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*Commercial Real Estate  
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**APPRAISAL REPORT  
HUD MAP FIRM APPLICATION – 221(d)(4) NEW CONSTRUCTION  
OF THE PROPOSED  
STERLING AT CANDLER VILLAGE APARTMENTS  
1955 CANDLER ROAD  
DECATUR, DEKALB COUNTY, GEORGIA**

**EHA File 16-192**

**DATE OF VALUE**

**June 30, 2016**

**PREPARED FOR**

**Mr. Brian J. Dylong  
Assistant Vice President  
Capital One Multifamily Finance, LLC  
7600 Wisconsin Avenue, Suite 800  
Bethesda, Maryland 20814**



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September 26, 2016

Mr. Brian J. Dylong  
Assistant Vice President  
Capital One Multifamily Finance, LLC  
7600 Wisconsin Avenue, Suite 800  
Bethesda, Maryland 20814

RE: Appraisal Report  
HUD Map Firm Application – 221(d)(4) New Construction  
Of The Proposed  
Sterling at Candler Village Apartments  
1955 Candler Road  
Decatur, DeKalb County, Georgia 30032

EHA File 16-192

Dear Mr. Dylong:

At your request and authorization, we conducted the inspections, investigations, and analyses necessary to appraise the above referenced property. We have prepared an Appraisal Report presented in a comprehensive format inclusive of HUD Forms 92273, 92274, 92264, 92264-T and 92264-A. These documents are presented in the Addenda. The purpose of this appraisal is to estimate “as is” market value of the fee simple interest in the subject site (specified as land only) and prepare a development cost approach and an income and expense analysis under the hypothetical condition that the proposed improvements are complete as of a current date. Our value is predicated upon market conditions prevailing on June 30, 2016, which is the date of inspection. This appraisal is intended for use by HUD and the addressee for a HUD 221(d)(4) “new construction” Firm loan application. The report may be released to third parties. Everson, Huber and Associates, LC acknowledges its consent to such release of the report and that any third party assignee of any loan secured by the Property may rely on the Report to the same extent as Capital One Multifamily Finance, LLC.

The subject property consists of 5.519 acres of vacant multi-family land proposed for development with 170 units of affordable senior housing. The proposed affordable, age- and income-restricted apartment development will have two apartment buildings, one three-story and one 3/4 terrace, with incorporated common area. The proposed unit mix will include (111) one-bedroom, one-bath units and (59) two-bedroom, two-bath units. The units will range in size from 708 to 959 gross square feet and the average unit size will



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ASSOCIATES, LC

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Services*

Mr. Brian J. Dylong  
September 26, 2016  
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be 792 gross square feet. Standard unit amenities will include central heating and air, dishwasher, garbage disposal, microwave, 9-foot ceilings, intercom, ceiling fans in living and bedrooms and in-unit washer/dryer. Property amenities will include a community room with full kitchen, business center, fitness room, barbecue stations, picnic pavilion, on-site management, elevators, community garden plots, benches, sitting areas on each floor, one common area sunroom, one screened area and card key and intercom system at exterior entrances. The developer's estimated construction schedule is 14 months, with leasing commencing nine months after construction starts. Construction could begin by January 2017, with construction complete by March 2018. Pre-leasing could begin around January 2018 and, at an estimated absorption rate of 15 units per month, stabilize around December 2018.

The site is located along the west side of Candler Road and the north side of Mellville Avenue in unincorporated Decatur, DeKalb County, Georgia. This location is approximately 3.5 miles west of Interstate 285, 1.5 miles north of Interstate 20, six miles east of Interstate 75, and six miles east/southeast of the CBD. The existing commercial business on the site is subject to a short-term lease and will vacate when construction approaches.

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

The following narrative appraisal contains the most pertinent data and analyses upon which our opinions are based. The study was prepared in compliance with the requirements of Title XI of the Federal Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the requirements of the Uniform Standards of Professional Appraisal Practice, as well as HUD MAP guidelines and all Capital One Multifamily Finance, LLC provisions as set forth in the engagement letter included in this report.

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



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Mr. Brian J. Dylong  
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**Estimate of Market Value of the Fee Simple Interest in the  
Subject 5.519-Acre Site, As of June 30, 2016**

**ONE MILLION SEVEN HUNDRED THOUSAND DOLLARS  
\$1,700,000**

<b>Financial Indicators - Stabilized</b>	<u>Total</u>	<u>Per Unit</u>
Projected Effective Gross Income:	\$1,471,581	\$8,656
Projected Expenses (trended plus reserves):	\$642,366	\$3,779
Projected Net Income:	\$829,215	\$4,878

It was our pleasure assisting you in this matter. If you have any questions concerning the analysis, or if we can be of further service, please call.

Respectfully submitted,

EVERSON, HUBER & ASSOCIATES, LC

By:

Ingrid Noerenberg Ott  
Certified General Appraiser  
Georgia Certificate No. 265709

Stephen M. Huber  
Principal  
Certified General Appraiser  
Georgia Certificate No. 1350

## CERTIFICATION OF THE APPRAISERS

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We previously appraised the subject underlying land March 2015, and a proposed improved project in January 2016. We have submitted multiple drafts as plans changed. We have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Ingrid Noerenberg Ott made a personal inspection of the subject property and prepared this report under the supervision of Stephen M. Huber, who also inspected the subject. Date of last inspection was June 30, 2016.
10. No one provided significant real property appraisal assistance to the persons signing this certification.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, we have completed the Standards and Ethics Education Requirement for Associate Members of the Appraisal Institute.
14. The Racial/ethnic composition of the neighborhood surrounding the property in no way affected the appraisal determination.
15. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Georgia Real Estate Appraiser Classification and Regulation Act, the Rules and Regulations of the Georgia Real Estate Appraisers Board.
16. We have extensive experience in the appraisal of commercial properties and are appropriately certified by the State of Georgia to appraise properties of this type.



Ingrid Noerenberg Ott  
Certified General Appraiser  
Georgia Certificate No. 265709



Stephen M. Huber, Principal  
Certified General Real Property Appraiser  
Georgia Certificate No. 1350

## HUD APPRAISER CERTIFICATION


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### FIRM APPLICATION APPRAISER CERTIFICATION

I understand that my appraisal will be used by Capital One Multifamily Finance, LLC (MAP Lender) to document to the U.S. Department of Housing and Urban Development that the MAP Lender's application for FHA multifamily mortgage insurance was prepared and reviewed in accordance with HUD requirements. I certify that my report was in accordance with HUD requirements applicable on the date of my report and that I have no financial interest or family relationship with the officers, directors, stockholders, or partners of the Borrower, the general contractor, any subcontractors, the buyer or seller of the property or engage in any business that might present a conflict of interest.

I am under contract with Capital One Multifamily Finance, LLC for this specific assignment and I have no other side deals, agreements, or financial considerations with Capital One Multifamily Finance, LLC or others in connection with this transaction.

Everson, Huber & Associates, LC  
Company Name

  
Signature

By: Stephen M. Huber

Principal  
Title

September 26, 2016  
Date

Warning: Title 18 U.S.C. 1001, provides in part that whoever knowingly and willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry, in any manner in the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years or both.

## SUMMARY OF SALIENT FACTS

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<b>Property Name/Address:</b>	Proposed Sterling at Candler Village Apartments 1955 Candler Road Decatur, DeKalb County, Georgia 30032
<b>Location:</b>	The site is located along the west side of Candler Road and the north side of Mellville Avenue in unincorporated Decatur, DeKalb County, Georgia. This location is approximately 3.5 miles west of Interstate 285, 1.5 miles north of Interstate 20, six miles east of Interstate 75, and six miles east/southeast of the CBD.
<b>Appraisal Identification:</b>	EHA 16-192
<b>Assessor Parcel No.:</b>	Five parcels: 15 170 11 020, 15 170 11 056, 15 170 11 053, 15 170 11 050, 15 170 11 015
<b>Land Area:</b>	5.519 acres
<b>Property Identification:</b>	The subject property consists of 5.519 acres of vacant multi-family land proposed for development with 170 units of affordable senior housing. The proposed affordable, age- and income-restricted apartment development will have two apartment buildings, one three-story and one 3/4 terrace, with incorporated common area. The proposed unit mix will include (111) one-bedroom, one-bath units and (59) two-bedroom, two-bath units. The units will range in size from 708 to 959 gross square feet and the average unit size will be 792 gross square feet. Standard unit amenities will include central heating and air, dishwasher, garbage disposal, microwave, 9-foot ceilings, intercom, ceiling fans in living and bedrooms and in-unit washer/dryer. Property amenities will include a community room with full kitchen, business center, fitness room, barbecue stations, picnic pavilion, on-site management, elevators, community garden plots, benches, sitting areas on each floor, one common area sunroom, one screened area and card key and intercom system at exterior entrances. The developer's estimated construction schedule is 14 months, with leasing commencing nine months after construction starts. Construction could begin by January 2017, with construction complete by March 2018. Preleasing could begin around January 2018 and, at an estimated absorption rate of 15 units per month, stabilize around December 2018.
<b>Highest and Best Use</b>	As Though Vacant: Development with a multifamily use As Proposed: Development of an apartment complex
<b>Purpose of the Appraisal:</b>	The purpose of this appraisal is to estimate "as is" market value of the fee simple interest in the subject site and prepare a development cost approach and an income and expense analysis under the hypothetical condition that the proposed improvements are complete as of a current date.

## Summary of Salient Facts

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**Intended Use:** For use by HUD and the addressee for a HUD 221(d)(4) “new construction” Firm loan application. The report may be released to third parties. Everson, Huber and Associates acknowledges its consent to such release of the Report and that any third party assignee of any loan secured by the Property may rely on the report to the same extent as Capital One Multifamily Finance, LLC.

**Property Rights:** Fee simple interest

**Date of As Is Value / Inspection:** June 30, 2016

**Date of Report:** September 26, 2016

**Estimated Marketing Time:** Six to 12 months

**Land Valuation:** \$1,700,000 (\$10,000 per unit)

**Total Development Cost (Including Land):** \$24,850,000

Per Unit Cost \$146,176

**Financial Indicators - Stabilized**

	<u>Total</u>	<u>Per Unit</u>
Projected Effective Gross Income:	\$1,471,581	\$8,656
Projected Expenses (trended and including reserves):	\$642,366	\$3,779
Projected Net Income:	\$829,215	\$4,878



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### ADDENDA

A	ASSUMPTIONS AND LIMITING CONDITIONS
B	SUBJECT PHOTOGRAPHS
C	LOCATION MAPS
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F	COMPARABLE LAND SALE PHOTOGRAPHS / MAP
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M	QUALIFICATIONS
N	ENGAGEMENT LETTER

## PROPERTY IDENTIFICATION

The subject property consists of 5.519 acres of vacant multi-family land proposed for development with 170 units of affordable senior housing. The proposed affordable, age- and income-restricted apartment development will have two apartment buildings, one three-story and one 3/4 terrace, with incorporated common area. The proposed unit mix will include (111) one-bedroom, one-bath units and (59) two-bedroom, two-bath units. The units will range in size from 708 to 959 gross square feet and the average unit size will be 792 gross square feet. Standard unit amenities will include central heating and air, dishwasher, garbage disposal, microwave, 9-foot ceilings, intercom, ceiling fans in living and bedrooms and in-unit washer/dryer. Property amenities will include a community room with full kitchen, business center, fitness room, barbecue stations, picnic pavilion, on-site management, elevators, community garden plots, benches, sitting areas on each floor, one common area sunroom, one screened area and card key and intercom system at exterior entrances. The developer's estimated construction schedule is 14 months, with leasing commencing nine months after construction starts. Construction could begin by January 2017, with construction complete by March 2018. Preleasing could begin around January 2018 and, at an estimated absorption rate of 15 units per month, stabilize around December 2018.

The site is located along the west side of Candler Road and the north side of Mellville Avenue in unincorporated Decatur, DeKalb County, Georgia. This location is approximately 3.5 miles west of Interstate 285, 1.5 miles north of Interstate 20, six miles east of Interstate 75, and six miles east/southeast of the CBD. The subject is identified as five tax parcels: 15 170 11 020, 15 170 11 056, 15 170 11 053, 15 170 11 050, 15 170 11 015.



## OWNERSHIP AND PROPERTY HISTORY

The subject property is under contract for sale to Candler Senior Village, LP. The property is owned by New Hope Associates, LLC, and Mack Wilbourne. A purchase and sale agreement documents a purchase price for the five subject parcels of \$1,700,000, valid through December 31, 2016. The previous purchase history of each parcel is listed in the chart below, and none of the parcels have changed ownership in the last three years, according to tax records. The existing commercial business on the site is subject to a short-term lease and will vacate when construction approaches. Based on our analysis herein, the sale price was well supported by the market. We are not aware of any other listings, offers or transactions involving the subject property during the past three years.

<b>SUBJECT PARCEL ACQUISITION HISTORY PER TAX RECORDS</b>				
<b>Parcel ID No.</b>	<b>Address</b>	<b>Purchase Price</b>	<b>Purchase Date</b>	<b>Acreage per Tax</b>
15 170 11 020	1945 Candler	\$2,000,000	5/2/2007	1.24
15 170 11 056	1955 Candler	Incl	5/2/2007	0.82
15 170 11 053	2504 Mellville	\$227,000	10/13/2006	2.40
15 170 11 050	2516 Mellville	\$84,000	12/11/2007	0.40
15 170 11 015	2526 Mellville	\$120,000	12/27/2007	0.90
Total		\$2,431,000		5.76
<i>Source: DeKalb County Tax Commissioner</i>				

A joint venture agreement dated October 20, 2015, specifies a partnership between the developer (The Benoit Group, TBG) and the Housing Development Corporation of DeKalb (HDC) for the subject proposed senior housing project. TBG Tax Credit Holdings, LLC, shall own 85% general partner interest, and an affiliate of HDC shall own 15%. HDC will be entitled to 15% distributions of cash flow and will receive 15% of the developer fee. TBG Tax Credit Holdings, LLC shall be Managing General Partner of the Partnership.

## PURPOSE AND INTENDED USE OF THE APPRAISAL

The purpose of this appraisal is to estimate "as is" market value of the fee simple interest in the subject site (specified as land only) and prepare a development cost approach and an income and expense analysis under the hypothetical condition that the proposed improvements are complete as of a current date. This appraisal is intended for use by HUD and the addressee for a HUD 221(d)(4) "new construction" Firm loan application. This appraisal is intended for use by HUD and Capital One Multifamily Finance, LLC for the purpose of obtaining mortgage insurance through the Department of Housing and Urban Development (HUD), Federal Housing Administration (FHA).

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

The value reported is predicated upon market conditions prevailing on June 30, 2016, which is the date of inspection. The date of report is September 26, 2016.

## **DEFINITION OF MARKET VALUE**

Market value is one of the central concepts of the appraisal practice. Market value is differentiated from other types of value in that it is created by the collective patterns of the market. Market value means the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby<sup>1</sup>:

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

## **PROPERTY RIGHTS APPRAISED**

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

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<sup>1</sup> The definition of market value is taken from: The Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, §34.42(f), August 24, 1990. This definition is compatible with the definition of market value contained in *The Dictionary of Real Estate Appraisal*, Third Edition, and the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of The Appraisal Foundation, 2014/15 edition. This definition is also compatible with the OTS, FDIC, NCUA, and the Board of Governors of the Federal Reserve System definition of market value.

"Fee title" is the greatest right and title that an individual can hold in real property. It is "free and clear" ownership subject only to the governmental rights of police power, taxation, eminent domain, and escheat reserved to federal, state, and local governments.

Since the property is appraised subject to short-term leases that will be in place, this could be construed to be the leased fee estate. However, we are recognizing the interest appraised as fee simple with the stipulated qualification.

### **APPRAISAL DEVELOPMENT AND REPORTING PROCESS – SCOPE OF WORK**

We completed the following steps for this assignment:

1. Analyzed regional, county, neighborhood, site, and improvement data.
2. Inspected the subject site, comparables and neighborhood.
3. Reviewed data regarding taxes, zoning, utilities, easements, and county/town services.
4. Considered comparable rentals and land sales. Confirmed data with buyers, sellers, brokers, leasing agents, property managers, knowledgeable third parties, news articles, websites and/or various other data sources.
5. Estimated reasonable exposure and marketing times associated with the value estimate.

Site descriptions that are included in this report are based on our personal inspection of the subject, legal description, ALTA survey prepared by Long Engineering, Inc., last dated October 1, 2015; architectural drawings by Martin Riley Associates – Architects PC, last dated September 12, 2016; a Phase I Environmental Site Assessment prepared by Geotechnical and Environmental Consultants, Inc, dated September 2, 2016; a Geotechnical Exploration Report performed by Geotechnical and Environmental Consultants, Inc, dated December 4, 2015; various professionally prepared documents provided by the developer and lender; a review of public records; and our own experience with this type of property.

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

## **SPECIAL APPRAISAL INSTRUCTIONS**

As mentioned above, we were asked to estimate “as is” market value of the fee simple interest in the subject site (specified as land only) and prepare a development cost approach and an income and expense analysis under the hypothetical condition that the proposed improvements are complete as of a current date. The following definitions pertain to the value estimate provided in this report.

### **Market Value "As Is" On Appraisal Date**

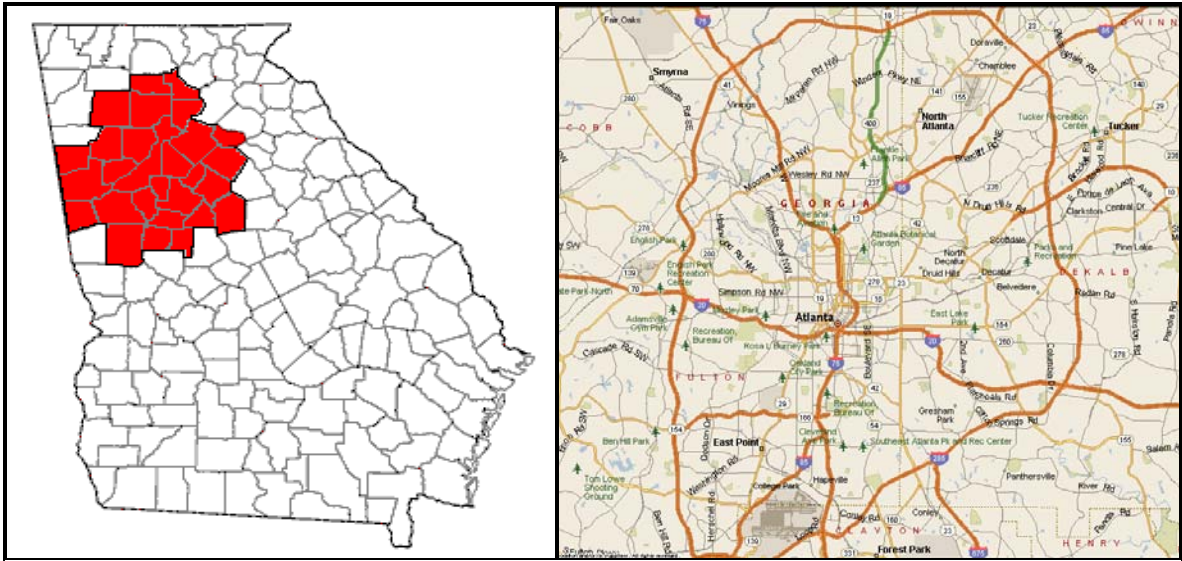
An estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared.

### **Hypothetical Condition**

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

REGIONAL OVERVIEW

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



Location and Population

Located in the central, northwestern portion of Georgia, Atlanta is the state's capital and largest city. At almost 5.8 million, the current population of the Atlanta MSA has shown moderately strong growth in recent years. As can be seen in the following table, between 2000 and 2010, the MSA grew at a rate over twice as fast as the nation and 1/3 faster than the state of Georgia. From 2010 to 2015, the MSA population growth has doubled the national average and significantly exceeded that of the State of Georgia. Since 2010, the fastest growing counties are Forsyth, Fulton, Cherokee and Gwinnett.

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

The following table shows the Atlanta MSA population trend, county by county, from 1990 to July 2015.

ATLANTA METROPOLITAN STATISTICAL AREA (MSA) POPULATION								
	1990	2000	2010	Jul-15	2000 to 2010 Chge.		2010 to 2015 Chge.	
					Number	Percent	Number	Percent
Barrow	29,721	46,144	69,367	75,370	23,223	50%	6,003	9%
Bartow	55,911	76,019	100,157	102,747	24,138	32%	2,590	3%
Butts	15,326	19,522	23,655	23,593	4,133	21%	-62	0%
Carroll	71,422	87,268	110,527	114,545	23,259	27%	4,018	4%
Cherokee	91,000	141,903	214,346	235,900	72,443	51%	21,554	10%
Clayton	184,100	236,517	259,424	273,955	22,907	10%	14,531	6%
Cobb	453,400	607,751	688,078	741,334	80,327	13%	53,256	8%
Coweta	53,853	89,215	127,317	138,427	38,102	43%	11,110	9%
Dawson	9,429	15,999	22,330	23,312	6,331	40%	982	4%
DeKalb	553,800	665,865	691,893	734,871	26,028	4%	42,978	6%
Douglas	71,700	92,174	132,403	140,733	40,229	44%	8,330	6%
Fayette	62,800	91,263	106,567	110,714	15,304	17%	4,147	4%
Forsyth	44,083	98,407	175,511	212,438	77,104	78%	36,927	21%
Fulton	670,800	816,006	920,581	1,010,562	104,575	13%	89,981	10%
Gwinnett	356,500	588,448	805,321	895,823	216,873	37%	90,502	11%
Hall	95,984	139,677	179,684	193,535	40,007	29%	13,851	8%
Haralson	21,966	25,690	28,780	28,854	3,090	12%	74	0%
Heard	8,628	11,012	11,834	11,539	822	7%	-295	-2%
Henry	59,200	119,341	203,922	217,739	84,581	71%	13,817	7%
Jasper	8,453	11,426	13,900	13,365	2,474	22%	-535	-4%
Lamar	13,038	15,912	18,317	18,201	2,405	15%	-116	-1%
Meriwether	22,441	22,534	21,992	21,190	-542	-2%	-802	-4%
Newton	41,808	62,001	99,958	105,473	37,957	61%	5,515	6%
Paulding	41,611	81,678	142,324	152,238	60,646	74%	9,914	7%
Pickens	14,432	22,983	29,431	30,309	6,448	28%	878	3%
Pike	10,224	13,688	17,869	17,941	4,181	31%	72	0%
Rockdale	54,500	70,111	85,215	88,856	15,104	22%	3,641	4%
Spalding	54,457	58,417	64,073	64,051	5,656	10%	-22	0%
Walton	38,586	60,687	83,768	88,399	23,081	38%	4,631	6%
MSA Total	3,209,173	4,387,658	5,448,544	5,886,014	1,060,886	24%	437,470	8%
State: Georgia	6,478,216	8,186,453	9,687,653	10,214,860	3,736,644	18%	527,207	5%
U.S.	248,709,873	281,421,906	308,745,538	321,418,820	72,708,947	10%	12,673,282	4%

Source: U.S. Census Bureau

### Employment By Industry

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



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

Source: Georgia Department of Labor

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

### Unemployment

The unemployment rates for the Atlanta MSA are detailed below. The MSA rate stays reasonably in line with state and national averages.

UNEMPLOYMENT RATES - ANNUAL AVERAGES									
	2008	2009	2010	2011	2012	2013	2014	2015	Jun-16
Atlanta MSA	6.2%	9.6%	10.2%	9.6%	8.7%	7.9%	6.8%	4.9%	5.3%
Georgia	6.2%	9.6%	10.2%	9.8%	9.0%	8.2%	7.2%	5.5%	5.1%
U.S.	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	5.0%	4.9%

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

### Largest Employers

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

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

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

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

Four other major job announcements in 2015-16 are worthy of note: Daimler AG announced it had selected metro Atlanta as the home of its new Mercedes-Benz USA headquarters. The company plans to build a \$100M facility and hire about 1,000 employees. Also, State Farm Insurance announced it could employ as many as 8,000 at its new Dunwoody facility (construction underway). Also in 2015, Keurig Green Mountain announced a new manufacturing facility in Douglasville that will create 550 new jobs. In August 2016, NCR announced that, as part of the movement of their HQ facility from Duluth, Georgia to Midtown Atlanta another estimated 1,700 jobs (3,600 transferring and 1,700 new) would be created.

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

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

## MARKET SECTOR SNAPSHOTS

### Retail

According to the *CoStar Retail Report, Second Quarter 2016*, the Atlanta retail market experienced a slight improvement in market conditions in the second quarter 2016. The vacancy rate went from 7.0% in the previous quarter to 6.8% in the current quarter. Net absorption was positive at 836,312 square feet, and vacant sublease space decreased by (1,495) square feet. Quoted rental rates increased from first quarter 2016 levels, ending at \$12.69 per square foot per year. A total of 32 retail buildings with 260,618 square feet of retail space were delivered to the market in the quarter, with 3,225,605 square feet still under construction at the end of the quarter.

### Multi-Family

According to the MPF Research *Atlanta Apartment Market Report – Second Quarter 2016*, Atlanta continues to have inconsistent performance throughout the metro submarkets with revenue growth inside the perimeter and in the northern suburbs. Apartment occupancy and rent growth continue to be strong. MPF believes Atlanta's recovery has peaked and conditions have begun to stabilize. Apartment demand topped net supply in the second quarter – 5,627 units to 1,873 units. Occupancy increased 0.8 point quarter-over-quarter, but was down 0.4 point year-over-year. Rents climbed 1.5% quarter-over-quarter. Strongest submarkets are inside the perimeter and in the northern suburbs.

### Office

According to the *PwC Real Estate Investor Survey, Third Quarter 2016*, the Atlanta office market can expect expansion before it reaches its peak in this real estate cycle. Primary reasons cited include steady economic growth, robust leasing velocity, solid fundamentals, limited new construction and a low cost of doing business. The market's average initial year market rent change rate has steadily improved over the past three years. This assumption holds steady this quarter at 3.50%, and it surpasses the aggregate average of 2.77%. Despite these positive attributes, some investors believe that Atlanta is nearing a plateau. Buyers are concerned about today's historically low cap rates and the potential impact of an economic recession on office-space-using job growth. Cap rates had the eleventh consecutive quarterly decline. The average overall cap rate sits at 7.07% as of the end of the third quarter 2016.

According to the *CoStar Office Report, Second Quarter 2016*, the Atlanta Office market ended the second quarter of 2016 with a vacancy rate of 12.0%. The vacancy rate was down relative to the previous quarter, with net absorption totaling positive 895,214 square feet in the second quarter. Vacant sublease space decreased in the quarter, ending the quarter at

1,469,538 square feet. Rental rates ended the second quarter at \$21.28, an increase over the previous quarter. A total of three buildings delivered to the market in the quarter totaling 66,887 square feet, with 4,641,630 square feet still under construction at the end of the quarter.

Tallying office building sales of 15,000 square feet or larger, Atlanta office sales figures fell during first quarter 2016 in terms of dollar volume compared to the fourth quarter of 2015. Total office building sales activity in 2016 was up compared to 2015. In the first three months of 2016, the market saw 46 office sales transactions with a total volume of \$676,808,161. The price per square foot averaged \$137.55. In the same first three months of 2015, the market posted 25 transactions with a total volume of \$559,987,360. The price per square foot averaged \$196.87. Cap rates have been lower in 2016, averaging 7.57% compared to the same period in 2015 when they averaged 7.77%

### **Industrial**

According to the *CoStar Industrial Report, Second Quarter 2016*, the Atlanta Industrial market ended the second quarter 2016 with a vacancy rate of 7.1%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 5,532,792 square feet in the second quarter. Vacant sublease space increased in the quarter, ending the quarter at 2,655,700 square feet. Rental rates ended the second quarter at \$4.31, no change over the previous quarter. A total of 12 buildings delivered to the market in the quarter totaling 4,364,916 square feet, with 15,503,493 square feet still under construction at the end of the quarter.

Tallying industrial building sales of 15,000 square feet or larger, Atlanta industrial sales figures fell during the first quarter 2016 in terms of dollar volume compared to the previous quarter. Total year-to-date industrial building sales activity in 2016 is up compared to the previous year. In the first three months of 2016, the market saw 72 industrial sales transactions with a total volume of \$333,624,691. The price per square foot has averaged \$41.86 this year. In the first three months of 2015, the market posted 51 transactions with a total volume of \$151,669,056. The price per square foot averaged \$31.95. Cap rates in 2016 are lower, averaging 7.72%, compared to the previous year when they averaged 8.77%.

### **Housing**

According to a January 26, 2016 article published in the Atlanta Journal Constitution, average Atlanta home prices slipped in the late fall of 2015. However, the long-term trend has been up: Atlanta prices were still 5.7% higher than a year earlier, beating the national average of 5.4%. The average for the Atlanta market has been surging for more than three years, particularly on the north side of town. Atlanta's average price has risen 52.3 percent since its low in 2012, but is still 7.9 below the previous crest, reached in mid-2007.

According to *Zillow*, from July 2015 to July 2016 home prices rose 10.7%. Their economic team's recent forecast for 2016 expects to see home prices rise 5.4%. Other housing analysts have made similar comments and predictions regarding the Atlanta housing market in 2016, which support additional gains. However, prices will probably fall short of the double-digit increases recorded over the last couple of years.

In April 2016, the Atlanta Business Chronicle reported that the metro Atlanta housing market saw a 6.1% jump in prices in February, according to the latest S&P/Case-Shiller Home Price Indices. "Home prices continue to rise twice as fast as inflation, but the pace is easing off in the most recent numbers," said David M. Blitzer, managing director and chairman of the index committee at S&P Dow Jones Indices. "The slower growth rate is evident in the monthly seasonally adjusted numbers: six cities experienced smaller monthly gains in February compared to January, when no city saw growth."

While financing is not an issue for home buyers, rising prices are a concern in many parts of the country, Blitzer added. "The visible supply of homes on the market is low at 4.8 months in the last report," he said. "Homeowners looking to sell their house and trade up to a larger house or a more desirable location are concerned with finding that new house. Additionally, the pace of new single family home construction and sales has not completely recovered from the recession."

According to the most recent (July 2016) Summary of Commentary on Current Economic Conditions by Federal Reserve Districts, residential real estate contacts across the District continued to report slow but steady growth. Most builders indicated that construction activity was up from the year-ago level. The majority of builders and brokers said home sales were up slightly compared with one year earlier. Most indicated that buyer traffic was equal to or higher than the previous year's level. Builder reports on inventory levels were mixed, while the majority of brokers reported that inventory levels were down from the year earlier level. Builders and brokers continued to note modest gains in home prices. As the summer season approaches, the majority of builders and brokers anticipate sales over the next three months to be comparable or slightly higher than the year-ago level. The majority of builders expect construction activity to increase slightly over the next three months.

### **Convention Trade**

Tourism is a major business in Atlanta. The city hosts on average about 17,000,000 visitors a year. The industry typically generates between three and four billion in annual revenues. Convention and trade show business ranks as Atlanta's largest industry. Estimates vary, but overall annual attendance is approximately three million, with delegates spending an average of almost \$200 per person, per day. To accommodate visitors there are approximately 92,000 hotel rooms in the 28-county metro area. As other cities continue to offer increasing competition for Atlanta's convention business, namely Orlando, Miami, Las

Vegas and New Orleans, the city continually strives to improve its facilities. The largest facility, the Georgia World Congress Center (GWCC), completed its expansion from 950,000 to 1.4 million square feet of exhibit space, in 2002. The top trade shows and conventions booked during 2015/16 in Atlanta are shown next.

TOP TRADE SHOWS AND CONVENTIONS IN ATLANTA FOR 2015/2016		
Show	Estimated or expected No. of Attendees	Location
AmericasMart Gift & Home Furnishings Market Jan.	91,000	AmericasMart Atlanta
AmericasMart Gift & Home Furnishings Market Jan.	90,000	AmericasMart Atlanta
2015 Neighborhood Awards	84,000	GWCC
SEC Football Championship	74,000	Georgia Dome
Chick-fil-a Bowl	72,000	Georgia Dome
Chick-fil-a College Kick-Off Game	70,000	Georgia Dome
Dragon Con	60,000	AmericasMart Atlanta
Cheersport	60,000	GWCC
Alcoholics Anonymous 80th International Convention	57,000	GWCC
Primerica International Convention	50,000	GWCC

Source: Atlanta Business Chronicle, Book of Lists 2015-16

### Transportation

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

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

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

Hartsfield-Jackson Atlanta International Airport is the world's largest passenger terminal complex and the world's busiest airport (Source: Airports Council International). Since 1998, Hartsfield-Jackson has been the busiest airport in the world, thus making it the busiest airport in the history of aviation.

### **Other Features**

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

Over the last decade, Atlanta has been a huge presence in the world of spectator sports. It all started with its selection as the site of the 1996 Summer Olympics. A key factor in that achievement, as well as the city's hosting of the 1994 and 2000 Super Bowls, 2002 and 2007 NCAA Men's Basketball Final Four, 2003 NCAA Women's Basketball Final Four, and major indoor track events, has been the Georgia Dome. This indoor stadium was completed for the Falcons' 1992 football season. A new, state-of-the-art retractable roof stadium is under construction for the Falcons football team and the Atlanta United soccer team. It should be completed in 2017, and the new facility will host the Super Bowl in 2019. Coupled with recent improvements to the nearby Georgia World Congress Center, it has proven to be a big plus for the city. In addition, the Atlanta Braves are also constructing a new state-of-the-art baseball stadium with an adjacent mixed-used development that will include office space, hotel rooms, various retail stores and restaurants, and an entertainment venue. This project is set to be completed in 2017. The spin-off from the events has further enhanced Atlanta's reputation as a true international city, not to mention the significant economic impact.

### **CONCLUSIONS / OUTLOOK**

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

A revival of population growth and the housing recovery will strongly underpin Atlanta's ongoing economic recovery. A high concentration of college-educated workers, business partners, high-tech companies and research universities will continue to attract high-

technology companies in life sciences, research and development, IT, professional and business services, and advanced manufacturing. Life sciences companies are attracted by the presence of the CDC and nonprofits such as the American Cancer Society national headquarters. New high-tech industries (e.g., healthcare IT, cyber security and mobile apps) are growing rapidly in Atlanta. The innovation district that's developing around Tech Square has achieved the critical mass needed to attract high-tech companies like NCR to Midtown Atlanta.

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

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

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

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

Atlanta will continue to develop as an inland port for distribution and warehousing products. The connectivity of Georgia's ports to the interstate system, rail and air cargo is



excellent. Sites near Hartsfield-Jackson and its extensive air cargo facilities as well as those near cold storage facilities appeal to manufacturers of perishable biomedical products.

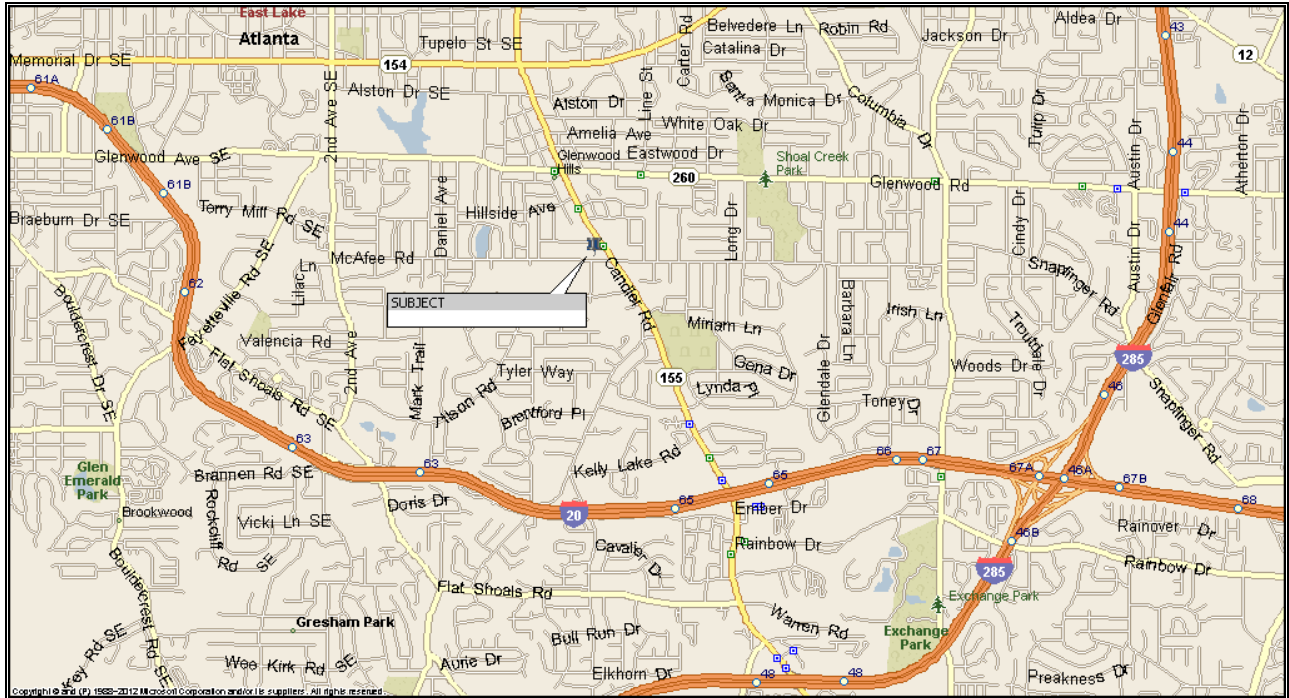
### **NEIGHBORHOOD OVERVIEW**

#### **Location and Boundaries**

The site is located along the west side of Candler Road and the north side of Mellville Avenue in unincorporated Decatur, DeKalb County, Georgia. This location is approximately 3.5 miles west of Interstate 285, 1.5 miles north of Interstate 20, six miles east of Interstate 75, and six miles east/southeast of the CBD. The five parcels that constitute the subject site are improved with commercial and residential improvements that will be demolished. The existing commercial business on the site is subject to a short-term lease and will vacate when construction approaches.

The strengths of this neighborhood are: its proximity to the Atlanta CBD and location near the junction of I-285 and I-20 and other major intra-city routes. Further, the site is immediately surrounded by a recently built senior center and library. It is near shopping, worship, and public services, including public transportation. Mellville Avenue is primarily improved with older, single-family residential improvements, contributing to a quiet setting. The subject is in a transitional neighborhood, still populated with older, less-than-ideal-condition retail, industrial, and residential improvements.

A neighborhood map is presented below, and a larger neighborhood map is presented in the Addenda.



### Access and Availability of Utilities

Accessibility to and throughout the subject neighborhood is good. I-20 is the most significant artery serving the subject neighborhood. I-20 is located less than 1.5 miles south of the subject and can be accessed via an interchange with Candler / Flat Shoals Roads. I-285 is another significant artery serving the subject neighborhood. I-285 is located less than 3.5 miles east and south of the subject and can be accessed via interchanges with I-20 and Flat Shoals Parkway. I-285 is Atlanta's perimeter highway and provides direct access to all of Atlanta's major interstates, including I-20, I-85 and I-75, which provide access to downtown. Candler Road, the subject's frontage road, is the most significant local artery serving the neighborhood. This four-lane divided roadway runs in a north/south direction providing access north to downtown Decatur and south to I-20 and I-285 and then becoming Flat Shoals Road.

Additionally, the subject neighborhood has a number of secondary roadways, which enhance accessibility throughout the area. Streets in the subject neighborhood are asphalt paved. There is a combination of overhead and underground utilities, and surface and subsurface drainage. Sidewalks are also common at improved locations. Utilities available in this neighborhood include public water, sewer, electricity, and natural gas. Standard municipal services include police and fire protection.

### Land Use

The subject's general neighborhood is about 85% developed, with some vacant land scattered throughout the neighborhood. Development within the neighborhood is a mixture of residential, commercial and institutional. Residential development is a good mix of single- and multi-family. The majority of single-family development is older, ranch-style homes in average to below-average condition. There is also a fair amount of multi-family development in the area consisting mainly of older, (pre-1970) two- to three-story, garden- and townhome-style developments with limited amenities. The improvements are in average to below average condition.

Commercial development in the immediate area is primarily along Candler Road and includes neighborhood and community shopping centers, hotels / motels, gas stations / convenience stores, free-standing retail buildings, fast-food and full-service restaurants, branch banks, automobile dealerships, professional office buildings and other similar uses. The most significant commercial development in the area is the South DeKalb Mall, located along Candler Road, south of I-20 and about a 1.5 miles south of the subject. It contains many government service centers.

Grocery stores near the subject include Publix at East Lake, about 1.6 miles northwest of the subject; ALDI and Kroger, about 2.5 miles northeast of the subject; and Wayfield Foods, about 1.9 miles east of the subject. Publix and Kroger have pharmacies. Walgreen's pharmacy is located one block southeast of the subject at the northwest corner of Candler and McAfee Roads. Georgia Regional Hospital at Atlanta is about 2.75 miles of the subject. DeKalb Medical Center and Emory University Hospital are about six miles north of the subject.

We observed a number of schools and churches in the area, as well as some light-industrial uses. The subject is also proximate to downtown Decatur, about three miles to the north, which is the location of Agnes Scott University. The subject is also proximate to several Marta bus stops and rail stations including the Decatur, East Lake and Avondale stations.

The subject is surrounded by single family residential homes to the south and west, a recently built senior center to the north and a shopping center across Candler Road to the east.

### Demographics/Growth and Trends

To gain additional insight into the characteristics of the subject neighborhood, we reviewed a demographic study prepared by ESRI, and supplied by STDBOnline. The following information pertains to a three-mile radius around the subject property. The full demographic report is retained in our file.

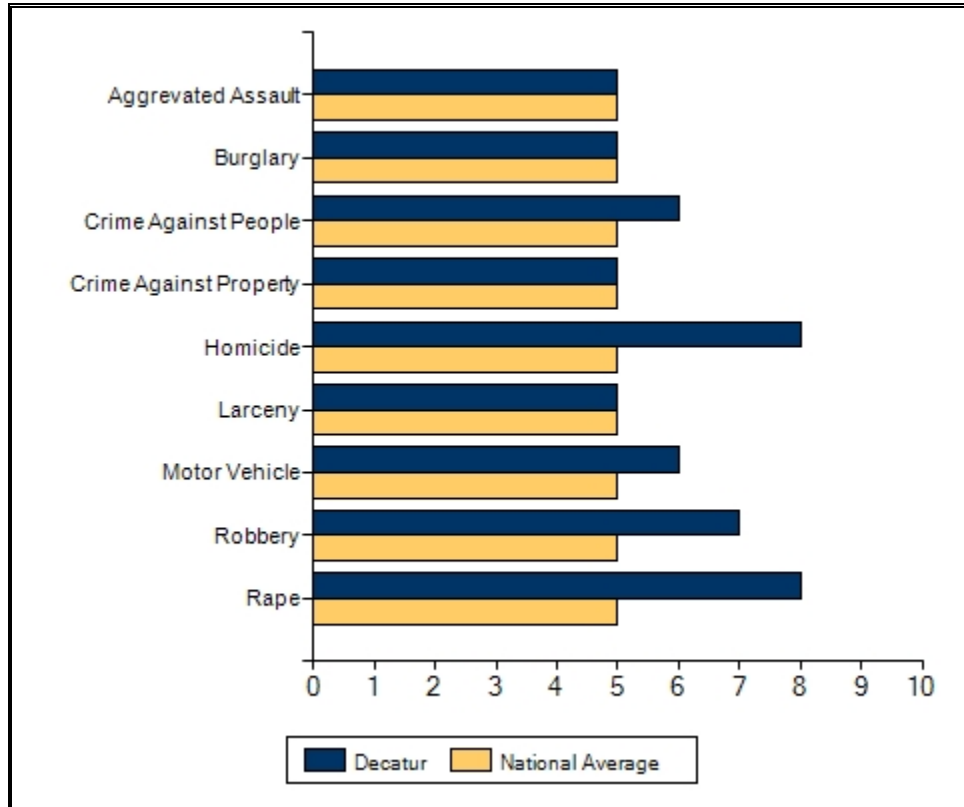
The demographic information illustrates that the subject neighborhood has experienced loss in both population and households since 2000. New commercial development is not visible in the neighborhood, but the area has redevelopment potential. There is new institutional development in the immediate neighborhood. The subject's neighborhood as a whole has significantly lower income levels than the MSA. Educational attainment is similar for high school diplomas and lower for college graduates. Home values are lower than the MSA, and there is a higher percentage of renters. Employment in the subject area as well as the Atlanta MSA is concentrated in services.

<b>DEMOGRAPHICS SUMMARY</b>			
<b>Area: 3- Mile Radius, 1955 Candler Road, Decatur</b>			
	<b>2000</b>	<b>2015</b>	<b>2020</b>
<b>Population</b>	104,472	92,433	95,619
Growth		-12%	3%
<b>Households</b>	36,977	37,352	38,947
Growth		1%	4%
		<b>3 Mile Ring</b>	<b>Atlanta MSA</b>
<b>Income</b>			
Average HH		\$56,164	\$79,222
Median HH		\$39,021	\$56,889
Per Capita		\$22,732	\$29,318
<b>Median Home Value</b>		\$186,250	\$195,231
<b>Housing Units</b>			
Renter - Occupied		47%	34%
Owner - Occupied		39%	56%
Vacant		14%	10%
Average Household Size		2.44	2.68
<b>Education Levels (Adults &gt; 25)</b>			
High School Graduate		86%	89%
4-Year College Degree		22%	36%
<b>Largest Employment Categories</b>			
Services		56%	48%
Retail Trade		10%	12%
Construction		3%	6%
Finance/Insurance/Real Estate		6%	7%
Manufacturing		6%	9%
<i>Source: ESRI forecasts for 2015 based on 2010 US Census Data.</i>			

**Crime Report**

The following Crime Report from [www.relocationessentials.com](http://www.relocationessentials.com) indicates the crime trend for Atlanta zip code 30032. As can be seen, the crime statistics for this zip code exceed the national average substantially in five of the nine categories. It appears that property safety

measures such as gated property entry and carded individual entry to the buildings would be an attractive feature for prospective tenants. PBRA properties, especially those that are newly built, have demand that far outweighs crime statistic concerns, in our experience.



**Legend**

- 1: Less than one-fifth the national average.
- 2: One-fifth to less than one-third the national average.
- 3: One-third to less than one-half the national average.
- 4: One-half to less than three-fourths the national average.
- 5: Three-fourths to 1 1/4 more than times the national average.
- 6: 1 1/4 to two times more than the national average.
- 7: Two to three times more than the national average.
- 7: Two to three times more than the national average.
- 8: Three to five times more than the national average.
- 9: Five to ten times more than the national average.
- 10: Ten or more times the national average.

### **Conclusion and Relevance to the Subject Property**

The subject is located in an older, lower-income neighborhood east of downtown Atlanta. The property is located in an area with good accessibility to major Atlanta interstates and roadways, and development in the immediate area is a mixture of commercial and institutional along major roadways and residential along arterial feeders. Many surrounding properties are residential. The immediate neighborhood has seen new institutional development and investment in the last ten years, and that development has a positive impact on the neighborhood. There is moderate population growth expected, as the initial population drop of the last decade stabilizes and recovers. There is a high percentage of renters in this area. The site is favorably positioned in terms of maximizing proximity to Atlanta and local transportation routes. A new senior center and library are located just north of the subject. The subject also has proximity to government services in the south portion of the neighborhood. These factors influence the subject area's desirability for affordable multifamily housing.

Site descriptions that are included in this report are based on our personal inspection of the subject, legal description, ALTA survey prepared by Long Engineering, Inc., last dated October 1, 2015; architectural drawings by Martin Riley Associates – Architects PC, last dated September 12, 2016; a Phase I Environmental Site Assessment prepared by Geotechnical and Environmental Consultants, Inc, dated September 2, 2016; a Geotechnical Exploration Report performed by Geotechnical and Environmental Consultants, Inc, dated December 4, 2015; various professionally prepared documents provided by the developer and lender; a review of public records; and our own experience with this type of property. The subject site's physical characteristics and features are summarized below.

**SITE DESCRIPTION**

- Location:** The site is located along the west side of Candler Road and the north side of Mellville Avenue in unincorporated Decatur, DeKalb County, Georgia. This location is approximately 3.5 miles west of Interstate 285, 1.5 miles north of Interstate 20, six miles east of Interstate 75, and six miles east/southeast of the CBD.
- Land Area:** 5.519 Acres – per survey
- Assessor Parcel No.:** Five parcels: 15 170 11 020, 15 170 11 056, 15 170 11 053, 15 170 11 050, 15 170 11 015
- Property Condition:** The subject is currently improved with two auto repair shops and two vacant single-family homes, all slated for demolition.
- Shape and Frontage:** The site is an irregular shape with approximately 253 feet of frontage along the west side of Candler Road and 815 (discontinuous 79 / 736) feet of frontage along the north side of Mellville Avenue.
- Ingress and Egress:** Access to the site is planned as a curb cut along the north side of Mellville Avenue. Another access easement is planned via the adjacent library/senior center parking lot that will also provide access to the subject.
- Topography and Drainage:** The site has rolling topography that slopes downward towards the southeast and northwest.
- Soils:** A Geotechnical Exploration Report was performed by Geotechnical and Environmental Consultants, Inc, dated December 4, 2015. The summary enumerated five summary items concerning preparing the site for development. The site should be suitable to support the proposed improvements if prepared as recommended. The conclusions rendered in this report are predicated on the assumption that there is no soil condition on or in the property that would cause a loss in value.

- Easements: An amended and restated declaration of access, ingress, egress, parking and utility easement agreement draft dated August 9, 2016, details reciprocal access and parking easements with the adjacent senior center and library. Utility and maintenance easements are also specified. We assume these easements will not be detrimental to development.
- Covenants, Conditions, and Restrictions: We are not aware of any deed restrictions, or restricting covenants, other than zoning. However, this is a legal matter, and we recommend legal counsel for questions of this nature.
- Utilities/Services: Utilities available include water, sewer, electricity, gas and telephone. Services include police and fire protection. There are MARTA bus stops in the immediate vicinity.
- Flood Zone: According to the FEMA Flood Map Service Center, the subject property is identified on Federal Emergency Management Agency Flood Insurance Rate Map Number 13089C0131J, effective date May 16, 2013, and appears to be located within Zone X. FEMA identifies Zone X as "Outside the high-risk flood hazard area."
- Environmental Issues: A Phase I Environmental Site Assessment prepared by Geotechnical and Environmental Consultants, Inc, dated September 2, 2016. The study acknowledged that two of the subject buildings are currently used for auto-related purposes. Otherwise, the study found no evidence of obvious recognized environmental conditions on the site, and no further study of the site was recommended. We also observed no environmental conditions during our inspection, but we are not experts in this area. The conclusions rendered in this report are predicated on the assumption that there is no hazardous material on or in the property that would cause a loss in value.
- Conclusion: The subject maintains an adequate size, shape, and topography, all utilities and services are available and it enjoys a good location with respect to supportive institutional and commercial development.

## IMPROVEMENT DESCRIPTION

- Construction Class: The Class of construction is the basic subdivision in *Marshall Valuation Service*, dividing all buildings into five basic groups by type of framing (supporting columns and beams), walls, floors, roof structure, and fireproofing. The subject buildings will qualify as



Class D<sup>1</sup> construction.

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

Floor Plan Mix:

Floor Plan Mix Sterling at Candler Village				
Unit	Type	No. Units	Unit Size (Net SF)	Unit Size (Gross SF)
1BR/1BA	Aas	2	670	708
1BR/1BA	Aa	3	670	708
1BR/1BA	Aav	2	670	708
1BR/1BA	A1b	78	670	708
1BR/1BA	A3b	26	670	708
2BR/2BA	B4b	4	905	945
2BR/2BA	B6b	8	915	952
2BR/2BA	Bas	2	905	950
2BR/2BA	Ba	2	905	950
2BR/2BA	Bav	2	905	950
2BR/2BA	B1b	31	905	950
2BR/2BA	B3b	4	907	951
2BR/2BA	B5b	6	919	959
Total / Average		170	753	792

Unit Mix:

Unit Mix Sterling at Candler Village				
Unit	LIHTC	No. Units	Average Unit Size (Net SF)	Average Unit Size (Gross SF)
1BR/1BA	50%	22	670	708
1BR/1BA	60%	89	670	708
2BR/2BA	50%	12	908	951
2BR/2BA	60%	47	908	951
Totals/ Averages		170	753	792

Improvements: Buildings/Units: 170 units in two apartment buildings, one three-story and one 3/4 terrace.

Apt. Bldg. Area: 163,736 Gross SF; 134,692 gross residential SF, 792 SF gross residential average unit size  
127,937 Net rentable SF; 753 SF Avg.

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

Exterior Description:	Foundation: Frame: Exterior Walls: Roof Cover:	Poured, reinforced concrete slab, on grade Wood frame, roof and floor trusses Brick and stone veneers, HardiePlank siding Pitched, architectural asphalt-shingle roofs
Interior Living Areas:	Walls: Windows: Ceiling: Flooring:  Appliances:	Painted drywall Vinyl, double pane Painted drywall Carpeted bedrooms, vinyl laminate in kitchen, living room, dining room and hallway; sheet vinyl in bathrooms  Refrigerator/Freezer with icemaker, dishwasher, stove/oven, microwave
Other:	HVAC: Electrical/Plumbing: Bathrooms: Safety: Utilities:	Central heat and air Typical, assumed adequate Standard finish, multiple fixtures Sprinklers, Fire Alarms The utilities will be individually metered. Water/sewer and trash removal will be included in the rent.
Site Improvements:	Parking:  Paving: Sidewalks: Landscaping:	133 surface spaces, including ten handicapped / four van  Asphalt Concrete, around portions of buildings Typical
Interior Features:	Standard unit amenities will include central heating and air, dishwasher, garbage disposal, microwave, 9-foot ceilings, intercom, ceiling fans in living and bedrooms and in-unit washer/dryer.	
Property Amenities:	Property amenities will include a community room with full kitchen, business center, fitness room, barbecue stations, picnic pavilion, on-site management, elevators, community garden plots, benches, sitting areas on each floor, one common area sunroom, one screened area and card key and intercom system at exterior entrances.	
Conclusion/Comments:	Overall, the subject will be typical of modern age-restricted apartment complexes found in the Southeast. It will have interior features and amenities that are demanded by tenants, and good quality construction and exterior appeal. In comparison to existing inventory in the market, the project would rate as very good.	

**ECONOMIC AGE AND LIFE**

According to *Marshall Valuation Service* cost guide, buildings of this type and quality have an expected life of 50 to 60 years. However, this may be extended by a consistent repair

schedule and renovations. The subject is proposed construction. Therefore, we estimate remaining economic life (expected life minus effective age) at 55 years. Our estimate considers the following factors:

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

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

The subject neighborhood is in a mature life cycle stage, with some new (re-) development planned. The competition is similar quality/condition/product type, etc. as the subject. Prevailing underlying land values are stable, supporting likely ongoing contributory value of the improvements. There are no indications the area will experience any significant changes in the foreseeable future that will impact the economic viability of the subject.

The subject will be typical of modern, good quality apartment complexes found throughout the southeastern United States. It will be tastefully decorated and will offer construction features and amenities typically sought-after by tenants in the market. Overall, the subject property should be very competitive in the market. Considering all of these factors, our estimate of remaining economic life for the subject at completion is 55 years.

### **ZONING ANALYSIS**

The property is subject to the zoning regulations of the DeKalb County, Georgia. According to the DeKalb County Department of Planning and Sustainability, the subject parcels are zoned C-1, General Commercial, even though the uses vary and include single-family residential. This zoning class does not specifically permit multifamily development. The subject is also within the I-20 overlay district, which specifically permits more mixed-use development including multifamily residential. Typically, variances and exceptions are permitted once architectural plans can be submitted and approved. The developer reports that the preliminary plans need minor changes to comply with the requirements of the

overlay/zoning, and that they expect these to be completed and approved within 30 days. The subject will account for this process in their development timeline.

Our analysis assumes that the subject as planned is not in violation of the zoning ordinance. We recommend a letter be obtained from the DeKalb County Department of Planning and Sustainability for any further questions.

**TAX ANALYSIS**

The property is subject to taxation by the DeKalb County. Real estate in Georgia is assessed at 40% of the assessor's estimated market value. The current millage rate applicable to the subject is \$44.19 per \$1,000 of assessed value.

2016 ASSESSMENT AND TAX INFORMATION							
Parcel ID No.	Address	Land Value	Improvement Value	Total Value	Assessed Value	County Tax Rate / \$1,000	Annual Taxes
15 170 11 020	1945 Candler	\$258,390	\$38,610	\$297,000	\$118,800	\$44.190	\$5,250
15 170 11 056	1955 Candler	\$149,400	\$99,600	\$249,000	\$99,600	\$44.190	\$4,401
15 170 11 053	2504 Mellville	\$103,240	\$0	\$103,240	\$41,296	\$44.190	\$1,825
15 170 11 050	2516 Mellville	\$4,864	\$25,536	\$30,400	\$12,160	\$44.190	\$537
15 170 11 015	2526 Mellville	\$55,394	\$15,606	\$71,000	\$28,400	\$44.190	\$1,255
Total				\$750,640			\$13,268
<i>Source: DeKalb County Tax Assessor / Commissioner</i>							

The county's tax value, when considering the underlying land value, is below our estimate of market value. The property will presumably be reappraised at the completion of construction. To estimate taxes at completion we examined five comparable properties in DeKalb County.

TAX COMPARABLES - MIXED INCOME COMPLEXES 2015 SENIOR APARTMENT TAX COMPARABLES					
Comparable	One	Two	Three	Four	Five
Name:	Chamblee Senior	Ashford Parkside	Clairmont Crest	Antioch Villas	Columbia Forest Heights
Address:	3381 Malone Drive	3522 Blair Circle	1861 Clairmont	4735 Bishop Ming	1004 Columbia Drive
Tax ID No.:	18 299 14 016	18 301 02 002	18 103 03 092	15 192 06 016 & 183	15 216 13 014
No. of Units:	65	151	213	106	80
Year Built:	2007	2009	1986	2011	2014
Avg. Unit Size	700	852	738	770	779
Value Per Unit:	\$99,860	\$79,391	\$51,345	\$125,503	\$95,556
<i>Source: DeKalb County Tax Assessor's records</i>					

The five tax comparables provided tax valuations per unit from \$51,345 to \$125,503 with an average of \$90,331. All of the complexes are mixed income and age restricted, and older than the subject. The developer provided a tax estimate that computed total taxes for the subject at an appraised value equivalent to \$78,242 per unit. Given that the proposed

subject is 100% PBRA, it should fall to the lower end of the value range considering lower income expectations. Based on the comparables, it appears this estimate may be slightly high, so we have estimated taxes based on a tax appraised value of a rounded \$70,000 per unit. The 2016 millage rate for DeKalb County is \$44.190 per \$1,000 of assessed value, which we used for our estimate of stabilized taxes. The developer's budget uses \$1,383 per unit. Our estimate of projected stabilized tax indebtedness is \$1,237 per unit.

The developer has a letter from the DeKalb County Tax Assessors Office estimating that the subject will be exempt from ad valorem taxes if 100% of the units are occupied by low income households. As such, we have no tax expense in the proforma at contract rents.

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

### **APARTMENT INVESTMENT MARKET**

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

Issues in this sector are often conflated in an attempt to draw a broadly sketched picture. The urban/suburban choice, for instance, is frequently identified with the rent/buy choice, and that's just not the case. An investment banker told us, "The question is now: do people want to own a house, or do they want to live in the city and rent an apartment? Is property ownership still a main trend?" Many couch the discussion in such a framework. For residential investment, a huge range of options means that there are selections for investors and developers in all products, and meticulous analysis is essential.

An analyst with one of the major housing data firms believes that the size of generation Y should support expanding housing demand for both rentals and ownership housing. "The demographic forces are very positive to support residential construction, support multifamily, while serving a growing need for additional single-family housing stock."

### **APARTMENT INVESTMENT MARKET**

According to the *PwC Real Estate Investor Survey – Second Quarter 2016*, the outlook for future rent growth in the national apartment market steadily improved following the great recession until one year ago when it began to gradually decline. While still above 3.00%, its average initial-year market rent change rate slips ten basis points this quarter to 3.08%. Although demand trends appear steady, Survey participants point to "too much inventory," particularly in the Class A apartment sector, putting downward pressure on rental rates and

negatively impacting tenants retention. According to Reis, a total of 258,071 apartment units will be delivered in 2016, followed by 163,722 units next year. As a result of all this new apartment supply, the overall vacancy rate for the 82 markets Reis covers is expected to rise from 4.4% in 2015 to 5.1% by the end of 2017. At the same time, annual effective rent growth is estimated to decline from 5.0% to 3.4%. These softening market fundamentals and the shift in the demand-supply balance are pushing the national apartment market further toward the contraction phase of the real estate cycle. According to the Survey 47 metros are anticipated to be in the contraction phase by year-end 2016, compared with only 21 metros in various stages of expansion.

Most investors in the Survey's three regional apartment markets – Mid-Atlantic, Pacific, and Southeast – believe that current market conditions favor sellers. However, some are still watching trends that could have a detrimental effect on apartment values during the balance of this year. “One of the key factors behind property value changes will be the availability of investment capital,” remarks an investor focused on the Mid-Atlantic region. A participant primarily investing in the Pacific region explains, “We are watching renovations of 1990's product, where owners are investing substantially and turning over a large number of units.” In the Southeast region, concerns include “weakening investor confidence” and “rent concessions in cities with high levels of new supply.” Quarterly shifts in the average initial-year market rent change rates for two of the three regional apartment markets underscore investors' concerns. The most dramatic decline occurs in the Pacific region, where this key average plunges 110 basis points, falling below 4.00% for the first time since the third quarter of 2013. In the Mid-Atlantic region, the first-year market rent change rate average dips 73 basis points. Even though the outlook for rent growth has dimmed, investors are still actively acquiring apartment assets with total sales volume in the first quarter of 2016 18.8% higher than a year ago, according to Real Capital Analytics. As a result of ongoing trades, the average overall cap rate falls 23 and 15 basis points this quarter in the Mid-Atlantic and Southeast regions, respectively. The Pacific region reveals a two basis point increase in its average overall cap rate this quarter. Regardless of investors' increased watchfulness and certain shifts in key investment criteria for these apartment regions' this quarter, the outlook for property value increases in the coming year remain positive for each Survey apartment region.

The *PwC Survey* indicates that overall capitalization rates for the national apartment market range from 3.50% to 8.00%, with an average of 5.29% (institutional-grade properties). The average rate is six basis points lower from the previous quarter and is down one basis point from the same period one year ago. Investors indicated inflation assumptions for market rent generally ranging between 0.00% and 7.00%, with an average of 3.08%, which is 10 basis points lower from the prior quarter and up 10 basis points from the same period one year ago. Additionally, these investors quoted an expense inflation rate between 2.00% and 4.00%, with an average of 2.81%, down 10 basis points from the prior quarter and up seven basis points from the same period one year ago. Internal rate of return (IRR) requirements for the investors ranged from 5.50% to 10.00%, with an average of 7.28%, which is unchanged from the

previous quarter, and up four basis points from the same period one year ago. The average marketing time ranged from one to nine months, with an average of 3.6 months, down 0.2 months from the prior quarter and down from 4.2 months one year ago.

The *PwC Survey* indicates that overall capitalization rates for the southeast apartment market range from 3.50% to 6.50%, with an average of 5.15% (institutional-grade properties). The average rate is down 15 basis points from the previous quarter and is down 15 basis points from the same period one year ago. Investors indicated inflation assumptions for market rent generally ranging between 1.00% and 4.00%, with an average of 3.05%, which is unchanged from the prior quarter and up 10 basis points from the same period one year ago. Additionally, these investors quoted an expense inflation rate between 2.00% and 3.00%, with an average of 2.80%, unchanged from the prior quarter and from the same period one year ago. Internal rate of return (IRR) requirements for the investors ranged from 5.75% to 10.00%, with an average of 7.53%, down five basis points from the previous quarter, and down seven basis points from the same period one year ago. The average marketing time ranged from one to six months, with an average of 3.1 months, which is unchanged from the prior quarter and up from 3.0 months one year ago.

Non institutional-grade rates for the Southeast Region are not currently being tracked; however, National Apartment non institutional-grade OAR rates range 25-400 points higher, with an average of 169 basis points or 6.98%.

### **ATLANTA APARTMENT MARKET**

According to the MPF Research *Atlanta Apartment Market Report – First Quarter 2016*, Atlanta has many strengths, including a business-friendly environment, vast transportation and manufacturing infrastructure and an educated workforce. However, the metro remains split in terms of both the local economy and the local apartment market, which is seeing a late-cycle recovery. Rapid apartment revenue growth in recent quarters follows economic gains inside perimeter submarkets and in the northern suburbs. Economic gains have pushed job growth levels into strong territory. Job growth should continue over the short term, but long-term sustainability remains in question. Stronger job growth has led to improving demand for rental housing. It has absorbed some of the single-family inventory and resulted in higher occupancy and strong rent growth in the apartment market. As a result, apartment occupancy is at the highest level since 2006 and annual rent growth remains well above historical norms. Atlanta now ranks among the top major US metros for revenue growth in recent quarters. For both occupancy and rent growth, middle- and upper-tier apartments have the clear leaders, as lower-tier units continue to lag. Upper tier submarkets within the perimeter and in the northern suburbs are experiencing the best performance. New supply has increased, but is concentrated primarily within the perimeter. All told, the Atlanta



apartment market is showing strong growth, though not universally, with clear winners and losers among market segments.

In the 1st quarter 2016, quarterly demand was a negative 3,783 units, the weakest level since 2008. Completions were 1,384 units, slightly ahead of the five-year average. On an annual basis, demand topped net supply, 8,565 units to 5,816 units. Occupancy declined 1.0 point quarter-over-quarter, but was up 0.7 year-over-year to 94.0%. Quarterly rents increased by 1.1%. The year-over-year rent increase was 7.1%. Submarkets in the northern suburbs continued to thrive. Atlanta's late-cycle recovery appears to have peaked, and conditions have started to stabilize. Increased supply should start limiting revenue growth potential in the key urban and northern submarkets over the next year, holding rent growth to between 3.5% and 4.5% and occupancy around 94% to 95%.

### **Rents And Occupancy**

In the first quarter 2016, occupancy measured 94.0%, up 0.7 points year-over-year and 5.7 points from the post-recession low recorded fourth quarter 2009. Higher occupancy in top- and middle- market product overshadowed weakness in older, more affordable units. A similar trend is seen among submarkets, as central and northern submarkets maintain higher rates. Meanwhile, Clayton and DeKalb County submarkets outside the perimeter remain challenged with regard to demand. Over the next year, new completions will test the underlying strength in healthier submarkets located inside the perimeter. Annual rent growth levels remain well above historical norms and place Atlanta among the top major markets nationally.

### **Development Trends**

While supply remains elevated, completions have remained manageable and concentrated in specific submarkets. Inventory expanded at an annual rate below 1.3% over the past three years, as completions ranged from 5,100 to 10,800 units. In first quarter 2016, a total of 7,238 units were added, with 1,422 taken offline, for an annual net expansion ratio of 1.3%. Expansion should accelerate in the next year, with nearly 10,300 units expected to complete. Those units would result in a 2.2% increase, of the existing base. Deliveries have been largely focused inside the perimeter (Midtown Atlanta and Buckhead). Many northern submarkets will remain untouched. Identified projects and permit volumes suggest that supply should revert to historically normal levels in 2017.

Apartment demand remains robust, as annual absorption has been between 8,300 and 13,100 units for the last ten quarters, above the five-year average of about 8,200 units. Demand registered 13,097 units third quarter 2015, the highest annual total since third quarter 2010. With existing middle- and upper- tier product essentially full, much of the recent demand appears to be going to the lease-up of new supply and some back-filling of older, lower-tier units. High supply submarkets continue to see healthy demand levels. Future demand levels

depend on job growth and retaining growth that could go to the single-family market. Demand should remain strong in stronger performing sub markets, and struggle in weaker areas.

### **Single-Family Snapshot**

Atlanta is still absorbing excess single-family home inventory left over from the recession. A total of 106,990 homes sold in Atlanta in the year ending first quarter 2016, up 9.7% year over year. Single family permit volumes have been on a steady upward trend. Atlanta's affordable for-sale and rental single-family-home markets remain a competitor to the apartment market. As of 4th quarter 2015, the Atlanta home ownership rate topped 65.5%.

### **Top Submarkets**

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

First Quarter 2016				
Atlanta Market Submarket	Total Units	Occupancy	Monthly Rent	PSF
1 Downtown	9,915	96.9%	\$1,371	\$1.42
2 Midtown	18,607	93.1%	\$1,517	\$1.67
3 Northeast Atlanta	14,734	95.3%	\$1,402	\$1.46
4 Southeast Atlanta	10,592	95.6%	\$843	\$0.85
5 South Atlanta	18,132	91.7%	\$722	\$0.73
6 West Atlanta	15,352	92.6%	\$1,302	\$1.31
7 Buckhead	18,029	92.6%	\$1,460	\$1.39
8 Sandy Springs	16,505	94.7%	\$1,152	\$1.07
9 Dunwoody	8,579	95.4%	\$1,375	\$1.29
10 Chamblee Brookhaven	13,948	94.8%	\$1,270	\$1.25
11 Doraville	7,445	94.1%	\$861	\$0.88
12 Briarcliff	14,314	95.6%	\$1,169	\$1.16
13 Decatur	8,956	95.3%	\$1,136	\$1.14
14 Clarkston/Tucker	8,582	94.8%	\$822	\$0.77
15 Stone Mountain	10,842	93.1%	\$717	\$0.70
16 South DeKalb	12,020	90.5%	\$674	\$0.68
17 Southeast DeKalb	7,054	90.4%	\$840	\$0.77
18 Henry County	10,445	93.5%	\$906	\$0.82
19 Clayton County	16,975	91.0%	\$697	\$0.68
20 South Fulton County	14,877	91.8%	\$725	\$0.72
21 Southwest Atlanta	10,078	92.9%	\$878	\$0.86
22 South Cobb County / Douglasville	12,997	94.6%	\$835	\$0.82
23 Smyrna	14,963	93.2%	\$1,016	\$1.00
24 Vinings	9,866	95.3%	\$1,146	\$1.13
25 Southeast Marietta	13,077	94.8%	\$959	\$0.91
26 West Marietta	7,999	91.3%	\$840	\$0.83
27 Kennesaw /Acworth	11,134	96.1%	\$1,118	\$1.02
28 Northeast Cobb / Woodstock	9,151	94.5%	\$1,063	\$1.00
29 Roswell	7,888	94.7%	\$1,077	\$0.98
30 Alpharetta / Cumming	15,592	94.8%	\$1,201	\$1.13
31 Norcross	18,342	94.7%	\$863	\$0.88
32 Duluth	12,416	94.7%	\$983	\$0.92
33 Johns Creek / Suwanee / Buford	6,654	95.4%	\$1,175	\$1.08
34 Northeast Gwinnett	11,886	93.9%	\$1,018	\$0.95
35 Southeast Gwinnett	8,664	94.5%	\$927	\$0.88
36 Far East Atlanta Suburbs	8,964	95.9%	\$831	\$0.78
37 Far South Atlanta Suburbs	9,845	94.8%	\$950	\$0.86
38 Far West Atlanta Suburbs	6,995	94.4%	\$1,094	\$0.94
39 Far North Atlanta Suburbs	6,731	95.9%	\$884	\$0.84
40 Gainesville	7,195	96.9%	\$864	\$0.79
Atlanta Total / Average	466,340	94.0%	\$1,018	\$0.99

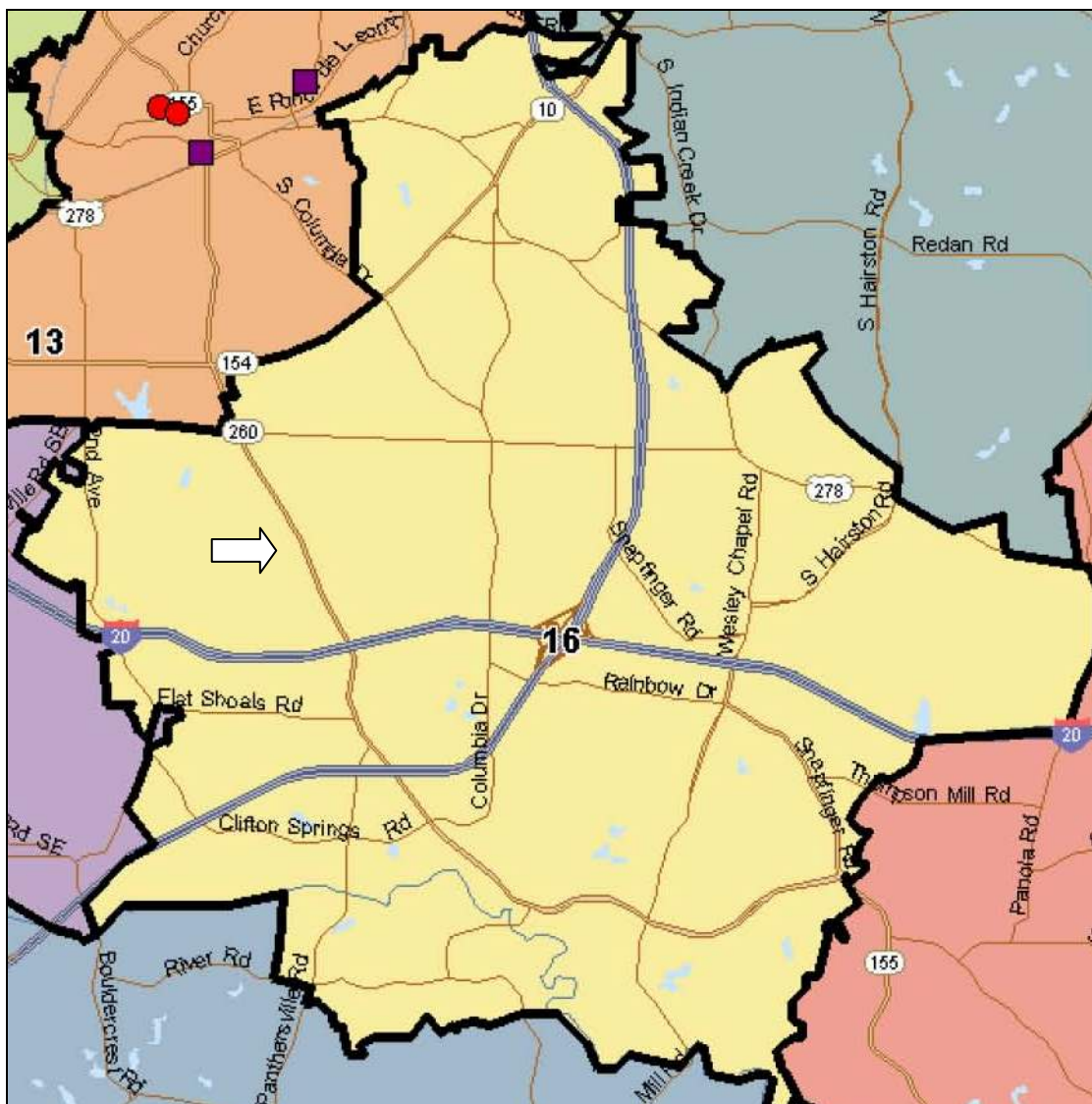
## THE SUBJECT'S SOUTH DEKALB SUBMARKET

### Inventory

According to MPF Research, the subject is located in the South DeKalb submarket. In the *First Quarter 2016 Report*, the South DeKalb submarket inventory is 12,020 apartment units. For the submarket, the five-year average annual supply was zero units. Annual supply is zero units with a quarterly supply of zero units. The submarket had occupancy of 90.5% reported for the first quarter, up from an annual average of 84.6%. Monthly rent averaged \$674 or \$0.68 per square foot. There are no planned or under construction units in the subject's submarket.

Absorption figures are presented in the following chart. Based on our experience with this type property, we forecast absorption at a rate of 15 units per month. This rate is further supported by data acquired by RPRG in a June Field Survey of five Atlanta properties, summarized below.

ABSORPTION DATA FOR COMPETITIVE PROPERTIES						
Complex	Status	Lease Start	Lease End	Period (Mo)	Units	Rate/Month
Columbia Forrest Hills	Leased up	11/1/2014	5/1/2015	6	80	13
77 12th	Leased up	8/1/2012	2/28/2014	18	330	18
Elan Westside	Leasing	12/1/2013	3/24/2015	15.5	141	9
Camden 4th Ward	Leasing	11/1/2013	3/24/2015	16.5	254	15
AMLI Ponce Park	Leasing	3/31/2014	2/13/2015	11	192	18
Average:						15
<i>Source: RPRG Field Surveys, June 2015</i>						



*Red circles map the completed projects, purple squares under construction projects listed in previous chart.*

### Vacancy

The subject is planned for 100% PBRA units. These units typically have full occupancy with vacancy only during the time it takes to prepare units for new tenants. PBRA complexes have long waiting lists of pre-qualified tenants. Absorption for PBRA complexes is often no more than the time it takes to move pre-qualified tenants into completed units. Occupancy in the overall South DeKalb submarket in market-rate properties is 90.5%, but these existing complexes are older than and inferior to the subject at completion.

As can be seen in the following chart, occupancy at competitive mixed-income properties is 94%-100%. These properties include a few market rate units.

<b>SENIOR MIXED INCOME RENT COMPARABLES - OCCUPANCY</b>						
Complex	Tenancy	Rent Levels	Year Built	# of Units	Occupancy	
1 Columbia at Forrest Hills	Senior	Market, LIHTC, PBRA, AHA	2014	80	96%	
2 Antioch Manor	Senior	Market, LIHTC, PBRA, AHA	2005	120	100%	
3 Antioch Villages and Gardens	Senior	Market, LIHTC, PBRA, AHA	2012	106	97%	
4 Clairmont Crest	Senior	Market	1985	213	100%	
5 Capitol Gateway	Family	Market, LIHTC	2006	421	94%	
6 Retreat at Madison	Senior	LIHTC	2006	160	99%	
7 Columbia MLK	Senior	LIHTC, PBRA, AHA	2007	120	100%	
Total/Average				1,220	97%	

**MARKETABILITY OF THE SUBJECT**

The subject property consists of 5.519 acres of vacant multi-family land proposed for development with 170 units of affordable senior housing. The site is located along the west side of Candler Road and the north side of Mellville Avenue in unincorporated Decatur, DeKalb County, Georgia. This location is approximately 3.5 miles west of Interstate 285, 1.5 miles north of Interstate 20, six miles east of Interstate 75, and six miles east/southeast of the CBD. The existing commercial business on the site is subject to a short-term lease and will vacate when construction approaches.

The subject neighborhood has seen recent institutional development. There is a newly built senior center and library adjacent to the subject land. With the evolution of public housing to mixed-rate projects, most complexes in the neighborhood now offer some combination of government programs, typically income-restricted units, Project-Based Rental Assistance (PBRA), and Section 8 vouchers. Existing subsidized and age-restricted developments near the subject and throughout the submarket enjoy strong occupancy and ongoing demand for units.

**COMPETITIVE ANALYSIS**

We selected seven complexes to serve as rent comparables. These developments have a mixture of market and income restricted units, and are located in Atlanta within six miles of the subject. They have typical amenities and features. The comparables were built between 1985 and 2014 with unit counts from 80 to 213, with one multi-phase complex containing 421 units. The subject’s proposed units and the comparable rents are presented in the following chart. Further details, as well as photographs and a location map, are presented in the Addenda.

**SUBJECT UNITS/GROSS RENTS**

The unit mix with developer’s proposed rents is presented below. These rents represent the contract rents. There are thirteen floor plans containing a total of 134,692 gross / 127,937 net square feet. The subject will have a mix of one- and two-bedroom units. The average unit size is 792 gross SF. Because the subtle differences in the floorplans do not change the way the units will be marketed as PBRA units, we present them as a combined/average square footage for the one- bedroom units and two-bedroom units. The subject will include water, sewer and trash with the rent, with the tenant paying their electrical utility directly.

For the NOI analysis, we rely on the provided contract rents. We will also reconcile to a market rent level and present our adjustments in the 92273’s.

<b>DEVELOPER'S PROPOSED RENTS - AT CONTRACT</b> Sterling at Candler Village							
<b>Unit Type</b>	<b>No. Units</b>	<b>Unit Size (Net SF)</b>	<b>Unit Size (Gross SF)</b>	<b>Monthly Rent</b>	<b>Rent/SF</b>	<b>Total Monthly Gross Rent</b>	<b>Potential Annual Gross Rent</b>
1BR/1BA 50%	22	670	708	\$706	\$1.00	\$15,532	\$186,384
1BR/1BA 60%	89	670	708	\$706	\$1.00	\$62,834	\$754,008
2BR/2BA 50%	12	908	951	\$838	\$0.88	\$10,056	\$120,672
2BR/2BA 60%	47	908	951	\$838	\$0.88	\$39,386	\$472,632
Totals/ Averages	170	753	792	\$752	\$0.95	\$127,808	\$1,533,696

**One-Bedroom Units**

<b>APARTMENT RENT COMPARABLE SUMMARY</b> ONE-BEDROOM UNITS							
<b>Comparable No. and Name</b>	<b>Bath Qty.</b>	<b>Size (SF)</b>	<b>Market Rent</b>		<b>LIHTC (60%)</b>		<b>Utilites</b>
Subject Market / Contract Rents	1.0	708	Per Unit \$1,050	Per SF \$1.48	Per Unit \$706	Per SF \$1.00	WST
Columbia at Forrest Hills	1.0	750	\$1,045	\$1.39	\$636	\$0.85	T
Antioch Manor	1.0	600	\$975	\$1.63	\$832	\$1.39	EWST
Antioch Villages and Gardens	1.0	664	\$1,025	\$1.54	\$807	\$1.22	EWST
Clairmont Crest	1.0	700	\$935	\$1.34	N/AP	N/AP	WST
Capitol Gateway I and II	1.0	708	\$1,035	\$1.46	\$717	\$1.01	T
Capitol Gateway I and II	1.0	742	\$1,030	\$1.39	\$717	\$0.97	T
Capitol Gateway I and II	1.0	772	\$1,030	\$1.33	\$717	\$0.93	T
Capitol Gateway I and II	1.0	867	\$1,105	\$1.27	\$717	\$0.83	T
Retreat at Madison	1.0	701	N/Ap	N/Ap	\$755	\$1.08	WST
Columbia MLK	1.0	775	N/Ap	N/Ap	\$717	\$0.95	T
Average of comps		728	\$1,023	\$1.42	\$735	\$1.02	
Maximum		867	\$1,105	\$1.63	\$832	\$1.39	
Minimum		600	\$935	\$1.27	\$636	\$0.83	

The subject will offer five, one-bedroom, one-bathroom floorplans, averaging 708-SF. The contract rents are \$706 per month, or \$1.00 per square foot. The comparable one-bedroom units range in size from 600 to 867 square feet. Market rents at the comparables range from \$1,023 to \$1,105 (\$1.27 to \$1.63 per square foot). The subject units are at the middle of the range based on size. The contract rents are in line with the comparables on a monthly and per-square-foot basis and are reasonably supported. We analyzed the comparables' rents on the 92273 rent comparison forms, which provide detailed descriptions of relevant adjustments. We reconciled to appraiser recommended market rents of \$1,050 (\$1.48 psf). This rent falls within the 60% range presented by the adjusted comparables.

**Two-Bedroom Units**

APARTMENT RENT COMPARABLE SUMMARY TWO-BEDROOM UNITS							
Comparable No. and Name	Bath Qty.	Size (SF)	Market Rent		LIHTC (60%)		Utilites
			Per Unit	Per SF	Per Unit	Per SF	
Subject Market / Contract Rents	2.0	951	\$1,320	\$1.39	\$838	\$0.88	WST
Columbia at Forrest Hills	1.0	981	\$1,195	\$1.22	\$758	\$0.77	T
Antioch Manor	1.0	800	\$1,345	\$1.68	\$999	\$1.25	EWST
Antioch Manor	2.0	850	\$1,395	\$1.64	\$999	\$1.18	EWST
Antioch Villages and Gardens	1.0	864	\$1,095	\$1.27	\$967	\$1.12	EWST
Antioch Villages and Gardens	2.0	970	\$1,250	\$1.29	N/AP	N/AP	EWST
Clairmont Crest	2.0	1,100	\$1,075	\$0.98	N/AP	N/AP	WST
Capitol Gateway I and II	1.0	910	\$1,150	\$1.26	\$818	\$0.90	T
Capitol Gateway I and II	2.0	1,031	\$1,320	\$1.28	\$818	\$0.79	T
Capitol Gateway I and II	2.0	1,047	\$1,370	\$1.31	\$818	\$0.78	T
Capitol Gateway I and II	2.0	1,050	\$1,380	\$1.31	\$818	\$0.78	T
Retreat at Madison	2.0	971	N/Ap	N/Ap	\$905	\$0.95	T
Average of comps		961	\$1,258	\$1.32	\$878	\$0.95	
Maximum		1,100	\$1,395	\$1.68	\$999	\$1.25	
Minimum		800	\$1,075	\$0.98	\$758	\$0.77	

The subject will offer eight variations of a two-bedroom, two-bathroom floor plan, generally averaging 951 square feet. The contract rents are \$838 per month, or \$0.88 per square foot. The comparable two-bedroom units range in size from 800 to 1,100 square feet. Market rents at the comparables range from \$1,075 to \$1,395 (\$0.98 to \$1.68 per square foot). The contract rent is in line with the comparables and is reasonably supported. We analyzed the developer's rents on the 92273 rent comparison forms, which provide detailed descriptions of appropriate adjustments. We reconciled to appraiser recommended market rents of \$1,320 (\$1.39 psf). This rent falls within the 60% range presented by the adjusted comparables.



**INCOME/RENT RESTRICTIONS**

Construction will be financed with proceeds from the syndication of federal and state 4% low income housing tax credits. At completion of the proposed improvements, when the tax credits are in place, income levels for the 170 LIHTC units must be at or below 50% & 60% of the area median income (AMI). For Atlanta in 2015, per HUD, area median income is defined at \$68,300. The Atlanta Housing Authority used these restrictions to calculate the contract rents at completion. The PBRA contract is based on 2015 income restrictions. These rents were calculated based on AMI for January 1<sup>st</sup> of the application year. 2016 AMI rents were published in March 2016.

Note that the rents include water, sewer and trash. The provided contract utility allowances for water, sewer and trash (per DCA) are as follows: 1BR total \$62 and 2BR total \$83. The maximum rent thresholds apply to all LIHTC / PBRA units. All of the subject's proposed 50% & 60% LIHTC and PBRA rents are at the maximum allowable 60% AMI rents. The restricted income levels are shown in the following chart. These income guidelines are also used to qualify tenants for the income-restricted units. The following charts apply to the PBRA contract rent units at completion.

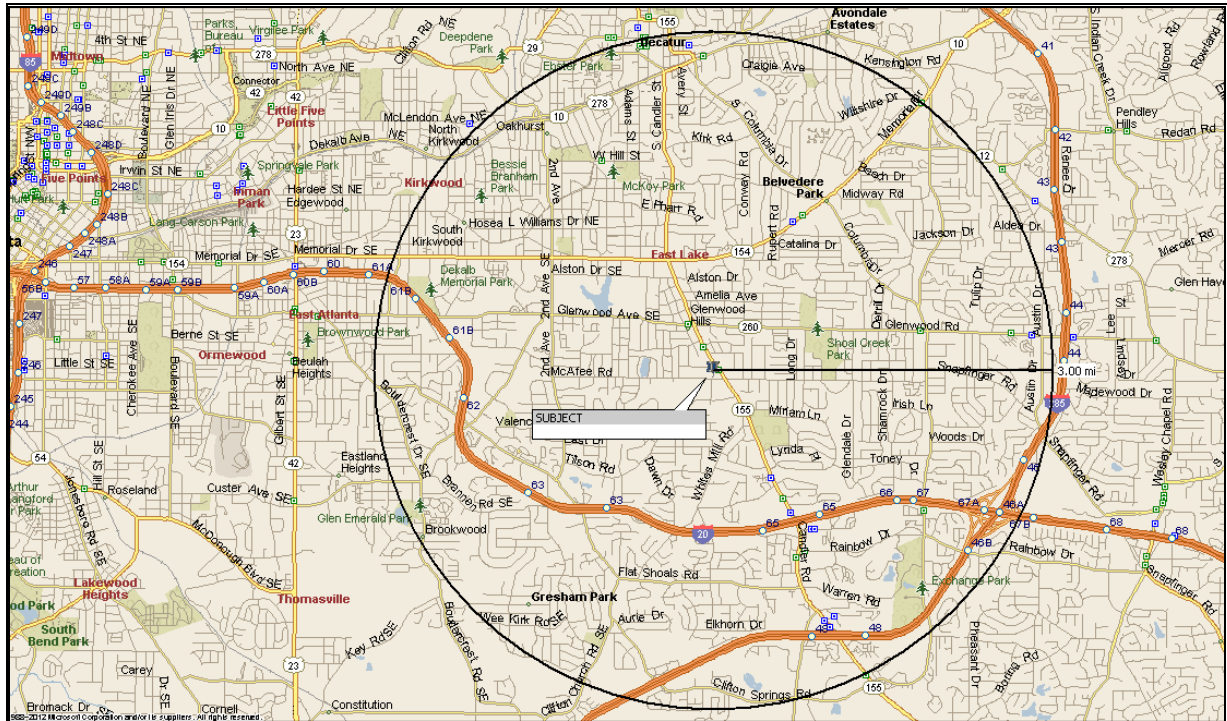
<b>Atlanta MSA Incomes @ 30%, 50% and 60% AMI (Atlanta 2015 AMI - \$68,300)</b>							
	<b>1 Person</b>	<b>1.5 Person</b>	<b>2 Person</b>	<b>3 Person</b>	<b>4 Person</b>	<b>4.5 Person</b>	<b>5 Person</b>
30% Inc.	\$14,340	\$15,360	\$16,380	\$18,240	\$20,460	\$21,285	\$22,110
50% Inc.	\$23,900	\$25,600	\$27,300	\$30,700	\$34,100	\$35,475	\$36,850
60% Inc.	\$28,680	\$30,720	\$32,760	\$36,840	\$40,920	\$42,570	\$44,220

<b>MAXIMUM ALLOWABLE RENT PER AMI LEVEL - 2015 AMI</b>								
50% Inc.	1BR	1.5	( \$25,600 x 30% ) / 12 =	\$640	-	\$62	=	\$578
50% Inc.	1BR	3.0	( \$30,700 x 30% ) / 12 =	\$767	-	\$83	=	\$684
60% Inc.	1BR	1.5	( \$30,720 x 30% ) / 12 =	\$768	-	\$62	=	\$706
60% Inc.	2BR	3.0	( \$36,840 x 30% ) / 12 =	\$921	-	\$83	=	\$838

DEMAND ANALYSIS

HOUSING MARKET AREA

Primary Market Area- Income And Household Parameters



To assess demand from households we first need to establish household population and income basics. We used an approximate three-mile radius around the subject property as our primary market area or PMA. The PMA includes the east Atlanta and south Decatur area. These boundaries cover those areas with generally similar income characteristics, comparable housing characteristics, similar services and amenities and similar employment opportunities as the subject. We believe 60% of the tenancy will come from this area. Our demographic study indicates the PMA (three-mile radius) presently has 37,352 (2015) households and will increase to 38,947 households in 2020, indicating a total PMA household growth rate of 1,595. The population of the three mile radius is 92,433, with 11.2% of that population over age 65 (10,352). The PMA renter percentage is 39%, and 46% of the area's households have income levels below \$34,999.

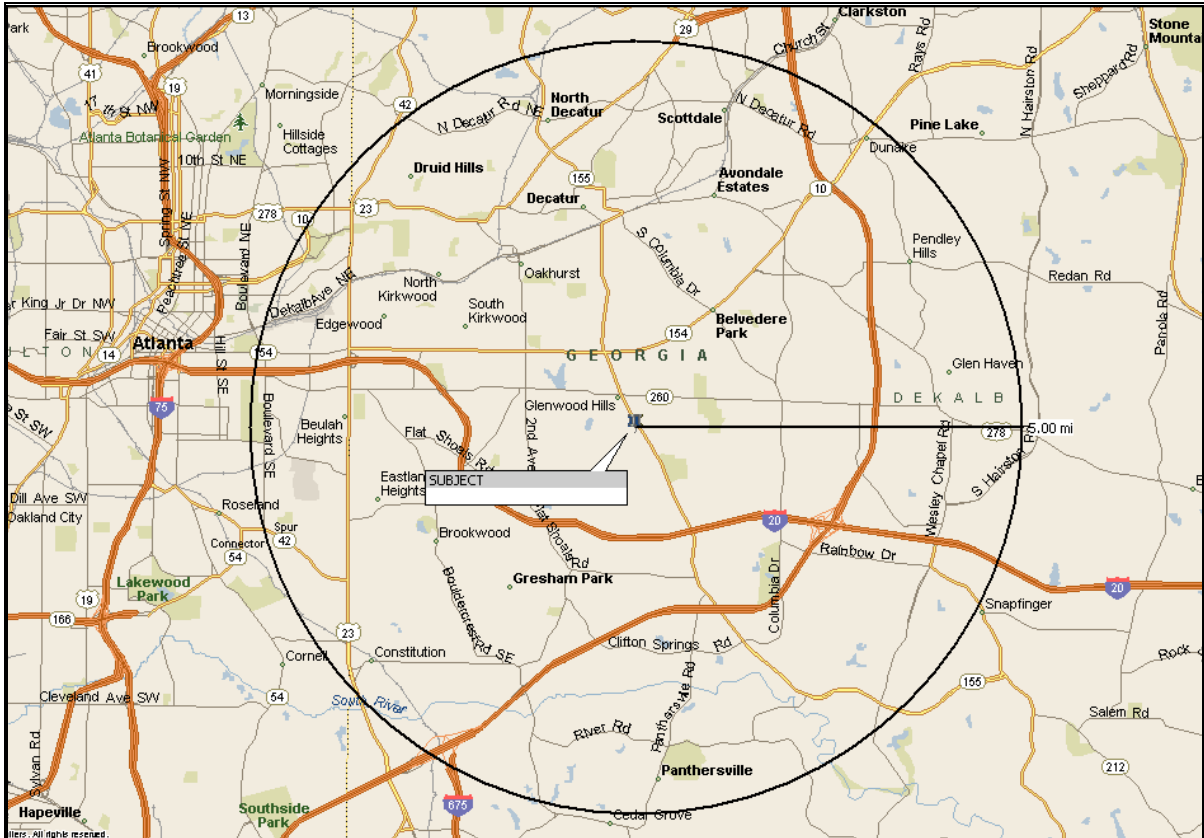
DEMAND CALCULATION PARAMETERS, PMA	
Current HHs PMA (2015)	37,352
Age Qualified Individuals	10,352
Rounded Minimum Income	\$0
Maximum Income	\$34,999
Income Qualified	46%
Renter %	39%

**Demand From Primary Market Area**

With an income limitation of less than \$34,999, the demographic study indicates about 46% of households are income qualified for the subject. With an estimated 37,352 households in the PMA, then 17,182 households would be income eligible for the subject's units. Applying the 39% renter percentage to that figure reduces it to 6,701. 11.2% of the population is age-qualified over age 65. If that percentage is applied to the qualified households that rent, 751 households potentially qualify on both age and income restrictions, and are within the rental percentage. For the subject as vacant, a **capture rate of 22%** would be required to achieve stabilized occupancy (95% / 162 units). We would grade demand from current households as strong.

**Secondary Market Area**

We choose as our secondary market area a five-mile radius around the subject. We believe 40% of the tenancy will come from this area.



### Theoretical Demand From The Secondary Market Area

With an income restriction of \$34,999, the demographic study indicates about 41% of households are qualified for the subject. With an estimated 99,471 households in the SMA, then 40,286 households would be income eligible for the subject's units. Applying the 40% renter percentage to that figure reduces it to 16,114. Approximately 9.3% of the population is age qualified over age 65. That percentage, when applied to the income-qualified and renters suggests 1,499 qualified households. For the subject as vacant, a **capture rate of 11%** would be required to achieve stabilized occupancy (95% / 162 units). We would grade demand from current households as strong.

**Overall Demand Summary**

DEMAND INDICATOR	RATING
Occupancy	Very Strong
Competitive New Construction	Minimal
Current PMA Population	Strong
Secondary Market Area Pop.	Strong
Overall Assessment	<b>Strong</b>

**SUBJECT'S CHARACTERISTICS AND MARKETABILITY**

The subject property consists of 5.519 acres of vacant multi-family land proposed for development with 170 units of affordable senior housing. The proposed affordable, age- and income- restricted apartment development will have two apartment buildings, one three-story and one 3/4 terrace, with incorporated common area. The proposed unit mix will include (111) one-bedroom, one-bath units and (59) two-bedroom, two-bath units. The units will range in size from 708 to 959 gross square feet and the average unit size will be 792 gross square feet. Standard unit amenities will include central heating and air, dishwasher, garbage disposal, microwave, 9-foot ceilings, intercom, ceiling fans in living and bedrooms and in-unit washer/dryer. Property amenities will include a community room with full kitchen, business center, fitness room, barbecue stations, picnic pavilion, on-site management, elevators, community garden plots, benches, sitting areas on each floor, one common area sunroom, one screened area and card key and intercom system at exterior entrances. The developer's estimated construction schedule is 14 months, with leasing commencing nine months after construction starts. Construction could begin by January 2017, with construction complete by March 2018. Preleasing could begin around January 2018 and, at an estimated absorption rate of 15 units per month, stabilize around December 2018.

The site is located along the west side of Candler Road and the north side of Mellville Avenue in unincorporated Decatur, DeKalb County, Georgia. This location is approximately 3.5 miles west of Interstate 285, 1.5 miles north of Interstate 20, six miles east of Interstate 75, and six miles east/southeast of the CBD.

The subject property is located in a stable lower-income area of south metro Atlanta, east of downtown Atlanta. The area has good accessibility, and is well located with respect to availability of labor, supporting services, and surrounding complementary developments. The area's population and households are projected to grow at a moderate pace into the foreseeable future. There has been recent institutional investment in the neighborhood, with a recently built library and senior center northeast of the subject. Similar properties throughout

the area report full occupancy. These factors suggest the subject area should be a stable location for the proposed subject apartments. Overall, the proposed subject is a good quality property in a good location, and it is our opinion that if the subject was placed on the market, it would receive a moderate to high level of demand from a local or regional investor.

### **REASONABLE EXPOSURE AND MARKETING TIMES**

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

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

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

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

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

The subject property is zoned C1, Local Commercial, by DeKalb County, within the I-20 Overlay District. While the C-1 district does not allow apartments, the overlay permits mixed-use developments within these districts and specifically includes apartments. Given the subject's specific location and surrounding uses, a zoning change seems unlikely, though also largely unnecessary given the broad range of development allowed by the underlying and overlay district. The site has adequate size and shape, and sufficient access and exposure to allow for nearly all types of allowable uses, but given the surrounding development, it is best suited for some type of moderate- to high-density multi-family use, particularly age-restricted, because it is within walking distance to many services, including a senior center. Virtually all of the recently developed multifamily projects in the subject's immediate area were completed using some form of subsidy which can include tax credits, favorable bond financing, tax abatements, and grants. Our investigation indicates that there is fairly strong demand in the market for low-income apartments. Therefore, the highest and best use as vacant is likely near term development with a subsidized multifamily project, or possibly speculative hold for future multifamily development.

### **HIGHEST AND BEST USE AS PROPOSED**

The proposed subject improvements should be well suited for use as a subsidized apartment complex. It is possible the improvements could be converted to another use entirely, if the costs were justified. Justification seems highly unlikely. Our investigation indicates that there is demand in the area for subsidized apartments. Given that use of the improvements is basically limited to the proposed or a similar use physically, and the fact that the proposed improvements are financially feasible to operate, we conclude that the highest and best use of the property as proposed is for use as a subsidized apartment complex.

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

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

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

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

For our analysis of the underlying land, we used only the sales comparison approach, which is the typical approach used for land valuation. Development cost information was provided, which was compared for reasonableness to actual costs of similar properties and information published by cost services. At the request of the client and in accordance with the MAP Guide for a 221(d)(4) application, we did not consider the prospective market value of the fee simple interest in the completed project. However, the construction costs as well as projections of operating income and expenses are considered.



The sales comparison approach is commonly used in the analysis of land value, both by appraisers, and by purchasers and sellers in the market. When ample sales data can be found, adjustments can be determined and applied to provide an indication of value. In this analysis, sale prices of sites that will be put to similar use are compared on a unit basis such as price per apartment unit. In the case of the subject, sale price per unit is the most appropriate unit of comparison.

Our search for comparable land sales produced five land sales. The sales occurred between February 2013 and April 2016. These comparables are summarized in the following chart. Photographs and a map illustrating the locations of the comparables in comparison to the subject are included in the Addenda.

COMPARABLE MULTI-FAMILY LAND SALES								
#	Grantor	Grantee	Date of Sale	Price	Land Area (Acres)	Units Planned	Sale Price / Acre	Sale Price / Unit
1)	AG-APG Palisades Property Owner, LLC	Palisades Venture LLC	Apr-16	\$4,660,000	5.93	425	\$786,365	\$10,965
<p><b>Comments:</b> This property is located along the east side of Peachtree Dunwoody Road, south of Hammond Drive and north of I-285 with the address 5901 Peachtree Dunwoody Rd, Atlanta, GA 30328. The land is currently being utilized as a parking lot for the Palisades Office Park on the same parcel. The buyer plans on developing a 425 unit Class A apartment complex with roughly 10,000 SF of commercial space on the tract. The site has rolling topography but is level under existing improvements. Site plans are in our files with deed record. The tax parcel number is 17-0017-LL-093. It is located in Fulton County, just west of DeKalb County.</p>								
2)	RES-GA Memorial LLC	841 Memorial Drive Holdings, LLC	Nov-14	\$925,000	1.06	80	\$872,642	\$11,563
<p><b>Comments:</b> This property is located along the south side of Memorial Drive, east of Boulevard and west of Moreland Avenue, in Atlanta, Fulton County, GA 30316. The property was purchased for the development of an 80 unit Class-A, market-rate apartment complex to be known as 841 Memorial. Construction is expected to commence in the summer of 2015. The property has a generally level topography and is at grade with its frontage road. All typical utilities are available to the site including sewer. The site was vacant at the time of sale.</p>								
3)	Memorial Drive Venture, LLC	301 Development Company, LLC	Nov-13	\$750,000	1.07	94	\$702,905	\$7,979
<p><b>Comments:</b> This property is located along the south side of Memorial Drive, west of Boulevard and east of Hill Street, in Atlanta, Fulton County, GA 30312. The property was purchased for the development of a 94 unit Class-A, market-rate apartment complex with ground-level retail to be known as the Leonard. The property is currently under construction. The property has a generally level topography and is at grade with its frontage road. All typical utilities are available to the site including sewer. The site had formerly contained an old bar named Lenny's. The improvements were demolished prior to construction.</p>								
4)	Resources For Residents & Communities	MHSE Reynoldstown Senior LP	Jun-13	\$800,000	1.23	78	\$650,407	\$10,256
<p><b>Comments:</b> This property is located along the north side of Marcus Street in Atlanta, Fulton County, GA 30324. According to a representative of the seller, the property was appraised and listed for \$1,200,000. She indicated that they wanted to sell for \$1,000,000. However, the seller is a non-profit and they came to a mutual agreement that it would serve the greater purpose of Reynoldstown. Because of rising construction costs, they agreed on a lesser amount. The buyer reportedly intends to build an affordable senior apartment complex containing 60 to 80 units (approved for 78 units). The project is filed as the "Reynoldstown Senior Apartments District" at 695 Field Street, targeted to residents over 55 years of age. The property has a rolling topography and is at grade with its frontage road. All typical utilities are available to the site including sewer. The site was vacant at the time of sale.</p>								
5)	JAR Enterprises	CFD Collier Apartments	Feb-13	\$1,850,000	6.94	184	\$266,571	\$10,054
<p><b>Comments:</b> This property is located along the west side of Collier Road, just west of Interstate 75, in northwest downtown metropolitan Atlanta. The property was purchased for the development of a 184 unit apartment complex to be known as Collier Lofts. The property had four 1960-1970 built industrial improvements on it at the time of sale. It was improved with a three/four-story garden complex with floorplans from studio 600 SF to two bedroom 997 SF and advertised rents of \$900 to \$1,400. All typical utilities are available to the site including sewer.</p>								

## **DISCUSSION OF ADJUSTMENTS – 5.519-ACRE TRACT**

### **Conditions of Sale**

The comparables were reportedly arms-length, with cash or normal financing, and were not adjusted. Although Comparable Four sold below its appraised price, it had an extended marketing time and ample marketing effort to achieve a market price. Subsequent incentives for development support the observation that the project was not feasible without subsidy and this sale was not adjusted.

### **Market Conditions**

The market for land for multi-family development in the subject neighborhood appears to have been steady for the past few years. It does not appear that demand has increased or decreased considerably in the subject neighborhood during the period of sale of the comparables. We did not feel that adjustment for market conditions was warranted.

### **Location**

All of the comparables are considered to have superior locations when compared to the subject as they are located in developed, intown neighborhoods with superior access to shopping/restaurants and employment centers and proximity to other newer-built residential development. Comparable One was adjusted more significantly for superior location in a north Atlanta suburb.

### **Access/Exposure**

The subject's 5.519-Acre parcel is considered to have average to good access and exposure characteristics. Comparables One, Two and Three have similar access and exposure, with frontage along similar stretches of heavily traveled roadway and were not adjusted. Comparables Four and Five are located along less busy residential feeder streets and were adjusted upward for inferior access or exposure.

### **Size**

Generally speaking, apartment land realizes a "quantity discount" whereby smaller developments (# of units) sell at a higher price per unit than larger ones. Comparables Two, Three and Four are smaller than the subject and were adjusted downward. Comparable Five is similar enough in size to not warrant adjustment. Comparable One is significantly larger than the subject and was adjusted upward.

**Zoning**

The comparables all allow plan-dependent multi-family development and did not warrant adjustment for zoning.

**Topography/Condition**

The subject has existing improvements that require demolition, after which the site will be cleared and graded. It has a sloping topography. Comparables One, Three and Five also required demolition of existing improvements. Comparables One and Five were not adjusted. Comparable Three has flat topography, but the long, narrow shape of the site required position of the improvements that does not maximize the development of the space, and was adjusted upward for that inferior feature. Comparable Two was adjusted downward because it was cleared at sale and has superior flat topography. Comparable Four was adjusted downward less significantly for not requiring demolition.

**Density**

In apartment development, lower density is considered a superior feature because it allows room for greenspace, buffers and amenities. Comparables One, Two, Three and Four are all more dense than the subject and were adjusted upward for inferior density. Comparable Five was similar enough not to warrant adjustment.

**Conclusion –Land Value**

The following adjustment grid illustrates our thought processes in the comparison of these comparables to the subject. As shown, prior to adjustment, the comparables present a range of price per unit from \$7,979 to \$11,563.

COMPARABLE LAND SALES ADJUSTMENT GRID						
Sale No.		1	2	3	4	5
		<b>Palisades Peachtree Dunwoody</b>	<b>841 Memorial Drive</b>	<b>301 Memorial The Leonard</b>	<b>Reynoldstown Senior</b>	<b>Collier Lofts</b>
Date	Subject	April-16	November-14	November-13	June-13	February-13
Sale Price		\$4,660,000	\$925,000	\$750,000	\$800,000	\$1,850,000
Acres	5.519	5.926	1.140	1.070	1.230	6.940
Units	170	425	80	94	78	184
Density	30.80	71.72	70.18	87.85	63.41	26.51
Price per Unit		\$10,965	\$11,563	\$7,979	\$10,256	\$10,054
Conditions of Sale		0%	0%	0%	0%	0%
Adjusted Price/Unit		\$10,965	\$11,563	\$7,979	\$10,256	\$10,054
Market Conditions		0%	0%	0%	0%	0%
Adjusted Price/Unit		\$10,965	\$11,563	\$7,979	\$10,256	\$10,054
Physical Adjustments						
Location		-30%	-10%	-10%	-10%	-10%
Access/Exposure		0%	0%	0%	10%	10%
Size (Nbr. Of Units)		10%	-10%	-5%	-10%	0%
Zoning		0%	0%	0%	0%	0%
Topography/Condition		0%	-10%	10%	-5%	0%
Density		20%	20%	20%	15%	0%
Net Adjustment		0%	-10%	15%	0%	0%
Adjusted Indication		\$10,965	\$10,406	\$9,176	\$10,256	\$10,054
Indicated Range:			\$9,176	to	\$10,965	
Adjusted Mean:				\$10,171		

After application of adjustments, the range is between \$9,176 and \$10,965 with an average of \$10,171 per unit. The subject is most similar to Comparable Five, a larger site with a similar number of planned units. Comparable Five suggests a value per unit of \$10,054. Four of the comparables indicate values per unit above \$10,000, including the three sales that required zero net adjustment. The most recent sale was one of these comparables. Placing weight on these three comparables, we reconciled to a value of \$10,000 per unit.

VALUATION INDICATION BY THE SALES COMPARISON APPROACH					
170 Apartment Units					
170	units	at	\$10,000	per unit =	\$1,700,000

In this section of our report, we will present the developer's estimated costs for the proposed development. We reviewed a development cost budget provided to us by our client and compared the information to that published by *Marshall Valuation Service*. The latter publication is used nationwide by real estate appraisers and analysts to estimate replacement costs for all building types. In our analysis of *Marshall Valuation Service* information, we employed the comparative unit method. This method is based on unit costs of similar structures adjusted for time, location, and physical differences.

We compiled the summary shown in the following chart of the subject's construction costs. As indicated on the chart, the projected total direct and indirect costs for the subject are \$24,844,257. This equates to \$146,143 per apartment unit and \$184.45 per gross square foot.

<b>DEVELOPMENT BUDGET</b>			
<b>Sterling at Candler Village</b>			
<b>170 Apartment Units - 134,692 Gross SF</b>			
<b>Direct Costs</b>	<b>Total</b>	<b>Per Unit</b>	<b>Per SF</b>
Construction Main Buildings	\$11,599,343	\$68,231	\$86.12
Land Improvements	1,605,408	9,444	11.92
Site Demolition	442,890	2,605	3.29
Furniture, Fixtures, Equipment	139,750	822	1.04
Builder's Overhead	263,320	1,549	1.95
General Requirements	602,188	3,542	4.47
Bond Premium	189,719	1,116	1.41
Construction Contingency	500,000	2,941	3.71
Pre Development Costs	273,543	1,609	2.03
Professional Services	638,922	3,758	4.74
Impact, Water and Sewer tap fees	510,342	3,002	3.79
Title and Recording	98,155	577	0.73
Builder's Profit	792,165	4,660	5.88
Construction Period Financing	359,875	2,117	2.67
<b>Total Hard Costs</b>	<b>\$18,015,619</b>	<b>\$105,974</b>	<b>\$133.75</b>
<b>Indirect Costs</b>			
Financing Fees	\$974,572	\$5,733	\$7.24
Soft Cost Contingency	\$90,000	529	0.67
Consultants Fee	105,000	618	0.78
Real Estate Taxes	5,000	29	0.04
Tax Credit Fees	189,421	1,114	1.41
Start and Lease Up Reserve	1,504,645	8,851	11.17
Legal, Organization & Audit	65,000	382	0.48
<b>Total Indirect Costs</b>	<b>\$2,933,638</b>	<b>\$17,257</b>	<b>\$21.78</b>
% Of Direct Costs	16.3%		
<b>Total Direct &amp; Indirect Costs</b>	<b>\$20,949,257</b>	<b>\$123,231</b>	<b>\$155.53</b>
Land Acquisition	\$1,700,000	\$10,000	\$12.62
Developer's Fee	\$2,195,000	\$12,912	\$16.30
<b>Total Development Cost</b>	<b>\$24,844,257</b>	<b>\$146,143</b>	<b>\$184.45</b>

With regard to *Marshall Valuation Service*, as reported in the property description section, the proposed apartment complex is classified as a Class D structure. Our review of information included in the cost manual indicates that the buildings will qualify as average to good cost quality multiple residences for seniors. Reconciling between the average cost and good is necessary because the higher cost of the good classification includes some limited special-care, e.g. assisted living/nursing facilities. The subject does not have any special-care facilities/units planned. *Marshall Valuation Service* cost estimates include the following.

1. Final costs to the owner, including average architect and engineer's fees. These, in turn, include plans, plan check, building permits and survey(s) to establish building lines and grades.
2. Normal interest on building funds during the period of construction plus a processing fee or service charge.
3. Materials, sales taxes on materials, and labor costs.
4. Normal site preparation including finish grading and excavation for foundation and backfill.
5. Utilities from structure to lot line figured for typical setback.
6. Contractor's overhead and profit, including job supervision, workmen's compensation, fire and liability insurance, unemployment insurance, equipment, temporary facilities, security, etc.

As shown in the following chart, after inclusion of costs for built-in appliances and adjustments for current and local cost multipliers, *Marshall's* indication of direct costs for the improvements are between about \$111 and \$147 per square foot. The provided budgeted hard cost estimate (\$134) is within the range. Given their expertise in construction costs of multifamily properties, we believe that the projections of direct costs included in the third party report are reasonable.

<b>MARSHALL VALUATION SERVICES</b> <b>Good Cost Quality Multiple Residences - Includes Elevator</b> <b>Section 11 Page 13</b> <b>Homes For The Elderly, Class D Masonry Veneer</b>					
	Cost Per SF	Current Multiplier	Local Multiplier	Gross SF	Cost
Apartment Buildings	\$148.47	1.04	0.94	134,692	\$19,549,772
Appliances	\$1,750			170	\$297,500
<b>Total Cost</b>					<b>\$19,847,272</b>
<b>Cost Per SF</b>					<b>\$147.35</b>
<b>Average Cost Quality Multiple Residences, Class D Masonry Veneer</b>					
	Cost Per SF	Current Multiplier	Local Multiplier	Gross SF	Cost
Apartment Buildings	\$111.25	1.04	0.94	134,692	\$14,648,833
Appliances	\$1,750			170	\$297,500
<b>Total Cost</b>					<b>\$14,946,333</b>
<b>Cost Per SF</b>					<b>\$110.97</b>

**INDIRECT COSTS**

Indirect costs include such items as legal, title and appraisal fees, contingencies, and other miscellaneous costs. Typically, these costs total 10% to 20% of direct costs. The budgeted indirect costs are \$2,933,638, or 16% of direct costs. The budgeted amount seems reasonable and used in our analysis.

**BUILDER AND SPONSOR PROFIT AND RISK**

Typically, builder and sponsor profit and risk is between 10% and 15% of total direct and indirect costs. The budget includes \$2,195,000 for developer profit, which equates to 10.48% of total costs, which is reasonable considering the size and cost of the project. We used \$2,195,000 in our analysis.

**CONCLUSION**

Based on the information presented in this section, the provided costs estimates appear reasonable. The total costs, inclusive of builder and sponsor profit and risk, plus land value, are \$24,844,257, rounded to \$24,850,000, which equates to \$146,176 per unit and \$184.49 per gross square foot.

<b>COST APPROACH SUMMARY</b>			
<b>Sterling at Candler Village</b>			
	<b>Gross SF</b>	<b>Total</b>	<b>Per SF</b>
Direct Costs	134,692	\$18,015,619	\$133.75
Indirect Costs	16.3%	2,933,638	21.78
Total Direct and Indirect Costs		\$20,949,257	\$155.53
Developer's Profit	10%	2,195,000	16.30
Estimated Replacement Cost New of Improvements		\$23,144,257	\$171.83
Depreciation			
Physical Curable	0		
Physical Incurable	0		
Functional / External	0		
Total Depreciation		<u>\$0</u>	<u>\$0.00</u>
Estimated Depreciated Replacement Cost		\$23,144,257	\$171.83
Estimated Land Value		<u>\$1,700,000</u>	<u>\$12.62</u>
Indicated Value by Cost Approach		\$24,844,257	\$184.45
Rounded		\$24,850,000	\$184.49
Per Apartment Unit		\$146,176	

The income approach to value is based upon an analysis of the economic benefits to be received from ownership of the subject. These economic benefits typically consist of the net operating income projected to be generated by the improvements. There are several methods by which the present value of the income stream may be measured, including direct capitalization and a discounted cash flow analysis. We initially estimated potential rental income, followed by projections of other income, vacancy and collection loss, and operating expenses in order to estimate a net operating income.

### RENTAL INCOME ANALYSIS

#### DISCUSSION OF RENT ADJUSTMENTS ON HUD FORMS 92273

The following narrative summarizes the adjustments applied to the apartment comparables in the 92273 Estimates of Market Rent by Comparison presented in the addenda. The adjustments are discussed in the order in which they appear on the form.

- 3. Effective Date of Rental:** All of the comparable properties were surveyed in June 2016 and no adjustment is warranted for time.
- 4. Type of Project/Stories:** All of the comparables are multi-story buildings. Comparable Five does not have an elevator and was adjusted upward \$25.
- 5. Floor of Unit in Bldg:** No adjustment is necessary.
- 6. Project Occupancy:** The stabilized market rent comparables ranged from 94% to 100% occupancy. We concluded a 95% physical and economic occupancy for the subject – within the range of the stabilized comparables. No adjustment is necessary.
- 7. Concessions:** The comparables do not offer concessions, so no adjustment is necessary.
- 8. Year Built:** The subject is proposed. These types of properties have economic lives of about 45 to 55 years, depending on quality. Referencing the Marshall Valuation Service depreciation schedule in Section 97, page 24, the depreciation applicable to a property with an effective age of 10 years is 6%, which means they depreciate at about 0.6% per year. At an average market rent of around \$1,200 per month, this would be about a \$10.00 difference. However, we note that most renters would not perform this detailed of an analysis and would most likely not pay this much of a premium for a newer property. In our opinion, a \$5 per year adjustment is reasonable (to the current date, 2016).



- 9. Sq. Ft. Area:** Adjustments have been applied to the comparables that differ significantly in size from the subject units. However, it is noted that most of the size differential is for less expensive space (no extra appliances, electrical, plumbing, etc.). In addition, there is typically some variance between the square footage quoted by the property and the actual rentable square footage. Thus, we must apply some gap before we make any adjustments. In our analysis we used a gap of 25 square feet. We made a \$0.60 per square foot adjustment per square foot (approximately half the average rent per square foot) for the one and two bedroom floorplans. Each adjustment was rounded to the nearest \$5. While subjective, in our opinion, these adjustments are reasonable based on a comparison of varying sized units at the comparables.
- 10. Number of Bedrooms:** No adjustment is necessary.
- 11. Number of Baths:** Some of the comparable 2BR units have only one bathroom. We adjusted upward \$50 for an additional full bath at the subject. No other adjustment is necessary.
- 12. Number of Rooms:** No adjustment is necessary.
- 13. Balcony/Terrace/Patio:** Age-restricted communities do not typically include patios or balconies. Three of our comparables have patios/balconies, which are generally considered a positive feature. We adjusted these comparables downward \$5 for the presence of balconies/patios.
- 14. Garage or Carport:** No adjustment is necessary.
- 15. Equipment:**
- a. A/C:** The proposed subject and the comparables provide central HVAC. No adjustment is necessary.
  - b. Range/Oven:** The proposed subject and the comparables provide a range/oven. No adjustment is necessary.
  - c. Refrigerator:** The proposed subject and the comparables provide refrigerators. No adjustment is necessary.
  - d. Disposal:** The proposed subject will provide disposals. The comparables do not include disposals. We have no evidence that tenants recognize or pay more for units with disposals and made a “zero” adjustment to the comparables.

- e. **Microwave:** The proposed subject will provide microwaves. We made a \$10 adjustment for those comparables that do not include microwaves. We were unable to find any companies that rent microwaves, most likely due to the fact that they are very inexpensive to purchase (<\$100 portable). In our opinion, a \$10 adjustment is reasonable for a built-in microwave.
- f. **Dishwasher:** The proposed subject and the comparables provide dishwashers. No adjustment is necessary.
- g. **Washer/Dryer Connections:** The proposed subject will provide electric washers and dryers in each unit. Comparables One, Two, Three, Four and Five (Phase I) provide washer/dryer connections only. The majority of the units at Comparable Five provide only connections, and they did not report a rent difference for the units with washer/dryers in Phase II. Cost to rent a washer and dryer from local appliance rental companies is typically \$50 per month, which we used to adjust the comparables that do not provide washers and dryers.
- h. **Carpet/Blinds:** No adjustment is applied.
- i. **Pool/Rec. Area:** The subject will offer a full amenity package including a community room with full kitchen, business center, fitness room, barbecue stations, picnic pavilion, on-site management, elevators, community garden plots, benches, sitting areas on each floor, one common area sunroom, one screened area and card key and intercom system at exterior entrances. Age-restricted communities do not typically have swimming pools, and three of the comparables, all age-restricted properties, have amenities similar to the subject and also do not have a pool. Comparables Four and Five (not age restricted) have amenity packages that include an outdoor pool. For quantified analysis of adjustment for the outdoor pool, we considered two different methodologies, which include a return on cost and the cost of a season pass at the county owned pools. We also considered a return on cost scenario whereby we weighed the cost of typical property amenities and applied a return on cost per unit. For this scenario we considered amenities that include a swimming pool. Marshal Valuation Service estimates the cost of a 30' x 50' pool at about \$100,000. Applying a typical profit of 15% to this indicates an annual return of \$15,000, or \$88 per unit (170 units). This indicates a monthly adjustment of about \$7.00. Lastly, the DeKalb County owns public pool facilities and season passes are available. Season passes are available for residents for \$45 per season. There is also some value-add to the tenant that they do not to drive off property to access a swimming pool. Based on the above, we

applied a rounded downward adjustment of \$25 to the comparables with a pool in our analysis.

### 16. Services

- a. **Heat/Type:** No adjustment necessary.
- b. **Cook/Type:** No adjustment necessary.
- c. **Electricity:** Comparables Two and Three provide electricity with the rent. DCA guidelines for electrical utility allowances vary widely and are specific to the appliances and efficiencies at any property. According to DCA guidelines for the middle Georgia region, average electric utility adjustment for a one-bedroom unit is \$98 and \$125 for a two-bedroom unit. Comparables Two and Three were adjusted downward accordingly.
- d. **Water Cold/Hot:** The subject will provide water with the rent. According to DCA guidelines for the middle Georgia region, water utility adjustment for a one-bedroom unit is \$22 and \$28 for a two-bedroom unit. The comparables were adjusted upward accordingly. Two of the complexes provide electricity and subsequently hot water. The costs for heating the water are already considered in the previously discussed Electricity.
- e. **Sewer:** The subject will provide sewer with the rent. According to DCA guidelines for the middle Georgia region, sewer utility adjustment for a one-bedroom unit is \$37 and \$46 for a two-bedroom unit. The comparables were adjusted upward accordingly.
- f. **Trash:** No adjustment necessary.

**17. Project Location:** The subject is located in central DeKalb County, in a lower income area with new institutional development but older residential and commercial improvements. Comparable Four is located in a desirable area of Decatur and Comparable Five in an attractive and central urban location and were adjusted downward. These comparables were adjusted \$100 for superior location.

**18. Overall Desirability:** No adjustment necessary.

### Subject Rental Income Analysis / Potential Gross Income

The rent analysis was accomplished via HUD 92273 forms, which compares the subject's effective rents with effective rents at comparable developments in the area and then

recommends current market rents for the subject based on market indications. These forms are presented in the Addenda. The subject's and comparable rents were presented and discussed previously in the Market Analysis report section. Based on our analysis using the HUD 92273 Forms and the comparable properties, we estimated market rents as shown in the following chart. Since the subject will be 100% PBRA and subject to contract rents, we used these rents in the NOI analysis. At contract rents, the potential gross income is \$1,533,696 or \$9,022 per apartment unit.

<b>HYPOTHETICAL MARKET RENTS</b> Sterling at Candler Village						
<b>Unit Type</b>	<b>No. Units</b>	<b>Gross Unit Size</b>	<b>Monthly Contract Rent</b>	<b>Monthly Rent/SF</b>	<b>Total Monthly Gross Rent</b>	<b>Potential Annual Gross Rent</b>
1BR/1BA	111	708	\$1,050	\$1.48	\$116,550	\$1,398,600
2BR/2BA	59	951	\$1,320	\$1.39	\$77,880	\$934,560
<b>Totals/ Averages</b>	<b>170</b>	<b>792</b>	<b>\$1,144</b>	<b>\$1.44</b>	<b>\$194,430</b>	<b>\$2,333,160</b>

<b>CONTRACT RENTS</b> Sterling at Candler Village						
<b>Unit Type</b>	<b>No. Units</b>	<b>Gross Unit Size</b>	<b>Monthly Contract Rent</b>	<b>Monthly Rent/SF</b>	<b>Total Monthly Gross Rent</b>	<b>Potential Annual Gross Rent</b>
1BR/1BA	111	708	\$706	\$1.00	\$78,366	\$940,392
2BR/2BA	59	951	\$838	\$0.88	\$49,442	\$593,304
<b>Totals/ Averages</b>	<b>170</b>	<b>792</b>	<b>\$752</b>	<b>\$0.95</b>	<b>\$127,808</b>	<b>\$1,533,696</b>

**OTHER INCOME**

Other Income in the apartment market is derived from laundry income, forfeited deposits, pet fees, application fees, late payment fees, storage income, vending machines, etc. The developer has included 'Other Income' at 1.00% of potential apartment rental income, which equates to \$15,337 and \$90 per unit. IREM indicates a range of 'Other Income' in the Atlanta Metro region of \$290 to \$1,293 with a median of \$942, or 3.3% to 10.5% and a median of 7.7%. The proposed subject is a subsidized complex where other income is typically minimal. We estimate other income for the subject at 1.0% of gross potential apartment rental income which equates to \$90 per unit.

We acknowledge that under the new HUD MAP guidelines, ineligible income cannot be included in the analysis. Ineligible fee income includes non-recurring and non regular income that is not reliable may not be included in the calculation of other income.

### VACANCY AND COLLECTION LOSS

As discussed in the Market Analysis section of this report, subsidized properties typically maintain full occupancy, with vacancy only during the time it takes to prepare units for subsequent tenants. We estimate a combined vacancy and collection loss of 5%, with an allocation of 3% physical vacancy and 2% economic vacancy.

### EFFECTIVE GROSS INCOME

Based on our estimates of apartment and other income and vacancy and collection loss, effective gross income for the subject is \$1,471,581, or \$8,656 per apartment unit. The developer's projections are \$8,656 per unit. Our estimates are in line with the developer's estimates.

### EXPENSE ANALYSIS (HUD FORM 92274)

In estimating reasonable operating expenses, we gave consideration to the developer's operating budget and industry standard expenses as published in the 2015 edition of the *Income/Expense Analysis – Conventional Apartments* published by IREM (Institute of Real Estate Management). In addition, we considered operating data from four similar apartment complexes in Atlanta. These complexes are all mixed-income properties in the Atlanta MSA with a senior component integrated in related phases of the overall development. Per HUD guidelines, our estimate of total expenses was trended forward to June 2016 (the month of our inspection date). The developer's operating expense budget, and IREM data, as well as a combined Expense Analysis Sheet showing the expense comparable data are shown in the following charts. The actual HUD 92274 form, which includes details of the expense comparables, is located in the addenda. It is noted the developer's figures are prospective stabilized first year projections.

## Net Operating Income Analysis

<b>DEVELOPER PROFORMA</b> <b>Sterling at Candler Village</b> <b>170 Apartment Units - 133,962 Rentable SF</b>				
		Total	Per Unit	Per SF
Potential Gross Income		\$1,533,696	\$9,022	\$11.39
Plus Other Income	1.0%	15,337	90	0.11
Potential Gross Income		\$1,549,033	\$9,112	\$11.50
Vacancy and Collection Loss	5.0%	\$77,452	\$456	\$0.58
Effective Gross Income		\$1,471,581	\$8,656	\$10.93
<b>Expenses</b>				
Real Estate Taxes		\$235,157	\$1,383	\$1.75
Insurance		39,100	230	0.29
Management Fee	5.0%	73,579	433	0.55
Utilities		125,500	738	0.93
Salaries & Labor		168,000	988	1.25
Maintenance & Repairs		72,875	429	0.54
Security		2,400	14	0.02
Landscaping		20,000	118	0.15
Administration		56,280	331	0.42
Advertising		10,400	61	0.08
Total Expenses		\$803,291	\$4,725	\$5.96
Reserves		\$42,500	250	0.32
Total Operating Expenses		\$845,791	\$4,975	\$6.28
Net Income		\$625,790	\$3,681	\$4.65

## Net Operating Income Analysis

2015 IREM INCOME & EXPENSE DATA FOR ATLANTA METRO AREA						
Income & Expense Category (A)	Annual Inc. & Exp. as % of GPI			Annual Income & Expenses Per Unit		
	Low	Median	High	Low	Median	High
<b>Income</b>						
Gross Possible Apartment Rents:	89.4%	91.8%	96.6%	\$8,241	\$9,616	\$11,547
Other Income:	3.3%	7.7%	10.5%	\$291	\$942	\$1,293
Gross Possible Income:	100.0%	100.0%	100.0%	\$8,651	\$10,493	\$12,296
Vacancies/Rent Loss:	4.8%	7.3%	12.6%	\$494	\$833	\$1,201
<b>Total Collections:</b>	<b>86.5%</b>	<b>90.6%</b>	<b>94.4%</b>	<b>\$7,839</b>	<b>\$9,370</b>	<b>\$11,466</b>
<b>Expenses (B)</b>						
Real Estate Taxes	4.6%	7.1%	9.5%	\$385	\$724	\$1,036
Insurance	1.6%	2.0%	2.6%	\$187	\$208	\$260
Management Fee	2.9%	3.8%	5.1%	\$331	\$459	\$534
Total Utilities (1)	5.4%	7.6%	10.1%	\$754	\$908	\$1,024
Water/sewer (common & Apts)	4.0%	5.8%	7.5%	\$453	\$607	\$723
Electric (common & Apts)	1.2%	1.7%	2.2%	\$279	\$279	\$279
Gas (common & Apts)	0.2%	0.1%	0.4%	\$22	\$22	\$22
Total Utilities (2)	4.0%	4.7%	7.6%	\$417	\$569	\$804
Water/sewer (common only)	2.6%	2.9%	5.0%	\$287	\$389	\$584
Electric (common only)	1.2%	1.7%	2.2%	\$130	\$180	\$220
Gas (common only)	0.2%	0.1%	0.4%	\$0	\$0	\$0
Salaries and Administrative (C)	7.5%	14.4%	19.3%	\$999	\$1,536	\$2,011
Other Administrative	2.4%	5.0%	6.8%	\$271	\$482	\$653
Other Payroll	5.1%	9.4%	12.5%	\$728	\$1,054	\$1,358
Maintenance & Repairs	1.7%	2.9%	4.8%	\$192	\$310	\$588
Painting & Redecorating (D)	0.9%	1.3%	2.2%	\$98	\$152	\$293
Grounds Maint. & Amenities (D)	1.1%	1.5%	3.1%	\$119	\$165	\$249
Grounds Maintenance	1.0%	1.3%	1.9%	\$100	\$137	\$155
Recreational/Amenities	0.1%	0.2%	1.2%	\$19	\$28	\$93
Security (D)	0.1%	0.9%	1.7%	\$11	\$74	\$338
Other/Miscellaneous	0.6%	1.5%	3.6%	\$76	\$196	\$398
Other Tax/Fee/Permit	0.1%	0.2%	0.3%	\$11	\$21	\$32
Supplies	0.1%	0.6%	1.5%	\$10	\$61	\$132
Building Services	0.4%	1.1%	1.9%	\$44	\$144	\$222
Other Operating	0.2%	0.4%	1.7%	\$31	\$52	\$177
<b>Total Expenses:</b>	<b>29.9%</b>	<b>36.9%</b>	<b>46.3%</b>	<b>\$3,191</b>	<b>\$4,238</b>	<b>\$5,471</b>
<b>Net Operating Income:</b>	<b>42.1%</b>	<b>53.4%</b>	<b>60.7%</b>	<b>\$3,572</b>	<b>\$5,183</b>	<b>\$6,926</b>
<p>Notes: Survey for Metro Atlanta includes 18,330 apartment units with an average unit size of 1,034 square feet.            Per Unit expenses are computed by dividing the median per unit expense by the median PSF expense by the and applying the indicated average SF to the High and Low expense PSF figures provided by IREM.            (A) <i>Median</i> is the middle of the range, <i>Low</i> means 25% of the sample is below this figure, <i>High</i> mean 25% of the sample is above figure.            (B) Line item expenses do not necessarily correspond to totals due to variances in expenses reported and sizes of reporting complexes.            (C) Includes administrative salaries and expenses, as well as maintenance salaries.            (D) Includes salaries associated with these categories.</p>						
<p>Source: 2015 <i>Income/Expense Analyses: Conventional Apartments</i> by the Institute of Real Estate Management (IREM).</p>						

## Net Operating Income Analysis

LIHTC OPERATING EXPENSE COMPARABLES									
Property Name	Huntington Court SR		Carver, Phase V		Auburn Pointe, Phase I		Woodbridge SR at		
Location	Gainesville, GA		Atlanta, GA		Atlanta, GA		Union City, GA *		
No. Units	152		164		154		150		
Avg. Unit Size	878		936		978		950		
Year Built	2005		2007		2010		2011		
	Actual	Trended	Actual	Trended	Actual	Trended	Actual	Trended	
Effective Date/% Trended	2014	1.03%	TTM 4/2016	0.0%	TTM 4/2016	0.00%	2015	1.01%	
Real Estate Taxes	\$639	\$639	\$374	\$374	\$299	\$299	\$0	\$0	
Insurance	296	299	214	214	222	222	279	282	
Management Fee:	417	421	661	661	645	645	424	428	
% of EGI	5.0%		7.7%		6.4%		5.0%		
Utilities	555	561	880	880	904	904	676	683	
Salaries & Labor	1,306	1,319	1,747	1,747	1,525	1,525	1,011	1,021	
Repairs/Redecorating	299	302	1,001	1,001	523	523	335	338	
Landscaping/Amenities	215	217	142	142	123	123	140	141	
Security	10	10	454	454	192	192	23	23	
Advertising & Promotion	45	45	84	84	130	130	165	167	
Administrative/Misc.	458	463	638	638	1,134	1,134	408	412	
<b>Total Expenses</b>	<b>\$4,240</b>	<b>\$4,277</b>	<b>\$6,195</b>	<b>\$6,195</b>	<b>\$5,697</b>	<b>\$5,697</b>	<b>\$3,461</b>	<b>\$3,496</b>	

### Real Estate Taxes

As mentioned in the Tax Analysis section of this report, we estimate hypothetical real estate taxes at \$1,237 per unit, or \$210,344, based on our estimate of market value. The property is exempt from taxes, however, so we include no tax expense in our proforma.

### Insurance

IREM indicates a range of \$187 to \$260 per unit, and a median of \$208 per unit. The comparables indicate insurance expenses within a range of \$214 to \$299 per unit and average \$254. The developer has insurance budgeted at \$230 per unit. We have relied on the developer's quote and Comparables and estimated the insurance expense at \$230 per unit.

### Management Fee

Management expense for an apartment complex is typically negotiated on a percent of collected revenues (effective gross income, or EGI). This percentage typically ranges from 3.0% to 5.0% for a traditional apartment complex, depending on the size of the complex and position in the market. IREM indicates a range from 2.9% to 5.1% with a median of 3.8%. However, subsidized properties, such as the subject, tend to have higher management fees. Generally, for this type of property the fee is around 5.0%-6.0%. The comparables indicate a range of 5.0% to 7.7%. The developer projected 5.0%, which we relied upon.

### Utilities

This expense covers all energy costs related to the leasing office, vacant units, and common areas, including exterior lighting. It also typically includes trash removal and may include water/sewer costs for apartments. The subject plans to include water/sewer and trash



removal in the rent. The expense comparables do not include water and sewer in their rents. IREM figures that include water and sewer indicate a range of \$754 to \$1,024 per unit, and a median of \$908 per unit. IREM figures for common area utilities only indicates a range of \$417 to \$804 per unit, and a median of \$569 per unit. The comparables indicate utilities expenses within a range of \$561 to \$904 per unit and average \$757. The developer indicates a total utilities expense of \$738 per unit. Considering the developer's estimate, comparables and IREM, we estimate a utility expense of \$740 per unit.

### **Salaries and Labor**

This expense covers all payroll and labor expenses, including direct and indirect expenses. The taxes and benefits portion of this expense also includes the employer's portion of social security taxes, group health insurance and workman's comp insurance. In addition, employees typically incur overtime pay at times. IREM indicates a range of \$999 to \$2,011 per unit, and a median of \$1,536 per unit. However, IREM includes many administrative expenses in this category. The LIHTC comparables indicate salaries and labor expenses within a range of \$1,021 to \$1,747 per unit and average \$1,403. The developer estimated salaries and labor, and related expenses at \$988 per unit, which seems low. We have estimated \$1,050 per unit for total payroll, within the range of the comparables.

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

This expense category includes the cost of minor repairs to the apartment units, including painting and redecorating. Interior maintenance amounts to cleaning, electrical repairs, exterminating, contract labor for painting, and plumbing repairs. It also includes elevator maintenance. Exterior maintenance amounts to painting, and replacement or repairs to parking lots, roofs, windows, doors, etc. Maintenance and repairs expenses vary considerably from complex to complex and from year to year due to scheduling of repairs and accounting procedures. Apartment owners often list replacement items under "maintenance and repairs" for more advantageous after-tax considerations.

Data obtained from IREM indicates a range of \$290 to \$881 per unit, and a median of \$462 per unit. The LIHTC comparables indicate combined repairs and redecorating expenses within a range of \$302 to \$1,001 per unit and average \$541. The provided proforma indicates \$429 per unit combined for maintenance and redecorating. We note that the subject will be new construction and the maintenance and turnover expenses should be low for at least the first few years. We estimate \$450 per unit for repairs and maintenance including turnkey.

### **Security**

The subject will have controlled access doors to the building and minimal security. The developer estimated security expense at \$2,400, or \$14 per unit. IREM indicates a range of

\$11 to \$338 per unit, and a median of \$74 per unit. Two of the LIHTC comparables have on-site 24-hour security guards and indicate security expenses of \$192 and \$454 per unit, and two comparables have minimal security at \$10 and \$23 per unit. We relied on the developer's estimate rounded to \$15 per unit.

### **Landscaping and Amenities**

Landscaping, or grounds maintenance, includes normal grounds landscaping and maintenance. IREM indicates a range of \$119 to \$249 per unit, and a median of \$165 per unit. The LIHTC comparables indicate landscaping and amenities expenses within a range of \$123 to \$217 per unit and average \$156. The provided budget included landscaping expense of \$118 per unit. Based upon the proforma and comparables, we estimate \$125 per unit.

### **Advertising And Promotion**

This expense category accounts for placement of advertising, commissions, signage, brochures, and newsletters. Advertising and promotion costs are generally closely tied to occupancy. If occupancy is considered high and the market is stable, then the need for advertising is not as significant. However, if occupancy is considered to be low or occupancy tends to fluctuate, then advertising becomes much more critical. Our analysis assumes that the property is operating at stabilized levels. IREM does not separately report advertising expenses. The LIHTC comparables indicate advertising expenses within a range of \$45 to \$167 per unit and average \$107. The developer's budget includes \$61 per unit. PBRA properties are usually fully occupied with a waiting list, and advertising expense is typically minimal. Based upon the above discussion, we included a stabilized advertising and promotion cost of \$60 per unit.

### **Administrative And Miscellaneous Expense**

This expense includes such items as legal, accounting, office supplies, answering service, telephone, etc. IREM indicates a range for Other/Miscellaneous of \$76 to \$398 per unit, and a median of \$196 per unit for the Atlanta area. However, as noted earlier, IREM includes most traditional administrative costs within their Salaries and Administrative cost category, with that range \$271 to \$653 with a median of \$482. The LIHTC comparables indicate administrative/misc. expenses within a range of \$412 to \$1,134 per unit and average \$662. The provided operating budget estimated administrative expense at \$331 per unit, which appears low. Relying on the comparables and IREM, we projected Administrative and Miscellaneous Expense at \$350 per unit.

### Reserves for Replacement

Reserves for replacement is an annual allowance for the periodic replacement of roof covers, paving, carpeting, HVAC units, appliances, and other short-lived items. Investors of apartment properties sometimes establish separate accounts for reserves in the pro forma analysis. IREM does not chart this category and it is not included for the comparables. Typically, reserves range from \$200 to \$300 per unit, depending on age, condition, and size. The developer's budget includes \$250 per unit for reserves. It is also important to consider that the subject will be new with many major components under warranty for at least the first couple of years, which should hold reserves/capital expenditures down over the holding period. We included reserves in our analysis at \$250 per unit.

### Summary of Expenses

The estimated expenses total \$642,366, after trending (2% annually, excluding taxes and management fee, to the effective date of appraisal) and including reserves, which equates to \$3,779 per unit (\$3,453 without reserves and trending).

Updating expense data is a two step process. First, the older comparables are updated to the date of the most recent comparable, so that all itemized data is representative of the same effective time period. One of the expense comparables presented in this report reflect financial data as of the end of year 2014 and was adjusted to the most recent comparable. The most current expense comparable reflects financial data for April 2016 (beginning date April 2015). This expense comparable is trended 2.67% (1.02673), or  $((1.02 * (.33 * 1.02))$ . One of the comparables reflected expense data as of the end of 2015. This comparable was trended 0.6% (1.006) or  $(1.02 * .33)$ . Once the comparables reflect the same effective time period, the line items are correlated, and the subject's expense estimate is updated to the date of the appraisal. To trend the expenses 2% per year, the subject expenses (excluding taxes and management fee) are trended 1.025: (April 1 2015 to April 1 2016)\*(April 2016 to June 2016) or  $(1.02 * (3/12 * 0.02 = 1.005)$ , or 2.5% (1.0251).

The developer projected total expenses of \$4,975 per unit including reserves (\$4,725 without reserves), which is higher than our estimate due to the inclusion of taxes. Total expenses reported by IREM, which do not include reserves, ranged from \$3,191 to \$5,471 with a median of \$4,238 per unit for Atlanta. Our estimates are within the range indicated by IREM. The LIHTC comparables indicate total expenses within a range of \$3,496 (this property is exempt from real property taxes) to \$6,195 per unit and average \$4,918. Our estimate is within the range indicated by the operating expense comparables. The largest discrepancy is attributable to the difference in property tax exemption / credit. Three of the comparables are partially or completely exempt from property taxes, like the subject. Based upon the prior discussion, we believe our estimates of operating expenses are reasonable and appropriate.

## Net Operating Income Analysis

Our estimates of income and expenses for the subject apartments result in a net operating income projection of \$829,215, or \$4,878 per unit. A summary of the net operating income analysis is presented in the following chart.

<b>STATIC PRO FORMA ANALYSIS</b>				
<b>Contract Rents At Completion</b>				
<b>Sterling at Candler Village</b>				
<b>170 Apartment Units - Rentable SF</b>				
		Total	Per Unit	Per SF
Potential Gross Apartment Income		\$1,533,696	\$9,022	\$10.50
Plus Other Income	1.0%	15,337	90	0.10
Potential Gross Income		\$1,549,033	\$9,112	\$10.60
Vacancy and Collection Loss	5.0%	\$77,452	\$456	\$0.53
Effective Gross Income		\$1,471,581	\$8,656	\$10.07
<b>Expenses</b>				
Real Estate Taxes		\$0	\$0	\$0.00
Insurance		39,100	230	0.27
Management Fee	5.0%	73,579	433	0.50
Utilities		125,800	740	0.86
Salaries & Labor		178,500	1,050	1.22
Maintenance & Repairs, Turnkey		76,500	450	0.52
Security		2,550	15	0.02
Landscaping		21,250	125	0.15
Advertising & Promotion		10,200	60	0.07
Administrative/Misc.		59,500	350	0.41
Total Expenses		\$586,979	\$3,453	\$4.02
Trended 2.5% (excl. taxes & mgt.)		\$599,866	\$3,529	\$4.11
Reserves		\$42,500	250	0.29
Total Operating Expenses		\$642,366	\$3,779	\$4.40
Net Income		\$829,215	\$4,878	\$5.68

The purpose of this appraisal is to prepare a cost analysis and a net operating income analysis of the proposed apartments under the hypothetical condition that the proposed improvements are complete as of a current date. At the request of the client and in accordance with the MAP Guide for a 221(d)(4) application, we did not consider prospective market value of the completed improvements or site.

Our conclusions are as follows:

<b>Land Valuation:</b>	\$1,700,000 (\$10,000 per unit)		
<b>Total Development Cost (Including Land):</b>	\$24,850,000		
Per Unit Cost	\$146,176		
<b>Financial Indicators – Stabilized</b>	<u>Total</u>	<u>Per Unit</u>	
Projected Effective Gross Income:	\$1,471,581	\$8,656	
Projected Expenses (trended and including reserves):	\$642,366	\$3,779	
Projected Net Income:	\$829,215	\$4,878	

**ESTIMATE OF OPERATING DEFICIT**

The operating deficit account is typically used in construction lending as a safeguard to assure that there will be enough money for interest to be repaid during the period between the end of construction and the time that either the units that were constructed are sold or they are leased. A construction loan usually provides funding for two types of development costs, Hard Costs (pretty much the actual construction) and Soft Costs (architect fees, zoning changes, marketing, interest reserve, operating deficit, etc.) Taking into consideration that the construction lender is going to get taken out by either the sales of the units or permanent financing once the units are leased, the construction lender will want to make sure that there is sufficient funds to make interest payments during the construction and marketing/lease up period.

The HUD Map Guide requires the appraiser to calculate the operating deficit, which is included on HUD Form 92264 in the Addenda of this report. Calculating operating deficits is detailed in Chapter 7.14 of the HUD Map Guide. Our interpretation of these guidelines as they apply to the subject, are summarized in the following table.

PROJECTED INITIAL OPERATING DEFICIT CALCULATION FROM COMPLETION OF CONSTRUCTION										
Number of Units										
Gross Income										
Operating Expenses (No R4R)										
Replacement Reserves										
Max Mortgage										
Mortgage Constant										
Pre-leasing Efforts	15		8.82%						Reflects units occupied at completion of construction contract	
Absorption per month	15									
First Unit Available in Month	15									
	<b>Periods</b>	<b>Gross Income</b>	<b>Occup. %</b>	<b>Effective Gross</b>	<b>Expenses</b>	<b>Net Income</b>	<b>Debt Service Requirement</b>	<b>Deficit</b>	<b>% of Operating Expense</b>	
	<b>Interval 1-(from certificate of occupancy through end of construction)</b>									
	<b>Interval 2-(from end of cost certification to beginning of amortization)</b>									
1	Month 15	129,086	8.82%	11,390	24,994	(13,604)	47,983	(61,588)	50%	
2	Month 16	129,086	17.65%	22,780	27,494	(4,714)	47,983	(52,697)	55%	
	<b>Interval 3-(from beg. of amortization to positive NOI)</b>									
3	Month 17	129,086	26.47%	34,170	32,118	2,052	60,943	(58,891)	60%	
4	Month 18	129,086	35.29%	45,560	34,795	10,765	60,943	(50,178)	65%	
5	Month 19	129,086	44.12%	56,950	37,471	19,478	60,943	(41,464)	70%	
6	Month 19	129,086	52.94%	68,340	40,148	28,192	60,943	(32,751)	75%	
7	Month 20	129,086	61.76%	79,730	45,501	34,229	60,943	(26,714)	85%	
8	Month 21	129,086	70.59%	91,120	48,177	42,942	60,943	(18,000)	90%	
9	Month 22	129,086	79.41%	102,510	50,854	51,656	60,943	(9,287)	95%	
10	Month 23	129,086	88.24%	113,899	53,531	60,369	60,943	(574)	100%	
	<b>Total Projected Operating Deficit</b>							<b>(352,144)</b>		
*The mortgage constant is the ratio between the annual amount of debt servicing to the total value of the loan. In the case of the subject it is built-up using the provided loan interest rate of 3.75%, 40 year term, monthly payments and the provided mortgage insurance premium of 0.25%										

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

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

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## Assumptions And Limiting Conditions

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



## Assumptions And Limiting Conditions

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6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, we will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
7. We assume no private deed restrictions, limiting the use of the subject property in any way.
8. Unless otherwise noted in the body of the report, we assume that there are no mineral deposits or subsurface rights of value involved in this appraisal, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated we also assumed that there are no air or development rights of value that may be transferred.
9. We are not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
12. Unless otherwise noted in the body of this report, we assume that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
13. This study may not be duplicated in whole or in part without our written consent, nor may this report or copies hereof be transmitted to third parties without said consent. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without our written consent. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. We shall have no accountability or responsibility to any such third party.
14. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
15. Any distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
16. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be used only to assist in visualizing matters discussed within this report.

## Assumptions And Limiting Conditions

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Except as specifically stated, data relative to size or area of the subject and comparable properties was obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.

17. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis was provided to us unless otherwise stated within the body of this report. If we were not supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. We assume no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
18. Acceptance and/or use of this report constitutes full acceptance of the Assumptions and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned assumptions and limiting conditions. We assume no responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
19. We assume that the subject property will be under prudent and competent management and ownership; neither inefficient or super-efficient.
20. We assume that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
21. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed correct. It is further assumed that no encroachments to the realty exist.
22. All value opinions expressed herein are as of the date of value. In some cases, facts or opinions are expressed in the present tense. All opinions are expressed as of the date of value, unless specifically noted.
23. The *Americans with Disabilities Act (ADA)* became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, we did not perform a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since we have no specific information relating to this issue, nor are we qualified to make such an assessment, the effect of any possible non-compliance was not considered in estimating the value of the subject property.
24. The value estimate rendered in this report is predicated on the assumption that there is no hazardous material on or in the property that would cause a loss in value. We were not provided with an Environmental Assessment Report. Further, we are not qualified to determine the existence or extent of environmental hazards. If there are any concerns pertaining to environmental hazards for this property, we recommend that an assessment be performed by a qualified engineer.

**ADDENDUM B – SUBJECT PHOTOGRAPHS**

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**Subject Photographs**



**Parcel Map / Aerial**



**Looking Southeast Along Candler Road,  
Subject On Right To Rear**



**Looking West Along Mellville Avenue, Subject  
On Right**



**Looking Northwest Along Candler Road,  
Subject On Left**



**Improvements At Southeast Corner of Subject  
Property**



**Southeast Corner of Subject Property**



**Subject Photographs**



**Northeast Corner of Subject Property Looking West**



**Northeast Corner of Subject Property Looking West**



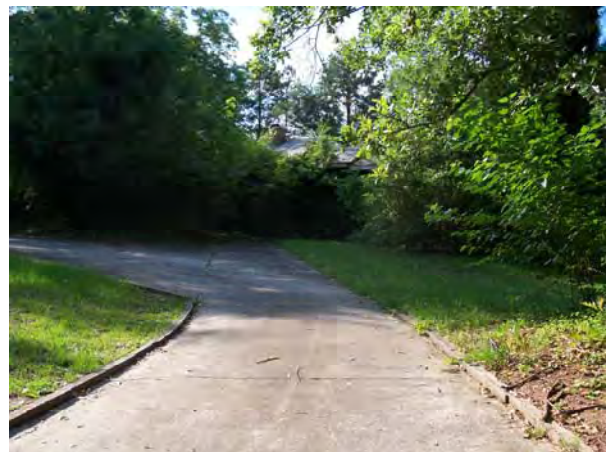
**Improvements Along South Side of Subject Eastern Portion Of Property, Looking West**



**Looking West Along Mellville Avenue, Subject On Right**



**Improvements Along South Side of Subject Eastern Portion Of Property, Looking North**



**Looking North From Mellville Avenue , Subject Property**



**Subject Photographs**



**Looking North From Mellville Avenue , Subject Property**



**Looking North From Mellville Avenue , Subject Property**



**Looking North From Mellville Avenue , Subject Property**



**Subject Interior**



**Subject Interior**



**Subject Interior**





Looking East Along Melville Avenue, Subject On Left



Looking East Along Melville Avenue, Subject On Left



Southwest Portion Of Subject Property, Looking North



Subject Interior



Parcel Along North Side of Melville Avenue Adjacent to Subject Parcels



Code Enforcement Violation Notice June 22, 2016





**Looking East Across Candler Road From Melville Avenue To Adjacent Shopping Center**



**SFR Along South Side Of Melville Avenue**



**New Senior Center North Of The Subject Along Candler Road**



**New Senior Center North Of The Subject Along Candler Road**



**New Library North Of The Senior Center And Subject Along Candler Road**



**New Library North Of The Senior Center And Subject Along Candler Road**



**Subject Photographs**



**Former Retail At SEC Candler And Mellville**



**Retail On East Side Of Candler Road**



**Retail On East Side Of Candler Road**



**Retail On East Side Of Candler Road**



**SFR Along South Side Of Mellville Avenue**

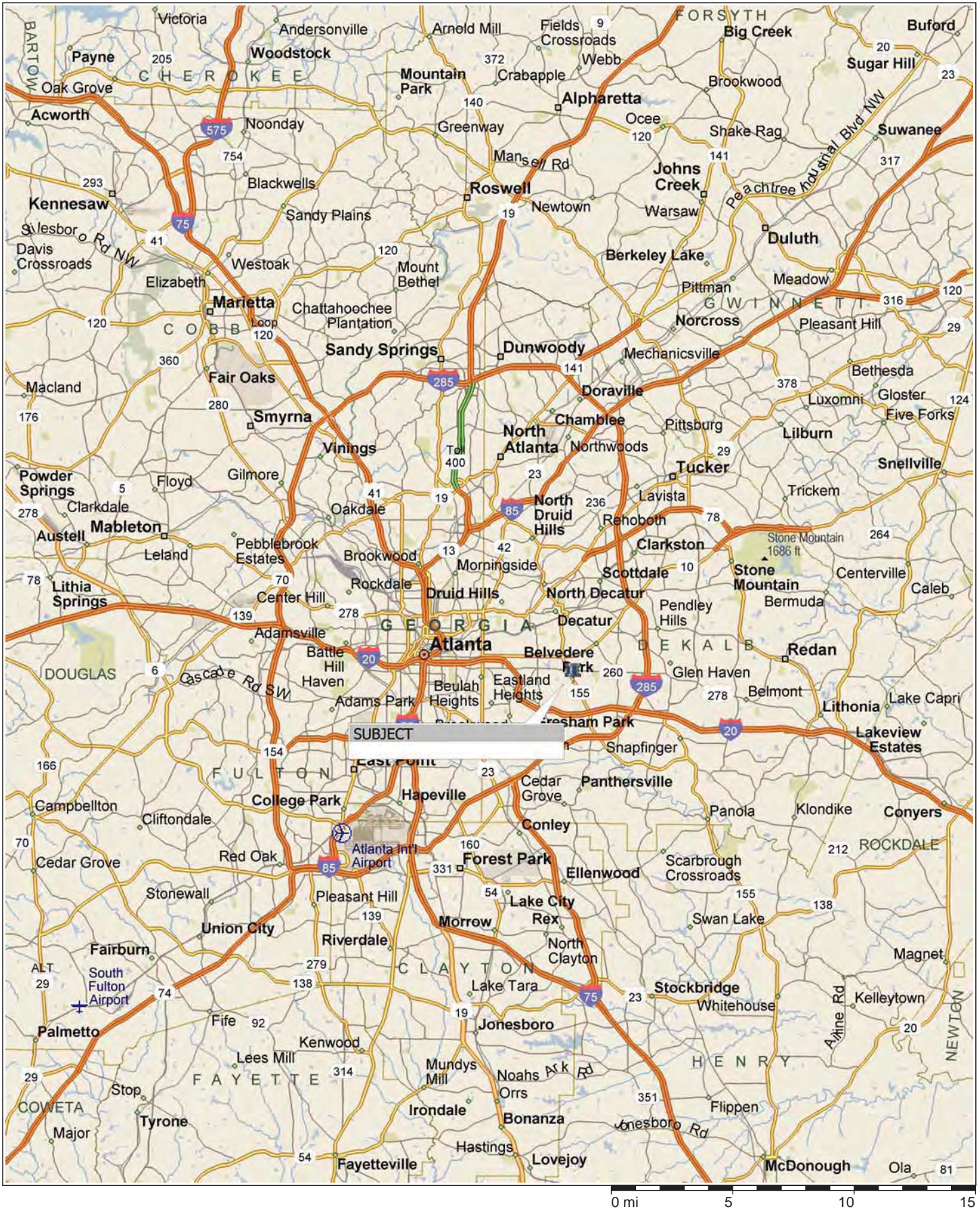


**SFR Along South Side Of Mellville Avenue**





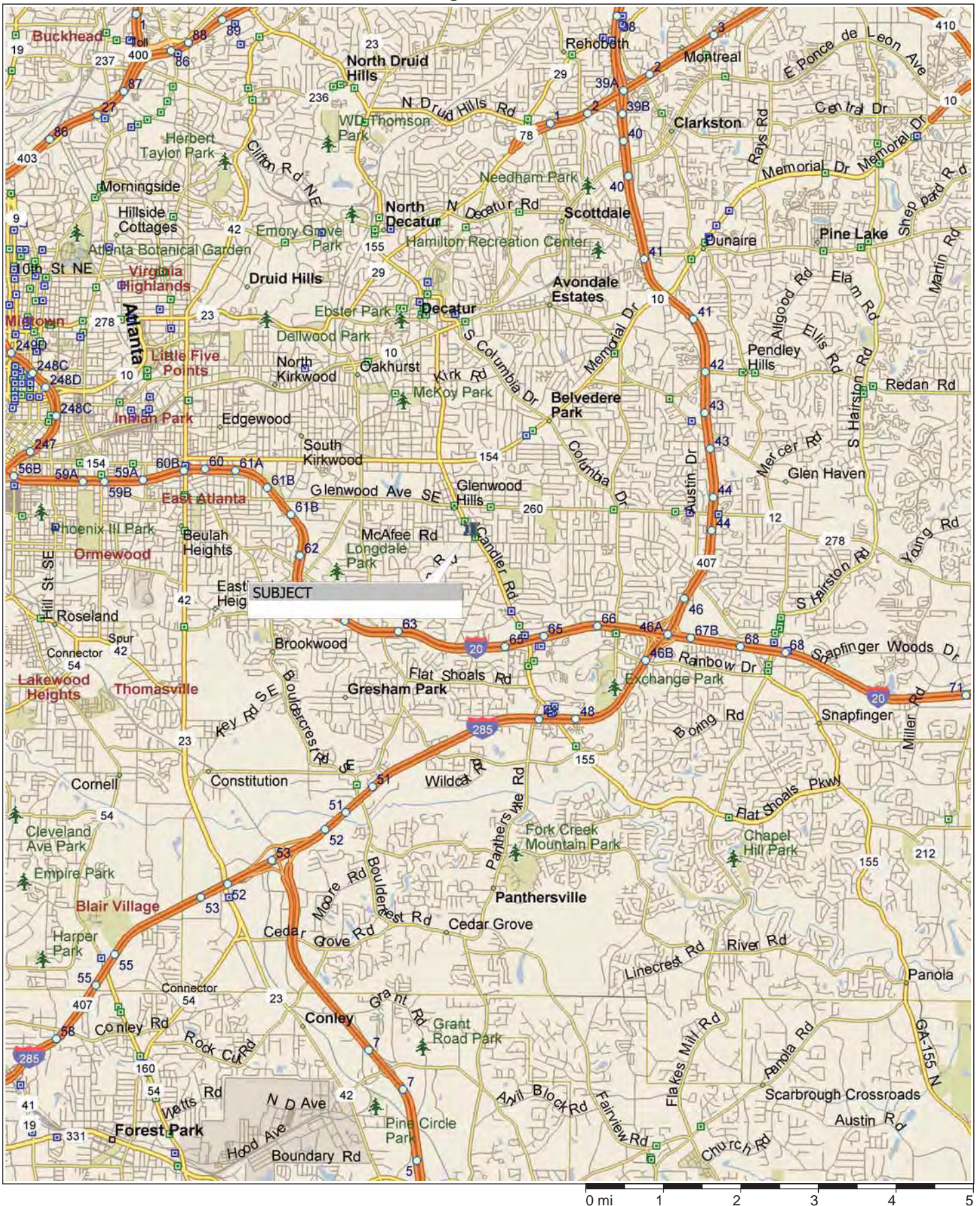
# Region



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# Neighborhood







## Market Profile

1955 Candler Rd, Decatur, Georgia, 30032 2  
1955 Candler Rd, Decatur, Georgia, 30032  
Rings: 1, 3, 5 mile radii

Prepared by Esri  
Latitude: 33.73377  
Longitude: -84.28487

	1 mile	3 miles	5 miles
<b>Population Summary</b>			
2000 Total Population	12,034	104,742	251,502
2010 Total Population	9,656	90,953	241,472
2016 Total Population	9,876	95,234	250,312
2016 Group Quarters	88	1,184	9,036
2020 Total Population	10,231	99,919	262,015
2016-2021 Annual Rate	0.71%	0.97%	0.92%
<b>Household Summary</b>			
2000 Households	3,815	36,977	92,483
2000 Average Household Size	3.10	2.79	2.62
2010 Households	3,681	36,286	97,107
2010 Average Household Size	2.60	2.47	2.38
2016 Households	3,752	37,894	100,689
2016 Average Household Size	2.61	2.48	2.40
2021 Households	3,871	39,639	105,249
2021 Average Household Size	2.62	2.49	2.40
2016-2021 Annual Rate	0.63%	0.90%	0.89%
2010 Families	2,342	21,862	53,843
2010 Average Family Size	3.20	3.13	3.12
2016 Families	2,364	22,583	55,063
2016 Average Family Size	3.23	3.16	3.16
2021 Families	2,428	23,485	57,067
2021 Average Family Size	3.25	3.18	3.18
2016-2021 Annual Rate	0.54%	0.79%	0.72%
<b>Housing Unit Summary</b>			
2000 Housing Units	4,167	39,172	97,996
Owner Occupied Housing Units	61.1%	57.2%	54.0%
Renter Occupied Housing Units	30.4%	37.2%	40.4%
Vacant Housing Units	8.5%	5.6%	5.6%
2010 Housing Units	4,405	42,378	111,205
Owner Occupied Housing Units	49.2%	51.0%	51.1%
Renter Occupied Housing Units	34.3%	34.7%	36.2%
Vacant Housing Units	16.4%	14.4%	12.7%
2016 Housing Units	4,480	43,969	115,047
Owner Occupied Housing Units	44.2%	46.5%	46.6%
Renter Occupied Housing Units	39.6%	39.7%	40.9%
Vacant Housing Units	16.3%	13.8%	12.5%
2021 Housing Units	4,624	45,988	120,340
Owner Occupied Housing Units	44.3%	46.7%	46.4%
Renter Occupied Housing Units	39.4%	39.5%	41.1%
Vacant Housing Units	16.3%	13.8%	12.5%
<b>Median Household Income</b>			
2016	\$36,129	\$42,155	\$48,142
2021	\$34,953	\$49,425	\$55,166
<b>Median Home Value</b>			
2016	\$118,654	\$168,078	\$182,329
2021	\$152,102	\$199,221	\$214,022
<b>Per Capita Income</b>			
2016	\$19,681	\$26,002	\$29,781
2021	\$21,307	\$28,426	\$32,766
<b>Median Age</b>			
2010	38.2	36.7	35.0
2016	39.5	38.1	36.0
2021	40.9	38.9	36.7

**Data Note:** Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by the total population.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021 Esri converted Census 2000 data into 2010 geography.

## Market Profile

1955 Candler Rd, Decatur, Georgia, 30032 2  
 1955 Candler Rd, Decatur, Georgia, 30032  
 Rings: 1, 3, 5 mile radii

Prepared by Esri  
 Latitude: 33.73377  
 Longitude: -84.28487

	1 mile	3 miles	5 miles
<b>2016 Households by Income</b>			
Household Income Base	3,752	37,894	100,682
<\$15,000	19.5%	17.5%	15.6%
\$15,000 - \$24,999	15.4%	13.7%	11.8%
\$25,000 - \$34,999	13.6%	11.8%	10.4%
\$35,000 - \$49,999	14.7%	12.8%	13.4%
\$50,000 - \$74,999	14.8%	16.2%	16.8%
\$75,000 - \$99,999	10.8%	10.2%	10.9%
\$100,000 - \$149,999	6.4%	10.0%	11.2%
\$150,000 - \$199,999	3.4%	3.8%	4.5%
\$200,000+	1.4%	4.1%	5.3%
Average Household Income	\$51,194	\$64,412	\$72,347
<b>2021 Households by Income</b>			
Household Income Base	3,871	39,639	105,242
<\$15,000	19.6%	17.1%	15.1%
\$15,000 - \$24,999	15.6%	13.0%	11.4%
\$25,000 - \$34,999	14.8%	12.4%	10.9%
\$35,000 - \$49,999	8.2%	7.7%	7.5%
\$50,000 - \$74,999	15.3%	17.2%	18.0%
\$75,000 - \$99,999	12.8%	11.3%	12.0%
\$100,000 - \$149,999	7.9%	12.0%	13.7%
\$150,000 - \$199,999	4.2%	4.7%	5.4%
\$200,000+	1.5%	4.5%	5.9%
Average Household Income	\$55,764	\$70,802	\$79,945
<b>2016 Owner Occupied Housing Units by Value</b>			
Total	1,978	20,447	53,569
<\$50,000	13.4%	8.3%	6.4%
\$50,000 - \$99,999	29.2%	18.9%	17.6%
\$100,000 - \$149,999	19.7%	17.7%	17.1%
\$150,000 - \$199,999	18.4%	14.2%	13.7%
\$200,000 - \$249,999	6.9%	10.2%	11.5%
\$250,000 - \$299,999	5.8%	7.7%	7.3%
\$300,000 - \$399,999	2.0%	11.5%	10.3%
\$400,000 - \$499,999	3.2%	5.1%	6.2%
\$500,000 - \$749,999	0.6%	4.7%	6.0%
\$750,000 - \$999,999	0.4%	1.0%	2.3%
\$1,000,000 +	0.4%	0.7%	1.6%
Average Home Value	\$146,737	\$217,493	\$247,266
<b>2021 Owner Occupied Housing Units by Value</b>			
Total	2,047	21,465	55,831
<\$50,000	10.3%	5.9%	4.6%
\$50,000 - \$99,999	22.3%	13.7%	12.1%
\$100,000 - \$149,999	16.5%	14.7%	13.7%
\$150,000 - \$199,999	22.1%	16.0%	15.1%
\$200,000 - \$249,999	11.5%	14.6%	16.3%
\$250,000 - \$299,999	9.6%	12.0%	11.4%
\$300,000 - \$399,999	2.3%	11.0%	9.9%
\$400,000 - \$499,999	3.7%	5.3%	6.5%
\$500,000 - \$749,999	0.6%	4.5%	5.7%
\$750,000 - \$999,999	0.4%	1.4%	2.9%
\$1,000,000 +	0.6%	0.9%	1.9%
Average Home Value	\$170,968	\$237,955	\$270,360

**Data Note:** Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest dividends, net rents, pensions, SSI and welfare payments, child support, and alimony.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021 Esri converted Census 2000 data into 2010 geography.

# Market Profile

1955 Candler Rd, Decatur, Georgia, 30032 2  
 1955 Candler Rd, Decatur, Georgia, 30032  
 Rings: 1, 3, 5 mile radii

Prepared by Esri  
 Latitude: 33.73377  
 Longitude: -84.28487

	1 mile	3 miles	5 miles
<b>2010 Population by Age</b>			
Total	9,655	90,950	241,473
0 - 4	6.9%	7.2%	6.9%
5 - 9	5.6%	6.1%	5.9%
10 - 14	5.4%	5.8%	5.6%
15 - 24	13.4%	12.8%	14.3%
25 - 34	14.6%	15.7%	17.4%
35 - 44	12.8%	14.6%	15.5%
45 - 54	13.8%	13.9%	13.7%
55 - 64	14.5%	12.8%	11.4%
65 - 74	8.7%	7.1%	5.6%
75 - 84	3.4%	3.1%	2.6%
85 +	1.0%	1.0%	1.1%
18 +	78.2%	77.2%	78.1%
<b>2016 Population by Age</b>			
Total	9,876	95,233	250,311
0 - 4	6.4%	6.6%	6.4%
5 - 9	6.8%	6.6%	6.0%
10 - 14	5.8%	6.1%	5.6%
15 - 24	10.6%	11.8%	13.6%
25 - 34	13.9%	14.2%	16.7%
35 - 44	13.6%	14.5%	15.0%
45 - 54	12.6%	13.2%	12.8%
55 - 64	13.3%	12.7%	11.9%
65 - 74	11.1%	9.3%	7.7%
75 - 84	4.7%	3.8%	3.1%
85 +	1.1%	1.2%	1.1%
18 +	77.9%	77.3%	78.8%
<b>2021 Population by Age</b>			
Total	10,232	99,919	262,016
0 - 4	6.1%	6.4%	6.2%
5 - 9	6.2%	6.3%	5.8%
10 - 14	6.7%	6.5%	5.7%
15 - 24	10.4%	11.6%	13.1%
25 - 34	12.0%	13.4%	16.4%
35 - 44	14.4%	14.4%	15.0%
45 - 54	12.5%	12.9%	12.3%
55 - 64	12.8%	12.5%	11.6%
65 - 74	11.7%	9.9%	8.7%
75 - 84	5.8%	4.7%	3.7%
85 +	1.4%	1.3%	1.2%
18 +	77.6%	77.2%	79.0%
<b>2010 Population by Sex</b>			
Males	4,521	41,841	114,379
Females	5,135	49,112	127,093
<b>2016 Population by Sex</b>			
Males	4,629	44,000	118,944
Females	5,247	51,234	131,369
<b>2021 Population by Sex</b>			
Males	4,815	46,391	125,101
Females	5,416	53,528	136,914

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021 Esri converted Census 2000 data into 2010 geography.



## Market Profile

1955 Candler Rd, Decatur, Georgia, 30032 2  
 1955 Candler Rd, Decatur, Georgia, 30032  
 Rings: 1, 3, 5 mile radii

Prepared by Esri  
 Latitude: 33.73377  
 Longitude: -84.28487

	1 mile	3 miles	5 miles
<b>2010 Population by Race/Ethnicity</b>			
Total	9,655	90,954	241,472
White Alone	10.8%	24.3%	31.3%
Black Alone	86.7%	72.1%	62.4%
American Indian Alone	0.4%	0.2%	0.2%
Asian Alone	0.4%	0.9%	2.9%
Pacific Islander Alone	0.0%	0.0%	0.0%
Some Other Race Alone	0.4%	0.7%	1.1%
Two or More Races	1.3%	1.7%	2.0%
Hispanic Origin	1.5%	2.2%	3.1%
Diversity Index	25.8	44.5	54.1
<b>2016 Population by Race/Ethnicity</b>			
Total	9,876	95,234	250,312
White Alone	10.9%	24.6%	31.5%
Black Alone	86.3%	71.4%	61.5%
American Indian Alone	0.3%	0.2%	0.2%
Asian Alone	0.5%	1.1%	3.4%
Pacific Islander Alone	0.0%	0.0%	0.0%
Some Other Race Alone	0.4%	0.7%	1.1%
Two or More Races	1.5%	2.0%	2.3%
Hispanic Origin	1.4%	2.1%	3.0%
Diversity Index	26.4	45.4	54.9
<b>2021 Population by Race/Ethnicity</b>			
Total	10,232	99,919	262,015
White Alone	10.9%	24.6%	31.4%
Black Alone	86.1%	70.9%	60.8%
American Indian Alone	0.3%	0.2%	0.2%
Asian Alone	0.6%	1.3%	3.9%
Pacific Islander Alone	0.0%	0.0%	0.0%
Some Other Race Alone	0.4%	0.7%	1.1%
Two or More Races	1.7%	2.3%	2.5%
Hispanic Origin	1.5%	2.2%	3.1%
Diversity Index	26.8	46.0	55.8
<b>2010 Population by Relationship and Household Type</b>			
Total	9,656	90,953	241,472
In Households	99.0%	98.6%	95.8%
In Family Households	80.8%	78.1%	72.3%
Householder	24.1%	24.0%	22.3%
Spouse	10.2%	11.8%	12.1%
Child	35.4%	33.2%	29.8%
Other relative	7.8%	6.2%	5.5%
Nonrelative	3.3%	2.8%	2.6%
In Nonfamily Households	18.2%	20.5%	23.5%
In Group Quarters	1.0%	1.4%	4.2%
Institutionalized Population	0.0%	0.5%	2.2%
Noninstitutionalized Population	1.0%	0.9%	1.9%

**Data Note:** Persons of Hispanic Origin may be of any race. The Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021 Esri converted Census 2000 data into 2010 geography.

## Market Profile

1955 Candler Rd, Decatur, Georgia, 30032 2  
1955 Candler Rd, Decatur, Georgia, 30032  
Rings: 1, 3, 5 mile radii

Prepared by Esri  
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Longitude: -84.28487

	1 mile	3 miles	5 miles
<b>2016 Population 25+ by Educational Attainment</b>			
Total	6,949	65,532	171,090
Less than 9th Grade	4.6%	3.6%	3.3%
9th - 12th Grade, No Diploma	15.7%	9.6%	7.3%
High School Graduate	27.0%	24.3%	20.2%
GED/Alternative Credential	5.1%	3.8%	3.2%
Some College, No Degree	17.1%	20.0%	19.9%
Associate Degree	9.2%	5.8%	6.0%
Bachelor's Degree	13.6%	19.1%	22.1%
Graduate/Professional Degree	7.7%	13.8%	18.0%
<b>2016 Population 15+ by Marital Status</b>			
Total	7,997	76,802	205,216
Never Married	46.6%	46.2%	48.1%
Married	33.7%	34.0%	34.0%
Widowed	7.1%	6.7%	5.3%
Divorced	12.6%	13.1%	12.6%
<b>2016 Civilian Population 16+ in Labor Force</b>			
Civilian Employed	88.4%	89.7%	91.5%
Civilian Unemployed	11.7%	10.3%	8.5%
<b>2016 Employed Population 16+ by Industry</b>			
Total	4,040	41,513	116,722
Agriculture/Mining	0.0%	0.1%	0.1%
Construction	3.8%	3.1%	3.0%
Manufacturing	2.4%	4.5%	4.9%
Wholesale Trade	1.6%	2.3%	2.1%
Retail Trade	14.5%	9.7%	10.2%
Transportation/Utilities	9.3%	7.8%	6.9%
Information	2.3%	3.0%	3.3%
Finance/Insurance/Real Estate	6.1%	5.2%	5.5%
Services	55.5%	57.8%	58.2%
Public Administration	4.5%	6.4%	5.8%
<b>2016 Employed Population 16+ by Occupation</b>			
Total	4,039	41,511	116,722
White Collar	62.2%	67.1%	69.2%
Management/Business/Financial	9.6%	16.0%	16.5%
Professional	22.5%	27.6%	30.2%
Sales	14.4%	9.8%	9.7%
Administrative Support	15.6%	13.8%	12.9%
Services	20.2%	18.2%	16.8%
Blue Collar	17.6%	14.7%	14.0%
Farming/Forestry/Fishing	0.0%	0.0%	0.1%
Construction/Extraction	2.3%	2.2%	2.2%
Installation/Maintenance/Repair	2.5%	1.7%	1.7%
Production	2.7%	3.4%	3.4%
Transportation/Material Moving	10.0%	7.3%	6.5%
<b>2010 Population By Urban/ Rural Status</b>			
Total Population	9,656	90,953	241,472
Population Inside Urbanized Area	100.0%	100.0%	100.0%
Population Inside Urbanized Cluster	0.0%	0.0%	0.0%
Rural Population	0.0%	0.0%	0.0%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021 Esri converted Census 2000 data into 2010 geography.

## Market Profile

1955 Candler Rd, Decatur, Georgia, 30032 2  
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 Rings: 1, 3, 5 mile radii

Prepared by Esri  
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	1 mile	3 miles	5 miles
<b>2010 Households by Type</b>			
Total	3,681	36,286	97,107
Households with 1 Person	27.7%	30.5%	33.6%
Households with 2+ People	72.3%	69.5%	66.4%
Family Households	63.6%	60.2%	55.4%
Husband-wife Families	26.9%	29.7%	30.2%
With Related Children	9.2%	12.2%	13.3%
Other Family (No Spouse Present)	36.8%	30.5%	25.3%
Other Family with Male Householder	7.0%	5.5%	4.8%
With Related Children	2.8%	2.5%	2.3%
Other Family with Female Householder	29.8%	25.0%	20.5%
With Related Children	17.1%	15.4%	13.1%
Nonfamily Households	8.7%	9.3%	10.9%
All Households with Children	29.6%	30.5%	29.1%
Multigenerational Households	10.5%	7.2%	5.6%
Unmarried Partner Households	8.5%	8.3%	8.4%
Male-female	6.6%	5.9%	6.1%
Same-sex	1.9%	2.5%	2.4%
<b>2010 Households by Size</b>			
Total	3,681	36,284	97,109
1 Person Household	27.7%	30.5%	33.6%
2 Person Household	31.3%	31.4%	30.9%
3 Person Household	17.8%	17.2%	15.9%
4 Person Household	10.9%	11.2%	10.6%
5 Person Household	6.1%	5.3%	4.9%
6 Person Household	3.0%	2.4%	2.2%
7 + Person Household	3.2%	2.2%	1.9%
<b>2010 Households by Tenure and Mortgage Status</b>			
Total	3,681	36,286	97,106
Owner Occupied	58.9%	59.5%	58.5%
Owned with a Mortgage/Loan	42.4%	47.2%	48.7%
Owned Free and Clear	16.5%	12.3%	9.8%
Renter Occupied	41.1%	40.5%	41.5%
<b>2010 Housing Units By Urban/ Rural Status</b>			
Total Housing Units	4,405	42,378	111,205
Housing Units Inside Urbanized Area	100.0%	100.0%	100.0%
Housing Units Inside Urbanized Cluster	0.0%	0.0%	0.0%
Rural Housing Units	0.0%	0.0%	0.0%

**Data Note:** Households with children include any households with people under age 18, related or not. Multigenerational households are families with 3 or more parent-child relationships. Unmarried partner households are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021 Esri converted Census 2000 data into 2010 geography.

## Market Profile

1955 Candler Rd, Decatur, Georgia, 30032 2  
1955 Candler Rd, Decatur, Georgia, 30032  
Rings: 1, 3, 5 mile radii

Prepared by Esri  
Latitude: 33.73377  
Longitude: -84.28487

	1 mile	3 miles	5 miles
<b>Top 3 Tapestry Segments</b>			
	<b>1.</b> Family Foundations (12A)	Family Foundations (12A)	Family Foundations (12A)
	<b>2.</b> Modest Income Homes	Emerald City (8B)	Emerald City (8B)
	<b>3.</b> City Strivers (11A)	Urban Chic (2A)	Metro Renters (3B)
<b>2016 Consumer Spending</b>			
Apparel & Services: Total \$	\$4,949,146	\$64,066,281	\$195,397,783
Average Spent	\$1,319.07	\$1,690.67	\$1,940.61
Spending Potential Index	66	84	96
Education: Total \$	\$3,399,948	\$44,921,187	\$138,871,405
Average Spent	\$906.17	\$1,185.44	\$1,379.21
Spending Potential Index	64	84	98
Entertainment/Recreation: Total \$	\$7,191,098	\$91,544,640	\$272,210,163
Average Spent	\$1,916.60	\$2,415.81	\$2,703.47
Spending Potential Index	66	83	93
Food at Home: Total \$	\$12,796,601	\$160,935,568	\$478,503,255
Average Spent	\$3,410.61	\$4,246.99	\$4,752.29
Spending Potential Index	68	85	95
Food Away from Home: Total \$	\$7,694,218	\$98,926,120	\$300,991,249
Average Spent	\$2,050.70	\$2,610.60	\$2,989.32
Spending Potential Index	66	84	97
Health Care: Total \$	\$13,551,394	\$166,242,308	\$478,509,743
Average Spent	\$3,611.78	\$4,387.04	\$4,752.35
Spending Potential Index	68	83	90
HH Furnishings & Equipment: Total \$	\$4,359,067	\$55,707,481	\$166,427,844
Average Spent	\$1,161.80	\$1,470.09	\$1,652.89
Spending Potential Index	66	83	94
Personal Care Products & Services: Total \$	\$1,796,863	\$23,103,249	\$69,297,766
Average Spent	\$478.91	\$609.68	\$688.24
Spending Potential Index	65	83	94
Shelter: Total \$	\$39,688,195	\$508,187,335	\$1,541,817,719
Average Spent	\$10,577.88	\$13,410.76	\$15,312.67
Spending Potential Index	68	86	98
Support Payments/Cash Contributions/Gifts in Kind: Total \$	\$5,896,181	\$73,290,694	\$211,547,292
Average Spent	\$1,571.48	\$1,934.10	\$2,101.00
Spending Potential Index	68	83	91
Travel: Total \$	\$4,338,368	\$56,642,174	\$169,380,530
Average Spent	\$1,156.28	\$1,494.75	\$1,682.21
Spending Potential Index	62	80	90
Vehicle Maintenance & Repairs: Total \$	\$2,574,098	\$32,595,628	\$96,396,479
Average Spent	\$686.06	\$860.18	\$957.37
Spending Potential Index	66	83	92

**Data Note:** Consumer spending shows the amount spent on a variety of goods and services by households that reside in the area. Expenditures are shown by broad budget categories that are not mutually exclusive. Consumer spending does not equal business revenue. Total and Average Amount Spent Per Household represent annual figures. The Spending Potential Index represents the amount spent in the area relative to a national average of 100.

**Source:** Consumer Spending data are derived from the 2013 and 2014 Consumer Expenditure Surveys, Bureau of Labor Statistics. Esri.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021 Esri converted Census 2000 data into 2010 geography.

## **ADDENDUM E – DEVELOPER PROVIDED INFORMATION**

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**EXHIBIT "A"**

**LEGAL DESCRIPTION OF SENIOR HOUSING PARCELS**

**PARCEL A:**

ALL THAT TRACT OR PARCEL OF LAND LOCATED IN LAND LOT 170 OF THE 15TH LAND DISTRICT, DEKALB COUNTY, GEORGIA, AS SHOWN ON A COMBINATION PLAT FOR "STERLING AT CANDLER SENIOR RESIDENCES", DATED MARCH 8, 2016, PREPARED BY LAND ENGINEERING, INC. AND BEARING THE SEAL OF MITCHELL J. PAULK, GA RLS# 2775, AND FURTHER DESCRIBED AS FOLLOWS:

BEGINNING AT A 5/8" REBAR WITH CAP SET AT (WITH GEORGIA WEST ZONE STATE PLANE COORDINATES OF NORTH: 1358080.76, EAST: 2260666.73) THE SOUTHERLY END OF THE MITERED INTERSECTION FORMED BY THE SOUTHWESTERLY RIGHT OF WAY OF CANDLER ROAD (A.K.A. STATE ROUTE 155, HAVING A VARIABLE WIDTH RIGHT OF WAY) AND THE NORTHERLY RIGHT OF WAY OF MELLVILLE AVENUE (HAVING A VARIABLE WIDTH RIGHT OF WAY); THENCE ALONG AND FOLLOWING THE JOGS OF THE NORTHERLY RIGHT OF WAY OF MELLVILLE AVENUE NORTH 89 DEGREES 18 MINUTES 44 SECONDS WEST A DISTANCE OF 162.15 FEET TO A NAIL SET IN CONCRETE; THENCE SOUTH 42 DEGREES 26 MINUTES 10 SECONDS EAST A DISTANCE OF 6.76 FEET TO A NAIL SET IN CONCRETE; THENCE NORTH 89 DEGREES 01 MINUTES 23 SECONDS WEST A DISTANCE OF 264.48 FEET TO A 1" OPEN TOP PIPE FOUND; THENCE NORTH 89 DEGREES 16 MINUTES 21 SECONDS WEST A DISTANCE OF 197.77 FEET TO A 5/8" REBAR FOUND; THENCE NORTH 89 DEGREES 13 MINUTES 34 SECONDS WEST A DISTANCE OF 82.88 FEET TO A DISTURBED 1/2" REBAR FOUND; THENCE LEAVING SAID RIGHT OF WAY ALONG THE COMMON BOUNDARY LINE WITH (NOW OR FORMERLY) VINCE J WRIGHT NORTH 01 DEGREES 40 MINUTES 21 SECONDS EAST A DISTANCE OF 210.46 FEET TO A 1/2" REBAR FOUND; THENCE ALONG THE COMMON BOUNDARY LINE WITH (NOW OR FORMERLY) DEKALB COUNTY SOUTH 87 DEGREES 24 MINUTES 21 SECONDS EAST A DISTANCE OF 90.23 FEET TO A 1/2" REBAR FOUND; THENCE SOUTH 89 DEGREES 52 MINUTES 21 SECONDS EAST A DISTANCE OF 197.75 FEET TO A 1" OPEN TOP PIPE FOUND; THENCE SOUTH 89 DEGREES 16 MINUTES 52 SECONDS EAST A DISTANCE OF 296.29 FEET TO A NAIL SET CONCRETE ON THE SOUTHWESTERLY RIGHT OF CANDLER ROAD; THENCE ALONG SAID RIGHT OF WAY SOUTH 34 DEGREES 32 MINUTES 51 SECONDS EAST A DISTANCE OF 86.28 FEET TO A DISTURBED 5/8" REBAR FOUND; THENCE SOUTH 34 DEGREES 33 MINUTES 34 SECONDS EAST A DISTANCE OF 135.95 FEET TO A 5/8" REBAR WITH CAP FOUND AT THE NORTHERLY END OF THE MITERED INTERSECTION FORMED BY THE SOUTHWESTERLY RIGHT OF WAY OF CANDLER ROAD AND THE NORTHERLY RIGHT OF WAY OF MELLVILLE AVENUE; THENCE ALONG SAID MITERED RIGHT OF WAY SOUTH 29 DEGREES 32 MINUTES 38 SECONDS WEST A DISTANCE OF 27.81 FEET TO A 5/8" REBAR WITH CAP SET; SAID REBAR ALSO BEING THE POINT OF BEGINNING.

TOGETHER WITH AND SUBJECT TO COVENANTS, EASEMENTS, AND RESTRICTIONS OF RECORD.



SAID PROPERTY CONTAINS 137,170 SQUARE FEET OR 3.149 ACRES MORE OR LESS.

**PARCEL B:**

ALL THAT TRACT OR PARCEL OF LAND LOCATED IN LAND LOT 170 OF THE 15<sup>TH</sup> LAND DISTRICT, DEKALB COUNTY, GEORGIA AND FURTHER DESCRIBED AS FOLLOWS:

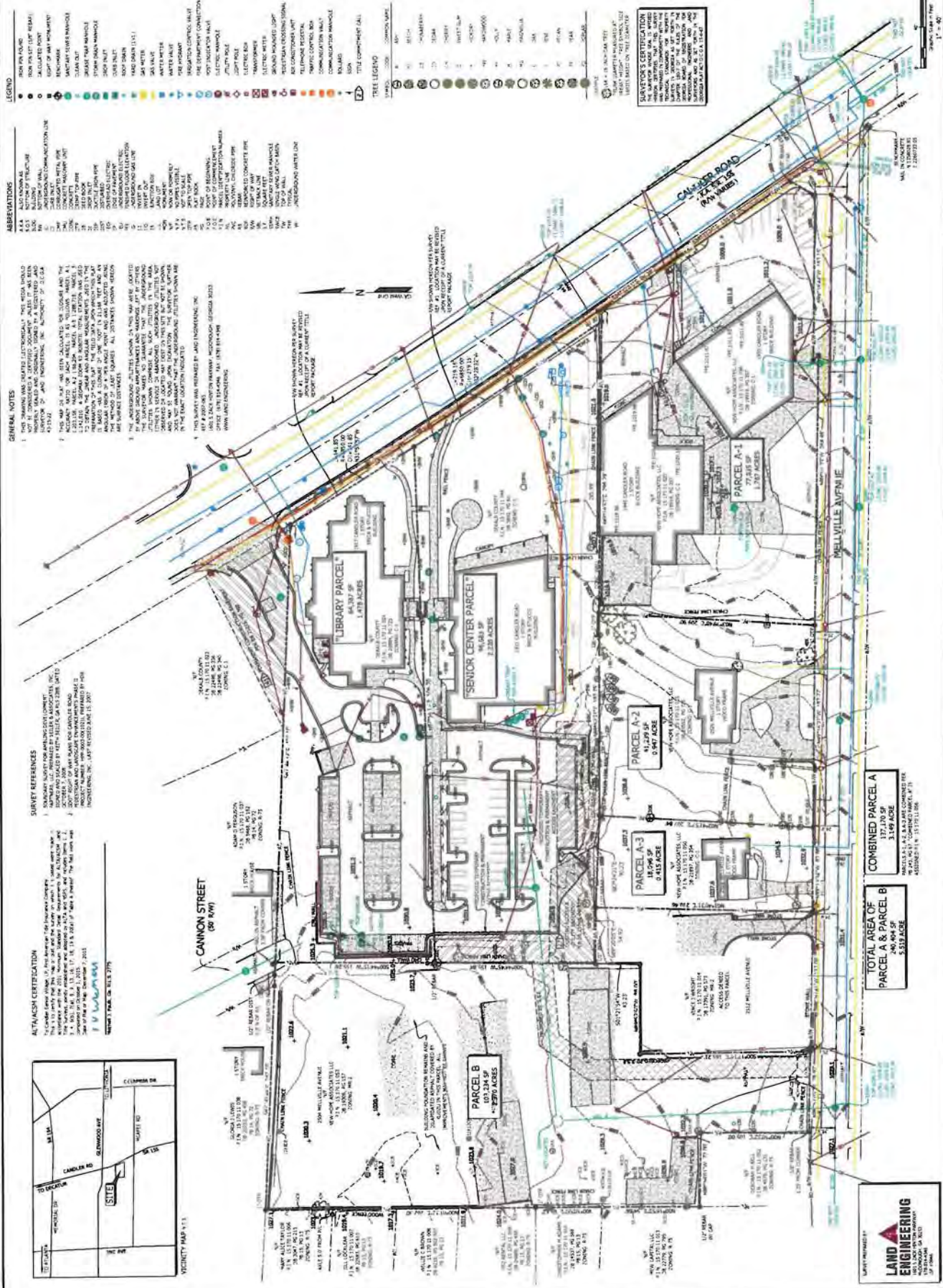
COMMENCING AT A 5/8" REBAR WITH CAP SET AT (WITH GEORGIA WEST ZONE STATE PLANE COORDINATES OF NORTH: 1358080.76, EAST: 2260666.73) THE SOUTHERLY END OF THE MITERED INTERSECTION FORMED BY THE SOUTHWESTERLY RIGHT OF WAY OF CANDLER ROAD (A.K.A. STATE ROUTE 155, HAVING A VARIABLE WIDTH RIGHT OF WAY) AND THE NORTHERLY RIGHT OF WAY OF MELLVILLE AVENUE (HAVING A VARIABLE WIDTH RIGHT OF WAY): THENCE ALONG AND FOLLOWING THE JOGS OF THE NORTHERLY RIGHT OF WAY OF MELLVILLE AVENUE NORTH 89 DEGREES 18 MINUTES 44 SECONDS WEST A DISTANCE OF 162.15 FEET TO A NAIL SET IN CONCRETE; THENCE SOUTH 42 DEGREES 26 MINUTES 10 SECONDS EAST A DISTANCE OF 6.76 FEET TO A NAIL SET IN CONCRETE; THENCE NORTH 89 DEGREES 01 MINUTES 23 SECONDS WEST A DISTANCE OF 264.48 FEET TO A 1" OPEN TOP PIPE FOUND; THENCE NORTH 89 DEGREES 16 MINUTES 21 SECONDS WEST A DISTANCE OF 197.77 FEET TO A 5/8" REBAR FOUND; THENCE NORTH 89 DEGREES 13 MINUTES 34 SECONDS WEST A DISTANCE OF 82.88 FEET TO A DISTURBED 1/2" REBAR FOUND; THENCE NORTH 88 DEGREES 50 MINUTES 41 SECONDS WEST A DISTANCE OF 137.00 FEET TO A 3/4" CRIMPED TOP PIPE FOUND; SAID PIPE ALSO BEING THE POINT OF BEGINNING;

THENCE CONTINUING ALONG THE NORTHERLY RIGHT OF WAY OF MELLVILLE AVENUE NORTH 88 DEGREES 57 MINUTES 03 SECONDS WEST A DISTANCE OF 79.97 FEET TO A POINT; THENCE LEAVING SAID RIGHT OF WAY ALONG THE COMMON BOUNDARY LINE WITH (NOW OR FORMERLY) DEBORAH H BELL NORTH 00 DEGREES 50 MINUTES 22 SECONDS EAST A DISTANCE OF 105.00 FEET TO A 5/8" REBAR WITH CAP SET; THENCE NORTH 88 DEGREES 58 MINUTES 01 SECONDS WEST A DISTANCE OF 72.00 FEET TO A 5/8" REBAR WITH CAP SET; THENCE ALONG THE COMMON BOUNDARY LINE WITH "SUBDIVISION OF THE J.W. TONEY PROPERTY" (AS SHOWN IN PLAT BOOK 15, PAGE 13 OF THE DEKALB COUNTY RECORDS) NORTH 00 DEGREES 16 MINUTES 53 SECONDS EAST A DISTANCE OF 94.66 FEET TO A POINT; THENCE NORTH 00 DEGREES 10 MINUTES 55 SECONDS EAST A DISTANCE OF 65.12 FEET TO A 1" OPEN TOP PIPE FOUND; THENCE NORTH 00 DEGREES 01 MINUTES 12 SECONDS EAST A DISTANCE OF 262.30 FEET TO A 1" OPEN TOP PIPE FOUND; THENCE ALONG THE COMMON BOUNDARY LINE WITH "SUBDIVISION OF THE E.W. HAGAN PROPERTY" (AS SHOWN IN PLAT BOOK 14, PAGE 72 OF THE DEKALB COUNTY RECORDS) SOUTH 87 DEGREES 30 MINUTES 49 SECONDS EAST A DISTANCE OF 242.10 FEET TO A NAIL SET IN ASPHALT ON THE TERMINUS OF THE RIGHT OF WAY OF CANNON STREET; THENCE LEAVING SAID RIGHT OF WAY ALONG THE COMMON BOUNDARY LINE WITH (NOW OR FORMERLY) DEKALB COUNTY SOUTH 00 DEGREES 44 MINUTES 15 SECONDS WEST A DISTANCE OF 155.26 FEET TO A 1/2" REBAR FOUND; THENCE SOUTH 00

DEGREES 44 MINUTES 45 SECONDS WEST A DISTANCE OF 155.84 FEET TO A 1/2" REBAR FOUND; THENCE ALONG THE COMMON BOUNDARY LINE WITH (NOW OR FORMERLY) VINCE J WRIGHT SOUTH 01 DEGREES 21 MINUTES 54 SECONDS WEST A DISTANCE OF 43.23 FEET TO A 5/8" REBAR WITH CAP SET; THENCE NORTH 89 DEGREES 52 MINUTES 50 SECONDS WEST A DISTANCE OF 88.00 FEET TO A 5/8" REBAR WITH CAP SET; THENCE SOUTH 00 DEGREES 17 MINUTES 14 SECONDS EAST A DISTANCE OF 165.21 FEET TO A 3/4" CRIMPED TOP PIPE FOUND; SAID PIPE ALSO BEING THE POINT OF BEGINNING

TOGETHER WITH AND SUBJECT TO COVENANTS, EASEMENTS, AND RESTRICTIONS OF RECORD. SAID PROPERTY CONTAINS 103,234 SQUARE FEET OR 2.370 ACRES MORE OR LESS.





**GENERAL NOTES**

1. THE SURVEY HAS BEEN CONDUCTED IN ACCORDANCE WITH THE SURVEYING ACT OF 1907 AND THE SURVEYING BOARD OF GEORGIA. THE SURVEYOR HAS FOUND NO OBVIOUS ERRORS OR OMISSIONS IN THE ORIGINAL RECORDS AND HAS THEREFORE REPRODUCED THE SAME AS SHOWN ON THIS PLAN.
2. THE SURVEYOR HAS FOUND NO OBVIOUS ERRORS OR OMISSIONS IN THE ORIGINAL RECORDS AND HAS THEREFORE REPRODUCED THE SAME AS SHOWN ON THIS PLAN.
3. THE SURVEYOR HAS FOUND NO OBVIOUS ERRORS OR OMISSIONS IN THE ORIGINAL RECORDS AND HAS THEREFORE REPRODUCED THE SAME AS SHOWN ON THIS PLAN.
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9. THE SURVEYOR HAS FOUND NO OBVIOUS ERRORS OR OMISSIONS IN THE ORIGINAL RECORDS AND HAS THEREFORE REPRODUCED THE SAME AS SHOWN ON THIS PLAN.
10. THE SURVEYOR HAS FOUND NO OBVIOUS ERRORS OR OMISSIONS IN THE ORIGINAL RECORDS AND HAS THEREFORE REPRODUCED THE SAME AS SHOWN ON THIS PLAN.

**ABBREVIATIONS**

ALL INFORMATION IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT CONSTITUTE A WARRANTY OR GUARANTEE OF ANY KIND. THE SURVEYOR HAS FOUND NO OBVIOUS ERRORS OR OMISSIONS IN THE ORIGINAL RECORDS AND HAS THEREFORE REPRODUCED THE SAME AS SHOWN ON THIS PLAN.

**LEGEND**

- 1. 1" = 100'
- 2. 1" = 200'
- 3. 1" = 300'
- 4. 1" = 400'
- 5. 1" = 500'
- 6. 1" = 600'
- 7. 1" = 700'
- 8. 1" = 800'
- 9. 1" = 900'
- 10. 1" = 1000'

**SURVEY REFERENCES**

1. AT/AVCSM SURVEY NO. 11-11-11-001  
2. AT/AVCSM SURVEY NO. 11-11-11-002  
3. AT/AVCSM SURVEY NO. 11-11-11-003  
4. AT/AVCSM SURVEY NO. 11-11-11-004  
5. AT/AVCSM SURVEY NO. 11-11-11-005  
6. AT/AVCSM SURVEY NO. 11-11-11-006  
7. AT/AVCSM SURVEY NO. 11-11-11-007  
8. AT/AVCSM SURVEY NO. 11-11-11-008  
9. AT/AVCSM SURVEY NO. 11-11-11-009  
10. AT/AVCSM SURVEY NO. 11-11-11-010

**AT/AVCSM CERTIFICATION**

I, the undersigned, being a duly licensed and qualified Surveyor in the State of Georgia, do hereby certify that the foregoing is a true and correct copy of the original records and plans on file in my office, and that the same have been compared with the original records and plans on file in my office, and that the same are correct and true copies of the original records and plans on file in my office.

Surveyor: [Signature]  
Date: 11/15/11

**VICINITY MAP**

Map showing the location of the site relative to Candler Rd, Melville Ave, and Cannon St.

**TOTAL AREA OF  
PARCEL A & PARCEL B  
5.539 ACRES**

**COMBINED PARCEL A  
& PARCEL B  
3.110 ACRES**

**LAND ENGINEERING**  
1111 BROADWAY, SUITE 100  
ATLANTA, GA 30309  
404.525.1111



SAJ

MARTIN RILEY ASSOCIATES - ARCHITECTS, P.C.  
215 CHURCH STREET SUITE 200 DECATUR GEORGIA 30030-109 404-373-2800  
STERLING AT CANDLER VILLAGE  
DEKALB COUNTY, GEORGIA  
ARCHITECTURAL SITE PLAN

DATE	12/01/04
BY	DA
DATE	03/26/05
BY	DA
DATE	07/27/05
BY	DA
DATE	08/01/05
BY	DA

**PROJECT INFORMATION**  
PROPERTY (NEW PLAT): 52 ACRES

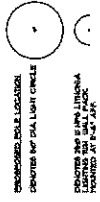
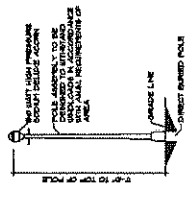
**UNIT COUNT**  
1 BD / 1BA UNITS 111  
2 BD / 2BA UNITS 59  
TOTAL 170 UNITS  
(32.1 UNITS PER ACRE)

**PARKING COUNT**  
193 PARKING SPACES  
INCLUDING 10 H.C. PARKING SPACES (SEE CIVIL C6)

- AMENITIES**
- ① COMMUNITY GARDEN PLOTS (SEE 10A.4)
  - ② PICNIC AREA (SEE 5A.3)
  - ③ SCREENED TRASH ENCLOSURE (SEE 5A.3)
  - ④ OUTDOOR GATHERING AND SEATING AREA (SEE 5A.3)
  - ⑤ EXERCISE/FITNESS ROOM (SEE A2.1)
  - ⑥ COMPUTER CENTER (SEE A2.1)
  - ⑦ MONUMENT SIGN (BY OTHERS)

**NOTE:**  
UTILITY SERVICE TO PROVIDE LOCAL PERMITTING OFFICIALS WITH FINAL UTILITY PLAN

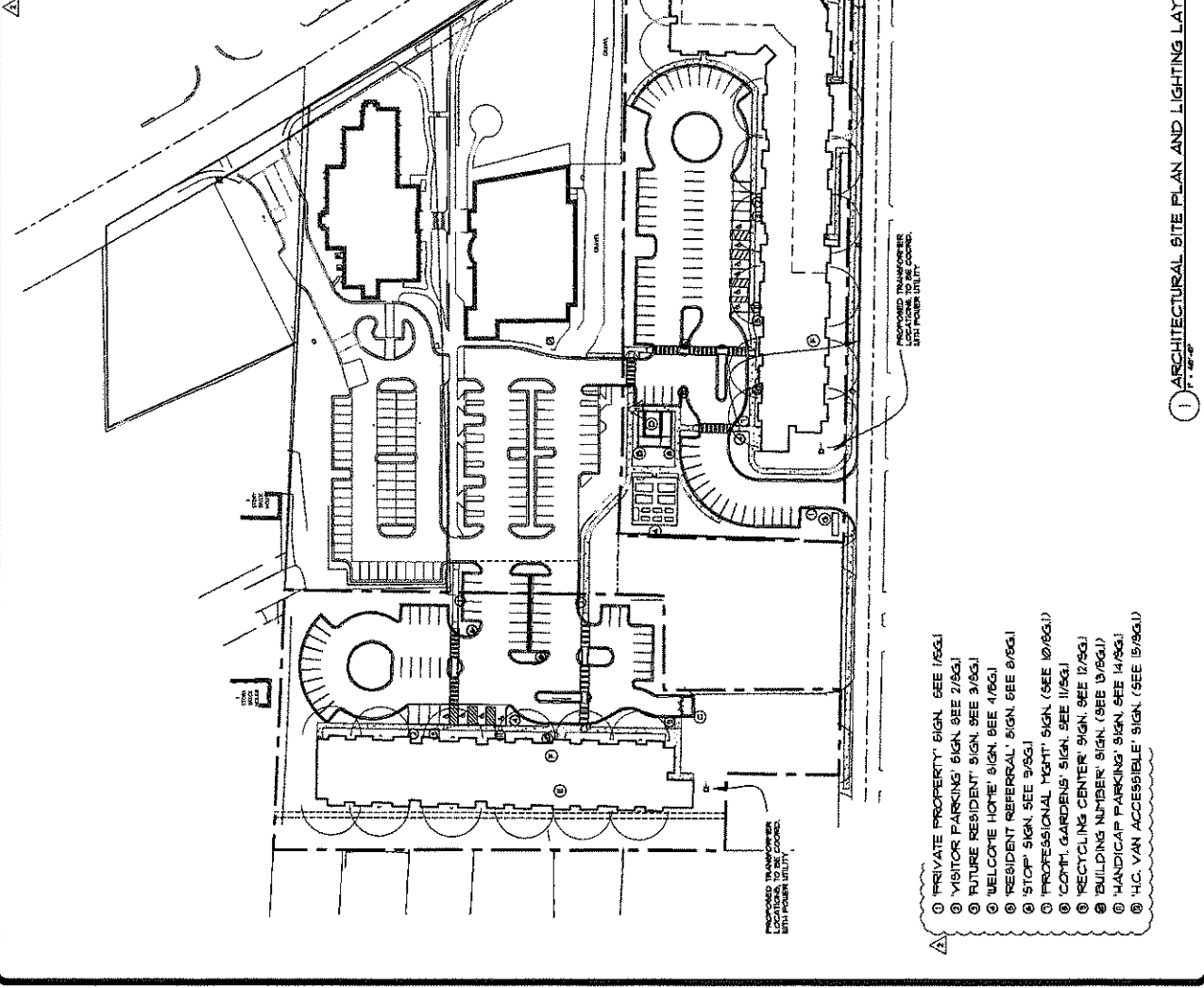
ARCHITECTURAL SITE PLAN FOR REFERENCE PURPOSES ONLY. SEE CIVIL DRAWINGS.



② SITE LIGHTING DETAILS  
17-02-05

**NOTE: UNITS WITHIN AREAS THAT EXCEED THE NORMALLY EXPECTABLE NOISE CONTOUR SHALL PROVIDE THE FOLLOWING SOUND MITIGATION PROCEDURES:**

- UNITS SHALL NOT HAVE BALCONIES OR PATIOS.
- WINDOWS SHALL HAVE AN STC OF 27 TO 31 OR BETTER.
- EXTERIOR DOORS SHALL HAVE AN STC OF 26 TO 29 OR BETTER.
- THE EXTERIOR WALL ASSEMBLY PROVIDED TO YIELD AN STC OF 35 OR BETTER. THE EXTERIOR WALL ASSEMBLY DESCRIBED FOR UNITS SHALL FOLLOW THE EXTERIOR ENVELOPE SEALING GUIDELINES OUTLINED IN THE ECF PROGRAM TO ASSURE ACOUSTICAL AS WELL AS INFILTRATION SEALS. (SEE SHEETS 10A.1-10A.4)
- PROVIDE NEOPRENE WEATHER STRIPPING ON ALL EXTERIOR DOORS.
- ALL EXTERIOR DUCTS (BATH, RANGE, AND DOUBLE BLOW DUCT LOCATED SOMEWHERE ALONG EXHAUST VENT LINE TO ACT AS PERMANENT SOUND DEADENING MECHANISM).



- ① 'PRIVATE PROPERTY' SIGN. (SEE 1/03.1)
- ② 'VISITOR PARKING' SIGN. (SEE 2/03.1)
- ③ 'FUTURE RESIDENT' SIGN. (SEE 3/03.1)
- ④ 'WELCOME HOME' SIGN. (SEE 4/03.1)
- ⑤ 'RESIDENT REFERRAL' SIGN. (SEE 5/03.1)
- ⑥ 'STOP' SIGN. (SEE 9/03.1)
- ⑦ 'PROFESSIONAL MGMT.' SIGN. (SEE 10/03.1)
- ⑧ 'COMM. GARDENS' SIGN. (SEE 11/03.1)
- ⑨ 'RECYCLING CENTER' SIGN. (SEE 12/03.1)
- ⑩ 'BUILDING NUMBER' SIGN. (SEE 13/03.1)
- ⑪ 'HANDICAP PARKING' SIGN. (SEE 14/03.1)
- ⑫ 'H.C. VAN ACCESSIBLE' SIGN. (SEE 15/03.1)

① ARCHITECTURAL SITE PLAN AND LIGHTING LAYOUT  
17-02-05





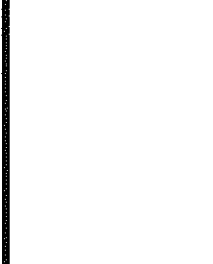
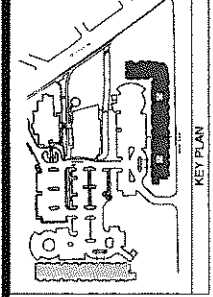


A1.02

MARTIN RILEY ASSOCIATES - ARCHITECTS, P.C.  
215 CHURCH STREET, SUITE 200 DECATUR, GEORGIA 30030-3239 404-371-2800  
STERLING AT CANDLER VILLAGE  
DECATUR COUNTY, GEORGIA



DATE	2007-04-17	BY	DA
REVISION	12-15-15	DATE	12-15-15
	12-15-15	DATE	12-15-15
	12-15-15	DATE	12-15-15
	12-15-15	DATE	12-15-15

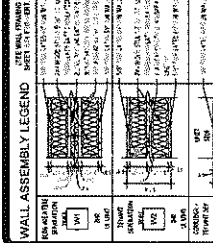
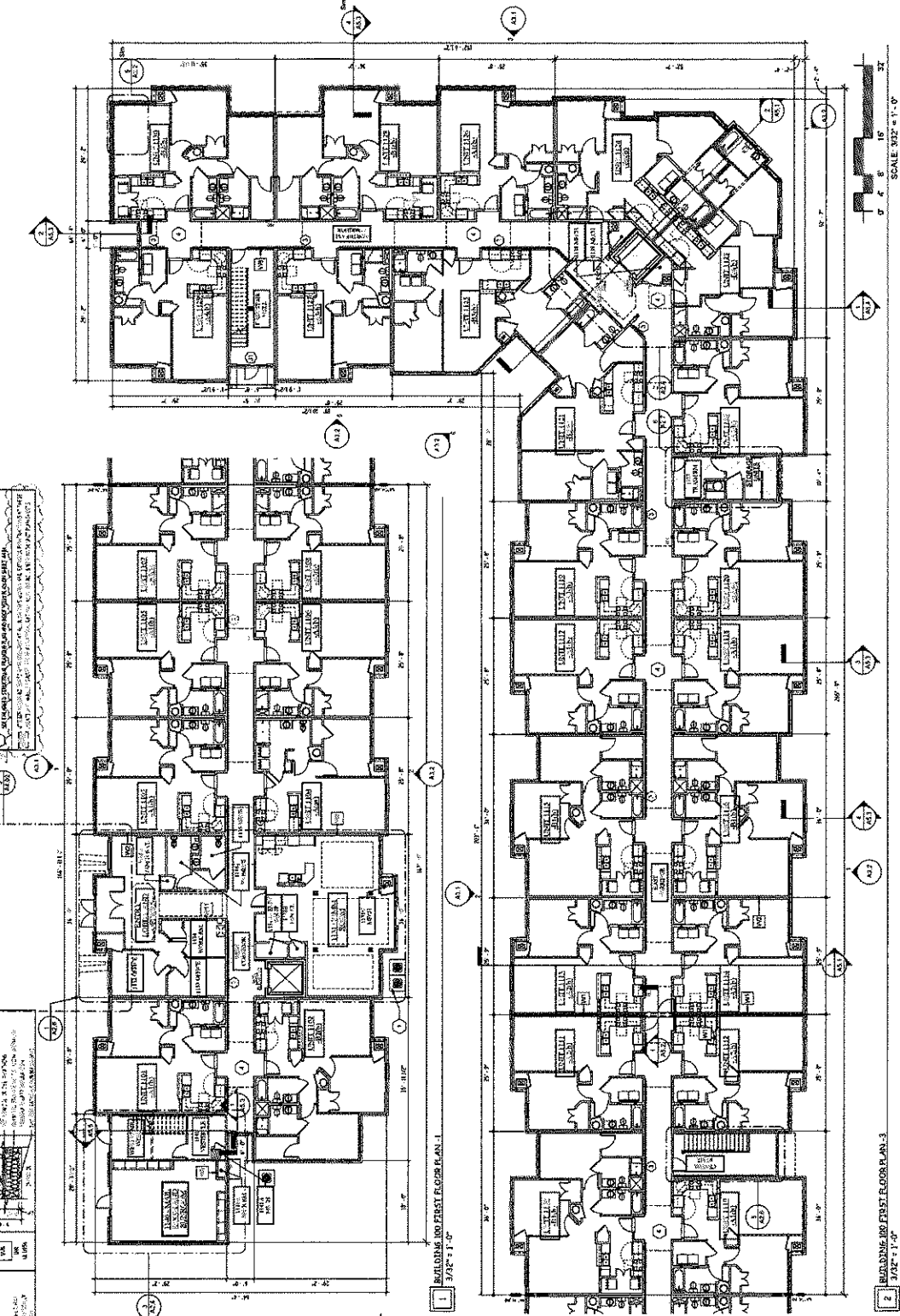


**WALL ASSEMBLY LEGEND**

WALL TYPE	SEE WALL FINISH SCHEDULE ON SHEET 12.01-01 (12.01-01A)
WALL TYPE	SEE WALL FINISH SCHEDULE ON SHEET 12.01-01 (12.01-01A)
WALL TYPE	SEE WALL FINISH SCHEDULE ON SHEET 12.01-01 (12.01-01A)
WALL TYPE	SEE WALL FINISH SCHEDULE ON SHEET 12.01-01 (12.01-01A)
WALL TYPE	SEE WALL FINISH SCHEDULE ON SHEET 12.01-01 (12.01-01A)

**PLAN KEYNOTES**

1. FINISHES TO BE SHOWN IN SCHEDULES, IN SCHEDULES OR AS NOTED IN NOTES.
2. FINISHES TO BE SHOWN IN SCHEDULES, IN SCHEDULES OR AS NOTED IN NOTES.
3. FINISHES TO BE SHOWN IN SCHEDULES, IN SCHEDULES OR AS NOTED IN NOTES.
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10. FINISHES TO BE SHOWN IN SCHEDULES, IN SCHEDULES OR AS NOTED IN NOTES.

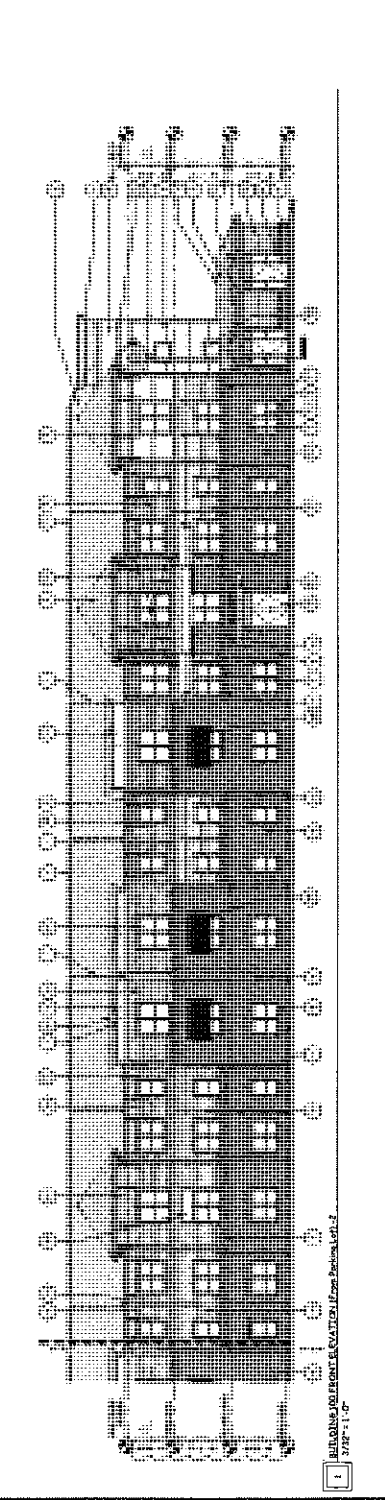
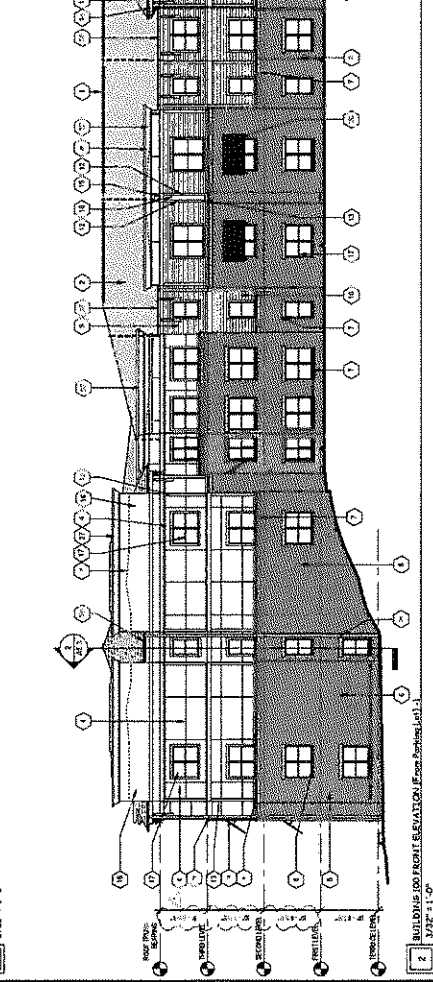
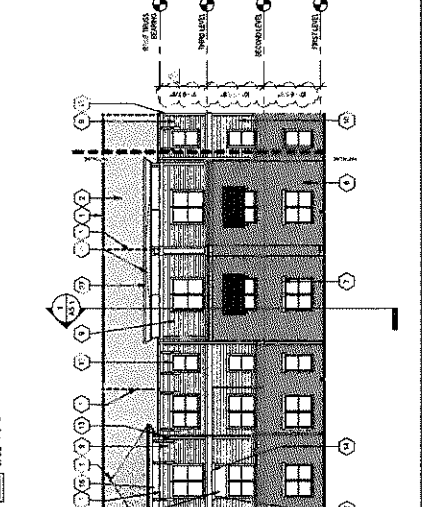
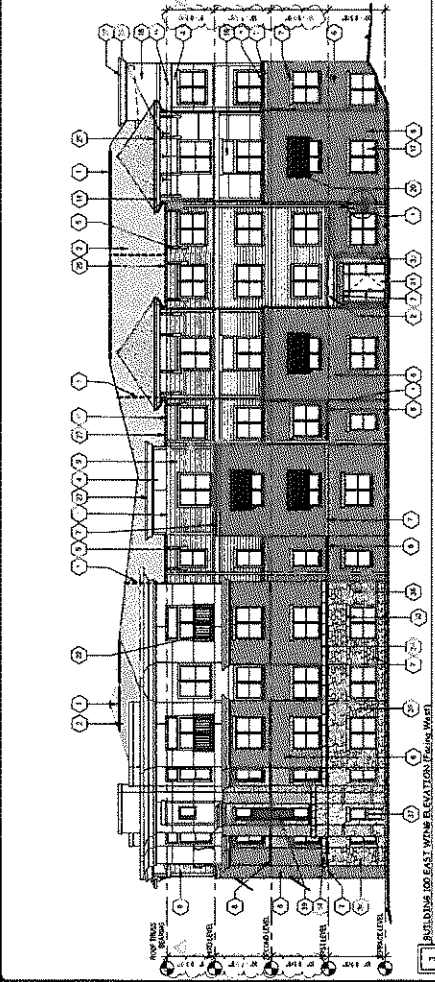
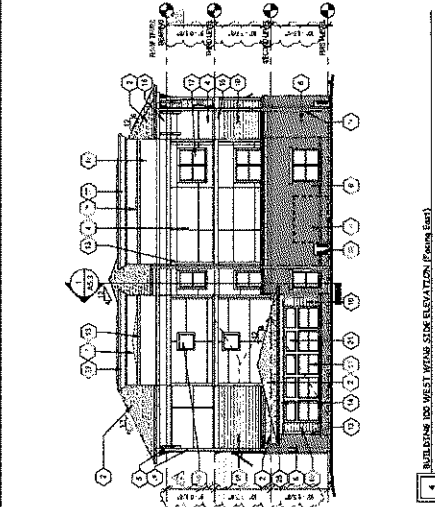
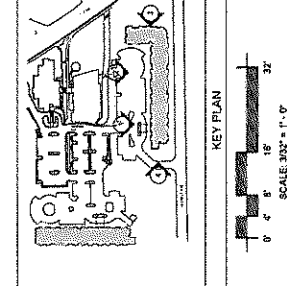




MARTIN RILEY ASSOCIATES - ARCHITECTS, P.C.  
215 CHURCH STREET, SUITE 200, DECATUR, GEORGIA 30030-3329, 404-373-2800  
STERLING AT CANDLER VILLAGE  
DEKALB COUNTY, GEORGIA  
BUILDING ELEVATIONS

Professional seal and project information including date 12-15-15, sheet number 1 of 3, and project name.

- ELEVATION KEYNOTES: 1. GENERAL CONTRACTOR TO VERIFY ALL MATERIALS... 2. ALL MATERIALS SHALL BE APPROVED... 3. FINISHES TO BE AS SHOWN... 4. VERIFY ALL DIMENSIONS... 5. VERIFY ALL ELEVATIONS... 6. VERIFY ALL FINISHES... 7. VERIFY ALL MATERIALS... 8. VERIFY ALL CONDITIONS... 9. VERIFY ALL CONDITIONS... 10. VERIFY ALL CONDITIONS... 11. VERIFY ALL CONDITIONS... 12. VERIFY ALL CONDITIONS... 13. VERIFY ALL CONDITIONS... 14. VERIFY ALL CONDITIONS... 15. VERIFY ALL CONDITIONS... 16. VERIFY ALL CONDITIONS... 17. VERIFY ALL CONDITIONS... 18. VERIFY ALL CONDITIONS... 19. VERIFY ALL CONDITIONS... 20. VERIFY ALL CONDITIONS... 21. VERIFY ALL CONDITIONS... 22. VERIFY ALL CONDITIONS... 23. VERIFY ALL CONDITIONS... 24. VERIFY ALL CONDITIONS... 25. VERIFY ALL CONDITIONS... 26. VERIFY ALL CONDITIONS... 27. VERIFY ALL CONDITIONS... 28. VERIFY ALL CONDITIONS... 29. VERIFY ALL CONDITIONS... 30. VERIFY ALL CONDITIONS... 31. VERIFY ALL CONDITIONS... 32. VERIFY ALL CONDITIONS... 33. VERIFY ALL CONDITIONS... 34. VERIFY ALL CONDITIONS... 35. VERIFY ALL CONDITIONS... 36. VERIFY ALL CONDITIONS... 37. VERIFY ALL CONDITIONS... 38. VERIFY ALL CONDITIONS... 39. VERIFY ALL CONDITIONS... 40. VERIFY ALL CONDITIONS... 41. VERIFY ALL CONDITIONS... 42. VERIFY ALL CONDITIONS... 43. VERIFY ALL CONDITIONS... 44. VERIFY ALL CONDITIONS... 45. VERIFY ALL CONDITIONS... 46. VERIFY ALL CONDITIONS... 47. VERIFY ALL CONDITIONS... 48. VERIFY ALL CONDITIONS... 49. VERIFY ALL CONDITIONS... 50. VERIFY ALL CONDITIONS... 51. VERIFY ALL CONDITIONS... 52. VERIFY ALL CONDITIONS... 53. VERIFY ALL CONDITIONS... 54. VERIFY ALL CONDITIONS... 55. VERIFY ALL CONDITIONS... 56. VERIFY ALL CONDITIONS... 57. VERIFY ALL CONDITIONS... 58. VERIFY ALL CONDITIONS... 59. VERIFY ALL CONDITIONS... 60. VERIFY ALL CONDITIONS... 61. VERIFY ALL CONDITIONS... 62. VERIFY ALL CONDITIONS... 63. VERIFY ALL CONDITIONS... 64. VERIFY ALL CONDITIONS... 65. VERIFY ALL CONDITIONS... 66. VERIFY ALL CONDITIONS... 67. VERIFY ALL CONDITIONS... 68. VERIFY ALL CONDITIONS... 69. VERIFY ALL CONDITIONS... 70. VERIFY ALL CONDITIONS... 71. VERIFY ALL CONDITIONS... 72. VERIFY ALL CONDITIONS... 73. VERIFY ALL CONDITIONS... 74. VERIFY ALL CONDITIONS... 75. VERIFY ALL CONDITIONS... 76. VERIFY ALL CONDITIONS... 77. VERIFY ALL CONDITIONS... 78. VERIFY ALL CONDITIONS... 79. VERIFY ALL CONDITIONS... 80. VERIFY ALL CONDITIONS... 81. VERIFY ALL CONDITIONS... 82. VERIFY ALL CONDITIONS... 83. VERIFY ALL CONDITIONS... 84. VERIFY ALL CONDITIONS... 85. VERIFY ALL CONDITIONS... 86. VERIFY ALL CONDITIONS... 87. VERIFY ALL CONDITIONS... 88. VERIFY ALL CONDITIONS... 89. VERIFY ALL CONDITIONS... 90. VERIFY ALL CONDITIONS... 91. VERIFY ALL CONDITIONS... 92. VERIFY ALL CONDITIONS... 93. VERIFY ALL CONDITIONS... 94. VERIFY ALL CONDITIONS... 95. VERIFY ALL CONDITIONS... 96. VERIFY ALL CONDITIONS... 97. VERIFY ALL CONDITIONS... 98. VERIFY ALL CONDITIONS... 99. VERIFY ALL CONDITIONS... 100. VERIFY ALL CONDITIONS...





A2.1

MARTIN RILEY ASSOCIATES - ARCHITECTS, P.C.  
215 CHURCH STREET, SUITE 200, DECATUR, GEORGIA 30030-3339 404-273-2800  
STERLING AT CANDLER VILLAGE  
DEKALB COUNTY, GEORGIA

UNIT FLOOR PLANS

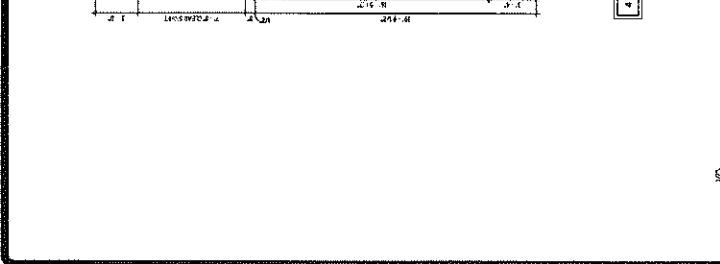
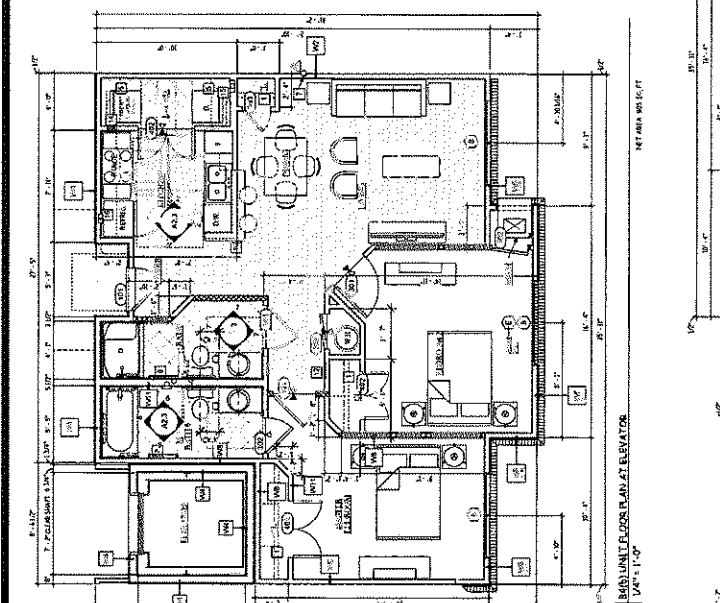
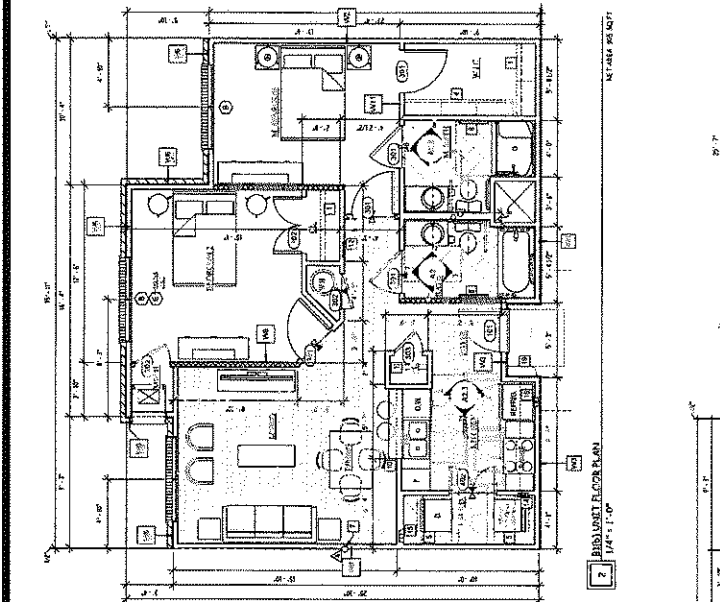


DATE	2007-04-27
REVISION	12-15-15
BY	12-15-15
DATE	12-15-15
BY	12-15-15
DATE	12-15-15
BY	12-15-15

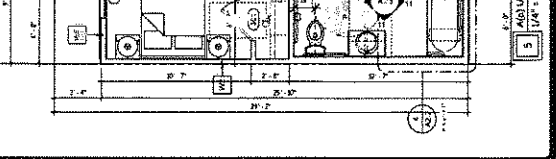
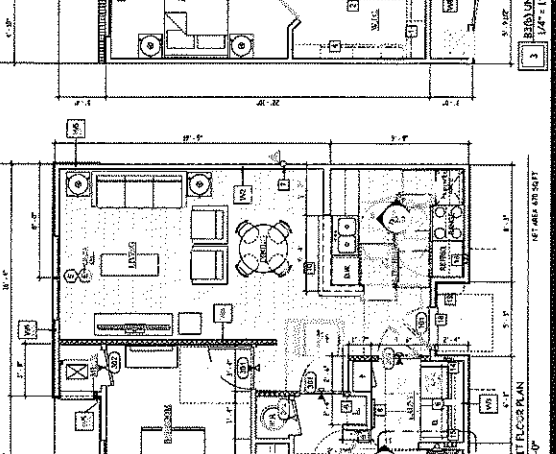
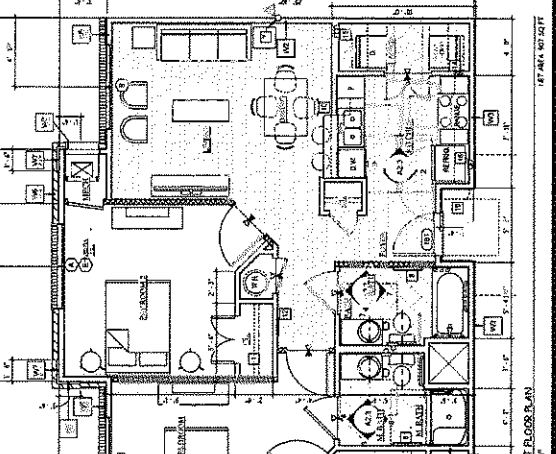
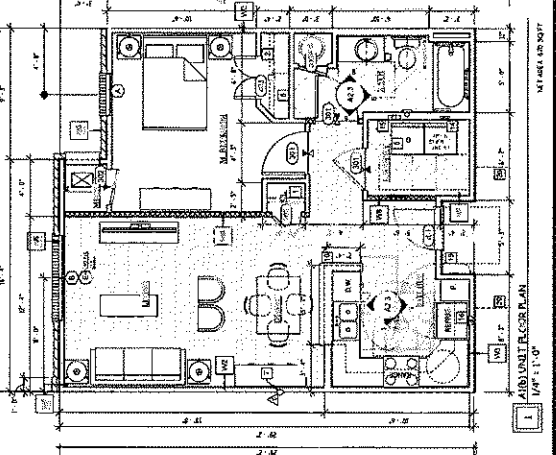
**WALL ASSEMBLY LEGEND**

SEE WALL ASSEMBLY SCHEDULE FOR WALL CONSTRUCTION AND FINISHES.

1. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	2. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	3. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	4. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	5. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	6. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	7. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	8. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	9. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	10. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	11. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	12. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	13. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	14. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	15. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	16. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	17. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	18. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	19. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	20. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	21. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	22. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	23. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	24. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	25. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	26. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	27. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	28. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	29. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	30. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	31. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	32. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	33. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	34. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	35. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	36. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	37. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	38. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	39. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	40. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	41. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	42. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	43. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	44. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	45. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	46. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	47. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	48. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	49. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	50. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	51. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	52. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	53. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	54. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	55. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	56. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	57. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	58. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	59. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	60. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	61. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	62. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	63. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	64. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	65. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	66. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	67. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	68. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	69. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	70. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	71. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	72. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	73. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	74. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	75. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	76. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	77. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	78. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	79. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	80. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	81. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	82. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	83. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	84. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	85. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	86. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	87. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	88. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	89. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	90. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	91. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	92. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	93. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	94. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	95. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	96. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	97. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	98. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	99. 1/2" GYPSUM BOARD ON 2" X 4" STUDS	100. 1/2" GYPSUM BOARD ON 2" X 4" STUDS
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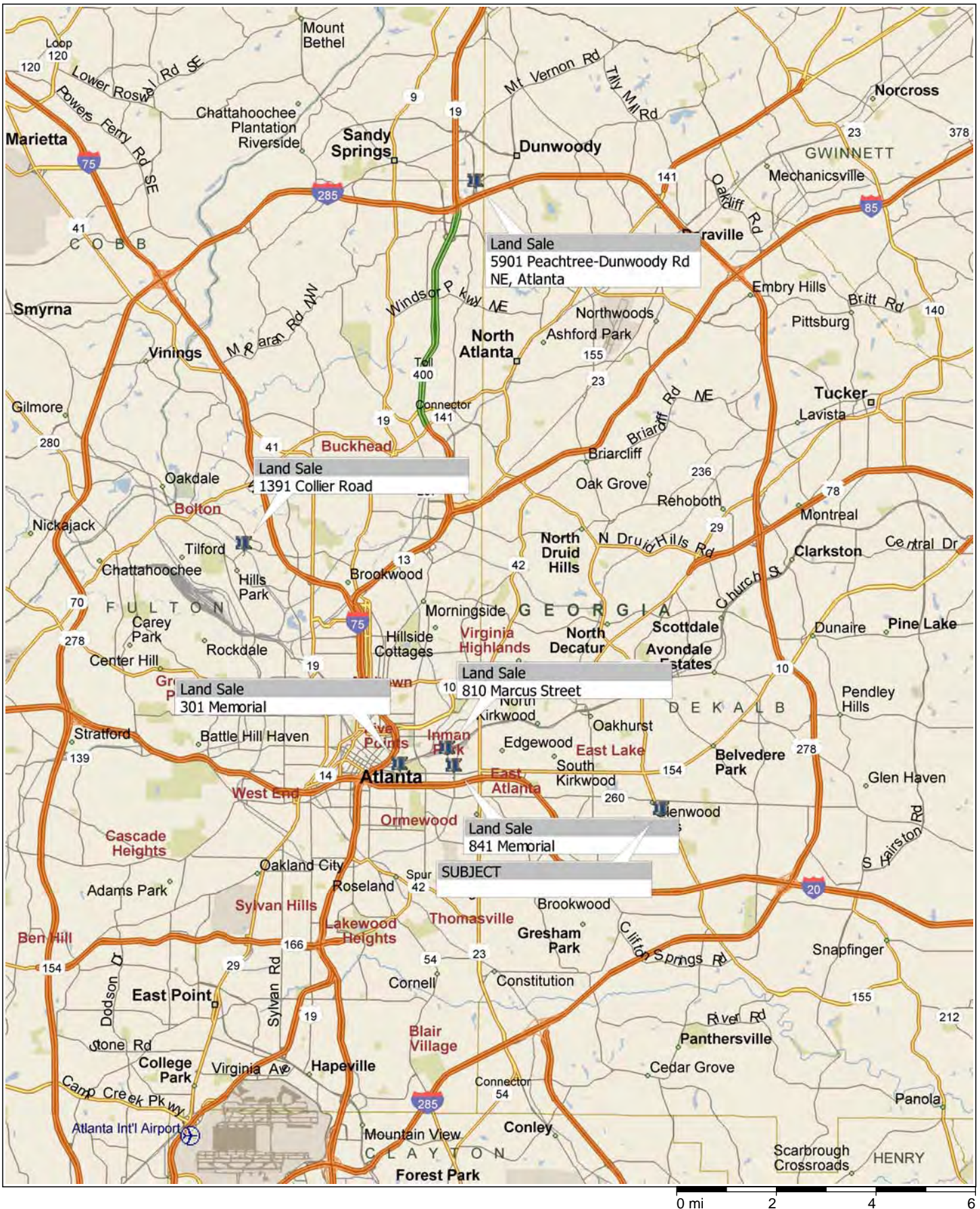
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**ADDENDUM F – COMPARABLE LAND SALE PHOTOGRAPHS / MAP**

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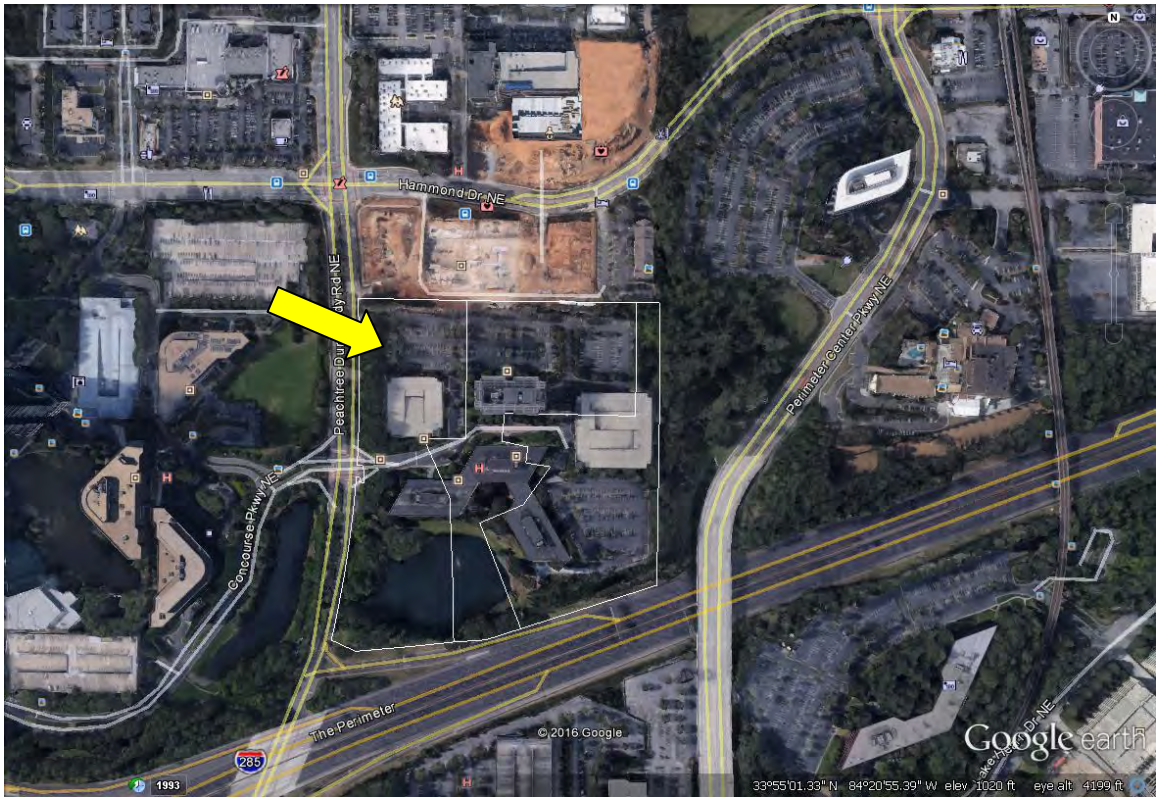
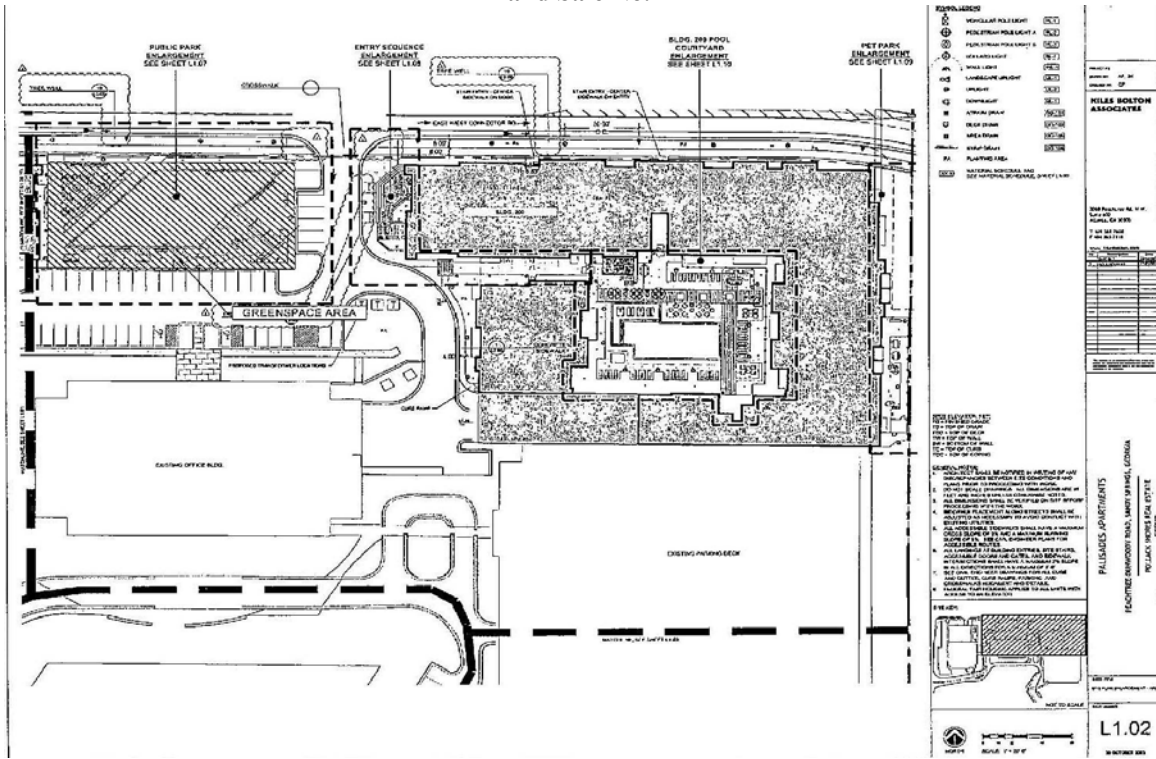


# Land Sales





# Land Sale No. 1



### Land Sale No. 1 (Cont.)

#### Property Identification

<b>Record ID</b>	1087
<b>Property Type</b>	Multi-family land, Commercial
<b>Property Name</b>	Palisades Peachtree Dunwoody Apartment Land
<b>Address</b>	5901 Peachtree Dunwoody Road, Atlanta, Fulton County, Georgia 30328
<b>Location</b>	S of Hammond N of I-285 E of Ptree Dunwoody
<b>Tax ID</b>	17-0017-LL-093

#### Sale Data

<b>Grantor</b>	AG-APG Palisades Property Owner, LLC
<b>Grantee</b>	Palisades Venture LLC
<b>Sale Date</b>	April 27, 2016
<b>Deed Book/Page</b>	56097-0368
<b>Property Rights</b>	Fee Simple
<b>Conditions of Sale</b>	Arm's Length
<b>Financing</b>	Cash to Seller
<b>Verification</b>	Shep Dinos; 404-442-6110

<b>Sale Price</b>	\$4,660,000
<b>Cash Equivalent</b>	\$4,660,000

#### Land Data

<b>Zoning</b>	OIC, Office
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<b>Topography</b>	Level
<b>Utilities</b>	All Available
<b>Shape</b>	Irregular

#### Land Size Information

<b>Gross Land Size</b>	5.926 Acres or 258,137 SF
<b>Planned Units</b>	425

#### Indicators

<b>Sale Price/Gross Acre</b>	\$786,365
<b>Sale Price/Gross SF</b>	\$18.05
<b>Sale Price/Planned Unit</b>	\$10,965

#### Remarks

On April 27th 2016, this 5.926 acre tract of land at 5901 Peachtree Dunwoody Rd, Atlanta, GA 30328 sold for \$4,660,000 or \$786,365.17 per acre. The land is currently being utilized as a parking lot for the Palisades Office Park on the same parcel. The buyer plans on developing a 425 unit Class A apartment complex with roughly 10,000 SF of commercial space on the tract. Site plans are in our files with deed record.



## Land Sale No. 2



### Property Identification

Record ID

900

Property Type

Multi-family land

Property Name

841 Memorial

## Land Sale No. 2 (Cont.)

**Address** 841 Memorial Drive, Atlanta, Fulton County, Georgia 30316  
**Location** SE Atlanta

### Sale Data

**Grantor** RES-GA Memorial LLC  
**Grantee** 841 Memorial Drive Holdings, LLC  
**Sale Date** November 21, 2014  
**Property Rights** Fee Simple  
**Conditions of Sale** Arms Length  
**Financing** Cash at Sale

**Sale Price** \$925,000

### Land Data

**Zoning** Multi-Family  
**Topography** Generally Level  
**Utilities** All Typical Available

### Land Size Information

**Gross Land Size** 1.140 Acres or 49,658 SF  
**Actual Units** 80

### Indicators

**Sale Price/Gross Acre** \$811,404  
**Sale Price/Gross SF** \$18.63  
**Sale Price/Actual Unit** \$11,563

### Remarks

This property is located along the south side of Memorial Drive, east of Boulevard and west of Moreland Avenue, in Atlanta, Fulton County, GA 30316. The property was purchased for the development of an 80 unit, four-story Class-A, market-rate apartment complex to be known as 841 Memorial. Construction is expected to commence in the summer of 2015 / open summer 2016. The property has a generally level topography and is at grade with its frontage road. All typical utilities are available to the site including sewer. The site was vacant at the time of sale.

Land Sale No. 3





### Land Sale No. 3 (Cont.)

#### Property Identification

<b>Record ID</b>	981
<b>Property Type</b>	Multi-family land, Mixed Use Development
<b>Property Name</b>	The Leonard Apartments
<b>Address</b>	301 Memorial Drive, Atlanta, Georgia 30312
<b>Location</b>	SE Atlanta

#### Sale Data

<b>Grantor</b>	Memorial Drive Venture, LLC
<b>Grantee</b>	301 Development Company, LLC
<b>Sale Date</b>	November 22, 2013
<b>Conditions of Sale</b>	Arms Length
<b>Financing</b>	Cash At Sale

<b>Sale Price</b>	\$750,000
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#### Land Data

<b>Zoning</b>	Mixed Use
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#### Land Size Information

<b>Gross Land Size</b>	1.070 Acres or 46,609 SF 94
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#### Indicators

<b>Sale Price/Gross Acre</b>	\$700,935
<b>Sale Price/Gross SF</b>	\$16.09
<b>Sale Price/ Unit</b>	\$7,979

#### Remarks

This property is located along the south side of Memorial Drive, west of Boulevard and east of Hill Street, in Atlanta, Fulton County, GA 30312. The property was purchased for the development of a 94 unit Class-A, market-rate apartment complex with ground-level retail to be known as the Leonard. The property is currently under construction. The property has a generally level topography and is at grade with its frontage road. All typical utilities are available to the site including sewer. The site had formerly contained an old bar named Lenny's. The improvements were demolished prior to construction.

## Land Sale No. 4



### Property Identification

<b>Record ID</b>	1028
<b>Property Type</b>	Multi-family land, Age and Income Restricted
<b>Property Name</b>	Reynoldstown Senior
<b>Address</b>	810 Marcus Street, Atlanta, Fulton County, Georgia 30316
<b>Tax ID</b>	14 002000070182

### Sale Data

<b>Grantor</b>	Resources For Residents and Communities
<b>Grantee</b>	MHSE Reynoldstown Senior LP
<b>Sale Date</b>	June 27, 2013
<b>Deed Book/Page</b>	52809 171
<b>Property Rights</b>	Fee Simple
<b>Financing</b>	Cash To Seller

<b>Sale Price</b>	\$800,000
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### Land Data

<b>Zoning</b>	R-3, Multi-family
<b>Topography</b>	Basicallly Level
<b>Utilities</b>	All Typical
<b>Dimensions</b>	400' by 275'

#### Land Sale No. 4 (Cont.)

**Shape** Rectangle  
**Landscaping** Wooded

#### Land Size Information

**Gross Land Size** 1.230 Acres or 53,579 SF  
**Planned Units** 78  
**Front Footage** 400 ft N side Marcus St;400 ft S Side Field St

#### Indicators

**Sale Price/Gross Acre** \$650,407  
**Sale Price/Gross SF** \$14.93  
**Sale Price/Planned Unit** \$10,256

#### Remarks

This property is located along the north side of Marcus Street in Atlanta, Fulton County, GA 30324. According to a representative of the seller, the property was appraised and listed for \$1,200,000. She indicated that they wanted to sell for \$1,000,000. However, the seller is a non-profit and they came to a mutual agreement that it would serve the greater purpose of Reynoldstown. Because of rising construction costs, they agreed on a lesser amount. The buyer reportedly intends to build an affordable senior apartment complex containing 60 to 80 units (approved for 78 units). The project is filed as the "Reynoldstown Senior Apartments District" at 695 Field Street, targeted to residents over 55 years of age. The property has a rolling topography and is at grade with its frontage road. All typical utilities are available to the site including sewer. The site was vacant at the time of sale.



## Land Sale No. 5



### Property Identification

Record ID	1027
Property Type	Multi-family land
Property Name	Collier Lofts Land
Address	1391 Collier Road, Atlanta, Fulton County, Georgia 30318
Tax ID	17 019300010752

### Sale Data

Grantor	JAR Enterprises LLC
Grantee	CFD Collier Apartments LLC
Sale Date	February 14, 2013
Deed Book/Page	52310 252
Property Rights	Fee Simple
Financing	Cash to Seller

Sale Price	\$1,850,000
Cash Equivalent	\$1,850,000

### Land Data

Zoning	C-4, Commercial
Topography	Rolling includes stream
Utilities	All Available
Shape	Irregular

**Land Sale No. 5 (Cont.)**

**Parking** Surface

**Land Size Information**

**Gross Land Size** 6.940 Acres or 302,306 SF

**Actual Units** 184

**Front Footage** 450 ft Collier Road

**Indicators**

**Sale Price/Gross Acre** \$266,571

**Sale Price/Gross SF** \$6.12

**Sale Price/Actual Unit** \$10,054

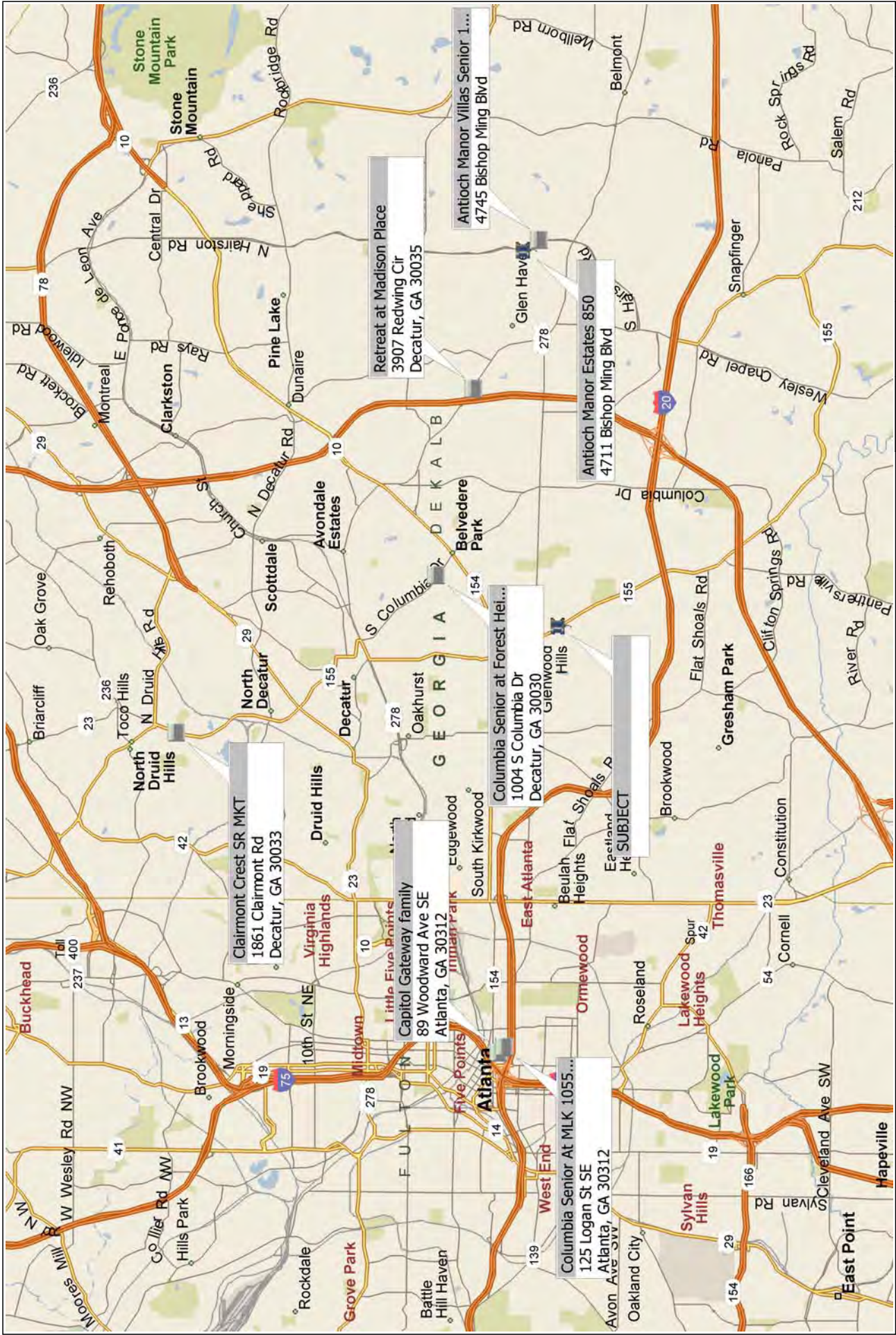
**Remarks**

This property is located along the west side of Collier Road, just west of Interstate 75, in northwest downtown metropolitan Atlanta. The property was purchased for the development of a 184 unit apartment complex known as Collier Lofts. The property had four 1960-1970 built industrial improvements on it at the time of sale. It was improved with a three/four-story garden complex with floorplans from studio 600 SF to two bedroom 997 SF and advertised rents of \$900 to \$1,400. All typical utilities are available to the site including sewer.





# Rent Comparables



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**Multi-Family Lease No. 1**



**Property Identification**

**Record ID** 2242  
**Property Type** Senior Mixed Income  
**Property Name** Columbia Senior at Forrest Hills (aka Forest Heights)  
**Address** 1004 Columbia Drive, Decatur, DeKalb County, Georgia 30030

**Management Co.** Columbia Residential  
**Verification** Charles James; 404 289 5289, June 21, 2016; Confirmed by Ingrid Ott

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>	
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>		
1BR 1BA LIHTC	66	750	\$636	\$0.85	
1BR 1BA MKT	4	750	\$1,045	\$1.39	
2BR 1BA LIHTC	5	981	\$758	\$0.77	
2BR 1BA MKT	4	981	\$1,195	\$1.22	
2BR 1BA MKT	1	981	\$1,250	\$1.27	courtyard

**Occupancy** 96.25% 100% preleased to qualified applicants  
**Total Units** 80  
**Unit Size Range** 750 - 981

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

**Avg. Unit Size** 779  
**Avg. Rent/Unit** \$700  
**Avg. Rent/SF** \$0.90  
  
**Net SF** 62,310

**Physical Data**

**No. of Buildings** 1  
**Construction Type** Wood Frame Cementitious siding  
**Electrical** Adequate  
**HVAC** Yes  
**Stories** 2  
**Utilities with Rent** Trash Collection  
**Unit Amenities** Patios/Balconies, Ceiling Fans, Security System, Washer/Dryer Connections, Microwaves  
**Project Amenities** Clubhouse, Laundry, Exercise/Fitness, Business Center, Community Garden  
**Year Built** 2014/15 Opened November 2014, Stabilized July 31 2015

**Remarks**

Columbia at Forest Hills Senior is an 80-unit age (62+) and income restricted LIHTC apartment development. It replaced the Forrest Heights Community. It consists of 70 one- and 10 two-bedroom apartment units contained in one two-story elevator served interior corridor building. Basic construction is wood frame with brick and fiber cement siding exterior and a pitched asphalt singled roof. Unit amenities include an electric range/oven, refrigerator, dishwasher, and washer/dryer connections. Property amenities include a business center/ computer lab, community room, exercise facility, laundry and community garden. It was constructed using Low Income Housing Tax Credits (LIHTC) and is subject to income restrictions whereby tenant's incomes cannot exceed 60% (71 units) of the area median income (AMI). Further, all 71 of the LIHTC units are under contract as Project Based Rental Assistance (PBRA) units. The remaining nine units will not be restricted.



**Multi-Family Lease No. 2**



**Property Identification**

**Record ID** 850  
**Property Type** Senior Tax Credit  
**Property Name** Antioch Manor Estates Senior Apartments  
**Address** 4711 Bishop Ming Boulevard, Stone Mountain, DeKalb County, Georgia 30088  
**Location** East Metro Atlanta  
**Tax ID** 15-0192-06-083  
**Verification** Tammy Helton, Assistant Manager; 770-322-8839, June 21, 2016; Confirmed by Ingrid Ott

**Unit Mix**

<b><u>Unit Type</u></b>	<b><u>No. of Units</u></b>	<b><u>Size SF</u></b>	<b><u>Rent/Mo.</u></b>	<b><u>Mo. Rent/SF</u></b>
Efficiency Mkt	2	450	\$775	\$1.72
1 BR/1 BA Mkt	8	600	\$975	\$1.63
2 BR/1 BA Mkt	3	800	\$1,345	\$1.68
2 BR/2 BA Mkt	11	850	\$1,395	\$1.64
Efficiency 30%	2	450	\$388	\$0.86
1 BR/1 BA 30%	5	600	\$416	\$0.69
2 BR/1 BA 30%	6	800	\$499	\$0.62
2 BR/2 BA 30%	1	850	\$499	\$0.59
Efficiency 50%	1	450	\$647	\$1.44
1 BR/1 BA 50%	20	600	\$693	\$1.16
2 BR/1 BA 50%	26	800	\$832	\$1.04
2 BR/2 BA 50%	3	850	\$832	\$0.98
Efficiency 60%	1	450	\$777	\$1.73
1 BR/1 BA 60%	15	600	\$832	\$1.39
2 BR/1 BA 60%	13	800	\$999	\$1.25
2 BR/2 BA 60%	3	850	\$999	\$1.18

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

**Occupancy** 100%  
**Rent Premiums** None  
**Total Units** 120  
**Unit Size Range** 450 - 850  
**Avg. Unit Size** 710  
**Avg. Rent/Unit** \$858  
**Avg. Rent/SF** \$1.21

**Net SF** 85,200

**Physical Data**

**No. of Buildings** 3  
**Construction Type** Brick/Wood  
**Electrical** Assumed Adequate  
**HVAC** Central, Individual Unit Controlled  
**Stories** 3  
**Utilities with Rent** Electricity, Water, Sewer, Trash Collection

**Unit Amenities** Patios/Balconies, Security System, Washer/Dryer Connections, Microwaves, Range/Oven, Refrigerator, Dishwasher

**Project Amenities** Clubhouse, Laundry, Exercise/Fitness, Gated Access

**Parking** 100 Surface, Gated

**Year Built** 2005

**Condition** Very Good

**Remarks**

This senior apartment community is located in the eastern portion of metro Atlanta, in Stone Mountain, DeKalb County. It offers a mix of market rate units, as well as 30%, 50%, and 60% LIHTC units. The facility began pre-leasing in August 2005 and reached stabilization in less than a year. Amenities include a beauty/barber shop, private dining room, lounge with juice bar that also operates as an audio video center, library with computer stations, spa and wellness center, billiards and game room, and laundry facility. It also includes full-time management, 24-hour maintenance, all paid utilities, a full-time social director and scheduled transportation to shopping. There are no concessions currently being offered as the property is typically 98% to 100% leased and occupied.

**Multi-Family Lease No. 3**



**Property Identification**

**Record ID**

1855

**Property Type**

Interior corridor and Townhomes

**Property Name**

Antioch Phase II (Villas and Gardens)

**Address**

4735 Bishop Ming Boulevard, Stone Mountain, DeKalb County,  
Georgia 30088

**Multi-Family Lease No. 3**

**Property Identification**

**Record ID** 1855  
**Property Type** Interior corridor and Townhomes  
**Property Name** Antioch Phase II (Villas and Gardens)  
**Address** 4735 Bishop Ming Boulevard, Stone Mountain, DeKalb County, Georgia 30088

**Verification** Kenya Wyatt - Leasing Agent; 678-367-2913, June 21, 2016

**Unit Mix**

<b><u>Unit Type</u></b>	<b><u>No. of Units</u></b>	<b><u>Size SF</u></b>	<b><u>Rent/Mo.</u></b>	<b><u>Mo. Rent/SF</u></b>
Studio 50%	2	510	\$608	\$1.19
Studio 60%	3	510	\$753	\$1.48
1BR/1BA 50%	12	664	\$653	\$0.98
1BR/1BA 60%	31	664	\$807	\$1.22
1BR/1BA 60%	14	734	\$807	\$1.10
1BR/1BA MKT	6	734	\$1,025	\$1.40
2BR/1BA 50%	2	864	\$806	\$0.93
2BR/1BA 60%	8	864	\$957	\$1.11
2BR/1BA MKT	2	864	\$1,095	\$1.27
2BR/1BA 60%	18	982	\$967	\$0.98
2BR/1BA MKT	4	982	\$1,250	\$1.27
2BR/2BA MKT	4	970	\$1,250	\$1.29

**Occupancy** 97%  
**Total Units** 106  
**Unit Size Range** 510 - 982  
**Avg. Unit Size** 770  
**Avg. Rent/Unit** \$873  
**Avg. Rent/SF** \$1.13

**Net SF** 81,634

**Physical Data**

**Construction Type** Wood Frame  
**Electrical** Assumed Adequate  
**HVAC** Assumed Adequate  
**Stories** 3  
**Utilities with Rent** Electricity, Water, Sewer, Trash Collection  
**Unit Amenities** Patios/Balconies, Washer/Dryer Connections, Microwaves  
**Project Amenities** Outdoor Pool, Clubhouse  
**Year Built** 2012  
**Condition** Excellent

**Remarks**

The second phase of Antioch features 106 units that are market rate (16 units), 60% AMI (65 units), and 50% AMI (25 units). The rent includes all utilities. According to the leasing agent, the property gained its certificate of occupancy in March 2012. Once they obtained it, it took until October 2012 to be 100% occupied, for an absorption rate of 15 units per month. A small number of units are set aside as lower rent 'HOME' units: Studio \$608, 1BR/1BA 664 SF \$653, 2BR/1BA 864 SF \$788.



**Multi-Family Lease No. 4**



**Property Identification**

**Record ID** 1541  
**Property Type** Senior  
**Property Name** Clairmont Crest Apartments  
**Address** 1861 Clairmont Road, Decatur, DeKalb County, Georgia 30033  
**Location** East metro Atlanta

**Verification** Elaine – Leasing Agent; 404 325 9077, June 21, 2016; Confirmed by Ingrid Ott

<b><u>Unit Type</u></b>	<b><u>Unit Mix</u></b>			<b><u>Mo. Rent/SF</u></b>
	<b><u>No. of Units</u></b>	<b><u>Size SF</u></b>	<b><u>Rent/Mo.</u></b>	
Studio	40	500	\$855	\$1.71
1/1	133	700	\$935	\$1.34
2/2	40	1,100	\$1,075	\$0.98

**Occupancy** 100%  
**Total Units** 213  
**Unit Size Range** 500 - 1100

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

**Avg. Unit Size** 738  
**Avg. Rent/Unit** \$946  
**Avg. Rent/SF** \$1.33

**Net SF** 157,100

**Physical Data**

**No. of Buildings** 2  
**Construction Type** Mid-Rise, Masonry Facade  
**Electrical** Assumed Adequate  
**HVAC** Assumed Adequate  
**Stories** 5  
**Utilities with Rent** Water, Sewer, Trash Collection  
**Unit Amenities** Washer/Dryer Connections  
**Project Amenities** Outdoor Pool, Exercise/Fitness, Beauty Salon, billiards, chapel, prayer garden  
**Year Built** 1985

**Remarks**

This mid-rise complex is an age-restricted (50+) community managed by Baptist Retirement Communities of Georgia, Inc. Services include transportation to church and groceries, secure parking and occasional doctor and therapy visits on site. There is a waiting list.



**Multi-Family Lease No. 5**



**Property Identification**

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

**On-Site Manager** Integral  
**Verification** Moni Thompson; 404-586-0411, May 18, 2016; Confirmed by Ingrid Ott

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
1BR/1BA MKT	15	742	\$1,030	\$1.39
1BR/1BA MKT	22	772	\$1,030	\$1.33
1BR/1BA MKT	17	708	\$1,035	\$1.46
1BR/1BA MKT	23	867	\$1,105	\$1.27
1BR/1BA TC	24	742	\$717	\$0.97
1BR/1BA TC	32	772	\$717	\$0.93

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

1BR/1BA TC	25	708	\$717	\$1.01
1BR/1BA TC	25	867	\$717	\$0.83
2BR/1BA MKT	24	910	\$1,150	\$1.26
2BR/2BA MKT	1	978	\$1,200	\$1.23
2BR/2BA MKT	6	1,031	\$1,320	\$1.28
2BR/2BA MKT	30	1,047	\$1,370	\$1.31
2BR/2BA MKT	11	1,050	\$1,380	\$1.31
2BR/2.5BA M	6	1,178	\$1,440	\$1.22
3BR/2.5BA M	3	1,319	\$2,020	\$1.53
2BR/1BA TC	35	910	\$818	\$0.90
2BR/2BA TC	7	978	\$818	\$0.84
2BR/2BA TC	11	1,031	\$818	\$0.79
2BR/2BA TC	41	1,047	\$818	\$0.78
2BR/2BA TC	16	1,050	\$818	\$0.78
2BR/2BA TC	2	1,064	\$818	\$0.77
2BR/2.5BA TC	8	1,178	\$818	\$0.69
2BR/2.5BA TC	3	1,319	\$818	\$0.62
3BR/2BA MKT	3	1,258	\$1,850	\$1.47
3BR/2BA MKT	5	1,314	\$1,935	\$1.47
3BR/2BA TC	9	1,258	\$894	\$0.71
3BR/2BA TC	14	1,314	\$894	\$0.68
4BR/2BA TC	3	1,447	\$953	\$0.66

<b>Occupancy</b>	94%
<b>Total Units</b>	421 269 (Ph. I), 152 (Ph. II)
<b>Unit Size Range</b>	708 - 1447
<b>Avg. Unit Size</b>	937
<b>Avg. Rent/Unit</b>	\$960
<b>Avg. Rent/SF</b>	\$1.01

**Net SF** 394,643

**Physical Data**

<b>Construction Type</b>	Brick/Hardi-Plank
<b>Electrical</b>	Adequate
<b>HVAC</b>	Adequate
<b>Stories</b>	Three
<b>Utilities with Rent</b>	Trash Collection
<b>Unit Amenities</b>	Patios/Balconies, Ceiling Fans, Vaulted Ceilings, Icemakers, Washer/Dryer Connections, Washer/Dryers Ph II, Connections only Ph I
<b>Project Amenities</b>	Outdoor Pool, Clubhouse, Sports Court, Exercise/Fitness
<b>Parking</b>	Surface
<b>Year Built</b>	2006
<b>Condition</b>	Good

**Remarks**

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

**Multi-Family Lease No. 6**



**Property Identification**

**Record ID** 1080  
**Property Type** Senior Tax Credit  
**Property Name** The Retreat at Madison Place  
**Address** 3907 Redwing Cir., Decatur, DeKalb County, Georgia 30036  
**Location** East Metro Atlanta

**Verification** Kesha – Leasing Agent; 404-289-8393, June 21, 2016, Confirmed by Ingrid Ott

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
1BR/1BA 60%	140	701	\$755	\$1.08
2BR/2BA 60%	20	971	\$905	\$0.93

**Occupancy** 99%  
**Rent Premiums** None  
**Total Units** 160  
**Unit Size Range** 701 - 971  
**Avg. Unit Size** 735

**Multi-Family Lease No. 6 (Cont.)**

<b>Avg. Rent/Unit</b>	\$774
<b>Avg. Rent/SF</b>	\$1.00
<b>Net SF</b>	117,560

**Physical Data**

<b>Construction Type</b>	Wood Frame with HardiePlank Siding
<b>Electrical</b>	Assumed adequate
<b>HVAC</b>	Assumed adequate
<b>Stories</b>	Four
<b>Utilities with Rent</b>	Water, Sewer, Trash Collection
<b>Unit Amenities</b>	Ceiling Fans, Security System, Icemakers, Washer/Dryer Connections, Washer Dryer
<b>Project Amenities</b>	Clubhouse, Laundry, Exercise/Fitness, Business Center, Picnic area, Grills, Trails
<b>Parking</b>	Surface
<b>Year Built</b>	2006
<b>Condition</b>	Good

**Remarks**

This property is located just outside of I-285, along Redwing Circle, in Decatur, DeKalb County, GA. All 160 units are 60% LIHTC units. This property opened in late 2006 and stabilized within a few months. Lease terms are typically 12 months.

**Multi-Family Lease No. 7**



**Property Identification**

**Record ID** 1055  
**Property Type** Senior Tax Credit  
**Property Name** Columbia Senior Residences at MLK Village  
**Address** 125 Logan Street SE, Atlanta, Fulton County, Georgia 30312  
**Location** Central Atlanta

**Management Co.** Columbia Residential  
**Verification** Sakeenah Hasan; 404-525-3370, May 06, 2016; Confirmed by Doug Rivers

	<b><u>Unit Mix</u></b>			
<b><u>Unit Type</u></b>	<b><u>No. of Units</u></b>	<b><u>Size SF</u></b>	<b><u>Rent/Mo.</u></b>	<b><u>Mo. Rent/SF</u></b>
1BD1BA PBRA	25	775	\$717	\$0.93
1BR1BA 54% PBRA	95	775	\$717	\$0.93

<b>Occupancy</b>	100%
<b>Total Units</b>	120
<b>Unit Size Range</b>	0 - 775
<b>Avg. Unit Size</b>	775
<b>Avg. Rent/Unit</b>	\$717
<b>Avg. Rent/SF</b>	\$0.93



**Multi-Family Lease No. 7 (Cont.)**

**Net SF** 93,000

**Physical Data**

**No. of Buildings** 1  
**Construction Type** Brick/Stucco  
**Stories** 4  
**Utilities with Rent** Trash Collection  
**Unit Amenities** Security System, Washer/Dryer Connections  
**Project Amenities** Laundry, Exercise/Fitness  
**Parking** Surface  
**Year Built** 2007  
**Condition** Very Good

**Remarks**

All units are PBRA/AHA and rents above are contract rents.

Columbia Senior at MLK is located along the south side of Memorial Drive, just east of I-75/85, within the Capitol Gateway redevelopment project. Columbia MLK features 121 1BR/1BA units in one four-story building. Units are available to residents 62 years and older. Interior features include 9' ceilings, crown molding, washer and dryer connections, Whirlpool appliances, dishwashers, garbage disposals and all units are pre-wired for security. Community amenities include a community room, business center, walking path, gazebo, picnic area with grill, dining/dance room, game room, community laundry room, hospitality suite, great room with fireplace, theater, piano room, 24-hour emergency maintenance, controlled-access gates and camera-monitored entry. Only trash removal is included with rent. There are 25 market-rate units, 95 LIHTC units (all PBRA) and one non-revenue unit. There is a 1.5 year wait for a unit.

**ADDENDUM H – HUD-92274 OPERATING EXPENSE ANALYSIS WORKSHEET**

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT HOUSING-FEDERAL HOUSING COMMISSIONER OPERATING EXPENSE ANALYSIS WORKSHEET	PROJECT NAME <u>Sterling at Candler</u>	PROJECT NUMBER _____
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CITY <u>Atlanta, GA</u>	ANTICIPATED DATE OF INITIAL PROJECT OCCUPANCY (Mo. & Yr.) <u>08/01/17</u>
----------------------------	--

SIGNATURE OF PROCESSOR Stephen M. Halon 6/30/2016 SIGNATURE OF REVIEWER \_\_\_\_\_

Project Name	Auburn Pointe, Phase I	Carver V	Huntington Court Senior	Woodbridge at Parkway	Sterling at Candler
Project Number	N/AP	N/AP	N/AP	N/AP	N/AP
Location	Atlanta, GA	Atlanta, GA	Gainesville, Ga	Union City, GA	Atlanta, GA
Type of Project	W/U	W/U	W/U	W/U	W/U
Number of Stories	3	4	3	3	3
Type of Construction	WOOD FRAME	WOOD FRAME	WOOD FRAME	WOOD FRAME	Wood Frame
No. of Living Units	154	164	152	150	160
Age of Project	2010	2007	2005	2011	2016
Project Unit Composition	BRM (1) BRM (2) BRM (3) BRM	BRM (1) BRM (2) BRM (3) BRM	BRM (1) BRM (2) BRM (3) BRM	BRM (1) BRM (2) BRM (3) BRM	BRM (1) BRM (2) BRM (3) BRM
No. Each Unit Type					111 59
Sq. Ft. Each Unit Type					
Average Unit Area	978	936	878	950	788
*Same Tax Rate Subj.					
*Same Utility Rate					
Effective Date/Updating Operating Yr/Percentage	April 2016	April 2016	2014	2015	
**Equipment & Services Included in Rent	1,2,4,5,6,7	1,2,4,5,6,7	1,2,4,5,6,7	1,2,4,5,6,7	1,2,3,4,6,7,8,20

EQUIPMENT INCLUDED IN RENT:  
 1. Range & Refrig. 2. Carpet & Drapes 3. Disposal  
 4. Dishwasher 5. Laundry Fac. 6. Air Conditioning  
 7. Kit Exh. Fan 8. Other (Washer / Dryer appliances)

SERVICES INCLUDED IN RENT:  
 Gas: 9. Heat 10. Cooking 11. Hot Water 12. A/C  
 Elec: 13. Heat 14. Cooking 15. Hot Water 16. A/C 17. Lights Unit  
 Other Fuel: 18. Heat 19. Hot Water 20. Water 21. Other

Items of Expense by Unit of Comparison	EXP.	UPD. EXP.	ADJ. + -	IND. EXP.	EXP.	UPD. EXP.	ADJ. + -	IND. EXP.	EXP.	UPD. EXP.	ADJ. + -	IND. EXP.	EXP.	UPD. EXP.	ADJ. + -	IND. EXP.	CORRELATED EXPENSE
1. Advertising	130	0		130	84	0		84	45	0		45	165	2		167	60
2. Management	645	0		645	661	0		661	417	4		421	424	4		428	433
3. Other (Misc. Admin.)	1134	0		1134	638	0		638	458	5		463	408	4		412	350
4. Total Admin. Exp.	1909			1909	1383			1383	920	9		929	997	10		1007	843
5. Elevator																	
6. Fuel																	
7. Light & Elec.																	
8. Water																	
9. Gas																	
10. Garbage Removal																	
11. Payroll	1525	0		1525	1747	0		1747	1306	13		1319	1011	10		1021	1050
Payroll Taxes																	
12. Total Utilities	904	0		904	880	0		880	555	6		561	676	7		683	740
13. Total Oper. Expense	2429			2429	2627			2627	1861	19		1880	1687	17		1704	1790
14. Decorating																	
15. Repairs	523	0		523	1001	0		1001	299	3		302	335	3		338	450
16. Exterminating																	
17. Insurance	222	0		222	214	0		214	296	3		299	279	3		282	230
18. Ground Expense	123	0		123	142	0		142	215	2		217	140	1		141	125
19a. Other: Security	192	0		192	454	0		454	10	0		10	23	0		23	15
19b. Other: Employee Unit																	
20. Total Maint.	1060			1060	1811			1811	820	8		828	777	7		784	820
20a. Total Operating Expense Exclusive of Reserve Time and Trend (Sum of Lines 4, 13 and 20)																	3453
20b. Trend Adjust. (Annual Rate 2.0% (w/o Mgmt. Fee) 2.00 % x 27a) To (date)																	76
21. Replacement Reserve (Per Applicable Formula from Forms HUD-92264 or HUD-92264B)																	250
22. Total Operating Expenses Including Reserve Time and Trend (Sum of Lines 20a, 20b and 21)																	3779
23. Taxes/Real Est.	299	0		299	374	0		374	639	0		639	0			0	0
24. Personal Property Tax																	
25. Employee Payroll Tax																	
26. Other																	
27. Other																	
27a. Taxes W/O Trend	299	0		299	374	0		374	639	0		639	0			0	0
27b. Trend Adjust. (Annual Rate)																	
28. Total Taxes (Including Time and Trend) (Sum of Lines 27a and 27b)																	0
29. Total Expenses (Sum of Lines 22 and 28)																	3779

\* If "NO" reflect in adjustments (USE BELOW TO EXPLAIN ADJUSTMENTS AS NEEDED) HUD-92274 (8-82)  
 \*\* Enter appropriate numbers from table for subject and comparables and reflect in adjustments. (HB 4480.1)  
 \*\*\* Enter expense items in suitable unit of comparison.

Comments on Adjustments:  
 \_\_\_\_\_  
 \_\_\_\_\_

TOTALS	Auburn Pointe, Phase I \$5,697	Carver V \$6,195	Huntington Court Senior \$4,276	Woodbridge at Parkway \$3,495
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**Expense Comp # 1 – Huntington Court**



**Expense Comp # 2 – Villages at Carver V**





**Expense Comp # 3 – Auburn Pointe I**



**Expense Comp # 4 – Woodbridge**



**ADDENDUM I – HUD-92273 ESTIMATES OF MARKET RENT BY COMPARISON**

# Estimates of Market Rent - As Complete by Comparison

## U.S. Department of Housing and Urban Development Office of Housing

OMB Approval No. 2502-0332

Characteristics	2. Subject Property Sterling at Candler Atlanta, GA		A. Comparable Property No. 1 Columbia Forest Hills Atlanta, GA		B. Comparable Property No. 2 Antioch Manor Atlanta, GA		C. Comparable Property No. 3 Antioch Villages Gardens Atlanta, GA		D. Comparable Property No. 4 Charmont Crest Atlanta, GA		E. Comparable Property No. 5 Capitol Gateway I&II Atlanta, GA	
	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
1. Unit Type	N/AP		06/16		06/16		06/16		06/16		06/16	
3. Effective Date of Rental	ELE/3 STY		ELE/2STY		ELE/3STY		GDN/ELE/3STY		ELEV		GDN/3STY	
4. Type of Project/Stories	1-3		1-2		1-3		1-3		1-5		1-3	
5. Floor of Unit in Bldg	95%				100%				100%		94%	
6. Project Occupancy %	N/AP		N		N		N		N		N	
7. Concessions	2016	10	2014	55	2005	20	2012	20	1985	155	2006	50
8. Year Built	708	-10	750	50	600	-5	734	-5	700	708		
9. Sq. Ft. Area (Net)	1		1		1		1		1		1	
10. Number of Bedrooms	1.0		1.0		1.0		1.0		1.0		1.0	
11. Number of Baths	4		4		4		4		4		4	
12. Number of Rooms	N	-5	Y		Y	-5	Y		N		Y	
13. Balcony/Terrace/Patio	N		N		N		N		N		N	
14. Garage or Carport	Y		Y		Y		Y		Y		Y	
15. Equipmt: a. A/C	Y/Y		Y/Y		Y/Y		Y/Y		Y/Y		Y/Y	
b. Range/Oven	Y		Y		Y		Y		Y		Y	
c. Refrigerator	Y		N	0	N		N	0	N	0	N	0
d. Disposal	Y		Y		Y		Y		Y		Y	
e. Microwave	Y		Y		Y		Y		Y		Y	
f. Dishwasher	Y		Y		Y		Y		Y		Y	
g. Washer/Dryer	Y		N	50	N		N	50	N	50	N	50
h. Carpet/Blinds	Y/Y		Y/Y		Y/Y		Y/Y		Y/Y		Y/Y	
i. Pool/Amenities	N/Y		N/Y		N/Y		N/Y		N/Y	-25	Y/Y	-25
16. Services: a. Heat/Type	N/E		N/E		N/E		N/E		N/E		N/E	
b. Cook/Type	N/E		N/E		N/E		N/E		N/E		N/E	
c. Electricity	N		N		Y	-98	Y		N		N	
d. Water Cold/Hot	Y/N		N/N	22	Y/Y		Y/Y		Y/N		N/N	22
e. Sewer	Y		N	37	Y		Y		Y		N	37
f. Trash	Y		Y		Y		Y		Y		Y	
17. Project Location	Average		Average		Average		Average		Good	-100	Good	
18. Other - Overall Desirability	Good		Good		Good		Good		Good		Good	
20. Unit Rent Per Month	\$1,045		\$975		\$975		\$1,025		\$935		\$1,035	
21. Total Adjustments		104		52		-28		80		69		
22. Indicated Rent	\$1,149		\$1,027		\$997		\$997		\$1,015		\$1,104	
23. Correlated Subject Rent	\$1,050											

If there are any additional Remarks, check here and add the remarks to the back of page.

Appraiser's Signature & Date: *Stephen M. Rubin* 6/30/16  
 Reviewer's Signature & Date: \_\_\_\_\_ X

NOTE: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better enter a "Plus" amount and if subject is inferior to the comparable enter a "Minus" amount. Use below to explain adjustments as necessary.

Comments:

Average	1058	60% Rule	
Min	997		1027
Max	1149		1119
Diff			152
			30
			1073

Avg. Mo. Rent Range: \$997 to \$1,149

# Estimates of Market Rent - As Complete by Comparison

## U.S. Department of Housing and Urban Development Office of Housing

OMB Approval No. 2502-0832

1. Unit Type <b>2BR/2BA 951 SF</b>	2. Subject Property <b>Sterling at Candler Atlanta, GA</b>	A. Comparable Property No. 1 <b>Columbia Forest Hills Atlanta, GA</b>		B. Comparable Property No. 2 <b>Antioch Manor Atlanta, GA</b>		C. Comparable Property No. 3 <b>Antioch Villages Gardens Atlanta, GA</b>		D. Comparable Property No. 4 <b>Clairmont Crest Atlanta, GA</b>		E. Comparable Property No. 5 <b>Capitol Gateway I&amp;II Atlanta, GA</b>	
		Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
3. Effective Date of Rental	N/AP	06/16		06/16		06/16		06/16		06/16	
4. Type of Project/Stories	ELE/3 STY	ELE/2STY		ELE/3STY		GDN/ELE/3STY		ELEV		GDN/3STY	
5. Floor of Unit in Bldg	1-3	1-2		1-3		1-3		1-5		1-3	
6. Project Occupancy %	95%	96%		100%		97%		100%		94%	
7. Concessions	N/AP	N		N		N		N		N	
8. Year Built	2016	2014		2005		2012		1985		2006	
9. Sq. Ft. Area (Net)	951	981	-5	850	45	970	20	1100	-75	1047	-45
10. Number of Bedrooms	2	2		2		2		2		2	
11. Number of Baths	2.0	1.0	50	2.0		2.0		2.0		2.0	
12. Number of Rooms	4	5		4		4		4		4	
13. Balcony/Terrace/Patio	N	Y	-5	Y		Y	-5	N		Y	
14. Garage or Carport	N	N		N		N		N		N	
15. Eqpmnt: a. A/C	Y	Y		Y		Y		Y		Y	
b. Range/Oven	Y/Y	Y/Y		Y/Y		Y/Y		Y/Y		Y/Y	
c. Refrigerator	Y	Y		Y		Y		Y		Y	
d. Disposal	Y	N	0	N		N		N		N	
e. Microwave	Y	Y		Y		Y		Y		Y	
f. Dishwasher	Y	Y		Y		Y		Y		Y	
g. Washer/Dryer	Y	N	50	N		N		N		N	
h. Carpet/Blinds	Y/Y	Y/Y		Y/Y		Y/Y		Y/Y		Y/Y	
i. Pool/Amenities	N/Y	N/Y		N/Y		N/Y		N/Y		N/Y	
16. Services: a. Heat/Type	N/E	N/E		N/E		N/E		N/E		N/E	
b. Cook/Type	N/E	N/E		N/E		N/E		N/E		N/E	
c. Electricity	N	Y	-125	Y		Y		Y		N	
d. Water Cold/Hot	Y/N	N/N		Y/Y		Y/Y		Y/N		N/N	
e. Sewer	Y	N	46	Y		Y		Y		N	
f. Trash	Y	Y		Y		Y		Y		Y	
17. Project Location	Average	Average		Average		Average		Average		Average	
18. Other - Overall Desirability	Good	Good		Good		Good		Good		Good	
20. Unit Rent Per Month	\$1,195	\$1,195	174	\$1,395	20	\$1,250	50	\$1,075	5	\$1,370	39
21. Total Adjustments											
22. Indicated Rent	\$1,320	\$1,369		\$1,415		\$1,300		\$1,080		\$1,409	

If there are any additional Remarks, check here and add the remarks to the back of page.

23. Correlated Subject Rent	\$1,320	
Appraiser's Signature & Date	<i>Stephen M. Rubin</i>	6/30/16
Reviewer's Signature & Date		

NOTE: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better enter a "Plus" amount and if subject is inferior to the comparable enter a "Minus" amount. Use below to explain adjustments as necessary.	
Comments:	
Avg. Mo. Rent Range	\$1,080 to \$1,415
Average	1315
Min	1080
Max	1415
Diff	335
60% Rule	1147
	1348
	335
	67
	1248

**ADDENDUM J – HUD-92264 MULTIFAMILY SUMMARY APPRAISAL REPORT**

# Multifamily Summary Appraisal Report

U.S. Department of Housing and Urban Development  
Office of Housing  
Federal Housing Commissioner

This form is in compliance with the requirements of the Uniform Standards of Professional Appraisal Practice for written reports, except where the Jurisdictional Exceptions is invoked to allow for minor deviations, as noted throughout. Additional technical directions is contained in the HUD Handbooks referenced in the lower right corner.

Application Processing Stage:  SAMA  Feasibility (Rehab)  Firm  
 Property Rights Appraised:  Fee Simple  Leasehold

Project Name: **Sterling at Candler Village** Project Number: **061-35858**

**Purpose.** This appraisal evaluates the subject property as security for a long-term insured mortgage. Included in the appraisal (Consultation for Section 221) are the analyses of market need, location, earning capacity, expenses, taxes and warranted cost of the property.

**Scope.** The Appraiser has developed, and hereunder reports, conclusions with respect to: feasibility, suitability of improvements; extent, quality, and duration of earning capacity; the value of real estate proposed or existing security for a long-term mortgage; and several other factors which have a bearing on the economic soundness of the subject property.

**A. Location and Description of Property**

1. Street Nos. **1955** 2. Street **Candler Road** 3. Municipality **Atlanta**

4a. Census Tract No. 4b. Placement Code **TBD** 4c. Legal Description (Optional) **Refer to Narrative Appraisal** 5. County **Decatur** 6. State and Zip Code **GA, 30032**

7. Type of Project:  Highrise  2-5 sty. Elev.  Elevator(s) **3**  Walkup  Row House  Detached  Semi-Detached  Town House 8. No. Stories **3** 9a. Foundation  Slab on Grade  Full Basement  Partial Basement  Crawl Space 9b. Basement Floor:  Structural Slab  Slab on Grade

10 E  Proposed  Existing 11. Number of Units: Revenue **170** Non-Rev. **0** 12. No. of Bldgs. **2** 13a. List Accessory Bldgs. and Area **384 SF Pavilion**

13b. List Recreation Facilities and Area  
**Community room with full kitchen, business center, fitness room, barbecue stations, picnic pavilion, on-site management, elevators, community garden plots, benches, sitting areas on each floor, one common area sunroom, one screened area and card key and intercom system at exterior entrances**

13c. Neighborhood Description

Location	<input checked="" type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Present Land Use	<b>30</b> % 1 Family	<b>0</b> % 2 to 4 Family
Built Up	<input checked="" type="checkbox"/> Fully Developed	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	<b>10</b> % Multifamily	<b>0</b> % Condo/Coop
Growth Rate	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Steady	<input type="checkbox"/> Slow		<b>30</b> % Commer.	<b>10</b> % Industrial
Property Values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining		<b>20</b> % Vacant	
Demands/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Oversupply	Change in Use	<input checked="" type="checkbox"/> Not Likely	<input type="checkbox"/> Likely <input type="checkbox"/> Taking Place
Rent Controls	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Likely	From _____ to _____		
				Predominant Occupancy	<input type="checkbox"/> Owner	<input checked="" type="checkbox"/> Tenant <b>14</b> % Vacant

Description of Neighborhood: (Note: Race and racial composition of the neighborhood are not appraisal factors.) (Describe the boundaries of the neighborhood and those factors, favorable or unfavorable, that affect marketability, including neighborhood stability, appeal, property conditions, vacancies, rent control, etc.)

**SEE THE APPRAISAL NARRATIVE FOR A COMPLETE DESCRIPTION OF THE SUBJECT NEIGHBORHOOD.**

**Site information**

14. Dimensions **5.519** 15a. Zoning (If recently changed, submit evidence) **C-1, General Commercial**

15b. Zoning Compliance  Legal  Illegal  Legal nonconforming (Grandfathered use)  No zoning

15c. Highest and Best Use as Improved  Present Use  Proposed use  Other use (explain)

15d. Intended M/F Use (summarize: e.g., Market Rent; Hi-Med. - Lo-End; Rent Subsidized; Rent restricted with or without Subsidy; Applicable Percentages)  
**Intended for age-restricted low income subsidized housing**

**Building Information**

16a. Yr. Built **2016** 16b.  Manufactured Housing  Conventionally Built  Modules  Components 17a. Structural System **WOOD FRAME** 17b. Floor System **wood/Gypcrete** 17c. Exterior Finish **Hardie Clapboard** 18. Heating-A/C System **Indiv Heat Pump**



**B. Additional Information Concerning Land or Property**

19. Date Acquired  <b>Pending</b>	20. Purchase Price  <b>\$ 1,700,000</b>	21. Additional Costs Paid or Accrued	22. If Leasehold, Annual Ground Rent	23a. Total Cost	23b. Outstanding Balance
---	---	--------------------------------------	--------------------------------------	-----------------	--------------------------

24a. Relationship (Business, Personal, or Other) Between Seller and Buyer

24b. Has the Subject Property been sold in the past 3 years?  Yes  No If "Yes," explain:

**The subject property is owned by Candler Senior Village, LP. The property is subject to a purchase and sale agreement between New Hope Associates, LLC, and Mack Wilbourne for a purchase price for the five subject parcels of \$1,700,000. The sale will close with the HUD loan closing.**

25. Utilities	Public	Community	Distance from Site	26. Unusual Site Features
Water	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<b>AT SITE</b>	<input type="checkbox"/> Cuts <input type="checkbox"/> Fills <input type="checkbox"/> Rock Formations <input type="checkbox"/> Erosion <input type="checkbox"/> Poor Drainage <input checked="" type="checkbox"/> None
Sewers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<b>AT SITE</b>	<input type="checkbox"/> High Water Table <input type="checkbox"/> Retaining Walls <input type="checkbox"/> Off Site Improvements
				<input type="checkbox"/> Other (Specify)

**C. Estimate of Income** (Attach forms HUD-92273, 92264-T, as applicable)

27. No. of Each Family Type Unit	Apartment Unit Area (Sq. Ft.)	Composition of Units	Unit Rent per Mo. (\$)	Total Monthly Rent For Unit Type (\$)
				<b>\$ -</b>
111	708	1BR/1BA 60%	\$706	<b>\$ 78,366</b>
59	951	2BR/2BA 60%	\$838	<b>\$ 49,442</b>

28. **Total Estimated Rentals for All Family Units** **\$ 127,808**

29. Number of Parking Spaces	Offstreet Parking and Other Non-Commercial Ancillary Income (Not Included in Unit Rent)		
<input checked="" type="checkbox"/> Handicap <b>11</b>	Covered Spaces <b>-</b> @ \$ <b>-</b> per month = \$ <b>-</b>		
<input checked="" type="checkbox"/> Self Park <b>120</b>	Garages @ \$ <b>-</b> per month = \$ <b>-</b>		
<b>Total Spaces 131</b>	Laundry <b>-</b> Sq. Ft. or Living Units @ \$ <b>-</b> per month = \$ <b>-</b>		
	Other <b>-</b> per month = \$ <b>-</b>		
	Other <b>-</b> per month = \$ <b>-</b>		
	Other <b>Other Income</b> per month = \$ <b>\$1,278.08</b>		
	<b>Total Monthly Ancillary Income</b>	<b>\$ 1,278.08</b>	

30. Commercial Income (Attach Documentation)

Area-Ground Level **-** sq. ft. @ \$ **-** per sq. ft./month = \$ **-** **Total Monthly** \$ **-**

Other Levels **-** sq. ft. @ \$ **-** per sq. ft./month = \$ **-** = **Commercial Income** **0**

31. **Total Estimated Monthly Gross Income at 100 Percent Occupancy** **\$ 129,086**

32. **Total Annual Rent** (Item 31 x 12 months) **\$ 1,549,033**

33. Gross Floor Area Est. <b>163,736</b> Sq. Ft.	34. Net Rentable Residential Area <b>127,937</b> Sq. Ft.	35. Net Rentable Commercial Area <b>-</b> Sq. Ft.
--	--	---

36. Non-Revenue Producing Space			
Type of Employee	No. Rms.	Composition of Unit	Location of Unit in Project
<b>None</b>			

36a. Personal Benefit Expense (PBE) (May produce additional revenue and expenses to be considered above and below.)

Tenant Employee-Paid Utilities Type(s) \_\_\_\_\_ Monthly Cost \$ \_\_\_\_\_

Landlord Employer-Paid Utilities Type(s) \_\_\_\_\_ Monthly Cost \$ \_\_\_\_\_

Previous editions are obsolete

form HUD-92264 (8/95)  
ref Handbooks 4465.1 & 4480.1

D. Amenities and Services Included in Rent (Check and circle appropriate items; fill-in number where indicate)

37a. Unit Amenities and 37b. Project Amenities. Includes checkboxes for ranges, refrigerators, disposal, air conditioning, etc., and a red text box detailing included amenities like community room, fitness room, and management services.

37c Unit Rating and 37d. Project Rating. Rating scales for Condition of Improvement, Room Sizes and Layout, Kitchen Equip., etc., with 'Aver.' column mostly checked.

38. Services and 39. Special Assessments. Includes checkboxes for Gas, Elec, Other services and Prepayable, Principal Balance, Annual Payment, Remaining Term.

Utilities Included in Rent are Water/Sewer and Trash.

E. Estimate of Annual Expense

Table with 5 columns: Category, Description, Amount, Inclusion Reference, Total. Rows include Administrative, Operating, Maintenance, Taxes, and Total Expense.

F. Income Computations

Table with 2 columns: Description and Amount. Rows include 30a. Estimated Residential Project Income, 30b. Estimated Ancillary Project Income, 30c. Residential and Ancillary Occupancy Percentage, 30d. Effective Gross Residential and Ancillary Income, 30e. Total Residential and Ancillary Project Expenses, 31. Net Residential and Ancillary Income to Project, 32a. Estimated Commercial Income, 32b. Commercial Occupancy.

Table with 2 columns: Description and Amount. Rows include c. Effective Gross Commercial Income, d. Total Commercial Project Expenses, 33. Net Commercial Income to Project, 34. Total Project Net Income, 35a. Residential and Ancillary Project Expense Ratio, 35b. Commercial Expense Ratio.

\* Vacancy and collection loss rates and corresponding residential and commercial occupancy percentages are analyzed through market data, but subject by Jurisdictional Exception to overall HUD underwriting mandates.

G. Estimated Replacement Cost

Table with 2 columns: Description and Amount. Rows include 36a. Unusual Land Improvements, 36b. Other Land Improvements, 36c. Total Land Improvements, Structures #, 37. Main Buildings, 38. Accessory Buildings, 39. Garages, 40. All Other Buildings, 41. Total Structures, 42. General Requirements.

Fees

Table with 2 columns: Description and Amount. Rows include 43. Builder's Gen. Overhead, 44. Builder's Profit, 45. Arch. Fee-Design, 46. Arch. Fee-Supvr., 47. Bond Premium, 48. Other Fees, 49. Total Fees, 50. Total All Improvements, 51. Cost Per Gross Sq. Ft., 52. Estimated Construction Time (Months).

\* Note: Jurisdictional Exception: In HUD programs, land, and/or existing Improvements are not valued for their "highest and best use," but instead, for their intended multifamily use (See Section J analysis below.)(Exception: Title II or VI Preservation). Offsite improvements are assumed completed in new construction land valuations (See Line M17 for estimated cost.) Unusual costs of site preparation are deducted from the "Value of the Site Fully Improved" to determine

Carrying Charges & Financing

Table with 2 columns: Description and Amount. Rows include 53. Interest, 54. Taxes, 55. Insurance, 56. FHA Mtg. Ins. Prem., 57. FHA Exam. Fee, 58. FHA Inspec. Fee, 59. Financing Fee, 60. Perm Placement Fee, 61. FF&E, 62. Title & Recording, 63. Total Carrying Charges & Financing.

Legal, Organization & Audit Fee

Table with 2 columns: Description and Amount. Rows include 64. Legal, 65. Organization, 66. Cost Certification Audit Fee, 67. Total Legal, Organization & Audit Fees, 68. Builder and Sponsor Profit & Risk, 69. Developer's Fee, 70. Lease up and Reserves, 71. Contingency Reserve, 72. Total Est. Development Cost, 73a. Warranted Price of Land, 73b. As Is Property Value, 73c. Off-Site, 74. Total Estimated Replacement Cost of Project.

H. Remarks

(Note: For Rehab only: Estimated Value of land without Improvements \$ Estimated Value of land and improvements "As Is" by Residual Method, i.e., After Rehabilitation Correlated Value minus line G72 Cost of Rehabilitation Improvements equals \$ ; line G 73b is the lesser of this residual amount, and the amount estimated by Supplemental for HUD-92264 "As is".)

I. Estimate of Operating Deficit

Refer to Attached Initial Operating Deficit Calculation

Table with 8 columns: Periods, Gross Income, Occ. %, Effec. Gross, Expenses, Net Income, Debt Serv. Reqmt., Deficit. Rows include 1. 1st, 2. 2nd.

3. Total Operating Deficit

Previous editions are obsolete

J. Project Site Analysis and Appraisal (See Chapter 2, Handbook 4465.1)

1. Is Location and Neighborhood acceptable? [X] Yes [ ] No
2. Is Site Adequate in Size for Proposed Project? [X] Yes [ ] No
3. Is Site Zoning permissible for intended use? [X] Yes [ ] No
4. Are Utilities available now to serve the Site? [X] Yes [ ] No
5. Is there a Market at this location for the Facility at the proposed Rents [X] Yes [ ] No
6. [X] Site acceptable for type of Project proposed under Section 221 (d)(4)
7. [ ] Site not Acceptable for reasons stated below.
Date of Inspection \* Note below under "Remarks" 6/30/2016
By Stephen M. Huber

8. Value Fully Improved
Location of Project 1955 Candler Road
Size of Subject Site 5.52 Acres
Table with 17 columns: Comparable Sales Address, Date of Sale, Sales Price, Size Acres, Price Per Acre, Units, Price/Unit, Physical Adjustments (%), Total Adjustment Factor, Adjusted Unit Price, Indicated Value by Comparison.
5. 1349 Collier Feb-13 \$1,850,000 6.94 \$266,571 184 \$10,054 0% 10% -10% 0% 0% 0% 0% 0.0% 10,054 1,709,239

Remarks: \* Note: The Effective Date of all land valuations is the date of inspection. 9. Value of Site Fully Improved \$ 1,700,000

10. Value "As Is"
Table with columns for property details and values.
11. Value of Site "As Is" by Comparison \$ 1,700,000

12. Acquisition Cost: (Last Arms-Length Transaction)
Buyer Address
Seller Address
Date \$
Source \$
13. Other Costs:
(1) Legal Fees and Zoning Costs -
(2) Recording and Title Fees -
(3) Interest on Investments -
(4) Other -
(5) Acquisition Cost (From 12 above) -
(6) Total Cost to Sponsor \$ -

14. Value of Land and Cost Certification:
(1) Fair Market Value of land fully improved (From 9 above) \$
(2) Deduct unusual items from Section G, item 36a. \$ -
(3) Warranted price of land fully improved (Replacement Cost items excluded) (Enter G-73) \$ -
For Cost Certification Purposes
(3a) Deduct cost of demol - and required off-sites \$ - to be paid by Mtgor. or by special assess \$ -
(4) Estimate of "As Is" by subtraction from improved value \$ -
(5) Estimate of "As Is" by direct comparison with similar unimproved sites (From 11 above) \$ 1,700,000
(6) "As Is" based on acquisition cost to sponsor (From 13 ab) \$ -
(7) Commissioner's estimated value of land "As Is" (The lesser of [4] or [5] above) \* \$ -

\* Where land is purchased from LPA or other Governmental authority for specific reuse, use t



Reconciliation

Capitalization \$ \_\_\_\_\_

Summation \$ \_\_\_\_\_

Comparison \$ \_\_\_\_\_

9. The market value (or replacement cost) of the property, as of the effective date of the appraisal, is \$ \_\_\_\_\_

M. To be Completed By Construction Cost Analysts

Cost Not Attributable to Dwelling Use

10. Parking	\$	-
11. Mail Kiosk		-
12. Tot Lot		-
13. Special Ext. Land Improvements		-
14. Other		-
15. Total	\$	-
Total Est. Cost of Off-Site Requirements		
16. Off-Site	Est. Cost	
	\$	-
		-
		-
		-
		-
17. Total Off-Site Costs	\$	

\*\* Note: For Section 221 mortgage insurance application processing, acceptable risk analysis produces a supportable replacement cost estimate, and the estimate reflected here is the replacement cost new/summation approach result. In effect, such "appraisals" are in fact USPAP "consultations" concerning economically supportable cost limits. For Section 207 and 223 processing, all three approaches to value are included in the appraisal, but the subject property is appraised for its intended multifamily use, not necessarily its "highest and best use." The definition provided in USPAP for "market value" is generally observed, but see Handbook 4465.1, paragraph 8-4, for qualifications.

Effective Dates: For new construction or substantial rehabilitation proposals, the effective date of the improvements component cost estimation is the Line G53 month estimate added to the report and certification date below. The land component is valued as of the inspection date. For Section 223, the effective date of the appraisal is the same as the reporting date, but assumes (hypothetically) the completion of all required

N. Signatures and Appraiser Certification

Architectural Processor	Date	Architectural Reviewer	Date
Cost Processor	Date	Cost Reviewer	Date

I certify that to the best of my 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 my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice; HUD Handbook 4465.1, *the Valuation Analysis Handbook for Projects* 1973 4480.1, *Multifamily Underwriting Forms Catalog*; and other applicable HUD handbooks and Notices
- I have made a personal inspection of the property that is the subject of this report.
- no one provided significant professional assistance to the appraisers signing this report, except for the Architectural and Engineering, and Cost Estimation professionals signing above. These professionals' estimations of the subject property's dimensions and "hard" replacement costs have been relied upon by the Appraiser and Review Appraiser.

Appraiser <i>Stephen M. Huber</i>	Date	Review Appraiser	Date
<b>Stephen M. Huber</b>	<b>6/30/2016</b>		
State Certification Number	State	State Certification Number	State
<b>CG1350</b>	<b>GA</b>		

The Review Appraiser certifies that he/she  Did  Did not inspect the subject property

Chief, Housing Programs Branch	Date	Director, Housing Development	Date
Field Office Manager/Deputy		Date	

O. Remarks and Conclusions (continue on back of page if necessary. Appraisal reports must be kept for a minimum of five years)

Lender's Underwriter X \_\_\_\_\_



**O. Remarks and Conclusions (continued)**

<b>PROJECTED INITIAL OPERATING DEFICIT CALCULATION FROM COMPLETION OF CONSTRUCTION</b>									
Number of Units			170						
Gross Income			\$1,549,033						
Operating Expenses (No R4R)			\$599,866						
Replacement Reserves			\$42,500						
Max Mortgage			\$14,395,000						
Mortgage Constant			5.0803% *						
Pre-leasing Efforts		15	8.82%				Reflects units occupied at completion of construction contract		
Absorption per month			15						
First Unit Available in Month			15						
	<b>Gross Income</b>		<b>Effective Gross</b>	<b>Expenses</b>	<b>Net Income</b>	<b>Debt Service Requirement</b>	<b>Deficit</b>	<b>% of Operating Expense</b>	
	<b>Periods</b>	<b>Occup. %</b>							
	<b>Interval 1-(from certificate of occupancy through end of construction)</b>								
	<b>Interval 2-(from end of cost certification to beginning of amortization)</b>								
1	Month 15	129,086	8.82%	11,390	24,994	(13,604)	47,983	(61,588)	50%
2	Month 16	129,086	17.65%	22,780	27,494	(4,714)	47,983	(52,697)	55%
	<b>Interval 3-(from beg. of amortization to positive NOI)</b>								
3	Month 17	129,086	26.47%	34,170	32,118	2,052	60,943	(58,891)	60%
4	Month 18	129,086	35.29%	45,560	34,795	10,765	60,943	(50,178)	65%
5	Month 19	129,086	44.12%	56,950	37,471	19,478	60,943	(41,464)	70%
6	Month 19	129,086	52.94%	68,340	40,148	28,192	60,943	(32,751)	75%
7	Month 20	129,086	61.76%	79,730	45,501	34,229	60,943	(26,714)	85%
8	Month 21	129,086	70.59%	91,120	48,177	42,942	60,943	(18,000)	90%
9	Month 22	129,086	79.41%	102,510	50,854	51,656	60,943	(9,287)	95%
10	Month 23	129,086	88.24%	113,899	53,531	60,369	60,943	(574)	100%
	<b>Total Projected Operating Deficit</b>							<b>(352,144)</b>	
*The mortgage constant is the ratio between the annual amount of debt servicing to the total value of the loan. In the case of the subject it is built-up using the provided loan interest rate of 3.75%, 40 year term, monthly payments and the provided mortgage insurance premium of 0.25%									



**Rent Estimates for  
Low/Moderate Income Units  
Non-Section 8 Projects  
Involving Tax-Exempt Financing  
or Low Income Housing Tax Credits**

**U.S. Department of  
Housing  
and Urban Development  
Office of Housing**

OMB No. 2502-0029 (Exp. 9/30/97)

Public reporting burden for this collection of information is estimated to average 0.10 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Reports Management Officer, Office of Information Policies and Systems, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600 and to the Office of Management and Budget, Paperwork Reduction Project (2502-0331), Washington, D.C. 20503. Do not send this completed form to either of the above addressees.

	1 Bedroom	2 Bedrooms			
1. Rent by Market Comparison	\$ 1,050	\$ 1,320			
2. Personal Benefit Expense (if any)	\$ 62	\$ 83			
3. The Percentage of Median Income (adjusted for family size) used for income limits 40%, <u>50%</u> , 60% (circle only one; then enter the applicable dollar income limit for each unit.)	\$ 25,600	\$ 30,700			
4. Estimate Maximum Affordable Monthly Rent for Restricted Units* $[(0.30 \times \text{line 3}) / 12] - \text{line 2}$	\$ 578	\$ 685			
5. Estimated Obtainable Monthly Rent for Restricted Units**	\$ 706	\$ 838			
6. Monthly Rent Estimate for Restricted Units (least of lines 1, 4, or 5)***	\$ 706	\$ 838			
7. Number of each unit type with income limits shown on line 3	22	12			
8. Number of each unit type shown on another form HUD-92264-T with other income limits	-	-	-	-	-
9. Number of each unit type with no income limits using unsubsidized market rents from line 1	-	-	-	-	-

\* Where State or local laws, ordinances or regulations limit rent to an amount lower than this formula estimate, or the sponsor's proposed rent is less than this formula estimate, enter the lower amount and explain below.

\*\* Where the Valuation staff evidence that the project's tax credit assisted units would not be marketable to income eligible households at the lesser of the maximum affordable monthly rents (line 4) or the rent by market comparison (line 1), based on the market analysis review by EMAS, enter the recommended estimated monthly rent obtainable for the restricted units, as approved by the Director, Housing Development Division. For Section 223(f) cases involving projects with existing Section 8 HAP contracts, use this line to enter the processing rents calculated in accordance with the outstanding instructions involving the refinancing or purchase of Section 8 projects with outstanding project based contracts.

Replaces from HUD-92264-TE (12/84) which is obsolete

CWC No.: 99999

form HUD-92264-T (3/92)

ref. Handbook 4480.1

**Rent Estimates for  
Low/Moderate Income Units**  
Non-Section 8 Projects  
Involving Tax-Exempt Financing  
or Low Income Housing Tax Credits

**U.S. Department of  
Housing  
and Urban Development**  
Office of Housing

OMB No. 2502-0029 (Exp. 9/30/97)

Public reporting burden for this collection of information is estimated to average 0.10 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Reports Management Officer, Office of Information Policies and Systems, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600 and to the Office of Management and Budget, Paperwork Reduction Project (2502-0331), Washington, D.C. 20503. Do not send this completed form to either of the above addressees.

	1 Bedroom	2 Bedrooms			
1. Rent by Market Comparison	\$ 1,040	\$ 1,320			
2. Personal Benefit Expense (if any)	\$ 62	\$ 83			
3. The Percentage of Median Income (adjusted for family size) used for income limits 40%, 50%, <b>60%</b> (circle only one; then enter the applicable dollar income limit for each unit.)	\$ 30,720	\$ 36,840			
4. Estimate Maximum Affordable Monthly Rent for Restricted Units* $[(0.30 \times \text{line 3}) / 12] - \text{line 2}$	\$ 706	\$ 838			
5. Estimated Obtainable Monthly Rent for Restricted Units**	\$ 706	\$ 838			
6. Monthly Rent Estimate for Restricted Units (least of lines 1, 4, or 5)***	\$ 706	\$ 838			
7. Number of each unit type with income limits shown on line 3	89	47			
8. Number of each unit type shown on another form HUD-92264-T with other income limits	-	-	-		
9. Number of each unit type with no income limits using unsubsidized market rents from line 1	-	-	-		

\* Where State or local laws, ordinances or regulations limit rent to an amount lower than this formula estimate, or the sponsor's proposed rent is less than this formula estimate, enter the lower amount and explain below.

\*\* Where the Valuation staff evidence that the project's tax credit assisted units would not be marketable to income eligible households at the lesser of the maximum affordable monthly rents (line 4) or the rent by market comparison (line 1), based on the market analysis review by EMAS, enter the recommended estimated monthly rent obtainable for the restricted units, as approved by the Director, Housing Development Division. For Section 223(f) cases involving projects with existing Section 8 HAP contracts, use this line to enter the processing rents calculated in accordance with the outstanding instructions involving the refinancing or purchase of Section 8 projects with outstanding project based contracts.



**QUALIFICATIONS OF  
STEPHEN M. HUBER  
EVERSON, HUBER & ASSOCIATES, LC**  
3535 Roswell Road, Suite 55, Marietta, Georgia 30062  
(770) 977-3000, Ext. 302  
Fax: (770) 977-3490  
E-mail: shuber@ehalc.com

**EXPERIENCE**

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

**CERTIFICATION**

Certified General Real Property Appraiser: State of Georgia - Certificate Number CG001350  
Certified General Real Property Appraiser: State of Alabama - Certificate Number C00625  
Certified General Real Property Appraiser: State of Tennessee - Certificate Number 3855

**EDUCATION**

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

Appraisal Institute courses and seminars completed are as follows:

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

Continuing education courses completed during last five years include:

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

**PROFESSIONAL**

Candidate for Designation of the Appraisal Institute



# STATE OF GEORGIA REAL ESTATE APPRAISERS BOARD

**STEPHEN MICHAEL HUBER**

**1350**

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

62117553

**STEPHEN MICHAEL HUBER**

# 1350  
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**

07/11/1991

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



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

62117553

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**QUALIFICATIONS OF  
INGRID OTT  
EVERSON, HUBER & ASSOCIATES, LC**  
3535 Roswell Road, Suite 55  
Marietta, Georgia 30062  
(770) 977-3000, Ext. 314  
E-mail: iott@ehalc.com

**EXPERIENCE**

Associate appraiser with Everson, Huber & Associates, LC, since September 2003. Appraisal assignments have been performed on many types of commercial real estate located throughout metro Atlanta and the southeastern United States. These property types include vacant land, apartments, HUD, age-restricted, PBRA and LIHTC apartments; medical buildings and cancer treatment centers, light manufacturing buildings, single- and multi-tenant office buildings, single- and multi-tenant warehouse/distribution buildings, hangars and airport-based businesses, entertainment complexes, hotel/motels, shopping centers, residential subdivisions, mixed-use developments, youth therapeutic camps, residential treatment centers, schools, churches, restaurants, shopping centers and freestanding retail buildings. Appraisal assignments have been prepared for financial institutions and owners.

**EDUCATION**

Masters of Arts, Economic Geography, University of Georgia, Athens, Georgia

Bachelor of Business Administration, Major in Marketing and Distribution, University of Georgia, Athens, Georgia

Professional courses/tests by America's Real Estate Academy (This course fulfills the requirements of Chapter 539-2 under Rules and Regulations of the Georgia Real Estate Appraisers Board.):

Appraisal Principles  
Appraisal Applications  
USPAP

Appraisal Institute and professional courses/tests and seminars as follows:

Course 310	Basic Income Capitalization
Course 320	General Applications
Course 330	Apartment Appraisal: Concepts and Applications
Course 510	Advanced Income Capitalization
Course 520	Highest & Best Use & Market Analysis
Course 540	Report writing and Valuation Analysis

**CERTIFICATION**

State Certified General Real Property Appraiser: State of Georgia - Certificate Number 265709

**PROFESSIONAL**

Candidate for Designation of the Appraisal Institute

STATE OF GEORGIA  
REAL ESTATE APPRAISERS BOARD

**INGRID NOERENBERG OTT**

**265709**

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

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D. SCOTT MURPHY  
Chairperson

RONALD M. HECKMAN  
JEANMARIE HOLMES  
KEITH STONE

JEFF A. LAWSON  
Vice Chairperson

37225722

**INGRID NOERENBERG OTT**

# 265709  
Status ACTIVE

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APPRAISER**

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

**ORIGINALLY LICENSED**

09/05/2003

**END OF RENEWAL**  
07/31/2017



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

37225722

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Real Estate Commission  
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229 Peachtree Street, N.E.  
Atlanta, GA 30303-1605



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

37225722





Capital One Multifamily Finance, LLC 240.507.1694  
7600 Wisconsin Avenue, Suite 800 capitalone.com  
Bethesda, MD 20814

***VIA EMAIL***

June 17, 2016

Steve Huber  
Everson Huber & Associates, LC  
3535 Roswell Road, Suite 55  
Marietta, GA 30062

Re: **Sterling at Candler Village**  
**1955 Candler Road**  
**Decatur, GA 30032**  
**Units: 170**

Dear Mr. Huber:

This letter serves as our agreement to retain your services as an appraiser to prepare a self-contained narrative Appraisal UPDATE for the above referenced project for the purpose of obtaining mortgage insurance through the Department of Housing and Urban Development (HUD), Federal Housing Administration (FHA) under the following terms. The subject update will be the 2<sup>nd</sup> update of this Appraisal, with the initial Appraisal engaged on September 2, 2015 and the 1<sup>st</sup> update engaged on January 14, 2016.

1. You certify that you are properly licensed in the jurisdiction in which the subject property is located, attended the required MAP training and meet all the qualifications and competence requirements outlined in the MAP Guide. You acknowledge that you are the primary appraiser designated by Capital One and approved by HUD. In addition, you agree that you will perform the property inspection and sign the appraisal report and all supporting form documentation. You further certify that you have not been excluded, disbarred, suspended, or subject to a Limited Denial of Participation (LDP) in any FHA/HUD related programs, nor has your firm. You are responsible for your work product and, should any misrepresentation occur, acknowledge that you are the responsible party. You do not have the authority to act on behalf of CAPITAL ONE to HUD. By executing this agreement you are attesting to understand these requirements and the qualification to fulfill them.

2. For the subject property, you will prepare a self-contained narrative Appraisal. The report will be in conformance with HUD Section 221(d) 4 requirements as outlined in the **MAP Guide (as revised January 29, 2016, and as amended)**, HUD/FHA policies and procedures and applicable HUD Notices and Handbooks. In addition, you will review HUD Frequently Asked Questions (FAQ) for clarifications and revisions to MAP Guide Chapter 7. You will prepare all required HUD forms including, but not limited to: HUD-92264 (Summary Appraisal Report) and HUD-92264-A, HUD-92274 (Operating Expense Analysis Worksheet) and HUD-92273 (Estimate of Market Rents by Comparison) as outlined in the MAP Forms Book. In addition, you will satisfy Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (“USPAP”), Title XI of the Financial Institutions Reform Recovery and Enforcement Act of 1989 (“FIRREA”).
  
3. The appraisal report is to include the following information.
  - a. Have an effective date the same as the site inspection date.
  - b. Include photographs of the subject and comparable rental properties.
  - c. Include maps of the rent and land comparable properties.
  - d. Adequately describe and analyze the:
    1. Geographic area
    2. Neighborhood
    3. Rental competition
    4. Project site
    5. Subject improvements
  - e. Identify the “Warranted Price of Land” as defined in HUD Handbook 4465.1 and the MAP Guide, or “as is” value of land and buildings for substantial rehabilitation projects.
  - f. Identify the “Estimate of Market Rent by Comparison” as of the appraisal date and as defined in the form’s instructions, and update if more than six months has elapsed from the date of the Rent and Expense Analysis and for changes in market conditions. Rent concessions in a comparable must be included in the data and appropriate adjustments are to be made to the rent from the comparable unit. An individual HUD Form-92273 must be included for each unit type.
  - g. Estimate the project’s operating expenses on form HUD-92274, based upon at least three expense comparables and as defined in the form’s instructions. Form HUD-92274, estimate of expenses is to be updated if more than six months has elapsed from the date of the Rent and Expense Analysis and for changes in the market conditions.



- h. Properly update the expense comparables, disclose the name and address of the expense comparables, and update the subject's expenses as of the date of the appraisal.
- i. Estimate the project's potential gross income and stabilized occupancy ratio in the form HUD-92264 as defined in the form's instructions.
- j. If commercial facilities are to be located within the project, the appraiser is to include a separate analysis of the effect the commercial space will have on the project, as outlined in the MAP Guide.
- k. Provide an estimate of the maximum insurable mortgage by completing a Trial Form HUD-92264-A.
- l. Any large discrepancies in value as a result of different methodologies used to determine commercial value shall be fully discussed.
- m. Establish the project's "Replacement Cost" in accordance with Section 7.6 of the MAP Guide, and form HUD-2264 instructions - *Firm Application Report only*.
- n. Estimate the project's operating deficit as defined and outlined in the MAP Guide - *Firm Application Report only*.
- o. Estimate the project's Remaining Effective Life as defined and outlined in the MAP Guide - *Firm Application Report only*.

4. You will include your USPAP certification and the following HUD certification:

**I understand that my Appraisal will be used by Capital One Multifamily Finance, LLC (MAP Lender) to document to the U.S. Department of Housing and Urban Development that the MAP Lender's application for FHA multifamily mortgage insurance was prepared and reviewed in accordance with the HUD requirements. I certify that my review was in accordance with the HUD requirements applicable on the date of my review and that I have no financial interest or family relationship with the officers, directors, stockholders, or partners of the Borrower, the general contractor, any subcontractors, the buyer or seller of the proposed property or engage in any business that might present a conflict of interest.**

**I am employed full time by the MAP Lender (underwriter) or under contract for this specific assignment (Appraisal) and that I have no other side deals, agreements, or financial considerations with the MAP Lender or others in connection with this transaction.**

----- Signature

**Warning: Title 18 U.S.C. 1001, provides in part that whoever knowingly and willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry, in any manner in the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years or both.**

5. Timing and Fee:

- a. Your compensation for the 2<sup>nd</sup> UPDATE to the Firm–Application Appraisal report will be \$3,000 inclusive of expenses.
- b. A full electronic draft of the Firm–Application report is due by July 8, 2016.
- c. Any extension of the above–mentioned due date must be requested in writing and shall be at the discretion of Capital One.
- d. Failure to deliver the draft report on or before the due date without prior written approval from Capital One will result in a penalty of \$100 per day beginning on the first day following the due date.
- e. Provide a list of the documentation you require for the report with this engagement.
- f. Please include your Federal Tax ID number or your Social Security number on your invoice(s).

6. Deliverables

- a. Draft report in accordance with this letter and other HUD guidelines.
- b. The reports are to be addressed to Brian J. Dylong, Assistant Vice President, 7600 Wisconsin Avenue, Suite 800, Bethesda, MD 20814.
- c. Revisions required by Capital One to conform to HUD guidance on a time of the essence basis.
- d. Your report will be reviewed upon receipt and will not be considered complete until our review finds it complete and in compliance with the above standards. You should quickly respond to any request for additional support or clarification.
- e. Two color copies (bound) of the final report as approved by Capital One.
- f. One complete electronic color copy of the report.
- g. You will perform a thorough technical review of the appraisal report for the project before submitting it to Capital One to insure that it meets the requirements as outlined above, the requirements of MAP Guide Chapter 7, all USPAP and FIRREA guidelines.
- h. Responses or revisions to the report as necessary to satisfy HUD’s processing comments during its review. HUD allows five (5) business days for response once comments are delivered to Capital One.

Capital One Multifamily Finance, LLC is considering providing financing for the property. Your contact for scheduling the site visit is Brian Dylong, who can be contacted at 240.507.1911 or brian.dylong@capitalone.com.

You understand that your client is Capital One Multifamily Finance, LLC, not the borrower, and that our relationship and the terms of your engagement are confidential. Accordingly, you agree that you will not communicate with the borrower regarding the subject of this agreement nor will you share information provided by us to any other party except upon the express written permission of Capital One Multifamily Finance, LLC.

Please acknowledge this agreement by signing below and returning one original to us at the above address. Very truly yours,

Capital One Multifamily Finance, LLC



Jacob Vial  
Vice President

**Acknowledged and Agreed:**

Steve Huber

By: Stephen M. Huber

Name: Stephen M. Huber  
Everson, Huber & Associates

Title: Principal

Date: 6/18/16