



**AN APPRAISAL REPORT OF**

**Keystone Apartments**

*Located at*

**145 S. McDonough Street, Jonesboro, Clayton County, Georgia 30236**

**Effective Date: May 20, 2016**

**Report Date: August 12, 2016**

*Prepared For*

**Mr. Ryan Kucich  
Senior Project Manager  
The Hampstead Companies  
3413 30th Street  
San Diego, CA 92104**

*Prepared By*

**Novogradac & Company LLP  
6700 Antioch Road, Suite 450  
Merriam, Kansas 66204  
913.677.4600**

August 12, 2016

Mr. Ryan Kucich  
Senior Project Manager  
The Hampstead Companies  
3413 30th Street  
San Diego, CA 92104

Re: Appraisal of Keystone Apartments  
145 S. McDonough Street, Jonesboro, Clayton County, Georgia

Dear Mr. Kucich:

We are pleased to present our findings with respect to the value of the above-referenced property, Keystone Apartments (“Subject”). The Subject is an existing 184-unit Section 8 development (Section 8 Contract No. GA06-E000-002) that is proposed for Low Income Housing Tax Credit (LIHTC) acquisition/rehabilitation. Post-renovation, the Subject will continue to offer 184 one, two, and three-bedroom units and the property will be restricted to households earning 60 percent of the Area Median Income (AMI), or less. The Subject’s 184 units will continue to benefit from a HAP contract post-renovation, which expires on September 30, 2031. It is assumed the developer will continue to renew the HAP contract for the foreseeable future. The scope of this report meets the requirements of the Georgia Department of Community Affairs (DCA). We are concurrently preparing a market study for the Subject for application purposes. Other than the previously listed engagement, we have performed no other services on the Subject in the three years immediately preceding this engagement. We provided several value estimates of both tangible and intangible assets, described and defined below:

- Land Value.
- Market Value “As Is.”
- Hypothetical Market Value “As Complete and Stabilized” – Assuming Restricted Rents.
- Hypothetical Market Value “As Complete and Stabilized” – Assuming Unrestricted Rents.
- Prospective Market Value at Loan Maturity Assuming Restricted Rents.
- Prospective Market Value at Loan Maturity Assuming Unrestricted Rents.
- Valuation of Tax Credits.
- Favorable Financing.

Our valuation report is for use by the client and their advisors for LIHTC application purposes. Neither this report nor any portion thereof may be used for any other purpose or distributed to third parties without the express written consent of Novogradac and Company LLP (“Novogradac”).

This valuation engagement was conducted in accordance with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which standards incorporate the Uniform Standards of Professional Appraisal Practice (USPAP). In accordance with these standards, we have reported our findings herein in an appraisal report, as defined by USPAP.

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 sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

This report complies with FIRREA (1989) regulations and the 2016 Georgia DCA Appraisal Manual.

#### **Underlying Land Value**

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the value of the underlying land in fee simple, as of May 20, 2016, is:

**ONE MILLION SEVEN HUNDRED SEVENTY THOUSAND DOLLARS**  
**(\$1,770,000)**

#### **“As Is” Value**

The Subject’s market value of the real estate “As Is”, subject to current Section 8 contract rents, as of May 20, 2016 is:

**ELEVEN MILLION EIGHT HUNDRED THOUSAND DOLLARS**  
**(\$11,800,000)**

#### **“As Complete and Stabilized” Restricted**

The Subject’s hypothetical estimated market value “As Complete and Stabilized” assuming proposed restricted rental rates, as of May 20, 2016, is:

**THIRTEEN MILLION THREE HUNDRED THOUSAND DOLLARS**  
**(\$13,300,000)**

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<sup>1</sup> 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990

**“As Complete and Stabilized” Unrestricted**

The Subject’s hypothetical estimated market value “As Complete and Stabilized” assuming unrestricted market rental rates, as of May 20, 2016, is:

**TWELVE MILLION SIX HUNDRED THOUSAND DOLLARS  
(\$12,600,000)**

**Prospective Market Value as Restricted 30 years (Loan Maturity),**

The hypothetical prospective market value at 30 years (loan maturity) of the Subject’s fee simple interest, subject to the rental restrictions in the year 2045, as of May 20, 2016, is:

**FIFTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS  
(\$15,500,000)**

**Prospective Market Value as Unrestricted at 30 years (Loan Maturity)**

The hypothetical prospective market value at 30 years (loan maturity) of the Subject’s fee simple interest, as an unrestricted property in the year 2046, as of May 20, 2016, is:

**FOURTEEN MILLION NINE HUNDRED THOUSAND DOLLARS  
(\$14,900,000)**

**Tax Credit Value**

The market value of the tax credits allocated to the Subject over a 10-year period, on a cash equivalent basis, as of May 20, 2016, is:

***Total LIHTC Value: Combined Federal and State*  
TEN MILLION EIGHT HUNDRED THOUSAND DOLLARS  
(\$10,800,000)**

*Please refer to the assumptions and limiting conditions.*

If appropriate, the scope of our work includes an analysis of current and historical operating information provided by management. This unaudited data was not reviewed or compiled in accordance with the American Institute of Certificate Public Accountants (AICPA), and we assume no responsibility for such unaudited statements.

We also used certain forecasted data in our valuation and applied generally accepted valuation procedures based upon economic and market factors to such data and assumptions. We did not examine the forecasted data or the assumptions underlying such data in accordance with the standards prescribed by the AICPA and, accordingly, do not express an opinion or any other form of assurance on the forecasted data and related assumptions. The financial analyses contained in this report are used in the sense contemplated by the Uniform Standards of Professional Appraisal Practice (USPAP).

Keystone Apartments Appraisal  
August 12, 2016

Furthermore, there will usually be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility for updating this report due to events and circumstances occurring after the date of inspection.

Our value conclusion was based on general economic conditions as they existed on the date of the analysis and did not include an estimate of the potential impact of any sudden or sharp rise or decline in general economic conditions from that date to the effective date of our report. Events or transactions that may have occurred subsequent to the effective date of our opinion were not considered. We are not responsible for updating or revising this report based on such subsequent events, although we would be pleased to discuss with you the need for revisions that may be occasioned as a result of changes that occur after the valuation date.

We appreciate this opportunity to be of service. Please contact us if you have any comments or questions.

Respectfully submitted,  
Novogradac & Company LLP



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Rebecca S. Arthur, MAI  
Partner  
Certified General Real Estate Appraiser



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Edward R. Mitchell  
Certified General Real Estate Appraiser  
GA License # 4649  
Expiration Date: 4/30/2017

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## **EXECUTIVE SUMMARY**

**EXECUTIVE SUMMARY****PROPERTY SUMMARY OF SUBJECT**

**Property Appraised:** Keystone Apartments (Subject) is an existing Section 8 property (Section 8 Contract No. GA06-E000-002) in Jonesboro, Clayton County, Georgia that is proposed for renovation with Low Income Housing Tax Credit (LIHTC) equity. The Subject was originally constructed in 1971. The Subject currently consists of 184 one, two, and three-bedroom units in 38 two-story garden-style residential buildings, one single-story auxiliary building that serves as a leasing office and maintenance building, and one trailer that is used by the service coordinator.

All 184 units at the Subject benefit from the Section 8 contract; however, one is used as a non-revenue generating employee unit and is occupied by the courtesy patrol officer. All of the Subject's units will continue to benefit from the HAP contract post-renovation. The Section 8 contract is on a 20-year term and expires September 30, 2031, and it is assumed the developer will continue to renew the contract for the foreseeable future. Tenants will continue to pay 30 percent of their incomes toward rent, not to exceed the lesser of the current net contract rents or proposed LIHTC rents.

**Parcel ID Number:** The Subject is identified by the following parcel ID number: 13-241D-F-006.

**Land Area:** The Subject site encompasses approximately 16.9 acres or approximately 735,728 square feet.

**Legal Interest Appraised:** The property interest appraised is fee simple, subject to any and all encumbrances, if applicable for each value estimate.



**Current Unit Mix and Rents:** The following tables summarize the Subject’s current unit mix and contract rents.

CURRENT RENTS				
Unit Type	Number of Units	Current Net Contract Rents*	Utility Allowance *	Gross Contract Rents
<i>Section 8</i>				
1BR/1BA	24	\$775	\$47	\$822
2BR/1BA	88	\$848	\$71	\$919
3BR/2BA	71	\$966	\$85	\$1,051
<i>Employee Unit</i>				
3BR/2BA	1	N/A	N/A	N/A
<b>Total</b>	<b>184</b>			

\*Based on Rent Schedule, effective October 1, 2015

UNIT MIX AND SQUARE FOOTAGE – AS IS			
Unit Type	Number of Units	Unit Size (SF)	Total Area
1BR/1BA	24	612	14,688
2BR/1BA	88	830	73,040
3BR/2BA	72	945	68,040
<b>Total</b>	<b>184</b>		<b>155,768</b>

According to the rent roll dated April 7, 2016, the Subject was 95.7 percent occupied with eight vacant units, all of which are pre-leased. The property manager also reported a waiting list of 132 households for one-bedroom units, 84 households for two-bedroom units, and 15 households for three-bedroom units. According to the Subject’s historical financials, the Subject has operated with a total vacancy rate (including collection loss) between 2.8 to 5.5 percent over the past three years with an average total vacancy rate of 4.8 percent.

**Proposed Unit Mix and Rents:** The following tables summarize the Subject’s proposed post-renovation LIHTC unit mix and asking rents. Tenants will continue to pay 30 percent of income towards rent.

PROPOSED RENTS							
Unit Type	Number of Units	Unit Size (SF)	LIHTC Asking Rent	Utility Allowance *	Gross LIHTC Rent	2016 LIHTC Maximum Allowable Gross Rent	Current Net Contract Rents*
<i>60% AMI/Section 8</i>							
1BR/1BA	24	612	\$712	\$47	\$759	\$759	\$775
2BR/1BA	88	830	\$841	\$71	\$912	\$912	\$848
3BR/2BA	71	945	\$968	\$85	\$1,053	\$1,053	\$966
<i>Employee Unit</i>							
3BR/2BA	1	945	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>184</b>						

\*Based on current Rent Schedule, effective October 1, 2015.

UNIT MIX AND SQUARE FOOTAGE – AS RENOVATED			
Unit Type	Number of Units	Unit Size (SF)	Total Area
1BR/1BA	24	612	14,688
2BR/1BA	88	830	73,040
3BR/2BA	72	945	68,040
<b>Total</b>	<b>184</b>		<b>155,768</b>

**Ownership History of the Subject:**

Current ownership of the Subject is vested in GRR, LLC. There have been no transfers of the Subject property over the past three years. According to the purchase agreement provide by the client, effective April 13, 2016, GRR, LLC (seller) will transfer the property to The Hampstead Group, Inc. (buyer) for a purchase price of \$11,800,000. Our estimated as is value of \$11,800,000 indicates a market oriented purchase price.

**Highest and Best Use As If Vacant:**

Based on the recent development patterns, the highest and best use “as if vacant” would be to construct a 169-unit multifamily development with subsidy or gap financing, such as LIHTC.

**Highest and Best Use As Improved:**

The Subject property currently operates as an affordable multifamily property in fair condition. The property currently generates positive income and it is not deemed feasible to tear it down for an alternative use. Therefore, the highest and best use of the site, as improved, would be to continue to operate as an affordable multifamily housing development.

**Exposure Time:**

Nine to 12 months.

**Marketing Period:**

Nine to 12 months.

INDICATIONS OF VALUE

VALUE OF UNDERLYING LAND			
Scenario	Units	Price Per Unit	Indicated Value (Rounded)
Land Value	169	\$10,500	\$1,770,000
DIRECT CAPITALIZATION ANALYSIS - "AS IS"			
Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
As Is	6.20%	\$729,871	\$11,800,000
DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"			
Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
As Renovated Restricted	6.20%	\$826,132	\$13,300,000
As Renovated Unrestricted	6.70%	\$846,585	\$12,600,000
EGIM ANALYSIS - "AS COMPLETE AND STABILIZED"			
Scenario	EGIM	Effective Gross Income	Indicated Value (Rounded)
As Is	6.35	\$1,863,512	\$11,800,000
As Renovated Restricted	7.15	\$1,863,512	\$13,300,000
As Renovated Unrestricted	6.80	\$1,860,260	\$12,600,000
NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"			
Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
As Is	184	\$64,000	\$11,800,000
As Renovated Restricted	184	\$72,000	\$13,200,000
As Renovated Unrestricted	184	\$69,000	\$12,700,000
VALUE AT LOAN MATURITY - RESTRICTED			
	Year	Indicated Value (Rounded)	
Restricted	30 years	\$15,500,000	
VALUE AT LOAN MATURITY - UNRESTRICTED			
	Year	Indicated Value (Rounded)	
Unrestricted	30 years	\$14,900,000	
TAX CREDIT VALUATION			
	Credit Amount	Price Per Credit	Indicated Value (Rounded)
Combined Federal & State LIHTC	\$6,512,710	\$1.66	\$10,800,000

Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.

## **FACTUAL DESCRIPTION**

## FACTUAL DESCRIPTION

### APPRAISAL ASSIGNMENT AND VALUATION APPROACH

As requested, the appraisers provided several value estimates of both tangible and intangible assets, described and defined below:

- Land Value.
- Market Value “As Is.”
- Hypothetical Market Value “As Complete and Stabilized” – Assuming Restricted Rents.
- Hypothetical Market Value “As Complete and Stabilized” – Assuming Unrestricted Rents.
- Prospective Market Value at Loan Maturity Assuming Restricted Rents.
- Prospective Market Value at Loan Maturity Assuming Unrestricted Rents.
- Valuation of Tax Credits.
- Favorable Financing.

In determining the value estimates, the appraisers employed the sales comparison and income capitalization approaches to value.

In the cost approach to value, the value of the land is estimated. Next, the cost of the improvements as if new is estimated. Accrued depreciation is deducted from the estimated cost new to estimate the value of the Subject property in its current condition. The resultant figure indicates the value of the whole property based on cost. Generally, land value is obtained through comparable land sales. Replacement or reproduction costs, as appropriate, are taken from cost manuals, unless actual current cost figures are available. The cost approach is not developed since most investors and developers do not utilize this method.

The sales comparison approach involves a comparison of the appraised property with similar properties that have sold recently. When properties are not directly comparable, sale prices may be broken down into units of comparison, which are then applied to the Subject for an indication of its likely selling price.

The income capitalization approach involves an analysis of the investment characteristics of the property under valuation. The earnings potential of the property is carefully estimated and converted into an estimate of the property's market value. The Subject was valued using the Direct Capitalization Approach.

### Property Identification

The Subject site is located at 145 S. McDonough Street in Jonesboro, Clayton County, Georgia. The Subject is identified by the following parcel ID number: 13-241D-F-006.

### Intended Use and Intended User

The Hampstead Companies is the client in this engagement. We understand that they will use this document for submittal to the Georgia Department of Community Affairs (DCA) for application to receive low income housing tax credits (LIHTCs). Intended users are those transaction participants who are interested parties and have knowledge of the Section 42 LIHTC program. These could

include local housing authorities, state allocating agencies, state lending authorities, LIHTC construction and permanent lenders, and LIHTC syndicators. As our client, The Hampstead Companies owns this report and permission must be granted from them before another third party can use this document. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential users under a separate agreement.

### **Property Interest Appraised**

The property interest appraised is fee simple, subject to any and all encumbrances, if applicable for each value estimate.

### **Date of Inspection and Effective Date of Appraisal**

The site was last inspected on May 20, 2016. In general, we have prepared this report based on our analysis of current market conditions relative to the Subject.

### **Scope of the Appraisal**

For the purposes of this appraisal, the appraiser visually inspected the Subject and comparable data. Individuals from a variety of city agencies as well as the Subject's development team were consulted (in person or by phone). Various publications, both governmental (i.e. zoning ordinances) and private (i.e. Multiple List Services publications) were consulted and considered in the course of completing this appraisal.

The scope of this appraisal is limited to the gathering, verification, analysis and reporting of the available pertinent market data. All opinions are unbiased and objective with regard to value. The appraiser made a reasonable effort to collect, screen and process the best available information relevant to the valuation assignment and has not knowingly and/or intentionally withheld pertinent data from comparative analysis. Due to data source limitations and legal constraints (disclosure laws), however, the appraiser does not certify that all data was taken into consideration. Additional scope of work items are discussed in various sections throughout this report.

### **Compliance and Competency Provision**

The appraiser is aware of the compliance and competency provisions of USPAP, and within our understanding of those provisions, this report complies with all mandatory requirements, and the authors of this report possess the education, knowledge, technical skills, and practical experience to complete this assignment competently, in conformance with the stated regulations. Moreover, Advisory Opinion 14 acknowledges preparation of appraisals for affordable housing requires knowledge and experience that goes beyond typical residential appraisals competency including understanding the various programs, definitions, and pertinent tax considerations involved in the particular assignment applicable to the location and development. We believe our knowledge and experience in the affordable housing industry meets these supplemental standards.

### **Unavailability of Information**

In general, all information necessary to develop an estimate of value of the Subject property was available to the appraisers.

### **Furniture, Fixtures, and Equipment**

Removable fixtures such as kitchen appliances and hot water heaters are considered to be real estate fixtures that are essential to the use and operation of the complex. Supplemental income typically obtained in the operation of an apartment complex is included, which may include minor elements of personal and business property. As immaterial components, no attempt is made to segregate these items.

### **Ownership and History of Subject**

Current ownership of the Subject is vested in GRR, LLC. There have been no transfers of the Subject property over the past three years. According to the purchase agreement provide by the client, effective April 13, 2016, GRR, LLC (seller) will transfer the property to The Hampstead Group, Inc. (buyer) for a purchase price of \$11,800,000. Our estimated as is value of \$11,800,000 indicates a market oriented purchase price.

# **REGIONAL AND LOCAL AREA ANALYSIS**



## REGIONAL AND LOCAL AREA ANALYSIS

### ECONOMIC ANALYSIS

The Subject is located within the Atlanta-Sandy Springs-Roswell, Georgia Metropolitan Statistical Area (MSA), which is comprised of 30 counties including Clayton County. Jonesboro is the county seat of Clayton County and is located approximately 16 miles south of Atlanta in central Georgia. Jonesboro has good access to major interstates, including U.S. Route 41, which connects to Interstate 75 approximately 4.8 miles northwest of Jonesboro. Interstate 75 provides access to Atlanta to the north and Tampa to the south.

### Major Employers

The following table is a list of the top employers in Clayton County, Georgia.

<b>MAJOR EMPLOYERS - CLAYTON COUNTY, GEORGIA</b>	
<b>Employer</b>	<b># of Employees</b>
Clayton County Public Schools	7,100
Delta Tech Ops	6,000
Southern Regional Medical Center	2,100
Fresh Express Inc.	1,100
Southern Company	766
Clayton State University	750
FedEx Ground	750
Saia Motor Freight Line	500
R+L Carriers	430
TOTO USA	425
Avis Rent a Car	400

Source: Clayton County Georgia Economic Development, 5/2016

As indicated in the table above, the major employers in Clayton County are varied and represent a wide range of industries. The largest private sector employer in Clayton County is Clayton County Public Schools, which has 7,100 employees.

### Expansions/Contractions

According to Georgia Department of Labor's Worker Adjustment and Retraining Notification (WARN) filings, the PMA experienced no layoffs in 2014, 2015, or year-to-date 2016, and there was only one round of layoffs in 2013. AirTran Airways, Inc., a commercial aircraft company which has since been integrated with Southwest Airlines, laid off 316 employees at its Atlanta branch in May 2013.

### Clayton County Economic Development

We spoke with Courtney Pogue, Director of the Clayton County Office of Economic Development, and he reported that a number of companies had opened in Clayton County in the last year. Additionally, several companies were expanding internally, and no major closings or layoffs had occurred in the past year. Mr. Pogue was unable to provide specific details about expansions and contractions in the county. According to our internet research, Castellini Group of Companies, a

distribution company, is planning to create 300 new jobs over the next several years in Clayton County. The public transit service MARTA expanded its bus service in Clayton County by adding four bus routes in August 2015. A \$12.5 million expansion by FMH Conveyors in 2016 will create 110 new jobs in Jonesboro. Additionally, two businesses closed recently: Dean's Barbeque and Laurus Technical Institute.

### Employment and Unemployment Trends

The following table details employment and unemployment trends for the MSA and nation from 2002 to February 2016.

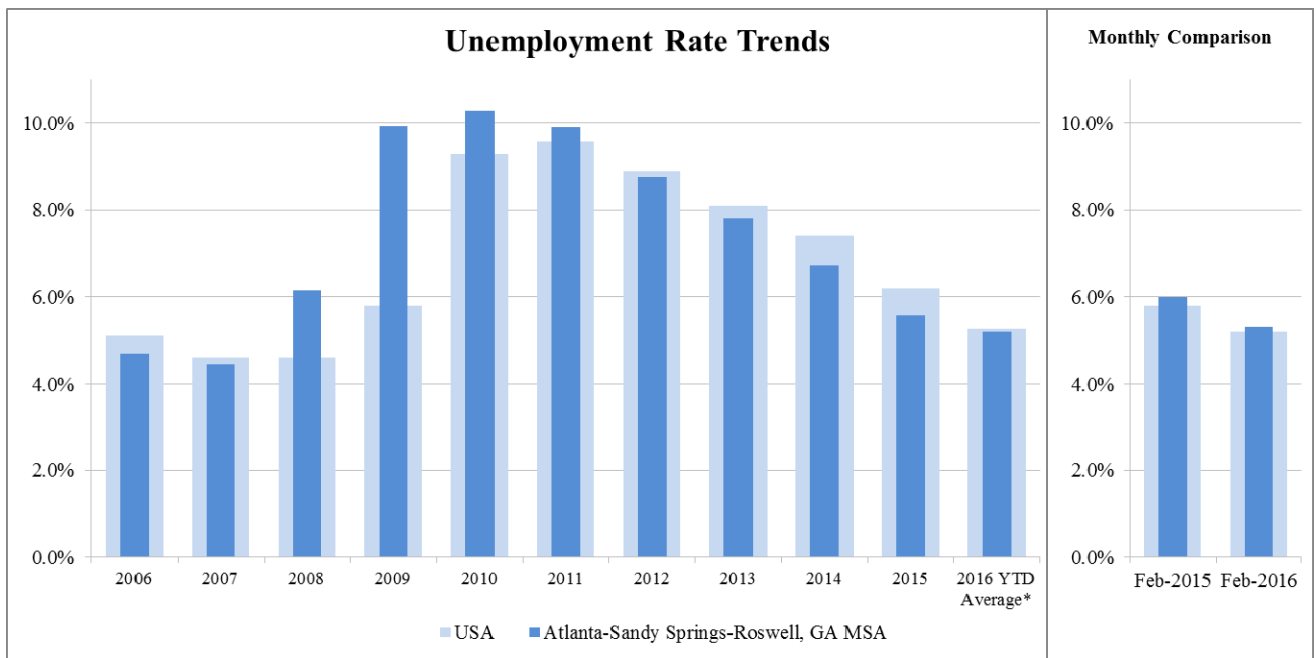
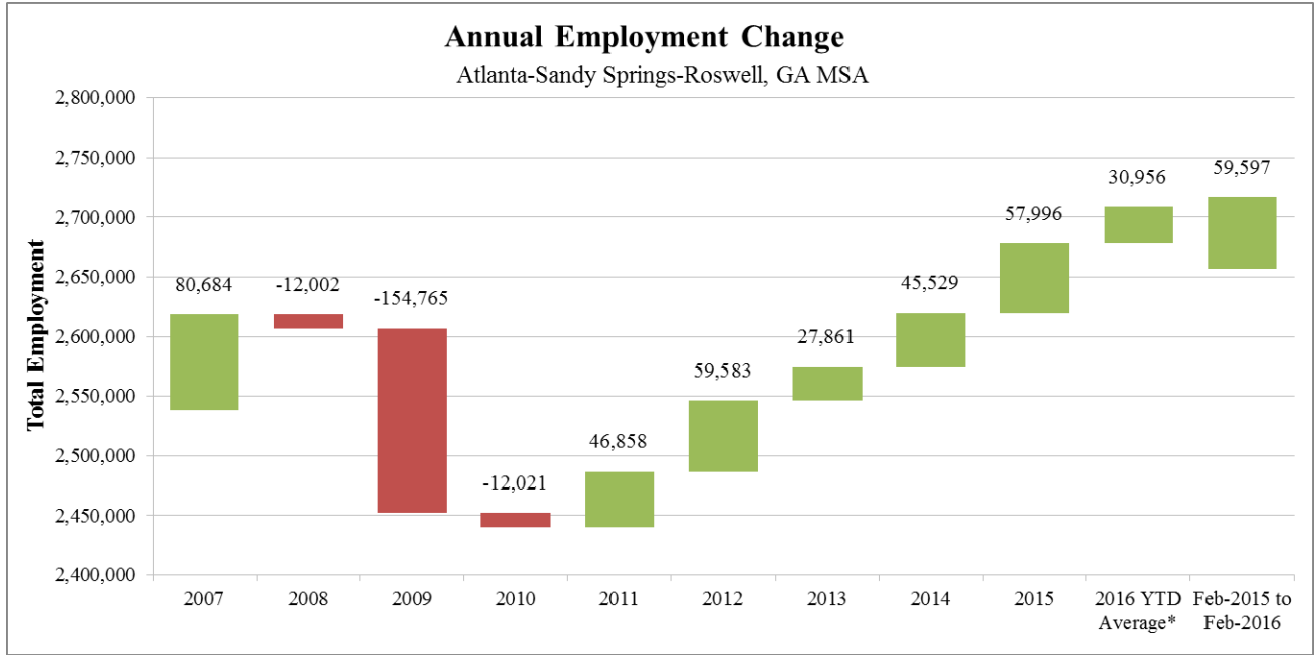
Year	Atlanta-Sandy Springs-Roswell, GA MSA				USA			
	Total	%	Unemployment	Change	Total	%	Unemployment	Change
	Employment	Change	Rate		Employment	Change	Rate	
2002	2,324,880	-	5.0%	-	136,933,000	-	4.7%	-
2003	2,347,173	1.0%	4.9%	-0.2%	136,485,000	-0.3%	5.8%	1.1%
2004	2,382,163	1.5%	4.8%	-0.1%	137,736,000	0.9%	6.0%	0.2%
2005	2,445,674	2.7%	5.4%	0.6%	139,252,000	1.1%	5.5%	-0.5%
2006	2,538,141	3.8%	4.7%	-0.7%	141,730,000	1.8%	5.1%	-0.4%
2007	2,618,825	3.2%	4.4%	-0.2%	144,427,000	1.9%	4.6%	-0.5%
2008	2,606,822	-0.5%	6.2%	1.7%	146,047,000	1.1%	4.6%	0.0%
2009	2,452,057	-5.9%	9.9%	3.8%	145,362,000	-0.5%	5.8%	1.2%
2010	2,440,037	-0.5%	10.3%	0.4%	139,877,000	-3.8%	9.3%	3.5%
2011	2,486,895	1.9%	9.9%	-0.4%	139,064,000	-0.6%	9.6%	0.3%
2012	2,546,478	2.4%	8.8%	-1.1%	139,869,000	0.6%	8.9%	-0.7%
2013	2,574,339	1.1%	7.8%	-1.0%	142,469,000	1.9%	8.1%	-0.8%
2014	2,619,867	1.8%	6.7%	-1.1%	143,929,000	1.0%	7.4%	-0.7%
2015	2,677,863	2.2%	5.6%	-1.2%	146,305,000	1.7%	6.2%	-1.2%
2016 YTD Average*	2,708,819	1.2%	5.2%	-0.4%	149,548,500	2.2%	5.3%	-1.0%
Feb-2015	2,657,156	-	6.0%	-	147,118,000	-	5.8%	-
Feb-2016	2,716,753	2.2%	5.3%	-0.7%	150,060,000	2.0%	5.2%	-0.6%

Source: U.S. Bureau of Labor Statistics May 2016

\*2016 data is through Dec

Total employment in the MSA increased from 2003 to 2007; however, decreased from 2008 to 2010 as a result of the national economic recession. Total employment in the MSA exceeded pre-recessionary levels in 2014 and has continued to increase through 2016 year-to-date. From February 2015 to February 2016, total employment in the MSA increased 2.2 percent compared to an increase of 2.0 percent nationally.

The unemployment rate in the MSA peaked at 10.3 percent in 2010, and has been declining each subsequent year. From February 2015 to February 2016, the unemployment rate in the MSA decreased by 70 basis points to 5.3 percent, while the national unemployment rate decreased by 60 basis points to 5.2 percent. Overall, it appears that the MSA was impacted by the recent national recession; however, has fully recovered and is currently in a state of growth.



## Employment by Industry

The following table illustrates employment by industry for the PMA as of 2015.

### 2015 EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Transportation/Warehousing	6,477	13.3%	6,200,837	4.2%
Health Care/Social Assistance	5,697	11.7%	20,205,674	13.7%
Retail Trade	5,059	10.4%	17,089,319	11.6%
Educational Services	4,359	9.0%	13,529,510	9.2%
Accommodation/Food Services	3,864	8.0%	10,915,815	7.4%
Public Administration	3,142	6.5%	7,099,307	4.8%
Construction	3,044	6.3%	9,392,204	6.4%
Other Services (excl Publ Adm)	2,591	5.3%	7,548,482	5.1%
Manufacturing	2,562	5.3%	15,651,841	10.6%
Finance/Insurance	2,269	4.7%	7,026,905	4.8%
Prof/Scientific/Tech Services	2,132	4.4%	9,981,082	6.8%
Admin/Support/Waste Mgmt Srvc	2,081	4.3%	6,242,568	4.2%
Wholesale Trade	1,560	3.2%	3,742,526	2.5%
Real Estate/Rental/Leasing	1,377	2.8%	2,759,067	1.9%
Information	1,096	2.3%	2,965,498	2.0%
Arts/Entertainment/Recreation	621	1.3%	3,193,724	2.2%
Utilities	380	0.8%	1,190,608	0.8%
Mgmt of Companies/Enterprises	151	0.3%	115,436	0.1%
Agric/Forestry/Fishing/Hunting	51	0.1%	1,941,156	1.3%
Mining	14	0.0%	997,794	0.7%
<b>Total Employment</b>	<b>48,527</b>	<b>100.0%</b>	<b>147,789,353</b>	<b>100.0%</b>

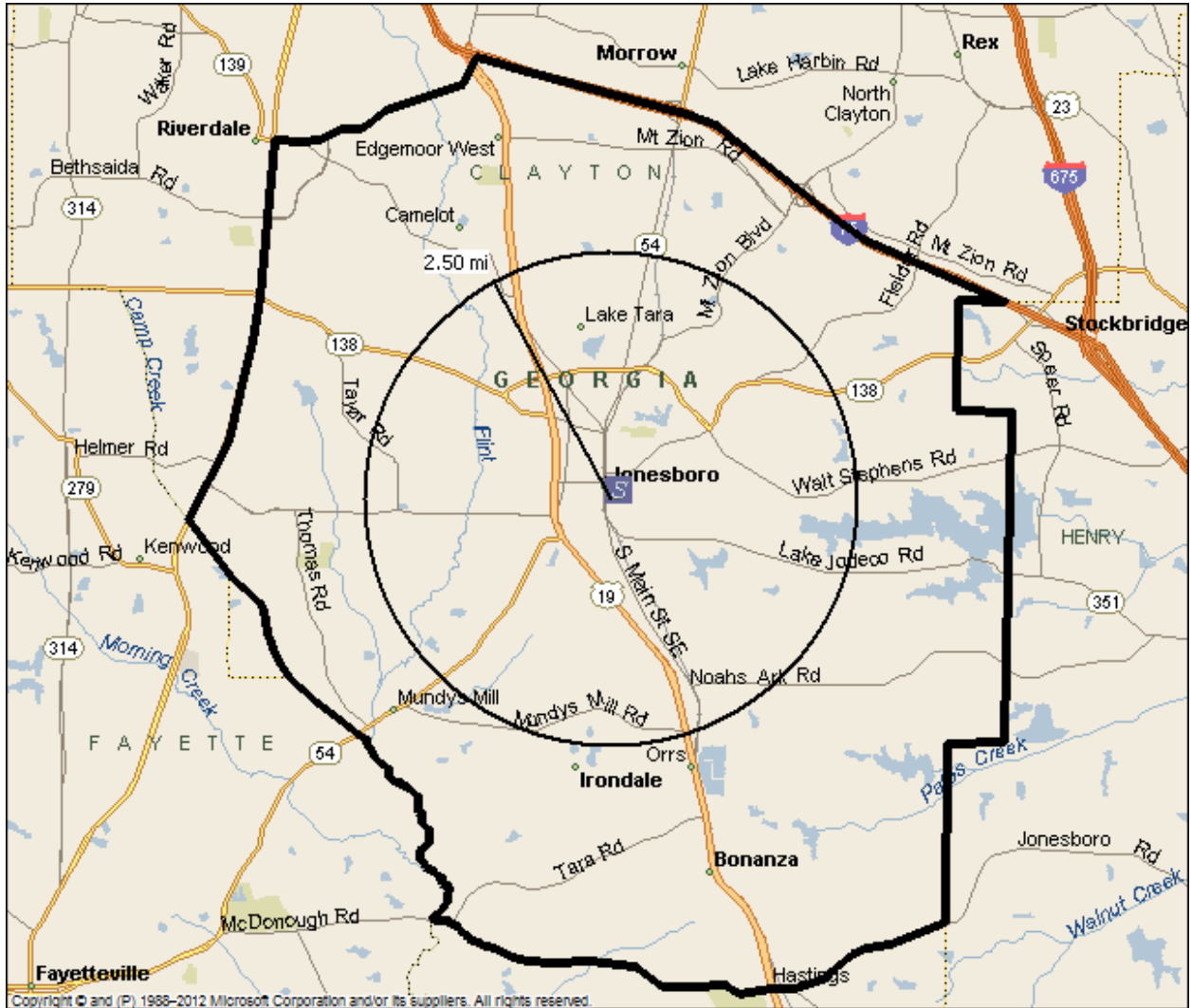
Source: ESRI Demographics 2010, Novogradac & Company LLP, May 2016

The PMA's leading industries include transportation/warehousing, health care/social assistance, and retail trade. Together, these three industries make up 35.4 percent of total employment in the PMA. Compared to the nation, the PMA is overly represented in sectors such as transportation/warehousing and public administration, and underrepresented in the manufacturing, professional/scientific/tech services, and health care/social assistance sectors. Overall, the mix of industries in the local economy indicates a relatively diversified work force.

## Conclusion

Total employment in the MSA has increased in the MSA from 2011 to 2016 year-to-date. Total employment rose above pre-recession levels in 2014, and employment continues to increase. From February 2015 to February 2016, the unemployment rate in the MSA decreased by 70 basis points to 5.3 percent while the national unemployment rate decreased 60 basis points to 5.2 percent. Overall, it appears that the MSA was impacted by the recent national recession; however, has fully recovered and is currently in a state of growth.

## Primary Market Area Map



The following sections will provide an analysis of the demographic characteristics within the market area. Data such as population, households and growth patterns will be studied, to determine if the Primary Market Area (PMA) and the Atlanta-Sandy Springs-Roswell, Georgia MSA are areas of growth or contraction.

The boundaries of the PMA are as follows:

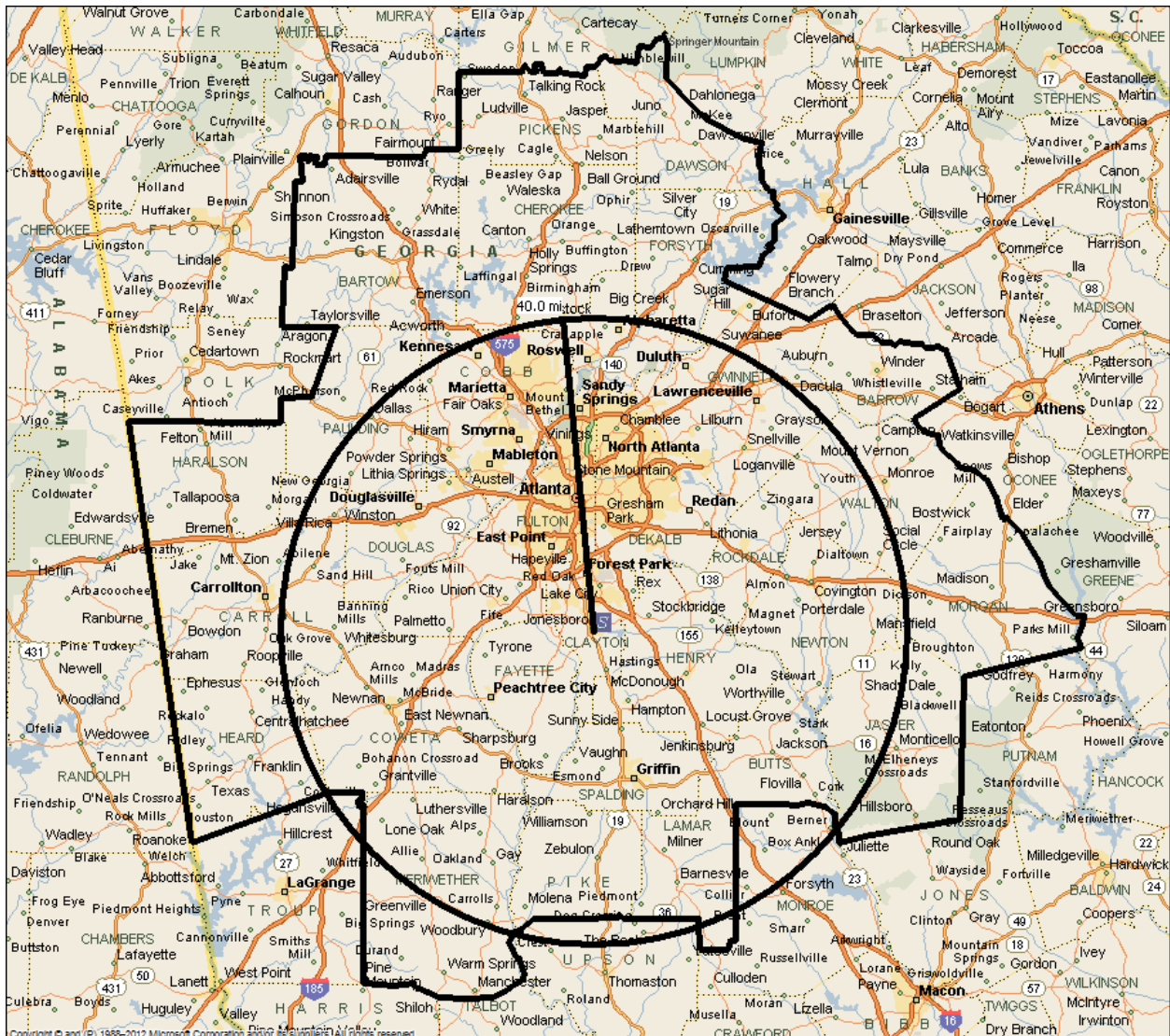
- North – Upper Riverdale Road and Interstate 75
- East – Clayton County Border
- South – McDonough Road
- West- State Highway 86, Clayton County Border, and Camp Creek

As the county seat of a semi-rural area, it is reasonable to assume that Jonesboro will attract tenants from beyond its city limits, which was confirmed by the Subject's property manager. Correspondingly, the primary market area generally consists of the central portion of Clayton

County, and was defined based on interviews with the local housing authority, property managers at comparable properties, and the Subject’s property manager, as well as based on our knowledge of the area. We have estimated that approximately 15 percent of the Subject’s tenants originate from outside these boundaries. While we do believe the Subject will experience leakage from outside the PMA boundaries, per the 2016 market study guidelines, we have not accounted for leakage in our *Demand Analysis* found later in this report. The furthest PMA boundary from the Subject is 5.5 miles.

For comparison purposes, the secondary market area (SMA) for the Subject is considered to be the Atlanta-Sandy Springs-Roswell, Georgia Metropolitan Statistical Area (MSA), which consists of Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Haralson, Heard, Henry, Jasper, Lamar, Meriwether, Morgan, Newton, Paulding, Pickens, Pike, Rockdale, Spalding and Walton Counties. Following is a map of the SMA.

**SMA Map**



## Population Trends

The following tables illustrate population trends in the PMA from 2000 to the projected market entry date (projected to be April 2018), and through 2020. The MSA and nation are also presented for comparison purposes.

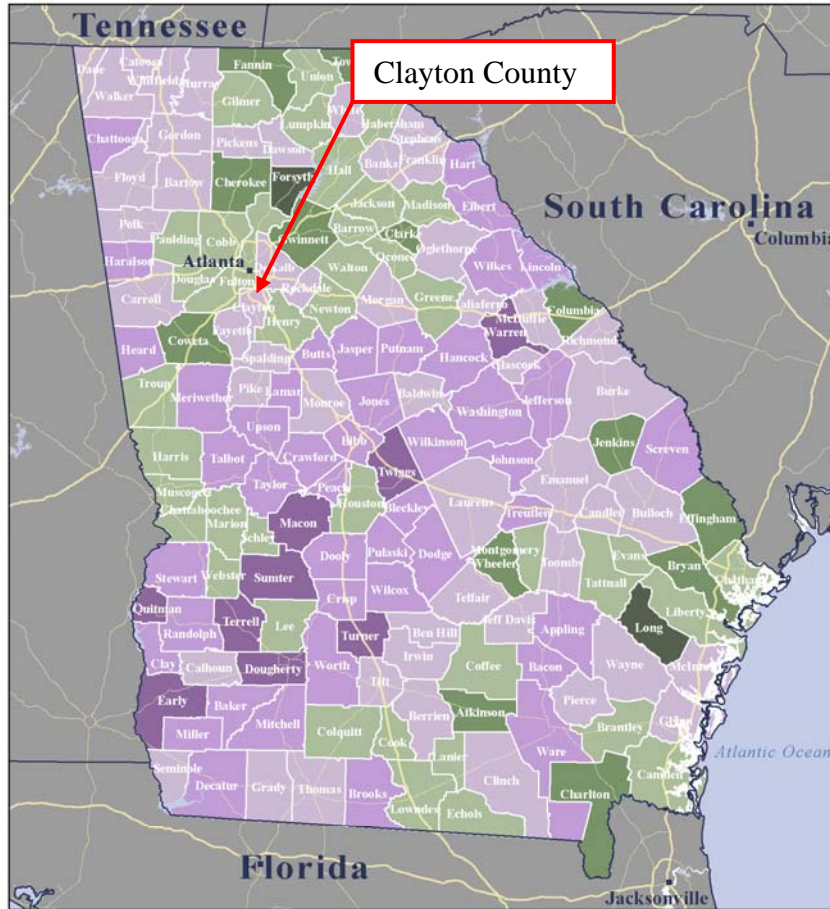
TOTAL POPULATION						
Year	PMA		Atlanta-Sandy Springs-Roswell, GA MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	99,352	-	4,263,438	-	281,421,906	-
2010	109,585	1.0%	5,286,728	2.4%	308,745,538	1.0%
2015	112,245	0.5%	5,527,230	0.9%	318,536,439	0.6%
Market Entry	113,507	0.4%	5,706,248	1.2%	325,183,814	0.8%
2020	114,539	0.4%	5,852,718	1.2%	330,622,575	0.8%

Source: ESRI Demographics 2015, Novogradac & Company LLP, 5/2016

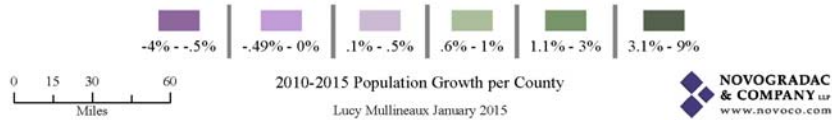
POPULATION BY AGE GROUP					
Age Cohort	PMA				
	2000	2010	2015	Projected Mkt Entry	2020
0-4	8,281	8,785	8,495	8,504	8,511
5-9	8,924	8,875	8,246	8,214	8,187
10-14	8,798	8,801	8,504	8,426	8,362
15-19	7,476	8,860	8,274	8,248	8,226
20-24	6,759	8,007	9,249	8,799	8,430
25-29	8,344	8,109	8,956	9,581	10,093
30-34	8,969	7,953	7,861	8,403	8,847
35-39	9,207	8,413	7,441	7,570	7,676
40-44	8,007	8,276	7,864	7,455	7,120
45-49	6,700	8,066	7,694	7,473	7,292
50-54	5,800	7,373	7,571	7,308	7,093
55-59	3,863	5,966	6,854	6,783	6,724
60-64	2,656	4,653	5,454	5,757	6,005
65-69	2,083	2,893	4,201	4,480	4,709
70-74	1,438	1,886	2,495	3,033	3,473
75-79	1,052	1,338	1,539	1,797	2,008
80-84	553	749	897	975	1,039
85+	442	582	651	702	743
<b>Total</b>	<b>99,352</b>	<b>109,585</b>	<b>112,246</b>	<b>113,507</b>	<b>114,538</b>

Source: ESRI Demographics 2015, Novogradac & Company LLP, 5/2016

Total population in the PMA is projected to increase at a 0.4 percent annual rate from 2015 to 2020 while the MSA is projected to increase at a 1.2 percent annual rate. The MSA is expected to outpace the national population growth during the same time period.



2010-2015 Population Growth Rate



**Household Trends**

The following tables illustrate household trends in the PMA from 2000 to the projected market entry and through 2020. The MSA and nation are also presented for comparison purposes.

TOTAL NUMBER OF HOUSEHOLDS						
Year	PMA		Atlanta-Sandy Springs-Roswell, GA MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	34,281	-	1,559,712	-	105,480,101	-
2010	38,147	1.1%	1,943,885	2.5%	116,716,292	1.1%
2015	39,141	0.5%	2,033,479	0.9%	120,746,349	0.7%
Market Entry	39,638	0.5%	2,100,883	1.2%	123,348,516	0.8%
2020	40,045	0.5%	2,156,032	1.2%	125,477,562	0.8%

Source: ESRI Demographics 2015, Novogradac & Company LLP, 5/2016



AVERAGE HOUSEHOLD SIZE						
Year	PMA		Atlanta-Sandy Springs-Roswell, GA MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	2.88	-	2.68	-	2.59	-
2010	2.82	-0.2%	2.68	0.0%	2.58	-0.1%
2015	2.82	0.0%	2.68	0.0%	2.57	0.0%
Market Entry	2.81	0.0%	2.68	0.0%	2.57	0.0%
2020	2.81	0.0%	2.67	0.0%	2.57	0.0%

Source: ESRI Demographics 2015, Novogradac & Company LLP, 5/2016

As the previous table illustrates, the PMA was an area with an increasing number of households from 2000 through 2015, a trend that is expected to continue through 2020. The number of households in the MSA is expected to increase at a faster rate compared with the PMA or nation. The increasing number of households in the PMA bodes well for the Subject.

The average household size in the PMA, at 2.82 persons, is slightly larger than the average household sizes in the MSA and nation. The Subject offers one, two, and three-bedroom units targeted to singles, couples, and families. The average household size in the PMA is appropriate for the Subject’s unit mix.

**Households by Tenure**

The tables below depict household growth by tenure from 2010 through 2020.

TENURE PATTERNS PMA – NON ELDERLY POPULATION				
Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2010	19,836	58.3%	14,173	41.7%
2015	17,770	52.6%	16,012	47.4%
Projected Market Entry	17,391	51.9%	16,124	48.1%
2020	17,080	51.3%	16,216	48.7%

Source: ESRI Demographics 2015, Novogradac & Company LLP, 5/2016

TENURE PATTERNS MSA – NON ELDERLY POPULATION				
Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2010	1,078,040	64.3%	597,820	35.7%
2015	1,014,930	59.9%	679,830	40.1%
Projected Market Entry	1,019,091	59.4%	696,074	40.6%
2020	1,022,496	59.0%	709,364	41.0%

Source: ESRI Demographics 2015, Novogradac & Company LLP, 5/2016

The share of renter households is below the share of owner households in both the PMA and MSA. The number and percentage of renter-occupied units in the PMA and MSA are expected to increase through 2020.

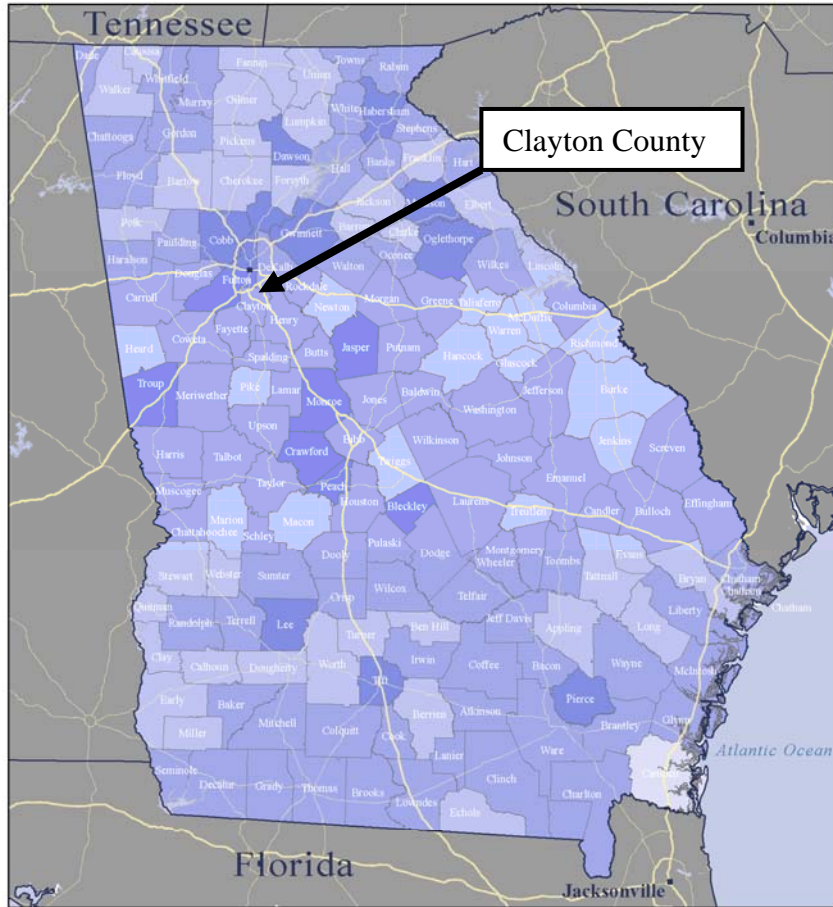
**Households by Income**

The following table depicts household income in 2010, 2015, market entry, and 2020 for the PMA.

<b>HOUSEHOLD INCOME DISTRIBUTION - PMA</b>								
<b>Income Cohort</b>	<b>2010</b>		<b>2015</b>		<b>Projected Mkt Entry</b>		<b>2020</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
\$0-9,999	2,476	6.5%	4,535	11.6%	5,347	13.5%	6,012	15.0%
\$10,000-19,999	4,023	10.5%	6,967	17.8%	8,028	20.3%	8,897	22.2%
\$20,000-29,999	4,948	13.0%	7,323	18.7%	7,806	19.7%	8,202	20.5%
\$30,000-39,999	5,059	13.3%	5,713	14.6%	5,793	14.6%	5,859	14.6%
\$40,000-49,999	5,150	13.5%	4,455	11.4%	4,260	10.7%	4,101	10.2%
\$50,000-59,999	3,732	9.8%	3,254	8.3%	2,662	6.7%	2,178	5.4%
\$60,000-74,999	4,284	11.2%	2,599	6.6%	2,320	5.9%	2,092	5.2%
\$75,000-99,999	4,299	11.3%	2,586	6.6%	2,175	5.5%	1,839	4.6%
\$100,000-124,999	2,347	6.2%	1,036	2.6%	732	1.8%	483	1.2%
\$125,000-149,999	853	2.2%	246	0.6%	201	0.5%	164	0.4%
\$150,000-199,999	625	1.6%	345	0.9%	244	0.6%	161	0.4%
\$200,000+	352	0.9%	83	0.2%	70	0.2%	59	0.1%
<b>Total</b>	<b>38,147</b>	<b>100.0%</b>	<b>39,141</b>	<b>100.0%</b>	<b>39,638</b>	<b>100.0%</b>	<b>40,045</b>	<b>100.0%</b>

Source: Ribbon Demographics 2015, Novogradac & Company LLP, 5/2016

In 2015, households earning under \$40,000 in the PMA comprise 62.7 percent of all income cohorts. The Subject will target households earning up to \$43,740 under the LIHTC program and households with incomes as low as \$0 with Section 8 subsidies; therefore, the Subject is well positioned to continue to service this market.



2015 Median Household Income Growth



**Conclusion**

Total population in the PMA and MSA are projected to increase at a 0.4 and 1.2 percent annual rate respectively from 2015 to 2020. The MSA is expected to outpace the national population growth during the same time period while the PMA growth is expected to grow at a slower pace than the nation. The share of renter-occupied units in the MSA is lower than in the PMA. It should be noted that the percentage of renter-occupied units in the PMA is expected to increase by 1.3 percent through 2020.

**NEIGHBORHOOD ANALYSIS**

**Date of Site Visit and**

**Name of Site Inspector:**

Ed Mitchell last visited the site on May 20, 2016.

**Physical Features of the Site:**

The following illustrates the physical features of the site.

*Frontage:*

The Subject site has frontage along the north side of Key Street.

*Visibility/Views:*

The Subject has good visibility from the north side of Key Street and the eastern terminus of Keystone Street. Views east of the subject consist of Jonesboro Middle School in good condition. Views to the south are of undeveloped wooded land. Views to the west are of a duplex-style multifamily Public Housing multifamily development in average condition, which is owned and operated by the Jonesboro Housing Authority. Views to the northwest are of office buildings in good condition occupied by various government agencies including the Clayton County Tax Assessor, Clayton County Probate Court, and Clayton County Motor Vehicle Division, among others. Views to the north consist of another Public Housing duplex-style multifamily development in average condition owned and operated by the Jonesboro Housing Authority.

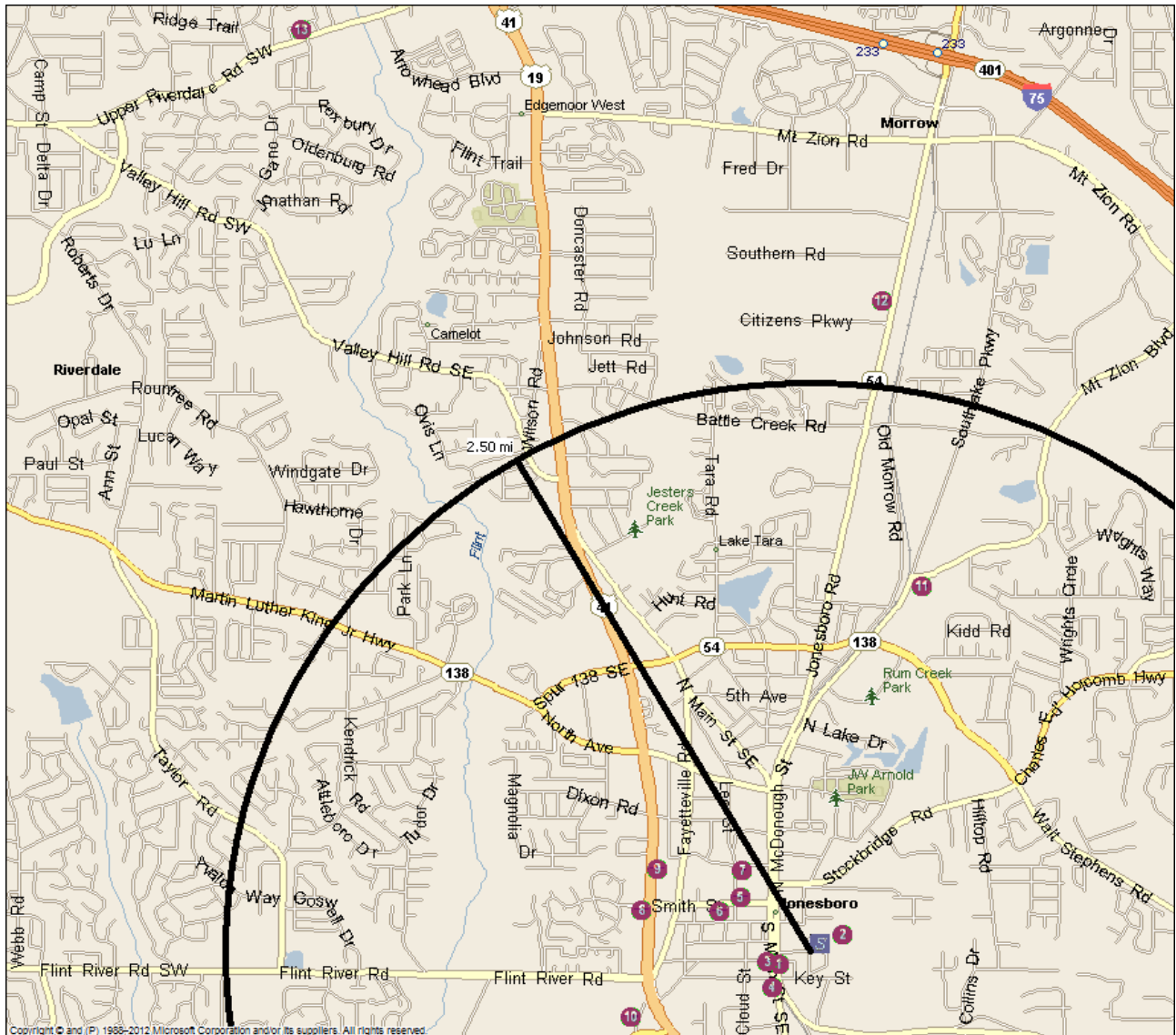


condition, are considered positive attributes. We are not aware of any negative attributes of the Subject site.

**Proximity to Locational Amenities:**

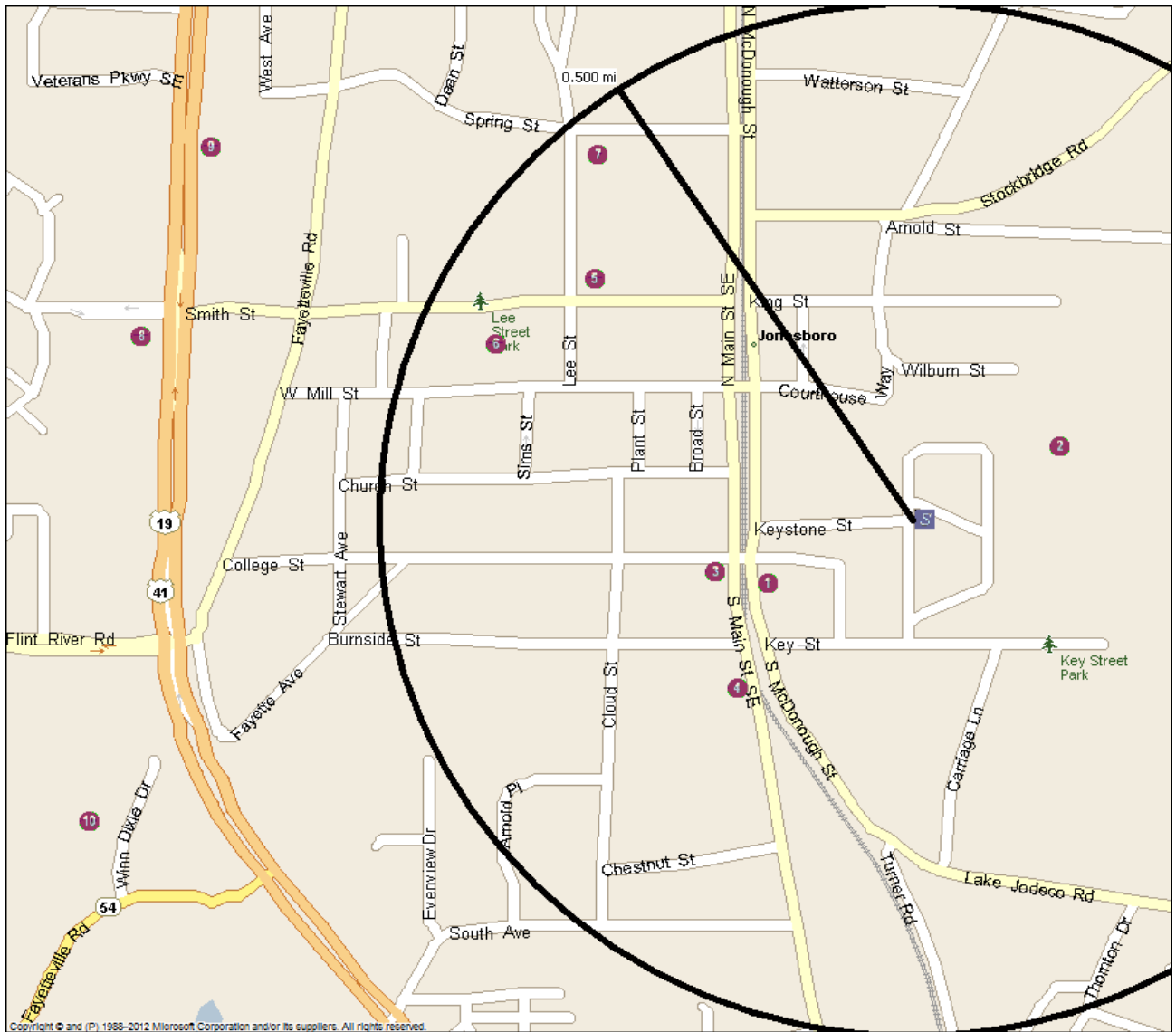
The following map and table details the Subject's distance from key locational amenities.

**Locational Amenities Map I**



LOCATIONAL AMENITIES					
Map #	Amenity or Service	Distance	Map #	Amenity or Service	Distance
1	CITGO Gasoline	0.2 miles	8	CVS Pharmacy	0.8 miles
2	Jonesboro Middle School	0.2 miles	9	Jonesboro Commuter Park & Ride	0.8 miles
3	Wells Fargo	0.2 miles	10	Wayfield Foods Inc.	0.8 miles
4	Jonesboro Police Department	0.2 miles	11	Jonesboro High School	1.7 miles
5	Clayton County Library - Jonesboro Branch	0.4 miles	12	Post Office - Park Place	2.9 miles
6	Lee Park	0.4 miles	13	Southern Regional Medical Center	4.6 miles
7	Lee Street Elementary School	0.5 miles	-	-	-

Locational Amenities Map II



LOCATIONAL AMENITIES					
Map #	Amenity or Service	Distance	Map #	Amenity or Service	Distance
1	CITGO Gasoline	0.2 miles	8	CVS Pharmacy	0.8 miles
2	Jonesboro Middle School	0.2 miles	9	Jonesboro Commuter Park & Ride	0.8 miles
3	Wells Fargo	0.2 miles	10	Wayfield Foods Inc.	0.8 miles
4	Jonesboro Police Department	0.2 miles	11	Jonesboro High School	1.7 miles
5	Clayton County Library - Jonesboro Branch	0.4 miles	12	Post Office - Park Place	2.9 miles
6	Lee Park	0.4 miles	13	Southern Regional Medical Center	4.6 miles
7	Lee Street Elementary School	0.5 miles	-	-	-

**Description of Land Uses:**

The Subject is accessed by Keystone Street from the west and Key Street from the south. Surrounding uses predominantly consist of duplex-style Public Housing developments, Jonesboro Middle School, undeveloped vacant land, and Clayton County offices. Land use to the north consists of a duplex-style Public Housing multifamily development in average condition. This development was not used as a comparable in this report as all tenants contribute 30 percent of their income towards rent. Land use further north consists of single-family homes that were built in the 1960’s and exhibit average condition, which are adjacent to a power sub-station. To the immediate east is Jonesboro Middle School and a sports stadium in good condition. To the immediate south and southeast is undeveloped vacant land followed by Suder Elementary School to the southeast. To the west is another duplex-style Public Housing multifamily development, followed by CITGO gas station. Also to the west are parking lots. To the northwest are office buildings in good condition occupied by various government agencies including the Clayton County Tax Assessor, Clayton County Probate Court, and Clayton County Motor Vehicle Division, among others.

The Subject is located in the central portion of Jonesboro. There are a number of commercial/retail uses in the Subject’s neighborhood with the majority located along major arterials such as South McDonough Street and Main Street, both located 0.1 miles west of the Subject. The Subject is considered “car dependent” by Walkscore.com with a rating of 42.

Overall, the Subject has a desirable location for multifamily housing. The Subject site is considered a desirable location for family rental housing. The uses surrounding the Subject are in average to good condition and the site has reasonable proximity to locational amenities.

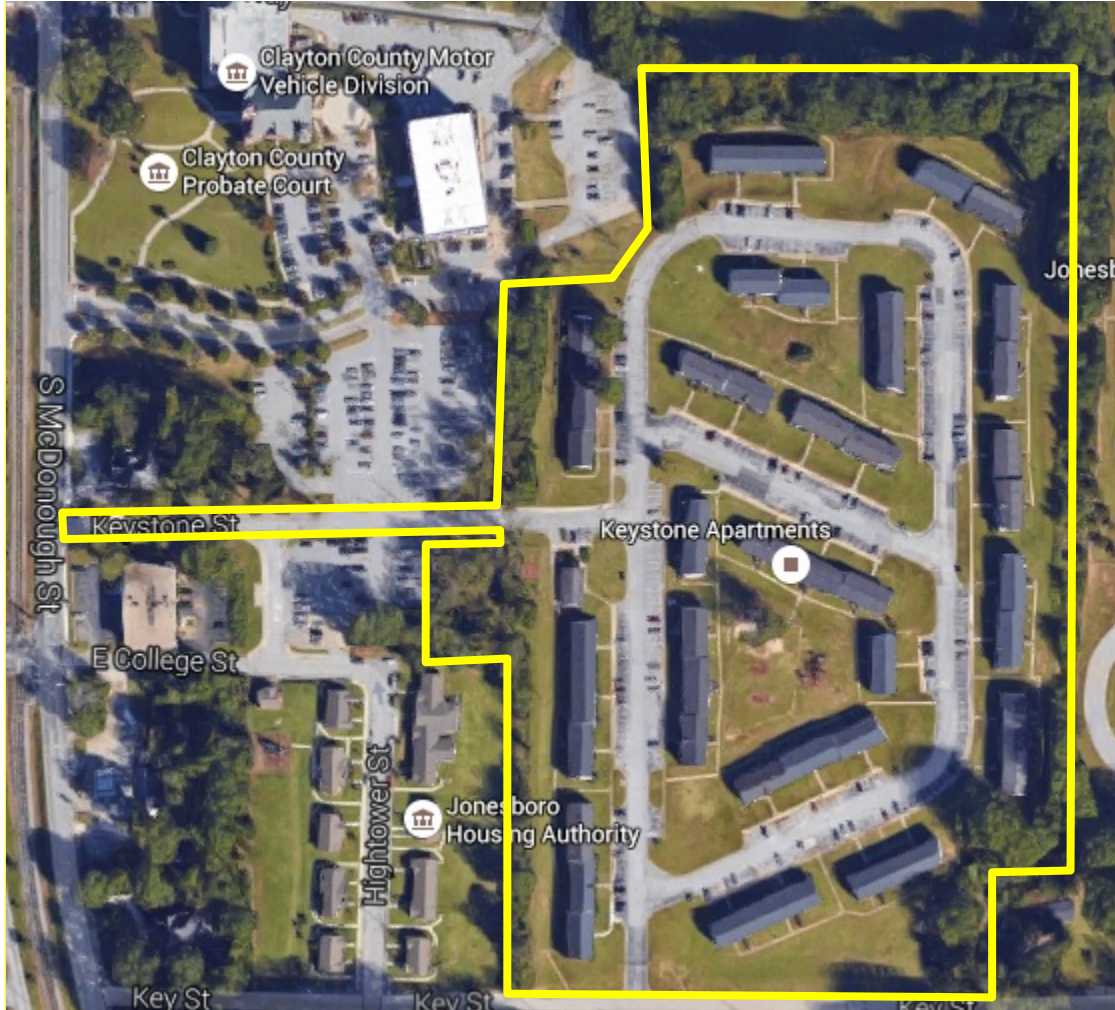


**Conclusion:**

The neighborhood surrounding the Subject consists primarily of vacant, undeveloped land, county offices, duplex-style Public Housing multifamily developments, and schools. Overall, the Subject is expected to continue to be compatible with the surrounding uses and is a desirable location for multifamily housing.

**DESCRIPTION OF THE SITE**

The location of a multifamily property can have a substantial negative or positive impact upon the performance, safety and appeal of the project. The site description discusses the physical features of the site, as well as the layout, access issues and traffic flow.



**Size:** The Subject site encompasses approximately 16.9 acres or approximately 735,728 square feet.

**Shape:** The site is irregular in shape.

**Frontage:** The Subject site has frontage along the north side of Key Street and eastbound on Keystone Street.

**Topography:** The site is generally level.

**Visibility/Views:** The Subject has good visibility from the north side of Key Street and the eastern terminus of Keystone Street. Views east of the subject consist of Jonesboro Middle School in good

condition. Views to the south are of undeveloped wooded land. Views to the west are of a duplex-style multifamily Public Housing multifamily development in average condition, which is owned and operated by the Jonesboro Housing Authority. Views to the northwest are of office buildings in good condition occupied by various government agencies including the Clayton County Tax Assessor, Clayton County Probate Court, and Clayton County Motor Vehicle Division, among others. Views to the north consist of another Public Housing duplex-style multifamily development in average condition owned and operated by the Jonesboro Housing Authority.

**Access and Traffic Flow:**

The Subject is accessible from the eastern terminus of Keystone Street and from the north side of Key Street, both of which are east/west neighborhood streets that connect to South McDonough Street/Main Street approximately 0.1 miles west of the Subject. South McDonough Street is a north/south arterial that separates from Main Street at Key Street to become Lake Jodeco Road. Main Street is a north/south arterial that connects to U.S. Route 41 2.7 miles south of the Subject. U.S. Route 41 is a north/south highway that runs through Jonesboro and provides access to Interstate 75 to the north approximately 4.8 miles northwest of the Subject. Overall access is considered good and traffic flow is considered moderate.

**Drainage:**

Appears adequate; however, no specific tests were performed.

**Soil and Subsoil Conditions:**

We were not provided with soil surveys, but the existing improvements suggest that the soils are adequate.

**Flood Plain:**

According to [www.floodinsights.com](http://www.floodinsights.com), the Subject is located in Zone X (community map number 130043 panel number 0088E dated September 5, 2007) and is located outside the 100 and 500-year flood plains. The Subject site is not located within 250 feet of multiple flood zones.

**Environmental:**

We were not provided with an environmental assessment. Novogradac and Company LLP are not experts in this field and cannot opine.

**Detrimental Influences:**

No detrimental influences were identified.

**Conclusion:**

The Subject will continue to be compatible with the existing surroundings. No detrimental influences were identified in the immediate neighborhood. The Subject is physically capable of

supporting a variety of legally permissible uses, and is considered an adequate building site.

## Description of Improvements

### Property Profile Report

Keystone Apartments - As Renovated	
Comp #	Subject
Effective Rent Date	5/20/2016
Location	145 S. McDonough Street Jonesboro, GA 30236 Clayton County
Units	184
Vacant Units	8
Vacancy Rate	4.3%
Type	Garden (2 stories)
Year Built / Renovated	1971 / 2018
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy from Clayton
Contact Name	Laurie
Phone	770-471-0891



Market			
Program	LIHTC/Section 8	Leasing Pace	Pre-leased
Annual Turnover Rate	20%	Change in Rent (Past Year)	N/A
Units/Month Absorbed	n/a	Concession	None
Section 8 Tenants	N/A		

Utilities			
A/C	not included -- central	Other Electric	not included
Cooking	included -- gas	Water	included
Water Heat	included -- gas	Sewer	included
Heat	included -- gas	Trash Collection	included

Unit Mix (face rent)												
Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max rent?	
1	1	Garden (2 stories)	24	612	\$712	\$0	@60% (Section 8)	Yes	0	0.0%	yes	
2	1	Garden (2 stories)	88	830	\$841	\$0	@60% (Section 8)	Yes	6	6.8%	yes	
3	2	Garden (2 stories)	71	945	\$968	\$0	@60% (Section 8)	Yes	2	2.8%	yes	
3	2	Garden (2 stories)	1	945	N/A	\$0	Non-Revenue	N/A	0	2.8%	n/a	

Amenities			
In-Unit	Blinds Carpeting Central A/C Coat Closet Dishwasher Microwave Oven Refrigerator Walk-In Closet Washer/dryer Connections	Security	Patrol
Property	Off-Street Parking On-Site Management Picnic Area Playground Service Coordination	Premium	none
Services	none	Other	none

**Comments**  
 This is a Section 8 property proposed for LIHTC renovation. The current net contract rents effective October 1, 2015 are \$775, \$848, and \$966, for one, two, and three-bedroom units, respectively. The property manager reported a waiting list of 132 households for one-bedroom units, 84 households for two-bedroom units, and 15 households for three-bedroom units. The property offers service coordination provided by Nothing But the Truth, a faith-based social services organization that provides various services such as tutoring, after school programs, and adult education.

**Unit Layout:** We have inspected the floor plans at the Subject and they appear market-oriented and functional.

**NLA (residential space):** The Subject currently has 155,768 square feet of net leasable residential space, which will remain the same post-renovation.

**Americans With Disabilities Act of 1990:** We assume the property does not have any violations of the Americans With Disabilities Act of 1990.

**Quality of Construction Condition and Deferred Maintenance:** At the time of the inspection, the Subject was in fair condition and there were no signs of deferred maintenance. It is assumed that the Subject will be renovated in a timely manner consistent with the information provided, using average-quality materials in a professional manner. Post-renovation, the Subject will exhibit good condition.

**Scope of Renovations:** The Subject is a proposed renovation of an existing Section 8 development utilizing LIHTC equity. The Subject was originally constructed in 1971, and currently exhibits fair condition. Total construction hard cost including builder profit, overhead, and contingency is estimated to be \$6,991,301, or \$37,996 per unit.

Renovations will include substantial site, interior, and exterior renovations. Site renovations planned include, but are not limited to, removing and repairing deteriorated sidewalks and general concrete repair, replacing handrails, installing security fencing, landscaping, and replacing signage.

Planned exterior renovations include but are not limited to cleaning masonry, repairing and replacing paint, soffits, trim, and siding, adding building entrance stoop cover, replacing entrance doors, replacing water heater closet doors, and replacing light fixtures.

Planned interior renovations include but are not limited to adding insulation in attic, replacing light fixtures, flooring, paint, railing, windows, window coverings, HVAC, electrical switches, receptacles, cover plates, kitchen cabinets, countertops, and kitchen fixtures, relocating washer/dryer connections, installing kitchen exhaust fan, installing new stove, refrigerator, dishwasher, and microwaves, replacing bathroom accessories and mirror, replacing bathroom lavatory with new vanity, replacing tub faucet, replace bathroom

exhaust fan, replacing tub and surround, replace AC condensing unit, and replacing water heaters.

**Current Unit Mix and Rents:**

The following tables summarize the Subject’s current unit mix and rents. All of the Subject’s tenant contribute 30 percent of their income towards rent, with the exception of the employee unit.

<b>CURRENT RENTS</b>				
<b>Unit Type</b>	<b>Number of Units</b>	<b>Current Net Contract Rents*</b>	<b>Utility Allowance *</b>	<b>Gross Contract Rents</b>
<i>Section 8</i>				
1BR/1BA	24	\$775	\$47	\$822
2BR/1BA	88	\$848	\$71	\$919
3BR/2BA	71	\$966	\$85	\$1,051
<i>Employee Unit</i>				
3BR/2BA	1	N/A	N/A	N/A
<b>Total</b>	<b>184</b>			

\*Based on Rent Schedule, effective October 1, 2015

<b>UNIT MIX AND SQUARE FOOTAGE – AS IS</b>			
<b>Unit Type</b>	<b>Number of Units</b>	<b>Unit Size (SF)</b>	<b>Total Area</b>
1BR/1BA	24	612	14,688
2BR/1BA	88	830	73,040
3BR/2BA	72	945	68,040
<b>Total</b>	<b>184</b>		<b>155,768</b>

**Proposed Unit Mix and Rents:**

The following tables summarize the Subject’s proposed unit LIHTC mix and asking rents. Tenants will continue to pay 30 percent of income towards rent.

<b>PROPOSED RENTS</b>							
<b>Unit Type</b>	<b>Number of Units</b>	<b>Unit Size (SF)</b>	<b>LIHTC Asking Rent</b>	<b>Utility Allowance *</b>	<b>Gross LIHTC Rent</b>	<b>2016 LIHTC Maximum Allowable Gross Rent</b>	<b>Current Net Contract Rents*</b>
<i>60% AMI/Section 8</i>							
1BR/1BA	24	612	\$712	\$47	\$759	\$759	\$775
2BR/1BA	88	830	\$841	\$71	\$912	\$912	\$848
3BR/2BA	71	945	\$968	\$85	\$1,053	\$1,053	\$966
<i>Employee Unit</i>							
3BR/2BA	1	945	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>184</b>						

\*Based on current Rent Schedule, effective October 1, 2015.

UNIT MIX AND SQUARE FOOTAGE – AS RENOVATED			
Unit Type	Number of Units	Unit Size (SF)	Total Area
1BR/1BA	24	612	14,688
2BR/1BA	88	830	73,040
3BR/2BA	72	945	68,040
<b>Total</b>	<b>184</b>		<b>155,768</b>

**Current Occupancy and Tenant Paid Rents:**

According to the rent roll dated April 7, 2016, the Subject was 95.7 percent occupied with eight vacant units, all of which are pre-leased. The property manager also reported a waiting list of 132 households for one-bedroom units, 84 households for two-bedroom units, and 15 households for three-bedroom units. According to the Subject’s historical financials, the Subject has operated with a total vacancy rate (including collection loss) between 2.8 to 5.5 percent over the past three years with an average total vacancy rate of 4.8 percent. All of the tenants contribute 30 percent of their income towards rent. The following table details the current tenant paid rents according to the rent roll.

RENT ROLL ANALYSIS*						
Unit Type	Number of Units	Occupied Units	Occupancy Rate	Min Tenant-Paid Rent	Max Tenant-Paid Rent	Average Tenant-Paid Rent
<i>Section 8</i>						
1BR/1BA	24	24	100.0%	\$0	\$606	\$175
2BR/1BA	88	82	93.2%	\$0	\$812	\$135
3BR/2BA	71	69	97.2%	\$0	\$966	\$161
<i>Employee Unit</i>						
3BR/2BA	1	1	100.0%	N/A	N/A	N/A
<b>Total</b>	<b>184</b>	<b>176</b>	<b>95.7%</b>			

\*Effective 4/4/2016

**Current Tenant Income:**

Most of the current tenants at the Subject have incomes that would be too low to income-qualify for the Subject without its current Section 8 contract. A tenant income audit was not available as of the date of this report; however, given that tenants contribute 30 percent of their income towards rent, we were able to calculate the annual incomes of the Subject’s current tenants. The annual incomes of the current tenants range from \$0 to \$34,776 with an average of \$5,427. Assuming no subsidy in place, the Subject’s income limits will range from \$24,411 to \$43,740 annually and as such, only three of the Subject’s existing tenants would be eligible to reside at the Subject post-renovation, assuming no subsidies in



place. However, only two of these tenants would qualify to reside at the unit in which they currently reside (one existing tenant in a three-bedroom unit would only qualify to reside in a one or two-bedroom unit) However, as the Subject will continue to benefit from the HAP contract, all tenants will continue to income qualify post-renovation.

**Functional Obsolescence:**

We have inspected the Subject's site plans and floor plans and determined the proposed development to be market-oriented and functional. The Subject will be newly renovated. We assume the Subject will not suffer from functional obsolescence.

**Conclusion:**

The Subject currently exhibits fair condition. Upon rehabilitation, the Subject will be a good-quality apartment complex, comparable or superior to most of the inventory in the area. The Subject appears to be market-oriented and functional.

**REAL ESTATE ASSESSMENT AND TAXES**

The following real estate tax estimate is based upon our interviews with local assessment officials, either in person or via telephone. We do not warrant its accuracy. It is our best understanding of the current system as reported by local authorities. Currently, the assessment of affordable housing properties is a matter of intense debate and in many jurisdictions pending legal action. The issue often surrounds how the intangible value or restricted rents are represented. We cannot issue a legal opinion as to how the taxing authority will assess the Subject. We advise the client to obtain legal counsel to provide advice as to the most likely outcome of a possible reassessment.

Real estate taxes for a property located in Clayton County are based upon a property's assessed valuation for each tax year. Real estate taxes in this county represent *ad valorem* taxes, meaning a tax applied in proportion to value. The real estate taxes to an individual property may be determined by multiplying the assessed value for the property by a composite rate. We spoke to Khelsey Daniels, with the Clayton County Tax Assessor, who informed us that all three approaches are used to value multifamily properties with the most reliance placed upon the sales comparison approach. Ms. Daniels also reported that the purchase price of a property is taken into consideration with valuing a property when it is less than the appraised value. She also noted that the income approach is used, if necessary, for appeals. Real property in Clayton County is assessed at 40 percent of appraised (full market) value. According to the contact, all properties in the county are reassessed every three years. Additionally, properties are typically reassessed upon renovation, if information is available. According to the Clayton County Tax Commissioner, the millage rate for the Subject is \$41.507 per \$1,000 of assessed value.

The Subject was built in 1971 and currently exhibits fair condition. The Subject's current appraised value is \$4,500,000 or approximately \$24,457 per unit, with an assessed value of \$1,800,000. The Subject does not pay direct assessments. The following table details the most recent assessment and tax information for the Subject.

<b>SUBJECT'S 2016 ASSESSMENT AND REAL ESTATE TAXES</b>						
<b>Property</b>	<b>Appraised Value</b>	<b>Appraised Value Per Unit</b>	<b>Assessed Value*</b>	<b>Tax Rate Per \$1,000</b>	<b>Real Estate Taxes</b>	<b>Tax Burden Per Unit</b>
13-241D-F-006	\$4,500,000	\$24,457	\$1,800,000	41.507	\$74,713	\$406

\*40% of Appraised Value

The Subject does not currently benefit from a PILOT agreement or tax abatement, which will remain the same post-renovation. As such, the Subject will be taxed based on full assessment for both the as is and hypothetical post-renovation valuation scenarios. Provided on the following page is a summary of tax comparables in the area, the majority of which are also included as rent comparables in the *Supply Analysis* presented later in this report.

2015 COMPARABLE ASSESSMENTS					
Property	Property Type	Year Built	Number of Units	Appraised Value	Appraised Value Per Unit
Pointe Clear Apartments	LIHTC	1998	230	\$8,625,500	\$37,502
Pinebrooke Apartments	LIHTC	1995/2014	130	\$2,000,000	\$15,385
Regal Park	LIHTC	2005	168	\$5,467,500	\$32,545
Flint River Crossing	Market	1971/1995/2016	200	\$4,860,000	\$24,300
Century Lake	Market	1990	362	\$10,035,000	\$27,721
Harmony Crossroads	Market	1975	134	\$2,949,997	\$22,015
Tara Bridge	Market	1988	220	\$7,500,000	\$34,091
<b>Average</b>			<b>206</b>	<b>\$5,919,714</b>	<b>\$27,651</b>

The data above indicates an assessed per unit range from \$15,385 to \$51,656 per unit for comparable multifamily properties located in the Subject's market. The Subject's current appraised value per unit within and towards the low end of the comparable range, and is below the average among the comparables. Given the Subject's current condition, we believe the current assessed value, is appropriate. It should also be noted that according to the Clayton County Tax Commissioner, the Subject's current owner challenged the appraised value in 2014 and the current appraised value reflects the reconciled value of the Subject. As such, we have utilized an as is appraised value of estimate of \$24,457 per unit for the as is scenario, which is in line with the current appraised value. Our estimate of real estate taxes for the Subject for the as is scenario is detailed in the following table. This estimate has been used in the income approach later in this report.

REAL ESTATE TAXES AS IS SCENARIO					
Appraised Value Per Unit	Total Appraised Value	Assessed Value*	Tax Rate Per \$1,000	Estimated Tax Burden	Estimated Tax Burden Per Unit
\$24,457	\$4,500,000	\$1,800,000	41.507	\$74,713	\$406

\*40% of Appraised Value

Following renovations, the Subject's improved condition will warrant an increase in the appraised value. Post-renovation, the Subject will be most similar to Regal Park and Tara Bridge in terms of condition; these comparables have appraised values of \$32,545 and \$34,091 per unit, respectively. Therefore, we have estimated an assessed value per unit of \$33,000 for the renovated restricted and unrestricted scenarios. These estimates have been used in the income approach later in this report.

TAXES AS RENOVATED RESTRICTED SCENARIO					
Appraised Value Per Unit	Total Appraised Value	Assessed Value*	Tax Rate Per \$1,000	Estimated Tax Burden	Estimated Tax Burden Per Unit
\$33,000	\$6,072,000	\$2,428,800	\$41.51	\$100,812	\$548

\*40% of Appraised Value

TAXES AS RENOVATED UNRESTRICTED SCENARIO					
Appraised Value Per Unit	Total Appraised Value	Assessed Value*	Tax Rate Per \$1,000	Estimated Tax Burden	Estimated Tax Burden Per Unit
\$33,000	\$6,072,000	\$2,428,800	41.507	\$100,812	\$548

\*40% of Appraised Value

## ZONING

### **Current Zoning**

According to the City of Jonesboro Planning Department, the Subject site is zoned R-M, Multifamily Residential District. The R-M multifamily residential district is established to provide for multifamily dwellings on properties having a minimum area of two acres. The district accommodates residential development with a maximum allowable density of 12 units per acre and is intended to serve a rental market in which attached units are available in a setting with common amenities and greenspace. The zoning permits a maximum building height of 40 feet, or three stories. Multifamily developments shall provide 1.25 spaces for each attached dwelling unit. The Subject site is 16.9 acres, or 735,728 square feet. It is currently developed to a density of 10.9 units per acre. The number of parking spaces offered at the Subject was not available. However, based on our site inspection, the Subject offers at least 1.25 spaces per unit. As currently improved, the Subject is a legal, conforming use.

### **Prospective Zoning Changes**

We are not aware of any proposed zoning changes at this time.

# **COMPETITIVE RENTAL/DEMAND ANALYSIS**

## COMPETITIVE RENTAL/DEMAND ANALYSIS

### SUPPLY ANALYSIS

### INTERVIEWS/DISCUSSION

#### Jonesboro Housing Authority

According to Janet Wiggins with the Jonesboro Housing Authority, in Clayton County, 1,846 vouchers are administered by the agency, and approximately 1,700 vouchers are in use. The remaining vouchers are not in use due to lack of funding. The Housing Choice Voucher waiting list closed on October 9, 2015 and currently holds approximately 1,200 households. The following table illustrates the current gross rent payment standards.

CLAYTON COUNTY PAYMENT STANDARDS	
Bedroom Type	Payment Standard Rent
1BR	\$738
2BR	\$854
3BR	\$1,128

The Subject's proposed gross one-bedroom LIHTC rents are above the current payment standards, while the proposed gross two and three-bedroom rents are below the payment standards. Nonetheless, the Subject's units will continue to benefit from project-based Section 8 subsidies post-renovation. As such, tenants will pay 30 percent of income as rent, not to exceed the LIHTC rents and will not be required to utilize vouchers.

#### LIHTC Competition/Recent and Proposed Construction

According to the Georgia Department of Community Affairs, Townview Manor, a three-story, 60-unit property was recently allocated LIHTC's in 2015 with an estimated completion date of January 2017. It will be located at 8099 North Main Street. The property will target seniors and will offer one and two-bedroom units at 50 and 60 percent of AMI. This property will not directly compete with the Subject because of it targeting senior tenancy.

#### City of Jonesboro Planning

We attempted to contact Ricky Clark, Zoning Administrator with the City of Jonesboro; however, our phone calls and emails went unreturned.

#### Clayton County Planning

We also contacted Patrick Ejike, Director of Planning and Zoning with Clayton County, Georgia, who informed us that he was not aware of any additional proposed, under construction, or recently completed multifamily developments in Clayton County.

#### REIS

We also searched REIS new construction listings. According to REIS, there are no new or proposed multifamily developments in the PMA.

### Survey of Comparable Projects

Comparable properties are examined on the basis of physical characteristics, i.e. building type, age/quality, level of common amenities, absorption, as well as similarity in rent. We attempted to compare the Subject to complexes from the competing market to provide a broader picture of the health and available supply in the market. Our competitive survey includes 10 comparable properties containing 2,069 units that are on average 95.5 percent occupied. A detailed matrix describing the individual competitive properties as well as the proposed Subject is provided later in this section. A map illustrating the location of the Subject in relation to comparable properties is also provided in this section. The properties are further profiled in the following write-ups. The property descriptions include information on vacancy, turnover, absorption, age, competition, and the general health of the rental market, when available.

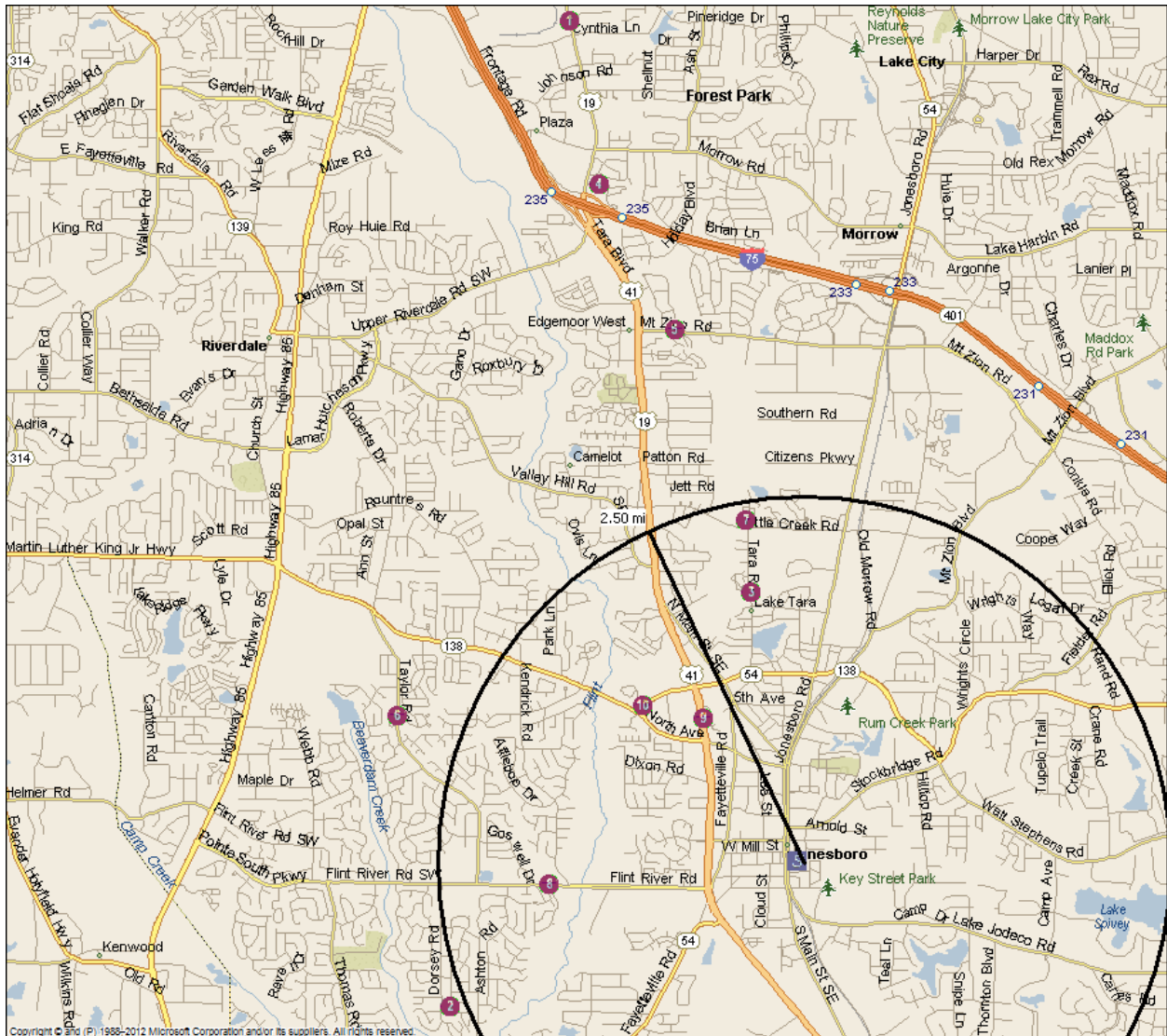
The availability of LIHTC data is considered somewhat limited as there are four LIHTC properties in the PMA, three of which we selected as “true” comparables. We have also supplemented this data with two LIHTC comparables located just outside of the PMA. The availability of market rate data is considered good as there are a sufficient number of market rate properties that are located within the PMA. We have included five market rate properties in the rental analysis, and all are located in the PMA, within three miles of the Subject. These comparable market rate properties were built between 1971 and 1990. These projects offer a mix of one, two, and three-bedroom units.

### Excluded Properties

The following table illustrates properties within the PMA that have been excluded from our analysis along with their reason for exclusion.

EXCLUDED PROPERTIES IN PMA							
Name	Address	City	Rent Structure	Reason For Exclusion	# of Units	Occupancy	Waiting List
Garden at Lake Spivey	8080 Summit Business Pwky	Jonesboro	Market	erior condition/Ser	200	100.0%	Yes
Fieldstone Glen	2615 Mount Zion Pwky	Jonesboro	Market	Superior condition	216	96.0%	No
Carrington Park	2650 Mount Zion Pkwy	Jonesboro	Market	er comparables avai	330	96.0%	No
The Marquis at Mount Zion	7290 Southlake Pkwy	Jonesboro	Market	Superior condition	260	92.0%	No
Southlake Cove	7509 Jonesboro Road	Jonesboro	Market	Inferior condition	346	92.8%	No
Battle Creek Village	1174 Battle Creek Road	Jonesboro	Market	Superior design	250	96.0%	N/Av
Marquis Grand Apartments	6726 Tara Blvd.	Jonesboro	Market	condition/Unable to	328	N/Av	No
Pinewood Manor	6903 Tara Blvd.	Jonesboro	Market	Inferior condition	460	100.0%	No
Highland Vista	330 Arrowhead Blvd.	Jonesboro	Market	Inferior condition	416	93.0%	No
Pointe South Apartments	772 Pointe South Pkwy	Jonesboro	Market	Inferior condition	160	93.0%	No
Riverwood Townhouses	681 Flint River Rd.	Jonesboro	Section 8	Subsidized	292	96%	Yes (6-12 HH)
Valley Hill Senior Apartments	430 Valley Hill Road	Riverdale	LIHTC/Market	Senior	72	100.0%	No

Comparable Rental Property Maps



**COMPARABLE PROPERTIES**

#	Property Name	City	Type	Distance
1	Breckenridge Apartments*	Forest Park	LIHTC	6.0 miles
2	Pinebrooke Apartments	Riverdale	LIHTC	2.6 miles
3	Pointe Clear Apartments	Jonesboro	LIHTC	1.9 miles
4	Regal Park*	Forest Park	LIHTC	4.9 miles
5	The Park At Mount Zion	Jonesboro	LIHTC	3.8 miles
6	Brooks Crossing	Riverdale	Market	3.0 miles
7	Century Lake	Jonesboro	Market	2.4 miles
8	Flint River Crossing	Jonesboro	Market	1.8 miles
9	Harmony Crossroads	Jonesboro	Market	1.2 miles
10	Tara Bridge	Jonesboro	Market	1.5 miles

\*Located outside PMA



The following tables illustrate detailed information in a comparable framework for the Subject and the comparable properties.

SUMMARY MATRIX

Comp #	Project	Distance	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
1	Breckenridge Apartments 5530 Old Dixie Highway Forest Park, GA 30297 Clayton County	6 miles	Garden (2 stories) 1971 / 2005	LIHTC	2BR / 1BA	N/A	N/A	@ 60%	\$812	1,040	no	Yes	0	N/A
					2BR / 2BA	N/A	N/A	@ 60%	\$837	1,040	no	Yes	0	N/A
					3BR / 1.5BA	N/A	N/A	@ 60%	\$946	1,240	no	Yes	0	N/A
					3BR / 2BA	N/A	N/A	@ 60%	\$971	1,240	no	Yes	0	N/A
						208	100.0%							
2	Pinebrooke Apartments 9170 Dorsey Road Riverdale, GA 30274 Clayton County	2.6 miles	Various 1995 / 2014	LIHTC	2BR / 2BA (One-story)	26	20.0%	@ 50%	\$713	858	no	No	0	0.0%
					2BR / 2BA (Townhouse)	N/A	N/A	@ 50%	\$713	1,093	no	No	0	N/A
					3BR / 2BA (One-story)	80	61.5%	@ 50%	\$828	1,048	no	No	0	0.0%
					3BR / 2BA (Townhouse)	N/A	N/A	@ 50%	\$828	1,309	no	No	0	N/A
					4BR / 2BA (Townhouse)	24	18.5%	@ 50%	\$919	1,358	no	No	0	0.0%
	130	100.0%									0	0.0%		
3	Pointe Clear Apartments 7545 Tara Road Jonesboro, GA 30236 Clayton County	1.9 miles	Garden (3 stories) 1998 / n/a	LIHTC	1BR / 1BA	50	21.7%	@ 60%	\$666	804	no	Yes	0	0.0%
					2BR / 2BA	100	43.5%	@ 60%	\$778	1,044	no	Yes	0	0.0%
					3BR / 2BA	80	34.8%	@ 60%	\$893	1,244	no	Yes	0	0.0%
						230	100.0%							
4	Regal Park 461 Old Dixie Way Forest Park, GA 30297 Clayton County	4.9 miles	Garden 2005 / n/a	LIHTC	1BR / 1BA	28	16.7%	@ 60%	\$792	874	no	yes	3	10.7%
					2BR / 2BA	84	50.0%	@ 60%	\$871	1,114	no	Yes	5	6.0%
					3BR / 2BA	56	33.3%	@ 60%	\$1,015	1,388	no	No	7	12.5%
						168	100.0%							
5	The Park At Mount Zion 701 Morrow Industrial Blvd. Jonesboro, GA 30236 Clayton County	3.8 miles	Various (2 stories) 1971 / 2005	LIHTC	2BR / 1.5BA (Townhouse)	N/A	N/A	@ 60%	\$888	1,240	no	No	1	N/A
					2BR / 2BA (Garden)	N/A	N/A	@ 60%	\$888	1,360	no	No	2	N/A
					3BR / 2BA (Garden)	N/A	N/A	@ 60%	\$968	1,460	no	No	2	N/A
					3BR / 2.5BA (Townhouse)	N/A	N/A	@ 60%	\$968	1,500	no	No	0	N/A
						193	100.0%							
6	Brooks Crossing 8050 Taylor Road Riverdale, GA 30274 Clayton County	3 miles	Garden 1989 / n/a	Market	1BR / 1BA	24	10.7%	Market	\$841	725	n/a	No	2	8.3%
					2BR / 1BA	32	14.3%	Market	\$828	938	n/a	No	6	18.8%
					2BR / 2BA	64	28.6%	Market	\$828	1,043	n/a	No	6	9.4%
					3BR / 2BA	104	46.4%	Market	\$903	1,163	n/a	No	0	0.0%
						224	100.0%							
7	Century Lake 100 Chase Lake Drive Jonesboro, GA 30236 Clayton County	2.4 miles	Garden (2 stories) 1990 / n/a	Market	1BR / 1BA	76	21.0%	Market	\$827	950	n/a	Yes	16	21.1%
					2BR / 2BA	286	79.0%	Market	\$986	1,200	n/a	Yes	17	5.9%
						362	100.0%							
8	Flint River Crossing 240 Flint River Road Jonesboro, GA 30238 Clayton County	1.8 miles	Various (2 stories) 1971 / 1995/2016	Market	2BR / 1BA (Garden)	20	10.0%	Market	\$878	880	n/a	No	2	10.0%
					2BR / 1BA (Garden)	108	54.0%	Market	\$829	757	n/a	No	2	1.9%
					2BR / 1.5BA (Townhouse)	N/A	N/A	Market	\$896	960	n/a	No	0	N/A
					2BR / 1.5BA (Townhouse)	32	16.0%	Market	\$886	960	n/a	No	1	3.1%
					3BR / 2BA (Garden)	0	0.0%	Market	\$1,073	1,080	n/a	No	0	N/A
					3BR / 2BA (Garden)	40	20.0%	Market	\$1,001	1,080	n/a	No	0	0.0%
	200	100.0%								5	2.5%			
9	Harmony Crossroads 8050 Tara Boulevard Jonesboro, GA 30236 Clayton County	1.2 miles	Garden (2 stories) 1975 / n/a	Market	1BR / 1BA	38	28.4%	Market	\$621	800	n/a	Yes	1	2.6%
					2BR / 1BA	66	49.3%	Market	\$688	900	n/a	No	3	4.5%
					2BR / 1BA	30	22.4%	Market	\$716	925	n/a	No	3	10.0%
						134	100.0%							
10	Tara Bridge 1 Magnolia Circle Jonesboro, GA 30236 Clayton County	1.5 miles	Garden 1988 / n/a	Market	1BR / 1BA	44	20.0%	Market	\$823	650	n/a	No	5	11.4%
					1BR / 1BA	44	20.0%	Market	\$843	700	n/a	No	5	11.4%
					2BR / 1BA	44	20.0%	Market	\$927	850	n/a	No	2	4.5%
					2BR / 2BA	37	16.8%	Market	\$972	950	n/a	No	0	0.0%
					2BR / 2BA	37	16.8%	Market	\$977	1,000	n/a	No	3	8.1%
					3BR / 2BA	14	6.4%	Market	\$1,016	1,200	n/a	No	0	0.0%
	220	100.0%								15	6.8%			

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.						
Effective Rent Date:		May-16	Units Surveyed:	2,069	Weighted Occupancy:	95.5%
			Market Rate	1,140	Market Rate	93.5%
			Tax Credit	929	Tax Credit	97.8%
One Bedroom One Bath		Two Bedrooms One Bath		Three Bedrooms Two Bath		
	Property	Average	Property	Average	Property	Average
RENT	Tara Bridge	\$843	Century Lake (2BA)	\$986	Flint River Crossing	\$1,073
	Brooks Crossing	\$841	Tara Bridge	\$927	Tara Bridge	\$1,016
	Century Lake	\$827	The Park At Mount Zion * (1.5BA 60%)	\$888	Regal Park * (60%)	\$1,015
	Tara Bridge	\$823	Flint River Crossing	\$878	Flint River Crossing	\$1,001
	Regal Park * (60%)	\$792	Regal Park * (2BA 60%)	\$871	Breckenridge Apartments * (60%)	\$971
	<b>Keystone Apartments* (60%)</b>	<b>\$712</b>	<b>Keystone Apartments* (60%)</b>	<b>\$841</b>	<b>Keystone Apartments* (60%)</b>	<b>\$968</b>
	Pointe Clear Apartments * (60%)	\$666	Flint River Crossing	\$829	The Park At Mount Zion * (60%)	\$968
	Harmony Crossroads	\$621	Brooks Crossing	\$828	Brooks Crossing	\$903
			Breckenridge Apartments * (60%)	\$812	Pointe Clear Apartments * (60%)	\$893
			Pointe Clear Apartments * (2BA 60%)	\$778	Pinebrooke Apartments * (50%)	\$828
			Harmony Crossroads	\$716	Pinebrooke Apartments * (50%)	\$828
			Pinebrooke Apartments * (2BA 50%)	\$713		
			Pinebrooke Apartments * (2BA 50%)	\$713		
			Harmony Crossroads	\$688		
SQUARE FOOTAGE	Century Lake	950	The Park At Mount Zion * (1.5BA 60%)	1,240	The Park At Mount Zion * (60%)	1,460
	Regal Park * (60%)	874	Century Lake (2BA)	1,200	Regal Park * (60%)	1,388
	Pointe Clear Apartments * (60%)	804	Regal Park * (2BA 60%)	1,114	Pinebrooke Apartments * (50%)	1,309
	Harmony Crossroads	800	Pinebrooke Apartments * (2BA 50%)	1,093	Pointe Clear Apartments * (60%)	1,244
	Brooks Crossing	725	Pointe Clear Apartments * (2BA 60%)	1,044	Breckenridge Apartments * (60%)	1,240
	Tara Bridge	700	Breckenridge Apartments * (60%)	1,040	Tara Bridge	1,200
	Tara Bridge	650	Brooks Crossing	938	Brooks Crossing	1,163
	<b>Keystone Apartments* (60%)</b>	<b>612</b>	Harmony Crossroads	925	Flint River Crossing	1,080
			Harmony Crossroads	900	Flint River Crossing	1,080
			Flint River Crossing	880	Pinebrooke Apartments * (50%)	1,048
			Pinebrooke Apartments * (2BA 50%)	858	<b>Keystone Apartments* (60%)</b>	<b>945</b>
			Tara Bridge	850		
			<b>Keystone Apartments* (60%)</b>	<b>830</b>		
			Flint River Crossing	757		
RENT PER SQUARE FOOT	Tara Bridge	\$1.27	Flint River Crossing	\$1.10	<b>Keystone Apartments* (60%)</b>	<b>\$1.02</b>
	Tara Bridge	\$1.20	Tara Bridge	\$1.09	Flint River Crossing	\$0.99
	Brooks Crossing	\$1.16	<b>Keystone Apartments* (60%)</b>	<b>\$1.01</b>	Flint River Crossing	\$0.93
	<b>Keystone Apartments* (60%)</b>	<b>\$1.16</b>	Flint River Crossing	\$1.00	Tara Bridge	\$0.85
	Regal Park * (60%)	\$0.91	Brooks Crossing	\$0.88	Pinebrooke Apartments * (50%)	\$0.79
	Century Lake	\$0.87	Pinebrooke Apartments * (2BA 50%)	\$0.83	Breckenridge Apartments * (60%)	\$0.78
	Pointe Clear Apartments * (60%)	\$0.83	Century Lake (2BA)	\$0.82	Brooks Crossing	\$0.78
	Harmony Crossroads	\$0.78	Regal Park * (2BA 60%)	\$0.78	Regal Park * (60%)	\$0.73
			Breckenridge Apartments * (60%)	\$0.78	Pointe Clear Apartments * (60%)	\$0.72
			Harmony Crossroads	\$0.77	The Park At Mount Zion * (60%)	\$0.66
			Harmony Crossroads	\$0.76	Pinebrooke Apartments * (50%)	\$0.63
			Pointe Clear Apartments * (2BA 60%)	\$0.75		
			The Park At Mount Zion * (1.5BA 60%)	\$0.72		
			Pinebrooke Apartments * (2BA 50%)	\$0.65		

# PROPERTY PROFILE REPORT

## Breckenridge Apartments

<b>Effective Rent Date</b>	5/09/2016
<b>Location</b>	5530 Old Dixie Highway Forest Park, GA 30297 Clayton County
<b>Distance</b>	6 miles
<b>Units</b>	208
<b>Vacant Units</b>	0
<b>Vacancy Rate</b>	0.0%
<b>Type</b>	Garden (2 stories)
<b>Year Built/Renovated</b>	1971 / 2005
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Hunters Bay, Bradford Ridge
<b>Tenant Characteristics</b>	Tenants are mostly families, have an avg. household size of four persons, an avg. age of 30, and an avg. income of \$40k. Most work in Forest Park.
<b>Contact Name</b>	Devin
<b>Phone</b>	404-361-8448



### Market Information

<b>Program</b>	@60%
<b>Annual Turnover Rate</b>	17%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	80%
<b>Leasing Pace</b>	Within two weeks
<b>Annual Chg. in Rent</b>	Decreased 8-10% since 2Q 2014
<b>Concession</b>	None

### Utilities

<b>A/C</b>	not included -- central
<b>Cooking</b>	not included -- electric
<b>Water Heat</b>	not included -- gas
<b>Heat</b>	not included -- electric
<b>Other Electric</b>	not included
<b>Water</b>	not included
<b>Sewer</b>	not included
<b>Trash Collection</b>	not included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	1	Garden (2 stories)	N/A	1,040	\$645	\$0	@60%	Yes	0	N/A	no	None
2	2	Garden (2 stories)	N/A	1,040	\$670	\$0	@60%	Yes	0	N/A	no	None
3	1.5	Garden (2 stories)	N/A	1,240	\$745	\$0	@60%	Yes	0	N/A	no	None
3	2	Garden (2 stories)	N/A	1,240	\$770	\$0	@60%	Yes	0	N/A	no	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 1BA	\$645	\$0	\$645	\$167	\$812
2BR / 2BA	\$670	\$0	\$670	\$167	\$837
3BR / 1.5BA	\$745	\$0	\$745	\$201	\$946
3BR / 2BA	\$770	\$0	\$770	\$201	\$971

## Breckenridge Apartments, continued

### Amenities

#### In-Unit

Balcony/Patio  
Carpeting  
Coat Closet  
Ceiling Fan  
Refrigerator  
Washer/Dryer hookup

Blinds  
Central A/C  
Dishwasher  
Oven  
Walk-In Closet

#### Security

None

#### Services

Afterschool Program

#### Property

Basketball Court  
Exercise Facility  
On-Site Management  
Swimming Pool

Clubhouse/Meeting  
Off-Street Parking  
Playground

#### Premium

None

#### Other

None

### Comments

The contact stated that there was a wait list; however, he was unable to provide the number of households on the waiting list.

# Breckenridge Apartments, continued

## Trend Report

### Vacancy Rates

1Q10	4Q10	2Q14	2Q16
11.1%	11.1%	4.3%	0.0%

### Trend: @60%

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	N/A	\$700	\$116	\$584	\$751
2010	4	N/A	\$700	\$116	\$584	\$751
2014	2	N/A	\$700	\$11	\$689	\$856
2016	2	N/A	\$645	\$0	\$645	\$812

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	N/A	\$725	\$121	\$604	\$771
2010	4	N/A	\$725	\$121	\$604	\$771
2014	2	N/A	\$725	\$11	\$714	\$881
2016	2	N/A	\$670	\$0	\$670	\$837

#### 3BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	N/A	\$830	\$105	\$725	\$926
2010	4	N/A	\$830	\$105	\$725	\$926
2014	2	N/A	\$830	\$17	\$813	\$1,014
2016	2	N/A	\$745	\$0	\$745	\$946

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	N/A	\$845	\$95	\$750	\$951
2010	4	N/A	\$845	\$95	\$750	\$951
2014	2	N/A	\$845	\$18	\$827	\$1,028
2016	2	N/A	\$770	\$0	\$770	\$971

## Trend: Comments

- 1Q10** The property is 89 percent occupied and 97 percent leased. Management could not provide vacancy by unit type but indicated that all vacancies are leased except for two three-bedroom, 1.5 bath units and four three-bedroom, two-bath units. Only the two-bedroom, two-bath units experienced a decrease in "market" rents. Management indicated that the market overall is soft.
- 4Q10** N/A
- 2Q14** The contact could not give the number of vacant units broken down by bedroom type but did state the occupancy rate of 96 percent.
- 2Q16** The contact stated that there was a wait list; however, he was unable to provide the number of households on the waiting list.

# PROPERTY PROFILE REPORT

## Pinebrooke Apartments

<b>Effective Rent Date</b>	5/16/2016
<b>Location</b>	9170 Dorsey Road Riverdale, GA 30274 Clayton County
<b>Distance</b>	2.6 miles
<b>Units</b>	130
<b>Vacant Units</b>	0
<b>Vacancy Rate</b>	0.0%
<b>Type</b>	Various
<b>Year Built/Renovated</b>	1995 / 2014
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	None identified
<b>Tenant Characteristics</b>	Families and some from out of state
<b>Contact Name</b>	Sonya
<b>Phone</b>	770-210-0800



### Market Information

<b>Program</b>	@50%
<b>Annual Turnover Rate</b>	15%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	14%
<b>Leasing Pace</b>	Within one day
<b>Annual Chg. in Rent</b>	Decreased 1-2% since 1Q 2015
<b>Concession</b>	None

### Utilities

<b>A/C</b>	not included -- central
<b>Cooking</b>	not included -- electric
<b>Water Heat</b>	not included -- electric
<b>Heat</b>	not included -- electric
<b>Other Electric</b>	not included
<b>Water</b>	included
<b>Sewer</b>	included
<b>Trash Collection</b>	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	2	One-story	26	858	\$650	\$0	@50%	No	0	0.0%	no	None
2	2	Townhouse	N/A	1,093	\$650	\$0	@50%	No	0	N/A	no	None
3	2	One-story	80	1,048	\$750	\$0	@50%	No	0	0.0%	no	None
3	2	Townhouse	N/A	1,309	\$750	\$0	@50%	No	0	N/A	no	None
4	2	Townhouse	24	1,358	\$820	\$0	@50%	No	0	0.0%	no	None

### Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2BA	\$650	\$0	\$650	\$63	\$713
3BR / 2BA	\$750	\$0	\$750	\$78	\$828
4BR / 2BA	\$820	\$0	\$820	\$99	\$919

## Pinebrooke Apartments, continued

### Amenities

**In-Unit**

Balcony/Patio  
Central A/C  
Dishwasher  
Garbage Disposal  
Refrigerator

Blinds  
Coat Closet  
Exterior Storage  
Oven  
Washer/Dryer hookup

**Security**

None

**Services**

Afterschool Program

**Property**

Basketball Court  
Off-Street Parking  
Playground

Central Laundry  
On-Site Management  
Swimming Pool

**Premium**

None

**Other**

None

### Comments

This property was formerly known as Fairway Pointe Apartments. The renovations in 2014 were relatively minor.

## Pinebrooke Apartments, continued

### Trend Report

#### Vacancy Rates

2Q06	1Q15	2Q16
4.6%	3.8%	0.0%

#### Trend: @50%

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2006	2	N/A	\$655 - \$665	\$0	\$655 - \$665	\$718 - \$728
2016	2	N/A	\$650	\$0	\$650	\$713

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2006	2	N/A	\$750 - \$760	\$0	\$750 - \$760	\$828 - \$838
2016	2	N/A	\$750	\$0	\$750	\$828

#### 4BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2006	2	N/A	\$820	\$0	\$820	\$919
2016	2	0.0%	\$820	\$0	\$820	\$919

### Trend: Comments

- 2Q06** Fairway Pointe Apartments is a mix of ranch style apartments and 2-4 bdrm townhomes. They are a 100% tax credit property. Residents are responsible for all utilities except water, sewer & trash. Teh afterschool program is free to residents between the ages of 5-12 years old. They currently have some 2 and 3bdrms available but expect to have 2-3 4bdrms available by the end of summer.
- 1Q15** Pinebrooke Apartments, formerly known as Fairway Pointe Apartments, is a mix of ranch style apartments and two to four-bedroom townhomes. Management reported that the property no has income restrictions on the property. The property currently has 17 vacant units, all of which are under renovations. All but five of these vacancies have been pre-leased. Management reported that the property's waiting list is approximately one year in length.
- 2Q16** This property was formerly known as Fairway Pointe Apartments. The renovations in 2014 were relatively minor.



# Pinebrooke Apartments, continued

## Photos



# PROPERTY PROFILE REPORT

## Pointe Clear Apartments

**Effective Rent Date** 5/03/2016  
**Location** 7545 Tara Road  
 Jonesboro, GA 30236  
 Clayton County  
 Intersection: Tara Road and O'Hara Drive  
**Distance** 1.9 miles  
**Units** 230  
**Vacant Units** 0  
**Vacancy Rate** 0.0%  
**Type** Garden (3 stories)  
**Year Built/Renovated** 1998 / N/A  
**Marketing Began** N/A  
**Leasing Began** N/A  
**Last Unit Leased** N/A  
**Major Competitors** Chase Village and Highland Grand  
**Tenant Characteristics** Five percent seniors  
**Contact Name** Natalie  
**Phone** 770-472-5228



### Market Information

**Program** @60%  
**Annual Turnover Rate** 21%  
**Units/Month Absorbed** N/A  
**HCV Tenants** 6%  
**Leasing Pace** Within one week  
**Annual Chg. in Rent** Incr. 7-13% since 2Q14  
**Concession** None

### Utilities

**A/C** not included -- central  
**Cooking** not included -- electric  
**Water Heat** not included -- electric  
**Heat** not included -- electric  
**Other Electric** not included  
**Water** included  
**Sewer** included  
**Trash Collection** included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	50	804	\$615	\$0	@60%	Yes	0	0.0%	no	None
2	2	Garden (3 stories)	100	1,044	\$715	\$0	@60%	Yes	0	0.0%	no	None
3	2	Garden (3 stories)	80	1,244	\$815	\$0	@60%	Yes	0	0.0%	no	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$615	\$0	\$615	\$51	\$666
2BR / 2BA	\$715	\$0	\$715	\$63	\$778
3BR / 2BA	\$815	\$0	\$815	\$78	\$893

## Pointe Clear Apartments, continued

### Amenities

#### In-Unit

Balcony/Patio  
Carpeting  
Coat Closet  
Exterior Storage  
Fireplace  
Microwave  
Refrigerator  
Walk-In Closet

Blinds  
Central A/C  
Dishwasher  
Ceiling Fan  
Garbage Disposal  
Oven  
Vaulted Ceilings  
Washer/Dryer hookup

#### Security

Limited Access  
Patrol  
Perimeter Fencing

#### Services

None

#### Property

Car Wash  
Exercise Facility  
Off-Street Parking  
Picnic Area  
Swimming Pool

Clubhouse/Meeting  
Central Laundry  
On-Site Management  
Playground

#### Premium

None

#### Other

Evening sweep of property

### Comments

The property maintains a wait list that is one to two months in length. The contact reported that tenants come from the Clayton County area, as well as Fairburn, Peachtree, and Stone Mountain.

## Pointe Clear Apartments, continued

### Trend Report

#### Vacancy Rates

3Q12	2Q14	1Q15	2Q16
23.9%	66.1%	22.6%	0.0%

#### Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	3	N/A	\$550	\$13	\$537	\$588
2014	2	N/A	\$550	\$0	\$550	\$601
2015	1	N/A	\$623	\$0	\$623	\$674
2016	2	0.0%	\$615	\$0	\$615	\$666

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	3	N/A	\$585 - \$600	\$16 - \$17	\$569 - \$583	\$632 - \$646
2014	2	N/A	\$630 - \$650	\$0	\$630 - \$650	\$693 - \$713
2015	1	N/A	\$693	\$0	\$693	\$756
2016	2	0.0%	\$715	\$0	\$715	\$778

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	3	N/A	\$680	\$0	\$680	\$758
2014	2	N/A	\$750	\$0	\$750	\$828
2015	1	N/A	\$818	\$0	\$818	\$896
2016	2	0.0%	\$815	\$0	\$815	\$893

### Trend: Comments

3Q12	The contact attributes low occupancy to slow economic conditions for many of the lower income families in the area. Many are still struggling to find work or are making less money in new jobs.
2Q14	As of March 31, 2014 the property switched management to Broad Management Group. There are a total of 152 vacancies due to evictions and move outs. There is a \$299 move-in fee on approved credit. Contact did not know annual turnover.
1Q15	The contact indicated that high vacancy was due to renovations and many units being offline currently. There are a total of 46 units offline as a result of the renovations. The adjusted vacancy rate is 3.3 percent. The contact reported that tenants come from the Clayton County area, as well as Fairburn, Peachtree, and Stone Mountain.
2Q16	The property maintains a wait list that is one to two months in length. The contact reported that tenants come from the Clayton County area, as well as Fairburn, Peachtree, and Stone Mountain.

# PROPERTY PROFILE REPORT

## Regal Park

<b>Effective Rent Date</b>	5/03/2016
<b>Location</b>	461 Old Dixie Way Forest Park, GA 30297 Clayton County
<b>Distance</b>	4.9 miles
<b>Units</b>	168
<b>Vacant Units</b>	15
<b>Vacancy Rate</b>	8.9%
<b>Type</b>	Garden (3 stories)
<b>Year Built/Renovated</b>	2005 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Breckenridge
<b>Tenant Characteristics</b>	Tenants come from all over Atlanta metro area
<b>Contact Name</b>	Joy
<b>Phone</b>	404-362-5224



### Market Information

<b>Program</b>	@60%
<b>Annual Turnover Rate</b>	36%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	10%
<b>Leasing Pace</b>	Within one month
<b>Annual Chg. in Rent</b>	Increased 10-18% since 2Q2014
<b>Concession</b>	None

### Utilities

<b>A/C</b>	not included -- central
<b>Cooking</b>	not included -- electric
<b>Water Heat</b>	not included -- electric
<b>Heat</b>	not included -- electric
<b>Other Electric</b>	not included
<b>Water</b>	not included
<b>Sewer</b>	not included
<b>Trash Collection</b>	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	28	874	\$675	\$0	@60%	Yes	3	10.7%	no	None
2	2	Garden (3 stories)	84	1,114	\$725	\$0	@60%	Yes	5	6.0%	no	None
3	2	Garden (3 stories)	56	1,388	\$835	\$0	@60%	No	7	12.5%	no	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$675	\$0	\$675	\$117	\$792
2BR / 2BA	\$725	\$0	\$725	\$146	\$871
3BR / 2BA	\$835	\$0	\$835	\$180	\$1,015

## Regal Park, continued

### Amenities

#### In-Unit

Balcony/Patio  
Carpeting  
Coat Closet  
Ceiling Fan  
Oven  
Vaulted Ceilings  
Washer/Dryer hookup

Blinds  
Central A/C  
Dishwasher  
Garbage Disposal  
Refrigerator  
Walk-In Closet

#### Security

Limited Access

#### Services

None

#### Property

Business Center/Computer Lab  
Exercise Facility  
Off-Street Parking  
Picnic Area  
Swimming Pool

Clubhouse/Meeting  
Central Laundry  
On-Site Management  
Playground  
Tennis Court

#### Premium

None

#### Other

Nature trail

### Comments

The property is currently offering reduced rates, which are the rents listed in this profile. The non-concessed asking rents are reportedly at the maximum allowable levels. The contact reported an average vacancy rate between 93 and 95 percent at the property and several of the vacant units are pre-leased. The property maintains a wait list for one and two-bedroom units; however, the contact was unable to state the length of the wait list.

## Regal Park, continued

### Trend Report

#### Vacancy Rates

1Q10	2Q14	2Q16
10.1%	1.2%	8.9%

**Trend: @60%**

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	3.6%	\$630	\$0	\$630	\$747
2014	2	0.0%	\$610	\$0	\$610	\$727
2016	2	10.7%	\$675	\$0	\$675	\$792

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	7.1%	\$760	\$30	\$730	\$876
2014	2	1.2%	\$659	\$0	\$659	\$805
2016	2	6.0%	\$725	\$0	\$725	\$871

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2010	1	17.9%	\$860	\$30	\$830	\$1,010
2014	2	1.8%	\$705	\$0	\$705	\$885
2016	2	12.5%	\$835	\$0	\$835	\$1,015

### Trend: Comments

- 1Q10** The leasing agent could not comment on absorption but indicated that the property maintains an occupancy rate between 90 to 98 percent. Management could not comment on the value of an afterschool program as the property does not offer one but indicated that community amenities (business center, exercise facility, pool, nature trail etc) are utilized equally.
- 2Q14** Contact could not provide annual turnover.
- 2Q16** The property is currently offering reduced rates, which are the rents listed in this profile. The non-concessed asking rents are reportedly at the maximum allowable levels. The contact reported an average vacancy rate between 93 and 95 percent at the property and several of the vacant units are pre-leased. The property maintains a wait list for one and two-bedroom units; however, the contact was unable to state the length of the wait list.

# PROPERTY PROFILE REPORT

## The Park At Mount Zion

<b>Effective Rent Date</b>	5/24/2016
<b>Location</b>	701 Morrow Industrial Blvd. Jonesboro, GA 30236 Clayton County
<b>Distance</b>	3.8 miles
<b>Units</b>	193
<b>Vacant Units</b>	5
<b>Vacancy Rate</b>	2.6%
<b>Type</b>	Various (2 stories)
<b>Year Built/Renovated</b>	1971 / 2005
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	None identified
<b>Tenant Characteristics</b>	Tenants are mostly families, have an average household size of three to four perso, an average age of 30+, and an average income between \$28k and \$33k
<b>Contact Name</b>	Erin
<b>Phone</b>	770.968.0311



### Market Information

<b>Program</b>	LIHTC
<b>Annual Turnover Rate</b>	18%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	17%
<b>Leasing Pace</b>	Within one month
<b>Annual Chg. in Rent</b>	None reported
<b>Concession</b>	None

### Utilities

<b>A/C</b>	not included -- central
<b>Cooking</b>	not included -- electric
<b>Water Heat</b>	not included -- electric
<b>Heat</b>	not included -- electric
<b>Other Electric</b>	not included
<b>Water</b>	included
<b>Sewer</b>	included
<b>Trash Collection</b>	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	1.5	Townhouse (2 stories)	N/A	1,240	\$825	\$0	@60%	No	1	N/A	no	None
2	2	Garden	N/A	1,360	\$825	\$0	@60%	No	2	N/A	no	None
3	2	Garden	N/A	1,460	\$890	\$0	@60%	No	2	N/A	no	None
3	2.5	Townhouse	N/A	1,500	\$890	\$0	@60%	No	0	N/A	no	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 1.5BA	\$825	\$0	\$825	\$63	\$888
2BR / 2BA	\$825	\$0	\$825	\$63	\$888
3BR / 2BA	\$890	\$0	\$890	\$78	\$968
3BR / 2.5BA	\$890	\$0	\$890	\$78	\$968



## The Park At Mount Zion, continued

### Amenities

**In-Unit**

Balcony/Patio  
Carpeting  
Coat Closet  
Garbage Disposal  
Refrigerator  
Washer/Dryer

Blinds  
Central A/C  
Dishwasher  
Oven  
Walk-In Closet

**Security**

Limited Access  
Patrol  
Perimeter Fencing

**Services**

None

**Property**

Clubhouse/Meeting  
Central Laundry  
On-Site Management  
Swimming Pool

Exercise Facility  
Off-Street Parking  
Playground

**Premium**

None

**Other**

None

### Comments

The property was formerly known as Provence Place. The contact was only able to provide rents for vacant units. Washer/Dryers are included in all units.

# The Park At Mount Zion, continued

## Trend Report

### Vacancy Rates

4Q04	2Q05	2Q06	2Q16
55.1%	85.0%	100.0%	2.6%

**Trend: @60%**

### 2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2004	4	N/A	\$720	\$8	\$712	\$775
2005	2	N/A	\$720	\$0	\$720	\$783
2006	2	N/A	\$720	\$0	\$720	\$783
2016	2	N/A	\$825	\$0	\$825	\$888

### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2004	4	N/A	\$710	\$8	\$702	\$765
2005	2	N/A	\$710	\$0	\$710	\$773
2006	2	N/A	\$710	\$0	\$710	\$773
2016	2	N/A	\$825	\$0	\$825	\$888

### 3BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2004	4	N/A	\$800	\$8	\$792	\$870
2005	2	N/A	\$850	\$0	\$850	\$928
2006	2	N/A	\$850	\$0	\$850	\$928
2016	2	N/A	\$890	\$0	\$890	\$968

### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2004	4	N/A	\$850	\$8	\$842	\$920
2005	2	N/A	\$800	\$0	\$800	\$878
2006	2	N/A	\$800	\$0	\$800	\$878
2016	2	N/A	\$890	\$0	\$890	\$968

## The Park At Mount Zion, continued

### Trend: Comments

- 4Q04** Of the 198 units, 96 of them are 2 bedroom units and 102 are 3 bedroom units. Concessions include \$100 off of the first month's rent. The current management company recently took over, so there is little market information available. The management has been doing more evictions than rentals, partly because they are currently undergoing a significant reconstruction phase (which is responsible for the high vacancy rate). This reconstruction includes the construction of a clubhouse, gate at the front of the community, perimeter fencing, exercise facility, and playground (listed under amenities above).
- This property is in the Clayton portion of the Atlanta MSA.
- 2Q05** (5/12/05) Provence Place is a garden style community with 193 units. All units are under renovation except 48, and all of these 48 units are occupied. There are currently no concessions being offered. The management has been doing more evictions than rentals, partly because they are currently undergoing a significant reconstruction phase (which is responsible for the high vacancy rate). This reconstruction includes the construction of a clubhouse, gate at the front of the community, perimeter fencing, exercise facility, and playground (listed under amenities above). Rents on the 2-bedroom/1.5-bath are a range from \$720-765, 2-bedroom/2-bath units range from \$710-735, 3-bedroom/2-bath units range from \$800-825, and 3-bedroom/2.5-baths range from \$850-875.
- This property is in the Clayton portion of the Atlanta MSA.
- (10/6/05) The property is still undergoing renovations. Only 29 units are occupied and the tenants in those are receiving between \$100 and \$300 dollars off their rent each month (concession unique to each tenant). No three-bedroom townhouse units are currently occupied. There are no Section 8 tenants in the complex right now. The complex has 19 market rate units, but the property manager would not provide a breakout of them by unit type. The 29 units that are occupied do not have garages and the current property manager is not sure if the other units have them, although the property brochure says there are on-site garages. She has never seen any garages, but cannot enter the area where construction is going on, so has not been able to see what that part of the property is like.
- 2Q06** Current Interview (05/08/2006): Provence Place is a LIHTC/market rate property offering one, two, and three-bedroom garden and townhouse units. The property was allocated in 2003 and remains under renovation. Currently the property is 100 percent vacant. Management reported that none of the units have been pre-leased. Leasing will begin in the next several months.
- 2Q16** The property was formerly known as Provence Place. The contact was only able to provide rents for vacant units. Washer/Dryers are included in all units.

# PROPERTY PROFILE REPORT

## Brooks Crossing

<b>Effective Rent Date</b>	5/04/2016
<b>Location</b>	8050 Taylor Road Riverdale, GA 30274 Clayton County
<b>Distance</b>	3 miles
<b>Units</b>	224
<b>Vacant Units</b>	14
<b>Vacancy Rate</b>	6.2%
<b>Type</b>	Garden (2 stories)
<b>Year Built/Renovated</b>	1989 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Williamsburg South
<b>Tenant Characteristics</b>	Tenants are mostly families; major employers are Southern Regional Hospital, Coca Cola, Fort McPherson and Fort Gillem, and Fayette Medical Center.
<b>Contact Name</b>	Chayanne
<b>Phone</b>	770-473-7323



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	35%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Within one week
<b>Annual Chg. in Rent</b>	Increased 2-7%
<b>Concession</b>	None

### Utilities

<b>A/C</b>	not included -- central
<b>Cooking</b>	not included -- electric
<b>Water Heat</b>	not included -- electric
<b>Heat</b>	not included -- electric
<b>Other Electric</b>	not included
<b>Water</b>	included
<b>Sewer</b>	included
<b>Trash Collection</b>	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	24	725	\$790	\$0	Market	No	2	8.3%	N/A	None
2	1	Garden (2 stories)	32	938	\$765	\$0	Market	No	6	18.8%	N/A	None
2	2	Garden (2 stories)	64	1,043	\$765	\$0	Market	No	6	9.4%	N/A	None
3	2	Garden (2 stories)	104	1,163	\$825	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$790	\$0	\$790	\$51	\$841
2BR / 1BA	\$765	\$0	\$765	\$63	\$828
2BR / 2BA	\$765	\$0	\$765	\$63	\$828
3BR / 2BA	\$825	\$0	\$825	\$78	\$903

## Brooks Crossing, continued

### Amenities

**In-Unit**

Balcony/Patio  
Carpeting  
Coat Closet  
Exterior Storage  
Fireplace  
Oven  
Vaulted Ceilings  
Washer/Dryer hookup

Blinds  
Central A/C  
Dishwasher  
Ceiling Fan  
Garbage Disposal  
Refrigerator  
Walk-In Closet

**Security**

Patrol

**Services**

None

**Property**

Clubhouse/Meeting  
Central Laundry  
On-Site Management  
Playground  
Tennis Court

Exercise Facility  
Off-Street Parking  
Picnic Area  
Swimming Pool

**Premium**

None

**Other**

None

### Comments

The property does not accept Housing Choice Vouchers.

## Brooks Crossing, continued

### Trend Report

#### Vacancy Rates

4Q05	2Q06	1Q10	2Q16
10.3%	10.7%	8.5%	6.2%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2006	2	16.7%	\$549	\$0	\$549	\$600
2010	1	20.8%	\$549	\$100	\$449	\$500
2016	2	8.3%	\$790	\$0	\$790	\$841

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2006	2	15.6%	\$599	\$0	\$599	\$662
2010	1	9.4%	\$614	\$85	\$529	\$592
2016	2	18.8%	\$765	\$0	\$765	\$828

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2006	2	12.5%	\$619	\$0	\$619	\$682
2010	1	3.1%	\$669	\$100	\$569	\$632
2016	2	9.4%	\$765	\$0	\$765	\$828

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2006	2	6.7%	\$709	\$0	\$709	\$787
2010	1	N/A	\$734 - \$749	\$100 - \$105	\$629 - \$649	\$707 - \$727
2016	2	0.0%	\$825	\$0	\$825	\$903

### Trend: Comments

- 4Q05** (5/18/05) Brooks Crossing Apartments is a garden-style tax credit property with 224 units. Of the 224 units, 160 are tax credit. By December 2005 no units at Brooks Crossing will be Tax Credit. Their current occupancy rate is 93%. Concessions include reduced rents on all units and an additional \$200 off the first month's rent on 2-bedroom/1-bath apartments. A vacant unit can be leased out within 3-4 weeks. The tenants are mostly single mothers with kids. The average household size is 4, the average age is 25-45, and average income is \$18k - \$49k. Approximately 70% of tenants are from Clayton County, 10% are from out of state, and 20% are from other parts of Georgia.  
(10/7/05) Current concessions are between \$55 and \$85 dollars, or eight to 14 percent off every month on a 12-month lease. The property has two monitors who patrol the property regularly. All but two of the vacant units are leased out, awaiting move-ins. The property currently has eight Hurricane Katrina victims.
- 2Q06** Current Interview (05/08/2006): Brooks Crossing is a market rate property offering one, two, and three-bedroom units. The property converted from an LIHTC property in January 2006. Rents have since decreased by 5.2 percent for the one-bedroom units, 12.5 percent for the smaller two-bedroom units, 6.8 percent for the larger two-bedroom units, and 0.7 percent for the three-bedroom units. The property's LIHTC term was up in January 2006 and therefore the property has undergone a transformation therein decreasing the rents. Management reported that many of the residents who were in the LIHTC units remained at the property after the conversion and are currently paying the lower market rate rents. There is a significant amount of new residential development in the area, primarily single family home subdivisions. There are no new multifamily developments.
- 1Q10** The contact reported that there is a \$15 premium for three bedrooms located upstairs.
- 2Q16** The property does not accept Housing Choice Vouchers.

# PROPERTY PROFILE REPORT

## Century Lake

<b>Effective Rent Date</b>	5/10/2016
<b>Location</b>	100 Chase Lake Drive Jonesboro, GA 30236 Clayton County
<b>Distance</b>	2.4 miles
<b>Units</b>	362
<b>Vacant Units</b>	25
<b>Vacancy Rate</b>	6.9%
<b>Type</b>	Garden (2 stories)
<b>Year Built/Renovated</b>	1990 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Battle Creek Townhomes
<b>Tenant Characteristics</b>	None identified
<b>Contact Name</b>	Cynthia
<b>Phone</b>	855-434-8042



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	25%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Within one month
<b>Annual Chg. in Rent</b>	Increased 26% since 1Q 2015
<b>Concession</b>	None

### Utilities

<b>A/C</b>	not included -- central
<b>Cooking</b>	not included -- gas
<b>Water Heat</b>	not included -- gas
<b>Heat</b>	not included -- gas
<b>Other Electric</b>	not included
<b>Water</b>	not included
<b>Sewer</b>	not included
<b>Trash Collection</b>	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	76	950	\$710	\$0	Market	No	10	13.2%	N/A	None
2	2	Garden (2 stories)	286	1,200	\$840	\$0	Market	No	15	5.2%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$710	\$0	\$710	\$117	\$827
2BR / 2BA	\$840	\$0	\$840	\$146	\$986

### Amenities

#### In-Unit

Blinds	Carpeting
Central A/C	Coat Closet
Dishwasher	Ceiling Fan
Fireplace	Garbage Disposal
Oven	Refrigerator
Skylights	Vaulted Ceilings
Walk-In Closet	Washer/Dryer hookup

#### Security

In-Unit Alarm
Limited Access
Perimeter Fencing

#### Services

None

#### Property

Clubhouse/Meeting	Exercise Facility
Central Laundry	Off-Street Parking
On-Site Management	Playground
Swimming Pool	Tennis Court

#### Premium

None

#### Other

None

## Century Lake, continued

### Comments

The property is currently 98% pre-leased.



## Century Lake, continued

### Trend Report

#### Vacancy Rates

2Q05	1Q15	2Q16
3.9%	0.0%	6.9%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	2	2.6%	\$670	\$100	\$570	\$687
2015	1	0.0%	\$565	\$0	\$565	\$682
2016	2	13.2%	\$710	\$0	\$710	\$827

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	2	4.2%	\$770	\$121	\$649	\$795
2015	1	0.0%	\$665	\$0	\$665	\$811
2016	2	5.2%	\$840	\$0	\$840	\$986

### Trend: Comments

**2Q05** Century Lake is a garden style apartment community with 362 units and an occupancy rate of 97% base on vacancy by unit breakdown. The property manager claimed an occupancy rate of 92%. Approximately 30% of tenants are from Clayton County, 10% are from out of state, and 60% are from other parts of Georgia.

**1Q15** The contact was only able to provide rent, vacancy and waiting list information. The property maintains a waiting list approximately one month long.

**2Q16** The property is currently 98% pre-leased.

# PROPERTY PROFILE REPORT

## Flint River Crossing

**Effective Rent Date** 5/09/2016

**Location** 240 Flint River Road  
Jonesboro, GA 30238  
Clayton County  
Intersection: Flint River Road and Rivergate Drive

**Distance** 1.8 miles

**Units** 200

**Vacant Units** 5

**Vacancy Rate** 2.5%

**Type** Various (2 stories)

**Year Built/Renovated** 1971 / 1995/2016

**Marketing Began** N/A

**Leasing Began** N/A

**Last Unit Leased** N/A

**Major Competitors** Riverwood Apartments

**Tenant Characteristics** Mixed tenancy from Jonesboro and the surrounding area

**Contact Name** Aisha

**Phone** 770-471-6395



### Market Information

**Program** Market

**Annual Turnover Rate** 42%

**Units/Month Absorbed** N/A

**HCV Tenants** 0%

**Leasing Pace** Within one week

**Annual Chg. in Rent** Increased 29-64% since 1Q 2015

**Concession** None

### Utilities

**A/C** not included -- central

**Cooking** not included -- electric

**Water Heat** not included -- electric

**Heat** not included -- electric

**Other Electric** not included

**Water** included

**Sewer** not included

**Trash Collection** included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	1	Garden (2 stories)	20	880	\$762	\$0	Market	No	2	10.0%	N/A	HIGH
2	1	Garden (2 stories)	108	757	\$713	\$0	Market	No	2	1.9%	N/A	LOW
2	1.5	Townhouse (2 stories)	N/A	960	\$780	\$0	Market	No	0	N/A	N/A	HIGH
2	1.5	Townhouse (2 stories)	32	960	\$770	\$0	Market	No	1	3.1%	N/A	LOW
3	2	Garden (2 stories)	0	1,080	\$930	\$0	Market	No	0	N/A	N/A	HIGH
3	2	Garden (2 stories)	40	1,080	\$858	\$0	Market	No	0	0.0%	N/A	LOW

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 1BA	\$713 - \$762	\$0	\$713 - \$762	\$116	\$829 - \$878
2BR / 1.5BA	\$770 - \$780	\$0	\$770 - \$780	\$116	\$886 - \$896
3BR / 2BA	\$858 - \$930	\$0	\$858 - \$930	\$143	\$1,001 - \$1,073

## Flint River Crossing, continued

### Amenities

#### In-Unit

Balcony/Patio  
Cable/Satellite/Internet  
Central A/C  
Dishwasher  
Garbage Disposal  
Refrigerator  
Washer/Dryer hookup

Blinds  
Carpet/Hardwood  
Coat Closet  
Ceiling Fan  
Oven  
Walk-In Closet

#### Security

Patrol  
Perimeter Fencing

#### Services

None

#### Property

Central Laundry  
On-Site Management  
Playground

Off-Street Parking  
Picnic Area  
Swimming Pool

#### Premium

None

#### Other

None

### Comments

Flint River Crossing was formerly known as Williamsburg South. The higher rents in the profile are for renovated units. The renovated units had been gutted and completely refurbished with new appliances, fixtures, floors, etc. Management indicated that they do not intend to renovate all units. The property does not accept Housing Choice Vouchers. The property was recently sold in December 2015, and the new owners increased rents significantly after the sale.

## Flint River Crossing, continued

### Trend Report

#### Vacancy Rates

4Q07	2Q11	1Q15	2Q16
10.0%	9.0%	15.0%	2.5%

### Trend: Market

#### 2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	N/A	\$605	\$22	\$583	\$699
2016	2	N/A	\$770 - \$780	\$0	\$770 - \$780	\$886 - \$896

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	N/A	\$534 - \$560	\$13 - \$16	\$521 - \$544	\$637 - \$660
2016	2	3.1%	\$713 - \$762	\$0	\$713 - \$762	\$829 - \$878

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	N/A	\$660	\$25	\$635	\$778
2016	2	0.0%	\$858 - \$930	\$0	\$858 - \$930	\$1,001 - \$1,073

### Trend: Comments

- 4Q07** Concessions for the property are reduced rents of \$200 off one months rent for the entire first year. Contact stated there are seven pre-leased applications for the vacancies. The total percentages for change of rents range from 2% to 3% depending on the unit type.
- 2Q11** N/A
- 1Q15** Flint River Crossing, formerly known as Williamsburg South, currently has 20 units under going renovations. Management reported that there are no longer income restrictions at the property. The property is currently 75 percent occupied and 90 percent leased. Additionally, the property no longer includes water or sewer in the rent, which may have caused the decrease in rents.
- 2Q16** Flint River Crossing was formerly known as Williamsburg South. The higher rents in the profile are for renovated units. The renovated units had been gutted and completely refurbished with new appliances, fixtures, floors, etc. Management indicated that they do not intend to renovate all units. The property does not accept Housing Choice Vouchers. The property was recently sold in December 2015, and the new owners increased rents significantly after the sale.

Photos



# PROPERTY PROFILE REPORT

## Harmony Crossroads

<b>Effective Rent Date</b>	5/11/2016
<b>Location</b>	8050 Tara Boulevard Jonesboro, GA 30236 Clayton County
<b>Distance</b>	1.2 miles
<b>Units</b>	134
<b>Vacant Units</b>	7
<b>Vacancy Rate</b>	5.2%
<b>Type</b>	Garden (2 stories)
<b>Year Built/Renovated</b>	1975 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Oak Run
<b>Tenant Characteristics</b>	Families from Clayton County
<b>Contact Name</b>	Denise
<b>Phone</b>	770-471-4003



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	54%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Within two weeks
<b>Annual Chg. in Rent</b>	None
<b>Concession</b>	Reduced first month's rent

### Utilities

<b>A/C</b>	not included -- central
<b>Cooking</b>	not included -- electric
<b>Water Heat</b>	not included -- electric
<b>Heat</b>	not included -- electric
<b>Other Electric</b>	not included
<b>Water</b>	included
<b>Sewer</b>	included
<b>Trash Collection</b>	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	38	800	\$595	\$25	Market	Yes	1	2.6%	N/A	None
2	1	Garden (2 stories)	66	900	\$655	\$30	Market	No	3	4.5%	N/A	None
2	1	Garden (2 stories)	30	925	\$685	\$32	Market	No	3	10.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$595	\$25	\$570	\$51	\$621
2BR / 1BA	\$655 - \$685	\$30 - \$32	\$625 - \$653	\$63	\$688 - \$716

## Harmony Crossroads, continued

### Amenities

**In-Unit**

Balcony/Patio  
Carpeting  
Coat Closet  
Ceiling Fan  
Oven  
Walk-In Closet

Blinds  
Central A/C  
Dishwasher  
Garbage Disposal  
Refrigerator  
Washer/Dryer hookup

**Security**

Patrol

**Services**

None

**Property**

Central Laundry  
On-Site Management  
Swimming Pool

Off-Street Parking  
Playground

**Premium**

None

**Other**

None

### Comments

The property was formerly known as the Crossroads Apartments. The property maintains a waiting list for one-bedroom units that consists of approximately four to five households. The property does not accept Housing Choice Vouchers. The 925-square foot two-bedroom units have washer/dryer connections. The unit breakdown of the two-bedrooms was estimated.

# Harmony Crossroads, continued

## Trend Report

### Vacancy Rates

2Q05	1Q15	2Q16
7.5%	0.0%	5.2%

## Trend: Market

### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	2	7.9%	\$519	\$35	\$484	\$535
2015	1	0.0%	\$544	\$20	\$524	\$575
2016	2	2.6%	\$595	\$25	\$570	\$621

### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	2	7.3%	\$539	\$37	\$502	\$565
2015	1	0.0%	\$584	\$24	\$560	\$623
2016	2	6.2%	\$655 - \$685	\$30 - \$32	\$625 - \$653	\$688 - \$716

## Trend: Comments

- 2Q05** Harmony Crossroads is a garden style apartment community with 134 units and an occupancy rate of 93%. Units with washer and dryer connections rent for \$559. Concessions include a \$300 deposit and \$99 for the first month's rent. Section 8 vouchers are accepted. Approximately 70% of tenants are from Clayton County and the remaining 30% are from out of state. Rents on one bedroom apartments have increased by \$10 recently. Walk-in closets are only available on 1 bedroom apartments.
- 1Q15** The property maintains a waiting list of approximately two months. The property does not accept Housing Choice Vouchers. The contact did not know the percentage of seniors at the property, but indicated that the majority of the tenants come from Clayton County.
- 2Q16** The property was formerly known as the Crossroads Apartments. The property maintains a waiting list for one-bedroom units that consists of approximately four to five households. The property does not accept Housing Choice Vouchers. The 925-square foot two-bedroom units have washer/dryer connections. The unit breakdown of the two-bedrooms was estimated.



Photos



# PROPERTY PROFILE REPORT

## Tara Bridge

<b>Effective Rent Date</b>	5/04/2016
<b>Location</b>	1 Magnolia Circle Jonesboro, GA 30236 Clayton County
<b>Distance</b>	1.5 miles
<b>Units</b>	220
<b>Vacant Units</b>	15
<b>Vacancy Rate</b>	6.8%
<b>Type</b>	Garden (3 stories)
<b>Year Built/Renovated</b>	1988 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Aslan on the River
<b>Tenant Characteristics</b>	Mostly families from Clayton County
<b>Contact Name</b>	Paulette
<b>Phone</b>	770-478-3288



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	22%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	5%
<b>Leasing Pace</b>	Within one day
<b>Annual Chg. in Rent</b>	Increased less than 1% to 25%
<b>Concession</b>	See comments

### Utilities

<b>A/C</b>	not included -- central
<b>Cooking</b>	not included -- electric
<b>Water Heat</b>	not included -- electric
<b>Heat</b>	not included -- electric
<b>Other Electric</b>	not included
<b>Water</b>	not included
<b>Sewer</b>	not included
<b>Trash Collection</b>	not included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	44	650	\$685	\$0	Market	No	5	11.4%	N/A	None
1	1	Garden (3 stories)	44	700	\$705	\$0	Market	No	5	11.4%	N/A	None
2	1	Garden (3 stories)	44	850	\$760	\$0	Market	No	2	4.5%	N/A	None
2	2	Garden (3 stories)	37	950	\$805	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (3 stories)	37	1,000	\$810	\$0	Market	No	3	8.1%	N/A	None
3	2	Garden (3 stories)	14	1,200	\$815	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$685 - \$705	\$0	\$685 - \$705	\$138	\$823 - \$843
2BR / 1BA	\$760	\$0	\$760	\$167	\$927
2BR / 2BA	\$805 - \$810	\$0	\$805 - \$810	\$167	\$972 - \$977
3BR / 2BA	\$815	\$0	\$815	\$201	\$1,016

## Tara Bridge, continued

### Amenities

#### In-Unit

Balcony/Patio  
Carpeting  
Coat Closet  
Exterior Storage  
Fireplace  
Microwave  
Refrigerator  
Washer/Dryer

Blinds  
Central A/C  
Dishwasher  
Ceiling Fan  
Garbage Disposal  
Oven  
Walk-In Closet  
Washer/Dryer hookup

#### Security

In-Unit Alarm  
Limited Access  
Patrol  
Perimeter Fencing

#### Services

None

#### Property

Car Wash  
Exercise Facility  
Off-Street Parking  
Playground  
Tennis Court

Clubhouse/Meeting  
Central Laundry  
On-Site Management  
Swimming Pool

#### Premium

None

#### Other

None

### Comments

The rents provided in the profile include an undetermined concession amount. The actual asking rents were not available.

## Tara Bridge, continued

### Trend Report

#### Vacancy Rates

4Q04	2Q05	1Q15	2Q16
8.2%	10.0%	2.3%	6.8%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2004	4	N/A	\$599 - \$650	\$0	\$599 - \$650	\$737 - \$788
2005	2	N/A	\$546 - \$564	\$0	\$546 - \$564	\$684 - \$702
2015	1	N/A	\$546 - \$564	\$0	\$546 - \$564	\$684 - \$702
2016	2	11.4%	\$685 - \$705	\$0	\$685 - \$705	\$823 - \$843

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2004	4	N/A	\$654	\$0	\$654	\$821
2016	2	4.5%	\$760	\$0	\$760	\$927

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2004	4	N/A	\$669 - \$689	\$0	\$669 - \$689	\$836 - \$856
2005	2	N/A	\$599 - \$694	\$0	\$599 - \$694	\$766 - \$861
2015	1	N/A	\$740 - \$775	\$0 - \$32	\$726 - \$775	\$893 - \$942
2016	2	4.1%	\$805 - \$810	\$0	\$805 - \$810	\$972 - \$977

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2004	4	N/A	\$799	\$0	\$799	\$1,000
2005	2	N/A	\$812	\$0	\$812	\$1,013
2015	1	N/A	\$812	\$0	\$812	\$1,013
2016	2	0.0%	\$815	\$0	\$815	\$1,016

### Trend: Comments

- 4Q04** This is a market rate property located in the Clayton County submarket. The property is currently 92 percent leased and is not offering concessions. Utilities are all electric and paid for the resident excluding water/sewer and trash removal.
- 2Q05** Tara Bridge is a garden style community with 220 units and an occupancy rate of 90%. Concessions include a \$99 move-in fee (normal fee is \$350). No Section 8 vouchers are accepted. Approximately 75% of tenants are from Clayton County, 20% are from out of state, and 5% are from other parts of Georgia.
- 1Q15** Tara Bridge is a garden style community with 220 units and an occupancy rate of about 97%. Management stated that she was only able to quote accurate pricing for units that are currently available due to the fact that they implement LRO pricing system. However, the contact was able to provide an estimate of what rents would be for one and three-bedrooms if they were available today. Contact stated that the concession was also only quoted for available two-bedroom units, and that there may be a different concession offered for one and three bedrooms if they were available.
- 2Q16** The rents provided in the profile include an undetermined concession amount. The actual asking rents were not available.

Photos



**Amenities**

A detailed description of amenities included in both the Subject and the comparable properties can be found in the amenity matrix below.

**UNIT MATRIX REPORT**

	Keystone Apartments - As Renovated	Breckenridge Apartments	Pinebrooke Apartments	Pointe Clear Apartments	Regal Park	The Park At Mount Zion	Brooks Crossing	Century Lake	Flint River Crossing	Harmony Crossroads	Tara Bridge
Comp #	Subject	1	2	3	4	5	6	7	8	9	10
<b>Property Information</b>											
Property Type	Garden (2 stories)	Garden (2 stories)	Various	Garden (3 stories)	Garden (3 stories)	Various (2 stories)	Garden (2 stories)	Garden (2 stories)	Various (2 stories)	Garden (2 stories)	Garden (3 stories)
Year Built / Renovated	1971 / 2018	1971 / 2005	1995 / 2014	1998 / n/a	2005 / n/a	1971 / 2005	1989 / n/a	1990 / n/a	1971 / 1995/2016	1975 / n/a	1988 / n/a
Market (Conv./Subsidy Type)	LIHTC/Section 8	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	Market	Market	Market	Market	Market
<b>Utility Adjustments</b>											
Cooking	yes	no	no	no	no	no	no	no	no	no	no
Water Heat	yes	no	no	no	no	no	no	no	no	no	no
Heat	yes	no	no	no	no	no	no	no	no	no	no
Other Electric	no	no	no	no	no	no	no	no	no	no	no
Water	yes	no	yes	yes	no	yes	yes	no	yes	yes	no
Sewer	yes	no	yes	yes	no	yes	yes	no	no	yes	no
Trash Collection	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	no
<b>In-Unit Amenities</b>											
Balcony/Patio	no	yes	yes	yes	yes	yes	yes	no	yes	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Cable/Satellite/Internet	no	no	no	no	no	no	no	no	yes	no	no
Carpet/Hardwood	no	no	no	no	no	no	no	no	no	no	no
Carpeting	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Dishwasher	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Exterior Storage	no	no	yes	yes	no	no	yes	no	no	no	yes
Ceiling Fan	no	yes	no	yes	yes	no	yes	yes	yes	yes	yes
Fireplace	no	no	no	yes	no	no	yes	yes	no	no	yes
Garbage Disposal	no	no	yes	yes	yes	yes	yes	yes	yes	yes	yes
Microwave	yes	no	no	yes	no	no	no	no	no	no	yes
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Skylights	no	no	no	no	no	no	no	yes	no	no	no
Vaulted Ceilings	no	no	no	yes	yes	no	yes	yes	no	no	no
Walk-In Closet	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	yes
Washer/Dryer	no	no	no	no	no	yes	no	no	no	no	yes
Washer/Dryer hookup	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	yes
<b>Property Amenities</b>											
Basketball Court	no	yes	yes	no	no	no	no	no	no	no	no
Business Center/Computer Lab	no	no	no	no	yes	no	no	no	no	no	no
Car Wash	no	no	no	yes	no	no	no	no	no	no	yes
Clubhouse/Meeting Room/Community Room	no	yes	no	yes	yes	yes	yes	yes	no	no	yes
Exercise Facility	no	yes	no	yes	yes	yes	yes	yes	no	no	yes
Central Laundry	no	no	yes	yes	yes	yes	yes	yes	yes	yes	yes
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
On-Site Management	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Picnic Area	yes	no	no	yes	yes	no	yes	no	yes	no	no
Playground	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Service Coordination	yes	no	no	no	no	no	no	no	no	no	no
Swimming Pool	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Tennis Court	no	no	no	no	yes	no	yes	yes	no	no	yes
<b>Services</b>											
Afterschool Program	yes	yes	yes	no	no	no	no	no	no	no	no
<b>Security</b>											
In-Unit Alarm	no	no	no	no	no	no	no	yes	no	no	yes
Limited Access	no	no	no	yes	yes	yes	no	yes	no	no	yes
Patrol	yes	no	no	yes	no	yes	yes	no	yes	yes	yes
Perimeter Fencing	no	no	no	yes	no	yes	no	yes	yes	no	yes

### Unit Amenities

The Subject's unit amenities will generally be slightly inferior to the LIHTC and market rate comparables, the majority of which offer patio/balconies, ceiling fans, and garbage disposals, none of which will be offered at the Subject. However, the units at the Subject will include microwaves, which are not offered at the majority of the comparables.

### Common Area Amenities

In terms of project amenities, the Subject will also generally be slightly inferior to the LIHTC and market rate comparables, as the majority offer a clubhouse/community room, exercise facility, laundry facility and swimming pool, none of which will be offered at the Subject. The Subject will continue to offer service coordination which is not offered at any of the comparables and a picnic area, which is not offered at the majority of the comparables. Additionally, the Subject will offer similar top slightly inferior security features. Overall, despite being slightly inferior, we believe that the proposed amenities will allow the Subject to effectively compete in the market.

### Utility Structure

The utility conventions differ at the comparable properties; therefore, we have adjusted "base" or "asking" rents of the comparable properties to "net" rents, reflecting the Subject's utility convention.

### MARKET CHARACTERISTICS

Following are relevant market characteristics for the comparable properties surveyed.

### Vacancy Levels

The following table illustrates the current vacancy levels reported by the comparable properties in the market.

OVERALL VACANCY				
Property Name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Breckenridge Apartments*	LIHTC	208	0	0.0%
Pinebrooke Apartments	LIHTC	130	0	0.0%
Pointe Clear Apartments	LIHTC	230	0	0.0%
Regal Park*	LIHTC	168	15	8.9%
The Park At Mount Zion	LIHTC	193	5	2.6%
Brooks Crossing	Market	224	14	6.2%
Century Lake	Market	362	25	6.9%
Flint River Crossing	Market	200	5	2.5%
Harmony Crossroads	Market	134	7	5.2%
Tara Bridge	Market	220	15	6.8%
<b>Total LIHTC</b>		<b>929</b>	<b>20</b>	<b>2.2%</b>
<b>Total Market</b>		<b>1,140</b>	<b>66</b>	<b>5.8%</b>
<b>Total</b>		<b>2,069</b>	<b>86</b>	<b>4.2%</b>

\*Located outside PMA

As illustrated, vacancy rates in the market range from zero to 8.9 percent, averaging 4.2 percent. The LIHTC comparable properties have vacancy rates ranging from zero to 8.9 percent, with an average vacancy rate of 2.2 percent. The market rate comparables are experiencing vacancy rates ranging from 2.5 percent to 6.9 percent with an average vacancy rate of 5.8 percent. One LIHTC

comparable located outside of the PMA (Regal Park) reported a vacancy rate greater than seven percent. The property manager at Regal Park reported that some of the vacant units are pre-leased and the average vacancy rate at the property is between 93 and 95 percent.

According to the rent roll dated April 7, 2016, the Subject was 95.7 percent occupied with eight vacant units, all of which are pre-leased. The property manager also reported a waiting list of 132 households for one-bedroom units, 84 households for two-bedroom units, and 15 households for three-bedroom units. According to the Subject’s historical financials, the Subject has operated with a total vacancy rate (including collection loss) between 2.8 to 5.5 percent over the past three years with an average total vacancy rate of 4.8 percent. We anticipate a vacancy rate of five percent or less in the as is and as renovated restricted scenarios and seven percent or less in the unrestricted scenario, inclusive of collection loss.

**Absorption**

None of the comparable properties were constructed recently. Additionally, we are unaware of any LIHTC properties in the PMA that have been completed since 2006, though we are aware of one that is currently proposed to be completed in January 2017. Therefore, we have extended our search for absorption data to the greater Atlanta metropolitan area. The properties are located within a 20 mile radius of the Subject site. The following table illustrates six LIHTC properties that were built since 2010 and were able to provide absorption information.

**ABSORPTION**

Property name	Type	Tenancy	Year Built	Number of Units	Units Absorbed / Month
Retreat At Edgewood	LIHTC	Family	2011	100	20
Parkside At Mechanicsville	LIHTC	Family	2012	196	60
Retreat At Edgewood Phase II	LIHTC	Family	2012	40	12
Baptist Gardens	LIHTC	Senior	2013	100	15
Betmar Village Apartments	LIHTC	Senior	2014	47	47
Columbia Mill	LIHTC	Family	2014	100	20
Steelworks	Market	Family	2014	317	21
Square On Fifth	Market	Family	2015	270	45
University House	Market	Family	2015	268	30
The Haynes House	Market	Family	2015	186	12
<b>Average</b>					<b>28</b>

As illustrated, absorption rates range from 12 to 60 units per month, with an overall average of 28 units per month. Per DCA guidelines, we have calculated the absorption rate for the Subject to achieve 93 percent occupancy. If the Subject were 100 percent vacant following the renovations with Section 8 subsidies in place for all the units, we would expect the Subject to experience an absorption pace of 20 units per month, which equates to an absorption period of approximately nine months for the Subject to reach 93 percent occupancy. It should be noted that the Subject is currently 95.7 percent occupied and 100 percent of the existing tenants are expected to continue to income qualify to reside at the Subject.



**Rental Advantage**

The following table illustrates the Subject’s similarity to the comparable properties. We inform the reader that other users of this document may underwrite the LIHTC rents to a different standard than contained in this report.

SIMILARITY MATRIX								
#	Property Name	Type	Property Amenities	Unit Features	Location	Age / Condition	Unit Size	Overall Comparison
1	Breckenridge Apartments	LIHTC	Slightly Superior	Similar	Slightly Inferior	Similar	Superior	10
2	Pinebrooke Apartments	LIHTC	Slightly Superior	Slightly Superior	Slightly Inferior	Slightly Inferior	Slightly Superior	5
3	Pointe Clear Apartments	LIHTC	Superior	Superior	Similar	Similar	Superior	30
4	Regal Park	LIHTC	Superior	Slightly Superior	Slightly Inferior	Slightly Superior	Superior	25
5	The Park At Mount Zion	LIHTC	Superior	Slightly Superior	Similar	Similar	Superior	25
6	Brooks Crossing	Market	Superior	Superior	Slightly Inferior	Slightly Inferior	Slightly Superior	15
7	Century Lake	Market	Superior	Slightly Superior	Similar	Similar	Superior	25
8	Flint River Crossing	Market	Slightly Superior	Slightly Superior	Similar	Similar	Similar	10
9	Harmony Crossroads	Market	Slightly Superior	Slightly Superior	Similar	Inferior	Superior	10
10	Tara Bridge	Market	Superior	Superior	Similar	Slightly Inferior	Slightly Superior	20

\*Inferior=-10, slightly inferior=-5, similar=0, slightly superior=5, superior=10.

**Achievable Market Rents ‘As Is’**

The Subject’s potential rental income as is restricted assumes the Section 8 program HAP contract rents, effective October 1, 2015.

**Achievable Market Rents ‘As Renovated’**

Based on the quality of the surveyed comparable properties and the anticipated quality of the proposed Subject, we conclude that the current contract rents are below the achievable market rates for the Subject’s area. The following tables show the similarity of the market rate comparables to the Subject property.

<b>SUBJECT COMPARISON TO MARKET RENTS</b>					
<b>Unit Type</b>	<b>Subject’s Current HAP Rents*</b>	<b>Surveyed Min</b>	<b>Surveyed Max</b>	<b>Surveyed Average</b>	<b>Subject Rent Advantage</b>
1 BR	\$775	\$621	\$843	\$791	-2%
2 BR	\$848	\$688	\$986	\$836	1%
3 BR	\$966	\$903	\$1,073	\$998	-3%

\*Effective 10/1/2015

<b>MARKET RENT COMPARISON</b>			
<b>Property Name</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>
<b>Subject Current HAP Rents</b>	<b>\$775</b>	<b>\$848</b>	<b>\$966</b>
<b>Subject Proposed 60% AMI Rents</b>	<b>\$712</b>	<b>\$841</b>	<b>\$968</b>
Brooks Crossing	\$841	\$828	\$903
Century Lake	\$827	\$986	-
Flint River Crossing	-	\$896	\$1,073
		\$886	\$1,001
		\$878	
		\$829	
Harmony Crossroads	\$621	\$716	-
		\$688	
Tara Bridge	\$843 \$823	\$977	\$1,016
		\$972	
		\$927	
<b>Average (excluding Subject)</b>	<b>\$791</b>	<b>\$871</b>	<b>\$998</b>
<b>Achievable Post-Renovation Market Rent</b>	<b>\$770</b>	<b>\$850</b>	<b>\$1,010</b>

The Subject’s proposed one, two, and three-bedroom LIHTC rents are within the range of comparable market rate rents.

Flint River Crossing and Tara Bridge are the most similar market rate comparables and these properties reported occupancy rates of 97.5 and 93.2 percent, respectively. The Subject will offer a slightly inferior to inferior in-unit and property amenities relative to both of these comparables but offers a similar location, similar to slightly superior condition and larger unit sizes. The Subject’s proposed LIHTC rents within or below the range of rents at these comparables.

Overall, we have estimated the Subject’s achievable post-renovation one, two, and three-bedroom market rents to be \$770, \$850, \$1,010, respectively. We believe these rents are reasonable as they are set within the comparable range.

## Indications of Demand

Based upon our market research, demographic calculations and analysis, we believe there is demand for the Subject property as conceived. Strengths of the Subject will include its age/condition, and subsidy in place on all units. Overall, the comparable properties surveyed exhibited an average vacancy rate of 4.2 percent. There is adequate demand for the Subject based on our calculations. We also believe the proposed rents offer value in the market.

The following demand analysis evaluates the potential amount of qualified households, which the Subject would have a fair chance at capturing. The structure of the analysis is based on the guidelines provided by DCA.

### 1. INCOME RESTRICTIONS

LIHTC rents are based upon a percentage of the Area Median Gross Income (“AMI”), adjusted for household size and utilities. The Georgia Department of Community Affairs (“DCA”) will estimate the relevant income levels, with annual updates. The rents are calculated assuming that the maximum net rent a household will pay is 35 percent of its household income at the appropriate AMI level.

According to DCA, household size is assumed to be 1.5 persons per bedroom for LIHTC rent calculation purposes. For example, the maximum rent for a four-person household in a two-bedroom unit is based on an assumed household size of three persons (1.5 per bedroom).

To assess the likely number of tenants in the market area eligible to live in the Subject, we use Census information as provided by ESRI Information Systems, to estimate the number of potential tenants who would qualify to occupy the Subject as a LIHTC project.

The maximum income levels are based upon information obtained from the Rent and Income Limits Guidelines Table as accessed from the DCA website.

### 2. AFFORDABILITY

As discussed above, the maximum income is set by DCA while the minimum is based upon the minimum income needed to support affordability. This is based upon a standard of 35 percent. Lower and moderate-income families typically spend greater than 30 percent of their income on housing. These expenditure amounts can range higher than 50 percent depending upon market area. However, the 30 to 40 percent range is generally considered a reasonable range of affordability. DCA guidelines utilize 35 percent for families and 40 percent for senior households. We will use these guidelines to set the minimum income levels for the demand analysis.

### 3. DEMAND

The demand for the Subject will be derived from two sources: existing households and new households. These calculations are illustrated in the following tables.

#### 3A. DEMAND FROM NEW HOUSEHOLDS

The number of new households entering the market is the first level of demand calculated. We have utilized April 2018, the anticipated date of market entry, as the base year for the analysis. Therefore, 2015 household population estimates are trended to April 2018 by interpolation of the difference

between 2015 estimates and 2020 projections. This change in households is considered the gross potential demand for the Subject property. This number is adjusted for income eligibility and renter tenure. In the following tables this calculation is identified as Step 1. This is calculated as an annual demand number. In other words, this calculates the anticipated new households in April 2018. This number takes the overall growth from 2015 to April 2018 and applies it to its respective income cohorts by percentage. This number does not reflect lower income households losing population, as this may be a result of simple dollar value inflation.

### 3B. DEMAND FROM EXISTING HOUSEHOLDS

Demand for existing households is estimated by summing three sources of potential tenants. The first source (**2a.**) is tenants who are rent overburdened. These are households who are paying over 35 percent for family households and 40 percent for senior households of their income in housing costs. This data is interpolated using CHAS data based on appropriate income levels.

The second source (**2b.**) is households living in substandard housing. We will utilize this data to determine the number of current residents that are income eligible, renter tenure, overburdened and/or living in substandard housing and likely to consider the Subject. The third source (**2c.**) is those seniors likely to move from their own homes into rental housing. This source is only appropriate when evaluating senior properties and is determined by interviews with property managers in the PMA. It should be noted that per DCA guidelines, we have lowered demand from seniors who convert to homeownership to be at or below 2.0 percent of total demand.

In general, we will utilize this data to determine the number of current residents that are income eligible, renter tenure, overburdened and/or living in substandard housing and likely to consider the Subject.

### 3C. SECONDARY MARKET AREA

Per the 2016 GA DCA Qualified Allocation Plan (QAP) and Market Study Manual, GA DCA does not consider demand from outside the Primary Market Area (PMA), including the Secondary Market Area (SMA). Therefore, we have not accounted for leakage from outside the PMA boundaries in our demand analysis.

### 3D. OTHER

DCA does not consider household turnover to be a source of market demand. Therefore, we have not accounted for household turnover in our demand analysis.

## 4. NET DEMAND, CAPTURE RATES AND STABILIZATION CALCULATIONS

The following pages will outline the overall demand components added together (3(a), 3(b) and 3(c)) less the supply of competitive developments awarded and/or constructed or placed in service from 2013 to the present.

### ADDITIONS TO SUPPLY

Additions to supply will lower the number of potential qualified households. Pursuant to our understanding of DCA guidelines, we have deducted the following units from the demand analysis.

- Comparable/competitive LIHTC and bond units (vacant or occupied) that have been funded, are under construction, or placed in service in 2014, 2015, or 2016.

- Vacancies in projects placed in service prior to 2014 that have not reached stabilized occupancy (i.e. at least 90 percent occupied).
- Comparable/competitive conventional or market rate units that are proposed, are under construction, or have entered the market from 2014 to present. As the following discussion will demonstrate, competitive market rate units are those with rent levels that are comparable to the proposed rents at the Subject.

According to the Georgia Department of Community Affairs, Townview Manor, a three-story, 60-unit property was recently allocated LIHTC’s in 2015 with an estimated completion date of January 2017. It will be located at 8099 North Main Street. The property will target seniors and will offer one and two-bedroom units at 50 and 60 percent of AMI. This property will not directly compete with the Subject because of it targeting senior tenancy. However, given DCA’s definition of competitive projects, we have deducted the proposed units at this development from our demand calculations.

**PMA OCCUPANCY**

Per DCA’s guidelines, we have determined the average occupancy rate based on all available competitive conventional and affordable properties in the PMA. We have provided a combined average occupancy level for the PMA based on the average occupancy rates reported.

OVERALL OCCUPANCY - PMA				
Property Name	Type	Tenancy	Units	Occupancy
Garden at Lake Spivey	Market	Family	200	100.0%
Fieldstone Glen	Market	Family	216	96.0%
Carrington Park	Market	Family	330	96.0%
The Marquis at Mount Zion	Market	Family	260	92.0%
Southlake Cove	Market	Family	346	92.8%
Battle Creek Village	Market	Family	250	96.0%
Marquis Grand Apartments	Market	Family	328	N/Av
Pinewood Manor	Market	Family	460	100.0%
Highland Vista	Market	Family	416	93.0%
Pointe South Apartments	Market	Family	160	93.0%
Riverwood Townhouses	Section 8	Family	292	96.0%
Valley Hill Senior Apartments	LIHTC/Market	Family	72	100.0%
Pinebrooke Apartments*	LIHTC	Family	130	100.0%
Pointe Clear Apartments*	LIHTC	Family	230	100.0%
The Park at Mount Zion*	LIHTC	Family	193	97.4%
Brooks Crossing*	Market	Family	224	93.8%
Century Lake*	Market	Family	362	93.1%
Flint River Crossing*	Market	Family	200	97.5%
Harmony Crossroads*	Market	Family	134	94.8%
Tara Bridge*	Market	Family	200	93.2%
<b>Average</b>			<b>250</b>	<b>96.0%</b>

\*Utilized as a comparable

### **Rehab Developments and Section 8**

For any properties that are rehabilitation developments, the capture rates will be based on those units that are vacant, or whose tenants will be rent burdened or over income as listed on the Tenant Relocation Spreadsheet.

Units that are subsidized with Section 8 or whose rents are more than 20 percent lower than the rent for other units of the same bedroom size in the same AMI band and comprise less than 10 percent of total units in the same AMI band will not be used in determining project demand. In addition, any units, if priced 30 percent lower than the average market rent for the bedroom type in any income segment, will be assumed to be leasable in the market and deducted from the total number of units in the project for determining capture rates.

*According to the Georgia DCA market study guidelines, capture rate calculations for proposed renovation developments will be based on those units that are vacant, or whose tenants will be rent burdened or over income as listed on the Tenant Relocation Spreadsheet provided by the applicant. Tenants who are income qualified to remain in the property at the proposed stabilized renovated rents will be deducted from the property unit count prior to determining the applicable capture rates. The Subject is an existing Section 8 development and we have provided one capture rate assuming no subsidy in place and one capture rate with the subsidy in place. The Subject currently has ten vacant units as of the date of the relocation spreadsheet, which is August 8, 2016 and all existing tenants would continue to income qualify to reside at the Subject post-renovation with subsidy in place. As such, our capture rate assuming the subsidy in place only accounts for the ten vacant units.*

*As previously discussed, without subsidy in place, two of the existing tenants (one two-bedroom and one three-bedroom) will continue to be income-qualified for their specific unit type without the Section 8 subsidy. As such, we have reduced the unit count in the non-subsidized scenario by one unit for the two and three-bedroom units. We have determined the Subject's capture rates based on 184 total units less the income-qualified tenants in each scenario and the non-revenue generating employee unit.*

*The Subject will offer one, two, and three-bedroom units restricted at 60 percent of AMI. It should be noted that DCA requires that the new rent structure will not result in rent increases during the term of existing leases at the Subject. Rent increases will be made gradually, maintaining rents that are affordable to the existing tenant base. We do not expect that the Subject will need to re-lease 184 units following renovation. Therefore, our demand analysis is considered conservative.*

### Capture Rates

The calculations and derived capture rates are illustrated in the following tables.

<b>Renter Household Income Distribution 2015 to Projected Market Entry April 2018</b>					
<b>Keystone Apartments</b>					
<b>PMA</b>					
	<b>2015</b>		<b>Projected Mkt Entry April 2018</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>% Growth</b>
\$0-9,999	2,996	17.3%	3,398	19.3%	11.8%
\$10,000-19,999	3,789	21.9%	4,236	24.1%	10.5%
\$20,000-29,999	3,570	20.7%	3,678	20.9%	3.0%
\$30,000-39,999	2,677	15.5%	2,587	14.7%	-3.5%
\$40,000-49,999	1,699	9.8%	1,575	9.0%	-7.8%
\$50,000-59,999	966	5.6%	765	4.4%	-26.2%
\$60,000-74,999	868	5.0%	772	4.4%	-12.4%
\$75,000-99,999	422	2.4%	347	2.0%	-21.7%
\$100,000-124,999	167	1.0%	129	0.7%	-29.1%
\$125,000-149,999	65	0.4%	51	0.3%	-26.2%
\$150,000-199,999	44	0.3%	32	0.2%	-37.3%
\$200,000+	20	0.1%	16	0.1%	-28.0%
<b>Total</b>	<b>17,283</b>	<b>100.0%</b>	<b>17,588</b>	<b>100.0%</b>	<b>1.7%</b>

<b>Renter Household Income Distribution Projected Market Entry April 2018</b>			
<b>Keystone Apartments</b>			
<b>PMA</b>			
	<b>Projected Mkt Entry April 2018</b>		<b>Change 2015 to Prj Mrkt Entry April 2018</b>
	<b>#</b>	<b>%</b>	<b>#</b>
\$0-9,999	3,398	19.3%	59
\$10,000-19,999	4,236	24.1%	73
\$20,000-29,999	3,678	20.9%	64
\$30,000-39,999	2,587	14.7%	45
\$40,000-49,999	1,575	9.0%	27
\$50,000-59,999	765	4.4%	13
\$60,000-74,999	772	4.4%	13
\$75,000-99,999	347	2.0%	6
\$100,000-124,999	129	0.7%	2
\$125,000-149,999	51	0.3%	1
\$150,000-199,999	32	0.2%	1
\$200,000+	16	0.1%	0
<b>Total</b>	<b>17,588</b>	<b>100.0%</b>	<b>305</b>

60 Percent AMI Demand without Section 8 Subsidies

Percent of AMI Level			60%		
Minimum Income Limit			\$24,411		
Maximum Income Limit			\$43,740 5		
Income Category	New Renter Households - Total Change in Households PMA 2015 to Prj Mrkt Entry April 2018		Income Brackets	Percent within Cohort	Renter Households within Bracket
	\$0-9,999	59			
\$10,000-19,999	73	24.1%		0.0%	0
\$20,000-29,999	64	20.9%	\$5,588	55.9%	36
\$30,000-39,999	45	14.7%	\$9,999	100.0%	45
\$40,000-49,999	27	9.0%	\$3,740	37.4%	10
\$50,000-59,999	13	4.4%		0.0%	0
\$60,000-74,999	13	4.4%		0.0%	0
\$75,000-99,999	6	2.0%		0.0%	0
\$100,000-124,999	2	0.7%		0.0%	0
\$125,000-149,999	1	0.3%		0.0%	0
\$150,000-199,999	1	0.2%		0.0%	0
\$200,000+	0	0.1%		0.0%	0
	<b>305</b>	<b>100.0%</b>			<b>91</b>
<b>Percent of renter households within limits versus total number of renter households</b>					<b>29.7%</b>

Percent of AMI Level			60%		
Minimum Income Limit			\$24,411		
Maximum Income Limit			\$43,740 5		
Income Category	Total Renter Households PMA Prj Mrkt Entry April 2018		Income Brackets	Percent within Cohort	Households within Bracket
	\$0-9,999	3,398			
\$10,000-19,999	4,236	24.1%		0.0%	0
\$20,000-29,999	3,678	20.9%	\$5,588	55.9%	2,055
\$30,000-39,999	2,587	14.7%	\$9,999	100.0%	2,587
\$40,000-49,999	1,575	9.0%	\$3,740	37.4%	589
\$50,000-59,999	765	4.4%		0.0%	0
\$60,000-74,999	772	4.4%		0.0%	0
\$75,000-99,999	347	2.0%		0.0%	0
\$100,000-124,999	129	0.7%		0.0%	0
\$125,000-149,999	51	0.3%		0.0%	0
\$150,000-199,999	32	0.2%		0.0%	0
\$200,000+	16	0.1%		0.0%	0
	<b>17,588</b>	<b>100.0%</b>			<b>5,232</b>
<b>Percent of renter households within limits versus total number of renter households</b>					<b>29.7%</b>



Does the Project Benefit from Rent Subsidy? (Y/N)	Yes		
Type of Housing (Family vs Senior)	Family		
Location of Subject (Rural versus Urban)	Urban		
Percent of Income for Housing	35%		
2000 Median Income	\$45,411		
2015 Median Income	\$42,367		
Change from 2015 to Prj Mkt Entry April 2018	(\$3,044)		
Total Percent Change	-7.2%		
Average Annual Change	-0.1%		
Inflation Rate	-0.1%	Two year adjustment	1.0000
Maximum Allowable Income	\$43,740		
Maximum Allowable Income Inflation Adjusted	\$43,740		
Maximum Number of Occupants	5		
Rent Income Categories	60%		
Initial Gross Rent for Smallest Unit	\$712		
Initial Gross Rent for Smallest Unit Inflation Adjusted	\$712		

Persons in Household	0BR	1BR	2BR	3BR	4BR	5BR	Total
1	0%	80%	20%	0%	0%	0%	100%
2	0%	10%	90%	0%	0%	0%	100%
3	0%	0%	60%	40%	0%	0%	100%
4	0%	0%	0%	80%	20%	0%	100%
5+	0%	0%	0%	70%	30%	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Renter Households 2015 to Prj Mrkt Entry April 2018

Income Target Population		60%
New Renter Households PMA		305
Percent Income Qualified		29.7%
New Renter Income Qualified Households		91

STEP 2a. Please refer to text for complete explanation.

Demand from Existing Households 2015

Demand form Rent Overburdened Households		
Income Target Population		60%
Total Existing Demand		17,588
Income Qualified		29.7%
Income Qualified Renter Households		5,232
Percent Rent Overburdened Prj Mrkt Entry April 2018		30.2%
Rent Overburdened Households		1,582

STEP 2b. Please refer to text for complete explanation.

Demand from Living in Substandard Housing

Income Qualified Renter Households		5,232
Percent Living in Substandard Housing		0.3%
Households Living in Substandard Housing		14

STEP 2c. Please refer to text for complete explanation.

Senior Households Converting from Homeownership

Income Target Population		60%
Total Senior Homeowners		0
Rural Versus Urban	2.0%	
Senior Demand Converting from Homeownership		0

Total Demand

Total Demand from Existing Households		1,596
Adjustment Factor - Leakage from SMA	100%	0
Adjusted Demand from Existing Households		1,596
Total New Demand		91
Total Demand (New Plus Existing Households)		1,686

Demand from Seniors Who Convert from Homeownership		0
Percent of Total Demand From Homeownership Conversion		0.0%
Is this Demand Over 2 percent of Total Demand?		No

By Bedroom Demand

One Person	26.7%	450
Two Persons	23.2%	391
Three Persons	18.8%	316
Four Persons	14.2%	239
Five Persons	17.1%	289
Total	100.0%	1,686

To place Person Demand into Bedroom Type Units

Of one-person households in 1BR units	80%	360
Of two-person households in 1BR units	10%	39
Of one-person households in 2BR units	20%	90
Of two-person households in 2BR units	90%	352
Of three-person households in 2BR units	60%	190
Of three-person households in 3BR units	40%	127
Of four-person households in 3BR units	80%	192
Of five-person households in 3BR units	70%	202
Of four-person households in 4BR units	20%	48
Of five-person households in 4BR units	30%	87
<b>Total Demand</b>		<b>1,686</b>

Total Demand by Bedroom 60%

1 BR	399
2 BR	632
3 BR	520
4 BR	135
<b>Total Demand</b>	<b>1,551</b>

Additions To Supply 2015 to Prj Mrkt Entry April 2018 60%

1 BR	13
2 BR	27
3 BR	0
4 BR	0
<b>Total</b>	<b>40</b>

Net Demand 60%

1 BR	386
2 BR	605
3 BR	520
4 BR	135
<b>Total</b>	<b>1,511</b>

Developer's Unit Mix 60%

1 BR	24
2 BR	87
3 BR	70
4 BR	0
<b>Total</b>	<b>181</b>

Capture Rate Analysis 60%

1 BR	6.2%
2 BR	14.4%
3 BR	13.5%
4 BR	N/A
<b>Total</b>	<b>12.0%</b>

60 Percent AMI Demand with Section 8 Subsidies

Percent of AMI Level			60% /Section 8		
Minimum Income Limit			\$0		
Maximum Income Limit			\$43,740 5		
Income Category	New Renter Households - Total Change in Households PMA 2015 to Prj Mrkt Entry April 2018		Income Brackets	Percent within Cohort	Renter Households within Bracket
	\$0-9,999	59			
\$10,000-19,999	73	24.1%	9,999	100.0%	73
\$20,000-29,999	64	20.9%	\$9,999	100.0%	64
\$30,000-39,999	45	14.7%	\$9,999	100.0%	45
\$40,000-49,999	27	9.0%	\$3,740	37.4%	10
\$50,000-59,999	13	4.4%		0.0%	0
\$60,000-74,999	13	4.4%		0.0%	0
\$75,000-99,999	6	2.0%		0.0%	0
\$100,000-124,999	2	0.7%		0.0%	0
\$125,000-149,999	1	0.3%		0.0%	0
\$150,000-199,999	1	0.2%		0.0%	0
\$200,000+	0	0.1%		0.0%	0
	<b>305</b>	<b>100.0%</b>			<b>251</b>
<b>Percent of renter households within limits versus total number of renter households</b>					<b>82.4%</b>

Percent of AMI Level			60% /Section 8		
Minimum Income Limit			\$0		
Maximum Income Limit			\$43,740 5		
Income Category	Total Renter Households PMA Prj Mrkt Entry April 2018		Income Brackets	Percent within Cohort	Households within Bracket
	\$0-9,999	3,398			
\$10,000-19,999	4,236	24.1%	\$9,999	100.0%	4,236
\$20,000-29,999	3,678	20.9%	\$9,999	100.0%	3,678
\$30,000-39,999	2,587	14.7%	\$9,999	100.0%	2,587
\$40,000-49,999	1,575	9.0%	\$3,740	37.4%	589
\$50,000-59,999	765	4.4%		0.0%	0
\$60,000-74,999	772	4.4%		0.0%	0
\$75,000-99,999	347	2.0%		0.0%	0
\$100,000-124,999	129	0.7%		0.0%	0
\$125,000-149,999	51	0.3%		0.0%	0
\$150,000-199,999	32	0.2%		0.0%	0
\$200,000+	16	0.1%		0.0%	0
	<b>17,588</b>	<b>100.0%</b>			<b>14,489</b>
<b>Percent of renter households within limits versus total number of renter households</b>					<b>82.4%</b>

Does the Project Benefit from Rent Subsidy? (Y/N)	Yes		
Type of Housing (Family vs Senior)	Family		
Location of Subject (Rural versus Urban)	Urban		
Percent of Income for Housing	35%		
2000 Median Income	\$45,411		
2015 Median Income	\$42,367		
Change from 2015 to Prj Mrkt Entry April 2018	(\$3,044)		
Total Percent Change	-7.2%		
Average Annual Change	-0.1%		
Inflation Rate	-0.1%	Two year adjustment	1.0000
Maximum Allowable Income	\$43,740		
Maximum Allowable Income Inflation Adjusted	\$43,740		
Maximum Number of Occupants	5		
Rent Income Categories	60%/Section 8		
Initial Gross Rent for Smallest Unit	\$712		
Initial Gross Rent for Smallest Unit Inflation Adjusted	\$712		

Persons in Household	0BR	1BR	2BR	3BR	4BR	5BR	Total
1	0%	80%	20%	0%	0%	0%	100%
2	0%	10%	90%	0%	0%	0%	100%
3	0%	0%	60%	40%	0%	0%	100%
4	0%	0%	0%	80%	20%	0%	100%
5+	0%	0%	0%	70%	30%	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Renter Households 2015 to Prj Mrkt Entry April 2018

Income Target Population		60%/Section 8
New Renter Households PMA		305
Percent Income Qualified		82.4%
New Renter Income Qualified Households		251

STEP 2a. Please refer to text for complete explanation.

Demand from Existing Households 2015

Demand form Rent Overburdened Households		
Income Target Population		60%/Section 8
Total Existing Demand		17,588
Income Qualified		82.4%
Income Qualified Renter Households		14,489
Percent Rent Overburdened Prj Mrkt Entry April 2018		30.2%
Rent Overburdened Households		4,381

STEP 2b. Please refer to text for complete explanation.

Demand from Living in Substandard Housing

Income Qualified Renter Households		14,489
Percent Living in Substandard Housing		0.3%
Households Living in Substandard Housing		38

STEP 2c. Please refer to text for complete explanation.

Senior Households Converting from Homeownership

Income Target Population		60%/Section 8
Total Senior Homeowners		0
Rural Versus Urban	2.0%	
Senior Demand Converting from Homeownership		0

Total Demand

Total Demand from Existing Households		4,419
Adjustment Factor - Leakage from SMA	100%	0
Adjusted Demand from Existing Households		4,419
Total New Demand		251
Total Demand (New Plus Existing Households)		4,670

Demand from Seniors Who Convert from Homeownership		0
Percent of Total Demand From Homeownership Conversion		0.0%
Is this Demand Over 2 percent of Total Demand?		No

By Bedroom Demand

One Person	26.7%	1,246
Two Persons	23.2%	1,084
Three Persons	18.8%	877
Four Persons	14.2%	663
Five Persons	17.1%	800
Total	100.0%	4,670

To place Person Demand into Bedroom Type Units

Of one-person households in 1BR units	80%	997
Of two-person households in 1BR units	10%	108
Of one-person households in 2BR units	20%	249
Of two-person households in 2BR units	90%	976
Of three-person households in 2BR units	60%	526
Of three-person households in 3BR units	40%	351
Of four-person households in 3BR units	80%	530
Of five-person households in 3BR units	70%	560
Of four-person households in 4BR units	20%	133
Of five-person households in 4BR units	30%	240
<b>Total Demand</b>		<b>4,670</b>

Total Demand by Bedroom

60%/Section 8

1 BR	1,106
2 BR	1,751
3 BR	1,441
4 BR	373
<b>Total Demand</b>	<b>4,297</b>

Additions To Supply 2015 to Prj Mrkt Entry April 2018

60%/Section 8

1 BR	13
2 BR	27
3 BR	0
4 BR	0
<b>Total</b>	<b>40</b>

Net Demand

60%/Section 8

1 BR	1,093
2 BR	1,724
3 BR	1,441
4 BR	373
<b>Total</b>	<b>4,257</b>

Developer's Unit Mix

60%/Section 8

1 BR	2
2 BR	5
3 BR	3
4 BR	0
<b>Total</b>	<b>10</b>

Capture Rate Analysis

60%/Section 8

1 BR	0.2%
2 BR	0.3%
3 BR	0.2%
4 BR	N/A
<b>Total</b>	<b>0.2%</b>

**Conclusions**

We have conducted such an analysis to determine a base of demand for the Subject as an LIHTC property. Several factors affect the indicated capture rates and are discussed following.

- The number of renter households in the PMA is expected to increase by 305 households between 2015 and the date of market entry.
- The Subject will continue to attract a wide range of household sizes in offering one through three-bedroom units.
- Per 2016 DCA guidelines, our demand analysis does not account for leakage outside the PMA. In actuality, we expect that the Subject will experience a moderate leakage rate of 15 percent. As such, the demand analysis is conservative as this leakage factor is not included.

CAPTURE RATE ANALYSIS CHART - WITHOUT SUBSIDY										
Bedrooms/AMI Level	Income Limits	Units Proposed*	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Average Market Rent	Market Rents Band Min-Max	Proposed Rents
1BR at 60% AMI	\$24,411-\$32,400	24	399	13	386	6.2%	Nine months	\$825	\$825	\$712
2BR at 60% AMI	\$28,834-\$36,480	87	632	27	605	14.4%	Nine months	\$925	\$925	\$841
3BR at 60% AMI	\$33,189-\$43,740	70	520	0	520	13.5%	Nine months	\$1,025	\$1,025	\$968
<b>Overall - 60% AMI</b>	<b>\$24,411-\$43,740</b>	<b>181</b>	<b>1,551</b>	<b>40</b>	<b>1,511</b>	<b>12.0%</b>	<b>Nine months</b>	-	-	-

\*Excludes existing tenants who are income-qualified and employee unit

CAPTURE RATE ANALYSIS CHART - WITH SUBSIDY										
Bedrooms/AMI Level	Income Limits	Units Proposed*	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Average Market Rent	Market Rents Band Min-Max	Proposed Rents
1BR at 60% AMI	\$0-\$32,400	2	1,106	13	1,093	0.2%	Nine months	\$825	\$825	\$712
2BR at 60% AMI	\$0-\$36,480	5	1,751	27	1,724	0.3%	Nine months	\$925	\$925	\$841
3BR at 60% AMI	\$0-\$43,740	3	1,441	0	1,441	0.2%	Nine months	\$1,025	\$1,025	\$968
<b>Overall - 60% AMI</b>	<b>\$0-\$43,740</b>	<b>10</b>	<b>4,297</b>	<b>40</b>	<b>4,257</b>	<b>0.2%</b>	<b>Nine months</b>	-	-	-

\*Excludes existing tenants who are income-qualified and employee unit



<b>DEMAND AND NET DEMAND</b>		
	<b>HH at 60% AMI (min to max income)</b>	<b>HH at 60% AMI w/ Section 8 (min to max income)</b>
Demand from New Households (age and income appropriate)	91	251
<b>PLUS</b>	+	+
Demand from Existing Renter Households - Substandard Housing	14	38
<b>PLUS</b>	+	+
Demand from Existing Renter Households - Rent Overburdened Households	1,407	3,968
<b>PLUS</b>	+	+
Secondary Market Demand adjustment IF ANY Subject to 15% Limitation	0	0
=		
<b>Sub Total</b>	<b>1,511</b>	<b>4,257</b>
Demand from Existing Households - Elderly Homeowner Turnover (Limited to 20% where applicable)	0	0
<b>Equals Total Demand</b>	<b>1,511</b>	<b>4,257</b>
<b>Less</b>	-	-
New Supply	40	40
<b>Equals Net Demand</b>	<b>1,471</b>	<b>4,217</b>

As the analysis illustrates, the Subject’s capture rates at the 60 percent AMI level without Section 8 subsidies will range from 6.2 to 14.4 percent, with an overall capture rate of 12.0 percent. The Subject’s capture rates at the 60 percent AMI level with Section 8 subsidies will range from 0.2 to 0.3 percent, with an overall capture rate of 0.2 percent. Therefore, we believe there is more than adequate demand for the Subject.

**HIGHEST AND BEST USE**

## HIGHEST AND BEST USE

Highest and Best Use may be defined as that legal use which will yield the highest net present value to the land, or that land use which may reasonably be expected to produce the greatest net return over a given period of time.

Investors continually attempt to maximize profits on invested capital. The observations of investor activities in the area are an indication of that use which can be expected to produce the greatest net return to the land. The principle of conformity holds, in part, that conformity in use is usually a highly desirable adjunct of real property, since it creates and/or maintains maximum value, and it is maximum value which affords the owner maximum returns.

The Dictionary of Real Estate Appraisal (Sixth Edition, 2016), published by the Appraisal Institute, defines Highest and Best Use as:

"The reasonably probable and use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."

It is to be recognized that in cases where a site has existing improvements on it, the Highest and Best Use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its Highest and Best Use exceeds the total value of the property in its existing use. Implied in this definition is that the determination of Highest and Best Use takes into account the contribution of a specific use to the community and the community's development goals, as well as the benefits of that use to individual property owners. The principle of Highest and Best Use may be applied to the site if vacant, and to the site as it is improved.

The Highest and Best Use determination is a function of neighborhood land use trends, property size, shape, zoning, and other physical factors, as well as the market environment in which the property must compete. In arriving at the estimate of Highest and Best Use, the Subject site is analyzed "as if vacant", meaning vacant and available for development, and also "as is".

Four tests are typically used to determine the Highest and Best Use of a particular property. Thus, the following areas are addressed.

1. **Physically Possible:** The uses which it is physically possible to put on the site in question.
2. **Legally Permissible:** The uses that are permitted by zoning and deed restrictions on the site in question.
3. **Feasible Use:** The possible and permissible uses that will produce any net return to the owner of the site.
4. **Maximally Productive:** Among the feasible uses, the use that will produce the highest net return or the highest present worth.

**HIGHEST AND BEST USE AS VACANT****Physically Possible**

The Subject site contains approximately 16.9 acres. The Subject site has generally level topography and an irregular shape. The site has good accessibility and is considered adequate for a variety of legally permissible uses.

**Legally Permissible**

The Subject site is zoned R-M, Multifamily Residential District. The R-M multifamily residential district is established to provide for multifamily dwellings on properties having a minimum area of two acres. The district accommodates residential development with a maximum allowable density of 12 units per acre and is intended to serve a rental market in which attached units are available in a setting with common amenities and greenspace. The zoning permits a maximum building height of 40 feet, or three stories.

The comparable land sales indicate a density range between 4.5 and 151.8 units per acre. We are aware of one proposed LIHTC development in Jonesboro that will be developed to a density of 5.7 units per acre. We were also able to obtain density information from three of the rent comparables in Jonesboro, which range from 8.2 to 10.6 units per acre with an average density of 9.5 units per acre. Given the development patterns of the immediate area, we believe a density of 10.0 units per acre is market-oriented, or 169 total units.

**Financially Feasible**

The cost of the land limits those uses that are financially feasible for the site. Any uses of the Subject site that provide a financial return to the land in excess of the cost of the land are those uses that are financially feasible.

The Subject's feasible uses are restricted to those that are allowed by zoning classifications, and are physically possible. As noted in the zoning section, the site can be used for varying densities of residential uses. Given the site attributes, allowable uses and surrounding uses, we believe multifamily residential development is most likely.

In order to determine financial feasibility for a multifamily property scenario, we performed a simple development analysis, based upon the rental and cost data secured during our market investigation. We used a residual technique to determine the cost feasibility of multifamily development. It should be noted that we derived the replacement costs using the price per square foot to construct multifamily development as provided by RS Means.

<b>COST ANALYSIS</b>	
Stabilized Overall Capitalization Rate	6.7%
Typical Economic Life	55
Inferred Annual Building Recapture Rate	1.4%
Inferred Land to Total Value Ratio (M)	8.8%
Land Capitalization Rate	Rl
Building Capitalization Rate (Rl + Recapture Rate)	Rb
$Ro = (Rl * M) + ((1 - M) * Rb)$	
Rl=	5.5%
Rb=	6.9%
Land Value	\$1,770,000
Land Capitalization Rate	5.5%
Required Return to Land	\$97,350
Replacement Cost of Improvements	\$20,105,936
Building Capitalization Rate (Rb)	6.9%
Required Return On and Recapture of Improvement Costs	\$1,387,310
Total Required Net Operating Income	\$1,484,660
Net Rentable Square Footage	169,047
Required NOI per SF of Improvements	\$8.8
Operating Expenses per SF	\$6.0
Required Effective Gross Revenue	\$14.8
Stabilized Vacancy Adjustment Factor	74%
<b>Cost Feasible Market Rent</b>	<b>\$15.52</b>
<b>Market Rent (based on market rental rates)</b>	<b>\$11.78</b>

According to the cost analysis in the table above, market rate development is not feasible in the area at this time.

### **Maximally Productive**

Based upon our analysis, new construction of an affordable apartment community with some source of gap funding, such as Low Income Housing Tax Credits or favorable financing is most likely. Therefore, the maximally productive use of this site as if vacant would be to construct a multifamily rental property with financial subsidies.

**Highest and Best Use As If Vacant:**

Based on the recent development patterns, the highest and best use “as if vacant” would be to construct a 169-unit multifamily development with subsidy or gap financing, such as LIHTC.

**Highest and Best Use As Improved:**

The Subject property currently operates as an affordable multifamily property in fair condition. The property currently generates positive income and it is not deemed feasible to tear it down for an alternative use. Therefore, the highest and best use of the site, as improved, would be to continue to operate as an affordable multifamily housing development.

# **APPRAISAL METHODOLOGY**

## **APPRAISAL METHODOLOGY**

Contemporary appraisers usually gather and process data according to the discipline of the three approaches to value.

The cost approach consists of a summation of land value (as though vacant) and the cost to reproduce or replace the improvements, less appropriate deductions for depreciation. Reproduction cost is the cost to construct a replica of the Subject improvements. Replacement cost is the cost to construct improvements having equal utility.

In the sales comparison approach, we estimate the value of a property by comparing it with similar, recently sold properties in surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution. There is adequate information to use the sales comparison approach and both the EGIM analysis and NOI/Unit analyses in valuing the Subject property.

The income capitalization approach requires estimation of the anticipated economic benefits of ownership, gross and net incomes, and capitalization of these estimates into an indication of value using investor yield or return requirements. Yield requirements reflect the expectations of investors in terms of property performance, risk and alternative investment possibilities. The Subject is an income producing property and this is considered to be the best method of valuation.

## **APPLICABILITY TO THE SUBJECT PROPERTY**

The employment of the Cost Approach in the valuation process is based on the principle of substitution. Investors in the marketplace do not typically rely upon the cost approach. As a result, the cost approach is considered to have only limited use in the valuation of the Subject property. However, we have provided an estimate of land value.

The income capitalization approach requires estimation of the anticipated economic benefits of ownership, gross and net incomes, and capitalization of these estimates into an indication of value using investor yield or return requirements. Yield requirements reflect the expectations of investors in terms of property performance, risk, and alternative investment possibilities. Because the Subject will be an income producing property, this is considered to be the best method of valuation. A direct capitalization technique is utilized.

In the sales comparison approach, we estimate the value of a property by comparing it with similar, recently sold properties in surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution. There is adequate information to use both the EGIM and NOI/Unit analyses in valuing the Subject property.



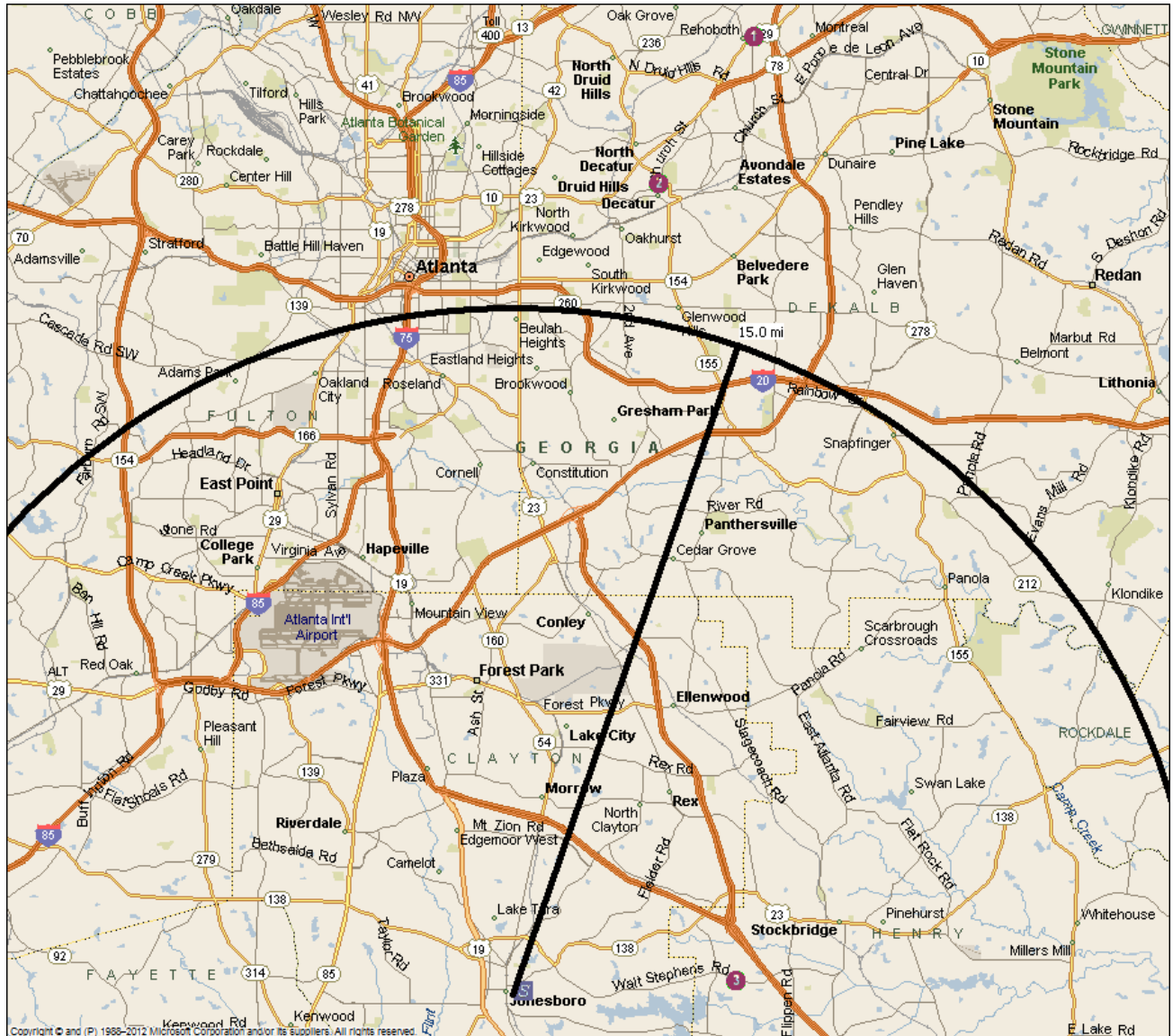
**LAND VALUE**

**LAND VALUATION**

To arrive at an opinion of land value for the Subject site, we have analyzed actual sales of comparable sites in the competitive area. In performing the market valuation, an extensive search for recent transfers of land zoned for multifamily development within the region was made. We were able to locate four land sales occurring between August 2012 and June 2015.

No two parcels of land are alike; therefore, these sales have been adjusted for various factors including location, size, shape, topography, utility, and marketability. The adjustments are the result of a careful analysis of market data, as well as interviews with various informed buyers, sellers, real estate brokers, builders, and lending institutions. A map of the comparable land sales is included on the following page. Individual descriptions of these land sale transactions are included on the following pages. It should be noted that, according to local real estate brokers, there have been few recent transactions of vacant land intended for multifamily use. We are aware of one proposed LIHTC multifamily developments in Jonesboro and we made numerous attempts to contact the developer to obtain information regarding the purchase of the site; however as of the date of this report, our calls have not been returned. The land sales selected are deemed to be the most comparable to the Subject.

Land Sales Maps



The following table summarizes the land sale transactions. A profile of each sale is located on the following pages.

COMPARABLE LAND SALES							
Number	Location	City	Sale Date	Price	Acres	Units	Price/Unit
1	2671-2683 Lawrenceville Hwy	Decatur, GA 30312	Feb-16	\$2,550,000	9.29	200	\$12,750
2	160 Clairmont Avenue	Decatur, GA 30030	Apr-14	\$3,050,000	1.10	167	\$18,263
3	100 Monarch Village Way	Stockbridge, GA 30281	Aug-13	\$990,000	8.81	40	\$24,750

**Land Sale 1**

**Location:** 2671-2683 Lawrenceville Hwy  
Decatur, GA 30312



**Buyer:** Decatur Mansions Senior Living, LLC  
**Seller:** TPA-Arrowhead, LLC  
**Sale Date:** February-16  
**Sale Price:** \$2,550,000  
**Financing:** Cash

**Number of Units:** 200  
**Site:** Acre(s) 9.290  
 Square Footage 404,672  
**Zoning** Multifamily  
**Corner** Yes  
**Topography** Level  
**Shape** Irregular

**Sale Price:** Per Unit \$12,750  
 Per Acre \$274,489  
 Per SF \$6.30

**Comments:**  
 This site is proposed for construction of a 200-unit senior development. Construction has yet to begin and a timeline was not available.

**Verification:** Broker, DeKalb County Tax Commissioner

**Land Sale 2**

**Location:** 160 Clairmont Avenue  
Decatur, GA 30030



**Buyer:** Trammell Crow Residential Company  
**Seller:** Parmeter Realty Partners  
**Sale Date:** April-14  
**Sale Price:** \$3,050,000  
**Financing:** Cash

**Number of Units:** 167  
**Site:** Acre(s) 1.100  
 Square Footage 47,916  
**Zoning** Multifamily  
**Corner** Yes  
**Topography** Level  
**Shape** Irregular

**Sale Price:** Per Unit \$18,263  
 Per Acre \$2,772,727  
 Per SF \$63.65

**Comments:**  
 The site has been improved with Alexan 1133, a market rate multifamily development that was completed in December 2015.

**Verification:** Costar, Broker, DeKalb County Tax Commissioner

**Land Sale 3**

**Location:** 100 Monarch Village Way  
Stockbridge, GA 30281



**Buyer:** Constant Care Family Management  
**Seller:** Urban Land Holdings, Inc.  
**Sale Date:** August-13  
**Sale Price:** \$990,000  
**Financing:** Cash

**Number of Units:** 40  
**Site:** Acre(s) 8.810  
Square Footage 383,764  
**Zoning** Multifamily  
**Corner** No  
**Topography** Level  
**Shape** Irregular

**Sale Price:** Per Unit \$24,750  
Per Acre \$112,372  
Per SF \$2.58

**Comments:**  
The site has been improved with Autumn Leaves of Stockbridge, a 40-unit assisted living memory care development that was completed in 2014.

**Verification:** Costar, Developer, Henry County Tax Commissioner

**ADJUSTMENTS**

The following table illustrates adjustments applied to the sale comparables.

<b>Comparable Land Data Adjustment Grid</b>				
	Subject	1	2	3
Location	145 S. McDonough	2671-2683	160 Clairmont	100 Monarch Village
City, State	Jonesboro, GA 30236	Decatur, GA 30312	Decatur, GA 30030	Stockbridge, GA 30281
Parcel Data				
Zoning	Multifamily	Multifamily	Multifamily	Multifamily
Topography	Level	Level	Level	Level
Shape	Irregular	Irregular	Irregular	Irregular
Corner	No	Yes	Yes	No
Size (SF)	736,164	404,672	47,916	383,764
Size (Acres)	16.9	9.29	1.10	8.81
Units	169	200	167	40
Units Per Acre	10.0	21.5	151.8	4.5
Sales Data				
Date		Feb-16	Apr-14	Aug-13
Interest		Fee Simple	Fee Simple	Fee Simple
Price		\$2,550,000	\$3,050,000	\$990,000
Price per Unit		\$12,750	\$18,263	\$24,750
Adjustments				
Property Rights		0	0	0
		\$2,550,000	\$3,050,000	\$990,000
Financing		0	0	0
		\$2,550,000	\$3,050,000	\$990,000
Conditions of Sale		0	0	0
		\$2,550,000	\$3,050,000	\$990,000
Market Conditions		0%	5%	5%
Adjusted Sale Price		\$2,550,000	\$3,202,500	\$1,039,500
Adjusted Price Per Unit		\$12,750	\$19,177	\$25,988
Adjustments				
Location		-20%	-45%	-25%
Zoning/Density		0%	0%	0%
Topography		0%	0%	0%
Shape		0%	0%	0%
Size/Number of Units		5%	0%	-35%
Overall Adjustment		-15%	-45%	-60%
Adjusted Price Per Unit		\$10,838	\$10,547	\$10,395
Low	\$10,395			
High	\$10,838			
Mean	\$10,593			
Median	\$10,547			
Conclusion	\$10,500	x	169	\$1,774,500
<b>Rounded</b>				<b>\$1,770,000</b>

As illustrated, adjustments have been made based on price differences created by the following factors:

- **Property Rights**
- **Financing**
- **Conditions of Sale**
- **Market Conditions**
- **Location**
- **Zoning/Density**
- **Topography**
- **Shape**
- **Size/Number of Units**

### **Property Rights**

All of the sales used in this analysis represent the conveyance of the fee simple interest in the respective properties. No adjustments are warranted.

### **Financing**

If applicable, the comparable sales must be adjusted for financing terms. The adjustment renders the sale price to cash equivalent terms. All of the sales are considered to be cash equivalent and no adjustment is necessary.

### **Conditions of Sale**

This adjustment is used if there are any unusual circumstances surrounding the transactions such as foreclosures, bulk sales, related parties, assemblages, etc. All of the comparable sales are considered to be market-oriented, arms-length transactions. As a result, no additional adjustments are needed.

### **Market Conditions**

Real estate values change over time. The rate of this change fluctuates due to investors' perceptions and responses to prevailing market conditions. This adjustment category reflects market differences occurring between the effective date of the appraisal and the sale date of comparables, when values have appreciated or depreciated.

The comparable sales occurred between August 2013 and February 2016 and all occurred in a post-recessed market. Overall, capitalization rate trends in the region appear to have generally followed the national capitalization rate trends over the past several years, and are a good indication of changes in market conditions and resulting land value over time. We have adjusted Sales 2 and 3 upward by five percent for market conditions given the change in capitalization rates between each sale and the first quarter of 2016. Historical capitalization rate trends are illustrated in the table on the following page.



PwC Real Estate Investor Survey - National Apartment Market Overall Capitalization Rate - Institutional Grade Investments		
Quarter	Cap Rate	Change (bps)
<b>3Q13</b>	<b>5.61</b>	<b>-0.09</b>
4Q13	5.80	0.19
<b>1Q14</b>	<b>5.79</b>	<b>-0.01</b>
2Q14	5.59	-0.20
3Q14	5.51	-0.08
4Q14	5.36	-0.15
1Q15	5.36	0.00
2Q15	5.30	-0.06
3Q15	5.39	0.09
4Q15	5.35	-0.04
<b>1Q16</b>	<b>5.35</b>	<b>0.00</b>

Source: PwC Real Estate Investor Survey, Q1 2016

### Location

Location encompasses a number of issues, including location within different market areas with different supply/demand pressures, the character/condition of surrounding development, access, and visibility. It is important to assess which factors truly impact value for different types of real estate. The following tables compared median rents, median household incomes, and median home prices for the Subject and comparable zip codes.

MEDIAN RENT			
	Zip Code	Median Rent	Differential
<b>Subject</b>	<b>30236</b>	<b>\$896</b>	-
1	30312	\$929	-3.7%
2	30030	\$895	0.1%
3	30281	\$1,007	-12.4%

Source: City-data.com, 5/2016

MEDIAN HOUSEHOLD INCOME			
	Zip Code	HH Income	Differential
<b>Subject</b>	<b>30236</b>	<b>\$40,107</b>	-
1	30312	\$39,105	2.5%
2	30030	\$66,134	-64.9%
3	30281	\$53,818	-34.2%

Source: City-data.com, 5/2016

MEDIAN HOME PRICE			
	Zip Code	Average Sale Price	Differential
<b>Subject</b>	<b>30236</b>	<b>\$122,800</b>	-
1	30312	\$189,400	-54.2%
2	30030	\$307,800	-150.7%
3	30281	\$132,000	-7.5%

Source: City-data.com, 5/2016

Sale 1 is located in Decatur, approximately 21.8 miles northeast of the Subject. This sale is located in a neighborhood with a slightly higher median rent, a similar median household income, and a

higher median home value. This comparable also offers slightly superior access to Atlanta. Taking all of this information into account along with our observations during our site inspection, we have applied a downward adjustment of 20 percent to this comparable for its superior location.

Sale 2 is also located in Decatur, approximately 18.2 miles northeast of the Subject. This sale is located in a neighborhood with a similar median rent, a higher median household income, and a higher median home value. This comparable also offers superior access to Atlanta and is surrounded by Class A multifamily developments and commercial/retail uses, which are superior to the Subject's surrounding land uses. Taking all of this information into account along with our observations during our site inspection, we have applied a downward adjustment of 45 percent to this comparable for its superior location.

Sale 3 is also located in Stockbridge, approximately 5.1 miles east of the Subject. This sale is located in a neighborhood with a higher median rent, median household income and median home price. This comparable offers similar access to Atlanta and has similar surrounding land uses relative to the Subject. Taking all of this information into account along with our observations during our site inspection, we have applied a downward adjustment of 25 percent to this comparable for its superior location.

#### **Zoning/Density**

All of the land sales' zoning permits multifamily development; therefore no adjustments are necessary.

#### **Shape**

Site characteristics such as access, frontage, visibility, and shape can affect the marketability of sites, making them more or less attractive to investors. The Subject has generally similar shape, access, and visibility as the comparable sales. No adjustment is warranted.

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

With respect to size, the pool of potential purchasers decreases as property size (and purchase price) increases. The pricing relationship is not linear and certain property sizes, while different, may not receive differing prices based on the grouping within levels. Sale 1 is slightly larger than the Subject and received an upward adjustment of five percent, Sale 2 is generally similar to the Subject in terms of size and was not adjusted, and Sale 3 is significantly smaller than the Subject and received a downward adjustment of 35 percent.

**CONCLUSION OF VALUE**

The sales indicate a range of adjusted price per unit from \$10,395 to \$10,838 per unit, with a mean of \$10,593 per unit. Sale 1 is the most recent, while Sale 2 is the most similar in terms of size. We have concluded to a sale price of \$10,500 per unit.

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the value of the underlying land in fee simple, as of May 20, 2016, is:

**ONE MILLION SEVEN HUNDRED SEVENTY THOUSAND DOLLARS  
(\$1,770,000)**

# **INCOME CAPITALIZATION APPROACH**

## INCOME CAPITALIZATION APPROACH

### INTRODUCTION

We were asked to provide several value estimates, including:

- Market Value “As Is.”
- Hypothetical Market Value Upon Completion Assuming Restricted Rents.
- Hypothetical Market Value Upon Completion Assuming Unrestricted Rents.
- Hypothetical Market Value “As Complete and Stabilized” – Assuming Restricted Rents.
- Hypothetical Market Value “As Complete and Stabilized” – Assuming Unrestricted Rents.
- Prospective Market Value At Loan Maturity Assuming Restricted Rents.
- Prospective Market Value At Loan Maturity Assuming Unrestricted Rents.

The market values “as complete and stabilized” are hypothetical value estimates based upon the anticipated benefits and timing of encumbrances and the development plan as proposed by the developer, as described in the “Description of Improvements” section of this report. *Please see attached assumptions and limiting conditions for additional remarks concerning hypothetical value estimates.*

The Income Capitalization Approach to value is based upon the premise that the value of an income-producing property is largely determined by the ability of the property to produce future economic benefits. The value of such a property to the prudent investor lies in anticipated annual cash flows and an eventual sale of the property. An estimate of the property’s market value is derived via the capitalization of these future income streams.

The Subject’s market value for all scenarios is determined using Direct Capitalization with the exception of its prospective market value at loan maturity, which is determined utilizing a discounted cash flow analysis in both scenarios.

**POTENTIAL GROSS INCOME**

In our search for properties comparable to the Subject, we concentrated on obtaining information on those projects considered similar to the Subject improvements on the basis of location, size, age, condition, design, quality of construction and overall appeal. In our market analysis we provided the results of our research regarding properties considered generally comparable or similar to the Subject.

The potential gross income of the Subject is the total annual income capable of being generated by all sources, including rental revenue and other income sources. The Subject’s potential rental income for the as is and as renovated restricted scenarios assumes the current contract rents. The as proposed unrestricted income assumes the achievable as renovated unrestricted rents derived in the *Supply Section* of this report.

<b>POTENTIAL GROSS RENTAL INCOME - AS IS RESTRICTED</b>				
<b>Unit Type</b>	<b>Number of Units</b>	<b>Current Net Contract Rents</b>	<b>Monthly Gross Rent</b>	<b>Annual Gross Rent</b>
<i>Section 8</i>				
1BR/1BA	24	\$775	\$18,600	\$223,200
2BR/1BA	88	\$848	\$74,624	\$895,488
3BR/2BA	71	\$966	\$68,586	\$823,032
<i>Employee Unit</i>				
3BR/2BA	1	\$966	\$966	\$11,592
<b>Total</b>	<b>184</b>			<b>\$1,953,312</b>

<b>POTENTIAL GROSS RENTAL INCOME - AS RENOVATED RESTRICTED</b>				
<b>Unit Type</b>	<b>Number of Units</b>	<b>Section 8 Contract Rents</b>	<b>Monthly Gross Rent</b>	<b>Annual Gross Rent</b>
<i>60% AMI/Section 8</i>				
1BR/1BA	24	\$775	\$18,600	\$223,200
2BR/1BA	88	\$848	\$74,624	\$895,488
3BR/2BA	71	\$966	\$68,586	\$823,032
<i>Employee Unit</i>				
3BR/2BA	1	\$966	\$966	\$11,592
<b>Total</b>	<b>184</b>			<b>\$1,953,312</b>

<b>POTENTIAL GROSS RENTAL INCOME - AS RENOVATED UNRESTRICTED</b>				
<b>Unit Type</b>	<b>Number of Units</b>	<b>Achievable Market Rents</b>	<b>Monthly Gross Rent</b>	<b>Annual Gross Rent</b>
<i>Market Rate</i>				
1BR/1BA	24	\$770	\$18,480	\$221,760
2BR/1BA	88	\$850	\$74,800	\$897,600
3BR/2BA	71	\$1,010	\$71,710	\$860,520
<i>Employee Unit</i>				
3BR/2BA	1	\$1,010	\$1,010	\$12,120
<b>Total</b>	<b>184</b>			<b>\$1,992,000</b>

**Other Income**

The other income category is primarily revenue generated from late charges, special service fees, vending machines, etc. Other income reported among the comparables ranges from \$72 to \$1,032 per unit. The Subject's historical other income ranges from \$41 to \$80 per unit. The developer's budget did not include other income. We will conclude to other income of \$45 per unit for each scenario, which is within the historical range and below the comparable range.

**Vacancy and Collection Loss**

The vacancy rates in the market are generally stable. As indicated in the supply analysis, we have concluded to a vacancy and collections loss rate of 5.0 percent in both restricted scenarios and 7.0 percent unrestricted.

**EXPLANATION OF EXPENSES**

Typical deductions from the calculated Effective Gross Income fall into three categories on real property: fixed, variable, and non-operating expenses. Historical operating expenses of comparable properties were relied upon in estimating the Subject's operating expenses. The comparable data can be found on the following pages.

It is important to note that the projections of income and expenses are based on the basic assumption that the apartment complex will be managed and staffed by competent personnel and that the property will be professionally advertised and aggressively promoted. The Subject offers 184 units that target households of all ages. Upon completion of renovations, the Subject will continue to offer 184 units. The Subject's historical fiscal year 2013, 2014, and 2015 audited expenses as well as comparable operating expense data from 2014 from properties located in McDonough and East Point serve as the basis of comparison. We have also analyzed the Developer's post-renovation budget.

**Keystone Apartments, Jonesboro, GA; Appraisal**

EXPENSE CATEGORY	Novogradac Estimates As Is Jonesboro, GA		Novogradac Estimates As Renovated Restricted Jonesboro, GA		Novogradac Estimates As Renovated Unrestricted Jonesboro, GA		SUBJECT BUDGETED POST REHAB EXPENSES Jonesboro, GA		2015 SUBJECT ACTUAL EXPENSES Jonesboro, GA		2014 SUBJECT ACTUAL EXPENSES Jonesboro, GA		2013 SUBJECT ACTUAL EXPENSES Jonesboro, GA	
	184		184		184		184		184		184		184	
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>OTHER INCOME</b>	\$8,280	\$45	\$8,280	\$45	\$8,280	\$45	\$0	\$45	\$9,064	\$49	\$14,722	\$80	\$7,478	\$41
<b>MARKETING</b>														
Advertising / Screening / Credit	\$920	\$5	\$920	\$5	\$920	\$5	\$0	\$0	\$75	\$0	\$25	\$0	\$25	\$0
<b>SUBTOTAL</b>	<b>\$920</b>	<b>\$5</b>	<b>\$920</b>	<b>\$5</b>	<b>\$920</b>	<b>\$5</b>	<b>\$0</b>	<b>\$0</b>	<b>\$75</b>	<b>\$0</b>	<b>\$25</b>	<b>\$0</b>	<b>\$25</b>	<b>\$0</b>
<b>ADMINISTRATION</b>														
Legal	\$12,880	\$70	\$12,880	\$70	\$9,200	\$50	\$12,708	\$69	\$13,133	\$71	\$1,975	\$11	\$819	\$4
Audit	\$8,280	\$45	\$8,280	\$45	\$8,280	\$45	\$8,400	\$46	\$7,300	\$40	\$8,000	\$43	\$8,250	\$45
Office & Other	\$55,200	\$300	\$55,200	\$300	\$44,160	\$240	\$55,623	\$302	\$50,582	\$275	\$49,818	\$271	\$74,100	\$403
<b>SUBTOTAL</b>	<b>\$76,360</b>	<b>\$415</b>	<b>\$76,360</b>	<b>\$415</b>	<b>\$61,640</b>	<b>\$335</b>	<b>\$76,731</b>	<b>\$417</b>	<b>\$71,015</b>	<b>\$386</b>	<b>\$59,793</b>	<b>\$325</b>	<b>\$83,169</b>	<b>\$452</b>
<b>TOTAL ADMINISTRATION</b>	<b>\$77,280</b>	<b>\$420</b>	<b>\$77,280</b>	<b>\$420</b>	<b>\$62,560</b>	<b>\$340</b>	<b>\$76,731</b>	<b>\$417</b>	<b>\$71,090</b>	<b>\$386</b>	<b>\$59,818</b>	<b>\$325</b>	<b>\$83,194</b>	<b>\$452</b>
<b>MAINTENANCE</b>														
Painting / Turnover / Cleaning	\$18,400	\$100	\$13,800	\$75	\$13,800	\$75	\$0	\$0	\$127,334	\$692	\$0	\$0	\$0	\$0
Repairs	\$55,200	\$300	\$32,200	\$175	\$32,200	\$175	\$13,676	\$74	\$120,110	\$653	\$27,336	\$149	\$29,364	\$160
Elevator	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grounds	\$9,200	\$50	\$9,200	\$50	\$9,200	\$50	\$0	\$0	\$31,429	\$171	\$0	\$0	\$0	\$0
Pool	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplies/Other	\$36,800	\$200	\$36,800	\$200	\$36,800	\$200	\$51,623	\$281	\$0	\$0	\$62,760	\$341	\$68,188	\$371
<b>SUBTOTAL</b>	<b>\$119,600</b>	<b>\$650</b>	<b>\$92,000</b>	<b>\$500</b>	<b>\$92,000</b>	<b>\$500</b>	<b>\$65,299</b>	<b>\$355</b>	<b>\$278,873</b>	<b>\$1,516</b>	<b>\$90,096</b>	<b>\$490</b>	<b>\$97,552</b>	<b>\$530</b>
<b>OPERATING</b>														
Contracts	\$92,000	\$500	\$64,400	\$350	\$64,400	\$350	\$100,364	\$545	\$0	\$0	\$124,930	\$679	\$126,680	\$688
Exterminating	\$11,408	\$62	\$9,568	\$52	\$9,568	\$52	\$0	\$0	\$9,885	\$54	\$0	\$0	\$0	\$0
Security	\$11,592	\$63	\$11,592	\$63	\$12,120	\$66	\$11,430	\$62	\$12,036	\$65	\$11,214	\$61	\$10,944	\$59
<b>SUBTOTAL</b>	<b>\$115,000</b>	<b>\$625</b>	<b>\$85,560</b>	<b>\$465</b>	<b>\$86,088</b>	<b>\$468</b>	<b>\$111,794</b>	<b>\$608</b>	<b>\$21,921</b>	<b>\$119</b>	<b>\$136,144</b>	<b>\$740</b>	<b>\$137,624</b>	<b>\$748</b>
<b>TOTAL MAINTENANCE AND OPERATING</b>	<b>\$234,600</b>	<b>\$1,275</b>	<b>\$177,560</b>	<b>\$965</b>	<b>\$178,088</b>	<b>\$968</b>	<b>\$177,093</b>	<b>\$962</b>	<b>\$300,794</b>	<b>\$1,635</b>	<b>\$226,240</b>	<b>\$1,230</b>	<b>\$235,176</b>	<b>\$1,278</b>
<b>PAYROLL</b>														
On-site manager	\$55,000	\$299	\$55,000	\$299	\$55,000	\$299	\$57,026	\$310	\$114,978	\$625	\$56,854	\$309	\$56,402	\$307
Other management staff	\$40,000	\$217	\$40,000	\$217	\$40,000	\$217	\$57,231	\$311	\$0	\$0	\$0	\$0	\$53,400	\$290
Maintenance staff	\$45,000	\$245	\$45,000	\$245	\$45,000	\$245	\$76,726	\$417	\$76,726	\$417	\$140,827	\$765	\$78,597	\$427
Janitorial staff	\$80,000	\$435	\$80,000	\$435	\$80,000	\$435	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Benefits	\$20,000	\$109	\$20,000	\$109	\$20,000	\$109	\$52,491	\$285	\$69,491	\$378	\$51,225	\$278	\$56,343	\$306
Payroll taxes	\$21,600	\$117	\$21,600	\$117	\$21,600	\$117	\$17,227	\$94	\$14,609	\$79	\$15,281	\$83	\$15,945	\$87
<b>SUBTOTAL</b>	<b>\$261,600</b>	<b>\$1,422</b>	<b>\$261,600</b>	<b>\$1,422</b>	<b>\$261,600</b>	<b>\$1,422</b>	<b>\$260,701</b>	<b>\$1,417</b>	<b>\$275,804</b>	<b>\$1,499</b>	<b>\$264,187</b>	<b>\$1,436</b>	<b>\$260,687</b>	<b>\$1,417</b>
<b>UTILITIES</b>														
Water & Sewer	\$131,560	\$715	\$114,080	\$620	\$114,080	\$620	\$113,670	\$618	\$131,782	\$716	\$149,204	\$811	\$174,495	\$948
Electricity	\$18,400	\$100	\$11,960	\$65	\$11,960	\$65	\$11,699	\$64	\$18,773	\$102	\$14,192	\$77	\$11,527	\$63
Gas	\$91,080	\$495	\$55,200	\$300	\$55,200	\$300	\$55,128	\$300	\$90,404	\$491	\$91,712	\$498	\$86,291	\$469
Cable Television	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Trash	\$21,160	\$115	\$15,640	\$85	\$15,640	\$85	\$15,712	\$85	\$18,662	\$101	\$29,962	\$163	\$26,088	\$142
<b>SUBTOTAL</b>	<b>\$262,200</b>	<b>\$1,425</b>	<b>\$196,880</b>	<b>\$1,070</b>	<b>\$196,880</b>	<b>\$1,070</b>	<b>\$196,209</b>	<b>\$1,066</b>	<b>\$259,621</b>	<b>\$1,411</b>	<b>\$285,070</b>	<b>\$1,549</b>	<b>\$298,401</b>	<b>\$1,622</b>
<b>MISCELLANEOUS</b>														
Insurance	\$46,920	\$255	\$46,920	\$255	\$46,920	\$255	\$46,251	\$251	\$138,540	\$753	\$81,981	\$446	\$86,414	\$470
Real Estate Taxes / PILOT	\$74,713	\$406	\$100,812	\$548	\$100,812	\$548	\$74,767	\$406	\$84,070	\$457	\$72,905	\$396	\$84,056	\$457
Reserves	\$55,200	\$300	\$55,200	\$300	\$55,200	\$300	\$55,200	\$300	\$55,200	\$300	\$55,200	\$300	\$55,200	\$300
Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>SUBTOTAL</b>	<b>\$176,833</b>	<b>\$961</b>	<b>\$202,932</b>	<b>\$1,103</b>	<b>\$202,932</b>	<b>\$1,103</b>	<b>\$176,218</b>	<b>\$958</b>	<b>\$277,809</b>	<b>\$1,510</b>	<b>\$210,086</b>	<b>\$1,142</b>	<b>\$225,670</b>	<b>\$1,226</b>
<b>MANAGEMENT</b>														
<b>SUBTOTAL</b>	<b>\$121,128</b>	<b>\$658</b>	<b>\$121,128</b>	<b>\$658</b>	<b>\$111,616</b>	<b>\$607</b>	<b>\$121,080</b>	<b>\$658</b>	<b>\$122,903</b>	<b>\$668</b>	<b>\$118,577</b>	<b>\$644</b>	<b>\$120,988</b>	<b>\$658</b>
<b>TOTAL EXPENSES</b>	<b>\$1,133,641</b>	<b>\$6,161</b>	<b>\$1,037,381</b>	<b>\$5,638</b>	<b>\$1,013,676</b>	<b>\$5,509</b>	<b>\$1,008,032</b>	<b>\$5,478</b>	<b>\$1,308,021</b>	<b>\$7,109</b>	<b>\$1,163,978</b>	<b>\$6,326</b>	<b>\$1,224,116</b>	<b>\$6,653</b>



**Keystone Apartments, Jonesboro, GA; Appraisal**

EXPENSE CATEGORY	2014 CONFIDENTIAL ACTUAL EXPENSES McDonough, GA		2014 CONFIDENTIAL ACTUAL EXPENSES McDonough, GA		2014 CONFIDENTIAL ACTUAL EXPENSES East Point, GA		2014 CONFIDENTIAL ACTUAL EXPENSES East Point, GA	
	105		240		276		160	
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>OTHER INCOME</b>	\$7,597	\$72	\$247,639	\$1,032	\$99,115	\$359	\$80,638	\$504
<b>MARKETING</b>								
Advertising / Screening / Credit	\$7,191	\$68	\$13,599	\$57	\$2,849	\$10	\$7,840	\$49
<b>SUBTOTAL</b>	<b>\$7,191</b>	<b>\$68</b>	<b>\$13,599</b>	<b>\$57</b>	<b>\$2,849</b>	<b>\$10</b>	<b>\$7,840</b>	<b>\$49</b>
<b>ADMINISTRATION</b>								
Legal	-\$996	-\$9	\$20,913	\$87	\$31,552	\$114	\$21,484	\$134
Audit	\$9,615	\$92	\$8,750	\$36	\$10,500	\$38	\$9,569	\$60
Office & Other	\$91,574	\$872	\$123,955	\$516	\$188,495	\$683	\$74,884	\$468
<b>SUBTOTAL</b>	<b>\$100,193</b>	<b>\$954</b>	<b>\$153,618</b>	<b>\$640</b>	<b>\$230,547</b>	<b>\$835</b>	<b>\$105,937</b>	<b>\$662</b>
<b>TOTAL ADMINISTRATION</b>	<b>\$107,384</b>	<b>\$1,023</b>	<b>\$167,217</b>	<b>\$697</b>	<b>\$233,396</b>	<b>\$846</b>	<b>\$113,777</b>	<b>\$711</b>
<b>MAINTENANCE</b>								
Painting / Turnover / Cleaning	\$9,453	\$90	\$0	\$0	\$0	\$0	\$23,282	\$146
Repairs	\$25,032	\$238	\$11,428	\$48	\$55,321	\$200	\$17,241	\$108
Elevator	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grounds	\$18,031	\$172	\$0	\$0	\$102	\$0	\$12,923	\$81
Pool	\$4,558	\$43	\$0	\$0	\$0	\$0	\$4,704	\$29
Supplies/Other	\$34,036	\$324	\$158,117	\$659	\$105,542	\$382	\$14,618	\$91
<b>SUBTOTAL</b>	<b>\$91,110</b>	<b>\$868</b>	<b>\$169,545</b>	<b>\$706</b>	<b>\$160,965</b>	<b>\$583</b>	<b>\$72,768</b>	<b>\$455</b>
<b>OPERATING</b>								
Contracts	\$0	\$0	\$440	\$2	\$0	\$0	\$3,130	\$20
Exterminating	\$2,054	\$20	\$0	\$0	\$0	\$0	\$2,176	\$14
Security	\$515	\$5	\$0	\$0	\$0	\$0	\$0	\$0
<b>SUBTOTAL</b>	<b>\$2,569</b>	<b>\$24</b>	<b>\$440</b>	<b>\$2</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,306</b>	<b>\$33</b>
<b>TOTAL MAINTENANCE AND OPERATING</b>	<b>\$93,679</b>	<b>\$892</b>	<b>\$169,985</b>	<b>\$708</b>	<b>\$160,965</b>	<b>\$583</b>	<b>\$78,074</b>	<b>\$488</b>
<b>PAYROLL</b>								
On-site manager	\$61,420	\$585	\$129,955	\$541	\$114,114	\$413	\$96,396	\$602
Other management staff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance staff	\$50,151	\$478	\$95,422	\$398	\$108,276	\$392	\$110,199	\$689
Janitorial staff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Benefits	\$9,235	\$88	\$25,976	\$108	-\$3,052	-\$11	\$4,434	\$28
Payroll taxes	\$23,496	\$224	\$25,811	\$108	\$78,074	\$283	\$41,279	\$258
<b>SUBTOTAL</b>	<b>\$144,302</b>	<b>\$1,374</b>	<b>\$277,164</b>	<b>\$1,155</b>	<b>\$297,412</b>	<b>\$1,078</b>	<b>\$252,308</b>	<b>\$1,577</b>
<b>UTILITIES</b>								
Water & Sewer	\$49,876	\$475	\$160,154	\$667	\$30,563	\$111	\$86,333	\$540
Electricity	\$40,795	\$389	\$54,276	\$226	\$56,933	\$206	\$40,939	\$256
Gas	\$0	\$0	\$0	\$0	\$16,724	\$61	\$0	\$0
Cable Television	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Trash	\$5,215	\$50	\$0	\$0	\$0	\$0	\$7,836	\$49
<b>SUBTOTAL</b>	<b>\$95,886</b>	<b>\$913</b>	<b>\$214,430</b>	<b>\$893</b>	<b>\$104,220</b>	<b>\$378</b>	<b>\$135,108</b>	<b>\$844</b>
<b>MISCELLANEOUS</b>								
Insurance	\$33,400	\$318	\$64,963	\$271	\$49,980	\$181	\$38,696	\$242
Real Estate Taxes / PILOT	\$84,288	\$803	\$267,752	\$1,116	\$386,771	\$1,401	\$72,087	\$451
Reserves	\$31,500	\$300	\$72,000	\$300	\$82,800	\$300	\$48,000	\$300
Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>SUBTOTAL</b>	<b>\$149,188</b>	<b>\$1,421</b>	<b>\$404,715</b>	<b>\$1,686</b>	<b>\$519,551</b>	<b>\$1,882</b>	<b>\$158,783</b>	<b>\$992</b>
<b>MANAGEMENT</b>								
<b>SUBTOTAL</b>	<b>\$57,488</b>	<b>\$548</b>	<b>\$0</b>	<b>\$0</b>	<b>\$86,715</b>	<b>\$314</b>	<b>\$60,910</b>	<b>\$381</b>
<b>TOTAL EXPENSES</b>	<b>\$647,927</b>	<b>\$6,171</b>	<b>\$1,233,511</b>	<b>\$5,140</b>	<b>\$1,402,259</b>	<b>\$5,081</b>	<b>\$798,960</b>	<b>\$4,994</b>

**General Administrative**

This category includes all professional fees for items such as legal, accounting, and marketing expenses, as well as office supplies and general and administrative costs. Historically, the Subject's administrative expense has ranged from \$325 to \$452 per unit. The developer's budget indicates a general administrative expense of \$417 per unit. The comparable expense data ranges from \$697 to \$1,023 per unit with three of the four comparables reporting administrative expenses between \$697 and \$846 per unit. We have concluded to \$420 per unit in the as is and as renovated restricted scenarios and \$340 per unit in the as renovated unrestricted scenario. According to a Novogradac & Company LLP comprehensive analysis of national 2012 operating expense data (Multifamily Rental Housing Operating Expense Report, 2014), it costs on average approximately \$80 more per unit for administrative costs for low income housing tax credit property nationally than it does for a market-rate property.

**Repairs, Maintenance, and Operating**

Included in this expense are normal items of repair including roof, painting, decorating, maintenance of public areas, cleaning, etc. Historically, the Subject's maintenance and operating expenses per unit were reported to be \$1,278 per unit in 2013, \$1,230 per unit in 2014, and \$1,635 per unit in 2015. The developer's budgeted expense is \$962 per unit. It should be noted that the non-revenue generating employee unit has been included in the Subject's repairs, maintenance, and operating expenses as it is occupied by the courtesy patrol officer and has been classified as a security expense. We have included the non-revenue generating unit in our estimate of PGI and as such, have included the lost revenue from this unit as an expense. The comparable expense data ranges from \$488 to \$892 per unit. The Subject will be newly renovated. We have concluded to an expense of \$1,275 per unit for the as is scenario, \$965 per unit for the as renovated restricted scenario, and \$969 per unit for the as renovated unrestricted scenario. The as is estimate is within the historical range while the as renovated estimates are both generally in line with the developer's budget and below the historical range.

## Payroll

Payroll expenses are directly connected to the administration of the complex, including office, maintenance and management salaries. In addition, employee benefits and employment related taxes are included in the category. The Subject has historically had a payroll expenses ranging from \$1,417 to \$1,499 per unit. The developer has estimated a payroll expense of \$1,417 per unit. The comparable expense data ranges from \$1,078 to \$1,577 per unit. We estimate one full-time manager, one full-time assistant manager, one full-time maintenance manager, and two full-time assistant maintenance personnel. The following table illustrates Novoco's staffing plan for the Subject for all scenarios.

PAYROLL EXPENSE CALCULATION		
	Expenses	Per Unit
Manager's Salary (Full-Time)	\$55,000	\$299
Assistant Manager's Salary (Full-Time)	\$40,000	\$217
Maintenance Salary (Full-Time)	\$45,000	\$245
Assistant Maintenance Salary (Full-Time)	\$40,000	\$217
Assistant Maintenance Salary (Full-Time)	\$40,000	\$217
Benefits (\$5,000 per FTE)	\$20,000	\$109
Payroll Taxes (estimated at 12%)	\$21,600	\$117
<b>Total Annual Payroll</b>	<b>\$261,600</b>	<b>\$1,422</b>

## Utilities

The landlord will continue to be responsible for all utilities. Historically, the Subject's utility expenses have ranged from \$1,411 to \$1,622 per unit and have historically increased annually. The Subject's budgeted expense is \$1,066 per unit. As a newly renovated development, we believe that the proposed renovations will improve utility efficiency. According to a June 2014 Stewards of Affordable Housing for the Future (SAHF) article detailing the energy savings of 236 multifamily properties nationally that benefited from the US Department of Housing and Urban Development's Green Retrofit Program (<http://www.sahfnet.org/mfretrofitreport.html>), energy efficiency upgrades averaged an 18 percent reduction in energy [electric] consumption. Also, water consumption in the portfolio was reduced by 26 percent on average. We will conclude to utility expense of \$1,425 per unit for the as is scenario, which is within the historical range, and \$1,070 per unit for both proposed scenarios, which is just above the developer's budget and is considered reasonable based on the pending renovations.

## Insurance

Comparable data illustrates a range from \$181 to \$318 per unit. The historical expenses have ranged from \$446 to \$753 per unit with two years (2013/2014) between \$446 and \$470 per unit. An explanation for the increased insurance expense in 2015 was not available. The budgeted expense is \$251 per unit, significantly below the historical range but within the comparable range. According to the client, the budgeted insurance expense is based on a quote provided by the broker. The budgeted amount is within the comparable range and deemed appropriate. As such, we have concluded to \$255 per unit for all scenarios.

## Taxes

Real estate taxes have been previously discussed in the real estate tax analysis.

### Replacement Reserves

The reserve for replacement allowance is often considered a hidden expense of ownership not normally seen on an expense statement. Reserves must be set aside for future replacement of items such as the roof, HVAC systems, parking area, appliances and other capital items. It is difficult to ascertain market information for replacement reserves, as it is not a common practice in the marketplace for properties of the Subject's size and investment status. Underwriting requirements for replacement reserve for existing properties typically range from \$250 to \$350 per unit per year. We have used an expense of \$300 per unit for all scenarios.

### Management Fees

The typical range for professionally managing an apartment property such as the Subject is 4.0 to 7.0 percent of effective gross rental income, depending upon the size and age of the apartment complex with the latter percentage being charged to smaller or older complexes. This amount will also vary dependent upon what is included in the management task which some would also classify as administration. Historically, the Subject has operated with management fee of 6.6 to 6.8 percent of EGI. The developer's budget accounts for management fee of 6.7 percent of EGI. Three of the comparables reported management fees ranging from \$314 to \$548 per unit or 4.1 to 6.5 percent of EGI. We have concluded to a management fee of 6.0 percent for the as renovated unrestricted scenario and a management fee of 6.5 percent for the as is and as renovated restricted scenarios, due to higher costs associated with affordable properties.

### SUMMARY

Operating expenses were estimated based upon the comparable expenses. In the following table, we compared the total operating expenses per unit proposed by the Subject with the Subject's historical expenses, and the total expenses reported by comparable expense properties.

<b>COMPARABLE EXPENSE SUMMARY</b>		
<b>Total Expense per Unit</b>	<b>With Taxes</b>	<b>Without Taxes</b>
Developer's Post Rehab Budget	\$5,478	\$5,072
Subject FY 2015	\$7,109	\$6,652
Subject FY 2014	\$6,326	\$5,930
Subject FY 2013	\$6,653	\$6,196
Expense Comparable 1	\$6,171	\$5,368
Expense Comparable 2	\$5,140	\$4,024
Expense Comparable 3	\$5,081	\$3,679
Expense Comparable 4	\$4,994	\$4,543
<b>Subject (As Is)</b>	<b>\$6,161</b>	<b>\$5,755</b>
<b>Subject (As Proposed Restricted)</b>	<b>\$5,638</b>	<b>\$5,090</b>
<b>Subject (As Proposed Unrestricted)</b>	<b>\$5,509</b>	<b>\$4,961</b>

Total estimated expenses as is are just below the historical range, which is attributed to the decreased insurance expense and real estate tax expense. It should be noted that the real estate tax expense per the 2015 audit is well above the real estate taxes for the Subject per the most recent real estate tax bill; according to the Clayton County Tax Commissioner, the Subject's current owner appealed the appraised value and the real estate taxes were reduced, which is not reflected in the 2015 audit. Further, the historical insurance expenses are well above the comparable range and our estimate of insurance expense is significantly lower and based on a quote. Our as is expenses are

above the comparable range excluding taxes.

Our estimated as renovated restricted expenses less taxes are just above the developer's budget, below the historical range, and within the comparable range, while our estimated as renovated unrestricted expenses are below the developer's budget and the historical range, but within the comparable range.

### Prospective Market Value at Loan Maturity

To quantify the income potential of the Subject, a future cash flow is employed. In this analytical method, we estimate the present values of future cash flow expectations by applying the appropriate terminal capitalization and discount rates. As examined earlier, we believe there is ample demand in the income ranges targeted by the management of the Subject to support a stable cash flow. Therefore, the restrictions do not affect the risk of the Subject investment. We based our valuation on market-derived reversion and discount rates. It should be noted that we have only utilized the future cash flow analysis to identify the prospective market value at loan maturity.

### Income and Expense Growth Projections

The AMI in Clayton County increased 0.7 percent annually on average between 1999 and 2016. Two of the LIHTC comparables reported rent decreases ranging from one to 10 percent since 2014, while two reported rent increases of seven to 13 percent, and one reported that rents have remained fairly stable over the last year. Four of the five market rate comparables reported rent increases ranging from one to 64 percent; however, it should be noted that Flint River Crossing reported large increases, which is attributed to a change in management and the rents at the time of transfer being below market. When excluding this comparable the rent increases ranged from one to 26 percent over the last year. We have increased the income and expense line items by 2.0 percent per annum over the holding period. This is based upon the AMI growth and the market-oriented rent increases of the comparable properties.

### Terminal Capitalization Rate

In order to estimate the appropriate capitalization rate, we used the *PwC Real Estate Investor Survey*. The following summarizes this survey:

#### PwC REAL ESTATE INVESTOR SURVEY

##### National Apartment Market

##### Overall Capitalization Rate - Institutional Grade Investments

Range:	3.50% - 8.00%
Average:	5.35%

##### Non-Institutional Grade Investments

Range:	3.75% - 12.00%
Average:	6.82%

Source: PwC Real Estate Investor Survey, Q1 2016

Additionally, we have considered the market extracted capitalization rates in the Jonesboro market. As discussed in detail later in this report, we have estimated a going in capitalization rate of 6.2 percent for the Subject in the restricted scenarios and 6.7 percent in the unrestricted scenario.

The following issues impact the determination of a residual capitalization rate for the Subject:

- Anticipated annual capture of the Subject.
- The anticipated demand growth in the market associated with both local residential and corporate growth.
- The Subject's construction and market position.
- Local market overall rates.

In view of the preceding data, observed rate trends, and careful consideration of the Subject's physical appeal and economic characteristics, a terminal rate of 9.2 and 9.7 percent have been used in the restricted and unrestricted scenarios, respectively, which is within the range and is considered reasonable for a non-institutional grade property such as the Subject following construction.

This is calculated using estimated 2045 NOI, assuming linear income and expense growth. The terminal capitalization rates were derived from the reconciled rates discussed later in this appraisal; however, we have added 300 basis points to the reconciled capitalization rates to reach our terminal rate. The higher rate is due to the length of the holding period prior to disposition after 2045.

#### **VALUATION ANALYSIS**

Based upon the indicated operating statements and the discount rate discussion above, we developed a cash flow for the Subject. The following pages illustrate the cash flow and present value analysis.

**As Renovated Restricted Scenario (Years 1 through 15)**

Restricted Cash Flow Value Derivation of "as complete"															
Fiscal Year	Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020	Year 6 2021	Year 7 2022	Year 8 2023	Year 9 2024	Year 10 2025	Year 11 2026	Year 12 2027	Year 13 2028	Year 14 2029	Year 15 2030
<b>Income</b>															
Low Income Units	\$1,953,312	\$1,992,378	\$2,032,226	\$2,072,870	\$2,114,328	\$2,156,614	\$2,199,747	\$2,243,741	\$2,288,616	\$2,334,389	\$2,381,076	\$2,428,698	\$2,477,272	\$2,526,817	\$2,577,354
Nonresidential	\$8,280	\$8,446	\$8,615	\$8,787	\$8,963	\$9,142	\$9,325	\$9,511	\$9,701	\$9,895	\$10,093	\$10,295	\$10,501	\$10,711	\$10,925
Gross Project Income	\$1,961,592	\$2,000,824	\$2,040,840	\$2,081,657	\$2,123,290	\$2,165,756	\$2,209,071	\$2,253,253	\$2,298,318	\$2,344,284	\$2,391,170	\$2,438,993	\$2,487,773	\$2,537,528	\$2,588,279
Vacancy Allowance	-\$98,080	-\$100,041	-\$102,042	-\$104,083	-\$106,165	-\$108,288	-\$110,454	-\$112,663	-\$114,916	-\$117,214	-\$119,558	-\$121,950	-\$124,389	-\$126,876	-\$129,414
Effective Gross Income	\$1,863,512	\$1,900,783	\$1,938,798	\$1,977,574	\$2,017,126	\$2,057,468	\$2,098,618	\$2,140,590	\$2,183,402	\$2,227,070	\$2,271,611	\$2,317,043	\$2,363,384	\$2,410,652	\$2,458,865
<b>Expenses</b>															
Administrative and Marketing	\$77,280	\$78,826	\$80,402	\$82,010	\$83,650	\$85,323	\$87,030	\$88,770	\$90,546	\$92,357	\$94,204	\$96,088	\$98,010	\$99,970	\$101,969
Maintenance and Operating	\$177,560	\$181,111	\$184,733	\$188,428	\$192,197	\$196,041	\$199,961	\$203,961	\$208,040	\$212,201	\$216,445	\$220,774	\$225,189	\$229,693	\$234,287
Payroll	\$261,600	\$266,832	\$272,169	\$277,612	\$283,164	\$288,828	\$294,604	\$300,496	\$306,506	\$312,636	\$318,889	\$325,267	\$331,772	\$338,407	\$345,176
Utilities	\$196,880	\$200,818	\$204,834	\$208,931	\$213,109	\$217,371	\$221,719	\$226,153	\$230,676	\$235,290	\$239,996	\$244,796	\$249,691	\$254,685	\$259,779
Insurance	\$46,920	\$47,858	\$48,816	\$49,792	\$50,788	\$51,803	\$52,840	\$53,896	\$54,974	\$56,074	\$57,195	\$58,339	\$59,506	\$60,696	\$61,910
Real Estate Taxes	\$100,812	\$102,828	\$104,885	\$106,983	\$109,122	\$111,305	\$113,531	\$115,802	\$118,118	\$120,480	\$122,890	\$125,347	\$127,854	\$130,411	\$133,020
Replacement Reserve	\$55,200	\$56,304	\$57,430	\$58,579	\$59,750	\$60,945	\$62,164	\$63,407	\$64,676	\$65,969	\$67,288	\$68,634	\$70,007	\$71,407	\$72,835
Management Fee	\$121,128	\$123,551	\$126,022	\$128,542	\$131,113	\$133,735	\$136,410	\$139,138	\$141,921	\$144,760	\$147,655	\$150,608	\$153,620	\$156,692	\$159,826
Total Expenses	\$1,037,381	\$1,058,128	\$1,079,291	\$1,100,876	\$1,122,894	\$1,145,352	\$1,168,259	\$1,191,624	\$1,215,457	\$1,239,766	\$1,264,561	\$1,289,852	\$1,315,649	\$1,341,962	\$1,368,802
<b>Net Operating Income</b>	<b>\$826,132</b>	<b>\$842,655</b>	<b>\$859,508</b>	<b>\$876,698</b>	<b>\$894,232</b>	<b>\$912,116</b>	<b>\$930,359</b>	<b>\$948,966</b>	<b>\$967,945</b>	<b>\$987,304</b>	<b>\$1,007,050</b>	<b>\$1,027,191</b>	<b>\$1,047,735</b>	<b>\$1,068,690</b>	<b>\$1,090,063</b>
<b>Reversion Calculation</b>															
Terminal Capitalization Rate	9.2%														
Sales Costs	3.0%														
Net Sales Proceeds	\$11,500,000														

As Renovated Restricted Scenario (Years 16 through 30)

Restricted Cash Flow Value Derivation of "as complete"															
Fiscal Year	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
<b>Income</b>															
Low Income Units	\$2,628,901	\$2,681,479	\$2,735,108	\$2,789,811	\$2,845,607	\$2,902,519	\$2,960,569	\$3,019,781	\$3,080,176	\$3,141,780	\$3,204,615	\$3,268,708	\$3,334,082	\$3,400,763	\$3,468,779
Nonresidential	\$11,144	\$11,367	\$11,594	\$11,826	\$12,062	\$12,304	\$12,550	\$12,801	\$13,057	\$13,318	\$13,584	\$13,856	\$14,133	\$14,416	\$14,704
Gross Project Income	\$2,640,045	\$2,692,845	\$2,746,702	\$2,801,636	\$2,857,669	\$2,914,823	\$2,973,119	\$3,032,581	\$3,093,233	\$3,155,098	\$3,218,200	\$3,282,564	\$3,348,215	\$3,415,179	\$3,483,483
Vacancy Allowance	-\$132,002	-\$134,642	-\$137,335	-\$140,082	-\$142,883	-\$145,741	-\$148,656	-\$151,629	-\$154,662	-\$157,755	-\$160,910	-\$164,128	-\$167,411	-\$170,759	-\$174,174
Effective Gross Income	\$2,508,042	\$2,558,203	\$2,609,367	\$2,661,555	\$2,714,786	\$2,769,081	\$2,824,463	\$2,880,952	\$2,938,571	\$2,997,343	\$3,057,290	\$3,118,435	\$3,180,804	\$3,244,420	\$3,309,309
<b>Expenses</b>															
Administrative and Marketing	\$104,009	\$106,089	\$108,211	\$110,375	\$112,582	\$114,834	\$117,131	\$119,473	\$121,863	\$124,300	\$126,786	\$129,322	\$131,908	\$134,546	\$137,237
Maintenance and Operating	\$238,972	\$243,752	\$248,627	\$253,599	\$258,671	\$263,845	\$269,122	\$274,504	\$279,994	\$285,594	\$291,306	\$297,132	\$303,075	\$309,136	\$315,319
Payroll	\$352,079	\$359,121	\$366,303	\$373,629	\$381,102	\$388,724	\$396,498	\$404,428	\$412,517	\$420,767	\$429,183	\$437,766	\$446,522	\$455,452	\$464,561
Utilities	\$264,975	\$270,274	\$275,680	\$281,193	\$286,817	\$292,553	\$298,404	\$304,372	\$310,460	\$316,669	\$323,003	\$329,463	\$336,052	\$342,773	\$349,628
Insurance	\$63,148	\$64,411	\$65,699	\$67,013	\$68,354	\$69,721	\$71,115	\$72,537	\$73,988	\$75,468	\$76,977	\$78,517	\$80,087	\$81,689	\$83,323
Real Estate Taxes	\$135,680	\$138,394	\$141,161	\$143,985	\$146,864	\$149,802	\$152,798	\$155,854	\$158,971	\$162,150	\$165,393	\$168,701	\$172,075	\$175,516	\$179,027
Replacement Reserve	\$74,292	\$75,778	\$77,293	\$78,839	\$80,416	\$82,024	\$83,665	\$85,338	\$87,045	\$88,786	\$90,561	\$92,373	\$94,220	\$96,105	\$98,027
Management Fee	\$163,023	\$166,283	\$169,609	\$173,001	\$176,461	\$179,990	\$183,590	\$187,262	\$191,007	\$194,827	\$198,724	\$202,698	\$206,752	\$210,887	\$215,105
Total Expenses	\$1,396,178	\$1,424,101	\$1,452,583	\$1,481,635	\$1,511,268	\$1,541,493	\$1,572,323	\$1,603,769	\$1,635,845	\$1,668,561	\$1,701,933	\$1,735,971	\$1,770,691	\$1,806,105	\$1,842,227
<b>Net Operating Income</b>	<b>\$1,111,865</b>	<b>\$1,134,102</b>	<b>\$1,156,784</b>	<b>\$1,179,920</b>	<b>\$1,203,518</b>	<b>\$1,227,589</b>	<b>\$1,252,140</b>	<b>\$1,277,183</b>	<b>\$1,302,727</b>	<b>\$1,328,781</b>	<b>\$1,355,357</b>	<b>\$1,382,464</b>	<b>\$1,410,113</b>	<b>\$1,438,316</b>	<b>\$1,467,082</b>
<b>Reversion Calculation</b>															
Terminal Capitalization Rate					9.2%					9.2%					9.2%
Sales Costs					3.0%					3.0%					3.0%
Net Sales Proceeds					\$12,700,000					\$14,000,000					\$15,500,000



As Renovated Unrestricted Scenario (Years 1 through 15)

Market Cash Flow Value Derivation of "as complete"															
Fiscal Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Income</b>															
Low Income Units	\$1,992,000	\$2,031,840	\$2,072,477	\$2,113,926	\$2,156,205	\$2,199,329	\$2,243,316	\$2,288,182	\$2,333,945	\$2,380,624	\$2,428,237	\$2,476,802	\$2,526,338	\$2,576,864	\$2,628,402
Nonresidential	\$8,280	\$8,446	\$8,615	\$8,787	\$8,963	\$9,142	\$9,325	\$9,511	\$9,701	\$9,895	\$10,093	\$10,295	\$10,501	\$10,711	\$10,925
Gross Project Income	\$2,000,280	\$2,040,286	\$2,081,091	\$2,122,713	\$2,165,167	\$2,208,471	\$2,252,640	\$2,297,693	\$2,343,647	\$2,390,520	\$2,438,330	\$2,487,097	\$2,536,839	\$2,587,575	\$2,639,327
Vacancy Allowance	-\$140,020	-\$142,820	-\$145,676	-\$148,590	-\$151,562	-\$154,593	-\$157,685	-\$160,839	-\$164,055	-\$167,336	-\$170,683	-\$174,097	-\$177,579	-\$181,130	-\$184,753
Effective Gross Income	\$1,860,260	\$1,897,466	\$1,935,415	\$1,974,123	\$2,013,606	\$2,053,878	\$2,094,955	\$2,136,854	\$2,179,592	\$2,223,183	\$2,267,647	\$2,313,000	\$2,359,260	\$2,406,445	\$2,454,574
<b>Expenses</b>															
Administrative and Marketing	\$62,560	\$63,811	\$65,087	\$66,389	\$67,717	\$69,071	\$70,453	\$71,862	\$73,299	\$74,765	\$76,260	\$77,785	\$79,341	\$80,928	\$82,547
Maintenance and Operating	\$178,088	\$181,650	\$185,283	\$188,988	\$192,768	\$196,624	\$200,556	\$204,567	\$208,658	\$212,832	\$217,088	\$221,430	\$225,859	\$230,376	\$234,983
Payroll	\$261,600	\$266,832	\$272,169	\$277,612	\$283,164	\$288,828	\$294,604	\$300,496	\$306,506	\$312,636	\$318,889	\$325,267	\$331,772	\$338,407	\$345,176
Utilities	\$196,880	\$200,818	\$204,834	\$208,931	\$213,109	\$217,371	\$221,719	\$226,153	\$230,676	\$235,290	\$239,996	\$244,796	\$249,691	\$254,685	\$259,779
Insurance	\$46,920	\$47,858	\$48,816	\$49,792	\$50,788	\$51,803	\$52,840	\$53,896	\$54,974	\$56,074	\$57,195	\$58,339	\$59,506	\$60,696	\$61,910
Real Estate Taxes	\$100,812	\$102,828	\$104,885	\$106,983	\$109,122	\$111,305	\$113,531	\$115,802	\$118,118	\$120,480	\$122,890	\$125,347	\$127,854	\$130,411	\$133,020
Replacement Reserve	\$55,200	\$56,304	\$57,430	\$58,579	\$59,750	\$60,945	\$62,164	\$63,407	\$64,676	\$65,969	\$67,288	\$68,634	\$70,007	\$71,407	\$72,835
Management Fee	\$111,616	\$123,335	\$125,802	\$128,318	\$130,884	\$133,502	\$136,172	\$138,896	\$141,673	\$144,507	\$147,397	\$150,345	\$153,352	\$156,419	\$159,547
Total Expenses	\$1,013,676	\$1,043,437	\$1,064,305	\$1,085,592	\$1,107,303	\$1,129,449	\$1,152,038	\$1,175,079	\$1,198,581	\$1,222,552	\$1,247,003	\$1,271,943	\$1,297,382	\$1,323,330	\$1,349,797
<b>Net Operating Income</b>	<b>\$846,585</b>	<b>\$854,029</b>	<b>\$871,110</b>	<b>\$888,532</b>	<b>\$906,302</b>	<b>\$924,428</b>	<b>\$942,917</b>	<b>\$961,775</b>	<b>\$981,011</b>	<b>\$1,000,631</b>	<b>\$1,020,644</b>	<b>\$1,041,057</b>	<b>\$1,061,878</b>	<b>\$1,083,115</b>	<b>\$1,104,777</b>
<b>Reversion Calculation</b>															
Terminal Capitalization Rate	9.70%														9.7%
Sales Costs	3.0%														3.0%
Net Sales Proceeds															\$11,000,000

As Renovated Unrestricted Scenario (Years 16 through 30)

Market Cash Flow Value Derivation of "as complete"															
Fiscal Year	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
<b>Income</b>															
Low Income Units	\$2,680,970	\$2,734,589	\$2,789,281	\$2,845,067	\$2,901,968	\$2,960,007	\$3,019,207	\$3,079,592	\$3,141,183	\$3,204,007	\$3,268,087	\$3,333,449	\$3,400,118	\$3,468,120	\$3,537,483
Nonresidential	\$11,144	\$11,367	\$11,594	\$11,826	\$12,062	\$12,304	\$12,550	\$12,801	\$13,057	\$13,318	\$13,584	\$13,856	\$14,133	\$14,416	\$14,704
Gross Project Income	\$2,692,114	\$2,745,956	\$2,800,875	\$2,856,892	\$2,914,030	\$2,972,311	\$3,031,757	\$3,092,392	\$3,154,240	\$3,217,325	\$3,281,671	\$3,347,305	\$3,414,251	\$3,482,536	\$3,552,187
Vacancy Allowance	-\$188,448	-\$192,217	-\$196,061	-\$199,982	-\$203,982	-\$208,062	-\$212,223	-\$216,467	-\$220,797	-\$225,213	-\$229,717	-\$234,311	-\$238,998	-\$243,778	-\$248,653
Effective Gross Income	\$2,503,666	\$2,553,739	\$2,604,814	\$2,656,910	\$2,710,048	\$2,764,249	\$2,819,534	\$2,875,925	\$2,933,443	\$2,992,112	\$3,051,954	\$3,112,993	\$3,175,253	\$3,238,758	\$3,303,534
<b>Expenses</b>															
Administrative and Marketing	\$84,198	\$85,881	\$87,599	\$89,351	\$91,138	\$92,961	\$94,820	\$96,716	\$98,651	\$100,624	\$102,636	\$104,689	\$106,783	\$108,918	\$111,097
Maintenance and Operating	\$239,683	\$244,477	\$249,366	\$254,354	\$259,441	\$264,629	\$269,922	\$275,320	\$280,827	\$286,443	\$292,172	\$298,016	\$303,976	\$310,056	\$316,257
Payroll	\$352,079	\$359,121	\$366,303	\$373,629	\$381,102	\$388,724	\$396,498	\$404,428	\$412,517	\$420,767	\$429,183	\$437,766	\$446,522	\$455,452	\$464,561
Utilities	\$264,975	\$270,274	\$275,680	\$281,193	\$286,817	\$292,553	\$298,404	\$304,372	\$310,460	\$316,669	\$323,003	\$329,463	\$336,052	\$342,773	\$349,628
Insurance	\$63,148	\$64,411	\$65,699	\$67,013	\$68,354	\$69,721	\$71,115	\$72,537	\$73,988	\$75,468	\$76,977	\$78,517	\$80,087	\$81,689	\$83,323
Real Estate Taxes	\$135,680	\$138,394	\$141,161	\$143,985	\$146,864	\$149,802	\$152,798	\$155,854	\$158,971	\$162,150	\$165,393	\$168,701	\$172,075	\$175,516	\$179,027
Replacement Reserve	\$74,292	\$75,778	\$77,293	\$78,839	\$80,416	\$82,024	\$83,665	\$85,338	\$87,045	\$88,786	\$90,561	\$92,373	\$94,220	\$96,105	\$98,027
Management Fee	\$162,738	\$165,993	\$169,313	\$172,699	\$176,153	\$179,676	\$183,270	\$186,935	\$190,674	\$194,487	\$198,377	\$202,345	\$206,391	\$210,519	\$214,730
Total Expenses	\$1,376,793	\$1,404,328	\$1,432,415	\$1,461,063	\$1,490,285	\$1,520,090	\$1,550,492	\$1,581,502	\$1,613,132	\$1,645,395	\$1,678,302	\$1,711,868	\$1,746,106	\$1,781,028	\$1,816,649
<b>Net Operating Income</b>	<b>\$1,126,873</b>	<b>\$1,149,411</b>	<b>\$1,172,399</b>	<b>\$1,195,847</b>	<b>\$1,219,764</b>	<b>\$1,244,159</b>	<b>\$1,269,042</b>	<b>\$1,294,423</b>	<b>\$1,320,311</b>	<b>\$1,346,718</b>	<b>\$1,373,652</b>	<b>\$1,401,125</b>	<b>\$1,429,147</b>	<b>\$1,457,730</b>	<b>\$1,486,885</b>
<b>Reversion Calculation</b>															
Terminal Capitalization Rate					9.7%					9.7%					9.7%
Sales Costs					3.0%					3.0%					3.0%
Net Sales Proceeds					\$12,200,000					\$13,500,000					\$14,900,000

**Conclusion**

**Prospective Market Value as Restricted 30 years (Loan Maturity),**

The prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, subject to the rental restrictions in the year 2045, as of May 20, 2016, is:

**FIFTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS  
(\$15,500,000)**

**Prospective Market Value as Renovated Unrestricted at 30 years (Loan Maturity)**

The hypothetical prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, as an unrestricted property in the year 2045, as of May 20, 2016, is:

**FOURTEEN MILLION NINE HUNDRED THOUSAND DOLLARS  
(\$14,900,000)**

**DIRECT CAPITALIZATION**

We have provided an estimate of the Subject's prospective value assuming completion and stabilization as of the date of value for the restricted rate scenario. *Please see the assumptions and limiting conditions regarding hypothetical conditions.* To quantify the income potential of the Subject, a direct capitalization of a stabilized cash flow is employed. In this analytical method, we estimate the present values of future cash flow expectations by applying the appropriate overall capitalization rate to the forecast net operating income.

**Market Extraction**

The table below summarizes the recent improved sales of the most comparable properties that were used in our market extraction analysis:

SALES COMPARISON									
	Property	City, State	Year Built	Sale Date	Sale Price	# of Units	Price / Unit	Effective Gross Income	Overall Rate
1	Hampton Point	McDonough, GA 30253	1996	Jan-16	\$18,050,000	276	\$65,399	7.5	6.5%
2	Wildcreek Apartments	Clarkston, GA 30021	1988/2013	Jun-15	\$15,300,000	242	\$63,223	6.9	6.5%
3	Crossings at McDonough	McDonough, GA 30253	2005	Apr-14	\$19,600,000	252	\$77,778	8.3	6.3%
4	Oak Forest Apartments	Scottsdale, GA 30079	1974	Feb-14	\$8,780,000	150	\$58,533	6.9	6.0%
5	Villas by the Lake Apartments	Jonesboro, GA 30238	2003	May-13	\$13,350,000	256	\$52,148	6.0	7.0%
	<b>Average</b>				<b>\$15,432,500</b>	<b>230</b>	<b>\$66,233</b>	<b>7.4</b>	<b>6.3%</b>

The sales illustrate a range of overall rates from 6.0 to 7.0 percent, and the average is 6.5 percent. The properties are all stabilized and represent typical market transactions for multifamily market rate properties in the market area. The Subject is most comparable to Sale 5 in terms of location, though this sale occurred in 2013 and overall capitalization rates have compressed slightly since 2013. The remaining comparables offer slightly superior locations relative to the Subject. Sale 4 is a Section 8 development with the remaining sales are market rate. Sale 4 also offers the most similar condition relative to the Subject as is, while the Subject will be most comparable to Wildcreek Apartments in terms of condition post-renovation.

We have examined the differential in capitalization rates for properties receiving project-based rental assistance versus properties operating without additional rent assistance. During the most recent national recession, capitalization rates for rent-assisted properties fell below the overall capitalization rates for properties operating without additional rent assistance. This was due to investors finding added security in rent-assisted properties as they typically exhibit lower volatility during economic downturns.

Following the most recent national recession, properties operating with project-based rental assistance located in larger markets began to more closely track overall capitalization rates. However, rent-assisted properties located in smaller, tertiary markets continued to offer an advantage relative to the overall market with regard to capitalization rates, which is supported by the comparable data as the lone Section 8 sale exhibits the lowest capitalization rate amongst the comparables despite its inferior age/condition. This is due to the stability offered by rent-assisted properties in areas with lower overall rental demand. As a result of the Subject's location in a tertiary market, we believe that the reconciled capitalization rate for the restricted value would be approximately 50 basis points lower an unrestricted capitalization rate based upon the conventional sales comparables of 6.7 percent.

Therefore, we have estimated the capitalization rate of 6.2 percent. This capitalization rate is supported by the range of the comparables and the *PwC* published findings, which are illustrated following:

**The *PwC Real Estate Investor Survey***

The *PwC Real Estate Investor Survey* tracks capitalization rates utilized by national investors in commercial and multifamily real estate. The following summarizes the information for the national multifamily housing market:

**PwC REAL ESTATE INVESTOR SURVEY**

**National Apartment Market**

**Overall Capitalization Rate - Institutional Grade Investments**

Range:	3.50% - 8.00%
Average:	5.35%

**Non-Institutional Grade Investments**

Range:	3.75% - 12.00%
Average:	6.82%

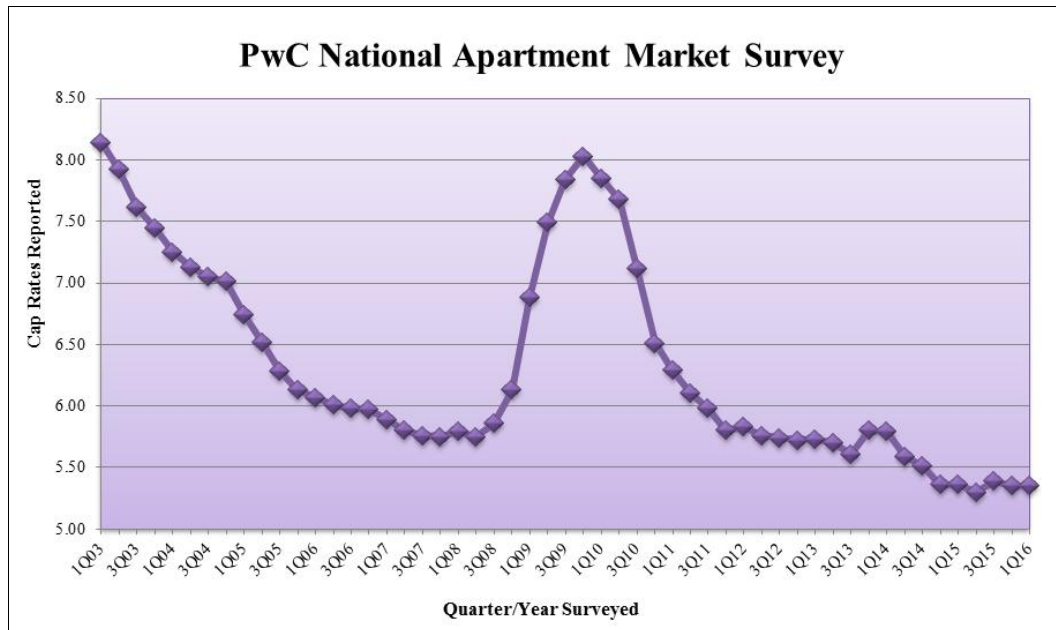
Source: PwC Real Estate Investor Survey, Q1 2016

The *PwC Real Estate Investor Survey* defines “Institutional – Grade” real estate as real property investments that are sought out by institutional buyers and have the capacity to meet generally prevalent institutional investment criteria<sup>2</sup>. Typical “Institutional – Grade” apartment properties are newly constructed, well amenitized, market rate properties in urban or suburban locations. Rarely could subsidized properties, either new construction or acquisition/rehabilitation, be considered institutional grade real estate. Therefore, for our purpose, the Non-Institutional Grade capitalization rate is most relevant; this is currently 147 basis points higher than the Institutional Grade rate on average. However, local market conditions have significant weight when viewing capitalization rates.

<sup>2</sup> PwC Real Estate Investor Survey

PwC Real Estate Investor Survey - National Apartment Market					
Overall Capitalization Rate - Institutional Grade Investments					
Quarter	Cap Rate	Change (bps)	Quarter	Cap Rate	Change (bps)
1Q03	8.14	-	4Q09	8.03	0.19
2Q03	7.92	-0.22	1Q10	7.85	-0.18
3Q03	7.61	-0.31	2Q10	7.68	-0.17
4Q03	7.45	-0.16	3Q10	7.12	-0.56
1Q04	7.25	-0.20	4Q10	6.51	-0.61
2Q04	7.13	-0.12	1Q11	6.29	-0.22
3Q04	7.05	-0.08	2Q11	6.10	-0.19
4Q04	7.01	-0.04	3Q11	5.98	-0.12
1Q05	6.74	-0.27	4Q11	5.80	-0.18
2Q05	6.52	-0.22	1Q12	5.83	0.03
3Q05	6.28	-0.24	2Q12	5.76	-0.07
4Q05	6.13	-0.15	3Q12	5.74	-0.02
1Q06	6.07	-0.06	4Q12	5.72	-0.02
2Q06	6.01	-0.06	1Q13	5.73	0.01
3Q06	5.98	-0.03	2Q13	5.70	-0.03
4Q06	5.97	-0.01	3Q13	5.61	-0.09
1Q07	5.89	-0.08	4Q13	5.80	0.19
2Q07	5.80	-0.09	1Q14	5.79	-0.01
3Q07	5.76	-0.04	2Q14	5.59	-0.20
4Q07	5.75	-0.01	3Q14	5.51	-0.08
1Q08	5.79	0.04	4Q14	5.36	-0.15
2Q08	5.75	-0.04	1Q15	5.36	0.00
3Q08	5.86	0.11	2Q15	5.30	-0.06
4Q08	6.13	0.27	3Q15	5.39	0.09
1Q09	6.88	0.75	4Q15	5.35	-0.04
2Q09	7.49	0.61	1Q16	5.35	0.00
3Q09	7.84	0.35			

Source: PwC Real Estate Investor Survey, Q1 2016



As the graph indicates, the downward trend through early 2007 is clear. The average capitalization rate decreased 225 basis points over a four-year period from 2003 to 2007. However, capitalization rates stabilized in 2007 and began a steep increase in late 2008. They appear to have peaked in the fourth quarter of 2009 and have generally decreased through the first quarter of 2016. Capitalization rates as of the first quarter of 2016 have exhibited a slight decrease over capitalization rates from the first quarter of 2015. Overall, we have estimated a capitalization rate of 6.2 percent for the restricted scenarios and 6.7 percent for the unrestricted scenarios, both of which are within the range of the Non-Institutional Grade capitalization rates.

## REIS

The following table details capitalization rate trends for the Atlanta metropolitan area as of the first quarter 2016.

	1Q 2016 Metro Statistics			Metro Statistics - 12 Month Rolling		
	Mean	Median	25th Percentile	Mean	Median	75th Percentile
Cap Rate	6.6%	6.7%	5.5%	6.8%	6.7%	8.9%
Sale Price	\$17,599,665	\$9,020,000	\$4,261,750	\$20,657,273	\$13,331,750	\$30,972,020
Sale Price Per Unit	\$97,918	\$90,116	\$46,305	\$90,152	\$75,042	\$106,501
Number of Units	180	210	133	229	228	305
Number of Floors	3	2	2	3	3	3
Year Built	1985	1981	1970	1987	1985	1996

Source: REIS.com, 5/2016

The mean capitalization rate in the Atlanta metropolitan area during the first quarter 2016 was 6.6 percent with a median capitalization rate of 6.7 percent.

## Debt Coverage Ratio

The debt coverage ratio (DCR) is frequently used as a measure of risk by lenders wishing to measure the margin of safety and by purchasers analyzing leveraged property. It can be applied to test the reasonableness of a project in relation to lender loan specifications. Lenders typically use the debt coverage ratio as a quick test to determine project feasibility. The debt coverage ratio has two basic components: the properties net operating income and its annual debt service (represented by the mortgage constant).

The ratio used is:

$$\text{Net Operating Income} / \text{Annual Debt Service} = \text{Debt Coverage Ratio}$$

One procedure by which the debt coverage ratio can be used to estimate the overall capitalization rate is by multiplying the debt coverage ratio by the mortgage constant and the lender required loan-to-value ratio. The indicated formula is:

$$R_O = D.C.R \times R_M \times M$$

Where:

$R_O$  = Overall Capitalization Rate

D.C.R = Debt Coverage Ratio

$R_M$  = Mortgage Constant

M = Loan-to-Value Ratio

### **Band of Investment**

This method involves deriving the property's equity dividend rate from the improved comparable sales and applying it, at current mortgage rate and terms, to estimate the value of the income stream.

The formula is:

$$R_O = M \times R_M + (1-M) \times R_E$$

Where:

$R_O$  = Overall Capitalization Rate

M = Loan-to-Value Ratio

$R_M$  = Mortgage Constant

$R_E$  = Equity Dividend

The Mortgage Constant ( $R_M$ ) is based upon the calculated interest rate from the ten year treasury. The equity dividend rate  $R_E$ , also known as the cash on cash return rate, is the rate of return that an equity investor expects on an annual basis. It is a component of the overall return requirement. The equity dividend rate is impacted by the returns on other similar investments as well as the risk profile of the investment market and finally the expectation for future value growth. The equity dividend rate is lower in cases where the market is strong and there is a perception of lower risk related to the return of the investment. Further, the dividend rate is lower in markets that have greater expectation for capital appreciation. In some cases we have seen dividend rates that are zero or even negative, suggesting that buyers are willing to forego an annual return because of a larger expectation of capital appreciation. Of course the converse is also true. Generally we see equity dividend rates ranging from 5.0 to 12.0 percent. In this case, given the Subject's location, an equity dividend estimate of 10.0 percent is considered reasonable in this analysis.

The following table summarizes calculations for the two previously discussed methods of capitalization rate derivation. We will utilize a market oriented interest rate of 4.88 percent. Based on our work files, the typical amortization period is 25 to 30 years and the loan to value ratio is 70 to 80 percent with interest rates between 4.00 and 6.00 percent. Therefore, we believe a 4.88 percent interest rate with a 30-year amortization period and a loan to value of 80 percent is reasonable. The following table illustrates the band of investment for the Subject property



CAPITALIZATION RATE DERIVATION			
Inputs and Assumptions		Interest Rate Calculations	
DCR	1.3	Treasury Bond Basis*	
Rm	0.06	10 Year T Bond Rate (5/2016)	1.63%
Interest (per annum)	4.88%	Interest rate spread	325
Amortization (years)	30	Interest Rate (per annum, rounded)	4.88%
M	80%		
Re	10.0%		
<b>Debt Coverage Ratio</b>			
	<b>Ro</b>	= DCR X Rm X M	
	<b>6.61%</b>	= 1.30 X 0.06 X 80%	
<b>Band of Investment</b>			
	<b>Ro</b>	= (M X Rm) + ((1-M) X Re)	
	<b>7.08%</b>	= (80% X 0.06 + 20% X 10%)	

\* Source: Bloomberg.com, 5/2016

### Conclusion of Overall Rate Selection

After reviewing the appropriate methods for developing an overall rate, the following ranges of overall capitalization rates are indicated:

CAPITALIZATION RATE SELECTION SUMMARY	
Method	Indicated Rate
Market Extraction	6.2%-6.7%
PwC Survey	6.2%-6.7%
REIS	6.6%-6.7%
Debt Coverage Ratio	6.61%
Band of Investment	7.08%

The following issues impact the determination of a capitalization rate for the Subject:

- Current market health
- Existing competition
- Subject's construction type and tenancy and physical appeal
- The anticipated demand growth in the Subject sub-market
- The demand growth expected over the next three years
- Local market overall rates

The four approaches indicate a range from 6.20 to 7.08 percent. We have reconciled to a 6.2 percent capitalization rate for the restricted scenarios and 6.7 percent for the unrestricted scenario, based primarily upon the market-extracted rates. A summary of the direct capitalization analysis for these scenarios can be found on the following pages.

**DIRECT CAPITALIZATION TECHNIQUE - YEAR ONE OPERATING STATEMENT**

**EXPENSE ANALYSIS**

*Operating Revenues*

	As Is Unit Mix	As Proposed Unit Mix	As Is Restricted		As Renovated Restricted		As Renovated Unrestricted	
			Rent	Total Revenue	Rent	Total Revenue	Rent	Total Revenue
Apartment Rentals								
1BR/1BA	24	24	\$775	\$223,200	\$775	\$223,200	\$770	\$221,760
2BR/1BA	88	88	\$848	\$895,488	\$848	\$895,488	\$850	\$897,600
3BR/2BA	72	72	\$966	\$834,624	\$966	\$834,624	\$1,010	\$872,640
<b>Total Potential Rental Income</b>	<b>184</b>	<b>184</b>	<b>\$885</b>	<b>\$1,953,312</b>	<b>\$885</b>	<b>\$1,953,312</b>	<b>\$902</b>	<b>\$1,992,000</b>
Other Income			\$45	\$8,280	\$45	\$8,280	\$45	\$8,280
<b>Residential Potential Revenues</b>			<b>\$10,661</b>	<b>\$1,961,592</b>	<b>\$10,661</b>	<b>\$1,961,592</b>	<b>\$10,871</b>	<b>\$2,000,280</b>
Vacancy			-\$533	-\$98,080	-\$533	-\$98,080	-\$761	-\$140,020
Vacancy and Collections Loss Percentage				-5%		-5%		-7%
<b>Effective Gross Income</b>			<b>\$10,128</b>	<b>\$1,863,512</b>	<b>\$10,128</b>	<b>\$1,863,512</b>	<b>\$10,110</b>	<b>\$1,860,260</b>

*Operating Expenses*

			As Is Restricted		As Renovated Restricted		As Renovated Unrestricted	
Administration and Marketing			\$420	\$77,280	\$420	\$77,280	\$340	\$62,560
Maintenance and Operating			\$1,275	\$234,600	\$965	\$177,560	\$968	\$178,088
Payroll			\$1,422	\$261,600	\$1,422	\$261,600	\$1,422	\$261,600
Utilities			\$1,425	\$262,200	\$1,070	\$196,880	\$1,070	\$196,880
Property & Liability Insurance			\$255	\$46,920	\$255	\$46,920	\$255	\$46,920
Real Estate and Other Taxes			\$406	\$74,713	\$548	\$100,812	\$548	\$100,812
Replacement Reserves			\$300	\$55,200	\$300	\$55,200	\$300	\$55,200
Management Fee	6.5%	6.5%	\$658	\$121,128	\$658	\$121,128	\$607	\$111,616
<b>Total Operating Expenses</b>			<b>\$6,161</b>	<b>\$1,133,641</b>	<b>\$5,638</b>	<b>\$1,037,381</b>	<b>\$5,509</b>	<b>\$1,013,676</b>
<b>Expenses as a ratio of EGI</b>				<b>61%</b>		<b>56%</b>		<b>54%</b>

*Valuation*

	As Is Restricted		As Renovated Restricted		As Renovated Unrestricted	
Net Operating Income	\$3,967	\$729,871	\$4,490	\$826,132	\$4,601	\$846,585
Capitalization Rate		6.20%		6.20%		6.70%
<b>Indicated Value "rounded"</b>		<b>\$11,800,000</b>		<b>\$13,300,000</b>		<b>\$12,600,000</b>

**Conclusion**

The following table summarizes the findings of the previously conducted direct capitalization analysis.

<b>DIRECT CAPITALIZATION ANALYSIS - "AS IS"</b>			
<b>Scenario</b>	<b>Cap Rate</b>	<b>Net Operating Income</b>	<b>Indicated Value (Rounded)</b>
As Is	6.20%	\$729,871	\$11,800,000
<b>DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>Cap Rate</b>	<b>Net Operating Income</b>	<b>Indicated Value (Rounded)</b>
As Renovated Restricted	6.20%	\$826,132	\$13,300,000
As Renovated Unrestricted	6.70%	\$846,585	\$12,600,000

The Subject's market value of the real estate "As Is", via the Income Capitalization Approach, as of May 20, 2016 is:

**ELEVEN MILLION EIGHT HUNDRED THOUSAND DOLLARS**  
**(\$11,800,000)**

The Subject's hypothetical market value of the real estate assuming Section 8 contract rents "As Complete and Stabilized", via the Income Capitalization Approach, as of May 20, 2016 is:

**THIRTEEN MILLION THREE HUNDRED THOUSAND DOLLARS**  
**(\$13,300,000)**

The Subject's hypothetical market value of the real estate assuming the achievable unrestricted rents "As Complete and Stabilized", via the Income Capitalization Approach, as of May 20, 2016 is:

**TWELVE MILLION SIX HUNDRED THOUSAND DOLLARS**  
**(\$12,600,000)**

*Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.*

**Below Market Debt**

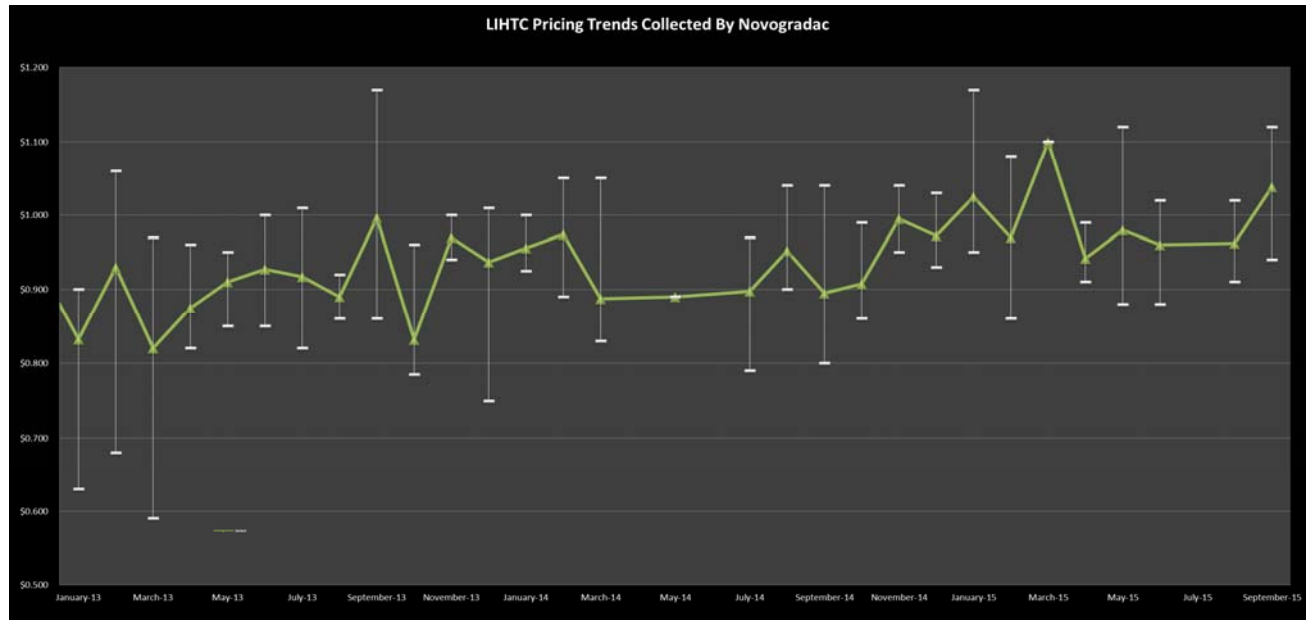
The developer has indicated that they will receive a permanent and a construction loan. The permanent loan will be in the amount of \$12,920,000 and will bear an interest at a fixed rate of approximately 4.55 percent per annum with a 480-month (40-year) term. The construction loan will be in the amount of \$17,870,000 and will bear an estimated interest rate of 4.05 percent with a term of no less than 19 months. The rate and terms are market-oriented; therefore, there is no favorable financing value.

**VALUATION - TAX CREDIT EQUITY**

We were asked to value the federal tax credits. A 10-year federal tax credit incentive program encumbers the Subject. The Subject is a proposed multifamily LIHTC and market rate property. We were asked to value the tax credits.

As an incentive to participate in the low-income housing program the developer is awarded “tax credits” which provide the incentive to construct and rehabilitate affordable housing in otherwise financially infeasible markets. The tax credit program was created by the Internal Revenue Code Section 42, and is a Federal tax program administered by the states. The developer expects to receive a total LIHTC allocation of \$6,579,160 (combined federal and state credits) with a limited partner share of 98.99 percent, which totals a total annual LIHTC allocation of \$651,271. A draft Letter of Intent (LOI) was provided, which indicates pricing estimates of \$1.12 per federal credit and \$0.55 per state credit; however, according to the client, the federal credits will likely be sold at \$1.11 per credit. This results in a combined pricing of \$1.66 per credit.

Valuation of LIHTC is typically done by a comparison approach. The industry typically values and analyzes the LIHTC transaction on a dollar per credit basis. The following table summarizes details regarding recent federal LIHTC sales of which Novogradac and Company LLP has direct knowledge.



As the previous table illustrates, the tax credit raise rate in recent months has averaged approximately \$1.04, with a range of \$0.94 to \$1.12. The pricing above reflects transactions similar to the Subject. As part of the yield analysis and pricing determination investors consider, among other factors, construction risk, lease-up risk and timing of the credits. The Subject will be located in Jonesboro, GA, which is located within the Atlanta-Sandy Springs-Roswell, GA MSA, offers Section 8 subsidy, and will be substantially renovated with LIHTC equity. Tax credit pricing has trended upward over the past several months and has settled in the upper \$0.90s to lower \$1.00

range. The developer's budget is \$1.11 per federal credit, which is slightly below the figured provided in the draft LOI (\$1.12). We believe that the developer's estimate range is reasonable and have concluded to \$1.11 per federal credit.

The following table illustrates Georgia state tax credit pricing from 2012 to 2014.

<b>GEORGIA STATE TAX CREDIT PRICING</b>			
<b>Closing Date</b>	<b>Price Per Credit</b>	<b>Location</b>	<b>Type</b>
2014	\$0.32	Union City	New Construction
2013	\$0.30	Griffin	New Construction
2013	\$0.25	Auburn	New Construction
2012	\$0.25	Ellijay	New Construction
2012	\$0.25	Cairo	Acquisition/Rehabilitation
2012	\$0.26	Locust Grove	New Construction
2012	\$0.34	Atlanta	Acquisition/Rehabilitation
2012	\$0.34	Union City	Acquisition/Rehabilitation

According to recent data, the Georgia state credit pricing ranged from \$0.25 to \$0.34 between 2012 and 2014. However, we also contacted two Georgia state LIHTC investors. Our conversations with Georgia state LIHTC investors indicated a typical range of \$0.45 to \$0.55 for 2015. The developer's budget indicates \$0.55 per credit. The developer's estimate is high, but is based on actual quotes according the client. Therefore, we conclude to \$0.55 per Georgia state credit.

<b>FEDERAL AND STATE TAX CREDIT VALUE</b>		
	<b>Value</b>	<b>Pricing</b>
<b>Total credits</b>	\$6,512,710	
<b>Annual amount</b>	\$651,271	
<b>Total Value</b>	<b>\$10,811,099</b>	<b>\$1.66 (Combined)</b>

We believe a price of approximately \$1.11 per credit for federal tax credits and \$0.55 for state tax credits is reasonable. This rate results in a total tax credit value of approximately \$10,800,000 (rounded). This value is effective as of May 20, 2016.

***Total LIHTC Value: Combined Federal and State***  
**TEN MILLION EIGHT HUNDRED THOUSAND DOLLARS**  
**(\$10,800,000)**

*Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.*

# **SALES COMPARISON APPROACH**

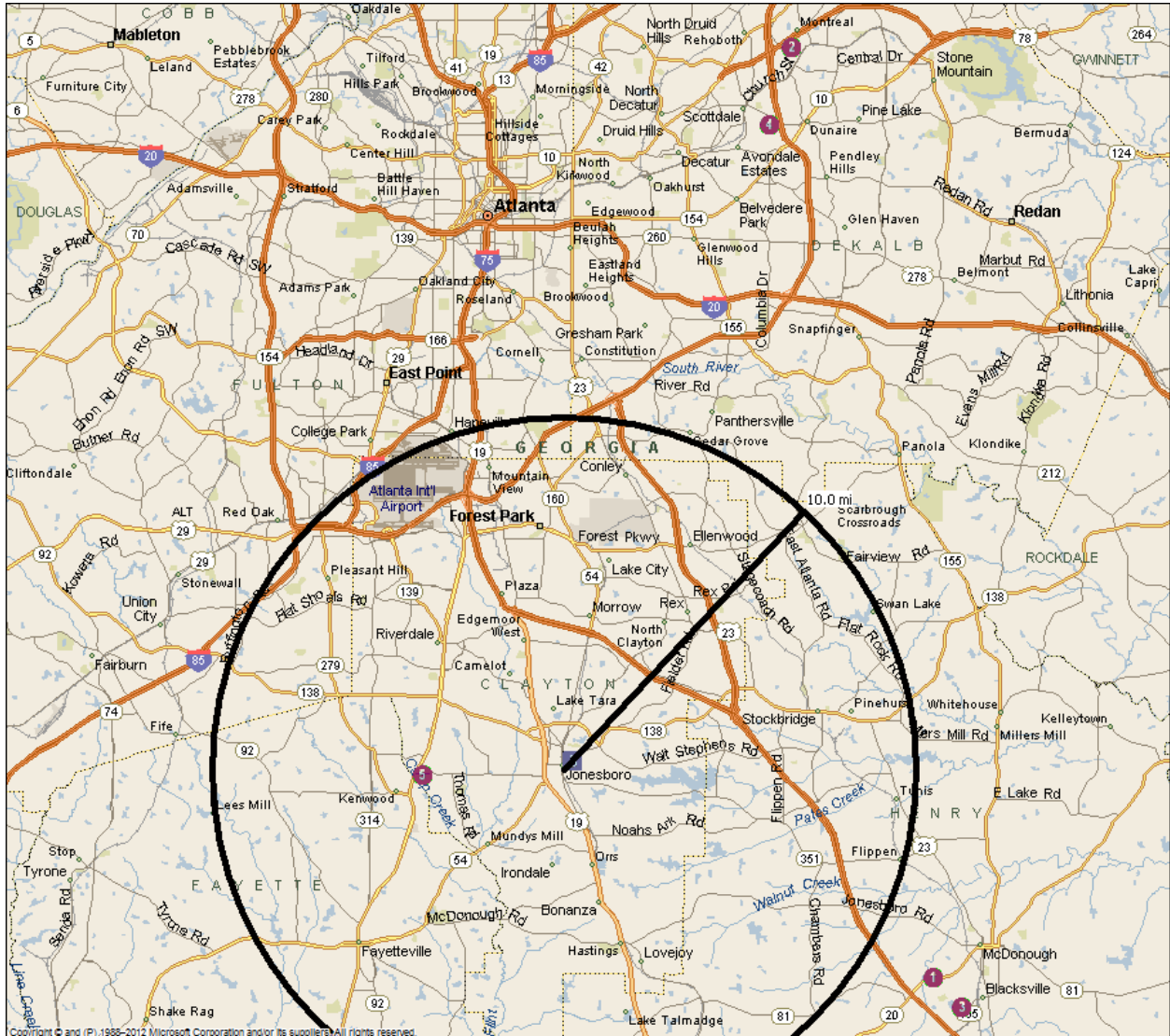
**SALES COMPARISON APPROACH**

The sales comparison approach to value is a process of comparing market data; that is, the price paid for similar properties, prices asked by owners, and offers made by prospective purchasers willing to buy or lease. Market data is good evidence of value because it represents the actions of users and investors. The sales comparison approach is based on the principle of substitution, which states that a prudent investor would not pay more to buy or rent a property than it will cost them to buy or rent a comparable substitute. The sales comparison approach recognizes that the typical buyer will compare asking prices and work through the most advantageous deal available. In the sales comparison approach, the appraisers are observers of the buyer's actions. The buyer is comparing those properties that constitute the market for a given type and class.

The following pages supply the analyzed sale data and will conclude with a value estimate.



### Comparable Sales Map



**Comparable Sale 1**

**Name:** **Hampton Point**  
**Location:** 820 Hampton Road  
 McDonough, GA 30253



**Buyer:** PointOne Holdings  
**Seller:** Vista Bridge Mill LP  
**Sale Date:** Jan-16  
**Sale Price:** \$18,050,000

**Financing:** Conventional  
**Number of Units:** 276  
**Year Built:** 1996  
**Site:** 34.43 Acres

**Units of Comparison:**

Effective Gross Income:	\$2,415,250	
EGIM	7.5	
Total Expenses:	\$1,380,000	57.1%
Net Operating Income:	\$1,173,250	
Net Operating Income per Unit:	\$4,251	
Overall Rate with Reserves:	6.50%	
Sale Price per Unit:	\$65,399	

**Comments:**

This garden style property is a market rate development that offers 88 one, 122 two, and 66 three-bedroom units. The property was 93 percent occupied at the time of sale. The sale price, NOI and capitalization rate were confirmed by CoStar. It should be noted that we tried to verify these details with transaction participants but were unsuccessful. Novogradac & Company LLP estimated expenses at \$5,000 per unit.

**Verification:** Costar, Public Records

**Comparable Sale 2**

**Name:** Wildcreek Apartments  
**Location:** 100 Wild Cir.  
 Clarkston, GA 30021



**Buyer:** TM Wildcreek Apartments LP  
**Seller:** PC Wildcreek LLC  
**Sale Date:** Jun-15  
**Sale Price:** \$15,300,000

**Financing:** Conventional  
**Number of Units:** 242  
**Year Built:** 1988/2013  
**Site:** 22.5 Acres

**Units of Comparison:**

Effective Gross Income:	\$2,204,500	
EGIM	6.9	
Total Expenses:	\$1,210,000	54.9%
Net Operating Income:	\$994,500	
Net Operating Income per Unit:	\$4,110	
Overall Rate with Reserves:	6.50%	
Sale Price per Unit:	\$63,223	

**Comments:**

This garden style property consists of one- and two-bedroom units. The property was 95 percent occupied. The sale price and capitalization rate were confirmed by the broker, Judy MacManus with Brown Realty Advisors. Novogradac & Company LLP estimated expenses at \$5,000 per unit.

**Verification:** Costar, Broker

**Comparable Sale 3**

**Name:** Crossings at McDonough  
**Location:** 100 Crossing Blvd.  
 McDonough, GA 30253



**Buyer:** ARWC - 100 Crossing Boulevard, LLC  
**Seller:** Bradford Realty Holdings I, LLC  
**Sale Date:** Apr-14  
**Sale Price:** \$19,600,000

**Financing:** Conventional  
**Number of Units:** 252  
**Year Built:** 2005  
**Site:** 21.4 Acres

**Units of Comparison:**

Effective Gross Income:	\$2,359,000	
EGIM	8.3	
Total Expenses:	\$1,260,000	53.4%
Net Operating Income:	\$1,225,000	
Net Operating Income per Unit:	\$4,861.11	
Overall Rate with Reserves:	6.3%	
Sale Price per Unit:	\$77,778	

**Comments:**

This garden style property is a market rate development that offers 40 one, 176 two, and 36 three-bedroom units. The property was 94 percent occupied at the time of sale. The sale price, NOI and capitalization rate were confirmed by the broker, Judy MacManus, and Costar. Novogradac & Company LLP estimated expenses at \$5,000 per unit.

**Verification:** Broker, Costar, Public Records

**Comparable Sale 4**

**Name:** Oak Forest Apartments  
**Location:** 338 Hatton Drive  
 Scottdale, GA 30079



**Buyer:** Housing Preservation, Inc.  
**Seller:** Herman & Kittle Properties, Inc.  
**Sale Date:** Feb-14  
**Sale Price:** \$8,780,000

**Financing:** Conventional  
**Number of Units:** 150  
**Year Built:** 1974  
**Site:** 13.3 Acres

**Units of Comparison:**

Effective Gross Income:	\$1,276,800	
EGIM	6.9	
Total Expenses:	\$750,000	58.7%
Net Operating Income:	\$526,800	
Net Operating Income per Unit:	\$3,512	
Overall Rate with Reserves:	6.0%	
Sale Price per Unit:	\$58,533	

**Comments:**

This is an existing Section 8 project that offers two and three-bedroom units that was 98 percent occupied at the time of the sale. The buyer intends to substantially renovate the property with LIHTC funds. As of this date, the project has not been awarded LIHTC funds. The sale price and capitalization rate were confirmed by the broker, Gene Levantal with Sperry Van Ness. The expenses were estimated by Novogradac at \$5,000 per unit.

**Verification:** Costar, Broker

**Comparable Sale 5**

**Name:** Villas by the Lake Apartments  
**Location:** 1 Lakeview Way  
 Jonesboro, GA 30238



**Buyer:** Hamilton Point Investors  
**Seller:** LNR Partners, Inc.  
**Sale Date:** May-13  
**Sale Price:** \$13,350,000

**Financing:** Conventional  
**Number of Units:** 256  
**Year Built:** 2003  
**Site:** Acres

**Units of Comparison:**

Effective Gross Income:	\$2,214,500
EGIM	6.0
Total Expenses:	\$1,280,000
Net Operating Income:	\$934,500
Net Operating Income per Unit:	\$3,650
Overall Rate with Reserves:	7.0%
Sale Price per Unit:	\$52,148

**Comments:**

This property offers 256 one and two-bedroom units in a three-story garden-style design and was approximately 95 percent occupied at the time of sale. Novogradac estimated the operating expenses on a per unit basis to be \$5,000, and Jon K. Leinberg, broker with Transwestern confirmed all other details.

**Verification:** Costar, Clayton County Assessor's Office, Broker

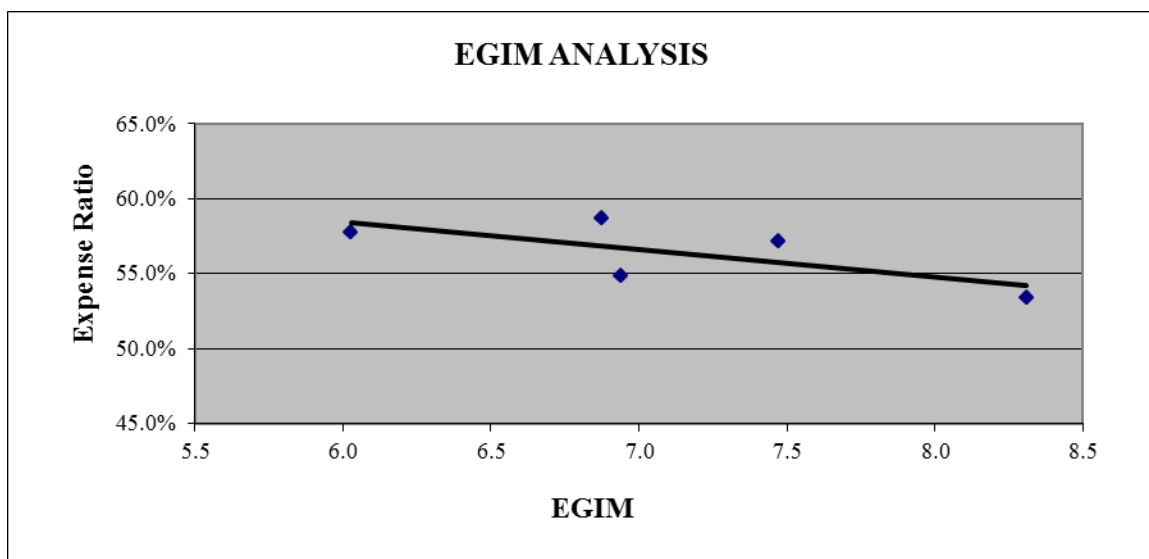
**VALUATION ANALYSIS**

The sales selected for this analysis are summarized in the following table.

SALES COMPARISON									
	Property	City, State	Year Built	Sale Date	Sale Price	# of Units	Price / Unit	Effective Gross Income	Overall Rate
1	Hampton Point	McDonough, GA 30253	1996	Jan-16	\$18,050,000	276	\$65,399	7.5	6.5%
2	Wildcreek Apartments	Clarkston, GA 30021	1988/2013	Jun-15	\$15,300,000	242	\$63,223	6.9	6.5%
3	Crossings at McDonough	McDonough, GA 30253	2005	Apr-14	\$19,600,000	252	\$77,778	8.3	6.3%
4	Oak Forest Apartments	Scottsdale, GA 30079	1974	Feb-14	\$8,780,000	150	\$58,533	6.9	6.0%
5	Villas by the Lake Apartments	Jonesboro, GA 30238	2003	May-13	\$13,350,000	256	\$52,148	6.0	7.0%
	<b>Average</b>				<b>\$15,432,500</b>	<b>230</b>	<b>\$66,233</b>	<b>7.4</b>	<b>6.5%</b>

**EGIM Analysis**

We first estimate the Subject's value using the EGIM analysis. The EGIM compares the ratios of sales price to the annual gross income for the property, less a deduction for vacancy and collection loss. A reconciled multiplier for the Subject is then used to convert the Subject's anticipated effective gross income into an estimate of value. The following chart highlights the correlation between the EGIM and the expense ratios reported by the comparable sales utilized in our analysis.



EGIM ANALYSIS					
	Sale Price	EGI	Expenses	Expense Ratio	EGIM
<b>As Is Restricted</b>	<b>\$11,800,000</b>	<b>\$1,863,512</b>	<b>\$1,133,641</b>	<b>61%</b>	<b>6.35</b>
<b>As Renovated Restricted</b>	<b>\$13,300,000</b>	<b>\$1,863,512</b>	<b>\$1,037,381</b>	<b>56%</b>	<b>7.15</b>
<b>As Renovated Unrestricted</b>	<b>\$12,600,000</b>	<b>\$1,860,260</b>	<b>\$1,013,676</b>	<b>54%</b>	<b>6.80</b>
Comparable #1	\$18,050,000	\$2,415,250	\$1,380,000	57%	7.5
Comparable #2	\$15,300,000	\$2,204,500	\$1,210,000	55%	6.9
Comparable #3	\$19,600,000	\$2,359,000	\$1,260,000	53%	8.3
Comparable #4	\$8,780,000	\$1,276,800	\$750,000	59%	6.9
Comparable #5	\$13,350,000	\$2,214,500	\$1,280,000	58%	6.0

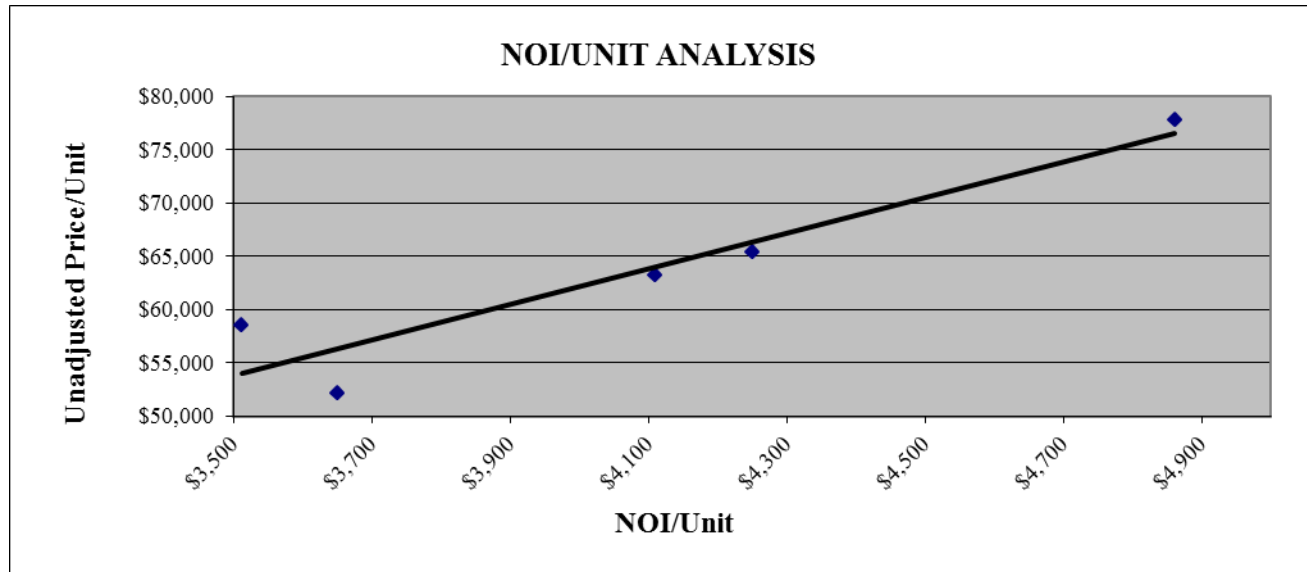
We have estimated EGIMs of 6.35 in the as is scenario and 7.15 and 6.80 in the as renovated restricted and unrestricted scenarios, respectively. The Subject’s indicated value using the EGIM method is presented in the following table.

EGIM ANALYSIS - "AS COMPLETE AND STABILIZED"			
Scenario	EGIM	Effective Gross Income	Indicated Value (Rounded)
As Is	6.35	\$1,863,512	\$11,800,000
As Renovated Restricted	7.15	\$1,863,512	\$13,300,000
As Renovated Unrestricted	6.80	\$1,860,260	\$12,600,000

**NOI/UNIT ANALYSIS**

The available sales data also permits the use of the NOI/Unit analysis. This NOI/Unit analysis examines the income potential of a property relative to the price paid per unit. The sales indicate that, in general, investors are willing to pay more for properties with greater income potential. Based on this premise, we are able to gauge the Subject's standing in our market survey group, thereby estimating a value on a price per unit applicable to the Subject. This analysis allows us to provide a quantitative adjustment process and avoids qualitative, speculative adjustments.

To estimate an appropriate price/unit for the Subject, we examined the change in NOI/Unit and how it affects the price/unit. By determining the percent variance of the comparable properties NOI/Unit to the Subject, we determine an adjusted price/unit for the Subject. As the graph illustrates there is a direct relationship between the NOI and the sale price of the comparable properties.





The tables below summarize the calculated adjustment factors and the indicated adjusted prices.

NOI/UNIT ANALYSIS									
As Is									
No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	\$3,967	/	\$4,251	=	0.93	X	\$65,399	=	\$61,026
2	\$3,967	/	\$4,110	=	0.97	X	\$63,223	=	\$61,026
3	\$3,967	/	\$4,861	=	0.82	X	\$77,778	=	\$63,467
4	\$3,967	/	\$3,512	=	1.13	X	\$58,533	=	\$66,112
5	\$3,967	/	\$3,650	=	1.09	X	\$52,148	=	\$56,667
			<b>\$4,077</b>		<b>0.99</b>		<b>\$63,416</b>		<b>\$61,660</b>

NOI/UNIT ANALYSIS									
As Renovated Restricted									
No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	\$4,490	/	\$4,251	=	1.06	X	\$65,399	=	\$69,075
2	\$4,490	/	\$4,110	=	1.09	X	\$63,223	=	\$69,075
3	\$4,490	/	\$4,861	=	0.92	X	\$77,778	=	\$71,838
4	\$4,490	/	\$3,512	=	1.28	X	\$58,533	=	\$74,831
5	\$4,490	/	\$3,650	=	1.23	X	\$52,148	=	\$64,141
			<b>\$4,077</b>		<b>1.12</b>		<b>\$63,416</b>		<b>\$69,792</b>

NOI/UNIT ANALYSIS									
As Renovated Unrestricted									
No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	\$4,601	/	\$4,251	=	1.08	X	\$65,399	=	\$70,785
2	\$4,601	/	\$4,110	=	1.12	X	\$63,223	=	\$70,785
3	\$4,601	/	\$4,861	=	0.95	X	\$77,778	=	\$73,616
4	\$4,601	/	\$3,512	=	1.31	X	\$58,533	=	\$76,683
5	\$4,601	/	\$3,650	=	1.26	X	\$52,148	=	\$65,729
			<b>\$4,077</b>		<b>1.14</b>		<b>\$63,416</b>		<b>\$71,519</b>

The Subject is most similar to Sales 1 and 2 in the as is restricted scenario, Sales 1 and 3 in the as renovated restricted scenario, and Sales 1 and 3 in the as renovated unrestricted scenario. Value indications via the NOI per unit analysis are summarized below.

NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"			
Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
As Is	184	\$64,000	\$11,800,000
As Renovated Restricted	184	\$72,000	\$13,200,000
As Renovated Unrestricted	184	\$68,500	\$12,600,000

**Conclusion**

We utilized the EGIM, the NOI/Unit, and the per unit adjustment analyses to estimate the Subject's value using the sales comparison approach. These two methods must be reconciled into a single value estimate. Both techniques provide a reasonable indication of the Subject's value. While the EGIM analysis is considered to be a reasonable method of valuation, the NOI/unit analysis is typically considered to be the better approach due to its concentration on NOI or a point more reflective of investor returns, and its use with relation to the sales prices.

The Subject's market value of the real estate "As Is", via the Sale Comparison Approach, as of May 20, 2016 is:

**ELEVEN MILLION EIGHT HUNDRED THOUSAND DOLLARS**  
**(\$11,800,000)**

The Subject's prospective market value of the real estate As Restricted "As Complete and Stabilized", via the Sales Comparison Approach, as of May 20, 2016 is:

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

The Subject's hypothetical market value of the real estate assuming achievable market rents "As Complete and Stabilized," via the Sales Comparison Approach, as of May 20, 2016 is:

**TWELVE MILLION SIX HUNDRED THOUSAND DOLLARS**  
**(\$12,600,000)**

*Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.*

## **RECONCILIATION**

**RECONCILIATION**

We were asked to provide an estimate of the Subject's value with restrictions and without restricted operations. We considered the traditional approaches in the estimation of the Subject's value. The resulting value estimates are presented following:

<b>VALUE OF UNDERLYING LAND</b>			
<b>Scenario</b>	<b>Units</b>	<b>Price Per Unit</b>	<b>Indicated Value (Rounded)</b>
Land Value	169	\$10,500	\$1,770,000
<b>DIRECT CAPITALIZATION ANALYSIS - "AS IS"</b>			
<b>Scenario</b>	<b>Cap Rate</b>	<b>Net Operating Income</b>	<b>Indicated Value (Rounded)</b>
As Is	6.20%	\$729,871	\$11,800,000
<b>DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>Cap Rate</b>	<b>Net Operating Income</b>	<b>Indicated Value (Rounded)</b>
As Renovated Restricted	6.20%	\$826,132	\$13,300,000
As Renovated Unrestricted	6.70%	\$846,585	\$12,600,000
<b>EGIM ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>EGIM</b>	<b>Effective Gross Income</b>	<b>Indicated Value (Rounded)</b>
As Is	6.35	\$1,863,512	\$11,800,000
As Renovated Restricted	7.15	\$1,863,512	\$13,300,000
As Renovated Unrestricted	6.80	\$1,860,260	\$12,600,000
<b>NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>Number of Units</b>	<b>Price per unit</b>	<b>Indicated Value (Rounded)</b>
As Is	184	\$64,000	\$11,800,000
As Renovated Restricted	184	\$72,000	\$13,200,000
As Renovated Unrestricted	184	\$68,500	\$12,600,000
<b>VALUE AT LOAN MATURITY - RESTRICTED</b>			
	<b>Year</b>	<b>Indicated Value (Rounded)</b>	
Restricted	30 years	\$15,500,000	
<b>VALUE AT LOAN MATURITY - UNRESTRICTED</b>			
	<b>Year</b>	<b>Indicated Value (Rounded)</b>	
Unrestricted	30 years	\$14,900,000	
<b>TAX CREDIT VALUATION</b>			
	<b>Credit Amount</b>	<b>Price Per Credit</b>	<b>Indicated Value (Rounded)</b>
Combined Federal & State LIHTC	\$6,512,710	\$1.66	\$10,800,000

The value indicated by the income capitalization approach is a reflection of a prudent investor's analysis of an income producing property. In this approach, income is analyzed in terms of quantity, quality, and durability. Due to the fact that the Subject will be an income producing in nature, this

approach is the most applicable method of valuing the Subject property. Furthermore, when valuing the intangible items it is the only method of valuation considered.

The sales comparison approach reflects an estimate of value as indicated by the sales market. In this approach, we searched the local market for transfers of similar type properties. These transfers were analyzed for comparative units of value based upon the most appropriate indices (i.e. \$/Unit, OAR, etc.). Our search revealed several sales over the past three years. While there was substantial information available on each sale, the sales varied in terms of location, quality of income stream, condition, etc. As a result, the appraisers used both an EGIM and a NOI/unit analysis. These analyses provide a good indication of the Subject's market value.

In the final analysis, we considered the influence of the two approaches in relation to one another and in relation to the Subject. In the case of the Subject several components of value can only be valued using either the income or sales comparison approach.

#### **Underlying Land Value**

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the value of the underlying land in fee simple, as of May 20, 2016, is:

**ONE MILLION SEVEN HUNDRED SEVENTY THOUSAND DOLLARS  
(\$1,770,000)**

#### **“As Is” Value**

The Subject's market value of the real estate “As Is”, subject to current Section 8 contract rents, as of March 9, 2016 is:

**ELEVEN MILLION EIGHT HUNDRED THOUSAND DOLLARS  
(\$11,800,000)**

#### **“As Complete and Stabilized” Restricted**

The Subject's hypothetical estimated market value “As Complete and Stabilized” assuming proposed restricted rental rates, as of May 20, 2016, is:

**THIRTEEN MILLION THREE HUNDRED THOUSAND DOLLARS  
(\$13,300,000)**

#### **“As Complete and Stabilized” Unrestricted**

The Subject's hypothetical estimated market value “As Complete and Stabilized” assuming unrestricted market rental rates, as of May 20, 2016, is:

**TWELVE MILLION SIX HUNDRED THOUSAND DOLLARS  
(\$12,600,000)**

**Prospective Market Value as Restricted 30 years (Loan Maturity),**

The hypothetical prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, subject to the rental restrictions in the year 2045, as of May 20, 2016, is:

**FIFTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS  
(\$15,500,000)**

**Prospective Market Value as Unrestricted at 30 years (Loan Maturity)**

The hypothetical prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, as an unrestricted property in the year 2045, as of May 20, 2016, is:

**FOURTEEN MILLION NINE HUNDRED THOUSAND DOLLARS  
(\$14,900,000)**

**Tax Credit Value**

The market value of the tax credits allocated to the Subject over a 10-year period, on a cash equivalent basis, as of May 20, 2016, is:

*Total LIHTC Value: Combined Federal and State*  
**TEN MILLION EIGHT HUNDRED THOUSAND DOLLARS  
(\$10,800,000)**

*Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.*

**MARKETING TIME PROJECTION:**

**Marketing Time** is defined as the period from the date of initial listing to the settlement date. The projected marketing time for the Subject property "as is" will vary greatly, depending upon the aggressiveness of the marketing agent, the method of marketing, the market that is targeted, interest rates and the availability of credit at the time the property is marketed, the supply and demand of similar properties for sale or having been recently purchased, and the perceived risks at the time it is marketed.

Discussions with area Realtors indicate that a marketing period of nine to 12 months is reasonable for properties such as the Subject. This is supported by data obtained on several of the comparable sales and consistent with information obtained from the PwC survey. This estimate assumes a strong advertising and marketing program during the marketing period.

**Reasonable Exposure Time:**

Statement 6, Appraisal Standards to USPAP notes that reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to proceed the effective date of the appraisal.

It is defined as the "estimated length of time the property interests appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market." Based on our read of the market, historical information provided by the *PwC Investor Survey* and recent sales of apartment product, an exposure time of nine to 12 months appears adequate.

*Addendum A*

*Assumptions and Limiting Conditions, Certification*



## **ASSUMPTIONS AND LIMITING CONDITIONS**

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the appraiser has relied extensively upon such data in the formulation of all analyses.
2. The legal description as supplied by the client is assumed to be correct and the author assumes no responsibility for legal matters, and renders no opinion of property title, which is assumed to be good and merchantable.
3. All encumbrances, including mortgages, liens, leases, and servitudes, were disregarded in this valuation unless specified in the report. It was recognized, however, that the typical purchaser would likely take advantage of the best available financing, and the effects of such financing on property value were considered.
4. All information contained in the report which others furnished was assumed to be true, correct, and reliable. A reasonable effort was made to verify such information, but the author assumes no responsibility for its accuracy.
5. The report was made assuming responsible ownership and capable management of the property.
6. The sketches, photographs, and other exhibits in this report are solely for the purpose of assisting the reader in visualizing the property. The author made no property survey, and assumes no liability in connection with such matters. It was also assumed there is no property encroachment or trespass unless noted in the report.
7. The author of this report assumes no responsibility for hidden or unapparent conditions of the property, subsoil or structures, or the correction of any defects now existing or that may develop in the future. Equipment components were assumed in good working condition unless otherwise stated in this report.
8. It is assumed that there are no hidden or unapparent conditions for the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors.
9. The investigation made it reasonable to assume, for report purposes, that no insulation or other product banned by the Consumer Product Safety Commission has been introduced into the Subject premises. Visual inspection by the appraiser did not indicate the presence of any hazardous waste. It is suggested the client obtain a professional environmental hazard survey to further define the condition of the Subject soil if they deem necessary.
10. Any distribution of total property value between land and improvements applies only under the existing or specified program of property utilization. Separate valuations for land and buildings must not be used in conjunction with any other study or appraisal and are invalid if so used.

11. A valuation estimate for a property is made as of a certain day. Due to the principles of change and anticipation the value estimate is only valid as of the date of valuation. The real estate market is non-static and change and market anticipation is analyzed as of a specific date in time and is only valid as of the specified date.
12. Possession of the report, or a copy thereof, does not carry with it the right of publication, nor may it be reproduced in whole or in part, in any manner, by any person, without the prior written consent of the author particularly as to value conclusions, the identity of the author or the firm with which he or she is connected. Neither all nor any part of the report, or copy thereof shall be disseminated to the general public by the use of advertising, public relations, news, sales, or other media for public communication without the prior written consent and approval of the appraiser. Nor shall the appraiser, firm, or professional organizations of which the appraiser is a member be identified without written consent of the appraiser.
13. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional appraisal organization with which the appraiser is affiliated: specifically, the Appraisal Institute.
14. The author of this report is not required to give testimony or attendance in legal or other proceedings relative to this report or to the Subject property unless satisfactory additional arrangements are made prior to the need for such services.
15. The opinions contained in this report are those of the author and no responsibility is accepted by the author for the results of actions taken by others based on information contained herein.
16. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the Subject property will sell or lease for the indicated amounts.
17. All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
18. It is assumed that all required licenses, permits, covenants or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
19. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusions are contingent upon completion of the improvements in a workmanlike manner and in a reasonable period of time. A final inspection and value estimate upon the completion of said improvements should be required.
20. All general codes, ordinances, regulations or statutes affecting the property have been and will be enforced and the property is not subject to flood plain or utility restrictions or moratoriums, except as reported to the appraiser and contained in this report.
21. The party for whom this report is prepared has reported to the appraiser there are no original

existing condition or development plans that would subject this property to the regulations of the Securities and Exchange Commission or similar agencies on the state or local level.

22. Unless stated otherwise, no percolation tests have been performed on this property. In making the appraisal, it has been assumed the property is capable of passing such tests so as to be developable to its highest and best use, as detailed in this report.
23. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating systems. The appraiser does not warrant the condition or adequacy of such systems.
24. No in-depth inspection of existing insulation was made. It is specifically assumed no Urea Formaldehyde Foam Insulation (UFFI), or any other product banned or discouraged by the Consumer Product Safety Commission has been introduced into the appraised property. The appraiser reserves the right to review and/or modify this appraisal if said insulation exists on the Subject property.
25. Acceptance of and/or use of this report constitute acceptance of all assumptions and the above conditions. Estimates presented in this report are not valid for syndication purposes.

## **SPECIFIC ASSUMPTIONS**

The terms of the subsidy programs are preliminary as of the appraisal's effective date, August 12, 2016; therefore, any description of such terms is intended to reflect the current expectations and perceptions of market participants along with available factual data. The terms should be judged on the information available when the forecasts are made, not whether specific items in the forecasts or programs are realized. The program terms outlined in this report, as of May 20, 2016, form the basis upon which the value estimates are made. Novogradac & Co. LLP cannot be held responsible for unforeseen events that alter the stated terms subsequent to the date of this report.

The prospective value estimates reported herein are prepared using assumptions stated in this report which are based on the owner's/developer's plan to complete the Subject. As of May 20, 2016, the Subject's completion date is in 2018.

Prospective value estimates, which are by the nature hypothetical estimates, are intended to reflect the current expectations and perceptions of market participants along with available factual data. They should be judged on the market support for the forecasts when made, not whether specific items in the forecasts are realized. The market conditions outlined in the report will be as of the last inspection date of the Subject, and these conditions will form the basis upon which the prospective value estimates are made. Novogradac & Co. LLP cannot be held responsible for unforeseen events that alter market conditions and/or the proposed property improvements subsequent to the date of the report.

At the clients' request we appraised the Subject property under a hypothetical condition. The hypothesis is that the developer proposes to use private financing and assistance from Low Income Housing Tax Credits to construct the Subject.

## **CERTIFICATION**

The undersigned hereby certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
- We are concurrently preparing a market study for the Subject for application purposes. Other than the previously listed engagement, we have performed no other services on the Subject in the three years immediately preceding this assignment;
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results;
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*;
- The Subject site was last inspected on May 20, 2016 by Edward Mitchell. Rebecca S. Arthur has not made a personal inspection of the property that is the Subject of this report;
- No one provided significant real property appraisal assistance to the persons signing this certification with the exception of Lawson Short;
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;

- As of the date of this report, Rebecca S. Arthur and Edward R. Mitchell have completed the continuing education program for Designated Members of the Appraisal Institute;



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Rebecca S. Arthur, MAI  
Partner  
Certified General Real Estate  
Appraiser



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Edward R. Mitchell  
Certified General Real Estate Appraiser  
GA License # 4649  
Expiration Date: 4/30/2017

*Addendum B*

*Qualifications of Consultants*

**STATEMENT OF PROFESSIONAL QUALIFICATIONS**  
**REBECCA S. ARTHUR, MAI**

**I. Education**

University of Nebraska, Lincoln, Nebraska  
Bachelor of Science in Business Administration – Finance

Appraisal Institute  
Designated Member (MAI)

**II. Licensing and Professional Affiliation**

Designated Member of the Appraisal Institute (MAI)  
    Kansas City Chapter of the Appraisal Institute Board of Directors – 2013 & 2014  
Member of Commercial Real Estate Women (CREW) Network  
Member of National Council of Housing Market Analysts (NCHMA)

State of Arizona Certified General Real Estate Appraisal No. 31992  
State of California Certified General Real Estate Appraiser No. AG041010  
State of Hawaii Certified General Real Estate Appraiser No. CGA-1047  
State of Iowa Certified General Real Estate Appraiser No. CG03200  
State of Indiana Certified General Real Estate Appraiser No. CG41300037  
State of Kansas Certified General Real Estate Appraiser No. G-2153  
State of Michigan Certified General Real Estate Appraiser No. 1201074011  
State of Minnesota Certified General Real Estate Appraiser No. 40219655  
State of Missouri Certified General Real Estate Appraiser No. 2004035401  
State of Louisiana Certified General Real Estate Appraiser No. 4018  
State of Texas Certified General Real Estate Appraiser No. TX-1338818-G

**III. Professional Experience**

Partner, Novogradac & Company LLP  
Principal, Novogradac & Company LLP  
Manager, Novogradac & Company LLP  
Real Estate Analyst, Novogradac & Company LLP  
Corporate Financial Analyst, Deloitte & Touche LLP

**IV. Professional Training**

Forecasting Revenue, June 2015  
Discounted Cash Flow Model, June 2015  
Business Practices and Ethics, April 2015  
USPAP Update, May 2014  
HUD MAP Training – June 2013  
The Appraiser as an Expert Witness: Preparation & Testimony, April 2013  
How to Analyze and Value Income Properties, May 2011



Appraising Apartments – The Basics, May 2011  
HUD MAP Third Party Tune-Up Workshop, September 2010  
HUD MAP Third Party Valuation Training, June 2010  
HUD LEAN Third Party Training, January 2010  
National Uniform Standards of Professional Appraisal Practice, April 2010  
MAI Comprehensive Four Part Exam, July 2008  
Report Writing & Valuation Analysis, December 2006  
Advanced Applications, October 2006  
Highest and Best Use and Market Analysis, July 2005  
HUD MAP – Valuation Advance MAP Training, April 2005  
Advanced Sales Comparison and Cost Approaches, April 2005  
Advanced Income Capitalization, October 2004  
Basic Income Capitalization, September 2003  
Appraisal Procedures, October 2002  
Appraisal Principals, September 2001

## **V. Real Estate Assignments**

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- In general, have managed and conducted numerous market analyses and appraisals for various types of commercial real estate since 2001, with an emphasis on multifamily housing and land.
- Have managed and conducted numerous market and feasibility studies for multifamily housing. Properties types include Section 42 Low Income Housing Tax Credit (LIHTC) Properties, Section 8, USDA and/or conventional. Local housing authorities, developers, syndicators, HUD and lenders have used these studies to assist in the financial underwriting and design of multifamily properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying, and overall market analysis. The Subjects include both new construction and rehabilitation properties in both rural and metro regions throughout the United States and its territories.
- Have managed and conducted numerous appraisals of multifamily housing. Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered LIHTC and unencumbered values were typically derived. The three traditional approaches to value are developed with special methodologies included to value tax credit equity, below market financing and PILOT agreements.
- Performed market studies and appraisals of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing (MAP) program. These reports meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide for 221(d)(4) and 223(f) programs, as well as the LIHTC PILOT Program.
- Performed numerous market study/appraisals assignments for USDA RD properties in several states in conjunction with acquisition rehabilitation redevelopments. Documents are

used by states, FannieMae, USDA, and the developer in the underwriting process. Market studies are compliant to State, FannieMae, and USDA requirements. Appraisals are compliant to FannieMae and USDA HB-1-3560 Chapter 7 and Attachments.

- Completed numerous FannieMae and FreddieMac appraisals of affordable and market rate multi-family properties for DUS Lenders.
- Managed and Completed numerous Section 8 Rent Comparability Studies in accordance with HUD's Section 8 Renewal Policy and Chapter 9 for various property owners and local housing authorities.
- Managed and conducted various City and County-wide Housing Needs Assessments in order to determine the characteristics of existing housing, as well as determine the need for additional housing within designated areas.
- Performed numerous valuations of the General and/or Limited Partnership Interest in a real estate transaction, as well as LIHTC Year 15 valuation analysis.

## **VI. Speaking Engagements**

A representative sample of industry speaking engagements follows:

- Institute for Professional Education and Development (IPED): Tax Credit Seminars
- Institute for Responsible Housing Preservation (IRHP): Annual Meetings
- Midwest FHA Lenders Conference: Annual Meetings
- National Council of Housing Market Analysts (NCHMA): Seminars and Workshops
- Nebraska's County Assessors: Annual Meeting
- Novogradac & Company LLP: LIHTC, Developer and Bond Conferences
- AHF Live! Affordable Housing Finance Magazine Annual Conference
- Kansas Housing Conference
- California Council for Affordable Housing Meetings

# **STATEMENT OF PROFESSIONAL QUALIFICATIONS**

## **EDWARD R. MITCHELL**

### **I. Education**

University of Alabama, Tuscaloosa, Alabama  
Master of Science – Financial Planning (05/2014)

University of Alabama, Tuscaloosa, Alabama  
Graduate Certificate (Half Master's) Conflict Management, Negotiation, and Mediation

University of Alabama, Tuscaloosa, Alabama  
Bachelor of Science – Human Environmental Science

San Antonio College, San Antonio, Texas  
Associate of Arts – Real Estate Management

### **II. Professional Experience**

Senior Real Estate Analyst; Novogradac & Company LLP (September 2013 – Present)  
Senior Appraiser; Valbridge Property Advisors  
Managing Partner; Consolidated Equity, Inc.  
Appraiser; Schultz, Carr, Bissette  
Disposition Manager; Resolution Trust Corporation (RTC)

### **III. Assignments**

- Currently conducts market feasibility studies, valuation assignments, rent comparability studies (RCS) and consulting assignments for proposed and existing Low-Income Housing Tax Credit (LIHTC) properties.
- Performed work in Alaska, California, Florida, Georgia, Kansas, Mississippi, Texas, New York, North Carolina, and Pennsylvania.
- Over 20 years' experience in real estate appraisal, investment, development, and construction. Past appraisal assignments include all types of vacant and improved commercial property and special use properties such as rail corridors, Right-of-Way projects, and recycling plants.

### **IV. Licensure**

- State Certified General Real Property Appraiser (Georgia)
- Licensed Real Estate Salesperson (Georgia)
- Appraisal Institute – Candidate for Designation

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## LAWSON SHORT

### I. EDUCATION

**St. Edward's University, Austin, Texas**

Bachelor of Arts, English Writing and Rhetoric, *2010*

### II. PROFESSIONAL EXPERIENCE

Real Estate Analyst – Novogradac & Company LLP, *March 2012 to Present*

Researcher – Novogradac & Company LLP, *March 2011 to March 2012*

### III. PROFESSIONAL TRAINING

Basic Appraisal Principles *June 2013 to January 2014*

Basic Appraisal Procedures *June 2013 to January 2014*

National USPAP Course *June 2013 to January 2014*

Texas Appraiser Trainee License *February 2014*

### IV. REAL ESTATE ASSIGNMENTS

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, assisted living, large family, and acquisition with rehabilitation.
- Assisted in the preparation of Rent Comparability Studies for expiring Section 8 contracts and USDA contracts for subsidized properties located throughout the United States. Engagements included interviewing potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Assisted in various types of appraisals of proposed new construction, rehabilitation, and existing properties. Analysis includes property screenings, valuation analysis, capitalization rate analysis, rent comparability studies, expense comparability analysis, determination of market rents, and general market analysis. Appraisals assisted on have

included Freddie Mac, Fannie Mae, HUD Multifamily Accelerated Processing (MAP), among others.

- Conducted over 75 site inspections for market studies and appraisals throughout the United States for various reports including proposed new construction and rehabilitation projects.
- Researched and analyzed local and national economy and economic indicators for specific projects throughout the United States. Research included employment industries analysis, employment historical trends and future outlook, and demographic analysis.
- Examined local and national housing market statistical trends and potential outlook in order to determine sufficient demand for specific projects through the United States.

*Addendum C*  
*Subject Photos*



View of the Subject signage



View of the Subject



View of the Subject



View of the Subject



Community building



Manager's office



Exterior stairway



Typical bedroom



Typical bathroom



Washer/dryer connections



Typical bedroom



Typical kitchen





Typical living room



Typical kitchen



Typical bathroom



Typical bedroom



Office building in Subject's neighborhood



Commercial uses in Subject's neighborhood



Railroad tracks west of Subject



Gas station west of Subject



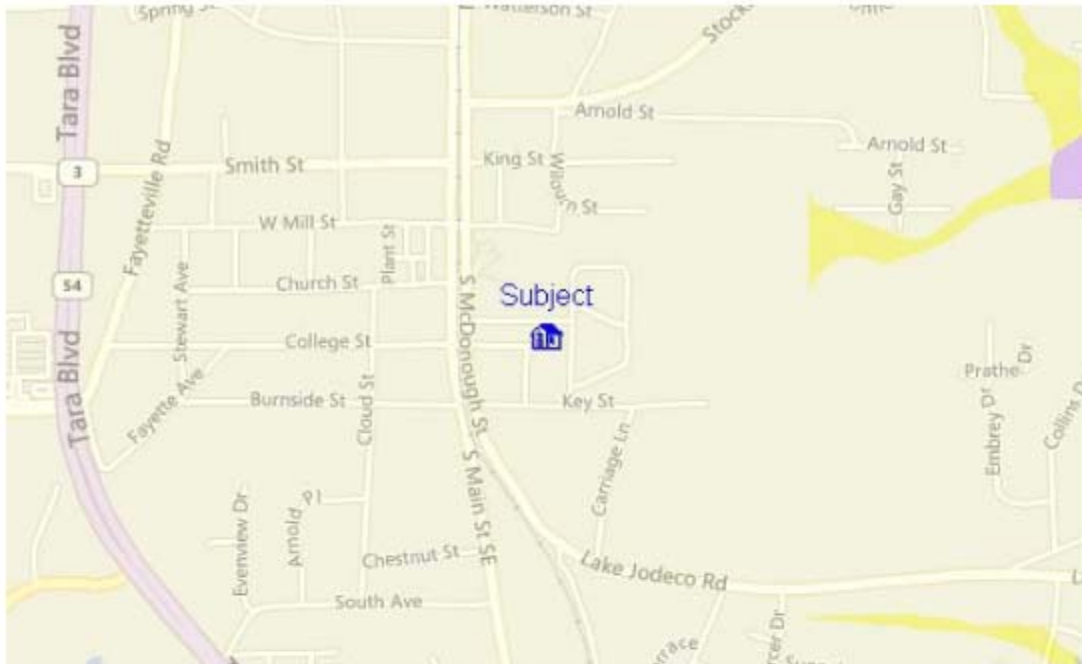
Additional commercial uses in Subject's neighborhood



Family Dollar in the Subject's neighborhood

*Addendum D*

*Flood Plain Map*



## Location Report

[New Address](#)
[Print](#)
[Download PDF](#)
[Email PDF](#)

### Flood Zone Determinations (Non-Guaranteed)

SFHA (Flood Zone)	Out
Within 250 feet of multiple flood zones?	No
Zone	X
Community	130043
Community Name	JONESBORO, CITY OF
Panel	0088E
Panel Date	September 05, 2007
Cobra	OUT
Map Number	13063C0088E
FIPS Code	13063
Census Tract	0406.13

*Addendum E*

*Developer's Budget and Pro Forma*



Rental Calculations\*

Section 8 Units

Unit Mix:	HAP	#	Projected Rents				Yr.	Max	Max Gross	Enter Max 50% TC Rent For Unit Type	(Net TC x #)	
Type	Targeting	Units	30%	40%	50%	60%	Net FMR *	Net TC Rent*	TC Rent	Month	Annual	
1 BR	30%	0.0	337				726	337	384		0	
1 BR	40%	0.0		465			726	465	512	640	0	
1 BR	50%	0.0			593		726	593	640		0	
1 BR	60%	24.0				721	726	721	768		17,304	
2 BR	30%	0.0	389				845	389	460		0	
2 BR	40%	0.0		543			845	543	614	767	0	
2 BR	50%	0.0			696		845	696	767		0	
2 BR	60%	88.0				849	845	849	920		74,747	
3 BR	30%	0.0	447				1,128	447	532		0	
3 BR	40%	0.0		624			1,128	624	709	886	0	
3 BR	50%	0.0			801		1,128	801	886		0	
3 BR	60%	72.0				978	1,128	978	1,063		70,430	
----	30%	0.0	0				0	0	0	0	0	
----	40%	0.0		0			0	0	0	0	0	
----	50%	0.0			0		0	0	0	0	0	
----	60%	0.0				0	0	0	0	0	0	
----	30%	0.0	0				0	0	0	0	0	
----	40%	0.0		0			0	0	0	0	0	
----	50%	0.0			0		0	0	0	0	0	
----	60%	0.0				0	0	0	0	0	0	
----	30%	0.0	0				0	0	0	0	0	
----	40%	0.0		0			0	0	0	0	0	
----	50%	0.0			0		0	0	0	0	0	
----	60%	0.0				0	0	0	0	0	0	
----	30%	0.0	0				0	0	0	0	0	
----	40%	0.0		0			0	0	0	0	0	
----	50%	0.0			0		0	0	0	0	0	
----	60%	0.0				0	0	0	0	0	0	
* net of PBE		184.0	<==Total								162,482	1,949,779

# Keystone Apartments Sale to LIHTC

Updated: 3/7/2016



## Net Income: Supportable Debt \*

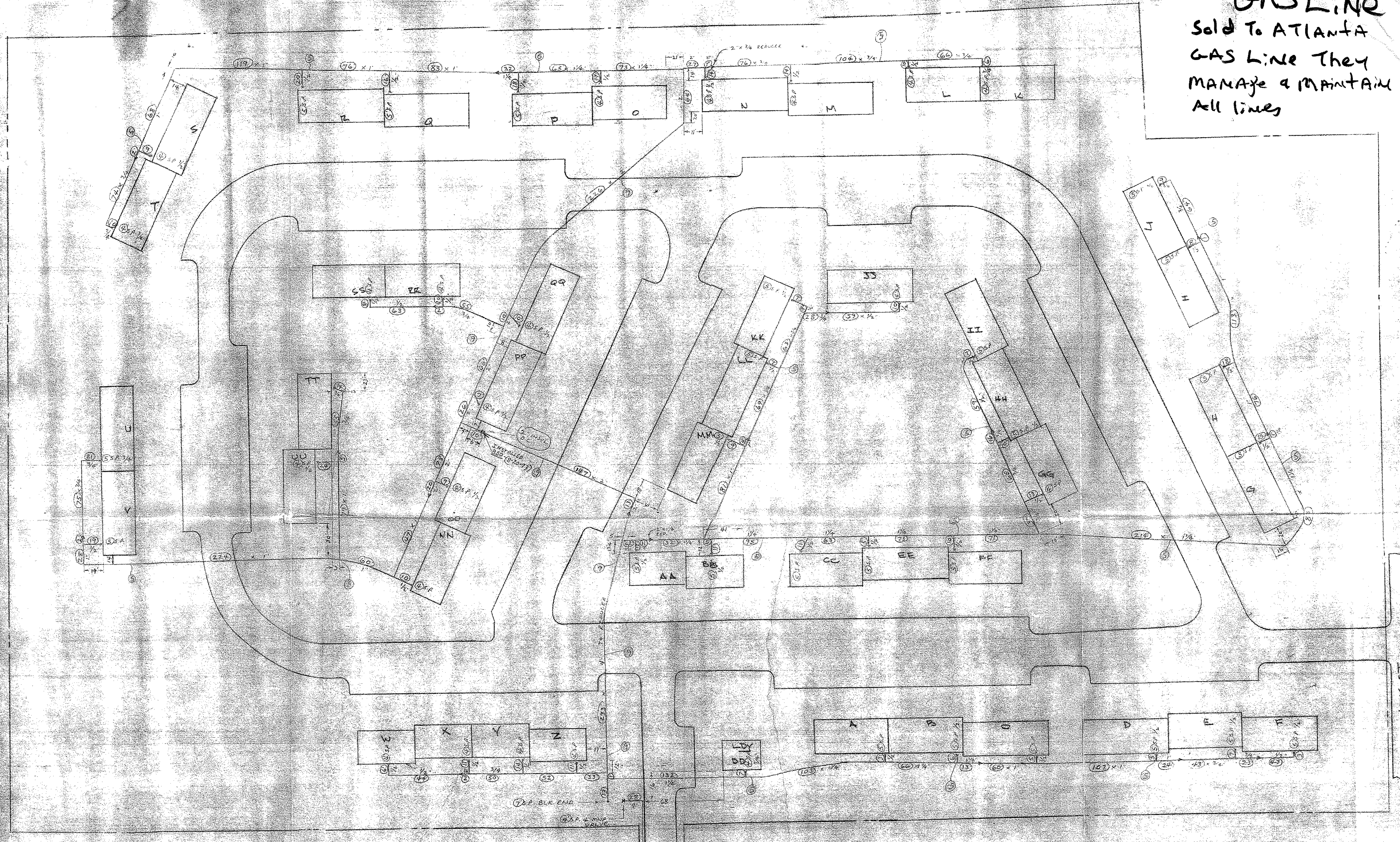
		<b>YEAR 2</b>			<u>Targeted Rents</u>	<u>Current Rents</u>
<b>Units:</b>	Total Units				184	
	Number of Section 8 Units				184	
	Units Available for Rent				184	
<b>Income:</b>	Rents				1,949,779	1,953,312
	Other Income		\$0.00 PUPM		0	0
	Total Gross Income				1,949,779	1,953,312
	Vacancy		5.00%		(97,489)	(97,666)
	Total Collected Income				1,852,290	1,855,646
<b>Expenses:</b>		<u>Historical</u>	<u>Projected</u>	<u>Net Change</u>		
	Operating Expenses	3,672	3,268	-404	601,243	601,243
	Security	61	0	-61	0	0
	Management Fee	644	658	14	74,092	74,226
	Real Estate Taxes	396	406	10	74,767	74,767
	Subtotal	4,773	4,332	-441	750,101	750,235
	Utilities	1,386	981	-405	180,496	180,496
	Total Operating Expenses	6,160	5,313	-847	930,597	930,732
	Reserve For Replacement	0	350	350	64,400	64,400
	Total Property Expenses	6,160	5,663	-497	994,997	995,132
	Tenant Services	0	0	0	0	0
	Adjustment	0	0	0	-	-
	Total Annual Expenses	6,160	5,663	-497	994,997	995,132
	Net Operating Income		Targeted	HAP	857,293	860,515
	Loan Debt Service		125.00%	125.00%	685,834	688,425
	Cash Flow				171,459	172,090
	Seller Loan Payment			0.0%	0	0
	State DS	\$0		0%	0	0
	<b>Cash Flow To Waterfall</b>				<b>171,459</b>	<b>172,090</b>

*Addendum F*

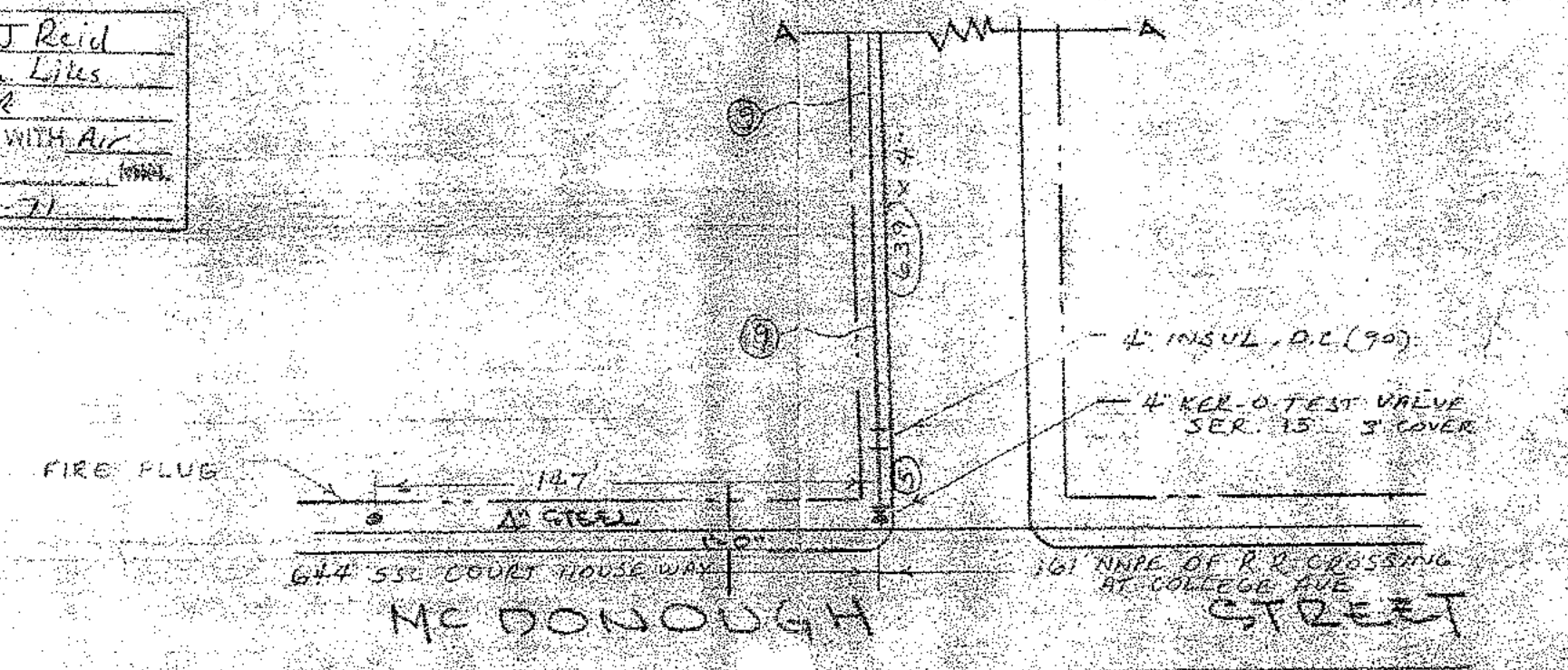
*Site Plans*



**GAS LINE**  
 Sold to ATLANTA  
 GAS Line They  
 MANAGE & MAINTAIN  
 All lines

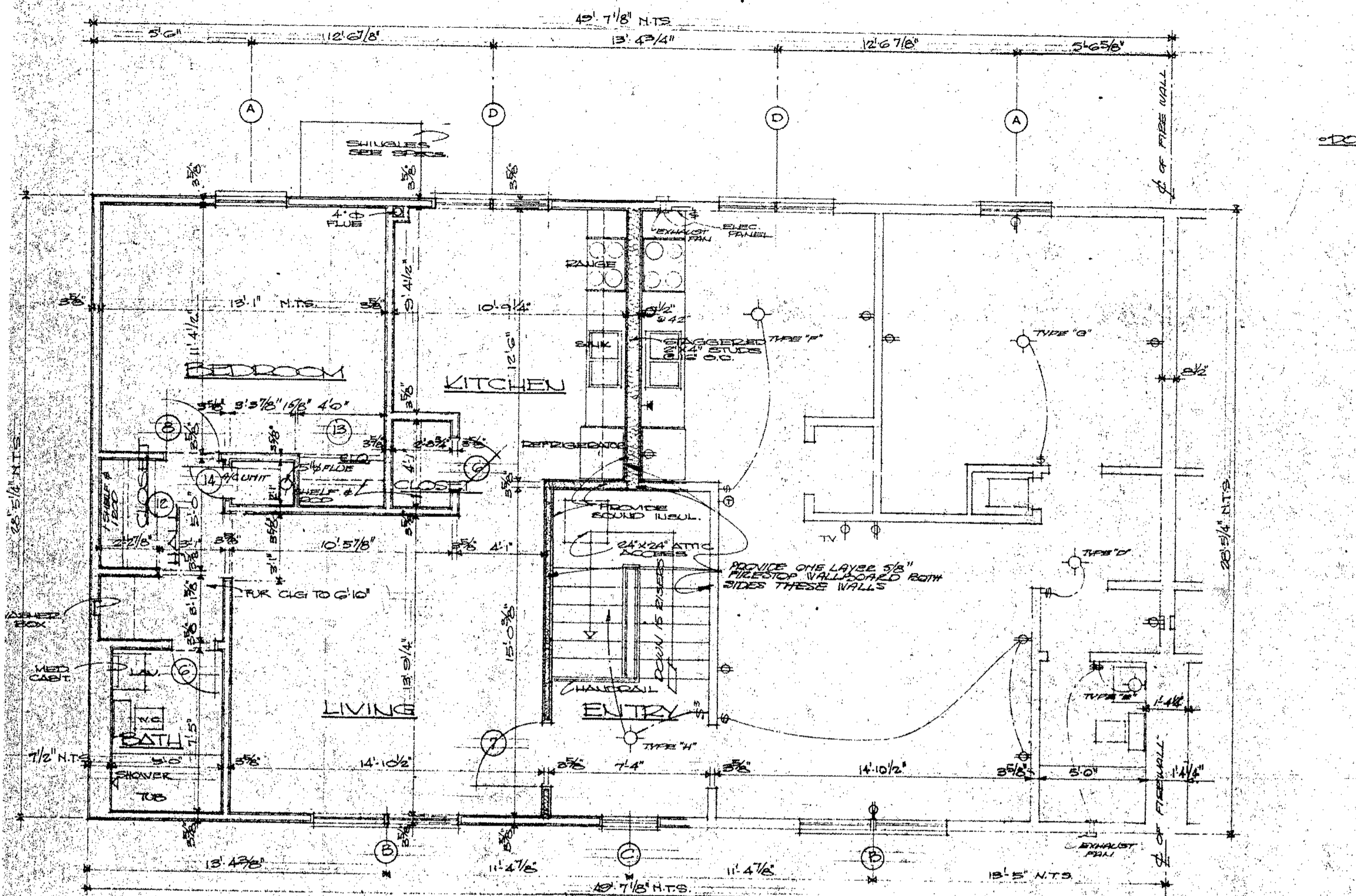


CONTRACTOR R.J. Reid  
 FOREMAN Wm. Liles  
 INSPECTOR ORR  
 TESTED AT 102 LBS. WITH AIR  
 FOR 24 HOURS  
 COMPLETED 7-6-71

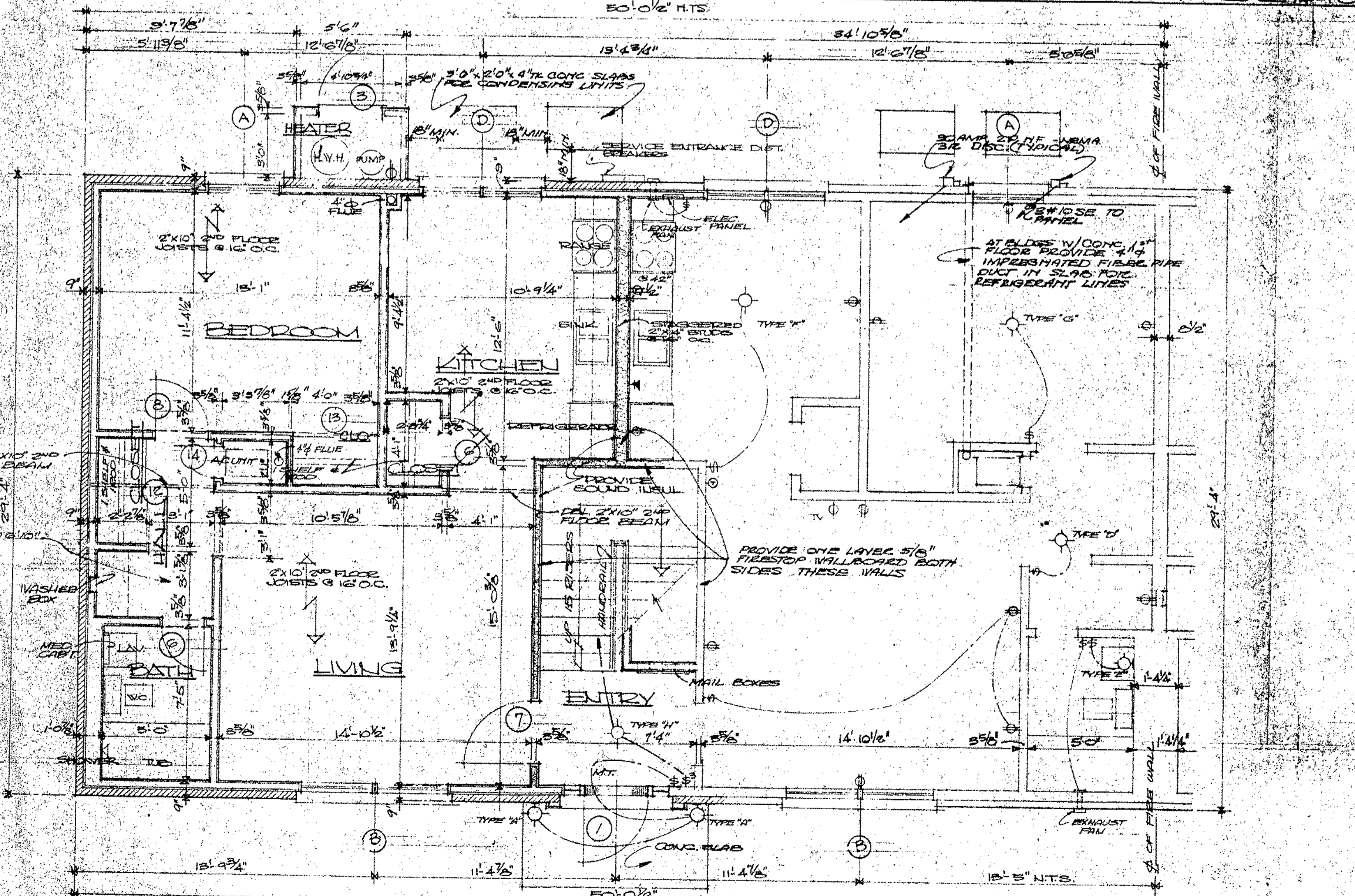


COURT HOUSE  
 ALLEY (CLOSED)  
 2\"/>

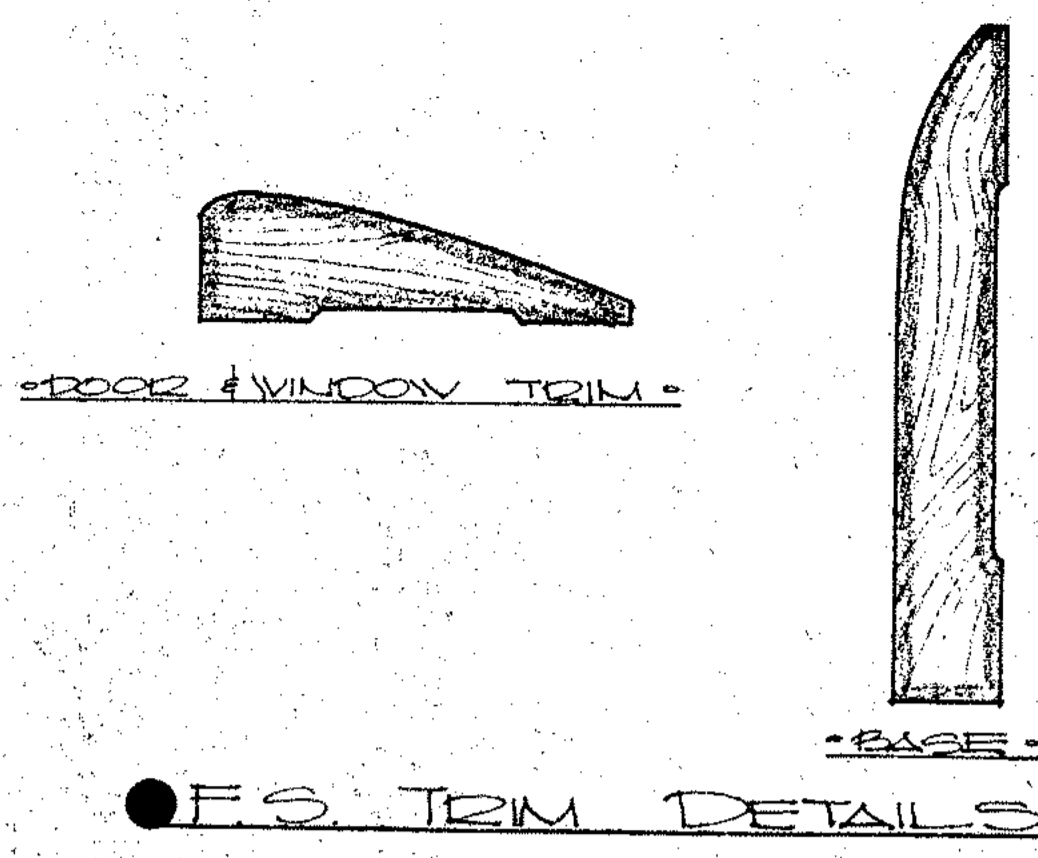
ATLANTA GAS LIGHT COMPANY  
 OPERATING DEPT. ATLANTA MO.  
 CLAYTON VILLAGE  
 APTS  
 SCALE 1" = 20'  
 DATE 3/10/71  
 DRAWING NO. 71-600-000-000-000  
 Redr



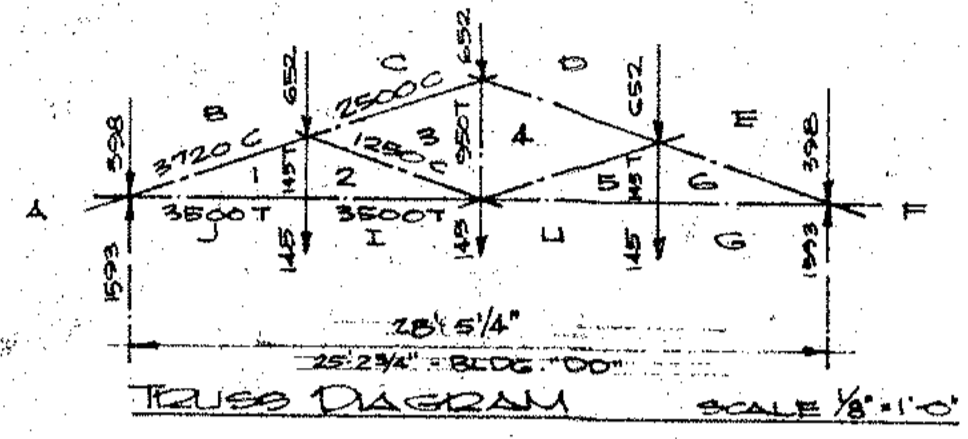
TYPICAL SECOND FLOOR PLAN - ONE BEDROOM APARTMENT SCALE 1/4" = 1'-0"



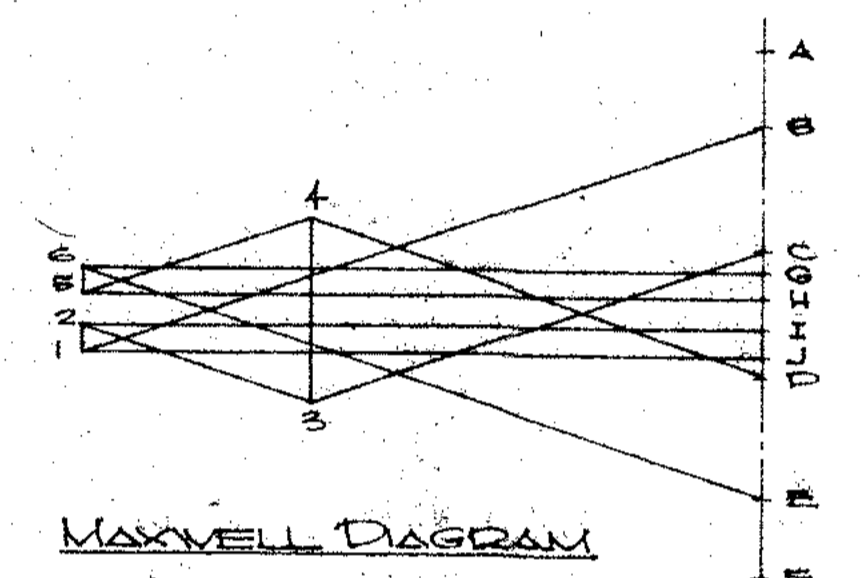
TYPICAL FIRST FLOOR PLAN - ONE BEDROOM APARTMENT SCALE 1/4" = 1'-0"



FS TRM DETAILS



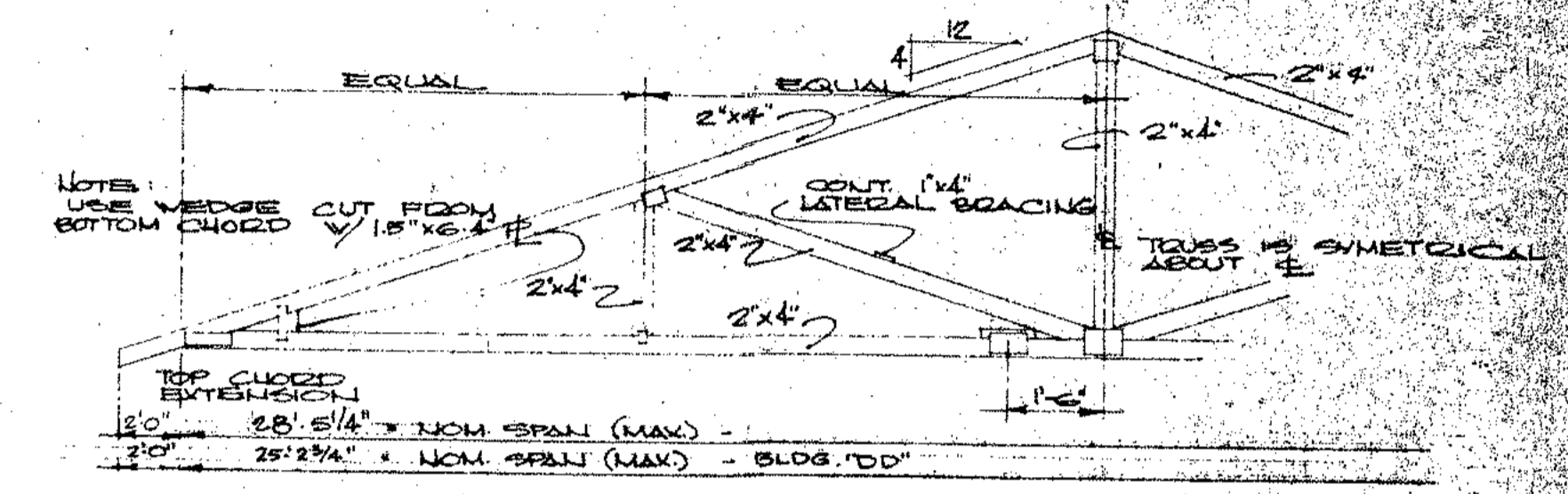
TRUSS DIAGRAM SCALE 3/8" = 1'-0"



FORCE DIAGRAM FOR TRUSSED RAFTER SCALE (MAXWELL DIAGRAM) 1" = 1000" DIAGRAM FOR 28'5 1/4" SPAN.

FINISH SCHEDULE FOR ONE, TWO, & THREE BEDROOM APARTMENTS

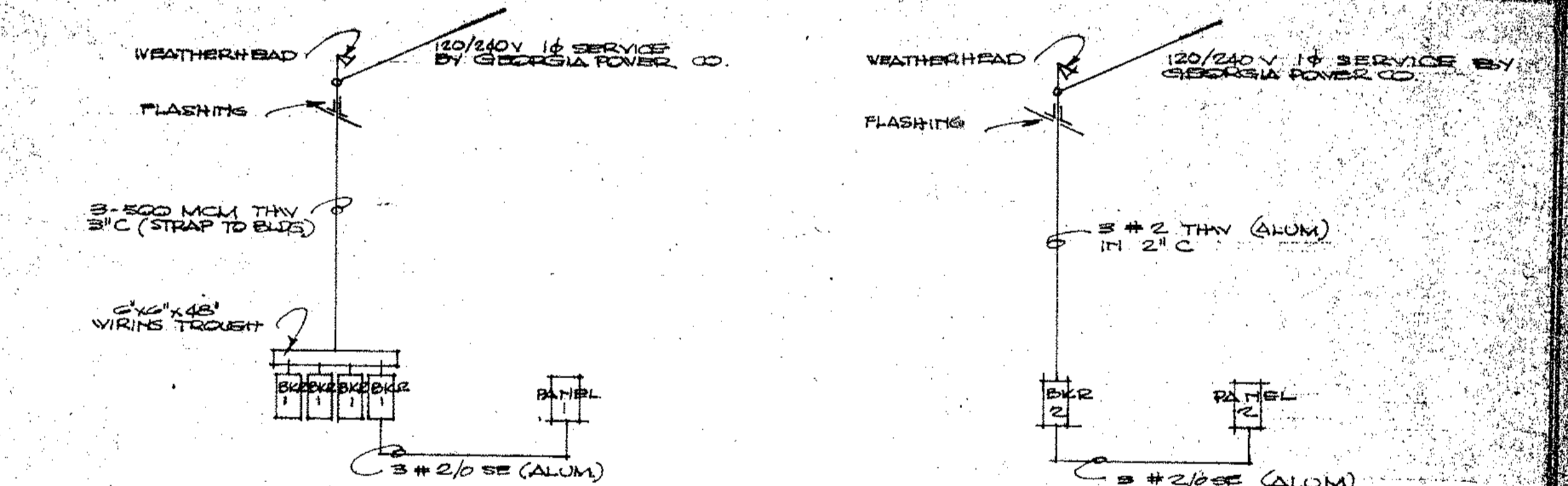
SPACE	FLOOR	BASE	WALLS	CEILING	REMARKS
ENTRY	VINYL ASBESTOS TILE	WOOD	WALLBOARD	WALLBOARD	
LIVING	VINYL ASBESTOS TILE	WOOD	WALLBOARD	WALLBOARD	
DINING	VINYL ASBESTOS TILE	WOOD	WALLBOARD	WALLBOARD	
KITCHEN	VINYL ASBESTOS TILE	WOOD	WALLBOARD	WALLBOARD	
HALL	VINYL ASBESTOS TILE	WOOD	WALLBOARD	WALLBOARD	
BEDROOM (ALL)	VINYL ASBESTOS TILE	WOOD	WALLBOARD	WALLBOARD	
BATH	VINYL ASBESTOS TILE	WOOD	WALLBOARD	WALLBOARD	
A/C UNIT	UNDERLAYMENT	NONE	WALLBOARD	WALLBOARD	
CLOSET	VINYL ASBESTOS TILE	WOOD	WALLBOARD	WALLBOARD	
HEATED	CONCRETE	NONE	EXPOSED FRAMING	NONE	
BUILDING	CONCRETE	WOOD	WALLBOARD	WALLBOARD	
LAUNDRY	CONCRETE	WOOD	WALLBOARD	WALLBOARD	
STORAGE	CONCRETE	NONE	EXPOSED FRAMING	EXPOSED FRAMING	
OFFICE	VINYL ASBESTOS TILE	WOOD	WALLBOARD	WALLBOARD	
BATH	VINYL ASBESTOS TILE	WOOD	WALLBOARD	WALLBOARD	



DETAIL OF TRUSSED RAFTERS FOR ONE, TWO, & THREE BEDROOM APARTMENTS SCALE 3/8" = 1'-0"

TRUSSED RAFTER GENERAL NOTES

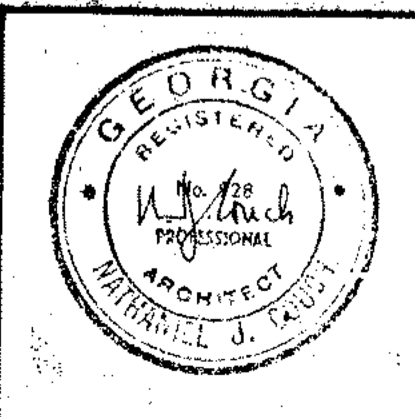
- ALL LUMBER FOR TRUSSED RAFTERS SHALL HAVE MINIMUM UNIT STRENGTHS AS FOLLOWS:  
1b - 1450 X 133 (WIND) = 1929 P.S.F.  
1c - 1200 X 133 (WIND) = 1600 P.S.F.
- DESIGN LOADS:  
LIVE LOAD = 30 P.S.F.  
DEAD LOAD = 15 P.S.F.  
DL CEILING = 10 P.S.F.
- TRUSSES TO BE 2" O.C.
- CONNECTIONS TO BE OF 20 GA. GALV. STEEL.
- CAMBER BOTTOM CHORDS 1/2"
- TRUSSES SHALL BE "TEMPLINK" OTHER SHOP FABRICATED TRUSSES MAY BE USED, BUT IN ANY CASE TRUSS FABRICATOR SHALL BE RESPONSIBLE FOR TRUSS CONNECTIONS.



ELECTRICAL DISTRIBUTION SCHEMATIC FOR ALL BUILDINGS (EXCEPT BLDGS 21) NO SCALE

ELECTRICAL DISTRIBUTION SCHEMATIC FOR BUILDING DD NO SCALE

- BREAKER (BKR) 2P, 5/8", 100 AMP ENCLOSED CIRCUIT BREAKER, NEMA 3R ENCLOSURE, EQUAL TO SQ. D NO. 90 2125 RB
- BREAKER (BKR) 2P, 5/8", 150 AMP ENCLOSED CIRCUIT BREAKER, NEMA 3R ENCLOSURE, EQUAL TO SQ. D NO. 90 2100 RB
- PANEL 1  
FLUSH MOUNTED CIRCUIT BREAKER LOAD CENTER EQUAL TO SQ. D NO. 90 12-24 BOX AND INTERIOR W/ DOOR 12" COVER W/ DOOR, FURNISH 10 20 AMP 1P 90 BREAKERS, 1 30 AMP 2P 90 BREAKER
- PANEL 2  
FLUSH MOUNTED CIRCUIT BREAKER LOAD CENTER EQUAL TO SQ. D NO. 90 12-20M BOX AND INTERIOR W/ DOOR 12" 10MP COVER W/ DOOR
- BREAKERS:  
5 - 30A 2P BREAKER - DRYERS  
5 - 20A 1P BREAKER - WASHERS  
1 - 20A 1P BREAKER - LIGHTS  
1 - 20A 1P BREAKER - UNIT HEATER  
1 - 20A 2P BREAKER - FOR A/C UNIT  
1 - 20A 1P BREAKER - CIG HEATER  
1 - 20A 1P BREAKER - SPACE

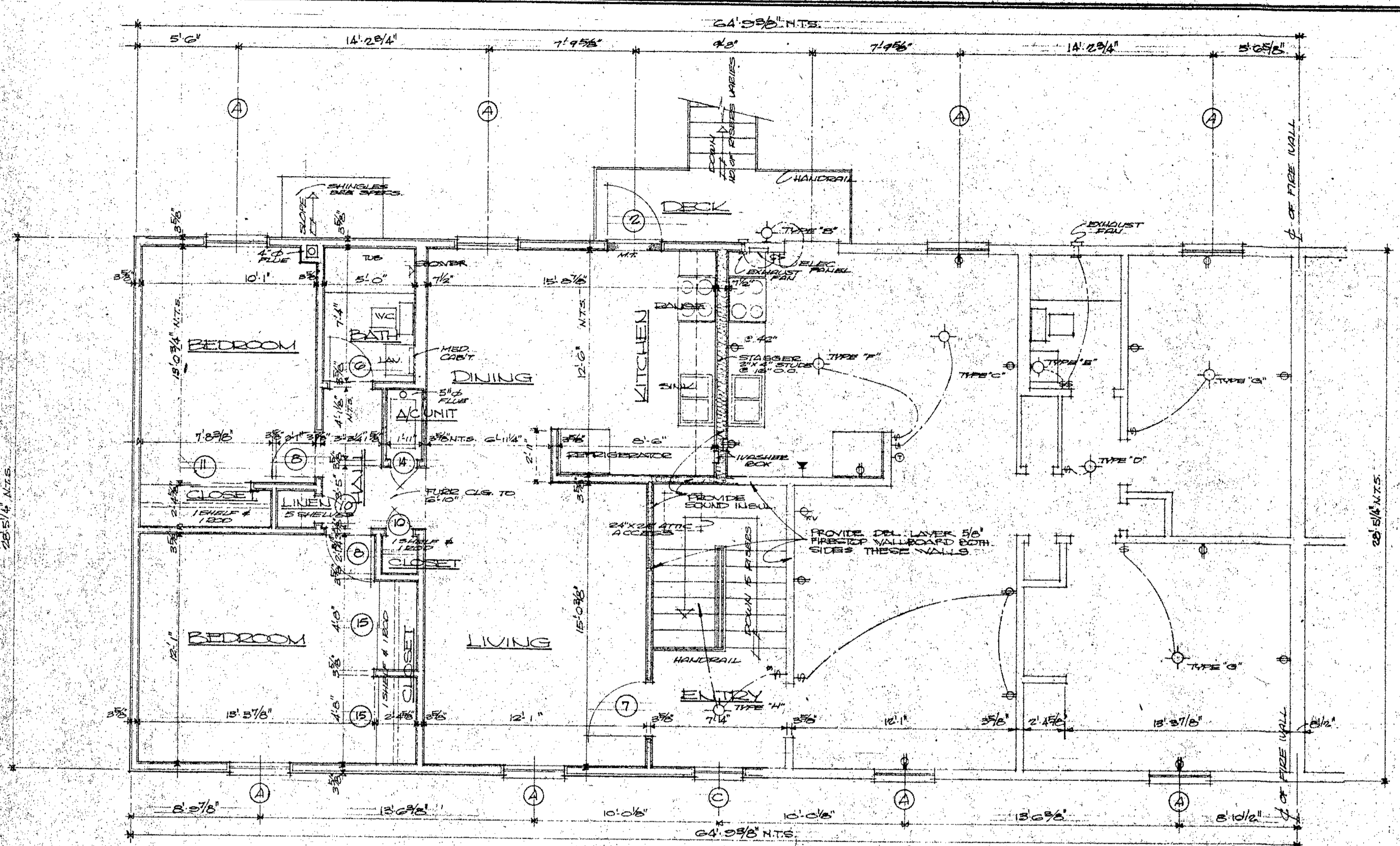


FHA. PROJECT NO. 061-44088-L0P(2)  
**CLAYTON VILLAGE APARTMENTS**  
 KEY STREET JONESBORO, GEORGIA

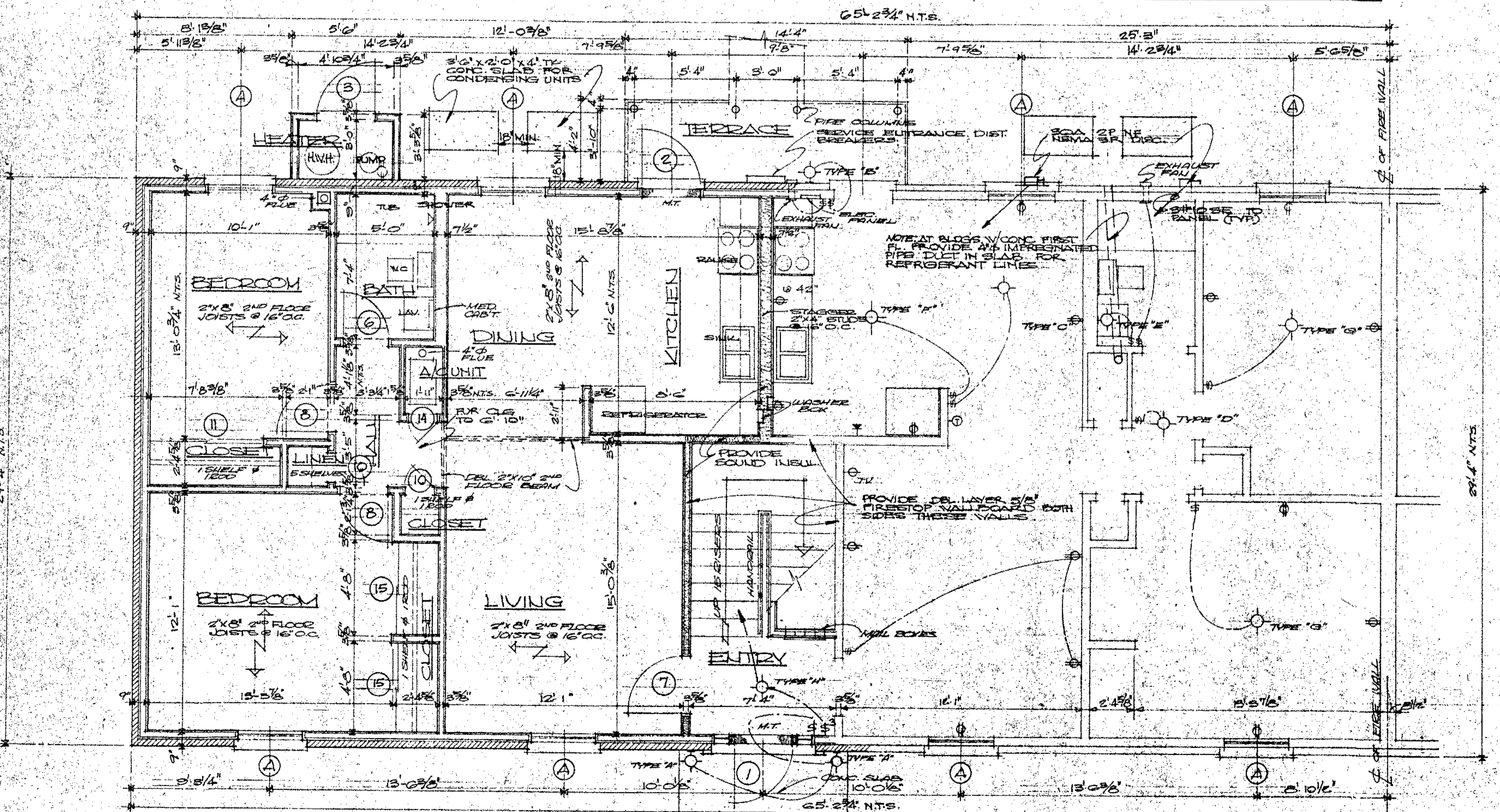
OWN BY: BCH, JWH  
 DATE: 10.14.70

MATTHEWS, HOLLIDAY, COUCH & HOLLIS ARCHITECTS  
 MACON, GA.

DWG. NO. II  
 SHEET NO. 11 OF 22 SHEETS



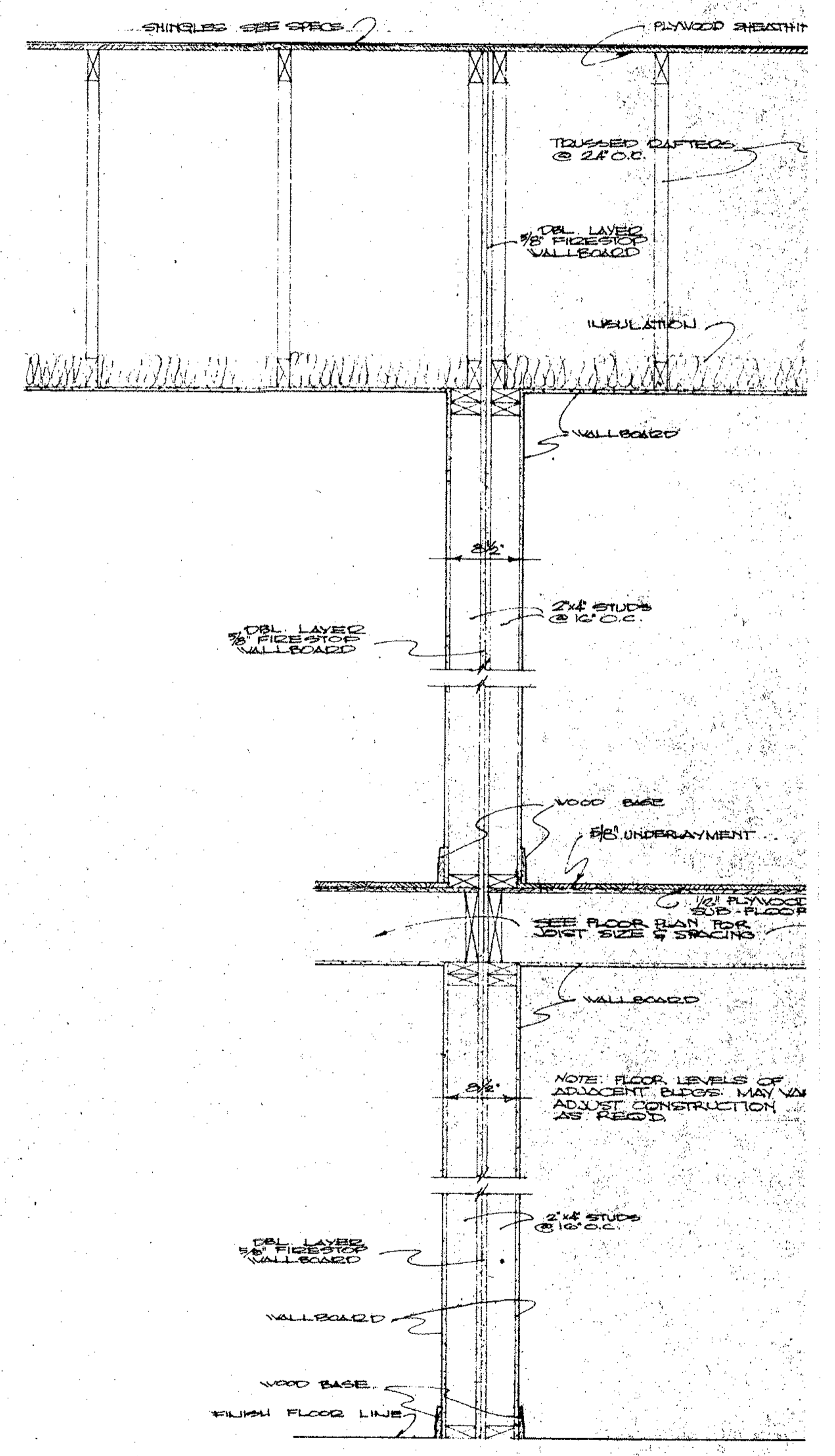
TYPICAL SECOND FLOOR PLAN - TWO BEDROOM APARTMENT SCALE 1/4" = 1'-0"



TYPICAL FIRST FLOOR PLAN - TWO BEDROOM APARTMENT SCALE 1/4" = 1'-0"

MARK.	LOCATION	DESCRIPTION
TYPE "A"	FRONT ENTRANCE	PROGRESS NO. P5922-91
TYPE "B"	REAR DECK OR TERRACE	PROGRESS NO. P5918
TYPE "C"	DINING ROOM	PROGRESS NO. P5510-14
TYPE "D"	HALL	PROGRESS NO. P3727
TYPE "E"	BATH	PROGRESS NO. P3080
TYPE "F"	KITCHEN	PROGRESS NO. P3510-14
TYPE "G"	BEDROOM	PROGRESS NO. P4238-30
TYPE "H"	ENTRY	PROGRESS NO. P3261
EXH. FAN	BATH & KITCHEN	HUTCHINSON NO. M606
TYPE "I"	LAUNDRY & OFFICE	LITHONIA NO. W4-440-RH
EXH. FAN	BATH	MARKER NO. E541

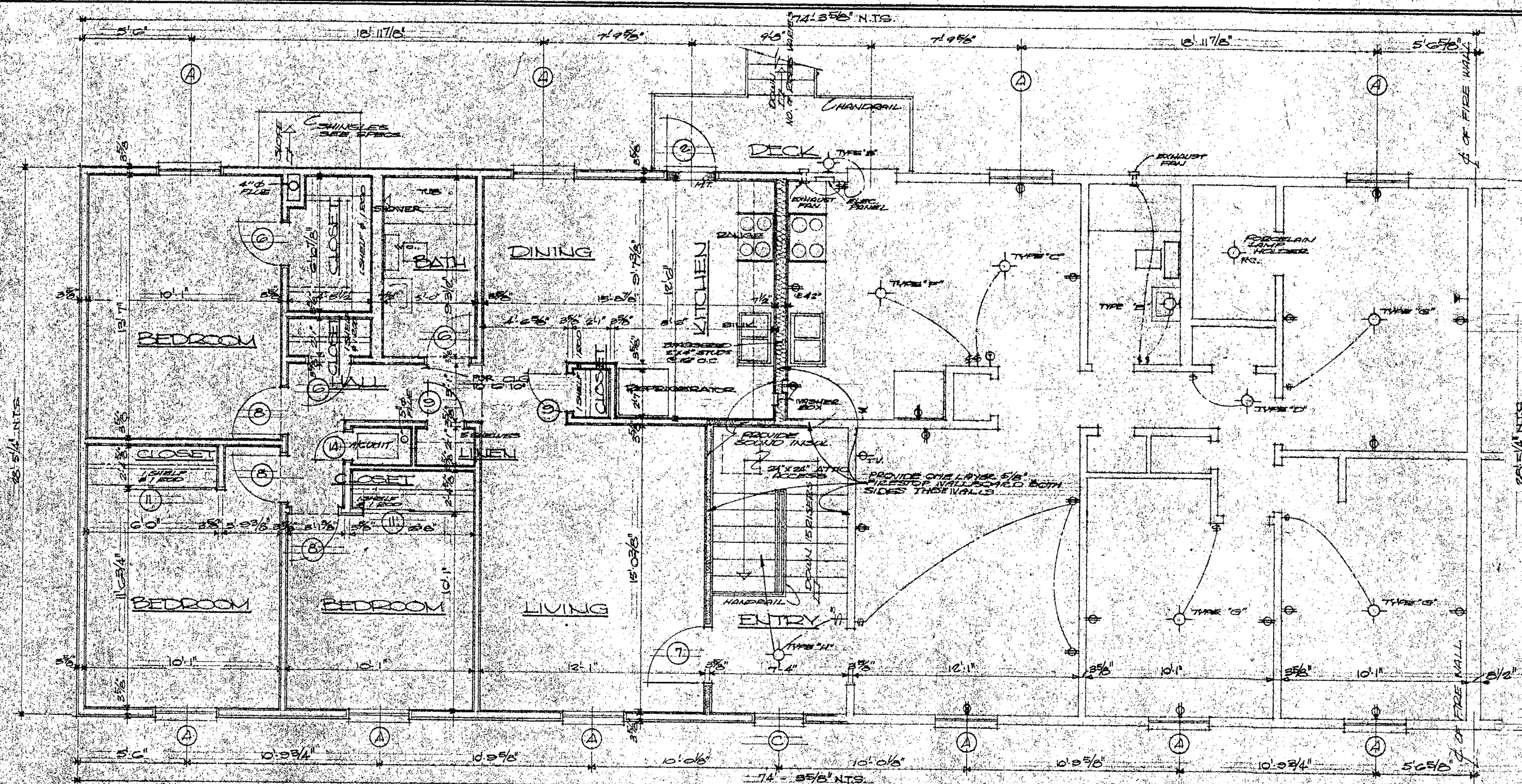
\* RECD @ TWO & THREE BRD. APTS. ONLY



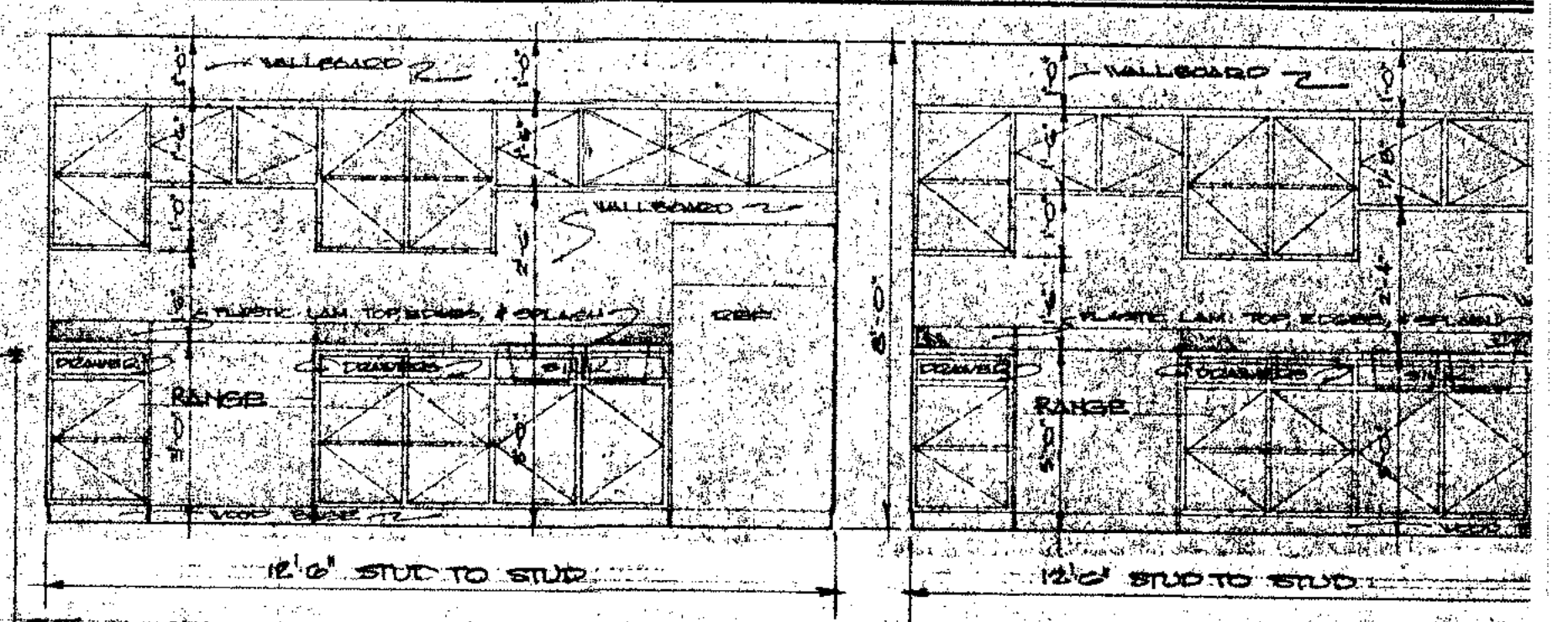
SECTION THRU FIRE WALL



PHA PROJECT NO. 021-44253-11  
**CLAYTON VILLAGE APART**  
 KEY STREET JONESBORO  
 DOWN BY: [Signature]  
 CKD BY: [Signature]  
 DATE: 16 NOV. 70  
 MATTHEWS, HOLLIDAY, COUCH & HOLL  
 ARCHITECTS  
 70-14 MACON, GA

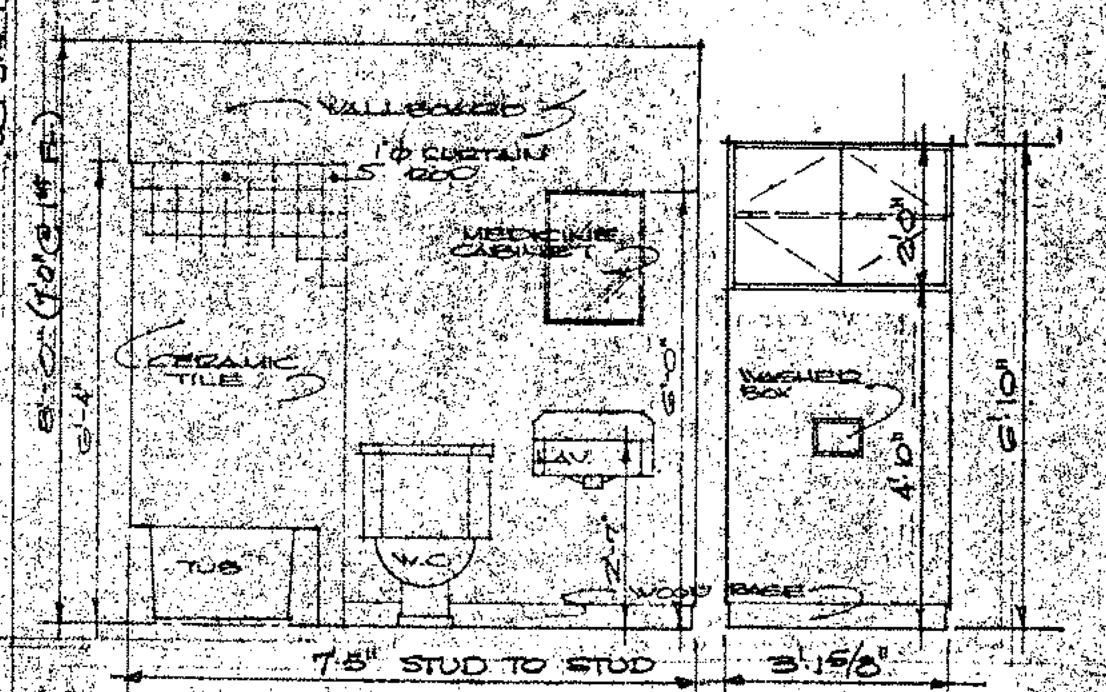


TYPICAL SECOND FLOOR PLAN - THREE BEDROOM APARTMENT SCALE 1/4" = 1'-0"

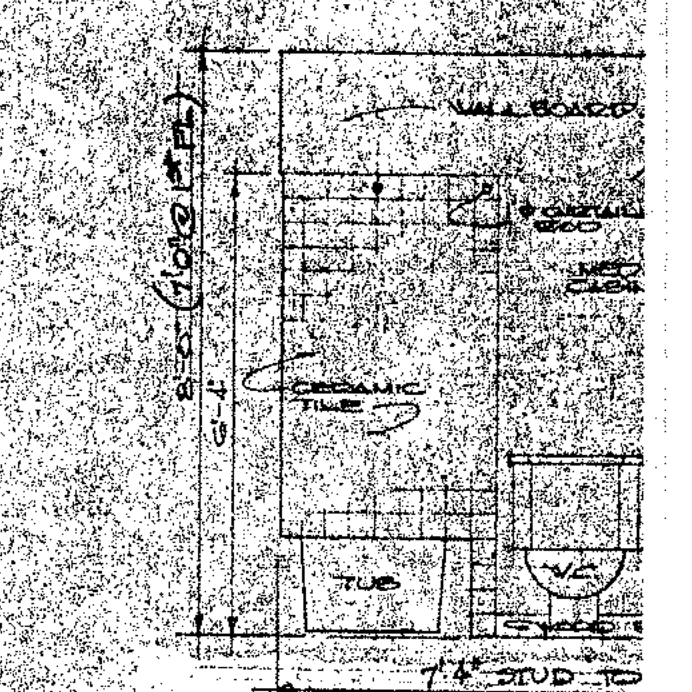


TYP. KITCHEN ELEV. OF ONE BEDROOM APTS. SCALE 3/8" = 1'-0"

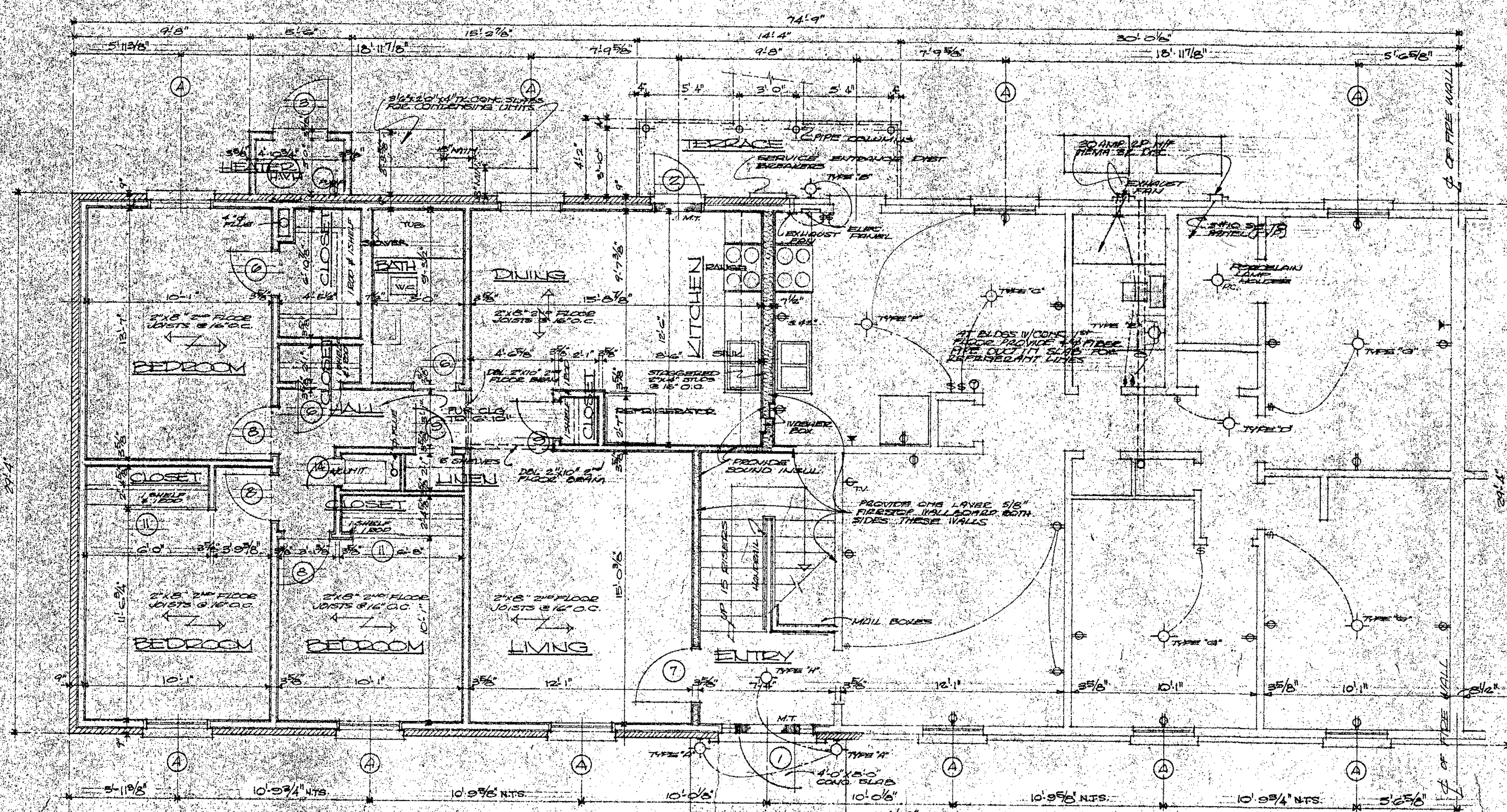
TYP. KITCHEN ELEV. OF TWO BEDROOM APTS. SCALE 3/8" = 1'-0"



TYP. BATH & HALL ELEV. OF ONE BEDROOM APTS. SCALE 3/8" = 1'-0"



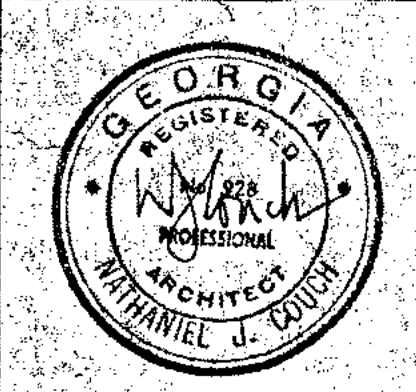
TYP. BATH ELEV. OF TWO BEDROOM APTS. SCALE 3/8" = 1'-0"



TYPICAL FIRST FLOOR PLAN - THREE BEDROOM APARTMENT SCALE 1/4" = 1'-0"

NOTE: VARIOUS KITCHENS & BATHS ARE SIMILAR BUT OPPOSITE HAND FROM ELEVATIONS SHOWN HERE. SEE FLOOR PLANS.

TYP. BATH ELEV. OF THREE BEDROOM APTS. SCALE 3/8" = 1'-0"



FHA PROJECT NO. GA-1008  
**CLAYTON VILLAGE APTS**  
 KEY STREET JOHNSBORO  
 DWN. BY DCH, JAN 1961  
 CRD. BY MJC  
 DATE 10-14-58  
 MATTHEWS, HOLLIDAY, COUCH ARCHITECTS  
 10-14

***Addendum G***

***Letters of Intent (Not Applicable)***

*Addendum H*

*License*

STATE OF GEORGIA  
REAL ESTATE APPRAISERS BOARD

**EDWARD ROGERS MITCHELL**

**4649**

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

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

D. SCOTT MURPHY  
Chairperson

RONALD M. HECKMAN  
JEANMARIE HOLMES  
KEITH STONE

JEFF A. LAWSON  
Vice Chairperson

23466667

EDWARD ROGERS MITCHELL

# 4649  
Status ACTIVE

CERTIFIED GENERAL REAL PROPERTY  
APPRAISER

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

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

ORIGINALLY LICENSED

02/04/1994

END OF RENEWAL  
04/30/2017



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

23466667

EDWARD ROGERS MITCHELL

# 4649  
Status ACTIVE

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WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

23466667