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SELF-CONTAINED APPRAISAL OF:



Northgate Apartments

An 80-Unit Income-Restricted Rental Community
Located at 804 Frank Cochran Drive
Hinesville, Liberty County, Georgia 31313

PREPARED FOR:

Mr. Thompson Gooding
Dewar Properties, Inc.
JT Development
2409 Bemiss Road
Valdosta, GA 31602

PREPARED BY:

Value Tech Realty Services, Inc.
240 Crystal Grove Boulevard
Lutz, Florida 33548

VALUATION DATE:

July, 18 2013

DATE OF REPORT:

February 12, 2014

240 Crystal Grove Blvd.

Lutz, FL 33548

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"Providing solutions & exceeding expectations through vision, integrity & excellence"

February 12, 2014

Mr. Thompson Gooding
Dewar Properties, Inc.
JT Development
2409 Bemiss Road
Valdosta, GA 31602

RE: Revised Appraisal of Northgate Apartments, an 80-unit income restricted rental community located at 804 Frank Cochran Drive, Hinesville, Georgia 31313.

Dear Mr. Gooding:

At your request, we prepared an appraisal of the property referenced above. This appraisal has been amended to incorporate review comments issued by HUD received January 16, 2014. In addition, information contained within the A/E Review & Cost Estimate Report dated November 13, 2013 prepared by Dominion Due Diligence Group has been incorporated into this revised appraisal.

The subject property is described and identified by legal and narrative descriptions within the text of the following report. The purpose of this Appraisal was to provide the "retrospective as is" market value of the subject and the projected net operating income as renovated. This Appraisal has been prepared in accordance with the HUD MAP 221(d) (4) Substantial Rehabilitation program.

Accompanying this letter is an Appraisal that contains detailed income and expense estimates. The income and expense information is provided for the subject operating as a restricted and as a market-rate property. Rental rate and expense conclusions are based on market parameters and historical operations.

This Appraisal is supportive and consistent with the attached forms: Form-HUD-92273, Estimates of Market Rents by Comparison, Form-HUD-92274 and Operating Expense Analysis Worksheet and the Form-HUD-92264.

Our analyses and forecasts resulted in the value conclusions which are based upon assumptions, limiting conditions, and definitions presented in this report.

Respectfully submitted,

VALUE TECH REALTY SERVICES, INC.

A handwritten signature in blue ink that reads "Kay Kauchick".

Kay Kauchick, MAI
State-Certified General Appraiser 251355 (GA)

KK:ggw
2013-123

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ADDENDA

SUBJECT INFORMATION	ADDENDUM A
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Certificate of Appraisal

- 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 is our personal, unbiased professional analyses, opinions and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions and conclusions were developed and this report prepared in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
- The racial/ethnic composition of the neighborhood surrounding the property is no way affected the appraisal determination.
- This report has been prepared in compliance with the Office of Thrift Supervision of the Department of Treasury's Regulation 12 CFR Part 564, the Uniform Standards of Professional Appraisal Practice and the Office of the Comptroller of Currency (OCC) Regulation Pas 12 CFR, 34.44, written appraisal guidelines.
- This Appraisal conforms to the Standards required by 12 U.S.C. Part 34.4 etc. issued pursuant to Title XI of the Financial Institutions Reform Recovery and Enforcement Act of 1989 (FIRREA).
- Kay Kauchick, MAI, conducted a physical inspection of the subject, market and the comparables indicated. No one provided significant real property appraisal assistance to the person signing this certification.
- We certify that, to the best of our knowledge and beliefs, the reported analyses, opinions, and conclusions were developed and this report prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- Kay Kauchick, MAI received her HUD MAP training in October 2000.
- I (we) have performed a prior service concerning the subject property within the 3 year period immediately preceding acceptance of this appraisal assignment.

This Appraisal is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

As a result of our investigation into those matters affecting market value, and by virtue of our experience and training, we estimated that the hypothetical retrospective “As-Is Market” value of the fee simple interest in the subject assuming market rents effective July 18, 2013 was:

**“HYPOTHETICAL RETROSPECTIVE AS-IS” MARKET VALUE – WITH MARKET RENTS
(Hypothetical Assumption)
TWO MILLION SEVEN HUNDRED THOUSAND DOLLARS
(\$2,700,000)**

As a result of our investigation into those matters affecting revenue and expense projections, and by virtue of our experience and training, we estimated that the **Net Operating Income under the “As-Renovated” scenario** of the fee simple interest in the subject effective July 18, 2013 was:

NET OPERATING INCOME SUMMARY – AS RENOVATED	
Potential Rental Income	\$765,792
Other Income	\$2,880
Potential Gross Income	\$768,672
Less: Vacancy and Collection	(\$38,434)
Effective Gross Income	\$730,238
Less: Total Expenses	(\$368,392)
Net Operating Income	\$361,846

Respectfully submitted,

VALUE TECH REALTY SERVICES, INC.



Kay C. Kauchick, MAI
President
State-Certified General Appraiser 251355 (GA)

APPRAISER CERTIFICATION FOR HUD

I understand that my Appraisal will be used by Walker & Dunlop to document the U.S. Department of Housing and Urban Development and that the MAP Lender's application for FHA multifamily mortgage insurance was prepared and reviewed in accordance with HUD requirements. I certify that my review was in accordance with the HUD requirements applicable on the date of my review and that I have no financial interest or family relationship with the officers, directors, stockholders, or partners of the Borrower, the general contractor, any subcontractors, the buyer or seller of the proposed property, or engage in any business that might present a conflict of interest.

I am employed under contract for this specific assignment and I have no other side arrangements, agreements, or financial considerations with MAP Lender or others in connection with this transaction.



Signature

Warning: Title 18 U.S.C. 1001 provides in part that whoever knowingly and willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry, in any manner in the jurisdiction of any department of agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

Executive Summary

Property Name: Northgate Apartments

Property Identification -
Street Number: 804
Street Name: Frank Cochran Drive
Municipality: Hinesville
County: Liberty
State: Georgia
Zip: 31313

Congressional District: G-1

Census Tract -
State Code: 13
MSA Code: 25980
County Code: 179
Tract/BNA Code: 101.00

Purpose of the Appraisal: To estimate the hypothetical retrospective "as is" market value of the fee simple estate and the net operating income as if renovated under the Section 8 HAP program.

Pertinent Dates -
Valuation Date: July 18, 2013
Report Date: February 12, 2014

Certification -
Certified Appraiser: Kay Kauchick, MAI
Certification Number: 251355 (GA)
Certification Type: State-Certified General Real Estate Appraiser

Site Summary -
Site Size (Acres): 8.00
Site Size (SF): 348,480
Zoning: R-A-1 (Multi-family Residential)
Zoning Compliance: Legally Conforming Use
Utilities: Available

Flood Hazard Zone -
Zone: X
Panel Number: 13179C0227D
Panel Date: September 26, 2008
Flood Insurance Required: No

Improvement Summary -

Property Type:	Garden Style, Section 8
Year of Construction:	1982
Construction Type:	Class D
Rentable SF	78,744
Number of Stories:	2
Number of Units:	80
Parking Spaces	108

Operation Summary -

Units Occupied at inspection	98%
Projected Occupancy	93%-Retrospective As Is; 95.0% As If Renovated

Unit Mix

The rental unit mix for the subject is given in the following table:

Northgate Apartments				
SUBJECT UNIT SIZE ANALYSIS				
Apartment Unit Type	Units	Percent	Sq. Ft.	Living Area
2x1	28	35.0%	873	24,444
2x1 HC	4	5.0%	873	3,492
3x1.5	40	50.0%	1031	41,240
4x1.5	8	10.0%	1196	9,568
Total/Weight Average	80	100.0%	984	78,744

Conclusion:

Retrospective As-Is Value-Market Rent:

HYPOTHETICAL VALUE ESTIMATE –Retrospective As-Is Market Value	
Approach to Value:	"Retrospective As-Is"
Income Approach	\$2,700,000

NOI-As If Renovated-Restricted Rent:

NOI Estimated As-Renovated Under Section 8 HAP Program	
NOI-As If Renovated-Market	\$361,846

Conditions

This Appraisal is subject to the General Assumptions, General Limiting Conditions, and Special Conditions contained within this report. We reserve the right to modify the conclusions contained herein in the event of changes in the subject.

Definitions

The definitions included in this section have been extracted, solely or in combination, from definitions and descriptions printed in:

The Uniform Standards of Professional Appraisal Practice (USPAP);

The Dictionary of Real Estate Appraisal, Appraisal Institute, Chicago, Illinois, (*Dictionary*);

The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, Chicago, Illinois, and/or

Marshall Valuation Service, Marshall & Swift, L. P., Los Angeles, California, (*MVS*).

Accrued Depreciation

The difference between the reproduction or replacement cost of the improvements on the effective date of the appraisal and the market value of the improvements on the same date. (*Dictionary*)

Appraisal

The act or process of developing an opinion of value. (*USPAP*)

Business Value

A value enhancement that results from items of intangible personal property such as marketing and management skill, an assembled work force, working capital, trade names, franchises, patents, trademarks, contracts, leases, and operating agreements (*Dictionary*).

Deferred Maintenance

Curable, physical deterioration that should be corrected immediately, although work has not commenced; denotes the need for immediate expenditures, but does not necessarily suggest inadequate maintenance in the past. (*Dictionary*)

Direct Capitalization

A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor.

Effective Date of the Appraisal

The date at which the value opinion is an appraisal applies, which may or may not be the date of inspection; the date of the market conditions that provide the context for the value opinion. Current appraisals occur when the effective date of the appraisal is contemporaneous with the date of the report. Prospective value opinions (effective date of the appraisal subsequent to the date of the report) are intended to reflect the current expectations and perceptions along with available factual data. Retrospective value opinions are likely to apply as of a specific historic date; the opinions are intended to reflect the expectations and perceptions of market participants at the specified date, along with available factual data. Data subsequent to the effective date may be considered in estimating a retrospective value as a confirmation of trends. (*Dictionary and USPAP*)

Entrepreneurial Profit

Entrepreneurial profit is a “market-derived figure that represents the amount an entrepreneur **expects** to receive for his or her contribution to a project”; may be measured by the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. The term “entrepreneurial incentive” has the same definition as profit, but the perspective of the use of the word “incentive” is forward-looking (expected reward), whereas the use of the word “profit” indicates a retrospective perspective of a quantifiable amount earned. Unless otherwise noted, as used in this report, the terms are synonymous. (*Definition*)

Exposure Time

Exposure time is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time differs from the marketing period in that exposure time is assumed to precede the effective date of the appraisal. (*USPAP and Dictionary*)

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. (*Dictionary*)

Family household (Family)

A family includes a householder and one or more people living in the same household who are related to the householder by birth, marriage, or adoption. All people in a household who are related to the householder are regarded as members of his or her family. A family household may contain people not related to the householder, but those people are not included as part of the householder's family in census tabulations. Thus, the number of family households is equal to the number of families, but family households may include more members than do families. A household can contain only one family for purposes of census tabulations. Not all households contain families since a household may comprise a group of unrelated people or one person living alone.

Local items that are subject to loss from hazards. It is that portion of an asset or asset group that is acknowledged or recognized under the provisions of an applicable loss insurance policy. *Marshall & Swift* defines insurable value as the “replacement or reproduction cost less deterioration and non-insurable items.” (*MVS and Dictionary*)

Investment Value

The specific value of an investment to a particular investor or class of investors based on individual investment requirements; distinguished from market value, which is impersonal and detached. (*Dictionary*)

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. (*Dictionary*)

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. (*Dictionary*)

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 cash in United States 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. (*USPAP, according to the Federal Register, CFR 34.43(F)*)

Marketing Period

A reasonable marketing period is the period of time it might take to sell a property interest in real estate at or near the concluded market value during the period immediately following the effective date of the appraisal. A marketing period is a function of price, time, use, and anticipated market conditions.

Replacement Cost

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. (*Dictionary and USPAP*)

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. (*Dictionary*)

Use Value

The value a specific property has for a specific use. (*Dictionary*)

Background Information

Identification of the Subject

The subject is an existing 80-unit apartment building located at 804 Frank Cochran Drive. The property is located within the City of Hinesville, Liberty County, Georgia. The complex primarily consists of 10 two-story apartment buildings and a main office that includes a maintenance room. The buildings are located on an 8-acre site.

The purpose of the appraisal is to determine the hypothetical retrospective "As-Is" market value for the subject property and to project net operating income assuming the HAP contract remain in place and the subject is substantially renovated.

Intended User of the Appraisal

This Appraisal is to be used by Georgia Department of Community Affairs (DCA), Dewar Properties, Inc., JT Development, Inc. and JT Hinesville, LP, Georgia Fund 2013 VI LLC, R4 Capital LLC and R4 HGA Acquisition LLC in underwriting a mortgage loan to be secured by the subject.

Pertinent Dates

The Appraisal is dated on the last date market information was secured, July 18, 2013. Preparation of the written report was completed on February 12, 2014.

Scope of Work, Market Research and Appraisal Procedures

Standards Rule 2-2(a;viii) of the Uniform Standards of Professional Appraisal Practice requires that all appraisals "describe the information analyzed, the appraisal techniques employed, and the reasoning that supports the analyses, opinions, and conclusions. The scope of work includes the following steps:

- Identification of Subject;
- Identification of Property Rights to be Valued;
- Define Use of Appraisal
- Define User of Appraisal
- Definition of Value;
- Date of Value;
- 3-Year History of arm's length transactions involving the subject, if any;
- Special Assumptions and Limiting Conditions;
- Data Selection and Collection-General and Specific;
- Examination of Economic Influences;
- Housing Market Area Analysis;
- Highest and Best Use Analysis;
- Approaches to Value as appropriate (Cost, Sales Comparison and/or Income);
- Reconciliation;
- Self-Contained Report.

Kay Kauchick, MAI conducted a physical inspection of the subject's interior and exterior and conducted interviews with the market-rent and restricted-rent comparables. An exterior inspection was completed at all of the rent comparables with a review of a model unit at properties where authorization to view a unit was granted. The occupancy and rental rates of market properties were reviewed and a rent analysis conducted on the HUD 92273 forms. The restricted rents were also reviewed to determine the strength of

the affordable housing market. Revenues and expenses were projected based on two scenarios; the hypothetical scenario that the subject operated as a market-rent property and a restricted-rent scenario based on the HAP rents in place. Overall capitalization rates were secured from the market and applied to the market-rent scenario to estimate a value. Revenues and expenses were projected for the restricted-rent scenario. The results of the research and analyses are presented in this appraisal report.

Special Instructions

HUD MAP has special guidance and requirements for valuation and loan processing. These are included in the Addenda under Subject Information:

Inspection

Kay Kauchick, MAI conducted a detailed physical inspection of the comparables and market area. The last day of inspection was on July 18, 2013.

Data Collection

Three types of data are normally gathered while completing an appraisal: general, specific, and competitive supply and demand.

General Data—General data concerns the social, economic, governmental, and environmental forces that impact property values. General data presented in this market study/appraisal is found in the Area Description and Analysis and the Neighborhood Description and Analysis Sections. We gathered general data from a variety of sources and publications as noted in the analyses. General data concerning the neighborhood is also based upon observations made during our inspection of the neighborhood.

Specific Data—Data relating to the property being analyzed and/or appraised, and to comparable properties, is referred to as specific data. Documents we relied upon for specific data pertaining to the subject are listed in the General Assumptions. Additional data pertaining to the subject was gathered from subject contacts, local city and county offices and chambers of commerce, various State offices, and other resources maintained in our library.

Specific comparable data was gathered from market participants. The extent of the comparable market data collection process varies for each type of comparable data. Refer to discussions preceding the presentation of data in the approaches to value for descriptions of the data sources consulted and the search criteria.

Competitive Supply and Demand Data—An analysis of the operating performance levels of apartment communities within the primary market was conducted by Value Tech Realty Services, Inc. Projected operating results have been prepared by Value Tech Realty Services, Inc. as presented within this document.

Compliance

We developed this report in compliance with the requirements of the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute, the *Uniform Standards of Professional Appraisal Practice* promulgated by the Appraisal Foundation. Further, the appraisal was prepared in conformance with the requirements of Housing and Urban Development under the 221 (d)(4) substantial rehab and project net operating income as substantially rehabilitated program.

Competency

Kay Kauchick, MAI has analyzed multifamily assignments that include HUD subsidies, market-rate rents, LIHTC, Bond Financing, as well as projects that contain both market and income-restricted rents.

Ownership and History of the Subject

According to public records, the site size is 8.00 acres or 348,480 square feet. The property is owned by Northgate Associates LTD. Management services are provided by Dewar Properties, Inc. Dewar Properties also provides similar services to several other properties across the Eastern United States, mostly in Georgia. A purchase agreement has been signed on the subject between Northgate Associates, LTD and JT Hinesville, LP on January 25, 2013. The purchase price is \$3,725,070 and is generally considered to be at market.

Substantial renovations are planned. The appearance of the unit interiors will be upgraded along with various changes to the property's common areas and mechanical features of the building.

There is currently a land use restriction in place.

Prior to this sale/contract no other transactions have occurred involving the subject property within the past three years.

Assumptions and Limiting Conditions

The use of this report is subject to the following assumptions and limiting conditions:

General Assumptions

- No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- The property was analyzed “free and clear” of any and all liens or encumbrances unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
- All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in this report.
- It is assumed that all applicable zoning and land use regulations and restrictions have been complied with unless a non-conformity has been stated, defined, and considered in this report.
- It is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the market support and/or value estimate contained in this report is based.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in this report.
- The appraiser has not made an environmental inspection of the subject and is not qualified to detect the existence of hazardous materials. The appraiser assumes no responsibility for any existing conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if so desired.
- The presence of hazardous materials such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value and/ or marketability of the property. The appraiser assumes no responsibility for any existing conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if so desired.

- The Americans With Disabilities Act (ADA) became effective January 26, 1992. Noncompliance with the ADA could cause a loss in value. Unless otherwise stated in this report, Value Tech Realty Services, Inc. has not been provided with a compliance survey; therefore, our value estimate is predicated upon the assumption that the subject is not negatively or positively impacted by issues relating to Fair Housing and ADA.

General Limiting Conditions

- Possession of this report, or a copy thereof, does not carry with it the right of publication.
- The appraiser herein by reason of this report is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
- Neither all nor any part of the contents of this report (especially any conclusions as to market support and/or value estimates, the identity of the appraiser or that with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

Specific Assumptions and Limiting Conditions

This report has also been made subject to the following specific assumptions and limiting conditions:

- We assume that the project will be renovated and maintained in a quality condition.
- We assume that the subject will be aggressively marketed and professionally managed.
- We provided a value that adheres to the guidelines and limitations outlined under the HUD MAP program and have incorporated the review comments obtained from HUD January, 2014.

Hypothetical Condition & Extraordinary Assumptions

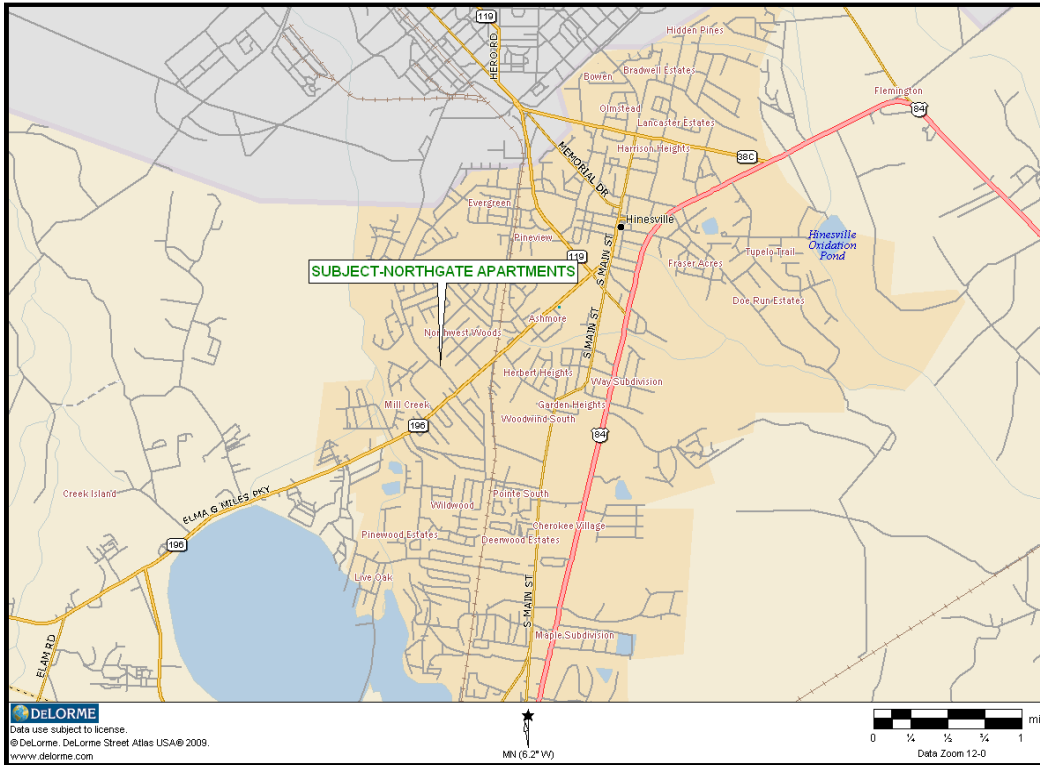
Hypothetical conditions are contrary to known facts about the physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.

Extraordinary Assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

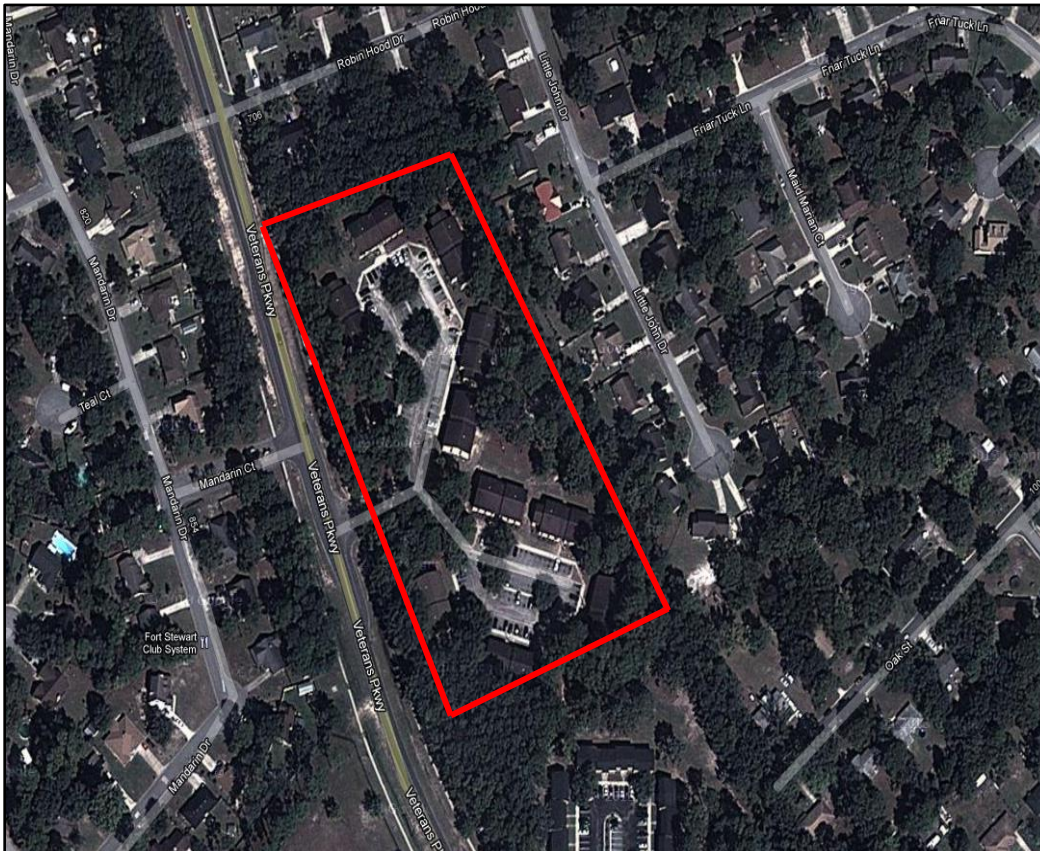
For the “retrospective as is” scenario, the hypothetical condition is based on the property operating at market and not operating under a restriction program.

For the “as renovated” net operating income projection, the subject is valued under the HAP contract. The assumption is made that the physical plant is totally rehabilitated and stabilized.

Subject Site Description



MAP VIEW



AERIAL VIEW

The first portion of this section provides information regarding the site including location, access, topography, zoning, utilities, flood plain, hazardous materials, and related. The latter portion of this section provides detailed information on the improvements.

The subject is located within a “workforce” neighborhood. The households are on the low to moderate spectrum of income levels. The households tend to be residing within the area due to affordability and proximity to jobs. The subject is located near residential and commercial services and provides convenient access to employment opportunities.

Location	804 Frank Cochran Drive, Hinesville, Georgia 31313			
Frontage	South Cross Blvd	Shape	Irregular	
Depth	Varies	Excess Land	None	
Site Size (Acres)	8.00	Topography	Generally Level	
Usable Area (Acres)	8.00	Zoning Code	13179C0228D	
	Excellent	Good	Average	Fair
Access		X		
Drainage		X		
Function/Utility		X		
Landscaping		X		
Shape		X		
Street Frontage		x		
Traffic Pattern		X		
Traffic Volume		X		
Utilities		X		
Comment	The subject property is located in an area primarily developed with commercial and residential uses.			
	Yes	No	Yes	No
Alley		X	Corner Lot	X
Curbs and Gutters	X		Underground Utilities	X
Electric	X		Assume Adequate Soils	X
Gas	X		Environmental Issues	X
Lighting	X		Development Limitations	X
Public Sewer	X		Easements/Restrictions	X
Sidewalks	X		Flood Plain Information	
Storm/Drainage	X		Map No.	13179C0227D
Paved, Public Streets	X		Zone Code:	X
Public Water	X		Date:	September 26, 2008
Comments:				

Location and Access

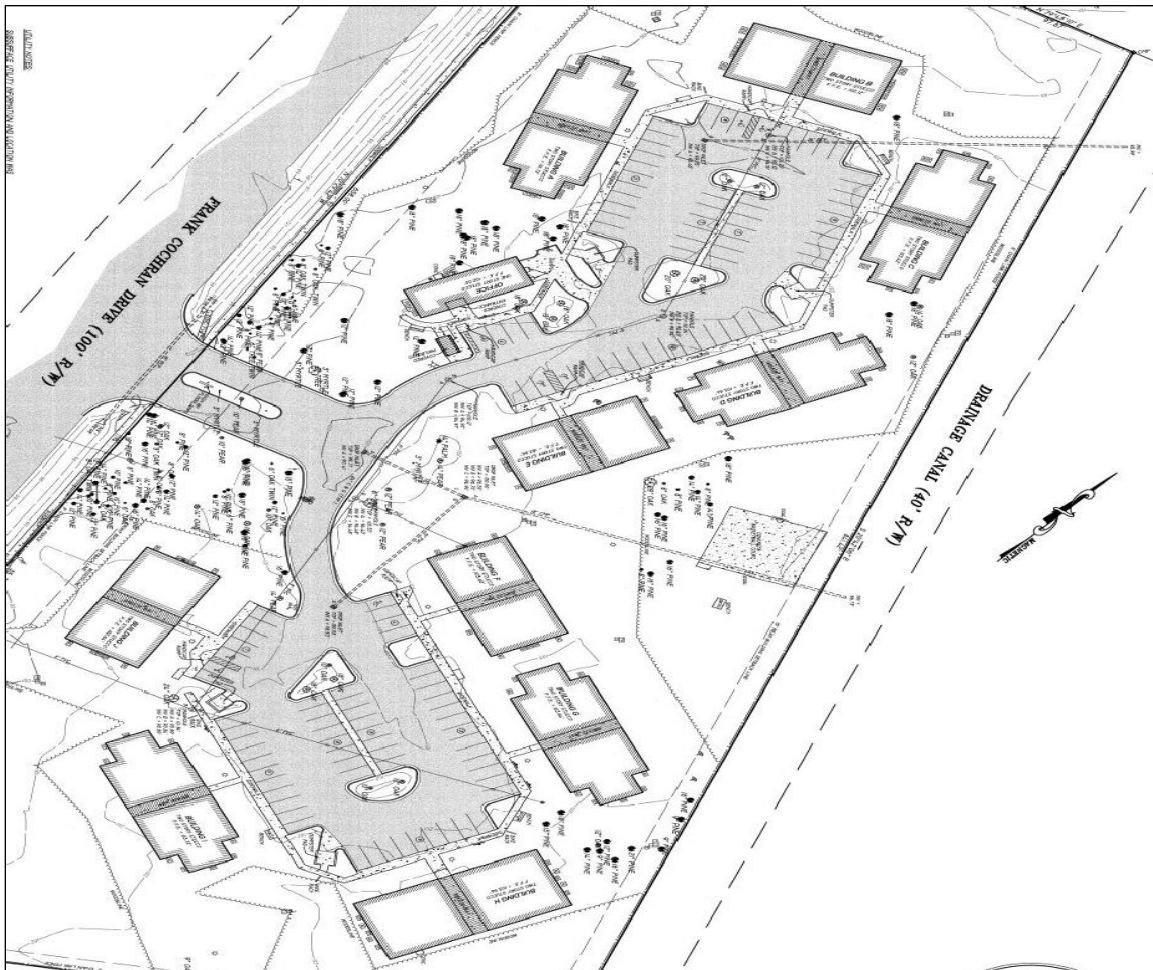
The subject is located in a “workforce” neighborhood where households are on low to moderate income levels. Households here are located as such due to affordability and proximity to job nodes. The subject property has a good location with fairly easy access and good frontage along Frank Cochran Drive (Veterans Parkway). Northgate is near residential and commercial services and provides convenient access to these employment opportunities.

The subject primarily consists of 10 two-story apartment buildings containing 80 residential units. The site also contains a detached, single-story building consisting of the management and maintenance rooms

The northern and eastern boundaries of Northgate Apartments border single-family housing. The subject has westerly access to Frank Cochran Drive. From the subject's entrance, Frank Cochran Drive (Veterans Parkway) continues north 1.2 miles to Ft. Stewart's eighth gate. Ft. Stewart, a 280,000 acre military base and home of the 3rd Infantry Division is the largest military installment east of the Mississippi River.

Site Plan/General Layout

A site plan of the subject property is shown below:



Area and Dimensions

According to public records, the total site area is 8.00 acres. All land is usable. The site is irregular / rectangular in shape and is sufficient in size to accommodate a multifamily development.

Soil and Subsoil

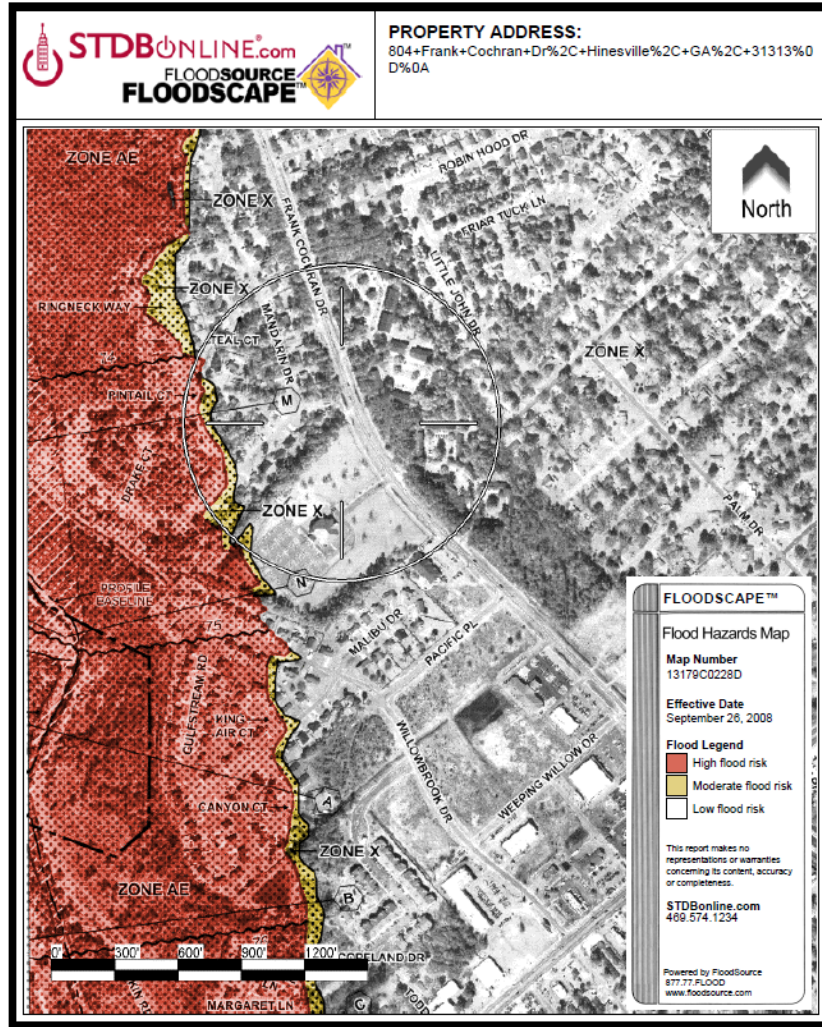
During our inspection, no soil or subsoil problems were apparent. This opinion is based solely on a visual inspection of the surface of the property. We assume that the hidden or unapparent conditions beyond the area of our expertise (see Item 6 of General Assumptions).

Topography & Drainage

The subject site is near road grade. Overall, the site is level and is considered typical of other recently developed residential complexes in the area.

Flood Hazard Statement

According to the survey, the subject site lies within Flood Zone X. This area is described as being within the 100-year flood plain.



FLOOD ZONE	
Flood Hazard Zone -	
Zone:	X
Panel Number:	13179C0227D
Panel Date:	September 26, 2008
Flood Insurance Required:	No
Source: STDB Quick Maps Flood Scape	

Utilities and Services

UTILITIES AND RELATED SERVICES INFORMATION	
Water:	City of Hinesville
Sewer:	City of Hinesville
Electricity:	Georgia Power
Gas:	SCANA Natural Gas
Telephone:	Coastal Communications
Police:	City of Hinesville
Fire:	City of Hinesville
Source: Property Representative	

According to the City of Hinesville, water and sewer is available to service the subject site.

Zoning

The subject site is zoned R-A-1 (Multifamily). The zoning restrictions are as follows:

ZONING INFORMATION	
Zoning:	13179C0228D
Maximum Height (Ft.)	36 ft./3 stories
Minimum Lot Area	8,000 sq. ft.
Minimum Square feet per du	50 sq. ft.
Minimum Open Space	15%
Minimum Lot Depth	55 ft.
Minimum Lot Frontage	45 ft.
Maximum Coverage	40%
Front Setback	20 ft.
Side Setback	8 ft.
Rear Setback	25 ft.
Density	5 du/acre to 28.6 du/acre with approval
Parking	1 bedroom-1.5 spaces/unit-2 bedroom 2 spaces/unit
Legally Conforming	Yes, legally conforming use
Source: City of Hinesville Zoning Ordinance/Planning and Zoning Department	

The subject has zoning referred to as R-A-1 (Multi-Family Residential). The subject is a conforming and legally permissible use under current zoning designations.

Land Uses

The subject is located along a north/south road. The land uses within the immediate site area are as follows:

LAND USES IN IMMEDIATE AREA	
Location	Land use
North	Single Family Homes/ Residential Development
East	Single Family Homes/Residential Development
West	Single Family Homes/Residential Development
South	Apartments/Commercial/Undeveloped

Easements

We have assumed no easements will negatively affect the marketability or use of the subject.

Noise Hazard

There is no significant noise hazard affecting the subject.

Hazardous or Toxic Materials

During our visual inspection of the subject, we did not observe any hazardous substances. We are not experts, however, in determining the presence of hazardous substances, defined as all hazardous or toxic wastes, pollutants, or contaminants (including asbestos, PCB's, or raw materials) either used in construction or stored on the property. The Appraiser has not been provided with certification from the client or current property owner that no hazardous substances are present, which would adversely affect the rent potential of the subject property. The rental rates estimated included in this report reflect the assumption that the subject property is not so affected.

Conclusion/Comments

The site is of sufficient size and shape to support development of a residential multifamily complex. The site is serviced by all the public utilities necessary for development of such a complex, which is allowed under its approved zoning and land uses. Entrance to and from the subject property is easily accessible, and has good visibility from the major roads. The subject is in a neighborhood that supports multi-family residential properties. The subject site's regional location, access, topography, and availability of utilities, are considered suitable for development of a property such as the subject.

Improvement Description

Overview

The subject is an income-restricted multifamily community for low-income residents. The residents receive rental assistance from Housing and Urban Development under HAP contracts. All units are receiving rental assistance from HUD pursuant to Housing Assistance Program (HAP) contracts.

The subject primarily consists of 10 two-story residential apartment buildings containing 80 residential units. The site also contains a detached, single-story building consisting of the management and maintenance rooms. A table of the current unit mix follows below:

Northgate Apartments				
SUBJECT UNIT SIZE ANALYSIS				
Apartment Unit Type	Units	Percent	Sq. Ft.	Living Area
2x1	28	35.0%	873	24,444
2x1 HC	4	5.0%	873	3,492
3x1.5	40	50.0%	1031	41,240
4x1.5	8	10.0%	1196	9,568
Total/Weight Average	80	100.0%	984	78,744

The northern and eastern boundaries of Northgate Apartments border single-family housing. The subject has westerly access to Frank Cochran Drive. From the subject’s entrance, Frank Cochran Drive (Veterans Parkway) continues north 1.2 miles to Ft. Stewart’s eighth gate. Ft. Stewart, a 280,000 acre military base and home of the 3rd Infantry Division is the largest military installment east of the Mississippi River



SUBJECT SIGNAGE



MAIN OFFICE/TYPICAL EXTERIOR

The subject’s wood-frame and stucco buildings were constructed on poured-in-place concrete slabs. The roof of the building is pitched and shingled.

A reception area and management building is located near the subject’s entrance. A maintenance room is also located in this building.



MAIN OFFICE



MAINTENANCE BUILDING



EXTERIOR VIEW



EXTERIOR VIEW

Type and Size

The subject includes two, three, and four bedroom units. The unit mix is appropriate for the current use of the complex. All units contain a kitchen, dining area and living room nearest the door. A hallway connects the living room to the bedrooms and bathrooms. In all units, there is a separate bathroom. Photographs of the units are below:



MASTER BEDROOM



MASTER BEDROOM



FOUR-BEDROOM HALLWAY



FOUR-BEDROOM CLOSET

Vinyl tile flooring is provided in all interiors. All units also provide central heat and air, a smoke detector, ceiling fan and vertical slide windows.



THREE-BEDROOM LIVING ROOM



THREE-BEDROOM KITCHEN



FOUR-BEDROOM UNIT KITCHEN



FOUR-BEDROOM UNIT KITCHEN

Each kitchen contains a four-burner electric range/oven unit and refrigerator. A single-compartment stainless steel sink is included in one-bedroom units with double-compartment stainless steel sinks in all other apartments.



TYPICAL BATHROOM



TYPICAL BATHROOM

Full bathrooms contain a toilet, sink, vanity, tub, and shower. Half-bathrooms a toilet, sink and vanity in the master bedroom.

Unit and Project Amenities

Unit amenities and project amenities are listed in the following table:

UNIT AND PROJECT AMENITIES RETROSPECTIVE AS IS	
Refrigerator	Laundry Facility
Range Oven	Courtyard
Sink	Surface Parking
Blinds	Basketball Court Surface

General Layout and Efficiency

The design of the buildings and the individual floor plans are considered functional and are comparable with other properties of the same age. The layout of the site is open, with landscaped shrubs and trees located throughout the grounds.

Construction Quality

Construction Quality of the buildings was considered average. Our opinion of the construction quality is based on a review of the property. We assume no responsibility for hidden or unapparent conditions beyond our expertise as Appraisers. We are not proficient in construction techniques, and it is assumed that the improvements are structurally adequate and in conformance with applicable building codes.

Age and Condition

The subject was constructed in 1982. Despite its age, the complex is still fully functioning and can be generally described as being in fair to average condition. There is an amount of wear and tear to the exterior and interior of the apartments.

Renovation Program

Renovation plans will enhance the physical product. All rents include the cost of water/sewer and trash removal. Tenants will bear the cost of all other utilities. As part of the rehabilitation, the heat source for all units will be converted from gas to electric.

The following unit features are planned:

- Kitchens with Energy Star appliances including a refrigerator (including an icemaker), stove/oven, dishwasher, and range hood
- Central heat and air-conditioning
- Wall-to-wall carpeting in living room and bedrooms and vinyl floors in kitchens and bathrooms
- Wiring for high-speed internet access and cable television
- Washer/dryer connections

The following community amenities are planned:

- Community room
- Playground (tot-lot)
- Basketball court
- Gazebo
- Central laundry area
- Management office

Remaining Economic Life

According to the *Marshall Valuation Service*, the average life expectancy for a Class D (wood frame) multiple residence building is 55 to 60 years.

Construction Details and Conditions

IMPROVEMENT SUMMARY	
Construction Type:	Class D
Number of Units	80
Residential Buildings	10
Other Buildings	1
Number of Stories:	2
Year Built:	1982
Construction Quality:	Average
Construction Condition:	Fair to Average
Deferred Maintenance:	Yes
Improvement Description:	
Ceiling:	Painted / Textured
Electrical:	Meets Code
Elevators:	N/A
Exterior Walls:	Wood / Stucco / Brick
Floor System	Slab on grade
Floor Cover:	Vinyl
Floor-to-Ceiling Height:	9'
Foundation:	Pured-in-place concrete
Frame:	Gable & Hip
Interior Partitions:	Dry wall
HVAC:	Central/Electric
Plumbing:	Meets Code
Roof Cover:	Asphalt Shingle
Sprinklers:	No
Security:	No
Windows:	Aluminum / Wood Frame
Other Project Descriptions:	
Landscaping:	Adequate once renovated
External Lighting	Adequate
Clubhouse	No
Restrooms:	Individual Units & Main office
Parking Summary:	
Parking:	Surface
Garages	None
Adequate	Yes
Conforms to Zoning	Yes
Number of Spaces	108
Spaces/Unit	1.35

Conclusions/Comments

The subject' site plan appears to be good in terms of the quality and design of the buildings and units. The units feature functional floor plans. The overall condition of the physical plant is fair to average. The property provides housing to the affordable income resident. Some of the physical components have reached the end of their useful life. Upgrades to apartment communities will typically occur every 10 to 15 years. The subject will require this in the near term. Without this community, there would be an under-supply of affordable apartments servicing the low income household in the market.

Ad Valorem Tax Analysis

In Georgia, property is required to be assessed at 40% of the fair market value and is levied to all private real property. The property appraiser must report the just value of all real property in the county as of January 1. Factors that are considered in determining just value are present cash value, use, location, quantity or size, cost, replacement value of improvements, condition, income from property and net proceeds if the property is sold. The amount of tax that is due is calculated by multiplying the assessed value by 40% and dividing by 1,000 then multiplying the taxable value by the tax rate (millage) levied by the taxing authority within that county or city. The current millage rate for the City of Hinesville is .0013.

The terms land, real estate, realty and real property may be used interchangeably. Real property includes all other permanent improvements on the land and is broadly classified based on land use.

Property tax returns must be filed with the Liberty County Board of Tax Assessors between January 1 and April 1 of each year. The taxpayer may elect not to file a property tax return if there have been no changes that would affect the value of their property from the previous year. Failure to file a new return when there have been improvements made to the property will subject the taxpayer to a 10% penalty on the value of the property not returned plus interest and possibly penalties from the date the tax would have been due.

Shown below are the tax comparables for the “As-Renovated-Market” tax analysis:

MARKET - TAX COMPARABLE ANALYSIS				
Northgate Apartments				
	Subject	Comparable 1	Comparable 2	Comparable 3
Property	Northgate	Mission Ridge	The Columns at Independence	Colonial Village at Huntington
City	Hinesville	Hinesville	Hinesville	Savannah
Map ID	045B 106	045B 107	P125027 003	2-0493 -01-006
Project Type	Income Restricted (Section 8)	Market Rate	Market Rate	Market Rate
Year Built	1982	1983	2,010	1985
# Units	80	54	222	147
Current Assessment				
Tax Year	2012	2012	2012	2012
Land Value	\$240,000	\$183,600	\$602,500	
Improvement Value	\$1,965,658	\$1,226,556	\$13,455,329	\$7,800,900
Total Value	\$2,205,658	\$1,410,156	\$14,057,829	\$7,800,900
Total Assessment	\$882,263	\$564,061	\$5,623,132	\$3,120,360
Per Unit	\$11,028	\$10,446	\$25,329	\$21,227
Total Taxes	\$38,052	\$24,328	\$242,526	\$83,623
Per Unit	\$476	\$451	\$1,092	\$569
Millage Rate	43.1300	43.1300	43.1301	26.7990

Shown below are the tax comparables for the “Retrospective As-Is-Market” tax analysis:

TAX COMPARABLE ANALYSIS – RETROSPECTIVE AS IS			
Northgate Apartments			
	Subject	Comparable 1	Comparable 2
Property	Northgate Apartments	Baytree Apartments	Raintree Apartments
City	Hinesville	Hinesville	Hinesville
Map ID	045B 106	056B 024	043D 001
Project Type	Income Restricted (Section 8)	Income Restricted (Section 8)	Income Restricted (Section 8)
Year Built	1982	1983	1984
# Units	80	60	200
Current Assessment			
Tax Year	2012	2012	2012
Land Value	\$240,000	\$153,900	\$740,400
Improvement Value	\$1,965,658	\$1,803,713	\$4,905,448
Total Value	\$2,205,658	1,957,613	\$5,645,848
Total Assessment	\$882,263	\$783,045	\$2,258,339
Per Unit	\$11,028	\$13,051	\$11,292
Total Taxes	\$38,052	\$33,773	\$97,402
Per Unit	\$476	\$563	\$487

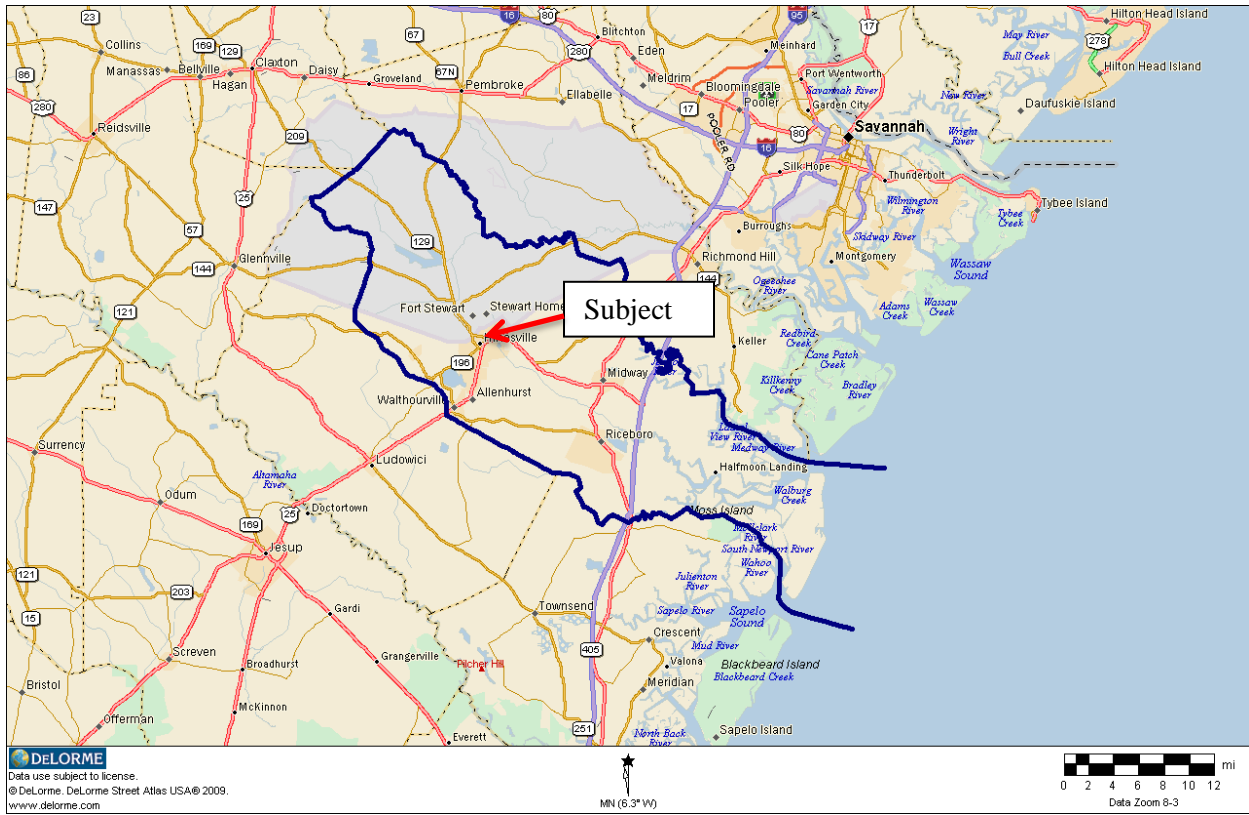
The assessment for the subject currently in place generally aligns with Mission Ridge; a property that has been renovated. This suggests the “retrospective as is” assessment may be overstated.

The renovations anticipated will provide a property that is physically able to continue to operate into the future. The renovations will not materially change the property’s functionality. Reliance was placed on the actual assessment in place for the renovated scenario. Reliance was also placed on the current taxes incurred for the “retrospective as is” valuation.

The methodology for the real estate tax estimate for the subject property at both the ‘Retrospective As-Is’ and ‘As-Renovated’ are provided in the tables below:

REAL ESTATE TAX ESTIMATE	
Northgate Apartments	
Number of Units	80
Taxes per Unit	\$490
Total	\$39,200

Liberty County Area Analysis



Introduction

Liberty County is located on the eastern border of Georgia. Liberty County is bordered by five counties. To the south is McIntosh County; southwest is Long County, to the northwest lays Evans County and Tattnall County. And to the northeast is Bryan County. Liberty County consists of 602.5 square miles and 519 of those square miles are land.

Liberty County consists of the following municipalities: Allenhurst, Flemington, Fort Stewart, Gumbranch, Hinesville (county seat), Midway, Sunbury, Ricebury and Walthourville.

The land that would form Liberty County was ceded to the English by the Creeks in the Treaty of Savannah on May 21, 1733, confirmed and expanded by agreements of 1735 and 1736. On February 5, 1777, Georgia adopted the state’s first constitution and transformed the existing colonial parishes into seven counties. Liberty County was sixth on the list and therefore considered Georgia’s sixth county. The county was named to recognize the American colonies’ declaration of independence from British rule.

Liberty County neighbors the Savannah, Georgia metropolitan survey area. Savannah is Georgia’s fourth largest city and the third largest metropolitan area. Savannah is a major industrial center and an important Atlantic seaport.

Population and Demographics

The following provides population and household growth information for Liberty County from 2010 to 2012:

POPULATION AND HOUSEHOLDS: LIBERTY COUNTY				
	2010	2012	Change	% Change
Total Population	63,453	65,993	2,540	4.0%
Total Households	22,155	22,776	621	2.8%
Source: Demographic and Income Profile, ESRI Site Analysis				

As indicated previously, the total population and total households increased from 2010 to 2012 by 4.0% and 2.8%, respectively. The information in this section was obtained through the US Census Bureau and ESRI. The population distribution by age is shown in the table below:

2012 POPULATION BY AGE LIBERTY COUNTY		
Age	Total	% of Total
0-19	21,883	33.2%
20-24	7,041	10.7%
25-44	18,924	28.7%
45-54	7,998	12.1%
55-64	5,802	8.8%
65-74	2,959	4.5%
75-84	1,059	1.6%
85+	327	0.5%
Total	65,993	100.0%
Source: Demographic and Income Profile, ESRI Site Analysis		

Shown above, the 2012 population in Liberty County is dominated by residents below the age of 45 at 72.5%. The following chart provides population projections by age for Liberty County:

LIBERTY COUNTY POPULATION PROJECTION BY AGE					
TOTAL NUMBER OF RESIDENTS					
Age	2010	2012	2017	Change 2012 - 2017	% Change
0-4	6,552	6,816	7,588	772	11.3%
5-9	5,244	5,439	6,024	585	10.8%
10-14	4,540	4,659	5,221	562	12.1%
15-19	4,997	4,969	5,246	277	5.6%
20-24	6,695	7,041	7,186	145	2.1%
25-34	10,472	11,064	12,349	1,285	11.6%
35-44	7,748	7,860	8,533	673	8.6%
45-54	7,909	7,998	8,218	220	2.8%
55-64	5,325	5,802	6,732	930	16.0%
65-74	2,654	2,959	3,943	984	33.3%
75-84	1,019	1,059	1,236	177	16.7%
85+	298	327	383	56	17.1%
Total	63,453	65,993	72,659	6,666	10.1%
% Change		4.0%	10.1%		
Compounded annual growth rate (2010 to 2017)			2.0%		
Compounded annual growth rate (2012 to 2017)			1.9%		
Source: Demographic and Income Profile, ESRI Site Analysis					

The table above illustrates that the population grew by 4.0% from 2010 to 2012 and is projected to grow by 10.1% through 2017. The largest growth is projected for the age group of 65 to 74 at 33.3%.

The following table illustrates the working age cohort in the area:

LIBERTY COUNTY-WORKING AGE RESIDENTS					
TOTAL NUMBER OF RESIDENTS					
Age	2010	2012	2017	Change 2012 - 2017	% Change
20-24	6,695	7,041	7,186	145	2.1%
25-34	10,472	11,064	12,349	1,285	11.6%
35-44	7,748	7,860	8,533	673	8.6%
45-54	7,909	7,998	8,218	220	2.8%
55-64	5,325	5,802	6,732	930	16.0%
Total	38,149	39,765	43,018	3,253	8.2%
% Change		4.24%	8.18%		
Compounded annual growth rate (2010 to 2017)			1.7%		
Compounded annual growth rate (2012 to 2017)			1.6%		
Source: Demographic and Income Profile, STDB, Inc., ESRI Site Analysis.					

The table above illustrates that the working age cohort increased by 4.24% from 2010 to 2012 and will increase by 8.2% by 2017.

The following table exhibits household growth within Liberty County:

HOUSEHOLD PROJECTION FOR 2012 to 2017					
LIBERTY COUNTY					
				% Household Change	
Year	2010	2012	2017	2010-2012	2012-2017
Total	22,155	22,776	25,619	2.8%	12.5%
Compounded annual growth rate				1.4%	2.4%
Average Size	2.75	2.78	2.74		
Source: Site To Do Business					

The household projections shown above are evidence of stable growth. The number of households increased 1.4% from 2010 to 2012. They are projected to increase 2.4% through 2017.

Socio-Economic Characteristics

According to ESRI Inc., the median household income in Liberty County for 2012 is \$40,173, shown in the table below:

MEDIAN HOUSEHOLD INCOME	
Median household income in 2012	Liberty County
Total	\$40,173
Source: Age by Income Profile, ESRI Site Analysis	

Employment

Employment in Liberty County is dominated by the Health Care and Social Assistance sector, followed by Retail Trade and Educational Services. The following chart and table provide employment by industry statistics for Liberty County:

LIBERTY COUNTY EMPLOYMENT BY INDUSTRY		
Industry	Number	Percent
Health Care/Social Assistance	3,316	14.0%
Retail Trade	3,103	13.1%
Public Administration	2,866	12.1%
Educational Services	2,842	12.0%
Accommodation/Food Services	2,084	8.8%
Other Services	1,563	6.6%
Construction	1,421	6.0%
Manufacturing	1,350	5.7%
Transportation/Warehousing	1,018	4.3%
Admin., Support, and Waste Mgmt. Services	924	3.9%
Finance/Insurance	687	2.9%
Professional, Scientific, and Technical Services	663	2.8%
Real Estate/Rental/Leasing	568	2.4%
Wholesale Trade	308	1.3%
Information	308	1.3%
Agriculture, Forestry, Fishing, and Hunting	284	1.2%
Arts/Entertainment/Recreation	284	1.2%
Utilities	95	0.4%
Mining	24	0.1%
Management of Companies/Enterprises	0	0.0%
Total	23,710	100%
Source: STDB 2010 Employed Civilian Population by Industry Chart		

Occupational projections were not directly available for Liberty County from the Georgia Labor Market Explorer. The Coastal Georgia WIA was utilized for the purposes of this report. Bulloch, Effingham, Bryan, Chatham, Long, McIntosh, Glynn, and Camden counties are also included in the Coastal Georgia WIA. The following chart illustrates total projected growth in the Coastal Georgia WIA:

COASTAL GEORGIA WIA OCCUPATIONAL PROJECTIONS						
Total Employment All Occupations	2008	2018	Growth Rate	Growth	Replacement	Total
	271,070	301,830	1.08%	3,380	6,180	9,560
Source: Georgia Labor Market Explorer, http://explorer.dol.state.ga.us						

As indicated above, jobs are projected to grow at an annual rate of 1.08% between 2008 and 2018. This amounts to an increase of 30,760 total job openings during this time period. The following chart illustrates the largest occupation category and projected growth within the Coastal Georgia WIA:

COASTAL GEORGIA WIA OCCUPATIONAL PROJECTIONS

Occupation Category	Employment		Growth Rate	Average Annual Job Openings		
	2008	2018		Growth	Replacement	Total
Office and Administrative Support Occupations	43,370	46,380	0.7%	390	920	1,310
Sales and Related Occupations	29,970	31,930	0.6%	190	930	1,120
Food Preparation and Serving Related Occupations	28,180	33,470	1.7%	510	900	1,410
Management Occupations	14,180	15,020	0.6%	60	290	350
Production Occupations	13,880	14,410	0.4%	50	210	260
Construction and Extraction Occupations	13,750	13,140	-0.4%	0	200	200
Installation, Maintenance, and Repair Occupations	13,010	14,170	0.9%	110	170	280
Retail Salespersons	11,940	12,940	0.8%	100	370	470
Building and Grounds Cleaning and Maintenance Occupations	11,910	13,740	1.4%	180	200	380
Personal Care and Service Occupations	9,390	11,340	1.9%	180	210	390

Source: Georgia Labor Market Explorer, <http://explorer.dol.state.ga.us>

As indicated above, Office and Administration, Sales and Related, and Food Preparation and Serving are the largest occupation categories in 2008 and are expected to be through 2018. The following table illustrates the top employers in the area:

MAJOR EMPLOYERS IN LIBERTY COUNTY	
Company	No. of Employees
Fort Stewart	2,696
Liberty County Board of Education	1,493
SNF	936
Liberty Regional Medical Center	525
Wal-Mart Super Center	475
Target	470
Liberty County Board of Commissioners	333
Interstate Paper LLC	230
The Heritage Bank	220
City of Hinesville	211
International Greetings	196
Hugo Boss	180
Woodlands Health & Rehab Center	117
Kroger	103
Century Link	62

Source: Liberty County Chamber of Commerce

A summary of some selected employers in the area is given below:



SNF, Inc. is one of the world’s leading manufacturers of water-soluble polymers. Water-soluble polymers that are produced by SNF, Inc. are included in municipal waste, industrial waste, wastewater treatment, mining, and oil field applications around the world. SNF has been located in Riceboro, Georgia since 1990.



Target is an upscale discounter that provides high-quality, on-trend merchandise at attractive prices in clean, spacious and guest-friendly stores. In addition, Target operates an online business, Target.com. In 2011, Target Corporation produced over \$69 million in revenues and has 355,000 employees worldwide with about 470 of which in Liberty County.



Wal-Mart began in 1962, when Sam Walton opened the company’s first discount store in Rogers, Ark. Five years later, there were 24 Wal-Mart stores in Arkansas making \$12.6 million in sales. 1968 saw the opening of the first stores outside of Arkansas, in Sikeston, Missouri and Claremore, Oklahoma. The company officially incorporated as Wal-Mart Stores Inc. on October 31, 1969. In total, the company employs about 475 Liberty County residents.

Housing Market

The building permit trend in Liberty County is presented below:

LIBERTY COUNTY BUILDING PERMITS			
Year	SF*	MF*	Total
2013 (P)	54	0	54
2012	164	0	164
2011	142	0	142
2010	59	0	59
2009	71	252	323
2008	66	0	66
2007	57	264	321
2006	96	0	96
2005	114	0	114
2004	321	0	321
2003	264	72	336
2002	230	176	406

*SF= under 5 units MF=5+ units; Source: SOCDs Building Permits, (P)=Preliminary data

Construction activity in the county has remained well below historical levels over the last few years, reflecting the negative impact caused by the financial industry collapse in 2008 and the continual lack of readily available mortgages for homebuyers. Building permits peaked in 2002 with 406 issuances; however, subsequent years have experienced a drop in permits. Despite population expansion, the construction activity has been low due to the inability to secure financing. The 2012 data shows an upward trend in building permit activity.

Unemployment Trends

Civilian labor force is defined as individuals who are civilians (not members of the Armed Services) who are age 16 years or older, and are not in institutions such as prisons, mental hospitals, or nursing homes. Unemployment as a percentage of total civilian labor force increased significantly from 2008 to 2010. The total number of employed persons increased as indicated on the following table:

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT DATA IN LIBERTY COUNTY				
Year	Civilian Labor	Employment	Unemployment	Unemployment
2013 YTD	25,721	23,142	2,579	10.0%
2012	25,745	23,247	2,498	9.7%
2011	25,987	23,433	2,554	9.8%
2010	25,562	23,115	2,447	9.6%
2009	25,833	23,674	2,159	8.4%
2008	25,304	23,786	1,518	6.0%
2007	24,251	22,957	1,294	5.3%
2006	24,036	22,641	1,395	5.8%
2005	23,060	21,731	1,329	5.8%
2004	22,203	21,003	1,200	5.4%
2003	20,848	19,777	1,071	5.1%

Source: BLS.gov
 YTD 2013 consists of data through May 2013; the data is not seasonally adjusted.

Vacancy in Housing

The majority of housing units in the county are owner occupied. Rental housing includes all types of units such as apartments, duplexes, triplexes, manufactured housing, single-family homes, etc. The number of owner and renter occupied units for the area is provided below:

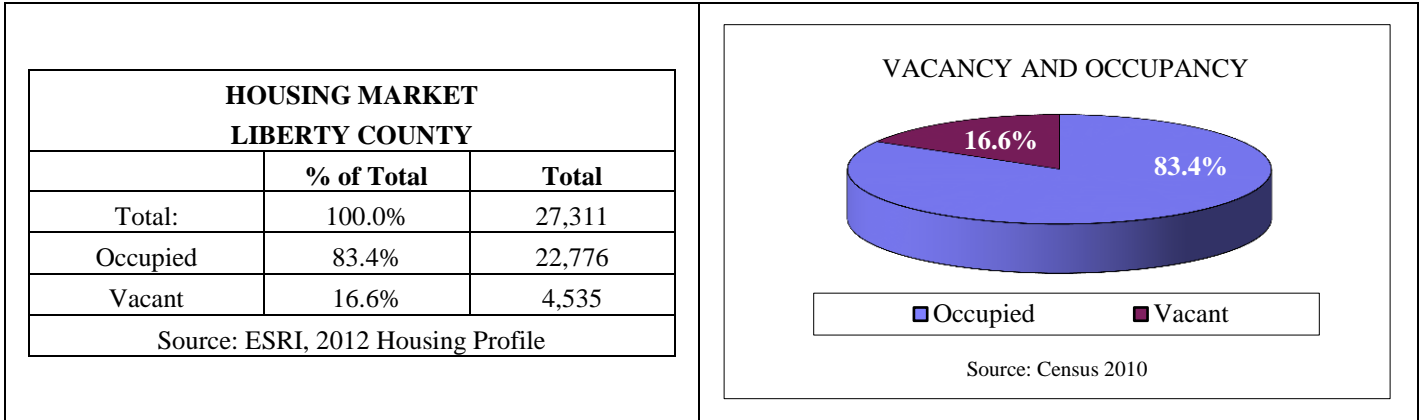
HOUSING UNITS IN LIBERTY COUNTY		
	% of Total	Total
Total:	100.0%	22,776
Owner occupied	53.0%	12,071
Renter occupied	47.0%	10,705

Source: ESRI, 2012 Housing Profile

OCCUPIED HOUSING UNITS

Source: Census 2010

The County has 47% of the households utilizing rental housing units. As shown below, the housing market in the County reports a vacancy factor of 16.6%.



The vacancy rate of 16.6% includes all vacant homes regardless if they are available for rent or not. A large portion of vacancy is within seasonal and vacation homes and other vacant.

Military



Liberty County is home to Fort Stewart and Hunter Army Airfield. Fort Stewart houses the 3rd Infantry Division which is the Army’s premier power projection platform on the Atlantic Coast. Fort Stewart is the largest armor training base east of the Mississippi river, covering 280,000 acres of land. Hunter Airfield is the Army’s longest runway on the east coast spanning 11,375feet.

With over 25,000 military personnel stationed on Fort Stewart, Fort Stewart plays a very significant part in Liberty County’s economy. It employs 2,696 local civilians and is the largest employer in the county.

Schools

Liberty County School Board is the second largest employer in Liberty County with 1,493 employees. Liberty County has eight elementary schools, three middle schools and two high schools all totally to 13 publicly funded schools. There are a total of five higher learning facilities located in Liberty County including: Columbia College, University of Georgia Cooperative Extension Service located, Savannah Technical College, Brewton Parker College and Savannah Technical College all of which are located in the city of Hinesville.

Medical

There are two hospitals in the Liberty County area. The major hospitals in the market are listed in the following table:

MAJOR HOSPITALS IN LIBERTY COUNTY		
Hospital	City	Beds
Liberty Regional Medical Center	Hinesville	131
Winn Army Community Hospital	Fort Stewart	0
Source: American Hospital Directory.		

A summary of the selected hospital from above follows below:



Liberty Regional opened in 1961 as a community hospital. Since 1961, the hospital has made technological and educational advancements to become a modern medical center. Based in Hinesville, the Liberty Regional Medical Hospital is a government run critical access hospital. This is an accredited hospital and provides emergency services to the community. The medical center occupies a 20 acre parcel of land that has a newly constructed 70,000 square foot facility at the heart of the complex.

Government

Liberty County's Board of Commissioners consists of six County Commissioners elected from six different districts and a Chairman. The Board of Commissioners meet twice a month to discuss issues concerning the county.

Transportation

Interstate 95 travels north and south and is the only interstate highway in the Liberty County. U.S. Highway 38 runs northwest to southeast and is used to access Fort Stewart, the MidCoast Regional Airport and I-95.

Airports

There is currently only one airport in Liberty County that is operational. Wright Aaf (Fort Stewart)/ Midcoast Regional Airport is jointly owned by the U.S. Army and Liberty County government and is located in Fort Stewart.

Port of Savannah

The Port of Savannah located 20 miles to the northeast of Liberty County and is one of the major economic drivers of the region. The port contains two terminals, the Garden City Terminal and the Ocean Terminal.

The Garden City Terminal is the fourth-largest container port in the United States and the largest single-terminal operation in North America. Two Class I rail providers serve the Garden City Terminal. The terminal also offers immediate interstate access to over 100 trucking companies operating in the Savannah area.

The Georgia Port Authority is planning on investing \$1.2 billion in expansion projects over the next 10 years. The Garden City Terminal is scheduled to add on average two high-speed super post-Panamax container cranes every 18 months for a total of 25 cranes. The terminal will also add 86 Rubber-Tired Gantries (RTG) over the next decade, in preparation for a full RTG conversion at the facility.

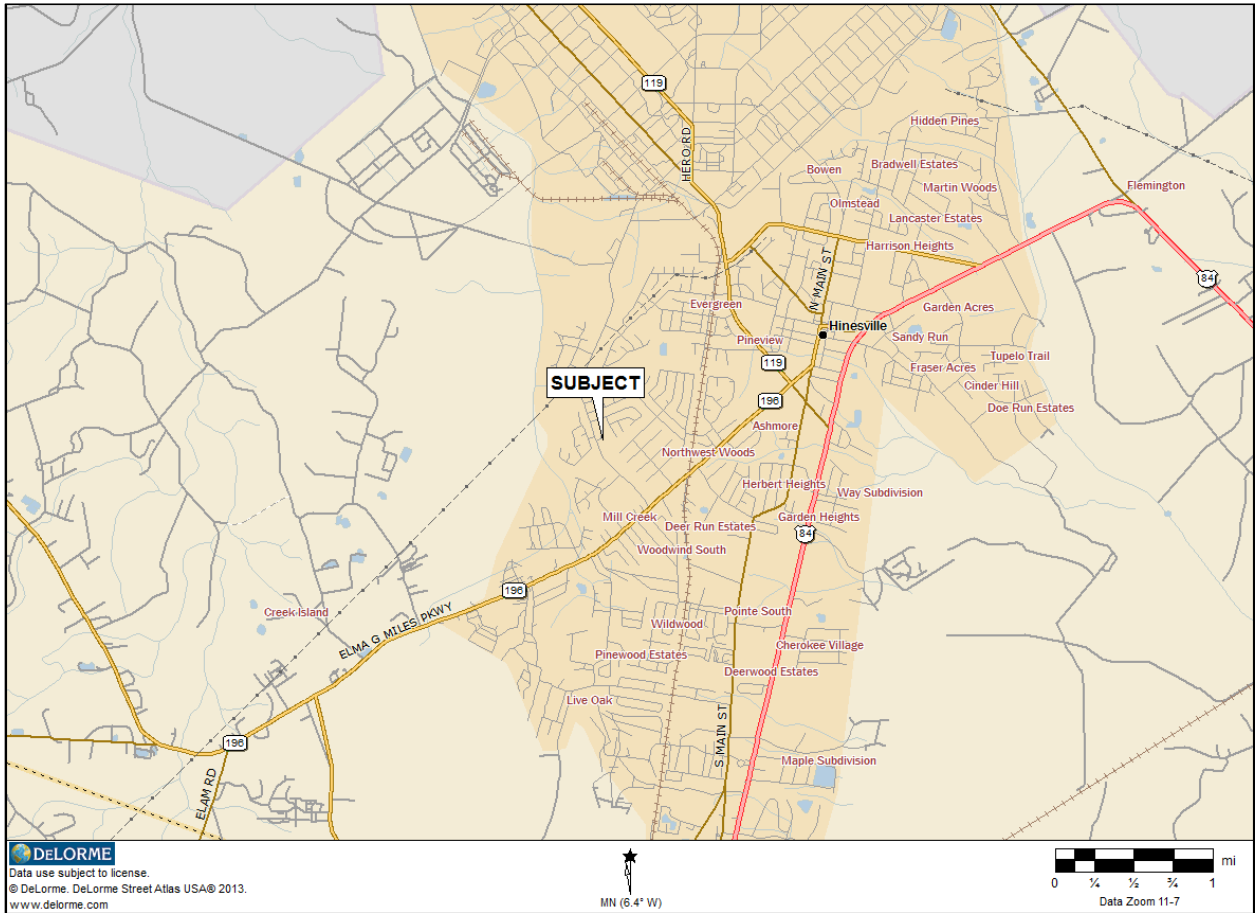
In anticipation for the widening of the Panama Canal, the Georgia Port Authority is in the process of increasing the depth of the Savannah River Navigation Channel from 42 to 48 feet. When all the expansions are completed, it is expected to increase the throughput capacity of the terminal from the current 2.62 million TEUs to 6 million TEUs in 2018.

The Ocean Terminal is a dedicated break-bulk and RoRo facility that has 5,768 feet of deep water berthing, 1.4 million square feet of covered storage, and 73 acres of open storage. The Ocean Terminal's range of shipments include forest and solid wood products, steel, industrial and farm equipment, automobiles, project shipments and heavy-lift cargoes. The terminal is served by two Class I rail providers.

Conclusion

Liberty County has experienced population growth in the past several years and is supported by a relatively diverse economy. Liberty County features opportunities in numerous job sectors, including educational services at all levels, medical services, retail, business, hospitality, and more. The port of Savannah, located 20 miles northeast, has a large positive economic impact on the entire region. Though the area was affected by the financial collapse, Liberty County remains an attractive location for households and now businesses are starting to expand and add jobs. The long-term economic forecast is for continued economic growth.

Neighborhood Analysis



A neighborhood is an area of similar or complementary land uses, inhabitants, buildings, and business enterprises that are relatively uniform; that is, a neighborhood exhibits a greater degree of commonality than the larger area surrounding it. The subject is located in the City of Hinesville.

The City of Hinesville

The defined neighborhood is the city of Hinesville. Hinesville is the county seat and largest city in Liberty County. Liberty County was established in 1777, and over the next fifty years the county seat would be moved twice. Finally, in 1836, a state senator named Charlton Hines suggested the site for the county seat, so the city was named after him.

Hinesville was destroyed during the Civil War and many of the inhabitants either left or were left destitute. Hinesville slowly recovered over the next 50 years, but was hit with two hurricanes and then the great depression. This sequence of events left the city with only 315 citizens, but in 1940 a large tract of land (280,000 acres) adjacent to Hinesville was selected to be what is today Fort Stewart.

Hinesville withstood some of the greatest hardships in the country, and after Fort Stewart was established Hinesville became known as “Boomtown”. Hinesville has been growing in population and economic influence ever since.

Introduction

The following table illustrates some of the general characteristics of the subject’s neighborhood:

13c. Neighborhood Description									
Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Present Land Use	40%	1 Family	<input type="checkbox"/>	2 to 4 Family	
Built Up	<input type="checkbox"/> Fully Developed	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%		5%	Multifamily	<input type="checkbox"/>	Condo/Coop
Growth Rate	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Steady	<input type="checkbox"/> Slow		40%	Commer.	<input type="checkbox"/>	10%	Industrial
Property Values	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining		5%	Vacant			
Demand/Supply	<input checked="" type="checkbox"/> Shortage	<input type="checkbox"/> In Balance	<input type="checkbox"/> Oversupply	Change in Use	<input checked="" type="checkbox"/> Not Likely	<input type="checkbox"/> Likely	<input type="checkbox"/>		Taking Place
Rent Controls	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Likely						
				Predominant Occupancy	<input checked="" type="checkbox"/> Owner	<input type="checkbox"/> Tenant			<10% Vacant

Schools

The subject is located in a good school district. The following chart summarizes the schools located in the subject’s district:

SUBJECT’S DISTRICT SCHOOLS			
Name	Rating	Grades	Enrollment
Button Gwinnett Elementary	6	PK-5	967
Snelson-Golden Middle School	3	6-8	795
Bradwell Institute High	6	9-12	1,784
Joseph Martin Elementary School	7	K-5	590
Jordye Bacon Elementary School	4	K-5	503
Lyman Hall Elementary School	5	K-5	513
Waldo Pafford Elementary School	7	K-5	623
Taylor’s Creek Elementary School	8	K-5	650
Source: Greatschools.org			

Great Schools is an organization that rates thousands of schools across the country against their state averages. The scale goes from 1 to 10, ten being the best.

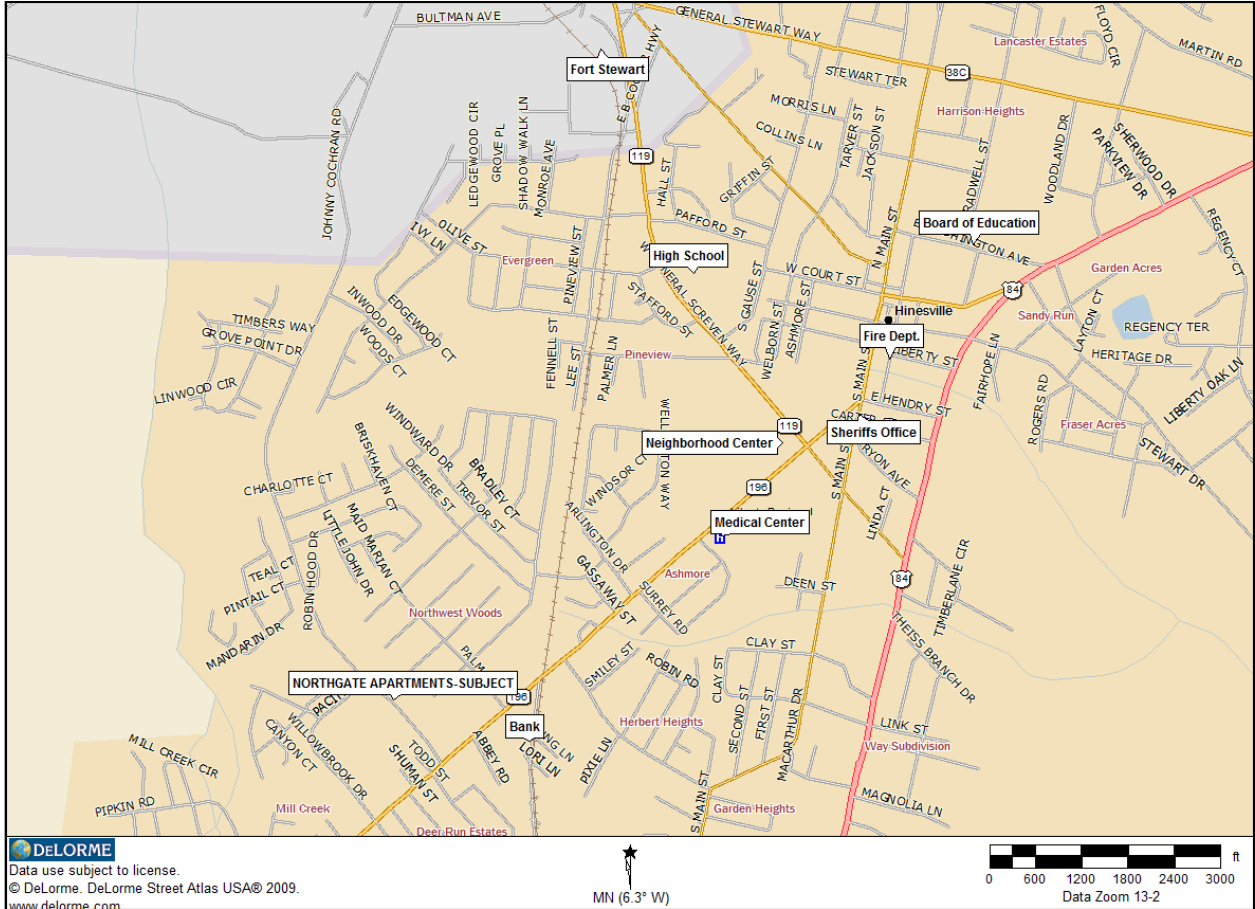
Access

Highway 84 and State Road 96 are the primary commercial and traffic corridors in Hinesville. Access to the Hinesville is achieved via U.S. Highway 84 from the south and the northeast. State Road 196 is used to travel west of the city and to access Fort Stewart.

Community Support Services

The immediate area surrounding the subject property provides a variety of support services and is dominated by residential and commercial land uses that support the subject. There are no anticipated changes to the land uses or economic environment that would suggest the location would diminish in its desirability in the future. There is no decay with the existing housing or commercial establishments in the market and neighborhood characteristics continue to trend upward in income scale. As a result, the subject’s location is good.

The subject site is proximate to the civic, social and commercial centers providing support to rental households. The following map depicts the location of community support services in relation to the subject:



Conclusion

The subject is located within the City of Hinesville. There are a variety of major employers within close proximity to the subject including Fort Stewart, various medical centers, the Board of Education, as well as Elementary, Middle, and High schools. The subject has convenient access to the major road networks including public transportation. The neighborhood has all of the infrastructure necessary to support rental apartments.

Highest and Best (Intended) Use

Introduction

According to *The Appraisal of Real Estate*, the highest and best use of a property is defined 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 results in the highest value.

Fundamental in the above definition are separate estimates of the highest and best use of the subject property as if vacant and as improved. Although the highest and best use of the site may be determined to be different from the existing improvements, the improvements will continue as the highest and best use until land value exceeds the properties total value plus demolition costs.

In this section of the appraisal, we address the highest and best use relative to the HUD requirement that the property be examined based on its intended use.

As-If Vacant

Physically Possible

The subject site is rectangular in shape and contains 8.00 acres of land. The property could accommodate a residential or residential-support type use.

Legally Permissible

The subject site is zoned Residential R-A-1 (Multi-family Residential). This zoning permits multifamily structures. Therefore the subject property is a legally conforming use of the land under the current zoning designation.

Financially Feasible

Because residential development was the intended use and the project is financially viable, it is considered a feasible use of the property.

Conclusion of Highest and Best Use — As Vacant

The subject's intended use is considered to be the likely highest and best use as a residential / multifamily development.

Highest and Best Use — As Improved

The subject operates in market area in which occupancy is high and income characteristics outline demand for affordable housing. The subject's unit-mix and improvements are physically well suited for the market. As such, a substantially renovated property is considered the highest and best use of the improvements.

Demographic Trends

The subject accommodates the family market with residents typically in the 20-54 age brackets. Demographic trends are as follows:

POPULATION PROJECTION BY AGE					
TOTAL NUMBER OF RESIDENTS					
Age	2010	2012	2017	Change 2012 - 2017	% Change
0-4	6,552	6,816	7,588	772	11.3%
5-9	5,244	5,439	6,024	585	10.8%
10-14	4,540	4,659	5,221	562	12.1%
15-19	4,997	4,969	5,246	277	5.6%
20-24	6,695	7,041	7,186	145	2.1%
25-34	10,472	11,064	12,349	1,285	11.6%
35-44	7,748	7,860	8,533	673	8.6%
45-54	7,909	7,998	8,218	220	2.8%
55-64	5,325	5,802	6,732	930	16.0%
65-74	2,654	2,959	3,943	984	33.3%
75-84	1,019	1,059	1,236	177	16.7%
85+	298	327	383	56	17.1%
Total	63,453	65,993	72,659	6,666	10.1%
% Change		4.0%	10.1%		
Compounded annual growth rate (2010 to 2017)			2.0%		
Compounded annual growth rate (2012 to 2017)			1.9%		

Source: Demographic and Income Profile, ESRI Site Analysis

As shown above, some of the particular age cohorts are expected to decrease significantly while others are projected to increase significantly. The 25-54 cohorts are projected to increase. These are the typical age groups accommodated at the subject. A summary of market trends for rental apartments in the area is provided below:

HINESVILLE AREA RENTAL PROPERTIES				
Property Name	Year Built	# Units	Occupancy	Occupied Units
Northgate Apartments	1982	80	98%	80
Raintree Apartments	1984	200	99%	200
Baytree Apartments	1983	60	95%	60
The Columns at Independence	2010	222	92%	211
The Pines at Willowbrook	2003	80	100%	80
Wynngrove Apartments	2000	140	95%	133
Total		782	93%	728

Anticipated growth within the targeted rental tenant profile of the subject that is low income in nature, the subject will have continued support as an affordable rental community.

Marketing Time and Financing

Typical Buyers

Typical buyers for apartment complexes similar to the subject include limited partnerships and REITS with an affordable housing specialization.

Marketing Time

According to the verifying sources for each of the sales within the Sales Comparison Approach, the typical marketing time for their respective complexes was 6± months.

We also considered average marketing periods reported in investor surveys and from brokers in the area. Respondents in the *Korpacz Real Estate Investor Survey* indicated a marketing time of 6-12 months, while a recent *CB Richard Ellis Commercial Survey* indicated an average marketing period of 6-12 months. Also, we surveyed real estate brokers of similar apartment projects, most of which indicated typical marketing periods of 6-12 months.

Based on the actual marketing periods for several of the sales that will be discussed in detail in the Sales Comparison Approach, as well as the recent investor surveys, we estimated a typical marketing time for the subject of 6± months.

Exposure Time

Exposure time may be defined as follows:

The estimated length of time the property being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events, assuming a competitive and open market. (source: "USPAP Statement on Appraisal Standards No. 6 {SMT-6}")

The market value estimates derived herein assume an exposure time for the subject of 6± months.

Financing

Financing for the subject property would most likely be obtained from an agency such as HUD, Freddie Mac or Fannie Mae as well as a regional bank or life insurance company. Permanent lenders in the area are presently underwriting loans based on a 1.10x to 1.25x DSCR, with 25 to 30-year amortization period, and a rate based on a spread of 175 to 250 basis points over the 10-year U.S. Treasury rate. Agency rates are between 4.50 and 5.0 depending on the property and various underwriting standards.

Appraisal Process

Three traditional approaches are normally used by appraisers in the estimation of market value of a property, providing data from three market perspectives. These three techniques are the cost approach, the income approach, and the sales comparison approach (market approach).

The **cost approach** is the sum of the land value and the cost new of the improvements less accrued depreciation. The cost approach is based on the premise that an informed, rational investor/purchaser would pay no more for an existing property than it would cost him to reproduce a substitute property with the same utility without undue delay. The Cost Approach provides an excellent valuation method for recently constructed or proposed improvements as well as unique or special purpose property types in which improved sales or comparable leases are not readily available.

The **sales comparison approach** (market approach) is the process of comparing prices paid for properties having a satisfactory degree of similarity to the subject property adjusted for differences in time, location, and physical characteristics. This approach is based upon the principle of substitution, which implies that a prudent purchaser will not pay more to buy a property than it would cost him to buy a comparable substitute property in a similar location.

The **income approach** is based on the premise that a prudent investor would pay no more for the subject property than they would for another investment with similar risk and return characteristics. Since the value of an investment can be considered equal to the present worth of anticipated future benefits in the form of dollar income or amenities, this approach estimates the present value of the net income that the property is capable of producing. This amount is capitalized at a rate that should reflect risk to the investor and the amount of income necessary to support debt service or the mortgage requirement.

Each technique or approach to value has its strengths and weaknesses, depending largely on the type of property being appraised and the quality of available data. In most instances, one or more of these approaches will produce a more reliable value indication than the other approach or approaches.

The final step in the appraisal process is the reconciliation and correlation of all of the value indications into a final value estimate. This step usually begins with a discussion of the merits and demerits of each approach and an analysis of the reliability of the data used in each approach. It concludes with the statement of final value estimate. In this instance, the income approach was the only one utilized in forming reliable market value indications for the subject property.

Cost Approach

The cost approach is based on the principle of substitution, which states that a prudent purchaser would not pay more for a property than the amount required to purchase a similar site and construct similar improvements, without undue delay, to produce a property of equal desirability and utility. The procedure begins by estimating the value of the subject site at its highest and best use, based upon a market analysis of recent comparable sales of vacant land similar to the subject site. The next step involves estimating the current reproduction cost of the improvements including entrepreneurial profit, less accrued depreciation, if any. The final step involves adding the land value to the contributory value of the improvements to result in a value indication.

The subject is over 10 years old and a cost approach is not a reliable approach for older assets. Therefore, a cost approach is not provided. A land value is provided.

Land Valuation

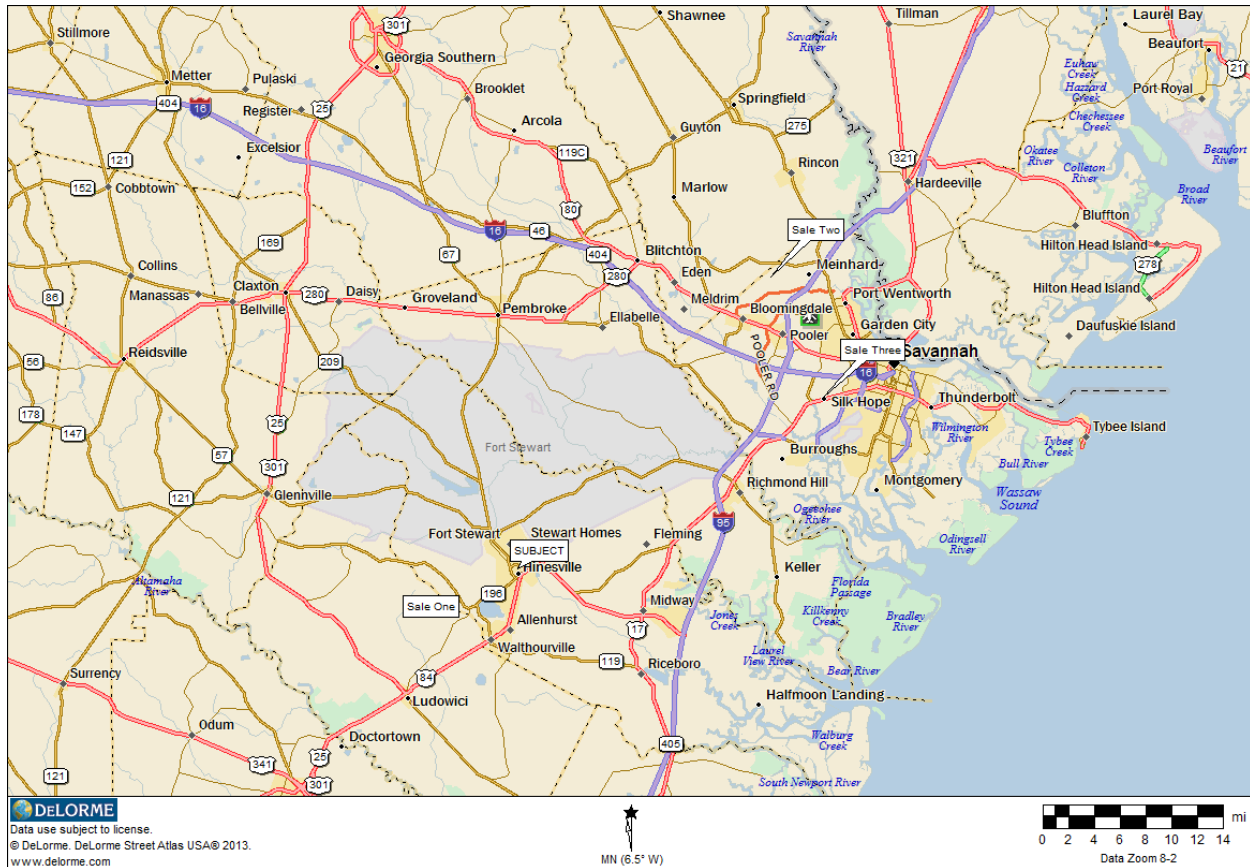
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The subject is greater than 10 years old. Therefore, the cost approach does not provide a reasonable estimate of value. However, according to the HUD Map Guide, an estimate of the land value must still be provided.

In estimating the value of the subject site, we utilized the sales comparison approach, which involves direct market comparison of the subject site with recent sales of vacant land with similar utility and physical characteristics. Of the sales reviewed, those considered most comparable to the subject site have been included in the following Land Sales Analysis table. The land sales were analyzed and compared to the subject considering property rights conveyed, financing, conditions of sale, market conditions, location, and physical characteristics. No adjustments were required for cash equivalency, as all of the sales were for cash via third-party acquisitions.

Sales used to value the subject site were analyzed on a per-acre basis, per unit and on per-square foot basis. Discussions with the local real estate agents indicated that per-unit is the typical methodology used in the market. A summary of our adjustments and conclusions regarding the land sales can be found in the Land Sales Analysis table. The locations of the land sales are referenced in the Land Sales Map, and detailed description the comparable land sales are in the addenda. These complete discussions may facilitate further understanding of the adjustment discussion that follows the Land Sales Analysis table.

Land Sales Map



Land Sale 1 was purchased for the development of a rental property (Independence) located south of the activity center of Hinesville near a secondary entrance gate to the Post. The property has a somewhat isolated environment and is a distance to retail or support services. The property is garden style in design. There are a total of 264 apartments. This sale provides the best guidance for the subject.

Land Sale 2 was purchased for the development of Savannah Highlands Apartments. The property was purchased in November 2009 for a price of \$1,489,600. The site is located at 2170 Benton Boulevard, Savannah, Georgia. The property was developed with 222 market-rate units.

Land Sale One was purchased at a time where lending became constricted due to the economic downturn. The land is located within the Pooler submarket is upper income in nature and is serviced by major highways and community support services. The property was purchased with a phased concept. The buyer was able to purchase the land for a reduced price due to a higher cost associated with a phased project. This sale was superior to the subject due to location.

Land Sale 3 was purchased for the development of Villas a Park Avenue in October 2011. This project has 238 approved units. The property is located along Pooler Parkway in the Savannah area. The site has good access and exposure.

Land Sale Three represents a sale that was somewhat affected by the economic downturn when lending was beginning to tighten. The land is located to the north of the subject and is considered to be superior regarding location.

Land Sales Analysis

Many times adjustments are made to offset differences for various factors affecting value such as date of sale, location/access, zoning/density, physical characteristics, and condition/other. Explanations of the adjustment categories utilized to reflect the similarities between these sales and the subject property are discussed below.

Adjustments

Adjustments to the sales are as follows.

Property rights conveyed—A transaction price is always predicated on the real property interest conveyed. All land transactions reviewed herein were transfers of fee simple title.

No adjustments were deemed necessary for real property rights conveyed.

Financing terms—The transaction price of one property may differ from that of an identical property due to different financing arrangements. Each of the sales was a cash transaction or financed through a third party at a market rate or term.

All of the sales were considered cash equivalent and no adjustments were necessary.

Conditions of sale—Adjustments for conditions of sale usually reflect the motivation of buyer and seller. Although conditions of sale are often perceived as applying only to sales that were not arm's-length transactions, an arm's-length sale may reflect atypical motivations or sale conditions due to seller motivation, unusual tax considerations, sale at legal auction, lack of exposure to the open market, or eminent domain proceedings. No conditions of sale adjustments were required.

Market conditions (time)—Adjustments for time or changes in market conditions are measured from the date of sale of each comparable or from the listing date to the date of the appraisal. Market conditions requiring adjustments include change in price levels due to inflation, tax law changes, population and demographic changes, changing supply and demand factors for similar property, changes in land uses, and changes in the general economic outlook in the subject's locale. Changing market conditions are not dependent upon the passage of time but are dependent upon the change in the supply and demand equation.

Land Sale One occurred near the peak of the real estate boom and was adjusted downward. Sales Two and Three were after the boom and not adjusted.

Location—Adjustments for location are based upon site visibility from roadways, proximity to shopping, employment, ease of access to the property, existence of complementary land uses, and any impact of surrounding properties.

Comparable One has a slightly more remote location but is proximate a secondary access gate to the Post. This sale was considered generally similar to the subject and not adjusted. Sales Two and Three are located in more upscale neighborhoods and were adjusted downward after pairing with Sale One.

Size—Adjustments for size are consistent with the theory that buyers will pay more per unit for smaller parcels when all other factors are equal. This principle is especially true with large tracts of vacant land since a developer will typically develop large tracts of land in phases.

The subject site is considered typical for multifamily. All of the sales are considered similar to the subject and were not adjusted.

Zoning/Density—This adjustment category considers the allowable density for residential units provided by zoning. Adjustments are made with regard to how density reflects prices per residential multifamily unit. Prices paid for land with a relatively high density usually tend to be lower on a price per unit basis than prices paid for land with a lower density.

All sales have typical density levels for multifamily product and not adjusted.

Utilities—All of the comparable sales used had utilities available at the site at the time of sale. Therefore, no adjustments for utilities were necessary.

Other— Sale Two was originally negotiated as one parcel of land with 26.69 acres and a project concept of 328 apartments. The site was placed under contract as raw land without the entitlements necessary for development. A phased project was developed with Phase I’s sale price derived as an allocation from the original negotiations. Phase I was constructed with 222 units and some of the site work and infrastructure installed was required to support Phase II. The benefits associated with the entitlements and the additional costs to support Phase II required an upward adjustment. A 15% upward adjustment was considered reasonable.

Conclusion/Land Value Estimate

After analyzing all available land sales data and making the necessary adjustments, the indicated range of values for the subject was as follows:

INDICATED VALUE PER UNIT	
Minimum	\$3,946
Maximum	\$5,368
Average	\$4,719
Standard Deviation	\$719
Reconciled Value	\$4,800

The subject’s projection is within the range of the land comparables and is considered reasonable. The land analysis is presented on the following table.

8. Value Fully Improved	Location of Project			Size of Subject Property	
	804 Frank Cochran Drive		Hinesville	Georgia	8.00 Acres
	Comparable Sale 1	Comparable Sale 2	Comparable Sale 3	Subject	
	Independence Place Apartments	Savannah Highlands	Villas at Park Ave	804 Frank Cochran Drive	
		2-1016-025-048	5-0017A-01-095		
Date of Sale	April-07	November-09	October-11		
Sales Price	\$1,420,120	\$1,489,600	\$1,445,000		
Size (Acres)	27.44	21.28	17.00	8.00	
Size (SF)	1,195,286	926,957	740,520	348,480	
Number of Units	264	222	238	80	
Density	9.62	10.43	14.00	10.00	
Price per Unit	\$5,379	\$6,710	\$6,071		
Price Per Acre	\$51,754	\$70,000	\$85,000		
Price Per SF	\$1.19	\$1.61	\$1.95		
Unit of Comparison	\$5,379	\$6,710	\$6,071		
Adjustments (%)					
Time	-10%	0%	0%		
Location	0%	-35%	-35%		
Zoning/Density	0%	0%	0%		
Plottage	0%	0%	0%		
Demolition	0%	0%	0%		
Unusal Site conditions	0%	0%	0%		
Other	0%	15%	0%		
Total Adjustment Factor	-10.0%	-20.0%	-35.0%		
Adjusted Price	\$4,841	\$5,368	\$3,946		
Indicated Value by Comparison	\$387,305	\$429,434	\$315,714		
Conclusion :		\$4,800		9. Value of Site Fully Improved	\$380,000

Remaining Economic Life Analysis (REL)

REMAINING ECONOMIC LIFE ANALYSIS AS IF RENOVATED					
Subject Year Built	1982				
Subject Last Renovation	N/A				
Construction Type:	Type A-Steel	Type B-Steel/Masonry	Type C-Masonry	Type D-Wood	Type S-Other
Subject Type:				X	
Item Considered:	Excellent	Good	Average	Below Average	Not Applicable
Livability:			X		
Physical Condition			X		
Unit Design			X		
Unit Configuration			X		
Room Sizes			X		
Interior Flow			X		
Adequacy of Closets			X		
Lighting			X		
Laundry Facilities in Units					X
Laundry Facilities in Project			X		
Project Amenities				X	
Project Density			X		
Availability of Parking			X		
Externalities:	Positive Influences	Negative Influences			
Neighborhood Characteristics	X				
Growth Trends	X				
Sustainability of Demand	X				
Sustainability of Rent Levels	X				
	Long Term Sustainability	Moderate Term Sustainability	Short Term Sustainability		
Overall Rating of Subject	X				
Note: Assumes all critical and non-critical repairs are completed as outlined in the PCNA					

Per Chapter 7 Section 6I of the MAP Guide, there are factors that are evaluated when estimating the remaining economic life of an asset. Each of the factors was examined as follows:

1-Economic make-up of the community or region and the ongoing demand for accommodations of the type represented.

The subject has a good location proximate residential support services and the economic center for Hinesville. The tenant profile is dependent on social services and support that are located near the complex.

2-The relationship between the property and the immediate environment.

Rental apartments are located along the primary and secondary traffic arterials. This medium density land use is compatible with the immediate environment. Single family residential land uses are located along secondary roadways with high commercial and retail concentrations at the intersection of primary traffic routes. No changes are anticipated to the land uses within the immediate environment thus, the subject is compatible with no future conflicts to impact the REL.

3-Architectural design, style and utility from a functional point of view and the likelihood of obsolescence attributable to new inventions, new materials, changes in building codes and changes in tastes.

The apartments have floor plans that reflect the 1980's lifestyle with double loaded interior corridors as opposed to new styles that feature more open design. There is some functional obsolescence noted with the flow of the apartments.

4. The trend and rate of change in the characteristics of the neighborhood that affect property values and their effect on those values.

The subject's HMA has experienced growth due in part to the expansion of the military. Fort Stewart has deployable missions and this impacts the stability of the population in general. However, the lower income population has expanded and has an upward trajectory. Demand levels for rental assisted housing are anticipated to remain strong into the future.

5. Workmanship and Durability of construction and the rapidity with which natural and man-made forces may cause physical deterioration.

The subject's original construction materials were good as evidenced by the continued functionality of the physical plant. The property required substantial upgrades to remain functional into the future.

6. Physical condition and the practice of owners and occupants with respect to maintenance, the use or abuse to which the improvements are subjected, the physical deterioration and the functional obsolescence within the subject property.

Management is strict with respect to rules and ensures no tenant disregard to the apartments is tolerated. Air conditioning filters are changed under a regular maintenance program, apartments are continually inspected for pests, housekeeping standards and related. Corrective measures are taken as apartment's turnover. Once renovated, the subject will continue to provide quality housing for the low income resident.

Considering the extensive renovation plan anticipated, a 50 year remaining economic life is estimated for the subject "as if renovated".

Sales Comparison Approach – Retrospective As Is

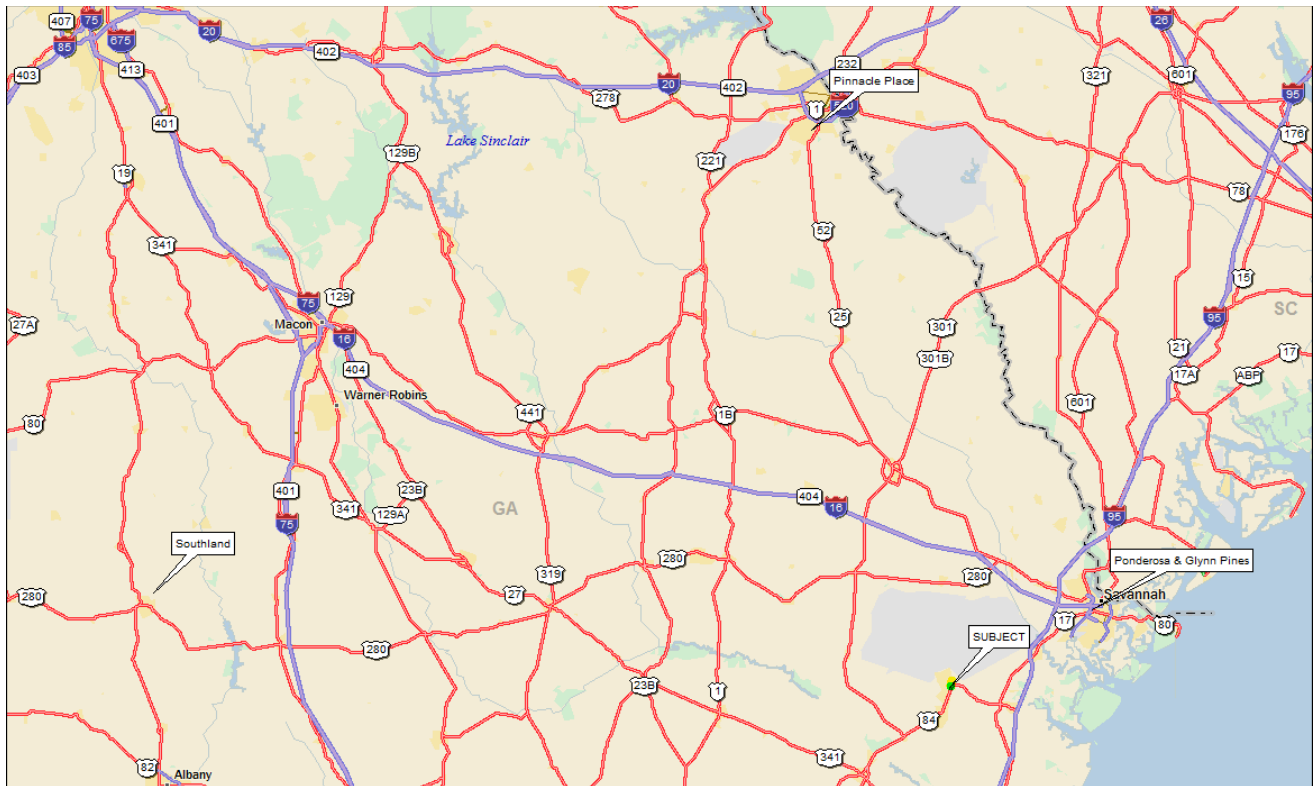
The sales comparison approach is a method of estimating the market value of a property by the comparison of actual sales or offerings of properties considered similar to the subject site. This approach reflects the market value of a property, based on actions of typical buyers and sellers in the marketplace, and simplifies the principles of substitution. The principle of substitution affirms that the maximum value of a property tends to be set by the cost of acquiring an equally desirable and valuable substitute property, assuming that no costly delays are encountered in making the substitution.

The methodology in the sales comparison approach was to locate similar properties that sold recently. We obtained a number of sales that are considered in the analysis. Of the total sales, two were selected from the general region near the subject in similar markets while the third sale was from the subject’s area but was older.

Once the sales comparison approach was completed, we were able to compare other sales from elsewhere in Georgia to the subject in order to test how reasonable the value indications were. The value indications were considered reasonable.

One of the primary measurements of comparison used by buyers and sellers of improved multifamily projects is the price per unit. Adjustments were made, as necessary, to these sales on this basis to recognize differences in various factors affecting value, such as location/access, age/condition, quality/amenities, property size, occupancy, and unit mix/average unit size. No adjustments were required for cash equivalency, as all the sales were cash transactions or involved conventional third party financing at market interest rates and terms. The following map outlines the improved sales while written descriptions of the properties can be found subsequently and in addenda.

Improved Sales Map



A brief description of the sales is provided.

Pinnacle Place is a garden style apartment complex and is located in Hephzibah, GA. The property was built in 1987 and renovated in 2005 and has 120 units. The property includes typical amenities for an apartment. The property sold in April 2011 for \$4,382,500 or \$36,521 per unit. Occupancy at the time of sale was 95%. The actual cash flow and the buyer's anticipated operating performance were provided. The cap rate of 8.05% is based on actual financials and includes a management fee and replacement reserves of \$250/unit.

Ponderosa and Glynn Pines I & II operate under a Section 8 contract. The buyer specializes in affordable communities. These three communities were in average condition at the time of sale and were repaired and upgraded after the acquisition. The property provides the best indication of general overall capitalization rates for Section 8 communities that are in need of repair.

Southland Heights Apartments is a garden style apartment complex located in Americus, GA. The property was built in 1973 and has 89 units. The roofs were replaced in 2010 and the property is in average condition. No major capital expenditures were made after sale. The property includes typical amenities for an apartment including a pool. The property sold in July 2012 for \$2,250,000 or \$25,281 per unit. Occupancy at the time of sale was 99% which is typical. The cap rate of 7.50% is based on actual financials and includes a management fee and replacement reserves of \$250/unit. Americus is a very rural market and the sale required an adjustment for location.

Valuation Analysis

Adjustments

The table at the end of this section entitled "Improved Sales Analysis" summarizes the adjustments made to each comparable. The adjustments were made on the following considerations.

Property Rights Conveyed

Each of the sales used transferred typical property rights via a Warranty Deed and/or the purchase of a partnership/corporation where the real estate was the only asset. As a result, no adjustments were necessary for various property rights.

Financing

All of the sales were all cash or purchased via third party loans. There were no adjustments for financing.

Conditions of Sale

All of the sales represented an arm's length transaction that reflected a fair market value. As a result, no adjustments for conditions of sale were made for conditions of sale.

Market Conditions (Time)

An adjustment for market conditions may be appropriate for an active market in which buyers are optimistic and prices increase. Sale Three occurred during a period of limited multifamily transaction activity when compared to the activity currently taking place. This sale was adjusted upward to reflect the depressed market in which this asset sold. Sales One and Two did not require adjustment.

Location

All the sales have access to local highways, major highways, community services, and job employment. Sale One has the most similar location in a market with military influence. Sale Two is located in the same general region as the subject. Sale Three is located in a tertiary, rural market and was adjusted upward after comparing to the other two sales.

Year Built

The sales were adjusted for their age. To quantify the rate of depreciation, two sales from the same market were obtained with different ages. The properties have been maintained but no renovations or upgrades have occurred. The rate of depreciation was calculated as follows:

Age/Depreciation		
Property	Year Built	\$/Unit
Jasmine at Winters Chapel	1989	\$55,743
Oaks at Holcomb Bridge	1979	\$51,316
Compound Annual Depreciation, rounded	10	0.80%

The depreciation was applied to the three sales. Sale One was estimated at a blended age of four younger and adjusted downward by 4%, rounded. Sale Two was a blend of about four years older and adjusted upward by 4%, rounded. Sale Three was 10 years and adjusted upward by 8%, rounded.

Quality/Condition

The subject has average quality construction and is in fair to average condition. All of the sales were average in quality and not adjusted.

Project Size

A larger community has the ability to spread fix costs over more units than a smaller community. Sales One and Two are larger complexes and adjusted downward for size. Sale Three is generally similar and not adjusted.

Average Unit Size

The subject and the comparables provide basic housing and were considered similar. No adjustment was made.

Project Amenities

The subject has limited recreational facilities and common areas. The sales are generally similar with basic amenities and not adjusted.

Value Indication – Retrospective As Is Scenario

After adjustments, the sales indicated a range of per unit values as follows:

INDICATED VALUE PER UNIT RETROSPECTIVE AS IS	
Minimum	\$27,844
Maximum	\$33,234
Average	\$30,724
Standard Deviation	\$2,714
Reconciled Value	\$30,000

The analysis is provided on the following table:

Item		Subject				Comparable				Comparable				Comparable															
		RETROSPECTIVE AS IS SCENARIO				Sale No. 1				Sale No. 2				Sale No. 3															
Address	804	Frank Cochran Drive			Hinesville	Pinnacle Place				Ponderosa, Glynn Pines I & II				Southland															
Proximity to subject						500 Caldwell Drive, Hephzibah, GA				4920 Laroche Ave, Savannah				113 Highway 27 E., Americus GA															
Sales price						\$4,382,500				\$4,050,000				\$2,250,000															
Sales price per GBA						\$37.08				\$39.06				\$26.92															
Effective Gross Income						\$886,785				\$989,881				\$478,289															
EffectiveGross Rent Multiplier (1)*						4.94				4.09				4.70															
Sales price per unit						\$36,521				\$28,125				\$25,281															
Sales price per room						\$6,087				\$6,099				\$5,220															
Data source						Broker																							
Adjustments		Description				Description				+ (-) \$ Adjust.				Description				+ (-) \$ Adjust.											
Sales or financing Concessions						Cash to seller								Cash to Seller															
Date of sale/time						April-11								March-12															
Location		Good				Similar								Similar															
Site/view		Good				Similar								Similar															
Design and appeal		Average				Similar								Similar															
Quality of construction		Fair to Average				Average								Similar															
Year built		1982				1987				-4.00%				1979, 1978, 1980				4.00%											
Condition		Average				Average								Average															
Gross Building Area		82,681		Sq. ft.		118,200		Sq. ft.		-5.00%		103,680		Sq. ft.		-5.00%		83,571		Sq. ft.		8.00%							
Average Unit Size		984		Sq. ft.		985		Sq. ft.				720		Sq. ft.				939		Sq. ft.									
Unit Breakdown	No.	Room count			No.	No.	Room count			No.	No.	Room count			No.	No.	Room count			No.									
	of				of				of				of				of				of								
	Units	Tot.	Br.	Ba.	Vac.	Tot.	Br.	Ba.	Vac.	Tot.	Br.	Ba.	Vac.	Tot.	Br.	Ba.	Vac.	Tot.	Br.	Ba.	Vac.								
		28	5	2	1	16	4	1	1		88	4	1	1		1	3	0	1										
		4	5	2	1	72	6	2	2		40	5	2	1		32	4	1	1										
		40	6.5	3	1.5	32	7	3	2		16	7	3	2		48	5	2	1										
		8	7.5	4	1.5		2					2				8	7.5	3	2.5										
	0	0				2					2																		
	80	480			120	720					144	664				89	431												
Basement description		N/A																											
Functional utility		Good				Similar								Similar															
Heating/cooling		Electric				Similar								Similar															
Parking on/off site		On Site				Similar								Similar															
Project amenities and fee		Typical				Similar								Similar															
Other																													
Net Adjustment (Total)						+				-9.0%				+				-1.0%				+				23.0%			
Adjusted sales price of comparables										\$33,234								\$27,844								\$31,096			
8. Value by Sales Comparison via Per Unit										\$30,000								80								\$2,400,000			

Effective Gross Income Multiplier (EGIM) – Retrospective As Is – Market Rent

In addition to adjusting the improved sales for price paid per unit, we have examined the indicated EGIMs and expense ratios of each property. This method compares the subject’s income characteristics with those of the comparable properties and develops a multiplier, which is appropriate for the subject. The sales provided a reasonable range for analysis.

<i>EGIM</i>		
PROPERTY	OPERATION	EGIM
Pinnacle Place	Not Stabilized	4.94
Ponderosa, Glynn Pines I & II	Stabilized	4.09
Southland	Stabilized	4.70
Subject	Stabilized	4.10

EFFECTIVE GROSS REVENUE MULTIPLIER ANALYSIS		
Effective Gross Income		\$656,654
Effective Gross Income Multiplier		4.10
Retrospective As Is Market		\$2,692,283
Rounded		\$2,700,000
Per Operating Unit		\$33,750

An EGIM was selected at the low end of the range of the comparables and appears reasonable.

Value Conclusion

The sales comparison approach is not evaluated or applied to the restricted rent scenario per the HUD MAP Guide. Only the value under the market rent scenario was estimated. The value conclusion under the sales comparison approach for the market rate scenario is below:

SALES COMPARISON APPROACH	
	Retrospective As Is Market
Estimated Sale Value	\$2,400,000
EGIM	\$2,700,000
Average	\$2,550,000
Conclusion, rounded	\$2,600,000

Income Approach

Introduction

The Income Approach is based on the premise that a prudent investor would not pay more for a property than he would for an alternative investment that offers similar financial return characteristics. This method is usually the most appropriate technique for valuation of income producing properties similar to the subject.

The Income Approach is an appraisal technique that translates anticipated or future benefits from a property into an indication of value. The basic steps involved in the Income Approach include the following:

1. Research the subject market area for rental and expense information on similar properties to the subject.
2. Estimate potential gross income for the subject through analyzing appropriate market derived data and the subject's actual income.
3. Estimate appropriate vacancy and operating expenses for the subject to arrive at a net operating income.
4. The capitalization rate was determined through an analysis of sales within the region, discussions with real estate brokers active in the multifamily arena as well as the debt structure for the project.

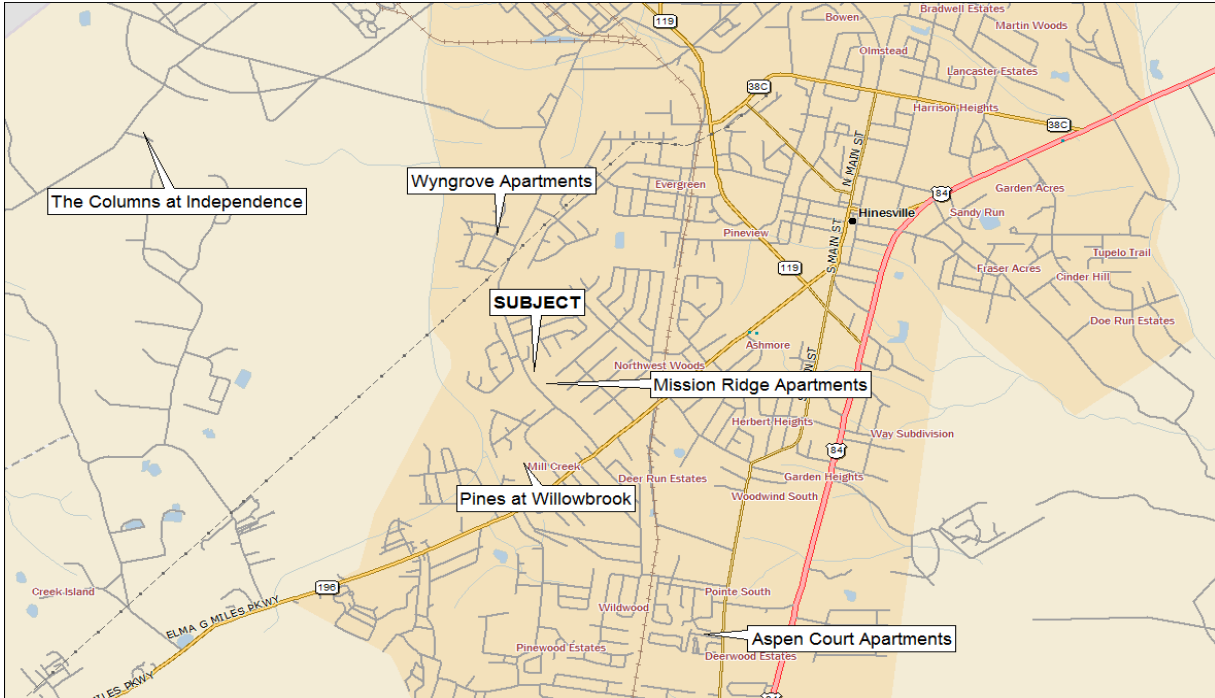
We estimated the subject property value via the Income Approach using the direct capitalization method. The direct capitalization method converts a single year's net income into a value estimate. We estimated the subject "retrospective as is" market value via this direct capitalization approach. This is explained in the following market rent analysis section.

Market Rent Analysis

To evaluate appropriate market rental rates for the subject, we conducted a rental survey of all of the apartment communities in Hinesville. There are very few quality market-rent apartment communities in Hinesville. The newest non-military rental complex is The Columns at Independence that built in 2010. This is a quality complex reporting strong operating results. The next highest quality rental apartment complex is the Pines at Willowbrook that has both LIHTC restricted units and market-rent units. The market rents have a slight downward pull on their rental rates due to their association with a restricted product. Hinesville has a number of old “Cardinal Industry” rental apartment communities. In essence, these are single-story, pre-manufactured apartment buildings with very small units and very limited amenities. The quality is poor to fair and not comparable to a typical garden-style community. The balance of the communities is generally older with a mix of low quality. A summary of the apartment communities considered for the rent analysis is provided below:

MARKET AREA RENTAL PROPERTIES								
Property Name	Year Built	# Units	Occupancy	Occupied Units	Unit Types with low end range.			
					One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
Northgate Apartments	1982	80	100.0%	80		\$680	\$838	\$913
Raintree Apartments	1984	200	100.0%	200	\$769	\$866	\$983	\$1,122
Baytree Apartments	1983	60	100.0%	60				
The Columns	2010	222	98.0%	218	\$880	\$1,025	\$1,215	
The Pines at Willowbrook	2003	80	93.0%	74	\$398/\$650	\$468/\$780	\$534/\$900	
Wyngrove Apartments	2000	140	95.0%	133	\$700	\$875	\$925	
Mission Ridge	1983/Ren. 2011	54	93.0%	50		\$810	\$910	
Independence Place	2010	264	66.0%	174	\$1,049	\$1,159		\$1,409
Wedgewood and Aspen Court	1982	72	77%/100%	61		\$625		

The following maps provide summary locations of the apartments utilized on the rent grids:



A brief summary of the apartment communities utilized on the rent grid analysis is provided in the following section.

Hinesville Properties

Northgate Apartments is the subject. It is an income-restricted property designed to accommodate families. This community is composed of 80 two, three and four bedroom units. The subject was built in 1982 and is in fair to average condition. The property will be renovated to upgrade the appearance of the unit interiors and exteriors along with various upgrades to the property’s common areas and mechanical features of the buildings. The upgrades will bring the property back to a good quality condition and will allow it to compete with newer existing properties in the market.

The Columns at Independence was built in 2010 and has a total of 222 units. It is a market-rate property located in Hinesville, Georgia and is comprised of three-story garden style buildings. Project amenities include a pool, picnic and playground areas, fitness center, and a club house. The facility is also gated. The property provides good access along Grove Point Road and is located within three miles of the subject property. Pest control is the only utility included in the monthly rent. The tenant pays a flat rate for water/sewer and trash pick-up depending on the unit type they occupy. This property sets the upper end of market rent.

The Pines at Willowbrook is a unique property that offers both market-rate as well as LIHTC units for rent. It is located off of Willowbrook Drive in Hinesville, Georgia and was built in 2003. There are a total of 80 units split between market rate and tax-credit. For purposes of this report we only utilized the market-rated units in our comparison. Project amenities include a clubhouse, business center, playground, fitness room and a laundry facility. Normal unit amenities include fully equipped kitchens, balconies or patios and washer dryer connections. A laundry facility is included on the property, though connections for washer and dryer units are present in every unit. Water, sewer, trash pick-up and pest control utilities are all included in the monthly rent. The Pines at Willowbrook offers one, two and three bedroom unit types.

Wyngrove Apartments is owned by Dryden Properties, a company with a variety of rental product in Hinesville. There is a central leasing office with sporadic availability of staff to answer the phone or answer questions to potential tenants. The management is less than aggressive. Wyngrove offers three floor plans and very limited project amenities. Built in 2000, the physical condition is average.

Aspen Court was built in 1985 and has a total of 24 units. It is a market-rate property located in Hinesville, Georgia and is comprised of 12 duplex style buildings. The property is adjacent to its sister property Wedgewood Apartments and shares project amenities. Project amenities include a playground and laundry facility. Pest control and trash are the only utility included in the monthly rent.

Mission Ridge was built in 1983 and renovated in 2011. It is a market-rate property located in Hinesville, Georgia and is comprised of two-story townhome style buildings. The property has no project amenities. Water and Sewer is a flat rate of \$30 per month which is included in rent.

Rental Rate Analysis

The market rent comparables discussed above were utilized in the rent adjustment grid for each unit type that is provided in the addenda. The rent analysis was completed under the hypothetical assumption that the subject in its “retrospective as is” condition functions as a market rent community. The second analysis is based on an “as if renovated” scenario. The following paragraphs provide a discussion of each of the line items that were considered as part of the analysis. The comparable line items start at 3 as line item 1 is the unit type and line item 2 is the subject property address.

3. Effective Date of Rental

The market was surveyed in July 2013. All of the rent comparables were surveyed during the same time period. As such, no adjustment was made for the effective date.

4. Type of Project/Stories

The subject property and rent comparables are all garden style communities with two or three stories. Because the height of the building did not impact rents, no adjustment was made for this difference. However, the Pines at Willowbrook has both market-rate and LIHTC units. The presence of these units impacts the ability of this property to attain market rents above or equal to properties that do not have low-income housing tax credit units. As such, an adjustment was needed to account for the negative impact that the LIHTC units have on the market rated units at this property.

The calculation for this adjustment is shown in the following table:

ADJUSTMENT FOR LIHTC			
Property	Unit Type	SF	Rent
Wyngrove-2000 Yr Blt	2x2	1,106	\$875
The Pines at Willowbrook-2003 Yr. Blt	2x1	935	\$780
Differences in base rental rates:		171	\$95
Square Footage Adjustment			\$60
Adjustment for Bathroom			(\$30)
Adjustment for Age, Rounded		3	@0.80% Annually \$20
Total Adjustment, Rounded			\$50

This is a negative impact on The Pines at Willowbrook so each floor plan was adjusted upwards on the rent grids.

5. Floor of Unit in Building

The subject and the rent comparables were all analyzed based on “base” rents. Thus, no adjustments were necessary for floor of unit within a building.

6. Project Occupancy %

Chapter 7.7 I of the MAP Guide states that when the occupancy rate in a comparable project is significantly less than the long-term occupancy rate estimated for the subject, a downward adjustment should be made to the comparable’s rent. If other factors such as condition have had an effect on occupancy, care should be taken to avoid excessive and duplicative adjustments for interdependent factors. The rent grids have taken into consideration individual factors that could have an effect on occupancy and no additional adjustment is made for occupancy.

7. Concessions

Concessions in the market are generally reflected in current market rents. If management finds they have an unusually high vacancy rate in a particular type of unit, a temporary move-in special might be offered. As of the survey date, special rents were utilized rather than concessions. The special rents were utilized on the rent grids.

8. Year Built/Age/Renovation

The comparables were all built at various points in time. An age adjustment was incorporated that takes into consideration based on depreciation incurred as properties age. Two sales were obtained from properties in the same market and at generally the same time frame. The difference in the sale prices reflects the age of the assets. The sales and the annual depreciation is summarized:

Age/Depreciation		
Property	Year Built	\$/Unit
Jasmine at Winters Chapel	1989	\$55,743
Oaks at Holcomb Bridge	1979	\$51,316
Compound Annual Depreciation, rounded	10	0.80%

The depreciation is applied to each of the rent comparables. The calculation is the difference in the age of the subject and the comparable multiplied by 0.80% multiplied by the comparables rental rate.

9. Square Feet Area

An adjustment is made for differences in size between the subject units and comparable units. An analysis was conducted of similar unit types within the same complex to determine a size adjustment. The size adjustment was estimated as follows:

SF ADJUSTMENT			
Property	Unit Type	SF	Rent
The Columns at Independence	1x1	892	\$915
The Columns at Independence	1x1	944	\$935
	Difference	52	\$20.00
	Total Difference		\$20.00
	SF Adjustment		\$0.38
Conclusion			\$0.35

The square foot adjustment was applied to each of the comparables if they differed in size from the subject unit being compared. If a comparable was larger than the subject then it was adjusted downward. If a comparable was smaller than the subject unit then it was adjusted upward.

$(\text{Subject Unit Square Footage} - \text{Comparable Unit Square Footage}) * \0.35

10. Number of Bedrooms

A bedroom adjustment is made if the number of bedrooms at the subject is different than the rent comparables. A number of the comparables had to be adjusted for differences in their number of bedrooms. As such upward adjustments had to be made to account for these differences. The adjustment is provided as follows:

BEDROOM ADJUSTMENT			
Property	Unit Type	SF	Rent
The Pines at Willowbrook	2x2	960	\$820
The Pines at Willowbrook	3x2	1,023	\$900
	Difference	63	\$80.00
	SF Adjustment		(\$22.05)
	Remainder is Bedroom		\$57.95
Conclusion			\$60

The adjustment was made by comparing units at the same property that differed only by a bedroom. The difference in square footage was taken into account and removed from the difference in rent. The conclusion of \$60 was applied if a comparable property was deficient by one bedroom and applied twice if it was deficient by two bedrooms.

11. Number of Baths

A bathroom adjustment is made if the number of bathrooms at the subject is different from the rent comparables. The number of bathrooms varied among the subject and some of the comparables utilized. Thus, an adjustment was needed for these differences. It was calculated as shown below:

BATHROOM ADJUSTMENT			
Property	Unit Type	SF	Rent
The Pines at Willowbrook	2x1	935	\$780
The Pines at Willowbrook	2x2	960	\$820
	Difference	25	\$40.00
	SF Adjustment		(\$8.75)
	Remainder is Bathroom		\$31.25
Conclusion			\$30
Conclusion, Half Bathroom			\$15

This adjustment was applied where necessary for discrepancies between the subject and the comparables. It was applied twice or has a half bathroom if applicable.

12. Number of Rooms

Because an adjustment was made for differences in both the number of bedrooms and the number of bathrooms, no adjustment was necessary for this line item.

13. Balcony/Terrace/Patio

The subject offers a balcony, terrace or patio. All of the comparable properties also offer balconies, patios or terraces with each unit type; so, no adjustment was necessary.

14. Garage or Carport

The subject does not include garages or carports in their rental rates. None of the rent comparables provided garages or carports in their basic rent. As such, no adjustments were made for garages or carports.

15. Quality/Condition-Renovation

The subject will be renovated. An adjusted was made to Mission Ridge to reflect the upgrades that have occurred. No properties in Hinesville provided the ability to judge the premium commanded on renovated apartments. Bell Property in Savannah has upgraded apartments and their rent premium is about 12%.

Renovated Rent Premium Analysis		Rent
Bell Property Savannah	Renovated	\$962
Bell Property Savannah	Not Renovated	\$861
Change		\$101
Increase in Value with Renovation		12%

Mission Ridge was adjusted downward for their upgraded units in the “retrospective as is” scenario. The upgraded adjustment is applied in the “as if renovated” rent grids.

16. Equipment

The subject provides an array of equipment within the apartments. The equipment included at the subject property is central AC range/oven, refrigerator, dishwasher (under the “As Renovated” scenario), carpet and blinds. The complex features a recreation area as well. All of the line items being compared are shown below along with whether they are included at the subject:

EQUIPMENT / PROJECT AMENITY COMPARISON	
15. Equipment	
Y	a. A/C
Y	b. Range/Oven
Y	c. Refrigerator
N	d. Disposal
N	e. Microwave
N (Y under “As Renovated”)	f. Dishwasher
N	g. Washer/Dryer
Y/Y	h. Carpet/Blinds
N/Y/N	i. Pool/Rec. Area/Fitness Room
N/N/N	j. Clubhouse/Meeting Rooms/Business Center

Adjustments to the rent comparables were made if they provided equipment or complex amenities that were superior or inferior to the subject. For the most part, all of the complexes offered similar unit amenities. All of the comparables were adjusted downward if they provided equipment or amenities that were superior to the subject.

Adjustments for difference in complex amenities were made based on differences in line items i and j. Any type of kitchen equipment of recreation area/fitness room was considered worth \$2, respectively. For example, the subject property offers a recreation area but does not have a fitness room or pool, so adjustments were made where necessary to account for these differences.

G. Washer/Dryer

Washer and dryers were offered by some of the comparables. Having items that are in high demand such as in-unit washer/dryers allows properties to attain higher rents. As such a downward adjustment of \$45 was made if a comparable offered this equipment. This number was determined by surveying comparable properties in the market. This is shown in the table below:

WASHER AND DRYER	
Colonial Village	\$45
The Links at Georgetown	\$45
The Columns at Independence	\$50
Conclusion	\$45

Services

The following are the services available at the subject property and whether or not they are included in base rent.

EQUIPMENT / PROJECT AMENITY COMPARISON	
17. Services	
N/Electric	a. Heat/Type
N/Electric	b. Cook/Type
N/Electric	c. Electricity
N/Electric	d. Water Cold/Hot

The subject provides all electric appliances. The comparables were all similar and as such, not adjusted for services offered.

18. Storage Units

Neither the subject property nor the comparables offered storage units as part of the basic rent, so no adjustment had to be made for this line item.

19. Project Location

All of the properties are located in Hinesville and no location adjustment was applied.

20 Other Services/Amenities:

A. Security Guard / Gated

The subject property did not have gated or secured access. If a comparable did have this feature, a downward adjustment of \$5 was used.

B. Utilities in Rent

The subject will provide water, sewer, trash pickup and pest control in its base rents. Some of the comparable properties did not include these same utilities in their monthly base rents. As such, upward

adjustments had to be made. Rates for water/sewer and trash service were collected from comparable properties in these markets. These are shown in the following tables:

WATER/SEWER RATES				
Property	1x1	2x1	2x2	3x2
Colonial Village	\$25	\$30	\$35	\$45
Georgetown Grove	\$20	\$30	\$35	\$45
Georgetown Crossings	\$25	\$25	\$30	-
Conclusion	\$20	\$30	\$35	\$45

TRASH ADJUSTMENT			
Property	1x1	2x2	3x2
Georgetown Crossings	\$5	\$5	-
Georgetown Grove	\$8	\$8	\$10
Conclusion	\$5	\$5	\$10

These adjustments were applied as necessary to account for differences in utilities depending on the unit type being compared.

Market Rental Rate Conclusions

As previously mentioned, two analyses were performed; the “Retrospective As-Is” and “As-Renovated” scenarios. The tables below show the market rent conclusions for the subject, respective of each analysis:

SUBJECT RENT CONCLUSIONS IN COMPARISON TO HUD CENTRAL 60% RANGE-RETROSPECTIVE AS IS				
Apartment Unit Type	Comparable Low End of Range	Comparable High End of Range	Central 60% Range	Retrospective As Is Rent
2x1	\$580	\$833	\$599 to \$655	\$655
2x1 HC	\$580	\$833	\$599 to \$655	\$655
3x1.5	\$567	\$820	\$618 to \$769	\$765
4x1.5	\$779	\$926	\$808 to \$896	\$880

SUBJECT RENT CONCLUSIONS IN COMPARISON TO HUD CENTRAL 60% RANGE-AS RENOVATED				
Apartment Unit Type	Comparable Low End of Range	Comparable High End of Range	Central 60% Range	As If Renovated Rent
2x1	\$690	\$833	\$718 to \$804	\$730
2x1 HC	\$690	\$833	\$718 to \$804	\$730
3x1.5	\$786	\$921	\$813 to \$894	\$890
4x2	\$889	\$1,035	\$918 to \$1005	\$980

The concluded market rents and potential revenue under the “Retrospective As-Is” scenario are shown below:

RENTAL RATES AND REVENUE-RETROSPECTIVE AS IS MARKET				
Apartment Unit Type	Unit Mix	Concluded Rent	Monthly Net	Annual
2x1	28	\$655	\$18,340	\$220,080
2x1 HC	4	\$655	\$2,620	\$31,440
3x1.5	40	\$765	\$30,600	\$367,200
4x1.5	8	\$880	\$7,040	\$84,480
Total/Weight Average	80	\$733	\$58,600	\$703,200

In projecting revenue under the “As-Renovated” scenario, a comparison between the concluded market rents and in place HAP rents was completed. This is shown below:

HAP RESTRICTED RENTS vs AS RENOVATED RENTS		
Apartment Unit Type	HAP RENTS	As Renovated Market
2x1	\$687	\$730
2x1 HC	\$719	\$730
3x1.5	\$858	\$890
4x1.5	\$923	\$980

As indicated, the HAP contract rents are below market. The projected revenue under the “As-Renovated” scenario is based on the current, in place HAP rental rates. The revenue is as follows:

RENTAL RATES AND REVENUE-AS RENOVATED				
Apartment Unit Type	Unit Mix	Restricted Rent	Monthly Net	Annual
2x1	28	\$687	\$19,236	\$230,832
2x1 HC	4	\$719	\$2,876	\$34,512
3x1.5	40	\$858	\$34,320	\$411,840
4x1.5	8	\$923	\$7,384	\$88,608
Total/Weight Average	80	\$798	\$63,816	\$765,792

Laundry Revenue

The subject has laundry facilities that provide additional income for the property. Laundry revenue was estimated at \$3.00 per unit, per month, based on the historical financials. The historical revenue generated by the subject in the use of laundry facilities is shown below:

HISTORICAL LAUNDRY & VENDING						
	2009	2010	2011	2012	Conclusion-Retrospective As Is/As Renovated	
Per Unit/Month	\$4.09	\$3.61	\$3.32	\$3.04	\$3.00	
Per Unit	\$49	\$43	\$40	\$36	\$36	
Revenue	\$3,922	\$3,470	\$3,184	\$2,915	\$2,880	

The laundry revenue has relatively consistent over the years. Reliance is placed on the historical trend for the projection.

Miscellaneous Income

Miscellaneous income can be generated from a number of other sources such as forfeited deposits, damage and repair assessments, late fees, and insufficient funds fees. No projection has been provided for miscellaneous income because the historical financials did not report this revenue category.

Total Other Revenue-Summary

The total other income for the subject is the same under both of the scenarios:

TOTAL OTHER INCOME – RETROSPECTIVE AS IS & AS RENOVATED				
Other Potential Income/Loss:	Units	Monthly Rate		Annual Total
Laundry	80	\$3.00	/Month	\$2,880
Total Other Income:	80	\$3.00	/Month	\$2,800

Forecasted Stabilized Occupancy

All of the properties in the market are reporting strong occupancy levels. The subject property has little competition in the area and will continue to report strong occupancies. Occupancy of the subject is therefore forecasted at 95%. The “retrospective as is” scenario is based on 93% placing reliance on the market.

Estimate of Effective Gross Income

The effective gross income calculation for the subject under the “Retrospective As-Is” scenario is presented in the following table:

Northgate Apartments				
REVENUE PROJECTIONS-RETROSPECTIVE AS IS				
				93.00%
Unit Type	Units	Monthly Rate		Annual
2x1	28	\$655	/Month	\$220,080
2x1 HC	4	\$655	/Month	\$31,440
3x1.5	40	\$765	/Month	\$367,200
4 x 1.5	8	\$880	/Month	\$84,480
Gross Rental Revenue:	80	\$733	/Month	\$703,200
Other Potential Income/Loss:				
Laundry & Vending	80	\$3.00	/Month	\$2,880
Miscellaneous Revenue	0	\$0	/Month	\$0
Total Other Income:	80	\$3.00	/Month	\$2,880
Gross Income Potential				\$706,080
Vacancy Factor				7.0%
Vacancy Amount (Gross Rental Revenue x Vacancy)				(\$49,426)
Effective Gross Income:	80	\$684	/Month	\$656,654
EGI Per Unit:				\$8,208

The effective gross income calculation for the subject under the “As-Renovated” scenario is presented in the following:

Northgate Apartments REVENUE PROJECTIONS-AS RENOVATED				
Unit Type	Units	Monthly Rate		95.00% Annual
2x1	28	\$687	/Month	\$230,832
2x1 HC	4	\$719	/Month	\$34,512
3x1.5	40	\$858	/Month	\$411,840
4x1.5	8	\$923	/Month	\$88,608
Gross Rental Revenue:	80	\$798	/Month	\$765,792
Other Potential Income/Loss:				
Laundry & Vending	80	\$3.00	/Month	\$2,880
Miscellaneous Revenue	80	\$0.00	/Month	\$0
Total Other Income:	80	\$3.00	/Month	\$2,880
Gross Income Potential				\$768,672
Vacancy Factor				5.0%
Vacancy Amount (Gross Rental Revenue x Vacancy)				(\$38,434)
Effective Gross Income:	80	\$761	/Month	\$730,238
EGI Per Unit:				\$9,128

Historical Income and Expense Analysis

Historical income and expense data was utilized in projecting future expenses. The historical financials are located in the addendum.

Operating Expenses

In forecasting income and expenses, we also relied upon expense data derived from Income and Expense Comparables.

Expense Analysis

Expense comparables utilized were considered to represent the best comparables relative to the subject. Our search for expense comparables was based primarily on the location of properties that would operate in a similar manner to the subject. We were able to obtain expense information in sufficient detail to apply them to the Form-HUD-92274.

A brief summary of the income and expense comparables utilized in the analysis are presented in the following table. Detailed descriptions are located in the addenda.

EXPENSE COMPARABLES			
Comparable	1	2	3
Property	Celebration at Sandy Springs	The Links at Georgetown	Walden at Cathem Center
Address	7000 Roswell Road, NE	450 A1 Henderson Boulevard	100 Walden Lane
City	Atlanta	Savannah	Savannah
State	Georgia	Georgia	Georgia
Comparability	Similar	Similar	Similar
Total units	250	360	236

Trending

An updating percentage is defined as the application of a time adjustment to comparables in order to bring them forward to the same date as the most current comparable. The subject is then compared to the trended expenses. Once the subject's expense estimates have been made, then a final upward trend is applied from the point in time of the expense estimate to the current date. The trending date is the "beginning" period of the financial information utilized. For example, a financial period from January 1 through December 31 would have a "date" of January 1. The subject's expenses are trended forward to July 2013, using annual compounding.

Advertising

Advertising is generally the cost for local apartment guides, yellow pages, internet web pages and promotional efforts. The comparables provided the following:

TOTAL ADVERTISING & MARKETING – RETROSPECTIVE AS IS				
	Comp. 1	Comp 2	Comp 3	Projection
Total Advertising & Marketing	\$223	\$171	\$188	\$173
Projection				\$13,847

The subject did not report advertising expenses. The advertising projection is for the "retrospective as is" analysis based on market comparables. Advertising was not projected for the restricted scenario.

Management Fee

Management fees in the market are 3% to 5%. The management fee for the subject was estimated at 3.0% "retrospective as is" and 6.00% of EGI for the restricted scenario. The expense comparables gave the following in relation to total management fee:

TOTAL MANAGEMENT FEE-RETROSPECTIVE AS IS				
	Comp. 1	Comp 2	Comp 3	Projection
Total Management Fee	\$240	\$290	\$400	\$246
	3.00%	3.08%	3.51%	3.00%
Projection				\$19,700

TOTAL MANAGEMENT FEE-AS RENOVATED				
	Comp. 1	Comp 2	Comp 3	Projection
Total Management Fee	\$240	\$290	\$400	\$548
	3.00%	3.08%	3.51%	6.00%
Projection				\$43,814

The total management fees for the comparables range from 3.0% to 3.51% of EGI. The historical information for the management fee % at the subject property is provided below:

HISTORICAL MANAGEMENT FEE						
	2009	2010	2011	2012	Conclusion- Retrospective As Is	Conclusion- As Renovated
Per Unit	\$274	\$473	\$512	\$518	\$246	\$548
Revenue	3.39%	5.78%	5.69%	5.74%	3.00%	6.00%
Expense	\$21,938	\$37,816	\$40,938	\$41,471	\$19,700	\$43,814

General Administrative

The general administrative expense includes the costs related to such items as office supplies, telephones, computer equipment and maintenance, travel, training, accounting, and legal. The comparables provided the following:

TOTAL OTHER GENERAL ADMINISTRATIVE – RETROSPECTIVE AS IS				
	Comp. 1	Comp 2	Comp 3	Projection
Total General Administrative	\$178	\$189	\$168	\$315
Projection				\$25,176

TOTAL OTHER GENERAL ADMINISTRATIVE – AS RENOVATED				
	Comp. 1	Comp 2	Comp 3	Projection
Total General Administrative	\$178	\$189	\$168	\$210
Projection				\$16,784

Each comparable has a very similar general administrative cost per unit. The subject conclusion is outside of this range and likely includes the cost of advertising and other related expenditures that could not be separated out of this category. Historically, the subject provides the following:

HISTORICAL OTHER-GENERAL ADMINISTRATIVE						
	2009	2010	2011	2012	Conclusion Retrospective As Is	Conclusion As Renovated
Per Unit	\$269	\$331	\$353	\$456	\$315	\$210
Expense	\$21,506	\$26,493	\$28,202	\$36,456	\$25,176	\$16,784

The projection reflects typical costs associated with the property and is consistent with historical reporting periods. A Section 8/LIHTC property will incur compliance costs which can drive up the total other general administrative costs. The subject, as renovated, will operate out of a central administration office with the sister properties allowing a reduction in other administrative costs.

Total Administration

Total administrative expenses for the comparables compared to the subject's projection are as follows:

TOTAL ADMINISTRATIVE – RETROSPECTIVE AS IS				
	Comp. 1	Comp 2	Comp 3	Projection
Total Administrative	\$641	\$650	\$755	\$734
Projection				\$58,723

TOTAL ADMINISTRATIVE – AS RENOVATED				
	Comp. 1	Comp 2	Comp 3	Projection
Total Administrative	\$641	\$650	\$755	\$757
Projection				\$60,599

The subject's projection is set by the comparables. The projections under the two scenarios are very close and reflect similar total administrative costs. The historical trend is as follows:

TOTAL ADMINISTRATIVE EXPENSES (ADVERTISING, MANAGEMENT, AND GENERAL)						
	2009	2010	2011	2012	Conclusion Retrospective As Is	Conclusion As Renovated
Per Unit	\$543	\$804	\$864	\$974	\$734	\$757
Expense	\$43,444	\$64,309	\$69,140	\$77,927	\$58,723	\$60,599

The subject's total administrative projection is similar to the historical financials, but is on the higher side generally due to a higher management fee. The conclusion is supported by the trend in historic data and is therefore considered reasonable.

Utilities

This category includes all of the costs related to the property owner's utilities. Utility costs were examined on an individual basis for heat, water/sewer, electric, gas, and garbage removal. The subject includes all of these utilities in its base rental rates. The comparables provide the following:

TOTAL UTILITIES – RETROSPECTIVE AS IS				
<i>Electricity</i>				
	Comp. 1	Comp 2	Comp 3	Projection
Electricity	\$272	\$178	\$236	\$220
<i>Water/Sewer</i>				
	Comp. 1	Comp 2	Comp 3	Projection
Water/Sewer	\$726	\$214	(\$47)	\$577
<i>Gas</i>				
	Comp. 1	Comp 2	Comp 3	Projection
Gas	\$196	\$17	\$0	\$0
<i>Trash</i>				
	Comp. 1	Comp 2	Comp 3	Projection
Trash	\$75	\$77	\$12	\$283

TOTAL UTILITIES – AS RENOVATED				
<i>Electricity</i>				
	Comp. 1	Comp 2	Comp 3	Projection
Electricity	\$272	\$178	\$236	\$220
<i>Water/Sewer</i>				
	Comp. 1	Comp 2	Comp 3	Projection
Water/Sewer	\$726	\$214	-\$47	\$446
<i>Gas</i>				
	Comp. 1	Comp 2	Comp 3	Projection
Gas	\$196	\$17	\$0	\$0
<i>Trash</i>				
	Comp. 1	Comp 2	Comp 3	Projection
Trash	\$75	\$77	\$12	\$283

The subject's projected expenses for electricity, trash pick-up, and gas were the same among the two operating scenarios. However, there was a slight difference in the water/sewer rates, with higher costs being incurred under the "Retrospective As-Is" Market Scenario. Under the "As-Renovated" scenario, the subject will have new water saving/reducing plumbing and bathroom equipment which will reduce the cost of water/sewer utilities. As stated earlier, the subject property receives a tenant reimbursement from each tenant. The following is the historical property expenses for utilities:

HISTORICAL UTILITIES						
<i>Electricity</i>						
	2009	2010	2011	2012	Conclusion Retrospective As Is	Conclusion As Renovated
Per Unit	\$189	\$208	\$207	\$223	\$220	\$220
Expense	\$15,106	\$16,652	\$16,563	\$17,804	\$17,624	\$17,624
<i>Water/Sewer</i>						
Per Unit	\$367	\$413	\$444	\$550	\$577	\$446
Expense	\$29,342	\$33,009	\$35,490	\$44,038	\$46,157	\$35,667
<i>Gas</i>						
Per Unit	\$13	\$13	\$12	\$11	\$0	\$0
Expense	\$1,017	\$1,037	\$934	\$842	\$0	\$0
<i>Trash Removal</i>						
Per Unit	\$179	\$250	\$216	\$267	\$283	\$283
Expense	\$14,352	\$19,971	\$17,299	\$21,356	\$22,659	\$22,659

Reliance was placed on the properties historical information when projecting utility expenses, as these are often very property specific.

Payroll

Payroll expenses were based on the subject’s salary information. The following staffing chart was utilized as the basis for the projection of payroll expenses:

PAYROLL AND RELATED – RETROSPECTIVE AS IS	FTE's	Annual
Manager \$55,000 /year	1.0	\$50,000
Maintenance Assistant \$11.25 /hour	0.5	\$11,700
Total FTEs -	1.5	-
Total Wages		\$61,700
Total Payroll & Related		\$61,885

PAYROLL AND RELATED – AS RENOVATED	FTE's	Annual
Leasing Agent \$15.00 /hour	1.0	\$31,200
Maintenance Assistant \$15.00 /hour	1.0	\$31,200
Total FTEs -	2.0	-
Total Wages		\$62,400
Total Payroll & Related		\$62,585

The following charts contain the payroll projection for the subject in comparison to the expense comparables:

TOTAL PAYROLL & RELATED – RETROSPECTIVE AS IS				
	Comp. 1	Comp 2	Comp 3	Projection
Total Payroll & Related	\$952	\$885	\$1,067	\$771
Projection				\$61,700

TOTAL PAYROLL & RELATED – AS RENOVATED				
	Comp. 1	Comp 2	Comp 3	Projection
Total Payroll & Related	\$952	\$885	\$1,067	\$780
Projection				\$62,400

The projection is slightly higher for total payroll and related under the renovated operating scenario to ensure property maintenance is provided. The historical payroll history for the subject property is shown in the following table:

HISTORICAL PAYROLL						
	2009	2010	2011	2012	Conclusion Retrospective As Is	Conclusion As Renovated
Per Unit	\$792	\$723	\$705	\$765	\$771	\$780
Expense	\$63,335	\$57,806	\$56,418	\$61,175	\$61,700	\$62,400

The projection reflects typical staffing required as a stand-alone operation.

Total Operation

The comparable expenses provide the following in regards to total operating costs:

TOTAL OPERATING – RETROSPECTIVE AS IS				
	Comp. 1	Comp 2	Comp 3	Projection
Total Operating	\$2,342	\$1,530	\$1,336	\$1,852
Projection				\$148,139

TOTAL OPERATING – AS RENOVATED				
	Comp. 1	Comp 2	Comp 3	Projection
Total Operating	\$2,342	\$1,530	\$1,336	\$1,729
Projection				\$138,349

The projections are very similar under both operating scenarios and are within the range of the comparables. Total historical operation expense for the subject is provided in the following:

TOTAL OPERATION EXPENSES (UTILITIES AND PAYROLL)						
	2009	2010	2011	2012	Conclusion Retrospective As Is	Conclusion As Renovated
Per Unit	\$1,539	\$1,606	\$1,584	\$1,815	\$1,852	\$1,729
Expense	\$123,152	\$128,475	\$126,704	\$145,215	\$148,139	\$138,349

The subject has been historically trending upwards. Reliance was placed on both the historic data and the comparable range when projecting total operating expenses. The renovated scenario reflects cost savings with energy efficient equipment.

Decorating

This category includes all of the expenses associated with the decorating and cleaning of a unit. The subject and the comparables provide the following:

TOTAL DECORATING – RETROSPECTIVE AS IS/AS RENOVATED				
	Comp. 1	Comp 2	Comp 3	Projection
Total Decorating	\$122	\$98	\$208	\$0
Projection				\$0

Total decorating for the subject has been incorporated into Contracts. The projection reflects this. Therefore there is no historical data for decorating.

Repairs

Repair expenses can vary widely by the condition of units, common areas, and turnover rates. The subject comparables provide the following:

TOTAL REPAIRS – RETROSPECTIVE AS IS				
	Comp. 1	Comp 2	Comp 3	Projection
Total Repairs	\$175	\$99	\$153	\$383
Projection				\$30,631

TOTAL REPAIRS – AS RENOVATED				
	Comp. 1	Comp 2	Comp 3	Projection
Total Repairs	\$175	\$99	\$153	\$315
Projection				\$25,176

Total repairs and supplies for the subject are greater than the expense comparables utilized. The historic repair and supply costs are as follows:

HISTORICAL REPAIRS AND SUPPLIES						
	2009	2010	2011	2012	Conclusion Retrospective As Is	Conclusion As Renovated
Per Unit	\$89	\$225	\$199	\$364	\$383	\$315
Expense	\$7,087	\$18,000	\$15,948	\$29,152	\$30,631	\$25,176

The conclusion reflects long-term costs that will be incurred at the subject property.

Exterminating

The comparables provide the following in regards to exterminating:

TOTAL EXTERMINATING – RETROSPECTIVE AS IS/AS RENOVATED				
	Comp. 1	Comp 2	Comp 3	Projection
Total Exterminating	\$0	\$13	\$10	\$0
Projection				\$0

The cost of exterminating has been included in the Contracts category and therefore the projection reflects this. As such, there is no historical data.

Insurance

The comparable properties presented the following for total insurance. The projection for the subject is near the high end of the expense comparables. This is shown below:

TOTAL INSURANCE – RETROSPECTIVE AS IS				
	Comp. 1	Comp 2	Comp 3	Projection
Total Insurance	\$163	\$181	\$396	\$404
Projection				\$32,310

TOTAL INSURANCE – AS RENOVATED				
	Comp. 1	Comp 2	Comp 3	Projection
Total Insurance	\$163	\$181	\$396	\$404
Projection				\$32,310

The following is the historical insurance expense for the subject:

HISTORICAL INSURANCE						
	2009	2010	2011	2012	Conclusion Retrospective As Is	Conclusion As Renovated
Per Unit	\$363	\$383	\$388	\$389	\$404	\$404
Expense	\$29,012	\$30,650	\$31,023	\$31,134	\$32,310	\$32,310

The projection for total insurance is based off of the historical data plus a slightly higher cost estimate.

Grounds Maintenance

The expense comparables provide the following for total grounds maintenance:

TOTAL GROUNDS MAINTENANCE – RETROSPECTIVE AS IS/AS RENOVATED				
	Comp. 1	Comp 2	Comp 3	Projection
Total Grounds Maintenance	\$120	\$121	\$286	\$0
Projection				\$0

The historical grounds maintenance for the subject property has been included in the category of Contracts. The projection above mirrors this.

Other-Contracts

Other-contracts often include services rendered by way of contract payment for the subject property. This includes unit turnover, decorating, exterminating and ground maintenance. The comparables provided the following:

TOTAL OTHER-CONTRACTS – RETROSPECTIVE AS IS				
	Comp. 1	Comp 2	Comp 3	Projection
Total Elderly Service	\$0	\$21	\$0	\$472
Projection				\$37,765
TOTAL OTHER-CONTRACTS – AS RENOVATED				
	Comp. 1	Comp 2	Comp 3	Projection
Total Elderly Service	\$0	\$21	\$0	\$409
Projection				\$32,729

Projections were based purely off historical data because of how the subject groups expenses within this category. The historical data follows:

HISTORICAL OTHER-CONTRACTS						
	2009	2010	2011	2012	Conclusion Retrospective As Is	Conclusion As Renovated
Per Unit	\$309	\$534	\$188	\$674	\$472	\$409
Expense	\$24,749	\$42,696	\$15,035	\$53,880	\$37,765	\$32,729

The renovated scenario is lower because it deferred maintenance items will be repaired. The conclusions are considered reasonable estimates that reflect long term contract expenses.

Total Maintenance

The expense comparables provide the following:

TOTAL MAINTENANCE – RETROSPECTIVE AS IS				
	Comp. 1	Comp 2	Comp 3	Projection
Total Maintenance	\$580	\$534	\$1,054	\$1,259
Projection				\$100,706

TOTAL MAINTENANCE – AS RENOVATED				
	Comp. 1	Comp 2	Comp 3	Projection
Total Maintenance	\$580	\$534	\$1,054	\$1,128
Projection				\$90,216

The comparables are all below the subject property because of higher insurance costs incurred by the subject property. The following is the total historical maintenance expense for the subject:

TOTAL MAINTENANCE (DECORATING, REPAIRS, EXTERMINATING, INSURANCE, & GROUNDS)						
	2009	2010	2011	2012	Conclusion Retrospective As Is	Conclusion As Renovated
Per Unit	\$761	\$1,142	\$775	\$1,427	\$1,259	\$1,128
Expense	\$60,848	\$91,346	\$62,006	\$114,166	\$100,706	\$90,216

The total maintenance expense includes the sum of decorating, repairs, exterminating, insurance, contracts and grounds maintenance. Reliance for these conclusions was placed on the historical data for the "retrospective as is". In addition to historical trends, consideration was also given to the upgrades that will occur thereby reducing various maintenance costs in the long-term.

Replacement Reserves

Replacement reserves were estimated at \$300 per unit.

Total Reserves	\$24,000
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Taxes and Payroll Benefits

Taxes and insurance includes employee payroll taxes, licenses and permits, workers compensation insurance, and health insurance. Reliance for real estate taxes was based on the current assessment in place.

Employee taxes, workman's compensation are projected based on the specifics of the property. The projection versus the comparables is provided below:

TOTAL TAXES (INCLUDING REAL ESTATE, PAYROLL AND RELATED BENEFITS) – RETROSPECTIVE AS IS/AS IF RENOVATED				
	Comp. 1	Comp 2	Comp 3	Projection
Other Taxes	\$233	\$165	\$272	\$200

The following is the historical total tax data for the subject:

HISTORICAL TOTAL REAL ESTATE, PAYROLL/RELATED BENEFITS EXPENSES					
	2009	2010	2011	2012	Conclusion Retrospective As Is/As Renovated
Real Estate Taxes	\$518	\$515	\$439	\$563	\$490
Other Taxes	\$161	\$188	\$174	\$217	\$200
Total (Per Unit)	\$679	\$703	\$613	\$780	\$690
Expense	\$40,722	\$42,181	\$36,779	\$46,779	\$55,229

Real estate taxes comprise the bulk of this category. The real estate taxes for the two scenarios were considered similar to the actual assessment in place.

Overall Expenses

The comparables provide the following in regards to overall expense costs:

TOTAL EXPENSES – RETROSPECTIVE AS IS				
	Comp. 1	Comp 2	Comp 3	Projection
Total Expenses	\$3,796	\$2,878	\$4,673	\$4,875
Projection				\$390,018

TOTAL EXPENSES – AS RENOVATED				
	Comp. 1	Comp 2	Comp 3	Projection
Total Expenses	\$3,796	\$2,878	\$4,673	\$4,605
Projection				\$368,392

Overall expenses are outside the range of comparables under both of the above scenarios. Individual expense categories were well supported based on the subject's historic financials and therefore the conclusion is considered appropriate. The overall historical expenses for the subject are presented in the table below:

HISTORICAL OVERALL EXPENSES (WITH RESERVES)						
	2009	2010	2011	2012	Conclusion Retrospective As Is	Conclusion As Renovated
Per Unit	\$3,852	\$4,461	\$4,244	\$5,585	\$4,835	\$4,605
Annual Expense	\$231,114	\$267,684	\$254,612	\$335,101	\$386,797	\$368,392

Revenue and Expense Summary

NET OPERATING INCOME SUMMARY		
	As Renovated	Retrospective As Is
Potential Rental Income	\$765,792	\$703,200
Other Income	\$2,880	\$2,880
Potential Gross Income	\$768,672	\$706,080
Less: Vacancy and Collection	(\$38,434)	(\$49,426)
Effective Gross Income	\$730,238	\$656,654
Less: Total Expenses	(\$368,392)	(\$386,797)
Net Operating Income	\$361,846	\$269,857

The 92273 rent grids for the "As-Renovated" and the "Retrospective As-Is Market" scenarios are provided in the following sections

HISTORICAL FINANCIAL ANALYSIS-NORTHGATE												
Units Operating Year	80 Year End December 2009		80 Year End December 2010		80 Year End December 2011		80 Year End December 2012		80 Retrospective As Is Projection		80 As Renovated Projection	
	Actual	Per Unit	Actual	Per Unit	Actual	Per Unit	Actual	Per Unit	Actual	Per Unit	Actual	Per Unit
Revenues												
Net Rental Income	\$695,280	\$8,691	\$716,640	\$8,958	\$742,680	\$9,284	\$757,776	\$9,472	\$703,200	\$8,790	\$765,792	\$9,572
Laundry & Vending	\$3,922	\$49	\$3,470	\$43	\$3,184	\$40	\$2,915	\$36	\$2,880	\$36	\$2,880	\$36
Vacancy and Collections	(\$52,861)	(\$661)	(\$65,960)	(\$825)	(\$26,192)	(\$327)	(\$38,222)	(\$478)	(\$49,426)	(\$618)	(\$38,434)	(\$480)
Total Income	\$646,341	\$8,079	\$654,150	\$8,177	\$719,672	\$8,996	\$722,469	\$9,031	\$656,654	\$8,208	\$730,238	\$9,128
Administrative												
1. Advertsing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,847	\$173	\$0	\$0
2. Management Fee	\$21,938	\$274	\$37,816	\$473	\$40,938	\$512	\$41,471	\$518	\$19,700	\$246	\$43,814	\$548
3. Other - General Administrative	\$21,506	\$269	\$26,493	\$331	\$28,202	\$353	\$36,456	\$456	\$25,176	\$315	\$16,784	\$210
4. Total Administrative	\$43,444	\$543	\$64,309	\$804	\$69,140	\$864	\$77,927	\$974	\$58,723	\$734	\$60,599	\$757
Operating												
5. Elevator Main Exp.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Fuel (Heating & Domestic Hot Water)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Lighting & Misc. Power	\$15,106	\$189	\$16,652	\$208	\$16,563	\$207	\$17,804	\$223	\$17,624	\$220	\$17,624	\$220
8. Water/Utilities	\$29,342	\$367	\$33,009	\$413	\$35,490	\$444	\$44,038	\$550	\$46,157	\$577	\$35,667	\$446
9. Gas/Other Utility Processing & related	\$1,017	\$13	\$1,037	\$13	\$934	\$12	\$842	\$11	\$0	\$0	\$0	\$0
10. Garbage & Trash Removal	\$14,352	\$179	\$19,971	\$250	\$17,299	\$216	\$21,356	\$267	\$22,659	\$283	\$22,659	\$283
11. Payroll	\$63,335	\$792	\$57,806	\$723	\$56,418	\$705	\$61,175	\$765	\$61,700	\$771	\$62,400	\$780
12. Other-Security	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13. Total Operating	\$123,152	\$1,539	\$128,475	\$1,606	\$126,704	\$1,584	\$145,215	\$1,815	\$148,139	\$1,851.74	\$138,349	\$1,729
Maintenance												
14. Decorating	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15. Repairs	\$7,087	\$89	\$18,000	\$225	\$15,948	\$199	\$29,152	\$364	\$30,631	\$383	\$25,176	\$315
16. Exterminating	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17. Insurance	\$29,012	\$363	\$30,650	\$383	\$31,023	\$388	\$31,134	\$389	\$32,310	\$404	\$32,310	\$404
18. Grounds Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19. Other- Contract Services/Labor	\$24,749	\$309	\$42,696	\$534	\$15,035	\$188	\$53,880	\$674	\$37,765	\$472	\$32,729	\$409
20. Total Maintenance	\$60,848	\$761	\$91,346	\$1,142	\$62,006	\$775	\$114,166	\$1,427	\$100,706	\$1,259	\$90,216	\$1,128
21. Replacement Reserves									\$24,000	\$300	\$24,000	\$300
Taxes												
23. Real Estate Taxes	\$41,652	\$521	\$41,453	\$518	\$32,687	\$409	\$38,052	\$476	\$39,200	\$490	\$39,200	\$490
24. Personal Property Taxes, Licenses, and Permits	\$351	\$4	\$330	\$4	\$350	\$4	\$416	\$5	\$504	\$6	\$504	\$6
25. Employee Payroll Tax	\$3,355	\$42	\$5,423	\$68	\$4,581	\$57	\$4,416	\$55	\$4,616	\$58	\$4,616	\$58
26. Workers Compensation	\$780	\$10	\$1,556	\$19	\$1,492	\$19	\$2,064	\$26	\$2,518	\$31	\$2,518	\$31
27. Employee Benefits	\$6,470	\$81	\$4,318	\$54	\$3,514	\$44	\$8,134	\$102	\$8,392	\$105	\$8,392	\$105
28. Total Taxes	\$52,608	\$658	\$53,080	\$664	\$42,624	\$533	\$53,082	\$664	\$55,229	\$690	\$55,229	\$690
29. Total Expenses	\$280,052	\$3,501	\$337,210	\$4,215	\$300,474	\$3,756	\$390,390	\$4,880	\$386,797	\$4,835	\$368,392	\$4,605
Net Operating Income	\$366,289	\$4,579	\$316,940	\$3,962	\$419,198	\$5,240	\$332,079	\$4,151	\$269,857	\$3,373	\$361,846	\$4,523

***“Retrospective As-Is Market” Scenario
Rent Grids***

Estimates of Market Rent by Comparison		Retrospective As-Is Rent Grids-FHA		U.S. Department of Housing and Urban Development						OMB Approval No. 2502-0029 (exp. 07/31/2009)	
				Office of Housing							
				Federal Housing Commissioner							
<p>Public reporting burden for this collection of information is estimated to average 24 hours 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 to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.</p> <p>This information is being collected under Public Law 101-625, which requires the Department of Housing and Urban Development to implement a system for mortgage insurance for mortgages insured under Sections 207, 221, 223, 232, or 241 of the National Housing Act. The information will be used by HUD to approve rents, property appraisals, and mortgage amounts, and to execute a firm commitment. Confidentiality to respondents is ensured if it would result in competitive harm in accordance with the Freedom of Information Act (FOIA) provisions, or if it could impact on the ability of the Department's mission to provide housing units under the various Sections of the Housing legislation.</p>											
1. Unit Type	2. Subject Property (Address)	Comparable 1		Comparable 2		Comparable 3		Comparable 4		Comparable 5	
2x1	Northgate Apartments	The Columns at Independence		The Pines at Willowbrook		Wynngrove Apartments		Aspen Court		Mission Ridge	
Address	Frank Cochran Drive	501 Burke Drive		841 Willowbrook Drive		942 Grove Point Drive		505 Mall Boulevard		802 Frank Cochran Drive	
City	Hinesville, GA 31313	Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313	
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
3. Effective Date of Rental	Jul-13	Jul-13		Jul-13		Jul-13		Jul-13		Jul-13	
4. Type of Project/Stories	Garden/2	Garden/3		LIHTC/Garden/2	\$50.00	Garden/2		Garden/3		Garden/2/TH	
5. Floor of Unit in Building	Base	Base		Base		Base		Base		Base	
6. Project Occupancy %	95%	98%		93%		95%		100%		93%	
7. Concessions	N	N		N		N		N		N	
8. Year Built	1983	2010	(\$192.24)	2003	(\$124.80)	2000	(\$112.20)	1985	(\$10.00)	1983	\$0.00
9. Sq. Ft. Area	873	1,134	(\$91.35)	935	(\$21.70)	1,106	(\$81.55)	955	(\$28.70)	975	(\$35.70)
10. Number of Bedrooms	2.0	2.0		2.0		2.0		2.0		2.0	
11. Number of Baths	1.0	1.0		1.0		2.0	(\$30.00)	1.0		1.0	
12. Number of Rooms	5.0	5.0		5.0		6.0		5.0		5.0	
13. Balc/Terrace/Patio	Y	Y		Y		Y		Y		Y	
14. Garage or Carport	N	N		N		N		N		N	
15. Condition Quality	N	N		N		N		N		Y	(\$95.02)
16. Equipment	a. A/C	CENTRAL	CENTRAL			CENTRAL		CENTRAL		CENTRAL	
	b. Range/Oven	Y	Y			Y		Y		Y	
	c. Refrigerator	Y	Y			Y		Y		Y	
	d. Disposal	N	Y	(\$2.00)		Y	(\$2.00)	N		Y	(\$2.00)
	e. Microwave	N	Y	(\$2.00)		Y	(\$2.00)	N		Y	(\$2.00)
	f. Dishwasher	N	Y	(\$2.00)		Y	(\$2.00)	Y	(\$2.00)	Y	(\$2.00)
	g. Washer/Dryer	N	Y	(\$45.00)		N		N		N	
	h. Carpet/Blinds	Y/Y	Y/Y			Y/Y		Y/Y		Y/Y	
	i. Pool/Rec. Area/Fitness Room	N/N/N	Y/Y/Y	(\$6.00)		N/Y/Y	(\$4.00)	N/Y/Y	(\$4.00)	N/N/N	
	j. Clubhouse/Meeting Rooms/Business Center	N/N/N	Y/Y/N	(\$4.00)		Y/Y/Y	(\$6.00)	N/N/N		N/N/N	
17. Services	a. Heat/Type	N/ELEC.	N/ELEC.			N/ELEC.		N/ELEC.		N/ELEC.	
	b. Cook/Type	N/ELEC.	N/ELEC.			N/ELEC.		N/ELEC.		N/ELEC.	
	c. Electricity	N/ELEC.	N/ELEC.			N/ELEC.		N/ELEC.		N/ELEC.	
	d. Water Cold/Hot	Y/N/ELEC.	N/N/ELEC.			N/N/ELEC.		N/N/ELEC.		N/N/ELEC.	
18. Storage		N	N			N		N		N	
19. Project Location		Hinesville	Hinesville			Hinesville		Hinesville		Hinesville	
20. Other	a. Security/ Gated	N	Y	(\$5.00)		N		N		N	
	b. Utilities in Rent	WSTP	P	\$40.00		WSTP		WSTP		TP	\$30.00
21. Unit Rent per Month		\$890.00		\$780.00		\$825.00		\$625.00		\$810.00	
22. Total Adjustment			(\$309.59)		(\$112.50)		(\$231.75)		(\$10.70)		(\$136.72)
23. Indicated Rent		<input type="checkbox"/> \$580		<input type="checkbox"/> \$668		<input type="checkbox"/> \$593		<input type="checkbox"/> \$614		<input type="checkbox"/> \$673	
24. Correlated Subject Rent		\$655	If there are any Remarks, check here and add the remarks to the back of the page.								
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 <i>Kay Hancock</i>		Date (mm/dd/yyyy) 7/18/2013		Reviewer's Signature		Date (mm/dd/yyyy)	

Estimates of Market Rent by Comparison		Retrospective As-Is Rent Grids-FHA			U.S. Department of Housing and Urban Development Office of Housing Federal Housing Commissioner			OMB Approval No. 2502-0029 (exp. 07/31/2009)													
<p>Public reporting burden for this collection of information is estimated to average 24 hours 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 to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. This information is being collected under Public Law 101-625, which requires the Department of Housing and Urban Development to implement a system for mortgage insurance for mortgages insured under Sections 207, 221, 223, 232, or 241 of the National Housing Act. The information will be used by HUD to approve rents, property appraisals, and mortgage amounts, and to execute a firm commitment. Confidentiality to respondents is ensured if it would result in competitive harm in accordance with the Freedom of Information Act (FOIA) provisions, or if it could impact on the ability of the Department's mission to provide housing units under the various Sections of the Housing legislation.</p>																					
1. Unit Type	2. Subject Property (Address)			Comparable 1		Comparable 2		Comparable 3		Comparable 4		Comparable 5									
3x1.5	Northgate Apartments			The Columns at Independence		The Pines at Willowbrook		Wyngrove Apartments		Aspen Court		Mission Ridge									
Address	Frank Cochran Drive			501 Burke Drive		841 Willowbrook Drive		942 Grove Point Drive		505 Mall Boulevard		802 Frank Cochran Drive									
City	Hinesville, GA 31313			Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313									
Characteristics	Data	Data	Adjustments		Data	Adjustments		Data	Adjustments		Data	Adjustments									
3. Effective Date of Rental	Jul-13	Jul-13			Jul-13			Jul-13			Jul-13										
4. Type of Project/Stories	Garden/2	Garden/3			LIHT C/Garden/2		\$50.00	Garden/2			Garden/3										
5. Floor of Unit in Building	Base	Base			Base			Base			Base										
6. Project Occupancy %	95%	98%			93%			95%			100%		93%								
7. Concessions	N	N			N			N			N										
8. Year Built	1983	2010		(\$246.24)	2003		(\$144.00)	2000		(\$125.80)	1985		(\$10.00)								
9. Sq. Ft. Area	1,031	1,461		(\$150.50)	1,023		\$2.80	1,318		(\$100.45)	955		\$26.60								
10. Number of Bedrooms	3.0	3.0			3.0			3.0			2.0		\$60.00								
11. Number of Baths	1.5	2.0		(\$15.00)	2.0		(\$15.00)	2.0		(\$15.00)	1.0		\$15.00								
12. Number of Rooms	6.5	7.0			7.0			7.0			5.0		6.5								
13. Balc/Terrace/Patio	Y	Y			Y			Y			Y										
14. Garage or Carport	N	N			N			N			N										
15. Condition Quality	N	N			N			Y		(\$108.51)	N		Y								
16. Equipment	a. A/C			CENTRAL	CENTRAL			CENTRAL			CENTRAL										
	b. Range/Oven			Y	Y			Y			Y										
	c. Refrigerator			Y	Y			Y			Y										
	d. Disposal			N	Y		(\$2.00)	Y		(\$2.00)	N		Y								
	e. Microwave			N	Y		(\$2.00)	Y		(\$2.00)	N		Y								
	f. Dishwasher			N	Y		(\$2.00)	Y		(\$2.00)	Y		Y								
	g. Washer/Dryer			N	Y		(\$45.00)	N			N		N								
	h. Carpet/Blinds			Y/Y	Y/Y			Y/Y			Y/Y		Y/Y								
	i. Pool/Rec. Area/Fitness Room			N/N/N	Y/Y/Y		(\$6.00)	N/Y/Y		(\$4.00)	N/N/N		N/N/N								
	j. Clubhouse/Meeting Rooms/Business Center			N/N/N	Y/Y/N		(\$4.00)	Y/Y/Y		(\$6.00)	N/N/N		N/N/N								
17. Services	a. Heat/Type			N/ELEC.	N/ELEC.			N/ELEC.			N/ELEC.		ELECTRIC								
	b. Cook/Type			N/ELEC.	N/ELEC.			N/ELEC.			N/ELEC.		ELECTRIC								
	c. Electricity			N/ELEC.	N/ELEC.			N/ELEC.			N/ELEC.		ELECTRIC								
	d. Water Cold/Hot			Y/N/ELEC.	N/N/ELEC.			N/N/ELEC.			N/N/ELEC.		ELECTRIC								
18. Storage	N			N				N			N		N								
19. Project Location	Hinesville			Hinesville				Hinesville			Hinesville		Hinesville								
20. Other	a. Security/ Cated			N	Y		(\$5.00)	N			N		N								
	b. Utilities in Rent			WSTP	P		\$55.00	WSTP			TP		\$45.00								
21. Unit Rent per Month				\$1,140.00			\$900.00			\$925.00			\$625.00								
22. Total Adjustment						(\$422.74)				(\$122.20)			(\$357.76)								
23. Indicated Rent							\$778			\$567			\$760								
24. Correlated Subject Rent				\$765.00									\$134.60								
<p>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.</p>											<p>If there are any Remarks, check here and add the remarks to the back of the page.</p>										
				<input type="checkbox"/> \$717					\$778			\$567			\$760			\$820			(\$90.17)
				<p>Appraiser's Signatu <i>Kay Hauchick</i> Date (mm/dd/yyyy) 7/18/2013</p>											<p>Reviewer's Signature</p>		<p>Date (mm/dd/yyyy)</p>				

Estimates of Market Rent by Comparison		Retrospective As-Is Rent Grids-FHA		U.S. Department of Housing and Urban Development								OMB Approval No. 2502-0029 (exp. 07/31/2009)			
<p>Public reporting burden for this collection of information is estimated to average 24 hours 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 to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.</p> <p>This information is being collected under Public Law 101-625, which requires the Department of Housing and Urban Development to implement a system for mortgage insurance for mortgages insured under Sections 207, 221, 223, 232, or 241 of the National Housing Act. The information will be used by HUD to approve rents, property appraisals, and mortgage amounts, and to execute a firm commitment. Confidentiality to respondents is ensured if it would result in competitive harm in accordance with the Freedom of Information Act (FOIA) provisions, or if it could impact on the ability of the Department's mission to provide housing units under the various Sections of the Housing legislation.</p>															
1. Unit Type		2. Subject Property (Address)		Comparable 1		Comparable 2		Comparable 3		Comparable 4		Comparable 6			
4x1.5		Northgate Apartments		The Columns at Independence		The Pines at Willowbrook		Wynngrove Apartments		Aspen Court		Mission Ridge			
Address		Frank Cochran Drive		501 Burke Drive		841 Willowbrook Drive		942 Grove Point Drive		505 Mall Boulevard		802 Frank Cochran Drive			
City		Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313			
Characteristics		Data		Data		Adjustments		Data		Adjustments		Data			
3. Effective Date of Rental		Jul-13		Jul-13				Jul-13				Jul-13			
4. Type of Project/Stories		Garden/2		Garden/3				LIHTC/Garden/2				Garden/2			
5. Floor of Unit in Building		Base		Base				Base				Base			
6. Project Occupancy %		95%		98%				93%				93%			
7. Concessions		N		N				N				N			
8. Year Built		1983		2010		(\$246.24)		2003		(\$144.00)		1985			
9. Sq. Ft. Area		1,196		1,461		(\$92.75)		1,023		\$60.55		1,318			
10. Number of Bedrooms		4.0		3.0		\$60.00		3.0		\$60.00		3.0			
11. Number of Baths		1.5		2.0		(\$30.00)		2.0		(\$30.00)		2.0			
12. Number of Rooms		7.5		7.0				7.0				5.0			
13. Balc/Terrace/Patio		Y		Y				Y				Y			
14. Garage or Carport		N		N				N				N			
15. Condition Quality		N		N				N				N			
16. Equipment		CENTRAL		CENTRAL				CENTRAL				CENTRAL			
a. A/C															
b. Range/Oven		Y		Y				Y				Y			
c. Refrigerator		Y		Y				Y				Y			
d. Disposal		N		Y		(\$2.00)		Y		(\$2.00)		N			
e. Microwave		N		Y		(\$2.00)		Y		(\$2.00)		N			
f. Dishwasher		N		Y		(\$2.00)		Y		(\$2.00)		Y			
g. Washer/Dryer		N		Y		(\$45.00)		N				N			
h. Carpet/Blinds		Y/Y		Y/Y				Y/Y				Y/Y			
i. Pool/Rec. Area/Fitness Room		N/N/N		Y/Y/Y		(\$6.00)		N/Y/Y		(\$4.00)		N/N/N			
j. Clubhouse/Meeting Rooms/Business Center		N/N/N		Y/Y/N		(\$4.00)		Y/Y/Y		(\$6.00)		N/N/N			
17. Services		a. Heat/Type		N/ELEC.		N/ELEC.		N/ELEC.		N/ELEC.		N/ELEC.			
		b. Cook/Type		N/ELEC.		N/ELEC.		N/ELEC.		N/ELEC.		N/ELEC.			
		c. Electricity		N/ELEC.		N/ELEC.		N/ELEC.		N/ELEC.		N/ELEC.			
		d. Water Cold/Hot		Y/N/ELEC.		N/N/ELEC.		N/N/ELEC.		N/N/ELEC.		N/N/ELEC.			
18. Storage		N		N				N				N			
19. Project Location		Hinesville		Hinesville				Hinesville				Hinesville			
20. Other		a. Security/ Gated		N		Y		N				N			
		b. Utilities in Rent		WSTP		P		WSTP				TP			
21. Unit Rent per Month				\$1,140.00				\$900.00				\$925.00			
22. Total Adjustment				(\$319.99)				(\$19.45)		(\$146.50)		\$248.35			
23. Indicated Rent															
24. Correlated Subject Rent		\$880.00		If there are any Remarks, check here and add the remarks to the back of the page.				\$881				\$873			
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			
				<i>Kay Hancock</i>				7/18/2013							

***“As-Renovated” Scenario
Rents Grids***

Estimates of Market Rent by Comparison		As-Renovated Rent Grids-FHA			U.S. Department of Housing and Urban Development Office of Housing Federal Housing Commissioner			OMB Approval No. 2502-0029 (exp. 07/31/2009)							
<p>Public reporting burden for this collection of information is estimated to average 24 hours 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 to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. This information is being collected under Public Law 101-625, which requires the Department of Housing and Urban Development to implement a system for mortgage insurance for mortgages insured under Sections 207, 221, 223, 232, or 241 of the National Housing Act. The information will be used by HUD to approve rents, property appraisals, and mortgage amounts, and to execute a firm commitment. Confidentiality to respondents is ensured if it would result in competitive harm in accordance with the Freedom of Information Act (FOIA) provisions, or if it could impact on the ability of the Department's mission to provide housing units under the various Sections of the Housing legislation.</p>															
1. Unit Type	2. Subject Property (Address)			Comparable 1		Comparable 2		Comparable 3		Comparable 4		Comparable 5			
2x1	Northgate Apartments			The Columns at Independence		The Pines at Willowbrook		Wynngrove Apartments		Aspen Court		Mission Ridge			
Address	Frank Cochran Drive			501 Burke Drive		841 Willowbrook Drive		942 Grove Point Drive		505 Mall Boulevard		802 Frank Cochran Drive (Veterans Prkwy)			
City	Hinesville, GA 31313			Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313			
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments		
3. Effective Date of Rental	Jul-13	Jul-13		Jul-13		Jul-13		Jul-13		Jul-13		Jul-13			
4. Type of Project/Stories	Garden/2	Garden/3		LIHTC/Garden/2	\$50.00	Garden/2		Garden/3		Garden/3		Garden/2/TH			
5. Floor of Unit in Building	Base	Base		Base		Base		Base		Base		Base			
6. Project Occupancy %	95%	98%		93%		95%		100%		93%		93%			
7. Concessions	N	N		N		N		N		N		N			
8. Year Built	1983	2010	(\$192.24)	2003	(\$124.80)	2000	(\$112.20)	1985	(\$10.00)	1983	\$0.00	1983	\$0.00		
9. Sq. Ft. Area	873	1,134	(\$91.35)	935	(\$21.70)	1,106	(\$81.55)	955	(\$28.70)	975	(\$35.70)	975	(\$35.70)		
10. Number of Bedrooms	2.0	2.0		2.0		2.0		2.0		2.0		2.0			
11. Number of Baths	1.0	1.0		1.0		2.0	(\$30.00)	1.0		1.0		1.0			
12. Number of Rooms	5.0	5.0		5.0		6.0		5.0		5.0		5.0			
13. Balc/Terrace/Patio	Y	Y		Y		Y		Y		Y		Y			
14. Garage or Carport	N	N		N		N		N		N		N			
15. Condition Quality-Renovation	Y	N	\$120.24	N	\$91.50	N	\$102.64	N	\$73.32	Y		Y			
a. A/C	CENTRAL	CENTRAL		CENTRAL		CENTRAL		CENTRAL		CENTRAL		CENTRAL			
b. Range/Oven	Y	Y		Y		Y		Y		Y		Y			
c. Refrigerator	Y	Y		Y		Y		Y		Y		Y			
d. Disposal	N	Y	(\$2.00)	Y	(\$2.00)	Y	(\$2.00)	N		Y	(\$2.00)	Y	(\$2.00)		
e. Microwave	N	Y	(\$2.00)	Y	(\$2.00)	N		N		Y	(\$2.00)	Y	(\$2.00)		
f. Dishwasher	Y	Y		Y		Y		Y		Y		Y			
g. Washer/Dryer	N	Y	(\$45.00)	N		N		N		N		N			
h. Carpet/Blinds	Y/Y	Y/Y		Y/Y		Y/Y		Y/Y		Y/Y		Y/Y			
i. Pool/Rec. Area/Fitness Room	N/N/N	Y/Y/Y	(\$6.00)	N/Y/Y	(\$4.00)	N/Y/Y	(\$4.00)	N/N/N		N/N/N		N/N/N			
j. Clubhouse/Meeting Rooms/Business Center	N/N/N	Y/Y/N	(\$4.00)	Y/Y/Y	(\$6.00)	N/N/N		N/N/N		N/N/N		N/N/N			
17. Services a. Heat/Type	N/ELEC.	N/ELEC.		N/ELEC.		N/ELEC.		N/ELEC.		N/ELEC.		N/ELEC.			
b. Cook/Type	N/ELEC.	N/ELEC.		N/ELEC.		N/ELEC.		N/ELEC.		N/ELEC.		N/ELEC.			
c. Electricity	N/ELEC.	N/ELEC.		N/ELEC.		N/ELEC.		N/ELEC.		N/ELEC.		N/ELEC.			
d. Water Cold/Hot	Y/N/ELEC.	N/N/ELEC.		N/N/ELEC.		N/N/ELEC.		N/N/ELEC.		N/N/ELEC.		N/N/ELEC.			
18. Storage	N	N		N		N		N		N		N			
19. Project Location	Hinesville	Hinesville		Hinesville		Hinesville		Hinesville		Hinesville		Hinesville			
20. Other a. Security/ Gated	N	Y	(\$5.00)	N		N		N		N		N			
b. Utilities in Rent	WSTP	P	\$35.00	WSTP		WSTP		TP	\$30.00	WSTP		WSTP			
21. Unit Rent per Month		\$1,025		\$780.00		\$875.00		\$625.00		\$810.00		\$810.00			
22. Total Adjustment			(\$192.35)		(\$19.00)		(\$127.11)		\$64.62				(\$39.70)		
23. Indicated Rent		\$833		\$761		\$748		\$690		\$770		\$770			
24. Correlated Subject Rent	\$730	<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of the page.													
Note: Assumes a Dishwasher is Added once Renovated				Appraiser's Signature			Date (mm/dd/yyyy)			Reviewer's Signature			Date (mm/dd/yyyy)		
Assumes no additional recreational amenities are added once renovated.				<i>Kay Faulkner</i>			7/18/2013								
Previous versions are obsolete												form HUD-92273 (07/2009)			

Estimates of Market Rent by Comparison		As-Renovated Rent Grids-FHA		U.S. Department of Housing and Urban Development								OMB Approval No. 2502-0029 (exp. 07/31/2009)			
				Office of Housing											
				Federal Housing Commissioner											
<p>Public reporting burden for this collection of information is estimated to average 24 hours 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 to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.</p> <p>This information is being collected under Public Law 101-625, which requires the Department of Housing and Urban Development to implement a system for mortgage insurance for mortgages insured under Sections 207, 221, 223, 232, or 241 of the National Housing Act. The information will be used by HUD to approve rents, property appraisals, and mortgage amounts, and to execute a firm commitment. Confidentiality to respondents is ensured if it would result in competitive harm in accordance with the Freedom of Information Act (FOIA) provisions, or if it could impact on the ability of the Department's mission to provide housing units under the various Sections of the Housing legislation.</p>															
1. Unit Type	2. Subject Property (Address)			Comparable 1		Comparable 2		Comparable 3		Comparable 4		Comparable 5			
3x1.5	Northgate Apartments			The Columns at Independence		The Pines at Willowbrook		Wyngrove Apartments		Aspen Court		Mission Ridge			
Address	Frank Cochran Drive			501 Burke Drive		841 Willowbrook Drive		942 Grove Point Drive		505 Mall Boulevard		802 Frank Cochran Drive (Veterans Prkwy)			
City	Hinesville, GA 31313			Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313			
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments		
3. Effective Date of Rental	Jul-13	Jul-13		Jul-13		Jul-13		Jul-13		Jul-13		Jul-13			
4. Type of Project/Stories	Garden/2	Garden/3		LIHTC/Garden/2	\$50.00	Garden/2		Garden/2		Garden/3		Garden/2/TH			
5. Floor of Unit in Building	Base	Base		Base		Base		Base		Base		Base			
6. Project Occupancy %	95%	98%		93%		95%		100%		93%		93%			
7. Concessions	N	N		N		N		N		N		N			
8. Year Built	1983	2010	(\$262.44)	2003	(\$144.00)	2000	(\$125.80)	1985	(\$10.00)	1983	\$0.00				
9. Sq. Ft. Area	1,031	1,461	(\$150.50)	1,023	\$2.80	1,318	(\$100.45)	955	\$26.60	1,000	\$10.85				
10. Number of Bedrooms	3.0	3.0		3.0		3.0		2.0	\$60.00	3.0					
11. Number of Baths	1.5	2.0	(\$15.00)	2.0	(\$15.00)	2.0	(\$15.00)	1.0	\$15.00	1.5					
12. Number of Rooms	6.5	7.0		7.0		7.0		5.0		6.5					
13. Balc/Terrace/Patio	Y	Y		Y		Y		Y		Y					
14. Garage or Carport	N	N		N		N		N		N					
15. Condition Quality-Renovation	Y	N	\$142.53	N	\$105.57	N	\$108.51	N	\$73.32	Y					
a. A/C	CENTRAL	CENTRAL		CENTRAL		CENTRAL		CENTRAL		CENTRAL		CENTRAL			
b. Range/Oven	Y	Y		Y		Y		Y		Y		Y			
c. Refrigerator	Y	Y		Y		Y		Y		Y		Y			
d. Disposal	N	Y	(\$2.00)	Y	(\$2.00)	Y	(\$2.00)	N		Y	(\$2.00)				
e. Microwave	N	Y	(\$2.00)	Y	(\$2.00)	N		N		Y	(\$2.00)				
f. Dishwasher	Y	Y		Y		Y		Y		Y		Y			
g. Washer/Dryer	N	Y	(\$45.00)	N		N		N		N		N			
h. Carpet/Blinds	Y/Y	Y/Y		Y/Y		Y/Y		Y/Y		Y/Y		Y/Y			
i. Pool/Rec. Area/Fitness Room	N/N/N	Y/Y/Y	(\$6.00)	N/Y/Y	(\$4.00)	N/Y/Y	(\$4.00)	N/N/N		N/N/N		N/N/N			
j. Clubhouse/Meeting Rooms/Business Center	N/N/N	Y/Y/N	(\$4.00)	Y/Y/Y	(\$6.00)	N/N/N		N/N/N		N/N/N		N/N/N			
17. Services	a. Heat/Type			N/ELEC.			N/ELEC.			N/ELEC.			ELECTRIC		
	b. Cook/Type			N/ELEC.			N/ELEC.			N/ELEC.			ELECTRIC		
	c. Electricity			N/ELEC.			N/ELEC.			N/ELEC.			ELECTRIC		
	d. Water Cold/Hot			Y/N/ELEC.			N/N/ELEC.			N/N/ELEC.			ELECTRIC		
18. Storage	N			N			N			N			N		
19. Project Location	Hinesville			Hinesville			Hinesville			Hinesville			Hinesville		
20. Other	a. Security/ Gated			N			Y			(\$5.00)			N		
	b. Utilities in Rent			WSTP			P			\$55.00			WSTP		
21. Unit Rent per Month	\$1,215.00			\$900.00			\$925.00			\$625.00			\$910.00		
22. Total Adjustment	(\$294.41)			(\$14.63)			(\$138.74)			\$209.92			\$6.85		
23. Indicated Rent	\$921			\$885			\$786			\$835			\$917		
24. Correlated Subject Rent	\$890														
<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of the page.															
Note: Assumes a Dishwasher is Added once Renovated				Appraiser's Signature				Date (mm/dd/yyyy)				Reviewer's Signature			
				Ray Hawchick				7/18/2013							
Assumes no additional recreational amenities are added once renovated.															
Previous versions are obsolete															

Estimates of Market Rent by Comparison		As-Renovated Rent Grids-FHA		U.S. Department of Housing and Urban Development								OMB Approval No. 2502-0029 (exp. 07/31/2009)		
<p>Public reporting burden for this collection of information is estimated to average 24 hours 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 to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. This information is being collected under Public Law 101-625, which requires the Department of Housing and Urban Development to implement a system for mortgage insurance for mortgages insured under Sections 207, 221, 223, 232, or 241 of the National Housing Act. The information will be used by HUD to approve rents, property appraisals, and mortgage amounts, and to execute a firm commitment. Confidentiality to respondents is ensured if it would result in competitive harm in accordance with the Freedom of Information Act (FOIA) provisions, or if it could impact on the ability of the Department's mission to provide housing units under the various Sections of the Housing legislation.</p>														
1. Unit	2. Subject Property (Address)			Comparable 1		Comparable 2		Comparable 3		Comparable 4		Comparable 5		
4x1.5	Northgate Apartments			The Columns at Independence		The Pines at Willowbrook		Wyngrove Apartments		Aspen Court		Mission Ridge		
Address	Frank Cochran Drive			501 Burke Drive		841 Willowbrook Drive		942 Grove Point Drive		505 Mall Boulevard		802 Frank Cochran Drive (Veterans Prkwy)		
City	Hinesville, GA 31313			Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313		Hinesville, GA 31313		
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	
3. Effective Date of Rental	Jul-13	Jul-13		Jul-13		Jul-13		Jul-13		Jul-13		Jul-13		
4. Type of Project/Stories	Garden/2	Garden/3		LIHTC/Garden/2	\$50.00	Garden/2		Garden/3		Garden/2/TH				
5. Floor of Unit in Building	Base	Base		Base		Base		Base		Base		Base		
6. Project Occupancy %	95%	98%		93%		95%		100%		93%				
7. Concessions	N	N		N		N		N		N		N		
8. Year Built	1983	2010	(\$262.44)	2003	(\$144.00)	2000	(\$125.80)	1985	(\$10.00)	1983	\$0.00			
9. Sq. Ft. Area	1,196	1,461	(\$92.75)	1,023	\$60.55	1,318	(\$42.70)	955	\$84.35	1,000	\$68.60			
10. Number of Bedrooms	4.0	3.0	\$60.00	3.0	\$60.00	3.0	\$60.00	2.0	\$120.00	3.0	\$60.00			
11. Number of Baths	1.5	2.0	(\$30.00)	2.0	(\$30.00)	2.0	(\$30.00)	1.0	\$15.00	1.5				
12. Number of Rooms	7.5	7.0		7.0		7.0		5.0		6.5				
13. Balc/Terrace/Patio	Y	Y		Y		Y		Y		Y		Y		
14. Garage or Carport	N	N		N		N		N		N		N		
15. Condition Quality-Renovation	Y	N	\$142.53	N	\$105.57	N	\$108.51	N	\$73.32	Y				
a. A/C	CENTRAL	CENTRAL		CENTRAL		CENTRAL		CENTRAL		CENTRAL		CENTRAL		
b. Range/Oven	Y	Y		Y		Y		Y		Y		Y		
c. Refrigerator	Y	Y		Y		Y		Y		Y		Y		
d. Disposal	N	Y	(\$2.00)	Y	(\$2.00)	Y	(\$2.00)	N		Y	(\$2.00)			
e. Microwave	N	Y	(\$2.00)	Y	(\$2.00)	N		N		Y	(\$2.00)			
f. Dishwasher	Y	Y		Y		Y		Y		Y		Y		
g. Washer/Dryer	N	Y	(\$45.00)	N		N		N		N		N		
h. Carpet/Blinds	Y/Y	Y/Y		Y/Y		Y/Y		Y/Y		Y/Y		Y/Y		
i. Pool/Rec. Area/Fitness Room	N/N/N	Y/Y/Y	(\$6.00)	N/Y/Y	(\$4.00)	N/Y/Y	(\$4.00)	N/N/N		N/N/N		N/N/N		
j. Clubhouse/Meeting Rooms/Business Center	N/N/N	Y/Y/N	(\$4.00)	Y/Y/Y	(\$6.00)	N/N/N		N/N/N		N/N/N		N/N/N		
17. Services	a. Heat/Type			N/ELEC.			N/ELEC.			N/ELEC.			ELECTRIC	
	b. Cook/Type			N/ELEC.			N/ELEC.			N/ELEC.			ELECTRIC	
	c. Electricity			N/ELEC.			N/ELEC.			N/ELEC.			ELECTRIC	
	d. Water Cold/Hot			Y/N/ELEC.			N/N/ELEC.			N/N/ELEC.			ELECTRIC	
18. Storage	N	N		N		N		N		N		N		
19. Project Location	Hinesville	Hinesville		Hinesville		Hinesville		Hinesville		Hinesville		Hinesville		
20. Other	a. Security/ Gated			N			N			N			N	
	b. Utilities in Rent			WSTP			WSTP			WSTP			WSTP	
21. Unit Rent per Month		\$1,215.00		\$900.00		\$925.00		\$625.00		\$910.00				
22. Total Adjustment			(\$191.66)	\$988	\$88.12		(\$35.99)	\$953	\$327.67		\$124.60			
23. Indicated Rent		<input type="checkbox"/> \$1,023												
24. Correlated Subject Rent	\$980	If there are any Remarks, check here and add the remarks to the back of the page.												
Note: Assumes a Dishwasher is Added once Renovated				Appraiser's Signature		Date (mm/dd/yyyy)		Reviewer's Signature		Date (mm/dd/yyyy)				
Note: Assumes a Half Bath is added as renovated						7/18/2013								
Assumes no additional recreational amenities are added once renovated.														
Previous versions are obsolete														

***Income and Expenses
“Retrospective As-Is Market” Scenario***

Operating Expense Analysis Worksheet		U.S. Department of Housing and Urban Development Office of Housing Federal Housing Commissioner		OMB Approval No. 2502-0331 (exp. 4/30/2006)	
See Instructions on back and Refer to Handbook 4480.1 for details on completing this form.					
Public reporting burden for this collection of information is estimated to average 16 hours 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 agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.					
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Project Name		Northgate Apartments		Project Number	
		RETROSPECTIVE AS IS		0.00	
City		804 Frank Cochran Drive		Date of Appraisal (mm/dd/yyyy)	
		Hinesville		July 18, 2013	
Signature of Processor			Signature of Reviewer		
Project Name		Celebration at Sandy Springs		The Links at Georgetown	
Project Number				Walden at Chatham Center	
Location		0.00		450 A1 Henderson Blvd, Savannah	
Type of Project		Market Rate		Market Rate	
No. of Stories		2.00		3.00	
Type of Construction		Wood Frame		Masonry/Wood Frame	
No. of Living Units		250		360	
Age of Project		1969, 2007 R		236	
Project Unit Composition		BRM BRM BRM BRM		BRM BRM BRM BRM	
Composition		(1) (2) (3) (4)		(1) (2) (3) (4)	
No. of Each Type Unit		40 183 27		134 226	
Sq. Ft. Each Type Unit		780 1,136 1,350		802 1,216	
Average Unit Area		1102		1062	
Same Tax Rate as Subject*					
Effective Date/Updating		1/2011		1/1/2011	
Months/Percentage		100 0.2%		100 0.2%	
Same Utility Rate *					
Equip. & Services Inc. in Rent		1,2,3,4,5,6,8,21		1,2,3,4,5,6,8,21	
Equip. Included in Rent				Services Included in Rent	
1 Ranges & Refrig.		2 Carpet & Drapes		3 Disposal	
4 Dishwasher		5 Laundry Fac.		6 Air Cond.	
7 Microwave		8 Pool/Tennis		9 Other	
				10 Gas Heat	
				11 Elec. Heat	
				12 Other Fuel Heat	
				13 Cooking	
				14 Cooking	
				15 Hot Water	
				16 Hot Water	
				17 Water	
				18 A/C	
				19 A/C	
				20 Lights	
				21 Cable/internet	

Items of Expense by Units of Comparison ***	Exp.	Adj. + -	Ind. Exp.	Exp.	Up-dated Exp.	Adj. + -	Ind. Exp.	Exp.	Up-dated Exp.	Adj. + -	Ind. Exp.	Com late d Expense	
1. Advertising	\$223	\$0	\$223	\$171	\$171	\$0	\$171	\$188	\$188	\$0	\$188		\$165
2. Management	\$240	\$0	\$240	\$289	\$290	\$0	\$290	\$400	\$400	\$0	\$400		\$235
3. Other	\$178	\$0	\$178	\$189	\$189	\$0	\$189	\$168	\$168	\$0	\$168		\$300
4. Total Admin.													\$700
5. Elevator	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0			\$0
6. Fuel	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0			\$0
7. Lighting & Mis. Power	\$272	\$0	\$272	\$178	\$178	\$0	\$178	\$236	\$236	\$0	\$236		\$210
8. Water	\$726	\$0	\$726	\$214	\$214	\$0	\$214	(\$47)	(\$47)	\$0	(\$47)		\$550
9. Gas	\$196	\$0	\$196	\$17	\$17	\$0	\$17	\$0	\$0	\$0			\$0
10. Garbage & Trash	\$75	\$0	\$75	\$77	\$77	\$0	\$77	\$12	\$12	\$0	\$12		\$270
11. Payroll	\$952	\$0	\$952	\$884	\$885	\$0	\$885	\$1,067	\$1,067	\$0	\$1,067		\$735
12. Other	\$121	\$0	\$121	\$158	\$158	\$0	\$158	\$67	\$67	\$0	\$67		\$0
13. Total Operating													\$1,765
14. Decorating	\$122	\$0	\$122	\$98	\$98	\$0	\$98	\$208	\$208	\$0	\$208		\$0
15. Repairs	\$175	\$0	\$175	\$99	\$99	\$0	\$99	\$153	\$153	\$0	\$153		\$365
16. Exterminating	\$0	\$0		\$13	\$13	\$0	\$13	\$10	\$10	\$0	\$10		\$0
17. Insurance	\$163	\$0	\$163	\$181	\$181	\$0	\$181	\$396	\$396	\$0	\$396		\$385
18. Ground Expenses	\$120	\$0	\$120	\$121	\$121	\$0	\$121	\$286	\$286	\$0	\$286		\$0
19. Other	\$0	\$0		\$21	\$21	\$0	\$21	\$0	\$0	\$0			\$450
20. Total Maint.													\$1,200
20a. Total Operating Expense Exclusive of Reserve Time and Trend (Sum of Lines 4, 13 and 20)													\$3,665
20b. Trend Adjustment							Jul-13				Annual Rate	2.00%	4.90%
21. Replacement Reserve (Per Applicable Formula from Forms HUD-92264 or HUD-92264B)													300
22. Total Operating Expenses Including Reserve Time and Trend (Sum of Lines 20a, 20b and 21)													\$4,145
23. Taxes/Real Estate	\$1,025	(\$535)	\$490	\$922	\$924	(\$434)	\$490	\$1,257	\$1,257	(\$767)	\$490		\$467
24. Personal Prop. Tax	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0			\$6
25. Emp. Payroll Tax	\$233	\$0	\$233	\$62	\$62	\$0	\$62	\$97	\$97	\$0	\$97		\$55
26. Other	\$0	\$0		\$40	\$40	\$0	\$40	\$0	\$0	\$0			\$30
27. Other	\$0	\$0		\$63	\$63	\$0	\$63	\$174	\$174	\$0	\$174		\$100
27a Total Taxes w/o trend													
27b. Trend Adjustment							Jul-13				Annual Rate	2.00%	4.90%
28. Total Taxes (Including Time and Trend) (Sum of Lines 27a and 27b)													\$690
29. Total Expense (Sum of Lines 22 and 28)													\$4,835

Income and Expenses
“As-Renovated” Scenario

Operating Expense Analysis Worksheet				U.S. Department of Housing and Urban Development Office of Housing Federal Housing Commissioner				OMB Approval No. 2502-0331 (exp. 4/30/2006)									
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Project Name		Northgate Apartments				AS IF RENOVATED		Project Number		0.00							
City		804		Frank Cochran Drive		Hinesville		Date of Appraisal (mm/dd/yyyy)		July 18, 2013							
Signature of Processor						Signature of Reviewer						Date (mm/dd/yyyy)					
Project Name		Celebration at Sandy Springs			The Links at Georgetown			Walden at Chatham Center			Northgate Apartments						
Project Number											As If Renovated						
Location		0.00			450 Al Henderson Blvd, Savannah			Walden Lane, Savannah			Hinesville						
Type of Project		Market Rate			Market Rate			Market Rate			As If Renovated						
No. of Stories		2.00			3.00			3.00			2						
Type of Construction		Wood Frame			Masonry/Wood Frame			Wood Frame			Class D						
No. of Living Units		250			360			236			80						
Age of Project		1969, 2007 R															
Project Unit Composition		BRM	BRM	BRM	BRM	BRM	BRM	BRM	BRM	BRM	BRM	BRM	BRM	BRM	BRM	BRM	BRM
Composition		(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)	(2)	(2)	(3)	(4)
No. of Each Type Unit		40	183	27		134	226			83	153			28	4	40	8
Sq. Ft. Each Type Unit		780	1,136	1,350		802	1,216			834	1,245			882	882	1,042	1,206
Average Unit Area		1102			1062			1100			994						
Same Tax Rate as Subject*																	
Effective Date/Updating		1/2011			1/1/2011			2/1/2011			7/18/2013						
Months/Percentage		100 0.2%			100 0.2%			0.00 0.0%									
Same Utility Rate *																	
Equip. & Services Inc. in Rent		12,3,4,5,6,8,21			12,3,4,5,6,8,21			12,3,4,5,6,8,21			12,3,4,5,6,21						
Equipment Included in Rent						Services Included in Rent											
1	Ranges & Refrig.	2	Carpet & Drapes	3	Disposal	10	Gas	11	Cooking	12	Hot Water	13	A/C				
4	Dishwasher	5	Laundry Fac.	6	Air Cond.	14	Elec.	15	Cooking	16	Hot Water	17	A/C				
7	Micro wave	8	Pool/Tennis	9	Other	19	Other Fuel	20	Hot Water	21	Water	22	Other				
													18 Lights				
													Cable/internet				

Kay Hauckick

Items of Expense by Units of Comparison ***	Exp.	Adj. + -	Ind. Exp.	Exp.	Up-dated Exp.	Adj. + -	Ind. Exp.	Exp.	Up-dated Exp.	Adj. + -	Ind. Exp.					Correlated Expense
1. Advertising	\$223	\$0	\$223	\$171	\$171	\$0	\$171	\$188	\$188	\$0	\$188					\$0
2. Management	\$240	\$0	\$240	\$289	\$290	\$0	\$290	\$400	\$400	\$0	\$400					\$522
3. Other	\$178	\$0	\$178	\$189	\$189	\$0	\$189	\$168	\$168	\$0	\$168					\$200
4. Total Admin.																\$722
5. Elevator	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0						\$0
6. Fuel	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0						\$0
7. Lighting & Mis. Power	\$272	\$0	\$272	\$178	\$178	\$0	\$178	\$236	\$236	\$0	\$236					\$210
8. Water	\$726	\$0	\$726	\$214	\$214	\$0	\$214	(\$47)	(\$47)	\$0	(\$47)					\$425
9. Gas	\$196	\$0	\$196	\$17	\$17	\$0	\$17	\$0	\$0	\$0						\$0
10. Garbage & Trash	\$75	\$0	\$75	\$77	\$77	\$0	\$77	\$12	\$12	\$0	\$12					\$270
11. Payroll	\$952	\$0	\$952	\$884	\$885	\$0	\$885	\$1,067	\$1,067	\$0	\$1,067					\$744
12. Other	\$121	\$0	\$121	\$158	\$158	\$0	\$158	\$67	\$67	\$0	\$67					\$0
13. Total Operating																\$1,649
14. Decorating	\$122	\$0	\$122	\$98	\$98	\$0	\$98	\$208	\$208	\$0	\$208					\$0
15. Repairs	\$175	\$0	\$175	\$99	\$99	\$0	\$99	\$153	\$153	\$0	\$153					\$300
16. Extenuating	\$0	\$0		\$13	\$13	\$0	\$13	\$10	\$10	\$0	\$10					\$0
17. Insurance	\$163	\$0	\$163	\$181	\$181	\$0	\$181	\$396	\$396	\$0	\$396					\$385
18. Ground Expenses	\$120	\$0	\$120	\$121	\$121	\$0	\$121	\$286	\$286	\$0	\$286					\$0
19. Other	\$0	\$0		\$21	\$21	\$0	\$21	\$0	\$0	\$0						\$390
20. Total Maint.																\$1,075
20a. Total Operating Expense Exclusive of Reserve Time and Trend (Sum of Lines 4, 13 and 20)																\$3,446
20b. Trend Adjustment							Jul-13					AnnualRate	2.00%			4.90%
21. Replacement Reserve (Per Applicable Formula from Forms HUD-92264 or HUD-92264B)																300
22. Total Operating Expenses Including Reserve Time and Trend (Sum of Lines 20a, 20b and 21)																\$3,915
23. Taxes/Real Estate	\$1,025	(\$535)	\$490	\$922	\$924	(\$434)	\$490	\$1,257	\$1,257	(\$767)	\$490					\$467
24. Personal Prop. Tax	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0						\$6
25. Emp. Payroll Tax	\$233	\$0	\$233	\$62	\$62	\$0	\$62	\$97	\$97	\$0	\$97					\$55
26. Other	\$0	\$0		\$40	\$40	\$0	\$40	\$0	\$0	\$0						\$30
27. Other	\$0	\$0		\$63	\$63	\$0	\$63	\$174	\$174	\$0	\$174					\$100
27a Total Taxes w/o trend																
27b. Trend Adjustment							Jul-13					AnnualRate	2.00%			4.90%
28. Total Taxes (Including Time and Trend) (Sum of Lines 27a and 27b)																\$690
29. Total Expense (Sum of Lines 22 and 28)																\$4,605

Direct Capitalization

There are several methods of deriving a capitalization rate in order to convert anticipated income into a value estimate. The best method is by direct extraction of capitalization rates from market transactions. In this instance, we were able to obtain capitalization rate information from each of the improved sales within the market area. A summary of the overall capitalization rates obtained from sales in the general region follows:

OVERALL CAPITALIZATION RATES	
Pinnacle Place	7.37%
Ponderosa Pines	9.81%
Southland	7.50%

The first three sales are generally higher quality and/or within strong apartment markets and set the low end of the range. The subject’s renovation requirement would place this property in the “value added” asset class.

Activity in the sales arena is from regional buyers who are able to secure financing from their lenders as well as private investment deals. Lenders continue to favor larger investment groups with experience managing apartments. A national survey is presented:

	Class A				Class B				Class C			
	Stabilized	Trend#	Value-Add	Trend#	Stabilized	Trend#	Value-Add	Trend#	Stabilized	Trend#	Value-Add	Trend#
Atlanta	6.50% - 7.00%	↓	8.00% - 8.50%	↑	7.50% - 8.00%	↓	9.00% - 9.50%	↑	8.50% - 10.00%	↓	10.00% - 12.00%	↓
Baltimore	7.50% - 8.00%	↓	9.00%	↔	8.75% - 9.25%	↓	10.00%	↔	11.00% - 12.00%	↑	12.00%	↑
Boston	4.75% - 5.25%	↑	5.50% - 6.00%	↑	5.50% - 6.00%	↓	6.50% - 7.00%	↓	6.50% - 7.00%	↓	8.00% - 8.50%	↓
Charlotte	6.50% - 7.00%	↓	7.50% - 8.50%	↔	7.25% - 7.75%	↓	8.50% - 10.00%	↑	9.00% - 10.00%	↔	10.00% - 12.00%	↔
Jacksonville	7.50% - 8.50%	↔	9.00% - 10.00%	↔	9.50% - 10.50%	↑	10.00% - 10.50%	↓	10.50% +	↔	10.50% +	↓
Manhattan	4.00% - 5.00%	↓	5.00% - 6.00%	↔	5.00% - 6.00%	↔	6.00% - 6.50%	↔	N/A	N/A	N/A	N/A
Memphis	8.50% - 9.00%	↔	9.00% - 10.00%	↔	9.00% - 10.00%	↔	10.00% - 11.00%	↑	11.00% - 12.00%	↑	11.00% - 12.00%	↔
Miami	5.50% - 6.25%	↓	6.50% - 7.50%	↓	6.00% - 6.75%	↓	6.75% - 7.75%	↓	6.75% - 7.50%	↓	7.50% - 8.50%	↓
Nashville	6.60% - 7.00%	↓	7.50% - 8.00%	↓	8.00% - 8.50%	↓	8.50% - 9.00%	↓	8.75% - 9.50%	↓	9.50% - 9.75%	↓
Orlando	5.00% - 7.00%	↓	6.00% - 8.00%	↔	7.00% - 8.50%	↔	8.00% - 9.00%	↑	8.50% - 9.50%	↑	9.50% - 10.00%	↑
Philadelphia	7.00% - 7.75%	↔	7.50% - 8.25%	↔	8.50% - 9.00%	↔	9.00% - 9.50%	↔	9.00% - 9.50%	↔	9.50% - 10.00%	↔
Pittsburgh	7.00% - 7.50%	↓	8.00% - 8.50%	↔	8.50% - 9.00%	↔	9.50% - 10.50%	↔	10.50% - 11.00%	↔	11.00% - 12.00%	↔
Raleigh	6.50% - 7.50%	↓	8.00% - 8.50%	↔	8.50% - 9.00%	↑	9.00% - 9.50%	↔	9.00% - 10.00%	↔	9.50% - 10.50%	↓
Tampa	6.50% - 7.50%	↔	7.50% - 8.50%	↓	8.00% - 9.25%	↓	8.75% - 9.75%	↓	9.25% - 10.25%	↓	9.75% - 10.75%	↓
Washington, DC	4.75% - 5.75%	↑	5.50% - 6.50%	↑	6.00% - 7.50%	↑	6.50% - 7.50%	↔	7.00% - 8.00%	↓	8.00% - 9.50%	↓

* Compared to 1st half 2012

The subject “retrospective as is” would be considered a Class C Value Added asset. Therefore, the 8.5% to 12.00% range would be reasonable.

Band of investment— this method of building an overall rate is based on the basic market-derived components plus investor perceptions that formulate capitalization rates. These are the return of and on the investment (payback of financing) as well as the return “of” and “on” the equity (equity dividend rate). Equity dividend rates were typically not available from the sales because of a lack of sufficient information regarding financing arrangements for the purchases. We have reviewed the industry for prevailing equity return requirements. Given the property’s management requirement, location, age, and condition, we believe that an equity dividend rate of 7% to 9% will be required to attract a suitable investor.

Northgate Apartments				
BAND OF INVESTMENT AND DEBT COVERAGE RATIO				
Mortgage Interest Rate				4.25%
Amortization Term				37.5
Loan to Value Ratio				80.0%
Debt Coverage Ratio				1.20
Equity Divided Rate				8.00%
BAND OF INVESTMENT				
Debt Portion (includes MIP)	80%	x	0.0584	= 0.0467
Equity Portion	20%	x	0.0800	= 0.0160
				6.27%
DEBT COVERAGE	80%	x	1.2	x 0.0534
				5.12%

The band of investment and debt coverage models do not account for the secondary location of the subject since they are calculated off interest rates, debt coverage and equity dividends. Reliance was not placed on these models when determining the capitalization rate.

Conclusion/Overall Rate Analysis

In considering all factors, the hypothetical retrospective “As Is Market” value estimate is as follows

MARKET VALUE ESTIMATE SUMMARY	
	Retrospective As Is Market Hypothetical
Potential Rental Income	\$703,200
Other Income	\$2,880
Potential Gross Income	\$706,080
Less: Vacancy and Collection	(\$49,426)
Effective Gross Income	\$656,654
Less: Total Expenses	(\$386,797)
Net Operating Income	\$269,857
Divided by Overall Rate	10.00%
Estimated Value	\$2,698,570
Total "Retrospective As-Is" Value (Rounded)	\$2,700,000
Per Unit	\$33,750

Final Value Estimate

The purpose of this appraisal was to estimate the hypothetical retrospective “as-is” market value of the fee simple interest in the subject. The value concluded via the income approach is provided as follows:

Northgate Apartments	
VALUE RECONCILIATION	
Approach to Value	Retrospective As Is Market Hypothetical
Land Value	\$380,000
Income Approach	\$2,700,000
Sales Comparison	\$2,700,000
Reconciliation	\$2,700,000

The **cost approach** is the sum of the land value and the cost new of the improvements less accrued depreciation. The cost approach is based on the premise that an informed, rational investor/purchaser would pay no more for an existing property than it would cost him to reproduce a substitute property with the same utility without undue delay. The Cost Approach provides an excellent valuation method for recently constructed or proposed improvements as well as unique or special purpose property types in which improved sales or comparable leases are not readily available. The subject is older and the cost approach provides no reliability to value.

The **income approach** is based on the premise that a prudent investor would pay no more for the subject property than they would for another investment with similar risk and return characteristics. Since the value of an investment can be considered equal to the present worth of anticipated future benefits in the form of dollar income or amenities, this approach estimates the present value of the net income that the property is capable of producing. This amount is capitalized at a rate that should reflect risk to the investor and the amount of income necessary to support debt service or the mortgage requirement. The income approach provides a good indication of value.

The **sales comparison approach** (market approach) is the process of comparing prices paid for properties having a satisfactory degree of similarity to the subject property adjusted for differences in time, location, and physical characteristics. This approach is based upon the principle of substitution, which implies that a prudent purchaser will not pay more to buy a property than it would cost him to buy a comparable substitute property in a similar location. The sales comparison approach provided a good check on value derived via the income approach.

Each technique or approach to value has its strengths and weaknesses, depending largely on the type of property being appraised and the quality of available data. In most instances, one or more of these approaches will produce a more reliable value indication than the other approach or approaches.

The final step in the appraisal process is the reconciliation and correlation of all of the value indications into a final value estimate. This step usually begins with a discussion of the merits and demerits of each approach and an analysis of the reliability of the data used in each approach. It concludes with the statement of final value estimate. In this instance, only the income approach was utilized in forming reliable market value indications for the subject property.

As a result of our investigation into those matters affecting market value, and by virtue of our experience and training, we estimated that the “**Retrospective As-Is**” market value of the fee simple interest in the subject effective July 18, 2013 was:

**HYPOTHETICAL RETROSPECTIVE “AS-IS” MARKET VALUE
TWO MILLION SEVEN HUNDRED THOUSAND DOLLARS
(\$2,700,000)**

NOI-As Renovated

The Net Operating Income for the subject property in an “As-Renovated” scenario is given in the following table:

NET OPERATING INCOME SUMMARY – AS RENOVATED	
Potential Rental Income	\$765,792
Other Income	\$2,880
Potential Gross Income	\$768,672
Less: Vacancy and Collection	(\$38,434)
Effective Gross Income	\$730,238
Less: Total Expenses	(\$368,392)
Net Operating Income	\$361,846

ADDENDUM A
SUBJECT INFORMATION

A. For Section 223(f). The property must be evaluated under two scenarios: a) the “hypothetical market value” of the property without regard to any Section 8 project based subsidies, rent restrictions or LIHTC, and b) a debt service analysis that considers all Section 8 project based subsidies and other low income rent restrictions must be performed. Two independent Section C rent schedules must be prepared, one for a hypothetical market rent estimate and one that recognizes all rent restrictions and subsidies.

1. Criteria 3 Market Value: The appraiser must ignore the Section 8 contract rents, tax exempt bond or LIHTC restricted rents when determining market value and the income to be capitalized for a determination of market value for the purposes of determining Section K, Form HUD-92264, and Criteria 3 Form HUD-92264-A Value. To be consistent, the appraiser must use a market capitalization rate and must assume market rents in the income approach to

value. Note that the comparable sales approach to value must be completed without regard to Section 8 or LIHTC awards.

2. Criteria 5 Debt Service Analysis: In calculating net operating income to be used for Criteria 5 Debt Service, rent restrictions must be observed. For the Criteria 5 debt service analysis, the Line 6, Form HUD-92264-T rents must be used. This applies to projects receiving LIHTCs that may use either tax exempt bond or market-rate financing.

3. Form HUD-92264T for LIHTC projects without Section 8: Follow existing form instructions. Processing will be based upon the lesser of Lines 1, 4 or 5.

4. Form HUD-92264T for Section 8 Project Based Assistance without LIHTC:

- a. Enter the market rent by comparison on Line 1
- b. Enter Personal Benefit Expenses on Line 2
- c. Line 3 is Not Applicable
- d. Line 4 is Not Applicable
- e. Enter the Project Based Section 8 Contract Rent on Line 5
- f. Subtract Line 2 from Line 5 (if applicable)
- g. Process using the lesser of Line 1 or Line 5

5. Form HUD-92264T for Section 8 Project Based Assistance with LIHTC:

The LIHTC rent must be recorded but is not used as a limiting criterion because the total income to the project is the LIHTC rent combined with the Section 8 rent, so that the actual amount of rental income to the project will be the Project Based Section 8 rent, as follows.

2 Bedroom Section 8 Contract Rent	\$850/Month
2 Bedroom LIHTC Rent limit	\$350/Month
Resident’s Rent Obligation to Project:	\$350/Month
Section 8 Payment to Project:	\$500/Month
Total Income to Project	\$850/Month

B. Fee Income. If additional fees for project amenities are mandatory for all residents, the mandatory fee income from restricted units must be excluded from the calculation of net income. The mandatory fee income from non-restricted units may be included if these amenity fees are indicated by comparable properties in the market and it must be explained in the remarks section of Form HUD-92264.

C. Expenses/Fees: Properties with LIHTC restricted units will commonly have a higher operating expense ratio per unit than market rate properties, which may be due to increased administrative costs for tax credit compliance monitoring, performing resident income certifications and staffing to provide on-site resident services. Estimating operating expenses for projects that are to be funded through the sale of LIHTC, requires the analysis of LIHTC comparables if available, and consultation with other experts (i.e. appraisers and property managers) in the context of current

market conditions which should consider the size of the project and unit mix. Utility expense unit rent adjustments in LIHTC projects may be estimated by the analysis of actual costs supplied by the developer, the utility company or by use of the Section 8 utility allowances.

1. If the property has the same operating expenses under LIHTC or Project Based Section 8 operation as it would under market rate operation, enter expenses as usual.
2. If a property has different expense needs as a subsidized property, the expenses used for Criteria 3 must be market rate expenses and the expenses used for Criteria 5 debt service shall be the actual expenses under its' proposed usage. This will insure that the Criteria 5 - debt service analysis of the HUD 92264a is calculated based on the actual estimate of the rent restricted NOI for the property.
3. Audit Fee no Longer Recognized. With the elimination of the requirement for an audited cost certification for mortgage insurance transactions with LIHTC, assuming the ratio of loan proceeds to the actual cost of the project is less than 80 percent, the audit fee will no longer be recognized as an allowable cost in the Total Estimated Replacement Cost of Project, Section G line 66 Form HUD-92264.

D. Sections 220 and 221(d) Site Value and "As Is" Value:

The site value of land in new construction or the "As Is" value in substantial rehabilitation cases is to be estimated using a capitalization rate and property NOI as if the units and the property were unrestricted and market rate, without considering: a) any additional value that may be attributable to subsidies available to the project or any LIHTCs or other tax benefits the property will receive, or b) any value reduction due to any NOI or value limitations caused by regulatory agreements or affordability restrictions imposed by any subsidy program or tax regulation. This valuation methodology permits sponsors to acquire property at its market value for new construction or rehabilitation of affordable housing. The value attributable to the presence of LIHTCs diminishes over time and is not always freely transferable, and thus should not be taken into consideration.

- E. Income Limits. The review appraiser must ascertain that the correct income limits are employed in calculating the maximum LIHTC rents and in completing Form HUD-92264-T. HERA modified HUD's income limit methodology for calendar years after 2008 to require HUD to increase applicable area median incomes by the amount area median incomes rise, even if the HUD-determined area median incomes would be frozen under HUD's 2007 and 2008 income limit methodology. For LIHTC, HERA defines area median income in rural areas as the greater of the area median income and the national non-metropolitan median income, effective for income determinations made after date of HERA enactment, as applicable only to 9 percent LIHTC developments.

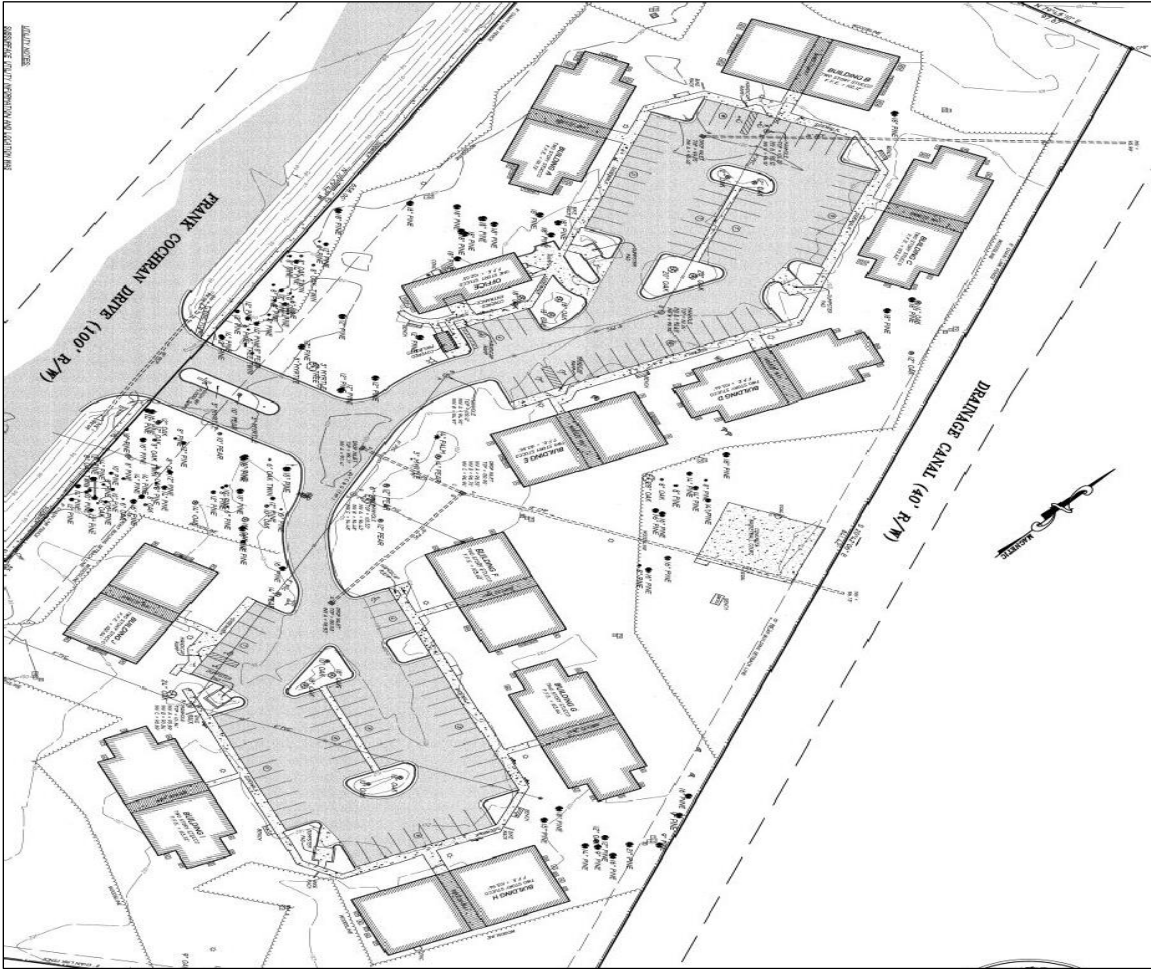
Legal Description

EXHIBIT "A"

All that certain lot, tract or parcel of land situate, lying and being in the 1756th G.M. District of Liberty County, Georgia, containing eight (8.0) acres, more or less, and commencing at the intersection of the Northerly right of way of Georgia State Route 196 and the Easterly right of way of Frank Cochran Drive and thence running along the Easterly right of way of Frank Cochran Drive a distance of 2325.3 feet to THE POINT OF BEGINNING; thence running from said point of beginning along Frank Cochran Drive N 20° 21' 36" W a distance of 100.0 feet to a point; thence running along Frank Cochran Drive N 15°57' 06" W a distance of 100.0 feet to a point; thence running along Frank Cochran Drive N 12° 20' 36" W a distance of 100.0 feet to a point; thence running along Frank Cochran Drive N 11° 09' 54" W a distance of 34.2 feet to a point; thence running along Frank Cochran Drive N 10°29' 42" W a distance of 658.0 feet to a point; thence running N 79° 30' 18" E a distance of 303.0 feet to a point; thence running S 20° 42' 06" E a distance of 841.6 feet to a point; thence running S 58° 30' W a distance of 121.4 feet to a point; thence running S 58° 30' W a distance of 330.4 feet to the point of beginning on the easterly right of way of Frank Cochran Drive. For further description of said land reference is hereby made to that certain plat of survey made and prepared by Harold R. Johnson, Georgia Registered Land Surveyor No. 1137, dated May 2, 1982, and revised on September 10, 1982, and being recorded in Plat Book 17, pages 31-32, in the office of the Clerk of the Superior Court of Liberty County, Georgia.

Site Plan/General Layout

A site plan of the subject property is shown below:



ADDENDUM B

COMPARABLES

***LAND SALES
RENT COMPARABLES
IMPROVED SALES***

LAND SALES

LAND SALE NO. 1

Property Type:	Vacant Land			
Project Name:	Independence Place			
Address:	County:			
West 15th Street	Liberty			
Hinesville, GA				
Parcel:	035C001			
Sale Data:				
Grantor	Horse Creek Partners, LLC			
Grantee	Independence Place Fort Stewart, LLC			
Sale Date	April-07			
OR Book/Page	035C001			
Property Rights	Fee Simple			
Condition of Sale	Arm's Length			
Financing	Cash to Seller			
Sale History	N/A			
Verification	Representative of Developer, Public Records			
Consideration	\$1,420,120			
Land Data:				
Topography	Generally level			
Utilities	All available			
Dimensions	N/A			
Shape	Irregular			
Frontage	West 15th Street			
Access	West 15th Street			
Gross Land Size (acres)	41.57			
Useable Land Size (acres)	27.44			
Useable Land Size (sf)	1,195,286			
Purpose	Apartments			
Planned Units	264			
Density	6.35			
Zoning	Multi-Family			
Legal Conforming	Yes			
Indicators:				
Sale Price/Gross Acre	\$34,162			
Sale Price/Net Acre	\$51,754			
Sale Price/Gross SF	\$1.19			
Sale Price/Unit	\$5,379.24			

Land Sale 3 was purchased for the development of Rice Creek Apartments. This site sold for \$1,853,000 in March 2008. The site is located north of the Pooler submarket and is west of Interstate 95. This property is made up of 16.65 acres and offers good access and exposure along Georgia State Road 21. This development consists of 240 units. Land Sale Three represents a sale that was somewhat affected by the economic downturn when lending was beginning to tighten. The land is located to the north of the subject and is considered to be slightly inferior regarding location.

LAND SALE NO. 2

Property Type:	Multi Family Land				
Project Name:	Savannah Highlands				
Address:	County:				
2170 Benton Boulevard Savannah, GA	Chatham				
Parcel:	2-1016-02-48				
Sale Data:					
Grantor	Beach Highlands, LLC				
Grantee	Savannah Highlands LLC				
Sale Date	November-09				
OR Book/Page	3450/217				
Property Rights	Fee Simple				
Condition of Sale	Arm's Length				
Financing	Cash to Seller				
Sale History	N/A				
Verification	Public Records	Jay Boan	County Appraiser	verified	
Consideration	\$1,489,600				
Land Data:					
Topography	Generally level				
Utilities	All available				
Dimensions	N/A				
Shape	Irregular				
Frontage	Benton Boulevard				
Access	Benton Boulevard				
Gross Land Size (acres)	21.28				
Useable Land Size (acres)	21.28				
Useable Land Size (sf)	926,957				
Purpose	MF Residential				
Planned Units	222				
Density	10.43				
Zoning	Multifamily				
Legal Conforming	Yes				
Indicators:					
Sale Price/Gross Acre	\$70,000				
Sale Price/Net Acre	\$70,000				
Sale Price/Gross SF	\$1.61				
Sale Price/Unit	\$6,710				
Comments:	Land Sale 1 was purchased for the development of Savannah Highlands Apartments. The property was purchased in November 2009 for a price of \$1,489,600. The site is located at 2170 Benton Boulevard, Savannah, Georgia. The property was developed with 222 market-rate units. Land Sale One represents a newer sale and was purchased at a time where lending became constricted due to the economic downturn. The land is located within the Pooler submarket and is generally located in a similar location relative to the same major highways and community support services as the subject. The property was purchased with a phased concept. The Sale was able to purchase the land for a reduced price due to understanding that the site work would carry a higher cost to do both phases.				

LAND SALE NO. 3

Property Type: Multi Family Land
Project Name: Villas at Park Avenue

Address: 505 Pooler Parkway
Savannah, Ga
County: Chatham

Parcel: 5-0017A-01-095

Sale Data:

Grantor South Godley Enterprises
Grantee Villas Pooler Partners, LL
Sale Date 10/19./2011
OR Book/Page N/A
Property Rights Fee Simple
Condition of Sale Arm's Length
Financing Cash to Seller
Sale History N/A
Verification Cushman and Wakefield

Consideration \$1,445,000

Land Data:

Topography Generally level
Utilities All available
Dimensions N/A
Shape Irregular

Gross Land Size (acres) 17.00
Useable Land Size (acres) 17.00
Useable Land Size (sf) 740,520
Purpose MF Residential
Planned Units 238
Density 14.00
Zoning Multifamily
Legal Conforming Yes

Indicators:

Sale Price/Gross Acre \$85,000
Sale Price/Net Acre \$85,000
Sale Price/Gross SF \$1.95
Sale Price/Unit \$6,071

Comments:

Land Sale 2 was purchased for the development of Villas at Park Avenue. The property was purchased in October 2011 for a purchase price of \$1,445,000. The site contains 17 acres.

RENT COMPARABLES

SUBJECT PROPERTY
NORTHGATE APARTMENTS

Property Name	Northgate Apartments
Address	804 Frank Cochran Drive
City, State Zip	Hinesville, GA 31313
Date	July-13
# of Units	80
Year Built/Renovated	1982
Type	Section 8
Occupancy	98%
Tenant Characteristics	1
	1
Verification	1
Phone	912-369-8279
By	1



Floor Plans:

Bed/Bath	Units	Type or Name	SQFT	Market Rent	Rent/SF	Concessions	Range
2x1		48		\$680			
3x1.5		16		\$838			
4x2		8		\$913			
Total/Average							

Concessions

Duration	No Concessions						
Concessions							

Unit Amenities:

Property Amenities:

Carpet (C)	Yes	Central A/C	Yes	Clubhouse	No	Laundry	Yes
Blinds (B)	Yes	Range Oven	Yes	Business Center	No	Gated	No
Balcony/Patio	Yes	Refrigerator	Yes	Fitness Room	No	Car Wash	No
Ceiling Fan	Yes	Disposal	No	Pool	No	Security Officer	No
Outside Storage	No	Microwave	No	Spa	No	Elevator	No
Screened Porch	No	Dishwasher	No	Rec Area	No		
Security System	No	Washer/Dryer	No				
Fireplace	No	Washer/Dryer Conn.	Yes				
Garage or Carport	No						

Utilities Included:

Services:

Market Information:

Water	Yes	Cook Type	No/E	Annual Turnover			
Sewer	Yes	Heat/Type	No/E	Leasing Pace			
Trash	Yes	Electricity	No	Annual Chg. In Rents			
Pest Control	Yes	Water Cold/Hot	No				
Cable	No						
Internet	No						

BAYTREE APARTMENTS

Property Name	Baytree Apartments
Address	217 Baytree Street
City, State Zip	Hinesville, GA 31313
Date	July-13
# of Units	60
Year Built/Renovated	1983
Type	Section 8
Occupancy	95%
Tenant Characteristics	1
	1
Verification	1
Phone	912-369-8255
By	1



Floor Plans:

Bed/Bath	Units	Type or Name	SQFT	Market Rent	Rent/SF	Concessions	Range
1x1	4	60%	642				
2x1	3	60%	849				
2x1	37	60%	849				
3x2	16	60%	1,054				
Total/Average	60		890				

Concessions

Duration	No Concessions
Concessions	

Unit Amenities:

Property Amenities:

Carpet (C)	Yes	Central A/C	Yes	Clubhouse	No	Laundry	Yes
Blinds (B)	Yes	Range Oven	Yes	Business Center	No	Gated	No
Balcony/Patio	Yes	Refrigerator	Yes	Fitness Room	No	Car Wash	No
Ceiling Fan	Yes	Disposal	No	Pool	No	Security Officer	No
Outside Storage	No	Microwave	No	Spa	No	Elevator	No
Screened Porch	No	Dishwasher	No	Rec Area	Yes		
Security System	No	Washer/Dryer	No				
Fireplace	No	Washer/Dryer Conn.	No				
Garage or Carport	No						

Utilities Included:

Services:

Market Information:

Water	Yes	Cook Type	No/E	Annual Turnover			
Sewer	Yes	Heat/Type	No/E	Leasing Pace			
Trash	Yes	Electricity	No	Annual Chg. In Rents			
Pest Control	Yes	Water Cold/Hot	No				
Cable	No						
Internet	No						

RAINTREE APARTMENTS

Property Name	Raintree Apartments
Address	601 Saunders Avenue
City, State Zip	Hinesville, GA
Date	July-13
# of Units	200
Year Built/Renovated	1984
Type	Section 8
Occupancy	99%
Tenant Characteristics	1
	1
Verification	1
Phone	912-876-0906
By	1



Floor Plans:

Bed/Bath	Units	Type or Name	SQFT	Market Rent	Rent/SF	Concessions	Range
1x1	32		680	\$769	\$1.13		
2x1	112		957	\$866	\$0.90		
3x1	48		1,113	\$983	\$0.88		
4x1.5	8		1,260	\$1,122	\$0.89		
Total/Average	200		962	\$889	\$0.94		

Concessions

Duration	No Concessions
Concessions	

Unit Amenities:

Carpet (C)	Yes	Central A/C	Yes
Blinds (B)	Yes	Range Oven	Yes
Balcony/Patio	Yes	Refrigerator	Yes
Ceiling Fan	Yes	Disposal	No
Outside Storage	No	Microwave	No
Screened Porch	No	Dishwasher	No
Security System	No	Washer/Dryer	No
Fireplace	No	Washer/Dryer Conn.	Yes
Garage or Carport	No		

Property Amenities:

Clubhouse	Yes	Laundry	Yes
Business Center	No	Gated	No
Fitness Room	No	Car Wash	No
Pool	No	Security Officer	No
Spa	No	Elevator	No
Rec Area	Yes		

Utilities Included:

Water	Yes
Sewer	Yes
Trash	Yes
Pest Control	Yes
Cable	No
Internet	No

Services:

Cook Type	No/E
Heat/Type	No/E
Electricity	No
Water Cold/Hot	No

Market Information:

Annual Turnover	
Leasing Pace	
Annual Chg. In Rents	

THE COLUMNS

Property Name	The Columns
Address	501 Burke Drive
City, State Zip	Hinesville, GA
Verification:	Ellie
Phone:	912-320-4788
By:	MJ
Date:	July-13
Year Built	2010
# of Units	222
Type	Garden
Occupancy	98%
Tenant Characteristics	Market-Rate
Achieving Max Rents (tax crdt)	NA



Floor Plans:

Bed/Bath	Units	Type or Name	SQFT	Market Rent	Concessions	Range
1/1	24		803	\$880	\$1.10	
1/1	30		892	\$915	\$1.03	
1/1	24		944	\$935	\$0.99	
2/1	24		1,134	\$1,025	\$0.90	
2/2	48		1,180	\$1,125	\$0.95	
2/2	48		1,227	\$1,150	\$0.94	
3/2	24		1,461	\$1,215	\$0.83	
Total/Average	222		1110	N/A	\$0.96	N/A

Concessions

Duration	No Concessions
Concessions	

Unit Amenities:

Carpet (C)	Yes	Central A/C	Yes
Blinds (B)	Yes	Range Oven	Yes
Balcony/Patio	Yes	Refrigerator	Yes
Ceiling Fan	No	Disposal	Yes
Outside Storage	No	Microwave	Yes
Screened Porch	No	Dishwasher	Yes
Security System	No	Washer/Dryer	Yes
Fireplace	No	Washer/Dryer Conn.	Yes
Garage or Carport	No		

Property Amenities:

Clubhouse	Yes	Laundry	No
Business Center	Yes	Gated	Yes
Fitness Room	Yes	Car Wash	No
Pool	Yes	Security Officer	No
Spa	No	Elevator	No
Tennis Court	No	Playground	Yes
Racquetball	No	Picnic Area	Yes
Basket Ball	No		

Utilities Included:

Water	No
Sewer	No
Trash	No
Pest Control	Yes
Cable	No
Internet	No

Services Included:

Cook Type	No/E
Heat/Type	No/E
Electricity	No
Water Cold/Hot	C/H

Market Information:

Annual Turnover	
Leasing Pace	
Annual Chg. In Rents	

Premiums/Options:

Type	\$	# of Units Available	Total Units	% Occupied	Additional Premium Information
Storage		Available			
W/D		Included in rent			
Det. Garages		Available			
View					
Floor					
Carports					

Comments:

According to the leasing agent residents are mostly military, DOD and teachers.

THE PINES AT WILLOWBROOK

Property Name	The Pines at Willowbrook
Address	841 Willowbrook Drive
City, State Zip	Hinesville, GA 31313
Verification:	Cynthia
Phone:	912-877-2162
By:	Mike
Date:	July-13
Year Built	2003
# of Units	80
Type	Garden/2
Occupancy	93%
Tenant Characteristics	Market & Restricted (50% & 60% AMI)
Achieving Max Rents (tax crdt)	Yes



Floor Plans:

Bed/Bath	Units	Type or Name	SQFT	Rents 50% AMI	Rents 60% AMI	Market	Range
1x1			723	\$398	\$491.00	\$650	
2x1			935	\$468	\$579.00	\$780	
2x2			960	\$468	\$579.00	\$820	
3x2			1,023	\$534	\$664.00	\$900	
Total/Average							

Concessions

Duration	No Concessions
Concessions	

Unit Amenities:

Property Amenities:

Carpet (C)	Yes	Central A/C	Yes	Clubhouse	Yes	Laundry	Yes
Blinds (B)	No	Range Oven	Yes	Business Center	Yes	Gated	No
Balcony/Patio	Yes	Refrigerator	Yes	Fitness Room	Yes	Car Wash	No
Ceiling Fan	Yes	Disposal	Yes	Pool	No	Security Officer	No
Outside Storage	No	Microwave	Yes	Spa	No	Elevator	No
Screened Porch	No	Dishwasher	Yes	Tennis Court	No	Playground	Yes
Security System	No	Washer/Dryer	No	Racquetball	No	Picnic Area	No
Fireplace	No	Washer/Dryer Conn.	Yes	Basket Ball	No		
Garage or Carport	No						

Utilities Included:

Services Included:

Market Information:

Water	Yes	Cook Type	No/E	Annual Turnover	
Sewer	Yes	Heat/Type	No/E	Leasing Pace	
Trash	Yes	Electricity	No	Annual Chg. In Rents	
Pest Control	Yes	Water Cold/Hot	C/H		
Cable	No				
Internet	No				

Premiums/Options:

Type	\$	# of Units Available	Total Units	% Occupied	Additional Premium Information
Storage					
W/D					
Det. Garages					
View					
Floor					
Carports					

Comments:

This property is also one of the newer in the Hinesville market. Amenities are good and are comparable to other market rate properties in the market. The leasing agent indicated they are full with a wait list. They have rents at Market, 50% and 60% AMI

WYNGROVE APARTMENTS

Property Name	Wyngrove Apartments
Address	942 Grove Point Dr.
City, State Zip	Hinesville, GA 31313
Verification:	Leasing Agent
Phone:	(912)-368-6105
By:	MJ
Date:	July-13
Year Built	2000
# of Units	140
Type	Garden/2
Occupancy	95%
Tenant Characteristics	Market-Rate
Achieving Max Rents (tax crdt)	NA



Floor Plans:

Bed/Bath	Units	Type or Name	SQFT	Market Rent	Concessions	Range
1x1	32		525	\$700	\$1.33	
2x2	88		1,106	\$875	\$0.79	
3x2	20		1,318	\$925	\$0.70	
Total/Average	140		1003	\$842	\$0.90	

Concessions

Duration	No Concessions
Concessions	

Unit Amenities:

Carpet (C)	Yes	Central A/C	Yes
Blinds (B)	Yes	Range Oven	Yes
Balcony/Patio	Yes	Refrigerator	Yes
Ceiling Fan	Yes	Disposal	Yes
Outside Storage	No	Microwave	No
Screened Porch	Yes	Dishwasher	Yes
Security System	No	Washer/Dryer	No
Fireplace	No	Washer/Dryer Conn.	Yes
Garage or Carport	No		

Property Amenities:

Clubhouse	No	Laundry	Yes
Business Center	No	Gated	Yes
Fitness Room	No	Car Wash	No
Pool	No	Security Officer	No
Spa	No	Elevator	No
Tennis Court	No	Playground	No
Racquetball	No	Picnic Area	Yes
Basket Ball	No		

Utilities Included:

Water	Yes	Cook Type	No/E
Sewer	Yes	Heat/Type	No/E
Trash	Yes	Electricity	No
Pest Control	Yes	Water Cold/Hot	C/H
Cable	No		
Internet	No		

Market Information:

Annual Turnover	
Leasing Pace	
Annual Chg. In Rents	

Premiums/Options:

Type	\$	# of Units Available	Total Units	% Occupied	Additional Premium Information
Storage					
W/D					
Det. Garages					
View					
Floor					
Carports					

Comments:

Wyngrove offers few community amenities but has a lot of unit amenities. Built in 2000 and is in average to good condition.

MISSION RIDGE

Property Name	Mission Ridge	
Address	802 Frank Cochran Drive	
City, State Zip	Hinesville, GA	
Verification:	Michelle	
Phone:	912-368-5715	
By:	M.J. Kopakin	
Date:	July-13	
Year Built	1983/2011 Ren.	
# of Units	54	
Type	TH/2	
Occupancy	93%	50.22
Tenant Characteristics	Market-Rate	
Achieving Max Rents (tax crdt)	NA	



Floor Plans:

Bed/Bath	Units	Type or Name	SQFT	Base Market Rent	\$/SF	Rent with W/S	\$/SF
2x1	30		975	\$780	\$0.80	\$810	\$0.83
2x1.5	18		1,000	\$880	\$0.88	\$910	\$0.91
3x2	6		1,000	\$880	\$0.88	\$910	\$0.91
Total/Average	54		986	\$824	\$0.84		

Concessions

Duration	No Concessions						
Concessions							

Unit Amenities:

Property Amenities:

Carpet (C)	Yes	Central A/C	Yes	Clubhouse	No	Laundry	No
Blinds (B)	Yes	Range Oven	Yes	Business Center	No	Gated	No
Balcony/Patio	Yes	Refrigerator	Yes	Fitness Room	No	Car Wash	No
Ceiling Fan	No	Disposal	Yes	Pool	No	Security Officer	No
Outside Storage	No	Microwave	Yes	Spa	No	Elevator	No
Screened Porch	Yes	Dishwasher	Yes	Tennis Court	No	Playground	No
Security System	No	Washer/Dryer	No	Racquetball	No	Picnic Area	No
Fireplace	No	Washer/Dryer Conn.	Yes	Basket Ball	No		
Garage or Carport	No						

Utilities Included:

Services Included:

Market Information:

Water	Yes	Cook Type	No/E	Annual Turnover			
Sewer	Yes	Heat/Type	No/E	Leasing Pace			
Trash	No	Electricity	No	Annual Chg. In Rents			
Pest Control	Yes	Water Cold/Hot	C/H				
Cable	No						
Internet	No						

Premiums/Options:

Type	\$	# of Units Available	Total Unit:	% Occupied	Additional Premium Information
Storage					
W/S	\$30	Included in Rent Above			
Det. Garages					
View					
Floor					
Carports					

Comments:

The property has energy efficient windows which reduce the electrical cost for each tenant. They also provide a reduced cost on internet and cable because of an agreement with the local provider Comcast. The property was originally built in 1985 but underwent a substantial rehab project in 2010. All units were re-done and new appliances and amenities added.

Independence

Property Name	Independence Place
Address	1500 Independence Place Dr
City, State Zip	Hinesville, GA
Verification:	Tania
Phone:	912-877-2270
By:	Michael Perry
Date:	July-13
Year Built	2010
# of Units	264
Type	Market Rate
Occupancy	66%
# Rooms	524



Floor Plans:

Bed/Bath	Units	Type or Name	SQFT	Market Rent	Concessions	Range
1/1	44			\$1,049		
2/2	208			\$1,159		
4/4	16			\$1,409		
Total/Average	268			\$1,156		

Concessions

Duration	No Concessions
Concessions	

Unit Amenities:

Carpet (C)	Yes	Central A/C	Yes
Blinds (B)	Yes	Range Oven	Yes
Balcony/Patio	Yes	Refrigerator	Yes
Ceiling Fan	Yes	Disposal	Yes
Outside Storage	Yes	Microwave	Yes
Screened Porch	No	Dishwasher	Yes
Security System	No	Washer/Dryer	Yes
Fireplace	No	Washer/Dryer Com.	Yes
Garage or Carport	No		

Property Amenities:

Clubhouse	Yes	Laundry	No
Business Center	Yes	Gated	Yes
Fitness Room	Yes	Car Wash	Yes
Pool	Yes	Security Officer	No
Spa	No	Elevator	No
Tennis Court	No	Playground	Yes
Racquetball	No	Picnic Area	Yes
Basket Ball	Yes		

Utilities Included:

Water	Yes
Sewer	Yes
Trash	Yes
Pest Control	Yes
Cable	Yes
Internet	Yes

Services Included:

Cook Type	Elect
Heat/Type	Elect
Electricity	Yes
Water Cold/Hot	C/H
Furniture	Yes

Market Information:

Annual Turnover	
Leasing Pace	
Annual Chg. In Rents	

Premiums/Options:

Type	\$	# of Units Available	Total Units	% Occupied	Additional Premium Information
Storage	\$20		64		
W/D					
Det. Garages	\$55		72		
View					
Floor					
Carports					

Comments:

This property leases by the room. They have roommates matching programs. The rents are all inclusive including furniture and utilities. This property will typically operate near capacity. They lost a brigade in late 2012 and have not recovered from the loss. They are attempting to market to the local community.

WEDGEWOOD AND ASPEN COURT

Property Name	Wedgewood and Aspen Court	
Address	939 South Main Street	
City, State Zip	Hinesville, GA	
Verification:	LaWanna Webster, Manager	
Phone:	912-368-2244	
By:	Chris Hamblen	
Date:	June-13	
Year Built	1982	
# of Units	72	48/24
Type	TH	
Occupancy	77%/100%	
Tenant Characteristics	Market-Rate	
Achieving Max Rents (tax crdt)	NA	



Floor Plans:

Bed/Bath	Units	Type or Name	SQFT	Market Rent	Concessions	Range
2/1.5	48	Wedgewood -Townhome	960	\$625	\$0.65	
2/1	24	Asphen Court-Flat	955	\$625	\$0.65	
Total/Average	72		958	N/A	\$0.65	N/A

Concessions

Duration	No Concessions					
Concessions						

Unit Amenities:

Property Amenities:

Carpet (C)	Yes	Central A/C	Yes	Clubhouse	No	Laundry	Yes
Blinds (B)	Yes	Range Oven	Yes	Business Center	No	Gated	No
Balcony/Patio	Yes	Refrigerator	Yes	Fitness Room	No	Car Wash	No
Ceiling Fan	No	Disposal	Yes	Pool	No	Security Officer	No
Outside Storage	No	Microwave	No	Spa	No	Elevator	No
Screened Porch	No	Dishwasher	Yes	Tennis Court	No	Playground	Yes
Security System	No	Washer/Dryer	No	Racquetball	No	Picnic Area	No
Fireplace	No	Washer/Dryer Conn.	Yes	Basket Ball	No		
Garage or Carport	No						

Utilities Included:

Services Included:

Market Information:

Water	No	Cook Type	No/E	Annual Turnover		
Sewer	No	Heat/Type	No/E	Leasing Pace		
Trash	Yes	Electricity	No	Annual Chg. In Rents		
Pest Control	Yes	Water Cold/Hot	C/H			
Cable	No					
Internet	No					

Premiums/Options:

Type	\$	# of Units Available	Total Units	% Occupied	Additional Premium Information
Storage					
W/D					
Det. Garages					
View					
Floor					
Carports					

Comments:

These are two sister properties with a central playground as the main amenity. Aspen Court is fully occupied with a wait list. They allow pets at Aspen Court. According to the property manager most residents work locally or are military There was a deployment at the end of December and they are slowly regaining occupancy.

IMPROVED SALES

PINNACLE PLACE



Name/Address		Study Area:	
Pinnacle Place		Hephzibah	
500 Caldwell Dr.			
Hephzibah, GA 30815		County	
		Richmond	
Verification:	Wilkinson Pinnacle Place LLC		
Phone:	770-952-4200		
By:	Mark Holmes		
Folio	140-0-266-00-0	Year Built	1987/2005R
Grantor	Stonemark Management	Net SF	118,200
Grantee	Wilkinson Pinnacle Place LLC	# of Units	120
Sale Price	\$4,382,500	Type	Garden-Style
Sale Date	April-11	Condition	Good

Floor Plans:					
Unit Type	Unit Mix	Size(s.f.)	Rent	Rent/S.F.	
1/1	16	740	\$555	\$0.75	
2/2	72	975	\$635	\$0.65	
3/2	32	1,130	\$750	\$0.66	
Total/Average	120	985	\$655	\$0.67	

Financial Considerations:					
Financing	Cash to Seller				
Condition of Sale	Arm's Length				
Recorded Document	Deed				
Book/Page	1300/261				
Price/Unit	\$36,521				
Price/SF	\$37.08				
Occupancy	95%				
Effective Gross Income	\$886,785				
Expenses	(\$563,949)	64%			
NOI	\$322,836				
EGIM	4.94				
OAR	7.37%				

Comments:
 This is a garden style apartment complex and is located in Hephzibah, GA. The property was built in 1987 and renovated in 2005 and has 120 units. The property includes typical amenities for an apartment. The property sold in April 2011 for \$4,382,500 or \$36,521 per unit. Occupancy at the time of sale was 95%. The actual cash flow and the buyer's anticipated operating performance were provided. The cap rate of 8.05% is based on actual financials and includes a management fee and replacement reserves of \$250/unit.

GLYNN PINES I, II



Name/Address	Ponderosa	Study Area:	Glynn Pines
Glynn Pines I, II	Ponderosa Forest 4920 Laroche Ave Savannah, GA 31404 912-232-4252		
Verification:	Broker		
Phone:	818-808-0600		
By:	Kay Kauchick, MAI		

Folio		Year Built	1979, 1978, 1980
Grantor	Ponderosa Forest & Glynn Pines	Net SF	103,680
Grantee	GH Capital	# of Units	144
Sale Price	\$4,050,000	Type	Garden, Section 8
Sale Date	March-12	Condition	Average

Floor Plans:

Unit Type	Unit Mix	Size(s.f.)	Rent	Rent/S.F.
Glynn Pines I One Bed	46	602	542	\$0.90
Glynn Pines II One Bed	26	602	550	\$0.91
Glynn Pines I Two Bed	8	734	601	\$0.82
Glynn Pines II Two Bed	8	734	625	\$0.85
Ponderosa-1 Bed	16	680	\$539	\$0.79
Ponderosa 2 Bed	24	865	\$596	\$0.69
Ponderosa 3 Bed	16	1,055	\$680	\$0.64
Total/Average	144	720	\$575	0.82

Financial Considerations:

Financing	Cash to Seller		
Condition of Sale	Arm's Length		
Recorded Document	Deed		
Book/Page			
Price/Unit	\$28,125		
Price/SF	\$39.06		
Occupancy	100%		
Effective Gross Income	\$989,881		
Expenses	(\$592,533)	-60%	
NOI	\$397,348		
EGIM	4.09		
OAR	9.81%		

Comments:

Glynn Pines I has 54 units and Glynn Pines II has 34 units with a Section 8 Elderly Contract. The purchase price was \$4,050,000 that included \$150,000 allocated for repairs.

SOUTHLAND HEIGHTS APARTMENTS



Name/Address	Southland Heights Apartments 113 Highway 27 East Americus, GA 31709	Study Area:	Americus
Verification:	Love Properties, Inc.-Roy Wright	County:	Sumter
Phone:	678-336-6303		
By:	Jon Hurt		

Folio	338-70	Year Built	1973
Grantor	Southland Heights Apartments LLC	Net SF	83,482
Grantee	Southland Heights Apartments Inc.	# of Units	89
Sale Price	\$2,250,000	Type	Garden
Sale Date	July-12	Condition	Good

Floor Plans:				
Unit Type	Unit Mix	Size(s.f.)	Rent	Rent/S.F.
Studio	1	600	\$420	\$0.70
1x1	32	875	\$395	\$0.45
2x1	24	950	\$435	\$0.46
2x1.5 TH	24	975	\$500	\$0.51
3x2.5	8	1,100	\$595	\$0.54
Total/Average	89	939	\$452	\$0.48

Financial Considerations:				
Financing	Cash to Seller			
Condition of Sale	Arm's Length			
Recorded Document	Deed			
Book/Page	1261/218			
Price/Unit	\$25,281			
Price/SF	\$26.95			
Occupancy	99%			
Effective Gross Income	\$478,289			
Expenses	(\$309,539)	65%		
NOI	\$168,750			
EGIM	4.70			
OAR	7.50%			

Comments:
 This is a garden style apartment complex and is located in Americus, GA. The property was built in 1973 and has 89 units. The roofs were replaced in 2010 and the property is in good condition. No major capital expenditures were made after sale. The property includes typical amenities for an apartment including a pool. The property sold in July 2012 for \$2,250,000 or \$25,281 per unit. Occupancy at the time of sale was 99% which is typical. The cap rate of 7.50% is based on actual financials and includes a management fee and replacement reserves of \$250/unit.

ADDENDUM C

HUD FORMS

This form is in compliance with the requirements of the Uniform Standards of Professional Appraisal Practice for written reports, except where the Jurisdictional Exception is invoked to allow for minor deviations, as noted throughout.
 Additional technical direction is contained in the HUD Handbooks referenced in the lower right corner.

Application Processing Stage	SAMA	Feasibility (Rehab)	<input checked="" type="checkbox"/> Firm
Property Rights Appraised	Fee Simple	Leasehold	

Project Name Northgate Apartments	Project Number
--------------------------------------	----------------

Purpose. This appraisal evaluates the subject property as security for a long-term insured mortgage. Included in the appraisal (consultation for Section 221) are the analyses of market need, location, earning capacity, expenses, taxes, and warranted cost of the property.

Scope. The Appraiser has developed, and hereunder reports, conclusions with respect to: feasibility; suitability of improvements; extent, quality, and duration of earning capacity; the value of real estate proposed or existing as security for a long-term mortgage; and several other factors which have a bearing on the economic soundness of the subject property.

A. Location and Description of Property					
1. Street Nos. 804	2. Street Frank Cochran Drive	3. Municipality Hinesville			
4a. Census Tract No. 101	4b. Placement Code	4c. Legal Description (Optional)	5. County Liberty	6. State and Zip Code Georgia 31313	
7. Type of Project		8. No. Stories 2	9a. Foundation		9b. Basement Floor
<input type="checkbox"/> Elevator(s)	<input checked="" type="checkbox"/> Highrise	<input type="checkbox"/> 2 - 5 sty. Elev.	<input checked="" type="checkbox"/> Slab on Grade	<input type="checkbox"/> Full Basement	<input type="checkbox"/> Structural Slab
<input type="checkbox"/> Detached	<input type="checkbox"/> Walkup	<input type="checkbox"/> Row House	<input type="checkbox"/> Partial Basement	<input type="checkbox"/> Crawl Space	<input type="checkbox"/> Slab on Grade
10. <input checked="" type="checkbox"/> Proposed		11. Number of Units		12. No. of	
<input type="checkbox"/> Existing		Revenue	Non Revenue	13a. List Accessory Bldgs. and Area	
		80	0	Laundry Room, Leasing office	

13b. List Recreational Facilities and Area On Site Leasing office, laundry room	Area (s.f.):
--	--------------

13c. Neighborhood Description					
Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Present Land Use	40% 1 Family
Built Up	<input type="checkbox"/> Fully Developed	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	5% Multifamily
Growth Rate	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Steady	<input type="checkbox"/> Slow		40% Commer.
Property Values	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining		10% Industrial
Demand/Supply	<input checked="" type="checkbox"/> Shortage	<input type="checkbox"/> In Balance	<input type="checkbox"/> Oversupply	Change in Use	5% Vacant
Rent Controls	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Likely	From	<input checked="" type="checkbox"/> Not Likely
					<input type="checkbox"/> Likely
					<input type="checkbox"/> Taking Place
				Predominant Occupancy	<input checked="" type="checkbox"/> Owner
					<input type="checkbox"/> Tenant
					<10% Vacant

Description of Neighborhood. (Note: Race and racial composition of the neighborhood are not appraisal factors.) Describe the boundaries of the neighborhood and those factors, favorable or unfavorable, that affect marketability, including neighborhood stability, appeal, property conditions, vacancies, rent control, etc.

This property's neighborhood is dominated by residential land uses. There are a number of multifamily complexes in the immediate area including market-rent and restricted. The property adjacent the subject was upgraded from a restricted community to market. The main road fronting the subject leads to Ft. Stewart.

Site Information					
14. Dimensions			15a. Zoning (if recently changed, submit evidence)		
ft. by	ft. or	348,480	sq. ft	R-A-1 (Multi-family Residential)	
15b. Zoning Compliance			15c. Highest and Best Use as Improved		
<input checked="" type="checkbox"/> Legal			<input type="checkbox"/> Illegal		
<input type="checkbox"/> Legal nonconforming (Grandfathered use)			<input type="checkbox"/> No zoning		
15d. Intended M/F Use (summarize: e.g., Market Rent: Hi - Med. - Lo-End; Rent Subsidized; Rent Restricted with or without Subsidy; Applicable Percentages)			15e. Other use (explain)		
Market rent medium					

Building Information					
16a. Yr. Built	16b. Manufactured Housing	Conventionally Built	17a. Structural System	17b. Floor System	17c. Exterior Finish
1982	<input type="checkbox"/> Modules	<input type="checkbox"/> Components	Gable & Hip	Slab on grade	Wood / Stucco / Brick
			18. Heating-A/C System		
			Central/Electric		

B. Additional Information Concerning Land or Property				AS IF RENOVATED			
19. Date Acquired	20. Purchase Price	21. Additional Costs Paid or Accrued	22. If Leasehold, Annual Ground Rent N/A	23a. Total Cost	23b. Outstanding Balance		
24b. Has the Subject Property been sold in the past 3 years?				<input type="checkbox"/> Yes <input type="checkbox"/> No	If "Yes," explain:		
Between Seller and Buyer Business							
25. Utilities	Public <input checked="" type="checkbox"/>	Community <input type="checkbox"/>	Distance from Site ft.	26. Unusual Site Features			
Water	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ft.	<input type="checkbox"/> Cuts <input type="checkbox"/> Fills	<input type="checkbox"/> Rock Formations	<input type="checkbox"/> Erosion	<input type="checkbox"/> Poor Drainage <input checked="" type="checkbox"/> None
Sewers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ft.	<input type="checkbox"/> High Water Table	<input type="checkbox"/> Retaining Walls	<input type="checkbox"/> Off-Site Improvements	
				Other (Specify)			
C. Estimate of Income (Attach forms HUD-92273, 92264-T, as applicable)							
27. No. of Each Family Type Unit	Rentable Living Area (Sq. Ft.)		Composition of Units			Unit Rent per Mo. (\$)	Total Monthly Rent for Unit Type (\$)
(a)	28.00	873	2x1			\$687	\$19,236
(b)	4.00	873	2x1 HC			\$719	\$2,876
(c)	40.00	1,031	3x1.5			\$858	\$34,320
(d)	8.00	1,196	4x1.5			\$923	\$7,384
28. Total Estimated Rentals for All Family Units							\$63,816
29. Number of Parking Spaces		Offstreet Parking and Other Non-Commercial Ancillary Income (Not Included in Unit Rent)					
<input type="checkbox"/> Attended		Open Spaces		total, with	@ \$	per month = \$	
<input checked="" type="checkbox"/> Self Park	108	Covered Spaces		total, with	@ \$	per month = \$	
<input type="checkbox"/> Garages		Laundry		Sq. Ft. or Living Units	@ \$	per month = \$	
Total Spaces	108	Other	Laundry & Vending			per month = \$	240.00
		Other				per month = \$	
		Other				per month = \$	
		Other				per month = \$	
Total Monthly Ancillary Income							\$ 240
30. Commercial Income (Attach Documentation)							
Area-Ground Level	0.00	sq. ft. @ \$	0.00	per sq. ft./month = \$	0.00	Total Monthly Commercial Income	\$ -
Other Levels	0.00	sq. ft. @ \$	0.00	per sq. ft./month = \$	0.00		
Other	0.00	sq. ft. @ \$	0.00	per sq. ft./month = \$	0.00		
31. Total Estimated Monthly Gross Income at 100 Percent Occupancy							\$64,056
32. Total Annual Rent (Item 31 x 12 months)							\$ 768,672
33. Gross Floor Area		Sq. Ft.	34. Net Rentable Residential Area	Sq. Ft.	35. Net Rentable Commercial Area		
			78,744				
36. Non-Revenue Producing Space							
Type of Employee		No. Rms.	Composition of Unit		Location of Unit in Project		
36a. Personal Benefit Expense (PBE) (May produce additional revenue and expenses to be considered above and below.)							
Tenant/Employee-Paid Utilities		Type(s)				Monthly Cost	\$ -
Landlord/Employer-Paid Utilities		Type(s)				Monthly Cost	\$ -
Previous editions are obsolete				Page 2 of 8		form HUD-92264 (8/95) ref Handbooks 4465.1 & 4480.1	

D. Amenities and Services Included in Rent (Check and circle appropriate items; fill-in number where Indicated) As Renovated

37a. Unit Amenities				37b. Project Amenities			
<input checked="" type="checkbox"/> e	Ranges - Gas or Electric	<input checked="" type="checkbox"/> x	Disposal/Compactor	<input type="checkbox"/>	Guest room(s) No.	<input type="checkbox"/>	Community room(s) No.
<input checked="" type="checkbox"/> e	Refrig. - Gas or Electric	<input checked="" type="checkbox"/> x	Air Conditioning - Central/Electric	<input type="checkbox"/>	Sauna/Steam room No.	<input type="checkbox"/>	Swimming Pool(s) No.
<input type="checkbox"/>	Micro Wave	<input checked="" type="checkbox"/> x	Dishwasher	<input type="checkbox"/>	Exercise room(s) No.	<input type="checkbox"/>	Racquetball court(s) No.
<input checked="" type="checkbox"/> x	Carpet	<input checked="" type="checkbox"/> x	Window treatmt - Blinds	<input type="checkbox"/>	Tennis Court(s) No.	<input type="checkbox"/>	Picnic/Play area(s) No.
<input checked="" type="checkbox"/> x	Balcony/Patio	<input type="checkbox"/>	Fireplace(s) No.	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	Laundry Facilities (coin)	
<input type="checkbox"/>	Laundry hookups (in units)	<input type="checkbox"/>		<input type="checkbox"/>	Project Security System(s) (Describe)		
<input type="checkbox"/>	Upper level vaulted ceiling/Sky light(s) No.	<input type="checkbox"/>		<input type="checkbox"/>	Jacuzzis/Community Whirlpool(s) No.		
<input type="checkbox"/>	Wash/Dryer (in units)	<input type="checkbox"/>	Security System(s) (Describe)	<input type="checkbox"/>	Other (specify)		
<input type="checkbox"/>	Other(Specify)						

37c. Unit Rating				37d. Project Rating					
	Good	Aver.	Fair	Poor		Good	Aver.	Fair	Poor
Condition of Improvement	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Location	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Room Sizes and Layout	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>	General Appearance	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Closets and Storage	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>	Amenities & Rec. Facilities	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>
Kitchen Equip., Cabinets, Workspace	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>	Density (units per acre)	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>
Plumbing - Adequacy and Condition	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>	Unit Mix	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>
Electrical - Adequacy and Condition	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>	Quality of Construction (matl. & finish)	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>
Soundproofing - Adequacy and Condition	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>	Condition of Exterior	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>
Insulation - Adequacy and Condition	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>	Condition of Interior	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>
Overall Livability	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>	Appeal to Market	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>
Appeal and Marketability	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>	Soundproofing - Vertical	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>
					Soundproofing - Horizontal	<input type="checkbox"/>	<input checked="" type="checkbox"/> x	<input type="checkbox"/>	<input type="checkbox"/>

38. Services				39. Special Assessments			
Gas:	<input type="checkbox"/> Heat	<input type="checkbox"/> Hot Water	<input type="checkbox"/> Cooking	<input type="checkbox"/> Air Conditioning	a. <input type="checkbox"/> Prepayable	<input type="checkbox"/> Non-Prepayable	
Elec:	<input type="checkbox"/> Heat	<input type="checkbox"/> Hot Water	<input type="checkbox"/> Cooking	<input type="checkbox"/> Air Conditioning	b. Principal Balance		
Other:	<input type="checkbox"/> Heat	<input type="checkbox"/> Hot Water	<input checked="" type="checkbox"/> x Water	<input type="checkbox"/> Other (speci	c. Annual Payment		
				Trash Collect. Pest Control	d. Remaining Term	50.00	Years

E. Estimate of Annual Expense AS IF RENOVATED SCENARIO

Administrative		Maintenance	
1. Advertising	\$0	14. Decorating	\$0
2. Management	\$43,814	15. Repairs	\$25,176
3. Other	\$16,784	16. Exterminating	\$0
4. Total Administrative	\$ 60,599	17. Insurance	\$32,310
		18. Ground Expense	\$0
		19. Other	\$32,729
Operating		20. Total Maintenance	\$90,216
5. Elevator Main. Exp.	\$0	21. Replacement Reserve (0.006 x total structures Line G41)	\$24,000
6. Fuel (Heating and Domestic Hot Water)	\$0	or (0.004 x MTG. for Rehab)	\$24,000
7. Lighting & Misc. Power	\$17,624	22. Total Operating Expense	\$ 313,163
8. Water	\$35,667		
9. Gas	\$0	Taxes	
10. Garbage & Trash Removal	\$22,659	23. Real Estate: Est. Assessed Value	
11. Payroll	\$62,400	at \$ 43.130000 per \$1000	\$39,200
12. Other	\$0	24. Personal Prop. Est. Assessed Value	
13. Total Operating	\$ 138,349	at \$ per \$1000	\$504
		25. Empl. Payroll Tax	\$4,616
		26. Workers Comp	\$2,518
		27. Employee Benefits	\$8,392
		28. Total Taxes	\$ 55,229
		29. Total Expenses (Attach form HUD-92274, as necessary)	\$ 368,392

F. Income Computations					
30a. Estimated Residential Project Income (Line C28 x 12)	\$	\$765,792	c. Effective Gross Commercial Income (Line 32a. x Line 32b.)	\$	0.00
b. Estimated Ancillary Project Income (Line C29 x 12)	\$	2,880	d. Total Commercial Project Expenses (From Attached Analysis)	\$	0.00
c. Residential and Ancillary Occupancy Percentage *		95.0%	33. Net Commercial Income to Project (Line 32c. minus Line 32d.)	\$	0.00
d. Effective Gross Residential and Ancillary Income (Line 30c. x (Line 30a. plus Line 30b.))	\$	730,238	34. Total Project Net Income (Line 31 plus Line 33)	\$	361,846
e. Total Residential and Ancillary Project Expenses (Line E29)	\$	368,392	35a. Residential and Ancillary Project Expense Ratio (Line E29 divided by Line 30d.)		50.45%
31. Net Residential and Ancillary Income to Project (Line 30d. minus Line 30e.)	\$	361,846	35b. Commercial Expense Ratio (Line 32d. divided by 32c.)		
32a. Estimated Commercial Income (Line C30 x 12)	\$	0	* Vacancy and collection loss rates and corresponding residential and commercial occupancy percentages are analyzed through market data, but subject by		
b. Commercial Occupancy (See instructions)		0.0%			

G. Estimated Replacement Cost					
36a. Unusual Land Improvements	\$	0	Carrying Charges & Financing		
b. Other Land Improvements	\$	0	53. Interest: 14 Mos. at 4.25%		
c. Total Land Improvements	\$	0	on	\$	0

Structures					
37. Main Buildings	\$	0	54. Taxes	\$	
38. Accessory Buildings	\$	0	55. Insurance	\$	
39. Garages	\$	0	56. FHA Mtg. Ins. Prem. (\$	0
40. All other Buildings	\$	0	57. FHA Exam Fee	\$	0
41. Total Structures	\$	0	58. FHA. Inspec. Fee	\$	0
42. General Requirements	\$	0	59. Financing Fee	\$	0
			60. AMPO (N. P. only)	\$	0
			61. FNMA/GNMA Fee (\$	0
			62. Title & Recording	\$	
			63. Total Carrying Charges & Financing	\$	0
			Legal, Organization & Audit Fee		
			64. Legal	\$	
			65. Organizational	\$	
			66. Cost Certification Audit Fee	\$	0
			67. Total Legal, Organization & Audit Fees (64+65+66)	\$	0
			68. Sponsor Profit & Risk", "Builder and Sponsor Profit & R	\$	0
			69. Ground Rent during Construction", "Developer's Fee	\$	0
			70. Depreciation 0 50 0.0%	\$	0
			71. Contingency Reserve (Sec. 202 or Rehab only)	\$	0
			72. Total Est. Development Cost (Excl. of Land or	\$	\$0

Note 1: Jurisdictional Exception: In HUD programs, land, and/or existing improvements are not valued for their "highest and best use," but instead, for their intended multifamily use (See Section J analysis below.) (Exception: Title II or VI Preservation). Offsite improvements are assumed completed in new construction land valuations (See Line M17 for estimated cost.) Unusual costs of site preparation are deducted from the "Value of the Site Fully Improved" to determine "Warranted Price of Land Fully Improved."

73a. Warranted Price of Land J-14(3)	348,480	sq. ft. @ \$ 1.09 per sq. ft .	\$	380,000	* see note 1
73b. As Is Property Value (Rehab only)	\$	0			* see note 2
73c. Off-Site (if needed, Rehab only)	\$	0			* see note 1
74. Total Estimated Replacement Cost of Project (72 plus 73a or 73b and 73c)	\$			\$380,000	

H. Remarks			
(Note 2: For Rehab only: Estimated Value of land without Improvements	\$0		

I. Estimate of Operating Deficit							
Commercial Periods	Gross Income	Occup. %	Effec. Gross	Expenses	Net Income	Debt Serv. Reqmt.	Deficit
1. 1st Mos		0.0%					
2. 2nd Mos		0.0%					
Residential Periods	Gross Income	Occup. %	Effec. Gross	Expenses	Net Income	Debt Serv. Reqmt.	Deficit
1. 1st		0.0%					
2. 2nd		0.0%					

7. Site not acceptable (see reasons listed at bottom of page 6.)

Date of Inspection 7/18/13 Note: The Effective Date of all land valuations is the date of inspection.

8. Value Fully Improved	Location of Project			Size of Subject Property	
	804 Frank Cochran Drive			Hinesville	Georgia

	Comparable Sale 1	Comparable Sale 2	Comparable Sale 3	Subject
	Independence Place Apartments	Savannah Highlands	Villas at Park Ave	804 Frank Cochran Drive
		2-1016-025-048	5-0017A-01-095	
Date of Sale	April-07	November-09	October-11	
Sales Price	\$1,420,120	\$1,489,600	\$1,445,000	
Size (Acres)	27.44	21.28	17.00	8.00
Size (SF)	1,195,286	926,957	740,520	348,480
Number of Units	264	222	238	80
Density	9.62	10.43	14.00	10.00
Price per Unit	\$5,379	\$6,710	\$6,071	
Price Per Acre	\$51,754	\$70,000	\$85,000	
Price Per SF	\$1.19	\$1.61	\$1.95	
Unit of Comparison	\$5,379	\$6,710	\$6,071	
Adjustments (%)				
Time	-10%	0%	0%	
Location	0%	-35%	-35%	
Zoning/Density	0%	0%	0%	
Plottage	0%	0%	0%	
Demolition	0%	0%	0%	
Unusal Site conditions	0%	0%	0%	
Other	0%	15%	0%	
Total Adjustment Factor	-10.0%	-20.0%	-35.0%	
Adjusted Price	\$4,841	\$5,368	\$3,946	
Indicated Value by Comparison	\$387,305	\$429,434	\$315,714	
Conclusion :		\$4,800	9. Value of Site Fully Improved	\$380,000

LEASEHOLD VALUATION:

10.	Value "As is" No. 1	Value "As is" No. 2	Value "As is" No. 3
Date of Sale			
Sales Price			
Price per Unit			
Price Per Acre			
Price Per SF			
Unit of Comparison			
Adjustments (%)			
Time			
Location			
Zoning			
Plottage			
Demolition			
Piling, Etc.			
Other			
Total Adjustment Factor			
Adjusted Sq. Ft. Price			
Indicated Value by Comparison			

11. Value of Site "As Is" by Comparison \$0.00

12. Acquisition Cost (Last Arms-Length Transaction)			
Buyer		Address	
Seller		Address	
Date		Price	
Source			

13. Other Costs			
(1)	Legal Fees and Zoning Costs		
(2)	Recording and Title Fees		
(3)	Interest on Investment		
(4)	Other		
(5)	Acquisition Cost (From 12 above)	\$	-
(6)	Total Cost to Sponsor	\$	-

14. Value of Land and Cost Certification			
(1)	Fair Market Value of land fully improved (from 9 above)	\$	-
(2)	Deduct unusual items from Section G, item 36a	\$	-
(3)	Warranted price of land fully improved (Replacement Cost items excluded) (enter G-73)	\$	-
	For Cost Certification Purposes		
(3a)	Deduct cost of demoli 0 and required off-site 0		
	to be paid by Mtgor. or by special assessments	\$	-
(4)	Estimate of "As Is" by subtraction from improved value	\$	-
(5)	Estimate of "As Is" by direct comparison with similar unimproved sites (from 11 above)	\$	-
(6)	"As Is" based on acquisition cost to sponsor (from 13 above)	\$	-
(7)	Commissioner's estimated value of land "As Is" (the lesser of [4] or [5] above)*	\$	-
* Where land is purchased from LPA or other Governmental authority for specific reuse, use the least of 4, 5, or 6.			

K. Income Approach to Value			
(1)	Estimated Remaining Economic Life	50.0	Years
(2)	Capitalization Rate Determined By (See Chapter 7, Handbook 4465.1)		
	<input checked="" type="checkbox"/> Overall Rate From Comparable Projects		
	<input checked="" type="checkbox"/> Rate From Band of Investment		
	<input type="checkbox"/> Cash Flow to Equity		
(3)	Rate Selected		
(4)	Net Income		
(5)	Capitalized Value (Line 4 divided by Line 3)		
(5)	Capitalized Value Rounded		
(6)	Value of Leased Fee (See Chapter 3, Handbook 4465.1) Group	\$0	
	divided by Cap. Ra 0 equals Value of Leased Fee	\$	-

Remarks: (See item 6 and 7 on page 5)


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L. Comparison Approach to Value

7. The undersigned has recited three sales of properties most similar and proximate to the subject property and has described and analyzed these in this analysis. If there is a significant variation between the subject and comparable properties, the analysis includes a dollar adjustment reflecting the market reaction to those items or an explanation supported by the market data. If a significant item in the comparable property is superior to, or more favorable than, the subject property, a minus (-) adjustment is made, thus reducing the indicated value of the subject property. If a significant item in the comparable property is inferior to, or less favorable than, the subject property, a plus (+) adjustment is made, thus increasing the indicated value of the subject property.

*[(1) equals the Sales Price divided by Gross Annual Rent

Item		Subject				Comparable Sale No. 1				Comparable Sale No. 2				Comparable Sale No. 3															
Address		804 Frank Cochran Drive, Hinesville				Pinnacle Place, 500 Caldwell Drive, Hephzibah, GA				Ponderosa, Glynn Pines I & II, 4920 Laroche Ave, Savannah				Southland, 113 Highway 27 E., Americus GA															
Sales price						\$4,382,500				\$4,050,000				\$2,250,000															
Sales price per GBA						\$37.08				\$39.06				\$26.92															
Effective Gross Income						\$886,785				\$989,881				\$478,289															
Effective Gross Rent Multiplier (1)*						4.94				4.09				4.70															
Sales price per unit						\$36,521				\$28,125				\$25,281															
Sales price per room						\$6,087				\$6,099				\$5,220															
Data source						Broker																							
Adjustments		Description				Description				+ (-) \$ Adjust				Description				+ (-) \$ Adjust											
Sales or financing Concessions						Cash to seller								Cash to Seller															
Date of sale/time						April-11								March-12															
Location		Good				Similar								Similar				Inferior				15.00%							
Site/view		Good				Similar								Similar				Similar											
Design and appeal		Average				Similar								Similar				Similar											
Quality of construction		Fair to Average				Average								Similar				Similar											
Year built		1982				1987				-4.00%				1979, 1978, 1980				4.00%				1973				8.00%			
Condition		Average				Average								Average				Average											
Gross Building Area		82,681 Sq. ft.				118,200 Sq. ft.				-5.00%				103,680 Sq. ft.				-5.00%				83,571 Sq. ft.							
Average Unit Size		984 Sq. ft.				985 Sq. ft.								720 Sq. ft.								939 Sq. ft.							
Unit Breakdown		No.				No.				No.				No.															
		of Units				of Units				of Units				of Units															
		28				16				88				1															
		4				72				40				32															
		40				32				16				48															
		8				2				2				8															
		0				2				2				0															
		80				120				144				89															
Basement description		N/A																											
Functional utility		Good				Similar				Similar				Similar															
Heating/cooling		Electric				Similar				Similar				Similar															
Parking on/off site		On Site				Similar				Similar				Similar															
Project amenities and fee		Typical				Similar				Similar				Similar															
Other																													
Net Adjustment (Total)						+ -				-9.0%				+ -				-1.0%				23.0%							
Adjusted sales price of comparables						\$33,234				\$27,844				\$31,096															
8. Value by Sales Comparison via Per Unit						\$30,000				80				\$2,400,000															
9. Indicated Value by EGIM		EGIM: 4.10				Effective Gross Income: \$730,238								\$2,993,977															
10. Concluded Value Via Comparison Approach																		\$2,700,000											
Reconciliation																													
Capitalization		\$2,700,000				Summation \$380,000				Comparison \$2,700,000																			
9. The market value of the subject property, as of the effective date of the appraisal, is \$						\$ 2,700,000								** see note below															
** Note: For Section 221 mortgage insurance application processing, acceptable risk analysis produces a supportable replacement cost estimate, and the estimate reflected here is the replacement cost new/summation approach result. In effect, such "appraisals" are in fact USPAP "consultations" concerning economically supportable cost limits. For Section 207 and 223 processing, all three approaches to value are included in the appraisal, but the subject property is appraised for its intended multifamily use, not necessarily its "highest and best use." The definition provided in USPAP for "market value" is generally observed, but see Handbook 4465.1, paragraph 8-4, for qualifications.																													
Effective Dates: For new construction or substantial rehabilitation proposals, the effective date of the improvements component cost estimation is the Line G53 month estimate added to the report and certification date below. The land component is valued as of the inspection date. For Section 223, the effective date of the appraisal is the same as the reporting date, but assumes (hypothetically) the completion of all required repairs/work write-up items.																													
Comments on: (continue on separate page if necessary)																													
1. Sales comparison (including reconciliation of all indicators of value as to consistency and relative strength and evaluation of the typical investors'/purchasers' motivation in that market).																													
2. Analysis of any current agreement of sale, option, or listing of the subject property and analysis of any prior sales of subject and comparables within three years of the date of appraisal.																													

M. To Be Completed by Construction Cost Analyst			
Cost Not Attributable to Dwelling Use		Area (s.f.)	Estimated Cost
10. Parking			\$
11. Garage			\$
12. Commercial			\$
13. Special Ext Land Improvements			\$
14. Other			\$
15. Total			\$
			%
		17. Total Off-Site Costs	
		\$	
16. Off-Site			
		Estimated Cost	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
N. Signatures and Appraiser Certification			
Architectural Processor		Date	Architectural Reviewer
			Date
Cost Processor		Date	Cost Reviewer
			Date
<p>I certify that to the best of my knowledge and belief:</p> <p><input type="checkbox"/> the statements of fact contained in this report are true and correct.</p> <p><input type="checkbox"/> the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.</p> <p><input type="checkbox"/> I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.</p> <p><input type="checkbox"/> my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.</p> <p><input type="checkbox"/> my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice; HUD Handbook 4465.1, <i>The Valuation Analysis Handbook for Project Mortgage Insurance</i>; HUD Handbook 4480.1, <i>Multifamily Underwriting Forms Catalog</i>; and other applicable HUD handbooks and Notices.</p> <p><input type="checkbox"/> I have made a personal inspection of the property that is the subject of this report.</p> <p><input type="checkbox"/> no one provided significant professional assistance to the appraisers signing this report, except for the Architectural and Engineering, and Cost Estimation professionals signing above. These professionals' estimations of the subject property's dimensions and "hard" replacement costs have been relied upon by the Appraiser and Review Appraiser.</p>			
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)			
Appraiser		Date	Review Appraiser
 Kay Kauchick, MAI		7/18/13	
State Certification Number		State	State Certification Number
251355 (GA)		Georgia	
The Review Appraiser certifies that he/she <input checked="" type="checkbox"/> Did <input type="checkbox"/> Did not inspect the subject property			
Signature (Proposed Mortgagee)		Date	Director, Housing Development
			Date
O. Remarks and Conclusions (continue on separate page if necessary. Appraisal reports must be kept for a minimum of five years.)			
Public Reporting Burden for this collection of information is estimated to average 114 hours 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 agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.			
This information is being collected under Public Law 101-625 which requires the Department of to implement a system for mortgage insurance for mortgages insured under Sections 207,221,223,232, or 241 of the National Housing Act. The information will be used by HUD to approve rents, property appraisals, and mortgage amounts, and to execute a firm commitment. Confidentiality to respondents is ensured if it would result in competitive harm in accord with the Freedom of Information Act (FOIA) provisions or if it could impact on the ability of the Department's mission to provide housing units under the various Sections of the Housing legislation.			
Previous editions are obsolete		Page 8 of 8	form HUD-92264 (8/95) ref Handbooks 4465.1 & 4480.1

Section or Title Number 223(f)

Valuation Trial Pre-Application Firm See last page for Public Reporting burden statement before completing this form.

Privacy Act Notice: The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the information requested in the form by virtue of Title 12, United States Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

Name of Mortgagor (Borrower) _____ Project Number 0

Name of Project Northgate Apartments
 Location of Project (street, city & state)
804 Frank Cochran Drive Hinesville Georgia 31313

Type of Borrower
 Private Profit Public Nonprofit State or Federal Instrumentality, etc.
 Management Coop. Sales Coop. Investor-Sponsor Builder-Seller Limited Distribution

Type of Project
 Rental Housing Mobile Home Court Board and Care New Construction Non-Elevator
 Cooperative Nursing Home Assisted Living Rehabilitation Elevator
 Condominium Intermediate Care Facility Redevelopment Existing
 Capital Advance 202/811 Housing for the Elderly Supplemental Loan

I. Determination of Maximum Insurable Mortgage Criteria	column 1	column 2	column 3
1. Mortgage or Loan Amount Requested in Application			
2. Amount Based on Replacement Cost			
3. #			
a. Value Replacement Cost in Fee Simple	x		
b. (1) Value of Leased Fee			
(2) Grant/Loan funds attributable to R.C. items			
(3) Excess Unusual Land Improvement			
(4) Cost Containment Mortgage Deduction			
(5) Total lines (1) to (4)			
c. #NAME?			
d. Total line b plus line c			
e. Line a minus line d			\$ -
4. Amount Based on Limitations Per Family Unit			
a. Number of no Bedroom Units			
Number of one Bedroom Units			
Number of two Bedroom Units			
Number of three Bedroom Units			
Number of four or more Bedroom Units			
b. Cost Not Attributable to Dwelling Use			
c. Warranted Price of Land			
d. Total lines a through c			
e. Total number of Spaces			
f. Sum: Value of Leased Fee and Unpaid Balance of Special Assessment(s)			
g. Line d or line e, whichever is applicable, minus line f			\$ -
5. Amount Based on Debt Service Ratio			
a. Mortgage Interest Rate			
b. Mortgage Insurance Premium Rate			
c. Initial Curtail Rate			
d. Sum of Above Rates			
e. Net Income	x		
f. Debt Svc on Existing Loan Am			
g. Line e minus line f			\$ -
h. Line g divided by line d			
i. Interest Reduction Payment Amt		divided by	
i. Annual Tax Abatement Savings		divided by	
j. Line h plus line I			

Operating Expense Analysis Worksheet

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

OMB Approval No. 2502-0331
(exp. 4/30/2006)

Kay Hauckick

See Instructions on back and Refer to Handbook 4480.1 for details on completing this form.

Public reporting burden for this collection of information is estimated to average 16 hours 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 agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

This information is being collected under Public Law 101-625 which requires the Department of to implement a system for mortgage insurance for mortgages insured under Sections 207, 221, 223, 232, or 241 of the National Housing Act. The information will be used by HUD to approve rents, property appraisals, and mortgage amounts, and to execute a firm commitment. Confidentiality to respondents is ensured if it would result in competitive harm in accord with the Freedom of Information Act (FOIA) provisions or if it could impact on the ability of the Department's mission to provide housing units under the various Sections of the Housing legislation.

Project Name	Northgate Apartments		AS IF RENOVATED		Project Number	0.00									
City	804	Frank Cochran Drive	Hinesville		Date of Appraisal (mm/dd/yyyy)	July 18, 2013									
Signature of Processor					Signature of Reviewer										
Project Name	Celebration at Sandy Springs		The Links at Georgetown		Walden at Chatham Center		Northgate Apartments								
Project Number							As If Renovated								
Location	0.00		450 Al Henderson Blvd, Savannah		Walden Lane, Savannah		Hinesville								
Type of Project	Market Rate		Market Rate		Market Rate		As If Renovated								
No. of Stories	2.00		3.00		3.00		2								
Type of Construction	Wood Frame		Masonry/Wood Frame		Wood Frame		Class D								
No. of Living Units	250		360		236		80								
Age of Project	1969, 2007 R														
Project Unit Composition	BRM	BRM	BRM	BRM	BRM	BRM	BRM								
Composition	(1)	(2)	(3)	(4)	(1)	(2)	(3)								
No. of Each Type Unit	40	183	27		134	226									
Sq. Ft. Each Type Unit	780	1,136	1,350		802	1,216									
Average Unit Area	1102		1062		1100		994								
Same Tax Rate as Subject*							7/18/2013								
Effective Date/Updating	1/2011		1/2011		2/1/2011										
Months/Percentage	100 0.2%		100 0.2%		0.00 0.0%										
Same Utility Rate *															
Equip. & Services Inc. in Rent	1,2,3,4,5,6,8,21		1,2,3,4,5,6,8,21		1,2,3,4,5,6,8,21		1,2,3,4,5,6,21								
Equipment Included in Rent					Services Included in Rent										
1 Ranges & Refrig.	2 Carpet & Drapes	3 Disposal	4 Dishwasher	5 Laundry Fac.	6 Air Cond.	7 Other	8 Gas	9 Elec.	10 Heat	11 Cooking	12 Hot Water	13 A/C	14 Hot Water	15 A/C	16 Lights
7 Microwave	8 Pool/Tennis	9 Other					10 Heat	11 Cooking	12 Hot Water	13 A/C	14 Hot Water	15 A/C	16 Hot Water	17 A/C	18 Lights
							19 Heat	20 Hot Water	21 Water	22 Other					Cable/internet
Items of Expense by Units of Comparison ***	Exp.	Adj. + -	Ind. Exp.	Exp.	Up-dated Exp.	Adj. + -	Ind. Exp.	Exp.	Up-dated Exp.	Adj. + -	Ind. Exp.				Core lated Expense

Items of Expense by Units of Comparison ***	Exp.	Adj. + -	Ind. Exp.	Exp.	Up-dated Exp.	Adj. + -	Ind. Exp.	Exp.	Up-dated Exp.	Adj. + -	Ind. Exp.					Correlated Expense
1. Advertising	\$223	\$0	\$223	\$171	\$171	\$0	\$171	\$188	\$188	\$0	\$188					\$0
2. Management	\$240	\$0	\$240	\$289	\$290	\$0	\$290	\$400	\$400	\$0	\$400					\$522
3. Other	\$178	\$0	\$178	\$189	\$189	\$0	\$189	\$168	\$168	\$0	\$168					\$200
4. Total Admin.																\$722
5. Elevator	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					\$0
6. Fuel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					\$0
7. Lighting & Mis. Power	\$272	\$0	\$272	\$178	\$178	\$0	\$178	\$236	\$236	\$0	\$236					\$210
8. Water	\$726	\$0	\$726	\$214	\$214	\$0	\$214	(\$47)	(\$47)	\$0	(\$47)					\$425
9. Gas	\$196	\$0	\$196	\$17	\$17	\$0	\$17	\$0	\$0	\$0	\$0					\$0
10. Garbage & Trash	\$75	\$0	\$75	\$77	\$77	\$0	\$77	\$12	\$12	\$0	\$12					\$270
11. Payroll	\$952	\$0	\$952	\$884	\$885	\$0	\$885	\$1,067	\$1,067	\$0	\$1,067					\$744
12. Other	\$121	\$0	\$121	\$158	\$158	\$0	\$158	\$67	\$67	\$0	\$67					\$0
13. Total Operating																\$1,649
14. Decorating	\$122	\$0	\$122	\$98	\$98	\$0	\$98	\$208	\$208	\$0	\$208					\$0
15. Repairs	\$175	\$0	\$175	\$99	\$99	\$0	\$99	\$153	\$153	\$0	\$153					\$300
16. Exterminating	\$0	\$0	\$0	\$13	\$13	\$0	\$13	\$10	\$10	\$0	\$10					\$0
17. Insurance	\$163	\$0	\$163	\$181	\$181	\$0	\$181	\$396	\$396	\$0	\$396					\$385
18. Ground Expenses	\$120	\$0	\$120	\$121	\$121	\$0	\$121	\$286	\$286	\$0	\$286					\$0
19. Other	\$0	\$0	\$0	\$21	\$21	\$0	\$21	\$0	\$0	\$0	\$0					\$390
20. Total Maint.																\$1,075
20a. Total Operating Expense Exclusive of Reserve Time and Trend (Sum of Lines 4, 13 and 20)																\$3,446
20b. Trend Adjustment							Jul-13				AnnualRate	2.00%				4.90%
21. Replacement Reserve (Per Applicable Formula from Forms HUD-92264 or HUD-92264B)																300
22. Total Operating Expenses Including Reserve Time and Trend (Sum of Lines 20a, 20b and 21)																\$3,915
23. Taxes/Real Estate	\$1,025	(\$535)	\$490	\$922	\$924	(\$434)	\$490	\$1,257	\$1,257	(\$767)	\$490					\$467
24. Personal Prop. Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					\$6
25. Emp. Payroll Tax	\$233	\$0	\$233	\$62	\$62	\$0	\$62	\$97	\$97	\$0	\$97					\$55
26. Other	\$0	\$0	\$0	\$40	\$40	\$0	\$40	\$0	\$0	\$0	\$0					\$30
27. Other	\$0	\$0	\$0	\$63	\$63	\$0	\$63	\$174	\$174	\$0	\$174					\$100
27a Total Taxes w/o trend																
27b. Trend Adjustment							Jul-13				AnnualRate	2.00%				4.90%
28. Total Taxes (including Time and Trend)(Sum of Lines 27a and 27b)																\$690
29. Total Expense (Sum of Lines 22 and 28)																\$4,605
*If "NO," reflect in adjustments.																
***Enter appropriate numbers from table for subject and comparables and reflect in adjustments.																
****Enter expense items in suitable unit of comparison.																
(Attach additional pages to Explain Adjustments as Needed)																
Previous editions are obsolete																
form HUD-92274 (05/2003)																

Items of Expense by Units of Comparison ***	Exp.	Adj. + -	Ind. Exp.	Exp.	Up-dated Exp.	Adj. + -	Ind. Exp.	Exp.	Up-dated Exp.	Adj. + -	Ind. Exp.					Correlated Expense
1. Advertising	\$223	\$0	\$223	\$171	\$171	\$0	\$171	\$188	\$188	\$0	\$188					\$165
2. Management	\$240	\$0	\$240	\$289	\$290	\$0	\$290	\$400	\$400	\$0	\$400					\$235
3. Other	\$178	\$0	\$178	\$189	\$189	\$0	\$189	\$168	\$168	\$0	\$168					\$300
4. Total Admin.																\$700
5. Elevator	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0						\$0
6. Fuel	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0						\$0
7. Lighting & Mis. Power	\$272	\$0	\$272	\$178	\$178	\$0	\$178	\$236	\$236	\$0	\$236					\$210
8. Water	\$726	\$0	\$726	\$214	\$214	\$0	\$214	(\$47)	(\$47)	\$0	(\$47)					\$550
9. Gas	\$196	\$0	\$196	\$17	\$17	\$0	\$17	\$0	\$0	\$0						\$0
10. Garbage & Trash	\$75	\$0	\$75	\$77	\$77	\$0	\$77	\$12	\$12	\$0	\$12					\$270
11. Payroll	\$952	\$0	\$952	\$884	\$885	\$0	\$885	\$1,067	\$1,067	\$0	\$1,067					\$735
12. Other	\$121	\$0	\$121	\$158	\$158	\$0	\$158	\$67	\$67	\$0	\$67					\$0
13. Total Operating																\$1,765
14. Decorating	\$122	\$0	\$122	\$98	\$98	\$0	\$98	\$208	\$208	\$0	\$208					\$0
15. Repairs	\$175	\$0	\$175	\$99	\$99	\$0	\$99	\$153	\$153	\$0	\$153					\$365
16. Exterminating	\$0	\$0		\$13	\$13	\$0	\$13	\$10	\$10	\$0	\$10					\$0
17. Insurance	\$163	\$0	\$163	\$181	\$181	\$0	\$181	\$396	\$396	\$0	\$396					\$385
18. Ground Expenses	\$120	\$0	\$120	\$121	\$121	\$0	\$121	\$286	\$286	\$0	\$286					\$0
19. Other	\$0	\$0		\$21	\$21	\$0	\$21	\$0	\$0	\$0						\$450
20. Total Maint.																\$1,200
20a. Total Operating Expense Exclusive of Reserve Time and Trend (Sum of Lines 4, 13 and 20)																\$3,665
20b. Trend Adjustment							Jul-13				AnnualRate	2.00%				4.90%
21. Replacement Reserve (Per Applicable Formula from Forms HUD-92264 or HUD-92264B)																300
22. Total Operating Expenses Including Reserve Time and Trend (Sum of Lines 20a, 20b and 21)																\$4,145
23. Taxes/Real Estate	\$1,025	(\$535)	\$490	\$922	\$924	(\$434)	\$490	\$1,257	\$1,257	(\$767)	\$490					\$467
24. Personal Prop. Tax	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0						\$6
25. Emp. Payroll Tax	\$233	\$0	\$233	\$62	\$62	\$0	\$62	\$97	\$97	\$0	\$97					\$55
26. Other	\$0	\$0		\$40	\$40	\$0	\$40	\$0	\$0	\$0						\$30
27. Other	\$0	\$0		\$63	\$63	\$0	\$63	\$174	\$174	\$0	\$174					\$100
27a Total Taxes w/o trend																
27b. Trend Adjustment							Jul-13				AnnualRate	2.00%				4.90%
28. Total Taxes (Including Time and Trend) (Sum of Lines 27a and 27b)																\$690
29. Total Expense (Sum of Lines 22 and 28)																\$4,835
**If "NO," reflect in adjustments.																
**Enter appropriate numbers from table for subject and comparables and reflect in adjustments.																
***Enter expense items in suitable unit of comparison.																
(Attach additional pages to Explain Adjustments as Needed)																
Previous editions are obsolete															form HUD-92274 (05/2003)	

ADDENDUM D
QUALIFICATION/LICENSE

**PROFESSIONAL QUALIFICATIONS OF
KAY KAUCHICK, MAI**

<p>EXPERIENCE:</p>	<p>Value Tech Realty Services, Inc.- President</p> <p>Ms. Kauchick is co-founder of Value Tech Realty Services, Inc. She is a real estate consultant and Member of the Appraisal Institute. Her consulting services cover a broad spectrum of industries including market analytics, economic evaluations and financial valuations with deliverables that include a variety of real estate related services such as appraisals, market studies, economic impact reports and investment consulting. Reports have been prepared for a variety of private and governmental entities including Housing and Urban Development (HUD) including MAP applications, Fannie Mae, Freddie Mac, LIHTC and various Bond programs.</p> <p>Ms. Kauchick has been actively engaged in real estate valuation and consulting since 1979 on a national and international basis. Her background includes nearly 30-years of experience creating economic development programs for third world countries utilizing tourism and real estate development as a stimulus for growth and detail market studies for private and public entities. She assisted world banks, international investment funds, and various profit and non-profit entities, evaluate investment opportunities. Her specialization has been within the housing, Healthcare, Multi-family, retail, office and hospitality industries. Clients served include accountants, investment firms, law firms, and lenders, private and public agencies. Valuations and market studies have been done on proposed, partially completed, renovated and existing structures.</p> <p>Military-related work has been completed for the Navy, Air Force, Army, Army Core of Engineers, AAFES and developers providing services to each of the divisions. Economic and market program models have been created for the ability to evaluate various development scenarios. Demand studies were developed to interface with financial modeling programs in order to judge the highest and/or best use for military projects.</p>
<p>HUD/FANNIE MAE AND FREDDIE MAC:</p>	<p>Numerous projects have been completed for the military, HUD, Fannie Mae and Freddie Mac underwriters for assignments nationwide. The market studies and appraisals performed have been prepared in conformance with their individual agency requirements and with adherence to USPAP. Ms. Kauchick completed the HUD sponsored MAP training session in October 2000.</p>
<p>PROFESSIONAL ACTIVITIES:</p>	<p>Member: Appraisal Institute (MAI No. 10510) Licensed: Florida State-Certified General Real Estate Appraiser- RZ 2066 Alabama – State-Certified General Real Estate Appraiser G00706 Georgia – State-Certified General Real Estate Appraiser – 251355 Mississippi – State-Certified General Real Estate Appraiser – GA-813 Kentucky - - State-Certified General Real Estate Appraiser – 003868 Ohio – State-Certified General Real Estate Appraiser – 2006006410 New Jersey – State-Certified General Real Estate Appraiser – 42RG00194800 Texas – State-Certified General Real Estate Appraiser – TX-1336610-G Indiana – State-Certified General Real Estate Appraiser – CG40700410 North Carolina – State-Certified General Real Estate Appraiser – A6711 Virginia – State-Certified General Real Estate Appraiser – 4001-015705 Michigan – State-Certified General Real Estate Appraiser - 12011006024</p>
<p>EDUCATION:</p>	<p>Bachelor of Arts-Michigan State University with specializations in Tourism and Travel Management, Economics and Marketing.</p> <p>Successfully completed numerous real estate related courses and seminars sponsored by the Appraisal Institute, accredited universities and others.</p> <p>Currently certified by the Appraisal Institute’s voluntary program of continuing education for its designated members.</p>

**STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD**

KAY C KAUCHICK

251355

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.

CHARLES B. BRAMLETT
Chairperson

WILLIAM R. COLEMAN, JR.
D. SCOTT MURPHY
MARILYN R. WATTS

SANDRA MCALISTER WINTER
Vice Chairperson

62236402

KAY C KAUCHICK

251355
Status ACTIVE

ORIGINALLY LICENSED

05/08/2002

END OF RENEWAL
12/31/2013

**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

62236402

KAY C KAUCHICK

251355
Status ACTIVE

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05/08/2002

END OF RENEWAL
12/31/2013

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