COMPLETE APPRAISAL PRESENTED IN A

SELF-CONTAINED REPORT FORMAT

OF

"GATEWAY CAPITOL VIEW"

A PROPOSED 162-UNIT ELDERLY (55+) APARTMENT COMPLEX

FINANCED WITH $3M HOME LOAN, WALKER & DUNLAP LOAN AND 9% LOW INCOME HOUSING TAX CREDITS

LOCATED AT

1374 MURPHY AVENUE

SOUTHEAST CORNER OF DILL AVENUE AND MURPHY AVENUE

IN THE INCORPORATED CITY OF ATLANTA, FULTON COUNTY, GEORGIA

PREPARED FOR:

MS. MARIE PALENA
GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS
60 EXECUTIVE PARK SOUTH, NE
ATLANTA, GEORGIA 30329-2231

PREPARED BY:

ANDY SHEPPARD, MAI
PRITCHETT, BALL & WISE, INC.
2295 PARKLAKE DRIVE
SUITE 425
ATLANTA, GA 30345

PBW #7843

EFFECTIVE DATE: JUNE 8, 2016
DATE PREPARED: JUNE 23, 2016

PRITCHETT, BALL & WISE, INC.
REAL ESTATE APPRAISERS & CONSULTANTS
2295 PARKLAKE DRIVE, SUITE 425
ATLANTA, GA 30345

George S. Petkovich, MAI, CCIM
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June 23, 2016

Ms. Marie Palena
Georgia Department of Community Affairs
60 Executive Park South, NE
Atlanta, Georgia 30329-2231

Re: Appraisal of the Proposed 162-unit "Gateway Capitol View" to be Developed in the Incorporated City of Atlanta, Fulton County, Georgia, Utilizing a DCA HOME Loan, Walker & Dunlap Loan and 9% Low Income Housing Tax Credits

Ms. Palena:

At your request, I have inspected the site and appraised the above-referenced proposed development at completion and at stabilization, as well in its "as is" condition (as vacant land). The scope of work included a review of plans and specifications prepared by Geheber Lewis & Associates, a review of a recent market study prepared by Real Property Research Group, as well as the current DCA Core Funding Application and underwriting materials provided by the Georgia Department of Community Affairs.

Pritchett, Ball & Wise, Inc. was engaged to appraise the subject property on May 19, 2016. The Georgia Department of Community Affairs is the client and intended user of the report. Additional intended users of the report are Capitol View Senior Residences I, LP, Capitol View Gateway Senior GP, LLC, and Prestwick Development Company as well as any mortgagee(s) with an interest secured by the subject property, all of whom may rely on the value conclusions contained within this report. The purpose of the report is for financing construction of the proposed subject development. The effective date of appraisal is June 8, 2016, which is commensurate with the appraiser's recent inspection of the site.

The attached Appraisal Report has been prepared in conformance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice ("USPAP") as promulgated by the Appraisal Foundation, the Standards of Professional Practice ("SPP") of the Appraisal Institute, the Financial Institutions Reform Recovery and Enforcement Act of 1989 ("FIRREA"), and the rules and regulations of the Georgia Real Estate Appraisers Board ("GREAB").

Per USPAP (2016-2017 Edition) requirements, the appraiser affirms that I have had no prior involvement with the subject property, in an appraisal-related capacity or in any other capacity, within the three year period preceding acceptance of the current appraisal assignment. The appraiser affirms that all aspects of this valuation have been free of influence from the client or any client representative, lender or borrower, or any other party, and that the appraiser has no current or prospective interest in the subject property or parties involved.

The appraiser was provided with a recent market study for the subject property, dated January 30, 2015. The appraiser considers the market study to be reflective of current market conditions. The appraiser's independent analysis of the subject's market area is that there is sufficient demand to support the proposed project. The development's location was noted as being above, proximate to MARTA rail and Interstates, but in an historically depressed/stagnant submarket.

Land Valuation:

The subject site contains 3.089 acres of partially cleared and vacant land in one existing tax parcel. As of the effective date of appraisal, the appraiser estimates that the market value of the subject site is $1,490,000, rounded, which is equivalent to $9,198 per proposed unit and $482,357/acre.

FEE SIMPLE MARKET VALUE AS-IS (AS VACANT LAND)
—$1,490,000—

As Proposed Valuation:

In the appraiser's opinion, the market value of the fee simple interest in the subject, as-if completed and stabilized is $23,620,000, based on the projected debt structure and income parameters.

FEE SIMPLE MARKET VALUE, AS PROPOSED, AT STABILIZED OCCUPANCY
— $23,620,000 —

The appraiser estimates that construction should take 10 to 12 months to complete. Based on a review of the market analysis and independent analysis of the area, the appraiser believes that there is sufficient demand for the units such that stabilized occupancy could be reached in about twelve months after construction is completed. The appraiser has projected that 40 units will be absorbed in pre-leasing activities, while an average of ten units will be leased each month following completion until the property reaches stabilized occupancy. Net rent loss to the property during lease-up, considering all fixed expenses and variable expenses commensurate with occupancy over the lease-up period, has been estimated by the appraiser at $426,924. Consequently, the market value estimate at construction completion is $426,924 lower than the appraiser's estimated market value at stabilization, or $23,190,000, rounded.

FEE SIMPLE MARKET VALUE, AS PROPOSED, AT COMPLETION
— $23,190,000—

The proposed financing includes $9,676,515 in HOME funds, a $6,676,515 loan from Walker & Dunlap, and $853,533 in annual tax credits earned over ten years. The sale of tax credits for a reported $13,656,528 ($1.05 for every $1.00 in Federal Credits and $0.55 for every $1.00 in State Credits), the Walker & Dunlap loan and the HOME Loan will fund construction and operation of the property over the required and agreed-upon 35-year affordability period. The HOME funds provide a cash-flow loan at 1% interest and a 35-year amortization period and a 18 year balloon, whereas the Walker & Dunlap loan is at a 4.15% interest rate under the same 35-year amortization and balloon in Year 18.

Compared to debt service at market interest rates, the appraiser estimates the benefit of the below-market financing to be worth approximately $690,000, rounded.

MARKET VALUE OF THE FAVORABLE FINANCING
— $690,000 —

Subtracting the stabilized market value from the sum of all cash sources, the appraiser estimates that there is a surplus of approximately $286,957 in value relative to the amount of equity proposed.

At the end of Year 20, the market value of the property is estimated from the Income Approach at $12,140,000. This value is calculated by capitalizing Year 21's Net Operating Income by a terminal ["going out"] capitalization rate based on a theoretical reversion of the property in the 21st year of operations, assuming continued income-restricted operations.

MARKET VALUE - YEAR 20
--- $12,140,000 ---

The appraiser also provided an estimate of the fee simple market value of the property at stabilization, as if the property were unrestricted by the income and rental rate restrictions of the Section 42 program, assuming conventional ("market") rents. The appraiser estimates the fee simple market value, as if unencumbered, at $17,310,000, rounded, or $106,852/unit:

UNENCUMBERED MARKET VALUE AT MARKET RENTS
— $17,310,000 —

The facts and reasoning upon which this appraisal is based are contained in the attached narrative appraisal report.

Thank you for the opportunity to be of service.

Respectfully,
PRITCHETT, BALL & WISE, INC.

Andy Sheppard

6/23/2016

Andy D. Sheppard, MAI
Pritchett, Ball & Wise, Inc.
Georgia Certified General
Real Property Appraiser #7384

Date

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

AS PROPOSED CONCLUSIONS

Apartment Name:	Gateway Capitol View				
City/County/State:	Atlanta, Fulton County, Georgia				
Location/Address:	1374 Murphy Avenue				
Tax ID #:	14 012000040176				
Projected In-Service Date:	December 31, 2017				
Proposed # of Units & Target Market:	162	*ELDERLY (55+)*			
Proposed # of Residential Buildings:	1	Non-Residential:	1		
Proposed Building SF (Total), Gross:	170,805	Net SF (Total):	124,082		
Proposed *Average* Unit Size, Gross	797	Net SF (Avg):	766		
Proposed FAR / Calculated Density	1.27	Density:	52.44		
Land Area, Acres	3.0890	Unusable	0.00		
As-Is Market Value (Land Value)	$1,490,000	*$/Acre:*	*$482,357*	*$/Unit:*	*$9,198*

VALUE INDICATIONS, BY APPROACH, AS ENCUMBERED BY RESTRICTED RENTS

COST APPROACH	**$21,430,000**			
Segregated Cost Estimate		$17,700,000	$/Unit:	$109,259
Calculator Cost Estimate		$24,700,960		$152,475
Developer's Cost Estimate		$21,881,942		$135,074
INCOME APPROACH	**$25,800,000**			
Direct Capitalization Estimate		$25,880,921		
Discounted Cash Flow Estimate		$25,725,046		
SALES COMPARISON APPROACH	**Not Applicable***			

VALUE INDICATIONS, BY APPROACH, AT MARKET RENTAL RATES

COST APPROACH	**Not Applicable****	
INCOME APPROACH	**$15,898,497**	
Direct Capitalization Estimate		$16,066,993
Discounted Cash Flow Estimate		$15,730,000
SALES COMPARISON APPROACH	**$18,900,000**	

MARKET VALUE CONCLUSIONS [BASED ON AFFORDABILITY PERIOD]:

PROSPECTIVE MARKET VALUE AS STABILIZED	**$23,620,000**
- Rent Loss During Lease-Up Period	**-$426,924**
= PROSPECTIVE MARKET VALUE UPON COMPLETION	**$23,190,000**
- PV OF THE TAX CREDITS	**$13,656,528**
= Value Upon Stabilization, Excluding Tax Credits	**$9,963,472**
- PV OF ALL PROPOSED LOANS	**$9,676,515**
= Equity Earned [Stabilized Value - Credits - Total Debt]	**$286,957**
PV OF FAVORABLE FINANCING	$690,000
PV AS IF UNENCUMBERED [CONVENTIONAL APTS]	$17,310,000
Per Unit	$106,852
PROSPECTIVE VALUE AT LOAN MATURITY (YEAR 20)	**$12,140,000**
LOAN BALANCE AT END OF YEAR 20	$0

*Sales of Encumbered Apartments are rare, and typically involve a developer doing "a favor" by taking over the property for the equivalent of the remaining loan balance, typically in lieu of foreclosure.
**In most markets, the construction of good quality apartments is not feasible given the income and population levels of the trade area. Below-market loans and the sale of tax credits are typically the only way to make a project such as the subject's proposed development economically feasible.

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CERTIFICATION

We certify that, to the best of the appraiser's 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 the appraiser's personal, 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 we have no personal interest or bias with respect to the parties involved.
4. The appraiser's compensation is not contingent on an action or event resulting from the analyses, opinions or conclusions in, or the use of, this report. Future employment prospects are not dependent upon the appraiser producing a specified value. Employment of the appraisers and payment of the fee is not based on whether a loan application is approved or disapproved.
5. The appraiser's analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of The Appraisal Foundation. The appraiser's analysis, opinions and conclusions were developed, and the report has been prepared in conformity with the Georgia Real Estate Appraiser Classification and Regulation Act and the Rules and Regulations of the Georgia Real Estate Appraisers Board.
6. Andy Sheppard, MAI made a personal inspection of the subject site.
7. No one is credited with providing significant professional assistance to the report's signatory.
8. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report, especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute shall be disseminated to the public through advertising media, news media, sales media or any other public means of communication without the prior written consent and approval of the undersigned.
9. This appraisal report may be reviewed by duly authorized representatives of the Appraisal Institute as a part of peer review and/or compliance with the Institute's Standards of Professional Practice or Code of Ethics.
10. As of the date of this report, Andy Sheppard, MAI, has completed the requirements of the continuing education program for Designated Members of the Appraisal Institute.

Andy Sheppard

6/23/2016
Date

Andy D. Sheppard, MAI
Pritchett, Ball & Wise, Inc.
Georgia Certified General
Real Property Appraiser #7384

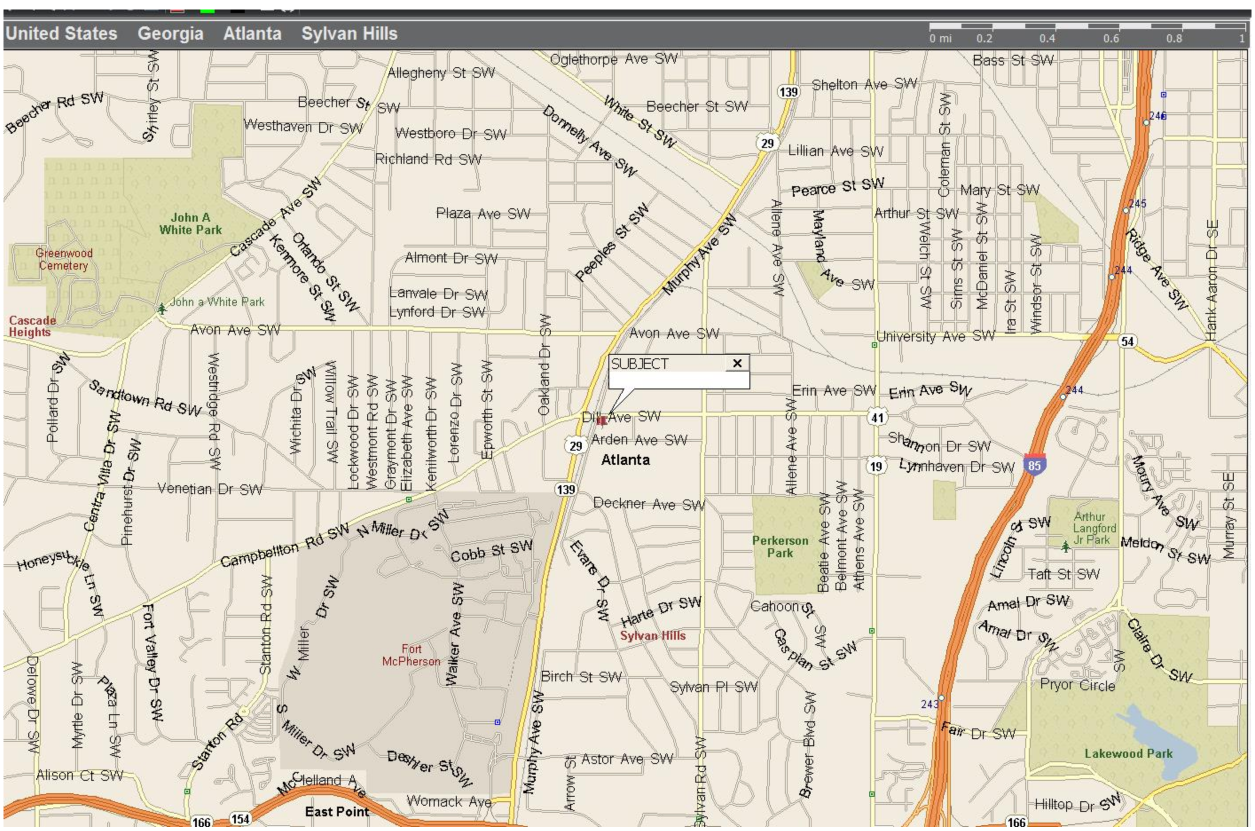
ASSUMPTIONS AND LIMITING CONDITIONS

1. The property description furnished the appraiser is assumed to be correct.
2. No responsibility is assumed for matters, which are legal in nature.
3. This appraisal assumes that the fee simple title to the property in question is marketable and unencumbered.
4. Any sketch or map in this report is included only to assist the reader and no responsibility is assumed for its accuracy.
5. The appraiser assumes that the soil and subsoil conditions are in harmony with the highest and best use. No geological reports have been furnished the appraiser.
6. Although the appraiser has made, insofar as is practical, every effort to certify as factual and true all data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraisers either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all conclusions and/or estimates of value.
7. Possession of this report, or a copy thereof, does not carry with it the right of publication.
8. This report may not be used for any purposes other than as stated in the report, by any other than the client(s) without previous consent of the appraisers and his client(s), and then only with proper qualification.
9. Unless otherwise stated in this report, the appraisers did not observe the existence of hazardous material, which may or may not be present on the property. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicted on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
10. Unless otherwise noted, the appraisers assume that the roofs, structural components, and mechanical and plumbing systems are to be built according to the plans and specifications provided the appraisers.
11. The projections of income and expenses are not predictions of the future. Rather, they are the best estimates of current market thinking about what future income and expenses will be. We make no warranty of representation that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the appraisers' task to estimate the conditions of a future real estate market; the appraisers can only reflect what the investment community envisions for the future in terms of rental rates, expenses and supply and demand.
12. We have not analyzed the property's compliance with, nor any costs associated with, the Americans with Disabilities (ADA), which extends civil rights protection to persons with disabilities. If any work must be completed to bring the subject into compliance with the law, we reserve the right to revise the appraiser's estimate of value.

13. The value estimates for the subject as improved are based on the ***extraordinary assumption*** that the proposed improvements are developed as indicated in the plans and specifications provided, with typically acceptable workmanship and materials. Further, this appraisal is made subject to the assumption that the apartment complex is occupied and operating within the constraints of the IRS Section 42 code pertaining to Low-Income Housing, and the requirements of the Georgia DCA.

Overview Photograph of Subject Site

Location of the Subject Property



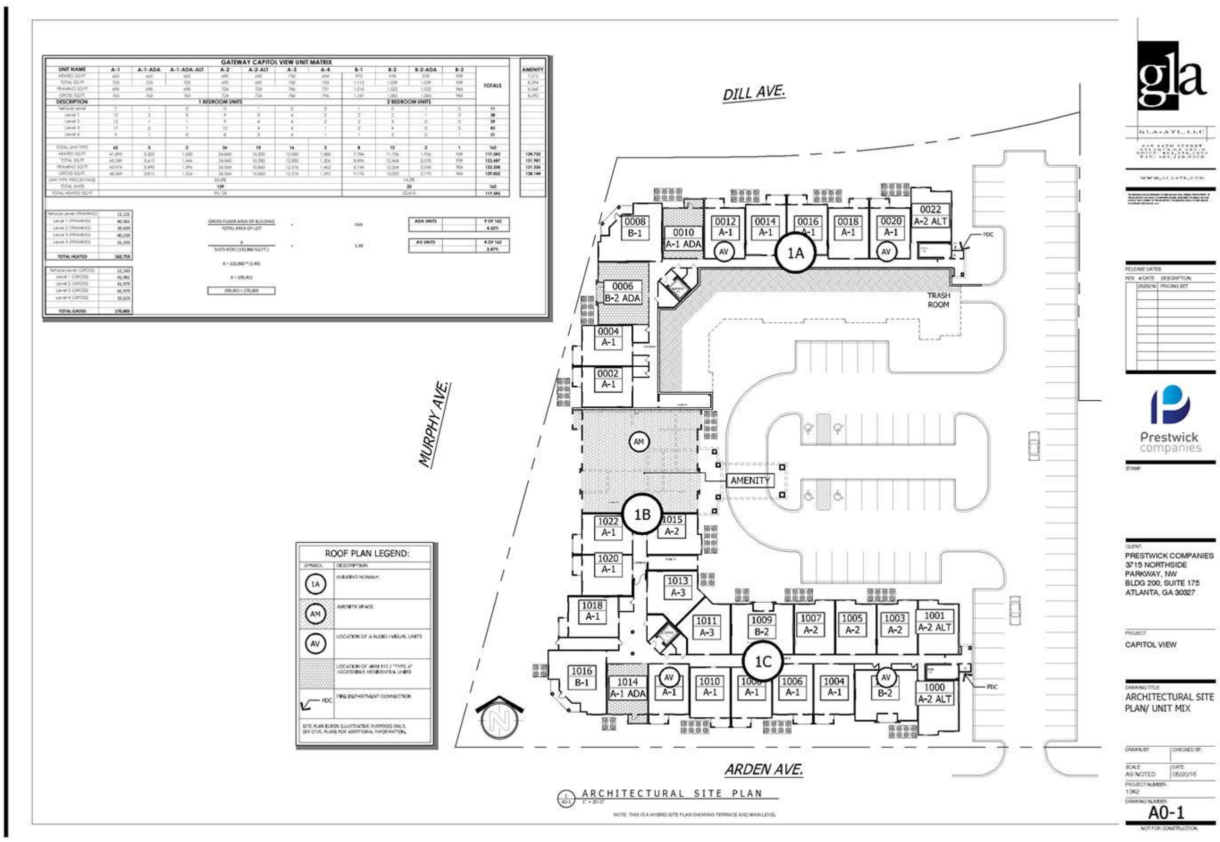
Aerial Photograph of Subject

GENERAL INFORMATION

IDENTIFICATION OF THE PROPERTY

The property being appraised is a proposed 162-unit apartment complex to be known as "Gateway Capitol View" in the City of Atlanta, Fulton County, Georgia. The subject site contains 3.09 acres of land located at the southeast corner of Dill Avenue and Murphy Avenue. The site currently has a street address of 1374 Murphy Avenue. The subject site is identified by Fulton County tax records as Parcel #14 012000040176.

The master site plan for the subject project is presented below:



PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to estimate the market value of the fee simple interest in the subject property "as is" (as vacant land) and as proposed, at completion and at stabilization. The Department of Community Affairs requires the market value of the proposed property as encumbered by the low-income requirements and as-if unencumbered by the requirements and available to be rented in the open market at "market" rental rates. Additionally, the DCA requires estimates for the favorable financing created by the below-market HOME loan, as well as an estimate at Year 20 of the property's operations.

INTENDED USE AND INTENDED USERS OF THE REPORT

The appraisal is to be used in support of an application for the award of funding through the Georgia Department of Community Affairs. The property will be financed using HOME loan funds, a Walker & Dunlap loan, and 9% Low Income Housing Tax Credits. The Georgia Department of Community Affairs is the client and intended user of the report. Additional intended users of the report are Capitol View Senior Residences I, LP, Capitol View Gateway Senior GP, LLC, and Prestwick Development Company as well as any mortgagee(s) with an interest secured by the subject property, all of whom may rely on the value conclusions contained within this report.

EFFECTIVE DATE

The effective date of this report and the appraiser's valuation is June 8, 2016, which is commensurate with the appraiser's recent inspection of the site.

EXTRAORDINARY ASSUMPTIONS

The value conclusions are based on the ***extraordinary assumption*** that the improvements are constructed per plans and specifications prepared by Geheber Lewis & Associates, dated 5/20/2016, with acceptable workmanship and materials. The value conclusions also assume that the apartment complex is occupied and operating on a stabilized basis within the constraints of the IRS Section 42 Low-Income Housing Tax Credit program and requirements of the Georgia Department of Community Affairs.

DEFINITIONS

The following definitions were taken from Multifamily Resource Bank Application, GHFA Guide, MF-180, August 1983, page 4. These definitions are also found in the 15th Edition of The Appraisal of Real Estate, published by the Appraisal Institute, and in the Uniform Standards of Professional Appraisal Practice (USPAP 2016-2017 Edition). The Market Value definition also conforms also with the 1989 Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA).

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

(a) Buyer and seller are typically motivated;
(b) Both parties are well informed or well advised, and acting in what they consider their own best interests;
(c) A reasonable time is allowed for exposure in the open market;
(d) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
(e) 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."

Exposure Time: Item "c" in the definition of Market Value requires that the appraiser specify "reasonable exposure time in the open market", which is the period prior to the effective date of the appraisal during which the subject has theoretically been available for sale. The subject is governed by unusual constraints in that it must be rented to low-income households for a period of at least 35 years.

The requirement of renting the proposed units to low-income residents for 35 years, with nominal cash flow in excess of subsidized debt service, translates into a property (as improved) that will be very difficult to sell in the open market. The appraiser researched several similar apartments over time that were being marketed, or that sold, and found that most deals took between one and two years to arrange. The sale of an operating low-income property is typically made in lieu of foreclosure due to decreased occupancy (poor management, lack of repairs, crime, worsening of the market area, etc.). Most "deals" that have transacted have been for the property's current loan payoff, plus some nominal fee, rather than true *market* transactions.

In the appraiser's opinion, "reasonable exposure time" for the subject, as restricted, is 12 months. This estimate includes the due diligence and application process to obtain the funds, both of which are time consuming activities. The appraisal also includes an opinion of value as if the subject were not restricted by the Section 42 program. In this case, I believe that a reasonable exposure period for an apartment complex in such a community is eight to twelve months, as the subject's market is relatively stable and not representative of considerable supply or forecasted growth of apartment properties.

Marketing Time: Georgia Department of Community Affairs requires an estimate of marketing time, which is the time looking forward (after the date of value) needed to transact the property. The process of applying for and obtaining tax credits is a time-consuming effort that relatively few investors are capable of managing. A sale of the proposed property with plans, loans and funding "in hand" would be atypical and generally only attractive to very few potential buyers. It is likely that this type of deal could be arranged and transacted within six months. After the property is developed and the built-in profit motivation is taken out, the property would have very little marketability to anyone as the prospective owner would be purchasing an asset with minimal cash flow and at least 35 years until the option of renting the restricted units at market (or selling the units based on anticipated rents at unrestricted rates) became available.

Fee Simple Estate is defined as "the absolute ownership unencumbered by any other interest or estate." A fee simple estate is subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

SCOPE OF WORK

Pritchett, Ball and Wise, Inc. was engaged to prepare an independent appraisal of the subject by Drew Swope, Finance Manager, on May 19, 2016. For the proposed development, Georgia Department of Community Affairs requires opinions of:

- Market Value, as-is (as vacant land);
- Market Value as proposed upon completion of construction, as encumbered by the IRS Section 42 rental restrictions;
- Market Value as proposed upon stabilized occupancy, as encumbered by the IRS Section 42 rental restrictions;
- Market Value upon stabilized occupancy, as though financed and leased under market conditions and not encumbered by rental restrictions;
- Market Value at the end of Year 20 of operations; and,
- Value of the Favorable Financing.

The appraiser reviewed all pertinent data provided on the subject site and proposed development including, but not limited to:

- Architectural plans for the proposed development from Geheber Lewis & Associates, dated 5/20/2016. (Selected pages included in the Addenda);
- January 30, 2015 Market Study from Real Property Research Group;
- DCA Core Funding Application (Relevant Portions Included in the Addenda);
- Interview with County tax officials; and,
- Governmental documents regarding zoning, permitting and utility availability.

The appraiser examined the subject site and interviewed buyers and sellers of this property type, as well as knowledgeable local real estate brokers, developers, appraisers and government officials familiar with the subject and its market area. The appraiser also verified current rental and expense data on competing units in the subject's market area with the owner or leasing agent.

APPRAISAL METHODOLOGY

Because of the financing and management constraints associated with the subject, the appraisal techniques and the reliance placed on the various approaches have been adjusted as discussed below:

<u>The Income Approach</u>: The proposed development is structured to provide below-market rents to low-income multifamily households under the IRS's Section 42 Low-Income Housing Income Tax Credit (LIHTC) program, enabled by the Tax Reform Act of 1986. The program is administered in Georgia by the Department of Community Affairs (DCA). Rents are set by the Department of Housing and Urban Development (HUD) not to exceed 30% of adjusted low-income household income ["Adjusted Monthly Income", or AMI] for housing costs, including a utility allowance.

In keeping with the goals of the LIHTC program, the subject will have 162 units that will be leased at subsidized rental rates, including no units at 30% AMI rates, 33 units at 50% AMI rates and 129 units at 60% AMI rates. The proposed development will include no unit set aside as a non-income-producing unit. For simplicity, the appraiser addressed this unit as a market-rate unit for Potential Gross Income purposes and included the same amount as an expense to balance the property's income statement.

A breakdown of the units and their respective rental rates is provided below:

Gateway Capitol View				
162	UNITS	MONTHLY	FOR TYPE	
NO. UNITS		RENT/UNIT	MONTHLY	YEARLY
	60% AMI UNITS			
16	1 BR / 1 BA (A1)	$712	$11,392	**$136,704**
46	1 BR / 1 BA (A2)	$712	$32,752	**$393,024**
49	1 BR / 1 BA (A3)	$712	$34,888	**$418,656**
13	2 BR / 2 BA (B1)	$847	$11,011	**$132,132**
5	2 BR / 2 BA (B2)	$847	$4,235	**$50,820**
	50% AMI UNITS			
28	1 BR / 1 BA (A3)	$712	$19,936	**$239,232**
3	2 BR / 2 BA (B1)	$847	$2,541	**$30,492**
2	2 BR / 2 BA (B2)	$847	$1,694	**$20,328**
162	**Gross Rental Income**	**$731**	**$118,449**	**$1,421,388**

	GROSS RESTRICTED	MARKET	% DIFF.
Average 1-bed:	$712	$909	-28%
Average 2-bed:	$847	$1,043	-23%

Under the LIHTC program, Net Operating Income (NOI) is significantly reduced relative to a conventional apartment complex rented at market rates. Consequently, the traditional Income Approach tools of capitalizing stabilized NOI or discounting annual cash flows (including a reversion) must be modified to recognize that the mortgage-equity factors are atypical of the market/conventional apartment property, and that a significant component of the return on equity comes from the monetization of tax credits.

The appraiser utilized the Income Approach on a debt/equity analysis, recognizing:

1. The present value of all proposed loans on the property;
2. The present value of the equity reflected by the Tax Credits;
3. The present worth of the after debt service revenue to the property over the affordability period [35 Years]; and
4. Reversion of the property at the end of the affordability period.

As a secondary technique, the appraiser employed a Discounted Cash Flow analysis on the property considering the Net Operating Income and all cash flows to the various parties involved. The Discounted Cash Flow analysis is somewhat less reliable, as the “inputs” are far more subjective over a prolonged term such as the 35-year affordability period during which the subject property will be constrained.

As part of the assignment, the DCA requires the appraiser to analyze the proposed subject development as if it were not restricted by the LIHTC program. In this "unrestricted" value estimate, the appraiser considers the property as if the program did not affect the property and the apartments could rent to anyone, regardless of income requirements, and at market rental rates. Under this scenario, Net Operating Income attributable to the property is capitalized using a Direct Capitalization method, while NOI over the holding period [the same 35-year affordability period is used] is discounted to present value, plus the present value of a property reversion at the end of the holding period. The Income Approach for this "unrestricted" valuation is based on the appraiser's estimate of market rent for the subject's market area [and/or surrounding cities with similar demographic characteristics] in the third party, private (non-subsidized) market, considering similar expenses and operation of the property, with the exception of a reduced management fee commensurate with less reporting required as part of the LIHTC program.

<u>The Sales Comparison Approach</u>: The Sales Comparison Approach does not directly apply in the valuation of the subject as encumbered because rents must remain at low levels in order to qualify for the tax credits. By design, there is little (if any) after debt service equity cash flow from the property during the affordability period. In exchange for the tax credits, the property owner is required to operate the property at rates that are well below that of market rates; thus, there is very little remaining "value" in the property because the funds offset the "profit" component in a typical apartment investment. This means that a sale in the open market, for what is the present worth of nominal annual cash flow over 35 years and a reversion [sale] of the property at the end of the 35-year affordability period, is exceedingly unlikely.

The use of the Sales Comparison Approach also tends to be limited in the valuation of the subject as unencumbered ("unrestricted"), for most markets. Affordable housing developments tend to be located in sparsely-developed areas where there are limited housing options, limited employment and moreover where income levels cannot support conventional construction. The Sales Comparison Approach is a method by which the appraiser compares the subject [new construction, of good quality and appeal] to recent sales of similar properties in the subject's trade area. This Approach requires sales of newer, market rental rate apartment complexes with similar design, number of units and allocation of units by type and size, for which there typically are not "comparable" properties.

New conventional/market apartment properties in rural markets typically feature low-cost construction and are small in their scale, offering little or no amenities and requiring only a nominal outlay from the property owner to cover insurance, taxes and interior maintenance. Conversely, the proposed subject development offers above-average construction and attractive amenities, a management company to regularly collect and report on tenant's income to ensure compliance, as well as an obligation for the owner to maintain the property and its units to a standard that discourages vacancy and ensures continued operations over the required affordability period.

The subject's market is relatively stagnant, due in large part to its location far from interstates, universities, employment opportunities and the economic base of larger surrounding cities. Conventional apartment sales are generally located in considerably superior areas; therefore, the usefulness of the Sales Comparison Approach is largely limited.

The Cost Approach: The Cost Approach is a critical component of the appraisal process, because the cost to construct the project (including builder's profit and land) becomes an important factor in determining the basis of the development's financing. For proposed construction, hard costs (materials) and typical soft costs such as labor and architectural/engineering costs can easily be measured against development costs from other newer complexes and from costing manuals. The market-based "entrepreneurial profit" is the difficult-to-estimate component of the Cost Approach on this specialized real estate product, but anticipated profit from this type of endeavor is typically analogous to conventional apartment development.

It should be noted that the Income Approach and Cost Approach are not reflective of the typical "market" value, as money to construct such a property is contingent upon renting the units to low-income households over an extended time period; however, there is a "market" of low-income developers that recognize the present worth of a fully-funded and accepted "shovel ready" project that they can take over and earn developer's fees and profit from constructing the project, with the understanding that there is nominal cash flow (by design) over the required affordability period. The market of buyers for the approved "package deal" is relatively small; however, the pool of LIHTC developers is well organized, well informed and adept at completing numerous projects annually.

DATA OF RECORD

Ownership and History

The subject land is currently owned in fee simple by Cliftwood Properties, LLC, following their purchase of the site from Olivia's Investments, Inc. in February 2007 for $750,000. The developer estimated a market value for the site in the Core Funding Application at $1,300,000. As reported below, the appraiser's estimate of land value ($1,490,000) is greater than the developer's estimate.

Legal Description

The subject itself is part of an existing tax parcel with a recently-recorded Limited Warranty Deed and legal description for the site. The deed's stated land area, at 3.09± acres, is consistent with the DCA Core Funding Application and building plans for the subject site.

EXHIBIT "A"

ALL THAT TRACT OR PARCEL OF LAND lying and being in Land Lot 120 of the 14th District of Fulton County, Georgia and being more particularly described as follows:

BEGINNING at the point located on the eastern right of way line of Murphy Avenue (50' R/W) where the northern right of way line of Arden Avenue (50' R/W) (after curving northwesterly, northerly and northeasterly to intersection on said eastern right of way line of Murphy Avenue) becomes the eastern right of way line of Murphy Avenue; and from the aforesaid POINT OF BEGINNING running thence along said easterly right of way line of Murphy Avenue North 16 degrees 32 minutes 00 seconds East 359.46 feet to a point; thence along a 13.72 foot radius curve an arc distance of 19.56 feet to a point located on the southern right of way line of Dill Avenue (50' R/W) (said arc being subtended by a chord to the right bearing North 56 degrees 47 minutes 00 seconds East 17.95 feet); thence South 89 degrees 06 minutes 08 seconds East 69.77 feet along said southern right of way line of Dill Avenue to a point; thence continuing along said southern right of way line of Dill Avenue and along an 820.72 foot radius curve an arc distance of 175.20 feet to a point (said arc being subtended by a chord to the left bearing North 84 degrees 50 minutes 32 seconds East 174.87 feet); thence continuing along said southern right of way line of Dill Avenue North 77 degrees 09 minutes 52 seconds East 49.46 feet to 1/2-inch rebar set; thence leaving said southern right of way line of Dill Avenue South 01 degrees 29 minutes 26 seconds West 187.92 feet to a 1/2-inch rebar found; thence South 01 degrees 29 minutes 26 seconds West 215.90 feet to a 1/2-inch rebar found on said northern right of way line of Arden Avenue; thence North 88 degrees 47 minutes 19 seconds West 386.56 feet to point; thence along 15.00 foot radius curve an arc distance of 21.72 feet to the POINT OF BEGINNING (said arc being subtended by chord to the right bearing North 38 degrees 54 minutes 55 seconds West 19.87 feet).

As shown on that certain survey entitled "ALTA/ACSM Land Title Survey certified to: Capitol View Properties I, LLC, a Georgia limited liability company, Gregory O. Cagle, Thomas G. Slappey and Michael T. Bryant and Chicago Title Insurance Company", prepared by SCI Development Services, bearing the seal and certification of John A. Steerman, Georgia Registered Land Surveyor No. 2576, dated July 21, 2006, last revised February 23, 2007.

S:\Orders\Orde-14\2-14000-2-14099\2-14098\Exhibit A.doc

TAXES AND ASSESSMENTS:

The subject is identified as the entirety of tax parcel 14 012000040176 by Fulton County. The entire tract was most recently assessed with a Fair Market Value of $349,200 in 2016, as previously zoned; I-2, Industrial. The appraiser estimates the current market value of the subject site, as zoned to permit multifamily development, is $1,490,000, rounded.

Millage Rate: The subject is located within the city limits of the City of Atlanta, in Fulton County, Georgia. The combined 2015 millage rate for Fulton County and the City of Atlanta was 45.341 Mills, or $0.045341 for every $1.00 in *Assessed Value*, which is 40% of Fair Market Value.

Property Taxes for the Subject, As If Improved:

By law, counties must tax at an assessment value [AV] which is 40% of Fair Market Value [FMV], multiplied by the applicable millage rate for the county and city (when property is within the city limits). Most taxing authority assess property based on cost estimates provided by the developer, tempered by their independent opinion of cost and consideration of assessments placed on other similar properties in the area. For proposed construction, it is important to note that Fulton County will not assess the proposed development at its full value until construction is completed. On January 1st of each year, taxing authorities assess new construction based on relative percentage of completion. Assuming that construction begins in the 1st Quarter of 2017 and that construction should be completed by the end of the 4th Quarter 2017, it is reasonable to expect that the assessor will base taxes on land value for 2017, followed by 100% of FMV for 2018 forward.

It should be noted that there is a wide disparity among subsidized and conventional apartment assessments. Most LIHTC developments where the City partnered with or otherwise incentivized development, taxes appear to be based on 1% of the assessed value, which is 40% of Fair Market Value. Two examples, Columbia at Blackshear and Veranda at Carver Hill, incurred a total tax of only $3.26 (total) and $8.90 (total), whereas other LIHTC developments such as Columbia High Point incurred a tax liability at $728 (total) and $8,875 (total). For whatever reason, additional elderly-restricted LIHTC developments, like Baptist Gardens, incurred a tax liability equal to $481/unit ($48,061). Conversely, two market rate properties analyzed were taxed at a Fair Market Value assessment equal to $162,315/unit, equating to a tax liability of $2,944/unit (2010-built “ENSO” apartments), and a FMV assessment equal to $119,886/unit, equating to a tax of $2,442/unit (2008-built "Glenwood East"). That being said, there is no clear cut way of saying whether the tax assessor will charge less than $10 or more than $100,000 for the subject development. The client provided evidence that the assessor's comments inferred a tax liability equal to $117,000 in Year 1, which will serve as the basis for reasonable taxes/methodology.

Calculating taxes based on expected NOI including taxes is iterative (or creates a "circular reference" in Excel parlance). Using a "rule of thumb" to estimate expenses is also problematic. Typically, taxes are extracted from the expense statement and the capitalization rate is "loaded" to estimate taxes. As noted, there is $1,421,388 in restricted income in Year 1, with $715,361 in Net Operating Income if one does not include tax. The capitalization rate is loaded by the tax millage rate (0.45341%), which equals a loaded capitalization rate of 10.5341. Dividing $715,361 in NOI by the loaded cap rate provides an indication of value at $6,790,910 ($41,919/unit), which infers a tax liability of $123,163 in Year 1, or $760/unit.

Given the above, it is reasonable to estimate that the FMV assessment will be based on a per-unit indication of $41,919/unit, which equates to a tax liability in Year 1 of $123,163, or $760/unit. In comparison, the developer estimated a tax liability at $117,000, or $879/unit.

ZONING:

The subject property is currently zoned MR-4A-C (Multi-Family) by the City of Atlanta. As proposed, the subject will be developed at 52.444 units per acre, which is consistent with most LIHTC properties in the region. The proposed development appears to conform to all existing zoning requirements, including density, lot size, height, nominal yard setback and typical design parameters.

Utilities:

The subject site is served by all public utilities, including sewer, through the city.

Easements and Restrictions:

The proposed property will be subject to typical utility easements only. The survey does not refer to any easements that affect the subject site. There are no known or reported encroachments, easements or deed restrictions on the site.

Floodplain:

The FEMA Flood Insurance Rate Map, Community Panel No. 13121C0358F, dated September 18, 2013, shows that no floodplain exists on the subject property or on surrounding properties. A copy of the FEMA map has been reproduced in the Addenda.

SITE DESCRIPTION

The subject site is located along a main north-south thoroughfare, three (±) miles north of the Atlanta Hartsfield Jackson International Airport, 1.25 miles south of I-20, 0.75 miles west of I-85, and about 1.5 miles southwest from the Central Business District of downtown Atlanta. The site is also located across Murphy Avenue from an existing MARTA rail stop, including an entrance across Arden Avenue from the subject running beneath Murphy Avenue, which is a sought-after resource for developers. Additionally, the site is within a few hundred feet south of the Beltline, a 22-mile loop of interconnected mostly abandoned rail lines currently being converted into mixed-use trails. Market conditions have limited Beltline development to pockets and more affluent areas; as such, the Beltline's impact remains a long-term proposition at/near the subject. In addition to these locational attributes, the subject site is diagonally located across from Fort McPherson, which began closing as part of the 2005 BRAC and which was most recently sold to Tyler Perry for conversion/use as a large-scale film studio endeavor.

The subject site offers a plateau of land area, sloped somewhat steeply from its Dill Avenue and Murphy Avenue frontages, with an at-grade and generally level area along its Arden Avenue frontage. The building site is positioned at roughly the same height as the MARTA rail lines to the west; higher levels of the proposed development will have a relatively unobstructed view of downtown Atlanta.

PROPOSED IMPROVEMENTS

The proposed development will target low-income elderly (55+) residents. Proposed construction details are taken from plans and specifications prepared by Geheber Lewis & Associates, dated 5/20/2016. The plans indicated that the building design complies with the American with Disabilities Act, the Tax Credit Requirements (for building construction), as well as fire resistance and sound rating requirements. The appraiser valued the subject under the hypothetical condition that the improvements are constructed in accordance with the plans and specifications cited herein, and with good quality workmanship.

The development will contain one residential building and one proposed contiguous community building with leasing office, community room, restroom, kitchenette, activity center, and computer room. The development will feature 139 one-bedroom units with one bath and 23 two-bedroom units with two baths. Unit sizes, design and layout appear to be consistent with the market. The construction technique is wood frame built-in-place. The foundation is four inch poured concrete over a packed gravel base with a polyethylene vapor barrier. The wood deck roof is surfaced in asphalt composition shingles over a wood truss system on a 6 to 12 pitch. The development includes the following features:

Living Units:

Living room, kitchen, bedroom, entry area, and bathroom with eight-foot ceilings, dishwasher, disposal, refrigerator, smoke detector, stove/range with vent fan, ceiling fans in living room, hollow core wood interior doors, and hollow core metal entry door.

Flooring:
- Carpet: Bedrooms and Closets
- Vinyl Tile: Bathrooms, Kitchen, Laundry, Mechanical

Walls and Ceiling:
- Painted Gypsum

Windows:
- Vinyl single hung, tempered glass fixed, vinyl frames

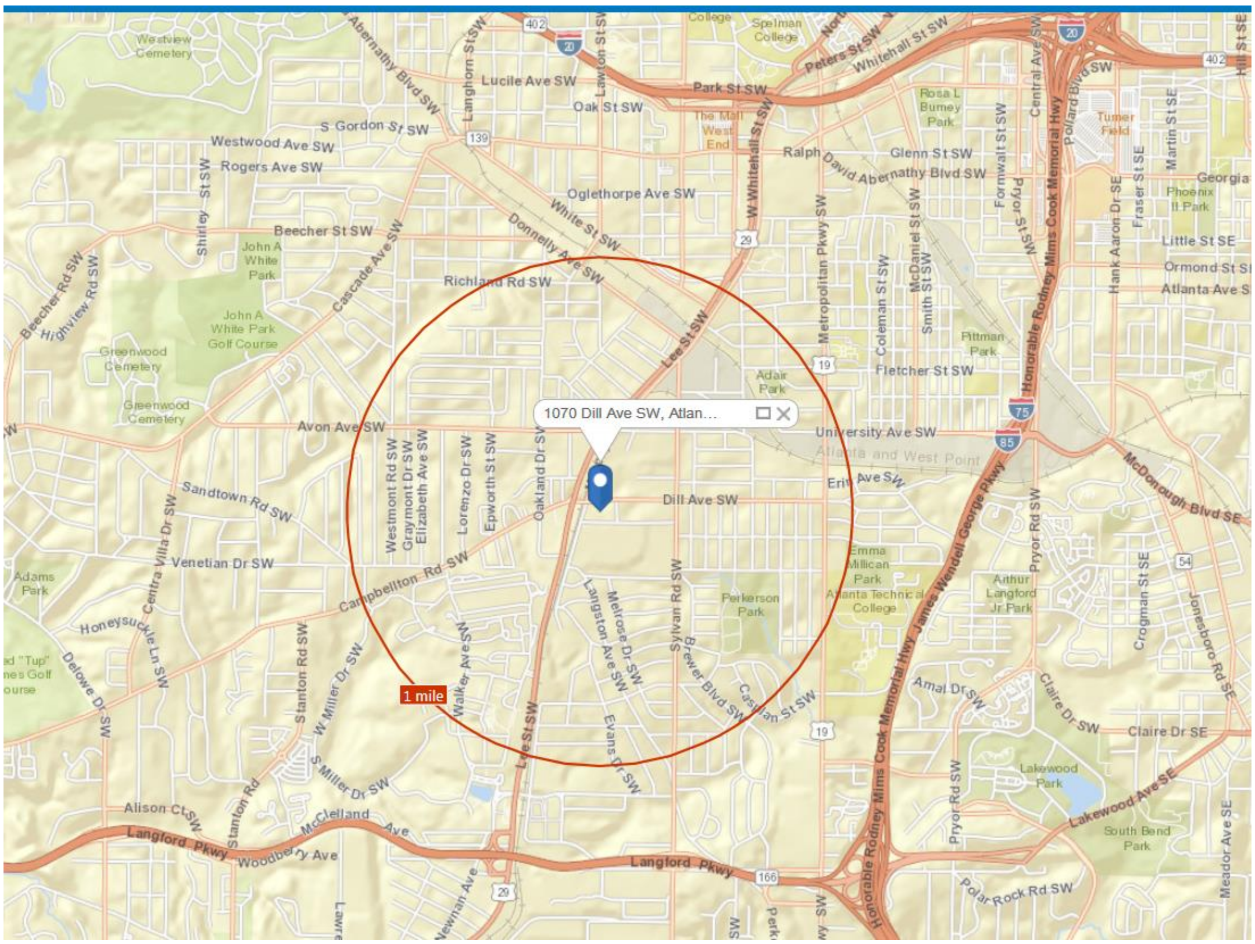
Doors:
- Aluminum storefront entry doors, wood/glass doors and hollow wood core doors.

The property will be professionally landscaped with sodded lawn areas and plantings. Asphalt paved areas will consist of an interior access drive with 87 striped parking spaces, with spaces reserved for handicap parking. With the exception of the proposed community center, there appears to be no additional outdoor recreational amenities included in the design.

Pertinent portions of the building plans have been reproduced in the Addenda, including exterior views, stacking plans and unit layout plans.

NEIGHBORHOOD OVERVIEW

The county includes a sprawling area with a diverse population and economic base that generally does not define the subject's specific primary market area; as such, the appraiser has considered the subject's primary trade area (or "neighborhood") to be defined as the area contained within a 1.0-mile radius from the subject. The following map illustrates the subject's primary trade area, which reflects similar time-distance relationships to retail, employment opportunities, schools and other factors, as well as being comprised of similar socio-economic characteristics.



The appraiser reviewed data from the Site to Do Business ("STDB"), a subscription-based aggregator of historic and projected population estimates, as well as income and household expenditure data throughout the United States. The appraiser has utilized demographic data from the subject's primary trade area, as well as from the county, Georgia, and the United States for comparative purposes. A copy of the summarized STDB demographic report has been reproduced below.

Executive Summary

1070 Dill Ave SW, Atlanta, Georgia, 30310
Rings: 1 mile radii

Prepared by Esri
Latitude: 33.71760
Longitude: -84.42331

	1 mile
Population	
2000 Population	12,376
2010 Population	9,723
2015 Population	9,502
2020 Population	9,596
2000-2010 Annual Rate	-2.38%
2010-2015 Annual Rate	-0.44%
2015-2020 Annual Rate	0.20%
2015 Male Population	47.8%
2015 Female Population	52.2%
2015 Median Age	35.9

In the identified area, the current year population is 9,502. In 2010, the Census count in the area was 9,723. The rate of change since 2010 was -0.44% annually. The five-year projection for the population in the area is 9,596 representing a change of 0.20% annually from 2015 to 2020. Currently, the population is 47.8% male and 52.2% female.

Median Age

The median age in this area is 35.9, compared to U.S. median age of 37.9.

Race and Ethnicity	
2015 White Alone	7.8%
2015 Black Alone	89.0%
2015 American Indian/Alaska Native Alone	0.1%
2015 Asian Alone	0.8%
2015 Pacific Islander Alone	0.1%
2015 Other Race	0.8%
2015 Two or More Races	1.4%
2015 Hispanic Origin (Any Race)	1.9%

Persons of Hispanic origin represent 1.9% of the population in the identified area compared to 17.6% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 23.1 in the identified area, compared to 63.0 for the U.S. as a whole.

Households	
2000 Households	4,263
2010 Households	3,607
2015 Total Households	3,558
2020 Total Households	3,614
2000-2010 Annual Rate	-1.66%
2010-2015 Annual Rate	-0.26%
2015-2020 Annual Rate	0.31%
2015 Average Household Size	2.65

The household count in this area has changed from 3,607 in 2010 to 3,558 in the current year, a change of -0.26% annually. The five-year projection of households is 3,614, a change of 0.31% annually from the current year total. Average household size is currently 2.65, compared to 2.68 in the year 2010. The number of families in the current year is 2,140 in the specified area.

Data Note: Income is expressed in current dollars
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

June 09, 2016

©2015 Esri

Executive Summary

1070 Dill Ave SW, Atlanta, Georgia, 30310
Rings: 1 mile radii

Prepared by Esri
Latitude: 33.71760
Longitude: -84.42331

	1 mile
Median Household Income	
2015 Median Household Income	$25,297
2020 Median Household Income	$27,053
2015-2020 Annual Rate	1.35%
Average Household Income	
2015 Average Household Income	$35,226
2020 Average Household Income	$39,578
2015-2020 Annual Rate	2.36%
Per Capita Income	
2015 Per Capita Income	$13,204
2020 Per Capita Income	$14,914
2015-2020 Annual Rate	2.47%

Households by Income

Current median household income is $25,297 in the area, compared to $53,217 for all U.S. households. Median household income is projected to be $27,053 in five years, compared to $60,683 for all U.S. households

Current average household income is $35,226 in this area, compared to $74,699 for all U.S. households. Average household income is projected to be $39,578 in five years, compared to $84,910 for all U.S. households

Current per capita income is $13,204 in the area, compared to the U.S. per capita income of $28,597. The per capita income is projected to be $14,914 in five years, compared to $32,501 for all U.S. households

Housing	
2000 Total Housing Units	4,799
2000 Owner Occupied Housing Units	2,283
2000 Renter Occupied Housing Units	1,980
2000 Vacant Housing Units	536
2010 Total Housing Units	4,823
2010 Owner Occupied Housing Units	1,796
2010 Renter Occupied Housing Units	1,811
2010 Vacant Housing Units	1,216
2015 Total Housing Units	4,864
2015 Owner Occupied Housing Units	1,584
2015 Renter Occupied Housing Units	1,974
2015 Vacant Housing Units	1,306
2020 Total Housing Units	4,960
2020 Owner Occupied Housing Units	1,600
2020 Renter Occupied Housing Units	2,014
2020 Vacant Housing Units	1,346

Currently, 32.6% of the 4,864 housing units in the area are owner occupied; 40.6%, renter occupied; and 26.9% are vacant. Currently, in the U.S., 55.7% of the housing units in the area are owner occupied; 32.8% are renter occupied; and 11.6% are vacant. In 2010, there were 4,823 housing units in the area - 37.2% owner occupied, 37.5% renter occupied, and 25.2% vacant. The annual rate of change in housing units since 2010 is 0.38%. Median home value in the area is $103,355, compared to a median home value of $200,006 for the U.S. In five years, median value is projected to change by 6.97% annually to $144,746.

Data Note: Income is expressed in current dollars
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

June 09, 2016

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General Population, Employment and Income Statistics: The population within a 1.0-mile radius of the subject experienced an annualized population loss at -2.38% between 2000 and 2010; however, losses slowed to -0.44% annually between 2010 and 2015. The area has a current population of 9,502 persons and is anticipated to grow by only 0.2% annually over the next five year period.

As reported, approximately 32.6% of the area's population lives in their own home, 40.6% rent, and a significant 26.9% of the area's dwellings are vacant. In comparison, the home ownership rate was 55.7% for the entire United States and 65.1% for all of Georgia. The area's population has a median age of 35.9, which is similar to a national average age of 37.9, reflecting the relatively middle-aged, established renter population base that lives in the area. Median Household Income for the area was $25,297 in 2015, as compared to $53,217 for the entire United States, $49,179 for all of Georgia and $55,733 for the Atlanta MSA.

Overall, the generic profile of the area's inhabitants includes a less affluent, somewhat younger populous which includes a high percentage of renter households.

Supply and Demand: As noted in the market study, there are several multi-family units in the area, including conventional and subsidized units. Most properties surveyed with above average finishes and appearances garner 95%+ occupancy, with several examples of properties at or near full occupancy. A more recent survey of units affirms high occupancies in the area. Also of note is that there are no additional proposed developments in the immediate area to directly compete against the subject development.

No.	Name/Location	Year Built	# Units	Occupancy
1	**Brookside Park** 565 St Johns Ave SW Atlanta, GA 30305	2004	200	96%
2	**Columbia at Mechanicsville Apartments** 525 Fulton St. SW Atlanta , GA 30312	2009	164	96%
3	**Columbia at Sylvan Hills** 1150 Astor Avenue SW Atlanta, GA 30310	2008	191	93%
4	**Villages at Carver** 174 Moury Avenue Atanta, GA 30310	2003	214	96%

In comparison with the existing supply in the area, the proposed subject units will be most attractive and well-built apartment units in the area. It is likely that there will be some “move up” demand as tenants in existing older apartments are informed that there are new units in the area.

SUMMARY

The appraiser projected a stabilized occupancy of 157 units, including a 3% vacancy and collection rate for normal turnover (downtime during cleaning/painting/repairs) and nominal credit loss. The appraiser estimates that approximately 40 units will lease prior to completion, due to advertising, followed by an average absorption rate of ten units per month until the property is stabilized (e.g., when 157 of the 162 units are occupied).

Apartment Rental No. 1

Name	:	Brookside Park
Street Address/Location	:	565 St Johns Ave SW
City/County/State	:	Atlanta, GA 30305
Occupancy	:	96%
Lease Term	:	12 months
Rent Concessions	:	None
Application Fee	:	$50
Deposit	:	$100
Year Completed	:	2004
Total Units	:	200

Property is on the east side of Metropolitan Parkway just north of Langford Parkway, in Atlanta. This property adjoins I-85 to the east. This four-story complex has brick and wood planking exterior. Amenities: Controlled Access Entry, Business Center, Clubhouse, Clothes Care Center, Pool, Community Playground, Access to Marta, Picnic Areas and Gazebo.

Type of Unit	Area SF	Monthly Rent	Monthly Rent/SF
1 BR/1 Bath	830	$955	$1.15
2 BR/2 Bath	1,119	$1,035	$0.92
3 BR/2 Bath	1,335	$1,125	$0.84

Apartment Rental No. 2

Name	:	Columbia at Mechanicsville Apartments
Street Address/Location	:	525 Fulton St. SW
City/County/State	:	Atlanta , GA 30312
Occupancy	:	96%
Lease Term	:	12 months
Rent Concessions	:	None
Application Fee	:	$19
Deposit	:	$300 to $600
Year Completed	:	2009
Total Units	:	164

Columbia at Mechanicsville, contains 164 units, was built in 2009 with brick/stucco exterior and flat membrane roof. The three-story apartment complex lies on the southeast corner of Fulton Street and McDaniel Street just south of I-20 with good access to the surrounding area. This complex has market and income dependant rent. The income dependant units are on a waiting list. Amenities: Business Center/Computer Lab, Exercise Facility, Playground, Secured Parking, Elevator.

Type of Unit	Area SF	Monthly Rent	Monthly Rent/SF
1 BR/1 Bath	750	$865	$1.15
2 BR/2 Bath	1,005	$950	$0.95
2 BR/2 Bath	1,157	$1,114	$0.96

Apartment Rental No. 3

Name	:	Columbia at Sylvan Hills
Street Address/Location	:	1150 Astor Avenue SW
City/County/State	:	Atlanta, GA 30310
Occupancy	:	93%
Lease Term	:	12 months
Rent Concessions	:	None
Application Fee	:	$50
Deposit	:	$300
Year Completed	:	2008
Total Units	:	191

Property is on the southwest corner of Astor Avenue SW and Arrow Street just north of Langford Parkway, in Atlanta. This four-story complex has wood planking and brick exterior. Amenities: Pool, Fitness Center, Laundry, Club House and elevator.

Type of Unit	**Area SF**	**Monthly Rent**	**Monthly Rent/SF**
1 BR/1 Bath	777	$800	$1.03
2 BR/2 Bath	1,065	$903	$0.85
3 BR/2 Bath	1,356	$1,160	$0.86

Apartment Rental No. 4

Name	:	Villages at Carver
Street Address/Location	:	174 Moury Avenue
City/County/State	:	Atanta, GA 30310
Occupancy	:	96%
Lease Term	:	12 months
Rent Concessions	:	None
Application Fee	:	$55
Deposit	:	$150
Year Completed	:	2003
Total Units	:	214

The Villages at Carver, contains 244 units, was built in 2003 with brick/wood planking exterior and gabled shingled roof. The apartment complex lies on the east and west sides of Moury Avenue just to the east of Pryor Street with good access to the surrounding area. Amenities Include: Clubhouse with Business Center, 2 Swimming Pools,Fitness Center,3 Children's Play Areas, Courtyard , Gazebos & Picnic Areas with Grill, Walking/Jogging Trail & Bike Path, Controlled-Access Gated Parking.

Type of Unit	Area SF	Monthly Rent	Monthly Rent/SF
1 BR/1 Bath	750	$910	$1.21
2 BR/2 Bath	946	$985	$1.04

HIGHEST AND BEST USE

The 15th Edition of the Appraisal of Real Estate, published by the Appraisal Institute, defines Highest and Best Use as follows:

> "The reasonable and probable use that supports the highest present value of vacant land or improved property, as defined, as of the date of the appraisal. The reasonably probable and legal use of land or sites as though vacant, found to be physically possible, appropriately supported, financially feasible, and that results in the highest present land value."

In addressing the highest and best use, there are four basic questions to be answered:

1) What uses of the site are physically possible;
2) What uses are permitted by zoning and deed restrictions on the site;
3) Which possible and permissible uses will produce a positive net return to the owner of the site; and
4) Among the feasible uses, which will provide the highest net return or highest present value?

As Vacant:

Physically Possible: As discussed in the description of the site, above, the property is of sufficient size and shape to physically support a number of uses. Of the physically possible uses, single- and multifamily development would be appropriate.

Legally Permissible: The subject site is currently zoned for multifamily development. Given its access and its proximity to adjacent single-family uses and the benefit of having a MARTA rail stop, a commercial or industrial use of the property would be unlikely. The property could be down-graded in zoning to permit single-family development. Of the legally permissible uses, only multifamily development is permissible without rezoning; however, a multi-family residential use is most likely its only legally permitted use.

Financially Feasible: Of the remaining physically possible and legally permissible uses, multi-family development – especially under the LITHC program -would be financially feasible. The subject is near existing multi-family development, and the site offers an above average location within its submarket.

Maximally Productive: The maximally productive use would be for multifamily development. Whereas typical single-family development in the area is at one house per half acre, the subject site is permitted for 52.444 units per acre based on its usable land area. Considering the relatively small size of typical single-family residences in the area, and that rent for a smaller house would likely be similar to that of an apartment unit, the maximally productive use of the more densely developed subject site would be for multifamily development.

The Highest and Best Use as vacant is concluded to be for multi-family development. This use is common in the subject's market and generally in harmony with the surrounding market area.

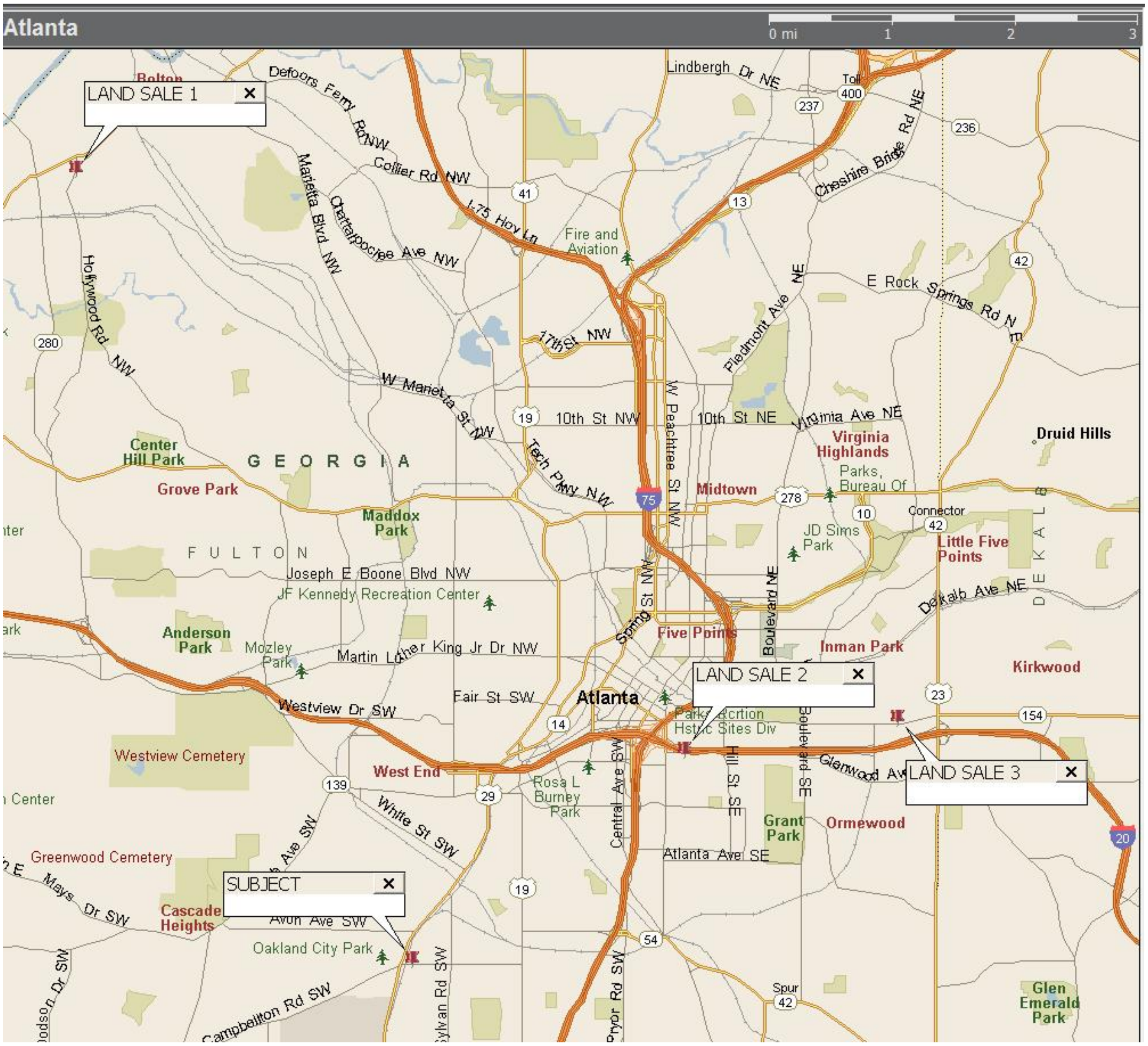
As-If Improved [As Proposed]:

The appraiser's analysis of the market indicates sufficient demand and an insufficient supply of low-income housing. The site is of adequate size, shape and location. Neighboring apartments illustrate both demand and utility of a multifamily use. The proposed unit mix and unit size is considered to be within normal ranges for other similar product in the subject's market. Considering the characteristics of the site, supply and demand factors, and improvement descriptions for the proposed subject development, the appraiser opines that the Highest and Best Use of the property as improved is for multifamily development as stipulated in the aforementioned construction plans and specifications.

MARKET VALUE OF THE SITE ("AS IS")

The appraiser utilized three recent sales, transacting between November 2014 and July 2015, from the surrounding area. A map and summary of the sales are presented on following pages.

Land Sales Map



COMPARABLE LAND SALE #1

Address/Location: 2039-2631 Hollywood Rd NW; City of Atlanta, Fulton County, GA; SE/C of Hollywood Rd and Main St NW
Tax Parcel ID: 17 025200050376; 327; 319; and, 227
Grantor: Artus, LLC (Peter Von Wismar)
Grantee: Dezhu US Investment, Inc. (Chen Yanfeng)
Deed Book / Page: 55248 / 247
Sale Price: $385,000
Sale Date: July 30, 2015
Days on Market: N/A
Site Area: 1.05± Acres, or 45,738± SF, per Deed
Units of Comparison: $8.42/SF, or $366,667/Acre
Verification: Public Records; Inspection

Location: Proximate to New Retail/Townhome Development
Land Area: Adequate
Shape: Irregular
Access/Frontage: 265± LF along Hollywood Rd NW; 111± LF along Main St NW
Visibility/Exposure: Good Corner Location along Two Main Collector Roads
Zoning/Use Potential: C-1 (Commercial)
Floodplain/Wetlands: None Noted
Topography: Level
Grading/Site Prep: Rough Graded
Utility Availability: All Available

Remarks: 1920-era homes demolished prior to sale. Adjacent PD-MU zoned retail/townhome development was bought/developed in 2008. The appraiser understands that the developer intends to create additional housing on the site, supplementing a student housing development restricted to Asian students attending Georgia Tech, located to the west/northwest of this site.

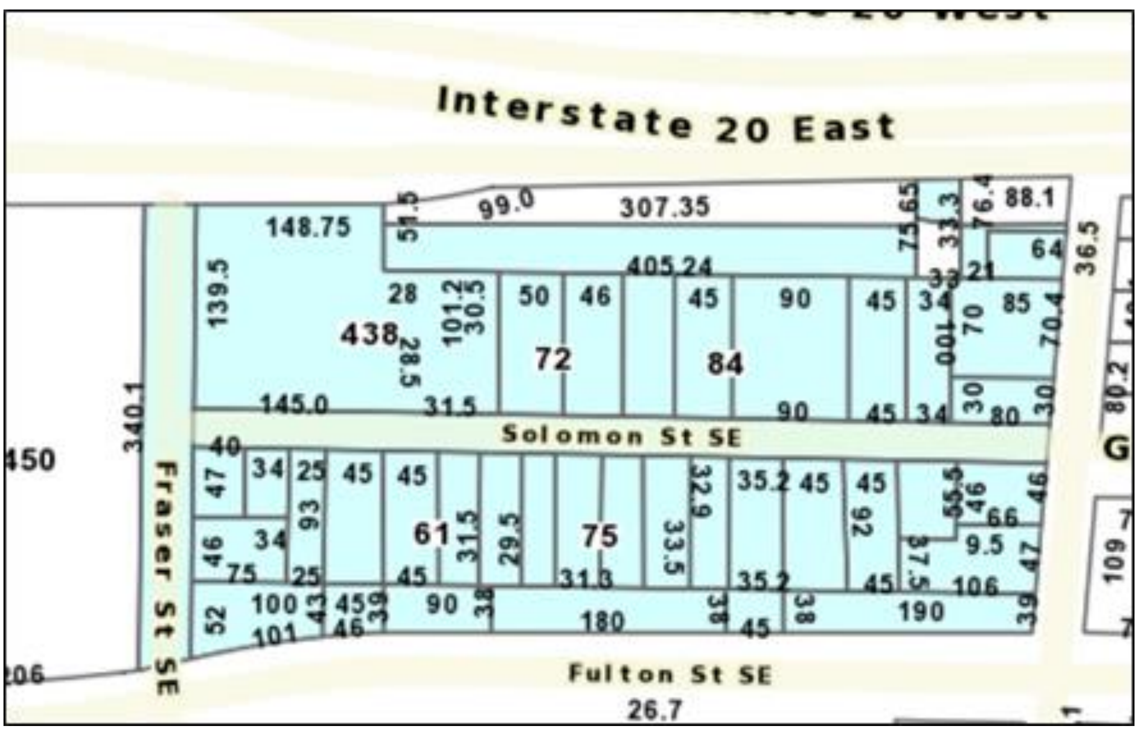
COMPARABLE LAND SALE #2

Address/Location: Solomon Street, Atlanta, Fulton County, GA; 30312
Tax Parcel ID: Multiple Parcels
Seller: Bank of the Ozarks
Buyer: Fulton 5, LLC (Breedlove Companies, Inc.)
Deed Book/Page: 54611/681
Sale Price: $1,700,000
Sale Date: February 3, 2015
Site Area: 5.03± Acres, 219,107 SF
Units of Comparison: $7.76/SF; $337,972/Acre
Verification: Tim Abney, Keller Williams Realty, 770-205-2600; Xceligent; Public Records; Inspection
Location: City Block along Both Sides of Solomon Street; Just South of I-20
Access/Frontage: Fair
Zoning/Use Potential: Mix of Residential and Commercial
Topography: Generally Level
Utility Availability: All Available
Existing Infrastructure: Broken Asphalt, Two Abandoned House and One Occupied House

Remarks: Property consists of the properties colored in blue in the following illustrations. The sale consists of 48 contiguous parcels totaling 5.03 acres. The selling broker, Tim Abney with KW Properties, says there were five offers within one week of the site being listed. The list price was $1,500,000, and three of the initial offers were above the list price, including the eventual sales price ($1.7M). Reported complications with title documentation were resolved prior to the sale. The sale is accorded to be an arm's length transaction. The property is approved for a 10 story multi-tenant complex. The property is currently re-listed for sale at $5,000,000, or $22.81/SF, which is deemed to be well in excess of market.

Comparing this sale to sales of other sites in the area, it appears that the price was negatively influenced by title issues and/or the bank-owned nature of this sale. Best evidence is that this sale requires a 40% upward adjustment for conditions of sale, suggesting a sale-adjusted basis of $10.86/SF.

TAX AERIAL AND MAP – LAND SALE #2



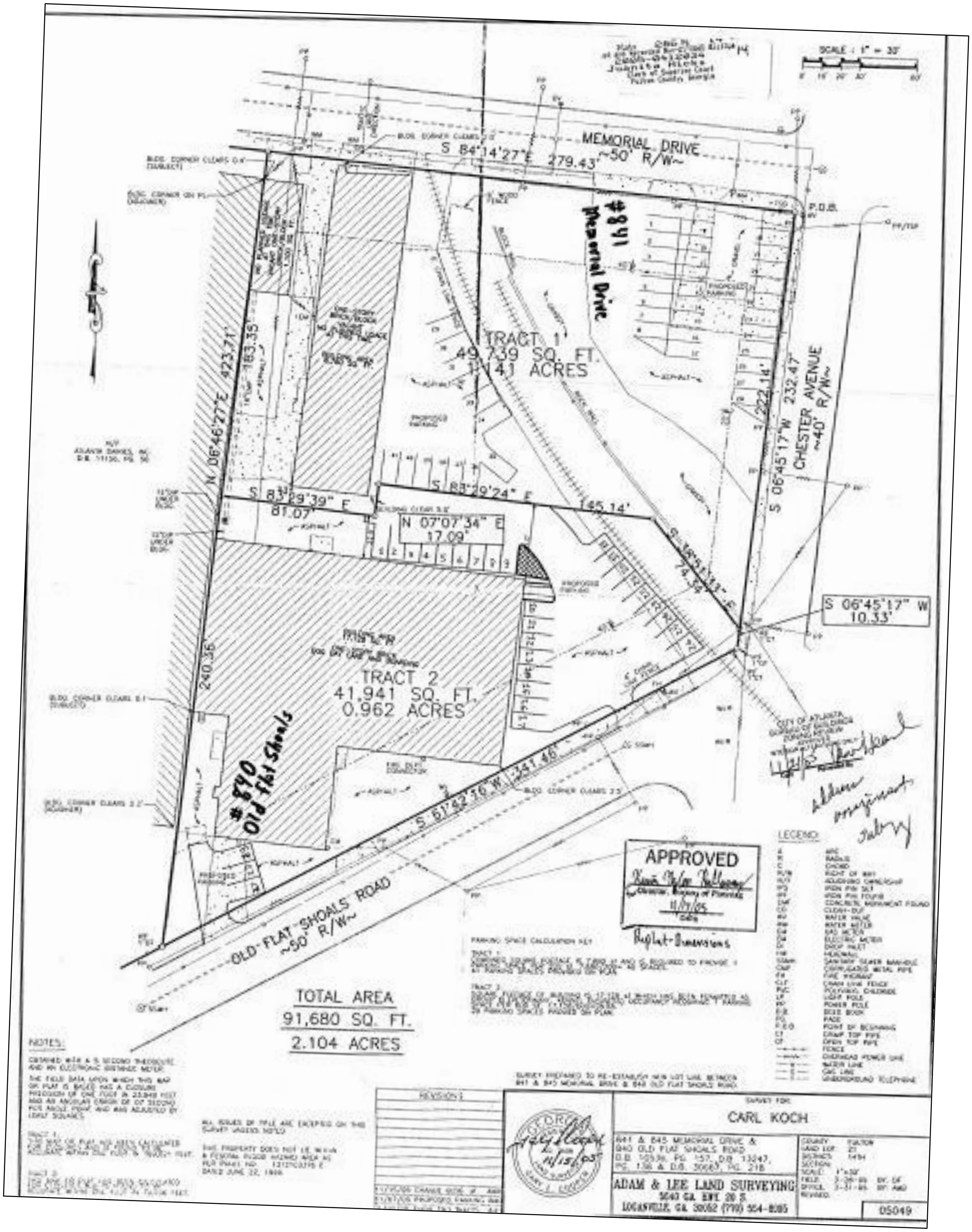
COMPARABLE LAND SALE #3

Address / Location:	841 Memorial Drive SE, Atlanta, GA 30312
Tax Parcel ID:	14 00210003016
Grantor:	RES-GA Memorial Drive, LLC (Rialto Capital Advisors, LLC)
Grantee:	841 Memorial Drive Holdings, LLC (Enfold Properties)
Deed Book / Page:	54425/428
Plat Book / Page:	286/14
Site Area:	1.141 Acres or 49,739 SF
Sale Price:	$925,000
Sale Date:	11/21/2014
Units of Comparison:	$18.61/Acre; $810,692/Acre; $11,563/Unit at 70 Units/Acre Density
Verification:	Xceligent; Public Records; Inspection

Surrounding Uses:	Mixed Uses
Shape / Land Issues:	Irregular
Access / Frontage:	Dual Frontage on Memorial Drive and Chester Avenue
Visibility / Exposure:	Average/Average
Zoning / Use Potential:	C-3; Commercial Service District, per City of Atlanta
Topography:	Level
Grading / Site Prep:	Old Abandoned Building with Old Asphalt Paving
Utility Availability:	All Available
Easement / Restriction:	None Noted

Remarks: Attempts to contact the listing broker, Nelson Vinson with McWhirter Realty Partners (678-385-2718) were unsuccessful. Verification of the sales price and date were from the Fulton County Deed Office. Site was purchased for an 80-unit apartment building.

SURVEY AND STACKING PLAN – LAND SALE 3




MEMORIAL DRIVE
LOWER LEVEL GARAGES
ROOFTOP TERRACE
301-B2
201-B2
101-B2HC
401-A2
302-A2
202-A2
102-A2
402-A1
303-A1
203-A1
103-A1
403-A2
304-A2
204-A2
104-A2
404-A1
305-A1
205-A1
105-A1
405-A2
306-A2
206-A2
106-A2
406-A1
307-A1
207-A1
107-A1
407-B2
308-B2
208-B2
LEASING
MAILBOXES
CLUB ROOM & FITNESS
319-B2
219-B2
118-B2
417-B1
318-B1
218-B1
117-S1
O1-S2
116-S1
O2-S2
416-A1
317-A1
217-A1
115-A1
O3-S4
415-A3
316-A3
216-A3
114-A3
O4-S4
414-A1
315-A1
215-A1
113-A1
O5-S4
413-A3
314-A3
214-A3
112-A3
O6-S4
412-A1
313-A1
213-A1
111-A1
O7-S4HC
408-S3
309-S3
209-S3
108-S3
ELEVATOR
409-S3
310-S3
210-S3
109-S3
410-A2
311-A2
211-A2
110-A2
411-B3
312-B3
212-B3
DRIVE THRU
COURTYARD & GRILLING AREA
DRIVEWAY
CHESTER AVENUE
LOWER ENTRY GATE
PARKING DECK
UPPER ENTRY GATE
DOG WALK
North
Reynoldstown
841
MEMORIAL
Atlanta, Georgia
SITE PLAN STACKING KEY
UNIT TYPES: STUDIO | 1 BEDROOM | 2 BEDROOM
841MEMORIAL.COM

ADJUSTMENTS TO COMPARABLE LAND SALES

Each sale presented below was evaluated on a per-acre and per-unit basis, and each sale was adjusted for dissimilarities between the sale property and the subject property, including any pertinent adjustment for both sale-specific characteristics and property-specific characteristics.

Sale-Specific Characteristic Adjustments: Of the comparable land sales, all were for fee-simple title, requiring no adjustment for property rights conveyed. All of the properties were sold with cash or cash-equivalent financing, requiring no adjustment for financing terms. With the exception of Sale 2, each sale sold without atypical conditions or motivations. Sale 2 included convoluted title issues which stalled the sale and forced the price downward; as noted, the appraiser adjusted this sale upward by 40%. No market conditions adjustment was considered reasonable, as most of the properties are currently agreed-upon prices for the land today.

Property-Specific Characteristic Adjustments: Adjustments for sale-specific characteristics are ordered adjustments, concluding at a preliminary adjusted sales price for the sale property, prior to adjustment for property-specific characteristics. These characteristics can be adjusted cumulatively, with “inferior” and “superior” factors balancing one another out.

Land Sale 1: The appraiser considered a slight downward adjustment for this sale’s smaller size; however, the sale is located in a generally inferior area and also lacks proximate access to MARTA rail. This multi-family zoned site will eventually be developed with an unknown amount of student housing units. This sale provides an adjusted price of $421,667/acre.

Land Sale 2: The appraiser considered this land sale, after adjustment for conditions of sale, to be very similar to the subject, with the exception of this sale lacking proximity to MARTA rail. The sale is located along the south side of I-20, but has somewhat convoluted and indirect access to I-20 and/or I-85/I-75. This sale provides an adjusted indication at $520,477/acre but has been given less consideration due to the magnitude of adjustments required.

Land Sale 3: The appraiser considers this sale’s market area to be considerably better, offering good access to I-20, a rapidly gentrifying area along Memorial Drive, and somewhat near retail along

Moreland Avenue, north of Memorial Drive. As noted, this sale was also developed at 70 units/acre, which is superior to the subject's 52 unit/acre proposed density. After adjusting this sale downward for its superior market and superior zoning, with a counter-acting upward adjustment for its inferior lack of a MARTA rail station near the site, the appraiser considers this sale to provide an adjusted value indication for the subject at $567,485/acre.

Adjusted Sales Summary:

After adjustment, the data indicate a unit of comparison between $421,667/acre and $567,485/acre for the subject. Most consideration was given to Sale 1. A weighted average of all three sales illustrates a value indication at $482,824/acre. As of the effective date of appraisal, the appraiser estimates a market value for the subject site at $1,490,000, rounded, which is equivalent to $482,357/acre and $9,198/unit proposed at the subject.

FEE SIMPLE MARKET VALUE OF SUBJECT SITE, AS-IS:

--- $1,490,000 ---

PROPERTY ADJUSTMENT GRID						
	LAND SALE #1		LAND SALE #2		LAND SALE #3	
Address:	2631 Hollywood Rd		Solomon St		841 Memorial Dr	
Development Name:	N/A		N/A		841 Memorial	
Grantee:	Dezhu US Investment		Fulton 5, LLC		841 Memorial Dr Holdings	
Sale Date:	7/30/2015		2/3/2015		11/21/2014	
Sale Price:	$385,000		$1,700,000		$925,000	
Total Land Area:	1.05		5.03		1.14	
Price/Acre (Gross):	$366,667		$337,972		$810,692	
Density:	N/A		N/A		70.11	
Price/Unit	N/A		N/A		$11,562.50	
ADJUSTMENTS FOR SALE:	**Condition**	**%**	**Condition**	**%**	**Condition**	**%**
Property Rights	No Adjustment		No Adjustment		No Adjustment	
Financing	No Adjustment		No Adjustment		No Adjustment	
Conditions of Sale	No Adjustment		Inferior	40%	No Adjustment	
Market Conditions	No Adjustment		No Adjustment		No Adjustment	
Total Adjustment for Sale	0.0%		40.0%		0.0%	
Prelim Adj. Sales Price	*$385,000*		*$2,380,000*		*$925,000*	
Prelim Indication ($/Acre)	*$366,667*		*$473,161*		*$810,692*	
Prelim Indication ($/SF)	*$8.42*		*$10.86*		*$18.61*	
Prelim. $/Unit	*N/A*		*N/A*		*N/A*	
ADJUSTMENTS FOR PROPERTY	**Comparability**	**%**	**Comparability**	**%**	**Comparability**	**%**
Size/Shape/Utility of Site	Superior	-5%	Similar		Similar	
Market Area	Inferior	10%	Similar		Superior	-20%
Location / Surroundings	Similar		Similar		Similar	
Access/Frontage	Similar		Similar		Similar	
Grading/Site Prep	Similar		Similar		Similar	
Topography/Flood	Similar		Similar		Similar	
Water Feature / Amenity	Similar		Similar		Similar	
Zoning / Dev. Density	Similar		Similar		Superior	-20%
Utility Service(s) Available	Similar		Similar		Similar	
Other	Inferior	10%	Inferior	10%	Inferior	10%
Easements/Restrictions	Similar		Similar		Similar	
OVERALL ADJUSTMENT	INFERIOR		INFERIOR		SUPERIOR	
TOTAL ADJUSTMENT	15%		10%		-30%	
ADJUSTED SALES PRICE	**$442,750**		**$2,618,000**		**$647,500**	
ADJ. $/AC	*$421,667*		*$520,477*		*$567,485*	
ADJ. $/SF	*$9.68*		*$11.95*		*$13.03*	
ADJ. $/UNIT	*N/A*		*N/A*		*N/A*	

COST APPROACH

As discussed in the Appraisal Methodology section of the report, the appraiser must rely heavily on the Cost Approach in determining the value of the proposed subject development upon completion and at stabilization. The Cost Approach is based on the economic principle of substitution - what a willing buyer would pay the market value of the site plus the replacement cost new, minus accrued depreciation from all sources [physical, functional and economic or external]. With proposed improvements, there is no accrued physical depreciation. According to the appraiser's analysis of the plans and the overall market, there is no functional or economic obsolescence for the proposed development. Consequently, the Cost Approach is generally a reliable appraisal technique for proposed improvements.

Replacement Cost New

The client provided the appraiser with a copy of the Office of Affordable Housing's Core Funding Application, which was submitted to DCA for approval and award of tax credits. The appraiser has reproduced selected pages from the application in the Addenda. Development cost information from the DCA application indicates a total development cost of $21,881,942, including land.

The appraiser utilized the Marshall & Swift Valuation Service (Marshall) to estimate construction costs for the proposed improvements using both the segregated cost and calculator cost methods. Marshall is a nationally recognized construction cost estimating service and regularly utilized by builders and appraisers. Section 12 ("Multiple Residences") of Marshall best describes the proposed improvements for use in the Calculator method, which is a relatively simplified cost estimate derived from a base price per square foot of improvements. This Section contains cost schedules for Class D (stick-built), low-rise apartment buildings. Similarly, the appraiser utilized Section 42 ["Dwellings, Multiples and Motels"] in the Segregated Cost analysis for estimating current building construction costs on a considerably more detailed component by component basis.

The Calculator method is an "average of averages," based on price per square foot for the typical "Class" and "Quality" of the building being appraised. It permits the appraiser to make a relatively quick cost estimate; however, this estimate is greatly influenced by the choice of the quality category. As illustrated in the chart below, the corresponding value estimate between "average" and "good" makes for a large difference in the value indication from this method. This method provides the appraiser with a range of values to reconcile against a breakdown of the property by component, which is a more detailed and accurate method of valuing proposed construction.

CALCULATOR METHOD MULTIPLE RESIDENCES					
	PER SF	MULTIPLIERS		ADJUSTED	
CONSTRUCTION QUALITY	**BRICK**	**CURRENT**	**LOCAL**	**$/Heated SF**	**$/Unheated**
AVERAGE	$72.54	1.01	0.93	$68.14	$17.03
GOOD	$98.57	1.01	0.93	$92.59	$23.15
EXCELLENT	$133.32	1.01	0.93	$125.23	$31.31
CLUBHOUSES (Sec. 11, Page 24)					
AVERAGE	$76.96	1.01	0.93	$72.29	$18.07
GOOD	$109.01	1.01	0.93	$102.39	$25.60
EXCELLENT	$150.91	1.01	0.93	$141.75	$35.44
BUILDING TYPE	**TOTAL SF**	**Unheated SF**	**AVERAGE**	**GOOD**	**EXCELLENT**
1	129,111	41,694	$9,507,437	$12,919,053	$17,473,553
	#	**SF (GROSS)**	**AVERAGE**	**GOOD**	**EXCELLENT**
TOTAL ALL RES BLDGS	2	212,499	$12,348,334	$16,779,367	$22,694,788
COMMUNITY BLDG	1	8,292	$638,152	$903,911	$1,251,346
BUILT-IN APPLIANCES	162		$416,340	$416,340	$416,340
TOTAL ADJ BLDG COSTS			$13,402,826	$18,099,618	$24,362,473
SITE IMPROVEMENTS			$296,991	$296,991	$296,991
SUBTOTAL			$13,699,818	$18,396,609	$24,659,465
LAND			$1,491,443	$1,491,443	$1,491,443
SUB-TOTAL, LAND AND BLDGS			$15,191,260	$19,888,052	$26,150,907
PLUS SOFT COSTS	8%		$1,215,301	$1,591,044	$2,092,073
PLUS ENT. PROFIT	15%		$2,460,984	$3,221,864	$4,236,447
COST APPROACH, CALC METHOD			**$18,867,545**	**$24,700,960**	**$32,479,427**
		Per Gross SF	$89	$116	$153
		PER UNIT	$116,466	$152,475	$200,490
ALLOCATION - AVG VERSUS GOOD			0%	100%	
RECONCILED REP COST NEW			**$24,700,960**		
		ROUNDED	**$24,700,000**		
		Per SF of Improvements	**$112**		
		Per Unit	**$152,475**		

Given the class and quality of the proposed units described in the plans, the appraiser concludes a value that is equal to "good" quality construction, at $24,700,000, rounded. This opinion will be weighed against the more accurate Segregated Cost method and the developer's cost estimate to arrive at a reconciled value indication from the Cost Approach.

Application of the Segregated Cost Method permits a much more accurate description of the proposed improvements than the Calculator Method. It also gives the appraiser the ability to evaluate the quality class on an item-by-item basis. The cost estimates are modified by the appropriate current cost multiplier to reflect current pricing and by a local cost multiplier for the nearest test area. The square foot (SF) estimates represent the appraiser's best judgment based on the appraiser's understanding of the proposed construction plans. The chart below illustrates the methodology used in the Segregated Cost method for one of the subject's nine buildings, including the community center.

BUILDING TYPE 1				**1**	**BUILDING(S)**
TOTAL GROSS LIVING AREA	129,111	SF		1.12	ROOF FACTOR
TOTAL HEATED AREA	124,082	SF		20,880	SF BRICK
TOTAL ROOF AREA	48,201	SF		0	SF VINYL
TOTAL EXTERIOR WALL AREA	41,760	SF		20,880	SF HARDIPLANK
FOOTPRINT	43,037	SF		0	SF STONE
# OF UNITS IN BUILDING TYPE	162			98,332	SF CARPET
STORIES	4			25,750	SF VINYL TILE

COMPONENT	No. Units	AVG. COST $/UNIT	BUILDING COST
SITE PREP.	43,037	$1.91	$82,201
FOUNDATION	43,037	$3.95	$169,996
FRAME	129,111	$1.82	$234,982
FLOOR STRUCTURE, GROUND	43,037	$4.80	$206,578
SECOND FLOOR	43,037	$5.24	$225,514
VAPOR BARRIER	84,797	$1.12	$94,973
FLOOR COVERINGS:			
CARPET	98,332	$4.82	$473,963
VINYL TILE	25,750	$5.35	$137,760
CEILING	129,111	$2.82	$364,093
CEILING INSULATION	129,111	$1.37	$176,882
INTERIOR CONSTRUCTION	129,111	$31.12	$4,017,934
PLUMBING	129,111	$8.52	$1,100,026
HVAC	129,111	$7.00	$903,777
ELECTRICAL	129,111	$6.91	$892,157
EXTERIOR WALLS:			
HARDIPLANK SIDING	20,880	$19.93	$416,138
STONE SIDING	0	$38.00	$0
VINYL SIDING	0	$18.09	$0
BRICK VENEER	20,880	$22.20	$463,536
ADD SHEATHING	41,760	$1.36	$56,794
ADD INSULATION	41,760	$0.85	$35,496
ROOF STRUCTURE	48,201	$7.22	$348,014
ROOF COVER	48,201	$2.07	$99,777
TIMBER TRUSSES	48,201	$4.05	$195,216
ROOF INSULATION	48,201	$1.84	$88,691
BUILT-IN APPLIANCES	162	$2,570	$416,340
ELEVATOR (Sect. 11, Pg 35)	1	$58,250	$58,250
SPRINKLERS	124,082	$3.40	$421,879
SUB-TOTAL: IMPROVEMENTS		$90.47	$11,680,965
ARCHITECT'S FEE	2.6%		$303,705
SUBTOTAL, BEFORE MULTIPLIERS:			$11,984,670
CURRENT COST (April 2016; MVS Sect. 99 Page 3)			1.01
LOCAL COST (April 2016; Atlanta; MVS Sect. 99 Page 7)			0.93
		PER SF	
TOTAL PER BUILDING		$87.19	$11,257,201

BUILDING TYPE Core				1 BUILDING(S)
TOTAL GROSS LIVING AREA	41,694 SF			1.12 ROOF FACTOR
TOTAL HEATED AREA	41,694 SF			0 SF BRICK
TOTAL ROOF AREA	46,697 SF			0 SF VINYL
TOTAL EXTERIOR WALL AREA	0 SF			0 SF HARDIPLANK
FOOTPRINT	10,424 SF			0 SF STONE
# OF UNITS IN BUILDING TYPE	0			0 SF CARPET
STORIES	4			0 SF VINYL TILE
COMPONENT	**No. Units**	**AVG. COST $/UNIT**	**BUILDING COST**	
SITE PREP.	10,424	$1.91	$19,909	
FOUNDATION	10,424	$3.95	$41,173	
FRAME	0	$1.82	$0	
FLOOR STRUCTURE, GROUND	10,424	$4.80	$50,033	
SECOND FLOOR	10,424	$5.24	$54,619	
VAPOR BARRIER	10,424	$1.12	$11,674	
FLOOR COVERINGS:				
CARPET	0	$4.82	$0	
VINYL TILE	0	$5.35	$0	
CEILING	41,694	$2.82	$117,577	
CEILING INSULATION	41,694	$1.37	$57,121	
INTERIOR CONSTRUCTION	0	$31.12	$0	
PLUMBING	0	$8.52	$0	
HVAC	0	$7.00	$0	
ELECTRICAL	0	$6.91	$0	
EXTERIOR WALLS:				
HARDIPLANK SIDING	0	$19.93	$0	
STONE SIDING	0	$38.00	$0	
VINYL SIDING	0	$18.09	$0	
BRICK VENEER	0	$22.20	$0	
ADD SHEATHING	0	$1.36	$0	
ADD INSULATION	0	$0.85	$0	
ROOF STRUCTURE	11,674	$7.22	$84,289	
ROOF COVER	11,674	$2.07	$24,166	
TIMBER TRUSSES	11,674	$4.05	$47,281	
ROOF INSULATION	11,674	$1.84	$21,481	
BUILT-IN APPLIANCES	0	$2,570	$0	
ELEVATOR (Sect. 11, Pg 35)				
SPRINKLERS	0	$3.40	$0	
SUB-TOTAL: IMPROVEMENTS		$12.70	$529,322	
ARCHITECT'S FEE	2.6%		$13,762	
SUBTOTAL, BEFORE MULTIPLIERS:			$543,084	
CURRENT COST (April 2016; MVS Sect. 99 Page 3)			1.01	
LOCAL COST (April 2016; Atlanta; MVS Sect. 99 Page 7)			0.93	
		PER SF		
TOTAL PER BUILDING		$12.23	$510,119	

COMMUNITY BLDG				1 BUILDINGS
TOTAL AREA - **CLUBHOUSE**	8,292 SF		1.12	ROOF FACTOR
HEATED AREA	8,292 SF		0	SF BRICK
TOTAL ROOF AREA	9,287 SF		0	SF VINYL
TOTAL EXTERIOR WALL AREA	0 SF		0	SF HARDIPLANK
FOOTPRINT	5,528 SF		7,606	SF CARPET
			686	SF VINYL TILE
STORIES	1			

COMPONENT	No. Units	AVG. COST $/UNIT	BUILDING COST
SITE PREP.	5,528	$1.91	$10,558
FOUNDATION	5,528	$3.95	$21,836
FRAME	8,292	$1.82	$15,091
FLOOR STRUCTURE, GROUND	5,528	$4.80	$26,534
SECOND FLOOR	0	$5.24	$0
VAPOR BARRIER	5,528	$1.12	$6,191
FLOOR COVERINGS:			
CARPET	7,606	$4.82	$36,661
VINYL TILE	686	$5.35	$3,670
CEILING	8,292	$2.82	$23,383
CEILING INSULATION	8,292	$1.37	$11,360
INTERIOR CONSTRUCTION	8,292	$31.12	$258,047
PLUMBING	8,292	$8.52	$70,648
HVAC	8,292	$7.00	$58,044
ELECTRICAL	8,292	$6.91	$57,298
EXTERIOR WALLS:			
HARDIPLANK SIDING	0	$19.93	$0
STONE SIDING	0	$38.00	$0
VINYL SIDING	0	$18.09	$0
BRICK VENEER	0	$22.20	$0
ADD SHEATHING	0	$1.36	$0
ADD INSULATION	0	$0.85	$0
ROOF STRUCTURE	6,191	$7.22	$44,702
ROOF COVER	6,191	$2.07	$12,816
TIMBER TRUSSES	6,191	$4.05	$25,075
ROOF INSULATION	6,191	$1.84	$11,392
BUILT-IN APPLIANCES	1	$2,570	$2,570
ELEVATOR (Sect. 11, Pg 35)			
SPRINKLERS	8,292	$3.40	$28,193
SUB-TOTAL: IMPROVEMENTS		$87.32	$724,070
ARCHITECT'S FEE	2.6%		$18,826
SUBTOTAL, BEFORE MULTIPLIERS:			$742,896
CURRENT COST (April 2016; MVS Sect. 99 Page 3)			1.01
LOCAL COST (April 2016; Atlanta; MVS Sect. 99 Page 7)			0.93
		PER SF	
TOTAL PER BUILDING		$84.15	$697,802

The appraiser then added supplemental costs for site work, asphalt paving (on-site), sidewalks, curbs and gutters and landscaping, all of which are adjusted by cost modifiers. I also added in the cost of the recreational amenities and the market value of the land.

SITE IMPROVEMENTS (SEC.66, P. 3-7)	COST / UNIT	UNIT	COST
ASPHALT PARKING AREA	$1,380	87	$120,060
ASPHALT DRIVEWAYS	$127.0	650	$82,550
LANDSCAPING (ALL)			$56,461
SITE LIGHTING (ALL)			$17,080
CONCRETE SIDEWALKS	$4.20	2,250	$9,450
CONCRETE CURB/GUTTER	$27.82	650	$18,083
RECREATIONAL AMENITIES (ALL)			$12,500
SUBTOTAL			$316,184
ADJ FACTORS (COST AND LOCAL):			0.9393
ADJUSTED SITE IMPROVEMENTS			$296,991

Soft costs, including such items as appraisal, market analysis, environmental study, construction contingency, rent up costs and legal fees were included at 8% of the cost of the land and building. The Cost Approach estimate of market value requires an estimate of entrepreneurial profit in addition to the cost-to-construct and the value of the land. The appraiser’s interviews with developers and past experience with cost estimates provided in DCA applications indicates that an expectation of profit in the range of 13% to 17% is required before an entrepreneur is willing to undertake this type of development. Most developers of speculative developments would likely require a profit at the upper-end of this range; however, the appraiser believes that a tax credit project in such a rural market assumes less risk and therefore the appraiser estimates entrepreneurial profit at 15%.

SUMMARY, SEGREGATED METHOD			
BUILDINGS:			$12,465,122
SITE IMPROVEMENTS:			$296,991
ESTIMATED LAND VALUE			$1,491,443
SUBTOTAL, LAND AND BUILDINGS			$14,253,556
PLUS SOFT COSTS	8%		$1,140,284
PLUS ENTREPRENEURIAL PROFIT	15%		$2,309,076
COST APPROACH, SEG METHOD			$17,702,917
		ROUNDED	**$17,700,000**
		PER UNIT	**$109,259**
		PER GROSS SF	**$137.1**

After adjusting for entrepreneurial profit, the market value indication from the Segregated Cost method is $17,700,000, rounded, as compared to the Calculator method cost estimate of $24,700,000. In the appraiser's opinion, the fee simple market value indication from the Cost Approach is $21,430,000, rounded.

VALUE ESTIMATE - COST APPROACH

--- $21,430,000 ---

INCOME APPROACH

The Income Approach is based on the economic principal of anticipation, which is to say that the market value of an income-producing real property is the present value of the anticipated stream of income, over time, plus a reversion (sale) of the property at the end of a required holding period. The developer typically earns a "return on" investment (annual cash flow) as well as a "return of" investment at reversion. A LIHTC investment will not suit the typical Income Approach model without modification because both the NOI and the Reversion are depressed by below-market rental rates, by design.

The majority of the developer's "profit" in an LIHTC development comes from the sale of the tax credits (or, in this case, a grant equivalent to the bulk sale of tax credits), which is an immediate inflow of cash in lieu of receiving incremental profit each month from collecting market rents in excess of expenses and debt service. Under the LIHTC program, after debt service cash flow (if any) is minimal. In this case, none of the property's after debt service cash flow is set aside by the DCA for a Recapture Reserve for the tax credits.

Potential Gross Income: In order to qualify for the tax credits, the apartments must rent to low-income multifamily households. During at least the first 15 years of the project, the sum of rent expense and utilities expense for these units cannot exceed the lesser of 1) 30% of adjusted household income for households earning not more than 30%, 50% or 60% of the Area Median Income (AMI) as established by HUD and given the DCA guideline assumption of 1.5 people per bedroom; or 2) the Fair Market Rent as established by HUD. The developer may choose to extend the affordability period beyond the required 15-year period, in exchange for more consideration for his project over another project competing for the same pool of funding dollars. In this case, the developer elected an affordability period of 35 years.

The actual rent charged is a function of the developer's judgment about the market, but once DCA has agreed to fund a project, it will only permit rent adjustments in line with increases in the median household income, even if the developer has proposed rents substantially below the legal maximum. The developer's funding application contains a proposed rent schedule for the specific types of rental units. The table below contains the proposed net unit rent (gross contract rent less utility allowance) for each unit type and income threshold.

Gateway Capitol View				
162	UNITS	MONTHLY	FOR TYPE	
NO. UNITS		RENT/UNIT	MONTHLY	YEARLY
	60% AMI UNITS			
16	1 BR / 1 BA (A1)	$712	$11,392	**$136,704**
46	1 BR / 1 BA (A2)	$712	$32,752	**$393,024**
49	1 BR / 1 BA (A3)	$712	$34,888	**$418,656**
13	2 BR / 2 BA (B1)	$847	$11,011	**$132,132**
5	2 BR / 2 BA (B2)	$847	$4,235	**$50,820**
	50% AMI UNITS			
28	1 BR / 1 BA (A3)	$712	$19,936	**$239,232**
3	2 BR / 2 BA (B1)	$847	$2,541	**$30,492**
2	2 BR / 2 BA (B2)	$847	$1,694	**$20,328**
162	**Gross Rental Income**	**$731**	**$118,449**	**$1,421,388**

Including the utility allowance, the average two-bedroom unit under the LIHTC program will rent for slightly less than half of the rent charged by market-rate units in the subject's area.

Additional Income: The appraiser has examined the operating budgets of dozens of comparable tax credit rental units over the past several years. Generally speaking, these projects generate a small additional income both from the forfeiture of security deposits and from the operation of the laundry facilities. This additional income must be recognized in the project budget. I budgeted 2% of rent collections for additional income.

Vacancy and Collections Allowance: Because these projects rent for substantially below market rents for alternative housing, they experience very low annual vacancy rates and there is relatively little collection loss. In most areas, there is a waiting list for units; however, it is reasonable to budget some elasticity to account for downtime during turnover. Based on the subject's location and the performance of other similar LIHTC projects in the area, the appraiser estimated a stabilized vacancy rate of 3% to be reasonable.

Operating Expenses: The appraiser's projection of operating expenses was made based upon historical and projected operating expense statements from multiple LIHTC developments in the area, as well as an analysis of the Pro Forma expenses compiled by the developer on this and another nearby property. The appraiser utilized proposed expense data from the 162-unit "Gateway Capitol View" project in

Atlanta; the 60-unit “Red Oak Village” property in Stockbridge; and the 180-unit “Pines at Westdale” property in Warner Robins. Additionally, the appraiser utilized an extensive survey of operating expenses from 13 developments built between 2004 and 2008 in generally rural/secondary markets, obtained from between 2010 and 2012, most of which was summarized into broad based categories (i.e., all admin expenses, all maintenance expenses, etc.). A spreadsheet detailing each property surveyed has been included in the Addenda.

ADMIN EXPENSES:

Accounting: The appraiser noted proposed accounting costs at $71/unit from the 162-unit “Gateway Capitol View”; $100/unit for the 60-unit “Red Oak Village” property; and, $120/unit from the 180-unit “Pines at Westdale” property. An actual cost of $114/unit was reported in 2012 from the 2008-built 52-unit “Juniper Court” development in Hartwell, GA. It is reasonable to associate the scale of the development with decreases to the per-unit cost, with smaller developments incurring a rate at about $120/unit and larger units experiencing $80/unit to $100/unit for this expense. Given the scale of the subject development, the appraiser estimated this expense at $80/unit.

Advertising: This expense category varies greatly with location, the existence of other apartments, visibility/exposure, and overall supply issues. The proposed developments indicate a range between $4/unit and $40/unit. Operating properties experienced between $14/unit and $1,085/unit, with multiple properties requiring $400/unit to $500/unit for this expense in 2012, 2011 and 2010 – during the worst of the Great Recession. Given the parameters of the subject property and improved market conditions since the expense survey was conducted, the appraiser estimated this expense at $20/unit.

Legal Fees: This expense category also varies with the scale of development, the types of renters (multi-family versus elderly) as well as general locational/demographic differences. The proposed developments indicated $7/unit and $8/unit for rural projects, and $40/unit for a more urban property. There was no data reported among the 13 operating properties surveyed. The appraiser affirms the developer’s estimate, at $62/unit.

Management Fees: The proposed developments included estimates at $416/unit (Gateway), $480/unit (Red Oak), and $652/unit (Pines). There were instances within the expense survey of properties charging between $179/unit and $191/unit in 2011 and 2012 for properties in Cairo and Sylvester, following charges at $294/unit and $435/unit in 2010, which was likely to combat occupancy issues after the Recession. Most of the examples ranged between $400/unit and $475/unit, with only two examples (from 39 instances) where the charge was above $500/unit. Given this data, the appraiser estimated this expense at $475/unit for the subject property.

Management Salaries and Benefits: This expense is also generally tied to location, be in rural, suburban or urban. The proposed properties estimated an expense of $586/unit (Gateway), $705/unit (Red Oak) and $652/unit (Pines). Most of the operating properties surveyed charged between $500/unit and $750/unit. The appraiser estimated affirmed the developer's expense at $650/unit.

Office Supplies: The proposed developments provided evidence at $30/unit, $30/unit, and $60/unit. Only one operating property provided data, ranging between $104/unit and $136/unit, which may have been a result of increased marketing activities. The appraiser estimated this expense at $50/unit for the subject property.

Telephone (Internet and Cable Typically Included): One operating property surveyed reported an expense ranging between $117/unit and $124/unit. The three proposed developments indicate $50/unit, $59/unit, and $133/unit. The appraiser reconciled at $120/unit for the subject property.

Travel: This category is relatively nominal or non-existent. None of the operating properties provided data. Two of the proposed developments excluded this cost and one budgeted $35/unit. The appraiser included an expense of $10/unit for the subject property.

Miscellaneous Costs: This category frequently relates to social activities for residents, which are higher for elderly communities and nominal for multi-family properties. Contrarily, the multi-family Pines at Westdale projected an expense at $195/unit, while the elderly properties reported anticipated expenses at $72/unit and $98/unit. One operating property (Juniper Court) spent between $27/unit and $53/unit, whereas the 48-unit Ruthie Manor property in Upson County expensed between $500/unit and $700/unit for this expense. The appraiser estimated this expense at $100/unit.

SUBTOTAL – ADMINISTRATIVE: The operating properties reported a total admin expense at between $601/unit and $2,885/unit, with a median expense of $1,250/unit, in 2012. The median expense declined year-over-year during the Recession, from $1,424/unit in 2010 and $1,309/unit in 2011. The subject's total admin expenses are estimated by the developer at $1,337/unit and $1,567/unit by the appraiser.

MAINTENANCE EXPENSES:

Exterminating: This expense can vary based on proximity to sources such as restaurants and existing water. The proposed developments estimated this expense at $30/unit, $70/unit and $100/unit. There were no estimates from the operating properties surveyed. The appraiser noted that this expense is typically $10/unit in more urban areas of Atlanta, and for larger mid-rise communities; as such, a reasonable expense has been estimated at $50/unit for the subject, given its physical parameters.

Grounds: This expense varies with the quantity and quality of plantings, including annual replacement of a nominal amount of plants and continual care of perennial beds, as well as lawn maintenance charges. The proposed developments offered evidence at $93/unit (Gateway) for a development with nominal planting and vegetation proposed; $250/unit (Red Oak) for a property with considerably more plantings and grass; and, $133/unit (Pines) for a multi-building project with a large site area but a high percentage of non-landscaped area. The appraiser affirms the developer's estimate, at $93/unit.

Maintenance Salaries: The proposed developments projected an expense at $358/unit, $492/unit, and $405/unit. The appraiser reconciled at $425/unit for the subject property.

Elevators: The appraiser budgeted $74/unit, consistent with the developer's estimate.

Contracted Repairs: The proposed elderly developments budgeted $216/unit and $100/unit, whereas the multi-family development estimated $200/unit. The appraiser budgeted $150/unit at the subject property.

Redecorating: The proposed developments estimated this expense at $49/unit and $33/unit (both elderly) and $170/unit (multi-family). The appraiser reconciled at $50/unit for the subject.

SUBTOTAL – MAINTENANCE: The operating properties reported a total maintenance expense at between $433/unit and $985/unit, with a median expense of $727/unit, in 2012. The median expense increased year-over-year, from $487/unit in 2010 and $635/unit in 2011, which may be explained by owners spending more to help increase (or maintain) occupancy during the Recession. The subject's total maintenance expenses are estimated by the developer at $819/unit and $842/unit by the appraiser.

UTILITIES/OPERATIONS EXPENSES:

Unit-Supplied Electricity: This expense will vary based on average unit size and location, as well as local utility cost differences. Operating properties in Cairo, Pooler and Bainbridge indicated a range between $400/unit and $550/unit for this expense. The proposed developments suggest an expense at $430/unit, $350/unit and $210/unit. The appraiser reconciled at an expense of $500/unit.

Water and Sewer: The proposed developments estimated this expense at $864/unit and $132/unit (both elderly) and $56/unit (multi-family). The high example is in Atlanta, where there are extra charges; however, the appraiser has evidence from other developments at between $350/unit and $500/unit for newer multi-family mid-rise developments in the City of Atlanta. The appraiser reconciled at $500/unit for the subject.

Refuse Collection: The proposed developments estimated this expense at $154/unit (Atlanta) and $65/unit in suburban areas. The appraiser reconciled at $150/unit for the subject.

Other Operations: The appraiser included the developer's estimate, at $15/unit.

SUBTOTAL – OPERATIONS: The operating properties reported a total utilities expense at between $170/unit and $867/unit, with a median expense of $468/unit, in 2012. The median expense was erratic but followed a general cost between $520/unit in 2010 and $454/unit in 2011. The subject's total utilities expenses are estimated by the developer at $1,464/unit and $1,165/unit by the appraiser.

FIXED EXPENSES:

Taxes: Taxes were addressed in a prior section of the report. To recapitulate, the appraiser estimated taxes at $760/unit, which compares to the developer's estimate at $722/unit.

Insurance: This expense is most frequently associated with the total square footage of a building, at a rate between $0.25/SF and $0.35/SF of gross building area. The developer estimated an expense at $42,500, which is $0.250/SF of GBA. The appraiser affirms the developer's estimate.

Other Assessments: The developer estimated an expense at $179/unit, which appears to be reasonable.

SUBTOTAL – FIXED: The operating properties reported a total fixed expense at between $347/unit and $1,110/unit, with a median expense of $765/unit, in 2012. The median expense was relatively consistent, year-over-year, from $793/unit in 2010 and $779/unit in 2011. The subject's total maintenance expenses are estimated by the developer at $1,141/unit and $1,202/unit by the appraiser.

TOTAL – ALL EXPENSES *WITHOUT* RESERVES:

Total operating expenses *without* reserves ranged between $3,297/unit and $3,511/unit from 13 surveyed properties between 2010 and 2012. The developer estimated total expenses without reserves at $4,761/unit. The subject's total expenses without reserves were estimated by the appraiser at $4,775/unit.

Replacement Reserves: This expense is generally dictated by DCA at no less than $250/unit for new construction. Two of the three proposed developments anticipated a reserve at $250/unit and one estimated a reserve at $250/unit (the subject). The appraiser has utilized the developer's estimate at $250/unit.

TOTAL – ALL EXPENSES WITH RESERVES:

The developer estimated total expenses with reserves at $5,011/unit. The subject's total expenses without reserves were estimated by the appraiser at $814,123, or $5,025/unit. The result of the appraiser's expense comparable survey is provided below:

OPERATING EXPENSE ESTIMATES Gateway Capitol View OPERATING EXPENSE SCHEDULE	# UNITS: TOTAL	162 ANNUAL PER UNIT	% DIFF FROM DEVELOPER	DEVELOPER'S ESTIMATE	ANNUAL PER UNIT
ADMINISTRATIVE					
ACCOUNTING	$12,960	$80	13%	$11,500	$71
ADVERTISING	$3,240	$20	-50%	$6,500	$40
LEGAL FEES	$10,000	$62	0%	$10,000	$62
MANAGEMENT FEE	$76,950	$475	14%	$67,416	$416
MGMT SALARIES, TAXES AND BENEFITS	$105,300	$650	11%	$95,000	$586
NON -RESIDENTIAL UNIT RENT	$0	$0	N/A	$0	$0
OFFICE SUPPLIES & POSTAGE	$8,100	$50	69%	$4,800	$30
TELEPHONE	$19,440	$120	103%	$9,600	$59
TRAVEL	$1,620	$10	N/A	$0	$0
MISC. ADMIN COSTS (ACTIVITIES)	$16,200	$100	38%	$11,700	$72
SUBTOTAL - ADMIN EXPENSES	**$253,810**	$1,567	17%	**$216,516**	$1,337
MAINTENANCE					
EXTERMINATING	$8,100	$50	69%	$4,800	$30
GROUNDS	$15,000	$93	0%	$15,000	$93
MNTNCE SALARIES/BENEFITS/SUPPLIES	$68,850	$425	19%	$58,000	$358
ELEVATORS	$12,000	$74	0%	$12,000	$74
CONTRACTED REPAIRS	$24,300	$150	-31%	$35,000	$216
OTHER (REDECORATING)	$8,100	$50	2%	$7,920	$49
SUBTOTAL - MAINTENANCE	**$136,350**	$842	3%	**$132,720**	$819
OPERATIONS					
OWNER-SUPPLIED CABLE TV	$0	$0	N/A	$0	$0
OWNER-SUPPLIED ELECTRICITY	$81,000	$500	16%	$69,700	$430
WATER & SEWER	$81,000	$500	-42%	$140,000	$864
OWNER SUPPLIED NATURAL GAS	$0	$0	N/A	$0	$0
GARBAGE COLLECTION	$24,300	$150	-3%	$25,000	$154
SECURITY	$0	$0	N/A	$0	$0
OTHER	$2,500	$15	0%	$2,500	$15
SUBTOTAL - OPERATING	**$188,800**	$1,165	-20%	**$237,200**	$1,464
FIXED					
REAL ESTATE TAXES	$123,163	$760	5%	$117,000	$722
INSURANCE	$42,500	$262	10%	$38,800	$240
OTHER TAX ASSESSMENTS	$0	$0	N/A	$0	$0
OTHER	$29,000	$179	0%	$29,000	$179
SUBTOTAL - FIXED	**$194,663**	$1,202	5%	**$184,800**	$1,141
TOTAL OPERATING EXPENSES	$773,623	$4,775	N/A		
REPLACEMENT RESERVE CONTRIBUTION	$40,500	$250	0%	$40,500	$250
TOTAL OP EXPENSES, W/ RESERVES	$814,123	$5,025	0%	$811,736	$5,011

Net Operating Income: At the estimated income, vacancy and expense estimates, Year 1 NOI is calculated to be $592,199 under an encumbered (restricted-rent) scenario. A significant portion of NOI will go toward repayment of the debt. The after-debt-service cash flow resulting from operations is, by design, nominal. In Year 1 of the appraiser's analysis, the present value of the net equity cash flow (after all expenses, fees and debt service) is $72,260.

Direct Capitalization and Discounted Cash Flow

Most real estate investments are financed by a combination of debt and equity. Typically the market determines the interest rate, the debt service coverage ratio and the loan-to-value ratio for mortgages as well as the required returns on equity. The appraiser derives an estimate of market value by combining the present value of the mortgage with the present value of the *return of* and the *return on* the equity investment.

In the case of the low-income housing valuation model, the primary equity source is from the sale of the federal and state income tax credits that are earned over 10 years, or grants in lieu of tax credits. This cash source is often the only component of the investment that indicates the value of the real property, as it acts as if it were equity; As such, it is reasonable to add the present value of the equity to the present value of the debt to estimate the market value of the subject using the Income Approach. This is the approach used by title insurance companies to insure the general partner's title to an interest credit project. The present value of the property is represented by the sale of the tax credits (or grants in lieu of tax credits), the present value of the after debt service cash flow, and the present value of the net reversion. Both Income Approach methods must consider these three things, with the difference between the two methods being the implicit or explicit consideration of cash flows over the holding period.

Debt and After-Debt-Service Cash Flow: The project is being financed with a DCA HOME Loan in the amount of $3,000,000, a $6,676,515 Walker & Dunlap loan, as well as $853,533 in annual tax credits. Both the Walker & Dunlap and HOME loans are amortized over a term of 35 years, with a balloon in Year 18, with the HOME loan having an effective interest rate of 1.00% and the Walker & Dunlap loan at 4.15%. The HOME loan's debt service is calculated at -$101,623 ($30K interest at 1%, and $71,623 in principal reduction), and requires a balloon payment in Year 18 of $1,678,959. The Walker & Dunlap loan's debt service is -$361,987 for 18 years, and requires a balloon payment in Year 18 of $4,714,367.

As reported in the Discounted Cash Flow model, below, there is positive after-debt service cash flow from operating the property over the next 30 years, including adjustments to income and expenses commensurate with CPI adjustments and a general expectation of slightly increasing costs over time. The net present value of the cash flows over 20 years is $581,496. Due to discounting for the time value of money, and increased profit after the debt is repaid, the total *n*et present value of the cash flows over 30 years is $1,427,949.

The remaining component to value is the future reversion of the property at the end of the affordability period. The most likely reversion scenario is that the units will remain a low-income housing property for at least 35 years.

DISCOUNTED CASH FLOW MODEL, YEARS 1-10

CALENDAR YEAR	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
YR OF EXIST. LOAN, OR CAL. YEAR	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*	*2023*	*2024*	*2025*
YEAR OF ANALYSIS	1	2	3	4	5	6	7	8	9	10
PGI	$1,421,388	$1,456,923	$1,493,346	$1,530,679	$1,568,946	$1,608,170	$1,648,374	$1,689,584	$1,731,823	$1,775,119
OTHER INCOME	$28,428	$29,138	$29,867	$30,614	$31,379	$32,163	$32,967	$33,792	$34,636	$35,502
SUBTOTAL, POTENTIAL INCOME	$1,449,816	$1,486,061	$1,523,213	$1,561,293	$1,600,325	$1,640,333	$1,681,342	$1,723,375	$1,766,460	$1,810,621
V&C LOSS	-$43,494	-$44,582	-$45,696	-$46,839	-$48,010	-$49,210	-$50,440	-$51,701	-$52,994	-$54,319
EFFECTIVE GROSS INCOME	$1,406,321	$1,441,479	$1,477,516	$1,514,454	$1,552,316	$1,591,123	$1,630,902	$1,671,674	$1,713,466	$1,756,303
OP EXPENSES, NET OF RESERVES	-$773,623	-$796,831	-$820,736	-$845,358	-$870,719	-$896,841	-$923,746	-$951,458	-$980,002	-$1,009,402
RESERVES FOR REPLACEMENT	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500
TOTAL OPERATING EXPENSES	-$814,123	-$837,331	-$861,236	-$885,858	-$911,219	-$937,341	-$964,246	-$991,958	-$1,020,502	-$1,049,902
NET OPERATING INCOME	**$592,199**	**$604,148**	**$616,280**	**$628,596**	**$641,096**	**$653,783**	**$666,656**	**$679,716**	**$692,964**	**$706,400**
TOTAL NOI & INT CREDIT SUBSIDY	$592,199	$604,148	$616,280	$628,596	$641,096	$653,783	$666,656	$679,716	$692,964	$706,400
DEBT SERVICE PMT - DCA HOME Loan	-$101,623	-$101,623	-$101,623	-$101,623	-$101,623	-$101,623	-$101,623	-$101,623	-$101,623	-$101,623
Interest Paid	-$30,000	-$29,284	-$28,560	-$27,830	-$27,092	-$26,347	-$25,594	-$24,833	-$24,066	-$23,290
Principal Paid	-$71,623	-$72,339	-$73,062	-$73,793	-$74,531	-$75,276	-$76,029	-$76,789	-$77,557	-$78,333
Remaining Balance	**$2,928,377**	**$2,856,038**	**$2,782,976**	**$2,709,183**	**$2,634,651**	**$2,559,375**	**$2,483,346**	**$2,406,557**	**$2,328,999**	**$2,250,667**
DEBT SERVICE PMT - Walker & Dunlap	-$361,987	-$361,987	-$361,987	-$361,987	-$361,987	-$361,987	-$361,987	-$361,987	-$361,987	-$361,987
Interest Paid	-$277,075	-$277,075	-$277,075	-$277,075	-$277,075	-$277,075	-$277,075	-$277,075	-$277,075	-$277,075
Principal Paid	-$84,912	-$84,912	-$84,912	-$84,912	-$84,912	-$84,912	-$84,912	-$84,912	-$84,912	-$84,912
Remaining Balance	**$6,591,603**	**$6,506,691**	**$6,421,779**	**$6,336,867**	**$6,251,955**	**$6,167,043**	**$6,082,131**	**$5,997,219**	**$5,912,307**	**$5,827,395**
Remaining CF Left for CF Loan	$128,588	$140,538	$152,670	$164,986	$177,486	$190,173	$203,045	$216,106	$229,354	$242,790
AFTER DEBT SERVICE CASH FLOW	$128,588	$140,538	$152,670	$164,986	$177,486	$190,173	$203,045	$216,106	$229,354	$242,790
ASSET MGMT FEE [$ OR % SPLIT]	-$7,500	-$7,500	-$7,500	-$7,500	-$7,500	-$7,500	-$7,500	-$7,500	-$7,500	-$7,500
ADSCF NET OF FEE OUTFLOWS	$121,088	$133,038	$145,170	$157,486	$169,986	$182,673	$195,545	$208,606	$221,854	$235,290
DEFFERED DEVELOPERS FEE	-$41,603	-$41,603	-$41,603	-$41,603	-$41,603	-$41,603	-$41,603	-$41,603	-$41,603	-$41,603
Remaining Balance	**$374,425**	**$332,822**	**$291,220**	**$249,617**	**$208,014**	**$166,411**	**$124,808**	**$83,206**	**$41,603**	**$0**
CASH FLOW TO EQUITY	$79,486	$91,435	$103,567	$115,883	$128,383	$141,070	$153,943	$167,003	$180,251	$193,687
DISCOUNT RATE FOR EQUITY	0.90909	0.82645	0.75131	0.68301	0.62092	0.56447	0.51316	0.46651	0.42410	0.38554
PRESENT VALUE OF EQUITY	$72,260	$75,566	$77,811	$79,150	$79,716	$79,630	$78,997	$77,908	$76,444	$74,675

DISCOUNTED CASH FLOW MODEL, YEARS 11-20

CALENDAR YEAR	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
YR OF EXIST. LOAN, OR CAL. YEAR	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
YEAR OF ANALYSIS	11	12	13	14	15	16	17	18	19	20
PGI	$1,819,497	$1,864,984	$1,911,609	$1,959,399	$2,008,384	$2,058,594	$2,110,058	$2,162,810	$2,216,880	$2,272,302
OTHER INCOME	$36,390	$37,300	$38,232	$39,188	$40,168	$41,172	$42,201	$43,256	$44,338	$45,446
SUBTOTAL, POTENTIAL INCOME	$1,855,887	$1,902,284	$1,949,841	$1,998,587	$2,048,552	$2,099,766	$2,152,260	$2,206,066	$2,261,218	$2,317,748
V&C LOSS	-$55,677	-$57,069	-$58,495	-$59,958	-$61,457	-$62,993	-$64,568	-$66,182	-$67,837	-$69,532
EFFECTIVE GROSS INCOME	$1,800,210	$1,845,215	$1,891,346	$1,938,629	$1,987,095	$2,036,773	$2,087,692	$2,139,884	$2,193,381	$2,248,216
OP EXPENSES, NET OF RESERVES	-$1,039,684	-$1,070,875	-$1,103,001	-$1,136,091	-$1,170,174	-$1,205,279	-$1,241,437	-$1,278,680	-$1,317,041	-$1,356,552
RESERVES FOR REPLACEMENT	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500
TOTAL OPERATING EXPENSES	-$1,080,184	-$1,111,375	-$1,143,501	-$1,176,591	-$1,210,674	-$1,245,779	-$1,281,937	-$1,319,180	-$1,357,541	-$1,397,052
NET OPERATING INCOME	**$720,026**	**$733,841**	**$747,845**	**$762,038**	**$776,421**	**$790,994**	**$805,755**	**$820,704**	**$835,840**	**$851,164**
TOTAL NOI & INT CREDIT SUBSIDY	$720,026	$733,841	$747,845	$762,038	$776,421	$790,994	$805,755	$820,704	$835,840	$851,164
DEBT SERVICE PMT - DCA HOME Loan	-$101,623	-$101,623	-$101,623	-$101,623	-$101,623	-$101,623	-$101,623	-$1,679,959	$0	$0
Interest Paid	-$22,507	-$21,716	-$20,916	-$20,109	-$19,294	-$18,471	-$17,639	$0	$0	$0
Principal Paid	-$79,116	-$79,907	-$80,706	-$81,513	-$82,329	-$83,152	-$83,983	-$1,679,959	$0	$0
Remaining Balance	**$2,171,550**	**$2,091,643**	**$2,010,937**	**$1,929,423**	**$1,847,094**	**$1,763,943**	**$1,679,959**	**$0**	**$0**	**$0**
DEBT SERVICE PMT - Walker & Dunlap	-$361,987	-$361,987	-$361,987	-$361,987	-$361,987	-$361,987	-$361,987	-$361,987	-$4,714,367	$0
Interest Paid	-$241,837	-$236,851	-$231,657	-$226,249	-$220,616	-$214,749	-$208,638	-$202,274	$0	$0
Principal Paid	-$120,150	-$125,137	-$130,330	-$135,739	-$141,372	-$147,239	-$153,349	-$159,713	-$4,714,367	$0
Remaining Balance	**$5,707,245**	**$5,582,108**	**$5,451,778**	**$5,316,040**	**$5,174,668**	**$5,027,429**	**$4,874,080**	**$4,714,367**	**$0**	**$0**
Remaining CF Left for CF Loan	$256,416	$270,231	$284,235	$298,428	$312,811	$327,383	$342,144	-$1,221,243	-$3,878,527	$851,164
AFTER DEBT SERVICE CASH FLOW	$256,416	$270,231	$284,235	$298,428	$312,811	$327,383	$342,144	-$1,221,243	-$3,878,527	$851,164
ASSET MGMT FEE [$ OR % SPLIT]	-$7,500	-$7,500	-$7,500	-$7,500	-$7,500	-$7,500	-$7,500	$0	$0	$0
ADSCF NET OF FEE OUTFLOWS	$248,916	$262,731	$276,735	$290,928	$305,311	$319,883	$334,644	-$1,221,243	-$3,878,527	$851,164
DEFFERED DEVELOPERS FEE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CASH FLOW TO EQUITY	$248,916	$262,731	$276,735	$290,928	$305,311	$319,883	$334,644	-$1,221,243	-$3,878,527	$851,164
DISCOUNT RATE FOR EQUITY	0.35049	0.31863	0.28966	0.26333	0.23939	0.21763	0.19784	0.17986	0.16351	0.14864
PRESENT VALUE OF EQUITY	$87,243	$83,714	$80,160	$76,611	$73,089	$69,616	$66,208	-$219,651	-$634,170	$126,520

DISCOUNTED CASH FLOW MODEL, YEARS 21-30

CALENDAR YEAR	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
YR OF EXIST. LOAN, OR CAL. YEAR	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
YEAR	21	22	23	24	25	26	27	28	29	30
PGI	$2,329,110	$2,387,337	$2,447,021	$2,508,196	$2,570,901	$2,635,174	$2,701,053	$2,768,580	$2,837,794	$2,908,739
OTHER INCOME	$46,582	$47,747	$48,940	$50,164	$51,418	$52,703	$54,021	$55,372	$56,756	$58,175
SUBTOTAL, POTENTIAL INCOME	$2,375,692	$2,435,084	$2,495,961	$2,558,360	$2,622,319	$2,687,877	$2,755,074	$2,823,951	$2,894,550	$2,966,914
V&C LOSS	-$71,271	-$73,053	-$74,879	-$76,751	-$78,670	-$80,636	-$82,652	-$84,719	-$86,836	-$89,007
EFFECTIVE GROSS INCOME	$2,304,421	$2,362,032	$2,421,083	$2,481,610	$2,543,650	$2,607,241	$2,672,422	$2,739,233	$2,807,713	$2,877,906
OP EXPENSES, NET OF RESERVES	-$1,397,249	-$1,439,166	-$1,482,341	-$1,526,811	-$1,572,616	-$1,619,794	-$1,668,388	-$1,718,440	-$1,769,993	-$1,823,092
RESERVES FOR REPLACEMENT	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500	-$40,500
TOTAL OPERATING EXPENSES	-$1,437,749	-$1,479,666	-$1,522,841	-$1,567,311	-$1,613,116	-$1,660,294	-$1,708,888	-$1,758,940	-$1,810,493	-$1,863,592
NET OPERATING INCOME	**$866,673**	**$882,366**	**$898,241**	**$914,298**	**$930,534**	**$946,947**	**$963,534**	**$980,293**	**$997,221**	**$1,014,314**
TOTAL NOI & INT CREDIT SUBSIDY	$866,673	$882,366	$898,241	$914,298	$930,534	$946,947	$963,534	$980,293	$997,221	$1,014,314
Remaining CF Left for CF Loan	$866,673	$882,366	$898,241	$914,298	$930,534	$946,947	$963,534	$980,293	$997,221	$1,014,314
AFTER DEBT SERVICE CASH FLOW	$866,673	$882,366	$898,241	$914,298	$930,534	$946,947	$963,534	$980,293	$997,221	$1,014,314
ADSCF NET OF FEE OUTFLOWS	$866,673	$882,366	$898,241	$914,298	$930,534	$946,947	$963,534	$980,293	$997,221	$1,014,314
CASH FLOW TO EQUITY	$866,673	$882,366	$898,241	$914,298	$930,534	$946,947	$963,534	$980,293	$997,221	$1,014,314
DISCOUNT RATE FOR EQUITY	0.13513	0.12285	0.11168	0.10153	0.09230	0.08391	0.07628	0.06934	0.06304	0.05731
PRESENT VALUE OF EQUITY	$117,114	$108,395	$100,314	$92,825	$85,885	$79,454	$73,496	$67,977	$62,864	$58,129

NOI in the terminal year is estimated at $1,031,569 (Year 31). This NOI is capitalized by the use of a terminal cap rate factor of 6.50% [50 basis points above the overall rate, as discussed in a later section] to estimate the gross proceeds from a sale. Considering the cost of sale and any outstanding loan balances [$0], the net proceeds from the sale are estimated at $15,394,179, the present value of which is $964,054.

VALUE AT END OF AFFORDABILITY PERIOD	
TERMINAL YEAR NOI	**$1,031,569**
TERMINAL CAPITALIZATION RATE	**6.50%**
GROSS REVERSION OF THE PROPERTY	$15,870,288
COST OF SALE, AS %	3%
COST OF SALE, AS $	$476,109
NET PROCEEDS FROM REVERSION	$15,394,179
LESS MORTGAGE BALANCES	$0
RETURN TO EQUITY	$15,394,179
PV FACTOR, TERMINAL YR	0.0626
PV OF THE EQUITY REVERSION	$964,054
	SUMMARY - DCF
SUM OF PV TO EQUITY, CASH FLOW	$1,427,949
PV OF REVERSION	$964,054
PRESENT VALUE OF THE TAX CREDITS	$13,656,528
PRESENT VALUE OF THE DEBT	$9,676,515
MV OF PROPERTY, AS ENCUMBERED	$25,725,046
ROUNDED	**$25,730,000**

Value Estimate –Discounted Cash Flow

The inputs used in the DCF are the same as in the Direct Cap model. PGI, vacancy and operating expenses are all replicated; however, income is modeled to increase at a rate of 2.50% per year and expenses are estimated to grow at 3.00% per year. As a result, expenses outpace income over time, producing a relatively conservative estimate of NOI over time. The income stream to the developer, after all expenses and debt service are paid, is multiplied by a present value discount factor based on an equity discount rate estimated by the appraiser. The appraiser estimates market value from the Discounted Cash Flow method at $25,730,000, rounded.

Value Estimate – Direct Capitalization of Income

The value estimate from the Direct Cap method is the sum of the present value of the equity stream based on Year 1's Pro Forma after-debt-service cash flows [$1,167,796] plus the present value of any grants or loans [$13,656,528 and $3,000,000], plus the net proceeds from the sale of any tax credits [$0] and the present value of the property reversion [$964,054]. In summary, the appraiser concludes a market value estimate at $25,880,000**,** rounded, as illustrated by the chart below:

YEAR 35 RUN			
PROFORMA DIRECT CAPITALIZATION INCOME ANALYSIS		**Gross**	**Rentable**
Gateway Capitol View	Total SF	170,805	124,082
Atlanta, Fulton County, Georgia	Total Units	162	162
PRESENT VALUE OF THE TAX CREDITS AND LOANS			
TAX CREDITS (ANNUAL) / (NET PROCEEDS)	$853,533		
State	*$8,535,330*	0.55	$4,694,432
Federal	*$8,535,330*	1.05	$8,962,097
SUBTOTAL			$13,656,528
DEFERRED DEVELOPER'S FEE (debt)	$416,028		$416,028
DCA HOME Loan	$3,000,000		$3,000,000
TOTAL CASH RESOURCES			**$23,333,043**
PRESENT VALUE OF THE RETURN TO EQUITY			
A) REVERSION:			
Terminal Year NOI Estimate	$1,031,569		
Terminal Cap Rate	6.50%		
Gross Reversion	$15,870,288		
Less Cost of Sale	$476,109		
Net Proceeds from Sale	$15,394,179		
Less Remaining Loan Balances of	$0		
Net Reversion	$15,394,179		
Term (Years)	35		
Property Discount Rate	8.00%		
PRESENT VALUE FACTOR, AT PROP. DISC. RATE	0.06262		
PRESENT VALUE OF THE PROPERTY REVERSION			**$964,054**
B) AFTER DEBT SERVICE CASH FLOW:			
POTENTIAL GROSS INCOME		$1,421,388	
OTHER INCOME	2.0%	$28,428	
SUBTOTAL		$1,449,816	
V&C LOSS	3%	-$43,494	
EGI		$1,406,321	
TOTAL O.E.		-$814,123	
NOI		$592,199	
Debt Service - HOME Loan		-$101,623	
DebtService - Loan #2		-$361,987	
AFTER DEBT SERVICE CASH FLOW		$128,588	
DEFERRED DEVELOPER'S FEE		-$41,603	
MANAGEMENT FEES		-$7,500	
ANNUAL CASH FLOW		$79,486	
NET EQUITY PORTION		$0	
PV FACTOR, at equity cash flow discount rate	9.6442		**$1,167,796**
PV OF EQUITY (Tax Credits+Reversion+Cash Flow)			$15,788,378
PLUS, PV OF DEBT (Deferred Dev's Fee + Loans)			$10,092,543
VALUE ESTIMATE, DEBT & EQUITY ANALYSIS			$25,880,921
		Rounded	**$25,880,000**
		Per Unit	*$160,000*

Income Approach, Encumbered Value Conclusion

Equal emphasis has been placed upon the Direct Capitalization and Discounted Cash Flow (DCF) method. The encumbered value estimate via the income approach is $25,800,000, rounded.

VALUE ESTIMATE – INCOME APPROACH

--- $25,800,000 ---

Band-of-investment is an analytical tool used to derive an overall capitalization rate from the market based mortgage and equity requirements. Commercial loans for the best credit risks were around 4.33%. The following table shows the derivation of an OAR if the loan-to-value ratio is 75%; the term of the loan is 35 years; the mortgage interest rate is 4.33% and the required equity yield is 10.00%.

BAND OF INVESTMENT COMPARISON				
Typical Mortgage Considerations				
Loan to Value Ratio	75.0%			
Amortization Period	35	Years		
Interest Rate	4.33%			
Equity Yield Rate	10.00%			
Loan Term (or Holding Period)	35	Years		
Appreciation	2.00%	/Year		
or Depreciation	0.00%	/Year		
BASIC RATE CALCULATION:			Mortgage Constant	Weighted Average
Debt Portion	75.0%		0.0555	0.0417
			Equity Yield	Weighted Average
Equity Portion	25.0%		0.1000	0.0250
Basic Rate				0.0667
% Debt	SFF		% Paid Off	
75%	0.0037		1	0.0028
	SFF		% Apprec.	
	0.0037		0.9999	0.0037
	SFF		% Deprec.	
	0.0037		0.0000	0.0000
				6.02%
		ROUNDED TO:		6.00%
			OAR	6.00%

The derived OAR from the Band-of-Investment technique is 6.00%. Terminal capitalization rates are typically about 50 basis points (0.50%) above overall capitalization rates. Property yield rates are typically higher than terminal cap rates and overall cap rates, based on the uncertainty and risk associated with an extended holding period, which is well above the OAR. Equity rates are typically the highest rates, recognizing the return on unleveraged cash outlays. Considering the risk and time associated with the application process, an equity rate of 10.00% is considered reasonable.

Summary: The LIHTC apartment complex is a very different investment than the conventionally financed apartment complex. With a conventionally financed apartment, the "upside" potential and most of the "downside" risk accrues to the equity position, and the developer is free to dispose of the asset at any time he believes that the market is favorable or when he wishes to limit his risk.

In the subject development, the great differences are that the cash equity contribution is in the land and grant funds, and the fact that most of the “profit” is earned in the first year, rather than over a typical 10 to 20 year holding period in a conventional apartment business model. However, the developer is at risk for the entire earned income tax credits or grants for at least 15 years, during which time all of the subsidized units must rent to income eligible households. From a practical point of view, the developer is not free to dispose of the asset for at least the life of the mortgage. Even if the "profit" may be about the same on a LIHTC project and a conventionally financed apartment project, the risks are different. Low-income rental projects appeal only to a limited number of developers.

The impact of the grants and tax credits is to make safe, sanitary, standard rental housing available and affordable to low and moderate income households. The "cost" to the taxpayers is a mortgage at lower than market rates and the income tax credits. However, in the appraiser’s opinion, the amount of profit earned by the entrepreneur through this type of investment is similar in magnitude to the profit likely to be earned by an entrepreneur through a conventionally financed apartment project, even though the risks, the method of payment and the amounts of cash required are considerably different.

RECONCILIATION - FEE SIMPLE MARKET VALUE ESTIMATE AT STABILIZATION

The estimates of the market value of the fee simple interest in the subject, as encumbered by the constraints of the DCA and the LIHTC program, are $21,430,000 from the Cost Approach and $25,800,000 from the Income Approach. The appraiser has considered the Cost Approach and the Income Approach based on the strengths and weaknesses of each approach. The Income Approach is relatively “fixed,” as it is based on the tax credit sale and the loan, plus nominal reversionary and cash flow value over the affordability period. The Cost Approach is the best indication of the bricks and sticks, without the tax credit and loan implications. In the appraiser’s opinion, the market value of the fee simple interest in the subject upon stabilization is $23,620,000, rounded, prior to the sale of the income tax credits:

TAX CREDIT MARKET VALUE, FEE SIMPLE INTEREST UPON STABILIZATION
---$23,620,000---

MARKET VALUE ESTIMATE AT COMPLETION

The market analysis shows that there is a sufficient need for these properties in the subject's market. Based on the appraiser's analysis and conversations with leasing agents for similar proposed developments, a significant number of units should lease prior to completion.

Given the amount of pent-up demand for the units, the appraiser estimates that 40 of the units will lease prior to completion and 10 at completion/opening. I anticipate that the units will lease up to stabilized occupancy in about twelve months, as presented below:

Projected Stabilized Occupancy	**97%**	AVG RENT/MO	**$731**		
Total # of Units	**162**	Other Income	**2%**		
Stabilized # of Units Rented	**157**	Vacancy	**3%**		
Units Leased Prior to Completion	40				

RENT-UP SCHEDULE, LIHTC RESTRICTED

MONTH	**1**	**2**	**3**	**4**	**5**	**6**
UNITS RENTED/MONTH	10	10	10	10	10	10
TOTAL RENTED UNITS	50	60	70	80	90	100
POTENTIAL GROSS INCOME	$36,558	$43,870	$51,182	$58,493	$65,805	$73,117
EFFECTIVE GROSS INCOME	$36,171	$43,405	$50,639	$57,873	$65,107	$72,342
VARIABLE EXPENSES	$5,234	$6,281	$7,328	$8,375	$9,422	$10,469
FIXED EXPENSES	$50,884	$50,884	$50,884	$50,884	$50,884	$50,884
TOTAL OPERATING EXPENSES	$56,119	$57,166	$58,212	$59,259	$60,306	$61,353
NET OPERATING INCOME	-$19,948	-$13,761	-$7,573	-$1,386	$4,801	$10,989

MONTH	**7**	**8**	**9**	**10**	**11**	**12**
UNITS RENTED/MONTH	10	10	10	10	10	4
TOTAL RENTED UNITS	110	120	130	140	150	154
POTENTIAL GROSS INCOME	$80,428	$87,740	$95,052	$102,363	$109,675	$112,600
EFFECTIVE GROSS INCOME	$79,576	$86,810	$94,044	$101,278	$108,512	$111,406
VARIABLE EXPENSES	$11,515	$12,562	$13,609	$14,656	$15,703	$16,122
FIXED EXPENSES	$50,884	$50,884	$50,884	$50,884	$50,884	$50,884
TOTAL OPERATING EXPENSES	$62,400	$63,447	$64,494	$65,540	$66,587	$67,006
NET OPERATING INCOME	$17,176	$23,363	$29,551	$35,738	$41,925	$44,400

NOI DURING RENT-UP	**$165,275**
STABILIZED NOI	**$592,199**
NOI-LOSS	**-$426,924**

NOI with nominal tenants is negative in the first months, as fixed expenses are greater than the income coming into the property. As occupancy increases, variable expenses grow with the number of tenants. The appraiser estimates a stabilized NOI of $592,199, assuming stabilized occupancy. NOI for the first year, including the lease-up period, is estimated at about $165,275. Consequently, the market value estimate ***at completion*** is about $426,924 less than the value at stabilization, or $23,190,000, rounded.

FEE SIMPLE MARKET VALUE AT COMPLETION

--- $23,190,000---

In comparison with the amount of equity sources, there is a surplus, estimated at $286,957, in equity from the annual after debt service cash flow and a reversion, earned over the affordability period.

YEAR 20 VALUE

The market value of the property in Year 20 was estimated by extrapolating income and expenses in Year 21, as if the property were marketed for sale based on its in-place Net Operating Income. It is important to note that the developer opted to add 20 years to the required minimum 15-year affordability period; as such, the property could legally become "market"/"unrestricted" rate apartments after Year 35. It is also important to consider that rehabilitation tax credits are available to the property after 15 years of operation, and that many tax credit apartment developers are opting for rehabilitation credits to extend the viability of their improvements at the latter stage of the affordability period. Although a prospective buyer opting for rehabilitation credits would not be able to rent the property at market rates if given an award of rehabilitation credits, they would incur the profits and fees generated from continuing to operate the units at rent-restricted levels.

Historically, the appraiser has noted limited sales data from existing 515 and RD properties transacting as either distressed sales or in advance of undertaking the application process for rehabilitation tax credits. Speaking with developers involved with such transactions, the appraiser notes that the value in exchange ("sale price") is often comprised of the remaining loan balance plus a relatively nominal premium for taking over the units. The following list includes three such properties which sold in 2010. On average, the developments sold for about $8,500/unit above the existing loan balance.

DCA #	APT NAME	CITY/ST	# UNITS	LOAN TYPE	BALANCE	ADD. EQUITY	**$/UNIT ADD. EQUITY**
2010-012	East Ellijay Apts	Ellijay, GA	45	FMHA 515	$1,285,697	$389,303	**$8,651**
2010-014	Windsor Apts	Metter, GA	53	FMHA 515	$1,412,227	$427,773	**$8,071**
2010-015	Windwood Villas	Cairo, GA	53	FMHA 515	$1,374,000	$450,000	**$8,491**

Below, the appraiser presents an estimate of the Future Value of the property in Year 21 under each assumption. It is important to note that the first scenario [assuming 100% market rents] is not representative of contract unit rents; this value has been calculated for illustrative purposes only. Similarly, the second scenario [assuming in-place rents] does not factor in 20+ years of operation at unrestricted rental rates starting in Year 31, nor does it explicitly address the seller's profit (taken in the form of the initial grant and below-market loan) that allows rents to be subsidized, as well as the implicit potential for rehabilitation tax credits. The third approach considers the typical motivations of buyers and sellers of 20± year old affordable housing properties.

Recognizing that the unencumbered value, as of the current effective date of appraisal, is reconciled at approximately $17,310,000, rounded, it is logical that the market value of the property at the end of Year 20 would be lower, considering only slight rent increases and the general aging of the units over time.

The appraiser has utilized a relative weighting of each scenario. The most likely scenario, in Year 20, is that the developer will investigate rehabilitation tax credits and continue operating the property in an elderly- and income-restricted capacity. The appraiser has placed 10% probability the property will exit the program at Year 20 and operate at market rents, a 10% probability of duress and the need to sell, but 80% probability that the development will continue as an elderly- and income-restricted development, likely following an award of rehabilitation tax credits. The appraiser estimates a Year 20 value at $12,140,000.

MARKET VALUE – YEAR 20
---- $12,140,000 ---

YEAR 20 ANALYSIS

REVERSION ASSUMING MARKET RENTS	
PGI	$2,956,651
OTHER	$59,133
SUBTOTAL, REVENUES	$3,015,784
VACANCY & COLLECTION LOSS	-$211,105
EFFECTIVE GROSS INCOME	$2,804,679
OPERATING EXPENSE, INC. RESERVES	$1,350,239
NET OPERATING INCOME	$1,454,440
TERMINAL CAP RATE	6.50%
GROSS PROCEEDS FROM SALE [YEAR 20]	**$22,376,002**
REVERSION ASSUMING RESTRICTED RENTS	
PGI	$2,329,110
OTHER	$46,582
SUBTOTAL, REVENUES	$2,375,692
VACANCY & COLLECTION LOSS	($71,271)
EFFECTIVE GROSS INCOME	$2,304,421
OPERATING EXPENSE, INC. RESERVES	($1,437,749)
NET OPERATING INCOME	$866,673
TERMINAL CAP RATE	6.50%
GROSS PROCEEDS FROM SALE [YEAR 20]	**$13,333,425**
DEBT & EQUITY MODEL	
Remaining Debt, Year 21	$0
Per-Unit Premium Paid	$8,500
Total Premium Paid	$1,377,000
GROSS PROCEEDS FROM SALE [YEAR 20]	**$1,377,000**
RECONCILED (BLENDED 0%, 90%, 10%)	**$12,140,000**
PER UNIT	*$74,938*

VALUE OF THE BELOW MARKET FINANCING

The subject will benefit from a HOME loan, offering below-market financing, as well as a Walker & Dunlap loan at a rate deemed marginally below market (4.15% versus 4.33%). For the purposes of calculating the difference in the contract rate and the market rate, the appraiser researched interest rates used in conventional apartment financing and estimated that the present market rate for a comparable loan is 4.33%, fixed rate. I estimated the annual debt service for each loan that would have been payable had such a conventional loan been made for the current principal amounts for each loan. I then calculated the annual debt service "saving" and "shortfall" each year between that conventional debt service and the annual debt service estimate in the DCF model under the proposed financing.

The appraiser calculated the total payment (principal and interest) for the loans assuming conventional financing and the payments made at the below-market financing. The yearly savings from the below-market loans were discounted to present value over the holding period, estimated at $690,000, rounded.

PRESENT VALUE OF FAVORABLE FINANCING

PRESENT VALUE OF BELOW AND ABOVE MARKET FINANCING

	HOME	LOAN 2		
Loan Balance	$3,000,000	$6,676,515	Property Discount Rate	8.0%
Effective Interest Rate on Loan	1.00%	4.15%	Safe Rate	0.0%
Debt Service on Loan	$101,623	$361,987		
Term Remaining	18	18		
Market Interest Rate	4.33%	4.33%		
Debt Service @ Subsidized Int Rate	$101,623	$361,987		
Debt Service @ Market Rate	$166,602	$370,774		

Year:	1	2	3	4	5	6	7	8	9	10
Debt Service from HOME	$101,623	$101,623	$101,623	$101,623	$101,623	$101,623	$101,623	$101,623	$101,623	$101,623
Mkt Debt Service for HOME	$166,602	$166,602	$166,602	$166,602	$166,602	$166,602	$166,602	$166,602	$166,602	$166,602
Savings on HOME	**$64,979**	**$64,979**	**$64,979**	**$64,979**	**$64,979**	**$64,979**	**$64,979**	**$64,979**	**$64,979**	**$64,979**
Debt Service from Loan 2	$361,987	$361,987	$361,987	$361,987	$361,987	$361,987	$361,987	$361,987	$361,987	$361,987
Mkt Debt Service for Loan 2	$370,774	$370,774	$370,774	$370,774	$370,774	$370,774	$370,774	$370,774	$370,774	$370,774
Savings on Loan 2	**$8,787**	**$8,787**	**$8,787**	**$8,787**	**$8,787**	**$8,787**	**$8,787**	**$8,787**	**$8,787**	**$8,787**
TOTAL SAVINGS	$73,766	$73,766	$73,766	$73,766	$73,766	$73,766	$73,766	$73,766	$73,766	$73,766
PV factor	0.9259	0.8573	0.7938	0.7350	0.6806	0.6302	0.5835	0.5403	0.5002	0.4632
PV of Savings	$68,302	$63,242	$58,558	$54,220	$50,204	$46,485	$43,042	$39,853	$36,901	$34,168

Year:	11	12	13	14	15	16	17	18	19	20
Debt Service from HOME	$101,623	$101,623	$101,623	$101,623	$101,623	$101,623	$101,623	$101,623	$0	$0
Mkt Debt Service for HOME	$166,602	$166,602	$166,602	$166,602	$166,602	$166,602	$166,602	$166,602	$0	$0
Savings on HOME	**$64,979**	**$64,979**	**$64,979**	**$64,979**	**$64,979**	**$64,979**	**$64,979**	**$64,979**	**$0**	**$0**
Debt Service from Loan 2	$361,987	$361,987	$361,987	$361,987	$361,987	$361,987	$361,987	$361,987	$0	$0
Mkt Debt Service for Loan 2	$370,774	$370,774	$370,774	$370,774	$370,774	$370,774	$370,774	$370,774	$0	$0
Savings on Loan 2	**$8,787**	**$8,787**	**$8,787**	**$8,787**	**$8,787**	**$8,787**	**$8,787**	**$8,787**	**$0**	**$0**
TOTAL SAVINGS	$73,766	$73,766	$73,766	$73,766	$73,766	$73,766	$73,766	$73,766	$0	$0
PV factor	0.4289	0.3971	0.3677	0.3405	0.3152	0.2919	0.2703	0.2502	0.2317	0.2145
PV of Savings	$31,637	$29,294	$27,124	$25,114	$23,254	$21,532	$19,937	$18,460	$0	$0

PV of Savings Over Term	**$690,000**

UNENCUMBERED MARKET VALUE

INCOME APPROACH

In this scenario, the appraiser assumes that the subject is not subject to the LIHTC programs, and that rental rates are not restricted. This analysis provides a "worst case" scenario, under the assumption that the program ceased to exist or that the owner failed to comply with the requirements of the LIHTC program.

UNRESTRICTED MARKET RENT PROFORMA			
Unit Type	No. of Units	Monthly Rent/Unit	Annual for Unit Type
ONE-BEDROOM	139	$909	$1,516,546
TWO-BEDROOM	23	$1,043	$287,813
TOTAL	162		$1,804,358
AVERAGE			$928

The above is supported by current rental rate data from comparable properties noted in the market study. A summary of the one- and two-bedroom rental rate data is provided below. Illustrative photos and rental rate information from the prior 2015 market study have been reproduced in the Market Analysis section of this report.

In summary, Rent Comparables #1, #2 and #4 were given most consideration, given their age and amenities, with lesser consideration given to Rent Comparable #3. As noted, the appraiser has estimated market rent and total potential gross income for the subject units under an unrestricted scenario at $1.20/SF for the subject's one-bedroom units and $1.00/SF for the subject's two-bedroom units.

One Bedroom Units				
No.	Name Location	Rent/ Month	Unit Sq. Ft.	Rent/ Sq FT
1	**Brookside Park** 565 St Johns Ave SW Atlanta, GA 30305	$955	830	$1.15
2	**Columbia at Mechanicsville Apartments** 525 Fulton St. SW Atlanta , GA 30312	$865	750	$1.15
3	**Columbia at Sylvan Hills** 1150 Astor Avenue SW Atlanta, GA 30310	$800	777	$1.03
4	**Villages at Carver** 174 Moury Avenue Atanta, GA 30310	$910	750	$1.21

Two Bedroom Units				
No.	Name/Location	Rent/ Month	Unit Sq. Ft.	Rent/ Sq FT
1	**Brookside Park** 565 St Johns Ave SW Atlanta, GA 30305	$1,035 $1,125	1,119 1,335	$0.92 $0.84
2	**Columbia at Mechanicsville Apa** 525 Fulton St. SW Atlanta , GA 30312	$950	1,005	$0.95
3	**Columbia at Sylvan Hills** 1150 Astor Avenue SW Atlanta, GA 30310	$903	1,065	$0.85
4	**Villages at Carver** 174 Moury Avenue Atanta, GA 30310	$985	946	$1.04

Direct Capitalization Analysis

Neither the subject nor the comparables have the characteristics of "investment grade properties" that make it reasonable to base a Cap Rate on the Korpacz Survey or similar national surveys of investors. I believe that the overall capitalization rate of 6.00% previously derived using the Band-of-Investment model is a reasonable indication of a cap rate for the subject. Including potential rent from tenants [$1,804,358] and 2% in other income, reduced by market vacancy and collection loss of 7%, the estimated Effective Gross Income at the subject property is estimated at $1,711,614 in Year 1.

Expenses would be similar to those estimates in the restricted-rent scenario, with the exception of a reduction in the management fee consistent with less income and occupancy reporting. There are several expenses that must be recalibrated based on a conventional/market scenario. For example, a conventional management fee of 3.5% to 4.5% of EGI is typical, depending on scale, day-to-day involvement and offsetting perks such as free rent for managers. Conversely, LIHTC property managers typically charge 8.0% to 10% of EGI to account for considerably more cost associated with tenant screening, income verification and monitoring, as well as monthly reporting to maintain IRS compliance. The typical utility allowance is not considered in the unencumbered scenario, nor is the cost of a manager's unit [typically] for this scale of a property. In total, the pro-forma expenses are slightly lower under an assumption of market operation, relative to the encumbered scenario presented above. The appraiser estimates operating expenses under an unrestricted scenario to be $747,595 in Year 1 of the analysis.

The resultant NOI is estimated at $964,020 in Year 1. Capitalized at 6.00%, the value indication under a non-restricted scenario is $16,070,000, rounded, or $99,198/unit.

DIRECT CAPITALIZATION MODEL

DIRECT CAP @ Market Rents	
Gross Potential Rent	$1,804,358
Other Income	$36,087
Market Vacancy Rate	7%
V & C Loss @ Mkt V&CL	-$128,831
Effective Gross Income	$1,711,614
Op. Expenses & Reserves	-$747,595
Net Operating Income	$964,020
Derived Mkt Cap Rate	6.00%
	$16,066,993
Rounded	**$16,070,000**
per unit	**$99,198**

Discounted Cash Flow Analysis:

The appraiser's value conclusion from a Discounted Cash Flow analysis is similar, at $15,730,000, rounded. This analysis examines cash flow over the entire holding period, plus a reversion at the end of the holding period. The value estimate is somewhat less reliable than the Direct Capitalization analysis, as the DCF involves more subjective parameters, such as the eventual sales price of the subject property in 35 years.

REVERSION, ASSUMING CONTINUED OPERATION	
Net Reversion	$26,497,685
PV Factor	0.09202
PV of Reversion	$2,438,212
PV of Annual Cashflows	$13,287,946
Total PV	$15,726,158
DCF @ Mkt., Rounded:	**$15,730,000**
Per unit:	*$97,099*

DISCOUNTED CASH FLOW ANALYSIS – UNENCUMBERED SCENARIO

YEAR	1	2	3	4	5	6	7	8	9	10
POTENTIAL GROSS RENTAL INCOME	$1,804,358	$1,849,467	$1,895,704	$1,943,097	$1,991,674	$2,041,466	$2,092,503	$2,144,815	$2,198,436	$2,253,396
OTHER INCOME	$36,087	$36,989	$37,914	$38,862	$39,833	$40,829	$41,850	$42,896	$43,969	$45,068
SUBTOTAL, POTENTIAL INCOME	$1,840,446	$1,886,457	$1,933,618	$1,981,959	$2,031,508	$2,082,295	$2,134,353	$2,187,711	$2,242,404	$2,298,464
VACANCY & COLLECTION LOSS	-$128,831	-$132,052	-$135,353	-$138,737	-$142,206	-$145,761	-$149,405	-$153,140	-$156,968	-$160,893
EFFECTIVE GROSS INCOME	$1,711,614	$1,754,405	$1,798,265	$1,843,221	$1,889,302	$1,936,535	$1,984,948	$2,034,572	$2,085,436	$2,137,572
OPERATING EXPENSES, INCL. OF RESERVES	$747,595	$770,023	$793,123	$816,917	$841,425	$866,667	$892,667	$919,447	$947,031	$975,442
TOTAL OPERATING EXPENSES	-$747,595	-$770,023	-$793,123	-$816,917	-$841,425	-$866,667	-$892,667	-$919,447	-$947,031	-$975,442
NET OPERATING INCOME	$964,020	$984,382	$1,005,142	$1,026,304	$1,047,877	$1,069,867	$1,092,281	$1,115,124	$1,138,405	$1,162,130
DISCOUNT RATE PRESENT VALUE FACTOR	0.92593	0.85734	0.79383	0.73503	0.68058	0.63017	0.58349	0.54027	0.50025	0.46319
PRESENT VALUE	$892,611	$843,949	$797,914	$754,364	$713,168	$674,198	$637,335	$602,467	$569,486	$538,291

YEAR	11	12	13	14	15	16	17	18	19	20
POTENTIAL GROSS RENTAL INCOME	$2,309,731	$2,367,475	$2,426,661	$2,487,328	$2,549,511	$2,613,249	$2,678,580	$2,745,545	$2,814,183	$2,884,538
OTHER INCOME	$46,195	$47,349	$48,533	$49,747	$50,990	$52,265	$53,572	$54,911	$56,284	$57,691
SUBTOTAL, POTENTIAL INCOME	$2,355,926	$2,414,824	$2,475,195	$2,537,075	$2,600,501	$2,665,514	$2,732,152	$2,800,456	$2,870,467	$2,942,229
VACANCY & COLLECTION LOSS	-$164,915	-$169,038	-$173,264	-$177,595	-$182,035	-$186,586	-$191,251	-$196,032	-$200,933	-$205,956
EFFECTIVE GROSS INCOME	$2,191,011	$2,245,786	$2,301,931	$2,359,479	$2,418,466	$2,478,928	$2,540,901	$2,604,424	$2,669,534	$2,736,273
OPERATING EXPENSES, INCL. OF RESERVES	$1,004,705	$1,034,846	$1,065,891	$1,097,868	$1,130,804	$1,164,728	$1,199,670	$1,235,660	$1,272,730	$1,310,912
TOTAL OPERATING EXPENSES	-$1,004,705	-$1,034,846	-$1,065,891	-$1,097,868	-$1,130,804	-$1,164,728	-$1,199,670	-$1,235,660	-$1,272,730	-$1,310,912
NET OPERATING INCOME	$1,186,306	$1,210,940	$1,236,040	$1,261,611	$1,287,662	$1,314,200	$1,341,231	$1,368,763	$1,396,804	$1,425,361
DISCOUNT RATE PRESENT VALUE FACTOR	0.42888	0.39711	0.36770	0.34046	0.31524	0.29189	0.27027	0.25025	0.23171	0.21455
PRESENT VALUE	$508,786	$480,881	$454,489	$429,529	$405,925	$383,602	$362,493	$342,532	$323,656	$305,809

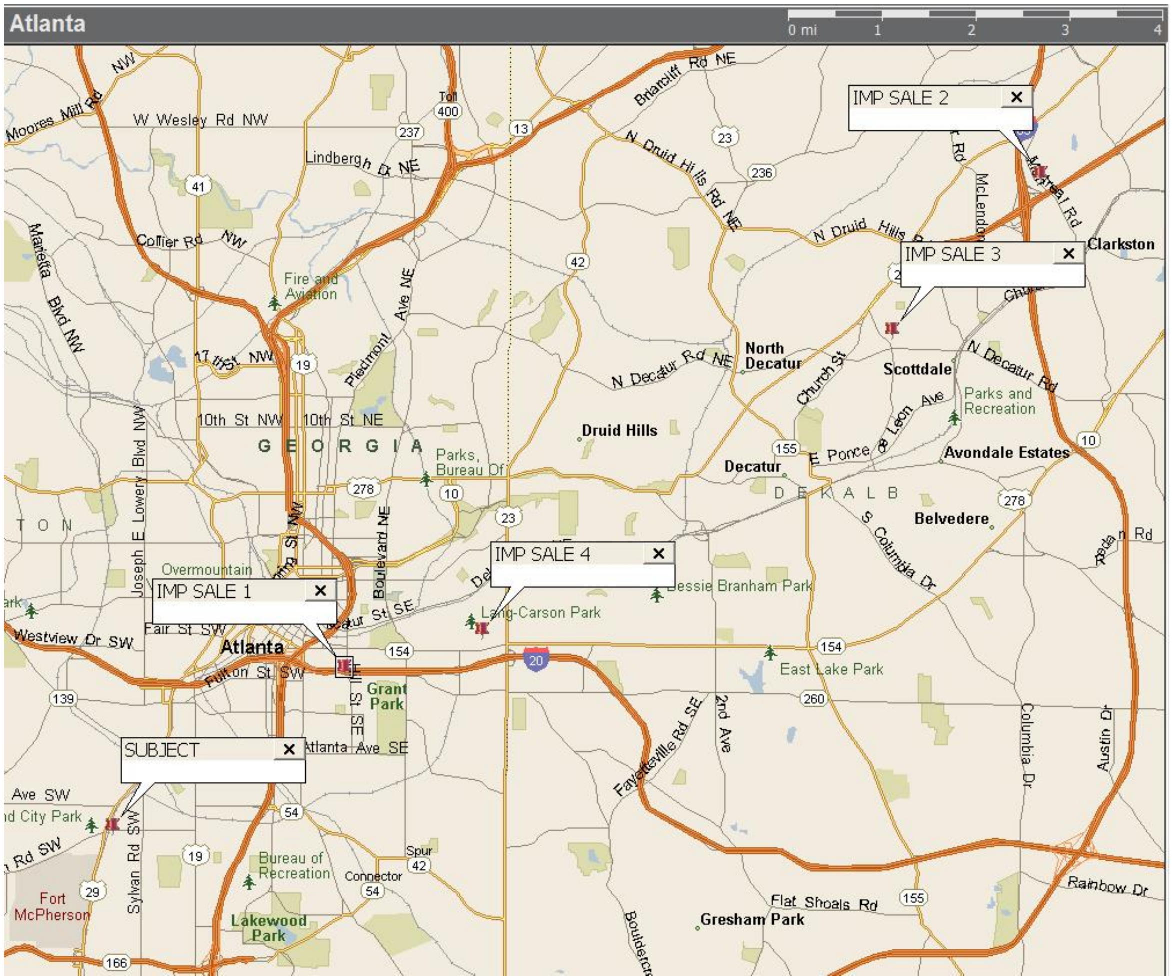
YEAR	21	22	23	24	25	26	27	28	29	30
POTENTIAL GROSS RENTAL INCOME	$2,956,651	$3,030,568	$3,106,332	$3,183,990	$3,263,590	$3,345,180	$3,428,809	$3,514,529	$3,602,393	$3,692,452
OTHER INCOME	$59,133	$60,611	$62,127	$63,680	$65,272	$66,904	$68,576	$70,291	$72,048	$73,849
SUBTOTAL, POTENTIAL INCOME	$3,015,784	$3,091,179	$3,168,458	$3,247,670	$3,328,862	$3,412,083	$3,497,385	$3,584,820	$3,674,440	$3,766,301
VACANCY & COLLECTION LOSS	-$211,105	-$216,383	-$221,792	-$227,337	-$233,020	-$238,846	-$244,817	-$250,937	-$257,211	-$263,641
EFFECTIVE GROSS INCOME	$2,804,679	$2,874,796	$2,946,666	$3,020,333	$3,095,841	$3,173,237	$3,252,568	$3,333,883	$3,417,230	$3,502,660
OPERATING EXPENSES, INCL. OF RESERVES	$1,350,239	$1,390,747	$1,432,469	$1,475,443	$1,519,706	$1,565,297	$1,612,256	$1,660,624	$1,710,443	$1,761,756
TOTAL OPERATING EXPENSES	-$1,350,239	-$1,390,747	-$1,432,469	-$1,475,443	-$1,519,706	-$1,565,297	-$1,612,256	-$1,660,624	-$1,710,443	-$1,761,756
NET OPERATING INCOME	$1,454,440	$1,484,050	$1,514,197	$1,544,890	$1,576,135	$1,607,940	$1,640,312	$1,673,258	$1,706,787	$1,740,904
DISCOUNT RATE PRESENT VALUE FACTOR	0.19866	0.18394	0.17032	0.15770	0.14602	0.13520	0.12519	0.11591	0.10733	0.09938
PRESENT VALUE	$288,933	$272,977	$257,891	$243,628	$230,144	$217,396	$205,345	$193,954	$183,185	$173,006
PV OF CASH FLOW OVER TERM	**$13,287,946**									

SALES COMPARISON APPROACH - UNENCUMBERED MARKET VALUE

The appraiser previously estimated a reconciled cost to construct at $21,430,000. Best evidence of market rent for the subject property indicated a market value of $15,898,497 from the Direct Capitalization and Discounted Cash Flow analysis. This difference illustrates the rationale behind the lack of feasibility for constructing such units in the subject's area, where incomes (and subsequently rents) are relatively depressed. This is an important concept in understanding what makes a property "comparable" to the proposed new construction, as if its rent were unrestricted.

The following section presents the best information available to quantify what properties have recently sold for. The sale of a property is typically a function of the property's net income production; however, there are different risk structures associated with owning or purchasing a handful of units than a medium-scale property such as the proposed subject property.

IMPROVED SALES LOCATION MAP



Comparable Apartment Sale No. 1

Name	:	ENSO
Address	:	880 Glenwood Ave SE
City/County/State	:	Atlanta, GA 30316
Grantor	:	Enso Borrower, LLC
Grantee	:	Bel Enso, LLC
Verification	:	CoStar, Public Record
Deed Book & Page	:	53998-0456
Sale Price	:	$53,300,000
Sale Date	:	Jul-14
Land Area	:	4.84
No. Units	:	325
Total S.F.	:	624,087
Price Per Unit	:	$164,000
Year Built	:	2010
Capitalization Rate	:	N/A

Remarks:

This was the sale of a 325-unit multi-family and 8 office/retail units on the ground floor known as Enso. The asset sits on 4.84 acres in the northwest quadrant of Glenwood Avenue SE and Bill Kennedy Way SE in the Grant Park North submarket. At the time of sale, it was 99% occupied and traded for $53.3 million, or for $164,000 per unit. Property Description: Eight (8) commercial spaces for lease in Atlanta's first LEED Certified, Eco-friendly mixed use rental community. Units range in size from 808 to 1,349 square feet and come finished with built out lavatory, kitchenette area and sealed concrete floors. Excellent access to covered parking deck and street front parking adjacent to commercial spaces. In 2011, this building was awarded LEED certification at the Gold level by the U.S. Green Building Council. Each unit in the neighborhood features an alarm, ceiling fans, ceramic/tile floors, dishwasher, granite countertops, microwave, refrigerator, stainless steel appliances, stove, sunken tub, sunroom, walk-in closets and walk-in showers. The gated community's amenities include card key access, courtyard, fitness center, game room, grill, Internet, media center/movie theater, pet play area, pool and recycling.

UNIT MIX AT TIME OF SALE													
Units					Asking Rent				Effective Rent				Concessions
Bed/Bath	#	%	Avg SF	Vacant	Min/Unit	Max/Unit	Min/SF	Max/SF	Min/Unit	Max/Unit	Min/SF	Max/SF	%
1/1.0	33	10.2	769	-	$1,090	$1,170	$1.42	$1.52	$1,090	$1,170	$1.42	$1.52	0.0%
1/1.0	69	21.2	775	-	$1,050	$1,190	$1.35	$1.54	$1,050	$1,190	$1.35	$1.54	0.0%
1/1.0	72	22.2	893	-	$1,190	$1,270	$1.33	$1.42	$1,190	$1,270	$1.33	$1.42	0.0%
1/1.0	5	1.5	953	-	$1,210	$1,210	$1.27	$1.27	$1,210	$1,210	$1.27	$1.27	0.0%
2/1.0	46	14.2	1,115	-	$1,350	$1,410	$1.21	$1.26	$1,350	$1,410	$1.21	$1.26	0.0%
2/2.0	5	1.5	1,034	-	$1,415	$1,415	$1.37	$1.37	$1,415	$1,415	$1.37	$1.37	0.0%
2/2.0	23	7.1	1,216	-	$1,550	$1,590	$1.27	$1.31	$1,550	$1,590	$1.27	$1.31	0.0%
2/2.0	26	8.0	1,237	-	$1,575	$1,615	$1.27	$1.31	$1,575	$1,615	$1.27	$1.31	0.0%
2/2.0	41	12.6	1,278	-	$1,505	$1,665	$1.18	$1.30	$1,505	$1,665	$1.18	$1.30	0.0%
2/2.0	5	1.5	1,060	-	$1,385	$1,385	$1.31	$1.31	$1,385	$1,385	$1.31	$1.31	0.0%

Comparable Apartment Sale No. 2

Name	:	Five Oaks Apartments
Address	:	1200 Montreal Rd
City/County/State	:	Tucker, GA 30084
Grantor	:	Parkmeed Malibu Canyon LLC
Grantee	:	Bel Oaks LLC
Verification	:	CoStar (Verified), Public Record
Deed Book & Page	:	25330-0343
Sale Price	:	$36,400,000
Sale Date	:	Dec-15
Land Area	:	11.59
No. Units	:	280
Total S.F.		318,849
Price Per Unit	:	$130,000
Year Built	:	2006
Capitalization Rate	:	5.35% PGRM 8.19

Remarks:

The Class A multifamily property is located at 1200 Montreal Rd in the outlying DeKalb County submarket. Delivered in 2006, the community consists of 8 three-story garden style buildings situated on 11.59 acres. The unit mix is comprised of 154 one-bedrooms, 112 two-bedroom and 14 three-bedroom units. There was a 95% physical occupancy rate at the time of sale. The property traded at a 5.35% cap rate, based on in-place net operating income. Amenities Include: Car Care Center, Conference Room, Cyber Café, Detached Garages Available, Fitness Center, Gated community, Pool, Sundeck and Grilling Area, Trash Valet Service.

# Units:	280	Price/Unit:	$130,000
Avg Unit Size:	1,011 SF	Avg Rent/Unit/Mo:	$1,323
SF of all Units:	283,222	Avg Rent/SF/Mo:	$1.31

UNIT MIX AT TIME OF SALE													
Units					Asking Rent				Effective Rent				Concessions
Bed/Bath	#	%	Avg SF	Vacant	Min/Unit	Max/Unit	Min/SF	Max/SF	Min/Unit	Max/Unit	Min/SF	Max/SF	%
1/1.0	28	10.0	741	-	$909	$909	$1.23	$1.23	-	-	-	-	-
1/1.0	56	20.0	912	-	-	-	-	-	-	-	-	-	-
1/1.0	70	25.0	819	-	-	-	-	-	-	-	-	-	-
2/2.0	56	20.0	1,116	-	-	-	-	-	-	-	-	-	-
2/2.0	56	20.0	1,232	-	-	-	-	-	-	-	-	-	-
3/2.0	14	5.0	1,399	-	$1,435	$1,490	$1.03	$1.07	-	-	-	-	-

Comparable Apartment Sale No. 3

Name	:	Paces Park
Address	:	100 Paces Park Dr
City/County/State	:	Decatur, GA 30033
Grantor	:	Paces Park Investments, LLC
Grantee	:	EI Paces Park, LLC
Verification	:	CoStar (Verified), Public Record
Deed Book & Page	:	24717-0663
Sale Price	:	$31,500,000
Sale Date	:	Dec-14
Land Area	:	10.49
Number of Units	:	250
Total S.F.		356,184
Price Per Unit	:	$126,000
Year Built	:	2000
Capitalization Rate	:	5.65% PGRM 8.23

Remarks

Paces Park, contains 250 units, was built in 2000 with wood paneling exterior and gabled shingled roof. The apartment complex lies on the east side of DeKalb Industrial Way just north of N Decatur Road with good access to the surrounding area. The improvements appear to be in good condition at the time of sale. Amenities Include: 24 Hour Fitness Gym, Business Center, Gated Community, Laundry Facilities, On-Site Maintenance, Swimming Pool and Tennis Court,

At the time of sale the complex was 97% occupied. A source deemed reliable confirmed that the property sold at a 5.65% pro forma cap rate.

UNIT MIX AT TIME OF SALE													
Units					Asking Rent				Effective Rent				Concessions
Bed/Bath	#	%	Avg SF	Vacant	Min/Unit	Max/Unit	Min/SF	Max/SF	Min/Unit	Max/Unit	Min/SF	Max/SF	%
1/1.0	52	20.8	747	2	$858	$1,160	$1.15	$1.55	$858	$1,160	$1.15	$1.55	0.0%
1/1.0	34	13.6	754	2	$870	$1,122	$1.15	$1.49	$870	$1,122	$1.15	$1.49	0.0%
1/1.0	42	16.8	885	2	$904	$1,166	$1.02	$1.32	$904	$1,166	$1.02	$1.32	0.0%
2/2.0	48	19.2	1,107	0	$1,297	$1,469	$1.17	$1.33	$1,297	$1,469	$1.17	$1.33	0.0%
2/2.0	52	20.8	1,213	0	$1,322	$1,432	$1.09	$1.18	$1,322	$1,432	$1.09	$1.18	0.0%
2/2.0	4	1.6	1,430	0	$1,579	$1,579	$1.10	$1.10	$1,579	$1,579	$1.10	$1.10	0.0%
3/2.0	18	7.2	1,421	1	$1,684	$3,222	$1.19	$2.27	$1,684	$3,222	$1.19	$2.27	0.0%

Comparable Apartment Sale No. 4

Name	:	Glenwood East
Address	:	390 Stovall St
City/County/State	:	Atlanta, GA 30316
Grantor	:	Broadstone Glenwood, LP
Grantee	:	Glenood/OB-WC, LLC
Verification	:	CoStar (Verified), Public Record
Deed Book & Page	:	53302-0205
Sale Price	:	$29,995,000
Sale Date	:	Nov-13
Land Area	:	5.61
Number of Units	:	236
Total S.F.		273,060
Price Per Unit	:	$127,097
Year Built	:	2008
Capitalization Rate	:	N/A PGRM 7.68

Remarks

Glenwood East Apartments, contains 236 units, was built in 2008 with Stucco/brick exterior and flat membrane roof. The apartment complex lies on the south side of Stoval Street with structured parking on the north side of Stoval Street and just west of Moreland Avenue with good access to the surrounding area. The improvements appear to be in good condition at the time of sale. Amenities Include: Fitness Center with Cardio Theater, Yoga Room, Swimming Pool with Sun Deck and Gas Grill Area, Sky Lounge with Views of Atlanta, Parking Garage, Controlled Access to Each Building. 97% leased at time of sale.

UNIT MIX AT TIME OF SALE													
Units					Asking Rent				Effective Rent				Concessions
Bed/Bath	#	%	Avg SF	Vacant	Min/Unit	Max/Unit	Min/SF	Max/SF	Min/Unit	Max/Unit	Min/SF	Max/SF	%
Studio/1.0	56	23.7	701	1	$1,115	$1,216	$1.59	$1.74	$1,115	$1,216	$1.59	$1.74	0.0%
1/1.0	89	37.7	965	3	$1,241	$1,401	$1.29	$1.45	$1,241	$1,401	$1.29	$1.45	0.0%
2/2.0	91	38.6	1,262	2	$1,571	$1,571	$1.24	$1.24	$1,571	$1,571	$1.24	$1.24	0.0%

Unencumbered Value Estimate

Because there were no sales of "new" apartment complexes in the subject's area, the appraiser used recent sales of older and/or inferior properties. Considering adjustments necessary to explain the differences in sale characteristics as well as physical differences between the sales and the subject, the sales provide a weighted adjusted value indication at $116,653/unit, or $17,310,000, rounded.

MARKET VALUE – UNENCUMBERED

--- $17,310,000 ---

IMPROVED SALE ADJUSTMENT GRID

	IMPROVED SALE #1		IMPROVED SALE #2		IMPROVED SALE #3		IMPROVED SALE #4	
Address:	880 Glenwood Ave, Atlanta		1200 Montreal Rd, Tucker		100 Paces Park Dr, Decatur		390 Stovall Street, Atlanta	
Development Name:	ENSO		Five Oaks		Paces Park		Glenwood East	
Sale Date:	7/21/2014		12/29/2015		12/19/2014		11/1/2013	
Sale Price:	$53,300,000		$36,400,000		$31,500,000		$29,995,000	
Total Land Area:	4.84		11.59		10.49		5.61	
Occupancy at Sale:	99%		95%		97%		97%	
Total SF of Bldgs (Gross)	624,087		318,849		356,184		273,060	
Price/SF of Bldg:	$85.40		$114.16		$88.44		$109.85	
UNITS	325		280		250		236	
Price/Unit	$164,000		$130,000		$126,000		$127,097	
ADJUSTMENTS FOR SALE:	**Condition**	**% or $**	**Condition**	**% or $**	**Condition**	**% or $**	**Condition**	**% or $**
Property Rights	No Adjustment		No Adjustment		No Adjustment		No Adjustment	
Financing	No Adjustment		No Adjustment		No Adjustment		No Adjustment	
Conditions of Sale	No Adjustment		No Adjustment		No Adjustment		No Adjustment	
Date of Sale	No Adjustment		No Adjustment		No Adjustment		Inferior	10%
Total Adjustment for Sale	0.0%		0.0%		0.0%		10.0%	
Prelim Adj. Sales Price	*$53,300,000*		*$36,400,000*		*$31,500,000*		*$32,994,500*	
Prelim Indication ($/SF)	*$85.40*		*$114.16*		*$88.44*		*$120.83*	
Prelim. $/Unit	*$164,000*		*$130,000*		*$126,000*		*$139,807*	
ADJUSTMENTS FOR PROPERTY	**Comparability**	**%**	**Comparability**	**%**	**Comparability**	**%**	**Comparability**	**%**
Market Area / Location (Macro):	Similar		Similar		Similar		Similar	
Surroundings Uses (Micro):	Superior	-10%	Similar		Similar		Similar	
Building Age / Condition:	Similar		Inferior	5%	Inferior	10%	Similar	
Development Density / Zoning:	Similar		Similar		Similar		Similar	
Stories / Building Shape:	Similar		Similar		Similar		Similar	
Unit Mix / Size of Units:	Similar		Similar		Similar		Similar	
Size / Shape / Utility of Site	Superior	-5%	Superior	-20%	Superior	-20%	Superior	-10%
Site Topography / Flood	Similar		Similar		Similar		Similar	
Water Feature / Amenity	Similar		Similar		Similar		Similar	
Project Amenitites	Superior	-10%	Similar		Similar		Similar	
Easements / Restrictions	Similar		Similar		Similar		Similar	
OVERALL ADJUSTMENT	SUPERIOR		SUPERIOR		SUPERIOR		SUPERIOR	
PROPERTY ADJUSTMENT	-25%		-15%		-10%		-10%	
ADJUSTED SALES PRICE	**$39,975,000**		**$30,940,000**		**$28,350,000**		**$29,695,050**	
ADJ. $/SF	*$64*		*$97*		*$80*		*$109*	
ADJ. $/UNIT	*$123,000*		*$110,500*		*$113,400*		*$125,826*	

ADDENDA

- Most Recent Warranty Deed
- Floodplain Map
- Selected Pages from the Building Plans
- DCA Funding Core Application
- Executive Summary from Market Study
- Expense Comparables
- Additional Photos of Subject
- Qualifications of the Appraiser

MOST RECENT WARRANTY DEED

Deed Book 50842 Pg 641
Filed and Recorded Jan-30-2012 08:30am
2012-0025151
Real Estate Transfer Tax $0.00
Cathelene Robinson
Clerk of Superior Court
Fulton County, Georgia

Upon recording return to:
Jeffrey N. Berman, Esq.
3423 Piedmont Rd., Suite 200
Atlanta, GA 30305

STATE OF GEORGIA
COUNTY OF FULTON

LIMITED WARRANTY DEED

THIS INDENTURE is made *this 11th day of January, 2012, by and between LIB PROPERTIES, LTD. ("**Grantor**") and CLIFTWOOD PROPERTIES, LLC ("**Grantee**"). (The words "**Grantor**" and "**Grantee**" include the neuter, masculine and feminine genders, and the singular and the plural.)

FOR AND IN CONSIDERATION of the sum of TEN AND NO/100 DOLLARS ($10.00) in hand paid to Grantor by Grantee at and before the execution, sealing and delivery hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor has granted, bargained, sold, aliened, conveyed and confirmed, and by these presents does grant, bargain, sell, alien, convey and confirm unto Grantee, and the heirs, successors, legal representatives and assigns of Grantee, all that tract or parcel of land described on **EXHIBIT "A"**, attached hereto and incorporated herein by reference.

TO HAVE AND TO HOLD said tract or parcel of land, together with any and all of the rights, members and appurtenances thereof to the same being, belonging or in anywise appertaining to the only proper use, benefit and behoof of Grantee forever, in fee simple; and

GRANTOR SHALL WARRANT and forever defend the right and title to said tract or parcel of land unto Grantee, and the heirs, successors, legal representatives and assigns of Grantee, against the lawful claims of all persons whomsoever claiming by, through, or under Grantor but not otherwise; provided, however, that the warranties of title made by Grantor herein shall not extend to any claims arising under any matter set forth on **EXHIBIT "B"**, attached hereto and incorporated herein by reference.

The transfer hereunder is made pursuant to that certain Loan Transfer Agreement (the "**Asset Agreement**") dated November 22, 2011, as amended, between and among Grantor and Grantee and other parties as may be signatory thereto (the applicable terms of such Asset Agreement are incorporated herein by reference).

IN WITNESS WHEREOF, Grantor has through its duly authorized officer signed, sealed and delivered this indenture on the day and year first written above.

Signed, sealed and delivered in the presence of:

Unofficial Witness

Notary Public DINA TILLER
My Commission Expires: SEPT. 26, 2015

[NOTARIAL SEAL] NOTARY PUBLIC GEORGIA GWINNETT COUNTY

420429

GRANTOR:

LIB PROPERTIES, LTD.

By: Jay D. Kessler, President

*effective as of January 1, 2012

EXHIBIT "A"

ALL THAT TRACT OR PARCEL OF LAND lying and being in Land Lot 120 of the 14th District of Fulton County, Georgia and being more particularly described as follows:

BEGINNING at the point located on the eastern right of way line of Murphy Avenue (50' R/W) where the northern right of way line of Arden Avenue (60' R/W) (after curving northwesterly, northerly and northeasterly to intersection on said eastern right of way line of Murphy Avenue) becomes the eastern right of way line of Murphy Avenue; and from the aforesaid POINT OF BEGINNING running thence along said easterly right of way line of Murphy Avenue North 16 degrees 32 minutes 00 seconds East 369.46 feet to a point; thence along a 13.72 foot radius curve an arc distance of 19.56 feet to a point located on the southern right of way line of Dill Avenue (50' R/W) (said arc being subtended by a chord to the right bearing North 56 degrees 47 minutes 00 seconds East 17.95 feet); thence South 89 degrees 06 minutes 08 seconds East 69.77 feet along said southern right of way line of Dill Avenue to a point; thence continuing along said southern right of way line of Dill Avenue and along an 820.72 foot radius curve an arc distance of 175.20 feet to a point (said arc being subtended by a chord to the left bearing North 84 degrees 50 minutes 32 seconds East 174.87 feet); thence continuing along said southern right of way line of Dill Avenue North 77 degrees 09 minutes 52 seconds East 49.46 feet to 1/2-inch rebar set; thence leaving said southern right of way line of Dill Avenue South 01 degrees 29 minutes 26 seconds West 187.92 feet to a 1/2-inch rebar found; thence South 01 degrees 29 minutes 26 seconds West 215.90 feet to a 1/2-inch rebar found on said northern right of way line of Arden Avenue; thence North 88 degrees 47 minutes 19 seconds West 386.56 feet to point; thence along 15.00 foot radius curve an arc distance of 21.72 feet to the POINT OF BEGINNING (said arc being subtended by chord to the right bearing North 38 degrees 54 minutes 55 seconds West 19.87 feet).

As shown on that certain survey entitled "ALTA/ACSM Land Title Survey certified to: Capitol View Properties I, LLC, a Georgia limited liability company, Gregory O. Cagle, Thomas G. Slappey and Michael T. Bryant and Chicago Title Insurance Company", prepared by SCI Development Services, bearing the seal and certification of John A. Steerman, Georgia Registered Land Surveyor No. 2576, dated July 21, 2006, last revised February 23, 2007.

S:\Orders\Ords-14\2-14000-2-14099\2-14098\Exhibit A.doc

1374 Murphy Avenue

EXHIBIT "B"

PERMITTED TITLE EXCEPTIONS

All Aggregate Encumbrances, as such term is defined in the Asset Agreement.

Also including the following permitted exceptions, as attached on the following pages.

POLICY NO. 7230710-74444328 SCHEDULE B

Part I

This policy does not insure against loss or damage by reason of the following:

1. All taxes subsequent to the year 2007, liens not yet due or payable, and any additional taxes which result from a reassessment of the subject property.

2. No insurance is afforded as to the exact amount of acreage contained in the property described herein.

3. Easement from Pioneer Heddle & Reed Co. to Georgia Power Company, dated March 2, 1952, filed for record August 3, 1053 at 10:41 a.m., recorded in Deed Book 2867, Page 651, Records of Fulton County, Georgia.

   Note: By letter dated December 5, 2006, the Georgia Power Company claims no further interest in the above mentioned easement, except the right to operate, maintain, rebuild and renew its existing facilities and equipment within its presently maintained right-of-way.

4. [Sewer Easement] Agreement between E. A. Holcombe and James N. Holcombe, Pioneer Heddle and Reed Company, Inc., a corporation, and Massell Foundation, Inc., a corporation, dated October 4, 1954, filed for record October 7, 1954 at 10:34 a.m., recorded in Deed Book 2929, Page 65, aforesaid Records.

5. [Sewer Easement] Agreement between E. A. Holcombe and James N. Holcombe, Pioneer Heddle and Reed Company, Inc., a corporation, and Massell Foundation, Inc., a corporation, dated October 4, 1954, filed for record April 10, 1958 at 11:02 a.m., recorded in Deed Book 3321, Page 29, aforesaid Records.

6. Easement as created by Notice of Order and Judgment Affecting Interest in Real Estate pursuant to Final Order and Judgment of the Court on Certifying a Class and Approving Settlement to Class Corridor, LLC, a Delaware limited liability company, dated as of September 5, 2001, filed for record May 6, 2005 at 2:11 p.m., recorded in Deed Book 39942, Page 584, aforesaid Records.

7. Those matters as disclosed by that certain survey entitled "ALTA/ACSM Land Title Survey certified to: Capitol View Properties I, LLC, a Georgia limited liability company, Gregory O. Cagle, Thomas G. Slappey and Michael T. Bryant and Chicago Title Insurance Company", prepared by SCI Development Services, bearing the seal and certification of John A. Steerman, Georgia Registered Land Surveyor No. 2576, dated July 21, 2006, last revised February 23, 2007, as follows:

POLICY NO. 7230710-74444328 SCHEDULE B (CONTINUED)

a. Power lines with power poles crossing northwesterly, southeasterly and southwesterly corners of subject property;

b. 15-inch and 12-inch corrugated metal pipes with drop inlets in northerly and northeasterly portions of subject property;

c. 3-foot sanitary sewer easement along a portion of the east line of subject property;

d. concrete steps in easterly portion of subject property;

e. 20-foot building lines along northerly and southerly lines of subject property and along a portion of easterly line of subject property

f. 40-foot building line along westerly line of subject property.

8. Such state of facts occurring subsequent to February 23, 2007 which would be disclosed by a current, accurate survey and careful inspection of the premises.

As a matter of information only, the following appear of record:

i. UCC 1 Financing Statement showing Capitol View Properties I, LLC, as Debtor and Lib Properties, Ltd., as Secured Party, filed for record August 27, 2007 at 10:51 a.m., recorded in Deed Book 45591, Page 565, aforesaid Records.

ii. UCC-1 Financing Statement No. 0602007-10388 showing Capitol View Properties I, LLC, as Debtor and Lib Properties, Ltd., as Secured Party, entered of record August 27, 2007 at 10:51 a.m., aforesaid Records.

POLICY NO. 7230710-74444328 SCHEDULE B (CONTINUED)

Part II

In addition to the matters set forth in Part I of this Schedule, the title to the estate or interest in the land described or referred to in Schedule A is subject to the following matters, if any be shown, but the Company insures that such matters are subordinate to the lien or charge of the insured mortgage upon said estate or interest.

None.

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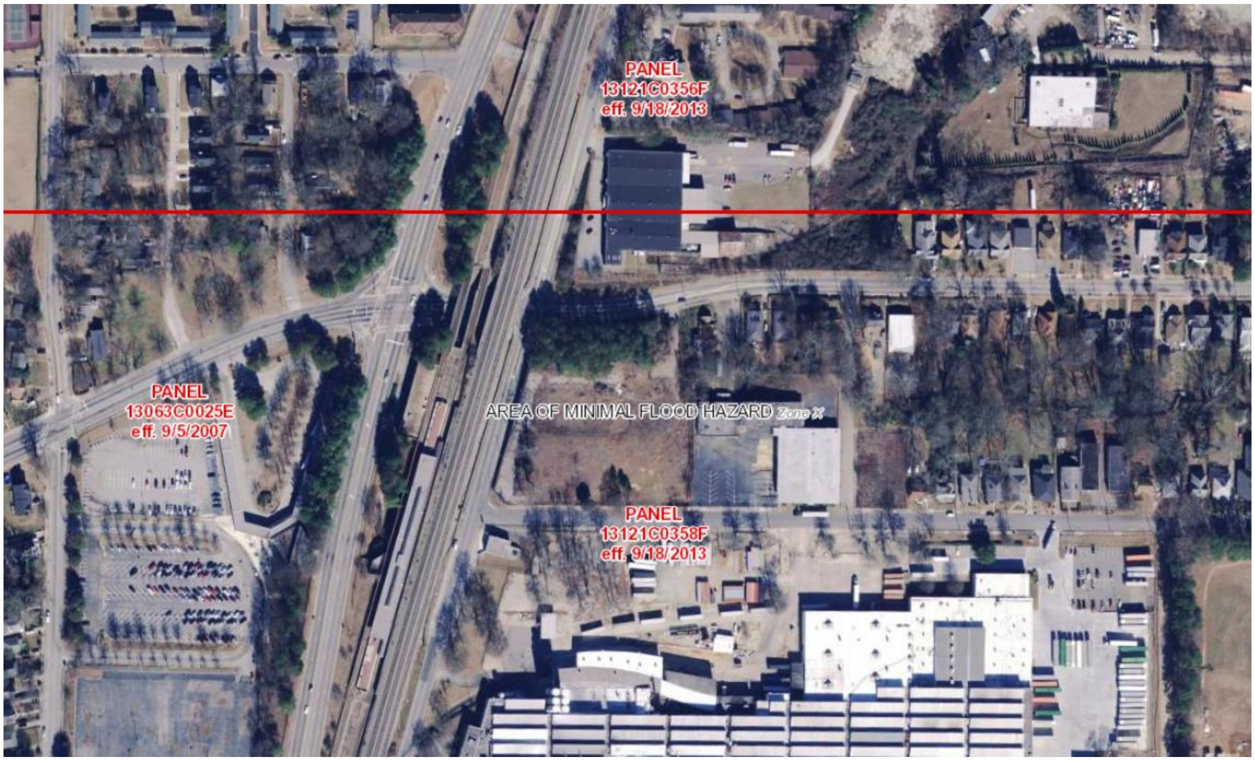
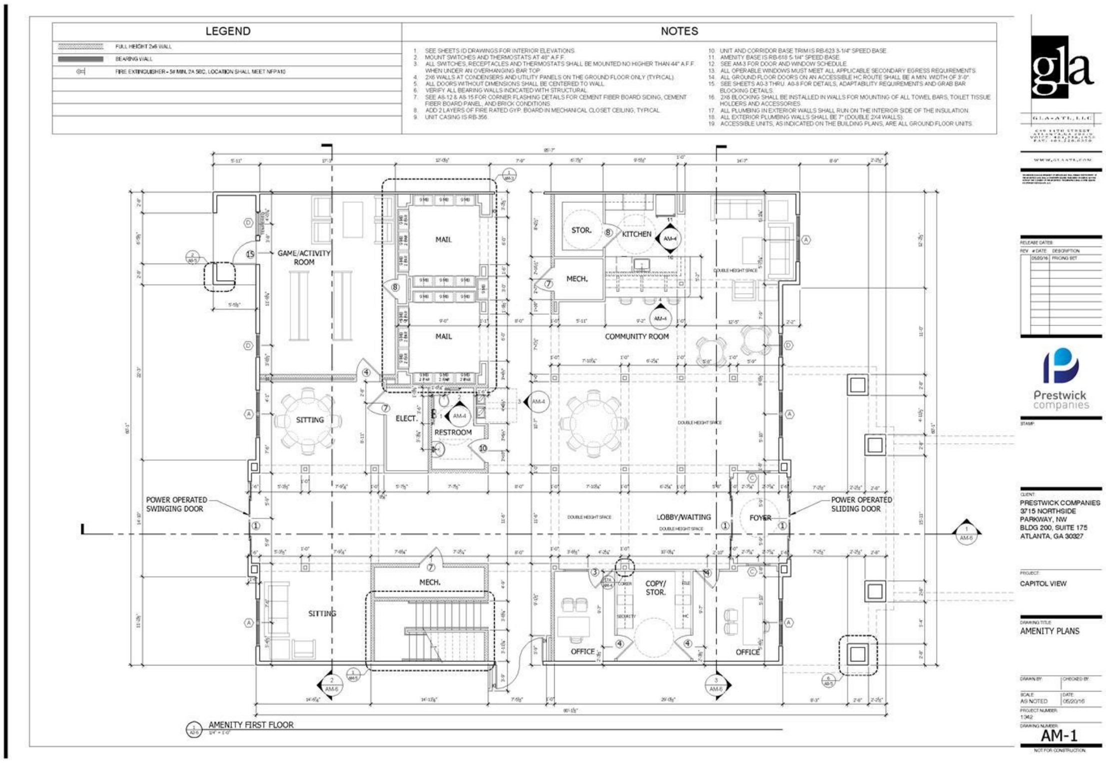
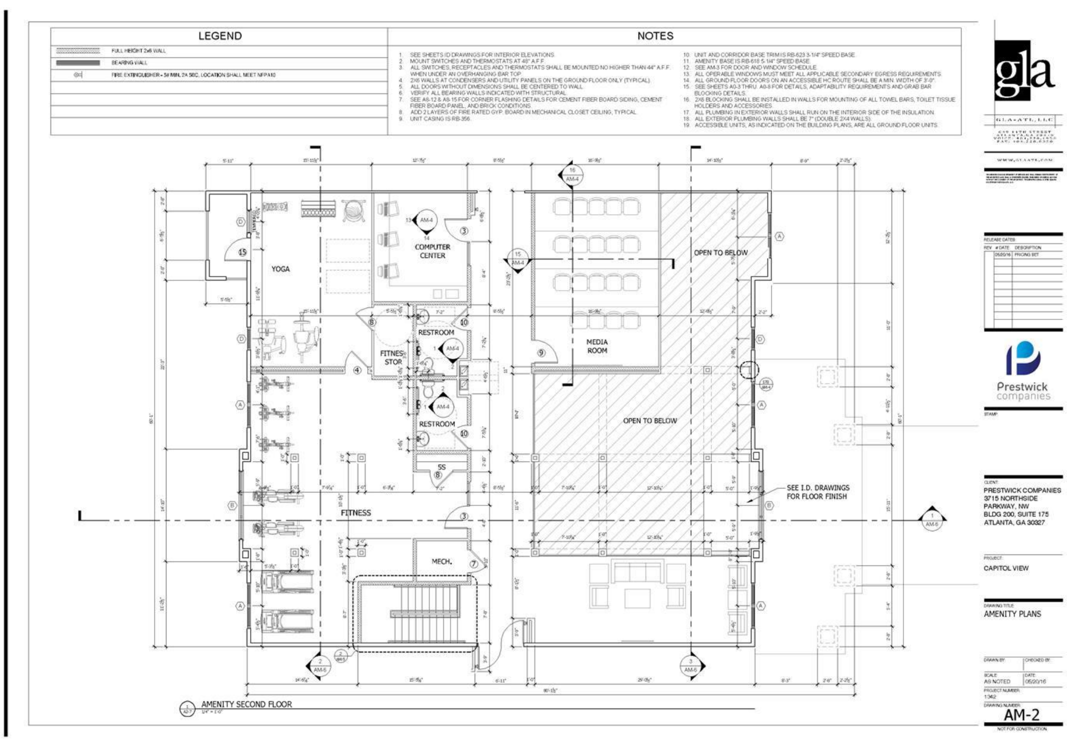
FLOODPLAIN MAP



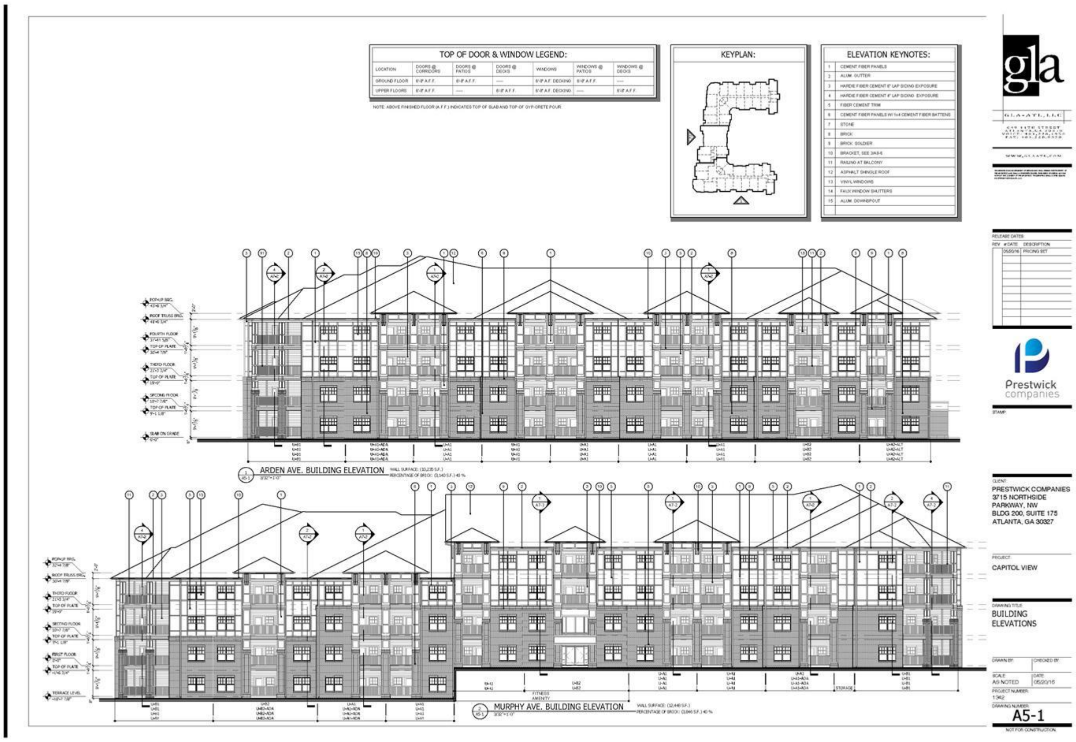
SELECTED PAGES FROM THE BUILDING PLANS



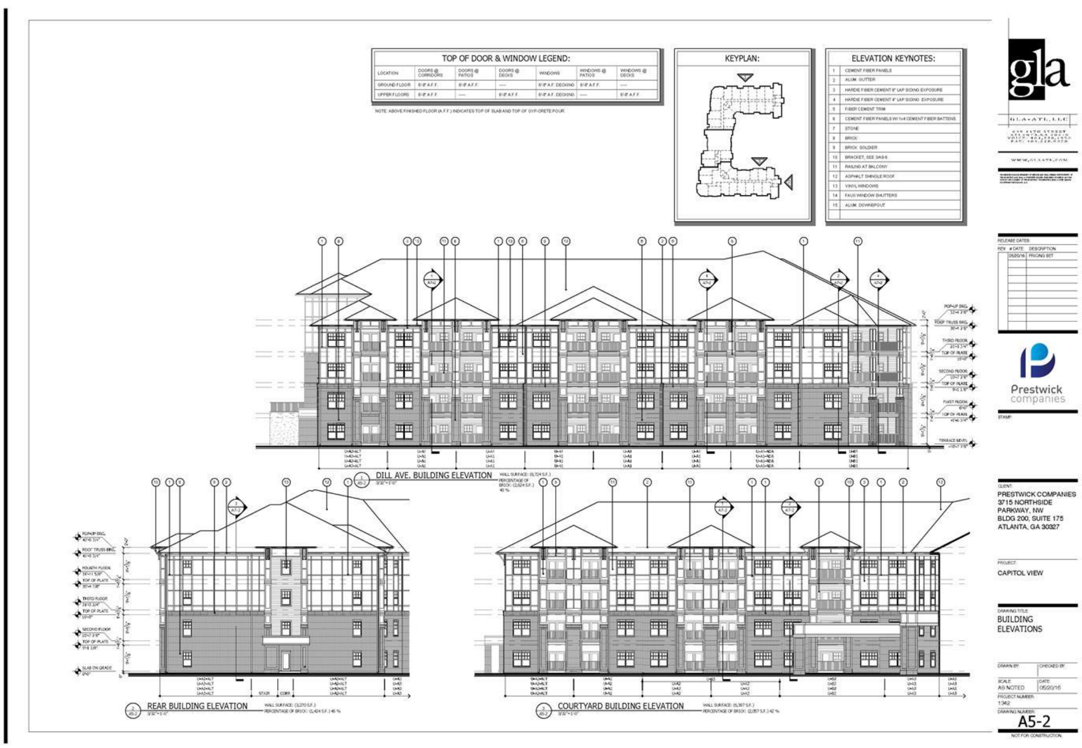
LEGEND
NOTES
GAME/ACTIVITY ROOM
MAIL
MAIL
STOR.
KITCHEN
MECH.
COMMUNITY ROOM
SITTING
ELECT.
RESTROOM
POWER OPERATED SWINGING DOOR
LOBBY/WAITING
FOYER
POWER OPERATED SLIDING DOOR
MECH.
SITTING
COPY/STOR.
OFFICE
OFFICE
AMENITY FIRST FLOOR
Prestwick companies
PRESTWICK COMPANIES
3715 NORTHSIDE PARKWAY, NW
BLDG 200, SUITE 175
ATLANTA, GA 30327
CAPITOL VIEW
AMENITY PLANS
AS NOTED
05/20/16
1362
AM-1



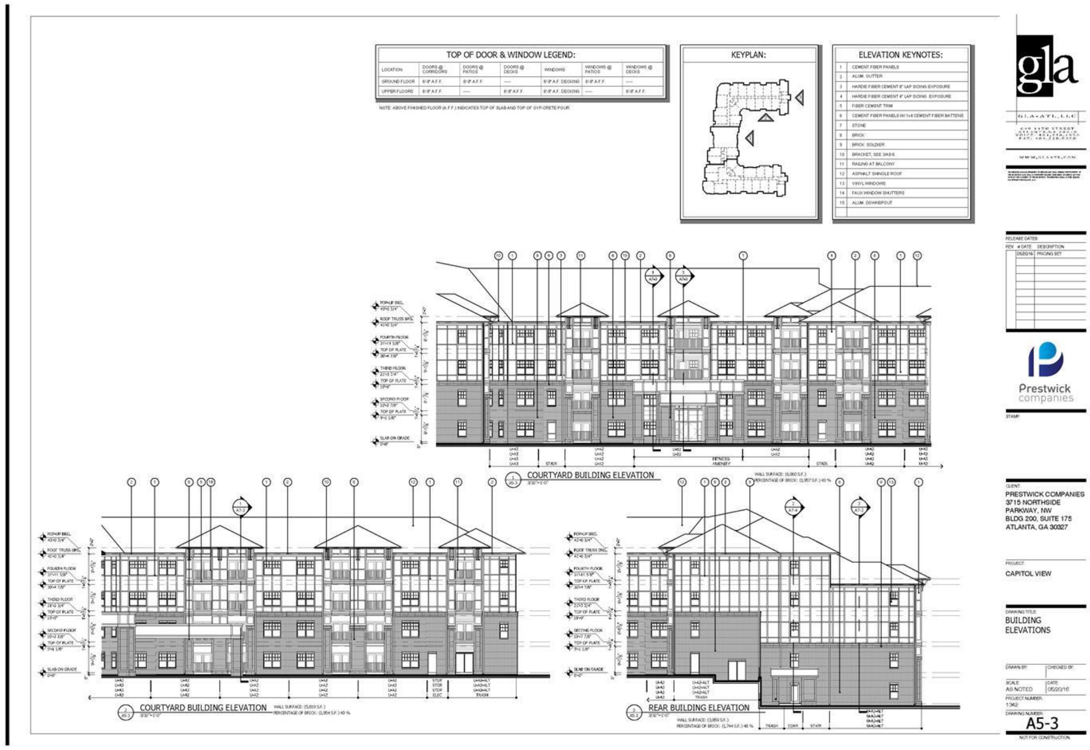
LEGEND
NOTES
YOGA
COMPUTER CENTER
OPEN TO BELOW
RESTROOM
FITNESS STOR
MEDIA ROOM
RESTROOM
OPEN TO BELOW
SS
SEE I.D. DRAWINGS FOR FLOOR FINISH
FITNESS
MECH.
AMENITY SECOND FLOOR
Prestwick companies
PRESTWICK COMPANIES
3715 NORTHSIDE PARKWAY, NW
BLDG 200, SUITE 175
ATLANTA, GA 30327
CAPITOL VIEW
AMENITY PLANS
AS NOTED
05/20/16
1362
AM-2



TOP OF DOOR & WINDOW LEGEND:
KEYPLAN:
ELEVATION KEYNOTES:
CEMENT FIBER PANELS
ALUM. GUTTER
HARDIE FIBER CEMENT 8" LAP SIDING EXPOSURE
HARDIE FIBER CEMENT 4" LAP SIDING EXPOSURE
FIBER CEMENT TRIM
CEMENT FIBER PANELS W/ 1x4 CEMENT FIBER BATTENS
STONE
BRICK
BRICK SOLDIER
RAILING AT BALCONY
ASPHALT SHINGLE ROOF
VINYL WINDOWS
FAUX WINDOW SHUTTERS
ALUM. DOWNSPOUT
gla
Prestwick companies
ARDEN AVE. BUILDING ELEVATION
MURPHY AVE. BUILDING ELEVATION
PRESTWICK COMPANIES
3715 NORTHSIDE
PARKWAY, NW
BLDG 200, SUITE 175
ATLANTA, GA 30327
CAPITOL VIEW
BUILDING
ELEVATIONS
AS NOTED
A5-1
NOT FOR CONSTRUCTION



TOP OF DOOR & WINDOW LEGEND:
KEYPLAN:
ELEVATION KEYNOTES:
gla
Prestwick companies
DILL AVE. BUILDING ELEVATION
REAR BUILDING ELEVATION
COURTYARD BUILDING ELEVATION
PRESTWICK COMPANIES
3715 NORTHSIDE
PARKWAY, NW
BLDG 200, SUITE 175
ATLANTA, GA 30327
CAPITOL VIEW
BUILDING
ELEVATIONS
AS NOTED
A5-2
NOT FOR CONSTRUCTION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KEYPLAN:
ELEVATION KEYNOTES:
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REAR BUILDING ELEVATION
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Prestwick companies
PRESTWICK COMPANIES
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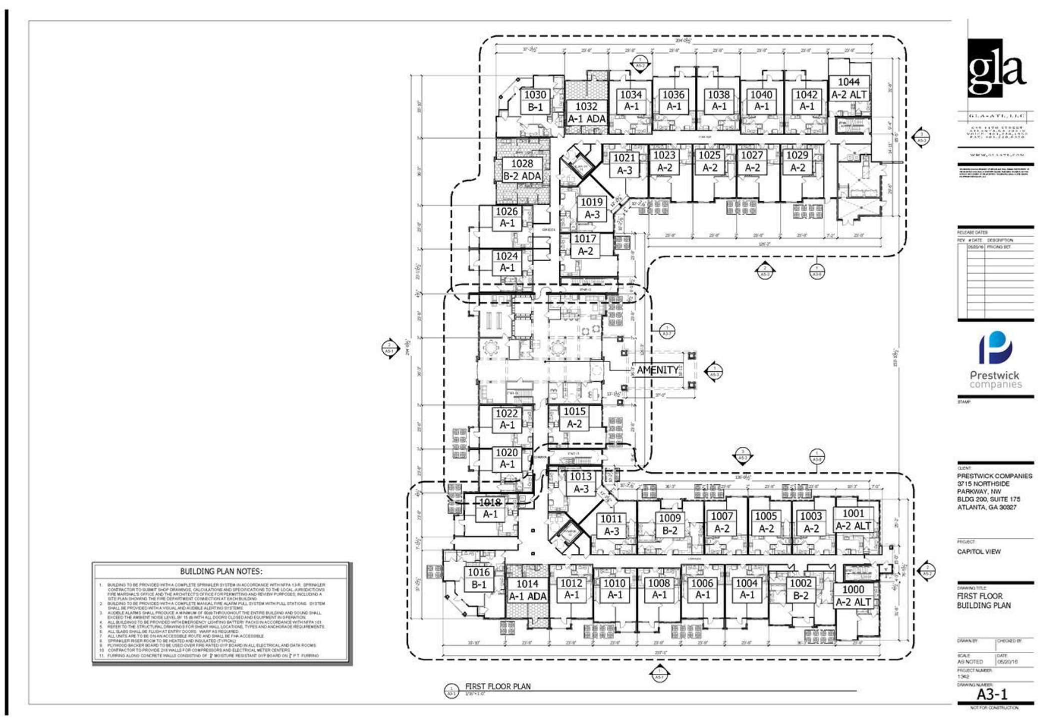
PARKWAY, NW
BLDG 200, SUITE 175
ATLANTA, GA 30327
CAPITOL VIEW
BUILDING ELEVATIONS
A5-3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AMENITY
FIRST FLOOR PLAN
gla
Prestwick companies
PRESTWICK COMPANIES
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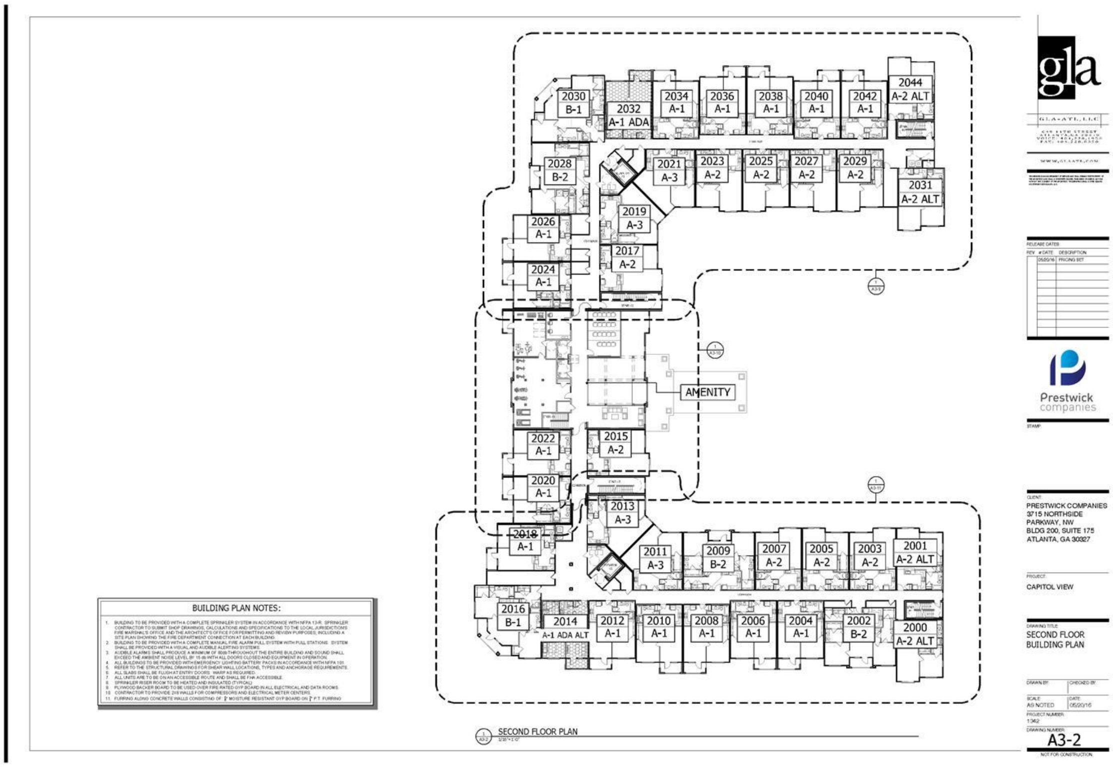
PARKWAY, NW
BLDG 200, SUITE 175
ATLANTA, GA 30327
CAPITOL VIEW
FIRST FLOOR BUILDING PLAN
A3-1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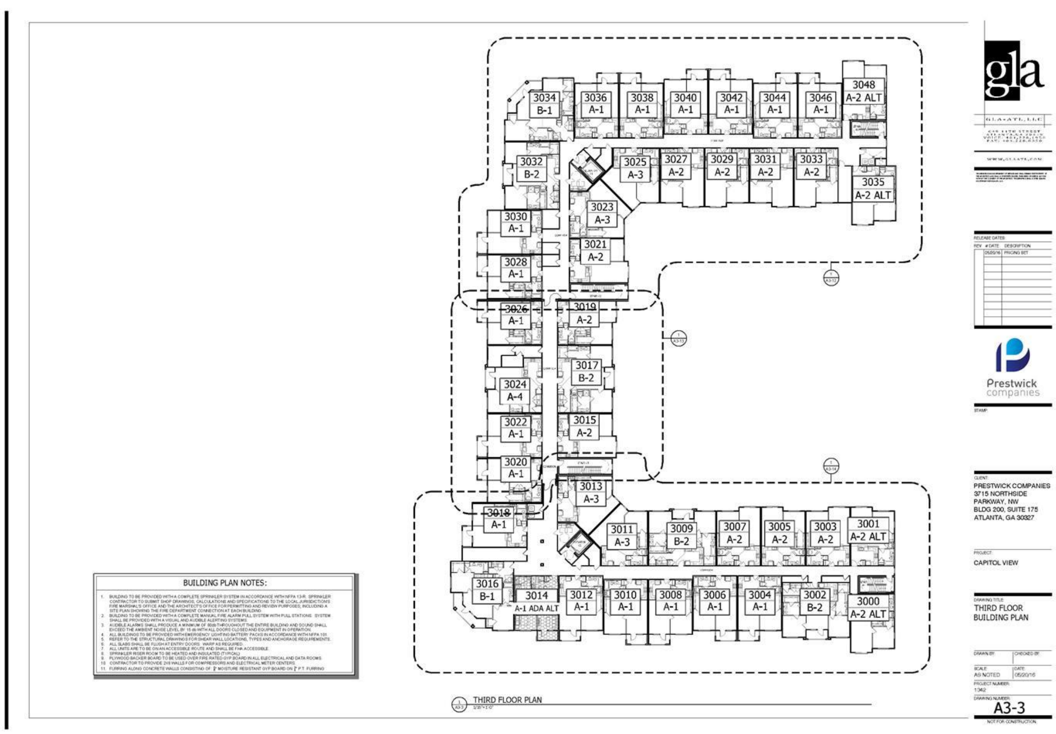
2038 A-1
2040 A-1
2042 A-1
2044 A-2 ALT
2028 B-2
2021 A-3
2023 A-2
2025 A-2
2027 A-2
2029 A-2
2031 A-2 ALT
2019 A-3
2026 A-1
2017 A-2
2024 A-1
AMENITY
2022 A-1
2015 A-2
2020 A-1
2013 A-3
2018 A-1
2011 A-3
2009 B-2
2007 A-2
2005 A-2
2003 A-2
2001 A-2 ALT
2016 B-1
2014 A-1 ADA ALT
2012 A-1
2010 A-1
2008 A-1
2006 A-1
2004 A-1
2002 B-2
2000 A-2 ALT
BUILDING PLAN NOTES:
SECOND FLOOR PLAN
gla
Prestwick companies
PRESTWICK COMPANIES
3715 NORTHSIDE
PARKWAY, NW
BLDG 200, SUITE 175
ATLANTA, GA 30327
CAPITOL VIEW
SECOND FLOOR
BUILDING PLAN
A3-2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3044 A-1
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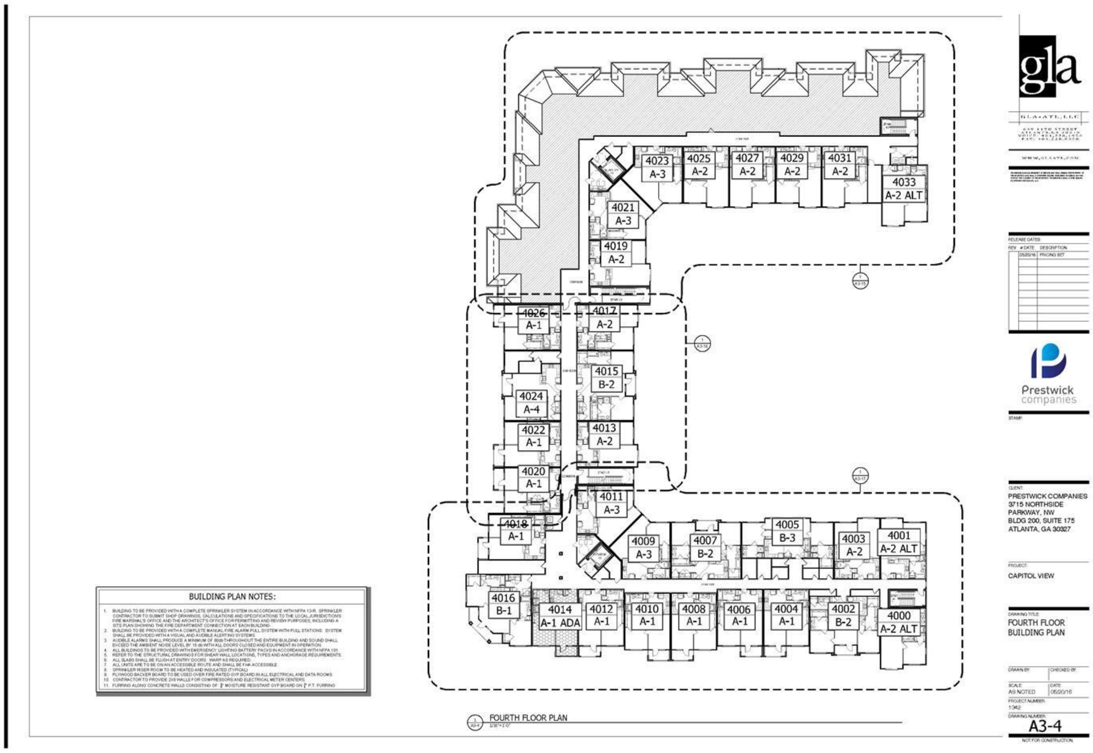
3027 A-2
3029 A-2
3031 A-2
3033 A-2
3035 A-2 ALT
3023 A-3
3030 A-1
3021 A-2
3028 A-1
3026 A-1
3019 A-2
3017 B-2
3024 A-4
3015 A-2
3022 A-1
3020 A-1
3013 A-3
3018 A-1
3011 A-3
3009 B-2
3007 A-2
3005 A-2
3003 A-2
3001 A-2 ALT
3016 B-1
3014 A-1 ADA ALT
3012 A-1
3010 A-1
3008 A-1
3006 A-1
3004 A-1
3002 B-2
3000 A-2 ALT
BUILDING PLAN NOTES:
THIRD FLOOR PLAN
gla
Prestwick companies
PRESTWICK COMPANIES
3715 NORTHSIDE
PARKWAY, NW
BLDG 200, SUITE 175
ATLANTA, GA 30327
CAPITOL VIEW
THIRD FLOOR
BUILDING PLAN
A3-3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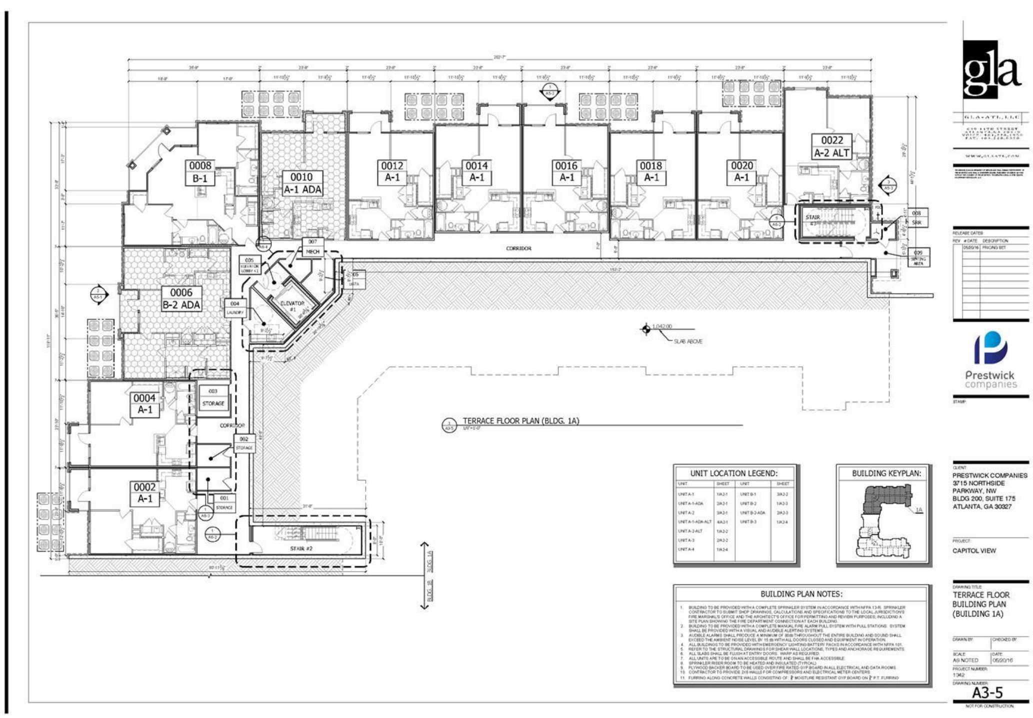
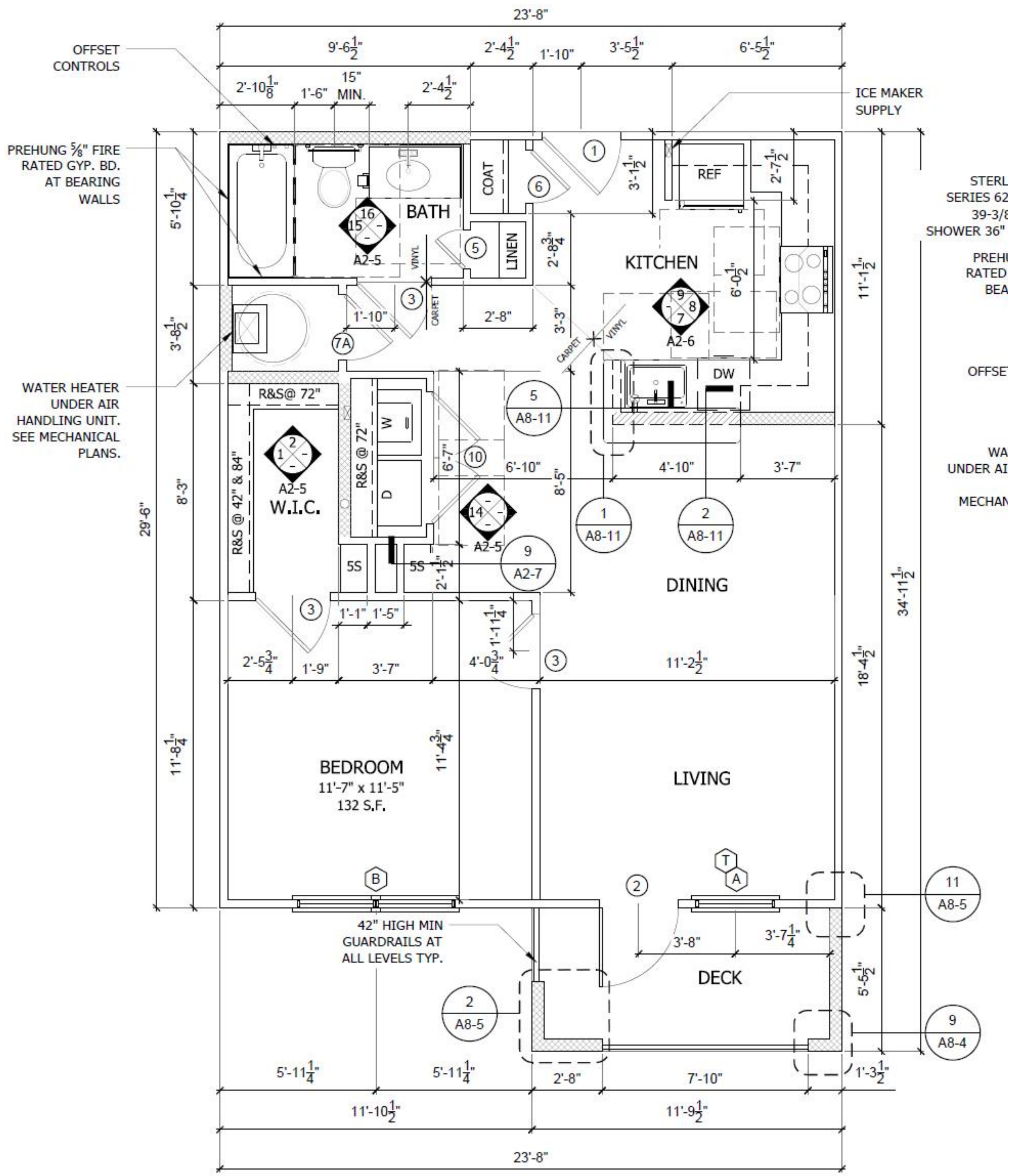
4026 A-1
4017 A-2
4015 B-2
4024 A-4
4022 A-1
4013 A-2
4020 A-1
4011 A-3
4018 A-1
4009 A-3
4007 B-2
4005 B-3
4003 A-2
4001 A-2 ALT
4016 B-1
4014 A-1 ADA
4012 A-1
4010 A-1
4008 A-1
4006 A-1
4004 A-1
4002 B-2
4000 A-2 ALT
BUILDING PLAN NOTES:
FOURTH FLOOR PLAN
Prestwick companies
CLIENT:
PRESTWICK COMPANIES
3715 NORTHSIDE
PARKWAY, NW
BLDG 200, SUITE 175
ATLANTA, GA 30327
PROJECT:
CAPITOL VIEW
DRAWING TITLE:
FOURTH FLOOR
BUILDING PLAN
A3-4


gla
0008 B-1
0010 A-1 ADA
0012 A-1
0014 A-1
0016 A-1
0018 A-1
0020 A-1
0022 A-2 ALT
CORRIDOR
STAIR
ELEVATOR
0006 B-2 ADA
0004 A-1
003 STORAGE
0002 A-1
STAIR #2
SLAB ABOVE
TERRACE FLOOR PLAN (BLDG. 1A)
UNIT LOCATION LEGEND:
BUILDING KEYPLAN:
BUILDING PLAN NOTES:
Prestwick companies
CLIENT:
PRESTWICK COMPANIES
3715 NORTHSIDE
PARKWAY, NW
BLDG 200, SUITE 175
ATLANTA, GA 30327
PROJECT:
CAPITOL VIEW
DRAWING TITLE:
TERRACE FLOOR
BUILDING PLAN
(BUILDING 1A)
A3-5

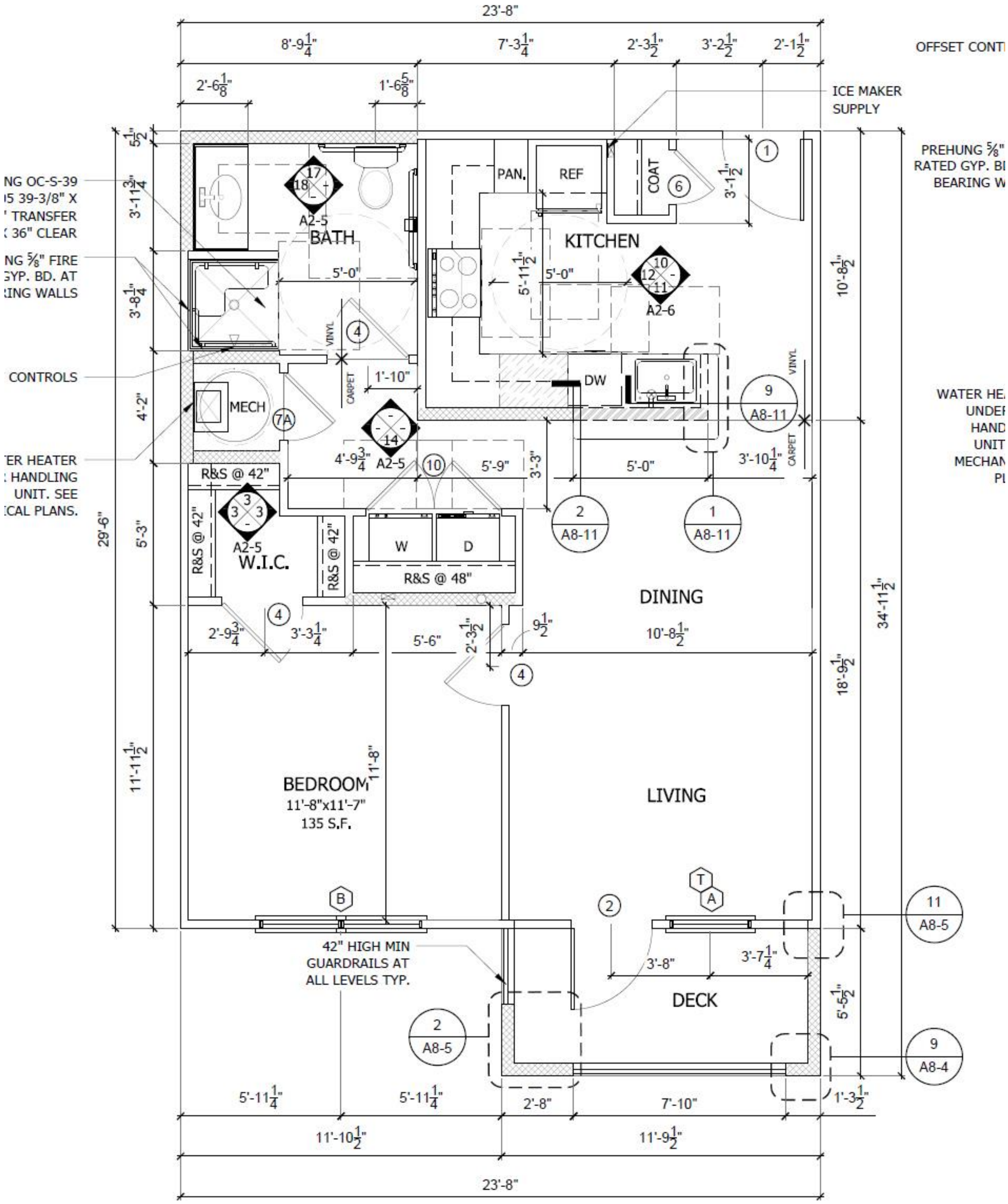


1
A2-1

UNIT A-1

1/4" = 1'-0"

(RENTABLE) HEATED S.F. 665
(RENTABLE) TOTAL S.F. 723
FRAMING S.F. 698
GROSS S.F. 763

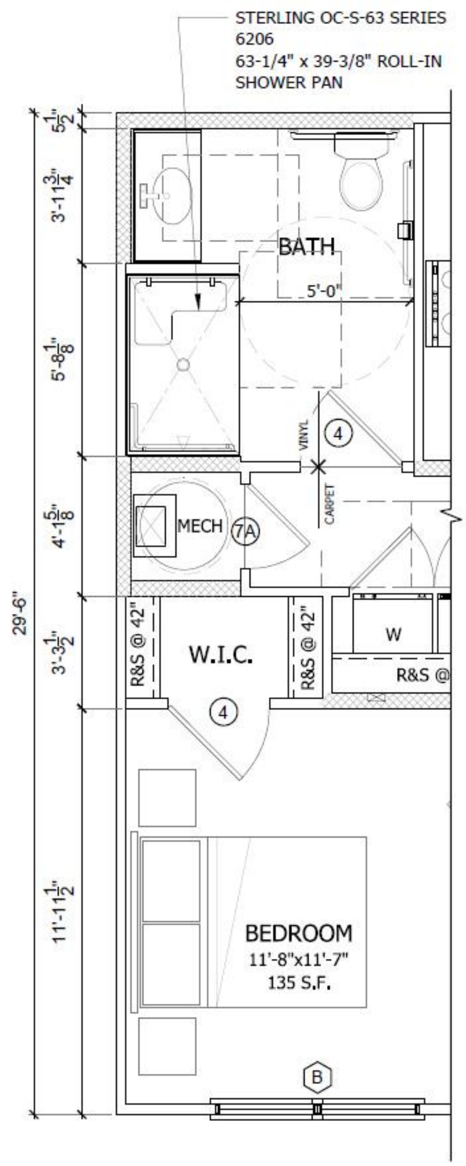


2
A2-1

UNIT A-1-ADA

1/4" = 1'-0"

(RENTABLE) HEATED S.F.665
(RENTABLE) TOTAL S.F. 723
FRAMING S.F 698
GROSS S.F. 763

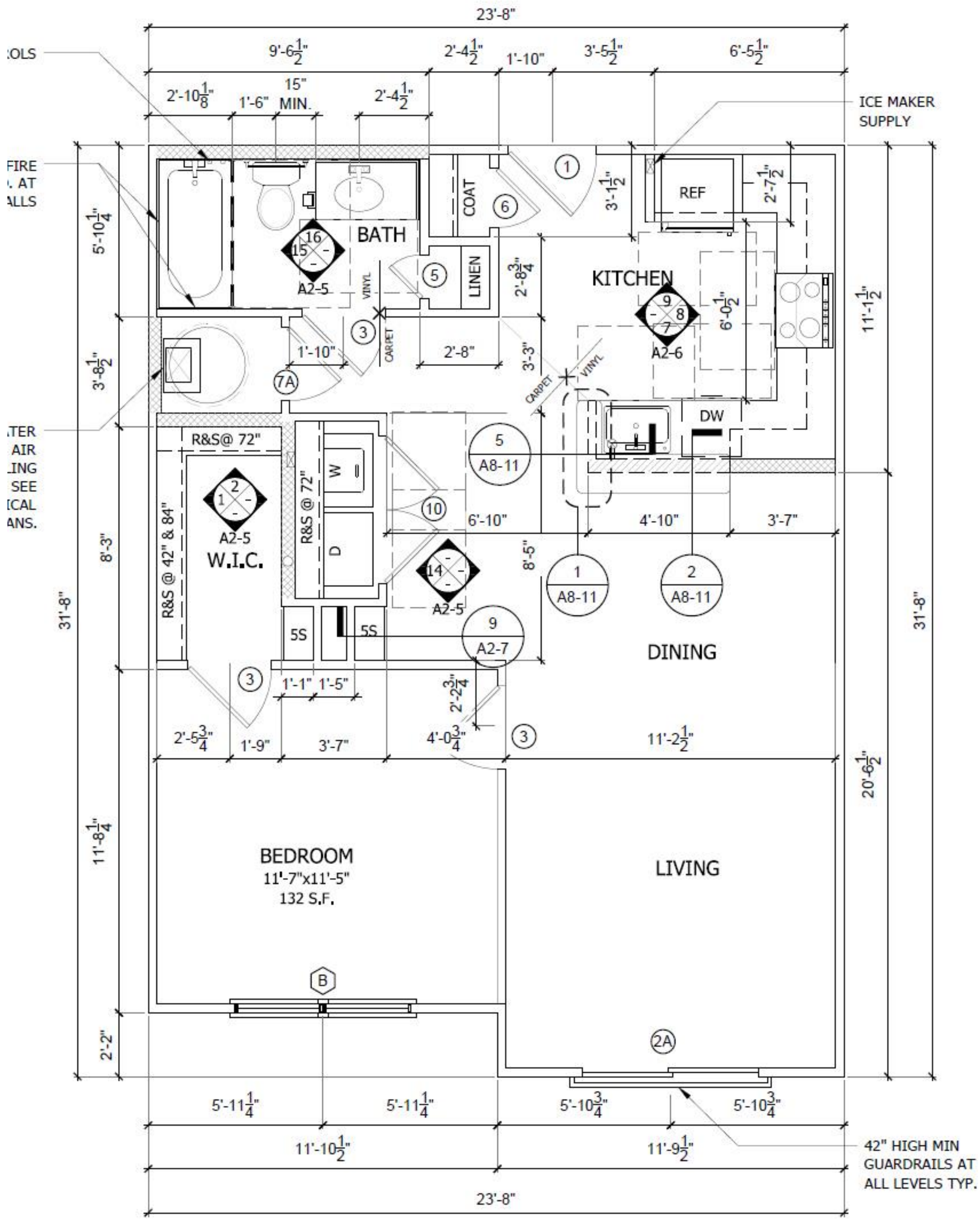


4
A2-1

UNIT A-1-ADA ALT

1/4" = 1'-0"

(RENTABLE) HEATED S.F. 665
(RENTABLE) TOTAL S.F. 723
FRAMING S.F. 698
GROSS S.F. 763

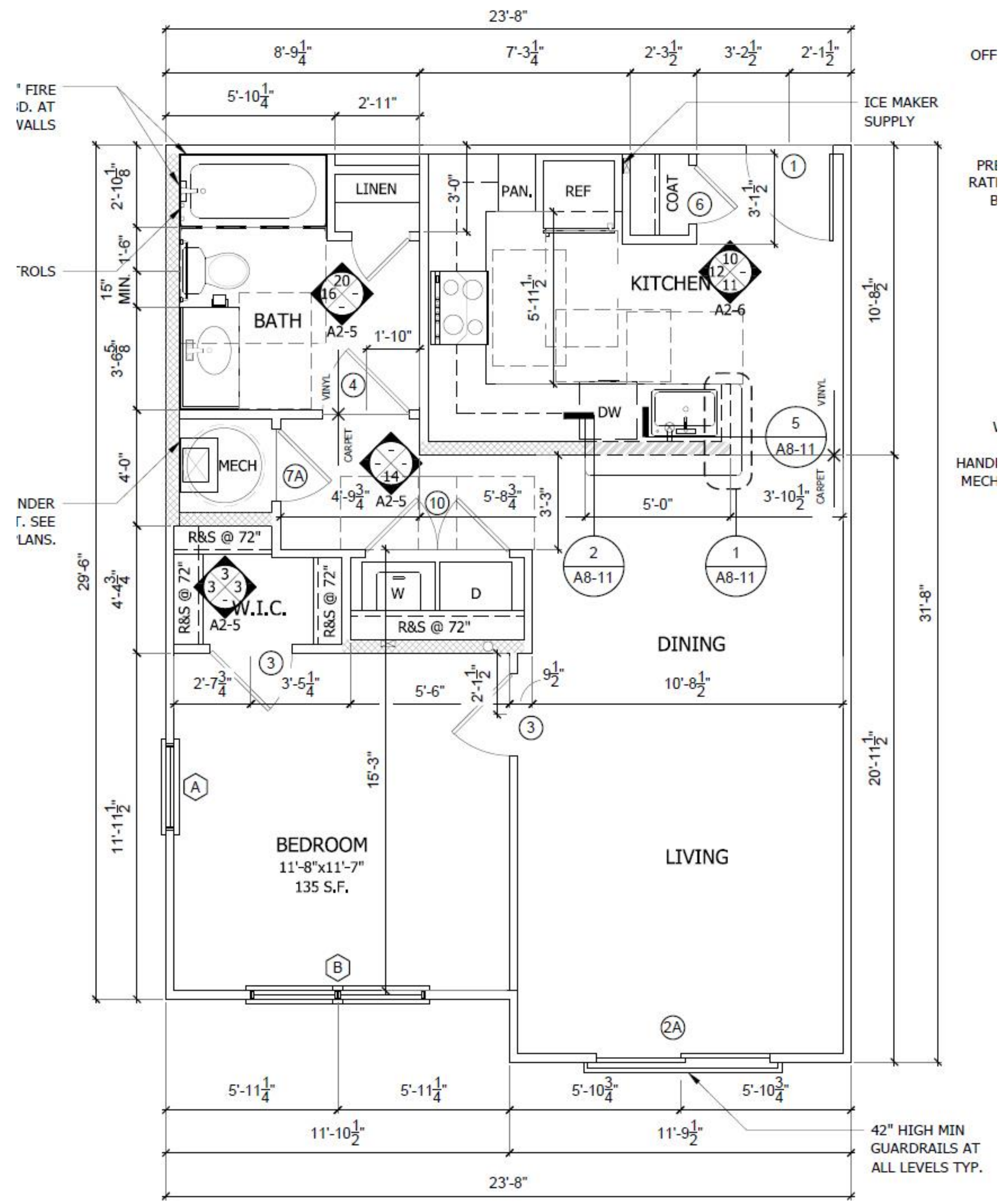


UNIT A-2

3 / A2-1

1/4" = 1'-0"

(RENTABLE) HEATED S.F. 690
(RENTABLE) TOTAL S.F. 690
FRAMING S.F. 724
GROSS S.F. 724

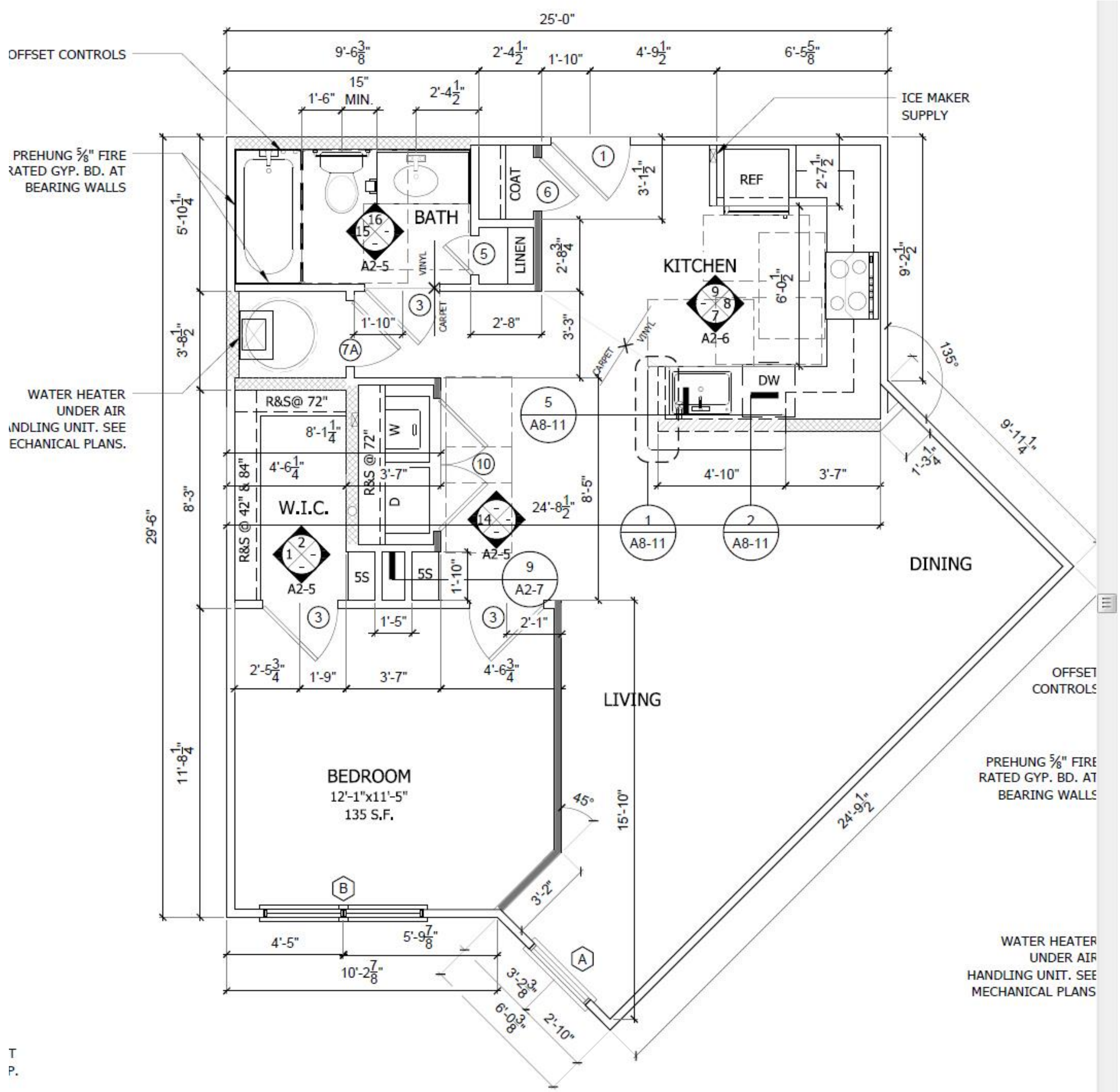


1
A2-2

UNIT A-2-ALT

1/4" = 1'-0"

(RENTABLE) HEATED S.F. 690
(RENTABLE) TOTAL S.F. 690
FRAMING S.F. 724
GROSS S.F. 724

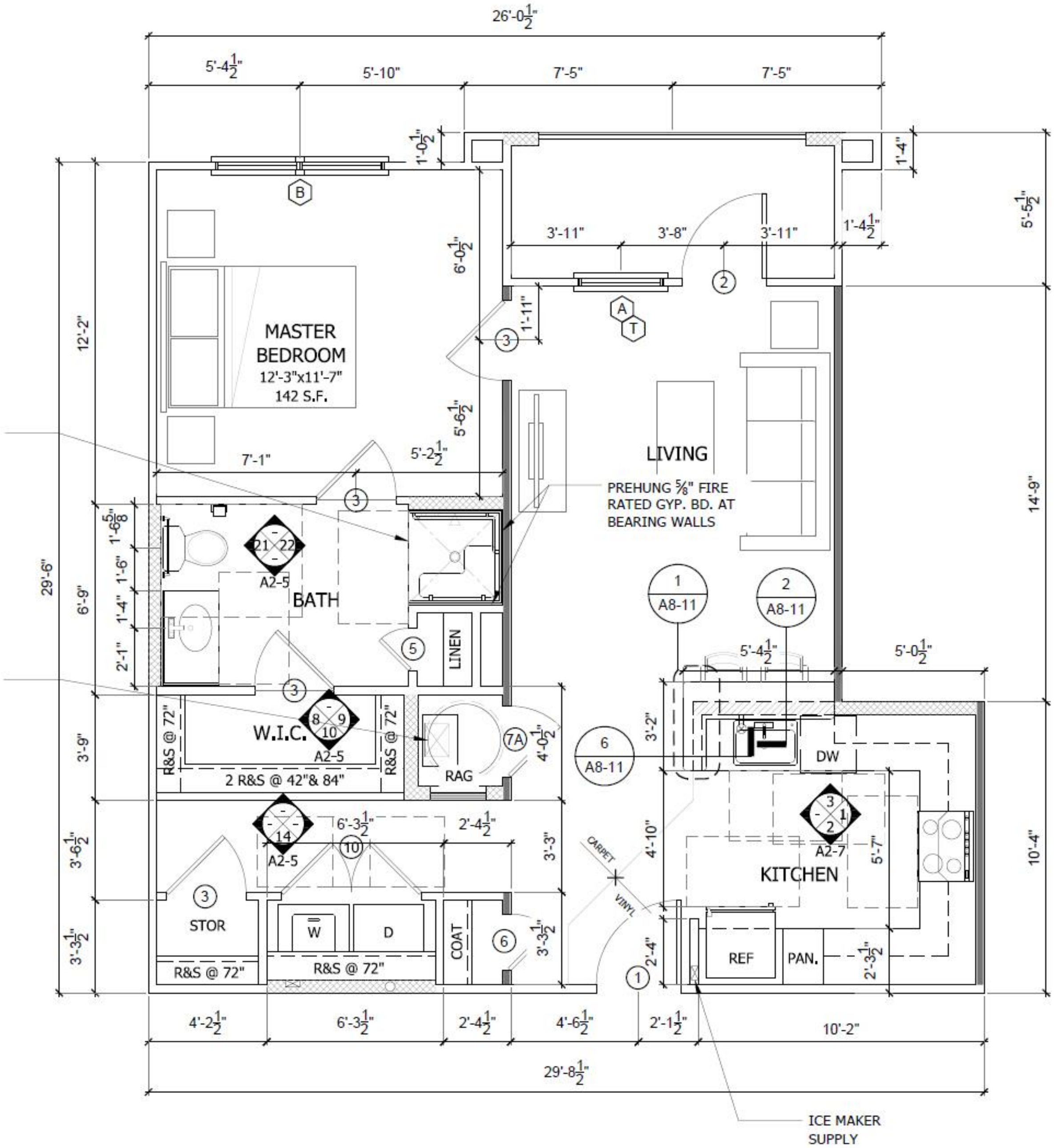


2
A2-2

UNIT A-3

1/4" = 1'-0"

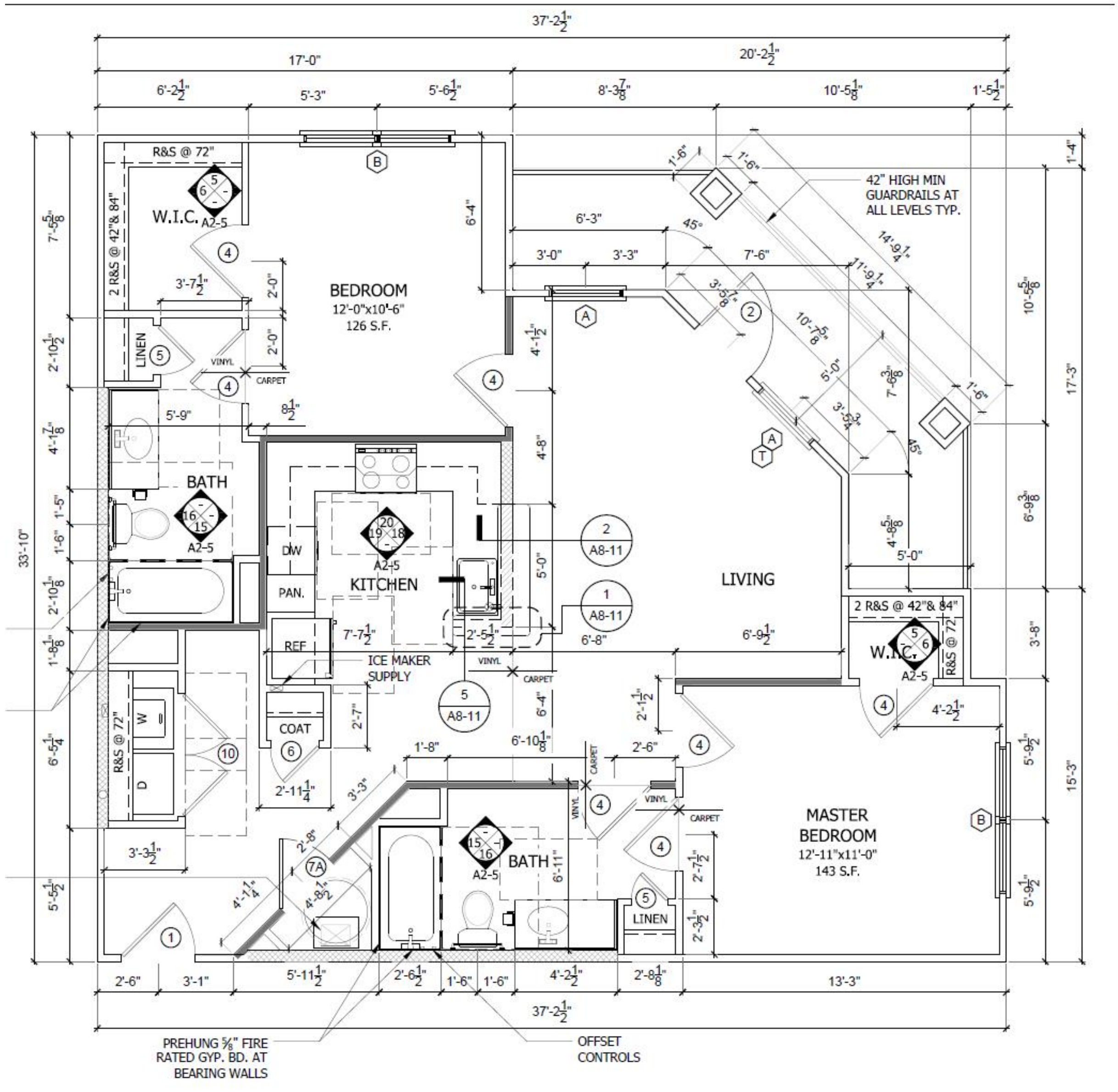
(RENTABLE) HEATED S.F. 750
(RENTABLE) TOTAL S.F. 750
FRAMING S.F. 786
GROSS S.F. 786



UNIT A-4

1/4" = 1'-0"

(RENTABLE) HEATED S.F. 694
(RENTABLE) TOTAL S.F. 753
FRAMING S.F. 731
GROSS S.F. 796

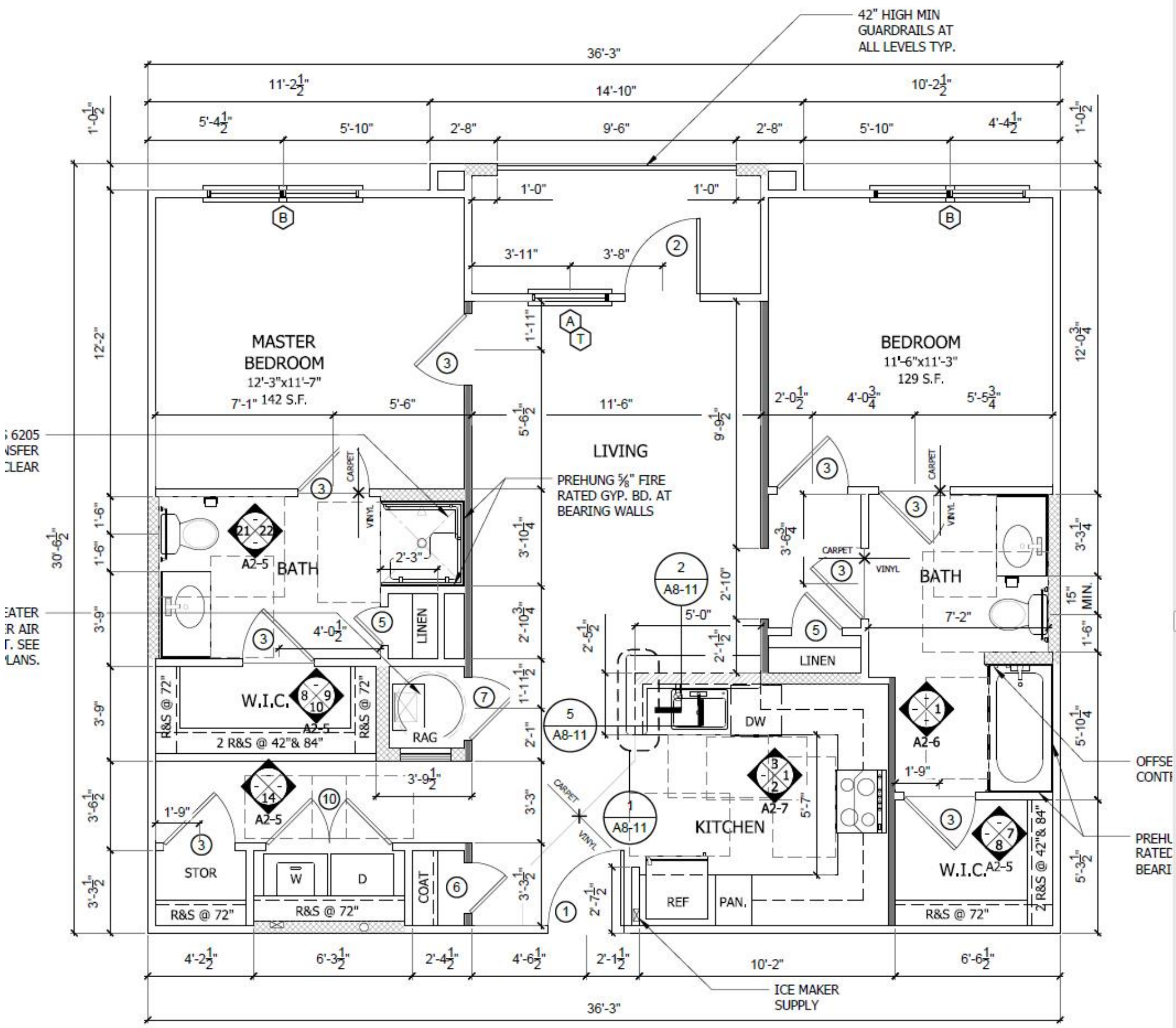


3
A2-2

UNIT B-1

1/4" = 1'-0"

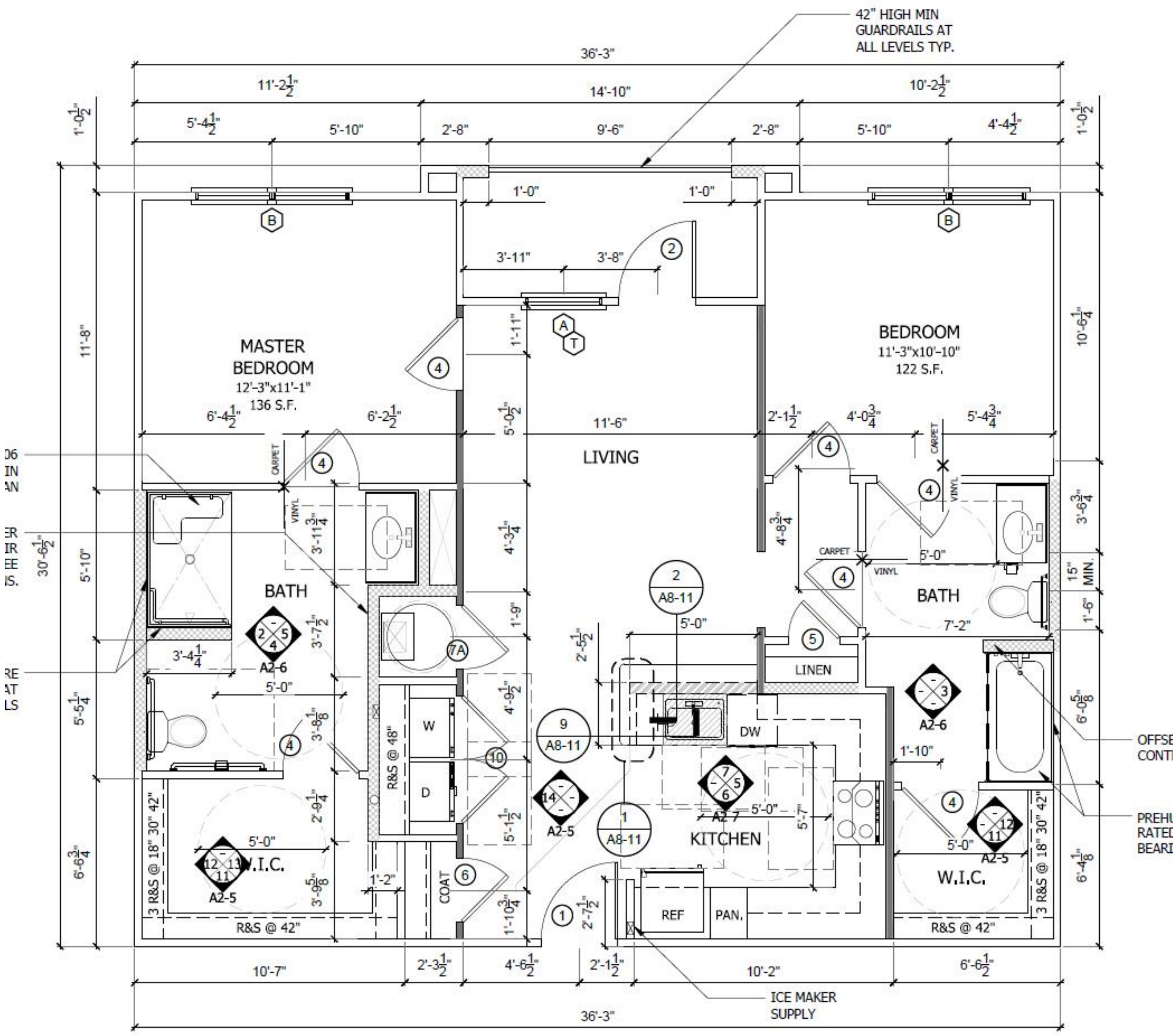
(RENTABLE) HEATED S.F. 973
(RENTABLE) TOTAL S.F. 1112
FRAMING S.F. 1018
GROSS S.F. 1147



UNIT B-2

1/4" = 1'-0"

(RENTABLE) HEATED S.F. 978
(RENTABLE) TOTAL S.F. 1039
FRAMING S.F. 1022
GROSS S.F. 1085

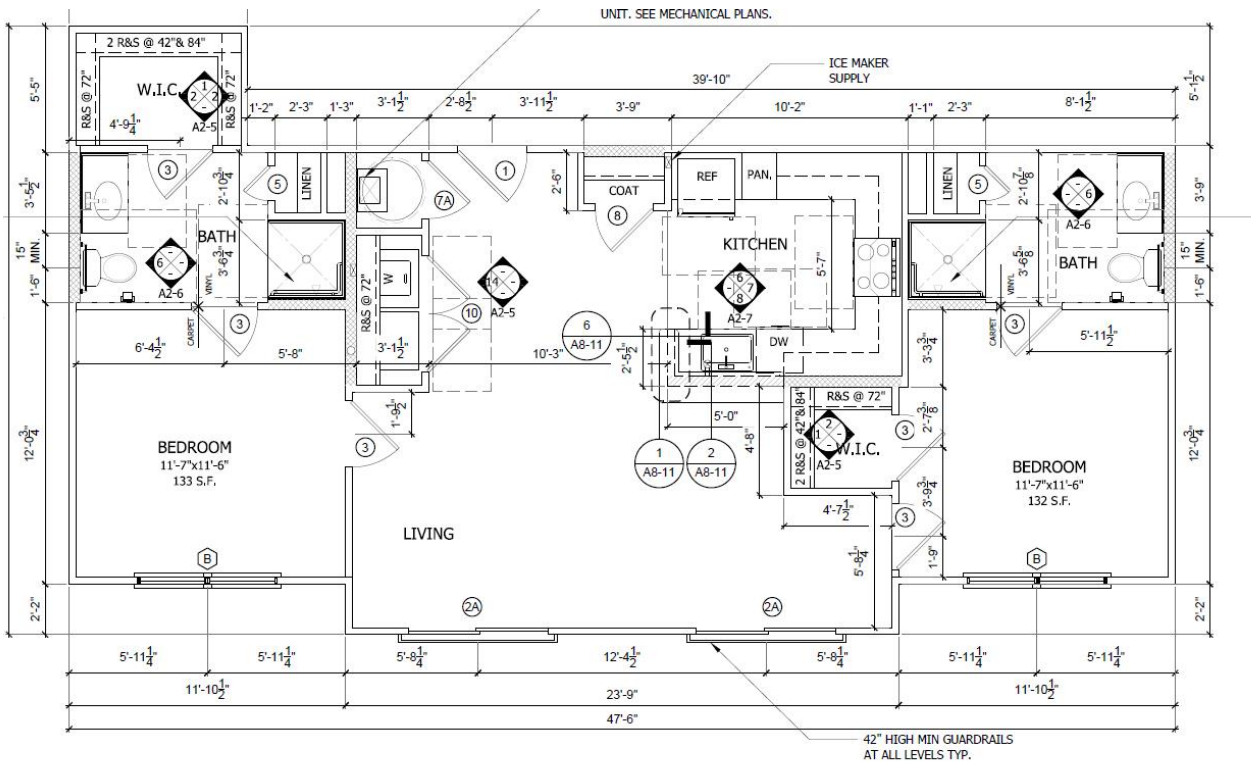


2
A2-3

UNIT B-2-ADA

1/4" = 1'-0"

(RENTABLE) HEATED S.F. 978
(RENTABLE) TOTAL S.F. 1039
FRAMING S.F. 1022
GROSS S.F. 1085



2 A2-4 UNIT B-3

1/4" = 1'-0"

(RENTABLE) HEATED S.F. 939
(RENTABLE) TOTAL S.F. 939
FRAMING S.F. 984
GROSS S.F. 984

DCA FUNDING CORE APPLICATION

PART THREE - SOURCES OF FUNDS - 2016-0 Gateway Capitol View, Atlanta, Fulton County

I. GOVERNMENT FUNDING SOURCES (check all that apply)

Yes	Tax Credits		No	FHA Risk Share	No	HUD 811 Rental Assistance Demonstration (RAD)
No	Historic Rehab Credits			FHA Insured Mortgage	Yes	Section 8 PBRA
Yes	Tax Exempt Bonds: $	13,175,000	No	Replacement Housing Funds	No	USDA PBRA
	Taxable Bonds		No	McKinney-Vento Homeless	No	USDA 515
	CDBG		No	FHLB / AHP *	No	USDA 538
Yes	DCA HOME* -- Amt $	3,000,000	No	HUD CHOICE Neighborhoods	No	Other Type of Funding - describe *type/program* here
	Other HOME*					Specify *Administrator* of Other Funding Type here
	Other HOME Source	Specify Other HOME Source here				
	Other HOME Amount $					

*This source may possibly trigger Uniform Relocation Act and/or HUD 104(d) reqmts. Check with source. For DCA HOME, refer to Relocation Manual. DCA HOME amount from DCA Consent Ltr.

II. CONSTRUCTION FINANCING

Financing Type	Name of Financing Entity	Amount	Effective Interest Rate	Term (In Months)
Mortgage A	Community and Southern Bank	13,175,000	4.500%	24
Mortgage B	DCA HOME LOAN	3,000,000	0.000%	24
Mortgage C				
Federal Grant				
State, Local, or Private Grant				
Deferred Developer Fees				
Federal Housing Credit Equity	Direct Tax Credits	5,825,271		
State Housing Credit Equity	Direct Tax Credits	3,051,637		
Other Type (specify)				
Other Type (specify)				
Other Type (specify)				
Total Construction Financing:		**25,051,908**		
Total Construction Period Costs from Development Budget:		**21,140,505**		
Surplus / (Shortage) of Construction funds to Construction costs:		**3,911,404**		

PART THREE - SOURCES OF FUNDS - 2016-0 Gateway Capitol View, Atlanta, Fulton County

III. PERMANENT FINANCING

Financing Type		Name of Financing Entity	Principal Amount	Effective Int Rate	Term (Years)	Amort. (Years)	Annual Debt Service in Year One	Loan Type
Mortgage A (Lien Position 1)		Walker and Dunlap	6,676,515	4.150%	18	35	361,987	Amortizing
Mortgage B (Lien Position 2)		DCA HOME Loan	3,000,000	1.000%	18	35	101,623	Amortizing
Mortgage C (Lien Position 3)								
Other:								
Foundation or charity funding*								
Deferred Devlpr Fee	16.64%	Prestwick	416,028	0.000%	10	10	41,603	Amortizing
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity		Direct Tax Credits	8,961,202					
State Housing Credit Equity		Direct Tax Credits	4,694,432					
Historic Credit Equity								
Invstmt Earnings: T-E Bonds								
Invstmt Earnings: Taxable Bonds								
Income from Operations								
Other:								
Other:								
Other:								
Total Permanent Financing:			**23,748,177**					
Total Development Costs from Development Budget:			**23,748,177**					
Surplus/(Shortage) of Permanent funds to development costs:			**0**					

	Equity Check	+/-	TC Equity % of TDC
Federal Housing Credit Equity	8,962,097	-894.50	38%
State Housing Credit Equity	4,694,432	0.50	20%
			58%

*Foundation or charity funding to cover costs exceeding DCA cost limit (see Appendix I, Section II).

IV. APPLICANT COMMENTS AND CLARIFICATIONS

IV. DCA COMMENTS - DCA USE ONLY

PART FOUR - USES OF FUNDS - 2016-0 Gateway Capitol View, Atlanta, Fulton County

I. DEVELOPMENT BUDGET

Item	%	Amount	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
PRE-DEVELOPMENT COSTS							
Property Appraisal			22,000	22,000			
Market Study			9,000	9,000			
Environmental Report(s)			43,000	43,000			
Soil Borings			4,500	4,500			
Boundary and Topographical Survey			7,000	7,000			
Zoning/Site Plan Fees							
Other: Accessibility Consultant, Materials Testing, Post Comp Radon			28,800	28,800			
Other: Cost Review			16,500	16,500			
Other:							
Subtotal			130,800	130,800	-	-	-
ACQUISITION							
Land			1,300,000				1,300,000
Site Demolition							
Acquisition Legal Fees (if existing structures)							
Existing Structures							
Subtotal			1,300,000		-		1,300,000
LAND IMPROVEMENTS							
Site Construction (On-site)			400,000	400,000			
Site Construction (Off-site)							
Subtotal			400,000	400,000	-	-	-
STRUCTURES							
Residential Structures - New Construction			12,849,478	12,849,478			
Residential Structures - Rehab							
Accessory Structures (ie. community bldg, maintenance bldg, etc.) - New Constr							
Accessory Structures (ie. community bldg, maintenance bldg, etc.) - Rehab							
Subtotal			12,849,478	12,849,478	-	-	-
CONTRACTOR SERVICES	14.00%						
Builder Profit:	6.00%	794,969	794,969	794,969			
Builder Overhead	2.00%	264,990	264,990	264,990			
General Requirements*	6.00%	794,969	794,969	794,969			
*Refer to General Requirements policy in QAP		*Subtotal*	1,854,927	1,854,927	-	-	-
OTHER CONSTRUCTION HARD COSTS (Non-GC work scope items done by Owner)							
Other: <Enter detailed description here; use Comments section if needed>							
Total Construction Hard Costs *15,104,404.50*	**Average TCHC:**		*93,237.06 per Res'l unit* *112.42 per Res'l unit SF*	*93,237.06* *112.42*	*per unit* *per unit sq ft*	*112.42*	*per total sq ft*
CONSTRUCTION CONTINGENCY							
Construction Contingency	May exceed limit!	5.00%	755,220	755,220			

PART FOUR - USES OF FUNDS - 2016-0 Gateway Capitol View, Atlanta, Fulton County

I. DEVELOPMENT BUDGET *(cont'd)*

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
CONSTRUCTION PERIOD FINANCING					
Bridge Loan Fee and Bridge Loan Interest					
Construction Loan Fee	131,750	131,750			
Construction Loan Interest	497,223	497,223			
Construction Legal Fees					
Construction Period Inspection Fees					
Construction Period Real Estate Tax	25,000	25,000			
Construction Insurance	75,000	75,000			
Title and Recording Fees					
Payment and Performance bonds	151,044	151,044			
Other: <Enter detailed description here; use Comments section if needed>					
Other: <Enter detailed description here; use Comments section if needed>					
Subtotal	880,017	880,017	-	-	-
PROFESSIONAL SERVICES					
Architectural Fee - Design	350,000	350,000			
Architectural Fee - Supervision	60,000	60,000			
Green Building Consultant Fee Max: $20,000					
Green Building Program Certification Fee (LEED or Earthcraft)					
Accessibility Inspections and Plan Review					
Construction Materials Testing					
Engineering	125,000	125,000			
Real Estate Attorney	120,000	60,000			60,000
Accounting	40,000	40,000			
As-Built Survey	10,000	10,000			
Other: <Enter detailed description here; use Comments section if needed>					
Subtotal	705,000	645,000	-	-	60,000
LOCAL GOVERNMENT FEES					
Building Permits	90,000	90,000			
Impact Fees	236,500	236,500			
Water Tap Fees *waived?*	20,000	20,000			
Sewer Tap Fees *waived?*	20,000	20,000			
Subtotal	366,500	366,500	-	-	-
PERMANENT FINANCING FEES					
Permanent Loan Fees	80,000				80,000
Permanent Loan Legal Fees	85,000				85,000
Title and Recording Fees	75,000				75,000
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount	362,620				362,620
Other:					
Subtotal	602,620				602,620

PART FOUR - USES OF FUNDS - 2016-0 Gateway Capitol View, Atlanta, Fulton County

I. DEVELOPMENT BUDGET *(cont'd)*

		TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
DCA-RELATED COSTS						
DCA HOME Loan Pre-Application Fee ($1000 FP/JV, $500 NP)		1,000				1,000
Tax Credit Application Fee ($6500 ForProf/JntVent, $5500 NonProf)		6,500				6,500
DCA Waiver and Pre-approval Fees						
LIHTC Allocation Processing Fee	*68,283*	68,283				68,283
LIHTC Compliance Monitoring Fee	*129,600*	129,600				129,600
DCA HOME Front End Analysis Fee (when ID of Interest; $2700)						
DCA Final Inspection Fee (Tax Credit only - no HOME; $3000)		3,000				3,000
Other:						
Other:						
	Subtotal	208,383				208,383
EQUITY COSTS						
Partnership Organization Fees		50,000				50,000
Tax Credit Legal Opinion						
Syndicator Legal Fees						
Other: <Enter detailed description here; use Comments section if needed>						
	Subtotal	50,000				50,000
DEVELOPER'S FEE						
Developer's Overhead	100.000%	2,500,000	2,500,000			-
Consultant's Fee	0.000%					
Guarantor Fees	0.000%					
Developer's Profit	0.000%					
Developer Fee exceeds DCA Program Maximum !!!	***Subtotal***	2,500,000	2,500,000	-	-	-
START-UP AND RESERVES						
Marketing		75,000				75,000
Rent-Up Reserves	192,809	192,809				192,809
Operating Deficit Reserve:	617,423	617,423				617,423
Replacement Reserve						
Furniture, Fixtures and Equipment — Proposed Avg Per Unit:	1,235	200,000	200,000			
Other: Tax & Insurance Escrows		60,000				60,000
	Subtotal	1,145,232	200,000	-	-	945,232
OTHER COSTS						
Relocation						
Other: <Enter detailed description here; use Comments section if needed>						
	Subtotal	-	-	-	-	-
TOTAL DEVELOPMENT COST (TDC)		**23,748,177**	**20,581,942**	**-**	**-**	**3,166,235**

Average TDC Per:	*Unit:*	146,593.68	*Square Foot:*	176.75

II. TAX CREDIT CALCULATION - BASIS METHOD

Subtractions From Eligible Basis		New Construction Basis	4% Acquisition Basis	Rehabilitation Basis
Amount of federal grant(s) used to finance qualifying development costs				
Amount of nonqualified nonrecourse financing				
Costs of Nonqualifying units of higher quality				
Nonqualifying excess portion of higher quality units				
Historic Tax Credits (Residential Portion Only)				
Other <Enter detailed description here; use Comments section if needed>				
Total Subtractions From Basis:		**0**		**0**
Eligible Basis Calculation				
Total Basis		20,581,942	0	0
Less Total Subtractions From Basis (see above)		0		0
Total Eligible Basis		20,581,942	0	0
Eligible Basis Adjustment (DDA/QCT Location or State Designated Boost)	Type: DDA/QCT	130.00%		
Adjusted Eligible Basis		26,756,524	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction		**100.00%**	**100.00%**	**100.00%**
Qualified Basis		26,756,524	0	0
Multiply Qualified Basis by Applicable Credit Percentage		3.19%		
Maximum Tax Credit Amount		853,533	0	0
Total Basis Method Tax Credit Calculation			**853,533**	

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation			
Project Cost Limit (PCL) - Explain in Comments if Applicant's PCL calculation > QAP PCL.	26,262,265	If TDC > QAP Total PCL, provide amount of funding from foundation or charitable organization to cover the cost exceeding the PCL:	If proposed project has Historic Designation, indicate below (Y/N):
Total Development Cost (TDC, PCL, or TDC less Foundation Funding; explain in Comments if TDC > PCL)	23,748,177		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	9,676,515		
Equity Gap	14,071,662	Funding Amount 0	Hist Desig
Divide Equity Gap by 10	/ 10		
Annual Equity Required	1,407,166	Federal	State
Enter Final Federal and State Equity Factors (**not including GP contribution**)	1.6000	= 1.0500	+ 0.5500
Total Gap Method Tax Credit Calculation	**879,479**		

TAX CREDIT PROJECT MAXIMUM - Lower of Basis Method, Gap Method or DCA Limit:	**853,533**
TAX CREDIT REQUEST - Cannot exceed Tax Credit Project Maximum, but may be lower:	**853,533**
IV. TAX CREDIT ALLOCATION - Lower of Tax Credit Request and Tax Credit Project Maximum	**853,533**

PART FOUR - USES OF FUNDS - 2016-0 Gateway Capitol View, Atlanta, Fulton County

V. APPLICANT COMMENTS AND CLARIFICATIONS	VI. DCA COMMENTS - DCA USE ONLY
* To all applicants: please provide methodology for determining applicable construction hard costs.	

SELECTED PAGES FROM MARKET STUDY REPORT

SUMMARY TABLE:			
Development Name:	Capitol View Senior Residences	Total # Units:	94
Location:	1374 Murphy Avenue SW, Atlanta, Fulton County, GA	# LIHTC Units:	**94**
PMA Boundary:	North: Westview Dr. SW / Sells Avenue SW, East: Hill St. SE, South: Cleveland Ave. / Norman Berry Ave., West: Dodson Dr. SW		
		Farthest Boundary Distance to Subject:	2.7 miles

RENTAL HOUSING STOCK – (found on pages 10, 42, 47, 49)				
Type	**# Properties**	**Total Units**	**Vacant Units**	**Average Occupancy***
All Rental Housing	39	5,701	223	96.1%
Market-Rate Housing	5	680	65	90.4%
Assisted/Subsidized Housing not to include LIHTC	4	306	0	100.0%
LIHTC	30	4,715	158	96.6%
Stabilized Comps	17	2,155	11	99.5%
Properties in construction & lease up				

Subject Development					Average Market Rent			Highest Unadjusted Comp Rent	
# Units	# Bedrooms	# Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
78	1	1	750	**$580**	**$751**	**$1.00**	**22.8%**	**$895**	**$1.47**
16	2	2	950	**$665**	**$888**	**$0.93**	**25.1%**	**$1,185**	**$1.32**

All proposed rents are contract rents

DEMOGRAPHIC DATA (found on pages 36, 58)						
	2012		**2015**		**2017**	
Renter Households	5,966	51.8%	6,553	53.1%	6,976	53.9%
Income-Qualified Renter HHs (LIHTC)	4,943	82.9%	5,148	78.6%	5,387	77.2%
Income-Qualified Renter HHs (MR)						

Income-Qualified Renter Households calculated with PBRA

TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 61)						
Type of Demand	**60% / PBRA**					**Overall**
Renter Household Growth	346					346
Existing Households (Overburd + Substand)	2,159					2,159
Homeowner Conversion (Seniors)	55					55
Secondary Market Demand (10%)	251					251
Total Primary Market Demand	**2,756**					**2,756**
Less Comparable/Competitive Supply	0					0
Adjusted Income-qualified Renter HHs	**2,756**					**2,756**

Demand and capture rates calculated with PBRA

CAPTURE RATES (found on page 61)						
Targeted Population	**60% / PBRA**					**Overall**
Capture Rate	**3.3%**					**3.3%**

Capture rate calculated with PBRA

EXECUTIVE SUMMARY

Prestwick Development, LLC has retained Real Property Research Group, Inc. (RPRG) to conduct a comprehensive market feasibility analysis for Capitol View Senior Residences, a proposed senior-oriented rental community in Atlanta, Fulton County, Georgia. As proposed, Capitol View Senior Residences will be financed in part through the use of Low Income Housing Tax Credits (LIHTC) from the Georgia Department of Community Affairs (DCA) and all units will have project based rental assistance. As a Housing for Older Persons (HOP) community, residency will be restricted to households with householder age 55 and older. The following report, including the executive summary, is based on DCA's 2015 market study requirements.

1. **Project Description**

- All 94 units at Capitol View Senior Residences will benefit from Low Income Housing Tax Credits (LIHTC) and will be reserved for households earning at or below 60 percent of the Area Median Income (AMI), adjusted for household size. All units will have PBRA via the Atlanta Housing Authority (AHA). As tenants receiving PBRA are only required to pay a percentage of their income toward rent, PBRA units will not be subject to minimum income limits.

- A detailed summary of the subject property, including the rent and unit configuration, is shown in the table below. The rents shown will include trash removal.

Capitol View Senior Residences 1374 Murphy Avenue SW Atlanta, Fulton County, Georgia								
Unit Mix/Rents								
Type	Bed	Bath	Income Target	Quantity	Square Feet	Contract Rent	Utility Allowance	Gross Rent
Mid Rise	1	1	60%/PBRA	78	750	$580	$157	$737
Mid Rise	2	2	60%/PBRA	16	950	$665	$226	$891
Total/Average				94	784	$594		

Rents include trash removal

- The newly constructed units at the subject property will offer kitchens with new appliances including a refrigerator, range, dishwasher, garbage disposal, and microwave. Flooring will be a combination of wall-to-wall carpeting and vinyl tile in the kitchen / bathrooms. In addition, all units will include central heating and air-conditioning, grab bars, emergency call systems, and window blinds. The proposed unit features at Capitol View Senior Residences will be competitive with existing senior rental communities in the Capitol View Market Area and will be well received by the target market.

- Capitol View Senior Residences' community amenity package will include a multi-purpose room, central laundry facility, exercise/fitness center, computer center, library, wellness center, gazebo, and elevators. The amenities offered at the subject property will be extensive and superior to many existing senior rental communities in the Capitol View Market Area and will be well received by the target market.

2. **Site Description / Evaluation:**

- The proposed site for Capitol View Senior Residences is located at 1374 Murphy Avenue SW in southwest Atlanta, Georgia. Surrounding land uses include single-family detached homes, industrial facilities, and the Oakland City MARTA station.

- Residential uses are common within one-half mile with single-family detached homes ranging from good to poor condition the most common.

- Community and senior services, shopping, medical services, and public parks are all located within two to three miles of the subject site.

- An Oakland City MARTA rail station entrance is located adjacent to the site on Murphy Avenue SW.

- Capitol View Senior Residences will have good visibility from its location along Murphy Avenue SW and Dill Avenue SW and will benefit from its location near the Oakland City MARTA rail station. Residents of the community will access the site via an entrance on Arden Avenue SW.

- The subject site is suitable for the proposed development. No negative land uses were identified at the time of the site visit that would negatively affect the proposed development's viability in the marketplace.

3. **Market Area Definition**

- The primary market area for Capitol View Senior Residences includes 2010 census tracts in and around southwest Atlanta loosely bounded by Interstate 20 to the north, Interstate 75/85 to the east, and the City of East Point to the south. As no natural, political, or socio-economic barriers exist to delineate specific primary market area boundaries, the census tracts included in the market area are based on similarities to the subject site's immediate neighborhood.

- The boundaries of the Capitol View Market Area and their approximate distance from the subject site are Westview Drive SW / Sells Avenue SW (2.0 miles to the north), Hill Street SE (2.6 miles to the east), Cleveland Avenue / Norman Berry Avenue (2.4 miles to the south), and Dodson Drive SW (2.7 miles to the west).

4. **Community Demographic Data**

- The Capitol View Market Area experienced significant senior household growth (55+) from 2010 to 2015. Growth is expected to continue at the nearly the same pace through 2017. Over the next three years, senior household growth is expected to significantly outpace total household growth on a percentage basis.

  - Between 2000 and 2010 Census counts, the population of the Capitol View Market Area decreased from 75,386 to 65,654 people with annual losses of 943 people or 1.3 percent. During the same period, the number of households in the Capitol View Market Area decreased from 28,256 to 27,075 households, a loss of 118 households or 0.4 percent annually. Based on Esri growth rate projections, the market area added 2,011 people and 1,149 households between 2010 and 2015 and will continue to add 447 people and 247 households per year from 2015 to 2017.

  - Between 2015 and 2017, households with householders age 55+ are projected to increase at an annual rate of 2.3 percent or 291 households in the market area. Households with a householder age 62+ will increase at an annual rate of 3.1 percent, or 265 households per year, reaching a total of 9,060 in 2017.

- Seniors (persons age 55 and older) constitute 25.7 percent of the population in the Capitol View Market Area compared to 21.9 percent of the population in Fulton County. Adults age 35-61 comprise the largest percentage of the population in the Capitol View Market Area at 33.7 percent

- Approximately 32 percent of all households in the market area contain two adults but no children compared to 33.7 percent in Fulton County. Single persons account for 37.7 percent and 35.4 percent of households in the Capitol View Market Area and Fulton County, respectively.

- As of the 2010 Census, 61.9 percent of all households in the Capitol View Market Area were renters, compared to 46.3 percent in Fulton County.

- Among householders age 55 and older, the 2015 renter percentages as estimated by Esri are 53.1 percent in the market area and 33.7 percent in Fulton County.

- According to income distributions provided by Esri, the 2015 median income of households in the Capitol View Market Area is $23,656, less than half of Fulton County's median of $59,241. RPRG estimates the 2015 median income for senior renter householders (age 55 and older) in the Capitol View Market Area is $16,432. Approximately 70 percent of all senior renter households earn less than $25,000 including 46.6 percent earning below $15,000.

- The Capitol View Market Area contains an above average number of abandoned or vacant homes but has encountered only modest foreclosures over the past year. While the conversion of such properties can affect the demand for new multi-family rental housing in some markets, we do not believe foreclosures will impact demand for the subject property given its senior-oriented design and affordable nature.

5. **Economic Data:**

- As the full effects of the recent national recession began to impact the local economy, Fulton County's unemployment rate increased from 4.9 percent in 2007 to 10.9 percent in 2010. Over the past three years, economic conditions have improved and the unemployment rate dropped to 8.6 percent in 2013 and has dropped further to 8.1 percent in the first three quarters of 2014.

- Fulton County's economy was hit hard during the national recession and the collapse of the for-sale housing market with a net loss of more than 75,000 jobs between 2007 and 2009. From 2010 to 2013, the county showed signs of stabilization with the addition of 46,665 jobs. This trend has continued through the first half of 2014 gaining 8,052 jobs.

- Professional-Business is the largest employment sector in Fulton County, accounting for 22.9 percent of all jobs through the first half of 2014 compared to just 13.9 percent of total employment nationally. The Trade-Transportation-Utilities, Government, Education-Health, and Leisure-Hospitality sectors also contain significant employment shares in Fulton County at 17.6 percent, 12.4 percent, 12.2 percent, and 11.3 percent, respectively. Compared to national figures, Fulton County has a significantly smaller percentage of its job base in Government, Manufacturing, Education-Health, and Construction.

- Five of eleven employment sectors experienced annual growth in Fulton County between 2001 and 2014 Q2. These include Education-Health (3.1 percent), Leisure-Hospitality (1.8 percent), Professional Business (0.7 percent), Natural Resources-Mining (5.5 percent), and Other (0.2 percent). In terms of total jobs lost, annual declines in Trade-Transportation-Utilities were the most notable as this is the county's second largest sector.

- The planned Tyler Perry Studios redevelopment at Fort McPherson and the redevelopment of the Oakland City MARTA station parking lot into a mixed-use shopping center will both have positive impacts in terms of jobs and overall revitalization in the general area around the site.

6. **Project Specific Affordability and Demand Analysis:**

- Capitol View Senior Residences will contain 94 units reserved for households earning at or below 60 percent of the Area Median Income (AMI), adjusted for household size. All units will contain PBRA.

- With the proposed PBRA, the project as a whole will target renter householders earning up to $32,760. The 94 proposed units would need to capture 1.8 percent of the 5,267 age and income qualified renter households in order to lease-up.

- Without PBRA, the project as a whole will target renter householders earning between $22,110 and $32,760. The 94 proposed units would need to capture 9.3 percent of the 1,006 income qualified renter households in order to lease-up.

- The overall demand capture rate with PBRA is 3.3 percent.

- The overall capture rate for the project without PBRA is 17.5 percent.

- All demand capture rates, with and without PBRA, are well within the range of acceptability.

7. **Competitive Rental Analysis**

- The four senior communities offering units without deep rental subsidies combine to offer 300 units, of which 11 units were reported vacant for a 3.7 percent vacancy rate. Among the LIHTC units without PBRA, eight units were vacant out of 280 total units for a vacancy rate of 2.9 percent.

- All 1,855 units with PBRA surveyed at senior communities in the market area were occupied at the time of our survey. All but one community reported a waiting list.

- The newest senior LIHTC rental community (Gateway at East Point) in the market area opened in June 2012 and leased up in three months for an average absorption of approximately 33 units per month. Like the proposed units at Capitol View Senior Residences, all units at Gateway at East Point have PBRA.

- One bedroom senior units had an average effective rent of $614. Based on an average unit size of 708 square feet, this equates to $0.87 per square foot.
- Two bedroom senior units had an average effective rent of $744. Based on an average unit size of 923 square feet, this equates to $0.81 per square foot.

- The "average market rent" among comparable communities is $751 for one bedroom units and $888 for two bedroom units. Both of the subject property's proposed rents are contract rents so tenants will pay a percentage of their income for rent. The proposed contract rents are well below the average market rents in the market area.

8. **Absorption/Stabilization Estimates**

- Based on Gateway at East Point's strong lease-up, projected senior household growth, acceptable capture rates, strong senior rental market conditions, and PBRA on all proposed units we expect Capitol View Senior Residences to lease-up at a rate of 20 units per month. At this rate, the subject property will reach a stabilized occupancy of at least 93 percent within four to five months.

- Without PBRA and rents at maximum allowable LIHTC rents, we estimate average monthly absorption of 12 units. At this rate the community would reach a stabilized occupancy of at least 93 percent within seven to eight months.

- The construction of Capitol View Senior Residences will not have an adverse impact on existing rental communities in the Capitol View Market Area, including those with tax credits. Overall, the senior rental market in the Capitol View Market Area is performing very well with limited vacancies. Furthermore, as the Capitol View Market Area continues to experience strong senior population and household growth over the next three years, demand for senior rental housing is likely to continue to increase.

9. Overall Conclusion / Recommendation

Based on an analysis of projected senior household growth trends, overall affordability and demand estimates, current rental market conditions, and socio-economic and demographic characteristics of the Capitol View Market Area, RPRG believes that the proposed Capitol View Senior Residences will be able to successfully reach and maintain a stabilized occupancy of at least 93 percent following its entrance into the rental market. The subject property will be competitively positioned with existing senior communities in the Capitol View Market Area and the units will be well received by the target market. We recommend proceeding with the project as planned.

DCA Summary Table:

As proposed with PBRA

Income/Unit Size	Income Limits	Units Proposed	Renter Income Qualification %	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Average Market Rent	Market Rents Band	Proposed Rents
60% Units / PBRA	**no min$ - $32,760**										
One Bedroom Units	no min$ - $18,000	78	53.8%	1,941	0	1,941	4.0%	4-5 months	$751	$688-$790	$580*
Two Bedroom Units	$18,001 - $32,760	16	24.1%	870	0	870	1.8%	2 months	$888	$788-$987	$665*
Project Total	**no min$ - $32,760**										
60% Units / PBRA	no min$ - $32,760	94	77.9%	2,811	0	2,811	3.3%	4-5 months			
Total Units	no min$ - $32,760	94	77.9%	2,811	0	2,811	3.3%	4-5 months			

Subject rents are contract rents*

Without PBRA

Income/Unit Size	Income Limits	Units Proposed	Renter Income Qualification %	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Average Market Rent	Market Rents Band	Proposed Rents
60% Units	**$22,110 - $32,760**										
One Bedroom Units	$22,110 - $30,000	78	11.9%	429	0	429	18.2%	7-8 months	$751	$688-$790	$580*
Two Bedroom Units	$30,001 - $32,760	16	3.0%	108	0	108	14.9%	3 months	$888	$788-$987	$665*
Project Total	**$22,110 - $32,760**										
60% Units	$22,110 - $32,760	94	14.9%	537	0	537	17.5%	7-8 months			
Total Units	$22,110 - $32,760	94	14.9%	537	0	537	17.5%	7-8 months			

Subject rents are contract rents*

EXPENSE COMPARABLE DATA

2012 EXPENSE ANALYSIS

	Dogwood View; Bremen (2010)	Antigua Place I; Moultrie (2005)	Antigua Place II; Moultrie (2009)	Courtes De Emerald I; Bainbridge (2006)	Courtes De Emerald II; Bainbridge (2008)	Juniper Court; Hartwell (2008)	Fullerton Square; Sylvester (2008)	Kirby Creek Apartments; Cairo (2006)	Lucky Pointe; LaFayette (2008)	Ruthie Manor; Upson Co (2010)	Saratoga Court; Summerville (2004)	Shangri-La Pt; Cartersville (2010)	Sheppard Station; Pooler (2008)	The Village at Chickamauga (2006)	The Village at Wedgewood; Cairo (2008)	Villas on Forsyth; Barnesville (2008)
	2010	2005	2009	2006	2008	2008	2008	2006	2008	2010	2004	2010	2008	2006	2008	2008
	40	**72**	**40**	**28**	**32**	**52**	**30**	**56**	**52**	**48**	**48**	**72**	**65**	**40**	**42**	**42**
	2012 Exp/U	2012 Exp/U	2012 Exp/U	2012 Exp/U	2012 Exp/U	2012 Exp/U	2012 Exp/U	2012 Exp/U	2012 Exp/U	2012 Exp/U	2012 Exp/U	2012 Exp/U	2012 Exp/U	2012 Exp/U	2012 Exp/U	2012 Exp/U
ADMINISTRATIVE																
ACCOUNTING	$0	$0	$0	$0	$0	$114	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ADVERTISING	$650	$427	$14	$0	$0	$0	$0	$0	$389	$0	$481	$1,085	$0	$573	$0	$0
LEGAL FEES	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
MANAGEMENT FEE	$408	$427	$408	$0	$0	$449	$191	$179	$439	$316	$429	$666	$479	$442	$423	$401
MGMT SALARIES, TAXES AND BENEFITS	$548	$620	$330	$0	$0	$519	$628	$422	$621	$0	$659	$1,133	$851	$766	$745	$552
NON -RESIDENTIAL UNIT RENT	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OFFICE SUPPLIES & POSTAGE	$0	$0	$0	$0	$0	$104	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TELEPHONE	$0	$0	$0	$0	$0	$123	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TRAVEL	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
MISC. ADMIN COSTS (ACTIVITIES)	$0	$0	$0	$0	$0	$53	$0	$0	$0	$736	$0	$0	$0	$0	$0	$0
SUBTOTAL - ADMIN EXPENSES	**$1,606**	**$1,473**	**$752**	**$722**	**$1,115**	**$1,362**	**$819**	**$601**	**$1,448**	**$1,052**	**$1,569**	**$2,885**	**$1,331**	**$1,781**	**$1,169**	**$953**
MAINTENANCE																
EXTERMINATING	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
GROUNDS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
MNTNCE SALARIES/BENEFITS/SUPPLIES	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ELEVATORS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CONTRACTED REPAIRS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OTHER (REDECORATING)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
SUBTOTAL - MAINTENANCE	**$859**	**$628**	**$433**	**$758**	**$761**	**$631**	**$928**	**$560**	**$710**	**$825**	**$905**	**$745**	**$633**	**$985**	**$499**	**$620**
OPERATIONS																
OWNER-SUPPLIED CABLE TV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OWNER-SUPPLIED ELECTRICITY	$0	$0	$0	$0	$0	$0	$0	$175	$0	$0	$0	$0	$496	$0	$379	$520
WATER & SEWER	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OWNER SUPPLIED NATURAL GAS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
GARBAGE COLLECTION	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
SECURITY	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OTHER	$0	$0	$0	$0	$0	$0	$0	$165	$0	$0	$0	$0	$315	$0	$336	$315
SUBTOTAL - OPERATING	**$170**	**$471**	**$516**	**$867**	**$791**	**$250**	**$553**	**$341**	**$186**	**$352**	**$465**	**$251**	**$812**	**$443**	**$715**	**$835**
FIXED																
REAL ESTATE TAXES	$763	$182	$361	$546	$502	$899	$600	$223	$451	$689	$312	$611	$740	$276	$553	$425
INSURANCE	$243	$212	$227	$0	$253	$211	$299	$124	$240	$256	$152	$230	$284	$221	$334	$349
OTHER TAX ASSESSMENTS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OTHER	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
SUBTOTAL - FIXED	**$1,005**	**$394**	**$588**	**$546**	**$755**	**$1,110**	**$899**	**$347**	**$691**	**$944**	**$465**	**$842**	**$1,024**	**$496**	**$887**	**$774**
TOTAL OPERATING EXPENSES W/O RESERVES	**$3,640**	**$2,966**	**$2,290**	**$2,893**	**$3,422**	**$3,353**	**$3,199**	**$1,850**	**$3,036**	**$3,172**	**$3,403**	**$4,722**	**$3,799**	**$3,705**	**$3,270**	**$3,183**

2011 EXPENSE ANALYSIS

	Dogwood View; Bremen (2010)	Antigua Place I; Moultrie (2005)	Antigua Place II; Moultrie (2009)	Courtes De Emerald I; Bainbridge (2006)	Courtes De Emerald II; Bainbridge (2008)	Juniper Court; Hartwell (2008)	Fullerton Square; Sylvester (2008)	Kirby Creek Apartments; Cairo (2006)	Lucky Pointe; LaFayette (2008)	Pines by the Creek; Newnan (2007)	Ruthie Manor; Upson Co (2010)	Saratoga Court; Summerville (2004)	Shangri-La Pt; Cartersville (2010)	Sheppard Station; Pooler (2008)	The Village at Chickamauga (2006)	The Village at Wedgewood; Cairo (2008)	Villas on Forsyth; Barnesville (2008)
	2010	2005	2009	2006	2008	2008	2008	2006	2008	2007	2010	2004	2010	2008	2006	2008	2008
	40	72	40	28	32	52	30	56	52	96	48	48	72	65	40	42	42
	2011 Exp/U	2011 Exp/U	2011 Exp/U	2011 Exp/U	2011 Exp/U	2011 Exp/U	2011 Exp/U	2011 Exp/U	2011 Exp/U	2011 Exp/U	2011 Exp/U	2011 Exp/U	2011 Exp/U	2011 Exp/U	2011 Exp/U	2011 Exp/U	2011 Exp/U
ADMINISTRATIVE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ACCOUNTING	$0	$0	$0	$0	$0	$108	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ADVERTISING	$852	$392	$405	$0	$0	$0	$0	$0	$387	$0	$0	$550	$835	$0	$556	$0	$0
LEGAL FEES	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
MANAGEMENT FEE	$535	$419	$375	$0	$0	$427	$209	$170	$425	$324	$176	$421	$292	$441	$421	$401	$375
MGMT SALARIES, TAXES AND BENEFITS	$564	$590	$434	$0	$0	$522	$542	$412	$612	$1,067	$0	$842	$758	$1,118	$719	$651	$403
NON -RESIDENTIAL UNIT RENT	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OFFICE SUPPLIES & POSTAGE	$0	$0	$0	$0	$0	$14	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TELEPHONE	$0	$0	$0	$0	$0	$117	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TRAVEL	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
MISC. ADMIN COSTS (ACTIVITIES)	$0	$0	$0	$0	$0	$27	$0	$0	$0	$616	$627	$0	$0	$0	$0	$0	$0
SUBTOTAL - ADMIN EXPENSES	$1,951	$1,401	$1,213	$1,309	$1,439	$1,215	$751	$582	$1,037	$2,006	$803	$1,813	$1,885	$1,560	$1,696	$1,052	$778
MAINTENANCE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
EXTERMINATING	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
GROUNDS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
MNTNCE SALARIES/BENEFITS/SUPPLIES	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ELEVATORS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CONTRACTED REPAIRS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OTHER (REDECORATING)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
SUBTOTAL - MAINTENANCE	$735	$635	$553	$901	$614	$734	$750	$278	$992	$1,174	$331	$888	$216	$622	$929	$507	$404
OPERATIONS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OWNER-SUPPLIED CABLE TV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OWNER-SUPPLIED ELECTRICITY	$0	$0	$0	$0	$0	$0	$0	$178	$0	$0	$0	$0	$0	$534	$0	$404	$500
WATER & SEWER	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OWNER SUPPLIED NATURAL GAS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
GARBAGE COLLECTION	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
SECURITY	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OTHER	$0	$0	$0	$0	$0	$0	$0	$115	$0	$0	$0	$0	$0	$399	$0	$390	$442
SUBTOTAL - OPERATING	$444	$486	$538	$1,011	$774	$238	$547	$293	$186	$289	$264	$454	$142	$933	$410	$794	$942
FIXED	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
REAL ESTATE TAXES	$908	$582	$1,102	$597	$557	$1,130	$947	$224	$517	$496	$496	$403	$401	$532	$458	$449	$357
INSURANCE	$11	$258	$198	$241	$232	$194	$273	$119	$235	$260	$180	$202	$98	$280	$192	$329	$283
OTHER TAX ASSESSMENTS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OTHER	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
SUBTOTAL - FIXED	$919	$840	$1,300	$838	$789	$1,325	$1,220	$343	$751	$756	$676	$605	$499	$812	$650	$779	$640
TOTAL OPERATING EXPENSES W/O RESERVI	$4,049	$3,361	$3,604	$4,058	$3,616	$3,511	$3,268	$1,496	$2,966	$4,224	$2,074	$3,760	$2,741	$3,927	$3,686	$3,131	$2,763

2010 EXPENSE ANALYSIS

	Antigua Place I; Moultrie (2005)	Courtes De Emerald I; Bainbridge (2006)	Courtes De Emerald II; Bainbridge (2008)	Juniper Court; Hartwell (2008)	Fullerton Square; Sylvester (2008)	Kirby Creek Apartments; Cairo (2006)	Lucky Pointe; LaFayette (2008)	Pines by the Creek; Newnan (2007)	Saratoga Court; Summerville (2004)	Sheppard Station; Pooler (2008)	The Village at Chickamauga (2006)	The Village at Wedgewood; Cairo (2008)	Villas on Forsyth; Barnesville (2008)
	2005	**2006**	**2008**	**2008**	**2008**	**2006**	**2008**	**2007**	**2004**	**2008**	**2006**	**2008**	**2008**
	72	**28**	**32**	**52**	**30**	**56**	**52**	**96**	**48**	**65**	**40**	**42**	**42**
	2010 Exp/U	2010 Exp/U	2010 Exp/U	2010 Exp/U	2010 Exp/U	2010 Exp/U	2010 Exp/U	2010 Exp/U	2010 Exp/U	2010 Exp/U	2010 Exp/U	2010 Exp/U	2010 Exp/U
ADMINISTRATIVE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ACCOUNTING	$0	$0	$0	$249	$0	$0	$0	$0	$0	$0	$0	$0	$0
ADVERTISING	$451	$0	$0	$0	$0	$0	$408	$0	$545	$0	$497	$0	$0
LEGAL FEES	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
MANAGEMENT FEE	$407	$0	$0	$465	$294	$435	$409	$340	$406	$457	$415	$418	$414
MGMT SALARIES, TAXES AND BENEFITS	$589	$0	$0	$493	$651	$901	$607	$1,039	$832	$987	$619	$593	$367
NON -RESIDENTIAL UNIT RENT	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OFFICE SUPPLIES & POSTAGE	$0	$0	$0	$136	$0	$0	$0	$0	$0	$0	$0	$0	$0
TELEPHONE	$0	$0	$0	$124	$0	$0	$0	$0	$0	$0	$0	$0	$0
TRAVEL	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
MISC. ADMIN COSTS (ACTIVITIES)	$0	$0	$0	$130	$0	$0	$0	$581	$0	$0	$0	$0	$0
SUBTOTAL - ADMIN EXPENSES	$1,447	$1,203	$1,278	$1,597	$945	$1,336	$1,424	$1,960	$1,784	$1,445	$1,531	$1,011	$781
MAINTENANCE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
EXTERMINATING	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
GROUNDS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
MNTNCE SALARIES/BENEFITS/SUPPLIES	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ELEVATORS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CONTRACTED REPAIRS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OTHER (REDECORATING)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
SUBTOTAL - MAINTENANCE	$496	$763	$639	$406	$882	$487	$225	$876	$456	$462	$800	$420	$479
OPERATIONS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OWNER-SUPPLIED CABLE TV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OWNER-SUPPLIED ELECTRICITY	$0	$0	$0	$0	$0	$441	$0	$0	$0	$452	$0	$373	$556
WATER & SEWER	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OWNER SUPPLIED NATURAL GAS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
GARBAGE COLLECTION	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
SECURITY	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OTHER	$0	$0	$0	$0	$0	$274	$0	$0	$0	$386	$0	$309	$322
SUBTOTAL - OPERATING	$471	$855	$701	$281	$520	$715	$163	$286	$447	$838	$350	$682	$878
FIXED	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
REAL ESTATE TAXES	$582	$543	$531	$629	$962	$454	$517	$529	$466	$653	$441	$631	$460
INSURANCE	$280	$181	$179	$221	$259	$277	$276	$266	$145	$276	$231	$328	$285
OTHER TAX ASSESSMENTS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OTHER	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
SUBTOTAL - FIXED	$862	$724	$710	$850	$1,221	$731	$793	$795	$610	$928	$672	$959	$744
TOTAL OPERATING EXPENSES W/O RESERV	$3,276	$3,545	$3,328	$3,133	$3,568	$3,269	$2,605	$3,917	$3,297	$3,673	$3,352	$3,072	$2,882

ADDITIONAL SUBJECT PHOTOGRAPHS

View along S Houston Lake Road, Facing N and S from Near NE Corner of Subject Site

Subject Site from Street, Facing SW and W (Floodplain to Right of and Below Existing Roadbed)

Rear Excavated Area to Rear (West) of Subject Site

APPRAISER QUALIFICATIONS

ANDREW "ANDY" D. SHEPPARD, MAI
Principal - Pritchett, Ball & Wise, Inc.

2295 Parklake Drive, Suite 425 *Atlanta, Georgia 30345* *404.874.4495 (Direct)*

EDUCATION: Georgia State University: Bachelor of Arts Degree in Real Estate (12/1998)
Appraisal Institute Education Completed (1998 – Present)*

2015	Forestry Valuation for Non-Foresters	2005	Advanced Applications
2014	Masters Class in Appraisal Fundamentals	2003	Regression Analysis
2013	Leadership Development Advisory Council	2001	Advanced Sales & Cost Approach
2012	Separating Intangible Business Assets	2000	Advanced Income Capitalization
2011	The Appraiser as an Expert Witness	2000	Special Purpose Properties
2011	Appraising the Appraisal	2000	Valuation of Detrimental Conditions
2010	ARGUS Certification Training	1999	Supporting Sales Comparison Adjustments
2009	Condemnation Principles & Applications	1999	Local Retail Properties
2008	Conservation Easement Certification Program	1999	Principles & Procedures
2006	Comprehensive Examination	1998	Eminent Domain & Condemnation
2005	Litigation Appraisal	1998	USPAP & Business Ethics

* For Brevity, List Excludes Dozens of Seminars, Conferences, Meetings and Recurring Bi-Annual USPAP Update Courses

EMPLOYMENT: Pritchett, Ball & Wise, Inc. (3/1998 - Present)
EXPERIENCE: I have been involved in the valuation of various property types, including:

- **Vacant Land**: Commercial, industrial, mixed-use, single- and multi-family residential, conservation easements, Beltline acquisitions, wetlands mitigation, cell and billboard sites;
- **Market Analysis**: Feasibility studies for proposed multi-family projects, cell tower influence on residential values, city-wide effect of naval jet noise increases on values, factors affecting valuation of wetland properties in the Everglades and Big Cypress regions of Florida;
- **Residential**: Proposed, existing and rehabilitation assignments for conventional and program-assisted multi-family, including Low-Income Housing Tax Credit ("LIHTC") developments;
- **Industrial**: Single- and multi-tenant buildings, textile and manufacturing plants, bulk and distribution warehouses, 1M+ SF warehouses, chilled/refrigerated/production facilities;
- **Office**: Single- and multi-tenant offices, banks, call centers, medical/surgery centers;
- **Retail**: Convenience stores, big box, mall, storefront retail, free-standing restaurants/stores;
- **Litigation**: Expert witness deposition and testimony (log available upon request), appraisal review, and assisting clients with understanding terminology/methodology; and,
- **"Other"**: Air rights, viaducts, surface/subsurface rights, bond financing, condemnation, catenary attachments, solar sites, prison/detention facilities, mineral rights, quarries and borrow pits, adult venues, logistics-oriented military base, waste treatment and water production assets, landfills, and contaminated properties.

PROFESSIONAL AFFILIATIONS AND SERVICE:
Georgia Certified General Real Property Appraiser #7384; GDOT Level 3 Appraiser
Designated Member of the Appraisal Institute ("AI") #12520 (Conferred in 2007)
Professional Development Programs Completed: Litigation ('11); and, Conservation Easements ('08)
National AI Service: Final-Level Experience Screener; and, Leadership Advisory Council ('13)
Atlanta AI Service: Chair of General Associate Guidance ('09-'11); Alternate Regional Representative ('09-'10); Regional Representative ('11-'12); Chair of Member Development and Retention ('12-'13); Nominating Committee ('12-'13); Director ('12-'14); Chair of Advisor Guidance ('13-'14); Treasurer ('14); Secretary ('15); Vice President ('16); and, Incoming President ('17)
AI Presentations Given: Multiple MAI-Candidate Orientations; Multiple Comprehensive Exam Study Groups for MAI Candidates; "Apartments" Program at Masters Class in Appraisal Fundamentals ('14); "Document Automation" Program at Masters Class in Appraisal Fundamentals ('15); and, "Tech Tips for Real Estate Appraisers" ('15)
Awards: Appraisal Institute's "Volunteer of Distinction" (2013)