



**Vogt Santer Insights
Appraisal Group**

APPRAISAL REPORT

**Of
Telfair Arms
An Elderly Housing Development**



17 East Park Avenue, Savannah,
Chatham County, GA 31401

Effective Date: February 2, 2015

Prepared For

Mr. Mathew Rule
National Church Residences
Telfair Arms Senior Housing Limited Partnership
2245 North Bank Drive
Columbus, OH 43220

Prepared by

VOGT SANTER INSIGHTS APPRAISAL GROUP
1310 Dublin Road
Columbus, OH 43215
File Number: 20150156

VOGT SANTER INSIGHTS APPRAISAL GROUP

1310 Dublin Road
Columbus, OH 43215

www.vsinights.com

614-884-2201

June 4, 2015

Mr. Mathew Rule
National Church Residences
2245 North Bank Drive
Columbus, OH 43220

Re: Appraisal Report
Telfair Arms
17 East Park Avenue, Savannah,
Chatham County, GA 31401

VSI Appraisal File Number: 20150156

Dear Mr. Rule:

At your request, we have prepared an appraisal for the above referenced property, which may be briefly described as follows:

The subject, Telfair Arms, is a 53-unit Section 8 and Low Income Housing Tax Credit (LIHTC) property leased to residents age 62 and older. The property includes 45 Section 8, 7 LIHTC units, and one non-revenue unit. As of the effective date of this report, the subject had 4 physical vacant units. The subject was constructed in 1886 and an addition was added in the 1927 and 1960. The complex was awarded tax credits in 1997 and significantly renovated. As the initial compliance period has expired, the owner is applying for additional credits. These credits will be utilized to fund a renovation budget of about \$90,000 per unit and the report assumes the allocation has been awarded. The site area totals 0.86 acres.

The purpose of the appraisal is to estimate the as is vacant, as is, upon completion and stabilization under the restricted and unrestricted premise. In addition, the Georgia Department of Community Affairs requires a prospective unrestricted market value at loan maturity, valuation of tax credits, favorable financing, and investment value. The client is National Church Residences, and the intended use is to assist the client and intended users in making an investment decision.

The appraisal is intended to conform with the Uniform Standards of Professional appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of the Georgia Department of Community Affairs (DCA).

To report the assignments results, we use the appraisal report option of Standards Rule 2-2 of USPAP. Accordingly, this report contains summary discussions of the data, reasoning, and analyses that are used in the appraisal process whereas supporting documentation is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal.

We certify that we have no present or contemplated future interest in the property beyond this estimate of value. The appraiser has completed a Rent Comparable Study for the subject property within three years of the effective date of valuation.

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):

VALUE CONCLUSIONS						
Value Premise	Value Perspective	Interest	Date	Value Conclusions	FF&E	Real Property Value
As if Vacant Land	Current	Fee Simple	2/2/2015	\$290,000		\$290,000
As Is	Current	Leased Fee	2/2/2015	\$1,520,000		\$1,520,000
Upon Completion Unrestricted	Hypothetical	Fee Simple	2/2/2015	\$2,820,000	\$138,000	\$2,682,000
Upon Completion Restricted	Hypothetical	Leased Fee	2/2/2015	\$1,920,000	\$138,000	\$1,782,000
Stabilized Unrestricted	Hypothetical	Fee Simple	2/2/2015	\$2,930,000	\$138,000	\$2,792,000
Stabilized Restricted	Hypothetical	Leased Fee	2/2/2015	\$1,970,000	\$138,000	\$1,832,000
Valuation of Tax Credits				\$5,035,621		
Value of Beneficial Financing				\$120,000		
Investment Value				\$5,155,621		
Prospective Unrestricted Market Value at Loan Maturity	Hypothetical	Fee Simple	2/2/2015	\$2,150,000	\$0	\$2,150,000

Hypothetical Conditions – A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis:

- The hypothetical value opinion as unrestricted assumes that the subject is operating without any income or rent restrictions or subsidies.
- The upon completion and stabilization value opinions assume the proposed tax allocations have been awarded and the property is completed or stabilized.

Extraordinary Assumptions - An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions:

- The subject has a long term Section 8 contract and we assume this contract will be in place for the life of the investment in our restricted scenarios.

- We assume the renovations will be completed with quality materials and the subject will be average for the market, as discussed in this report.
- The subject is a legal non-conforming use because it features improvements that require a lot size of 41,760 square feet, larger than the existing site of 37,461 square feet. We assume that the property could be rebuilt to its current configuration.

Please contact the undersigned with any questions or comments. Thank you for using our services.

Respectfully submitted,
Vogt Santer Insights Appraisal Group



David W. Ross, Jr., MAI, FRICS
Certified General Real Estate Appraiser
Georgia License: 348032
614.884.2201
Email: dross@vsinsights.com



James Eggerding, MAI
Senior Appraiser
614.884.2204
Email: jeggerding@vsinsights.com

TABLE OF CONTENTS

Summary of Important Facts and Conclusions 1

Client, Intended User(s) and Intended Use 3

Type of Value, Property Rights and Effective Date 3

Definition of Market Value 4

Definition of Property Rights Appraised 4

Applicable Requirements 4

Prior Services 4

Scope of Work 5

Metropolitan Area Analysis 7

 Employment Trends 8

 Major Employers 11

 Population and Household Trends 13

 Conclusions of Area Analysis 13

Neighborhood Analysis 14

Market Analysis 21

Property Description 29

Improvements Description and Analysis 33

 Subject Photographs (Taken on February 2, 2015) 33

Assessment and Taxes 40

Tax Comparables 41

Highest and Best Use 42

Valuation Methodology 44

 Analyses Applied 44

Sales Comparison Approach – Land Valuation 45

 Land Comparables 45

 Comparables Map 47

 Comparable Land Sale Adjustments 54

 Sales Comparison Approach Conclusion – Land Valuation 56

Sales Comparison Approach 57

 Comparables 57

 Comparables Map 58

 Analysis Grid 64

 Comparable Sale Adjustments 65

 Sales Comparison Approach Conclusion 68

Income Approach 69

 Potential Gross Income (PGI) 69

 Market Rent 72

 Potential Gross Income Summary As Is 93

 Potential Gross Income Summary As Stabilized Restricted and Unrestricted 94

 Capitalization Rate 104

 Direct Capitalization Analysis Conclusion 110

Adjustments to Stabilization 111

Value of Low Income Housing Tax Credits 112

Historic Tax Credits 115

Table of Contents

Value of Beneficial Financing	117
Value at Loan Maturity	118
Final Reconciliation	121
Final Value Conclusion.....	122
Certification Statement	124
Limiting Conditions and Assumptions	126
Definitions – Delete this Section for Summary Reports.....	130
Addendum A – Appraiser Qualifications	136
Professional Qualifications	137
Professional Qualifications	139
Addendum B – Additional Data	140

Summary of Important Facts and Conclusions

GENERAL

Subject: Telfair Arms
17 East Park Avenue, Savannah,
Chatham County, GA 31401

The subject, Telfair Arms, is a 53-unit Section 8 and Low Income Housing Tax Credit (LIHTC) property leased to residents age 62 and older. The property includes 45 Section 8, 7 LIHTC units, and one non-revenue unit. As of the effective date of this report, the subject had 4 physical vacant units. The subject was constructed in 1886 and an addition was added in the 1927 and 1960. The complex was awarded tax credits in 1997 and significantly renovated. As the initial compliance period has expired, the owner is applying for additional credits. These credits will be utilized to fund a renovation budget of about \$90,000 per unit and the report assumes the allocation has been awarded. The site area totals 0.86 acres.

Owner: National Church Residences of East Park, GA

Parcel ID
2-0044-32-001

Date of Report: June 4, 2015
Effective Date: February 2, 2015

Intended Use: The intended use is to assist the client and intended users in making an investment decision.

Intended User(s): National Church Residences, the Georgia DCA, and Telfair Arms Senior Housing Limited Partnership.

Sale History: The subject sold for \$1,468,937 or \$27,719 per unit on May 8, 2014. This is near the as is value concluded in this report.

Land:

Land Summary						
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)	Topography	Shape
2-0044-32-001	0.86	37,462	0.86	37,462	Level	Rectangular

Improvements:

Building Summary						
Building Name/ID	Year Built	Condition	Number of Stories	Gross Building Area	Rentable Area	Number of Units
Telfair Arms	1886	Average	3 to 4	48,060	25,879	53

Notes: The main building was constructed in 1886 with an additional building constructed in 1927.

Zoning: 3-R, Victorian Planned Neighborhood Conservation District

Highest and Best Use of the Site: Multifamily

Highest and Best Use as Improved: Multifamily

Exposure Time; Marketing Period 6 to 12 Months

VALUE CONCLUSIONS						
Value Premise	Value Perspective	Interest	Date	Value Conclusions	FF&E	Real Property Value
As if Vacant Land	Current	Fee Simple	2/2/2015	\$290,000		\$290,000
As Is	Current	Leased Fee	2/2/2015	\$1,520,000		\$1,520,000
Upon Completion Unrestricted	Hypothetical	Fee Simple	2/2/2015	\$2,820,000	\$138,000	\$2,682,000
Upon Completion Restricted	Hypothetical	Leased Fee	2/2/2015	\$1,920,000	\$138,000	\$1,782,000
Stabilized Unrestricted	Hypothetical	Fee Simple	2/2/2015	\$2,930,000	\$138,000	\$2,792,000
Stabilized Restricted	Hypothetical	Leased Fee	2/2/2015	\$1,970,000	\$138,000	\$1,832,000
Valuation of Tax Credits				\$5,035,621		
Value of Beneficial Financing				\$120,000		
Investment Value				\$5,155,621		
Prospective Unrestricted Market Value at Loan Maturity	Hypothetical	Fee Simple	2/2/2015	\$2,150,000	\$0	\$2,150,000

This appraisal report and all of the appraiser’s work in connection with the appraisal assignment are subject to the limiting conditions and all other terms stated in the addendum to the report. Any use of the appraisal by any party, regardless of whether such use is authorized or intended by the appraiser, constitutes acceptance of all such limiting conditions and terms.

Hypothetical Conditions: A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

- The hypothetical value opinion as unrestricted assumes that the subject is operating without any income or rent restrictions or subsidies.
- The upon completion and stabilization value opinions assume the proposed tax allocations have been awarded and the property is completed or stabilized.

Extraordinary Assumptions: An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in the analysis.

- The subject has a long term Section 8 contract and we assume this contract will be in place for the life of the investment in our restricted scenarios.
- We assume the renovations will be completed with quality materials and the subject will be average for the market, as discussed in this report.
- The subject is a legal non-conforming use because it features improvements that require a lot size of 41,760 square feet, larger than the existing site of 37,461 square feet. We assume that the property could be rebuilt to its current configuration.

Client, Intended User(s) and Intended Use

The client is National Church Residences. The intended users include National Church Residences, the Georgia DCA, and Telfair Arms Senior Housing Limited Partnership. The intended use is to assist the client and intended users in making an investment decision. The appraisal is not intended for any other use or user. No party or parties other than National Church Residences or the DCA may use or rely on the information, opinions, and conclusions contained in this report.

Type of Value, Property Rights and Effective Date

The problem to be solved is to estimate the as is vacant, as is, upon completion and stabilization under the restricted and unrestricted premise. In addition, the Georgia Department of Community Affairs requires a prospective unrestricted market value at loan maturity, valuation of tax credits, favorable financing, and investment value. The appraisal is valid only as of the stated effective date or dates, shown as follows:

Value	Dates	Value Perspective	Interest Appraised
As if Vacant Land	2/2/2015	Current	Fee Simple
As Is	2/2/2015	Current	Leased Fee
Market Value Upon Completion and Stabilization	2/2/2015	Hypothetical	Leased Fee
Hypothetical Market Value As Complete and Stabilized with Market Rents	2/2/2015	Hypothetical	Fee Simple
Valuation of Tax Credits	2/2/2015		
Value of Beneficial Financing	2/2/2015		
Investment Value	2/2/2015		
Prospective Unrestricted Market Value at Loan Maturity	2/2/2015	Hypothetical	Fee Simple

Definition of Market Value

Market value is defined as:

“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:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g])

Definition of Property Rights Appraised

Fee simple estate is defined 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.”

Leased fee interest is defined as, “A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).”

(Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010)

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal guidelines of the Georgia DCA

Prior Services

USPAP requires appraisers to disclose to the client any services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. The appraiser has

completed a Rent Comparable Study for the subject property within three years of the effective date of valuation.

Scope of Work

We considered the intended use, users, complexity of the property, and other relevant factors in order to determine the scope of work, described as follows.

SCOPE OF WORK	
Report Type:	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2 (a). This format provides a summary of the appraisal process, subject and market data and valuation analyses.
Property Identification:	The subject has been identified by the legal description and the assessors' parcel number. A copy of the legal description is provided in the addendum.
Site Visit:	A complete interior and exterior visit of the subject property has been made, and photographs taken. David W. Ross, Jr. visited the subject property on February 2, 2015. James Eggerding did not inspect the subject property.
Market Area and Analysis of Market Conditions:	A complete analysis of market conditions has been made. The appraiser maintains and has access to comprehensive databases 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.
<u>Valuation Analyses</u>	
Cost Approach:	A cost approach was not applied as the age of the improvements makes the depreciation difficult to accurately measure.

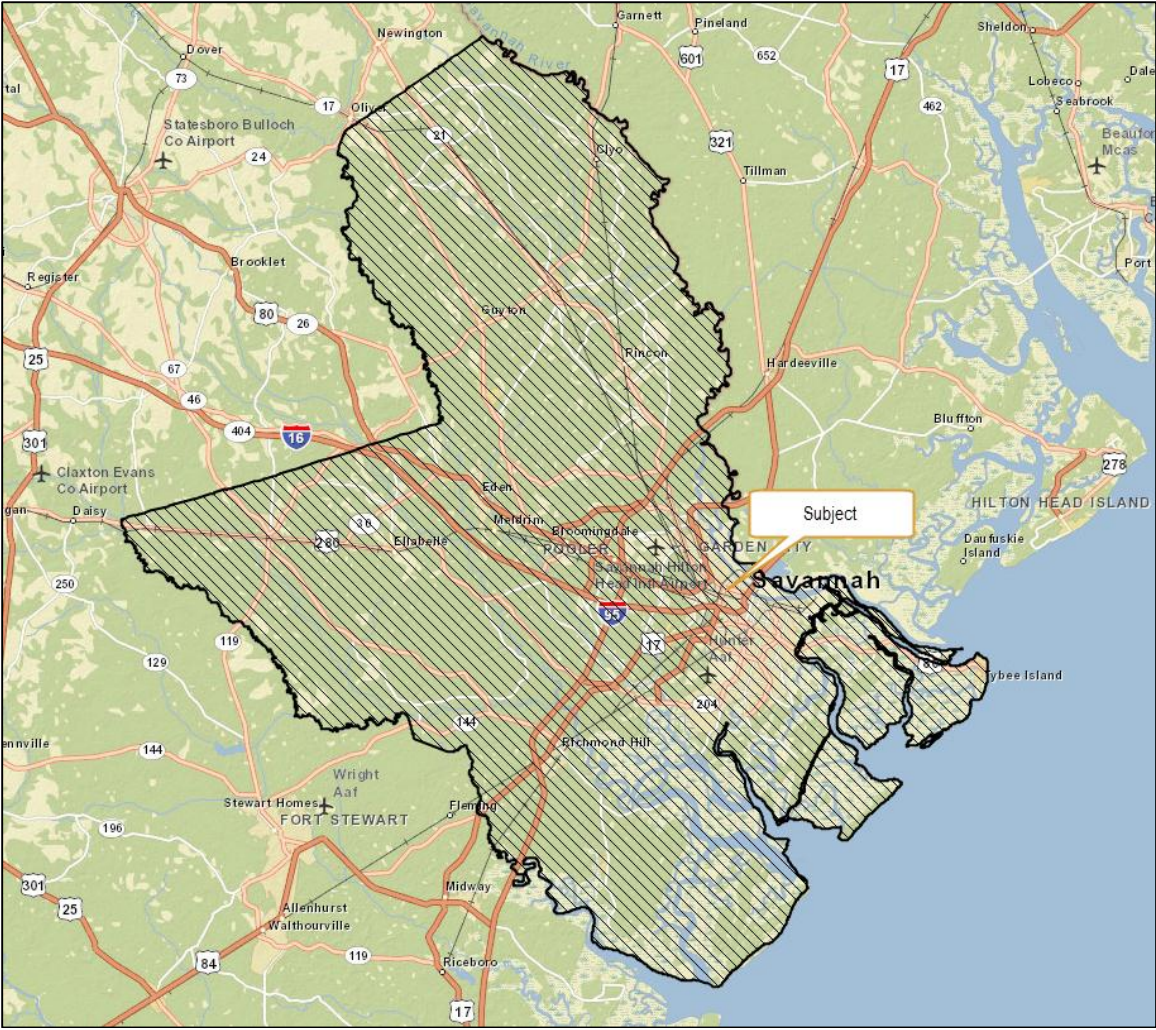
Sales Comparison Approach: A sales approach was applied as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type. However, this approach is only applicable for the unrestricted scenario as there are few rent restricted sales in the market.

Income 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. Additionally, the probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.

Metropolitan Area Analysis

The subject is in the historic downtown area of Savannah, in Chatham County Georgia, which is in the Savannah MSA, as defined by the U.S. Office of Management and Budget.

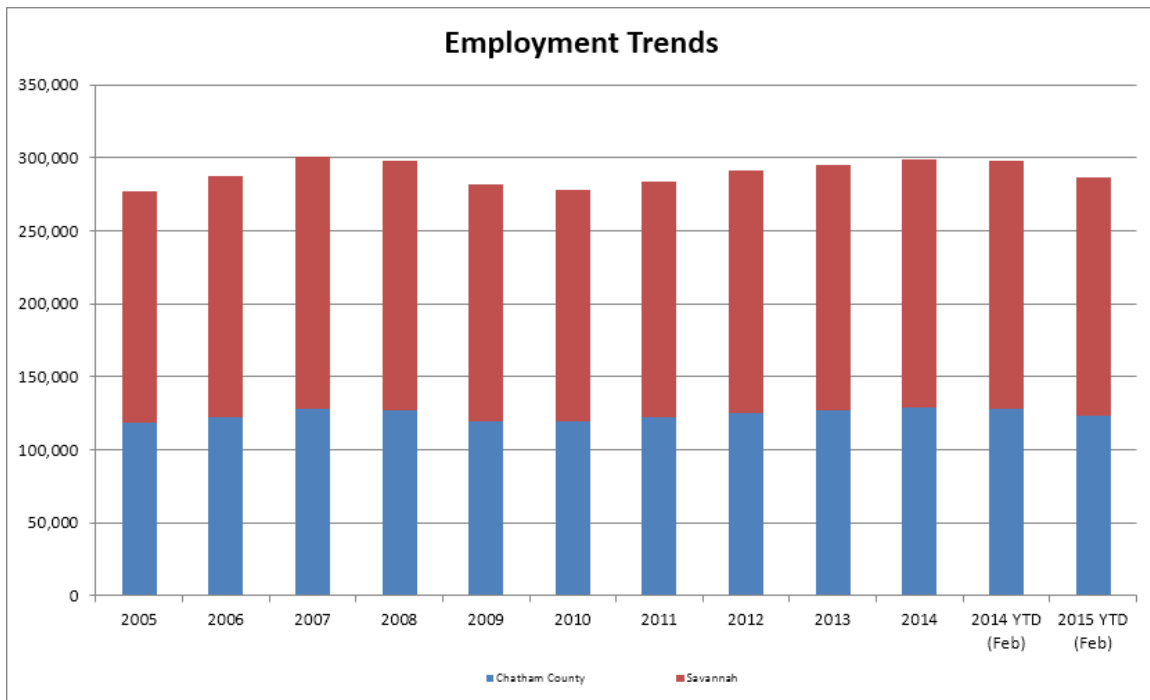
Area Map

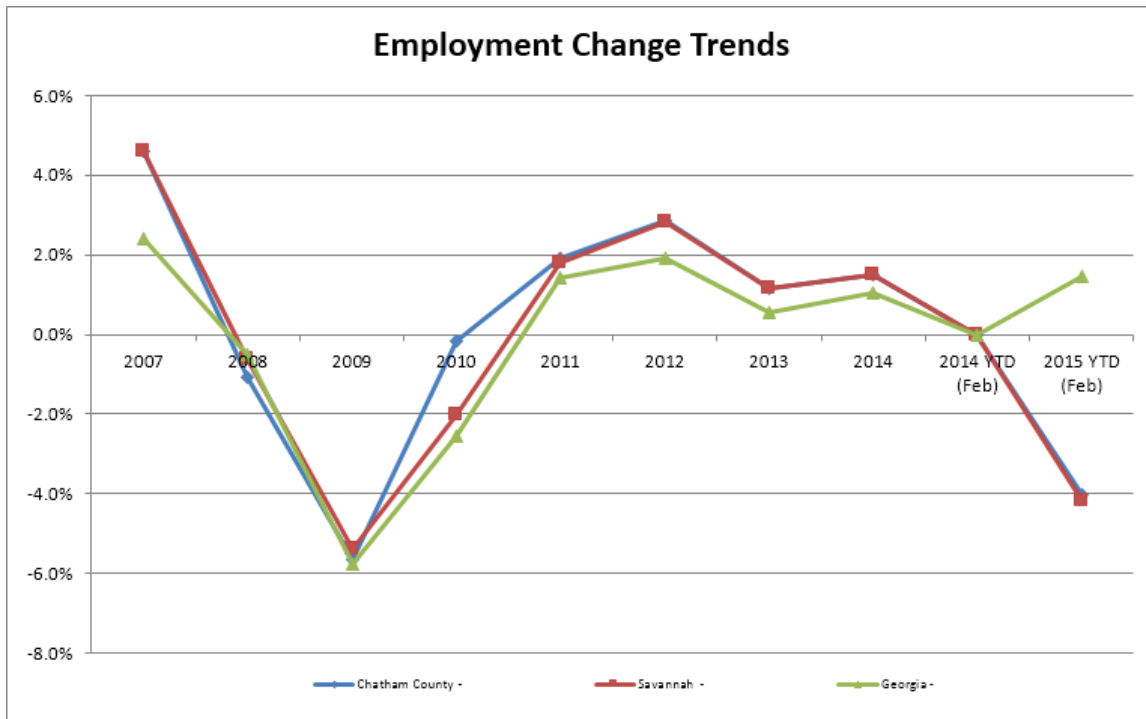


Employment Trends

Year	Employment Trends								
	Total Employment			Change in Employment			Percent Change		
	Chatham County	Savannah	Georgia	Chatham County	Savannah	Georgia	Chatham County	Savannah	Georgia
2005	118,847	158,112	4,341,223	-	-	-	-	-	-
2006	122,727	164,431	4,489,128	3,880	6,319	147,905	3.3%	4.0%	3.4%
2007	128,394	172,008	4,597,640	5,667	7,577	108,511	4.6%	4.6%	2.4%
2008	127,004	170,941	4,575,010	-1,391	-1,067	-22,630	-1.1%	-0.6%	-0.5%
2009	119,831	161,731	4,311,854	-7,173	-9,211	-263,156	-5.6%	-5.4%	-5.8%
2010	119,631	158,483	4,202,052	-200	-3,247	-109,801	-0.2%	-2.0%	-2.5%
2011	121,933	161,318	4,262,403	2,302	2,835	60,351	1.9%	1.8%	1.4%
2012	125,409	165,895	4,344,683	3,476	4,577	82,280	2.9%	2.8%	1.9%
2013	126,859	167,813	4,367,926	1,450	1,918	23,243	1.2%	1.2%	0.5%
2014	128,766	170,336	4,414,343	1,907	2,523	46,416	1.5%	1.5%	1.1%
2014 YTD (Feb)	128,432	169,894	4,382,290	-	-	-	-	-	-
2015 YTD (Feb)	123,280	162,784	4,447,096	-5,152	-7,110	64,806	-4.0%	-4.2%	1.5%

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

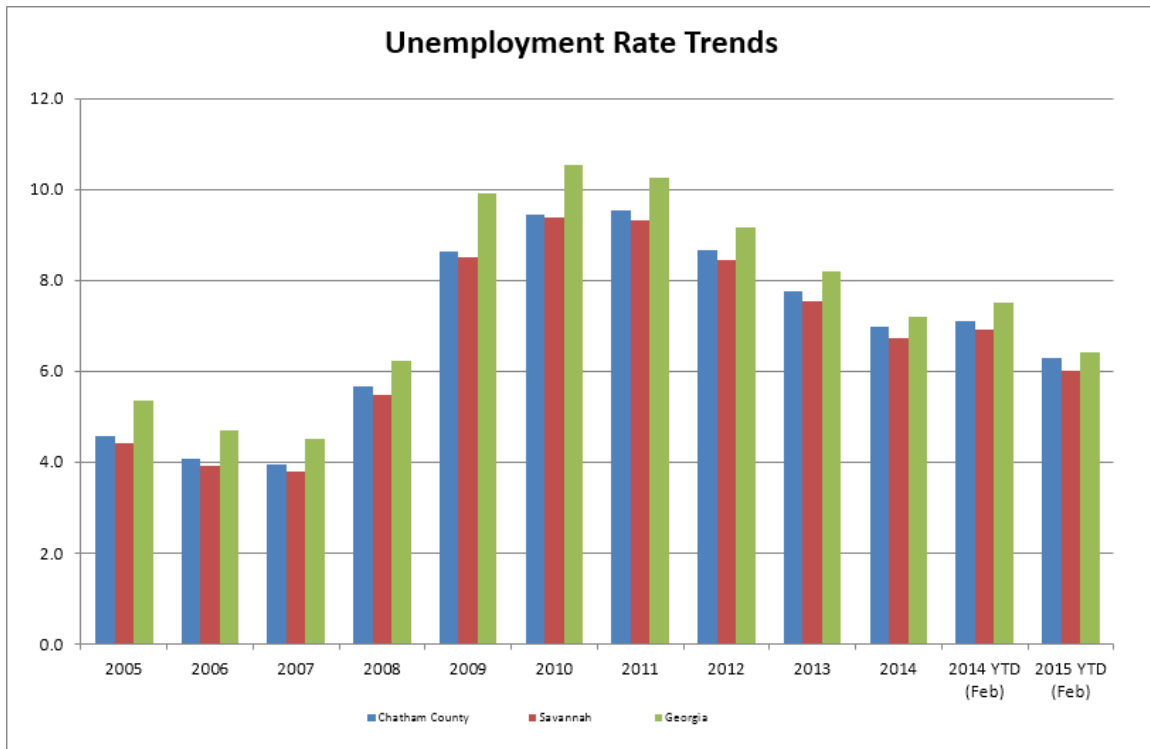




Consistent with many areas of the country, employment decreased in 2007 through 2009, primarily due to the economic crisis. Employment increased from 2010 through 2012, with a slight decrease in 2013. Employment trends continued to increase through year end 2014, but have shown some signs of weakness in the county and MSA through the first two months of 2015, indicating that full recovery may have been reached.

Unemployment Trends			
Year	Chatham County	Savannah	Georgia
2005	4.6	4.4	5.4
2006	4.1	3.9	4.7
2007	4.0	3.8	4.5
2008	5.7	5.5	6.2
2009	8.6	8.5	9.9
2010	9.5	9.4	10.6
2011	9.5	9.3	10.2
2012	8.7	8.5	9.2
2013	7.8	7.6	8.2
2014	7.0	6.7	7.2
2014 YTD (Feb)	7.1	6.9	7.5
2015 YTD (Feb)	6.3	6.0	6.4

Source: Bureau of Labor Statistics



Unemployment steadily improved in all areas of analysis from the peak in 2010-11 through year end 2014. The trend has continued when comparing 2014 YTD to 2015 YTD unemployment rates.

According to Leia Dedic, economic research manager of the Savannah Economic Development Authority and reports from the city's finance department and chamber of commerce, business and industry in Chatham County are diverse and include education, tourism, manufacturing, medical and other services. The *Savannah Business Journal* reported in November 2014, the MSA's economy extended its gains, but has eased into a more moderate growth pace, which is expected to continue through mid-2015. The economy was lifted by strength in employment growth, port activity and tourism.

The Georgia Division of Workforce Development has received one Worker Adjustment and Retraining Notifications (WARN) for the city of Savannah during the past 12 months, the United Arab Shipping Company's September 2014 layoff, which affected 20 workers. The local media recently reported the pending closure of two Bi-Lo grocery stores, as well as two Radio Shack stores in Savannah. The number of employees affected was not published.

Savannah has a large military population at Hunter Army Airfield (HAAF) and nearby Fort Stewart, home of the 3rd Infantry Division. Fort Stewart, located approximately 41.0 miles southwest of the city of Savannah, is the largest Army installation east of the Mississippi River with more than 24,000 military and related civilian jobs, as well as an annual financial impact of \$5.6 billion. In January, Fort Stewart shuttered its 2nd Armored Brigade Combat Team, losing about 900 soldiers. Ongoing sequestration actions have

targeted Fort Stewart/HAAF for cuts of up to 16,000 soldiers by 2020 if worst-case scenarios play out. These cuts would also mean the loss of Army civilian employees, and a dramatically reduced economic impact on the area.

The Port of Savannah is the fourth largest container port in the U.S. and growing. FY2014 had the highest volume in the Port of Savannah's history. A harbor-deepening project is currently underway that will enable the port to accommodate the super-size container ships that will be bringing cargo after the widening of the Panama Canal is finished next year. The \$706 million deepening project is due to be complete in 2017. Other port related improvements include the \$73 million Jimmy DeLoach Parkway extension, due to come online in December 2015; the recently completed Highway 307 overpass and the 6,000-foot rail extension at the Mason Intermodal Container Transfer Facility.

Gulfstream Aerospace Corp., the area's largest employer has invested \$550 million and added 2,500 employees since 2010. Two 400,000-square-foot manufacturing facilities were built in advance of the company's October 2014 announcement that they are adding two new jet models, and have orders from Qatar Airlines and Flex Jet for 70 new planes with delivery in 2017 and 2018. More jobs might be created as manufacturing ramps up.

Ms. Dedic noted most of the new construction is in the Pooler area, near the Savannah/Hilton Head Airport. Company expansions that have been recently announced represent millions of investment dollars into the area, as well as job creation over the next few years. These projects include:

- Construction equipment manufacturer JCB Americas announced the addition of a new line of backhoe loaders in November 2014 that will add 100 jobs to the 500-employee manufacturing and sales plant.
- In February 2015, OA Logistics announced it will add a 1.1 million-square-foot expansion to its facility. The freight forwarding company expects to add 200 to 300 new jobs.
- A new Tanger Factory Outlet Mall is scheduled to open in April 2015. More than 85 stores will be hiring for 900 full- and part-time positions.

Major Employers

We were provided the following list of the top 10 employers Chatham County, which are detailed below.

MAJOR EMPLOYERS

Chatham County

Employer	Industry	Number of Employees
Gulfstream Aerospace Corporation	Manufacturing	10,126
Memorial Health University Medical Center	Healthcare	5,000
Savannah-Chatham Board of Education	Education	4,808
Fort Stewart/Hunter Army Airfield	Civilian Personnel	4,637
St. Joseph/Candler Health System	Healthcare	3,304
City of Savannah	Government	2,795
Chatham County	Government	1,600
Savannah College of Art & Design	Education	1,590
Georgia Port Authority	Ship Terminal Operations	988
International Paper	Manufacturing	600

Source: Savannah Economic Development Authority, 2014

Population and Household Trends

The following table details the population and household trends.

DEMOGRAPHICS			
Population			
Year	Chatham County	Savannah	Georgia
2010	265,128	347,611	9,687,653
2014	278,234	366,935	9,978,939
2019	294,101	391,863	10,435,992
2010-2014 Annual Change	1.65%	1.85%	1.00%
2014-2019 Annual Change	1.14%	1.36%	0.92%
2010-2019 Annual Change	1.37%	1.59%	0.97%
Households			
Year	Chatham County	Savannah	Georgia
2010	103,038	131,868	3,585,584
2014	108,620	139,752	3,696,820
2019	115,414	149,787	3,872,716
2010-2014 Annual Change	1.81%	1.99%	1.03%
2014-2019 Annual Change	1.25%	1.44%	0.95%
2010-2019 Annual Change	1.50%	1.70%	1.00%

Source: ESRI Demographics

Population increased in the county 1.65% annually from 2010 to 2014 and is projected to increase 1.37% annually through 2019. Similarly, household growth in the county is projected to increase by 1.81% annually through 2019. These demographic changes are similar to the MSA and well above the state.

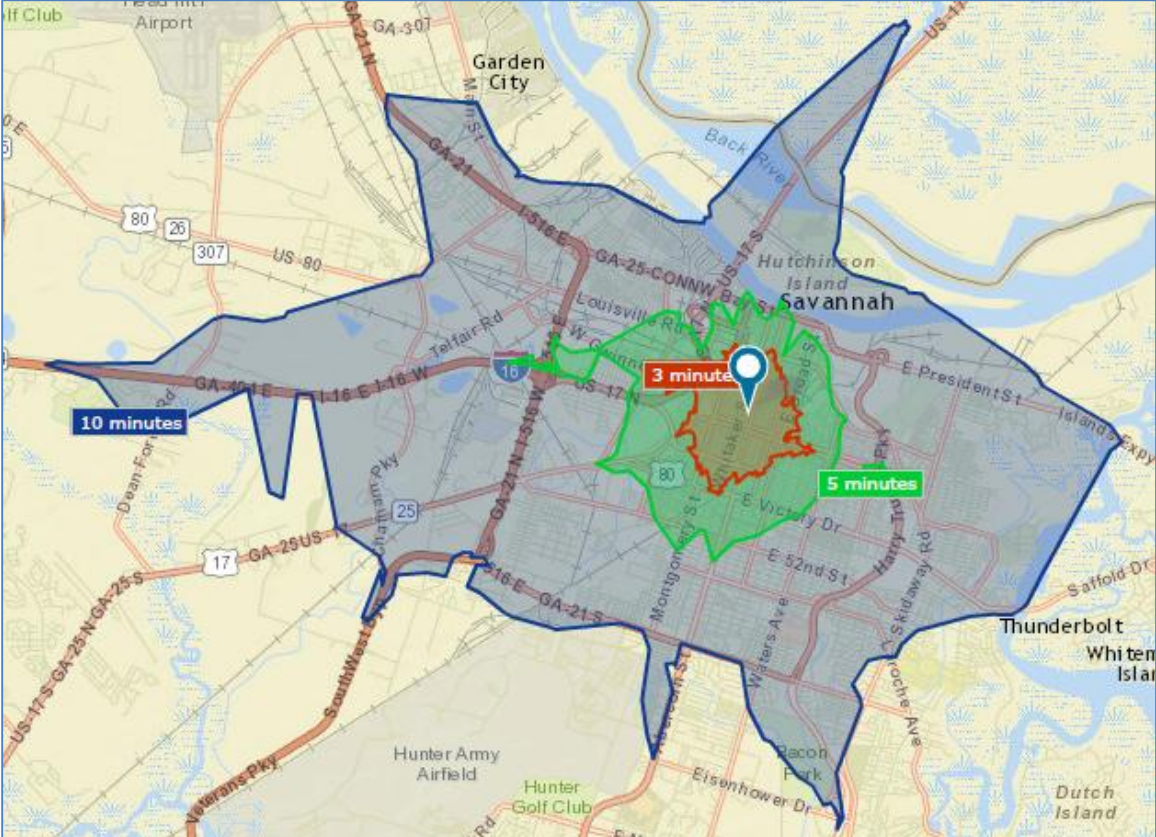
Conclusions of Area Analysis

Chatham County and the Savannah MSA are still working through the recovery stage of its life cycle. Information provided by the Economic Development Department shed some insight on the future for the county and MSA. Based on the information provided, we believe that the market area will stabilize in the near term. Additionally, the diversification of the job force provides additional support for this assumption. Overall, we anticipate a positive impact on real estate values for the near term.

Neighborhood Analysis

The subject is located on the southern edge of the Savannah Historic District within Savannah, Georgia. Following is a map showing the 3-, 5-, and 10-minute drive time from the subject.

3-, 5-, and 10-Minute Drive Time Map




Accessibility

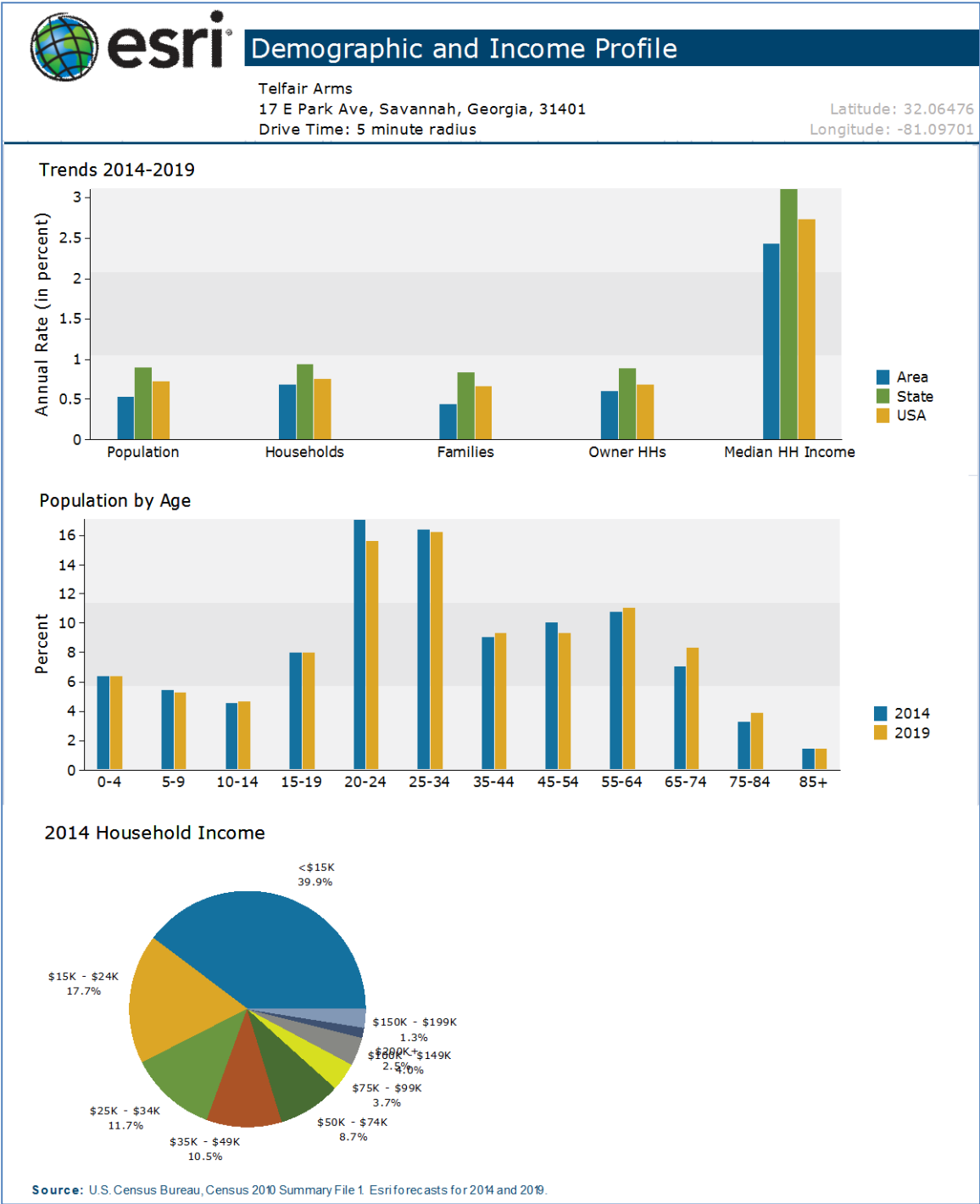
Primary access to the area is provided by Interstate 16, a major arterial that crosses the Savannah MSA. Travel time from the subject to the major arterial is approximately 3.0 minutes by automobile. Local public transportation is provided by the Chatham Area Transit and the nearest transit stop is located 0.1 mile from the subject at the intersection of East Park Avenue and Abercorn Street. Overall, access to the subject is average.

Demographics

Following is a summary of demographics within a 5-minute drive of the subject.

 esri Demographic and Income Profile							
Telfair Arms 17 E Park Ave, Savannah, Georgia, 31401 Drive Time: 5 minute radius				Latitude: 32.06476 Longitude: -81.09701			
Summary		Census 2010		2014		2019	
Population		30,178		30,704		31,538	
Households		12,252		12,508		12,945	
Families		5,381		5,406		5,526	
Average Household Size		2.26		2.24		2.23	
Owner Occupied Housing Units		4,144		3,880		3,998	
Renter Occupied Housing Units		8,108		8,628		8,947	
Median Age		28.8		29.4		30.5	
Trends: 2014 - 2019 Annual Rate		Area		State		National	
Population		0.54%		0.90%		0.73%	
Households		0.69%		0.93%		0.75%	
Families		0.44%		0.84%		0.66%	
Owner HHs		0.60%		0.89%		0.69%	
Median Household Income		2.43%		3.11%		2.74%	
Households by Income		2014		2019			
		Number	Percent	Number	Percent		
<\$15,000		4,985	39.9%	5,025	38.8%		
\$15,000 - \$24,999		2,219	17.7%	1,841	14.2%		
\$25,000 - \$34,999		1,465	11.7%	1,352	10.4%		
\$35,000 - \$49,999		1,309	10.5%	1,456	11.2%		
\$50,000 - \$74,999		1,086	8.7%	1,177	9.1%		
\$75,000 - \$99,999		468	3.7%	697	5.4%		
\$100,000 - \$149,999		499	4.0%	718	5.5%		
\$150,000 - \$199,999		162	1.3%	310	2.4%		
\$200,000+		314	2.5%	370	2.9%		
Median Household Income		\$19,647		\$22,152			
Average Household Income		\$36,486		\$43,229			
Per Capita Income		\$15,785		\$18,386			
Population by Age		Census 2010		2014		2019	
		Number	Percent	Number	Percent	Number	Percent
0 - 4		2,041	6.8%	1,960	6.4%	2,009	6.4%
5 - 9		1,645	5.5%	1,698	5.5%	1,668	5.3%
10 - 14		1,375	4.6%	1,418	4.6%	1,498	4.7%
15 - 19		2,596	8.6%	2,455	8.0%	2,537	8.0%
20 - 24		5,222	17.3%	5,250	17.1%	4,922	15.6%
25 - 34		4,826	16.0%	5,042	16.4%	5,120	16.2%
35 - 44		2,841	9.4%	2,802	9.1%	2,979	9.4%
45 - 54		3,297	10.9%	3,107	10.1%	2,961	9.4%
55 - 64		3,134	10.4%	3,327	10.8%	3,496	11.1%
65 - 74		1,785	5.9%	2,192	7.1%	2,659	8.4%
75 - 84		984	3.3%	1,005	3.3%	1,216	3.9%
85+		431	1.4%	447	1.5%	476	1.5%


Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2014 and 2019.



The immediate neighborhood has experienced increasing population and households, but at a slower pace than the state and nation and this is projected continue over the next five years. The subject neighborhood is in an older urban area which consists of older residential and commercial retail/office uses. There is minimal land available for new development. The fact there is projected population and household growth in the immediate area is positive.

Neighborhood Demand Generators

The subject is within a 5-minute drive of the central portion of Savannah including the Savannah Central Business District and Historic District, which have a wide variety of retail and service businesses that provide employment for the neighborhood. Following is a summary of employment by industry for business near the subject.

 esri		Business Summary			
Telfair Arms 17 E Park Ave, Savannah, Georgia, 31401 Drive Times: 5 minute					
Data for all businesses in area		5 minute			
Total Businesses:		2,937			
Total Employees:		19,200			
Total Residential Population:		30,704			
Employee/Residential Population Ratio:		0.63:1			
by SIC Codes				Employees	
	I	Number	Percent	Number	Percent
Agriculture & Mining		22	0.7%	49	0.3%
Construction		118	4.0%	653	3.4%
Manufacturing		66	2.2%	398	2.1%
Transportation		79	2.7%	549	2.9%
Communication		17	0.6%	121	0.6%
Utility		6	0.2%	106	0.6%
Wholesale Trade		90	3.1%	998	5.2%
Retail Trade Summary		484	16.5%	2,769	14.4%
Home Improvement		9	0.3%	22	0.1%
General Merchandise Stores		5	0.2%	16	0.1%
Food Stores		62	2.1%	312	1.6%
Auto Dealers, Gas Stations, Auto Aftermarket		18	0.6%	118	0.6%
Apparel & Accessory Stores		44	1.5%	163	0.8%
Furniture & Home Furnishings		25	0.9%	127	0.7%
Eating & Drinking Places		167	5.7%	1,553	8.1%
Miscellaneous Retail		155	5.3%	458	2.4%
Finance, Insurance, Real Estate Summary		232	7.9%	839	4.4%
Banks, Savings & Lending Institutions		22	0.7%	175	0.9%
Securities Brokers		10	0.3%	39	0.2%
Insurance Carriers & Agents		15	0.5%	49	0.3%
Real Estate, Holding, Other Investment		185	6.3%	576	3.0%
Services Summary		1,392	47.4%	8,873	46.2%
Hotels & Lodging		59	2.0%	906	4.7%
Automotive Services		30	1.0%	107	0.6%
Motion Pictures & Amusements		66	2.2%	221	1.2%
Health Services		75	2.6%	444	2.3%
Legal Services		124	4.2%	468	2.4%
Education Institutions & Libraries		72	2.5%	3,171	16.5%
Other Services		966	32.9%	3,556	18.5%
Government		58	2.0%	3,840	20.0%
Unclassified Establishments		372	12.7%	5	0.0%
Totals		2,937	100.0%	19,200	100.0%
Source: Copyright 2014 Dun & Bradstreet, Inc. All rights reserved. Esri Total Residential Population forecasts for 2014.					

Nearly half of all businesses within the immediate area are concentrated in the services sector. The retail trade sector is the next largest sector of employment.

Area Development Trends

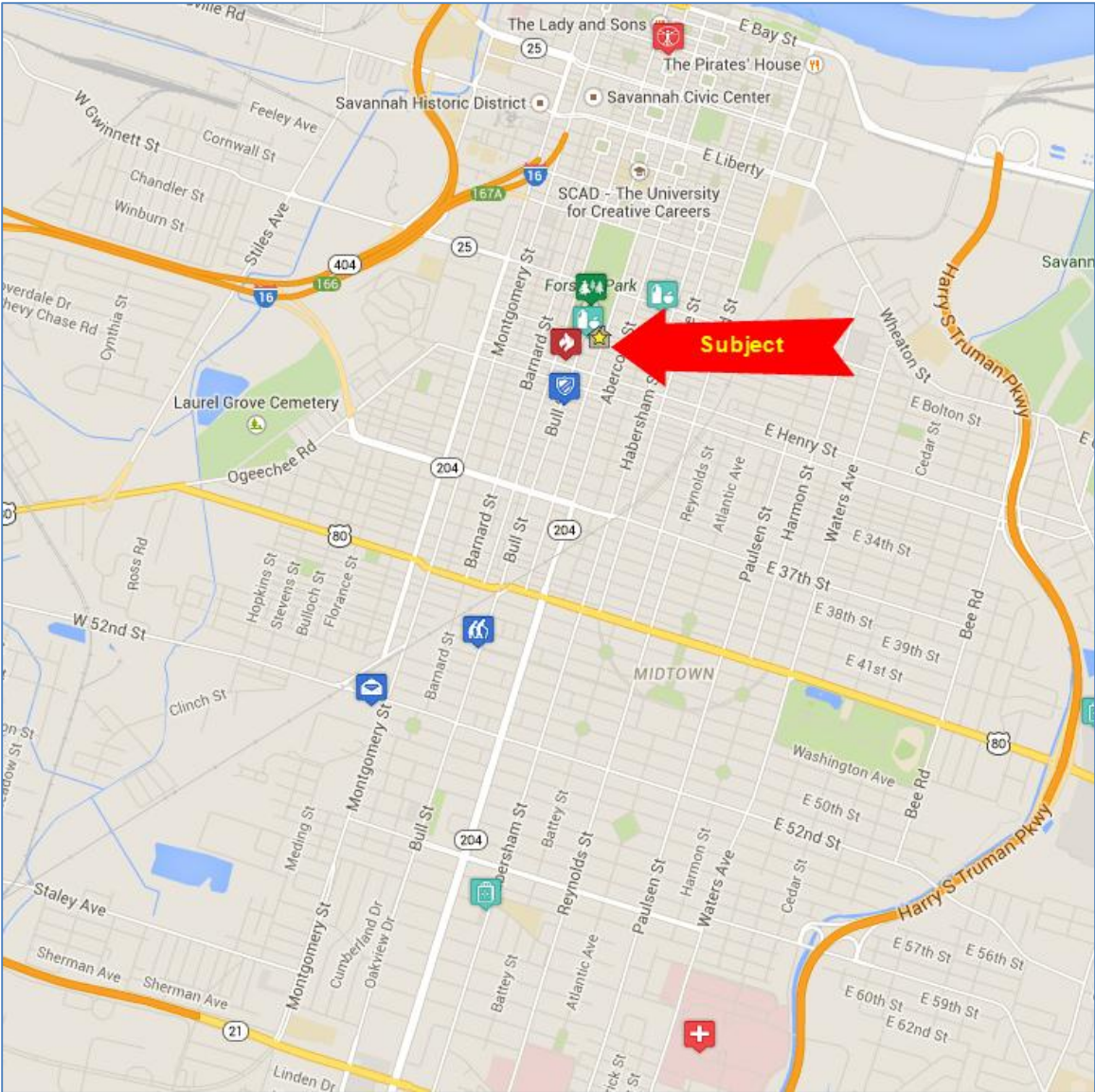
According to the Savannah Development and Renewal Authority, plans are in place to demolish the Interstate 16 exit ramp which terminates at Martin Luther King Jr. Blvd and Montgomery Street. The plan would open up 8 acres of developable land within the city’s Historic District. Redevelopment of this area would include mixed-uses along MLK Blvd. and the potential of widening Montgomery Street into a two-way road. Further plans for the development of the 8 acres are unknown at this time. Plans include demolition to be complete in 2018 and redevelopment of the area is projected to begin in 2022. The Savannah Development and Renewal Authority believe the redevelopment of the area will attract businesses and people to the immediate area.

The Savannah Development and Renewal Authority also reported that a streetcar plan is currently in progress. The city once had a streetcar system connecting downtown with nearby suburbs and plans are to provide this public transportation again. Implementation of the streetcar system is projected to decrease the parking issues in the central city area.

Linkages

The subject is within a 3- to 5-minute drive of most major services, including police/fire, schools, parks, grocery stores, and government services.

Community Services	Name	Driving Distance (in miles)
Grocery Stores	Brighter Day Natural Foods	0.1 Northwest
	Kroger 418	0.3 Northeast
Shopping/Retail Centers	Habersham Shopping Center	2.2 South
	McAlpin Square Shopping Center	2.8 Southeast
Hospitals/Medical Centers	Memorial University Medical Center	3.3 South
Police Stations	Savannah Police Department	0.4 Southwest
Fire Stations	Savannah Fire Station	0.3 West
Post Office	US Post Office	1.8 Southwest
Pharmacies	CVS Pharmacy - Photo	1.1 North
Parks/Recreation	Forsyth Park	0.6 North
Senior Centers	Senior Citizens Inc	1.3 South



Land Use

The area near the subject is predominantly urban in nature. Most structures in the area are 35 to 50+ years of age and are in average to good condition. The area is approximately 95% developed.

SUBJECT’S IMMEDIATE SURROUNDINGS

North	Forsyth Park
East	Single family homes
South	Vacant retail shopping center
West	Retail and office uses

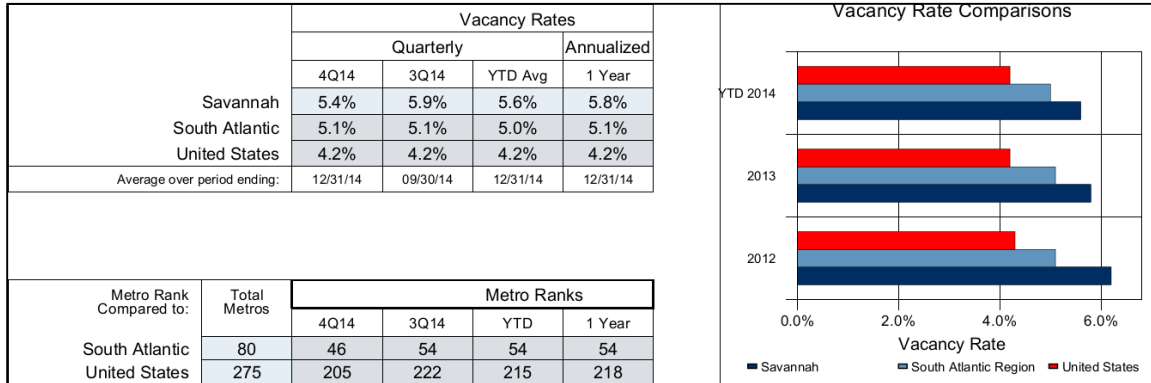
Conclusion

The area is in the growth stage of its life cycle. The subject's immediate neighborhood consists of residential uses in good condition and retail and office uses in average condition. The subject is on the southern edge of the Savannah Historic District, a highly desirable residential and commercial area. Overall, we expect values to increase for the near term.

Market Analysis

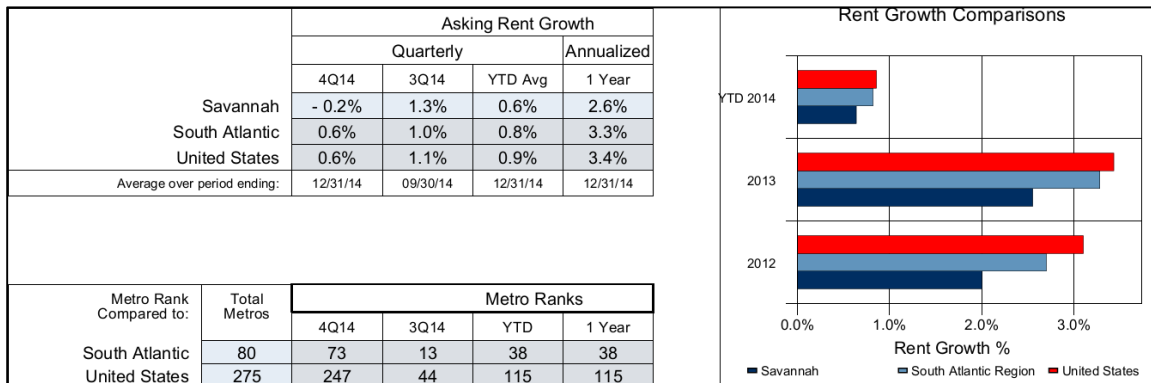
Metro Area Overview

The subject is located within the Savannah MSA. REIS provides metropolitan multifamily data. The following table and graph detail the vacancy rate trends for multifamily properties within the MSA in comparison to the region and country.



The MSA has been operating at about 5.5% for an extended period of time, which is just slightly above the region. Historically, vacancy rates have been trending downward, as they were above 6.0% in 2012.

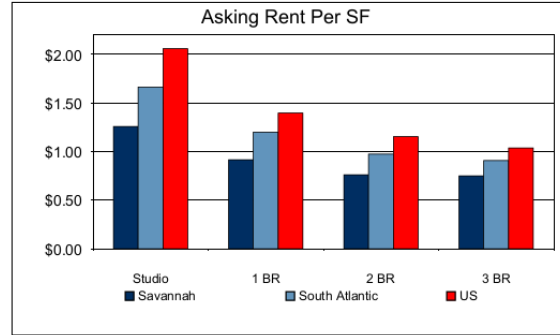
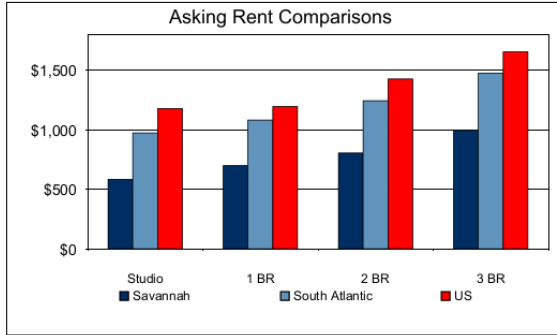
The following table and chart depicts the change in metro area rental rates.



There was a significant amount of rent growth in 2013 and 2012, but there has been little to no rental growth in 2014. Based on the year-to-date average, there is little risk associated with the one negative quarter of rental growth for the MSA.

The following tables and charts show trends for specific unit types within the MSA.

	Current Metro Average Rents and Sizes			Asking Rent Growth	
	4Q 2014	Avg. SF	Avg. Rent PSF	YTD	1 Year
Studio/Efficiency	\$584	464	\$ 1.26	- 0.7%	- 0.7%
One Bedroom	\$697	762	\$ 0.92	3.6%	3.6%
Two Bedroom	\$803	1056	\$ 0.76	1.6%	1.6%
Three Bedroom	\$996	1327	\$ 0.75	3.9%	3.9%
Average over period ending:				12/31/14	12/31/14



	Studio	1 BR	2 BR	3 BR
Savannah	\$584	\$697	\$803	\$996
South Atlantic	\$973	\$1,081	\$1,244	\$1,476
United States	\$1,179	\$1,195	\$1,427	\$1,654

	Studio	1 BR	2 BR	3 BR
Savannah	\$ 1.26	\$ 0.92	\$ 0.76	\$ 0.75
South Atlantic	\$ 1.66	\$ 1.20	\$ 0.97	\$ 0.91
United States	\$ 2.06	\$ 1.40	\$ 1.15	\$ 1.04

The negative rent growth has been concentrated to the efficiency units, while three-bedroom units have highest rental growth at nearly 4.0%.

The following chart details the age distribution of the inventory in the submarket.

Inventory By Building Age

Year Built	Percent
Before 1970	11.0%
1970-1979	17.0%
1980-1989	25.0%
1990-1999	12.0%
2000-2009	24.0%
After 2009	11.0%
All	100.0%

As of 12/31/14

Apartment Stock Traits

	Size (units)
Mean	174
Median	168
Low	40
High	400

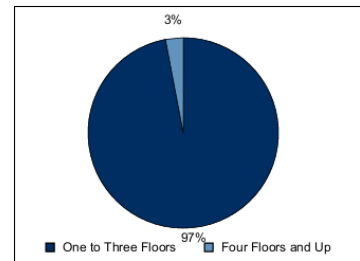
As of 12/31/14

Multifamily Permit Filings

Year	Total Units
1994	322
1995	527
1996	476
1997	33
1998	1,180
1999	463
2000	632
2001	583
2002	672
2003	176
2004	351
2005	501
2006	622
2007	796
2008	450
2009	338
2010	271
2011	386
2012	246
2013	188
YTD 2014	238

Source:US Census Data

Market-Rate Properties by Number of Floors



Market Rate Units by County

County	Pct% of Total MSA
CHATHAM	95%
EFFINGHAM	4%
RILEY	2%

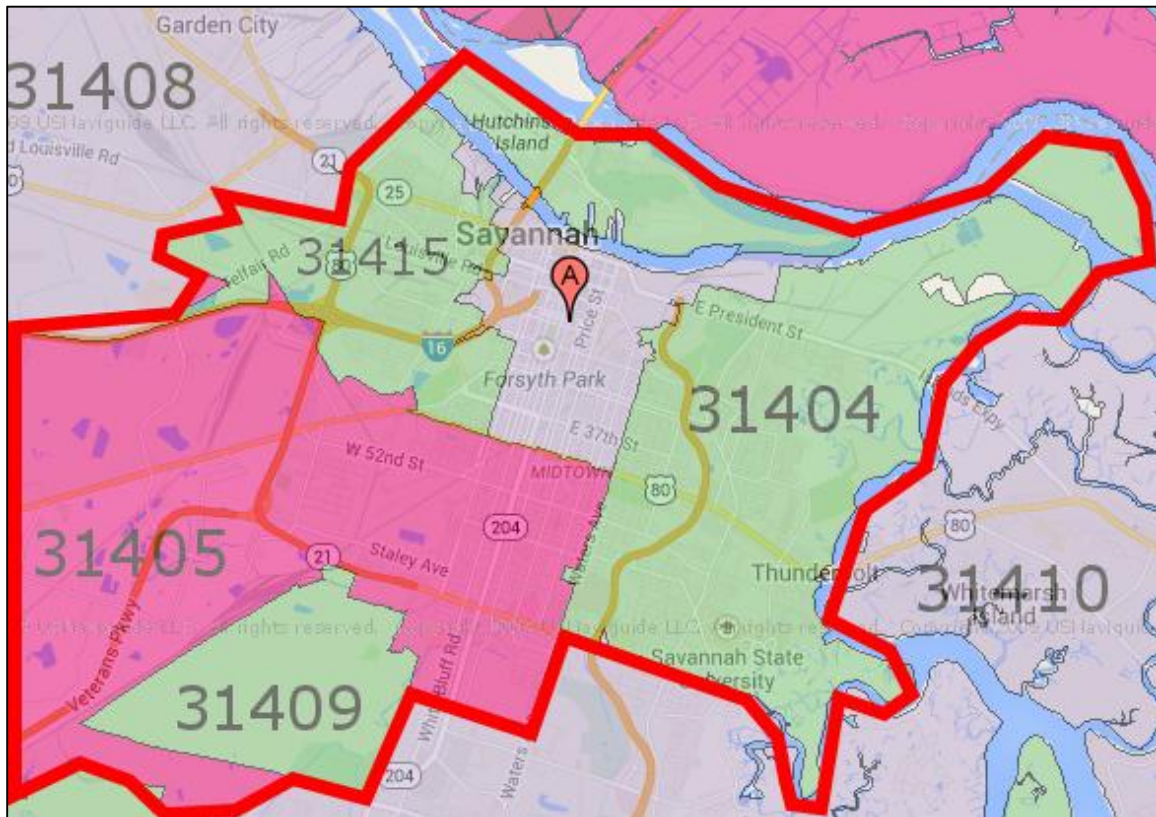
As of 12/31/14

There is a good mix of properties in the market area, with most of the developments being constructed between 1980-1989 and 2000-2009. It is of note that nearly all of the newer developments are in suburban areas. There has been minimal new construction of apartments in the downtown area.

Demand

The Primary Market Area (PMA) is the geographical area from which most of the support for the proposed project will originate. The PMA was determined through interviews with the subject’s manager, area leasing and real estate agents, government officials, economic development representatives and the personal observations of our analysts. The personal observations of our analysts include physical and/or socioeconomic differences in the market and a demographic analysis of the area households and population.

The PMA includes the zip codes: 31401, 31404, 31405, 31409 and 31415. A map of the PMA follows.



According to data from Ribbon Demographics, a national provider of demographic research, there are 21,368 total renter households in the PMA as of 2014. Of these, 3,457 are age 62 or older renters, the target market for the subject. The following is a summary of renter households in the PMA by income and household size:

Renter Households 62+						
Census 2010						
Household Income	1 Person	2 Persons	3 Persons	4 Persons	5+ Persons	TOTAL
<\$10k	494	112	54	44	33	737
\$10k - <\$20k	591	130	69	29	33	853
\$20k - <\$30k	170	146	31	28	28	404
\$30k - <\$40k	133	68	40	25	29	296
\$40k - <\$50k	85	45	22	19	29	200
\$50k - <\$60k	67	32	17	16	13	145
\$60k+	194	93	45	53	72	478
TOTAL	1,734	627	279	214	239	3,114

Renter Households 62+						
Estimated 2014						
Household Income	1 Person	2 Persons	3 Persons	4 Persons	5+ Persons	TOTAL
<\$10k	489	94	38	30	16	668
\$10k - <\$20k	689	150	66	24	22	951
\$20k - <\$30k	245	164	35	25	19	488
\$30k - <\$40k	221	92	41	27	28	410
\$40k - <\$50k	117	79	44	9	21	271
\$50k - <\$60k	66	43	15	11	13	149
\$60k+	206	107	75	45	87	521
TOTAL	2,033	730	315	172	207	3,457

Renter Households 62+						
Projected 2019						
Household Income	1 Person	2 Persons	3 Persons	4 Persons	5+ Persons	TOTAL
<\$10k	570	104	34	34	20	762
\$10k - <\$20k	763	168	60	22	22	1,036
\$20k - <\$30k	295	187	42	30	31	584
\$30k - <\$40k	249	89	43	29	36	445
\$40k - <\$50k	161	97	43	17	28	346
\$50k - <\$60k	79	57	26	13	12	187
\$60k+	293	141	98	50	115	698
TOTAL	2,411	843	345	195	265	4,058

Source: Urban Decision Group, U.S. Bureau of the Census, and Ribbon Demographics

Total renter households age 62 and older increased at an average pace of 2.75% annually from 2010 to 2014 and they are projected to continue increasing at a pace of 3.47% per year through 2019. This is well above the overall household growth for the entire PMA, which is just below 1.0% annually.

Income Eligibility

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

The subject is in Chatham County, which has a four-person median household income of \$61,300 for 2015. We have estimated one and two-person households for the maximum income limit.

2015 HUD Income Limits - Savannah, GA MSA	
Household Size	60%*
One-person	\$25,800
Two-person	\$29,460
Three-person	\$33,120
Four-person	\$36,780
Five-person	\$39,780
Six-person	\$42,720
HUD Four-person Median Income: \$61,300	
* - Income limits are calculated from HUD provided 50% income limits.	

Generally, market-rate properties require monthly income of 2.5 to 3.0 times the monthly rent. LIHTC properties typically require a rent-to-income ratio for low-income family households of 35% and a rent-to-income ratio for seniors of 40%. As a market rate property, we have selected a minimum income of \$20,000, based on our projection of market rent for the efficiency units. We have applied a rent-to-income ratio of 40% to the subject’s 60% AMI gross rents of \$573 for the efficiency units. The minimum income for the 60% AMI units is \$17,000.

	60% Achievable Rents	Market Scenario
Rent	\$525	\$600
Utility Allowance	\$72	\$72
Gross Rent	\$597	\$672
40% Rent/Income	\$1,493	\$1,680
Minimum Income	\$17,910	\$20,160
Rounded	\$18,000	\$20,000

The income-appropriate range required to live at the subject site is illustrated in the following table.

SUBJECT REQUIRED CAPTURE OF DEMAND							
Subject Unit Type	Units	Target Income Range		Renter Hhlds with Qualified Incomes		Ratio of Subject Units to Qualified Hhlds	
		Low	High	2014	2019	2014	2019
Section 8	45	No Min	\$29,460	1,808	2,061	2.5%	2.2%
LIHTC 60%	7	\$18,000	\$29,460	554	642	1.3%	1.1%
Overall*	52	No Min	\$29,460	1,808	2,061	2.9%	2.5%
Unrestricted**	52	\$20,000	No Max	1,342	1,649	3.9%	3.2%

*Overall range eliminates overlap
 **Assuming all units were unrestricted

There is a HAP contract that covers 45 units at the subject. These units represent approximately 2.5% of the overall qualified renter population. This ratio is expected to decrease slightly through 2019, based on the increased income- and age-qualified household growth. This ratio is relatively low and provides support for demand for affordable housing in the market area.

There are seven units at the property that are not covered by the HAP contract. These units represent 1.3% of the qualified renter population, which is projected to decrease to 1.0% through 2019. A projection near or at 1.1% indicates a limited amount of risk associated with maintaining a stabilized occupancy level.

Overall, the 52 income producing units at the subject represents approximately 3.9% of the overall qualified renter population. The proposed renovations will increase the overall appeal of the subject, based on a ratio of 3.9% and the quality of the subject, there is a limited amount of risk associated with the subject maintaining a stabilized occupancy level moving forward.

If the HAP contract was for some reason rejected and not renewed at the subject and all 52 income producing units were to be 60% LIHTC units, the ratio would increase to 8.1%. This is a low ratio given the fact that many senior renters come from other types of households, including homeownership and shared living.

As a market rate property, the subject represents approximately 3.3% of the overall qualified renter population. While this ratio exceeds the restricted projections, it is conservative and indicates demand for market rate senior units in the PMA.

Competitive Properties

The most significant supply and demand indicators for the subject are the occupancy rates exhibited by directly competing properties. A summary of competitive properties that are primary competition for the subject as a market rent and LIHTC property is shown below:

Comp #	Name	Year Built	Condition	Current Use	No. of Units	Vacancy
1	Chatham Apartments*	1950	Fair	Market Rate	37	0.0%
2	Madison Apartments	1976	Fair	Market Rate	92	2.2%
3	Coastal Place	1986	Good	Market Rate	40	0.0%
4	The Fountains at Chatham Parkway	2005/2013	Good	Market Rate	352	3.0%
5	Parkside at the Highlands	2015	Excellent	Market Rate	317	85.0%
Total/Average					838	1.3%
6	Savannah Gardens I	2011	Excellent	LIHTC	114	0.0%
7	Sisters Court	1900/1998	Average	Senior LIHTC	78	6.4%
8	Heritage Place	2005	Good	LIHTC	88	6.0%
9	Heritage Corner & Row	2005	Good	LIHTC	70	0.0%
10	Rose of Sharon	1972/2007	Average	LIHTC/Subsidized	206	2.0%
Total/Average					556	2.9%

*Comparable 1, Chatham Apartments, is a Section 8/Market Rent property. Our analysis is based on the asking rents for the market rate units only.

Comparable 5 has a high vacancy because it is currently under construction. Comparable 5 has been excluded from the overall average vacancy.

Management at comparable 7 stopped actively marketing the property on March 1, 2015. The complex was awarded LIHTCs and construction is expected to commence in October 2015.

The market rate properties have vacancy rates that range from 0.0% to 3.0% with an average of 1.0%, excluding Comparable 5. The restricted properties have vacancy rates that range from 0.0% to 6.0% with an average of 3.0%.

Most of the senior restricted properties in the PMA are government subsidized and our analysis indicates that there is only one senior restricted tax credit property in the market.

Comp #	Name	Year Built	Condition	Current Use	No. of Units	Vacancy
1	Chatham Apartments (Senior)	1950/1983	Average	Section 8	197	0.0%
2	St. Johns Villa	1986	Average	Section 8	19	0.0%
3	Thomas Francis Williams Ct. Apt	1980	Average	Section 8	151	0.0%
4	Yamacrea Village	1941	Fair	Section 8	315	21.9%
5	Savannah Gardens II Senior Residences	2012	Excelent	Section 202	39	0.0%
Total/Average					721	4.4%
Total/Average (Senior)					236	0.0%

Within the subject’s PMA, we recognize 721 Section 8 and 202 units. Of these units, 236 are senior restricted. There is only one complex that has vacant units, and the vacancies at Yamacrea Village are directly related to its overall quality and condition.

New Development

Our analysis of the market area uncovered one notable proposed multifamily development. The development will be known as Hitch Village (Phase I) and will include 72 units, with 57 being low-income units. The complex will include one-, two-, and three-bedroom units. Construction is scheduled to commence in the fall of 2015, with an anticipated opening date of 2017. The development is part of a larger re-development master plan. Upon completion, the complex will include over 600 homes. The site was previously a public housing development known as Robert Hitch Village, which was demolished in 2010. The site is just northeast of the subject along the Savannah River. The complex will have a different target market, as it will not be a senior restricted complex and not be a direct competitor of the subject property.

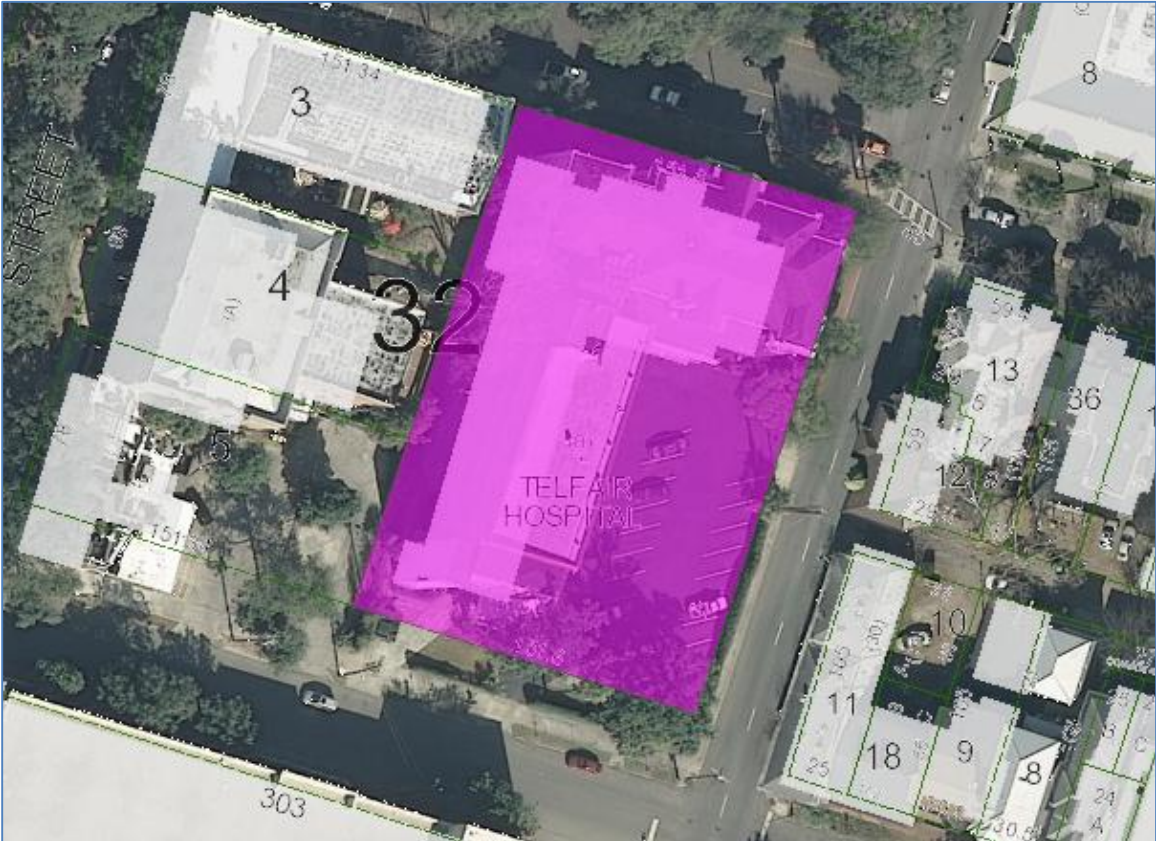
A market rate property known as Parkside at the Highlands is currently under construction. The development has a tentative completion date of May 2015. The complex will offer efficiencies, one-, two-, and three-bedroom units. Asking rents in the complex range from \$699 to \$1,305 per month. The development is northwest of the subject property, outside of the downtown area.

Outlook and Conclusions

The market and affordable multifamily inventory in the PMA have strong occupancy levels. However, there is a limited amount of good quality affordable housing projects which are senior restricted. There is sufficient demand and a population density with income levels to support new development. Based on our analysis of the market area, the recent decrease in unemployment rates, and projected job growth, we anticipate that there will be additional multifamily development in the near term. Based on the limited amount of available land in the downtown Savannah area, renovations of existing buildings may also occur in the near term.

Property Description

Tax Map/Site Plan



Land Summary						
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)	Topography	Shape
2-0044-32-001	0.86	37,462	0.86	37,462	Level	Rectangular

SITE

Location: 17 East Park Avenue

Current Use of the Property: Multifamily Apartments

Site Size: Total: 0.86 acres; 37,462 square feet
Usable: 0.86 acres; 37,462 square feet

Shape: The site is roughly rectangular.

Frontage/Access: The subject property has average access with frontage as

follows:

- East Park Avenue: 153 feet
- Drayton Street: 264 feet

The site has two access points along East Duffy Street and Drayton Street.

Visibility: Good

Topography: The subject has level topography at grade and no areas of wetlands of which we are aware.

Soil Conditions: The soil conditions observed at the subject appear to be typical of the region and adequate to support development. A soils report was not provided for our review. Based on our inspection of the subject and observation of development on nearby sites, there are no apparent ground stability problems. However, we are not experts in soils analysis. We assume that the subject's soil bearing capacity is sufficient to support the existing improvements.

Utilities: Electricity: Georgia Power
Sewer: City of Savannah
Water: City of Savannah
Natural Gas: None
Adequacy: The subject's utilities are typical and adequate for the market area.

Flood Zone: The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood zone X, which is not classified as a flood hazard area.

FEMA Map Number: 13051C0153F
FEMA Map Date: September 26, 2008

The subject is not in a flood zone.

Flood Map



Wetlands/Watershed: No wetlands were observed during our site visit. No particular drainage problems were observed or disclosed at the time of our site visit. This appraisal assumes that surface water collection both on-site and in adjacent public right-of-ways, is adequate.

Environmental Issues: An environmental report was prepared for the subject. According to the report, there is no evidence of recognized environmental conditions in connection with the property. Please reference Limiting Conditions and Assumptions.

Encumbrance/ Easements: A current title report is in the addendum. The title report shows typical utility and other easements that one expects for a property. We are not aware of any easements, encumbrances or restrictions that would adversely affect value. Please reference Limiting Conditions and Assumptions.

Zoning

LAND USE CONTROLS	
Zoning Code	3-R, Victorian Planned Neighborhood Conservation District
Permitted Uses	The zoning district allows for a large variety of commercial uses, including multifamily, lodging, retail, and office.

Zoning Density	The zoning district has a density of 725 SF of land area per efficiency unit, 790 SF of land area per one-bedroom unit, and 970 SF of land area per two-bedroom unit.
Existing Density of Use	Based on the subject's unit mix, for the project to be a conforming use the site must total 41,760 square feet.
Current Use Legally Conforming	As the subject site totals 37,461 square feet, the subject is a legal non-conforming use. Given that the current density is near the max level, as well as the low income senior tenancy at the subject, we assume that the subject could be rebuilt to its current configuration.

PARKING

Parking Type and Number of Spaces:	Type: Surface Asphalt Spaces: 20 Condition: Average
Parking Ratio:	0.64 spaces per dwelling unit. Zoning requires 1 space per dwelling unit; however, this requirement is not enforced for existing developments in the downtown area. Additionally, this has not affected occupancy as most of the subject tenants do not own cars.

Other Land Use Restrictions

The subject is restricted according to the requirements of the Low Income Housing Tax Credit (LIHTC) program. In the case of the subject, housing must be offered to households with incomes at or below 60% of the area median household income. This restriction will remain in place for a minimum of 15 years. In addition, a 20-year HAP contract was just renewed at the subject.

Conclusions of Site Analysis

The site is within the historic downtown area of Savannah, where land is not readily available. The site is within walking distance to many area attractions and also encumbered by a long-term restriction to provide affordable housing. Considering these factors, the site is best suited for multifamily development.

Improvements Description and Analysis

IMPROVEMENTS DESCRIPTION

Development/Property Name: Telfair Arms

Property Type: Multifamily

Overview: The subject, Telfair Arms, is a 53-unit Section 8 and Low Income Housing Tax Credit (LIHTC) property leased to residents age 62 and older. The property includes 45 Section 8, 7 LIHTC units, and one non-revenue unit. As of the effective date of this report, the subject had 4 physical vacant units. The subject was constructed in 1886 and an addition was added in the 1927 and 1960. The complex was awarded tax credits in 1997 and significantly renovated. As the initial compliance period has expired, the owner is applying for additional credits. These credits will be utilized to fund a renovation budget of about \$90,000 per unit and the report assumes the allocation has been awarded. The site area totals 0.86 acres.

Building Summary

Building Name/ID	Year Built	Condition	Number of Stories	Gross Building Area	Rentable Area	Number of Units
Telfair Arms	1886	Average	3 to 4	48,060	25,879	53

Notes: The main building was constructed in 1886 with an additional building constructed in 1927.

Subject Photographs (Taken on February 2, 2015)





Subject view from Drayton Street



Subject view from Park Avenue



East side of subject



Lobby



Laundry



Kitchen



Living area



Bedroom



Living area in newer addition



Bedroom in newer addition



Bathroom



Interior corridor

	
<p>Single family homes east of the subject</p>	<p>Offices NE of the subject</p>

GENERAL - TELFAIR ARMS

Building Identification:	Telfair Arms
Building Description:	The subject essentially includes two buildings, which are connected. The originally building was previously utilized as a hospital and was later converted to multifamily. The addition was constructed for multifamily use.
Building Class:	B
Construction:	Steel and masonry
Construction Quality:	Good
Year Built:	1886 Newer addition: 1927 and 1960. Management was not aware of the exact year and county records do not show the year of construction for the addition.
Renovations:	1997, when LIHTC were awarded.
Condition:	Average in the current condition and Good post-renovation
Appeal/Appearance:	Average
Areas, Ratios & Numbers:	Number of Stories: Three to four Gross Building Area: 48,060 Rentable Area: 25,879 Number of Units: 53

FOUNDATION, FRAME & EXTERIOR - TELFAIR ARMS

Foundation:	Poured concrete slab
Structural Frame:	Steel structure
Exterior:	Masonry and stucco
Windows:	Metal framed, single pane
Roof/Cover:	Flat and gable / Rubber membrane and asphalt

INTERIOR - TELFAIR ARMS

Floor Cover:	Carpet and vinyl tile
Walls:	Painted drywall
Ceilings & Ceiling Height:	Acoustic ceiling panels / 8 feet
Lighting:	A mix of fluorescent and incandescent lighting.
Restrooms:	Adequate

MECHANICAL SYSTEMS - TELFAIR ARMS

Heating:	Forced air, electric
Cooling:	Window
Electrical:	Adequate
Plumbing Condition:	Adequate
Sprinkler:	100%
Elevators/Escalators:	One / None
Security:	Security

MULTIFAMILY AMENITIES AT SUBJECT

Unit		Project	
Range/Refrigerator	X	On-site Management	X
Washer/Dryer Hook-up		Elevator	X
Washer/Dryer In Unit		Playground	
Storage In Unit		Clubhouse/Recreation	
Air Conditioning	W	Fitness Center	
Carpeting	X	Laundry Facility	X
Blinds	X	Storage	
Microwave	X		

Each unit is equipped with a range, refrigerator, window air conditioning, carpeting, and blinds. The project amenities include laundry facility, on-site management, and elevator. There is also on-site parking at no additional fee.

The LIHTC units all include dishwashers and disposals.

Detailed information on the subject was provided by India Dee 912.238.9899, the property manager. Unit sizes were provided by management and confirmed via the on-site inspection.

PROPERTY ANALYSIS

Design & Functional Utility: The improvements appear to be adequately suited to their current use, but overall show their effective age. We identified no significant items of functional obsolescence.

Deferred Maintenance: The subject has typical deferred maintenance for a property of its type and age. However, this has clearly not had a major impact on occupancy.

Capital Improvements: There is a significant renovation planned for the subject. The budget is detailed below.

Construction Budget

The current owner and developer has provided a tentative budget for the proposed renovations. All plans are currently in the development stage and the items detailed in the addenda, along with a full scope of the proposed renovations.

Americans with Disabilities Act

Based on the information provided, we are not aware of any ADA issues. However, we are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance. Please reference the Limiting Conditions and Assumptions section of this report.

Hazardous Substances

An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. No hazardous substances were observed during our inspection of the improvements; however, we are not qualified to detect such substances. Unless otherwise stated, we assume no hazardous conditions exist on or near the subject. Please reference the Limiting Conditions and Assumptions section of this report.

Personal Property Items

Non-realty items necessary for the continued operation of the property include kitchen appliances, window blinds, and furnishings in the community areas. Following is a summary of estimated value for personal property items at the subject. This estimate has been deducted from the upon completion and stabilization values. As-is, no allocation for the FF&E is required as the existing personal property items are older and fully depreciated.

Furniture, Fixtures, & Equipment				
Item	Total Units	Total SF	Price Unit/ SF	Total Amount
Window Blinds		2,400	\$3.00	\$7,200
Range	53		\$800	\$42,400
Refrigerator	53		\$975	\$51,675
Dishwasher	53		\$690	\$36,570
Office Furniture			\$5,000	\$0
			Total:	\$137,845
			Rounded:	\$138,000

Source: Marshall Swift Valuation

Conclusions of Improvements Analysis

Overall, the quality, condition, and functional utility of the improvements are currently average for their age and location. They will be above average after renovations are completed.

Assessment and Taxes

Taxing Authority Chatham County

Assessment Year 2014

Tax Rate For tax year 2014, payable in 2015, the local district has a commercial property tax rate of \$28.52 per \$1,000 of assessed value. The assessed value is set at 40.0% of market value. Following is a review of the current market value and assessments for the subject.

Auditor's Market Value	
Tax ID	Total
2-0044-32-001	\$1,135,000

Real Estate Assessment and Taxes			
Tax ID	Total	Tax Rate	Taxes
2-0044-32-001	\$454,000	\$28.52	\$12,950

Comments

When a property sells, the owner can utilize the purchase price for one year. After one year, the county completes their own internal valuation analysis. For an income producing property, the income capitalization approach is utilized. Capitalization rates are extracted from comparable sales. Owners of affordable housing projects may submit their contract rents and income and expense statements so that the county's market value reflects the achievable rents in contrast to market data being utilized. Based on the County's internal valuation process, we have projected taxes based on the value conclusions of this report.

	Projected Real Estate Taxes		
	Restricted Rents	Unrestricted Renovated	Restricted Renovated
Market Value - Estimate	\$1,520,000	\$2,930,000	\$1,970,000
Less FF&E	\$138,000	\$138,000	\$138,000
Real Property Market Value	\$1,382,000	\$2,792,000	\$1,832,000
Assessed Value-0.4 of Market	\$552,800	\$1,116,800	\$732,800
Effective Tax Rate	2.8524000%	2.8524000%	2.8524000%
Real Estate Tax Estimate	\$15,768	\$31,856	\$20,902
Rounded	\$16,000	\$32,000	\$21,000

Tax Comparables

To meet the requirements of the Georgia DCA, we have included four tax comparables. The comparables are detailed in the chart below. As noted above, real estate taxes are specific to each property. Thus this analysis is not relied upon for concluding to the subject real estate taxes.

2015 Comparable Real Estate Assessments							
Property	Type	Year Built	Units	Assessed Value	Assessed Value per Unit	Taxes Paid	Taxes per Unit
Telfair Arms	Senior LIHTC	1886/2015	53	\$1,832,000	\$34,566	\$21,000	\$396
Sisters Court	LIHTC	1900/1998	77	\$1,440,000	\$18,701	\$20,728	\$269
Heritage Corner & Row	LIHTC	2005	70	\$574,760	\$8,211	\$8,296	\$119
Chatham Apartments	Market and Section 8	1950	234	\$2,584,400	\$11,044	\$37,201	\$159
The Fountains at Chatham Parkway	Market Rate	2005/2013	352	\$16,045,374	\$45,583	\$230,965	\$656
Total			733	\$20,644,534	\$28,164	\$297,190	\$405

Our projection of real estate taxes are at the upper end of the surveyed range, but considering the quality and condition of the subject, post renovations, the comparables provide additional support for our projections.

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. The highest and best use must be:

1. **Legally Permissible:** What uses are permitted by zoning and other legal restrictions?
2. **Physically Possible:** To what use is the site physically adaptable?
3. **Financially Feasible:** 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

Legally Permissible

The subject is zoned for multifamily development and encumbered by a HAP contract and LIHTC, which restrict development to affordable housing. Given current zoning and other legal restrictions, only multifamily use is given further consideration in this analysis.

Physically Possible

The subject features average utility based on size, shape, terrain, and accessibility/visibility. There are no physical features that would prevent development of multifamily at the subject.

Financially Feasible

Based on our evaluation of the market, there is ample demand for additional multifamily use in the market. Additionally, market rents surveyed are sufficient to support new development.

Maximally Productive

There does not appear to be any reasonable use of the site that would generate a higher residual land value than multifamily use. As such, it is our opinion that multifamily use is the maximally productive use of the property.

Conclusion

The highest and best use of the site, as vacant, is for multifamily use. This is the only use that meets the four tests for highest and best use.

Highest and Best Use as Improved

The subject site is currently improved with an affordable housing complex. The existing improvements are leased and produce a positive cash flow that we expect will continue. Therefore, a continuation of this use is financially feasible.

Based on our analysis, there are no other reasonable uses that would produce a higher present value than the current use. In addition, the value of the improved property exceeds the value of the site as if vacant. As a result, multifamily use is considered to be maximally productive and the highest and best use of the property as improved.

Most Probable Buyer

Based on the characteristics of the subject property, the most probable buyer is a regional or national investor/developer familiar with the affordable housing market.

Valuation Methodology

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

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

Cost Approach

The Cost Approach is summarized as follows:

$$\begin{array}{r} \text{Cost New} \\ - \text{Depreciation} \\ + \text{Land Value} \\ \hline = \text{Value} \end{array}$$

Income 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.

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.

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 not developed because the age of the improvements makes the depreciation difficult to accurately measure.

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. Additionally, the probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.

Sales Comparison Approach – 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.

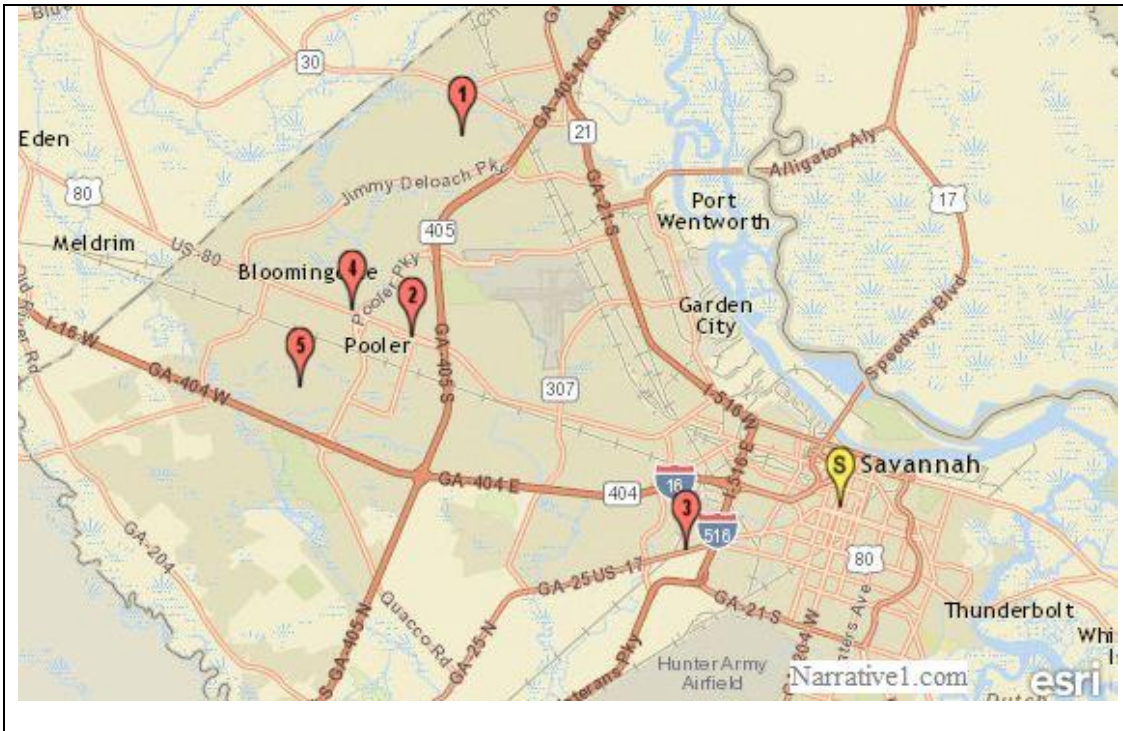
Land Comparables

We have researched five comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources. Our search for land sale comparables focused on properties with similar characteristics to the subject in terms of location, size, highest and best use, and transaction date. Due to the limited amount of multifamily transactions in the market area, recently transferred sites zoned for general commercial development have also been analyzed.

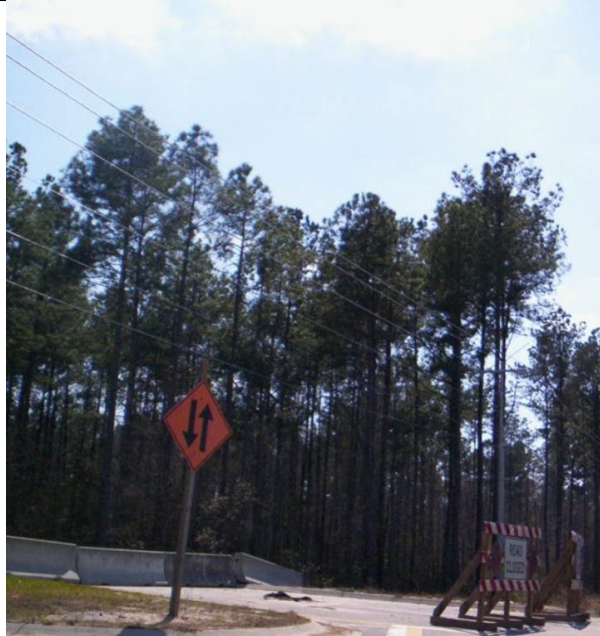
Land Valuation

Comp	Address	Date	Price Per Land Unit	Land Units
	City	Price	Price per Acre	Acres
Subject	17 East Park Avenue			53
	Savannah			0.86
1	2170 Benton Boulevard	10/1/13	\$5,363	317
	Pooler	\$1,700,000	\$75,155	22.62
2	Rogers Street	8/30/13	\$4,759	325
	Pooler	\$304,545	\$18,182	16.75
3	3902 Ogeechee Road	5/8/13	\$7,000	10
	Savannah	\$70,000	\$116,667	0.6
4	US Highway 80	11/12/13	\$7,692	26
	Pooler	\$200,000	\$136,986	1.46
5	2 Addison Place	4/13/12	\$5,020	325
	Pooler	\$1,631,500	\$89,348	18.26

Comparables Map



Land Comparable 1



Transaction

Name	Parkside at the Highlands	List Price	N/A
Address	2170 Benton Boulevard	Price	\$1,700,000
City	Pooler	Price per Unit	\$5,363
State	GA	Price per Acre	\$75,155
Zip	31322	Days on Market	N/A
Tax ID	2-1016-02-048	Verification Source	Public Records
Grantor	Savannah Highlands, LLC	Days on Market	N/A
Grantee	Parkside at the Highlands,	Current Use	Multifamily
Date	10/1/13		

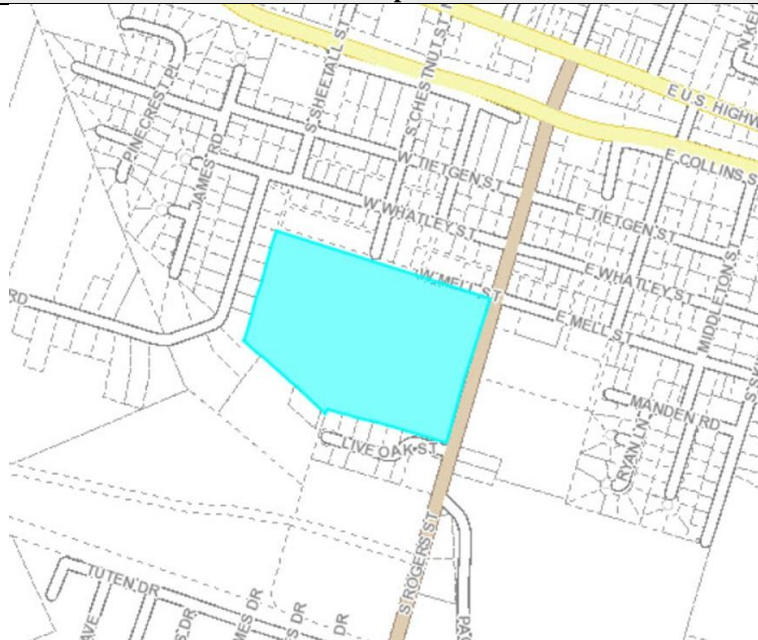
Site

Acres	22.6	Topography	Sloping
Land SF	985,327		
Land Units	317		
Utilities	City water & sewer		
Zoning	Multifamily		

Comments

The site was purchased for the development of an apartment complex that is known as Parkside at the Highlands. Completion of the complex is projected for May 2015. Upon completion, there will be 317 units.

Land Comparable 2



Transaction

Name	Pinewood Village Land Sale	List Price	N/A
Address	Rogers Street	Price	\$304,545
City	Pooler	Price per Unit	\$4,759
State	GA	Price per Acre	\$18,182
Zip	31322	Days on Market	N/A
Tax ID	5-0024-01-002	Verification Source	Completed Appraisal
Grantor	Roman Catholic Diocese	Days on Market	N/A
Grantee	Pinewood Village Apartments	Current Use	Vacant Land
Date	8/30/2013	Proposed Use	N/A

Site

Acres	16.8	Topography	Level
Land SF	729,630		
Land Units	64		
Utilities	City water & sewer		
Zoning	R3-A		

Comments

The site was purchased for the development of a senior restricted apartment complex known as Pinewood Village. The site has been developed with a 64-unit complex that includes one- and two-bedroom units. Income levels at the development are restricted to 50% and 60% of the AMHI.

Land Comparable 3



Transaction

Name	Commercial Land	List Price	N/A
Address	3902 Ogeechee Road	Price	\$70,000
City	Savannah	Price per Unit	N/A
State	GA	Price per Acre	\$116,667
Zip	31405	Days on Market	N/A
Tax ID	2-0743-01-002	Verification Source	Public Records
Grantor	Patel Naynaben	Days on Market	N/A
Grantee	Frazar Holdings, LLC	Current Use	Vacant Land
Date	5/8/2013		

Site

Acres	0.6	Topography	Level
Land SF	26,136		
Land Units	N/A		
Utilities	City water & sewer		
Zoning	Commercial		

Comments

The site is at a corner location, but is narrow and elongated, limiting overall development. The site was purchased by an adjacent land owner, who operates a automotive repair business. Based on typical development standards for the market area, we have analyzed the sale based on a density of 18 apartment units per acre or 10 units.

Land Comparable 4



Transaction

Name	US Highway 80 Commercial	List Price	N/A
Address	US Highway 80	Price	\$200,000
City	Pooler	Price per Unit	N/A
State	GA	Price per Acre	\$136,986
Zip	31332	Days on Market	N/A
Tax ID	5-1013-01-019	Verification Source	Public Records
Grantor	Patricia Fulmer	Days on Market	N/A
Grantee	Dasher Management	Current Use	Vacant Land
Date	41590		

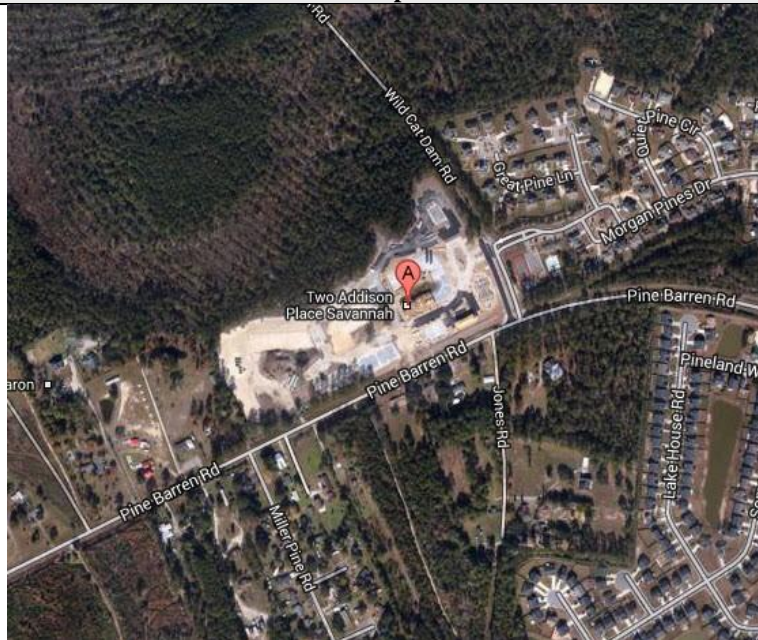
Site

Acres	1.5	Topography	Level
Land SF	63,598		
Utilities	City water & sewer		
Zoning	C-2		

Comments

The site is zoned for commercial development, but was improved with a single family residential house at the time of transfer. As adjustment for demolition costs is required. Based on typical development standards for the market area, we have analyzed the sale based on a density of 18 apartment units per acre or 26 units.

Land Comparable 5



Transaction

Name	Land for Two Addison Place	List Price	N/A
Address	2 Addison Place	Price	\$1,631,500
City	Pooler	Price per Unit	\$5,020.00
State	GA	Price per Acre	\$89,348
Zip	31322	Days on Market	N/A
Tax ID	5-1011-01-050	Verification Source	Broker
Grantor	Morgan Family	Days on Market	N/A
Grantee	Cortland Partners	Current Use	Land
Date	41012	Proposed Use	Multifamily

Site

Acres	18.3	Topography	Level
Land SF	795,406		
Land Units	325		
Utilities	City water & sewer		
Zoning	Multifamily		

Comments

We confirmed this sale with Stephen Ezelle of Gilbert & Ezelle Real Estate Services LLC (912-236-8992). Mr. Ezelle reported that the property was purchased along with another 4 acre parcel that totaled 18.26 acres. The property was developed with Two Addison Place apartments, a luxury apartment complex. There were no unusual sales conditions.

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
- Market Trends
- Financing
- Location
- Conditions of Sale
- Physical Characteristics

Following is a sales comparison grid displaying the subject property, the comparables and the adjustments applied by VSI Appraisal Group. As noted in the profile sheets, Comps 3 and 4 are commercial sites with no per unit configuration. Therefore we use a typical density for Savannah at 18 units per acre to estimate a per unit price for Comps 3 and 4.

Land Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Name	Telfair Arms	Parkside at the Highlands	Pinewood Village Land Sale	Commercial Land	US Highway 80 Commercial Land	Land for Two Addison Place
City	Savannah	Pooler	Pooler	Savannah	Pooler	Pooler
State	GA	GA	GA	GA	GA	GA
Date		10/1/2013	8/30/2013	5/8/2013	11/12/2013	4/13/2012
Price		\$1,700,000	\$304,545	\$70,000	\$200,000	\$1,631,500
Land Units	53	317	64	10	26	325
Price per Unit		\$5,363	\$4,759	\$7,000	\$7,692	\$5,020
Transaction Adjustments						
Property Rights		Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%
Financing		Normal 0.0%	Normal 0.0%	Normal 0.0%	Normal 0.0%	Normal 0.0%
Conditions of Sale		Normal 0.0%	Normal 0.0%	Normal 0.0%	Normal 0.0%	Normal 0.0%
Expenditures After Sale		\$0	\$0	\$0	\$5,000	\$0
Adjusted Price per Unit		\$5,363	\$4,759	\$7,000	\$7,885	\$5,020
Market Trends Through 2/2/15		0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Price per Unit		\$5,363	\$4,759	\$7,000	\$7,885	\$5,020
Location		Superior	Superior	Superior	Superior	Superior
% Adjustment		-15%	-10%	-5%	-10%	-15%
Access Visibility		Similar	Inferior	Inferior	Inferior	Similar
% Adjustment		5%	10%	10%	10%	5%
Acres	0.86	22.62	16.75	0.60	1.46	18.26
Comparison		Inferior	Inferior	Similar	Inferior	Inferior
% Adjustment		15%	15%	0%	5%	15%
Adjusted Price per Unit		\$5,631	\$5,472	\$7,350	\$8,279	\$5,271
Net Adjustments		5.0%	15.0%	5.0%	5.0%	5.0%
Gross Adjustments		35.0%	35.0%	15.0%	25.0%	35.0%

Comparable Land Sale Adjustments

Effective Sale Price

Atypical factors, such as excess land or non-realty components, that might influence price. Comparable 4 was improved with a single family residential house at the time of transfer. To account for demolition costs, an adjustment is required. Based on section 66 of the Marshall Valuation cost index, a \$5,000 adjustment has been included.

Property Rights

Fee simple, leased fee, leasehold, and other property rights, and levels of rights acquired that impact price. No adjustments required.

Financing

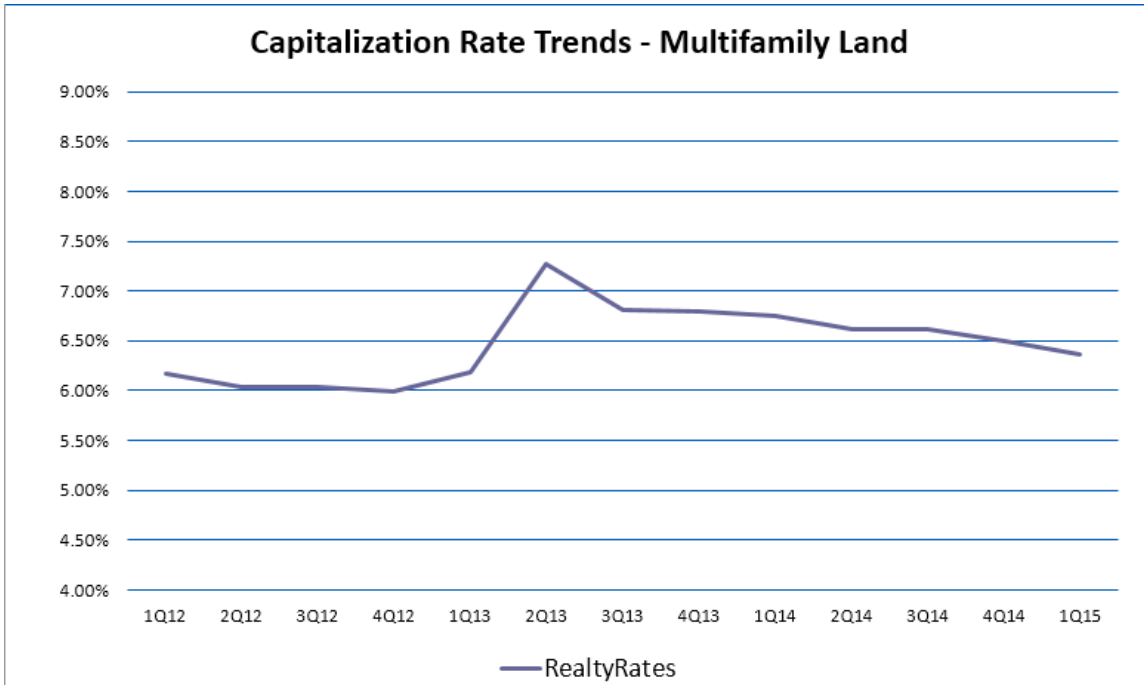
The financing structure and impact on price. Examples include seller-financed installment contracts and seller-paid buy downs, which can result in lower interest rates, but a higher price for the real estate. No adjustments required.

Conditions of Sale

Unique or extraordinary circumstances influencing the motivation of the buyer or seller. No adjustments required.

Market Conditions

Changes in economic conditions that affect the appreciation and depreciation of real estate. The chart below details the historic change in capitalization rates for multifamily. The comparables transferred between April 2012 to November 2013. The chart below indicates that capitalization rates have compressed over these dates; however, there is market evidence that land values have been rather stagnant in the market area. No market condition adjustments are required.



Location

The chart below details demographics within a three-mile radius for the subject and each comparable.

Land Sales Location Comparison						
Comp	Name	City	Hhld Growth	Difference	Median Income	Percent Dif.
Subject	Telfair Arms	Savannah	0.83%		\$16,838	
1	Parkside at the Highlands	Pooler	4.05%	3.2%	\$57,480	241.4%
2	Pinewood Village Land Sale	Pooler	1.70%	0.9%	\$48,083	185.6%
3	Commercial Land	Savannah	1.86%	1.0%	\$36,531	117.0%
4	US Highway 80 Commercial Land	Pooler	0.00%	-0.8%	\$52,973	214.6%
5	Land for Two Addison Place	Pooler	1.53%	0.7%	\$67,230	299.3%

Comparables 1, 2, and 3 have been adjusted downward for their superior household rental growth and median income levels. Comparable 4 and 5 have been adjusted downward for their superior median household income levels.

Access/Visibility

Access and/or visibility can have a major impact on price, depending on the type of real estate. The subject is in a desirable neighborhood on the edge of the Savannah Historic District. The subject is superior to all of the comparables in terms of access and walk ability. However, Comparable 1 and 5 are adjusted slightly because they feature superior access to a wider variety of development and employment in the primary growth corridor near Pooler Boulevard on the north side of the Savannah area. Comparable 2 is in a secondary location of Pooler, with inferior access and visibility, requiring an upward

adjustment. Comparable 3 is near downtown but in more of an industrial area and requires an upward adjustment. Comparable 4 is in a lower density single-family residential area and requires an upward adjustment.

Property Size

Larger properties tend to sell for less per acre than smaller properties, and vice-versa, all other things being equal. Comparables 1, 2 4, and 5 have been adjusted upward for their larger sizes.

Sales Comparison Approach Conclusion – Land Valuation

The adjusted values of the comparable properties range from \$5,271 to \$8,279 per unit; the average is \$6,401 per unit. Primary weight has been placed on comparables 1, 2, and 5 as they were purchased for multifamily development. The adjusted sale prices of the comparables are \$5,271 to \$5,631 per unit with an average of \$5,458 per unit. Based on the subject’s downtown location, we have concluded to a market value slightly above the average at \$5,500 per unit.

As Is Market Value	
Indicated Value per Unit:	\$5,500
Subject Size:	53
Indicated Value:	\$291,500
Rounded:	\$290,000

We also looked at area listings of land to provide additional support. Most of the listings have general commercial zoning and are more appropriate for office, retail or mixed-use development. As such, they are not comparable to the subject and are shown only for information purposes. There are 37 listings of land in and near central Savannah with 0.5 to 2.0 acres. Listing prices range from \$35,000 per acre to over \$1 million per acre. The average median listing price is \$349,000 per acre and the upper and lower quartiles at \$580,000 and \$190,000, respectively. These listing provide additional support for our value conclusion, of \$337,209 per acre.

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 following analysis is applicable to the subject only for the unrestricted analysis. We have not conducted the sales approach for the restricted analysis due to the lack of comparable sales. In addition, analyzing restricted rent sales is complicated by the wide variance that can occur in levels of subsidy, beneficial financing, and remaining terms of the financing and/or rent restrictions.
- 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. In this case we use price per unit.
- 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.

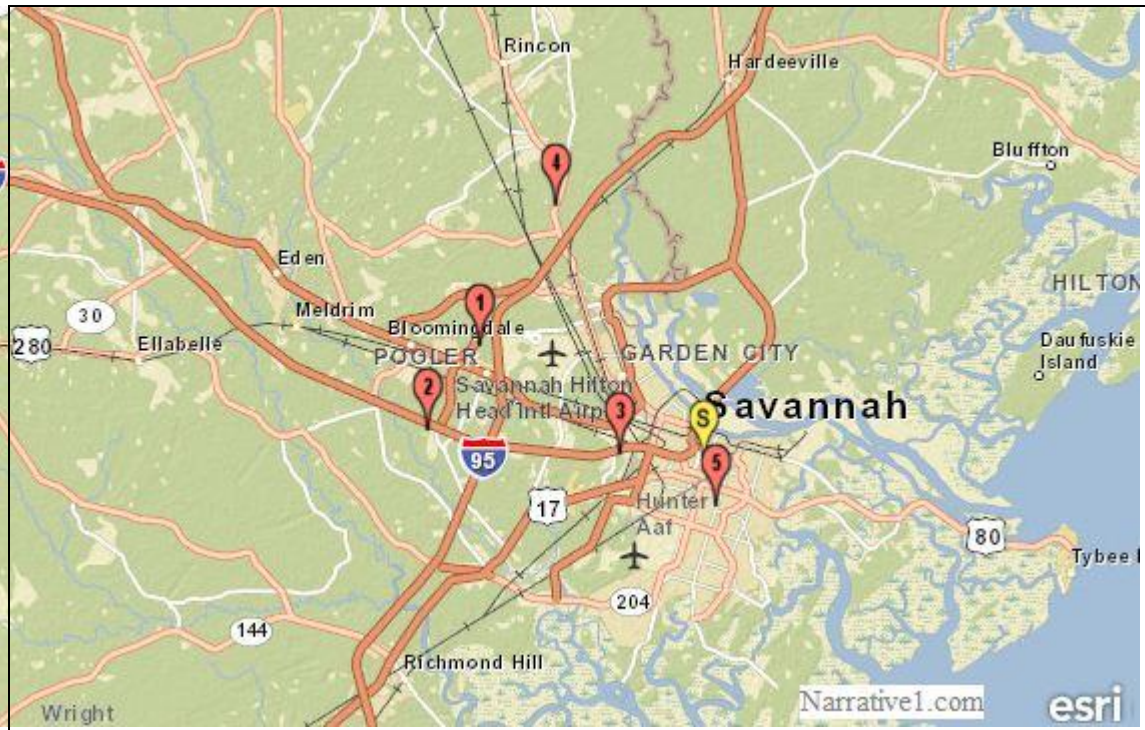
Comparables

We analyzed five comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources.

Sales Comparison Approach

Comp	Address	Grantor	Price	Price per Unit	Year Built
	City	Grantee	Date	No. of Units	GBA
Subject	17 East Park Avenue	National Church Residences of East Park, GA			1886
	Savannah			53	48,060
1	285 Park Avenue	Courtney Station LLC	\$35,250,000	\$117,500	2008
	Pooler	BRT Realty Trust	4/29/13	300	342,483
2	280 Blue Moon Crossing	Savannah Housing Partners II, SG Carrington Square - Savannah	\$30,540,000	\$106,042	2007
	Pooler		2/21/13	288	419,088
3	100 Walden Lane	SG Walden Savannah LLC	\$26,000,000	\$110,169	2004
	Savannah	WW Walden at Chatham LLC	5/1/12	236	247,580
4	203 Magnolia Blvd	Village of Rice Hope Apartments	\$12,784,586	\$63,923	2008
	Port Wentworth	Village at Rice Hope LLC	4/19/12	200	196,992
5	1100 East 56th Street	Current Listing	\$1,075,000	\$53,750	1984
	Savannah	Current Listing	4/22/15	20	17,118

Comparables Map



Comparable 1



Transaction

Name	Courtney Station Apartments	Date	4/29/13
Address	285 Park Avenue	Price	\$35,250,000
City	Pooler	Price per Unit	\$117,500
State	GA	Transaction Type	Closed
Zip	31408	Verification Source	Seller
Tax ID	5-0017A-01-047	Days on Market	150
Grantor	Courtney Station LLC	Current Use	Market Rate
Grantee	BRT Realty Trust	No. of Units	300

Site

Acres	20.0	Topography	Level
Land SF	871,200	Zoning	Multifamily
Topography	Level		
Utilities	City water & sewer		

Improvements & Financial Data

No. of Units	300	EGI	\$3,288,750
Year Built	2008	EGIM	10.72
Condition	Very Good	Expenses	\$1,350,000
		NOI	\$1,938,750
		Cap Rate	5.50%

Units

Description	No. Units	Unit Size	Rms/BR/Bth
1BR/1BA	96	759	3.1.1
1BR/1BA	18	1,090	3.1.1
2BR/2BA	48	1,071	4.2.2
2BR/2BA	108	1,197	4.2.2
3BR/2BA	30	1490	5.3.2

Comments

We confirmed the sale with John Schaffer, the seller. He reported that the property was 95% occupied at the time of sale and the capitalization rate was approximately 5.5%. Expenses were estimated by Mr. Schaffer at approximately \$4,500 per unit including management and reserves. He divested the property since the loan was maturing and it was a strong seller's market.

Comparable 2



Transaction

Name	Carrington Square Apartments	Date	2/21/13
Address	280 Blue Moon Crossing	Price	\$30,540,000
City	Pooler	Price per Unit	\$106,042
State	GA	Transaction Type	Closed
Zip	31419	Verification Source	Public Records
Tax ID	1009-01-035	Days on Market	84
Grantor	Savannah Housing Partners II,	Current Use	Market Rate
Grantee	SG Carrington Square -	No. of Units	288

Site

Acres	15.1	Topography	Level
Land SF	658,192	Zoning	Multifamily
Topography	Level		
Utilities	City water & sewer		

Improvements & Financial Data

No. of Units	288	EGI	\$3,964,700
Year Built	2007	EGIM	7.70
Condition	Very Good	Expenses	\$2,285,000
		NOI	\$1,679,700
		Cap Rate	5.50%

Units

Description	No. Units	Unit Size	Rms/BR/Bth
1BR/1BA	88	815	3.1.1
2BR/2BA	88	1,044	4.2.2
2BR/2BA	24	1,077	4.2.2
3BR/2BA	88	1,276	5.3.2

Comments

We attempted to contact Kris Mikkelsen of Engler Financial Group, the listing broker, but our calls were not returned. We also attempted to contact Bill Shoptaw, the buyer, and Jeffrey Smith, the seller and our call were not returned. All information was confirmed from public records, including The Shoptaw Group website, which indicates that they purchased the property. All financial information was provided by CoStar, which was able to contact parties involved in the transaction. The property was 91% occupied at the time of sale.

Comparable 3



Transaction

Name	Walden at Chatham Center	Date	5/1/12
Address	100 Walden Lane	Price	\$26,000,000
City	Savannah	Price per Unit	\$110,169
State	GA	Transaction Type	Closed
Zip	31405	Verification Source	Public Records
Tax ID	SVA-0739-01-009	Days on Market	45
Grantor	SG Walden Savannah LLC	Current Use	Market Rate
Grantee	WW Walden at Chatham	No. of Units	236

Site

Acres	17.7	Topography	Level
Land SF	770,141	Zoning	Multifamily
Topography	Level		
Utilities	City water & sewer		

Improvements & Financial Data

No. of Units	236	EGI	\$2,734,612
Year Built	2004	EGIM	9.50
Condition	Very Good	Expenses	\$1,148,612
		NOI	\$1,586,000
		Cap Rate	6.10%

Units

Description	No. Units	Unit Size	Rms/BR/Bth
1BR/1BA	92	802	3.1.1
2BR/2BA	120	1,171	4.2.2
3BR/2BA	24	1,388	5.3.2

Comments

We left messages for Derrick Bloom and David Gutting at Jones Lang LaSalle, the listing brokers and our calls were not returned. We also attempted to contact Bill Shoptaw, the buyer, and Chandler Wonderly, the seller and our calls were not returned. The sales price was confirmed with the Chatham County Property Appraiser and all information was provided from CoStar, which was able to speak with the seller. The property was 95.6% occupied at the time of sale and the buyer paid all cash for the deal. CoStar had a reported trailing 12 month capitalization rate of 6.1% with expenses at \$4,867 per unit including management and reserves.

Comparable 4



Transaction

Name	Village at Rice Hope	Date	4/19/12
Address	203 Magnolia Blvd	Price	\$12,784,586
City	Port Wentworth	Price per Unit	\$63,923
State	GA	Transaction Type	Closed
Zip	31407	Verification Source	Public Records
Tax ID	PWT-0906-04-037	Days on Market	--
Grantor	Village of Rice Hope	Current Use	Market Rate
Grantee	Village at Rice Hope LLC	No. of Units	200

Site

Acres	10.6	Topography	Level
Land SF	462,607	Zoning	Multifamily
Topography	Level		
Utilities	City water & sewer		

Improvements & Financial Data

No. of Units	200	EGI	\$1,847,578
Year Built	2008	EGIM	6.90
Condition	Very Good	Expenses	\$850,280
		NOI	\$997,198
		Cap Rate	7.80%

Units

Description	No. Units	Unit Size	Rms/BR/Bth
1BR/1BA	66	801	3.1.1
2BR/1BA	22	933	4.2.1
2BR/2BA	88	1,065	4.2.2
3BR/2BA	24	1,245	5.3.2

Comments

We left messages for Steve Bodner, the seller, and John Prugh, the buyer; however, our calls were not returned. There were no reported brokers involved in the sale. This sale was verified through public records on the Chatham County Property Appraiser website. According to documents obtained from CoStar, the property was approximately 88% occupied at the time of sale and the buyer purchased it to add to their portfolio. It was reported that the original price was \$13,000,000; however, the buyer was given a credit to repair the parking lot. The buyer had typical, at-market financing. EGI and expenses were estimated based on the CoStar provided rents and capitalization rate of 7.8% based on in-place income. It was reported that the property was sold as a short sale; however, no other information was available.

Comparable 5



Transaction

Name	Hillcrest Apartments	Date	4/22/15
Address	1100 East 56th Street	Price	\$1,075,000
City	Savannah	Price per Unit	\$53,750
State	GA	Transaction Type	Listing
Zip	31404	Verification Source	Broker
Tax ID	2-0097-21-038	Days on Market	8
Grantor	Current Listing	Current Use	Market Rate
Grantee	Current Listing	No. of Units	20

Site

Acres	0.6	Topography	Level
Land SF	23,958	Zoning	Multifamily
Topography	Level		
Utilities	City water & sewer		

Improvements & Financial Data

No. of Units	20		
Year Built	1984		
Condition	Average	NOI	\$84,966
		Cap Rate	7.90%

Units

Description	No. Units	Unit Size	Rms/BR/Bth
2BR/1BA	20	856	4.2.1

Comments

Net operating income is based on actual 2013 data. The property has been listed for just over a week and the broker expressed that there has been many interested parties. The complex is currently owned by a Dr. who is self managing and is tired of dealing with the asset. It was the brokers opinion that the complex will be in contract in a month within 95% to 97% of the list price.

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
- Market Trends
- Financing
- Location
- Conditions of Sale
- Physical Characteristics

Following 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
Address	17 East Park Avenue	285 Park Avenue	280 Blue Moon	100 Walden Lane	203 Magnolia	1100 East 56th
City	Savannah	Pooler	Pooler	Savannah	Port Wentworth	Savannah
State	GA	GA	GA	GA	GA	GA
Date		4/29/2013	2/21/2013	5/1/2012	4/19/2012	4/22/2015
Price		\$35,250,000	\$30,540,000	\$26,000,000	\$12,784,586	\$1,075,000
No. of Units	53	300	288	236	200	20
Price per Unit		\$117,500	\$106,042	\$110,169	\$63,923	\$53,750
Transaction Adjustments						
Property Rights		Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%
Financing		Normal 0.0%	Normal 0.0%	Normal 0.0%	Normal 0.0%	Normal 0.0%
Conditions of Sale		Normal 0.0%	Normal 0.0%	Normal 0.0%	Normal 0.0%	Listing -5.0%
Expenditures After Sale		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Price per Unit		\$117,500	\$106,042	\$110,169	\$63,923	\$51,063
Market Trends Through	2/2/15 0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Price per Unit		\$117,500	\$106,042	\$110,169	\$63,923	\$51,063
Location		Superior	Superior	Superior	Superior	Superior
% Adjustment		-15%	-15%	-5%	-15%	-5%
Access/Visibility		Similar	Similar	Inferior	Inferior	Inferior
% Adjustment		0%	0%	5%	10%	5%
No. of Units	53	300	288	236	200	20
Comparison		Inferior	Inferior	Inferior	Inferior	Superior
% Adjustment		5%	5%	5%	5%	-5%
Year Built	1896 ren 2015	2008	2007	2004	2008	1984
Age/Condition/Quality		Superior	Superior	Superior	Superior	Inferior
% Adjustment		-10%	-10%	-10%	-10%	5%
Amenities		Superior	Superior	Superior	Superior	Similar
% Adjustment		-20%	-20%	-20%	-10%	0%
Average Unit Size	516	1,083	1,047	1,049	984	856
Comparison		Superior	Superior	Superior	Superior	Superior
% Adjustment		-15%	-15%	-15%	-10%	-10%
Adjusted Price per Unit		\$52,875	\$47,719	\$66,102	\$44,746	\$45,956
Net Adjustments		-55.0%	-55.0%	-40.0%	-30.0%	-10.0%
Gross Adjustments		65.0%	65.0%	60.0%	60.0%	30.0%

Comparable Sale Adjustments

Effective Sale Price

Atypical factors, such as excess land, non-realty components, expenditures by the buyer at the time of purchase, or other similar factors that might influence price.

Property Rights

Fee simple, leased fee, leasehold, and other property rights, and levels of rights acquired that impact price.

Financing

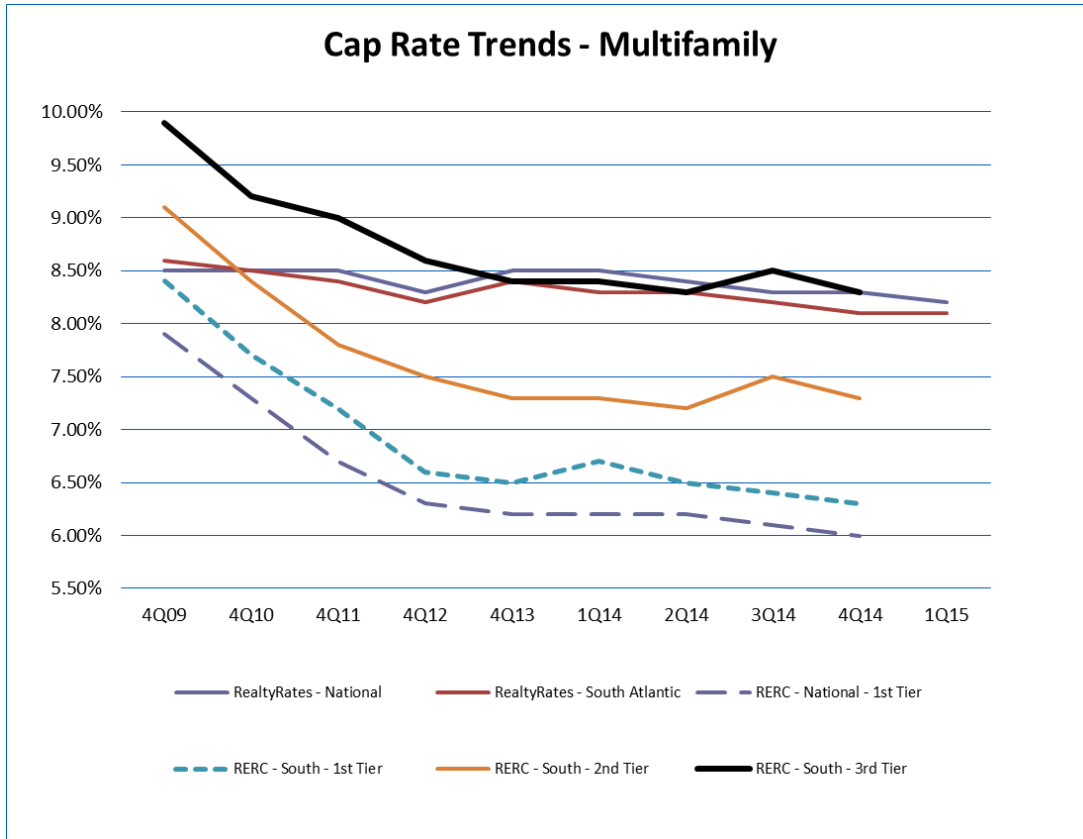
The financing structure and impact on price. Examples include seller-financed installment contracts and seller-paid buy downs, which can result in lower interest rates, but a higher price for the real estate.

Conditions of Sale

Unique or extraordinary circumstances influencing the motivation of the buyer or seller, such as a forced sale or assemblage. Comparable 5 is a current listing. The broker expressed that the complex went on the market on April 14 and there has already been a significant amount of interested parties. It was his opinion that the property will be in contract within a month at a price within 95% to 97% of the list price. Based on the information provided by the broker, a 5.0% downward adjustment has been applied.

Market Conditions

Changes in economic conditions that affect the appreciation and depreciation of real estate. The chart below details the historic change in capitalization rates. The comparables transferred between April of 2012 to April of 2013. Between these dates capitalization rates for Second Tier properties have been rather consistent, no adjustments for market conditions are required.



Location

Market or submarket influences on the price of real estate. The demographics below are based on a 3-minute drive time.

Improved Sales Location Comparison						
Comp	Name	City	Annual Hhld Growth	Difference	Median Income	Percent Dif.
Subject	Telfair Arms	Savannah	0.83%		\$16,838	
1	Courtney Station Apartments	Pooler	4.28%	3.5%	\$56,551	235.9%
2	Carrington Square Apartments	Pooler	2.00%	1.2%	\$57,647	242.4%
3	Walden at Chatham Center	Savannah	0.49%	-0.3%	\$34,166	102.9%
4	Village at Rice Hope	Port Wentworth	8.00%	7.2%	\$55,908	232.0%
5	Hillcrest Apartments	Savannah	0.81%	0.0%	\$36,973	119.6%

Comparables 1, 2, and 4 are in more rural areas with above average income levels. Each comparable has been adjusted downward by 15% to account for the higher median income levels. Comparables 3 and 5 have been adjusted downward to a lesser degree for their superior median household income levels.

Access/Visibility

Comparables 1 and 2 have superior visibility and inferior walkability, which offsets the overall adjustments. Comparables 3 and 5 are just outside of the downtown area, a slight upward adjustment is required. Comparable 4 is in a more rural area and has been adjusted upward.

Property Size

Larger properties tend to sell for less on a per unit basis, all other things being equal. Conversely, smaller properties will typically sell for more per unit. Comparables 1, 2, 3, and 4 have been adjusted upward for their larger size. Comparable 5 has been adjusted downward for its smaller size.

Age/Condition/Quality

Effective age, condition of property, and quality of construction. Comparables 1, 2, 3, and 4 have been adjusted downward for their superior effective age compared to the subject. Comparable 5 is an older property that is considered slightly inferior to the subject post renovation.

Unit and Project Amenities

Unit amenities are features internal to the dwelling units such as appliances. Project amenities are available to all tenants and include items such as a swimming pool. Following is a detailed comparison of amenities at the subject versus the comparables.

PROPERTY AMENITY COMPARISON						
Name	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
	Telfair Arms	Courtney Station Apartments	Carrington Square Apartments	Walden at Chatham Center	Village at Rice Hope	Hillcrest Apartments
UNIT AMENITIES						
Balcony/Patio		X	X	X	X	
Dishwasher	X	X	X	X	X	
Disposal		X	X	X	X	X
Range/Refrigerator	X	X	X	X	X	X
Washer/Dryer Hook-up		X	X	X	X	
Washer/Dryer In Unit		X	X		X	
Air Conditioning	W	C	C	C	C	C
Carpeting	X	X	X	X	X	X
Blinds	X	X	X	X	X	X
Walk-in Closets			X	X		
Microwave	X					
PROJECT AMENITIES						
Gated Entrance						
Swimming Pool		X	X	X		
Garage Parking	X	X		X		
Sports Courts	X	X	X	X		
Playground		X	X	X		
Clubhouse/Recreation		X	X	X		
Fitness Center		X	X	X		
Laundry Facility	X					

Comparables 1, 2, and 3 have been adjusted downward as they include balconies, washer/dryers, central a/c, swimming pools, playgrounds, clubhouse, and fitness centers. The adjusted is tempered slightly, as the subject includes microwaves. The adjustment for Comparable 4 is less than 1, 2, and 3, based on the limited project amenities. Comparable 5 is generally similar to the subject and requires no adjustment.

Average Unit Size

All of the comparables have been adjusted downward based on their larger average unit size. The adjustments for comparables 4 and 5 are lower, based on their smaller average sizes.

Sales Comparison Approach Conclusion

The adjusted values of the comparable properties range from \$44,746 to \$66,102 per unit; the average is \$51,480 per unit.

Recently transferred multifamily sales in the market area are predominately institutional grade sales, which required significant adjustments. The subject would attract a per unit value in line with the unadjusted transfer prices if the complex offered larger units that attract higher monthly rental rates. Based on the unit mix at the subject, we have concluded to a market value below the average at \$50,000 per unit, which is near the adjusted average of Comparable 5, the most similar overall to the subject.

This value indication reflects the property at stabilized occupancy. To estimate market value at completion, we make adjustments to the stabilized value shown below and described in detail in Adjustments to Stabilization section of this report.

SALES APPROACH INDICATED VALUE	
Indicated Value Per unit	\$50,000
Subject Size	53
	Sales Approach Value Indication - Stabilized \$2,650,000
	Rounded \$2,650,000
As Complete	
Stabilized Value Indication	\$2,650,000
<u>Adjustments</u>	
Lease-up Costs	\$110,000
	Indicated Value \$2,540,000
	Rounded \$2,540,000

Income 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. 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).
- Apply the most appropriate capitalization method to convert projected net income into an indication of value.

Direct capitalization and discounted cash flow are the two most common methods of capitalization. Direct capitalization involves the development of an appropriate capitalization rate and then dividing the NOI by the capitalization rate for an estimate of value. Discounted cash flow analysis includes projected income streams and a future resale value discounted to a present value at an appropriate yield rate.

In this analysis we use only direct capitalization, based on the subject's current occupancy and demand for multifamily housing in the market area.

Potential Gross Income (PGI)

Unit Types & Vacancy

The following table details the unit types we have defined for the subject, and current occupancy.

Space Type	Vacancy				
	Units/ Tenants	SF Total	SF Per Unit	% of Total	% Vacant
Efficiency Sec 8	10	3,008	301	11.6%	1.2%
1BR/1BA 60%	7	3,989	570	15.4%	5.1%
1BR/1BA Sec 8	33	15,780	478	61.0%	1.6%
2BR/1BA Sec 8	3	3,102	1,034	12.0%	0.0%
Totals	53	25,879	488	100.0%	7.9%

Utility Structure

Expense responsibilities at the subject are as follows.

Utilites Expense	
Tenant Paid	Owner Paid
Electric Heat	Cold Water
In-Unit Electric	Sewer
Hot Water	Trash

Rent Roll

The following rent roll details the current occupancy and rent status on a unit by unit basis.

Income Approach

Suite		No. of		% of	Contract	Contract	Asking \$	Market	Cntr./Ask
No.	Space Type	Units	SF	Total	Rent*	Rent/Unit	Rent/Unit	Rent	Variance
101	1BR/1BA Sec 8	1	420	1.6%	\$7,104	\$592	\$604	\$700	-15%
102	1BR/1BA Sec 8	1	420	1.6%	\$7,104	\$592	\$604	\$700	-15%
103	1BR/1BA Sec 8	1	420	1.6%	\$7,104	\$592	\$604	\$700	-15%
104	1BR/1BA Sec 8	1	420	1.6%	\$7,104	\$592	\$604	\$700	-15%
105	1BR/1BA Sec 8	1	515	2.0%	\$7,104	\$592	\$604	\$700	-15%
106	1BR/1BA Sec 8	1	515	2.0%	\$7,104	\$592	\$604	\$700	-15%
107	Efficiency Sec 8	1	266	1.0%	\$6,756	\$563	\$574	\$550	2%
108	Efficiency Sec 8	1	345	1.3%	\$6,756	\$563	\$574	\$550	2%
110	1BR/1BA Sec 8	1	515	2.0%	\$7,104	\$592	\$604	\$700	-15%
111	1BR/1BA Sec 8	1	550	2.1%	\$7,104	\$592	\$604	\$700	-15%
114	1BR/1BA Sec 8	1	550	2.1%	\$7,104	\$592	\$604	\$700	-15%
115	2BR/1BA Sec 8	1	1,034	4.0%	\$7,392	\$616	\$628	\$775	-21%
201	1BR/1BA Sec 8	1	420	1.6%	\$7,104	\$592	\$604	\$700	-15%
202	1BR/1BA Sec 8	1	420	1.6%	\$7,104	\$592	\$604	\$700	-15%
203	1BR/1BA Sec 8	1	420	1.6%	\$7,104	\$592	\$604	\$700	-15%
204	1BR/1BA Sec 8	1	420	1.6%	\$0	\$0	\$604	\$700	-14%
205	1BR/1BA Sec 8	1	515	2.0%	\$7,104	\$592	\$604	\$700	-15%
206	1BR/1BA Sec 8	1	515	2.0%	\$7,104	\$592	\$604	\$700	-15%
207	Efficiency Sec 8	1	305	1.2%	\$6,756	\$563	\$574	\$550	2%
208	Efficiency Sec 8	1	305	1.2%	\$6,756	\$563	\$574	\$550	2%
209	Efficiency Sec 8	1	266	1.0%	\$6,756	\$563	\$574	\$550	2%
210	1BR/1BA Sec 8	1	515	2.0%	\$7,104	\$592	\$604	\$700	-15%
211	1BR/1BA Sec 8	1	550	2.1%	\$7,104	\$592	\$604	\$700	-15%
213	2BR/1BA Sec 8	1	1,034	4.0%	\$7,392	\$616	\$628	\$775	-21%
214	1BR/1BA Sec 8	1	550	2.1%	\$7,104	\$592	\$604	\$700	-15%
301	1BR/1BA Sec 8	1	420	1.6%	\$7,104	\$592	\$604	\$700	-15%
302	1BR/1BA Sec 8	1	420	1.6%	\$7,104	\$592	\$604	\$700	-15%
303	1BR/1BA Sec 8	1	420	1.6%	\$7,104	\$592	\$604	\$700	-15%
304	1BR/1BA Sec 8	1	420	1.6%	\$7,104	\$592	\$604	\$700	-15%
305	1BR/1BA Sec 8	1	515	2.0%	\$7,104	\$592	\$604	\$700	-15%
306	1BR/1BA Sec 8	1	515	2.0%	\$7,104	\$592	\$604	\$700	-15%
307	Efficiency Sec 8	1	305	1.2%	\$6,756	\$563	\$574	\$550	2%
308	Efficiency Sec 8	1	305	1.2%	\$0	\$0	\$574	\$550	4%
309	Efficiency Sec 8	1	266	1.0%	\$6,756	\$563	\$574	\$550	2%
310	1BR/1BA Sec 8	1	515	2.0%	\$7,104	\$592	\$604	\$700	-15%
311	1BR/1BA Sec 8	1	550	2.1%	\$7,104	\$592	\$604	\$700	-15%
312	Efficiency Sec 8	1	305	1.2%	\$6,756	\$563	\$574	\$550	2%
313	2BR/1BA Sec 8	1	1,034	4.0%	\$7,392	\$616	\$628	\$775	-21%
314	1BR/1BA Sec 8	1	550	2.1%	\$7,104	\$592	\$604	\$700	-15%
401	1BR/1BA Sec 8	1	420	1.6%	\$7,104	\$592	\$604	\$700	-15%
402	1BR/1BA Sec 8	1	420	1.6%	\$7,104	\$592	\$604	\$700	-15%
403	1BR/1BA Sec 8	1	420	1.6%	\$7,104	\$592	\$604	\$700	-15%
404	1BR/1BA Sec 8	1	515	2.0%	\$7,104	\$592	\$604	\$700	-15%
405	1BR/1BA Sec 8	1	515	2.0%	\$7,104	\$592	\$604	\$700	-15%
406	1BR/1BA Sec 8	1	515	2.0%	\$7,104	\$592	\$604	\$700	-15%
407	1BR/1BA 60%	1	473	1.8%	\$2,640	\$220	\$571	\$700	-69%
408	1BR/1BA 60%	1	473	1.8%	\$3,840	\$320	\$571	\$700	-54%
409	1BR/1BA 60%	1	663	2.6%	\$0	\$0	\$571	\$700	-18%
410	1BR/1BA 60%	1	665	2.6%	\$0	\$0	\$571	\$700	-18%
411	1BR/1BA 60%	1	665	2.6%	\$2,640	\$220	\$571	\$700	-69%
412	1BR/1BA 60%	1	525	2.0%	\$2,400	\$200	\$571	\$700	-71%
413	1BR/1BA 60%	1	525	2.0%	\$2,640	\$220	\$571	\$700	-69%
	Efficiency Sec 8	1	340	1.3%	\$6,888	\$574	\$574	\$550	0%
	Totals	53	25,879	100.0%	\$324,600	\$552.04			
	Leased	49	23,826	92.1%	\$324,600	\$552.04			
	Vacant	4	2,053	7.9%	\$0	\$0.00			

Market Rent

Market Rent Comparables

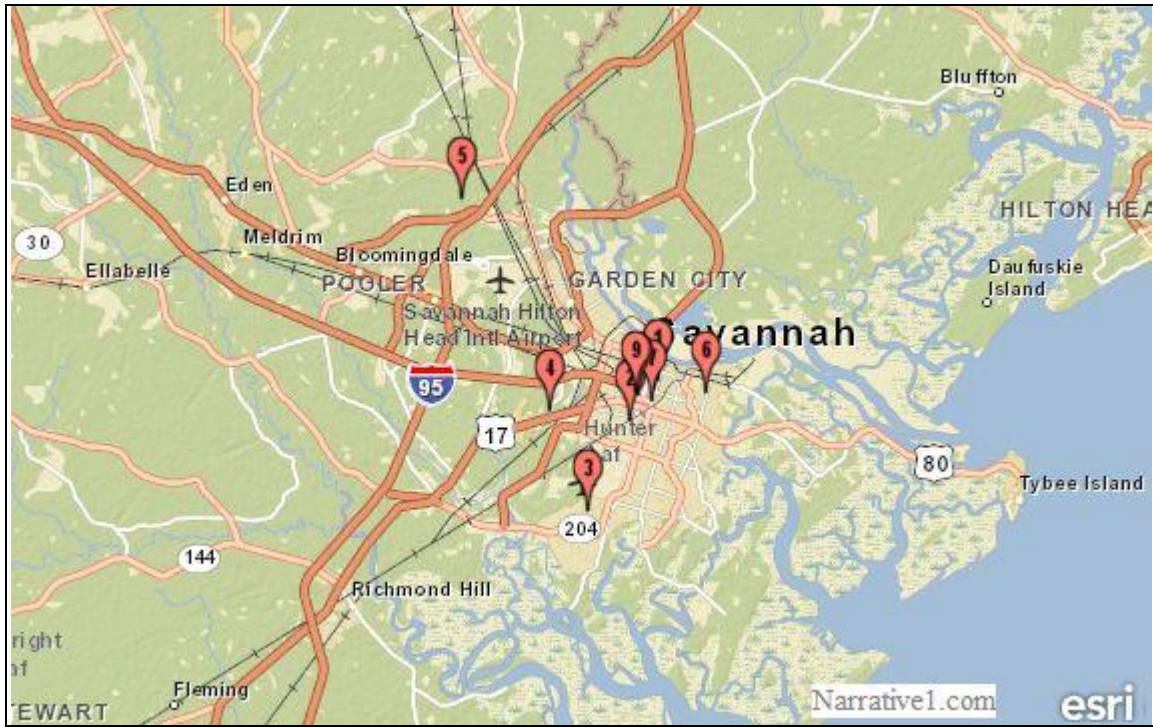
We have researched ten comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All rent comparables have been researched through numerous sources. The first five comparables have been utilized to estimate the subject's market rent while the residual five comparables have been utilized to estimate the achievable LIHTC rents.

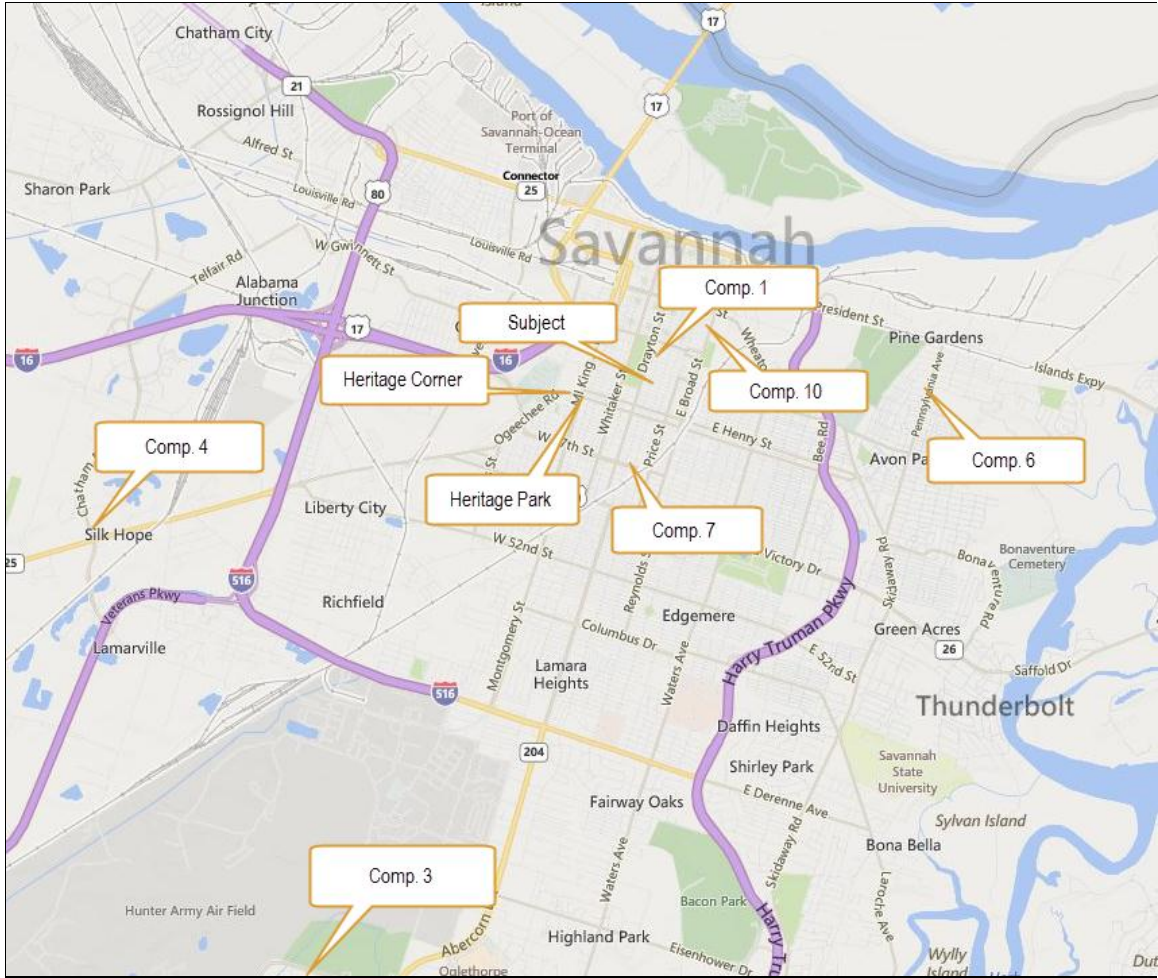
Comp #	Name	Year Built	Condition	Current Use	No. of Units	Vacancy
1	Chatham Apartments*	1950	Fair	Market Rate	37	0.0%
2	Madison Apartments	1976	Fair	Market Rate	92	2.2%
3	Coastal Place	1986	Good	Market Rate	40	0.0%
4	The Fountains at Chatham Parkway	2005/2013	Good	Market Rate	352	3.0%
5	Parkside at the Highlands	2015	Excellent	Market Rate	317	85.0%
Total/Average					838	1.3%
6	Savannah Gardens I	2011	Excellent	LIHTC	114	0.0%
7	Sisters Court	1900/1998	Average	Senior LIHTC	78	6.4%
8	Heritage Place	2005	Good	LIHTC	88	6.0%
9	Heritage Corner & Row	2005	Good	LIHTC	70	0.0%
10	Rose of Sharon	1972/2007	Average	LIHTC/Subsidized	206	2.0%
Total/Average					556	2.9%

*Comparable 1, Chatham Apartments, is a Section 8/Market Rent property. Our analysis is based on the asking rents for the market rate units only.

Management at comparable 7 stopped actively marketing the property on March 1, 2015. The complex was awarded LIHTCs and construction is expected to commence in October 2015.

Comparables Map





Multifamily Rent Comparable 1



Location		Building	
Name	Chatham Apartments	Survey Date	2/12/2015
Address	609 Abercorn Street	Year Built	1950
City	Savannah	Condition	Fair
State	GA	No. of Units	37
Zip	31401	Vacancy	0.00%
Current Use	Market/Subsidized	Phone Number	912-236-1311
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T	Cold Water	L
Hot Water	T	Sewer	L
Unit Electric	T	Trash	L

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
0BR	22	500	2.1.1	\$400	\$0.80
2BR/1BA	15	720	4.2.1	\$650	\$0.90

Comments

The property is fully occupied and management reported rents vary according to the floor level. However, we have provided the average rent in the grid. The complex totals 234-units, with 192-units being senior restricted Section 8 units. The senior units include efficiencies, one-, and two bedroom units. The one-bedroom units total 575 square feet.

Multifamily Rent Comparable 2



Location		Building	
Name	Madison Apartments	Survey Date	2/12/2015
Address	601 West 54th Street	Year Built	1976
City	Savannah	Condition	Fair
State	GA	No. of Units	92
Zip	31405	Vacancy	2.20%
Current Use	Market Rate	Phone Number	912.844.5615
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T-Gas	Cold Water	L
Hot Water	T-Gas	Sewer	L
Unit Electric	T	Trash	L

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
1BR/1BA	20	636	3.1.1	\$620	\$0.97
2BR/1BA	42	918	4.2.1	\$695	\$0.76
3BR/1.5BA	22	1,033	5.3.1.5	\$795	\$0.77
4BR/2BA	8	1,068	6.4.2	\$895	\$0.84

Comments

The property information was confirmed by the property manager. Management reported that the 1 and 2br units rarely have vacancies.

Multifamily Rent Comparable 3



Location		Building	
Name	Coastal Place	Survey Date	2/13/2015
Address	98 Coastal Place	Year Built	1986
City	Savannah	Condition	Good
State	GA	No. of Units	40
Zip	31406	Vacancy	0.00%
Current Use	Market Rate	Phone Number	912-234-1173
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T	Cold Water	T
Hot Water	T	Sewer	T
Unit Electric	T	Trash	T

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
1BR/1BA	20	850	3.1.1	\$605	\$0.71
2BR/2BA TH	20	1,200	4.2.1	\$750	\$0.63

Comments
The property manager expressed that there is a waiting list, but only a few names are included on it.

Multifamily Rent Comparable 4



Location		Building	
Name	The Fountains at Chatham Parkway	Survey Date	2/13/2015
Address	1699 Chatham Parkway	Year Built	2005/2013
City	Savannah	Condition	Good
State	GA	No. of Units	352
Zip	31405	Vacancy	3.00%
Current Use	Market Rate	Phone Number	912-236-3771
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T	Cold Water	T
Hot Water	T	Sewer	T
Unit Electric	T	Trash	T

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
Efficiency		575	3.1.1	\$830	\$1.44
1BR/1BA		741	3.2.1	\$845	\$1.14
2BR/2BA		957	4.2.1	\$980	\$1.02
3BR/2BA		1,361	5.2.1	\$1,435	\$1.05

Comments

The complex offers various floor plans. The rents quoted above are units considered to be comparable to the subject.

Multifamily Rent Comparable 5



Location		Building	
Name	Parkside at the Highlands	Survey Date	2/16/2015
Address	2170 Benton Boulevard	Year Built	2015
City	Pooler	Condition	Excellent
State	GA	No. of Units	317
Zip	31322	Vacancy	85.00%
Current Use	Market Rate	Phone Number	912-208-6411
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T	Cold Water	T
Hot Water	T	Sewer	T
Unit Electric	T	Trash	T

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
Efficiency		504	3.1.1	\$699	\$1.39
1BR/1BA		638	3.1.1	\$770	\$1.21
2BR/2BA		1,023	4.2.1	\$1,225	\$1.20
3BR/2BA		1,378	5.2.1	\$1,305	\$0.95

Comments

The complex is under construction and the property manager indicated a tentative completion date of May 2015. There are various floor-plans and only the units comparable to the subject have been referenced.

Multifamily Rent Comparable 6



Location		Building	
Name	Savannah Gardens I	Survey Date	4/1/2015
Address	515 Pennsylvania Avenue	Year Built	2011
City	Savannah	Condition	Excellent
State	GA	No. of Units	114
Zip	31405	Vacancy	0.00%
Current Use	LIHTC	Phone Number	912-335-4835
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T	Cold Water	T
Hot Water	T	Sewer	T
Unit Electric	T	Trash	L

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
1BR/1BA 30%	1	750	3.1.1	\$235	\$0.31
1BR/1BA 50%	4	750	3.1.1	\$463	\$0.62
1BR/1BA 60%	5	750	3.1.1	\$577	\$0.77
2BR/2BA 30%	3	950	4.2.2	\$286	\$0.30
2BR/2BA 50%	27	950	4.2.2	\$560	\$0.59
2BR/2BA 60%	33	950	4.2.2	\$697	\$0.73
3BR/2BA 30%	4	1,150	5.3.2	\$317	\$0.28
3BR/2BA 50%	14	1,150	5.3.2	\$633	\$0.55
3BR/2BA 60%	16	1,150	5.3.2	\$791	\$0.69
4BR/2BA 30%	1	1,350	6.4.2	\$334	\$0.25

Multifamily Rent Comparable 7



Location		Building	
Name	Sisters Court	Survey Date	3/27/2015
Address	200 E. 37th Street	Year Built	1900/1998
City	Savannah	Condition	Average
State	GA	No. of Units	78
Zip	31401	Vacancy	6.40%
Current Use	Senior LIHTC	Phone Number	(912)447-4714
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T-Elec	Cold Water	L
Hot Water	T	Sewer	L
Unit Electric	T	Trash	L

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
1BR/1BA 50%	37	500	3.1.1	\$450	\$0.90
1BR/1BA 60%	36	500	3.1.1	\$450	\$0.90
2BR/1BA 50%	3	700	4.2.1	\$525	\$0.75
2BR/1BA 60%	2	700	4.2.1	\$525	\$0.75

Comments
 Sisters Court included the renovation of a church into a senior living community utilizing LIHTC equity.

Multifamily Rent Comparable 8



Location		Building	
Name	Heritage Place	Survey Date	3/25/2015
Address	1901 Florance Street	Year Built	2005
City	Savannah	Condition	Good
State	GA	No. of Units	88
Zip	31415	Vacancy	6.00%
Current Use	LIHTC	Phone Number	912-234-8420
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T	Cold Water	L
Hot Water	T	Sewer	L
Unit Electric	T	Trash	L

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
1BR/1BA 50%	16	600	3.1.1	\$445	\$0.74
1BR/1BA 60%	12	600	3.1.1	\$525	\$0.88
2BR/1BA 50%	26	917	4.2.1	\$530	\$0.58
2BR/1BA 60%	16	917	4.2.1	\$630	\$0.69
3BR/2BA 50%	12	1,146	5.3.2	\$632	\$0.55
3BR/2BA 60%	6	1,146	5.3.2	\$675	\$0.59

Comments

The complex offers various unit types, which have different square footage figures. The units detail above are the smaller floor plans, but asking rates do not increase for larger units.

Multifamily Rent Comparable 9



Location		Building	
Name	Heritage Corner & Row	Survey Date	3/25/2015
Address	909 West 35th Street	Year Built	2005
City	Savannah	Condition	Good
State	GA	No. of Units	70
Zip	31415	Vacancy	0.00%
Current Use	LIHTC	Phone Number	912-234-8420
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	T	Cold Water	T
Hot Water	T	Sewer	T
Unit Electric	T	Trash	T

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
1BR/1BA 30%	4	690	3.1.1	\$177	\$0.26
2BR/1BA 50%	36	924	4.1.1	\$495	\$0.54
2BR/1BA 60%	13	924	4.1.1	\$630	\$0.68
3BR/2BA 50%	12	1,320	5.2.1	\$562	\$0.43
3BR/2BA 60%	5	1,320	5.2.1	\$675	\$0.51

Comments

The complex offers two-bedroom two-bathroom units at the same asking rate as the one-bathroom units. The two-bathroom units total 1,153 square feet.

Multifamily Rent Comparable 10



Location		Building	
Name	Rose of Sharon	Survey Date	3/25/2015
Address	322 E. Taylor Street	Year Built	1972/2007
City	Savannah	Condition	Average
State	GA	No. of Units	206
Zip	31401	Vacancy	2.00%
Current Use	LIHTC/Subsidized	Phone Number	912-234-5417
		Concessions	None

Utilities			
Type	Paid By	Type	Paid By
Heat	L	Cold Water	L
Hot Water	L	Sewer	L
Unit Electric	L	Trash	L

Units & Rent					
Description	No. Units	Unit Size	Rms/BR/Bth	Rent/Month	Rent/SF
Efficiency 60%	44	500	3.1.1	\$511	\$1.02
1BR/1BA 60%	162	550	3.1.1	\$587	\$1.07

Comparable Rent Adjustments

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

Type of Lease/Expense Structure/Utility Structure

Utility adjustments have been made for properties with a varying utility structure than the subject. The subject's rent includes cold water, sewer, and trash removal expenses. The tenant pays for electricity, electric heat, electric water heating, and electric for cooking. We have utilized the most recent utility allowance schedule provided by Georgia Department of Community Affairs to estimate differences in utilities. While this data has been utilized to support adjustments for the comparables, the utility allowance provided by the developer has been utilized to project the subject's achievable rents.

Utility	Utility Allowances			
	Paid By	0BR	1BR	2BR
Electric Heat	Tenant	\$27	\$38	\$49
In-Unit Electric	Tenant	\$44	\$60	\$75
Hot Water	Tenant	\$20	\$28	\$36
Cold Water	Landlord	\$10	\$13	\$16
Sewer	Landlord	\$18	\$24	\$28
Trash	Landlord	\$22	\$22	\$22
Total Utilities		\$141	\$185	\$226
Tenant Paid Utilities		\$91	\$126	\$160

Source: Georgia Department of Community Affairs 7/2015

Unit Size

Adjustments for size differences are based on the assumption that rent will vary at less than a one-to-one ratio to unit size differences. In this case, a value ratio of 25% is applied. This is a typical premium in the local market. **The bedroom adjustments for comparables 2 and 3 account for the difference in size, no additional size adjustment is required.**

Location

The subject is in the historic downtown area of Savannah. Comparables 2, 3, 4, and 5 have been adjusted for their inferior locations, outside of the historic downtown area. A larger adjustment is applied to Comparable 2 because it is in a lower income area.

Age/Condition/Quality

The subject was built in 1886 with the most recent renovation being proposed for 2015. However, this analysis assumes that all proposed renovations have been completed. Comparable 1, 2, and 3 are older and required upward adjustments. We use a straightforward \$1 per year difference and adjust these three comparables upward based on the year difference. Comparables 4 and 5 are superior in condition and quality and require downward adjustments of \$10 for effective age and a \$20 for their superior initial construction date.

Unit and Project Amenities

PROPERTY AMENITY COMPARISON						
Name	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Name	Telfair Arms	Chatham Apartments	Madison Apartments	Coastal Place	The Fountains at Chatham	Parkside at the Highlands
UNIT AMENITIES						
Balcony/Patio			X		X	X
Microwave	X					
Dishwasher				X	X	X
Disposal				X		X
Range/Refrigerator	X	X	X	X	X	X
Washer/Dryer Hook-up				X	X	X
Washer/Dryer In Unit						
Storage In Unit						
Air Conditioning	W	W	C	C	C	C
Carpeting	X	X	X	X	X	X
Blinds	X	X	X	X	X	X
PROJECT AMENITIES						
Gated Entrance						
Swimming Pool					X	X
Garage Parking	X				X	X
Sports Courts	X					
Clubhouse/Recreation		X			X	X
Fitness Center					X	X
Laundry Facility	X	X	X			
Storage						
Security		X				

Unit Amenities

Comparable 1 has been adjusted downward, as it includes central a/c. The adjusted is tempered slightly, as the subject includes microwaves. Comparable 2 has been adjusted downward for balconies and central a/c. The adjusted is tempered slightly, as the subject includes microwaves. Comparable 3 has been adjusted downward for central a/c and dishwasher, but upward for only offering washer/dryer hookups or microwaves. Comparables 4 and 5 have been adjusted downward for having balconies, central a/c, dishwasher, washer/dryer hook-ups, and laundry facility. The adjusted for these comparables is tempered slightly, as the subject includes microwaves.

Project Amenities

Comparable 2 has been adjusted upward for not have secured entrance and downward for having a swimming pool. Overall, no adjustments are required. Comparable 3 has been adjusted upward for not having a secured entrance. Comparables 4 and 5 have been adjusted upward for not having secured entrances, but downward for having a clubhouse, swimming pool, business center, and fitness center.

Number of Bedrooms

Comparables 2 and 3 do not include efficiency units and Comparable 1 does not include any one-bedroom units. The chart below illustrates the properties utilized to support a bedroom adjustment.

Bedroom Adjustment					
Property	1BR/1BA	2BR/1BA	2BR/2BA	3BR/2BA	Total Difference
Madison Apartments	\$620	\$695			\$75
Fountains at Chatham Parkway			\$980	\$1,435	\$455
Goshen Apartments					
Courtney Station			\$1,055	\$1,339	\$284
Preserve at Godley Station			\$1,031	\$1,209	\$178
Carrington Square at Savannah Quarters			\$935	\$1,075	\$140
Village at Rice Hope	\$840	\$940			\$100
Average Difference					\$205

There are a limited amount of two-bedroom one-bathroom units in the market area; however, the data suggests that the adjustment increases as the number of bedrooms increases. The subject features very small efficiency units; therefore, we conclude to a number somewhat between the 1br/2br range and the 2br/3br range at \$150 when adjusting for one-bedroom units and \$100 when adjusting for efficiency units.

Structure

The subject features garden style units. Comparable 3 features townhome style units. Typically tenants value the extra privacy and sense of homeownership of a townhome style unit over a garden style unit. Following is a table illustrating the difference in structure.

Structure Adjustment			
Fords Point			
	2BR/1.5BA TH	2BR/2BA Garden	Difference
Square Footage	1181	1074	107
Rent	\$975	\$965	\$10
SF Adj.	(\$22)	-	
Bathroom Adj.	(\$20)	-	
Utility Adj.	\$43	-	
Adjusted Rent	\$976	\$965	\$11

Based on the data detailed in the chart above, a \$10 downward adjustment is included with Comparable 3. In addition, Comparable 1 is a high rise and seniors tend to prefer lower stories in this market. Therefore, we adjust Comparable 1 upward for inferior stories.

Number of Bathrooms

The subject and Comparables 1 and 2 feature one bathroom. The two-bedroom units at comparables 3, 4, and 5 feature 2 bathrooms and have been adjusted downward by \$25. Following is a table supporting the bathroom adjustment for the local market.

Bathroom Adjustment				
Property	Unit 1	Unit 2	SF Adj.	Total Difference
Colonial Village at Godley Lake	\$960	\$1,025	\$38	\$27
Village at Rice Hope	\$940	\$999	\$32	\$27
Fords Pointe	\$955	\$975	\$6	\$14
Average Difference				\$23

Based on the data above, an adjustment of \$25 has been utilized for account for an additional bathroom.

Adjustment Grids

Following are adjustment grids for each unit type at the subject.

Lease Analysis Grid Efficiency		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	
Name	Telfair Arms	Chatham Apartments	Madison Apartments	Coastal Place	The Fountains at Chatham Parkway	Parkside at the Highlands	
City	Savannah	Savannah	Savannah	Savannah	Savannah	Pooler	
Survey Date		02/12/15	02/12/15	02/13/15	02/13/15	02/16/15	
Current Use		Market/Subsidize	Market Rate	Market Rate	Market Rate	Market Rate	
Building Type		High rise	Garden & TH	Garden		Garden	
Unit Type 1	Efficiency	OBR	1BR/1BA	1BR/1BA	Efficiency	Efficiency	
Vacancy		0.0%	2.2%	0.0%	3.0%	85.0%	
Type 1 Rent/Mo.		\$400	\$620	\$605	\$830	\$699	
Type 1 SF	275	500	636	850	575	504	
Type 1 Rent/SF		\$0.80	\$0.97	\$0.71	\$1.44	\$1.39	
Transaction Adjustments							
Conditions of Lease		Normal	0%	Normal	0%	Normal	0%
Other		Similar	0%	Similar	0%	Similar	0%
Adjusted Rent		\$400	\$620	\$605	\$830	\$699	
Market Trends/Year	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Adjusted Rent		\$400	\$620	\$605	\$830	\$699	
Utility Adjustment				\$50	\$50	\$50	
Unit Size							
Adjustment		-\$45			-\$108	-\$79	
Adjusted Rent		\$355	\$620	\$655	\$772	\$670	
Location \$ Adjustment		Similar	Inferior \$10	Inferior \$5	Inferior \$5	Inferior \$5	
Year Built	1896 ren 2015	1950	1976	1986	2005/2013	2015	
Age/Quality/Condition \$ Adjustment		Inferior \$65	Inferior \$39	Inferior \$29	Superior -\$30	Superior -\$30	
Unit Amenities \$ Adjustment		Superior -\$5	Superior -\$10	Superior -\$5	Superior -\$15	Superior -\$15	
Project Amenities \$ Adjustment		Similar	Similar	Inferior \$5	Superior -\$20	Superior -\$20	
Bedroom \$ Adjustment		Similar	Superior -\$150	Superior -\$150	Similar	Similar	
Structure \$ Adjustment		Inferior \$10	Similar	Similar	Similar	Similar	
Adjusted Rent		\$425	\$509	\$539	\$712	\$610	
Net Adjustments		6.3%	-17.9%	-10.9%	-14.2%	-12.8%	
Gross Adjustments		31.3%	33.7%	40.3%	27.5%	28.5%	
Average Adjusted							
Rent	\$559						
Concluded Rent	\$550						

The adjusted rental rates of the comparables range from \$425 to \$712 per month with an average of \$559 per month. Comparable 1 sets the low end of the survey range at \$418 per month and is artificially low likely due to being part of a Section 8 property. Excluding this comparable, the average increases to \$591 per month. Comparables 2 and 3 are one-bedroom units that have been adjusted based on our projection of an appropriate bedroom adjustment. As these units are not efficiency units, we have projected a market rent above the adjusted rents associated with comparables 2 and 3. Comparables 4 and 5 are recently constructed class A properties. Based on the overall quality of these properties, we have projected a market rent below comparables 4 and 5.

Based above analysis, we have projected a market rental rate of \$550 per unit for the efficiency units.

Lease Analysis Grid 1BR/1BA		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	
Name	Telfair Arms	Chatham Apartments	Madison Apartments	Coastal Place	The Fountains at Chatham Parkway	Parkside at the Highlands	
City	Savannah	Savannah	Savannah	Savannah	Savannah	Pooler	
Survey Date		02/12/15	02/12/15	02/13/15	02/13/15	02/16/15	
Current Use		Market/Subsidize	Market Rate	Market Rate	Market Rate	Market Rate	
Building Type		High rise	Garden & TH	Garden		Garden	
Unit Type 2	1BR/1BA	Efficiency	1BR/1BA	1BR/1BA	1BR/1BA	1BR/1BA	
Vacancy		0.0%	2.2%	0.0%	3.0%	85.0%	
Type 2 Rent/Mo.		\$400	\$620	\$605	\$845	\$770	
Type 2 SF	550	720	636	850	741	638	
Type 2 Rent/SF		\$0.90	\$0.97	\$0.63	\$1.14	\$1.21	
Transaction Adjustments							
Conditions of Lease		Normal	0%	Normal	0%	Normal	0%
Other		Similar	0%	Similar	0%	Similar	0%
Adjusted Rent		\$400	\$620	\$605	\$845	\$770	
Market Trends/Year	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Adjusted Rent		\$400	\$620	\$605	\$845	\$770	
Utility Adjustment				\$58	\$58	\$58	
Unit Size Adjustment							
Adjusted Rent		\$400	\$599	\$610	\$849	\$801	
Location		Similar	Inferior	Inferior	Inferior	Inferior	
\$ Adjustment			\$10	\$5	\$5	\$5	
Year Built	1896 ren 1998	1950	1976	1986	2005/2013	2015	
Age/Quality/Condition		Inferior	Inferior	Inferior	Superior	Superior	
\$ Adjustment		\$65	\$39	\$29	-\$30	-\$30	
Unit Amenities		Superior	Superior	Superior	Superior	Superior	
\$ Adjustment		-\$5	-\$10	-\$5	-\$15	-\$15	
Project Amenities		Similar	Similar	Inferior	Superior	Superior	
\$ Adjustment				\$5	-\$20	-\$20	
Bedroom		Inferior	Similar	Similar	Similar	Similar	
\$ Adjustment		\$100	\$0	\$0			
Structure		Inferior	Similar	Similar	Similar	Similar	
\$ Adjustment		\$10					
Adjusted Rent		\$570	\$638	\$644	\$789	\$741	
Net Adjustments		42.5%	2.9%	6.4%	-6.7%	-3.7%	
Gross Adjustments		45.0%	12.9%	25.7%	21.6%	20.1%	
Average Adjusted Rent							
Rent	\$676						
Concluded Rent	\$700						

The adjusted rents range from \$570 to \$790 per month with an average of \$677 per month. Comparable 1 sets the low end of the survey range at \$570 per month and is artificially low likely due to being part of a Section 8 property. The comparable appears to be an outlier and has been given secondary weight in estimating market rent. Comparables 2 and 3 had the lowest net adjustments and primary weight has been placed on the comparables in estimating subject's market rent. Comparables 4 and 5 are recently constructed class A properties. Based on the overall quality of these properties, we have projected a market rent below comparables 4 and 5. Placing primary weight on Comparables 2 and 3, but also considering the adjusted rents associated with comparables 4 and 5, we have concluded to a market rental rate of \$700 per unit.

Lease Analysis Grid 2BR/1BA		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	
Name	Telfair Arms	Chatham Apartments	Madison Apartments	Coastal Place	The Fountains at Chatham Parkway	Parkside at the Highlands	
City	Savannah	Savannah	Savannah	Savannah	Savannah	Pooler	
Survey Date		02/12/15	02/12/15	02/13/15	02/13/15	02/16/15	
Current Use		Market/Subsidize	Market Rate	Market Rate	Market Rate	Market Rate	
Building Type		High rise	Garden & TH	Garden		Garden	
Unit Type 3	2BR/1BA	2BR/1BA	2BR/1BA	2BR/2BA TH	2BR/2BA	2BR/2BA	
Vacancy		0.0%	2.2%	0.0%	3.0%	85.0%	
Type 3 Rent/Mo.		\$650	\$695	\$750	\$980	\$1,225	
Type 3 SF	870	720	918	1,200	957	1,023	
Type 3 Rent/SF		\$0.90	\$0.76	\$0.63	\$1.02	\$1.20	
Transaction Adjustments							
Conditions of Lease		Normal	0%	Normal	0%	Normal	0%
Other		Similar	0%	Similar	0%	Similar	0%
Adjusted Rent		\$650	\$695	\$750	\$980	\$1,225	
Market Trends/Year	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Adjusted Rent		\$650	\$695	\$750	\$980	\$1,225	
Utility Adjustment				\$66	\$66	\$66	
Unit Size							
Adjustment		\$34	-\$9	-\$52	-\$22	-\$46	
Adjusted Rent		\$684	\$686	\$764	\$1,024	\$1,245	
Location		Similar	Inferior	Inferior	Inferior	Inferior	
\$ Adjustment			\$10	\$5	\$5	\$5	
Year Built	1896 ren 1998	1950	1976	1986	2005/2013	2015	
Age/Quality/Condition		Inferior	Inferior	Inferior	Superior	Superior	
\$ Adjustment		\$65	\$39	\$29	-\$30	-\$30	
Unit Amenities		Superior	Superior	Superior	Superior	Superior	
\$ Adjustment		-\$5	-\$10	-\$5	-\$15	-\$15	
Project Amenities		Similar	Similar	Inferior	Superior	Superior	
\$ Adjustment				\$5	-\$20	-\$20	
Bathroom		Similar	Similar	Inferior	Inferior	Inferior	
\$ Adjustment			\$0	-\$25	-\$25	-\$25	
Structure		Inferior	Similar	Superior	Similar	Similar	
\$ Adjustment		\$10		-\$10			
Adjusted Rent		\$754	\$725	\$763	\$939	\$1,160	
Net Adjustments		16.0%	4.3%	1.8%	-4.2%	-5.3%	
Gross Adjustments		17.5%	9.8%	26.2%	18.7%	16.9%	
Average Adjusted Rent	\$868						
Concluded Rent	\$775						

The adjusted rents range from \$725 to \$1,160 per month with an average of \$868 per month. Comparable 3 had the lowest net adjustment, but is a townhome unit. The adjusted rent associated with Comparable 3 is complimented by comparables 1 and 2, which are garden units. The adjusted rents of comparables 1, 2, and 3 are trended upward by comparables, 4 and 5. After analyzing the comparable data, we have projected a market rental rate of \$775 per month.

Units Subject to Rent Restrictions

Rents at the subject will be limited based on the restrictions of the Low Income Housing Tax Credit program. Rent levels will be restricted at 60% of the area median household income. Following is a review of the subject’s proposed rents compared to maximum allowable rents and market rents.

2015 HUD Maximum Gross Rents - Savannah, GA MSA	
Household Size	60%*
Studio	\$645
One-bedroom	\$690
Two-bedroom	\$828
Three-bedroom	\$957
Four-bedroom	\$1,068
* - Rents are calculated from HUD provided 50% income limits.	

LIHTC Rent Comparison 60%									
Property	Efficiency			1BR			2BR		
	Rent	Size	Rent/SF	Rent	Size	Rent/SF	Rent	Size	Rent/SF
Average Contract Rent	N/A	275	N/A	\$236	550	\$0.43	N/A	870	N/A
Maximum Net Rent	\$565	275	\$2.05	\$624	550	\$1.13	\$670	870	\$0.63
Market Rent	\$550	275	\$2.00	\$700	550	\$1.27	\$775	870	\$0.89
<i>Concluded LIHTC Rent</i>	<i>\$525</i>	<i>275</i>	<i>\$1.91</i>	<i>\$600</i>	<i>550</i>	<i>\$1.09</i>	<i>\$650</i>	<i>870</i>	<i>\$0.75</i>
<i>% of Comparable Average</i>	<i>102.74%</i>			<i>112.20%</i>			<i>104.75%</i>		
<i>% of Market</i>	<i>95.45%</i>			<i>85.71%</i>			<i>83.87%</i>		
Savannah Gardens I 60%	N/A		N/A	\$577	750	\$0.77	\$697	950	\$0.73
Sisters Court 60%	N/A		N/A	\$450	500	\$0.90	\$525	700	\$0.75
Heritage Place 60%	N/A		N/A	\$525	600	\$0.88	\$630	917	\$0.69
Heritage Corner & Row 60%	N/A		N/A	N/A		N/A	\$630	924	\$0.68
Rose of Sharon	\$511	550	\$0.93	\$587	550	\$1.07	N/A		N/A
LIHTC Average	\$511	550	\$0.93	\$535	600	\$0.89	\$621	873	\$0.71

There are 7 units at the subject property that are not encumbered by a HAP contract. Based on a rent roll provided, contract rents within these units range from \$281 to \$401 per month with an average of \$338 per month. The contract rents are far below the max allowable, we have surveyed additional restricted properties in the market to project the subject’s achievable LIHTC rents.

There is only one affordable project that offers efficiency units. Current asking rates within this development are below the max allowable and below our market rate projections for the efficiency units. For the efficiency units, we have projected an achievable rental rate of \$550 per month, which is below our projection of market rent and the max allowable and more in line with the asking rent for Rose of Sharon.

Asking rates for one-bedroom 60% units range from \$450 to \$577 per month with an average of \$535 per month. The asking rates are far below the max allowable rate of \$603 per month. Based on the asking rates at the comparable properties, but considering the proposed renovations, we have projected an achievable one-bedroom rent of \$600 per month.

Comparable to the one-bedroom units, asking rates for two-bedroom 60% units are overall below the max allowable rates. Upon completion of the proposed renovations, the subject will be superior to many of the comparables, but overall inferior to Savannah Gardens. Based on the asking rates of the comparables, we have projected an achievable two-bedroom rental rate of \$650 per month.

Subject Rent Compared to Maximum Allowable and Market							
		Subject					
Unit Type	Units	Contract Rent	Projected Achievable Rent	Max Net Rent	Market Rent	Achievable % of Max	Subject % of Market
Efficiency Sec 8	10	\$564	\$525	\$565	\$550	92.9%	102.6%
1BR/1BA 60%	7	\$236	\$600	\$624	\$700	96.2%	33.7%
1BR/1BA Sec 8	33	\$592	\$600	\$603	\$700	99.5%	84.6%
2BR/1BA Sec 8	3	\$616	\$650	\$670	\$775	97.0%	79.5%
Totals/Average	53	\$541	\$589	\$602	\$676	97.7%	81.0%

Potential Gross Income Summary As Is

Potential Gross Income - Occupied Space							
Occupied Space	SF	Units	Contract Rent	Contract Rent/Unit	As Is Market Rent	Market Rent/Unit	Contract V. Mkt. Rent
Efficiency Sec 8	2,475	9	\$60,936	\$564	\$54,000	\$500	112.8%
1BR/1BA 60%	2,661	5	\$14,160	\$236	\$37,500	\$625	37.8%
1BR/1BA Sec 8	15,360	32	\$227,328	\$592	\$240,000	\$625	94.7%
2BR/1BA Sec 8	3,102	3	\$22,176	\$616	\$26,640	\$740	83.2%
Occupied Space Totals	23,598	49	\$324,600	\$552	\$358,140	\$609	90.6%

*Contract Rent = Annualized rent as of appraisal date

Potential Gross Income - Vacant Space						
Potential Gross Rent Vacant Space	SF	Units	Potential Contract Rent	Contract Rent/Unit	Market Rent	Market Rent/Unit
Efficiency Sec 8	305	1	\$6,756	\$563	\$6,600	\$550
1BR/1BA 60%	1,328	2	\$7,200	\$600	\$16,800	\$700
1BR/1BA Sec 8	420	1	\$7,392	\$616	\$8,400	\$700
Vacant Space Totals	2,053	4	\$21,348	\$1,779	\$31,800	\$663

Potential Gross Income Summary	
Contract Rent	
Contract Rent For Occupied Space	\$324,600
Vacant Space at Contract Rent and Achievable	\$21,348
Contract PGI	\$345,948
Contract PGI per unit/mo.	\$544
Contract to Market Ratio	96.6%

The as is PGI utilizes our projection of achievable rents for the LIHTC unit and the current contract rents for the HAP contract. **The market rents are shown as determined in a recent RCS study completed for the subject by this firm and representative of rents in the subject current condition.**

Potential Gross Income Summary As Stabilized Restricted and Unrestricted

Potential Gross Income - Occupied Space							
Occupied Space	SF	Units	Contract Rent	Contract Rent/Unit	Market Rent	Market Rent/Unit	Contract V. Mkt. Rent
Efficiency Sec 8	2,750	10	\$68,760	\$573	\$66,000	\$550	104.2%
1BR/1BA 60%	3,850	7	\$50,400	\$600	\$58,800	\$700	85.7%
1BR/1BA Sec 8	18,150	33	\$238,392	\$602	\$277,200	\$700	86.0%
2BR/1BA Sec 8	2,610	3	\$22,536	\$626	\$27,900	\$775	80.8%
Occupied Space Totals	27,360	53	\$380,088	\$598	\$429,900	\$676	88.4%

*Contract Rent = Annualized rent as of appraisal date

Potential Gross Income Summary			
Market Rent		Contract and Achievable Rents	
Market PGI For Occupied Space	\$429,900	Contract and Achievable Rents For Occupied Space	\$380,088
Market Potential Gross Income	\$429,900	Contract PGI	\$380,088
Market PGI per unit/mo.	\$676	Contract PGI per unit/mo.	\$598
		Contract to Market Ratio	88.4%

The current HAP contract at the subject expires on May 1, 2015. The contract has been renewed and contract rents for the complex have increased. The chart above reflects the new contract rents and our projection of achievable rents.

Vacancy and Collection Loss

Excluding Comparable 5, as it is under construction, market rate properties surveyed have vacancy rates that range from 0.0% to 3.0% with an average of 1.0%. The restricted properties surveyed have vacancy rates that range from 0.0% to 6.0% with an average of 3.0%. Historical data provided shows historical vacancy ranging from 3.15% to 11.85%. Vacancy rates have been trending downward and the current vacancy rate is 7.1%. Based on the strength of the market and trending historical data, we have projected a vacancy rate of 5.0% for both scenarios.

Concessions

No deduction is made for rent concessions as they are not typical in the market or at the subject.

Other Income

Historical other income has ranged from \$70 to \$113 per unit with an average of \$86 per unit. Placing primary weight in 2012 and 2013 data, we have projected other income of \$100 per unit for all scenarios.

Projected and Historical Income

The table below summarizes the subject's projected, budgeted and historic income.

Income Summary														
	Restricted As Is		Unrestricted Renovated		Restricted Renovated		Renovated Budget		2013		2012		2011	
Rental Income	\$345,948	\$6,527	\$429,900	\$8,111	\$380,088	\$7,171	\$369,012	\$6,962	\$337,141	\$6,361	\$339,226	\$6,400	\$344,755	\$6,505
Other Income	\$5,300	\$100	\$5,300	\$100	\$5,300	\$100	\$0	\$0	\$5,851	\$110	\$4,661	\$88	\$3,626	\$68
Potential Gross Income	\$351,248	\$6,627	\$435,200	\$8,211	\$385,388	\$7,271	\$369,012	\$6,962.49	\$342,992	\$6,472	\$343,887	\$6,488	\$348,381	\$6,573
Vacancy Rate	5.0%		5.0%		5.0%		6.56%		3.42%		9.74%		11.85%	
Vacancy	(\$17,562)	(\$331)	(\$21,760)	(\$411)	(\$19,269)	(\$364)	(\$24,195.3)	(\$456.52)	(\$11,739.0)	-\$221	(\$33,493.0)	-\$632	(\$41,298.0)	-\$779
Effective Gross Income	\$333,686	\$6,296	\$413,440	\$7,801	\$366,119	\$6,908	\$344,817	\$6,506	\$331,253	\$6,250	\$310,394	\$5,856	\$307,083	\$5,794

Notes: \$/SF and/or \$/Unit are based on totals for each space type.

Our projection for rental income exceeds the budget, as the budget does not include any income for the manager's unit. Our projection of payroll considers the lost income associated with the manager's unit.

Expenses Analysis and Projection

Following is an analysis of expense comparables with similar features to the subject. We also review expense data from appropriate industry benchmarks. All data is compared to the developer-projected expenses and analyzed on a line item basis.

EXPENSE ANALYSIS																		
Name	VSIAG - Restricted		VSIAG - Unrestricted		VSIAG Ren- Rest		NAA - Market		NAA - Subsidized		Avg of Comps		Comp 1		Comp 2		Comp 3	
	Telfair Arms Multifamily Apartments		Telfair Arms Multifamily Apartments		Telfair Arms Multifamily Apartments		NAA Market Data		NAA Region II Sub				Audubon Crest Apartments Market Rate		Carron Oak Student Apartments Market Rate		Sheppard Station - Confidential Senior LIHTC/Market	
Current Use																		
Year Built	1886		1886		1886						2006		1999		2010		2009	
No. of Units	53		53		53						69		126		15		65	
Expense Date	2/2/2015		2/2/2015		2/2/2015		6/1/2014		6/1/2014				1/31/2015		10/1/2014		12/31/2012	
Expense Type	Projection		Projection		Projection		Survey		Survey				Trailing 12		Trailing 12		Actual	
	Per Unit	% of EGI	Per Unit	% of EGI	Per Unit	% of EGI	Per Unit	% of EGI	Per Unit	% of EGI	Per Unit	% of EGI	Per Unit	% of EGI	Per Unit	% of EGI	Per Unit	% of EGI
Real Estate Taxes	\$302	4.8%	\$604	7.7%	\$396	5.7%	\$1,130	10.2%	\$520	6.1%	\$715	8.5%	\$578	6.0%	\$827	5.9%	\$740	13.7%
Insurance	\$375	6.0%	\$350	4.5%	\$350	5.1%	\$185	1.7%	\$272	3.2%	\$433	4.6%	\$421	4.4%	\$593	4.2%	\$284	5.3%
Total Utilities	\$575	9.1%	\$500	6.4%	\$500	7.2%	\$208	1.9%	\$695	8.1%	\$1,101	11.4%	\$1,493	15.6%	\$1,314	9.3%	\$496	9.2%
Repairs and Maintenance	\$1,100	17.5%	\$725	9.3%	\$725	10.5%	\$696	6.3%	\$980	11.4%	\$765	8.6%	\$656	6.8%	\$1,007	7.1%	\$633	11.8%
Payroll/Benefits	\$730	11.6%	\$1,215	15.6%	\$1,230	17.8%	\$1,043	9.5%	\$1,377	16.0%	\$674	9.3%	\$1,172	12.2%	\$0	0.0%	\$851	15.8%
Marketing	\$25	0.4%	\$100	1.3%	\$25	0.4%	\$133	1.2%	\$94	1.1%	\$31	0.3%	\$92	1.0%	\$0	0.0%	\$0	0.0%
General and Administrative	\$600	9.5%	\$250	3.2%	\$500	7.2%	\$199	1.8%	\$475	5.5%	\$205	3.0%	\$298	3.1%	\$0	0.0%	\$315	5.9%
Management	\$378	6.0%	\$390	5.0%	\$414	6.0%	\$134	1.2%	\$422	4.9%	\$507	5.8%	\$336	3.5%	\$705	5.0%	\$479	8.9%
Miscellaneous	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Reserves	\$350	5.6%	\$350	4.5%	\$350	5.1%	\$0	0.0%	\$0	0.0%	\$83	0.9%	\$250	2.6%	\$0	0.0%	\$0	0.0%
Expenses	\$4,435	70.4%	\$4,484	57.5%	\$4,491	65.0%	\$3,728	33.8%	\$4,835	56.3%	\$4,514	52.5%	\$5,296	55.3%	\$4,446	31.6%	\$3,799	70.6%
Total without Taxes and Reserves	\$3,783	60.1%	\$3,530	45.3%	\$3,744	54.2%	\$2,598	23.6%	\$4,315	50.2%	\$3,716	43.1%	\$4,469	46.6%	\$3,619	25.7%	\$3,060	56.9%

* NAA data is from the National Apartment Association - 2014 Survey of Income and Expenses in Rental Apartment Communities.

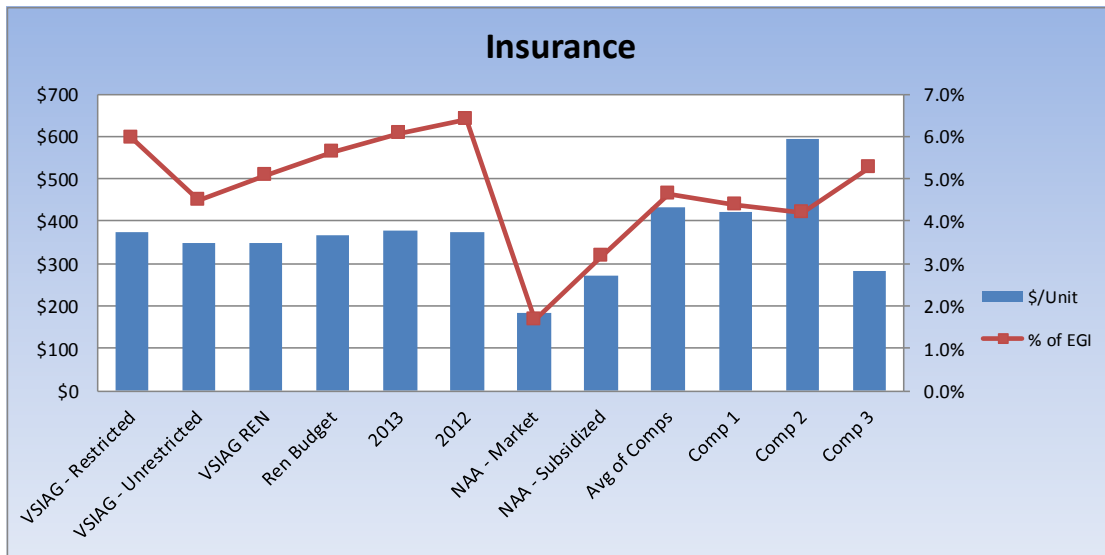
The following analysis is based primarily on expense per unit. Expense as a percent of EGI is provided for secondary support.

Real Estate Taxes

This expense category includes all local, county, and state property taxes, including special assessments. Our projection is based on the property assessment and local tax rate appropriate for the subject, as discussed in the Real Estate Tax Analysis.

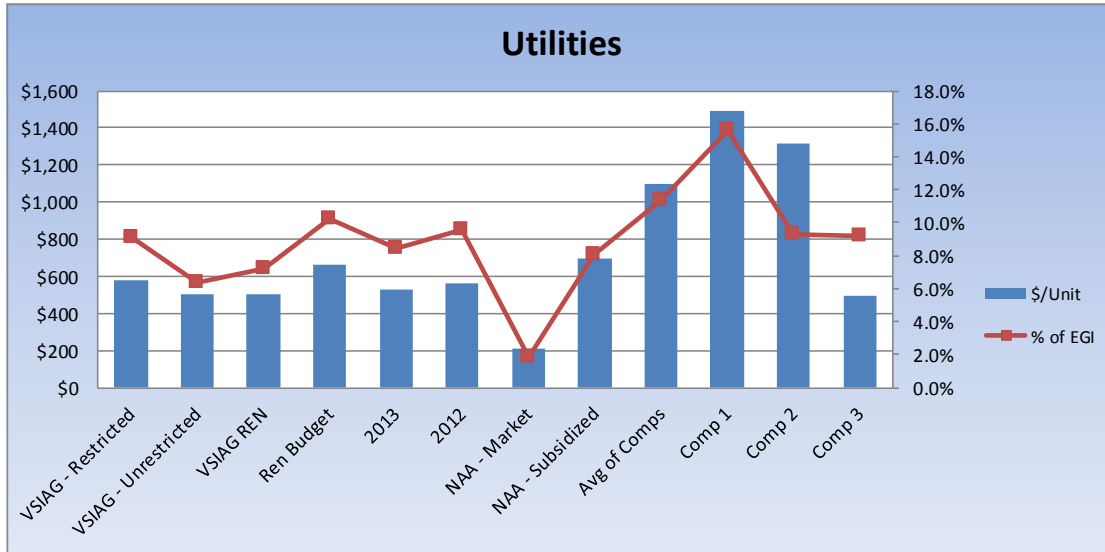
Insurance

Property and casualty insurance for the subject is accounted for in this line item. Primary weight has been placed on 2013 and 2012 historical data, when projecting the as-is expense. Based on the average of the comparables and historical data, we have projected \$375 per unit for the as is restricted scenario. Based on the extensive renovations and the renovated budget, we have projected an insurance expense of \$350 for the renovated unrestricted and restricted scenarios.



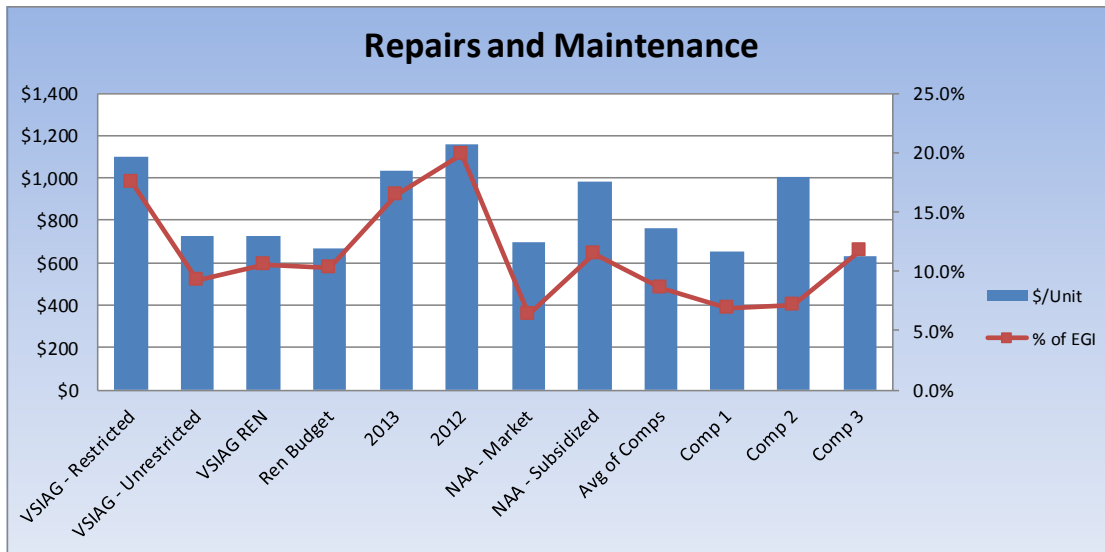
Utilities

Utilities expenses typically include heating fuel, electric, gas, water, sewer, and trash removal. In the case of the subject, the tenant will pay for electric heat, in-unit electric, and hot water. The owner will pay for water, sewer, and trash. In addition, the owner will be responsible for all utilities for common areas and for vacant units. Based on historical data, we have projected utilities of \$575 per unit for the as is scenario. As all appliances and HVAC is to be replaced, utilities should decrease moving forward. Placing primary weight on Comparable 3 and benchmark data, we have projected utility expenses of \$500 per unit for the unrestricted and restricted renovated scenarios.



Repairs & Maintenance

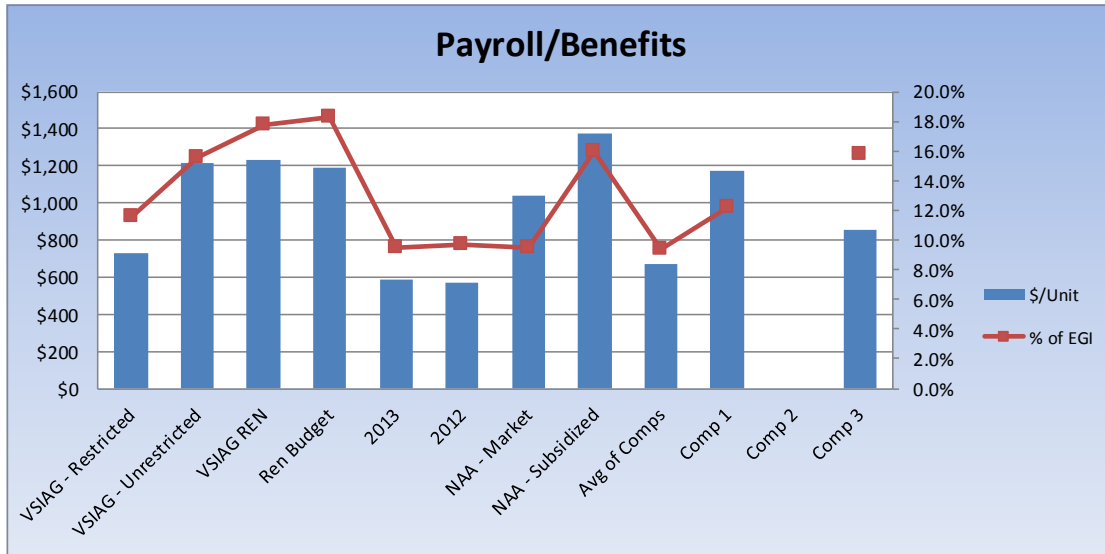
Expenses associated with routine maintenance on buildings, mechanical systems, and grounds. Payroll costs are excluded, but contract costs are included in the data. Turnover costs (painting and decorating) are also included. Capital costs associated with major alterations or replacements are not included. Based on historical data, we have projected an as-is expense of \$1,100 per unit. Considering the extensive renovations, we have projected a renovated unrestricted and restricted expense of \$700 per unit. This projection is slightly above the budget of \$670 per unit, but within the range of the comparable data.



Payroll/Benefits

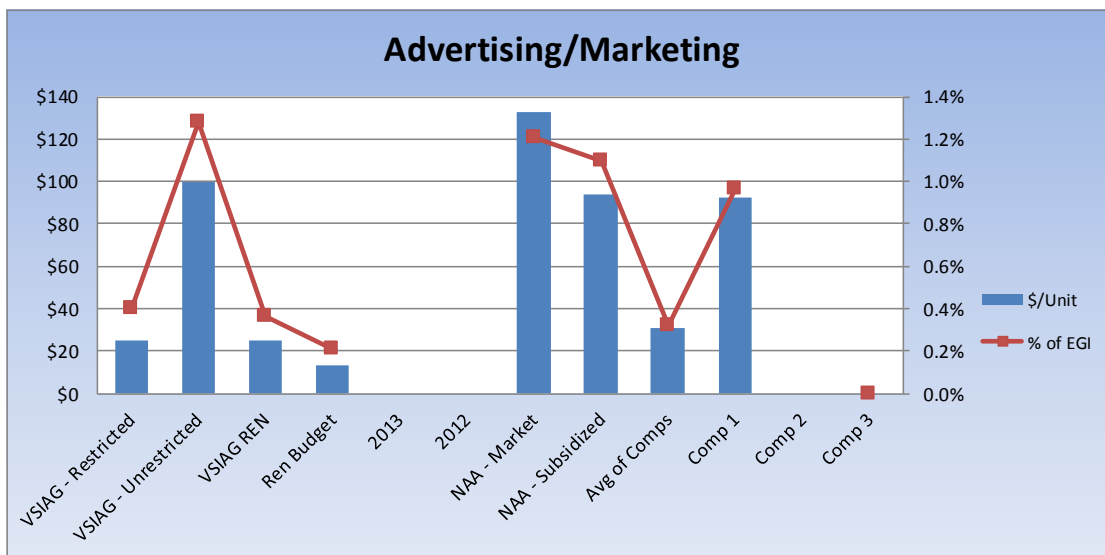
Payroll and benefits include all costs associated with personnel that work at the subject, including management, clerical, and maintenance staff. Our projection also includes the loss of income associated with the manager’s unit. Based on the historical data, we have

projected a payroll expense of \$600 per unit for as-is scenario and lost income of \$130 per unit for the manager’s unit. Placing primary weight on comparable 1 and benchmark data for market rate properties, we have projected payroll of \$1,100 per unit and \$115 per unit for the manager’s suite for the unrestricted scenario. Based on the budget, for the renovated restricted scenario, we have projected a payroll expense of \$1,100 per unit and a loss of income of \$130 per unit for the manager’s suite.



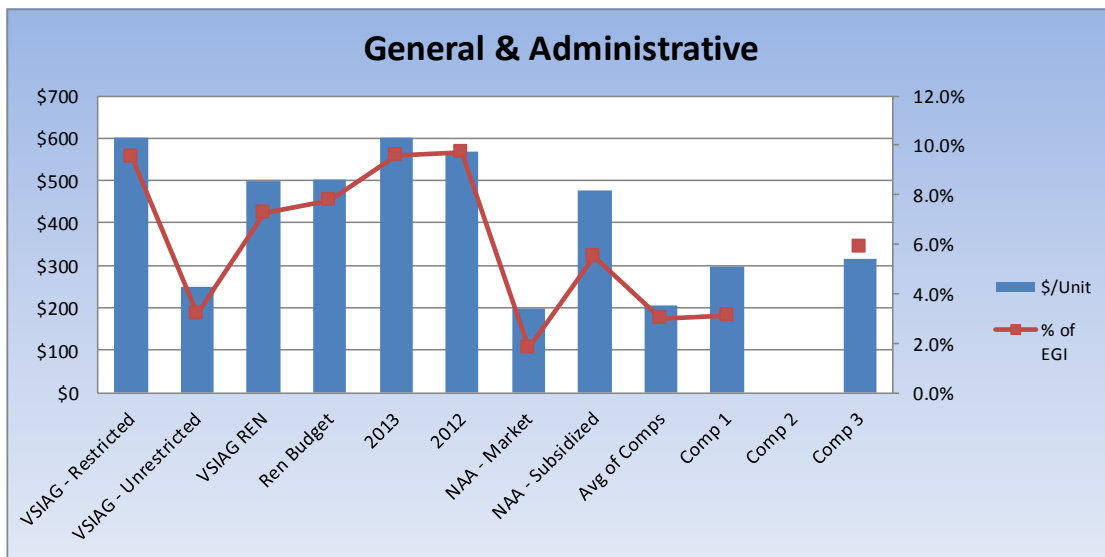
Advertising/Marketing

This category includes costs of all advertising and promotional activities. The developer’s budget totals \$14 per unit. Based on the data, we have projected an expense of \$100 per unit for the unrestricted scenario and \$25 per unit for the restricted as is and renovated scenarios.



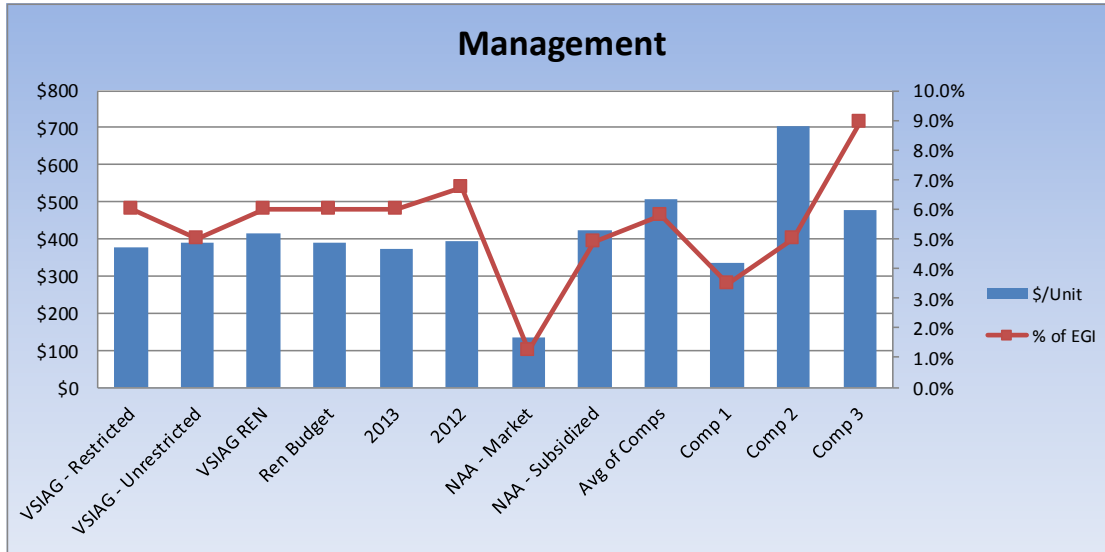
General & Administrative

General and administrative expenses cover a wide range of categories that are not as easily defined. Typically, this line item covers office-related expenses, legal and accounting fees, license fees, and business taxes. Supportive services are sometimes included in this category for restricted rent properties. Based on the historical data, we have projected an as-is expense of \$600 per unit. Placing primary weight on the benchmark data for market rate properties and Comparable 1, we have projected an unrestricted expense of \$250 per unit. The developer’s renovated budget totals \$504 per unit, which is in line with the benchmark data for subsidized properties. For the restricted renovated scenario, we have projected \$500 per unit.



Management

Management charges are typically a percentage of collected revenues and cover the supervision of rent collections, leasing, property maintenance, and bookkeeping, but exclude payroll and benefits costs of onsite personnel. Typical management fees for restricted rent properties range from 6.0% to 8.0%, while market rate properties tend to be in the range of 3.0% to 5.0%. For the unrestricted scenario, we have projected a management fee of 5.0%, placing primary weight on comparables 1 and 2. Based on the subject’s historical data and the budget, we have projected management fees of 6.0% for the as-is and renovated restricted scenarios.



Reserves

Buyers in the multifamily market typically include replacement reserves to reflect the costs of replacing items such as appliances, air conditioning equipment, carpeting, and other short-lived items. The developer projection of \$420 per unit is above the range of the data in the chart below. We have projected a reserve in line with the typical rate at \$350 per unit.

Replacement Reserves Per Unit	
Range	\$155 - \$390
Typical	\$362

Source: RealtyRates.com 1Q2015

Total Operating Expenses

The table below details the subject's projected, budgeted and historical expenses.

Expense	Restricted As Is		Unrestricted Renovated		Restricted Renovated		Budgeted Budget		2013		2012		2011	
	Amount	\$/Unit	Amount	\$/Unit	Amount	\$/Unit	Amount	\$/Unit	Amount	\$/Unit	Amount	\$/Unit	Amount	\$/Unit
Real Estate Taxes	\$16,000	\$302	\$32,000	\$604	\$21,000	\$396	\$33,000	\$623	\$19,215	\$363	\$22,443	\$423	\$33,038	\$623
Insurance	\$19,875	\$375	\$18,550	\$350	\$18,550	\$350	\$19,422	\$366	\$20,047	\$378	\$19,871	\$375	\$18,219	\$344
Utilities	\$30,475	\$575	\$26,500	\$500	\$26,500	\$500	\$35,257	\$665	\$27,979	\$528	\$29,759	\$561	\$30,776	\$581
Repairs/Maintenance	\$58,300	\$1,100	\$38,425	\$725	\$38,425	\$725	\$35,488	\$670	\$54,640	\$1,031	\$61,457	\$1,160	\$127,077	\$2,398
Payroll/Benefits	\$38,690	\$730	\$64,395	\$1,215	\$65,190	\$1,230	\$62,936	\$1,187	\$31,325	\$591	\$30,047	\$567	\$36,711	\$693
Advertising/Marketing	\$1,325	\$25	\$5,300	\$100	\$1,325	\$25	\$721	\$14	\$0	\$0	\$0	\$0	\$0	\$0
General/Administrative Management	\$31,800	\$600	\$13,250	\$250	\$26,500	\$500	\$26,727	\$504	\$31,860	\$601	\$30,079	\$568	\$15,317	\$289
Miscellaneous/Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Replacement Reserves	\$18,550	\$350	\$18,550	\$350	\$18,550	\$350	\$22,260	\$420	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$235,036	\$4,435	\$237,642	\$4,484	\$238,007	\$4,491	\$256,500	\$4,840	\$204,871	\$3,865	\$214,482	\$4,047	\$285,244	\$5,382
Net Operating Income	\$98,649	\$1,861	\$175,798	\$3,317	\$128,111	\$2,417	\$88,317	\$1,666	\$126,382	\$2,385	\$95,912	\$1,810	\$21,839	\$412

Our as-is projection is above historical data primarily due to the historical data not including an allocation for replacement reserves. Our projection of restricted renovated expenses are below the developer's budget based on our projection of real estate taxes and utilities.

Capitalization Rate

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

$$\text{NOI} \div \text{Sale Price} = \text{Capitalization Rate}$$

For example, if a property sells for \$500,000, and has a stabilized NOI of \$50,000, the indicated capitalization rate is 10%. We use the following methods to determine an appropriate capitalization rate for the subject: market extraction, national investor surveys, local market interviews, band of investment, and debt coverage ratio analysis.

Market Extracted Rates

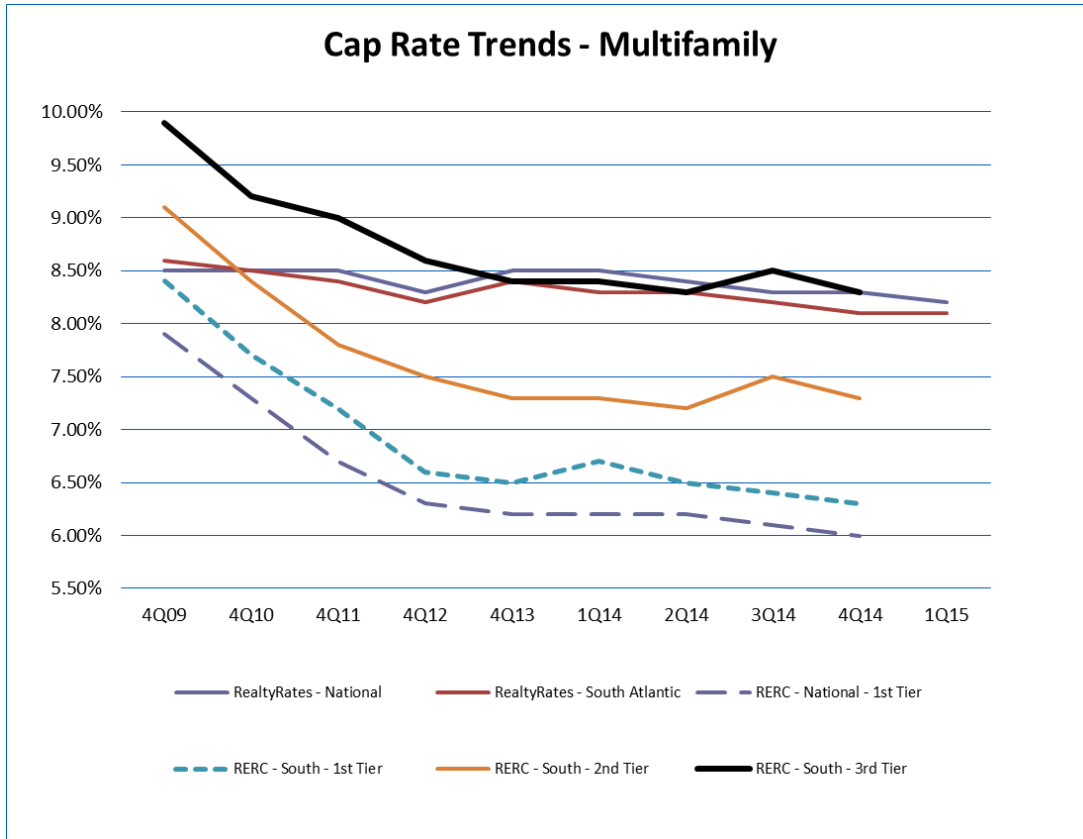
The table below details capitalization rates extracted from the market.

Comparable Sale Cap Rates					
Comparable	City	Price	Date	NOI	Cap Rate
1	Pooler	\$35,250,000	4/29/2013	\$1,938,750	5.50%
2	Pooler	\$30,540,000	2/21/2013	\$1,679,700	5.50%
3	Savannah	\$26,000,000	5/1/2012	\$1,586,000	6.10%
4	Port Wentworth	\$12,784,586	4/19/2012	\$997,198	7.80%
5	Savannah	\$1,075,000	4/22/2015	\$84,966	7.90%

Capitalization rates from the sale comparables exhibit a wide range of values due to differences in their characteristics as well as the reporting of income. We place minimal weight on the sales comparables for our determination of a capitalization rate for the subject.

National Investor Surveys

Data pertaining to investment grade properties from RERC is summarized below. The RERC survey separates cap rates based on three tiers. First Tier properties are new or newer quality construction in prime to good locations (average cap rate of 6.3%). Second Tier properties are aging, former first tier properties in good to average locations (average cap rate of 7.3%). Third Tier properties are older properties with functional inadequacies and/or marginal locations (average cap rate of 8.3%). We consider the subject to be a second tier property due to its age and size.



As illustrated in the chart above, capitalization rates have been trending downward, but more recently have slightly leveled off. According to the RERC 4Q2014 report, Second Tier cap rates range from 5.5% to 9.5% and average 7.3% in the South region. We would expect the appropriate rate for the subject to be below the average given its renovations and location.

The following table illustrates capitalization rates by RealtyRates.com for the first quarter of 2015 in the South Atlantic market.

RealtyRates.com MARKET SURVEY - 1st Quarter 2015*					
South Atlantic - Class A & B Apartments - 90+ Units					
	Atlanta	Charlotte/Gastonia Rock Hill	Raleigh/Durham Chapel Hill	Richmond Petersburg	Region
Operating Data					
Income					
Asking Rent	\$970	\$918	\$856	\$889	\$911
Effective Rent	\$892	\$848	\$750	\$831	\$837
Other Income	\$3	\$3	\$2	\$2	\$3
Total Income	\$894	\$851	\$753	\$834	\$840
Vacancy Rate	7.5%	6.3%	6.1%	6.5%	6.6%
EGI	\$827	\$797	\$707	\$780	\$785
Expenses					
Total Expenses	\$469	\$310	\$303	\$392	\$367
Expense Ratio	56.65%	38.93%	42.84%	50.25%	46.73%
NOI	\$359	\$487	\$404	\$388	\$418
Investment Data					
Avg Sale Price	\$54,881	\$69,128	\$61,890	\$58,279	\$61,938
OAR	7.8%	8.5%	7.8%	8.0%	8.1%
GRM	5.13	6.79	6.87	5.84	6.16
EGIM	5.53	7.23	7.29	6.23	6.58

As the previous table illustrates, the overall capitalization rate in the subject's market is approximately 8.1%. However, RealtyRates does not include reserves expenses. When including a typical \$25/unit/month in reserves expenses, the average capitalization rate is actually 7.61%.

Given the subject renovations and location in the Savannah historic district, we anticipate it would achieve a cap rate below the average. Overall, based on the National Investor Surveys, a capitalization rate within a range of 6.0% to 7.0% would be reasonable for the subject as an unrestricted property.

Local Market Interviews

John Gilbert, CCIM is the listing agent for Comparable 5. M. Gilbert expressed that class B and C properties in the market area typically attract capitalization rates in the range of 8.0% to 9.0%. He also expressed that institutional type class A properties can attract rates as low as 6.0%. This is for the overall Savannah market. We would expect a property in the subject location to have a lower than average cap rate.

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.

$$\text{Payments} \times 12 / \text{Original Loan Amount} = \text{Mortgage Constant } (R_M)$$

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.

$$\text{After Debt Service Profit} / \text{Equity Investment} = \text{Equity Cap Rate } (R_E)$$

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:

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

Debt Coverage Ratio Analysis

This technique develops a capitalization rate based on typical mortgage terms. There are four variables necessary for this method:

1. The loan-to-value ratio (M)
2. The mortgage interest rate (i)
3. The loan term (n)
4. The debt coverage ratio (DCR)

Items 1 through 3 are discussed above under the Band of Investment section. In this method it is also used to develop the mortgage constant (R_M). The debt coverage ratio is the factor by which income exceeds debt on an annual basis.

Formula:

$$\begin{aligned} \text{Debt Coverage Ratio} \times \text{Loan to Value Ratio} \times \text{Mortgage Constant} &= R_o \\ \text{or: } \text{DCR} \times M \times R_M &= R_o \end{aligned}$$

We have researched mortgage rates and terms typical for the subject within the market area. The table below details the Band of Investment and Debt Coverage Ratio Analyses calculations.

Capitalization Rate Calculations				
Capitalization Rate Variables				
Mortgage Interest Rate				4.80%
Loan Term (Years)				30
Loan To Value Ratio				75.0%
Debt Coverage Ratio				1.4
Equity Dividend Rate				10.00%
Band of Investment Analysis				
Mortgage Constant		Loan Ratio	Contributions	
0.062959843	x	75.0%	=	4.72%
Equity Dividend Rate		Equity Ratio		
10.00%	x	25.0%	=	2.50%
Band of Investment Capitalization Rate				7.22%
Debt Coverage Ratio Analysis				
Debt Coverage Ratio x Loan to Value Ratio x Mortgage Constant				
1.4 x 0.75 x 0.0629598425209602				
				=
				6.61%
Debt Coverage Ratio Capitalization Rate				6.61%

RealtyRates.com INVESTOR SURVEY - 1st Quarter 2015*						
APARTMENTS - ALL TYPES						
Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	0.50%	DCR Technique	1.10	0.041791	0.90	4.14
Debt Coverage Ratio	1.10	Band of Investment Technique				
Interest Rate	2.83%	Mortgage	90%	0.041791	0.037612	
Amortization	40.0	Equity	10%	0.065538	0.006554	
Mortgage Constant	0.041791	OAR				4.42
Loan-to-Value Ratio	90%	Surveged Rates				4.20
Equity Dividend Rate	6.55%					
Maximum						
Spread Over 10-Year Treasury	6.05%	DCR Technique	1.96	0.117326	0.50	11.50
Debt Coverage Ratio	1.96	Band of Investment Technique				
Interest Rate	8.38%	Mortgage	50%	0.117326	0.058663	
Amortization	15.0	Equity	50%	0.158064	0.079032	
Mortgage Constant	0.117326	OAR				13.77
Loan-to-Value Ratio	50%	Surveged Rates				13.08
Equity Dividend Rate	15.81%					
Average						
Spread Over 10-Year Treasury	2.54%	DCR Technique	1.43	0.067859	0.73	7.09
Debt Coverage Ratio	1.43	Band of Investment Technique				
Interest Rate	4.87%	Mortgage	73%	0.067859	0.049563	
Amortization	26	Equity	27%	0.116427	0.031392	
Mortgage Constant	0.067859	OAR				8.10
Loan-to-Value Ratio	73.0%	Surveged Rates				8.64
Equity Dividend Rate	11.64%					

Capitalization Rate Conclusion

Based on the preceding analysis, a going-in capitalization rate for the subject is indicated within a range of 6.0% to 7.5% as a market rate property and 50 basis points higher as a restricted rent property. We expect the appropriate rate as a restricted property to be higher than as a market rate property. Although restricted properties generally carry lower risk due to steadier income expectations, appreciation is generally minimal and the potential for upgrading to a higher use, such as a conversion to for-sale product, is not relevant due to the restrictions to remain affordable for a thirty to twenty year time period. Given the characteristics of the local market, competitive market position, and income characteristics we conclude to a capitalization rate at the low end of the range. A summary of our analysis of capitalization rates follows.

Capitalization Rate Summary			
Type	Low	High	Average
Market Extraction	5.50%	7.90%	6.56%
RERC	5.50%	9.50%	7.30%
Realty Rates			7.61%
Local Interviews	6.00%	9.00%	
Band of Investment			7.22%
DCR Analysis			6.61%
<hr/>			
		As Restricted	As Market
Conclusion		6.50%	6.00%

Direct Capitalization Analysis Conclusion

INCOME APPROACH INDICATED VALUE			
	Restricted As Is	Unrestricted	Restricted Renovated
Effective Gross Income	\$333,686	\$413,440	\$366,119
Expenses	\$235,036	\$237,642	\$238,007
Net Operating Income	\$98,649	\$175,798	\$128,111
Capitalization Rate	6.50%	6.00%	6.50%
Income Approach Value Indication - Stabilized	\$1,517,684	\$2,929,967	\$1,970,946
Rounded	\$1,520,000	\$2,930,000	\$1,970,000
<hr/>			
As Complete			
Stabilized Value Indication		\$2,930,000	\$1,970,000
Adjustments			
Lease-up Costs		\$110,000	\$54,000
Indicated Value		\$2,820,000	\$1,916,000
Rounded		\$2,820,000	\$1,920,000

Adjustments to Stabilization

An extensive renovation of approximately \$90,000 per unit is planned for the subject. The construction timeline is approximately 12-months. The developer has plans to keep tenants in occupancy through the construction period. For the restricted scenario, we have projected a conservative lease-up of three months. Under the hypothetical unrestricted scenario, all of the units would have to absorb. We have projected a lease-up period of six-months or about 9 units per month. In addition, we estimate a 20% developer incentive for taking on the risk of lease-up.

Stabilization Calculations						
Unit Type	Vacant	Contract/ Achievable	Monthly Potential	Absorption Months	Average Vacancy	Foregone Rent
Restricted						
Efficiency Sec 8	10	\$573	\$5,730			
1BR/1BA 60%	7	\$550	\$3,850			
1BR/1BA Sec 8	33	\$602	\$19,866			
2BR/1BA Sec 8	3	\$626	\$1,878			
Total/Average	53	\$591	\$31,324			
Less Vacant Units at Stabilization	3					
Units to be Absorbed	50	\$591	\$29,758	3	50.0%	\$44,637
Developer Profit					20.0%	\$8,927
Total						\$53,564
						Rounded
						\$54,000
Unrestricted						
Efficiency Sec 8	10	\$500	\$5,000			
1BR/1BA 60%	7	\$625	\$4,375			
1BR/1BA Sec 8	33	\$625	\$20,625			
2BR/1BA Sec 8	3	\$740	\$2,220			
Total/Average	53	\$608	\$32,220			
Less Vacant Units at Stabilization	3					
Units to be Absorbed	50	\$608	\$30,609	6	50.0%	\$91,827
Developer Profit					20.0%	\$18,365
Total						\$110,192
						Rounded
						\$110,000

Value of Low Income Housing Tax Credits

Low Income Housing Tax Credits (LIHTC) are awarded for specific projects by state agencies. Developers then sell the credits for equity that is utilized to build or renovate the subject property. The value of the Low Income Housing Tax Credits (LIHTC) is based on what the market would typically pay in a particular market for a particular type of product.

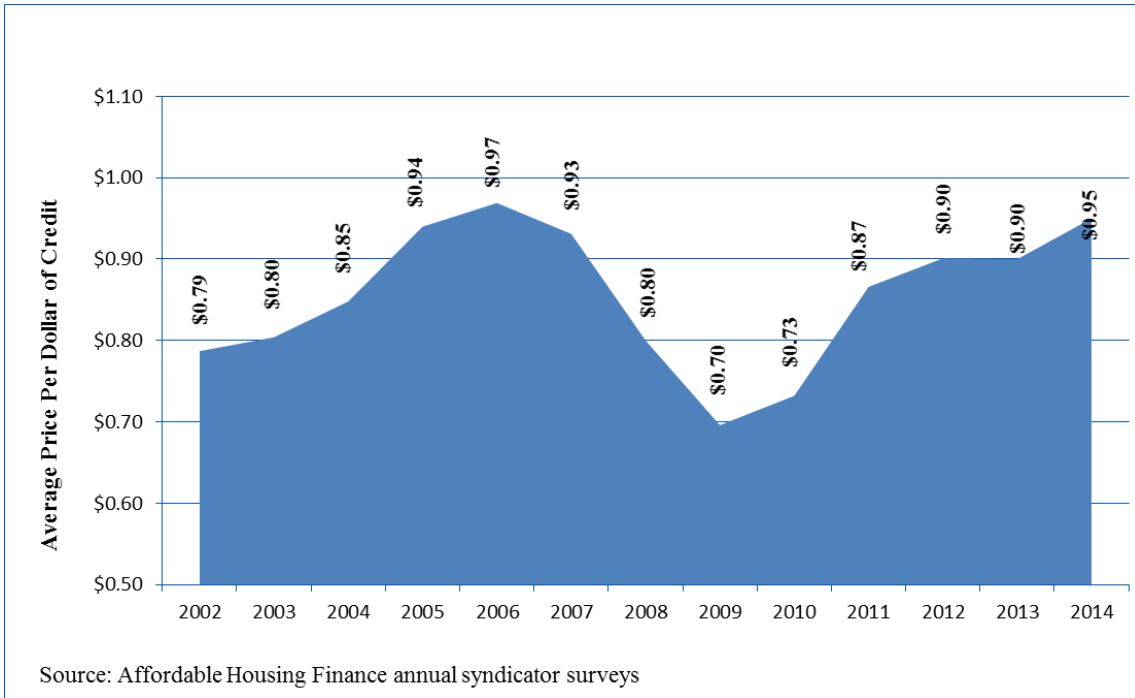
In the case of the subject, there is an award of LIHTC in the amount of \$373,621 in annual federal credits. The credits will be paid out over 10 years for a total LIHTC award of \$3,736,213. The subject developer has an agreement in place with NHT Equity, LLC to buy the credits for a price of \$0.91 per \$1.00 of credit.

Based on interviews with LIHTC syndicators and investors, we understand equity pricing to range for \$0.77 to \$1.10 per credit, depending in the quality of the proposed project, the developer, and the local market. Following is a summary of recent equity investments in LIHTC properties throughout the country.

**EQUITY INVESTMENTS IN LOW INCOME
HOUSING TAX CREDIT PROPERTIES**

State	Contract Price/Per \$ for Credits	Date of Contract
GA	\$0.770	8/1/12
GA	\$0.870	6/19/13
GA	\$0.870	6/20/13
WV	\$0.842	7/1/13
WV	\$0.820	8/8/13
MI	\$0.820	11/23/13
NC	\$0.860	12/19/13
NE	\$0.855	1/14/13
OH	\$0.901	2/13/14
OH	\$0.855	8/29/13
MI	\$0.900	1/22/14
MI	\$0.890	2/8/14
PA	\$0.980	12/10/13
IL	\$0.985	1/24/14
OH	\$0.900	2/21/13
OH	\$0.899	5/22/14
OH	\$0.890	4/4/12
OH	\$0.880	6/17/14
PA	\$1.010	5/27/14
KY	\$0.930	5/16/14
OH	\$0.920	8/13/14
OH	\$0.900	8/4/14
IL	\$0.990	6/20/14
NC	\$0.880	10/9/14
FL	\$0.985	8/19/14
FL	\$0.999	7/31/14
MS	\$0.883	12/1/14
SC	\$0.933	11/18/14
PA	\$1.020	6/19/14
OH	\$0.921	3/4/15
OH	\$1.000	11/19/14
OH	\$0.915	10/1/15
IL	\$0.935	2/5/15
MD	\$1.080	8/20/14
MI	\$1.028	4/15/15
Average	\$0.908	

Further support for LIHTC pricing is shown in the following graph. Pricing has been increasing since hitting a low point in 2009.



Based on the subject’s location, \$0.91 per federal credit is achievable.

FEDERAL TAX CREDIT EQUITY VALUE				
	Potential Annual Tax Credits	Total Credits	Contract Price	Total Equity Commitment
LIHTC Award and Contract for Equity*	\$373,621	\$3,736,213	\$0.91	\$3,399,954
	Equity Market Pricing Range		Potential Range of Equity for Subject Based on Market	
Equity Market Conditions	\$0.75	\$0.95	\$2,802,160	\$3,549,402
VSIAG Conclusion			Concluded Equity Price \$0.91 Rounded	VSIAG Concluded LIHTC Value \$3,399,954 \$3,400,000

* LIHTC Equity Partner: NHT Equity, LLC

There is an award of LIHTC in the amount of \$195,622 in annual state credits. The credits will be paid out over 10 years for a total LIHTC award of \$1,956,216. The subject developer has an agreement in place with Sugar Creek Capital to buy the credits for a price of \$0.46 per \$1.00 of credit.

**EQUITY INVESTMENTS IN STATE TAX CREDIT
PROPERTIES**

City	State	Contract Price/Per \$ for Credits	Date of Contract
Atlanta	GA	\$0.29	2008
Decatur	GA	\$0.25	2009
Tifton	GA	\$0.25	2009
Atlanta	GA	\$0.25	2009
Dahlonega	GA	\$0.30	2012
Brunswick	GA	\$0.32	2013
<i>Average</i>		\$0.28	

The data in the previous table is the most recent data we were able to find for the area. We spoke with a representative with the DCA, who indicated that pricing has increased significantly over the past couple of years. Unfortunately, a database for the pricing is not collected by the DCA, but she mentioned that historical pricing has ranged from \$0.25 to \$0.32 and has recently increased to \$0.37 to \$0.42. The developer has confirmed a sales price for the state credits of \$0.46 per credit. The representative from the DCA expressed that \$0.46 is not out of the range, but near the high end of contracts that she has seen. Based on the data collected, the contract rate appears reasonable.

STATE TAX CREDIT EQUITY VALUE					
	Potential Annual Tax Credits		Total Credits	Contract Price	Total Equity Commitment
LIHTC Award and Contract for Equity*	\$195,622	\$1,956,216	\$0.46	\$899,859	
	Equity Market Pricing Range		Potential Range of Equity for Subject Based on Market		
Equity Market Conditions	\$0.37	\$0.42	\$723,800	\$821,611	
			Concluded Equity Price	VSIAG Concluded LIHTC Value	
VSIAG Conclusion			\$0.46	\$899,859	
			Rounded	\$900,000	

* LIHTC Equity Partner: Sugar Creek Capital

Historic Tax Credits

The subject will also receive Historic Tax Credits. Based on interviews with HTC syndicators and investors, we understand equity pricing to average near \$0.90 per credit, depending in the quality of the proposed project, the developer, and the local market. Following is a summary of recent equity investments in HTC properties.

EQUITY INVESTMENTS IN HISTORIC TAX CREDIT PROPERTIES

City	Market or Affordable	State	Contract Price/Per \$ for		Date of Contract
			Credits		
Cincinnati	Affordable	OH	\$0.85		3/3/11
Minneapolis	Affordable	MN	\$0.86		10/3/12
Cleveland	Affordable	OH	\$0.90		2/21/13
Detroit	Affordable	MI	\$0.90		1/22/14
Detroit	Market	MI	\$1.10		2/11/13
Cleveland	Affordable	OH	\$0.90		2/21/13
Detroit	Affordable	MI	\$0.90		12/23/13
				<u>\$0.92</u>	

The current agreement to purchase credits at the subject are below the data in the chart above and overall appears reasonable.

Historic Credit Equity Value			
	Total Credits	Contract Price	Total Equity Commitment
Historic Award and Contract for Equity	\$1,226,035	\$0.60	\$735,621

Value of Beneficial Financing

The subject benefits from below market financing and we value this benefit by comparing the terms of the subject financing with market financing. The prospective owner will assume an FHA loan at 3.1% interest for a 32 year term.

Current market interest rates for multifamily investments range from 2.5% to 8.5% and average 4.5% according to RealtyRates.com. We applied a 4.5% rate to the subject mortgage to estimate market financing. The difference between the annual payment at market and the payment of the subject financing is discounted back at a conservative discount rate to establish the market value of the beneficial financing, as shown in the following tables.

LOAN TERMS		
	Assumed FHA Loan	Market Terms
Loan Principal	\$1,053,905	\$1,053,905
Interest Rate	3.1%	4.5%
Amortization	384	384
Monthly Payment	\$4,302	\$5,184
Annual Payments	\$51,619	\$62,203

Typically, market loans utilize a term of no more than 30 years. As the subject's assumable has 32-years remaining, we have analyzed the value of the beneficial financing assuming a market term of 32 years.

As the difference in payment is consistent over the terms of the loans, we use a simple present value calculation to determine the value of the beneficial financing. We utilize a conservative 8.0% for the discount rate.

VALUE OF BENEFICIAL FINANCING	
Annual Savings	\$10,584
Length of Loans - Years	32
Discount Rate	8.0%
Value of Total Savings	\$121,029
Rounded	\$120,000

Value at Loan Maturity

We have estimated the value of the unrestricted property at the loan maturity date. We have estimated income increases at 2% and expenses at 3%. Additionally, management fees have been set at 5.0% of the EGI.

Value at Loan Maturity

VALUE AT LOAN MATURITY-UNRESTRICTED										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Rental Income	\$429,900	\$438,498	\$447,268	\$456,213	\$465,338	\$474,644	\$484,137	\$493,820	\$503,696	\$513,770
Other Income	\$5,300	\$5,406	\$5,514	\$5,624	\$5,737	\$5,852	\$5,969	\$6,088	\$6,210	\$6,334
Potential Gross Income	\$435,200	\$443,904	\$452,782	\$461,838	\$471,074	\$480,496	\$490,106	\$499,908	\$509,906	\$520,104
Vacancy Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Vacancy	-\$21,760	-\$22,195	-\$22,639	-\$23,092	-\$23,554	-\$24,025	-\$24,505	-\$24,995	-\$25,495	-\$26,005
Effective Gross Income	\$413,440	\$421,709	\$430,143	\$438,746	\$447,521	\$456,471	\$465,601	\$474,913	\$484,411	\$494,099
Expenses										
Real Estate Taxes	\$32,000	\$32,960	\$33,949	\$34,967	\$36,016	\$37,097	\$38,210	\$39,356	\$40,537	\$41,753
Insurance	\$18,550	\$19,107	\$19,680	\$20,270	\$20,878	\$21,505	\$22,150	\$22,814	\$23,499	\$24,204
Utilities	\$26,500	\$27,295	\$28,114	\$28,957	\$29,826	\$30,721	\$31,642	\$32,592	\$33,569	\$34,576
Repairs/Maintenance	\$38,425	\$39,578	\$40,765	\$41,988	\$43,248	\$44,545	\$45,881	\$47,258	\$48,676	\$50,136
Payroll/Benefits	\$64,395	\$66,327	\$68,317	\$70,366	\$72,477	\$74,651	\$76,891	\$79,198	\$81,574	\$84,021
Advertising/Marketing	\$5,300	\$5,459	\$5,623	\$5,791	\$5,965	\$6,144	\$6,328	\$6,518	\$6,714	\$6,915
General/Administrative Management	\$13,250	\$13,648	\$14,057	\$14,479	\$14,913	\$15,360	\$15,821	\$16,296	\$16,785	\$17,288
Replacement Reserves	\$20,672	\$21,085	\$21,507	\$21,937	\$22,376	\$22,824	\$23,280	\$23,746	\$24,221	\$24,705
Total Expenses	\$18,550	\$19,107	\$19,680	\$20,270	\$20,878	\$21,505	\$22,150	\$22,814	\$23,499	\$24,204
NOI	\$237,642	\$244,565	\$251,691	\$259,026	\$266,578	\$274,351	\$282,354	\$290,591	\$299,072	\$307,802
	\$175,798	\$177,144	\$178,452	\$179,720	\$180,943	\$182,120	\$183,247	\$184,321	\$185,339	\$186,297
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Rental Income	\$524,046	\$534,527	\$545,217	\$556,121	\$567,244	\$578,589	\$590,161	\$601,964	\$614,003	\$626,283
Other Income	\$6,461	\$6,590	\$6,722	\$6,856	\$6,993	\$7,133	\$7,276	\$7,421	\$7,570	\$7,721
Potential Gross Income	\$530,506	\$541,116	\$551,939	\$562,978	\$574,237	\$585,722	\$597,436	\$609,385	\$621,573	\$634,004
Vacancy Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Vacancy	-\$26,525	-\$27,056	-\$27,597	-\$28,149	-\$28,712	-\$29,286	-\$29,872	-\$30,469	-\$31,079	-\$31,700
Effective Gross Income	\$503,981	\$514,061	\$524,342	\$534,829	\$545,525	\$556,436	\$567,565	\$578,916	\$590,494	\$602,304
Expenses										
Real Estate Taxes	\$43,005	\$44,295	\$45,624	\$46,993	\$48,403	\$49,855	\$51,351	\$52,891	\$54,478	\$56,112
Insurance	\$24,930	\$25,678	\$26,448	\$27,241	\$28,059	\$28,900	\$29,767	\$30,660	\$31,580	\$32,528
Utilities	\$35,614	\$36,682	\$37,783	\$38,916	\$40,084	\$41,286	\$42,525	\$43,800	\$45,114	\$46,468
Repairs/Maintenance	\$51,640	\$53,189	\$54,785	\$56,428	\$58,121	\$59,865	\$61,661	\$63,511	\$65,416	\$67,378
Payroll/Benefits	\$86,541	\$89,138	\$91,812	\$94,566	\$97,403	\$100,325	\$103,335	\$106,435	\$109,628	\$112,917
Advertising/Marketing	\$7,123	\$7,336	\$7,557	\$7,783	\$8,017	\$8,257	\$8,505	\$8,760	\$9,023	\$9,294
General/Administrative Management	\$17,807	\$18,341	\$18,891	\$19,458	\$20,042	\$20,643	\$21,262	\$21,900	\$22,557	\$23,234
Replacement Reserves	\$25,199	\$25,703	\$26,217	\$26,741	\$27,276	\$27,822	\$28,378	\$28,946	\$29,525	\$30,115
Total Expenses	\$24,930	\$25,678	\$26,448	\$27,241	\$28,059	\$28,900	\$29,767	\$30,660	\$31,580	\$32,528
NOI	\$316,789	\$326,040	\$335,564	\$345,369	\$355,463	\$365,854	\$376,551	\$387,564	\$398,902	\$410,573
	\$187,192	\$188,020	\$188,777	\$189,460	\$190,062	\$190,582	\$191,013	\$191,352	\$191,593	\$191,731
	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Rental Income	\$638,809	\$651,585	\$664,617	\$677,909	\$691,467	\$705,297	\$719,402	\$733,790	\$748,466	\$763,436
Other Income	\$7,876	\$8,033	\$8,194	\$8,358	\$8,525	\$8,695	\$8,869	\$9,046	\$9,227	\$9,412
Potential Gross Income	\$646,684	\$659,618	\$672,810	\$686,267	\$699,992	\$713,992	\$728,272	\$742,837	\$757,694	\$772,848
Vacancy Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Vacancy	-\$32,334	-\$32,981	-\$33,641	-\$34,313	-\$35,000	-\$35,700	-\$36,414	-\$37,142	-\$37,885	-\$38,642
Effective Gross Income	\$614,350	\$626,637	\$639,170	\$651,953	\$664,992	\$678,292	\$691,858	\$705,695	\$719,809	\$734,205
Expenses										
Real Estate Taxes	\$57,796	\$59,529	\$61,315	\$63,155	\$65,049	\$67,001	\$69,011	\$71,081	\$73,214	\$75,410
Insurance	\$33,503	\$34,508	\$35,544	\$36,610	\$37,708	\$38,840	\$40,005	\$41,205	\$42,441	\$43,714
Utilities	\$47,862	\$49,298	\$50,777	\$52,300	\$53,869	\$55,485	\$57,150	\$58,864	\$60,630	\$62,449
Repairs/Maintenance	\$69,400	\$71,482	\$73,626	\$75,835	\$78,110	\$80,453	\$82,867	\$85,353	\$87,914	\$90,551
Payroll/Benefits	\$116,305	\$119,794	\$123,387	\$127,089	\$130,902	\$134,829	\$138,874	\$143,040	\$147,331	\$151,751
Advertising/Marketing	\$9,572	\$9,860	\$10,155	\$10,460	\$10,774	\$11,097	\$11,430	\$11,773	\$12,126	\$12,490
General/Administrative Management	\$23,931	\$24,649	\$25,388	\$26,150	\$26,935	\$27,743	\$28,575	\$29,432	\$30,315	\$31,224
Replacement Reserves	\$30,718	\$31,332	\$31,958	\$32,598	\$33,250	\$33,915	\$34,593	\$35,285	\$35,990	\$36,710
Total Expenses	\$33,503	\$34,508	\$35,544	\$36,610	\$37,708	\$38,840	\$40,005	\$41,205	\$42,441	\$43,714
NOI	\$422,891	\$435,577	\$448,645	\$462,104	\$475,967	\$490,246	\$504,954	\$520,102	\$535,705	\$551,776
	\$191,459	\$197,203	\$203,119	\$209,213	\$215,489	\$221,954	\$228,613	\$235,471	\$242,535	\$249,811
	2045	2046	2047	2048						
Rental Income	\$778,704	\$794,278	\$794,279	\$794,280						
Other Income	\$9,600	\$9,792	\$9,988	\$10,188						
Potential Gross Income	\$788,305	\$804,071	\$804,268	\$804,468						
Vacancy Rate	5.00%	5.00%	5.00%	5.00%						
Vacancy	-\$39,415	-\$40,204	-\$40,213	-\$40,223						
Effective Gross Income	\$748,889	\$763,867	\$764,054	\$764,245						
Expenses										
Real Estate Taxes	\$77,672	\$80,003	\$82,403	\$84,875						
Insurance	\$45,026	\$46,376	\$47,768	\$49,201						
Utilities	\$64,322	\$66,252	\$68,240	\$70,287						
Repairs/Maintenance	\$93,268	\$96,066	\$98,948	\$101,916						
Payroll/Benefits	\$156,304	\$160,993	\$165,822	\$170,797						
Advertising/Marketing	\$12,864	\$13,250	\$13,648	\$14,057						
General/Administrative Management	\$32,161	\$33,126	\$34,120	\$35,143						
Replacement Reserves	\$37,444	\$38,193	\$38,203	\$38,212						
Total Expenses	\$45,026	\$46,376	\$47,768	\$49,201						
NOI	\$564,088	\$580,636	\$596,918	\$613,689						
	\$184,802	\$183,231	\$167,136	\$150,555						

Based on our projections, the NOI at loan maturity is \$150,555. We have applied the loan maturity date NOI at a terminal capitalization rate of 7.0%, which is 100 basis points above the going in capitalization rate. This rate has been determined by RERC 1st quarter 2015 data indicating that terminal capitalization rates, on average are 40 basis points higher than going-in capitalization rates. Therefore, we have estimated a 100 basis point premium above the unrestricted going-in capitalization rate.

RERC Rates			
	Low	High	Average
South First Tier	5.50%	9.00%	7.10%
South Second Tier	6.50%	10.00%	7.70%
South Third Tier	7.50%	12.00%	9.10%

The chart below illustrates the calculations utilized to provide a value opinion of the subject at loan maturity.

Value at Loan Maturity	
NOI	\$150,555
Terminal Rate	7.0%
Value of Total Savings	\$2,150,792
Rounded	\$2,150,000

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.

Summary of Market Value Indications						
Approach	As if Vacant Land	As Is	Upon Completion Unrestricted	Upon Completion Restricted	Stabilized Unrestricted	Stabilized Restricted
Cost Approach	Not Used	N/A	N/A	N/A	N/A	N/A
Sales Comparison Approach	\$290,000	N/A	\$2,540,000	N/A	\$2,650,000	N/A
Income Capitalization Approach	Not Used	\$1,520,000	\$2,820,000	\$1,920,000	\$2,930,000	\$1,970,000
Reconciled	\$290,000	\$1,520,000	\$2,820,000	\$1,920,000	\$2,930,000	\$1,970,000

Cost Approach

The cost approach is generally considered reliable for newer properties that have no significant amount of accrued depreciation. As previously discussed, the Cost Approach is judged to be inapplicable and is not utilized.

Sales Comparison Approach

The sales comparison approach is generally considered reliable in an active market when there are adequate sales with sufficient quantity and quality of data. In addition, it is typically the most relevant method for owner-user properties, because it directly considers the prices of alternative properties with similar utility for which potential buyers would be competing. Significant adjustments are required in this analysis for many of the sales because of a variety of differences when compared to the subject. This reduces the reliability of this approach. As a result, the sales comparison approach is given secondary weight and used primarily as support for the income capitalization approach. As noted previously, the sales comparison approach is applicable only for the land value and for the unrestricted value, it is not utilized for the restricted values due to the lack of comparable restricted rent sales.

Income Approach – Direct Capitalization

Typically, the income capitalization approach is given greatest weight when analyzing investment properties because the likely purchaser is an investor and investors typically rely most on income capitalization. The value indication based on income capitalization is supported by market data on income, expenses, and expected rates of return. The income capitalization approach is given greatest weight in this analysis for the above stated reasons.

Final Value Conclusion

Based on the data and analyses developed in this appraisal, we have reconciled to the following value conclusions, as of February 2, 2015, subject to the Limiting Conditions and Assumptions of this appraisal.

VALUE CONCLUSIONS						
Value Premise	Value Perspective	Interest	Date	Value Conclusions	FF&E	Real Property Value
As if Vacant Land	Current	Fee Simple	2/2/2015	\$290,000		\$290,000
As Is	Current	Leased Fee	2/2/2015	\$1,520,000		\$1,520,000
Upon Completion Unrestricted	Hypothetical	Fee Simple	2/2/2015	\$2,820,000	\$138,000	\$2,682,000
Upon Completion Restricted	Hypothetical	Leased Fee	2/2/2015	\$1,920,000	\$138,000	\$1,782,000
Stabilized Unrestricted	Hypothetical	Fee Simple	2/2/2015	\$2,930,000	\$138,000	\$2,792,000
Stabilized Restricted	Hypothetical	Leased Fee	2/2/2015	\$1,970,000	\$138,000	\$1,832,000
Valuation of Tax Credits				\$5,035,621		
Value of Beneficial Financing				\$120,000		
Investment Value				\$5,155,621		
Prospective Unrestricted Market Value at Loan Maturity	Hypothetical	Fee Simple	2/2/2015	\$2,150,000	\$0	\$2,150,000

Hypothetical Conditions - A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis:

- The hypothetical value opinion as unrestricted assumes that the subject is operating without any income or rent restrictions or subsidies.
- The upon completion and stabilization value opinions assume the proposed tax allocations have been awarded and the property is completed or stabilized.

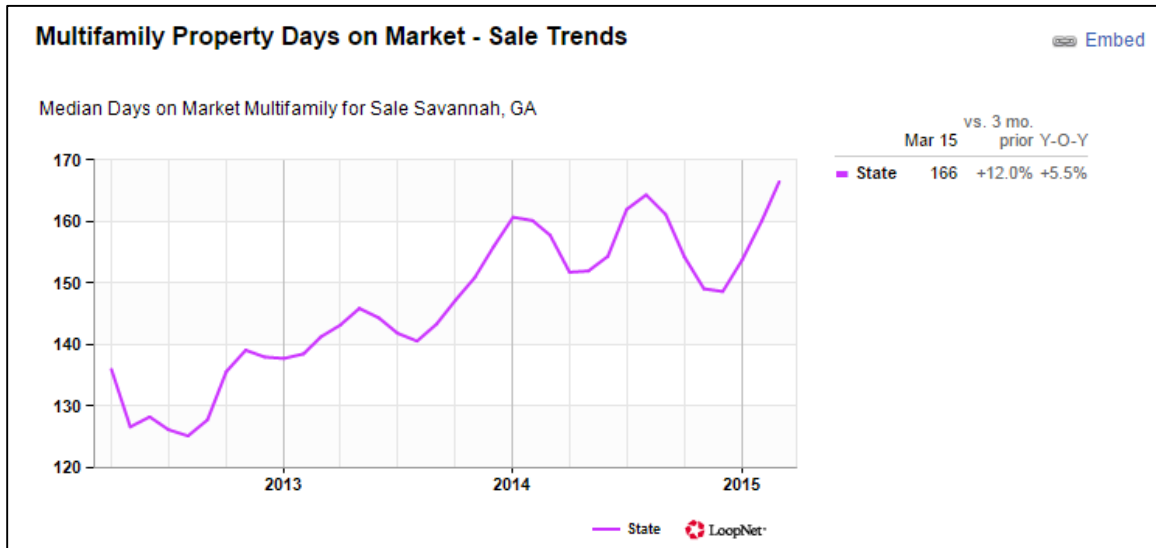
Extraordinary Assumptions - An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions:

- The subject has a long term Section 8 contract and we assume this contract will be in place for the life of the investment in our restricted scenarios.
- We assume the renovations will be completed with quality materials and the subject will be average for the market, as discussed in this report.
- The subject is a legal non-conforming use because it features improvements that require a lot size of 41,760 square feet, larger than the existing site of 37,461 square feet. We assume that the property could be rebuilt to its current configuration.

Exposure and Marketing Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Marketing time is an estimate of the amount of time it might take to sell a property at the estimated market value immediately following the effective date of value.

Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local market, presented earlier in this report, it is our opinion that the probable exposure time for the property is 6 to 12 Months. We foresee no significant changes in market conditions in the near term; therefore, it is our opinion that a reasonable marketing period is likely to be the same as the exposure time. Accordingly, we estimate the subject’s marketing period is 6 to 12 Months. Our estimate is supported by the following national investor survey data. Insert relevant industry benchmark data for marketing time.



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 are our personal, impartial, and unbiased professional analyses, opinions and conclusions.
- We have no present or prospective future interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- We certify that, to the best of our knowledge and belief, our analyses, opinions and conclusions were developed, and this report complies with, the Code of Professional Ethics and Standards of Professional Appraisal Practice 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.
- We certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
- The appraiser has completed a Rent Comparable Study for the subject property within three years of the effective date of valuation.
- David W. Ross, Jr. made a visit to the property that is the subject of this report. James Eggerding has not made a visit to the subject property.

- As of the date of this report, David W. Ross, Jr. and James Eggerding has completed the continuing education program of the Appraisal Institute.



David W. Ross, Jr., MAI, FRICS
Certified General Real Estate Appraiser
Georgia License: 348032



James Eggerding, MAI
Senior Appraiser

Limiting Conditions and Assumptions

This appraisal report and all of the appraiser's work in connection with the appraisal assignment are subject to the limiting conditions and all other terms stated in the report. Any use of the appraisal by any party, regardless of whether such use is authorized or intended by the appraiser, constitutes acceptance of all such limiting conditions and terms.

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.

Assumptions

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. Also, the property is in compliance with all federal, state and local laws, regulations and codes.

There are no existing judgments or pending or threatened litigation that could affect the value of the property.

There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.

The information provided by others is believed to be reliable, but no warranty is given for its accuracy.

The appraisal report and value conclusion for an appraisal assumes the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

Limiting Conditions

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.

An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.

Limiting Conditions and Assumptions

The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.

No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.

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 Vogt Santer Insights Appraisal Group. 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 responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.

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.

All engineering studies are assumed to be correct. We have made no survey of the property and assume no responsibility in connection with such matters. The plot plans and illustrative materials in this report are included only to help the reader visualize the property.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based

Limiting Conditions and Assumptions

upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.

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.

We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.

Vogt Santer Insights Appraisal Group is not a building or environmental inspector. We do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.

The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.

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) Vogt Santer Insights Appraisal Group's regular per diem rate plus expenses.

Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.

If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.

No consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.

The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and

unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

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. Vogt Santer Insights Appraisal Group 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.**

The appraisal is also subject to the following:

Hypothetical Conditions - A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis:

- The hypothetical value opinion as unrestricted assumes that the subject is operating without any income or rent restrictions or subsidies.
- The upon completion and stabilization value opinions assume the proposed tax allocations have been awarded and the property is completed or stabilized.

Extraordinary Assumptions - An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions:

- The subject has a long term Section 8 contract and we assume this contract will be in place for the life of the investment in our restricted scenarios.
- We assume the renovations will be completed with quality materials and the subject will be average for the market, as discussed in this report.
- The subject is a legal non-conforming use because it features improvements that require a lot size of 41,760 square feet, larger than the existing site of 37,461 square feet. We assume that the property could be rebuilt to its current configuration.

Definitions – Delete this Section for Summary Reports

The source of the following definitions is *The Dictionary of Real Estate Appraisal, Fifth Edition*, Appraisal Institute, Chicago, Illinois, 2010, unless otherwise noted.

Amenity

A tangible or intangible benefit of real property that enhances its attractiveness or increases the satisfaction of the user. Natural amenities may include a pleasant location near water or a scenic view of the surrounding area; man-made amenities include swimming pools, tennis courts, community buildings, and other recreational facilities.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Class of Apartment Property

For the purposes of comparison, apartment properties are grouped into three classes. These classes represent a subjective quality rating of buildings, which indicates the competitive ability of each building to attract similar types of tenants. Combinations of factors such as rent, building finishes, system standards and efficiency, building amenities, location/accessibility, and market perception are used as relative measures.

Class A apartment properties are the most prestigious properties competing for the premier apartment tenants, with rents above average for the area. Buildings have high-quality standard finishes, architectural appeal, state-of-the-art systems, exceptional accessibility, and a definite market presence.

Class B apartment properties compete for a wide range of users, with rents in the average range for the area. Class B buildings do not compete with Class A buildings at the same price. Building finishes are fair to good for the area, and systems are adequate.

Class C apartment properties compete for tenants requiring functional space at rents below the average for the area. Class C buildings are generally older, and are lower in quality and condition.

(Adapted from “Class of Office Building” in The Dictionary of Real Estate Appraisal.)

Deferred Maintenance

Needed repairs or replacement of items that should have taken place during the course of normal maintenance.

Depreciation

A loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

Disposition Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a future exposure time specified by the client.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time specified by the client.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date of Appraisal

The date on which the analyses, opinions, and advice in an appraisal, review, or consulting service apply.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur’s compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.

2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Excess Land; Surplus Land

Excess Land: Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued independently.

Surplus Land: Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

Exposure Time

1. The time a property remains on the market.
2. 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.

Fee Simple Estate

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

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.

Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.

Insurable Value

Value used by insurance companies as the basis for insurance. Often considered to be replacement or reproduction cost plus allowances for debris removal or demolition less deterioration and noninsurable items. Sometimes cash value or market value, but often entirely a cost concept. (Source: *Marshall Valuation Service*)

Lease

A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e, a lease).

Leasehold Interest

The tenant’s possessory interest created by a lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars, or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42 [g])

Multifamily Property Type

Residential structure containing five or more dwelling units with common areas and facilities. *(Source: Appraisal Institute Commercial Data Standards and Glossary of Terms, Chicago, Illinois, 2004 [Appraisal Institute])*

Multifamily Classifications

Garden/Low Rise Apartments: A multifamily development of two- or three-story, walk-up structures built in a garden-like setting; customarily a suburban or rural-urban fringe development. *(Source: Appraisal Institute)*

Mid/High-Rise Apartment Building: A multifamily building with four or more stories, typically elevator-served. *(Source: Appraisal Institute)*

Prospective Opinion of Value

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

Rentable Floor Area (RFA)

Rentable area shall be computed by measuring inside finish of permanent outer building walls or from the glass line where at least 50% of the outer building wall is glass. Rentable area shall also include all area within outside walls less stairs, elevator shafts, flues, pipe shafts, vertical ducts, air conditioning rooms, fan rooms, janitor closets, electrical closets, balconies and such other rooms not actually available to the tenant for his furnishings and personnel and their enclosing walls. No deductions shall be made for columns and projections unnecessary to the building. *(Source: Income/Expense Analysis, 2010 Edition – Conventional Apartments, Institute of Real Estate Management, Chicago, Illinois)*

Replacement Cost

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

Reproduction Cost

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

Room Count

A unit of comparison used primarily in residential appraisal. No national standard exists on what constitutes a room. The generally accepted method is to consider as separate rooms only those rooms that are effectively divided and to exclude bathrooms.

Stabilized Income

Income at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property; projected income that is subject to change, but has been adjusted to reflect an equivalent, stable annual income.

Addendum A – Appraiser Qualifications

Professional Qualifications
David W. Ross, Jr., MAI, FRICS
Phone: 614.884.2201
Email: dross@vsinsights.com

Experience

Mr. Ross is the President of Vogt Santer Insights Appraisal Group and has over 20 years of experience in real estate consulting, development, and valuation. He has worked for a national appraisal company, a national syndicator for tax credit housing, a commercial real estate developer, and a market research consulting firm. This broad range of experience has allowed Mr. Ross to become familiar with all types of real estate and gain local knowledge for most markets throughout the United States. Extensive knowledge of LIHTC markets has resulted in invitations to speak at industry conferences. Mr. Ross has served on panels at the National Council of Affordable Housing Market Analysts, the Texas Association of Affordable Housing Providers, the National Housing and Rehabilitation Association, and other regional associations.

Mr. Ross has experience conducting commercial real estate appraisals for multifamily (market rate and restricted rent), office, retail, industrial and mixed-use properties. Following is a summary of recent experience by type of property and recent clients.

<u>Property Types</u>	<u>Clients</u>
Low Income Housing Tax Credit	Lenders
Student Housing	Syndicators
Market Rate Multifamily	Developers
Senior Housing	Government
Condominium	
Office	
Retail	
Industrial	
Mixed-Use	
Land	

Professional Activities & Affiliations

MAI: The Appraisal Institute
Fellow, Royal Institute of Chartered Surveyors (FRICS)
Member: National Council of Housing Market Analysts
Member: National Apartment Association

Licenses

Certified General Real Estate Appraiser, Licensed in Multiple States

Education

Master of Business Administration, Capital University, Columbus, Ohio
Bachelor of Arts, Urban Planning, Wright State University, Dayton, Ohio

Successfully completed a wide variety of professional classes offered by the Appraisal Institute.

Additional Appraisal Education:

MAP Underwriter/Valuation Training, Department of Housing and Urban Development.

**STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD**

DAVID W ROSS, JR

348032

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

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

D. SCOTT MURPHY
Chairperson

JEFF A. LAWSON
Vice Chairperson

RONALD M. HECKMAN
JEANMARIE HOLMES
KEITH STONE

24075047

Professional Qualifications

James D. Eggerding, MAI

Experience

Mr. Eggerding is a senior appraiser with Vogt Santer Insights Appraisal Group and has been active in real estate valuation since December 2005. James has worked for two national appraisal companies and in the appraisal division for a national lender. This experience has allowed Mr. Eggerding to see both the lending and appraisal side of operations.

Mr. Eggerding has experience conducting commercial real estate appraisals for multifamily (market rate and restricted rent), office, retail, industrial and mixed-use properties. Following is a summary of recent experience by type of property and recent clients.

Property Types

Low Income Housing Tax Credit
Student Housing
Market Rate Multifamily
Senior Housing
Condominium
Office
Retail
Industrial
Mixed-Use
Land

Clients

Lenders
Syndicators
Developers
Government

Professional Activities & Affiliations

MAI: The Appraisal Institute

Licenses

Certified General Real Estate Appraiser, Ohio (2011002569)

Education

Bachelor of Business Administration, University of Cincinnati

Addendum B – Additional Data



Chicago Title Insurance Company

POLICY NO.: 3528-1-370789-2014.7230610-91369884

OWNER'S POLICY OF TITLE INSURANCE

Issued by

Chicago Title Insurance Company

Any notice of claim and any other notice or statement in writing required to be given the Company under this Policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, CHICAGO TITLE INSURANCE COMPANY, a Nebraska corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. *Title being vested other than as stated in Schedule A.*
2. *Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from*
 - (a) *A defect in the Title caused by*
 - (i) *forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;*
 - (ii) *failure of any person or Entity to have authorized a transfer or conveyance;*
 - (iii) *a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;*
 - (iv) *failure to perform those acts necessary to create a document by electronic means authorized by law;*
 - (v) *a document executed under a falsified, expired, or otherwise invalid power of attorney;*
 - (vi) *a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or*
 - (vii) *a defective judicial or administrative proceeding.*
 - (b) *The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.*
 - (c) *Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.*
3. *Unmarketable Title.*
4. *No right of access to and from the Land.*
5. *The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to*
 - (a) *the occupancy, use, or enjoyment of the Land;*
 - (b) *the character, dimensions, or location of any improvement erected on the Land;*
 - (c) *the subdivision of land; or*
 - (d) *environmental protection**if a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.*
6. *An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.*
7. *The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.*
8. *Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.*
9. *Title being vested other than as stated Schedule A or being defective*
 - (a) *as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or*
 - (b) *because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records*
 - (i) *to be timely, or*
 - (ii) *to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.*



10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

IN WITNESS WHEREOF, CHICAGO TITLE INSURANCE COMPANY has caused this policy to be signed and sealed by its duly authorized officers.

3528GA 370789
Hughes White Kralicek, PC
2300 Windy Ridge Pkwy Ste 570 S
Atlanta, GA 30339
Tel: (770) 955-9005
Fax: (770) 955-0049

CHICAGO TITLE INSURANCE COMPANY

By:



Robert M. Paine, Jr.
ATTEST President
[Signature]
Secretary

Countersigned:

Frank J. Kralicek
Authorized Signatory
Frank J. Kralicek

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters:
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.



CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

(a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.

(b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.

(c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.

(d) "Insured": The Insured named in Schedule A.

(i) The term "Insured" also includes

(A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;

(B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;

(C) successors to an Insured by its conversion to another kind of Entity;

(D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title

(1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,

(2) if the grantee wholly owns the named Insured,

(3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or

(4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.

(ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.

(e) "Insured Claimant": An Insured claiming loss or damage.

(f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.

(g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.

(h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.

(i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.

(j) "Title": The estate or interest described in Schedule A.

(k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase,

lease, or lend if there is a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

(a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

(b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

(c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the

litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

(a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

(i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this

policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of

(i) the Amount of Insurance; or

(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

(b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

(a) If the Company establishes the Title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the

amount so paid shall be deemed a payment to the Insured under this policy.

12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. THIS SECTION INTENTIONALLY DELETED.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

17. CHOICE OF LAW; FORUM

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at Chicago Title Insurance Company, Attn: Claims Department, P. O. Box 45023, Jacksonville, Florida 32232-5023.

CHICAGO TITLE INSURANCE COMPANY
OWNER'S POLICY
SCHEDULE A

Policy No. 3528-1-370789-2014.7230610-91369884

File No. 370789 OP

Amount of Insurance: \$1,468,938.00

Date of Policy: May 13, 2014, at 4:09 p.m.

1. Name of Insured: National Church Residences of East Park, GA, a Georgia non-profit corporation

2. The estate or interest in the land which is covered by the Policy is:

Fee Simple

3. Title to the estate or interest in the land is vested in:

National Church Residences of East Park, GA, a Georgia non-profit corporation

4. The land referred to in this Policy is described as follows:

ALL THAT TRACT OR PARCEL OF LAND lying and being in City of Savannah, Chatham County, Georgia, known as Lot Lettered "B" Cuthbert Ward, according to the Official Map or Plan of said City, said Lot being more particularly described as follows:

CONTINUED...

ALTA COMMITMENT
SCHEDULE A
CONTINUED – PAGE 2

All that certain lot, tract or parcel of land situate, lying and being in the City of Savannah, Chatham County, Georgia, known as Lot Lettered "B" Cuthbert Ward, according to the official map or plan of said city, said lot being more particularly described as follows:

Beginning at a point located at the Southwest corner of the intersection formed by the 45 foot right-of-way of Drayton Street and the 75 foot right-of-way of Park Avenue; running thence South 16 degrees 38 minutes West along the West edge of the right-of-way of Drayton Street for a distance of 245.40 feet to a point located at the Northwest corner of the intersection of the 45 foot right-of-way of Drayton Street and the 64 foot right-of-way of Duffy Street, said point being marked by an iron fence post; running thence North 74 degrees 20 minutes West along the North edge of the right-of-way of Duffy Street for a distance of 151.60 feet to a point marked by an iron fence post; running thence North 16 degrees 38 minutes east along the boundary line between Lot "A" and the subject lot for a distance of 245.40 feet to a point located at the Southern edge of the right-of-way of Park Avenue, said point being set in concrete at the face of a column; running thence South 74 degrees 20 minutes East along the South edge of the right-of-way of Park Avenue for a distance of 151.60 feet to the Point of Beginning, being a corner on an iron fence, said lot or tract of land being generally bounded on the North by the 75 foot right-of-way of Park Avenue; on the East by the 45 foot right-of-way of Drayton Street; on the South by the 64 foot right-of-way of Duffy Street and on the West by Lot "A" of said ward and city; for a more particular description of said lot or tract of land reference is hereby made to a certain survey plat dated May 24, 1983, entitled "Plat of Lot "B" Cuthbert Ward, Savannah, Chatham County, Georgia" prepared for Telfair Arms Apartments, Ltd. by Leo V. Exley, Georgia Registered Land Surveyor No. 2119, a copy of said plat being recorded in the office of the Clerk of the Superior Court of Chatham County, Georgia, in Plat or Map Book 4-P, Folio 169, which plat by this reference is incorporated herein and made a part hereof.

Being the same property as described in Limited Warranty Deed dated May 8, 2014, from Telfair Arms Limited Partnership recorded May 13, 2014 at 4:09 p.m. in Deed Book 396E, Page 509 records of the Clerk of the Chatham County Superior Court, Georgia.

Prepared by:
HUGHES WHITE KRALICEK, PC
2300 Windy Ridge Pkwy SE, Ste. 570S
Atlanta, GA 30339
PH (770) 955-9005
FAX (770) 955-0049

SCHEDULE A OWNERS FORM
THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED

ALTA Owner's Policy with Georgia Modifications 6/17/06

OWNER'S POLICY
SCHEDULE B

Policy No. 3528-1-370789-2014.7230610-91369884

File No. 370789 OP

This Policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees or expenses) which arise by reason of:

1. This policy affords assurance as to the location of the boundary lines of the subject property, but does not insure the engineering calculations in computing the exact amount of acreage contained therein.
2. Real estate ad valorem taxes for the year 2014 and subsequent years, a lien not yet due and payable.
3. Tenants in possession, as tenants only under unrecorded leases.
4. Declaration of Land Use Restrictive Covenants for Low-Income Housing Tax Credits dated as of November 2, 1999, between Telfair Arms Limited partnership and Georgia Housing and Finance Authority recorded in Deed Book 208H, Page 354, aforesaid records, with First Amendment dated as of April 18, 2005 recorded in Deed Book 288P, Page 530, aforesaid records.

With Subordination and Amendment Agreement dated as of February 1, 2013, between Georgia Housing and Finance Authority, Telfair Arms Limited Partnership and U.S. Department of Housing and Urban Development recorded in Deed Book 385B, Page 586, aforesaid records.

With Modification Agreement by and between National Church Residences of East Park, GA, Inc., Pillar Capital Finance LLC, and The Secretary of Housing and Urban Development dated May 8, 2014, filed May 13, 2014, recorded in Deed Book 396E, Page 514, aforesaid records.

5. Lease Memorandum dated 1999 between Telfair Arms, Ltd and Coinmach Corporation recorded in Deed Book 203B, Page 155, aforesaid records, with Subordination, Non-Disturbance and Attornment Agreement dated February 1, 2013, in favor of St. James Capital, L.L.C. recorded in Deed Book 385B, Page 595 aforesaid records.
6. Security instruments with St. James Capital, L.L.C. and HUD as follows:
 - a) Multifamily Deed to Secure Debt, Assignment of Leases and Rents and Security Agreement dated February 1, 2013, between Telfair Arms Limited Partnership and St. James Capital, L.L.C. recorded in Deed Book 385B, Page 489, aforesaid records; with Modification Agreement by and between National Church

CONTINUED...

OWNER'S POLICY 3528-1-370789-2014.7230610-91369884 CONTINUED

Residences of East Park, GA, Inc., Pillar Capital Finance LLC, and The Secretary of Housing and Urban Development dated May 8, 2014, filed May 13, 2014, recorded in Deed Book 396E, Page 514, aforesaid records; with Release and Assumption Agreement dated May 8, 2014, filed May 13, 2014, between Telfair Arms Limited Partnership, and National Church Residences of East Park, GA, Inc., (and consented to by Secretary of Housing and Urban Development, Pillar Capital Finance LLC, and National Church Residences) recorded in Deed Book 396E, Page 523, aforesaid records.

Regulatory Agreement dated February 1, 2013, between Telfair Arms Limited Partnership and United States Department of Housing and Urban Development recorded in Deed Book 385B, Page 543, aforesaid records, with Modification Agreement by and between National Church Residences of East Park, GA, Inc., Pillar Capital Finance LLC, and The Secretary of Housing and Urban Development dated May 8, 2014, filed May 13, 2014, recorded in Deed Book 396E, Page 514, aforesaid records; with Release and Assumption Agreement dated May 8, 2014, filed May 13, 2014, between Telfair Arms Limited Partnership, and National Church Residences of East Park, GA, Inc., (and consented to by Secretary of Housing and Urban Development, Pillar Capital Finance LLC, and National Church Residences) recorded in Deed Book 396E, Page 523, aforesaid records.

- b) UCC 025-2013-656 filed February 21, 2013, debtor-Telfair Arms Limited Partnership, secured party-St. James Capital, L.L.C. and U.S. Department of Housing and Urban Development.
 - c) UCC real estate notice filing debtor-Telfair Arms Limited partnership, secured party-St. James Capital, L.L.C. recorded February 21, 2013 in Deed Book 385B, Page 579, aforesaid records.
7. ALTA/ACSM Land Title Survey for Telfair Arms Apartments, certified to National Church Residences of East Park, GA, Inc., National Church Residences, and Chicago Title Insurance Company, dated April 15, 2014, by Professional Land Surveyors, Inc., William R. Gore, Georgia Registered Land Surveyor Number 2502, shows the following:
- a) Overhead power line crosses southeastern corner of subject property; and
 - b) Brick column located on northwestern corner of subject property.
8. UCC Financing Statement filed May 30, 2014; Debtor – National Church Residences of East Park, GA, Inc.; Secured Parties – Pillar Capital Finance LLC, and Secretary of Housing and Urban Development of Washington, D.C.; recorded in Deed Book 396M, Page 888, aforesaid records.

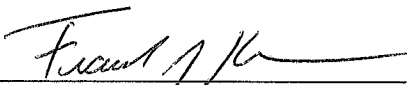
CONTINUED...

OWNER'S POLICY 3528-1-370789-2014.7230610-91369884 CONTINUED

9. UCC Financing Statement 025-2014-1907, filed May 30, 2014; Debtor – National Church Residences of East Park, GA, Inc.; Secured Parties – Pillar Capital Finance LLC, and Secretary of Housing and Urban Development of Washington, D.C.

END

Countersigned: HUGHES WHITE KRALICEK, PC

BY: 

Authorized Signatory
Frank J. Kralicek

Schedule B of this Policy consists of 3 pages
ALTA Owner's Policy with Georgia modifications 6/17/06

FILE NO. 370789 OP

ENDORSEMENT

Attached to and forming a part of
Owner's Policy 3528-1-370789-2014.7230610-91369884
Issued by

CHICAGO TITLE INSURANCE COMPANY

The Company insures against loss or damage sustained by the Insured by reason of the failure of the Land as described in Schedule A to be the same as that identified on ALTA/ACSM Land Title Survey for Telfair Arms Apartments, certified to National Church Residences of East Park, GA, Inc., National Church Residences, and Chicago Title Insurance Company, dated April 15, 2014, by Professional Land Surveyors, Inc., William R. Gore, Georgia Registered Land Surveyor Number 2502.

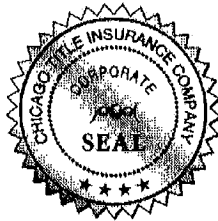
This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements to it.

IN WITNESS WHEREOF, the Company has caused its corporate name and seal to be affixed hereto by its duly authorized officers.

HUGHES WHITE KRALICEK, PC

Dated: May 13, 2014

BY: Frank J. Kralicek
Authorized Signatory
Frank J. Kralicek



CHICAGO TITLE INSURANCE COMPANY

By: Agnes M. P. L.
President

Attest: [Signature]
Secretary

ALTA Endorsement Form 25-06 - Same as Survey (10/16/08)



Copyright American Land Title Association. All rights reserved. The use of this Form is restricted to ALTA licensees and ALTA members in good standing as of the date of use. All other uses are prohibited. Reprinted under license from the American Land Title Association

FILE NO. 370789 OP

ENDORSEMENT

Attached to and forming a part of
Owner's Policy 3528-1-370789-2014.7230610-91369884
Issued by

CHICAGO TITLE INSURANCE COMPANY

The Company insures against loss or damage sustained by the Insured if, at Date of Policy (i) the Land does not abut and have both actual vehicular and pedestrian access to and from Dayton Street and Duffy Street (the "Streets"), (ii) the streets are not physically open and publicly maintained, or (iii) the Insured has no right to use existing curb cuts or entries along that portion of the streets abutting the Land.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements to it.

IN WITNESS WHEREOF, the Company has caused its corporate name and seal to be affixed hereto by its duly authorized officers.

HUGHES WHITE KRALICEK, PC

Dated: May 13, 2014



CHICAGO TITLE INSURANCE COMPANY

By: *Raymond Quirk*
President

BY: *Frank J. Kralicek*
Authorized Signatory
Frank J. Kralicek

By: *Todd C. Johnson*
Secretary

ALTA Endorsement 17-06 (Access and Entry)



Copyright American Land Title Association. All rights reserved. The use of this Form is restricted to ALTA licensees and ALTA members in good standing as of the date of use. All other uses are prohibited. Reprinted under license from the American Land Title Association

FILE NO. 370789 OP

ENDORSEMENT
Attached to and forming a part of
Owner's Policy 3528-1-370789-2014.7230610-91369884
Issued by

CHICAGO TITLE INSURANCE COMPANY

The Company insures against loss or damage sustained by the Insured by reason of lack of priority of the lien of the Insured Mortgage over

- (a) any environmental protection lien that, at Date of Policy, is recorded in those records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge, or is filed in the records of the clerk of the United States district court for the district in which the Land is located, except as set forth in Schedule B; or
- (b) any environmental protection lien provided by any state statute in effect at Date of Policy, except environmental protection liens provided by the following state statutes:
None

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements to it.

IN WITNESS WHEREOF, the Company has caused its corporate name and seal to be affixed hereto by its duly authorized officers.

HUGHES WHITE KRALICEK, PC

DATED: May 13, 2014

BY: *Frank J. Kralicek*
Authorized Signatory
Frank J. Kralicek



CHICAGO TITLE INSURANCE COMPANY

By: *Raymond Quirk*
President

By: *Todd C. Johnson*
Secretary

ALTA 8.1-06 Environmental Protection Lien



Copyright American Land Title Association. All rights reserved. The use of this Form is restricted to ALTA licensees and ALTA members in good standing as of the date of use. All other uses are prohibited. Reprinted under license from the American Land Title Association.

Attached to and forming a part of
Owner's Policy 3528-1-370789-2014.7230610-91369884
Issued by

CHICAGO TITLE INSURANCE COMPANY

1. The insurance provided by this endorsement is subject to the exclusions in Section 5 of this endorsement; and the Exclusions from Coverage, the Exceptions from Coverage contained in Schedule B, and the Conditions in the policy.
2. For the purposes of this endorsement only:
 - a. "Covenant" means a covenant, condition, limitation or restriction in a document or instrument in effect at Date of Policy.
 - b. "Improvement" means an improvement, including any lawn, shrubbery, or trees, affixed to either the Land or adjoining land at Date of Policy that by law constitutes real property.
3. The Company insures against loss or damage sustained by the Insured by reason of:
 - a. A violation of a Covenant that:
 - i. divests, subordinates, or extinguishes the lien of the Insured Mortgage,
 - ii. results in the invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage, or
 - iii. causes a loss of the Insured's Title acquired in satisfaction or partial satisfaction of the Indebtedness;
 - b. A violation on the Land at Date of Policy of an enforceable Covenant, unless an exception in Schedule B of the policy identifies the violation;
 - c. Enforced removal of an Improvement located on the Land as a result of a violation, at Date of Policy, of a building setback line shown on a plat of subdivision recorded or filed in the Public Records, unless an exception in Schedule B of the policy identifies the violation; or
 - d. A notice of a violation, recorded in the Public Records at Date of Policy, of an enforceable Covenant relating to environmental protection describing any part of the Land and referring to that Covenant, but only to the extent of the violation of the Covenant referred to in that notice, unless an exception in Schedule B of the policy identifies the notice of the violation.
4. The Company insures against loss or damage sustained by reason of:
 - a. An encroachment of:
 - i. an Improvement located on the Land, at Date of Policy, onto adjoining land or onto that portion of the Land subject to an easement; or
 - ii. an Improvement located on adjoining land onto the Land at Date of Policy unless an exception in Schedule B of the policy identifies the encroachment otherwise insured against in Sections 4.a.i. or 4.a.ii.;
 - b. A final court order or judgment requiring the removal from any land adjoining the Land of an encroachment identified in Schedule B; or
 - c. Damage to an Improvement located on the Land, at Date of Policy:
 - i. that is located on or encroaches onto that portion of the Land subject to an easement excepted in Schedule B, which damage results from the exercise of the right to maintain the easement for the purpose for which it was granted or reserved; or

CONTINUED...



Copyright American Land Title Association. All rights reserved. The use of this Form is restricted to ALTA licensees and ALTA members in good standing as of the date of use. All other uses are prohibited. Reprinted under license from the American Land Title Association

ENDORSEMENT CONTINUED
RESTRICTIONS, ENCROACHMENTS, MINERALS
PAGE 2 OF 2

- ii. resulting from the future exercise of a right to use the surface of the Land for the extraction or development of minerals or any other subsurface substances excepted from the description of the Land or excepted in Schedule B.
5. This endorsement does not insure against loss or damage (and the Company will not pay costs, attorneys' fees, or expenses) resulting from:
- a. any Covenant contained in an instrument creating a lease;
 - b. any Covenant relating to obligations of any type to perform maintenance, repair, or remediation on the Land;
 - c. except as provided in Section 3.d, any Covenant relating to environmental protection of any kind or nature, including hazardous or toxic matters, conditions, or substances;
 - d. contamination, explosion, fire, fracturing, vibration, earthquake or subsidence; or
 - e. negligence by a person or an Entity exercising a right to extract or develop minerals or other subsurface substances.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

IN WITNESS WHEREOF, the Company has caused its corporate name and seal to be affixed hereto by its duly authorized officers.


HUGHES WHITE KRALICEK, PC

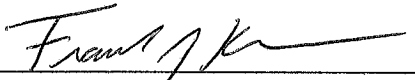
Dated: May 13, 2014



CHICAGO TITLE INSURANCE COMPANY

By: 
President

Attest: 
Secretary

BY: 
Authorized Signatory
Frank J. Kralicek

ALTA Endorsement 9.0-06 Restrictions, Encroachments, Minerals (Loan Policy)

Copyright American Land Title Association. All rights reserved. The use of this Form is restricted to ALTA licensees and ALTA members in good standing as of the date of use. All other uses are prohibited. Reprinted under license from the American Land Title Association



ENDORSEMENT

Attached to and forming a part of
Owner's Policy 3528-1-370789-2014.7230610-91369884
Issued by

CHICAGO TITLE INSURANCE COMPANY

The Company insures against loss or damage sustained by the Insured by reason of the Land being taxed as part of a larger parcel of land or failing to constitute a separate tax parcel for real estate taxes.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements to it.

IN WITNESS WHEREOF, the Company has caused its corporate name and seal to be affixed hereto by its duly authorized officers.

HUGHES WHITE KRALICEK, PC

Dated: May 13, 2014



CHICAGO TITLE INSURANCE COMPANY

By:

President

Attest:

Secretary

BY: Frank J. Kralicek
Authorized Signatory
Frank J. Kralicek

ALTA Endorsement 18.0-06 Single Tax Parcel



Copyright American Land Title Association. All rights reserved. The use of this Form is restricted to ALTA licensees and ALTA members in good standing as of the date of use. All other uses are prohibited. Reprinted under license from the American Land Title Association.



May 17, 2015

***NATIONAL CHURCH RESIDENCES
TELFAR ARMS
EXISTING SENIOR DEVELOPMENT
WORK SCOPE SUMMARY***

The owner (National Church Residences) will perform a non-gut rehabilitation of The Telfair Arms Senior Apartment development located in Savannah, Georgia.

Telfair arms is a senior apartment development located on approximately 0.852 acres in Savannah, GA. The development consist of (1) four-story, 48,060 sq. ft., apartment building housing 53 units. The building was originally constructed in 1886 as a women's hospital. A 4 story apartment addition constructed in 1927 with a 4 story entry/office/common area addition added in 1960. The facility was converted to apartments in 1980. In 1999 the complex underwent a renovation and seven apartment units were added within the attic of the original building. The project is a contributing resource to the Savannah Victorian Historic District.

The common areas and five percent of the units will be designed to meet accessibility requirements to the maximum extent possible.

The proposed project will utilize design and site planning to meet the special physical needs of elderly persons. On-site parking and interior community spaces will be adequately sized, and be in sufficient quantity, to support the project's population and size. The scope of work focuses primarily on upgrading the existing conditions of the site and the existing buildings to enhance the accessibility and common service potential of the units. This includes renovating existing common areas and dwelling units within the building and specific areas of the site to meet current accessibility requirements and encourage social interaction. New floor, wall, and ceiling finishes in the existing common areas and dwelling units will be provided.

No work is being undertaken to increase the existing parking capacity or to alter the structure and size of the existing historic buildings. The overall number of resident units will remain unchanged. The facility will be occupied by residents and staff for the duration of the renovation.

● Building Properties:

▪Project Name/Address:	Telfair Arms 17 East Park Avenue Savannah, Georgia 31401 Chatham County
▪Number of Buildings:	1
▪Total Number of Units:	53
▪Total Square Footage:	Approx. 48,060 gross sq. ft.
▪Date of Construction:	Estimate 1886, 1927, 1960, 1980, 1999
▪Zoning:	3-R
▪Site Size:	0.852 Acres
▪Tenancy:	Senior (Housing for older persons)
▪Occupancy Classification:	Residential Group R2
▪Construction Type:	Construction Type V-A
▪Sprinkler:	Existing Fully Sprinklered
▪Parking	34 Existing Spaces (includes 2 HC accessible).

● Square Footage:

1 st Floor	12,015 s.f.	13 existing units
2 nd Floor	12,015 s.f.	13 existing units
3 rd Floor	12,015 s.f.	14 existing units
4 th Floor	12,015 s.f.	13 existing units
Total	48,060 s.f.	53 existing units

Unit Mix:

<u>Unit Type</u>	<u>Net Sq. Ft.</u>	<u>1st Flr</u>	<u>2nd Flr</u>	<u>3rd Flr</u>	<u>4th Flr</u>	<u>Total</u>
A (1bdr/1bath)	420	04	04	04	03	15
B (1bdr/1bath)	515	03	03	03	03	12
C (1bdr/1bath)	550	02	02	02	00	06
D (Efficiency)	305	01	02	02	00	05
D-1 (Efficiency)	266	01	01	01	00	03
E (Efficiency)	345	01	00	00	00	01
F (2bdr/1bath)	1,034	01	01	01	00	03
G (1bdr/1bath)	473	00	00	00	02	02
H (2bdr/1bath)	663	00	00	00	01	01
J (1bdr/1bath)	665	00	00	00	02	02
K (1bdr/1bath)	525	00	00	00	02	02
L (Efficiency)	340	00	00	01	00	01
Total		13	13	14	13	53

- Accessible Dwelling and Sleeping Units:

<u>Total Number of Units Provided</u>	<u>Total Number of Required Accessible Units (5% total units)</u>	<u>Minimum Required Number of Accessible Unit w/ Roll-in Showers</u>
53	3 required	2 required

- Hearing & Visual Impaired Dwelling and Sleeping Units: 2% of total units required for the Hearing and Visual Impaired = 2 Units.

- US Green Councils “LEED for Homes” architectural standards for sustainable practices.

- National Register of Historic Places

- Georgia Register of Historic Places

- Applicable Building Codes:

- International Existing Building Code-2006 Edition.
- International Building Code-2012 Edition with 2014 Georgia State Amendments.
- International Fire Code-2012 Edition with 2014 Georgia State Amendments.
- International Plumbing Code-2012 Edition with 2014 Georgia State Amendments.
- International Mechanical Code-2012 Edition with 2014 Georgia State Amendments.
- International Fuel Gas Code-2012 Edition with 2014 Georgia State Amendments.
- NFPA National Electrical Code-2011 Edition with No Georgia State Amendments
- International Energy Conservation Code-2009 Edition with 2011 & 2012 Georgia Supplements and Amendments.
- International Swimming Pool & Spa Code- 2012 Edition with 2014 Georgia State Amendments.
- NFPA 101 Life Safety Code 2012 with 2014 Georgia State Amendments.

- Proposed Renovation Work Scope, includes but not limited to:

SITE WORK:

- Re-surface and stripe existing parking lot.
- Provide two (2) compliant HC parking spaces with signage (Includes one van accessible space).
- Provide accessible route from HC parking to main entrance.
- Replace existing exterior entry monument sign with new signage per NCR standards. Monument sign to be lighted.
- Replace existing concrete sidewalks with new sidewalks.
- Evaluate existing sanitary sewer connections and distribution within the property.
- Refurbish & paint existing “Historical” fence along Duffy Street, Dayton street, and E. Park Ave.
- Replace existing chain link fence along rear of property with new 8ft high “Ameristar” fence.
- Refurbish existing dumpster enclosure.

BUILDING EXTERIOR:

- Refurbish existing “Historical” main entry door along E. Park Ave.
- Refurbish, repair, & paint existing entry stairs along E. Park Ave.
- Refurbish, repair, and paint existing balconies along E. Park Ave.
- Refurbish, repair, and paint existing porch.
- Clean and patch/repair exterior masonry walls. Re-tuck point mortar joints where deteriorated.
- Remove and replace existing sealant and caulking.
- Replace existing exterior Storefront and Hollow Metal doors with new Georgia Energy Code compliant doors.
- Refurbish existing wood windows. Install new 33 STC interior “storm” window.
- Replace existing roofing materials including asphalt roof shingles and built-up roofing systems.
 - 1886 Northern Wing: Replace existing asphalt roof shingles with new asphalt roof shingles over ice & water shield. Replace existing areas of low slope roofing new TPO roof system.
 - 1927 Southern Wing: Replace existing built-up roofing with new TPO Roofing system.
 - 1960 Stair Addition, Covered Entry and Porch Addition: Replace built-up roofing with new TPO Roofing system.
- Repair and/or replace gutters and downspouts.
 - 1886 Northern Wing: Refurbish and repair existing gutters & downspouts.
 - 1927 Southern Wing: Replace existing leader boxes and downspouts.
 - 1960 Stair Addition: Replace existing gutters and downspouts.
- Replace existing roof top mounted HVAC equipment.
- Replace existing exterior receptacles with GFCI protected receptacles in weatherproof enclosures as required.

- Replace existing wall mounted lighting.
- Maintain existing security cameras and supplement as required at all exterior entrances/exits.
- Remove infill framing and windows (between brick columns) at 1960 Porch Addition. Replace with “Hardi- panels” and storefront windows.
- Remove and replace existing entry canopy soffit, fascia, and trim.

INTERIOR BUILDING COMMON AREAS:

- Remove and replace interior finishes including flooring, wall covering, and acoustical ceiling tile & grid.
- Paint walls, ceilings, doors, and trim with low VOC paint.
- Maintain existing doors and frames. Paint and install new kick plates.
- Replace existing latch/lock sets with new ADA/UFAS compliant lever handles.
- Remove existing light fixtures and replace with new energy efficient light fixtures.
- Install new wood handrail each side at resident corridors.
- Install new interior signage and unit identification.
- Install new mechanical air and distribution systems to condition amenity areas and corridors, with a combination of:
 - 14 SEER split system heat pumps. Areas zoned to keep typical heat pump size at 5-tons or less. Air handler locations to be determined. Condensing units section (outdoor heat pump) to be pad or roof mounted.
 - PTAC’s.
 - Ductless wall mounted split system heat pumps.
 - New programmable thermostats in lockable cabinets.
- Replace all common area electrical devices and cover plates.
- Replace all common area telephone and data devices and cover plates.
- Install electrical, telephone, and data devices at new amenity spaces.
- Replace existing central electric water heater.
- Supplement existing fire alarm & fire suppression systems at new and/or reconfigured amenity spaces.
- Provide and install window blinds.
- Maintain existing security cameras and supplement as required at all exterior entrances/exits and stair wells.
- Refinish hardwood flooring at Main “decorative” stair.
- Common Amenity Space program:
 - 1st Floor Reception & Office.
 - 1st Floor Existing Public Restroom.
 - Replace existing toilet and lavatory with new ADA compliant fixtures.
 - Insulate plumbing at lavatory.
 - Install grab bars at toilet.
 - New accessible height toilet accessories.
 - 1st Floor Laundry Room.

- (3) Electric Clothes Washers.
- (3) Electric Clothes Dryers.
- Replace existing 1st floor resident mail boxes with new postal compliant mail boxes.
- 2nd Floor Community Room.
- Incorporate (2) additional amenity spaces.
 - 3rd Floor Wellness Center.
 - 4th Floor Equipped Computer Center.

VERTICAL CIRCULATION:

- Elevators.
 - Evaluate elevator machines to include motors, gearboxes, governors, and brakes. Repair as required.
 - Remove and replace interior cab finishes including flooring, plastic laminate wall panels, and ceiling finish/lighting.
- Paint stair handrails & stringers.

DWELLING UNITS:

- Unit Entry Door:
 - Replace existing unit entry door – 20 min rated – Maintain existing hollow metal frame.
 - Remove existing Entry door lock set and replace with Electronic (FOB) entry hardware.
- Remove existing floor finish and replace with new.
 - Entry: Sheet vinyl.
 - Kitchen: Sheet vinyl.
 - Bathroom: Sheet vinyl.
 - Bedroom: Carpet & Pad.
 - Living Room: Carpet & Pad.
- Maintain existing wood base, casing and window stools.
- Paint walls, ceilings, base, doors, & casings throughout with low VOC paint.
- Paint ceilings with low VOC paint.
 - 1886 Northern Wing: Replace ACT ceiling at “fur downs” with drywall ceilings.
 - 1927 Southern Wing: Replace ACT ceilings at bedrooms with drywall ceilings.
- Remove and replace existing Kitchen and Bathroom base and upper cabinets, plastic laminate countertops. Install accessible cabinet hardware.
- Remove and replace existing interior doors. Maintain frames.
- Install new lever handle hardware.
- Closets.
 - Install new vent wire closet shelving.
 - Frame new wall with pair of doors at existing closet openings.
- Install new window blinds.
- Install new bath mirrors.

- Remove existing appliances and replace with new appliances:
 - 16 cu. Ft. “Energy Star” refrigerator.
 - 24”w Electric range and re-circulation range hood.
 - Stove top fire suppression canisters above range.
 - Undercabinet mounted Microwave Oven.
- Mechanical:
 - 1886 Northern Wing.
 - Replace existing ceiling fan coil unit with new 14 SEER ceiling fan coil unit and electric heat. New pad mounted condensing unit.
 - Install new programmable thermostats.
 - Replace existing ductwork where required with new fiberglass duct board. Patch and repair ceilings as required.
 - Replace supply grills.
 - 1927 Southern Wing.
 - Replace existing thru-wall PTAC units.
 - Install new programmable thermostats.
- Electrical:
 - Remove existing light fixtures and replace with new energy efficient light fixtures.
 - Remove and replace all existing receptacles located in wet areas with GFCI receptacles as required.
 - Replace all outlet devices and cover plates.
 - Replace and/or add smoke detectors.
 - Install new combination CO and smoke detector.
- Plumbing: Remove and replace existing plumbing fixtures.
 - Bathroom sink, 1.5 gpm faucet, & trim.
 - 1.28 gpm “comfort” height water closet.
 - Kitchen sink, 2.0 gpm faucet, & trim.
 - Remove existing tub and replace with new fiberglass 4-piece tub unit with 1.75 gpm hand held shower controls.
 - Remove and/or repair waster and domestic water piping between the plumbing fixture and riser stack as required.
 - Replace sanitary p-traps and laterals as required.
- Install new wireless Emergency Call System to include (2) wireless pull cords.
- Fully Accessible Units renovated to meet accessibility requirements to the maximum extent possible, including:
 - New accessible height countertops and cabinets.
 - Accessible door and cabinet hardware.
 - Wall hung lavatory.
 - Accessible height toilet.
 - Grab bars.
 - Replace existing tile shower with new fiberglass shower unit and hand held shower controls.

It is Foley Design's opinion, that based on the proposed new construction in combination with the proposed renovation work scope, that the remaining useful life of the completed project will continue to operate as affordable housing for an additional 30 years.

PART FOUR - USES OF FUNDS - 2015-0 Telfair Arms, Savannah, Chatham County

April 2015 Revision

I. DEVELOPMENT BUDGET

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
PRE-DEVELOPMENT COSTS					
Property Appraisal	4,400			4,400	
Market Study	5,000			5,000	
Environmental Report(s)	18,000			18,000	
Soil Borings	10,000			10,000	
Boundary and Topographical Survey	11,000			11,000	
Zoning/Site Plan Fees					
Other: PCNA	3,250			3,250	
Other: Sewer Scope	5,000			5,000	
Other: <Enter detailed description here; use Comments section if needed>					
Subtotal	56,650	-	-	56,650	-
ACQUISITION					
Land	105,390				105,390
Site Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures	948,515		895,515		53,000
Subtotal	1,053,905	-	895,515	-	158,390
LAND IMPROVEMENTS					
Site Construction (On-site)	570,632			570,632	
Site Construction (Off-site)					
Subtotal	570,632	-	-	570,632	-
STRUCTURES					
Residential Structures - New Construction					
Residential Structures - Rehab	3,484,063			3,484,063	
Accessory Structures (ie. community bldg, maintenance bldg, etc.) - New Constr					
Accessory Structures (ie. community bldg, maintenance bldg, etc.) - Rehab					
Subtotal	3,484,063	-	-	3,484,063	-
CONTRACTOR SERVICES					
Builder Profit:	14.00%				
Builder Overhead	6.00%	243,282		243,282	
General Requirements*	2.00%	81,094		81,094	
	6.00%	243,282		243,282	
Subtotal	567,657	-	-	567,657	-
OTHER CONSTRUCTION HARD COSTS (Non-GC work scope items done by Owner)					
Other: <Enter detailed description here; use Comments section if needed>					

Total Construction Hard Costs
4,622,351.50

Average TCHC: 88,891.38 per Res¹ unit 87,214.18 per unit 177.10 per total sq ft
179.86 per Res¹ unit SF 177.10 per unit sq ft

CONSTRUCTION CONTINGENCY					
Construction Contingency	7.00%	323,565		323,565	

PART FOUR - USES OF FUNDS - 2015-0 Telfair Arms, Savannah, Chatham County

April 2015 Revision

I. DEVELOPMENT BUDGET (cont'd)

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
CONSTRUCTION PERIOD FINANCING					
Bridge Loan Fee and Bridge Loan Interest					
Construction Loan Fee					
Construction Loan Interest					
Construction Legal Fees					
Construction Period Inspection Fees					
Construction Period Real Estate Tax					
Construction Insurance					
Title and Recording Fees	30,475			30,475	
Payment and Performance bonds	31,800			31,800	
Other: <Enter detailed description here; use Comments section if needed>					
Other: <Enter detailed description here; use Comments section if needed>					
Subtotal	62,275	-	-	62,275	-
PROFESSIONAL SERVICES					
Architectural Fee - Design	306,919			306,919	
Architectural Fee - Supervision	28,331			28,331	
Green Building Consultant Fee Max: \$20,000	20,000			20,000	
Green Building Program Certification Fee (LEED or Earthcraft)	1,650			1,650	
Accessibility Inspections and Plan Review	6,250			6,250	
Construction Materials Testing					
Engineering	28,400			28,400	
Real Estate Attorney	63,600			63,600	
Accounting	15,000			7,500	7,500
As-Built Survey	17,000			17,000	
Other: Envelope & Elevator Inspection; Historic Arch. Consultant	37,150			34,990	2,160
Subtotal	524,300	-	-	514,640	9,660
LOCAL GOVERNMENT FEES					
Building Permits	32,438			32,438	
Impact Fees					
Water Tap Fees waived? <input type="text" value="No"/>					
Sewer Tap Fees waived? <input type="text" value="No"/>					
Subtotal	32,438	-	-	32,438	-
PERMANENT FINANCING FEES					
Permanent Loan Fees					
Permanent Loan Legal Fees					
Title and Recording Fees					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other: HUD Assignment Fee	5,270				5,270
Subtotal	5,270	-	-	-	5,270

PART FOUR - USES OF FUNDS - 2015-0 Telfair Arms, Savannah, Chatham County

April 2015 Revision

I. DEVELOPMENT BUDGET (cont'd)

		TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
DCA-RELATED COSTS			DCA-RELATED COSTS			
DCA HOME Loan Pre-Application Fee (\$1000 FP/JV, \$500 NP)						
Tax Credit Application Fee (\$6500 ForProf/JntVent, \$5500 NonProf)		5,500				5,500
DCA Waiver and Pre-approval Fees		3,000				3,000
LIHTC Allocation Processing Fee	33,181	33,181				33,181
LIHTC Compliance Monitoring Fee	42,400	42,400				42,400
DCA HOME Front End Analysis Fee (when ID of Interest; \$2700)						
DCA Final Inspection Fee (Tax Credit only - no HOME; \$3000)		3,000				3,000
Other: <Enter detailed description here; use Comments section if needed>						
Other: <Enter detailed description here; use Comments section if needed>						
	Subtotal	87,081				87,081
EQUITY COSTS			EQUITY COSTS			
Partnership Organization Fees		10,000				10,000
Tax Credit Legal Opinion						
Syndicator Legal Fees						
Other: <Enter detailed description here; use Comments section if needed>						
	Subtotal	10,000				10,000
DEVELOPER'S FEE			DEVELOPER'S FEE			
Developer's Overhead	19.881%	167,000			167,000	
Consultant's Fee	0.595%	5,000			4,000	1,000
Developer's Profit	79.524%	668,000			668,000	
	Subtotal	840,000	-	-	839,000	1,000
START-UP AND RESERVES			START-UP AND RESERVES			
Marketing		2,500				2,500
Rent-Up Reserves	58,659	58,659				58,659
Operating Deficit Reserve:	155,628	155,628				155,628
Replacement Reserve						
Furniture, Fixtures and Equipment	Proposed Avg Per Unit: 1,242	65,847			65,847	
Other: <Enter detailed description here; use Comments section if needed>						
	Subtotal	282,634	-	-	65,847	216,787
OTHER COSTS			OTHER COSTS			
Relocation		125,000			125,000	
Other: <Enter detailed description here; use Comments section if needed>						
	Subtotal	125,000	-	-	125,000	-
TOTAL DEVELOPMENT COST (TDC)		8,025,469	-	895,515	6,641,767	488,188
Average TDC Per: Unit:		151,423.94	Square Foot:		307.49	

PART FOUR - USES OF FUNDS - 2015-0 Telfair Arms, Savannah, Chatham County

April 2015 Revision

II. TAX CREDIT CALCULATION - BASIS METHOD

Subtractions From Eligible Basis

Amount of federal grant(s) used to finance qualifying development costs
 Amount of nonqualified nonrecourse financing
 Costs of Nonqualifying units of higher quality
 Nonqualifying excess portion of higher quality units
 Historic Tax Credits (Residential Portion Only)
 Other <Enter detailed description here; use Comments section if needed>
Total Subtractions From Basis:

New Construction Basis	4% Acquisition Basis	Rehabilitation Basis
		1,329,489
0		1,329,489

Eligible Basis Calculation

Total Basis
 Less Total Subtractions From Basis (see above)
 Total Eligible Basis
 Eligible Basis Adjustment (DDA/QCT Location or State Designated Boost)
 Adjusted Eligible Basis
 Multiply Adjusted Eligible Basis by Applicable Fraction
 Qualified Basis
 Multiply Qualified Basis by Applicable Credit Percentage
 Maximum Tax Credit Amount
Total Basis Method Tax Credit Calculation

Type:

DDA/QCT

0	895,515	6,641,767
0		1,329,489
0	895,515	5,312,278
130.00%		130.00%
0	895,515	6,905,961
100.00%	100.00%	100.00%
0	895,515	6,905,961
7.44%	3.19%	7.44%
0	28,567	513,803
542,370		

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation

Project Cost Limit (PCL) - Explain in Comments if Applicant's PCL calculation > QAP PCL.
 Total Development Cost (TDC, PCL, or TDC less Foundation Funding; explain in Comments if TDC > PCL)
 Subtract Non-LIHTC (excluding deferred fee) Source of Funds
 Equity Gap
 Divide Equity Gap by 10
 Annual Equity Required
 Enter Final Federal and State Equity Factors (not including GP contribution)
Total Gap Method Tax Credit Calculation

8,037,042	If TDC > QAP Total PCL, provide amount of funding from foundation or charitable organization to cover the cost exceeding the PCL:	Funding Amount	0	Hist Desig	Yes
8,025,469					
2,333,040					
5,692,429					

/ 10
569,243
1.3700
415,506

= Federal 0.9100 + State 0.4600

TAX CREDIT PROJECT MAXIMUM - Lower of Basis Method, Gap Method or DCA Limit:

TAX CREDIT REQUEST - Cannot exceed Tax Credit Project Maximum, but may be lower:

IV. TAX CREDIT ALLOCATION - Lower of Tax Credit Request and Tax Credit Project Maximum

415,506
414,762
414,762

April 2015 Revision

V. APPLICANT COMMENTS AND CLARIFICATIONS

VI. DCA COMMENTS - DCA USE ONLY

The Acquisition total is calculated according to the amortization schedule effective at July 1, 2016, the anticipated closing date.

Hard costs determined based on the Rehab Scope of Work provided in Tab 15.

The Developer Fee is below DCA Threshold max.

Water & Sewer Tap Fees are not included as this is an existing development.