APPRAISAL REPORT

Of The

Proposed Mill Creek Crossing Apartments
3218 Tobie Circle, Scottdale,
DeKalb County, GA 30079

As of

May 5, 2014,

October 5, 2015
&
July 5, 2016

Prepared For

Ms. Debbie Pauza
Bank of America, NA
119 Cross Center Drive - NC3-176-01-01
Denver, NC 28037

Prepared by

SOUTHEAST REALTY CONSULTANTS
Raymond Higgins
Craig Brodsky, MAI

SERC File Name: 14-058

SOUTHEAST REALTY CONSULTANTS

2000 Riveredge Parkway, Ste. 650
Atlanta, GA 30328

770-953-1780
Fax: 770-988-8103

May 8, 2014

Ms. Debbie Pauza
Bank of America, NA
119 Cross Center Drive - NC3-176-01-01
Denver, NC 28037

Re: Self-Contained Report, Real Estate Appraisal
Proposed Mill Creek Crossing Apartments
3218 Tobie Circle, Scottdale,
DeKalb County, GA 30079
File Name: 14-058

Dear Ms. Pauza:

At your request, we have prepared an appraisal for the above referenced property. Please reference page 13 of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best use analysis, and valuation methodology.

The subject improvements represent a proposed 200-unit garden apartment complex that will be subject to LIHTC restricted rents and HUD's Rental Assistance Demonstration (RAD) Program.

We certify that we have no present or contemplated future interest in the property beyond this estimate of value. Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 10). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, we note the following:

Bank of America makes no warranties or representations regarding this document or the conclusions contained herein.

The intended use of the appraisal report is to provide information for use in making business and credit decisions concerning an actual or prospective loan or line of credit. This report is for the use and benefit of, and may be relied upon by, CSG (Churchill Stateside Group), STCC Mills Creek Crossing, LLC, CDC Special Limited Partner, L.L.C., and their successors and assigns as well as Bank of America, N.A. as Lender, or, Bank of America, N.A. as Administrative Agent for certain Lenders, and each actual and prospective Lender and Participant in such loan or line of credit, and their respective successors, assigns and affiliates.

Hypothetical Conditions:

- In addition to estimating the subject values as of the date of inspection subject to the LIHTC restricted rents and HUD's Rental Assistance Demonstration (RAD) Program, we have also estimated the subject value at market rents with no restrictions in place.

Extraordinary Assumptions:

- The subject site is proposed to be encumbered by a ground lease. We were provided with a draft copy of this ground lease and make the assumption that this lease will in fact be executed at the rates and terms noted in the document provided.
- The subject parcels are currently exempt from paying real estate taxes and it was reported that this exemption will remain for the subject property under the restricted rent scenario.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), we have made the following value conclusion(s):

Current As Is Market Value:
The "As Is" market value of the Fee Simple estate of the property, as of May 5, 2014, is $2,600,000.

The "As Is" market value of the Leasehold estate of the property, as of May 5, 2014, is $2,600,000.

The market exposure time[1] preceding May 5, 2014 would be 6 months and the estimated marketing period[2] as of May 5, 2014 is 6 months.

Market Values under Restricted Rent Scenario:
The "Upon Completion" market value of the Leasehold estate of the property under the restricted rent scenario, as of October 5, 2015, is $13,200,000.

The "Upon Stabilization" market value of the Leasehold estate of the property under the restricted rent scenario, as of July 5, 2016 , is $13,700,000.

The market exposure time[3] preceding and October 5, 2015 and July 5, 2016 would be 6 months and the estimated marketing period[4] as of October 5, 2015 and July 5, 2016 is 6 months.

---

[1] Exposure Time: see definition on page 9.

[2] Marketing Time: see definition on page 9.

[3] Exposure Time: see definition on page 9.

Hypothetical Market Value under Market Rent Scenario:
The "Upon Completion" hypothetical market value assuming the units are leased at market rents of the Leasehold estate of the property, as of October 5, 2015, is $15,300,000.

The "Upon Stabilization" hypothetical market value assuming the units are leased at market rents of the Leasehold estate of the property, as of July 5, 2016, is $15,900,000.

The market exposure time[5] preceding October 5, 2015 and July 5, 2016 would be 6 months and the estimated marketing period[6] as of October 5, 2015 and July 5, 2016 is 6 months.

Market Value of Tax Credits:
The market value of the tax credits, as of May 5, 2014, is $12,790,000.

Respectfully submitted,
Southeast Realty Consultants

Raymond C. Higgins
Raymond Higgins
GA Certification - CG001138
rhiggins@serealtyconsultants.com

Craig Brodsky
Craig Brodsky, MAI
GA Certification - CG006329
cbrodsky@serealtyconsultants.com

---

[4] Marketing Time: see definition on page 9.
[5] Exposure Time: see definition on page 9.
[6] Marketing Time: see definition on page 9.

TABLE OF CONTENTS

Summary of Important Facts and Conclusions

GENERAL

Subject:	Proposed Mill Creek Crossing Apartments 3218 Tobie Circle, Scottdale, DeKalb County, GA 30079 The subject improvements represent a proposed 200-unit garden apartment complex that will be subject to LIHTC restricted rents and HUD's Rental Assistance Demonstration (RAD) Program.
Owner:	DeKalb Housing Authority
Tax Identification:	A portion of 18-046-02-002, -005, -006, etc.
Date of Report:	May 8, 2014
Intended Use:	The intended use is to provide information for use in making business and credit decisions concerning an actual or prospective loan or line of credit. This report is for the use and benefit of, and may be relied upon by, Bank of America, N.A. as Lender, or, Bank of America, N.A. as Administrative Agent for certain Lenders, and each actual and prospective Lender and Participant in such loan or line of credit, and their respective successors, assigns and affiliates.
Intended User(s):	Bank of America, NA, CSG (Churchill Stateside Group), STCC Mills Creek Crossing, LLC, CDC Special Limited Partner, L.L.C., and their successors and assigns.
Sale History:	The subject property has not sold within the past three years.
Current Listing/Contract(s):	The subject property is proposed to be ground leased from the Housing Authority of the County of DeKalb, Georgia to Mills Creek Crossing, L.P., for a term of 75 years at an annual rental rate of $1 per year or a total rent over the term of $75.

PROPERTY

Land Area:	Total: 18.533 acres; 807,297 square feet Usable: 18.533 acres; 807,297 square feet

Improvements:

	All Buildings
Year Built:	Proposed
Condition:	Excellent
Number of Stories:	2 and 3
Gross Building Area (GBA):	267,800
Rentable Area (RA):	230,780
Number of Units:	200

	GBA*	RA	GLA	Units
Property Totals:	267,800	230,780	230,780	200

*See area definitions, page 10.

Zoning: RM-75 with a Tier V Overlay

Highest and Best Use of the Site: Tax Credit multi-family development.

Highest and Best Use as Improved: Proposed improvements.

RESTRICTED RENT STABILIZED VALUE INDICATIONS

Land Value:	$2,600,000
Cost Approach:	$32,800,000
Sales Comparison Approach:	N/A
Income Approach:	$13,700,000

Reconciled Value(s):	**As Is**	**Upon Completion**	**Upon Stabilization**
Value Conclusion(s)	$2,600,000	$13,200,000	$13,700,000
Effective Date(s)	May 5, 2014	October 5, 2015	July 5, 2016
Property Rights	Leasehold	Leasehold	Leasehold

HYPOTHETICAL MARKET RENT STABILIZED VALUE INDICATIONS

Land Value:	$2,600,000
Cost Approach:	$32,800,000
Sales Comparison App.:	$16,000,000
Income Approach:	$15,900,000

Reconciled Value(s):	**As Is**	**Upon Completion**	**Upon Stabilization**
Value Conclusion(s)	$2,600,000	$15,300,000	$15,900,000
Effective Date(s)	May 5, 2014	October 5, 2015	July 5, 2016
Property Rights	Leasehold	Leasehold	Leasehold

Definitions

Market Value: As defined by the Office of the Comptroller of Currency (OCC) under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions, the Board of Governors of the Federal Reserve System (FRS) and the Federal Deposit Insurance Corporation in compliance with Title XI of FIRREA, as well as by the Uniform Standards of Appraisal Practice as promulgated by the Appraisal Foundation, is as follows.

> Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby,
>
> 1. Buyer and seller are typically motivated;
> 2. Both parties are well informed or well advised, and acting in what they consider their own best interest;
> 3. A reasonable time is allowed for exposure in the open market;
> 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
> 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

A **Fee Simple** interest is defined[7] as:

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

A **Leasehold** interest is defined[7] as:

> The right to use and occupy real estate for a stated term and under certain conditions as conveyed by the lease.

Marketing Time is defined[7] as:

1. The time it takes an interest in real property to sell on the market sub-sequent to the date of an appraisal.
2. Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.)

Exposure Time is defined[7] as:

The time a property remains on the market.

1. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. (Appraisal Standards Board of The Appraisal Foundation, Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions")

---

[7] Appraisal Institute, The Dictionary of Real Estate Appraisal, 4th ed. (Chicago: Appraisal Institute, 2002).

Market value estimates imply that an adequate marketing effort and reasonable time for exposure occurred prior to the effective date of the appraisal. In the case of disposition value, the time frame allowed for marketing the property rights is somewhat limited, but the marketing effort is orderly and adequate. With liquidation value, the time frame for marketing the property rights is so severely limited that an adequate marketing program cannot be implemented. (The Report of the Appraisal Institute Special Task Force on Value Definitions qualifies exposure time in terms of the three above-mentioned values.) See also marketing time.

Gross Building Area (GBA) is the total floor area of a building, including below-grade space but excluding unenclosed areas, measured from the exterior of the walls. Gross building area for office buildings is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement. Parking spaces and parking garages are excluded.[7]

Rentable Area (RA) is the amount of space on which the rent is based; calculated according to local practice.[7]

Gross Leasable Area (GLA) the total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines, and measured from the center of interior partitioning to outside wall surfaces; the standard measure for determining the size of shopping centers where rent is calculated based on the GLA occupied. The area for which tenants pay rent. [7]

As Is Value

The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. [7]

Stabilized Value

1. A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods, when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value.

2. A value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a bonus or premium for material, the abnormal inefficiency of labor, the cost of delay or an excessive sale price, e.g., a premium paid due to a temporary shortage of supply.[7]

Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of Southeast Realty Consultants. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) Southeast Realty Consultants regular per diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

Americans with Disabilities Act (ADA) of 1990

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. Southeast Realty Consultants has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.**

Appraisal Scope

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

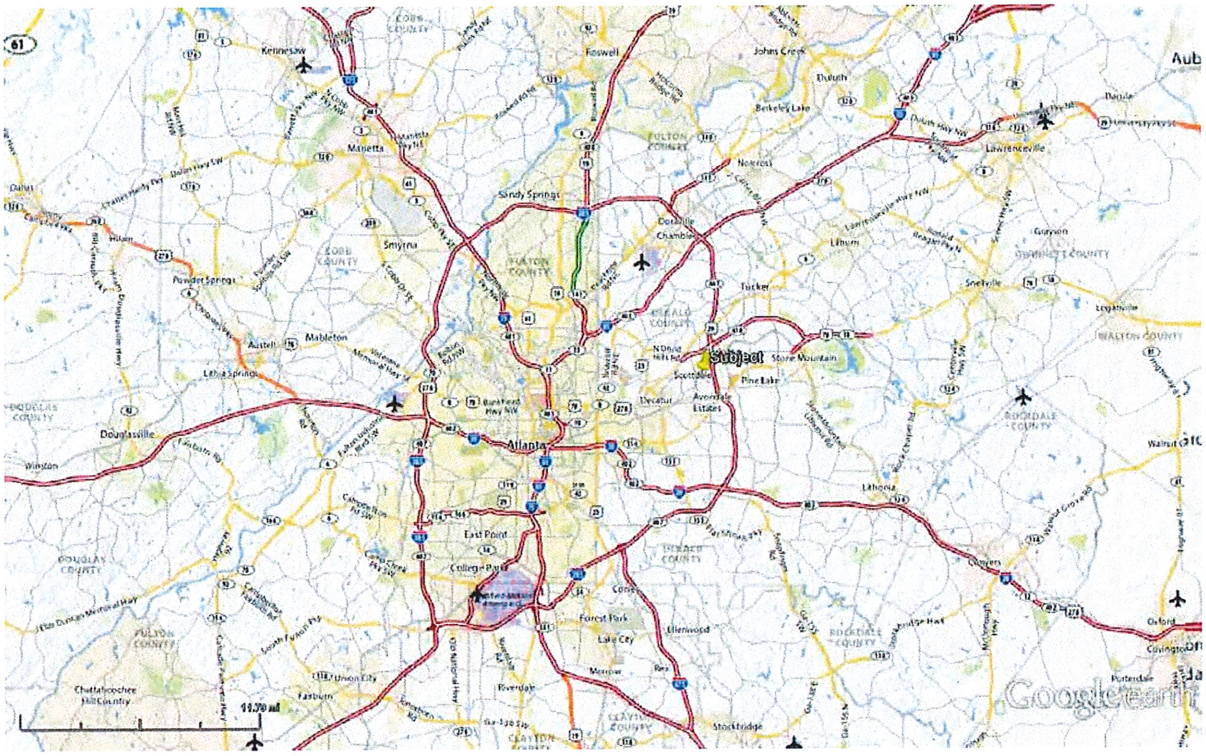
- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for Ms. Debbie Pauza, Bank of America, NA. The problem to be solved is to estimate the "As Is", "Upon Completion" and "Upon Stabilization" market values of the subject property subject to the LIHTC and RAD rent restrictions and with the hypothetical condition that the subject were to be leased at market rent levels. The intended use is to provide information for use in making business and credit decisions concerning an actual or prospective loan or line of credit. This report is for the use and benefit of, and may be relied upon by, Bank of America, N.A. as Lender, or, Bank of America, N.A. as Administrative Agent for certain Lenders, and each actual and prospective Lender and Participant in such loan or line of credit, and their respective successors, assigns and affiliates.. This appraisal is intended for the use of the Bank of America, N.A., CSG (Churchill Stateside Group), STCC Mills Creek Crossing, LLC, CDC Special Limited Partner, L.L.C., and their successors and assigns.

SCOPE OF WORK	
Report Type:	This is a Self-Contained report as defined by the Uniform Standard of Professional Appraisal Practice under Standards Rule 2-2(A). This format provides a detailed and complete description of the appraisal process, subject data and valuation.
Property Identification:	The subject has been identified by the survey provided.
Inspection:	A complete exterior inspection of the subject property has been made, and photographs taken.
Market Area and Analysis of Market Conditions:	A complete analysis of market conditions has been made. The appraiser maintains a comprehensive database for this market area and has reviewed the market for sales and listings relevant to this analysis.

Highest and Best Use Analysis:	A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.
Valuation Analyses	
Cost Approach:	A cost approach was applied as there is adequate data to develop a land value and the depreciation accrued to the improvements can be reasonably measured.
Sales Comparison Approach:	A sales approach was applied as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.
Income Capitalization Approach:	An income approach was applied as the subject is an income producing property and there is adequate data to develop a value estimate with this approach.
Hypothetical Conditions:	In addition to estimating the subject values as of the date of inspection subject to the LIHTC and RAD restricted rents, we have also estimated the subject value at market rents with no restrictions in place.
Extraordinary Assumptions:	The subject site is proposed to be encumbered by a ground lease. We were provided with a draft copy of this ground lease and make the assumption that this lease will in fact be executed at the rates and terms noted in the document provided. The subject parcels are currently exempt from paying real estate taxes and it was reported that this exemption will remain for the subject property under the restricted rent scenario.

Area Analysis



The subject is located in the Scottdale area of unincorporated DeKalb County, approximately 7 radial miles northeast of the CBD of downtown Atlanta. Atlanta is recognized as the transportation, communication, industrial, and cultural center of the southeastern United States. Atlanta's central location within a nine-state region has been a major factor in its economic success. The Atlanta Region is a ten-county area that includes Cherokee, Clayton, Cobb, Douglas, Fayette, Fulton, Gwinnett, Henry and Rockdale counties. The Region includes 63 cities and contains a total land area of 2,989 square miles. The largest city is Atlanta, where 16 percent of the Region's population lives. The Atlanta MSA (Metropolitan Statistical Area) is defined by the Bureau of Census as a twenty-eight county area which encompasses 5,132 square miles. The Atlanta MSA exhibits one of the strongest economies of any major urban area in the United States.

The following pages contain a concise overview of the relevant data and aspects of the Atlanta MSA, portions of which were provided by www.economy.com.

Atlanta MSA

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross Metro Product, C$B	233.4	231.4	218.4	222.0	228.2	234.5	242.8	253.6	266.2	277.6	287.9	298.3
% Change	290.0%	-90.0%	-560.0%	160.0%	280.0%	280.0%	350.0%	450.0%	490.0%	430.0%	370.0%	360.0%
Total Employment (000)	2,453.4	2,426.9	2,290.7	2,270.4	2,306.0	2,347.6	2,405.2	2,465.0	2,539.6	2,607.7	2,670.3	2,719.9
% Change	200.0%	-110.0%	-560.0%	-90.0%	160.0%	180.0%	240.0%	250.0%	300.0%	270.0%	240.0%	190.0%
Unemployment Rate (%)	4.5	6.2	9.8	10.1	9.8	8.8	7.9	5.9	5.6	5.4	5.3	5.2
Personal Income Growth (%)	5.5	1.1	-4.0	0.4	7.5	4.3	3.3	5.4	7.6	6.6	5.8	4.7
Population (000)	5,048.7	5,152.1	5,222.9	5,285.9	5,355.5	5,437.6	5,489.3	5,557.6	5,642.9	5,739.8	5,846.5	5,957.5
Single-Family Permits	31,089	11,989	5,421	6,384	6,214	9,167	14,094	5,308	16,152	18,496	14,572	13,119
Multifamily Permits	13,681	7,305	1,112	1,191	2,420	5,213	9,662	2,504	3,729	3,923	3,710	3,542
Existing Home Price ($Ths)	171	148	123	114	99	101	138	148	150	152	154	156
Mortgage Originations ($Mil)	44,378	29,102	34,591	25,351	22,168	28,511	22,799	16,527	18,253	16,544	15,977	19,462
Net Migration (000)	81.1	52.0	20.9	16.3	26.3	41.3	12.3	28.9	45.9	57.7	67.7	72.2
Personal Bankruptcies	27,525	33,448	43,006	48,629	46,015	39,472	34,312	28,387	29,643	30,648	34,151	39,011

Source: Economy.Com

Recent Performance

Atlanta is advancing toward a new cycle of economic expansion thanks to a multitude of powerful drivers. Job growth has slowed since November but is still ahead of the South and U.S. averages in year-ago terms. Private services payrolls are firmly above prerecession levels, and manufacturing hiring has proved resilient through the winter slowdown. House prices are up strongly and construction indicators suggest the market is in firm recovery despite some recent correction that is likely weather-related.

Headquarters

The metro area will solidify its lead over the state and the South as higher-paying private services gain momentum. Atlanta's reputation as a corporate location will get a boost in 2014 as homebuilder Pulte Group moves its headquarters to the metro area. The relocation is especially favorable given the mounting U.S. housing recovery. Moreover, State Farm Insurance and healthcare IT services provider Athenahealth are ramping up their presence in Atlanta, leasing new space and adding hundreds of workers. Rising business confidence and near-record equity valuations will also be key in the next stage of recovery in higher-paying services.

Tech

Also propelling the near-term recovery, high-tech employment will steadily approach the peak attained during the dot-com boom at the turn of the millennium. A public-private partnership will invest $100 million over the next five years into a dormant technology park near Hartsfield-Jackson International Airport. The sprawling 40-acre campus will house startups as well as more established tech firms, connecting them with research support from metro area universities and providing logistical support.

Financial services-related IT provider Fiserv is investing $41 million in its new campus in Alpharetta, aiming to consolidate its various office locations in Atlanta as well as make room for planned growth. The company expects to add hundreds to its local workforce through the remainder of this decade. The Fiserv announcement supports other optimistic signs that Alpharetta will finally regain stride as a technology hotbed after suffering two bruising recessions in the previous decade. Recent surveys indicate that the suburb is gaining recognition from tech companies for its excellent business infrastructure as well as its access to a high-quality yet affordable lifestyle

Goods

Manufacturing job growth disappointed through most of 2013, but hiring picked up in the fourth quarter, and surveys point to rising sentiment among major industry segments. Harsh winter weather in much of North America has likely caused some snags, but manufacturing is still set to give the state a firm boost this year. Anecdotal evidence suggests high-value-added heavy manufacturing is increasingly favoring locations within or close to the metro area. Power Stow, a Danish manufacturer of cutting-edge airline baggage conveyor systems, has chosen Gwinnett County in Atlanta for its first stateside factory and headquarters. The company will initially create only a small number of jobs, but its location choice speaks for the attraction of an expanding aerospace and transportation equipment cluster in Georgia. Inalfa Roof Systems is another multinational company to have recently announced investment plans in the state. The Dutch maker of retractable roofs will expand its local facility to better supply its roster of clients that includes all major automakers with growing operations in the South.

Job Growth Projections

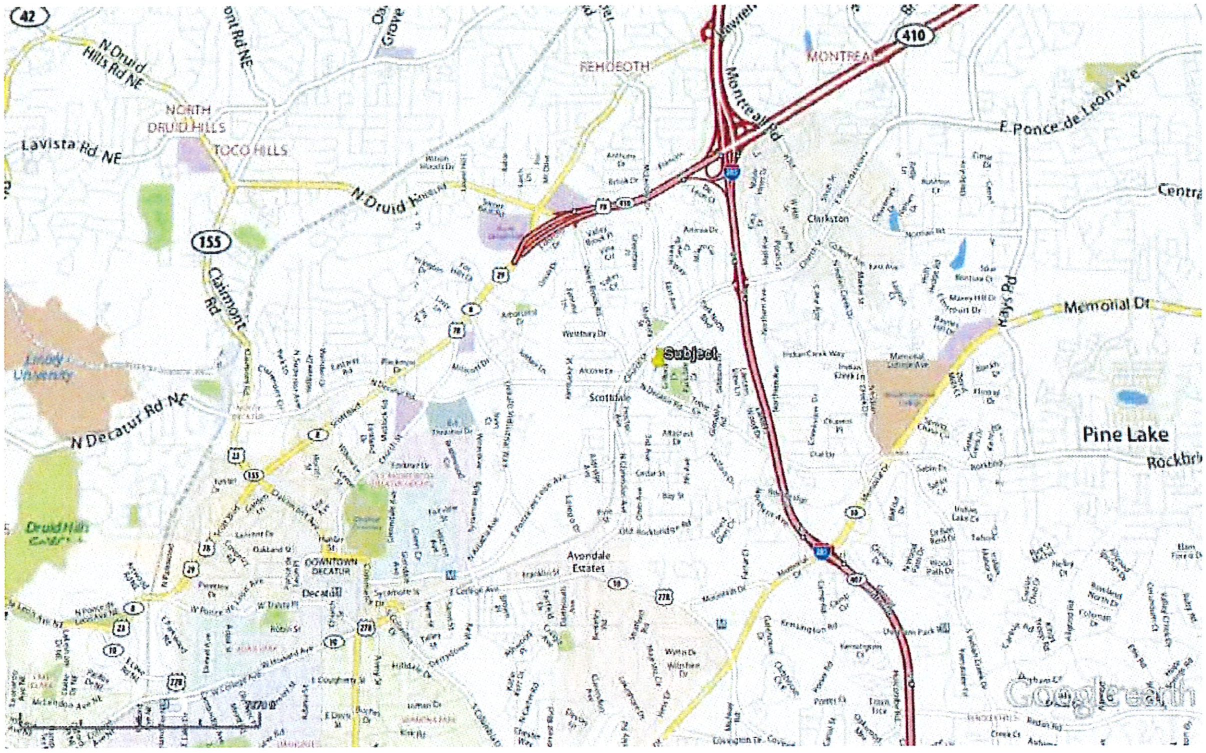
One of the major factors affecting commercial real estate values has been the change in job growth during recent years. For many years the Atlanta MSA lead the nation in job growth, but during recent years the poor economy has resulted in job losses for the Atlanta area. That trend is reversing however and according to the Bureau of Labor and Statistics (BLS), total nonfarm employment for the Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area (MSA) stood at 2,409,000 in February 2014, an increase of 42,600, or 1.8 percent, from one year ago, and U.S. the Atlanta area has recorded over-the-year employment gains each month for more than three years.

April 2013 marked the point of full recovery for office-using jobs in Atlanta that had been lost since February 2010, approximately 83,500 jobs. According to the Atlanta Business Chronicle 77% of these jobs came from the professional and business service sector. Some estimates predict that by 2025, it is expected that 1,800,000 new jobs will have been created in the area.

Conclusion

Atlanta will enter economic expansion by late 2014. Job gains will increasingly outpace the nationwide average as a result of the presence of multiple growth engines. An array of competitive advantages and strong demographics will make Atlanta an above-average performer in the long term.

Neighborhood Analysis



Location

The subject property is located along the north side of North Decatur Road, just south and east of East ponce De Leon Avenue, in unincorporated DeKalb County. The property is located just over two miles northeast of the Decatur Central Business District and 7 miles northeast of the Atlanta Central Business District (CBD).

Boundaries

The neighborhood boundaries are not exact and can generally be defined as the area within a three-mile radius of the subject property.

Development Trends

The subject immediate area is known as the Scottdale neighborhood and is named for Colonel George Washington Scott, who founded the Scottdale Cotton Mill in the late 1800s.

The area surrounding the subject is an older area of development, consisting of both commercial and residential uses with much of the development being built prior to 1970. The majority of the single-family residential development within a one-mile radius of the subject may be described as tract homes in the $100,000-$200,000 price range.

Growth patterns have occurred primarily along primary commercial thoroughfares such as Ponce De Leon Avenue and Memorial Drive. The neighborhood area is a relatively well developed, but older area. Many portions of the neighborhood have experienced decline in recent years, however, there has been various pockets of development. Most of the recent development has been oriented to retail and hospitality, including restaurants. The majority of development within the neighborhood is single- and multi-family. The subject neighborhood has little office development, but does contain a large industrial base in the eastern section toward Stone Mountain State Park.

Most office development is low-rise in design and may accommodate several small tenants or a single tenant. The eastern neighborhood area is dominated by the large, older Stone Mountain Industrial Park. This large development extends northward from Ponce de Leon Avenue, northward to US Highway 29. A smaller industrial area, Atlanta Tucker Industrial Park, is located in the northern neighborhood area.

Memorial Drive, located in the southern neighborhood area is the major retail/commercial corridor for the neighborhood. The subject is located approximately one mile southeast of North DeKalb Mall and approximately 3 miles south of Northlake Mall. These two shopping centers are the largest eastern metropolitan centers.

The neighborhood also has a good level of supportive developments, including schools, parks, and Houses of Worship.

Access

The accessibility to the neighborhood in general and the subject property in particular, is considered good. Primary access to the subject neighborhood is provided by Interstate 285, U.S. Highway 78, (Stone Mountain Freeway), and Lawrenceville Highway (U.S. Highway 29). Interstate 285 is Atlanta's circumferential highway providing access throughout metropolitan Atlanta as it intersects numerous major roadways. Stone Mountain Freeway extends in an east/west direction to the north of the subject property. This freeway merges with Ponce de Leon Boulevard to the west, ultimately allowing access to Downtown Atlanta. Lawrenceville Highway and Memorial Drive also extend in an east/west direction from Downtown Atlanta to the suburbs in a northeastern and eastern direction, respectively. Additionally, North Decatur Road, Church Street, DeKalb Industrial Way, East College Avenue and North Clarendon Avenue provide access through the neighborhood area, in a north/south direction.

Population and Housing Trends

Population and Housing trends for a one-, three-, and five-mile radius of the subject are shown in the flowing chart:

Population and Households			
Proposed Mill Creek Crossing Apartments	1.0 Mile Radius	3.0 Mile Radius	5.0 Mile Radius
Population			
2000 Population	11,776	108,628	275,450
2010 Population	10,322	103,360	262,708
2013 Population	10,175	103,913	266,260
2018 Population	10,216	106,519	275,822
2000-2010 Annual Growth Rate	-1.31%	-0.50%	-0.47%
2010-2013 Annual Growth Rate	-0.44%	0.16%	0.41%
2013-2018 Annual Growth Rate	0.08%	0.50%	0.71%
Households			
2000 Households	4,297	42,744	106,122
2010 Households	3,946	41,649	105,605
2013 Households	3,885	41,791	107,015
2018 Households	3,933	43,206	111,967
2000-2010 Annual Growth Rate	-0.85%	-0.27%	-0.05%
2010-2013 Annual Growth Rate	-0.48%	0.10%	0.41%
2013-2018 Annual Growth Rate	0.25%	0.67%	0.91%

Source: ESRI

Based upon the demographic trends noted above, the subject neighborhood is mature and stable with limited growth projected through 2018.

Conclusion

The subject property is located in an area that has good accessibility with the overall development characteristics of the neighborhood considered conducive to apartment demand. Furthermore, we anticipate that the overall demographic nature and development character of the neighborhood will remain stable in the near-term future.

Market Analysis

Data sources used for this analysis are Apartment MetroTrend, SubTrend and New Construction Reports – Fourth Quarter 2013, published by REIS, Inc. According to REIS, the subject property is situated in the Decatur/Avondale submarket.

Metropolitan Atlanta Market Overview

The overall market occupancy level increased to 94.1% in the 4th Quarter of 2013 from a level of 93.1% in the 4th quarter of 2012, with asking and effective rental rates also reflecting an increase. The table that follows provides a summary of performance for the Greater Atlanta apartment market, as defined by REIS, Inc.:

Atlanta Historical Apartment Market Trends

Year	Inventory (Units)	Reported Occupancy	Average Asking Rent ($/Unit/Mo.)	Average Effective Rent ($/Unit/Mo.)	Units Delivered	Population	Employment
2008	351,409	89.7%	$861	$769	6,802	5,190,660	2,386,900
2009	358,663	88.3%	$845	$746	7,352	5,253,210	2,256,300
2010	362,990	90.2%	$846	$755	4,623	5,312,110	2,284,800
2011	363,931	92.3%	$857	$767	2,156	5,386,630	2,314,470
2012	363,812	93.1%	$873	$788	381	5,454,290	2,373,000
2013	365,982	94.1%	$902	$816	2,460	5,547,520	2,445,250

Source: Reis (4th Quarter 2013)

As illustrated, the occupancy rate for the overall Atlanta market has maintained a range between 89.7% and 94.1% since 2008, with the asking and effective rents reflecting steady increases over this time period. Further, while population growth has remained fairly consistent in recent years, employment numbers have actually decreased over this same time period.

The following table identifies the Atlanta apartment inventory based on the year constructed according to Reis:

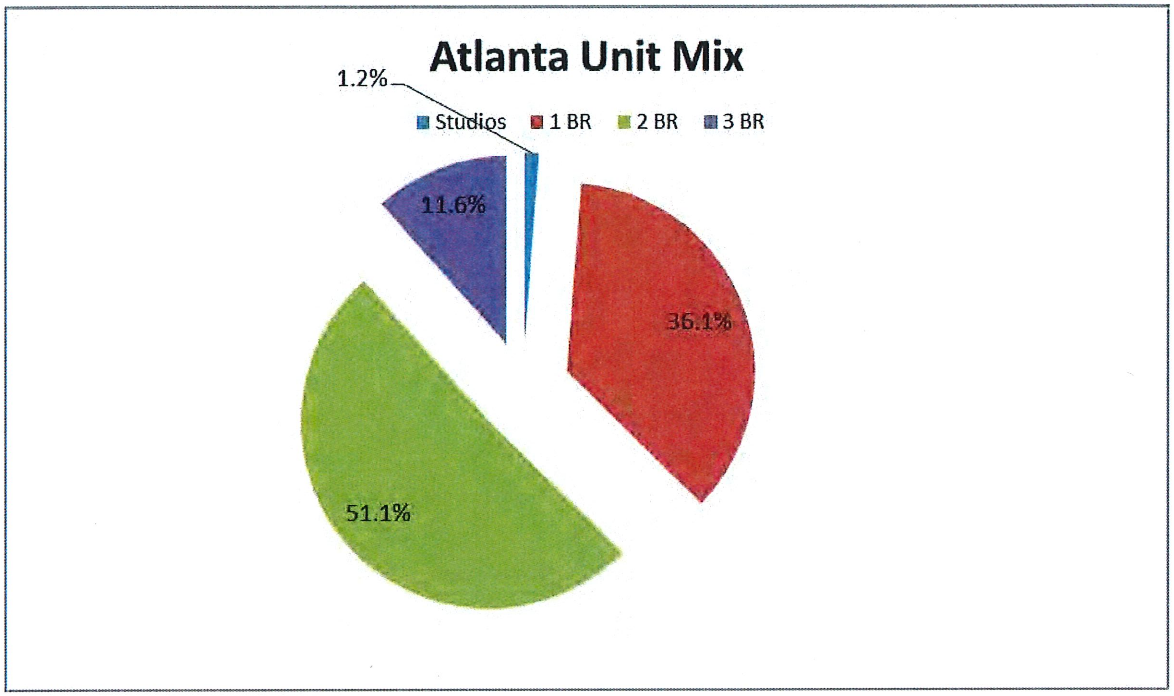
Atlanta Apartment Inventory By Age

Year Built	Percent
Before 1970	10.0%
1970-1979	20.0%
1980-1989	27.0%
1990-1999	19.0%
2000-2009	21.0%
After 2009	3.0%

Source: Reis (4th Quarter 2013)

As indicated, the majority of apartments in the local market were constructed in the 1980's, then 2000's, followed by the 70's and 90's decade, with a total of just 3% constructed since 2009.

The following chart illustrates the apartment inventory in Atlanta by unit type according to Reis:

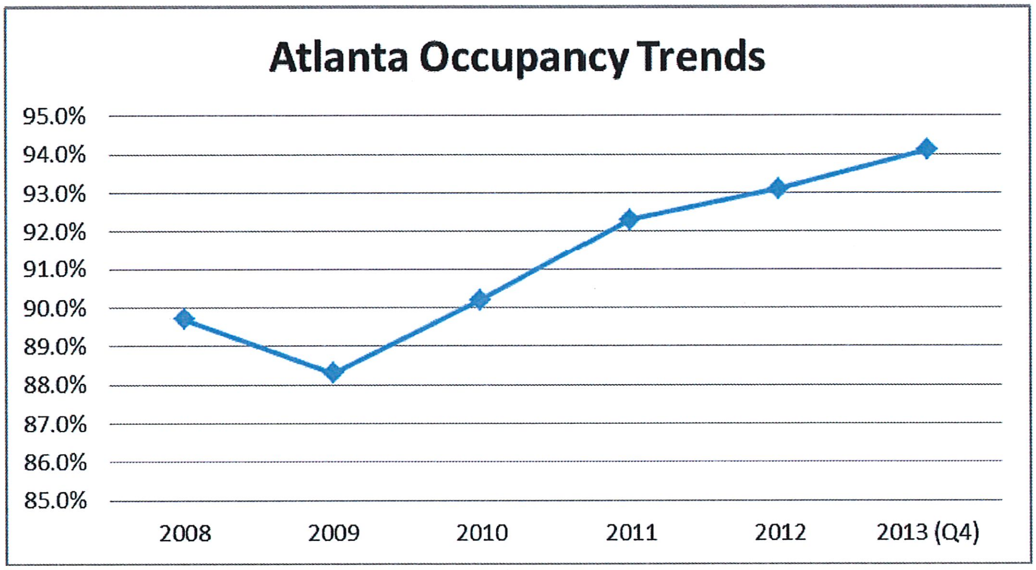


The vast majority of floor plans within the local market are either one- or two-bedroom types, with only a small percentage of three-bedroom or studio units.

Historic Trends

Occupancy

The following chart illustrates the metropolitan Atlanta apartment occupancy since 2008:



According to Reis, the overall occupancy rate for the Greater Atlanta area reached a low point in 2009 at 88.3%, but has since rebounded to 94.1%.

The following table illustrates the apartment vacancy rate within the Greater Atlanta market based on the properties age:

Atlanta Apartment Vacancy Rate By Age

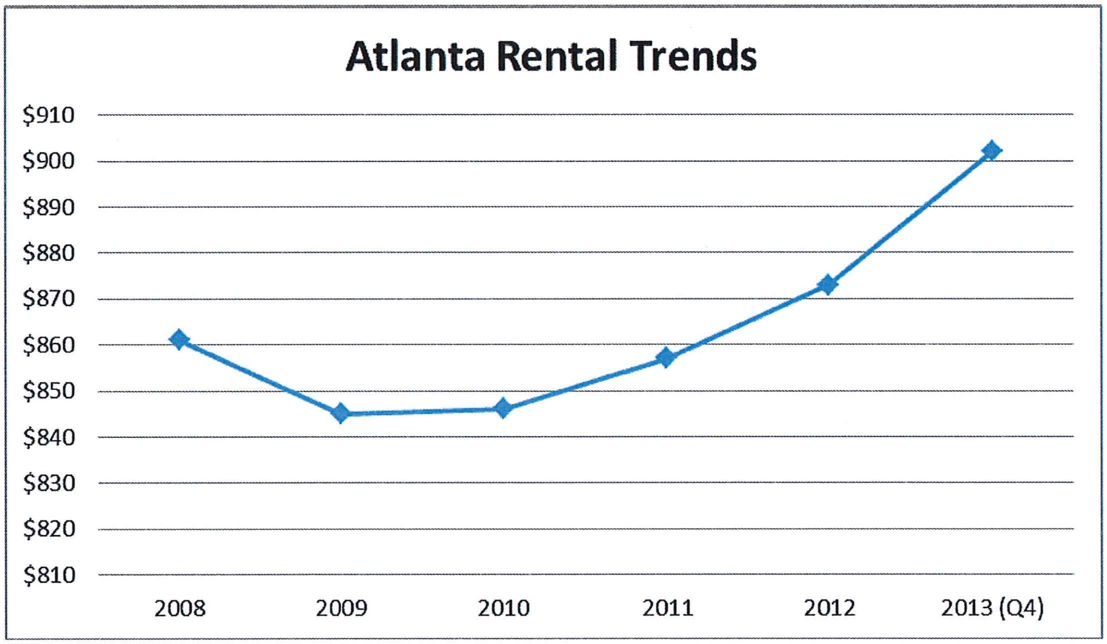
Year Built	Vacancy Rate
Before 1970	9.5%
1970-1979	10.2%
1980-1989	4.9%
1990-1999	4.0%
2000-2009	4.2%
After 2009	6.5%
Overall	5.9%

Source: Reis (4th Quarter 2013)

The communities constructed during the 1970s reflect the highest vacancy factor, while properties built between 1980 and 2009 are performing the strongest.

Rental Rates

The following table illustrates apartment market trends within the Atlanta metropolitan area since 2008 according to Reis:



As noted, rent levels have increased steadily since 2009 in the Atlanta market.

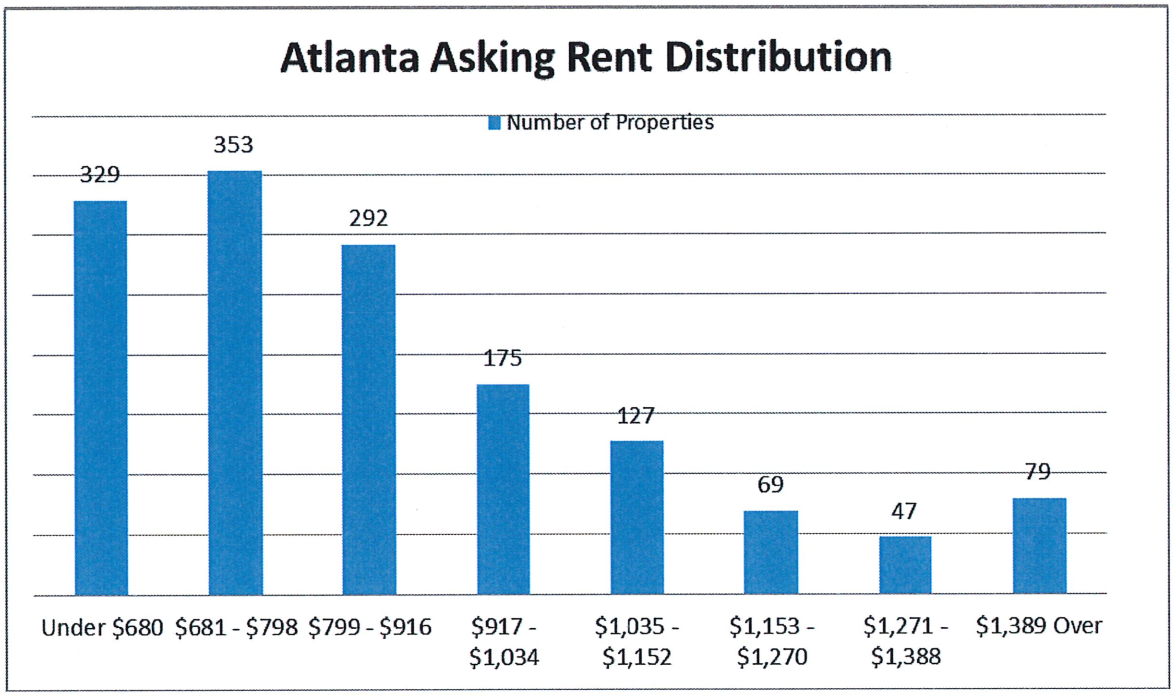
The following table identifies the average asking rent in Atlanta based on the year constructed according to Reis:

Atlanta Apartment Asking Rent By Age

Year Built	Average Asking Rent
Before 1970	$721
1970-1979	$739
1980-1989	$790
1990-1999	$1,011
2000-2009	$1,115
After 2009	$1,440
Overall	$902

Source: Reis (4th Quarter 2013)

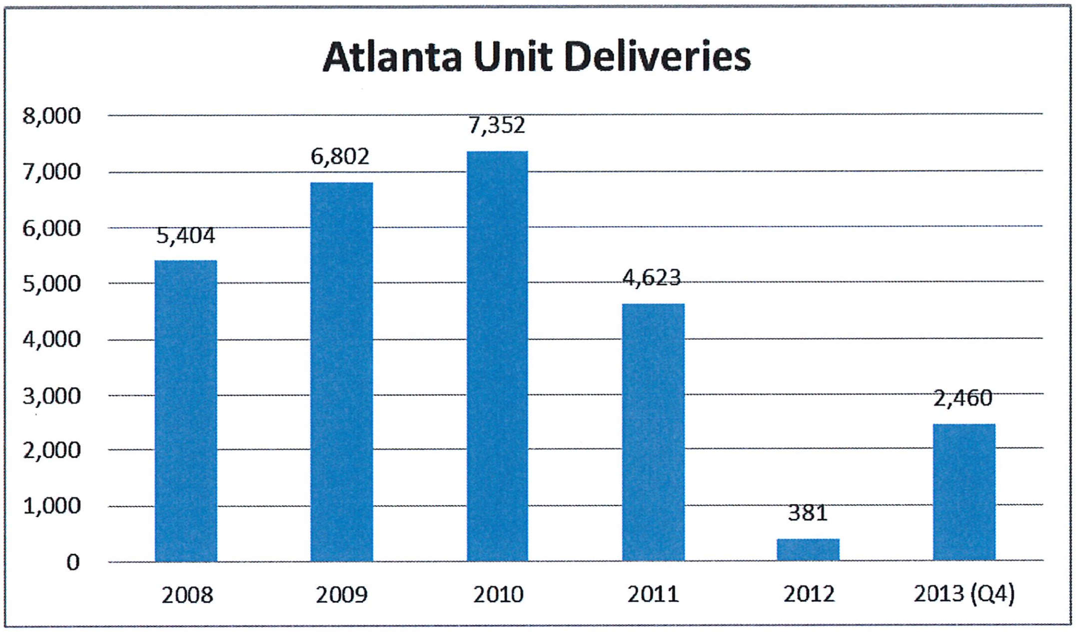
Predictably, the newer communities feature the higher average asking rents. The asking rent distribution is detailed in the following chart:



As indicated, a majority (66%) of the Atlanta properties have asking rents at or below $916 per unit per month according to Reis.

Deliveries

The following table illustrates apartment completions within the Atlanta metropolitan area since 2008 according to Reis:



There were 381 deliveries in 2012 and 2,460 in 2013.

Outlook for the Atlanta Apartment Market

Through Fourth Quarter 2013, the Atlanta apartment market experienced an increase in the average market-wide occupancy level, with a nominal increase in rental rates. The market maintains a stabilized average occupancy level of 94.1%. Considering the number of units currently under construction, as well as proposed for the market, average occupancy levels should remain stable over the near-term.

Decatur/Avondale Submarket Overview

The subject is located in the Decatur/Avondale apartment submarket, as identified by REIS. The apartment submarket encompasses a total of 16,027 units.

Submarket Performance

A summary of the recent operating characteristics of this submarket is presented in the following table.

Decatur/Avondale Submarket

	YE 2008	% Change	YE 2009	% Change	YE 2010	% Change	YE 2011	% Change	YE 2012	% Change	YE 2013
Asking Rent (per Unit)	$823	1.1%	$832	0.0%	$832	2.4%	$852	-0.6%	$847	1.8%	$862
Effective Rent (per Unit)	$733	-0.4%	$730	1.0%	$737	2.6%	$756	0.4%	$759	1.8%	$773
Reported Occupancy	89.1%	-1.0%	88.2%	1.7%	89.7%	1.0%	90.6%	1.1%	91.6%	0.0%	91.6%
Reported Concessions	$90	—	$102	—	$95	—	$96	—	$88	—	$89

Source: REIS 1st Qtr. 2011

The average occupancy in the Decatur/Avondale submarket was 91.6% as of Year End 2013, which was equal to the rates of 91.6% as of the Year End 2012 and up from the 90.6% at Year-End 2011.

Asking rental rates generally increased from 2005 through 2008 before declining into 2009, holding steady into 2010, increasing in 2011, decreasing again in 2012 and rebounding strongly in 2013. Effective rental rates have generally followed the same trend, reaching $733 in 2008 before decreasing to $730 in 2009 and rebounding to the current level of $773 as of the Year End 2013.

New and Proposed Construction

According to the REIS data, the most recent development in the subject submarket was the 71 unit Phase III of the Allen Wilson Terrace project in Decatur that was completed in 2013. Other than the subject, the only planned units are the 233 units at 315 West Ponce and the 532 units at Avondale Marta Station Mixed Use project, both of which are located in downtown Decatur and neither of which have announced ground break dates. Given the location of both properties, they are not considered to be directly competitive with the subject.

Submarket Outlook

The Decatur/Avondale submarket has experienced a stable occupancy over the past two years. Over the same time period, asking and effective rental rates increased. Over the near- to mid-term, occupancy rates should remain stable and effective rental rates should continue to increase. Over the long-term, the Decatur/Avondale submarket should see limited expansion and record improving performance.

Demographic Analysis

Demand for additional residential property is a direct function of population change. Multi-family communities are products of a clearly definable demand relating directly to population shifts.

Housing, Population and Household Formation

The following table illustrates the population and household changes for the subject neighborhood.

Population and Households

Proposed Mill Creek Crossing Apartments	1.0 Mile Radius	3.0 Mile Radius	5.0 Mile Radius
Population			
2000 Population	11,776	108,628	275,450
2010 Population	10,322	103,360	262,708
2013 Population	10,175	103,913	266,260
2018 Population	10,216	106,519	275,822
2000-2010 Annual Growth Rate	-1.31%	-0.50%	-0.47%
2010-2013 Annual Growth Rate	-0.44%	0.16%	0.41%
2013-2018 Annual Growth Rate	0.08%	0.50%	0.71%
Households			
2000 Households	4,297	42,744	106,122
2010 Households	3,946	41,649	105,605
2013 Households	3,885	41,791	107,015
2018 Households	3,933	43,206	111,967
2000-2010 Annual Growth Rate	-0.85%	-0.27%	-0.05%
2010-2013 Annual Growth Rate	-0.48%	0.10%	0.41%
2013-2018 Annual Growth Rate	0.25%	0.67%	0.91%

Source: ESRI

Households represent a basic unit of demand in the housing market. The neighborhood appears to be stable in terms of population and households, and this is projected to continue over the foreseeable future.

Income Distributions

Household income available for expenditure on housing and other consumer items is a primary factor in determining the price/rent level of housing demand in a market area. In the case of this study, projections of household income, particularly for renters, identifies in gross terms the market from which the subject submarket draws. The following table illustrates estimated household income distribution for the subject neighborhood.

Households Income Distribution			
Proposed Mill Creek Crossing Apartments	1.0 Mile Radius	3.0 Mile Radius	5.0 Mile Radius
2013 Households by Income			
< $15k	22.5%	18.8%	15.9%
$15,000 - $24,999	14.3%	13.0%	12.1%
$25,000 - $34,999	14.0%	11.8%	11.1%
$35,000 - $49,999	15.0%	14.1%	14.1%
$50,000 - $74,999	13.4%	17.9%	18.2%
$75,000 - $99,999	8.9%	8.7%	9.5%
$100,000 - $149,999	7.6%	8.7%	9.9%
$150,000 - $199,999	3.0%	3.9%	4.7%
$200,000+	1.2%	3.0%	4.4%

Source: ESRI

The following table illustrates the median and average household income levels for the subject neighborhood.

Household and Per Capita Income			
Proposed Mill Creek Crossing Apartments	1.0 Mile Radius	3.0 Mile Radius	5.0 Mile Radius
Income			
2013 Median Household Income	$34,203	$40,606	$45,660
2013 Per Capita Income	$18,912	$24,311	$27,200
2013 Average Household Income	$49,792	$59,221	$66,768

Source: ESRI

An analysis of the income data indicates that the submarket is generally comprised of lower- and lower-middle income economic cohort groups.

Outlook

Based on this analysis, the immediate area surrounding the subject property is projected to experience limited, positive growth relative to households and population into the near future. Given the area demographics, it appears that demand for both comparable surrounding area apartment units and the subject property will be average.

The overall market is expected to experience a continuation of the operating environment that has existed recently. Further, while new apartment construction is proposed, demand is strong and overbuilding is not anticipated during the near-term.

Low Income Housing Tax Credit Program & RAD

The subject property will participate in two programs that either restrict rent or offer subsidies to the property owner/developer for providing affordable housing. The primary affordability restrictions associated with the subject relate to the LIHTC Program. Eighty percent (160) of Mills Creek Crossing's units will benefit from Low Income Housing Tax Credits. Forty LIHTC units will also contain Project Based Rental Assistance (PBRA), made possible by the conversion of existing public housing subsidies into long-term HUD Section 8 contracts through HUD's Rental Assistance Demonstration (RAD) Program. The remaining 40 units (20% of the project) are market rate units.

For the purpose of our analysis, we have utilized a Market Feasibility Analysis prepared by Real Property Research Group, dated January 9, 2014. The following sections represent the key summaries and conclusions from this report.

Property Specific Affordability and Demand Analysis

As proposed, the subject property will contain 200 units including 40 PBRA units, 10 fifty percent LIHTC units, 110 sixty percent LIHTC units, and 40 market rate units.

Affordability capture rates by floor plan range from 0.3 percent to 5.1 percent for the proposed LIHTC and market rate units. By AMI level, renter capture rates are 0.6 percent for 50 percent units, 2.3 percent for 60 percent units, 2.1 percent for all LIHTC units, 0.8 percent for market rate units, and 2.0 percent for the project overall. Affordability capture rates (floor plan and income level) for PBRA units are all less than 0.5 percent.

All affordability capture rates are well within reasonable and achievable levels for a general occupancy community.

Mills Creek Crossing's DCA demand capture rates by AMI level are 1.9 percent for 50 percent LIHTC units, 7.2 percent for 60 percent LIHTC units, 6.5 percent for all LIHTC units, 2.4 percent for market rate units, and 6.1 percent for the project overall. By floor plan, capture rates range from 1.9 percent to 15.6 percent. Capture rates for PBRA units range from 0.3 percent to 1.1 percent. All of these capture rates are well within DCA's mandated threshold of 30 percent and indicate sufficient demand to support the proposed development.

Competitive Properties

Comparable properties have been surveyed in order to identify the occupancy trends within the immediate submarket. The comparable data is summarized in the following table:

Comparable	Name	Address	City	Condition	Year Built	No of Units	Occupancy
1	Decatur Crossing	100 Grayson Place	Decatur	Good	2000	180	95%
2	Paces Park	100 Paces Park Drive	Decatur	Good	1999	250	97%
3	Orleans at Decatur	2676 Millscott Drive	Decatur	Good	2001	120	97%
4	Five Oaks	1200 Montreal Road	Tucker	Very good	2004 and 2005	280	91%
5	Jackson Square	455 Dekalb Industrial Way	Decatur	Good	1998	380	89%
6	Woodside Village	3954 Memorial College Avenue	Atlanta	Good	2004	360	90%

The comparable properties surveyed reported occupancy rates in the range of 89% to 97%.

Conclusion

Occupancy Conclusion	
Atlanta Overall Market	94.1%
Marietta Submarket	91.6%
Rent Comparables (average)	93.2%
Projected Stabilized Occupancy - Market Rents	92.0%
Projected Stabilized Occupancy - Restricted	93.0%
Source: SERC	

Based on the foregoing analysis, with consideration to the age and location of the subject as well as the occupancies of the most competitive properties and the lack, our conclusion of stabilized occupancy for the subject with the Restricted LIHTC Rents is estimated at 93.0%, while the stabilized occupancy based on all market rate units is estimated at 92%, both of which are inclusive of a 1% collection loss allowance.

Lease Up Discount

The subject property will be vacant upon completion of construction and as such a discount for the rent loss over the absorption period must be deducted to arrive at an upon completion valuation.

The subject property will have the first units available in July 2015 and will be complete in October 2015. It is estimated that based on pre-leasing and lease up, the subject will have 50 units leased by the date of completion in October 2015. It was determined that a stabilized occupancy level for the subject would be 92% for the market rate scenario and 93% for the restricted rate scenario. Therefore, the subject needs to absorb 134 units under the market rent scenario and 136 units under the restricted rent scenario to reach stabilized occupancy. Based on the occupancy levels of the comparables, an absorption period of an additional 9 months is reasonable to attain stabilized occupancy under both scenarios. This equates to absorption rates of approximately 15 units per month, which is considered reasonable.

Finally, an entrepreneurial incentive of 20% of the rent loss is added to the rent loss calculation to arrive at a total lease up discount. This discount is then deducted from each approach to value in order to arrive at an as complete valuation for the subject.

The lease up discount calculation for the market rent scenario is presented in the following chart:

Lease Up Discount - Market Rent Scenario

						Total
Rent Loss	Units	Avg Rent	Months	PGR Loss	Lease Up Factor	
	134	$849	9	$1,023,593	50%	$511,796
Profit @ 20% of Rent Loss						$102,359
Total Lease Up Discount (Rounded)						$600,000

The lease up discount calculation for the restricted rent scenario is presented in the following chart:

Lease Up Discount - Restricted Rent Scenario

Rent Loss	Units	Avg Rent	Months	PGR Loss	Lease Up Factor	Total
	136	$682	9	$834,737	50%	$417,369
Profit @20% of Rent Loss						$83,474
Total Lease Up Discount (Rounded)						$500,000

Property Description

The following description is based on our property inspection, assessment records, and information provided by the subject developer. Unit sizes are included based upon data obtained from the developer.

Site Description

The following section details information about the subject site.

SITE	
Location:	The subject site is located along Tobie Circle, Tobie Court and Gifford Drive, just north of North Decatur Road and just southeast of East Ponce de Leon Avenue.
Current Use:	As of the date of inspection, the subject site was improved with a boarded up vacant one-story residential housing development that is scheduled to be razed.
Site Size:	Total: 18.533 acres; 807,297 square feet Usable: 18.533 acres; 807,297 square feet Excess: 0.00 acres; 0 square feet
Shape:	The subject site is irregular in shape.
Road Frontage/Access:	The subject property has a good level of road frontage and vehicular access will be provided by a main entrance from Tobie Circle at Gifford Drive.
Visibility:	Adequate.
Topography:	The subject site has a gently rolling topography.
Soil Conditions:	The soil conditions observed at the subject appear to be typical for the region and adequate to support development.
Utilities:	All utilities are available and provided to the site to support development.
Site Improvements:	Site improvements will include asphalt paving, concrete curbing and sidewalks, street lighting and landscaping throughout.
Flood Zone:	The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject improvements are located in FEMA flood zone X, (outside of 500 year flood zone) which is not classified as a flood hazard area.

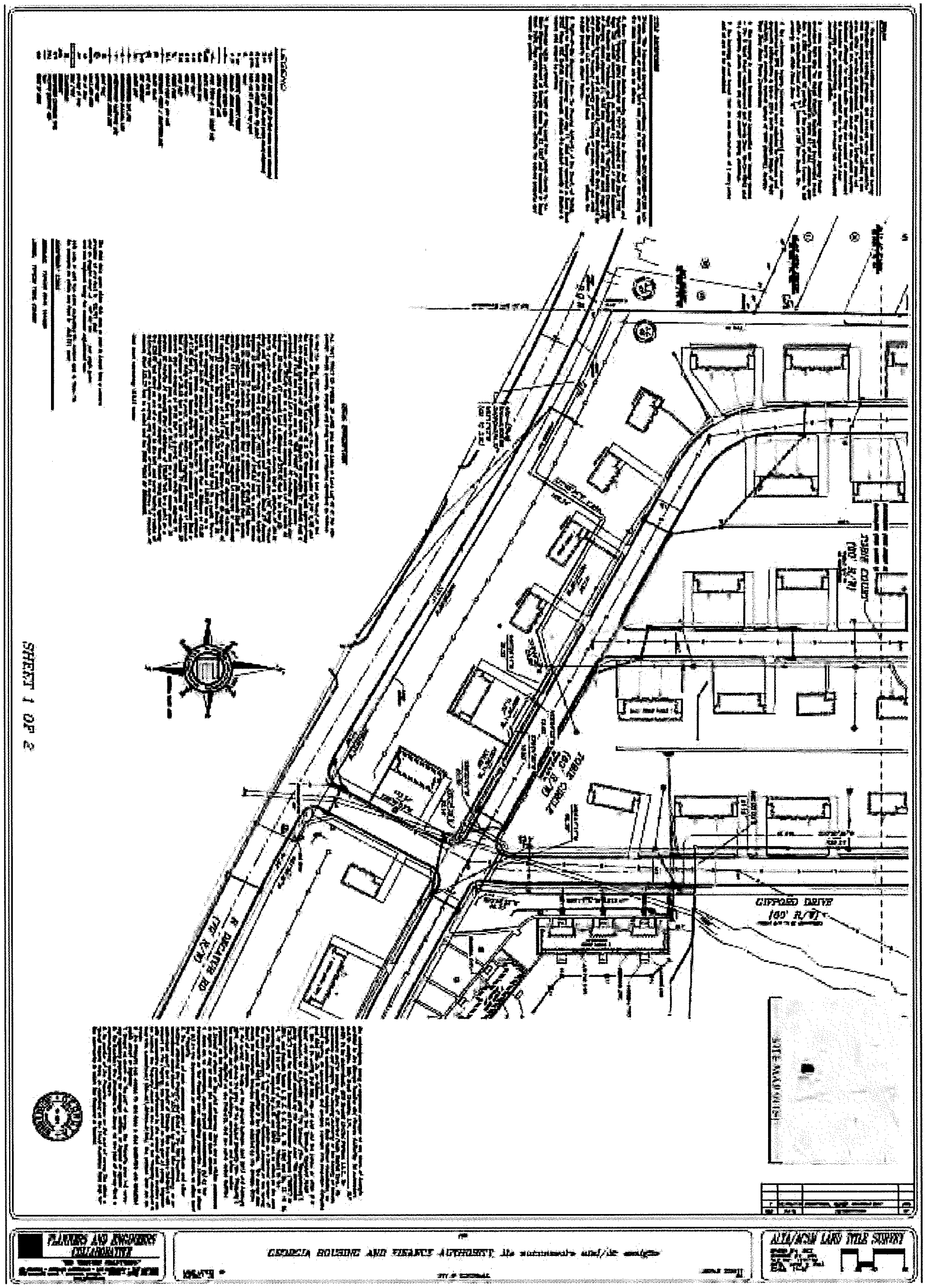
FEMA Map Number: 13089C0067J
FEMA Map Date: May 16, 2013

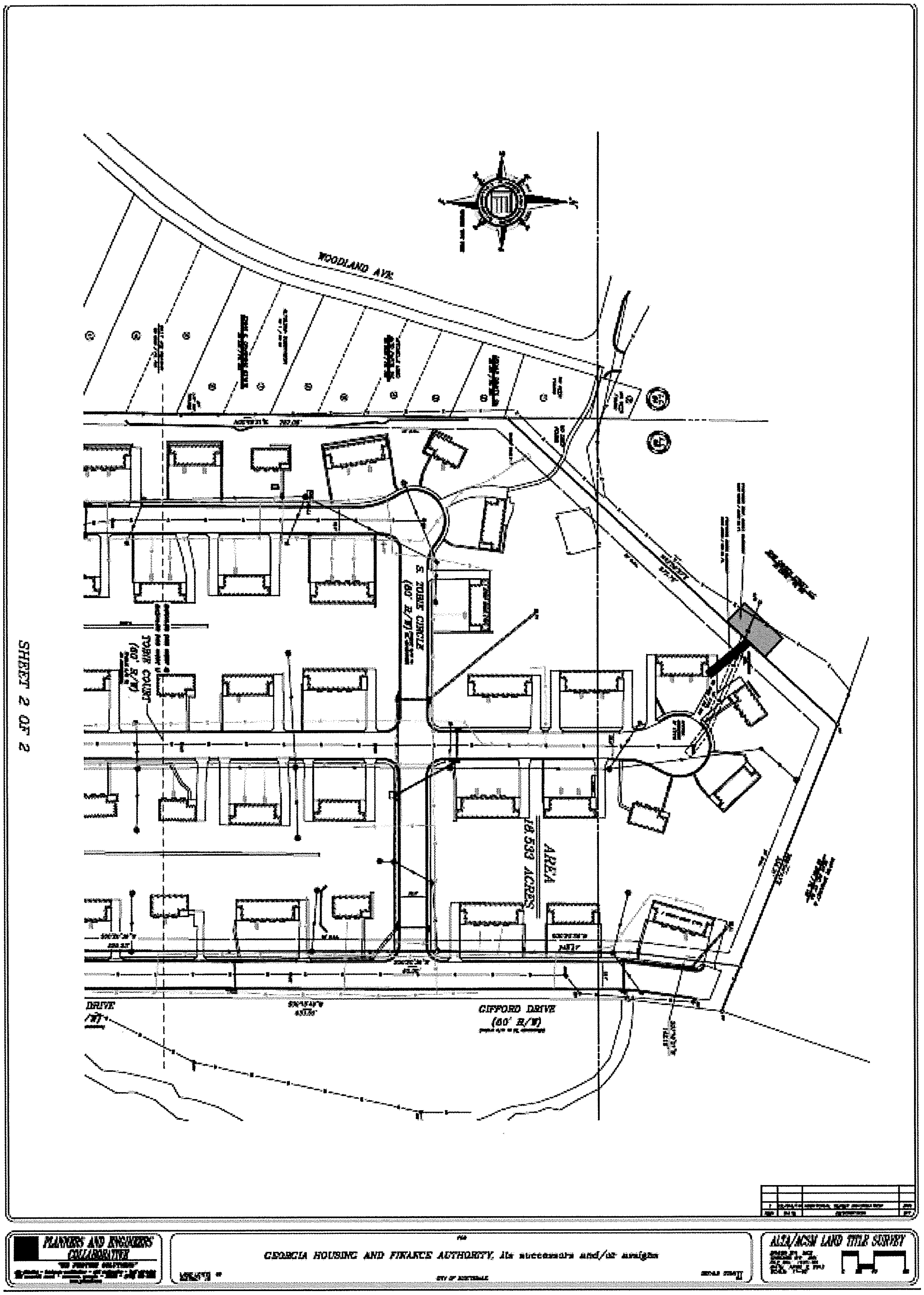
Environmental Issues: We were not provided with an environmental site assessment. We are not aware of any environmental issues with the subject site and have assumed the site is free of any environmental concerns.

Encumbrances & Easements: We are not aware of any encumbrances or easements that would have a negative effect on property value.

Site Comments: The subject site is typical of the area and has sufficient physical characteristics to support the highest and best use.

Survey


SHEET 1 OF 2
GIFFORD DRIVE
(60' R/W)
GEORGIA HOUSING AND FINANCE AUTHORITY
ALTA/ACSM LAND TITLE SURVEY
PLANNERS AND ENGINEERS COLLABORATIVE
SITE MAP


SHEET 2 OF 2
WOODLAND AVE.
S. TOBIE CIRCLE (60' R/W)
TOBIE COURT (60' R/W)
AREA 18.533 ACRES
GIFFORD DRIVE (60' R/W)
PLANNERS AND ENGINEERS COLLABORATIVE
GEORGIA HOUSING AND FINANCE AUTHORITY, its successors and/or assigns
ALTA/ACSM LAND TITLE SURVEY

Improvement Description

The following section details information about the subject improvements.

Unit Mix

The subject's proposed unit mix is detailed in the following table:

Unit Mix

Unit Type	# of units	SF	Total SF
1-Bedroom - 50% AMI	10	885	8,850
1-Bedroom - 60% AMI	26	885	23,010
1-Bedroom - Market	8	885	7,080
2-Bedroom - RAD-50% AMI	10	1,160	11,600
2-Bedroom - RAD-60% AMI	10	1,160	11,600
2-Bedroom - 60% AMI	73	1,160	84,680
2-Bedroom - Market	22	1,160	25,520
2-Bedroom - Non Revenue	1	1,160	1,160
3-Bedroom - RAD-50% AMI	20	1,432	28,640
3-Bedroom - 60% AMI	10	1,432	14,320
3-Bedroom - Market	10	1,432	14,320
Totals/Avg.	200	1,154	230,780

IMPROVEMENTS DESCRIPTION

Property Name:	Proposed Mill Creek Crossing Apartments
Property Type:	Multi-family
Overview:	The subject improvements represent a proposed 200-unit two- and three-story garden apartment complex.

MULTIPLE BUILDINGS SUMMARY

Construction Class:	The predominant construction class will be Class D (wood frame).
Quality:	The predominant quality level will be good.
Year Built:	Proposed – 2014/2015.
Renovations:	N/A.
Effective Age:	The subject improvements have an estimated effective age of 0 years upon completion. Given a total economic life of 50 years, this leaves a remaining economic life of 50 years.
Condition:	The predominant condition will be excellent.

Areas, Ratios & Numbers:	Number of Stories: 2 and 3 Gross Building Area: 267,800 Gross Leasable Area: 230,780 Land to Building Ratio: 3.01 to 1 Number of Units: 200
Comments:	The subject buildings and site improvements will be in excellent condition upon completion.

FOUNDATION, FRAME & EXTERIOR - ALL BUILDINGS

Foundation:	Concrete slab
Structural Frame:	Wooden frame
Exterior:	A combination of fiber cement siding panels and brick.
Roof/Cover:	Pitched roof with asphalt shingles.

INTERIOR - ALL BUILDINGS

Interior Layout:	Very good
Floor Cover:	Combination of carpet and vinyl. Market rate units will have upgraded vinyl plank flooring.
Walls:	Painted drywall.
Ceilings:	Ceiling will be painted drywall.
Lighting:	A mix of fluorescent and incandescent lighting.
Bathrooms:	All LIHTC bathrooms will include a combination of wood cabinets with laminate countertops, commode, sink and standard tubs. Market units will have the same features with the exception of granite countertops.
Kitchens:	All LIHTC units kitchens will include wood cabinets with laminate countertops, frost free refrigerator with icemakers, above the range microwave ovens, electric stove, stainless steel sinks with disposal and dishwasher. Market units will have the same features with the exception of granite countertops, a tile backsplash and taller (42") upper cabinets.
Washer/Dryer:	All units will include full size washer/dryer connections.

Fireplace:	None.

MECHANICAL SYSTEMS - ALL BUILDINGS

Heating:	Electric
Cooling:	Package units
Electrical:	Assumed adequate
Plumbing:	Assumed adequate.
Sprinkler:	Yes – wet system
Comments:	Upon completion, all mechanical systems are assumed to be in excellent condition and adequate for the existing use.

ADDITIONAL FEATURES - ALL BUILDINGS

Patios:	Select units will have a patio.
Garages:	None.
Other Amenities:	The subject property will be gated and will include a community room, fitness center, business center, computer center, swimming pool, playground, covered barbeque pavilion, community laundry area, and gazebo / covered porch.

PARKING

Parking:	Type: Paved open parking. Condition: Excellent Upon Completion Number of Spaces: 300
Other:	The subject will include 300 open paved spaces, which equates to a parking ratio of 1.5 per unit. This ratio is considered adequate given the unit mix of the subject.

PROPERTY ANALYSIS

Design & Functional Utility:	The overall design and functional utility of the improvements are considered adequate for the intended use.
Deferred Maintenance:	The subject property will represent new construction and as such will not exhibit any significant items of deferred maintenance upon completion.
Comments:	The subject improvements will be in excellent condition upon completion of construction.

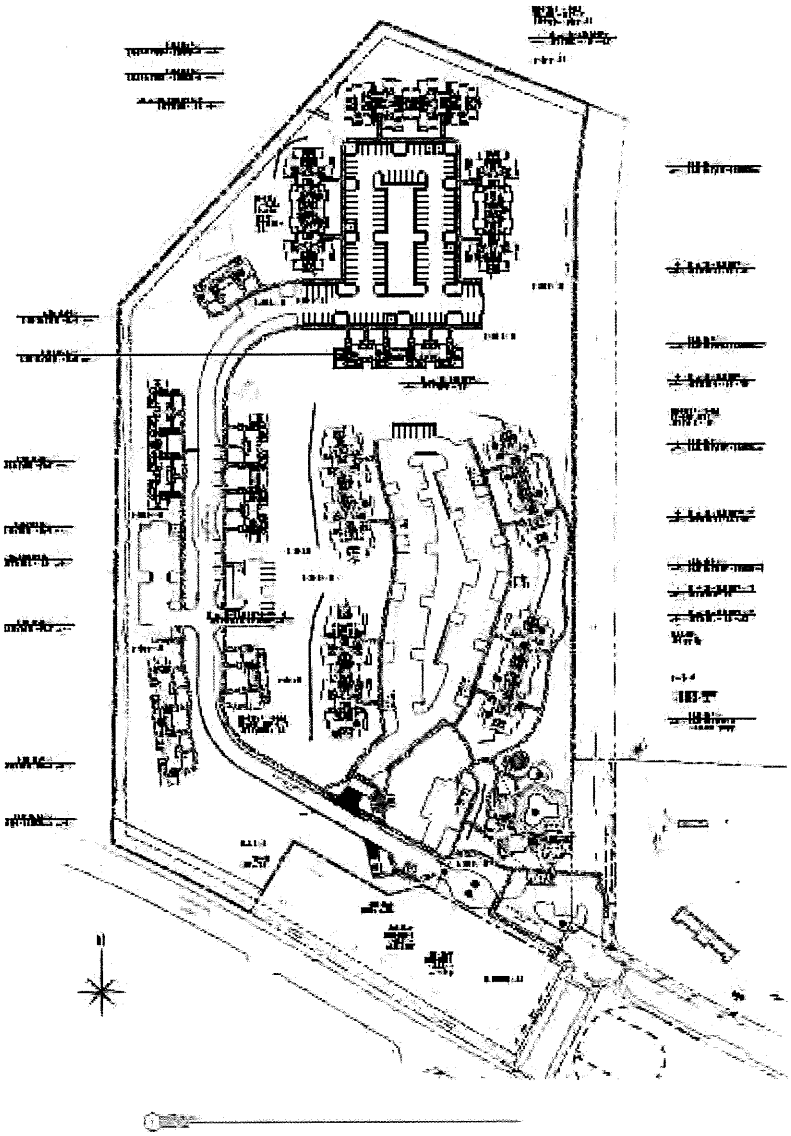
Americans With Disabilities Act

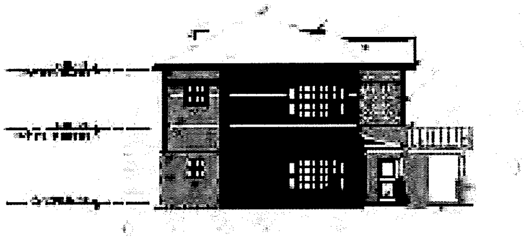
Please reference the Limiting Conditions and Assumptions section of this report on page 12.

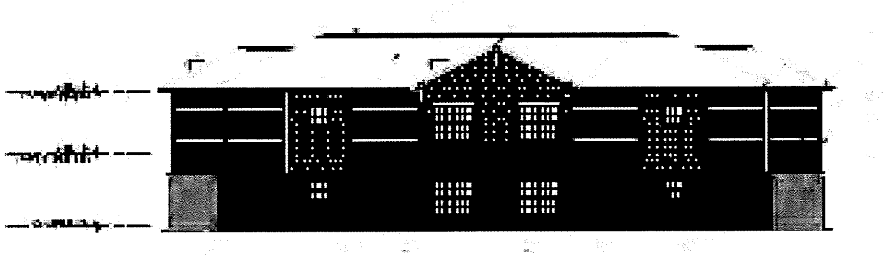
Hazardous Substances

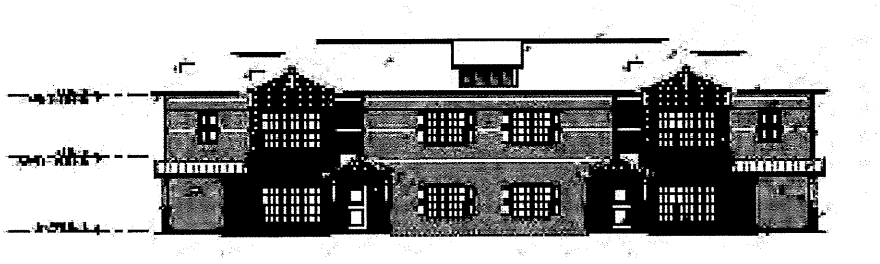
Please reference the Limiting Conditions and Assumptions section of this report on page 12.

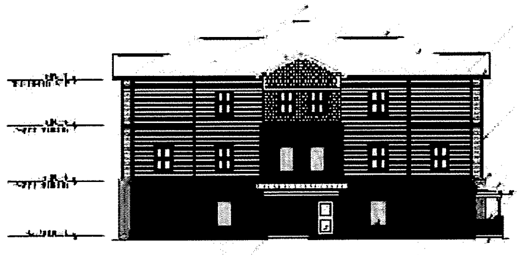
Subject Architectural Plans

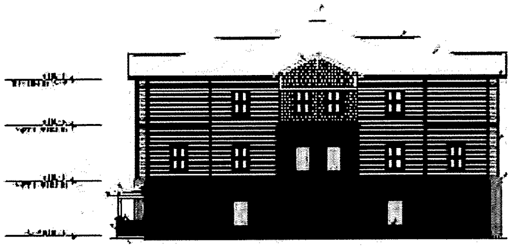


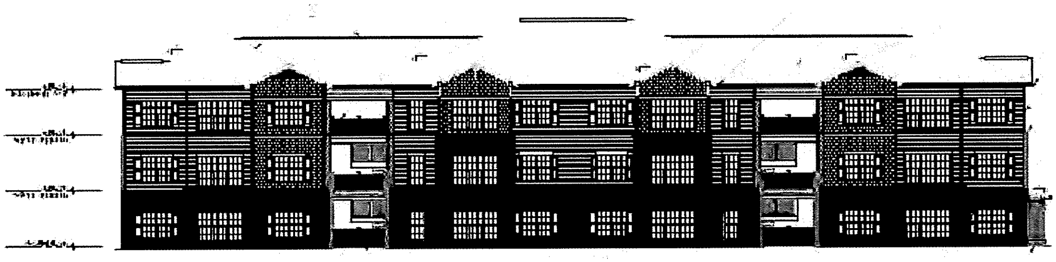


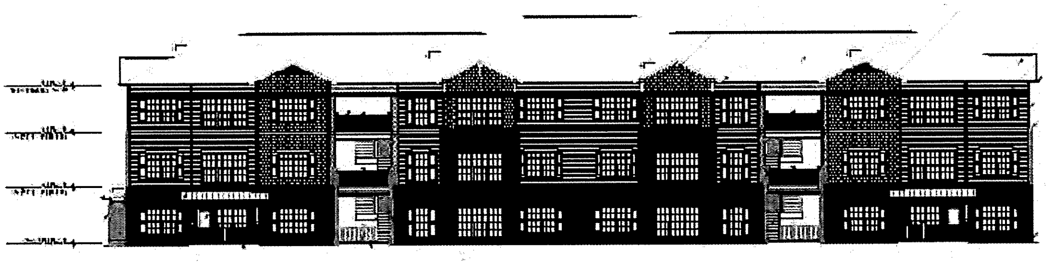


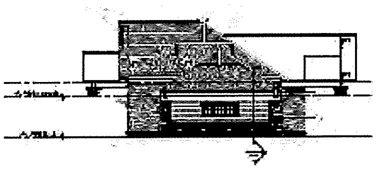


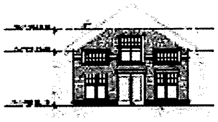


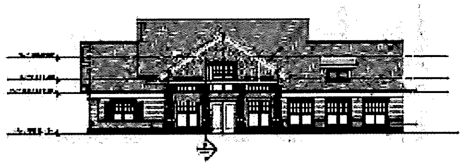


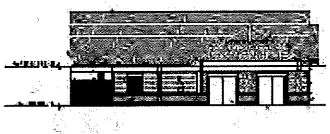


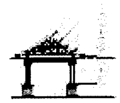


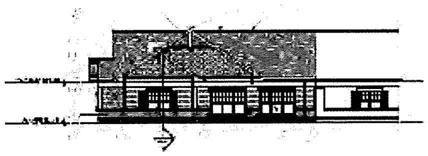


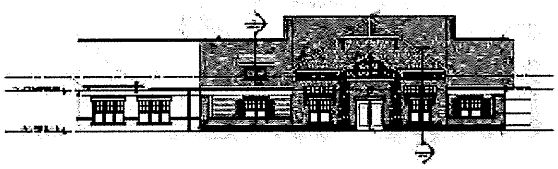


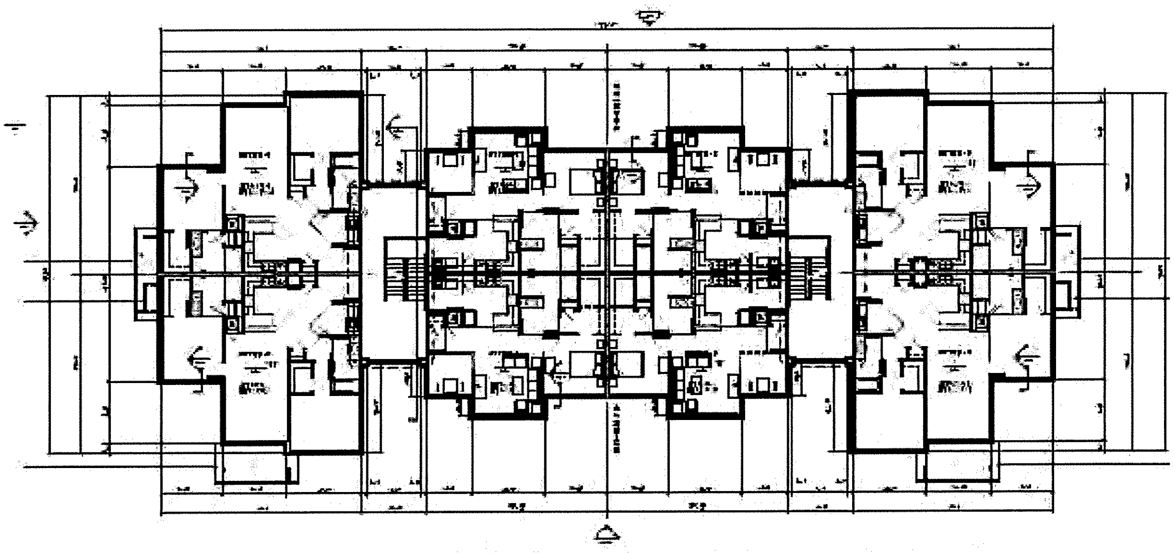


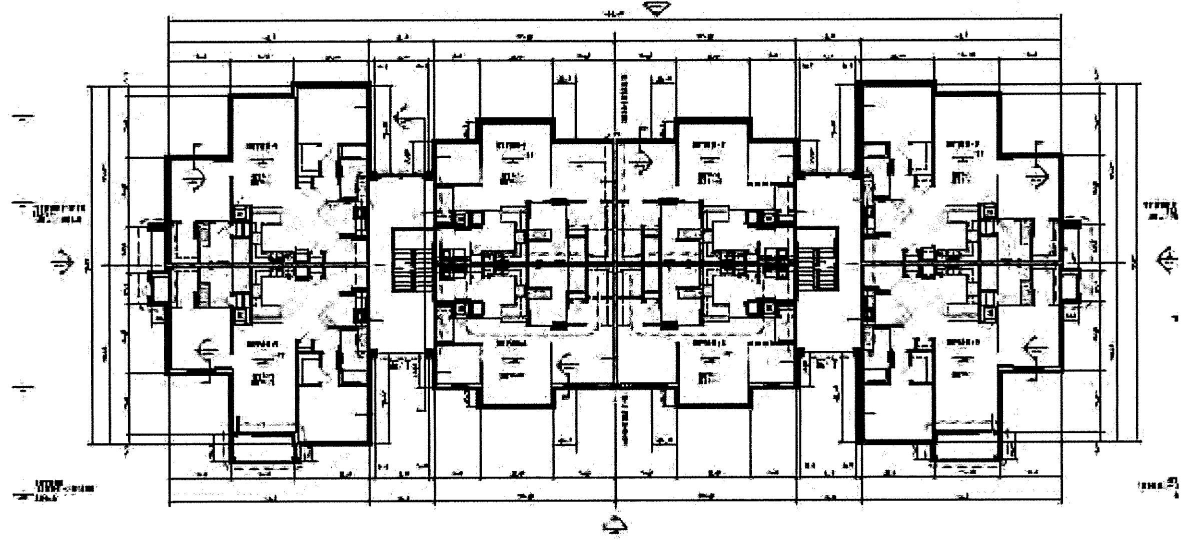


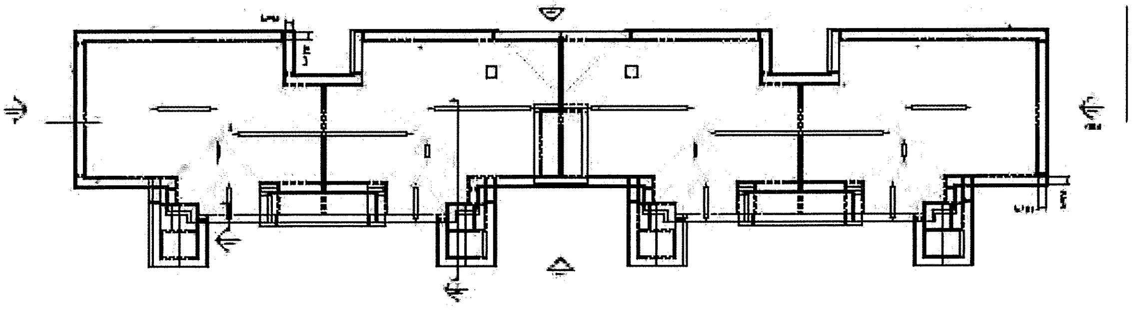


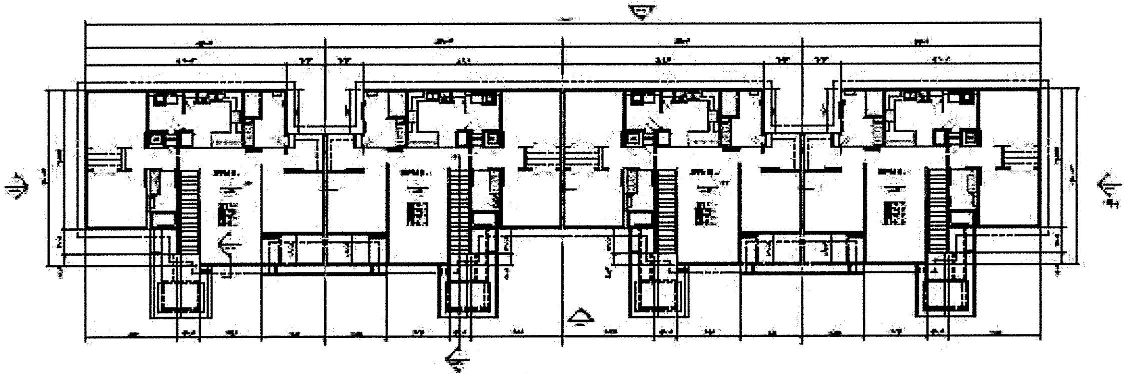


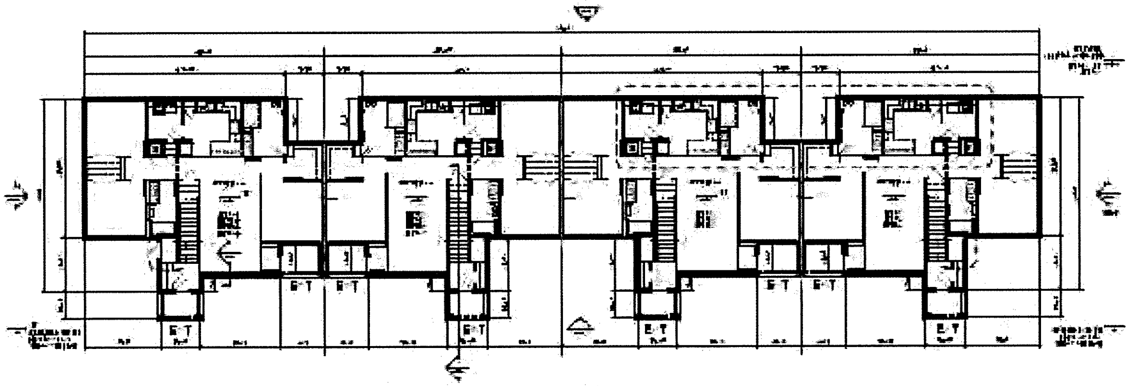












Subject Photographs

Typical View of Subject Site

Typical View of Subject Site

Typical View of Subject Site

Typical View of Subject Site

Typical View of Subject Site

Typical View of Subject Site

Typical View of Subject Site

Typical View of Subject Site

Typical View of Subject Site

Typical View of Subject Site

Typical View of Subject Site

Typical View of Subject Site

Aerial Photo

Assessment and Taxes

The subject property is obligated to pay taxes in DeKalb County. DeKalb County assesses commercial property at 40% of the estimated market value.

Please note that the subject is currently a portion of numerous tax parcels that are owned by the DeKalb Housing Authority and are exempt from taxes.

The 2013 millage rate for unincorporated DeKalb County was 45.34. The 2014 millage rates will not be announced until late 2014, but minimal or no change is expected. As the subject property is proposed, we have analyzed the tax values of similar properties in DeKalb County in order to estimate a tax value for the subject upon completion of construction and stabilization.

The following table identifies the tax comparables.

Tax Comparables

Name	Residency at Northlake	Five Oaks	Providence North	Dupont Place	**Subject**
Parecel ID	18-210-06-002	18-118-06-002	18-209-02-040	18-214-08-001	**18-046-02-002; -005; -006; -050; -051; -052; -054**
Year Built	2005	2004	1999-0	2001	**2015**
Total Units	357	280	256	217	**200**
Tax Year	2013	2013	2013	2013	**2013**
Total Value	$43,999,920	$26,625,000	$27,961,200	$12,000,000	
Value/Unit	$123,249	$95,089	$109,223	$55,300	

Based upon the age and design of the subject, we have reconciled to a tax value towards the lower end of the range indicated by the tax comparables, or $60,000 per unit. The estimated taxes are calculated in the following chart.

ESTIMATED REAL ESTATE TAXES

Tax Value Per Unit	$60,000
Multiplied by No of units.	200
Total Tax Value	$12,000,000
Multiplied by Assessment Ratio	40%
Total Assessment	$4,800,000
Multiplied by Tax Rate/ $1000	45.34
Estimated Real Estate Taxes	$217,632

Therefore, we have utilized the above estimated stabilized taxes in our market rent analysis.

The subject parcels are currently exempt from paying real estate taxes and it was reported that this exemption will remain for the subject property under the restricted rent scenario. The flowing excerpt is from a letter from the DeKalb County Property Appraiser dated May 8, 2013:

Our records indicate that the above mentioned parcels, with primary address being 3218 Tobie Circle, are exempt from ad velorem taxes as an E1 public property. Exempt status for the referenced parcels titled to Dekalb Housing Authority was reviewed and approved by the

Board of Assessors. Exempt status was granted based on Georgia Code O.C.G.A. 8-3-8 and will continue as long as there are no changes in the ownership of the underlying land.

Therefore, given the underlying land is remaining in the ownership of the DeKalb Housing Authority, for the restricted analysis, it is assumed that the subject will not be required to pay real estate taxes and therefore the subject tax burden under this scenario will be $0.

Zoning

LAND USE CONTROLS

Zoning Code	RM-75 with a Tier V Overlay
Zoning Description	Uses allowed include multifamily development.
Proposed Use Legally Conforming	Yes
Zoning Change Likely	No
Zoning Comments	Based on a Zoning Compliance letter prepared by Foley Design Associates and Dates February 21, 2014, the proposed subject improvements meet the requirements of the zoning district. Therefore, the proposed improvements are considered to be a legal conforming use. This zoning compliance letter stated the following: "Including both Mills Creek Crossing and The Reserve at Mills Creek (Phase 1), which proposes a total of 100 senior apatlment units on 3.71 acres, the overall proposed density to date is 5.46 units per acre which is well within the 12 unit per acre maximum. All of the proposed buildings on the Mills Creek Crossing site development plan are served with parking in excess of the overlay's requirements and are well within the setback and height requirements of the overlay. Mills Creek Crossing as proposed meets all of the Tier V overlay zoning requirements and we foresee no issues that will cause this to change throughout the permitting and closing processes."

Highest and Best Use

Highest and best use may be defined as

> the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.[8]

1. **Permissible Use.** What uses are permitted by zoning and other legal restrictions?

2. **Possible Use.** To what use is the site physically adaptable?

3. **Feasible Use.** Which possible and permissible use will produce any net return to the owner of the site?

4. **Maximally Productive.** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

Highest and Best Use of the Site as Vacant

PERMISSIBLE USE

The legally permissible uses were discussed in the zoning section of this report. Multi-family development is legally permissible on the subject site as vacant.

POSSIBLE USE

The physically characteristics of the subject site were discussed in the site analysis section of this report. The physical characteristics of the subject site do not appear to place any restrictions on the possible uses of the subject site.

FEASIBLE USE

The financially feasible use of the site is determined by market characteristics. Based upon the state of the current market as well as the subject's location and surrounding land uses, multi-family development would not be considered a financially feasible use at the present time without the assistance of tax credits.

MAXIMALLY PRODUCTIVE

Based upon our analysis, there does not appear to be another use that would be considered to produce a higher return to the site than multi-family development. Therefore, holding the site for future multi-family development or current development with tax credits is considered to be the maximally productive use of the subject site.

---

[8] *The Appraisal of Real Estate* 12th Edition, Page 305, Appraisal Institute

CONCLUSION

The highest and best use of the subject site as though vacant is to develop with a multi-family development with tax credits.

Highest and Best Use as Improved

The subject is proposed to be developed with a tax credit multi-family development. The proposed improvements meet all the tests of highest and best use as they are legally permissible, physically possible, and with the inclusion of the tax credits, are financially feasible. Furthermore, there does not appear to be an alternate use of the subject that would provide a higher value than the proposed use and, therefore, the proposed use is considered to be maximally productive and the highest and best use as improved.

Valuation Methodology

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Sales Comparison Approach
3. The Income Approach

Cost Approach

The Cost Approach is summarized as follows:

Cost New
- Depreciation
+ Land Value
= Value

Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

Income Capitalization Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

Analyses Applied

A **cost analysis** was considered and was developed because there is adequate data to develop a land value and the depreciation accrued to the improvements can be reasonably measured.

A **sales comparison analysis** was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

An **income analysis** was considered and was developed because the subject is an income producing property and there is adequate data to develop a value estimate with this approach.

The subject is proposed to receive public financing assistance through tax credits and, as a result, will be subject to restricted rent and income levels for potential tenants. Therefore, we have included analyses of the subject based on development under the restricted rent scenario and under a market rent scenario. An estimate of the fair market value of the proposed tax credits is also included.

Cost Approach

The Cost Approach is based on the principle of substitution - that a prudent and rational person would pay no more for a property than the cost to construct a similar and competitive property, assuming no undue delay in the process. The Cost Approach tends to set the upper limit of value before depreciation is considered. The applied process is as follows:

- Estimate the land value according to its Highest and Best Use. We have used the Sales Comparison Approach; the process is as follows:
    - Comparable sales, contracts for sale and current offerings are researched and documented.
    - Each comparable is analyzed and adjusted to equate with the subject property.
    - The value indication of each comparable is analyzed and the data reconciled for a land value indication.
- Estimate the replacement cost of the building and site improvements.
- Estimate the physical, functional and/or external depreciation accrued to the improvements.
- Sum the depreciated value of the improvements with the value of the land for an indication of value.

Land Valuation

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

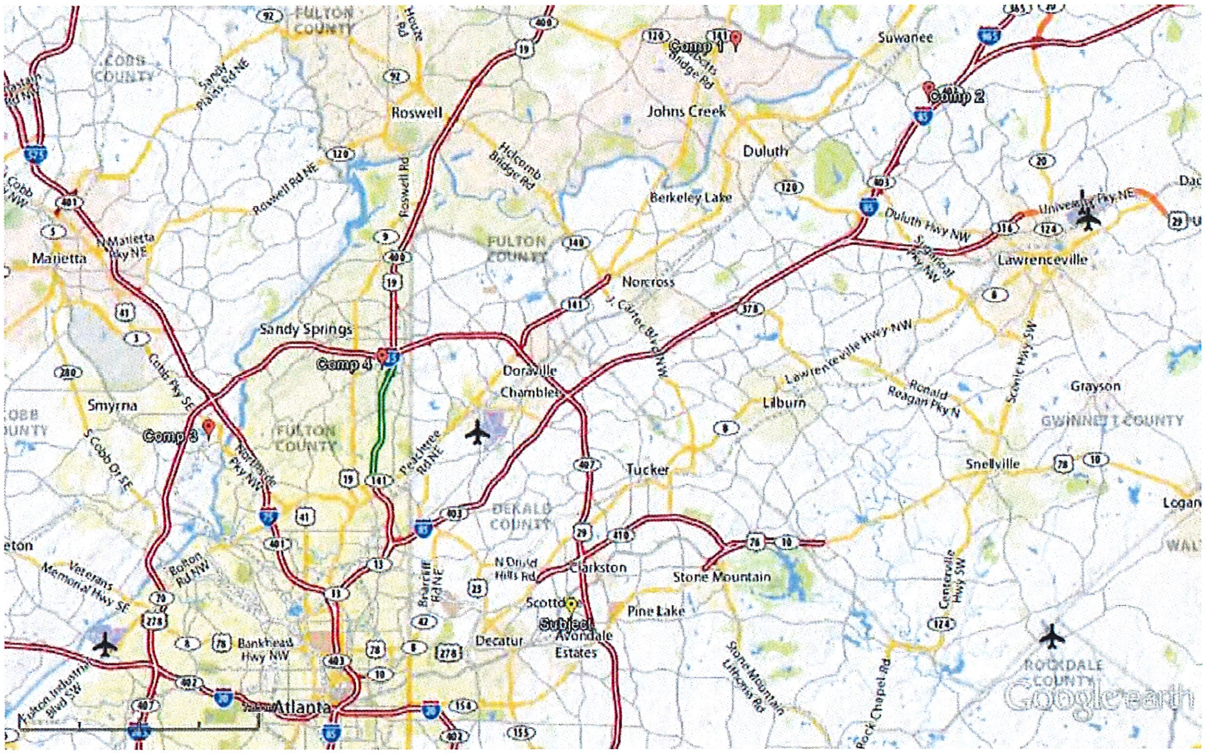
- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.

- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

Land Comparables

We have researched four comparables for this analysis; these are documented in the addenda. These sales are summarized on the following pages with a location map, summary chart, discussion and analysis grid.

Land Comparables Map



Comparable	Address	Date	Price	Price per Unit	Land Units	Acres	Zoning
1	N/s Technology Circle	5/10/12	$6,600,000	$25,000	264	23.82	A, Medium Density Multi-Family
2	Northolt Pkwy. @ Lawrenceville	9/12/11	$3,935,000	$11,746	335	19.47	PMUD
3	SEQ Cumberland Blvd. & Stillhouse Road	9/1/10	$4,938,000	$16,243	304	7.75	Multifamily
4	5620 Glenridge Drive	7/1/10	$3,750,000	$22,321	168	4.24	MiX (Mixed Use Residential)

Discussion of Comparable Land Sales

Land Sale One

The 23.816 acre site was purchased for the development of the 264-unit Oaks at Johns Creek Apartments. The site is located in the Technology at Johns Creek mixed-use community. The site was recently rezoned to allow for apartment development. The property is located in an affluent neighborhood in the city of Johns Creek. The property previously sold in January 2012 for $4,020,000. The variance between the recent sale and the prior sale in January was due to the property being sold at a very favorable price and due to the current owner taking the opportunity to sell the site at a significant profit.

A downward adjustment for location was warranted to the sale price for the subject's inferior location.

Land Sale Two

The site was purchased for the development of Terraces at Suwanee Gateway, a 335-unit apartment complex. The property is located within the Suwanee Gateway development along the south side of Lawrenceville Suwanee Road, just west of I-85 in northern Gwinnett County.

An upward adjustment for market conditions to recognize the overall improvement in economic conditions from the original date of sale to the present time was required. A downward adjustment for location was warranted to the sale price for the subject's inferior location. No other adjustments were required for this comparable.

Land Sale Three

This comparable represents the acquisition of a 7.75-acre vacant site, to be developed with 304 apartment units. The site is located within the general southeast quadrant of Cumberland Boulevard and Stillhouse Lane, in Cobb County, metro Atlanta, Georgia. The sale occurred in September 2010 for $4,938,000, or $16,243 per developable unit. The site has a downward sloping topography in a southerly direction. However, the seller had reportedly already spent approximately $1 million on grading and retaining walls. Thus, no adjustment is required for rough topography. The seller was Pope & Land, etal. The buyer was Worthing Southeast.

An upward adjustment for market conditions to recognize the overall improvement in economic conditions from the original date of sale to the present time was required. A downward adjustment for location was warranted to the sale price. No other adjustments were required.

Land Sale Four

This represents the acquisition of 4.24 acres. The buyer (Wood Partners) developed 168 Class A apartment units over 20,000 square feet of retail centered around a five-story parking deck. The actual purchase price of the land was $2,550,000, but the purchaser also paid (reimbursed) $1,200,000 for site work that had been done to the property.

An upward adjustment for market conditions to recognize the overall improvement in economic conditions from the original date of sale to the present time was required. A downward adjustment for location was warranted to the sale price. No other adjustments were required.

Analysis Grid

The above sales have been analyzed and compared with the subject property. We have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Land Analysis Grid		**Comp 1**	**Comp 2**	**Comp 3**	**Comp 4**
Name	Mill Creek Crossing	Oaks at Johns Creek Site	Terraces at Suwanee Gateway Site	Cumberland Stillhouse Apartment Site	Glenridge Springs Apartment Site
City	Scottdale	Johns Creek	Suwanee	Atlanta	Atlanta
State	GA	GA	GA	GA	GA
Date		5/10/2012	9/12/2011	9/1/2010	7/1/2010
Price		$6,600,000	$3,935,000	$4,938,000	$3,750,000
No. of Units	200	264	335	304	168
Price per Unit		$25,000	$11,746	$16,243	$22,321
Transaction Adjustments					
Property Rights		Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%
Financing		Cash to seller 0.0%	Cash to seller 0.0%	Cash to seller 0.0%	Cash to seller 0.0%
Conditions of Sale		Normal 0.0%	Normal 0.0%	Normal 0.0%	Normal 0.0%
Adjusted Price per Unit		**$25,000**	**$11,746**	**$16,243**	**$22,321**
Market Trends Through		5.0%	5.0%	10.0%	10.0%
Adjusted Price per Unit		$26,250	$12,334	$17,868	$24,554
Location		Superior	Superior	Superior	Superior
% Adjustment		-50%	-10%	-30%	-50%
$ Adjustment		-$13,125	-$1,233	-$5,360	-$12,277
Acres	18.53	23.82	19.47	7.75	4.24
% Adjustment		0%	0%	0%	0%
$ Adjustment		$0	$0	$0	$0
Topography	Generally Level	Rolling	Generally Level	Moderate	Moderate
% Adjustment		0%	0%	0%	0%
$ Adjustment		$0	$0	$0	$0
Adjusted Price per Unit		**$13,125**	**$11,100**	**$12,507**	**$12,277**
Net Adjustments		-47.5%	-5.5%	-23.0%	-45.0%
Gross Adjustments		57.5%	15.5%	43.0%	65.0%

Land Valuation Conclusion

The adjusted values of the indications have been considered, and in the final analysis, all of the sales have been considered. Given the range indicated by the comparables, we have arrived at a final reconciled per unit value of $13,000.

Please note that we have not made a deduction for demolition costs of the existing improvements as due to their one-story nature, the demolition is considered to be minimal and would be handled as part of typical site preparation. As such, the value of the subject site as if vacant and the value of the subject site as currently improved are considered to be equivalent.

Land Value	
Indicated Value per Unit:	$13,000
Subject Size:	200 units
Indicated Value:	$2,600,000
Rounded:	$2,600,000

Leasehold Analysis

As previously noted, the subject property will be subject to a 75-year ground lease, by and between HOUSING AUTHORITY OF THE COUNTY OF DEKALB, GEORGIA, A PUBLIC BODY CORPORATE AND POLITIC, ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF GEORGIA ("HADC" OR "LANDLORD"), AND MILLS CREEK CROSSING, L.P., A GEORGIA LIMITED PARTNERSHIP ("TENANT"). This ground lease will be for a term of 75-years.

The leasehold value is calculated by deducting the leased fee value of the ground lease from the fee simple value of the land. The present value of a ground lease is typically calculated as the capitalized value of the base rent. In the case of the subject, the terms of the Ground Lease include a base rent that is flat at a rate of $1 per year for the entire 75-year term. Given the nominal annual rent for the subject site, the leased fee value would get lost in rounding and therefore, the leasehold value is effectively equal to the fee simple value or $2,600,000.

Cost Analysis

The next step in the Cost Approach is to estimate the replacement cost of the buildings and site improvements. The replacement cost of the subject site and building improvements are based on Marshall Valuation Service and the developer's supplied construction budget.

Soft Costs

Soft costs include engineering, architectural, permits and legal, and market and leasing costs necessary to bring an income producing property to stabilized occupancy. These costs vary by property type, but typically average 10% to 20%.

Developer's Profit

This factor reflects the profit necessary for the developer to undertake the management, responsibility and risks of construction associated with the subject property. Current valuation theory states that the four components that create value are land, labor, capital and coordination. Developer's profit as used in the Cost Approach reflects the coordination component of value. Typically, developer's profit runs 10% to 20%. We have computed developer's profit at 15.0% of construction costs.

Depreciation Analysis

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

Physical Deterioration

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

Functional Obsolescence

This results from a lack of utility or desirability due to design or market perception of the improvements. This type of depreciation may be curable or incurable.

External Obsolescence

This is due to circumstances outside the property itself, such as industry, demographic and economic conditions or an undesirable proximate use. This type of depreciation is rarely curable. In the case of the subject, external obsolescence exists in the form of depressed rents due to the current economic climate. External obsolescence is applicable to the subject, and this is demonstrated by the value indication from the Cost Approach exceeding the value from the Income Capitalization Approach under the hypothetical market rent scenario.

Developers Budgeted Costs

The developer's construction budget is summarized in the following chart:

Developer's Budgeted Costs		
Cost Source: Developer		
Building Improvements		
Total Building Improvement Hard Costs		**$14,037,490**
Additions		
Site Preparation & Improvements		$2,804,380
Bond Premium		$141,881
GC Overhead & Profit		$1,347,349
General Requirements		$694,322
Contingency		$944,177
	Total Additions	**$5,932,109**
	Subtotal: Building Costs	**$19,969,599**
Soft Costs		
Item	**Percent Type**	**Total**
Financing Costs		$682,534
Bond Costs		$209,250
Pre-Development Soft Costs		$1,207,161
Other Soft Costs		$2,278,374
Reserves & Interest		$1,721,551
Developer Fee		$0
	Total Soft Costs	**$6,098,870**
Total Costs		
	Subtotal: Building, Site & Soft Costs	$26,068,469
	Rounded	**$26,070,000**

The developer's budgeted costs net of land value and entrepreneurial profit total $26,070,000. As will be noted on the following pages, the costs estimated via Marshall Valuation Service prior to the inclusion of land value and Developer's Profit is $26,270,369. Therefore, the two cost estimates are considered to lend support to each other and we have utilized the Marshall Valuation Service estimate in this analysis.

Cost Approach Conclusion

Source

Cost Source:	Marshall & Swift	# 12: Dwellings, Multiples, Motels	
No. of Stories Multiplier:	1.000	**Local Multiplier:**	0.940
Height/Story Multiplier:	1.000	**Current Cost Multiplier:**	1.100
Perimiter Multiplier:	1.000	**Combined Multipliers:**	1.034

Building Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Building	Sq. Ft.	$81.12	267,800	1.034	$22,462,550
		Total Building Improvement Costs			**$22,462,550**
		Price per SF Gross Leasable Area			$97.33

Additions

Item	Unit Type	Cost	Quantity	Total
Site Preparation & Improvements	Per Unit	$2,000	200	$400,000
Appliances	Per Unit	$2,000	200	$400,000
Other Amenities	Lump Sum	$200,000	1	$200,000
			Total Additions	**$1,000,000**
			Subtotal: Building & Site Costs	**$23,462,550**
			Price per SF Gross Leasable Area	$101.67

Soft Costs

Item		Percent Type	Total
Indirect Costs	12.5%	% of Building Cost	$2,807,819
		Total Soft Costs	**$2,807,819**

Total Costs

Subtotal: Building, Site & Soft Costs		$26,270,369
Developer's Profit	15.0%	$3,940,555
Total Cost		**$30,210,924**
Price per SF Gross Leasable Area		$112.81

Depreciation: Section 1 of 1

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation	0	50	0%	$0
Functional Obsolescence Building			0%	$0
External Obsolescence Building			0%	$0
			Total Depreciation	**$0**
			Depreciated Value of Improvements	**$30,210,924**
			Cost Per Square Foot Gross Leasable Area	$130.91

Land Value

Land Value	$2,600,000
Cost Approach Value Indication	**$32,810,924**
Rounded	**$32,800,000**

Based on the analysis detailed above, we have reconciled to a cost approach value of $32,800,000.

Insurable Value

The client has requested an insurable value estimate. The insurable value estimate reflects the value of the destructible portions of the subject, and excludes indestructible items such as foundations, site work, land value and indirect costs. Our estimate is based upon the total building improvement costs (inclusive of appliances) which were estimated via cost comparables from the local markets. Please note that we are not experts in determining insurable value and it is recommended that the reader/user of this report obtain the services of a qualified insurance adjuster prior to making a business decision.

Insurable Value

		Building Improvements			
Item	**Unit Type**	**Cost**	**Quantity**	**Multiplier**	**Total**
Building	Sq. Ft.	$81.12	267,800	1.034	$22,462,550
		Total Building Improvement Costs			**$22,462,550**
		Additions			
Item	**Unit Type**	**Cost**	**Quantity**		**Total**
Site Preparation & Improvements	Lump Sum	$0	0		$0
Appliances	Per Unit	$2,000	200		$400,000
Other Amenities	Per Unit	$200,000	1		$200,000
				Total Additions	**$600,000**
				Subtotal: Building Costs	**$23,062,550**
Insurable Value Exclusions	....	-10.0%		% of Building Cost	-$2,306,255
				Total Insurable Value	**$20,756,295**
				Rounded	**$20,760,000**

Sales Comparison Approach

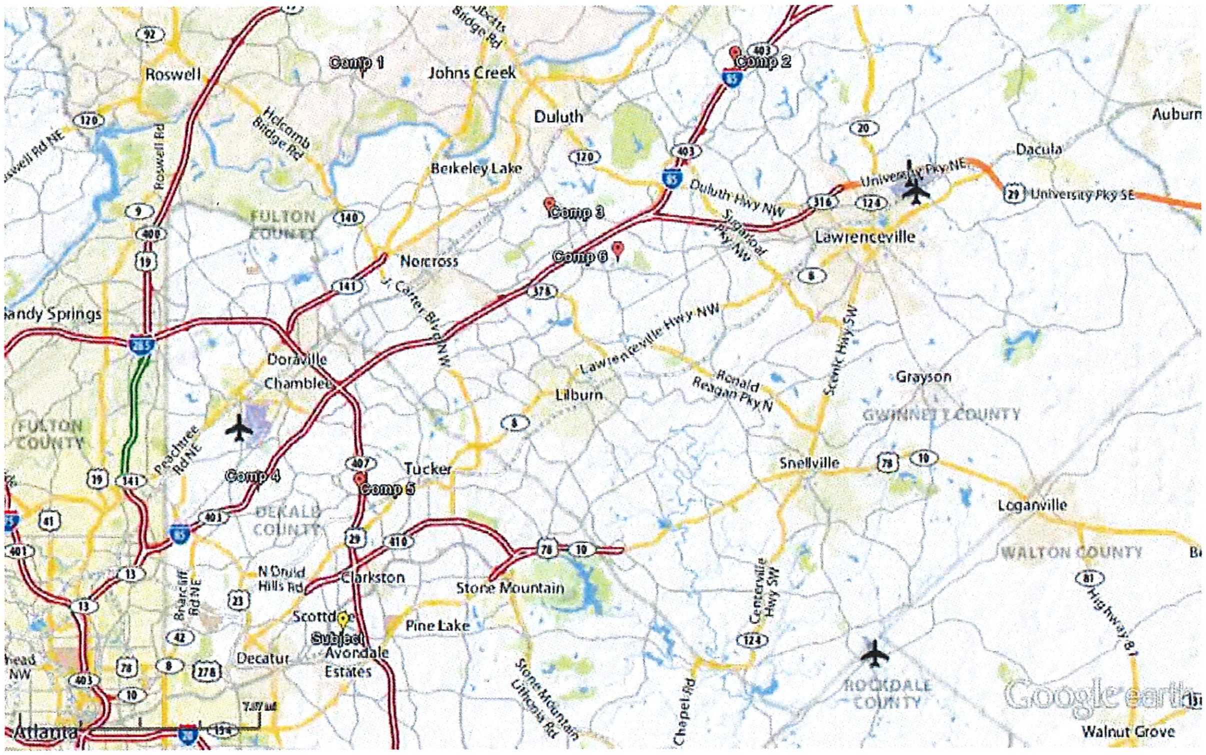
The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

Improved Comparable Sales

We have researched numerous comparables for this analysis and the most comparable are documented on the following pages along with a location map and analysis grid. In our research, we identified no sales of comparable apartment properties that were subject to tax credit restrictions. Therefore, the use of the Sales Comparison Approach is applied to the value estimate of the subject property for the hypothetical market rent scenario.

Improved Comparables Map



Comparable	Name	Date	Price	Price per Unit	No. of Units	Year Built	Cap Rate
1	St. Andrews Apartments	1/28/14	$31,950,000	$140,132	228	1995	5.45%
2	Terraces at Suwanee Gateway	11/25/13	$39,865,000	$119,000	335	2013	6.25%
3	Paces Commons	8/29/13	$30,100,000	$93,189	323	2002	6.25%
4	Westchester at Clairmont	1/29/13	$49,250,000	$120,711	408	2006	5.75%
5	Residency at Nortlake	12/21/12	$44,000,000	$123,249	357	2005	5.75%
6	Camden/Arium Sweetwater	11/29/12	$25,215,000	$81,867	308	1999	6.10%

Discussion of Comparable Improved Sales

Improved Sale One

St. Andrews is located along the east side of Jones Bridge Road, just north of Old Alabama Road in the Alpharetta area of North Fulton County. The property contains 228 units and was constructed in 1995. Units feature nine foot ceilings, laminate counter tops and washer/dryer connections. The property includes 53 detached garages. The property was 93% occupied at the time of sale and the overall rate was based on the T-12 income including a deduction for reserves. The buyers are planning a $3 million interior upgrade program to include new cabinets, granite countertops, tile backsplashes and new appliances in 80% of the units.

The sale price per unit requires downward adjustments for the comparable's superior location, average unit size and quality and an upward adjustment for the subject's superior age. The downward adjustment for location is due to the comparable being located in an area with superior surrounding land uses. The adjustment for age results from the subject being superior in this respect, which would result in higher rent levels. The downward adjustment for average unit size results from the subject having smaller units, which typically have lower rent levels and lower values, assuming all other things are equal. The adjustment for quality results from the subject being inferior in terms of amenities and finishes, which would result in lower rent levels.

Improved Sale Two

Terraces at Suwanee Gateway is located along Northolt Parkway, just south of Lawrenceville Suwanee Road in Suwanee. The property contains 335 units and was constructed in 2013. Units feature nine foot ceilings, granite counter tops and stainless steel appliances. The property includes attached and detached garages. The property was 30% occupied at the time of contract as this represents a pre-sale of the improvements while they were under construction. The overall rate of 6.25% was based on pro-forma income including a deduction for reserves and would have reportedly been in the range of 5.75% to 6.00% if the property had sold after completion.

The sale price per unit requires downward adjustments for the comparable's superior location and quality. The downward adjustment for location is due to the comparable being located in an area with superior surrounding land uses. The adjustment for quality results from the subject being inferior in terms of amenities and finishes, which would result in lower rent levels.

Improved Sale Three

Paces Commons Apartments, was built in 2002 and is located within the southwest quadrant of Pleasant Hill Road and North Berkeley Lake Road, in unincorporated Gwinnett County. Project amenities include a fitness center, business center, pool, tennis, clubhouse and playground, while unit features include washer/dryer connections, as well as fireplaces in select floor plans. The overall rate is based on the T3 income and expenses, adjusted to include reserves and a projected increase in real estate taxes.

The sale price per unit requires downward adjustment for the comparable's superior location and quality and an upward adjustment for the subject's superior age. The downward adjustment for location is due to the comparable being located in an area with superior surrounding land uses. The adjustment for age results from the subject being superior in this respect, which would result in higher rent levels. The adjustment for quality results from the subject being inferior in terms of amenities and finishes, which would result in lower rent levels.

Improved Sale Four

Westchester at Clairmont represents a 408 unit Class A garden apartment property located on the west side of Interstate 85, just north of Clairmont Road in northeast Atlanta. The property was constructed in 2006 and the overall quality and market appeal are very good. The property features primarily open surface parking, but also has a small deck. The overall rate is based on Trailing 12 month NOI with the deduction of a $250 per unit reserves allowance.

An upward adjustment was required to reflect improving market conditions since the date of sale. The sale price per unit requires downward adjustment for the comparable's superior location and quality and upward adjustments for the subject's superior age and average unit size. The downward adjustment for location is due to the comparable being located in an area with superior surrounding land uses. The adjustment for age results from the subject being superior in this respect, which would result in higher rent levels. The upward adjustment for average unit size results from the subject having larger units, which typically have higher rent levels and higher values, assuming all other things are equal. The adjustment for quality results from the subject being inferior in terms of amenities and finishes, which would result in lower rent levels.

Improved Sale Five

Residency at Northlake represents a 357 unit Class A midrise apartment property with parking deck that is located on Northlake Parkway at Interstate 285. The property was constructed in 2005 and the overall quality and market appeal are very good. The overall rate is based on Pro Forma NOI with the deduction of a $250 per unit reserves allowance and an upward adjustment to real estate taxes.

An upward adjustment was required to reflect improving market conditions since the date of sale. The sale price per unit requires downward adjustment for the comparable's superior location and quality and upward adjustments for the subject's superior age and average unit size. The downward adjustment for location is due to the comparable being located in an area with superior surrounding land uses. The adjustment for age results from the subject being superior in this respect, which would result in higher rent levels. The upward adjustment for average unit size results from the subject having larger units, which typically have higher rent levels and higher values, assuming all other things are equal. The adjustment for quality results from the subject being inferior in terms of amenities and finishes, which would result in lower rent levels.

Improved Sale Six

Camden Sweetwater is now known as Arium Sweetwater and is situated on the northwest side of Sweetwater Road, south of Old Norcross Road and Interstate 85 in the northeastern portion of Atlanta, in Gwinnett County, and in generally close proximity to the Mall of Georgia, Discover Mill, and the Gwinnett Civic Center. The garden-style property was 95% occupied at the time of sale. The property was in average to good condition with no significant deferred maintenance at the time of sale. The overall rate was based on income in place at the time of sale after and included a deduction for reserves.

The sale price per unit requires a downward adjustment for the comparable's superior location and an upward adjustment for the subject's superior age. The downward adjustment for location is due to the comparable being located in an area with superior surrounding land uses. The adjustment for age results from the subject being superior in this respect, which would result in higher rent levels.

Analysis Grid

The above sales have been analyzed and compared with the subject property. We have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Analysis Grid		**Comp 1**	**Comp 2**	**Comp 3**	**Comp 4**	**Comp 5**	**Comp 6**
Name	Mill Creek Crossing	St. Andrews Apartments	Terraces at Suwanee Gateway	Paces Commons	Westchester at Clairmont	Residency at Nortlake	Camden/Arium Sweetwater
City	Scottdale	Alpharetta	Suwanee	Duluth	Atlanta	Atlanta	Lawrenceville
Transaction Type		Closed	Closed	Closed	Closed	Closed	Closed
Date		1/28/2014	11/25/2013	8/29/2013	1/29/2013	12/21/2012	11/29/2012
Price		$31,950,000	$39,865,000	$30,100,000	$49,250,000	$44,000,000	$25,215,000
No. of Units	200	228	335	323	408	357	308
Price per Unit		$140,132	$119,000	$93,189	$120,711	$123,249	$81,867
Transaction Adjustments							
Property Rights	Fee Simple	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%
Financing	Conventional	Cash to seller 0.0%	Cash to seller 0.0%	Normal 0.0%	Cash to seller 0.0%	Cash to seller 0.0%	Cash to seller 0.0%
Conditions of Sale	Cash	Normal 0.0%	Normal 0.0%	Normal 0.0%	Normal 0.0%	Normal 0.0%	Normal 0.0%
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Price per Unit		**$140,132**	**$119,000**	**$93,189**	**$120,711**	**$123,249**	**$81,867**
Market Trends Through	5/5/14	0.0%	0.0%	0.0%	5.0%	5.0%	5.0%
Adjusted Price per Unit		$140,132	$119,000	$93,189	$126,746	$129,412	$85,960
Location		Superior	Superior	Superior	Superior	Superior	Superior
% Adjustment		-35%	-10%	-20%	-25%	-15%	-10%
$ Adjustment		-$49,046	-$11,900	-$18,638	-$31,687	-$19,412	-$8,596
Year Built	2015	1995	2013	2002	2006	2005	1999
% Adjustment		10%	0%	5%	5%	5%	10%
$ Adjustment		$14,013	$0	$4,659	$6,337	$6,471	$8,596
Avg. Unit Size (SF)	1,154	1,265	1,104	1,096	1,031	1,016	1,150
% Adjustment		-5%	0%	0%	5%	5%	0%
$ Adjustment		-$7,007	$0	$0	$6,337	$6,471	$0
Quality		Superior	Superior	Superior	Superior	Superior	Similar
% Adjustment		-10%	-25%	-5%	-15%	-25%	0%
$ Adjustment		-$14,013	-$29,750	-$4,659	-$19,012	-$32,353	$0
Condition		Similar	Similar	Similar	Similar	Similar	Similar
% Adjustment		0%	0%	0%	0%	0%	0%
$ Adjustment		$0	$0	$0	$0	$0	$0
Adjusted Price per Unit		**$84,079**	**$77,350**	**$74,551**	**$88,722**	**$90,588**	**$85,960**
Net Adjustments		-40.0%	-35.0%	-20.0%	-26.5%	-26.5%	5.0%
Gross Adjustments		60.0%	35.0%	30.0%	57.5%	57.5%	26.0%

Sales Comparison Approach Conclusion

The adjusted values of the comparable properties range from $74,551 to $90,588; the average is $83,542. We believe an appropriate value indication for the subject would be toward the middle of the range, and we have included our final reconciled per unit value at $80,000.

Upon Stabilization Market Value – Market Rent Scenario	
Indicated Value per Unit:	$80,000
Subject Size:	200 units
Indicated Value:	$16,000,000
Rounded:	$16,000,000

Income Capitalization Approach

The Income Approach to value is based on the present worth of the future rights to income. This type of analysis considers the property from an investor's point of view, the basic premise being that the amount and quality of the income stream are the basis for value of the property.

Direct Capitalization Analysis

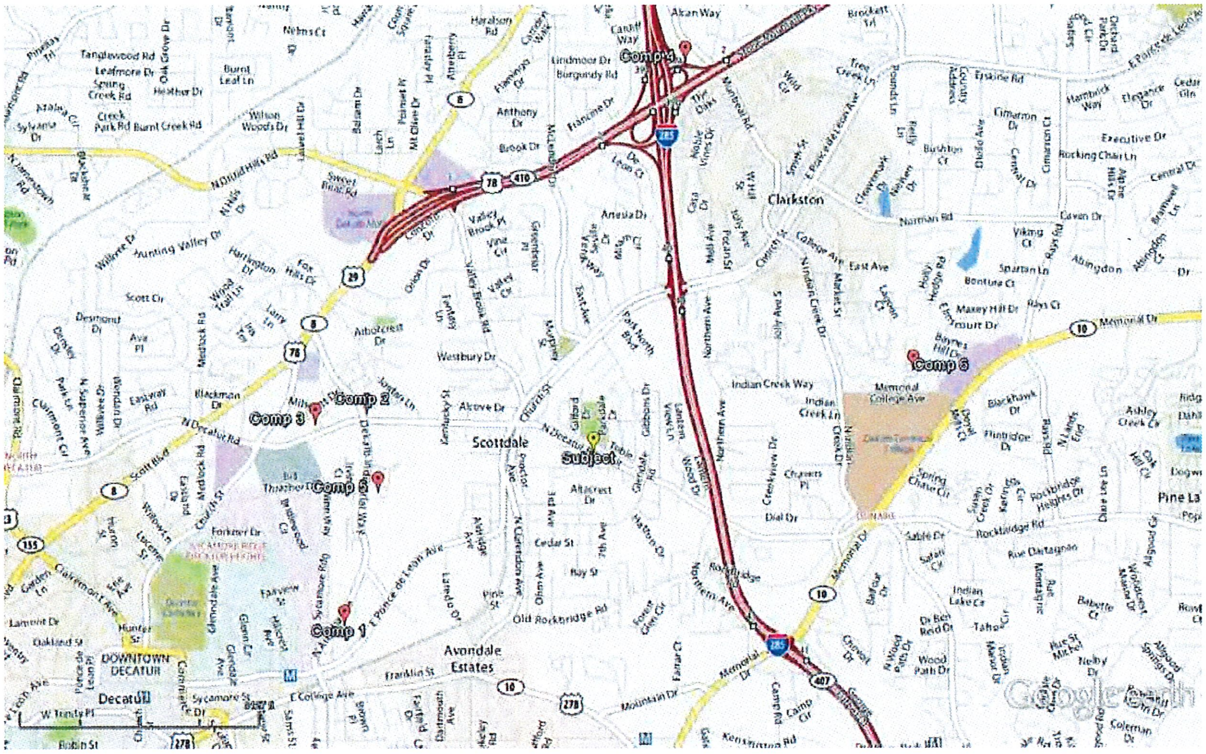
The steps involved in capitalizing the subject's net operating income are as follows:

- Develop the subject's Potential Gross Income (PGI) through analysis of the subject's actual historic income and an analysis of competitive current market income rates.
- Estimate and deduct vacancy and collection losses to develop the Effective Gross Income (EGI).
- Develop and subtract operating expenses to derive the Net Operating Income (NOI).
- Develop the appropriate capitalization rate (R_o).
- Divide the net operating income by the capitalization rate for an estimate of value through the income approach.

Market Rent

We have researched six comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All comparables have been researched through numerous sources and include both market and LIHTC garden apartment units.

Rent Comparables Map



Comparable	Name	Address	City	Condition	Year Built	No of Units	Occupancy
1	Decatur Crossing	100 Grayson Place	Decatur	Good	2000	180	95%
2	Paces Park	100 Paces Park Drive	Decatur	Good	1999	250	97%
3	Orleans at Decatur	2676 Millscott Drive	Decatur	Good	2001	120	97%
4	Five Oaks	1200 Montreal Road	Tucker	Very good	2004 and 2005	280	91%
5	Jackson Square	455 Dekalb Industrial Way	Decatur	Good	1998	380	89%
6	Woodside Village	3954 Memorial College Avenue	Atlanta	Good	2004	360	90%

Discussion of Comparable Rentals

The following discussions compare the comparable rentals to the subject property.

Rent Comparable One

Decatur Crossing represents a good quality garden style apartment complex located along North Arcadia Avenue at Winn Way in Decatur. Garages and storage units are available for $125 and $30 per month. The quoted rents are effective and the property is not offering any additional specials. Tenants pay for all utilities. The property is considered inferior with respect to age but superior with respect to location and amenities. Overall, a downward adjustment would be required to this comparable.

Rent Comparable Two

Paces Park represents a good quality Class A apartment complex. Garages are available for $100 per month and storage units are $50 per month. There are no rent concessions. Quality and market appeal is good. The resident pays for all utilities, including water and sewer costs. Lease rates are set by Yield Star. The property is considered inferior with respect to age but superior with respect to location and amenities. Overall, a downward adjustment would be required to this comparable.

Rent Comparable Three

The Orleans represents a good quality Class A mid-rise apartment complex. Covered parking in an attached parking deck is included. Storage units are available for $25 per month. Fireplaces and built in desks are available in select units for an additional charge. The quoted rents are effective and the property is not offering any additional specials. The property is considered inferior with respect to age but superior with respect to location and amenities. Overall, a downward adjustment would be required to this comparable.

Rent Comparable Four

Five Oaks has exposure to I-285. Quality and market appeal are very good. The property has detached parking garages for $60 per month. Various units contain fireplaces and built-in bookcases. Units contain 9 or 10 foot ceilings. The property utilizes Yield Star for pricing. Management is offering a special of $400 off the first month's rent. The property is considered inferior with respect to age but superior with respect to location and amenities. Overall, a downward adjustment would be required to this comparable.

Rent Comparable Five

Jackson Square represents a good quality Class A apartment complex. Garages are available for $125 per month and carports are $35 per month. Fireplaces and built in desks are available in select units for an additional charge. The quoted rents are effective and the property is not offering any additional specials. Tenants pay all utilities. The property is considered inferior with respect to age but superior with respect to location and amenities. Overall, a downward adjustment would be required to this comparable.

Rent Comparable Six

Woodside Village is located along the north side of Memorial College Avenue, just east of Montreal Road and south of Stone Mountain Freeway in the Clarkston area of DeKalb County. The property was constructed in 2004. The tenant pays for water/sewer and trash expenses. 80% of the units are subject to rent restrictions. No special are currently being offered. Detached garages are available for $125 per month. One-bedroom units include a stackable washer/dryer. Please note that the first rate listed for each unity type is for market units and the second rate listed is for LIHTC units. The property is considered inferior with respect to age, slightly superior with respect to location and similar with respect to amenities. Overall, no adjustment would be required to this comparable.

Restricted and Market Rent Estimates

The subject's calculated maximum gross and maximum net rents along with the developer's projected rents for the LIHTC/RAD units are displayed in the following table.

Rent Levels Based on 50% and 60% of AMI

Unit Type	Maximum Monthly Rent	Total Utility Allowance	Maximum Monthly Net Rent	Projected Rent
1-Bedroom - 50% AMI	$604	$142	$462	$462
1-Bedroom - 60% AMI	$722	$142	$580	$580
2-Bedroom - RAD-50% AMI	$741	$183	$558	$558
2-Bedroom - RAD-60% AMI	$741	$183	$558	$558
2-Bedroom - 60% AMI	$868	$183	$685	$685
3-Bedroom - RAD-50% AMI	$934	$255	$679	$679
3-Bedroom - 60% AMI	$1,005	$255	$750	$750

Source: Real Property Research Group

The subject's proposed rent structure for all unit types is displayed in the following table:

Developer's Projected Rents

Unit Type	# of units	SF	Projected Rent	Rent/SF
1-Bedroom - 50% AMI	10	885	$462	$0.52
1-Bedroom - 60% AMI	26	885	$580	$0.66
1-Bedroom - Market	8	885	$750	$0.85
2-Bedroom - RAD-50% AMI	10	1,160	$558	$0.48
2-Bedroom - RAD-60% AMI	10	1,160	$558	$0.48
2-Bedroom - 60% AMI	73	1,160	$685	$0.59
2-Bedroom - Market	22	1,160	$825	$0.71
2-Bedroom - Non Revenue	1	1,160	$0	$0.00
3-Bedroom - RAD-50% AMI	20	1,432	$679	$0.47
3-Bedroom - 60% AMI	10	1,432	$750	$0.52
3-Bedroom - Market	10	1,432	$900	$0.63
Totals/Avg.	200	-	$675	$0.59

The above quoted rents represent the market and restricted rental rates that are currently proposed by the subject developer.

One Bedroom Units

One Bedroom Units

Property	SF	Avg. Quoted Rent	Rent/SF
1-Bedroom - 50% AMI	**885**	**$462**	**$0.52**
1-Bedroom - 60% AMI	**885**	**$580**	**$0.66**
1-Bedroom - Market	**885**	**$750**	**$0.85**
Decatur Crossing	595	$872	$1.47
Decatur Crossing	602	$868	$1.44
Decatur Crossing	911	$908	$1.00
Paces Park	747	$882	$1.18
Paces Park	754	$902	$1.20
Paces Park	885	$942	$1.06
Orleans at Decatur	727	$849	$1.17
Orleans at Decatur	768	$869	$1.13
Orleans at Decatur	916	$969	$1.06
Five Oaks	741	$840	$1.13
Five Oaks	819	$865	$1.06
Five Oaks	912	$915	$1.00
Five Oaks	928	$949	$1.02
Jackson Square	859	$810	$0.94
Jackson Square	872	$800	$0.92
Jackson Square	912	$840	$0.92
Jackson Square	756	$754	$1.00
Woodside Village	818	$727	$0.89
Woodside Village - * LIHTC Unit	818	$525	$0.64

The one bedroom units at the subject contain 885 square feet and have proposed restricted rental rates of $462 to $580 per month and $0.52 to $0.66 per square foot. The one bedroom restricted units at Woodside Village contain 818 square feet and have current quoted restricted rents of $525 per month and $0.64 per square foot. The subject's current quoted restricted rental rates for the one bedroom units bracket the comparable on both a per square foot and per month basis. Therefore, the subject's proposed restricted rental rates are considered to be market supported.

The one bedroom market units at the subject contain 885 square feet and have proposed rental rates of $750 per month and $0.85 per square foot. The one bedroom market units at the rent comparables range from 595 to 928 square feet and have current quoted market rents that range from approximately $727 to $969 per month and $0.89 to $1.47 per square foot. Given the subject's new construction and with consideration the subject's location, the proposed market rates for the subject's one-bedroom units at $750 per month per month are considered to be supported by the comparables and we have estimated average market rates for the one bedroom units at $750 per month.

Two Bedroom Units

Two Bedroom Units			
Unit Type	SF	Projected Rent	Rent/SF
2-Bedroom - RAD-50% AMI	**1,160**	**$558**	**$0.48**
2-Bedroom - RAD-60% AMI	**1,160**	**$558**	**$0.48**
2-Bedroom - 60% AMI	**1,160**	**$685**	**$0.59**
2-Bedroom - Market	**1,160**	**$825**	**$0.71**
Decatur Crossing	1,117	$1,227	$1.10
Decatur Crossing	1,266	$1,307	$1.03
Paces Park	1,107	$1,277	$1.15
Paces Park	1,213	$1,281	$1.06
Paces Park	1,430	$1,547	$1.08
Orleans at Decatur	1,146	$1,179	$1.03
Orleans at Decatur	1,157	$1,179	$1.02
Five Oaks	1,116	$1,065	$0.95
Five Oaks	1,232	$1,195	$0.97
Jackson Square	1,071	$905	$0.85
Jackson Square	1,131	$940	$0.83
Jackson Square	1,224	$1,140	$0.93
Woodside Village	1,064	$865	$0.81
Woodside Village - * LIHTC Unit	1,064	$600	$0.56

The two bedroom units at the subject contain 1,160 square feet and have proposed restricted rental rates of $558 to $685 per month and $0.48 to $0.59 per square foot. The two bedroom restricted units at Woodside Village contain 1,064 square feet and have current quoted restricted rents of $600 per month and $0.56 per square foot. The subject's current quoted restricted rental rates for the two bedroom units bracket the comparable on both a per square foot and per month basis. Therefore, the subject's proposed restricted rental rates are considered to be market supported.

The two bedroom market units at the subject contain 1,160 square feet and have a proposed rental rate of $825 per month and $0.71 per square foot. The two bedroom market units at the rent comparables range from 1,064 to 1,266 square feet and have current quoted market rents that range from approximately $865 to $1,307 per month and $0.81 to $1.10 per square foot. The subject's current proposed market rental rate for the two bedroom units is below the range on both a per month and per square foot basis. Given the subject's new construction and with consideration the subject's location, the proposed market rates for the subject's two-bedroom units at $825 per month per month is considered to be below market and we have estimated average market rates for the two bedroom units at $850 per month.

Three Bedroom Units

Three & Four Bedroom Units

Unit Type	SF	Projected Rent	Rent/SF
3-Bedroom - RAD-50% AMI	**1,432**	**$679**	**$0.47**
3-Bedroom - 60% AMI	**1,432**	**$750**	**$0.52**
3-Bedroom - Market	**1,432**	**$900**	**$0.63**
Decatur Crossing	1,384	$1,536	$1.11
Paces Park	1,421	$1,397	$0.98
Orleans at Decatur	1,302	$1,479	$1.14
Five Oaks	1,391	$1,360	$0.98
Jackson Square	1,688	$1,375	$0.81
Woodside Village	1,489	$986	$0.66
Woodside Village - * LIHTC Unit	1,489	$725	$0.49

The three bedroom units at the subject contain 1,432 square feet and have proposed restricted rental rates of $679 to $750 per month and $0.47 to $0.52 per square foot. The three bedroom restricted units at Woodside Village contain 1,489 square feet and have current quoted restricted rents of $725 per month and $0.49 per square foot. The subject's current quoted restricted rental rates for the three bedroom units bracket the comparable on both a per square foot and per month basis. Therefore, the subject's proposed restricted rental rates are considered to be market supported.

The three bedroom market units at the subject contain 1,432 square feet and have a proposed rental rate of $900 per month and $0.63 per square foot. The three bedroom market units at the rent comparables range from 1,302 to 1,489 square feet and have current quoted market rents that range from approximately $986 to $1,536 per month and $0.66 to $1.14 per square foot. The subject's current proposed market rental rate for the three bedroom units is below the range on both a per month and per square foot basis. Given the subject's new construction and with consideration the subject's location, the proposed market rates for the subject's three-bedroom units at $900 per month per month is considered to be below market and we have estimated average market rates for the three bedroom units at $975 per month.

Rent Reconciliation

Based on the previous analysis, we have reconciled to pro-forma rents as follows:

Restricted Rent Scenario

Unit Type	# of units	SF	Projected Rent	Rent/SF	Monthly Rent	Annual Rent
1-Bedroom - 50% AMI	10	885	$462	$0.52	$4,620	$55,440
1-Bedroom - 60% AMI	26	885	$580	$0.66	$15,080	$180,960
1-Bedroom - Market	8	885	$750	$0.85	$6,000	$72,000
2-Bedroom - RAD-50% AMI	10	1,160	$558	$0.48	$5,580	$66,960
2-Bedroom - RAD-60% AMI	10	1,160	$558	$0.48	$5,580	$66,960
2-Bedroom - 60% AMI	73	1,160	$685	$0.59	$50,005	$600,060
2-Bedroom - Market	22	1,160	$850	$0.73	$18,700	$224,400
2-Bedroom - Non Revenue	1	1,160	$0	$0.00	$0	$0
3-Bedroom - RAD-50% AMI	20	1,432	$679	$0.47	$13,580	$162,960
3-Bedroom - 60% AMI	10	1,432	$750	$0.52	$7,500	$90,000
3-Bedroom - Market	10	1,432	$975	$0.68	$9,750	$117,000
Totals/Avg.	200	1,154	$682	$0.59	$136,395	$1,636,740

Furthermore, we have reconciled to the following projected 100% market rents for the hypothetical market rent scenario.

Market Rent Scenario

Unit Type	# of units	SF	Market Rent	Rent/SF	Monthly Rent	Annual Rent
1-Bedroom - 50% AMI	10	885	$750	$0.85	$7,500	$90,000
1-Bedroom - 60% AMI	26	885	$750	$0.85	$19,500	$234,000
1-Bedroom - Market	8	885	$750	$0.85	$6,000	$72,000
2-Bedroom - RAD-50% AMI	10	1,160	$850	$0.73	$8,500	$102,000
2-Bedroom - RAD-60% AMI	10	1,160	$850	$0.73	$8,500	$102,000
2-Bedroom - 60% AMI	73	1,160	$850	$0.73	$62,050	$744,600
2-Bedroom - Market	22	1,160	$850	$0.73	$18,700	$224,400
2-Bedroom - Non Revenue	1	1,160	$0	$0.00	$0	$0
3-Bedroom - RAD-50% AMI	20	1,432	$975	$0.68	$19,500	$234,000
3-Bedroom - 60% AMI	10	1,432	$975	$0.68	$9,750	$117,000
3-Bedroom - Market	10	1,432	$975	$0.68	$9,750	$117,000
Totals/Avg.	200	1,154	$849	$0.74	$169,750	$2,037,000

Concessions

Concessions were limited at the competing properties and throughout the Atlanta market as more and more properties are switching to effective rental rates. The majority of the comparables are currently quoting effective rental rates, net of all concessions. Given that we have analyzed the subject based on proposed effective rental rates, we have not included any additional concession loss allowance. Therefore, concessions are input at 0.00%.

Rent Roll Analysis / Loss to Lease

Similar properties normally have a slight lag between a stabilized collection level and the current level of collections. The subject will be new construction and is anticipated to lease up at the previously concluded restricted and market rental rates. Therefore, we have included a loss to lease of 0.00%.

Vacancy and Collection Loss

Based on a review of market conditions discussed previously, we have projected vacancy and collection loss at a combined 7.00% for the restricted rent analysis. This estimate reflects the stabilized vacancy loss discussed earlier of 6% along with a 1% allowance for collection loss.

Based on a review of market conditions discussed previously, we have projected vacancy and collection loss at a combined 8.0% for the hypothetical market rent analysis. This estimate reflects the stabilized vacancy loss discussed earlier of 7% along with a 1% allowance for collection loss

Other Income

Other Income is derived from sources such as laundry income, application fees, late charges, cleaning fees, forfeited deposits, early termination fees, etc. The subject's budgeted Other Income is $21,885 or $109 per unit or $9 per unit per month. Comparables in the market place indicate a typical range of $10 to $30 per unit per month for Other Income. Therefore, we have estimated this income at $10 per unit per month or $24,000 has been utilized.

Utility Reimbursement Income

Utility reimbursement income is derived from the reimbursement by tenants for their respective water/sewer charges. Electricity will be separately metered and trash is included in the rent. The subject's budgeted Utility Income is $92,400 or 70% of the water/sewer expense. This is considered a reasonable ratio of recovery and therefore, we have estimated this income at the budgeted level of $92,400.

Effective Gross Income (EGI)

The table below outlines the subject's budgeted effective gross income under the restricted rent scenario.

Developer's Budget

Unit/Occupant	Developer's Proforma	%PGI
Potential Rental Income (PRI)	$1,621,140	100.00%
Other Income	$21,885	1.35%
Water & Sewer Income	$92,400	5.70%
Vacancy & Collection Loss	-$162,114	-10.00%
Effective Gross Income	$1,573,311	97.05%

Based on our analysis, the EGI under the **restricted rent scenario** is projected to be $1,636,888, which is slightly above the developer's budget due to our higher estimate of market rents and lower estimate of vacancy and collection loss.

The EGI under the **hypothetical market rent scenario** has been estimated at $1,988,520.

Expenses

The following table details the developer's pro-forma budget.

Expense History/Budget		
	Developer's	
Expense Item	**Proforma**	**$/unit**
Real Estate Taxes	$10,000	$50
Insurance	$40,000	$200
Gas	$0	$0
Electricity	$47,000	$235
Water/Sewer	$132,000	$660
Cable	$0	$0
Trash	$20,000	$100
Repairs/ Maintenance	$64,500	$323
Paiting /Decorating	$30,000	$150
Grounds/Landscaping	$30,000	$150
Administrative Payroll	$120,890	$604
Maintenance Payroll	$109,170	$546
Management Fee	$81,057	$405
Employee Taxes/Benefits	$53,423	$267
Employee Apartments	$0	$0
Security	$0	$0
Advertising/Leasing	$6,000	$30
General/Administrative	$54,000	$270
Reserves	$50,000	$250
Totals	$848,040	$4,240

The following table details expenses comparables from similar apartment properties.

Expense Comparables

Location	Atlanta MSA	Atlanta MSA	Atlanta MSA
No. of units	343	228	357
Expense Year	2013	2012	2012
Expense Cateogry	**Per Unit**	**Per Unit**	**Per Unit**
Real Estate Taxes	$712	$1,339	$1,588
Insurance	$185	$246	$344
Natural Gas	$0	$32	$0
Electricity	$138	$223	$247
Water & Sewer	$660	$380	$358
Cable Television	$0	$0	$0
Trash Removal	$59	$95	$72
Repairs & Maint.	$267	$317	$157
Painting & Decorating	$154	$236	$54
Grounds (Landscaping)	$223	$211	$57
Administrative Payroll	$453	$518	$470
Maint. Payroll	$411	$394	$240
Management Fee	$423	$365	$441
Employee Taxes & Benefits	$158	$152	$131
Employee Apartments	$105	$238	$0
Security	$0	$0	$41
Advertising & Leasing	$84	$164	$42
General & Administrative	$191	$138	$331
Reserves for Replacement	$0	$0	$0
Total	$4,223	$5,048	$4,573

Expenses Analysis and Projection

Real Estate Taxes

The subject real estate taxes were discussed previously in the assessment section of this report and have been included based on a projected stabilized level of $0 for the restricted rent scenario and $217,632 for the hypothetical market rent scenario.

Insurance

Insurance expenses for liability and fire are property and location specific and are budgeted at $200 per unit. The expenses comparables indicate a range of $185 to $344 per unit. We have found the best indication for this expense is the current budgeted level, which is supported by the expense comparables and we have therefore included insurance expense at $200 per unit for both the restricted rent and hypothetical market rent scenarios.

Gas

The subject property will be all electric and, therefore, will not incur a natural gas expense.

Electricity

Electricity expenses at the subject will be primarily attributable to common area electricity costs and vacant unit electricity costs. This expense is normally very property specific. The expense in budgeted at $235 per unit. The expenses comparables indicate a range of approximately $138 to $247 per unit. We believe an appropriate estimate for this expense is in line with the budget at $235 per unit for both the restricted rent and hypothetical market rent scenarios.

Water/Sewer

Water/Sewer expenses at the subject will be attributable to water/sewer costs for common area costs as water/sewer will be paid directly by the tenants and has been netted out in the analysis of maximum restricted rental rates that can be charged. The water expense is budgeted at $660 per unit. The expenses comparables indicate a range of approximately $358 to $660 per unit. Given the basis of the subject's expense, we believe an appropriate estimate for this expense is the budgeted level of $660 per unit for both the restricted rent and hypothetical market rent scenarios.

Cable

The subject will have no significant cable expense and we have therefore, not included a cable expense in our analysis.

Trash Removal

Trash removal expenses at the subject will be attributable to weekly trash removal expenses. The budgeted expense is $100 per unit. The expenses comparables indicate a range of approximately $59 to $95 per unit. We have estimated this expense based at $100 per unit for both the restricted rent and hypothetical market rent scenarios.

Repairs & Maintenance

Repairs and maintenance expenses will be attributable to typical maintenance of the units and buildings. This expense excludes painting and decorating expenses related to unit turnover, grounds expenses and payroll and related charges for on staff maintenance personnel, which are accounted for separately. Repairs and Maintenance expenses typically ranged from approximately $157 to $317 per unit at the expense comparables. The pro-forma operating budget has this expense $323 per unit, which is considered to be within typical market parameters. With consideration to the new construction of the subject, with support from expense comparables, we have estimated the subject's repairs and maintenance expense at $325 per unit for both the restricted rent and hypothetical market rent scenarios.

Painting/Decorating

Painting and Decorating expenses are attributable to typical painting and decorating expenses related to unit turnover. Painting and decorating expenses ranged from $54 to $236 per unit at the expense comparables. This expense is budgeted at $150 per unit for the subject, which is considered within market levels. Based on the expense comparables, as well as the projected limited level of turnover at the subject, we have estimated the subject's painting and decorating expense at $150 per unit for both the restricted rent and hypothetical market rent scenarios.

Grounds/Landscaping

Grounds and landscaping expenses are attributable to typical lawn and landscaping maintenance expenses. Grounds and landscaping expenses typically ranged from $57 to $223 per unit at the expense comparables. This expense is budgeted at $150 per unit for the subject, which is within the range of the comparables. The proposed expense is considered reasonable and we have estimated the subject's grounds and landscaping expense at $150 per unit for both the restricted rent and hypothetical market rent scenarios.

Administrative Payroll

Administrative payroll expenses are attributable to on site management and leasing salaries. Administrative payroll expenses ranged from approximately $453 to $518 per unit at the expense comparables. The administrative payroll expense for the subject is budgeted at a level of $604 per unit for the subject. The subject expense is slightly above the comparables, and we have estimated the subject's administrative payroll expense at $550 per unit for both the restricted rent and hypothetical market rent scenarios.

Maintenance Payroll

Maintenance payroll expenses are attributable to onsite maintenance employee salaries. Maintenance payroll expenses ranged from approximately $240 to $411 per unit at the expense comparables and are budgeted at $546 per unit at the subject. We have estimated the subject's maintenance payroll expense at $500 per unit for both the restricted rent and hypothetical market rent scenarios.

Management

Management expenses in the subject market are typically charged as a percentage of effective gross income (EGI). Standard rates for the subject market range from 3% to 5% of EGI, dependent on the size of the project and total cost involved. The subject has a 5% management fee budgeted. Given the smaller size of the subject property, we have estimated this expense toward the upper end of the typical range, or at 5.00% of the EGI for both the restricted rent and hypothetical market rent scenarios.

Employee Taxes/Benefits

Employee taxes/benefits are attributable primarily to on-site employee payroll taxes and insurance costs. Employee taxes/benefits typically range from 15% to 25% of total payroll expenses. The pro-forma budget is at $267 per unit. We have estimated this expense at 22% of the total payroll expense, or $231 per unit for both the restricted rent and hypothetical market rent scenarios.

Employee/Non-Revenue Apartments

Employee and non-revenue apartment expenses are attributable to non-revenue apartments such as models or units used as a leasing office as well as reduced rental rates given to employees or courtesy officers that live on site. The subject is anticipated to have one non-revenue units, and this unit has already been accounted for by applying a $0 rental rate in our income analysis. `As such, no expense is warranted and we have estimated the subject's employee apartment expense at $0 per unit for both the restricted rent and hypothetical market rent scenarios.

Security

No security expense is budgeted and we have therefore estimated this expense at $0 per year for both the restricted rent and hypothetical market rent scenarios.

Advertising/Leasing

Advertising/leasing expenses are attributable to advertising and leasing costs such as advertising in local publications, on line advertising costs, newsletters, billboards, referral fees, etc. Advertising/leasing expenses ranged from $42 to $164 per unit at the expense comparables. The pro-forma operating budget identified this expense at $30 per unit. Based on the both the budgeted operations and the expense comparables, we have estimated the subject's advertising and leasing expense at $50 per unit for both the restricted rent and hypothetical market rent scenarios.

General & Administrative

General and Administrative expenses are attributable to office supplies, telephone charges, legal costs, dues and subscriptions, and miscellaneous administrative costs. Administrative expenses ranged from approximately $138 to $331 per unit at the expense comparables. The proforma operating budget identified this expense at $270 per unit. We have estimated the subject's general and administrative expense at $275 per unit for the restricted rent analysis. The administrative expenses for the hypothetical market rent analysis would be less due to the lower level of administrative work associated with a market rate property as compared to a restricted rent property. Therefore, we have estimated the subject's general and administrative expense at $200 per unit for the hypothetical market rent scenario.

Reserves

Reserves for replacements represent costs associated with the periodic replacement of short lived items such as roofs, parking lots, appliances, cabinets, carpet, draperies, etc. These costs typically range from $150 to $300 per unit, dependent on the age, condition and average unit size of the property. Based upon the subject's age and average unit size characteristics, we have estimated the subject reserves at $250 per unit for both the restricted rent and hypothetical market rent scenarios.

Total Expenses

Based on the individual expenses estimated above, we have estimated total operating expenses for the subject, inclusive of reserves, at $4,085 per unit for the restricted rent scenario and $5,186 per unit for the hypothetical market rent scenario. Our estimates are considered to be supported by the expense comparables analyzed and the budgeted operations at the subject when considering our inclusion of a stabilized estimate of replacement reserves.

Net Operating Income

Based on our market supported income and expense estimates, we have calculated net operating income for the subject at $4,099 per unit for the restricted rent scenario and $4,756 per unit for the hypothetical market rent scenario. Our estimates are considered to be supported both by the budgeted operations at the subject and the comparable properties in the market.

Capitalization Rate

The capitalization rate is the factor that coverts the stabilized net operating income (NOI) to a present value. It is the ratio of net income to value or sale price.

NOI ÷ Sale Price = Capitalization Rate

For example, if a property sells for $500,000, and has a stabilized NOI of $50,000, the indicated capitalization rate is 10%.

Market Extracted Rates

The following table details capitalization rates extracted from the market.

Comparable Sale Cap Rates

Comparable	City	Price	Date	NOI	Cap Rate
1	Alpharetta	$31,950,000	1/28/2014	$1,742,513	5.45%
2	Suwanee	$39,865,000	11/25/2013	$2,491,563	6.25%
3	Duluth	$30,100,000	8/29/2013	$1,880,000	6.25%
4	Atlanta	$49,250,000	1/29/2013	$2,831,875	5.75%
5	Atlanta	$44,000,000	12/21/2012	$2,530,000	5.75%
6	Lawrenceville	$25,215,000	11/29/2012	$1,538,115	6.10%

The comparable sales indicated capitalization rates ranging from a low of 4.67% to a high of 6.25%.

Band of Investment

This technique utilizes lender and real estate investor investment criteria to develop, or synthesize a capitalization rate. There are four key inputs necessary for this method:

1. The loan-to-value ratio (M)
2. The mortgage interest rate (i)
3. The loan term (n)
4. The equity cap rate or equity dividend rate (R_E)

The mortgage variables are used to build the mortgage constant (R_M), which is the total amount of the payments made in one year, expressed as a percentage of the original loan amount.

Payments x 12 / Original Loan Amount = Mortgage Constant (R_M)

The equity cap rate is the annual return to the investor, expressed as a percent of the original amount invested. The annual return to the investor is also known as the equity dividend rate; it is the profit remaining after debt service and all other expenses.

After Debt Service Profit / Equity Investment = Equity Cap Rate (R_E)

Note that the equity cap rate is not the same (usually, that is) as the equity yield rate. The equity yield rate reflects the total return to the investor over the life of the investment. Factors such as appreciation and mortgage pay down affect and usually increase this return to a point higher than the equity dividend rate. In markets where substantial appreciation is expected, investors will often accept a low or even negative equity dividend rate, anticipating a compensating payoff when the property is eventually sold. In markets where little appreciation is expected, much more weight is given to the annual equity dividend.

Formula:

$R_M \times M = \text{rate}$
$R_E \times (1-M) = \text{rate}$
$= \text{Cap Rate } (R_o)$

We have researched mortgage rates and terms typical for the subject within the market area. The table below details the Band of Investment calculation.

Capitalization Rate Calculations

Capitalization Rate Variables	
Mortgage Interest Rate	4.50%
Loan Term (Years)	30
Loan To Value Ratio	75.0%
Debt Coverage Ratio	1.25
Equity Dividend Rate	6.00%

Band of Investment Analysis

Mortgage Constant		Loan Ratio		Contributions
0.060802237	x	75.%	=	4.56%
Equity Dividend Rate		Equity Ratio		
6.00%	x	25.%	=	1.50%
		Band of Investment Capitalization Rate		**6.06%**

Survey Data

Multi-Family Capitalization Rate Surveys

Name		Class	Range	Average
PWC (fka Korpacz)	1st Qtr 2014	All	4.50 - 7.25%	**5.65%**
CBRE	Mid-2013	A	5.50 - 6.00%	
Atlanta		B	6.00 - 6.50%	
		C	7.25 - 8.00%	

Capitalization Rate Conclusion

Based upon the methods discussed above, with most weight to recent transactions and interviews with market participants, we have estimated the capitalization rate for the subject at 6.00%.

Direct Capitalization Analysis – Restricted Rent Scenario

Income Capitalization Analysis - Restricted Rents

Unit	Income	Method	Units	Annual	% of PGI
1-Bedroom - 50% AMI	$462	$/Month	10	$55,440	3.4%
1-Bedroom - 60% AMI	$580	$/Month	26	$180,960	11.1%
1-Bedroom - Market	$750	$/Month	8	$72,000	4.4%
2-Bedroom - RAD-50% AMI	$558	$/Month	10	$66,960	4.1%
2-Bedroom - RAD-60% AMI	$558	$/Month	10	$66,960	4.1%
2-Bedroom - 60% AMI	$685	$/Month	73	$600,060	36.7%
2-Bedroom - Market	$850	$/Month	22	$224,400	13.7%
2-Bedroom - Non Revenue	$0	$/Month	1	$0	0.0%
3-Bedroom - RAD-50% AMI	$679	$/Month	20	$162,960	10.0%
3-Bedroom - 60% AMI	$750	$/Month	10	$90,000	5.5%
3-Bedroom - Market	$975	$/Month	10	$117,000	7.1%
Potential Apt Rental Income (PARI)				$1,636,740	100.0%
Other Income	$10	$/Month	200	$24,000	
Potential Rental Income (PRI)				$1,660,740	
Concessions			0.00%	$0	
Loss to Lease			0.00%	$0	
Vacancy & Collection Loss			7.00%	-$116,252	
Water/Sewer Reimbursements:				$92,400	
Effective Gross Income (EGI):				$1,636,888	

Expense	Amount (% or $)	Method	Annual	$/Unit
Real Estate Taxes	$0	$/Year	$0	$0
Insurance	$200	$/Unit	$40,000	$200
Gas	$0	$/Unit	$0	$0
Electricity	$235	$/Unit	$47,000	$235
Water/Sewer	$660	$/Unit	$132,000	$660
Cable	$0	$/Unit	$0	$0
Trash	$100	$/Unit	$20,000	$100
Repairs/ Maintenance	$325	$/Unit	$65,000	$325
Paiting /Decorating	$150	$/Unit	$30,000	$150
Grounds/Landscaping	$150	$/Unit	$30,000	$150
Administrative Payroll	$550	$/Unit	$110,000	$550
Maintenance Payroll	$500	$/Unit	$100,000	$500
Management Fee	5.00%	% of EGI	$81,844	$409
Employee Taxes/Benefits	$231	$/Unit	$46,200	$231
Employee Apartments	$0	$/Unit	$0	$0
Security	$0	$/Unit	$0	$0
Advertising/Leasing	$50	$/Unit	$10,000	$50
General/Administrative	$275	$/Unit	$55,000	$275
Reserves	$250	$/Unit	$50,000	$250
		Total Expenses:	$817,044	$4,085
		Expense Ratio (Expenses/EGI):	49.91%	
		Net Operating Income (NOI):	$819,844	$4,099
		Capitalization Rate:	6.00%	
		Upon Stabilization Value (NOI/Cap Rate):	$13,664,063	$68,320
		Rounded Stabilized Value	$13,700,000	
		Less Lease Up Discount:	-$500,000	
		Indicated "Upon Completion" Value:	$13,200,000	
		Rounded:	$13,200,000	$66,000

Direct Capitalization Analysis Conclusion – Restricted Rent Scenario

Based on the analysis previously detailed, we have reconciled to a direct capitalization approach “upon stabilization” value of $13,700,000 and an “upon completion” value of $13,200,000 for the restricted rent scenario.

Direct Capitalization Analysis – Hypothetical Market Rent Scenario

Income Capitalization Analysis - Market Rents

Unit	Income	Method	Units	Annual	% of PGI
1-Bedroom	$750	$/Month	10	$90,000	4.4%
1-Bedroom	$750	$/Month	26	$234,000	11.5%
1-Bedroom	$750	$/Month	8	$72,000	3.5%
2-Bedroom	$850	$/Month	10	$102,000	5.0%
2-Bedroom	$850	$/Month	10	$102,000	5.0%
2-Bedroom	$850	$/Month	73	$744,600	36.6%
2-Bedroom	$850	$/Month	22	$224,400	11.0%
2-Bedroom	$0	$/Month	1	$0	0.0%
3-Bedroom	$975	$/Month	20	$234,000	11.5%
3-Bedroom	$975	$/Month	10	$117,000	5.7%
3-Bedroom	$975	$/Month	10	$117,000	5.7%
Potential Apt Rental Income (PARI)				$2,037,000	100.0%
Other Income	$10	$/Month	200	$24,000	
Potential Rental Income (PRI)				$2,061,000	
Concessions			0.00%	$0	
Loss to Lease			0.00%	$0	
Vacancy & Collection Loss			8.00%	-$164,880	
Water/Sewer Reimbursements:				$92,400	
Effective Gross Income (EGI):				$1,988,520	

Expense	Amount (% or $)	Method	Annual	$/Unit
Real Estate Taxes	$217,632	$/Year	$217,632	$1,088
Insurance	$200	$/Unit	$40,000	$200
Gas	$0	$/Unit	$0	$0
Electricity	$235	$/Unit	$47,000	$235
Water/Sewer	$660	$/Unit	$132,000	$660
Cable	$0	$/Unit	$0	$0
Trash	$100	$/Unit	$20,000	$100
Repairs/ Maintenance	$325	$/Unit	$65,000	$325
Painting /Decorating	$150	$/Unit	$30,000	$150
Grounds/Landscaping	$150	$/Unit	$30,000	$150
Administrative Payroll	$550	$/Unit	$110,000	$550
Maintenance Payroll	$500	$/Unit	$100,000	$500
Management Fee	5.00%	% of EGI	$99,426	$497
Employee Taxes/Benefits	$231	$/Unit	$46,200	$231
Employee Apartments	$0	$/Unit	$0	$0
Security	$0	$/Unit	$0	$0
Advertising/Leasing	$50	$/Unit	$10,000	$50
General/Administrative	$200	$/Unit	$40,000	$200
Reserves	$250	$/Unit	$50,000	$250
Total Expenses:			$1,037,258	$5,186
Expense Ratio (Expenses/EGI):			52.16%	
Net Operating Income (NOI):			$951,262	$4,756
Capitalization Rate:			6.00%	
Upon Stabilization Value (NOI/Cap Rate):			$15,854,367	$79,272
Rounded Stabilized Value			$15,900,000	
Less Lease Up Discount:			-$600,000	
Indicated "Upon Completion" Value:			$15,300,000	
Rounded:			$15,300,000	$76,500

Direct Capitalization Analysis Conclusion – Hypothetical Market Rent Scenario

Based on the analysis previously detailed, we have reconciled to a direct capitalization approach "upon stabilization" of $15,900,000 and an "upon completion" value of $15,300,000 for the hypothetical market rent scenario.

Tax Credit Analysis

The subject is will receive an allocation of low-income housing tax credits. Because the subject property will offer housing for qualified low-income residents, it has been awarded low-income tax credits to offset future federal and state income taxes. It has been indicated to us that the subject has been awarded an allocation of $9,070,940 in federal and state tax credits. Should the property be sold or foreclosed upon and resold during the 10-year period, the remaining amount of tax credits is transferable.

The subject federal tax credits are currently under contract for sale to Suntrust Community Capital and Churchill Stateside Group for a total of $0.99 per $1.00 of federal credits or $8,979,332 and the state tax credits are currently under contract to Churchill Stateside group for $0.42 per $1.00 of state credits, or $3,809,795 or a total for both federal and state tax credits of $12,789,127. We have interviewed market participants as it relates to recent sales of federal and state tax credits. These participants indicated that tax credits are currently selling in the range of the subject contract amounts or $1.00 per $1.00 of federal tax credits and $0.40 to $0.45 per dollar of state tax credits. Given that the current rates for the subject are within the range of recent sales as indicated by the market participants, they are considered to be at market levels. Therefore, we have reconciled the value of the subject tax credits at $12,790,000.

Final Reconciliation

The process of reconciliation involves the analysis of each approach to value. The quality of data applied the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

Upon Stabilization Value Indications – Restricted Rental Rate Scenario

Land Value:	$2,600,000
Cost Approach:	$32,800,000
Sales Comparison Approach:	N/A
Income Approach:	$13,700,000
Value of tax Credits:	$12,790,000

Upon Stabilization Value Indications – Market Rental Rate Scenario

Land Value:	$2,600,000
Cost Approach:	$32,800,000
Sales Comparison Approach:	$16,000,000
Income Approach:	$15,900,000

Cost Approach

The Cost Approach is most reliable when the property is of new construction and depreciation is minimal. In the case of the subject, the property is proposed, however, upon completion there will be depreciation present in the form of external obsolescence due to depressed rents in the area. Therefore, minimal emphasis has been placed on this method in the final reconciliation of value.

Sales Comparison Approach

The Sales Comparison Approach is most reliable when an adequate quantity of recent and comparable sales is available. In the case of the subject, the sales used were considered comparable, but there have been no sales of senior apartments in the subject market. Thus, we have had to analyze conventional sales. Further, in our research, we identified no sales of comparable apartment properties that were subject to tax credit restrictions. Therefore, the use of the Sales Comparison Approach is applied to the value estimate of the subject property for the hypothetical market rent scenario only. The Sales Comparison Approach is considered applicable to the hypothetical market rent scenario, but has been given secondary emphasis in the final reconciliation of value.

Income Capitalization Approach

The Income Approach is most reliable when applied to an income producing property leased in the open market. Income, expenses and rates of return were analyzed based on the subject's projected future performance and supported with market data. The Income Approach is considered applicable to the subject and has been given primary emphasis in the final reconciliation of value.

Value Conclusions

Based on the data and analyses developed in this appraisal, we have reconciled to the following value conclusion(s), subject to the Limiting Conditions and Assumptions of this appraisal.

Reconciled Value(s):

Premise: As Is as of May 5, 2014
Interest: Fee Simple
Value Conclusion: $2,600,000– Land Value
Interest: Leasehold
Value Conclusion: $2,600,000– Land Value

Premise: Upon Completion as of October 5, 2015
Interest: Leasehold
Value Conclusion: $13,200,000 – Restricted Rent Scenario
Value Conclusion: $15,300,000– Market Rent Scenario

Premise: Upon Stabilization as of July 5, 2016
Interest: Leasehold
Value Conclusion: $13,700,000– Restricted Rent Scenario
Value Conclusion: $15,900,000– Market Rent Scenario

Value Conclusion: $12,790,000– Value of Tax Credits

Certification Statement

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinions and conclusions.
- We have no present or contemplated future interest in the property that is the subject of this report, and have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and FIRREA.
- No one outside of the signatory below provided significant professional assistance in the development of the conclusions contained in this report.
- We certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- As of the date of this report, Craig Brodsky has completed the continuing education program for Designated Members of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The appraisers have not performed appraisal services associated with this property within the past three years.
- The value conclusion(s) and other opinions expressed herein are not based on a requested minimum value, a specific value or approval of a loan.
- Raymond Higgins and Craig Brodsky have made an inspection of the subject property.

Raymond A. Higgins Craig Brodsky

Addenda

Land Comparable 1

Name	Oaks at Johns Creek Site	**Date**	5/10/12
Address	N/s Technology Circle	**Price**	$6,600,000
City	Johns Creek	**Price per Unit**	$25,000
County	Fulton	**Financing**	Cash to seller
State	GA	**Property Rights**	Fee Simple
Grantor	Julian LeCraw Investments, LLC	**Conditions of Sale**	Normal
Grantee	Lennar	**Transaction Type**	Closed
		Verification Source	Grantee

Land

Land or Improved	Land	**Topography**	Rolling
Proposed Use	Multi-Family	**Zoning**	A, Medium Density Multi-Family
Acres	23.82	**Utilities**	All Available
Land Units	264	**Shape**	Irregular

Notes

The 23.816 acre site was purchased for the development of the 264-unit Oaks at Johns Creek Apartments. The site is located in the Technology at Johns Creek mixed-use community. The site was recently rezoned to allow for apartment development. The property is located in an affluent neighborhood in the city of Johns Creek. The property previously sold in January 2012 for $4,020,000. The variance between the current sale and the prior sale in January was due to the property being sold at a very favorable price and due to the current owner taking the opportunity to sell the site at a significant profit. OR Book/Page-51195-478

Land Comparable 2

Name	Terraces at Suwanee	**Date**	9/12/11
Address	Northolt Pkwy. @	**Price**	$3,935,000
City	Suwanee	**Price per Unit**	$11,746
County	Gwinnett	**Financing**	Cash to seller
State	GA	**Property Rights**	Fee Simple
Grantor	The Stratford Company	**Conditions of Sale**	Normal
Grantee	Davis Development	**Transaction Type**	Closed
		Verification Source	Reliable Third Party

Land

Land or Improved	Land	**Topography**	Generally Level
Proposed Use	Multifamily	**Zoning**	PMUD
Acres	19.47	**Utilities**	All Available
Land Units	335	**Shape**	Irregular

Notes

The site was purchased for the development of a 335-unit apartment complex to be known as Terraces at Suwanee Gateway. The property is located within the Terraces at Suwanee Gateway development along the south side of Lawrenceville Suwanee Road, just west of Interstate 85, in northern Gwinnett County. OR Book/Page_50875-0693

Land Comparable 3

Name	Cumberland Stillhouse	**Date**	9/1/10
Address	SEQ Cumberland Blvd. & Stillhouse Road	**Price**	$4,938,000
City	Atlanta	**Price per Unit**	$16,243
County	Cobb	**Financing**	Cash to seller
State	GA	**Property Rights**	Fee Simple
Grantor	Cumberland Stillhouse, LP	**Conditions of Sale**	Normal
Grantee	Stillhouse Ridge Developers, LLC	**Transaction Type**	Closed
		Verification Source	Grantor

Land

Land or Improved	Land	**Topography**	Moderate slope
Proposed Use	Multi-Family	**Zoning**	Multifamily
Acres	7.75	**Utilities**	All available
Land Units	304	**Shape**	Irregular

Notes

This comparable represents the acquisition of a 7.75-acre vacant site, to be developed with 304 apartment units. The site is located within the general southeast quadrant of Cumberland Boulevard and Stillhouse Lane, in Cobb County, metro Atlanta, Georgia. The sale occurred in September 2010 for $4,938,000, or $16,243 per developable unit. The site has a downward sloping topography in a southerly direction. However, the seller had reportedly already spent approximately $1 million on grading and retaining walls. Thus, no adjustment is required for rough topography. The seller was Pope & Land, etal. The buyer was Worthing Southeast.

Land Comparable 4

Name	Glenridge Springs Apartment	**Date**	7/1/10
Address	5620 Glenridge Drive	**Price**	$3,750,000
City	Atlanta	**Price per Unit**	$22,321
County	Fulton	**Financing**	Cash to seller
State	GA	**Property Rights**	Fee Simple
Grantor	BTIC Glenridge LLC	**Conditions of Sale**	Normal
Grantee	SP4S05 Wood Glenridge LLC	**Transaction Type**	Closed
		Verification Source	Grantee

Land

Land or Improved	Land	**Topography**	Moderate Slope
Proposed Use	Apartments and retail	**Zoning**	MiX (Mixed Use Residential)
Acres	4.24	**Utilities**	All Available
Land Units	168	**Shape**	Irregular

Notes

This represents the acquisition of 4.24 acres. The buyer (Wood Partners) developed 168 Class A apartment units over 20,000 square feet of retail centered around a five-story parking deck. The actual purchase price of the land was $2,550,000, but the purchaser also paid (reimbursed) $1,200,000 for site work that had been done to the property.

Improved Sale Sheets

Land Sale Sheets

Comparable 1

Location & Transaction

Name	St. Andrews Apartments	**Date**	1/28/14
Address	10055 Jones Bridge Road	**Price**	$31,950,000
City	Alpharetta	**Price per Unit**	$140,132
State	GA	**Transaction Type**	Closed
County	Fulton	**Financing**	Cash to seller
Zip	30022	**Grantor**	East Inwood Andrews LLC
Property Rights	Fee Simple	**Grantee**	St. Andrews, LLC
Latitude	34.027768	**Conditions of Sale**	Normal
Longitude	-84.247224	**Verification Source**	Buyer

Physical Description

Property Type	Multifamily	**Year Built**	1995
Acres	36.55	**No. of Stories**	2
No. of Units	228	**Construction**	Wood frame
GLA	288,338	**Condition**	Good
Avg. Unit Size (SF)	1,265	**Amenities**	Swimming pool, fitness center, controlled access, business center, car care.

Financial Information

Occupancy	93%
NOI	$1,742,513
Cap Rate	5.45%

Notes

St. Andrews is located along the east side of Jones Bridge Road, just north of Old Alabama Road in the Alpharetta area of North Fulton County. The property contains 228 units and was constructed in 1995. Units feature nine foot ceilings, laminate counter tops and washer/dryer connections. The property includes 53 detached garages. The property was 93% occupied at the time of sale and the overall rate was based on the T-12 income including a deduction for reserves. The buyers are planning a $3 million interior upgrade program to include new cabinets, granite countertops, tile backsplashes and new appliances in 80% of the units.

Comparable 2

Location & Transaction

Name	Terraces at Suwanee	**Date**	11/25/13
Address	480 Northolt Parkway	**Price**	$39,865,000
City	Suwanee	**Price per Unit**	$119,000
State	GA	**Transaction Type**	Closed
County	Gwinnett	**Financing**	Cash to seller
Zip	30024	**Grantor**	Davis Development
Property Rights	Fee Simple	**Grantee**	Equity Resources LLC
Latitude	34.031954	**Conditions of Sale**	Normal
Longitude	-84.055777	**Verification Source**	Broker

Physical Description

Property Type	Multifamily	**Year Built**	2013
Acres	7.32	**No. of Stories**	4
No. of Units	335	**Construction**	Wood frame
GLA	369,840	**Condition**	Excellent
Avg. Unit Size (SF)	1,104	**Amenities**	Saltwater pool, outdoor kitchen, 2-story fitness center with yoga, billiards, theater, garages.

Financial Information

Occupancy	30%
NOI	$2,491,563
Cap Rate	6.25%

Notes

Terraces at Suwanee Gateway is located along Northolt Parkway, just south of Lawrenceville Suwanee Road in Suwanee. The property contains 335 units and was constructed in 2013. Units feature nine foot ceilings, granite counter tops and stainless steel appliances. The property includes attached and detached garages. The property was 30% occupied at the time of contract as this represents a pre-sale of the improvements while they were under construction. The overall rate of 6.25% was based on pro-forma income including a deduction for reserves and would have reportedly been in the range of 5.75% to 6.00% if the property had sold after completion.

Comparable 3

Location & Transaction

Name	Paces Commons	**Date**	8/29/13
Address	2580 Paces Commons Drive	**Price**	$30,100,000
City	Duluth	**Price per Unit**	$93,189
State	GA	**Transaction Type**	Closed
County	Gwinnett	**Financing**	Normal
Zip	30096	**Grantor**	Paces Crossroads LLC
Property Rights	Fee Simple	**Grantee**	CWS Berkeley, LP
Latitude	33.9680707	**Conditions of Sale**	Normal
Longitude	-84.151399	**Verification Source**	Buyer

Physical Description

Property Type	General	**Year Built**	2002
Acres	24.89	**No. of Stories**	2 & 3
No. of Units	323	**Construction**	Class D
GLA	353,900	**Condition**	Good
Avg. Unit Size (SF)	1,096	**Amenities**	Fitness center, business center, pool, tennis, playground, laundry

Financial Information

NOI	$1,880,000
Cap Rate	6.25%

Notes

Paces Commons Apartments, was built in 2002 and is located within the southwest quadrant of Pleasant Hill Road and North Berkeley Lake Road, in unincorporated Gwinnett County. Project amenities include a fitness center, business center, pool, tennis, clubhouse and playground, while unit features include washer/dryer connections, as well as fireplaces in select floor plans. The overall rate is based on the T3 income and expenses, adjusted to include reserves and a projected increase in real estate taxes.

Comparable 4

Location & Transaction

Name	Westchester at Clairmont	**Date**	1/29/13
Address	2500 Northeast Expressway	**Price**	$49,250,000
City	Atlanta	**Price per Unit**	$120,711
State	GA	**Transaction Type**	Closed
County	Fulton	**Financing**	Cash to seller
Zip	30345	**Grantor**	Westchester at Clairmont LP
Property Rights	Fee Simple	**Grantee**	Clairmont Apartment-ATL LLC
Latitude	33.8523758	**Conditions of Sale**	Normal
Longitude	-84.3005702	**Verification Source**	Broker

Physical Description

Property Type	Multifamily	**Year Built**	2006
Acres	20.49	**No. of Stories**	3
No. of Units	408	**Construction**	Wood frame
GLA	420,648	**Condition**	Very good
Avg. Unit Size (SF)	1,031	**Amenities**	Controlled access, swimming pool, fitness center, business center, and clubhouse.

Financial Information

Occupancy	95%
NOI	$2,831,875
Cap Rate	5.75%

Notes

Westchester at Clairmont represents a 408 unit Class A garden apartment property located on the west side of Interstate 85, just north of Clairmont Road in northeast Atlanta. The property was constructed in 2006 and the overall quality and market appeal are very good. The property features primarily open surface parking, but also has a small deck. The overall rate is based on Trailing 12 month NOI with the deduction of a $250 per unit reserves allowance.

Comparable 5

Location & Transaction

Name	Residency at Nortlake	**Date**	12/21/12
Address	3421 Northlake Parkway	**Price**	$44,000,000
City	Atlanta	**Price per Unit**	$123,249
State	GA	**Transaction Type**	Closed
County	DeKalb	**Financing**	Cash to seller
Zip	30345	**Grantor**	Northlake Apartments Manager LLC
Property Rights	Fee Simple	**Grantee**	G&I VII RNL Fee Owner, LLC
Latitude	33°51'5.15"N	**Conditions of Sale**	Normal
Longitude	84°14'54.72"W	**Verification Source**	Reliable Source

Physical Description

Property Type	Multifamily	**Year Built**	2005
Acres	7.03	**No. of Stories**	5
No. of Units	357	**Construction**	Wood frame
GLA	362,583	**Condition**	Very good
Avg. Unit Size (SF)	1,016	**Amenities**	Controlled access, swimming pool, gameroom, business center, and clubhouse.

Financial Information

Occupancy	98%
NOI	$2,530,000
Cap Rate	5.75%

Notes

Residency at Northlake represents a 357 unit Class A midrise apartment property with parking deck that is located on Northlake Parkway at Interstate 285. The property was constructed in 2005 and the overall quality and market appeal are very good. The overall rate is based on Pro Forma NOI with the deduction of a $250 per unit reserves allowance and an upward adjustment to real estate taxes.

Comparable 6

Location & Transaction

Name	Camden/Arium Sweetwater	**Date**	11/29/12
Address	3355 Sweetwater Road	**Price**	$25,215,000
City	Lawrenceville	**Price per Unit**	$81,867
State	GA	**Transaction Type**	Closed
County	Gwinnett	**Financing**	Cash to seller
Zip	30044	**Grantor**	Camden Summit Partnership, LP
Property Rights	Fee Simple	**Grantee**	Arium Sweetwater LP
Latitude	33°56'57.50"N	**Conditions of Sale**	Normal
Longitude	84° 6'58.06"W	**Verification Source**	Broker

Physical Description

Property Type	General	**Year Built**	1999
Acres	30	**No. of Stories**	3
No. of Units	308	**Construction**	Wood frame
GLA	354,382	**Condition**	Good
Avg. Unit Size (SF)	1,150	**Amenities**	Fitness center, garages, business center, pool, grilling area.

Financial Information

Occupancy	95%
NOI	1,538,115
Cap Rate	6.10%

Notes

Camden Sweetwater is now known as Arium Sweetwater and is situated on the northwest side of Sweetwater Road, south of Old Norcross Road and Interstate 85 in the northeastern portion of Atlanta, in Gwinnett County, and in generally close proximity to the Mall of Georgia, Discover Mill, and the Gwinnett Civic Center. The garden-style property was 95% occupied at the time of sale. The property was in average to good condition with no significant deferred maintenance at the time of sale. The overall rate was based on income in place at the time of sale after and included a deduction for reserves.

Rent Comparable Sheets

Lease Comparable 1

Location & Improvement Description

Name	Decatur Crossing	**Stories**	3
Address	100 Grayson Place	**Building Class**	A
City	Decatur	**Year Built**	2000
County	Dekalb	**Condition**	Good
State	GA	**No of Units**	180
Amenities	Pool, Fitness Center, Business Center	**Unit Amenities**	W/D Connections

Leasing Information

Occupancy	95%	**Verification**	404-298-1991
Term	12 months	**Date**	5/5/2014
Concessions	See Comments	**Expense Recoveries**	All util paid by residents

Unit Mix

1/1-A SF	595	**1/1-A Rent/Month**	$872
1/1-B SF	602	**1/1-B Rent/Month**	$868
1/1-C SF	911	**1/1-C Rent/Month**	$908
2/2-A SF	1,117	**2/2-A Rent/Month**	$1,227
2/2-B SF	1,266	**2/2-B Rent/Month**	$1,307
3/2-A SF	1,384	**3/2-A Rent/Month**	$1,536

Notes

Decatur Crossing represents a good quality garden style apartment complex located along North Arcadia Avenue at Winn Way in Decatur. Garages and storage units are available for $125 and $30 per month. The quoted rents are effective and the property is not offering any additional specials. Tenants pay for all utilities.

Lease Comparable 2

Location & Improvement Description

Name	Paces Park	**Stories**	3 and 4
Address	100 Paces Park Drive	**Building Class**	A
City	Decatur	**Year Built**	1999
County	Dekalb	**Condition**	Good
State	GA	**No of Units**	250
Amenities	Pool, tennis, fitness center, gated, business center, tennis court, and detached garages.	**Unit Amenities**	W/D Connections, Dishwashers, 9-10' Ceilings, Fireplaces

Leasing Information

Occupancy	97%	**Verification**	404-294-1616
Term	3 to 14 months	**Date**	5/5/2014
Concessions	None	**Expense Recoveries**	All utilities paid by residents.

Unit Mix

1/1-A SF	747	**1/1-A Rent/Month**	$882
1/1-B SF	754	**1/1-B Rent/Month**	$902
1/1-C SF	885	**1/1-C Rent/Month**	$942
2/2-A SF	1107	**2/2-A Rent/Month**	$1,277
2/2-B SF	1213	**2/2-B Rent/Month**	$1,281
2/2-C SF	1430	**2/2-C Rent/Month**	$1,547
3/2-A SF	1421	**3/2-A Rent/Month**	$1,397

Notes

Paces Park represents a good quality Class A apartment complex. Garages are available for $100 per month and storage units are $50 per month. There are no rent concessions. Quality and market appeal is good. The resident pays for all utilities, including water and sewer costs. Lease rates are set by Yield Star.

Lease Comparable 3

Location & Improvement Description

Name	Orleans at Decatur	**Stories**	3 and 4
Address	2676 Millscott Drive	**Building Class**	A
City	Decatur	**Year Built**	2001
County	Dekalb	**Condition**	Good
State	GA	**No of Units**	120
Amenities	Pool, Fitness Center, Business Center, Elevators	**Unit Amenities**	W/D Connections, Maple Cabinets, 9' Ceilings

Leasing Information

Occupancy	97%	**Verification**	404-292-0224
Term	12 months	**Date**	5/5/2014
Concessions	See Comments	**Expense Recoveries**	All util paid by residents

Unit Mix

1/1-A SF	727	**1/1-A Rent/Month**	$849
1/1-B SF	768	**1/1-B Rent/Month**	$869
1/1-C SF	916	**1/1-C Rent/Month**	$969
2/2-A SF	1146	**2/2-A Rent/Month**	$1,179
2/2-B SF	1157	**2/2-B Rent/Month**	$1,179
3/2-A SF	1302	**3/2-A Rent/Month**	$1,479

Notes

The Orleans represents a good quality Class A mid-rise apartment complex. Covered parking in an attached parking deck is included. Storage units are available for $25 per month. Fireplaces and built in desks are available in select units for an additional charge. The quoted rents are effective and the property is not offering any additional specials.

Lease Comparable 4

Location & Improvement Description

Name	Five Oaks	**Stories**	3
Address	1200 Montreal Road	**Building Class**	A
City	Tucker	**Year Built**	2004 and 2005
County	DeKalb	**Condition**	Very good
State	GA	**No of Units**	280
Amenities	Controlled access, detached garages, swimming pool, clubhouse, business center, and car care center.	**Unit Amenities**	W/D Connections

Leasing Information

Occupancy	91%	**Verification**	770-938-2055
Term	3 to 15 months	**Date**	5/5/2014
Concessions	None	**Expense Recoveries**	Tenant pays all utilities

Unit Mix

1/1-A SF	741	**1/1-A Rent/Month**	$840
1/1-B SF	819	**1/1-B Rent/Month**	$865
1/1-C SF	912	**1/1-C Rent/Month**	$915
1/1-D SF	928	**1/1-D Rent/Month**	$949
2/2-A SF	1116	**2/2-A Rent/Month**	$1,065
2/2-B SF	1232	**2/2-B Rent/Month**	$1,195
3/2-A SF	1391	**3/2-A Rent/Month**	$1,360

Notes

Five Oaks has exposure to I-285. Quality and market appeal are very good. The property has detached parking garages for $60 per month. Various units contain fireplaces and built-in bookcases. Units contain 9 or 10 foot ceilings. The property utilizes Yield Star for pricing. Management is offering a special of $400 off the first month's rent.

Lease Comparable 5

Location & Improvement Description

Name	Jackson Square	**Stories**	2 and 3
Address	455 Dekalb Industrial Way	**Building Class**	A
City	Decatur	**Year Built**	1998
County	Dekalb	**Condition**	Good
State	GA	**No of Units**	380
Amenities	Pool, Tennis, Fitness Center, Gated, Business Center, Movie Theater	**Unit Amenities**	W/D Connections, Dishwashers, Built in Desks

Leasing Information

Occupancy	89%	**Verification**	404-294-0400
Term	12 months	**Date**	5/5/2014
Concessions	$200 off the November or December rent.	**Expense Recoveries**	All util paid by residents

Unit Mix

1/1-A SF	859	**1/1-A Rent/Month**	$810
1/1-B SF	872	**1/1-B Rent/Month**	$800
1/1-C SF	912	**1/1-C Rent/Month**	$840
1/1-D SF	756	**1/1-D Rent/Month**	$754
2/2-A SF	1,071	**2/2-A Rent/Month**	$905
2/2-B SF	1,131	**2/2-B Rent/Month**	$940
2/2-C SF	1,224	**2/2-C Rent/Month**	$1,140
3/2-A SF	1,688	**3/2-A Rent/Month**	$1,375

Notes

Jackson Square represents a good quality Class A apartment complex. Garages are available for $125 per month and carports are $35 per month. Fireplaces and built in desks are available in select units for an additional charge. The quoted rents are effective and the property is not offering any additional specials. Tenants pay all utilities.

Lease Comparable 6

Location & Improvement Description

Name	Woodside Village	**Stories**	3
Address	3954 Memorial College	**Building Class**	B
City	Atlanta	**Year Built**	2004
County	DeKalb	**Condition**	Good
State	GA	**No of Units**	360
Amenities	Swimming pool, gated, laundry.	**Unit Amenities**	W/D connections

Leasing Information

Occupancy	90%	**Verification**	404-292-8595
Term	6 to 12 months	**Date**	5/6/2014
Concessions	See Comments	**Expense Recoveries**	See Comments

Unit Mix

1/1-A SF	818	**1/1-A Rent/Month**	$727
1/1-B SF	818	**1/1-B Rent/Month**	$525
2/2-A SF	1064	**2/2-A Rent/Month**	$865
2/2-B SF	1064	**2/2-B Rent/Month**	$600
3/2-A SF	1489	**3/2-A Rent/Month**	$986
3/2-B SF	1489	**3/2-B Rent/Month**	$725

Notes

Woodside Village is located along the north side of Memorial College Avenue, just east of Montreal Road and south of Stone Mountain Freeway in the Clarkston area of DeKalb County. The property was constructed in 2004. The tenant pays for water/sewer and trash expenses. 80% of the units are subject to rent restrictions. No special are currently being offered. Detached garages are available for $125 per month. One-bedroom units include a stackable washer/dryer. Please note that the first rate listed for each unity type is for market units and the second rate listed is for LIHTC units.

Development Budgets and Data

NORSOUTH DEVELOPMENT COMPANY
Multifamily Acquisition and Development Model
Mills Creek Crossing

PROJECT ASSUMPTIONS
4/29/2014
Scottdale

PROJECT SUMMARY

Project #		
Name	Mills Creek Crossing	
Address	North Decatur Road	
City	Scottdale	
County	DeKalb	
State	GA	
LIHTC Equity		YES
Conventional Equity		NO

SITE SUMMARY

Gross Site		22.00 acres
Buildable Site		22.00 acres
Land Cost		$0/unit
Project Density		9.09/ acre
Parking Spaces		2.00/unit
Area Median Income	2014	$64,400
Qualified Census Tract		130%
Census Tract Number		221.00

RENT ROLL

BR	BA	Floorplan	RESTRICTION	SIZE	# of units	GROSS RENT	UTILITY	NET RENT	PROFORMA	RSF	TOTAL
1	1	Standard	30%	885	0	$374	$142	$232	$0	$0.00	$0
1	1	Standard	50%	885	10	$604	$142	$462	$462	$0.52	$4,620
1	1	Standard	60%	885	26	$725	$142	$583	$580	$0.66	$15,080
1	1	Standard	Market	885	8	$0	$0	$0	$750	$0.85	$6,000
2	2	Standard	RAD-50%	1,160	5	$896	$183	$713	$558	$0.48	$2,790
2	2	Standard	RAD-60%	1,160	5	$896	$183	$713	$558	$0.48	$2,790
2	2	Standard	60%	1,160	47	$870	$183	$687	$685	$0.59	$32,195
2	2	Standard	Market	1,160	12	$0	$0	$0	$825	$0.71	$9,900
2	2	Alternate	RAD-50%	1,160	5	$896	$183	$713	$558	$0.48	$2,790
2	2	Alternate	RAD-60%	1,160	5	$896	$183	$713	$558	$0.48	$2,790
2	2	Alternate	60%	1,160	26	$870	$183	$687	$685	$0.59	$17,810
2	2	Alternate	Market	1,160	10	$0	$0	$0	$825	$0.71	$8,250
3	2	Standard	RAD-50%	1,432	0	$518	$255	$263	$0	$0.00	$0
3	2	Standard	RAD-50%	1,432	20	$838	$255	$583	$679	$0.47	$13,580
3	2	Standard	60%	1,432	10	$1,005	$255	$750	$750	$0.52	$7,500
3	2	Standard	Market	1,432	10	$0	$0	$0	$900	$0.63	$9,000
2	2	Standard	Non-Rev	1,160	1						
			Avg unit size	1,148	200			AVG Rent	$675	$0.59	$135,095
			Garages		0				$0		$0
			Storage Units		0				$0		$0
			Cable Income						$0		$0
			TOTAL GROSS POTENTIAL								$135,095

DEVELOPMENT TIMELINE

Start Date		October-13
Activity	Phase	Dur (Mos)
Due Diligence	0	0
Site Plan	1	0
Zoning	2	0
Drawing Production	3	9
Entitlements	4	0
Relocation	5	0
Construction	6	15
First Occupancy	7	12
Lease Up	8	17 mos
Other	9	N/A
Other	10	N/A
Absorption Rate		12 units per month

CONSTRUCTION COSTS

Trade Costs (family)	$70,187 / Unit
Trade Costs (commercial)	$0
Site Work (cost per unit)	$14,022
Gen Requirements	6.00%
Builder Overhead	2.00%
Builder Profit	6.00%
Contingency	5.00%

PARKING DECK

Total # of Units	200
Parking ratio per unit	1.0
Required Spaces per ratio	200
Cost per space	$0
Total Cost of parking deck	$0

IMPACT FEE CALCULATION

	Per Unit	Total
Transportation	0	0
Parks and Recreation	0	0
Fire and Emergency	0	0
Police	0	0
Other	0	0
Other	0	0
	0	0

BUILDING PERMIT CALCULATION

Estimated Hard Costs				18,883,542
First	$1,000,000			$5,609
Remaining	$17,883,542	Divided by	1,000	17,884
Multiplied by		$	5.00	89,418

CONSTRUCTION TIMELINE

		Construction Draw %
Jul-14	Closing	0.50%
Aug-14	1	4.30%
Sep-14	2	7.90%
Oct-14	3	13.80%
Nov-14	4	22.50%
Dec-14	5	34.40%
Jan-15	6	50.00%
Feb-15	7	61.60%
Mar-15	8	73.60%
Apr-15	9	83.80%
May-15	10	86.00%
Jun-15	11	91.00%
Jul-15	12	93.00%
Aug-15	13	97.00%
Sep-15	14	99.00%
Oct-15	15	100.00%

OPERATING PROFORMA

Revenue Growth After Yr. 1	102.00%
Revenue Inflator	102.00%
Expense Growth After Yr. 1	3.00%
Expense Inflator	103.00%
Blended Vacancy Rate	10.00%
Utilities	$995
Controllable Expenses	$2,340
Real Estate Taxes	$50
Insurance	$200
Mgt. Fee	5.00%
Replacement Reserves	$250
Water & Sewer Income	$92,400
Interest Income	$0
Other Income	1.50%

REAL ESTATE TAX ABATEMENT

City Tax % of Total RE Tax	0%
Annual Abatement Percentage	0%
Year 1 (2009)	0%
Year 2	0%
Year 3	0%
Year 4	0%
Year 5	0%
Year 6	0%
Year 7	0%
Year 8	0%
Year 9	0%
Year 10	0%

FINANCIAL ASSUMPTIONS

Loan to Value	80%
Loan to Cost	80%
Amortization	30
DSCR (YR1)	1.25
YR1 NOI Value Cap	6.00%

INTEREST RATE STACK

	U/W Perm	Actual Perm	Const. Debt
Loan Rate	5.40%	6.00%	4.00%
Enhancement	0.00%	0.00%	0.00%
Servicing	0.00%	0.00%	0.00%
Liquidity	0.00%	0.00%	0.00%
Issuer	0.00%	0.00%	0.00%
Remarketing	0.00%	0.00%	0.00%
Trustee	0.00%	0.00%	0.00%
Swap Fee	0.00%	0.00%	0.00%
Note Rate	5.40%	6.00%	4.00%
U/W Spread	0.00%	0.00%	0.00%
Applicable Rate	5.40%	6.00%	4.00%

EQUITY PRICING

Calculated Qualified Basis	26,900,632
Federal TC Price	$0.990
State TC Price	$0.420
Historic TC Price	$0.000
LP Ownership %	98.99%
SLP Ownership %	1.00%
GP Ownership %	0.01%
9% Credit Rate	9.00%
4% Credit Rate	3.26%
Fed. LIHTC Reservation	$907,094
State LIHTC Reservation	$907,094
Historic Tax Credits	$0

EXIT FINANCING

Exit Cap Rate	6.50%
Interest Rate at Refi	7.00%
Amortization at Refi	30 years

NORSOUTH DEVELOPMENT COMPANY
Multifamily Acquisition and Development Model
Mills Creek Crossing

RENT ROLL
04/29/14
Scottdale

UNIT MIX ANALYSIS

	# of Units	1 B 1 Ba	2 B 2 Ba	3 B 2 Ba	Unit %*
30%	0	0	0	0	0.00%
50%	40	10	10	20	20.00%
60%	119	26	83	10	59.50%
Market	40	8	22	10	20.00%
Total Res.	199	44	115	40	99.50%
Employee	1	0	1		0.50%
TOTAL	200	44	116	40	100.00%
Unit %		22.00%	58.00%	20.00%	100.00%

SQUARE FOOT ANALYSIS

	Total Sq. Ft.	1 B 1 Ba	2 B 2 Ba	3 B 2 Ba	Sq. Ft. %*
30%	0	0	0	0	0.00%
50%	49,090	8,850	11,600	28,640	21.38%
60%	133,610	23,010	96,280	14,320	58.19%
Market	46,920	7,080	25,520	14,320	20.43%
Total Res.	229,620	38,940	133,400	57,280	100.00%
Employee	0	0	0	0	0.00%
TOTAL	229,620	38,940	133,400	57,280	100.00%
Sq. Ft. %		16.96%	58.10%	24.95%	100.00%

NET RENT ANALYSIS

	Total Rent	1 B 1 B	2 B 2 B	3 B 2 B	Rent %
30%	$0	$0	$0	$0	
50%	$23,780	$4,620	$5,580	$13,580	17.60%
60%	$78,165	$15,080	$55,585	$7,500	57.86%
Market	$33,150	$6,000	$18,150	$9,000	24.54%
TOTAL	$135,095	$25,700	$79,315	$30,080	100.00%
Rent %		19.02%	58.71%	22.27%	100.00%

UNIT TYPE ANALYSIS

	Total	Unit %	SF %
LIHTC Units	159	79.90%	79.57%
Market Units	40	20.10%	20.43%
TOTAL	199	#######	#######
Non-Revenue	1	(Common Space)	
	200		

NORSOUTH DEVELOPMENT COMPANY
Multifamily Acquisition and Development Model
Mills Creek Crossing

SOURCES AND USES
04/29/14
Scottdale

SOURCES OF FUNDS

		TOTAL		CONSTRUCTION	CONSTRUCTION COMPLETION	PERMANENT PHASE
Construction Loan		15,096,635				0
Syndication Equity (Federal)	30.0%	8,889,530		7,111,624	1,333,429	444,476
Syndication Equity (State partner)	12.9%	3,809,795		3,047,836	571,469	190,490
Syndication Equity (State partner for % Fed)	0.3%	89,802		71,842	13,470	4,490
Permanent Loan	27.9%	8,260,800		8,260,800		0
DCA HOME Loan	14.3%	4,250,000		4,250,000		
HADC gap financing	11.1%	3,300,000	11%			
N/A	0.0%	0				
Deferred Developer Profit & Overhead	3.4%	1,018,642	29%			1,018,642
Investment Income During Construction	0.0%	0		0		
Tax Abatement B Piece	0.0%	0				0
TOTAL SOURCES	100%	29,618,569		22,742,101	1,918,369	1,658,098
	Surplus/(GAP)	0				

USES OF FUNDS

			TOTAL	PER UNIT	PER RSF	% of TDC
Acquisition			99	0	0.00	0.00%
1-10-010	Land Acquisition		99	0	0.00	0.00%
1-10-025	Site Demolition Costs	$0.00/sq ft	0	0	0.00	0.00%
1-10-030	R/W Acquisition	0.00%	0	0	0.00	0.00%
1-10-050	Relocation Costs	$800/unit	0	0	0.00	0.00%
Construction Costs			19,969,600	99,848	86.97	67.42%
1-20-010	Building Construction (Residential)		14,037,490	70,187	61.13	47.39%
	Hard Costs		14,037,490	70,187	61.13	47.39%
	GC Design Contingency		0		0.00	0.00%
	Building Construction (Commercial)		0	0	0.00	0.00%
1-20-020	Site Work		2,804,380	14,022	12.21	9.47%
1-20-030	Bond Premium		141,881	709	0.62	0.48%
1-20-060	GC Profit	6.0%	1,010,512	5,053	4.40	3.41%
1-20-070	General Contractor Overhead	2.0%	336,837	1,684	1.47	1.14%
1-20-080	General Requirements	4.1%	694,322	3,472	3.02	2.34%
1-20-090	Contingency	5.0%	944,177	4,721	4.11	3.19%
Financing Costs			682,534	3,413	2.97	2.30%
1-30-010	Construction Loan Fee	1.00%	150,966	755	0.66	0.51%
1-30-030	Lender Financing and Placement fee	0.00%	0	0	0.00	0.00%
1-30-050	Construction Bridge Loan fee	0.00%	0	0	0.00	0.00%
1-30-110	Construction Inspection Fees	0.00%	12,000	60	0.05	0.04%
1-30-120	Borrower Attorney		160,000	800	0.70	0.54%
1-30-130	Const/Permanent Lender Legal		45,000	225	0.20	0.15%
1-30-140	Equity Investor Legal Fee		45,000	225	0.20	0.15%
1-30-150	Lender App. / Underwriting / Due Diligence Fee		30,000	150	0.13	0.10%
1-30-160	Permanent Loan Closing Costs (SWAP)		0	0	0.00	0.00%
1-30-400	Tax Credit Application Fee		6,500	33	0.03	0.02%
1-30-401	ARRA Asset Management Fee	0.00%	0	0	0.00	0.00%
1-30-402	Other Tax Credit Fees		0	0	0.00	0.00%
1-30-403	Other Perm Loan Fees (HOME funds)		500	3	0.00	0.00%
1-30-404	Tax Credit Pre-Application Fees		0	0	0.00	0.00%
1-30-405	Tax Credit Final Inspection Fee		0	0	0.00	0.00%
1-30-410	Tax Credit Allocation / Bond 8609 Fee	8.00%	72,568	363	0.32	0.25%
1-30-420	Tax Credit Compliance Monitoring Fee		160,000	800	0.70	0.54%
1-30-450	Intangible Tax		0	0	0.00	0.00%
Bond Costs			209,250	1,046	0.91	0.71%
1-30-210	Bond Counsel Fee		80,000	400	0.35	0.27%
1-30-220	Bond Inducement Application Fee		5,000	25	0.02	0.02%
1-30-230	Bond Issuer's Fee		63,750	319	0.28	0.22%
	Bond Issuer's Fee	0.25%	42,500	213	0.19	0.14%
	Bond TEFRA Fees (Issuer Expenses)		0	0	0.00	0.00%
	Bond Issuer First Year Fee	0.125%	21,250	106	0.09	0.07%
	Asset Management Fee	0.00%	0	0	0.00	0.00%
1-30-270	Issuer's Counsel		10,000	50	0.04	0.03%
1-30-280	Private Activity Bond Allocation Fee	0.00%	0	0	0.00	0.00%
1-30-290	Trustee Fee		7,000	35	0.03	0.02%
1-30-300	Trustee Counsel Fee		6,000	30	0.03	0.02%
1-30-310	Placement Agent Fee	0.00%	27,500	138	0.12	0.09%
1-30-320	Underwriter's Counsel Fee		0	0	0.00	0.00%
1-30-330	Misc. Bond Costs and Expenses		10,000	50	0.04	0.03%

USES OF FUNDS

			TOTAL	PER UNIT	PER RSF	% of TDC
Pre-Development Soft Costs and Design Development			1,207,161	6,036	5.26	4.08%
1-50-010	Appraisal		8,000	40	0.03	0.03%
1-50-015	Pre-Construction Cost Estimator (HADC P&C review)		3,000	15	0.01	0.01%
1-50-020	Architecture		433,950	2,170	1.89	1.47%
1-50-030	Construction Administration		144,500	723	0.63	0.49%
1-50-035	Rezoning: Entitlement & Municipal Fees		1,000	5	0.00	0.00%
1-50-040	Civil Engineer		67,700	339	0.29	0.23%
1-50-041	Civil Engineer Inspection Fee		5,250			0.02%
1-50-050	Phase I Environmental		3,500	18	0.02	0.01%
1-50-055	Phase II Environmental		11,061	55	0.05	0.04%
1-50-060	Market Studies		5,200	26	0.02	0.02%
1-50-065	Noise Assessment & Mitigation Plan		6,100	31	0.03	0.02%
1-50-070	Geotechnical / Soils Studies		125,000	625	0.54	0.42%
1-50-080	Surveys: Boundary, Topo, Tree, Etc.		18,000	90	0.08	0.06%
1-50-085	Utility Availability Services		1,500	8	0.01	0.01%
1-50-090	Builder's Risk Insurnace		176,700	884	0.77	0.60%
1-50-091	Liability Insurance		35,000	175	0.15	0.12%
1-50-095	Architectural Rendering Services		0	0	0.00	0.00%
1-50-100	Interior Design		0	0	0.00	0.00%
1-50-105	Furniture, Fixtures & Equipment		100,000	500	0.44	0.34%
1-50-106	FF&E - Computers/Business Equip		0			0.00%
1-50-107	FF&E - Special Tech/electrical equipment		0			0.00%
1-50-110	Landscape Architect		15,000	75	0.07	0.05%
1-50-111	Landscape Architect inspection fee		5,000	25	0.02	0.02%
1-50-120	Feasibility - Schematic Design		0	0	0.00	0.00%
1-50-125	Rezoning: Professional Services		0	0	0.00	0.00%
1-50-136	Sustainability Certification		0	0	0.00	0.00%
1-50-137	Sustainability Inspection Services		3,200	16	0.01	0.01%
1-50-140	ADA Consultant		5,000	25	0.02	0.02%
1-50-145	Fire Protection Consultant		3,500	18	0.02	0.01%
1-50-150	Wetlands Investigation & Mitigation		0	0	0.00	0.00%
1-50-155	Pre-Construction Reimbursables		30,000	150	0.13	0.10%
Other Soft Costs			2,278,374	11,392	9.92	7.69%
1-60-010	Accounting		25,000	125	0.11	0.08%
1-60-015	Cost Certification		15,000	75	0.07	0.05%
1-60-020	Marketing - General		75,000	375	0.33	0.25%
1-60-021	Marketing - Web		0	0	0.00	0.00%
1-60-022	Marketing - Print		0	0	0.00	0.00%
1-60-023	Marketing - TV, Radio, Signage		0	0	0.00	0.00%
1-60-024	Start Up - General Office		30,000	150	0.13	0.10%
1-60-025	Start Up - Payroll		35,000	175	0.15	0.12%
1-60-028	Bank Charges		1,000	5	0.00	0.00%
1-60-030	Land Disturbance Permit		6,600	33	0.03	0.02%
1-60-031	NPDES Deliverables		0	0	0.00	0.00%
1-60-032	Building Permit		136,580	683	0.59	0.46%
1-60-035	Off-site construction costs		0			
1-60-040	Site lighting	$500/unit	100,000	500	0.44	0.34%
1-60-041	Water & Meter Fees	$94/unit	18,750	94	0.08	0.06%
1-60-042	Sewer & Connection Fees	$1,096/unit	219,244	1,096	0.95	0.74%
1-60-043	Master Development Impact Fee	$7,656/unit	1,531,200	7,656	6.67	5.17%
1-60-050	Real Estate Taxes During Construction		0	0	0.00	0.00%
1-60-060	Title & Recording		75,000	375	0.33	0.25%
1-60-070	Title & Survey at Conversion		0	0	0.00	0.00%
1-60-090	Miscelaneous Soft Costs		10,000	50	0.04	0.03%
1-60-095	Real Estate Legal Fees		0	0	0.00	0.00%
Reserves and Interest			1,721,551	8,608	7.50	5.81%
1-90-010	Construction Period Interest		884,209	4,421	3.85	2.99%
1-90-030	Pre-development loan interest		10,000	50	0.04	0.03%
1-90-050	Rent Up Reserve		125,000	625	0.54	0.42%
1-90-060	Soft Cost Contingency		0	0	0.00	0.00%
1-90-080	ODR Deposit	6 months	702,342	3,512	3.06	2.37%
1-90-100	HUD Working Capital Reserve	0.00%	0	0	0.00	0.00%
				0	0.00	0.00%
TOTAL DEVELOPMENT COSTS (not incl. fees)			26,068,569	130,343	113.53	88.01%

DEVELOPER FEE SUMMARY

			TOTAL	PER UNIT	PER RSF	% of TDC
Developer Fee			3,550,000	17,750	15.46	11.99%
1-80-010	Paid Developer Fee	71%	2,531,358	12,657	11.02	8.55%
1-80-020	Deferred Developer Fee (Paid from cash flow)	29%	1,018,642	5,093	4.44	3.44%
TOTAL USES		100%	29,618,569	148,093	128.99	100.00%

NORSOUTH DEVELOPMENT COMPANY
Multifamily Acquisition and Development Model
Mills Creek Crossing

STABILIZED PROFORMA
04/29/14
Scottdale

RENT ROLL

BR	BA	RESTRICTION	SIZE	# of units	GROSS RENT	UTILITY	NET RENT	PROFORMA
1	1	30%	885	0	$374	$142	$232	$0
1	1	50%	885	10	$604	$142	$462	$462
1	1	60%	885	26	$725	$142	$583	$580
1	1	Market	885	8	$0	$0	$0	$750
2	2	RAD-50%	1,160	5	$896	$183	$713	$558
2	2	RAD-60%	1,160	5	$896	$183	$713	$558
2	2	60%	1,160	47	$870	$183	$687	$685
2	2	Market	1,160	12	$0	$0	$0	$825
2	2	RAD-50%	1,160	5	$896	$183	$713	$558
2	2	RAD-60%	1,160	5	$896	$183	$713	$558
2	2	60%	1,160	26	$870	$183	$687	$685
2	2	Market	1,160	10	$0	$0	$0	$825
3	2	RAD-50%	1,432	0	$518	$255	$263	$0
3	2	RAD-50%	1,432	20	$838	$255	$583	$679
3	2	60%	1,432	10	$1,005	$255	$750	$750
3	2	Market	1,432	10	$0	$0	$0	$900
2	2	Non-Rev	1,160	1	$0	$0	$0	$0
		Garages		0		$0		$0
		Storage Units		0		$0		$0
		Cable Income				$0		$0
		TOTAL GROSS POTENTIAL						$135,095

UNIT MIX

Unit Type	Unit Count	% of Total
1/1	44	22%
2/2	116	58%
3/2	40	20%
	200	100.00%

UNIT TYPE

Unit Type	Unit Count	% of Total
Affordable	159	80%
Market	40	20%
Non- Revenue	1	1%
	200	100.00%

OPERATING STATEMENT

INCOME:		PER UNIT	TOTAL	PER RSF
Gross Potential Rent (GPR)		8,106	1,621,140	7.06
Less Vac. and Coll.	10.00%	(811)	(162,114)	(0.71)
Net Rental Income		7,295	1,459,026	6.35
Water & Sewer Income		462	92,400	0.40
Interest Income		-	-	0.00
Other Rental Income		-	-	0.00
Other Income		109	21,885	0.10
Effective Gross Income (EGI)		**7,867**	**1,573,311**	**6.85**

EXPENSES:	PER UNIT	TOTAL	PER RSF
Utilities	995	199,000	0.87
Controllable Expenses	2,340	467,983	2.04
Real Estate Taxes	50	10,000	0.04
Insurance	200	40,000	0.17
Mgt. Fee	405	81,057	0.35
Replacement Reserves	250	50,000	0.22
Total Expenses	**4,240**	**848,040**	**3.69**
Total Expenses Excluding RR	3,990	798,040	3.48
Net Operating Income	**3,626**	**725,271**	**3.16**

PERMANENT DEBT SUMMARY

Year 1 Stabilized **NET OPERATING INCOME**		725,271	
Permanent Loan Debt Service		556,643	**1.30**
HUD MIP Payment	0.0000	-	**1.30**
Cash Flow Available for Soft Debt Repayment		168,628	
Subordinate Loan 1 Repayment:		-	**1.30**
Subordinate Loan 2 Repayment:		0	1.30
Remaining Cash Flow		**168,628**	
Breakeven Occupancy (Permanent Loan)		85.30%	
Appraised Value		0	0.00%
Value Estimate		12,087,853	6.00%
LTV Perm.		68.34%	
LTV Combined		103.50%	
Max. Loan (DCR)		8,610,600	1.25
Max. Loan (LTC)		23,694,855	80.00%
Actual Loan Amount		$8,260,800	
Perm. Loan Constant		0.067384	
Monthly Debt Service		46,387	
Monthly Operating Expense		70,670	

NORSOUTH DEVELOPMENT COMPANY
Multifamily Acquisition and Development Model
Mills Creek Crossing

OPERATING EXPENSES
4/29/2014
Scottdale

OPERATING EXPENSES

Units	200	Annual	Per Unit	Per Month	% of Budget
Salaries & Bonuses		**$283,483**	**$1,417**	**$23,624**	**35.5%**
Manager		45,000	225	3,750	5.6%
Assistant Manager/programs		37,440	187	3,120	4.7%
Leasing Agents		31,200	156	2,600	3.9%
Management Taxes & Benefits	22%	25,001	125	2,083	3.1%
Maintenance Supervisor		39,520	198	3,293	5.0%
Porter		31,200	156	2,600	3.9%
Maintenance 3		31,200	156	2,600	3.9%
Maintenance Taxes & Benefits	22%	22,422	112	1,869	2.8%
Program Compliance		6,000	30	500	
Employee Incentive		14,500	73	1,208	1.8%
Professional Services		**$16,500**	**$83**	**$1,375**	**2.1%**
Legal		2,500	13	208	0.3%
Accounting		8,000	40	667	1.0%
Advertising		6,000	30	500	0.8%
Security		0	0	0	0.0%
Maintenance Expenses		**$124,500**	**$623**	**$10,375**	**15.6%**
Unit Turn Costs		30,000	150	2,500	3.8%
General Repairs		30,000	150	2,500	3.8%
Grounds Maintenance		30,000	150	2,500	3.8%
Extermination		7,500	38	625	0.9%
Maintenance Supplies		13,000	65	1,083	1.6%
Cleaning Supplies		7,000	35	583	0.9%
Fire Sprinkler		7,000	35	583	0.9%
Elevator Maintenance		0	0	0	0.0%
Office Administrative		**$43,500**	**$218**	**$3,625**	**5.5%**
Office Supplies & Postage		12,000	60	1,000	1.5%
Telephone Service		10,000	50	833	1.3%
Travel		1,000	5	83	0.1%
Cable & Internet		3,000	15	250	0.4%
Program Support		6,000	30	500	0.8%
Training		1,500	8	125	0.2%
Other (Master Association)		10,000	50	833	1.3%
Utilities		**$199,000**	**$995**	**$16,583**	**24.9%**
Electric- Common Areas		42,000	210	3,500	5.3%
Electric- Vacant Units		5,000	25	417	0.6%
Water & Sewer		132,000	660	11,000	16.5%
Trash Removal		20,000	100	1,667	2.5%
Gas		0	0	0	0.0%
Taxes & Insurance		**$50,000**	**$250**	**$4,167**	**6.3%**
Insurance		40,000	200	3,333	5.0%
Property Taxes		10,000	50	833	1.3%
Other-Master Association		0	0	0	0.0%
Management Fees		**$81,057**	**$405**	**$6,755**	**10.2%**
Management Fees		81,057	405	6,755	10.2%
Resident Services		**$0**	**$0**	**$0**	**0.0%**
Resident Services & Supplies		0	0	0	0.0%
TOTAL OPERATING EXPENSES		**$798,040**	**$3,990**	**$66,503**	**100.0%**

Engagement Letter

Bank of America

Award Confirmation Letter

Supplier is hereby authorized to perform the Statement of Work detailed below. Supplier acknowledges that this confirmation letter is a summary of select contract terms and conditions which is provided for convenience. To view the complete agreement electronically accepted by Supplier, Supplier is referred to Bank of America's Commercial Valuation Services Information Management System.

Supplier: Statement of Work

Service Type ID:	14-002887-APR01-001	**Supplier:**	Southeast Realty Consultants, LLC
Service:	Appraisal (Order)	**Supplier Representative:**	Raymond Higgins
Borrower:	Mill Creek Crossing, LP	**Agreement Number:**	VSIMS20508.14.1

Award Terms and Conditions

Sourcing Manager:	Debbie Pauza, Market Manager
Date Awarded:	04/24/2014
Fees:	USD 4,500
Bank Contact:	Debbie Pauza
Contact Phone:	704.951.8229
Appraisal Type:	Self-contained
Certification:	Contracted Appraiser Must Sign

Other Terms or Conditions:

Note new appraisal requirements effective 12/09/13 attached. All appraisal reports must include both exposure time and marketing time as a condition of this award. Include copies of licenses/certifications in the addenda. Please reconcile previous values with current values in letter of transmittal (when applicable) and make prior services disclosure in certification. USPAP requirement - please indicate that this is an Appraisal Report. DATA AND ACCESS REQUEST MUST BE MADE WITHIN 5 BUSINESS DAYS

Service Delivery Requirements

Due Date	Description
05/08/2014	Time is of the essence. Review of all attachments and initial communication with identified project or property contacts must occur within five days of engagement. Liquidated damages may be assessed if the Statement of Work (SOW), including the delivery of all reports and requested data, is incomplete by the listed due date. Damages will be assessed at a rate of 5% of the negotiated fee for each day (cumulative) the SOW remains incomplete. Damages will not be imposed for delays resulting from circumstances beyond the appraiser's control if timely notice is provided; such circumstances to be judged for their validity solely by the Sourcing Manager. Individual standalone reports to be provided for each listed property unless instructed otherwise in this agreement.

Service Definition

Currency	Premise	Qualifier	Interest Appraised	Allocations	Description
USD	Market Value	As-Is	Fee Simple	Real Estate	Land
USD	Market Value	As-Is	Fee Simple	Real Estate	Land and Existing Improvements
USD	Prospective Market Value	Upon Completion of Construction	Fee Simple	Real Estate	Unrestricted
USD	Prospective Market Value	Upon Stabilization	Fee Simple	Real Estate	Unrestricted
USD	Prospective Market Value	Upon Completion of Construction	Fee Simple	Real Estate	Assuming Rent Restrictions
USD	Prospective Market Value	Upon Stabilization	Fee Simple	Real Estate	Assuming Rent Restrictions
USD	Insurable Cost	As-If-Complete	Fee Simple	Real Estate	

Policies and Procedures

Bank of America is in the process of transitioning to Argus 16. Until such time that version 16 is operational, all Argus-based DCF analyses and associated files must be compatible with Argus version 15 or earlier. Notwithstanding this requirement, the vendor is responsible to ensure compliance with Argus software license agreements.

The certification requirement may not be delegated by the contracted appraiser without prior review and prequalification of the designee by Bank of America. If certification will be delegated by the contracted appraiser, identification of the primary appraiser for each report is required, and those appraisers must be on Bank of America's approved fee panel. Contingent names may be listed if a decision will not be finalized at the time of bid. Use the Bid Comments section for up to three designees. Otherwise, upload a separate document detailing each primary appraiser by property.

Supplier is required to review, update and/or enter key summary information about the property appraised and associated value conclusions as part of this service.

All appraisal reports must include both exposure time (as required by USPAP) and marketing time in your appraisal as a condition of this award.

Include the following statement in the Letter of Transmittal and the Intended Use Section of the report: 'The intended use of the appraisal report is to provide information for use in making business and credit decisions concerning an actual or prospective loan or line of credit. This report is for the use and benefit of, and may be relied upon by, Bank of America, N.A. as Lender, or , Bank of America, N.A. as Administrative Agent for certain Lenders, and each actual and prospective Lender and Participant in such loan or line of credit, and their respective successors, assigns and affiliates.'

Reappraisal assignments must document and explain assumption changes and resulting value differences for all Bank of America assignments completed within the prior two years.

Estimate remaining economic life for the subject property.

All appraisal reports (including all addendum and related attachments) and invoices must be uploaded to VSIMS in Adobe Acrobat-compatible format (PDF). Document security must be set to allow Commenting, Copying and Extracting of Content for use in the Bank's review function. Documents may be otherwise restricted from changes subject to the supplier's personal security preference. Additional Microsoft and Argus documents may be uploaded in their native format, where appropriate. Vendors are prohibited from accepting payment for services rendered from anyone other than Bank of America, N.A., its successors and/or assigns unless otherwise specified within this agreement.

Include the statement: "Bank of America makes no warranties or representations regarding this document or the conclusions contained herein." in your transmittal letter.

Addressee and Distribution Instructions

Report Distribution	Name	Address	CD/DVD	Bound	Comments
Addressee, Recipient and Intended User	Debbie Pauza, Market Manager	Bank of America, NA | 119 Cross Center Drive| NC3-176-01-01| Denver, NC 28037	0	0	

Documents *(content available online only)*

Reference Documents	APPRAISAL REQUIREMENTS 12-9-13 12122013 103938.pdf VSIMS APPRAISAL SUBMISSION CHECKLIST 02202013 202718.pdf

Project Contacts

Award Confirmation Letter

Name	Company / Role	Telephone	Comments

Property Contact ***(additional contacts may be listed for each property. Refer to the online property profile for details)***

Name	Company / Role	Telephone	Comments
Thurston Cioke	VP, Finance	678-460-2862	

Properties ***(detailed descriptions may be viewed online or downloaded)***

#	Property Type	Property Address
1	Multi-Family - LIHTC Tax Credits	3218 Tobie Circle, Scottdale, GA

Award Amendments

Date Amended	Revised Due Date	Revised Fee	Revised Statement of Work
04/28/2014 14:40:09	05/08/2014	USD 4,500	I am amending the contract to include CSG (Churchill Stateside Group) as an additional intended user of the appraisal.
05/06/2014 14:58:00	05/08/2014	USD 4,500	I am amending the contract to include STCC Mills Creek Crossing, LLC, CDC Special Limited Partner, L.L.C., and their successors and assigns as additional intended users of the appraisal.

Qualifications

Raymond A. Higgins 770-953-1780
2000 Riveredge Pkwy., Suite 650, Atlanta, GA 30328 rhiggins@serealtyconsultants.com

Educational

- B.S. in Finance and Management,
  University of Alabama at Birmingham

Licenses and Certifications

- Certified Real Estate Appraiser, State of Georgia – CG001388
- Certified Real Estate Appraiser, State of Tennessee – 00003323
- Certified Real Estate Appraiser, State of Alabama – G01028
- Certified Real Estate Appraiser, State of South Carolina – 4332

Employment

Southeast Realty Consultants, Atlanta, GA
2009 to Present
Partner

Andrews Properties, Inc.
(Real Estate Development Firm)
2007-2009
Partner

CB Richard Ellis, Atlanta, GA
1989 - 2006
Senior Appraiser and Vice President

Appraiser with:
- American Realty Concepts
- Southeastern Consulting Group
- McColgan & Company
1985 – 1989

Qualified as an Expert Witness -

- Superior Courts of Fulton County, Cobb County, Clayton County, and DeKalb County, GA
- U.S. Bankruptcy Court in Georgia and Illinois

STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD

RAYMOND A HIGGINS

1388

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A

CERTIFIED GENERAL REAL PROPERTY APPRAISER

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

D. SCOTT MURPHY
Chairperson

SANDRA MCALISTER WINTER
Vice Chairperson

JEFF A. LAWSON
KEITH STONE
MARILYN R. WATTS

46530655

RAYMOND A HIGGINS

**1388**
Status **ACTIVE**

ORIGINALLY LICENSED
07/24/1991

END OF RENEWAL
09/30/2014

CERTIFIED GENERAL REAL PROPERTY APPRAISER

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

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

WILLIAM L. ROGERS, JR.
Real Estate Commissioner

46530655

RAYMOND A HIGGINS

**1388**
Status **ACTIVE**

ORIGINALLY LICENSED
07/24/1991

END OF RENEWAL
09/30/2014

CERTIFIED GENERAL REAL PROPERTY APPRAISER

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

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

WILLIAM L. ROGERS, JR.
Real Estate Commissioner

46530655

Craig A. Brodsky, MAI

770-953-1780

2000 Riveredge Pkwy., Suite 650, Atlanta, GA 30328

cbrodsky@serealtyconsultants.com

Educational

- B.S. Business Administration –
  University of Florida, 1988
- M.A. Real Estate and Urban Analysis –
  University Of Florida, 1990
- Appraisal Institute Coursework
  Courses 1A-1, 1A-2, 1B-A, 1B-B, 2-1,
  2-2, SPP

Licenses and Certifications

- Certified Real Estate Appraiser, State of Georgia – CG006329
- Certified Real Estate Appraiser, State of Florida – RZ001345
- Certified Real Estate Appraiser, State of Alabama – G00770
- Certified Real Estate Appraiser, State of South Carolina – CG3945
- Certified Real Estate Appraiser, State of Tennessee – 00004123

Employment

Southeast Realty Consultants, Atlanta, GA
2009 to Present
Partner

CB Richard Ellis, Atlanta, GA & Tampa, FL
1997 - 2009
Senior Appraiser and Managing Director

American Realty Consultants, Fort Lauderdale, FL
1995 - 1997
Senior Appraiser

Consolidated Appraisal Services, Fort Lauderdale, FL
1991 - 1995
Partner

STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD

CRAIG ALAN BRODSKY

6329

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A

CERTIFIED GENERAL REAL PROPERTY APPRAISER

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

D. SCOTT MURPHY
Chairperson

SANDRA MCALISTER WINTER
Vice Chairperson

JEFF A. LAWSON
KEITH STONE
MARILYN R. WATTS

52423464

CRAIG ALAN BRODSKY

 # 6329
Status ACTIVE

ORIGINALLY LICENSED
10/22/1997

END OF RENEWAL
10/31/2014

CERTIFIED GENERAL REAL PROPERTY APPRAISER

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

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

1776

WILLIAM L. ROGERS, JR.
Real Estate Commissioner

52423464

CRAIG ALAN BRODSKY

 # 6329
Status ACTIVE

ORIGINALLY LICENSED
10/22/1997

END OF RENEWAL
10/31/2014

CERTIFIED GENERAL REAL PROPERTY APPRAISER

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

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

1776

WILLIAM L. ROGERS, JR.
Real Estate Commissioner

52423464