: A Fiscal Year: 2014 Version: 01-01-2014 APPROVED Totals: By Project Analyzed: Y

PART IV - RENT SCHEDULE												
A. CURRENT APPROVED RENTS/UTILITY ALLOWANCE: 01/01/2013												
Unit Description						Rental Rates			Potential Income from Each Rate			Utility Allowance
Type	Size	HC	Rev	Unit	Number	Basic	Note Rate	HUD	Basic	Note Rate	HUD	
N	1	N			9	461	567	0	49788	61236	0	96
N	2	N			19	501	641	0	114228	146148	0	113
N	1	Y			1	461	567	0	5532	6804	0	96
N	2	Y			1	501	641	0	6012	7692	0	113
N	3	N			5	564	718	0	33840	43080	0	134
CURRENT RENT TOTALS									209400	264960	0	

EFFECTIVE DATE OF RENTS/UTILITY ALLOWANCE: 01/01/2013												
Unit Description						Utility Types						Total Allow
Type	Size	HC	Rev	Unit		Elect	Gas	Water	Sewer	Trash	Other	
N	1	N				96	0	0	0	0	0	96
N	2	N				113	0	0	0	0	0	113
N	1	Y				96	0	0	0	0	0	96
N	2	Y				113	0	0	0	0	0	113
N	3	N				134	0	0	0	0	0	134

B. PROPOSED CHANGE TO RENTS/UTILITY ALLOWANCE: 01/01/2014												
Unit Description						Rental Rates			Potential Income from Each Rate			Utility Allowance
Type	Size	HC	Rev	Unit	Number	Basic	Note Rate	HUD	Basic	Note Rate	HUD	
N	1	N			9	471	577	0	50868	62316	0	128
N	2	N			19	511	651	0	116508	148428	0	142
N	1	Y			1	471	577	0	5652	6924	0	128
N	2	Y			1	511	651	0	6132	7812	0	142
N	3	N			5	574	728	0	34440	43680	0	153
CURRENT RENT TOTALS									213600	269160	0	

EFFECTIVE DATE OF RENTS/UTILITY ALLOWANCE: 01/01/2014												
Unit Description						Utility Types						Total Allow
Type	Size	HC	Rev	Unit		Elect	Gas	Water	Sewer	Trash	Other	
N	1	N				128	0	0	0	0	0	128
N	2	N				142	0	0	0	0	0	142
N	1	Y				128	0	0	0	0	0	128
N	2	Y				142	0	0	0	0	0	142
N	3	N				153	0	0	0	0	0	153

OPTION TO PURCHASE REAL PROPERTY

This exclusive option agreement ("Option") is granted effective as of May 1, 2014 (the "Effective Date"), by Wadley Housing, Ltd. ("Seller"), to Wadley II Housing, LLLP ("Buyer"), with respect to all the real property and improvements located at 622 North Martin Luther King, Jr. Boulevard in the City of Wadley, Jefferson County, State of Georgia known as Forest Manor Apartments, a legal description of which is attached as Exhibit A to this Option (the "Property").

The definition of "Property" shall include the following: (i) any and all easements, rights-of-way, privileges, benefits, contract rights, development rights, permits, licenses or approvals, improvements, or appurtenances arising from, pertaining to or associated with said real property; (ii) all of Seller's rights, if any, in and to the name "Forest Manor Apartments"; (iii) all operating, escrow, and reserve accounts related to the premises; (iv) all personal property, including, but not limited to, all furniture, fixtures, and equipment owned by Seller and located on or used in connection with the premises; and (v) leases and property contracts, Seller's interest and rights in USDA Rural Development rental assistance and other agreements in connection with the premises, lease files, warranties, guaranties, operating manuals, keys to the premises, and all books and records related to the premises. The definition of "Property" shall not include any Property Contracts (defined below) not assumed by Buyer.

1. Granting of Option. In consideration of the sum of \$100.00 hereinafter called the "Option Payment" in hand paid to Seller or deposited with the escrow agent of Buyer's selection ("Escrow Agent") within 3 business days after Buyer's receipt of a fully executed copy of this Option, the receipt of which is hereby acknowledged, Seller hereby grants to Buyer the exclusive and irrevocable Option to purchase the Property on the terms and conditions set forth in this Option. Seller acknowledges that Buyer will expend time, money and other resources in connection with the examination and investigation of the Property, and that, notwithstanding the fact that this Option may terminate prior to the closing of the transactions described herein (the "Closing"), such time, money and other resources expended constitutes good, valuable, sufficient and adequate consideration for Seller's execution of and entry into this Option. Seller will provide the necessary acknowledgements to Buyer's lender that federal funds will be applied for and that Seller will not be eligible for relocation benefits.

2. Exercise of Option. Buyer shall exercise the Option no later than December 31, 2014 by delivering to Seller written notice of such exercise. At Buyer's election and upon Buyer's prior written notification to Seller, Buyer may extend the Option for an additional 6-month option period from the date the Option expires, that is until June 30, 2015. All notices to Seller under this section, if by mail, shall be considered as having been given when placed in the U.S. Mail, postage prepaid, by Buyer. All notices to Seller under this section, if by email or facsimile, shall be considered as having been given such email or facsimile is sent by Buyer. In the event that the Option is not exercised on or before the dates mentioned above, this Option shall thereupon terminate, all rights, duties and obligations of all parties with respect hereto shall cease, and Seller shall, subject to the provisions of Section 4, be entitled to retain the Option Payment as full payment and complete satisfaction and accord of any damages suffered by Seller because of Buyer's failure to purchase the Property. If the Option is exercised by Buyer, this Option and the provisions set forth herein shall constitute the contract of sale between Seller and Buyer and the same shall survive the delivery of a deed to Buyer by the Seller.

3. Purchase Price and Closing Adjustments. The purchase price for the Property (as adjusted pursuant to the terms of this Option, the "Purchase Price") shall be \$144,000 cash in hand paid to Seller plus the assumption by Buyer of the existing USDA Rural Development Section 515 mortgage loans on the Property, the total principal balance of which is estimated to total \$1,114,909 for a total estimated purchase price of \$1,258,909. Buyer shall pay all closing costs. All tenant leases, Property Contracts, utility charges (including, without limitation, telephone, water, cable, storm and sanitary sewer, electricity, gas, garbage and waste removal) for the Property, shall be assumed by Buyer effective as of the first day of the month in which Closing occurs. All security or other deposits and operating, escrow, and reserve accounts related to the premises held by Seller shall be assigned to Buyer at Closing. All ad valorem taxes and similar impositions levied or imposed upon or assessed against the Property for the tax year in which Closing occurs shall be prorated as of the Closing Date.

4. Contingencies: Refund of the Option Payments. Seller understands that certain contingencies apply to make this a valid Option. In addition to the other termination rights set forth in this Option, Buyer's obligation to close on the purchase of the Property shall be subject to and conditioned upon the fulfillment of the following conditions precedent:

- (a) No portion of the Property lies within the 100 year flood plain or any wetland area. Buyer will at its own expense engage engineer to remove any areas of wetlands or flood plains from parcel. In the event of removal of such areas, the approximate dimensions of the parcel may be adjusted to increase adjacent areas to make the development feasible to Buyer.
- (b) Sewer, water, electrical, telephone, and cable service are all available to the Property and adequate for the intended use of the Buyer. If applicable, Seller will provide any easements necessary from adjoining property so that such services are available.
- (c) The Property is currently zoned for multi-family use.
- (d) Topography and soil of the Property must be suitable for the building needs of the Buyer along with access to a public street acceptable to Buyer.
- (e) On the Closing Date, title to the Property to be transferred and conveyed to Buyer shall be of Good and Marketable Title, there are no restrictions, easements, zoning, watershed or other governmental regulation that would prevent the reasonable use of the Property for the development of the planned multi-family residential housing units, Seller has satisfied all objections specified in all notices of objections delivered by Buyer pursuant to this Option, and Buyer has received all necessary written governmental approvals that would allow construction of the development.
- (f) Buyer will, at its sole expense, commission a Phase I Environmental Assessment. The Phase I Environmental Assessment must indicate no adverse findings.
- (g) The Appraisal must confirm the Purchase Price in Section 3 above.

- (h) Buyer obtains sufficient financing, in its absolute discretion, for the acquisition and rehabilitation of the Property.
- (i) If applicable, Seller will obtain subordination of all mortgages to this Option within 30 days of the date hereof.
- (j) All of the documents required to be delivered by Seller to Buyer pursuant to the terms and conditions hereof shall have been delivered, all of Seller's obligations pursuant to the terms of this Option shall have been performed and Seller shall have materially complied with all covenants and provisions required by this Option to be complied with by Seller before, on, or as of the Closing Date.
- (k) The representations and warranties of Seller in this Option shall be true and correct in all material respects on and as of the Closing Date.

If any of the foregoing conditions is not met, Buyer may (i) waive such condition and proceed to closing on the Closing Date with no offset or deduction from the Purchase Price, (ii) elect to exclude from the Property to be purchased any portion of the Property affected by a negative condition such as wetlands or hazardous substances or wastes with an offset and deduction from the Purchase Price of such portion of property, (iii) terminate this Option and any contractual or other relationship that may then exist between Seller and Buyer and all monies previously paid as Option Payments shall be refunded to Buyer within two business days of such termination, or (iv) if such failure constitutes a default by Seller, exercise any of its remedies pursuant to Section 13.

5. Title Conveyed. Title to the Property to be transferred and conveyed to Buyer shall be of good and marketable title in fee simple subject only to Permitted Exceptions. Buyer may obtain a title insurance commitment from a title insurance company acceptable to Buyer and its lender in the amount of the Purchase Price (the "Title Commitment") for the Property. Seller shall execute and deliver on or before Closing an affidavit in form and content required by the title company to allow deletion of all of the standard ALTA general exceptions (other than those exceptions requiring a current survey for deletion and Permitted Exceptions). Buyer shall have 60 days after exercise of the Option to give Seller written notice of objections that render Seller's title to the Property less than Good and Marketable Title and any objections to a new survey (herein the "Survey"), if any, obtained by Buyer of the Property. Seller shall have a reasonable time, not to exceed 30 days after receipt of notice of objections in which to satisfy all objections specified in Buyer's notice of title and survey objections. If Seller fails to satisfy any such objections, then, at the option of Buyer, in its sole and absolute discretion, Buyer may: (a) terminate this Option; or (b) if such objection is based upon a defect, claim, lien, mortgage, encumbrance, judgment or other claim which may be satisfied by the payment of a sum of money, satisfy the objections and deduct the cost of such satisfaction from the Purchase Price; or (c) waive such satisfaction and performance and consummate the purchase and sale of the Property. As used herein, "Good and Marketable Title" means fee simple ownership that is both (i) free of all claims, liens and encumbrances of any kind or nature whatsoever other than the Permitted Exceptions and (ii) insurable by a title insurance company reasonably acceptable to Buyer and its lenders, at the then current standard rates under the standard form of ALTA owner's policy of title insurance without exception (including any standard exceptions) other than for the Permitted Exceptions and containing such coverages and endorsements as shall be reasonably required by Buyer or its lenders. As used herein, "Permitted Exceptions" means current taxes not yet due and payable; unrecorded leases to tenants, as tenants only, of the dwellings on the Property; and any exceptions identified in the Title Commitment not objected to in writing by Buyer and any exceptions to title waived by Buyer. It is understood that this Option and the obligations of Buyer hereunder shall be conditioned upon Seller's removing the title and survey objections set forth in this Section. If Seller fails to remove said defects as required by Buyer, all Option Payments made by Buyer hereunder shall be refunded to Buyer.

6. Proceedings at Closing. The date of the closing of the sale of the Property is referred to herein as "the Closing Date". The Closing Date shall occur within 90 days after the exercise of the Option by Buyer, extended by such time, if any, within the period provided in Section 6 above as is necessary to cure title and survey objections and after all contingencies referred to in this Option have been met. On the Closing Date, the Closing shall take place as follows:

- a. Seller shall deliver to Buyer the following documents and instruments, duly executed by Seller (all in form and content approved by Buyer):
 - 1) A general warranty deed conveying the lots, tracts or parcels of real estate on which the apartment complex described herein and improvements thereon and all right of ways and easements appurtenant, utilizing the legal description set forth on the Survey, at the option of Buyer;
 - 2) A bill of sale conveying the personal property;
 - 3) An assignment of tenant rental agreements and security deposits;
 - 4) An assignment of warranties, permits, trade names, and Property Contracts assumed by Buyer;
 - 5) A certificate and affidavit of non-foreign status in compliance with Section 1445 of the Internal Revenue Code;
 - 6) A completed 1099-S request for taxpayer identification number and certification and acknowledgment;
 - 7) An affidavit and indemnity reasonably required by Buyer's title insurer that will enable Buyer to obtain title insurance coverage free of any exception other than Permitted Exceptions and will induce such title insurer to "insure the gap;"
 - 8) A settlement statement with respect to the Closing;
 - 9) A copy of notices of assignment for all Property Contracts assumed by Buyer and notices of termination for all Property Contracts not assumed by Buyer;
 - 10) Such certificates, licenses and authorities as are required by the governmental authority having jurisdiction to transfer to Buyer the Property in accordance with the requirements of applicable local law, or are requested by Buyer, its counsel or the Buyer's title insurer; and
 - 11) Such other closing instruments and documents requested by Buyer.

- b. Seller shall also deliver to Buyer at Closing the following:
 - 1) Possession of the Property.
 - 2) Evidence in form and substance reasonably satisfactory to Buyer that Seller has the power and authority to execute and enter into this Option and to consummate the sale of the Property, including, without limitation, a certified resolution of the shareholders and directors or members and managers of Seller, as applicable, authorizing the sale of the Property;
 - 3) All keys to the Property and every lock thereon in the possession of Seller; and
 - c. Buyer shall deliver to Seller at Closing the following:
 - 1) The Purchase Price less (a) all Option Payments, (b) all taxes, assessments or other amounts to be paid by Seller as hereinafter stated, and (c) all expenses paid by Buyer with respect to bringing the Property into compliance with any entity having jurisdiction over the Property;
 - 2) A settlement statement duly executed by Buyer; and
 - 3) Such other closing instruments and documents as are reasonably required by Seller.
7. Representations, Warranties, and Covenants. Seller represents and warrants to Buyer as follows:
- i. Seller has good and merchantable title to the Property, has the power and authority to own and operate the Property, and is in good standing under the laws of the State in which the Property is located. Seller has all necessary power and authority to enter into this Option and to enter into and deliver the closing documents pursuant to the terms hereof and to perform Seller's obligations hereunder and thereunder. Seller is not in default under its organizational documents and no consents, approvals, waivers, notifications, acknowledgments or permissions by any third party are required, or if required have been obtained, in order for Seller to execute and perform under this Option. No person, firm or other legal entity other than Buyer has any right or option whatsoever to acquire the Property or any portion thereof, or any interest therein.
 - ii. This Option and the closing documents when executed and delivered by Seller constitute the valid and binding obligation of Seller. The execution and delivery of this Option and the other closing documents required to be executed by Seller, and the performance of Seller's obligations under this Option and the other closing documents, have been duly authorized by all requisite action, and this Option has been duly executed and delivered by Seller and are consistent with and not in violation of any contract, agreement or other instrument to which Seller is a party, any judicial order or judgment by which Seller is bound, or the organizational documents of Seller.
 - iii. Neither the Seller nor any of the Property is subject to claim, demand, suit or unfiled lien proceeding or litigation of any kind, pending or outstanding, before any court or administrative, governmental or regulatory authority, agency or body, or to any order, judgment, injunction or decree of any court, tribunal or other governmental authority, or threatened, or likely to be made or instituted, that would have a materially adverse effect on the business or financial condition of Seller or any of the Property or in any way be binding upon Buyer or affect or limit Buyer's full use and enjoyment of any of the Property or that would limit or restrict in any way the Seller's ability to enter into this Option and consummate transactions contemplated hereby.
 - iv. Seller is not in violation or default with respect to any contract, indenture, deed of trust or loan to which it is a party or by which it is bound, which violation or default would interfere with the ability of Seller to execute, deliver or perform its obligations under this Option and/or the closing documents. Seller has obtained all licenses, permits, certificates and authorization necessary to conduct its business.
 - v. Seller will pay or cause to be paid promptly when due all taxes, all sewer and water charges and all other governmental charges levied or imposed upon or assessed against the Property between the Effective Date and the Closing Date, and will pay or cause to be paid all expenses incurred in the use, occupancy and operation of the Property between the Effective Date and the Closing Date; provided, however, that Seller may, in good faith, contest any of such taxes, assessments and charges.
 - vi. Except for such matters as in the aggregate are not likely to result in a material adverse effect on the business or financial condition of Seller, all tax or information returns required to be filed on or before the Effective Date by Seller have been filed through the Effective Date or will be filed before the due date in accordance with all applicable laws.
 - vii. Until the Closing Date, Seller shall operate the Property in the ordinary course of business and shall maintain and repair the Property so that, on the Closing Date, the Property will be in the same condition as it exists on the Effective Date, ordinary wear and tear and loss by insured casualty alone excepted.
 - viii. Until the Closing Date, Seller shall not make or enter into any new rental or other agreement for the use, occupancy or possession of all or any part of the Property without Buyer's prior written consent unless such new agreement is entered into in the ordinary course of business. Seller will not allow any rental assistance agreement to expire and will renew said agreement, subject to Buyer's review.
 - ix. Until the Closing Date, Seller shall comply with all obligations of the "landlord" under the rental agreements related to the Property. Except with the written consent of Buyer, Seller shall take no action by act or omission that would waive a default by a tenant under a rental agreement other than accepting rent or other payments from such tenant after the due date thereof. Seller shall not terminate or take any enforcement action with respect to any rental agreement prior to Closing without Buyer's written consent except in the ordinary course of business and in accordance with prior operations of the Property. All such rental agreements identified in the current rent schedule of the existing rental agreements provided by

Seller to Buyer are in full force and effect and there is no default by any party to such rental agreements. Seller has the right under each tenant rental agreement to grant Buyer access to each rental unit on the Property.

- x. Seller currently has in place, and will maintain through the Closing Date, public liability, casualty and other insurance coverage with respect to its Property as would be customarily carried by prudent owners or operators of properties similar to the Property in markets in which such Property is located and each of such insurance policies is in full force and effect and all premiums due and payable thereunder were fully paid when due.
- xi. There is no portion of the Property upon which any hazardous substances or wastes have ever been, or are being, used, generated, stored, disposed of, released or found in amounts that could warrant a state or federally mandated cleanup or abatement activity (the term "hazardous substances or wastes" meaning any substance identified as such in any applicable federal, state or other statute, ordinance, rule, regulation or other governmental requirement that by its terms pertains to hazardous substances or wastes). No underground storage tanks are located on the Property.
- xii. Seller has no knowledge or notice that any present default or breach exists under any covenants, conditions, restrictions, rights-of-way or easements which may affect the Property or any portion thereof. There are no pending, threatened or contemplated condemnation, zoning, environmental or other land use regulation proceedings involving all or any portion of the Property.
- xiii. Until the Closing Date, Seller will make all payments of principal and interest and all other payments required under, but will not make any prepayments of principal on, the existing loans secured by or related to the Property. On or before the Closing, Seller shall satisfy all debts secured by the Property or other liens or judgments filed against the Property.
- xiv. Seller shall promptly deliver to Buyer written notice of any casualty or taking involving the Property.

The foregoing representations and warranties of Seller shall survive closing. Buyer may rely on such representations and warranties without any obligation to investigate. Buyer may elect to rescind this Option and shall receive a full refund of the Option Payment if an investigation discloses that any of such representations and warranties is not correct.

8. Taxes, Assessments, and Other Charges. Seller shall pay or credit to Buyer the amount of (i) any delinquent taxes, penalties and interest; (ii) any assessments, special or otherwise, not a lien or which will become a lien on or before the Closing Date, both current and reassessed; (iii) a portion of any real estate taxes for the year of the closing, prorated to the Closing Date; and (iv) any governmental or regulatory fines, charges, or penalties. Buyer agrees to pay for all other closing costs not mentioned associated with closing.

9. Risk of Loss and Insurance. Until Closing, the risks and obligations of ownership and loss of the Property and the correlative rights against insurance carriers and third parties shall belong to Seller. In the event of the damage or destruction of any material portion of the Property prior to Closing, Buyer shall have the right, at Buyer's option, to terminate this Option by giving written notice thereof to Seller. As used herein, the phrase "damage or destruction of any material portion" shall mean any damage or destruction to the Property that is estimated by Seller's insurance carriers to cost in excess \$150,000.00 to repair. In the event of the damage or destruction of any portion of the Property prior to Closing, unless Buyer terminates this Option as provided above, then (a) the Purchase Price shall be reduced by the total of any insurance proceeds received by Seller prior to Closing by reason of such damage or destruction, (b) Buyer shall receive a credit against the Purchase Price in the amount of any uninsured loss to the Property and any insurance deductible, and (c) at Closing, Seller shall assign to Buyer all insurance proceeds payable thereafter by reason of such damage or destruction.

10. Preservation of Title. Seller shall not record any restrictive covenants, shall not disturb any portion of the Property without the consent of Buyer, shall not sell any portion of the Property to any person other than Buyer so long as this Option is in effect, and shall not otherwise take or permit or acquiesce in any actions that would result in an encumbrance on Seller's title to the Property.

11. Governmental Approvals. Seller shall reasonably cooperate with Buyer to assist in obtaining land use, zoning, subdivision, water, sewer, septic, environmental, road cut, and all other approvals and permits for the Property that Buyer may seek. Seller agrees to execute documents reasonably necessary to petition the appropriate public body for such approvals and permits required for Buyer's intended purposes. Seller hereby appoints Buyer as its limited agent with authority to submit applications and make filings for all such approvals and permits. All such activities are to be at the expense of Buyer.

12. Entry for Inspection. Buyer and its agents are authorized to enter the Property for the purpose of satisfying itself with respect to the representations, warranties and covenants of Seller contained herein, and to take soil tests, borings, make surveys or layouts for the improvements, or such other tests, inspections, evaluations, appraisals or investigations as Buyer may deem necessary or desirable concerning the Property and the feasibility of Buyer's use thereof as Buyer may desire in order to determine, in Buyer's sole and absolute discretion, whether or not the Property is suitable or acceptable in all respects. If Buyer determines that the Property is unsuitable or unacceptable, Buyer may terminate this Option by giving written notice to Seller of such termination and the Earnest Money shall be immediately returned to Buyer by Escrow Agent, and thereafter the parties shall have no further duties or obligations hereunder except for matters which expressly survive termination. If Buyer gives Seller written notice of objections that render the Property unsuitable or unacceptable and requests that Seller satisfy such objections, Seller shall satisfy all objections specified in Buyer's notice of objections and the Inspection Period shall be extended until all such objections are satisfied in Buyer's sole and absolute discretion. If Seller fails to satisfy any such objections, then, at the option of Buyer, in its sole and absolute discretion, Buyer may: (a) terminate this Option; or (b) waive such satisfaction and performance and consummate the purchase and sale of the Property. If Buyer determines not to purchase the Property pursuant to this paragraph, Buyer may terminate this Option by giving written notice to Seller of such termination and the Option Payments shall be immediately returned to Buyer by Escrow Agent, and thereafter the parties shall have no further duties or obligations hereunder except for matters which expressly survive termination.

13. Default. In the event of any breach of this Option on the part of the Seller, Buyer may obtain specific performance or may require Seller to refund to Buyer any and all sums previously paid as Option Payments. If Buyer determines it appropriate to pursue the purchase of said Property and is forced to bring an action at law to secure compliance with any of the covenants contained herein, Buyer and Seller agree that the attorney's fees for the prevailing party shall be paid by the party against whom the decision is rendered. If Buyer defaults in its

obligations hereunder; the Option Payments may be retained by Seller as liquidated damages, whereupon Buyer shall be released from all liability or obligations hereunder. It is understood that the right to retain such sum shall be the sole remedy available to Seller in the event of such default.

14. **Escrow Procedure.** If Buyer deposits the Option Payments with Escrow Agent, Buyer shall deliver to Escrow Agent an executed copy of this Option and shall notify Seller of the name and address of Escrow Agent. Acceptance of the Option Payments by Escrow Agent shall confirm Escrow Agent's agreement to comply with the provisions of this Section. Escrow Agent shall hold the Option Payments and make delivery of the Option Payments to the party entitled thereto under the terms of this Option. Escrow Agent shall deposit the Option Payments in a bank account as Escrow Agent, in its discretion, deems suitable, and all interest and income thereon shall become part of the Option Payments and shall be remitted to the party entitled to the Option Payments pursuant to this Option. Escrow Agent shall hold the Option Payments until the earlier occurrence of (i) the Closing Date, at which time the Option Payments shall be applied against the Purchase Price and (ii) the termination of this Option, at which time the Option Payments shall be released to Seller or Buyer as provided in this Option. If prior to the Closing Date either party makes a written demand upon Escrow Agent for payment of the Option Payments, Escrow Agent shall give written notice to the other party of such demand. If Escrow Agent does not receive a written objection from the other party to the proposed payment within 5 business days after the giving of such notice, Escrow Agent is hereby authorized to make such payment. If Escrow Agent does receive such written objection within such period, Escrow Agent shall continue to hold such amount until otherwise directed by written instructions from the parties to this Option or a final judgment or arbitrator's decision. However, Escrow Agent shall have the right at any time to deliver the Option Payments and interest thereon, if any, with a court of competent jurisdiction in the state in which the Property is located. Escrow Agent shall give written notice of such deposit to Seller and Buyer.

15. **Notices.** All notices, requests, demands, tenders and other communications under this Option shall be in writing and shall be deemed to have been duly given to a party upon the earliest of any of the following to occur: (a) when actually delivered to such party, (b) the next business day following delivery to a nationally recognized commercial courier for next-business day delivery, to the address set forth for such party below such party's signature block of this Option, (c) when transmitted by facsimile to the facsimile number set forth for such party below such party's signature block of this Option, (d) when transmitted by email to the email address set forth for such party below such party's signature block of this Option, or (e) two days after being placed in the U.S. Mail with proper postage affixed, to the addresses set forth for such party below such party's signature block of this Option. Rejection or other refusal to accept, or inability to deliver because of changed address of which no notice was given, shall be deemed to be receipt of such notice, request, demand, tender or other communication. Any party, by written notice to the others in the manner herein provided, may designate an address different from that stated herein.

16. **Assignment.** This Option may be assigned by Buyer at any time prior to its expiration, as may be extended.

17. **Successors and Assigns.** The terms, covenants and provisions of this Option shall extend to and be binding upon the executors, administrators, heirs, successors, and assigns of Seller and Buyer.

18. **Governing Law.** This Option and the performance thereof shall be governed, interpreted, construed, and regulated by the laws of the State in which the Property is located.

19. **Entire Agreement.** This Option and the exhibits attached hereto constitute the entire agreement of the parties and no oral or implied agreements or representations will be binding upon the parties hereto.

20. **Payment of Commissions.** Except as noted in the agency disclosure in Section 21 below, all negotiations relative to this Option and the purchase and sale of the Property as contemplated by and provided for in this Option have been conducted by and between Seller and Buyer without the intervention of any person or other party as agent or broker, except as provided otherwise in this Section. Seller and Buyer warrant and represent to each other that there are and will be no broker's commissions or fees payable in connection with this Option or the purchase and sale of the Property by reason of their respective dealings, negotiations or communications. Seller and Buyer shall and do each hereby indemnify, defend and hold harmless the other from and against the claims, demands, actions and judgments of any and all brokers, agents and other persons or entities alleging a commission, fee or other payment to be owing by reason of their respective dealings, negotiations or communications in connection with this Option or the purchase and sale of the Property.

21. **AGENCY DISCLOSURE.** Buyer and Seller have an affiliate, Morrow Realty Company, Inc. whose principal, David Morrow, is a licensed real estate broker in the State of Alabama. Morrow Realty Company, Inc., by virtue of the affiliation represents the Buyer and Seller and is action as a limited consensual dual agent. Seller shall pay a brokerage fee of 0% to Morrow Realty Company, Inc. and a brokerage fee of 0% to Morrow Realty Company, Inc. at closing.

Listing Company, Morrow Realty Company, Inc., is:	Selling Company, Morrow Realty Company, Inc., is:
(Two blocks may be checked)	(Two blocks may be checked)
<input type="checkbox"/> An agent of the Seller(s)	<input type="checkbox"/> An agent of the Seller(s)
<input type="checkbox"/> An agent of the Buyer(s)	<input type="checkbox"/> An agent of the Buyer(s)
<input checked="" type="checkbox"/> An agent of both the Seller(s) and Buyer(s), and is acting as a limited consensual dual agent	<input checked="" type="checkbox"/> An agent of both the Seller(s) and Buyer(s), and is acting as a limited consensual dual agent
<input type="checkbox"/> Assisting the <input type="checkbox"/> Buyer(s) <input type="checkbox"/> Seller(s) as a transaction broker	<input type="checkbox"/> Assisting the <input type="checkbox"/> Buyer(s) <input type="checkbox"/> Seller(s) as a transaction broker

All parties agree that the Alabama Real Estate Consumer Agency Disclosure Act ("RECAD"), § 34-27-80, et seq., Code of Alabama (1975), has been explained to them as required under RECAD and Rule 790-X-3.13 of the Alabama Administrative Code.

Seller(s) Initials _____

Buyer(s) Initials _____

IN WITNESS WHEREOF, Seller and Buyer have caused this Option to be duly executed as of the Effective Date.

SELLER:

WADLEY HOUSING, LTD.
By: Hawkeye, Inc., its General Partner

BY: _____
President of Hawkeye, Inc.

Witness

BUYER'S ADDRESS FOR NOTICES:

Wadley Housing, Ltd.
c/o David Morrow
809 22nd Avenue
Tuscaloosa, AL 35401
Facsimile: (205) 391-0031
Email: davidm@morrowrealty.com

IN WITNESS WHEREOF, Seller and Buyer have caused this Option to be duly executed as of the Effective Date.

BUYER:

WADLEY II HOUSING, LLLP
By: Hawkeye, Inc., its General Partner

BY: _____
President of General Partner

Witness

BUYER'S ADDRESS FOR NOTICES:

Wadley II Housing, LLLP
c/o David Morrow
809 22nd Avenue
Tuscaloosa, AL 35401
Facsimile: (205) 391-0031
Email: davidm@morrowrealty.com

2014 REHABILITATION WORK SCOPE

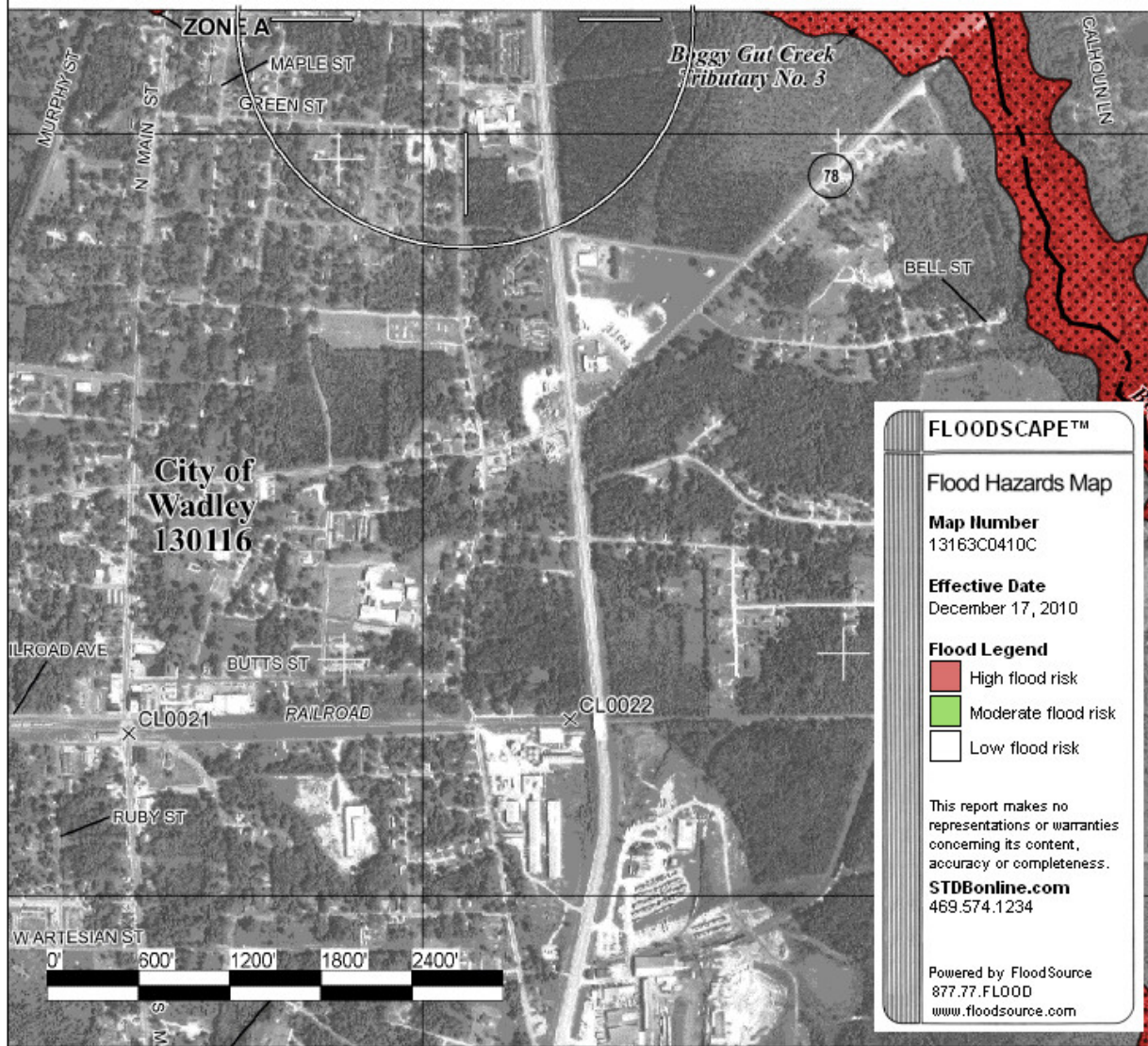
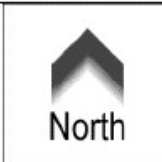
PROJECT NAME	Forest View	YEAR BUILT	1968
PROJECT LOCATION	622 N Main, Lufkin, TX 75801	UNIT COUNT	36
OWNER	Wadeley & Housing, LLP	GROSS SQUARE FOOTAGE	29222

CSE DIVISION	TRADE ITEM	Description	Percentage of total existing to be replaced or demolished	QUANTITY	UNIT (sq. ft. or sq. yd. etc.)	UNIT COST	TOTAL (Quantity * unit cost)
	general	Describe scope materials, performance specifications	100%	36	APT	250	\$9,000
	mechanical	Install new vented hood exhaust in all units	100%	1	LS	8500	\$5,500
	electrical	Install Range Queens above range in all units and community building kitchen	100%	37	EA	120	\$4,440
11	CABINET TOPS	Replace all apartment and common area cabinets with new wood cabinets. Cabinets must have solid wood doors and drawers. Provide new cabinet fronts and H-JD severe use specifications. Provide wire loop pulls in HC kitchen and bath cabinet drawers and doors	100%	36	LS	4000	\$144,000
	countertops	Replace all countertops	100%	INCL.		\$0	\$0
11	Appliances	Install new ventless with cultured marble countertop. Replace refrigerator with minimum 18 c.f.t. Energy Star	100%	INCL.		\$0	\$0
	refrigerators	Replace range. HC accessible unit and community kitchen ranges should have front controls and be self-cleaning	100%	36	EA	600	\$21,600
	above	Replace backsplash and vent in building kitchen. Install new range hood exhaust ducts on wall and ceiling. Provide hood light & fan with switch in HC units and community kitchen. Install Range Queens above	100%	36	EA	66	\$5,140
	vent hood exhausts	Install Energy Star 30" wall w/ cutout	100%	36	EA	150	\$7,600
	microwaves	Install Energy Star microwave w/ cutout. W/ exhaust fan above range on non-HC units, on counter in HC units without exhaust fan	100%	36	EA	200	\$7,200
	dishwashers	Install 2 sets of new Energy Star rated washer and dryer units in the community laundry area. Washers should be front loading	100%	36	EA	150	\$5,400
12	12	Replace all washer/dryer units with front loading building from 50% occupancy	100%	36	EA	30000	\$30,000
12	12	Install exercise room equipment in community center with minimum of 3 multi-use workout machines, treadmills, ellipticals, and free weights. Provide community center. Replace office and common area furnishings	100%	1	LS	20000	\$20,000
13	13	Special Construction (poor)	100%			\$0	\$0
14	14	Plumbing	100%			\$0	\$0
15	15	Plumbing	100%			\$0	\$0
15	15	Plumbing	100%	1	LS	7500	\$7,500
	plumbing	Replace all faucets with 4 piece flowless lab unit and tub surrounds. replacement to HC bath to include ADA compliant grab bars and seat; repair and replace base at all bathtub floor locations as necessary; seal joint at all shower floor locations as necessary; provide ADA compliant roll-in showers in HC units	100%	36	LS	1500	\$54,000
	power tanks	Replace all shower tanks with <2.0 gpm	100%	36	LS	250	\$9,000
	tub faucets	Replace all shower tanks	100%	36	LS	150	\$5,400
	bathtub inlets	Replace all bathtub inlets	100%	36	LS	120	\$4,500
	bathtub drains	Replace all bathtub drains with <1.5 gpm	100%	36	LS	200	\$7,200
	bathtub faucets	Replace all bathtub faucets with <2.0 gpm	100%	36	EA	200	\$7,200
	bathtubs	Replace tubs with on-1.20 gpm; provide new steel tubs and surrounds in HC units and common area bedrooms	100%	36	EA	250	\$9,000
	bathtubs	N/A				\$0	\$0
	bathtubs	Replace all water heaters with Energy Star Qualified Home Venkon 3 National Program R requirements for Efficiency Factor water heaters with drain pans	100%	36	EA	1000	\$36,000
	bathtubs	Replace water heaters				\$0	\$0
	bathtubs	Provide water metering				\$0	\$0

ADDENDUM D



PROPERTY ADDRESS:
600 N Martin Luther King Blvd, Wadley, Georgia, 30477



FLOODSCAPE™

Flood Hazards Map

Map Number
13163C0410C

Effective Date
December 17, 2010

Flood Legend

- High flood risk
- Moderate flood risk
- Low flood risk

This report makes no representations or warranties concerning its content, accuracy or completeness.

STDBonline.com
469.574.1234

Powered by FloodSource
877.77.FLOOD
www.floodsource.com

ADDENDUM E



I am trying to find out how the property located at 600 North Martin Luther King Boulevard is zoned? Do you have a list of permitted uses for that particular zoning? Can you please fax this information to 573-624-2942, or email to shelly.reeves@gillgroup.com. If you have any questions please do not hesitate to call my direct line 573-625-4066. Thank you and have a great day!!

The property located at 600 North Martin Luther King Boulevard is zoned as: C-2 Highway Commercial
The list of permitted uses are:
-Residential
-Public / Semi-Public

State law reference— State minimum standards codes, O.C.G.A. § 8-2-21 et seq.; state energy code, O.C.G.A. § 8-2-22.

Wadley, Georgia, Code of Ordinances >> PART II - CODE OF ORDINANCES >> Chapter 90 - ZONING >> ARTICLE VIII. - PERMITTED USE TABLES >>

ARTICLE VIII. - PERMITTED USE TABLES

Sec. 90-901. - Permitted uses in residential districts.

Sec. 90-902. - Permitted uses in commercial, industrial and special districts.

Sec. 90-901. - Permitted uses in residential districts.

Key:

X	Use prohibited in that zone
P	Use permitted by right in that zone
CU	Conditional use permitted in that zone

Note: Always consult district regulations for conditions, limitations and requirements on uses.

Type of Use	R-1	R-2	R-3	FP	M-1	C-1
Single-family residences	P	P	P	P	P	CU
Two-family residences	P	P	P	P	P	CU
Multiple-family dwellings	P	P	P	P	P	P
Single-family mobile homes/manufactured homes	P	P	CU	CU	P	P
Mobile/manufactured home parks (see text)	P	P	P	P	P	P
Accessory uses	P	P	P	P	P	P
Agricultural pursuits including field crop farming and forestry	P	CU	X	X	X	P
Antique stores	X	X	X	X	X	P

<i>Type of Use</i>	<i>R-1</i>	<i>R-2</i>	<i>R-3</i>	<i>M-1</i>	<i>FP</i>	<i>C-1</i>
Assembly, light	X	X	X	P	CU	P
Assembly plants	X	X	X	P	CU	P
Auctions of cattle	X	X	X	X	X	X
Auto body shops (reconditioning, painting, body, fender work, etc.)	X	X	X	X	X	P
Auto repair garages	P	P	X	X	X	P
Automobile sales/rental, new	X	P	X	X	X	P
Automobile sales/rental, used	X	P	X	X	CU	P
Bakery goods processing, packaging, manufacturing or treatment	X	X	X	X	X	P
Banks	X	P	X	X	X	P
Banks, branch with no drive-up window	X	X	X	X	P	P
Barbershops	X	X	X	X	P	P
Beauty salons	X	X	X	X	X	X
Beauty supply sales	X	X	X	X	X	X
Bed and breakfast inns	CU	CU	X	X	X	CU
Binding operations	X	X	X	P	X	P
Bottling plants	X	X	X	P	X	P
Bus terminals and taxicab stands	X	X	X	X	X	X
Business service offices	X	X	X	X	X	X
Catering services	X	X	X	X	X	X

Type of Use	R-1	R-2	R-3	M-1	FP	C-1
Catering services, home-based	CU	CU	CU	CU	CU	CU
Cellular/telecommunications towers	X	X	X	X	X	X
Cemeteries	CU	CU	X	X	X	X
Churches, clubs, fraternal organizations, etc.	CU	CU	CU	CU	CU	CU
Commercial uses, heavy uses	X	X	X	X	X	P
Contractors and industrial suppliers (see district text)	X	X	X	X	X	X
Convenience stores, general merchandise	P	X	X	X	X	P
Dairying: processing, manufacturing or treatment	P	X	X	X	X	CU
Drive-in, outdoor theaters	X	X	X	X	X	P
Drugstores	X	X	X	X	X	P
Dry cleaning pickup stations	X	X	X	X	X	P
Electric and neon sign sales, service and manufacturing	X	CU	X	X	X	P
Engine sales/rental	X	CU	X	X	X	P
Engraving operations	X	X	X	X	X	X
Exterminating services	X	X	X	X	X	X
Fabricating plants	CU	X	X	X	X	P
Food service supplies and equipment	X	X	X	X	X	X
Foodstores	X	X	X	X	X	X
Freezing operations	X	X	X	X	X	X

<i>Type of Use</i>	<i>R-1</i>	<i>R-2</i>	<i>R-3</i>	<i>M-1</i>	<i>FP</i>	<i>C-1</i>
Freight operations	X	X	X	X	X	X
Funeral parlors	X	X	X	X	X	X
Funeral parlors, excluding crematoriums	X	X	X	X	X	X
Furnace cleaning	X	X	X	X	X	X
Furniture manufacturing	X	X	X	X	X	P
Gasoline service stations	X	X	X	X	X	X
Gift shops	X	X	X	X	X	P
Governmental, civil, social, welfare and charitable services	X	X	X	X	X	P
Grinding operations	X	X	X	X	X	X
Historical markers	X	X	X	X	X	X
Home occupations	P	P	P	P	P	P
Hospitals and medical clinics	CU	CU	X	X	X	X
Hotels	X	X	X	X	X	P
Indoor amusement establishments (bowling, billiard, theaters, health studios)	X	X	X	X	X	X
Industrial/manufacturing uses (heavy and/or outdoor activity)	X	X	X	X	X	P
Industrial/manufacturing uses (predominantly indoor activities)	X	X	X	X	X	P
Junkyards, wrecking yards or salvage yards	CU	CU	CU	CU	CU	P
Laundry and dry cleaning establishments (without laundry or cleaning plant)	X	X	X	X	X	P

Type of Use	R-1	R-2	R-3	M-1	FP	C-1
Laundry plants	X	X	X	X	X	X
Libraries, museums and similar places of cultural assembly	X	X	X	X	X	X
Lumber sales and storage	X	X	X	X	X	P
Marine craft sales/rentals	X	X	X	X	X	X
Medical and dental clinics (no human patients resident)	X	X	X	X	X	X
Mobile/manufactured home sales	X	X	X	X	X	X
Mobile offices	X	X	X	X	X	X
Monument sales	X	X	X	X	X	X
Motels, tourist courts	X	X	X	X	X	X
Newspaper and printing plants	X	X	X	X	X	P
Nurseries (plant and garden)	CU	X	X	X	X	X
Office buildings	X	X	X	X	X	X
Optical goods manufacture	X	X	X	X	X	X
Outdoor commercial recreation or amusement uses	X	X	X	X	X	X
Packing operations	X	X	X	X	X	X
Parking lots, off-street	X	X	X	X	X	X
Parks, playgrounds, open space	X	CU	CU	CU	CU	CU
Personal care homes	X	X	X	X	X	X
Personal care homes (less than 10 occupants)	X	X	CU	X	X	CU

<i>Type of Use</i>	<i>R-1</i>	<i>R-2</i>	<i>R-3</i>	<i>M-1</i>	<i>FP</i>	<i>C-1</i>
Physical processing	X	X	X	X	X	X
Physician/surgeon supply sales	X	X	X	X	X	X
Printing plants	X	X	X	X	X	X
Professional offices (doctors, lawyers, dentists, architects, etc.)	X	X	X	X	X	X
Public services, excluding storage and parking facilities for equipment	X	X	X	X	X	X
Radio stations	X	X	X	X	X	X
Railroad lines	CU	X	X	X	X	X
Railroads and railroad sidings	X	X	X	X	X	X
Recreational developments (pools, golf courses, fishing lakes, tennis courts)	CU	X	X	X	X	X
Research operations	X	X	X	X	X	X
Restaurants, eating/drinking places (not drive-up or carryout establishments)	X	X	X	X	X	X
Retail businesses or services, general	X	X	X	X	X	X
Sales: automobile and minor repair garages	X	X	X	X	X	X
Schools, public and private	CU	CU	CU	CU	CU	CU
Self-service laundries	X	X	X	X	X	X
Septic tank pumping	X	X	X	X	X	X
Service, sales, repair or drive-in establishments, including automobile sales	X	X	X	X	X	X
Shoe repair shops	X	X	X	X	X	X

Type of Use	R-1	R-2	R-3	M-1	FP	C-1
Signboards, panels, billboards or other advertising (excluding principal use)	CU	X	X	X	X	X
Signs (business and professional advertising) see <u>chapter 58</u>	X	X	X	X	X	X
Signs: principal use advertising	P	P	P	P	P	P
Signs, panels and advertising boards (see <u>chapter 58</u>)	X	X	X	X	X	X
Signs, panels, billboards, etc., other than principal use advertising	CU	X	X	X	X	X
Stockyard sales of cattle	X	X	X	X	X	X
Storage lots and yards, including wrecking and salvage yards	X	X	X	X	X	X
Storage or testing of manufactured components or prepared materials	X	X	X	X	X	X
Tourism oriented services (information centers, gift/curio shops, supply stores, etc.)	X	X	X	X	X	X
Travel trailer parks for temporary parking of transient camping trailers	X	X	X	X	X	X
Truck and equipment commercial uses (sales, maintenance, rental)	X	X	X	X	X	X
Truckstops, including en route servicing and minor repairs	P	X	X	X	X	X
Trucking terminals	X	X	X	X	X	X
Uniform supply stores	X	X	X	X	X	X
Utilities, public and including supplies and equipment	X	X	X	X	X	X
Utility substations, public and excluding supplies and equipment	CU	CU	X	X	X	X
Vending machine sales and services	X	X	X	X	X	X
Veterinary clinics, kennels and similar places	CU	X	X	X	X	P

<i>Type of Use</i>	R-1	R-2	R-3	C-1	C-2	M-1	FP	P-1	UC-1
Mobile/manufactured home parks (see text)	X	X	X	X	X	X	X	X	X
Accessory uses	P	P	P	P	P	P	CU	P	P
Agricultural pursuits including field crop farming and forestry	X	X	X	X	X	X	X	X	X
Antique stores	X	X	X	X	X	X	CU	X	X
Assembly, light	X	X	X	P	X	P	X	X	X
Assembly plants	X	X	X	X	P	P	X	X	X
Auctions of cattle	X	X	X	X	P	P	X	X	X
Auto body shops (reconditioning, painting, body, fender work, etc.)	X	X	X	P	X	P	X	X	X
Auto repair garages	X	P	P	P	X	P	X	X	P
Automobile sales/rental, new	X	P	P	P	X	P	X	X	P
Automobile sales/rental, used	X	P	P	P	X	P	X	X	P
Bakery goods processing, packaging, manufacturing or treatment	X	X	X	X	P	P	X	X	X
Banks	X	X	P	X	X	X	X	X	P
Banks, branch with no drive-up window	P	X	P	X	X	X	X	X	P
Barbershops	P	X	X	X	X	X	X	X	X
Beauty salons	P	X	X	X	X	X	X	X	X
Beauty supply sales	X	X	X	P	X	P	X	X	X
Bed and breakfast inns	X	X	X	X	X	X	CU	CU	X

<i>Type of Use</i>	<i>R-1</i>	<i>R-2</i>	<i>R-3</i>	<i>C-1</i>	<i>C-2</i>	<i>M-1</i>	<i>FP</i>	<i>P-1</i>	<i>UC-1</i>
Binding operations	X	X	X	X	P	P	X	X	X
Bottling plants	X	X	X	X	P	P	X	X	X
Bus terminals and taxicab stands	X	P	P	X	X	X	X	X	P
Business service offices	X	X	X	X	X	X	X	P	X
Catering services	X	X	X	P	X	P	X	X	X
Catering services, home-based	X	X	X	X	X	X	CU	CU	X
Cellular/telecommunications towers	X	X	X	X	P	P	P	X	X
Cemeteries	X	X	X	X	X	X	X	X	X
Churches, clubs, fraternal organizations, etc.	CU	P	P	X	X	X	CU	CU	P
Commercial uses, heavy uses	X	X	X	P	X	P	X	X	X
Contractors and industrial suppliers (see district text)	X	X	X	P	X	P	X	X	X
Convenience stores, general merchandise	P	X	X	X	X	X	X	X	X
Dairying: processing, manufacturing or treatment	X	X	X	X	P	P	X	X	X
Drive-in, outdoor theaters	X	CU	X	X	X	X	X	X	X
Drugstores	P	X	X	X	X	X	X	X	X
Dry cleaning pickup stations	P	X	X	X	X	X	X	X	X
Electric and neon sign sales, service and manufacturing	X	X	X	P	X	P	X	X	X
Engine sales/rental	X	X	X	P	X	P	X	X	X
Engraving operations	X	X	X	X	P	P	X	X	X

<i>Type of Use</i>	<i>R-1</i>	<i>R-2</i>	<i>R-3</i>	<i>C-1</i>	<i>C-2</i>	<i>M-1</i>	<i>FP</i>	<i>P-1</i>	<i>UC-1</i>
Exterminating services	X	X	X	P	X	P	X	X	X
Fabricating plants	X	X	X	X	P	P	X	X	X
Food service supplies and equipment	X	X	X	P	X	P	X	X	X
Foodstores	P	X	X	X	X	X	X	X	X
Freezing operations	X	X	X	X	P	P	X	X	X
Freight operations	X	X	X	X	P	P	X	X	X
Funeral parlors	X	P	X	X	X	X	X	X	X
Funeral parlors, excluding crematoriums	X	P	P	X	X	X	X	X	P
Furnace cleaning	X	X	X	P	X	P	X	X	X
Furniture manufacturing	X	X	X	X	P	P	X	X	X
Gasoline service stations	CU	P	P	X	X	X	X	X	P
Gift shops	P	X	X	X	X	X	CU	X	X
Governmental, civil, social, welfare and charitable services	X	X	X	X	X	X	X	P	X
Grinding operations	X	X	X	X	P	P	X	X	X
Historical markers	X	X	X	X	X	X	CU	X	X
Home occupations	X	X	P	X	X	X	CU	P	P
Hospitals and medical clinics	X	X	X	X	X	X	X	X	X
Hotels	X	P	P	X	X	X	X	X	P
Indoor amusement establishments (bowling, billiard, theaters, health studios)	X	P	P	X	X	X	X	X	P

<i>Type of Use</i>	<i>R-1</i>	<i>R-2</i>	<i>R-3</i>	<i>C-1</i>	<i>C-2</i>	<i>M-1</i>	<i>FP</i>	<i>P-1</i>	<i>UC-1</i>
Industrial/manufacturing uses (heavy and/or outdoor activity)	X	X	X	P	P	P	X	X	X
Industrial/manufacturing uses (predominantly indoor activities)	X	X	X	X	P	P	X	X	X
Junkyards, wrecking yards or salvage yards	X	X	X	X	X	P	X	X	X
Laundry and dry cleaning establishments (without laundry or cleaning plant)	P	X	X	X	X	X	X	X	X
Laundry plants	X	X	X	P	X	P	X	X	X
Libraries, museums and similar places of cultural assembly	P	P	X	CU	CU	X	X	X	X
Lumber sales and storage	X	X	X	P	X	P	X	X	X
Marine craft sales/rentals	X	X	X	P	X	P	X	X	X
Medical and dental clinics (no human patients resident)	P	X	X	X	X	X	X	P	X
Mobile/manufactured home sales	X	P	X	P	X	P	X	X	X
Mobile offices	CU	CU	X	X	X	X	X	X	X
Monument sales	X	X	X	P	X	P	X	X	X
Motels, tourist courts	X	P	X	X	X	X	X	X	X
Newspaper and printing plants	X	X	P	X	X	X	X	X	P
Nurseries (plant and garden)	CU	CU	CU	CU	CU	CU	CU	X	X
Office buildings	X	X	P	X	X	X	X	X	P
Optical goods manufacture	X	X	X	X	P	P	X	X	X
Outdoor commercial recreation or amusement uses	X	CU	X	X	X	X	X	X	X
Packing operations	X	X	X	X	P	P	X	X	X

Type of Use	R- 1	R- 2	R- 3	C- 1	C- 2	M- 1	FP	P- 1	UC- 1
Parking lots, off-street	X	X	P	X	X	X	X	X	P
Parks, playgrounds, open space	X	P	X	X	X	X	CU	CU	X
Personal care homes	P	P	P	P	P	P	CU	P	P
Personal care homes (less than 10 occupants)	P	P	P	P	X	P	X	P	P
Physical processing	X	X	X	X	P	P	X	X	X
Physician/surgeon supply sales	X	X	X	P	X	P	X	X	X
Printing plants	X	X	P	X	P	P	X	X	P
Professional offices (doctors, lawyers, dentists, architects, etc.)	X	P	P	X	X	X	X	P	P
Public services, excluding storage and parking facilities for equipment	X	X	P	X	X	X	X	X	P
Radio stations	X	X	P	X	X	X	CU	X	P
Railroad lines	X	X	X	X	X	X	X	X	X
Railroads and railroad sidings	X	X	X	P	X	P	X	X	X
Recreational developments (pools, golf courses, fishing lakes, tennis courts)	X	X	X	X	X	X	X	X	X
Research operations	X	X	X	X	P	P	X	X	X
Restaurants, eating/drinking places (not drive-up or carryout establishments)	P	P	P	X	X	X	X	X	P
Retail businesses or services, general	X	X	P	X	X	X	X	X	P
Sales: automobile and minor repair garages	X	X	P	X	X	X	X	X	P
Schools, public and private	X	X	X	X	X	X	CU	CU	X

<i>Type of Use</i>	<i>R-1</i>	<i>R-2</i>	<i>R-3</i>	<i>C-1</i>	<i>C-2</i>	<i>M-1</i>	<i>FP</i>	<i>P-1</i>	<i>UC-1</i>
Self-service laundries	P	X	X	X	X	X	X	X	X
Septic tank pumping	X	X	X	P	X	P	X	X	X
Service, sales, repair or drive-in establishments, including automobile sales	CU	P	X	P	P	X	X	X	X
Shoe repair shops	P	X	X	X	X	X	X	X	X
Signboards, panels, billboards or other advertising (excluding principal use)	X	CU	X	X	X	X	X	X	X
Signs (business and professional advertising) see <u>chapter 58</u>	X	X	P	X	X	X	X	X	P
Signs: principal use advertising	P	P	P	P	P	P	CU	P	P
Signs, panels and advertising boards (see <u>chapter 58</u>)	X	X	X	P	X	P	X	X	X
Signs, panels, billboards, etc., other than principal use advertising	X	CU	X	X	X	X	X	X	X
Stockyard sales of cattle	X	X	X	X	P	P	X	X	X
Storage lots and yards, including wrecking and salvage yards	X	X	X	X	X	P	X	X	X
Storage or testing of manufactured components or prepared materials	X	X	X	X	P	P	X	X	X
Tourism oriented services (information centers, gift/curlo shops, supply stores, etc.)	X	P	X	X	X	X	X	X	X
Travel trailer parks for temporary parking of transient camping trailers	X	CU	X	X	X	X	X	X	X
Truck and equipment commercial uses (sales, maintenance, rental)	X	X	X	P	X	P	X	X	X
Truckstops, including en route servicing and minor repairs	X	CU	X	X	X	X	X	X	X

<i>Type of Use</i>	<i>R-1</i>	<i>R-2</i>	<i>R-3</i>	<i>C-1</i>	<i>C-2</i>	<i>M-1</i>	<i>FP</i>	<i>P-1</i>	<i>UC-1</i>
Trucking terminals	X	X	X	X	P	P	X	X	X
Uniform supply stores	X	X	X	P	X	P	X	X	X
Utilities, public and including supplies and equipment	X	X	X	X	P	P	X	X	X
Utility substations, public and excluding supplies and equipment	X	X	X	X	X	X	X	X	X
Vending machine sales and services	X	X	X	P	X	P	X	X	X
Veterinary clinics, kennels and similar places	X	X	X	X	X	X	X	X	X
Veterinary establishments, provided all animals kept indoors in soundproof rooms	X	CU	X	X	X	X	X	X	X
Well drilling	X	X	X	P	X	P	X	X	X
Wholesale and warehousing (excluding hides, skins, raw firs, livestock)	X	X	X	P	X	P	X	X	X
Wholesale/distributing centers (less than 5,000 sq. ft. of storage)	X	X	X	X	P	P	X	X	X

(Ord. of 6-2-1997)

Cross reference— Businesses, ch. 18.

ADDENDUM F

**STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD**

SAMUEL TODD GILL

258907

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A
CERTIFIED GENERAL REAL PROPERTY APPRAISER

THE PRIVILEGE AND RESPONSIBILITIES OF THIS APPRAISER CLASSIFICATION SHALL CONTINUE IN EFFECT AS LONG AS THE APPRAISER PAYS REQUIRED APPRAISER FEES AND COMPLIES WITH ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39-A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

D. SCOTT MURPHY
Chairperson

JEFF A. LAWSON
KEITH STONE
MARILYN R. WATTS

SANDRA MCALISTER WINTER
Vice Chairperson

10185599

SAMUEL TODD GILL

258907
Status ACTIVE

ORIGINALLY LICENSED
02/06/2003
END OF RENEWAL
09/30/2014

CERTIFIED GENERAL REAL PROPERTY
APPRAISER

THIS LICENSE EXPIRES IF YOU FAIL TO PAY
RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY
REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605



WILLIAM L. ROGERS, JR.
Real Estate Commissioner

10185599

SAMUEL TODD GILL

258907
Status ACTIVE

ORIGINALLY LICENSED
02/06/2003
END OF RENEWAL
09/30/2014

CERTIFIED GENERAL REAL PROPERTY
APPRAISER

THIS LICENSE EXPIRES IF YOU FAIL TO PAY
RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY
REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605



WILLIAM L. ROGERS, JR.
Real Estate Commissioner

10185599

GILL, SAMUEL
GILL GROUP INC
PO BOX 784
DEXTER, MO 63841

ADDENDUM G

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P.O. Box 784
Dexter, Missouri 63841
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573-624-2942 (fax)
todd.gill@gillgroup.com

OVERVIEW

Extensive multifamily experience over the past 20 years specializing in work for the Department of Housing and Urban Development (HUD), United States Department of Agriculture/Rural Development (USDA/RD) as well as lenders and developers through the Low-Income Housing Tax Credit (LIHTC) program including but not limited to, Section 8, Section 202, Section 236, Section 515 and Section 538 Programs. Additionally, extensive experience since inception of the Multifamily Accelerated Processing (MAP) Program of Sections 202/223(f), 232/223(f), 221(d)3, 221(d)4 and 223(f). Also, more than 20 years of experience with nursing homes, hotels and complicated commercial appraisal assignments.

ACCREDITATIONS

State Certified General Real Estate Appraiser
Alabama State License Number: G00548
Arizona State License Number: 31453
Colorado State License Number: CG40024048
Connecticut State License Number: RCG.0001276
District of Columbia License Number: GA11630
Georgia State License Number: 258907
Idaho State License Number: CGA-3101
Illinois State License Number: 153.0001384
Indiana State License Number: CG40200270
Iowa State License Number: CG02426
Kansas State License Number: G-1783
Louisiana State License Number: G1126
Michigan State License Number: 1201068069
Minnesota State License Number: 40186198
Mississippi State License Number: GA-624
Missouri State License Number: RA002563
Nebraska State License Number: CG2000046R
New Mexico State License Number: 02489-G
New York State License Number: 46000039864
North Carolina State License Number: A5519
Ohio State License Number: 448306
Oklahoma State License Number: 12524CGA
Oregon State License Number: C000793
Pennsylvania State License Number: GA001813R
South Carolina State License Number: 3976
South Dakota State License Number: 3976
Tennessee State License Number: 00003478
Texas State License Number: 1329698-G
Utah State License Number: 5510040-CG00
Virginia State License Number: 4001 015446
Washington State License Number: 1101018
West Virginia State License Number: CG358
Wisconsin State License Number: 1078-10
Wyoming State License Number: 479

Also received temporary licenses in the following states: Arkansas, California, Delaware, Florida, Hawaii, Kentucky, Maine, Maryland, Massachusetts, Montana, Nevada, New Hampshire, New Jersey, North Dakota, Rhode Island and Vermont.

**EXPERIENCE
(1991 TO PRESENT)**

Primary provider of HUD Mark-to-Market Full Appraisals for mortgage restructuring and Mark-to-Market Lites for rent restructuring and has worked with HUD in this capacity since inception. Completed approximately 350 appraisals assignments under this program.

Provider of HUD MAP and TAP appraisals and market studies for multiple lenders since its inception. Completed approximately 300 appraisal assignments under this program.

Contract MAP quality control reviewer and field inspector for CohnReznick and HUD. Have completed approximately 250 reviews under this program. Have completed approximately 60 field inspections under this program.

Currently approved state reviewer for HUD Rent Comparability Studies for Section 8 Renewals in California, Hawaii, Indiana, Kansas, Louisiana, Nebraska, Oregon, New Mexico, North Carolina, Utah and Washington. Completed approximately 300 reviews under this program.

Provider of HUD Rent Comparability Studies for contract renewal purposes nationwide. Completed approximately 75 rent comparability studies.

Provider of tax credit financing analysis and value of financing analysis. Completed approximately 50 appraisal assignments and market studies under this program.

Provider of multifamily appraisals under the RD 515 and 538 programs. Completed approximately 50 appraisal assignments under these programs.

Partial list of clients include: Colorado Housing Finance Agency, CreditVest, Inc., Foley & Judell, LLP, Kentucky Housing Corporation, Kitsap County Consolidated Housing Authority, Louisiana Housing Finance Agency, Missouri Housing Development Agency, New Mexico Mortgage Finance Authority, Ontra, Inc., Quadel Consulting Corporation, CohnReznick, L.L.P., Group, Siegel Group, Signet Partners and Wachovia Securities.

EDUCATION

Bachelor of Arts Degree

Southeast Missouri State University

Associate of Arts Degree

Three Rivers Community College

HUD/FHA Appraiser Training

Arkansas State Office

Multifamily Accelerated Processing Valuation (MAP)

U.S. Department of Housing and Urban Development

2nd Annual Multifamily Accelerated Processing Basic and Advanced Valuation (MAP)

U.S. Department of Housing and Urban Development

FHA Appraising Today

McKissock, Inc.

Texas USDA Rural Development Multifamily Housing Appraiser Training

Texas Rural Development

**Kentucky USDA Rural Development Multifamily Housing
Appraiser Training**

Kentucky Rural Development

Financial Analysis of Income Properties

National Association of Independent Fee Appraisers

Income Capitalization

McKissock, Inc.

Introduction to Income Property Appraising

National Association of Independent Fee Appraisers

Concepts, Terminology & Techniques

National Association of Independent Fee Appraisers

Uniform Standards of Professional Appraisal Practice

Central Missouri State University

Appraisal of Scenic, Recreational and Forest Properties

University of Missouri-Columbia

Appraiser Liability

McKissock, Inc.

Appraisal Trends

McKissock, Inc.

Sales Comparison Approach

Hondros College

Even Odder: More Oddball Appraisals

McKissock, Inc.

Mortgage Fraud: A Dangerous Business

Hondros College

Private Appraisal Assignments

McKissock, Inc.

Construction Details & Trends

McKissock, Inc.

Condemnation Appraising: Principles & Applications

Appraisal Institute

Michigan Law

McKissock, Inc.

Pennsylvania State Mandated Law

McKissock, Inc.

Valuing Real Estate in a Changing Market

National Association of Independent Fee Appraisers

Principles of Residential Real Estate Appraising

National Association of Independent Fee Appraisers

Real Estate Appraisal Methods

Southeast Missouri State University

Lead Inspector Training

The University of Kansas

Lead Inspector Refresher

Safety Support Services, Incorporated

Home Inspections: Common Defects in Homes

National Association of Independent Fee Appraisers

Heating and Air Conditioning Review

National Association of Independent Fee Appraisers

Professional Standards of Practice

National Association of Independent Fee Appraisers

Developing & Growing an Appraisal Practice – Virtual Classroom

McKissock, Inc.

The Appraiser as Expert Witness

McKissock, Inc.

Current Issues in Appraising

McKissock, Inc.

2011 ValExpo: Keynote-Valuation Visionaries

Van Education Center/Real Estate

Residential Report Writing

McKissock, Inc.

The Dirty Dozen

McKissock, Inc.

Risky Business: Ways to Minimize Your Liability

McKissock, Inc.

Introduction to Legal Descriptions

McKissock, Inc.

Introduction to the Uniform Appraisal Dataset

McKissock, Inc.

Mold Pollution and the Appraiser

McKissock, Inc.

Appraising Apartments: The Basics

McKissock, Inc.

Foundations in Sustainability: Greening the Real Estate and Appraisal Industries

McKissock, Inc.