



**A MARKET VALUATION OF  
PARK WEST**

*Located at*

**2961 LENORA CHURCH ROAD  
SNELLVILLE, GWINNETT COUNTY, GEORGIA 30078**

**Effective Date: October 6, 2016  
Report Date: November 30, 2016**

*Prepared For*

**Mr. Thompson Gooding  
Oracle Consulting Services  
1221 S. 4th Street  
Louisville, KY 40203**

*Prepared By*

**Novogradac & Company LLP  
6700 Antioch Road, Suite 450  
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**NOVOGRADAC  
& COMPANY** LLP®  
CERTIFIED PUBLIC ACCOUNTANTS

November 30, 2016

Mr. Thompson Gooding  
Oracle Consulting Services  
1221 S. 4th Street  
Louisville, KY 40203

Re: Appraisal of Park West  
2961 Lenora Church Road, Snellville, Gwinnett County, Georgia

Dear Mr. Gooding:

We are pleased to present our findings with respect to the value of the above-referenced property, Park West (“Subject”). The Subject is a proposed new construction 71-unit low income housing tax credit (LIHTC) development that will be restricted to households earning 60 percent of AMI or less. We are concurrently preparing a market study for the Subject for application purposes. We have performed no other services on the Subject in the three years immediately preceding this engagement. As requested we provided several value estimates of both tangible and intangible assets, described and defined below:

- Land Value “As Is”.
- Hypothetical Market Value Upon Completion Assuming Restricted Rents.
- Hypothetical Market Value Upon Completion Assuming Unrestricted Rents.
- Hypothetical Market Value “As Complete and Stabilized” – hypothetical value assuming as complete and stabilized with restricted rents.
- Hypothetical Market Value “As Complete and Stabilized” – hypothetical value assuming as complete and stabilized with unrestricted rents.
- Prospective Market Value at loan maturity.
- Valuation of Tax Credits.
- Favorable Financing.

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

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

Market value is defined as:

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

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

This report complies with FIRREA (1989) regulations.

**“As Is” Value**

The Subject’s as is value, as of October 6, 2016 is:

**EIGHT HUNDRED NINETY THOUSAND DOLLARS**  
**(\$890,000)**

**Upon Completion Assuming Restricted Rents**

The Subject’s hypothetical market value of the real estate assuming proposed restricted rental rates, “Upon Completion,” as of October 6, 2016, is:

**SIX MILLION DOLLARS**  
**(\$6,000,000)**

**Upon Completion Assuming Unrestricted Rents**

The Subject’s hypothetical market value of the real estate assuming unrestricted operation “Upon Completion,” as of October 6, 2016, is:

**TEN MILLION DOLLARS**  
**(\$10,000,000)**

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

Mr. Thompson Gooding  
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November 30, 2016

**As Complete and Stabilized Restricted**

The Subject's estimated market value "As Complete and Stabilized" assuming proposed restricted rental rates, as of October 6, 2016, is:

**SIX MILLION ONE HUNDRED THOUSAND DOLLARS  
(\$6,100,000)**

**As Complete and Stabilized Unrestricted**

The Subject's estimated hypothetical market value "As Complete and Stabilized" assuming unrestricted market rental rates, as of October 6, 2016, is:

**TEN MILLION TWO HUNDRED THOUSAND DOLLARS  
(\$10,200,000)**

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

The prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, subject to the rental restrictions in the year 2047, as of October 6, 2016, is:

**SEVEN MILLION THREE HUNDRED THOUSAND DOLLARS  
(\$7,300,000)**

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

The hypothetical prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, as an unrestricted property in the year 2047, as of October 6, 2016, is:

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

**Tax Credit Value**

The market value of the tax credits allocated to the Subject over a ten-year period, on a cash equivalent basis and the date of completion, as of October 6, 2016, is:

*Federal*  
**FOUR MILLION FOUR HUNDRED THIRTY THOUSAND DOLLARS  
(\$4,430,000)**

*State*  
**TWO MILLION FOUR HUNDRED FORTY THOUSAND DOLLARS  
(\$2,440,000)**

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

Mr. Thompson Gooding  
Oracle Consulting Services  
November 30, 2016

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

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

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

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

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

Respectfully submitted,



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



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Brian Neukam  
Certified General Real Estate Appraiser  
GA License #329471  
Expiration Date: 3/31/2017

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## **EXECUTIVE SUMMARY**

## EXECUTIVE SUMMARY

### PROPERTY SUMMARY OF SUBJECT

**Property Appraised:**

Park West (Subject) is a proposed new construction LIHTC development that will consist of 71 two and three-bedroom units located in six, three-story residential buildings, as well as one building housing the management office, community room, computer lab, and fitness center. The design will feature wood frame construction with brick façade and hardi-plank siding. The Subject is located at 2961 Lenora Church Road, Snellville, Gwinnett County, Georgia. An aerial view of the Subject site is included below.

**Aerial Image:**



**Parcel ID Number:** The Subject is identified as assessor parcel ID number: 5028-085.

**Land Area:** According to the Gwinnett County Tax Assessor, the Subject site encompasses 8.9 acres, or approximately 387,684 square feet.

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

**Unit Mix:** The following tables summarize the Subject’s proposed unit mix, rents, and unit sizes.

PROPOSED RENTS						
Unit Type	Number of Units	Unit Size (SF)	Net LIHTC Rents	Utility Allowance (1)	Gross LIHTC Rents	Maximum Allowable Gross LIHTC (2)
<b>60% AMI</b>						
2BR/1.5BA	9	985	\$770	\$134	\$904	\$921
3BR/2BA	62	1,115	\$850	\$167	\$1,017	\$1,064
<b>Total</b>	<b>71</b>					

(1)Utility allowance provided by the Georgia Department of Community Affairs, effective 7/1/2015

(2) Rents in effect as of January 1, 2016

UNIT MIX AND SQUARE FOOTAGE			
Unit Type	Number of Units	Unit Size (SF)	Gross Area
2BR/2BA	9	985	8,865
3BR/2BA	62	1,115	69,130
<b>Total</b>	<b>71</b>		<b>77,995</b>

**Ownership History of the Subject:**

Ownership of the site is vested in the Twin Lakes Management Corporation. The Subject parcels were transferred from Charles S. Wilder, Jr. to Twin Lakes Management Corporation on December 28, 2012 for an undisclosed amount. According to the purchase agreement provide by the client, Twin Lakes Management Corporation (seller) will transfer the property to Oracle Consulting Services, LLC (buyer) for a purchase price of \$225,000 in an arm’s length transaction. Our estimated as is value of \$890,000 indicates a buyer’s advantage.

**Highest and Best Use “As Is”:**

The highest and best use for the property as is would be to construct a 71-unit multifamily rental property with financial subsidies. Without subsidies, it would be to hold until the market rent supports construction.

## INDICATIONS OF VALUE

<b>AS IS VALUE</b>				
<b>Scenario</b>	<b>Units</b>	<b>Price Per Unit</b>	<b>Indicated Value (Rounded)</b>	
Land Value	71	\$12,500	\$890,000	
<b>COST APPROACH ANALYSIS</b>				
<b>Scenario</b>			<b>Indicated Value (Rounded)</b>	
As Proposed Restricted			\$11,200,000	
<b>DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE"</b>				
<b>Scenario</b>	<b>Loss To Lease</b>		<b>Indicated Value (Rounded)</b>	
As Complete Restricted	\$135,808		\$6,000,000	
As Complete Unrestricted	\$193,214		\$10,000,000	
<b>DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"</b>				
<b>Scenario</b>	<b>Cap Rate</b>	<b>Net Operating Income</b>	<b>Indicated Value (Rounded)</b>	
As Proposed Restricted	6.00%	\$364,804	\$6,100,000	
As Proposed Unrestricted	6.00%	\$609,676	\$10,200,000	
<b>EGIM ANALYSIS - "AS COMPLETE AND STABILIZED"</b>				
<b>Scenario</b>	<b>EGIM</b>	<b>Effective Gross Income</b>	<b>Indicated Value (Rounded)</b>	
As Proposed Restricted	8.5	\$717,100	\$6,100,000	
As Proposed Unrestricted	9.8	\$1,044,320	\$10,200,000	
<b>NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"</b>				
<b>Scenario</b>	<b>Number of Units</b>	<b>Price per unit</b>	<b>Indicated Value (Rounded)</b>	
As Proposed Restricted	71	\$86,000	\$6,100,000	
As Proposed Unrestricted	71	\$143,000	\$10,200,000	
<b>VALUE AT LOAN MATURITY - RESTRICTED</b>				
		<b>Year</b>	<b>Indicated Value (Rounded)</b>	
Restricted		30 years	\$7,300,000	
<b>VALUE AT LOAN MATURITY - UNRESTRICTED</b>				
		<b>Year</b>	<b>Indicated Value (Rounded)</b>	
Unrestricted		30 years	\$11,800,000	
<b>TAX CREDIT VALUATION</b>				
		<b>Credit Amount</b>	<b>Price Per Credit</b>	<b>Indicated Value (Rounded)</b>
Federal LIHTC		\$4,431,474	1.00	\$4,430,000
State LIHTC		\$4,431,474	0.55	\$2,440,000

**Exposure Time:** Nine – 12 Months

**Marketing Period:** Nine – 12 Months

## **FACTUAL DESCRIPTION**

## FACTUAL DESCRIPTION

### APPRAISAL ASSIGNMENT AND VALUATION APPROACH

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

- Land Value “As Is”.
- Hypothetical Market Value Upon Completion Assuming Restricted Rents.
- Hypothetical Market Value Upon Completion Assuming Unrestricted Rents.
- Hypothetical Market Value “As Complete and Stabilized” – hypothetical value assuming as complete and stabilized with restricted rents.
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- Prospective Market Value at loan maturity.
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In determining the value estimates, the appraisers employed the cost, sales comparison, and income capitalization approaches to value.

In the cost approach to value, the value of the land is estimated. Next, the cost of the improvements as if new is estimated. Accrued depreciation is deducted from the estimated cost new to estimate the value of the Subject property in its current condition. The resultant figure indicates the value of the whole property based on cost. Generally, land value is obtained through comparable land sales. Replacement or reproduction costs, as appropriate, are taken from cost manuals, unless actual current cost figures are available.

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

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

**Property Identification**

The Subject site is located at 2961 Lenora Church Road in Snellville, Gwinnett County, Georgia. The Subject is identified as parcel ID number: 5028-085.

**Intended Use and Intended User**

Oracle Consulting Services is the client in this engagement. We understand that they will use this document for LIHTC application purposes. As our client, Oracle Consulting Services owns this report and permission must be granted from them before another third party can use this document. Oracle Consulting Services and Georgia DCA are the intended users. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential users under a separate agreement.

**Property Interest Appraised**

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

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

The site was inspected on October 6, 2016. In general, we have prepared this report based on our analysis of current market conditions relative to the Subject.

**Scope of the Appraisal**

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

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

**Compliance and Competency Provision**

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

**Unavailability of Information**

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

**Furniture, Fixtures, and Equipment**

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

**Ownership and History of Subject**

Ownership of the site is vested in the Twin Lakes Management Corporation. The Subject parcels were transferred from Charles S. Wilder, Jr. to Twin Lakes Management Corporation on December 28, 2012 for an undisclosed amount. According to the purchase agreement provide by the client, Twin Lakes Management Corporation (seller) will transfer the property to Oracle Consulting Services, LLC (buyer) for a purchase price of \$225,000 in an arm's length transaction. Our estimated as is value of \$890,000 indicates a buyer's advantage.

# **REGIONAL AND LOCAL AREA ANALYSIS**

## REGIONAL AND LOCAL AREA ANALYSIS

### ECONOMIC ANALYSIS

The Atlanta-Sandy Springs-Roswell, GA MSA, which is comprised of 29 counties, experienced employment growth from 2005 to 2007. Total employment decreased from 2007 to 2010. It should be noted that the MSA lost a significant number of jobs in 2009, which was due to the most recent national recession. However, total employment has continued to increase annually from 2011 to 2016 year-to-date. Between July 2015 and July 2016, total employment increased by 4.3 percent in the MSA, compared to a 1.8 percent increase in the nation. In 2014, total employment reached pre-recessionary levels and continues to grow. Additionally, as of July 2016, the unemployment rate in the MSA was 5.1 percent, which is comparable to the nation. Overall, it appears the MSA was affected by the recent national recession, but appears to have recovered and is in a state of growth. The local economy appears to be diverse and low-paying jobs in the education, retail trade, manufacturing, and government sectors are expected to generate demand for affordable housing in the PMA.

### Major Employers

The table below illustrates the major employers in Gwinnett County, GA as provided by the Snellville-Gwinnett Economic Development Commission.

MAJOR EMPLOYERS – GWINNETT COUNTY, GA		
Employer	Industry	Number Employed
Gwinnett County Public School System	Education	19,813
Gwinnett County Government	Government	4,825
Gwinnett Medical Center	Healthcare	4,120
Publix Super Market	Retail	1,321
Wal-Mart	Retail	2,780
State of Georgia	Government	2,552
Kroger	Retail	2,162
United States Postal Service	Government	2,151
Cisco Systems, Inc.	Manufacturing	1,600
Primerica	Insurance	1,530

Source: Gwinnett Chamber, Economic Development, 9/2016

The largest employer in Gwinnett County is the Gwinnett County Public School System. Four of the top 10 employers in the MSA are from the government and education sectors. Lower skilled employees in these industries are likely to have incomes in line with the Subject's income restrictions. Other industries represented in the major employers in the MSA include health care, retail, manufacturing, and insurance industries.

### Expansions/Contractions

We attempted to speak with Eric G. Van Ottern, Economic Development Manager with the City of Snellville Economic Development Department regarding business expansions and contractions in Snellville; however, our phone calls and emails were not returned.

Through internet research we discovered that two new restaurants, Taco Bell and Cookout had started construction in early 2016. Additionally, 156 new business licenses have been issued since January 2016. In October 2015, YSS Athletics, an athletic apparel company, expanded their headquarters and manufacturing operations, which doubled their previous office and manufacturing space.

Additionally we contacted the Gwinnett County Economic Development Chamber and were directed to their web-site. The following information details significant economic growth in Gwinnett County over the past year.

- Hendrick Automotive Group opened a consolidated regional headquarters in Gwinnett in August 2016. Since 2015, Hendrick Automotive Group, the largest privately held automotive retail organization in the United States, has invested nearly \$22 million in expansion and relocation projects in Gwinnett County. These expansions are anticipated to create nearly 200 jobs over the next three years. The company currently employs 1,065 employees in Georgia, with nearly 1,000 of those jobs in Gwinnett County.
- Halocarbon Products Corporation (Halocarbon), a leading worldwide producer of specialty fluorochemicals, non-flammable oils, greases and waxes, and inhalation anesthetics announced the location of its corporate headquarters in the City of Peachtree Corners, in Gwinnett County. The headquarters, which opened in August of 2016, will house the executive team, and the company plans to add ten to 20 additional staff members over the next two years.
- Hollis Cobb Associates, a leading accounts receivable management company, expanded its regional headquarters in Duluth in July, 2016. The expansion included the construction of a new 27,000 square foot facility. The facility will allow the company to house their rapidly expanding workforce and is anticipated to bring 200 new jobs to Georgia and Gwinnett County over the next few years.
- ThredUP, an online marketplace for consumers to buy and sell secondhand women's and children's clothing, established a distribution and warehouse operation in Gwinnett County in May of 2016. This project represents more than 300 new jobs to the Gwinnett community. ThredUP has grown more than 200 percent annually since 2011 and closed an \$81 million investment deal led by Goldman Sachs Investment Partners in late 2015.
- Biolife, a plasma collection center, opened in Gwinnett County in April of 2016. It created 50 new jobs and implemented a \$7 million capital investment in the city of Centerville.
- Incomm, a prepaid product and transaction services company, will add 120 new jobs to the area and a capital investment of \$20 million in an expansion in Peachtree Corners and

Suwanee. Most of these positions will be in the information and technology field. This project is anticipated to be complete by mid-2017.

- Conway, Inc., the world’s only full-service agency in the global corporate investment industry, announced in February of 2016, that it added 15 jobs to its current location and expects to add 25 more employees by the end of this year. The company is located in Peachtree Corners.
- Shake-N-Go and Model Model, a wig and hair accessories company located in Duluth, expanded its product distribution operation in January of 2016. It acquired a 100,000 square foot warehouse and plans to add 100 employees to its operation over the next five years.
- Kraiburg TPE opened a newly constructed manufacturing facility in Hamilton Mill in December of 2015. The 70,000 square foot building represents a \$15 million investment and the addition of 20 new jobs to the area.

The table below details the new business and expansions in Gwinnett County.

NEW BUSINESS AND EXPANSIONS - GWINNETT CO.						
Date	Business Name	Industry	Location	Expansion/ New	Jobs Created	Investment Value
Apr-17	Incomm	Financial	Peachtree Corners/Suwanee	Expansion	120	\$20,000,000
Aug-16	Hendrick Automotive	Retail	Duluth	Expansion	200	\$22,000,000
Aug-16	Halocarbon	Manufacturing	Peachtree Corners	New	15	N/Av
Jul-16	Hollis Cobb	Financial	Duluth	Expansion	200	N/Av
May-16	threadUP	Online Retail	Duluth	New	300	N/av
Apr-16	Biolife	Medical	Centerville	New	50	\$7,000,000
Feb-16	Conway, Inc.	Financial	Peachtree Corners	Expansion	40	N/Av
Jan-16	Shake-n-Go/Model Model	Retail	Duluth	Expansion	100	N/Av
Dec-15	Kraiburg TPE	Manufacturing	Hamilton Mill	New	20	\$15,000,000
	<b>Total</b>				<b>830</b>	<b>\$64,000,000</b>

Source: Gwinnett Economic Development Chamber, 9/2016

According to the Gwinnett Economic Development Chamber, some 830 new positions have been added, or will be added over the next few years, to Gwinnett County.

The table on the following page illustrates business closures and layoffs within Gwinnett County from 2012 to May 2016, which is the most recent data available, according to the Georgia Department of Labor’s Worker Adjustment and Retraining Notification (WARN) filings.

WARN NOTICES – GWINNETT COUNTY				
Company	Jobs	Location	Industry	Date
<b>2016</b>				
Concentrix Corporation	454	Norcross	Technology	3/15/2016
Daiichi Sankyo, Inc.	20	Duluth	Manufacturing	3/7/2016
World Class Distribution, Inc.	24	Suwanee	Distribution	3/7/2016
Berry Plastics	102	Morrow	Manufacturing	2/29/2016
Esterline Technologies Company	65	Duluth	Manufacturing	2/18/2016
Tatitlek Corporation	22	Suwanee	Technology	2/14/2016
Sparton Corporation	82	Lawrenceville	Manufacturing	2/10/2016
Nordstrom	174	Buford	Retail	2/3/2016
Full Steam Staffing, LLC	200	Suwanee	Staffing	2/2/2016
<b>Total</b>	<b>1,143</b>			
<b>2015</b>				
CoStar Group	79	Norcross	Real Estate	12/15/2015
Silverleaf Resorts	186	Buford	Entertainment	12/11/2015
General Electric Power and Water	250	Duluth	Utility	9/28/2015
Remington Outdoor Company	28	Lawrenceville	Retail	2/28/2015
<b>Total</b>	<b>543</b>			
<b>2014</b>				
Swisher	56	Lawrenceville	Service Industry	12/5/2014
Volvo Logistics Services Americas	26	Duluth	Distribution	12/2/2014
BrandsMart U.S.A.	107	Buford	Retail	9/27/2014
UTC Building & Industrial Systems	73	Duluth	Technology	6/30/2014
General Dynamics SATCOM	40	Duluth	Technology	6/13/2014
NDC Systems, L.P.	105	Suwanee	Technology	6/3/2014
Office Depot	118	Norcross	Retail	5/23/2014
Sodexo	118	Lawrenceville	Food Service	5/12/2014
Avon Protection Systems, Inc.	45	Lawrenceville	Manufacturing	5/5/2014
Avon	25	Suwanee	Retail	3/31/2014
Archiver's	15	Buford	Retail	2/15/2014
<b>Total</b>	<b>728</b>			
<b>2013</b>				
Abacus Corporation	53	Sugar Hill	Finance	12/23/2013
Bank of America	113	Buford	Finance	10/31/2013
Rockwell Collins	51	Duluth	Aerospace	10/18/2013
NCO Financial Systems, Inc.	94	Norcross	Collections	10/1/2013
Web Industries, Inc.	6	Suwanee	Technology	9/30/2013
Belk	35	Duluth	Retail	8/1/2013
Intuit, Inc.	9	Norcross	Technology	7/29/2013
Menlo	144	Suwanee	Logistics	3/21/2013
The Atlanta Journal Constitution	105	Duluth	News Media	3/14/2013
Belk #439	35	Duluth	Retail	3/14/2013
Avon	250	Suwanee	Retail	2/14/2013
Goodwill	37	Lawrenceville	Retail	1/28/2013
<b>Total</b>	<b>932</b>			
<b>2012</b>				
HMS Host	92	Lawrenceville	Food Service	12/4/2012
Ricoh	76	Duluth	Business Services	9/10/2012
Web Industries, Inc.	42	Suwanee	Technology	9/7/2012
Video Products Distributors, Inc.	93	Suwanee	Media	7/12/2012
CCS Medical/ MP Total Care	104	Lawrenceville	Medical Supplies	6/5/2012
Ryder	34	Lawrenceville	Retail	1/9/2012
<b>Total</b>	<b>441</b>			
<b>GRAND TOTAL</b>	<b>3,787</b>			

Source: Georgia Department of Economic Development, 9/2016

As illustrated in the previous table, Gwinnett County experienced a significant number of WARN filings from 2012 to 2016 for a total of 3,787 jobs affected.

### Employment and Unemployment Trends

The following table details employment and unemployment trends for the Atlanta-Sandy Springs-Roswell, GA MSA from 2002 through July 2016.

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)								
Year	Atlanta-Sandy Springs-Roswell, GA MSA				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2002	2,324,880	-	5.0%	-	136,933,000	-	4.7%	-
2003	2,347,173	1.0%	4.9%	-0.2%	136,485,000	-0.3%	5.8%	1.1%
2004	2,382,163	1.5%	4.8%	-0.1%	137,736,000	0.9%	6.0%	0.2%
2005	2,445,674	2.7%	5.4%	0.6%	139,252,000	1.1%	5.5%	-0.5%
2006	2,538,141	3.8%	4.7%	-0.7%	141,730,000	1.8%	5.1%	-0.4%
2007	2,618,825	3.2%	4.4%	-0.2%	144,427,000	1.9%	4.6%	-0.5%
2008	2,606,822	-0.5%	6.2%	1.7%	146,047,000	1.1%	4.6%	0.0%
2009	2,452,057	-5.9%	9.9%	3.8%	145,362,000	-0.5%	5.8%	1.2%
2010	2,440,037	-0.5%	10.3%	0.4%	139,877,000	-3.8%	9.3%	3.5%
2011	2,486,895	1.9%	9.9%	-0.4%	139,064,000	-0.6%	9.6%	0.3%
2012	2,546,478	2.4%	8.8%	-1.1%	139,869,000	0.6%	8.9%	-0.7%
2013	2,574,339	1.1%	7.8%	-1.0%	142,469,000	1.9%	8.1%	-0.8%
2014	2,619,867	1.8%	6.7%	-1.1%	143,929,000	1.0%	7.4%	-0.7%
2015	2,677,863	2.2%	5.6%	-1.2%	146,305,000	1.7%	6.2%	-1.2%
2016 YTD Average*	2,744,413	2.5%	5.0%	-0.5%	150,990,143	3.2%	5.0%	-1.2%
Jul-2015	2,683,424	-	6.0%	-	149,722,000	-	5.6%	-
Jul-2016	2,799,438	4.3%	5.1%	-0.9%	152,437,000	1.8%	5.1%	-0.5%

Source: U.S. Bureau of Labor Statistics, October 2016

\*2016 data is through July

The MSA experienced employment growth from 2005 to 2007. Total employment decreased from 2007 to 2010. It should be noted that the MSA lost a significant number of jobs in 2009, which was due to the most recent national recession. Of note, the job loss in the MSA in 2010 was significantly greater than the nation, and the MSA reached its peak unemployment rate of 5.9 percent the year before in 2009. However, total employment has continued to increase annually from 2011 to 2016 year-to-date. Between July 2015 and July 2016, total employment increased by 4.3 percent in the MSA, compared to a 1.8 percent increase in the nation. In 2014, total employment reached pre-recessionary levels and continues to grow. Additionally, as of July 2016, the unemployment rate in the MSA was 5.1 percent, which is comparable to the nation. Overall, it appears the MSA was affected by the recent national recession, but appears to have recovered and is in a state of growth.

## Employment by Industry

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

<b>2015 EMPLOYMENT BY INDUSTRY</b>				
<b>Industry</b>	<b>PMA</b>		<b>USA</b>	
	<b>Number Employed</b>	<b>Percent Employed</b>	<b>Number Employed</b>	<b>Percent Employed</b>
Retail Trade	8,177	13.2%	17,089,319	11.6%
Health Care/Social Assistance	6,920	11.2%	20,205,674	13.7%
Educational Services	6,618	10.7%	13,529,510	9.2%
Prof/Scientific/Tech Services	5,467	8.8%	9,981,082	6.8%
Construction	4,449	7.2%	9,392,204	6.4%
Manufacturing	3,800	6.1%	15,651,841	10.6%
Other Services (excl Publ Adm)	3,644	5.9%	7,548,482	5.1%
Finance/Insurance	3,325	5.4%	7,026,905	4.8%
Accommodation/Food Services	3,168	5.1%	10,915,815	7.4%
Wholesale Trade	2,935	4.7%	3,742,526	2.5%
Admin/Support/Waste Mgmt Svcs	2,628	4.2%	6,242,568	4.2%
Information	2,532	4.1%	2,965,498	2.0%
Public Administration	2,493	4.0%	7,099,307	4.8%
Transportation/Warehousing	2,200	3.6%	6,200,837	4.2%
Real Estate/Rental/Leasing	1,716	2.8%	2,759,067	1.9%
Arts/Entertainment/Recreation	1,084	1.8%	3,193,724	2.2%
Utilities	363	0.6%	1,190,608	0.8%
Mgmt of Companies/Enterprises	190	0.3%	115,436	0.1%
Agric/Forestry/Fishing/Hunting	125	0.2%	1,941,156	1.3%
Mining	36	0.1%	997,794	0.7%
<b>Total Employment</b>	<b>61,870</b>	<b>100.0%</b>	<b>147,789,353</b>	<b>100.0%</b>

Source: ESRI Demographics 2010, Novogradac & Company LLP, 9/2016

The largest sector in the PMA is the retail trade sector, followed by the health care/social services and educational services sectors. These three sectors account for 35.1 percent of employment in the PMA. The PMA is overly represented in sectors such as retail trade, educational services, professional/scientific/tech services, wholesale trade, and information sectors, and underrepresented in the health care/social assistance, manufacturing, accommodation/food services, and agriculture/forestry/fishing/hunting sectors compared to the nation as a whole. It should be noted that while the health care/social assistance and educational services sectors are historically stable industries, the retail trade industry is at risk of job loss and closures during times of economic downturn.

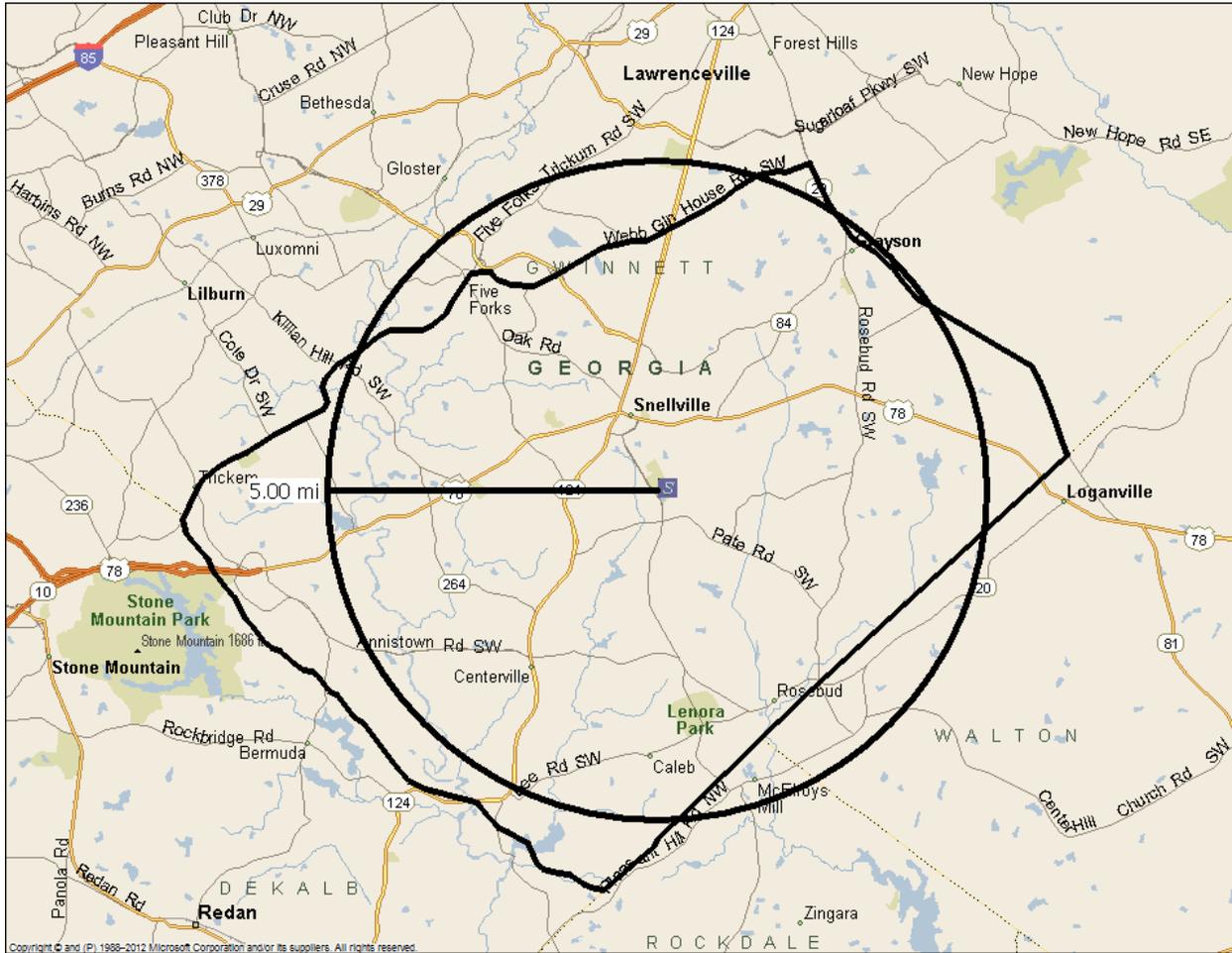
**Current Economic Recession and Mortgage Crisis**

According to www.RealtyTrac.com, one in every 1,829 homes in Gwinnett County, GA was in foreclosure, as of August 2016. Nationally, one in every 1,388 homes was in foreclosure in the nation, and one in every 1,545 homes was in foreclosure in Georgia. As indicated, Gwinnett County has a higher foreclosure rate than the state and the nation.

**Conclusion**

The MSA experienced employment growth from 2005 to 2007. Total employment decreased from 2007 to 2010. It should be noted that the MSA lost a significant number of jobs in 2009, which was due to the most recent national recession. Of note, the job loss in the MSA in 2010 was significantly greater than the nation, and the MSA reached its peak unemployment rate of 5.9 percent the year before in 2009. However, total employment has continued to increase annually from 2011 to 2016 year-to-date. Between July 2015 and July 2016, total employment increased by 4.3 percent in the MSA, compared to a 1.8 percent increase in the nation. In 2014, total employment reached pre-recessionary levels and continues to grow. Additionally, as of July 2016, the unemployment rate in the MSA was 5.1 percent, which is comparable to the nation. Overall, it appears the MSA was affected by the recent national recession, but appears to have recovered and is in a state of growth. The local economy appears to be diverse with low-paying jobs in many employment sectors such as education, retail trade, health care/social assistance, and government that are anticipated to generate demand for affordable housing in the PMA.

**Primary Market Area Map**



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

The boundaries of the PMA are as follows:

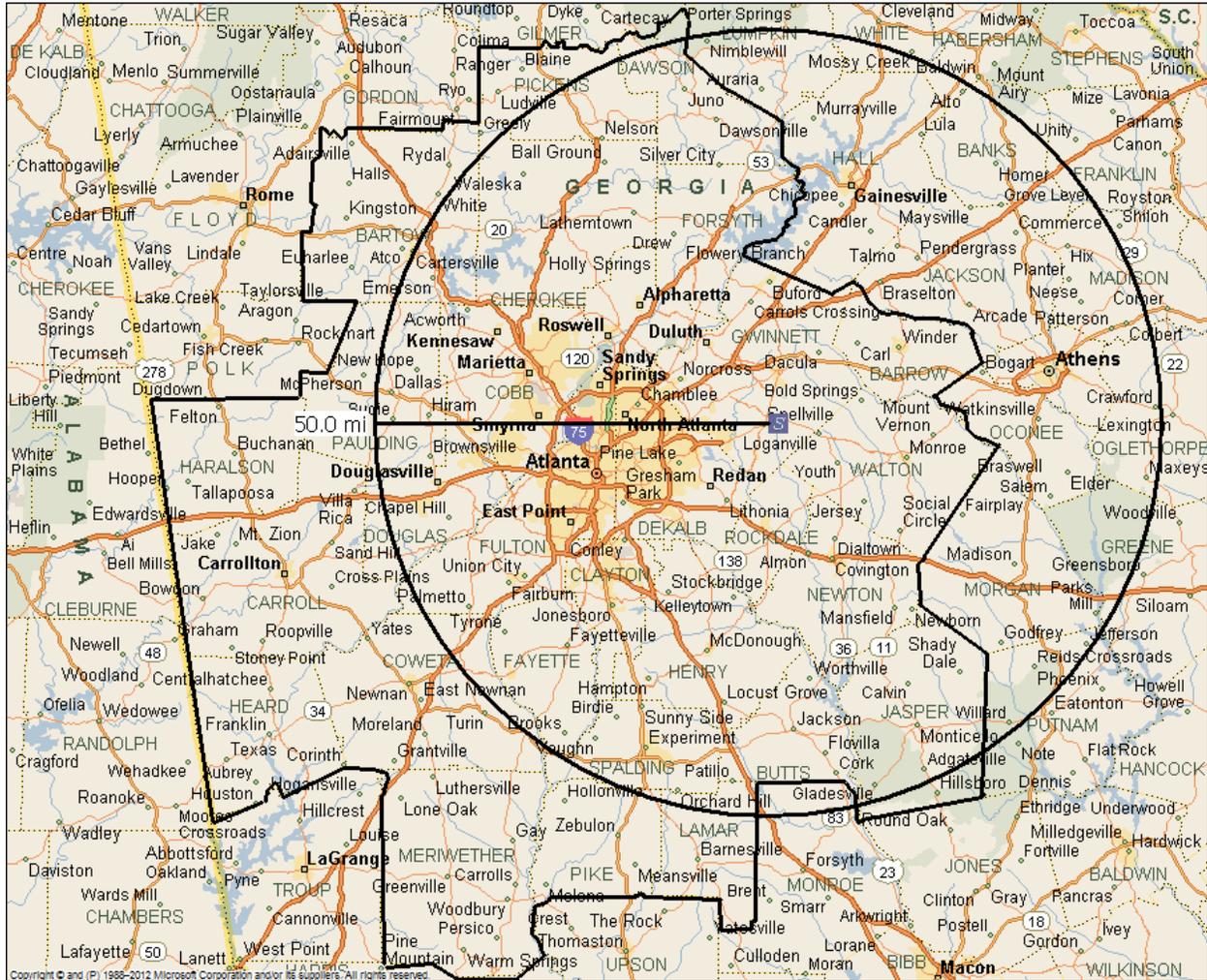
- North: Webb Gin House Road Southwest
- South: Gwinnett County Line
- East: Bermuda Road, Five Forks Trickum Road Southwest, Gwinnett County Line
- West: Loganville Highway Southwest and Gwinnett County Line

The area includes the city of Snellville and nearby surrounding areas. The area was defined based on interviews with the local housing authority and property managers at comparable properties. According to management at the majority of the comparables, the majority of tenants originate from the local Snellville area and Gwinnett County. The north boundary of the PMA is approximately 3.9

miles from the Subject site; the eastern boundary of the PMA is approximately 7.0 miles from the Subject site; the southern boundary of the PMA is approximately 5.0 miles from the Subject site; and the western boundary of the PMA is approximately 5.3 miles from the Subject site. We have estimated that approximately 15 percent of the Subject's tenants originate from outside these boundaries. While we do believe the Subject will experience leakage from outside the PMA boundaries, per the 2016 market study guidelines, we have not accounted for leakage in our *Demand Analysis* found later in this report. The furthest PMA boundary from the Subject is 7.0 miles.

For comparison purposes, the secondary market area (SMA) for the Subject is considered to be the Atlanta-Sandy Springs-Roswell, GA Metropolitan Statistical Area (MSA), which consists of 29 counties in northern Georgia. Following is a map of the SMA.

### Secondary Market Area Map



## Population Trends

The following tables illustrate (a) Total Population, (b) Population by Age Group, and (c) Number of Elderly and Non-Elderly within population in MSA, the PMA and nationally from 2000 through 2020.

TOTAL POPULATION						
Year	PMA		MSA		USA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	99,869	-	4,263,438	-	281,421,906	-
2010	134,219	3.4%	5,286,728	2.4%	308,745,538	1.0%
2015	142,327	1.2%	5,527,230	0.9%	318,536,439	0.6%
Projected Mkt Entry	148,979	1.6%	5,717,098	1.2%	325,586,685	0.8%
2020	153,731	1.6%	5,852,718	1.2%	330,622,575	0.8%

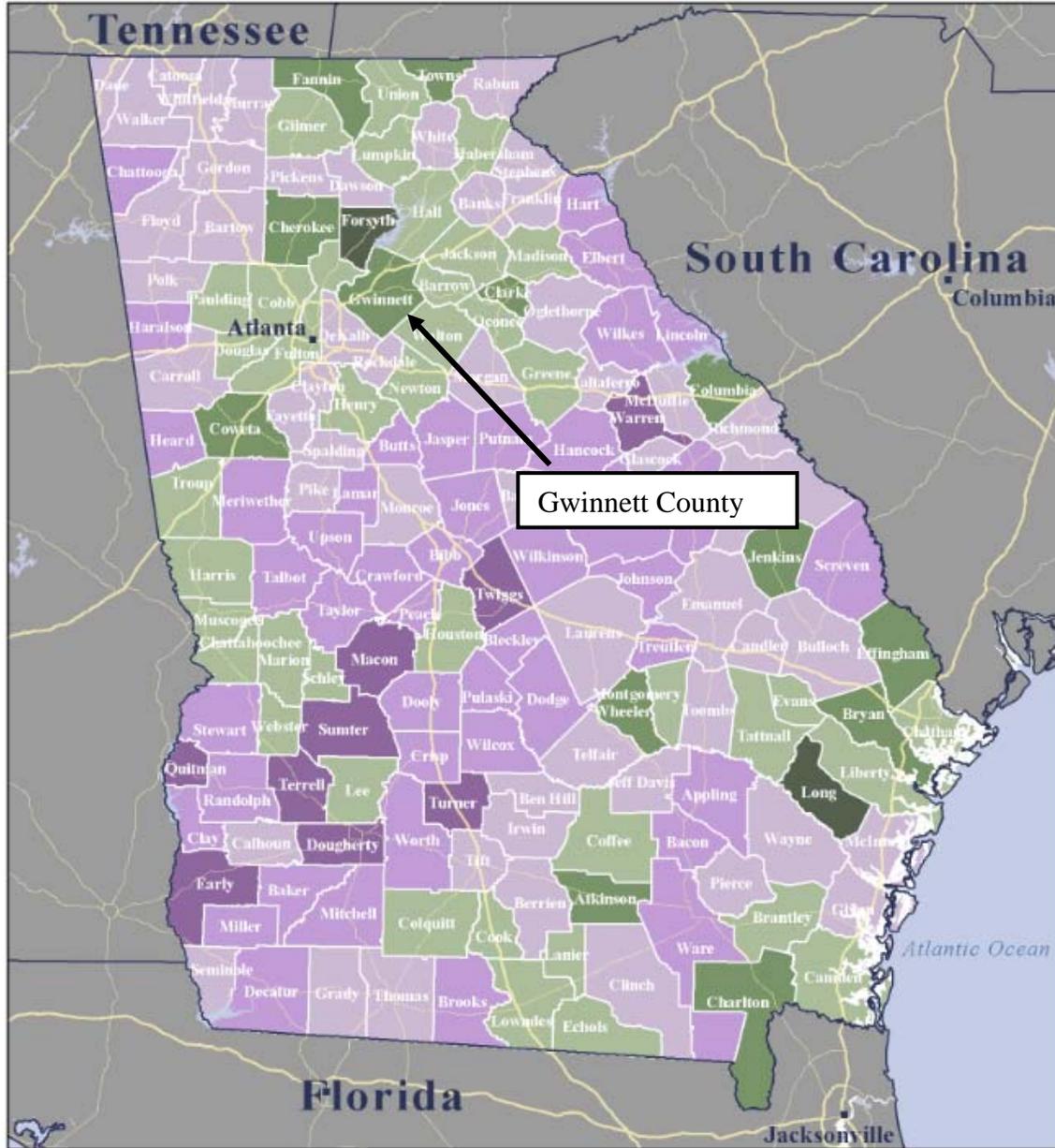
Source: ESRI Demographics 2015, Novogradac & Company LLP, 9/2016

POPULATION BY AGE GROUP					
PMA					
Age Cohort	2000	2010	2015	Projected Mkt Entry	2020
0-4	6,523	8,928	9,005	9,338	9,575
5-9	7,928	10,674	9,903	10,046	10,148
10-14	9,158	11,656	11,187	11,205	11,218
15-19	8,267	10,922	10,545	10,774	10,937
20-24	4,817	6,879	9,298	8,784	8,416
25-29	5,308	6,728	8,784	9,670	10,303
30-34	6,890	8,439	8,262	9,840	10,967
35-39	9,110	10,372	9,213	9,990	10,545
40-44	9,919	10,737	10,624	10,355	10,163
45-49	9,217	11,355	10,403	10,379	10,361
50-54	7,908	10,213	11,125	10,681	10,363
55-59	4,870	8,606	10,005	10,322	10,549
60-64	2,823	6,817	8,307	9,134	9,724
65-69	2,207	4,268	6,346	7,121	7,674
70-74	1,919	2,756	3,849	4,946	5,730
75-79	1,417	2,084	2,366	2,969	3,400
80-84	877	1,517	1,628	1,807	1,935
85+	710	1,268	1,479	1,622	1,724
<b>Total</b>	<b>99,868</b>	<b>134,219</b>	<b>142,329</b>	<b>148,981</b>	<b>153,732</b>

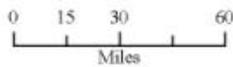
Source: ESRI Demographics 2015, Novogradac & Company LLP, 9/2016

From 2010 to 2015, the total population in the PMA increased 1.2 percent annually. This increase is projected to continue through 2020, albeit at a faster rate. During the same period of time, the population in the MSA is projected to also increase, albeit at a slower rate than the PMA.

As of 2015, the largest age cohorts are the 10 to 14 and 45 to 49 age groups. Approximately 61.0 percent the population in the PMA is comprised of those aged 44 or younger. Overall, the notable presence of families and the projected total population trends in the PMA should bode well for the Subject's affordable units.



### 2010-2015 Population Growth Rate



2010-2015 Population Growth per County

Lucy Mullineaux January 2015



## Household Trends

<b>TOTAL NUMBER OF HOUSEHOLDS</b>						
<b>Year</b>	<b>PMA</b>		<b>MSA</b>		<b>USA</b>	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	33,269	-	1,559,712	-	105,480,101	-
2010	45,210	3.6%	1,943,885	2.5%	116,716,292	1.1%
2015	47,600	1.0%	2,033,479	0.9%	120,746,349	0.7%
Projected Mkt Entry	49,711	1.5%	2,104,968	1.2%	123,506,223	0.8%
2020	51,219	1.5%	2,156,032	1.2%	125,477,562	0.8%

Source: ESRI Demographics 2015, Novogradac & Company LLP, 9/2016

<b>AVERAGE HOUSEHOLD SIZE</b>						
<i>Year</i>	<b>PMA</b>		<b>MSA</b>		<b>USA</b>	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	2.99	-	2.68	-	2.59	-
2010	2.96	-0.1%	2.68	0.0%	2.58	-0.1%
2015	2.98	0.1%	2.68	0.0%	2.57	0.0%
Projected Mkt Entry	2.99	0.1%	2.68	0.0%	2.57	0.0%
2020	2.99	0.1%	2.67	0.0%	2.57	0.0%

Source: ESRI Demographics 2015, Novogradac & Company LLP, 9/2016

The number of total households in the PMA increased from 2000 to 2010, and continued increasing from 2010 to 2015, albeit at a slower rate. Over the same period of time, both the MSA and nation experienced moderate growth in the number of households. Through market entry and 2020, the number of total households in the PMA is projected to increase. Over the same period of time, the total household growth rate of the PMA is projected to exceed that of the MSA and the nation.

The PMA experienced a slight increase in average household size from 2010 to 2015, while the MSA and the nation have remained stable. Through the market entry date, the average household size in the PMA is expected to increase at a rate of 0.1 percent per annum. The average household size in the MSA and the nation are expected to remain unchanged through this time period.

## Households by Tenure

The table below depicts general household growth by tenure from 2000 through 2020.

<b>TENURE PATTERNS - TOTAL POPULATION</b>				
<i>Year</i>	<b>PMA</b>			
	<b>Owner-Occupied Units</b>		<b>Renter-Occupied Units</b>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
2000	29,344	88.2%	3,925	11.8%
2010	37,632	83.2%	7,578	16.8%
2015	37,866	79.6%	9,734	20.4%
Projected Mkt Entry	39,429	79.3%	10,282	20.7%
2020	40,546	79.2%	10,673	20.8%

Source: ESRI Demographics 2015, Novogradac & Company LLP, 9/2016

As of 2015, approximately 79.6 percent of total households in the PMA were owner-occupied, while the remaining 20.4 percent are renter-occupied. The percentage of total renter households in the PMA is below the national average of 37.0 percent (not shown). Through the market entry date and 2020, the percentage of total renter-occupied housing units in the PMA is projected to increase slightly.

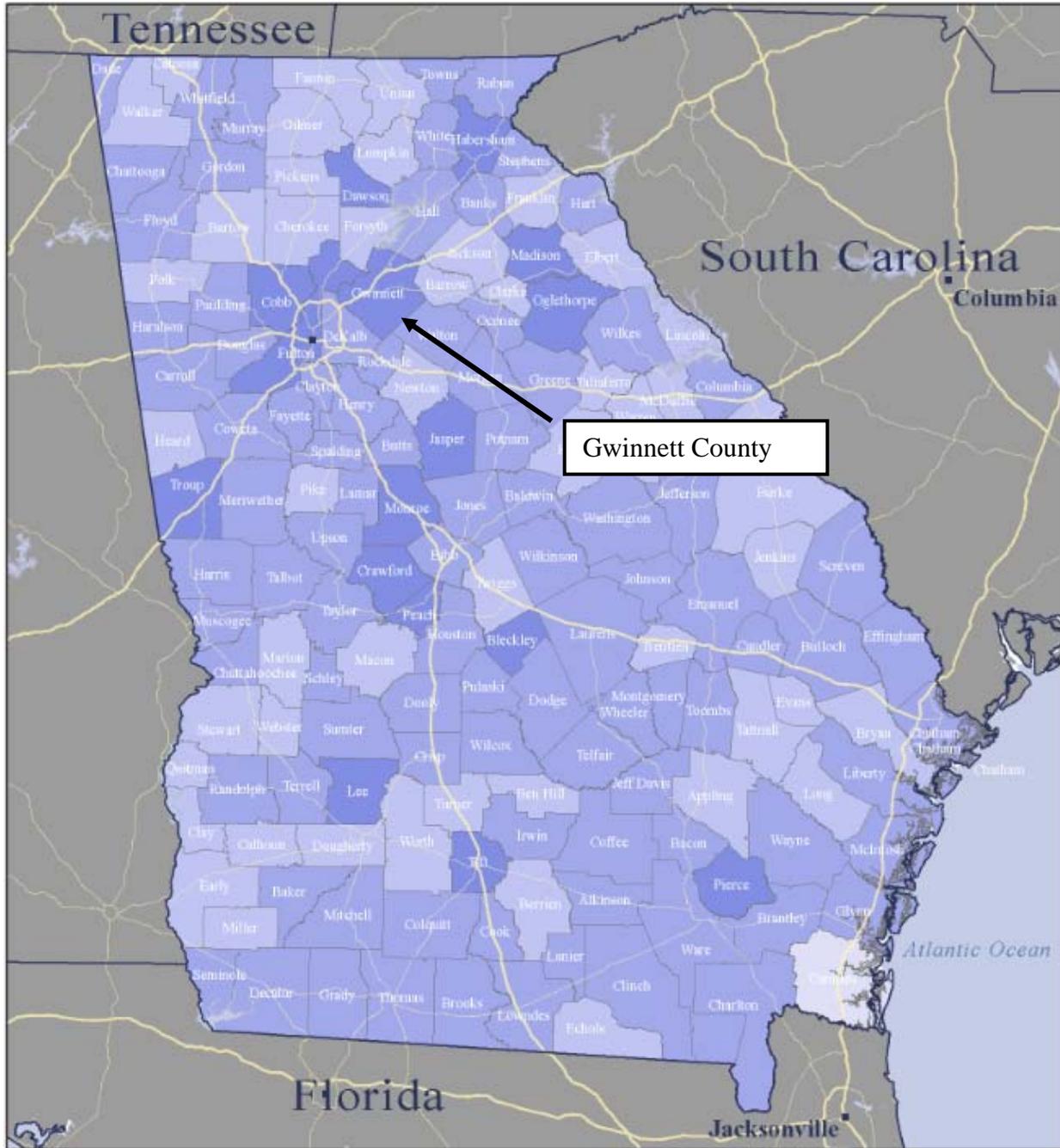
### Households by Income

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

HOUSEHOLD INCOME DISTRIBUTION - PMA								
Income Cohort	2010		2015		Projected Mkt Entry		2020	
	#	%	#	%	#	%	#	%
\$0-9,999	1,288	2.9%	1,881	4.0%	2,095	4.2%	2,248	4.4%
\$10,000-19,999	2,439	5.4%	3,814	8.0%	4,227	8.5%	4,522	8.8%
\$20,000-29,999	3,204	7.1%	4,531	9.5%	5,008	10.1%	5,348	10.4%
\$30,000-39,999	3,631	8.0%	4,900	10.3%	5,298	10.7%	5,583	10.9%
\$40,000-49,999	4,332	9.6%	5,154	10.8%	5,453	11.0%	5,667	11.1%
\$50,000-59,999	3,582	7.9%	4,260	8.9%	4,483	9.0%	4,643	9.1%
\$60,000-74,999	5,587	12.4%	5,679	11.9%	5,828	11.7%	5,934	11.6%
\$75,000-99,999	7,848	17.4%	7,373	15.5%	7,551	15.2%	7,679	15.0%
\$100,000-124,999	5,661	12.5%	4,605	9.7%	4,540	9.1%	4,493	8.8%
\$125,000-149,999	3,034	6.7%	2,078	4.4%	2,037	4.1%	2,007	3.9%
\$150,000-199,999	2,941	6.5%	2,328	4.9%	2,228	4.5%	2,156	4.2%
\$200,000+	1,660	3.7%	997	2.1%	964	1.9%	941	1.8%
<b>Total</b>	<b>45,210</b>	<b>100.0%</b>	<b>47,600</b>	<b>100.0%</b>	<b>49,711</b>	<b>100.0%</b>	<b>51,219</b>	<b>100.0%</b>

Source: Ribbon Demographics 2015, Novogradac & Company LLP, 9/2016

As of 2015, approximately 31.8 percent of households have annual incomes less than \$40,000. Through 2020, the percentage of households earning less than \$40,000 annually is projected to increase to 34.6 percent. The increase of low-income households in the PMA is a positive indicator for demand of the Subject's affordable units.



## 2015 Median Household Income Growth



**Conclusion**

From 2010 to 2015, the total population in the PMA increased 1.2 percent annually. This increase is projected to continue through 2020. Similarly, the number of households in the PMA, over the same period of time, is projected to increase. Through 2020, the projected percentage of renter households in the PMA earning less than \$40,000 annually will be 34.6 percent and the majority of renter households will consist of two to five or more persons. Overall, the projected trends are positive indicators for the Subject's affordable units. Based on the low vacancy rates and waiting lists experienced by many of the rental properties in the market, and the demand analysis illustrated later in this report, there appears to be adequate demand for the Subject's affordable units.

NEIGHBORHOOD ANALYSIS

Date of Site Visit and

Name of Site Inspector:

Will Hoedl inspected the site on October 6, 2016.

Physical Features of the Site:

Frontage:

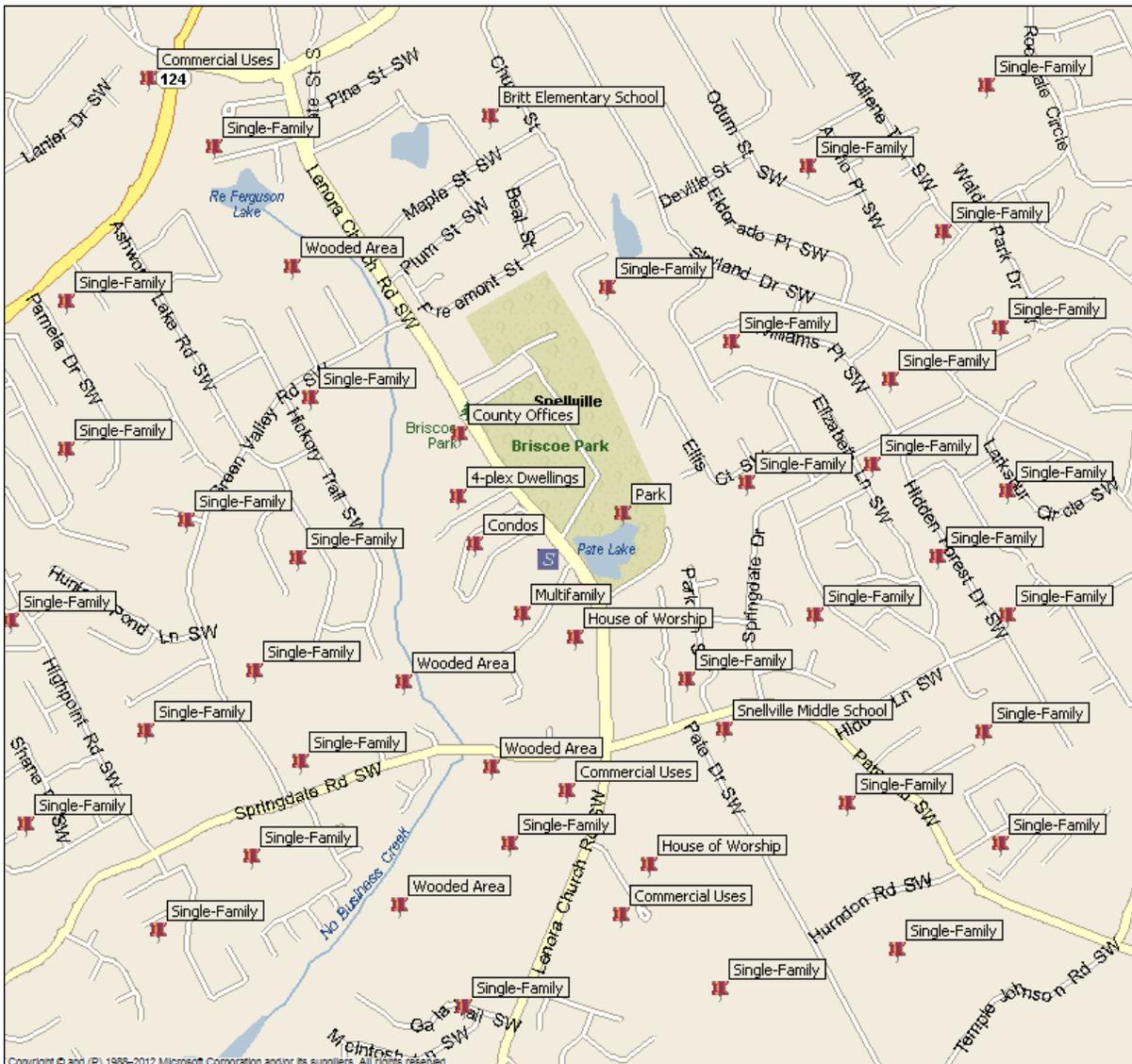
The Subject site has frontage along the west side of Lenora Church Road.

Visibility/Views:

The Subject has good visibility from Lenora Church Road. Views from the Subject site are of multifamily developments, a park, and lake. Overall, views are considered average.

Surrounding Uses:

The following map and pictures illustrate the surrounding land uses.

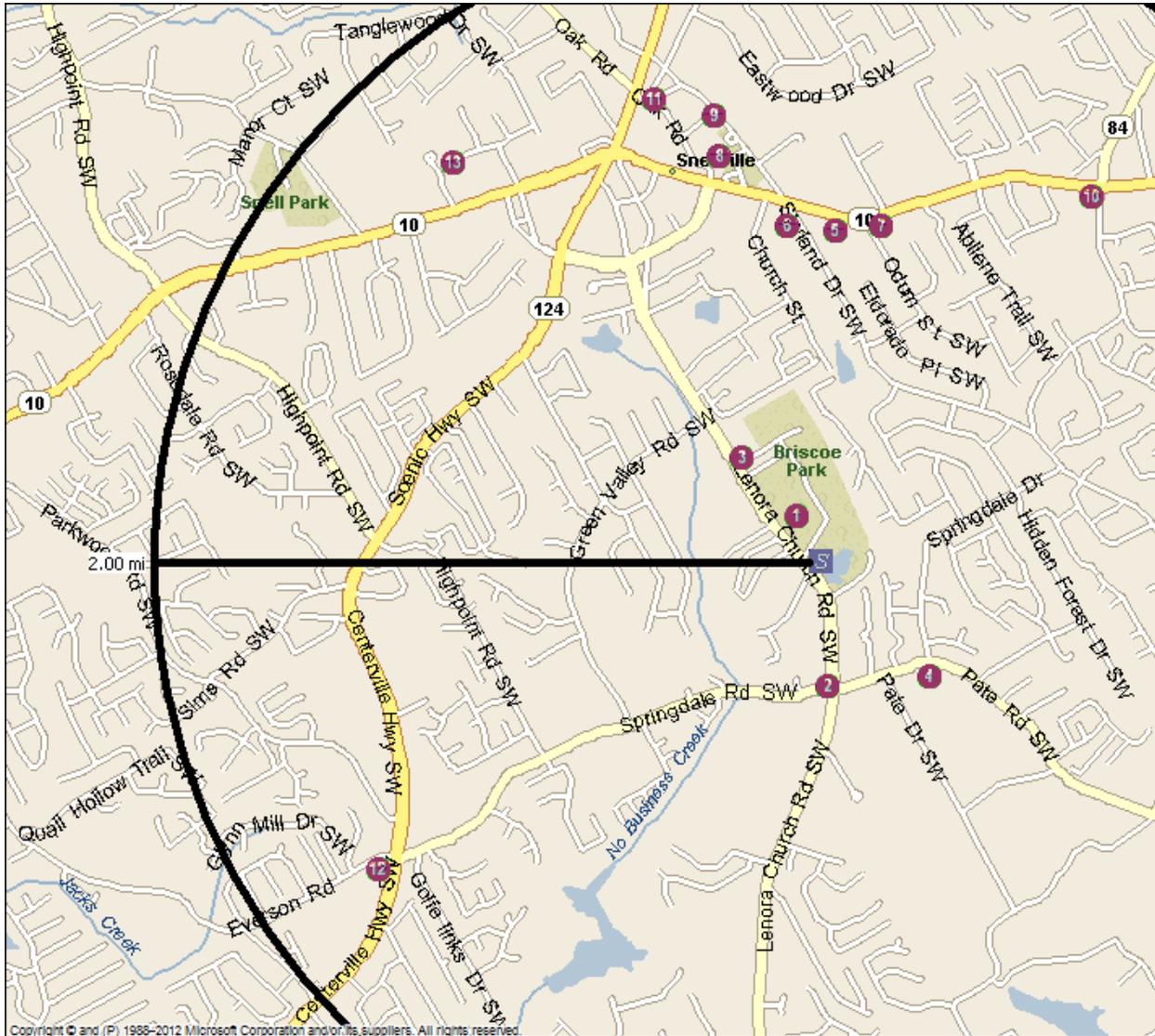


The Subject site is located in a primarily residential neighborhood with retail and commercial uses nearby. The nearby residential and commercial uses are in average to good condition. To the east of the Subject is Briscoe Park. To the immediate north and south are multifamily developments in average condition. To the west of the Subject is undeveloped wooded land, as well as a facility for the Gwinnet County Department of Water Resources. The majority of commercial and retail uses are located along Main Street, approximately 1.1 miles north of the Subject site. Overall, nearby retail appeared to be approximately 80 to 90 percent occupied at the time of inspection.

*Positive/Negative Attributes of Site:* There are no significant negative attributes of the Subject site. Positive attributes include close proximity to retail and commercial uses.

**Proximity to Locational Amenities:**

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



LOCALATIONAL AMENITIES					
Map #	Amenity or Service	Distance	Map #	Amenity or Service	Distance
1	Briscoe Park	Adjacent	8	Snellville City Hall	1.3 miles
2	Texaco	0.4 miles	9	Snellville City Police Dept.	1.4 miles
3	Gwinnett County Public Library	0.4 miles	10	CVS Pharmacy	1.4 miles
4	Snellville Middle School	0.5 miles	11	Post Office	1.5 miles
5	South Gwinnett High School	1.1 miles	12	Kroger	1.6 miles
6	Britt Elementary School	1.1 miles	13	Eastside Medical Center - South	1.7 miles
7	PNC Bank	1.1 miles	-	-	-

**Description of Land Uses:**

The Subject site is located in a mixed-use neighborhood in the southern portion of Snellville, 1.3 miles south of downtown. The nearby residential and commercial uses are in fair to good condition. Briscoe Park is located to the northeast and east of the Subject site which offers softball fields, playgrounds, multi-purpose fields, indoor rental rooms, outdoor open-air pavilions, a swimming pool, 1.2-mile paved walking trail, six-acre lake, tennis courts, and basketball courts. Further east are single-family homes in average to good condition. To the south of the Subject is Parkside Apartments, a market rate property, in average condition which has not been utilized as a comparable in this report due the fact that the property generally consists of quad-plexes with individual owners that we were unable to contact. Further south, uses consists of commercial uses and a house of worship in average condition. Adjacent to the north and northwest of the Subject site is Kings Gate Condominiums. This is a generally owner-occupied property, as such; it has not been utilized as a comparable in this report. Further northwest is Park East Apartments, which has not been utilized as a comparable property due to a dissimilar unit mix. To the west of the Subject is undeveloped wooded land as well as a facility for the Gwinnet County Department of Water Resources. According to Zillow.com, single-family homes in the Subject's neighborhood have recently sold for \$78,000 to \$180,000. The nearby retail appeared to be approximately 80 to 90 percent occupied at the time of inspection. Overall, the Subject site is considered a desirable building site for low-income family multifamily housing and the Subject will be compatible with surrounding uses.

**Conclusion:**

The neighborhood surrounding the Subject site consists primarily of single-family and multifamily residential uses and commercial uses along arterials. The Subject site is located in the south-central portion of Snellville, just southwest of downtown. Overall, the Subject is expected to be compatible with the surrounding uses and it is a desirable location for low-income multifamily housing.

**DESCRIPTION OF THE SITE**

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



- Size:** According to the Gwinnett County Tax Assessor, the Subject site encompasses 8.9 acres, or approximately 387,684 square feet.
- Shape:** The site is irregular in shape.
- Frontage:** The Subject site has frontage along the southwest side of Lenora Church Road.
- Zoning:** According to the Snellville Planning and Zoning Department, the Subject site is zone RM (Multi-Family Residence). This district is intended primarily for multifamily dwellings. The

principal residential uses permitted under this zoning code are multifamily developments including duplexes apartments, condominiums, and row houses. For multiple-family units a minimum of 12,000 square feet of lot area shall be reserved for the first family and 4,000 square feet for each additional family, with a maximum density of eight units per acre. The Subject site is 8.9 acres, or approximately 387,684 square feet. The Subject will be developed to a density of 7.98 units per acre. It permits a maximum building height of 40 feet, or three stories. The Subject's buildings will be three stories in height. Parking requirements will be 2.0 parking spaces per unit. The Subject will offer 71 units. Therefore, it would require 142 parking spaces. The Subject appears to be a legal, conforming use.

- Topography:** The site has a rolling topography that generally slopes downward to the west.
- Visibility/Views:** The Subject has good visibility from Lenora Church Road. Views from the Subject site are of single-family homes, a lake, and a park. Overall, views are considered good.
- Access and Traffic Flow:** The Subject will have access via the west side of Lenora Church Road which is moderately traveled, generally north/south traversing, four-lane road that provides access to Snellville's main business district, 1.3 miles to the north of the Subject site. Lenora Church Road also provides access to U.S. 78, 1.3 miles north of the Subject site, an east/west traversing highway that provides access to Atlanta approximately 20 miles to the west of the Subject site. U.S. 78 also provides access to Athens, approximately 35 miles east of the Subject site.
- Drainage:** Appears adequate; however, no specific tests were performed.
- Soil and Subsoil Conditions:** We were not provided with soil surveys, but the existing improvements suggest that the soils are adequate.
- Flood Plain:** According to [www.floodinsights.com](http://www.floodinsights.com), the Subject is located in Zone X (community map number 130102 panel number 0138F dated September 29, 2006) and is located outside the 100 and 500-year flood plains. The Subject site is not located within 250 feet of multiple flood zones.

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

**Detrimental Influences:** No detrimental influences were identified. It should be noted that we do not believe the Subject's proximity to the Gwinnet County Department of Water Resources facility will negatively impact the marketability of the Subject.

**Conclusion:** The Subject will be compatible with the existing surroundings. No detrimental influences were identified in the immediate neighborhood. The Subject is physically capable of supporting a variety of legally permissible uses, and is considered an adequate building site.

DESCRIPTION OF PROPOSED IMPROVEMENTS

PROPERTY PROFILE REPORT

Park West	
Comp#	Subject
Effective Rent	10/6/2016
Location	2961 Lenora Church Road Snellville, GA 30078 Gwinnett County
Units	71
Type	Garden (3 stories)
Year Built / Renovated	Proposed 2018
Tenant Characteristics	Families



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

Unit Mix (face rent)											
Beds	Baths	Type	Units	Size (SF)	Rent	Concession	Restriction	Waiting List	Vacant	Vacancy Rate	Max rent?
2	1.5	Garden (3 stories)	9	985	\$770	\$0	@60%	n/a	N/A	N/A	no
3	2	Garden (3 stories)	62	1,115	\$850	\$0	@60%	n/a	N/A	N/A	no

Amenities			
In-Unit	Balcony/Patio	Security	none
	Blinds		
	Carpeting		
	Central A/C		
	Coat Closet		
	Dishwasher		
	Ceiling Fan		
	Microwave		
	Oven		
	Refrigerator		
Washer/Dryer hookup			
Property	Parking spaces: 142	Premium	none
	Business Center/Computer Lab		
	Clubhouse/Meeting Room/Community Room		
	Exercise Facility		
	Central Laundry		
	Off-Street Parking		
	On-Site Management		
	Picnic Area		
	Playground		
	Services	none	Other

**Unit Layout:** We have reviewed the proposed floor plans for the Subject and they appear market-oriented and functional.

**NLA (residential space):** Approximately 77,995 square feet.

**Americans With Disabilities Act of 1990:** As new construction, we assume that the property will not have any violations of the Americans With Disabilities Act of 1990.

**Quality of Construction Condition and Deferred Maintenance:** It is assumed that the Subject will be constructed in a timely manner consistent with the information provided, using average-quality materials in a professional manner.

**Scope of Renovations:** The Subject will be new construction.

**Proposed Rents:** The following table illustrates the Subject’s proposed rents.

PROPOSED RENTS						
Unit Type	Number of Units	Unit Size (SF)	Net LIHTC Rents	Utility Allowance (1)	Gross LIHTC Rents	Maximum Allowable Gross LIHTC (2)
2BR/1.5BA	9	985	\$770	\$134	\$904	\$921
3BR/2BA	62	1,115	\$850	\$167	\$1,017	\$1,064
<b>Total</b>	<b>71</b>					

(1)Utility allowance provided by the Georgia Department of Community Affairs, effective 7/1/2015  
 (2) Rents in effect as of January 1, 2016

**Current Occupancy:** The Subject will be new construction and therefore there is no current occupancy to report.

**Current Tenant Income:** The Subject will be new construction and therefore there are no current tenant incomes to report.

**Functional Obsolescence:** The Subject will be newly constructed. We have inspected the Subject’s site plans and floor plans and determined the proposed development to be market-oriented and functional. We assume the Subject will not suffer from functional obsolescence.

**Conclusion:** The Subject will be an excellent-quality apartment complex, superior to most of the inventory in the area. The proposed Subject appears to be market-oriented and functional.

**REAL ESTATE ASSESSMENT AND TAXES**

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

The Subject site is located within the Gwinnett County real estate taxing jurisdiction. Real estate taxes for a property located in Gwinnett County are based upon a property's assessed valuation. We spoke to Nick Durm, Appraiser for the Gwinnett County Assessor's Office, who informed us that multifamily properties in the county are valued with a combination of income, sales, and cost approaches and are assessed at 40 percent of full market value. In addition, income restricted properties are valued utilizing the income approach with audited incomes and expenses, a market-oriented capitalization rate plus 150 basis points, and are also assessed at 40 percent of value. According to the Gwinnett County Tax Commissioner, the millage rate for the Subject is \$43.954 per \$1,000 for the combined city and county taxes.

The Subject will be taxed based on full assessment for the proposed restricted scenario. We have utilized the income approach to estimate the Subject's tax burden as restricted.

<b>TAX CALCULATION</b>		
<b>Assuming Achievable LIHTC Rents</b>		
	<b>Per Unit</b>	<b>Total</b>
<b>NOI Without Taxes</b>	\$6,326	\$449,147
<b>Cap Rate</b>	7.50%	7.50%
Tax Rate	4.395400%	4.395400%
Assessment Ratio	40.0%	40.0%
Total Assessed Value	\$27,606	\$1,960,000
<b>Indicated Tax Burden</b>	<b>\$1,201</b>	<b>\$85,295</b>

The following table outlines the assessed values of several LIHTC comparables in Gwinnett County, two of which have been utilized as comparables in the Supply Analysis presented later.

<b>2016 COMPARABLE ASSESSMENTS</b>						
<b>Property</b>	<b>Property Type</b>	<b>Year Built</b>	<b>Number of Units</b>	<b>Total Value</b>	<b>Assessed Value</b>	<b>Assessed Value Per Unit</b>
Magnolia Village*	LIHTC/Market	2002	190	\$11,818,500	\$4,727,400	\$24,881
Greens of Hillcrest II	LIHTC/Market	2003	176	\$10,840,900	\$4,336,360	\$24,638
Greens of Hillcrest I	LIHTC	2002	146	\$8,318,900	\$3,327,560	\$22,792
Ashton Creek Apartments	LIHTC	2003	140	\$7,496,400	\$2,998,560	\$21,418
Alexander Mills	LIHTC	2002	224	\$11,642,800	\$4,657,120	\$20,791
Magnolia Pointe*	LIHTC/Market	2000	242	\$11,715,600	\$4,686,240	\$19,365

\*Utilized as a comparable

Based on the previous table and considering the Subject will be new construction and offer larger units with higher income potential than the comparables, our estimates of value utilizing the income approach appears market-oriented.

Provided below is a summary of market rate tax comparables in Gwinnett County, several of which are also included as rent comparables in the Supply Analysis presented later.

2016 COMPARABLE ASSESSMENTS						
Property	Property Type	Year Built	Number of Units	Total Value	Assessed Value	Assessed Value Per Unit
Stonecreek on the Green	Market	2003	146	\$16,333,100	\$6,533,240	\$44,748
Grayson Park Apartments	Market	2003	464	\$41,036,400	\$16,414,560	\$35,376
Durant at Sugarloaf	Market	2002	300	\$24,700,000	\$9,880,000	\$32,933
Villas at Loganville	Market	2010	175	\$13,841,000	\$5,536,400	\$31,637
Columns at Paxton Lake	Market	1995/2016	140	\$7,496,400	\$2,998,560	\$21,418
2800 at Sweetwater	Market	1997/2016	324	\$14,562,500	\$5,825,000	\$17,978

The above data indicates an assessed per unit range from \$17,978 to \$44,748 per unit for comparable multifamily properties located in the Subject’s market. Per the assessor, unrestricted properties are similarly assessed via the income, sales, and cost approaches. The Subject will be a newly constructed property and will likely receive an assessment above the range of the comparables. Therefore, we have estimated an assessed value per unit of \$55,000 for unrestricted scenario.

PROPERTY TAX ESTIMATE - UNRESTRICTED SCENARIO					
Assessed Value	Number of Units	Assessed Value Per Unit	Tax Rate	Indicated Tax Burden	Taxes Per Unit
\$3,905,000	71	\$55,000	4.3954%	\$171,640	\$2,417

**Zoning**

**Current Zoning**

According to the Snellville Planning and Zoning Department, the Subject site is zone RM (Multi-Family Residence). This district is intended primarily for multifamily dwellings. The principal residential uses permitted under this zoning code are multifamily developments including duplexes apartments, condominiums, and row houses. For multiple-family units a minimum of 12,000 square feet of lot area shall be reserved for the first family and 4,000 square feet for each additional family, with a maximum density of eight units per acre. The Subject site is 8.9 acres, or approximately 387,684 square feet. The Subject will be developed to a density of 7.98 units per acre. It permits a maximum building height of 40 feet, or three stories. The Subject’s buildings will be three stories in height. Parking requirements will be 2.0 parking spaces per unit. The Subject will offer 71 units. Therefore, it would require 142 parking spaces. The Subject appears to be a legal, conforming use.

**Prospective Zoning Changes**

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

# **COMPETITIVE RENTAL/DEMAND ANALYSIS**

**COMPETITIVE RENTAL/DEMAND ANALYSIS****INTERVIEWS/DISCUSSION****Housing Authority**

We spoke with Sharon El, Administrative Assistant with the Georgia Department of Community Affairs, to gather information pertaining to the use of Housing Choice Vouchers. Ms. El reported that the Housing Authority currently issues 17,000 Housing Choice Vouchers to 149 counties throughout Georgia, 15,877 of which are in use, including 1,149 in Gwinnett County. The waiting list is currently closed and consists of 20,525 households. The waiting list is purged annually. The payment standards for Gwinnett County are listed below.

<b>PAYMENT STANDARDS</b>			
<b>Studio</b>	<b>One-Bedroom</b>	<b>Two-Bedroom</b>	<b>Three-Bedroom</b>
\$802	\$861	\$996	\$1,315

Source: Georgia Department of Community Affairs, 9/2016

The current payment standards are above the Subject's proposed LIHTC rents.

**LIHTC Competition / Recent and Proposed Construction**

According to the Georgia Department of Community Affairs, no properties have been awarded tax credits in the Subject's Primary Market Area.

**Planning**

We contacted John Dennis, Zoning Administrator with the City of Snellville regarding new, proposed, or under construction multifamily developments in Snellville. According to Mr. Dennis, there were no new, proposed, or under construction multifamily developments at this time.

In addition, we contacted Alicia Daniels, Assistant City Clerk with the City of Stone Mountain, Heather Hosth, Assistant City Administrator with the City of Grayson, and Nina Ramsey, Deputy Director with the City of Loganville regarding new, proposed, or under construction multifamily developments in their respective areas. However, they were all unaware of any new, proposed, or under construction multifamily developments.

**SURVEY OF COMPARABLE PROJECTS**

Comparable properties are examined on the basis of physical characteristics, i.e. building type, age/quality, level of common amenities, absorption, as well as similarity in rent. We attempted to compare the Subject to complexes from the competing market to provide a broader picture of the health and available supply in the market. Our competitive survey includes 11 “true” comparable properties containing 2,907 units. A detailed matrix describing the individual competitive properties as well as the proposed Subject is provided in this section. A map illustrating the location of the Subject in relation to comparable properties is also provided in this section. The properties are further profiled in the following write-ups. The property descriptions include information on vacancy, turnover, absorption, age, competition, and the general health of the rental market, when available.

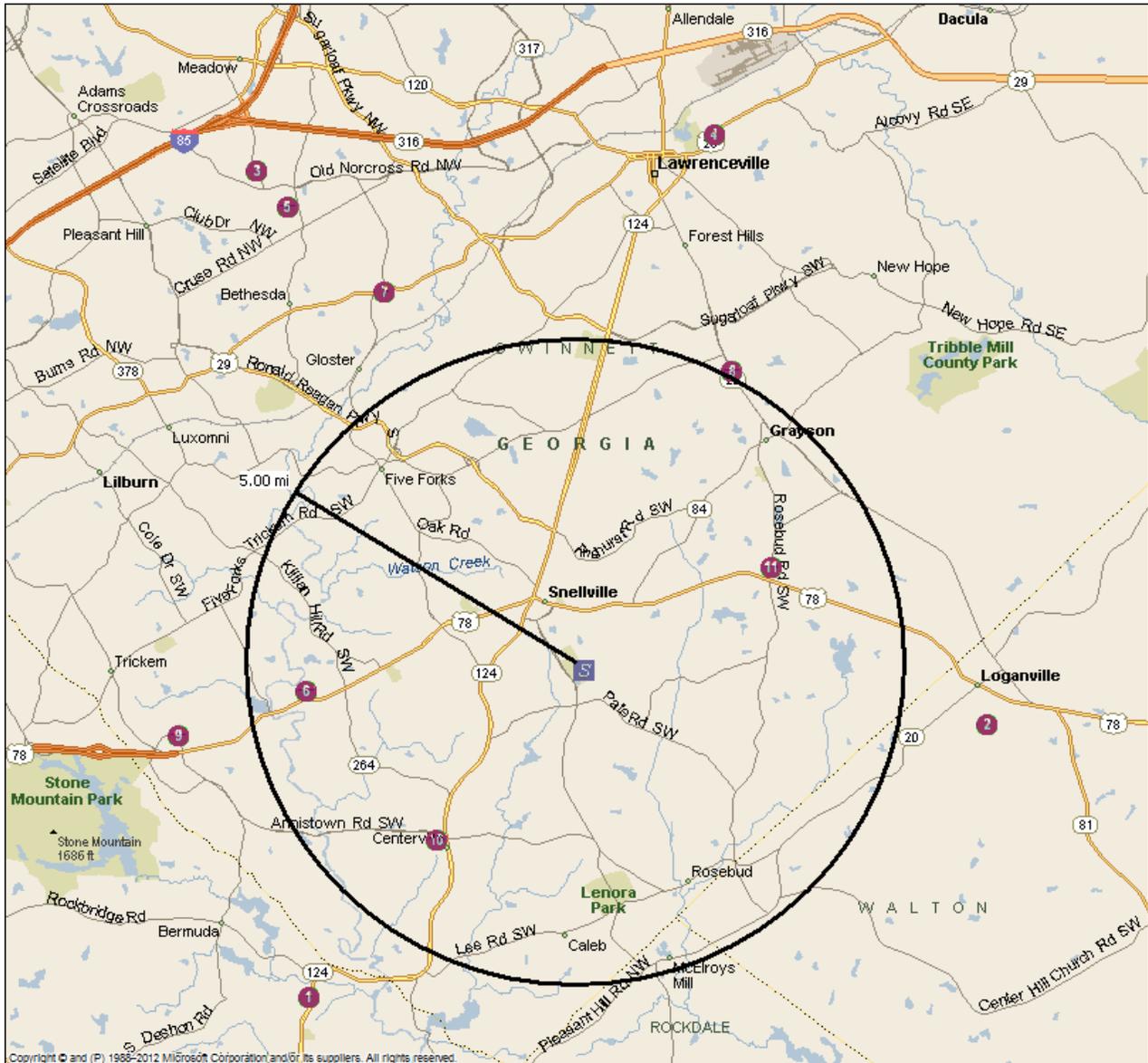
The availability of LIHTC is considered poor, as there are no existing LIHTC developments within the PMA. Due to the lack of LIHTC comparables in the PMA it was necessary to expand our search to the surrounding areas. The four LIHTC comparables used in this report are located 6.3 to 9.2 miles from the Subject site.

We have also included seven market rate comparables. Again, due to the lack of good quality market rate properties with comparable unit mixes and sizes in the area, it was necessary to search outside of the PMA to find comparable properties. Four of the market rate properties are located within the PMA, between 3.2 and 6.0 miles from the Subject site. The remaining comparables are located outside the PMA between 5.4 and 8.5 miles away from the Subject site. Overall, we consider the availability of market data to be adequate.

The following table details properties that we have excluded from our analysis.

<b>EXCLUDED PROPERTIES IN THE PMA</b>				
<b>Property Name</b>	<b>Address</b>	<b>Type</b>	<b>Tenancy</b>	<b>Reason for Exclusion</b>
Gwinnett County Residential Services	3094 Ashly Forest Dr	Section 8	Disabled	Subsidized
Rainbow Heights	2165 Ross Rd	Section 8	Family	Subsidized
Sussex Court Residential Services	2275 Sussex Ct	Section 8	Disabled	Subsidized
Cambridge Downs Apartment Homes	2945 Rosebud Rd	Market	Family	Unable to contact
Killian Hill Apartments	1501 Wiloaks Dr	Market	Family	Inferior Quality
Parkside Apartments	Parkside Way	Market	Family	Unable to contact
Park East	Dorian Drive	Market	Family	Unable to contact

### Comparable Rental Property Map



COMPARABLE PROPERTIES				
#	Property Name	City	Type	Distance
1	Alexander At Stonecrest*	Lithonia	LIHTC/Market	6.3 miles
2	Alexander Crossing Apartments*	Loganville	LIHTC/Market	6.3 miles
3	Magnolia Pointe*	Duluth	LIHTC/Market	9.2 miles
4	Magnolia Village*	Lawrenceville	LIHTC/Market	8.7 miles
5	2800 at Sweetwater*	Lawrenceville	Market	8.5 miles
6	Columns At Paxton Lake	Lilburn	Market	4.1 miles
7	Durant At Sugarloaf*	Lawrenceville	Market	6.6 miles
8	Grayson Park Apartments*	Grayson	Market	5.4 miles
9	Highland Grove	Stone Mountain	Market	6.0 miles
10	Stonecreek On The Green	Snellville	Market	3.2 miles
11	Villas At Loganville	Loganville	Market	3.5 miles

\*Located outside of the PMA

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

SUMMARY MATRIX														
Comp #	Project	Distance	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
Subject	Park West 2961 Lenora Church Road Snellville, GA 30078 Gwinnett County	n/a	Garden (3 stories) Proposed	LIHTC	2BR / 1.5BA 3BR / 2BA	9	12.7%	@60%	\$770	985	n/a	N/A	N/A	N/A
						62	87.3%	@60%	\$850	1,115	n/a	N/A	N/A	N/A
						71	100%						N/A	N/A
1	Alexander At Stonecrest 100 Leslie Oaks Drive Lithonia, GA 30058 DeKalb County	6.3 miles	Garden (3 stories) 2002 / n/a	LIHTC/ Market	1BR / 1BA 1BR / 1BA 2BR / 2BA 2BR / 2BA 3BR / 2BA 3BR / 2BA	38	14.5%	@60%	\$717	974	no	Yes	0	0.0%
						56	21.4%	Market	\$917	974	n/a	No	1	1.8%
						45	17.2%	@60%	\$845	1,209	no	Yes	0	0.0%
						67	25.6%	Market	\$1,045	1,209	n/a	No	1	1.5%
						22	8.4%	@60%	\$960	1,407	no	Yes	0	0.0%
						34	13.0%	Market	\$1,160	1,407	n/a	No	0	0.0%
262	100%							2	0.8%					
2	Alexander Crossing Apartments 100 Alexander Crossing Loganville, GA 30052 Walton County	6.3 miles	Townhouse (2 stories) 2003 / n/a	LIHTC/ Market	2BR / 2.5BA 2BR / 2.5BA 3BR / 2BA 3BR / 2BA	120	50.0%	@60%	\$873	1,256	yes	Yes	0	0.0%
						48	20.0%	Market	\$1,083	1,256	n/a	No	0	0.0%
						48	20.0%	@60%	\$997	1,506	yes	Yes	0	0.0%
						24	10.0%	Market	\$1,277	1,506	n/a	No	0	0.0%
						240	100%							0
3	Magnolia Pointe 1475 Boggs Rd Duluth, GA 30096 Gwinnett County	9.2 miles	Garden (2 stories) 2000 / n/a	LIHTC/ Market	1BR / 1BA 1BR / 1BA 1BR / 1BA 2BR / 2BA 2BR / 2BA 2BR / 2BA 3BR / 2BA 3BR / 2BA 3BR / 2BA 3BR / 2BA	13	5.4%	@50%	\$588	737	yes	No	N/A	N/A
						11	4.5%	@60%	\$720	737	yes	No	N/A	N/A
						36	14.9%	Market	\$770	737	n/a	No	N/A	N/A
						22	9.1%	@50%	\$698	1,008	yes	No	N/A	N/A
						18	7.4%	@60%	\$825	1,008	yes	No	N/A	N/A
						70	28.9%	Market	\$875	1,008	n/a	No	N/A	N/A
						16	6.6%	@50%	\$794	1,163	yes	No	N/A	N/A
						16	6.6%	@60%	\$920	1,163	yes	No	N/A	N/A
						40	16.5%	Market	\$995	1,163	n/a	No	N/A	N/A
						242	100%							10
4	Magnolia Village 287 East Crogan Lawrenceville, GA 30045 Gwinnett County	8.7 miles	Garden (3 stories) 2002 / n/a	LIHTC/ Market	1BR / 1BA 1BR / 1BA 1BR / 1BA 2BR / 2BA 2BR / 2BA 2BR / 2BA 3BR / 2BA 3BR / 2BA 3BR / 2BA	19	10.0%	@50%	\$662	975	yes	Yes	0	0.0%
						8	4.2%	@60%	\$787	975	yes	Yes	0	0.0%
						9	4.7%	Market	\$862	975	n/a	Yes	0	0.0%
						47	24.7%	@50%	\$775	1,175	yes	Yes	0	0.0%
						47	24.7%	@60%	\$904	1,175	yes	Yes	0	0.0%
						24	12.6%	Market	\$979	1,175	n/a	Yes	0	0.0%
						20	10.5%	@50%	\$865	1,375	yes	Yes	0	0.0%
						8	4.2%	@60%	\$1,023	1,375	yes	Yes	0	0.0%
						8	4.2%	Market	\$1,098	1,375	n/a	Yes	0	0.0%
						190	100%							0
5	2800 at Sweetwater 2800 Herrington Woods Ct. Lawrenceville, GA 30044 Gwinnett County	8.5 miles	Various 1997 / 2016	Market	1BR / 1BA (Garden) 2BR / 2BA (Garden) 3BR / 2.5BA (Townhouse) 4BR / 2.5BA (Townhouse)	124	38.3%	Market	\$895	709	n/a	No	11	8.9%
						144	44.4%	Market	\$1,037	962	n/a	No	21	14.6%
						32	9.9%	Market	\$1,367	1,300	n/a	No	7	21.9%
						24	7.4%	Market	\$1,587	1,472	n/a	No	6	25.0%
						324	100%							45
6	Columns At Paxton Lake 4305 Paxton Lane Lilburn, GA 30047 Gwinnett County	4.1 miles	Garden (3 stories) 1995 / 2016	Market	1BR / 1BA 2BR / 2BA 2BR / 2BA 3BR / 2BA 3BR / 2BA	101	34.1%	Market	\$1,031	888	n/a	No	0	0.0%
						64	21.6%	Market	\$1,133	1,154	n/a	No	0	0.0%
						64	21.6%	Market	\$1,158	1,218	n/a	No	1	1.6%
						34	11.5%	Market	\$1,297	1,405	n/a	No	0	0.0%
						33	11.1%	Market	\$1,322	1,428	n/a	No	0	0.0%
						296	100%							1
7	Durant At Sugarloaf 50 Saint Marlowe Drive Lawrenceville, GA 30044 Gwinnett County	6.6 miles	Garden 2002 / n/a	Market	1BR / 1BA 1BR / 1BA 2BR / 1BA 2BR / 2BA 2BR / 2BA 2BR / 2BA 3BR / 2BA	60	20.0%	Market	\$897	715	n/a	No	0	0.0%
						48	16.0%	Market	\$943	910	n/a	No	0	0.0%
						62	20.7%	Market	\$1,084	1,110	n/a	No	2	3.2%
						36	12.0%	Market	\$1,101	1,180	n/a	No	5	13.9%
						62	20.7%	Market	\$1,113	1,300	n/a	No	0	0.0%
						8	2.7%	Market	\$1,143	1,362	n/a	No	0	0.0%
						24	8.0%	Market	\$1,310	1,435	n/a	No	0	0.0%
300	100%							7	2.3%					

SUMMARY MATRIX														
Comp #	Project	Distance	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
8	Grayson Park Apartments 1525 Grayson Highway Grayson, GA 30017 Gwinnett County	5.4 miles	Various (3 stories) 2003 / n/a	Market	1BR / 1BA (Garden)	92	19.8%	Market	\$1,108	687	n/a	No	4	4.3%
					1BR / 1BA (Garden)	93	20.0%	Market	\$1,178	899	n/a	No	3	3.2%
					2BR / 2BA (Garden)	34	7.3%	Market	\$1,470	1,283	n/a	No	2	5.9%
					2BR / 2BA (Townhouse)	43	9.3%	Market	\$1,795	1,485	n/a	No	1	2.3%
					2BR / 2.5BA (Garden)	108	23.3%	Market	\$1,415	1,064	n/a	No	4	3.7%
					3BR / 2BA (Townhouse)	39	8.4%	Market	\$1,959	1,882	n/a	No	2	5.1%
					3BR / 2.5BA (Garden)	55	11.9%	Market	\$1,694	1,599	n/a	No	1	1.8%
						464	100%							
9	Highland Grove 1900 Glenn Club Dr Stone Mountain, GA 30087 DeKalb County	6 miles	Garden (3 stories) 1988 / n/a	Market	Studio / 1BA	N/A	N/A	Market	\$762	711	n/a	Yes	0	N/A
					Studio / 1BA	N/A	N/A	Market	\$737	649	n/a	Yes	0	N/A
					1BR / 1BA	N/A	N/A	Market	\$851	808	n/a	Yes	0	N/A
					1BR / 1BA	N/A	N/A	Market	\$836	729	n/a	Yes	0	N/A
					2BR / 2BA	N/A	N/A	Market	\$1,078	1,078	n/a	Yes	0	N/A
					2BR / 2BA	N/A	N/A	Market	\$977	961	n/a	Yes	0	N/A
					3BR / 2BA	N/A	N/A	Market	\$1,259	1,259	n/a	Yes	0	N/A
					3BR / 2BA	N/A	N/A	Market	\$1,234	1,196	n/a	Yes	0	N/A
	268	100%										0	0.0%	
10	Stonecreek On The Green 3974 Annistown Road Snellville, GA 30039 Gwinnett County	3.2 miles	Garden (3 stories) 2003 / n/a	Market	1BR / 1BA	47	32.2%	Market	\$1,197	884	n/a	No	0	0.0%
					1BR / 1BA	47	32.2%	Market	\$1,082	884	n/a	No	1	2.1%
					2BR / 2BA	18	12.3%	Market	\$1,369	1,161	n/a	No	0	0.0%
					2BR / 2BA	18	12.3%	Market	\$1,259	1,161	n/a	No	1	5.6%
					3BR / 2BA	8	5.5%	Market	\$1,438	1,354	n/a	No	0	0.0%
					3BR / 2BA	8	5.5%	Market	\$1,438	1,354	n/a	No	1	12.5%
	146	100%										3	2.1%	
11	Villas At Loganville 2935 Rosebud Road Southwest Loganville, GA 30052 Gwinnett County	3.5 miles	Various 2010 / n/a	Market	2BR / 2BA (Garden)	35	20.0%	Market	\$1,318	1,332	n/a	No	0	0.0%
					2BR / 2BA (Garden)	20	11.4%	Market	\$1,215	1,186	n/a	No	0	0.0%
					2BR / 2BA (Garden)	20	11.4%	Market	\$1,203	1,186	n/a	No	1	5.0%
					2BR / 2BA (Townhouse)	30	17.1%	Market	\$1,556	1,626	n/a	No	0	0.0%
					2BR / 2BA (Townhouse)	25	14.3%	Market	\$1,531	1,603	n/a	No	0	0.0%
					2BR / 2BA (Townhouse)	25	14.3%	Market	\$1,491	1,603	n/a	No	2	8.0%
					3BR / 2BA (Townhouse)	20	11.4%	Market	\$1,876	1,626	n/a	No	0	0.0%
	175	100%										3	1.7%	

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.							
Effective Rent Date:		Oct-16	Units Surveyed:		2,907	Weighted Occupancy:	97.0%
			Market Rate:		1,973	Market Rate:	96.1%
			Tax Credit:		934	Tax Credit:	98.7%
Two Bedrooms One and a half Bath			Three Bedrooms Two Bath				
RENT	Property	Average	Property	Average	Property	Average	
	Grayson Park Apartments (2BA)	\$1,795	Grayson Park Apartments	\$1,959			
	Villas At Loganville (2BA)	\$1,556	Villas At Loganville	\$1,876			
	Villas At Loganville (2BA)	\$1,531	Stonecreek On The Green	\$1,438			
	Villas At Loganville (2BA)	\$1,491	Stonecreek On The Green	\$1,438			
	Grayson Park Apartments (2BA)	\$1,470	2800 At Sweetwater (2.5BA)	\$1,367			
	Stonecreek On The Green (2BA)	\$1,369	Columns At Paxton Lake	\$1,322			
	Villas At Loganville (2BA)	\$1,318	Durant At Sugarloaf	\$1,310			
	Stonecreek On The Green (2BA)	\$1,259	Columns At Paxton Lake	\$1,297			
	Villas At Loganville (2BA)	\$1,215	Alexander Crossing Apartments * (M)	\$1,277			
	Villas At Loganville (2BA)	\$1,203	Highland Grove	\$1,259			
	Columns At Paxton Lake (2BA)	\$1,158	Highland Grove	\$1,234			
	Durant At Sugarloaf (2BA)	\$1,143	Alexander At Stonecrest * (M)	\$1,160			
	Columns At Paxton Lake (2BA)	\$1,133	Magnolia Village * (M)	\$1,098			
	Durant At Sugarloaf (2BA)	\$1,113	Magnolia Village * (60%)	\$1,023			
	Durant At Sugarloaf (2BA)	\$1,101	Alexander Crossing Apartments * (60%)	\$997			
	Alexander Crossing Apartments * (2.5BA M)	\$1,083	Magnolia Pointe * (M)	\$995			
	Highland Grove (2BA)	\$1,078	Alexander At Stonecrest * (60%)	\$960			
	Alexander At Stonecrest * (2BA M)	\$1,045	Magnolia Pointe * (60%)	\$920			
	2800 At Sweetwater (2BA)	\$1,037	Magnolia Village * (50%)	\$865			
	Magnolia Village * (2BA M)	\$979	<b>Park West * (60%)</b>	<b>\$850</b>			
	Highland Grove (2BA)	\$977	Magnolia Pointe * (50%)	\$794			
	Magnolia Village * (2BA 60%)	\$904					
	Magnolia Pointe * (2BA M)	\$875					
	Alexander Crossing Apartments * (2.5BA 60%)	\$873					
	Alexander At Stonecrest * (2BA 60%)	\$845					
	Magnolia Pointe * (2BA 60%)	\$825					
	Magnolia Village * (2BA 50%)	\$775					
	<b>Park West * (60%)</b>	<b>\$770</b>					
	Magnolia Pointe * (2BA 50%)	\$698					
SQUARE FOOTAGE	Villas At Loganville (2BA)	1,626	Grayson Park Apartments	1,882			
	Villas At Loganville (2BA)	1,603	Villas At Loganville	1,626			
	Villas At Loganville (2BA)	1,603	Alexander Crossing Apartments * (60%)	1,506			
	Grayson Park Apartments (2BA)	1,485	Alexander Crossing Apartments * (M)	1,506			
	Durant At Sugarloaf (2BA)	1,362	Durant At Sugarloaf	1,435			
	Villas At Loganville (2BA)	1,332	Columns At Paxton Lake	1,428			
	Durant At Sugarloaf (2BA)	1,300	Alexander At Stonecrest * (60%)	1,407			
	Grayson Park Apartments (2BA)	1,283	Alexander At Stonecrest * (M)	1,407			
	Alexander Crossing Apartments * (2.5BA 60%)	1,256	Columns At Paxton Lake	1,405			
	Alexander Crossing Apartments * (2.5BA M)	1,256	Magnolia Village * (50%)	1,375			
	Columns At Paxton Lake (2BA)	1,218	Magnolia Village * (60%)	1,375			
	Alexander At Stonecrest * (2BA 60%)	1,209	Magnolia Village * (M)	1,375			
	Alexander At Stonecrest * (2BA M)	1,209	Stonecreek On The Green	1,354			
	Villas At Loganville (2BA)	1,186	Stonecreek On The Green	1,354			
	Villas At Loganville (2BA)	1,186	2800 At Sweetwater (2.5BA)	1,300			
	Durant At Sugarloaf (2BA)	1,180	Highland Grove	1,259			
	Magnolia Village * (2BA 50%)	1,175	Highland Grove	1,196			
	Magnolia Village * (2BA 60%)	1,175	Magnolia Pointe * (50%)	1,163			
	Magnolia Village * (2BA M)	1,175	Magnolia Pointe * (60%)	1,163			
	Stonecreek On The Green (2BA)	1,161	Magnolia Pointe * (M)	1,163			
	Stonecreek On The Green (2BA)	1,161	<b>Park West * (60%)</b>	<b>1,115</b>			
	Columns At Paxton Lake (2BA)	1,154					
	Highland Grove (2BA)	1,078					
	Magnolia Pointe * (2BA 50%)	1,008					
	Magnolia Pointe * (2BA 60%)	1,008					
	Magnolia Pointe * (2BA M)	1,008					
	<b>Park West * (60%)</b>	<b>985</b>					
	2800 At Sweetwater (2BA)	962					
	Highland Grove (2BA)	961					
RENT PER SQUARE FOOT	Grayson Park Apartments (2BA)	\$1.21	Villas At Loganville	\$1.15			
	Stonecreek On The Green (2BA)	\$1.18	Stonecreek On The Green	\$1.06			
	Grayson Park Apartments (2BA)	\$1.15	Stonecreek On The Green	\$1.06			
	Stonecreek On The Green (2BA)	\$1.08	2800 At Sweetwater (2.5BA)	\$1.05			
	2800 At Sweetwater (2BA)	\$1.08	Grayson Park Apartments	\$1.04			
	Villas At Loganville (2BA)	\$1.02	Highland Grove	\$1.03			
	Highland Grove (2BA)	\$1.02	Highland Grove	\$1.00			
	Villas At Loganville (2BA)	\$1.01	Columns At Paxton Lake	\$0.93			
	Highland Grove (2BA)	\$1.00	Columns At Paxton Lake	\$0.92			
	Villas At Loganville (2BA)	\$0.99	Durant At Sugarloaf	\$0.91			
	Columns At Paxton Lake (2BA)	\$0.98	Magnolia Pointe * (M)	\$0.86			
	Villas At Loganville (2BA)	\$0.96	Alexander Crossing Apartments * (M)	\$0.85			
	Villas At Loganville (2BA)	\$0.96	Alexander At Stonecrest * (M)	\$0.82			
	Columns At Paxton Lake (2BA)	\$0.95	Magnolia Village * (M)	\$0.80			
	Durant At Sugarloaf (2BA)	\$0.93	Magnolia Pointe * (60%)	\$0.79			
	Villas At Loganville (2BA)	\$0.93	<b>Park West * (60%)</b>	<b>\$0.76</b>			
	Magnolia Pointe * (2BA M)	\$0.87	Magnolia Village * (60%)	\$0.74			
	Alexander At Stonecrest * (2BA M)	\$0.86	Magnolia Pointe * (50%)	\$0.68			
	Alexander Crossing Apartments * (2.5BA M)	\$0.86	Alexander At Stonecrest * (60%)	\$0.68			
	Durant At Sugarloaf (2BA)	\$0.86	Alexander Crossing Apartments * (60%)	\$0.66			
	Durant At Sugarloaf (2BA)	\$0.84	Magnolia Village * (50%)	\$0.63			
	Magnolia Village * (2BA M)	\$0.83					
	Magnolia Pointe * (2BA 60%)	\$0.82					
	<b>Park West * (60%)</b>	<b>\$0.78</b>					
	Magnolia Village * (2BA 60%)	\$0.77					
	Alexander At Stonecrest * (2BA 60%)	\$0.70					
	Alexander Crossing Apartments * (2.5BA 60%)	\$0.70					
	Magnolia Pointe * (2BA 50%)	\$0.69					
	Magnolia Village * (2BA 50%)	\$0.66					

# PROPERTY PROFILE REPORT

## Alexander At Stonecrest

<b>Effective Rent Date</b>	9/12/2016
<b>Location</b>	100 Leslie Oaks Drive Lithonia, GA 30058 DeKalb County
<b>Distance</b>	6.3 miles
<b>Units</b>	262
<b>Vacant Units</b>	2
<b>Vacancy Rate</b>	0.8%
<b>Type</b>	Garden (3 stories)
<b>Year Built/Renovated</b>	2002 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	2/08/2007
<b>Major Competitors</b>	Wesley Providence, Greens at Stone Creek
<b>Tenant Characteristics</b>	Mixed tenancy, average household size is 2
<b>Contact Name</b>	Katie
<b>Phone</b>	770-482-7759



### Market Information

<b>Program</b>	@60%, Market
<b>Annual Turnover Rate</b>	14%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	19%
<b>Leasing Pace</b>	Within two weeks
<b>Annual Chg. in Rent</b>	1-14% increase since 1Q 2015
<b>Concession</b>	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	38	974	\$693	\$0	@60%	Yes	0	0.0%	yes	None
1	1	Garden (3 stories)	56	974	\$893	\$0	Market	No	1	1.8%	N/A	None
2	2	Garden (3 stories)	45	1,209	\$815	\$0	@60%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	67	1,209	\$1,015	\$0	Market	No	1	1.5%	N/A	None
3	2	Garden (3 stories)	22	1,407	\$923	\$0	@60%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	34	1,407	\$1,123	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$693	\$0	\$693	\$24	\$717	1BR / 1BA	\$893	\$0	\$893	\$24	\$917
2BR / 2BA	\$815	\$0	\$815	\$30	\$845	2BR / 2BA	\$1,015	\$0	\$1,015	\$30	\$1,045
3BR / 2BA	\$923	\$0	\$923	\$37	\$960	3BR / 2BA	\$1,123	\$0	\$1,123	\$37	\$1,160

## Alexander At Stonecrest, continued

### Amenities

#### In-Unit

Balcony/Patio  
Carpet/Hardwood  
Coat Closet  
Ceiling Fan  
Hand Rails  
Oven  
Walk-In Closet

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

#### Security

In-Unit Alarm  
Limited Access  
Patrol  
Perimeter Fencing  
Video Surveillance

#### Services

None

#### Property

Car Wash  
Exercise Facility  
Off-Street Parking  
Playground

Clubhouse/Meeting  
Central Laundry  
On-Site Management  
Swimming Pool

#### Premium

None

#### Other

None

### Comments

The property maintains separate waiting lists for each LIHTC bedroom type. There are five households on the waiting list for one-bedroom units, seven households on the waiting list for two-bedroom units, and three households on the waiting list for three-bedroom units.

# Alexander At Stonecrest, continued

## Trend Report

### Vacancy Rates

4Q07	4Q08	1Q15	3Q16
2.7%	6.1%	4.2%	0.8%

### Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	4	N/A	\$695	\$0	\$695	\$719
2008	4	N/A	\$695	\$29	\$666	\$690
2015	1	0.0%	\$687	\$0	\$687	\$711
2016	3	0.0%	\$693	\$0	\$693	\$717

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	4	N/A	\$835	\$0	\$835	\$865
2008	4	N/A	\$825	\$34	\$791	\$821
2015	1	11.1%	\$813	\$0	\$813	\$843
2016	3	0.0%	\$815	\$0	\$815	\$845

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	4	N/A	\$955	\$0	\$955	\$992
2008	4	N/A	\$945	\$39	\$906	\$943
2015	1	13.6%	\$895	\$0	\$895	\$932
2016	3	0.0%	\$923	\$0	\$923	\$960

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	4	N/A	\$735	\$0	\$735	\$759
2008	4	N/A	\$795	\$33	\$762	\$786
2015	1	3.6%	\$795	\$0	\$795	\$819
2016	3	1.8%	\$893	\$0	\$893	\$917

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	4	N/A	\$939	\$0	\$939	\$969
2008	4	N/A	\$939	\$39	\$900	\$930
2015	1	0.0%	\$895	\$0	\$895	\$925
2016	3	1.5%	\$1,015	\$0	\$1,015	\$1,045

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2007	4	N/A	\$1,100	\$0	\$1,100	\$1,137
2008	4	N/A	\$1,100	\$46	\$1,054	\$1,091
2015	1	2.9%	\$1,010	\$0	\$1,010	\$1,047
2016	3	0.0%	\$1,123	\$0	\$1,123	\$1,160

## Trend: Comments

- 4Q07** The contact is a relatively new leasing agent. The contact stated that the property is much nicer than the other tax credit properties in the area.
- 4Q08** Contact stated that two of the vacancies currently have applications on file. There was a seven percent increase on the one-bedroom market rate units, and a one percent decrease on the two and three-bedroom units at the 60% AMI level. Although contact was unable to specify vacancies per bedroom type, she did state that the majority of the vacancies were in the two-bedroom units.
- 1Q15** Management stated that there is a short waiting list and all vacant LIHTC units have pending applications.
- 3Q16** The property maintains separate waiting lists for each LIHTC bedroom type. There are five households on the waiting list for one-bedroom units, seven households on the waiting list for two-bedroom units, and three households on the waiting list for three-bedroom units.

# Alexander At Stonecrest, continued

## Photos



# PROPERTY PROFILE REPORT

## Alexander Crossing Apartments

<b>Effective Rent Date</b>	8/31/2016
<b>Location</b>	100 Alexander Crossing Loganville, GA 30052 Walton County
<b>Distance</b>	6.3 miles
<b>Units</b>	240
<b>Vacant Units</b>	0
<b>Vacancy Rate</b>	0.0%
<b>Type</b>	Townhouse (2 stories)
<b>Year Built/Renovated</b>	2003 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Cambridge, The Muses
<b>Tenant Characteristics</b>	Mixed tenancy
<b>Contact Name</b>	Erica
<b>Phone</b>	770-466-2281



### Market Information

<b>Program</b>	@60%, Market
<b>Annual Turnover Rate</b>	32%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	10%
<b>Leasing Pace</b>	Within one week
<b>Annual Chg. in Rent</b>	0-7% increase since 2Q2015
<b>Concession</b>	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	2.5	Townhouse (2 stories)	120	1,256	\$790	\$0	@60%	Yes	0	0.0%	yes	None
2	2.5	Townhouse (2 stories)	48	1,256	\$1,000	\$0	Market	No	0	0.0%	N/A	None
3	2	Townhouse (2 stories)	48	1,506	\$895	\$0	@60%	Yes	0	0.0%	yes	None
3	2	Townhouse (2 stories)	24	1,506	\$1,175	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2.5BA	\$790	\$0	\$790	\$83	\$873	2BR / 2.5BA	\$1,000	\$0	\$1,000	\$83	\$1,083
3BR / 2BA	\$895	\$0	\$895	\$102	\$997	3BR / 2BA	\$1,175	\$0	\$1,175	\$102	\$1,277

## Alexander Crossing Apartments, continued

### Amenities

**In-Unit**

Balcony/Patio  
Carpeting  
Coat Closet  
Exterior Storage  
Garbage Disposal  
Microwave  
Pull Cords  
Vaulted Ceilings  
Washer/Dryer hookup

Blinds  
Central A/C  
Dishwasher  
Ceiling Fan  
Hand Rails  
Oven  
Refrigerator  
Walk-In Closet

**Security**

In-Unit Alarm  
Perimeter Fencing

**Services**

None

**Property**

Car Wash  
Exercise Facility  
On-Site Management  
Swimming Pool

Clubhouse/Meeting  
Off-Street Parking  
Playground

**Premium**

None

**Other**

None

### Comments

The contact reported that the property typically remains fully occupied. A waiting list of ten households is currently maintained for the LIHTC units. The market rate units are currently undergoing upgrades that included new stainless steel appliances, hardwood floors, counter tops, light fixtures, and blinds. The two-bedroom units range from \$1,000 to \$1,300 and the three-bedroom units range from \$1,175 to \$1,400 based on the aforementioned upgrades.

# Alexander Crossing Apartments, continued

## Trend Report

### Vacancy Rates

2Q15	1Q16	2Q16	3Q16
0.0%	1.3%	0.0%	0.0%

### Trend: @60%

#### 2BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	2	0.0%	\$790	\$0	\$790	\$873
2016	1	0.0%	\$790	\$0	\$790	\$873
2016	2	0.0%	\$790	\$0	\$790	\$873
2016	3	0.0%	\$790	\$0	\$790	\$873

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	2	0.0%	\$895	\$0	\$895	\$997
2016	1	2.1%	\$895	\$0	\$895	\$997
2016	2	0.0%	\$895	\$0	\$895	\$997
2016	3	0.0%	\$895	\$0	\$895	\$997

### Trend: Market

#### 2BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	2	N/A	\$950 - \$955	\$0	\$950 - \$955	\$1,033 - \$1,038
2016	1	4.2%	\$965	\$0	\$965	\$1,048
2016	2	0.0%	\$998	\$0	\$998	\$1,081
2016	3	0.0%	\$1,000	\$0	\$1,000	\$1,083

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	2	0.0%	\$1,100	\$0	\$1,100	\$1,202
2016	1	0.0%	\$1,115	\$0	\$1,115	\$1,217
2016	2	0.0%	\$1,175	\$0	\$1,175	\$1,277
2016	3	0.0%	\$1,175	\$0	\$1,175	\$1,277

## Trend: Comments

**2Q15** The contact reported that the property maintains a small waiting list for units renting at 60% of AMI, however the length of the waiting list was not disclosed. Management indicated that the waiting list was recently purged. The contact reported that the price discrepancy between two-bedroom units is due to few units offering bay windows. Since our last interview in March 2015, rents on three-bedroom units have increased less than one percent on units at 60% of AMI and have increased five percent on market rate units. Management was unable to comment on the number of parking spaces the property offers or on the parking utilization rate at the property. The contact indicated that there is a strong demand for affordable housing in the local area.

**1Q16** The contact reported that the property maintains a waiting list for units the income restricted units with approximately 75 households.

**2Q16** The contact reported that the property typically remains fully occupied.

**3Q16** The contact reported that the property typically remains fully occupied. A waiting list of ten households is currently maintained for the LIHTC units. The market rate units are currently undergoing upgrades that included new stainless steel appliances, hardwood floors, counter tops, light fixtures, and blinds. The two-bedroom units range from \$1,000 to \$1,300 and the three-bedroom units range from \$1,175 to \$1,400 based on the aforementioned upgrades.

# Alexander Crossing Apartments, continued

## Photos



# PROPERTY PROFILE REPORT

## Magnolia Pointe

<b>Effective Rent Date</b>	9/16/2016
<b>Location</b>	1475 Boggs Rd Duluth, GA 30096 Gwinnett County
<b>Distance</b>	9.2 miles
<b>Units</b>	242
<b>Vacant Units</b>	10
<b>Vacancy Rate</b>	4.1%
<b>Type</b>	Garden (2 stories)
<b>Year Built/Renovated</b>	2000 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Meridian Pointe, Palisades Club, Tanglewood
<b>Tenant Characteristics</b>	Age span from 21-46, average household five persons
<b>Contact Name</b>	Wanda
<b>Phone</b>	(770) 717-5353



### Market Information

<b>Program</b>	@50%, @60%, Market
<b>Annual Turnover Rate</b>	20%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	20%
<b>Leasing Pace</b>	Within one week
<b>Annual Chg. in Rent</b>	0-6% increase since 1Q2015
<b>Concession</b>	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	13	737	\$588	\$0	@50%	No	N/A	N/A	yes	None
1	1	Garden (2 stories)	11	737	\$720	\$0	@60%	No	N/A	N/A	yes	None
1	1	Garden (2 stories)	36	737	\$770	\$0	Market	No	N/A	N/A	N/A	None
2	2	Garden (2 stories)	22	1,008	\$698	\$0	@50%	No	N/A	N/A	yes	None
2	2	Garden (2 stories)	18	1,008	\$825	\$0	@60%	No	N/A	N/A	yes	None
2	2	Garden (2 stories)	70	1,008	\$875	\$0	Market	No	N/A	N/A	N/A	None
3	2	Garden (2 stories)	16	1,163	\$794	\$0	@50%	No	N/A	N/A	yes	None
3	2	Garden (2 stories)	16	1,163	\$920	\$0	@60%	No	N/A	N/A	yes	None
3	2	Garden (2 stories)	40	1,163	\$995	\$0	Market	No	N/A	N/A	N/A	None

## Magnolia Pointe, continued

### Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$588	\$0	\$588	\$0	\$588	1BR / 1BA	\$720	\$0	\$720	\$0	\$720
2BR / 2BA	\$698	\$0	\$698	\$0	\$698	2BR / 2BA	\$825	\$0	\$825	\$0	\$825
3BR / 2BA	\$794	\$0	\$794	\$0	\$794	3BR / 2BA	\$920	\$0	\$920	\$0	\$920

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$770	\$0	\$770	\$0	\$770
2BR / 2BA	\$875	\$0	\$875	\$0	\$875
3BR / 2BA	\$995	\$0	\$995	\$0	\$995

### Amenities

#### In-Unit

Balcony/Patio  
Carpeting  
Coat Closet  
Exterior Storage  
Oven  
Walk-In Closet

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

#### Security

Patrol

#### Services

None

#### Property

Business Center/Computer Lab  
Exercise Facility  
Off-Street Parking  
Playground

Clubhouse/Meeting  
Central Laundry  
On-Site Management  
Swimming Pool

#### Premium

None

#### Other

None

### Comments

The contact was not able to report if any vacant units had been preleased.

# Magnolia Pointe, continued

## Trend Report

### Vacancy Rates

4Q14	1Q15	2Q16	3Q16
2.9%	2.9%	5.8%	4.1%

### Trend: @50%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2014	4	0.0%	\$598	\$0	\$598	\$598
2015	1	0.0%	\$595	\$0	\$595	\$595
2016	2	0.0%	\$595	\$0	\$595	\$595
2016	3	N/A	\$588	\$0	\$588	\$588

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2014	4	0.0%	\$707	\$0	\$707	\$707
2015	1	0.0%	\$699	\$0	\$699	\$699
2016	2	0.0%	\$699	\$0	\$699	\$699
2016	3	N/A	\$698	\$0	\$698	\$698

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2014	4	0.0%	\$805	\$0	\$805	\$805
2015	1	0.0%	\$799	\$0	\$799	\$799
2016	2	0.0%	\$798	\$0	\$798	\$798
2016	3	N/A	\$794	\$0	\$794	\$794

### Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2014	4	0.0%	\$609	\$0	\$609	\$609
2015	1	0.0%	\$700	\$0	\$700	\$700
2016	2	0.0%	\$645	\$0	\$645	\$645
2016	3	N/A	\$720	\$0	\$720	\$720

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2014	4	5.6%	\$724	\$0	\$724	\$724
2015	1	0.0%	\$775	\$0	\$775	\$775
2016	2	0.0%	\$745	\$0	\$745	\$745
2016	3	N/A	\$825	\$0	\$825	\$825

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2014	4	6.2%	\$849	\$0	\$849	\$849
2015	1	0.0%	\$870	\$0	\$870	\$870
2016	2	0.0%	\$885	\$0	\$885	\$885
2016	3	N/A	\$920	\$0	\$920	\$920

## Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2014	4	2.8%	\$649	\$0	\$649	\$649
2015	1	5.6%	\$770	\$0	\$770	\$770
2016	2	11.1%	\$770	\$0	\$770	\$770
2016	3	N/A	\$770	\$0	\$770	\$770

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2014	4	4.3%	\$749	\$0	\$749	\$749
2015	1	5.7%	\$795	\$0	\$795	\$795
2016	2	7.1%	\$795	\$0	\$795	\$795
2016	3	N/A	\$875	\$0	\$875	\$875

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2014	4	2.5%	\$875	\$0	\$875	\$875
2015	1	2.5%	\$975	\$0	\$975	\$975
2016	2	12.5%	\$975	\$0	\$975	\$975
2016	3	N/A	\$995	\$0	\$995	\$995

### Trend: Comments

- 4Q14** The contact reported current occupancy has been typical during most of 2014.
- 1Q15** Management reported that the property does not maintain a waiting list currently. Occupancy was reported as typical for the winter months. The contact was unable to disclose why the prices for the units at the 50 percent AMI level decreased. The property offers approximately two parking spaces per unit. The contact was unable to comment on the parking utilization rate at the property. Since our last interview in 2014, prices for units operating at the 50 percent AMI level have decreased one percent, units at the 60 percent AMI level have increased two to 14 percent, and market rate units have increased seven to 18 percent.
- 2Q16** N/A
- 3Q16** The contact was not able to report if any vacant units had been preleased.

# Magnolia Pointe, continued

## Photos



# PROPERTY PROFILE REPORT

## Magnolia Village

<b>Effective Rent Date</b>	9/13/2016
<b>Location</b>	287 East Crogan Lawrenceville, GA 30045 Gwinnett County
<b>Distance</b>	8.7 miles
<b>Units</b>	190
<b>Vacant Units</b>	0
<b>Vacancy Rate</b>	0.0%
<b>Type</b>	Garden (3 stories)
<b>Year Built/Renovated</b>	2002 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Alexander Mills
<b>Tenant Characteristics</b>	Mixed tenancy but few seniors
<b>Contact Name</b>	Mia
<b>Phone</b>	770-237-3910



### Market Information

<b>Program</b>	@50%, @60%, Market
<b>Annual Turnover Rate</b>	13%
<b>Units/Month Absorbed</b>	5-8
<b>HCV Tenants</b>	5%
<b>Leasing Pace</b>	Pre-leased
<b>Annual Chg. in Rent</b>	5-10% increase since 3Q2013
<b>Concession</b>	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	19	975	\$575	\$0	@50%	Yes	0	0.0%	yes	None
1	1	Garden (3 stories)	8	975	\$700	\$0	@60%	Yes	0	0.0%	yes	None
1	1	Garden (3 stories)	9	975	\$775	\$0	Market	Yes	0	0.0%	N/A	None
2	2	Garden (3 stories)	47	1,175	\$671	\$0	@50%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	47	1,175	\$800	\$0	@60%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	24	1,175	\$875	\$0	Market	Yes	0	0.0%	N/A	None
3	2	Garden (3 stories)	20	1,375	\$742	\$0	@50%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	8	1,375	\$900	\$0	@60%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	8	1,375	\$975	\$0	Market	Yes	0	0.0%	N/A	None

## Magnolia Village, continued

### Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$575	\$0	\$575	\$87	\$662	1BR / 1BA	\$700	\$0	\$700	\$87	\$787
2BR / 2BA	\$671	\$0	\$671	\$104	\$775	2BR / 2BA	\$800	\$0	\$800	\$104	\$904
3BR / 2BA	\$742	\$0	\$742	\$123	\$865	3BR / 2BA	\$900	\$0	\$900	\$123	\$1,023

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$775	\$0	\$775	\$87	\$862
2BR / 2BA	\$875	\$0	\$875	\$104	\$979
3BR / 2BA	\$975	\$0	\$975	\$123	\$1,098

### Amenities

#### In-Unit

Balcony/Patio  
 Carpeting  
 Coat Closet  
 Exterior Storage  
 Oven  
 Walk-In Closet

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

#### Security

Limited Access  
 Patrol  
 Perimeter Fencing

#### Services

Afterschool Program

#### Property

Car Wash  
 Exercise Facility  
 Off-Street Parking  
 Playground  
 Tennis Court

Clubhouse/Meeting  
 Central Laundry  
 On-Site Management  
 Swimming Pool

#### Premium

None

#### Other

None

### Comments

The property maintains a waiting list approximately six to eight months in length.

# Magnolia Village, continued

## Trend Report

### Vacancy Rates

1Q13	3Q13	2Q16	3Q16
3.2%	1.1%	0.5%	0.0%

### Trend: @50%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	1	0.0%	\$570	\$0	\$570	\$657
2013	3	0.0%	\$570	\$0	\$570	\$657
2016	2	0.0%	\$575	\$0	\$575	\$662
2016	3	0.0%	\$575	\$0	\$575	\$662

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	1	0.0%	\$655	\$0	\$655	\$759
2013	3	0.0%	\$655	\$0	\$655	\$759
2016	2	0.0%	\$671	\$0	\$671	\$775
2016	3	0.0%	\$671	\$0	\$671	\$775

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	1	0.0%	\$760	\$0	\$760	\$883
2013	3	0.0%	\$760	\$0	\$760	\$883
2016	2	0.0%	\$742	\$0	\$742	\$865
2016	3	0.0%	\$742	\$0	\$742	\$865

### Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	1	0.0%	\$635	\$0	\$635	\$722
2013	3	0.0%	\$635	\$0	\$635	\$722
2016	2	0.0%	\$700	\$0	\$700	\$787
2016	3	0.0%	\$700	\$0	\$700	\$787

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	1	0.0%	\$735	\$0	\$735	\$839
2013	3	0.0%	\$735	\$0	\$735	\$839
2016	2	0.0%	\$800	\$0	\$800	\$904
2016	3	0.0%	\$800	\$0	\$800	\$904

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	1	0.0%	\$830	\$0	\$830	\$953
2013	3	0.0%	\$830	\$0	\$830	\$953
2016	2	0.0%	\$900	\$0	\$900	\$1,023
2016	3	0.0%	\$900	\$0	\$900	\$1,023

## Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	1	N/A	\$725	\$0	\$725	\$812
2013	3	11.1%	\$725	\$0	\$725	\$812
2016	2	0.0%	\$775	\$0	\$775	\$862
2016	3	0.0%	\$775	\$0	\$775	\$862

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	1	N/A	\$825	\$0	\$825	\$929
2013	3	4.2%	\$825	\$0	\$825	\$929
2016	2	4.2%	\$875	\$0	\$875	\$979
2016	3	0.0%	\$875	\$0	\$875	\$979

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	1	N/A	\$925	\$0	\$925	\$1,048
2013	3	0.0%	\$925	\$0	\$925	\$1,048
2016	2	0.0%	\$925	\$0	\$925	\$1,048
2016	3	0.0%	\$975	\$0	\$975	\$1,098

## Magnolia Village, continued

### Trend: Comments

- 1Q13** Management indicated that have six vacancies currently and that all vacancies are in the market units, but not sure how many vacancies there were per floor plan. Management indicated that they did not believe the LIHTC rents to be at maximum allowable, but were not certain.
- 3Q13** None at this time.
- 2Q16** The contact reported strong demand for affordable housing in the area. The property's one vacancy is preleased. The property typically remains above 98 percent in terms of occupancy. The contact reported that the property maintains a waiting list as follows: 1BR - 100 households, 2BR - 200 households, and 3BR - 60 households.
- 3Q16** The property maintains a waiting list approximately six to eight months in length.

# Magnolia Village, continued

## Photos



# PROPERTY PROFILE REPORT

## 2800 At Sweetwater (fka Pointe At Sugarloaf)

<b>Effective Rent Date</b>	9/07/2016
<b>Location</b>	2800 Herrington Woods Ct. Lawrenceville, GA 30044 Gwinnett County
<b>Distance</b>	8.5 miles
<b>Units</b>	324
<b>Vacant Units</b>	45
<b>Vacancy Rate</b>	13.9%
<b>Type</b>	Various
<b>Year Built/Renovated</b>	1997 / 2016
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	None identified
<b>Tenant Characteristics</b>	Families and singles
<b>Contact Name</b>	Maja
<b>Phone</b>	770-277-5999



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	25%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Within one month
<b>Annual Chg. in Rent</b>	5-14% increase since 1Q2015
<b>Concession</b>	50% discount on first month's rent

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	124	709	\$865	\$36	Market	No	11	8.9%	N/A	None
2	2	Garden (3 stories)	144	962	\$995	\$41	Market	No	21	14.6%	N/A	None
3	2.5	Townhouse (2 stories)	32	1,300	\$1,320	\$55	Market	No	7	21.9%	N/A	None
4	2.5	Townhouse (2 stories)	24	1,472	\$1,525	\$64	Market	No	6	25.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$865	\$36	\$829	\$66	\$895
2BR / 2BA	\$995	\$41	\$954	\$83	\$1,037
3BR / 2.5BA	\$1,320	\$55	\$1,265	\$102	\$1,367
4BR / 2.5BA	\$1,525	\$64	\$1,461	\$126	\$1,587

## 2800 At Sweetwater (fka Pointe At Sugarloaf), continued

### Amenities

#### In-Unit

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

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

#### Security

Patrol

#### Services

None

#### Property

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

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

#### Premium

None

#### Other

None

### Comments

The property was formerly known as Pointe at Sugarloaf. The property is currently undergoing major exterior and interior renovations. As units become vacant they are being held off-line until renovations are complete. While the contact was not able to provide an exact number, she indicated that the majority of the current vacancies are attributed to the renovations. Further, the property is offering concessions as it undergoes renovations. She also stated that none of the renovated units are ready for occupancy.

## 2800 At Sweetwater (fka Pointe At Sugarloaf), continued

### Trend Report

#### Vacancy Rates

1Q13	1Q15	2Q16	3Q16
4.6%	9.0%	0.3%	13.9%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	N/A	\$775 - \$876	\$0	\$775 - \$876	\$841 - \$942
2016	2	N/A	\$799	\$0	\$799	\$865
2016	3	8.9%	\$865	\$36	\$829	\$895

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	N/A	\$880 - \$1,004	\$0	\$880 - \$1,004	\$963 - \$1,087
2016	2	N/A	\$899	\$0	\$899	\$982
2016	3	14.6%	\$995	\$41	\$954	\$1,037

#### 3BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	N/A	\$1,115 - \$1,119	\$0	\$1,115 - \$1,119	\$1,217 - \$1,221
2016	2	N/A	\$1,099	\$0	\$1,099	\$1,201
2016	3	21.9%	\$1,320	\$55	\$1,265	\$1,367

#### 4BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	N/A	\$1,329 - \$1,428	\$0	\$1,329 - \$1,428	\$1,455 - \$1,554
2016	2	N/A	\$1,299	\$0	\$1,299	\$1,425
2016	3	25.0%	\$1,525	\$64	\$1,461	\$1,587

### Trend: Comments

**1Q13** Management indicated that the property is currently running a special where the remainder of the month is free, plus \$100 off February, which is represented in the concessions. The price ranges in the units indicate differences in location, as well as some units that have been sitting longer than others, and are offered at special pricing.

Management representative was not able to provide the annual turnover rate and stated they would have the property manager contact me with that figure. Housing choice voucher tenancy was estimated to be at 30 percent.

An in-unit washer/dryer can be rented for \$38 per month.

**1Q15** Management reported that the property became a market rate property and changed its name to the Pointe at Sugar Loaf in 2014. Occupancy was reported as typical for the winter season at the property and the property is 94.75 percent pre-leased. The property operates on the LRO system and rents fluctuate daily based on demand. Management reported that the property offers two parking spaces per unit. The contact was unable to comment on the parking utilization rate at the property. Management was unable to provide vacancy by unit type or information regarding the unit mix at the property.

**2Q16** The turnover rate and percentage of seniors living on the property were not available.

**3Q16** The property was formerly known as Pointe at Sugarloaf. The property is currently undergoing major exterior and interior renovations. As units become vacant they are being held off-line until renovations are complete. While the contact was not able to provide an exact number, she indicated that the majority of the current vacancies are attributed to the renovations. Further, the property is offering concessions as it undergoes renovations. She also stated that none of the renovated units are ready for occupancy.

Photos



# PROPERTY PROFILE REPORT

## Columns At Paxton Lake

<b>Effective Rent Date</b>	9/07/2016
<b>Location</b>	4305 Paxton Lane Lilburn, GA 30047 Gwinnett County
<b>Distance</b>	4.1 miles
<b>Units</b>	296
<b>Vacant Units</b>	1
<b>Vacancy Rate</b>	0.3%
<b>Type</b>	Garden (3 stories)
<b>Year Built/Renovated</b>	1995 / 2016
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	None identified
<b>Tenant Characteristics</b>	Mixed tenancy
<b>Contact Name</b>	Bridgett
<b>Phone</b>	770.736.0040



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	16%
<b>Units/Month Absorbed</b>	15
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Within two weeks
<b>Annual Chg. in Rent</b>	3-5% increase
<b>Concession</b>	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	101	888	\$965	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (3 stories)	64	1,154	\$1,050	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (3 stories)	64	1,218	\$1,075	\$0	Market	No	1	1.6%	N/A	None
3	2	Garden (3 stories)	34	1,405	\$1,195	\$0	Market	No	0	0.0%	N/A	None
3	2	Garden (3 stories)	33	1,428	\$1,220	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$965	\$0	\$965	\$66	\$1,031
2BR / 2BA	\$1,050 - \$1,075	\$0	\$1,050 - \$1,075	\$83	\$1,133 - \$1,158
3BR / 2BA	\$1,195 - \$1,220	\$0	\$1,195 - \$1,220	\$102	\$1,297 - \$1,322

## Columns At Paxton Lake, continued

### Amenities

#### In-Unit

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

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

#### Security

Limited Access  
Patrol  
Perimeter Fencing

#### Services

None

#### Property

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

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

#### Premium

None

#### Other

None

### Comments

The property does not accept Housing Choice Vouchers. The property has a variety of different floor plans for each bedroom type.

## Columns At Paxton Lake, continued

### Trend Report

#### Vacancy Rates

2Q05	3Q16
7.8%	0.3%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	2	N/A	\$745 - \$785	\$100 - \$130	\$615 - \$685	\$681 - \$751
2016	3	0.0%	\$965	\$0	\$965	\$1,031

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	2	N/A	\$845	\$125	\$720	\$803

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	2	N/A	\$870 - \$935	\$130 - \$140	\$740 - \$795	\$823 - \$878
2016	3	0.8%	\$1,050 - \$1,075	\$0	\$1,050 - \$1,075	\$1,133 - \$1,158

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	2	N/A	\$1,000 - \$1,045	\$100	\$900 - \$945	\$1,002 - \$1,047
2016	3	0.0%	\$1,195 - \$1,220	\$0	\$1,195 - \$1,220	\$1,297 - \$1,322

### Trend: Comments

- 2Q05** This is a market rate property located in the Lilburn submarket. The property is currently 95 percent occupied and is offering concessions in the form of reduced rental rates. All utilities are electric and are paid for by the residents.
- There are three one-bedrooms, 18 two-bedrooms, and 2 three-bedroom units.
- 3Q16** The property does not accept Housing Choice Vouchers. The property has a variety of different floor plans for each bedroom type.

Photos



# PROPERTY PROFILE REPORT

## Durant At Sugarloaf

<b>Effective Rent Date</b>	8/03/2016
<b>Location</b>	50 Saint Marlowe Drive Lawrenceville, GA 30044 Gwinnett County
<b>Distance</b>	6.6 miles
<b>Units</b>	300
<b>Vacant Units</b>	7
<b>Vacancy Rate</b>	2.3%
<b>Type</b>	Garden (3 stories)
<b>Year Built/Renovated</b>	2002 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Wellington Ridge
<b>Tenant Characteristics</b>	Approximately 50% families. Approximately 50% of tenants from the Lawrenceville/Snellville/Duluth area & 30% from out of state
<b>Contact Name</b>	Tina
<b>Phone</b>	770.237.9441



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	38%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Within one week
<b>Annual Chg. in Rent</b>	4-13% increase since 1Q2015
<b>Concession</b>	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	60	715	\$810	\$0	Market	No	0	0.0%	N/A	None
1	1	Garden (3 stories)	48	910	\$856	\$0	Market	No	0	0.0%	N/A	None
2	1	Garden (3 stories)	62	1,110	\$980	\$0	Market	No	2	3.2%	N/A	None
2	2	Garden (3 stories)	36	1,180	\$997	\$0	Market	No	5	13.9%	N/A	None
2	2	Garden (3 stories)	62	1,300	\$1,009	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (3 stories)	8	1,362	\$1,039	\$0	Market	No	0	0.0%	N/A	None
3	2	Garden (3 stories)	24	1,435	\$1,187	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$810 - \$856	\$0	\$810 - \$856	\$87	\$897 - \$943
2BR / 1BA	\$980	\$0	\$980	\$104	\$1,084
2BR / 2BA	\$997 - \$1,039	\$0	\$997 - \$1,039	\$104	\$1,101 - \$1,143
3BR / 2BA	\$1,187	\$0	\$1,187	\$123	\$1,310

## Durant At Sugarloaf, continued

### Amenities

#### In-Unit

Balcony/Patio  
Carpeting  
Coat Closet  
Exterior Storage  
Oven  
Walk-In Closet

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

#### Security

Limited Access  
Perimeter Fencing

#### Services

None

#### Property

Business Center/Computer Lab  
Clubhouse/Meeting  
Garage  
Off-Street Parking  
Playground  
Tennis Court

Car Wash  
Exercise Facility  
Central Laundry  
On-Site Management  
Swimming Pool

#### Premium

None

#### Other

None

### Comments

Contact reported 96 percent historic occupancy and noted rents change daily. A premium of \$15 to \$40 exists for lower-level units and lake view units. This profile reflects rents without the premium.

## Durant At Sugarloaf, continued

### Trend Report

#### Vacancy Rates

1Q15	1Q16	2Q16	3Q16
2.0%	5.0%	1.0%	2.3%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	1.9%	\$719 - \$823	\$0	\$719 - \$823	\$806 - \$910
2016	1	N/A	\$768 - \$794	\$0	\$768 - \$794	\$855 - \$881
2016	2	N/A	\$809 - \$876	\$0	\$809 - \$876	\$896 - \$963
2016	3	0.0%	\$810 - \$856	\$0	\$810 - \$856	\$897 - \$943

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	0.0%	\$915	\$0	\$915	\$1,019
2016	1	N/A	\$925	\$0	\$925	\$1,029
2016	2	N/A	\$993	\$0	\$993	\$1,097
2016	3	3.2%	\$980	\$0	\$980	\$1,084

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	2.8%	\$888 - \$1,000	\$0	\$888 - \$1,000	\$992 - \$1,104
2016	1	N/A	\$927 - \$1,021	\$0	\$927 - \$1,021	\$1,031 - \$1,125
2016	2	N/A	\$974 - \$1,043	\$0	\$974 - \$1,043	\$1,078 - \$1,147
2016	3	4.7%	\$997 - \$1,039	\$0	\$997 - \$1,039	\$1,101 - \$1,143

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	1	4.2%	\$1,070	\$0	\$1,070	\$1,193
2016	1	N/A	\$1,087	\$0	\$1,087	\$1,210
2016	2	N/A	\$1,206	\$0	\$1,206	\$1,329
2016	3	0.0%	\$1,187	\$0	\$1,187	\$1,310

### Trend: Comments

1Q15 N/A

1Q16 Starting rents were provided based on 12 month lease terms. Occupancy rates have ranged between 95 and 98 percent during the past year.

2Q16 Management indicated that the market rate rental market is strong in the local area.

3Q16 Contact reported 96 percent historic occupancy and noted rents change daily. A premium of \$15 to \$40 exists for lower-level units and lake view units. This profile reflects rents without the premium.

Photos



# PROPERTY PROFILE REPORT

## Grayson Park Apartments

<b>Effective Rent Date</b>	9/07/2016
<b>Location</b>	1525 Grayson Highway Grayson, GA 30017 Gwinnett County
<b>Distance</b>	5.4 miles
<b>Units</b>	464
<b>Vacant Units</b>	17
<b>Vacancy Rate</b>	3.7%
<b>Type</b>	Various (3 stories)
<b>Year Built/Renovated</b>	2003 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Logansville Villas, Cambridge Downs
<b>Tenant Characteristics</b>	Eastside Medical
<b>Contact Name</b>	Brittany
<b>Phone</b>	678-985-1955



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	29%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Within one month
<b>Annual Chg. in Rent</b>	7-12% increase since 2Q 2016
<b>Concession</b>	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden	92	687	\$1,021	\$0	Market	No	4	4.3%	N/A	None
1	1	Garden	93	899	\$1,091	\$0	Market	No	3	3.2%	N/A	None
2	2	Garden	34	1,283	\$1,366	\$0	Market	No	2	5.9%	N/A	None
2	2	Townhouse (2 stories)	43	1,485	\$1,691	\$0	Market	No	1	2.3%	N/A	None
2	2.5	Garden	108	1,064	\$1,311	\$0	Market	No	4	3.7%	N/A	None
3	2	Townhouse (2 stories)	39	1,882	\$1,836	\$0	Market	No	2	5.1%	N/A	None
3	2.5	Garden	55	1,599	\$1,571	\$0	Market	No	1	1.8%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
<b>1BR / 1BA</b>	\$1,021 - \$1,091	\$0	\$1,021 - \$1,091	\$87	\$1,108 - \$1,178
<b>2BR / 2BA</b>	\$1,366 - \$1,691	\$0	\$1,366 - \$1,691	\$104	\$1,470 - \$1,795
<b>2BR / 2.5BA</b>	\$1,311	\$0	\$1,311	\$104	\$1,415
<b>3BR / 2BA</b>	\$1,836	\$0	\$1,836	\$123	\$1,959
<b>3BR / 2.5BA</b>	\$1,571	\$0	\$1,571	\$123	\$1,694

## Grayson Park Apartments, continued

### Amenities

#### In-Unit

Balcony/Patio  
Carpet/Hardwood  
Coat Closet  
Fireplace  
Oven  
Walk-In Closet

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

#### Security

In-Unit Alarm  
Perimeter Fencing  
Video Surveillance

#### Services

None

#### Property

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

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

#### Premium

None

#### Other

None

### Comments

The property was formerly known as Tree Corner and has been under new ownership since 2013. The property does not accept Housing Choice Vouchers. A premium of \$100 is charged for units with attached garages, which have not been reflected in the table. The contact was not able to report if any vacant units had been preleased.

# Grayson Park Apartments, continued

## Trend Report

### Vacancy Rates

2Q12	3Q13	2Q16	3Q16
N/A	0.5%	0.5%	3.7%

## Trend: Market

### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	2	N/A	\$760 - \$840	\$35 - \$117	\$643 - \$805	\$730 - \$892
2013	3	N/A	\$800 - \$899	\$0	\$800 - \$899	\$887 - \$986
2016	2	N/A	\$916 - \$926	\$0	\$916 - \$926	\$1,003 - \$1,013
2016	3	3.8%	\$1,021 - \$1,091	\$0	\$1,021 - \$1,091	\$1,108 - \$1,178

### 2BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	2	N/A	\$1,380	\$117	\$1,263	\$1,367
2013	3	N/A	\$940	\$0	\$940	\$1,044
2016	2	N/A	\$1,111	\$0	\$1,111	\$1,215
2016	3	3.7%	\$1,311	\$0	\$1,311	\$1,415

### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	2	N/A	\$905 - \$955	\$60 - \$70	\$845 - \$885	\$949 - \$989
2013	3	N/A	\$995 - \$1,335	\$0	\$995 - \$1,335	\$1,099 - \$1,439
2016	2	N/A	\$1,106 - \$1,551	\$0	\$1,106 - \$1,551	\$1,210 - \$1,655
2016	3	3.9%	\$1,366 - \$1,691	\$0	\$1,366 - \$1,691	\$1,470 - \$1,795

### 3BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	2	N/A	\$1,240 - \$1,597	\$103 - \$212	\$1,137 - \$1,385	\$1,260 - \$1,508
2013	3	N/A	\$1,270	\$0	\$1,270	\$1,393
2016	2	N/A	\$1,461	\$0	\$1,461	\$1,584
2016	3	1.8%	\$1,571	\$0	\$1,571	\$1,694

### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	3	N/A	\$1,525	\$0	\$1,525	\$1,648
2016	2	N/A	\$1,666	\$0	\$1,666	\$1,789
2016	3	5.1%	\$1,836	\$0	\$1,836	\$1,959

## Trend: Comments

2Q12	Management stated it does not disclose occupancy and turnover information.
3Q13	Contact noted they recently renovated the interior of the clubhouse. There is a \$16 charge for community lights and trash that shows up on the residents water bills.
2Q16	The contact reported that the property is at its typical occupancy level.
3Q16	The property was formerly known as Tree Corner and has been under new ownership since 2013. The property does not accept Housing Choice Vouchers. A premium of \$100 is charged for units with attached garages, which have not been reflected in the table. The contact was not able to report if any vacant units had been preleased.

# Grayson Park Apartments, continued

## Photos



# PROPERTY PROFILE REPORT

## Highland Grove

<b>Effective Rent Date</b>	9/07/2016
<b>Location</b>	1900 Glenn Club Drive Stone Mountain, GA 30087 DeKalb County
<b>Distance</b>	6 miles
<b>Units</b>	268
<b>Vacant Units</b>	0
<b>Vacancy Rate</b>	0.0%
<b>Type</b>	Garden (3 stories)
<b>Year Built/Renovated</b>	1988 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	None identified
<b>Tenant Characteristics</b>	Mixed tenancy
<b>Contact Name</b>	Sylvia
<b>Phone</b>	770.879.0400



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	13%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Within one month
<b>Annual Chg. in Rent</b>	2-3% increase
<b>Concession</b>	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Garden (3 stories)	N/A	711	\$705	\$0	Market	Yes	0	N/A	N/A	HIGH
0	1	Garden (3 stories)	N/A	649	\$680	\$0	Market	Yes	0	N/A	N/A	LOW
1	1	Garden (3 stories)	N/A	808	\$780	\$0	Market	Yes	0	N/A	N/A	HIGH
1	1	Garden (3 stories)	N/A	729	\$765	\$0	Market	Yes	0	N/A	N/A	LOW
2	2	Garden (3 stories)	N/A	1,078	\$995	\$0	Market	Yes	0	N/A	N/A	HIGH
2	2	Garden (3 stories)	N/A	961	\$894	\$0	Market	Yes	0	N/A	N/A	LOW
3	2	Garden (3 stories)	N/A	1,259	\$1,165	\$0	Market	Yes	0	N/A	N/A	HIGH
3	2	Garden (3 stories)	N/A	1,196	\$1,140	\$0	Market	Yes	0	N/A	N/A	LOW

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	\$680 - \$705	\$0	\$680 - \$705	\$57	\$737 - \$762
1BR / 1BA	\$765 - \$780	\$0	\$765 - \$780	\$71	\$836 - \$851
2BR / 2BA	\$894 - \$995	\$0	\$894 - \$995	\$83	\$977 - \$1,078
3BR / 2BA	\$1,140 - \$1,165	\$0	\$1,140 - \$1,165	\$94	\$1,234 - \$1,259

## Highland Grove, continued

### Amenities

**In-Unit**

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

Blinds  
Central A/C  
Dishwasher  
Ceiling Fan  
Garbage Disposal  
Refrigerator

**Security**

None

**Services**

None

**Property**

Car Wash  
Exercise Facility  
Central Laundry  
On-Site Management  
Playground  
Tennis Court

Clubhouse/Meeting  
Garage  
Off-Street Parking  
Picnic Area  
Swimming Pool

**Premium**

None

**Other**

None

### Comments

The property does not accept Housing Choice Vouchers. The range in rent is due to sunrooms, balconies, and differences in square footage. The property maintains a waiting list approximately two months in length. Garage parking is available for tenants and ranges in price from \$45 to \$65 per month, which has not been reflected in the table.

## Highland Grove, continued

### Trend Report

#### Vacancy Rates

1Q05	2Q05	2Q07	3Q16
1.9%	1.9%	N/A	0.0%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	1	N/A	\$560	\$30	\$530	\$601
2005	2	N/A	\$560	\$30	\$530	\$601
2007	2	N/A	\$625	\$0	\$625	\$696
2016	3	N/A	\$765 - \$780	\$0	\$765 - \$780	\$836 - \$851

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	1	N/A	\$769	\$48	\$721	\$804
2005	2	N/A	\$769	\$48	\$721	\$804
2007	2	N/A	\$883	\$0	\$883	\$966
2016	3	N/A	\$894 - \$995	\$0	\$894 - \$995	\$977 - \$1,078

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	1	N/A	\$949	\$63	\$886	\$980
2005	2	N/A	\$949	\$63	\$886	\$980
2007	2	N/A	\$1,020	\$0	\$1,020	\$1,114
2016	3	N/A	\$1,140 - \$1,165	\$0	\$1,140 - \$1,165	\$1,234 - \$1,259

#### Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	3	N/A	\$680 - \$705	\$0	\$680 - \$705	\$737 - \$762

### Trend: Comments

1Q05	This property is a market rate property that is in average condition. Concession include a \$199 move-in fee which includes the first month's rent. This property accepts Section 8 housing vouchers.
2Q05	This property is a market rate property that is in average condition. Concession include a \$199 move-in fee which includes the first month's rent. This property accepts Section 8 housing vouchers. This property is scheduled to be demolished and the proposed Walton Village development will be constructed on this site.
2Q07	Rents for the one- and two-bedroom units are averages of \$610-\$640 and \$865-\$900 respectively. Varying amenities in the units account for the differing rents. Management reported vacancies but did not state how many per unit type or in total. There are vacancies for all unit types but mostly one-bedrooms. Management also noted that rents have increased since last year but did not know by how much. Judging by the profile trends, rent increased approximately 12 percent for the one-bedrooms, 15 percent for the two-bedrooms, and 8 percent for the three-bedrooms since 2005.
3Q16	The property does not accept Housing Choice Vouchers. The range in rent is due to sunrooms, balconies, and differences in square footage. The property maintains a waiting list approximately two months in length. Garage parking is available for tenants and ranges in price from \$45 to \$65 per month, which has not been reflected in the table.

# Highland Grove, continued

## Photos



# PROPERTY PROFILE REPORT

## Stonecreek On The Green

<b>Effective Rent Date</b>	9/13/2016
<b>Location</b>	3974 Annistown Road Snellville, GA 30039 Gwinnett County
<b>Distance</b>	3.2 miles
<b>Units</b>	146
<b>Vacant Units</b>	3
<b>Vacancy Rate</b>	2.1%
<b>Type</b>	Garden (3 stories)
<b>Year Built/Renovated</b>	2003 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	None identified
<b>Tenant Characteristics</b>	Mixed tenancy
<b>Contact Name</b>	Carreesha
<b>Phone</b>	770-979-8822



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	25%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Within one month
<b>Annual Chg. in Rent</b>	Changes Daily
<b>Concession</b>	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	47	884	\$1,110	\$0	Market	No	0	0.0%	N/A	HIGH
1	1	Garden (3 stories)	47	884	\$995	\$0	Market	No	1	2.1%	N/A	LOW
2	2	Garden (3 stories)	18	1,161	\$1,265	\$0	Market	No	0	0.0%	N/A	HIGH
2	2	Garden (3 stories)	18	1,161	\$1,155	\$0	Market	No	1	5.6%	N/A	LOW
3	2	Garden (3 stories)	8	1,354	\$1,315	\$0	Market	No	0	0.0%	N/A	HIGH
3	2	Garden (3 stories)	8	1,354	\$1,315	\$0	Market	No	1	12.5%	N/A	LOW

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$995 - \$1,110	\$0	\$995 - \$1,110	\$87	\$1,082 - \$1,197
2BR / 2BA	\$1,155 - \$1,265	\$0	\$1,155 - \$1,265	\$104	\$1,259 - \$1,369
3BR / 2BA	\$1,315	\$0	\$1,315	\$123	\$1,438

## Stonecreek On The Green, continued

### Amenities

#### In-Unit

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

Blinds  
Central A/C  
Dishwasher  
Ceiling Fan  
Garbage Disposal  
Refrigerator

#### Security

In-Unit Alarm  
Limited Access  
Perimeter Fencing

#### Services

None

#### Property

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

Car Wash  
Courtyard  
Central Laundry  
On-Site Management  
Playground

#### Premium

None

#### Other

None

### Comments

The property does not accept Housing Choice Vouchers. The range in rents is due to floor level and view.

Photos



# PROPERTY PROFILE REPORT

## Villas At Loganville

<b>Effective Rent Date</b>	9/08/2016
<b>Location</b>	2935 Rosebud Road Southwest Loganville, GA 30052 Gwinnett County
<b>Distance</b>	3.5 miles
<b>Units</b>	175
<b>Vacant Units</b>	3
<b>Vacancy Rate</b>	1.7%
<b>Type</b>	Various
<b>Year Built/Renovated</b>	2010 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	None identified
<b>Tenant Characteristics</b>	Young families, professionals, many work transfers
<b>Contact Name</b>	Tracy
<b>Phone</b>	770-985-4949



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	28%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Within one month
<b>Annual Chg. in Rent</b>	Changes Daily
<b>Concession</b>	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	2	Garden (3 stories)	35	1,332	\$1,214	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (3 stories)	20	1,186	\$1,111	\$0	Market	No	0	0.0%	N/A	HIGH
2	2	Garden (3 stories)	20	1,186	\$1,099	\$0	Market	No	1	5.0%	N/A	LOW
2	2	Townhouse (2 stories)	30	1,626	\$1,452	\$0	Market	No	0	0.0%	N/A	None
2	2	Townhouse (2 stories)	25	1,603	\$1,427	\$0	Market	No	0	0.0%	N/A	HIGH
2	2	Townhouse (2 stories)	25	1,603	\$1,387	\$0	Market	No	2	8.0%	N/A	LOW
3	2	Townhouse (2 stories)	20	1,626	\$1,753	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2BA	\$1,099 - \$1,452	\$0	\$1,099 - \$1,452	\$104	\$1,203 - \$1,556
3BR / 2BA	\$1,753	\$0	\$1,753	\$123	\$1,876

## Villas At Loganville, continued

### Amenities

**In-Unit**

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

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

**Security**

In-Unit Alarm  
Perimeter Fencing

**Services**

None

**Property**

Business Center/Computer Lab  
Clubhouse/Meeting  
Garage  
Off-Street Parking  
Picnic Area  
Tennis Court

Car Wash  
Exercise Facility  
Central Laundry  
On-Site Management  
Swimming Pool

**Premium**

None

**Other**

None

### Comments

The rents vary based on a variety of factors including vaulted ceilings, kitchen and bath upgrades, patio/balcony, floor level, and view. The property does not accept Housing Choice Vouchers.

Photos



## PROPERTY CHARACTERISTICS

### Location

The Subject site is located in a mixed-use neighborhood consisting of single-family homes, multifamily properties, commercial/retail developments, vacant land, and community uses. The majority of necessary amenities are located within 1.7 miles of the Subject site. Commercial and retail uses near the Subject's neighborhood appear to be 90 percent occupied. Overall, the surrounding uses are in fair to good condition. The comparable properties are located between 3.2 and 9.2 miles from the Subject. All of the comparables are located within close proximity to shopping, restaurants, and local services, similar to the Subject. Below is a location comparison based on zip codes and respective median household incomes, median home values, and median gross rents.

LOCATION COMPARISON				
Property	Zip Code	Median Household Income	Median Home Value	Median Gross Rent
<b>Subject</b>	<b>30078</b>	<b>\$63,288</b>	<b>\$164,000</b>	<b>\$1,125</b>
Alexander At Stonecrest*	30058	\$46,459	\$102,800	\$1,044
Alexander Crossing Apartments*	30052	\$64,993	\$151,800	\$1,088
Magnolia Pointe*	30096	\$49,441	\$174,100	\$1,014
Magnolia Village*	30045	\$75,884	\$156,200	\$1,348
2800 at Sweetwater	30044	\$51,604	\$140,400	\$1,108
Columns At Paxton Lake	30047	\$66,955	\$170,900	\$1,054
Durant At Sugarloaf*	30044	\$51,604	\$140,400	\$1,108
Grayson Park Apartments*	30017	\$82,435	\$205,700	\$1,265
Highland Grove	30087	\$67,420	\$156,000	\$1,326
Stonecreek On The Green	30039	\$56,791	\$136,000	\$1,261
Villas At Loganville	30052	\$64,993	\$151,800	\$1,088

\*Located outside of the PMA

Source: U.S. Census

Comparables located in zip codes 30058, 30044, and 30096 have inferior locations in terms of median household incomes home values, and gross rents. Comparables located in 30039, 30052, 30047, and 30087 are in generally similar locations compared to the Subject. Comparables located in zip codes 30045 and 30017 are located in superior locations compared to the Subject.

### Age, Condition, and Design

The Subject will be newly constructed and will therefore be in excellent condition. The LIHTC comparables were constructed or renovated between 2000 and 2003 and exhibit average condition. The market rate comparables were constructed or renovated between 1988 and 2016 and exhibit average to good condition. In terms of condition, the Subject will be in superior to all of the comparables in terms of age and condition.

The Subject will offer a two and three-story garden-style design. The comparables offer garden-style and townhouse designs. Overall, it appears that garden-style and townhouse units are all well accepted in the local market. Therefore, we expect the Subject's design to be well received in the local market.

**Amenities**

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

**UNIT MATRIX REPORT**

Comp#	Subject	1	2	3	4	5	6	7	8	9	10	11	11
<b>Property Information</b>													
Property Type	Garden (3 stories)	Garden (3 stories)	Townhouse (2 stories)	Garden (2 stories)	Garden (3 stories)	Various (2-3 stories)	Garden (3 stories)	Garden (3 stories)	Various (3 stories)	Garden (3 stories)	Garden (3 stories)	Garden (3 stories)	Various (2-3 stories)
Year Built / Renovated	n/a / n/a	2002 / n/a	2003 / n/a	2000 / n/a	2002 / n/a	1997 / 2016	1995 / 2016	2002 / n/a	2003 / n/a	1988 / n/a	2003 / n/a	2001 / 2014	2010 / n/a
Market (Conv.)/ Subsidy Type	LIHTC	LIHTC/ Market	LIHTC/ Market	LIHTC/ Market	LIHTC/ Market	Market	Market	Market	Market	Market	Market	Market	Market
<b>Utility Adjustments</b>													
Cooking	no	no	no	no	no	no	no	no	no	yes	no	no	no
Water Heat	no	no	no	no	no	no	no	no	no	no	no	no	no
Heat	no	no	no	no	no	no	no	no	no	yes	no	no	no
Other Electric	no	no	no	no	no	no	no	no	no	no	no	no	no
Water	yes	no	no	yes	no	no	no	no	no	no	no	no	no
Sewer	yes	yes	no	yes	no	no	no	no	no	no	no	no	no
Trash Collection	yes	yes	yes	yes	no	yes	yes	no	no	no	no	yes	no
<b>In-Unit Amenities</b>													
Balcony/Patio	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpet/Hardwood	no	yes	no	no	no	yes	no	no	yes	no	no	no	no
Carpeting	yes	no	yes	yes	yes	no	yes	yes	no	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Dishwasher	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Exterior Storage	no	no	yes	yes	yes	no	yes	yes	no	yes	yes	yes	no
Ceiling Fan	yes	yes	yes	no	no	yes	yes	no	no	yes	yes	yes	yes
Fireplace	no	no	no	no	no	no	yes	no	yes	yes	yes	yes	no
Garbage Disposal	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Hand Rails	no	no	no	no	no	no	no	no	no	no	no	no	no
Microwave	yes	yes	yes	no	no	no	no	no	no	no	no	yes	yes
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Pull Cords	no	no	no	no	no	no	no	no	no	no	no	no	no
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Vaulted Ceilings	no	no	yes	no	no	no	no	no	no	no	no	yes	no
Walk-In Closet	no	yes	yes	yes	yes	yes	yes	yes	yes	no	no	yes	yes
Washer/Dryer	no	no	no	no	no	no	no	no	no	no	no	no	no
Washer/Dryer hookup	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Property Amenities</b>													
Computer Lab	yes	no	no	yes	no	yes	yes	yes	yes	no	yes	yes	yes
Car Wash	no	yes	yes	no	yes	no	yes	yes	no	yes	yes	yes	yes
Carport	no	no	no	no	no	no	yes	no	no	no	no	no	no
Community Room	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Courtyard	no	no	no	no	no	no	no	no	no	no	yes	no	no
Exercise Facility	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Garage	no	no	no	no	no	no	yes	yes	yes	yes	no	yes	yes
Jacuzzi	no	no	no	no	no	no	yes	no	yes	no	no	no	no
Central Laundry	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
On-Site Management	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Picnic Area	yes	no	no	no	no	yes	yes	no	yes	yes	yes	yes	yes
Playground	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	no
Swimming Pool	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Tennis Court	no	no	no	no	yes	no	yes	yes	yes	yes	no	yes	yes
Volleyball Court	no	no	no	no	no	yes	no	no	no	no	no	yes	no
Wi-Fi	no	no	no	no	no	no	no	no	no	no	no	yes	no
Garage Fee	N/A	N/A	N/A	N/A	N/A	N/A	\$75.00	\$75.00	\$125.00	\$45.00	N/A	N/A	N/A
<b>Security</b>													
In-Unit Alarm	no	yes	yes	no	no	no	no	no	yes	no	yes	yes	yes
Limited Access	no	yes	no	no	yes	no	yes	yes	no	no	yes	yes	no
Patrol	no	yes	no	yes	yes	yes	yes	no	no	no	no	no	no
Perimeter Fencing	no	yes	yes	no	yes	no	yes	yes	yes	no	yes	yes	yes
Video Surveillance	no	yes	no	no	no	no	no	no	yes	no	no	no	no

**Unit Amenities**

The Subject will offer balconies/patios, blinds, carpeting, central heat and air conditioning, coat closets, and ceiling fans. Appliances will include a dishwasher, microwave, oven, refrigerator, and washer/dryer connections. Four of the comparables offer exterior storage, all of the comparables offer garbage disposals, eight offer walk-in closets, and three offer in-unit washer/dryers, all of which are in-unit amenities that the Subject will lack. However, one of the comparables does not offer dishwashers, three do not offer ceiling fans, eight do not offer microwaves, and one does not offer washer/dryer connections, all of which are amenities that the Subject will offer. Thus, relative to the LIHTC and market rate comparables, the Subject's in-unit amenity package will be considered similar to slightly inferior.

**Common Area Amenities**

The Subject will offer a computer lab, community room, exercise facility, picnic area, playground, central laundry, off-street parking, and on-site management. One of the comparables does not offer a business center/computer lab, two do not offer a clubhouse/community room, five comparables do not offer an exercise facility, two do not offer on-site management, two comparables do not offer a picnic area, and one comparable does not offer a playground, all of which are amenities that the Subject will offer. However, one of the comparables offers a car wash, two offer a sport court, and five offer a swimming pool, which are amenities the Subject will lack. Therefore, the Subject's common area amenity package will be considered generally similar to slightly superior to the LIHTC and market rate comparables. However, its security features will be considered inferior to the comparable properties.

**Utility Structure**

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

**Parking**

The Subject will offer 142 free surface parking. All of the comparables offer free surface parking, similar to the Subject, while two of the comparables also offer garage parking included in the rent and four offer garage parking for an additional fee of \$45 to \$125 per month. The Subject will be similar to slightly inferior to the comparables in terms of parking.

**MARKET CHARACTERISTICS**

Following are relevant market characteristics for the comparable properties surveyed.

**Vacancy Levels**

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

<b>OVERALL VACANCY</b>				
<b>Property Name</b>	<b>Rent Structure</b>	<b>Total Units</b>	<b>Vacant Units</b>	<b>Vacancy Rate</b>
Alexander At Stonecrest*	LIHTC/Market	262	2	0.8%
Alexander Crossing Apartments*	LIHTC/Market	240	0	0.0%
Magnolia Pointe*	LIHTC/Market	242	10	4.1%
Magnolia Village*	LIHTC/Market	190	0	0.0%
2800 at Sweetwater*	Market	324	45	13.9%
Columns At Paxton Lake	Market	296	1	0.3%
Durant At Sugarloaf*	Market	300	7	2.3%
Grayson Park Apartments*	Market	464	17	3.7%
Highland Grove	Market	268	0	0.0%
Stonecreek On The Green	Market	146	3	2.0%
Villas At Loganville	Market	175	3	1.7%
<b>Total LIHTC</b>		<b>934</b>	<b>12</b>	<b>1.3%</b>
<b>Total Market</b>		<b>1,973</b>	<b>76</b>	<b>3.9%</b>
<b>Total PMA</b>		<b>885</b>	<b>7</b>	<b>0.8%</b>
<b>Total</b>		<b>2,907</b>	<b>88</b>	<b>3.0%</b>

\*located outside of PMA

As illustrated, vacancy rates in the market range from zero to 13.9 percent, averaging 3.0 percent. The average weighted vacancy rate among the LIHTC comparables is 1.3 percent, while the average weighted vacancy rate among the market rate comparables is 3.9 percent. In addition, the overall vacancy rate among the comparables located in the PMA is 0.8 percent. Among the comparables, 2800 at Sweetwater reported the highest vacancy rate. This property is undergoing renovations, and most of the current vacancies are being held off-line for renovations. However, the contact could not comment on the exact number of units being held vacant for this reason, or when these units would be ready for occupancy. Excluding this comparable, the average weighted vacancy rate decreases to 1.7 percent. Given the generally similar to superior condition and age of the Subject to the comparables and overall stable vacancy rates in the market, we will conclude to a vacancy and collections loss rate of five percent for the Subject in both scenarios.

**Concessions**

One of the comparable properties is offering concessions; 2800 at Sweetwater is offering half off the first month's rent as the property undergoes renovations. We do not expect the Subject to require concessions in order to maintain a stabilized occupancy rate.

### Absorption

Due to development timing, absorption data was not available for the PMA. However, we were able to obtain absorption information from other recently opened properties throughout the Atlanta-Sandy Springs-Roswell, GA Metropolitan Statistical Area. The absorption information for these properties is detailed in the following table.

ABSORPTION						
Property Name	City	Type	Tenancy	Opening Date	Total Units	Units Absorbed / Month
Avalon Station	Suwanee	Market	Family	May-16	244	42
Alexan 1133	Decatur	Market	Family	Feb-16	167	19
The Meridian at Redwine	East Point	Market	Family	Nov-15	258	18
Columbia Mill	Atlanta	LIHTC/Market	Family	Jan-14	100	20
Heights at Old Peachtree	Suwanee	Market	Family	Mar-13	258	29
<b>Average</b>						<b>26</b>

The absorption rate for the surveyed properties ranges from 18 to 42 units absorbed per month with an average of 26 units absorbed per month. Suwanee has generally similar access to services and amenities in Atlanta as the Subject, while the remaining comparables offer slightly superior access to Atlanta. Based on the comparables, we anticipate that the Subject will absorb at a rate of 17 to 22 units per month, for an absorption period of approximately three to four months. It should be noted that per DCA guidelines, absorption has been calculated to 93 percent occupancy.

### Waiting Lists

The following table illustrates the presence of waiting lists, where applicable.

WAITING LISTS		
Property Name	Type	Length of Waiting List
Alexander At Stonecrest*	LIHTC/Market	Yes - 15 households
Alexander Crossing Apartments*	LIHTC/Market	Yes - 10 households
Magnolia Pointe*	LIHTC/Market	No
Magnolia Village*	LIHTC/Market	Yes – 6-8 months
2800 at Sweetwater	Market	No
Columns At Paxton Lake	Market	No
Durant At Sugarloaf*	Market	No
Grayson Park Apartments*	Market	No
Highland Grove	Market	Yes - 2 months
Stonecreek On The Green	Market	No
Villas At Loganville	Market	No

\*Located outside of PMA

Four of the 11 surveyed properties maintain waiting lists, including two of the LIHTC comparables. The properties which reported waiting lists range from 10 to 15 households or up to eight months in length. This is a positive indication of the strength of the market in the local area. Based on the performance of the comparable properties, we expect the Subject to maintain a short waiting list, at a minimum, following stabilization.

### Reasonability of Rents

The following table compares the Subject's proposed LIHTC rents with those at the comparables. It should be noted that the rents in the following table have been adjusted for differences in utilities using GA DCA's 2015 utility allowances.

<b>LIHTC RENT COMPARISON - @60%</b>		
<b>Property Name</b>	<b>2BR</b>	<b>3BR</b>
Park West (Subject)	\$770	\$850
<b>LIHTC Maximum (Net)</b>	<b>\$787</b>	<b>\$897</b>
<b>Hold Harmless LIHTC Maximum Rents</b>	<b>\$865</b>	<b>\$986</b>
Alexander At Stonecrest*	\$845	\$960
Alexander Crossing Apartments*	\$873	\$997
Magnolia Pointe*	\$825	\$920
Magnolia Village*	\$904	\$1,023
<b>Average (excluding Subject)</b>	<b>\$862</b>	<b>\$975</b>
<b>Novoco Achievable Rent</b>	<b>\$787</b>	<b>\$897</b>

\*Located outside of the PMA

The Subject's proposed two and three-bedroom LIHTC rents are below the maximum allowable levels at the 60 percent AMI threshold. All four of the comparables reported achieving 60 percent rents at the maximum allowable levels. It should be noted that some of the comparable rents may appear to be above maximum allowable rents due to differences in utility allowances used for calculations, as well as placed-in-service dates.

The Subject's proposed 60 percent rents are below the comparable range. The Subject, upon completion, will be considered the most similar to Alexander at Stonecrest and Magnolia Village. These comparables reported vacancy rates of 0.8 percent and zero percent, respectively, and both maintain waiting lists. The low vacancy rates and presence of the waiting lists at the most similar LIHTC comparables indicates demand in the local area for affordable housing.

Relative to the most similar comparables, the Subject's property amenity package will be inferior to slightly inferior, its in-unit amenity package will be similar to slightly inferior, and its age and condition will be superior. Additionally, the Subject's location will be similar. Overall, given the strong occupancy rates and waiting lists of the comparables and reported 60 percent rents achieved at the most similar comparables, we believe the Subject's 60 percent rents are achievable with upward potential to the maximum allowable level.

### Achievable Market Rents

Based on the quality of the surveyed comparable properties and the anticipated quality of the proposed Subject, we conclude that the subsidized rents are below the achievable market rates for the Subject's area. The following table shows the similarity of the market rate comparables to the Subject property.

**SUBJECT COMPARISON TO ACHIEVABLE MARKET RENTS**

Unit Type	Subject	Surveyed Minimum	Surveyed Maximum	Surveyed Average	Achievable Market Rents	Subject Rent Advantage
2 BR @ 60%	\$770	\$875	\$1,795	\$1,226	\$1,150	-36%
3 BR @ 60%	\$850	\$995	\$1,959	\$1,382	\$1,300	-35%

As illustrated in the previous table, the Subject's proposed 60 percent AMI rents are significantly below the range of the unrestricted units at the comparables. The Subject will be similar to slightly superior to the comparable market rate properties in terms of location. The comparables with unrestricted units, including the tax credit comparables that offer unrestricted rents, were constructed or renovated between 1988 and 2016 and exhibit average to good condition. In terms of condition, the Subject will be superior to all of the market rate comparables. However, the Subject's proposed unit sizes are smaller than the range of market rate comparables. The Subject will offer balconies/patios, central heat and air conditioning, coat closets, dishwashers, ceiling fans, microwaves, ovens, refrigerators, and washers/dryer connections within the units. The Subject will also offer a business center (computer lab), clubhouse, exercise facility, central laundry, off-street parking, on-site management, picnic area, playground, and recreation areas as community amenities. Several of the market rate comparables do not offer these in-unit and community amenities. However, several of surveyed market rate properties offer garbage disposals, walk-in closets, swimming pools and car washes, amenities not offered by the proposed Subject. Overall, the Subject will be similar to slightly superior to the market rate properties used in our analysis, but offer smaller unit sizes. Therefore, we believe achievable market rents slightly below the average of surveyed properties are reasonable and achievable. We have set the Subject's achievable market rents at **\$1,200** and **\$1,300** for the two and three-bedroom units, respectively.

### **Indications of Demand**

Based upon our market research, demographic calculations and analysis, we believe there is demand for the Subject property as conceived. Strengths of the Subject will include its new construction, in-unit amenities and community amenities. The Subject's weakness will include its smaller unit sizes and lack of a swimming pool, which are offered by all of the comparable properties. Overall, the comparable properties surveyed exhibited an average vacancy rate of 3.0 percent, including an average vacancy rate of 1.3 percent among the LIHTC comparables. In addition, four of the surveyed properties maintain waiting lists, including three of the four of the LIHTC comparables. There is adequate demand for the Subject based on our calculations. We also believe the proposed rents offer value in the market.

### **DEMAND ANALYSIS**

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

#### **1. INCOME RESTRICTIONS**

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

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

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

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

#### **2. AFFORDABILITY**

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

#### **3. DEMAND**

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

### 3A. DEMAND FROM NEW HOUSEHOLDS

The number of new households entering the market is the first level of demand calculated. We have utilized June 2018, the anticipated date of market entry, as the base year for the analysis. Therefore, 2015 household population estimates are inflated to June 2018 by interpolation of the difference between 2015 estimates and 2020 projections. This change in households is considered the gross potential demand for the Subject property. This number is adjusted for income eligibility and renter tenure. In the following tables this calculation is identified as Step 1. This is calculated as an annual demand number. In other words, this calculates the anticipated new households in October 2016. This number takes the overall growth from 2015 to June 2018 and applies it to its respective income cohorts by percentage. This number does not reflect lower income households losing population, as this may be a result of simple dollar value inflation.

### 3B. DEMAND FROM EXISTING HOUSEHOLDS

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

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

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

### 3C. SECONDARY MARKET AREA

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

### 3D. OTHER

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

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

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

**ADDITIONS TO SUPPLY**

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

- Comparable/competitive LIHTC and bond units (vacant or occupied) that have been funded, are under construction, or placed in service in 2014 and 2015.
- Vacancies in projects placed in service prior to 2014 that have not reached stabilized occupancy (i.e. at least 90 percent occupied).
- Comparable/competitive conventional or market rate units that are proposed, are under construction, or have entered the market from 2014 to present. As the following discussion will demonstrate, competitive market rate units are those with rent levels that are comparable to the proposed rents at the Subject.

Per GA DCA guidelines, competitive units are defined as those units that are of similar size and configuration and provide alternative housing to a similar tenant population, at rent levels comparative to those proposed for the Subject development.

Based on DCA’s allocation lists since 2014, there has been one property allocated tax credits in the Subject’s PMA. Evermore Senior Village, which was allocated LIHTCs in 2016, will consist of 58 units targeting seniors earning 50 and 60 percent of the AMI or below, as well as 28 market rate units. As a senior LIHTC property, we do not believe that Evermore Senior Village will be competitive to the Subject. Therefore, its units have not been removed from the demand analysis.

**PMA OCCUPANCY**

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

**OVERALL PMA OCCUPANCY**

Property Name	Type	Tenancy	Occupancy Rate
Gwinnett County Residential Services	Section 8	Disabled	N/av
Rainbow Heights	Section 8	Family	100.0%
Sussex Court Residential Services	Section 8	Disabled	N/av
Cambridge Downs Apartment Homes	Market	Family	100.0%
Stonecreek on the Green Apartments*	Market	Family	98.0%
Killian Hill Apartments	Market	Family	97.0%
The Columns at Killian Hill*	Market	Family	96.0%
Villas at Loganville*	Market	Family	98.3%
The Grove at Stone Mountain*	Market	Family	100.0%
Columns at Paxton Lane*	Market	Family	99.7%
Grayson Park Apartments*	Market	Family	96.0%
Parkside Apartments	Market	Family	100.0%
<b>Total</b>			<b>98.5%</b>

\*Used as a comparable property

**Rehab Developments and PBRA**

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

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

**Capture Rates**

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

Renter Household Income Distribution 2015 to Projected Market Entry June 2018					
Park West					
PMA					
	2015		Projected Mkt Entry June 2018		Percent Growth
	#	%	#	%	
\$0-9,999	655	6.7%	708	6.9%	7.5%
\$10,000-19,999	1,413	14.5%	1,564	15.2%	9.7%
\$20,000-29,999	1,246	12.8%	1,328	12.9%	6.2%
\$30,000-39,999	1,548	15.9%	1,636	15.9%	5.4%
\$40,000-49,999	1,250	12.8%	1,314	12.8%	4.9%
\$50,000-59,999	791	8.1%	850	8.3%	6.9%
\$60,000-74,999	787	8.1%	794	7.7%	0.9%
\$75,000-99,999	969	10.0%	1,016	9.9%	4.6%
\$100,000-124,999	419	4.3%	418	4.1%	-0.3%
\$125,000-149,999	276	2.8%	278	2.7%	0.7%
\$150,000-199,999	299	3.1%	290	2.8%	-3.3%
\$200,000+	80	0.8%	84	0.8%	5.5%
Total	9,734	100.0%	10,282	100.0%	5.3%

Renter Household Income Distribution Projected Market Entry June 2018			
Park West			
	PMA		
	Projected Mkt Entry June 2018		Change 2015 to Prj Mrkt Entry June 2018
	#	%	
\$0-9,999	708	6.9%	38
\$10,000-19,999	1,564	15.2%	83
\$20,000-29,999	1,328	12.9%	71
\$30,000-39,999	1,636	15.9%	87
\$40,000-49,999	1,314	12.8%	70
\$50,000-59,999	850	8.3%	45
\$60,000-74,999	794	7.7%	42
\$75,000-99,999	1,016	9.9%	54
\$100,000-124,999	418	4.1%	22
\$125,000-149,999	278	2.7%	15
\$150,000-199,999	290	2.8%	15
\$200,000+	84	0.8%	4
Total	10,282	100.0%	548

Tenure Prj Mrkt Entry June 2018	
Renter	20.7%
Owner	79.3%
Total	100.0%

Renter Household Size for Prj Mrkt Entry June 2018		
Size	Number	Percentage
1 Person	2,325	22.6%
2 Person	2,147	20.9%
3 Person	1,957	19.0%
4 Person	1,792	17.4%
5+ Person	2,061	20.0%
Total	10,282	100.0%

Renter Household Size for 2000		
Size	Number	Percentage
1 Person	849	21.6%
2 Person	1,151	29.3%
3 Person	780	19.9%
4 Person	641	16.3%
5+ Person	503	12.8%
Total	3,925	100.0%

### 60 Percent AMI Demand

Calculation of New Renter Household Demand by Income Cohort by % of AMI

Percent of AMI Level		60%			
Minimum Income Limit		\$30,994			
Maximum Income Limit		\$43,740			
Income Category	New Renter Households - Total Change in Households PMA 2015 to Prj Mrkt Entry June 2018		Income Brackets	Percent within Cohort	Renter Households within Bracket
	Count	Percentage			
\$0-9,999	38	6.9%		0.0%	0
\$10,000-19,999	83	15.2%		0.0%	0
\$20,000-29,999	71	12.9%		0.0%	0
\$30,000-39,999	87	15.9%	9,005	90.1%	79
\$40,000-49,999	70	12.8%	3,740	37.4%	26
\$50,000-59,999	45	8.3%		0.0%	0
\$60,000-74,999	42	7.7%		0.0%	0
\$75,000-99,999	54	9.9%		0.0%	0
\$100,000-124,999	22	4.1%		0.0%	0
\$125,000-149,999	15	2.7%		0.0%	0
\$150,000-199,999	15	2.8%		0.0%	0
\$200,000+	4	0.8%		0.0%	0
	548	100.0%			105
Percent of renter households within limits versus total number of renter households					19.1%

Calculation of Potential Household Demand by Income Cohort by % of AMI

Percent of AMI Level		60%			
Minimum Income Limit		\$30,994			
Maximum Income Limit		\$43,740			
Income Category	Total Renter Households PMA Prj Mrkt Entry June 2018		Income Brackets	Percent within Cohort	Households within Bracket
	Count	Percentage			
\$0-9,999	708	6.9%		0.0%	0
\$10,000-19,999	1,564	15.2%		0.0%	0
\$20,000-29,999	1,328	12.9%		0.0%	0
\$30,000-39,999	1,636	15.9%	\$9,005	90.1%	1,474
\$40,000-49,999	1,314	12.8%	\$3,740	37.4%	492
\$50,000-59,999	850	8.3%		0.0%	0
\$60,000-74,999	794	7.7%		0.0%	0
\$75,000-99,999	1,016	9.9%		0.0%	0
\$100,000-124,999	418	4.1%		0.0%	0
\$125,000-149,999	278	2.7%		0.0%	0
\$150,000-199,999	290	2.8%		0.0%	0
\$200,000+	84	0.8%		0.0%	0
	10,282	100.0%			1,965
Percent of renter households within limits versus total number of renter households					19.1%

Does the Project Benefit from Rent Subsidy? (Y/N)

Type of Housing (Family vs Senior)

Location of Subject (Rural versus Urban)

Percent of Income for Housing

2000 Median Income

2015 Median Income

Change from 2015 to Prj Mrkt Entry June 2018

Total Percent Change

Average Annual Change

Inflation Rate

Maximum Allowable Income

Maximum Allowable Income Inflation Adjusted

Maximum Number of Occupants

Rent Income Categories

Initial Gross Rent for Smallest Unit

Initial Gross Rent for Smallest Unit Inflation Adjusted

No		
Family		
Urban		
35%		
\$65,844		
\$73,530		
\$7,686		
10.5%		
0.1%		
0.1%	Two year adjustment	1.0000
\$43,740		
\$43,740		
5		
60%		
\$904		
\$904		

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

STEP 1 Please refer to text for complete explanation.

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

Income Target Population		60%
New Renter Households PMA		548
Percent Income Qualified		19.1%
New Renter Income Qualified Households		105

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

Demand from Existing Households 2015

Demand from Rent Overburdened Households

Income Target Population		60%
Total Existing Demand		10,282
Income Qualified		19.1%
Income Qualified Renter Households		1,965
Percent Rent Overburdened Prj Mrkt Entry June 2018		23.0%
Rent Overburdened Households		453

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

Demand from Living in Substandard Housing

Income Qualified Renter Households		1,965
Percent Living in Substandard Housing		0.2%
Households Living in Substandard Housing		3

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

Senior Households Converting from Homeownership

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

Total Demand

Total Demand from Existing Households		456
Adjustment Factor - Leakage from SMA	100%	0
Adjusted Demand from Existing Households		456
Total New Demand		105
Total Demand (New Plus Existing Households)		561

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

By Bedroom Demand

One Person	22.6%	127
Two Persons	20.9%	117
Three Persons	19.0%	107
Four Persons	17.4%	98
Five Persons	20.0%	112
<b>Total</b>	<b>100.0%</b>	<b>561</b>

<u>To place Person Demand into Bedroom Type Units</u>		
Of one-person households in 1BR units	80%	101
Of two-person households in 1BR units	20%	23
Of one-person households in 2BR units	20%	25
Of two-person households in 2BR units	60%	70
Of three-person households in 2BR units	20%	21
Of four-person households in 2BR units	20%	20
Of two-person households in 3BR units	20%	23
Of three-person households in 3BR units	80%	85
Of four-person households in 3BR units	70%	68
Of five-person households in 3BR units	60%	67
Of four-person households in 4BR units	10%	10
Of five-person households in 4BR units	40%	45
Total Demand		561
Total Demand by Bedroom		60%
2 BR		137
3 BR		245
Total Demand		381
Additions To Supply 2015 to Prj Mrkt Entry June 2018		60%
2 BR		0
3 BR		0
Total		0
Net Demand		60%
2 BR		137
3 BR		245
Total		381
Net Demand		60%
2 BR		137
3 BR		245
Total		381
Developer's Unit Mix		60%
2 BR		9
3 BR		62
Total		71
Capture Rate Analysis		60%
<b>2 BR</b>		<b>6.6%</b>
<b>3 BR</b>		<b>25.3%</b>
<b>Total</b>		<b>18.6%</b>

### **Conclusions**

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

- The number of renter households in the PMA is expected to increase 0.4 percent between 2015 and 2020. This represents an increase of 939 households.
- The Subject is able to attract a wide range of household sizes in offering two and three-bedroom units.
- This demand analysis does not measure the PMA's or Subject's ability to attract additional or latent demand into the market from elsewhere by offering an affordable option. We believe this to be moderate and therefore the demand analysis is somewhat conservative in its conclusions because this demand is not included.

CAPTURE RATE ANALYSIS CHART									
Bedrooms/AMI Level	Total Demand	Additions To Supply	Net Demand	Units Proposed	Capture Rate	Absorption	Average Market Rate	Market Rents Band Min-Max	Proposed Rents
2BR at 60% AMI	137	0	137	9	6.6%	One month	\$1,226	\$825 - \$1,795	\$770
3BR at 60% AMI	245	0	245	62	25.3%	Four Months	\$1,382	\$920 - \$1,959	\$850
<b>Overall at 60% AMI</b>	<b>381</b>	<b>0</b>	<b>381</b>	<b>71</b>	<b>18.6%</b>	<b>Four Months</b>			

Demand and Net Demand	
HH at 60% AMI (\$30,994 to \$43,740)	
Demand from New Households (age and income appropriate)	105
<b>PLUS</b>	+
Demand from Existing Renter Households - Substandard Housing	3
<b>PLUS</b>	+
Demand from Existing Renter Households - Rent Overburdened Households	453
<b>PLUS</b>	+
<b>Secondary Market Demand adjustment IF ANY Subject to 15% Limitation</b>	<b>0</b>
<b>Sub Total</b>	<b>561</b>
Demand from Existing Households - Elderly Homeowner Turnover (Limited to 20% where applicable)	0
<b>Equals Total Demand</b>	<b>561</b>
<b>Less</b>	-
Supply of comparable LIHTC or Market Rate housing units built and/or planned in the projected market	0
<b>Equals Net Demand</b>	<b>561</b>

As the analysis illustrates, the Subject's capture rates at the 60 percent AMI level are 6.6 for the two-bedroom units and 25.3 percent for the three-bedroom units, with an overall capture rate of 18.6 percent. Therefore, we believe there is more than adequate demand for the Subject. Further, the derived capture rates are within the Georgia DCA guidelines.

## HIGHEST AND BEST USE

## HIGHEST AND BEST USE

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

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

The Dictionary of Real Estate Appraisal, (Sixth Edition, 2015), published by the American Institute of Real Estate Appraisers, defines highest and best use as:

“1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. 2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset’s existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS) 3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future.”

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

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

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

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

## HIGHEST AND BEST USE AS VACANT

### Physically Possible

The Subject site contains approximately 8.9 acres, or approximately 387,684 square feet. The Subject site has generally rolling topography and is irregular in shape. It has good accessibility. The site is considered adequate for a variety of legally permissible uses.

### Legally Permissible

According to the Snellville Planning and Zoning Department, the Subject site is zone RM (Multi-Family Residence). This district is intended primarily for multifamily dwellings. The principal residential uses permitted under this zoning code are multifamily developments including duplexes apartments, condominiums, and row houses. For multiple-family units a minimum of 12,000 square feet of lot area shall be reserved for the first family and 4,000 square feet for each additional family, with a maximum density of eight units per acre. The Subject site is 8.9 acres, or approximately 387,684 square feet. The Subject will be developed to a density of 7.98 units per acre. It permits a maximum building height of 40 feet, or three stories. Parking requirements will be 2.0 parking spaces per unit. Based on a site size of 8.9 acres, the site can accommodate up to 71 units per the current zoning restrictions.

The land sale comparables have actual densities of 16.9 to 50.9 units per acre. In addition, existing improvements within the Subject's location have densities of 11.2 to 22.4 units per acre. Based upon the development patterns in the area, coupled with zoning requirements, we believe the Subject site could support the maximum allowable eight units per acre, or 71 total units, which is below the range of the densities of the existing improvements in the area.

### Financially Feasible

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

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

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

**COST ANALYSIS**  
**As Proposed Unrestricted**

Stabilized Overall Capitalization Rate	6.00%
Typical Economic Life	55
Inferred Annual Building Recapture Rate	1.4%
Inferred Land to Total Value Ratio (M)	7.6%
Land Capitalization Rate	Rl
Building Capitalization Rate (Rl + Recapture Rate)	Rb
$Ro = (Rl * M) + ((1 - M) * Rb)$	
Rl=	4.7%
Rb=	6.1%
Land Value	\$890,000
Land Capitalization Rate	4.7%
Required Return to Land	\$41,830
Replacement Cost of Improvements	\$11,710,000
Building Capitalization Rate (Rb)	6.1%
Required Return On and Recapture of Improvement Costs	\$714,310
Total Required Net Operating Income	\$756,140
Net Rentable Square Footage	77,758
Required NOI per SF of Improvements	\$9.7
Operating Expenses per SF	\$5.6
Required Effective Gross Revenue	\$15.3
Stabilized Vacancy Adjustment Factor	77%
<b>Cost Feasible Market Rent</b>	<b>\$16.09</b>
<b>Market Rent (based on market rental rates)</b>	<b>\$14.11</b>

As the table illustrates, a market rate development is not feasible according to this cost analysis. It should be noted that we are not aware of new market rate developments under construction or proposed in the market area. That being said, the majority of new development is being constructed using tax credits, HOME funds, or other gap subsidy. Therefore, it is most financially feasible for development with tax credit financing or some other form of gap subsidy.

### **Maximally Productive**

Based upon our analysis, new construction of a market rate apartment community is not financially viable without some other source of gap funding, such as Low Income Housing Tax Credits. This is evident by the lack of new market rate multifamily construction in the local area. Therefore, the maximally productive use of this site as if vacant would be to construct a multifamily rental property

with financial subsidies. Without subsidies, it would be to hold until the market rent supports construction.

**Conclusion – Highest and Best Use “As Is”**

The highest and best use for the property as is would be to construct a 71-unit multifamily rental property with financial subsidies. Without subsidies, it would be to hold until the market rent supports construction.

# **APPRAISAL METHODOLOGY**

## **APPRAISAL METHODOLOGY**

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

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

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

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

## **APPLICABILITY TO THE SUBJECT PROPERTY**

The cost approach consists of a summation of land value (as though vacant) and the cost to reproduce or replace the improvements, less appropriate deductions for depreciation. Reproduction cost is the cost to construct a replica of the Subject improvements. Replacement cost is the cost to construct improvements having equal utility. This valuation technique was undertaken since, as a new construction development, the approach would yield a reasonably reliable indication of value for the Subject property.

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

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

## **COST APPROACH**

## **COST APPROACH**

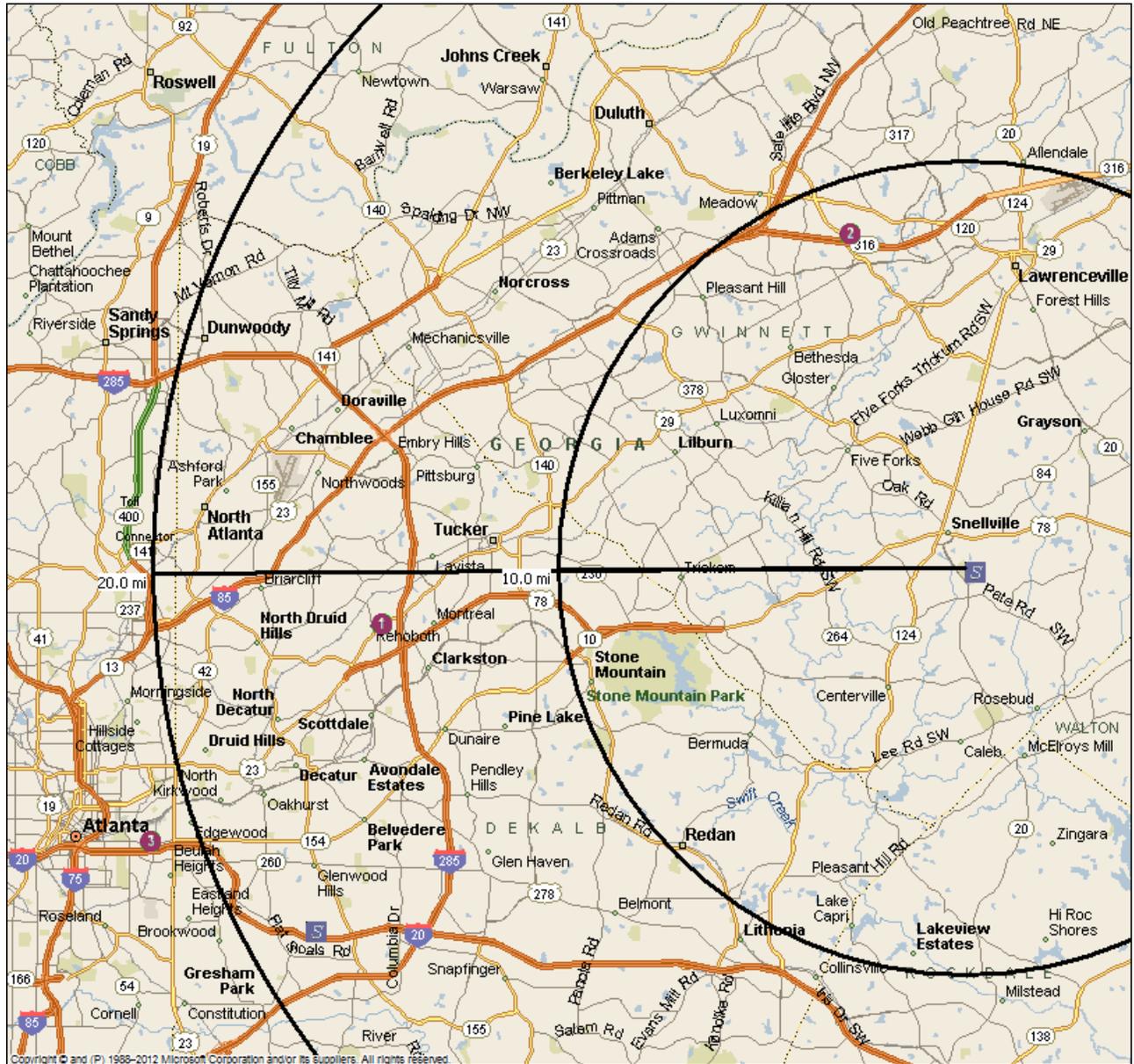
The employment of the Cost Approach in the valuation process is based on the principle of substitution. Investors in the marketplace do not typically rely upon the cost approach. As a result, the cost approach is considered to have only limited use in the valuation of the Subject property. However, the Subject will be new construction. Therefore, the cost approach is considered to be a useful tool and provides the reader with a measure of the economic status within the marketplace.

## **LAND VALUATION**

To arrive at an opinion of land value for the Subject site, we have analyzed actual sales of comparable sites in the competitive area. In performing the market valuation, an extensive search for recent transfers of land zoned for multifamily development within the region was made. We were able to locate three land sales occurring between November 2014 and February 2016.

No two parcels of land are alike; therefore, these sales have been adjusted for various factors including location, size, shape, topography, utility, and marketability. The adjustments are the result of a careful analysis of market data, as well as interviews with various informed buyers, sellers, real estate brokers, builders, and lending institutions. A map of the comparable land sales is included on the following page. Individual descriptions of these land sale transactions are included on the following pages.

Land Sales Map



COMPARABLE LAND SALES							
#	Location	City	Sale Date	Price	Acres	Units	Price/Unit
1	2671 - 2683 Lawrenceville Highway	Decatur, GA	Feb-16	\$2,550,000	9.29	210	\$12,143
2	1760 Lakes Parkway	Lawrenceville, GA	Dec-15	\$2,657,197	8.22	239	\$11,118
3	841 Memorial Drive SE	Atlanta, GA	Nov-14	\$925,000	1.07	80	\$11,563

**Land Sale 1**



**Location:** 2671 - 2683 Lawrenceville Highway  
Decatur, GA 30033

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

**Number of Units:** 210  
**Site:** Acre(s) 9.29  
 Square Footage 404,672  
**Zoning** RM-75  
**Corner** No  
**Topography** Level  
**Shape** Irregular

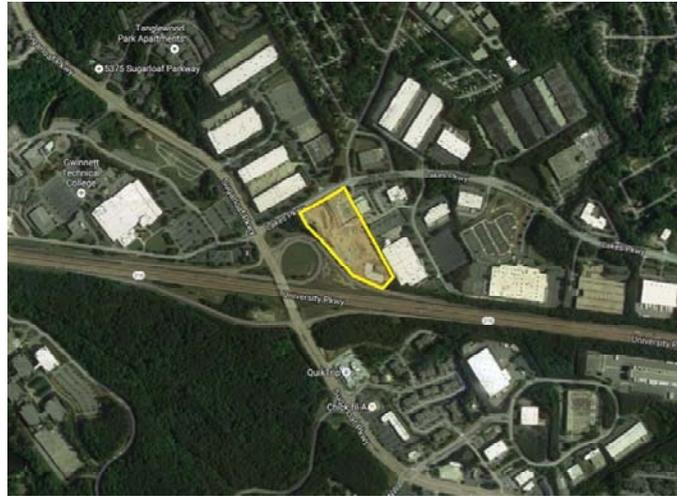
**Sale Price:** Per Unit \$12,143  
 Per Acre \$274,489  
 Per SF \$6.30

**Comments:**

The site is to be developed with a senior residential community that will offer 130 independent living units and 80 assisted living units. The development is currently under construction.

**Verification:** DeKalb County Planning & Sustainability Department, Appraiser's File

**Land Sale 2**



**Location:** 1760 Lakes Parkway  
Lawrenceville, GA 30043

**Buyer:** LIV Development  
**Seller:** Castlelake LP  
**Sale Date:** December-15  
**Sale Price:** \$2,657,197  
**Financing:** Traditional

**Number of Units:** 239  
**Site:** Acre(s) 8.22  
 Square Footage 358,063  
**Zoning** AA030  
**Corner** No  
**Topography** Level  
**Shape** Irregular

**Sale Price:** Per Unit \$11,118  
 Per Acre \$323,260  
 Per SF \$7.42

**Comments:**

The site is being developed with a 239-unit market rate development known as 1760 Sugarloaf Residences. The development will consist of one, two, and three-bedroom units. It is anticipated to be ready for occupancy in April 2017.

**Verification:** Public Records, Developer

**Land Sale 3**



<b>Location:</b>	841 Memorial Drive SE Atlanta, GA 30316	
<b>Buyer:</b>	841 Memorial Drive Holdings, LLC	
<b>Seller:</b>	RES-GA Memorial, LLC	
<b>Sale Date:</b>	November-14	
<b>Sale Price:</b>	\$925,000	
<b>Financing:</b>	Cash	
<b>Number of Units:</b>	80	
<b>Site:</b>	Acre(s)	1.07
	Square Footage	46,609
<b>Zoning</b>	I1	
<b>Corner</b>	No	
<b>Topography</b>	Level	
<b>Shape</b>	Irregular	
<b>Sale Price:</b>	Per Unit	\$11,563
	Per Acre	\$864,486
	Per SF	\$19.85

**Comments:**

The site has been improved with 841 Memorial, a 80-unit market rate development that was completed in 2016. The development consists of a combination of studio, one, and two-bedroom units.

**Verification:** Public Records, Buyer, Appraiser's File

**ADJUSTMENTS**

The following table illustrates adjustments applied to the sale comparables.

<b>Comparable Land Data Adjustment Grid</b>				
	Subject	1	2	3
Location	2961 Lenora	2671 - 2683 Lawrenceville		
City, State	Church Road	Highway	1760 Lakes Parkway	841 Memorial Drive SE
Parcel Data	Snellville, GA	Lawrenceville, GA	Decatur, GA	Atlanta, GA
Zoning	Multifamily	RM-75	AA030	I1
Topography	Level	Level	Level	Level
Shape	Irregular	Irregular	Irregular	Irregular
Corner	No	No	No	No
Size (SF)	387,684	404,672	358,063	46,609
Size (Acres)	8.9	9.3	8.2	1.1
Units	71	210	239	80
Units Per Acre	8.0	22.6	29.1	74.8
Sales Data				
Date		Feb-16	Dec-15	Nov-14
Interest		Fee Simple	Fee Simple	Fee Simple
Price		\$2,550,000	\$2,657,197	\$925,000
Price per Unit		\$12,143	\$11,118	\$11,563
Adjustments				
Property Rights		0	0	0
		\$2,550,000	\$2,657,197	\$925,000
Financing		0	0	0
		\$2,550,000	\$2,657,197	\$925,000
Conditions of Sale		0	0	0
		\$2,550,000	\$2,657,197	\$925,000
Market Conditions		0%	0%	0%
Adjusted Sale Price		\$2,550,000	\$2,657,197	\$925,000
Adjusted Price Per Unit		\$12,143	\$11,118	\$11,563
Adjustments				
Location		-5%	0%	10%
Zoning/Density		0%	0%	0%
Topography		0%	0%	0%
Shape		0%	0%	0%
Size		10%	10%	0%
Overall Adjustment		5%	10%	10%
Adjusted Price Per Unit		\$12,750	\$12,230	\$12,719
Low	\$12,230			
High	\$12,750			
Mean	\$12,566			
Median	\$12,719			
Conclusion	<b>\$12,500</b>	<b>x</b>	<b>71</b>	<b>\$887,500</b>
Rounded				<b>\$890,000</b>

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

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

### **Property Rights**

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

### **Financing**

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

### **Conditions of Sale**

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

### **Market Conditions**

Real estate values change over time. The rate of this change fluctuates due to investors' perceptions and responses to prevailing market conditions. This adjustment category reflects market differences occurring between the effective date of the appraisal and the sale date of comparables, when values have appreciated or depreciated. The comparable sales occurred between November 2014 and February 2016. Overall, capitalization rate trends in the region appear to have generally followed the national capitalization rate trends over the past several years, and are a good indication of changes in market conditions and resulting land value over time.

PwC Real Estate Investor Survey - National Apartment Market Overall Capitalization Rate - Institutional Grade Investments		
Quarter	Cap Rate	Change (bps)
1Q14	5.79	-0.01
2Q14	5.59	-0.20
3Q14	5.51	-0.08
<b>4Q14</b>	<b>5.36</b>	<b>-0.15</b>
1Q15	5.36	0.00
2Q15	5.30	-0.06
3Q15	5.39	0.09
<b>4Q15</b>	<b>5.35</b>	<b>-0.04</b>
<b>1Q16</b>	<b>5.35</b>	<b>0.00</b>
2Q16	5.29	-0.06
3Q16	5.25	-0.04

Source: PwC Real Estate Investor Survey, Q3 2016

All of the sales took place in the 2014 or later in similar market conditions; as such no adjustments have been applied.

### Location

Location encompasses a number of issues, including location within different market areas with different supply/demand pressures, the character/condition of surrounding development, access, and visibility. It is important to assess which factors truly impact value for different types of real estate.

MEDIAN HOUSEHOLD INCOME			
	Zip Code	Household Income	Subject Differential
Subject	30078	\$63,288	-
1	30033	\$59,780	5.9%
2	30043	\$66,486	-4.8%
3	30316	\$46,977	34.7%

Source: US Census, 9/2016

MEDIAN GROSS RENT			
	Zip Code	Median Rent	Subject Differential
Subject	30078	\$1,125	-
1	30033	\$1,034	8.8%
2	30043	\$1,137	-1.1%
3	30316	\$941	19.6%

Source: US Census, 9/2016

MEDIAN HOME VALUE			
	Zip Code	Median Home Value	Subject Differential
Subject	30078	\$164,000	
1	30043	\$241,500	-32.1%
2	30316	\$168,900	-2.9%
3	30318	\$163,600	0.2%

Source: US Census, 9/2016

Sale 1 is similar to the Subject in terms of median household income and median gross rents, but superior to the Subject in terms of median home value. As such, this comparable was adjusted downward five percent. Sale 3 is offers a slightly inferior location to the Subject and received an upward adjustment of 10 percent. Sale 2 is located in an area similar to the Subject and no adjustment is necessary.

**Zoning / Density**

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

**Topography**

All of the land sales' topography is level; therefore no adjustments are necessary.

**Shape**

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

**Size / Number of Units**

With respect to size, the pool of potential purchasers decreases as property size (and purchase price) increases. The pricing relationship is not linear and certain property sizes, while different, may not receive differing prices based on the grouping within levels. Sales 1 and 2 have a greater number of units than the Subject and were adjusted upward 10 percent. Sale 3 offers a similar number units as the Subject and no adjustment is necessary.

**CONCLUSION OF AS IS (LAND VALUE) VALUE**

The sales indicate a range of adjusted price per unit from \$12,230 to \$12,750 per unit, with a mean of \$12,566 per unit. We have relied on all three sales in determining the Subject's value and have concluded to a sale price of \$12,500 per unit.

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the value of the land in fee simple, as of October 6, 2016, is:

**EIGHT HUNDRED NINETY THOUSAND DOLLARS  
(\$890,000)**

## COST ESTIMATE

### Development Costs

To insure a market based valuation we estimated the hard costs using a cost estimation service, such as Marshall & Swift and/or RS Means Cost Manual. The soft costs are not as effectively compared to market estimates.

### Direct Costs

We compared the direct costs associated with construction of a property to the costs of a property with similar utility as the subject. These costs include construction costs, landscaping costs, and site improvement costs. These are estimated by using the aforementioned cost estimation service(s).

### Indirect Cost

Indirect costs must be added to the direct costs to arrive at a total cost new estimate. Indirect costs include construction loan fees (including interest on the property during construction, appraisal fees, points, etc.), taxes on the land during the construction period, and developer's profit and overhead.

*Developer's Profit and Overhead:* Entrepreneurial profit is accounted for as an indirect cost. If the Cost Approach is to provide a reliable indication of value, the appraiser must add to the cost a figure that represents the entrepreneurial or developer's profit that is reflected in the market. It is a return to the investor based on his entrepreneurial skills and abilities.

An investor in real property, especially a developer, gives up a certain amount of liquidity in development, and his risk is based upon his past experience in the field, his forecasting ability with respect to the real estate/business cycle, his expertise in management, and timing. These items are somewhat speculative and tend to be within a fairly wide profit range, depending upon a combination of the preceding items.

Essentially, entrepreneurial profit is a market-derived figure that reflects the amount that the entrepreneur, or developer, expects to receive in addition to costs. Depending on market practice, this type of profit may be measured as a percentage of (1) direct costs, (2) direct and indirect costs, (3) direct and indirect costs plus land value, and (4) the value of the completed project.

Appraisers often derive an appropriate figure for profit expectation from market analysis. By analyzing recent sales of new properties in the same market, we calculated entrepreneurial profit as the difference between the sale price and the sum of direct costs, indirect costs and current market land value. An appraiser can also survey developers to determine entrepreneurial profit. However, the amount of entrepreneurial profit varies with factors such as economic conditions and property type, so a typical relationship between this profit and other costs is difficult to establish.

In conversations with developers of similar types of properties, an expected profit range would be 10 percent to 20 percent of the overall cost of the improvements including hard costs and land acquisition. Other soft costs typically include financing and legal fees.

### Estimated Costs

There are several data providers that estimate the cost to construct and replace multifamily properties. Two that are most commonly relied upon are Marshall & Swift and RS Means.

Marshall & Swift produces *Marshall Valuation Service*, which is marketed as an appraisal guide. It is primarily used by residential and commercial appraisers to develop replacement costs, depreciated values, and insurable values. Comparative cost indices are published quarterly. The data is based on the publishers' valuation experience, appraisal review, and analysis of the costs of new buildings.

RS Means published *Square Foot Costs* is intended for use by those involved with construction cost estimating, including contractors, owners, architects, engineers, and facilities managers. The data can also be used to develop preliminary project cost estimates and to measure the impact of modifying design and materials on construction costs.

The following table illustrates the current RS Means and Marshall & Swift cost per square foot estimates.

MULTIPLE RESIDENCE COST ESTIMATES			
M&S – Multiple Residence		RS Means	
Cost PSF	Assumption	Cost PSF	Assumption
\$100.60	Class C Good Quality	\$123.37	Wood siding & Wood Frame

As illustrated, the RS Means and Marshall & Swift costs per square foot are similar for multifamily residence. We will use both estimates to determine the Subject's value using the cost approach.

The following table illustrates the cost per square foot for the Subject's market area based on current townhome construction estimates from Marshall & Swift and RS Means:

		M&S	RS Means
National Cost PSF		\$100.60	\$123.37
Location Adjustment	Atlanta, GA	0.93	0.88
Current Multiplier	Oct-16	1.02	-
Subject Cost PSF		\$95.43	\$108.57

**Developer's Construction Budget**

The developer is proposing a budget of \$7,100,057 which includes all hard costs, including labor, materials, overhead, and contractor's profit. The figure equates to approximately \$91.31 per square foot.

We have estimated a cost of \$95.00 per square foot, which just above the developer's estimate, and within the range of costs calculated by Marshall and Swift and RS Means. The following table summarizes our estimates.

COST ESTIMATION		
Estimated cost per SF	\$95.00	
Total Area	80,495	Gross Area
FFE*	\$124,960	
<b>Estimated Construction Costs</b>	<b>\$7,771,985</b>	

\*Marshall and Swift estimate which includes kitchen equipment, interior, exterior, plumbing, furnishing, electrical and HVAC expenses (\$1,760 per unit)

Our overall cost estimates for the Subject are illustrated in the following table.

<b>Novoco Cost Estimates</b>		
<b>Number of Units</b>	<b>71</b>	<b>Per Unit</b>
Estimated Hard Cost	\$7,771,985	\$109,465
Estimated FF&E	\$124,960	\$1,760
<b>Total Construction Costs</b>	<b>\$7,896,945</b>	<b>\$111,225</b>
Soft Costs	\$3,393,481	\$47,796
Development Fee*	\$1,484,228	\$20,905
<b>Total Replacement Cost</b>	<b>\$12,774,654</b>	<b>\$179,925</b>

\*Based on Developer's Sources and Uses

### **Accrued Depreciation**

Accrued depreciation is a loss in value from the reproduction or replacement cost of improvements due to any cause as of the date of appraisal. It may also be defined as the difference between reproduction or replacement cost of an improvement and its market value as of the date of appraisal. The value difference may emanate from physical deterioration, functional obsolescence, external obsolescence, or any combination of these sources.

### **Physical Deterioration**

Curable: This involves an estimate of deferred maintenance and is applicable to items subject to current repair.

Incurable: This reflects loss in value due to the physical departs of the structure.

The Subject will be newly constructed. Therefore, there is no physical deterioration.

### **Functional Obsolescence**

This reflects loss in value due to poor plan, outmoded style or design, architectural super-adequacy, or inadequacy. If incurable functional obsolescence exists, one must charge off additional cost of ownership in the replacement method, if any. As new construction, we assume that the Subject will not suffer from functional obsolescence. We have reviewed the Subject's plans (and included in *Addendum I*) and the layout of the Subject's units appears functional and market-oriented.

### **External Obsolescence**

The proposed restricted rent is approximately \$14.11 per square foot. Cost feasible rent is approximately \$16.08 per square foot, as previously discussed in the *Highest and Best Use* analysis. As such, the proposed restricted development is not feasible without additional subsidy or financing such as tax credits. The cost feasibility analysis suggests an external obsolescence of approximately 12.3 percent. The following table summarizes the value via the cost approach, including all deductions for depreciation. The following table summarizes the value via the cost approach:

<b>Summary of Cost Approach</b>			
Total Replacement Cost - All Improvements			\$12,774,654
Depreciation			
	Deferred Maintenance	\$0	
	Physical - Buildings	0	
	Functional Obsolescence	\$0	
	External Obsolescence	<u>\$1,576,280</u>	
Total Depreciation			<u>\$1,576,280</u>
Depreciated Replacement Cost - Improvements			\$11,198,374
Land Value			<u>\$0</u>
Indicated Value - Cost Approach			\$11,198,374
Rounded			\$11,200,000

**CONCLUSION**

In order to arrive at a value for the Subject, we add the estimated site value to the depreciated replacement cost of the proposed improvements. Therefore, the value of the Subject, via the cost approach, as of October 6, 2016, is:

**ELEVEN MILLION TWO HUNDRED THOUSAND DOLLARS  
(\$11,200,000)**

# **INCOME CAPITALIZATION APPROACH**

## INCOME CAPITALIZATION APPROACH

### INTRODUCTION

We were asked to provide several value estimates, including:

- Hypothetical Market Value Upon Completion Assuming Restricted Rents.
- Hypothetical Market Value Upon Completion Assuming Unrestricted Rents.
- Hypothetical Market Value “As Complete and Stabilized” – hypothetical value assuming as complete and stabilized with restricted rents.
- Hypothetical Market Value “As Complete and Stabilized” – hypothetical value assuming as complete and stabilized with unrestricted rents.
- Prospective Market Value at loan maturity.
- Valuation of Tax Credits.
- Favorable Financing.

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

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

The Subject’s prospective future market value under the restricted scenario and “Upon Completion and Stabilization” is determined using Direct Capitalization.

## POTENTIAL GROSS INCOME

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

The potential gross income of the Subject is the total annual income capable of being generated by all sources, including rental revenue and other income sources. The Subject's potential rental income assuming both restricted rents and market rents (based on Novogradac's concluded estimate of achievable LIHTC and market rent levels) is based upon the As Restricted and As Unrestricted as derived in the Supply Section of this report and are calculated as follows.

<b>POTENTIAL GROSS RENTAL INCOME - AS PROPOSED RESTRICTED</b>				
<b>Unit Type</b>	<b>Number of Units</b>	<b>Achievable LIHTC Rents</b>	<b>Monthly Gross Rent</b>	<b>Annual Gross Rent</b>
<i>60% AMI*</i>				
2BR/1.5BA	9	\$787	\$7,083	\$84,996
3BR/2BA	62	\$897	\$55,614	\$667,368
<b>Total</b>	<b>71</b>			<b>\$752,364</b>

\*Based on Novogradac's estimate of achievable rent levels.

<b>POTENTIAL GROSS RENTAL INCOME - AS PROPOSED UNRESTRICTED</b>				
<b>Unit Type</b>	<b>Number of Units</b>	<b>Achievable Market Rents</b>	<b>Monthly Gross Rent</b>	<b>Annual Gross Rent</b>
2BR/1.5BA	9	\$1,200	\$10,800	\$129,600
3BR/2BA	62	\$1,300	\$80,600	\$967,200
<b>Total</b>	<b>71</b>			<b>\$1,096,800</b>

## Other Income

The other income category is primarily revenue generated from interest income, late charges, special service fees, vending machines, etc. The comparables reported other income ranging from \$38 to \$1,032 per unit. The developer's budget indicates other income of \$85 per unit. We will defer to the developer's budget and conclude to other income of \$85 per unit, which is within the range of the comparables.

## Vacancy and Collection Loss

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

## EXPLANATION OF EXPENSES

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

It is important to note that the projections of income and expenses are based on the basic assumption that the apartment complex will be managed and staffed by competent personnel and that the property will be professionally advertised and aggressively promoted. The Subject will offer 71 units that target households of all ages. Comparable operating expense data from 2014 was collected from properties located within the MSA in McDonough, East Point, and Forest Park to serve as a comparison for the Subject's proposed operating budget.

EXPENSE CATEGORY	Novogradac Estimates As Proposed Restricted Snellville, GA		Novogradac Estimates As Proposed Unrestricted Snellville, GA		SUBJECT BUDGETED EXPENSES Snellville, GA		2014 CONFIDENTIAL ACTUAL EXPENSES East Point, GA		2014 CONFIDENTIAL ACTUAL EXPENSES East Point, GA		2014 CONFIDENTIAL ACTUAL EXPENSES Forest Park, GA		2014 CONFIDENTIAL ACTUAL EXPENSES McDonough, GA	
	71		71		71		160		276		168		240	
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>OTHER INCOME</b>	\$6,035	\$85	\$6,035	\$85	\$6,035	\$85	\$80,638	\$504	\$99,115	\$359	\$6,385	\$38	\$247,639	\$1,032
<b>MARKETING</b>														
Advertising / Screening / Credit	\$1,775	\$25	\$1,775	\$25	\$2,500	\$35	\$7,840	\$49	\$2,849	\$10	\$10,830	\$64	\$13,599	\$57
<b>SUBTOTAL</b>	<b>\$1,775</b>	<b>\$25</b>	<b>\$1,775</b>	<b>\$25</b>	<b>\$2,500</b>	<b>\$35</b>	<b>\$7,840</b>	<b>\$49</b>	<b>\$2,849</b>	<b>\$10</b>	<b>\$10,830</b>	<b>\$64</b>	<b>\$13,599</b>	<b>\$57</b>
<b>ADMINISTRATION</b>														
Legal	\$2,485	\$35	\$2,485	\$35	\$2,500	\$35	\$21,484	\$134	\$31,552	\$114	\$8,443	\$50	\$20,913	\$87
Audit	\$7,100	\$100	\$7,100	\$100	\$5,000	\$70	\$9,569	\$60	\$10,500	\$38	\$8,000	\$48	\$8,750	\$36
Office & Other	\$17,750	\$250	\$14,910	\$210	\$3,200	\$45	\$75,929	\$475	\$188,495	\$683	\$40,812	\$243	\$123,955	\$516
<b>SUBTOTAL</b>	<b>\$27,335</b>	<b>\$385</b>	<b>\$24,495</b>	<b>\$345</b>	<b>\$10,700</b>	<b>\$151</b>	<b>\$106,982</b>	<b>\$669</b>	<b>\$230,547</b>	<b>\$835</b>	<b>\$57,255</b>	<b>\$341</b>	<b>\$153,618</b>	<b>\$640</b>
<b>TOTAL ADMINISTRATION</b>	<b>\$29,110</b>	<b>\$410</b>	<b>\$26,270</b>	<b>\$370</b>	<b>\$13,200</b>	<b>\$186</b>	<b>\$114,822</b>	<b>\$718</b>	<b>\$233,396</b>	<b>\$846</b>	<b>\$68,085</b>	<b>\$405</b>	<b>\$167,217</b>	<b>\$697</b>
<b>MAINTENANCE</b>														
Painting / Turnover / Cleaning	\$5,325	\$75	\$5,325	\$75	\$0	\$0	\$23,282	\$146	\$92,796	\$336	\$53,374	\$318	\$154,733	\$645
Repairs	\$12,425	\$175	\$12,425	\$175	\$10,000	\$141	\$17,241	\$108	\$55,321	\$200	\$966	\$6	\$11,428	\$48
Elevator	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grounds	\$5,325	\$75	\$5,325	\$75	\$5,000	\$70	\$12,923	\$81	\$102	\$0	\$202	\$1	\$0	\$0
Pool	\$0	\$0	\$0	\$0	\$0	\$0	\$4,704	\$29	\$0	\$0	\$2,916	\$17	\$0	\$0
Supplies/Other	\$7,100	\$100	\$7,100	\$100	\$0	\$0	\$14,618	\$91	\$12,746	\$46	\$53,373	\$318	\$3,384	\$14
<b>SUBTOTAL</b>	<b>\$30,175</b>	<b>\$425</b>	<b>\$30,175</b>	<b>\$425</b>	<b>\$15,000</b>	<b>\$211</b>	<b>\$72,768</b>	<b>\$455</b>	<b>\$160,965</b>	<b>\$583</b>	<b>\$110,831</b>	<b>\$660</b>	<b>\$169,545</b>	<b>\$706</b>
<b>OPERATING</b>														
Contracts	\$0	\$0	\$0	\$0	\$15,000	\$211	\$3,130	\$20	\$0	\$0	\$0	\$0	\$440	\$2
Exterminating	\$3,550	\$50	\$3,550	\$50	\$3,000	\$42	\$2,176	\$14	\$0	\$0	\$0	\$0	\$0	\$0
Security	\$1,775	\$25	\$1,775	\$25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>SUBTOTAL</b>	<b>\$5,325</b>	<b>\$75</b>	<b>\$5,325</b>	<b>\$75</b>	<b>\$18,000</b>	<b>\$254</b>	<b>\$5,306</b>	<b>\$33</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$440</b>	<b>\$2</b>
<b>TOTAL MAINTENANCE AND OPERATING</b>	<b>\$35,500</b>	<b>\$500</b>	<b>\$35,500</b>	<b>\$500</b>	<b>\$33,000</b>	<b>\$465</b>	<b>\$78,074</b>	<b>\$488</b>	<b>\$160,965</b>	<b>\$583</b>	<b>\$110,831</b>	<b>\$660</b>	<b>\$169,985</b>	<b>\$708</b>
<b>PAYROLL</b>														
On-site manager	\$34,000	\$479	\$34,000	\$479	\$30,000	\$423	\$96,396	\$602	\$114,114	\$413	\$88,135	\$525	\$129,955	\$541
Other management staff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance staff	\$28,000	\$394	\$28,000	\$394	\$20,000	\$282	\$110,199	\$689	\$108,276	\$392	\$74,824	\$445	\$95,422	\$398
Janitorial staff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$3,389	\$21	-\$3,052	-\$11	\$22,332	\$133	\$25,976	\$108
Payroll taxes	\$7,440	\$105	\$7,440	\$105	\$0	\$0	\$41,279	\$258	\$78,074	\$283	\$21,657	\$129	\$25,811	\$108
<b>SUBTOTAL</b>	<b>\$69,440</b>	<b>\$978</b>	<b>\$69,440</b>	<b>\$978</b>	<b>\$50,000</b>	<b>\$704</b>	<b>\$251,263</b>	<b>\$1,570</b>	<b>\$297,412</b>	<b>\$1,078</b>	<b>\$206,948</b>	<b>\$1,232</b>	<b>\$277,164</b>	<b>\$1,155</b>
<b>UTILITIES</b>														
Water & Sewer	\$39,760	\$560	\$39,760	\$560	\$39,785	\$560	\$86,333	\$540	\$30,563	\$111	\$5,927	\$35	\$160,154	\$667
Electricity	\$14,910	\$210	\$14,910	\$210	\$15,000	\$211	\$40,939	\$256	\$56,933	\$206	\$49,714	\$296	\$56,965	\$237
Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,724	\$61	-\$610	-\$4	-\$2,689	-\$11
Trash	\$8,520	\$120	\$8,520	\$120	\$8,360	\$118	\$7,836	\$49	\$0	\$0	\$13,881	\$83	\$0	\$0
<b>SUBTOTAL</b>	<b>\$63,190</b>	<b>\$890</b>	<b>\$63,190</b>	<b>\$890</b>	<b>\$63,145</b>	<b>\$889</b>	<b>\$135,108</b>	<b>\$844</b>	<b>\$104,220</b>	<b>\$378</b>	<b>\$68,912</b>	<b>\$410</b>	<b>\$214,430</b>	<b>\$893</b>
<b>MISCELLANEOUS</b>														
Insurance	\$19,525	\$275	\$19,525	\$275	\$27,495	\$387	\$38,696	\$242	\$49,980	\$181	\$45,474	\$271	\$64,963	\$271
Real Estate Taxes / PILOT	\$85,518	\$1,204	\$171,640	\$2,417	\$85,295	\$1,201	\$72,087	\$451	\$386,771	\$1,401	\$87,501	\$521	\$267,752	\$1,116
Reserves	\$17,750	\$250	\$17,750	\$250	\$17,750	\$250	\$40,000	\$250	\$69,000	\$250	\$42,000	\$250	\$60,000	\$250
<b>SUBTOTAL</b>	<b>\$122,793</b>	<b>\$1,729</b>	<b>\$208,915</b>	<b>\$2,942</b>	<b>\$130,540</b>	<b>\$1,839</b>	<b>\$150,783</b>	<b>\$942</b>	<b>\$505,751</b>	<b>\$1,832</b>	<b>\$174,975</b>	<b>\$1,042</b>	<b>\$392,715</b>	<b>\$1,636</b>
<b>MANAGEMENT</b>														
<b>SUBTOTAL</b>	<b>\$32,270</b>	<b>\$455</b>	<b>\$31,330</b>	<b>\$441</b>	<b>\$40,265</b>	<b>\$567</b>	<b>\$60,910</b>	<b>\$381</b>	<b>\$86,715</b>	<b>\$314</b>	<b>\$38,625</b>	<b>\$230</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL EXPENSES</b>	<b>\$352,303</b>	<b>\$4,962</b>	<b>\$434,645</b>	<b>\$6,122</b>	<b>\$330,150</b>	<b>\$4,650</b>	<b>\$790,960</b>	<b>\$4,944</b>	<b>\$1,388,459</b>	<b>\$5,031</b>	<b>\$668,376</b>	<b>\$3,978</b>	<b>\$1,221,511</b>	<b>\$5,090</b>

### General Administrative

This category includes all professional fees for items such as legal, accounting, and marketing expenses, as well as office supplies and general and administrative costs. This expense is based on an analysis of the Subject's budget and the comparable property expense data. The developer's budget indicates a general administrative expense of \$186 per unit. The comparable expense data ranges from \$405 to \$846 per unit. We have placed the budget for the Subject's proposed administrative expenses within the range of the comparables. We have concluded to \$410 per unit for the restricted scenario and \$370 per unit for the unrestricted scenario. According to Novogradac & Company LLP's *Multifamily Rental Housing Operating Expense Report*, it costs on average approximately 10 percent more per unit for administrative costs for a low income housing tax credit property nationally than it does for a market rate property.

### Repairs, Maintenance, and Operating

Included in this expense are normal items of repair including roof, painting, decorating, maintenance of public areas, cleaning, etc. The developer's budgeted expense is \$465 per unit. The comparable expense data ranges from \$488 to \$708 per unit. The Subject will be new construction while the comparables range in age from five to 15 years. We have concluded to an expense of \$500 per unit for both scenarios, which is toward the low end of the range of the comparables.

### Payroll

Payroll expenses are directly connected to the administration of the complex, including office, maintenance and management salaries. In addition, employee benefits and employment related taxes are included in the category. The developer has estimated a payroll expense of \$704 per unit. The comparable expense data ranges from \$1,078 to \$1,570 per unit. We estimate a part-time manager and a part-time maintenance employee for the Subject. The following table illustrates Novoco's staffing plan for the Subject.

PAYROLL EXPENSE CALCULATION		
	Expense	Per Unit
Manager's Salary	\$34,000	\$479
Maintenance Salary	\$28,000	\$394
Benefits (\$5,000 per FTE)	\$0	\$0
Payroll Taxes (estimated at 12%)	\$7,440	\$105
<b>Total Annual Payroll</b>	<b>\$69,440</b>	<b>\$978</b>

### Utilities

The landlord will be responsible for water, sewer, trash collection and common area utilities. The Subject's budgeted utility expense is \$889 per unit. Comparable operating expenses indicate a range of \$378 to \$893 per unit. Due to the fact that properties often vary in terms of utility responsibilities, comparisons are difficult. Per GA DCA guidelines, we have relied on GA DCA Utility Allowance to determine the Subject's utility expense.

## UTILITY ALLOWANCE

Utility	Paid By	Two-bedroom	Three-bedroom
Utilities-Electricity	Tenant	\$34	\$42
Utilities-Electric Heating	Tenant	\$9	\$14
Utilities-Air Conditioning	Tenant	\$42	\$51
Utilities-Electric Cooking	Tenant	\$12	\$15
Utilities-Electric Heated Hot Water	Tenant	\$37	\$45
Utilities-Water and Sewer Services	Landlord	\$83	\$102
Utilities-Trash Collection	Landlord	\$21	\$21
<b>Total Utility Allowance</b>		<b>\$238</b>	<b>\$290</b>
Total Tenant Paid Utilities		\$134	\$167

Source: Dept. of Comm. Affairs, effective 7/1/2015

Utility Expense Calculation	Two-bedroom	Three-bedroom	Total
Unit Mix	9	62	71
Electric Annually Per Unit (assuming 5% vacancy/common area)	\$724	\$6,212	\$98
Water and Sewer Annually Per Unit (assuming 5% vacancy/common area)	\$8,516	\$72,094	\$1,135
Total Annual Trash Per Unit	\$2,268	\$15,624	\$252
<b>Total Annual Utility Expense Per Unit</b>			<b>\$1,485</b>

Based on the comparables, coupled with the fact that the Subject will be new construction with Energy Star appliances, the GA DCA Utility Allowance Schedule analysis appears high. Therefore, we have concluded to an expense of \$890 per unit, which is within the range of the comparables and in line with the developer's budget.

### Insurance

The Subject has projected an annual insurance expense of \$375 per unit. The comparables range from \$181 to \$271 per unit. We have concluded to an insurance expense of \$275 per unit for both scenarios, which is just above the range of the comparables and below the developer's budget.

### Taxes

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

### Replacement Reserves

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

### Management Fees

The typical range for professionally managing an apartment property such as the Subject is 4.0 to 7.0 percent of effective gross rental income, depending upon the size and age of the apartment complex with the latter percentage being charged to smaller or older complexes. This amount will also vary dependent upon what is included in the management task which some would also classify as administration. The comparables reported management fees of 3.0 to 5.7 percent, or \$230 to \$381 per unit. It should be noted that one comparable did not report a management fee. The developer's budgeted expense is six percent of effective gross rental income. We have concluded to a management fee of 4.5 percent (\$455 per unit) for the restricted scenario and a management fee of 3.0 percent (\$439 per unit) for the unrestricted scenario.

### SUMMARY

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

<b>Comparable Expense Properties</b>		
<b>Total Expense per Unit</b>	<b>W/ Taxes</b>	<b>W/O Taxes</b>
Developer's Budget	\$4,650	\$3,449
Expense Comparable 1	\$4,944	\$4,493
Expense Comparable 2	\$5,031	\$3,629
Expense Comparable 3	\$3,978	\$3,458
Expense Comparable 4	\$5,090	\$3,974
<b>Subject (As Proposed Restricted)</b>	<b>\$4,962</b>	<b>\$3,758</b>
<b>Subject (As Proposed Unrestricted)</b>	<b>\$6,122</b>	<b>\$3,704</b>

The estimated operating expenses for the Subject are above the developer's budget, yet within the range of comparable properties. We believe the estimated expenses for the restricted and unrestricted scenarios are reasonable based upon the comparable expenses.

**DIRECT CAPITALIZATION**

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

**Market Extraction**

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

SALES COMPARISON								
	Property	Year Built	Sale Date	Sale Price	# of Units	Price / Unit	Effective Gross Income Multiplier	Overall Rate
1	Veranda Knolls Apartments	1997	May-16	\$19,400,000	146	\$132,877	9.1	5.5%
2	Inman Way	1962	Jul-15	\$2,985,000	28	\$106,607	8.3	6.8%
3	Paces Park 250	2000	Dec-14	\$31,500,000	250	\$126,000	10.8	5.7%
4	Ivy Park	1980	Dec-14	\$8,750,000	176	\$49,716	8.9	6.1%
5	Creekside Corners Apartments	2001	Dec-14	\$32,000,000	444	\$72,072	7.5	6.1%
	<b>Average</b>			<b>\$18,927,000</b>	<b>209</b>	<b>\$97,454</b>	<b>8.9</b>	<b>6.0%</b>

The sales illustrate a range of overall rates from 5.5 to 6.8 percent, and the average is 6.0 percent. The properties are all stabilized and represent typical market transactions for multifamily market rate properties in the market area. Overall the Subject is most similar to Sales 1, 3, and 5 in terms of condition. Sales 1 and 2 represent the most recent sales, while Sale 4 is the most similar to the Subject in terms of location. We have concluded to a capitalization rate of 6.0 percent based on market extraction for the Subject in the restricted and unrestricted scenarios, which appear reasonable based on the comparable data.

**REIS**

REIS data for Atlanta metropolitan area indicates a mean cap rate of 7.3 percent over the past 12 months with a median of 6.7 percent of the same time period. However, as of the second quarter 2016, the mean cap rate decreased to 7.1 percent.

	2Q 2016 Metro Statistics		Metro Statistics - 12 Month Rolling			
	Mean	Median	25th Percentile	Mean	Median	75th Percentile
Cap Rate	7.1%	7.3%	5.4%	7.3%	6.7%	8.8%
Sale Price	\$8,913,500	\$1,616,500	\$2,700,000	\$17,437,901	\$10,000,000	\$25,900,000
Sale Price Per Unit	\$74,240	\$48,958	\$43,156	\$87,737	\$75,918	\$104,000
Number of Units	120	75	66	199	210	280
Number of Floors	2	2	2	3	3	3
Year Built	1983	1971	1968	1987	1984	1994

Source: Reis, 10/2016

**The PwC Real Estate Investor Survey**

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

**PwC REAL ESTATE INVESTOR SURVEY**

**National Apartment Market**

**Overall Capitalization Rate - Institutional Grade Investments**

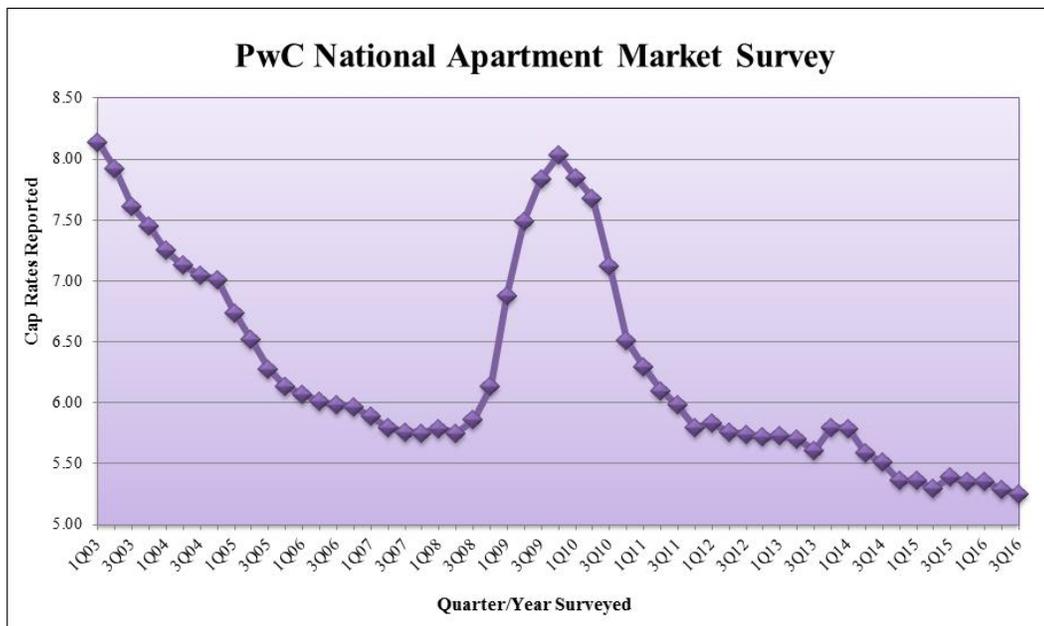
Range: 3.50% - 7.50%  
 Average: 5.25%

**Non-Institutional Grade Investments**

Range: 3.75% - 12.00%  
 Average: 6.72%

Source: PwC Real Estate Investor Survey, Q3 2016

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



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

PwC Real Estate Investor Survey - National Apartment Market					
Overall Capitalization Rate - Institutional Grade Investments					
Quarter	Cap Rate	Change (bps)	Quarter	Cap Rate	Change (bps)
1Q03	8.14	-	1Q10	7.85	-0.18
2Q03	7.92	-0.22	2Q10	7.68	-0.17
3Q03	7.61	-0.31	3Q10	7.12	-0.56
4Q03	7.45	-0.16	4Q10	6.51	-0.61
1Q04	7.25	-0.20	1Q11	6.29	-0.22
2Q04	7.13	-0.12	2Q11	6.10	-0.19
3Q04	7.05	-0.08	3Q11	5.98	-0.12
4Q04	7.01	-0.04	4Q11	5.80	-0.18
1Q05	6.74	-0.27	1Q12	5.83	0.03
2Q05	6.52	-0.22	2Q12	5.76	-0.07
3Q05	6.28	-0.24	3Q12	5.74	-0.02
4Q05	6.13	-0.15	4Q12	5.72	-0.02
1Q06	6.07	-0.06	1Q13	5.73	0.01
2Q06	6.01	-0.06	2Q13	5.70	-0.03
3Q06	5.98	-0.03	3Q13	5.61	-0.09
4Q06	5.97	-0.01	4Q13	5.80	0.19
1Q07	5.89	-0.08	1Q14	5.79	-0.01
2Q07	5.80	-0.09	2Q14	5.59	-0.20
3Q07	5.76	-0.04	3Q14	5.51	-0.08
4Q07	5.75	-0.01	4Q14	5.36	-0.15
1Q08	5.79	0.04	1Q15	5.36	0.00
2Q08	5.75	-0.04	2Q15	5.30	-0.06
3Q08	5.86	0.11	3Q15	5.39	0.09
4Q08	6.13	0.27	4Q15	5.35	-0.04
1Q09	6.88	0.75	1Q16	5.35	0.00
2Q09	7.49	0.61	2Q16	5.29	-0.06
3Q09	7.84	0.35	3Q16	5.25	-0.04
4Q09	8.03	0.19			

Source: PwC Real Estate Investor Survey, Q3 2016

As the graph indicates, the downward trend through early 2007 is clear. The average capitalization rate decreased 225 basis points over a four-year period from 2003 to 2007. However, capitalization rates stabilized in 2007 and began a steep increase in late 2008. They appear to have peaked in the fourth quarter of 2009 and have generally decreased through the first quarter of 2016. Capitalization rates as of the third quarter of 2016 have exhibited a slight decrease over capitalization rates from the third quarter of 2015. Overall, we have estimated the capitalization rate of 6.0 percent, which is within the range of the Non-Institutional Grade capitalization rates.

### Debt Coverage Ratio

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

The ratio used is:

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

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

$$R_O = \text{D.C.R} \times R_M \times M$$

Where:

$R_O$  = Overall Capitalization Rate

D.C.R = Debt Coverage Ratio

$R_M$  = Mortgage Constant

M = Loan-to-Value Ratio

### **Band of Investment**

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

The formula is:

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

Where:

$R_O$  = Overall Capitalization Rate

M = Loan-to-Value Ratio

$R_M$  = Mortgage Constant

$R_E$  = Equity Dividend

The Mortgage Constant ( $R_M$ ) is based upon the calculated interest rate from the ten year treasury. The equity dividend rate  $R_E$ , also known as the cash on cash return rate, is the rate of return that an equity investor expects on an annual basis. It is a component of the overall return requirement. The equity dividend rate is impacted by the returns on other similar investments as well as the risk profile of the investment market and finally the expectation for future value growth. The equity dividend rate is lower in cases where the market is strong and there is a perception of lower risk related to the return of the investment. Further, the dividend rate is lower in markets that have greater expectation for capital appreciation. In some cases we have seen dividend rates that are zero or even negative, suggesting that buyers are willing to forego an annual return because of a larger expectation of capital appreciation. Of course the converse is also true. Generally we see equity dividend rates ranging from 5.0 to 12.0 percent. In this case, the Subject is located within an urban market. An equity dividend estimate of 6.0 percent is considered reasonable in this analysis.

The following table summarizes calculations for the two previously discussed methods of capitalization rate derivation. We will utilize a market oriented interest rate of 4.62 percent. Based on our work files, the typical amortization period is 25 to 30 years and the loan to value ratio is 70 to 80 percent with interest rates between 4.00 and 6.00 percent. Therefore, we believe a 4.62 percent interest rate with a 30-year amortization period and a loan to value of 80 percent is reasonable. The following table illustrates the band of investment for the Subject property.

CAPITALIZATION RATE DERIVATION			
Inputs and Assumptions		Interest Rate Calculations	
DCR	1.3	Treasury Bond Basis*	
Rm	0.06	10 Year T Bond Rate (10/2016)	1.62%
Interest (per annum)*	4.62%	Interest rate spread	300
Amortization (years)	30	Interest Rate (per annum, rounded)	4.62%
M	80%		
Re	6.0%		
<b>Debt Coverage Ratio</b>			
	<b>Ro</b>	= DCR X Rm X M	
	<b>6.41%</b>	= 1.30 X 0.06 X 80%	
<b>Band of Investment</b>			
	<b>Ro</b>	= (M X Rm) + ((1-M) X Re)	
	<b>6.13%</b>	= 80% X 0.06 + 20% X 6%	

\* Source: Bloomberg.com, 10/2016

### Conclusion of Overall Rate Selection

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

CAPITALIZATION RATE SELECTION SUMMARY	
Method	Indicated Rate
Market Extraction	6.00%
REIS	7.10%
PwC Survey	6.00%
Debt Coverage Ratio	6.41%
Band of Investment	6.13%

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

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

The five approaches indicate a range from 6.00 to 7.10 percent. We have reconciled to a 6.00 percent capitalization rate for both scenarios, based primarily upon the market-extracted rates. A summary of the direct capitalization analysis for these scenarios can be found on the following pages.

<b>DIRECT CAPITALIZATION TECHNIQUE - YEAR ONE OPERATING STATEMENT</b>					
<b>EXPENSE ANALYSIS</b>					
<i>Operating Revenues</i>					
		<b>As Proposed Restricted</b>		<b>As Proposed Unrestricted</b>	
	As Proposed Unit Mix	Rent	Total Revenue	Rent	Total Revenue
Apartment Rentals					
2BR/2BA @ 60%	9	\$787	\$84,996	\$1,200	\$129,600
3BR/2BA @ 60%	62	\$897	\$667,368	\$1,300	\$967,200
<b>Total Potential Rental Income</b>	<b>71</b>	<b>\$883</b>	<b>\$752,364</b>	<b>\$1,287</b>	<b>\$1,096,800</b>
Other Income					
Miscellaneous		\$35	\$2,485	\$35	\$2,485
<b>Residential Potential Revenues</b>		<b>\$10,632</b>	<b>\$754,849</b>	<b>\$15,483</b>	<b>\$1,099,285</b>
Vacancy		-\$532	-\$37,742	-\$774	-\$54,964
Vacancy and Collections Loss Percentage			-5%		-5%
<b>Effective Gross Income</b>		<b>\$10,100</b>	<b>\$717,107</b>	<b>\$14,709</b>	<b>\$1,044,321</b>
<i>Operating Expenses</i>					
		<b>As Proposed Restricted</b>		<b>As Proposed Unrestricted</b>	
Administration and Marketing		\$410	\$29,110	\$370	\$26,270
Maintenance and Operating		\$500	\$35,500	\$500	\$35,500
Payroll		\$978	\$69,440	\$978	\$69,440
Utilities		\$890	\$63,190	\$890	\$63,190
Property & Liability Insurance		\$275	\$19,525	\$275	\$19,525
Real Estate and Other Taxes		\$1,204	\$85,518	\$2,417	\$171,640
Replacement Reserves		\$250	\$17,750	\$250	\$17,750
Management Fee	4.5% 3.0%	\$455	\$32,270	\$441	\$31,330
<b>Total Operating Expenses</b>		<b>\$4,962</b>	<b>\$352,303</b>	<b>\$6,122</b>	<b>\$434,645</b>
<b>Expenses as a ratio of EGI</b>			<b>49%</b>		<b>42%</b>
<i>Valuation</i>					
		<b>As Stabilized Restricted</b>		<b>As Stabilized Unrestricted</b>	
Net Operating Income		\$5,138	\$364,804	\$8,587	\$609,676
Capitalization Rate			6.00%		6.00%
<b>Indicated Value "rounded"</b>			<b>\$6,100,000</b>		<b>\$10,200,000</b>
		<b>As Complete Restricted</b>		<b>As Complete Unrestricted</b>	
Number of Months to lease to Stabilized 93%		4		4	
Income loss		\$125,808	17%	\$183,214	17%
Initial market costs		\$10,000		\$10,000	
Total loss to lease		\$135,808		\$193,214	
Value as complete		\$5,964,192		\$10,006,786	
<b>As Complete Value Rounded</b>		<b>\$6,000,000</b>		<b>\$10,000,000</b>	

### Cost of Stabilization

For the as complete values, we conservatively estimate the Subject would reach stabilized 93 percent occupancy within four months of completion, or an approximate absorption rate of 17 units per month. Additionally, we have added \$10,000 in estimated marketing costs over this time period. Therefore, we have deducted a total cost of stabilization, as illustrated in the previous table. The indicated value has been adjusted by this amount to arrive at the as complete value.

**Conclusion**

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

<b>DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE"</b>		
<b>Scenario</b>	<b>Loss To Lease</b>	<b>Indicated Value (Rounded)</b>
As Complete Restricted	\$135,808	\$6,000,000
As Complete Unrestricted	\$193,214	\$10,000,000

<b>DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>Cap Rate</b>	<b>Net Operating Income</b>	<b>Indicated Value (Rounded)</b>
As Proposed Restricted	6.00%	\$364,804	\$6,100,000
As Proposed Unrestricted	6.00%	\$609,676	\$10,200,000

The Subject's hypothetical market value of the real estate assuming the proposed LIHTC rents "As Complete", via the Income Capitalization Approach, as of October 6, 2016 is:

**SIX MILLION DOLLARS**  
**(\$6,000,000)**

The Subject's hypothetical market value of the real estate assuming the achievable unrestricted rents "As Complete", via the Income Capitalization Approach, as of October 6, 2016 is:

**TEN MILLION DOLLARS**  
**(\$10,000,000)**

The Subject's hypothetical market value of the real estate assuming the proposed LIHTC rents "As Complete and Stabilized", via the Income Capitalization Approach, as of October 6, 2016 is:

**SIX MILLION ONE HUNDRED THOUSAND DOLLARS**  
**(\$6,100,000)**

The Subject's hypothetical market value of the real estate assuming the achievable unrestricted rents "As Complete and Stabilized", via the Income Capitalization Approach, as of October 6, 2016 is:

**TEN MILLION TWO HUNDRED THOUSAND DOLLARS**  
**(\$10,200,000)**

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

**Prospective Market Value at Loan Maturity**

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

**Income and Expense Growth Projections**

The AMI in Gwinnett County has increased 0.7 percent annually between 1999 and 2016. Since 2010, the AMI in the county has decreased 1.0 percent annually. Several of the LIHTC and market rate comparables experienced rent growth over the past year of one to four percent. It should be noted that all of the LIHTC comparables reported rent increases or kept rents at the maximum allowable levels. We have increased the income and expense line items by 1.0 percent per annum over the holding period. This is based upon the AMI growth and the market-oriented rent increases of the comparable properties.

**Terminal Capitalization Rate**

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

<b>PwC REAL ESTATE INVESTOR SURVEY</b>	
<b>National Apartment Market</b>	
<b>Overall Capitalization Rate - Institutional Grade Investments</b>	
Range:	3.50% - 7.50%
Average:	5.25%
<b>Non-Institutional Grade Investments</b>	
Range:	3.75% - 12.00%
Average:	6.72%

Source: PwC Real Estate Investor Survey, Q3 2016

Additionally, we have considered the market extracted capitalization rates in the Decatur market. As discussed in detail earlier in this report, we have estimated a going in capitalization rate of 6.0 percent for the Subject in both scenarios.

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

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

In view of the preceding data, observed rate trends, and careful consideration of the Subject’s physical appeal and economic characteristics, a terminal rate of 6.5 percent has been used in the

restricted and unrestricted scenarios, which is within the range and is considered reasonable for a non-institutional grade property such as the Subject following construction.

This is calculated using estimated 2047 NOI, assuming linear income and expense growth. The terminal capitalization rates were derived from the reconciled rates discussed later in this appraisal; however, we have added 50 basis points to the reconciled capitalization rates to reach our terminal rate. The higher rate is due to the length of the holding period prior to disposition after 2047.

#### **VALUATION ANALYSIS**

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

As Proposed Restricted Scenario (Years 1 through 15)

Restricted Cash Flow Value Derivation of "as complete"															
Fiscal Year	Year 1 2018	Year 2 2019	Year 3 2020	Year 4 2021	Year 5 2022	Year 6 2023	Year 7 2024	Year 8 2025	Year 9 2026	Year 10 2027	Year 11 2028	Year 12 2029	Year 13 2030	Year 14 2031	Year 15 2032
<b>Income</b>															
Low Income Units	\$752,364	\$759,888	\$767,487	\$775,161	\$782,913	\$790,742	\$798,650	\$806,636	\$814,702	\$822,849	\$831,078	\$839,389	\$847,783	\$856,260	\$864,823
Nonresidential	\$2,485	\$2,510	\$2,535	\$2,560	\$2,586	\$2,612	\$2,638	\$2,664	\$2,691	\$2,718	\$2,745	\$2,772	\$2,800	\$2,828	\$2,856
Gross Project Income	\$754,849	\$762,397	\$770,021	\$777,722	\$785,499	\$793,354	\$801,287	\$809,300	\$817,393	\$825,567	\$833,823	\$842,161	\$850,583	\$859,089	\$867,679
Vacancy Allowance	-\$37,742	-\$38,120	-\$38,501	-\$38,886	-\$39,275	-\$39,668	-\$40,064	-\$40,465	-\$40,870	-\$41,278	-\$41,691	-\$42,108	-\$42,529	-\$42,954	-\$43,384
Effective Gross Income	\$717,107	\$724,278	\$731,520	\$738,836	\$746,224	\$753,686	\$761,223	\$768,835	\$776,524	\$784,289	\$792,132	\$800,053	\$808,054	\$816,134	\$824,295
<b>Expenses</b>															
Administrative and Marketing	\$29,110	\$29,401	\$29,695	\$29,992	\$30,292	\$30,595	\$30,901	\$31,210	\$31,522	\$31,837	\$32,156	\$32,477	\$32,802	\$33,130	\$33,461
Maintenance and Operating	\$35,500	\$35,855	\$36,214	\$36,576	\$36,941	\$37,311	\$37,684	\$38,061	\$38,441	\$38,826	\$39,214	\$39,606	\$40,002	\$40,402	\$40,806
Payroll	\$69,440	\$70,134	\$70,836	\$71,544	\$72,260	\$72,982	\$73,712	\$74,449	\$75,194	\$75,946	\$76,705	\$77,472	\$78,247	\$79,029	\$79,819
Utilities	\$63,190	\$63,822	\$64,460	\$65,105	\$65,756	\$66,413	\$67,077	\$67,748	\$68,426	\$69,110	\$69,801	\$70,499	\$71,204	\$71,916	\$72,635
Insurance	\$19,525	\$19,720	\$19,917	\$20,117	\$20,318	\$20,521	\$20,726	\$20,933	\$21,143	\$21,354	\$21,568	\$21,783	\$22,001	\$22,221	\$22,443
Real Estate Taxes	\$85,518	\$86,373	\$87,237	\$88,109	\$88,990	\$89,880	\$90,779	\$91,687	\$92,604	\$93,530	\$94,465	\$95,410	\$96,364	\$97,327	\$98,301
Replacement Reserve	\$17,750	\$17,928	\$18,107	\$18,288	\$18,471	\$18,655	\$18,842	\$19,030	\$19,221	\$19,413	\$19,607	\$19,803	\$20,001	\$20,201	\$20,403
Management Fee	\$32,270	\$32,592	\$32,918	\$33,248	\$33,580	\$33,916	\$34,255	\$34,598	\$34,944	\$35,293	\$35,646	\$36,002	\$36,362	\$36,726	\$37,093
Total Expenses	\$352,303	\$355,826	\$359,384	\$362,978	\$366,608	\$370,274	\$373,976	\$377,716	\$381,493	\$385,308	\$389,161	\$393,053	\$396,983	\$400,953	\$404,963
<b>Net Operating Income</b>	<b>\$364,804</b>	<b>\$368,452</b>	<b>\$372,136</b>	<b>\$375,858</b>	<b>\$379,616</b>	<b>\$383,413</b>	<b>\$387,247</b>	<b>\$391,119</b>	<b>\$395,030</b>	<b>\$398,981</b>	<b>\$402,970</b>	<b>\$407,000</b>	<b>\$411,070</b>	<b>\$415,181</b>	<b>\$419,333</b>
<b>Reversion Calculation</b>															
Terminal Capitalization Rate	6.00%														
Sales Costs	3.0%														
Net Sales Proceeds	\$6,800,000														

As Proposed Restricted Scenario (Years 16 through 30)

Restricted Cash Flow Value Derivation of "as complete"															
Fiscal Year	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
<b>Income</b>															
Low Income Units	\$873,471	\$882,206	\$891,028	\$899,938	\$908,938	\$918,027	\$927,207	\$936,479	\$945,844	\$955,303	\$964,856	\$974,504	\$984,249	\$994,092	\$1,004,033
Nonresidential	\$2,885	\$2,914	\$2,943	\$2,972	\$3,002	\$3,032	\$3,062	\$3,093	\$3,124	\$3,155	\$3,187	\$3,219	\$3,251	\$3,283	\$3,316
Gross Project Income	\$876,356	\$885,120	\$893,971	\$902,911	\$911,940	\$921,059	\$930,270	\$939,573	\$948,968	\$958,458	\$968,043	\$977,723	\$987,500	\$997,375	\$1,007,349
Vacancy Allowance	-\$43,818	-\$44,256	-\$44,699	-\$45,146	-\$45,597	-\$46,053	-\$46,513	-\$46,979	-\$47,448	-\$47,923	-\$48,402	-\$48,886	-\$49,375	-\$49,869	-\$50,367
Effective Gross Income	\$832,538	\$840,864	\$849,272	\$857,765	\$866,343	\$875,006	\$883,756	\$892,594	\$901,520	\$910,535	\$919,640	\$928,837	\$938,125	\$947,506	\$956,981
<b>Expenses</b>															
Administrative and Marketing	\$33,796	\$34,134	\$34,475	\$34,820	\$35,168	\$35,520	\$35,875	\$36,234	\$36,596	\$36,962	\$37,332	\$37,705	\$38,082	\$38,463	\$38,847
Maintenance and Operating	\$41,214	\$41,627	\$42,043	\$42,463	\$42,888	\$43,317	\$43,750	\$44,187	\$44,629	\$45,076	\$45,526	\$45,982	\$46,441	\$46,906	\$47,375
Payroll	\$80,618	\$81,424	\$82,238	\$83,060	\$83,891	\$84,730	\$85,577	\$86,433	\$87,297	\$88,170	\$89,052	\$89,943	\$90,842	\$91,750	\$92,668
Utilities	\$73,362	\$74,095	\$74,836	\$75,585	\$76,340	\$77,104	\$77,875	\$78,654	\$79,440	\$80,235	\$81,037	\$81,847	\$82,666	\$83,492	\$84,327
Insurance	\$22,668	\$22,895	\$23,124	\$23,355	\$23,588	\$23,824	\$24,062	\$24,303	\$24,546	\$24,792	\$25,039	\$25,290	\$25,543	\$25,798	\$26,056
Real Estate Taxes	\$99,284	\$100,276	\$101,279	\$102,292	\$103,315	\$104,348	\$105,391	\$106,445	\$107,510	\$108,585	\$109,671	\$110,768	\$111,875	\$112,994	\$114,124
Replacement Reserve	\$20,607	\$20,813	\$21,021	\$21,232	\$21,444	\$21,658	\$21,875	\$22,094	\$22,315	\$22,538	\$22,763	\$22,991	\$23,221	\$23,453	\$23,687
Management Fee	\$37,464	\$37,839	\$38,217	\$38,599	\$38,985	\$39,375	\$39,769	\$40,167	\$40,568	\$40,974	\$41,384	\$41,798	\$42,216	\$42,638	\$43,064
Total Expenses	\$409,012	\$413,103	\$417,234	\$421,406	\$425,620	\$429,876	\$434,175	\$438,517	\$442,902	\$447,331	\$451,804	\$456,322	\$460,885	\$465,494	\$470,149
<b>Net Operating Income</b>	<b>\$423,526</b>	<b>\$427,761</b>	<b>\$432,039</b>	<b>\$436,359</b>	<b>\$440,723</b>	<b>\$445,130</b>	<b>\$449,581</b>	<b>\$454,077</b>	<b>\$458,618</b>	<b>\$463,204</b>	<b>\$467,836</b>	<b>\$472,515</b>	<b>\$477,240</b>	<b>\$482,012</b>	<b>\$486,832</b>
<b>Reversion Calculation</b>															
Terminal Capitalization Rate					6.50%					6.50%					6.50%
Sales Costs					3.0%					3.0%					3.0%
Net Sales Proceeds					\$6,600,000					\$6,900,000					\$7,300,000

### As Proposed Unrestricted Scenario (Years 1 through 15)

Market Cash Flow Value Derivation of "as complete"															
Fiscal Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Income</b>															
Low Income Units	\$1,096,800	\$1,107,768	\$1,118,846	\$1,130,034	\$1,141,334	\$1,152,748	\$1,164,275	\$1,175,918	\$1,187,677	\$1,199,554	\$1,211,550	\$1,223,665	\$1,235,902	\$1,248,261	\$1,260,743
Nonresidential	\$2,485	\$2,510	\$2,535	\$2,560	\$2,586	\$2,612	\$2,638	\$2,664	\$2,691	\$2,718	\$2,745	\$2,772	\$2,800	\$2,828	\$2,856
Gross Project Income	\$1,099,285	\$1,110,278	\$1,121,381	\$1,132,594	\$1,143,920	\$1,155,360	\$1,166,913	\$1,178,582	\$1,190,368	\$1,202,272	\$1,214,295	\$1,226,437	\$1,238,702	\$1,251,089	\$1,263,600
Vacancy Allowance	-\$54,964	-\$55,514	-\$56,069	-\$56,630	-\$57,196	-\$57,768	-\$58,346	-\$58,929	-\$59,518	-\$60,114	-\$60,715	-\$61,322	-\$61,935	-\$62,554	-\$63,180
Effective Gross Income	\$1,044,321	\$1,054,764	\$1,065,312	\$1,075,965	\$1,086,724	\$1,097,592	\$1,108,568	\$1,119,653	\$1,130,850	\$1,142,158	\$1,153,580	\$1,165,116	\$1,176,767	\$1,188,534	\$1,200,420
<b>Expenses</b>															
Administrative and Marketing	\$26,270	\$26,533	\$26,798	\$27,066	\$27,337	\$27,610	\$27,886	\$28,165	\$28,447	\$28,731	\$29,018	\$29,309	\$29,602	\$29,898	\$30,197
Maintenance and Operating	\$35,500	\$35,855	\$36,214	\$36,576	\$36,941	\$37,311	\$37,684	\$38,061	\$38,441	\$38,826	\$39,214	\$39,606	\$40,002	\$40,402	\$40,806
Payroll	\$69,440	\$70,134	\$70,836	\$71,544	\$72,260	\$72,982	\$73,712	\$74,449	\$75,194	\$75,946	\$76,705	\$77,472	\$78,247	\$79,029	\$79,819
Utilities	\$63,190	\$63,822	\$64,460	\$65,105	\$65,756	\$66,413	\$67,077	\$67,748	\$68,426	\$69,110	\$69,801	\$70,499	\$71,204	\$71,916	\$72,635
Insurance	\$19,525	\$19,720	\$19,917	\$20,117	\$20,318	\$20,521	\$20,726	\$20,933	\$21,143	\$21,354	\$21,568	\$21,783	\$22,001	\$22,221	\$22,443
Real Estate Taxes	\$171,640	\$173,357	\$175,090	\$176,841	\$178,610	\$180,396	\$182,200	\$184,022	\$185,862	\$187,721	\$189,598	\$191,494	\$193,409	\$195,343	\$197,296
Replacement Reserve	\$17,750	\$17,928	\$18,107	\$18,288	\$18,471	\$18,655	\$18,842	\$19,030	\$19,221	\$19,413	\$19,607	\$19,803	\$20,001	\$20,201	\$20,403
Management Fee	\$31,330	\$47,464	\$47,939	\$48,418	\$48,903	\$49,392	\$49,886	\$50,384	\$50,888	\$51,397	\$51,911	\$52,430	\$52,955	\$53,484	\$54,019
Total Expenses	\$434,645	\$454,813	\$459,361	\$463,955	\$468,594	\$473,280	\$478,013	\$482,793	\$487,621	\$492,497	\$497,422	\$502,396	\$507,420	\$512,495	\$517,620
<b>Net Operating Income</b>	<b>\$609,676</b>	<b>\$599,951</b>	<b>\$605,951</b>	<b>\$612,010</b>	<b>\$618,130</b>	<b>\$624,311</b>	<b>\$630,555</b>	<b>\$636,860</b>	<b>\$643,229</b>	<b>\$649,661</b>	<b>\$656,158</b>	<b>\$662,719</b>	<b>\$669,346</b>	<b>\$676,040</b>	<b>\$682,800</b>
<b>Reversion Calculation</b>															
Terminal Capitalization Rate	6.00%														6.00%
Sales Costs	3.0%														3.0%
Net Sales Proceeds															\$11,000,000

As Proposed Unrestricted Scenario (Years 16 through 30)

Market Cash Flow Value Derivation of "as complete"																
Fiscal Year	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	
	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	
<b>Income</b>																
Low Income Units	\$1,273,351	\$1,286,084	\$1,298,945	\$1,311,935	\$1,325,054	\$1,338,304	\$1,351,687	\$1,365,204	\$1,378,856	\$1,392,645	\$1,406,571	\$1,420,637	\$1,434,843	\$1,449,192	\$1,463,684	
Nonresidential	\$2,885	\$2,914	\$2,943	\$2,972	\$3,002	\$3,032	\$3,062	\$3,093	\$3,124	\$3,155	\$3,187	\$3,219	\$3,251	\$3,283	\$3,316	
Gross Project Income	\$1,276,236	\$1,288,998	\$1,301,888	\$1,314,907	\$1,328,056	\$1,341,337	\$1,354,750	\$1,368,297	\$1,381,980	\$1,395,800	\$1,409,758	\$1,423,856	\$1,438,094	\$1,452,475	\$1,467,000	
Vacancy Allowance	-\$63,812	-\$64,450	-\$65,094	-\$65,745	-\$66,403	-\$67,067	-\$67,737	-\$68,415	-\$69,099	-\$69,790	-\$70,488	-\$71,193	-\$71,905	-\$72,624	-\$73,350	
Effective Gross Income	\$1,212,424	\$1,224,548	\$1,236,794	\$1,249,162	\$1,261,653	\$1,274,270	\$1,287,012	\$1,299,883	\$1,312,881	\$1,326,010	\$1,339,270	\$1,352,663	\$1,366,190	\$1,379,852	\$1,393,650	
<b>Expenses</b>																
Administrative and Marketing	\$30,499	\$30,804	\$31,112	\$31,423	\$31,737	\$32,054	\$32,375	\$32,699	\$33,026	\$33,356	\$33,689	\$34,026	\$34,367	\$34,710	\$35,057	
Maintenance and Operating	\$41,214	\$41,627	\$42,043	\$42,463	\$42,888	\$43,317	\$43,750	\$44,187	\$44,629	\$45,076	\$45,526	\$45,982	\$46,441	\$46,906	\$47,375	
Payroll	\$80,618	\$81,424	\$82,238	\$83,060	\$83,891	\$84,730	\$85,577	\$86,433	\$87,297	\$88,170	\$89,052	\$89,943	\$90,842	\$91,750	\$92,668	
Utilities	\$73,362	\$74,095	\$74,836	\$75,585	\$76,340	\$77,104	\$77,875	\$78,654	\$79,440	\$80,235	\$81,037	\$81,847	\$82,666	\$83,492	\$84,327	
Insurance	\$22,668	\$22,895	\$23,124	\$23,355	\$23,588	\$23,824	\$24,062	\$24,303	\$24,546	\$24,792	\$25,039	\$25,290	\$25,543	\$25,798	\$26,056	
Real Estate Taxes	\$199,269	\$201,262	\$203,274	\$205,307	\$207,360	\$209,434	\$211,528	\$213,643	\$215,780	\$217,938	\$220,117	\$222,318	\$224,541	\$226,787	\$229,055	
Replacement Reserve	\$20,607	\$20,813	\$21,021	\$21,232	\$21,444	\$21,658	\$21,875	\$22,094	\$22,315	\$22,538	\$22,763	\$22,991	\$23,221	\$23,453	\$23,687	
Management Fee	\$54,559	\$55,105	\$55,656	\$56,212	\$56,774	\$57,342	\$57,916	\$58,495	\$59,080	\$59,670	\$60,267	\$60,870	\$61,479	\$62,093	\$62,714	
Total Expenses	\$522,796	\$528,024	\$533,304	\$538,637	\$544,023	\$549,464	\$554,958	\$560,508	\$566,113	\$571,774	\$577,492	\$583,267	\$589,099	\$594,990	\$600,940	
<b>Net Operating Income</b>	<b>\$689,628</b>	<b>\$696,525</b>	<b>\$703,490</b>	<b>\$710,525</b>	<b>\$717,630</b>	<b>\$724,806</b>	<b>\$732,054</b>	<b>\$739,375</b>	<b>\$746,769</b>	<b>\$754,236</b>	<b>\$761,779</b>	<b>\$769,396</b>	<b>\$777,090</b>	<b>\$784,861</b>	<b>\$792,710</b>	
<b>Reversion Calculation</b>																
Terminal Capitalization Rate					6.50%					6.50%					6.50%	
Sales Costs					3.0%					3.0%					3.0%	
Net Sales Proceeds					\$10,700,000					\$11,300,000					\$11,800,000	

## Conclusion

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

The prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, subject to the rental restrictions in the year 2047, as of October 6, 2016, is:

**SEVEN MILLION THREE HUNDRED THOUSAND DOLLARS  
(\$7,300,000)**

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

The hypothetical prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, as an unrestricted property in the year 2047, as of October 6, 2016, is:

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

### **Below Market Debt**

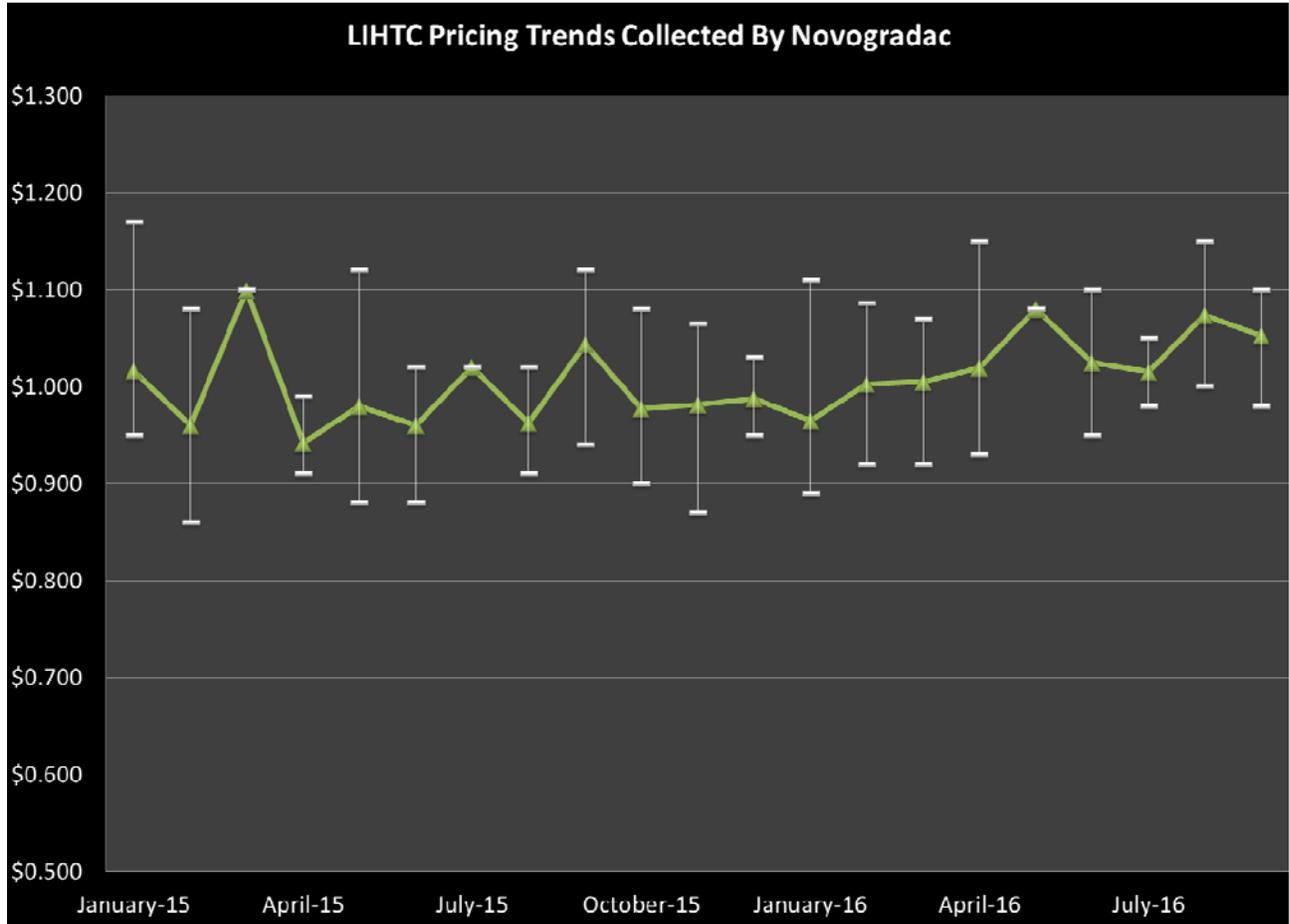
The developer has indicated that they will receive a permanent loan. The permanent loan will be in the amount of \$4,854,870 and will bear an interest at a fixed rate of approximately 4.50 percent per annum with a 360-month (30-year) term. The rate and terms are market-oriented; therefore, there is no favorable financing value.

### **VALUATION - TAX CREDIT EQUITY**

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

As an incentive to participate in the low-income housing program the developer is awarded "tax credits" which provide the incentive to construct and rehabilitate affordable housing in otherwise financially infeasible markets. The tax credit program was created by the Internal Revenue Code Section 42, and is a Federal tax program administered by the states. The developer expects to receive a total LIHTC allocation of \$6,868,784 (\$4,431,474 federal tax credit equity and \$2,437,310 Georgia State tax credit equity, respectively).

Valuation of LIHTC is typically done by a sales approach. The industry typically values and analyzes the LIHTC transaction on a dollar per credit basis. Novogradac & Company LLP conducts monthly surveys in which we contact developers, syndicators and consultants involved in LIHTC transactions to obtain information on recent LIHTC pricing. The following graph illustrates LIHTC pricing trends. The graph illustrates the average price achieved on a bi-monthly basis for the projects included in our survey.



As the previous table illustrates, tax credit raise rates in recent months have ranged from \$0.95 to \$1.15 per credit. The pricing above reflects transactions similar to Subject. As part of the yield analysis and pricing determination investors consider, among other factors, construction risk, lease-up risk and timing of the credits. The Subject will be located in Snellville, GA, which is a secondary market, and will be newly constructed with LIHTC equity. Tax credit pricing has trended upward over the past several months and has settled in the upper \$0.90s to lower \$1.00 range. The developer’s budget is \$1.00 per credit. We believe that the developer’s budget is reasonable and conclude to \$1.00 per credit.

The following table illustrates Georgia state tax credit pricing in 2013 to 2016.

GEORGIA STATE TAX CREDIT PRICING			
Closing Date	Price Per Credit	Location	Type
2016	\$0.55	Albany	New Construction
2015	\$0.52	Atlanta	Acquisition/Rehabilitation
2015	\$0.35	Fort Valley	Acquisition/Rehabilitation
2014	\$0.32	Union City	New Construction
2013	\$0.30	Griffin	New Construction

According to recent data, the Georgia state credit pricing ranged from \$0.30 to \$0.55 in 2013 through 2016. In addition, we also contacted a Georgia state LIHTC investor. Our conversations indicated a range of \$0.55 to \$0.60 per credit in 2016. The developer’s budget is \$0.55 per credit. Therefore, based on our conversations, we believe that the developer’s budget is reasonable and conclude to \$0.55 per credit.

<b>FEDERAL AND STATE TAX CREDIT VALUE</b>		
	<b>Value</b>	<b>Pricing</b>
<b>Total credits</b>	\$6,868,784	
<b>Annual amount</b>	\$686,878	
<b>Federal</b>	\$4,431,474	\$1.00
<b>State</b>	<u>\$2,437,310</u>	\$0.55
<b>Total Value</b>	<b>\$6,868,784</b>	

We believe a price of approximately \$1.00 per credit for federal tax credits and \$0.55 for state tax credits is reasonable. This rate results in a total tax credit value of approximately \$6,870,000 (rounded). This value is effective as of October 6, 2016.

*Federal*  
**FOUR MILLION FOUR HUNDRED THIRTY THOUSAND DOLLARS**  
**(\$4,430,000)**

*State*  
**TWO MILLION FOUR HUNDRED FORTY THOUSAND DOLLARS**  
**(\$2,440,000)**

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

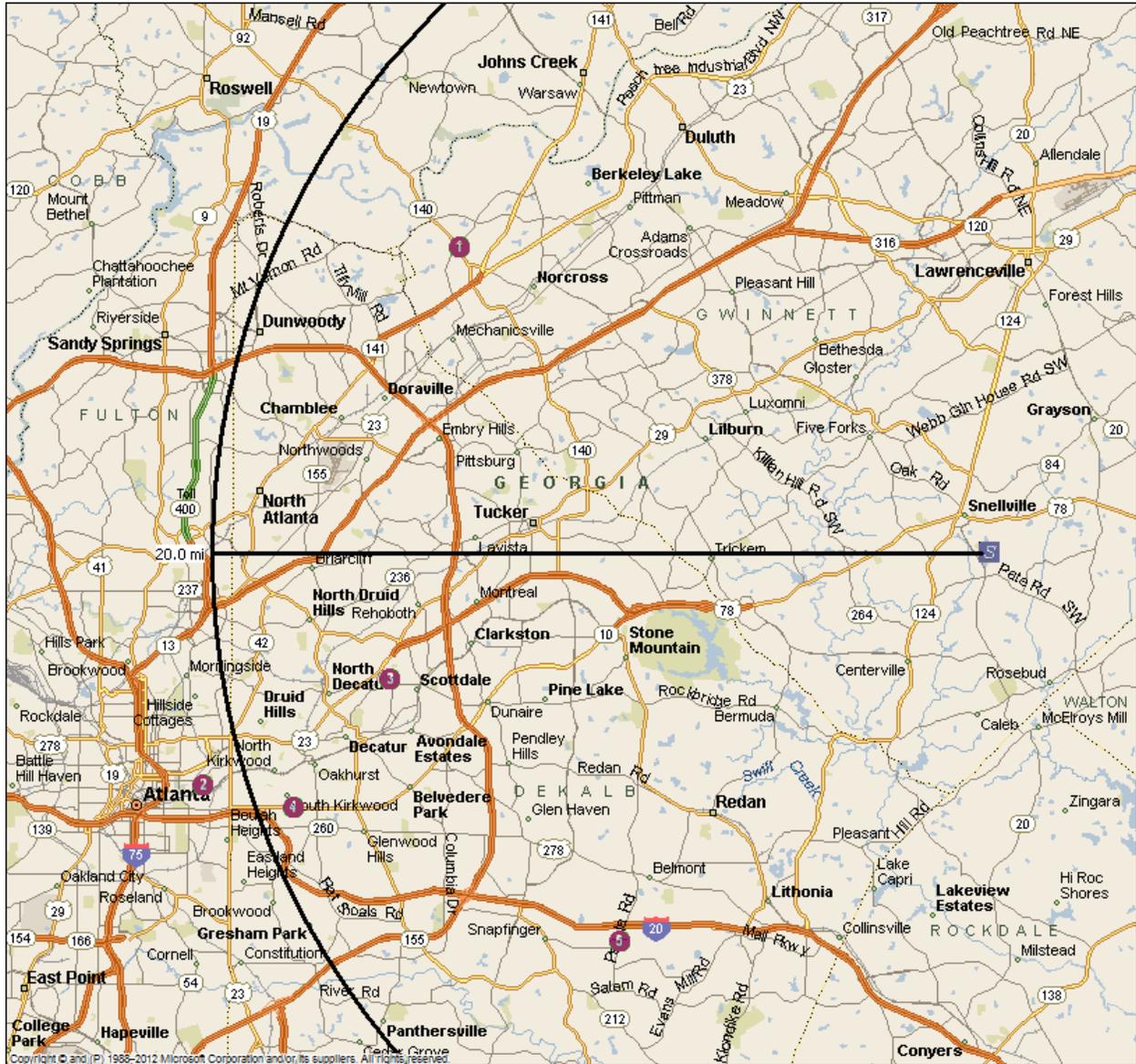
# **SALES COMPARISON APPROACH**

## **SALES COMPARISON APPROACH**

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

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

Comparable Sales Map



SALES COMPARISON								
	Property	Year Built	Sale Date	Sale Price	# of Units	Price / Unit	Effective Gross Income Multiplier	Overall Rate
1	Veranda Knolls Apartments	1997	May-16	\$19,400,000	146	\$132,877	9.1	5.5%
2	Inman Way	1962	Jul-15	\$2,985,000	28	\$106,607	8.3	6.8%
3	Paces Park 250	2000	Dec-14	\$31,500,000	250	\$126,000	10.8	5.7%
4	Ivy Park	1980	Dec-14	\$8,750,000	176	\$49,716	8.9	6.1%
5	Creekside Corners Apartments	2001	Dec-14	\$32,000,000	444	\$72,072	7.5	6.1%
	<b>Average</b>			<b>\$18,927,000</b>	<b>209</b>	<b>\$97,454</b>	<b>8.9</b>	<b>6.0%</b>

**Comparable Sale 1**

**Name:** Veranda Knolls Apartments  
**Location:** 100 Ivey Park Lane  
 Norcross, GA 30092



**Buyer:** Brookline Investment Group  
**Seller:** White Oak Partners  
**Sale Date:** May-16  
**Sale Price:** \$19,400,000

**Financing:** Conventional  
**Number of Units:** 146  
**Year Built:** 1997  
**Site:** 11.7 Acres

**Units of Comparison:**

Effective Gross Income:	\$2,137,833
EGIM	9.1
Total Expenses:	\$1,064,328
Net Operating Income:	\$1,073,505
Net Operating Income per Unit:	\$7,353
Overall Rate with Reserves:	5.53%
Sale Price per Unit:	\$132,877

**Comments:**

Veranda Knolls Apartments offers 146 one, two and three-bedroom units. It was 98 percent occupied at time of sale. Information was verified through the listing broker, Kevin Geiger of CBRE.

**Verification:** Costar, Listing Broker Kevin Geiger, CBRE

**Comparable Sale 2**

**Name:** Inman Way  
**Location:** 70 Spruce Street  
 Atlanta, GA 30307



**Buyer:** Pantheon Piedmont, LLC  
**Seller:** Schottenstein Realty Company  
**Sale Date:** Jul-15  
**Sale Price:** \$2,985,000

**Financing:** Conventional  
**Number of Units:** 28  
**Year Built:** 1962  
**Site:** 0.69 Acres

**Units of Comparison:**

Effective Gross Income:	\$359,780
EGIM	8.3
Total Expenses:	\$156,800
Net Operating Income:	\$202,980
Net Operating Income per Unit:	\$7,249
Overall Rate with Reserves:	6.80%
Sale Price per Unit:	\$106,607

**Comments:**

The property consists of 28 two-bedroom units. The property occupancy rate was unknown at the time of sale. The sale price, capitalization rate, and expenses were verified with buyer broker, Andy Lundsberg with Bull Realty Inc.

**Verification:** Appraiser's File, Listing Broker, Andy Lundsberg, Bull Realty

**Comparable Sale 3**

**Name:** **Paces Park 250**  
**Location:** 100 Paces Park Drive  
 Decatur, GA 30033



**Buyer:** Inwood Holdings, LLC  
**Seller:** GE Capital Corporation  
**Sale Date:** Dec-14  
**Sale Price:** \$31,500,000

**Financing:** Conventional  
**Number of Units:** 250  
**Year Built:** 2000  
**Site:** 10.49 Acres

**Units of Comparison:**

Effective Gross Income:	\$2,904,750
EGIM	10.8
Total Expenses:	\$1,125,000
Net Operating Income:	\$1,779,750
Net Operating Income per Unit:	\$7,119
Overall Rate with Reserves:	5.7%
Sale Price per Unit:	\$126,000

**Comments:**

This property offers one, two, and three-bedroom units and was reported 97 percent occupied and in good condition at the time of the sale. The broker confirmed the sale price, date, and capitalization rate. Expenses were estimated by Novogradac at \$,4500 per unit.

**Verification:** Appraiser's File, Listing Broker, Chris Spain, Cushman & Wakefield

**Comparable Sale 4**

**Name:** Ivy Park  
**Location:** 2035 Memorial Drive SE  
 Atlanta, GA 30317



**Buyer:** Courland Partners  
**Seller:** Domum Equity I  
**Sale Date:** Dec-14  
**Sale Price:** \$8,750,000  
  
**Financing:** Conventional  
**Number of Units:** 176  
**Year Built:** 1980  
**Site:** 15.46 Acres

**Units of Comparison:**

Effective Gross Income:	\$1,416,375
EGIM	8.9
Total Expenses:	\$880,000
Net Operating Income:	\$536,375
Net Operating Income per Unit:	\$5,566
Overall Rate with Reserves:	6.13%
Sale Price per Unit:	\$49,716

**Comments:**

The property consists of 92 one-bedroom units and 84 two-bedroom units. Occupancy was approximately 98 percent occupied at time of sale and in average condition. The sale price, capitalization rate, and expenses were verified with the broker, Tyler Averitt of National Multi Housing Advisors.

**Verification:** Appraiser's File, Listing Broker, Tyler Averitt, National Multi Housing Advisors

**Comparable Sale 5**

**Name:** Creekside Corners Apartments  
**Location:** 5301 W. Fairington Parkway  
 Lithonia, GA 30038



**Buyer:** HPI Creekside, LLC  
**Seller:** Tumberry Gardens Associates, LLC  
**Sale Date:** Dec-14  
**Sale Price:** \$32,000,000

**Financing:** Conventional  
**Number of Units:** 444  
**Year Built:** 2001  
**Site:** 36.45 Acres

**Units of Comparison:**  
 Effective Gross Income: \$4,283,000  
 EGIM 7.5  
 Total Expenses: \$2,331,000  
 Net Operating Income: \$1,952,000  
 Net Operating Income per Unit: \$4,396  
 Overall Rate with Reserves: 6.10%  
 Sale Price per Unit: \$72,072

**Comments:**

This three-story, garden-style property offers 166 one-bedroom, 244 two-bedroom units, and 34 three-bedroom units. The property was reportedly 93 percent occupied at the time of transfer. All information was verified with the broker, Joshua Goldfarb of Regional Multi Housing Advisors.

**Verification:** Appraiser's File, Listing Broker, Joshua Goldfarb, Regional Multi Housing Advisors

**VALUATION ANALYSIS**

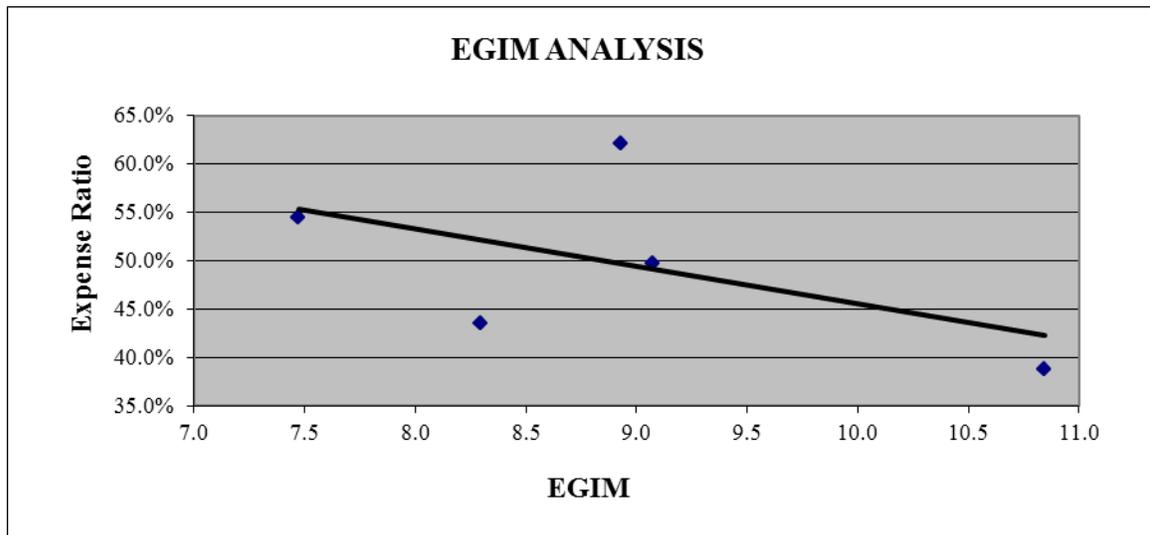
The sales selected for this analysis are summarized in the following table.

SALES COMPARISON								
	Property	Year Built	Sale Date	Sale Price	# of Units	Price / Unit	Effective Gross Income Multiplier	Overall Rate
1	Veranda Knolls Apartments	1997	May-16	\$19,400,000	146	\$132,877	9.1	5.5%
2	Inman Way	1962	Jul-15	\$2,985,000	28	\$106,607	8.3	6.8%
3	Paces Park 250	2000	Dec-14	\$31,500,000	250	\$126,000	10.8	5.7%
4	Ivy Park	1980	Dec-14	\$8,750,000	176	\$49,716	8.9	6.1%
5	Creekside Corners Apartments	2001	Dec-14	\$32,000,000	444	\$72,072	7.5	6.1%
	<b>Average</b>			<b>\$18,927,000</b>	<b>209</b>	<b>\$97,454</b>	<b>8.9</b>	<b>6.0%</b>

**EGIM Analysis**

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

Comparable Sales and Subject Scenarios Arrayed by Expense Ratio					
	Sale Price	EGI	Expenses	Expense Ratio	EGIM
<b>As Proposed Restricted</b>	<b>\$6,100,000</b>	<b>\$717,107</b>	<b>\$352,303</b>	<b>49%</b>	<b>8.5</b>
<b>As Proposed Unrestricted</b>	<b>\$10,200,000</b>	<b>\$1,044,321</b>	<b>\$434,645</b>	<b>42%</b>	<b>9.8</b>
Comparable #1	\$19,400,000	\$2,137,833	\$1,064,328	50%	9.1
Comparable #2	\$2,985,000	\$359,780	\$156,800	44%	8.3
Comparable #3	\$31,500,000	\$2,904,750	\$1,125,000	39%	10.8
Comparable #4	\$8,750,000	\$1,416,375	\$880,000	62%	8.9
Comparable #5	\$32,000,000	\$4,283,000	\$2,331,000	54%	7.5



We have estimated EGIMs of 8.5 and 9.7 for the restricted and unrestricted scenarios. The Subject's indicated value using the EGIM method is presented in the following table.

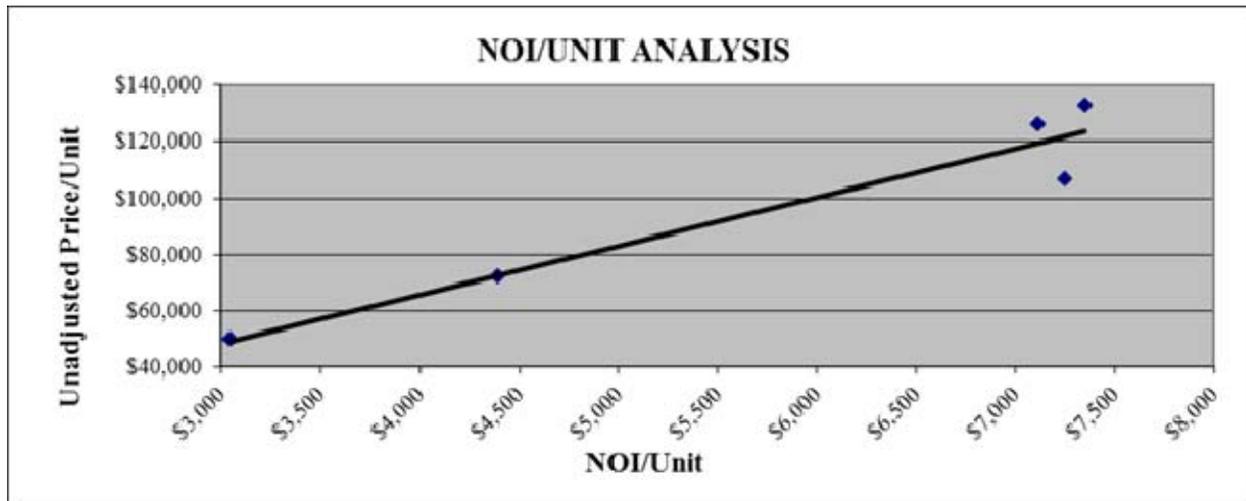
**EGIM ANALYSIS - "AS COMPLETE AND STABILIZED"**

Scenario	EGIM	Effective Gross Income	Indicated Value (Rounded)
As Proposed Restricted	8.5	\$717,100	\$6,100,000
As Proposed Unrestricted	9.8	\$1,044,320	\$10,200,000

**NOI/UNIT ANALYSIS**

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

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



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

## NOI/UNIT ANALYSIS

## As Proposed Restricted

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	\$5,138	/	\$7,353	=	0.70	X	\$132,877	=	\$92,854
2	\$5,138	/	\$7,249	=	0.71	X	\$106,607	=	\$75,560
3	\$5,138	/	\$7,119	=	0.72	X	\$126,000	=	\$90,940
4	\$5,138	/	\$3,048	=	1.69	X	\$49,716	=	\$83,819
5	\$5,138	/	\$4,396	=	1.17	X	\$72,072	=	\$84,231
			<b>\$5,833</b>		<b>1.00</b>		<b>\$97,454</b>		<b>\$85,481</b>

## NOI/UNIT ANALYSIS

## As Proposed Unrestricted

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	\$8,587	/	\$7,353	=	1.17	X	\$132,877	=	\$155,181
2	\$8,587	/	\$7,249	=	1.18	X	\$106,607	=	\$126,279
3	\$8,587	/	\$7,119	=	1.21	X	\$126,000	=	\$151,982
4	\$8,587	/	\$3,048	=	2.82	X	\$49,716	=	\$140,081
5	\$8,587	/	\$4,396	=	1.95	X	\$72,072	=	\$140,770
			<b>\$5,833</b>		<b>1.67</b>		<b>\$97,454</b>		<b>\$142,859</b>

Comparable Sales 1, 3, and 5 were constructed between 1997 and 2001 and are the most similar to the proposed Subject in terms of age and condition. Sales 2 and 4 were constructed in 1962 and 1980 and are slightly inferior to the Subject in terms of age and condition. Based upon the comparable properties, we have concluded to a price per unit within the middle of the range. Value indications via the NOI per unit analysis are summarized below.

## NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
As Proposed Restricted	71	\$86,000	\$6,100,000
As Proposed Unrestricted	71	\$143,000	\$10,200,000

### Conclusion

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

The Subject's prospective market value of the real estate As Restricted assuming the proposed LIHTC rents "**As Complete and Stabilized**", via the Sales Comparison Approach, as of October 6, 2016 is:

**SIX MILLION ONE HUNDRED THOUSAND DOLLARS**  
**(\$6,100,000)**

The Subject's hypothetical market value of the real estate assuming achievable market rents "**As Complete and Stabilized**", via the Sales Comparison Approach, as of October 6, 2016 is:

**TEN MILLION TWO HUNDRED THOUSAND DOLLARS**  
**(\$10,200,000)**

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

## **RECONCILIATION**

**RECONCILIATION**

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

<b>AS IS VALUE</b>			
<b>Scenario</b>	<b>Units</b>	<b>Price Per Unit</b>	<b>Indicated Value (Rounded)</b>
Land Value	71	\$12,500	\$890,000
<b>COST APPROACH ANALYSIS</b>			
<b>Scenario</b>	<b>Indicated Value (Rounded)</b>		
As Proposed Restricted	\$11,200,000		
<b>DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE"</b>			
<b>Scenario</b>	<b>Loss To Lease</b>	<b>Indicated Value (Rounded)</b>	
As Complete Restricted	\$135,808	\$6,000,000	
As Complete Unrestricted	\$193,214	\$10,000,000	
<b>DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>Cap Rate</b>	<b>Net Operating Income</b>	<b>Indicated Value (Rounded)</b>
As Proposed Restricted	6.00%	\$364,804	\$6,100,000
As Proposed Unrestricted	6.00%	\$609,676	\$10,200,000
<b>EGIM ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>EGIM</b>	<b>Effective Gross Income</b>	<b>Indicated Value (Rounded)</b>
As Proposed Restricted	8.5	\$717,100	\$6,100,000
As Proposed Unrestricted	9.8	\$1,044,320	\$10,200,000
<b>NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>Number of Units</b>	<b>Price per unit</b>	<b>Indicated Value (Rounded)</b>
As Proposed Restricted	71	\$86,000	\$6,100,000
As Proposed Unrestricted	71	\$143,000	\$10,200,000
<b>VALUE AT LOAN MATURITY - RESTRICTED</b>			
	<b>Year</b>	<b>Indicated Value (Rounded)</b>	
Restricted	30 years	\$7,300,000	
<b>VALUE AT LOAN MATURITY - UNRESTRICTED</b>			
	<b>Year</b>	<b>Indicated Value (Rounded)</b>	
Unrestricted	30 years	\$11,800,000	
<b>TAX CREDIT VALUATION</b>			
	<b>Credit Amount</b>	<b>Price Per Credit</b>	<b>Indicated Value (Rounded)</b>
Federal LIHTC	\$4,431,474	1.00	\$4,430,000
State LIHTC	\$4,431,474	0.55	\$2,440,000

The value indicated by the income capitalization approach is a reflection of a prudent investor's analysis of an income producing property. In this approach, income is analyzed in terms of quantity, quality, and durability. Due to the fact that the Subject will be an income producing in nature, this approach is the most applicable method of valuing the Subject property. Furthermore, when valuing the intangible items it is the only method of valuation considered.

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

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

#### **“As Is” Land Value**

The Subject's indicated restricted “Land Value”, as of October 6, 2016 is:

**EIGHT HUNDRED NINETY THOUSAND DOLLARS  
(\$890,000)**

#### **Upon Completion Assuming Restricted Rents**

The Subject's hypothetical market value of the real estate assuming proposed restricted rental rates, “Upon Completion,” as of October 6, 2016, is:

**SIX MILLION DOLLARS  
(\$6,000,000)**

#### **Upon Completion Assuming Unrestricted Rents**

The Subject's hypothetical market value of the real estate assuming unrestricted operation “Upon Completion,” as of October 6, 2016, is:

**TEN MILLION DOLLARS  
(\$10,000,000)**

#### **As Complete and Stabilized Restricted**

The Subject's estimated market value “As Complete and Stabilized” assuming proposed restricted rental rates, as of October 6, 2016, is:

**SIX MILLION ONE HUNDRED THOUSAND DOLLARS  
(\$6,100,000)**

**As Complete and Stabilized Unrestricted**

The Subject's estimated hypothetical market value "As Complete and Stabilized" assuming unrestricted market rental rates, as of October 6, 2016, is:

**TEN MILLION TWO HUNDRED THOUSAND DOLLARS  
(\$10,200,000)**

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

The prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, subject to the rental restrictions in the year 2047, as of October 6, 2016, is:

**SEVEN MILLION THREE HUNDRED THOUSAND DOLLARS  
(\$7,300,000)**

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

The hypothetical prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, as an unrestricted property in the year 2047, as of October 6, 2016, is:

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

**Tax Credit Value**

The market value of the tax credits allocated to the Subject over a ten-year period, on a cash equivalent basis and the date of completion, as of October 6, 2016, is:

*Federal*  
**FOUR MILLION FOUR HUNDRED THIRTY THOUSAND DOLLARS  
(\$4,430,000)**

*State*  
**TWO MILLION FOUR HUNDRED FORTY THOUSAND DOLLARS  
(\$2,440,000)**

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

**MARKETING TIME PROJECTION:**

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

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

**Reasonable Exposure Time:**

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

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

*Addendum A*

*Assumptions and Limiting Conditions, Certification*

## **ASSUMPTIONS AND LIMITING CONDITIONS**

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

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

the Securities and Exchange Commission or similar agencies on the state or local level.

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

Acceptance of and/or use of this report constitute acceptance of all assumptions and the above conditions. Estimates presented in this report are not valid for syndication purposes.

## **SPECIFIC ASSUMPTIONS**

The terms of the subsidy programs are preliminary as of the appraisal's effective date, October 6, 2016; therefore, any description of such terms is intended to reflect the current expectations and perceptions of market participants along with available factual data. The terms should be judged on the information available when the forecasts are made, not whether specific items in the forecasts or programs are realized. The program terms outlined in this report, as of October 6, 2016, form the basis upon which the value estimates are made. Novogradac & Co. LLP cannot be held responsible for unforeseen events that alter the stated terms subsequent to the date of this report.

The prospective value estimates reported herein are prepared using assumptions stated in this report which are based on the owner's/developer's plan to complete the Subject. As of October 6, 2016 the Subject's completion date is in 2018.

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

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

## CERTIFICATION

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

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved;
- We are concurrently preparing an application market study for the Subject. Other than the aforementioned project, 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;
- We have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment;
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results;
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*;
- Will Hoedl has made a personal inspection of the Subject property and comparable market data, and provided significant professional assistance to the appraisers in the form of data collection and analysis. Rebecca S. Arthur, Brian Neukam, and Abby Cohen have not personally inspected the Subject property, but have reviewed Subject and comparable market data incorporated in this report;
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report, Rebecca S. Arthur, MAI has completed the continuing education program for Designated members of the Appraisal Institute.



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Rebecca S. Arthur, MAI  
Certified General Real Estate Appraiser



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Brian Neukam  
Certified General Real Estate Appraiser  
GA License #329471  
Expiration Date: 3/31/2017

*Addendum B*

*Qualifications of Consultants*

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

**I. Education**

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

Appraisal Institute  
Designated Member (MAI)

**II. Licensing and Professional Affiliation**

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

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

**III. Professional Experience**

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

**IV. Professional Training**

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

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

## **V. Real Estate Assignments**

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

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

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

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

## **VI. Speaking Engagements**

A representative sample of industry speaking engagements follows:

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

**STATEMENT OF PROFESSIONAL QUALIFICATIONS  
BRIAN NEUKAM**

**EDUCATION**

Georgia Institute of Technology, Bachelor of Industrial Engineering, 1995

**State of Georgia Certified General Real Property Appraiser No. 329471**

**PROFESSIONAL TRAINING**

National USPAP and USPAP Updates

General Appraiser Market Analysis and Highest & Best Use

General Appraiser Sales Comparison Approach

General Appraiser Site Valuation and Cost Approach

General Appraiser Income Capitalization Approach I and II

General Appraiser Report Writing and Case Studies

**EXPERIENCE**

**Novogradac & Company LLP, Real Estate Analyst, September 2015- Present**

J Lawson & Associates, Associate Appraiser, October 2013- September 2015

Carr, Lawson, Cantrell, & Associates, Associate Appraiser, July 2007-October 2013

**REAL ESTATE ASSIGNMENTS**

A representative sample of due diligence, consulting or valuation assignments includes:

- Prepare market studies and appraisals throughout the U.S. for proposed and existing family and senior Low-Income Housing Tax Credit (LIHTC), market rate, HOME financed, USDA Rural Development, and HUD subsidized properties. Appraisal assignments involve determining the as is, as if complete, and as if complete and stabilized values.
- Conduct physical inspections of subject properties and comparables to determine condition and evaluate independent physical condition assessments.
- Performed valuations of a variety of commercial properties throughout the Southeast which included hotels, gas stations and convenience stores, churches, funeral homes, full service and fast-food restaurants, stand-alone retail, strip shopping centers, distribution warehouse and manufacturing facilities, cold storage facilities, residential and commercial zoned land, and residential subdivision lots. Intended uses included first mortgage, refinance, foreclosure/repossession (REO), and divorce.
- Employed discounted cash flow analysis (utilizing Argus or Excel) to value income-producing properties and prepare or analyze cash flow forecasts.
- Reviewed and analyzed real estate leases, including identifying critical lease data such as commencement/expiration dates, various lease option types, rent and other income, repair and maintenance obligations, Common Area Maintenance (CAM), taxes, insurance, and other important lease clauses.

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## ABBY M. COHEN

### I. Education

The Pennsylvania State University, University Park, PA  
Bachelor of Arts

### II. Licensing and Professional Affiliation

State of Maryland Appraiser Trainee License #32192  
Designated Member of the National Council of Housing Market Analysts (NCHMA)  
Member of Commercial Real Estate Women (CREW) Network

### III. Professional Experience

Novogradac & Company LLP, Manager  
Novogradac & Company LLP, Senior Real Estate Analyst  
Novogradac & Company LLP, Real Estate Analyst  
Novogradac & Company LLP, Real Estate Researcher  
Novogradac & Company LLP, Real Estate Intern

### IV. Professional Training

General Appraiser Report Writing and Case Studies, February 2015  
General Appraiser Sales Comparison Approach, February 2015  
General Appraiser Site Valuation and Cost Approach, February 2015  
Expert Witness for Commercial Appraisers, January 2015  
Commercial Appraisal Review, January 2015  
Real Estate Finance Statistics and Valuation Modeling, December 2014  
General Appraiser Income Approach Part II, December 2014  
General Appraiser Income Approach Part I, November 2014  
General Appraiser Market Analysis and Highest & Best Use, November 2014  
IRS Valuation Summit, October 2014  
15-Hour National USPAP Equivalent, April 2013  
Basic Appraisal Procedures, March 2013  
Basic Appraisal Principles, January 2013

### V. Real Estate Assignments

A representative sample of Asset Management, Due Diligence, and Valuation Engagements includes:

- Performed a variety of asset management services for a lender including monitoring and reporting property performance on a monthly basis. Data points monitored include economic vacancy, levels of concessions, income and expense levels, NOI and status of capital projects. Data used to determine these effects on the project's ability to meet its income-dependent obligations.
- Performed asset management services for lenders and syndicators on underperforming assets to identify significant issues facing the property and recommend solutions. Scope of work included analysis of deferred maintenance and property condition, security issues, signage, marketing strategy, condition of units upon turnover and staffing plan. Performed a physical inspection of the assets, to include interior and exterior of property and assessed how the property compares to competition. Analyzed operating expense results.

- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, large family, and acquisition with rehabilitation. Completed market studies in all states.
- Assisted in appraisals of proposed new construction, rehabilitation, and existing Low-Income Housing Tax Credit properties, USDA Rural Development, and market rate multifamily developments. Analysis includes property screenings, valuation analysis, rent comparability studies, expense comparability analysis, determination of market rents, and general market analysis.
- Assisted in appraisal work for retail and commercial properties in various parts of the country for various lenders. The client utilized the study for underwriting purposes.
- Conducted market studies for projects under the HUD Multifamily Accelerated Processing program.
- Assisted in appraisals of proposed new construction properties under the HUD Multifamily Accelerated Processing program.
- Assisted in the preparation of Rent Comparability Studies for expiring Section 8 contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Performed all aspects of data collection and data mining for web-based rent reasonableness systems for use by local housing authorities.
- Completed numerous analyses of overall reasonableness with regard to Revenue Procedure 2014-12. Transactions analyzed include projects involving the use of Historic Tax Credits, New Markets Tax Credits and Investment Tax Credits. Fees and arrangements tested for reasonableness include developer fees, construction management fees, property management fees, asset management fees, various leasing-related payments and overall master lease terms.

# **STATEMENT OF PROFESSIONAL QUALIFICATIONS**

## **William C. Hoedl**

### **I. EDUCATION**

#### **University of Denver – Denver, Colorado**

Master of Science in Real Estate, *2009*

#### **University of Kansas – Lawrence, Kansas**

Bachelor of Science in Finance, *2006*

### **II. PROFESSIONAL EXPERIENCE**

Real Estate Analyst - Novogradac & Company LLP

Asset Acquisitions Specialist - Madison Liquidity Investors, LLC

Investment Analyst – Resolute Investments, Inc.

Real Estate Analyst – Prior & Associates, LLC

### **III. REAL ESTATE ASSIGNMENTS**

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

- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, assisted living, large family, and acquisition with rehabilitation.
- Prepared Rent Comparability Studies for expiring Section 8 contracts and USDA contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Assisted in appraisals of proposed new construction, rehabilitation, and existing Low-Income Housing Tax Credit properties. Analysis includes property screenings, valuation analysis, capitalization rate analysis, rent comparability studies, expense comparability analysis, determination of market rents, and general market analysis. Assisted in land appraisals for lenders and investment banks.
- Researched and analyzed local and national economy and economic indicators for specific projects throughout the United States. Research included employment industries analysis, employment historical trends and future outlook, and demographic analysis.
- Examined local and national housing market statistical trends and potential outlook in order to determine sufficient demand for specific projects throughout the United States.

*Addendum C*  
*Subject Photos*



View of Subject site facing north



View of Subject site facing northeast



View of Subject site facing west



View of Subject site facing southwest



View of Subject site facing west



View of Subject site facing northwest



View of Subject site facing southwest



View of Subject site facing south



View of Subject site facing southwest



View of Subject site facing east



View of Subject site facing south



View of Subject site facing east



View along Lenora Church Road facing north



View along Lenora Church Road facing south



View along Parkside Way SW facing southwest



Parkside Apartments to the south



View of Briscoe Park to the east



Kings Gate Condominiums to the north



Commercial use to the south



House of worship to the south

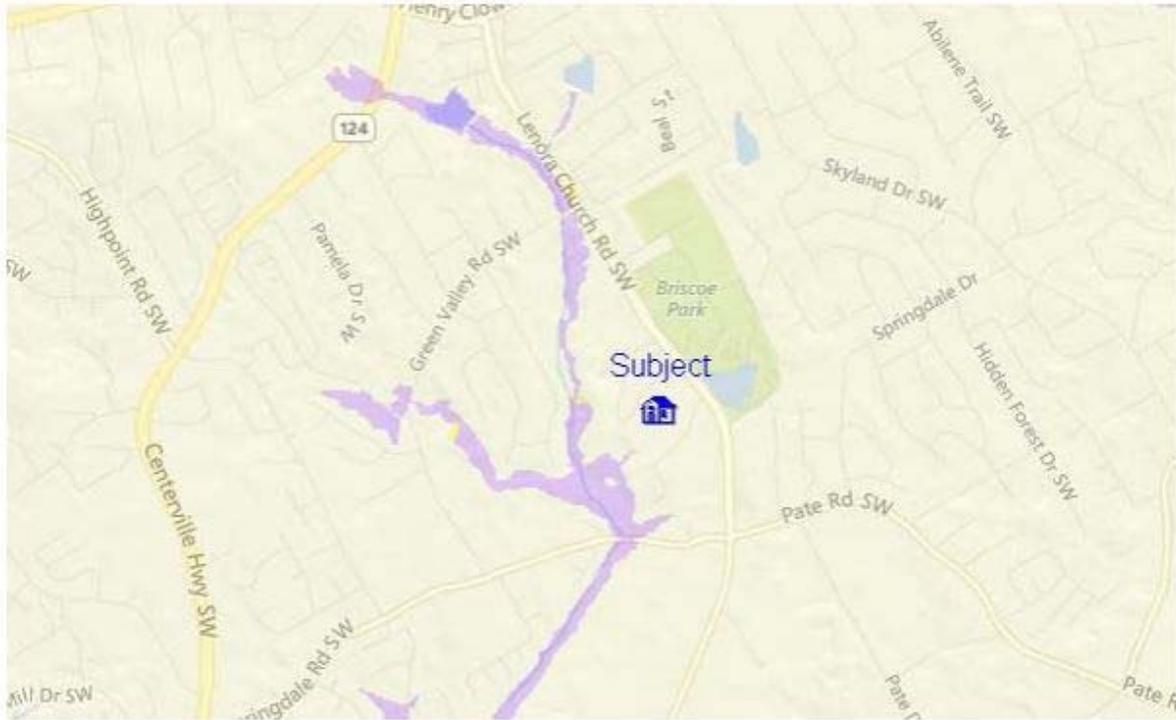


Gas station to the south



Duplex to the south

*Addendum D*  
*Flood Plain Map*



### FloodMap Legend

#### Flood Zones

- Areas inundated by 500-year flooding
- Areas outside of the 100- and 500-year floodplains
- Areas inundated by 100-year flooding
- Areas inundated by 100-year flooding with velocity hazard
- Floodway areas
- Floodway areas with velocity hazard
- Areas of undetermined but possible flood hazards
- Areas not mapped on any published FIRM

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*Addendum E*  
*Developer's Budget and Proforma*

**PART SEVEN - OPERATING PRO FORMA - 2016-0 Park West, Snellville, Gwinnett County**

**I. OPERATING ASSUMPTIONS**

**Please Note:** Green-shaded cells are unlocked for your use and contain references/formulas that may be overwritten if needed.

Revenue Growth	2.00%	Asset Management Fee Amount (include total charged by all lenders/investors)	7,500	Yr 1 Asset Mgt Fee Percentage of EGI:	-1.12%
Expense Growth	3.00%	Property Mgt Fee Growth Rate (choose one):		Yr 1 Prop Mgt Fee Percentage of EGI:	6.00%
Reserves Growth	3.00%	Expense Growth Rate (3.00%)	No	--> If Yes, indicate Yr 1 Mgt Fee Amt:	
Vacancy & Collection Loss	7.00%	Percent of Effective Gross Income	Yes	--> If Yes, indicate actual percentage:	6.000%
Ancillary Income Limit	2.00%				

**II. OPERATING PRO FORMA**

**May 2016 Revision v5**

Year	1	2	3	4	5	6	7	8	9	10
Revenues	715,560	729,871	744,469	759,358	774,545	790,036	805,837	821,954	838,393	855,160
Ancillary Income	6,035	6,156	6,279	6,404	6,532	6,663	6,796	6,932	7,071	7,212
Vacancy	(50,512)	(51,522)	(52,552)	(53,603)	(54,675)	(55,769)	(56,884)	(58,022)	(59,182)	(60,366)
Other Income (OI)	-	-	-	-	-	-	-	-	-	-
OI Not Subject to Mgt Fee	-	-	-	-	-	-	-	-	-	-
Expenses less Mgt Fee	(272,135)	(280,299)	(288,708)	(297,369)	(306,290)	(315,479)	(324,943)	(334,692)	(344,732)	(355,074)
Property Mgmt	(40,265)	(41,070)	(41,892)	(42,730)	(43,584)	(44,456)	(45,345)	(46,252)	(47,177)	(48,120)
Reserves	(17,750)	(18,283)	(18,831)	(19,396)	(19,978)	(20,577)	(21,194)	(21,830)	(22,485)	(23,160)
NOI	340,933	344,853	348,764	352,664	356,550	360,418	364,266	368,090	371,886	375,653
Mortgage A	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)
Mortgage B	-	-	-	-	-	-	-	-	-	-
Mortgage C	-	-	-	-	-	-	-	-	-	-
D/S Other Source	-	-	-	-	-	-	-	-	-	-
DCA HOME Cash Resrv.										
Asset Mgmt	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)
DDF	(49,322)	(53,242)	(57,153)	(61,053)	(64,939)	(68,807)	(56,621)	-	-	-
Cash Flow	-	-	-	-	-	-	16,034	76,479	80,275	84,041
DCR Mortgage A	1.20	1.21	1.23	1.24	1.25	1.27	1.28	1.30	1.31	1.32
DCR Mortgage B										
DCR Mortgage C										
DCR Other Source										
Total DCR	1.20	1.21	1.23	1.24	1.25	1.27	1.28	1.30	1.31	1.32
Oper Exp Coverage Ratio	2.03	2.02	2.00	1.98	1.96	1.95	1.93	1.91	1.90	1.88
Mortgage A Balance	4,569,433	4,518,315	4,464,516	4,407,893	4,348,300	4,285,580	4,219,568	4,150,093	4,076,972	4,000,015
Mortgage B Balance										
Mortgage C Balance										
Other Source Balance										
DDF Balance	361,815	308,572	251,419	190,367	125,428	56,621	-	-	-	-

**PART SEVEN - OPERATING PRO FORMA - 2016-0 Park West, Snellville, Gwinnett County**

**I. OPERATING ASSUMPTIONS**

**Please Note:** Green-shaded cells are unlocked for your use and contain references/formulas that may be overwritten if needed.

Revenue Growth	2.00%	Asset Management Fee Amount (include total charged by all lenders/investors)	7,500	Yr 1 Asset Mgt Fee Percentage of EGI:	-1.12%
Expense Growth	3.00%	Property Mgt Fee Growth Rate (choose one):		Yr 1 Prop Mgt Fee Percentage of EGI:	6.00%
Reserves Growth	3.00%	Expense Growth Rate (3.00%)	No	--> If Yes, indicate Yr 1 Mgt Fee Amt:	
Vacancy & Collection Loss	7.00%	Percent of Effective Gross Income	Yes	--> If Yes, indicate actual percentage:	6.000%
Ancillary Income Limit	2.00%				

**II. OPERATING PRO FORMA**

**May 2016 Revision v5**

Year	11	12	13	14	15	16	17	18	19	20
Revenues	872,264	889,709	907,503	925,653	944,166	963,050	982,311	1,001,957	1,021,996	1,042,436
Ancillary Income	7,357	7,504	7,654	7,807	7,963	8,122	8,285	8,450	8,619	8,792
Vacancy	(61,573)	(62,805)	(64,061)	(65,342)	(66,649)	(67,982)	(69,342)	(70,729)	(72,143)	(73,586)
Other Income (OI)	-	-	-	-	-	-	-	-	-	-
OI Not Subject to Mgt Fee	-	-	-	-	-	-	-	-	-	-
Expenses less Mgt Fee	(365,727)	(376,698)	(387,999)	(399,639)	(411,629)	(423,977)	(436,697)	(449,798)	(463,292)	(477,190)
Property Mgmt	(49,083)	(50,064)	(51,066)	(52,087)	(53,129)	(54,191)	(55,275)	(56,381)	(57,508)	(58,659)
Reserves	(23,855)	(24,570)	(25,307)	(26,066)	(26,848)	(27,654)	(28,484)	(29,338)	(30,218)	(31,125)
NOI	379,383	383,075	386,723	390,325	393,874	397,367	400,798	404,162	407,454	410,668
Mortgage A	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)
Mortgage B	-	-	-	-	-	-	-	-	-	-
Mortgage C	-	-	-	-	-	-	-	-	-	-
D/S Other Source	-	-	-	-	-	-	-	-	-	-
DCA HOME Cash Resrv.										
Asset Mgmt	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)
DDF	-	-	-	-	-	-	-	-	-	-
Cash Flow	87,772	91,464	95,112	98,714	102,263	105,756	109,187	112,551	115,843	119,056
DCR Mortgage A	1.34	1.35	1.36	1.37	1.39	1.40	1.41	1.42	1.43	1.45
DCR Mortgage B										
DCR Mortgage C										
DCR Other Source										
Total DCR	1.34	1.35	1.36	1.37	1.39	1.40	1.41	1.42	1.43	1.45
Oper Exp Coverage Ratio	1.86	1.85	1.83	1.82	1.80	1.79	1.77	1.75	1.74	1.72
Mortgage A Balance	3,919,020	3,833,775	3,744,056	3,649,631	3,550,250	3,445,655	3,335,572	3,219,713	3,097,774	2,969,437
Mortgage B Balance										
Mortgage C Balance										
Other Source Balance										
DDF Balance	-	-	-	-	-	-	-	-	-	-

**PART SEVEN - OPERATING PRO FORMA - 2016-0 Park West, Snellville, Gwinnett County**

**I. OPERATING ASSUMPTIONS**

Revenue Growth	2.00%
Expense Growth	3.00%
Reserves Growth	3.00%
Vacancy & Collection Loss	7.00%
Ancillary Income Limit	2.00%

**Please Note:** Green-shaded cells are unlocked for your use and contain references/formulas that may be overwritten if needed.

Asset Management Fee Amount (include total charged by all lenders/investors)	7,500	Yr 1 Asset Mgt Fee Percentage of EGI:	-1.12%
Property Mgt Fee Growth Rate (choose one):		Yr 1 Prop Mgt Fee Percentage of EGI:	6.00%
Expense Growth Rate (3.00%)	No	--> If Yes, indicate Yr 1 Mgt Fee Amt:	
Percent of Effective Gross Income	Yes	--> If Yes, indicate actual percentage:	6.000%

**II. OPERATING PRO FORMA**

May 2016 Revision v5

Year	21	22	23	24	25	26	27	28	29	30
Revenues	1,063,285	1,084,550	1,106,241	1,128,366	1,150,933	1,173,952	1,197,431	1,221,380	1,245,807	1,270,723
Ancillary Income	8,968	9,147	9,330	9,517	9,707	9,901	10,099	10,301	10,507	10,717
Vacancy	(75,058)	(76,559)	(78,090)	(79,652)	(81,245)	(82,870)	(84,527)	(86,218)	(87,942)	(89,701)
Other Income (OI)	-	-	-	-	-	-	-	-	-	-
OI Not Subject to Mgt Fee	-	-	-	-	-	-	-	-	-	-
Expenses less Mgt Fee	(491,506)	(506,251)	(521,439)	(537,082)	(553,194)	(569,790)	(586,884)	(604,490)	(622,625)	(641,304)
Property Mgmt	(59,832)	(61,028)	(62,249)	(63,494)	(64,764)	(66,059)	(67,380)	(68,728)	(70,102)	(71,504)
Reserves	(32,058)	(33,020)	(34,011)	(35,031)	(36,082)	(37,165)	(38,279)	(39,428)	(40,611)	(41,829)
NOI	413,798	416,839	419,783	422,624	425,355	427,970	430,460	432,817	435,034	437,103
Mortgage A	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)
Mortgage B	-	-	-	-	-	-	-	-	-	-
Mortgage C	-	-	-	-	-	-	-	-	-	-
D/S Other Source	-	-	-	-	-	-	-	-	-	-
DCA HOME Cash Resrv.										
Asset Mgmt	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)
DDF	-	-	-	-	-	-	-	-	-	-
Cash Flow	122,187	125,228	128,171	131,013	133,744	136,358	138,848	141,206	143,423	145,492
DCR Mortgage A	1.46	1.47	1.48	1.49	1.50	1.51	1.52	1.52	1.53	1.54
DCR Mortgage B										
DCR Mortgage C										
DCR Other Source										
Total DCR	1.46	1.47	1.48	1.49	1.50	1.51	1.52	1.52	1.53	1.54
Oper Exp Coverage Ratio	1.71	1.69	1.68	1.66	1.65	1.64	1.62	1.61	1.59	1.58
Mortgage A Balance	2,834,366	2,692,208	2,542,590	2,385,122	2,219,392	2,044,965	1,861,386	1,668,174	1,464,824	1,250,805
Mortgage B Balance										
Mortgage C Balance										
Other Source Balance										
DDF Balance	-	-	-	-	-	-	-	-	-	-

**PART SEVEN - OPERATING PRO FORMA - 2016-0 Park West, Snellville, Gwinnett County**

**I. OPERATING ASSUMPTIONS**

Revenue Growth	2.00%
Expense Growth	3.00%
Reserves Growth	3.00%
Vacancy & Collection Loss	7.00%
Ancillary Income Limit	2.00%

**Please Note:**   Green-shaded cells are unlocked for your use and contain references/formulas that may be overwritten if needed.

Asset Management Fee Amount (include total charged by all lenders/investors)	<span style="background-color: #D9EAD3; border: 1px solid black; padding: 2px;">7,500</span>	Yr 1 Asset Mgt Fee Percentage of EGI:	-1.12%
Property Mgt Fee Growth Rate (choose one):		Yr 1 Prop Mgt Fee Percentage of EGI:	6.00%
Expense Growth Rate (3.00%)	<span style="background-color: #D9EAD3; border: 1px solid black; padding: 2px;">No</span>	--> If Yes, indicate Yr 1 Mgt Fee Amt:	<span style="background-color: #D9EAD3; border: 1px solid black; padding: 2px;"> </span>
Percent of Effective Gross Income	<span style="background-color: #D9EAD3; border: 1px solid black; padding: 2px;">Yes</span>	--> If Yes, indicate actual percentage:	<span style="background-color: #D9EAD3; border: 1px solid black; padding: 2px;">6.000%</span>

**II. OPERATING PRO FORMA**

**May 2016 Revision v5**

Year	31	32	33	34	35
Revenues	1,296,138	1,322,061	1,348,502	1,375,472	1,402,981
Ancillary Income	10,932	11,150	11,373	11,601	11,833
Vacancy	(91,495)	(93,325)	(95,191)	(97,095)	(99,037)
Other Income (OI)	-	-	-	-	-
OI Not Subject to Mgt Fee	-	-	-	-	-
Expenses less Mgt Fee	(660,543)	(680,359)	(700,770)	(721,793)	(743,447)
Property Mgmt	(72,934)	(74,393)	(75,881)	(77,399)	(78,947)
Reserves	(43,084)	(44,376)	(45,708)	(47,079)	(48,491)
NOI	439,014	440,757	442,325	443,706	444,892
Mortgage A	(284,111)	(284,111)	(284,111)	(284,111)	(284,111)
Mortgage B	-	-	-	-	-
Mortgage C	-	-	-	-	-
D/S Other Source	-	-	-	-	-
DCA HOME Cash Resrv.	-	-	-	-	-
Asset Mgmt	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)
DDF	-	-	-	-	-
Cash Flow	147,402	149,146	150,714	152,095	153,281
DCR Mortgage A	1.55	1.55	1.56	1.56	1.57
DCR Mortgage B					
DCR Mortgage C					
DCR Other Source					
Total DCR	1.55	1.55	1.56	1.56	1.57
Oper Exp Coverage Ratio	1.57	1.55	1.54	1.52	1.51
Mortgage A Balance	1,025,555	788,487	538,979	276,379	0
Mortgage B Balance					
Mortgage C Balance					
Other Source Balance					
DDF Balance	-	-	-	-	-

*Addendum F*  
*Site Plan and Floor Plans*



ARCHITECT'S SEAL

DATE:  
28 October 2016

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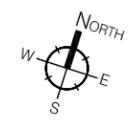
**PARK WEST**  
2961 LENORA CHURCH ROAD  
SNELLVILLE, GEORGIA

SHEET NUMBER:

**01**



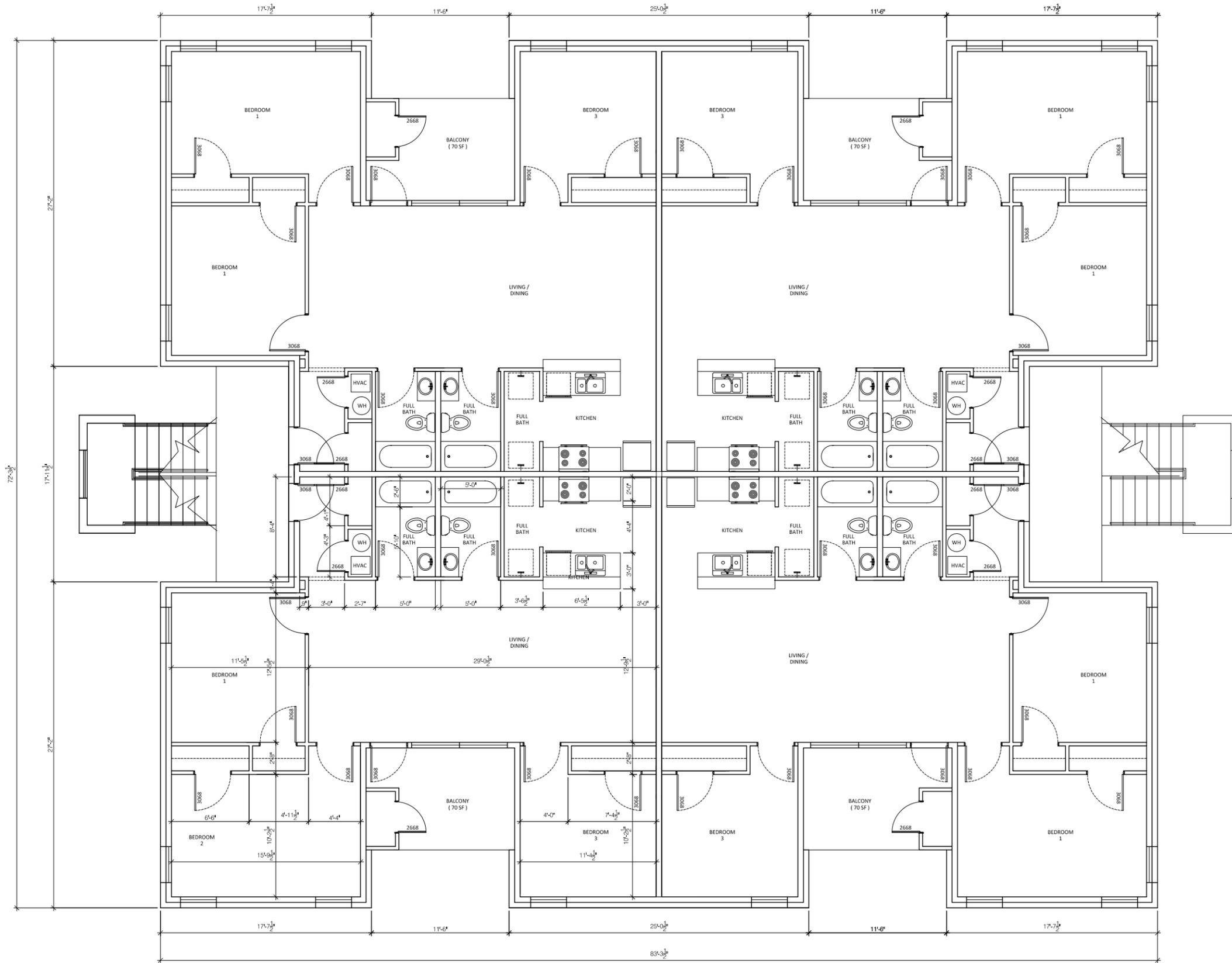
**CONCEPTUAL SITE DEVELOPMENT PLAN**



BUILDING REFERENCE LEGEND	
1	BUILDING 01 (Qty. 12) 3 - Bedroom Units
2	BUILDING 02 (Qty. 12) 3 - Bedroom Units
3	BUILDING 03 (Qty. 9) 3 - Bedroom Units (Qty. 3) 2 - Bedroom Units
4	BUILDING 04 (Qty. 9) 3 - Bedroom Units (Qty. 3) 2 - Bedroom Units
5	BUILDING 05 (Qty. 9) 3 - Bedroom Units (Qty. 3) 2 - Bedroom Units
6	BUILDING 06 (Qty. 11) 3 - Bedroom Units
TOTAL UNITS: (Qty. 62) 3 - Bedroom Units (Qty. 09) 2 - Bedroom Units	

SITE DATA	
ZONING:	RM
SITE AREA:	9.0 ACRES
TOTAL PROPOSED UNITS:	71 Units
SITE DENSITY:	7.8 Units / Acre
TOTAL PARKING SPACES REQUIRED: ( 2.0 Spaces per Unit )	142 Spaces
TOTAL PARKING SPACES PROVIDED:	142 Spaces
LOADING SPACES REQUIRED / PROVIDED:	5 Spaces
H.C. SPACES REQUIRED:	5 Spaces
H.C. SPACES PROVIDED:	6 Spaces

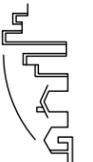
SITE AMENITY REFERENCE LEGEND	
A	COMMUNITY BUILDING ( 2,000 Sq. Ft. ) ■ Office / Waiting ■ ADA-Compliant Restrooms ■ Open Meeting Space ■ Computer Area ■ Fitness Room
B	GAZEBO
C	PICNIC PAVILION
D	EQUIPPED PLAYGROUND
E	DUMPSTER ENCLOSURE



TYPICAL BUILDING FLOOR PLAN



FILE NUMBER  
2016-##



**ORACLE  
DESIGN GROUP, INC.**

Development Services  
1221 South Fourth Street  
Louisville, Kentucky 40203  
502-526-0001 fax 502-526-0003

ARCHITECT'S SEAL

DATE:  
28 October 2016

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**PARK WEST**  
2961 LENORA CHURCH ROAD  
SNELLVILLE, GEORGIA

SHEET NUMBER:

**02**



**ORACLE  
DESIGN GROUP, INC.**

Development Services  
1221 South Fourth Street  
Louisville, Kentucky 40203  
502-526-0001 fax 502-526-0003

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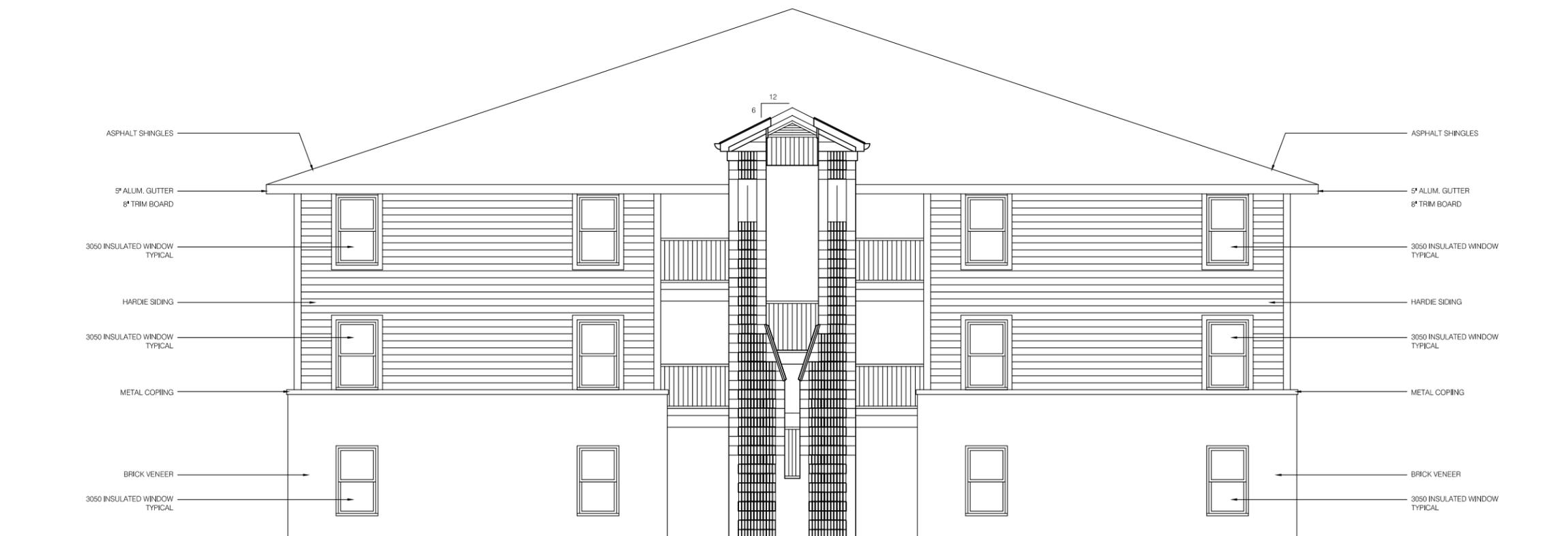
DATE:  
28 October 2016

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**PARK WEST**  
2961 LENORA CHURCH ROAD  
SNELLVILLE, GEORGIA

SHEET NUMBER:

**03**



**TYPICAL BUILDING ELEVATIONS**





**ORACLE  
DESIGN GROUP, INC.**  
Development Services  
1221 South Fourth Street  
Louisville, Kentucky 40203  
502-526-0001 fax 502-526-0003

ARCHITECT'S SEAL

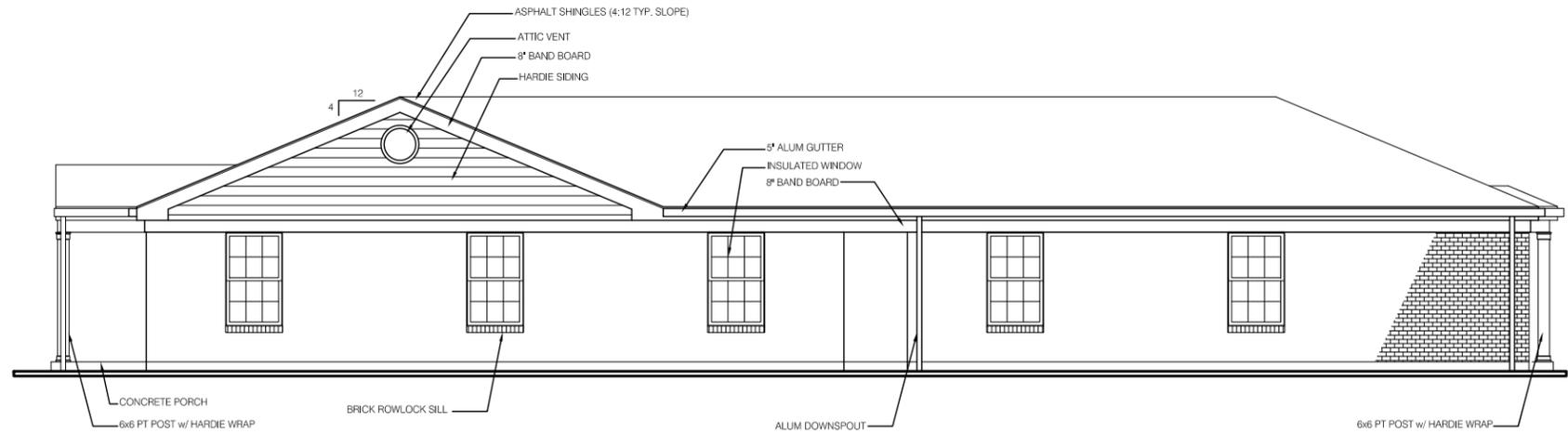
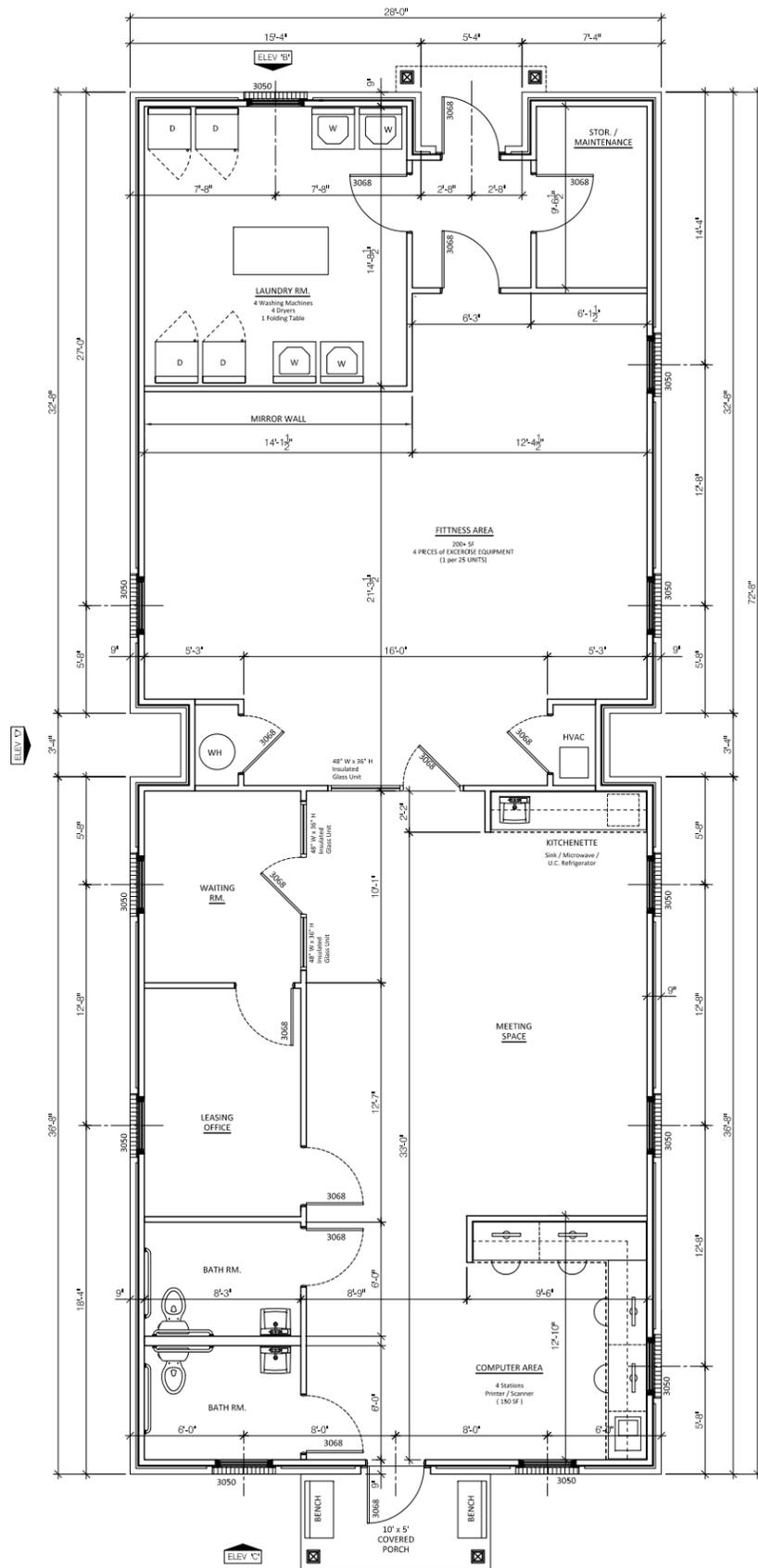
DATE:  
28 October 2016

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**PARK WEST**  
2961 LENORA CHURCH ROAD  
SNELLVILLE, GEORGIA

SHEET NUMBER:

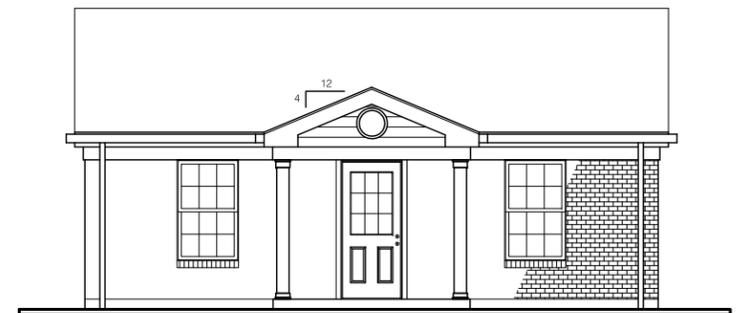
**04**



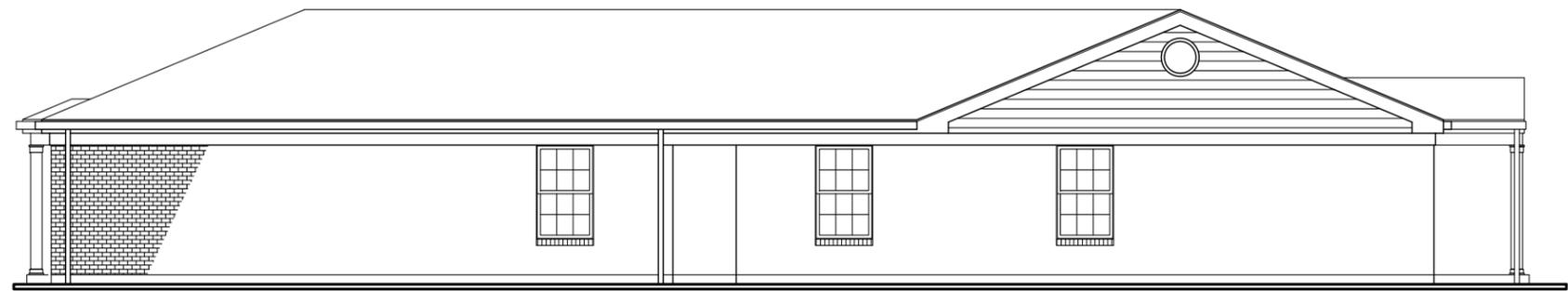
ELEVATION 'A'



ELEVATION 'B'



ELEVATION 'C'



ELEVATION 'D'

**COMMUNITY ROOM FLOOR PLAN + ELEVATIONS**



*Addendum G*  
*Purchase Agreement*

## REAL ESTATE PURCHASE CONTRACT

**ORACLE CONSULTING SERVICES, LLC**, a Kentucky limited liability company, or its assignee ("Buyer"), whose principal address is 1221 S. 4<sup>th</sup> Street, Louisville, Kentucky 40203 ("Buyer's Address"), hereby agrees to buy and **TWIN LAKES MANAGEMENT CORPORATION** ("Seller"), whose principal address is 2804 Lawrenceville Hwy, Lawrenceville, GA 30044 ("Seller's Address") hereby agrees to sell, for the consideration and upon the terms hereinafter set forth, that +/- 8.9-acre parcel (Gwinnett County, Georgia parcel #5028 085) at 2961 Lenora Church Road, Snellville, GA in Gwinnett County, Georgia, and further described on Exhibit A attached hereto and made a part hereof ("Real Estate"), together with all easements, rights and appurtenances relating to the above-described Real Estate, and all Seller's right, title, and interest in and to any streets, roadways, alleys and/or sidewalks, both public and private, on or adjacent to the Real Estate (hereinafter, with the Real Estate, collectively called the "Premises"). The exact legal description of the Premises shall be substituted for the foregoing description and inserted in the General Warranty Deed (the "Deed") referred to in Article IV below.

### ARTICLE I - Purchase Price

The purchase price for the Premises shall be Two Hundred and Twenty-Five Thousand and 00/100 Dollars (\$225,000.00) (the "Purchase Price"), payable on the day of closing (the "Closing Date") by cash, cashier's check, certified check or wire transfer.

### ARTICLE II - Closing

2.01 Unless otherwise extended by the provisions of this Real Estate Purchase Contract (this "Contract"), the closing of this transaction (the "Closing") shall be held no later than March 31, 2017 (the "Closing Deadline").

2.02 The Closing shall be held at the office of the local agent for the title company preparing the "Commitment" as defined in Article V (the "Title Insurance Company") or such other place as mutually agreed to by the parties.

2.03 Possession of the Premises shall be given to Buyer at the Closing.

### ARTICLE III – Earnest Money & Deposits

3.01 Buyer will deposit with the Title Insurance Company, as escrow agent, within five (5) business days after the Effective Date, the sum of Four Thousand, Five Hundred and 00/100 Dollars (\$4,500.00) (the "Earnest Money") which Buyer and Seller agree shall be held in trust by the Title Insurance Company. Buyer may elect to terminate this Contract for any or no reason prior to the expiration of the Inspection Period, and upon such termination the Deposit shall be promptly returned to Buyer.

3.02 Upon the award of Low Income Housing Tax Credits (anticipated by January 31, 2017), Buyer shall deposit with the Title Insurance Company the sum of Twenty Thousand and 00/100



Dollars (\$20,000.00), which Buyer and Seller agree shall be held in trust by the Title Insurance Company, as escrow agent ("Good Faith Deposit").

3.03 In the event Buyer desires to extend the Closing Deadline, Buyer may extend the Closing Deadline by a period of thirty (30) days with the payment of an additional Ten Thousand and 00/100 dollars (\$10,000.00) directly to the Seller ("Extension Deposit") which Buyer and Seller agree shall be non-refundable. This right to extend the Closing Deadline may be exercised by the Buyer up to a maximum of three (3) times, each requiring a separate Extension Deposit, for a maximum extension of ninety (90) days. Except in the event of Seller's default, the Extension Deposits shall be non-refundable.

3.04 After the expiration of the Inspection Period, cancellation of the Contract due to Buyer's uncured default or wrongful failure to close the transaction shall result in the release of the Earnest Money, Good Faith Deposit, and any Extension Deposit or other monies deposited with the Title Insurance Company at the time of the cancellation (collectively, the "Deposits") from the Title Insurance Company to Seller.

3.05 As a material inducement to Buyer's execution hereof, all parties and signatories to this Contract agree that it would be impracticable and extremely difficult to fix actual damages in case of Buyer's default, that the amount of the Deposits is a reasonable estimate of such damages, and that Seller shall retain the Deposits as liquidated damages, which shall be the sole remedy of all parties against the Buyer.

3.06 Furthermore, Seller and any Broker(s) agree that with any release to Seller of the Deposits, Seller and any Broker(s) shall no longer have any cause of action or claim against Buyer in law or in equity, including specific performance, and Buyer shall be fully released from any action of Seller arising out of Buyer's alleged breach of this Contract. The parties further agree that the Deposit is a reasonable sum considering all of the circumstances existing as of the date of this Contract.

3.07 At the Closing, the entire amount of any and all Deposits, including all Earnest Money, Good Faith Deposit, and any Extension Deposits or other monies deposited with the Title Insurance Company or paid to Seller shall be credited to the Purchase Price.

#### **ARTICLE IV - Deed and Other Documents**

4.01 Seller shall convey the Premises to Buyer by recordable Limited Warranty Deed, conveying good and marketable title of record to the Real Estate, in fee simple, free and clear of all liens and encumbrances except for a lien of real property taxes not yet due and payable and other exceptions approved in writing by Buyer. The Deed shall contain a release of dower, curtesy and/or other marital rights, if applicable, as required by state law.

4.02 All local, municipal, county, state and federal documentary stamp, transfer and/or conveyance taxes and fees shall be paid by Seller at the Closing.

4.03 Any and all easements and other rights specified in this Contract shall be conveyed,



transferred and assigned to Buyer by appropriate recordable documents.

4.04 Seller shall execute and deliver with the Deed such other documents as may be required by any governmental entity or by the Title Insurance Company as a condition to the issuance of its policy of title insurance in accordance with Article V, including, but not limited to:

- (a) The standard affidavit required by the Title Insurance Company for the removal of the standard preprinted exceptions from the title insurance policy;
- (b) A Certificate of Non-Foreign Status or other evidence satisfactory to Buyer and the Title Insurance Company confirming that Buyer is not required to withhold or pay to the Internal Revenue Service any part of the "amount realized" as such term is defined in the Internal Revenue Code of 1986, as amended, and the regulations promulgated pursuant thereto; and
- (c) such evidence of Seller's authority to convey the Premises as the Title Insurance Company or Buyer may request.

#### **ARTICLE V - Title Insurance**

5.01 Buyer shall order a title insurance commitment (the "Commitment") issued by the Title Insurance Company in which the Title Insurance Company commits that upon delivery and recordation of the Deed and other documents provided for in this Contract, it will issue, at its usual rate, an ALTA form B owner's policy with extended coverage or comparable form, insuring access to the Premises and such other endorsements as Buyer may request (the "Policy"), insuring Buyer in the total amount of the Purchase Price, fee simple title to the Premises subject only to (a) the lien for real estate taxes not yet due and payable; (b) exceptions approved in writing by Buyer; and/or (c) such liens as are to be released and discharged at the Closing. Seller agrees to provide to Buyer and the Title Insurance Company all title information in Seller's possession relating to the Premises together with a copy of the most recent tax bills relating to the Premises.

5.02 Without limiting the foregoing or being limited thereby, the standard exceptions for parties in possession, mechanics' and materialmen's liens and matters which would be disclosed by an accurate survey shall be eliminated from the Policy.

5.03 Buyer shall bear all costs and expenses incurred in connection with the issuance of the Commitment, Policy and any endorsements thereto which are required to conform the Policy to the terms and conditions of this Contract.

5.04 Buyer shall notify Seller in writing of any defects in title prior to the expiration of the "Inspection Period" as hereinafter defined. Seller shall then have twenty (20) days after receipt of such notice in which to cure such defects and furnish to Buyer satisfactory proof that such defects have been cured. Seller agrees to use its best efforts to cure such defects, which efforts will include, but not be limited to, the expenditure of money. If Seller fails or is unable to cure such title defects within such twenty (20) day period, Buyer shall have the option, to be exercised in its sole discretion, to (i) proceed with Closing of this transaction subject to such title defects, or (ii) terminate this



Contract, in which event the Title Insurance Company shall return to Buyer any and all Deposits then being held by it. Notwithstanding the foregoing, Buyer shall have the right to object to any new title exceptions which are identified between the date the title commitment is originally issued and the Closing Date.

#### **ARTICLE VI - Taxes and Assessments**

6.1 Seller shall pay or credit against the Purchase Price all unpaid real estate taxes, including penalties and interest, for all tax years preceding the Closing Date, and shall credit a portion of such taxes for the tax year in which the Closing is held, prorated through the date of Closing. The proration of such taxes shall be based on a 365-day year and on the most recently available rate and valuation and the amount so computed and adjusted shall be final.

6.2 Seller shall pay any special assessments which (a) are a lien on the Premises on the Closing Date, whether such assessments are past due, then due or thereafter to become due or (b) are not a lien but are then known and will be payable in whole or in part after the Closing Date.

6.3 Seller is responsible for the payment of any and all agricultural tax recoupment charges and/or deferred real estate taxes.

#### **ARTICLE VII - Conditions to Closing**

7.01 Inspection Period. Buyer and Seller agree that Buyer shall have 60 days from the Effective Date (the "Inspection Period") within which to perform such inspections and investigations of the Premises as it desires, including but not limited to the soil condition, environmental conditions, zoning, land use restrictions, survey, appraisal and utilities all as set forth in this Article 7. All such inspections and investigations shall be performed at Buyer's expense. If at any time prior to the end of the Inspection Period, Buyer shall determine, in its sole discretion, that any condition or characteristic of the Premises shall render the Premises unsuitable or undesirable for its intended purpose, Buyer may give notice of such determination to Seller and the Title Insurance Company. Upon the giving of such notice by Buyer, the Title Insurance Company shall return any Deposits to Buyer, this Contract shall thereupon become null and void, and neither party will have any further obligation hereunder. In the event Buyer does not give notice to Seller that it has found the Premises unsuitable or undesirable prior to the expiration of the Inspection Period, Buyer shall have waived its right to terminate the contract due to the unsuitability of any provision of this Article 7.01.

7.02 Buyer, at its sole discretion, may elect to extend the Inspection Period by a period of thirty (30) days with the deposit of an additional Two Thousand, Two Hundred, Fifty and 00/100 dollars (\$2,250.00) with Title Insurance Company ("Inspection Period Extension Deposit") which Buyer and Seller agree shall be held in trust by the Title Insurance Company, as escrow agent. This Inspection Period Extension Deposit shall be held in escrow, released in accordance with any other Deposits, and credited against the Purchase Price.

7.03 Buyer's obligation to close this transaction is subject to the satisfaction, in the sole determination of Buyer, of the following conditions and covenants:



- (a) Zoning. Buyer shall, during the Inspection Period and at its own expense, confirm that the Premises is zoned and is of sufficient size to permit the construction of residential housing consisting of approximately 71 three-bedroom apartment units ("Buyer's Intended Use"). Buyer's obligation to close this transaction is expressly conditioned upon the zoning of the Premises for this Intended Use, and any change in the zoning, interpretation of the existing zoning, or any other circumstance related to zoning which prevents Buyer from utilizing the Premises for its Intended Use after initially confirming the zoning shall relieve Buyer of its obligation to close this transaction. If the Premises must be rezoned and/or if any zoning variances are required for Buyer's Intended Use, Seller agrees to cooperate with Buyer in the rezoning process. Seller agrees to execute any applications or other documents and make such other appearances as reasonably requested by Buyer in order to obtain any necessary approvals.
- (b) Permits. Buyer, at its cost, shall have obtained, upon terms and conditions satisfactory to Buyer, all necessary permits, licenses, variances and approvals (collectively, the "Permits") pertaining to the building, occupancy, signs, utilities, curb cuts, driveways (including ingress and egress to and from public thoroughfares), use, environmental controls, and any other permits which, in the sole judgment of Buyer, are necessary for Buyer's Intended Use. Seller agrees to execute any applications or other documents and make such other appearances as reasonably requested by Buyer in order to obtain the Permits. Buyer shall apply for permits no later than February 1, 2017.
- (c) Easements. Buyer shall have obtained at or prior to Closing all other easements or licenses deemed necessary by Buyer upon terms and conditions acceptable to Buyer. Seller agrees to reasonably cooperate with Buyer in obtaining any such easements or licenses.
- (d) Lot Split/Survey. The Premises shall not be located in a flood plain and the survey shall confirm that the Premises totals a minimum of eight and nine tenths (8.9) acres.
- (e) Title Insurance. Buyer shall have obtained a satisfactory Commitment in accordance with Article V above.
- (f) Seller's Performance. Seller shall have performed all terms, covenants and obligations required of Seller hereunder.
- (g) Financial Feasibility. Buyer must have determined, in its sole discretion, that the purchase and development of the Premises for Buyer's Intended Use is financially feasible, and shall have obtained a binding commitment for debt and equity financing in amounts and on terms satisfactory to Buyer in its sole discretion.
- (h) Receipt of LIHTC Allocation. The Premises shall have received an allocation of Section 42 Low Income Housing Tax Credits and/or Historic Tax Credits, if applicable, from the appropriate agency in an amount deemed sufficient by Buyer, in its sole



discretion.

7.04 Seller shall, within seven (7) days of the "Effective Date" as defined in Article 12.07, deliver to Buyer copies of any environmental reports, title commitments or policies, surveys, soil tests or other inspection reports regarding the Premises which Seller has in Seller's possession.

7.05 Buyer and Seller agree that Buyer shall have until the Closing Deadline to perform such inspections and investigations of the Premises as set forth in Article 7.03. The performance of Buyer of its obligations under this Contract to purchase the Premises is expressly conditioned upon Buyer's satisfaction of all the conditions set forth in Articles 7.03 and 7.04.

#### **ARTICLE IX - Notices**

Unless otherwise provided herein, all notices shall be in writing and shall be deemed effective upon the earlier of either (a) the day of personal delivery or refusal to accept personal delivery, (b) upon acknowledged receipt if sent by deposit in the U.S. Mail, marked Certified or Registered, return receipt requested, with postage prepaid or (c) upon acknowledged receipt if sent by a nationally recognized overnight courier service marked for overnight delivery to Seller at Seller's Address, and to Buyer at Buyer's Address, Attention: Caryn A. Winter with a copy to Lewis Diaz, Esq., Dinsmore & Shohl LLP, 255 E. 5<sup>th</sup> Street, Cincinnati, Ohio 45202.

#### **ARTICLE X – Seller's Representations, Warranties and Covenants**

10.01 Seller represents, warrants and covenants to Buyer as to the following matters, and shall be deemed to remake all of the follow representations, warranties and covenants as of the Closing Date.

(a) All covenants, conditions, restrictions, easements and similar matters affecting the Premises have been complied with.

(b) The continued compliance with all legal requirements relating to the Premises is not dependent on facilities located at any other property; and compliance by any other property with any legal requirements applicable to the other property is not dependent on the Premises.

(c) There is no pending or threatened litigation, arbitration, administrative action or examination, claim, or demand whatsoever relating to the Premises. No attachments, execution proceedings, liens, assignments or insolvency proceedings are pending or threatened against Seller or the Premises or contemplated by Seller. Seller is not contemplating the institution of insolvency proceedings.

(d) Seller has no knowledge of any pending or contemplated eminent domain, condemnation, or other governmental or quasi-governmental taking of any part or all of the Premises, including, but not limited to, any action that would compromise access to the Premises due to changes in public roads or impact the availability of utilities to the Premises. Seller has no knowledge of any pending moratorium or other action which would impact

construction on the Premises.

(e) Seller has not been notified of any possible future improvements by any public authority, any part of the cost of which might be assessed against any part of the Premises.

(f) On the Closing Date the Premises shall be unoccupied and free of any lease or other right of possession or claim of right of possession by any person or entity other than Buyer.

(g) To the best of Seller's knowledge, Seller (i) has not used the Premises for the storage, treatment, generation, production or disposal of any toxic or hazardous waste, material or substance nor does Seller have knowledge of such use by others; (ii) has not caused or permitted and has no knowledge of the release of any toxic or hazardous waste, material or substance on or off site of the Premises; (iii) has not received any notice from any governmental authority or other agency concerning the removal of any toxic or hazardous waste, material or substance from the Premises; and (iv) has disclosed to Buyer the location of all underground storage tanks on the Premises (if any).

(h) No event has occurred with respect to the Premises which would constitute a violation of any applicable environmental law, ordinance or regulation.

(i) Seller owns good, marketable and indefeasible fee simple title to the Premises, subject only to the lien of current, non-delinquent real estate taxes and, to the best of its knowledge, subject to no easements or other encumbrances which would interfere, prevent or frustrate the use of the Premises for Buyer's Intended Use.

(j) The execution and delivery of this Contract have been duly authorized and validly executed and delivered by Seller, and will not (i) constitute or result in the breach of or default under any oral or written agreement to which Seller is a party or which affects the Premises; (ii) constitute or result in a violation of any order, decree or injunction with respect to which Seller and/or the Premises is bound; (iii) cause or entitle any party to have a right to accelerate or declare a default under any oral or written agreement to which Seller is a party or which affects the Premises; and or (iv) violate any provision of any municipal, state or federal law, statutory or otherwise, to which Seller or the Premises may be subject.

In the event any of the above representations and warranties shall be untrue or misleading when made, Seller shall indemnify Buyer for all costs and liabilities incurred, including reasonable attorney fees, as a result of such untrue or misleading representation and warranty.

10.02 As an inducement to Seller to enter into this Contract, Buyer represents and warrants that Buyer has the right, power and authority to purchase the Premises in accordance with the terms and conditions of this Contract and that Buyer has validly executed and delivered this Contract.

10.03 Except as is expressly provided in this Contract, Buyer acknowledges that neither Seller nor any agent, attorney, employee or representative of Seller has made any representations as to the physical nature or condition of the Premises.



10.04 During the term of this Contract, Seller shall:

- (a) not transfer any of the Premises or create on the Premises any easements, liens, mortgages, encumbrances or other interests that would affect the Premises or Seller's ability to comply with the terms of this Contract;
- (b) not enter into any contracts or other commitments regarding the Premises, either with any governmental authorities (including, but not limited to, zoning changes, site plan approvals, density shifts, or platting or replatting) or with any private person or party, without having first obtained the prior written consent of Buyer thereto in each instance;
- (c) promptly disclose in writing to Buyer any change in any facts or circumstances which would make any of the representations and warranties set forth in Article 10.01 inaccurate, incomplete or misleading; and
- (d) be solely liable for the payment of all costs and expenses, liabilities, obligations and claims arising out of matters which shall have occurred during Seller's ownership of the Premises.

10.05 In the event of Seller's failure to meet any of its obligations under this Agreement, any and all Deposit(s), Good Faith Deposit(s), Extension Deposit(s), or other payments or deposits made from Buyer to Seller or deposited with the Title Insurance Company shall be immediately returned to Buyer, as described in Article III.

#### **ARTICLE XI – Conditions Precedent to Closing**

Notwithstanding the prior satisfaction or waiver of any condition in Article 7, or the expiration of the Inspection Period, Seller and Buyer acknowledge and agree that Buyer's obligation to consummate the transaction contemplated by this Contract shall terminate upon the occurrence of any of the following conditions at any time prior to Closing:

- (a) A breach or violation of any representation and warranty made by Seller under this Contract.
- (b) A breach by Seller of any covenant, agreement, or obligation set forth in this Contract.
- (c) An unacceptable exception to title is noted on any title update, unless such exception arises as a result of acts done or suffered to be done by Buyer.
- (d) An environmental condition has first occurred, has been first disclosed, or has first manifested itself, which condition constitutes a Hazardous Substance.

In the event that any condition described in this Article remains unsatisfied as of the Closing, in



Buyer's sole judgment, then Buyer may elect to proceed with Closing, waiving any such condition, or Buyer may, by written notice, terminate this Contract, and shall receive a full and prompt refund of all Deposits and neither party shall have any further obligations hereunder.

## **ARTICLE XII - Miscellaneous**

12.01 This Contract shall inure to the benefit of and bind the parties hereto, their respective heirs, executors, administrators, personal and/or legal representatives, successors and assigns. Without limiting any of Buyer's rights, Buyer shall have the right to assign its interest, in whole or in part, in this Contract. Buyer shall notify Seller of such assignment; to the extent the assignment is of less than all of Buyer's contractual rights to the Premises, Buyer shall designate what portion of contractual rights in the Premises are being assigned what portion Buyer is retaining.

12.02 This Contract constitutes the entire agreement between the parties and there are no representations, oral or written, relating to the Premises or to this transaction which have not been incorporated herein. Any agreement hereafter made shall be ineffective to change, modify or discharge this Contract in whole or in part unless such agreement is in writing and signed by both parties.

12.03 The headings of the Articles hereof have been inserted for convenience only and shall in no way modify or restrict any provisions hereof or be used to construe any such provisions.

12.04 If two or more persons constitute the Seller, the word "Seller" shall be construed as if it reads "Sellers" throughout this Contract.

12.05 This Contract shall be construed, interpreted and enforced in accordance with the laws of the state where the Real Estate is located, without regard to the principles of that state's conflicts of law. In the event of the bringing of any action or suit by either party against the other arising out of this Contract, the party in whose favor final judgment shall be entered shall be entitled to recover from the other party all costs and expenses of suit, including reasonable attorney's fees.

12.06 This Contract may be executed in multiple counterparts, each of which shall be considered to be an original document.

12.07 The Effective Date shall be the date of the last execution hereof.

12.08 Time is of the essence hereof.

12.09 Any condition or right of termination, cancellation or rescission granted by this Contract to Seller or Buyer may be waived by such party provided such waiver is in writing.

12.10 If the time period or date by which any right, option or election provided under this Contract must be exercised, or by which any act required hereunder must be performed, or by which the closing must be held, expires or occurs on a Saturday, Sunday, or legal or bank holiday, then such time period or date shall be automatically extended through the close of business on the next



regularly scheduled business day.

12.11 Buyer shall cooperate with Seller for a 1031 exchange if seller deems necessary, provided that such cooperation shall have no material effect on Buyer's financing, project timeline or Intended Use.

### **ARTICLE XIII - Broker**

Buyer represents and warrants to Seller that no real estate brokers or agents have been used or consulted in connection with Buyer's purchase of the Premises and covenants and agrees to defend, indemnify and save Seller harmless from any actions, damages, fees, real estate commissions, costs and/or expenses (including reasonable attorneys' fees) resulting from or claimed to be due on account of its purchase of the Premises due to the acts of the indemnifying party.

Seller, having engaged for its sole benefit a real estate broker in connection with the purchase and sale of the Premises, hereby covenants and agrees to defend, indemnify and save Buyer harmless from any actions, damages, fees, real estate commissions, costs and/or expenses (including reasonable attorneys' fees) resulting from or claimed to be due on account of the purchase and sale of the Real Estate, or failure to complete the purchase and sale of the Real Estate for any reason. Seller and Seller's Real Estate Broker represent and covenant that Buyer shall have no obligation to any real estate broker which has been contracted by Seller in connection with this transaction.

The parties have executed this Real Estate Purchase Contract as of the date and year first written below.

[ Signatures on following Pages ]



**BUYER:**

**ORACLE CONSULTING SERVICES,  
LLC, a Kentucky limited liability company**

By:   
Thompson Gooding, Vice President

Signed by Buyer this 30<sup>th</sup>  
day of August 2016.

**SELLER:**

**TWIN LAKES MANAGEMENT  
CORPORATION,**

By: Michele Atkins

Name: Michele Atkins, Pres.

Signed by Seller this 31<sup>st</sup>  
day of August 2016.

**SELLER'S REAL ESTATE BROKER:**

**SHARON MCCARTHY,**

By: Sharon McCarthy

Name: Aspire Realty & Management  
Owner/Broker Sharon McCarthy

Signed by Broker this 31st  
day of August 2016.

**Exhibit A – Legal Description**

*Addendum H*  
*License*

# STATE OF GEORGIA REAL ESTATE APPRAISERS BOARD

**BRIAN CURTIS NEUKAM**

329471

IS AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF GEORGIA IN THE CAPACITY AS

**CERTIFIED GENERAL REAL PROPERTY  
APPRAISER**

THE PRIVILEGE AND RESPONSIBILITIES HEREWITH ARE CONTINGENT UPON THE REQUISITE FEES AND ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39A. 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