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**COMPLETE SELF-CONTAINED APPRAISAL REPORT  
OF THE PROPOSED RENOVATED  
VILLAGES OF CASTLEBERRY HILL APARTMENTS – PH I  
600 GREENSFERRY AVENUE  
ATLANTA, FULTON COUNTY, GEORGIA**

**EHA File 16-145**

**DATE OF VALUE**

**March 18, 2016**

**DATE OF REPORT**

**March 30, 2016**

**PREPARED FOR**

**Mr. Jerome Russell  
H. J. Russell and Company  
504 Fair Street SW  
Atlanta, Georgia 30313**

**For Use By The  
Georgia Department of Community Affairs**

**Appraisal Prepared By  
Everson, Huber and Associates  
Stephen M. Huber  
3535 Roswell Road  
Marietta, Georgia 30062**



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*Commercial Real Estate  
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3535 Roswell Road, Suite 55  
Marietta, Georgia 30062  
Phone: (770) 977-3000

Web Site: [www.ehalc.com](http://www.ehalc.com)

## PRINCIPALS

Larry A. Everson, MAI, CCIM  
Stephen M. Huber

## ASSOCIATE APPRAISERS

Timothy P. Huber  
Ingrid Norenberg Ott  
Jon A. Reiss  
George H. Corry III  
A. Mason Carter

## RESEARCH

Douglas M. Rivers

## ADMINISTRATIVE

Pauline J. Hines

May 30, 2016

Mr. Jerome Russell  
H. J. Russell and Company  
504 Fair Street SW  
Atlanta, Georgia 30313  
And  
Georgia Department of Community Affairs

RE: A Complete Self-Contained Appraisal Report  
Of The Proposed Renovated  
Villages of Castleberry Hill Apartments – PH I  
600 Greensferry Avenue  
Atlanta, Fulton County, Georgia 30314

EHA File 16-145

Dear Mr. Russell:

At your request and authorization, we conducted the inspections, investigations, and analyses necessary to appraise the above referenced property. We have prepared a complete appraisal report presented in a self-contained format in accordance with the Georgia Department of Community Affairs (DCA) Appraisal Manual. The purpose of this appraisal is to estimate the market value of the leasehold interest in the subject property "as is," the leasehold interest in the underlying site "as is," and prospective market values of the leasehold interest in the subject property "upon completion and stabilization" of the proposed renovations using both restricted and hypothetical unrestricted rents. We were also requested to estimate prospective unrestricted market value at loan maturity and value of the tax credits. The values are predicated on market conditions prevailing on March 18, 2016, which is the date of our last inspection. This appraisal is intended for use by the addressee for internal decision making purposes and may be used and/or relied upon by the Department of Community Affairs and/or assigned to other lenders or participants in the transaction.

Villages of Castleberry Hill Phase I is a 166-unit apartment development, built in 1999, situated on a 7.7-acre ground leased site. It is located at the southwest corner of Greensferry Avenue and Northside Drive (US 29) within the city limits of Atlanta, Fulton County, Georgia. This location is less than ½ mile north of Interstate 20, approximately one mile west of the Interstate 20/75 intersection and approximately one mile southwest of the



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Mr. Jerome Russell  
May 30, 2016  
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Atlanta CBD. The property consists of 11 two- and three-story apartment buildings. The unit mix consists of 46 one-bedroom units, 100 two-bedroom units, and 20 three-bedroom units, ranging from 710 to 1,138 square feet, with an average size of 910 square feet. The subject includes a mixture of market (66 units, or 40%), Low Income Housing Tax Credit (LIHTC) units at 60% of AMI (34 units, or 20%), and rent subsidized ACC units at 50% AMI (66 units, or 40%). The ACC LIHTC units are under the HOPE IV Signature Program which is a contract rental structure that is based upon the complex's operating expenses. The project includes surface parking, a free-standing management building and common amenities that it shares with the two phases of the development that includes a leasing office and fitness center, multiple playgrounds, a swimming pool, and grill stations. It is our understanding that the property is planned for extensive renovation. The renovation will be financed with proceeds from the syndication of federal and state 9% low income housing tax credits. According to the developer, the construction is anticipated to begin in December 2016 and have a construction period of 12 months (December 2017).

The subject is more fully described, legally and physically, within the attached report. Additional data, information and calculations leading to the value conclusion are in the report following this letter. This document in its entirety, including all assumptions and limiting conditions, is an integral part of this letter.

The attached narrative appraisal report contains the most pertinent data and analyses upon which our opinions are based. The appraisal was prepared in accordance with the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute. In addition, this appraisal was prepared in conformance with our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, the Interagency Appraisal and Evaluation Guidelines, the Office of the Comptroller of the Currency, and the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

Our opinions of value were formed based on our experience in the field of real property valuation, as well as the research and analysis set forth in this appraisal. Our concluded opinions of market value, subject to the attached Assumptions and Limiting Conditions and Certification, are as follows:



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Mr. Jerome Russell  
May 30, 2016  
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APPRAISAL VALUE ESTIMATES	
Estimate of Market Value of the Leasehold Interest in the Subject "As Is", as of March 18, 2016:	\$7,600,000
Per Unit (166):	\$45,783
Allocated Market Value of the Leasehold Interest in the Subject Improvements As of March 18, 2015	\$7,600,000
Allocated Market Value of the Leasehold Interest in the Subject Underlying Site As of March 18, 2015	\$0
Estimate of Propsective Market Value of the Leasehold Interest in the Subject "At Completion," Subject to Restricted Rents, As of January 1, 2018:	\$9,875,000
Per Unit (166):	\$59,488
Estimate of Prospective Market Value of the Leasehold Interest in the Subject "At Stabilization," Subject to Restricted Rents, As of July 1, 2018:	\$10,100,000
Per Unit (166):	\$60,843
Subject "At Completion," Assuming Unrestricted Rents, As of January 1, 2018:	\$12,950,000
Per Unit (166):	\$78,012
Estimate of Hypothetical Market Value of the Leasehold Interest in the Subject "At Stabilization," Assuming Unrestricted Rents, As of July 1, 2018:	\$13,200,000
Per Unit (166):	\$79,518
Prospective Unrestricted Value At Loan Maturity:	\$14,800,000
Value of Tax Credits "At Completion," As of January 1, 2018:	\$13,900,000
Estimate of the Market Value of the Leasehold Interest in the Subject Underlying Site "as Is," as of March 18, 2016	\$0
<p>As part of this assignment we were asked to analyze the subject ground lease. The lessor is The Housing Authority of the City of Atlanta. Although we were not provided the details of the lease, terms for other Housing Authority sites are 55 years at virtually no rent. Given the date of construction, there are about 38 years remaining. Similar properties that are now applying for tax credits are extending the ground lease to a term of 50 years, which is what we anticipate for the subject. The restrictions on the use of the site results in insufficient revenues to support a residual land value. Further, the improvements are only feasible to construct/renovate with the assistance of substantial incentives. Therefore, there is no positive leasehold interest in the subject underlying site.</p>	

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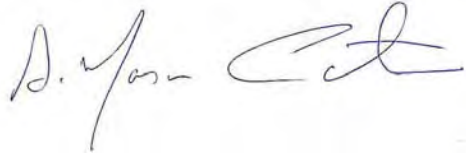
Mr. Jerome Russell  
May 30, 2016  
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It was a pleasure assisting you in this matter. If you have any questions concerning the analysis, or if we can be of further service, please call.

Respectfully submitted,

EVERSON, HUBER & ASSOCIATES, LC

By:



A. Mason Carter  
Registered Appraiser  
Georgia Certificate No. 319489



Timothy P. Huber  
Certified General Appraiser  
Georgia Certificate No. 6110



Stephen M. Huber  
Principal  
Certified General Appraiser  
Georgia Certificate No. CG001350

## CERTIFICATION OF THE APPRAISERS

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

1. The statements of fact contained in this report are true and correct.
2. 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.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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 opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Stephen M. Huber and A. Mason Carter made a personal inspection of the subject property. A. Mason Carter assisted in the preparation of this report under the supervision of Timothy P. Huber and Stephen M. Huber.
10. Douglas R. Rivers provided significant real property appraisal assistance to the persons signing this certification.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, we have completed the Standards and Ethics Education Requirement for Candidates of the Appraisal Institute.
14. The racial/ethnic composition of the neighborhood surrounding the property in no way affected the appraisal determination.
15. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Georgia Real Estate Appraiser Classification and Regulation Act, the Rules and Regulations of the Georgia Real Estate Appraisers Board.
16. We have extensive experience in the appraisal of commercial properties and Stephen M. Huber and Timothy P. Huber are appropriately certified by the State of Georgia to appraise properties of this type.



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A. Mason Carter  
Registered Real Property Appraiser  
Georgia Certificate No. 319489



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Timothy P. Huber  
Certified General Real Property Appraiser  
Georgia Certificate No. 6110



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Stephen M. Huber, Principal  
Certified General Real Property Appraiser  
Georgia Certificate No. CG1350

## SUMMARY OF SALIENT FACTS

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<b>Property Name/Address:</b>	Villages of Castleberry Hill Apartments – PH I 600 Greensferry Avenue Atlanta, Fulton County, Georgia 30314
<b>Location:</b>	Southwest corner of Greensferry Avenue and Northside Drive (US 29) within the city limits of Atlanta, Fulton County, Georgia. This location is less than ½ mile north of Interstate 20, approximately one mile west of the Interstate 20/75 intersection and approximately one mile southwest of the Atlanta CBD.
<b>Appraisal Identification:</b>	EHA 16-145
<b>Assessor Parcel Nos.:</b>	14-0108-LL-0235 (building improvements) and a portion of 14-0108-LL-0029 (underlying site)
<b>Property Identification:</b>	Villages of Castleberry Hill Phase I is a 166-unit apartment development, built in 1999, situated on a 7.7-acre ground leased site. The property consists of 11 two- and three-story apartment buildings. The unit mix consists of 46 one-bedroom units, 100 two-bedroom units, and 20 three-bedroom units, ranging from 710 to 1,138 square feet, with an average size of 910 square feet. The subject includes a mixture of market (66 units, or 40%), Low Income Housing Tax Credit (LIHTC) units at 60% of AMI (34 units, or 20%), and rent subsidized ACC units at 50% AMI (66 units, or 40%). The ACC LIHTC units are under the HOPE IV Signature Program which is a contract rental structure that is based upon the complex's operating expenses. The project includes surface parking, a free-standing management building and common amenities that it shares with the two phases of the development that includes a leasing office and fitness center, multiple playgrounds, a swimming pool, and grill stations. It is our understanding that the property is planned for extensive renovation. The renovation will be financed with proceeds from the syndication of federal and state 9% low income housing tax credits. According to the developer, the construction is anticipated to begin in December 2016 and have a construction period of 12 months (December 2017).
<b>Highest and Best Use</b>	As If Vacant: Development with a multifamily use As Improved: Continued operation as an apartment complex
<b>Purpose of the Appraisal:</b>	To estimate the market value of the leasehold interest in the subject property "as is," the leasehold interest in the underlying site "as is," and prospective market values of the leasehold interest in the subject property "upon completion and stabilization" of the proposed renovations using both restricted and hypothetical unrestricted rents. We were also requested to estimate prospective unrestricted market value at loan maturity and value of the tax credits.
<b>Intended Use:</b>	This appraisal is intended for use by the addressee for internal decision making purposes and may be used and/or relied upon by the Department of Community Affairs.
<b>Property Rights:</b>	Leasehold

## Summary of Salient Facts

**Date of Inspection/Value:** March 18, 2016

**Date of Report:** May 30, 2016

**Estimated Marketing Time:** 12 months or less

**Appraiser Qualifications:** Appraisers' education, experience and qualifications are provided in the addenda.

**Valuation:**

APPRAISAL VALUE ESTIMATES	
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Per Unit (166):	\$79,518
Prospective Unrestricted Value At Loan Maturity:	\$14,800,000
Value of Tax Credits "At Completion," As of January 1, 2018:	\$13,900,000
Estimate of the Market Value of the Leasehold Interest in the Subject Underlying Site "as Is," as of March 18, 2016	\$0
<p>As part of this assignment we were asked to analyze the subject ground lease. The lessor is The Housing Authority of the City of Atlanta. Although we were not provided the details of the lease, terms for other Housing Authority sites are 55 years at virtually no rent. Given the date of construction, there are about 38 years remaining. Similar properties that are now applying for tax credits are extending the ground lease to a term of 50 years, which is what we anticipate for the subject. The restrictions on the use of the site results in insufficient revenues to support a residual land value. Further, the improvements are only feasible to construct/renovate with the assistance of substantial incentives. Therefore, there is no positive leasehold interest in the subject underlying site.</p>	



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### ADDENDA

- A ASSUMPTIONS AND LIMITING CONDITIONS
- B SUBJECT PHOTOGRAPHS
- C LOCATION MAPS
- D SITE DOCUMENTS
- E RENTAL COMPARABLES / MAP
- F IMPROVED SALE COMPARABLES / MAP
- G ENGAGEMENT LETTER
- H QUALIFICATIONS

### PROPERTY IDENTIFICATION

Villages of Castleberry Hill Phase I is a 166-unit apartment development, built in 1999, situated on a 7.7-acre ground leased site. It is located at the southwest corner of Greensferry Avenue and Northside Drive (US 29) within the city limits of Atlanta, Fulton County, Georgia. This location is less than ½ mile north of Interstate 20, approximately one mile west of the Interstate 20/75 intersection and approximately one mile southwest of the Atlanta CBD. The property consists of 11 two- and three-story apartment buildings. The unit mix consists of 46 one-bedroom units, 100 two-bedroom units, and 20 three-bedroom units, ranging from 710 to 1,138 square feet, with an average size of 910 square feet. The subject includes a mixture of market (66 units, or 40%), Low Income Housing Tax Credit (LIHTC) units at 60% of AMI (34 units, or 20%), and rent subsidized ACC units at 50% AMI (66 units, or 40%). The ACC LIHTC units are under the HOPE IV Signature Program which is a contract rental structure that is based upon the complex's operating expenses. The project includes surface parking, a free-standing management building and common amenities that it shares with the two phases of the development that includes a leasing office and fitness center, multiple playgrounds, a swimming pool, and grill stations. It is our understanding that the property is planned for extensive renovation. The renovation will be financed with proceeds from the syndication of federal and state 9% low income housing tax credits. According to the developer, the construction is anticipated to begin in December 2016 and have a construction period of 12 months (December 2017). The subject's street address is 600 Greensferry Avenue and it is identified as tax parcels 14-0108-LL-0235 (building improvements) and a portion of 14-0108-LL-0029 (underlying site).



## **OWNERSHIP AND PROPERTY HISTORY**

According to Fulton County deed records, the current owner of record for the subject improvements is John Hope Community Partners II and the underlying land is owned by the Atlanta Housing Authority. Both entities have owned the property for over three years. The land underlying the project is subject to a long term ground lease from the Atlanta Housing Authority. Although we were not provided the details for the subject ground lease, lease terms for similar properties are 55 years at basically no rent beginning at the time of initial construction. Further, similar properties that are now applying for tax credits are extending the ground lease to a remaining term of 50 years, which is what we anticipate for the subject. We are aware of no other offers, contracts, or transactions, nor any ownership changes during the past three years.

## **PURPOSE AND INTENDED USE OF THE APPRAISAL**

The purpose of this appraisal is to estimate the market value of the leasehold interest in the subject property “as is,” the leasehold interest in the underlying site “as is,” and prospective market values of the leasehold interest in the subject property “upon completion and stabilization” of the proposed renovations using both restricted and hypothetical unrestricted rents. We were also requested to estimate prospective unrestricted market value at loan maturity and value of the tax credits. This appraisal is intended for use by the addressee for internal decision making purposes and may be used and/or relied upon by the Georgia Department of Community Affairs.

## **DATES OF INSPECTION, VALUATION AND REPORT**

The values reported are predicated upon market conditions prevailing on March 18, 2016, which is the date of our last inspection. The date of report is May 30, 2016.

## **DEFINITION OF MARKET VALUE**

Market value is one of the central concepts of the appraisal practice. Market value is differentiated from other types of value in that it is created by the collective patterns of the market. Market value means the most probable price that 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<sup>1</sup>:

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

### PROPERTY RIGHTS APPRAISED

We appraised the leasehold interest in the subject site and improvements. Real properties have multiple rights inherent with ownership. These include the right to use the real estate, to occupy, to sell, to lease, or to give away, among other rights. Often referred to as the "bundle of rights," an owner who enjoys all the rights in this bundle owns the fee simple title.

Leasehold Interest: "The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease."<sup>2</sup>

The subject owner owns the improvements and has the right to collect rent thereon. As such, the owner is in a "sandwich" position, i.e. tenant (lessee) on the land and owner (lessor) on the improvements. The sandwich leasehold position is basically a situation in which one is a lessee in one instance, and the lessor on another, on the same property. A sandwich lease is described as follows:

"A lease in which an intermediate, or sandwich, leaseholder is the lessee of one party and the lessor of another. The owner of the sandwich lease is neither the fee owner nor the user of the property. He or she may be a leaseholder in a chain of leases, excluding the ultimate sublessee."<sup>3</sup>

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<sup>1</sup> The Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, §34.42(f), August 24, 1990. This definition is compatible with the definition of market value contained in *The Dictionary of Real Estate Appraisal*, Fourth Edition, and the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of The Appraisal Foundation, 2016-2017 edition. This definition is also compatible with the OTS, FDIC, NCUA, and the Board of Governors of the Federal Reserve System definition of market value.

<sup>2</sup> Source: *The Dictionary of Real Estate Appraisal*, Appraisal Institute, Fifth Edition, 2010.

<sup>3</sup> Source: *The Dictionary of Real Estate Appraisal*, Appraisal Institute, Fifth Edition, 2010.

While the subject's leases could be considered sandwich leasehold, the tenant's leases are considered short-term, so we are recognizing this at the leasehold estate.

### **SCOPE OF THE APPRAISAL / APPRAISAL DEVELOPMENT AND REPORTING PROCESS**

We completed the following steps for this assignment:

1. Analyzed regional, city, neighborhood, site, and improvement data.
2. Inspected the subject site and improvements, comparables and neighborhood.
3. Reviewed data regarding taxes, zoning, utilities, easements, and county services.
4. Considered comparable land sales and improved sales, as well as comparable rentals. Confirmed data with principals, managers, real estate agents representing principals, public records and / or various other data sources.
5. Analyzed the data to arrive at concluded estimates of value via each applicable approach.
6. Reconciled the results of each approach to value employed into a probable range of market value and finally an estimate of value for the subject, as defined herein.
7. Estimated reasonable exposure and marketing times associated with the value estimate.

The site and improvement descriptions included in this report are based on a personal inspection of the subject site and improvements; various documents provided by the owner/developer including a unit mix, rent roll, site plan, unit floor plans, historical and budgeted operating statements, discussions with representatives of the owner and the on-site property manager; property tax information; and our experience with typical construction features for apartment complexes. The available information is adequate for valuation purposes. However, our investigations are not a substitute for formal engineering studies.

To develop an opinion of value, we have prepared a complete self-contained appraisal report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). The value estimate reflects all known information about the subject, market conditions, and available data. This report incorporates comprehensive discussions of the data, reasoning and analysis used to develop an opinion of value. It also includes thorough descriptions of the subject and the market for the property type. The depth of discussion contained in this report is specific to the client's needs and for the intended use stated within the report.

## **SPECIAL APPRAISAL INSTRUCTIONS**

The purpose of this appraisal is to estimate the market value “as is” and prospective market value “upon completion and stabilization” of the proposed renovations. In addition, we have been asked to appraise the subject using unrestricted rents, which is a hypothetical condition. The following are generally accepted definitions that pertain to the value estimates provided in this report.

### **Market Value “As Is” on Appraisal Date**

An estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared. Market value “as is” assumes a typical marketing period, which we have estimated at 12 months or less.

### **Prospective Value Upon Completion of Construction**

The value presented assumes all proposed construction, conversion, or rehabilitation is hypothetically completed, or under other specified hypothetical conditions, as of the future date when such construction completion is projected to occur. If anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate shall reflect the market value of the property in its then “as is” leased state (future cash flows must reflect additional lease-up costs, including tenant improvements and leasing commissions, for all areas not pre-leased). For properties where individual units are to be sold over a period of time, this value should represent that point in time when all construction and development cost have been expensed for that phase, or those phases, under valuation.

### **Prospective Value Upon Achieving Stabilized Occupancy**

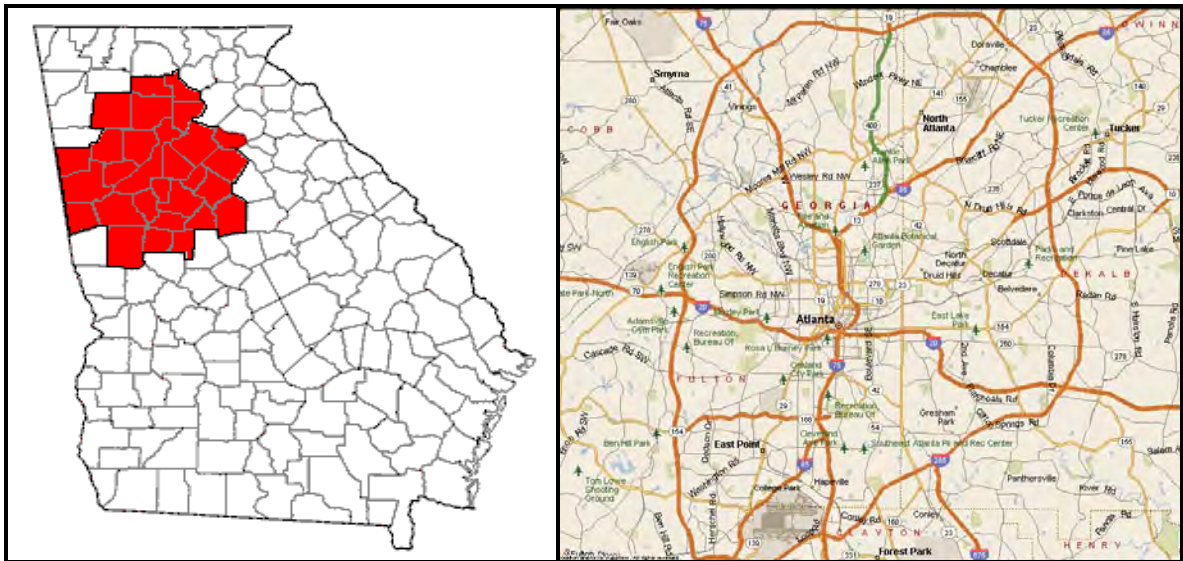
The value presented assumes the property has attained the optimum level of long-term occupancy which an income producing real estate project is expected to achieve under competent management after exposure for leasing in the open market for a reasonable period of time at terms and conditions comparable to competitive offerings. The date of stabilization must be estimated and stated within the report.

### **Hypothetical Condition on Appraisal Date**

That which is contrary to what exists but is supposed for 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 the integrity of data used in an analysis.

**REGIONAL OVERVIEW**

The following section of the report provides an overview of the 28-county Atlanta Metropolitan Statistical Area or MSA.



**Location and Population**

Located in the central, northwestern portion of Georgia, Atlanta is the state's capital and largest city. At almost 5.8 million, the current population of the Atlanta MSA has shown moderately strong growth in recent years. As can be seen in the following table, between 2000 and 2010, the MSA grew at a rate over twice as fast as the nation and 1/3 faster than the state of Georgia. From 2010 to 2014, the MSA population growth has doubled the national average and significantly exceeded that of the State of Georgia. Since 2010, the fastest growing counties are Forsyth, Fulton Cherokee and Gwinnett. In terms of absolute growth, the two largest counties, Fulton and Gwinnett, lead the way.

Chief among the factors driving continued expansion of the MSA population are employment opportunities, transportation, climate, standard of living, and Atlanta's dominant position in the southeast for national and international business, industry, and trade. While it is true that most of the growth in the MSA has occurred in the north, available land in that sector is becoming scarce (as the MSA hits the north Georgia mountains and heads towards the Alabama border to the west) and the pattern may more strongly turn to the south and west, where affordable land is available and the strong interstate system facilitates commuting patterns.

The following table shows the Atlanta MSA population trend, county by county, from 1990 to 2014.

ATLANTA METROPOLITAN STATISTICAL AREA (MSA) POPULATION								
	1990	2000	2010	2014	2000 to 2010 Chge.		2010 to 2014 Chge.	
					Number	Percent	Number	Percent
Barrow	29,721	46,144	69,367	73,240	23,223	50%	3,873	6%
Bartow	55,911	76,019	100,157	101,736	24,138	32%	1,579	2%
Butts	15,326	19,522	23,655	23,368	4,133	21%	-287	-1%
Carroll	71,422	87,268	110,527	114,083	23,259	27%	3,556	3%
Cherokee	91,000	141,903	214,346	230,985	72,443	51%	16,639	8%
Clayton	184,100	236,517	259,424	267,542	22,907	10%	8,118	3%
Cobb	453,400	607,751	688,078	730,981	80,327	13%	42,903	6%
Coweta	53,853	89,215	127,317	135,571	38,102	43%	8,254	6%
Dawson	9,429	15,999	22,330	22,957	6,331	40%	627	3%
DeKalb	553,800	665,865	691,893	722,161	26,028	4%	30,268	4%
Douglas	71,700	92,174	132,403	138,776	40,229	44%	6,373	5%
Fayette	62,800	91,263	106,567	109,664	15,304	17%	3,097	3%
Forsyth	44,083	98,407	175,511	204,302	77,104	78%	28,791	16%
Fulton	670,800	816,006	920,581	996,319	104,575	13%	75,738	8%
Gwinnett	356,500	588,448	805,321	877,922	216,873	37%	72,601	9%
Hall	95,984	139,677	179,684	190,761	40,007	29%	11,077	6%
Haralson	21,966	25,690	28,780	28,641	3,090	12%	-139	0%
Heard	8,628	11,012	11,834	11,603	822	7%	-231	-2%
Henry	59,200	119,341	203,922	213,869	84,581	71%	9,947	5%
Jasper	8,453	11,426	13,900	13,432	2,474	22%	-468	-3%
Lamar	13,038	15,912	18,317	18,207	2,405	15%	-110	-1%
Meriwether	22,441	22,534	21,992	21,198	-542	-2%	-794	-4%
Newton	41,808	62,001	99,958	103,675	37,957	61%	3,717	4%
Paulding	41,611	81,678	142,324	148,987	60,646	74%	6,663	5%
Pickens	14,432	22,983	29,431	29,997	6,448	28%	566	2%
Pike	10,224	13,688	17,869	17,784	4,181	31%	-85	0%
Rockdale	54,500	70,111	85,215	87,754	15,104	22%	2,539	3%
Spalding	54,457	58,417	64,073	63,988	5,656	10%	-85	0%
Walton	38,586	60,687	83,768	87,615	23,081	38%	3,847	5%
MSA Total	3,209,173	4,387,658	5,448,544	5,787,118	1,060,886	24%	338,574	6%
State: Georgia	6,478,216	8,186,453	9,687,653	10,097,343	3,619,127	18%	409,690	4%
U.S.	248,709,873	281,421,906	308,745,538	318,699,221	69,989,348	10%	9,953,683	3%

Source: U.S. Census Bureau

### Employment By Industry

A key factor in Atlanta's population growth is the strength of its regional economy. Atlanta has a vigorous, diverse economic base. Only broad based, overall declines in the national economy are likely to affect the region's economy to any significant extent. A breakdown of employment by industry sector within the MSA (from The Georgia Department of Labor) is presented next. Similar data for the State of Georgia is shown for comparison purposes.



<b>MSA INDUSTRY MIX VS. STATE</b>					
	<b>State of Georgia</b>			<b>Atlanta MSA</b>	
	<b>2015(04)</b>	<b>% of Total</b>	<b>#</b>	<b>2015(04)</b>	<b>% of Total</b>
Construction	156,300	3.7%		104,700	4.1%
Manufacturing	372,100	8.7%		153,900	6.0%
Finance/Info	345,400	8.1%		252,900	9.9%
Wholesale Trade	214,600	5.0%		155,800	6.1%
Retail Trade	481,300	11.3%		276,900	10.8%
Professional/Business	635,800	14.9%		473,700	18.5%
Health Care/Education	541,100	12.7%		316,500	12.3%
Leisure/Hospitality	453,300	10.7%		270,700	10.5%
Transport/Warehousing/Utilities	197,800	4.6%		135,000	5.3%
Other Services	154,700	3.6%		94,900	3.7%
Government	693,400	16.3%		330,000	12.9%
All Other	8,800	0.2%		1,300	0.1%
<b>Total Non-Farm</b>	<b>4,254,600</b>	<b>100.0%</b>		<b>2,566,300</b>	<b>100.0%</b>

*Source: Georgia Department of Labor*

Noteworthy is the larger Professional/Business sector in the MSA (largest MSA sector) and the smaller Government sector. The Government sector is the second largest in the MSA, however. The Finance/Info sector in the MSA is also larger than the State.

### Unemployment

The unemployment rates for the Atlanta MSA over the years have generally equaled or consistently bettered the state averages. The chart below indicates a five year decreasing trend – which is in line with national data.

<b>UNEMPLOYMENT RATES - ANNUAL AVERAGES</b>									
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Dec-15</b>
Atlanta MSA	4.2%	6.2%	9.6%	10.2%	9.6%	8.7%	7.9%	6.8%	4.9%
Georgia	4.4%	6.2%	9.6%	10.2%	9.8%	9.0%	8.2%	7.2%	5.5%
U.S.	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	5.0%

*Source: Bureau of Labor Statistics, Federal Reserve Bank of St. Louis*

### Largest Employers

As indicated in the following chart, Atlanta’s top employer is Delta Airlines, followed by Emory University, Gwinnett County Public Schools, and AT & T. It is important to note that several of Atlanta’s highest profile companies do not quite make the list of largest employers. For example, Coca Cola, Turner Broadcasting, Georgia Pacific, Bank of America, and the Georgia Institute of Technology (14<sup>th</sup>) were under the threshold.

MAJOR EMPLOYERS - ATLANTA REGION		
Rank	Company	Atlanta Employees
1	Delta Airlines	30,000
2	Emory University	23,841
3	Gwinnett County Public Schools	19,921
4	AT & T	18,076
5	Cobb County Public Schools	13,633
6	Fulton County Public Schools	10,989
7	WellStar Health System	10,581
8	Publix Super Markets	9,714
9	US Postal Service	9,385
10	Home Depot	9,000

Source: Atlanta Business Chronicle, Book of Lists 2014 - 2015

Over the last decade major changes have taken place in the Atlanta employment arena. Lockheed, once a leader, has dropped to 18<sup>th</sup> and may continue to decline. Both GM and Ford decreased their presence in the area with major plant closures. Delta, which is still quite strong, emerged from bankruptcy and merged with Northwest Airlines, and although the Ford and GM plants closed, Kia opened a new \$1 billion 2.2 million square-foot auto plant in 2009 just outside the metro area's southwestern boundary near LaGrange, GA. Another major employer began hiring in the Atlanta vicinity in 2013. Caterpillar opened a large plant in Athens, Georgia (just outside eastern edge of the MSA). By end of 2015 the plant expects to have hired 1,400 new workers at the Athens plant with indications that another 2,800 new positions would evolve from satellite parts and service plants in the area.

Two other major job announcements in 2014-15 are worthy of note: Daimler AG announced it had selected metro Atlanta as the home of its new Mercedes-Benz USA headquarters. The new facility is expected to add 800 to 1,000 new jobs. Also, State Farm Insurance announced it could employ as many as 8,000 at its new Dunwoody facility (construction underway). In 2015 Mercedes-Benz announced it was moving its corporate headquarters from New Jersey to Atlanta. The company plans to build a \$100M facility and hire about 1,000 employees. Also in 2015, Keurig Green Mountain announced a new manufacturing facility in Douglasville that will create 550 new jobs.

**Income, Median Age, Home Value, and Education**

According to a demographic report by STDBOnline, for 2015, the average household income estimate is \$79,222 (2010 figure was \$85,998), with a median of \$56,889. The median home value for the MSA is \$195,231 (versus 2010 figure of \$145,533). As per the 2015 estimate, 79% of the population had completed high school, and 23% had at least a four-year college degree.

## MARKET SECTOR SNAPSHOTS

### Retail

According to the *CoStar Retail Report, Fourth Quarter 2015*, the Atlanta retail market experienced a slight improvement in market conditions in the fourth quarter 2015. The vacancy rate went from 7.4% in the previous quarter to 7.1% in the current quarter. Net absorption was positive 1,322,103 square feet and vacant sublease space decreased by 41,813 square feet. Quoted rental rates were unchanged from third quarter 2015 levels, ending at \$12.55 per square foot per year. A total of 16 retail buildings with 347,286 square feet of retail space were delivered to the market in the quarter with 894,641 square feet still under construction.

### Multi-Family

According to the MPF Research *Atlanta Apartment Market Report – Fourth Quarter 2015*, Atlanta continues to have inconsistent performance throughout the metro submarkets. On the up side, Atlanta exhibits a strong business environment, vast transportation infrastructure, and an educated workforce. As a result, apartment occupancy is at the highest level since 2006, and annual rents are at a two-decade high. MPF expects Atlanta to continue to exhibit improving multi-family demand with rent growth around 5% going in to 2016 and occupancy around 94%-95%. Apartment demand registered 12,484 units in 2015. Inventory expanded at an annual rate below 1.2% over the past three years, as completions ranged from 3,600 to 10,300 units. In 2015, a total of 9,076 units were added, with 1,114 taken offline, for an annual net expansion ratio of 1.7%. Strongest submarkets are inside the perimeter and in the northern suburbs.

### Office

According to the *PwC Real Estate Investor Survey, Fourth Quarter 2015*, statistics for the Atlanta office market, the Atlanta office market has hit its stride due to steady employment growth, positive leasing trends, and limited new supply, which in turn have led to a decline in its average overall cap rate and an optimistic outlook for future rent growth. In fact, its average overall cap rate is down 28 basis points since the beginning of this year and sits at 7.35% this quarter – its lowest average since 2008. At the same time, its average initial- year market rent change rate decreases 8 basis points to 3.50% - the first decline in ten quarters. Most surveyed investors maintain that underwriting assumptions for this market remain “unchanged” since the beginning of the year. “The Atlanta office market has become very active in 2015, but was late to the dance, so we are not seeing investors being more conservative than they already were at the start of the year,” says a participant. Atlanta’s recent resurgence earned it the number five ranking for overall real estate prospects in the coming year in *Emerging*

*Trends in Real Estate*® 2016, moving up six spots from last year's outlook. Also, respondents give the Atlanta office market a higher buy (53.0%) than sell (18.0%) recommendation. The remaining respondents (33.0%) advocate holding office assets here.

According to the *CoStar Office Report, Fourth Quarter 2015*, the Atlanta Office market ended the fourth quarter 2015 with a vacancy rate of 12.1%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 1,254,140 square feet in the fourth quarter. Vacant sublease space increased in the quarter ending at 1,284,319 square feet. Rental rates ended the third quarter at \$20.70, an increase over the previous quarter. A total of one building delivered to the market in the quarter totaling 52,000 square feet with 1,819,691 square feet still under construction.

Tallying office building sales of 15,000 square feet or larger, Atlanta office sales figures rose during the third quarter 2015 in terms of dollar volume compared to the second quarter of 2015. Total office building sales activity in 2015 (through third quarter) was up compared to 2014. In the first nine months of 2015, the market saw 110 office sales transactions with a total volume of \$2,310,151,859. The price per square foot averaged \$161.10. In the same first nine months of 2014, the market posted 108 transactions with a total volume of \$1,428,506,456. The price per square foot averaged \$126.10. Cap rates have been lower in 2015, averaging 7.67% compared to the same period in 2014 when they averaged 8.54%.

### **Industrial**

According to the *CoStar Industrial Report, Fourth Quarter 2015*, the Atlanta Industrial market ended the third quarter 2015 with a vacancy rate of 7.4%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 4,001,122 square feet in the third quarter. Vacant sublease space increased in the quarter ending at 2,118,682 square feet. Rental rates ended the fourth quarter at \$4.24, an increase over the previous quarter. A total of three buildings delivered to the market in the quarter totaling 632,084 square feet with 16,870,017 square feet still under construction.

Tallying industrial building sales of 15,000 square feet or larger, Atlanta industrial sales figures fell during the third quarter 2015 in terms of dollar volume compared to the previous quarter. Total year-to-date industrial building sales activity in 2015 is down compared to the previous year. In the first nine months of 2015, the market saw 211 industrial sales transactions with a total volume of \$765,588,014. The price per square foot has averaged \$37.25 this year. In the first nine months of 2014, the market posted 179 transactions with a total volume of \$972,906,995. The price per square foot averaged \$38.61. Cap rates in the first nine months of 2015 have been lower, averaging 6.91%, compared to the first nine months of last year when they averaged 7.69%.

### Housing

According to a [homebuyinginstitute.com](http://homebuyinginstitute.com), published October 2015, in their forecast for 2016 Atlanta was one of the big real estate stories of 2015. Home prices in the metro area reportedly rose by double digits over the last couple of years, outpacing most of the nation. Prices in this housing market rose fast enough to prompt some industry watchers to caution that the levels were unstable. While home-price appreciation has leveled off to some degree, continued gains are likely in 2016.

According to *Zillow*, from October 2014 to October 2015 home prices rose 11%. Their economic team's recent forecast for 2016 expects to see home prices rise 5.9%. Other housing analysts have made similar comments and predictions regarding the Atlanta housing market in 2016, which support additional gains. However, prices will probably fall short of the double-digit increases recorded over the last couple of years.

According to the most recent (January 2016) Summary of Commentary on Current Economic Conditions by Federal Reserve Districts, real estate and construction feedback was slightly less optimistic since the last report, although several attributed the softening conditions to seasonal factors. Most builders reported that home sales were flat to slightly up relative to one year earlier. Meanwhile, reports on home sales and traffic from brokers were mixed. On balance, participants described inventory levels as flat. Most contacts indicated that they were seeing modest home appreciation. Anticipated home sales and construction activity over the next three months is expected to be flat to slightly up. Reports on apartment construction suggested that activity remained robust.

### Convention Trade

Tourism is a major business in Atlanta. The city hosts on average about 17,000,000 visitors a year. The industry typically generates between three and four billion in annual revenues. Convention and trade show business ranks as Atlanta's largest industry. Estimates vary, but overall annual attendance is approximately three million, with delegates spending an average of almost \$200 per person, per day. To accommodate visitors there are approximately 92,000 hotel rooms in the 28-county metro area. As other cities continue to offer increasing competition for Atlanta's convention business, namely Orlando, Miami, Las Vegas and New Orleans, the city continually strives to improve its facilities. The largest facility, the Georgia World Congress Center (GWCC), completed its expansion from 950,000 to 1.4 million square feet of exhibit space, in 2002. The top trade shows and conventions booked during 2014/15 in Atlanta are shown next.

TOP TRADE SHOWS AND CONVENTIONS IN ATLANTA FOR 2014/2015		
Show	Estimated or expected No. of Attendees	Location
AmericasMart Gift & Home Furnishings Market Jan.	91,000	AmericasMart Atlanta
SEC Football Championship	74,000	Georgia Dome
AmericasMart Gift & Home Furnishings Market July	73,000	AmericasMart Atlanta
2014 Chik-Fil-A Bowl	72,000	Georgia Dome
Chick-fil-a College Kick-Off Game 1	72,000	Georgia Dome
Chick-fil-a College Kick-Off Game 2	72,000	Georgia Dome
The Big South National Qualifier	59,000	GWCC
Bronner Bro.s Hair Show	55,000	GWCC
Dragon Con	53,000	AmericasMart Atlanta
Cheersport	50,000	GWCC

Source: Atlanta Business Chronicle, Book of Lists 2014-15

### Transportation

The Atlanta region's continued emphasis on upgrading the transportation system is a significant factor in the area's economic growth and development. The main focus on improvement has been primarily in three areas over the recent past: the Metropolitan Atlanta Rapid Transit Authority (MARTA) commuter railway project; Hartsfield-Jackson Atlanta International Airport; and the interstate highway system.

MARTA is a public agency that provides mass rail transportation. Its transit system consists of extensive bus service (over 150 routes) and a heavy-rail, rapid transit system in DeKalb and Fulton Counties. The rail system consists of north-south and east-west lines that intersect near the center of Atlanta's CBD. The system currently consists of 47 miles of rail and 38 stations, including one at Hartsfield Airport. Cobb, Gwinnett and Clayton counties also have bus transit systems that have routes to the CBD, as well as links to other MARTA routes.

The interstate highway system in and around Atlanta is well developed. Encircling the city is the six- to 10-lane, 64-mile, I-285. The highway system also includes three major freeways that intersect in the middle of town and radiate out in all directions. These are I-20 (east/west), I-75 (northwest/southeast), and I-85 (northeast/southwest). Additionally, the extension of Georgia Highway 400 from I-285 to I-85 near the downtown connector was completed in 1993. This is Atlanta's first toll road and provides multiple-lane, direct access to the central business district for residents of north Fulton and Forsyth Counties.

Hartsfield-Jackson Atlanta International Airport is the world's largest passenger terminal complex and the world's busiest airport (per *Wikipedia* and other sources). Since 1998, Hartsfield-Jackson has been the busiest airport in the world, thus making it the busiest airport in the history of aviation.

### Other Features

Some additional features of Atlanta are 29 degree-granting colleges and universities and the Jimmy Carter Presidential Center. Atlanta is one of few cities with three major professional sports teams: football with the Atlanta Falcons (1998 NFC Champions); basketball with the Atlanta Hawks; and baseball with the Atlanta Braves (1992, 1996, and 2000 National League Champions and 1995 World Series Champions); The Atlanta Thrashers hockey team moved from Atlanta to Winnipeg, Manitoba in June 2011. Additionally, the Atlanta area hosts a major NASCAR race every year (over 100,000 in attendance). Major recreational attractions include Six Flags Over Georgia, Stone Mountain Park, Lakes Sidney Lanier and Allatoona, and multiple museums and theater venues. New attractions in the Atlanta area include the Georgia Aquarium and Atlantic Station.

Over the last decade, Atlanta has been a huge presence in the world of spectator sports. It all started with its selection as the site of the 1996 Summer Olympics. A key factor in that achievement, as well as the city's hosting of the 1994 and 2000 Super Bowls, 2002 and 2007 NCAA Men's Basketball Final Four, 2003 NCAA Women's Basketball Final Four, and major indoor track events, has been the Georgia Dome. This indoor stadium was completed for the Falcons' 1992 football season. A new, state-of-the-art retractable roof stadium is under construction for the Falcons football team and the Atlanta United soccer team. It should be completed in 2017. In addition, the Atlanta Braves are also under construction of a new state-of-the-art baseball stadium with an adjacent mixed-used development that will include office space, hotel rooms, various retail stores and restaurants, and an entertainment venue. This project is set to be completed in 2017. Coupled with recent improvements to the nearby Georgia World Congress Center, it has proven to be a big plus for the city. The spin-off from the events has further enhanced Atlanta's reputation as a true international city, not to mention the significant economic impact.

### CONCLUSIONS / OUTLOOK

In November 2015, *Georgia Trend* published an analysis of Atlanta's economic outlook. The following is developed from this analysis.

A revival of population growth and the housing recovery will strongly underpin Atlanta's ongoing economic recovery. A high concentration of college-educated workers, business partners, high-tech companies and research universities will continue to attract high-technology companies in life sciences, research and development, IT, professional and business services, and advanced manufacturing. Life sciences companies are attracted by the presence of the CDC and nonprofits such as the American Cancer Society national headquarters. New high-tech industries (e.g., healthcare IT, cyber security and mobile apps) are growing rapidly in Atlanta. The innovation district that's developing around Tech Square

has achieved the critical mass needed to attract high-tech companies like NCR to Midtown Atlanta.

Compared to other large metro areas with strong links to global markets, the cost of living and doing business in the Atlanta MSA are low. Access to workers, especially skilled labor, is vital to business success. And, despite the limits that traffic places on workers, many companies are attracted to Atlanta for its large and diverse pool of employees for both occupations that require a college degree and those that do not.

On an annual average basis, the 28-county Atlanta MSA will add 69,600 jobs in 2016, a year-over-year increase of 2.7 percent. That percentage gain will exceed the gains expected for both the state – 2.3 percent – and the nation – 1.4 percent. Atlanta will account for 75 percent of the state's net job growth; however Atlanta's 2016 job increase will be smaller than the gains posted for 2014 – 88,200 – and 2015 – 77,500.

Expectations of below-average top-line growth, the tightening labor market, slightly higher productivity gains and the strong U.S. dollar will be factors behind the slowdown. More positively, a larger share of the new jobs will be full time rather than part time. Many of the headquarters and other large projects recently announced by the Georgia Department of Economic Development will be located in the metro area. Atlanta's outsized information industry will benefit from expanding film and television production as well as surging demand for more sophisticated wireless services and high-volume mobile data applications.

Major improvements at Hartsfield-Jackson Atlanta International Airport bode well for Atlanta's growth. The airport makes the Atlanta area an ideal location to operate corporate headquarters, with multi-state and multi-national companies flying executives and sales people everywhere almost every day. Airport improvements also will help Atlanta to become even more popular as a destination for tourists and people attending business meetings, conventions and trade shows, as well as sporting and cultural events. This, along with cyclical improvements in the national and regional economies, will boost Georgia's hospitality industry. Hotel occupancy rates will be at or near record levels. New attractions such as the Porsche Experience Center and the College Football Hall of Fame will boost Atlanta's appeal to travelers.

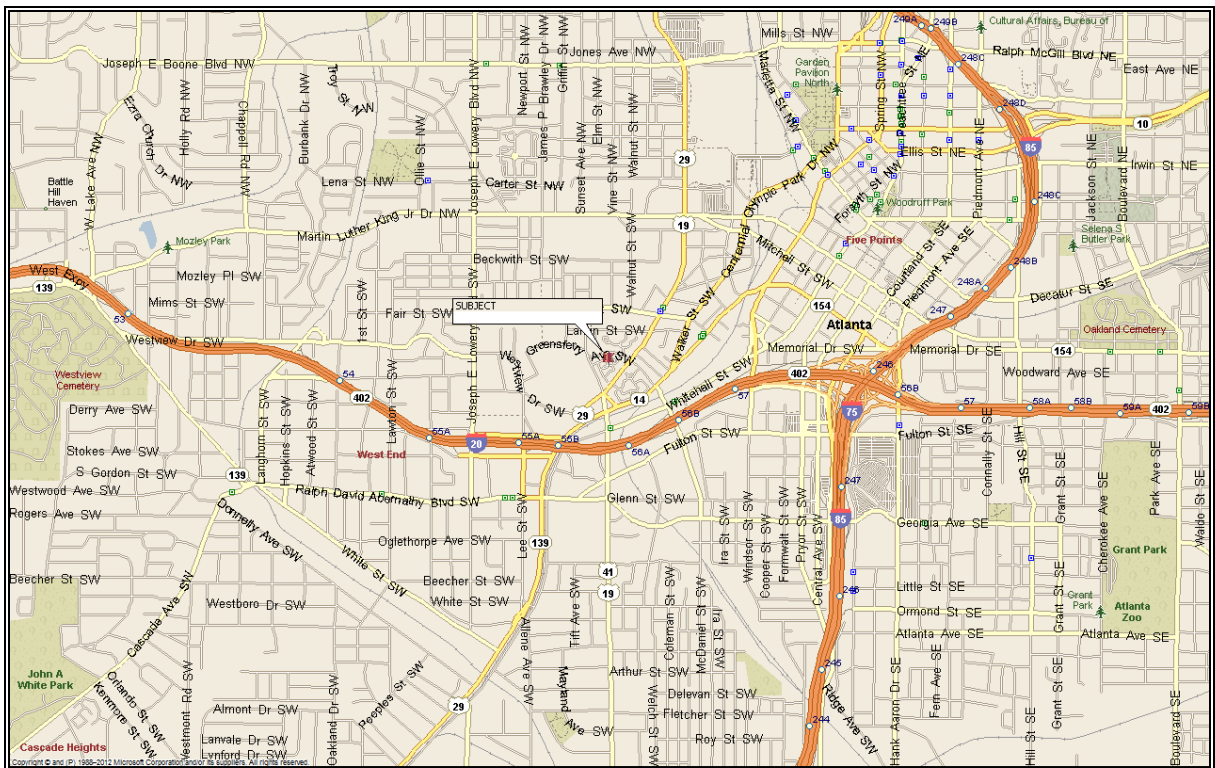
Atlanta will continue to develop as an inland port for distribution and warehousing products. The connectivity of Georgia's ports to the interstate system, rail and air cargo is excellent. Sites near Hartsfield-Jackson and its extensive air cargo facilities as well as those near cold storage facilities appeal to manufacturers of perishable biomedical products.



## NEIGHBORHOOD OVERVIEW

### Location

The subject is located at the southwest corner of Greensferry Avenue and Northside Drive (US 29) within the city limits of Atlanta, Fulton County, Georgia. This location is less than ½ mile north of Interstate 20, approximately one mile west of the Interstates 20 and 75 intersection, less than five miles east of Interstate 285, and approximately one mile southwest of the Atlanta CBD. Neighborhood boundaries are an approximate three-mile radius around the subject. A neighborhood map is presented on the following page with a larger map, as well as a regional map, included in the Addenda.



### Access and Availability of Utilities

Accessibility of the neighborhood is considered good. The subject is convenient to the interstate and to arterial roads, with multiple interior streets and access to parking courtyards. Exposure is also good, with the subject buildings arranged around the perimeter of the blocks and parking within the courtyard interiors of the blocks. Phase I units have frontage along Greensferry Avenue, Spelman Lane and Northside Drive (US 29). Streets are asphalt paved and bidirectional, with curbside parking. US 29, southeast of the subject, provides the primary access to Interstate 20 less than ½ mile south; while Walker Street/Centennial Olympic Park

Dr/Spring Street provides access to Interstate 75/85 less than two miles to the northeast. Interstate 20 provides access east and west through downtown Atlanta and Interstate 75/85 provide north and south access through downtown Atlanta. US 29, the subject's southeast frontage street, is a six-lane roadway that travels in a general north/south direction connecting the subject with Hartsfield Jackson Atlanta International Airport to the south and the Buckhead area to the north. Greensferry Avenue, the subject's northern frontage street, is a four-lane roadway that travels in a general east / west direction connecting with US 29 to the northeast and Westview Drive to the northwest. Spelman Lane, the subject's western frontage road, is a two-lane roadway connecting Greensferry Avenue to the northwest and US 29 to the southwest.

Most local streets are designed in a grid system. A number of them provide multiple lanes and two-way traffic flow, while others provide for one-way flow. Martin Luther King Jr. Drive, Joseph E. Boone Boulevard, Ivan Allen Jr. Boulevard, Memorial Drive/Highway 154 and Highway 278/78 provide the primary east/west access through the neighborhood. These roadways provide access to portions of western metro Atlanta, outside the I-285 perimeter and east, beyond I-285. Moreland Avenue/Highway 23, Piedmont Avenue/Capital Avenue and Northside Drive/Highway 19 are the primary north/south local traffic arteries serving the area. Each of these roadways handles moderate amounts of traffic and provide access north and south through metropolitan Atlanta, inside of I-285.

Public transportation is readily available in the vicinity of the subject. There are MARTA bus stops in the immediate vicinity, and the West End, Ashby, and Garnett MARTA rail stations are located less than one radial mile away from the subject. Utilities available throughout this neighborhood include public water, sanitary sewer, electricity, natural gas and telephone. Police and fire protection are also provided.

### **Land Use**

The immediate area surrounding the subject can generally be described as an older mixed-use district, characterized primarily by institutional, older single- and multi-family residential, and some commercial properties. The area conditions range widely as significant portions are still blighted and others are benefiting from the continued expansion of gentrification.

For the most part, single-family residential development in the neighborhood consists primarily of small, old, modest homes oriented to lower-income households. Although there is some new construction in various areas, most homes were constructed 50+ years ago. We did not observe a significant amount of in-fill development. With the exception of the Ashley Collegetown development, multi-family development within the subject neighborhood is typically older vintage and on the small side in terms of number of units. Most complexes have poor curb appeal although some have undergone various stages of renovation. Just south of

Ashley Collegetown is the 10-story, 190-unit Atrium at Collegetown. This complex was originally built in 1965 (formerly John O. Chiles) with 222 units. It was renovated in 2006, reduced to 190 units and renamed Atrium at Collegetown. It offers affordable housing to residents aged 55 or older. Across the street from the Atrium is the Gardens at Collegetown, a two-story garden-style development that offers affordable housing to those with mental illness and/or developmental disabilities. There is a large condominium development known as the Sky Lofts, located along Joseph E. Lowery Boulevard, just south of Interstate 20. Built in 2006, the Sky Lofts offers 200+ one-bedroom units priced from \$74,900, as well as ground-level retail space. In recent years, the subject's general area has been the recipient of significant public and private funds associated with the revitalization of the neighborhood. The Arthur M. Blank Family Foundation (in conjunction with the new stadium) has committed \$15 million for Westside neighborhood projects that include Vine City, English Avenue, and Castleberry Hill. The Atlanta Development Authority (d.b.a. Invest Atlanta) has also committed \$15 million from the Westside Tax Allocation District to co-invest in the targeted neighborhoods. In addition, the Westside Neighborhood Prosperity Fund seeks to partner with nonprofits and invest in projects that improve the quality of life for local residents.

Commercial uses are scattered throughout the neighborhood, with the majority being situated along primary thoroughfares such as Northside Drive, Joseph E. Lowery Boulevard, and SR-78/US-278. Uses in the immediate area consist primarily of smaller retail and service establishments and gas stations. Located southwest of the subject near the intersection of Oak Street and Joseph E. Lowery Boulevard is the West End Mall. This older mall has lost many of its prime anchors, but still has a large number of smaller retail shops and nearby strip centers, plus a large older grocery store. Other commercial developments surrounding the mall include a number of gas stations, convenience stores, and fast food restaurants. The nearest grocery is within the recently constructed Walmart Supercenter located along Martin Luther King Jr. Drive, less than one mile northwest of the subject.

The most significant land use in the subject neighborhood is the Atlanta University Complex or AUC (Clark Atlanta University, Spellman College, Morehouse College, and the Morehouse School of Medicine), which occupies much of the eastern portion of the neighborhood. This complex has a student enrollment of over 11,000, which includes Morris Brown College which has lost its accreditation and filed for bankruptcy; however, as of 2015 a reorganization plan has been accepted by the bankruptcy court and is now seeking to regain its accreditation. The campus includes a number of educational buildings, student housing complexes and recreational uses including a large football stadium (B.T. Harvey Stadium) and the Ray Charles Performing Arts Center.

Proximate to the extreme northeast side of the subject neighborhood, Techwood Homes and Clark Howell redevelopment has removed much of the negative stigma associated with the area, as the project almost completely filled the land area between Centennial Park and the Olympic Village at Georgia Tech's campus. Techwood and Clark Howell were some

of the earliest public housing developments in the U.S. The redevelopment replaced these units with a new mixed-income apartment community that has over 700 units. Similar redevelopment of public housing projects has also been undertaken at other sites throughout Atlanta. These include The Villages at Castleberry Hill (subject), Magnolia Park, The Villages of East Lake, Collegetown at Harris Homes, Carver Homes, Auburn Point, and Capitol Gateway. In all of these cases, the existing public housing development was demolished and a new, attractive, mixed-income apartment and/or townhome development was built in its place. This type of redevelopment has spawned supporting single-family residential, loft residential, retail, industrial and other development around these projects. Other redevelopment/revitalization areas include the Chattahoochee Industrial District and the Atlantic Steel sites. Closer-in to the subject, the reported greenspace project known as Historic Mims Park is still alive and well and plans are reportedly to be announced by year-end 2015 pertaining to its advancement. The original proposal from July 2012 was for a 16-acre park honoring Atlanta's role in civil rights located along Joseph E. Boone Boulevard and Elm Street. The proposed park reflects the assemblage of mostly vacant land and will likely be a catalyst for future development in the area once complete. Georgia State University (GSU) and Underground Atlanta are located roughly 1.5 miles northeast of the subject.

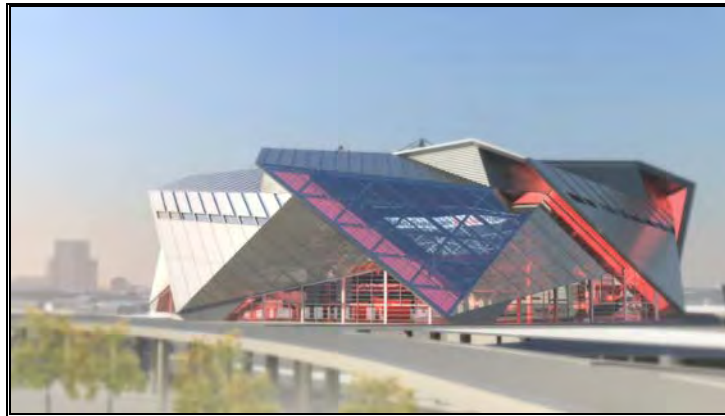
East of Northside Drive is the World Congress Center, where major conventions and shows are held throughout the year, the Georgia Dome (home to the NFL Falcons and scene of major sporting events), and Phillips Arena (home to the NBA Hawks). The Congress Center contains 3.9 million square feet in three main buildings. In total these buildings have twelve exhibit halls, 105 meeting rooms, and two ballrooms. Centennial Olympic Park is located along the east perimeter of these developments. The 21-acre park was developed in 1996 as a symbolic focal point for the Olympic Games. Just east of the Park, is the Atlanta Market Center, which totals about 5.0 million square feet and includes the Gift Mart, Apparel Mart, and Merchandise Mart. Also in this vicinity is the 250,000 square foot Georgia Aquarium, World of Coca-Cola museum, and the recently opened College Football Hall of Fame.

Uses immediately adjacent to the subject include the following: a portion of the Villages at Castleberry Hill – Phase II and Clark Atlanta University are located to the north and northwest; a portion of the Villages at Castleberry Hill – Phase II is located to the east and southeast; Spelman Collage is located to the west.

### **NEW ATLANTA FALCONS STADIUM**

Scheduled to open for the 2017 NFL season, the new stadium will serve as the home of the Atlanta Falcons and Atlanta United (new MLS franchise) in addition to other sports, convention and entertainment events currently held at the existing Georgia Dome. A site just south of the Georgia Dome (just southeast of the subject site) was selected as the site of the

new Atlanta Stadium. According to its website, the Falcons have publicly committed to making significant investments in the adjacent communities as a result of a new stadium. As mentioned previously, the Arthur M. Blank Family Foundation has committed at least \$15 million to benefit Vine City, English Avenue, Castleberry Hill and other neighborhoods contiguous to the new stadium. These funds are expected to be granted to transformational projects that result in lasting impact. Invest Atlanta has also committed \$15 million from the Westside Tax Allocation District (the TAD) to co-investments in the targeted areas. It is anticipated that planned uses of TAD funds will leverage additional public and private funds.



### Area Demographics/Growth and Trends

To gain additional insight into the characteristics of the subject's neighborhood, we reviewed a demographic study prepared by ESRI through STDBonline.com. The demographic

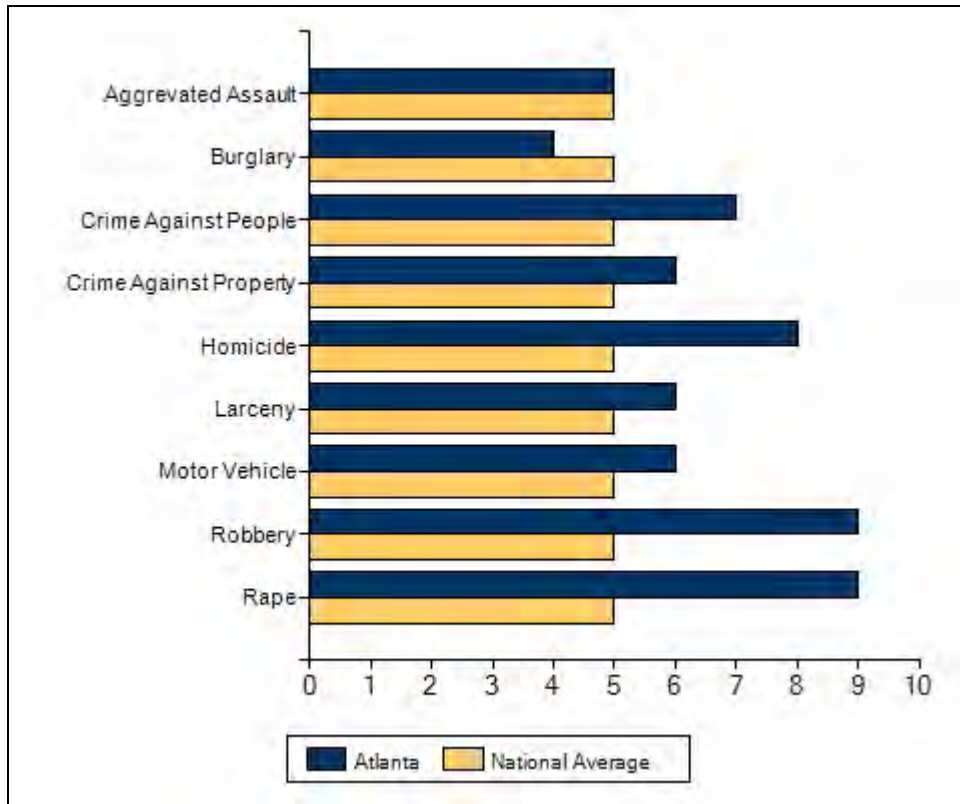
information in the chart illustrates the conditions of this neighborhood in comparison to the Atlanta MSA.

<b>DEMOGRAPHICS SUMMARY</b>				
<b>3 Mile Radius - 600 Greensferry Avenue, Atlanta, Fulton County, GA 30314</b>				
	<b>2000</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>
<b>Population</b>	141,079	136,995	144,373	151,612
Growth		-3%	5%	5%
<b>Households</b>	50,855	55,525	59,122	63,485
Growth		9%	6%	7%
			<b>3 Mile Ring</b>	<b>Atlanta MSA</b>
<b>Income</b>				
Average HH (2015)			\$50,022	\$79,222
Median HH (2015)			\$30,384	\$56,889
Per Capita (2015)			\$23,086	\$29,318
<b>Median Home Value</b>			\$201,598	\$195,231
<b>Housing Units</b>				
Renter - Occupied			52%	34%
Owner - Occupied			24%	56%
Vacant			24%	10%
<b>Education Levels (Adults &gt; 25)</b>				
High School Graduate			85%	89%
4-Year College Degree / Advanced			40%	36%
<b>Largest Employ. Categories</b>				
Services			60%	48%
Retail Trade			10%	12%
Finance, Insurance, Real Estate			6%	7%
Transportation/Utilities			6%	7%
<i>Source: ESRI</i>				

As can be seen, the three-mile radius around the subject site has experienced positive growth over the past 15 years and this trend is expected to continue. Housing in the area is more expensive than the MSA and is weighted towards renter-occupancy. Neighborhood households earn lower incomes and have similar educational attainment as compared to the MSA. Employment is diversified but weighted towards services, retail trade and finance, insurance, and real estate-related professions.

We also referenced *Relocation Essentials* for crime data in the zip code the subject lies within. As shown in the chart below one of the crime categories rate as above the national

average, one is at the national average and seven are below the national average. The operating performance for the subject does not appear to reflect any abnormal impact from these rates.



**Conclusion and Relevance to the Subject Property**

In general, the neighborhood is an established and moderately growing urban area of downtown Atlanta. The area appears to be adequately served by supportive retail and service businesses. Access to and through the area is good, with easy access to several major interstates. We expect the overall demographic nature and development characteristics of the neighborhood to remain relatively consistent, with continued moderate growth over the foreseeable future, limited only by the availability of developable land or re-developable properties.



The site and improvement descriptions included in this section are based on a personal inspection of the subject site and improvements; various documents provided by the owner/developer including a unit mix, rent roll, site plan, unit floor plans, historical and budgeted operating statements, discussions with representatives of the owner and the on-site property manager; property tax information; and our experience with typical construction features for apartment complexes. The available information is adequate for valuation purposes. However, our investigations are not a substitute for formal engineering studies.

**SITE DESCRIPTION**

- Address: 600 Greensferry Avenue  
Atlanta, Fulton County, Georgia 30314
- Location: Southwest corner of Greensferry Avenue and Northside Drive (US 29) within the city limits of Atlanta, Fulton County, Georgia. This location is less than ½ mile north of Interstate 20, approximately one mile west of the Interstate 20/75 intersection and approximately one mile southwest of the Atlanta CBD.
- Assessor Parcel Nos.: 14-0108-LL-0235 (building improvements) and a portion of 14-0108-LL-0029 (underlying site)
- Land Area: 7.7 total acres - per survey
- Shape and Frontage: Irregular with frontage along the south side of Greensferry Avenue, west side of Spelman Land, and the northeast side of Northside Drive (US 29).
- Ingress and Egress: According to the inspection, access is via one curb cut along the south side of Greensferry Avenue.
- Soils: We were not provided a geotechnical exploration report. We are not aware of any soil problems and assume the site can support the existing improvements both now and into the future. We have no expertise in this area. We recommend the consultation of a specialist for further questions of this nature.
- Topography and Drainage: The subject site is gently rolling, buildings have piped downspouts and paved areas have collection basins. Drainage occurs in a number of directions. The parking/drive areas are sloped to promote subsurface drainage. We are unaware of any drainage issues and assume that none exist.
- Easements: According to the provided survey, there are no easements hindering the subject property. Further, no easements were identified during our inspection. We assume there are easements for utilities that serve the subject. In our analysis,



we assume there are no easements that are detrimental to the subject.

Covenants, Conditions, and Restrictions: Low Income Housing Tax Credits will provide funding for the proposed renovation. The compliance period is typically 15 years, but we were not provided any documentation. We are not aware of any other deed restrictions, or restricting covenants, other than zoning.

Flood Zone: According to a flood map prepared by Floodscape and provided by ESRI, the subject property is identified on Federal Emergency Management Agency Flood Insurance Rate Map Number 1321C0356F, effective date September 18, 2013, and the subject site is located within Zone X. Zone X designations are areas outside of the 100- and 500-year flood hazard areas. We are not experts in this area and recommend the consultation of an expert for flood issues or the need to purchase flood insurance.

Environmental Issues: We were not provided a Phase II Environmental Assessment. We did not observe any evidence of environmental contamination on inspection. However, we are not experts in this area and suggest the consultation of an expert if a problem is suspected. This analysis assumes that there is no hazardous material on or in the property, including land and improvements, which would cause a significant loss in value. We reserve the right to adjust our conclusion of value if any environmental conditions are discovered.

Fair Housing: Appraisers are not an expert in such matters. The impact of such deficiencies are not quantified within this report as they may affect value. Any potential violations of the Fair Housing Act of 1988, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990 and/or 2016 Appraisal Manual DCA 9 of 14 are also not enumerated within this report, nor any accommodations (e.g., wheelchair ramps, handicap parking spaces, etc.) which have been performed to the property or may need to be performed.

Conclusion: The subject site has an adequate shape, size, and topography, with all utilities and services available. It enjoys a good location with respect to surrounding supportive development, major transportation arteries and employment.

**IMPROVEMENT DESCRIPTION**

**Construction Class:** The class of construction is the basic subdivision in *Marshall Valuation Service* dividing all buildings into five basic groups by type of framing (supporting columns and beams), walls, floors, roof structure, and fireproofing. The subject buildings feature wood-frame construction with wood and brick-veneer siding exteriors. According to the *Marshall Valuation Service* cost manual, the buildings qualify as average, Class D<sup>1</sup> construction.

**Competitive Rating:** The subject is perceived in its market as a Class B property in terms of quality, features, amenities and age.

**Unit Mix:**

<b>UNIT MIX</b>			
<b>Unit Type</b>	<b>No. Units</b>	<b>Unit Size</b>	<b>Total</b>
1BR/1BA (Market)	18	710	12,780
2BR/1BA (Market)	11	890	9,790
2BR/2BA (Market)	21	947	19,887
2BR/2BA (Market)	3	1,125	3,375
2BR/2BA (Market)	5	1,134	5,670
3BR/2BA (Market)	8	1,138	9,104
1BR/1BA (50% AMI)	19	710	13,490
2BR/1BA (50% AMI)	12	890	10,680
2BR/2BA (50% AMI)	24	947	22,728
2BR/2BA (50% AMI)	1	1,093	1,093
2BR/2BA (50% AMI)	2	1,125	2,250
3BR/2BA (50% AMI)	8	1,138	9,104
1BR/1BA (60% AMI)	9	710	6,390
2BR/1BA (60% AMI)	5	890	4,450
2BR/2BA (60% AMI)	13	947	12,311
2BR/2BA (60% AMI)	3	1,134	3,402
3BR/2BA (60% AMI)	4	1,138	4,552
<b>Total/Avg.</b>	<b>166</b>	<b>910</b>	<b>151,056</b>
Source: Property Manager & Rent Roll (3/18/16)			

<sup>1</sup> Class D buildings are characterized by combustible construction. The exterior walls may be made up of closely spaced wood or steel studs, as in the case of a typical frame house, with an exterior covering of wood siding, shingles, stucco, brick, or stone veneer, or other materials. Floors and roofs are supported on wood or steel joists or trusses or the floor may be a concrete slab on the ground. Upper floors or roofs may consist of wood or metal deck, prefabricated panels or sheathing. (Source: Marshall Valuation Service, January 2014, §1, p. 8)

Improvement Summary	Area (SF): Year Built: Type: Units: Condition: Buildings/Stories: Access:	151,056 leasable SF per rent roll 164,852 gross SF per building plans 1999 / Proposed renovation 2016/2017 Garden 166 Average 11, two- and three-story apartment buildings and one clubhouse/leasing building Exterior walk-up
Exterior Description:	Foundation: Frame: Exterior Finish: Roof:	Poured, reinforced concrete Wood frame Brick and masonry veneer Pitched asphalt shingle
Interior Living Areas	Walls: Windows: Ceiling: Lighting: Flooring:	Painted drywall Single-pane glass Painted drywall Fixtures, fluorescent Carpet, vinyl tile
Kitchen Areas	Wood cabinets w/ solid laminate countertops, refrigerator, sink with disposal, and range/oven	
Bath	Porcelain commode, wood vanity cabinet with laminate countertop, single sink, ceramic tile tub/shower combination	
Other	HVAC: Electrical/plumbing: Interior doors: Exterior doors: Other:	Pad mounted A/C units Typical, assumed adequate. Units and common areas are not sprinklered. Hollow core with glass doors to patio Metal All units have small patio or balcony All units provide full size washer and dryer units
Site Improvements:	Parking: Landscaping:	243 surface parking spaces, presume adequate parking spaces in compliance with local zoning requirements. Limited, typical for urban location
Property Amenities:	The project includes surface parking, community room, business center, gazebos and grills, fitness center, two outdoor pools, baseball field, gated entrance, and on-site daycare/after school program.	
Utilities:	Water, sewer, and trash are included in the rent. Tenants are responsible for electricity.	
Renovation Budget:	The provided development cost information is presented in the following chart. Direct costs are estimated at \$11,464,500, which	

equates to \$55,118 per unit. Indirect costs are estimated at \$1,913,041, which equates to \$9,197 per unit. Total direct and indirect costs are estimated at \$13,377,541, or \$64,315 per unit. Per information provided from the developer, acquisition is estimated at \$6,650,000 and the development fee is estimated at \$1,800,000. Total estimated development costs, including acquisition costs and development fees, are estimated at \$21,827,541, which equates to \$104,940 per unit.

<b>DEVELOPMENT BUDGET</b>			
<b>Villages of Castleberry Hill - Phase I</b>			
<b>166 Units - 151,056 SF</b>			
	Total	Per Unit	Per SF
<b>Direct Costs</b>			
Construction	\$9,525,000	\$45,793	\$63.06
Builders Overhead	\$190,500	\$916	\$1.26
Builder Profit	\$571,500	\$2,748	\$3.78
General Requirments	\$571,500	\$2,748	\$3.78
P&P Bond	\$50,000	\$240	\$0.33
Permit & Tap Fees	\$56,000	\$269	\$0.37
Construction Contingency	\$500,000	\$2,404	\$3.31
<b>Total Direct Costs</b>	<b>\$11,464,500</b>	<b>\$55,118</b>	<b>\$75.90</b>
<b>Indirect Costs</b>			
Pre-Development Costs	\$440,000	\$2,115	\$2.91
Marketing & Leasing	\$477,000	\$2,293	\$3.16
Financing Fees	\$996,041	\$4,789	\$6.59
<b>Total Indirect Costs</b>	<b>\$1,913,041</b>	<b>\$9,197</b>	<b>\$12.66</b>
Percentage of Indirect to Direct Costs	16.7%		
<b>Total Direct and Indirect Costs</b>	<b>\$13,377,541</b>	<b>\$64,315</b>	<b>\$88.56</b>
Acquisition	\$6,650,000	\$31,971	\$44.02
Developers Fee	\$1,800,000	\$8,654	\$11.92
<b>Total Development Costs</b>	<b>\$21,827,541</b>	<b>\$104,940</b>	<b>\$144.50</b>
*Reserves of \$957,146 for operating are lease-up are excluded.			

Deferred Maintenance/  
Capital Issues:

Overall, the property is in average physical condition. For most of the property there were no significant deferred maintenance issues observed on inspection; however, upon inspection there were two down units in need of water damage repair. These repairs are currently on going.

Conclusion/Comments:

The subject's construction is consistent with older low-rise apartment complexes in the central metro area and is competitive with other similar-vintage complexes in Atlanta.

## ECONOMIC AGE AND LIFE

The subject complex was originally built in 1999 and is proposed for a substantial renovation with a total cost per unit of \$109,542, which includes direct and indirect costs, but excludes the developer fee. According to *Marshall Valuation Service* cost guide (Section 97, page 10, Multiple Residences, Class D), properties of this type have 'typical building lives' of 45 to 55 years. However, this may be extended by a consistent repair schedule. For excellent quality structures the indication is 55 years. It is noted that the foregoing estimates largely pertain to physical life. For purposes of the appraisal we are to estimate *remaining economic life*, which takes other factors into consideration and may vary from remaining physical life. Remaining Economic Life is defined as the estimated period during which improvements will continue to contribute to property value and an estimate of the number of years remaining in the economic life of the structure or structural components as of the date of the appraisal.

Our estimate considers the following factors:

1. The economic make-up of the community and the ongoing demand for the subject type,
2. The relationship between the property and the immediate environment,
3. Architectural design, style and utility from a functional point of view,
4. The trend and rate of change in the characteristics of the neighborhood that affect values,
5. Construction quality, and
6. Physical condition

The subject property is located in an established lower to middle-income area of central metropolitan Atlanta. The area has good accessibility, and is well located with respect to availability of labor, supporting services, and surrounding complementary developments. The area's population and households are projected to grow at a moderate pace into the foreseeable future.

The subject neighborhood is in a stable life cycle stage, with new development planned and occurring. Some of the competition is the same sort of quality/condition/product type, etc. as the subject, though not age restricted. Some is less upscale. Prevailing underlying land values are stable and recovering, supporting likely ongoing contributory value of the improvements. There are no indications the area will experience any significant changes in the foreseeable future that will impact the economic viability of the subject.

Currently, the subject is good quality construction and is in overall average condition. Post renovation, the subject will be in essentially new condition. The building is interior corridor and served by two elevators. The unit mix and sizes are consistent with competitive properties in the area and fit the senior tenant base well. In addition, the proposed subject has

quality, condition and level of amenities that are consistent with other senior communities. There appears to be demand for similar units and this demand should bode well for occupancy at the subject. Considering all of these factors, our estimate of remaining economic life for the subject at completion of renovation is 55 years.

**ZONING ANALYSIS**

According to the City of Atlanta planning and zoning department, the subject parcel is zoned RG-3, Residential General District. This zoning was established to provide for a range of residential densities that are compatible with the surrounding residential environment, and with the comprehensive development plan; to provide for supporting facilities, either as permitted uses and structures or as uses permissible by special permit; and to encourage maintenance and preservation of existing large dwelling by allowing conversion to two- or multi-family uses. The existing subject appears to be in conformance with the current zoning ordinance. We recommend contacting the local planning and development authority for further questions regarding zoning.

**TAX ANALYSIS**

The property is subject to taxation by the City of Atlanta and Fulton County. Real estate in Georgia is assessed at 40% of the assessor's estimated market value. The current millage rate applicable to the subject is \$43.41 per \$1,000 of assessed value (combined city and county). The subject is identified as tax parcels 14-0108-LL-0235 (building improvements) and a 7.7-acre portion of the 11.11-acre 14-0108-LL-0029 (underlying site). Actual 2015 real property taxes for the subject are \$57,937, but much of the property (underlying land and 66 PHA-assisted units) is tax exempt. The exempt parcel is owned by the housing authority. No delinquencies are reported for the subject parcel as of the appraisal date. The chart below includes the 2015 tax breakdown for the improved parcel that is taxed and includes the exemptions in the reduced assessed value.

<b>ASSESSMENT AND TAX INFORMATION (2015) - AS IS</b>						
<b>Parcel ID</b>	<b>Land Value</b>	<b>Building Value</b>	<b>Total Appraised Value</b>	<b>Assessment (24%)</b>	<b>Millage Rate (Per \$1,000)</b>	<b>Taxes</b>
14-0108-LL-0235	\$0	\$5,561,000	\$5,561,000	\$1,334,640	\$43.41	\$57,937

*Source: City of Atlanta and Fulton County Tax Assessor/Commissioner*

No delinquencies are reported for the subject parcel as of the appraisal date. The provided financial statements indicate real property taxes of \$99,050, \$46,679, \$47,048 and \$42,144 for 2012, 2013, 2014 and 2015. The actual 2015 taxes presented in the chart above

indicate real property taxes of \$349 per unit. The owner projects real property taxes of \$62,000, or \$373 per unit. We used \$350 per unit in our “as is” analysis and \$375 per unit for our restricted rent analysis at stabilization.

**Tax Analysis Hypothetical Market Rents, As Is**

We researched the tax appraisal of three downtown, market-rate complexes. Appraised values ranged from \$144,778 to \$167,470 per unit. Comparables Two and Three are substantially newer than the subject, and all of the complexes are in substantially better condition than the subject “as is.”

<b>2015 MARKET RATE APARTMENT TAX COMPARABLES</b>				
<b>Comparable</b>	<b>SUBJECT</b>	<b>One</b>	<b>Two</b>	<b>Three</b>
Name:	Centennial Place III	The Prato	Alexander at the	Apex West Midtown
Address:	248 Merritts Avenue	400 Central Park	1750 Commerce Drive	1133 Huff Road
Tax ID No.:	14007900020179	140050LL0191 & 0233	17015200120253	17018800030716
No. of Units:	185	342	280	340
Year Built:	1996	1995	2007	2009
Avg. Unit Size	899	954	960	1,101
Value Per Unit:	\$167,470	\$161,206	\$158,160	\$144,778
Source: Fulton County Tax Assessor's records				

However, the current fair market value estimated by the Assessor for the entire 456 unit Villages of Castleberry (including land and buildings) is \$77,381 per unit, which is based on the assessment information for tax parcel 14-0108-LL-0029, which is the underlying tax site but also presents assessment information for the improvements. For the pro forma based on the hypothetical unrestricted rents, we estimate an appraised value of \$100,000 per unit, or a total tax value (166 units) of \$16,600,000. This equates to an assessed value (40%) of \$6,640,000. At the current tax rate (\$43.41/\$1,000 of assessed value), the resulting taxes would be \$288,242 (\$1,736/unit), which we rounded to \$1,750 per unit.

An overview of regional and local market conditions is a necessary aspect of the appraisal process. The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. In this section of our report, we will review trends in the investment market relative to apartments in particular. This presentation is followed by a discussion of the subject's submarket and competitive set.

### APARTMENT INVESTMENT MARKET

The following paragraphs were taken from *Emerging Trends in Real Estate 2016*. According to the study, the highly favored multi-family rental sector has enjoyed a long run of success during this decade. The survey respondents still rate its prospects well, yet the extraordinarily high prices and low cap rates in many locations are giving quite a few of the interviewees pause as they contemplate the future. We may well be seeing the beginning of a shift in investment/development outlook as we go forward in 2016 and later. The executive vice president of a major national developer remarked, "I have never seen the apartment sector so good. That will change. There is too much building in some markets. High rent increases will have to come down." A private equity manager observed, "This is a great market to sell. Investing is more challenging."

Too often, issues in this sector are conflated in an attempt to draw a broadly sketched picture. The urban/suburban choice, for instance, is frequently identified with the rent/buy choice, and that's just not the case. An investment banker stated, "The question is now: do people want to own a house, or do they want to live in the city and rent an apartment? Is property ownership still a main trend?" Many couch the discussion in such a framework. But, for residential investment, a huge range of options means that there are selections for investors and developers in all products. A fine-grained look in this sector is not only essential analytically, but also the key for those who need to pull the trigger on deals. An analyst with one of the major housing data firms believes that the size of generation Y ("a very interesting cohort") should support expanding housing demand for both rentals and ownership housing. It is not an either/or proposition. "The demographic forces are very positive to support residential construction, support multifamily, while serving a growing need for additional single-family housing stock."

Institutions have enjoyed a "golden era" in the apartment market. Robust leasing activity has continued in 2015, pushing occupancy and rent growth higher even as multi-family development accelerated swiftly. NCREIF has reported double-digit total returns continuing, with the garden apartment subsector moving ahead of higher-density residential, largely on the strength of superior net operating income (NOI) growth. According to a mid-year 2015 report by Real Capital Analytics, the garden apartment sector is also seeing stronger investment volume growth in the transaction data. While the pressure of institutional investment



competition in this recovery has inexorably pushed cap rates lower for mid- and high-rise multi-family assets, garden apartments have maintained average cap rates above 6 percent, compared with mid-/high-rise going-in rates that average 4.9 percent. Some adopt the Baseball Hall of Famer “Wee” Willy Keeler’s advice: “Keep your eye on the ball and hit ‘em where they ain’t.” A West Coast investment manager reported an investment program on Florida’s Gulf Coast - still rebounding from the sub-prime mortgage crisis - where good-quality apartment complexes have been acquired at 7.5 percent cap rates at prices in the \$50,000 to \$75,000 per unit range. So with many echoing the financier who reported, “Values in New York and San Francisco are just ridiculous,” there is a trend in finding multi-family housing opportunities where costs are more manageable, looking more favorably to the garden apartment subsector.

For some investors, the best tactical approach means taking profits in a market that will still be strong in 2016, and redeploying the capital into preferred assets. A Wall Street fund manager comments, “Our portfolio has very much evolved. We are selling out of the older-style apartments at very high prices and replacing them with newer and much more urban properties in the seven or eight target markets where we can create scale.” A public pension fund investor calls luxury apartments in urban infill areas the “best bet” for 2016: “We love the big three [Manhattan, San Francisco, Los Angeles] and we also like the multi-family markets in Seattle, Dallas, and Atlanta.” Others, such as the president of a Southeast brokerage, also encourage a close look at what is going on in the regional markets with which he is familiar. “Downtown housing has more of a boutique feel than in New York. Millennials here can rent affordably at incomes of \$125,000.” This interviewee went on to mention that this group’s downtown experience has led to interest in close-in for-sale housing as a next step. And as for the proposition that educational choices will drive millennials to traditional suburbs eventually, he notes that charter schools and homeschooling have expanded educational choice: neither needs the traditional suburb to be successful. While many other interviewees still view schools as the stumbling block to city living (as one institutional investor argued, “Unless you can fix the school system in urban areas, as much as millennials say they’ll never go to the suburbs, when they have children they probably will”), others concur with the position stated in the previous paragraphs (“I definitely don’t think you’ll find [gen Y] moving for a school district; they might find a magnet school,” as a seasoned appraiser-consultant said in her interview).

With the evolution of 18-hour cities, more places around the country are benefiting from additional diversity and complexity in their populations and economic bases. A Tennessee developer lauds the planning trend to rethink “separation of uses” zoning. He believes that “it is smart to seek an environment where something is going on every night.” Mixed-use development in such a context reinforces value across the varied uses. An executive with a retail REIT concurs, “Infill and MXD [mixed-use development] are megatrends, and horizontal MXD is easier than vertical. It is more efficient, too, since you have greater cross-use of the parking requirement over the course of the day.” A New York-based firm that intermediates cross-border investment has been doing ground-up apartment development in spots like

Altamont Springs outside Orlando; Revere, Massachusetts, near Boston; and the Clayton suburb near St. Louis. “We see these as infill locations, too, not sprawl at the perimeter - and our projects have been exceeding pro-forma projections.”

Quite a hangover remains from the U.S. housing market collapse, epitomized by the subprime mortgage - induced bubble a decade ago. More than 7.4 million homeowners are still seriously underwater as of mid-2015, with the market value of the homes 25 percent or more lower than the outstanding mortgage balance, according to Realty Trac. Based on such data, a Wall Street finance specialist sees a slow recovery in the suburban housing markets and a disincentive for homebuying for now. Such conditions surely influence the buy/rent decision. Many have spoken of the trauma felt by millennials who saw their families' net worth evaporate in the housing debacle. Those scars, they feel, will be very slow to heal. Moreover, the tenuous situation they experience in terms of job security gives them pause when contemplating a long-term mortgage commitment. “Jobs are not ‘sticky’ anymore,” declares an executive with a global investment and asset manager, “and this impacts on the home purchase and mortgage decision.” With such factors in mind, many long-term investors align with an institutional investor who concludes for the years ahead, “We are still bullish on the apartment sector, although there are certainly markets with emerging supply issues. Overall, we think that the demographic tailwind for rental apartments and continued urbanization is a longer-term trend.

A Chicago-based developer described the difference between product for millennials and baby boomers this way: “The gen Y product is a 700-square-foot apartment at \$2,000 per month, but empty nesters need 1,500 square feet.” This is another instance where granular market analysis is absolutely required. Lest we think this is simply the case in the largest U.S. cities, listen to a Nashville housing investor/developer: “My key demographic is women in their 60s, whose social life centers on their jobs and their church affiliations. They need a low-maintenance home with enough size and community amenity to be happy at this stage in life. The micro unit is not the answer for this group.” And a West Coast investor wonders about the durability of the market for such a product: “When people are successful, they don’t want to be crammed into micro units.” So even as we see a push in demand coming from new household formation, as jobs become more plentiful and release “boomerang” kids into the housing market, there will be a need for a range of development - not just luxury. A challenge for the industry is making the economics of affordable housing work. As one investment manager noted, both ends of the income inequality spectrum need to be satisfied: “We need to ask where workers will be living.” One consultant from the Carolinas maintains, “We are going to have to deal with affordable housing in a more holistic way.” A private developer in Florida defines the issue even more sharply: “Affordable housing is much more than simply a real estate issue. It is a significant cultural issue. Products will be delivered that will accommodate millennials, small/ young families, workforce housing - and how that housing changes in size of home, style of home, where they are located, and how they’re constructed.” That challenge will not be going away in 2016, 2017, or 2018. It is safe to label it an “emerging trend.”

According to the *PwC Real Estate Investor Survey – Fourth Quarter 2015*, Although the national apartment market is moving into the latter stages of the expansion phase of the real estate cycle with some metros entering the contraction phase, the pace of transactions remains quite steady. Total sales volume through third quarter 2015 was 26.0% greater than the prior year, as per Real Capital Analytics. While some surveyed investors indicate more aggressive underwriting strategies for apartment assets given current market conditions, others are more conservative than they were at the beginning of this year. “There is too much equity chasing too few deals, so we have to stay aggressive,” states an investor. Another explains, “We are underwriting more conservatively and building a national economic downturn in the near future into our forecasts.” Two key cash flow assumptions reveal little movement this quarter, underscoring the varied views on the apartment sector’s outlook. First, the average initial-year market rent change rate slips just five basis points to 3.18%. Second, the average overall cap rate dips only four basis points to 5.35%. Despite the small changes in these indicators, investors do foresee apartment property values increasing an average of 3.1% in the coming year.

In the Southeast Region, apartment investors have followed the national trend towards more aggressive underwriting. An increase in sales volume, however, is tempered by lower rent growth forecasts over the holding period. Investors expect average property value increases of 2.1%. The average overall cap rate dropped in each regional apartment market this quarter. The Southeast Region had an 18 basis-point drop over the quarter. Participants anticipate cap rates will hold steady for the next six months.

The *PwC Survey* indicates that overall capitalization rates for apartments in the Southeast Region range from 3.75% to 7.00%, with an average of 5.30% (institutional-grade properties). The average rate is down 18 basis points from the previous quarter and is down 20 basis points from the same period one year ago. Investors indicated inflation assumptions for market rent generally ranging between 2.00% and 4.00%, with an average of 3.05%, which is down 0.10 from the same period one year ago. Additionally, these investors quoted an expense inflation rate between 2.00% and 3.00%, with an average of 2.80%, unchanged from the same period one year ago. Internal rate of return (IRR) requirements for the investors ranged from 6.00% to 10.00%, with an average of 7.58%, which is down slightly from the previous quarter, and down two basis points from the same period one year ago. The average marketing time ranged from one to six months, with an average of 3.1 months, which is even with the last quarter and up a scant 0.1 month from one year ago.

### **ATLANTA APARTMENT MARKET**

According to the MPF Research *Atlanta Apartment Market Report – Fourth Quarter 2015*, Atlanta has many strengths, including a business-friendly environment, vast transportation and manufacturing infrastructure and an educated workforce. However, the

metro remains split in terms of both the local economy and the local apartment market, which is seeing a late-cycle recovery. Rapid apartment revenue growth in recent quarters follows economic gains inside perimeter submarkets and in the northern suburbs. Economic gains have pushed job growth levels into strong territory. Job growth should continue over the short term, but long-term sustainability remains in question. Stronger job growth has led to improving demand for rental housing. It has absorbed some of the single-family inventory and resulted in higher occupancy and strong rent growth in the apartment market. As a result, apartment occupancy is at the highest level since 2006 and annual rent growth remains well above historical norms. Atlanta now ranks among the top major US metros for revenue growth in recent quarters. For both occupancy and rent growth, middle- and upper-tier apartments have the clear leaders, as lower-tier units continue to lag. Upper tier submarkets within the perimeter and in the northern suburbs are experiencing the best performance. New supply has increased, but is concentrated primarily within the perimeter. All told, the Atlanta apartment market is showing strong growth, though not universally, with clear winners and losers among market segments.

In the 3rd quarter 2015, quarterly absorption exceeded 5,000 units while only 2,722 units were completed in that quarter – a delta of over 2,278 units. Occupancy grew 0.7 points quarter-over-quarter to 94.9%. Quarterly rents increased by 3.2%. The year-over-year rent increase was 8.3%. Submarkets in the northern suburbs continued to thrive. Overall rent growth is at a two-decade high.

### **Rents And Occupancy**

In the fourth quarter 2015, occupancy measured 95.0%, up 1.1 points year-over-year and 6.7 points from the 4<sup>th</sup> quarter 2009 low. Solid occupancy in top- and middle- market product overshadows weakness in older, more affordable units. A similar trend is seen among submarkets, as central and northern submarkets remain healthy. Meanwhile, Clayton and DeKalb County submarkets outside the perimeter remain challenged with regard to demand. Over the next year, new completions will test the underlying strength in healthier submarkets located inside the perimeter.

### **Development Trends**

While supply remains elevated, completions have remained manageable and concentrated in specific submarkets. Inventory expanded at an annual rate below 1.2% over the past three years, as completions ranged from 3,600 to 10,300 units. In 2015, a total of 9,076 units were added, with 1,114 taken offline, for an annual net expansion ratio of 1.7%. Expansion should accelerate in the next year, with nearly 9,800 units expected to complete. Those units would result in a 2.1% increase, of the existing base. Deliveries have been largely focused inside the perimeter (Midtown Atlanta and Buckhead). Many northern submarkets will

remain untouched. Identified projects and permit volumes suggest that supply should revert to historically normal levels in 2017.

Apartment demand remains robust, as annual absorption has been between 8,300 and 12,600 units for the last nine quarters, above the five-year average of about 8,100 units. Demand registered 12,484 units in 2015, the second-highest annual total over the past 20 quarters. With existing middle-and upper-tier product essentially full, much of the recent demand appears to be going to the lease-up of new supply and some back-filling of older, lower-tier units. High supply submarkets continue to see healthy demand levels. Future demand levels depend on job growth and retaining growth that could go to the single-family market. Demand should remain strong in stronger performing sub markets, and struggle in weaker areas.

### **Single-Family Snapshot**

Atlanta is still absorbing excess single-family home inventory left over from the recession. Atlanta home prices plummeted during the recession. By the end of the third quarter, total number of home sales were up 10% year-over-year at 106,970. As of 3<sup>rd</sup> quarter 2015, 9.7% of homes have a negative equity position – per CoreLogic. Single-family permit volumes have been on a steady upward trend, and remain a competitor to the apartment market.

### **Top Submarkets**

The following chart illustrates the 2015 performance of the Atlanta apartment submarkets.

Fourth Quarter 2015				
Atlanta Market Submarket	Total Units	Occupancy	Monthly Rent	PSF
1 Downtown	9,915	96.0%	\$1,301	\$1.40
2 Midtown	18,607	95.3%	\$1,475	\$1.63
3 Northeast Atlanta	14,734	96.1%	\$1,389	\$1.44
4 Southeast Atlanta	10,592	95.2%	\$827	\$0.84
5 South Atlanta	18,132	92.8%	\$707	\$0.71
6 West Atlanta	15,602	94.3%	\$1,292	\$1.30
7 Buckhead	18,341	92.7%	\$1,461	\$1.39
8 Sandy Springs	16,505	95.6%	\$1,112	\$1.04
9 Dunwoody	8,579	95.7%	\$1,357	\$1.27
10 Chamblee Brookhaven	13,948	94.8%	\$1,256	\$1.24
11 Doraville	7,445	96.0%	\$852	\$0.87
12 Briarcliff	14,314	95.7%	\$1,166	\$1.16
13 Decatur	8,789	97.2%	\$1,116	\$1.12
14 Clarkston/Tucker	8,582	96.4%	\$801	\$0.75
15 Stone Mountain	10,842	93.7%	\$700	\$0.69
16 South DeKalb	12,020	92.1%	\$670	\$0.68
17 Southeast DeKalb	7,054	93.6%	\$826	\$0.76
18 Henry County	10,445	95.1%	\$901	\$0.82
19 Clayton County	16,975	92.4%	\$679	\$0.66
20 South Fulton County	14,877	91.6%	\$712	\$0.71
21 Southwest Atlanta	10,078	93.0%	\$876	\$0.85
22 South Cobb County / Douglasville	12,997	96.1%	\$827	\$0.81
23 Smyrna	15,278	94.5%	\$1,023	\$1.01
24 Vinings	8,998	95.5%	\$1,133	\$1.12
25 Southeast Marietta	13,277	94.4%	\$951	\$0.90
26 West Marietta	7,999	91.8%	\$834	\$0.82
27 Kennesaw /Acworth	11,134	97.5%	\$1,115	\$1.02
28 Northeast Cobb / Woodstock	9,151	95.7%	\$1,065	\$1.00
29 Roswell	7,888	96.4%	\$1,014	\$0.92
30 Alpharetta / Cumming	15,592	95.7%	\$1,195	\$1.12
31 Norcross	18,342	95.9%	\$854	\$0.87
32 Duluth	12,416	96.2%	\$972	\$0.91
33 Johns Creek / Suwanee / Buford	6,654	94.5%	\$1,159	\$10.63
34 Northeast Gwinnett	11,886	95.4%	\$1,002	\$0.93
35 Southeast Gwinnett	8,664	96.6%	\$930	\$0.88
36 Far East Atlanta Suburbs	8,964	97.4%	\$823	\$0.77
37 Far South Atlanta Suburbs	9,735	96.0%	\$970	\$0.88
38 Far West Atlanta Suburbs	6,995	95.0%	\$1,068	\$0.91
39 Far North Atlanta Suburbs	6,731	97.3%	\$884	\$0.84
40 Gainesville	7,195	97.7%	\$840	\$0.77
Atlanta Total / Average	466,272	95.0%	\$1,007	\$0.98

**THE SUBJECT'S DOWNTOWN SUBMARKET**

**Inventory**

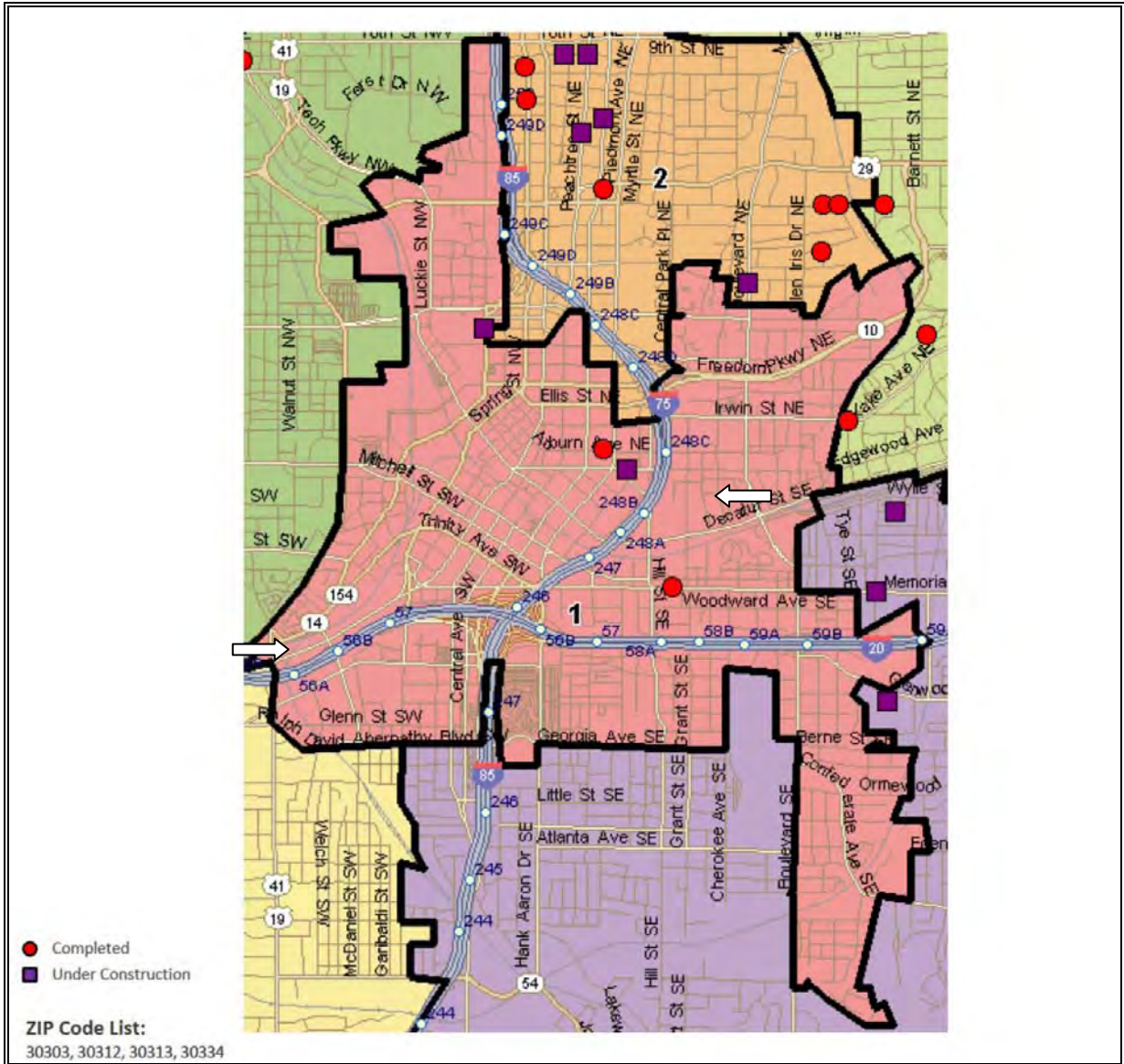
According to MPF Research, the subject is located in the Downtown submarket. According to the *Fourth Quarter 2015 Report*, the Downtown submarket inventory is 9,915 apartment units. For the submarket, the five-year average annual supply was 249 units, which fluctuated between a low of 0 to a high of 1,047. Annual supply is 94 units with a quarterly supply of 0 units.

Absorption figures were not available for the new developments. Given that the subject is and will be a partial PBRA property, its absorption period for those units will be abbreviated and more to do with the logistics of getting people qualified and moved in rather than traditional market forces. Based on our experience with this type property, we forecast absorption at a rate of 15 units per month. This rate is further supported by data acquired by RPRG in a February/March Field Survey, summarized below.

<b>ABSORPTION DATA FOR COMPETITIVE PROPERTIES</b>						
<b>Complex</b>	<b>Status</b>	<b>Lease Start</b>	<b>Lease End Period (Mo)</b>	<b>Units</b>	<b>Rate/Month</b>	
77 12th	Leased up	8/1/2012	2/28/2014	18	330	18
Elan Westside	Leasing	12/1/2013	3/24/2015	15.5	141	9
Camden 4th Ward	Leasing	11/1/2013	3/24/2015	16.5	254	15
AML I Ponce Park	Leasing	3/31/2014	2/13/2015	11	192	18
Average:						15
<i>Source: RPRG Field Surveys, February and March 2015</i>						

The following chart details the projects recently completed and under construction in the subject's submarket. A map of the submarket follows this chart.

<b>Construction Activity - Downtown Submarket</b>							
<b>Property Name</b>	<b>Address</b>	<b>Property Type</b>	<b>Units</b>	<b>Stories</b>	<b>Construction Stage</b>	<b>Start</b>	<b>Finish</b>
Leonard (The)	301 Memorial Dr SE	Conventional	94	4	Completed	01/14	01/15
Post Centennial Park	325 Centennial Olympic Park Dr	Conventional	407	33	U/C	10/14	10/16
The Edge	200 Edgewood Avenue NE	Student	144	7	U/C	06/15	07/16
Anthem on Ashley	720 Ralph McGill Blvd NE	Conventional	245	6	U/C	08/15	03/17
Total			890				



### Occupancy

Overall occupancy for the Downtown submarket at year-end 2015 was 96.0%, up from 95.0% a year earlier. The five-year occupancy peak was 97.0%, with a low of 86.6% and an average of 94.9%. We surveyed five comparable apartment complexes in the subject and surrounding submarkets. The comparables reported physical occupancy levels between 94% and 97% with a weighted mean of 96%, indicating strong occupancy for the area.



<b>RENT COMPARABLES - OCCUPANCY</b>			
Complex	# of Units	Vacant	Occupancy
1. Auburn Glenn (MKT & LIHTC)	271	11	96%
2. Ashley Auburn Pointe I (MKT & LIHTC)	154	8	95%
3. Columbia Mechanicsville (Sr. MKT & LIHTC)	183	5	97%
4. Capitol Gateway I & II (MKT & LIHTC)	690	21	97%
5. Ashley Collegetown PH II (MKT & LIHTC)	177	11	94%
Total/Average	1,475	55	96%

All of the comparables are mixed-income complexes. Based on this information, we estimate a stabilized physical occupancy of 96% for the subject and an economic occupancy of 95%, which considers physical vacancy and collection loss, occasional concessions, and non-revenue units. This loss is applied to apartment and other income.

**Unit Vacancy Rates**

Most complex managers do not have and/or divest vacancy rates by specific unit types. When queried, none of the "occupancy" comparable managers noted any abnormal vacancy trends as regard apartment sizes or unit mixes. We therefore project the subject will experience approximate 5% economic vacancies in all unit types.

**Concessions**

It does not appear that concessions are a significant factor in this submarket. However, in our competitive rent analysis, we will compare effective rent at the subject to effective rent at the comparables.

**MARKET RENT ANALYSIS**

**Competitive Rental Analysis**

We found a total of five comparable complexes in the area, all of which offer both market and LIHTC units. All of them are located in the subject's neighborhood. The comparables are all Class-A/B complexes, built between 2004 and 2010 with unit counts from 154 to 690. The subject's current rents and the comparable rents are presented in the following chart. Further details, as well as photographs and a location map, are presented in the Addenda.

APARTMENT RENT COMPARABLE SUMMARY									
ONE-BEDROOM UNITS									
Comparable No. and Name	Bath Qty.	Size (SF)	Market Rent		LIHTC (50%)		LIHTC (60%)		Utilites
Subject	1.0	710	\$830	\$1.17	\$690	\$0.97	\$690	\$0.97	W,S,T
1. Auburn Glenn (MKT & LIHTC)	1.0	696	\$890	\$1.28	N/Ap	N/Ap	\$690	\$0.99	T
2. Ashley Auburn Pointe I (MKT & LIHTC)	1.0	756	\$1,140	\$1.51	N/Ap	N/Ap	\$697	\$0.92	T
3. Columbia Mechanicsville (MKT & LIHTC)	1.0	750	\$830	\$1.11	\$577	\$0.77	\$716	\$0.95	T
4. Capitol Gateway I & II (MKT & LIHTC)	1.0	742	\$925	\$1.25	N/Ap	N/Ap	\$717	\$0.97	T
5. Ashley Collegetown PH II (MKT & LIHTC)	1.0	802	\$935	\$1.17	N/Ap	N/Ap	\$718	\$0.90	T
Average of comps		749	\$944	\$1.26	\$577	\$0.77	\$708	\$0.95	
Maximum		802	\$1,140	\$1.51	\$577	\$0.77	\$718	\$0.99	
Minimum		696	\$830	\$1.11	\$577	\$0.77	\$690	\$0.90	

W=Water, S=Sewer, T=Trash

**One-Bedroom Units – Market**

The subject has one 1BR/1BA floor plan of 710-SF plan with current advertised rent of \$830 per unit (\$1.17/SF). The comparable one-bedroom units range in size from 696 to 802 square feet and average 749 square feet. The subject’s floor plan is within the range of the comparables. Effective rents at the comparables range from \$830 to \$1,140 (\$1.11 to \$1.51 per square foot) and average \$944 (\$1.26 per square foot). Actual rents for the subject for this floorplan, as of March 2016, averaged \$746, with the majority of the rents since 2014 at \$795. With the majority of the leases since 2014 above the overall average, it appears there is an upward trend in rents; therefore, we used \$795 for the ‘as is’ analysis.

To estimate a market rent at completion, we looked more closely at Comparable Two, Ashley Auburn Pointe, which was the most recently built of the mixed income properties along with Comparable Three, Columbia Mechanicsville, and Comparable Five, Ashley Collegetown, as they are nearest to the subject. We reconciled to a market rent of \$825 (\$1.16 per square foot) post-renovation, which is within the range of the comparables on a monthly and per-square-foot basis.

**One-Bedroom Units – 50% LIHTC (ACC / PBRA)**

The subject’s 710-SF floor plan is also offered as a rent subsidized ACC unit. Tenants must be qualified at 50% AMI, but rent to the property is contractual and the amount is based on a formula applied to actual expenses. However, the ACC units are proposed to be converted to PBRA and rents are to be contracted at the 60% AMI level based on the 2015 Program Maximum Allowable Rents. For the 1 BR units with the subject’s current utilities structure, this equates to \$686. We used this amount for both the ‘as is’ and post renovation scenarios.

**One-Bedroom Units – 60% LIHTC**

The subject’s 710-SF floor plan is also offered as a 60% LIHTC unit at a rent of \$690 per month, which is below of the maximum allowable rent per AMI level once utilities are accounted for (\$751). The comparable 1BR 60% LIHTC units have an effective rental range of \$690 to \$718 with an average of \$708 per month. The subject’s effective rent is within the range of the comparables on a per-square-foot basis and on a per-unit basis. Therefore, we used \$690 for the ‘as is’ analysis. Upon completion of the renovations the LIHTC rents will be adjusted to comply with prevailing maximum allowable limits. For the 1 BR units with the subject’s current utilities structure, this equates to \$686, which we believe will be achievable and is used in our post-renovation analysis.

**Two-Bedroom Units**

TWO-BEDROOM UNITS									
Comparable No. and Name	Bath Qty.	Size (SF)	Market Rent		LIHTC (50%)		LIHTC (60%)		Utilities
			Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF	
Subject	1.0	890	\$860	\$0.97	\$715	\$0.80	\$715	\$0.80	W,S,T
Subject	2.0	947	\$900	\$0.95	\$750	\$0.79	\$750	\$0.79	W,S,T
Subject	2.0	1,125	\$900	\$0.80	\$750	\$0.67	\$750	\$0.67	W,S,T
Subject	2.0	1,134	\$1,165	\$1.03	\$890	\$0.78	\$890	\$0.78	W,S,T
1. Auburn Glenn (MKT & LIHTC)	2.0	1,044	\$1,295	\$1.24	N/Ap	N/Ap	\$788	\$0.75	T
2. Ashley Auburn Pointe I (MKT & LIHTC)	2.0	1,079	\$1,505	\$1.39	N/Ap	N/Ap	\$794	\$0.74	T
3. Columbia Mechanicsville (MKT & LIHTC)	2.0	1,005	\$999	\$0.99	\$645	\$0.64	\$812	\$0.81	T
4. Capitol Gateway I & II (MKT & LIHTC)	1.0	910	\$1,195	\$1.31	N/Ap	N/Ap	\$818	\$0.90	T
4. Capitol Gateway I & II (MKT & LIHTC)	2.0	1,050	\$1,440	\$1.37	N/Ap	N/Ap	\$818	\$0.78	T
5. Ashley Collegetown PH II (MKT & LIHTC)	2.0	1,176	\$1,045	\$0.89	N/Ap	N/Ap	\$736	\$0.63	T
Average of comps		1,044	\$1,247	\$1.20	\$645	\$0.64	\$794	\$0.77	
Maximum		1,176	\$1,505	\$1.39	\$645	\$0.64	\$818	\$0.90	
Minimum		910	\$999	\$0.89	\$645	\$0.64	\$736	\$0.63	

W=Water, S=Sewer, T=Trash

**Two-Bedroom Units – Market**

The subject has one 2BR/1BA floor plan of 890-SF and three 2BR/2BA floor plans between 947- and 1,134-SF. Current advertised rents are of \$860 per unit (\$0.97/SF) for the 890-SF plan, \$900 (\$0.95/SF) for the 947-SF plan, \$900 (\$0.80/SF) for the 1,125-SF plan, and \$1,165 (\$1.03/SF) for the 1,134-SF plan which is a townhouse with loft. The comparable two-bedroom units range in size from 910 to 1,176 square feet and average 1,044 square feet. The subject’s floor plans are within the range of the comparables. Effective rents at the comparables range from \$999 to \$1,505 (\$0.89 to \$1.39 per square foot) and average \$1,247 (\$1.20 per square foot). Actual rents for the subject, as of March 2016, averaged \$795 for the 890-SF units, \$850 for the 947-SF units, \$871 for the 1,125-SF units, and \$1,087 for the 1,134-SF units. For the leases since 2014, the 2BR rents appear to be trending upward reflecting average rents of \$815 for the 890-SF unit, \$872 for the 947-SF unit, \$860 for the 1,125-SF unit, and \$1,112 for the 1,134-SF unit. With the majority of the leases since 2014

above the overall average, it appears there is an upward trend in rents; therefore, for the 'as is' analysis we used \$820, \$890, \$1,000, and \$1,150, respectively. It is noted the 1,125 SF plan does not appear to be appropriately priced currently considering its size in context with other of floor plans at the subject, and we adjusted the rent to a market level.

To estimate a market rent at completion, we looked more closely at Comparable Two, Ashley Auburn Pointe, which was the most recently built of the mixed income properties along with Comparable Three, Columbia Mechanicsville, and Comparable Five, Ashley Collegetown, as they are nearest to the subject. We reconciled to a post-renovation market rent of \$925 (\$1.04/SF) for the 890-SF unit, \$975 (\$1.03/SF) for the 947-SF unit, \$1,100 (\$0.98/SF) for the 1,125-SF unit, and \$1,225 (\$1.08/SF) for the 1,134-SF unit. These concluded rents are within the range of the comparables on a monthly and per-square-foot basis.

### **Two-Bedroom Units – 50% LIHTC**

The subject's 890-, 947-, 1,093, and 1,125--SF floor plans are also offered as rent subsidized ACC units. Tenants must be qualified at 50% AMI, but rent to the property is contractual and the amount is based on a formula applied to actual expenses. However, the ACC units are proposed to be converted to PBRA and rents are to be contracted at the 60% AMI level based on the 2015 Program Maximum Allowable Rents. For the 2 BR units with the subject's current utilities structure, this equates to \$812. We used this amount for both the 'as is' and post renovation scenarios.

### **Two-Bedroom Units – 60% LIHTC**

The subject's 890-, 947-, and 1,134-SF floor plans are also offered as 60% LIHTC units at rents of \$715, \$750, and \$890 per month, respectively. All of which are at or below the maximum allowable rent per AMI level once utilities are accounted for (\$890). The comparable 2BR 60% LIHTC units have an effective rental range of \$736 to \$818 with an average of \$794 per month. The subject's effective rents are within the range of the comparables on a per-square-foot basis and outside on a per-unit basis. Therefore, we used \$715, \$750, and \$890 per month, respectively for the 'as is' analysis. Upon completion of the renovations the LIHTC rents will be adjusted to comply with prevailing maximum allowable limits. For the 2 BR units with the subject's current utilities structure, this equates to \$812, which we believe will be achievable and is used in our post-renovation analysis.

**Three-Bedroom Units**

THREE-BEDROOM UNITS									
Comparable No. and Name	Bath Qty.	Size (SF)	Market Rent		LIHTC (50%)		LIHTC (60%)		Utilites
Subject			Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF	
1. Auburn Glenn (MKT & LIHTC)	2.0	1,138	\$1,095	\$0.96	\$850	\$0.75	\$850	\$0.75	W,S,T
2. Ashley Auburn Pointe I (MKT & LIHTC)	2.0	1,218	\$1,350	\$1.11	N/Ap	N/Ap	\$868	\$0.71	T
3. Columbia Mechanicsville (MKT & LIHTC)	2.0	1,264	\$1,850	\$1.46	N/Ap	N/Ap	\$881	\$0.70	T
4. Columbia Mechanicsville (MKT & LIHTC)	2.0	1,200	\$1,199	\$1.00	\$689	\$0.57	\$881	\$0.73	T
5. Capitol Gateway I & II (MKT & LIHTC)	2.0	1,258	\$1,935	\$1.54	N/Ap	N/Ap	\$894	\$0.71	T
5. Ashley Collegetown PH II (MKT & LIHTC)	2.0	1,675	\$1,640	\$0.98	N/Ap	N/Ap	\$920	\$0.55	T
Average of comps		1,323	\$1,595	\$1.22	\$689	\$0.57	\$889	\$0.68	
Maximum		1,675	\$1,935	\$1.54	\$689	\$0.57	\$920	\$0.73	
Minimum		1,200	\$1,199	\$0.98	\$689	\$0.57	\$868	\$0.55	

W=Water, S=Sewer, T=Trash

**Three-Bedroom Units – Market**

The subject has one 3BR/2BA floor plan of 1,138-SF plan with current advertised rent of \$1,095 per unit (\$0.96/SF). The comparable three-bedroom units range in size from 1,200 to 1,675 square feet and average 1,323 square feet. The subject’s floor plan is below the range of the comparables. Effective rents at the comparables range from \$1,199 to \$1,935 (\$0.98 to \$1.54 per square foot) and average \$1,595 (\$1.22 per square foot). Actual rents for the subject for this floorplan, as of March 2016, averaged \$1,009, with the majority of the rents since 2014 between \$1,050 and \$1,137 per month. With the majority of the leases since 2014 above the overall average, it appears there is an upward trend in rents; therefore, we used \$1,075 for the ‘as is’ analysis.

To estimate a market rent at completion, we looked more closely at Comparable Two, Ashley Auburn Pointe, which was the most recently built of the mixed income properties along with Comparable Three, Columbia Mechanicsville, and Comparable Five, Ashley Collegetown, as they are nearest to the subject. We reconciled to a market rent of \$1,225 (\$1.08 per square foot) post-renovation, which is within the range of the comparables on a monthly and per-square-foot basis.

**Three-Bedroom Units – 50% LIHTC**

The subject’s 1,138-SF floor plan is also offered as a rent subsidized ACC unit. Tenants must be qualified at 50% AMI, but rent to the property is contractual and the amount is based on a formula applied to actual expenses. However, the ACC units are proposed to be converted to PBRA and rents are to be contracted at the 60% AMI level based on the 2015 Program Maximum Allowable Rents. For the 3 BR units with the subject’s current utilities structure, this equates to \$928. We used this amount for both the ‘as is’ and post renovation scenarios.

### **Three-Bedroom Units – 60% LIHTC**

The subject's 1,138-SF floor plan is also offered as 60% LIHTC unit at a rent of \$850 per month, which is below of the maximum allowable rent per AMI level once utilities are accounted for (1,018). The comparable 3BR 60% LIHTC units have an effective rental range of \$868 to \$920 with an average of \$889 per month. The subject's effective rent is above the range of the comparables on a per-square-foot basis and below the range on a per-unit basis. Therefore, we used \$850 for the 'as is' analysis. Upon completion of the renovations the LIHTC rents will be adjusted to comply with prevailing maximum allowable limits. For the 3 BR units with the subject's current utilities structure, this equates to \$928, which we believe will be achievable and is used in our post-renovation analysis.

### **SUBJECT'S CHARACTERISTICS AND MARKETABILITY**

Villages of Castleberry Hill Phase I is a 166-unit apartment development, built in 1999, situated on a 7.7-acre ground-leased site. It is located at the southwest corner of Greensferry Avenue and Northside Drive (US 29) within the city limits of Atlanta, Fulton County, Georgia. More specifically, it is located less than ½ mile north of Interstate 20, approximately one mile west of the Interstates 20 and 75 intersection, less than five miles east of Interstate 285, and approximately one mile southwest of the Atlanta CBD. The property consists of 11 two- and three-story apartment buildings. The unit mix consists of 46 one-bedroom units, 100 two-bedroom units, and 20 three-bedroom units, ranging from 710 to 1,138 square feet, with an average size of 910 square feet. The subject includes a mixture of market (66 units, or 40%), Low Income Housing Tax Credit (LIHTC) units at 60% of AMI (34 units, or 20%), and rent subsidized ACC units at 50% AMI (66 units, or 40%). The ACC LIHTC units are under the HOPE IV Signature Program which is a contract rental structure that is based upon the complexes' operating expenses. The project includes surface parking, a free-standing management building and common amenities that it shares with the two phases of the development that includes a leasing office and fitness center, multiple playgrounds, a swimming pool, and grill stations. It is our understanding that the property is planned for extensive renovation. The renovation will be financed with proceeds from the syndication of federal and state 9% low income housing tax credits. According to the owner, the construction is anticipated to begin in December 2016 and have a construction period of 12 months (December 2017).

Basic construction is wood framing, with brick and vinyl-siding exterior and pitched, asphalt-shingled roofs. Exterior stairs are steel and concrete, with concrete sidewalks and breezeways. Interior features include: smooth painted drywall walls and ceilings, carpeted living areas and vinyl flooring in the kitchen and baths, tub/shower combinations, wood cabinetry in kitchen and bath, laminate countertops, refrigerators, ovens with stove tops and washer/dryers.

The unit sizes, features and amenities are typical for similar-vintage, garden-style apartments in the area and are similar compared to most of the product in the neighborhood. However, it is noted that the owner is planning a substantial renovation that will include interior upgrades to the fixtures, appliances and flooring. Once completed, the subject property will be similar or slightly superior to most competitive properties in the area.

The subject is currently 96% occupied. There are no specials being offered. Post renovation, there will still be 66 Atlanta Housing Authority Assisted units, and the gross rent limit will be calculated using the 60% AMI. Thirty-four of the units will continue to be subject to the requirements of low income housing tax credits at 60% of the area median income (AMI). The remaining 66 units will be market-rate units.

The subject property is located in a growing lower middle-income area of downtown Atlanta. The area has good accessibility, and is well located with respect to availability of labor, supporting services, and surrounding complementary developments. The area's population and households are projected to grow at a moderate pace into the foreseeable future. These factors suggest the subject area should continue to be a stable location for the subject affordable apartments. Overall, the subject is a good quality property in a good location and it is our opinion that if the subject was placed on the market, it would receive a moderate level of demand from a local or regional investor.

**INCOME/RENT RESTRICTIONS**

As previously noted, the subject includes a mixture of market (66 units, or 40%), Low Income Housing Tax Credit (LIHTC) units at 60% of AMI (34 units, or 20%), and rent subsidized ACC units at 50% AMI (66 units, or 40%). Maximum allowable rents currently applicable to the subject are based on HERA Special Income Limits. The restricted income levels are shown in the following chart. These income guidelines are used to qualify tenants for the income-restricted units.

<b>MAXIMUM ALLOWABLE RENT PER AMI LEVEL</b>						
	<b>#</b>	<b>Income</b>	<b>Rent</b>	<b>Max. Gross</b>		<b>Max. Net</b>
	<b>Persons</b>	<b>( Limit x</b>	<b>% ) / 12 =</b>	<b>Mo. Rent</b>	<b>- Utilities =</b>	<b>Mo. Rent</b>
60% Inc. 1BR	1.5	( \$33,300 x	30% ) / 12 =	\$833	- \$82 =	\$751
60% Inc. 2BR	3.0	( \$39,960 x	30% ) / 12 =	\$999	- \$109 =	\$890
60% Inc. 3BR	4.5	( \$46,140 x	30% ) / 12 =	\$1,154	- \$136 =	\$1,018
50% Inc. 1BR	1.5	( \$27,750 x	30% ) / 12 =	\$694	- \$82 =	\$612
50% Inc. 2BR	3.0	( \$33,300 x	30% ) / 12 =	\$833	- \$109 =	\$724
50% Inc. 3BR	4.5	( \$38,450 x	30% ) / 12 =	\$961	- \$132 =	\$829

It is our understanding that the property is planned for extensive renovation. The renovation will be financed with proceeds from the syndication of federal and state 9% low income housing tax credits. At completion of the proposed improvements, when the tax credits are in place, income levels for the 34 units at 60% AMI and 66 units at 50% AMI are to be based on the 2015 Program Maximum Allowable Income Levels. For Atlanta in 2015, per HUD, area median income is defined at \$68,300. Further, the ACC units are proposed to be converted to PBRA and rents are to be contracted at the 60% AMI level. The proposed restricted income levels are shown in the following chart.

<b>MAXIMUM ALLOWABLE RENT PER AMI LEVEL - 2015 Program Limits</b>							
	<b>#</b>	<b>Income</b>	<b>Rent</b>	<b>Max. Gross</b>		<b>Max. Net</b>	
	<b>Persons</b>	<b>( Limit</b>	<b>x % ) / 12 =</b>	<b>Mo. Rent</b>	<b>- Utilities =</b>	<b>Mo. Rent</b>	
60% Inc. 1BR	1.5	( \$30,735 x	30% ) / 12 =	\$768	- \$82 =	\$686	
60% Inc. 2BR	3.0	( \$36,882 x	30% ) / 12 =	\$921	- \$109 =	\$812	
60% Inc. 3BR	4.5	( \$42,619 x	30% ) / 12 =	\$1,064	- \$136 =	\$928	
50% Inc. 1BR	1.5	( \$25,600 x	30% ) / 12 =	\$640	- \$82 =	\$558	
50% Inc. 2BR	3.0	( \$30,700 x	30% ) / 12 =	\$767	- \$109 =	\$658	
50% Inc. 3BR	4.5	( \$35,475 x	30% ) / 12 =	\$886	- \$132 =	\$754	

Note that the current rents include water, sewer and trash. According to the property manager, the appropriate utility allowances for electric are as follows: 1BR total \$82, 2BR total \$109, and 3BR total \$136. After renovation, it was reported that the rental structure would remain the same. It should be noted that the maximum rent thresholds only apply to the LIHTC units.

**REASONABLE EXPOSURE AND MARKETING TIMES**

Exposure time is always presumed to precede the effective date of appraisal. It is the estimated length of time the property would have been offered prior to a hypothetical market value sale on the effective date of appraisal. It assumes not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable marketing effort. To arrive at an estimate of exposure time for the subject, we considered direct and indirect market data gathered during the market analysis, the amount of time required for marketing the comparable sales included in this report, broker surveys, as well as information provided by national investor surveys that we regularly review. This information indicated typical exposure periods of less than twelve months for properties similar to the subject. Recent sales of similar quality apartment complexes were marketed for periods of less than twelve months. Therefore, we estimate a reasonable exposure time of 12 months or less.



A reasonable marketing time is the period a prospective investor would forecast to sell the subject immediately after the date of value, at the value estimated. The sources for this information include those used in estimating reasonable exposure time, but also an analysis of the anticipated changes in market conditions following the date of appraisal. Based on the premise that present market conditions are the best indicators of future performance, a prudent investor will forecast that, under the conditions described above, the subject property would require a marketing time of six to 12 months. This seems like a reasonable projection, given the current and projected market conditions.

In appraisal practice, the concept of highest and best use is the premise upon which value is based. The four criteria that the highest and best use must meet are: legal permissibility; physical possibility; financial feasibility; and maximum profitability.

Highest and best use is applied specifically to the use of a site as vacant. In cases where a site has existing improvements, the concluded highest and best use as if vacant may be different from the highest and best use as improved. The existing use will continue, however, until land value, at its highest and best use, exceeds that total value of the property under its existing use plus the cost of removing or altering the existing structure.

### **HIGHEST AND BEST USE AS IF VACANT**

The subject is zoned RG-3, Residential General District, by the City of Atlanta. This zoning district does permit apartment development. Given the subject's specific location and surrounding uses, a zoning change seems unlikely. The site has adequate size and shape, and sufficient access and exposure to allow for nearly all types of allowable uses, but given the surrounding development, it is best suited for some type of moderate- to high-density multi-family use. In our opinion, multi-family development will ultimately result in the maximum productive use of the site. Therefore, the highest and best use, as if vacant, is likely future development with a multi-family project.

### **HIGHEST AND BEST USE AS IMPROVED**

The subject improvements are reported to be in compliance with the City of Atlanta zoning ordinance. Further, the improvements are well suited for use as an apartment complex. It is possible the improvements could be converted to another use entirely, if the costs were justified. This seems highly unlikely. Our investigation indicates that there is sufficient demand in the area for apartments. Given that use of the improvements is basically limited to the existing or a similar use physically, and the fact that the improvements are financially feasible to operate, we conclude that the highest and best use of the property as improved is for continued use as an apartment complex.

Three basic approaches to value are typically considered. The cost, sales comparison, and income capitalization methodologies are described below.

- The **cost approach** is based on the premise that an informed purchaser will pay no more for the subject than the cost to produce an equivalent substitute. This approach is particularly applicable when the subject property is relatively new and represents the highest and best use of the land, or when relatively unique or specialized improvements are located on the site for which there exist few sales or lease comparables. The first step in the cost approach is to estimate land value (at its highest and best use). The second step is to estimate cost of all improvements. Improvement costs are then depreciated to reflect value loss from physical, functional and external causes. Land value and depreciated improvement costs are then added to indicate a total value.
- The **income approach** involves an analysis of the income-producing capacity of the property on a stabilized basis. The steps involved are: analyzing contract rent and comparing it to comparable rentals for reasonableness; estimating gross rent; making deductions for vacancy and collection losses as well as building expenses; and then capitalizing net income at a market-derived rate to yield an indication of value. The capitalization rate represents the relationship between net income and value.

Related to the direct capitalization method is discounted cash flow (DCF). In this method of capitalizing future income to a present value, periodic cash flows (which consist of net income less capital costs, per period) and a reversion (if any) are estimated and discounted to present value. The discount rate is determined by analyzing current investor yield requirements for similar investments.

- In the **sales comparison** approach, sales of comparable properties, adjusted for differences, are used to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per square foot excluding land, price per unit, etc., or economic units of comparison such as a net operating income (NOI) or gross rent multiplier (GRM). Adjustments are applied to the physical units of comparison. Economic units of comparison are not adjusted, but rather are analyzed as to relevant differences, with the final estimate derived based on the general comparisons. The reliability of this approach is dependent upon: (a) availability of comparable sales data; (b) verification of the data; (c) degree of comparability; and (d) absence of atypical conditions affecting the sale price.

The purpose of this appraisal is to estimate the market value of the leasehold interest in the subject property “as is,” market value of the fee simple and leasehold interests in the underlying site “as if vacant,” and prospective market value of the leasehold interest in the subject property “upon completion and stabilization,” of the proposed renovations using both restricted and hypothetical unrestricted rents.

The income approach is particularly applicable to this appraisal since the income producing capability is the underlying factor that would attract investors to the subject property. There is an adequate quality and quantity of income and expense data available to render a reliable and defensible value conclusion. Therefore, this approach was employed for this

assignment. We performed the direct capitalization analyses in this approach. It is more direct with fewer subjective variables, and is more commonly relied upon by investors for the subject property type.

In regard to the sales comparison approach, sale prices of income producing properties are highly dependent on income characteristics. For this reason, a comparison of the net income of each property is more indicative of value for the property than comparison of physical units. We also performed a physical adjustment analysis. Given the quality of the comparable sales information that we did obtain, we believe that this approach provides a fairly reliable value estimate.

The cost approach was not included in this analysis. The age of the improvements suggests physical depreciation that is difficult to quantify. Further, the improvements are only feasible to construct with the assistance of substantial incentives. Changes in the market over time make it unlikely the subject would be constructed exactly as it currently exists, a form of economic obsolescence. The underlying land is subject to a long-term ground lease from the Housing Authority at a nominal amount, with accompanying restrictions that the property provide low-income housing. Essentially, the restrictions on use of the land results in insufficient revenues to support a residual land value, which further undermines the reliability of the cost approach. The age of the improvements and restrictions on use make the cost approach an unreliable method of analysis for estimating market value.

In conclusion, we used two of the three traditional methods of analysis in this appraisal of the leasehold value of the subject. For various reasons that are discussed above, it is our opinion that the typical investor would place most reliance on the income approach.

**INCOME CAPITALIZATION APPROACH – AS IS**

The income capitalization approach to value is based upon an analysis of the economic benefits to be received from ownership of the subject. These economic benefits typically consist of the net operating income projected to be generated by the improvements. There are several methods by which the present value of the income stream may be measured, including direct capitalization and a discounted cash flow analysis. In this section, we used the direct capitalization method. We initially estimated potential rental income, followed by projections of vacancy and collection loss and operating expenses. The resultant net operating income is then capitalized into a value indication based on application of an appropriate overall capitalization rate. Data used in this section is presented in the addenda as rent and improved sales comparables.

**POTENTIAL GROSS RENTAL INCOME**

The following chart shows current potential income using restricted rents at the subject. Rents used for the other scenarios are presented later in this section.

<b>CURRENT RENTS - AS OF MARCH 2016</b>					
<b>Unit Type</b>	<b>No. Units</b>	<b>Unit Size</b>	<b>Monthly Unit Rent</b>	<b>Monthly Rent/SF</b>	<b>Total Income</b>
1BR/1BA (Market)	18	710	\$795	\$1.12	\$171,720
2BR/1BA (Market)	11	890	\$820	\$0.92	\$108,240
2BR/2BA (Market)	21	947	\$890	\$0.94	\$224,280
2BR/2BA (Market)	3	1,125	\$1,000	\$0.89	\$36,000
2BR/2BA TH (Market)	5	1,134	\$1,150	\$1.01	\$69,000
3BR/2BA (Market)	8	1,138	\$1,075	\$0.94	\$103,200
1BR/1BA (PBRA)	19	710	\$686	\$0.97	\$156,408
2BR/1BA (PBRA)	12	890	\$812	\$0.91	\$116,928
2BR/1BA (PBRA)	24	947	\$812	\$0.86	\$233,856
2BR/1BA (PBRA)	1	1,093	\$812	\$0.74	\$9,744
2BR/1BA (PBRA)	2	1,125	\$812	\$0.72	\$19,488
3BR/2BA (PBRA)	8	1,138	\$928	\$0.82	\$89,088
1BR/1BA (60% AMI)	9	710	\$690	\$0.97	\$74,520
2BR/1BA (60% AMI)	5	890	\$715	\$0.80	\$42,900
2BR/2BA (60% AMI)	13	947	\$750	\$0.79	\$117,000
2BR/2BA (60% AMI)	3	1,134	\$890	\$0.78	\$32,040
3BR/2BA (60% AMI)	4	1,138	\$850	\$0.75	\$40,800
<b>Total/Avg.</b>	<b>166</b>	<b>910</b>	<b>\$826</b>	<b>\$0.91</b>	<b>\$1,645,212</b>
Source: Rent Roll & Property Manager					

### **OTHER INCOME**

Other Income in the apartment market is derived from laundry income, forfeited deposits, pet fees, application fees, late payment fees, utility reimbursement income, vending machines, etc. IREM shows a range of \$315 to \$1,003 with a median of \$659 per unit. As a percentage of PGI, IREM shows a range of 3.6% to 8.8% with a median of 6.4%. Centennial Place Phase III, a similar development, had miscellaneous other income for years 2011 through 2014 per unit of \$262, \$216, \$206 and \$171 per unit, respectively, which ranges from 2% to 4% of net rentable income (NRI). The historic operating statements indicated that other income for the subject was \$1,177 per unit in 2012, \$434 per unit in 2013, \$339 per unit in 2014, and \$828 per unit in 2015. No explanation was provided for the wide range. The developer's budget included other income at \$188 per unit. Based on this information, we used \$400 per unit for other income in our "as is" and prospective "restricted rent" pro formas. For the pro forma based on hypothetical unrestricted rents, we estimated other income at \$500.

### **VACANCY AND COLLECTION LOSS**

The comparables reported physical occupancies from 94% to 100% with a weighted average of about 96%. The subject property is currently 96% occupied. Mixed-income properties typically maintain high occupancy rates between 95% and 100%. We also reviewed the historical operating statements at the subject over the past three years. According to the statements, the loss attributable to physical vacancy and collection loss was about 10% in 2012, 10% in 2013, 5% in 2014, and 8% in 2015. Based on this information, we applied a 5% vacancy and collection loss in our "as is" and prospective "restricted rent" pro formas. For the pro forma based on hypothetical unrestricted rents, we applied 7% vacancy and collection loss to account for slightly higher bad debts.

### **EFFECTIVE GROSS INCOME**

Based on our estimates of apartment and other income and vacancy and collection loss, effective gross income for the subject is \$1,626,031, or \$9,795 per apartment unit "as is." After renovation effective gross income is projected at \$1,695,435, or \$10,213 per unit with restricted rents. Effective gross income with unrestricted rents post rehab is \$2,015,868, or \$12,144 per unit.

**EXPENSE ANALYSIS**

In deriving an estimate of net income, it is necessary to consider various expenses and allowances ascribable to the operation of a property of this type. We were provided actual operating history for 2012, 2013, 2014, and 2015. We were also provided the developer's initial pro-forma budgeted expenses, post renovation. In addition, we reviewed industry standard expenses as published in the 2015 edition of the *Income/Expense Analysis – Conventional Apartments* published by IREM (Institute of Real Estate Management). Further, we considered recent operating expense data from four LIHTC apartment projects within a 2.5-mile radius of the subject in Atlanta, one of which is approximately ½ mile from the subject. The subject's historical operating data and budget, IREM data, and expense comparables are summarized in the following charts. It should be noted that all of the comparable's expense data is from 2015.

<b>HISTORICAL OPERATING STATEMENTS - VILLAGES OF CASTLEBERRY - PHASE I</b>								
<b>166 Units</b>								
	2012		2013		2014		2015	
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>REVENUE</b>								
Potential Gross Apt Rental Revenue	\$1,488,386	\$8,966	\$1,606,040	\$9,675	\$1,407,059	\$8,476	\$1,487,505	\$8,961
Tenant Asst Payments (HAP)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Misc. Rent Revenue	\$1,935	\$12	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Rental Revenue	\$1,490,321	\$8,978	\$1,606,040	\$9,675	\$1,407,059	\$8,476	\$1,487,505	\$8,961
Vacancy/Concession Loss	(\$145,492)	(\$876)	(\$164,351)	(\$990)	(\$70,202)	(\$423)	(\$112,269)	(\$676)
Bad Debts	(\$41,170)	(\$248)	(\$22,149)	(\$133)	(\$12,715)	(\$77)	(\$35,529)	(\$214)
Other Income	\$195,343	\$1,177	\$72,029	\$434	\$56,345	\$339	\$137,502	\$828
Other as % of Potential GRI	13.1%		4.5%		4.0%		9.2%	
<b>Effective Gross Income</b>	<b>\$1,499,002</b>	<b>\$9,030</b>	<b>\$1,491,569</b>	<b>\$8,985</b>	<b>\$1,380,487</b>	<b>\$8,316</b>	<b>\$1,477,209</b>	<b>\$8,899</b>
<b>EXPENSES</b>								
Real Estate Taxes	\$99,050	\$597	\$46,679	\$281	\$47,048	\$283	\$42,144	\$254
Insurance	\$37,413	\$225	\$39,394	\$237	\$50,143	\$302	\$66,297	\$399
Management Fee	\$99,310	\$598	\$98,085	\$591	\$94,193	\$567	\$94,811	\$571
Mgmt. as a % of EGI	6.6%		6.6%		6.8%		6.4%	
Utilities	\$210,774	\$1,270	\$200,668	\$1,209	\$205,221	\$1,236	\$218,039	\$1,313
Salaries and Labor	\$287,203	\$1,730	\$311,381	\$1,876	\$298,968	\$1,801	\$283,141	\$1,706
Maintenance & Repairs	\$269,157	\$1,621	\$255,576	\$1,540	\$276,207	\$1,664	\$220,101	\$1,326
Landscaping	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Security	\$80,487	\$485	\$76,407	\$460	\$66,273	\$399	\$54,377	\$328
Advertising & Promotion	\$6,708	\$40	\$11,417	\$69	\$15,111	\$91	\$15,397	\$93
Administrative & Miscellaneous	\$72,915	\$439	\$69,925	\$421	\$84,474	\$509	\$102,621	\$618
<b>Total Expenses</b>	<b>\$1,163,017</b>	<b>\$7,006</b>	<b>\$1,109,532</b>	<b>\$6,684</b>	<b>\$1,137,638</b>	<b>\$6,853</b>	<b>\$1,096,928</b>	<b>\$6,608</b>
As a % of EGI	77.59%		74.39%		82.41%		74.26%	
<b>Net Income</b>	<b>\$335,985</b>	<b>\$2,024</b>	<b>\$382,037</b>	<b>\$2,301</b>	<b>\$242,849</b>	<b>\$1,463</b>	<b>\$380,281</b>	<b>\$2,291</b>
Capital Improvements	\$0	0	\$0	0	\$0	0	\$0	0
Net Cash Flow	\$335,985	\$2,024	\$382,037	\$2,301	\$242,849	\$1,463	\$380,281	\$2,291

Source: The operating statements were reconstructed from historical statements provided by the owner.

<b>DEVELOPER'S PRO FORMA - POST REHAB</b> <b>VILLAGE OF CASTLEBERRY HILLS APARTMENTS - PHASE I</b> <b>166 Units - 151,056 Rentable Sq. Ft.</b>			
	Total	Per Unit	Per SF
Gross Apartment Rental Income	\$1,689,678	\$10,179	\$11.19
Plus Other Income	31,230	\$188	0.21
<b>Total Gross Rental Income</b>	<b>\$1,720,908</b>	<b>\$10,367</b>	<b>\$11.39</b>
Vacancy and Collection Loss	6.9% \$118,277	\$713	\$0.78
<b>Effective Gross Income</b>	<b>\$1,602,631</b>	<b>\$9,654</b>	<b>\$10.61</b>
<b>Expenses</b>			
Real Estate Taxes	\$62,000	\$373	\$0.41
Insurance	77,000	464	0.51
Management Fee	7.0% 112,408	677	0.74
Utilities	189,000	1,139	1.25
Salaries & Labor	276,000	1,663	1.83
Maintenance & Repairs / Turnkey	138,500	834	0.92
Landscaping	20,000	120	0.13
Advertising & Promotion	10,600	64	0.07
Administrative/Misc.	84,000	506	0.56
<b>Total Expenses</b>	<b>\$969,508</b>	<b>\$5,840</b>	<b>\$6.42</b>
Capital Expenditures	58,100	350	0.38
<b>Total Operating Expenses</b>	<b>\$1,027,608</b>	<b>\$6,190</b>	<b>\$6.80</b>
<b>Net Income</b>	<b>\$575,023</b>	<b>\$3,464</b>	<b>\$3.81</b>



## Income Capitalization Approach

2015 IREM INCOME & EXPENSE DATA FOR SOUTHEAST - REGION IV						
Income & Expense Category (A)	Annual Income & Expense as % of GPI			Annual Income & Expenses Per Unit		
	Low	Median	High	Low	Median	High
<b>Income</b>						
Gross Possible Rents:	91.1%	93.4%	96.5%	\$7,850	\$9,388	\$11,098
Other Income:	3.6%	6.4%	8.8%	\$315	\$659	\$1,003
Gross Possible Income:	100.0%	100.0%	100.0%	\$8,380	\$10,129	\$12,032
Vacancies/Rent Loss:	4.2%	6.9%	11.2%	\$419	\$695	\$1,152
<b>Total Collections:</b>	<b>79.9%</b>	<b>84.4%</b>	<b>89.2%</b>	<b>\$7,057</b>	<b>\$8,459</b>	<b>\$10,216</b>
<b>Expenses (B)</b>						
Real Estate Taxes	5.0%	6.8%	8.8%	\$459	\$689	\$1,014
Insurance	1.9%	2.6%	3.5%	\$194	\$271	\$377
Management Fee	2.8%	3.7%	4.7%	\$300	\$377	\$454
Total Utilities, Common & Apts	5.6%	8.0%	11.0%	\$147	\$739	\$984
Water/sewer (Common & Apts)	3.5%	4.9%	6.7%	\$0	\$509	\$643
Electric (Common & Apts)	2.0%	2.9%	4.0%	\$138	\$211	\$312
Gas (Common & Apts)	0.1%	0.2%	0.3%	\$10	\$19	\$29
Total Utilities, Common Only	2.6%	4.1%	6.0%	\$287	\$505	\$683
Water/sewer (common only)	1.4%	2.5%	3.9%	\$160	\$331	\$461
Electric (common only)	1.2%	1.5%	1.9%	\$126	\$165	\$204
Gas (common only)	0.0%	0.1%	0.2%	\$0	\$9	\$18
Salaries and Administrative (C)	7.8%	12.4%	18.6%	\$809	\$1,194	\$1,800
Other Administrative	3.1%	5.8%	8.9%	\$335	\$555	\$890
Other Payroll	4.7%	6.6%	9.7%	\$474	\$639	\$910
Maintenance & Repairs	2.4%	3.9%	6.1%	\$237	\$389	\$588
Painting & Redecorating (D)	1.2%	1.8%	2.6%	\$117	\$186	\$264
Grounds Maintenance & Amenities	1.5%	2.2%	3.2%	\$143	\$220	\$335
Grounds Maintenance	1.4%	2.0%	2.9%	\$133	\$200	\$295
Recreational/Amenities	0.1%	0.2%	0.3%	\$10	\$20	\$40
Security (D)	0.1%	0.4%	1.0%	\$9	\$37	\$93
Other/Miscellaneous	0.7%	1.9%	21.4%	\$68	\$180	\$1,680
Other Tax/Fee/Permit	0.0%	0.1%	0.4%	\$0	\$12	\$48
Supplies	0.1%	0.3%	0.7%	\$8	\$24	\$64
Building Services	0.4%	1.0%	1.7%	\$50	\$99	\$168
Other Operating	0.3%	0.9%	19.7%	\$18	\$81	\$1,512
<b>Total Expenses:</b>	<b>34.1%</b>	<b>42.2%</b>	<b>51.1%</b>	<b>\$3,591</b>	<b>\$4,372</b>	<b>\$5,289</b>
<b>Net Operating Income:</b>	<b>38.7%</b>	<b>47.9%</b>	<b>56.7%</b>	<b>\$3,263</b>	<b>\$4,762</b>	<b>\$6,498</b>
<p>Notes: Survey for Region IV includes 119,872 apartment units with an average unit size of 985 square feet.</p> <p>(A) <i>Median</i> is the middle of the range, <i>Low</i> means 25% of the sample is below this figure, <i>High</i> mean 25% of the sample is above figure.</p> <p>(B) Line item expenses do not necessarily correspond to totals due to variances in expenses reported and sizes of reporting complexes.</p> <p>(C) Includes administrative salaries and expenses, as well as maintenance salaries.</p> <p>(D) Includes salaries associated with these categories.</p>						
Source: 2015 <i>Income/Expense Analyses: Conventional Apartments</i> by the Institute of Real Estate Management (IREM).						

## Income Capitalization Approach

LIHTC OPERATING EXPENSE COMPARABLES									
Property Name	Capitol Gateway II		Carver, Phase V		Auburn Pointe, Phase I		Collegetown, Phase II		
Location	Atlanta, GA		Atlanta, GA		Atlanta, GA		Atlanta, GA		
No. Units	152		164		154		177		
Avg. Unit Size	1,020		936		978		1,164		
Year Built	2007		2007		2010		2009		
	Actual	Trended	Actual	Trended	Actual	Trended	Actual	Trended	
Effective Date/% Trended	2015	0.0%	2015	0.0%	2015	0.00%	2015	0.00%	
Real Estate Taxes	\$535	\$535	\$389	\$389	\$289	\$289	\$196	\$196	
Insurance	179	179	184	184	224	224	196	196	
Management Fee:	565	565	646	646	646	646	621	621	
% of EGI	6.4%		7.7%		6.8%		6.7%		
Utilities	937	937	601	601	948	948	965	965	
Salaries & Labor	1,604	1,604	1,614	1,614	1,468	1,468	1,700	1,700	
Repairs/Redecorating	658	658	731	731	466	466	948	948	
Landscaping/Amenities	137	137	128	128	173	173	123	123	
Security	390	390	413	413	186	186	416	416	
Advertising & Promotion	133	133	82	82	146	146	162	162	
Administrative/Misc.	636	636	560	560	1,186	1,186	1,359	1,359	
<b>Total Expenses</b>	<b>\$5,774</b>	<b>\$5,774</b>	<b>\$5,348</b>	<b>\$5,348</b>	<b>\$5,732</b>	<b>\$5,732</b>	<b>\$6,686</b>	<b>\$6,686</b>	

MARKET RATE OPERATING EXPENSE COMPARABLES									
Project Name	Encore Clairmont		Prelude Encore		Confidential		Confidential		
Location	Atlanta, GA		Atlanta, GA		Atlanta, GA		Atlanta, GA		
No. Units	359		353		315		254		
Avg. Unit Size	914		959		937		997		
Year Built	2015		2011		2013		2014		
	1/15-12/15	Trended	1/15-12/15	Trended	1/15-12/15	Trended	1/15-12/15	Trended	
Effective Date/% Trended	2015	0.0%	2015	0.0%	2015	0.0%	2015	0.0%	
Real Estate Taxes*	\$991	\$991	\$1,001	\$1,001	\$2,899	\$2,899	\$304	\$304	
Insurance	194	194	232	232	229	229	247	247	
Management Fee:	369	369	466	466	512	512	540	540	
Management Fee %	4.00%		3.25%		3.00%		3.00%		
Utilities (W/S/E/G/Trash)**	518	518	221	221	467	467	442	442	
Salaries & Labor	1,713	1,713	1,404	1,404	1,217	1,217	1,574	1,574	
Painting & Decorating	117	117	261	261	223	223	138	138	
Maintenance & Repairs	231	231	429	429	295	295	222	222	
<b>Total Maintenance</b>	<b>348</b>		<b>690</b>		<b>518</b>		<b>360</b>		
Landscaping	88	88	99	99	186	186	150	150	
Advertising & Promotion	331	331	172	172	229	229	254	254	
Administrative/Misc.	172	172	309	309	739	739	684	684	
<b>Total Expenses</b>	<b>\$4,724</b>	<b>\$4,724</b>	<b>\$4,594</b>	<b>\$4,594</b>	<b>\$6,996</b>	<b>\$6,996</b>	<b>\$4,555</b>	<b>\$4,555</b>	

\*Encore Clairmont was not completed until 2015. Tax liability is estimated based on adjacent 2009 property, Prelude at Clairmor  
 \*Comp #4 is located in a tax allocation district and pays reduced taxes.  
 \*\*All Utilities are net of reimbursements.

### Real Estate Taxes

As discussed in the Tax Analysis portion of the Property Analysis report section, we used per unit taxes of \$350, \$375 and \$1,750 for the “as is,” and post renovation “restricted rent” and “unrestricted rent” scenarios, respectively.

### Insurance

IREM indicates a range of \$194 to \$377 per unit, and a median of \$271 per unit. The LIHTC comparables indicate insurance expenses within a range of \$179 to \$224 per unit with an average of \$196. The market comparables indicate insurance expenses within a range of \$194 to \$247 per unit with an average of \$226. For 2012, 2013, 2014, and 2015 actual insurance expenses for the subject were \$225, \$237, \$302 and \$399 respectively. The developer estimated post renovation insurance expense at \$464 per unit. The pro-forma budget reflects an insurance expense at \$464 per unit. No explanation was given for the cost increase. Based upon the foregoing considerations, we forecast insurance expense at a typical market level of \$300 per unit “as is”, and \$350 post renovation.

### Management Fee

Management expense for an apartment complex is typically negotiated on a percent of collected revenues (effective gross income, or EGI). This percentage typically ranges from 3.0% to 5.0%, depending on the size of the complex and position in the market. In other words, a large, upscale property might be managed at the lower end of the cost range. IREM indicates a range from 2.8% to 4.7% with a median of 3.7%, or \$300 to \$454 with a median of \$37 per unit. The LIHTC comparables ranged from \$565 to \$646 (6.4% to 7.7%) with an average of \$620 per unit. The market comparables ranged from 3.0% to 4.0% of EGI, or \$369 to \$540 with an average of \$472 per unit. For 2012, 2013, 2014, and 2015 actual insurance expenses for the subject were \$598 (6.4%), \$591 (6.5%), \$567 (6.8%), and \$571 (6.3%), respectively. The owner indicated a 7.0% management fee, or \$677 per unit, which is above historical levels on a per unit basis. A higher percentage for management fees is reasonable for a LIHTC property; lower anticipated rents contribute to management fees at a higher percentage rate. We concluded 6.0% for the “as is” and “restricted rent” scenarios and 3.5% for the unrestricted rent scenario.

### Utilities

This expense covers all energy costs related to the leasing office, vacant units, and common areas, including exterior lighting. It also typically includes trash removal and water/sewer costs for apartments. IREM indicates a range of \$287 to \$683 per unit, and a median of \$505 per unit. The LIHTC comparables indicate utilities expenses within a range of \$601 to \$965 per unit and average \$863, but inclusions vary. The market comparables indicate utilities expenses within a range of \$221 to \$583 per unit and average \$412, but inclusions vary. At the subject complex, the owner is responsible for water/sewer and trash collection. For 2012, 2013, 2014, and 2015 actual utilities expenses for the subject were \$1,270, \$1,209, \$1,236, and \$1,313 respectively. The pro-forma budget reflects the same utility structure projected at \$1,139 per unit. The owner indicates the remodeled units will have

energy-efficient appliances and other energy-saving features. We estimate a utility expense of \$1,300 per unit “as is”, and \$1,150 per unit after renovation.

### **Salaries and Labor**

This expense covers all payroll and labor expenses, including direct and indirect expenses. The taxes and benefits portion of this expense also includes the employer's portion of social security taxes, group health insurance and workman's comp insurance. In addition, employees typically incur overtime pay at times. The IREM expense chart reflects combined salaries and administrative expenses within a range of \$809 to \$1,800 per unit, and a median of \$1,194 per unit. The LIHTC comparables indicate payroll expense within a range of \$1,468 to \$1,700 per unit (exclusive of administrative) and average \$1,597 per unit. The market comparables indicate payroll expense within a range of \$1,217 to \$1,713 per unit (exclusive of administrative) and average \$1,477 per unit. For 2012, 2013, 2014, and 2015 actual expenses for the subject were \$1,730, \$1,876, \$1,801, and \$1,706 respectively. The provided projected pro forma indicates a salaries and labor expense of \$1,663 per unit. We used per unit salaries and labor of \$1,700 for the “as is” and “restricted rent” scenarios and \$1,450 for the “unrestricted rent” scenario.

### **Painting and Redecorating (Turnkey) and Maintenance And Repairs - Combined**

The allowance for interior decoration typically includes the cost of apartment turnkey, painting, cleaning and carpet shampooing, but not extraordinary expenses such as sheetrock, appliances and other miscellaneous repairs. Interior decoration, or turnkey expense, is based primarily on the number of units vacated during the year. Frequently we discover this category is consolidated with maintenance and repairs. The latter category includes the cost of building and exterior repairs, exterior painting, electrical repairs, plumbing and miscellaneous repairs. It also includes cost to maintain the elevators. Maintenance and repairs expenses vary considerably from complex to complex and from year to year, due primarily to scheduling of repairs and accounting procedures. Apartment owners often list replacement items under "maintenance and repairs" for more advantageous after-tax considerations. Data obtained from IREM indicates a range of \$237 to \$588 per unit, and a median of \$389 per unit for the Atlanta area. The LIHTC comparables present a combined range of \$466 to \$948 with an average of \$701. The market comparables present a combined range of \$222 to \$429 with an average of \$294. For 2012, 2013, 2014, and 2015 actual expenses for the subject were \$1,621, \$1,540, \$1,664, and \$1,326 respectively. The provided post renovation budget indicates \$834 per unit combined for maintenance and redecorating. It should also be noted that these figures likely includes landscaping and amenities expenses, which we consider in a separate category. We also note that the subject will be newly renovated and the maintenance and turnover expenses should be low for at least the first few years. We used

per unit maintenance and repairs of \$1,300, \$850 and \$700 for the “as is,” “restricted rent,” and “unrestricted rent” scenarios.

### **Landscaping and Amenities**

Landscaping, or grounds maintenance, includes normal grounds landscaping and maintenance, as well as maintenance of the amenities. The subject is a comparatively small site and has limited landscaping and amenities. IREM indicates a range of \$143 to \$335 per unit, and a median of \$220 per unit. The LIHTC comparables indicate a range of \$123 to \$173 with an average of \$140. The market comparables indicate a range of \$88 to \$189 with an average of \$131. The historical expenses did not include a line item for landscaping and amenities, but is likely included within the previously discussed repairs and maintenance. The projected pro forma indicates a landscaping and amenities expense of \$120 per unit. Based upon this data, we used \$150 per unit in our “as is,” “restricted rent,” and “unrestricted rent” scenarios.

### **Security**

For 2012, 2013, 2014 and 2015, actual security expenses for the subject were \$485, \$460, \$399 and \$328, respectively. IREM indicates a range of \$11 to \$338 per unit, and a median of \$74 per unit. The LIHTC comparables indicate security expense within a range of \$186 to \$416 per unit and average \$351. Neither the market rate comparables nor the provided developer budget indicated a line item for a security expense. Based on the subject’s in-town location, and placing emphasis on the history of the subject, we forecast security expense at \$350 per unit.

### **Advertising and Promotion**

This expense category accounts for placement of advertising, commissions, signage, brochures, and newsletters. Advertising and promotion costs are generally closely tied to occupancy. If occupancy is considered high and the market is stable, then the need for advertising is not as significant. However, if occupancy is considered to be low or occupancy tends to fluctuate, then advertising becomes much more critical. Our analysis assumes that the property is operating at stabilized levels; however, rent restricted properties typically incur lower advertising expenses, and PBRA properties often have no advertising expense. IREM does not separately report advertising expenses. The LIHTC comparables indicate a range of \$82 to \$162 per unit with an average of \$131. The market comparables indicate a range of \$172 to \$331 per unit with an average of \$247. For 2012, 2013, 2014, and 2015 actual expenses for the subject were \$40, \$69, \$91, and \$93 respectively. The projected pro forma indicates an advertising and promotion expense of \$64 per unit. We have estimated \$75 per unit for the restricted scenarios and \$200 per unit for the unrestricted scenario.

### **Administrative And Miscellaneous Expense**

This expense includes such items as legal, accounting, office supplies, answering service, telephone, etc. It is noted that rent restricted properties typically incur higher administrative expenses as the level of paperwork and administrative responsibility is much larger. However, as noted earlier, IREM includes most traditional administrative costs within their Salaries and Administrative cost category. The LIHTC comparables indicate a range of \$560 to \$1,359 with an average of \$935 per unit. The market comparables indicate a range of \$172 to \$739 with an average of \$476 per unit. For 2012, 2013, 2014, and 2015 actual expenses for the subject were \$439, \$421, \$509, and \$618 respectively. The provided operating budget includes \$506 per unit. We have estimated \$500 per unit for the restricted scenarios and \$250 per unit for the unrestricted scenario.

### **Reserves for Replacement**

Reserves for replacement is an annual allowance for the periodic replacement of roof covers, paving, carpeting, HVAC units, appliances, and other short-lived items. Investors of apartment properties sometimes establish separate accounts for reserves in the pro forma analysis. IREM does not chart this category and it is not included for the comparables. Typically, reserves range from \$200 to \$400 per unit, depending on age, condition, and size. The developer estimated post renovation reserves at \$350 per unit. It is also important to consider that the subject will be substantially remodeled with many major components under warranty for at least the first couple of years, which should hold reserves/capital expenditures down over the holding period. We included reserves in our analysis at \$325 per unit under the 'as is' scenario and \$300 per unit for the 'at completion' scenarios.

### **Summary of Expenses**

The estimated expenses for the 'as is' scenario total \$1,151,662 including reserves, which equates to \$6,938 per unit (\$6,613 without reserves.) The owner projected total expenses of \$6,190 per unit including reserves (\$5,840 without reserves), which is below to our estimate. For 2012, 2013, 2014, and 2015 actual expenses for the subject were \$7,254, \$6,817, \$6,930, and \$6,822 respectively. Total expenses reported by IREM, which do not include reserves, ranged from \$3,263 to \$6,498 with a median of \$4,762 per unit for Atlanta. Our estimates, including reserves and without including reserves, are above the range indicated by IREM. The LIHTC comparables indicated total expenses between \$5,348 and \$6,686, with an average of \$5,885. Our estimate including reserves is also above the range indicated by the operating expense comparables, but within if excluding. Based upon the prior discussion, we believe our estimates of operating expenses are reasonable and appropriate.

Our estimates of income and expenses for the subject apartments, under the restricted scenario as is, result in a net operating income projection of \$374,370 or \$2,858 per unit. After

renovation, expenses are slightly lower. Utilities are lower with added efficiencies and maintenance/repairs and reserves are lower. Total expenses after renovation are \$6,413 per unit including reserves, \$6,063 excluding reserves. This estimate (without reserves) is within the range of IREM and the comparables. The net operating income after renovation is \$3,801 per unit.

**CAPITALIZATION OF NET OPERATING INCOME**

Generally, the best method of estimating an appropriate overall rate is through an analysis of recent sales in the market. The following table summarizes capitalization rates extracted from several recent apartment sales in the metro area. The subject was constructed in 1999. We chose a variety of property types built between 1972 and 2002. It should be noted that Comparables One and Three were renovated in 2002 and 2010, respectively.

IMPROVED SALES SUMMARY - MARKET RATE COMPLEXES								
No.	Name Location	Sale Date	Number of Units	Year Built	Price Per Unit	Avg. Unit Size (SF)	NOI/Unit at Sale	OAR
1	Amber Mill, Duluth	Jan-16	264	1985/2002	\$96,591	1,211	\$5,795	6.00%
2	Williamsburg, Decatur	Nov-15	416	1972	\$89,630	1,255	\$6,543	7.30%
3	Berkeley Landing, Duluth	Sep-15	240	1982/2010	\$89,583	1,127	\$5,438	6.07%
4	The Park on Clairmont, Atlanta	Aug-15	111	1984	\$87,905	1,074	\$5,802	6.60%
5	Village at Almand Creek, Conyers	May-15	236	2002	\$101,965	1,154	\$6,814	6.70%

Capitalization rates reflect the relationship between net operating income and the value of receiving that current and probable future income stream during a certain projection period or remaining economic life. In selecting an appropriate capitalization rate for the subject, we considered those rates indicated by recent sales of properties which are similar to the subject with regard to risk and duration of income, quality and condition of improvements, and remaining economic life. Primary factors that influence overall rates include potential for income increases over both the near and long terms, as well as appreciation potential. Adjustments for dissimilar factors that influence the utility and/or marketability of a property, such as specific location within a market area; land/building ratio; functional efficiency, quality, and condition of improvements; and specific features of the building and land improvements, are inherently reflected by the market in the form of varying market rent levels. As rent levels form the basis for net income levels, the market has, in effect, already made the primary adjustments required for those factors, and any significant adjustments to overall rates based upon these dissimilarities would merely distort the market data.

The overall rates of the comparable properties indicate a range from 6.00% to 7.30%, with a mean of 6.53%. Excluding the extremes, the range is 6.07% to 6.70% with a mean of

6.46%. The *Fourth Quarter 2015 PwC Real Estate Investor Survey* indicates that overall capitalization rates for apartments range from 3.50% to 8.00%, with an average of 5.35% (5.30% for the Southeast Region). This rate is a decrease in the overall average rate of four basis points from the prior quarter and one basis point lower than the same period one year ago. PwC also reports that participants are not currently pursuing non-institutional investments in this market.

### **Band Of Investment**

We also utilized the mortgage-equity procedure, which is presented in the following chart. Under this procedure, the overall capitalization rate considers the returns on the mortgage and equity positions as well as the equity build-up that accrues as the loan principle is paid off. For properties like the subject, our discussions with conventional lenders and others knowledgeable of financing and equity requirements indicate a typical loan-to-value ratio of 75% to 80%, a fixed interest rate of 4.00% to 5.00% and a 30-year amortization with a balloon in 10 years. For this analysis, we used an 80% loan-to-value, an interest rate of 4.5%, 30-year amortization, a 10-year balloon, and property appreciation of 2.0% annually (reasonable considering the current market). Equity yield rates are more difficult to ascertain. However, based on discussions with investors and valuation experts, and consideration of alternative investment choices and comparing the risks involved with each, we concluded an equity yield rate of 15% is considered reasonable. As shown on the following chart, the indicated overall capitalization rate based on the foregoing parameters equates to approximately 6.00% (rounded to the nearest 0.25%).



CAPITALIZATION RATE DERIVATION BY MORTGAGE/EQUITY TECHNIQUE			
<b>ASSUMPTIONS</b>			
Mortgage Amortization Term .....		30	Years
Holding Period .....		10	Years
Mortgage Interest Rate .....		4.50%	
Loan-to-Value Ratio .....		80%	
Annual Constant for Monthly Payments .....		0.060802	
Required Equity Yield Rate .....		15%	
Assumed Net Annual Appreciation .....		2.00%	
<b>CALCULATIONS</b>			
Basic Rate Calculation:			
Mortgage:	80%	x	0.060802 =
Equity:	20%	x	0.150000 =
			0.048642
			+ 0.030000
			0.078642
Composite Basic Rate: <span style="float: right;">0.078642</span>			
Credit For Equity Build-up Due to Amortization Over Holding Period:			
Mortgage (Loan-to-Value Ratio):	80%		
Sinking Fund Factor @ 15% For	10	Years	= 0.049252
Percentage of Loan Principal Repaid After	10	Years	= 19.9103%
			0.007845
Credit:	80%	x	0.049252 x 0.199103 =
			0.007845
Appreciation Factor Over the Holding Period:			
Appreciation Credit @ 2% Over	10	Years	= 21.8994%
Sinking Fund Factor @ 15% For	10	Years	= 0.049252
			0.010786
Credit:	21.8994%	x	0.049252 =
			0.010786
<b>INDICATED CAPITALIZATION RATE</b>			
Basic Rate:			0.078642
Less Credit For Equity Build-up:			- 0.007845
Less Credit For Appreciation:			- 0.010786
<b>INDICATED CAPITALIZATION RATE:</b>			<b>0.060011</b>
<b>ROUNDED:</b>			<b>6.00%</b>

**Capitalization Rate - Conclusion**

Based on the information provided by the comparables, the investor survey and the band of investment technique, we estimate an overall rate of between 6.0% and 6.5% (reconciled to 6.25%) as appropriate for the subject property.

**As Is Analysis**

We were asked to estimate the market value of the subject "as is," which includes all rent restrictions currently in place. We applied the applicable unrestricted and tax credit rents, as discussed previously in the market analysis section. A summary of the stabilized pro forma income and expense statement, including our capitalized value estimate, is presented in the following chart.

<b>CURRENT RENTS - AS OF MARCH 2016</b>					
<b>Unit Type</b>	<b>No. Units</b>	<b>Unit Size</b>	<b>Monthly Unit Rent</b>	<b>Monthly Rent/SF</b>	<b>Total Income</b>
1BR/1BA (Market)	18	710	\$795	\$1.12	\$171,720
2BR/1BA (Market)	11	890	\$820	\$0.92	\$108,240
2BR/2BA (Market)	21	947	\$890	\$0.94	\$224,280
2BR/2BA (Market)	3	1,125	\$1,000	\$0.89	\$36,000
2BR/2BA TH (Market)	5	1,134	\$1,150	\$1.01	\$69,000
3BR/2BA (Market)	8	1,138	\$1,075	\$0.94	\$103,200
1BR/1BA (PBRA)	19	710	\$686	\$0.97	\$156,408
2BR/1BA (PBRA)	12	890	\$812	\$0.91	\$116,928
2BR/1BA (PBRA)	24	947	\$812	\$0.86	\$233,856
2BR/1BA (PBRA)	1	1,093	\$812	\$0.74	\$9,744
2BR/1BA (PBRA)	2	1,125	\$812	\$0.72	\$19,488
3BR/2BA (PBRA)	8	1,138	\$928	\$0.82	\$89,088
1BR/1BA (60% AMI)	9	710	\$690	\$0.97	\$74,520
2BR/1BA (60% AMI)	5	890	\$715	\$0.80	\$42,900
2BR/2BA (60% AMI)	13	947	\$750	\$0.79	\$117,000
2BR/2BA (60% AMI)	3	1,134	\$890	\$0.78	\$32,040
3BR/2BA (60% AMI)	4	1,138	\$850	\$0.75	\$40,800
<b>Total/Avg.</b>	<b>166</b>	<b>910</b>	<b>\$826</b>	<b>\$0.91</b>	<b>\$1,645,212</b>
Source: Rent Roll & Property Manager					

<b>APPRAISERS PRO FORMA ANALYSIS - "AS IS" RESTRICTED RENTS                      VILLAGES OF CASTLEBERRY HILL - PHASE I                      166 Units - 151,056 Rentable Sq. Ft</b>				
		Total	Per Unit	Per SF
Gross Apartment Rental Income		\$1,645,212	\$9,911	\$10.89
Plus Other Income	4.0%	66,400	\$400	0.44
<b>Total Gross Rental Income</b>		<b>\$1,711,612</b>	<b>\$10,311</b>	<b>\$11.33</b>
Vacancy and Collection Loss	5.0%	\$85,581	\$516	\$0.57
<b>Effective Gross Income</b>		<b>\$1,626,031</b>	<b>\$9,795</b>	<b>\$10.76</b>
<b>Expenses</b>				
Real Estate Taxes		\$58,100	\$350	\$0.38
Insurance		49,800	300	0.33
Management Fee	6.0%	97,562	588	0.65
Utilities		215,800	1,300	1.43
Salaries & Labor		282,200	1,700	1.87
Maintenance & Repairs / Turnkey		215,800	1,300	1.43
Landscaping		24,900	150	0.16
Security		58,100	350	0.38
Advertising & Promotion		12,450	75	0.08
Administrative/Misc.		83,000	500	0.55
<b>Total Expenses</b>		<b>\$1,097,712</b>	<b>\$6,613</b>	<b>\$7.27</b>
Capital Expenditures		53,950	325	0.36
<b>Total Operating Expenses</b>		<b>\$1,151,662</b>	<b>\$6,938</b>	<b>\$7.62</b>
<b>Net Income</b>		<b>\$474,370</b>	<b>\$2,858</b>	<b>\$3.14</b>
<b>Overall Rates/Indicated Values</b>	6.00%	\$7,906,159	\$47,627	\$52.34
	6.25%	\$7,589,912	\$45,722	\$50.25
	6.50%	\$7,297,993	\$43,964	\$48.31
<b>Stabilized Reconciled Value</b>		<b>\$7,600,000</b>	<b>\$45,783</b>	<b>\$50.31</b>

The estimated expenses for the 'as is' scenario total \$1,151,662 including reserves, which equates to \$6,938 per unit (\$6,613 without reserves.) For 2012, 2013, 2014, and 2015 actual expenses for the subject were \$7,254, \$6,817, \$6,930, and \$6,822 respectively. Total expenses reported by IREM, which do not include reserves, ranged from \$3,263 to \$6,498 with a median of \$4,762 per unit for Atlanta. Our estimates, including reserves and without including reserves, are above the range indicated by IREM. The LIHTC comparables indicated total expenses between \$5,348 and \$6,686, with an average of \$5,885. Our estimate including reserves is also above the range indicated by the operating expense comparables, but within if excluding. Based upon the prior discussion, we believe our estimates of operating expenses are reasonable and appropriate. At this income and expense scenario, the value estimate is \$7,600,000.

**Restricted Rent Analysis Post Rehab**

We were asked to estimate the market value of the subject post renovation using restricted rents. We applied the post rehab market rent and tax credit rents, as discussed previously in the market analysis section. Because this analysis is post rehab the utilities and maintenance expenses are lowered are lower than the “as is” analysis. We also assumed slightly higher taxes and insurance. A summary of the stabilized pro forma income and expense statement, including our capitalized value estimate, is presented in the following chart.

<b>APPRAISER RECOMMENDED RENTS - POST RENOVATION</b>					
<b>Unit Type</b>	<b>No. Units</b>	<b>Unit Size</b>	<b>Monthly Unit Rent</b>	<b>Monthly Rent/SF</b>	<b>Total Income</b>
1BR/1BA (Market)	18	710	\$825	\$1.16	\$178,200
2BR/1BA (Market)	11	890	\$925	\$1.04	\$122,100
2BR/2BA (Market)	21	947	\$975	\$1.03	\$245,700
2BR/2BA (Market)	3	1,125	\$1,100	\$0.98	\$39,600
2BR/2BA TH (Market)	5	1,134	\$1,225	\$1.08	\$73,500
3BR/2BA (Market)	8	1,138	\$1,150	\$1.01	\$110,400
1BR/1BA (PBRA)	19	710	\$686	\$0.97	\$156,408
2BR/1BA (PBRA)	12	890	\$812	\$0.91	\$116,928
2BR/1BA (PBRA)	24	947	\$812	\$0.86	\$233,856
2BR/1BA (PBRA)	1	1,093	\$812	\$0.74	\$9,744
2BR/1BA (PBRA)	2	1,125	\$812	\$0.72	\$19,488
3BR/2BA (PBRA)	8	1,138	\$928	\$0.82	\$89,088
1BR/1BA (60% AMI)	9	710	\$686	\$0.97	\$74,088
2BR/1BA (60% AMI)	5	890	\$812	\$0.91	\$48,720
2BR/2BA (60% AMI)	13	947	\$812	\$0.86	\$126,672
2BR/2BA (60% AMI)	3	1,134	\$812	\$0.72	\$29,232
3BR/2BA (60% AMI)	4	1,138	\$928	\$0.82	\$44,544
<b>Total/Avg.</b>	<b>166</b>	<b>910</b>	<b>\$863</b>	<b>\$0.95</b>	<b>\$1,718,268</b>

<b>APPRAISERS PRO FORMA ANALYSIS - RESTRICTED RENTS</b> <b>VILLAGES OF CASTLEBERRY HILL - PHASE I</b> <b>166 Units - 151,056 Rentable Sq. Ft.</b>				
		Total	Per Unit	Per SF
Gross Apartment Rental Income		\$1,718,268	\$10,351	\$11.38
Plus Other Income		66,400	\$400	0.44
<b>Total Gross Rental Income</b>		<b>\$1,784,668</b>	<b>\$10,751</b>	<b>\$11.81</b>
Vacancy and Collection Loss	5.0%	\$89,233	\$538	\$0.59
<b>Effective Gross Income</b>		<b>\$1,695,435</b>	<b>\$10,213</b>	<b>\$11.22</b>
<b>Expenses</b>				
Real Estate Taxes		\$62,250	\$375	\$0.41
Insurance		58,100	350	\$0.38
Management Fee	6.0%	101,726	613	0.67
Utilities		190,900	1,150	1.26
Salaries & Labor		282,200	1,700	1.87
Maintenance & Repairs / Turnkey		141,100	850	0.93
Landscaping		24,900	150	0.16
Security		58,100	350	0.38
Advertising & Promotion		12,450	75	0.08
Administrative/Misc.		83,000	500	0.55
<b>Total Expenses</b>		<b>\$1,014,726</b>	<b>\$6,113</b>	<b>\$6.72</b>
Capital Expenditures		49,800	300	0.33
<b>Total Operating Expenses</b>		<b>\$1,064,526</b>	<b>\$6,413</b>	<b>\$7.05</b>
<b>Net Income</b>		<b>\$630,909</b>	<b>\$3,801</b>	<b>\$4.18</b>
Overall Rates/Indicated Values	6.00%	\$10,515,142	\$63,344	\$69.61
	6.25%	\$10,094,536	\$60,810	\$66.83
	6.50%	\$9,706,285	\$58,472	\$64.26
<b>Stabilized Reconciled Value</b>		<b>\$10,100,000</b>	<b>\$60,843</b>	<b>\$66.86</b>

Our estimated expenses total \$1,064,526 including reserves, which equates to \$6,413 per unit. If excluding reserves, the estimated expenses are \$6,063 per unit. The owner projected total expenses of \$6,190 per unit including reserves (\$5,840 without reserves), which is below to our estimate. Total expenses reported by IREM, which do not include reserves, ranged from \$3,263 to \$6,498 with a median of \$4,762 per unit for Atlanta. Our estimates, excluding reserves are above the range indicated by IREM. The expense comparables, which also do not include reserves, indicate a range of \$5,348 to \$6,686, with an average of \$5,885. Our estimate is toward the middle of the range indicated by the operating expense comparables. We feel that our estimates are reasonable. At this income and expense scenario, the value estimate is \$10,100,000.

**Hypothetical Unrestricted Rent Analysis Post Rehab**

We were also asked to estimate the market value of the subject post renovation using hypothetical market rents. We applied the market rent levels, as discussed previously in the market analysis section, to all of the subject's units. Market rate complexes typically also have higher other income. A market rate project would also have different expense levels in some categories. Taxes and advertising will be higher, while management, salary and administrative expenses will be lower. Vacancy and credit loss would likely increase to about 7%, average for the submarket when economic vacancy is included. A summary of the stabilized pro forma income and expense statement, including our capitalized value estimate, is presented in the following chart.

<b>ESTIMATED MARKET RENTS - POST RENOVATION</b>					
<b>Unit Type</b>	<b>No. Units</b>	<b>Unit Size</b>	<b>Monthly Unit Rent</b>	<b>Monthly Rent/SF</b>	<b>Total Income</b>
1BR/1BA (Market)	46	710	\$825	\$1.16	\$455,400
2BR/1BA (Market)	28	890	\$925	\$1.04	\$310,800
2BR/2BA (Market)	58	947	\$975	\$1.03	\$678,600
2BR/2BA (Market)	1	1093	\$1,100	\$1.01	\$13,200
2BR/2BA (Market)	5	1125	\$1,100	\$0.98	\$66,000
2BR/2BA TH (Market)	8	1134	\$1,225	\$1.08	\$117,600
3BR/2BA (Market)	20	1138	\$1,150	\$1.01	\$276,000
<b>Total/Avg.</b>	<b>166</b>	<b>910</b>	<b>\$963</b>	<b>\$1.06</b>	<b>\$1,917,600</b>

<b>PRO FORMA ANALYSIS - HYPOTHETICAL UNRESTRICTED RENTS</b> <b>VILLAGE AT CASTLEBERRY HILL - PHASE I</b> <b>166 Units - 151,056 SF</b>				
		Total	Per Unit	Per SF
Potential Gross Rental Income		\$1,917,600	\$11,552	\$12.69
Plus Other Income	4.3%	250,000	500	1.66
Potential Gross Income		\$2,167,600	\$13,058	\$14.35
Vacancy and Collection Loss	7.0%	\$151,732	\$914	\$1.00
Effective Gross Income		\$2,015,868	\$12,144	\$13.35
<b>Expenses</b>				
Real Estate Taxes		\$290,500	\$1,750	\$1.92
Insurance		\$58,100	350	0.38
Management Fee	3.5%	70,555	425	0.47
Utilities		190,900	1,150	1.26
Salaries & Labor		240,700	1,450	1.59
Maintenance & Repairs / Turnkey		116,200	700	0.77
Landscaping		24,900	150	0.16
Security		58,100	350	0.38
Advertising & Promotion		33,200	200	0.22
Administrative/Misc.		58,100	350	0.38
Total Expenses		\$1,141,255	\$6,875	\$7.56
Reserves		49,800	300	0.33
Total Operating Expenses		\$1,191,055	\$7,175	\$7.88
Net Income		\$824,813	\$4,969	\$5.46
Overall Rates/Indicated Values	6.00%	\$13,746,877	\$82,813	\$91.01
	6.25%	\$13,197,002	\$79,500	\$87.36
	6.50%	\$12,689,425	\$76,442	\$84.00
<b>Stabilized Reconciled Value</b>		<b>\$13,200,000</b>	<b>\$79,518</b>	<b>\$87.38</b>

Our estimated expenses total \$1,191,055 including reserves, which equates to \$7,175 per unit. If excluding reserves, the estimated expenses are \$6,875 per unit. Total expenses reported by IREM, which do not include reserves, ranged from \$3,263 to \$6,498 with a median of \$4,762 per unit for Atlanta. Our estimates, excluding reserves are above the range indicated by IREM, largely due to much higher taxes. The expense comparables, which also do not include reserves, indicate a range of \$4,555 to \$6,996, with an average of \$5,217. Our estimate is toward the high end of the range indicated by the operating expense comparables. We feel that our estimates are reasonable. At this income and expense scenario, the value estimate is \$13,200,000.

## SALES COMPARISON APPROACH

The Sales Comparison Approach provides an estimate of market value based on an analysis of recent transactions involving similar properties in the market area. This method is based on the premise that an informed purchaser will pay no more for a property than the cost of acquiring an equally desirable substitute. When there are an adequate number of sales involving truly similar properties, with sufficient information for comparison, a range of values for the subject can be developed. In the analysis of sales, considerations for such factors as changing market conditions over time, location, size, quality, age/condition, and amenities, as well as the terms of the transactions, are all significant variables relating to the relative marketability of the subject property. Any adjustments to the sale price of comparables to provide indications of market value for the subject must be market-derived; thus, the actions of typical buyers and sellers are reflected in the comparison process. Data used in this section is presented in the addenda as improved sales comparables.

There are various units of comparison available in the evaluation of sales data. The sale price per unit (physical adjustment and NOI) and effective gross income multiplier (EGIM) are most commonly used for apartments. We performed an NOI and physical adjustment analysis. Due to the limited availability of expense information on the comparables, we did not perform an EGIM analysis. The summary chart below provides pertinent details, with additional information pertaining to each transaction, along with a location map, included in the Addenda.

IMPROVED SALES SUMMARY - MARKET RATE COMPLEXES								
No.	Name Location	Sale Date	Number of Units	Year Built	Price Per Unit	Avg. Unit Size (SF)	NOI/Unit at Sale	OAR
1	Amber Mill, Duluth	Jan-16	264	1985/2002	\$96,591	1,211	\$5,795	6.00%
2	Williamsburg, Decatur	Nov-15	416	1972	\$89,630	1,255	\$6,543	7.30%
3	Berkeley Landing, Duluth	Sep-15	240	1982/2010	\$89,583	1,127	\$5,438	6.07%
4	The Park on Clairmont, Atlanta	Aug-15	111	1984	\$87,905	1,074	\$5,802	6.60%
5	Village at Almand Creek, Conyers	May-15	236	2002	\$101,965	1,154	\$6,814	6.70%

### DISCUSSION OF SALES

All of the comparable sales used in this analysis are located in metropolitan Atlanta. The sales are of overall average to good quality apartment complexes built between 1968 and 1989. It should be noted that Comparables One and Three were renovated in 2002 and 2010, respectively. The transactions occurred between May 2015 and January 2016 and involve properties ranging in size from 111 to 416 units. Sale prices per unit range from \$87,905 to \$101,965. Net operating incomes for the comparables range from \$5,438 to \$6,814 per unit. Overall rates indicated by the transactions range between 6.00% and 7.30%, with a mean of 6.53%.



**SALE PRICE PER UNIT / NOI ANALYSIS**

We analyzed the NOI per square foot being generated by each comparable as compared to the subject's net operating income. Basically, by developing a ratio between the subject's and the comparable's NOI per square foot, an adjustment factor can be calculated for each of the individual sales. This factor can then be applied to the comparable's price per unit to render indications for the subject. This process illustrates an attempt to isolate the economic reasoning of buyers. In general, it is a fundamental assumption that the physical characteristics of a property (e.g., location, access, design / appeal, condition, etc.) are reflected in the net operating income being generated, and that the resulting price per unit paid for a property has a direct relationship to the net operating income being generated. The following chart depicts the calculations involved in developing adjustment factors to be applied to the respective price per unit for the comparables employed.

<b>NET OPERATING INCOME (NOI) ANALYSIS - AS IS</b>									
<b>VILLAGE AT CASTLEBERRY HILL - PHASE I</b>									
Sale No.	Subject's NOI/Unit				Multiplier	X	Sale Price \$/Unit	=	Adjusted \$/Unit For Subject
	Comp. NOI/Unit								
1	\$2,858	/	\$5,795	=	0.49	X	\$96,591	=	\$47,330
2	\$2,858	/	\$6,543	=	0.44	X	\$89,630	=	\$39,437
3	\$2,858	/	\$5,438	=	0.53	X	\$89,583	=	\$47,479
4	\$2,858	/	\$5,802	=	0.49	X	\$87,905	=	\$43,073
5	\$2,858	/	\$6,814	=	0.42	X	\$101,965	=	\$42,825

As shown above, the adjusted values indicated for the subject "as is" range from \$39,437 to \$47,479 per unit, with an average of \$44,029 (assuming restricted rents). After renovation, the range is \$51,985 to \$63,750 per unit, with an average of \$58,712 (assuming restricted rents).

<b>NET OPERATING INCOME (NOI) ANALYSIS - RESTRICTED POST RENOV</b>									
<b>VILLAGE AT CASTLEBERRY HILL - PHASE I</b>									
Sale No.	Subject's NOI/Unit				Multiplier	X	Sale Price \$/Unit	=	Adjusted \$/Unit For Subject
	Comp. NOI/Unit								
1	\$3,801	/	\$5,795	=	0.66	X	\$96,591	=	\$63,750
2	\$3,801	/	\$6,543	=	0.58	X	\$89,630	=	\$51,985
3	\$3,801	/	\$5,438	=	0.70	X	\$89,583	=	\$62,708
4	\$3,801	/	\$5,802	=	0.66	X	\$87,905	=	\$58,017
5	\$3,801	/	\$6,814	=	0.56	X	\$101,965	=	\$57,100

For hypothetical market rents, the range is from \$74,434 to \$83,068 per unit, with an average of \$76,548.

<b>NET OPERATING INCOME (NOI) ANALYSIS - UNRESTRICTED POST RENOV</b>									
<b>VILLAGE AT CASTLEBERRY HILL - PHASE I</b>									
<b>Sale No.</b>	<b>Subject's NOI/Unit</b>				<b>Multiplier</b>	<b>Sale Price</b>	<b>Adjusted \$/Unit</b>		
	<b>Comp. NOI/Unit</b>					<b>\$/Unit</b>	<b>For Subject</b>		
1	\$4,969	/	\$5,795	=	0.86	X	\$96,591	=	\$83,068
2	\$4,969	/	\$6,543	=	0.76	X	\$89,630	=	\$68,119
3	\$4,969	/	\$5,438	=	0.91	X	\$89,583	=	\$81,521
4	\$4,969	/	\$5,802	=	0.86	X	\$87,905	=	\$75,598
5	\$4,969	/	\$6,814	=	0.73	X	\$101,965	=	\$74,434

For the restricted rent scenario, we estimate a value indication of \$45,000 per unit as is and \$60,000 at completion. For the hypothetical market rent scenario, we estimated a value of \$80,000 assuming unrestricted or market rents.

<b>SALES COMPARISON SUMMARY – AS IS</b>		
<b># Units</b>	<b>\$/Unit</b>	<b>Indicated Value</b>
166	\$45,000	\$7,470,000
<b>Rounded</b>		<b>\$7,500,000</b>
<b>SALES COMPARISON SUMMARY – RESTRICTED POST REHAB</b>		
<b># Units</b>	<b>\$/Unit</b>	<b>Indicated Value</b>
166	\$60,000	\$9,960,000
<b>Rounded</b>		<b>\$10,000,000</b>
<b>SALES COMPARISON SUMMARY – UNRESTRICTED POST REHAB</b>		
<b># Units</b>	<b>\$/Unit</b>	<b>Indicated Value</b>
166	\$80,000	\$13,280,000
<b>Rounded</b>		<b>\$13,300,000</b>

**PHYSICAL ADJUSTMENT ANALYSIS**

For additional support, we are including an adjustment grid for the comparable sales. Adjustments were made for conditions of sale and market conditions, along with common characteristics including location, access/exposure, size, quality/amenities and age/condition.

**Conditions of Sale**

For both scenarios, restricted rents and hypothetical market rate, the comparable sales were all reportedly arms-length with cash or normal financing. For the restricted rent scenarios, the comparables are adjusted downward to account for limited income expectations.

### **Market Conditions**

The sales are recent, and no adjustments are necessary.

### **Location**

The subject is located in a good location near the heart of downtown Atlanta. However, all of the comparables are considered to have superior location in comparison to the subject and warrant varying downward adjustments.

### **Access/Exposure**

No adjustments are necessary.

### **Size / Number of Units**

The subject has 166 units. Typically, smaller properties sell for higher per unit prices. Conversely, larger properties tend to sell for lower per unit prices. This represents something of a quantity discount. Comparables One, Two, Three, and Five were adjusted upward given their larger sizes in comparison to the subject. Comparable Four is considered similar enough to not warrant an adjustment.

### **Average Unit Size**

The subject has an average unit size of 910 square feet. All of the comparables have larger average unit sizes and were adjusted downward by varying amounts.

### **Quality / Amenities**

All of the comparables have superior quality and/or amenities when compared to the subject. All of the comparables required downward adjustments for the 'as is' scenario. Post renovation, the comparables are considered similar to the subject in terms of overall condition and did not warrant any adjustments.

### **Age / Condition**

The subject was built in 1999 and has been adequately maintained, though some repairs have been deferred in anticipation of the renovations, and these contribute to a less-than-ideal current property condition. The comparables were built between 1972 and 2002 with Comparables One and Three being renovated in 2002 and 2010, respectively. We applied varying degrees of downward adjustments for all of the comparables to reflect their perceived superior overall condition when compared to the subject for the 'as is' scenario.

## Sales Comparison Approach

Post renovation we consider the comparables to be inferior to the subject in terms of overall quality due to the extensive renovations. Upward adjustments are warranted for the 'upon completion' scenario.

### SUMMARY AND COMMENTS

#### As Is Analysis

The following adjustment grid illustrates our thought processes in the comparison of the comparables to the subject. As shown, prior to adjustment, the comparables present a range of price per unit between \$87,905 and \$101,965, with a mean of \$93,081.

COMPARABLE SALES ADJUSTMENT CHART - AS IS						
Sale No.	Subject	1	2	3	4	5
<b>Informational Data</b>						
Sale Date	N/Ap	Jan-16	Nov-15	Sep-15	Aug-15	May-15
Sale Price	N/Ap	\$25,500,000	\$37,285,886	\$21,500,000	\$9,757,500	\$24,000,000
Building Type	Apartment	Apartment	Apartment	Apartment	Apartment	Apartment
# Units	166	264	416	240	111	236
Avg. Unit Size	910	1,211	1,255	1,127	1,074	1,154
Year Built	1999	1985/2002	1972	1985/2010	1984	2002
Location	Good	Similar	Similar	Similar	Similar	Similar
Price per Unit	N/Ap	\$96,591	\$89,630	\$89,583	\$87,905	\$101,695
<b>Comparative Analysis</b>						
Conditions of Sale		-25%	-25%	-25%	-25%	-25%
Adjusted Price/SF		\$72,443	\$67,222	\$67,188	\$65,929	\$76,271
Market Conditions						
Adjusted Price/SF		\$72,443	\$67,222	\$67,188	\$65,929	\$76,271
<b>Physical Adjustments</b>						
Location		-20%	-10%	-10%	-10%	-20%
Access / Exposure						
Size (# of units)		10%	15%	10%		10%
Avg. Unit Size		-10%	-10%	-5%	-5%	-5%
Quality/Amenities		-15%	-15%	-15%	-15%	-15%
Age/Condition		-10%	-5%	-15%	-5%	-10%
Net Adjustment		-45%	-25%	-35%	-35%	-40%
Adjusted Price/SF		\$39,844	\$50,417	\$43,672	\$42,854	\$45,763
Indicated Range:			\$39,844	to	\$50,417	
Mean:				\$44,510		
Indicated Range: (Ex. Extremes)			\$42,854	to	\$45,763	
Mean:				\$44,096		

As shown, after adjustments, the indicated range is narrowed to between \$39,844 and \$50,417, with a mean of \$44,510 per unit. Excluding the extremes the range narrows between \$42,854 and \$45,763, with a mean of \$44,096 per unit. Based on this information,

## Sales Comparison Approach

we estimate value for the subject to be approximately \$45,000 per unit. Our estimate of value for the subject property, based on a price per unit method is shown as follows.

SALES COMPARISON APPROACH VALUE – PRICE PER UNIT – AS IS				
Indicated Value/Unit		Subject Units		Total
\$45,000	X	166	=	\$7,470,000
Rounded				\$7,500,000

### Restricted Rent Analysis Post Rehab

COMPARABLE SALES ADJUSTMENT CHART - RESTRICTED POST REHAB						
Sale No.	Subject	1	2	3	4	5
<b>Informational Data</b>						
Sale Date	N/Ap	Jan-16	Nov-15	Sep-15	Aug-15	May-15
Sale Price	N/Ap	\$25,500,000	\$37,285,886	\$21,500,000	\$9,757,500	\$24,000,000
Building Type	Apartment	Apartment	Apartment	Apartment	Apartment	Apartment
# Units	166	264	416	240	111	236
Avg. Unit Size	910	1,211	1,255	1,127	1,074	1,154
Year Built	1999	1985/2002	1972	1985/2010	1984	2002
Location	Good	Similar	Similar	Similar	Similar	Similar
Price per Unit	N/Ap	\$96,591	\$89,630	\$89,583	\$87,905	\$101,695
<b>Comparative Analysis</b>						
Conditions of Sale		-25%	-25%	-25%	-25%	-25%
Adjusted Price/SF		\$72,443	\$67,222	\$67,188	\$65,929	\$76,271
Market Conditions						
Adjusted Price/SF		\$72,443	\$67,222	\$67,188	\$65,929	\$76,271
<b>Physical Adjustments</b>						
Location		-20%	-10%	-10%	-10%	-20%
Access / Exposure						
Size (# of units)		10%	15%	10%		10%
Avg. Unit Size		-10%	-10%	-5%	-5%	-5%
Quality/Amenities						
Age/Condition			5%	-5%	5%	0%
Net Adjustment		-20%	0%	-10%	-10%	-15%
Adjusted Price/SF		\$57,955	\$67,222	\$60,469	\$59,336	\$64,831
Indicated Range:			\$57,955	to	\$67,222	
Mean:				\$61,962		
Indicated Range: (Ex. Extremes)			\$59,336	to	\$64,831	
Mean:				\$61,545		

As shown, after adjustments, the indicated range is a narrowed to \$57,955 and \$67,222, with a mean of \$61,962 per unit. Excluding the extremes the range narrows between \$59,336 and \$64,831, with a mean of \$61,545 per unit. Based on this information, we

## Sales Comparison Approach

estimate value for the subject to be \$61,000 per unit. Our estimate of value for the subject property, based on a price per unit method is shown as follows.

SALES COMPARISON APPROACH VALUE – RESTRICTED				
Indicated Value/Unit	X	Subject Units	=	Total
\$61,000	X	166	=	\$10,126,000
Rounded				\$10,100,000

### Hypothetical Unrestricted Rent Analysis Post Rehab

COMPARABLE SALES ADJUSTMENT CHART - HYPOTHETICAL UNRESTRICTED POST REHAB						
Sale No.	Subject	1	2	3	4	5
<b>Informational Data</b>						
Sale Date	N/Ap	Jan-16	Nov-15	Sep-15	Aug-15	May-15
Sale Price	N/Ap	\$25,500,000	\$37,285,886	\$21,500,000	\$9,757,500	\$24,000,000
Building Type	Apartment	Apartment	Apartment	Apartment	Apartment	Apartment
# Units	166	264	416	240	111	236
Avg. Unit Size	910	1,211	1,255	1,127	1,074	1,154
Year Built	1999	1985/2002	1972	1985/2010	1984	2002
Location	Good	Superior	Superior	Superior	Superior	Superior
Price per Unit	N/Ap	\$96,591	\$89,630	\$89,583	\$87,905	\$101,695
<b>Comparative Analysis</b>						
Conditions of Sale						
Adjusted Price/SF		\$96,591	\$89,630	\$89,583	\$87,905	\$101,695
Market Conditions						
Adjusted Price/SF		\$96,591	\$89,630	\$89,583	\$87,905	\$101,695
<b>Physical Adjustments</b>						
Location		-20%	-10%	-10%	-10%	-20%
Access / Exposure						
Size (# of units)		10%	15%	10%		10%
Avg. Unit Size		-10%	-10%	-5%	-5%	-5%
Quality/Amenities						
Age/Condition			5%	-5%	5%	0%
Net Adjustment		-20%	0%	-10%	-10%	-15%
Adjusted Price/SF		\$77,273	\$89,630	\$80,625	\$79,115	\$86,441
Indicated Range:			\$77,273	to	\$89,630	
Mean:				\$82,617		
Indicated Range: (Ex. Extremes)			\$79,115	to	\$86,441	
Mean:				\$82,060		

As shown, after adjustments, the indicated range is narrowed to between \$77,273 and \$89,630, with a mean of \$82,617 per unit. Excluding the extremes the range narrows between \$79,115 and \$86,441, with a mean of \$82,060 per unit. Based on this information,

we estimate value for the subject at a rounded \$81,000 per unit. Our estimate of value for the subject property, based on a price per unit method is shown as follows.

<b>SALES COMPARISON APPROACH VALUE – PRICE PER UNIT</b>				
Indicated Value/Unit		Subject Units		Total
\$81,000	X	166	=	\$13,446,000
Rounded				\$13,450,000

**SALES COMPARISON APPROACH CONCLUSION**

The following table summarizes the value indications provided by the methods of analysis presented in the sales comparison approach.

<b>SUMMARY OF VALUE ESTIMATES BY SALES COMPARISON APPROACH AS IS</b>	
Method	Indicated Value
NOI Per Square Foot	\$7,500,000
Physical Adjustments	\$7,500,000
<b>Reconciled:</b>	<b>\$7,500,000</b>

<b>SUMMARY OF VALUE ESTIMATES BY SALES COMPARISON APPROACH RESTRICTED RENTS POST REHAB</b>	
Method	Indicated Value
NOI Per Square Foot	\$10,000,000
Physical Adjustments	\$10,100,000
<b>Reconciled:</b>	<b>\$10,000,000</b>

<b>SUMMARY OF VALUE ESTIMATES BY SALES COMPARISON APPROACH HYPHETICAL UNRESTRICTED RENTS POST REHAB</b>	
Method	Indicated Value
NOI Per Square Foot	\$13,300,000
Physical Adjustments	\$13,450,000
<b>Reconciled:</b>	<b>\$13,300,000</b>

## **RECONCILIATION OF VALUE ESTIMATES**

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We were asked to estimate the market value of the leasehold interest in the subject property “as is,” the leasehold interest in the underlying site “as is,” and prospective market values of the leasehold interest in the subject property “upon completion and stabilization” of the proposed renovations using both restricted and hypothetical unrestricted rents. We were also requested to estimate prospective unrestricted market value at loan maturity and value of the tax credits.

### **FINAL VALUE ESTIMATE – “AS IS”**

We used the income and sales comparison approaches to estimate market value for the subject property. The indications from each are presented in the following chart.

<b>FINAL VALUE ESTIMATES – RESTRICTED AS IS</b>	
Income Capitalization Approach	\$7,600,000
Sales Comparison Approach	\$7,500,000

Apartment properties are typically purchased by investors; thus, the income approach most closely parallels the anticipated analysis that would be employed by a likely buyer. Most multifamily buyers place emphasis on this approach, particularly the direct capitalization analysis for existing properties operating at or near stabilization. While the subject property is not currently stabilized, extensive renovations are proposed for the subject. Due to these plans the vacant units will not be actively leased until the renovations are complete. We feel that an investor would not subtract a lease-up allowance to reach stabilization for this reason.

The sales comparison approach is predicated on the principle that an investor will pay no more for an existing property than for a comparable property with similar utility. This approach is contingent on the reliability and comparability of available data. We used sales of conventional apartment complexes located in the metro Atlanta market of similar investment quality.

Based on the research and analysis contained in this report, and placing greater weight on the income approach, we estimate the market value of the Leasehold interest in the subject property, as follows:

**Estimate of Market Value of the Leasehold Interest in the Subject  
“As Is,” as of March 18, 2016**  
**SEVEN MILLION SIX HUNDRED THOUSAND DOLLARS**  
**\$7,600,000**



**FINAL VALUE ESTIMATE – “AT STABILIZATION”**

We used the income and sales comparison approaches to estimate market value for the subject property. The indications from each are presented in the following chart.

<b>FINAL VALUE ESTIMATES – RESTRICTED AS COMPLETE</b>	
Income Capitalization Approach	\$10,100,000
Sales Comparison Approach	\$10,000,000
<b>FINAL VALUE ESTIMATES – MARKET – AS COMPLETE</b>	
Income Capitalization Approach	\$13,200,000
Sales Comparison Approach	\$13,300,000

**Estimate of Market Value of the Leasehold Interest in the Subject  
“At Stabilization,” Subject To Restricted Rents, as of July 1, 2018**

**TEN MILLION ONE HUNDRED THOUSAND DOLLARS  
\$10,100,000**

**Estimate of Hypothetical Market Value of the Leasehold Interest in the Subject  
“At Stabilization,” Assuming Unrestricted Rents, as of July 1, 2018**

**THIRTEEN MILLION TWO HUNDRED THOUSAND DOLLARS  
\$13,200,000**

**FINAL VALUE ESTIMATES – “UPON COMPLETION”**

In order to estimate the prospective value “upon completion of renovation,” we must deduct those additional costs yet to be incurred in order to achieve stabilization. In the case of the subject, this requires consideration of rent loss, and entrepreneurial profit. These costs are then deducted from our reconciled “at stabilization” value estimates of \$10,100,000 assuming restricted rents and \$13,200,000 assuming unrestricted or market rents.

Rent loss is calculated for the period between the “as is” value and date of stabilization. The subject will need to lease roughly 157 (Restricted) or 155 (Market) units to reach their respective stabilized operating levels of 95% / 93%. Tenants will shift into existing vacant units as units are renovated, so a minimal loss of tenants is anticipated. As discussed in our Market Analysis, competition among apartments in the subject’s market is strong. We estimated that the subject should be able to reach a stabilized operating level within six months from the date of completion, July 1, 2018. Our analysis assumes that the units will be taken down evenly over the stabilization period. Our estimated “at stabilization” effective gross rental incomes are \$1,695,435 or \$141,286 per month (Restricted) and \$2,015,868 or \$12,144 per month

(Market). The development will never be completely vacant, since tenants will move into units as they are completed. We estimate the property will stay at least 50% occupied during the renovation process, which would indicate monthly rent loss of \$66,925 (Restricted) and \$77,672 (Market). Further, the loss will be reduced, over time, to zero by the time the property is stabilized. Thus, we estimate that the typical buyer of the property would calculate the total loss by taking one-half of the monthly figures or \$33,463 ( $\$66,925/2$ ) and \$38,836 ( $\$77,672/2$ ) and then multiplying by the lease-up period of six months. This methodology produces total rent loss of \$200,775 and \$233,017, respectively.

In addition, investors in destabilized properties expect to make a profit on any additional investment required. According to brokers and buyers/sellers, as well as owners, profit requirements tend to range from 10% to 20% of total cost to achieve stabilization for most property types. The lower end of the range typically applies to single-tenant, build-to-suit type properties with limited risk, while the upper end pertains to multi-tenant, larger properties with extensive marketing and lease-up costs and thus, greater risk. Based on conversations with representatives involved in the sale of similar apartment properties, and considering the subject's condition and the current market conditions, we estimate an appropriate profit for the subject property at 10%. Thus, we applied a 10% profit to the total rent loss estimates, which equates to \$20,078 ( $\$200,775 \times 10\%$ ) assuming restricted rents and \$23,302 ( $\$233,017 \times 10\%$ ) assuming unrestricted or market rents. When added, the total rounded costs are \$225,000 ( $\$200,775 + \$20,078 = \$220,853$ ) and \$250,000 ( $\$233,017 + \$23,302 = \$256,319$ ). Deducting these amounts from our stabilized values result in the following "upon completion" value estimates using this methodology:

**Estimate of Market Value of the Leasehold Interest in the Subject  
"At Completion," Subject to Restricted Rents, as of January 1, 2018  
NINE MILLION EIGHT HUNDRED SEVENTY FIVE THOUSAND DOLLARS  
\$9,875,000**

**Estimate of Hypothetical Market Value of the Leasehold Interest in the Subject  
"At Completion," Assuming Unrestricted Rents, as of January 1, 2018  
TWELVE MILLION NINE HUNDRED FIFTY THOUSAND DOLLARS  
\$12,950,000**

**VALUE ESTIMATE AT LOAN MATURITY ASSUMING UNRESTRICTED RENTS**

Assuming annual inflation of 1.50% applied to the NOI at stabilization, the estimate of market value at loan maturity, assuming unrestricted rents, is **\$14,800,000**.

<b>MARKET VALUE AT LOAN MATURITY</b>				
<b>Stabilized NOI</b>	<b>Annual Inflation</b>	<b>NOI at Loan Maturity (20 yrs)</b>	<b>Overall Rate at Maturity</b>	<b>Indicated Value at Maturity</b>
\$824,813	1.50%	\$1,110,903.01	7.50%	\$14,812,040
Rounded				\$14,800,000

**LOW INCOME HOUSING TAX CREDITS**

The subject property will be renovated subject to the Georgia Housing Development Agency Low Income Housing Program, and accordingly is eligible to receive tax credits under Section 42 of the Internal Revenue Code. The subject owner intends to syndicate the tax credits, with the proceeds to comprise the tax credit equity source of funds for development.

The LIHTC program provides incentives to developers to provide affordable housing to low-income residents. According to the program, low income qualifies as having income at or below 50% and 60% of the median family income for a particular area. This was discussed in the Market Analysis section of this report. Because the subject is offering a portion of its units to qualified residents, it is allowed to receive Low Income Housing Tax Credits (LIH) to offset future federal and state income taxes. Should the property be sold or foreclosed upon and resold during the compliance period, the remaining amount of tax credits is transferable.

We were provided information that indicates the developer is anticipating proceeds from the syndication of the tax credits in the amount of \$13,904,511. This figure is reportedly based on \$1.07 per federal tax credit and \$0.52 per state tax credit, which equates to a combined amount of \$1.59 per credit. We were not provided any supporting documentation and the identity of the investors were not disclosed.

The market for tax credits has changed significantly over the past few years, and only recent activity could accurately reflect the current market for tax credits. Research indicates the pool of purchasers and demand for tax credits had diminished when the recession began, and pricing had fallen considerably as a result. Rates selling for \$0.70 - \$0.75 per dollar of tax credit were common. More recently demand has steadily increased and so has pricing. Several recent agreements we have seen range from \$0.85 to \$0.99 per dollar for federal and \$0.32 to \$0.46 per dollar for state (about \$1.17 to \$1.43 per dollar combined). In addition, the numbers have been steadily increasing.

## Reconciliation And Final Value Estimate

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Based on this data and factoring upward pricing trends, the reported amounts for the subject are considered reasonable overall, although the Federal amount is aggressive. Therefore, utilizing the foregoing figures, the Tax Credits are projected to generate, upon sale, approximately \$13,904,511 in combined proceeds, which we rounded to **\$13,900,000**.

The value estimates provided above are subject to the assumptions and limiting conditions stated throughout this report.

## **ADDENDUM A - ASSUMPTIONS AND LIMITING CONDITIONS**

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## Assumptions And Limiting Conditions

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1. Unless otherwise noted in the body of the report, we assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions that would adversely affect marketability or value. We are not aware of any title defects nor were we advised of any unless such is specifically noted in the report. We did not examine a title report and make no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title were not reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject property's title should be sought from a qualified title company that issues or insures title to real property.
2. We assume that improvements are constructed or will be constructed according to approved architectural plans and specifications and in conformance with recommendations contained in or based upon any soils report(s).
3. Unless otherwise noted in the body of this report, we assumed: that any existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are, or will be upon completion, in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that it or they will withstand any known elements such as windstorm, hurricane, tornado, flooding, earthquake, or similar natural occurrences; and, that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. We are not engineers and are not competent to judge matters of an engineering nature. We did not retain independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, make no representations relative to the condition of improvements. Unless otherwise noted in the body of the report no problems were brought to our attention by ownership or management. We were not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, we reserve the right to amend the appraisal conclusions reported herein.
4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the appraisal. Any existing or proposed improvements, on- or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon information submitted. This report may be subject to amendment upon re-inspection of the subject property subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.
5. We assume that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise noted in the appraisal report. We have no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, we reserve the right to amend our conclusions if errors are revealed. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify us of any questions or errors.
6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions, which occur subsequent to the date of the appraisal.

## Assumptions And Limiting Conditions

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However, we will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.

7. We assume no private deed restrictions, limiting the use of the subject property in any way.
8. Unless otherwise noted in the body of the report, we assume that there are no mineral deposits or subsurface rights of value involved in this appraisal, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated we also assumed that there are no air or development rights of value that may be transferred.
9. We are not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
12. Unless otherwise noted in the body of this report, we assume that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
13. This study may not be duplicated in whole or in part without our written consent, nor may this report or copies hereof be transmitted to third parties without said consent. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without our written consent. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. We shall have no accountability or responsibility to any such third party.
14. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
15. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
16. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be used only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties was obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
17. No opinion is intended to be expressed on matters, which may require legal expertise or specialized investigation, or knowledge beyond that customarily employed by real estate appraisers. Values and

## Assumptions And Limiting Conditions

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opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis was provided to us unless otherwise stated within the body of this report. If we were not supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. We assume no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

18. Acceptance and/or use of this report constitutes full acceptance of the Assumptions and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned assumptions and limiting conditions. We assume no responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
19. We assume that the subject property will be under prudent and competent management and ownership; neither inefficient nor super-efficient.
20. We assume that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
21. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed correct. It is further assumed that no encroachments to the realty exist.
22. All value opinions expressed herein are as of the date of value. In some cases, facts or opinions are expressed in the present tense. All opinions are expressed as of the date of value, unless specifically noted.
23. The *Americans with Disabilities Act* (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, we did not perform a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since we have no specific information relating to this issue, nor are we qualified to make such an assessment, the effect of any possible non-compliance was not considered in estimating the value of the subject property.
24. The value estimate rendered in this report is predicated on the assumption that there is no hazardous material on or in the property that would cause a loss in value. We are not qualified to determine the existence or extent of environmental hazards.



**ADDENDUM B - SUBJECT PHOTOGRAPHS**

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**Subject Photographs**



**Exterior Views Of Subject Property**

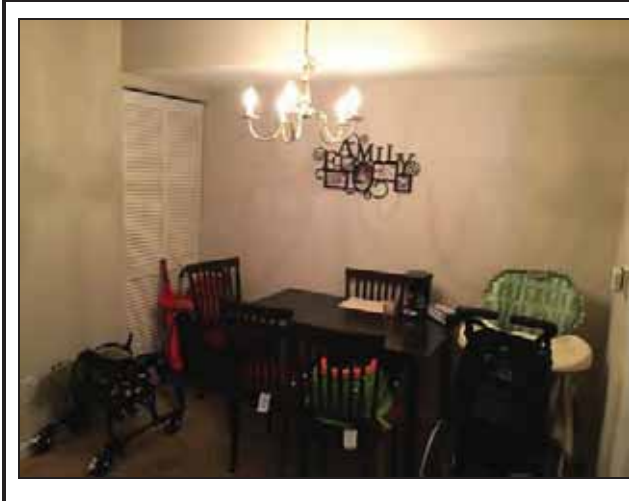


**Exterior Views Of Subject Property**



**Exterior Views Of Subject Property**

**Subject Photographs**



**Interior Views Of Subject Units**



**Interior Views Of Subject Units**



**Interior Views Of Subject Units**

**Subject Photographs**



**Interior Views Of Subject Units**



**Interior Views Of Subject Units**



**Views Of Common Areas**



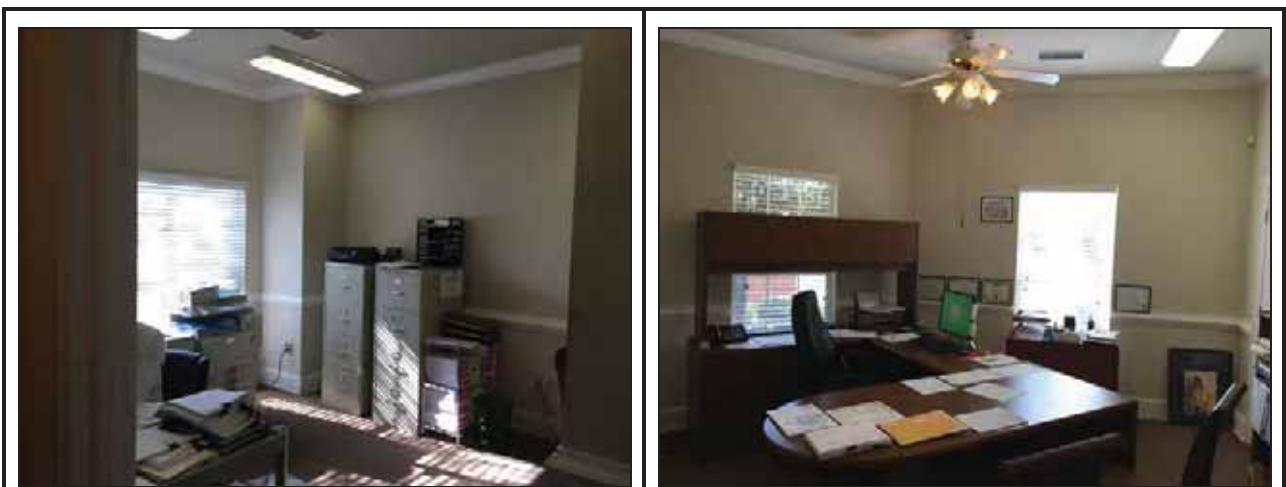
**Subject Photographs**



**Views Of Amenities**

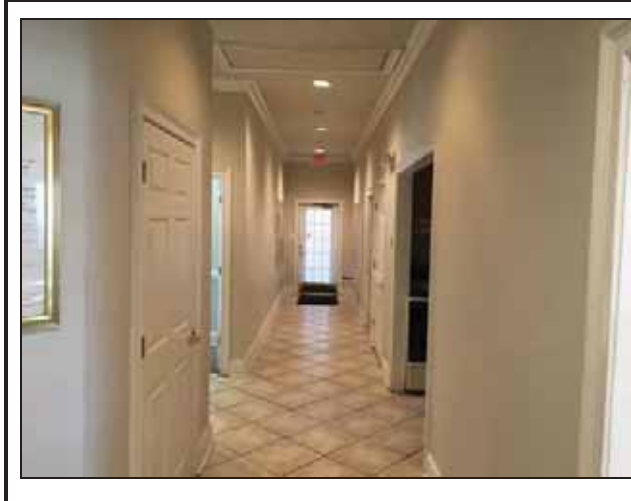


**Views Of Amenities**



**Views Of Clubhouse**

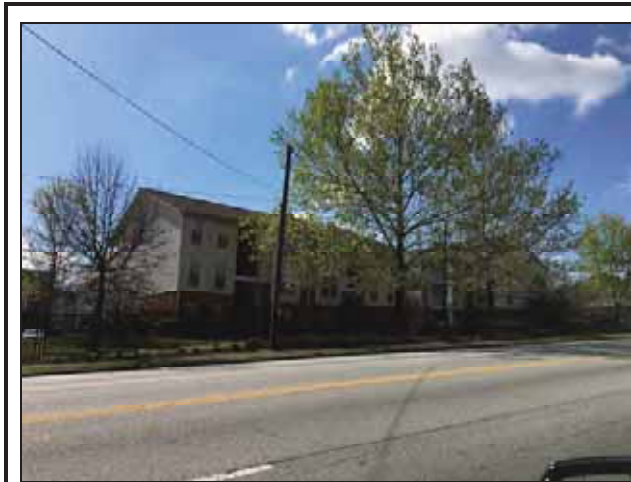
**Subject Photographs**



**Views Of Clubhouse**



**Views Of Nearby Properties**



**Views Of Nearby Properties**



**Subject Photographs**



**Easterly View Along Greensferry Avenue,  
Subject On The Right**



**Westerly View Along Greensferry Avenue,  
Subject On The Left**



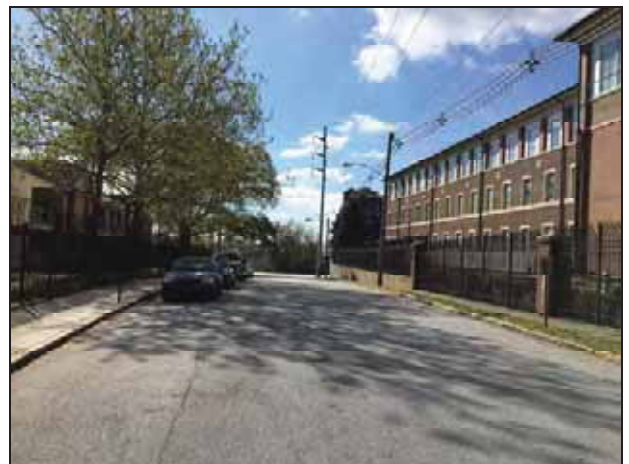
**Southwesterly View Along Northside Drive,  
Subject On The Right**



**Northeasterly View Along Northside Drive,  
Subject On The Left**



**Northerly View Along Spelman Lane,  
Subject On The Right**

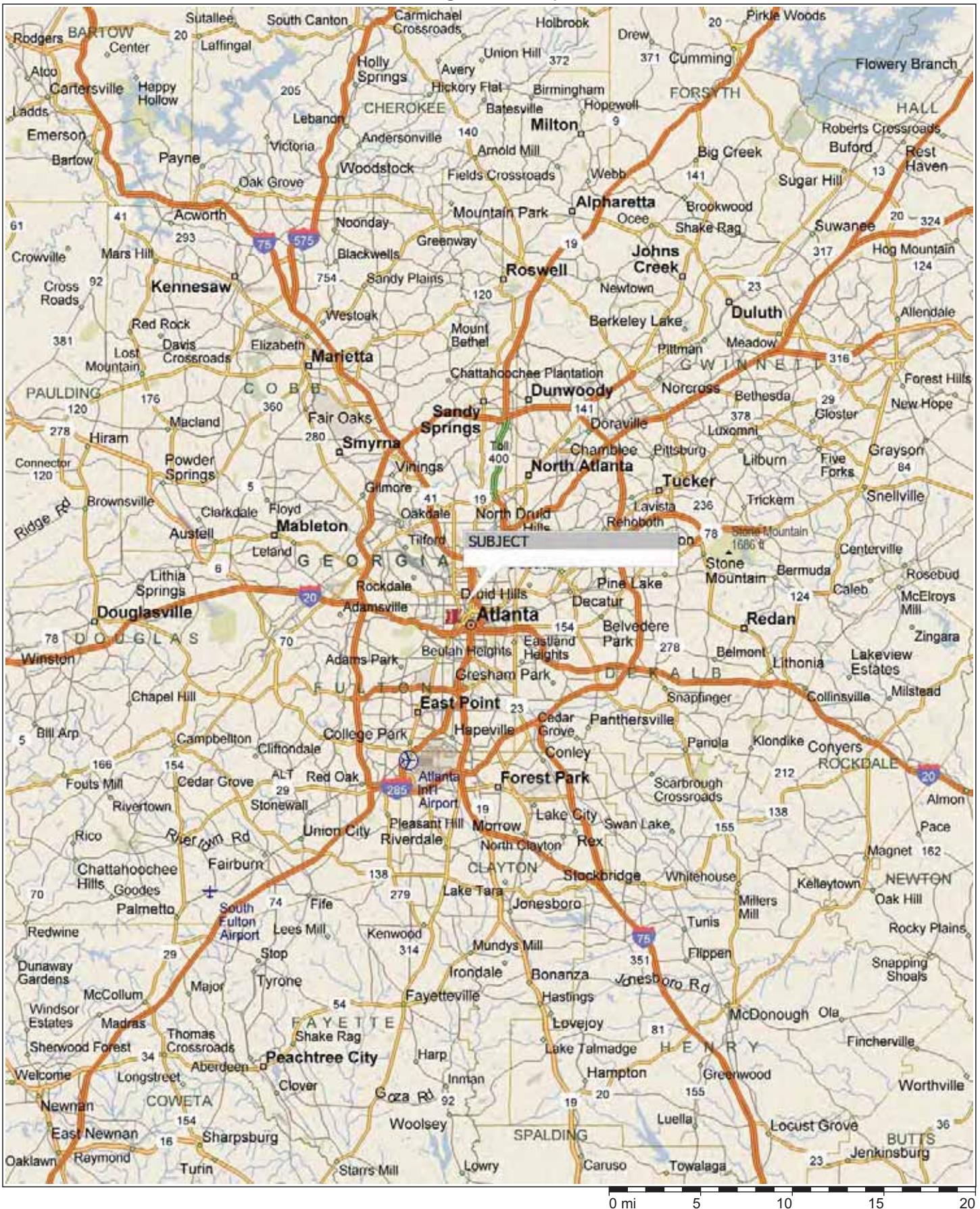


**Southerly View Along Spelman Lane,  
Subject On The Left**





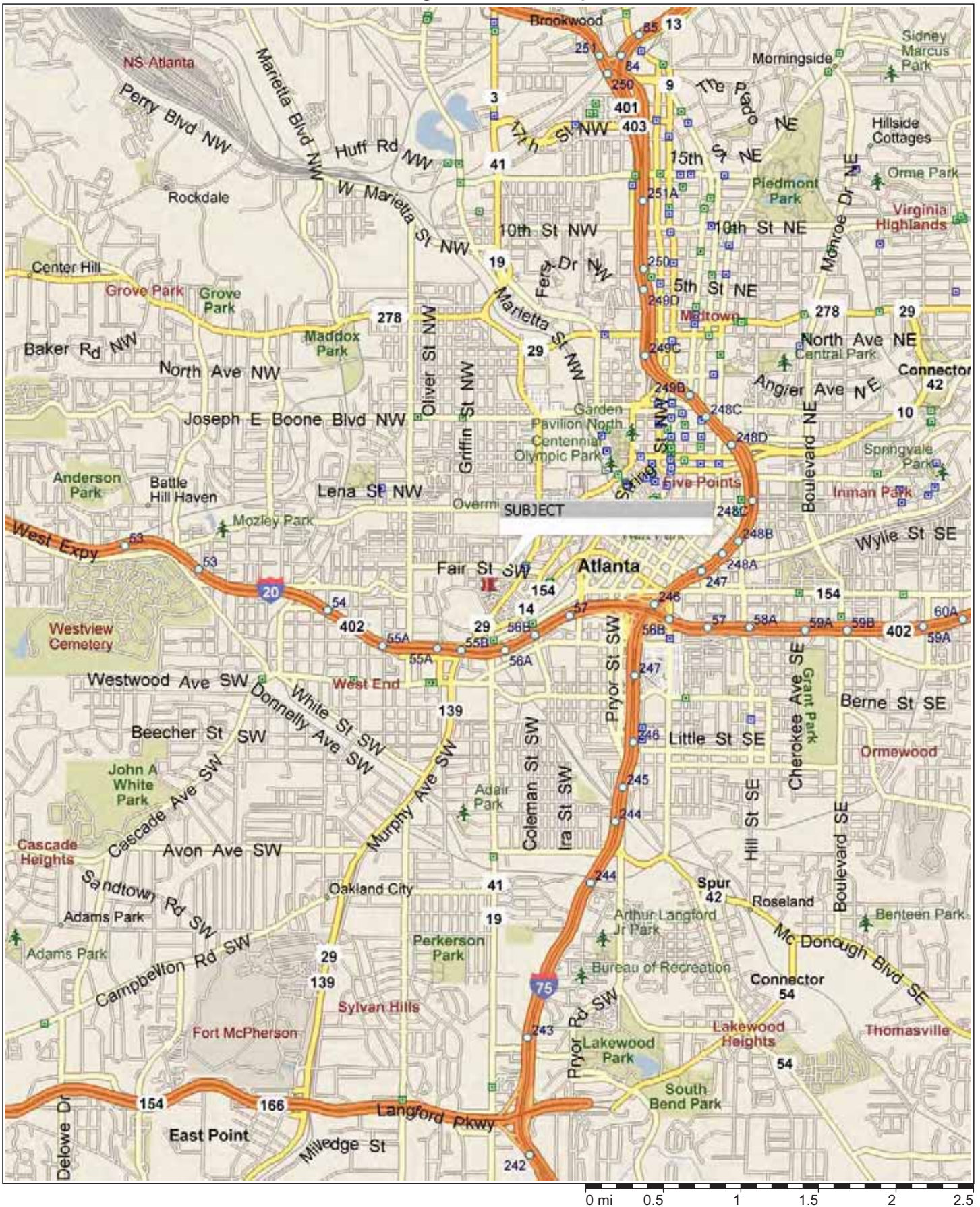
# Regional Map



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Certain mapping and direction data © 2012 NAVTEQ. All rights reserved. The Data for areas of Canada includes information taken with permission from Canadian authorities, including: © Her Majesty the Queen in Right of Canada. © Queen's Printer for Ontario. NAVTEQ and NAVTEQ ON BOARD are trademarks of NAVTEQ. © 2012 Tele Atlas North America, Inc. All rights reserved. Tele Atlas and Tele Atlas North America are trademarks of Tele Atlas, Inc. © 2012 by Applied Geographic Solutions. All rights reserved. Portions © Copyright 2012 by Woodall Publications Corp. All rights reserved.



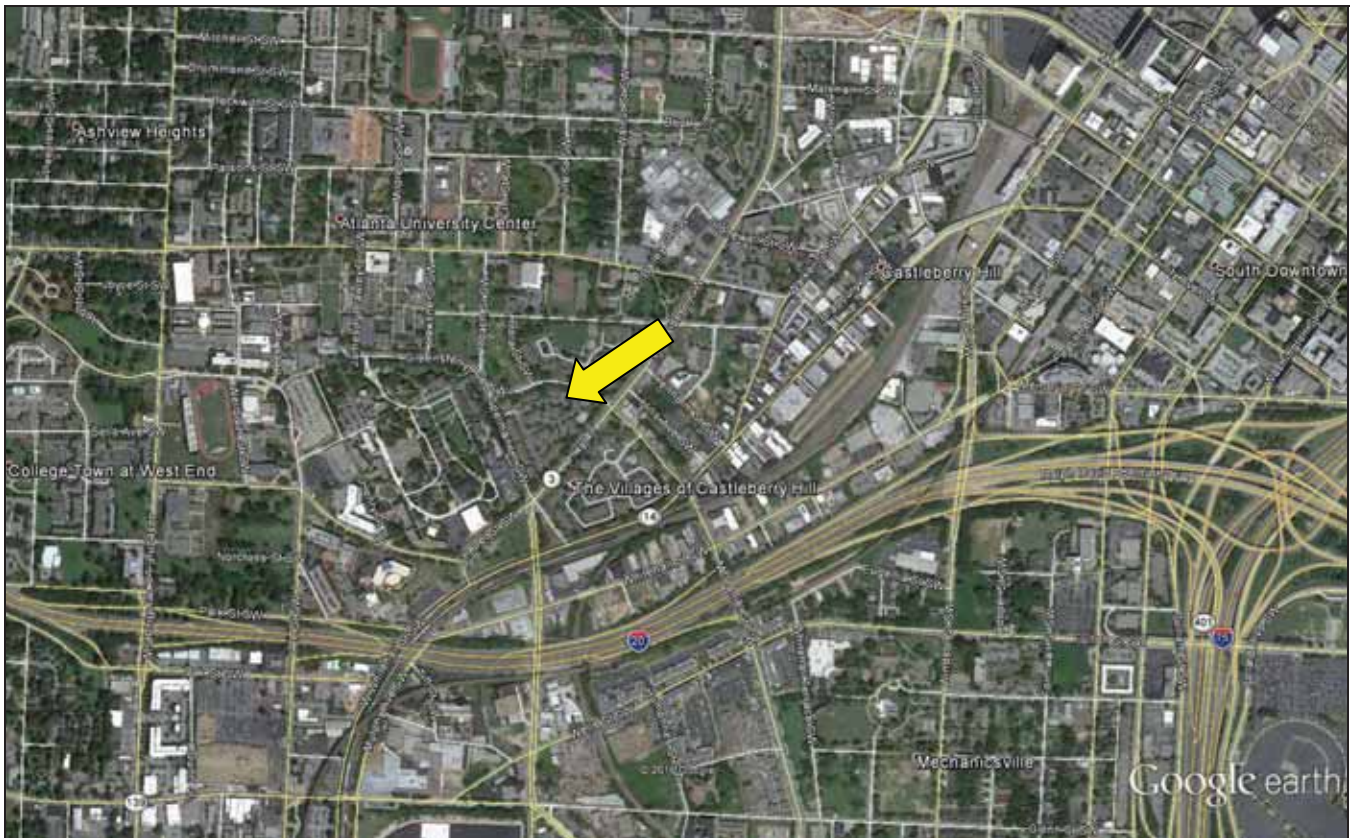
# Neighborhood Map



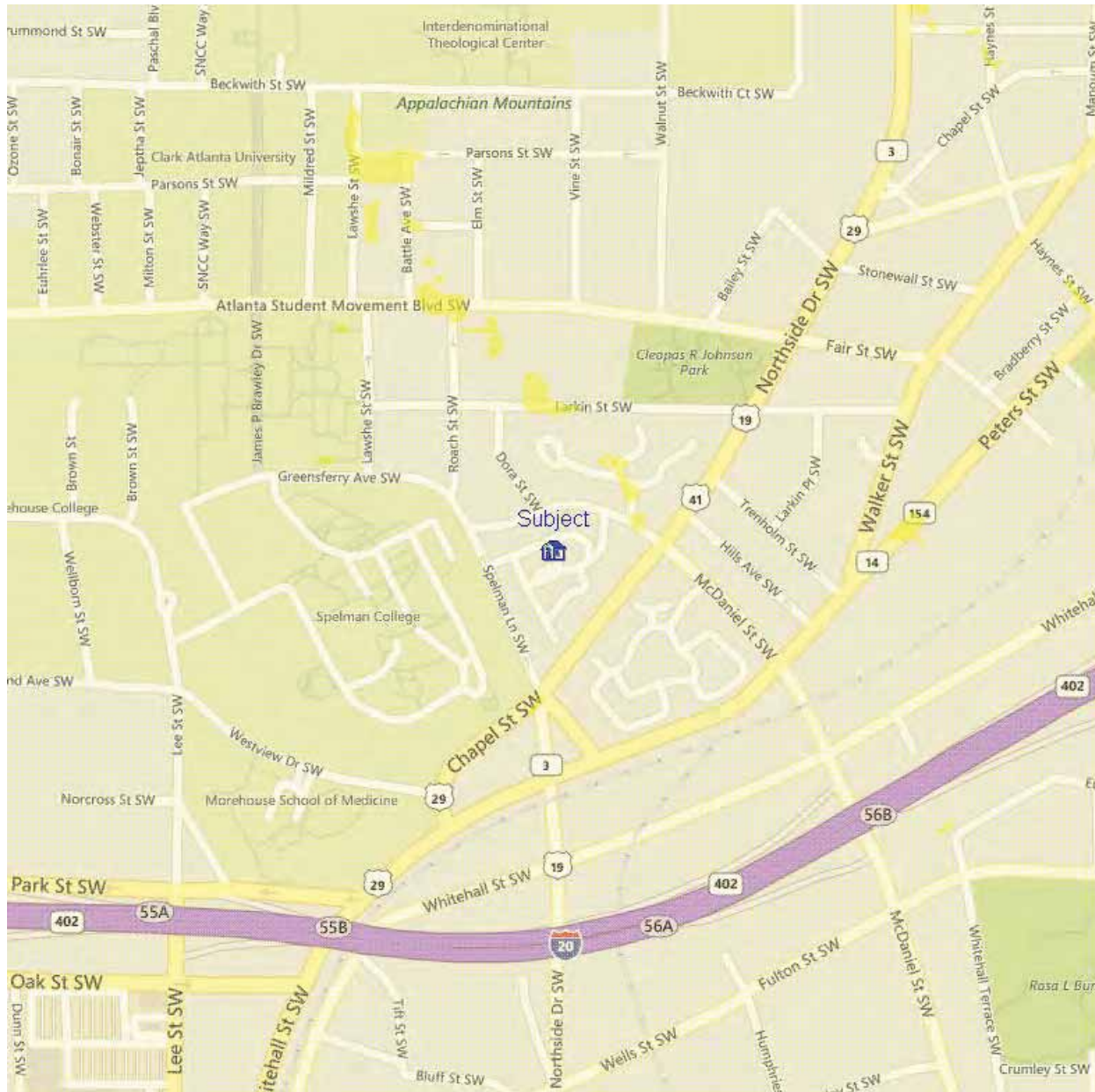




# AERIALS







## MAP DATA

Map Number : 13121C0356F

Panel Date : September 18, 2013

FIPS Code : 13121

Census Tract : 0043.00

Geo Result : S8 (Most Accurate) - single valid address match, point located at a single known address point candidate (Parcel)

Flood	
	X or C Zone
	X500 or B Zone
	A Zone
	V Zone
	D Zone
	Area Not Mapped

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# JOHN HOPE HOMES

## BLOCK B PHASE I

**GENERAL NOTES:**

- The project is located in Lot 148 B AND 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.



REES/DESIGN ARCHITECTURE • PLANNING • INTERIORS  
 174 WEST MCGRA RD  
 ATLANTA, GEORGIA 30342 (404) 843-9290

John Hope Homes  
 BLOCK B PHASE I

KEY SHEETS  
 SHEET NUMBER  
 C-1

**CENTENNIAL PLACE APARTMENTS LIST OF DRAWINGS**

C-1	STAMP PLAN
C-2	GRADING & DRAINAGE PLAN
C-3	UTILITY PLAN
C-4	STORM PROFILES AND STRUCTURE DETAIL
C-5	SITE DETAILS
C-6	EROSION CONTROL/TREE PROTECTION/REPLACEMENT PLAN
C-7	LANDSCAPE PLAN
C-8	TYPICAL LANDSCAPE PLAN
C-9	LANDSCAPE PLAN
C-10	LANDSCAPE PLAN
C-11	LANDSCAPE PLAN
C-12	LANDSCAPE PLAN
C-13	LANDSCAPE PLAN
C-14	LANDSCAPE PLAN
C-15	LANDSCAPE PLAN

**PROPERTY DESCRIPTION**  
 The site is bounded by Northside Dr. on the west, Spalden Lane on the east, Greenberry Avenue on the south, and the 100-year flood plain on the north.  
 The site is located in the City of Atlanta, Fulton County, Georgia.  
 This site is located within the 100-year flood plain per Flood Insurance Rate Map, City of Atlanta, Georgia, Community Panel No. 132017-0000B, revised January 3, 1993.  
 ZONED: R9-3  
 SETBACKS: 20' ALONG GREENBERRY AVE. 20' ALONG NORTHSIDE DR.

Name: John Hope Investment Partnerships, Inc.  
 508 For. St. NW  
 Atlanta, GA 30333  
 Engineer: J. Lovenshine Associates, Inc.  
 200 Peachtree St. NE  
 Atlanta, GA 30303  
 Architect: Rees / Design Associates, P.C.  
 174 West McGraw Rd.  
 Atlanta, GA 30342  
 Phone: (404) 843-9290  
 Surveyor: J. Lovenshine Associates, Inc.  
 200 Peachtree St. NE  
 Atlanta, GA 30303  
 Phone: (404) 994-2238  
 Consultant: J. Lovenshine Associates, Inc.  
 200 Peachtree St. NE  
 Atlanta, GA 30303  
 The architect is responsible for the planning of the site and the site plan shall be used for construction of the site.



**LAND-USE INTENSITY CALCULATIONS**

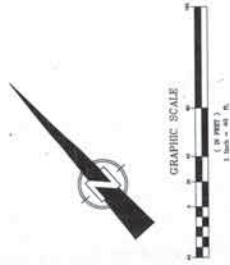
GROSS LAND AREA (W/ 1/2 R/W)	417,300 S.F. S.F.
RESIDENTIAL FLOOR AREA	164,852 S.F.
F.A.R.	400
T.O.S.R. REQUIRED	300,460 S.F.
T.O.S.R. ACTUAL	346,460 S.F.
U.O.S.R. REQUIRED	183,919 S.F.
U.O.S.R. ACTUAL	189,2 SPACES
PARKING REQUIRED	243 SPACES
PARKING DIFFERENCE	+43 SPACES
PARKING PER UNIT	1.22 SPACES PER O.U.



**APPROVED**  
 Fulton County Health Department  
 15-111-1-1A-0000  
 APPROVED WITH RESTRICTIONS  
 CITY OF ATLANTA  
 DEPARTMENT OF PUBLIC WORKS  
 15-111-1-1A-0000

**TOTAL SITE AREA, 7.77 ACRES**

**TOTAL UNITS, 160**



PROPERTY ADDRESS, 801 Northside Dr.

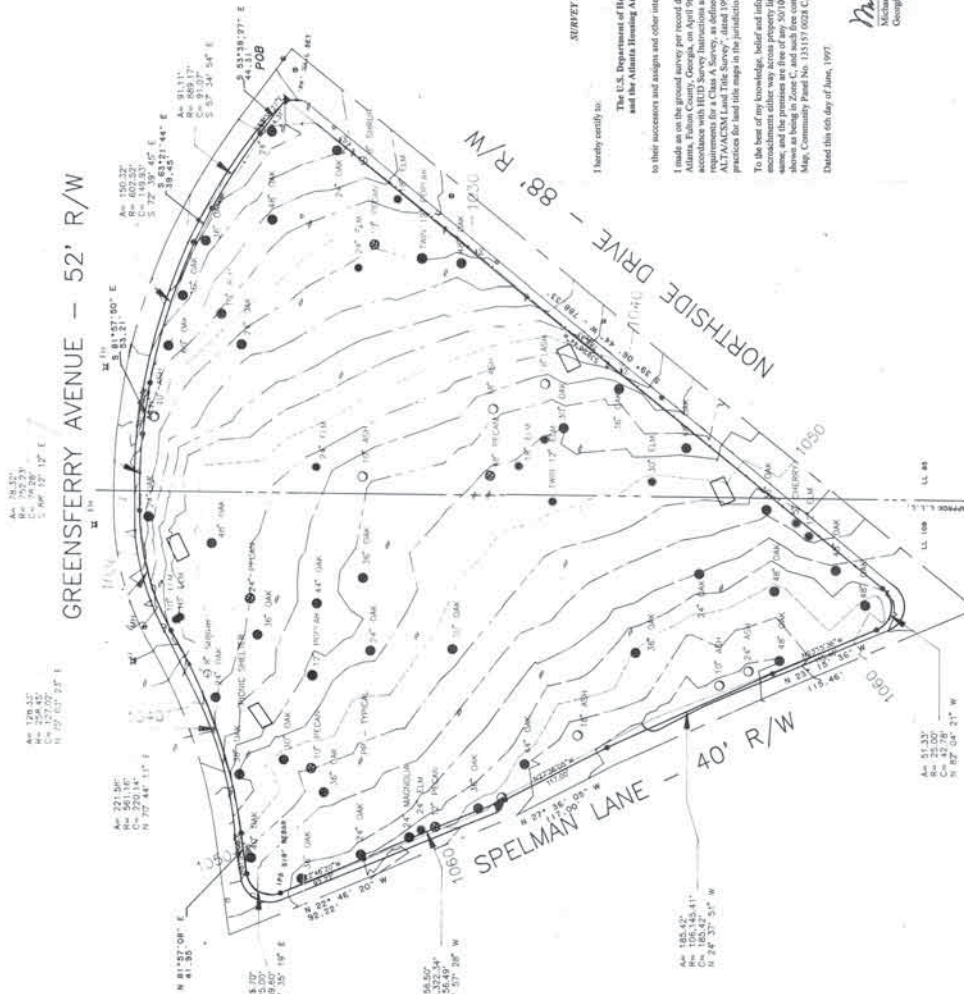




GREENSFERRY AVENUE - 52' R/W

NORTHSIDE DRIVE - 88' R/W

SPELMAAN LANE - 40' R/W



**LEGAL DESCRIPTION**

ALL the tract or parcel of land being and being in the City of Atlanta, Land Lots 85 and 108 of the 11th Land District of Fulton County, Georgia and being more particularly described as follows:  
**BEGINNING** at a 1/4" nail set in asphalt at the point defined by its intersection of the southern Right-of-Way of Greenberry Avenue, a 52' R/W, and the western Right-of-Way of Northside Drive, a 88' R/W, and extending South 81° 37' 00" E for 150.32' to a point;  
**THENCE** running S 39° 02' 14" E along the right-of-way of Northside Drive for 388.33' to a point;  
**THENCE** continuing along said Right-of-Way, following the curvature to the right an arc distance of 23.00' and subtending a chord bearing N 82° 04' 21" W for 42.78';  
**THENCE** running along said Right-of-Way, N 23° 15' 30" W for 113.66' to a point;  
**THENCE** running S 85° 42' 44" E along the right-of-way of Speelman Lane, a 40' R/W, and following a distance of 185.42' to a point, and having a radius of 100.143.47' and subtending a chord bearing N 24° 37' 51" W for 185.42';  
**THENCE** continuing along said Right-of-Way, N 39° 10' 05" W for 17.689' to a point;  
**THENCE** continuing along said Right-of-Way, and following the curvature to the left an arc distance of 56.50' to a point, and having a radius of 4,322.34', and subtending a chord bearing N 22° 32' 28" W for 156.49';  
**THENCE** continuing along said Right-of-Way, N 22° 46' 20" W for 92.22' to an iron pin set;  
**THENCE** continuing along said Right-of-Way, following the curvature to the right an arc distance of 100.00' to a point, and having a radius of 1,000.00', and subtending a chord bearing N 20° 15' 10" E for 199.99';  
**THENCE** continuing along said Right-of-Way, following the curvature to the right an arc distance of 231.58' to a point, and having a radius of 861.10', and subtending a chord bearing N 70° 44' 11" E for 220.14';  
**THENCE** continuing along said Right-of-Way, following the curvature to the right an arc distance of 113.00' to a point, and having a radius of 243.65', and subtending a chord bearing N 75° 02' 21" E for 127.02';  
**THENCE** continuing along said Right-of-Way, following the curvature to the right an arc distance of 11.12' to a point, and having a radius of 889.17', and subtending a chord bearing S 88° 12' 12" E for 78.28' to a point;  
**THENCE** continuing along said Right-of-Way, S 81° 37' 00" E for 43.21' to a point;  
**THENCE** continuing along said Right-of-Way, following the curvature to the right an arc distance of 100.00' to a point, and having a radius of 1,000.00', and subtending a chord bearing S 72° 39' 47" E for 149.93';  
**THENCE** continuing along said Right-of-Way, S 83° 21' 44" E for 39.45' to a point, and having a radius of 1,000.00', and subtending a chord bearing S 73° 24' 54" E for 91.07';  
**THENCE** continuing along said Right-of-Way, S 53° 28' 27" E for 44.31' to a 1/4" nail set and the POINT OF BEGINNING.

Said tract containing 238,502 square feet or 7.7769 acres

HUD PROJECT NO. -

PYRAMID & ASSOCIATES  
 6769 OLD NATIONAL HIGHWAY  
 COLLEGE PARK, GEORGIA  
 Tel - 770-994-7236

BOUNDARY & TOPOGRAPHIC SURVEY OF

OWNER - ATLANTA HOUSING AUTHORITY

JOHN HOPE HOMES - BLOCK "B"

NO.	DATE	BY	FOR	APPROVED	SCALE
1	08/21/97	MLZ	FIELD	MLZ	1" = 60'
2	11/27/97	MLZ	REVISED	MLZ	1" = 60'
3	01/14/98	MLZ	REVISED	MLZ	1" = 60'
4	01/14/98	MLZ	REVISED	MLZ	1" = 60'

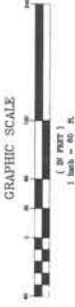
**SURVEY CERTIFICATION**

I hereby certify to:  
 The U.S. Department of Housing and Urban Development,  
 and the Atlanta Housing Authority,  
 to their successors and assigns and other interested in title to premises surveyed, that I made on the ground survey per record description of the land shown hereon located in Atlanta, Fulton County, Georgia, on April 9th, 1997, and that it and this map were made in accordance with HUD Survey Instructions and Certificate, Form HUD-502, and that I am a duly Licensed Professional Surveyor in the State of Georgia, and that I am a member of the American Land Title Surveyors' Association (ALTA/ACSM Land Title Surveyors' Association) and meet or exceed the accepted professional practices for land title maps in the jurisdiction where the project is located.  
 To the best of my knowledge, belief and information, except as shown hereon. There are no encumbrances other than those shown hereon, and the lines and lines of actual possession are the same, and the premises are free of any 50,000-year return frequency flood hazard and in compliance with the National Flood Insurance Act.  
 Map, Community Plan No. 131517/0024 C, effective date March 4, 1987.  
 Dated this 6th day of June, 1997.

Michael F. Lutz  
 Georgia Registered Land Surveyor No. 1946



ATLANTA HOUSING AUTHORITY  
 JOHN HOPE HOMES - BLOCK "B"



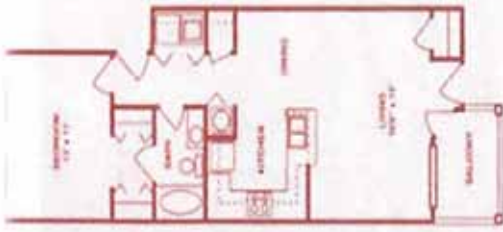
AREA - 339,602 SQ. FT.  
 7.7769 ACRES

NO TITLE INFORMATION WAS PROVIDED





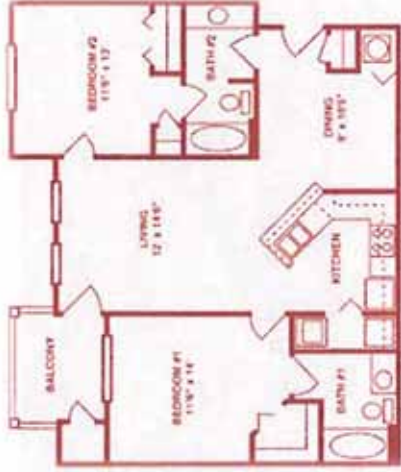




The Alder  
One Bedroom / One Bath  
710 ~~799~~ Square Feet

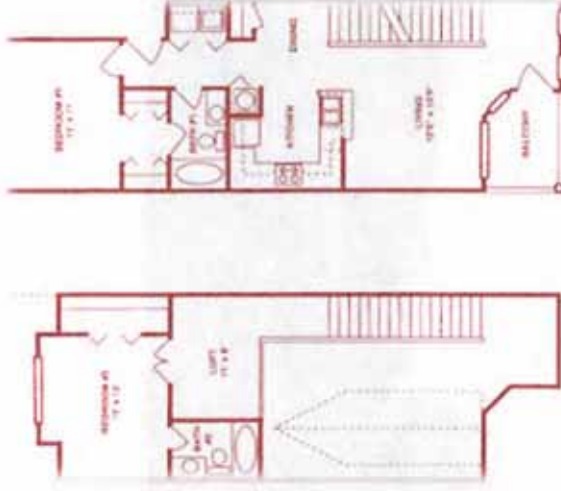
\$690.00 TAX/ 830.00 MKT

\$



The Dublin  
Two Bedroom / Two Bath  
947 Square Feet

\$750.00 TAX/ 900.00 MKT



The Benton  
Two Bedroom / Two Bath (with Loft)  
~~1,168~~ Square Feet  
1134



The Castell  
Two Bedroom / One Bath  
890 Square Feet

\$715.00 TAX/ 860.00 MKT



The Edleberg  
Two Bedroom / Two Bath  
~~1,093~~ Square Feet

\$750.00 TAX/ 900.00 MKT



The Franklin  
Three Bedroom / Two Bath  
1,138 Square Feet

\$850.00 TAX/ 1095.00 MKT

\$ 890.00 TAX/ 1165.00 MKT

The Villages at Castleberry Hill offers an extraordinary experience, enjoy the dramatic views from our downtown location while only steps away from the Georgia Dome, Georgia Aquarium, Centennial Olympic park and many more attractions.

#### Features and Amenities

Business Center  
Skyline Views Available  
Gazebos for Grilling  
State-Of-The-Art Fitness Center  
Two Pools  
Baseball Field  
Gated Community  
Resident Programs  
Full Size Washer and Dryer  
On-Site Daycare  
After School program  
Exterior Storage\*  
Private Balconies/Patios  
Vaulted Ceilings\*  
Large Closets  
Open Kitchen with Breakfast Bar  
Close to all Major Universities  
Convenient to downtown and I-75/85 and I-20

#### Address:

600 Greensferry Ave  
Atlanta, GA 30314  
404-523-1330 (Phone)  
404-222-0258 (Fax)



Directions: Take I-75/85 South  
To North Avenue and turn right.  
Follow to Northside Drive  
Cross over MLK Jr. Dr,  
And Turn Right onto Greensferry  
Ave.



## The Villages AT CASTLEBERRY HILL





# Rent Roll

Villages @ Castleberry Hill (Vn)

As of: 03/18/2016

Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Expiration	Move out	Balance
<b>Current/Notice Residents</b>												
1001	Vh-n	890	t0011550	SHAQJITA LEONARD	715.00	0.00	0.00	0.00	03/15/2013	02/28/2016		0.00
1002	Vh-o	947	t0016083	LOUISE CALLOWAY-PERRY	750.00	468.00	0.00	0.00	11/20/2015	10/31/2016		0.00
1003	Vh-n	890	t0015151	DIAMOND RINGFIELD	715.00	0.00	0.00	0.00	05/22/2015	04/30/2016		0.00
1004	Vh-c	947	t0016097	CEDRIC JONES	860.00	827.00	0.00	0.00	02/15/2010	01/31/2017		-100.00
1005	Vh-b	890	t0015510	NAVAL MAGRASHI	820.00	820.00	300.00	0.00	09/01/2015	08/31/2016	05/31/2016	0.00
1006	Vh-c	947	t0013923	HASAN STOCKTON	860.00	934.00	300.00	0.00	08/15/2014	07/31/2016		0.00
1007	Vh-b	890	t0015399	JUSTIN EGBUFOAMA	820.00	820.00	300.00	0.00	08/18/2015	07/31/2016		0.00
1008	Vh-c	947	t0016256	BLAKE WILLIAMS	860.00	860.00	300.00	0.00	02/15/2016	01/31/2017		0.07
1009	Vh-n	890	t0016445	SHAJAY BOWLES	715.00	124.00	0.00	0.00	03/14/2016	03/31/2017		0.00
101	Vh-o	947	Vh101	DIANE ASHLEY	750.00	0.00	121.00	0.00	04/27/1999	03/31/2016		0.00
1010	Vh-n	890	t0008866	TILJUANA IRBY	715.00	0.00	0.00	0.00	03/01/2011	02/28/2016		0.00
1011	Vh-c	947	t0007349	ANTIOCH URBAN MINISTRIES	860.00	700.00	100.00	0.00	06/10/2010	05/31/2016	04/30/2016	700.00
1012	Vh-b	890	t0015214	LARRY WALKER	820.00	820.00	500.00	0.00	05/15/2015	04/30/2016		0.00
1013	Vh-c	947	t0014516	RONALD WASHINGTON	860.00	860.00	500.00	0.00	01/16/2015	12/31/2015		0.00
1014	Vh-b	890	t0015025	DARRYL OSBORNE	820.00	860.00	500.00	0.00	05/01/2015	04/30/2017		0.00
1015	Vh-c	947	t0015446	ZEYNEP TOPDEMIR	860.00	860.00	300.00	0.00	08/01/2015	07/31/2016		0.00
1016	Vh-b	890	t0015800	MARCIA DORSEY	820.00	820.00	300.00	0.00	11/01/2015	11/30/2016		0.00
102	Vh-i	947	t0014539	ALBERT LAWRENCE	750.00	778.00	500.00	0.00	01/29/2015	12/31/2016		0.00
103	Vh-c	947	t0012245	Reid Derzi	860.00	878.00	300.00	0.00	08/26/2013	07/31/2016		0.00
104	Vh-o	947	t0015212	LATONYA GATES	750.00	0.00	0.00	0.00	08/23/2004	07/31/2016		0.00
105	Vh-o	947	t0012977	JALESSA CALLAWAY	750.00	0.00	0.00	0.00	04/04/2014	03/31/2016		0.00
106	Vh-c	947	t0006349	ANTIOCH URBAN MINISTRIES 11	860.00	700.00	100.00	0.00	11/01/2009	10/31/2016		700.00
107	Vh-f	947	t0014956	TORREY HARPER	750.00	750.00	300.00	0.00	04/16/2015	03/31/2016		0.00
108	Vh-i	947	t0014743	PAUL CASIMIR	750.00	750.00	300.00	0.00	03/04/2015	02/29/2016		0.00
109	Vh-c	947	t0013823	DAUDRIE POWELL	860.00	900.00	300.00	0.00	07/02/2014	06/30/2016		0.00
110	Vh-o	947	Vh110	DEIRDRE SMITH	750.00	0.00	0.00	0.00	04/23/1999	03/31/2016		0.00
1101	Vh-r	1,138	t0012005	MARQUITA SMITH	850.00	0.00	0.00	0.00	03/03/2006	02/28/2016	03/31/2016	0.00
1102	Vh-f	1,138	VACANT	VACANT	1,050.00	0.00	0.00	0.00				0.00
1103	Vh-l	1,138	t0016479	AUNDREA COLBERT	850.00	850.00	0.00	0.00	03/04/2016	02/28/2017		0.00
1104	Vh-f	1,138	t0015402	AYA FISHER	1,050.00	1,050.00	300.00	0.00	08/15/2015	07/31/2016		0.00
1105	Vh-r	1,138	t0010499	TAMIRRA USHER	850.00	0.00	0.00	0.00	05/21/2012	04/30/2016		0.00
1106	Vh-r	1,138	t0015232	JUSTIN HARGROVE	850.00	0.00	0.00	0.00	05/08/2015	04/30/2016		0.00
1107	Vh-l	1,138	t0014931	DIEDRA THIBODEAUX	850.00	850.00	500.00	0.00	05/01/2015	04/30/2016		0.00
1108	Vh-l	1,138	t0013797	JERRY SAINT-VIL	850.00	832.00	300.00	0.00	06/15/2014	05/31/2015		0.00
1109	Vh-f	1,138	t0004799	LANDREA WILLIAMS	850.00	0.00	0.00	0.00	10/11/2008	09/30/2016		0.00
1110	Vh-f	1,138	t0015134	DANIEL LOMAX	1,050.00	1,050.00	500.00	0.00	06/26/2015	05/31/2016		-1.02



Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Expiration	Move out	Balance
<b>Current/Notice Residents</b>												
201	vh-o	947	t0014245	BRITTANY JACKSON	750.00	0.00	0.00	0.00	10/01/2014	09/30/2015		0.00
202	vh-c	947	t0014255	JEREMY JOHNSON	860.00	854.00	300.00	0.00	10/27/2014	09/30/2016		0.00
203	vh-l	947	t0015159	KATHRYN FULLER	750.00	750.00	500.00	0.00	06/12/2015	05/31/2016		0.00
204	vh-l	947	t0008562	WILLIE WALKER	750.00	865.00	300.00	0.00	01/29/2011	12/31/2017		0.00
205	vh-c	947	t0013746	SYDNEY GATES	860.00	860.00	300.00	0.00	04/11/2014	08/31/2016		5.00
206	vh-o	947	t0012143	LATOYA WOODWARD	750.00	0.00	0.00	0.00	08/30/2013	08/31/2014		0.00
207	vh-c	947	t0013796	TIA BENJAMIN	860.00	900.00	300.00	0.00	06/11/2014	05/31/2016		0.00
208	vh-o	947	t0012333	MIKEON BRIDDY	750.00	0.00	0.00	0.00	09/26/2013	08/31/2016		0.00
209	vh-o	947	t0008611	KMBERLY THOMAS	750.00	0.00	0.00	0.00	02/04/2011	01/31/2016		0.00
210	vh-c	947	t0014107	BRIANNA BRANTLEY	860.00	860.00	300.00	0.00	08/29/2014	07/31/2016		0.00
211	vh-l	947	t0016154	KHADEEJA MUHAMMAD	750.00	750.00	300.00	0.00	12/23/2015	11/30/2016		0.00
212	vh-c	947	t0016295	JELANI EDWARDS-NEDD	860.00	860.00	300.00	0.00	02/26/2016	01/31/2017		0.00
213	vh-o	947	t0003080	EBONE OSBORNE	750.00	0.00	0.00	0.00	09/18/2007	08/31/2016		0.00
214	vh-c	947	t0003095	THOMAS JOHNSON	860.00	920.00	300.00	0.00	10/10/2007	09/30/2016		0.00
215	vh-c	947	t0006017	DESIRE MCLEOD	860.00	890.00	300.00	0.00	08/15/2009	07/31/2016		0.00
216	vh-l	947	t0013922	ANSHA CHILDS	750.00	715.00	500.00	0.00	06/23/2014	05/31/2015		0.00
301	vh-g	710	t0015215	ASHTON REYNOLDS	690.00	690.00	300.00	0.00	05/22/2015	04/30/2017		0.00
302	vh	710	t0005422	UNITA MARONIE	620.00	0.00	0.00	0.00	03/16/2009	02/28/2016		0.00
303	vh-k	1,134	t0016020	RORY SMOOT	890.00	890.00	300.00	0.00	12/23/2015	11/30/2016		0.00
304	vh-e	1,134	t0014260	CHESTER JOHNSON	1,165.00	1,150.00	300.00	0.00	10/01/2014	09/30/2015		0.00
305	vh-a	710	t0015678	CHRISTOPHER COLVIN	795.00	690.00	300.00	0.00	09/28/2015	08/31/2016		0.00
306	vh	710	t0003339	TANISHA HAMBRICK	620.00	0.00	0.00	0.00	12/12/2007	11/30/2016		0.00
307	vh-e	1,134	t0016238	JESSICA ROSS	1,165.00	1,165.00	300.00	0.00	01/15/2016	12/31/2016		0.00
308	vh-e	1,134	t0014301	MAUDRAY HOGAN	1,165.00	1,020.00	300.00	0.00	11/19/2014	10/31/2016		0.00
309	vh	710	t0009988	MAHALIA LOVE	620.00	0.00	0.00	0.00	01/26/2012	12/31/2015		0.00
310	vh-g	710	t0002996	DAPHNE WILLIAMS	690.00	793.00	300.00	0.00	09/27/2007	08/31/2015		0.00
311	vh-e	1,134	t0012307	KESHAY SOLOMON	1,165.00	936.00	300.00	0.00	09/13/2013	08/31/2016		47.60
312	vh-k	1,134	VACANT	VACANT	890.00	0.00	0.00	0.00				0.00
313	vh	710	vh313	IRENE SMITH	620.00	0.00	9.00	0.00	04/22/1999	03/31/2016		0.00
314	vh-a	710	t0015791	ASHLEY PARKS	795.00	690.00	500.00	0.00	11/16/2015	10/31/2016		0.00
315	vh-k	1,134	t0004804	ELLIOT FORSYTHE	890.00	884.00	300.00	0.00	10/18/2008	09/30/2016		2.00
316	vh-e	1,134	t0010718	TONYA MCCALL	1,165.00	1,165.00	0.00	0.00	07/27/2012	06/30/2016		0.00
401	vh-p	1,125	t0015160	BARBARA SHINHOLSTE	795.00	0.00	0.00	0.00	07/06/2015	06/30/2016		0.00
402	vh	710	t0009918	GLORIA WARREN	620.00	0.00	0.00	0.00	12/21/2011	11/30/2015		0.00
403	vh-p	1,093	t0015482	DARLEAN TUCKER	750.00	0.00	0.00	0.00	04/06/2011	03/31/2016		0.00
404	vh-d	1,125	t0015302	CHENGJIE ZHU	860.00	860.00	300.00	0.00	07/01/2015	06/30/2016		0.00
405	vh-g	710	t0009559	BRIAN HUGHES	690.00	697.00	300.00	0.00	09/10/2011	08/31/2016		0.00
406	vh-a	710	t0012363	DEAN LEWIN	795.00	745.00	300.00	0.00	10/07/2013	09/30/2016		0.00
407	vh-g	710	t0012189	KEITH LONDON	690.00	671.00	300.00	0.00	09/04/2013	08/31/2016		0.00
408	vh	710	t0013927	Deborah Holmes	620.00	0.00	0.00	0.00	06/09/2014	05/31/2016		0.00



Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Expiration	Move out	Balance
<b>Current/Notice Residents</b>												
409	vh	710	t0012113	BARBARA ZACHERY	620.00	0.00	0.00	0.00	08/03/2013	07/31/2016		0.00
410	vh-a	710	t0012894	RYAN THOMAS	795.00	830.00	300.00	0.00	01/31/2014	12/31/2016		0.00
411	vh-a	710	t0016456	KRYSTAL SCOTT	795.00	795.00	300.00	0.00	03/09/2016	02/28/2017		0.00
412	vh	710	vh412	JAMES PITTS	620.00	0.00	0.00	0.00	04/26/1999	03/31/2016		0.00
413	vh-g	710	t0014988	KENYA GOODMAN	690.00	690.00	300.00	0.00	05/07/2015	04/30/2016		0.00
414	vh	710	vh414	WILLARD KENDRICK	620.00	0.00	366.33	0.00	08/01/2008	03/31/2017		0.00
415	vh-g	710	t0013934	ROBERT FAMBRO	690.00	725.00	600.00	0.00	08/04/2014	07/31/2016		0.00
416	vh-a	710	t0016096	DARRYL MINOR	795.00	690.00	0.00	0.00	11/24/2015	10/31/2016		0.00
417	vh-a	710	t0010455	CASTILLO GRICE	795.00	666.00	600.00	0.00	05/12/2012	05/31/2016		0.00
418	vh	710	t0016091	BRITTANY MOULTRIE	620.00	0.00	0.00	0.00	11/20/2015	10/31/2016		0.00
501	vh	710	vh501	GLENDALE MITTS	620.00	0.00	0.00	0.00	09/28/2004	08/31/2016		0.00
502	vh-a	710	t0014958	RASHED ALRASHDI	795.00	795.00	500.00	0.00	04/01/2015	03/31/2016	03/31/2016	0.00
503	vh-g	710	t0004014	MILKO REESE	690.00	692.00	300.00	0.00	06/01/2008	05/31/2016		0.00
504	vh-a	710	t0011782	JAWAL JONES	795.00	750.00	300.00	0.00	06/01/2013	05/31/2016	05/31/2016	0.00
505	vh	710	t0015697	GAIL REVERE	620.00	0.00	0.00	0.00	08/01/2015	07/31/2016		0.00
506	vh-a	710	t0015286	LADAYA JAMES	795.00	795.00	300.00	0.00	06/17/2015	05/31/2016		0.00
507	vh-a	710	t0015295	TARIQ HAMEEDI	795.00	795.00	300.00	0.00	05/23/2015	04/30/2016	04/30/2016	0.00
508	vh-p	1,125	t0008188	CLAUDIA MYRICK	795.00	0.00	0.00	0.00	12/14/2010	11/30/2015		0.00
509	vh-g	710	t0014979	ANGELENETTE SLOAN	690.00	670.00	300.00	0.00	04/23/2015	03/31/2016		0.00
510	vh-a	710	t0015460	SHAUN CUNNINGHAM	795.00	795.00	300.00	0.00	06/25/2015	05/31/2016		0.00
511	vh-o	947	t0015141	JEANETTE SMITH	750.00	0.00	0.00	0.00	06/01/2015	06/30/2016		0.00
512	vh-d	1,125	t0011743	JAHNEA HUNTER	860.00	892.00	300.00	0.00	05/10/2013	04/30/2016		0.00
601	vh-n	890	VACANT	VACANT	715.00	0.00	0.00	0.00				0.00
602	vh-c	947	Down	Down	860.00	0.00	0.00	0.00				0.00
603	vh-b	890	t0015537	JAZLYNN McCLELLAN	820.00	820.00	300.00	0.00	09/01/2015	08/31/2016		430.00
604	vh-i	947	t0015484	BERNARD JOHNSON	750.00	750.00	300.00	0.00	09/15/2015	08/31/2016		0.00
605	vh-n	890	vh605	BRENDA CURTIS	715.00	0.00	0.00	0.00	08/27/1999	07/31/2016		0.00
606	vh-o	947	t0012589	Marie Kims	750.00	0.00	0.00	0.00	11/15/2013	10/31/2015		0.00
607	vh-n	890	t0016199	MARIE HILL	715.00	0.00	0.00	0.00	01/01/2016	12/31/2016		0.00
608	vh-o	947	t0003633	ALEXIS BEADLES	750.00	0.00	0.00	0.00	02/04/2008	01/31/2016		0.00
609	vh-h	890	t0015228	MARY K HARPER	715.00	715.00	500.00	0.00	07/11/2015	06/30/2016		0.00
610	vh-o	947	t0011109	KIMYATA THOMAS	750.00	0.00	0.00	0.00	10/26/2012	09/30/2016		0.00
611	vh-o	947	t0013564	Elizabeth Hughley	750.00	0.00	0.00	0.00	08/01/2006	07/31/2016		0.00
612	vh-h	890	Down	Down	715.00	0.00	0.00	0.00				0.00
613	vh-c	947	t0016279	ANTIOCH MINISTRIES	860.00	860.00	100.00	0.00	02/05/2016	01/31/2017		1,741.38
614	vh-n	890	t0010199	QUANDRA RILES	715.00	0.00	0.00	0.00	11/12/2007	10/31/2014		0.00
615	vh-i	947	t0012031	CURTIS CROWELL	750.00	665.00	300.00	0.00	07/31/2013	11/30/2014		-158.50
616	vh-h	890	t0012291	LECYNIA SWIRE	715.00	700.00	0.00	0.00	09/06/2013	08/31/2016		0.00
617	vh-i	947	t0009929	TEISHA KENNETT	750.00	890.00	300.00	0.00	01/13/2012	12/31/2014		0.00
618	vh-b	890	t0009193	ANTIOCH URBAN MINISTRIES 14	820.00	700.00	100.00	0.00	06/30/2011	05/31/2016		700.00



Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Expiration	Move out	Balance
<b>Current/Notice Residents</b>												
619	vh-o	947	t0013743	Naquiza Newton	750.00	0.00	0.00	0.00	05/14/2014	05/31/2015		0.00
620	vh-b	890	t0009192	ANTIUCH URBAN MINISTRIES 13	820.00	700.00	100.00	0.00	06/30/2011	05/31/2016		700.00
701	vh-h	947	t0015799	ANTHONY MOORE	715.00	715.00	300.00	0.00	11/21/2015	10/31/2016		0.00
702	vh-o	947	t0016090	MICHOLE HALL	750.00	0.00	0.00	0.00	11/20/2015	11/30/2016		0.00
703	vh-b	890	t0016428	JOSE POLANCO	820.00	820.00	300.00	0.00	03/18/2016	02/28/2017		0.00
704	vh-o	947	t0012036	BRIDGETTE NEAL	750.00	0.00	0.00	0.00	07/30/2013	06/30/2016		0.00
705	vh-h	890	t0015433	ZAKIYA SALAAH	715.00	715.00	300.00	0.00	08/12/2015	07/31/2016		0.00
706	vh-o	947	t0012968	Vanessa McNeil	750.00	0.00	0.00	0.00	03/21/2014	02/28/2016		0.00
707	vh-h	890	t0016184	ASHLEY HALL	715.00	744.00	300.00	0.00	01/08/2016	01/31/2017		0.00
708	vh-c	947	t0015661	MARVIN FIGGINS	860.00	860.00	300.00	0.00	08/15/2015	07/31/2016		29.00
709	vh-n	890	t0016088	EBONI HAYES	715.00	0.00	0.00	0.00	11/20/2015	10/31/2016		0.00
710	vh-c	947	t0011663	BRANDON SEABROOK	860.00	775.00	300.00	0.00	04/13/2013	03/31/2014	03/31/2016	0.00
711	vh-o	947	t0013935	Denkia Miller	750.00	0.00	0.00	0.00	08/15/2014	07/31/2015		0.00
712	vh-n	890	t0011630	SHANDREEKA BALL	715.00	0.00	0.00	0.00	04/12/2013	03/31/2016		0.00
713	vh-o	947	t0012033	LAVETTA GREEN	750.00	0.00	0.00	0.00	07/30/2013	06/30/2016		0.00
714	vh-h	890	t0013495	REGINALD SHIELDS	715.00	744.00	300.00	0.00	04/03/2014	03/31/2016		0.00
715	vh-i	947	t0012094	TARYEL RANDOLPH	750.00	750.00	300.00	0.00	08/05/2013	07/31/2015		1,025.00
716	vh-n	890	vh716	DAWN EVANS	715.00	0.00	250.00	0.00	12/10/2005	11/30/2015		0.00
717	vh-c	947	t0012086	HAROLD TOTTEN	860.00	833.00	300.00	0.00	07/26/2013	06/30/2016		-417.40
718	vh-o	947	t0015161	TANNAISHA CONWELL	750.00	0.00	0.00	0.00	07/17/2015	06/30/2016		0.00
719	vh-o	947	t0012027	VICTORIA HARRIS	750.00	0.00	0.00	0.00	07/26/2013	06/30/2016		0.00
720	vh-b	890	t0016139	HENRY RAMEY	820.00	820.00	500.00	0.00	12/23/2015	11/30/2016		186.87
801	vh	710	t0012029	CHENNIE COHEN	620.00	0.00	0.00	0.00	08/09/2013	07/31/2016		0.00
802	vh-g	710	t0011542	ARTIVA GUNN	690.00	0.00	300.00	0.00	03/15/2013	02/29/2016		0.00
803	vh-a	710	t0015126	CINDY BYRD	795.00	830.00	500.00	0.00	05/01/2015	04/30/2016		0.00
804	vh-a	710	t0011757	NAKIA GOINS	795.00	550.00	0.00	0.00	05/10/2013	04/30/2016		0.00
805	vh	710	t0016288	BENITA EMANUEL	620.00	0.00	0.00	0.00	02/18/2016	01/31/2017		0.00
806	vh	710	vh806	JAMES FOREMAN	620.00	0.00	150.00	0.00	01/14/2004	12/31/2015		0.00
807	vh	710	vh807	ROSA BROCKINGTON	620.00	0.00	197.00	0.00	07/19/2001	06/30/2016		0.00
808	vh-a	710	t0012538	HALVEN TURNER	795.00	713.00	300.00	0.00	11/01/2013	10/31/2016		-311.00
809	vh-g	710	VACANT	VACANT	690.00	0.00	0.00	0.00				0.00
810	vh-a	710	t0009471	SASCHA SIMS	795.00	787.00	300.00	0.00	08/18/2011	07/31/2016		0.00
811	vh	710	t0010991	ZAKIA BROWN	620.00	0.00	0.00	0.00	10/05/2012	09/30/2015		0.00
812	vh	710	t0012140	QUENTIN WHITE	620.00	0.00	0.00	0.00	08/09/2013	07/31/2016		0.00
813	vh	710	t0012028	ALLEN BROWN	620.00	0.00	0.00	0.00	08/15/2013	07/31/2016		0.00
814	vh-o	947	t0015890	DAMON MASSEY	750.00	0.00	0.00	0.00	10/05/2015	09/30/2016		0.00
815	vh-a	710	t0015264	PATRICK TEAGUE	795.00	795.00	300.00	0.00	08/29/2015	07/31/2016		0.00
816	vh-a	710	t0015597	MAKALA GILL	795.00	725.00	300.00	0.00	10/03/2015	09/30/2016		0.00
817	vh-o	947	t0009536	PORCHE DUFFIE	750.00	0.00	0.00	0.00	08/22/2011	07/31/2016		0.00
818	vh-c	1,125	t0015133	KAARI SMITH	860.00	860.00	300.00	0.00	07/24/2015	06/30/2016		0.00

Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Expiration	Move out	Balance
<b>Current/Notice Residents</b>												
901	vh-r	1,138	t0015481	PATRINA SUTTON	850.00	0.00	0.00	0.00	08/01/2015	12/31/2015		0.00
902	vh-l	1,138	t0016265	ALLAN WILLIAMS	850.00	850.00	300.00	0.00	02/02/2016	03/31/2017		0.00
903	vh-f	1,138	t0013840	GERALD COLEMAN	1,050.00	1,137.00	300.00	0.00	06/20/2014	05/31/2016		-9.00
904	vh-f	1,138	t0013937	AALIYAH HEATH	1,050.00	1,137.00	300.00	0.00	07/02/2014	06/30/2016		27.00
905	vh-r	1,138	t0013735	Dontrisia Jones	850.00	0.00	0.00	0.00	04/12/2010	03/31/2016		0.00
906	vh-r	1,138	t0012698	MAURICE JONES	850.00	0.00	0.00	0.00	12/13/2013	11/30/2015		0.00
907	vh-r	1,138	t0013744	Markel Willingham	850.00	0.00	0.00	0.00	05/20/2014	04/30/2016		0.00
908	vh-l	1,138	t0012150	NEMA BILLINGS	850.00	860.00	300.00	0.00	08/23/2013	07/31/2016		0.00
909	vh-f	1,138	t0016278	ANTIOCH MINISTRIES	1,050.00	930.00	100.00	0.00	02/05/2016	01/31/2017		1,880.17
910	vh-f	1,138	t0016277	ANTIOCH MINISTRIES	1,050.00	930.00	100.00	0.00	02/05/2016	01/31/2017		1,880.17
<b>Future Residents/Applicants</b>												
1012	vh-b	890	t0016496	ANTIOCH MINISTRIES	820.00	0.00	0.00	0.00	05/01/2016	04/30/2017		0.00
312	vh-k	1,134	t0016367	RONALD HERRING	890.00	0.00	0.00	0.00	03/19/2016	02/28/2017		0.00
502	vh-a	710	t0016463	WANDA FERGUSON	795.00	0.00	0.00	0.00	04/15/2016	03/31/2017		0.00
710	vh-c	947	t0016350	CHANTEL LOWE	860.00	0.00	0.00	0.00	04/10/2016	04/30/2017		0.00
809	vh-g	710	t0016448	CURTIS JACKSON	690.00	0.00	0.00	0.00	03/18/2016	02/28/2017		0.00

	Actual Rent	Security Deposit	Other Deposit	# of Units	Unit Occupancy	SqFt Occupancy	Balance
Current/Notice Res.	77,711.00	29,593.33	0.00				9,056.84
Future Residents/Applicants	0.00	0.00	0.00				0.00
Occupied Units				160	96.39	96.22	
Total Non Rev Units				2	1.20	1.25	
Total Vacant Units				4	2.41	2.60	
<b>Totals:</b>	<b>77,711.00</b>	<b>29,593.33</b>	<b>0.00</b>	<b>166</b>	<b>100.00</b>	<b>193.68</b>	<b>9,056.84</b>



**Affordable Rent Roll**

Property: Village at Castleberry Hill (PHA) (vhph261) Sort by: Unit  
As of 3/18/2016

Unit	Unit Type	Sqft	Bed Rms	Tenant	Program	Contract No.	Tran Type	Effective Date	Market Rent	Gross Rent	Contract Rent	RD Basic Rent	Subsidy	Tenant Rent	Utility Allowance	TPP	Utility Reimb.	
<b>Village at Castleberry Hill (PHA) (vhph261)</b>																		
1001	261-n	890	2	LEONARD, SHAQUITA					715	271	0	0	0	271	73	0	0	
1002	261-o	947	2	CALLOWAY-PERRY, LOUISE					750	468	0	0	0	468	74	0	0	
1003	261-n	890	2	RINGFIELD, DIAMOND					715	208	0	0	0	208	73	0	0	
1009	261-n	890	2	BOWLES, SHAJAY					715	124	0	0	0	124	0	0	0	
101	261-o	947	2	ASHLEY, DIANE					750	284	0	0	0	284	74	0	0	
1010	261-n	890	2	IRBY, TILJUANA					715	55	0	0	0	55	73	0	0	
104	261-o	947	2	GATES, LATONYA					750	609	0	0	0	609	74	0	0	
105	261-o	947	2	CALLAWAY, JALESSA					750	317	0	0	0	317	74	0	0	
110	261-o	947	2	SMITH, DEIRDRE					750	121	0	0	0	121	74	0	0	
1101	261-r	1,138	3	SMITH, MARQUITA					850	589	0	0	0	589	90	0	0	
1105	261-r	1,138	3	USHER, TAMIRRA					850	76	0	0	0	76	0	0	0	
1106	261-r	1,138	3	HARGROVE, JUSTIN					850	348	0	0	0	348	90	0	0	
1109	261-r	1,138	3	WILLIAMS, LANDREA					850	149	0	0	0	149	90	0	0	
201	261-o	947	2	JACKSON, BRITTANY					750	371	0	0	0	371	0	0	0	
206	261-o	947	2	WOODWARD, LATOYA					750	130	0	0	0	130	74	0	0	
208	261-o	947	2	BRIDDY, MIKEON					750	205	0	0	0	205	0	0	0	
209	261-o	947	2	THOMAS, KIMBERLY					750	482	0	0	0	482	74	0	0	
213	261-o	947	2	OSBORNE, EBONE					750	160	0	0	0	160	74	0	0	
302	261-m	710	1	MARONIE, UNITA					620	620	0	0	0	620	65	0	0	
306	261-m	710	1	HAMBRICK, TANISHA					620	130	0	0	0	130	65	0	0	
309	261-m	710	1	LOVE, MAHALIA			M1	01/26/12	620	685	0	0	0	620	65	685	0	
313	261-m	710	1	SMITH, IRENE					620	152	0	0	0	152	65	0	0	
401	261-p	1,125	2	SHINHOLSTER, BARBARA					795	196	0	0	0	196	74	0	0	
402	261-m	710	1	WARREN, GLORIA					620	119	0	0	0	119	65	0	0	
403	261-p	710	2	TUCKER, DARLEAN					750	67	0	0	0	67	0	0	0	
408	261-m	710	1	HOLMES, DEBORAH					620	144	0	0	0	144	65	0	0	
409	261-m	710	1	ZACHERY, BARBARA					620	307	0	0	0	307	87	0	0	
412	261-m	710	1	PITTS, JAMES					620	119	0	0	0	119	65	0	0	
414	261-m	710	1	KENDRICK, WILLARD					620	299	0	0	0	299	65	0	0	
418	261-m	710	1	MOULTRIE, BRITTANY					620	458	0	0	0	458	65	0	0	
501	261-m	710	1	MITTS, GLENDALE					620	128	0	0	0	128	65	0	0	



**Affordable Rent Roll**

Property: Village at Castleberry Hill (PHA) (vhph261) Sort by: Unit  
As of 3/18/2016

Unit	Unit Type	Sqft	Bed Rms	Tenant	Program	Contract No.	Tran Type	Effective Date	Market Rent	Gross Rent	Contract Rent	RD Basic Rent	Subsidy	Tenant Rent	Utility Allowance	TTP	Utility Reimb.
<b>Village at Castleberry Hill (PHA) (vhph261)</b>																	
505	261-m	710	1	REVERE, GAIL					620	119	0	0	0	119	65	0	0
508	261-p	1,125	2	MYRICK, CLAUDIA					795	86	0	0	0	86	74	0	0
511	261-o	947	2	SMITH, JEANNETTE					750	442	0	0	0	442	74	0	0
601	261-n	890	2	VACANT					715	0	0	0	0	0	73	0	0
605	261-n	890	2	CURTIS, BRENDA					715	56	0	0	0	56	73	0	0
606	261-o	947	2	KIMS, MARIE					750	189	0	0	0	189	74	0	0
607	261-n	890	2	HILL, MARIE					715	216	0	0	0	216	73	0	0
608	261-o	947	2	BEADLES, ALEXIS					750	211	0	0	0	211	74	0	0
610	261-o	947	2	THOMAS, KIMYATA					750	16	0	0	0	16	74	0	0
611	261-o	947	2	HUGHLEY, ELIZABETH					750	196	0	0	0	196	0	0	0
614	261-n	890	2	RILES, QUANDA					715	244	0	0	0	244	73	0	0
619	261-o	947	2	NEWTON, NAQUITA					750	16	0	0	0	16	74	0	0
702	261-o	947	2	HALL, MICHOLE					750	235	0	0	0	235	74	0	0
704	261-o	947	2	NEAL, BRIDGETTE					750	155	0	0	0	155	74	0	0
706	261-o	947	2	MCNEIL, VANESSA					750	64	0	0	0	64	74	0	0
709	261-n	890	2	HAYES, EBONI					715	254	0	0	0	254	73	0	0
711	261-o	947	2	Miller, Denikia					750	155	0	0	0	155	74	0	0
712	261-n	890	2	BALL, SHANDREEKA					715	215	0	0	0	215	0	0	0
713	261-o	947	2	GREEN, LAVETTA					750	233	0	0	0	233	74	0	0
716	261-n	890	2	EVANS, DAWN					715	16	0	0	0	16	73	0	0
718	261-o	947	2	CONWELL, TAMNAISHA					750	16	0	0	0	16	74	0	0
719	261-o	947	2	HARRIS, VICTORIA					750	179	0	0	0	179	74	0	0
801	261-m	710	1	COHEN, CHIENNE					620	201	0	0	0	201	65	0	0
805	261-m	710	1	EMANUEL, BENITA					620	285	0	0	0	285	65	0	0
806	261-m	710	1	FOREMAN, JAMES					620	173	0	0	0	173	65	0	0
807	261-m	710	1	BROCKINGTON, ROSA					620	127	0	0	0	127	65	0	0
811	261-m	710	1	BROWN, ZAKJA					620	73	0	0	0	73	65	0	0
812	261-m	710	1	WHITE, QUENTIN					620	591	0	0	0	591	65	0	0
813	261-m	710	1	BROWN, ALLEN					620	282	0	0	0	282	65	0	0
814	261-o	947	2	MASSEY, DAMON					750	244	0	0	0	244	74	0	0
817	261-o	947	2	DUFFIE, PORSCHE					750	74	0	0	0	74	74	0	0

**Affordable Rent Roll**

Property: Village at Castleberry Hill (PHA) (vhph261) Sort by: Unit  
As of 3/18/2016

Unit	Unit Type	Sqft	Bed Rms	Tenant	Program	Contract No.	Tran Type	Effective Date	Market Rent	Gross Rent	Contract Rent	RD Basic Rent	Subsidy	Tenant Rent	Utility Allowance	TTP	Utility Reimb.	
<b>Village at Castleberry Hill (PHA) (vhph261)</b>																		
901	261-r	1,138	3	SUTTON, PATRINA					850	46	0	0	0	46	90	0	0	
905	261-r	1,138	3	Jones, Dontresia					850	624	0	0	0	624	90	0	0	
906	261-r	1,138	3	JONES, MAURICE					850	141	0	0	0	141	90	0	0	
907	261-r	1,138	3	WILLINGHAM, MARKEL					850	0	0	0	0	0	90	0	0	
<b>Total :</b>		59,019	121		<b>Number of Units: 66</b>				47,535	14,565	0	0	0	14,500	4,320	685	0	

<b>Grand Total :</b>	59,019	121	<b>Total Units: 66</b>	47,535	14,565	0	0	14,500	4,320	685	0
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# Tapestry Development Group

*Rental Housing Pro Forma*

## OPERATING EXPENSES

**Project Name:** *Village of Castleberry Hills Phase I*  
**Scenario:** *9% Scenario*  
**Revision Date:** *03/08/16*  
**Project Manager:** *Jon Toppen & Andrea Ratray*

<b>INPUT DATA IN SHADED FIELDS</b>
------------------------------------

ADMINISTRATIVE	FACTOR 1	FACTOR 2	TOTAL	PER UNIT	PER MONTH
General & Administrative (phone, supplies)			\$ 50,000	\$ 301	\$ 4,167
Advertising			\$ 10,600	\$ 64	\$ 883
Management	% of EGI	7.0%	\$ 112,408	\$ 677	\$ 9,367
Legal & Audits			\$ 9,000	\$ 54	\$ 750
Misc fees			\$ 23,350	\$ 141	\$ 1,946
Security System			\$ -	\$ -	\$ -
Tenant Servies			\$ 1,650	\$ 10	\$ 138
<b>Subtotal - Administrative</b>			<b>\$ 207,008</b>	<b>\$ 1,247</b>	<b>\$ 17,251</b>
<b>MAINTENANCE</b>					
Supplies			\$ 9,500	\$ 57	\$ 792
Landscape Service			\$ 20,000	\$ 120	\$ 1,667
Elevator			\$ -	\$ -	\$ -
HVAC			\$ 6,000	\$ 36	\$ 500
Painting/Turnover Expense			\$ 50,000	\$ 301	\$ 4,167
Pest Control			\$ 8,000	\$ 48	\$ 667
Third-Party Contracts			\$ 65,000	\$ 392	\$ 5,417
<b>Subtotal - Maintenance</b>			<b>\$ 158,500</b>	<b>\$ 955</b>	<b>\$ 13,208</b>
<b>PAYROLL</b>					
Property Manager (salary plus health insurance)			\$ 25,000	\$ 151	\$ 2,083
Leasing Agent			\$ 86,000	\$ 518	\$ 7,167
Maintenance			\$ 100,000	\$ 602	\$ 8,333
Security Payroll			\$ -	\$ -	\$ -
Activities (part-time)			\$ -	\$ -	\$ -
Tax & Benefit			\$ 65,000	\$ 392	\$ 5,417
Worker's comp			\$ -	\$ -	\$ -
Bonuses			\$ -	\$ -	\$ -
<b>Subtotal - Payroll</b>			<b>\$ 276,000</b>	<b>\$ 1,663</b>	<b>\$ 23,000</b>
<b>UTILITY</b>					
Electricity (office, vacant units)			\$ 23,000	\$ 139	\$ 1,917
Gas			\$ -	\$ -	\$ -
Water and Sewer			\$ 155,000	\$ 934	\$ 12,917
Trash Removal			\$ 11,000	\$ 66	\$ 917
<b>Subtotal - Utility</b>			<b>\$ 189,000</b>	<b>\$ 1,139</b>	<b>\$ 15,750</b>
<b>FIXED</b>					
Property Taxes			\$ 62,000	\$ 373	\$ 5,167
Insurance			\$ 77,000	\$ 464	\$ 6,417
<b>Subtotal - Fixed</b>			<b>\$ 139,000</b>	<b>\$ 837</b>	<b>\$ 11,583</b>
<b>TOTAL ANNUAL OPERATING EXPENSES</b>			<b>\$ 969,508</b>	<b>\$ 5,840</b>	<b>\$ 80,792</b>
Is this a new construction project? (YES/NO)		No	\$ -		
Annual Replacement Reserve Contribution			\$ 58,100	\$ 350	\$ 4,842
<b>TOTAL OPERATING AND RESERVE EXPENSES</b>			<b>\$ 1,027,608</b>	<b>\$ 6,190</b>	<b>\$ 85,634</b>



**JOHN HOPE COMMUNITY PARTNERSHIP I, L.P.  
(A GEORGIA LIMITED PARTNERSHIP)**

**STATEMENTS OF PROFIT AND (LOSS)  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

		2013	2012
<b>Rental revenue</b>	Rent revenue - gross potential	\$ 1,606,040	\$ 1,488,386
	Tenant assistance payments		
	Rent revenue - stores and commercial		
	Garage and parking spaces		
	Flexible subsidy revenue		
	Miscellaneous rent revenue		1,935
	Excess rent		
	Rent revenue/insurance		
	Special claims revenue		
	Retained excess income		
	Lease revenue (nursing home or section 232-B&C or AL)		
	<b>Total rental revenue potential at 100% occupancy</b>	<b>\$ 1,606,040</b>	<b>\$ 1,490,321</b>
<b>Vacancies</b>	Apartments	( 164,351 )	( 145,342 )
	Stores and commercial	( )	( )
	Rental concessions	( )	( 150 )
	Garage and parking spaces	( )	( )
	Miscellaneous	( )	( )
	<b>Total vacancies</b>	<b>( 164,351 )</b>	<b>( 145,492 )</b>
	<b>Net rental revenue rent revenue less vacancies</b>	<b>\$ 1,441,689</b>	<b>\$ 1,344,829</b>
	<b>Nursing homes and other elderly care revenues</b>	<b>\$</b>	<b>\$</b>
<b>Financial revenue</b>	Financial revenue - project operations	25	65
	Revenue from investments - residual receipts		
	Revenue from investments - reserve for replacements	143	189
	Revenue from investments - miscellaneous		
	<b>Total financial revenue</b>	<b>\$ 168</b>	<b>\$ 254</b>
<b>Other revenue</b>	Laundry and vending		
	Tenant charges	31,394	32,551
	Interest reduction payments revenue		
	Miscellaneous revenue	40,467	162,538
	<b>Total other revenue</b>	<b>71,861</b>	<b>195,089</b>
	<b>Total revenue</b>	<b>\$ 1,513,718</b>	<b>\$ 1,540,172</b>
<b>Admin. expenses</b>	Conventions and meetings		
	Management consultants	1,684	3,683
	Advertising and marketing	11,417	6,708
	Other renting expenses	6,782	3,376
	Office salaries	88,982	92,978
	Office expenses	35,259	44,304
	Office or model apartment rent		
	Management fee	98,085	99,310
	Manager or superintendent salaries	26,603	26,400
	Administrative rent free unit	8,880	
	Legal expenses (project)	6,178	8,362
	Audit expenses	6,215	6,050
	Bookkeeping fees/accounting services		
	Bad debts	22,149	41,170
Miscellaneous administrative expenses	17,931	3,413	
	<b>Total administrative expenses</b>	<b>\$ 330,165</b>	<b>\$ 335,754</b>
<b>Utilities expenses</b>	Fuel oil/coal		
	Electricity	30,322	27,251
	Water	43,761	47,047
	Gas		
	Sewer	109,606	120,223
	<b>Total utilities expense</b>	<b>\$ 183,689</b>	<b>\$ 194,521</b>

See notes to financial statements

**JOHN HOPE COMMUNITY PARTNERSHIP I, L.P.  
(A GEORGIA LIMITED PARTNERSHIP)**

**STATEMENTS OF PROFIT AND (LOSS) (CONTINUED)  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

		<b>2013</b>	<b>2012</b>
<b>Operating and maint. expenses</b>	Payroll	110,709	110,740
	Supplies	65,049	72,361
	Contract	176,177	174,649
	Operating and maintenance rent free unit		
	Garbage and trash removal	16,979	16,253
	Security payroll/contract	51,207	78,577
	Security rent free unit	25,200	1,910
	Heating/cooling repairs and maintenance	2,393	1,940
	Snow removal		
	Vehicle and maint. equipment operation and repairs	1,046	14
	Lease expense		
	Miscellaneous operating and maintenance expenses	10,911	20,193
	<b>Total operating and maintenance expenses</b>	<b>\$ 459,671</b>	<b>\$ 476,637</b>
	<b>Taxes and insurance</b>	Real estate taxes	46,679
Payroll taxes (project's share)		20,004	20,204
Property and liability insurance (hazard)		39,394	37,413
Fidelity bond insurance			
Workmen's compensation		5,969	5,867
Health insurance and other employee benefits		37,841	31,014
Miscellaneous taxes, licenses, permits and insurance		8,269	3,727
<b>Total taxes and insurance</b>		<b>\$ 158,156</b>	<b>\$ 197,275</b>
<b>Financial expenses</b>	Interest on first mortgage (or bonds) payable	178,412	182,592
	Interest on other mortgages	46,200	46,200
	Interest on notes payable (long-term)		
	Interest on notes payable (short-term)		
	Interest on capital recovery payment		
	Mortgage insurance premium/service charge	19,947	21,365
	Miscellaneous financial expenses	1,080	2,643
	<b>Total financial expenses</b>	<b>\$ 245,639</b>	<b>\$ 252,800</b>
	Nursing homes and other elderly care expenses		
	<b>Total cost of operations before depreciation</b>	<b>\$ 1,377,320</b>	<b>\$ 1,456,987</b>
	<b>Profit (loss) before depreciation</b>	<b>\$ 136,398</b>	<b>\$ 83,185</b>
	Depreciation expense	399,700	392,931
	Amortization expense	10,196	10,196
	<b>Operating profit or (loss)</b>	<b>\$ (273,498)</b>	<b>\$ (319,942)</b>
<b>Entity income and expenses</b>	Entity revenue		
	Officer's salaries		
	Incentive performance fee		
	Legal expenses		
	Federal, state, and other income taxes		
	Interest on notes payable		
	Interest on mortgage payable		
	Other expenses		
<b>Total entity net (income) expense</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Profit or loss</b>	<b>Profit or loss (net income or loss)</b>	<b>\$ (273,498)</b>	<b>\$ (319,942)</b>



**JOHN HOPE COMMUNITY PARTNERSHIP I, L.P.**  
**(A GEORGIA LIMITED PARTNERSHIP)**

**STATEMENTS OF PROFIT AND (LOSS)**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

		2015	2014
<b>Rental revenue</b>	Rent revenue - gross potential	\$ 1,487,505	\$ 1,407,059
	Tenant assistance payments		
	Rent revenue - stores and commercial		
	Garage and parking spaces		
	Flexible subsidy revenue		
	Miscellaneous rent revenue		
	Excess rent		
	Rent revenue/insurance		
	Special claims revenue		
	Retained excess income		
	Lease revenue (nursing home or section 232-B&C or AL)		
	<b>Total rental revenue potential at 100% occupancy</b>		<b>\$ 1,487,505</b>
<b>Vacancies</b>	Apartments	( 108,293 )	( 70,002 )
	Stores and commercial	( )	( )
	Rental concessions	( 3,976 )	( 200 )
	Garage and parking spaces	( )	( )
	Miscellaneous	( )	( )
<b>Total vacancies</b>	<b>( 112,269 )</b>	<b>( 70,202 )</b>	
	<b>Net rental revenue rent revenue less vacancies</b>	<b>\$ 1,375,236</b>	<b>\$ 1,336,857</b>
	<b>Nursing homes and other elderly care revenues</b>	<b>\$</b>	<b>\$</b>
<b>Financial revenue</b>	Financial revenue - project operations	27	24
	Revenue from investments - residual receipts		
	Revenue from investments - reserve for replacements	50	90
	Revenue from investments - miscellaneous		
<b>Total financial revenue</b>	<b>\$ 77</b>	<b>\$ 114</b>	
<b>Other revenue</b>	Laundry and vending		
	Resident charges	36,709	28,541
	Interest reduction payments revenue		
	Miscellaneous revenue	100,716	27,690
<b>Total other revenue</b>	<b>137,425</b>	<b>56,231</b>	
	<b>Total revenue</b>	<b>\$ 1,512,738</b>	<b>\$ 1,393,202</b>
<b>Admin. expenses</b>	Conventions and meetings		
	Management consultants	10,395	7,670
	Advertising and marketing	15,397	15,111
	Other renting expenses	10,875	13,512
	Office salaries	76,234	86,941
	Office expenses	39,070	34,360
	Office or model apartment rent		
	Management fee	94,811	94,193
	Manager or superintendent salaries	25,303	26,449
	Administrative rent free unit	6,660	8,880
	Legal expenses (project)	13,550	11,545
	Audit expenses	6,435	5,960
	Bookkeeping fees/accounting services		
	Bad debts	35,529	12,715
Miscellaneous administrative expenses	14,126	6,681	
<b>Total administrative expenses</b>	<b>\$ 348,385</b>	<b>\$ 324,017</b>	
<b>Utilities expenses</b>	Fuel oil/coal		
	Electricity	25,940	27,325
	Water	51,251	47,432
	Gas		
	Sewer	129,401	119,668
<b>Total utilities expense</b>	<b>\$ 206,592</b>	<b>\$ 194,425</b>	



**JOHN HOPE COMMUNITY PARTNERSHIP I, L.P.**  
**(A GEORGIA LIMITED PARTNERSHIP)**

**STATEMENTS OF PROFIT AND (LOSS) (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

		2015	2014
<b>Operating and maint. expenses</b>	Payroll	134,657	121,054
	Supplies	44,940	57,950
	Contract	141,013	179,942
	Operating and maintenance rent free unit		
	Garbage and trash removal	11,447	10,796
	Security payroll/contract	42,319	40,323
	Security rent free unit	12,058	25,950
	Heating/cooling repairs and maintenance	10,395	7,594
	Snow removal		
	Vehicle and maint. equipment operation and repairs	641	522
	Lease expense		
	Miscellaneous operating and maintenance expenses	23,112	30,199
	<b>Total operating and maintenance expenses</b>	<b>\$ 420,582</b>	<b>\$ 474,330</b>
	<b>Taxes and insurance</b>	Real estate taxes	42,144
Payroll taxes (project's share)		19,114	20,029
Property and liability insurance (hazard)		66,297	50,143
Fidelity bond insurance			
Workmen's compensation		9,038	9,958
Health insurance and other employee benefits		12,135	25,657
Miscellaneous taxes, licenses, permits and insurance		8,170	4,746
<b>Total taxes and insurance</b>		<b>\$ 156,898</b>	<b>\$ 157,581</b>
<b>Financial expenses</b>	Interest on first mortgage (or bonds) payable	169,521	174,057
	Interest on other mortgages	46,200	46,200
	Interest on notes payable (long-term)		
	Interest on notes payable (short-term)		
	Interest on capital recovery payment		
	Mortgage insurance premium/service charge	20,672	23,035
	Miscellaneous financial expenses	1,054	970
	<b>Total financial expenses</b>	<b>\$ 237,447</b>	<b>\$ 244,262</b>
	Nursing homes and other elderly care expenses		
	<b>Total cost of operations before depreciation</b>	<b>\$ 1,369,904</b>	<b>\$ 1,394,615</b>
	<b>Profit (loss) before depreciation</b>	<b>\$ 142,834</b>	<b>\$ (1,413)</b>
	Depreciation expense	357,807	366,267
	Amortization expense	7,536	7,536
	<b>Operating profit or (loss)</b>	<b>\$ (222,509)</b>	<b>\$ (375,216)</b>
<b>Entity income and expenses</b>	Entity revenue		
	Officer's salaries		
	Incentive performance fee		
	Legal expenses		
	Federal, state, and other income taxes		
	Interest on notes payable		
	Interest on mortgage payable		
	Other expenses		
	<b>Total entity net (income) expense</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Profit or loss</b>	<b>Profit or loss (net income or loss)</b>	<b>\$ (222,509)</b>	<b>\$ (375,216)</b>



# Tapestry Development Group

*Rental Housing Pro Forma*

## FINANCING ASSUMPTIONS

Project Name: Village of Castleberry Hills Phase I  
 Scenario: 9% Scenario  
 Revision Date: 03/08/16  
 Project Manager: Jon Toppen & Andrea Rattray

### TA CREDITS - Ass m tions

Do acquisition credits apply?	ES	
Do historic credits apply?	NO	
Is this in a qualified census tract?	ES	ensus r ct: 43
Does this deal have HOME funds below AFR?	NO	
Is this a competitive or 4 on deal?	9	
Boost amount	0	
Maximum LIHTC allowed (9 , per AP)	\$1,000,000	2 15 A
Applicable Rate (9 credit)	00	te: Jan-16
Applicable Rate (4 credit)	22	te: Jan-16

LI TC TA CREDITS - Ca c ation	Fi e	Deve o ment LI TC Ca c ation	Ac c isition LI TC Ca c ation	
ualified Basis		\$ 14,706,462	\$ 6,525,000	
LESS: Historic Tax Credits		\$ -	n/a	
LESS: Other basis reducing amounts		\$ -	-	
Adjusted LIHTC ualified Basis		\$ 14,706,462	\$ 6,525,000	
of ualified Units/Sqft		57 89	57 89	
CT Boost		130	100	
Applicable Percentage		9 00	3 22	
Annual Tax Credit Amount		\$ 874,498	\$ 121,635	Tota Cre its 6,1
ears of Tax Credits		10	10	
Total Tax Credits		\$ 8,744,975	\$ 1,216,353	
STATE Credit Price and Amount of Equity	\$ 0 52	\$ 4,547,387	\$ 632,503	5,17 ,8 1
FEDERAL Credit Price and Amount of Equity	\$ 1 070	\$ 9,357,124	\$ 1,301,498	10,658,621
Ta Cre it E it	\$ 1 5	\$ 1 , 04,511	\$ 1, 4,001	

### PRE-DEV FINANCIN

Position	So rce	Amo nt	Interest Rate	Term rs	Amort rs	Ann a Pa ment
1	H Russell	\$ 424,000				
2		\$ -				\$ -
Equity/Grant						n/a
Equity/Grant						n/a
<b>TOTAL PRE-DEV</b>		<b>\$ 424,000</b>				<b>\$ -</b>
	ot re e Acq ost	\$ 424,				
	ifference	\$				

### CONSTRUCTION FINANCIN

Position	So rce	Amo nt	Interest Rate	Term Mos	Estimate In isis	Loan Interest Non- isis
1	FHA221d4	\$ 6,946,175	4 25	360	\$ 221,409	\$ 147,606
2					\$ -	\$ -
Equity/Grant						
Equity/Grant	LIHTC Equity (Federal)	\$ 6,395,173	60.00%	% of tot urin const		
Equity/Grant	LIHTC Equity (State)	\$ 3,107,934				
<b>TOTAL PRE-DEV, ACQ, CONSTRUCTION FINANCING</b>		<b>\$ 16,449,282</b>			<b>\$ 221,409</b>	<b>\$ 147,606</b>
	ot e ost t rou onst	\$ 22,637, 1				
	ifference	\$ (6,1 7,799)				

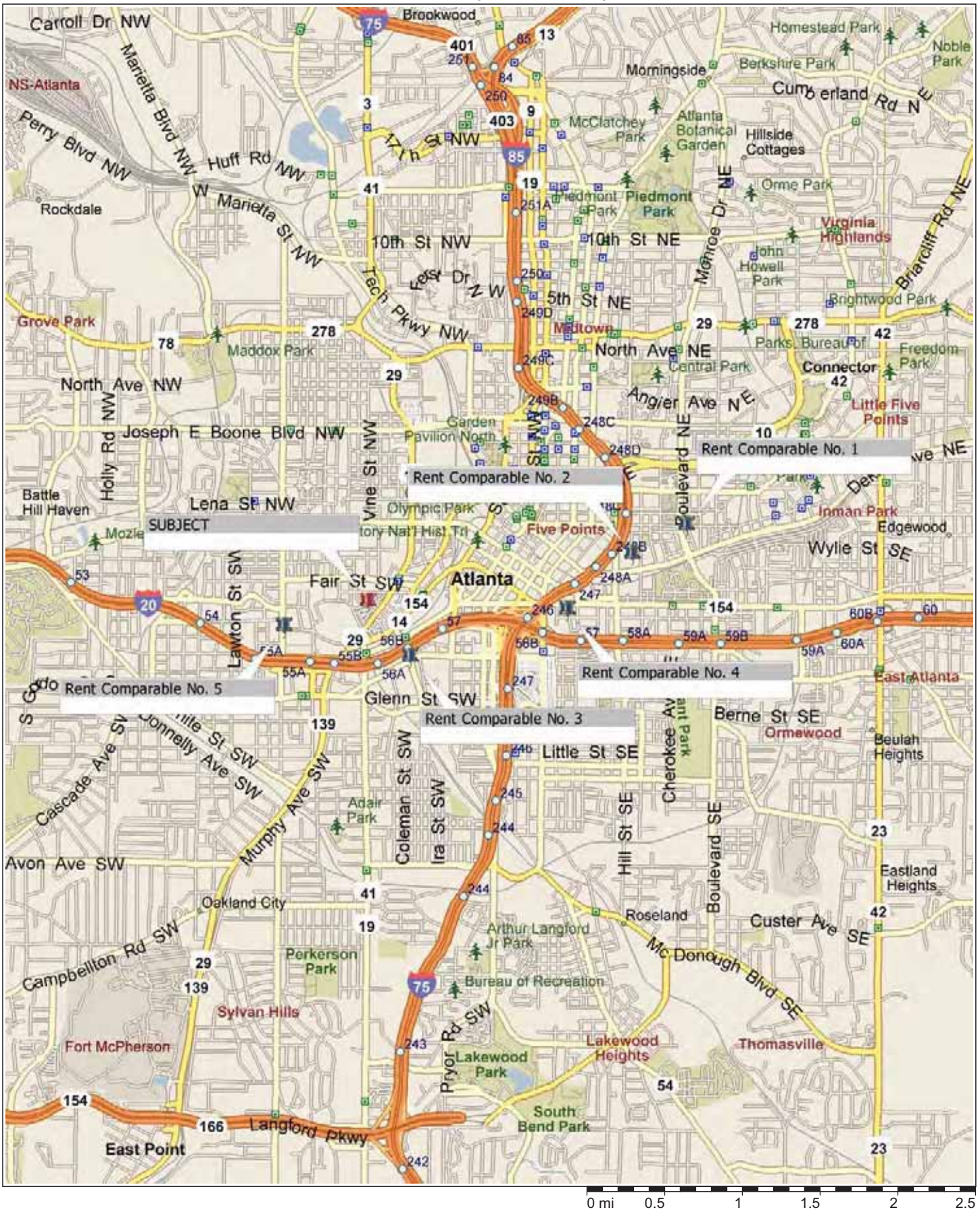
### PERMANENT FINANCIN

Position	So rce	Amo nt	Interest Rate	Term rs	Amort rs	Ann a Pa ment
1	FHA221d4	\$ 6,946,175	5 00	40	40	\$ 401,931
2			1 00	50	50	\$ -
3		\$ -				
4	Deferred Developer Fee	\$ -	paid fee	\$ 1,800,000		
Equity/Grant			% paid fee	100%		
Equity/Grant	LIHTC Equity (Federal)	\$ 10,658,621				n/a
Equity/Grant	LIHTC Equity (State)	\$ 5,179,891				n/a
<b>TOTAL PERMANENT FINANCING</b>		<b>\$ 22,784,687</b>				<b>\$ 401, 1</b>
	ot e ost	\$ 22,7 4,6 7				
	ifference	\$ ( )				





# Rent Comparable Map





## Multi-Family Lease No. 1



### Property Identification

**Record ID** 995  
**Property Type** Mid-rise LIHTC  
**Property Name** Auburn Glen  
**Address** 49 Boulevard Avenue, Atlanta, Fulton County, Georgia 30312  
**Location** Central Atlanta  
**Tax ID** 14 004500020873

**Management Co.** Cortland Management  
**Verification** Tamera - Leasing Agent; 404 584 1300, March 10, 2016; Confirmed by Doug Rivers

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
1BR1BA MKT	17	696	\$890	\$1.28
2BR2BA MKT	20	1,044	\$1,295	\$1.24
3BR2BA MKT	8	1,218	\$1,350	\$1.11
1BR1BA 60%LIHTC	107	696	\$690	\$0.99
2BR2BA 60%LIHTC	114	1,044	\$788	\$0.75
3BR2BA 60%LIHTC	5	1,218	\$868	\$0.71

**Occupancy** 94%  
**Total Units** 271  
**Unit Size Range** 696 - 1218  
**Avg. Unit Size** 893  
**Avg. Rent/Unit** \$811  
**Avg. Rent/SF** \$0.91

**Net SF** 242,034

## Multi-Family Lease No. 1 (Cont.)

### Physical Data

<b>No. of Buildings</b>	1
<b>Construction Type</b>	Masonry
<b>Electrical</b>	Assumed adequate
<b>HVAC</b>	Assumed adequate
<b>Stories</b>	4
<b>Utilities with Rent</b>	Trash Collection
<b>Unit Amenities</b>	Patios/Balconies, Ceiling Fans, Security System, Washer/Dryer Connections
<b>Project Amenities</b>	Outdoor Pool, Clubhouse, Laundry, Exercise/Fitness, Playground, Garage, Elevators
<b>Parking</b>	Covered Parking
<b>Year Built</b>	2004
<b>Condition</b>	Good
<b>User 4</b>	Controlled Access

### Remarks

Auburn Glenn is a mid-rise, medium-density apartment building that covers nearly 3.5 acres and includes 271 apartment units, apartment amenities, and 10,000 square feet of ground floor commercial space. Auburn Glenn was part of a resurgence of higher density mixed-use urban development in Atlanta. The project is located in the Martin Luther King National Historic District and takes design cues from the adjacent historic Auburn Avenue commercial district. It is a private development by a partnership of for-profit and not-for-profit developers, and has received significant support and funding through the Atlanta Development Authority in exchange for long-term affordability for 75% of the residents.

**Multi-Family Lease No. 2**



**Property Identification**

**Record ID** 1576  
**Property Type** Mixed Income  
**Property Name** Ashley Auburn Pointe I  
**Address** 357 Auburn Pointe Drive, Atlanta, Fulton County, Georgia 30312  
**Location** Central Atlanta

**Owner** Integral  
**Management Co.** Integral  
**Verification** Robin Jones - Leasing Agent ; 404-523-1012, March 10, 2016;  
 Confirmed by Doug Rivers

**Unit Mix**

<b><u>Unit Type</u></b>	<b><u>No. of Units</u></b>	<b><u>Size SF</u></b>	<b><u>Rent/Mo.</u></b>	<b><u>Mo. Rent/SF</u></b>
1/1 MKT	33	756	\$1,145	\$1.51
1/1 LIHTC	23	756	\$696	\$0.92
2/2 MKT	28	1,079	\$1,505	\$1.39
2/2 LIHTC	56	1,079	\$794	\$0.74
3/2 LIHTC	7	1,264	\$881	\$0.70
3/2 MKT	7	1,264	\$1,850	\$1.46

**Occupancy** 95%  
**Total Units** 154  
**Unit Size Range** 756 - 1264  
**Avg. Unit Size** 978  
**Avg. Rent/Unit** \$1,036  
**Avg. Rent/SF** \$1.06  
  
**Net SF** 150,668

**Multi-Family Lease No. 2 (Cont.)**

**Physical Data**

<b>Construction Type</b>	Brick/Stucco
<b>Electrical</b>	Assumed Adequate
<b>HVAC</b>	Assumed Adequate
<b>Stories</b>	3/4
<b>Utilities with Rent</b>	Trash Collection
<b>Unit Amenities</b>	Patios/Balconies, Ceiling Fans, Security System, Ice makers, Microwaves, Washer/Dryers
<b>Project Amenities</b>	Outdoor Pool, Clubhouse, Exercise/Fitness, Playground
<b>Parking</b>	Surface
<b>Year Built</b>	2010
<b>Condition</b>	Very Good

**Remarks**

This is a 154-unit, Class-A, mixed-income apartment development within the Auburn Pointe re-development. It includes 40% market-rate, 20% LIHTC (60% AMI), 5% PBRA and 35% authority assisted units. Ashley Auburn Pointe I reached substantial completion on November 22, 2010. All market rate and non-Authority Assisted units leased within 3 months. The occupancy of the subsidized units took a little longer because of the re-occupancy process of residents from the former Grady Homes development. Tenants pay all utilities except trash and there are currently no concessions being offered. Market rents are LRO and fluctuate daily.

**Multi-Family Lease No. 3**



**Property Identification**

**Record ID** 1396  
**Property Type** Mixed Income  
**Property Name** Columbia Mechanicsville  
**Address** 500 McDaniel Street, Atlanta, Fulton County, Georgia 30312  
**Location** Central Atlanta

**Management Co.** Columbia Residential  
**Verification** Leasing Agent - Vivian Clark; 404-577-2833, March 10, 2016;  
 Confirmed by Doug Rivers

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
1BR 1BA MKT	5	750	\$865	\$1.15
1BR 1BA 50% TC	2	750	\$577	\$0.77
1BR 1BA 60% TC	5	750	\$716	\$0.95
2BR 2BA MKT	28	1,005	\$999	\$0.99
2BR 2BA 50% TC	5	1,005	\$645	\$0.64
2BR 2BA 60% TC	15	1,005	\$812	\$0.81
3BR 2BA MKT	14	1,200	\$1,199	\$1.00
3BR 2BA 50% TC	3	1,200	\$689	\$0.57
3BR 2BA 60% TC	9	1,200	\$881	\$0.73
1BR/1BA PBRA	13	750	\$712	\$0.95
2BR/2BA PBRA	55	1,005	\$792	\$0.79
3BR/2BA PBRA	29	1,200	\$881	\$0.73

**Occupancy** 97%  
**Rent Premiums** No  
**Total Units** 183



**Multi-Family Lease No. 3 (Cont.)**

<b>Unit Size Range</b>	750 - 1200
<b>Avg. Unit Size</b>	1,029
<b>Avg. Rent/Unit</b>	\$861
<b>Avg. Rent/SF</b>	\$0.84

<b>Net SF</b>	188,265
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**Physical Data**

<b>Construction Type</b>	Brick/Stucco
<b>Electrical</b>	Assumed Adequate
<b>HVAC</b>	Assumed Adequate
<b>Stories</b>	3
<b>Utilities with Rent</b>	Trash Collection
<b>Unit Amenities</b>	Patios/Balconies, Security System, Washer/Dryer Connections
<b>Project Amenities</b>	Clubhouse, Laundry, Exercise/Fitness
<b>Parking</b>	Surface
<b>Year Built</b>	2007
<b>Condition</b>	Good

**Remarks**

This property is located at the corner of McDaniel and Fulton Street, just south of I-20, and just southwest of Downtown Atlanta. This mixed-income property is Phase I of the multi-phase Mechanicsville development and offers market, 50% and 60% AMI LIHTC units and PBRA units. Tenants pay all utilities except trash and no specials are being offered.

**Multi-Family Lease No. 4**



**Property Identification**

**Record ID** 903  
**Property Type** Garden & Townhomes LIHTC  
**Property Name** Capitol Gateway I & II  
**Address** 89 Woodward Avenue, Atlanta, Fulton County, Georgia 30312  
**Location** Memorial Drive and Connally Street

**On-Site Manager** Integral  
**Verification** Robert Taylor; 404-586-0411, February 22, 2016; Confirmed by Ingrid Ott

<b><u>Unit Type</u></b>	<b><u>Unit Mix</u></b>			<b><u>Mo. Rent/SF</u></b>
	<b><u>No. of Units</u></b>	<b><u>Size SF</u></b>	<b><u>Rent/Mo.</u></b>	
1BR/1BA MKT	15	742	\$925	\$1.25
1BR/1BA MKT	22	772	\$935	\$1.21
1BR/1BA MKT	17	708	\$995	\$1.41
1BR/1BA MKT	23	867	\$1,020	\$1.18
1BR/1BA TC	24	742	\$717	\$0.97
1BR/1BA TC	32	772	\$717	\$0.93
1BR/1BA TC	25	708	\$717	\$1.01
1BR/1BA TC	25	867	\$717	\$0.83
2BR/1BA MKT	24	910	\$1,195	\$1.31
2BR/2BA MKT	1	978	\$1,200	\$1.23
2BR/2BA MKT	6	1,031	\$1,450	\$1.41
2BR/2BA MKT	30	1,047	\$1,310	\$1.25
2BR/2BA MKT	11	1,050	\$1,440	\$1.37
2BR/2.5BA M	6	1,178	\$1,440	\$1.22

**Multi-Family Lease No. 4 (Cont.)**

3BR/2.5BA M	3	1,319	\$2,020	\$1.53
2BR/1BA TC	35	910	\$818	\$0.90
2BR/2BA TC	7	978	\$818	\$0.84
2BR/2BA TC	11	1,031	\$818	\$0.79
2BR/2BA TC	41	1,047	\$818	\$0.78
2BR/2BA TC	16	1,050	\$818	\$0.78
2BR/2BA TC	2	1,064	\$818	\$0.77
2BR/2.5BA TC	8	1,178	\$818	\$0.69
2BR/2.5BA TC	3	1,319	\$818	\$0.62
3BR/2BA MKT	3	1,258	\$1,935	\$1.54
3BR/2BA MKT	5	1,314	\$1,935	\$1.47
3BR/2BA TC	9	1,258	\$894	\$0.71
3BR/2BA TC	14	1,314	\$894	\$0.68
4BR/2BA TC	3	1,447	\$953	\$0.66
<b>Occupancy</b>	97%			
<b>Total Units</b>	421 269 (Ph. I), 152 (Ph. II)			
<b>Unit Size Range</b>	708 - 1447			
<b>Avg. Unit Size</b>	937			
<b>Avg. Rent/Unit</b>	\$947			
<b>Avg. Rent/SF</b>	\$1.01			
<b>Net SF</b>	394,643			
<b><u>Physical Data</u></b>				
<b>Construction Type</b>	Brick/Hardi-Plank			
<b>Electrical</b>	Adequate			
<b>HVAC</b>	Adequate			
<b>Stories</b>	Three			
<b>Utilities with Rent</b>	Trash Collection			
<b>Unit Amenities</b>	Patios/Balconies, Ceiling Fans, Vaulted Ceilings, Icemakers, Washer/Dryer Connections, Washer/Dryers Ph II, Connections only Ph I			
<b>Project Amenities</b>	Outdoor Pool, Clubhouse, Sports Court, Exercise/Fitness			
<b>Parking</b>	Surface			
<b>Year Built</b>	2006			
<b>Condition</b>	Good			

**Remarks**

This property is a portion of the 34-acre Capitol Homes HOPE VI Revitalization Area, a mixed-income, mixed-use development. The site is located in an urban area less than a mile southeast of the Atlanta CBD and just north of Interstate 20. The property is subject to requirements under the Low Income Housing Tax Credit (LIHTC) program and includes rent restrictions. Note that market rents shown are complex 'market' rents. The complex uses these rents as a basis for a daily computation (using an LRO type system) involving market surveys to set rental amounts. Tenants pay all utilities except trash.

**Multi-Family Lease No. 5**



**Property Identification**

**Record ID** 1670  
**Property Type** Garden & Townhomes LIHTC  
**Property Name** Ashley Collegetown, Phase II  
**Address** 387 Joseph E. Lowery Boulevard, Atlanta, Fulton County, Georgia 30310  
**Location** Central Atlanta  
**Owner** Integral  
**On-Site Manager** Yes  
**Management Co.** Integral  
**Verification** Patricia Harvey, Lauren Taylor; 404-755-8177, Confirmed by Ingrid Ott

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
1/1 MKT	18	802	\$935	\$1.17
1/1 TC	4	802	\$718	\$0.90
1/1 PBRA	31	802	\$718	\$0.90
1/1 MKT	7	820	\$935	\$1.14
2/2 MKT	35	1,176	\$1,045	\$0.89
2/2 PBRA/TC	13	1,176	\$736	\$0.63
2/2 TC/AA	28	1,176	\$736	\$0.63
2/2 MKT	1	1,223	\$1,060	\$0.87
2/2 TC/AA	10	1,223	\$736	\$0.60
2/2 TC	10	1,223	\$736	\$0.60
2/2.5 MKT	5	1,250	\$736	\$0.59
3/2.5TH MKT	3	1,675	\$1,640	\$0.98

**Multi-Family Lease No. 5 (Cont.)**

3/2.5TH TC/PBRA	3	1,675	\$920	\$0.55
3/2.5 TC	9	1,675	\$811	\$0.48

<b>Occupancy</b>	94%
<b>Rent Premiums</b>	No
<b>Total Units</b>	177
<b>Unit Size Range</b>	802 - 1675
<b>Avg. Unit Size</b>	1,100
<b>Avg. Rent/Unit</b>	\$846
<b>Avg. Rent/SF</b>	\$0.77
<b>Net SF</b>	194,680

**Physical Data**

<b>Construction Type</b>	Brick/HardiePlank
<b>Electrical</b>	Assumed Adequate
<b>HVAC</b>	Assumed Adequate
<b>Stories</b>	3/4
<b>Utilities with Rent</b>	Trash Collection
<b>Unit Amenities</b>	Patios/Balconies, Security System, Microwaves, Washer/Dryers
<b>Project Amenities</b>	Outdoor Pool, Clubhouse, Exercise/Fitness, Playgrounds
<b>Parking</b>	Surface
<b>Year Built</b>	2009
<b>Condition</b>	Good

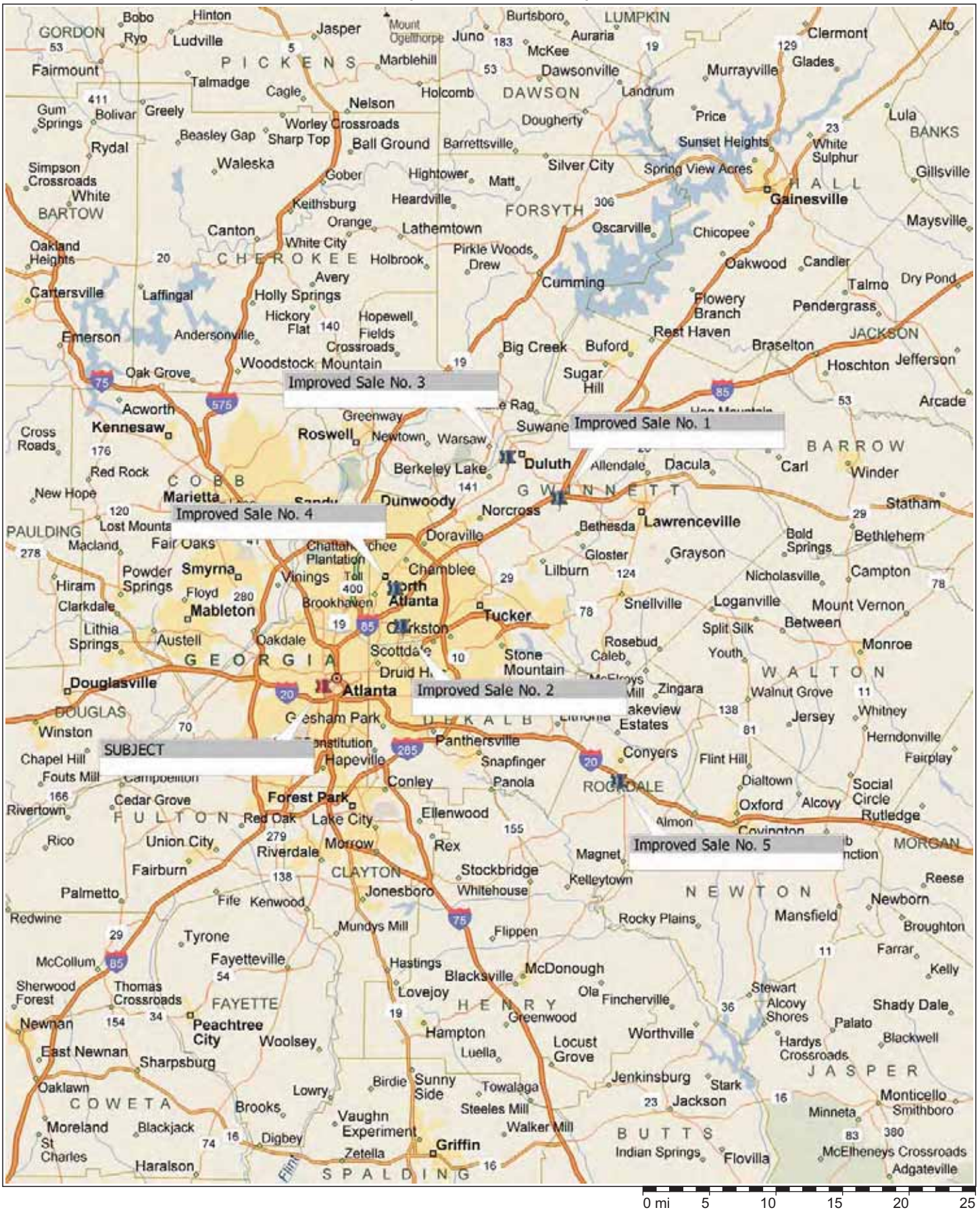
**Remarks**

Ashley Collegetown, Phase II Apartments is a 176-unit, Class-B, mixed-income apartment development, built in 2009. The unit mix consists of one-, two- and three bedroom floor plans ranging in size from 802 to 1,349 square feet. The displayed unit mix is what the leasing office has in marketing brochures and advertises to prospective tenants. Unit sizes on the rent roll are significantly different, but these floorplans are not recognized by leasing office personnel for the purpose of rent surveys. Complex amenities (for the overall Collegetown development) include a two-story leasing/management office with business center and fitness center, a swimming pool and several playgrounds and outdoor common areas. The property includes PBRA, public housing, tax credit, and market rate units. Currently, there are no specials being offered. Phase II has microwaves and washers/dryers.





# Improved Sale Map





**Multi-Family Sale No. 1**



**Property Identification**

**Record ID** 1176  
**Property Type** Garden/Townhome  
**Property Name** Amber Hill  
**Address** 2906 Old Norcross Road, Duluth, Gwinnett County, Georgia 30096  
**Tax ID** R7040-003

**Sale Data**

**Grantor** Old Norcross Apartment Partner  
**Grantee** Waypoint Amber Mill Owner, LLC  
**Sale Date** January, 2016  
**Deed Book/Page** 54036-0173  
**Property Rights** Leased fee  
**Conditions of Sale** Arm's Length  
**Financing** Cash to Seller

**Sale Price** \$25,500,000

**Land Data**

**Land Size** 26.200 Acres or 1,141,272 SF  
**Topography** Gently rolling  
**Utilities** All available  
**Shape** Irregular

**Unit Mix**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1/1	60	800		
2/1	30	1,000		
2/1.5	36	1,150		
2/2.5	26	1,600		
2/2.5	25	1,250		

**Multi-Family Sale No. 1 (Cont.)**

2/2.5	40	1,350
3/2	18	1,350
3/2.5	10	1,620
3/2.5	10	1,600
3/2.5	5	1,900
3/2.5	4	1,920

<b>Total Units</b>	264
<b>Avg. Unit Size</b>	1,212
<b>Net SF</b>	319,930

**General Physical Data**

<b>Construction Type</b>	Wood frame w/stone and siding veneer
<b>Electrical</b>	Assumed adequate
<b>Stories</b>	2
<b>Unit Amenities</b>	Patios/Balconies, Fire places, Ceiling Fans
<b>Project Amenities</b>	Outdoor Pool, Laundry, Exercise/Fitness, Business ctr, playground, volleyball
<b>Year Built</b>	1985
<b>Condition</b>	Average/good

**Income Analysis**

<b>Net Operating Income</b>	\$1,530,000
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**Indicators**

<b>Sale Price/Gross SF</b>	\$79.70
<b>Sale Price/Unit</b>	\$96,591
<b>Occupancy at Sale</b>	95%
<b>Overall or Cap Rate</b>	6%
<b>NOI/SF</b>	\$4.78 Gross
<b>NOI/Unit</b>	\$5,795

**Remarks**

This is the sale of a market-rate apartment complex located in Duluth, GA. It was built in 1985 and renovated in 2002 and is considered to be in overall average to good condition. It was reported that the buyer was attracted to the good management of the property and the up side rent potential.

**Multi-Family Sale No. 2**



**Property Identification**

**Record ID** 1177  
**Property Type** Garden  
**Property Name** Williamsburg  
**Address** 1060 N Jamestown Road, Decatur, DeKalb County, Georgia 30033  
**Tax ID** 18-103-02-006, 18-103-05-067

**Sale Data**

**Grantor** Rapp Williamsburg, LLC  
**Grantee** Willapt, LLC  
**Sale Date** November, 2015  
**Deed Book/Page** 25269-0126  
**Property Rights** Leased fee  
**Conditions of Sale** Arm's Length  
**Financing** Cash to seller

**Sale Price** \$37,285,886

**Land Data**

**Topography** Gently rolling  
**Utilities** All available  
**Shape** Irregular

**Unit Mix**

<b><u>Unit Type</u></b>	<b><u>No. of Units</u></b>	<b><u>Size SF</u></b>	<b><u>Rent/Mo.</u></b>	<b><u>Mo. Rent/SF</u></b>
Studio	30	397		
1/1	4	736		
1/1	4	889		



**Multi-Family Sale No. 2 (Cont.)**

1/1	5	1,120
2/1.5	28	977
2/1.5	28	1,020
2/1.5	28	1,147
2/2	30	1,135
2/2	30	1,141
2/2	30	1,236
2/2	30	1,376
3/2	28	1,502
3/2	28	1,512
3/2	1	1,341
3/2	28	1,654
3/2	28	1,792
3/2	28	1,662
3/2	28	1,244

**Total Units** 416  
**Avg. Unit Size** 1,255

**Net SF** 522,271

**General Physical Data**

**Construction Type** Wood frame w/brick veneer  
**Electrical** Assumed adequate  
**Stories** 4  
**Unit Amenities** Patios/Balconies, Fire places, Ceiling Fans, Icemakers  
**Project Amenities** Outdoor Pool, Clubhouse, Laundry, Exercise/Fitness, Business ctr, car wash  
**Year Built** 1972  
**Condition** Average

**Income Analysis**

**Net Operating Income** \$2,721,870

**Indicators**

**Sale Price/Gross SF** \$71.39  
**Sale Price/Unit** \$89,630  
**Occupancy at Sale** 96%  
**Overall or Cap Rate** 7.3%  
**NOI/SF** \$5.21 Gross  
**NOI/Unit** \$6,543

**Remarks**

This is the sale of a market-rate apartment complex located in Decatur, GA. It was built in 1972 and is considered to be in overall average condition. There were no sale conditions reported.

**Multi-Family Sale No. 3**



**Property Identification**

**Record ID** 1178  
**Property Type** Garden  
**Property Name** Berkeley Landing  
**Address** 3700 Peachtree Industrial Boulevard, Duluth, Gwinnett County, Georgia 30096  
**Tax ID** R6290-052

**Sale Data**

**Grantor** Summerchase Apartments LP  
**Grantee** 3700 Peachtree Industrial Blvd, LP  
**Sale Date** September, 2015  
**Deed Book/Page** 53844-0740  
**Property Rights** Leased fee  
**Conditions of Sale** Arm's Length  
**Financing** Cash to seller

**Sale Price** \$21,500,000

**Land Data**

**Land Size** 22.200 Acres or 967,032 SF  
**Topography** Gently rolling  
**Utilities** All available  
**Shape** Irregular

<u>Unit Type</u>	<u>Unit Mix</u>		<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>		
1/1	40	965		
1/1	40	1,000		
2/2	160	1,200		

### Multi-Family Sale No. 3 (Cont.)

<b>Total Units</b>	240
<b>Avg. Unit Size</b>	1,128
<b>Net SF</b>	270,600

#### General Physical Data

<b>No. of Buildings</b>	24
<b>Construction Type</b>	Wood frame w/siding veneer
<b>Electrical</b>	Assumed adequate
<b>Unit Amenities</b>	Patios/Balconies, Fire places, Ceiling Fans
<b>Project Amenities</b>	Outdoor Pool, Clubhouse, Laundry, Exercise/Fitness
<b>Year Built</b>	1985
<b>Condition</b>	Average to good

#### Income Analysis

<b>Net Operating Income</b>	\$1,305,000
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#### Indicators

<b>Sale Price/Gross SF</b>	\$79.45
<b>Sale Price/Unit</b>	\$89,583
<b>Occupancy at Sale</b>	95%
<b>Overall or Cap Rate</b>	6.07%
<b>NOI/SF</b>	\$4.82 Gross
<b>NOI/Unit</b>	\$5,438

#### Remarks

This is the sale of a market-rate apartment complex located in Duluth, GA. It was built in 1985 and renovated in 2010 and is considered to be in overall average to good condition. There were no sale conditions reported.

**Multi-Family Sale No. 4**



**Property Identification**

**Record ID** 1166  
**Property Type** Garden / Class B  
**Property Name** The Park on Clairmont  
**Address** 3180 Clairmont Road, Atlanta, DeKalb County, Georgia 30329  
**Tax ID** 1820302007

**Sale Data**

**Grantor** POC Apartments, LLC  
**Grantee** FCPCMBR, LLC  
**Sale Date** August, 2015  
**Deed Book/Page** 25141/762  
**Property Rights** Fee Simple  
**Conditions of Sale** Arms Length  
**Financing** \$8,318,125 (85%)  
**Verification** Investors Realty Group

**Sale Price** \$9,757,500

**Land Data**

**Land Size** 5.940 Acres or 258,746 SF  
**Topography** Gently Rolling  
**Utilities** All Typical  
**Shape** Irregular

**Unit Mix**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1/1.0	46	850	\$802	\$0.94

**Multi-Family Sale No. 4 (Cont.)**

2/2.0	14	1,230	\$1,039	\$0.84
2/2.0	30	1,174	\$1,182	\$1.01
3/2.0	21	1,320	\$1,273	\$0.96

<b>Total Units</b>	111
<b>Avg. Unit Size</b>	1,074
<b>Avg. Rent/Unit</b>	\$1,024
<b>Avg. Rent/SF</b>	\$0.95

**Net SF** 119,260

**General Physical Data**

<b>No. of Buildings</b>	7
<b>Stories</b>	2
<b>Unit Amenities</b>	Patios/Balconies, Fire places, Icemakers, Washer/Dryer Connections, Microwaves, Balcony Storage
<b>Project Amenities</b>	Outdoor Pool, Outdoor Tennis, Clubhouse, Exercise/Fitness
<b>Year Built</b>	1984
<b>Condition</b>	Good

**Income Analysis**

**Net Operating Income** \$643,995

**Indicators**

<b>Sale Price/Net Rentable SF</b>	\$81.82
<b>Sale Price/Unit</b>	\$87,905
<b>Occupancy at Sale</b>	99%
<b>Overall or Cap Rate</b>	6.6%
<b>NOI/SF</b>	\$5.40 Net Rentable
<b>NOI/Unit</b>	\$5,802

**Remarks**

This market rate property is located along the west side of Clairmont Road, between Clairmont Terrace and Wilmont Drive. Capitalization rate is based on income and expenses in place at time of sale



**Multi-Family Sale No. 5**



**Property Identification**

**Record ID** 1179  
**Property Type** Garden  
**Property Name** Village at Almand Creek  
**Address** 1825 Parker Road, Conyers, Rockdale County, Georgia 30094  
**Tax ID** 045-0-01-039E

**Sale Data**

**Grantor** Almand Creek, LLC  
**Grantee** MAR Almand Creek, LLC  
**Sale Date** May, 2015  
**Deed Book/Page** 5693-0274  
**Property Rights** Leased Fee  
**Conditions of Sale** Arm's Length  
**Financing** Cash to seller

**Sale Price** \$24,000,000

**Land Data**

**Land Size** 29.300 Acres or 1,276,308 SF  
**Topography** Gently rolling  
**Utilities** All available  
**Shape** Irregular

<u>Unit Type</u>	<u>Unit Mix</u>		<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>		
1/1	24	976		
1/1	48	988		
2/2	18	1,277		

**Multi-Family Sale No. 5 (Cont.)**

2/2	36	1,190
2/2	30	1,145
2/2	50	1,322
3/2	30	1,300

<b>Total Units</b>	236
<b>Avg. Unit Size</b>	1,170
<b>Net SF</b>	276,124

**General Physical Data**

<b>Construction Type</b>	Wood frame w/ brick and siding veneer
<b>Electrical</b>	Assumed adequate
<b>Stories</b>	3
<b>Unit Amenities</b>	Patios/Balconies, Fire places, Ceiling Fans, Crown molding, granite counters, washer & dry
<b>Project Amenities</b>	Outdoor Pool, Outdoor Tennis, Clubhouse, Laundry, Exercise/Fitness, Playground
<b>Year Built</b>	2002
<b>Condition</b>	Average to good

**Income Analysis**

<b>Net Operating Income</b>	\$1,608,000
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**Indicators**

<b>Sale Price/Gross SF</b>	\$86.92
<b>Sale Price/Unit</b>	\$101,695
<b>Occupancy at Sale</b>	95%
<b>Overall or Cap Rate</b>	6.7%
<b>NOI/SF</b>	\$5.82 Gross
<b>NOI/Unit</b>	\$6,814

**Remarks**

This was the sale of a market-rate apartment complex located in Conyers, GA. It was built in 2002 and is considered to be in overall average to good condition. This was reported as an off-market deal with no sale conditions.



# EHA

EVERSON,  
HUBER &  
ASSOCIATES, LC

*Commercial Real Estate  
Services*

3535 Roswell Road, Suite 55  
Marietta, Georgia 30062  
Phone: (770) 977-3000

Web Site: [www.ehalc.com](http://www.ehalc.com)

## PRINCIPALS

Harry A. Everson, MAI, CCIM  
Stephen M. Huber

## ASSOCIATES

Timothy P. Huber  
Ingrid N. Ott  
Jon A. Reiss  
George H. Corry III  
A. Mason Carter

## RESEARCH

Douglas M. Rivers

## ADMINISTRATIVE

Pauline J. Hines

March 7, 2016

Mr. Jerome Russell  
H.J. Russell and Company  
504 Fair Street SW  
Atlanta, Georgia 30313

RE: GA DCA Appraisal Report for:

Villages of Castleberry Hill Apartments – Phase I (166 Units)  
600 Greensferry Road Avenue  
Atlanta, Fulton County, Georgia 30314

Dear Mr. Russell:

At your request, we are pleased to submit this letter of engagement to provide an Appraisal Report for the above listed property. The appraisal is to be compliant with the Georgia Department of Community Affairs Appraisal Guide, and will be presented in a comprehensive narrative format. The report is to be used by the addressee in conjunction with a Low income Housing Tax Credit Application.

The subject property is a 166-unit mixed income, family apartment complex that is proposed for substantial rehabilitation and RAD conversion of the ACC units to PBRA. The one-, two-, and three-bedroom units contained in three-story garden buildings.

The fee for the DCA Appraisal is \$6,000, with half due upon engagement as a retainer, and the balance due upon delivery of the report. We will initially provide an electronic draft report by March 25, 2016, to be followed by three (3) hard copies of the report upon request. Timely delivery of the report is dependant on receipt of the signed engagement letter, retainer check, and requested information needed to complete the assignment (list provided separately with this letter).

Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event, such as the approval of a loan. If, for whatever reason, financing should not occur, our fee will still be due and payable upon completion of the assignment.



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Services*

DCA Appraisal – Castleberry Hill  
March 7, 2016  
Page 2

Additional work requested by the client beyond the appraisal will be billed at our prevailing hourly rate. This includes, but is not limited to, preparation for court testimony, depositions, or other proceedings relevant to our value opinion, and actual time devoted to the proceeding.

The report will be prepared in conformity with, and will be subject to, the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute. The report will also conform to the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

Please authorize us to proceed by signing below and returning the document back to us via email (shuber@ehalc.com). Information required to complete the assignment may be forwarded to the above address. If you have any questions or wish to discuss this proposal please call Steve Huber at 770-977-3000, extension 302.

We appreciate the opportunity to be of service to you on this assignment.


Respectfully submitted,

EVERSON, HUBER & ASSOCIATES, LC



Stephen M. Huber, Principal  
Certified General Real Property Appraiser  
Georgia Certificate No. CG001350

## AGREED AND ACCEPTED

  
Signature

president  
Title

H. Jerome Russell, Jr.  
Name (type or print)

03/08/2016  
Date





**QUALIFICATIONS OF  
STEPHEN M. HUBER  
EVERSON, HUBER & ASSOCIATES, LC**  
3535 Roswell Road, Suite 55, Marietta, Georgia 30062  
(770) 977-3000, Ext. 302  
E-mail: shuber@ehalc.com

**EXPERIENCE**

Twenty-nine years appraisal experience as an independent fee appraiser with regional and national firms based in Atlanta, Georgia. Partner of Everson, Huber & Associates, LC since establishment in January 1995. Prior employers were CB Commercial Real Estate Group, Inc. - Appraisal Services (1991-1995), and McColgan & Company, Inc. (1986-1991). Appraisals have been performed on virtually all types of commercial real estate located throughout the eastern portion of the nation. Property types appraised include apartments, condominiums, subdivisions, hotels, industrial, office, and retail. Numerous major and secondary markets have been visited, including such cities as Atlanta, Augusta, Birmingham, Charlotte, Charleston, Chattanooga, Cincinnati, Columbus, Columbia, Huntsville, Knoxville, Louisville, Macon, Memphis, Miami, Mobile, Montgomery, Nashville, Orlando, Raleigh, Richmond, Savannah, Tampa, Tallahassee, and Washington D.C. Appraisal assignments have been prepared for financial institutions, government entities, insurance companies, portfolio advisors, private investors, and owners.

**CERTIFICATION**

Certified General Real Property Appraiser: State of Georgia - Certificate Number CG001350

Certified General Real Property Appraiser: State of Alabama - Certificate Number G00625

Certified General Real Property Appraiser: State of Tennessee - Certificate Number 3855

**EDUCATION**

Bachelor of Science in Business Administration, Major in Finance,  
Bowling Green State University, Bowling Green, Ohio

Appraisal Institute courses and seminars completed are as follows:

Course 1A-1	Basic Appraisal Principles
Course 1A-2	Basic Valuation Procedures
Course 1B-A	Capitalization Theory & Techniques, Part A
Course 1B-B	Capitalization Theory & Techniques, Part B
Course 2-1	Case Studies in Real Estate Valuation
Course 2-2	Report Writing and Valuation Analysis
Course 410	Standards of Professional Practice, Part A (USPAP)
Course 420	Standards of Professional Practice, Part B
Seminar	Rates, Ratios, and Reasonableness
Seminar	Demonstration Appraisal Report Writing - Nonresidential
Seminar	Computerized Income Approach to Hotel/Motel Market Studies and Valuations
Seminar	Affordable Housing Valuation

Continuing education courses completed during last five years include:

2010-2011 National USPAP  
Appraising And Analyzing Retail Shopping Centers For Mortgage Underwriting  
Subdivision Valuation  
Expert Witness Testimony  
Business Practices And Ethics – Appraisal Institute  
Appraiser Liability  
Private Appraisal Assignments  
Modular Home Appraising  
Tax Free Exchanges  
Valuation of Detrimental Conditions

**PROFESSIONAL**

Candidate for Designation of the Appraisal Institute

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

**ORIGINALLY LICENSED**

07/11/1991

**END OF RENEWAL**  
12/31/2016



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

62117553

**STEPHEN MICHAEL HUBER**

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WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

62117553

**QUALIFICATIONS OF  
TIMOTHY P. HUBER  
EVERSON, HUBER & ASSOCIATES, LC**  
3535 Roswell Road, Suite 55  
Marietta, Georgia 30062  
(770) 977-3000, Ext. 305  
E-mail: thuber@ehalc.com

**EXPERIENCE**

Associate appraiser with Everson, Huber & Associates LC, since 1996. Prior employers include Ackerman & Company as Director of Research (1994-1996), and McColgan & Company as Research Associate (1993-1994). Appraisals have been performed on virtually all types of commercial real estate. Locations of properties appraised include 18 states, but most are concentrated in the Southeast. Major metropolitan areas include such cities as Atlanta, Augusta, Savannah, Columbus, Macon, GA; Nashville, Memphis, Knoxville, Chattanooga, Kingsport-Bristol, TN; Miami, Tampa, Orlando, Jacksonville, Pensacola, FL; Birmingham, Huntsville, Mobile, Montgomery, Tuscaloosa, AL; Columbia, Charleston, Greenville, Spartanburg, Myrtle Beach, SC; Charlotte, Raleigh, Greensboro, Durham, Winston-Salem, NC; New Orleans, Baton Rouge, Shreveport, LA; Dallas-Fort Worth, Houston, TX; Lexington, KY; Richmond, VA; St. Louis, MO; Cleveland, OH; Indianapolis, IN; and Detroit, MI. Clients have included large and small financial institutions, and government agencies.

**EDUCATION**

Bachelor of Science, dual Majors in Finance and Economics, Kennesaw State University, Kennesaw, Georgia.

The Appraiser Registration/Licensure Program, Georgia Institute of Real Estate. (This course fulfills the requirements of Chapter 539-2 under Rules and Regulations of the Georgia Real Estate Appraisers Board.)

Appraisal Institute courses as follows:

Course 410	Standards of Professional Practice, Part A (USPAP)
Course 420	Standards of Professional Practice, Part B
Course 400	National USPAP Update Course
Course 310	Basic Income Capitalization
Course 320	General Applications
Course 510	Advanced Income Capitalization
Course 520	Highest & Best Use and Market Analysis
Course 540	Report Writing and Valuation Analysis
Course 550	Advanced Applications

**CERTIFICATION/ LICENSE**

Certified General Real Property Appraiser: State of Georgia - License Number 6110  
Certified General Real Property Appraiser: State of Florida - License Number RZ3001  
Certified General Real Property Appraiser: State of Alabama - License Number G01269  
Licensed Real Estate Salesperson: State of Georgia - License Number 174377

**PROFESSIONAL**

Candidate for Designation of the Appraisal Institute

# STATE OF GEORGIA REAL ESTATE APPRAISERS BOARD

TIMOTHY PATRICK HUBER

6110

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

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30551151

TIMOTHY PATRICK HUBER

# 6110  
Status ACTIVE

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

ORIGINALLY LICENSED

06/06/1997

END OF RENEWAL  
06/30/2016



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

30551151

TIMOTHY PATRICK HUBER

# 6110  
Status ACTIVE

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Atlanta, GA 30303-1605



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

30551151



**QUALIFICATIONS OF  
A. MASON CARTER  
EVERSON, HUBER & ASSOCIATES, LC**  
3535 Roswell Road, Suite 55  
Marietta, Georgia 30062  
(770) 977-3000, Ext. 313  
E-Mail: mcarter@ehalc.com

**EXPERIENCE**

Associate appraiser with Everson, Huber & Associates, LC, since August 2007. Prior employer was McColgan & Company, LLC as an associate appraiser (2005-2007). Appraisal assignments have been performed on several types of commercial real estate located throughout metro Atlanta and the southeastern United States. These property types include vacant land, light manufacturing buildings, single- and multi-tenant office buildings, single- and multi-tenant warehouse/distribution buildings, shopping centers, residential shopping centers, apartment complexes, and residential subdivisions. Appraisal assignments have been prepared for financial institutions and owners

**EDUCATION**

Texas Christian University, Fort Worth, Texas; Major Economics, 2003

Professional courses/test by the Appraisal Institute (These courses fulfill the requirements of Chapter 539-2 under the Rules and Regulations of the Georgia Real Estate Appraisers Board):

Appraisal Principles  
Appraisal Applications  
USPAP  
Business Practices and Ethics  
Analyzing Operating Expenses  
Forecasting Revenue

**CERTIFICATION**

State Registered Real Property Appraiser: State of Georgia—Certificate Number 319489

**PROFESSIONAL**

Practicing Affiliate of the Appraisal Institute

# STATE OF GEORGIA REAL ESTATE APPRAISERS BOARD

**ASHLEY MASON CARTER**

**319489**

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Vice Chairperson

27676224

**ASHLEY MASON CARTER**

# 319489

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Atlanta, GA 30303-1605

**ORIGINALLY LICENSED**

03/06/2007

**END OF RENEWAL**  
05/31/2016



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

27676224

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