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## **Part I - Introduction**

Appraisal Report  
Ways Station LIHTC Apartments  
81 Units, 9.77 Acres  
201 Kroger Way  
Richmond Hill, Georgia

### **Prepared for**

Georgia Department of Community Affairs  
60 Executive Park South, NE  
Atlanta, Georgia 30329

Ways Station Apartments, LP  
920 Florence Boulevard  
Florence, Alabama 35630

### **Prepared by**

Southeastern Consulting Group  
Real Estate Appraisers and Market Analysts  
William F. Cantrell, MAI, CCIM  
C. Creed Crutchfield



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December 21, 2016

Georgia Department Of Community Affairs  
60 Executive Park South, NE  
Atlanta, Georgia 30329

Ways Station Apartments, LP  
920 Florence Boulevard  
Florence, Alabama 35630

Re: The Proposed Ways Station Apartments  
81 units, 9.77 acres of Land  
201 Kroger Way  
Richmond Hill, Bryan County, Georgia 31324

To Whom it May Concern:

As requested, SCG has inspected the site and reviewed the plans and specifications for the proposed apartment community in order to appraise the above-mentioned property. The purpose of the appraisal has been to estimate the value of the fee simple interest in the property, based upon market conditions as of December 18, 2016. Submitted herewith is the narrative appraisal report which contains the pertinent data, analyses, and opinions upon which the final value estimate is predicated. Certifications and Qualifications of the Appraiser are also contained therein. Specific reference is made to the Limiting Conditions and Assumptions and the Purpose and Dates of Appraisal sections of the report, as these report sections set forth presumptions that may limit or qualify the expressed value estimate.

It is SCG's opinion, based upon prevailing market conditions, that the current value of the fee simple interest in the vacant subject property, or value "as-is," on a cash equivalent basis and based on market conditions as of December 18, 2016, was:

**ONE MILLION  
(\$1,000,000.00) U.S. DOLLARS**

**It is SCG's opinion that the four months between the end of construction and the attainment of stabilized operation is not significant and does not merit adjustment.**



Ways Station LIHTC Apartments  
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It is SCG's opinion, based on the prevailing market conditions, that the "As-Restricted Fee Simple Value" based upon the extraordinary assumption that construction is complete of the Fee Simple Interest in the proposed subject property, on a cash equivalent basis, assuming the buildings have been completed in accordance with provided plans and specifications of quality materials and in a timely and workmanlike manner, and based on market conditions as of December 18, 2016, as of December 18, 2017, would be:

**FOUR MILLION FIFTY THOUSAND  
(\$4,050,000.00) U.S. DOLLARS**

It is also SCG's opinion, based on the prevailing market conditions, that the "unrestricted fee simple value" based upon the extraordinary assumption that construction is complete of the Fee Simple Interest in the proposed subject property, on a cash equivalent basis, assuming the buildings have been completed in accordance with provided plans and specifications of quality materials and in a timely and workmanlike manner, and based on market conditions as of December 18, 2016, as of December 18, 2017, will be:

**FOUR MILLION FOUR HUNDRED FIFTY THOUSAND  
(\$4,450,000.00) U.S. DOLLARS**

It is also SCG's opinion, based on the prevailing market conditions, that the "unrestricted fee simple value" based upon the extraordinary assumption that construction is complete of the Fee Simple Interest in the proposed subject property, on a cash equivalent basis, assuming the buildings have been completed in accordance with provided plans and specifications of quality materials and in a timely and workmanlike manner, and based on market conditions as of December 18, 2016, in twenty years at the end of the mortgage term, as of December 18, 2036, will be:

**FIVE MILLION SIX HUNDRED FIFTY THOUSAND  
(\$5,650,000.00) U.S. DOLLARS**



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It is also SCG's opinion, based on the prevailing market conditions, that the value of the State Tax Credits would be based on market conditions as of December 18, 2016:

**TWO MILLION SIX HUNDRED THOUSAND  
(\$2,600,000.00) U.S. DOLLARS**

It is also SCG's opinion, based on the prevailing market conditions, that the value of the Federal Tax Credits would be based on market conditions as of December 18, 2016:

**FOUR MILLION TWO HUNDRED THOUSAND  
(\$4,200,000.00) U.S. DOLLARS**

If additional information is required, please advise.

Respectfully submitted,

SOUTHEASTERN CONSULTING GROUP



William F. Cantrell, MAI, CCIM  
President



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## Executive Summary of Findings of the Proposed Ways Station Apartments

**Location** 201 Kroger Way, Richmond Hill, Bryan County, Georgia  
31324

### Site Data

Size / L. To B. Ratio 9.77 Acres / 4.54 to 1.00 (Overall)  
Zoning R-3 Multi-Family Residential  
Zoning Status Legal, Conforming Use  
Development Density 8.29 du / acre  
Parking / Ratio 121 Total / 1.49 spaces per unit

### Building Data

Size / Stories / Construction 81 units / three stories / frame / elevators  
Net Rentable Area 93,690 Square Feet NRA  
Average Unit Size 1,157 Square Feet  
Amenities Fitness, laundry, picnic, playground  
Condition / Year Built New / ca. 2017

### Estimated Ad Valorem Tax Data

Estimated Tax Value \$4,455,000 (\$55,000 per unit)  
Estimated Taxes \$49,799.77 (\$614.81 per unit)

**Appraisal and Inspection Date** December 18, 2016

**Appraisers / Analysts** William F. Cantrell, MAI, CCIM  
C. Creed Crutchfield



## **Assumptions and Limiting Conditions**

The value estimate expressed herein is predicated upon certain general and specific conditions and assumptions, which may or may not have any effect upon the value of the appraised property. These are included below and on the following pages. Acceptance of, and / or use of, this appraisal report constitutes acceptance of the following conditions.

1. No responsibility is assumed for matters legal in character, nor is any opinion rendered as to title, which is assumed to be good and marketable. Normal mortgage loan encumbrances and utility easements are considered to exist. The legal description included in this report (Addenda) is assumed to be correct.
2. The appraisers assume no liability for structural features not visible on ordinary careful inspection, nor is any responsibility assumed for sub-surface or foundation conditions. Information regarding the location or existence of public utilities has been obtained through a verbal inquiry to the appropriate utility, or has been ascertained from visual evidence. No warranty has been made regarding the exact location or capabilities of public utility systems.
3. Certain information used in this appraisal has been furnished by others. The sources and the information are considered to be reliable, but cannot be guaranteed. The appraisers are not obligated to give testimony of any kind nor appear in any court as a result of having completed this appraisal, unless arrangements to that effect were made prior to the initiation of the appraisal assignment.
4. The value estimate expressed herein assumes competent and aggressive management and / or marketing of the subject property. The contents of the appraisal are for limited private use only. If this report becomes the property of any party other than the addressee or the person who has paid the fee connected herewith, permission must be obtained from the original addressee for reproduction or additional copies, and additional fees will be charged for any further consultation, reappraisal, or review of the property. Southeastern Consulting Group has no responsibility to any party other than the addressee. It has been assumed that the client or representative thereof, if soliciting funds for this project, has furnished to the user of this report complete plans, specifications, survey, and photographs of the land and improvements.



## Assumptions and Limiting Conditions (continued)

5. This appraisal was obtained from Southeastern Consulting Group or related companies and / or its individuals and consists of “trade secrets and commercial or financial information” which is privileged and confidential. Notify the Appraiser(s) signing the report or an officer of Southeastern Consulting Group of any request to reproduce this appraisal in whole or part. It is strongly recommended that the reader rely upon authorized copies only of this report. Authorized copies are printed on white paper, with the letter of transmittal printed on gray stationery bearing the “Classic Crest” watermark, a navy and maroon letterhead, and original signatures in blue ink. Any copy that does not have the above features is unauthorized and could have been altered. Any reader who is uncertain of the authenticity of this report should contact S C G.
6. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of the appraisal and / or the report (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute, Southeastern Consulting Group, or to the MAI, SRA or CCIM designations) shall be disseminated to the public through advertising media, public relations media, sales media, or any other public means of communication without the prior written consent and approval of the undersigned.
7. Opinions of value contained herein are estimates, and there are no guarantees, either written or implied, that the property would sell for the expressed estimate of value. The property history has been provided by conversations with various individuals involved with the chain of title, and if available, various documents such as contracts, deeds, leases, and closing statements. Southeastern Consulting Group has not performed a title search, nor does Southeastern Consulting Group warrant that the history, as presented herein, is completely accurate since Southeastern Consulting Group has relied upon the information of others. Any person or entity contemplating an interest in the subject property should rely solely upon a title search and opinion prepared by a qualified attorney-at-law.
8. Liability of the firm and employees is limited to the fee collected for preparation of the appraisal. There is no accountability or liability to any third party. The fee for this appraisal or study is for the service rendered and not for the time spent on the physical report. Acceptance of, and / or use of, this appraisal report constitutes acceptance of the above conditions.

## Assumptions and Limiting Conditions (continued)

9. This appraisal and value estimate in no way implies a warranty of the structural integrity of the improvements (or street improvements) which are the subject of the appraisal. The improvements are concluded to be of suitable construction. Unless otherwise noted herein, working order of the mechanical equipment is assumed; however, the appraisers in no way warrant the adequacy, design, and sufficiency of mechanical features. The appraisers presume that the improvements, either existing or to be built, meet the fire safety requirements of all applicable state and local building codes. It is assumed that a certificate of occupancy and acceptance has been issued by the State Fire Marshal and the local supervisory building inspector.
  
10. In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the subject improvements, such as the presence of urea formaldehyde foam insulation and / or existence of toxic waste, which may or may not be present on the property, has not been considered. The appraisers are not qualified to detect such substances and recommend that the client retain an expert in this field. No termite inspection has been made, nor is a termite report available to the appraisers. It is assumed that there is no termite infestation and that a termite bond supplementing annual inspections is in effect.
  
11. The appraisal assumes construction is complete with quality materials in a timely and workmanlike manner. The appraisal also assumes that Ways Station will be in good / new condition. Unit and building dimensions and other measurements and construction data were taken from information provided to the appraisers by management and appropriate construction plans and surveys.
  
13. The Americans with Disabilities Act (“ADA”) became effective January 26, 1992. The appraisers have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since there was no direct evidence relating to this issue, the appraiser did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.



## Assumptions and Limiting Conditions (continued)

13. The estimated value is subject to change with market changes over time; value is highly related to interest rates, exposure, time, promotional effort, supply and demand, terms for sale, motivations and conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace. The estimate of value in this report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised. In the event this appraisal includes the capitalization of income, the estimate of value is a reflection of benefits as of November 3, 2015 and our interpretation of income and yields and other factors which were derived from general and specific market information. Estimates are as of the date of the estimate of value and as a result, they are subject to change as the market is dynamic and may change over time.













## **Identification of the Property**

The property which has been appraised and reported herein is the proposed Ways Station Apartments, which will be located at 201 Kroger Way, Richmond Hill, Bryan County, Georgia 31324. The property will include 81 apartment units situated on a 9.77 acre site (legal description). Refer to the legal description which is included in the Addenda (Exhibit A) and the survey and proposed site plan of the property in the Site Data section of this report.

## **Intended Use and User**

This appraisal is intended to be utilized by DCA for loan underwriting purposes.

## **Property Right Appraised**

The property right appraised is the fee simple ownership, subject to typical mortgage loan encumbrances, utility easements, and rights of tenants, if any. Fee simple is an absolute fee, which is an inheritable estate and a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation.

## **Personal Property**

The value indications include certain items such as appliances, including refrigerators and slide-in oven units, which are considered personal property. As is common practice in this market area, these items are considered a part of the real property. The value of these items cannot be separated and would not, under normal circumstances, be sold separately. The final value estimate reported in the appraisal includes the value of the personal property.

## **Architectural Data**

The survey was prepared by Vincent Hemley, dated May 30, 2006. The construction plans and renderings were prepared by McKean & Associates, Montgomery, AL. The appraisal assumes that Ways Station will be constructed in accordance with the outlined plans with quality materials in a timely and workmanlike manner.

## Property History

The site (9.77 acres) is under contract from Deagal, LLC to CRN Development, LLC. The contract price is \$998,000 or \$12,321 per unit based upon the proposed 81 units. The purchase price also equates to \$102,149 per acre. A new LIHTC community (Ways Station) will be built on the site. To the best of Southeastern Consulting Group’s knowledge, the Ways Station site has not been involved in any other “arms-length” sales transactions over the past three years. With regard to history of the property, the reader’s attention is directed to the Assumptions and Limiting Conditions section of this report.

Construction Dates and Time Schedule	
As-Is Vacant Site - Site Inspection	December 18, 2016
Pre-Leasing Commences (ten months)	October 18, 2017
First Unit Delivered (ten months)	October 18, 2017
Construction Complete - <b>As Complete Date</b> (12 months)	December 18, 2017
Lease Up and Stabilization - <b>As Stabilized</b>	April 18, 2018
Total Lease Up Period (12.83 du / month)	Six Months

Construction is assumed to commence on the date of appraisal (December 18, 2016) with final certificates of occupancy 12 months later December 18, 2017. Pre-leasing will commence in ten months or October 18, 2017. Lease-up will be completed by April 18, 2018 for a lease-up period of about 6 months or about 12.83 units per month over 6 months to stabilize at 95%.

## Marketing Time

Marketing time as used in this appraisal report is defined by the Dictionary of Real Estate Appraisal as: “An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period of immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, “Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions” address the determination of reasonable exposure and marketing time.)” Referencing the above, the value is premised upon a six to twelve month marketing time after the effective date of the appraisal.

## Exposure Time

Exposure time is the estimated length of time the subject property (Ways Station) would have to be offered prior to a hypothetical market value sale at the appraisal amount under the hypothetical assumptions and limiting conditions set forth in the appraisal as of the date of the appraisal. Exposure time is a retrospective estimate based upon analysis of historic facts and events predicated upon an open and competitive market. Exposure time is also predicated upon adequate, sufficient, reasonable and professional marketing effort. Exposure time is not intended to be a prediction of a date of sale and is a function of price, time and use. Exposure time is different for various types of real estate and under various market conditions. To estimate an exposure period for Ways Station, SCG investigated the following information sources:

- statistical information about days on the market;
- 
- information gathered through sales comparable verification; and
- 
- interviews with market participants and knowledgeable real estate professionals.

The table below page summarizes the information collected and studied by SCG.

Exposure Time - Apartment Properties		
	Exposure Time (Months)	
Data Source	Range	Average
KORPACZ Third Quarter 2016 National	1.00-9.00	3.6
KORPACZ Third Quarter 2016 Region	1.00-6.00	3.1

Based upon the foregoing analysis, an exposure time of six to twelve months is reasonable assuming Ways Station would be competitively priced, professionally marketed and aggressively promoted on a regional basis.



# Regional Apartment Markets

Certain metros and submarkets within the Mid-Atlantic, Pacific, and Southeast regional apartment markets are displaying signs of reaching a plateau in the real estate cycle. "We are seeing more discipline and less frenzy on the acquisition side, so I believe we are close to reaching a peak," states a Mid-Atlantic investor. "A shortage of buyers exists for new construction and stabilized assets that are not 'State-and-Main' locations," explains a participant focused on the Pacific region.

Investors also differentiate trends in these regional apartment markets between specific locations and asset quality. "Cycle positions vary greatly among submarkets – California

coastal infill areas, for instance, remain highly supply constrained despite strong demand," remarks an investor. "Class-B apartment values may rise slightly because rent will continue to rise but Class-A properties could suffer a downturn in value due to new supply in that sector," comments an investor focused on the Southeast region.

Slowing rent growth is a key characteristic of a market that is reaching a plateau, or moving through the contraction phase of the cycle. This quarter's Survey results reveal that the average initial-year market rent change rate holds steady for the Mid-Atlantic and Southeast regions and increases

slightly for the Pacific region. As shown in Table 31, this figure sits at 3.15%, a five-basis-point bump from the prior quarter.

The recent additions to supply in many metros has heightened the competitiveness of local leasing markets, making it difficult for some landlords to increase rents. As a result, they are offering incentives, such as free rent, to attract tenants. In fact, 60.0% of surveyed investors reveal that free rent is typically used in these regions. In the Pacific and Southeast regions, free rent of as much as 1.50 months on a 12-month lease is typical. In the Mid-Atlantic region, free rent of up to two months is offered. †

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
<b>DISCOUNT RATE (IRR)<sup>a</sup></b>					
Range	5.75% – 10.00%	5.75% – 10.00%	6.00% – 10.00%	6.50% – 10.00%	6.50% – 11.00%
Average	7.53%	7.53%	7.60%	7.95%	7.90%
Change (Basis Points)		0	-7	-42	-37
<b>OVERALL CAP RATE (OAR)<sup>a</sup></b>					
Range	3.50% – 6.50%	3.50% – 6.50%	3.75% – 7.00%	4.50% – 7.25%	5.00% – 7.00%
Average	5.10%	5.15%	5.48%	5.73%	5.92%
Change (Basis Points)		-5	-38	-63	-82
<b>RESIDUAL CAP RATE</b>					
Range	4.50% – 7.00%	4.50% – 7.00%	4.75% – 7.00%	5.25% – 7.50%	5.50% – 9.75%
Average	5.75%	5.75%	6.00%	6.38%	6.73%
Change (Basis Points)		0	-25	-68	-98
<b>MARKET RENT CHANGE<sup>b</sup></b>					
Range	1.00% – 4.00%	1.00% – 4.00%	2.00% – 4.00%	2.00% – 4.00%	(10.00%) – 4.00%
Average	3.05%	3.05%	3.15%	3.25%	0.75%
Change (Basis Points)		0	-10	-20	+230
<b>EXPENSE CHANGE<sup>b</sup></b>					
Range	2.00% – 3.00%	2.00% – 3.00%	2.00% – 3.00%	2.00% – 4.00%	1.00% – 3.00%
Average	2.80%	2.80%	2.80%	3.00%	2.50%
Change (Basis Points)		0	0	-20	+30
<b>MARKETING TIME<sup>c</sup></b>					
Range	1 – 6	1 – 6	1 – 6	1 – 12	1 – 18
Average	3.1	3.1	3.1	4.5	6.8
Change (Y, A, =)		=	=	▼	▼
<small>a. Rate on unleveraged, all-cash transactions    b. Initial rate of change    c. In months</small>					



# National Apartment Market

While most Survey participants believe that the national apartment market has peaked in terms of rent growth and property values, they feel that strong underlying fundamentals continue to attract buyers, especially in certain locales. "Infill apartment assets are still sought after by investors despite concerns about new supply and its negative impact on the apartment sector overall," says a participant.

Within the national apartment market, many investors note a disparity between the demand for rental housing at particular price points and the abundance of luxury supply entering the market. "For high-end apart-

ment assets, rents are flattening as new deliveries are increasing competition for tenants," explains an investor. The downward pressure on rents is revealed in this market's average initial-year market rent change rate assumption, which declines 20 basis points this quarter – slipping below 3.00% for the first time since mid-year 2015 (see Table 29).

Despite the dip in investors' rent growth outlook, "there is still a lot of buyer demand, which should keep cap rates compressed" and values elevated. In fact, this market's average overall cap rate slips four basis points this quarter to 5.25% – its lowest average since debuting in 1990. †

## KEY 3Q16 SURVEY STATS\*

<b>Total Vacancy Assumptions:</b>	
Average	6.0% ▲
Range	2.0% to 10.0%
<b>Months of Free Rent<sup>(1)</sup>:</b>	
Average	1 ▲
Range	0 to 2
% of participants using	60.0% ▲
<b>Market Conditions Favor:</b>	
Buyers	0.0% ■
Sellers	60.0% ▲
Neither	40.0% ▼

\* ▽, ▲, = change from prior quarter  
 (1) on a one-year lease

**Table 29  
 NATIONAL APARTMENT MARKET  
 Third Quarter 2016**

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
<b>DISCOUNT RATE (IRE)<sup>a</sup></b>					
Range	5.50% - 10.00%	5.50% - 10.00%	5.00% - 11.00%	5.00% - 14.00%	4.75% - 14.00%
Average	7.25%	7.28%	7.30%	7.98%	8.34%
Change (Basis Points)		-3	-5	-73	-109
<b>OVERALL CAP RATE (OAR)<sup>a</sup></b>					
Range	3.50% - 7.50%	3.50% - 8.00%	3.50% - 8.00%	3.50% - 10.00%	3.75% - 10.00%
Average	5.25%	5.29%	5.39%	5.61%	5.98%
Change (Basis Points)		-4	-14	-36	-73
<b>RESIDUAL CAP RATE</b>					
Range	4.25% - 7.50%	4.25% - 7.50%	4.25% - 8.50%	4.00% - 9.75%	4.75% - 9.75%
Average	5.74%	5.76%	5.88%	5.15%	6.38%
Change (Basis Points)		-2	-14	-41	-64
<b>MARKET RENT CHANGE<sup>b</sup></b>					
Range	0.00% - 5.00%	0.00% - 7.00%	0.00% - 8.00%	(2.00%) - 7.00%	(2.00%) - 8.00%
Average	2.88%	3.08%	3.22%	2.69%	2.00%
Change (Basis Points)		-20	-35	+19	+88
<b>EXPENSE CHANGE<sup>c</sup></b>					
Range	2.00% - 4.00%	2.00% - 4.00%	1.00% - 4.00%	1.00% - 3.50%	0.00% - 4.00%
Average	2.81%	2.81%	2.81%	2.69%	2.68%
Change (Basis Points)		0	0	+12	+13
<b>MARKETING TIME<sup>c</sup></b>					
Range	1 - 9	1 - 9	1 - 9	0 - 18	0 - 18
Average	3.6	3.6	3.8	5.0	5.9
Change (▽, ▲, =)		=	▽	▽	▽

a. Rate on unfurnished, all-cash transactions    b. Initial rate of change    c. In months

## Purpose, Function and Dates of Appraisal

The purpose and function of this appraisal is to estimate the market value of the proposed Ways Station Apartments, as of December 18, 2016 based upon the extraordinary assumption, assuming all new construction is complete. The value estimate expressed herein is predicated upon a cash value with cash equivalent value indicators utilized in the SCG valuation analysis. The value estimate also assumes that the construction has been completed in a timely and workmanlike manner and that the property is operating at stabilized levels. The appraisal also assumes that Ways Station will be in new overall condition after construction is completed. The appraisal also assumes that Ways Station is operating at tax credit rents, occupancy, and expenses. Market value for Regions’ purposes is defined in Chapter 12, Code of Federal Regulation Part 34.42 as: “Market value” as used in this report is defined as follows:

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

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

<b>Construction Dates and Time Schedule</b>	
As-Is Vacant Site - Site Inspection	December 18, 2016
Pre-Leasing Commences (ten months)	October 18, 2017
First Unit Delivered (ten months)	October 18, 2017
Construction Complete - <b>As Complete Date</b> (12 months)	December 18, 2017
Lease Up and Stabilization - <b>As Stabilized</b>	April 18, 2018
Total Lease Up Period (12.83 du / month)	Six Months

## Scope of the Appraisal

An appraisal is generally defined as an estimate or estimates of market value or values based upon the parameters of the assignment as of a specified date or dates. The valuation of real estate is based upon a process of data collection, analysis and conclusions from a disinterested third party standpoint. The purpose and dates of the appraisal, along with the property rights appraised, have been previously defined. The following outlines the Scope of the Appraisal based upon these definitions. Improved, income-producing property is best valued through the application of the three traditional approaches to value, i.e., the Cost Approach, the Income Capitalization Approach, and the Market Data or Sales Comparison Approach. The initial step in the appraisal process is the market research phase, whereby basic data is collected and refined from all available sources.

Sources of basic data include local municipal governments, public records, chambers of commerce, private real estate professionals, owners of / investors in comparable properties, on-site management and leasing agents at comparable properties, the actual subject property history and real estate publications. This information is verified and cross-checked for accuracy and applicability. Information about Ways Station Apartments is also collected to include ad valorem tax data, zoning information, utility availability and other factors which could have an impact on the property. Ways Station site is inspected to ascertain the physical features of the property, including topography, cover, frontage, access and existing improvements. The existing apartments that are to be razed are reviewed. The building plans are reviewed (as cited on page one), existing improvements inspected, and the site plan studied as to the relationship of the site and the improvements. Other properties in the neighborhood are reviewed to develop an overall opinion of the character, composition, life stage, and future trends and prospects for the submarket. The consideration of all these factors, acting in concert, leads to a conclusion of the highest and best use for Ways Station, which is the basis of the valuation methodology.

The Cost Approach is developed first and is based upon the principle of substitution in that a prudent investor would pay no more for a property than the cost to acquire an equally desirable site and construct improvements of equal desirability and utility without undue delay in time. The first step in the Cost Approach is the valuation of Ways Station site as though vacant. Recent land sales are also reviewed to ascertain a current value for the subject site as vacant. The current contract to purchase the site (Property History page two) is also considered. The second phase of the Cost Approach is the development of the probable replacement cost of the subject improvements. Replacement cost new considers typical direct construction costs, plus normal indirect costs and entrepreneurial profit. The replacement costs are based on actual construction costs of other properties and checked via a national cost manual.



## Scope of the Appraisal (continued)

Estimated depreciation, which may include physical deterioration, functional inutility, and economic influences, if appropriate, is deducted from replacement cost new to derive an indication of depreciated replacement cost new. The last step in the Cost Approach is the summation of the land value and the depreciated replacement cost, thereby providing an indication of total property value.

The Income Capitalization Approach is the second valuation method developed and analyzes Ways Station as an investment recognizing the present value of the future cash flows. Theoretically, the value estimate derived from direct capitalization reflects an amount an investor should be justified in paying to receive annual incomes over the remaining holding period of the property, plus the reversionary value at the end of the property's ownership period.

Within the Income Capitalization Approach, the current market rents for Ways Station units are initially estimated based on an analysis of rental rates at competitive properties in the subject's submarket and a review of the subject rents actually received. The market rental income forecast assumes all construction has been completed. Each competitive property is interviewed on-site by Southeastern Consulting Group, data is collected about the property and brochures collected (where available) to determine Ways Station's market position in comparison to the competition. The LIHTC rents are also calculated based upon DCA Guidelines. Rental concessions or incentives (if prevalent) are reviewed and rental premiums for factors such as fireplaces and vaulted ceilings studied. The local supply and demand factors are quantified and compared to the overall occupancy survey from the comparables to derive an overall occupancy factor appropriate for the subject. The effective market rent is estimated based upon an analysis of these factors, with the forecast vacancy factor removed, leaving effective gross income.

The second phase of the Income Capitalization Approach is the projection of stabilized operating expenses and reserves determined by consideration of typical operating expenses and reserves at comparable properties. The operating expenses of the comparable properties are delineated on a line item basis and trended to the current date based on past operating histories. Ways Station's expense forecast assumes construction is complete, the property is operating at stabilized levels of occupancy and expenses, and that the property is in new overall condition. The expense forecasts are checked against actual operating histories of other properties as reported in the most recent Institute of Real Estate Management (IREM) operating expense publication. The forecast expenses are removed from the effective gross income, leaving net operating income (NOI).

## Scope of the Appraisal (continued)

The value indication, from the Income Capitalization Approach, is derived by direct capitalization of the net operating income using an overall capitalization rate. The overall rate, which reflects the relationship between net annual income and price or value, has been derived by analyzing overall rates reflected by sales of similar apartment properties. The overall capitalization rate has also been supported by a band of investment analysis.

The Sales Comparison Approach is also based upon the theory of substitution and is derived by direct comparison of Ways Station with similar properties that have recently sold in the local market and in other comparable market areas. These comparables are verified and inspected, with differences between the comparables and the subject property noted. The comparable sales are analyzed and the sale prices are delineated on a per apartment unit, per square foot and on a gross income multiple basis. The sale price per unit reflects the relationship between sale price and value per apartment unit or per square foot. The gross income multiple reflects the relationship between sale price and gross annual potential income. The analysis of the sales data includes adjustments to the units of comparison based upon the various investment characteristics.

The approaches provide separate, market-derived indications of value for Ways Station which are reconciled to a final value estimate according to their relative reliability considering the inherent strengths and weaknesses of each approach. All approaches to value assume that all construction will be completed and a reserve for replacement fund will be established to assure the ongoing maintenance at the property as a prerequisite to obtaining the proposed loan. The appraisal also assumes that Ways Station will be in new condition and operating at stabilized levels of occupancy and expenses.

## Richmond Hill Overview

This section contains a description of the Richmond Hill / Bryan County area as a real estate environment, including such support services as the economy, geographic location, schools, shopping, medical services, transportation and recreation, among others. These support services define demand factors which dimension the scale and character of growth in the market area.

Background Sources
ESRI BIS Online
Richmond Hill - Bryan Chamber of Commerce
Sales and Marketing Management's 2005 Survey of Buying Power
U.S. Census Bureau and U.S. Bureau of Labor Statistics
Economic Development Board of Richmond Hill
Research Department, Southeastern Consulting Group

### Location / Physical

The City of Richmond Hill, Bryan County, Georgia, is located just 30 minutes south of Savannah and two hours from Jacksonville, Florida. With two convenient interchanges, Richmond Hill enjoys a prime location right off of I-95, as well as easy access to I-16 eight miles to the north. In addition, U.S. Hwy 17 is a direct thoroughfare through the city, providing another expedient avenue to Savannah or all destinations south. Trucking carriers and commuters alike will find convenient drives to Savannah, Fort Stewart and other nearby metropolitan areas. Refer to the Richmond Hill / Bryan County location maps on the following pages which illustrate the subject site's location relative to the area. Table 1, below, illustrates the distance and direction from Richmond Hill to selected cities as referenced on the regional map on the next page.

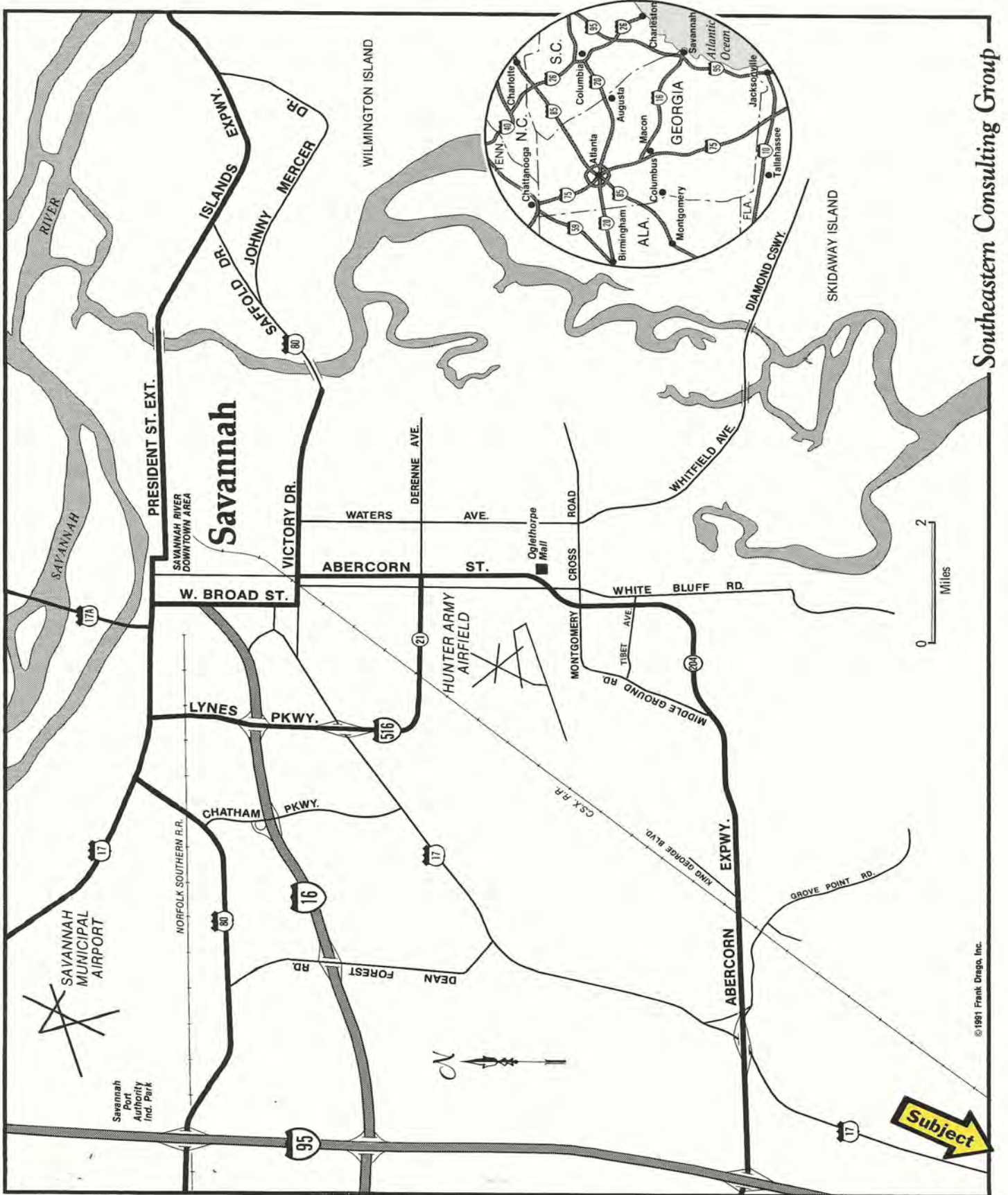
Table 1 - Distance and Direction from Richmond Hill		
Savannah, Georgia	Northeast	21 miles
Hinesville, Georgia	Southwest	23 miles
Fort Stewart, Georgia	West	25 miles
Atlanta, Georgia	Northwest	250 miles



WAYS STATION LIHTC APARTMENTS  
RICHMOND HILL, GA, SCG FILE # 16134







Southeastern Consulting Group

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## Transportation

Richmond Hill is a small, coastal area covering 14.5 square miles. It is currently one of the fastest growing cities in the nation, and part of the Savannah, Georgia Metropolitan Statistical Area. This MSA consists of Bryan, Chatham, and Effingham counties in Georgia. The Hinesville MSA is just west of Richmond Hill and is included in this analysis. The location of Bryan County is unique in that it is the only county in Georgia to be separated by a military base. Fort Stewart intersects with Bryan County to create its northern and southern ends. The closest interstate on the northern end of Bryan County, approximately 11 miles from Pembroke, is I-16. This gives quick, easy access for traveling west to Atlanta or east to Savannah. On the southern end, the closest interstate, located a few miles from Richmond Hill, is I-95. Again, giving quick easy access for traveling south to Jacksonville or north to Hilton Head, with historic downtown Savannah just minutes away. SR 153 provides excellent access to Interstate 75 and the Richmond Hill Airport to the southeast. Air travel is available at the Savannah / Hilton Head International Airport in Savannah. Also serving the area is the Hinesville Airport thirty 36.6 miles from Richmond Hills / Bryan County.

## Medical / Health Care

Four major regional hospital complexes and one military hospital in Ft. Stewart anchor the health providers in the area, with several clinics and doctors of every major specialty providing comprehensive local service. Regional healthcare centers include Memorial Health University Medical Center, Candler Hospital, St. Joseph's Hospital and East Georgia Regional Medical Center in Statesboro. Both St. Joseph's-Candler and Memorial maintain local community clinics and outreach programs.

## Education

There are excellent schools at both ends of Bryan County, providing instruction to more than 7,200 students through nine outstanding and accredited public schools, including two primary schools, three elementary schools, two middle schools and two high schools. Bryan County is home to numerous faith-based and secular private schools. The public primary and elementary schools serve students in kindergarten through fifth grade. The middle schools serve sixth through eighth grades, and offer extracurricular programs, including band and chorus. The comprehensive academic program at Bryan County High School and Richmond Hill High School provides vocational and college-preparatory instruction to students in grades 9-12.

## Social Considerations

Demand for residential property is a direct function of population change. Table 2, below, illustrates the population for Bryan County, the Savannah / Hinesville Georgia MSAs, and for the State of Georgia since 2010. In 2010, Bryan County reported 30,233 county residents increasing to 35,842 by 2016. Bryan County is expected to continue to experience positive growth from 2016 to 2021 of 2.85% annually, bringing the population to 40,944 residents. Savannah / Hinesville MSAs experienced a 1.60% annual increase in residents from 2010 to 2016. The MSA is expecting an annual increase of 1.54% from 2016 to 2021.

The State of Georgia has experienced positive growth. The state had a 0.95% annual increase from 2010 to 2016. Georgia is expecting the population to grow at 1.04% annually from 2016 to 2021.

Table 2 - Population Trends			
Year	Bryan County	Combined MSAs	Georgia
2010	30,233	425,528	9,687,653
2016	35,842	466,284	10,237,832
2021	40,944	502,144	10,769,968
% Annual Change (2010 - 2016)	3.09%	1.60%	0.95%
% Annual Change (2016 - 2021)	2.85%	1.54%	1.04%
Source: STDB Online			

The area is in the Savannah MSA but is also very close to the Hinesville MSA and as such is included in the combined totals. The combined totals will exceed a half million people over the next five years. Table 3, on the next page, illustrates the median ages and age group distribution within Bryan County, Savannah / Hinesville MSAs and the state as a whole. The Savannah / Hinesville MSAs residents are slightly younger than residents of the county. With the median ages also reflected in Table 3, Bryan County has a current median age of 36.7 in comparison to Savannah / Hinesville MSAs at 34.2 and the State of Georgia at 36.2. In 2021, Bryan County is expected to continue to have the highest median age at 38.0.

## Social Considerations (continued)

Table 3 - Age Distribution and Trends			
Category	Bryan County	Combined MSAs	Georgia
Median Age - 2010	35.6	33.2	35.3
Median Age - 2016	36.7	34.2	36.2
Median Age - 2021	38.0	35.0	37.0
2016 Age Distribution:			
0 - 4	6.8%	7.2%	6.6%
5 - 9	7.4%	7.0%	6.8%
10 - 14	8.0%	6.5%	6.9%
15 - 24	13.0%	15.0%	14.0%
25 - 34	12.4%	15.6%	14.0%
35 - 44	13.9%	12.6%	13.4%
45 - 54	14.7%	12.1%	13.5%
55 - 64	12.6%	11.5%	12.0%
65 - 74	7.4%	7.8%	7.9%
75 - 84	2.8%	3.5%	3.5%
85+	1.0%	1.4%	1.3%
18+	73.3%	75.8%	75.8%
Source: STDB Online			

## Household Growth

According to the household data in Table 4, on the next page, the number of households in the county and the MSA has increased from 2010 to 2016. Bryan County currently (as of 2016) has 12,748 households, which increased from 10,738 households in 2010, and an expected overall increase to 14,575 households by 2021. The Savannah / Hinesville combined MSAs currently (as of 2016) has 172,941 households and is expected to increase to 185,845 from 2016 to 2021.

The state as a whole is forecast to increase 0.98% annually for the same five year period. The median home value in the county, at \$203,924, is higher than the MSA's value of \$170,106. The state's median home value is \$161,440. In 2021, Bryan County is expecting a median home value of \$232,740, which is higher than the combined MSA's (\$202,188) and the state (\$194,616).

## Household Growth (continued)

A majority (65.2%) of the residences in Bryan County are owner-occupied. Savannah MSA has 49.1% of residences owner-occupied while 54.0% of residences in the State of Georgia are owner-occupied. Savannah / Hinesville combined MSAs has a higher ratio of tenants than the county (36.9% vs. 25.2%).

Table 4 - Household Inventory Characteristics			
Category	Bryan County	Combined MSAs	State of Georgia
Number of Households			
2010	10,738	159,046	3,585,584
2016	12,748	172,941	3,764,898
2021	14,575	185,845	3,948,586
Total Housing Units - 2016	14,103	200,896	4,308,790
Owner-Occupied	65.2%	49.1%	54.0%
Renter-Occupied	25.2%	36.9%	33.4%
% Vacant	9.6%	13.9%	12.6%
2016 Value of Specified Owner Occupied Units			
% Less than \$50,000	10.2%	9.7%	11.0%
% \$50,000 to \$99,999	9.3%	15.9%	18.1%
% \$100,000 to \$149,999	16.4%	17.5%	17.4%
% \$150,000 to \$199,999	13.0%	17.0%	15.0%
% \$200,000 to \$249,999	13.8%	11.1%	10.4%
% \$250,000 to \$299,999	10.6%	7.0%	6.6%
% \$300,000 to \$399,999	13.0%	8.5%	9.2%
% \$400,000 to \$499,999	3.8%	3.7%	4.5%
% \$500,000 to \$749,999	6.0%	4.9%	4.5%
% \$750,000 to \$999,999	2.2%	2.7%	1.9%
% \$1,000,000 or More	1.7%	2.0%	1.4%
2016 Median Home Value	\$203,924	\$170,106	\$161,440
2021 Median Home Value	\$232,740	\$202,188	\$194,616
Source: STDB Online			

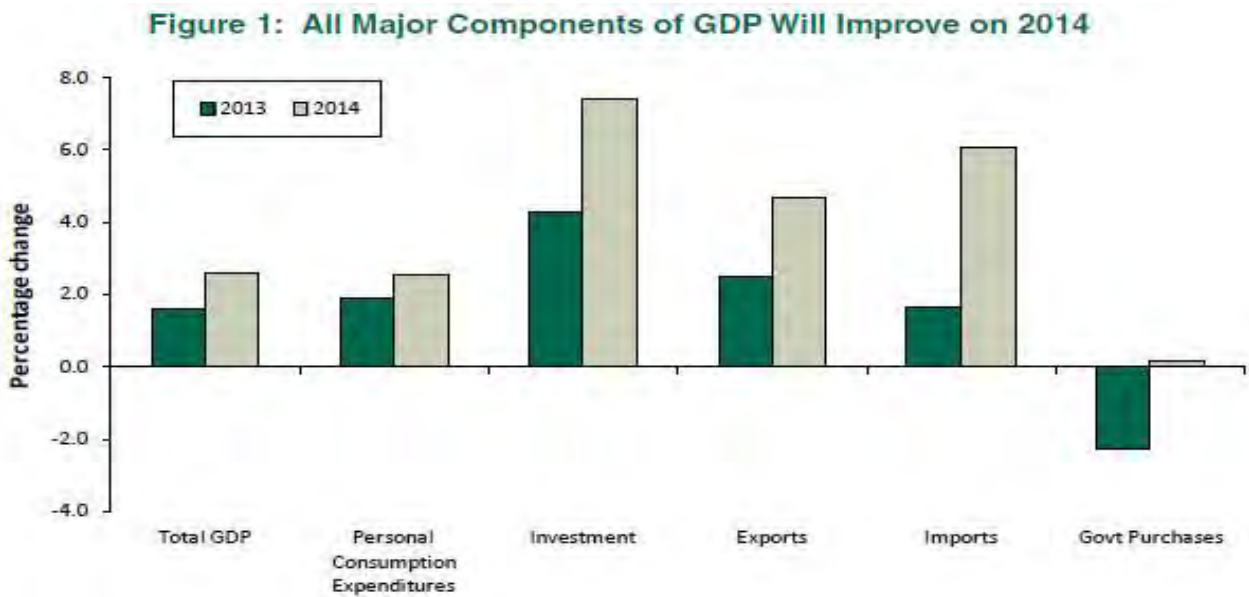
The county has adequate transportation and utility availability, which are supportive of continued local growth.



## Economic Factors

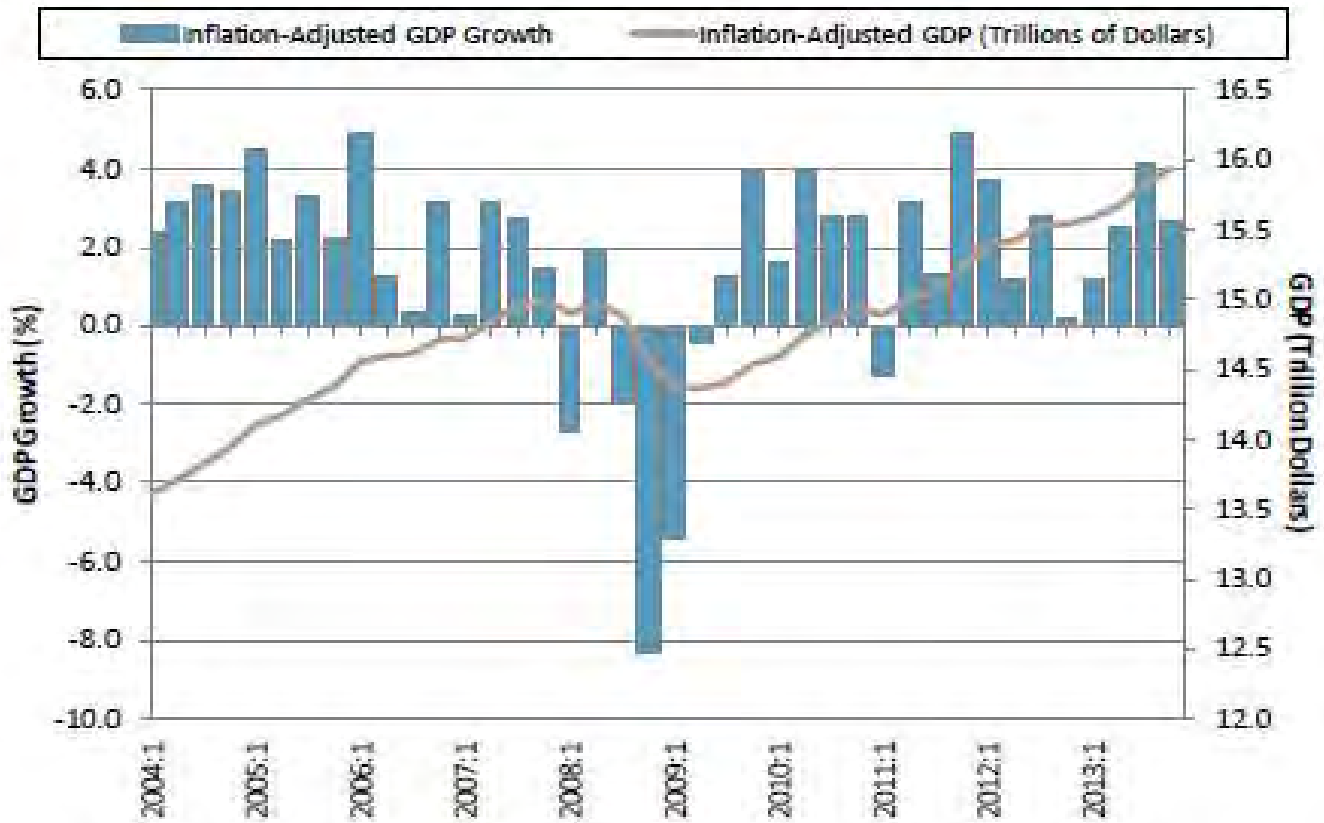
The continued expansion is noteworthy in light of several shocks and downward pressures. The conflict in Syria which resulted in an upward spike in oil prices. Oil prices are continuing to recede and gas prices are dropping because of record levels of US oil production. Consumer spending weakened as the run up to the US House of Representatives shut down the Federal Government. The elimination of the payroll tax holiday kicked in three years ago (2013) on low and middle income families. The sequestration of federal government spending also went into effect at that time. These negative events received considerable attention in the media and from financial analysts. The Fall review points out that a missing point in the discussion was the economy continued to expand, the stock market has risen to new heights and the expansion has not been derailed by congress.

The Wall Street Journal reports Gross Domestic Product (GDP), the broadest measure of goods and services produced across the economy, grew at an annual rate of 2.8% in July to September period, as reported by the Commerce Department. The second quarter rate was 2.5% which was the fastest growth in a year. Economists had only expected 3<sup>rd</sup> Quarter growth at 2% which indicates faster velocity than predicted. The Wall Street Journal also reports US hiring picked up strongly in October to 204,000 which was way above the 120,000 forecast. The November numbers of 321,000 is the best US jobs in 15 years since Bill Clinton was president. These numbers are especially impressive considering Congress' shutdown of the government. Refer to the following two charts / tables.



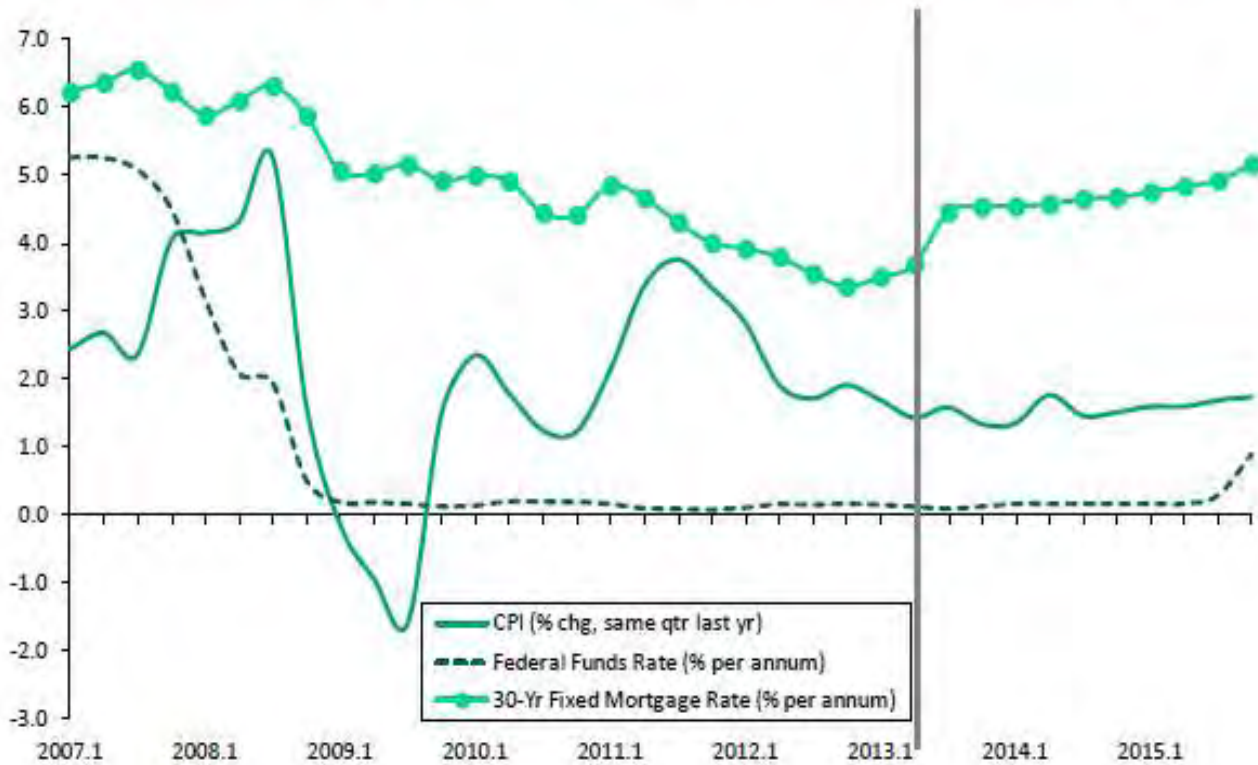
## Economic Factors (continued)

Figure 1.1. Inflation-Adjusted GDP Accelerated in 2013 after a Timid First Quarter



Nationally, Federal Government spending fell sharply during the first half of 2013 with no improvement expected until 2014. State and local government spending has also been a drag on economic growth. Georgia will be forced to look for new sources of revenue such as uses fees and a state income tax. From a national perspective, the cuts in government spending and increased higher property tax revenues from the four year expansion of the economy has continued to close the federal deficit. Congress agreed in 2011 on a mechanism called “Sequester” to automatically cut across the board spending and to reduce the federal deficit by \$1.2 trillion over ten years. This measure went into effect on March 1, 2013. The debt ceiling was reached last month and extended into 2017. Recent news from Washington is that the US House of Representatives did not shut down of government over the Affordable Health Care Act. The “hostage taking” of the government by a few members of Congress will continue to temper the recovery but is galvanizing the country on the other side from the hostage takers. All of the rhetoric about government default has hurt the Federal Government’s borrowing ability and driven interest rates up. The higher interest rates dampened growth in the residential housing market sector. Existing home sales were up in the first and second quarter with housing starts down. Single family housing skid in the last quarter due to the mess in Washington.

**Figure 3: Inflation Remains Benign While Long-Term Mortgage Rates are Trending Up**



## Economic Factors (continued)

Interest rates have again started to increase. This will hurt the real estate market. Existing home sales will level off. The labor markets have shown slow, but steady improvement. Growth was only able to nudge the unemployment rate down. The Bryan County area, with a mix of trade and transportation, health care, retail trade, manufacturing and technology, has experienced slow economic advancement in recent years. **As of October 2016, the unemployment rate for Bryan County was 4.8%, while the State of Georgia unemployment was at 5.2% and the national rate was 4.9%.** Most recessions are relatively short in duration and have modest effects on long-term patterns of economic performance. The Great Recession is an exception. The recession that began in December 2007 was the longest and deepest economic downturn since the Great Depression. While the recession has ended, many measures of economic performance-including employment and unemployment-continue to show only slow improvement. Georgia's economic outlook mirrors the nations. Non-farm employment will continue to grow as will manufacturing employment will continue to grow, but the pace of growth will slow because the state's industrial sector has in instances surpassed pre-recession levels of production.

## Income Levels

The Wall Street Journal is reporting that the US payrolls grew by 178,000 employees in November. Since the start of 2014 the country has added more than 220,000 workers on average per month, which was the pace from nearly a decade ago. The unemployment rate also fell to 4.6% last month which the lowest level since 2008. The November 2016 jobs report was the best in 15 years since Bill Clinton was president. The Gross Domestic Product (GDP) advanced at a seasonally adjusted annual rate of 3.5% in the third quarter which out paced projections. The national economy appears to continue to slowly recovery from the great recession. Income levels are the primary determinate of an area's purchasing ability.

The household income distribution levels for Bryan County, Savannah / Hinesville Combined MSAs and the State of Georgia are illustrated in the table below. Income growth is expected in all three areas. Bryan County is expecting a 3.33% annual increase over the next five years, Savannah MSA is expecting a 2.47% annual increase in income and the State of Georgia is expecting the largest increase of 2.45% annually by 2021.

<b>Table 5 - Household Economic Profile Characteristics</b>			
<b>Category</b>	<b>Bryan County</b>	<b>Combined MSAs</b>	<b>State of Georgia</b>
<b>% Distribution of 2016 Households by Income</b>			
Less than \$15,000	9.3%	14.0%	14.1%
\$15,000 to \$24,999	9.6%	11.2%	11.1%
\$25,000 to \$34,999	7.4%	10.8%	10.5%
\$35,000 to \$49,999	12.3%	14.8%	13.9%
\$50,000 to \$74,999	16.6%	18.6%	17.6%
\$75,000 to \$99,999	15.5%	12.6%	12.1%
\$100,000 to \$149,999	19.7%	11.1%	11.9%
\$150,000 to \$199,999	6.0%	3.8%	4.4%
\$200,000 or More	3.5%	3.2%	4.4%
Average Household Size 2016	2.80	2.60	2.65
Median Household Income 2016	\$64,941	\$48,985	\$50,384
Median Household Income 2021	\$75,769	\$55,024	\$56,557
% Annual Increase in Income	3.33%	2.47%	2.45%
Per Capita Income 2016	\$28,209	\$25,476	\$26,467
Source: STDB Online			



## Building Permits

Single family permits have remained consistent since 2007. In 2013, being the highest reported year with 495 permits and the lowest in 2010 with 223 single family permits reported. The highest reporting of multi-family permits was in 2011 (174). As of 2015 (latest data available) 383 single family permits were reported.

Year	Single-Family	2 Units	3-4 Units	5 or More Units	Total
2007	352	0	0	19	371
2008	242	0	0	10	252
2009	225	0	0	0	225
2010	223	0	0	0	223
2011	260	0	0	174	434
2012	244	0	0	21	265
2013	495	0	0	20	271
2014	332	0	0	80	412
2015	383	0	0	24	407

Source: U.S. Census Bureau, Building Permit Data

SCG surveyed several comparables from the local market.

No.	Complex	Total Units	Year Built	Vacants	% Occupied
1	Cobblestone	220	1988	17	92.27%
2	Georgetown Woods	144	1999	3	97.90%
3	Waterford Plantation	104	1987	6	94.23%
4	Kings Colony	89	1987	9	89.90%
5	Crown Villas	90	1978	1	98.90%
6	Georgetown Crossing	168	1994	7	95.80%
7	Trellis	264	2009	22	91.67%
8	Fords Pointe	260	2002	40	84.60%

Source: Southeastern Consulting Group Survey

The 1,339 total units had 105 vacants for a weighted overall average occupancy of 92.16%. Which was pulled down by Kings Colony and Fords Pointe. .

## Overview Summary

The Richmond Hill / Bryan County area has a good business climate and a relatively low cost of living. This creates a favorable environment and generates jobs, which correspondingly attracts new residents. The Richmond Hill / Bryan County area continues to experience population and household declines due to the higher local unemployment rate which has resulted in the flight of younger unemployed residents. The economic base continues to diversify and expand, and local government and private developers are working to provide needed infrastructure. Utilities are adequate in supply to allow future growth. Transportation to the area is rated as average, with tourism, education and recreation offering something for almost everyone in the area. **As of October 2016, the unemployment rate for Bryan County was 4.8%, while the State of Georgia unemployment was at 5.2% and the national rate was 4.9%.** Income levels in the area are good, with buying income expanding over the past few years. The historical growth patterns of the past few years are expected to continue in all areas affecting the economic base of Richmond Hill / Bryan County. It is SCG's conclusion that the Richmond Hill / Bryan County area provides a viable location for most types of well conceived real estate development. This conclusion is based primarily upon its highway transportation, the availability of correlative goods and services, and a continuing moderate diversification of the economy that should enhance the long range economic outlook.

## **Neighborhood / Submarket Analysis**

Real estate is an immobile asset greatly impacted by its surrounding environment, especially neighborhood. Within a community, there is a marked tendency toward the grouping of land uses. These areas devoted to these various uses are termed physical neighborhoods. Any property is an integral part of the neighborhood, with its value greatly affected by shifts or changes creating the environment. Neighborhood used in this context is further defined as follows:

A portion of a larger community, or an entire community, in which there is a homogeneous grouping of inhabitants, buildings, or business enterprises. Inhabitants of a neighborhood usually have a more than casual community of interest and a similarity of economic level or cultural background. Neighborhood boundaries may consist of well defined natural or man-made barriers or they may be more or less well defined by a distinct change in land use or in the character of the inhabitants.

Ways Station is located west of Richmond Hill just east of US 17. The neighborhood / submarket is defined as the Cities of Richmond Hill and Bryan County the Primary Market Area (PMA) with the entire MSA comprising the Secondary Market Area (SMA). The main commercial strip in Richmond Hill is along US 17 / Ford Avenue with grocery stores, drug stores, banks and offices. The closest grocery store is a Kroger Ford Avenue just west of the subject. Refer to the location map on the next page. School children in Richmond Hill attend city schools with public buses. Ways Station will be age restricted and no children will live at the property, All public utilities are available including potable water, sewer and electricity. Single family housing is modest and affordable. All local rental properties that were located or identified in the market survey were included in the SCG Analysis.

The Market Study identifies the subject site as 0.1 miles west of US 17 and Ford Avenue. Interstate 95 is about a half mile west at Ford Avenue. As related above, substantial retail development is along Ford Avenue and US 17. The Shops of Richmond Hill adjoin the subject site and were the location of the Kroger which has relocated further west along Ford Avenue. The Shops of Richmond Hill appear to be well received in the local market and are fairly well occupied. Walgreens and CVS are along US 17 at Ford Avenue. The closest grocery store is the relocated Kroger with a Food Lion to the south along US 17. The post office, public library and senior citizen centers are close by. Bryan County has a government annex across US 17 with Richmond Hill's City Hall also along Ford Avenue.

WAYS STATION LIHTC APARTMENTS  
 RICHMOND HILL, GA, SCG FILE # 16134





## Neighborhood / Submarket Analysis (continued)

Ashleigh Place (Richmond Hill) leased up in three months last year (2015) for an absorption rate of 26.7 units per month. Pinewood Village in Pooler leased in four months in 2014 for an absorption rate of 15.25 units. Sheppard Station, also in Pooler, leased in four months in 2009 for an absorption rate of 16.25. Newport in Statesboro leased in four months this year for an absorption rate of 8.4 units per month. Grace Landing and Laurel Pointe (both Senior LIHTC Projects in Statesboro) leased at between 9 to 12 units per month. The subject (Ways Station) is projected to lease at **12.83** units per month.

The eight market rate deals average occupancy at 92.16% with frictional vacancy at 5% or occupancy at 95%.

## Submarket / Neighborhood Summary

Ways Station is located west of Richmond Hill just east of US 17. The neighborhood / submarket is defined as the Cities of Richmond Hill and Bryan County the Primary Market Area (PMA) with the entire MSA comprising the Secondary Market Area (SMA). The main commercial strip in Richmond Hill is along US 17 / Ford Avenue with grocery stores, drug stores, banks and offices. The closest grocery store is a Kroger Ford Avenue just west of the subject. Refer to the location map on the next page. School children in Richmond Hill attend city schools with public buses. Ways Station will be age restricted and no children will live at the property. All public utilities are available including potable water, sewer and electricity. Single family housing is modest and affordable. All local rental properties that were located or identified in the market survey were included in the SCG Analysis. Overall, the site is well located next to a shopping center with CVS and Walgreens also close by.

## Site Data

The irregular-shaped site contains a total area of 9.77 acres or 425,581 square feet. The site is located at 201 Kroger Drive, Richmond Hill, Bryan County, Georgia 31324. Refer to the survey and site plan which are included on the following two pages.

<b>Site Characteristics</b>	
Street address and ZIP code	201 Kroger Drive, Richmond Hill, Georgia 31324
Land area	9.77 acres or 425,581 SF
Frontage	about 400 feet Frontage on Kroger Drive
Access to property	Paved double drives from Kroger Drive
Parking Spaces / Ratio	121 Parking spaces / 1.49 spaces per rental unit
Land to Building Ratio	Land to 1.0 building / 4.54 to 1.00
Land Use Density	8.29 dwelling units per acre
Flood hazard map reference	Map Panel 13029C0283C; Dated: March 02, 2009
Census tract map reference	9203.05

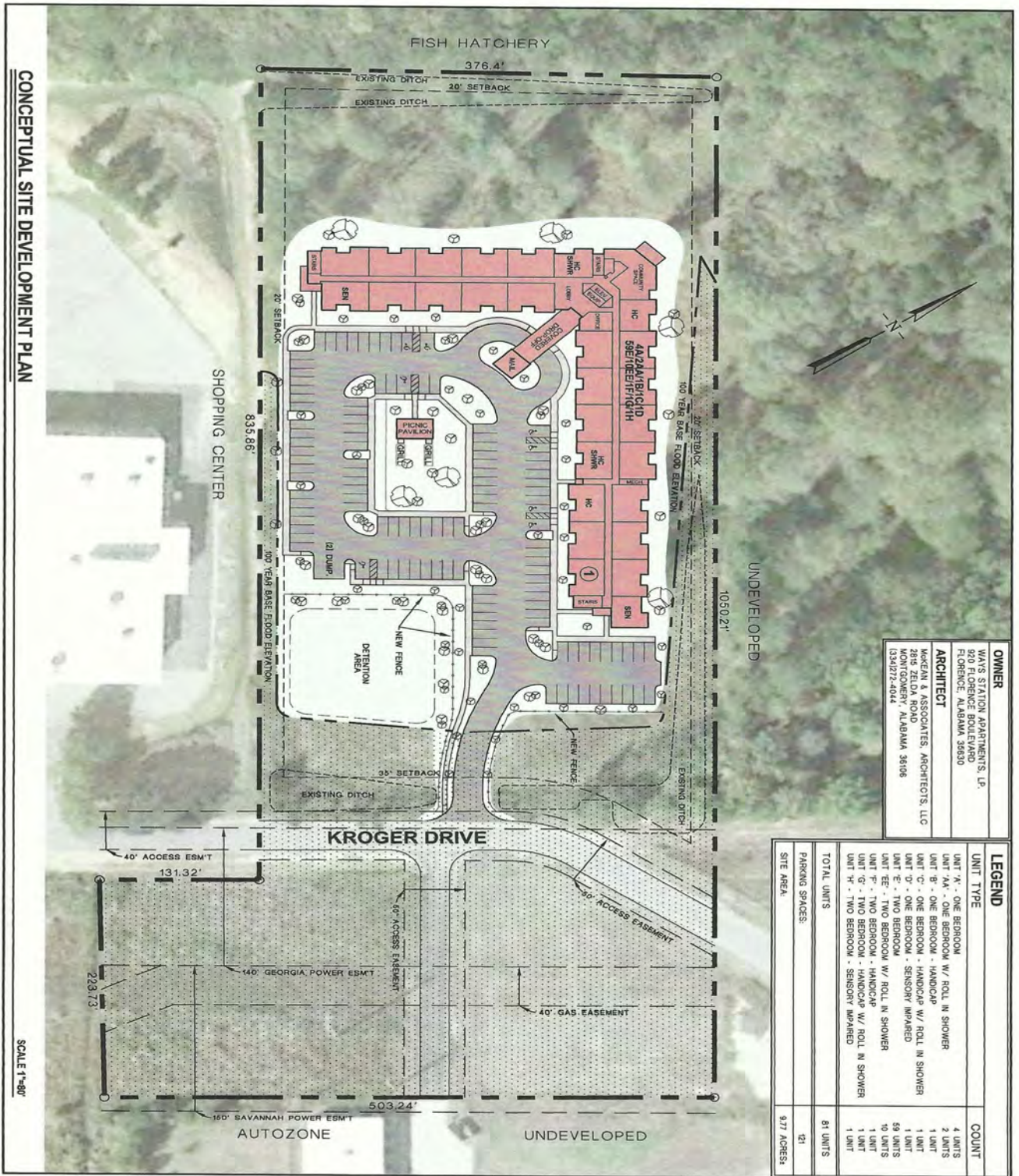
Topographically, the site is above grade level and consistent with surrounding uses. Ingress / egress will be provided by one double-lane paved drive from Kroger Drive. According to data provided by Interflood and Map Panel #13029C0283C; dated: March 2, 2009, the flood zone designation of the building area are outside the 100- and 500-year flood plain. The subject site is considered to possess good overall physical utility for multi-family residential development. The site has excellent views to the west. Utilities available to Ways Station site are summarized in the table below.

<b>Public Utilities Available To Site</b>		
Utility	Vendor	Paid By
Potable Cold Water	City of Richmond Hill	Property
Sanitary Sewer	City of Richmond Hill	Property
Electricity	City of Richmond Hill	Tenant
Cable Television	Various	Tenant





# Site Plan



CONCEPTUAL SITE DEVELOPMENT PLAN

SCALE 1"=80'

<b>OWNER</b>	WAYS STATION APARTMENTS, LP. 3100 WOODBRIDGE BLVD. FLORENCE, ALABAMA 36530
<b>ARCHITECT</b>	MCKEAN & ASSOCIATES, ARCHITECTS, LLC 2885 ZELDA ROAD MONTGOMERY, ALABAMA 36106 334272-4044

LEGEND	
UNIT TYPE	COUNT
UNIT A - ONE BEDROOM	4 UNITS
UNIT B - ONE BEDROOM W/ ROLL IN SHOWER	2 UNITS
UNIT C - ONE BEDROOM - HANDICAP W/ ROLL IN SHOWER	1 UNIT
UNIT D - ONE BEDROOM - HANDICAP W/ ROLL IN SHOWER	1 UNIT
UNIT E - TWO BEDROOM - SENIOR/IMPARED	56 UNITS
UNIT F - TWO BEDROOM W/ ROLL IN SHOWER	10 UNITS
UNIT G - TWO BEDROOM - HANDICAP W/ ROLL IN SHOWER	1 UNIT
UNIT H - TWO BEDROOM - SENIOR/IMPARED	1 UNIT
<b>TOTAL UNITS</b>	<b>81 UNITS</b>
<b>PARKING SPACES:</b>	<b>121</b>
<b>SITE AREA:</b>	<b>9.77 ACRES</b>

Project No.	16134
Drawn By	BTI
Checked By	RAM
Sheet No.	SL-1

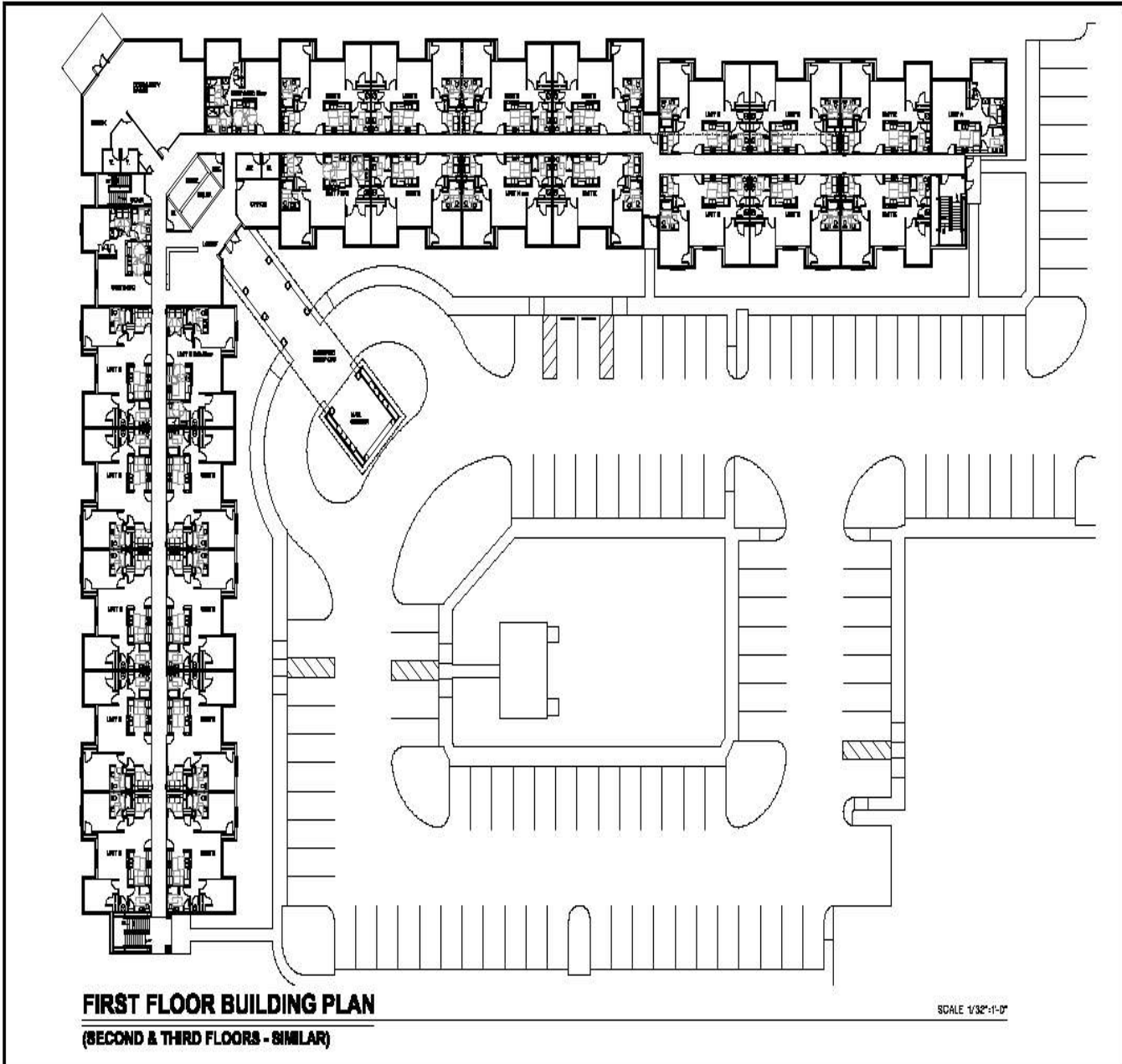


**WAYS STATION APARTMENTS**  
 RICHMOND HILL, GEORGIA

**MCKEAN & ASSOCIATES**  
 ARCHITECTS, LLC  
 MONTGOMERY, ALABAMA



# Building Layout



**McKEAN & ASSOCIATES**  
ARCHITECTS  
ALABAMA

**WAYS STATION APARTMENTS**  
RICHMOND HILL, GEORGIA

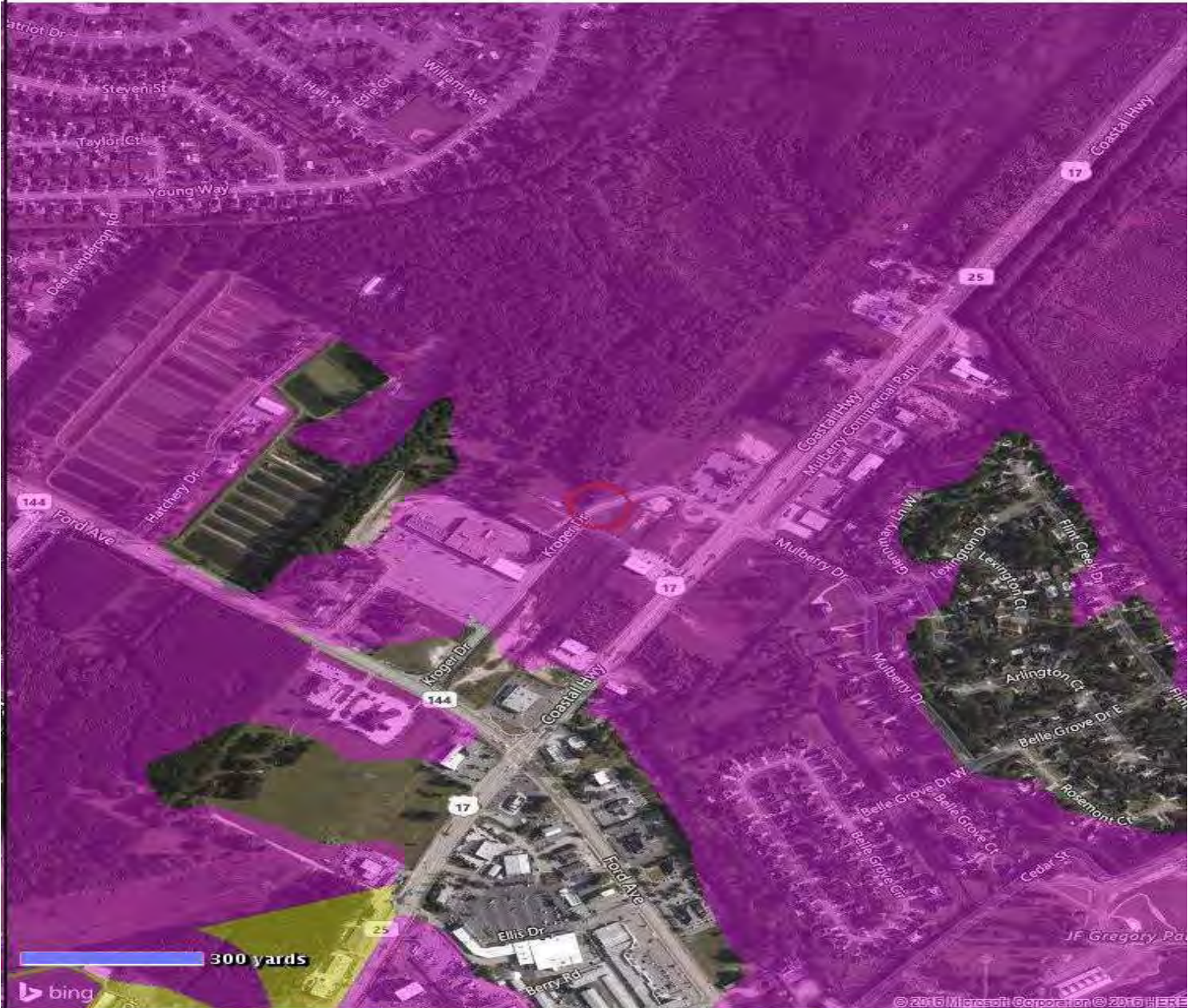


Sheet Title:	BUILDING PLAN
Project No.:	
Date:	01-25-16
Permit:	
Drawn By:	MM
Checked By:	RLA
Sheet No.:	<b>A-2</b>

# Flood Map

**InterFlood** by a la mode

Prepared for: McSpadden Real Estate Services, Inc.  
 201 Kroger Way  
 Richmond Hill, GA 31324



**MAP DATA**

FEMA Special Flood Hazard Area: **Yes**  
 Map Number: **13029C0283C**  
 Zone: **A**  
 Map Date: **March 02, 2009**  
 FIPS: **13029**

**MAP LEGEND**

- Areas inundated by 500-year flooding
- Areas inundated by 100-year flooding
- Velocity Hazard
- Protected Areas
- Floodway
- Subject Area

Powered by CoreLogic®

## **Flood Data**

The flood map on the previous page indicates the subject site and the majority of land in the Richmond Hill area is in Zone A or an area inundated by 100-year flooding.

## **Zoning**

Ways Station was zoned Commercial but was rezoned R-3 Multi-Family Residential. Refer to the zoning letter on the next page. The R-3 Multi-Family Residential Zone allows for Multi-family residential use. **The subject will, therefore be, considered a legal, conforming use.**





MAYOR  
E. HAROLD FOWLER

MAYOR PRO-TEM  
RUSS CARPENTER

CITY COUNCIL MEMBERS  
JAN BASS  
JOHN FESPERMAN, JR.  
JOHNNY MURPHY

CITY MANAGER  
CHRIS LOVELL

December 21, 2016

Gateway Development Corporation  
920 Florence Boulevard  
Florence, AL 35630

Attn: Allan Rappuhn

RE: Ways Station Apartments (81 units)  
201 Kroger Drive  
Richmond Hill, GA 31324

To Whom It May Concern:

As of December 20, 2016, the property at 201 Kroger Drive with Parcel Identification Number 053-004 is located in an R-3 (Multi-Family Residential) Zoning District. The proposed use of the parcel as an elderly multi-family development is a permitted use within the R-3 Zoning District.

This clarification is made as of the date of this letter and does not constitute any representation or assurance that the property will retain its present zoning classification for any specified period of time, or that the permitted uses and definitions will remain in effect for any specific period of time, although at this date, I know of no plans to make any changes.

Please do not hesitate to contact me should you have any further questions.

Regards,

Scott Allison  
Assistant City Manager



## Description of Proposed Improvements

Ways Station site is to be improved with 81 Senior residential garden units in three story wood frame building. Related site improvements will include asphalt paving, concrete walkways, landscaping, and exterior lighting. Improvements will be of good quality construction and finish, with functional utility considered good. The appraisal assumes that all construction is complete. The subject will be in new condition. In addition, the grounds will be adequately maintained and landscaped.

Proposed Improvement Summary	
Number of Units	81 Rental Apartment Units
Number of Buildings	Three Story Rental Building
Total Area (NRA)	93,690 Sq. Ft. NRA
Average Unit Size	1,157 Sq. Ft. NRA
Number of Stories / Construction	Three Levels / Frame / Elevators
Year Built / Actual Age / Condition	2016 / New / Proposed
Effective Age / Economic Life	0 / 65 years (total)
Remaining Economic Life	65 years (remaining)
Development Density	8.29 du / acre
Parking Spaces / Ratio Per Unit	121 Parking spaces (1.49 / du)
Amenities & Community Building	Picnic area, laundry, gazebo and playground

Assuming construction will commence now with final certificates of occupancy 12 months later December 18, 2017. Pre-leasing will commence in ten months. Lease-up will be completed by April 18, 2018 for a lease-up period of about 6 months or about **12.83** units per month to stabilize at 95%. The description of proposed improvements is from Gateway Development.

Unit Mix, Rental Structure and Breakdown				
Unit Quantity and Type	Size (SF)	Max LIHTC Rents	Current Rents	Market Rents
2 - 1 BR, 1.0 BA, GDN, 50%	874	\$519	\$510	\$650
7 - 1 BR, 1.0 BA, GDN, 60%	874	\$638	\$630	\$650
15 - 2 BR, 2.0 BA, GDN, 50%	1,192	\$609	\$600	\$750
57 - 2 BR, 2.0 BA, GDN, 60%	1,192	\$752	\$735	\$750
<b>Totals / Averages (81 total units)</b>	<b>1,157</b>	<b>\$709.91</b>	<b>\$695.37</b>	<b>\$738.89</b>

## Description of Improvements (continued)

General construction features, both planned and presumed, are summarized as follows:

- Foundation** Continuous poured concrete foundation.
- Structural** Wood 2” x 4” wall framing studs. Ceilings will have metal framing covered with gypsum board, with a textured finish. Wood frame construction.
- Exteriors** Exteriors will be hardi-plank and brick.
- Fenestration** Windows will be thermo-pane in aluminum frames with half screens. Exterior entry doors will be solid core insulated metal. Interior doors are hollow core painted wood. Exterior doors will have dead bolts and peepholes.
- Interior Finish** Painted sheetrock walls and 9' ceilings and crown molding with carpet flooring in living areas. Bathrooms will have ceramic tile flooring with fiberglass around fiberglass tubs.
- Roofs** Pitched wood truss roof with asphalt shingle.
- Kitchens** Solid wood cabinets with granite tops and backsplashes and double well stainless steel sink. Appliances will include electric stove with vented lighted hood, frost-free refrigerator with icemaker, microwave, disposal and dishwasher.
- HVAC** All units will have individual electric heat and electric air conditioning.
- Baths** Full baths will include water closet, tub / shower, and lavatory. Vanities will consist of laminated lavatory in laminated or wood cabinet with wall-mounted mirrors. Tub / shower will have a ceramic tile enclosure.
- Plumbing** Copper supply lines, PVC waste lines assumed. Hot water will be provided by individual electric water heaters.
- Electrical** Adequate electrical service and typical complement of electrical outlets / switches in each unit.
- Laundry** All units will have washer and dryer connections.

## Description of Improvements (continued)

- Paving/Walks** Concrete walkways, asphalt surfaced drives and concrete parking and curbing, 121 parking spaces / 1.49 spaces per dwelling unit.
- Landscaping** Typical shrubbery and planter trees along building peripheries. Grounds maintenance and landscaping will be good.
- Life Safety** Each unit will have a smoke detector with a fire extinguisher. All units will also be sprinklered.
- Miscellaneous** Property signage at street frontage, minimal security lighting along building peripheries, lighted Parking areas. All units will be accessed off interior corridor. Elevators to all floors.
- Remarks** The property will possess good overall market appeal, and the improvements will be in new condition. The appraisal assumes the community will be completed in accordance with the proposed plans and specifications in a timely and workmanlike manner with quality materials.

## Photographs of Subject Site



(1 and 2) View of Site



## Photographs of Subject Site (continued)



(3 and 4) View of Site

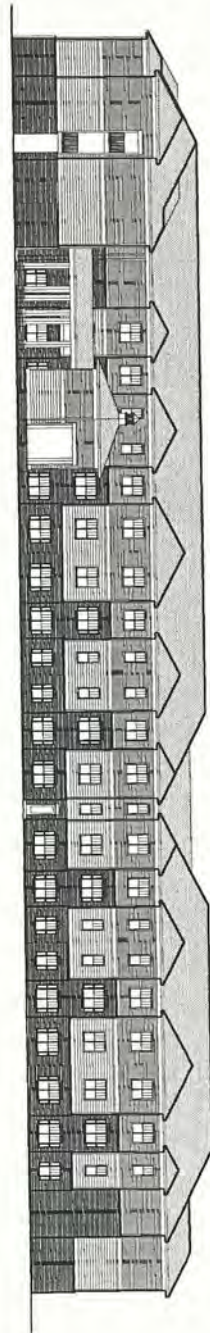
## Photographs of Subject Site (continued)



(5) Shopping Center Next Door



# Elevations



**FRONT ELEVATION - LOOKING NORTH**  
 (REAR ELEVATION - SIMILAR)



**FRONT ELEVATION - LOOKING WEST**  
 (REAR ELEVATION - SIMILAR)

## BUILDING ELEVATIONS

SCALE 1/32" = 1'-0"

**HEIGHT OF BUILDING:**  
 THE VERTICAL DISTANCE FROM THE AVERAGE ADJACENT GRADE AT THE CENTER OF THE FRONT OF THE BUILDING TO THE HIGHEST POINT TO MEAN HEIGHT LEVEL BETWEEN EAVES AND HIGHEST ROOF RIDGE.  
 ROOF PITCH AS SHOWN IS 4.5 IN 12 = 37'-1"  
 IF 6 IN 12 = 38'-10"

**EXTERIOR COLORS:**  
 BRICK COLOR, MORTAR COLOR, FIBER CEMENT SIDING AND COMPOSITE ARCHITECTURAL SHINGLES WILL BE SELECTED FROM THE APPROVED LIST PER THE CITY OF RICHMOND HILL ARCHITECTURAL REVIEW BOARD.

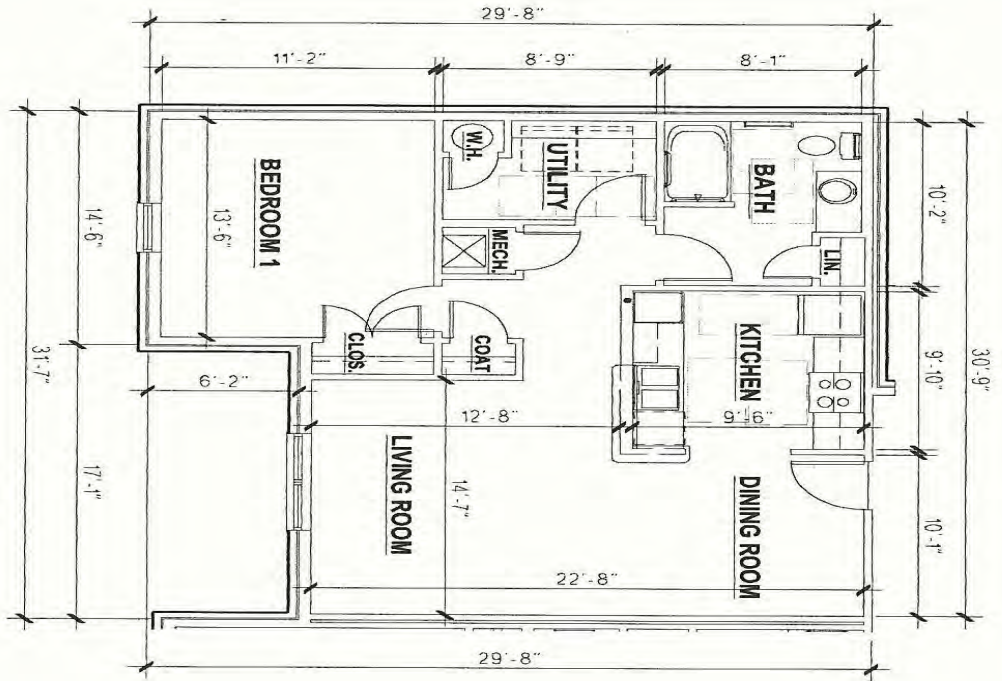
Sheet Title:	BUILDING ELEVATIONS
Project No.:	16134
Date:	12-01-18
Drawn By:	MLL
Checked By:	MLL
Sheet No.:	A-3



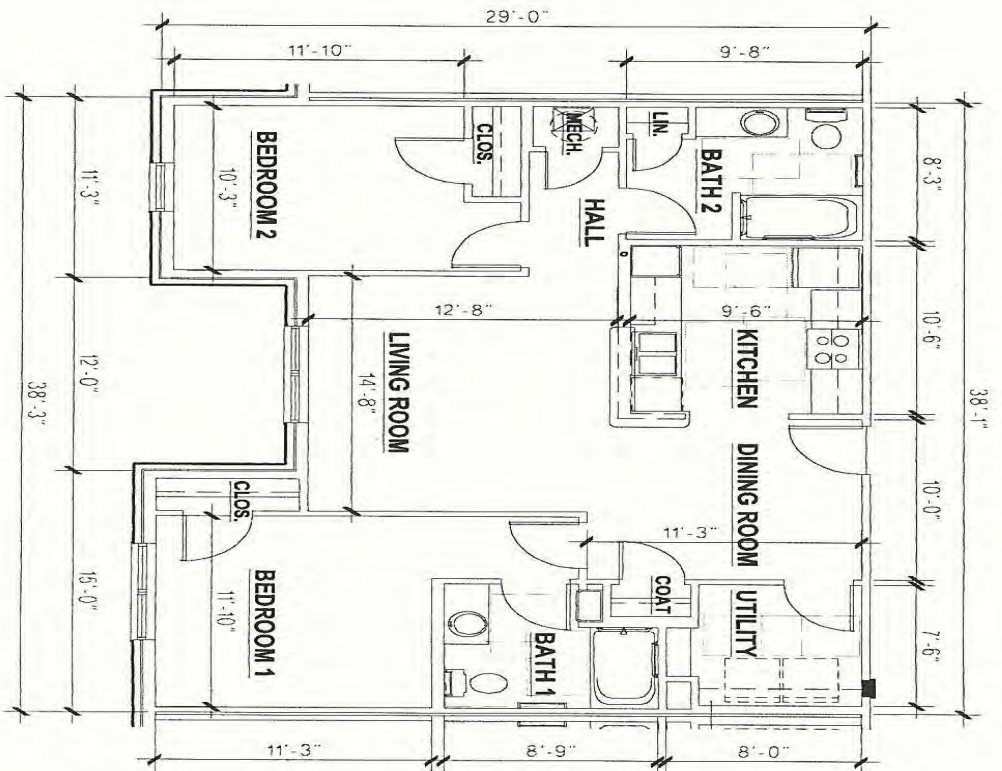
**WAYS STATION APARTMENTS**  
 RICHMOND HILL, GEORGIA

**McKEAN & ASSOCIATES**  
 ARCHITECTS LLC  
 MONTGOMERY ALABAMA

# Floor Plans



**UNIT 'A' ONE BEDROOM** SCALE 1/8"=1'-0"  
**(UNITS 'AA', 'B', 'C' & 'D' - SIMILAR)**  
 Net Area Includes Area Calculated From Inside Face Of Exterior Wall To Inside Face Of Tenant Separation Wall  
 GROSS AREA Includes Net Area, Exterior Walls, Bulk And Other Finishes Where Applicable 779 S.F.  
 870 S.F.



**UNIT 'E' TWO BEDROOM** SCALE 1/8"=1'-0"  
**(UNITS 'EE', 'F', 'G' & 'H' - SIMILAR)**  
 Net Area Includes Area Calculated From Inside Face Of Exterior Wall To Inside Face Of Tenant Separation Wall  
 GROSS AREA Includes Net Area, Exterior Walls, Bulk And Other Finishes Where Applicable 990 S.F.  
 1,077 S.F.



## Ad Valorem Taxes

The property will be subject to taxation by Richmond Hill and Bryan County. The 2016 combined ad valorem tax millage rate is \$2.7946 per \$100 of assessed value times the Georgia ratio of 40%. Tax comparables were reviewed and are included in the chart below.

Real Estate Tax Comparables				
Property Name	Year Built	Tax Value	# of Units	Tax Value Per Unit
Ashleigh Place	2015	\$4,372,000	80	\$54,654
Ashton of Richmond Hill	1995	\$8,098,400	232	\$34,907
Source: Bryan County Tax Assessor's Office, 912-756-2434				

The tax comparables ranged from \$34,907 to \$54,654 per unit. Based on the age and size of the comparables, the subject property's estimated tax value will be \$4,455,000 or \$55,000 per unit. This tax value is based on the 81 units proposed. The subject property's estimated taxes are estimated as complete as follows:

Estimated Ad Valorem Taxes - As Complete	
100% Tax Value (\$55,000 / Unit)	\$4,455,000
Times Tennessee Ratio	x 40%
Estimated Times 2016 Millage Rate per \$100 of Assessed Value	x \$2.7946
Ad Valorem Taxes (\$614.81)	\$49,799.77

## Highest and Best Use Analysis

“Highest and best use” may be defined as the most probable, possible and permissible use for which a property may be used and is capable of being used. The Appraisal Institute’s Fourth Edition Dictionary defines highest and best use as follows:

- (1) That reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and results in the highest value.*
- (2) The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.*

Highest and best use is referred to as the most probable likely use of the site or that use which yields the greatest net return to the property. There are five key tests in the highest and best use analysis of a property: (1) physically possible; (2) legally permissible; (3) reasonably probable; (4) timely in occurrence; and (5) highest present value. In order for any use to be considered, it must be physically possible to develop that use on the site. The principal question is whether or not the physical characteristics of the site would support a particular land use. The site, consisting of 9.77 acres, is adequate in size and topography to permit various uses, including commercial, light industrial or office purposes. The size, access and location of the site would somewhat physically restrict commercial, retail or heavy industrial uses, with residential uses more in line with the physical features of the site.

The second factor in determining the highest and best use of the subject site is the legal permissibility of a site confined by the zoning regulations. The existing zoning is designated as R-3 Multi-Family Residential. Ways Station Apartments will be a **legal, conforming use**. Refer to page 31 for additional zoning information. The subject site as vacant would adequately permit most residential uses, with any other uses permissible by special use permits. The central question in any highest and best use analysis involves the particular type of use which could be physically developed on the site. This analysis carries with it a number of significant connotations regarding the balance of uses on the site and their appropriateness within the context of the neighborhood and the market area trends. An infeasible use, which no reasonable developer would consider for the property, would not warrant detailed evaluation as a possible alternative. In the case of the subject, industrial, retail, institutional and most commercial uses would not be feasible.

## Highest and Best Use Analysis (continued)

Some office and institutional uses are developed downtown; however, residential appears to be the greatest in demand off US 17 and Ford Avenue. Based on this, it is Southeastern Consulting Group's opinion that the most reasonably probable use of the subject property is for residential development. In order for uses to be seriously considered, the potential use of the property must be likely to occur within the near future. In essence, the trends must be obvious and indicate immediate potential for the use. These uses should not be speculative or conjectural, but readily apparent within the marketplace. A review of the predominant land uses in the neighborhood supports a steady and continued demand for residential uses which should continue into the near future. The subject is currently surrounded by residential and commercial uses. Residential development appears the most likely.

The next test of highest and best use of a property is an overall analysis of a number of potential uses which might satisfy all the criteria noted above, and the selection of only one which would yield the highest net present value for the property. This selected alternative is considered the highest and best use of the land. The five key elements in the analysis of highest and best use clearly define the issues involved. The highest present value of the land, as if vacant and available for development, is the first step in the highest and best use analysis, and is also the premise under which the land value analysis is conducted. The neighborhood is primarily characterized as a growing suburban area. There appears to be demand for residential development based on the higher occupancy levels experienced by surrounding apartment properties, which will be in conformity with the zoning. The decision now relates to which use would actually generate the highest value to the subject property. The site is located in a growing submarket and has adequate visibility and accessibility, which appears to be the major criteria for residential development of the market area.

The property will be located in close proximity to major traffic arteries, such as US 17 and Ford Avenue. These factors assist in marketing the property for rental purposes. Occupancy levels are high and rental levels in the area have also increased. Therefore, based upon these analytical criteria, the highest and best use of the site, as if vacant, is reflected as a multi-family residential development. A property providing the maximum net return on and of the improvements and on the land would be considered typically the highest and best use of the land. The subject site is to be improved with significant multi-family residential structures, reflecting good quality construction features and functional utility. The property compares favorably with other garden style complexes in the submarket. Therefore, there is no obvious alternative use of the existing improvements that would provide a greater monetary return to the property and, as improved, the property value will exceed the value of the underlying land as if unimproved and available for any reasonable alternative use.

## Highest and Best Use Analysis (continued)

It is Southeastern Consulting Group's opinion that the highest and best use of the property, as improved, is the utilization of the property as multi-family development, in that it represents the maximum possible utilization of the site, considering zoning, market forces, and use restrictions, while retaining the necessary features to make the project marketable. Therefore, the entire property, considered both as vacant and as improved, has a highest and best use as a residential / multi-family development as existing, in conformity with the proposed development.

## Appraisal Procedure and Methodology

In estimating the value of improved real estate, three approaches to value are normally developed. These approaches consider factors relative to replacement cost of a property, including both land and improvements, the income producing potential of a property, and an analysis of the probable market response to investment characteristics by comparison of sale transactions involving similar investment properties. All three approaches assume Ways Station is operating at stabilized levels. All approaches also assume that construction is completed in a timely and workmanlike manner with quality materials.

### Cost Approach

*Estimated value is derived from the Cost Approach through consideration of probable replacement cost of Ways Station's improvements, estimated depreciation ascribable to the improvements (if any), and estimated value of the underlying land, as if unimproved. The current purchase contract of the subject parcel is also considered in the land value analysis. Replacement cost new considers typical direct construction costs required to replace the subject improvements, plus normal indirect costs. The actual subject construction costs are reviewed and checked against cost comparables from the local market. Estimated depreciation, which may include physical deterioration, functional inutility, and economic influences, if appropriate, is deducted from replacement cost new to derive an indication of depreciated replacement cost. Lastly, estimated value of the underlying land, which is derived from an analysis of sales involving comparable land parcels, is added to the depreciated replacement cost, thereby providing an indication of total property value.*



## Appraisal Procedure and Methodology (continued)

### Income Capitalization Approach

*Within the Income Capitalization Approach, market rents for Ways Station's units are initially estimated based on an analysis of rental rates at competitive properties and the rental levels projected for the subject property. The LIHTC rents are also calculated based on the THDA Guidelines. In deriving an estimate of net annual income, deductions from gross potential annual income are included for a reasonable vacancy and collection loss allowance and projected expenses. Projected expenses are based upon consideration of typical operating standards and the recent operating history of similar and comparable properties. The expense forecast is removed from the effective gross income to derive the estimate of net operating income (NOI). The value indication from the Income Capitalization Approach is derived by capitalization of net annual income utilizing an overall capitalization rate. The overall rate, which reflects the relationship between net annual income and price or value, has been derived from an analysis of overall rates reflected by sales of similar apartment properties. Theoretically, the value estimate derived from direct capitalization reflects the amount an investor should be justified in paying to receive annual incomes over the remaining holding period of the property, plus the reversionary value at the end of the property's ownership period.*

### Sales Comparison Approach

*An indication of value from the Sales Comparison or Market Data Approach is derived by direct comparison of the subject property with similar properties that have recently sold in the competing market. The units of comparison are the sale price per unit and per square foot and the gross income multiple, which reflects the relationship between price and gross annual income. The analyses of the sales data include adjustments to the units of comparison, based upon various dissimilar investment characteristics.*

The valuation analysis provides indications of value, which are reconciled by Southeastern Consulting Group to a final value estimate according to their relative reliability. The construction period will be twelve months with construction completed by December 18, 2017. Leasing will commence 10 months hence or two months before construction is complete. Property will reach stabilized occupancy four months after construction is complete or 16 months hence (April 18, 2018).

## Land Valuation

In order to estimate the market value of the subject underlying land, SCG has given consideration to market data relative to recent sales of similar land parcels located in the general subject area (and within comparable market areas). All data utilized has been converted to a cash equivalent price in accordance with Appraisal Institute reporting requirements. The SCG analysis of the market data has used the sale price per acre and per dwelling unit as the most appropriate units of comparison, with adjustments included for various dissimilar features that influence value. These factors include size, location, physical utility, use potential, zoning, date of sale, and terms of sale. The land sales are the most recent land comparables in the local market area.

Index / Identification / Location	Grantor / Grantee Seller / Buyer	Sale Date	Total Sale Price	Size (Acres)	Price / Acre Price / Unit
1. Buckeye Plantation, Richmond Hill		10/14	\$650,000	23.00 ac 156 units	\$28,261 \$4,167
Remarks: Zoned Residential R-3					
2. Ford Avenue, Richmond Hill		08/13	\$550,000	4.50 ac	\$122,222
Remarks: Zoned C-3 Commercial					
3. HWY 17, Richmond Hill		07/15	\$700,000	7.66 ac	\$91,384
Remarks: Zoned C-3 Commercial					
4. 15 Liberty Avenue Richmond Hill		06/15	\$546,000	16.059 ac	\$159,184 \$16,059
Remarks: Zoned PUD.					
5. Highway 144 Richmond Hill		11/15 Listing	\$1,100,000	28.50 ac 190 units	\$38,596 \$5,789
Remarks: Zoned PUD					

The subject site is under contract for \$998,000 to (Gateway Development) which appears to be consistent with commercial zoned parcels.

## Summary, Land Value

The subject contract reflects the primary / commercial location for tax credit properties. The site was recently rezoned to multi-family residential. The current contract at \$998,000 was also reviewed. Based on market data and SCG's analysis thereof, it is SCG's opinion that the current market value of the underlying 9.77 acres of land is best reflected by a per unit value of \$12,500 per unit or \$100,000 per acre.

Vacant Land Value		
9.77 Acres @ \$100,000 / Acre	=	\$977,000
81 Units @ \$12,500 / Unit	=	\$1,012,500
Reconciled to \$12,346 per Unit	(R)	\$1,000,000

## Replacement Cost New and Depreciation

**Indirect Costs** are added next and include contractors overhead and profit at 5.0% and 2.0%, respectively, of total direct costs, with architectural bonds and engineering fees added. Loan costs are added, with construction interest at 7.5%. Entrepreneurial profit is added at 10%. This amount includes 10% builder / developer profit and land. The next step in the Cost Approach is the estimation of the depreciated replacement costs. The Cost Approach considers replacement costs of the improvements and is based upon typical construction costs for similar properties in the general area and published cost data, estimated accrued depreciation ascribable to the property and value of the underlying land. Four cost comparables were also reviewed. The cost comparables reported site improvements from \$4.62 to \$11.22 per square foot or \$4,877 to \$12,015 per unit. Building improvements or hard costs were reported between \$27.35 to \$32.95 per square foot or \$29,282 to \$33,837 per unit. Soft costs or indirect costs were reported from \$6.58 to \$12.13 per square foot or \$6,943 to \$12,989 per unit. The total cost per unit ranged from \$43,500 to \$55,039 or \$41.23 to \$53.60 per square foot. The Marshall Valuation Service reference is Section 12, page 14, Class D, Masonry and Veneer, Good Quality Residence at \$63.30 times a 1.03 current cost multiplier and a 0.82 local multiplier to reflect current costs of \$53.46 per square foot. The Marshall cost does not include profit, which would adjust the \$53.46 indication to \$58.81. Based on this information, the direct costs are estimated at \$60 per square foot with impact fees added at \$7,500 per unit. Accessory areas are added at \$250,000.

<b>Cost Approach Summary</b>				December 18, 2016	
<b>Ways Station Senior LIHTC Apartments</b>					
Main Buildings	\$60.00	93,690		5,621,400	
Site Improvements	\$7,500	81		607,500	
Accessory Buildings				250,000	
<b>Total Structures</b>					\$ 6,478,900
Subtotal, Main & Accessory Buildings				\$69.15	\$ 6,478,900
General Contractor Requirements		5.00%		323,945	
Subtotal					\$ 6,802,845
Builders Overhead		2.00%		\$136,057	
Arch - Design		2.00%		136,057	
Arch - Super		0.50%		34,014	
Bond Premium		0.50%		34,014	
Other Fees				25,000	
<b>Total Fees</b>					\$ 365,142
<b>Total for All Improvements / Direct Costs Per Sq.Ft.</b>				\$76.51	\$ 7,167,987
Estimated Construction Time		Construction Time		12	
Building Loan Term		Plus 2 Months		14	
Carrying Charges & Financing Interest	14 Months	7.50% Rate		\$313,599	
		\$7,167,987 Mortgage			
<b>Taxes &amp; Insurance During Construction</b>				\$25,000	
Mortgage Ins.	1.75%			125,440	
Exam / Inspect Fee	0.80%			57,344	
Financing Fee	5.00%			358,399	
Title & Record				25,000	
<b>Total Carrying Charges &amp; Finance</b>					\$ 904,782
Legal & Audit				\$25,000	
Builder's/Sponsors Profit (10%)				809,777	
Subtotal					\$ 834,777
Less Depreciation Physical		0	65	0.00%	\$ 0
Plus Land Value				\$12,346	\$ 1,000,000
<b>Total Estimated Cost</b>				\$95.07	\$ 9,907,547
<b>Cost Summary</b>					(R) \$ 9,900,000



## Income Capitalization Approach

### Rent Potential Analysis

In deriving a value estimate for the subject property from the Income Capitalization Approach, SCG has initially estimated market rental rates for the various type units which will be located within the subject property. Consideration has been given to rental data relative to competitive properties in the area considered to offer the best indication of economic rent levels for the subject apartment units. SCG has forecast market rents for the subject property as follows:

Unit Mix, Rental Structure and Breakdown				
Unit Quantity and Type	Size (SF)	Max LIHTC Rents	Current Rents	Market Rents
2 - 1 BR, 1.0 BA, GDN, 50%	874	\$519	\$510	\$650
7 - 1 BR, 1.0 BA, GDN, 60%	874	\$638	\$630	\$650
15 - 2 BR, 2.0 BA, GDN, 50%	1,192	\$609	\$600	\$750
57 - 2 BR, 2.0 BA, GDN, 60%	1,192	\$752	\$735	\$750
Totals / Averages (81 total units)	1,157	\$709.91	\$695.37	\$738.89

The subject's rental structure provides for the following services and utilities to be included in the rentals: (a) trash removal, (b) cold water, (c) sewer and (d) monthly exterminating. In estimating current economic rental levels for the subject's various type apartment units, Southeastern Consulting Group prepared an analysis of rental structures within comparable apartment communities located in the subject's market area. In analyzing the rental data, SCG considered various dissimilar features that influence rental rates. These factors include location, overall quality and condition, quality of interior finish and functional layout, quality and level of appliances furnished, unit sizes, utilities included in rent structures, property amenities, and overall market appeal. The rental data considered to provide the best indications of current market rental levels for the proposed subject apartment units is summarized on subsequent pages of this report. Most of the rent comparables are at least partially conventional apartments. Ways Station will have restricted rental rates due to the tax credits, with the rent comparables included to establish the range of market level rents in the subject market area. The rents at the lower end of the range are reflective of older properties that have limited amenity packages with the rents towards the upper end of the range generally being for newer complexes that have extensive amenity packages and tenant services.

## Tax Credit Rent Calculation

The subject development will be of similar construction to most of the newer complexes in the area and will have good overall market appeal. The rental rates at tax credit properties are established by statute and are based on family income. The maximum incomes and rents for each county in the metropolitan portion of a state are based on the 2016 median family income for that county. The 2016 median income for the Bryan County area is \$63,500. Refer to Novogradac calculations on the next two pages. The maximum number of people for a one-bedroom unit is 1.5 persons. These totals are then phased into a formula which derives the maximum rent to be charged for a particular unit type. A utility allowance is then subtracted to arrive at the maximum allowable rent. The calculations for the one, two and three-bedroom floor plans at Ways Station are shown on the chart below. The market rents are included on the following pages.

<b>Maximum Allowable Restricted Rents</b>		
<b>One-Bedroom Units (50% Income)</b>		
\$23,825 x 30% Divided by 12 Months	=	\$595
Less Utility Allowance	-	\$76
<b>Max Allowable LIHTC One-Bedroom Rent (50%)</b>	<b>=</b>	<b>\$519 (R)</b>
<b>One-Bedroom Units (60% Income)</b>		
\$28,590 x 30% Divided by 12 Months	=	\$714
Less Utility Allowance	-	\$76
<b>Max Allowable LIHTC One-Bedroom Rent (60%)</b>	<b>=</b>	<b>\$638 (R)</b>
<b>Two-Bedroom Units (50% Income)</b>		
\$28,600 x 30% Divided by 12 Months	=	\$715
Less Utility Allowance	-	\$106
<b>Max Allowable LIHTC One-Bedroom Rent (50%)</b>	<b>=</b>	<b>\$609 (R)</b>
<b>Two-Bedroom Units (60% Income)</b>		
\$34,320 x 30% Divided by 12 Months	=	\$858
Less Utility Allowance	-	\$106
<b>Max Allowable LIHTC One-Bedroom Rent (60%)</b>	<b>=</b>	<b>\$752 (R)</b>

# Rent & Income Limit Calculator ©

If you would like to engage Novogradac & Company LLP to calculate the rent & income limits for your property, please contact Thomas Stagg at [thomas.stagg@novoco.com](mailto:thomas.stagg@novoco.com).

You can view demographic information and a detailed list of affordable housing properties in [compsMART+](#).

Click on the  icons below to view historical charts.


## Project: Ways Station Richmond Hill

### Program and Location Information













### HUD Published Income Limits for 2016 (with no adjustments)

Display Income Limits



Hide Income Limits

Affordable Housing Program		IRS Section 42 Low-Income Housing Tax Credit (LIHTC)		Year (1)(2)		State		County		MSA		Persons / Bedroom		4-person AMI 		National Non-Metropolitan Median Income (3)(4)		HERA Special (5)		Hold Harmless (6)		Placed in Service Date (7)		Rent Floor Election (8)(9)		Section 8		
																										Extremely Low	Very Low	Low
																								HERA				
																										Special 50% MTSP 50%		
																										Charts		

**LIHTC Income Limits for 2016**  
 (Based on 2016 MTSP Income Limits)

	Charts	60.00%	50.00%	140.00%
<b>1 Person</b>		26,700	22,250	37,380
<b>2 Person</b>		30,480	25,400	42,672
<b>3 Person</b>		34,320	28,600	48,048
<b>4 Person</b>		38,100	31,750	53,340
<b>5 Person</b>		41,160	34,300	57,624
<b>6 Person</b>		44,220	36,850	61,908
<b>7 Person</b>		47,280	39,400	66,192
<b>8 Person</b>		50,340	41,950	70,476
<b>9 Person</b>		53,340	44,450	74,676
<b>10 Person</b>		56,400	47,000	78,960
<b>11 Person</b>		59,460	49,550	83,244
<b>12 Person</b>		62,460	52,050	87,444

**LIHTC Rent Limits for 2016**  
 (Based on 2016 MTSP/VLI Income Limits)

Bedrooms (People)	Charts	60.00%	50.00%	FMR	HOME Low Rent	HOME High Rent
<b>1 Bedroom (1.5)</b>		714	595	775	595	774
<b>2 Bedrooms (3.0)</b>		858	715	897	715	897

**LIHTC Rent Limits With Utility Allowance Reduction for 2016**  
 (Based on 2016 MTSP/VLI Income Limits)

Bedrooms (People)	60.00%	50.00%	U/A Entered by User
<b>1 Bedroom (1.5)</b>	638	519	76
<b>2 Bedrooms (3.0)</b>	752	609	106



## Rent Comparable Number 1



Cobblestone  
 101 St. George Blvd  
 Savannah, Georgia 31419

Date of Survey: September 2016

Condition: Average

Year Built: 1988

Units / Occupancy: 220 Units / 92.27%  
 Vacants: 17 Vacant Units

UNIT MIX AND RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent / Month	Base Rent / SF
36 - 1 BR, 1.0 BA, GDN	539	\$725	\$1.35
66 - 1 BR, 1.0 BA, GDN	713	\$790	\$1.10
30 - 2 BR, 1.0 BA, GDN	875	\$875	\$1.00
88 - 2 BR, 2.0 BA, GDN	1,000	\$910	\$0.91

**Management** JARS Residential

**Phone** 912-927-0930

**Utilities Furnished** Trash removal and pest control.

**Amenities** Swimming pool, picnic area, fitness equipment, playground, laundry facility clubhouse, tennis and business center.

**Kitchen Equipment** Frost-free refrigerator, dishwasher, disposal, and stove. Washer / dryer connections in all units.

**Premiums** Garages are available.

**Concessions** None.

## Rent Comparable Number 2



Georgetown Woods  
 1 St. George Boulevard  
 Savannah, Georgia 31419

Date of Survey: September 2016

Condition: Average

Year Built: 1999

Units / Occupancy: 144 Units / 97.9%

Vacants: 3 Vacant Units

UNIT MIX AND RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent / Month	Base Rent / SF
48 - 1 BR, 1.0 BA, GDN	850	\$820	\$0.97
48 - 2 BR, 2.0 BA, GDN	1,103	\$950	\$0.86
48 - 3 BR, 2.0 BA, GDN	1,321	\$1,321	\$0.83

- Management** Charles Hendricks
- Phone / Source** 912-920-4100
- Utilities Furnished** Trash removal and Pest control.
- Amenities** Swimming pool, picnic area, fitness equipment, laundry facility, and clubhouse.
- Kitchen Equipment** Frost-free refrigerator, dishwasher, disposal, microwave and stove. Washer / dryer connections in all units.
- Premiums** Garages are available.
- Concessions** None.

## Rent Comparable Number 3



Waterford Plantation Apartments  
 100 St. George Blvd  
 Savannah, Georgia 31419

Date of Survey: September 2016

Condition: Average

Year Built: 1987

Units / Occupancy: 104 Units / 94.2

Vacants: 6 Vacant Units

UNIT MIX AND RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent / Month	Base Rent / SF
14 - 1 BR, 1.0 BA, GDN	856	\$790	\$0.92
14 - 1 BR, 1.0 BA, GDN	875	\$790	\$0.90
32 - 2 BR, 2.0 BA, GDN	1,012	\$890	\$0.88
16 - 2 BR, 2.0 BA, GDN	1,105	\$910	\$0.82
16 - 2 BR, 2.0 BA, GDN	1,202	\$930	\$0.77
12 - 3 BR, 2.0 BA, GDN	1,465	\$1,090	\$0.74

**Management** Charles Hendricks

**Phone / Source** 912-925-3873

**Utilities Furnished** Trash removal and pest control.

**Amenities** Playground, Tennis, Pool, Business Center and laundry facility.

**Kitchen Equipment** Frost-free refrigerator, dishwasher, disposal, and stove. Washer / dryer connections in units.

**Premiums** None.

**Concessions** None.

## Rent Comparable Number 4



King's Colony Apartments  
 1425 King George Boulevard, #1A  
 Savannah, Georgia 31419

Date of Survey: October 2016

Condition: Average

Year Built: 2000 / 2007

Units / Occupancy: 128 Units / 97.65%  
 Vacants: 3 Vacant Units

UNIT MIX AND RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent / Month	Base Rent / SF
29 - 1 BR, 1.0 BA, Studio	288	\$519	\$1.82
53 - 1 BR, 1.0 BA, GDN	576	\$644	\$1.11
3 - 2 BR, 1.0 BA, GDN	864	\$709	\$0.82
4 - 2 BR, 2.0 BA, GDN	864	\$719	\$0.83

**Management**           Elon Property Management

**Phone / Source**       912-303-8411a

**Utilities Furnished**   Trash removal and pest control.

**Amenities**             Playground and laundry facility.

**Kitchen Equipment**   Frost-free refrigerator and stove.

**Premiums**             None.

**Concessions**         None.



## Rent Comparable Number 5



Crown Villas Apartments  
 1201 King George Blvd  
 Richmond Hill, Blount County, Tennessee  
 37803

Date of Survey: October 2016

Condition: Average

Year Built: 1978

Units / Occupancy: 90 Units / 98.09 %  
 Vacants: Vacant Units 1 vacant

UNIT MIX AND RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent / Month	Base Rent / SF
24 - 1 BR, 1.0 BA, GDN	647	\$650	\$1.00
32 - 2 BR, 1.0 BA, GDN	813	\$715	\$0.88
22 - 2 BR, 1.5 BA, GDN	1,135	\$770	\$0.68
12 - 3 BR, 2.5 BA, GDN	1,222	\$830	\$0.68

**Management** Southern Development Columbia SC

**Phone / Source** 912-925-8035

**Utilities Furnished** Trash removal, water, sewer and pest control.

**Amenities** Swimming pool, picnic area, laundry facility, and clubhouse.

**Kitchen Equipment** Frost-free refrigerator, dishwasher, disposal, microwave and stove. Washer / dryer connections in units.

**Premiums** None

**Concessions** None.

## Rent Comparable Number 6



Georgetown Crossing Apartments  
 1015-A King George Blvd  
 Savannah, Georgia 31418

Date of Survey: October 2016

Condition: Average

Year Built: 1994

Units / Occupancy: 168 Units / 95.8%

Vacants: 7 Vacant Units

UNIT MIX AND RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent / Month	Base Rent / SF
1 BR, 1.0 BA, GDN	882	\$815	\$0.93
2 BR, 2.0 BA, GDN	1,132	\$900	\$0.81

**Management** Avison Young, Toronto

**Phone / Source** 912-920-1915

**Utilities Furnished** Trash removal.

**Amenities** None.

**Kitchen Equipment** Frost-free refrigerator and stove. Washer / dryer connections in all units.

**Premiums** None

**Concessions** None.

## Rent Comparable Number 7



Trellis Apartments  
 18 Brasseler Blvd  
 Savannah, Georgia 31419

Date of Survey: October 2016

Condition: Average

Year Built: 2009

Units / Occupancy: 264 Units / 91.7%

Vacants: 22 Vacant Units

UNIT MIX AND RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent / Month	Base Rent / SF
60 - 1 BR, 1.0 BA, GDN	768	\$875	\$1.13
54 - 1 BR, 1.0 BA, GDN	892	\$925	\$1.03
48 - 2 BR, 2.0 BA, GDN	1,146	\$1,140	\$0.99
48 - 2 BR, 2.0 BA, GDN	1,171	\$1,171	\$0.96
54 - 3 BR, 2.0 BA, GDN	1,386	\$1,386	\$0.88

**Management** Carroll Companies, Atlanta

**Phone / Source** 912-210-5709

**Utilities Furnished** Trash removal and pest control.

**Amenities** Pool, Fitness, Playground Laundry facility.

**Kitchen Equipment** Frost-free refrigerator, dishwasher, and stove.

**Premiums** None.

**Concessions** None.

**Remarks** None

## Rent Comparable Number 8



Fords Pointe  
 1000 Fords Point Circle  
 Savannah, Georgia 31419

Date of Survey: October 2016

Condition: Average

Year Built: 2002

Units / Occupancy: 260Units / 84.6%  
 Vacants: 40 Vacant Units

UNIT MIX AND RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent / Month	Base Rent / SF
24 - 1 BR, 1.0 BA, TH	790	\$875	\$1.11
50 - 2 BR, 1.5 BA, TH	1,154	\$940	\$0.82
48 - 2 BR, 2.0 BA, TH	1,074	\$900	\$0.85
90 - 2 BR, 2.5 BA, TH	1,181	\$950	\$0.81
48- 3 BR, 2.5 BA, TH	1,491	\$1,345	\$0.90

**Management** Palms Associates

**Phone / Source** 912-920-8900

**Utilities Furnished** Trash removal and pest control.

**Amenities** Swimming pool, picnic area, fitness equipment, laundry facility, and clubhouse.

**Kitchen Equipment** Frost-free refrigerator, dishwasher, disposal, microwave and stove. Washer / dryer connections in all units.

**Premiums** None

**Concessions** None



## Competitive Analysis One-Bedroom Rentals

The monthly rents at the competitive properties are summarized in the chart below. The rent comparables range from \$644 to \$925 per month. Based on the comparable rents, the developer proposed rent for the one-bedroom floor plan is within the range at \$500 to \$530 and are shown in the chart below. SCG adopted a one-bedroom market rent of \$650 per month.

One-Bedroom Rentals				
Index # & Project	Sq. Ft.	Baths	Rent	Per SF
1. Cobblestone	539	1.0	\$725	\$1.35
	713	1.0	\$790	\$1.10
2. Georgetown Woods	850	1.0	\$820	\$0.97
3. Waterford Plantation	856	1.0	\$790	\$0.92
	875	1.0		\$0.90
4. Kings Colony	576	1.0	\$644	\$1.11
5. Crown Villas	647	1.0	\$650	\$1.00
6. Georgetown Crossing	882	1.0	\$815	\$0.93
7. Trellis	768	1.0	\$875	\$1.13
	892	1.0	\$925	\$1.03
8. Fords Pointe	790	1.0	\$875	\$1.11
S. Subject - Market Rent	874	1.0	\$650	\$0.74
S. Subject Proposed Rents 50%	874	1.0	\$510	\$0.58
S. Subject Proposed Rents 60%	874	1.0	\$530	\$0.61
S. Subject - Max 50% Rent	874	1.0	\$519	\$0.59
S. Subject - Max 60% Rent	874	1.0	\$638	\$0.73
Source: Southeastern Consulting Group Field Survey				

The one bedroom tax credit units at Ashleigh Place are \$475 to \$565 for a 700 sf unit. Ashton has a 770 sf unit that rents for \$576 per month which brackets the proposed subject rents at \$510 and \$530.

## Competitive Analysis Two-Bedroom Rentals

The monthly rents at the competitive properties are summarized in the chart below. The rent comparables range from \$709 to \$1,171 per month. Based on the comparable rents, the developer proposed rent for the two-bedroom floor plan is within the range at \$600 to \$735 and are shown in the chart below. SCG adopted a two-bedroom market rent of \$750 per month.

Two-Bedroom Rentals				
Index # & Project	Sq. Ft.	Baths	Rent	Per SF
1. Cobblestone	875	1.0	\$875	\$1.00
	1,000	2.0	\$910	\$0.91
2. Georgetown Woods	1,103	2.0	\$950	\$0.86
3. Waterford Plantation	1,012	2.0	\$890	\$0.88
	1,105	2.0	\$910	\$0.82
	1,202	2.0	\$930	\$0.77
4. Kings Colony	864	1.0	\$709	\$0.82
	864	2.0	\$719	\$0.83
5. Crown Villas	813	1.0	\$715	\$0.88
	1,135	1.5	\$770	\$0.68
6. Georgetown Crossing	1,132	2.0	\$900	\$0.81
7. Trellis	1,146	2.0	\$1,140	\$0.99
	1,171	2.0	\$1,171	\$0.96
8. Fords Pointe	1,074	2.0	\$900	\$0.85
S. Subject - Market Rent	1,192	2.0	\$750	\$0.63
S. Subject Proposed Rents 50%	1,192	2.0	\$600	\$0.50
S. Subject Proposed Rents 60%	1,192	2.0	\$735	\$0.62
S. Subject - Max 50% Rent	1,192	2.0	\$609	\$0.51
S. Subject - Max 60% Rent	1,192	2.0	\$752	\$0.63
Source: Southeastern Consulting Group Field Survey				

## Other Income

Apartment communities derive miscellaneous revenue from such sources as laundry income, deposit forfeitures, application fees and late fee / non-sufficient fund (NSF) charges. An amount of \$2.50 per unit is forecast for laundry income. Based on the comparables, security forfeitures are added at \$2.00 per month. Application fees are added at \$1.50 per unit per month. Miscellaneous other income has been forecast at an amount of \$3.00 per unit per month. Other income at Ways Station is estimated at \$17.50. **Other income estimates are based upon actual collections with vacancy and collection loss not deducted.**

Other Income / Unit / Month							
ID	Laundry/ Vending	Sec. Forf.	App. Fees	Late Fees / NSF	Pet Fees	Misc. Other	Total
Comparable #1	\$0.23	\$0.78	\$1.65	\$8.84	\$1.97	\$4.59	\$18.07
Comparable #2	\$0.01	\$0.00	\$1.50	\$8.80	\$0.00	\$9.21	\$19.53
Comparable #3	\$0.00	\$0.00	\$0.64	\$4.75	\$0.06	\$4.56	\$10.01
Forecast	\$2.50	\$2.00	\$1.50	\$7.50	\$1.00	\$3.00	\$17.50

## Gross Potential Income

The as restricted income projections as of the date of the appraisal, December 18, 2016.

Income Projections - Restricted						
Unit Type	No. of Units	Sq. Ft. NRA	Max LIHTC Rent	Adj. Factor	Current Rent	Monthly Income
1 BR, 1.0 BA, GDN, 50%	2	874	\$519.00	0.983	\$510.00	\$1,020.00
1 BR, 1.0 BA, GDN, 60%	7	874	\$638.00	0.987	\$630.00	\$4,410.00
2 BR, 2.0 BA, GDN, 50%	15	1,192	\$609.00	0.985	\$600.00	\$9,000.00
2 BR, 2.0 BA, GDN, 60%	57	1,192	\$752.00	0.977	\$735.00	\$41,895.00
Totals / Averages	81	1,157	\$709.91	0.980	\$695.37	\$56,325.00
Misc. Income	\$15.00 Per Unit Per Month X 81 Units					\$1,215.00
Laundry Income	\$2.50 Per Unit Per Month X 81 Units					\$202.50
Total Monthly Income	\$712.87 Per Unit					\$57,742.50
Total Annual Income	\$8,554.44 Per Unit					\$692,910.00

## Gross Potential Income / Restricted

Based upon these assumptions, the market income projection is presented in the following chart.

Market Income Projections						
Unit Type	No. of Units	Sq. Ft. NRA	Max LIHTC Rent	Adj. Factor	Current Rent	Monthly Income
1 BR, 1.0 BA, GDN, 50%	2	874	\$519.00	1.252	\$650.00	\$1,300.00
1 BR, 1.0 BA, GDN, 60%	7	874	\$638.00	1.019	\$650.00	\$4,550.00
2 BR, 2.0 BA, GDN, 50%	15	1,192	\$609.00	1.232	\$750.00	\$11,250.00
2 BR, 2.0 BA, GDN, 60%	57	1,192	\$752.00	0.997	\$750.00	\$42,750.00
Totals / Averages	81	1,157	\$709.91	1.041	\$738.89	\$59,850.00
Misc. Income	\$15.00 Per Unit Per Month X 120 Units					\$1,215.00
Laundry Income	\$2.50 Per Unit Per Month X 120 Units					\$202.50
Total Monthly Income	\$756.34 Per Unit					\$61,267.50
Total Annual Income	\$9,076.67 Per Unit					\$735,200.00

## Credit, Collection, and Vacancy Loss

Interest rates have again started to increase. This will hurt the real estate market. Existing home sales will level off. The labor markets have shown slow, but steady improvement. Growth was only able to nudge the unemployment rate down. The Bryan County area, with a mix of trade and transportation, health care, retail trade, manufacturing and technology, has experienced slow economic advancement in recent years. **As of October 2016, the unemployment rate for Bryan County was 4.8%, while the State of Georgia unemployment was at 5.2% and the national rate was 4.9%.** Most recessions are relatively short in duration and have modest effects on long-term patterns of economic performance. The Great Recession is an exception. The recession that began in December 2007 was the longest and deepest economic downturn since the Great Depression. While the recession has ended, many measures of economic performance-including employment and unemployment-continue to show only slow improvement. Georgia's economic outlook mirrors the nations. Non-farm employment will continue to grow as will manufacturing employment will continue to grow, but the pace of growth will slow because the state's industrial sector has in instances surpassed pre-recession levels of production.



## Credit, Collection, and Vacancy Loss (continued)

The 1,339 total units had 105 vacants for a weighted overall average occupancy of 92.16%. Which was pulled down by Kings Colony and Fords Pointe. SCG has forecast frictional vacancy at 5% for an occupancy rate of 95.00%.

Competing Rental Properties					
No.	Complex	Total Units	Year Built	Vacants	% Occupied
1	Cobblestone	220	1988	17	92.27%
2	Georgetown Woods	144	1999	3	97.90%
3	Waterford Plantation	104	1987	6	94.23%
4	Kings Colony	89	1987	9	89.90%
5	Crown Villas	90	1978	1	98.90%
6	Georgetown Crossing	168	1994	7	95.80%
7	Trellis	264	2009	22	91.67%
8	Fords Pointe	260	2002	40	84.60%

Source: Southeastern Consulting Group Survey




Ways Station should attain a stabilized occupancy level of around 95.0%.

The income and vacancy loss forecast for Ways Station assumes the previously referenced market rents are effective.

Properties in the area also experience credit and collection losses which vary from 1.0% to 3.0% with the expense comparables at less than 1.0%. Based on the subject and comparables, credit and collection loss is included at an additional 2.0%.

**The 7.0% overall or total vacancy and rent loss factor includes 5.0% for vacancy loss, 2.0% credit and collection loss, or a 93.0% overall occupancy rate.**

# Expense Analysis

SELECTED METROPOLITAN AREAS - U.S.A.				MEDIAN INCOME AND OPERATING COSTS								
	 SARASOTA, FL GARDEN TYPE BUILDINGS				 SAVANNAH, GA LOW RISE OVER 24 UNITS				 SAVANNAH, GA GARDEN TYPE BUILDINGS			
	4 BLDGS.		1,116 APTS.		5 BLDGS.		572 APTS.		4 BLDGS.		274 APTS.	
	1,177,282 SQ. FT.				566,320 SQ. FT.				364,213 SQ. FT.			
	BLDGS	%GPI MED	\$/SQFT MED	\$/UNIT MED	BLDGS	%GPI MED	\$/SQFT MED	\$/UNIT MED	BLDGS	%GPI MED	\$/SQFT MED	\$/UNIT MED
<b>INCOME</b>												
RENTS-APARTMENTS	( 4 )	92.2 %	12.40	14528	( 5 )	97.8 %	5.80	6348	( 4 )	97.1 %	5.92	8421
RENTS-GARAGE/PARKING	( 1 )	1.1	.18	186	( 1 )	.0	.00	0	( )			
RENTS-STORES/OFFICES	( )				( )				( )			
GROSS POSSIBLE RENTS	( 4 )	92.2 %	12.40	14528	( 5 )	97.8 %	5.80	6348	( 4 )	97.1 %	5.92	8421
CONCESSIONS	( 4 )	.7	.05	50	( 1 )	4.3	.73	759	( 4 )	.8	.06	70
VACANCIES/RENT LOSS	( 4 )	8.9	1.13	1149	( 1 )	14.9	2.52	2606	( 4 )	8.7	.53	899
TOTAL RENTS COLLECTED	( 4 )	84.0	11.59	13057	( 5 )	97.8	5.80	6348	( 4 )	88.3	5.38	7237
OTHER INCOME	( 4 )	10.1	1.39	1624	( 5 )	2.2	.14	129	( 4 )	4.2	.22	287
GROSS POSSIBLE INCOME	( 4 )	100.0 %	13.79	16153	( 5 )	100.0 %	5.92	6477	( 4 )	100.0 %	6.09	8669
TOTAL COLLECTIONS	( 4 )	94.1	12.98	14036	( 5 )	100.0	5.92	6477	( 4 )	91.1	5.55	7460
<b>EXPENSES</b>												
MANAGEMENT FEE	( 4 )	2.8	.37	387	( 5 )	6.6	.42	427	( 4 )	7.1	.36	483
OTHER ADMINISTRATIVE**	( 4 )	3.0	.43	450	( 5 )	4.2	.25	274	( 4 )	12.1	.67	891
SUBTOTAL ADMINIST.	( 4 )	5.5 %	.80	838	( 5 )	10.8 %	.64	702	( 4 )	16.1 %	1.04	1392
<b>SUPPLIES</b>												
HEATING FUEL-CA ONLY*	( 3 )	.1	.01	13	( 5 )	2.0	.13	100	( 4 )	3.7	.19	250
CA & APTS.*	( 1 )	.0	.00	1	( )				( )			
ELECTRICITY-CA ONLY*	( 3 )	1.0	.15	163	( 4 )	2.5	.16	159	( 4 )	2.7	.14	249
CA & APTS.*	( 1 )	2.0	.15	147	( 1 )	9.3	1.57	1627	( )			
WATER/SEWER-CA ONLY*	( 3 )	3.5	.44	448	( 4 )	.6	.03	37	( 3 )	.4	.02	36
CA & APTS.*	( 1 )	8.1	.60	611	( 1 )	.2	.02	12	( 1 )	5.7	.45	494
GAS-----CA ONLY*	( 1 )	.1	.02	21	( 1 )	.1	.01	13	( )			
CA & APTS.*	( )				( )				( )			
BUILDING SERVICES	( 3 )	.5	.06	66	( 5 )	2.2	.13	129	( 4 )	.7	.04	64
OTHER OPERATING	( )				( 3 )	2.7	.16	139	( 3 )	.3	.02	31
SUBTOTAL OPERATING	( 4 )	7.6 %	.75	760	( 5 )	12.1 %	.70	679	( 4 )	6.8 %	.41	556
SECURITY**	( 1 )	.0	.00	4	( 1 )	.0	.00	1	( 3 )	.0	.00	0
GROUNDS MAINTENANCE**	( 4 )	2.2	.34	353	( 5 )	6.5	.42	457	( 4 )	3.3	.20	287
MAINTENANCE-REPAIRS	( 4 )	3.8	.59	610	( 5 )	3.3	.20	215	( 4 )	4.5	.25	368
PAINING/DECORATING**	( 4 )	1.8	.17	202	( 5 )	.5	.03	23	( 4 )	.9	.06	74
SUBTOTAL MAINTENANCE	( 4 )	6.6 %	1.04	1094	( 5 )	9.9 %	.65	715	( 4 )	8.3 %	.51	778
REAL ESTATE TAXES	( 4 )	8.9	1.19	1398	( 5 )	8.1	.48	521	( 3 )	6.3	.49	541
OTHER TAX/FEE/PERMIT	( 4 )	.3	.02	22	( 2 )	.0	.00	1	( 2 )	.0	.00	2
INSURANCE	( 4 )	3.8	.48	490	( 5 )	4.1	.24	260	( 4 )	5.9	.36	482
SUBTOTAL TAX-INSURANCE	( 4 )	13.0 %	1.67	1958	( 5 )	12.1 %	.72	785	( 4 )	13.3 %	.82	1087
RECREATNL/AMENITIES**	( 3 )	.1	.01	7	( 1 )	.2	.04	42	( 3 )	1.5	.08	111
OTHER PAYROLL	( 1 )	4.3	.59	693	( )				( 4 )	16.0	.97	1310
TOTAL ALL EXPENSES	( 4 )	34.7 %	4.46	4696	( 5 )	44.5 %	2.63	2882	( 4 )	60.3 %	3.88	5129
NET OPERATING INCOME	( 4 )	56.5 %	7.60	8906	( 5 )	52.8 %	3.29	3595	( 4 )	34.4 %	2.09	2812
PAYROLL RECAP**	( 4 )	10.7	1.36	1383	( 5 )	18.6	1.10	1206	( 4 )	19.2	1.24	1573

## Fixed Expenses

1. **Real Estate Taxes** - The property will be subject to ad valorem taxation by Richmond Hill and Bryan County. The estimated ad valorem taxes have been previously calculated on page 41 at \$614.81 per unit, which has been adopted and is summarized as follows:

Estimated Ad Valorem Taxes - As Complete	
100% Tax Value (\$55,000 / Unit)	\$4,455,000
Times Tennessee Ratio	x 40%
Estimated Times 2016 Millage Rate per \$100 of Assessed Value	x \$2.7946
Ad Valorem Taxes (\$614.81)	\$49,799.77

2. **Other Taxes and Assessments** - Included at \$25.00 per unit.
3. **Insurance** - The insurance expense for the comparable properties ranged from \$55.86 to \$144.05 per unit annually. An amount of \$250.00 per unit has been forecast for the subject for both restricted and unrestricted, based on the size of the complex.

Item 3 - Insurance			
Year - Complex	Per Unit	Per Sq. Ft.	% of GPI
2015 - LIHTC Confidential #1	\$138.76	\$0.15	1.56%
2015 - LIHTC Confidential #2	\$129.49	\$0.11	1.94%
2015 - LIHTC Confidential #3	\$55.86	\$0.06	1.27%
2015 - LIHTC Confidential #4	\$131.11	\$0.12	2.06%
2015 - LIHTC Confidential #5	\$141.05	\$0.16	1.91%
2015 - LIHTC Confidential #6	\$111.48	\$0.11	1.47%
2016 - Ways Station As Restricted	\$250.00	\$0.22	2.92%
2016 - Ways Station At Market	\$250.00	\$0.22	2.75%

## Operational Expenses

Utility Expenses at Ways Station will include cold water and sewer for common areas and tenant usage. The subject will pay electricity for common areas only. The IREM Survey has been reviewed, as well as six expense comparables, with each expense itemized in the analysis which follows:

7. **Natural Gas** - The subject is total electric; no amount has been forecast for this expense.
8. **Electricity** - The annual electricity expense for the comparable properties ranged from \$144.05 to \$230.06 per unit annually. An amount of \$200.00 per unit has been forecast for both restricted and unrestricted for electricity.

Item 8 - Electricity			
Year - Complex	Per Unit	Per Sq. Ft.	% of GPI
2015 - LIHTC Confidential #1	\$272.82	\$0.30	3.07%
2015 - LIHTC Confidential #2	\$204.86	\$0.17	3.07%
2015 - LIHTC Confidential #3	\$85.96	\$0.08	1.96%
2015 - LIHTC Confidential #4	\$163.23	\$0.16	2.57%
2015 - LIHTC Confidential #5	\$260.22	\$0.29	3.53%
2015 - LIHTC Confidential #6	\$232.02	\$0.24	3.06%
2015 - Ways Station As Restricted	\$200.00	\$0.17	2.34%
2015 - Ways Station At Market	\$200.00	\$0.17	2.20%

9. **Water and Sewer** - The annual water and sewer expense for the comparable properties ranged from \$128.10 to \$966.04 per unit. Water and sewer usage can vary dramatically from property to property depending on the type of fixtures utilized and whether or not the units are individually metered. The lowest expense comp is master metered. Ways Station will provide cold water and sewer for tenants and common areas. An amount of \$500.00 per unit has been forecast for this expense for both restricted and unrestricted.



## Operational Expenses (continued)

Item 9 - Water and Sewer			
Year - Complex	Per Unit	Per Sq. Ft.	% of GPI
2015 - LIHTC Confidential #1	\$21.20	\$0.02	0.24%
2015 - LIHTC Confidential #2	\$389.79	\$0.32	5.84%
2015 - LIHTC Confidential #3	\$381.92	\$0.38	8.71%
2015 - LIHTC Confidential #4	\$273.61	\$0.26	4.31%
2015 - LIHTC Confidential #5	\$360.50	\$0.41	4.88%
2015 - LIHTC Confidential #6	\$144.83	\$0.15	1.91%
2016 - Ways Station As Restricted	\$500.00	\$0.43	5.84%
2016 - Ways Station At Market	\$500.00	\$0.43	5.51%

10. **Trash Removal** - The comparable properties reported this expense at amounts ranging from \$51.86 to \$149.07 per unit. An amount \$75.00 per unit has been forecast for both restricted and unrestricted.

Item 10 - Trash Removal			
Year - Complex	Per Unit	Per Sq. Ft.	% of GPI
2015 - LIHTC Confidential #1	\$67.84	\$0.07	0.76%
2015 - LIHTC Confidential #2	\$121.14	\$0.10	1.81%
2015 - LIHTC Confidential #3	\$49.99	\$0.05	1.14%
2015 - LIHTC Confidential #4	\$42.02	\$0.04	0.66%
2015 - LIHTC Confidential #5	\$83.66	\$0.09	1.13%
2015 - LIHTC Confidential #6	\$81.75	\$0.08	1.08%
2016 - Ways Station As Restricted	\$75.00	\$0.06	0.88%
2016 - Ways Station At Market	\$75.00	\$0.06	0.83%

11. **Pest Control** - The comparable properties reported this expense at amounts ranging from \$9.92 to \$42.18 per unit. Based on the comparables, the pest control expense is estimated at an amount of \$30.00 per unit for both restricted and unrestricted.

## Operational Expenses (continued)

Item 11 - Pest Control			
Year - Complex	Per Unit	Per Sq. Ft.	% of GPI
2015 - LIHTC Confidential #1	\$47.66	\$0.05	0.54%
2015 - LIHTC Confidential #2	\$34.76	\$0.03	0.52%
2015 - LIHTC Confidential #3	\$9.82	\$0.01	0.22%
2015 - LIHTC Confidential #4	\$25.67	\$0.02	0.40%
2015 - LIHTC Confidential #5	\$50.92	\$0.06	0.69%
2015 - LIHTC Confidential #6	\$55.95	\$0.06	0.74%
2016 - Ways Station As Restricted	\$30.00	\$0.02	0.35%
2016 - Ways Station At Market	\$30.00	\$0.02	0.33%

12. **Building Maintenance and Repairs** - This expense for the comparable properties ranged from \$42.84 to \$276.46 per unit annually. Based on this, SCG has forecast this expense at a typical stabilized amount of \$250.00 per unit for both restricted and unrestricted.

Item 12 - Building Maintenance and Repair			
Year - Complex	Per Unit	Per Sq. Ft.	% of GPI
2015 - LIHTC Confidential #1	\$303.93	\$0.33	3.42%
2015 - LIHTC Confidential #2	\$242.78	\$0.20	3.64%
2015 - LIHTC Confidential #3	\$293.03	\$0.29	6.69%
2015 - LIHTC Confidential #4	\$129.84	\$0.12	2.04%
2015 - LIHTC Confidential #5	\$519.17	\$0.59	7.03%
2015 - LIHTC Confidential #6	\$300.50	\$0.31	3.96%
2016 - Ways Station As Restricted	\$250.00	\$0.22	2.92%
2016 - Ways Station At Market	\$250.00	\$0.22	2.75%

13. **Turnover** - This expense for the comparable properties ranged from \$12.10 to \$468.50 per unit annually. SCG has estimated this expense item at \$150.00 per unit, with an additional \$25.00 each to Cleaning Expenses (Item 14) and Supplies (Item 15).

## Operational Expenses (continued)

Item 13 - Turnover			
Year - Complex	Per Unit	Per Sq. Ft.	% of GPI
2015 - LIHTC Confidential #1	\$100.03	\$0.11	1.13%
2015 - LIHTC Confidential #2	\$36.69	\$0.03	0.55%
2015 - LIHTC Confidential #3	\$158.34	\$0.16	3.61%
2015 - LIHTC Confidential #4	\$129.97	\$0.12	2.05%
2015 - LIHTC Confidential #5	\$502.22	\$0.57	6.80%
2015 - LIHTC Confidential #6	\$245.65	\$0.25	3.24%
2016 - Ways Station As Restricted	\$150.00	\$0.11	1.75%
2016 - Ways Station At Market	\$150.00	\$0.11	1.65%

14. **Cleaning Expenses** - None of the expense comparables reported this item separately. Based on the discussion under Item 13, \$25.00 has been forecast for this item.
15. **Supplies** - None of the expense comparables reported this item separately. Based on the discussion under Item 13, \$25.00 has been forecast for this item.
19. **Grounds** - This expense for the comparable properties was \$16.25 to \$175.94 per unit annually. Based on the expense comparables and the subject's landscaped area, an amount of \$125.00 per unit has been forecast for this expense for both restricted and unrestricted.

Item 19 - Grounds			
Year - Complex	Per Unit	Per Sq. Ft.	% of GPI
2015 - LIHTC Confidential #1	\$120.63	\$0.13	1.36%
2015 - LIHTC Confidential #2	\$77.04	\$0.06	1.15%
2015 - LIHTC Confidential #3	\$70.89	\$0.06	1.15%
2015 - LIHTC Confidential #4	\$301.55	\$0.29	4.75%
2015 - LIHTC Confidential #5	\$97.89	\$0.11	1.33%
2015 - LIHTC Confidential #6	\$159.67	\$0.16	2.11%
2016 - Ways Station As Restricted	\$125.00	\$0.11	1.46%
2016 - Ways Station At Market	\$125.00	\$0.11	1.38%

## Operational Expenses (continued)

20. **Management** - This expense level is typically a function of the effective gross income. Southeastern Consulting Group estimated this expense to be \$398.52 per unit for restricted and \$422.80 per unit for unrestricted or 5.00% of effective gross income.
21. **Administrative Payroll** - This expense for the comparable properties reporting this expense were \$241.17 to \$540.01 per unit annually. SCG has forecast for the administrative payroll at \$291.67 total per unit for both restricted and unrestricted or \$35,000 per year.

Item 21 - Administrative Payroll			
Year - Complex	Per Unit	Per Sq. Ft.	% of GPI
2015 - LIHTC Confidential #1	\$469.91	\$0.51	5.29%
2015 - LIHTC Confidential #2	\$441.54	\$0.36	6.61%
2015 - LIHTC Confidential #3	\$192.39	\$0.19	4.39%
2015 - LIHTC Confidential #4	\$547.31	\$0.52	8.62%
2015 - LIHTC Confidential #5	\$535.98	\$0.60	7.26%
2015 - LIHTC Confidential #6	\$332.58	\$0.34	4.39%
2016 - Ways Station As Restricted	\$432.10	\$0.37	5.05%
2016 - Ways Station At Market	\$432.10	\$0.37	5.05%

22. **Administrative Apartment Allowance** - None.
23. **Maintenance Payroll** - The maintenance payroll comparables ranged from \$354.47 to \$462.32 per unit. SCG has forecast the maintenance payroll at \$35,000 per year.

Item 23 - Maintenance Payroll			
Year - Complex	Per Unit	Per Sq. Ft.	% of GPI
2015 - LIHTC Confidential #1	\$353.67	\$0.38	3.98%
2015 - LIHTC Confidential #2	\$258.74	\$0.21	3.88%
2015 - LIHTC Confidential #3	\$243.48	\$0.24	5.56%
2015 - LIHTC Confidential #4	\$502.36	\$0.48	7.91%
2015 - LIHTC Confidential #5	\$156.25	\$0.18	2.12%
2015 - LIHTC Confidential #6	\$159.67	\$0.16	2.11%
2016 - Ways Station As Restricted	\$432.10	\$0.37	5.05%
2016 - Ways Station At Market	\$432.10	\$0.37	4.76%



## Operational Expenses (continued)

24 & 25. **Maintenance Apartment Allowance and Security** - None.

30. **Employee Taxes / Benefits** - This expense for the reporting comparables ranged from \$0.00 to \$156.15 per unit. Approximately 20% of estimated salaries or \$172.84 per unit is estimated for this expense for both restricted and unrestricted.

Item 30 - Employee Taxes & Benefits			
Year - Complex	Per Unit	Per Sq. Ft.	% of GPI
2015 - LIHTC Confidential #1	\$212.82	\$0.23	2.40%
2015 - LIHTC Confidential #2	\$45.39	\$0.04	0.68%
2015 - LIHTC Confidential #3	\$95.05	\$0.09	2.17%
2015 - LIHTC Confidential #4	\$298.19	\$0.28	4.70%
2015 - LIHTC Confidential #5	\$161.78	\$0.18	2.19%
2015 - LIHTC Confidential #6	\$127.72	\$0.13	1.68%
2016 - Ways Station As Restricted	\$172.84	\$0.15	2.02%
2016 - Ways Station At Market	\$172.84	\$0.15	1.90%

31. **Advertising** - The comparables expense ranged from \$33.93 to \$96.75 per unit annually. SCG has estimated an amount of \$25.00 per unit for restricted and \$100.00 per unit for unrestricted, which appears to be adequate for a newer LIHTC property.

Item 31 - Advertising			
Year - Complex	Per Unit	Per Sq. Ft.	% of GPI
2015 - LIHTC Confidential #1	\$51.61	\$0.06	0.58%
2015 - LIHTC Confidential #2	\$82.39	\$0.07	1.23%
2015 - LIHTC Confidential #3	\$28.83	\$0.03	0.66%
2015 - LIHTC Confidential #4	\$18.73	\$0.02	0.30%
2015 - LIHTC Confidential #5	\$29.39	\$0.03	0.40%
2015 - LIHTC Confidential #6	\$42.64	\$0.04	0.56%
2016 - Ways Station As Restricted	\$25.00	\$0.02	0.29%
2016 - Ways Station At Market	\$100.00	\$0.09	1.10%

32. **Telephone** - The comparables reported this item at \$31.10 to \$43.90 per unit. Based on the comparables, an amount of \$25.00 per unit has been forecast for this expense.

## Operational Expenses (continued)

33. **Legal / Audit** - The expense comparables reported this expense ranging from \$-5.87 to \$3.80 per unit annually. An amount of \$50.00 per unit has been forecast for the subject property.
34. **Model / Office Apartments** - Ways Station will not include a model apartment; therefore, no amount has been forecast for this expense.
35. **General Administrative** - The general administrative expense for the comparable properties ranged from \$64.46 to \$169.84 per unit annually. An amount of \$125.00 per unit has been forecast for this expense item for both restricted and unrestricted based on the subject's size.

Item 35 - General Administrative			
Year - Complex	Per Unit	Per Sq. Ft.	% of GPI
2015 - LIHTC Confidential #1	\$100.76	\$0.11	1.13%
2015 - LIHTC Confidential #2	\$72.72	\$0.06	1.09%
2015 - LIHTC Confidential #3	\$54.03	\$0.05	1.23%
2015 - LIHTC Confidential #4	\$106.98	\$0.10	1.68%
2015 - LIHTC Confidential #5	\$130.23	\$0.15	1.76%
2015 - LIHTC Confidential #6	\$102.25	\$0.10	1.35%
2016 - Ways Station As Restricted	\$125.00	\$0.11	1.46%
2016 - Ways Station At Market	\$125.00	\$0.11	1.38%

## Reserves For Replacement

41. **Reserves for Replacement** - Reserves are estimated at an amount of \$300.00 per unit, which is typical of properties of the subject's caliber and based on Ways Station's average unit size.

## Expense Summary

The expenses from the comparable transactions from the Sales Comparison Approach summarized in the following section are somewhat diverse, reflecting occupancy fluctuations, management differentiations, different vintage properties, and in some cases, fix-ups which were expended upon acquisition. The comparables range from 870 square feet to 1,193 square feet, with an average of 966 square feet. The operating expenses averaged \$4,208 per unit, \$4.39 per square foot, and 52.64% of gross potential income. The operating expense summaries of the comparable sales is shown in the chart on the next page.

Expense Histories - Improved Apartment Sales					
Comparable / Property	Avg. Size	Year Built	Operating Expenses		
			Per Unit	Per SF	% GPI
1. Flenniken Square	946	1997	\$4,600	\$4.86	64.71%
2. Branch at Carson Springs	1,012	1998-1999	\$4,250	\$4.20	55.27%
3. Brookhill Village	1,080	1998	\$4,250	\$3.93	50.54%
4. Chadwick Place	943	1994	\$3,350	\$3.55	46.76%
5. Hickory Manor	914	1997	\$4,800	\$5.25	58.26%
6 Greens of Rivergate	1,222	1995	\$4,750	\$3.89	49.04%
7. Savannah Sound	930	1995	\$4,650	\$5.00	51.54%
8. McQueen Village	881	1996	\$3,900	\$4.43	53.63%
9. Sunchase	1,053	1997-98	\$3,650	\$3.47	57.90%
10. Eagles Trace	967	1949 (2001)	\$4,000	\$4.14	67.62%
11. Cherokee Hills	1,125	1988	\$4,250	\$3.78	55.96%
12. Ridgetop	1,050	1999	\$4,100	\$3.90	61.46%
<b>Totals / Averages</b>	<b>1,010</b>		<b>\$4,213</b>	<b>\$4.20</b>	<b>56.06%</b>

Ways Station's forecast is at \$4,230.37 per unit or \$3.66 per square foot and 49.45% of gross potential income after a reserve estimate of \$300 per unit has been added. Thus, forecasted stabilized income and expense statements based on a review of this data historic operating numbers for Ways Station is summarized on the following four pages.

## Income Forecast

<b>Ways Station Senior LIHTC Apartments</b>					December 18, 2016	
<b>Restricted Income and Expense Forecast</b>						
<b>Estimate of Income</b>					FILE 16134	
# Units	Size Sq. Ft.	Unit Type	Max LIHTC Rent	Adj. Factor	Current Rent	Monthly Income
2	874	1 BR / 1.0 BA, Garden 50%	\$519.00	0.983	\$510.00	\$1,020.00
7	874	1 BR / 1.0 BA, Garden 60%	\$638.00	0.987	\$630.00	\$4,410.00
15	1,192	2 BR / 2.0 BA, Garden 50%	\$609.00	0.985	\$600.00	\$9,000.00
57	1,192	2 BR / 2.0 BA, Garden 60%	\$752.00	0.977	\$735.00	\$41,895.00
81	1,157	Totals / Averages per month	\$709.91	0.980	\$695.37	
<b>Total Estimated Rental Income for All Units</b>						<b>\$56,325.00</b>
<b>Premiums</b>		<b>Rent / Unit</b>		<b># Units</b>		
	@	\$0.00	PUPM x	0	units	\$0.00
	@	\$0.00	PUPM x	0	units	\$0.00
<b>Concession, Credit, Collection &amp; Vacancy Loss Adjustment From Rentals</b>					<b>X</b>	<b>93.00%</b>
<b>Effective Gross Income = total rental income less vacancy factor</b>						<b>\$52,382.25</b>
<b>Plus Effective Other Income</b>		<b>Rent / Unit</b>		<b># Units</b>		
Misc. Income	@	\$15.00	PUPM x	81	units	\$1,215.00
Laundry Income	@	\$2.50	PUPM x	81	units	\$202.50
<b>Effective Monthly Gross Income</b>					per unit	<b>\$664.19</b>
<b>Times 12 Months to Annualize</b>					<b>X</b>	<b>12</b>
<b>Total Annual Effective Gross Income Rent</b>					per unit	<b>\$7,970.33</b>
<b>Total Gross Potential Monthly Income</b>					per unit	<b>\$712.87</b>
<b>Total Gross Potential Annual Income</b>					per unit	<b>\$8,554.44</b>
<b>Gross Floor Area</b>			93,690	<b>Square Feet</b>		
<b>Net Rentable Area</b>			93,690	<b>Square Feet</b>		
<b>INCOME COMPUTATIONS</b>						
<b>Estimated Total Gross Potential Income</b>					\$8,554.44 per unit	<b>\$692,910</b>
<b>Less: Occupancy % adjustment (Credit, Collection &amp; Vacancy Loss)</b>						<b>93.00%</b>
<b>Eff. Gross Income = gross rental income less vacancy plus other income</b>						<b>\$645,597</b>
<b>Less: Total Expenses (Including Reserves)</b>				Per Unit	<b>\$4,230.37</b>	<b>\$342,660</b>
				\$3.66 Per Sq. Ft.	49.45% of G.P.I.	
<b>Net Income to Property (N.O.I.)</b>				\$3,740 / Unit,	43.72% of G.P.I.	<b>\$302,937</b>
				\$3.23 Per Sq. Ft.		

Note: The income projection on this page is based on the "restricted rents" for each unit type. The net operating income derived from this analysis is used to estimate the value from capitalization.



## Expense Forecast

<b>Ways Station Senior LIHTC Apartments</b>			<b>December 18, 2016</b>			
<b>Restricted Income and Expense Forecast</b>						
<b>Estimate of Expenses</b>			<b>FILE 16134</b>			
EXPENSE ITEMS			Per Unit Per Year	\$ Per Sq. Ft.	% of G.P.I.	Annual Amount
<b>FIXED EXPENSES</b>						
1. Property Taxes	\$2.795	\$4,455,000	\$614.81	\$0.53	7.19%	\$49,799.77
2. Other Taxes & Assessments			25.00	\$0.02	0.29%	2,025.00
3. Insurance			250.00	\$0.22	2.92%	20,250.00
Subtotal, Fixed Expenses			\$889.81	\$0.77	10.40%	\$72,074.77
<b>OPERATIONAL EXPENSES</b>						
7. Natural Gas			\$0.00	\$0.00	0.00%	\$0.00
8. Electricity			200.00	\$0.17	2.34%	16,200.00
9. Water and Sewer			500.00	\$0.43	5.84%	40,500.00
10. Trash Removal			75.00	\$0.06	0.88%	6,075.00
11. Pest Control			30.00	\$0.03	0.35%	2,430.00
12. Maintenance and Repairs			250.00	\$0.22	2.92%	20,250.00
13. Interior & Exterior Painting / Turnover			150.00	\$0.13	1.75%	12,150.00
14. Cleaning Expenses			25.00	\$0.02	0.29%	2,025.00
15. Supplies			25.00	\$0.02	0.29%	2,025.00
19. Grounds			125.00	\$0.11	1.46%	10,125.00
20. Management Fee	5.00%		398.52	\$0.34	4.66%	32,279.85
21. Resident Manager / Administrative Payroll			432.10	\$0.37	5.05%	35,000.00
22. Resident Manager / Adm. Apartment Allowance			0.00	\$0.00	0.00%	0.00
23. Custodian / Maintenance Payroll			432.10	\$0.37	5.05%	35,000.00
24. Custodian / Maintenance Apartment			0.00	\$0.00	0.00%	0.00
27. Cable Television			0.00	\$0.00	0.00%	0.00
28. Security			0.00	\$0.00	0.00%	0.00
30. Employee Taxes and Benefits	20.00%		172.84	\$0.15	2.02%	14,000.00
31. Advertising and Leasing			25.00	\$0.02	0.29%	2,025.00
32. Telephone			25.00	\$0.02	0.29%	2,025.00
33. Legal / Audit			50.00	\$0.04	0.58%	4,050.00
34. Model / Office Apartments			0.00	\$0.00	0.00%	0.00
35. General Administrative			125.00	\$0.11	1.46%	10,125.00
Subtotal, Operational Expenses			\$3,040.55	\$2.63	35.54%	\$246,284.85
<b>Replacement Reserves</b>						
41. Total Reserves			\$300.00	\$0.26	3.51%	\$24,300.00
Subtotal, Replacement Reserves			300.00	\$0.26	3.51%	24,300.00
<b>Total Expenses &amp; Reserves</b>			<b>\$4,230.37</b>	<b>\$3.66</b>	<b>49.45%</b>	<b>\$342,659.62</b>
<b>Net Operating Income (N.O.I.)</b>			<b>\$3,739.97</b>	<b>\$3.23</b>	<b>43.72%</b>	<b>\$302,937.38</b>



## Income Forecast

<b>Ways Station Senior LIHTC Apartments</b>						December 18, 2016
<b>At Market Un-Restricted" Stabilized Income and Expense Forecast</b>						
<b>Estimate of Income</b>						FILE 16134
# Units	Size Sq. Ft.	Unit Type	Max LIHTC Rent	Adj. Factor	Market Rent	Monthly Income
2	874	1 BR / 1.0 BA, Garden 50%	\$519.00	1.252	\$650.00	\$1,300.00
7	874	1 BR / 1.0 BA, Garden 60%	\$638.00	1.019	\$650.00	\$4,550.00
15	1,192	2 BR / 2.0 BA, Garden 50%	\$609.00	1.232	\$750.00	\$11,250.00
57	1,192	2 BR / 2.0 BA, Garden 60%	\$752.00	0.997	\$750.00	\$42,750.00
81	1,157	Totals / Averages per month	\$709.91	1.041	\$738.89	
<b>Total Estimated Rental Income for All Units</b>						<b>\$59,850.00</b>
<b>Rental Premiums:</b>		<b>Rent / Unit</b>		<b># Units</b>		
0	@	\$0.00	PUPM x	0	units	\$0.00
0	@	\$0.00	PUPM x	0	units	\$0.00
<b>Concession, Credit, Collection &amp; Vacancy Loss Adjustment From Rentals</b>					<b>X</b>	<b>93.00%</b>
<b>Effective Gross Income = total rental income less vacancy factor</b>						<b>\$55,660.50</b>
<b>Plus Effective Other Income</b>		<b>Rent / Unit</b>		<b># Units</b>		
Misc. Income:	@	\$15.00	PUPM x	81	units	\$1,215.00
Laundry Income:	@	\$2.50	PUPM x	81	units	\$202.50
<b>Effective Monthly Gross Income</b>				per unit	\$704.67	<b>\$57,078.00</b>
<b>Times 12 Months to Annualize</b>					<b>X</b>	<b>12</b>
<b>Total Annual Effective Gross Income Rent</b>				per unit	\$8,456.00	<b>\$684,936.00</b>
<b>Total Gross Potential Monthly Income</b>				per unit	\$756.39	<b>\$61,267.50</b>
<b>Total Gross Potential Annual Income</b>				per unit	\$9,076.67	<b>\$735,210.00</b>
<b>Gross Floor Area</b>			93,690	Square Feet		
<b>Net Rentable Area</b>			93,690	Square Feet		
<b>INCOME COMPUTATIONS</b>						
<b>Estimated Total Gross Potential Income</b>				\$9,076.67 per unit	<b>\$735,210</b>	
<b>Less: Occupancy % adjustment (Credit, Collection &amp; Vacancy Loss)</b>						<b>93.00%</b>
<b>Eff. Gross Income = gross rental income less vacancy plus other income</b>						<b>\$684,936</b>
<b>Less: Total Expenses (Including Reserves)</b>				Per Unit	\$4,329.65	<b>\$350,702</b>
				\$3.74 Per Sq. Ft.	47.70% of G.P.I.	
<b>Net Income to Property (N.O.I.)</b>				\$4,126 / Unit,	45.46% of G.P.I.	<b>\$334,234</b>
				\$3.57 Per Sq. Ft.		



## Expense Forecast

<b>Ways Station Senior LIHTC Apartments</b>			<b>December 18, 2016</b>			
<b>At Market Un-Restricted" Stabilized Income and Expense Forecast</b>						
<b>Estimate of Expenses</b>			<b>FILE 16134</b>			
EXPENSE ITEMS			Per Unit Per Year	\$ Per Sq. Ft.	% of G.P.I.	Annual Amount
<b>FIXED EXPENSES</b>						
1. Property Taxes	\$2.795	\$4,455,000	\$614.81	\$0.53	6.77%	\$49,799.77
2. Other Taxes & Assessments			25.00	\$0.02	0.28%	2,025.00
3. Insurance			250.00	\$0.22	2.75%	20,250.00
<b>Subtotal, Fixed Expenses</b>			<b>\$889.81</b>	<b>\$0.77</b>	<b>9.80%</b>	<b>\$72,074.77</b>
<b>OPERATIONAL EXPENSES</b>						
7. Natural Gas			\$0.00	\$0.00	0.00%	\$0.00
8. Electricity			200.00	\$0.17	2.20%	16,200.00
9. Water and Sewer			500.00	\$0.43	5.51%	40,500.00
10. Trash Removal			75.00	\$0.06	0.83%	6,075.00
11. Pest Control			30.00	\$0.03	0.33%	2,430.00
12. Maintenance and Repairs			250.00	\$0.22	2.75%	20,250.00
13. Interior & Exterior Painting / Turnover			150.00	\$0.13	1.65%	12,150.00
14. Cleaning Expenses			25.00	\$0.02	0.28%	2,025.00
15. Supplies			25.00	\$0.02	0.28%	2,025.00
19. Grounds			125.00	\$0.11	1.38%	10,125.00
20. Management Fee		5.00%	422.80	\$0.37	4.66%	34,246.80
21. Resident Manager / Administrative Payroll			432.10	\$0.37	4.76%	35,000.00
22. Resident Manager / Adm. Apartment Allowance			0.00	\$0.00	0.00%	0.00
23. Custodian / Maintenance Payroll			432.10	\$0.37	4.76%	35,000.00
24. Custodian / Maintenance Apartment Allowance			0.00	\$0.00	0.00%	0.00
27. Cable Television			0.00	\$0.00	0.00%	0.00
28. Security			0.00	\$0.00	0.00%	0.00
30. Employee Taxes and Benefits		20.00%	172.84	\$0.15	1.90%	14,000.00
31. Advertising and Leasing			100.00	\$0.09	1.10%	8,100.00
32. Telephone			25.00	\$0.02	0.28%	2,025.00
33. Legal / Audit			50.00	\$0.04	0.55%	4,050.00
34. Model / Office Apartments			0.00	\$0.00	0.00%	0.00
35. General Administrative			125.00	\$0.11	1.38%	10,125.00
<b>Subtotal, Operational Expenses</b>			<b>\$3,139.84</b>	<b>\$2.71</b>	<b>34.59%</b>	<b>\$254,326.80</b>
<b>Replacement Reserves</b>						
41. Total Reserves			\$300.00	\$0.26	3.31%	\$24,300.00
<b>Subtotal, Replacement Reserves</b>			<b>300.00</b>	<b>\$0.26</b>	<b>3.31%</b>	<b>24,300.00</b>
<b>Total Expenses &amp; Reserves</b>			<b>\$4,329.65</b>	<b>\$3.74</b>	<b>47.70%</b>	<b>\$350,701.57</b>
<b>Net Operating Income (N.O.I.)</b>			<b>\$4,126.35</b>	<b>\$3.57</b>	<b>45.46%</b>	<b>\$334,234.43</b>

## Direct Capitalization of Net Income

Capitalization is the process by which net operating income of investment property is converted to a value indication. Capitalization rates reflect the relationship between net annual operating income and the value of receiving that current and probable future income stream during a certain projection period or remaining economic life, with the overall rate derived from sales of similar apartment properties by dividing the stabilized net operating income by the comparable sale price.

In selecting an appropriate capitalization rate for Ways Station, consideration has been given to overall rates reflected by sales of properties which are similar to the subject with regard to risk and duration of income, quality and condition of improvements, and remaining economic life. Primary factors that influence overall rates include potential for income increases over both the near and long terms, as well as appreciation potential. Additionally, overall rates encompass the requirements for debt service and return on equity. Therefore, the extent and terms of debt financing have an impact upon the indicated overall capitalization rates. Adjustments for dissimilar factors that influence the utility and / or marketability of a property, such as specific location within a market area, land / building ratio, the functional efficiency, quality, and condition of improvements; and specific features of the building and land improvements, are inherently reflected by the market in the form of varying market rent levels. As rent levels form the basis for net income levels, the market has, in effect, already made the primary adjustments required for those factors, and any significant adjustments to overall rates based upon these dissimilarities would merely distort the market data.

With regard to time of sale, investors' required rates of return generally increase or decrease as prevailing market interest rates rise and fall, and debt service requirements fluctuate. Therefore, due to significant variances in prevailing market level interest rates over the past few years, potential adjustments for time of sale are considered appropriate. In accordance with Appraisal Institute, USPAP and FIRREA guidelines, the overall capitalization rates utilized in the SCG valuation analysis have been adjusted to reflect rates based upon a cash equivalent sale price at the time of the transfer, with no further adjustments within our analyses required for financing. The sale properties included in the SCG analysis (page 83) generally possess overall investment characteristics similar to Ways Station, with the indicated overall rates considered to reflect the typical range of investor attitudes relative to investment attributes of properties such as the subject on a cash equivalent basis.

The following is a summary of sales cap rates and corresponding equity dividend rates that reflect the relationship between the two rates. The sales are older and are used only as support of the relationship between capitalization rates and equity dividend rates.



<b>Sales / Locations</b>	<b>Date</b>	<b>Cap</b>	<b>ED</b>
<b>Halcyon Park, Montgomery, AL</b>	<b>05/12</b>	<b>7.30%</b>	<b>12.16%</b>
<b>Pepper Tree, Montgomery, AL</b>	<b>05/12</b>	<b>7.29%</b>	<b>12.14%</b>
<b>River Club Student, Athens, GA</b>	<b>04/11</b>	<b>7.00%</b>	<b>8.09%</b>
<b>River Club Student, Athens, GA</b>	<b>04/11</b>	<b>6.97%</b>	<b>7.97%</b>
<b>Ponderosa Forest, Sestion 8, Savannah, GA</b>	<b>04/11</b>	<b>9.81%</b>	<b>21.85%</b>
<b>Pavilion at Plantation, Macon, GA</b>	<b>02/12</b>	<b>6.91%</b>	<b>10.20%</b>
<b>Hickory Falls LIHTC, Villa Rica, GA</b>	<b>05/14</b>	<b>7.44%</b>	<b>8.24%</b>
<b>Willows of Cumming LIHTC, Cumming, GA</b>	<b>06/14</b>	<b>6.87%</b>	<b>9.98%</b>
<b>The Hamptons, Perry, GA</b>	<b>06/14</b>	<b>7.49%</b>	<b>14.55%</b>
<b>Edgewater Bend, Biloxi, MS</b>	<b>07/15</b>	<b>7.49%</b>	<b>9.76%</b>
<b>Cambridge Village LIHTC, Durham, NC</b>	<b>02/12</b>	<b>8.83%</b>	<b>19.27%</b>
<b>Patton Towers, Sestion 8, Chattanooga, TN</b>	<b>06/12</b>	<b>8.37%</b>	<b>15.29%</b>
	<b>Averages</b>	<b>7.65%</b>	<b>12.46%</b>
	<b>Low</b>	<b>6.97%</b>	<b>7.97%</b>
	<b>High</b>	<b>9.81%</b>	<b>21.85%</b>

The supporting sales in the chart above reflect a consistent cap rate at 7.65% and an equity dividend rate of 12.46%

Based upon the sale summaries and analyses, which are presented in detail in the Sales Comparison Approach, the overall rates have been derived as summarized on the following page. With regard to time of sale and evident variances in prevailing market interest rates over time, all of the sales occurred in the last 36 months and are considered current. The cash equivalent overall rates range from 6.26% to 8.07%, with most financed at market levels with an average of 7.49%. The sales considered most comparable are near the lower middle of the range.

Overall Capitalization Rate Comparables			
Sale No.	Complex Name	Sale Date	Indicated Overall Rate
1	Flenniken Square	02/14	6.26%
2	Branch at Carson Springs	12/13	8.07%
3	Brookhill Village	12/13	7.60%
4	Chadwick Place	12/13	7.29%
5	Hickory Manor	10/13	8.02%
6	Greens of Rivergate	06/15	7.69%
7	Savannah Sound	12/13	7.09%
8	McQueen Village	07/15	7.59%
9	Sunchase	06/15	7.50%
10	Eagles Trace	12/15	7.30%
11	Cherokee Hills	11/15	7.94%
12	Ridgetop	04/15	7.52%
Totals / Averages		---	7.49%

SCG has also developed a Band of Investment Analysis based on the market mortgage rate and term. The market rate and term is 4.75% based on 30-year amortization and debt coverage ratios which will result in a loan at around an 80% ratio. Equity dividend rates are in the range of 8% to 15%, with 12% more in line with market conditions for similar vintage properties. The equity dividend rate from Flenniken Square was 10.81% with an average of 12.46% from page 86. The typical holding period of seven to ten years is assumed with no real value change expected.

Band of Investment Summary					
Mortgage Portion, Loan	80%	X	6.2599	=	5.01
Equity Portion, Cash	20%	X	12.000	=	2.40
Indicated Overall Capitalization Rate (O.A.R.)				(R)	7.41%

The Korpacz Investor Survey shows a decrease in Capitalization Rates over a year ago. Cap rates in the national survey ranged from 3.75% to 10.00% with an average of 5.72%. The regional ranges were 4.50% to 7.00% with an average of 5.14%. Ways Station will be above the Korpacz average due to age, tax credits and location. The brokers and buyers contacted included Southeast Apartment Partners (Atlanta), Transwestern (Atlanta), Marcus and Millichap (Atlanta) and Covenant Capital (Nashville). All of whom are active in the Tennessee area. Capitalization rates have tended to drop with mortgage rates and are expected to stay level over the next 12 months. The band of investment indicated 7.41%(R), with the average of 7.49% from the direct comparables.



## Direct Capitalization Summary

Based upon the foregoing analysis of market data reflected by sales of the comparable properties, Southeastern Consulting Group has concluded that a capitalization rate of 7.50% most accurately reflects the market position of the subject's net income level. Therefore, an estimate of value from the Income Capitalization Approach is derived as follows:

Value - Direct Capitalization - Restricted	
\$302,937 (Net Income) Divided by 7.50% (OAR)	\$4,039,165
Restricted Value (Rounded)	\$4,050,000

Value - Direct Capitalization - Un-Restricted	
\$334,234 (Net Income) Divided by 7.50% (OAR)	\$4,456,459
Restricted Value (Rounded)	\$4,450,000

## Sales Comparison Approach

The value estimate derived from the Sales Comparison or Market Approach has been based upon an analysis of sales involving apartment communities that possess investment characteristics similar to those of the subject. The bases of comparison utilized in the SCG analysis are the sale price per apartment unit, sale price per square foot and the gross income multiple, or the relationship between sale price and gross potential rental income. As sales of the subject type income producing properties typically occur on a regional basis and an investigation of the local neighborhood did not uncover a sufficient number of transactions for purposes of the SCG analysis, Southeastern Consulting Group has included sales of similar apartment properties situated in other comparable market areas. All of the sales are tax credit properties. Varying market rent levels generally reflect the appropriate adjustments required for variances in such factors as location, quality, development density, condition of improvements and specific property features, such as unit sizes and available amenities. Given that observation, plus recognition that the gross income multiple is based upon actual / estimated market rate income, and sales data typically reflects a direct relationship between sale prices and net incomes per unit, it is SCG's opinion that reflected gross income multiples and prices per apartment unit include market adjustments for a predominance of truly significant variances.

## Sales Comparison Approach (continued)

Therefore, any significant adjustments to gross income multiples and prices per unit for those factors are considered to be inappropriate and would generally duplicate adjustments already made by the market. Those factors that most significantly influence gross income multiples and sale prices per unit are the income / expense ratio and the net annual income per unit as most investment decisions are predicated, in part, upon probable net income levels, rather than gross income. Other factors that affect the basis of comparison, including financing and potential for future income increases and value appreciation, have been discussed in the Income Capitalization Approach section of this report. The value estimate expressed herein is predicated upon a cash value with cash equivalent value indicators utilized in SCG's valuation analyses, which conforms with the Appraisal Institute, FIRREA and USPAP reporting requirements. Further adjustments for the terms of financing included in the sale transactions are not required in this valuation analysis. The appraisal assumes that the property is in new condition. Consistent with the reasoning applied to the overall rate analysis, the Sales Comparison Approach analyses have been based in part upon the subject's estimated stabilized operating level. Pertinent data relative to value indicators reflected by the comparable sale data, which are summarized on the following pages, as well as comparative income / expense data relative to both the subject and the sale properties, are illustrated by the chart below.

Improved Comparable Sale Summary						
Sale No.	GIM	NOI % of GPI	Sale Price per Unit	NOI per Unit	Price per Sq. Ft.	NOI per Sq. Ft.
1	4.84	30.29%	\$34,412	\$2,153	\$36.38	\$2.28
2	4.68	37.73%	\$35,972	\$2,901	\$35.56	\$2.87
3	5.59	42.46%	\$47,000	\$3,571	\$43.51	\$3.31
4	5.93	43.24%	\$42,500	\$3,098	\$45.08	\$3.29
5	4.33	34.74%	\$35,678	\$2,862	\$39.05	\$3.13
6	5.33	40.96%	\$51,607	\$3,967	\$42.23	\$3.25
7	6.27	44.46%	\$56,563	\$4,012	\$60.82	\$4.31
8	5.71	43.37%	\$41,544	\$3,153	\$47.16	\$3.58
9	4.68	35.10%	\$29,500	\$2,212	\$28.03	\$2.10
10	3.61	26.38%	\$21,384	\$1,560	\$22.11	\$1.61
11	4.66	37.04%	\$35,417	\$2,814	\$31.48	\$2.50
12	4.06	30.54%	\$27,083	\$2,037	\$25.79	\$1.94
Avg.	4.97	37.19%	\$38,222	\$2,862	\$38.10	\$2.85

As previously mentioned, the most important influence upon variances in gross income multiples is the varying income / expense ratios.

Therefore, gross income multiples of the sale properties have been adjusted by direct comparison to those net income ratios reflected by the sales, and the ratio estimated for the subject in the Income Capitalization Approach. This adjustment is made for each of the sales, utilizing the sale's indicated gross income multiple and net income percentage and the estimated net income percentage for the subject, within the equation that follows, which reflects the adjusted gross rent multiples of the sale properties.

<b>Gross Income Multiplier Analysis</b>	
Formula $(A / B) = (C / D)$ ; wherein:	
A = Adjusted Gross Income Multiple of Sale Property	
B = Unadjusted Gross Income Multiple of Sale Property	
C = Net Income Percentage of Subject Property	
D = Net Income Percentage of Sale Property	

<b>Gross Income Multiplier Analysis - Restricted</b>					
Sale No. 1	(A / 4.84)	=	(43.72% / 30.29%);	A =	6.99
Sale No. 2	(A / 4.68)	=	(43.72% / 37.73%);	A =	5.42
Sale No. 3	(A / 5.59)	=	(43.72% / 42.46%);	A =	5.76
Sale No. 4	(A / 5.93)	=	(43.72% / 43.24%);	A =	6.00
Sale No. 5	(A / 4.33)	=	(43.72% / 34.74%);	A =	5.45
Sale No. 6	(A / 5.33)	=	(43.72% / 40.96%);	A =	5.69
Sale No. 7	(A / 6.27)	=	(43.72% / 44.46%);	A =	6.17
Sale No. 8	(A / 5.71)	=	(43.72% / 43.37%);	A =	5.76
Sale No. 9	(A / 4.68)	=	(43.72% / 35.10%);	A =	5.83
Sale No. 10	(A / 3.61)	=	(43.72% / 26.38%);	A =	5.98
Sale No. 11	(A / 4.66)	=	(43.72% / 37.04%);	A =	5.50
Sale No. 12	(A / 4.06)	=	(43.72% / 30.54%);	A =	5.81

<b>Gross Income Multiplier Analysis - Un-Restricted</b>					
Sale No. 1	(A / 4.84)	=	(45.46% / 30.29%);	A =	7.26
Sale No. 2	(A / 4.68)	=	(45.46% / 37.73%);	A =	5.64
Sale No. 3	(A / 5.59)	=	(45.46% / 42.46%);	A =	5.99
Sale No. 4	(A / 5.93)	=	(45.46% / 43.24%);	A =	6.23
Sale No. 5	(A / 4.33)	=	(45.46% / 34.74%);	A =	5.67
Sale No. 6	(A / 5.33)	=	(45.46% / 40.96%);	A =	5.92
Sale No. 7	(A / 6.27)	=	(45.46% / 44.46%);	A =	6.41
Sale No. 8	(A / 5.71)	=	(45.46% / 43.37%);	A =	5.99
Sale No. 9	(A / 4.68)	=	(45.46% / 35.10%);	A =	6.06
Sale No. 10	(A / 3.61)	=	(45.46% / 26.38%);	A =	6.22
Sale No. 11	(A / 4.66)	=	(45.46% / 37.04%);	A =	5.72
Sale No. 12	(A / 4.06)	=	(45.46% / 30.54%);	A =	6.04

Relative to value per apartment unit, the primary influence upon reflected unit prices is the net income of a property on a per unit basis, with market data strongly supporting that concept. Therefore, the primary adjustment to sale prices per unit reflected by market data requires comparison of the sales' net incomes per unit to the net income per unit projected for the subject. The method for adjustment is similar to that for adjusting gross income multiples, with the equation utilized for that adjustment in the following chart.

<b>Sale Price Per Unit Adjustment</b>	
Formula (A / B) = C / D); wherein:	
A = Adjusted Sale Price Per Unit of Sale Property	
B = Unadjusted Sale Price Per Unit of Sale Property	
C = Net Income Per Unit of Subject Property	
D = Net Income Per Unit of Sale Property	

<b>Sale Price Per Unit Analysis - Restricted</b>					
Sale No. 1	(A / \$34,412)	=	(\$3,740 / \$2,153);	A =	\$59,777
Sale No. 2	(A / \$35,972)	=	(\$3,740 / \$2,901);	A =	\$46,375
Sale No. 3	(A / \$47,000)	=	(\$3,740 / \$3,571);	A =	\$49,224
Sale No. 4	(A / \$42,500)	=	(\$3,740 / \$3,098);	A =	\$51,307
Sale No. 5	(A / \$35,678)	=	(\$3,740 / \$2,862);	A =	\$46,623
Sale No. 6	(A / \$51,607)	=	(\$3,740 / \$3,967);	A =	\$48,654
Sale No. 7	(A / \$56,563)	=	(\$3,740 / \$4,012);	A =	\$52,728
Sale No. 8	(A / \$41,544)	=	(\$3,740 / \$3,153);	A =	\$49,278
Sale No. 9	(A / \$29,500)	=	(\$3,740 / \$2,212);	A =	\$49,878
Sale No. 10	(A / \$21,384)	=	(\$3,740 / \$1,560);	A =	\$51,266
Sale No. 11	(A / \$35,417)	=	(\$3,740 / \$2,814);	A =	\$47,071
Sale No. 12	(A / \$27,083)	=	(\$3,740 / \$2,037);	A =	\$49,725

<b>Sale Price Per Unit Analysis - Un-Restricted</b>					
Sale No. 1	(A / \$34,412)	=	(\$4,126 / \$2,153);	A =	\$65,953
Sale No. 2	(A / \$35,972)	=	(\$4,126 / \$2,901);	A =	\$51,166
Sale No. 3	(A / \$47,000)	=	(\$4,126 / \$3,571);	A =	\$54,309
Sale No. 4	(A / \$42,500)	=	(\$4,126 / \$3,098);	A =	\$56,607
Sale No. 5	(A / \$35,678)	=	(\$4,126 / \$2,862);	A =	\$51,440
Sale No. 6	(A / \$51,607)	=	(\$4,126 / \$3,967);	A =	\$53,680
Sale No. 7	(A / \$56,563)	=	(\$4,126 / \$4,012);	A =	\$58,175
Sale No. 8	(A / \$41,544)	=	(\$4,126 / \$3,153);	A =	\$54,369
Sale No. 9	(A / \$29,500)	=	(\$4,126 / \$2,212);	A =	\$55,030
Sale No. 10	(A / \$21,384)	=	(\$4,126 / \$1,560);	A =	\$56,563
Sale No. 11	(A / \$35,417)	=	(\$4,126 / \$2,814);	A =	\$51,934
Sale No. 12	(A / \$27,083)	=	(\$4,126 / \$2,037);	A =	\$54,862



Relative to value per square foot, the primary influence upon reflected unit prices is the net income of a property on a per square foot basis, with market data strongly supporting that concept. Therefore, the primary adjustment to sale prices per square foot reflected by market data requires comparison of the sales' net incomes per square foot to the net income per square foot projected for the subject. The method for adjustment is also similar to that for adjusting gross income multiples, with the equation utilized for that adjustment in the following chart.

<b>Sale Price Per Square Foot Analysis</b>	
Formula (A / B) = (C / D); wherein:	
A = Adjusted Sale Price Per Square Foot of Sale Property	
B = Unadjusted Sale Price Per Square Foot of Sale Property	
C = Net Income Per Square Foot of Subject Property	
D = Net Income Per Square Foot of Sale Property	

<b>Sale Price Per Square Foot Analysis - Restricted</b>					
Sale No. 1	(A / \$36.38)	=	(\$3.23 / \$2.28);	A =	\$51.59
Sale No. 2	(A / \$35.56)	=	(\$3.23 / \$2.87);	A =	\$40.06
Sale No. 3	(A / \$43.51)	=	(\$3.23 / \$3.31);	A =	\$42.50
Sale No. 4	(A / \$45.08)	=	(\$3.23 / \$3.29);	A =	\$44.30
Sale No. 5	(A / \$39.05)	=	(\$3.23 / \$3.13);	A =	\$40.34
Sale No. 6	(A / \$42.23)	=	(\$3.23 / \$3.25);	A =	\$42.01
Sale No. 7	(A / \$60.82)	=	(\$3.23 / \$4.31);	A =	\$45.63
Sale No. 8	(A / \$47.16)	=	(\$3.23 / \$3.58);	A =	\$42.59
Sale No. 9	(A / \$28.03)	=	(\$3.23 / \$2.10);	A =	\$43.16
Sale No. 10	(A / \$22.11)	=	(\$3.23 / \$1.61);	A =	\$44.40
Sale No. 11	(A / \$31.48)	=	(\$3.23 / \$2.50);	A =	\$40.71
Sale No. 12	(A / \$25.79)	=	(\$3.23 / \$1.94);	A =	\$42.98

<b>Sale Price Per Square Foot Analysis - Un-Restricted</b>					
Sale No. 1	(A / \$36.38)	=	(\$3.57 / \$2.28);	A =	\$56.92
Sale No. 2	(A / \$35.56)	=	(\$3.57 / \$2.87);	A =	\$44.20
Sale No. 3	(A / \$43.51)	=	(\$3.57 / \$3.31);	A =	\$46.89
Sale No. 4	(A / \$45.08)	=	(\$3.57 / \$3.29);	A =	\$48.88
Sale No. 5	(A / \$39.05)	=	(\$3.57 / \$3.13);	A =	\$44.51
Sale No. 6	(A / \$42.23)	=	(\$3.57 / \$3.25);	A =	\$46.35
Sale No. 7	(A / \$60.82)	=	(\$3.57 / \$4.31);	A =	\$50.34
Sale No. 8	(A / \$47.16)	=	(\$3.57 / \$3.58);	A =	\$46.99
Sale No. 9	(A / \$28.03)	=	(\$3.57 / \$2.10);	A =	\$47.62
Sale No. 10	(A / \$22.11)	=	(\$3.57 / \$1.61);	A =	\$48.99
Sale No. 11	(A / \$31.48)	=	(\$3.57 / \$2.50);	A =	\$44.92
Sale No. 12	(A / \$25.79)	=	(\$3.57 / \$1.94);	A =	\$47.43

## Summary, Sales Comparison Approach

Adjustments to the sales' gross income multiples and the sale prices per unit and per square foot have narrowed the ranges of the value indicators and provided a much clearer perspective of the probable appropriate value indicators for the subject. Further synthesis of the value indicator ranges is provided by consideration of such factors as varying investor rates of return requirements over time; potential for future income increases; risks associated with income levels; and appreciation potential, which were previously discussed in the Income Capitalization Approach section of this report. The appraisal assumes that the property will be operating at stabilized levels of operations.

## Restricted, Sales Comparison Approach

Based upon those conclusions, it is SCG's opinion that the As-Restricted value of Ways Station is best represented by a gross income multiple at or near 5.85 with the indicated value per unit of \$50,000 and value per square foot of \$43.25. Therefore, the indication of restricted market value from the Sales Comparison Approach is as follows below:

Summary of the Sales Comparison Approach - Restricted		
\$692,910 (GPI) x 5.85 Multiplier	=	\$4,053,524
81 Units at \$50,000 / Unit	=	\$4,050,000
93,690 Square Feet @ \$43.25	=	\$4,052,093
<b>Rounded and Reconciled to (\$50,000 per unit)</b>	<b>R</b>	<b>\$4,050,000</b>

## Un-Restricted, Sales Comparison Approach

Based upon those conclusions, it is SCG's opinion that the at market value of Ways Station is best represented by a gross income multiple at or near 6.10 with the indicated value per unit of \$55,250 and value per square foot of \$48.00. Therefore, the indication of un-restricted market value from the Sales Comparison Approach is as follows below:

Summary of the Sales Comparison Approach - Un-Restricted		
\$735,210 (GPI) x 6.10 Multiplier	=	\$4,484,781
81 Units at \$55,250 / Unit	=	\$4,475,250
93,690 Square Feet @ \$48.00	=	\$4,497,120
<b>Rounded and Reconciled to (\$55,247 per unit)</b>	<b>R</b>	<b>\$4,475,000</b>

## Apartment Community Sale No. 1

**Name and Location** Flenniken Square, 508 Flennwood Way (Martin Mill Pike), Knoxville, Knox County, Tennessee, 39720

**Description** 51-unit apartment complex built in 1997 on 2.91 acres (17.53 units / acre). Total apartment area is 48,238 SF (946 SF/unit). Basic construction is two story vinyl & frame with pitched roofs. Amenities include a clubhouse / administrative office. Property still subject to LIHTC restrictions until 2027.

UNIT MIX AND RENTAL STRUCTURE			
Unit Type	Unit Size (SF)	Base Rent/Month	Base Rent/SF
35 - 2 BR, 2.0 BA, GDN	906	\$545	\$0.60
16 - 3 BR, 2.0 BA, GDN	1,033	\$650	\$0.63

**Grantor / Seller** Flagship Partnership / Emerald Housing Chris Hodges

**Grantee / Buyer** Flenniken Square Housing

**Date of Sale** February 28, 2014

**Sale Price** \$1,755,000

**Terms** \$1,705,000 with \$50k repairs. Assumption of HUD Loan of \$1,388,686 at 2.65% interest. Did not effect sale price according to seller.

**Gross Potential Annual Income** \$362,543 (\$7,109 / Unit)

**Net Annual Income Before Debt Service** \$109,815 (\$2,153 / Unit)  
 (\$2.28 / SF or 30.29% of GPI)

**Overall Capitalization Rate** 6.26%

## Apartment Community Sale No. 1 (continued)

**Equity Dividend Rate** 10.81%

**Gross Income Multiple** 4.84

**Sale Price / Unit** \$34,412

**Sale Price / Sq.Ft.** \$36.38

**Remarks** Annual operating expenses were estimated at \$4,600 per unit, including reserves. Expenses equate to \$4.86 per square foot and 64.71% of GPI. Utilities furnished in rents include cold water, sewer, trash removal and pest control. NOI based upon stabilized occupancy of 95.0%.



Sale No. 1 - Flenniken Square, Knoxville, Tennessee



## Apartment Community Sale No. 2

**Name and Location** Branch at Carson Springs LIHTC, WS of Carson Road at Sun Valley Road, Centerpoint (Birmingham), Jefferson County, Alabama 35215

**Description** 144-unit apartment complex built in 1998 & 1999. Total apartment area is 145,672 square feet (1,012 square feet per unit). Basic construction is two-story frame and vinyl with pitched roofs. Amenities include a leasing office with community room, swimming pool, playground and laundry facility.

UNIT MIX AND RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent / Month	Base Rent / SF
64 - 2 BR, 2.0 BA, GDN, I	921	\$615	\$0.67
24 - 2 BR, 2.0 BA, GDN, II	921	\$615	\$0.67
24 - 3 BR, 2.0 BA, GDN, I	1,154	\$665	\$0.58
32 - 3 BR, 2.0 BA, GDN, II	1,154	\$665	\$0.58

**Grantor** Charter Property / The Branch (Fred Bennett, Auburn, AL)

**Grantee** Branch at Carson Springs (Wilhoit Properties)

**Date of Sale / Legal** December 13, 2013 / Deeds CF 201320 / 16195 & 16200

**Sale Price** \$5,180,000

**Terms** \$4,980,000 with \$200,000 in repairs

**Gross Potential Annual Income** \$1,107,283 (\$7,689 / Unit)

**Net Annual Income Before Debt Service** \$417,773 (\$2,901 / Unit)  
 (\$2.87 / SF or 37.73% of GPI)

**Overall Capitalization Rate** 8.07%

## Apartment Community Sale No. 2 (continued)

**Gross Income Multiple** 4.68

**Sale Price / Unit** \$35,972

**Sale Price / SF** \$35.56

**Remarks** Annual operating expenses were estimated at \$4,250 per unit, including reserves. Expenses equate to \$4.20 per square foot or 55.27% of gross potential income. Utilities furnished in rents include cold water, sewer, trash removal and pest control. NOI based upon stabilized occupancy of 93.0%. New roof cover for all buildings a few years before the sale. Buyer expected \$200,000 in capital improvements and expected to increase revenues modestly through improved management after sale. Rents were not increased after the sale. SCG file 98168.



Sale No. 2 - The Branch at Carson Springs, Centerpoint, Alabama

## Apartment Community Sale No. 3

**Name and Location** Brookhill Village LIHTC, 900 Brookhill Circle, west of 23<sup>rd</sup> Street and SW of Interstate 20 and Highway 53, Pell City, St. Clair County, Alabama 35125

**Description** 80-unit apartment complex built in 1998 on 6.4 acres or 12.5 du / ac. Total apartment area is 86,416 square feet (1,080 square feet per unit). Basic construction is two-story frame and vinyl with pitched roofs.

UNIT MIX AND RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent / Month	Base Rent / SF
8 - 1 BR, 1.0 BA, GDN, TC	812	\$615	\$0.76
40 - 2 BR, 2.0 BA, GDN, TC	1,070	\$660	\$0.62
8 - 2 BR, 2.0 BA, GDN, MKT	1,070	\$745	\$0.70
19 - 3 BR, 2.0 BA, GDN, TC	1,190	\$745	\$0.63
5 - 3 BR, 2.0 BA, GDN, MKT	1,190	\$815	\$0.68

**Grantor** Arlington Properties

**Grantee** Wilhoit Properties

**Date of Sale** December 13, 2013

**Sale Price** \$3,760,000

**Terms** \$3,660,000 with \$100,000 in repairs

**Gross Potential Annual Income** \$672,781 (\$8,410 / Unit)

**Net Annual Income Before Debt Service** \$285,687 (\$3,571 / Unit)  
 (\$3.31 / SF or 42.46% of GPI)

**Overall Capitalization Rate** 7.60%

## Apartment Community Sale No. 3 (continued)

**Gross Income Multiple** 5.59

**Sale Price / Unit** \$47,000

**Sale Price / SF** \$43.51

**Remarks** Annual operating expenses were estimated at \$4,250 per unit, including reserves. Expenses equate to \$3.93 per square foot or 50.54% of gross potential income. Utilities furnished in rents include cold water, sewer, trash removal and pest control. NOI based upon stabilized occupancy of 93.0%. Low Income Housing Tax Credit (LIHTC) property (no HOME funds) with 13 market-rate units not subject to LIHTC restrictions. LIHTC units qualified at 60% AMFI. Buyer plans to seek to remove property from LIHTC program within the next few years, but based pricing on continued “affordable” performance as LIHTC property.



Sale No. 3 - Brookhill Village, Pell City, Alabama

## Apartment Community Sale No. 4

**Name and Location** Chadwick Place LIHTC, 240 Martin Road, west of Zierdt Road, Huntsville, Madison County, Alabama 35824

**Description** 180-unit apartment complex built in 1994 on 14.94 acres (12.05 units / acre). Total apartment area is 169,680 square feet (943 square feet per unit). Basic construction is two-story frame and vinyl with pitched roofs. Amenities include a clubhouse, gated, swimming pool, fitness facility, laundry facility, tennis court, playground, picnic areas and basketball court.

UNIT MIX AND RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent / Month	Base Rent / SF
48 - 1 BR, 1.0 BA, GDN	769	\$500	\$0.65
32 - 2 BR, 1.0 BA, GDN	869	\$575	\$0.66
48 - 2 BR, 2.0 BA, GDN	969	\$600	\$0.62
48 - 3 BR, 2.0 BA, GDN	1,124	\$675	\$0.60
4 - 3 BR, 2.0 BA, GDN	1,124	\$700	\$0.62

**Grantor** Huntington of Huntsville

**Grantee** Chadwick Partners (Dexter, MO)

**Date of Sale / Legal** December 13, 2013 / Deed 20131206000769310

**Sale Price** \$7,650,000

**Terms** \$7,450,000 with \$200,000 in repairs

**Gross Potential Annual Income** \$1,289,568 (\$7,164 / Unit)

**Net Annual Income Before Debt Service** \$557,611 (\$3,098 / Unit)  
 (\$3.29 / SF or 43.24% of GPI)

**Overall Capitalization Rate** 7.29%



## Apartment Community Sale No. 4 (continued)

**Gross Income Multiple** 5.93

**Sale Price / Unit** \$42,500

**Sale Price / SF** \$45.08

**Remarks** Annual operating expenses were estimated at \$3,350 per unit, including reserves. Expenses equate to \$3.55 per square foot or 46.76% of gross potential income. Utilities furnished in rents include trash removal and pest control. NOI based upon stabilized occupancy of 90.0%. LIHTC property with 30-year extended use provision. All (100%) of the units are restricted to households at or below 60% of the area median income.



Sale No. 4 - Chadwick Place, Huntsville, Alabama

## Apartment Community Sale No. 5

**Name and Location** Hickory Manor LIHTC, 2900 Hamilton Church Road, east of Bell Road, Nashville (Antioch Area) Davidson County, Tennessee 37013

**Description** 152 unit apartment complex built in 1997 on 12.93 acres (11.76 units / acre). Total apartment area is 138,872 square feet (914 square feet per unit). Basic construction is two-and three-story brick and frame with pitched roofs. Amenities include swimming pool and clubhouse.

UNIT MIX AND MARKET RENTAL STRUCTURE			
Unit Type	Unit Size (SF)	Base Rent / Month	Base Rent / SF
40 - 1 BR, 1.0 BA, GDN	655	\$575	\$0.88
80 - 2 BR, 2.0 BA, GDN	924	\$690	\$0.75
32 - 3 BR, 2.5 BA, TH	1,211	\$785	\$0.65

**Grantor** Hickory Manor LTD

**Grantee** Hickory Nashville, LP

**Date of Sale / Legal** October 30, 2013 / DB 2013 - page 10310113296

**Sale Price** \$5,423,000

**Terms** \$5,195,000 plus \$288,000 in repairs

**Gross Potential Annual Income** \$1,252,238 (\$8,238 per / Unit)

**Net Annual Income Before Debt Service** \$434,982 (\$2,862 per / Unit)  
 (\$3.13 / SF or 34.74% of GPI)

**Overall Capitalization Rate** 8.02%

**Gross Income Multiple** 4.33

**Sale Price / Unit** \$35,678

## Apartment Community Sale No. 5 (continued)

**Sale Price / SF**      \$39.05

**Remarks**            Annual operating expenses were estimated at \$4,800 per unit, including reserves. Expenses equate to \$5.25 per square foot and 58.26% of gross potential income. Utilities furnished include water, sewer, trash removal and pest control. NOI based upon stabilized occupancy of 93.0%.



Sale Number 5 - Hickory Manor, Nashville, Tennessee

## Apartment Community Sale No. 6

**Name and Location** Greens of Rivergate LIHTC, nka Cypress Creek, 200 Dry Creek Lane, Goodlettsville, (Metropolitan Nashville), Tennessee 37072

**Description** 140-unit apartment complex built in 1995 on 23.00 acres (6.09 units / acre). Total apartment area is 171,080 square feet for an average unit size of 1,222 square feet. Two story brick and frame apartment with pitched roofs. Amenities include clubhouse, sports courts and playground.

UNIT MIX AND MARKET RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent / Month	Base Rent / SF
60 - 2 BR, 2.5 BA, TH	1,098	\$750	\$0.68
80 - 3 BR, 2.5 BA, TH	1,315	\$850	\$0.65

**Grantor / Seller** PC Greens LLC

**Grantee / Buyer** Alan Branch

**Date of Sale** June 30, 2015

**Sale Price / Legal** \$7,225,000 Deed Book / Page 2015 / 07010063598

**Terms** Cash sale of \$7,075,000 and \$150k in repairs.

**Gross Potential Annual Income** \$1,356,000 (\$9,686 / Unit)

**Net Annual Income Before Debt Service** \$555,400 (\$3,967 / Unit)  
 (\$3.25 per SF or 40.97% of GPI)

**Overall Capitalization** 7.69%

**Gross Income Multiple** 5.33

**Sale Price / Unit** \$51,607

**Sale Price / SF** \$42.23

## Apartment Community Sale No. 6 (continued)

**Remarks**

Annual operating expenses were estimated at \$4,750 per unit, including reserves. Expenses equate to \$3.89 per square foot and 49.04% of GPI. Utilities furnished by the complex include cold water, sewer and trash removal. Occupancy stabilized at 90%.

Sale No. 6 - Greens of Rivergate (LIHTC) Goodlettsville, Davidson County, Tennessee



## Apartment Community Sale No. 7

**Name and Location** Savannah Sound LIHTC, 1950 North Pointe Boulevard, Tallahassee, Leon County, Florida 32308

**Description** 160 unit apartment complex built in 1995 on 11.69 acres (13.69 units / acre). Total apartment area is 148,800 square feet (930 square feet per unit). Two and three story stucco & vinyl with pitched roofs. Amenities include a clubhouse, fitness center, playground, swimming pool, volleyball court, basketball court and gated. The Section 42 LIHTC Compliance Period expired on December 31, 2010 but was still subject to use restrictions until 2025.

UNIT MIX AND RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent / Month	Base Rent / SF
32 - 1 BR, 1.0 BA, GDN	700	\$695	\$0.99
96 - 2 BR, 2.0 BA, GDN	950	\$715	\$0.75
32 - 3 BR, 2.0 BA, GDN	1,100	\$810	\$0.74

**Grantor / Seller** Savannah Sound Affordable Housing Partners

**Grantee / Buyer** SC Diamond Associates

**Date of Sale / Legal** December 10, 2013 / Deed Book 4610 Page 1976

**Sale Price** \$9,050,000

**Terms** \$8,900,000 plus estimated \$150k in repairs.

**Gross Potential Annual Income** \$1,443,648 (\$9,023 per / Unit)

**Net Annual Income Before Debt Service** \$641,902 (\$4,012 per / Unit)  
 (\$4.31 / SF or 44.46% of GPI)

**Overall Capitalization Rate** 7.09%

## Apartment Community Sale No. 7 (continued)

**Gross Income Multiple** 6.27

**Sale Price / Unit** \$56,563

**Sale Price / SF** \$60.82

**Remarks** Annual operating expenses were estimated at \$4,650 per unit, including reserves. Expenses equate to \$5.00 per square foot and 51.54% of gross potential income. Utilities furnished in rents include cold water, sewer, trash removal and pest control. NOI based upon stabilized occupancy of 96.0%.



Sale No. 7 - Savannah Sound LIHTC, Tallahassee, Florida

## Apartment Community Sale No. 8

**Name and Location** McQueen Village LIHTC nka Ridgeview at Garden Mills, 601 McQueen Village Road, Prattville, Autauga County, Alabama 36066. Operated as LIHTC around time of sale.

**Description** 136-unit apartment complex built in 1996. Total apartment area is 119,800 square feet (881 square feet / unit). Two story frame with pitched roofs. Amenities include a swimming pool, playground and laundry facility. Property is out of the compliance period.

UNIT MIX AND RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent/Month	Base Rent/SF
24 - 1 BR, 1.0 BA, GDN	725	\$550	\$0.76
88 - 2 BR, 2.0 BA, GDN	850	\$585	\$0.69
24 - 3 BR, 2.0 BA, GDN	1,150	\$655	\$0.57

**Grantor / Seller** Deancurt Prattville, LLC

**Grantee / Buyer** MGC McQueen Village, LLC

**Date of Sale** July 24, 2015

**Sale Price** \$5,650,000

**Terms** \$5,500,000 with \$150,000 in repairs

**Gross Potential Annual Income** \$988,920 (\$7,271 / Unit)

**Net Annual Income Before Debt Service** \$428,852 (\$3,153 / Unit)  
 (\$3.58 / SF or 43.37% of GPI)

**Overall Capitalization Rate** 7.59%

## Apartment Community Sale No. 8 (continued)

**Gross Income Multiple** 5.71

**Sale Price / Unit** \$41,544

**Sale Price / SF** \$47.16

**Remarks** Annual operating expenses were estimated at \$3,900 per unit, including reserves. Expenses equate to \$4.43 per square foot or 53.63% of gross potential income. Utilities furnished in rents include cold water, sewer, trash removal and pest control. NOI based upon stabilized occupancy of 97.0%.



Sale No. 8 - Ridgeview at Garden Mills, Prattville, Alabama

## Apartment Community Sale No. 9

**Name and Location** Sunchase (LIHTC), 1308 Hobson Street, Albany, Daugherty County, Georgia 31705

**Description** 100 unit apartment complex built in 1997-1998 on 7.62 acres (13.12 units / acre). Total apartment area is 105,250 square feet (1,053 square feet per unit). Two story vinyl & frame with pitched roofs. Amenities include a swimming pool, laundry, rental office and fitness center.

UNIT MIX AND RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent / Month	Base Rent / SF
50 - 2 BR, 2.0 BA, GDN	949	\$475	\$0.50
50 - 3 BR, 2.0 BA, GDN	1,156	\$550	\$0.48

**Grantor / Seller** Sunchase Holdings

**Grantee / Buyer** Sunchase Management

**Date of Sale** June 30, 2015

**Sale Price** \$2,950,000

**Terms** \$2,800,000 with \$150,000 in repairs.

**Gross Potential Annual Income** \$630,375 (\$6,304 per / Unit)

**Net Annual Income Before Debt Service** \$221,249 (\$2,212 per / Unit)  
 (\$2.10 / SF or 35.10% of GPI)

**Overall Capitalization Rate** 7.50%

**Gross Income Multiple** 4.68



## Apartment Community Sale No. 9 (continued)

**Sale Price / Unit**     \$29,500

**Sale Price / SF**       \$28.03

**Remarks**             Annual operating expenses were estimated at \$3,650 per unit, including reserves. Expenses equate to \$3.47 per square foot and 57.90% of gross potential income. Utilities furnished in rents include cold water, sewer, trash and pest control. NOI based upon stabilized occupancy of 93.0%.



Sale No. 9 - Sunchase, Albany, Georgia

## Apartment Community Sale No. 10

**Name and Location** Eagles Trace LIHTC, 2001 Torch Hill Road, Columbus, Muscogee County, Georgia 31903

**Description** 383-unit apartment complex built in 1949 (r) 2001 on 61.13 acres (6.27 units per acre). Total apartment area is 370,400 square feet (967 square feet / unit). One story frame with pitched roofs. Amenities include laundry, swimming pool, clubhouse, trails, gated, picnic area and playground.

UNIT MIX AND MARKET RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent / Month	Base Rent / SF
11 - 1 BR, 1.0 BA, GDN	700	\$400	\$0.57
14 - 1 BR, 1.0 BA, GDN	750	\$425	\$0.57
199 - 2 BR, 1.0 BA, GDN	800	\$450	\$0.56
67 - 2 BR, 2.0 BA, GDN	850	\$475	\$0.56
15 - 2 BR, 2.0 BA, GDN	1,400	\$475	\$0.34
22 - 3 BR, 1.0 BA, GDN	1,450	\$525	\$0.36
30 - 3 BR, 2.0 BA, GDN	1,500	\$575	\$0.38
24 - 4 BR, 1.0 BA, GDN	1,525	\$625	\$0.41
1 - 4 BR, 2.0 BA, GDN	1,550	\$650	\$0.42

**Grantor / Seller** Eagles Trace Apts, LLC

**Grantee / Buyer** Eagles Trace Georgia, LLC

**Date of Sale** December 15, 2015

**Sale Price** \$8,190,000

**Terms** \$7,840,000 with \$350,000 in minor repairs

**Gross Potential Annual Income** \$2,265,588 (\$5,915 per unit)

**Net Annual Income Before Debt Service** \$597,653 (\$1,560 per unit)  
 (\$1.61 per SF or 26.38% of GPI)

## Apartment Community Sale No. 10 (continued)

<b>Overall Capitalization</b>	7.30%
<b>Gross Income Multiple</b>	3.61
<b>Sale Price / Unit</b>	\$21,384
<b>Sale Price / SF</b>	\$22.11

**Remarks** Annual operating expenses were estimated at \$4,000 per unit, including reserves. Expenses equate to \$4.14 per square foot and 67.62% of GPI. Utilities furnished in rents include cold water, sewer, trash removal and pest control. NOI based upon stabilized occupancy of 94.0%.



Sale No. 10 - Eagles Trace, Columbus, Georgia

## Apartment Community Sale No. 11

**Name and Location** Cherokee Hills LIHTC, 2020 Bates Pike SE at US 74, Cleveland, Bradley County, Tennessee 37311

**Description** 96-unit apartment complex built in 1988 on 12.10 acres (7.93 units / acre). Total apartment area is 108,000 SF (1,125 SF/unit). Basic construction is two story vinyl and frame with pitched roofs. Features include swimming pool and playground.

UNIT MIX AND RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent/Month	Base Rent/SF
40 - 2 BR, 2.0 BA, Garden	950	\$580	\$0.61
28 - 3 BR, 2.0 BA, Garden	1,150	\$640	\$0.56
28 - 4 BR, 2.0 BA, Garden	1,350	\$680	\$0.50

**Grantor / Seller** Cherokee Hills Associates

**Grantee / Buyer** Highmark Cherokee Hills, LP

**Date of Sale** November 11, 2015

**Sale Price / Legal** \$3,400,000 (Deed Book 2339, Page 2341014445)

**Terms** \$3,300,000 with \$100k in repairs

**Gross Potential Annual Income** \$729,139 (\$7,595 / Unit)

**Net Annual Income Before Debt Service** \$270,099 (\$2,814 / Unit)  
 (\$2.50 / SF or 37.04% of GPI)

**Overall Capitalization Rate** 7.94%

## Apartment Community Sale No. 11 (continued)

**Gross Income Multiple** 4.66

**Sale Price / Unit** \$35,417

**Sale Price / Sq. Ft.** \$31.48

**Remarks** Annual operating expenses were estimated at \$4,250 per unit, including reserves. Expenses equate to \$3.78 per square foot and 55.96% of GPI. Utilities furnished in rents include cold water, sewer, trash removal and pest control. NOI based upon stabilized occupancy of 93.0%.



Sale No.11 - Cherokee Hills, Cleveland, Tennessee



## Apartment Community Sale No. 12

**Name and Location** Ridgetop (LIHTC), 2009 Layman Road, Athens, McMinn County, Tennessee 37303

**Description** 96-unit apartment complex built in 1999 on 10.38 acres or 9.25 du / ac. Total apartment area is 100,816 square feet (1,050 square feet per unit). Two story vinyl and frame with pitched roofs. Laundry and rental office / clubhouse, and sports courts. Tax Credit property.

UNIT MIX AND RENTAL STRUCTURE			
Unit Quantity and Type	Unit Size (SF)	Base Rent / Month	Base Rent / SF
8 - 2 BR, 2.0 BA, GDN (50%)	949	\$515	\$0.54
32 - 2 BR, 2.0 BA, GDN (60%)	949	\$515	\$0.54
8 - 3 BR, 2.0 BA, GDN (50%)	1,026	\$565	\$0.55
24 - 3 BR, 2.0 BA, GDN (60%)	1,026	\$565	\$0.55
4 - 4 BR, 2.0 BA, GDN (50%)	1,251	\$590	\$0.47
20 - 4 BR, 2.0 BA, GDN (60%)	1,251	\$590	\$0.47

**Grantor** Ridgetop Realty Associates

**Grantee** Highmark Ridgetop LP

**Date of Sale / Legal** April 20, 2015 (Deed Book 20F / Page 75172805)

**Sale Price** \$2,600,000

**Terms** \$2,500,000 with \$100,000 in repairs

**Gross Potential Annual Income** \$640,421 (\$6,671 / Unit)

**Net Annual Income Before Debt Service** \$195,587 (\$2,037 / Unit)  
 (\$1.94 / SF or 30.54% of GPI)

## Apartment Community Sale No. 12 (continued)

**Overall Capitalization Rate** 7.52%

**Gross Income Multiple** 4.06

**Sale Price / Unit** \$27,083

**Sale Price / SF** \$25.79

**Remarks** Annual operating expenses were estimated at \$4,100 per unit, including reserves. Expenses equate to \$3.90 per square foot or 61.46% of gross potential income. Utilities furnished in rents included cold water, sewer, pest control and trash removal. NOI based upon stabilized occupancy of 92.0%.



Sale No. 12 - Ridgetop (LIHTC), Athens, Tennessee

## Reconciliation and Final Market Value Estimate

The appropriate approaches to as stabilized restricted market value have provided hypothetical prospective value indications for the proposed Ways Station Apartments in Richmond Hill, Georgia as follows:

Restricted Stabilized Market Values	
Cost Approach	Not Applicable
Income Capitalization Approach	\$4,050,000
Sales Comparison Approach	\$4,050,000

Limited consideration was given to the development of the Cost Approach. This analysis method tends to be unreliable for properties of this type, as properties such as the subject derive value based on the basis of their investment attributes rather than replacement costs. Further, total depreciation ascribable to physical, functional, and economic factors, which is most accurately reflected by interactions within the market, is inherently measured in the Income Capitalization and Sale Comparison Approach analyses. The Cost Approach is not applicable to the restricted value. Both the Income Capitalization and Sales Comparison Approaches are considered highly reliable indicators of value for the subject property, with both analysis techniques giving consideration to the income-producing potential of Ways Station and likely market response to its overall investment characteristics. Due to an intertwining of the income / sales data and the analyses thereof that are contained in both the Income Capitalization and Sales Comparison Approaches, appropriate analyses within each valuation approach reflect similar indications of value, with both approaches given equal credence.

The hypothetical prospective “as-stabilized” restricted value indications for Ways Station were both \$4,050,000 which was adopted. Therefore, it is SCG’s opinion that the value of the fee simple interest in the subject property, assuming all construction is complete as outlined in the property description and the property is operating at a stabilized level, based upon these parameters and the assumptions and limiting conditions, and based on market conditions as of December 18, 2016, would be:

As-Stabilized Market Value (12/18/16)
FOUR MILLION FIFTY THOUSAND (\$4,050,000.00) U.S. DOLLARS

## Reconciliation and Final Market Value Estimate (continued)

The appropriate approaches to as stabilized restricted market value have provided hypothetical prospective value indications for the proposed Ways Station Apartments in Richmond Hill, Georgia as follows:

Un-Restricted Stabilized Market Values	
Cost Approach	\$9,900,000
Income Capitalization Approach	\$4,450,000
Sales Comparison Approach	\$4,475,000

Limited consideration was given to the development of the Cost Approach. This analysis method tends to be unreliable for properties of this type, as properties such as the subject tend to derive value based on the basis of their investment attributes rather than replacement costs. Further, total depreciation ascribable to physical, functional, and economic factors, which is most accurately reflected by interactions within the market, is inherently measured in the Income Capitalization and Sale Comparison Approach analyses.

Both the Income Capitalization and Sales Comparison Approaches are considered highly reliable indicators of value for the subject property, with both analysis techniques giving consideration to the income-producing potential of Ways Station and likely market response to its overall investment characteristics. Due to an intertwining of the income / sales data and the analyses thereof that are contained in both the Income Capitalization and Sales Comparison Approaches, appropriate analyses within each valuation approach reflect similar indications of value, with both approaches given equal credence.

The hypothetical prospective “as-stabilized” un-restricted value indications for Ways Station were from \$4,450,000 to \$9,900,000 with \$4,450,000 adopted because of the subject’s location. Therefore, it is SCG’s opinion that the value of the fee simple interest in the subject property, assuming all construction is complete as outlined in the property description and the property is operating at a stabilized level, based upon these parameters and the assumptions and limiting conditions, and based on market conditions as of December 18, 2016, would be:

As-Stabilized Market Value (12/18/16)
FOUR MILLION FOUR HUNDRED FIFTY THOUSAND (\$4,450,000.00) U.S. DOLLARS

## Prospective Market Value at Loan Maturity

A cash flow analysis is a method by which an estimate of varied income streams is translated into an indication of future value. The current year's income levels and expenses are utilized in the model. The income and expenses are increased at a constant 2.00% per year over the twenty year loan period. The terminal capitalization rate is based upon a 100 basis points over the going in 7.50% rate. The costs of sale are removed from the twenty year value leaving a net twenty year value of \$5,650,000. The following is a summary of this procedure.

	Current Year	2% Factor	20 yr Numbers
<b>Eff Gross Income</b>	<b>\$684,936</b>	<b>1.4859</b>	<b>\$1,017,779</b>
<b>Less Expenses</b>	<b>\$350,702</b>	<b>1.4859</b>	<b>\$521,125</b>
<b>Net Income</b>	<b>\$334,234</b>		<b>\$496,654</b>
<b>Terminal Cap Rate</b>	<b>7.50%</b>	<b>100 basis pts</b>	<b>8.50%</b>
<b>Prospective Value</b>			<b>\$5,842,990</b>
<b>Less Sales Costs</b>		<b>3.00%</b>	<b>\$175,290</b>
<b>Net Sale Price</b>			<b>\$5,667,700</b>
		<b>Rounded to</b>	<b>\$5,650,000</b>



## LIHTC Tax Credit Investment Valuation

Congress introduced the Low Income Housing Tax Credit (LIHTC) as a part of the Tax Reform Act of 1986. The program was implemented in January 1987 with several subsequent modifications. The LIHTC program, through the Budget Reform Act of 1986, is governed by Section 42 of the Internal Revenue Service Tax Code. The rental rates charged at tax credit properties must conform to “low income” standards and remain rented to qualified low income residents for a minimum of 15 years. Qualifying rent levels are set against median income levels established by Housing and Urban Development (HUD) with annual increases also established by HUD. As previously related, the compliance period for low income occupancy and rent restrictions is for at least 15 years. The developer generally must also commit to extend the low income use of the project for at least 15 years beyond the compliance period.

To somewhat offset the negative influence of the restricted rents on the tax credit properties, Section 42 of the Internal Revenue Code provided for annual tax credits which pass through to the developer of the property. The tax credits, theoretically, are designed to provide the additional return to compensate low income developments for the reduced or restricted rental income levels. The tax credits are taken over a ten-year period and represent direct dollar-for-dollar credit against the taxpayer’s federal income tax liability on ordinary income. Typically, the developer of a property will not be able to use all of the tax credits and will subsequently sell them to either a syndication group or set up a limited partnership with benefits allocated to the various partners. It is important to note that the minimum required ownership period for qualifying low income housing tax credit projects is 15 years, although the tax benefits are available for only ten years. If the qualifying project is sold prior to the end of the 15-year required holding period, the investors are subject to recapture provisions in the tax code. The banking industry, during the last days of the Bush Administration effectively destroyed the tax credit market as reflected by the chart on the next page. The market has started to rebound over the past five years.

It is also important to note that the value associated with the **tax credits is an intangible** value as opposed to the tangible value associated with the transfer of a real property interest. The primary motivation for investor participation in the program is the actual tax credits themselves. The investor participation through purchase of the tax credits provides a significant portion of the capital for funding the development of the project. As previously mentioned, the total tax credit generated by a project is typically more than one or even a small group of investors can effectively utilize due to loss limitations and, therefore, the developments are often syndicated.

<b>Federal Tax Credit Sales</b>			
Project	Purchaser	Price \$0.00 / \$1.00	Year
<b>Ways Station, Richmond Hill, GA</b>	<b>Confidential</b>	<b>\$0.87</b>	<b>2016</b>
Laurel Branch, Richmond Hill, TN	Regions	\$1.10	2016
Island Grove, Madisonville, TN	Regions	\$1.10	2016
USDA 515 Project, Daleville, AL	Regions	\$1.05	2015
Mountain View, Columbiana, AL	Regions	\$1.02	2015
Breckinridge Oaks, Duluth, GA	Major Investment Co.	\$0.96	2015
Retreat at Mills Creek, Scottdale, GA	Major Investment Co.	\$1.02	2014
Creekside at Adamsville, Atlanta, GA	Major Investment Co.	\$0.95	2014
Greenbrier Landing, Kinston, NC	Regional Bank	\$0.913	2014
Rutledge Place, Morristown, TN	Major Investment Co.	\$0.92	2014
Greenwood Place, Algood, TN	Major Investment Co.	\$0.93	2014
Mount Pleasant Village, Mt Pleasant, TN	Regional Bank	\$0.85	2014
Hohenwald Village, Hohenwald, TN	Regional Bank	\$0.85	2014
Church Court West, Holly Springs, MS	Major Investment Co.	\$0.85	2014
Church Court East, Holly Springs, MS	Major Investment Co.	\$0.85	2014
Fairway, Morristown, TN	Regional Bank	\$0.81	2014
Candlewick, Monroeville, AL	Regional Bank	\$0.84	2013
Marshall Gardens, Milan, TN	Regional Bank	\$0.83	2013
Allison Square, Anderson, SC	Regional Bank	\$0.80	2013
Grace Crossing, Paris, TN	Regional Bank	\$0.83	2013
Grove at Kendal, White House, TN	Regional Bank	\$0.90	2013
Sunrise Village, Camden, TN	Major Investment Co.	\$0.85	2013
Ivywood Park, Atlanta, GA	Major Investment Co.	\$0.90	2013
Pecan Point, Cochran, GA	Major Investment Co.	\$0.88	2013
Plantation, Richmond, GA	Major Investment Co.	\$0.88	2013
Stewart Place, Crossville, TN	Major Investment Co.	\$0.83	2013
Heritage Hills, Kingston, TN	Regional Bank	\$0.87	2012
Murphy Lane, Holly Springs, MS	Major Investment Co.	\$0.82	2012
Foothills Village, Richmond Hill, TN	Regional Bank	\$0.85	2012
Lamar Crossing, Memphis, TN	Major Investment Co.	\$0.79	2011
Summerwind, Nashville, TN	Investment Company	\$0.89	2011
Alton Place, Chattanooga, TN	Investment Company	\$0.83	2011
Cotton Mill Lofts, Hawkinsville, GA	National Bank	\$0.85	2011
Confidential, Decatur, GA	Investment Company	\$0.89	2011
Confidential, Pendleton, SC	Investment Company	\$0.88	2011

## LIHTC Tax Credit Investment Valuation (continued)

Ways Station was awarded \$484,950 per year in tax credits. The property will be placed in service in 2017. The credits are under contract for \$0.87 per dollar of credit which will be distributed over ten years. The syndicated limited partnerships proportionately spread the tax credits among the partnership shares. In turn, the syndication generates a considerable amount of capital for a project which reduces the mortgage capital required. Carry-back and carry-forward provisions are provided for in the tax code. It is noted that, in most instances, it would not be financially feasible to develop projects such as the subject property without tax credits. Ways Station is subject to restricted rents, As such, the cost of building the improvements less land cost, Federal grants, historic tax credits and ineligible costs equals the eligible cost basis. The annual tax credits are equal to the qualified basis multiplied by the applicable fractional amount.

The total tax credit of \$4,849,500 divided by ten years to reflect annual tax credits of \$484,950 which is allocated over a ten-year period. The annual tax credit reservation of \$484,950 is multiplied by a factor which results in a present investment price for the tax credits. Recent sales of tax-credit properties are summarized in the chart on the previous page. The investment price reflected by the sales are generally in the range of \$0.79 to \$1.10 per dollar of tax credit. This range was supported by discussions with various individuals active in this marketplace. Ways Station's credits were sold for \$0.87 per dollar credit. The \$4,849,500 in tax credits for Ways Station will be allocated over ten years. Based upon this an investment value of \$0.87 per dollar of federal tax credits has been adopted.

<b>Federal Tax Credit Investment Price</b>	
Total Tax Credits	\$4,849,500
Times Market Level Price	x \$0.87
Estimated Investment Price of Tax Credits	\$4,200,000 (R)

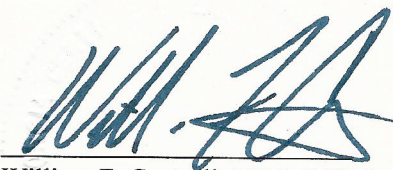
The State of Georgia tax credit are not worth as much with a current price of \$0.54.

<b>State Tax Credit Investment Price</b>	
Total Tax Credits	\$4,849,500
Times Market Level Price	x \$0.54
Estimated Investment Price of Tax Credits	\$2,600,000 (R)

## Certification of Appraisers / Analysts

The appraisers / analysts hereby certifies that:

1. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions. SCG has no undisclosed interest in the property, the subject of the report, either past, present, or contemplated. SCG has no present or prospective interest or bias with respect to the subject matter of this appraisal report or the parties involved. SCG's compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
2. The Appraisal Institute conducts a voluntary program of continuing education for its designated members. As of the date of this report, William F. Cantrell has completed the requirements of the continuing education program of the Appraisal Institute. William F. Cantrell is currently certified through December 31, 2018. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. The employment and compensation of the appraisers for rendering the opinions expressed herein are not contingent upon the values expressed, nor upon any other factor, other than the preparation and delivery of this report for the predetermined fee. This report has been made in conformity with and is subject to the requirements of the Code of Ethics and Standards of Professional Conduct of the Appraisal Institute. SCG's reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and FIRREA Guidelines. William F. Cantrell has not previously appraised this property.
3. Neither the appraisal assignment nor the appraisal was rendered on the basis of a requested minimum valuation, a specific valuation, or approval of a loan. The appraiser has previously appraised similar properties to comply with the competency provisions. A personal inspection of the property, which is the subject of this report, was made by William F. Cantrell on December 18, 2016.
4. No one provided significant professional assistance to the persons signing this report. All significant contributions to the opinions and conclusions expressed in the appraisal report were made by the undersigned. To the best of SCG's knowledge and belief, the statements of fact contained within this report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct; also, this report sets forth all limiting conditions and assumptions affecting the analyses, opinions, and conclusions contained within this report.
5. The principal appraiser, William F. Cantrell, holds appropriate State of Georgia General Certification - Real Estate Appraiser Board Certified Appraiser #000095 - allowing the performance of real estate appraisals in connection with federally related transactions.



William F. Cantrell, MAI, CCIM  
President  
GA Certification 000095  
December 18, 2016



## Exhibit A - Legal Description

**PIN #053-004**

BRYAN COUNTY  
CLERK OF COURTS

634 0155

2006 JUL 26 AM 11:02

BOOK# \_\_\_\_\_ PAGE# \_\_\_\_\_  
CLERK OF SUPERIOR COURT Exhibit "A"  
BRYAN COUNTY, GA  
REBECCA S. CROWE  
LEGAL DESCRIPTION

All that certain tract or parcel of land located in the 20<sup>th</sup> G.M. District of Bryan County, Georgia, in the City of Richmond Hill, containing 9.77 acres, in aggregate, and being the Remainder of The Blalock And Desear Tract, Portion of Lost Plantation, Pin #053-004, consisting of a West Portion, containing 6.71 acres, a Southeast Portion, consisting of 1.33 acres, a Northeast Portion, containing .99 acre, and an Easement area, containing .74 acres, all as more particularly described by that certain plat of survey prepared by Vincent Helmly for Deagal, LLC, dated May 30, 2006, and recorded in Plat Book 568 Page 6, in the Office of the Bryan County Superior Clerk of Court.





**YEAR-15 LIHTC PROPERTIES: THE ULTIMATE VALUE-ADD OPPORTUNITY**

**LOW-INCOME HOUSING TAX CREDIT (LIHTC) DEALS**

**Background**

The Low-Income Housing Tax Credit (LIHTC) Program was borne out of Section 42 of the Tax Reform Act of 1986 (TRA86). Since its inception, over **2.4 million units** of affordable housing have entered the market nationally.

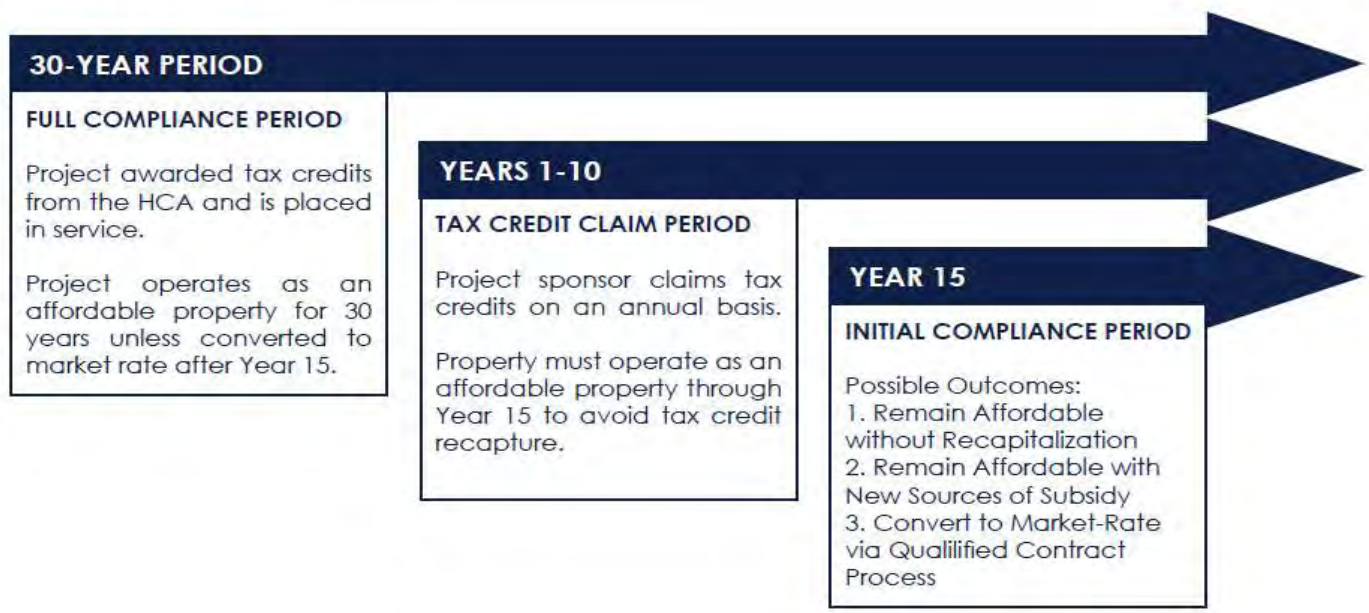
Each year, state housing credit agencies (HCAs) receive federal tax credits via the IRS that are proportionate to each state's population. Developers apply for these tax credits through the HCAs and leverage them to raise equity from private investors. This private investment enables developers to provide affordable rents by lowering their debt burden. Per the Department of Housing and Urban Development's (HUD) "What Happens to Low-Income Housing Tax Credit Properties at Year 15 and Beyond?" report, approximately 63% of LIHTC properties are new construction and the remaining 37% are acquisition-and-rehabilitation deals.

Approximately 28% of LIHTC properties have a nonprofit sponsor and 45% are located in urban areas versus 31% in the suburbs and 24% in rural markets.

**Compliance Period – Initial and Extended**

LIHTC properties are intended to remain affordable for 30 years with two distinct periods: Initial Compliance (Years 1-15) and Extended Use (Years 16-30). However, after 15 years of operating with affordable rents, the owner may opt to undergo the qualified contract process, during which the owner and the HCA determine pricing ("qualified contract price") for the property.

If the HCA cannot find a buyer at the qualified contract price within one year ("qualified contract period"), the owner may operate the building as a market rate property during a three-year decontrol period, while maintaining low rents for the existing low-income tenants. The following provides an overview of the various stages during the 30-year compliance period.







# MULTI HOUSING ADVISORS

## YEAR-15 LIHTC PROPERTIES: THE ULTIMATE VALUE-ADD OPPORTUNITY

### Year 15 Exit Strategy Options

As the LIHTC program matures, more and more LIHTC investors are facing the question of what to do with their LIHTC assets in Year 15. Per the Office of the Comptroller of the Currency's "Low-Income Housing Tax Credits: Affordable Housing Investment Opportunities for Banks" report, the majority of investors exit between Year 11 and Year 16, as investors have already claimed their tax credits through Year 10. Should the owner opt to exit the partnership, there are three options:

1. Right of first refusal or other purchase option to purchase the asset
2. Purchase of investor entity interest in the ownership entity
3. Arms-length sale to a third party

The sales prices per unit for LIHTC deals demonstrate a wide range. In order to provide some context, the following table lists a sample of LIHTC sales since January 2015. The properties vary greatly in unit count, type of market, tenancy, and conditions of the sale.

<b>CANTERBURY PLACE*</b> Reidsville, NC 40 Units	<b>\$900,000</b> \$22,500/Unit Sold January 2016
<b>PARKSIDE CROSSING*</b> Forest Park, GA 250 Units	<b>\$7,150,000</b> \$28,600/Unit Sold December 2015
<b>EAGLES TRACE*</b> Columbus, GA 383 Units	<b>\$7,840,000</b> \$20,470/Unit Sold December 2015
<b>LENOX PARK APARTMENTS</b> Gainesville, GA 292 Units	<b>\$13,300,000</b> \$45,548/Unit Sold May 2015
<b>TELLER VILLAGE APARTMENTS</b> Oak Ridge, TN 80 Units	<b>\$2,720,000</b> \$34,000/Unit Sold May 2015
<b>HICKORY HOLLOW</b> Memphis, TN 55 Units	<b>\$1,200,000</b> \$21,818/Unit Sold January 2015

\*Brokered by MHA  
 Source: CoStar

### Why Stay Affordable?

Per the "What Happens to Low-Income Housing Tax Credit Properties at Year 15 and Beyond?" report, owners of LIHTC properties opt to continue to operate the properties with affordable rents for two primary reasons.

First, it is the owner's mission to provide affordable housing. Second, in certain markets, LIHTC rents are comparable to market rate rents, reducing the owner's incentive to undergo the qualified contract process.

The following table demonstrates the maximum allowable gross rents that LIHTC properties are allowed to charge in select markets based upon three-bedroom rents at 60% of area median income (AMI).

### 2016 MAXIMUM ALLOWABLE RENTS

Metro Area	Maximum Gross Rent*	Area Median Income**
Atlanta, GA	\$1,053	\$67,500
Augusta, GA	\$921	\$59,000
Birmingham, AL	\$999	\$64,000
Charleston, SC	\$1,029	\$68,200
Charlotte, NC	\$1,045	\$67,000
Chattanooga, TN	\$954	\$61,300
Durham, NC	\$1,103	\$74,900
Greensboro, NC	\$885	\$57,200
Greenville, SC	\$950	\$63,500
Macon, GA	\$782	\$48,100
Memphis, TN	\$938	\$60,100
Mobile, AL	\$825	\$52,900
Montgomery, AL	\$942	\$60,400
Nashville, TN	\$1,068	\$68,500
Norfolk, VA	\$1,100	\$70,500
Pensacola, FL	\$930	\$59,600
Raleigh, NC	\$1,195	\$76,600
Richmond, VA	\$1,129	\$72,400
Roanoke, VA	\$963	\$61,700
Savannah, GA	\$990	\$63,500
Winston-Salem, NC	\$912	\$58,500

\*Based upon 3BR units restricted at 60% AMI as of 2016

\*\*Based upon a four-person household  
 Source: Novaco.com

## Exhibit C - Qualifications of William F. Cantrell

President, Southeastern Consulting Group, a real estate appraisal and market analysis firm, with offices in Atlanta, Georgia. Forty-three years of real estate experience in the appraisal and consultation of a variety of investment grade property types on a national basis. Typical properties include retail, residential, office, industrial, hotels / motels, special purpose properties, and preservation easements. Also participated as a general partner in real estate ventures involving commercial and multi-family residential properties in North Carolina, Georgia, and Tennessee.

### Professional Affiliations

**MAI, Practicing Lifetime Member** of the **Appraisal Institute**, MAI Certificate #6264, **SRA**, Senior Residential Appraiser / RM Certificate #1296. **Society of Real Estate Appraisers** (SRPA-Senior Real Property Appraiser), Chapter Vice President, Chapter President. **Georgia Certified General Appraiser** Number C000095. General Certified Real Estate Appraiser also in Alabama, North Carolina, Louisiana, South Carolina, Louisiana, Mississippi and Tennessee. **CCIM**, Certified Commercial Investment Member, Commercial Investment Real Estate Institute. **Institute Affiliate** member of the Atlanta Commercial Board of Realtors. **Licensed Real Estate Broker** in the States of Georgia and North Carolina. Member of the Atlanta Apartment Association, the Georgia Apartment Association and the National Apartment Association. Member of the Southeast Mortgage Advisory Council.

### Educational Background

**Bachelor of Science Degree (BS)**, Real Estate and Finance (1968-1972), **University of Tennessee**, Knoxville, Tennessee. **Graduate School**, City Planning and Real Estate (1976-1977), **University of Tennessee**, Knoxville, Tennessee.

**Appraisal Institute**, Course IA, Appraisal Principles (now Courses 110 and 120), Course IB, Capitalization Theory and Techniques (now Courses 310 and 510), Course II, Case Studies and Report Writing (now Courses 540 and 550), Course VI, Computer Assisted Investment Analysis (now Course E-6), Standards of Professional Practice, Course 10, Market Analysis, Course 710, Condemnation Appraising.

**Institute of Real Estate Management (IREM)** Course 400, Management of Investment Real Estate, and Course 101 Apartment Site Management. **Commercial Investment Real Estate Institute**, Course 101, Financial Analysis for Commercial Investment Real Estate, Course 102, Market Analysis for Commercial Investment Real Estate, Course 103, Decision Analysis for Commercial Investment Real Estate and Course 104, Financial Analysis for Commercial Investment Real Estate.

### Assignments Completed in

North Carolina, Tennessee, Kentucky, South Carolina, Georgia, Florida, West Virginia, District of Columbia, Maryland, Alabama, Kansas, Missouri, California, Texas, Indiana, Connecticut, Ohio, Colorado, Oklahoma, Louisiana, Mississippi, Virginia, Arkansas and Massachusetts.

### Professional Contributions

Contributing author published in (A) **The Real Estate Appraiser and Analyst** professional journal and (B) **Right of Way** magazine. Taught appraisal courses in the state community college system. Served on state, regional, and national committees of various appraisal organizations. Served as National Co-Vice Chairman Appraisal Institute Non-residential Demonstration Appraisal Report Subcommittee and Board of Examiners Appraisal Reports.

## Exhibit C - Qualifications of C. Creed Crutchfield

Associate Appraiser and Real Estate Consultant with Southeastern Consulting Group, a real estate appraisal and market analysis firm, with offices in Atlanta, Georgia. Twelve years of experience in the appraisal and consultation of a variety of investment grade property on a regional basis. Partner with SCG Real Estate, Atlanta, Georgia. Realtor with Keller Williams Realtors, Atlanta, Georgia.

### **Educational Background**

Bachelor of Science in Business Management (2004), University of Phoenix, Atlanta, Georgia

**Appraisal Institute** courses completed or challenged and passed:

Course 110 / 100GR, Basic Appraisal Principles, September 2007

Course 120 / 101GR, Basic Appraisal Procedures, October 2007

Course 15-Hour USPAP, Standards of Professional Practice, October 2007

Course 203R, Residential Report Writing & Case Studies, November 2007

Basic Income Capitalization, Part A / 1, 2009

**Commercial Investment Real Estate Institute** courses completed or challenged and passed:

Introduction to Commercial Properties, August 2007

CCIM Course CI 101, Financial Analysis, February 2014

### **Professional Affiliations**

**Appraisal Institute**, Associate Member

**Commercial Investment Real Estate Institute**, CCIM Candidate

**Realtor**, member of the Local, State and National Boards of Realtors

### **Assignments Completed in**

Georgia, Alabama, Arkansas, South Carolina, Mississippi, North Carolina, Tennessee, Florida and Louisiana.

### **Property Types Appraised**

Apartment Complexes, Assisted Living Facilities, Adaptive Reuse Historical Buildings and Shopping Centers.