

Market Feasibility Analysis

Warm Springs Apartments
4161 White House Parkway
Warm Springs, Meriwether County, Georgia 31830

Prepared For

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SECTION A – EXECUTIVE SUMMARY

This report evaluates the market feasibility of the existing Warm Springs Apartments to be renovated utilizing financing from the Low-Income Housing Tax Credit (LIHTC) program in Warm Springs, Georgia. Based on the findings contained in this report, we believe a market will continue to exist for the subject project following renovations, as long as the subject project is renovated and operated as proposed in this report.

1. Project Description:

Warm Springs Apartments was originally built in 1993 and has operated under the Rural Development 515 (RD 515) and Low-Income Housing Tax Credit (LIHTC) programs since that time. The project contains 22 one-, two- and three-bedroom units targeting family (general-occupancy) households earning up to 60% of Area Median Household Income (AMHI). Of the 22 units, 10 receive Rental Assistance (RA) directly from Rural Development, allowing residents to pay up to 30% of their adjusted gross income towards housing costs (collected rent and tenant-paid utilities). The 12 remaining units are eligible to accept Housing Choice Voucher holders, but do not receive a direct or guaranteed subsidy. There are no voucher holders currently residing at the project. Management reports the project is 95.5% occupied; however, there are currently three households on the wait list for the next available two-bedroom unit.

The proposed Tax Credit renovations, which will be financed through a Tax Exempt Bond, will involve the extensive rehabilitation of each unit and the community spaces. Once renovations are complete, the 10 units of RA will be preserved and all units will continue to target households up to 60% of AMHI. The 12 units operating without RA will also continue to target households up to 60% of AMHI. All renovations are expected to be completed in 2014. A Private Rental Assistance (PRA) subsidy, which will be financed by the developer, will be available to all existing unassisted residents (PRA subsidy not to extend beyond existing residents). The PRA subsidy will allow existing residents to pay current rents.

2. Site Description/Evaluation:

The subject project is currently 95.5% occupied, which is evidence that the subject site location has had a positive impact on its marketability. It is our opinion that following the subject project's renovations, the surrounding land uses will continue to have a positive impact on the marketability of the site. Visibility and access are considered good.

The site is close to shopping, employment, recreation, entertainment and education opportunities, and social services and public safety services are all within 2.0 miles of the site. The site has convenient access to major highways. Overall, we expect the site's proximity to community services to continue to have a positive impact on its marketability.

3. Market Area Definition:

The Warm Springs Site PMA includes the towns of Warm Springs and Manchester. Additionally, unincorporated areas of Meriwether County are also encompassed in the market area. Specifically, the boundaries of the Site PMA consist of Pebblebrook Road and Jessie Cole Road to the north; LL Revell Road, Mitchell Cove Road, Chalybeate Springs Road and Pleasant Valley Road to the east; Tax Road, Fryer Road, McCrary Road and Old Shiloh Road to the south; and State Route 85/U.S. Highway 27, the western city limits of Warm Springs and State Route /U.S. Highway 27 to the west. The Site PMA boundaries are within 3.1 to 10.4 miles from the subject site. A justification of these boundaries and a detailed map are included in Section D of this report.

4. Community Demographic Data:

Over one-third of the market is occupied by renter households. Overall, population and household growth has been negative since 2010 and is projected to decline through 2015. Nevertheless, the 1,078 renter households in 2013 represent a good base of potential renters in the market for the subject site. It should also be noted that one- to five-person households comprise the majority of the Site PMA's total renter households. As such, the subject property will continue to accommodate the majority of the renter households within the market based on size. Further, as discussed later in Section H of this report, nearly all product surveyed in the market are 100.0% occupied. This indicates that there is pent-up demand for such housing and the continuing need for additional affordable housing options within the Site PMA, particularly when factoring in rent overburdened households or those living in substandard housing. Detailed demographic information is included in Section E of this report.

5. Economic Data:

According to industrial development representatives and based on ESRI data and employment data from the Bureau of Labor Statistics, the Meriwether County economy has been experiencing growth within the past two years. Notably, Mando Corporation recently opened their manufacturing facility, a \$200 million investment, which created more than 100 jobs. Mando Corporation is investing an additional \$80 million to construct a second facility, and once both facilities are fully operational, it is anticipated to create a total of 1,000 jobs by 2020.

It should be noted that the unemployment rate is high (11.5% through August 2013), however it has generally declined over the preceding five-year period. In addition, the employment base experienced a significant decrease between 2007 and 2009, a decline of 887 employees, or 9.9%, which is consistent with economies throughout the nation that were impacted by the national recession. The employment base has experienced growth since 2011, increasing by 286 employees, or 3.6%.

Considering the double digit unemployment rate, the need for affordable housing has remained strong, as evidenced by the typically high occupancies of the affordable housing projects in the Site PMA. In addition, a high rate of unemployment contributes to the demand for affordable housing, as households with lower incomes due to unemployment or underemployment may not be able to afford their current housing costs. The subject site will continue to provide a good quality housing option in an economy where lower-wage employees are most vulnerable.

6. Project-Specific Affordability and Demand Analysis:

Warm Springs Apartments has project-based Rental Assistance (RA) available to 10 of the 22 total units. As such, tenants with little to no income are eligible to reside at this project. Following LIHTC renovations, the 10 units of RA are expected to remain in-place. Based on our demand estimates detailed in Section G of this report, there will be 410 income-qualified renter households to support the 22 renovated units. As such, the capture rate would be 5.4% ($22 / 410 = 5.4\%$) if all units were vacated. However, the project is 95.5% occupied (a result of one vacancy) and all current tenants are anticipated to remain following LIHTC renovations. Therefore, the renovated subject project will have an effective capture rate of 0.2%. A detailed capture rate analysis and alternative demand scenarios are provided in Section G of this report.

7. Comparable/Competitive Rental Analysis

Based on our research, there were no comparable non-subsidized Tax Credit properties identified and surveyed within the Site PMA. As such, we identified and surveyed three LIHTC properties located outside of the Site PMA, but within the nearby region, that we also consider comparable. All comparable properties and the subject property are illustrated in the table on the following page.

| Map I.D. | Project Name | Year Built/Renovated | Total Units | Occ. Rate | Distance to Site | Waiting List | Target Market |
|----------|--------------------------|----------------------|-------------|-----------|------------------|--------------|--------------------------------|
| Site | Warm Springs Apartments | 1993 / 2014 | 22 | 95.5% | - | 2-Br: 3 H.H. | Families; 60% AMHI & RD 515 |
| 903 | Greenville Commons Apts. | 2005 | 28* | 100.0% | 11.1 Miles | 7 H.H. | Families; 30%, 50%, & 60% AMHI |
| 906 | Laurel Ridge | 2008 | 70 | 100.0% | 27.7 Miles | 300 H.H. | Families; 30%, 50%, & 60% AMHI |
| 907 | Mallard Lake | 2010 | 72 | 100.0% | 28.8 Miles | 350 H.H. | Families; 50% & 60% AMHI |

OCC. - Occupancy

H.H. - Households

*Tax Credit units only

900 Map IDs are located outside of Site PMA

The three LIHTC projects have a combined occupancy rate of 100.0%, indicating very strong demand for affordable housing in the region. All of these projects have waiting lists.

The gross rents for the comparable projects and the proposed rents at the subject site, as well as their unit mixes and vacancies by bedroom type are listed in the following table:

| Map I.D. | Project Name | Gross Rent/Percent of AMHI (Number of Units/Vacancies) | | | | Rent Special |
|----------|--------------------------|---|---|---|--------------------------------------|--------------|
| | | One-Br. | Two-Br. | Three-Br. | Four-Br. | |
| Site | Warm Springs Apartments | \$564/60% (4/1) | \$676/60% (16/0) | \$782/60% (2/0) | - | - |
| 903 | Greenville Commons Apts. | - | \$386/30% (2/0) \$623/50% (8/0) \$741/60% (2/0) | \$445/30% (3/0) \$718/50% (9/0) \$854/60% (4/0) | - | None |
| 906 | Laurel Ridge | - | \$470/30% (2/0) \$703/50% (8/0) \$820/60% (8/0) | \$546/30% (5/0) \$815/50% (21/0) \$950/60% (21/0) | \$901/50% (1/0) \$1,051/60% (4/0) | None |
| 907 | Mallard Lake | \$565-\$571/50% (6/0) \$585-\$671/60% (2/0) | \$648-\$673/50% (24/0) \$725-\$791/60% (7/0) | \$796/50% (24/0) \$923-\$931/60% (9/0) | - | None |

900 Map IDs are located outside of the Site PMA

The proposed subject gross rents, ranging from \$564 to \$782, will be the lowest priced LIHTC units within the region targeting similar income levels. As such, the subject project will represent a good value within the region if RA were lost on 10 out of the 22 total units. Nonetheless, the subject project is anticipated to retain RA on 10 units and a PRA subsidy will be available to the existing unassisted households residing in the remaining 12 units, which will prevent such households from experiencing a rent increase. Since it is anticipated that the subject project will retain its tenant-base post renovations, it will continue to represent a significant value to its current residents.

Overall, the subject project is older than the selected properties, but substantial renovations will effectively update its aesthetic appeal. Our comparative analysis in Section H reveals the unit designs (square footage and bathrooms) of the subject units are appropriate considering the 95.5% occupancy at the subject site. The proposed amenities package is considered generally similar to the comparable LIHTC projects. The subject project will not lack any amenities that will have an adverse impact on its continued marketability. This is further evidenced by the subject's 95.5% occupancy and wait list.

8. Absorption/Stabilization Estimates

According to management, the subject project is currently 95.5% occupied and maintains a three-household wait list for the next available two-bedroom unit. Current residents will be relocated temporarily; however, they will not be permanently displaced. Therefore, few if any, of the subject units will have to be re-rented immediately following renovations. However, for the purposes of this analysis, we assume that all 22 subject units will be vacated and that all units will have to be re-rented (assuming RA is preserved on 10 of the 22 units). We also assume the absorption period at the site begins as soon as the first renovated units are available for occupancy.

It is our opinion that the 22 units at the subject site will reach a stabilized occupancy of 93.0% within approximately five months following renovations, assuming total displacement of existing tenants. This absorption period is based on an average absorption rate of approximately four units per month. Our absorption projections assume that no other projects targeting a similar income group will be developed during the projection period and that the renovations will be completed as outlined in this report. These absorption projections also assume that RA on 10 of the 22 total units will be maintained.

9. Overall Conclusion:

Based on the findings reported in our market study, it is our opinion that a market will continue to exist for the 22 units at the subject site, assuming it is renovated and operated as detailed in this report. Changes in the project's scope of renovations, rents, amenities or renovation completion date may alter these findings.

Based on the preceding analysis and information provided throughout this report, we have no recommendations or suggested modifications for the subject project at this time.

SUMMARY TABLE

(must be completed by the analyst and included in the executive summary)

| | | |
|-------------------|--|-------------------|
| Development Name: | Warm Springs Apartments | Total # Units: 22 |
| Location: | 4161 White House Parkway, Georgia 31830 | # LIHTC Units: 22 |
| PMA Boundary: | Pebblebrook Road and Jessie Cole Road to the north; LL Revell Road, Mitchell Cove Road, Chalybeate Springs Road and Pleasant Valley Road to the east; Tax Road, Fryer Road, McCrary Road and Old Shiloh Road to the south; and State Route 85/U.S. Highway 27, the western city limits of Warm Springs and State Route /U.S. Highway 27 to the west. | |
| | Farthest Boundary Distance to Subject: | 10.4 miles |

RENTAL HOUSING STOCK (found on page H-2)

| Type | # Properties | Total Units | Vacant Units | Average Occupancy |
|--|--------------|-------------|--------------|-------------------|
| All Rental Housing | 9 | 191 | 6 | 96.9% |
| Market-Rate Housing | 4 | 10 | 0 | 100.0% |
| Assisted/Subsidized Housing not to include LIHTC | 1 | 50 | 5 | 90.0% |
| LIHTC | 4 | 131 | 1 | 99.2% |
| Stabilized Comps (in PMA only) | 0 | - | - | - |
| Properties in Construction & Lease Up | 0 | - | - | - |

| Subject Development | | | | Achievable Market Rents | | | Highest Unadjusted Comp Rent | | |
|---------------------|------------|---------|-----------|-------------------------|----------|--------|------------------------------|----------|--------|
| # Units | # Bedrooms | # Baths | Size (SF) | Proposed Tenant Rent | Per Unit | Per SF | Advantage | Per Unit | Per SF |
| 4 | One-Br. | 1.0 | 643 | \$416 | \$490 | \$0.76 | 15.1% | \$770 | \$1.00 |
| 16 | Two-Br. | 1.5 | 938 | \$508 | \$605 | \$0.64 | 16.0% | \$600 | \$0.76 |
| 2 | Three-Br. | 1.5 | 963 | \$558 | \$645 | \$0.67 | 13.5% | \$960 | \$0.80 |

DEMOGRAPHIC DATA (found in Section E & G)

| | 2010 | | 2013 | | 2015 | |
|--------------------------------------|-------|-------|-------|-------|-------|-------|
| Renter Households | 1,083 | 34.1% | 1,078 | 34.9% | 1,054 | 34.6% |
| Income-Qualified Renter HHs (LIHTC)* | N/A | N/A | 722 | 23.4% | 701 | 23.0% |
| Income-Qualified Renter HHs (MR) | N/A | N/A | N/A | N/A | N/A | N/A |

*As proposed with the retention of RA on 10 of the 22 units

TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page G-5)

| Type of Demand | RA Units | Non-RA Units | Overall as Proposed | Market-rate | Other__ | LIHTC Only Scenario |
|---|------------|--------------|---------------------|-------------|---------|---------------------|
| Renter Household Growth | -21 | -9 | -21 | - | - | -9 |
| Existing Households (Overburd + Substand) | 431 | 128 | 431 | - | - | 128 |
| Homeowner conversion (Seniors) | 0 | 0 | 0 | - | - | 0 |
| Total Primary Market Demand | 410 | 119 | 410 | - | - | 119 |
| Less Comparable/Competitive Supply | 0 | 0 | 0 | - | - | 0 |
| Net Income-Qualified Renter HHs | 410 | 119 | 410 | - | - | 119 |

CAPTURE RATES (found on page G-5)

| Targeted Population | RA Units | Non-RA Units | Overall as Proposed | Market-rate | Other__ | LIHTC Only Scenario |
|---------------------|----------|--------------|---------------------|-------------|---------|---------------------|
| Capture Rate | 0.0%* | 10.1% | 2.9%* | - | - | 18.5% |

*All occupied subsidized units with RA at the project have been deducted from this demand analysis

SECTION B - PROJECT DESCRIPTION

Warm Springs Apartments, located in Warm Springs, Georgia, was originally built in 1993 and has operated under the Rural Development 515 (RD 515) and Low-Income Housing Tax Credit (LIHTC) programs since that time. The project contains 22 one-, two- and three-bedroom units targeting family (general-occupancy) households earning up to 60% of Area Median Household Income (AMHI). Of the 22 units, 10 receive Rental Assistance (RA) directly from Rural Development, allowing residents to pay up to 30% of their adjusted gross income towards housing costs (collected rent and tenant-paid utilities). The 12 remaining units are eligible to accept Housing Choice Voucher holders, but do not receive a direct or guaranteed subsidy. There are no voucher holders currently residing at the project. Management reports the project is 95.5% occupied; however, there are currently three households on the wait list for the next available two-bedroom unit.

The proposed Tax Credit renovations, which will be financed through a Tax Exempt Bond, will involve the extensive rehabilitation of each unit and the community spaces. Once renovations are complete, the 10 units of RA will be preserved and all units will continue to target households up to 60% of AMHI. The 12 units operating without RA will also continue to target households up to 60% of AMHI. All renovations are expected to be completed in 2014. A Private Rental Assistance (PRA) subsidy, which will be financed by the developer, will be available to all existing unassisted residents (PRA subsidy not to extend beyond existing residents). The PRA subsidy will allow existing residents to pay current rents. Additional project details follow:

- 1. PROJECT NAME:** Warm Springs Apartments

- 2. PROPERTY LOCATION:** 4161 White House Parkway
Warm Springs, GA 31830
(Meriwether County)

- 3. PROJECT TYPE:** Current: Tax Credit & RD 515
Proposed: Tax Credit & RD 515

4. UNIT CONFIGURATION AND RENTS:

| Total Units | Bedroom Type | Baths | Style | Square Feet | Current Rents* | 2013 LIHTC Rents | | | | 2013 Rent Limits | | Market Rents (CRCU) | Proposed Achievable Net Rents |
|-------------|--------------|-------|--------|-------------|----------------|------------------|-------|-------|-------|------------------|-------------|---------------------|-------------------------------|
| | | | | | | AMHI | Gross | U.A. | Net | Max. Allow. | Fair Market | | |
| 4 | One-Br. | 1.0 | Garden | 643 | \$390 | 60% | \$564 | \$148 | \$416 | \$564 | \$543 | \$490 | \$416 |
| 16 | Two-Br. | 1.5 | TH | 938 | \$425 | 60% | \$676 | \$168 | \$508 | \$676 | \$644 | \$605 | \$508 |
| 2 | Three-Br. | 1.5 | Garden | 963 | \$435 | 60% | \$782 | \$224 | \$558 | \$782 | \$825 | \$645 | \$558 |
| 22 | Total | | | | | | | | | | | | |

Source: Boyd Management

AMHI – Area Median Household Income (Meriwether County, GA HUD Metro FMR Area; 2013)

*Denotes current basic rents under the RD 515 program

U.A. – Utility Allowance

Max. Allow. – Maximum Allowable

CRCU – Conventional Rents for Comparable Units

TH – Townhouse

- 5. TARGET MARKET:** Family (general-occupancy)
- 6. PROJECT DESIGN:** Four (4) one- to two-story residential buildings.
- 7. ORIGINAL YEAR BUILT:** 1993
- 8. ANTICIPATED RENOVATION COMPLETION DATE:** 2014
- 9. UNIT AMENITIES:**

Each unit, once renovated, will include the following amenities:

- Electric Range
- Refrigerator
- Dishwasher
- Window Blinds
- Patio
- Washer/Dryer Hookups
- Carpet
- Central Air Conditioning
- Exterior Storage
- Ceiling Fan

10. COMMUNITY AMENITIES:

The subject property will include the following community features:

- On-Site Management
- Laundry Facility
- Playground
- Picnic Area

11. RESIDENT SERVICES:

None



12. UTILITY RESPONSIBILITY:

All utilities, including electric heating, electric water heating, electric cooking, general electric, water/sewer and trash removal expenses are the responsibility of the residents.

13. RENTAL ASSISTANCE:

A total of 10 units will maintain Rental Assistance after renovations. Private Rental Assistance (PRA) subsidy will be available to all existing unassisted residents to cover any differences between the current rents and the proposed Tax Credit rents. The PRA subsidy will be funded by the developer.

14. PARKING:

The subject site offers 44 open lot parking spaces.

15. CURRENT OCCUPANCY AND TENANT PROFILE:

The 22-unit project is currently 95.5% occupied; however, maintains a waitlist of three households for the next available two-bedroom unit. Based on information provided by the developer, we anticipate that most, if not all, current tenants will continue to income-qualify following renovations. This assumes that the subject project will maintain Rental Assistance on 10 of the 22 total units as proposed.

16. PLANNED RENOVATIONS:

Currently, the subject project is considered to be of relatively good overall quality, and shows signs of slight property aging. According to the developer, the subject development will undergo approximately \$27,000 in renovations per unit. The subject is expected to include, but will not be limited to, the following renovations:

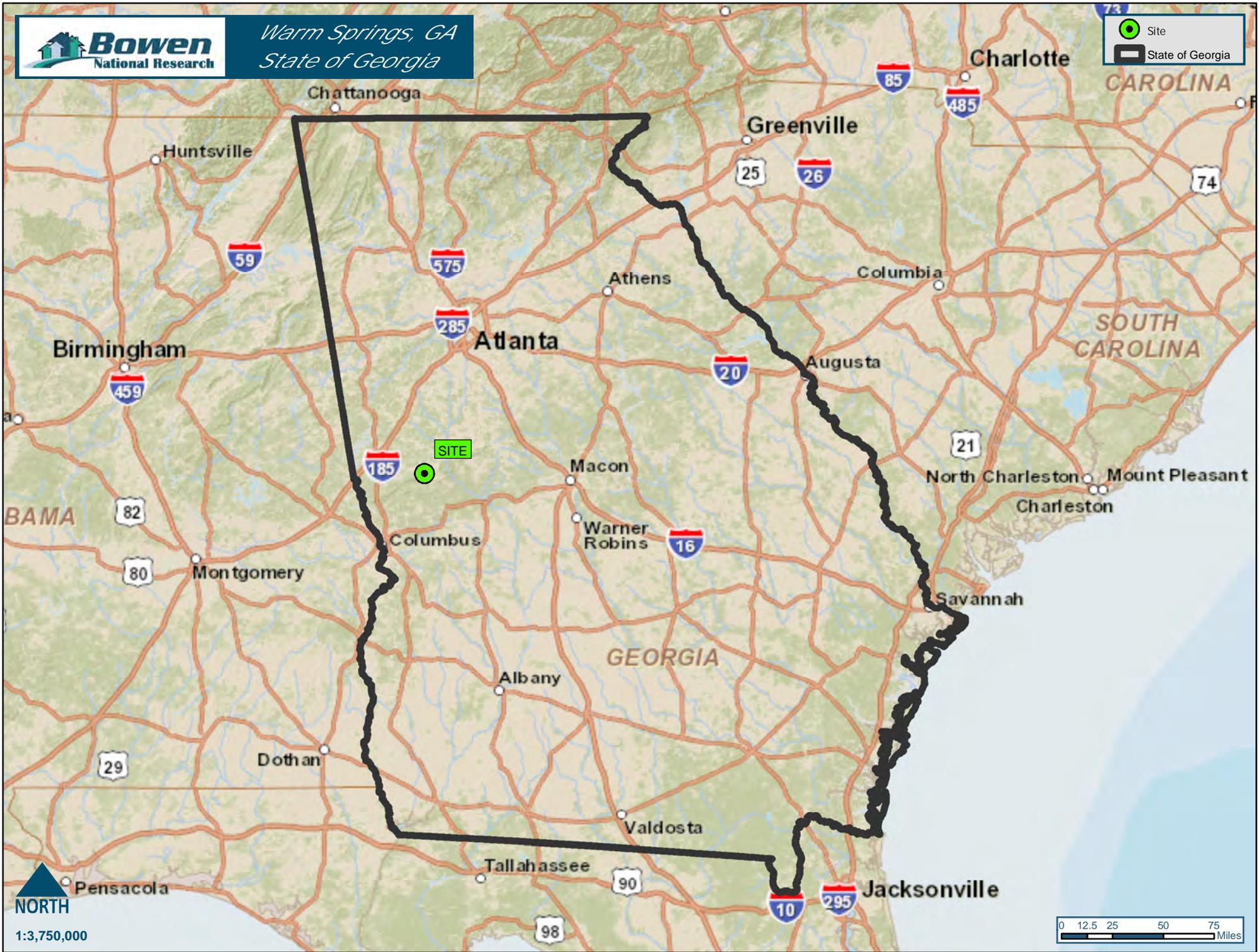
- Replacement of existing flooring
- Replacement of kitchen cabinets and countertops
- Replacement of existing kitchen appliances
- Replacement of plumbing fixtures
- Replacement of lighting fixtures
- Replace windows and window blinds
- Replacement of interior and exterior doorways
- Replacement of bathroom cabinets and countertop
- Painting of unit interiors
- Installation of new HVAC
- Re-roofing of buildings
- Upgrade and improve exteriors of buildings

(Renovations continued)

- Landscape improvements to the entrance with new signage (as needed)
- ADA regulations met
- Upgrade sidewalks, dumpster surrounds and landscaping.

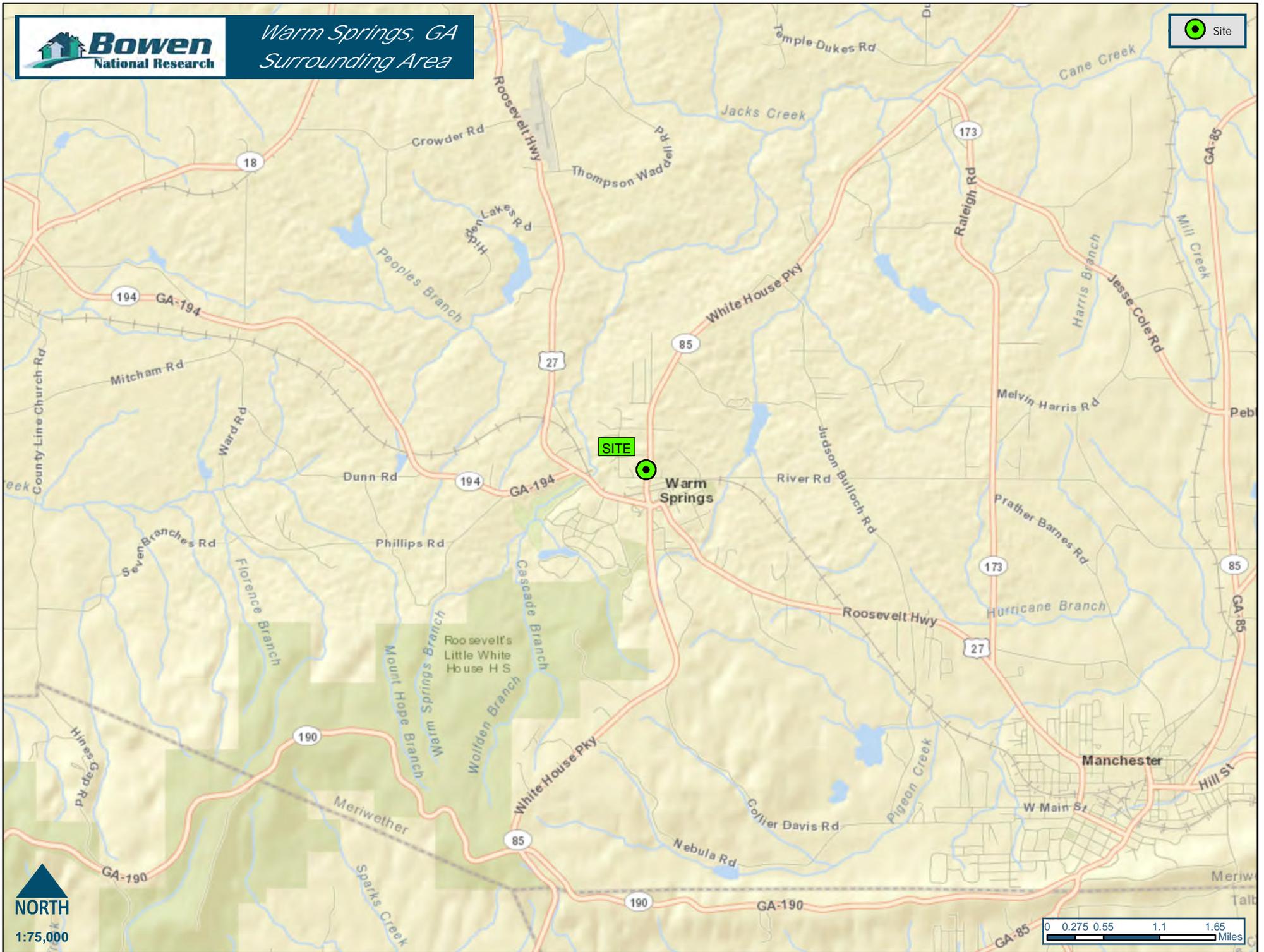
17. STATISTICAL AREA: Meriwether County, GA HUD Metro FMR Area
(2013)

A state map, an area map and a map illustrating the site neighborhood are on the following pages.





Warm Springs, GA
Surrounding Area



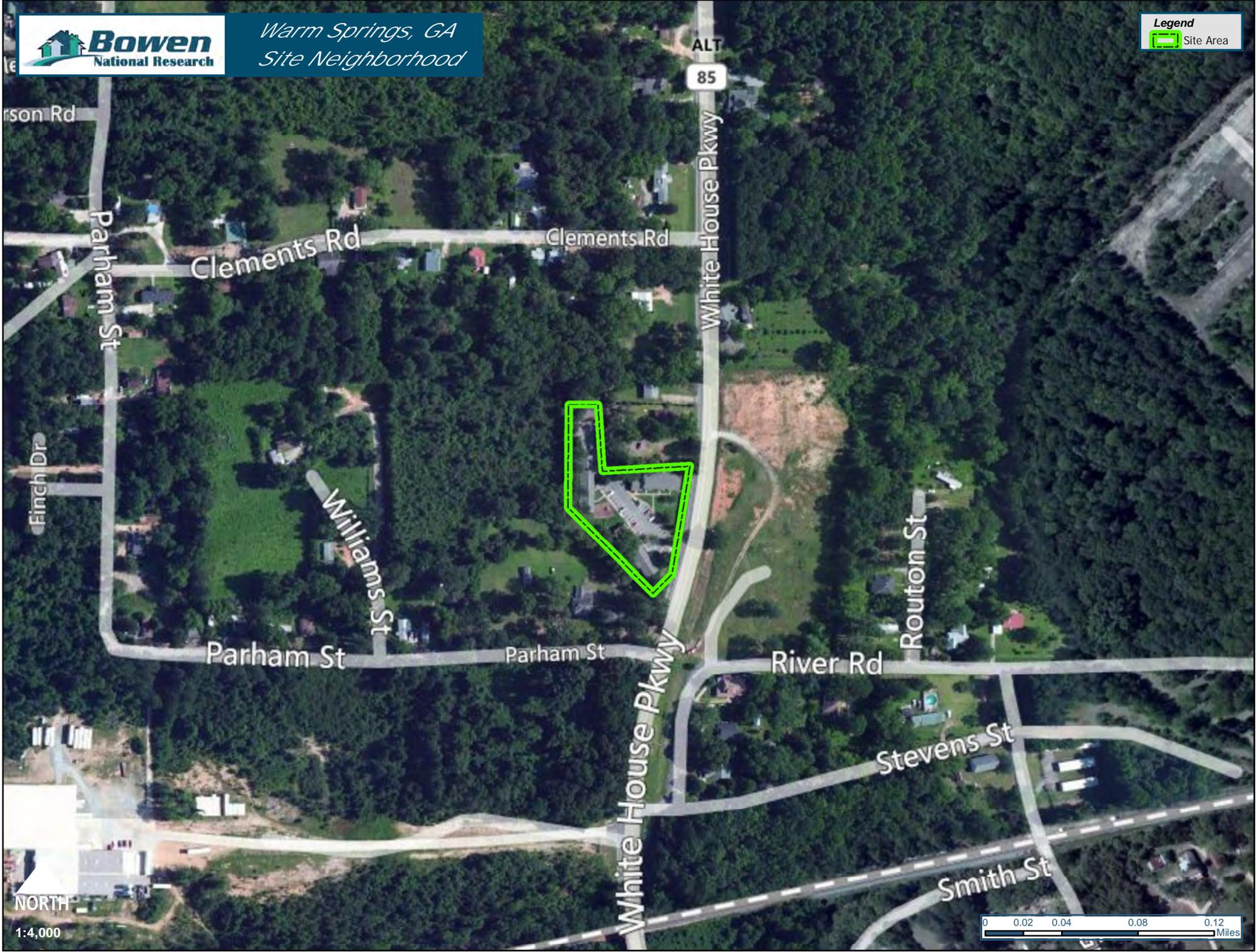
NORTH
1:75,000

0 0.275 0.55 1.1 1.65 Miles



Warm Springs, GA
Site Neighborhood

Legend
Site Area



NORTH
1:4,000



SECTION C – SITE DESCRIPTION AND EVALUATION

This is a telephone update of the original market study completed in February 2013. Note we did not revisit the site for this analysis. We have assumed the surrounding land uses have not changed since our original site inspection. This is the original site evaluation.

1. LOCATION

The subject site is the existing Warm Springs Apartments, a 22-unit general-occupancy Tax Credit and Rural Development 515 project located at 4161 White House Parkway in the northern portion of Warm Springs, Georgia. Located within Meriwether County, Warm Springs is approximately 30.0 miles southeast of Lagrange, Georgia.

2. SURROUNDING LAND USES

The subject site is located within an established area of Warm Springs. Surrounding land uses include commercial businesses, undeveloped land, mobile homes and single-family homes. Specifically, the surrounding land uses are detailed as follows:

| | |
|----------------|--|
| North - | Undeveloped, wooded land and various single-family and modular homes in poor to satisfactory condition are directly north of the site and extend to Clements Road. Further north are scattered single-family homes and undeveloped, wooded land. |
| East - | White House Parkway, a two-lane roadway, borders the site to the east. Undeveloped land, single-family and mobile homes in poor to good condition extend further east for several miles. |
| South - | Various single-family and modular homes ranging from poor to good condition border the site to the south and extend 0.1 mile to Parham Road. Undeveloped, wooded land extends further south of the site. |
| West - | Undeveloped, wooded land borders the site to the west and extends to Carter Revell Road. Further west are undeveloped, wooded land and scattered single-family homes in satisfactory to good condition along Parham Road. |

The single-family and modular homes within the site area range from poor to good condition. However, the heavily wooded land to the north, south and west of the site acts as a buffer and decreases any negative impact that may be created from such homes. This is further evidenced by the project's 95.5% occupancy.

A map illustrating the location of Low-Income Housing Tax Credit and other affordable housing projects is located later in this section.

3. VISIBILITY AND ACCESS

The subject site is located on the west side of White House Parkway (State Route 85). Vehicular traffic on White House Parkway is considered light as it is within a rural area. The site also has convenient access to State Route 41/U.S. Highway 27. Overall, access to the site is considered good, as ingress and egress traffic is not expected to experience any traffic delays. Visibility of the site from White House Parkway is considered excellent, as it is unimpeded by the surrounding land uses.

According to area planning and zoning officials, no notable roads or other infrastructure projects are underway or planned for the immediate site area.

4. SITE PHOTOGRAPHS

Photographs of the subject site are on located on the following pages.

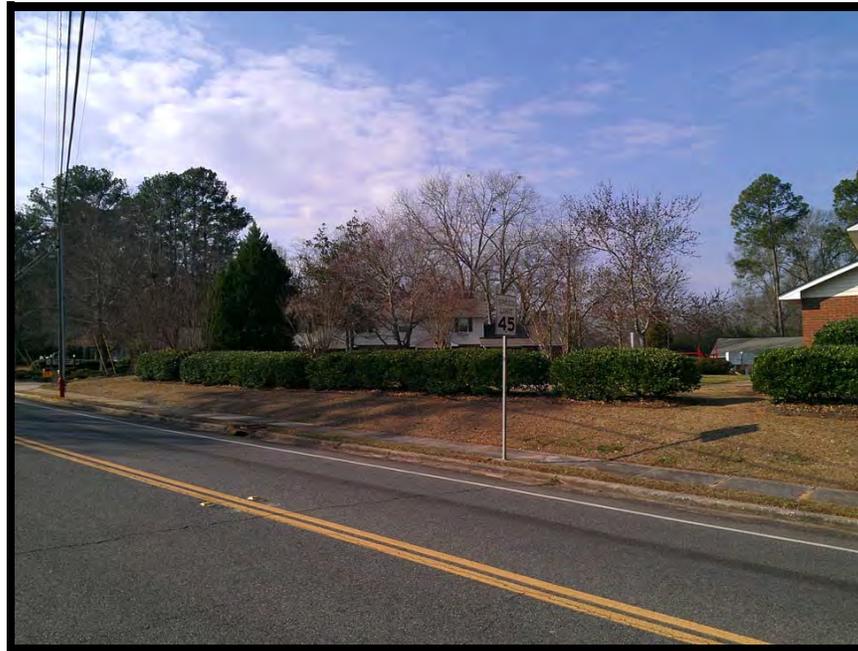
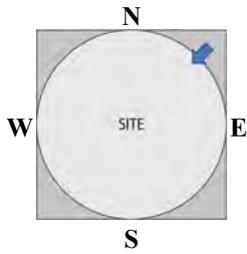
SITE PHOTOGRAPHS



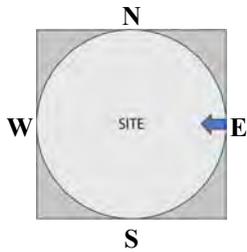
Site Sign



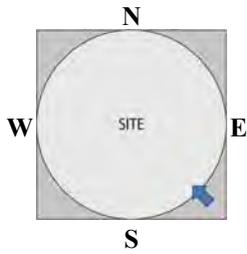
Site Building



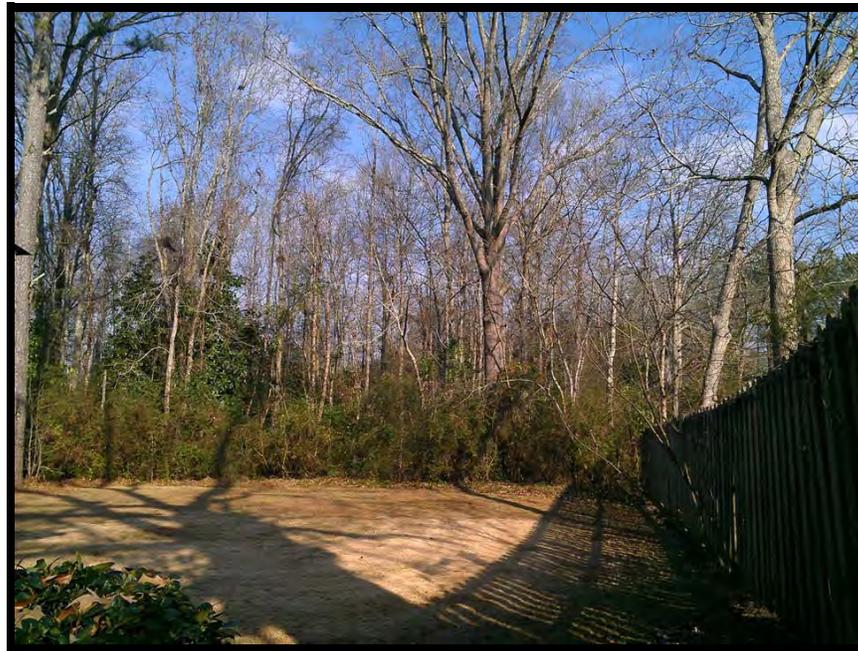
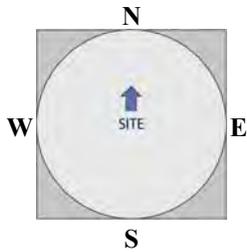
View of site from the northeast



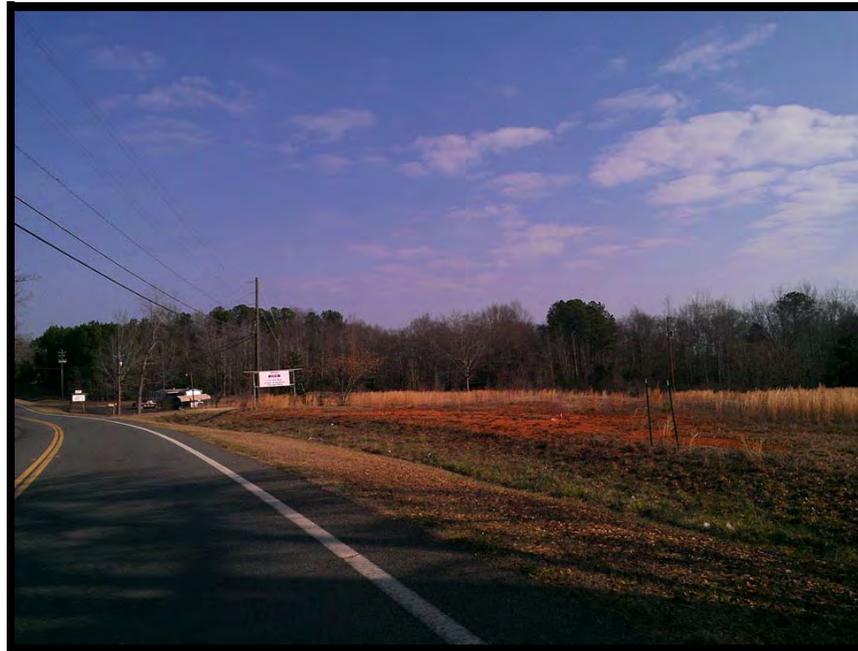
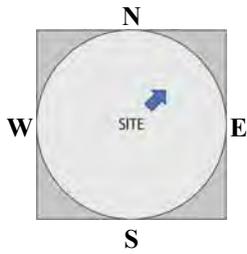
View of site from the east



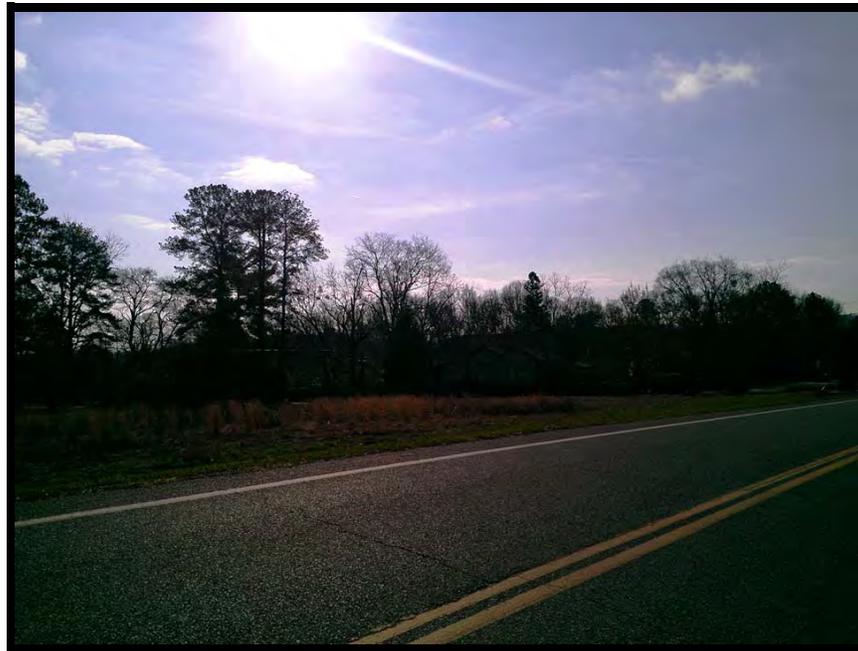
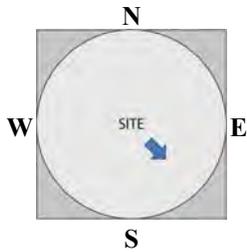
View of site from the southeast



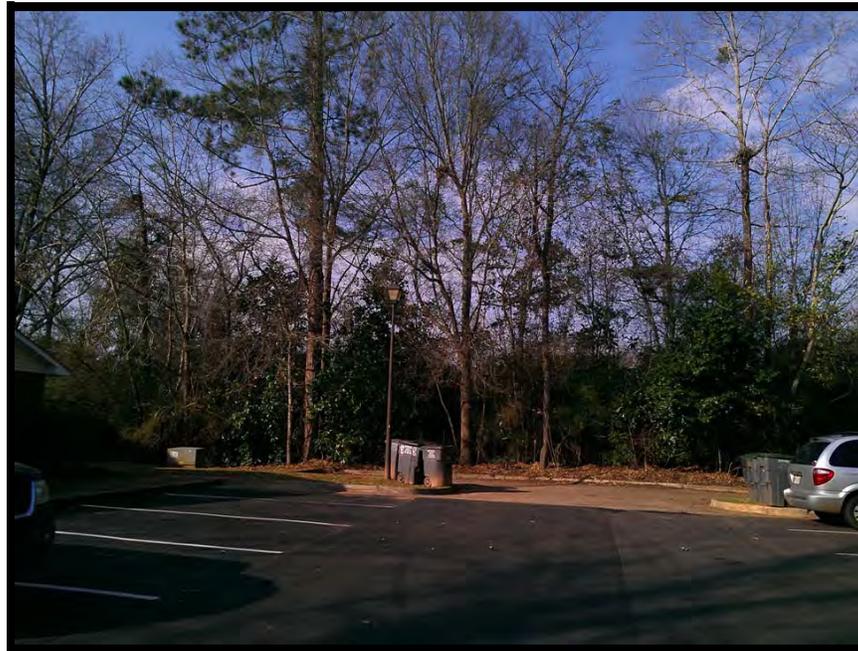
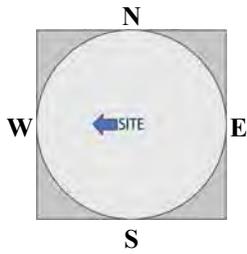
North view from site



Northeast view from site



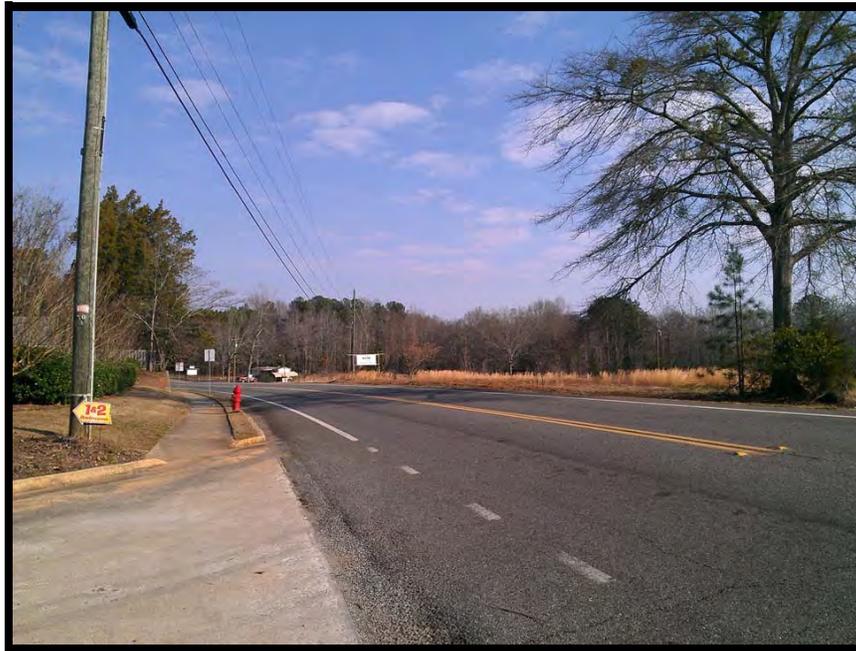
Southeast view from site



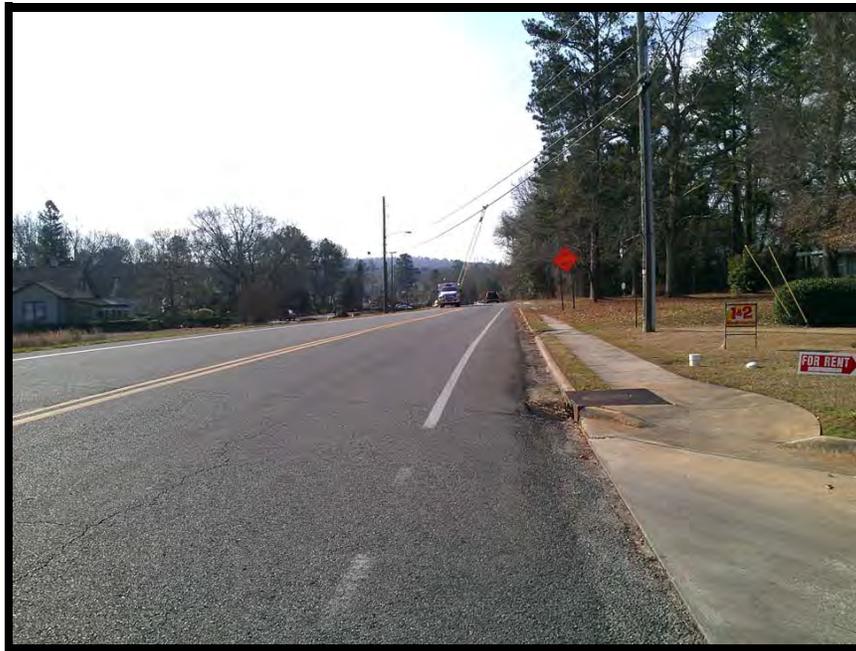
West view from site



Site Streetscape



North view on White House Parkway



South view on White House Parkway



Site Laundry Facility



Site Playground



Typical Living Room



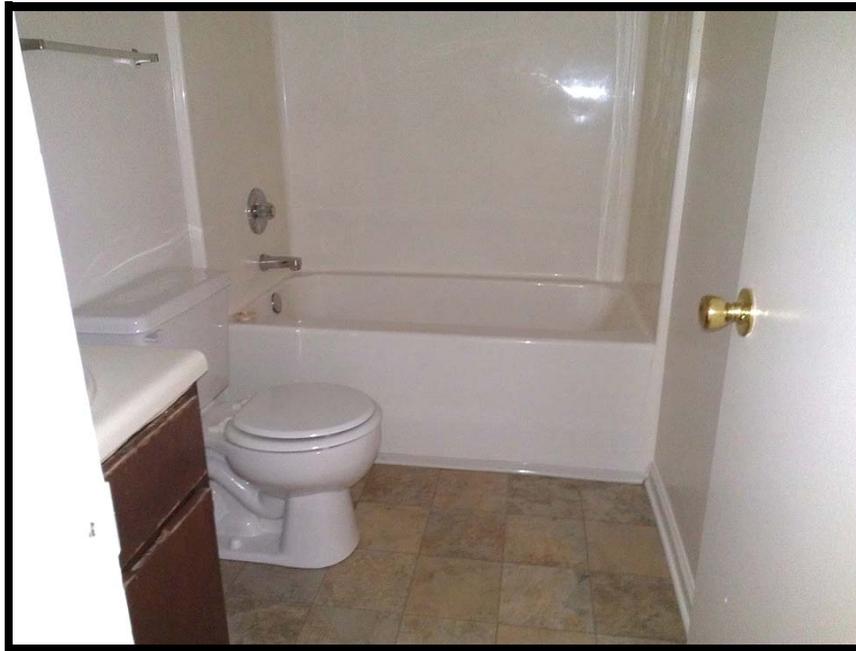
Typical Kitchen



Typical Master Bedroom



Typical Spare Bedroom



Typical Bathroom



Typical Half Bath

5. PROXIMITY TO COMMUNITY SERVICES AND INFRASTRUCTURE

While the site is served by a variety of community services, we have identified the closest and most relevant of these and detailed them in the following table:

| Community Services | Name | Driving Distance From Site (Miles) |
|--|---|---|
| Major Highway(s) | State Route 85 State Route 41/U.S. Highway 27 | Adjacent East 0.3 South |
| Public Bus Stop | N/A | N/A |
| Major Employers/ Employment Centers | Warm Springs Medical Center Meriwether County School District Piggly Wiggly | 0.4 South 4.7 Southeast 5.2 Southeast |
| Convenience Store | Warm Springs BP Circle K | 0.6 South 5.1 Southeast |
| Grocery | Piggly Wiggly | 5.2 Southeast |
| Discount Department Store | Dollar General Fred's Store Maxway | 3.7 Southeast 3.7 Southeast 3.7 Southeast |
| Shopping Center/Mall | Town and Country Plaza Lagrange Mall | 3.7 Southeast 27.3 Northwest |
| Schools: Elementary Middle/Junior High High | Mountain View Elementary School Manchester Middle School Manchester High School | 3.2 Southeast 5.0 Southeast 4.7 Southeast |
| Hospital | Warm Springs Medical Center | 0.4 South |
| Police | Warm Springs Police Department | 0.5 South |
| Fire | Warm Springs Fire Department | 0.3 South |
| Post Office | U.S. Post Office | 0.4 South |
| Bank | Southcrest | 0.4 Southeast |
| Recreational Facilities | Roosevelt's Little White House Historic Site Roosevelt Memorial Golf Course | 1.0 South 1.3 West |
| Gas Station | Warm Springs BP Circle K | 0.6 South 5.1 Southeast |
| Pharmacy | Fred's Pharmacy Rite Aid | 3.9 Southeast 5.3 Southeast |
| Restaurant | Paradise Grill Mac's Barbeque The Bulloch House | 0.3 Southeast 0.4 South 0.6 Southeast |
| Day Care | Community Action for Improvement-Head Start | 4.6 Southeast |
| Library | Manchester Public Library | 5.0 Southeast |
| Church | First Baptist Church | 0.4 South |

N/A- Not Available

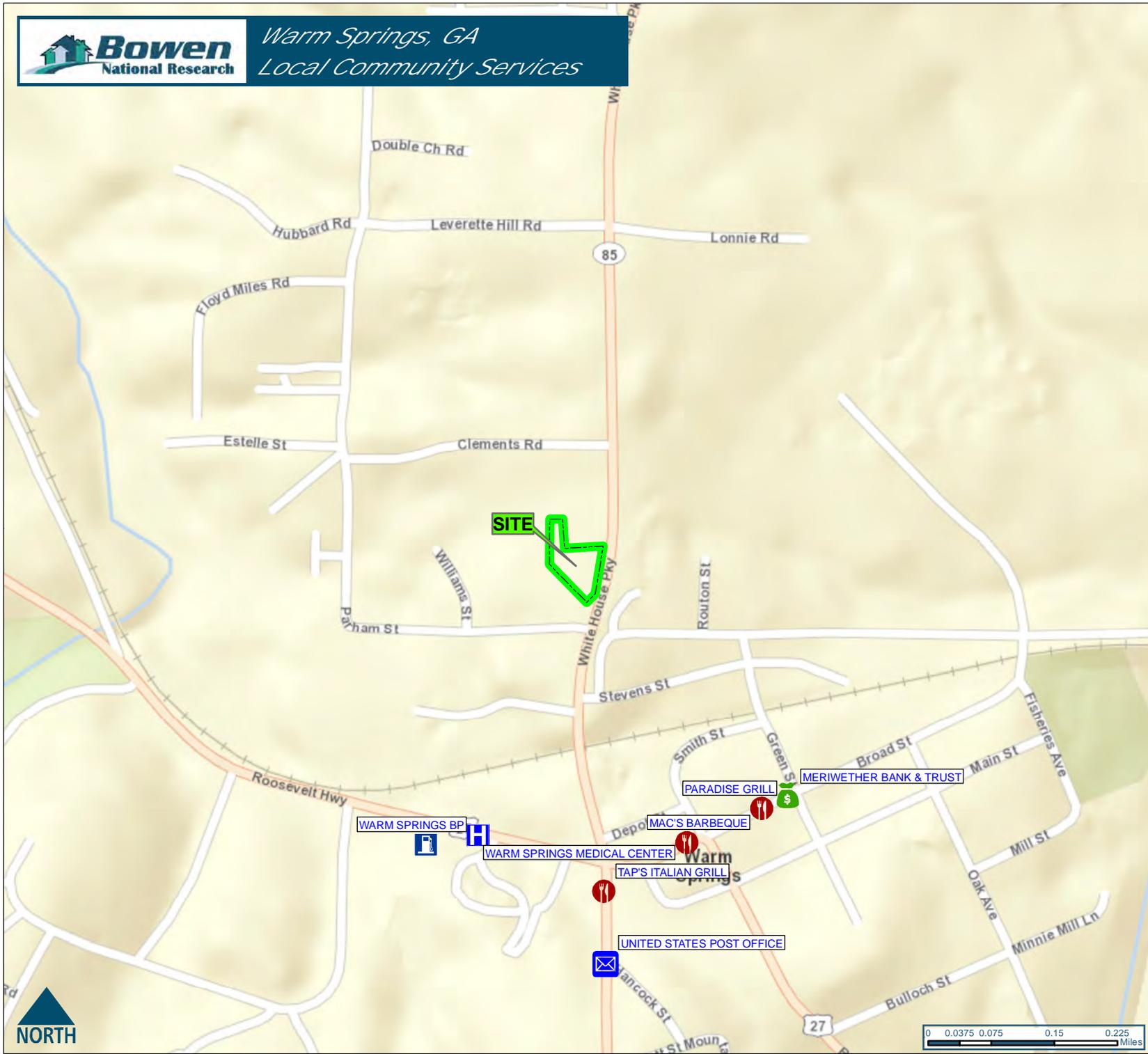
The subject site is within close proximity of the Warm Springs Central Business District which includes several restaurants, gas stations, a post office, museums and specialty shops. The Warm Springs Police and Fire Departments and the Warm Springs Medical Center are all within 0.5 miles of the site. The Warm Springs area provides basic community services to the area residents. However, the majority of the community services are located in Manchester approximately

3.0 miles southeast of the site including major grocery stores, pharmacies, a library, schools, and department stores. The nearest major shopping area to the site is the Lagrange Mall located 25.3 miles northwest of the site. The mall includes anchors such as Belk and J.C. Penney.

The Meriwether County School District serves the subject site with all applicable schools being located within 5.2 miles of the site, including Mountain View Elementary, Manchester Middle and Manchester High School.

Overall, the site's proximity to community services will continue to contribute to the marketability of the site.

Maps illustrating the location of community services are on the following pages.



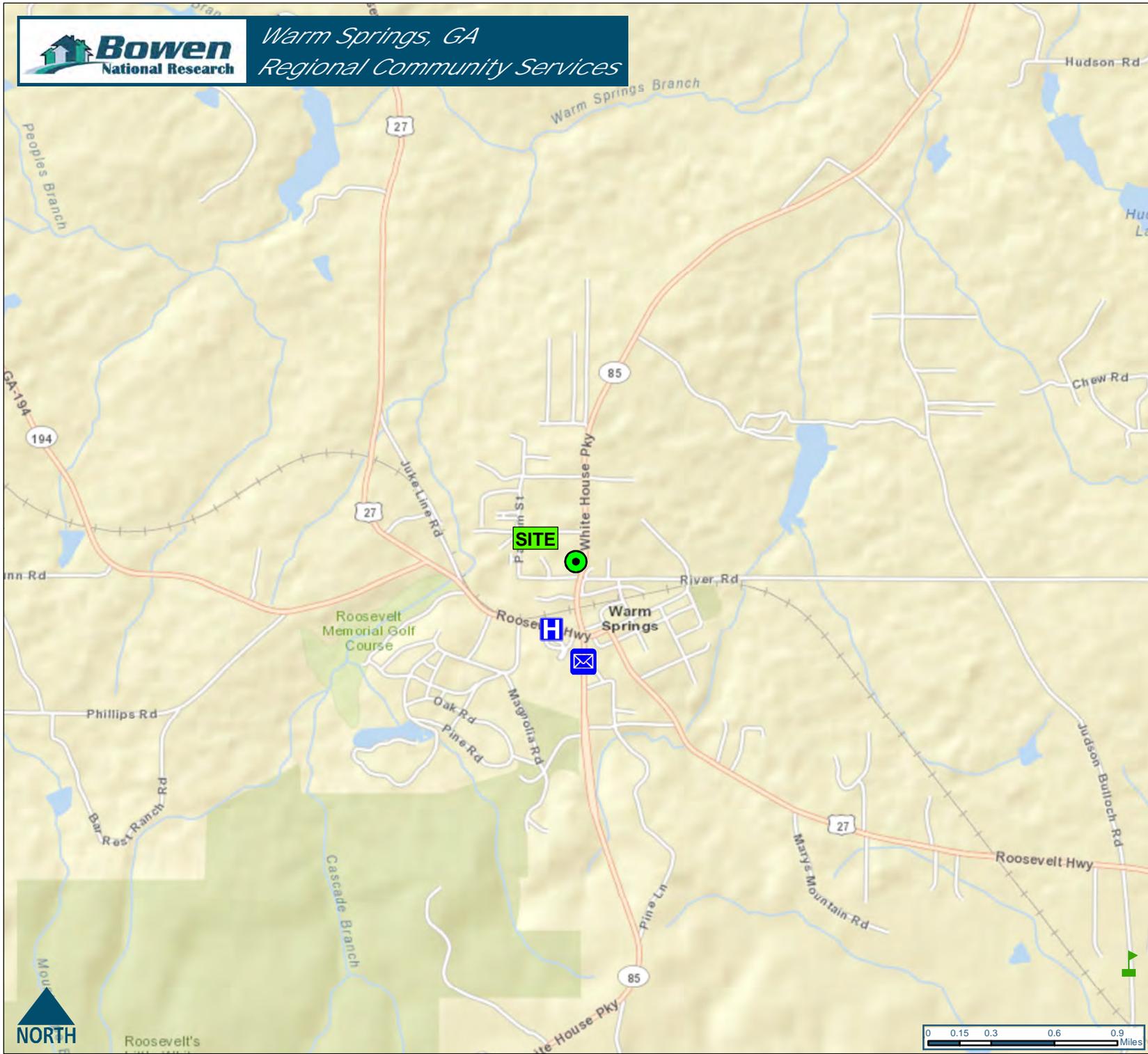
Legend

-  Site Area
-  bank
-  gas
-  hospital
-  post office
-  restaurant





Warm Springs, GA
Regional Community Services



Legend

- Site
- hospital
- post office

NORTH



1:40,000

6. CRIME ISSUES

The primary source for Crime Risk data is the FBI Uniform Crime Report (UCR). The FBI collects data from each of roughly 16,000 separate law enforcement jurisdictions across the country and compiles this data into the UCR. The most recent update showed an overall coverage rate of 95% of all jurisdictions nationwide with a coverage rate of 97% of all jurisdictions in metropolitan areas.

Applied Geographic Solutions uses the UCR at the jurisdictional level to model each of the seven crime types at other levels of geography. Risk indexes are standardized based on the national average. A Risk Index value of 100 for a particular risk indicates that, for the area, the relative probability of the risk is consistent with the average probability of that risk across the United States.

It should be noted that aggregate indexes for total crime, personal crime and property crime are not weighted, and murder is no more significant statistically in these indexes than petty theft. Thus, caution should be exercised when using them.

Total crime risk (75) for the Site PMA is below the national average with an overall personal crime index of 66 and a property crime index of 73. Total crime risk (68) for Meriwether County is below the national average with indexes for personal and property crime of 59 and 67, respectively.

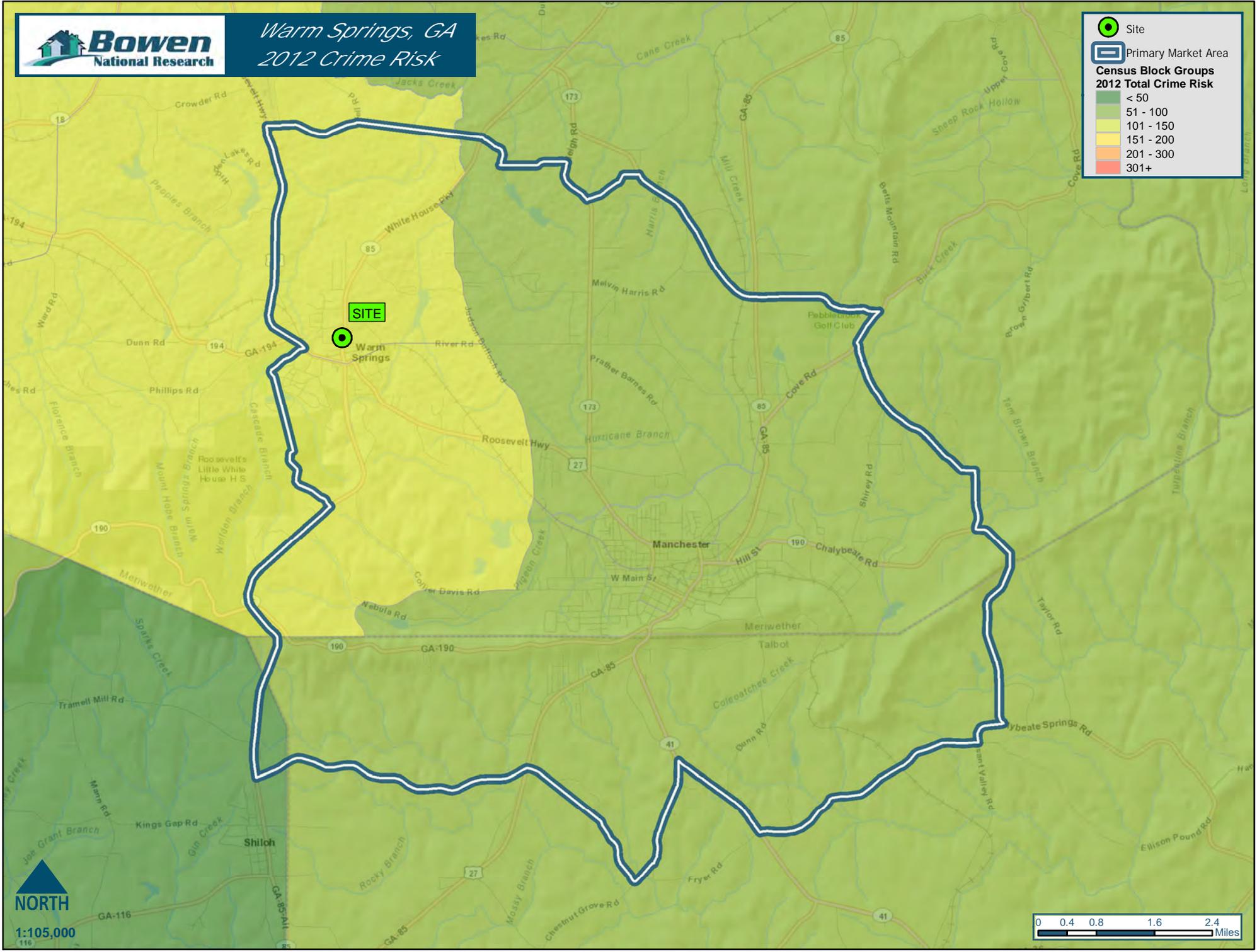
| | Crime Risk Index | |
|-----------------------|------------------|-------------------|
| | Site PMA | Meriwether County |
| Total Crime | 75 | 68 |
| Personal Crime | 66 | 59 |
| Murder | 135 | 127 |
| Rape | 48 | 49 |
| Robbery | 27 | 20 |
| Assault | 73 | 58 |
| Property Crime | 73 | 67 |
| Burglary | 101 | 89 |
| Larceny | 73 | 65 |
| Motor Vehicle Theft | 50 | 51 |

Source: Applied Geographic Solutions

The low crime risks for both the Site PMA and Meriwether County should continue to positively enhance marketability of the subject site, as evidenced by the subject project's 95.5% occupancy. The fact that nearly all existing rentals identified and surveyed within the Site PMA are maintaining high occupancy rates further provides evidence that the relatively low crime rates have had a positive impact on the marketability of existing projects. Overall, we do not believe crime will be an issue in the continued marketability of the subject site.

A map illustrating crime risk is on the following page.

-  Site
-  Primary Market Area
- Census Block Groups**
- 2012 Total Crime Risk**
-  < 50
-  51 - 100
-  101 - 150
-  151 - 200
-  201 - 300
-  301+



7. OVERALL SITE EVALUATION

The subject project is currently 95.5% occupied, which is evidence that the subject site location has had a positive impact on its marketability. It is our opinion that following the subject project's renovations, the surrounding land uses will continue to have a positive impact on the marketability of the site. Visibility and access are considered good.

The site is close to shopping, employment, recreation, entertainment and education opportunities, and social services and public safety services are all within 2.0 miles of the site. The site has convenient access to major highways. Overall, we expect the site's proximity to community services to continue to have a positive impact on its marketability.

8. MAP OF LOW-INCOME RENTAL HOUSING

A map illustrating the location of low-income rental housing (4% and 9% Tax Credit Properties, Tax Exempt Bond Projects, Rural Development Properties, HUD Section 8 and Public Housing, etc.) identified in the Site PMA is included on the following page.

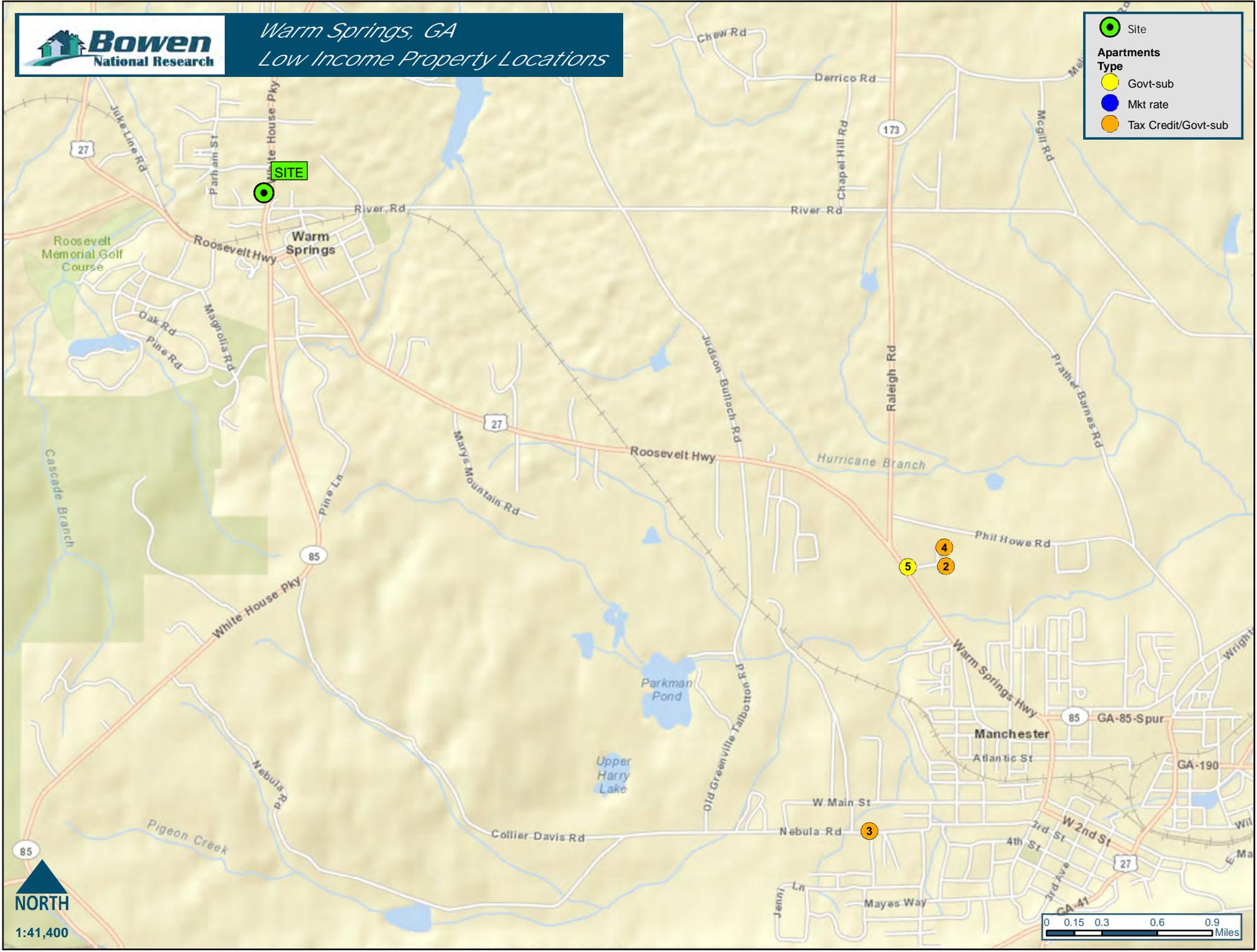


Warm Springs, GA Low Income Property Locations

Site
● Site

Apartments Type

- Govt-sub
- Mkt rate
- Tax Credit/Govt-sub



NORTH
1:41,400

0 0.15 0.3 0.6 0.9 Miles

SECTION D – PRIMARY MARKET AREA DELINEATION

The Site Primary Market Area (PMA) is the geographical area from which 85% of the support for the subject development is expected to continue to originate. The Warm Springs Site PMA was determined through interviews with management at the subject site and the personal observations of our analysts. The personal observations of our analysts include physical and/or socioeconomic differences in the market and a demographic analysis of the area households and population.

The Warm Springs Site PMA includes the towns of Warm Springs and Manchester. Additionally, unincorporated areas of Meriwether County are also encompassed in the market area. Specifically, the boundaries of the Site PMA consist of Pebblebrook Road and Jessie Cole Road to the north; LL Revell Road, Mitchell Cove Road, Chalybeate Springs Road and Pleasant Valley Road to the east; Tax Road, Fryer Road, McCrary Road and Old Shiloh Road to the south; and State Route 85/U.S. Highway 27, the western city limits of Warm Springs and State Route /U.S. Highway 27 to the west. The Site PMA boundaries are within 3.1 to 10.4 miles from the subject site.

Crystal Johnson, Property Manager of the Warm Springs Apartments (subject site), stated that the majority of her residents grew up in the area and prefer to stay in Warm Springs and Manchester, thus confirming the Site PMA. Ms. Johnson went on to say that Warm Springs and Manchester are less than three miles apart, which allows tenants to move freely between the two towns.

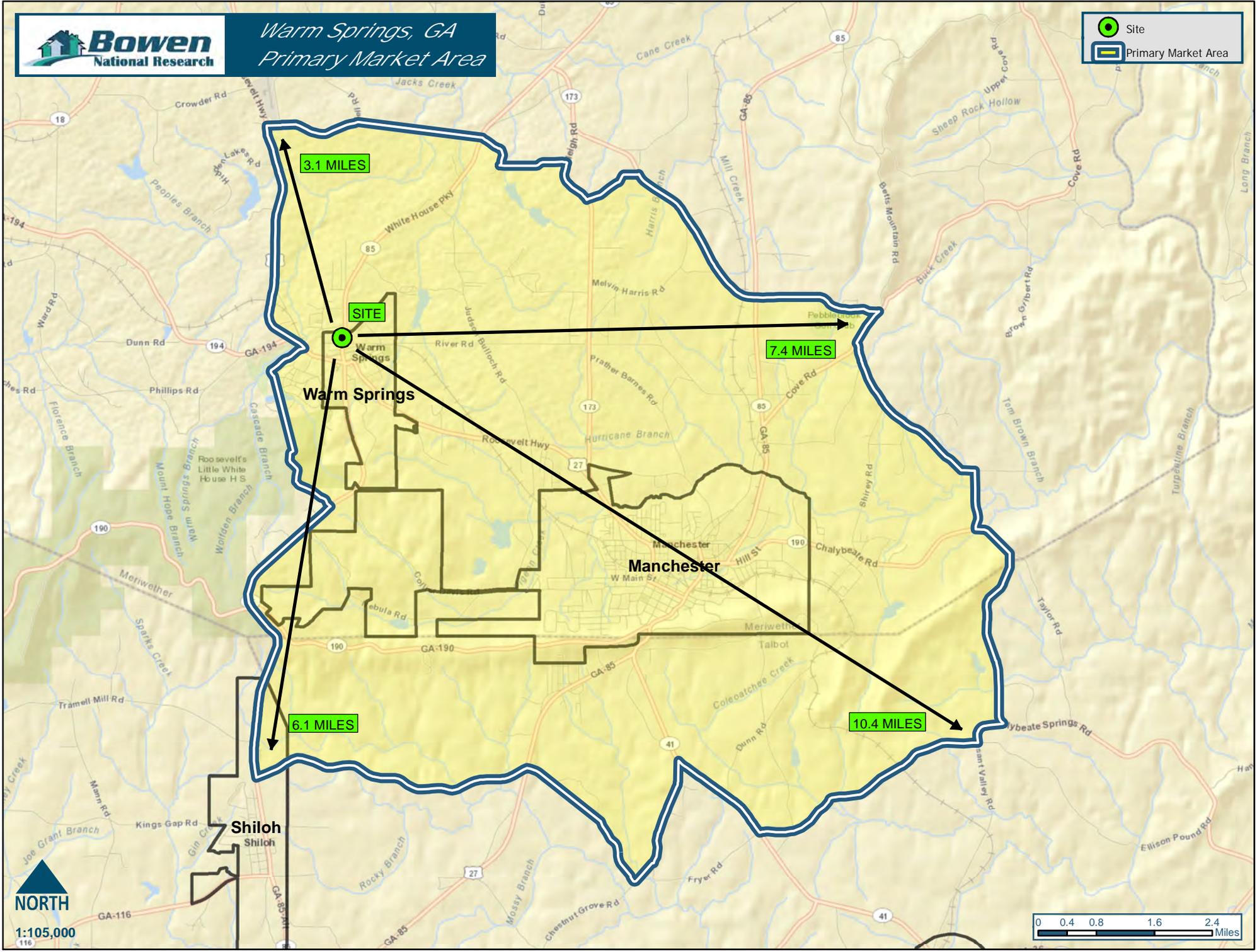
Although a small portion of support may originate from some of the outlying smaller communities in the area; we have not, however, considered any secondary market area in this report.

A map delineating the boundaries of the Site PMA is included on the following page.



Warm Springs, GA
Primary Market Area

● Site
▭ Primary Market Area



SECTION E - COMMUNITY DEMOGRAPHIC DATA

The following demographic data relates to the Site PMA. It is important to note that not all 2015 projections quoted in this section agree because of the variety of sources and rounding methods used. In most cases, the differences in the 2015 projections do not vary more than 1.0%.

1. POPULATION TRENDS

The Site PMA population bases for 2000, 2010, 2013 (estimated) and 2015 (projected) are summarized as follows:

| | Year | | | |
|-------------------|------------------|------------------|---------------------|---------------------|
| | 2000 (Census) | 2010 (Census) | 2013 (Estimated) | 2015 (Projected) |
| Population | 7,980 | 8,042 | 7,882 | 7,731 |
| Population Change | - | 62 | -160 | -151 |
| Percent Change | - | 0.8% | -2.0% | -1.9% |

Source: 2000, 2010 Census; ESRI; Urban Decision Group; Bowen National Research

The Warm Springs Site PMA population base increased by 62 between 2000 and 2010. This represents a 0.8% increase from the 2000 population, or an annual rate of 0.08%. Between 2010 and 2013, the population declined by 160, or 2.0%. It is projected that the population will decline by 151, or 1.9%, between 2013 and 2015.

The Site PMA population bases by age are summarized as follows:

| Population by Age | 2010 (Census) | | 2013 (Estimated) | | 2015 (Projected) | | Change 2013-2015 | |
|-------------------|---------------|---------|------------------|---------|------------------|---------|------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| 19 & Under | 2,224 | 27.7% | 2,122 | 26.9% | 2,064 | 26.7% | -58 | -2.7% |
| 20 to 24 | 459 | 5.7% | 445 | 5.7% | 422 | 5.5% | -23 | -5.2% |
| 25 to 34 | 896 | 11.1% | 888 | 11.3% | 869 | 11.2% | -18 | -2.1% |
| 35 to 44 | 863 | 10.7% | 814 | 10.3% | 786 | 10.2% | -28 | -3.4% |
| 45 to 54 | 1,120 | 13.9% | 1,044 | 13.2% | 987 | 12.8% | -56 | -5.4% |
| 55 to 64 | 1,113 | 13.8% | 1,142 | 14.5% | 1,133 | 14.7% | -8 | -0.7% |
| 65 to 74 | 790 | 9.8% | 853 | 10.8% | 897 | 11.6% | 44 | 5.2% |
| 75 & Over | 576 | 7.2% | 574 | 7.3% | 571 | 7.4% | -2 | -0.4% |
| Total | 8,042 | 100.0% | 7,882 | 100.0% | 7,731 | 100.0% | -151 | -1.9% |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

As the preceding table illustrates, over 49% of the population is expected to be between 25 and 64 years old in 2013. This age group is the prime group of current and potential renters for the subject site and will likely represent a significant number of the tenants.

2. HOUSEHOLD TRENDS

Household trends within the Warm Springs Site PMA are summarized as follows:

| | Year | | | |
|------------------|------------------|------------------|---------------------|---------------------|
| | 2000 (Census) | 2010 (Census) | 2013 (Estimated) | 2015 (Projected) |
| Households | 3,075 | 3,173 | 3,087 | 3,043 |
| Household Change | - | 98 | -86 | -43 |
| Percent Change | - | 3.2% | -2.7% | -1.4% |
| Household Size | 2.60 | 2.53 | 2.51 | 2.49 |

Source: 2000, 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Within the Warm Springs Site PMA, households increased by 98 (3.2%) between 2000 and 2010. Between 2010 and 2013, households declined by 86 or 2.7%. By 2015, there will be 3,043 households, a decline of 43 households, or 1.4% from 2013. This is a decline of approximately 21.6 households annually over the next two years.

The Site PMA household bases by age are summarized as follows:

| Households by Age | 2010 (Census) | | 2013 (Estimated) | | 2015 (Projected) | | Change 2013-2015 | |
|----------------------|---------------|---------|------------------|---------|------------------|---------|------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Under 25 | 110 | 3.4% | 101 | 3.3% | 94 | 3.1% | -6 | -6.3% |
| 25 to 34 | 403 | 12.5% | 383 | 12.4% | 375 | 12.3% | -8 | -2.0% |
| 35 to 44 | 460 | 14.3% | 413 | 13.4% | 398 | 13.1% | -15 | -3.7% |
| 45 to 54 | 638 | 19.8% | 566 | 18.3% | 535 | 17.6% | -32 | -5.6% |
| 55 to 64 | 674 | 20.9% | 685 | 22.2% | 679 | 22.3% | -6 | -0.9% |
| 65 to 74 | 528 | 16.4% | 542 | 17.6% | 569 | 18.7% | 27 | 4.9% |
| 75 to 84 | 305 | 9.5% | 306 | 9.9% | 294 | 9.7% | -12 | -3.9% |
| 85 & Over | 102 | 3.2% | 90 | 2.9% | 99 | 3.3% | 9 | 10.2% |
| Total | 3,220 | 100.0% | 3,087 | 100.0% | 3,043 | 100.0% | -43 | -1.4% |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

As the preceding table illustrates, over 66% of the households are expected to be between 25 and 64 years old in 2013. This is the prime age group that will continue to be targeted by the subject project and likely represents a good base of potential support.

Households by tenure are distributed as follows:

| Tenure | 2010 (Census) | | 2013 (Estimated) | | 2015 (Projected) | |
|-----------------|---------------|---------|------------------|---------|------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Owner-Occupied | 2,090 | 65.9% | 2,009 | 65.1% | 1,990 | 65.4% |
| Renter-Occupied | 1,083 | 34.1% | 1,078 | 34.9% | 1,054 | 34.6% |
| Total | 3,173 | 100.0% | 3,087 | 100.0% | 3,043 | 100.0% |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

In 2013, homeowners occupied 65.1% of all occupied housing units, while the remaining 34.9% were occupied by renters. The 1,078 renter households in 2013 represent a good base of potential renters in the market for the subject site.

The household sizes by tenure within the Site PMA, based on the 2013 estimates and 2015 projections, were distributed as follows:

| Persons Per Renter Household | 2013 (Estimated) | | 2015 (Projected) | | Change 2013-2015 | |
|------------------------------|------------------|---------|------------------|---------|------------------|---------|
| | Households | Percent | Households | Percent | Households | Percent |
| 1 Person | 392 | 36.3% | 386 | 36.6% | -6 | -1.5% |
| 2 Persons | 275 | 25.5% | 268 | 25.4% | -7 | -2.5% |
| 3 Persons | 168 | 15.6% | 164 | 15.6% | -4 | -2.4% |
| 4 Persons | 135 | 12.5% | 131 | 12.5% | -3 | -2.6% |
| 5 Persons+ | 109 | 10.1% | 105 | 9.9% | -4 | -3.5% |
| Total | 1,078 | 100.0% | 1,054 | 100.0% | -24 | -2.2% |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

| Persons Per Owner Household | 2013 (Estimated) | | 2015 (Projected) | | Change 2013-2015 | |
|-----------------------------|------------------|---------|------------------|---------|------------------|---------|
| | Households | Percent | Households | Percent | Households | Percent |
| 1 Person | 560 | 27.9% | 560 | 28.2% | 0 | 0.0% |
| 2 Persons | 739 | 36.8% | 731 | 36.7% | -9 | -1.2% |
| 3 Persons | 297 | 14.8% | 294 | 14.8% | -2 | -0.8% |
| 4 Persons | 241 | 12.0% | 237 | 11.9% | -4 | -1.7% |
| 5 Persons+ | 171 | 8.5% | 168 | 8.4% | -4 | -2.2% |
| Total | 2,009 | 100.0% | 1,990 | 100.0% | -19 | -1.0% |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

The subject site targets one- to five-person households, which comprise nearly all of the Site PMA's renter households. As such, the subject project will continue to accommodate nearly all renter households within the Site PMA based on size. This will continue to have a positive impact on the subject site.

The distribution of households by income within the Warm Springs Site PMA is summarized as follows:

| Household Income | 2010 (Census) | | 2013 (Estimated) | | 2015 (Projected) | |
|------------------------|-----------------|---------------|------------------|---------------|------------------|---------------|
| | Households | Percent | Households | Percent | Households | Percent |
| Less Than \$10,000 | 303 | 9.5% | 310 | 10.0% | 300 | 9.9% |
| \$10,000 to \$19,999 | 661 | 20.8% | 666 | 21.6% | 647 | 21.3% |
| \$20,000 to \$29,999 | 480 | 15.1% | 474 | 15.4% | 462 | 15.2% |
| \$30,000 to \$39,999 | 317 | 10.0% | 368 | 11.9% | 358 | 11.8% |
| \$40,000 to \$49,999 | 283 | 8.9% | 228 | 7.4% | 229 | 7.5% |
| \$50,000 to \$59,999 | 287 | 9.0% | 265 | 8.6% | 255 | 8.4% |
| \$60,000 to \$74,999 | 330 | 10.4% | 328 | 10.6% | 323 | 10.6% |
| \$75,000 to \$99,999 | 263 | 8.3% | 230 | 7.5% | 238 | 7.8% |
| \$100,000 to \$124,999 | 148 | 4.7% | 133 | 4.3% | 137 | 4.5% |
| \$125,000 to \$149,999 | 56 | 1.8% | 44 | 1.4% | 50 | 1.6% |
| \$150,000 to \$199,999 | 31 | 1.0% | 29 | 0.9% | 30 | 1.0% |
| \$200,000 & Over | 15 | 0.5% | 11 | 0.4% | 13 | 0.4% |
| Total | 3,173 | 100.0% | 3,087 | 100.0% | 3,043 | 100.0% |
| Median Income | \$34,499 | | \$32,525 | | \$33,138 | |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

In 2010, the median household income was \$34,499. This declined by 5.7% to \$32,525 in 2013. By 2015, it is projected that the median household income will be \$33,138, an increase of 1.9% from 2013.

The following tables illustrate renter household income by household size for 2010, 2013 and 2015 for the Warm Springs Site PMA:

| Renter Households | 2010 (Census) | | | | | |
|------------------------|---------------|------------|------------|------------|------------|--------------|
| | 1-Person | 2-Person | 3-Person | 4-Person | 5-Person+ | Total |
| Less Than \$10,000 | 63 | 65 | 6 | 30 | 6 | 169 |
| \$10,000 to \$19,999 | 166 | 11 | 113 | 0 | 66 | 356 |
| \$20,000 to \$29,999 | 73 | 73 | 7 | 5 | 3 | 162 |
| \$30,000 to \$39,999 | 32 | 14 | 25 | 43 | 0 | 114 |
| \$40,000 to \$49,999 | 11 | 41 | 0 | 2 | 12 | 67 |
| \$50,000 to \$59,999 | 11 | 9 | 0 | 9 | 5 | 35 |
| \$60,000 to \$74,999 | 14 | 45 | 11 | 25 | 19 | 114 |
| \$75,000 to \$99,999 | 2 | 11 | 1 | 24 | 1 | 40 |
| \$100,000 to \$124,999 | 7 | 0 | 0 | 0 | 0 | 8 |
| \$125,000 to \$149,999 | 1 | 0 | 0 | 0 | 0 | 2 |
| \$150,000 to \$199,999 | 2 | 2 | 3 | 0 | 0 | 7 |
| \$200,000 & Over | 1 | 7 | 1 | 0 | 0 | 9 |
| Total | 386 | 278 | 168 | 138 | 113 | 1,083 |

Source: Ribbon Demographics; ESRI; Urban Decision Group

| Renter Households | 2013 (Estimated) | | | | | |
|------------------------|------------------|----------|----------|----------|-----------|-------|
| | 1-Person | 2-Person | 3-Person | 4-Person | 5-Person+ | Total |
| Less Than \$10,000 | 59 | 71 | 6 | 29 | 6 | 171 |
| \$10,000 to \$19,999 | 185 | 6 | 115 | 0 | 64 | 369 |
| \$20,000 to \$29,999 | 61 | 73 | 8 | 7 | 2 | 151 |
| \$30,000 to \$39,999 | 36 | 17 | 25 | 44 | 0 | 122 |
| \$40,000 to \$49,999 | 9 | 32 | 0 | 1 | 9 | 52 |
| \$50,000 to \$59,999 | 13 | 8 | 0 | 9 | 7 | 36 |
| \$60,000 to \$74,999 | 14 | 44 | 12 | 24 | 19 | 113 |
| \$75,000 to \$99,999 | 2 | 12 | 1 | 20 | 0 | 34 |
| \$100,000 to \$124,999 | 11 | 1 | 0 | 0 | 0 | 12 |
| \$125,000 to \$149,999 | 0 | 0 | 0 | 0 | 0 | 1 |
| \$150,000 to \$199,999 | 0 | 4 | 2 | 0 | 1 | 7 |
| \$200,000 & Over | 0 | 7 | 0 | 1 | 0 | 8 |
| Total | 392 | 275 | 168 | 135 | 109 | 1,078 |

Source: Ribbon Demographics; ESRI; Urban Decision Group

| Renter Households | 2015 (Projected) | | | | | |
|------------------------|------------------|----------|----------|----------|-----------|-------|
| | 1-Person | 2-Person | 3-Person | 4-Person | 5-Person+ | Total |
| Less Than \$10,000 | 58 | 69 | 7 | 26 | 7 | 166 |
| \$10,000 to \$19,999 | 181 | 6 | 112 | 0 | 60 | 360 |
| \$20,000 to \$29,999 | 57 | 71 | 7 | 6 | 3 | 144 |
| \$30,000 to \$39,999 | 36 | 16 | 24 | 42 | 0 | 118 |
| \$40,000 to \$49,999 | 9 | 32 | 0 | 2 | 8 | 51 |
| \$50,000 to \$59,999 | 14 | 8 | 0 | 9 | 5 | 37 |
| \$60,000 to \$74,999 | 14 | 42 | 11 | 24 | 20 | 111 |
| \$75,000 to \$99,999 | 2 | 12 | 1 | 21 | 0 | 37 |
| \$100,000 to \$124,999 | 11 | 1 | 0 | 1 | 0 | 13 |
| \$125,000 to \$149,999 | 1 | 0 | 0 | 0 | 0 | 2 |
| \$150,000 to \$199,999 | 1 | 4 | 1 | 0 | 1 | 6 |
| \$200,000 & Over | 0 | 8 | 0 | 0 | 0 | 9 |
| Total | 386 | 268 | 164 | 131 | 105 | 1,054 |

Source: Ribbon Demographics; ESRI; Urban Decision Group

Over one-third of the market is occupied by renter households. Overall, population and household growth has been negative since 2010 and is projected to decline through 2015. Nevertheless, the 1,078 renter households in 2013 represent a good base of potential renters in the market for the subject site. It should also be noted that one- to five-person households comprise the majority of the Site PMA's total renter households. As such, the subject property will continue to accommodate the majority of the renter households within the market based on size. Further, as discussed later in Section H of this report, nearly all product surveyed in the market are 100.0% occupied. This indicates that there is pent-up demand for such housing and the continuing need for additional affordable housing options within the Site PMA, particularly when factoring in rent overburdened households or those living in substandard housing.

SECTION F - ECONOMIC TRENDS

1. LABOR FORCE PROFILE

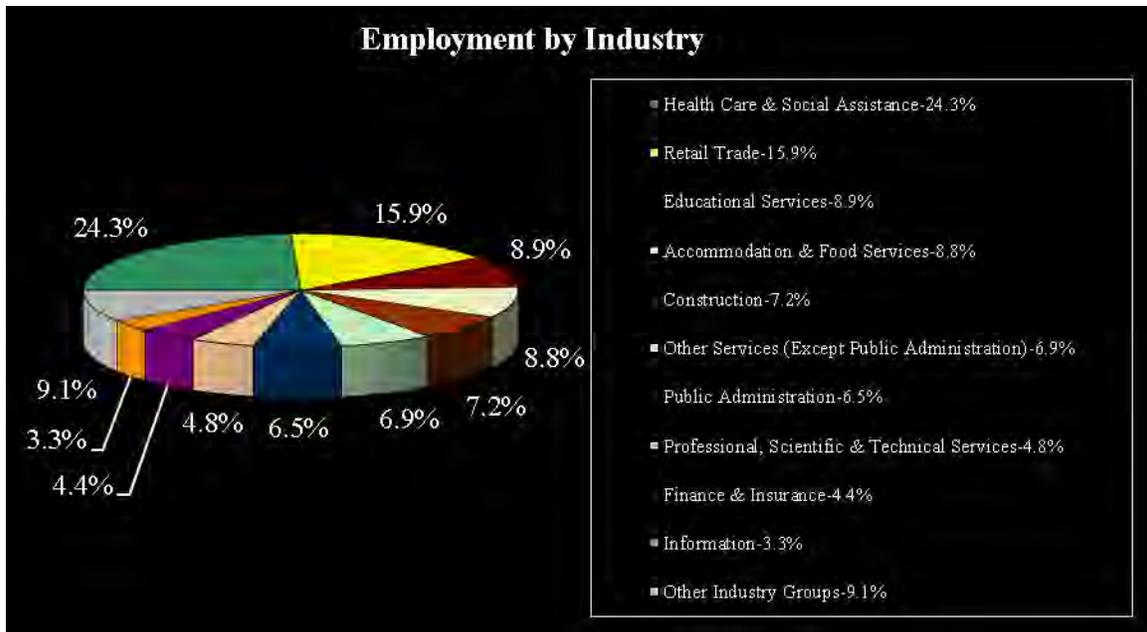
The labor force within the Warm Springs Site PMA is based primarily in two sectors. Health Care & Social Assistance (which comprises 24.3%) and Retail Trade comprise over 40% of the Site PMA labor force. Employment in the Warm Springs Site PMA, as of 2013, was distributed as follows:

| NAICS Group | Establishments | Percent | Employees | Percent | E.P.E. |
|--|----------------|---------|-----------|---------|--------|
| Agriculture, Forestry, Fishing & Hunting | 2 | 0.6% | 6 | 0.2% | 3.0 |
| Mining | 0 | 0.0% | 0 | 0.0% | 0.0 |
| Utilities | 1 | 0.3% | 23 | 0.9% | 23.0 |
| Construction | 20 | 6.5% | 190 | 7.2% | 9.5 |
| Manufacturing | 10 | 3.2% | 40 | 1.5% | 4.0 |
| Wholesale Trade | 2 | 0.6% | 20 | 0.8% | 10.0 |
| Retail Trade | 63 | 20.5% | 418 | 15.9% | 6.6 |
| Transportation & Warehousing | 7 | 2.3% | 36 | 1.4% | 5.1 |
| Information | 11 | 3.6% | 86 | 3.3% | 7.8 |
| Finance & Insurance | 18 | 5.8% | 116 | 4.4% | 6.4 |
| Real Estate & Rental & Leasing | 15 | 4.9% | 35 | 1.3% | 2.3 |
| Professional, Scientific & Technical Services | 10 | 3.2% | 125 | 4.8% | 12.5 |
| Management of Companies & Enterprises | 1 | 0.3% | 0 | 0.0% | 0.0 |
| Administrative, Support, Waste Management & Remediation Services | 8 | 2.6% | 41 | 1.6% | 5.1 |
| Educational Services | 5 | 1.6% | 233 | 8.9% | 46.6 |
| Health Care & Social Assistance | 20 | 6.5% | 638 | 24.3% | 31.9 |
| Arts, Entertainment & Recreation | 3 | 1.0% | 21 | 0.8% | 7.0 |
| Accommodation & Food Services | 29 | 9.4% | 230 | 8.8% | 7.9 |
| Other Services (Except Public Administration) | 62 | 20.1% | 182 | 6.9% | 2.9 |
| Public Administration | 16 | 5.2% | 170 | 6.5% | 10.6 |
| Nonclassifiable | 5 | 1.6% | 16 | 0.6% | 3.2 |
| Total | 308 | 100.0% | 2,626 | 100.0% | 8.5 |

*Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

E.P.E. - Average Employees Per Establishment

Note: Since this survey is conducted of establishments and not of residents, some employees may not live within the Site PMA. These employees, however, are included in our labor force calculations because their places of employment are located within the Site PMA.



Typical wages by job category for the Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area (MSA) are compared with those of Georgia in the following table:

| Typical Wage by Occupation Type | | |
|--|------------------------------------|-----------|
| Occupation Type | Atlanta-Sandy Springs-Marietta MSA | Georgia |
| Management Occupations | \$114,140 | \$106,520 |
| Business and Financial Occupations | \$72,750 | \$69,720 |
| Computer and Mathematical Occupations | \$78,360 | \$76,060 |
| Architecture and Engineering Occupations | \$75,490 | \$73,630 |
| Community and Social Service Occupations | \$45,220 | \$41,880 |
| Art, Design, Entertainment and Sports Medicine Occupations | \$49,950 | \$48,400 |
| Healthcare Practitioners and Technical Occupations | \$73,720 | \$69,400 |
| Healthcare Support Occupations | \$28,190 | \$26,160 |
| Protective Service Occupations | \$34,390 | \$33,690 |
| Food Preparation and Serving Related Occupations | \$20,340 | \$19,810 |
| Building and Grounds Cleaning and Maintenance Occupations | \$24,840 | \$23,550 |
| Personal Care and Service Occupations | \$23,090 | \$22,160 |
| Sales and Related Occupations | \$39,920 | \$35,520 |
| Office and Administrative Support Occupations | \$34,920 | \$33,110 |
| Construction and Extraction Occupations | \$40,390 | \$38,120 |
| Installation, Maintenance and Repair Occupations | \$43,430 | \$41,750 |
| Production Occupations | \$32,030 | \$31,340 |
| Transportation and Moving Occupations | \$37,260 | \$34,260 |

Source: U.S. Department of Labor, Bureau of Statistics

Most annual blue-collar salaries range from \$20,340 to \$49,950 within the MSA. White-collar jobs, such as those related to professional positions, management and medicine, have an average salary of \$82,892. It is important to note that most occupational types within the MSA have higher typical wages than the State of Georgia's typical wages. The subject project will continue to target households with incomes generally below \$32,500. The area employment base has a sufficient number of income-appropriate households from which the subject project will be able to continue to draw renter support.

2. MAJOR EMPLOYERS

The ten largest employers within the Meriwether County area comprise a total of 2,389 employees. These employers are summarized as follows:

| Employer Name | Business Type | Total Employed |
|---------------------------------|-------------------------|----------------|
| Meriwether County School System | Education | 550 |
| Roosevelt Institute Rehab | Healthcare | 450 |
| Georgia Pacific | Manufacturing | 335 |
| Dongwon | Auto Manufacturing | 288 |
| Meriwether County | Government | 186 |
| Warm Springs Hospital | Healthcare | 180 |
| Angio Dynamics | Surgical Appliances | 140 |
| Mando Corporation | Automobile Parts | 100 |
| McCoy Grading | Construction | 90 |
| Complete Truck Bodies Inc | Refrigeration Equipment | 70 |
| Total | | 2,389 |

Source: Meriwether County Industrial Development Authority (October 2013)

According to a representative with the Meriwether County Industrial Development Authority, the county's economy is stable.

The county has had at least five new restaurants open in the past 12 months. A new CVS Pharmacy is currently under construction. The Meriwether Park area has seen the most new development due to its open land and close proximity to I-85 and is currently making infrastructure improvements by adding water and sewer lines to help aid in the future growth of the area.

In 2011 Korean auto supplier Mando Corporation opened their manufacturing operation in Meriwether County. The company invested \$200 million in the facility that created more than 100 jobs. The company announced in December 2012 it is now investing another \$80 million to build a 317,000-square-foot facility to correlate with the processes of its current plant. This new facility will build electric power steering gears and electronic stability control modules for automakers General Motors and Kia. Once both facilities are in full operation, the company will be the

county's largest employer with an anticipated 1,000 jobs by 2020. The recent need for the Mando Corporations expansion is a result of the Kia Motor's Corporation major economic upturn at their plant in West Point in a neighboring county.

The county has seen some job loss due to the impact of the national recession causing employers to downsize. Federal and State budget cuts have caused the schools to cutback funding to programs; however, they are adapting to the changes without much difficulty.

There are no known layoffs or closures, according to a representative with the Meriwether County Industrial Development Authority. Further, no WARN notices of large-scale layoffs or closures have been posted for Meriwether County since January 2012.

3. EMPLOYMENT TRENDS

The following tables were generated from the U.S. Department of Labor, Bureau of Labor Statistics and reflect employment trends of the county in which the site is located.

Excluding 2013, the employment base has declined by 8.2% over the past five years in Meriwether County, more than the Georgia state decline of 3.7%. Total employment reflects the number of employed persons who live within the county.

The following illustrates the total employment base for Meriwether County, Georgia and the United States.

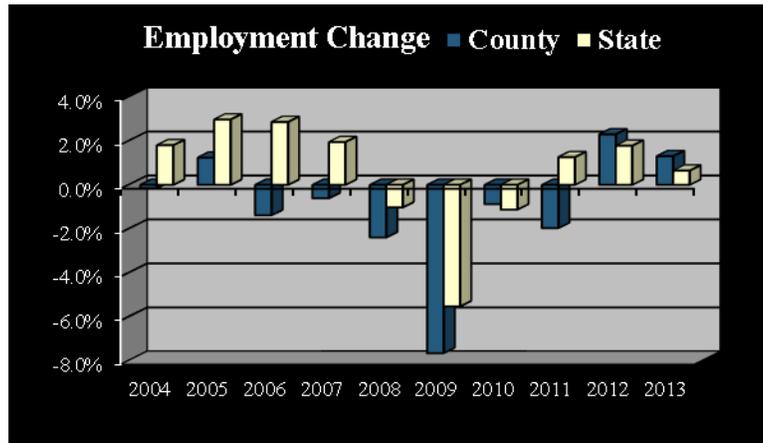
| Year | Total Employment | | | | | |
|-------|-------------------|----------------|--------------|----------------|---------------|----------------|
| | Meriwether County | | Georgia | | United States | |
| | Total Number | Percent Change | Total Number | Percent Change | Total Number | Percent Change |
| 2003 | 9,077 | - | 4,173,787 | - | 137,936,674 | - |
| 2004 | 9,063 | -0.2% | 4,249,007 | 1.8% | 138,386,944 | 0.3% |
| 2005 | 9,175 | 1.2% | 4,375,178 | 3.0% | 139,988,842 | 1.2% |
| 2006 | 9,048 | -1.4% | 4,500,150 | 2.9% | 142,328,023 | 1.7% |
| 2007 | 8,993 | -0.6% | 4,587,739 | 1.9% | 144,990,053 | 1.9% |
| 2008 | 8,778 | -2.4% | 4,540,706 | -1.0% | 146,397,529 | 1.0% |
| 2009 | 8,106 | -7.7% | 4,289,819 | -5.5% | 146,068,824 | -0.2% |
| 2010 | 8,035 | -0.9% | 4,241,718 | -1.1% | 140,721,369 | -3.7% |
| 2011 | 7,877 | -2.0% | 4,295,113 | 1.3% | 140,483,185 | -0.2% |
| 2012 | 8,058 | 2.3% | 4,371,608 | 1.8% | 141,748,955 | 0.9% |
| 2013* | 8,163 | 1.3% | 4,399,866 | 0.6% | 141,772,241 | 0.0% |

Source: Department of Labor; Bureau of Labor Statistics

*Through August

As the preceding illustrates, the Meriwether County employment base has declined by 1,019 employees since 2003. It is important to note, that much of this decline occurred between 2007 and 2009, a reduction of 887 employees, or 9.9%. The decline in the employment base is consistent with economies throughout the nation that were impacted by the national recession. On a positive note, the employment base has been experiencing growth since 2011, increasing by 286 employees, or 3.6%. Thus, indicating that the county's economy is well within the stages of recovery.

The following table illustrates the percent change in employment for Meriwether County and Georgia.

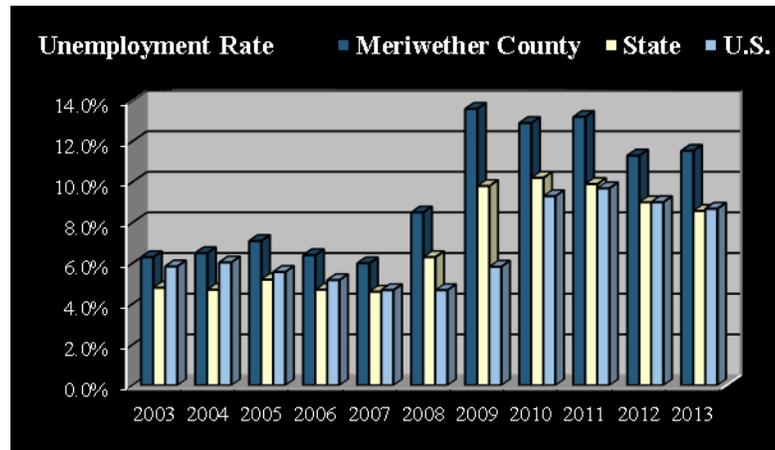


Unemployment rates for Meriwether County, Georgia and the United States are illustrated as follows:

| Year | Unemployment Rate | | |
|-------|-------------------|---------|---------------|
| | Meriwether County | Georgia | United States |
| 2003 | 6.3% | 4.8% | 5.8% |
| 2004 | 6.5% | 4.7% | 6.0% |
| 2005 | 7.1% | 5.2% | 5.6% |
| 2006 | 6.4% | 4.7% | 5.2% |
| 2007 | 6.0% | 4.6% | 4.7% |
| 2008 | 8.5% | 6.3% | 4.7% |
| 2009 | 13.6% | 9.8% | 5.8% |
| 2010 | 12.9% | 10.2% | 9.3% |
| 2011 | 13.2% | 9.9% | 9.7% |
| 2012 | 11.3% | 9.0% | 9.0% |
| 2013* | 11.5% | 8.6% | 8.7% |

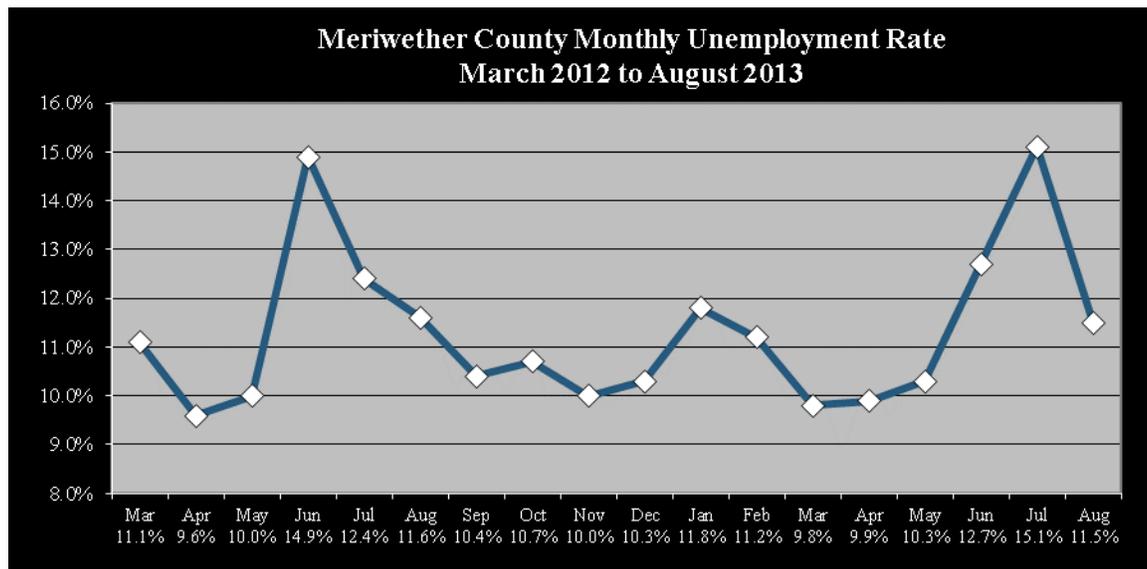
Source: Department of Labor, Bureau of Labor Statistics

*Through August



The unemployment rate in Meriwether County has ranged between 6.0% and 13.6%, well above both the state and national averages since 2003. It should be noted that the unemployment rate increased by over seven percentage points between 2007 and 2009, which is consistent with trends experienced by much of the nation associated with the national recession. Since 2009, the unemployment rate has generally declined; however, it is still high at 11.5% through August 2013.

The following table illustrates the monthly unemployment rate in Meriwether County for the most recent 18-month period for which data is currently available.



The unemployment rate in Meriwether County has fluctuated from a high of 15.1% in July of 2013 to a low of 9.6% in April of 2012. As of August, the unemployment rate is 11.5%, nearly identical to what was reported in August 2012.

In-place employment reflects the total number of jobs within the county regardless of the employee's county of residence. The following illustrates the total in-place employment base for Meriwether County.

| In-Place Employment Meriwether County | | | |
|---------------------------------------|------------|--------|----------------|
| Year | Employment | Change | Percent Change |
| 2003 | 5,647 | - | - |
| 2004 | 5,247 | -400 | -7.1% |
| 2005 | 5,248 | 1 | 0.0% |
| 2006 | 4,908 | -340 | -6.5% |
| 2007 | 4,720 | -188 | -3.8% |
| 2008 | 4,714 | -6 | -0.1% |
| 2009 | 4,668 | -46 | -1.0% |
| 2010 | 4,508 | -160 | -3.4% |
| 2011 | 4,466 | -42 | -0.9% |
| 2012 | 4,384 | -82 | -1.8% |
| 2013* | 4,238 | -146 | -3.3% |

Source: Department of Labor, Bureau of Labor Statistics

*Through March

Data for 2012, the most recent year that year-end figures are available, indicates in-place employment in Meriwether County to be 54.4% of the total Meriwether County employment. This means that Meriwether County has nearly an equal amount of employed persons leaving the county for daytime employment than those who work in the county. A high share of employed persons leaving the county for employment could have an adverse impact on residency with increasing energy costs. However, it should be noted that due to the rural nature of the market, residents in the area are accustomed to extensive commutes for employment. As such, this is not anticipated to have an adverse impact on the site's continued marketability.

4. **ECONOMIC FORECAST**

According to industrial development representatives and based on ESRI data and employment data from the Bureau of Labor Statistics, the Meriwether County economy has been experiencing growth within the past two years. Notably, Mando Corporation recently opened their manufacturing facility, a \$200 million investment, which created more than 100 jobs. Mando Corporation is investing an additional \$80 million to construct a second facility, and once both facilities are fully operational, it is anticipated to create a total of 1,000 jobs by 2020.

It should be noted that the unemployment rate is high (11.5% through August 2013), however it has generally declined over the preceding five-year period. In addition, the employment base experienced a significant decrease between 2007 and 2009, a decline of 887 employees, or 9.9%, which is consistent with economies throughout the nation that were

impacted by the national recession. The employment base has experienced growth since 2011, increasing by 286 employees, or 3.6%.

Considering the double digit unemployment rate, the need for affordable housing has remained strong, as evidenced by the typically high occupancies of the affordable housing projects in the Site PMA. In addition, a high rate of unemployment contributes to the demand for affordable housing, as households with lower incomes due to unemployment or underemployment may not be able to afford their current housing costs. The subject site will continue to provide a good quality housing option in an economy where lower-wage employees are most vulnerable.

A map illustrating notable employment centers is on the following page.

SECTION G – PROJECT-SPECIFIC DEMAND ANALYSIS

The subject project currently operates under the income and rent requirements of the RD Section 515 and LIHTC programs. While the project will be renovated with a Tax-Exempt Bond financing, it is expected to follow the same household eligibility requirements that are currently in effect. Regardless, we have provided various demand scenarios that evaluate the depth of continued support for the project under the RD program and in the event the project had to operate exclusively under the LIHTC program.

1. DETERMINATION OF INCOME ELIGIBILITY

The number of income-eligible households necessary to support the project from the Site PMA is an important consideration in evaluating the subject project's potential.

Under the Low-Income Housing Tax Credit program, household eligibility is based on household income not exceeding the targeted percentage of Area Median Household Income (AMHI), depending upon household size.

The subject site is within Meriwether County, Georgia HUD Metro FMR Area, which has a four-person median household income of \$50,100 for 2013. The subject property will be restricted to senior households with incomes of up to 60% of AMHI. The following table summarizes the maximum allowable income by household size:

| Household Size | Maximum Allowable Income |
|----------------|--------------------------|
| | 60% |
| One-Person | \$21,060 |
| Two-Person | \$24,060 |
| Three-Person | \$27,060 |
| Four-Person | \$30,060 |
| Five-Person | \$32,520 |

a. Maximum Income Limits

The largest units (three-bedroom) at the subject site are expected to continue to house up to five-person households. As such, the maximum allowable income at the subject site is **\$32,520**.

b. Minimum Income Requirements

Leasing industry standards typically require households to have rent-to-income ratios of 27% to 40%. Pursuant to GDCA/GHFA market study guidelines, the maximum rent-to-income ratio permitted for family projects is

35%, while older person (age 55 and older) and elderly (age 62 and older) projects should utilize a 40% rent-to-income ratio.

The proposed Low-Income Housing Tax Credit units will have a lowest gross rent of \$564. Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$6,768.

Applying a 35% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement for the Tax Credit units of **\$19,337**.

The subject project is anticipated to retain RA on 10 of the 22 total units post LIHTC renovations. Therefore, tenants will only be required to pay up to 30% of their adjusted gross income towards housing costs. As such, the subject project will effectively target households with as little as no income.

c. Income-Appropriate Range

Based on the preceding analyses, the income-appropriate range required for residency at the subject project are included in the following table:

| Unit Type | Income Range | |
|---|--------------|-----------------|
| | Minimum | Maximum |
| RD 515 (Limited To 60% Of AMHI) with RA | \$0 | \$32,520 |
| RD 515 (Limited to 60% Of AMHI) No RA | \$19,337 | \$32,520 |
| Overall as Proposed | \$0 | \$32,520 |
| Tax Credit (Limited To 60% Of AMHI) | \$19,337 | \$32,520 |

RA - Rental Assistance

2. METHODOLOGY

Demand

The following are the demand components as outlined by the Georgia Department of Community Affairs/Georgia Housing and Finance Authority:

- a. **Demand from New Household: New units required in the market area due to projected household growth from migration into the market and growth from existing households in the market should be determined. This should be determined using 2010 renter household data and projecting forward to the anticipated placed in service date of the project using a growth rate established from a reputable source such as ESRI or the State Data Center. This household projection must be limited to the target population, age and income group and the demand for each income group targeted (i.e. 50% of median income) must be shown separately. In instances where a significant number (more than 20%) of proposed units**

comprise three- and four-bedroom units, please refine the analysis by factoring in the number of large households (generally 5+ persons). A demand analysis that does not account for this may overestimate demand. Note that our calculations have been reduced to only include **renter-qualified** households

b. **Demand from Existing Households:** The second source of demand should be projected from:

- **Rent overburdened households, if any, within the age group, income groups and tenure (renters) targeted for the subject development.** *In order to achieve consistency in methodology, all analysts should assume that the rent overburdened analysis includes households paying greater than 35% (Family), or greater than 40% (Senior) of their incomes toward gross rent. Based on Table B25074 of the American Community Survey (ACS) 2006-2010 5-year estimates, approximately 54.3% to 56.4% (depending upon the targeted income level) of households within the market were rent overburdened. These households have been included in our demand analysis.*
- **Households living in substandard housing (i.e. units that lack complete plumbing or that are overcrowded).** *Households in substandard housing should be determined based on the age, the income bands, and the tenure that apply. The analyst should use his/her own knowledge of the market area and project to determine whether households from substandard housing would be a realistic source of demand. The analyst is encouraged to be conservative in his/her estimate of demand from both rent overburdened households and from those living in substandard housing. Based on Table B25016 of the American Community Survey (ACS) 2006-2010 5-year estimates, 5.4% of all households in the market were living in substandard housing that lacked complete indoor plumbing or in overcrowded (1.5+ persons per room) households.*
- **Elderly Homeowners likely to convert to renters:** *GDCA recognizes that this type of turnover is increasingly becoming a factor in the demand for elderly Tax Credit housing. This segment should not account for more than 2% of total demand. Due to the difficulty of extrapolating elderly (age 62 and older) owner households from elderly renter households, analyst may use the total figure for elderly households in the appropriate income band to derive this demand figure. Data from interviews with property managers of active projects regarding renters who have come from homeownership should be used to refine the analysis. A narrative of the steps taken to arrive at this*

demand figure must be included and any figure above 2% must be based on actual market conditions, as documented in the study.

- c. **Other:** *DCA does not consider household turnover to be a source of market demand. However, if an analyst firmly believes that demand exists that is not captured by the above methods, he/she may use other indicators to estimate demand if they are fully justified (e.g. an analysis of an under built market in the base year). Any such additional indicators should be calculated separately from the demand analysis above. Such additions should be well documented by the analyst with documentation included in the Market Study.*

Net Demand

The overall demand components illustrated above are added together and the competitive supply of developments awarded and/or constructed from 2011 to the present is subtracted to calculate Net Demand. Vacancies in projects placed in service prior to 2011 which have not reached stabilized occupancy (i.e. at least 90% occupied) must also be considered as part of supply. **DCA requires analysts to include ALL projects that have been funded, are proposed for funding and/or received a bond allocation from DCA, in the demand analysis, along with ALL conventional rental properties existing or planned in the market as outlined above. Competitive units are defined as those units that are of similar size and configuration and provide alternative housing to a similar tenant population, at rent levels comparative to those proposed for the subject development.**

To determine the Net Supply number for each bedroom and income category, the analyst will prepare a Competitive Analysis Chart that will provide a unit breakdown of the competitive properties and list each unit type. All properties determined to be competitive with the proposed development will be included in the Supply Analysis to be used in determining Net Supply in the Primary Market Area. In cases where the analyst believes the projects are not competitive with the subject units, the analyst will include a detailed description for each property and unit type explaining why the units were excluded from the market supply calculation. (e.g., the property is on the periphery of the market area, is a market-rate property; or otherwise only partially compares to the proposed subject).

Within the Site PMA, there are no affordable housing projects that were funded and/or built during the projection period (2011 to current). As such, a Competitive Analysis Chart was not prepared and no units were included in the following demand estimates.

The following is a summary of our demand calculations:

| Demand Component | Percent Of Median Household Income | | | |
|---|--|--|------------------------------------|--|
| | RD 515 60% AMHI with RA (\$0 - \$32,520) | RD 515 60% AMHI without RA (\$19,337 - \$32,520) | RD 515 Overall (\$0 - \$32,520) | Tax Credit Only (\$19,337 - \$32,520) |
| Demand From New Households (Age- And Income-Appropriate) | 701 - 722 = -21 | 198 - 207 = -9 | 701 - 722 = -21 | 198 - 207 = -9 |
| + | | | | |
| Demand From Existing Households (Rent Overburdened) | 722 X 54.3% = 392 | 207 X 56.4% = 117 | 722 X 54.3% = 392 | 207 X 56.4% = 117 |
| + | | | | |
| Demand From Existing Households (Renters In Substandard Housing) | 722 X 5.4% = 39 | 207 X 5.4% = 11 | 722 X 5.4% = 39 | 207 X 5.4% = 11 |
| = | | | | |
| Demand Subtotal | 410 | 119 | 410 | 119 |
| + | | | | |
| Demand From Existing Homeowners (Elderly Homeowner Conversion) Cannot exceed 2% | N/A | N/A | N/A | N/A |
| = | | | | |
| Total Demand | 410 | 119 | 410 | 119 |
| - | | | | |
| Supply (Directly Comparable Units Built And/Or Funded Since 2011) | 0 | 0 | 0 | 0 |
| = | | | | |
| Net Demand | 410 | 119 | 410 | 119 |
| Subject Units | 10 | 12 | 12* | 22 |
| Capture Rate | = 2.4% (0.0%*) | = 10.1% | = 2.9%* | = 18.5% |

*Under this scenario, all units with Rental Assistance are assumed to be leasable. As such, all RA units have been excluded from this analysis.
N/A- Not Applicable

If all units were vacated, with the preservation of RA, the subject project's overall required capture rate would be 5.4% ($22 / 410 = 5.4\%$). This indicates that there will be a sufficient base of renter households to draw support from if all current residents were displaced. Further, Georgia DCA guidelines dictate that all units receiving a direct or guaranteed subsidy are assumed to be leasable and should not be considered in the capture rate estimates. As such, the 10 non-RA units at the subject development would require a 2.9% capture rate following renovations if all non-RA units were vacated.

In the unlikely event that the subject project was to lose RA and all units had to operate exclusively under the Tax Credit program, it is conservatively estimated that none of the current residents would qualify to reside at the subject project. In this scenario, the 22 units would have a required capture rate of 18.5%. This capture rate is considered low and achievable and demonstrates that a sufficient base of demographic support exists for the subject project in the unlikely scenario that RA was lost on 10 of the 22 total units.

Based on our survey of conventional apartments within the Warm Springs Site PMA, as well as the distribution of bedroom types in most rural markets, the estimated share of demand by bedroom type for apartments is distributed as follows:

| Estimated Demand By Bedroom | |
|-----------------------------|---------|
| Bedroom Type | Percent |
| One-Bedroom | 35% |
| Two-Bedroom | 50% |
| Three-Bedroom | 15% |
| Total | 100.0% |

Applying these shares to the income-qualified households yields demand and capture rates of the subject units by bedroom type as illustrated in the following table:

| Bedroom Size (Share of Demand) | Target % of AMHI | Subject Units | Total Demand | Supply*** | Net Demand | Capture Rate | Absorption | Average Market Rent | Subject Rents |
|--|---------------------|------------------|-----------------|-----------|---------------|-----------------|------------------|------------------------|------------------|
| RD 515 One-Bedroom (35%) | 60% | 2* | 144 | 0 | 144 | 1.4%* | 1 Month | N/A | \$416 |
| RD 515 Two-Bedroom (50%) | 60% | 9* | 205 | 0 | 205 | 4.4%* | 3 to 4 Months | \$600 | \$508 |
| RD 515 Three-Bedroom (15%) | 60% | 1* | 61 | 0 | 61 | 1.6%* | 1 Month | N/A | \$558 |
| Tax Credit Only One-Bedroom (35%) | 60% | 4 | 42 | 0 | 42 | 9.5% | 2 to 3 Months | N/A | \$416 |
| Tax Credit Only Two-Bedroom (50%) | 60% | 16 | 60 | 0 | 60 | 26.7% | 7 to 8 Months | \$600 | \$508 |
| Tax Credit Only Three-Bedroom (15%) | 60% | 2 | 17 | 0 | 17 | 11.8% | 2 to 3 Months | N/A | \$558 |

*Under this scenario, the 10 units of RA will continue to be occupied, resulting in effective capture rates between 1.4% and 4.4%.

**Directly comparable units built and/or funded in the project market over the projection period.

***Average of non-subsidized collected rents identified within the market (Note that there were no non-subsidized one- or three-bedroom units identified within the market).

N/A-Not Applicable

The effective capture rates by bedroom type with the preservation of Rental Assistance range between 1.4% and 4.4%. This assumes that non-RA units will be vacated and re-rented under Tax Credit guidelines.

In the unlikely event the subject project had to operate exclusively under the LIHTC program and all current residents were displaced, the capture rates by bedroom type range from 9.5% to 26.7%. These capture rates are considered low and achievable and demonstrate that a sufficient amount of demographic support exists for the subject project if it operated exclusively under LIHTC program guidelines.

SECTION H – RENTAL HOUSING ANALYSIS (SUPPLY)

1. OVERVIEW OF RENTAL HOUSING

The distributions of the area housing stock within the Warm Springs Site PMA in 2010 and 2013 (estimated) are summarized in the following table:

| Housing Status | 2010 (Census) | | 2013 (Estimated) | |
|-----------------|---------------|---------|------------------|---------|
| | Number | Percent | Number | Percent |
| Total-Occupied | 3,173 | 85.2% | 3,087 | 83.3% |
| Owner-Occupied | 2,090 | 65.9% | 2,009 | 65.1% |
| Renter-Occupied | 1,083 | 34.1% | 1,078 | 34.9% |
| Vacant | 553 | 14.8% | 618 | 16.7% |
| Total | 3,726 | 100.0% | 3,705 | 100.0% |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Based on a 2013 update of the 2010 Census, of the 3,705 total housing units in the market, 16.7% were vacant. This is a significant increase over the 2010 vacancy rate of 14.8% and could indicate a softening housing market; however, the vacancy status of the 618 units is estimated in the following table and illustrates that most vacant units are not long-term rentals:

| Vacancy Status | Percent of Vacant Units |
|---|-------------------------|
| For Rent | 23.7% |
| For Sale Only | 11.3% |
| Rented/Sold, Not Occupied | 2.3% |
| For Seasonal, recreational, or occasional use | 12.9% |
| Other Vacant | 49.8% |

Source: U.S. Census Bureau, 2006-2010 American Community Survey (ACS)

As reported in the 2006-2010 ACS, 23.7% of the vacant housing units are long-term rentals. As the previous table indicates, the largest share of vacant units is classified as "Other Vacant", which likely encompasses abandoned housing and possibly mobile home units which are prevalent in Meriwether County. Regardless, in order to determine if the overall vacancy rate increase is the reflection of a decline in long-term rental housing, we conducted a field survey of area apartments.

In addition, while we acknowledge that there are 1,078 renter-occupied units in the market, we believe that most of these rentals are located in non-conventional rental housing units including single-family/mobile home rentals, duplex, etc.

The estimated distribution of occupied housing by units in a structure and tenure is detailed in the following table:

| Units in Structure | Owner | | Renter | |
|--------------------|--------|---------|--------|---------|
| | Number | Percent | Number | Percent |
| 1, Detached | 1,659 | 82.6% | 549 | 50.9% |
| 1, Attached | 14 | 0.7% | 20 | 1.9% |
| 2 to 4 | 0 | 0.0% | 122 | 11.3% |
| 5 to 9 | 0 | 0.0% | 153 | 14.2% |
| 10 or more | 0 | 0.0% | 66 | 6.1% |
| Mobile Homes | 336 | 16.7% | 168 | 15.6% |
| Boat, RV, Vans | 0 | 0.0% | 0 | 0.0% |
| Total | 2,009 | 100.0% | 1,078 | 100.0% |

Source: U.S. Census Bureau, 2006-2010 American Community Survey (ACS)

As the preceding table illustrates, nearly 80% of renter-occupied housing consists of single-family/mobile home and two to four-unit rentals, whereas only 6.1% consist of structures with 10 or more units. As such, this demonstrates that there is limited conventional rental housing units in the market. Therefore, the subject project will continue to provide a rental housing alternative that is currently lacking in the market.

Because of the rural nature of the market, we only identified and personally surveyed nine conventional housing projects containing a total of 191 units within the Site PMA. This survey was conducted to establish the overall strength of the rental market and to identify those properties most comparable to the subject site. These rentals have a combined occupancy rate of 96.9%, a good rate for rental housing. Among these projects, four are non-subsidized (market-rate and Tax Credit) projects containing 10 units. These non-subsidized units are 100.0% occupied. The remaining five projects contain 181 government-subsidized units, which are 96.7% occupied.

| Project Type | Projects Surveyed | Total Units | Vacant Units | Occupancy Rate |
|----------------------------------|-------------------|-------------|--------------|----------------|
| Market-rate | 4 | 10 | 0 | 100.0% |
| Tax Credit/Government-Subsidized | 4 | 131 | 1 | 99.2% |
| Government-Subsidized | 1 | 50 | 5 | 90.0% |
| Total | 9 | 191 | 6 | 96.9% |

As illustrated in the preceding table, the combined occupancy of rental projects surveyed in the market is 96.9%, a good rate for rental housing. As no rental housing segment is performing below a 90.0% occupancy, there appears to be no significant deficiencies that exist within the market.

2. SUMMARY OF ASSISTED PROJECTS

There are a total of five federally subsidized and/or Tax Credit apartment developments in the Warm Springs Site PMA. These projects were surveyed in October 2013. They are summarized as follows.

| Map I.D. | Project Name | Type | Year Built/ Renovated | Total Units | Occup. | Gross Rent (Unit Mix) | | |
|--------------|------------------------------|-----------------|--------------------------|-------------|--------------|--------------------------|--------------------------|----------------------|
| | | | | | | One-Br. | Two-Br. | Three-Br. |
| 1 | Warm Springs Apts. (Site) | TAX & RD 515 | 1993 | 22 | 95.5% | \$600 - \$766 (4) | \$686 - \$836 (16) | \$751 - \$901 (2) |
| 2 | Pigeon Bluff Apts. | TAX & RD 515 | 1993 | 18 | 100.0% | \$620 - \$764 (4) | \$686 - \$873 (12) | \$756 - \$964 (2) |
| 3 | Hidden Creek Apts. | TAX & RD 515 | 1990 | 49 | 100.0% | \$570 - \$748 (7) | \$651 - \$816 (37) | \$721 - \$881 (5) |
| 4 | Pigeon Creek Apts. | TAX & RD 515 | 1992 | 42 | 100.0% | \$536 - \$679 (40) | \$587 - \$738 (2) | - |
| 5 | Cross Creeks Apts. | RD 515 | 1987 / 2007 | 50 | 90.0% | \$570 - \$740 (16) | \$651 - \$866 (34) | - |
| Total | | | | 181 | 96.7% | | | |

Note : Contact names and method of contact, as well as amenities and other features are listed in the field survey

OCCUP. - Occupancy

TAX - Tax Credit

RD - Rural Development

The overall occupancy is 96.7% for these projects, a good rate for affordable housing. Over half of these projects are 100.0% occupied and maintain wait lists, which likely indicates that the demand is strong for affordable housing within the market.

3. PLANNED MULTIFAMILY DEVELOPMENT

Based on our interviews with local building and planning representatives, it was determined that there were no multifamily projects planned for the area.

Building Permit Data

The following table illustrates single-family and multifamily building permits issued within the city of Warm Springs and Meriwether County for the past ten years:

| Housing Unit Building Permits for Meriwether County: | | | | | | | | | | |
|--|------|------|------|------|------|------|------|------|------|------|
| Permits | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Multifamily Permits | 36 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Single-Family Permits | 142 | 172 | 143 | 130 | 131 | 53 | 32 | 29 | 21 | 23 |
| Total Units | 178 | 172 | 143 | 130 | 131 | 53 | 32 | 29 | 21 | 23 |

Source: SOCDs Building Permits Database at <http://socds.huduser.org/permits/index.html>

Housing Unit Building Permits for Warm Springs, GA:

| Permits | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------|------|------|------|------|------|------|------|------|------|------|
| Multifamily Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Single-Family Permits | 1 | 4 | 1 | 3 | 0 | 1 | 0 | 0 | 0 | 1 |
| Total Units | 1 | 4 | 1 | 3 | 0 | 1 | 0 | 0 | 0 | 1 |

Source: SOCDs Building Permits Database at <http://socds.huduser.org/permits/index.html>

As the preceding tables indicate, there have been no multifamily building permits issued within the city of Warm Springs or Meriwether County since 2004, which is not considered unusual within rural markets. Given that nearly all rental projects identified and surveyed in the market are 100.0% occupied and based on the limited number of multifamily building permits issued, it is likely that there is greater demand for additional rental housing units within the Site PMA.

4. SURVEY OF COMPARABLE/COMPETITIVE PROPERTIES

Given the lack of non-subsidized LIHTC housing in the market, we have identified and surveyed three non-subsidized LIHTC projects that offer at least some units that operate under the LIHTC program outside of the Site PMA, but within the region. These three projects target households with incomes of up to 30%, 50% and/or 60% of AMHI and are considered comparable. It should be noted that these projects are not considered competitive as they derive demographic support from a different geographical area. As such, these properties have been included for comparison purposes only.

| Map I.D. | Project Name | Year Built/ Renovated | Total Units | Occ. Rate | Distance to Site | Waiting List | Target Market |
|----------|--------------------------------|--------------------------|-------------|--------------|------------------|---------------------|--|
| Site | Warm Springs Apartments | 1993 / 2014 | 22 | 95.5% | - | 2-Br: 3 H.H. | Families; 60% AMHI & RD 515 |
| 903 | Greenville Commons Apts. | 2005 | 28* | 100.0% | 11.1 Miles | 7 H.H. | Families; 30%, 50%, & 60% AMHI |
| 906 | Laurel Ridge | 2008 | 70 | 100.0% | 27.7 Miles | 300 H.H. | Families; 30%, 50%, & 60% AMHI |
| 907 | Mallard Lake | 2010 | 72 | 100.0% | 28.8 Miles | 350 H.H. | Families; 50% & 60% AMHI |

OCC. - Occupancy

H.H. - Households

*Tax Credit units only

900 Series Map IDs are located outside of the Site PMA

The three LIHTC projects have a combined occupancy rate of 100.0%, indicating very strong demand for affordable housing in the region. All of these projects have waiting lists.

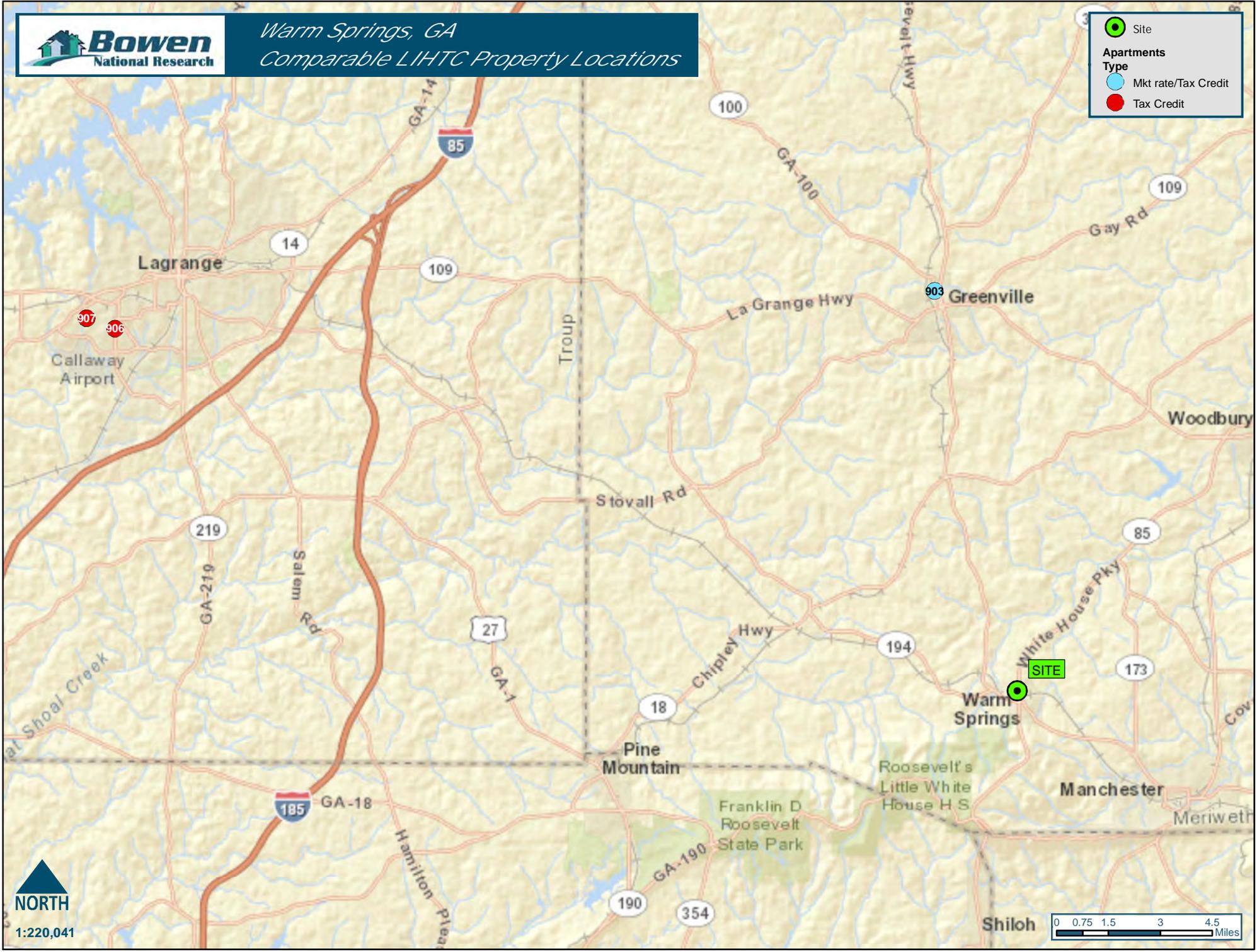
The map on the following page illustrates the location of the comparable Tax Credit properties relative to the subject site location.





Warm Springs, GA
Comparable LIHTC Property Locations

● Site
● Apartments Type
● Mkt rate/Tax Credit
● Tax Credit



NORTH
1:220,041



The gross rents for the comparable projects and the proposed rents at the subject site, as well as their unit mixes and vacancies by bedroom are listed in the following table:

| Map I.D. | Project Name | Gross Rent/Percent of AMHI (Number of Units/Vacancies) | | | | Rent Special |
|----------|--------------------------|---|---|---|--------------------------------------|--------------|
| | | One-Br. | Two-Br. | Three-Br. | Four-Br. | |
| Site | Warm Springs Apartments | \$564/60% (4/1) | \$676/60% (16/0) | \$782/60% (2/0) | - | - |
| 903 | Greenville Commons Apts. | - | \$386/30% (2/0) \$623/50% (8/0) \$741/60% (2/0) | \$445/30% (3/0) \$718/50% (9/0) \$854/60% (4/0) | - | None |
| 906 | Laurel Ridge | - | \$470/30% (2/0) \$703/50% (8/0) \$820/60% (8/0) | \$546/30% (5/0) \$815/50% (21/0) \$950/60% (21/0) | \$901/50% (1/0) \$1,051/60% (4/0) | None |
| 907 | Mallard Lake | \$565-\$571/50% (6/0) \$585-\$671/60% (2/0) | \$648-\$673/50% (24/0) \$725-\$791/60% (7/0) | \$796/50% (24/0) \$923-\$931/60% (9/0) | - | None |

900 series Map IDs located outside of Site PMA

The proposed subject gross rents, ranging from \$564 to \$782, will be the lowest priced LIHTC units within the region targeting similar income levels. As such, the subject project will represent a good value within the region if RA were lost on 10 out of the 22 total units. Nonetheless, the subject project is anticipated to retain RA on 10 units and a PRA subsidy will be available to the existing unassisted households residing in the remaining 12 units, which will prevent such households from experiencing a rent increase. Since it is anticipated that the subject project will retain its tenant-base post renovations, it will continue to represent a significant value to its current residents.

HOUSING CHOICE VOUCHER HOLDERS

According to a representative with the Georgia Department of Community Affairs-Rental Assistance Division-Middle-Eastman Office, there are approximately 26 Housing Choice Voucher holders within Meriwether County, and no households currently on the waiting list for additional Vouchers. The waiting list is closed indefinitely. Annual turnover of households in the Voucher program is estimated at four households. This reflects the continuing need for Housing Choice Voucher assistance.

It should be noted that there were no non-subsidized LIHTC comparable projects identified within the market. As such, we identified and surveyed three non-subsidized LIHTC projects outside of the Site PMA, but within the region. All comparable properties accept Housing Choice Vouchers. The table on the following page identifies the properties that accept Housing Choice Vouchers, as well as the approximate number of units occupied by residents utilizing Housing Choice Vouchers.

| Map I.D. | Project Name | Total Units | Occupancy Rate | Number of Vouchers |
|--------------|--------------------------|-------------|----------------|--------------------|
| 903 | Greenville Commons Apts. | 28* | 100.0% | 0 |
| 906 | Laurel Ridge | 70 | 100.0% | 17 |
| 907 | Mallard Lake | 72 | 100.0% | 4 |
| Total | | 170 | 100.0% | 21 |

900 series Map IDs located outside of Site PMA

*Tax Credit units only

As the preceding table illustrates, approximately 21 units are occupied by Voucher holders out of 170 units, comprising 12.4% of the total comparable LIHTC units in the region. This indicates that 87.6% of the three comparable LIHTC projects in the region are occupied by tenants which are not currently receiving rental assistance. Given that these comparable LIHTC projects are 100.0% occupied, illustrate that the gross rents being charged at these projects are achievable.

The following table outlines the HUD 2013 Fair Market Rents for the Meriwether County, GA HUD Metro FMR Area:

| Bedroom Type | Fair Market Rents | Proposed Tax Credit Gross Rents (AMHI) |
|---------------|-------------------|--|
| One-Bedroom | \$543 | \$564 |
| Two-Bedroom | \$644 | \$676 |
| Three-Bedroom | \$825 | \$782 |

As the preceding table illustrates, the proposed gross one- and two-bedroom rents are slightly above the current Fair Market Rents, whereas the proposed gross three-bedroom rent is below the current Fair Market Rent for a three-bedroom unit. Therefore, the subject project's three-bedroom units will be able to accommodate Voucher holders. The subject's one- and two-bedroom units are also able to accommodate Voucher holders as long as tenants are willing to pay the difference between the current Fair Market Rents and the proposed gross rents in the unlikely event the subject project had to operate exclusively under LIHTC guidelines. Nonetheless, the subject project is expected to retain RA on 10 of the subject units, with a PRA subsidy available to the unassisted tenants residing in the remaining 12 units, and will continue to represent a substantial value within the market. This has been considered in our absorption estimates.

The table on the following page illustrates the weighted average collected rents of the three comparable LIHTC projects by bedroom type. As noted, there were no non-subsidized LIHTC projects within the market. As such, the weighted average collected rents of the comparable LIHTC units are those of the comparable LIHTC projects located outside of the Site PMA, but within the region. Therefore, these average rents may not accurately reflect the achievable rents within the market, but provide a regional perspective.

| Weighted Average Collected Rent Of Comparable LIHTC Units | | |
|---|----------------|------------------|
| One-Br. (AMHI) | Two-Br. (AMHI) | Three-Br. (AMHI) |
| \$438 (60%) | \$553 (60%) | \$647 (60%) |

The rent advantage for the proposed units is calculated as follows (average weighted market rent – proposed rent) / proposed rent.

| Bedrooms | Weighted Avg. Rent (AMHI) | Proposed Rent (AMHI) | Difference | Proposed Rent (AMHI) | Rent Advantage |
|-----------|---------------------------|----------------------|------------|----------------------|----------------|
| One-Br. | \$438 (60%) | - \$416 | \$22 | / \$416 | 5.3% |
| Two-Br. | \$553 (60%) | - \$508 | \$45 | / \$508 | 8.9% |
| Three-Br. | \$647 (60%) | - \$558 | \$89 | / \$558 | 15.9% |

The subject units at the site represent rent advantages ranging from 5.3% to 15.9%, depending on unit type. Therefore, the subject project will continue to represent a value to current and potential renters. Further, the subject project is anticipated to retain Rental Assistance on 10 out of the 22 total units, allowing residents to pay up to 30% of their adjusted gross income towards housing costs. As such, the subject project will continue to represent an even greater value within the market.

Please note that these are weighted averages of *collected* rents do not reflect differences in the utility structure that gross rents include. Therefore caution must be used when drawing any conclusions. A complete analysis of the achievable market rent by bedroom type and the rent advantage of the subject development's collected rents are available in Addendum E of this report.

The unit sizes (square footage) and number of bathrooms included in each of the different LIHTC unit types offered in the market are compared with the subject development in the following table:

| Map I.D. | Project Name | Square Footage | | | |
|-------------|--------------------------------|-----------------|------------|------------|----------|
| | | One-Br. | Two-Br. | Three-Br. | Four-Br. |
| Site | Warm Springs Apartments | 643 | 938 | 963 | - |
| 903 | Greenville Commons Apts. | - | 1,124 | 1,334 | - |
| 906 | Laurel Ridge | - | 1,468 | 1,582 | 1,752 |
| 907 | Mallard Lake | 808 | 1,056 | 1,211 | - |
| Map I.D. | Project Name | Number of Baths | | | |
| | | One-Br. | Two-Br. | Three-Br. | Four-Br. |
| Site | Warm Springs Apartments | 1.0 | 1.5 | 1.5 | - |
| 903 | Greenville Commons Apts. | - | 2.0 | 2.0 | - |
| 906 | Laurel Ridge | - | 2.0 | 2.0 | 2.0 |
| 907 | Mallard Lake | 1.0 | 2.0 | 2.0 | - |

900 series Map IDs located outside of Site PMA

The subject site units are smaller, in terms of square footage and number of bathrooms offered, than the comparable affordable housing units in the region. However, the small unit sizes have not had an adverse impact on the site's marketability, as evident by its 95.5% occupancy rate.

The following table compares the amenities of the subject development with the other LIHTC projects in the market.

COMPARABLE PROPERTIES AMENITIES - WARM SPRINGS, GEORGIA

| MAP ID | APPLIANCES | | | | | | UNIT AMENITIES | | | | | | | | | | | | | |
|--------|------------|--------------|----------|------------|----------|-----------|----------------|-----------|----------------|------------------|------------|--------------------|-------------|----------|----------|----------|-------------------|----------------|---------|------------------|
| | RANGE | REFRIGERATOR | ICEMAKER | DISHWASHER | DISPOSAL | MICROWAVE | CENTRAL AC | WINDOW AC | FLOOR COVERING | WASHER AND DRYER | W/D HOOKUP | PATIO/DECK/BALCONY | CEILING FAN | BASEMENT | INTERCOM | SECURITY | WINDOW TREATMENTS | E-CALL BUTTONS | PARKING | OTHER |
| SITE | X | X | | X | | | X | | C | | X | X | X | | | | B | | S | Exterior Storage |
| 903 | X | X | | X | X | | X | | C | | X | X | X | | | | B | | S | |
| 906 | X | X | | X | X | X | X | | V | S | X | X | X | | | | B | | S | |
| 907 | X | X | | X | X | X | X | | C | S | X | X | X | | | | B | | S | |

| MAP ID | PROJECT AMENITIES | | | | | | | | | | | | | | | | | | |
|--------|-------------------|--------------|---------|------------|-----------------|----------------|-----------------|------------|--------------|--------------|---------|----------|---------------|--------------|---------|-------------|-----------------|-----------------|--------|
| | POOL | ON-SITE MGMT | LAUNDRY | CLUB HOUSE | COMMUNITY SPACE | FITNESS CENTER | JACUZZI / SAUNA | PLAYGROUND | TENNIS COURT | SPORTS COURT | STORAGE | ELEVATOR | SECURITY GATE | COMPUTER LAB | LIBRARY | PICNIC AREA | SOCIAL SERVICES | BUSINESS CENTER | OTHER |
| SITE | | X | X | | | | X | | | | | | | | | X | | | |
| 903 | X | X | X | X | | X | X | | | B | | | | | | X | | | |
| 906 | | X | X | | X | X | X | | | V | | | X | | | X | | | |
| 907 | X | X | X | | A | | X | | | | | | | | X | X | | | Gazebo |

| |
|--|
| ◆ Senior Restricted |
| ■ Market-rate |
| ■ Market-rate/Tax Credit |
| ■ Market-rate/Government-subsidized |
| ■ Market-rate/Tax Credit/Government-subsidized |
| ■ Tax Credit |
| ■ Tax Credit/Government-subsidized |
| ■ Government-subsidized |

| |
|----------------|
| X - All Units |
| S - Some Units |
| O - Optional |

| | |
|-------------------|--------------|
| Window Treatments | |
| B - Blinds | C - Curtains |
| D - Drapes | |

| | |
|----------------|--------------------|
| Parking | |
| A - Attached | C - Carport |
| D - Detached | O - On Street |
| S - Surface | G - Parking Garage |
| (o) - Optional | (s) - Some |

| | |
|-------------------|-----------------------|
| Sports Courts | |
| B - Basketball | D - Baseball Diamonds |
| P - Putting Green | T - Tennis |
| V - Volleyball | X - Multiple |

| | |
|----------------|--------------|
| Floor Covering | |
| C - Carpet | H - Hardwood |
| V - Vinyl | W - Wood |
| T - Tile | |

| | |
|-------------------|---------------------------|
| Community Space | |
| A - Activity Room | L - Lounge/Gathering Room |
| T - Training Room | |

Once renovations are complete and additions are made, the subject amenity package will be generally similar to comparable LIHTC projects within the region. In regards to unit amenities, all comparable LIHTC projects offer a garbage disposal, with most offering microwave ovens, which are lacking at the subject project. In regards to project amenities, the majority of the comparable LIHTC projects offer a swimming pool, community room, fitness center and a sports court, of which are all lacking at the subject project. However, the amenities at the comparable projects will not have a competitive impact on the subject project as all three of these projects are located outside of the Site PMA.

Based on our analysis of the proposed rents, unit sizes (square footage), amenities, location, quality and occupancy rates of the existing low-income properties within the region, it is our opinion that the subject development will be competitive. Given that RA will be maintained on 10 of the units and a PRA subsidy will be available to current households residing in the remaining 12 units at the subject site, the subject units will remain a substantial value within the market. This has been considered in our absorption projections.

Considering that the three comparable LIHTC projects are located outside of the market, the subject project will not have an impact on the comparable LIHTC project's occupancy.

One page profiles of the Comparable/Competitive Tax Credit properties are included in Addendum B of this report.

5. SINGLE-FAMILY HOME IMPACT

According to ESRI, the median home value within the Site PMA was \$78,606. At an estimated interest rate of 4.3% and a 30-year term (and 95% LTV), the monthly mortgage for a \$78,606 home is \$460, including estimated taxes and insurance.

| Buy Versus Rent Analysis | |
|--|----------|
| Median Home Price - ESRI | \$78,606 |
| Mortgaged Value = 95% of Median Home Price | \$74,676 |
| Interest Rate - Bankrate.com | 4.3% |
| Term | 30 |
| Monthly Principal & Interest | \$368 |
| Estimated Taxes and Insurance* | \$92 |
| Estimated Monthly Mortgage Payment | \$460 |

*Estimated at 25% of principal and interest

In comparison, the Rental Assistance in place at the subject project (~45% of the units) will allow tenants to only pay up to 30% of their adjusted gross household income towards housing costs. Considering the subject project targets low-income households, the estimated monthly mortgage payment of \$460 is likely considerably higher than most prospective tenants would be able to afford, particularly when factoring in all utilities and home repair and maintenance costs. In the unlikely event the proposed project were to lose its project-based Rental Assistance and operate solely under Tax Credit guidelines, the estimated monthly mortgage payment would be \$44 more than renting a one-bedroom unit at the subject site, whereas the cost of renting at the subject's two- and three-bedroom units would be \$48 to \$98 more, respectively, than the estimated monthly mortgage payment. While some tenants may choose to purchase a home in this scenario, the number of tenants who would be able to afford the down payment is considered minimal. In addition, although the median home price is \$78,606, the majority of the housing stock consists of older, lower quality single-family homes that would require greater maintenance. Therefore, it is unlikely that low-income households will be able to afford the upkeep on a home. Further, the subject site will offer updated units with newer amenities that will likely not be provided in a home at the price point noted above. As such, it is likely that the subject site will be perceived as a greater value. Based on the preceding table, along with the high occupancy rates of affordable units within the Site PMA, we believe there will be little competitive impact on or from the homebuyer market if the project had to operate exclusively under the LIHTC program.

SECTION I – ABSORPTION & STABILIZATION RATES

According to management, the subject project is currently 95.5% occupied and maintains a three-household wait list for the next available two-bedroom unit. Current residents will be relocated temporarily; however, they will not be permanently displaced. Therefore, few if any, of the subject units will have to be re-rented immediately following renovations. However, for the purposes of this analysis, we assume that all 22 subject units will be vacated and that all units will have to be re-rented (assuming RA is preserved on 10 of the 22 units). We also assume the absorption period at the site begins as soon as the first renovated units are available for occupancy.

It is our opinion that the 22 units at the subject site will reach a stabilized occupancy of 93.0% within approximately five months following renovations, assuming total displacement of existing tenants. This absorption period is based on an average absorption rate of approximately four units per month. Our absorption projections assume that no other projects targeting a similar income group will be developed during the projection period and that the renovations will be completed as outlined in this report. These absorption projections also assume that RA on 10 of the 22 total units will be maintained.

Should Rental Assistance not be secured and the project had to operate exclusively under the LIHTC program, the 22 units at the subject site would likely experience a slightly extended absorption period based on the proposed collected rents, achievable market rents and demographic support. Therefore, we would anticipate the rehabilitated units would reach a stabilized occupancy rate of 93.0% within approximately seven to eight months. This assumes an average monthly absorption of two to three units per month.

In reality, the absorption period for this project will be less than two months as most tenants are expected to remain at the project and continue to pay up to 30% of their adjusted gross income towards housing costs.

SECTION J – INTERVIEWS

The following are summaries of interviews conducted with various local sources knowledgeable of the local housing market:

Jane Fryer, Executive Director of Economic Development for the Meriwether County Industrial Development Authority, stated that when she is out in the community, she hears all the time that there is not enough affordable housing in Meriwether County. Though Ms. Fryer did not have actual statistics in need of housing in the area, she believed it was a rather significant number especially amongst the senior community of the county.

Felicia Warren, Director of the Manchester Housing Authority, explained that she feels that there is a need for more affordable housing in the Manchester, as well as the Warm Springs area, especially for seniors. This is particularly true due to the constant lack of availability at senior properties within the county. Ms. Warren also has approximately eight families on her waiting list for rental-assisted housing.

Dr. Frederick D. Jenkins, Senior Pastor with the Grace Tabernacle Church of God in Christ, stated that there is a need for additional affordable housing in general within Meriwether County. Dr. Jenkins noted that the area had been experiencing economic trouble ever since various manufacturing plants closed down. Dr. Jenkins also explained that the affordable housing projects that do exist are either maintaining long wait lists or are in tremendous need of upkeep. Any affordable housing that came into the area would be greatly needed.

SECTION K – CONCLUSIONS & RECOMMENDATIONS

Based on the findings reported in our market study, it is our opinion that a market will continue to exist for the 22-unit Warm Springs Apartments, assuming it is renovated as detailed in this report. Changes in the project's scope of renovations or renovation completion date may alter these findings.

The subject project is currently 95.5% occupied with a three-household wait list for the next available two-bedroom unit. As 10 of the 22 total units are anticipated to retain RA, we expect that the current tenants residing in the units with RA will remain at the subject project following Tax Credit renovations. As such, the "effective" capture rate for the subject development is 2.9%. With the preservation of Rental Assistance, the project will remain a substantial value within the market.

Given that nearly all rental communities identified and surveyed within the market are 100.0% occupied, illustrates that the subject project will continue to offer an affordable housing alternative to low-income households that is in high demand within the Warm Springs Site PMA.

In the unlikely event Rental Assistance is lost and the subject project had to operate exclusively under the LIHTC program, the subject project would likely experience a slightly extended absorption period of seven to eight months. This is based on the fact that the subject's capture rate will increase to 18.5% in this unlikely scenario. Although the subject will experience a prolonged absorption period if it lost RA on 10 of its units, there will still be a sufficient amount of support that will exist for the subject project to operate exclusively under LIHTC program guidelines.

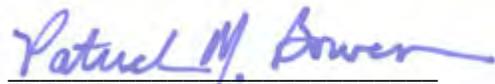
Regardless, the subject project is anticipated to retain RA on 10 of the 22 total units which will continue to require most tenants to pay up to 30% of their adjusted gross income towards housing costs. In addition, a PRA subsidy will be available to the current unassisted residents, preventing them from experiencing a rent increase. Based on the preceding analysis and information provided throughout this report, we have no recommendations or suggested modifications for the subject project at this time.

SECTION L - SIGNED STATEMENT

This certifies that Greg Gray, an employee of Bowen National Research, personally made an inspection of the area including competing properties and the subject site in Manchester, Georgia in January of 2013. Note that this is a telephone update of the original market study completed by Bowen National Research in January, 2013, and we did not revisit the site for this analysis. Further, the information contained in this report is true and accurate as of November 6, 2013.

I understand that any misrepresentation of this statement may result in the denial of further participation in the Georgia Department of Community Affairs rental housing programs. I also affirm that I have no interest in the project or any relationship with the ownership entity and my compensation is not contingent on this project being funded. This report was written in accordance with my understanding of the GA-DCA market study manual and GA-DCA Qualified Action Plan.

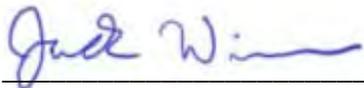
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SECTION M – MARKET STUDY REPRESENTATION

The Georgia Department of Community Affairs (DCA) may rely on the representation made in the market study and that the market study is assignable to other lenders that are parties to the DCA loan transaction.

SECTION N - QUALIFICATIONS

The Company

Bowen National Research employs an expert staff to ensure that each market study is of the utmost quality. Each staff member has hands-on experience evaluating sites and comparable properties, analyzing market characteristics and trends, and providing realistic recommendations and conclusions. The Bowen National Research staff has the expertise to provide the answers for your development.

The Staff

Patrick Bowen is the President of Bowen National Research. He has prepared and supervised thousands of market feasibility studies for all types of real estate products, including affordable family and senior housing, multifamily market-rate housing and student housing, for 15 years. He has also prepared various studies for submittal as part of HUD 221(d)(3) & (4), HUD 202 developments and applications for housing for Native Americans. He has also conducted studies and provided advice to city, county and state development entities as it relates to residential development, including affordable and market rate housing, for both rental and for-sale housing. Mr. Bowen has worked closely with many state and federal housing agencies to assist them with their market study guidelines. Mr. Bowen has his bachelor's degree in legal administration (with emphasis on business and law) from the University of West Florida.

Benjamin J. Braley, Market Analyst, has conducted market research for over six years in more than 550 markets throughout the United States. He is experienced in preparing feasibility studies for a variety of applications, including those that meet standards required by state agency and federal housing guidelines. Additionally, Mr. Braley has analyzed markets for single-family home developments, commercial office and retail space, student housing properties and senior housing (i.e. nursing homes, assisted living, continuing care retirement facilities, etc.). Mr. Braley is a member of the National Council of Housing Market Analysts (NCHMA) and graduated from Otterbein College with a bachelor's degree in Economics.

Jack Wiseman, Market Analyst, with Bowen National Research, has conducted extensive market research in over 200 markets throughout the United States. He provides thorough evaluation of site attributes, area competitors, market trends, economic characteristics and a wide range of issues impacting the viability of real estate development. He has evaluated market conditions for a variety of real estate alternatives, including affordable and market-rate apartments, retail and office establishments, educational facilities, marinas and a variety of senior residential alternatives. Mr. Wiseman has a Bachelor of Arts degree in Economics from Miami University.

Craig Rupert, Market Analyst with Bowen National Research, has conducted market research in both urban and rural markets throughout the United States. He provides thorough evaluation of site attributes, area competitors, market trends and economic characteristics. Specifically, he has evaluated market conditions for a variety of real estate alternatives, including affordable and market-rate apartments, Indian housing, senior rental housing facilities and student housing facilities. Mr. Rupert has a Bachelor of Science degree in Hospitality Management from Youngstown State University.

Heather Moore, Market Analyst, has been with Bowen National Research since the fall of 2010. She has evaluated the rental market in cities throughout the United States and is able to provide detailed site-specific analysis. Ms. Moore has a Bachelors of Arts in Marketing from Urbana University.

Greg Gray, Market Analyst, has more than twelve years of experience conducting site-specific analysis in markets throughout the country. He is especially trained in the evaluation of condominium and senior living developments. Mr. Gray has the ability to provide detailed site-specific analysis as well as evaluate market and economic trends and characteristics.

Christine Atkins, Market Analyst, has more than three years of experience in the property management industry and has managed a variety of rental housing types. With experience in conducting site-specific analysis, she has the ability to analyze market and economic trends and conditions. Ms. Atkins holds a Bachelor of Arts in Communication from the University of Cincinnati.

Lisa Wood, Market Analyst, has conducted site-specific analyses in both rural and urban markets throughout the country. She is also experienced in the day-to-day operation and financing of Low-Income Housing Tax Credit and subsidized properties, which gives her a unique understanding of the impact of housing development on current market conditions.

Chuck Ewing, Market Analyst, has been conducting site-specific analysis throughout the United States since 2009. He has experience in the evaluation of a variety of real estate developments that include affordable and market-rate apartments, senior living facilities, student housing, supportive and disabled veteran housing, farm worker housing and regional rental supply analysis. Mr. Ewing has a Bachelor of Arts degree in Economics from the Ohio State University.

Marlon Boone, Market Analyst, has conducted site-specific analyses in both metro and rural areas throughout the country. He is familiar with multiple types of rental housing programs, the day-to-day interaction with property managers and leasing agents and the collection of pertinent property details. Mr. Boone graduated from The Ohio State University with a Bachelor of Science in City and Regional Planning, with a concentration in Housing, Development and Real Estate.

Tyler Bowers, Market Analyst, has travelled the country and studied the housing industry in both urban and rural markets. He is able to analyze both the aesthetics and operations of rental housing properties, particularly as they pertain to each particular market. Mr. Bowers has a Bachelor Degree of Arts in History from Indiana University.

Amy Tyrrell is a Project Director for Bowen National Research and is based out of Washington, DC. She has 16 years experience in the real estate and construction industries, with 11 years specializing in the research field. She has researched, analyzed, and prepared reports on a variety of trends, industries, and property types, including industrial, office, medical office, multifamily apartments and condominiums, and senior housing. Prior to her focus on research, Ms. Tyrrell performed financial analysis for retail developments throughout the United States. She holds a Masters in Business Administration with concentrations in real estate and marketing from the University of Cincinnati and a Bachelor of Arts in economics with a minor in mathematics from Smith College.

Stephanie Viren is the Research Director at Bowen National Research. Ms. Viren focuses on collecting detailed data concerning housing conditions in various markets throughout the United States. Ms. Viren has extensive interviewing skills and experience and also possesses the expertise necessary to conduct surveys of diverse pools of respondents regarding population and housing trends, housing marketability, economic development and other socioeconomic issues relative to the housing industry. Ms. Viren's professional specialty is condominium and senior housing research. Ms. Viren earned a Bachelor of Arts in Business Administration from Heidelberg College.

Desireé Johnson is the Field Support Coordinator at Bowen National Research. Ms. Johnson is involved in the day-to-day management of the field support department, as well as preparing jobs for field and phone analysis. She has been involved in extensive market research in a variety of project types for more than five years. Ms. Johnson has the ability to research, find, analyze and manipulate data in a multitude of ways. Ms. Johnson has an Associate of Applied Science in Office Administration from Columbus State Community College.

June Davis, Office Manager of Bowen National Research, has 24 years experience in market feasibility research. Ms. Davis has overseen production on over 15,000 market studies for projects throughout the United States.

ADDENDUM A: PHONE SURVEY OF CONVENTIONAL RENTALS

WARM SPRINGS, GEORGIA

The following section is a phone survey of conventional rental properties. These properties were identified through a variety of sources including area apartment guides, yellow page listings, government agencies, the Chamber of Commerce, and previous field inspection conducted by our firm. The intent of this phone survey is to evaluate the overall strength of the existing rental market, identify trends that impact future development, and identify those properties that would be considered most comparable to the subject site. None of these properties were visited in person. Because this information is collected by phone, we cannot verify the accuracy of this data.

The phone survey has been organized by the type of project surveyed. Properties have been color coded to reflect the project type. Projects have been designated as market-rate, Tax Credit, government-subsidized, or a combination of the three project types. The field survey is organized as follows:

- A color-coded map indicating each property surveyed and the project type followed by a list of properties surveyed.
- Properties surveyed by name, address, telephone number, project type, year built or renovated (if applicable), number of floors, total units, occupancy rate, quality rating, rent incentives, and Tax Credit designation. Housing Choice Vouchers and Rental Assistance are also noted here. Note that projects are organized by project type.
- Distribution of non-subsidized and subsidized units and vacancies in properties surveyed.
- Listings for unit and project amenities, parking options, optional charges, utilities (including responsibility), and appliances.
- Collected rent by unit type and bedrooms.
- Unit size by unit type and bedrooms.
- Calculations of rent per square foot (all utilities are adjusted to reflect similar utility responsibility). Data is summarized by unit type.
- An analysis of units, vacancies, and median rent. Where applicable, non-subsidized units are distributed separately.
- An analysis of units added to the area by project construction date and, when applicable, by year of renovation.
- Aggregate data and distributions for all non-subsidized properties are provided for appliances, unit amenities and project amenities.

- A rent distribution is provided for all market-rate and non-subsidized Tax Credit units by unit type. Note that rents are adjusted to reflect common utility responsibility.
- Aggregation of projects by utility responsibility (market-rate and non-subsidized Tax Credit only).
- A utility allowance worksheet.

Note that other than the property listing following the map, data is organized by project types. Market-rate properties (blue designation) are first followed by variations of market-rate and Tax Credit properties. Non-government subsidized Tax Credit properties are red and government-subsidized properties are yellow. See the color codes at the bottom of each page for specific project types.

Finally, it should be noted that this is not likely a complete inventory of all rental properties. An in-person visit would allow verification of data collected by telephone, as well as an opportunity to identify other potential competitive properties.

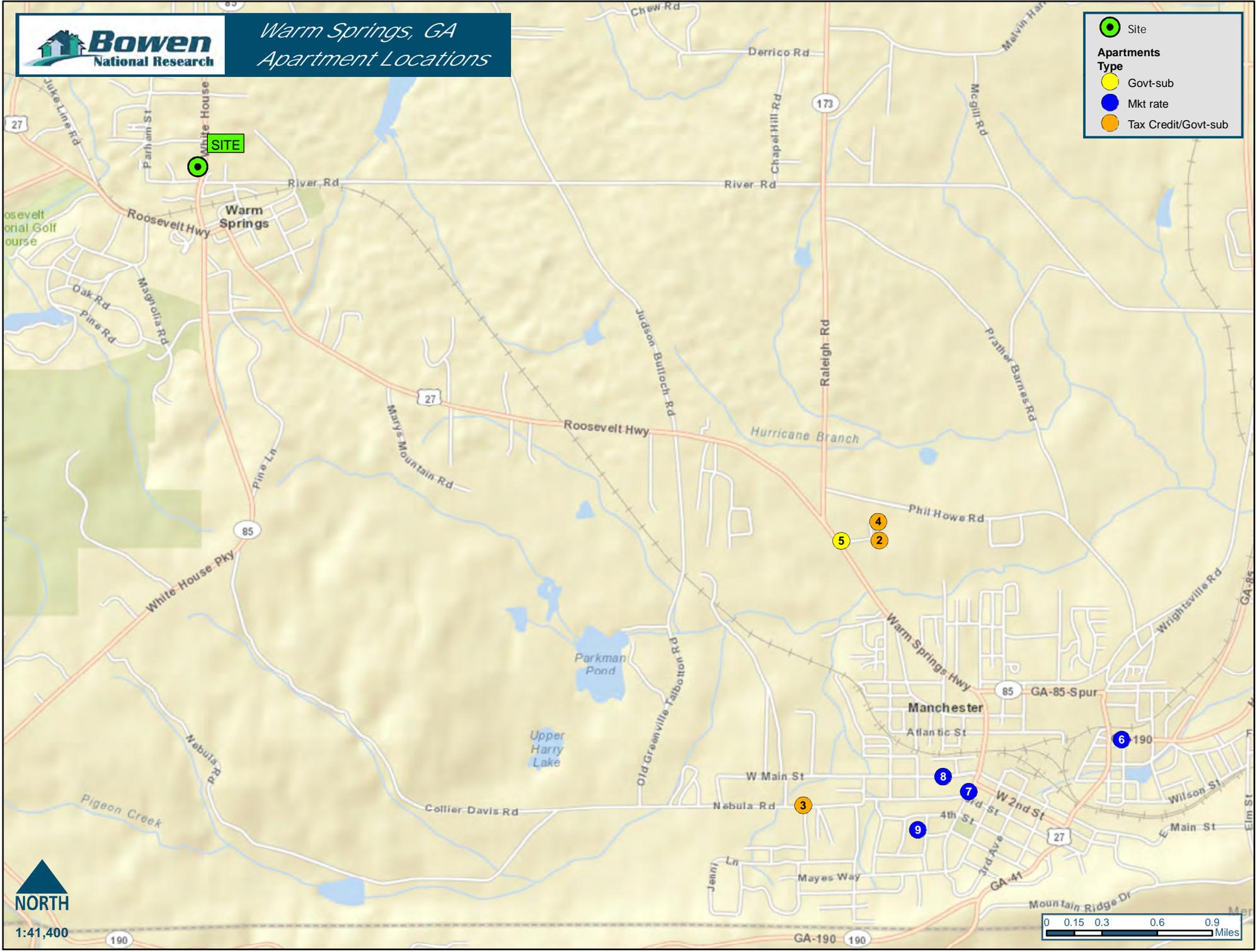


Warm Springs, GA Apartment Locations

Site
● Site

Apartments Type

- Govt-sub
- Mkt rate
- Tax Credit/Govt-sub



SITE

85

27

173

4

2

5

85

190

8

7

9

3

NORTH

1:41,400

0 0.15 0.3 0.6 0.9 Miles

MAP IDENTIFICATION LIST - WARM SPRINGS, GEORGIA

| MAP ID | PROJECT NAME | PROJ. TYPE | QUALITY RATING | YEAR BUILT | TOTAL UNITS | VACANT | OCC. RATE | DISTANCE TO SITE* |
|--------|---------------------------|------------|----------------|------------|-------------|--------|-----------|-------------------|
| 1 | Warm Springs Apts. (Site) | TGS | B- | 1993 | 22 | 1 | 95.5% | - |
| 2 | Pigeon Bluff Apts. | TGS | B | 1993 | 18 | 0 | 100.0% | 4.0 |
| 3 | Hidden Creek Apts. | TGS | B- | 1990 | 49 | 0 | 100.0% | 4.8 |
| 4 | Pigeon Creek Apts. | TGS | B | 1992 | 42 | 0 | 100.0% | 4.0 |
| 5 | Cross Creeks Apts. | GSS | C | 1987 | 50 | 5 | 90.0% | 3.8 |
| 6 | 1 & 3 Foster St. | MRR | B+ | 1998 | 2 | 0 | 100.0% | 5.5 |
| 7 | 502-506 3rd St. | MRR | B+ | 2001 | 4 | 0 | 100.0% | 5.2 |
| 8 | 537 W. Main St. | MRR | A | 2000 | 2 | 0 | 100.0% | 5.2 |
| 9 | 999 W. Main St. | MRR | A- | 2001 | 2 | 0 | 100.0% | 5.4 |

| PROJECT TYPE | PROJECTS SURVEYED | TOTAL UNITS | VACANT | OCCUPANCY RATE | U/C |
|--------------|-------------------|-------------|--------|----------------|-----|
| MRR | 4 | 10 | 0 | 100.0% | 0 |
| TGS | 4 | 131 | 1 | 99.2% | 0 |
| GSS | 1 | 50 | 5 | 90.0% | 0 |

| | |
|---|--|
| ◆ | Senior Restricted |
| ■ | Market-rate |
| ■ | Market-rate/Tax Credit |
| ■ | Market-rate/Government-subsidized |
| ■ | Market-rate/Tax Credit/Government-subsidized |
| ■ | Tax Credit |
| ■ | Tax Credit/Government-subsidized |
| ■ | Government-subsidized |

* - Drive Distance (Miles)

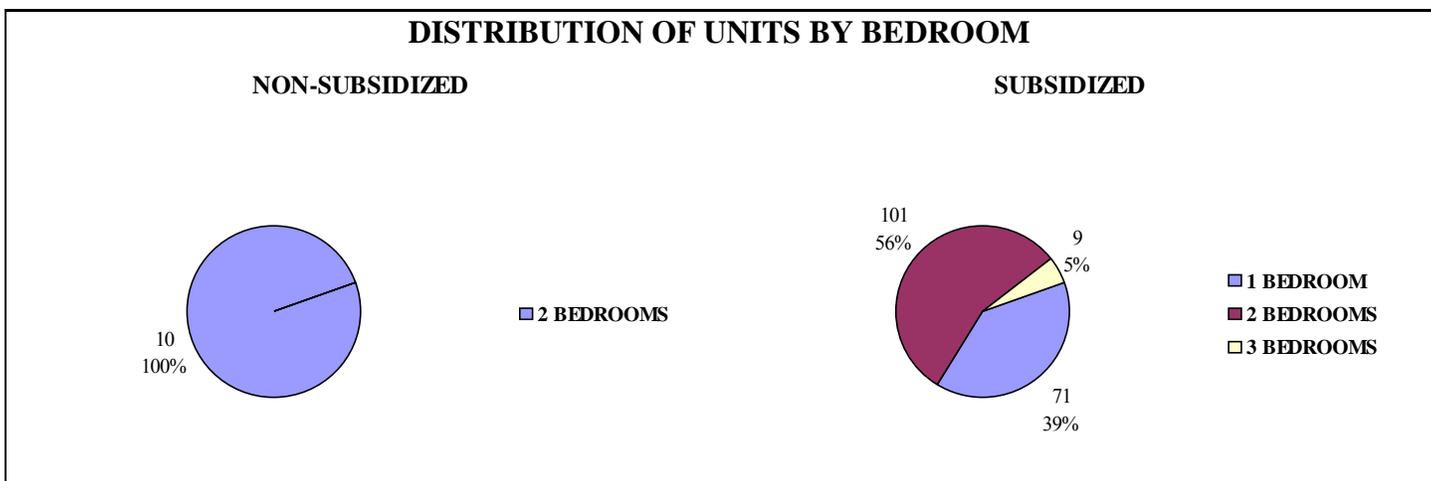
Survey Date: October 2013

DISTRIBUTION OF UNITS - WARM SPRINGS, GEORGIA

| MARKET-RATE | | | | | | |
|--------------|-------|-----------|---------------|----------|-------------|-------------------|
| BEDROOMS | BATHS | UNITS | DISTRIBUTION | VACANT | %VACANT | MEDIAN GROSS RENT |
| 2 | 1.5 | 6 | 60.0% | 0 | 0.0% | \$861 |
| 2 | 2 | 4 | 40.0% | 0 | 0.0% | \$861 |
| TOTAL | | 10 | 100.0% | 0 | 0.0% | |

| TAX CREDIT, GOVERNMENT-SUBSIDIZED | | | | | | |
|-----------------------------------|-------|------------|---------------|----------|-------------|-------------------|
| BEDROOMS | BATHS | UNITS | DISTRIBUTION | VACANT | %VACANT | MEDIAN GROSS RENT |
| 1 | 1 | 55 | 42.0% | 1 | 1.8% | N.A. |
| 2 | 1 | 2 | 1.5% | 0 | 0.0% | N.A. |
| 2 | 1.5 | 65 | 49.6% | 0 | 0.0% | N.A. |
| 3 | 1.5 | 9 | 6.9% | 0 | 0.0% | N.A. |
| TOTAL | | 131 | 100.0% | 1 | 0.8% | |

| GOVERNMENT-SUBSIDIZED | | | | | | |
|-----------------------|-------|------------|---------------|----------|--------------|-------------------|
| BEDROOMS | BATHS | UNITS | DISTRIBUTION | VACANT | %VACANT | MEDIAN GROSS RENT |
| 1 | 1 | 16 | 32.0% | 3 | 18.8% | N.A. |
| 2 | 1 | 34 | 68.0% | 2 | 5.9% | N.A. |
| TOTAL | | 50 | 100.0% | 5 | 10.0% | |
| GRAND TOTAL | | 191 | - | 6 | 3.1% | |



SURVEY OF PROPERTIES - WARM SPRINGS, GEORGIA

| 1 Warm Springs Apts. (Site) | | | |
|--|--|---|---|
|  | Address 4161 White House Pkwy. Warm Springs, GA 31830 | Phone (706) 655-3450 (Contact by phone) | Total Units 22 |
| | Year Built 1993 Comments 60% AMHI; RD 515, has RA (10 units); Accepts HCV (0 currently) | Contact Myra | Vacancies 1 Occupied 95.5% Floors 1,2 Quality Rating B- |
| | | | Waiting List 2-br: 3 households |
| 2 Pigeon Bluff Apts. | | | |
|  | Address 1135 Warm Springs Hwy. Manchester, GA 31816 | Phone (706) 846-3073 (Contact by phone) | Total Units 18 |
| | Year Built 1993 Comments 60% AMHI; RD 515, has RA (14 units); Accepts HCV (0 currently) | Contact Sharon | Vacancies 0 Occupied 100.0% Floors 1,2 Quality Rating B |
| | | | Waiting List 2 households |
| 3 Hidden Creek Apts. | | | |
|  | Address 1000 Nebula Rd. Manchester, GA 31816 | Phone (706) 846-9370 (Contact by phone) | Total Units 49 |
| | Year Built 1990 Comments 60% AMHI; RD 515, has RA (45 units); Accepts HCV (0 currently) | Contact Sharon | Vacancies 0 Occupied 100.0% Floors 1,2 Quality Rating B- |
| | | | Waiting List 3-br: 2 households |
| 4 Pigeon Creek Apts. | | | |
|  | Address 43 Rose Ct. Manchester, GA 31816 | Phone (706) 846-3073 (Contact by phone) | Total Units 42 |
| | Year Built 1992 Comments 60% AMHI; RD 515, has RA (42 units) | Contact Sharon | Vacancies 0 Occupied 100.0% Floors 1 Quality Rating B Senior Restricted (62+) Waiting List |
| | | | 5 households |
| 5 Cross Creeks Apts. | | | |
|  | Address 1129 Warm Springs Hwy. Manchester, GA 31816 | Phone (706) 846-2997 (Contact by phone) | Total Units 50 |
| | Year Built 1987 Renovated 2007 Comments RD 515, has RA (27 units); HCV (5 units); Former Tax Credit property; Vacancies due to previous management & age of property; One 2-br manager unit not included in total; 2-br units have storage; Sqaure footage estimated | Contact Margie | Vacancies 5 Occupied 90.0% Floors 1,2 Quality Rating C |
| | | | Waiting List None |

Project Type

| | |
|---|--|
| ■ | Market-rate |
| ■ | Market-rate/Tax Credit |
| ■ | Market-rate/Government-subsidized |
| ■ | Market-rate/Tax Credit/Government-subsidized |
| ■ | Tax Credit |
| ■ | Tax Credit/Government-subsidized |
| ■ | Government-subsidized |

Survey Date: October 2013

SURVEY OF PROPERTIES - WARM SPRINGS, GEORGIA

| 6 1 & 3 Foster St. | | | |
|--|--|---|---|
|  | Address 1 & 3 Foster St. Manchester, GA 31816 | Phone (706) 656-6228 (Contact by phone) | Total Units 2 |
| | Year Built 1998 Comments Duplex; Year built estimated | Contact Pete | Vacancies 0 Occupied 100.0% Floors 1 Quality Rating B+ |
| | | | Waiting List None |
| 7 502-506 3rd St. | | | |
|  | Address 502-506 3rd St. Manchester, GA 31816 | Phone (706) 656-6228 (Contact by phone) | Total Units 4 |
| | Year Built 2001 Comments Duplexes; Year built estimated | Contact Pete | Vacancies 0 Occupied 100.0% Floors 1 Quality Rating B+ |
| | | | Waiting List None |
| 8 537 W. Main St. | | | |
|  | Address 537 W. Main St. Manchester, GA 31816 | Phone (706) 656-6228 (Contact by phone) | Total Units 2 |
| | Year Built 2000 Comments Duplex | Contact Pete | Vacancies 0 Occupied 100.0% Floors 1 Quality Rating A |
| | | | Waiting List None |
| 9 999 W. Main St. | | | |
|  | Address 999 W. Main St. Manchester, GA 31816 | Phone (706) 656-6228 (Contact by phone) | Total Units 2 |
| | Year Built 2001 Comments Duplex; Year built estimated | Contact Pete | Vacancies 0 Occupied 100.0% Floors 1 Quality Rating A- |
| | | | Waiting List None |

Project Type

| |
|--|
| Market-rate |
| Market-rate/Tax Credit |
| Market-rate/Government-subsidized |
| Market-rate/Tax Credit/Government-subsidized |
| Tax Credit |
| Tax Credit/Government-subsidized |
| Government-subsidized |

Survey Date: October 2013

COLLECTED RENTS - WARM SPRINGS, GEORGIA

| MAP ID | GARDEN UNITS | | | | | TOWNHOUSE UNITS | | | |
|--------|--------------|------|-------|------|-------|-----------------|------|------|-------|
| | STUDIO | 1-BR | 2-BR | 3-BR | 4+ BR | 1-BR | 2-BR | 3-BR | 4+ BR |
| 6 | | | \$600 | | | | | | |
| 7 | | | \$600 | | | | | | |
| 8 | | | \$600 | | | | | | |
| 9 | | | \$600 | | | | | | |

| | |
|---|--|
| ◆ | Senior Restricted |
| ■ | Market-rate |
| ■ | Market-rate/Tax Credit |
| ■ | Market-rate/Government-subsidized |
| ■ | Market-rate/Tax Credit/Government-subsidized |
| ■ | Tax Credit |
| ■ | Tax Credit/Government-subsidized |
| ■ | Government-subsidized |

Survey Date: October 2013

PRICE PER SQUARE FOOT - WARM SPRINGS, GEORGIA

| TWO-BEDROOM UNITS | | | | | |
|-------------------|------------------|-------|-----------|------------|--------------|
| MAP ID | PROJECT NAME | BATHS | UNIT SIZE | GROSS RENT | \$ / SQ. FT. |
| 6 | 1 & 3 Foster St. | 1.5 | 790 | \$841 | \$1.06 |
| 7 | 502-506 3rd St. | 1.5 | 890 | \$861 | \$0.97 |
| 8 | 537 W. Main St. | 2 | 900 | \$861 | \$0.96 |
| 9 | 999 W. Main St. | 2 | 875 | \$861 | \$0.98 |

| | |
|---|--|
| ◆ | Senior Restricted |
| ■ | Market-rate |
| ■ | Market-rate/Tax Credit |
| ■ | Market-rate/Government-subsidized |
| ■ | Market-rate/Tax Credit/Government-subsidized |
| ■ | Tax Credit |
| ■ | Tax Credit/Government-subsidized |
| ■ | Government-subsidized |

Survey Date: October 2013

AVERAGE GROSS RENT PER SQUARE FOOT - WARM SPRINGS,
 GEORGIA

| MARKET-RATE | | | |
|--------------------|---------------|---------------|-----------------|
| UNIT TYPE | ONE-BR | TWO-BR | THREE-BR |
| GARDEN | \$0.00 | \$0.99 | \$0.00 |
| TOWNHOUSE | \$0.00 | \$0.00 | \$0.00 |

| TAX CREDIT (NON-SUBSIDIZED) | | | |
|------------------------------------|---------------|---------------|-----------------|
| UNIT TYPE | ONE-BR | TWO-BR | THREE-BR |
| GARDEN | \$0.00 | \$0.00 | \$0.00 |
| TOWNHOUSE | \$0.00 | \$0.00 | \$0.00 |

| COMBINED | | | |
|------------------|---------------|---------------|-----------------|
| UNIT TYPE | ONE-BR | TWO-BR | THREE-BR |
| GARDEN | \$0.00 | \$0.99 | \$0.00 |
| TOWNHOUSE | \$0.00 | \$0.00 | \$0.00 |

TAX CREDIT UNITS - WARM SPRINGS, GEORGIA

| ONE-BEDROOM UNITS | | | | | | |
|---------------------|---------------------------|-------|-------------|------------|--------|----------------|
| MAP ID | PROJECT NAME | UNITS | SQUARE FEET | # OF BATHS | % AMHI | COLLECTED RENT |
| 3 | Hidden Creek Apts. | 7 | 650 | 1 | 60% | \$360 - \$538 |
| 1 | Warm Springs Apts. (Site) | 4 | 643 | 1 | 60% | \$390 - \$556 |
| ◆ 4 | Pigeon Creek Apts. | 40 | 650 | 1 | 60% | \$405 - \$548 |
| 2 | Pigeon Bluff Apts. | 4 | 637 | 1 | 60% | \$410 - \$554 |
| TWO-BEDROOM UNITS | | | | | | |
| MAP ID | PROJECT NAME | UNITS | SQUARE FEET | # OF BATHS | % AMHI | COLLECTED RENT |
| 3 | Hidden Creek Apts. | 37 | 909 | 1.5 | 60% | \$390 - \$555 |
| ◆ 4 | Pigeon Creek Apts. | 2 | 798 | 1 | 60% | \$420 - \$571 |
| 2 | Pigeon Bluff Apts. | 12 | 925 | 1.5 | 60% | \$425 - \$612 |
| 1 | Warm Springs Apts. (Site) | 16 | 938 | 1.5 | 60% | \$425 - \$575 |
| THREE-BEDROOM UNITS | | | | | | |
| MAP ID | PROJECT NAME | UNITS | SQUARE FEET | # OF BATHS | % AMHI | COLLECTED RENT |
| 3 | Hidden Creek Apts. | 5 | 920 | 1.5 | 60% | \$405 - \$565 |
| 1 | Warm Springs Apts. (Site) | 2 | 963 | 1.5 | 60% | \$435 - \$585 |
| 2 | Pigeon Bluff Apts. | 2 | 949 | 1.5 | 60% | \$440 - \$648 |

◆ - Senior Restricted

QUALITY RATING - WARM SPRINGS, GEORGIA

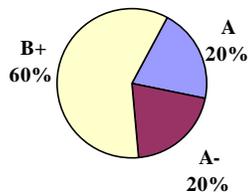
MARKET-RATE PROJECTS AND UNITS

| QUALITY RATING | PROJECTS | TOTAL UNITS | VACANCY RATE | MEDIAN GROSS RENT | | | | |
|----------------|----------|-------------|--------------|-------------------|--------|--------|----------|---------|
| | | | | STUDIOS | ONE-BR | TWO-BR | THREE-BR | FOUR-BR |
| A | 1 | 2 | 0.0% | | | \$861 | | |
| A- | 1 | 2 | 0.0% | | | \$861 | | |
| B+ | 2 | 6 | 0.0% | | | \$861 | | |

DISTRIBUTION OF UNITS BY QUALITY RATING

MARKET-RATE UNITS

TAX CREDIT UNITS



YEAR BUILT - WARM SPRINGS, GEORGIA *

| YEAR RANGE | PROJECTS | UNITS | VACANT | % VACANT | TOTAL UNITS | DISTRIBUTION |
|--------------|----------|-----------|----------|-------------|-------------|----------------|
| Before 1970 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| 1970 to 1979 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| 1980 to 1989 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| 1990 to 1999 | 1 | 2 | 0 | 0.0% | 2 | 20.0% |
| 2000 to 2005 | 3 | 8 | 0 | 0.0% | 10 | 80.0% |
| 2006 | 0 | 0 | 0 | 0.0% | 10 | 0.0% |
| 2007 | 0 | 0 | 0 | 0.0% | 10 | 0.0% |
| 2008 | 0 | 0 | 0 | 0.0% | 10 | 0.0% |
| 2009 | 0 | 0 | 0 | 0.0% | 10 | 0.0% |
| 2010 | 0 | 0 | 0 | 0.0% | 10 | 0.0% |
| 2011 | 0 | 0 | 0 | 0.0% | 10 | 0.0% |
| 2012 | 0 | 0 | 0 | 0.0% | 10 | 0.0% |
| 2013** | 0 | 0 | 0 | 0.0% | 10 | 0.0% |
| TOTAL | 4 | 10 | 0 | 0.0% | 10 | 100.0 % |

* Only Market-Rate and Tax Credit projects. Does not include government-subsidized projects.

** As of October 2013

Survey Date: October 2013

APPLIANCES AND UNIT AMENITIES - WARM SPRINGS, GEORGIA

| APPLIANCES | | | |
|-----------------------|-----------------|----------------|---------------|
| APPLIANCE | PROJECTS | PERCENT | UNITS* |
| RANGE | 4 | 100.0% | 10 |
| REFRIGERATOR | 4 | 100.0% | 10 |
| ICEMAKER | 0 | 0.0% | |
| DISHWASHER | 2 | 50.0% | 4 |
| DISPOSAL | 4 | 100.0% | 10 |
| MICROWAVE | 0 | 0.0% | |
| UNIT AMENITIES | | | |
| AMENITY | PROJECTS | PERCENT | UNITS* |
| AC - CENTRAL | 4 | 100.0% | 10 |
| AC - WINDOW | 0 | 0.0% | |
| FLOOR COVERING | 4 | 100.0% | 10 |
| WASHER/DRYER | 0 | 0.0% | |
| WASHER/DRYER HOOK-UP | 4 | 100.0% | 10 |
| PATIO/DECK/BALCONY | 4 | 100.0% | 10 |
| CEILING FAN | 0 | 0.0% | |
| FIREPLACE | 0 | 0.0% | |
| BASEMENT | 0 | 0.0% | |
| INTERCOM SYSTEM | 0 | 0.0% | |
| SECURITY SYSTEM | 0 | 0.0% | |
| WINDOW TREATMENTS | 4 | 100.0% | 10 |
| FURNISHED UNITS | 0 | 0.0% | |
| E-CALL BUTTON | 0 | 0.0% | |

* - Does not include units where appliances/amenities are optional; Only includes market-rate or non-government subsidized Tax Credit.

PROJECT AMENITIES - WARM SPRINGS, GEORGIA

| PROJECT AMENITIES | | | |
|--------------------------|-----------------|----------------|--------------|
| AMENITY | PROJECTS | PERCENT | UNITS |
| POOL | 0 | 0.0% | |
| ON-SITE MANAGEMENT | 0 | 0.0% | |
| LAUNDRY | 0 | 0.0% | |
| CLUB HOUSE | 0 | 0.0% | |
| MEETING ROOM | 0 | 0.0% | |
| FITNESS CENTER | 0 | 0.0% | |
| JACUZZI/SAUNA | 0 | 0.0% | |
| PLAYGROUND | 0 | 0.0% | |
| COMPUTER LAB | 0 | 0.0% | |
| SPORTS COURT | 0 | 0.0% | |
| STORAGE | 0 | 0.0% | |
| LAKE | 0 | 0.0% | |
| ELEVATOR | 0 | 0.0% | |
| SECURITY GATE | 0 | 0.0% | |
| BUSINESS CENTER | 0 | 0.0% | |
| CAR WASH AREA | 0 | 0.0% | |
| PICNIC AREA | 0 | 0.0% | |
| CONCIERGE SERVICE | 0 | 0.0% | |
| SOCIAL SERVICE PACKAGE | 0 | 0.0% | |

DISTRIBUTION OF UTILITIES - WARM SPRINGS, GEORGIA

| UTILITY (RESPONSIBILITY) | NUMBER OF PROJECTS | NUMBER OF UNITS | DISTRIBUTION OF UNITS |
|-----------------------------|-----------------------|--------------------|--------------------------|
| HEAT | | | |
| TENANT | | | |
| ELECTRIC | 9 | 191 | 100.0% |
| | | | 100.0% |
| COOKING FUEL | | | |
| TENANT | | | |
| ELECTRIC | 9 | 191 | 100.0% |
| | | | 100.0% |
| HOT WATER | | | |
| TENANT | | | |
| ELECTRIC | 9 | 191 | 100.0% |
| | | | 100.0% |
| ELECTRIC | | | |
| TENANT | | | |
| | 9 | 191 | 100.0% |
| | | | 100.0% |
| WATER | | | |
| LANDLORD | 1 | 42 | 22.0% |
| TENANT | 8 | 149 | 78.0% |
| | | | 100.0% |
| SEWER | | | |
| LANDLORD | 1 | 42 | 22.0% |
| TENANT | 8 | 149 | 78.0% |
| TRASH PICK-UP | | | |
| LANDLORD | 2 | 44 | 23.0% |
| TENANT | 7 | 147 | 77.0% |
| | | | 100.0% |

UTILITY ALLOWANCE - WARM SPRINGS, GEORGIA

| BR | UNIT TYPE | HEATING | | | | HOT WATER | | COOKING | | ELEC | WATER | SEWER | TRASH | CABLE |
|----|-----------|---------|------|-------|-------|-----------|------|---------|------|-------|-------|-------|-------|-------|
| | | GAS | ELEC | STEAM | OTHER | GAS | ELEC | GAS | ELEC | | | | | |
| 0 | GARDEN | \$20 | \$23 | | \$7 | \$16 | \$21 | \$6 | \$7 | \$42 | \$17 | \$28 | \$20 | \$20 |
| 1 | GARDEN | \$28 | \$33 | | \$7 | \$22 | \$29 | \$9 | \$9 | \$60 | \$22 | \$37 | \$20 | \$20 |
| 1 | TOWNHOUSE | \$28 | \$33 | | \$7 | \$22 | \$29 | \$9 | \$9 | \$60 | \$22 | \$37 | \$20 | \$20 |
| 2 | GARDEN | \$35 | \$42 | | \$9 | \$28 | \$37 | \$10 | \$12 | \$76 | \$28 | \$46 | \$20 | \$20 |
| 2 | TOWNHOUSE | \$35 | \$42 | | \$9 | \$28 | \$37 | \$10 | \$12 | \$76 | \$28 | \$46 | \$20 | \$20 |
| 3 | GARDEN | \$44 | \$51 | | \$14 | \$34 | \$45 | \$13 | \$15 | \$93 | \$35 | \$57 | \$20 | \$20 |
| 3 | TOWNHOUSE | \$44 | \$51 | | \$14 | \$34 | \$45 | \$13 | \$15 | \$93 | \$35 | \$57 | \$20 | \$20 |
| 4 | GARDEN | \$56 | \$65 | | \$17 | \$42 | \$57 | \$16 | \$19 | \$118 | \$43 | \$71 | \$20 | \$20 |
| 4 | TOWNHOUSE | \$56 | \$65 | | \$17 | \$42 | \$57 | \$16 | \$19 | \$118 | \$43 | \$71 | \$20 | \$20 |

ADDENDUM B

COMPARABLE PROPERTY PROFILES

6 1 & 3 Foster St.

5.5 miles to site



| | | | |
|-----------------------|--|----------------------------|--------|
| Address | 1 & 3 Foster St. Manchester, GA 31816 | | |
| Phone | (706) 656-6228 | Contact | Pete |
| Total Units | 2 | Vacancies | 0 |
| | | Percent Occupied | 100.0% |
| Project Type | Market-Rate | | |
| Year Open | 1998 | Floors | 1 |
| Concessions | No Rent Specials | | |
| Parking | Surface Parking | | |
| Waiting List | NONE | | |
| Quality Rating | B+ | Neighborhood Rating | B |
| Remarks | Duplex; Year built estimated | | |

Features and Utilities

Utilities Landlord pays Trash
Unit Amenities Refrigerator, Range, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Blinds
Project Amenities

Unit Configuration

| BRs | BA's | TYPE | UNITS | VACANT | SQUARE FEET | \$/SQ FT | COLLECTED RENT |
|-----|------|------|-------|--------|-------------|----------|----------------|
| 2 | 1.5 | G | 2 | 0 | 790 | \$0.76 | \$600 |

7 502-506 3rd St. 5.2 miles to site



| | | | |
|-----------------------|---|----------------------------|--------|
| Address | 502-506 3rd St. Manchester, GA 31816 | | |
| Phone | (706) 656-6228 | Contact | Pete |
| Total Units | 4 | Vacancies | 0 |
| | | Percent Occupied | 100.0% |
| Project Type | Market-Rate | | |
| Year Open | 2001 | Floors | 1 |
| Concessions | No Rent Specials | | |
| Parking | Attached Garages, Surface Parking | | |
| Waiting List | NONE | | |
| Quality Rating | B+ | Neighborhood Rating | B |
| Remarks | Duplexes; Year built estimated | | |

Features and Utilities

| | |
|--------------------------|---|
| Utilities | No landlord paid utilities |
| Unit Amenities | Refrigerator, Range, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Blinds |
| Project Amenities | |

Unit Configuration

| BRs | BA's | TYPE | UNITS | VACANT | SQUARE FEET | \$/SQ FT | COLLECTED RENT |
|-----|------|------|-------|--------|-------------|----------|----------------|
| 2 | 1.5 | G | 4 | 0 | 890 | \$0.67 | \$600 |

8 537 W. Main St.

5.2 miles to site



| | | | |
|-----------------------|---|----------------------------|--------|
| Address | 537 W. Main St. Manchester, GA 31816 | | |
| Phone | (706) 656-6228 | Contact | Pete |
| Total Units | 2 | Vacancies | 0 |
| | | Percent Occupied | 100.0% |
| Project Type | Market-Rate | | |
| Year Open | 2000 | Floors | 1 |
| Concessions | No Rent Specials | | |
| Parking | Detached Garages, Surface Parking, Carports | | |
| Waiting List | NONE | | |
| Quality Rating | A | Neighborhood Rating | B |
| Remarks | Duplex | | |

Features and Utilities

Utilities No landlord paid utilities

Unit Amenities Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Blinds

Project Amenities

Unit Configuration

| BRs | BAAs | TYPE | UNITS | VACANT | SQUARE FEET | \$/SQ FT | COLLECTED RENT |
|-----|------|------|-------|--------|-------------|----------|----------------|
| 2 | 2 | G | 2 | 0 | 900 | \$0.67 | \$600 |

9

999 W. Main St.

5.4 miles to site



Address 999 W. Main St.
Manchester, GA 31816

Phone (706) 656-6228 **Contact** Pete

Total Units 2 **Vacancies** 0 **Percent Occupied** 100.0%

Project Type Market-Rate

Year Open 2001 **Floors** 1

Concessions No Rent Specials

Parking Surface Parking

Waiting List NONE

Quality Rating A- **Neighborhood Rating** B

Remarks Duplex; Year built estimated



Features and Utilities

Utilities No landlord paid utilities
Unit Amenities Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Blinds
Project Amenities

Unit Configuration

| BRs | BAAs | TYPE | UNITS | VACANT | SQUARE FEET | \$ / SQ FT | COLLECTED RENT |
|-----|------|------|-------|--------|-------------|------------|----------------|
| 2 | 2 | G | 2 | 0 | 875 | \$0.69 | \$600 |

902 Autumn Ridge

27.8 miles to site



| | | | |
|-----------------------|--|----------------------------|--------|
| Address | 1246 Mooty Bridge Rd. Lagrange, GA 30240 | | |
| Phone | (706) 247-7474 | Contact | Sharon |
| Total Units | 80 | Vacancies | 4 |
| | | Percent Occupied | 95.0% |
| Project Type | Market-Rate | | |
| Year Open | 1978 | Renovated | 2012 |
| | | Floors | 2 |
| Concessions | \$100 off 1st three month's rent with 12 month lease | | |
| Parking | Surface Parking | | |
| Waiting List | NONE | | |
| Quality Rating | B | Neighborhood Rating | B |
| Remarks | HCV (3 units); Rent range based on unit updates | | |

Features and Utilities

| | |
|--------------------------|---|
| Utilities | Landlord pays Water, Sewer, Trash |
| Unit Amenities | Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds, Storage |
| Project Amenities | Swimming Pool, On-site Management, Playground, Picnic Area |

Unit Configuration

| BRs | BAAs | TYPE | UNITS | VACANT | SQUARE FEET | \$ / SQ FT | COLLECTED RENT |
|-----|------|------|-------|--------|-------------|-----------------|----------------|
| 1 | 1 | G | 16 | 0 | 750 | \$0.64 | \$480 |
| 2 | 1.5 | G | 48 | 2 | 950 | \$0.58 - \$0.66 | \$553 to \$628 |
| 3 | 2 | G | 16 | 2 | 1175 | \$0.60 | \$700 |

904 Kingsview Apts.

13.0 miles to site



| | | | |
|-----------------------|---|----------------------------|--------|
| Address | 323 S. King Ave. Pine Mountain, GA 31822 | | |
| Phone | (706) 329-3444 | Contact | Gary |
| Total Units | 12 | Vacancies | 0 |
| | | Percent Occupied | 100.0% |
| Project Type | Market-Rate | | |
| Year Open | 1980 | Floors | 2 |
| Concessions | No Rent Specials | | |
| Parking | Surface Parking | | |
| Waiting List | NONE | | |
| Quality Rating | B+ | Neighborhood Rating | B |
| Remarks | Accepts HCV (0 currently); Square footage estimated | | |

Features and Utilities

| | |
|--------------------------|---|
| Utilities | Landlord pays Trash |
| Unit Amenities | Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Blinds |
| Project Amenities | |

Unit Configuration

| BRs | BAAs | TYPE | UNITS | VACANT | SQUARE FEET | \$ / SQ FT | COLLECTED RENT |
|-----|------|------|-------|--------|-------------|------------|----------------|
| 2 | 1 | G | 8 | 0 | 650 | \$0.73 | \$475 |
| 3 | 1 | G | 4 | 0 | 920 | \$0.57 | \$525 |

909 Woodland Trail

25.7 miles to site



| | | | |
|-----------------------|--|----------------------------|---------|
| Address | 140 N. Davis Rd. Lagrange, GA 30241 | | |
| Phone | (706) 405-3982 | Contact | Valerie |
| Total Units | 236 | Vacancies | 5 |
| | | Percent Occupied | 97.9% |
| Project Type | Market-Rate | | |
| Year Open | 2009 | Floors | 3 |
| Concessions | No Rent Specials | | |
| Parking | Detached Garages, Surface Parking | | |
| Waiting List | NONE | | |
| Quality Rating | B+ | Neighborhood Rating | B |
| Remarks | Does not accept HCV | | |

Features and Utilities

| | |
|--------------------------|--|
| Utilities | Landlord pays Water, Sewer, Trash |
| Unit Amenities | Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds, Exterior Storage |
| Project Amenities | Swimming Pool, On-site Management, Laundry Facility, Club House, Fitness Center, Playground, Picnic Area, Jog/Bike Trail, Dog Park |

Unit Configuration

| BRs | BAAs | TYPE | UNITS | VACANT | SQUARE FEET | \$ / SQ FT | COLLECTED RENT |
|-----|------|------|-------|--------|-------------|------------|----------------|
| 1 | 1 | G | 24 | 2 | 850 | \$0.93 | \$790 |
| 1 | 1 | G | 22 | 1 | 770 | \$1.00 | \$770 |
| 2 | 2 | G | 141 | 1 | 1100 | \$0.78 | \$860 |
| 3 | 2 | G | 49 | 1 | 1200 | \$0.80 | \$960 |

911 Sunridge Apts.

26.4 miles to site



| | | | |
|-----------------------|--|----------------------------|---------|
| Address | 1235 Hogansville Rd. Lagrange, GA 30241 | | |
| Phone | (706) 621-6935 | Contact | Tiffany |
| Total Units | 192 | Vacancies | 12 |
| | | Percent Occupied | 93.8% |
| Project Type | Market-Rate | | |
| Year Open | 2000 | Floors | 3 |
| Concessions | No Rent Specials | | |
| Parking | Detached Garages, Surface Parking | | |
| Waiting List | NONE | | |
| Quality Rating | A- | Neighborhood Rating | B |
| Remarks | Does not accept HCV | | |

Features and Utilities

| | |
|--------------------------|---|
| Utilities | Landlord pays Trash |
| Unit Amenities | Refrigerator, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds, Exterior Storage |
| Project Amenities | Swimming Pool, On-site Management, Laundry Facility, Club House, Fitness Center, Playground, Sports Court, Lake, Car Wash Area |

Unit Configuration

| BRs | BAAs | TYPE | UNITS | VACANT | SQUARE FEET | \$/SQ FT | COLLECTED RENT |
|-----|------|------|-------|--------|-------------|----------|----------------|
| 1 | 1 | G | 68 | 4 | 796 | \$0.85 | \$680 |
| 2 | 2 | G | 78 | 5 | 1084 | \$0.71 | \$765 |
| 3 | 2 | G | 46 | 3 | 1263 | \$0.68 | \$860 |

903 Greenville Commons Apts.

11.1 miles to site



| | | | |
|-----------------------|---|----------------------------|--------|
| Address | 738 N. Depot St. Greenville, GA 30222 | | |
| Phone | (706) 672-2366 | Contact | Wanda |
| Total Units | 36 | Vacancies | 0 |
| | | Percent Occupied | 100.0% |
| Project Type | Market-Rate & Tax Credit | | |
| Year Open | 2005 | Floors | 2,3 |
| Concessions | No Rent Specials | | |
| Parking | Surface Parking | | |
| Waiting List | 7 households | | |
| Quality Rating | A | Neighborhood Rating | B |
| Remarks | Market-rate (8 units); 30%, 50%, 60% AMH (28 units); Accepts HCV (0 currently); Square footage estimated | | |

Features and Utilities

| | |
|--------------------------|--|
| Utilities | Landlord pays Water, Sewer, Trash |
| Unit Amenities | Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds |
| Project Amenities | Swimming Pool, On-site Management, Laundry Facility, Club House, Fitness Center, Playground, Sports Court, Picnic Area |

Unit Configuration

| BRs | BAAs | TYPE | UNITS | VACANT | SQUARE FEET | \$/SQ FT | COLLECTED RENT | AMHI |
|-----|------|------|-------|--------|-------------|----------|----------------|------|
| 2 | 2 | G | 4 | 0 | 1124 | \$0.52 | \$580 | |
| 2 | 2 | G | 2 | 0 | 1124 | \$0.51 | \$574 | 60% |
| 2 | 2 | G | 8 | 0 | 1124 | \$0.41 | \$456 | 50% |
| 2 | 2 | G | 2 | 0 | 1124 | \$0.19 | \$219 | 30% |
| 3 | 2 | G | 4 | 0 | 1334 | \$0.49 | \$656 | |
| 3 | 2 | G | 4 | 0 | 1334 | \$0.49 | \$650 | 60% |
| 3 | 2 | G | 9 | 0 | 1334 | \$0.39 | \$514 | 50% |
| 3 | 2 | G | 3 | 0 | 1334 | \$0.18 | \$241 | 30% |

906 Laurel Ridge

27.7 miles to site



Address 101 Laurel Ridge Ave. E
LaGrange, GA 30240

Phone (706) 882-7668 **Contact** Sheryl

Total Units 70 **Vacancies** 0 **Percent Occupied** 100.0%

Project Type Tax Credit

Year Open 2008 **Floors** 1

Concessions No Rent Specials

Parking Surface Parking

Waiting List 300 households

Quality Rating B **Neighborhood Rating** C

Remarks 30%, 50% & 60% AMHI; HCV (17units); Seven handicap units have washer/dryers

**Features and Utilities**

Utilities Landlord pays Trash

Unit Amenities Refrigerator, Range, Dishwasher, Disposal, Microwave, Central AC, Vinyl Flooring, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds

Project Amenities On-site Management, Laundry Facility, Meeting Room, Fitness Center, Playground, Sports Court, Computer Lab, Picnic Area

Unit Configuration

| BRs | BAAs | TYPE | UNITS | VACANT | SQUARE FEET | \$/SQ FT | COLLECTED RENT | AMHI |
|-----|------|------|-------|--------|-------------|----------|----------------|------|
| 2 | 2 | G | 8 | 0 | 1468 | \$0.39 | \$579 | 60% |
| 2 | 2 | G | 8 | 0 | 1468 | \$0.31 | \$462 | 50% |
| 2 | 2 | G | 2 | 0 | 1468 | \$0.16 | \$229 | 30% |
| 3 | 2 | G | 21 | 0 | 1582 | \$0.41 | \$654 | 60% |
| 3 | 2 | G | 21 | 0 | 1582 | \$0.33 | \$519 | 50% |
| 3 | 2 | G | 5 | 0 | 1582 | \$0.16 | \$250 | 30% |
| 4 | 2 | G | 4 | 0 | 1752 | \$0.39 | \$678 | 60% |
| 4 | 2 | G | 1 | 0 | 1752 | \$0.30 | \$528 | 50% |



| | | | |
|-----------------------|--|----------------------------|--------|
| Address | 110 Old Airport Rd. LaGrange, GA 30240 | | |
| Phone | (706) 443-5330 | Contact | Jamie |
| Total Units | 72 | Vacancies | 0 |
| | | Percent Occupied | 100.0% |
| Project Type | Tax Credit | | |
| Year Open | 2010 | Floors | 2 |
| Concessions | No Rent Specials | | |
| Parking | Surface Parking | | |
| Waiting List | 350 households | | |
| Quality Rating | A | Neighborhood Rating | B |
| Remarks | 50% & 60% AMHI; HCV (4 units); HOME Funds (11 units, lower rents); Handicap designated units have washer/dryers; Began preleasing & opened 7/2010, 100% occupied 12/2010 | | |

Features and Utilities

| | |
|--------------------------|---|
| Utilities | Landlord pays Trash |
| Unit Amenities | Refrigerator, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds |
| Project Amenities | Swimming Pool, On-site Management, Laundry Facility, Meeting Room, Playground, Picnic Area, Social Services, Gazebo |

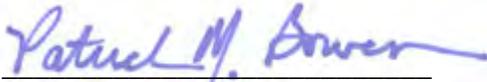
Unit Configuration

| BRs | BAAs | TYPE | UNITS | VACANT | SQUARE FEET | \$/SQ FT | COLLECTED RENT | AMHI |
|-----|------|------|-------|--------|-------------|-----------------|----------------|------|
| 1 | 1 | G | 2 | 0 | 808 | \$0.49 - \$0.60 | \$395 to \$481 | 60% |
| 1 | 1 | G | 6 | 0 | 808 | \$0.46 - \$0.47 | \$375 to \$381 | 50% |
| 2 | 2 | G | 7 | 0 | 1056 | \$0.46 - \$0.52 | \$484 to \$550 | 60% |
| 2 | 2 | G | 24 | 0 | 1056 | \$0.39 - \$0.41 | \$407 to \$432 | 50% |
| 3 | 2 | G | 9 | 0 | 1211 | \$0.52 - \$0.52 | \$627 to \$635 | 60% |
| 3 | 2 | G | 24 | 0 | 1211 | \$0.41 | \$500 | 50% |

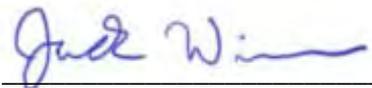
ADDENDUM C – Member Certification & Checklist

This market study has been prepared by Bowen National Research, a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the *Standard Definitions of Key Terms Used in Market Studies for Housing Projects*, and *Model Content Standards for the Content of Market Studies for Housing Projects*. These Standards are designed to enhance the quality of market studies and to make them easier to prepare, understand, and use by market analysts and by the end users. These Standards are voluntary only, and no legal responsibility regarding their use is assumed by the National Council of Housing Market Analysts.

Bowen National Research is duly qualified and experienced in providing market analysis for housing. The company's principals participate in the National Council of Housing Market Analysts (NCHMA) educational and information sharing programs to maintain the highest professional standards and state-of-the-art knowledge. Bowen National Research is an independent market analyst. No principal or employee of Bowen National Research has any financial interest whatsoever in the development for which this analysis has been undertaken.



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Note: Information on the National Council of Housing Market Analysts may be obtained by calling 202-939-1750, or by visiting <http://www.housingonline.com/MarketStudiesNCAHMA/AboutNCAHMA/tabid/234/Default.aspx>

ADDENDUM-MARKET STUDY INDEX

A. INTRODUCTION

Members of the National Council of Housing Market Analysts provide a checklist referencing all components of their market study. This checklist is intended to assist readers on the location content of issues relevant to the evaluation and analysis of market studies.

B. DESCRIPTION AND PROCEDURE FOR COMPLETING

The following components have been addressed in this market study. The section number of each component is noted below. Each component is fully discussed in that section. In cases where the item is not relevant, the author has indicated 'N/A' or not applicable. Where a conflict with or variation from client standards or client requirements exists, the author has indicated a 'VAR' (variation) with a comment explaining the conflict.

C. CHECKLIST

| | | Section (s) |
|---------------------------------|---|-------------|
| Executive Summary | | |
| 1. | Executive Summary | A |
| Project Description | | |
| 2. | Proposed number of bedrooms and baths proposed, income limitations, proposed rents and utility allowances | B |
| 3. | Utilities (and utility sources) included in rent | B |
| 4. | Project design description | B |
| 5. | Unit and project amenities; parking | B |
| 6. | Public programs included | B |
| 7. | Target population description | B |
| 8. | Date of construction/preliminary completion | B |
| 9. | If rehabilitation, existing unit breakdown and rents | B |
| 10. | Reference to review/status of project plans | B |
| Location and Market Area | | |
| 11. | Market area/secondary market area description | D |
| 12. | Concise description of the site and adjacent parcels | C |
| 13. | Description of site characteristics | C |
| 14. | Site photos/maps | C |
| 15. | Map of community services | C |
| 16. | Visibility and accessibility evaluation | C |
| 17. | Crime Information | C |

CHECKLIST (Continued)

| | | Section (s) |
|------------------------------------|---|----------------|
| Employment and Economy | | |
| 18. | Employment by industry | E |
| 19. | Historical unemployment rate | E |
| 20. | Area major employers | E |
| 21. | Five-year employment growth | E |
| 22. | Typical wages by occupation | E |
| 23. | Discussion of commuting patterns of area workers | E |
| Demographic Characteristics | | |
| 24. | Population and household estimates and projections | E |
| 25. | Area building permits | E |
| 26. | Distribution of income | E |
| 27. | Households by tenure | E |
| Competitive Environment | | |
| 28. | Comparable property profiles | Addendum B |
| 29. | Map of comparable properties | G |
| 30. | Comparable property photographs | Addendum B |
| 31. | Existing rental housing evaluation | G |
| 32. | Comparable property discussion | G |
| 33. | Area vacancy rates, including rates for Tax Credit and government-subsidized | G |
| 34. | Comparison of subject property to comparable properties | G |
| 35. | Availability of Housing Choice Vouchers | G |
| 36. | Identification of waiting lists | G & Addendum A |
| 37. | Description of overall rental market including share of market-rate and affordable properties | G |
| 38. | List of existing LIHTC properties | G |
| 39. | Discussion of future changes in housing stock | G |
| 40. | Discussion of availability and cost of other affordable housing options including homeownership | G |
| 41. | Tax Credit and other planned or under construction rental communities in market area | G |
| Analysis/Conclusions | | |
| 42. | Calculation and analysis of Capture Rate | F |
| 43. | Calculation and analysis of Penetration Rate | F |
| 44. | Evaluation of proposed rent levels | G |
| 45. | Derivation of Achievable Market Rent and Market Advantage | G |
| 46. | Derivation of Achievable Restricted Rent | G |
| 47. | Precise statement of key conclusions | A |
| 48. | Market strengths and weaknesses impacting project | A |
| 49. | Recommendations and/or modification to project discussion | A |
| 50. | Discussion of subject property's impact on existing housing | G |
| 51. | Absorption projection with issues impacting performance | A |
| 52. | Discussion of risks or other mitigating circumstances impacting project projection | A |
| 53. | Interviews with area housing stakeholders | H |

CHECKLIST (Continued)

| Other Requirements | | Section (s) |
|---------------------------|--|--------------------|
| 54. | Preparation date of report | Title Page |
| 55. | Date of Field Work | Addendum A |
| 56. | Certifications | J |
| 57. | Statement of qualifications | K |
| 58. | Sources of data not otherwise identified | Addendum D |
| 59. | Utility allowance schedule | Addendum A |

ADDENDUM D - Methodologies, Disclaimers & Sources

1. PURPOSE

The purpose of this report is to evaluate the market feasibility of an existing apartment project in Georgia following renovations under the Low-Income Housing Tax Credit (LIHTC) program. Currently, the project is a Rural Development Section 515 (RD Section 515) project. When applicable, we have incorporated the market study requirements as outlined in exhibits 4-10 and 4-11 of the Rural Development Handbook.

This market feasibility analysis complies with the requirements established by the Georgia Department of Community Affairs/Georgia Housing and Finance Authority (GDCA/GHFA) and conforms to the standards adopted by the National Council of Affordable Housing Market Analysts (NCAHMA). These standards include the accepted definitions of key terms used in market studies for affordable housing projects and model content standards for the content of market studies for affordable housing projects. The standards are designed to enhance the quality of market studies and to make them easier to prepare, understand and use by market analysts and end users.

2. METHODOLOGIES

Methodologies used by Bowen National Research include the following:

- The Primary Market Area (PMA) generated for the subject site is identified. The PMA is generally described as the smallest geographic area expected to generate most of the support for the subject project. PMAs are not defined by a radius. The use of a radius is an ineffective approach because it does not consider mobility patterns, changes in socioeconomic or demographic character of neighborhoods or physical landmarks that might impede development.

PMAs are established using a variety of factors that include, but are not limited to:

- A detailed demographic and socioeconomic evaluation.
- Interviews with area planners, realtors and other individuals who are familiar with area growth patterns.
- A drive-time analysis to the site.
- Personal observations by the field analyst.

- A field survey of modern apartment developments is conducted. The intent of the field survey is twofold. First, the field survey is used to measure the overall strength of the apartment market. This is accomplished by an evaluation of unit mix, vacancies, rent levels and overall quality of product. The second purpose of the field survey is to establish those projects that are most likely directly comparable to the subject property.
- Two types of directly comparable properties are identified through the field survey. They include other Section 42 LIHTC developments and market-rate developments that offer unit and project amenities similar to the subject development. An in-depth evaluation of those two property types provides an indication of the potential of the subject development.
- Economic and demographic characteristics of the area are evaluated. An economic evaluation includes an assessment of area employment composition, income growth (particularly among the target market), building statistics and area growth perceptions. The demographic evaluation uses the most recently issued Census information, as well as projections that determine what the characteristics of the market will be when the subject project renovations are complete and after it achieves a stabilized occupancy.
- Area building statistics and interviews with officials familiar with area development provide identification of those properties that might be planned or proposed for the area that will have an impact on the marketability of the subject development. Planned and proposed projects are always in different stages of development. As a result, it is important to establish the likelihood of construction, the timing of the project and its impact on the market and the subject development.
- We conduct an analysis of the subject project's required capture of the number of income-appropriate households within the PMA based on GDCA's demand estimate guidelines. This capture rate analysis considers all income-qualified renter households. For senior projects, the market analyst is permitted to use conversion of homeowners to renters as an additional support component. Demand is conducted by bedroom type and targeted AMHI for the subject project. The resulting capture rates are compared with acceptable market capture rates for similar types of projects to determine whether the subject development's capture rate is achievable.

- Achievable market rent for the subject development is determined. Using a Rent Comparability Grid, the features of the subject development are compared item by item with the most comparable properties in the market. Adjustments are made for each feature that differs from that of the subject development. These adjustments are then included with the collected rent resulting in an achievable market rent for a unit comparable to the proposed unit. This analysis is done for each bedroom type proposed for the site.

3. REPORT LIMITATIONS

The intent of this report is to collect and analyze significant levels of data to forecast the market success of the subject property within an agreed to time period.

Bowen National Research relies on a variety of sources of data to generate this report. These data sources are not always verifiable; Bowen National Research, however, makes a significant effort to assure accuracy. While this is not always possible, we believe our effort provides an acceptable standard margin of error. Bowen National Research is not responsible for errors or omissions in the data provided by other sources.

Any reproduction or duplication of this report without the express approval of Bowen National Research is strictly prohibited.

4. SOURCES

Bowen National Research uses various sources to gather and confirm data used in each analysis. These sources, which are cited throughout this report, include the following:

- The 2000 and 2010 Census on Housing
- American Community Survey
- Urban Decision Group (UDG)
- ESRI
- Area Chamber of Commerce
- Georgia Department of Community Affairs
- U.S. Department of Labor
- U.S. Department of Commerce
- Management for each property included in the survey
- Local planning and building officials
- Local housing authority representatives
- HISTA Data (household income by household size, tenure and age of head of household) by Ribbon Demographics

ADDENDUM E - ACHIEVABLE MARKET RENT ANALYSIS

A. INTRODUCTION

We identified four market-rate properties offering two-bedroom units within the Warm Springs Site PMA that we consider comparable in terms of unit and project amenities to the subject development. Due to the lack of market-rate product offering one- and three-bedroom units within the Site PMA, we identified and surveyed four additional market-rate projects located outside of the Site PMA offering such units in the cities of LaGrange and Pine Mountain that we consider comparable to the subject development based on modern design and age. Note, adjustments for the differences between the Warm Springs market and LaGrange market have been made. As Pine Mountain is considered to be similar to the town of Warm Springs, no adjustments were warranted for such property. These selected properties are used to derive market rent, or the *Conventional Rents for Comparable Units*, for a project with characteristics similar to the subject development. It is important to note that, for the purpose of this analysis, we only select market-rate properties. Market-rate properties are used to determine rents that can be achieved in the open market for the subject units without maximum income and rent restrictions.

The basis for the selection of these projects includes, but is not limited to, the following factors:

- Surrounding neighborhood characteristics
- Target market (seniors, families, disabled, etc.)
- Unit types offered (garden or townhouse, bedroom types, etc.)
- Building type (single-story, mid-rise, high-rise, etc.)
- Unit and project amenities offered
- Age and appearance of property

Since it is unlikely that any two properties are identical, we adjust the collected rent (the actual rent paid by tenants) of the selected properties according to whether or not they compare favorably with the subject development. Rents of projects that have additional or better features than the subject site are adjusted negatively, while projects with inferior or fewer features are adjusted positively. For example, if the subject project does not have a washer or dryer and a selected property does, we lower the collected rent of the selected property by the estimated value of a washer and dryer to derive an *achievable market rent* for a project similar to the project.

The rent adjustments used in this analysis are based on various sources, including known charges for additional features within the Site PMA, estimates made by area property managers and realtors, quoted rental rates from furniture rental companies and Bowen National Research's prior experience in markets nationwide.

It is important to note that one or more of the selected properties may be more similar to the subject property than others. These properties are given more weight in terms of reaching the final achievable market rent determination. While monetary adjustments are made for various unit and project features, the final market rent determination is based upon the judgments of our market analysts.

The subject development and the eight selected properties include the following:

| Map I.D. | Project Name | Year Built/Renovated | Total Units | Occ. Rate | Unit Mix (Occupancy Rate) | | |
|-------------|--------------------------------|----------------------|-------------|--------------|----------------------------|------------------------------|-----------------------------|
| | | | | | One-Br. | Two-Br. | Three-Br. |
| Site | Warm Springs Apartments | 1993 / 2014 | 22 | 95.5% | 4 (75.0%) | 16 (100.0%) | 2 (100.0%) |
| 6 | 1 & 3 Foster St. | 1998 | 2 | 100.0% | - | 2 (100.0%) | - |
| 7 | 502-506 3rd St. | 2001 | 4 | 100.0% | - | 4 (100.0%) | - |
| 8 | 537 W. Main St. | 2000 | 2 | 100.0% | - | 2 (100.0%) | - |
| 9 | 999 W. Main St. | 2001 | 2 | 100.0% | - | 2 (100.0%) | - |
| 902 | Autumn Ridge | 1978 / 2012 | 80 | 95.0% | 16 (100.0%) | 48 (95.8%) | 16 (87.5%) |
| 904 | Kingsview Apts. | 1980 | 12 | 100.0% | - | 8 (100.0%) | 4 (100.0%) |
| 909 | Woodland Trail | 2009 | 236 | 97.9% | 46 (93.5%) | 141 (99.3%) | 49 (98.0%) |
| 911 | Sunridge Apts. | 2000 | 192 | 93.8% | 68 (94.1%) | 78 (93.6%) | 46 (93.5%) |

900 series Map IDs located outside of Site PMA

The eight selected market-rate projects have a combined total of 530 units with an overall occupancy rate of 96.0%, a good rate for rental housing. As such, demonstrating that these comparable properties have been well received within the region and will serve as accurate benchmarks to compare the subject project.

The Rent Comparability Grids on the following pages show the collected rents for each of the selected properties and illustrate adjustments made (as needed) for various features and locations or neighborhood characteristics, as well as for quality differences that exist between the selected properties and the subject development.

Rent Comparability Grid

Unit Type →

ONE BEDROOM

| Subject | | Comp #1 | | Comp #2 | | Comp #3 | | Comp #4 | | Comp #5 | |
|--------------------------|------------------------------------|----------------------|---------------|---------------------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| Warm Springs Apartments | | Sunridge Apts. | | Autumn Ridge | | Woodland Trail | | | | | |
| 4161 White House Parkway | | 1235 Hogansville Rd. | | 1246 Mooty Bridge Rd. | | 140 N. Davis Rd. | | | | | |
| Warm Springs, GA | | Lagrange, GA | | Lagrange, GA | | Lagrange, GA | | | | | |
| A. | Rents Charged | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 1 | \$ Last Rent / Restricted? | \$680 | | \$480 | | \$770 | | | | | |
| 2 | Date Surveyed | Jan-13 | | Jan-13 | | Jan-13 | | | | | |
| 3 | Rent Concessions | None | | None | | None | | | | | |
| 4 | Occupancy for Unit Type | 94% | | 100% | | 95% | | | | | |
| 5 | Effective Rent & Rent/ sq. ft | \$680 | 0.85 | \$480 | 0.64 | \$770 | 1.00 | | | | |
| B. | Design, Location, Condition | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 6 | Structure / Stories | R/1 | | WU/3 | | WU/2 | | WU/3 | | | |
| 7 | Yr. Built/Yr. Renovated | 1991/2014 | | 2000 \$3 | | 1978/2012 \$8 | | 2009 (\$6) | | | |
| 8 | Condition /Street Appeal | G | | E (\$15) | | G | | G | | | |
| 9 | Neighborhood | G | | G | | G | | G | | | |
| 10 | Same Market? | | | No (\$68) | | No (\$48) | | No (\$77) | | | |
| C. | Unit Equipment/ Amenities | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 11 | # Bedrooms | 1 | | 1 | | 1 | | 1 | | | |
| 12 | # Baths | 1 | | 1 | | 1 | | 1 | | | |
| 13 | Unit Interior Sq. Ft. | 643 | | 796 (\$32) | | 750 (\$22) | | 770 (\$26) | | | |
| 14 | Balcony/ Patio | Y | \$5 | N | | Y | | Y | | | |
| 15 | AC: Central/ Wall | C | | C | | C | | C | | | |
| 16 | Range/ refrigerator | R/F | | R/F | | R/F | | R/F | | | |
| 17 | Microwave/ Dishwasher | N/Y | | Y/Y (\$5) | | N/Y | | N/Y | | | |
| 18 | Washer/Dryer | HU/L | | HU/L | | HU \$5 | | HU/L | | | |
| 19 | Floor Coverings | C | | C | | C | | C | | | |
| 20 | Window Coverings | B | | B | | B | | B | | | |
| 21 | Intercom/Security System | N/N | | N/N | | N/N | | N/N | | | |
| 22 | Garbage Disposal | N | | Y (\$5) | | Y (\$5) | | Y (\$5) | | | |
| 23 | Ceiling Fans | Y | \$5 | N | | Y | | Y | | | |
| D. | Site Equipment/ Amenities | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 24 | Parking (\$ Fee) | LOT/\$0 | | LOT/\$0 | | LOT/\$0 | | LOT/\$0 | | | |
| 25 | On-Site Management | Y | | Y | | Y | | Y | | | |
| 26 | Storage | Y | | Y | | Y | | Y | | | |
| 27 | Clubhouse/ Meeting Rooms | N/N | | Y/N (\$5) | | N/N | | Y/N (\$5) | | | |
| 28 | Pool/ Recreation Areas | N | | P/F/S/L (\$21) | | P (\$10) | | P/F/WT (\$18) | | | |
| 29 | Computer Center | N | | N | | N | | N | | | |
| 30 | Picnic Area | Y | \$3 | N | | Y | | Y | | | |
| 31 | Playground | Y | | Y | | Y | | Y | | | |
| 32 | Social Services | N | | N | | N | | N | | | |
| E. | Utilities | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 33 | Heat (in rent?/ type) | N/E | | N/G | | N/E | | N/E | | | |
| 34 | Cooling (in rent?/ type) | N/E | | N/E | | N/E | | N/E | | | |
| 35 | Cooking (in rent?/ type) | N/E | | N/E | | N/E | | N/E | | | |
| 36 | Hot Water (in rent?/ type) | N/E | | N/G | | N/G | | N/E | | | |
| 37 | Other Electric | N | | N | | N | | N | | | |
| 38 | Cold Water/ Sewer | N/N | | N/N | | Y/Y (\$59) | | Y/Y (\$59) | | | |
| 39 | Trash /Recycling | N/N | | Y/N (\$20) | | Y/N (\$20) | | Y/N (\$20) | | | |
| F. | Adjustments Recap | Pos | Neg | Pos | Neg | Pos | Neg | Pos | Neg | Pos | Neg |
| 40 | # Adjustments B to D | 4 | 7 | 2 | 4 | | 6 | | | | |
| 41 | Sum Adjustments B to D | \$16 | (\$151) | \$13 | (\$85) | | (\$137) | | | | |
| 42 | Sum Utility Adjustments | | (\$20) | | (\$79) | | (\$79) | | | | |
| | | Net | Gross | Net | Gross | Net | Gross | Net | Gross | Net | Gross |
| 43 | Net/ Gross Adjmts B to E | | (\$155) | \$187 | (\$151) | \$177 | (\$216) | \$216 | | | |
| G. | Adjusted & Market Rents | Adj. Rent | | Adj. Rent | | Adj. Rent | | Adj. Rent | | Adj. Rent | |
| 44 | Adjusted Rent (5+ 43) | \$525 | | \$329 | | \$554 | | | | | |
| 45 | Adj Rent/Last rent | | 77% | | 68% | | 72% | | | | |
| 46 | Estimated Market Rent | \$490 | \$0.76 | ← Estimated Market Rent/ Sq. Ft | | | | | | | |

Rent Comparability Grid

Unit Type →

TWO BEDROOM

| Subject | | Comp #1 | | Comp #2 | | Comp #3 | | Comp #4 | | Comp #5 | |
|--------------------------|------------------------------------|------------------|---------------|------------------|---------------|---------------------------------|---------------|------------------|---------------|-------------------|---------------|
| Warm Springs Apartments | | 537 W. Main St. | | 502-506 3rd St. | | 1& 3 Foster St. | | 999 W. Main St. | | Kingsview Apts. | |
| 4161 White House Parkway | | 537 W. Main St. | | 502-506 3rd St. | | 1& 3 Foster St. | | 999 W. Main St. | | 323 S. King Ave. | |
| Warm Springs, GA | | Manchester, GA | | Manchester, GA | | Manchester, GA | | Manchester, GA | | Pine Mountain, GA | |
| A. | Rents Charged | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 1 | \$ Last Rent / Restricted? | \$600 | | \$600 | | \$600 | | \$600 | | \$475 | |
| 2 | Date Surveyed | Jan-13 | | Jan-13 | | Jan-13 | | Jan-13 | | Jan-13 | |
| 3 | Rent Concessions | None | | None | | None | | None | | None | |
| 4 | Occupancy for Unit Type | 100% | | 100% | | 100% | | 100% | | 100% | |
| 5 | Effective Rent & Rent/ sq. ft | \$600 | 0.67 | \$600 | 0.67 | \$600 | 0.76 | \$600 | 0.69 | \$475 | 0.73 |
| B. | Design, Location, Condition | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 6 | Structure / Stories | TH/2 | | R/1 | | R/1 | | R/1 | | WU/2 | |
| 7 | Yr. Built/Yr. Renovated | 1991/2014 | | 2000 \$3 | | 2001 \$2 | | 1998 \$5 | | 2001 \$2 | \$23 |
| 8 | Condition /Street Appeal | G | | E (\$15) | | G | | E (\$15) | | G | |
| 9 | Neighborhood | G | | G | | G | | G | | G | |
| 10 | Same Market? | | | Yes | | Yes | | Yes | | No | |
| C. | Unit Equipment/ Amenities | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 11 | # Bedrooms | 2 | | 2 | | 2 | | 2 | | 2 | |
| 12 | # Baths | 1.5 | | 2 (\$15) | | 1.5 | | 2 (\$15) | | 1 \$15 | |
| 13 | Unit Interior Sq. Ft. | 938 | | 900 \$7 | | 890 \$8 | | 790 \$26 | | 875 \$11 | \$50 |
| 14 | Balcony/ Patio | Y | | Y | | Y | | Y | | Y | |
| 15 | AC: Central/ Wall | C | | C | | C | | C | | C | |
| 16 | Range/ refrigerator | R/F | | R/F | | R/F | | R/F | | R/F | |
| 17 | Microwave/ Dishwasher | N/Y | | N/Y | | N/N \$10 | | N/N \$10 | | N/Y | |
| 18 | Washer/Dryer | HU/L | | HU \$5 | | HU \$5 | | HU \$5 | | HU \$5 | |
| 19 | Floor Coverings | C | | C | | C | | C | | C | |
| 20 | Window Coverings | B | | B | | B | | B | | B | |
| 21 | Intercom/Security System | N/N | | N/N | | N/N | | N/N | | N/N | |
| 22 | Garbage Disposal | N | | Y (\$5) | | Y (\$5) | | Y (\$5) | | Y (\$5) | |
| 23 | Ceiling Fans | Y | | N \$5 | | N \$5 | | N \$5 | | N \$5 | |
| D. | Site Equipment/ Amenities | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 24 | Parking (\$ Fee) | LOT/\$0 | | D-GAR (\$40) | | LOT/\$0 | | LOT/\$0 | | LOT/\$0 | |
| 25 | On-Site Management | Y | | N \$5 | | N \$5 | | N \$5 | | N \$5 | |
| 26 | Storage | Y | | N \$5 | | N \$5 | | N \$5 | | N \$5 | |
| 27 | Clubhouse/ Meeting Rooms | N/N | | N/N | | N/N | | N/N | | N/N | |
| 28 | Pool/ Recreation Areas | N | | N | | N | | N | | N | |
| 29 | Computer Center | N | | N | | N | | N | | N | |
| 30 | Picnic Area | Y | | N \$3 | | N \$3 | | N \$3 | | N \$3 | |
| 31 | Playground | Y | | N \$3 | | N \$3 | | N \$3 | | N \$3 | |
| 32 | Social Services | N | | N | | N | | N | | N | |
| E. | Utilities | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 33 | Heat (in rent?/ type) | N/E | | N/E | | N/E | | N/E | | N/E | |
| 34 | Cooling (in rent?/ type) | N/E | | N/E | | N/E | | N/E | | N/E | |
| 35 | Cooking (in rent?/ type) | N/E | | N/E | | N/E | | N/E | | N/E | |
| 36 | Hot Water (in rent?/ type) | N/E | | N/E | | N/E | | N/E | | N/E | |
| 37 | Other Electric | N | | N | | N | | N | | N | |
| 38 | Cold Water/ Sewer | N/N | | N/N | | N/N | | N/N | | N/N | |
| 39 | Trash /Recycling | N/N | | N/N | | N/N | | N/N | | Y/N (\$20) | |
| F. | Adjustments Recap | Pos | Neg | Pos | Neg | Pos | Neg | Pos | Neg | Pos | Neg |
| 40 | # Adjustments B to D | 8 | 4 | 9 | 1 | 9 | 1 | 8 | 3 | 9 | 1 |
| 41 | Sum Adjustments B to D | \$36 | (\$75) | \$46 | (\$5) | \$67 | (\$5) | \$39 | (\$35) | \$114 | (\$5) |
| 42 | Sum Utility Adjustments | | | | | | | | | | (\$20) |
| | | Net | Gross | Net | Gross | Net | Gross | Net | Gross | Net | Gross |
| 43 | Net/ Gross Adjmts B to E | (\$39) | \$111 | \$41 | \$51 | \$62 | \$72 | \$4 | \$74 | \$89 | \$139 |
| G. | Adjusted & Market Rents | Adj. Rent | | Adj. Rent | | Adj. Rent | | Adj. Rent | | Adj. Rent | |
| 44 | Adjusted Rent (5+ 43) | \$561 | | \$641 | | \$662 | | \$604 | | \$564 | |
| 45 | Adj Rent/Last rent | | 93% | | 107% | | 110% | | 101% | | 119% |
| 46 | Estimated Market Rent | \$605 | | \$0.64 | | ← Estimated Market Rent/ Sq. Ft | | | | | |

Rent Comparability Grid

Unit Type → **THREE BEDROOM**

| Subject | | Comp #1 | | Comp #2 | | Comp #3 | | Comp #4 | | Comp #5 | |
|--------------------------|------------------------------------|------------------|---------------|----------------------|---------------|-------------------|---------------|-----------------------|---------------|------------------|---------------|
| Warm Springs Apartments | | 1 & 3 Foster St. | | Sunridge Apts. | | Kingsview Apts. | | Autumn Ridge | | Woodland Trail | |
| 4161 White House Parkway | | 1 & 3 Foster St. | | 1235 Hogansville Rd. | | 323 S. King Ave. | | 1246 Mooty Bridge Rd. | | 140 N. Davis Rd. | |
| Warm Springs, GA | | Manchester, GA | | Lagrange, GA | | Pine Mountain, GA | | Lagrange, GA | | Lagrange, GA | |
| A. | Rents Charged | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 1 | \$ Last Rent / Restricted? | \$600 | | \$860 | | \$525 | | \$700 | | \$960 | |
| 2 | Date Surveyed | Jan-13 | | Jan-13 | | Jan-13 | | Jan-13 | | Jan-13 | |
| 3 | Rent Concessions | None | | None | | None | | Yes | (\$25) | None | |
| 4 | Occupancy for Unit Type | 100% | | 93% | | 100% | | 88% | | 98% | |
| 5 | Effective Rent & Rent/ sq. ft | \$600 | 0.76 | \$860 | 0.68 | \$525 | 0.57 | \$675 | 0.57 | \$960 | 0.80 |
| B. | Design, Location, Condition | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 6 | Structure / Stories | R/1 | | WU/3 | | WU/2 | | WU/2 | | WU/3 | |
| 7 | Yr. Built/Yr. Renovated | 1991/2014 | \$5 | 2000 | \$3 | 1980 | \$23 | 1978/2012 | \$8 | 2009 | (\$6) |
| 8 | Condition /Street Appeal | G | | E | (\$15) | G | | G | | G | |
| 9 | Neighborhood | G | | G | | G | | G | | G | |
| 10 | Same Market? | Yes | | No | (\$86) | No | | No | (\$68) | No | (\$96) |
| C. | Unit Equipment/ Amenities | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 11 | # Bedrooms | 3 | \$50 | 3 | | 3 | | 3 | | 3 | |
| 12 | # Baths | 1.5 | | 2 | (\$15) | 1 | \$15 | 2 | (\$15) | 2 | (\$15) |
| 13 | Unit Interior Sq. Ft. | 963 | \$29 | 1263 | (\$51) | 920 | \$7 | 1175 | (\$36) | 1200 | (\$40) |
| 14 | Balcony/ Patio | Y | | N | \$5 | Y | | Y | | Y | |
| 15 | AC: Central/ Wall | C | | C | | C | | C | | C | |
| 16 | Range/ refrigerator | R/F | | R/F | | R/F | | R/F | | R/F | |
| 17 | Microwave/ Dishwasher | N/Y | \$10 | Y/Y | (\$5) | N/Y | | N/Y | | N/Y | |
| 18 | Washer/Dryer | HU/L | \$5 | HU/L | | HU | \$5 | HU | \$5 | HU/L | |
| 19 | Floor Coverings | C | | C | | C | | C | | C | |
| 20 | Window Coverings | B | | B | | B | | B | | B | |
| 21 | Intercom/Security System | N/N | | N/N | | N/N | | N/N | | N/N | |
| 22 | Garbage Disposal | N | (\$5) | Y | (\$5) | Y | (\$5) | Y | (\$5) | Y | (\$5) |
| 23 | Ceiling Fans | Y | \$5 | N | \$5 | N | \$5 | Y | | Y | |
| D. | Site Equipment/ Amenities | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 24 | Parking (\$ Fee) | LOT/\$0 | | LOT/\$0 | | LOT/\$0 | | LOT/\$0 | | LOT/\$0 | |
| 25 | On-Site Management | Y | \$5 | Y | | N | \$5 | Y | | Y | |
| 26 | Storage | Y | \$5 | Y | | N | \$5 | Y | | Y | |
| 27 | Clubhouse/ Meeting Rooms | N/N | | Y/N | (\$5) | N/N | | N/N | | Y/N | (\$5) |
| 28 | Pool/ Recreation Areas | N | | P/F/S/L | (\$21) | N | | P | (\$10) | P/F/WT | (\$18) |
| 29 | Computer Center | N | | N | | N | | N | | N | |
| 30 | Picnic Area | Y | \$3 | N | \$3 | N | \$3 | Y | | Y | |
| 31 | Playground | Y | \$3 | Y | | N | \$3 | Y | | Y | |
| 32 | Social Services | N | | N | | N | | N | | N | |
| E. | Utilities | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 33 | Heat (in rent?/ type) | N/E | | N/G | | N/E | | N/E | | N/E | |
| 34 | Cooling (in rent?/ type) | N/E | | N/E | | N/E | | N/E | | N/E | |
| 35 | Cooking (in rent?/ type) | N/E | | N/E | | N/E | | N/E | | N/E | |
| 36 | Hot Water (in rent?/ type) | N/E | | N/G | | N/E | | N/G | | N/E | |
| 37 | Other Electric | N | | N | | N | | N | | N | |
| 38 | Cold Water/ Sewer | N/N | | N/N | | N/N | | Y/Y | (\$92) | Y/Y | (\$92) |
| 39 | Trash /Recycling | N/N | | Y/N | (\$20) | Y/N | (\$20) | Y/N | (\$20) | Y/N | (\$20) |
| F. | Adjustments Recap | Pos | Neg | Pos | Neg | Pos | Neg | Pos | Neg | Pos | Neg |
| 40 | # Adjustments B to D | 10 | 1 | 4 | 8 | 9 | 1 | 2 | 5 | | 7 |
| 41 | Sum Adjustments B to D | \$120 | (\$5) | \$16 | (\$203) | \$71 | (\$5) | \$13 | (\$134) | | (\$185) |
| 42 | Sum Utility Adjustments | | | | (\$20) | | (\$20) | | (\$112) | | (\$112) |
| | | Net | Gross | Net | Gross | Net | Gross | Net | Gross | Net | Gross |
| 43 | Net/ Gross Adjmts B to E | \$115 | \$125 | (\$207) | \$239 | \$46 | \$96 | (\$233) | \$259 | (\$297) | \$297 |
| G. | Adjusted & Market Rents | Adj. Rent | | Adj. Rent | | Adj. Rent | | Adj. Rent | | Adj. Rent | |
| 44 | Adjusted Rent (5+ 43) | \$715 | | \$653 | | \$571 | | \$442 | | \$663 | |
| 45 | Adj Rent/Last rent | | 119% | | 76% | | 109% | | 65% | | 69% |
| 46 | Estimated Market Rent | \$645 | | \$0.67 | | | | | | | |

← Estimated Market Rent/ Sq. Ft

Once all adjustments to collected rents were made, the adjusted rents for each comparable were considered to derive an achievable market rent for each bedroom type. Each property was considered and weighed based upon its proximity to the subject site, and its amenities and unit layout compared to the subject site.

Based on the preceding HUD Rent Comparability Grids, it was determined that the present-day achievable market rents for units similar to the subject development are \$490 for a one-bedroom unit, \$605 for a two-bedroom unit and \$645 for a three-bedroom unit.

The following table compares the proposed collected Tax Credit rents at the subject site with achievable market rents (aka *Conventional Rents for Comparable Units* – CRCU) for selected units:

| Bedroom Type | Proposed Collected Rent | Achievable Market Rent | Market Rent Advantage |
|---------------|-------------------------|------------------------|-----------------------|
| One-Bedroom | \$416 | \$490 | 15.1% |
| Two-Bedroom | \$508 | \$605 | 16.0% |
| Three-Bedroom | \$558 | \$645 | 13.5% |

Typically, Tax Credit rents should represent at least a 10% market rent advantage to ensure that the project will incur a sufficient flow of tenants. The proposed collected rents represent market rent advantages ranging from 13.5% to 16.0% depending on unit size. As such, the proposed rents will likely be perceived as a value within the market. It is important to note that Rental Assistance will be retained on 10 of the 22 total units, allowing residents to pay up to 30% of their adjusted gross income towards housing costs. Therefore, the subject project will continue to represent an even greater value within the market.

B. RENT ADJUSTMENT EXPLANATIONS (RENT COMPARABILITY GRID)

None of the selected properties offer the same amenities as the subject property. As a result, we have made adjustments to the collected rents to reflect the differences between the subject property and the selected properties. The following are explanations (preceded by the line reference number on the comparability grid table) for each rent adjustment made to each selected property.

1. Rents for each property are reported as collected rents. These are the actual rents paid by tenants and do not consider utilities paid by tenants. The rents reported are typical and do not consider rent concessions or special promotions.

5. The effective rent is the reported rent when considering rent concessions or special promotions. One of the selected properties offers a rent concession which has been prorated and subtracted from the collected rent.
7. Upon completion of renovations, the subject project will have an effective age of around 2003. The selected properties were built between 1978 and 2009. As such, we have adjusted the rents at the selected properties by \$1 per year to reflect the age of these properties. Note that one of the selected market-rate properties, Autumn Ridge, was built in 1978; however, extensively renovated in 2012. As such, this property has an effective age of 1995.
8. It is anticipated that the subject project will have an improved quality finished look and an attractive aesthetic appeal following renovations. We have made adjustments for those properties that we consider to have a superior quality to the subject development.
10. As previously stated, four of the eight selected properties are located outside of the Warm Springs Site PMA. One of the selected properties is located in Pine Mountain, which is considered to be similar to the city of Warm Springs. The remaining three properties are located in LaGrange, which is approximately 30.0 miles northwest of Warm Springs. The LaGrange market is significantly larger than Warm Springs in terms of population, community services and apartment selections. Given the difference in markets, the rents that are achievable in LaGrange will not directly translate to the Warm Springs market. Therefore, we have adjusted each collected rent at these three comparable projects by approximately 10.0% to account for this market difference.
11. All of the selected properties have one- and/or two-bedroom units. For those projects lacking three-bedroom units, we have used the two-bedroom units and made adjustments to reflect the difference in the number of bedrooms offered.
12. The number of bathrooms offered in the two- and three-bedroom units at each of the selected properties varies. We have made adjustments of \$15 per half bathroom to reflect the difference in the number of bathrooms offered at the site compared to the number of bathrooms offered at the comparable properties.
13. The adjustment for differences in square footage is based upon the average rent per square foot among the comparable properties. Since consumers do not value extra square footage on a dollar for dollar basis, we have used 25.0% of the average for this adjustment.

- 14.-23. The subject project will offer a unit amenities package generally similar to the selected properties. We have, however, made adjustments for features lacking at the selected properties, and in some cases, we have made adjustments for features the subject property does not offer.
- 24.-32. The subject project offers a limited project amenities package. We have made monetary adjustments to reflect the difference between the subject project's and the selected properties' project amenities.
- 33.-39. We have made adjustments to reflect the differences between the subject project's and the selected properties' utility responsibility. The utility adjustments were based on the local housing authority's utility cost estimates.

Addendum F:
RENT ROLL

******insert rent roll******