



Crown Appraisal Group

Corporate Office

6797 N. High Street, Suite 325

Columbus, OH 43085

tel 614.431.3332

fax 614.431.3376

www.crownappraisal.com



Chester Apartments

400 Wynne Avenue

24-unit apartment complex

Chester, Georgia

Date of Report: April 10, 2017

Prepared by

Crown Appraisal Group, Inc.

6797 N. High Street, Suite 325

Columbus, Ohio 43085

614-431-3332 (o), 614-431-3376 (f)

Prepared for

Debi Martin

Greystone Servicing Corporation, Inc.

419 Belle Air Lane

Warrenton, VA 20186

PRIVILEGED AND CONFIDENTIAL

This document, and all of the statements, opinions, contents, and all attachments and addendums are privileged and confidential to the client (the addressee), and are not intended to be disclosed to or relied upon by any third party without the express written consent of the appraiser(s).



Crown Appraisal Group

Corporate Office

6797 N. High Street, Suite 325

Columbus, OH 43085

tel 614.431.3332

fax 614.431.3376

www.crownappraisal.com

April 10, 2017

Greystone Servicing Corporation, Inc.

Attn: Debi Martin

419 Belle Air Lane

Warrenton, VA 20186

**Re: Chester Apartments
400 Wynne Avenue
Chester, Georgia**

Dear Debi Martin:

At your request, Andy Moye has completed an inspection and analysis of the referenced property for the purpose of developing and reporting an opinion of value for the property. The specific real property interest, real estate, type of report, and type of value are detailed within the body of the accompanying report. The accompanying report has been prepared in conformance with the requirements established by the Appraisal Institute. The appraisal is in conformance with USPAP requirements. The liability of Crown Appraisal Group, Inc. and its employees is limited to the fee collected for the preparation of the appraisal report. There is no accountability or liability to any third party. Based on discussions with market participants, the marketing period and exposure period for the property is estimated at 12 months. The following summarizes the interest being appraised, types of values, effective dates of values, and value opinions.

<i>Competitive Rent Comparable Unit Conclusions (CRCU)</i>			
		<u>1 Bed, 1 Bath</u>	<u>2 Bed, 1.5 Bath TH</u>
As-is CRCU	Value 1 rents	480	560
Prospective (Renovated) CRCU	Value 4 rents	550	630
<i>Value Opinions</i>			
		<u>Date of Value</u>	<u>Value</u>
Value 1 - as conventional or unrestricted		January 23, 2017	\$1,160,000
Value 2-RD - subject to restricted rents		January 23, 2017	\$570,000
Value 3 - prospective, subject to restricted rents		January 23, 2019	\$995,000
Value 4 - prospective, as conventional or unrestricted		January 23, 2019	\$1,470,000
Value 5 - Interest Credit Subsidy Value from assuming the existing 515 Loan)		December 22, 2017	\$255,000
Value 5 - Interest Credit Subsidy Value (New 538 Loan)		January 23, 2019	\$80,000
Value 6 - LIHTC Value		January 23, 2019	\$685,799
Value 6 - State Tax Credit Value		January 23, 2019	\$239,232
Value 7 - Insurable Value		January 23, 2019	\$1,446,132
Value 8 - Land Value		January 23, 2017	\$26,400

The opinion of value contained in the attached appraisal report is based upon the following extraordinary assumptions:

- The units and other improvements at the property that were viewed during the inspection (defined within the body of the report) are representative of all the units and other improvements at the property.
- The prospective value conclusions incorporate the extraordinary assumptions that the improvements are renovated as described, that the renovation is complete as of the prospective valuation date, and that the property is operating at a stabilized level as of the prospective valuation date.

The opinion of value contained in the attached appraisal report is based upon the following hypothetical condition:

- Hypothetical conditions are stated within the Parameters of Assignment section of the report.

The opinion of value contained in the attached appraisal report is based upon the following assumptions and limiting conditions:

- The information furnished by others is believed to be reliable. No warranty is given for its accuracy, though.
- No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated in the report.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations, laws, and license requirements unless otherwise stated in the report.
- The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
- The value opinions, and the costs used, are as of the date of the value opinion.
- All engineering is assumed to be correct. The plot plans and other illustrative material in this report are included only to assist the reader in visualizing the property.
- The proposed improvements, if any, on or off-site, as well as any repairs required, are considered, for purposes of the appraisal, to be completed in a good and workmanlike manner according to information submitted and/or considered by the appraiser.
- Responsible ownership and competent property management are assumed.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- The appraiser is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that make it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering or environmental studies that may be required to discover them.
- Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on or in the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of such substances may affect the value of the property. The value opinion is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- All mechanical components are assumed to be in good, operable condition unless otherwise noted.
- Our opinion of value does not consider the effect (if any) of possible noncompliance with the requirements of the ADA.
- Crown Appraisal Group, Inc. and its employees accept no responsibility for changes in market conditions or the inability of the client, intended user, or any other party to achieve desired outcomes.
- Projections or estimates of desired outcomes by the client, intended user, or any other party may be affected by future events. The client, intended user, or any other party using this report acknowledges and accepts that Crown Appraisal Group, Inc. and its employees have no liability arising from these events.
- Unless specifically set forth, nothing contained herein shall be construed to represent any direct or indirect recommendation of Crown Appraisal Group, Inc., its officers or employees to purchase, sell, or retain the property at the value(s) stated.
- Unless specifically set forth, nothing contained herein shall be construed to represent any direct or indirect recommendation of Crown Appraisal Group, Inc., its officers or employees to provide financing (mortgage, equity, or other) for the property at the value(s) stated.
- Greystone Servicing Corporation, Inc., or its representative(s), agrees to indemnify and hold Crown Appraisal Group, Inc., its officers and employees, harmless from and against any loss, damages, claims, and expenses (including costs and reasonable attorney fees) sustained as a result of negligence or intentional acts or omissions by Greystone Servicing Corporation, Inc., or its representative(s) arising from or in any way connected with the use of or purported reliance upon, the appraisal report or any part of the appraisal report.
- The contents of the appraisal report, and all attachments and information that will be contained within the report, is proprietary and confidential. Greystone Servicing Corporation, Inc., or its representative(s) will not release or provide the report, in any form, in whole or in part, to any third party, including any borrower, potential borrower, buyer or potential buyer, without the signing appraiser's express written authorization.

ACCEPTANCE OF, AND/OR USE OF, THIS APPRAISAL REPORT CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS.

Debi Martin
April 10, 2017
Page Four

The attached appraisal report contains the results of the investigation and opinion of value. We appreciate this opportunity to serve you and your firm. Should you or anyone authorized to use this report have any questions, contact us at your convenience.

Sincerely,

CROWN APPRAISAL GROUP



Andrew J. Moye, MAI, AI-GRS
Principal

AJM
Enclosure

Table of Contents

Introduction to Report

Title Page	
Letter of Transmittal	
Table of Contents	
Executive Summary	1

Premises of Appraisal

Parameters of Assignment.....	2
-------------------------------	---

Presentation of Data

Comments Regarding Appraisal.....	9
Apartment Housing	10
City Overview.....	11
Property Description.....	29

Analysis of Data

Highest and Best Use	36
Valuation.....	38
Market Valuation.....	39
Income Capitalization Approach	39
Sales Comparison Approach.....	51
Prospective Market Value	61
Income Capitalization Approach	61
Cost Approach	69
Reconciliation and Final Value Opinion	75
Interest Credit Subsidy Value Opinion.....	76
Low Income Housing Tax Credit Value Opinion	77
Insurable Value Opinion	79
Certification	80
Addendum.....	81
Subject Photographs	82
Rent Roll	83
Operating History/Budgets.....	86
Estimate and Certificate of Cost	151
Architectural Plans	156
Flood Map.....	163
Tax Plat Map.....	164
Deed/Legal Description.....	165
Survey	168
Engagement Letter.....	169
Professional Qualifications/License	176

Executive Summary

Subject Real Estate Identification: The subject is known as Chester Apartments and has an address of 400 Wynne Avenue in Chester, Georgia. The complex operates as a Class C, subsidized income, non-age restricted property. Chester Apartments is located on the south side of Wynne Avenue less than ¼ mile northeast of the center of town. The property is in Dodge County. Chester is in central Georgia.

The subject improvements include a 24-unit apartment complex (housed in 5 one to two-story buildings). The property includes one and two bedroom units. The improvements were built in 1985. The property is in average physical and functional condition. The 24 units total 19,008 sf. The property is currently 87.5% occupied. The subject site is ±4.14 acres.

Existing Use of Real Estate: Apartment Complex
Highest and Best Use: Intensive Residential (current use)

Parcel Number/Legal Description: 091A 009 / CHESTER APTS
Zoning: No Zoning

USPAP Report Option: Appraisal report

Pertinent dates:
Date of valuation: see chart
Prospective date of valuation: see chart
Date of inspection: January 23, 2017
Date of report: April 10, 2017

Values, interests appraised: see next page

Conclusions:

Competitive Rent Comparable Unit Conclusions (CRCU)			
		<u>1 Bed, 1 Bath</u>	<u>2 Bed, 1.5 Bath TH</u>
As-is CRCU	Value 1 rents	480	560
Prospective (Renovated) CRCU	Value 4 rents	550	630
Value Opinions		<u>Date of Value</u>	<u>Value</u>
Value 1 - as conventional or unrestricted		January 23, 2017	\$1,160,000
Value 2-RD - subject to restricted rents		January 23, 2017	\$570,000
Value 3 - prospective, subject to restricted rents		January 23, 2019	\$995,000
Value 4 - prospective, as conventional or unrestricted		January 23, 2019	\$1,470,000
Value 5 - Interest Credit Subsidy Value from assuming the existing 515 Loan)		December 22, 2017	\$255,000
Value 5 - Interest Credit Subsidy Value (New 538 Loan)		January 23, 2019	\$80,000
Value 6 - LIHTC Value		January 23, 2019	\$685,799
Value 6 - State Tax Credit Value		January 23, 2019	\$239,232
Value 7 - Insurable Value		January 23, 2019	\$1,446,132
Value 8 - Land Value		January 23, 2017	\$26,400

Parameters of Assignment

Purpose, Intended Use

The purpose of this assignment is to arrive at an opinion of the market value of the property known as Chester Apartments. A number of value opinions of a number of interests are provided. The value opinions, applicable notes (including discussion about the use of a hypothetical condition), and intended use, are detailed below:

Value 1	<p>Market Value within 7 CFR Part 3560.752(b)(1)(ii), Premised Upon A Hypothetical Condition As-If Unsubsidized Conventional Housing in compliance with 7 CFR Part 3560.656(c)(1)(i).</p> <p><i>Note - using the hypothetical condition “as unsubsidized conventional housing” according to 7 CFR Part 3560.656(c)(1)(i) means that when the appraiser develops their highest and best use analysis they will not recognize any Rural Development restrictions or subsidies and must only consider the property as continued use as housing.</i></p> <p>The intended use of this appraised value is to determine the value of the property that qualifies for an Incentive Offer within 7 CFR Part 3560.656 for sale/purchase and to determine the amount and availability of any equity.</p> <p>For ease of communication throughout the report, every effort is made to identify this value either by the complete definition or “Value 1, as conventional or unrestricted”.</p> <p><i>Comment: market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate used.</i></p>
Value 2-RD	<p>Market Value, within 7 CFR Part 3560.752(b)(1)(ii).</p> <p><i>Note – this value opinion must consider all existing restrictions and prohibitions including Restrictive-Use Provisions (RUPs).</i></p> <p>The intended use of this appraised value is to determine the value of the property for sale/purchase and to determine the amount and availability of any equity.</p> <p>For ease of communication throughout the report, every effort is made to identify this value either by the complete definition or “Market Value, Subject to Restricted Rents within 7 CFR Part 3560.752(b)(1)(i)”.</p> <p><i>Comment: basic rent, historic vacancy, historic expenses, market-based overall rate (with recognition of “safeness” of RA units) used.</i></p>
Value 3	<p>Prospective Market Value, Subject To Restricted Rents within 7 CFR Part 3560.752(b)(1)(i).</p> <p><i>Note – this value opinion must consider any rent limits, rent subsidies, expense abatements, and restrict-use conditions that will affect the property. All intangible assets must be evaluated individually and separately from real estate.</i></p> <p>The intended use of this appraised value for a new or subsequent loan is to assist the underwriter with calculating the security value for the basis of a loan or loan guarantee.</p> <p>For ease of communication throughout the report, every effort is made to identify this value either by the complete definition or “Value 3, prospective, subject to restricted rents”.</p>

	<i>Comment: lesser of LIHTC or market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate (with recognition of “safeness” of RA) units used.</i>
Value 4	<p>The intended use of the appraised value “Market Value within 7 CFR Part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition As-If Unsubsidized Conventional Housing in compliance with 7 CFR Part 3560.656(c)(1)(i).” is to determine the value of the property that qualifies for an Incentive Offer within 7 CFR Part 3560.656 for sale/purchase and to determine the amount and availability of any equity.</p> <p><i>Note – this value opinion is based upon a highest and best use analysis as-if not encumbered by USDA program provisions.</i></p> <p>The intended use of this appraised value is for reasonable analysis and comparison as to how the USDA restrictions affect the property. It should not be used as the basis of a loan or loan guarantee.</p> <p>For ease of communication throughout the report, every effort is made to identify this value either by the complete definition or “Value 4, prospective, as conventional or unrestricted”.</p> <p><i>Comment: market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate used.</i></p>
Value 5	Value of the interest credit subsidy from assumed 515 loan and new 538 loan.
Value 6	Market Value of LIHTC (tax credits).
Value 7	Insurable Value.
Value 8	Market Value of Underlying Land

Definitions

Market Value, incorporated in Value Opinions 1, 2, 5, 6, 8

The 6th edition of The Dictionary of Real Estate Appraisal includes several definitions for *market value*. The following definition from the dictionary is used by the federal agencies that regulate insured financial institutions in the United States.

“Market value: 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:

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

Comments from HB-1-3560

Most appraisers and users of Agency Multi-Family Housing appraisals understand the definition of *market value* to mean the value as a conventional or unrestricted or market property. However, to avoid confusion when requesting or reporting this value type, the term “as conventional or unrestricted” should be added to the term *market value* (i.e. “market value, as conventional or unrestricted”).

Market Value, subject to restricted rents – incorporated in Value Opinions 2 (possible), 3

A definition of market value, subject to restricted rents, as the term is used by RHS, derived from the definition of market value above, is stated as follows. Market value, subject to restricted rents: 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:

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

Comments from HB-1-3560

It considers any rent limits, rent subsidies, expense abatements, or restrictive-use conditions imposed by any government or non-government financing sources but does not consider any favorable financing involved in the development of the property.

Market value, subject to restricted rents, refers only to the value of the subject real estate, as restricted, and excludes the value of any favorable financing. The market value, subject to restricted rents, is based on a pro forma that projects income, vacancy, operating expenses, and reserves for the property under a restricted (subsidized) scenario. This restricted pro forma includes the scheduled restricted rents, a vacancy and collection loss factor that reflects any rental assistance (RA) or Section 8, and operating expenses and reserves projected for the subject as a subsidized property. Subsidized apartments typically experience higher management, auditing, and bookkeeping expenses, relative to similar conventional apartments, but often have lower real estate tax expenses.

Real Property Interest Valued, Value Opinions 1, 2 (possible), 4, 8

fee simple estate, subject to short term leases.

The 6th edition of the Dictionary of Real Estate Appraisal defines fee simple estate as “absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.” Recognition is made that there are leases with tenants that are short term (no more than one year) in nature for the units in the apartment building improvements.

Real Property Interest Valued, Value Opinions 2 (possible), 3
fee simple estate, as restricted, subject to short-term leases.

The 6th edition of the Dictionary of Real Estate Appraisal defines fee simple estate as “absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

Prospective Value, Value Opinions 3, 4, 7

The term *prospective value* is defined by the 6th edition of The Dictionary of Real Estate Appraisal as follows. “*Prospective value: a forecast of the value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written.*”

Comments from HB-1-3560

As used in Agency regulations and instructions, the term “as-improved value” refers to the value of real property after completion of proposed improvements. The Agency’s intended meaning of “as-improved value” is the same as the definition of *prospective value*. However, use of the term “as-improved value” can cause confusion for two reasons, as follows. 1) The term “as improved”, as used in a Highest and Best Use analysis, refers to the subject real estate as it has already been improved at the time of the appraisal, not as it is proposed to be improved. Therefore, “as-improved value” could be interpreted to refer to the value of the subject property as it has already been improved at the time of the appraisal. 2) There is a common misconception with the use of the term “as-improved value” that this is a value based on a hypothetical condition; that is, the value of the property as if it were improved, as proposed, as of the date of inspection. Since this scenario is impossible, an “as-improved value”, as of appraisal date (inspection date), is not useful. The term *prospective value* is better understood than the terms “as-improved value” and “as-complete value” by appraisers and users of appraisals and has replaced these terms in appraisal literature and common usage. Therefore, the term *prospective value* should be used when requesting or reporting a forecasted value, and the associated date of value should be the projected date of completion of construction.

“As-Is” Value

The 6th edition of the Dictionary of Real Estate Appraisal defines value as is as follows. “Value as is: the value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning.”

Comments from HB-1-3560

HB-1-3560, Attachment 7-A, Page 5 of 8 notes that, “...the term ‘As-Is’ should not be used with the term *market value* unless the property is a conventional or market property at the time of the appraisal. The term ‘As-Is’ should precede the term *market value, subject to restricted rents*, when the *market value, subject to restricted rents*, of the project at the time of the appraisal is required.” In this assignment, the appraisers have tried to not use of the term “as-is”.

Insurable Value, Value 7

A definition of *insurable value* acceptable for use in Agency Multi-Family Housing appraisals is as follows: *Insurable value: the value of the destructible portions of a property which determines*

the amount of insurance that may, or should, be carried to indemnify the insured in the event of loss. The estimate is based on replacement cost new of the physical improvements that are subject to loss from hazards, plus allowances for debris removal or demolition. It should reflect only direct (hard) construction costs, such as construction labor and materials, repair design, engineering, permit fees, and contractor's profit, contingency, and overhead. It should not include indirect (soft) costs, such as administrative costs, professional fees, and financing costs.

The term “insurable cost” is sometimes used instead of the term *insurable value* because it is based strictly on a cost estimate, not a value concluded in an appraisal. However, the term *insurable value* is more commonly used. Attachment 7-I, *Insurable Value Calculation*, is a worksheet that should be used as a guide by State Appraisers and fee appraisers contracted by the Agency in calculating *insurable value*.

Extraordinary Assumption:

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusion.

Source: *Uniform Standards of Professional Appraisal Practice (USPAP)*

For those reports that incorporate an extraordinary assumption, USPAP requires that the appraiser provide notice to the user of the report that the use of the extraordinary assumption might affect the assignment results. The appraiser(s) is not required to report on the impact of the extraordinary assumption on assignment results. The following extraordinary assumptions are incorporated:

- The units and other improvements at the property that were viewed during the inspection (defined within the body of the report) are representative of all the units and other improvements at the property.
- The prospective value conclusions incorporate the extraordinary assumptions that the improvements are renovated as described, that the renovation is complete as of the prospective valuation date, and that the property is operating at a stabilized level as of the prospective valuation date.

Hypothetical Condition:

That which is contrary to what exists but is supposed for the purpose of analysis.

Source: *Uniform Standards of Professional Appraisal Practice (USPAP)*

For those reports that incorporate a hypothetical condition, USPAP requires that the appraiser provide notice to the user of the report that the use of the hypothetical condition might affect the assignment results. The appraiser(s) is not required to report on the impact of the hypothetical condition on assignment results. Applicable hypothetical conditions have been identified earlier in this section.

Intended Use, User

The intended use for most of the values developed and reported have been shown in the prior section. For those values that do not have an intended use, the use is to assist the client in their understanding and analysis of the property. Unless otherwise identified within this report, the intended use of the report has not been more fully described to the appraiser(s). The client, or intended user, for whom the report is prepared is identified in the letter of transmittal, Debi Martin of Greystone Servicing Corporation, Inc. Other known intended users are representatives from the USDA, Georgia Department of Community Affairs, and other lenders. Unless otherwise identified within this report, no other intended users have been identified to the appraiser(s).

The Uniform Standards of Professional Appraisal Practice (USPAP) have a number of rules, comments, advisory opinions, and frequently asked questions relating to control or use of reports. The signatory(ies) of this report is/are bound by USPAP. Therefore, as noted in the letter of transmittal, no party other than the intended user may use this report without receiving written consent from the signing appraiser(s). Further, no part of the report shall be published or made available to the general public, nor shall any part of the report be published or made available for public or private offering memorandum or prospectus, without the written consent of the signing appraiser(s) of this report.

Scope

The scope of services was focused on reviewing issues considered relevant and appropriate by the appraisers based on their knowledge of the subject's real estate market. The appraisers believe that the scope was sufficient to arrive at an accurate value opinion. A summary of the scope of work is presented below. Additional explanatory comments regarding the scope undertaken can be found throughout the report. The scope included the following:

- Review and analysis of the subject market area, economic and demographic issues.
- Review of existing and planned comparable and/or competitive properties located within the subject area.
- Analysis of economic, demographic and development factors within the subject market area.
- Physical inspection of the real estate; specifically, observation of the above ground attributes of the site was made, observation of representative exterior facades of building(s) on site was made, observation of representative property amenities on site was made, and interior viewing of a sufficient number of representative living units within the building(s) was made in a manner considered sufficient to comprehend and analyze the physical and functional adequacy and appropriateness of the real estate in light of market conditions as of the date of valuation.
- Evaluation of the highest and best use of the property.
- Consideration of all applicable and appropriate valuation approaches.
- Reconciliation of the above opinions to a point value opinion.

Note that:

- Crown Appraisal Group, Inc. employees are not engineers and are not competent to judge matters of an engineering nature.
- Inspection of 100% of the units or other improvements at the real estate was not made.

Pertinent Dates

The various dates of valuation are noted in the charts on the first page of the letter of transmittal and the Executive Summary Page. The most recent inspection of the real estate was on January 23, 2017. It is noted that the term *inspection* is not intended to convey a complete, exhaustive examination of the real estate. Such an inspection is best suited for an engineer, architect, or building inspector formally educated and trained in such matters. Rather, the term denotes that the individual viewing the real estate was at the property on the date and observed the general condition and quality of the real estate at that time. The date of report--the date the report was written—is April 10, 2017.

Events subsequent to these dates may have an impact on the opinions developed through the course of the assignment, and on the opinions contained within this report. All such subsequent events are beyond the control of the appraiser(s), and any consequences thereof are beyond the scope of this assignment.

Comments Regarding Appraisal

A number of comments regarding the subject and appraisal assignment are discussed below:

- **Property.** The subject is known as Chester Apartments and has an address of 400 Wynne Avenue in Chester, Georgia. The property is a 24-unit apartment complex. The property includes one and two bedroom units. The complex operates as a Class C, restricted income, non-age restricted property. The improvements were built in 1985. Overall, the property is in average physical and functional condition.

The unit size is based on the best information provided. Crown was given floor plans, square foot summary pages, and building plans. The information was generally consistent, but not identical.

Tenancy at the subject property is restricted to households with incomes of less than the area median household income. The units at the subject have long maintained a high level of occupancy. Demand for subsidized rental units is high locally.

Historical operating information for the subject was available for 2013, 2014, and 2015. In addition, the budget for 2016 and 2017 were also provided. In general the information provided indicated that the property is being run in an efficient manner. Historical information will be used when developing expenses and for valuation purposes, while market data will be used as support.

- **Near Term.** The property is part of a portfolio of apartment properties in Georgia that are to transfer ownership in the near term. There is a letter of intent on the subject property, proposing an option to purchase. The letter of intent was requested but not provided. The transfer is assumed to be between related parties and not one that is considered to be arms-length. The purchase price amount given to the appraisers is \$702,994. As the transfer is not arms-length no credence is given to this purchase price when determining the said values of the subject property. Subsequent to the sale, ownership plans to renovate the subject with funding from a combination of mortgage monies, sale proceeds of Section 42 Low Income Housing Tax Credits, and equity. Following the acquisition the existing Section 515 loan will remain at the property. (The loan is expected to be restated under new rates and terms.) Renovations will be extensive and will include interior unit renovation as well as exterior unit renovation. Among the items that will be replaced and/or renovated (depending upon the condition of the individual components) are air conditioning units, windows, roofs, plumbing and electric, parking areas, and kitchens and bathrooms. Microwaves and dishwashers will be added to each unit. In addition, a pavilion and playground will be added to the complex. Furthermore, all Section 504 accessibility issues will be addressed and corrected as appropriate.
- **Property Location.** The property is on the south side of Wynne Avenue less than ¼ mile northeast of the center of town. The property is in Dodge County. Chester is in central Georgia. Chester is a relatively small Georgia town. There are few truly comparable properties in the area.
- **Value Opinions Developed and Reported.** There are a number of value opinions developed and reported in the appraisal report. In large part, this is due to the number of intended users – who have similar, but not identical – needs. The values that are not required by a specific intended user should be ignored.

Apartment Housing

There is a continual change in the definition and implications of various apartment types. A number of the more prevalent apartment classifications include *luxury*, *Class A*, *Class B*, *conventional*, *LIHTC*, *HUD*, and *affordable*. With respect to the senior market, there are classifications such as *independent* or *assisted*. Some terms have specific definitions, while some can be used interchangeably (upscale or luxury, etc.). In some cases, the terms are meant to suggest a specific resident profile or income level (LIHTC or affordable are examples). To minimize confusion, the following definitions and comments are presented:

- Luxury, Class A, Class B, Class C - The type of property is designated by the year of construction and the amenities (unit and project). A luxury complex will have more amenities than a Class A property, while a Class A property has more amenities than Class B. A Class C property typically possesses few amenities. An *upscale* property could be either a luxury or a Class A property. A Class B property could be new. A Class B property does not possess all the amenities of a Class A or luxury property.
- Market rate, LIHTC, HUD - Refers to the rent limits, or rent payment structure. A market rate property has no rent constraints (other than the market) while a LIHTC (Low-Income Housing Tax Credit) property is (or could be) constrained by income levels as well as the market. A market rate property is also known as a *conventional* property. Low-income, subsidized, or affordable (such as HUD Section 8 and/or Section 236) are designations used to denote subsidy programs other than the LIHTC program, and refer to the entity (or entities) that make the rent payment to the property owner.
- Independent, assisted - Refers to the level of service offered, particularly with respect to the senior housing/care market. An independent complex has few, if any, services (such as meals, housekeeping). An assisted living facility offers more ADL (Activities of Daily Living) services. This classification also has implications as to the typical design of apartment units within a complex – an independent complex generally has apartments with full kitchens and exterior entries, while the units at an assisted living complex typically have a small kitchenette, many common areas, and interior enclosed hallways.
- Elderly Only (Age Restricted) - Refers to the minimum age of at least one of the residents of a unit. Depending upon the specific nature of a given program, the typical minimum age limit is within the 55 to 65 range.

Based on the above, the complex operates as a Class C, restricted income, non-age restricted property.

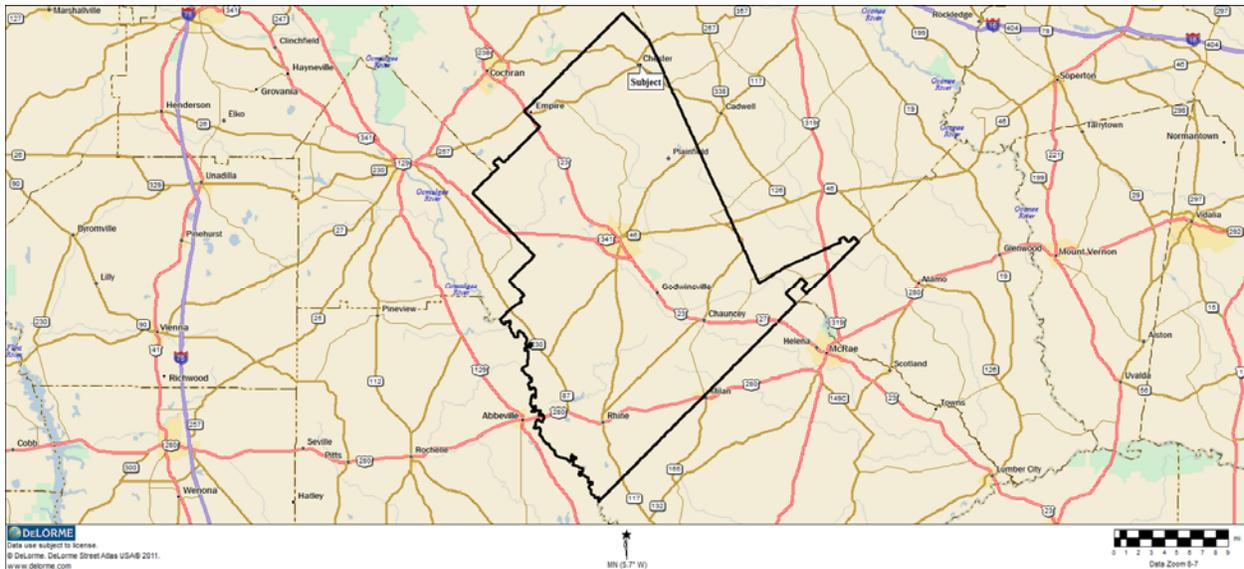
City Overview

Chester is a town in Dodge County, Georgia. Dodge County is located in south central Georgia. The subject is located about 120 miles southeast of Atlanta, Georgia (the state capital of Georgia), 100 miles southwest of Augusta, Georgia, 165 miles northwest of Jacksonville, Florida, 280 miles northeast of Pensacola, Florida, and 185 miles east of Montgomery, Alabama. The maps below show the subject's location within the state of Georgia, Dodge County, and the town of Chester. An aerial of the subject's location relative to downtown Chester follows the maps.

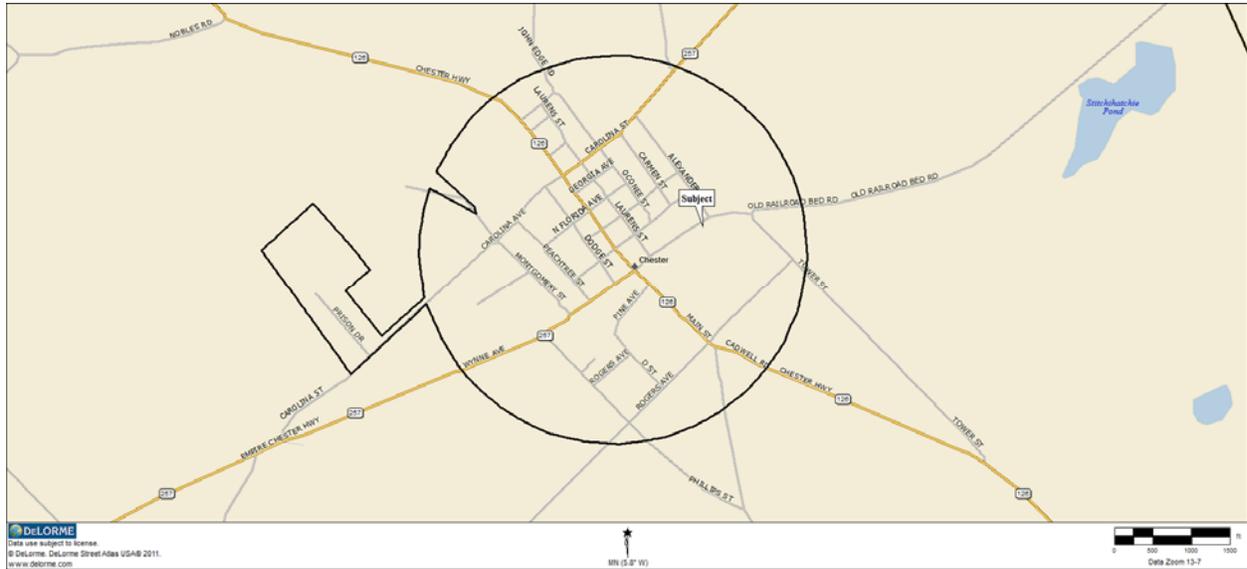
Georgia



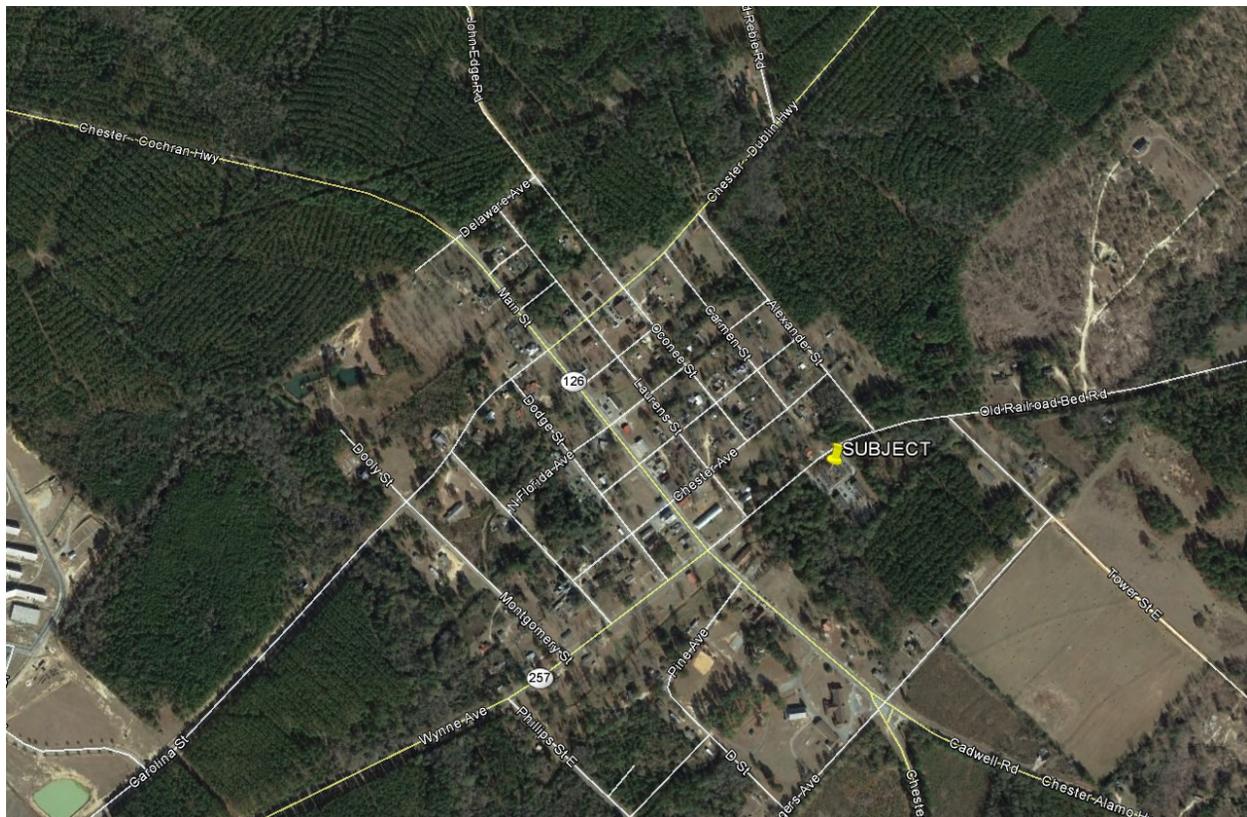
Dodge County



Town of Chester



Aerial



Physical Boundaries

The Chester town limits are a circle that is about 1 mile in diameter. Chester, then, is roughly bordered by Delaware Avenue to the north, Tower Street to the east, Philips Street and Rogers Avenue to the south, and Prison Drive to the west.

Road Infrastructure

There are no interstate highways in the immediate subject area. I-16 is about 10 miles north of Chester. Two Georgia state routes intersect in downtown Chester: SR 126 and SR 257. SR 126 runs northwest-to-southeast through portions of Bleckley, Dodge, Laurens, and Wheeler counties. SR 126 begins at an intersection with SR 26 (East Dykes Street) in Cochran, in Bleckley County. It enters Dodge County and has a brief concurrency with SR 257 in Chester. The road continues southeast to its terminus at an intersection with SR 19 north of Lumber City.

SR 257 is a southwest-to-northeast state highway. Its routing is located within portions of Crisp, Dooly, Wilcox, Pulaski, Bleckley, Dodge, and Laurens counties. SR 257 begins at an interchange with I-75 in Cordele in Crisp County. SR 257 enters Chester from the southwest and exits to the northeast. It has a short concurrency with SR 126 in Chester. SR 257 exits Chester to the northeast and heads to its terminus at an intersection with US 319/US 441/SR 31 in Dublin, Georgia.

Population

The Chester population according to the 2000 census was 1,344. In 2010, the population was 1,596 (an increase of 1.7% compounded annual growth or CAG). The 2016 population estimation is 1,536 (population decrease of 0.6% CAG from 2010). The population is expected to decrease by 0.5% CAG in 2021 to 1,496.

Growth

Dodge County was created on October 26, 1870. The county was named for William E. Dodge, a New York U.S. Representative, businessman, abolitionist, and “carpetbagger” who purchased large tracts of timberland in the area after the Civil War. Parts of Pulaski, Montgomery, and Telfair counties were used to create Dodge County. In 1869, the Macon and Brunswick railroad, (now the Southern) was built. Towns began to spring up along the line. As this immediate section was so far removed from the county seat, Hawkinsville, it was deemed expedient to create a new county and place the county seat at this point. Mr. Eastman donated the land for the new town and county seat, Eastman, and also donated the land for the court house. Among the first industries were the saw mill, shingle mill, and turpentine still. The Seaboard Airline Railroad was built through Dodge County in 1888. The soil in Dodge County is one of the richest in the state, lying between the hills of North Georgia and the flat lands of South Georgia. Agriculture also has a major economic impact in Dodge County.

The Heart of Georgia Regional Airport is located three miles east of Eastman off of State Route 46. Elevation is 304' and runway 02/20 is 6,506'x100' and has a precision instrument landing system. The airport is owned by the Heart of Georgia Regional Airport Authority and is home to the Middle Georgia State College Aviation campus. Middle Georgia State College operates the Federal Aviation Administration's #1 ranked student control tower in the United States. Other businesses at the airport include aircraft manufacturing, aircraft metal finishing, and general metal fabrication. The airport's fixed-base operator is located in the terminal building midfield. There is no known planned future development. According to the demographics of the area, the population is expected to decrease and the viability of the area is stable.

Land Uses and Development

Chester is a small rural town with little commercial development. Main Street is the commercial area. There are several closed businesses along Main Street. The subject is just east of Main Street. Uses on Main Street include The Church of God, Warren Cabinet Company, Pit Stop Café, Colony Bank, Chester Food Mart and Deli, Rogers Automotive Gas Station, Chester Fire Department, car wash, post office, and Quick Stop c-store. Single-family residential are behind the commercial uses.

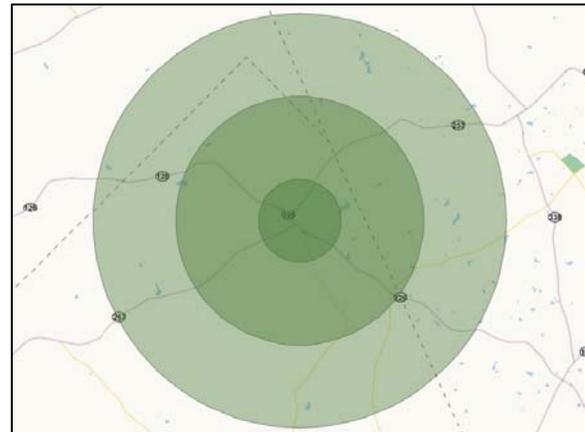
Immediate (Adjacent) Land Uses

North: Uses to the north are vacant land and single-family residential.

East, South, and West: Vacant land is to the east, south, and west.

Market Area Demographic Profile

The chart below shows demographic data for the subject market for a number of identified areas. The map depicts the areas covered.

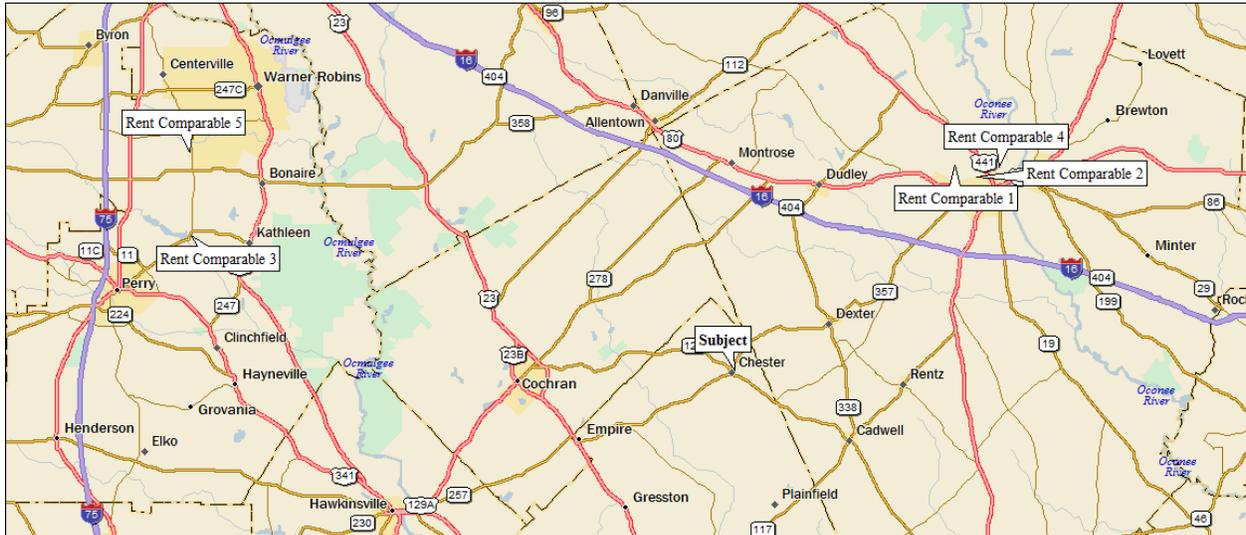


Chester Apartments										
Demographic Profile: 1, 3 and 5-mile Radii										
	Chester		Radius from subject				Dodge			
	City	CAG	1 Mile	CAG	3 Mile	CAG	5 Mile	CAG	County	CAG
Population										
2000	1,344		1,374		1,812		2,822		19,171	
2010	1,596	1.7%	1,632	1.7%	2,142	1.7%	3,339	1.7%	21,796	1.3%
2016 est.	1,536	-0.6%	1,570	-0.6%	2,072	-0.6%	3,267	-0.4%	20,674	-0.9%
2021 proj.	1,496	-0.5%	1,529	-0.5%	2,028	-0.4%	3,239	-0.2%	20,294	-0.4%
Median Age	39.80		39.60		39.70		40.30		39.60	
Average Age	40.50		40.30		40.30		40.60		39.70	
Households										
2000	246		252		357		723		7,062	
2010	308	2.3%	315	2.3%	438	2.1%	869	1.9%	8,177	1.5%
2016 est.	314	0.3%	321	0.3%	449	0.4%	886	0.3%	7,827	-0.7%
2021 proj.	319	0.3%	326	0.3%	459	0.4%	906	0.5%	7,741	-0.2%
Average Household Size										
2000	5.46		5.46		5.07		3.91		2.71	
2010	5.18	-0.5%	5.18	-0.5%	4.89	-0.4%	3.84	-0.2%	2.67	-0.2%
2016 est.	4.89	-1.0%	4.90	-0.9%	4.61	-1.0%	3.69	-0.7%	2.64	-0.2%
2021 proj.	4.69	-0.8%	4.69	-0.8%	4.42	-0.9%	3.57	-0.6%	2.62	-0.1%
Owner Occupied (est.)	231	73.57%	236	73.47%	337	74.99%	689	77.83%	5,440	69.50%
Renter Occupied (est.)	83	26.43%	85	26.53%	112	25.01%	196	22.17%	2,387	30.50%
Est. Household Income										
\$0-\$14,999	14.33%		14.29%		13.93%		13.95%		21.86%	
\$15,000-\$24,999	17.20%		17.01%		17.86%		17.58%		12.44%	
\$25,000-\$34,999	13.38%		13.38%		13.02%		12.53%		12.30%	
\$35,000-\$49,999	18.47%		18.59%		18.13%		15.74%		14.07%	
\$50,000-74,999	10.19%		10.43%		11.53%		14.98%		16.57%	
\$75,000-\$99,000	17.83%		17.69%		16.64%		13.52%		10.36%	
\$100,000 +	8.60%		8.62%		8.90%		11.69%		12.39%	
	100.0%		100.0%		100.0%		100.0%		100.0%	
Average Household Income (est.)	\$47,795		\$47,868		\$48,119		\$51,267		\$50,218	
Median Household Income (est.)	\$39,138		\$39,299		\$39,293		\$40,656		\$38,617	

¹ Compounded Annual Growth
Source: The Nielsen Company

Supply Side Analysis - Competitive Properties Survey

A survey of multi-family complexes is detailed on the following pages. The map below shows the locations of the rent comparables and the subject. Given the relatively small population in the market area, there are few apartment properties, and it was necessary to use properties that are somewhat geographically distant.



Rent Comparable 1

General Data

Property Name:	Brookington Apts
Property Address:	504 Brookwood Dr
City:	Dublin
County:	Laurens
MSA:	Not in a MSA
State:	GA
Zip:	31021
Renter Segmentation:	General
Rent Structure:	Market Rate



Property Data

		<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	<u>Rent</u>	<u>Rent/rsf</u>
Year Built:	1978	1	1.0	Garden	950	48	\$510	\$0.54
Size (Number of Units):	96	2	1.5	Townhouse	1,200	40	\$575	\$0.48
Rentable Size (rsf):	102,800	2	2.0	Garden	1,150	8	\$600	\$0.52
Site Size (acres):	10.890							
Density (units/acre):	8.8							
Occ. At Time Of Survey:	100.0%							
Floors:	2							
Property Design:	Walk Up							
Exterior:	Siding							

Landlord Paid Utilities

N Cable	Y Sewer
N Electric	Y Trash
- Gas	Y Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
N Microwave	N Att. Garage
Y Dishwasher	N Carport
Y Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceiling
Y W/D Hookups	N Security System

Complex Amenities

Y Pool	N Laundry
Y Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
Y Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Tenant Paid Utilities

Y Cable	N Sewer
Y Electric	N Trash
- Gas	N Water

Other Comments

The property is located along the west side of Brookwood Drive, just west of Claxton Dairy Road (CR 530), and about 3 miles northwest of downtown Dublin. The improvements are housed in 17 two-story buildings. One-bedroom units have balconies; two-bedroom units have patios. Typical lease term is 1 year. Shorter lease terms are available with management consent. There is minimal turnover.

Property Contact: Linda (478) 272-6788

Rent Comparable 2

General Data

Property Name:	Claxton Pointe North Apts
Property Address:	1003 Claxton Dairy Rd
City:	Dublin
County:	Laurens
MSA:	Not in a MSA
State:	GA
Zip:	31021
Renter Segmentation:	General
Rent Structure:	Market Rate



Property Data

		<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	<u>Rent</u>	<u>Rent/rsf</u>
Year Built:	1992	1	1.0	Garden	600	12	\$325	\$0.54
Size (Number of Units):	136	1	1.0	Garden	850	1	\$445	\$0.52
Rentable Size (rsf):	166,050	2	1.0	Townhouse	975	12	\$480	\$0.49
		2	2.5	Townhouse	1,300	103	\$530	\$0.41
Site Size (acres):	5.060	3	2.5	Townhouse	1,550	8	\$650	\$0.42
Density (units/acre):	26.9							
Occ. At Time Of Survey:	98.5%							
Floors:	2							
Property Design:	Walk Up							
Exterior:	Siding							

Landlord Paid Utilities

N Cable	N Sewer
N Electric	Y Trash
- Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
N Microwave	N Att. Garage
Y Dishwasher	N Carport
Y Garbage Disposal	N Basement
Y Air Conditioning	Y Ceiling Fans
N Washer/Dryer	N Vaulted Ceiling
Y W/D Hookups	N Security System

Complex Amenities

N Pool	N Laundry
N Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Tenant Paid Utilities

Y Cable	Y Sewer
Y Electric	N Trash
- Gas	Y Water

Other Comments

The property is on the northeast side of Claxton Dairy Road (CR 530) just west of US 441 and about 1 mile northwest of downtown Dublin. The property has 12 units that are on government subsidy. Typical lease term is 1 year. Shorter lease terms are available with management consent. There is minimal turnover.

Property Contact: Ms. Stewart (478) 272-7335

Rent Comparable 3

General Data

Property Name:	Houston Lake Apts
Property Address:	2350 Houston Lake Rd
City:	Kathleen
County:	Houston
MSA:	Warner Robins
State:	GA
Zip:	31047
Renter Segmentation:	General
Rent Structure:	Market Rate



Property Data

		<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	<u>Rent</u>	<u>Rent/rsf</u>
Year Built:	2008	1	1.0	Garden	825	22	\$739	\$0.90
Size (Number of Units):	300	1	1.0	Garden	915	22	\$749	\$0.82
Rentable Size (rsf):	345,705	2	1.0	Garden	1,031	90	\$799	\$0.78
Gross Size (gsf):	354,710	2	2.0	Garden	1,133	45	\$810	\$0.67
Site Size (acres):	25.750	2	2.0	Garden	1,230	45	\$830	\$0.67
Density (units/acre):	11.7	3	2.0	Garden	1,362	38	\$949	\$0.70
Occ. At Time Of Survey:	91.7%	3	2.0	Garden	1,488	38	\$969	\$0.65
Floors:	2-3							
Property Design:	Walk Up							
Exterior:	Siding							

Landlord Paid Utilities

N Cable	N Sewer
N Electric	Y Trash
- Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
Y Microwave	N Att. Garage
Y Dishwasher	N Carport
Y Garbage Disposal	N Basement
Y Air Conditioning	Y Ceiling Fans
N Washer/Dryer	N Vaulted Ceiling
Y W/D Hookups	N Security System

Complex Amenities

Y Pool	Y Laundry
Y Clubhouse	Y Det. Garages
Y Tennis	Y Cov. Storage
N Jacuzzi	N Open Storage
Y Fit. Center	Y Car Wash
Y Lake	N Elevators
Y Gated	Y Playground
N Bus. Center	N Racquetball

Tenant Paid Utilities

Y Cable	Y Sewer
Y Electric	N Trash
- Gas	Y Water

Other Comments

Houston Lake is located on the east side of SR 127 (Houston Lake Road), about 5 miles east of the I-75/SR 11 interchange, and about 5 miles northeast of downtown Perry. Additional amenities include a picnic area, sports court, and a walking trail. Detached garages are charged a monthly fee. Lease terms include 6 months, 9 months, and 12 months. Turnover is minimal.

Property Contact: Angel (478) 987-4521

Rent Comparable 4

General Data

Property Name:	Pecan Ridge Apts
Property Address:	104 Parker Dairy Rd
City:	Dublin
County:	Laurens
MSA:	Not in a MSA
State:	GA
Zip:	31021
Renter Segmentation:	General
Rent Structure:	Market Rate



Property Data

		<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	<u>Rent</u>	<u>Rent/rsf</u>
Year Built:	1980	1	1.0	Garden	630	20	\$460	\$0.73
Size (Number of Units):	51	2	1.5	Townhouse	900	22	\$535	\$0.59
Rentable Size (rsf):	40,950	3	1.0	Garden	950	9	\$595	\$0.63
Gross Size (gsf):	41,490							
Site Size (acres):	5.500							
Density (units/acre):	9.3							
Occ. At Time Of Survey:	96.2%							
Floors:	1							
Property Design:	Walk Up							
Exterior:	Combination							

Landlord Paid Utilities

N Cable	Y Sewer
N Electric	Y Trash
- Gas	Y Water

Tenant Paid Utilities

Y Cable	N Sewer
Y Electric	N Trash
- Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	N Balcony/Patio
N Microwave	N Att. Garage
N Dishwasher	N Carport
Y Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceiling
Y W/D Hookups	N Security System

Complex Amenities

N Pool	Y Laundry
N Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	N Playground
Y Bus. Center	N Racquetball

Other Comments

The property is on Pecan Trace Road, on the west side of CR 460. This location is about 1 mile northeast of downtown Dublin. There are currently 10 units accepting housing vouchers. Typical lease term is 1 year. Shorter lease terms are available with management consent. There is minimal turnover.

Property Contact: Angel (478) 275-2795

Rent Comparable 5

General Data

Property Name:	Richmond Apts
Property Address:	1219 S Houston Lake Rd
City:	Warner Robins
County:	Houston
MSA:	Warner Robins
State:	GA
Zip:	31088
Renter Segmentation:	General
Rent Structure:	Market Rate



Property Data

		<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	<u>Rent</u>	<u>Rent/rsf</u>
Year Built:	1999	1	1.0	Garden	850	8	\$685	\$0.81
Size (Number of Units):	124	2	2.5	Townhouse	1,140	80	\$785	\$0.69
Rentable Size (rsf):	148,400	3	3.0	Townhouse	1,400	36	\$885	\$0.63
Site Size (acres):	1.050							
Density (units/acre):	118.1							
Occ. At Time Of Survey:	89.0%							
Floors:	2							
Property Design:	Walk Up							
Exterior:	Siding							

Landlord Paid Utilities

N Cable	N Sewer
N Electric	N Trash
- Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
Y Microwave	N Att. Garage
Y Dishwasher	N Carport
Y Garbage Disposal	N Basement
Y Air Conditioning	Y Ceiling Fans
N Washer/Dryer	N Vaulted Ceiling
Y W/D Hookups	N Security System

Complex Amenities

Y Pool	N Laundry
Y Clubhouse	N Det. Garages
N Tennis	Y Cov. Storage
N Jacuzzi	N Open Storage
Y Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Tenant Paid Utilities

Y Cable	Y Sewer
Y Electric	Y Trash
- Gas	Y Water

Other Comments

The property is located on the west side of Houston Lake Road just north of the Sidney Street/Houston Lake Road intersection, 5 miles northeast of the nearest I-75 interchange, and about 5 miles southwest of downtown Warner Robins. Typical lease term is 1 year. Shorter lease terms are available with management consent. There is minimal turnover.

Property Contact: Brenna (478) 988-0386

Analysis

Chester Apartments: The subject has 24-units, was built in 1985, and is in average physical and functional condition. It is more fully described and discussed in the Property Description section of the report. It is summarized below.

Chester Apartments									
Property and Unit Amenity Summary									
Street Address	400 Wynne Avenue			Year Built	1985		Floors	1 and 2	
City	Chester			Total Units	24		Occupancy	87.5%	
Unit Types	# units	Size (sf)		Utilities (L-landlord, T-tenant, na-not applicable)					
1 Bed, 1 Bath	12	674		Water	Sewer	Electric	Heat	Trash	Cable
2 Bed, 1.5 Bath TH	11	910		T	T	T	T	L	T
2 Bed, 1.5 Bath TH (Non-Revenue)	1	910							
Complex Amenities (Y/N)									
Pool	N		Bus. Ctr.	N		Lake	N		
Clubhouse	N		Laundry	Y		Gated	N		
Tennis	N		Det. Garages	N		Car Wash	N		
Jacuzzi	N		Cov. Storage	N		Elevators	N		
Fit. Ctr	N		Open Storage	N		Playground	N		
Unit Amenities (Y/N)									
Refrigerator	Y	Disposal	N	Fireplace	N	Central A/C	Y	Ceil. Fans	N
Range	Y	Double Sink	Y	Patio	Y	Wall A/C	N	Vlt Ceiling	N
Microwave	N	Fan Hood	Y	Balcony	N	W/D hk ups	Y	Sec Sys	N
Dishwasher	N	Att Garage	N	Bsmt	N	W/D	N	Storage	Y

During the renovations, microwaves and dishwashers will be added to each unit. In addition, a pavilion and playground will be added to the complex.

Market Rent Conclusions

Apartment Survey Ranges					
Chester Apartments					
		Unit Size	Adj. Monthly Rent	Rent/sf	
As-Is	1 Bed, 1 Bath				
	Chester Apartments	674	\$480		\$0.71
	Comparable Properties	600 - 950	\$330 - \$614	\$0.44 -	\$0.74
	average of comparables	771	\$479		\$0.63
As-Is	2 Bed, 1.5 Bath TH				
	Chester Apartments	910	\$560		\$0.62
	Comparable Properties	900 - 1,200	\$472 - \$695	\$0.39 -	\$0.67
	average of comparables	1,049	\$561		\$0.54
As Ren.	1 Bed, 1 Bath				
	Chester Apartments	674	\$550		\$0.82
	Comparable Properties	600 - 950	\$400 - \$684	\$0.51 -	\$0.83
	average of comparables	771	\$549		\$0.72
As Ren.	2 Bed, 1.5 Bath TH				
	Chester Apartments	910	\$630		\$0.69
	Comparable Properties	900 - 1,200	\$542 - \$765	\$0.45 -	\$0.74
	average of comparables	1,049	\$631		\$0.61

Source: Crown Appraisal Group

The chart above details the current (not renovated) and as renovated market-derived rents for the subject as well as the range of rents offered at the comparable properties.

Adjustments are made to the comparables for perceived, material differences. (For example, while a given comparable unit might be 3 square feet larger than a given subject unit, there is no material difference in the unit size, so no adjustment is warranted, nor made.) Adjustments are considered for property attributes such as location (specific or general), condition/street appeal, or complex amenities, as well as unit attributes such as unit size, configuration (number of bedrooms or bathrooms, style), utility payment structure, unit amenities, and any concessions. If no adjustment is made, it is because there is no perceived difference between the comparable and the subject.

The charts that follow detail the analysis, and show the adjustments considered appropriate.

Unrenovated Market Rent, 1 br-1 ba (674 sf)

The subject is comprised of 12 of these units. Comparable properties from the area are used to develop the unrenovated rent conclusion.

<i>1 Bed, 1 Bath As is</i>		Subject	Rent 1	Rent 2	Rent 3	Rent 4	Rent 5
Name	Chester Apartments	Brookington Apts	Claxton Pointe North Apts	Houston Lake Apts	Pecan Ridge Apts	Richmond Apts	
Address	400 Wynne Avenue	504 Brookwood Dr	1003 Claxton Dairy Rd	2350 Houston Lake Rd	104 Parker Dairy Rd	1219 S Houston Lake Rd	
Unadjusted Rent		\$510	\$325	\$739	\$460	\$685	
<i>Location</i>							
Address	400 Wynne Avenue	504 Brookwood Dr	1003 Claxton Dairy Rd	2350 Houston Lake Rd	104 Parker Dairy Rd	1219 S Houston Lake Rd	
City	Chester	Dublin	Dublin	Kathleen	Dublin	Warner Robins	
Population	1,536	16,082	16,082	16,524	16,082	72,490	
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	
		-\$10	-\$10	-\$10	-\$10	-\$25	
Year Built	1985	1978	1992	2008	1980	1999	
Condition/Street Appeal		<i>Inferior</i>	<i>Inferior</i>	<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>	
		\$5	\$5	-\$10	\$5	-\$5	
Unit Size (sf)	674	950	600	825	630	850	
		<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>	
		-\$55	\$15	-\$30	\$9	-\$35	
Bedrooms	1	1	1	1	1	1	
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		\$0	\$0	\$0	\$0	\$0	
Bathrooms	1.0	1.0	1.0	1.0	1.0	1.0	
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		\$0	\$0	\$0	\$0	\$0	
<i>Utilities (who pays?)</i>							
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	
Water	Tenant	Landlord	Tenant	Tenant	Landlord	Tenant	
Sewer	Tenant	Landlord	Tenant	Tenant	Landlord	Tenant	
Trash	Landlord	Landlord	Landlord	Landlord	Landlord	Tenant	
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	
		<i>Superior</i>	<i>Similar</i>	<i>Similar</i>	<i>Superior</i>	<i>Inferior</i>	
		-\$20	\$0	\$0	-\$20	\$5	
Unit Amenities	<i>Ref. Range, A/C, Patio, W/D HU, Storage</i>	<i>Ref. Range, DW, Disp, A/C, W/D HU, Bal</i>	<i>Ref. Range, DW, Disp, A/C, W/D HU, Bal/Pat, Ceil Fans</i>	<i>Ref. Range, MW, DW, Disp, A/C, W/D HU, Bal/Pat, Ceil Fans</i>	<i>Ref. Range, Disp, A/C, W/D HU</i>	<i>Ref. Range, Micro, Disp, DW, A/C, W/D HU, Bal/Pat, Ceil Fans</i>	
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>	
		-\$5	-\$10	-\$15	\$5	-\$15	
Complex Amenities	<i>Laundry</i>	<i>Pool, CH, Lake</i>	<i>None</i>	<i>Pool, CH, Fit Ctr, Lake, Laundry, Gated, Car Wash, Walking Trails, Storage, Playground, Tennis, Sports Ct, Picnic Area</i>	<i>Bus Ctr, Laundry</i>	<i>Pool, CH, Fit Ctr, Cov Storage</i>	
		<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	
		-\$10	\$5	-\$60	-\$5	-\$15	
Concessions	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	
		\$0	\$0	\$0	\$0	\$0	
Net Adjustment		<u>-\$95</u>	<u>\$5</u>	<u>-\$125</u>	<u>-\$16</u>	<u>-\$90</u>	
Adjusted Rent		\$415	\$330	\$614	\$444	\$595	
Market Rent Conclusion	\$480						

Source: Crown Appraisal Group

The comparables range in size from 600 sf to 950 sf. After making the adjustments considered appropriate, the rent range is \$330 to \$614. Central tendencies are \$479 (average) and \$444 (median). No one property stands out as being more comparable than another – no one comparable is physically close, and all were adjusted. A point value near the mid-point is reasonable. An as-is market rent of \$480/month is concluded to be appropriate.

As Renovated Market Rent, 1 br-1 ba (674 sf)

Comparable properties from the area are used to develop the as-renovated rent conclusion.

1 Bed, 1 Bath As Renovated						
	Subject	Rent 1	Rent 2	Rent 3	Rent 4	Rent 5
Name	Chester Apartments	Brookington Apts	Claxton Pointe North Apts	Houston Lake Apts	Pecan Ridge Apts	Richmond Apts
Address	400 Wynne Avenue	504 Brookwood Dr	1003 Claxton Dairy Rd	2350 Houston Lake Rd	104 Parker Dairy Rd	1219 S Houston Lake Rd
Unadjusted Rent		\$510	\$325	\$739	\$460	\$685
Location						
Address	400 Wynne Avenue	504 Brookwood Dr	1003 Claxton Dairy Rd	2350 Houston Lake Rd	104 Parker Dairy Rd	1219 S Houston Lake Rd
City	Chester	Dublin	Dublin	Kathleen	Dublin	Warner Robins
Population	1,536	16,082	16,082	16,524	16,082	72,490
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		-\$10	-\$10	-\$10	-\$10	-\$25
Year Built	1985/2019R	1978	1992	2008	1980	1999
Condition/Street Appeal		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$55	\$55	\$40	\$55	\$45
Unit Size (sf)	674	950	600	825	630	850
		<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>
		-\$55	\$15	-\$30	\$9	-\$35
Bedrooms	1	1	1	1	1	1
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0	\$0	\$0
Bathrooms	1.0	1.0	1.0	1.0	1.0	1.0
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0	\$0	\$0
Utilities (who pays?)						
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Tenant	Landlord	Tenant	Tenant	Landlord	Tenant
Sewer	Tenant	Landlord	Tenant	Tenant	Landlord	Tenant
Trash	Landlord	Landlord	Landlord	Landlord	Landlord	Tenant
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		<i>Superior</i>	<i>Similar</i>	<i>Similar</i>	<i>Superior</i>	<i>Inferior</i>
		-\$20	\$0	\$0	-\$20	\$5
Unit Amenities	<i>Ref. Range, A/C, Patio, W/D HU, Storage, Micro, DW</i>	<i>Ref. Range, DW, Disp, A/C, W/D HU, Bal</i>	<i>Ref. Range, DW, Disp, A/C, W/D HU, Bal/Pat, Ceil Fans</i>	<i>Ref. Range, MW, DW, Disp, A/C, W/D HU, Bal/Pat, Ceil Fans</i>	<i>Ref. Range, Disp, A/C, W/D HU</i>	<i>Ref. Range, Micro, Disp, DW, A/C, W/D HU, Bal/Pat, Ceil Fans</i>
		<i>Inferior</i>	<i>Similar</i>	<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>
		\$5	\$0	-\$5	\$15	-\$5
Complex Amenities	<i>Laundry, Pavillion, Playground</i>	<i>Pool, CH, Lake</i>	<i>None</i>	<i>Pool, CH, Fit Ctr, Lake, Laundry, Gated, Car Wash, Walking Trails, Storage, Playground, Tennis, Sports Ct, Picnic Area</i>	<i>Bus Ctr, Laundry</i>	<i>Pool, CH, Fit Ctr, Cov Storage</i>
		<i>Similar</i>	<i>Inferior</i>	<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>
		\$0	\$15	-\$50	\$5	-\$5
Concessions	None	None	None	None	None	None
		0	\$0	\$0	\$0	\$0
Net Adjustment		-\$25	\$75	-\$55	\$54	-\$20
Adjusted Rent		\$485	\$400	\$684	\$514	\$665
Market Rent Conclusion	\$550					

Source: Crown Appraisal Group

The comparables range in size from 600 sf to 950 sf. After making the adjustments considered appropriate, the rent range is \$400 to \$684. Central tendencies are \$549 (average) and \$514 (median). No one property stands out as being more comparable than another – no one comparable is physically close, and all were adjusted. A point value near the mid-point is reasonable. An as-renovated market rent of \$550/month is concluded to be appropriate.

Unrenovated Market Rent, 2 br-1.5 ba Townhouse (910 sf)

The subject is comprised of 12 of these units. Comparable properties from the area are used to develop the unrenovated rent conclusion.

<i>2 Bed, 1.5 Bath TH</i>							
<i>As is</i>							
	Subject	Rent 1	Rent 2	Rent 3	Rent 4	Rent 5	
Name	Chester Apartments	Brookington Apts	Claxton Pointe North Apts	Houston Lake Apts	Pecan Ridge Apts	Richmond Apts	
Address	400 Wynne Avenue	504 Brookwood Dr	1003 Claxton Dairy Rd	2350 Houston Lake Rd	104 Parker Dairy Rd	1219 S Houston Lake Rd	
Unadjusted Rent		\$575	\$480	\$799	\$535	\$785	
<i>Location</i>							
Address	400 Wynne Avenue	504 Brookwood Dr	1003 Claxton Dairy Rd	2350 Houston Lake Rd	104 Parker Dairy Rd	1219 S Houston Lake Rd	
City	Chester	Dublin	Dublin	Kathleen	Dublin	Warner Robins	
Population	1,536	16,082	16,082	16,524	16,082	72,490	
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	
		-\$10	-\$10	-\$10	-\$10	-\$25	
<i>Year Built</i>	1985	1978	1992	2008	1980	1999	
<i>Condition/Street Appeal</i>		<i>Inferior</i>	<i>Inferior</i>	<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>	
		\$5	\$5	-\$10	\$5	-\$5	
<i>Unit Size (sf)</i>	910	1,200	975	1,031	900	1,140	
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>	
		-\$58	-\$13	-\$24	\$2	-\$46	
<i>Bedrooms</i>	2	2	2	2	2	2	
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		\$0	\$0	\$0	\$0	\$0	
<i>Bathrooms</i>	1.5	1.5	1.0	1.0	1.5	2.5	
		<i>Similar</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Similar</i>	<i>Superior</i>	
		\$0	\$15	\$15	\$0	-\$25	
<i>Utilities (who pays?)</i>							
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	
Water	Tenant	Landlord	Tenant	Tenant	Landlord	Tenant	
Sewer	Tenant	Landlord	Tenant	Tenant	Landlord	Tenant	
Trash	Landlord	Landlord	Landlord	Landlord	Landlord	Tenant	
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	
		<i>Superior</i>	<i>Similar</i>	<i>Similar</i>	<i>Superior</i>	<i>Inferior</i>	
		-\$25	\$0	\$0	-\$25	\$5	
<i>Unit Amenities</i>	<i>Ref. Range, A/C, Patio, W/D HU, Storage</i>	<i>Ref. Range, DW, Disp, A/C, W/D HU, Patio</i>	<i>Ref. Range, DW, Disp, A/C, W/D HU, Bal/Pat, Ceil Fans</i>	<i>Ref. Range, MW, DW, Disp, A/C, W/D HU, Bal/Pat, Ceil Fans</i>	<i>Ref. Range, Disp, A/C, W/D HU</i>	<i>Ref. Range, Micro, Disp, DW, A/C, W/D HU, Bal/Pat, Ceil Fans</i>	
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>	
		-\$5	-\$10	-\$15	\$5	-\$15	
<i>Complex Amenities</i>	<i>Laundry</i>	<i>Pool, CH, Lake</i>	<i>None</i>	<i>Pool, CH, Fit Ctr, Lake, Laundry, Gated, Car Wash, Walking Trails, Storage, Playground, Tennis, Sports Ct, Picnic Area</i>	<i>Bus Ctr, Laundry</i>	<i>Pool, CH, Fit Ctr, Cov Storage</i>	
		<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	
		-\$10	\$5	-\$60	-\$5	-\$15	
<i>Concessions</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	
		\$0	\$0	\$0	\$0	\$0	
<i>Net Adjustment</i>		-\$103	-\$8	-\$104	-\$28	-\$126	
<i>Adjusted Rent</i>		\$472	\$472	\$695	\$507	\$659	
Market Rent Conclusion	\$560						

Source: Crown Appraisal Group

The comparables range in size from 900 sf to 1,200 sf. After making the adjustments considered appropriate, the rent range is \$472 to \$695. Central tendencies are \$561 (average) and \$507 (median). No one property stands out as being more comparable than another – no one comparable is physically close, and all were adjusted. A point value near the mid-point is reasonable. An as-is market rent of \$560/month is concluded to be appropriate.

As Renovated Market Rent, 2 br-1.5 ba Townhouse (910 sf)

Comparable properties from the area are used to develop the as-renovated rent conclusion.

2 Bed, 1.5 Bath TH As Renovated						
	Subject	Rent 1	Rent 2	Rent 3	Rent 4	Rent 5
Name	Chester Apartments	Brookington Apts	Claxton Pointe North Apts	Houston Lake Apts	Pecan Ridge Apts	Richmond Apts
Address	400 Wynne Avenue	504 Brookwood Dr	1003 Claxton Dairy Rd	2350 Houston Lake Rd	104 Parker Dairy Rd	1219 S Houston Lake Rd
Unadjusted Rent		\$575	\$480	\$799	\$535	\$785
Location						
Address	400 Wynne Avenue	504 Brookwood Dr	1003 Claxton Dairy Rd	2350 Houston Lake Rd	104 Parker Dairy Rd	1219 S Houston Lake Rd
City	Chester	Dublin	Dublin	Kathleen	Dublin	Warner Robins
Population	1,536	16,082	16,082	16,524	16,082	72,490
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>
		-\$10	-\$10	-\$10	-\$10	-\$25
Year Built	1985	1978	1992	2008	1980	1999
Condition/Street Appeal		<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Inferior</i>
		\$55	\$55	\$40	\$55	\$45
Unit Size (sf)	910	1,200	975	1,031	900	1,140
		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>
		-\$58	-\$13	-\$24	\$2	-\$46
Bedrooms	2	2	2	2	2	2
		<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
		\$0	\$0	\$0	\$0	\$0
Bathrooms	1.5	1.5	1.0	1.0	1.5	2.5
		<i>Similar</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Similar</i>	<i>Superior</i>
		\$0	\$15	\$15	\$0	-\$25
Utilities (who pays?)						
Heat	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Electric	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
Water	Tenant	Landlord	Tenant	Tenant	Landlord	Tenant
Sewer	Tenant	Landlord	Tenant	Tenant	Landlord	Tenant
Trash	Landlord	Landlord	Landlord	Landlord	Landlord	Tenant
Cable	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant
		<i>Superior</i>	<i>Similar</i>	<i>Similar</i>	<i>Superior</i>	<i>Inferior</i>
		-\$25	\$0	\$0	-\$25	\$5
Unit Amenities						
	<i>Ref. Range, A/C, Patio, W/D HU, Storage, Micro, DW</i>	<i>Ref. Range, DW, Disp, A/C, W/D HU, Bal</i>	<i>Ref. Range, DW, Disp, A/C, W/D HU, Bal/Pat, Ceil Fans</i>	<i>Ref. Range, MW, DW, Disp, A/C, W/D HU, Bal/Pat, Ceil Fans</i>	<i>Ref. Range, Disp, A/C, W/D HU</i>	<i>Ref. Range, Micro, Disp, DW, A/C, W/D HU, Bal/Pat, Ceil Fans</i>
		<i>Inferior</i>	<i>Similar</i>	<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>
		\$5	\$0	-\$5	\$15	-\$5
Complex Amenities						
	<i>Laundry, Pavillion, Playground</i>	<i>Pool, CH, Lake</i>	<i>None</i>	<i>Pool, CH, Fit Ctr, Lake, Laundry, Gated, Car Wash, Walking Trails, Storage, Playground, Tennis, Sports Ct, Picnic Area</i>	<i>Bus Ctr, Laundry</i>	<i>Pool, CH, Fit Ctr, Cov Storage</i>
		<i>Similar</i>	<i>Inferior</i>	<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>
		\$0	\$15	-\$50	\$5	-\$5
Concessions	None	None	None	None	None	None
		\$0	\$0	\$0	\$0	\$0
Net Adjustment		-\$33	\$62	-\$34	\$42	-\$56
Adjusted Rent		\$542	\$542	\$765	\$577	\$729
Market Rent Conclusion	\$630					

Source: Crown Appraisal Group

The comparables range in size from 900 sf to 1,200 sf. After making the adjustments considered appropriate, the rent range is \$542 to \$765. Central tendencies are \$631 (average) and \$577 (median). No one property stands out as being more comparable than another – no one comparable is physically close, and all were adjusted. A point value near the mid-point is reasonable. An as-renovated market rent of \$630/month is concluded to be appropriate.

Market Vacancy Conclusion

Five market rate properties have been detailed. There are relatively few market rate rent comparables. Occupancy of the comparable properties ranges from 89.0%-100.0%.

Apartment Vacancy Chester Apartments				
<u>Name</u>	<u>Location</u>	<u>Total Units</u>	<u>Occ.</u>	<u>Vacancy</u>
Chester Apartments	400 Wynne Avenue	24	87.5%	12.5%
Brookington Apts	504 Brookwood Dr	96	100.0%	
Claxton Pointe North Apts	1003 Claxton Dairy Rd	136	98.5%	1.5%
Houston Lake Apts	2350 Houston Lake Rd	300	91.7%	8.3%
Pecan Ridge Apts	104 Parker Dairy Rd	51	96.2%	3.8%
Richmond Apts	1219 S Houston Lake Rd	124	89.0%	11.0%
	Minimum		89.0%	
	Maximum		100.0%	11.0%
Totals and average (excluding subject)		707	94.0%	6.0%

Source: *Area Managers; Crown Appraisal Group*

The subject has historically operated as a government subsidized property. Most of the units are available for rental assistance, with the tenant paying 30% of their income towards the rent figure. Historic vacancy at Chester Apartments has been trending downward. Average vacancy in the past 3 years was 8.2%. This is expected to continue to decline. When inspected, there were 3 vacant units.

Therefore, in recognizing the economic benefit due to the governmental assistance as well as historic vacancy, a vacancy below 5% is reasonable when developing the value opinions for the **restricted rent** scenarios. However, additional consideration is given the possible uncertainty of increased vacancy when considering the **prospective restricted** valuation as a function of the as renovated rent conclusions.

After consideration of the market vacancy and the area supply/demand components, the following vacancy conclusions are drawn:

Value 1, as conventional or unrestricted –5%

Value 2-RD, subject to restricted rents within 7 CFR Part 3560.752(b)(1)(i) – 3%

Value 3, prospective, subject to restricted rents – 3%

Value 4, prospective, as conventional or unrestricted - 5%

Property Description

This section will present a description of the physical and economic characteristics of the site and building improvements. The description is based upon an inspection of the property, discussions with local municipal authorities, and data provided by the client and management.

General Location

The subject is located on the south side of Wynne Avenue less than ¼ mile northeast of the center of town. The property is in Dodge County. Chester is located central Georgia. The property has an address of 400 Wynne Avenue, Chester, Georgia. The maps in the preceding section show the property's location.

Access, Ingress, Egress, Visibility

Overall, access is average from both a neighborhood (local) perspective, as well as a macro (regional) perspective. Ingress/egress to the property is from Wynne Avenue. The ingress and egress attributes are average. Visibility to the subject is considered average.

History of the Property

According to public records, the subject is owned by Chester Apartments, LP. The current owner has owned the property for more than 3 years. The property is part of a portfolio of apartment properties in Georgia that are to transfer ownership in the near term. While the sale price is in the final stages of negotiation, the price is expected to be about \$702,994. The transfer is assumed to be between related parties and not one that is considered to be arms-length. As the transfer is presumably not arms-length, no credence is given to this purchase price when determining the said values of the subject property. Subsequent to the sale, ownership plans to renovate the subject with funding from a combination of mortgage monies, sale proceeds of Section 42 Low Income Housing Tax Credits, and equity. Following the acquisition the existing Section 515 loan will remain at the property. (The loan is expected to be restated under new rates and terms.) The developer estimates the renovation cost to be about \$35,855 per unit, or about \$860,508. Renovations will be extensive and will include interior unit renovation as well as exterior unit renovation. It is expected that the air conditioning units will be replaced, windows will be repaired/replaced, new roofs will be installed, parking areas will be repaired, and kitchens and bathrooms will be updated as needed. Microwaves and dishwashers will be added to each unit. In addition, a pavilion and playground will be added to the complex.

Fair Housing

There are no known violations of the Fair Housing Act of 1988, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990. There are 2 units that are UFAS (Uniform Federal Accessibility Standards) accessible, 1 unit that is equipped for the sight/hearing impaired and 3 ADA (Americans with Disabilities Act) parking spaces at the subject. **Note: The appraisers are not experts in such matters. It is assumed that fair housing practices are implemented at the subject. The user of the report is instructed to seek the advice of an expert if further questions arise pertaining to fair housing issues.**

Easements

No detrimental easements that would substantially deter development are known to exist. Others, such as utility easements, allow for development of the site and are considered beneficial to the tract.

Environmental Hazards

Soil conditions are assumed to be adequate. The site appears to be well drained. No engineering or soil testing has been performed to the knowledge of the appraisers, and no further conclusion as to the condition of the foundation or soil condition is made. There is no reason to suspect that hazardous materials are on the property such as discolored vegetation, oil residue, asbestos-containing materials, and lead-based paint. **Note: The appraisers are not experts in environmental matters. It is assumed that the site is clean from an environmental standpoint. The user of the report is instructed to seek the advice of an expert if further questions arise pertaining to environmental issues.**

Third Party Reports

No third party reports (such as market studies, environmental or physical condition) have been reviewed, and, unless noted, no warranty is made for any such reports that may exist.

Topography

The topography at the site is level to gently sloping.

Flood Plain

According to FEMA's flood insurance rate map community panel number 13091C0045C, dated August 19, 2010, the subject is located in Zone X. Zone X is identified as not being in a flood plain.

Zoning

The property is not zoned. According to local government officials, the current use was permissible. If damaged or destroyed the improvements could be rebuilt.

Utilities

The subject site is serviced by the following utilities (the payor of the utilities is also shown):

<i>Utility Details</i>	
<i>Chester Apartments</i>	
<u>Service</u>	<u>Paid by</u>
Heat	Tenant
Electric	Tenant
Water	Tenant
Sewer	Tenant
Trash	Landlord
Cable	Tenant

Source: *Management*

Improvements

The subject improvements include a 24-unit apartment complex (housed in 5 one to two-story buildings). The improvements were initially developed in 1985.

The buildings have a poured concrete foundation. The buildings have a combination brick and siding exterior, and a pitched roof covered with shingles.

Each unit has a living room/living area, kitchen, one or two bedrooms, and one or one and a half bathrooms. The floors in the units are a combination of carpet and tile. Windows are double hung. Exterior doors are metal; interior doors are hollow core wood. Interior walls are painted drywall; ceilings are painted drywall. Ceiling height is generally 8 feet. Hot water is supplied via individual water heaters. Each unit includes a washer/dryer hook-up.

Kitchens have vinyl flooring. They are equipped with a refrigerator, double sink, fan hood, and range.

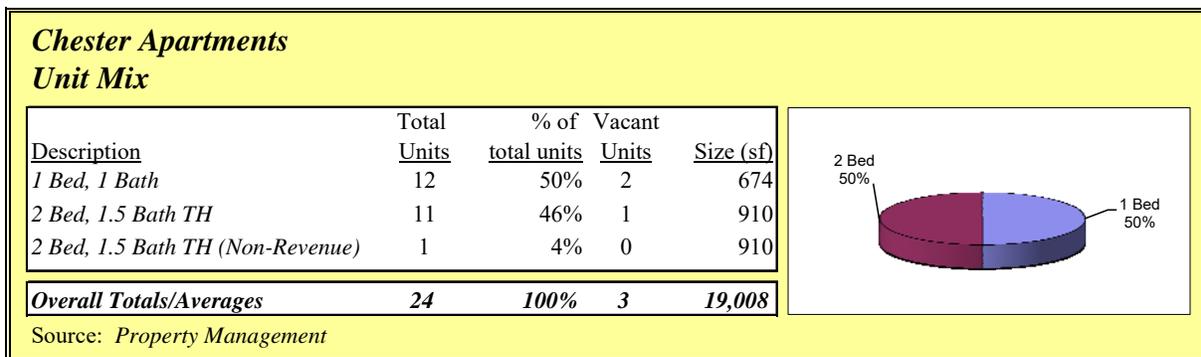
Each unit has an individual forced air furnace. The units have central air conditioning. The units have battery powered and hard wired smoke alarms.

Property amenities include a laundry room. While not a property amenity per se, the units have a small enclosed storage room to the rear of the units off of the patio.

Parking areas are in average condition. There appears to be sufficient parking for the property. Overall parking at the subject is adequate.

Unit Mix

The composition of the property is shown in the chart below.



Physical and Functional Condition

The improvements were completed in 1985 and renovated periodically over time. The property has been maintained on an as needed basis.

The total building size is 19,488 sf. This is the sum of the apartment units (1 Bedroom - 674 sf/unit * 12 units – 8,088 sf plus 2 Bedroom – 910 sf/unit * 12 units – 10,920 sf) plus the office/laundry room (480 sf).

A major renovation is planned for the property improvements. Preliminary plans, completed by Wallace Architects, LLC, are include in the addendum of the report. Per the client, finalized plans will be provided to Rural Development and DCA for review and approval separately. Planned renovations include replacement of all existing flooring, replacement of kitchen cabinets and countertops, replacement of existing kitchen appliances, plumbing fixtures, lighting fixtures, bathroom cabinets and countertops, HVAC, repainting, re-roofing (new shingles), as well as exterior upgrades and improvements, and re-paving and re-striping of drive and parking areas. Microwaves and dishwashers will be added to each unit. In addition, a pavilion and playground will be added to the complex. Furthermore, all Section 504 accessibility issues will be addressed and corrected as appropriate. The renovation is expected to cost about \$35,855 per unit, or about \$860,508.

Upon completion of the renovations, the property’s marketability, overall quality, and aesthetic appeal will be increased and enhanced. Following the renovations, the subject is projected to have a remaining economic life – assuming normal maintenance and repairs - of 60 years. If the property were not renovated, the remaining economic life (the “remaining economic life”) is estimated at 25 years.

Current Rent Parameters/Rent Roll

The chart below illustrates the current rent parameters. As has been discussed, there are LIHTC restrictions applicable to the units at the property. The market rent and as-renovated market rent (CRCU) conclusions are well above the maximum LIHTC rent figure.

Chester Apartments													
Rent Parameters													
	Total Units	% of total	Vacant Units	% of unit type	Size (sf)	Total Size (sf)	Basic Rent	Note Rent	Gross LIHTC	Utility Costs	Net LIHTC	CRCU	
												As-Is	As-Renovated
1 Bed, 1 Bath	12	50%	2	17%	674	8,088	\$384	\$517	\$558	\$107	\$451	\$480	\$550
2 Bed, 1.5 Bath TH	11	46%	1	9%	910	10,010	\$412	\$544	\$670	\$141	\$529	\$560	\$630
2 Bed, 1.5 Bath TH (Non-Revenue)	1	4%	0	0%	910	910	--	--	Non-Revenue			Non-Revenue	
Overall Totals/Averages	24	100%	3	13%	792	19,008							

Source: Property Management

Operating History

The chart below shows the recent operating history for the subject. Repairs and maintenance expenses also include capital improvements.

Chester Apartments										
Operating History										
24 units										
	<u>2013</u>	<u>Per Unit</u>	<u>2014</u>	<u>Per Unit</u>	<u>2015</u>	<u>Per Unit</u>	<u>2016 Budget</u>	<u>Per Unit</u>	<u>2017 Budget</u>	<u>Per Unit</u>
Revenue										
Apartment Rental Income	78,545	3,273	96,974	4,041	96,859	4,036	97,848	4,077	98,712	4,113
Plus: Other Income	1,746	73	1,431	60	3,429	143	1,836	77	1,185	49
Effective Gross Income	80,291	3,345	98,405	4,100	100,288	4,179	99,684	4,154	99,897	4,162
Operating Expenses										
Real Estate Taxes	4,243	177	3,488	145	2,955	123	3,558	148	3,961	165
Insurance	2,032	85	3,861	161	3,872	161	4,274	178	3,797	158
Repairs & Maintenance	21,062	878	17,690	737	25,498	1,062	21,269	886	22,980	958
General & Administrative	9,990	416	6,594	275	7,647	319	7,208	300	7,745	323
Management Fees	7,920	330	9,252	386	9,804	409	11,592	483	11,316	472
Utilities										
Electric	4,728	197	2,351	98	2,887	120	2,952	123	2,460	103
Water/Sewer	<u>2,377</u>	<u>99</u>	<u>150</u>	<u>6</u>	<u>236</u>	<u>10</u>	<u>300</u>	<u>13</u>	<u>345</u>	<u>14</u>
Total Utilities	7,105	296	2,500	104	3,123	130	3,252	136	2,805	117
Payroll	16,251	677	9,360	390	15,366	640	17,166	715	17,976	749
Marketing	<u>1,463</u>	<u>61</u>	<u>560</u>	<u>23</u>	<u>324</u>	<u>14</u>	<u>350</u>	<u>15</u>	<u>575</u>	<u>24</u>
Total Expenses	70,065	2,919	53,305	2,221	68,589	2,858	68,669	2,861	71,155.43	2,965
<i>operating expense ratio</i>		<i>87.3%</i>		<i>54.2%</i>		<i>68.4%</i>		<i>68.9%</i>		<i>71.2%</i>
Net Operating Income	10,226	426	45,100	1,879	31,699	1,321	31,015	1,292	28,742	1,198

Source: Property Management

While individual line items will vary depending upon the specific valuation developed later in the report, the following generally holds true:

Interest Appraised

Value 1

Market value, unrestricted rents

Comment

The effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will be constrained by market rent levels.

The total operating expense estimate will be less than historic primarily due to reduced Repairs & Maintenance, General & Administrative, Management Fee, and Payroll expenses. The Marketing expense will be higher than historic, and there will be an explicit Reserve expense.

Value 2-RD

Market value, subject to restricted rents

The effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will be constrained by basic rent levels.

The total operating expense estimate will be similar to historic expenses at the subject. There will be an explicit Reserve expense.

Value 3

Prospective, subject to restricted rents.

The effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will recognize the economic benefits of the renovation as the units will be in better physical (and functional) condition. The apartment rent will be constrained by the lesser of market rent or LIHTC constraints

With respect to operating expense line items, Real Estate Taxes, Insurance, General & Administrative, Management Fee, Utilities, and Marketing should be near historic. Repairs & Maintenance should be lower due to the renovations. Payroll should also be lower, also due to the renovation. An explicit Reserve will be recognized.

Value 4

Prospective, as conventional or unrestricted.

The effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will recognize the economic benefits of the renovation as the units will be in better physical (and functional) condition. The apartment rent will be based on the (prospective) market rent figures.

The total operating expense estimate should be lower due to renovation (reduced Repairs & Maintenance as well as Payroll) as well as reduced General & Administrative and Management expenses. The Marketing expense should be higher than historic, and there will be an explicit Reserve expense.

Real Estate Taxes and Assessments

The chart below shows the tax details. The assessor’s land and improvement values are shown for informational purposes only. Actual land sales are used in order to develop the value of the subject’s site while Marshall Valuation service has been used to develop the replacement cost of the improvements.

Real Estate Taxes Chester Apartments		
Parcel Number	091A 009	
	<u>Appraised</u>	<u>Assessed</u>
Land	\$26,266	\$10,506
Improvements	247,397	98,959
Total	273,663	109,465
Real Estate Taxes	\$2,907	
Taxes/unit	\$121	

Source: County Auditor

The chart below shows the recent assessed values and taxes for the subject for the past few years.

Real Estate Taxes Chester Apartments								
Year	Auditors Appraised Values			Assessed Values			Annual Taxes	Tax Rate
	Land	Building	Total	Land	Building	Total		
2016	26,266	247,397	273,663	10,506	98,959	109,465	2,907	26.55607
2015	26,266	247,397	273,663	10,506	98,959	109,465	2,912	26.60599
2014	26,266	247,397	273,663	10,506	98,959	109,465	2,726	24.89851
2013	26,266	372,495	398,761	10,506	148,998	159,504	3,702	23.20977

Source: County Auditor

The following chart notes area tax comparables. The reader is referred to the assessed value per unit column, which is the best indicator of comparability. Properties with higher real estate taxes per unit than others also have higher assessed values per unit than others. The tax comparables confirm the reasonableness of the real estate taxes.

Chester Apartments Tax Comparables									
Name/Location	Parcel #	Effective Millage	Units	RE Taxes	Taxes/unit	Land	Improvements	Total	Assessed Value/unit
						Assessed Value	Assessed Value	Assessed Value	
Chester Apartments 400 Wynne Avenue	091A 009	26.5561	24	2,907	121	10,506	98,959	109,465	4,561
Eastman Gardens 525 Plaza Ave, Eastman	E0130-00000-026-000	28.7220	65	9,048	139	55,900	259,120	315,020	4,846
Groveland Terrace Apts 1717 Telfair St, Drublin	D11D-027	9.2899	52	2,585	50	67,072	292,416	278,260	5,351
Pecan Point Apts 133 Limestone Rd, Cochran	B37A-017	12.6753	50	9,232	185	457,560	270,784	728,344	14,567

Source: Crown Appraisal Group

Highest and Best Use

Highest and best use is defined in The Appraisal of Real Estate, 14th Edition, Appraisal Institute, as follows:

...the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible, and that results in the highest value.

Some of the more germane comments from this publication regarding highest and best use are noted in the following bullet points:

- If, however, the market value of the property with the existing improvements is greater than the market value of the land as though vacant less costs to demolish the existing improvements, then the highest and best use of the property as improved is to keep the improvements for residential or commercial use.
- The use that a site or improved property is put to until it is ready for its highest and best use has traditionally been known as the interim use. An interim use is not the highest and best use of the property at the present time, and it should not be represented as the subject property's current highest and best use. Rather, the current highest and best use of a property with an interim use would be to leave the property as is until land value rises to a level for modification of the interim use (or demolition of the improvements and redevelopment for some other use) is financially feasible.
- These criteria [legally permissible, physically possible, financially feasible, maximally productive] are generally considered sequentially.

After consideration of the data, the following conclusions are drawn:

As If Vacant:

Physically Possible Uses:	Physical constraints include site area, shape, and adjacent uses. The site has all public utilities available. Noted easements are typical, and soil conditions are assumed to be adequate. There are acceptable access and visibility attributes. Based on location and site constraints, the most probable physically possible uses would be an intensive use. The existing improvements are such a use, and effectively utilize the site.
Legally Permissible Uses:	According to government officials, the current multi-family use is a permissible use.
Financially Feasible Uses:	The subject has a good location and is convenient to major traffic arteries. The surrounding area has been developed with a number of properties, including single-family residential properties, multi-family properties, retail properties, office and institutional uses (churches, schools, parkland). The residential users in the immediate area appear to have met with market acceptance. If vacant, a similar use is appropriate. The existing improvements develop a return in excess of that if the property were not improved.

Conclusion/Maximum Productivity: Of those uses that are physically possible, legally permissible, and financially supported, a residential development is concluded to be the highest and best use of the site as if vacant. Given the area demographics, development should not be speculative – rather, development should only occur with an identified end user in place.

As Improved:

Physically Possible Uses: The presence of the improvements demonstrate their physical possibility.

Legally Permissible Uses: The current multi-family use is a permissible use.

Financially Feasible Uses: As is shown in the valuation, the existing improvements develop a return well in excess of that if the property were not improved.

Conclusion/Maximum Productivity: The existing improvements are considered to be financially feasible. The chart below demonstrates that the proposed renovation is appropriate and financially viable – when considering the inclusion of the additional value from the interest credit subsidy and LIHTC. As shown, the sum of the prospective market value, interest credit values, and LIHTC values are in excess of the property’s as is value plus renovation costs. Therefore, the proposed renovations provide a higher return to the property than if the property were not renovated, and the highest and best as improved is concluded to be with the renovations made to the property. There are no negative market trends that would influence the value of the property.

Financial Feasibility		
Chester Apartments		
<u>Initial Test of Financial Feasibility</u>		
Value 3, prospective, subject to restricted rents		\$995,000
Value 2-RD, as-is, subject to restricted rents		<u>\$570,000</u>
	Incremental difference	\$425,000
Renovation Cost		<u>\$860,508</u>
	Benefit (cost) of renovating <i>before</i> consideration of other benefits	-\$435,508
<u>Other Benefits</u>		
Value 5	Interest Credit Subsidy Value from assuming the existing 515 Loan)	\$255,000
Value 6	LIHTC Value	<u>\$685,799</u>
	Value of additional benefits of renovation	\$940,799
		<u>\$505,291</u>
		<i>Net benefits, or added value, of renovation</i>

These thoughts are carried to the Valuation section.

Valuation

The valuation process involves the gathering of data in order to develop opinions of value for the subject. A number of value opinions are provided; the value opinions are identified and the applicable approaches to value are also identified.

<p>Value 1 as conventional or unrestricted</p>	<p>The income capitalization and sales comparison approaches are used.</p> <p><i>Comment: market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate used.</i></p>
<p>Value 2-RD subject to restricted rents</p>	<p>The income capitalization approach is used.</p> <p><i>Comment: basic rent, historic vacancy, historic expenses, market-based overall rate (with recognition of “safeness” of RA units) used.</i></p>
<p>Value 3 prospective, subject to restricted rents</p>	<p>The income capitalization approach is used.</p> <p><i>Comment: lesser of LIHTC or market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate used.</i></p>
<p>Value 4 prospective, as conventional or unrestricted</p>	<p>The income capitalization and cost approaches are used.</p> <p><i>Comment: market-based rent, market-based vacancy, market-based operating expenses, market-based overall rate used.</i></p>
<p>Value 5 Market value of the interest credit subsidy from assumed loan and new loan</p>	<p>The income capitalization approach is used.</p>
<p>Value 6 Market value of LIHTC (tax credits)</p>	<p>The income capitalization approach is used.</p>
<p>Value 7 Insurable value</p>	<p>The cost approach is used.</p>
<p>Value 8 Market value of underlying land</p>	<p>This value is developed within the cost approach valuation used for Value 4.</p>

Market Valuation

An opinion of the market value, unrestricted rents (fee simple estate, as conventional or unrestricted, as of the date of valuation) is subject to the hypothetical condition that the subject property is operated as a conventional, market rate property. Historically, the subject property has been operated as a subsidized property. Both the income capitalization approach and the sales comparison approach are utilized to arrive at opinions of the market value of Chester Apartments, as conventional or unrestricted (Value 1). The income capitalization approach is used to arrive at the market value, subject to restricted rents (Value 2).

Income Capitalization Approach Value 1, as conventional or unrestricted

The income capitalization approach to value opinion is based on the economic principle of anticipation--that the value of an income producing property is the present value of anticipated future net benefits. Other appraisal principles and concepts upon which this approach is based include supply and demand, change, substitution, and externalities.

Net operating income projections (future net benefits) are translated into a present value indication using a capitalization process. In this appraisal, a pro forma technique is explicitly used. Market value is developed through the use of market derived financial opinions and return parameters. More specifically, the capitalization process steps in the pro forma technique are as follows:

- The effective gross revenue is estimated by the sum of the market rents on the units less an allowance for vacancy, plus other income.
- Expenses inherent in the operation of the property, including real estate taxes, insurance, repairs and maintenance, general and administrative, management, utilities, payroll, marketing, and reserve are estimated.
- The net operating income is derived by deducting the operating expenses from the effective gross revenue.
- The net operating income is then capitalized to obtain an indication of value.

With respect to this valuation, the effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will be based on market rent figures.

The total operating expense estimate will be less than historic primarily due to reduced Repairs & Maintenance, General & Administrative, Management Fee, and Payroll expenses. The Marketing expense will be higher than historic, and there will be an explicit Reserve expense.

Pro Forma Capitalization

Base Rent Revenue – is based on the market rent levels for the units at the subject. The annual market rent is shown in the chart below.

Chester Apartments					Value 1			
Base Rent Revenue					as conventional or unrestricted			
	Total	% of	Size	Total	Market Rent			
	Units	total	(rsf)	rsf	Rent/Month	Rent/sf	Monthly	Yearly
1 Bed, 1 Bath	12	50%	674	8,088	\$480	\$0.71	\$5,760	\$69,120
2 Bed, 1.5 Bath TH	11	46%	910	10,010	\$560	0.62	6,160	73,920
2 Bed, 1.5 Bath TH (Non-Revenue)	1	4%	910	910	Non-Revenue			
Overall Totals/Averages	24	100%	792	19,008	497	0.63	11,920	143,040

Source: Crown Appraisal Group

Vacancy – Stabilized vacancy has been discussed in the Market Area Overview section. Vacancy is estimated at 5%, and is applied to base rent revenue.

Other Income – Other revenues include laundry income, late/nsf charges, application fees, forfeited deposits, termination/restoration fees and other miscellaneous incomes. Other revenue is estimated at \$60/unit. This is a net income line item component, with vacancy inherently considered.

Operating Expenses – are those costs necessary to maintain the property at or near a maximum level of economic performance. These expenses are categorized as real estate taxes, insurance, repairs and maintenance, general and administrative, management fees, utilities, payroll, and marketing. In addition, reserves are also considered. Estimated operating expenses are based on historical figures, and support from market data. The market data information is of properties similar in size, age, condition, and location relative to the subject that have been appraised by Crown Appraisal Group. All of these properties are RD properties – none are market rate ones. Like the subject, the operating histories reflect the benefits – and costs – associated with operating as a rural property subject to various RD operating costs.

With respect to operating expense line items, Real Estate Taxes, Insurance, and Utilities should be near historic. Repairs & Maintenance, General & Administrative, Management Fees and Payroll should be lower than historic due to the nature of market rate operations as compared to subsidized operations. Marketing should be above historic, also due to the nature of market rate operations. An explicit Reserve will be recognized.

The line item operating expenses are presented in the chart below. The chart details the median and average operating expenses by the operating expense comparables, the historic operating expenses at the subject, and the pro forma operating expense projections.

Operating Expense Comparables										
Chester Apartments										
	1	2	3	4	5	6	7	8	9	10
Units	49	51	51	37	18	20	55	65	55	24
Year	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
Per Unit Basis										
Real Estate Taxes	300	227	125	196	432	393	341	208	171	213
Insurance	209	166	499	173	154	222	189	316	400	296
Repairs and Maintenance	599	472	791	646	1,198	778	976	447	319	735
General and Administrative	329	253	242	284	527	368	283	204	211	306
Management Fees	533	528	506	477	524	520	500	529	529	337
Utilities										
Electric	110	98	155	90	111	190	162	101	108	95
Water/Sewer	<u>936</u>	<u>24</u>	<u>20</u>	<u>547</u>	<u>46</u>	<u>42</u>	<u>35</u>	<u>32</u>	<u>556</u>	<u>6</u>
Total Utilities	1,046	122	175	637	156	232	197	132	664	101
Payroll	923	1,096	457	879	636	1,066	1,245	768	955	1,331
Marketing	2	1	9	12	23	4	0	0	2	2
Total	3,941	2,865	2,803	3,305	3,649	3,582	3,731	2,603	3,251	3,321
Per Unit Basis										
Category	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>	<u>Median</u>						
Real Estate Taxes	125	432	261	220						
Insurance	154	499	263	216						
Repairs and Maintenance	319	1,198	696	691						
General and Administrative	204	527	300	283						
Management Fees	337	533	498	522						
Utilities										
Electric	90	190	122	109						
Water/Sewer	<u>6</u>	<u>936</u>	<u>224</u>	<u>38</u>						
Total Utilities	101	1,046	346	186						
Payroll	457	1,331	935	939						
Marketing	<u>0</u>	<u>23</u>	<u>5</u>	<u>2</u>						
Total	2,603	3,941	3,305	3,313						

Source: Apartment Management, Crown Appraisal Group

Chester Apartments											<i>as conventional or unrestricted</i>	
Operating Expense Estimates											<i>as-is</i>	
Real Estate Taxes												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	220	med	261	avg	177	145	123	148	165	121	\$2,907	
Insurance												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	216	med	263	avg	85	161	161	178	158	142	\$3,413	
Repairs & Maintenance												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	691	med	696	avg	878	737	1,062	886	958	700	\$16,800	
General & Administrative												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	283	med	300	avg	416	275	319	300	323	275	\$6,600	
Management												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	522	med	498	avg	330	386	409	483	472	286	\$6,866	
Electric Utilities												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	109	med	122	avg	197	98	120	123	103	105	\$2,520	
Water & Sewer												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	38	med	224	avg	99	6	10	13	14	10	\$240	
Total Utilities												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	186	med	346	avg	296	104	130	136	117	115	\$2,760	
Payroll												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	939	med	935	avg	677	390	640	715	749	550	\$13,200	
Marketing												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	2	med	5	avg	61	23	14	15	24	15	\$360	
Total Operating Expenses (including consideration of Reserve)												
Source	Comparables				2013	2014	2015	2016 Budget	2017 Budget	Pro Forma	Amount	
Cost/unit	3,313	med	3,305	avg	2,919	2,221	2,858	2,861	2,965	2,454	\$58,906	
Source: <i>Property Management; Crown Appraisal Group</i>												

Chester Apartments		Value 1
Operating Expense Estimates		as conventional or unrestricted
<u>Operating Expense</u>	<u>Cost/unit</u>	<u>Discussion</u>
Real Estate Taxes	121	Based on the current real estate taxes of the subject as reported by the county.
Insurance	142	Based on historic with support from market.
Repairs & Maintenance	700	Below historic; property would not be as well maintained if it were to be operated as a market rate one.
General & Administrative	275	Below historic; market rate properties have lower general & administrative costs than subsidized properties.
Management	5.00%	Percent of effective gross income rather than fee per occupied door per month.
Utilities	105	Electric
	10	Water and sewer
Payroll	550	Based on the size of the property, a total cost per year, or a cost per month, is the appropriate manner in which to develop this operating expense estimate. The expense is based on the probable cost if the property were operated as a market rate one.
Marketing	15	Above historic; market rate properties require a higher cost for marketing.
Reserve	250	Based on market participant attitudes.

Total Operating Expenses – The chart below compares historical and market derived operating expense data with the pro forma. Notice the market estimates are lower than the historical figures as government subsidized properties typically cost more to operate than market rate.

Pro Forma Operating Expense Estimate & Comparisons (per unit basis)					Value 1					
Chester Apartments					as conventional or unrestricted					
	<u>Crown Appraisal Group Survey</u>				<u>Year End Historical</u>					<u>Subject Pro Forma</u>
	Low	High	Avg.	Med.	2013	2014	2015	2016 Budget	2017 Budget	
Real Estate Taxes	125	432	261	220	177	145	123	148	165	121
Insurance	154	499	263	216	85	161	161	178	158	142
Repairs and Maintenance	319	1,198	696	691	878	737	1,062	886	958	700
General and Administrative	204	527	300	283	416	275	319	300	323	275
Management Fees	337	533	498	522	330	386	409	483	472	286
Utilities										
Electric	90	190	122	109	197	98	120	123	103	105
Water/Sewer	6	936	224	38	99	6	10	13	14	10
Total Utilities	101	1,046	346	186	296	104	130	136	117	115
Payroll	457	1,331	935	939	677	390	640	715	749	550
Marketing	0	23	5	2	61	23	14	15	24	15
Reserve	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	250
Total Operating Expenses	2,603	3,941	3,305	3,313	2,919	2,221	2,858	2,861	2,965	2,454

Note: columns with low, high, average, and median figures may not add to total
 Source: Property Managers; Crown Appraisal Group

The net operating income is estimated by deducting the operating expenses from the effective gross income. The pro forma is shown below.

<i>Pro Forma Operating Statement</i>		<i>as conventional or unrestricted</i>	
<i>Chester Apartments</i>		<i>Value 1</i>	
24 units			
	<u>% of EGI</u>	<u>Per Unit</u>	<u>Amount</u>
Potential Rental Revenue	104.2%	\$5,960	\$143,040
Less: Vacancy and Collection Loss @ 5.0%	<u>-5.2%</u>	<u>-298</u>	<u>-7,152</u>
Effective Rent	99.0%	5,662	135,888
Plus Other Revenue:			
Other Income	1.0%	60	1,440
Effective Gross Income	100.0%	5,722	137,328
Less: Operating Expenses			
Real Estate Taxes	2.1%	121	2,907
Insurance	2.5%	142	3,413
Repairs and Maintenance	12.2%	700	16,800
General and Administrative	4.8%	275	6,600
Management Fees @ 5.0%	5.0%	286	6,866
Utilities			
Electric	1.8%	105	
Water/Sewer	<u>0.2%</u>	<u>10</u>	
Total Utilities	2.0%	115	2,760
Payroll	9.6%	550	13,200
Marketing	0.3%	15	360
Reserve	<u>4.4%</u>	<u>250</u>	<u>6,000</u>
Total Operating Expenses	42.9%	2,454	58,906
Net Operating Income	57.1%	3,268	78,422

Source: *Crown Appraisal Group*

Capitalization Rate Discussion

Capitalization is the process by which net operating income is converted into a value indication. A capitalization rate is utilized that most accurately represents the risk associated with receiving the property's net operating income. A property that has a "safer" income stream is one that has less risk.

In order to arrive at an appropriate range, emphasis was put on data provided by comparable sales and analysis of financing techniques.

Comparable Sales

The comparable sales utilized in the Sales Comparison Approach section indicate an overall capitalization rate range as shown below. Other data is shown, including the dates of the sales. Overall, the sales properties are comparable in the sense that they are recent sales of similar apartment complexes in the greater market area.

Comparable Sales						
Overall Capitalization Rates						
<u>Name/Location</u>	<u>Sale Date</u>	<u>Year Built</u>	<u>Units</u>	<u>Sale Price</u>	<u>Price/Unit</u>	<u>OAR</u>
Douglas Pines Apts Douglas, GA	Oct-16	1987	48	1,925,100	40,106	7.02%
Spanish Mission Valdosta, GA	Sep-15	1976	150	7,000,000	46,667	7.36%
The Reserve at Altama Brunswick, GA	Jul-16	1972	108	6,300,000	58,333	6.75%
Ashley Park Apts Thomasville, GA	Oct-16	2013	84	8,000,000	95,238	5.70%
The Gables of St Augustine Valdosta, GA	May-15	1989	144	4,000,000	27,778	6.10%
Average, Median, Range		6.59%	6.75%	5.70% - 7.36%		

Source: *Crown Appraisal Group*

A number of differences between the properties and the specifics of transaction, however, make correlation to a specific rate within the range problematic. The sales do represent current market activity and characteristics of the properties that are similar to the subject. An overall rate near the range is appropriate. Certainly, the market data alone does not support the selection of a rate below 5.70% or a rate above 7.36%. If the sales were the only data source from which to select the overall capitalization rate, a rate near the middle of the range is most appropriate given the net operating income figure.

Final consideration of an appropriate rate is through an analysis of lender requirements. After all, properties such as the subject are usually transferred only after financing has been arranged. The debt coverage ratio technique calculates an overall rate by multiplying the mortgage constant by the loan-to-value ratio and then by the debt coverage figure.

Financing Techniques

Debt Coverage Ratio

The debt coverage ratio technique places emphasis on lender requirements while inherently providing for a reasonable equity return. Rather than developing an explicit equity dividend, the equity position is left with a residual dividend return. This has good applicability for properties such as the subject. Using current parameters, development of the overall rate can be seen in the following chart.

Overall Rate Derivation					
Debt Coverage Ratio Technique					
<u>Mtg. Rate</u>	<u>Term of Mtg.</u>	<u>Mtg. Constant</u>	<u>Loan to Value</u>	<u>DCR</u>	<u>OAR</u>
5.00%	30	0.0644	70.0%	1.25	5.64%
5.00%	30	0.0644	75.0%	1.20	5.80%
5.25%	30	0.0663	70.0%	1.25	5.80%
5.25%	30	0.0663	75.0%	1.20	5.96%
5.50%	30	0.0681	70.0%	1.25	5.96%
5.50%	30	0.0681	75.0%	1.20	6.13%
				rounded to	5.6% - 6.1%

Source: *Crown Appraisal Group*

Given the specific characteristics of the property, the overall capitalization rate range derived from the debt coverage ratio appears to be reasonable.

Band of Investment

There are two primary components utilized in the band of investment technique. These are the debt and equity components. Both are explicitly developed. A weighted average, which combines these two components, is used to capitalize the net operating income. The strength of the band of investment is that it has long been used by real estate market participants in developing an overall rate. The band of investment technique quantifies the appropriate overall rate as follows:

Overall Rate Derivation					
Band of Investment Technique					
<u>Interest Rate</u>	<u>Amort.</u>			<u>Constant</u>	<u>Weighted Average</u>
5.00%	30	75%	(loan to value)	x 0.0644	= 4.831%
		25%	(equity to value)	x 6.0%	= 1.500%
				Overall Rate =	6.331%
				Rounded To:	6.3%

Source: *Crown Appraisal Group*

Conclusion

In summarizing, most of the market-based indicators suggest that a rate toward the middle of the range is most appropriate. The weakness in the rates indicated by the comparable sales is that the figures are historic. The overall rates from the comparable sales are also suspect to relatively wide fluctuations when relatively minor changes are made (as an example, an change to the net operating income of only \$1,000 on a \$1,000,000 sale impacts the overall rate by 10 basis points). The strength in the debt coverage and the band of investment techniques, is that they are based on real participants and real mortgage rates. The information from the latter analysis suggests that the appropriate rate is in the upper 6.0% range.

In the final analysis, an overall rate that lies between the comparable sale and financing technique analysis of 6.75% is selected as being appropriate to accurately reflect the risk characteristics arising from the income stream. The rate selected falls within the ranges indicated by comparable sales, and the quantitative overall rate derivation techniques (band of investment and debt coverage ratio). Application of the rate to the pro forma net operating income is shown in the chart below.

<i>Pro Forma Technique Value Conclusion</i>	<i>Value 1</i>
<i>Chester Apartments</i>	<i>as conventional or unrestricted</i>
Net Operating Income	\$78,422
Overall Capitalization Rate	<u>6.75%</u>
Value Conclusion	1,161,802
<i>Rounded To:</i>	<i>\$1,160,000</i>

Source: *Crown Appraisal Group*

Value 2-RD, subject to restricted rents

A pro forma is used. Much of the valuation is based on the analysis previously presented. Major differences (and similarities) are detailed below.

Base Rent

The appropriate unit rent to use is the basic rent figure.

Chester Apartments				Value 2-RD				
Base Rent Revenue				subject to restricted rents				
	Total	% of	Size	Total	Basic Rent			
	<u>Units</u>	<u>total</u>	<u>(rsf)</u>	<u>rsf</u>	<u>Rent/Month</u>	<u>Rent/sf</u>	<u>Monthly</u>	<u>Yearly</u>
1 Bed, 1 Bath	12	50%	674	8,088	\$384	\$0.57	\$4,608	\$55,296
2 Bed, 1.5 Bath TH	11	46%	910	10,010	\$412	0.45	4,532	54,384
2 Bed, 1.5 Bath TH (Non-Revenue)	1	4%	910	910	Non-Revenue			
Overall Totals/Averages	24	100%	792	19,008	381	0.48	9,140	109,680

Source: Crown Appraisal Group

Vacancy

Based on historic.

Operating Expenses

The operating expenses are largely based on recent history at the subject. Figures used are shown below.

Chester Apartments			Value 2-RD
Operating Expense Estimates			subject to restricted rents
<u>Operating Expense</u>	<u>Cost/unit</u>		<u>Discussion</u>
Real Estate Taxes	121		Based on the current real estate taxes of the subject as reported by the county.
Insurance	142		Based on historic with support from market.
Repairs & Maintenance	850		Near the recent historic figures with the recognition that some of the historic amounts have some costs better categorized as capital expenditures.
General & Administrative	325		Based on historic.
Management	42.00		Based on cost per occupied door per month.
Utilities	105	Electric	Based on historic with support from market.
	10	Water and sewer	Based on historic with support from market.
Payroll	650		Based on historic.
Marketing	15		Based on historic.
Reserve	350		Based on market participant attitudes.

The pro forma is shown below.

Pro Forma Operating Statement		Value 2-RD	
Chester Apartments		as-is	
24 units			
	<u>% of EGI</u>	<u>Per Unit</u>	<u>Amount</u>
Potential Rental Revenue	101.7%	\$4,570	\$109,680
Less: Vacancy and Collection Loss @ 3.0%	<u>-3.1%</u>	<u>-137</u>	<u>-3,290</u>
Effective Rent	98.7%	4,433	106,390
Plus Other Revenue:			
Other Income	1.3%	60	1,440
Effective Gross Income	100.0%	4,493	107,830
Less: Operating Expenses			
Real Estate Taxes	2.7%	121	2,907
Insurance	3.2%	142	3,413
Repairs and Maintenance	18.9%	850	20,400
General and Administrative	7.2%	325	7,800
Management Fees	10.9%	489	11,733
Utilities			
Electric	2.3%	105	
Water/Sewer	<u>0.2%</u>	<u>10</u>	
Total Utilities	2.6%	115	2,760
Payroll	14.5%	650	15,600
Marketing	0.3%	15	360
Reserve	<u>7.8%</u>	<u>350</u>	<u>8,400</u>
Total Operating Expenses	68.0%	3,057	73,373
Net Operating Income	32.0%	1,436	34,457

Source: *Crown Appraisal Group*

Capitalization Rate Discussion

The appropriate rate selected should recognize two primary characteristics. There is a need for affordable housing in the area. Second, the net operating income developed is within the range at that seen during the prior three years. In that sense, the net operating income is one that is relatively “safe”. The conclusion is that the appropriate overall rate should be less than that selected for the market, unrestricted. The question is, of course, how much lower. There is some information available from RD that helps answer this. The consensus is that, for properties that are comprised of all (or mostly all) RA units, the appropriate rate should be about 100 basis points less than the market rate conclusion (the rate used for market unrestricted). For properties that do not have a high percentage of RA units, the overall rate should not be significantly different than the overall rate used in the unrestricted valuation. The chart quantifying this is shown below, with the value opinion shown after.

Overall Capitalization Rate Selection			Value 2-RD	
Chester Apartments			subject to restricted rents	
<u>Lease Guarantor</u>	<u># of Units</u>	<u>% of Total</u>	<u>Selected OAR</u>	<u>Weighted Rate</u>
Tenant	7	29.2%	6.75%	1.969%
Rental Assistance	17	70.8%	5.75%	4.073%
Total	24	100.0%		6.042%
Indicated OAR				6.04%

Source: *Crown Appraisal Group*

Pro Forma Technique Value Conclusion		Value 2-RD
Chester Apartments		subject to restricted rents
Net Operating Income		\$34,457
Overall Capitalization Rate		6.04%
Value Conclusion		570,315
Rounded To:		\$570,000

Source: *Crown Appraisal Group*

Sales Comparison Approach

Value 1, as conventional or unrestricted

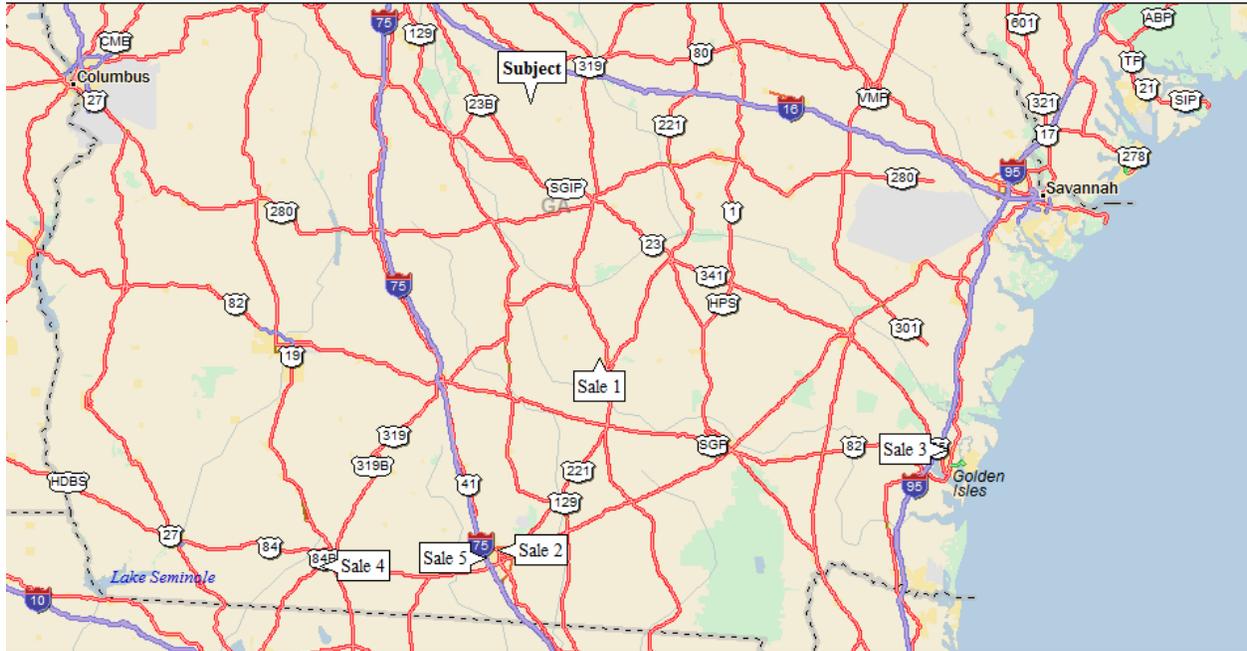
The sales comparison approach is based upon the theory that an informed purchaser will pay no more for a property than the cost of acquiring an equally desirable substitute property. The principle of substitution confirms that the maximum value of a property is set by the cost of acquisition of an equally desirable and valuable substitute property, assuming that substitution can be made without costly delay. Other appraisal principles and concepts relating to the approach include supply and demand, balance, and externalities.

In order to obtain an indication of value from the sales comparison approach, recent sales of similar properties have been analyzed and the sales prices adjusted to reflect dissimilarities between these properties and the subject. From these sales prices an indication of market value for the subject has been developed.

One of the fundamental considerations in the sales comparison approach is defining substitute or comparable properties. Issues that are involved in this consideration involve determination of physically similar properties as well as similarly located properties. Sales properties analyzed involve small to medium-sized multi-family properties. All are located in the regional area.

The accuracy of this approach relies upon the similarities, or lack thereof, between the sales properties and the subject. The greater the differences, the more subjective this valuation technique becomes. Multi-family properties, like any specialized real estate product, are complex and involve a variety of considerations. A comparison of sales properties includes reviewing size, location, financing and date of transaction. In essence, these categories are all tied to one over-riding factor-- the financial aspects and implications arising from the improvements.

The initial sales search was limited to sales of similar size properties, built during the same time period as the subject, having the same general economic characteristics, and having occurred within the immediate market area during the past six months. There were no sales meeting these criteria. When expanding the time frame and geographical area, a sufficient number of comparable sales were uncovered. While the research uncovered several sales properties which share similar attributes with the subject, dissimilarities do exist. The map below locates the comparable sales that were utilized. A detailed write up page and photograph of each sale can be found after the map.



Sale Comparable 1

General Data

Property Name:	Douglas Pines Apts
Property Address:	820 Bowens Mill Rd SE
City:	Douglas
County:	Coffee
MSA:	Not in a MSA
State:	GA
Zip:	31533
Renter Segmentation:	General
Rent Structure:	Market Rate



Sale and Economic Data

Sale Price:	\$1,925,100		<u>Total</u>	<u>Per Unit</u>	<u>Per rsf</u>	<u>% of EGI</u>
Sale Price/unit:	\$40,106	Net Operating Income:	135,142	2,815	3.27	100.0%
Sale Price/rsf:	\$46.64	Overall rate:	7.02%			
Sale Date:	10/21/2016	Occupancy at time of sale:	95.0%			
Parcel Number:	0117C-131					
Legal Description:	LL 222 6LD SPRING LAKE APTS.PH I					
Buyer (Grantee):	Bpp Douglas Pines Llc					
Seller (Grantor):	Reef Properties Of Georgia Llc					

Property Data

		<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>
Year Built:	1987	2	2.0	Garden	841	48
Size (Number of Units):	48					
Rentable Size (rsf):	41,280					
Site Size (acres):	7.590					
Density (units/acre):	6.3					
Floors:	2					
Property Design:	Walk Up					
Exterior:	Siding					

Landlord Paid Utilities

N Cable	N Sewer
N Electric	N Trash
N Gas	N Water

Tenant Paid Utilities

Y Cable	Y Sewer
Y Electric	Y Trash
N Gas	Y Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
N Microwave	N Att. Garage
Y Dishwasher	N Carport
N Garbage Disposal	N Basement
Y Air Conditioning	Y Ceiling Fans
N Washer/Dryer	N Vaulted Ceilings
Y W/D Hookups	N Security Systems

Complex Amenities

Y Pool	N Laundry
N Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
Y Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Other Comments

Douglas Pines Apartments consists of five two-story buildings. The property is situated on SR-206 (Bowens Mill Road), 1.5 miles west of SR-441, and a mile north of SR-32 and two miles northwest of downtown Douglas.

Sale Comparable 2

General Data

Property Name:	Spanish Mission
Property Address:	422 Connell Rd
City:	Valdosta
County:	Lowndes
MSA:	Valdosta
State:	GA
Zip:	31602
Renter Segmentation:	General
Rent Structure:	Market Rate



Sale and Economic Data

			<u>Total</u>	<u>Per Unit</u>	<u>Per rsf</u>	<u>% of EGI</u>
Sale Price:	\$7,000,000					
Sale Price/unit:	\$46,667	Net Operating Income:	515,200	3,435	2.73	100.0%
Sale Price/rsf:	\$37.09	Overall rate:	7.36%			
Sale Price/gsf:	\$35.00					
Sale Date:	9/9/2015	Occupancy at time of sale:	93.0%			
Parcel Number:	0112A-113					
Legal Description:	SPANISH MISSION APTS					
Buyer (Grantee):	Magnolia Mission Partners LLC					
Seller (Grantor):	Valdosta Associates LTD					

Property Data

	<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>
Year Built:	1976	1	Garden	890
Size (Number of Units):	150	2	Garden	1,213
Rentable Size (rsf):	188,716	2	Townhouse	1,125
Gross Size (gsf):	200,000	3	Townhouse	1,456
Site Size (acres):	12.000			
Density (units/acre):	12.5			
Floors:	2			
Property Design:	Walk Up			
Exterior:	Stucco			

Landlord Paid Utilities

N Cable	N Sewer
N Electric	Y Trash
N Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
N Microwave	N Att. Garage
Y Dishwasher	N Carport
Y Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
Y Washer/Dryer	N Vaulted Ceilings
Y W/D Hookups	N Security Systems

Complex Amenities

Y Pool	N Laundry
Y Clubhouse	N Det. Garages
Y Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
Y Fit. Center	Y Car Wash
N Lake	N Elevators
N Gated	Y Playground
N Bus. Center	N Racquetball

Tenant Paid Utilities

Y Cable	Y Sewer
Y Electric	N Trash
Y Gas	Y Water

Other Comments

Spanish Mission Apartments is located on the northeast corner of Connell Road and Tara Drive in Valdosta, Georgia. It is 3 miles north of downtown Valdosta in Lowndes County.

Sale Comparable 3

General Data

Property Name:	The Reserve at Altama
Property Address:	5801 Altama Ave
City:	Brunswick
County:	Glynn
MSA:	Brunswick
State:	GA
Zip:	31525
Renter Segmentation:	General
Rent Structure:	Market Rate



Sale and Economic Data

Sale Price:	\$6,300,000		<u>Total</u>	<u>Per Unit</u>	<u>Per rsf</u>	<u>% of EGI</u>
Sale Price/unit:	\$58,333	Net Operating Income:	425,250	3,938	3.37	100.0%
Sale Price/rsf:	\$49.90	Overall rate:	6.75%			
Sale Price/gsf:	\$46.71	EGIM:	14.8			
Sale Date:	7/5/2016	Occupancy at time of sale:	98.2%			
Parcel Number:	03-00925					
Legal Description:	10.45 AC ALTAMA					
Buyer (Grantee):	Reserve at Altama, LLC					
Seller (Grantor):	South Shore, LLC					

Property Data

	<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	
Year Built:	1972	1	1.0	Garden	960	20
Size (Number of Units):	108	2	1.5	Garden	1,160	72
Rentable Size (rsf):	126,240	3	2.0	Garden	1,470	16
Gross Size (gsf):	134,886					
Site Size (acres):	10.220					
Density (units/acre):	10.6					
Floors:	2					
Property Design:	Walk Up					
Exterior:	Combination					

Landlord Paid Utilities

N Cable	Y Sewer
N Electric	Y Trash
N Gas	Y Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
Y Microwave	N Att. Garage
N Dishwasher	N Carport
N Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceilings
Y W/D Hookups	N Security Systems

Complex Amenities

Y Pool	Y Laundry
Y Clubhouse	N Det. Garages
N Tennis	Y Cov. Storage
N Jacuzzi	N Open Storage
Y Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	Y Playground
N Bus. Center	N Racquetball

Tenant Paid Utilities

Y Cable	N Sewer
Y Electric	N Trash
Y Gas	N Water

Other Comments

The Reserve at Altama is located on the west side of Altama Ave south of Chapel Crossing Rd about 5 miles north of downtown Brunswick.

Sale Comparable 4

General Data

Property Name:	Ashley Park Apartments
Property Address:	1 Ashley Park Pl
City:	Thomasville
County:	Thomas
MSA:	Not in a MSA
State:	GA
Zip:	31792
Renter Segmentation:	General
Rent Structure:	Market Rate



Sale and Economic Data

			<u>Total</u>	<u>Per Unit</u>	<u>Per rsf</u>	<u>% of EGI</u>
Sale Price:	\$8,000,000					
Sale Price/unit:	95,238	Net Operating Income:	456,000	5,429	5.06	100.0%
Sale Price/rsf:	\$88.80	Overall rate:	5.70%			
Sale Price/gsf:	\$54.24					
Sale Date:	10/28/2016	Occupancy at time of sale:	99.0%			
Parcel Number:	2051-317					
Legal Description:	25.61 AC/ W BYPASS @ SUNSET DR/Ashley Park					
Buyer (Grantee):	Young America Property, LLC					
Seller (Grantor):	Ashley Park Llc					

Property Data

	<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>	
Year Built:	2013	1	1.0	Garden	644	6
Size (Number of Units):	84	1	1.0	Garden	751	6
Rentable Size (rsf):	90,090	2	2.0	Garden	1,047	48
Gross Size (gsf):	147,480	3	2.0	Garden	1,311	24
Site Size (acres):	25.610					
Density (units/acre):	3.3					
Floors:	4					
Property Design:	Walk Up					
Exterior:	Combination					

Landlord Paid Utilities

N Cable	Y Sewer
N Electric	Y Trash
N Gas	Y Water

Tenant Paid Utilities

Y Cable	N Sewer
Y Electric	N Trash
Y Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	Y Balcony/Patio
Y Microwave	N Att. Garage
Y Dishwasher	N Carport
Y Garbage Disposal	N Basement
Y Air Conditioning	Y Ceiling Fans
N Washer/Dryer	N Vaulted Ceilings
N W/D Hookups	Y Security Systems

Complex Amenities

N Pool	Y Laundry
Y Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
Y Fit. Center	N Car Wash
N Lake	N Elevators
Y Gated	Y Playground
N Bus. Center	N Racquetball

Other Comments

Ashley Park Apartments is located on the north side of Sunset Dr east of US 319 about 2 miles southwest of downtown Thomasville. This property is in Thomas County.

Sale Comparable 5

General Data

Property Name:	The Gables of St Augustine
Property Address:	1415 N Saint Augustine Rd
City:	Valdosta
County:	Lowndes
MSA:	Valdosta
State:	GA
Zip:	31602
Renter Segmentation:	General
Rent Structure:	Market Rate



Sale and Economic Data

			<u>Total</u>	<u>Per Unit</u>	<u>Per rsf</u>	<u>% of EGI</u>
Sale Price:	\$4,000,000					
Sale Price/unit:	\$27,778	Net Operating Income:	244,000	1,694	2.29	100.0%
Sale Price/rsf:	\$37.48	Overall rate:	6.10%			
Sale Price/gsf:	\$30.28	EGIM:	N/A			
Sale Date:	5/29/2015	Occupancy at time of sale:	96.5%			
Parcel Number:	0081A-003					
Legal Description:	LL 14 & 15 LD 12 TRACT 1					
Buyer (Grantee):	Hi-lo Investments Llc					
Seller (Grantor):	Benton Properties Inc					

Property Data

	<u>Bedrooms</u>	<u>Baths</u>	<u>Type</u>	<u>Size (rsf)</u>	<u>Units</u>
Year Built: 1989	0	1.0	Garden	360	20
Size (Number of Units): 144	1	1.0	Garden	480	25
Rentable Size (rsf): 106,728	1	2.0	Garden	500	5
Gross Size (gsf): 132,080	2	2.0	Garden	792	34
Site Size (acres): 26.990	2	2.0	Garden	800	20
Density (units/acre): 5.3	3	2.0	Garden	1,040	35
Floors: 3	3	2.0	Garden	1,140	5
Property Design:	Walk Up				
Exterior:	Combination				

Landlord Paid Utilities

N Cable	Y Sewer
N Electric	Y Trash
N Gas	Y Water

Tenant Paid Utilities

Y Cable	N Sewer
Y Electric	N Trash
Y Gas	N Water

Unit Amenities

Y Refrigerator	N Fireplace
Y Range	N Balcony/Patio
N Microwave	N Att. Garage
Y Dishwasher	N Carport
N Garbage Disposal	N Basement
Y Air Conditioning	N Ceiling Fans
N Washer/Dryer	N Vaulted Ceilings
Y W/D Hookups	N Security Systems

Complex Amenities

Y Pool	Y Laundry
N Clubhouse	N Det. Garages
N Tennis	N Cov. Storage
N Jacuzzi	N Open Storage
N Fit. Center	N Car Wash
N Lake	N Elevators
N Gated	N Playground
N Bus. Center	N Racquetball

Other Comments

The Gables of St Augustine is located on the northeast side of N Saint Augustine Rd west of I-75 about 4 miles northwest of downtown Valdosta. This property is in Lowndes County.

Comparable Sales Data

The sales that were utilized to develop the value of the subject are detailed in the chart that follows. The sale price per unit of comparison is used to develop the value of the subject. To arrive at a value conclusion, the comparables are adjusted for dissimilarities to the subject with respect to property rights conveyed, financing terms, conditions of sale, date of sale, location, physical and economic attributes. Adjustments are made based on a comparison with one another as well as the appraisers' knowledge about the sales as they relate to the subject. Based on discussions with market participants, the marketing period and exposure period for each of the sales is estimated at 12 months. The chart also notes the adjustments.

<i>Chester Apartments</i>							<i>Value 1</i>
<i>Improved Sales</i>							<i>as conventional or unrestricted</i>
Sale	Subject	1	2	3	4	5	
Name	Chester Apartments	Douglas Pines Apts	Spanish Mission	The Reserve at Altama	Ashley Park Apts	The Gables of St Augustine	
Location	400 Wynne Avenue	820 Bowens Mill Rd SE	422 Connell Rd	5801 Altama Ave	1 Ashley Park Pl	1415 N Saint Augustine Rd	
City or Township	Chester	Douglas	Valdosta	Brunswick	Thomasville	Valdosta	
County	Dodge	Coffee	Lowndes	Glynn	Thomas	Lowndes	
MSA	Not in a MSA	Not in a MSA	Valdosta	Brunswick	Not in a MSA	Valdosta	
Date of Sale		October-16	September-15	July-16	October-16	May-15	
Sale Price		\$1,925,100	\$7,000,000	\$6,300,000	\$8,000,000	\$4,000,000	
Building Size (units)	24	48	150	108	84	144	
Building Size (inc. community)	19,488	41,280	188,716	126,240	90,090	106,728	
Sale Price/Unit		\$40,106	\$46,667	\$58,333	\$95,238	\$27,778	
Sale Price/sf		\$46.64	\$37.09	\$49.90	\$88.80	\$37.48	
Year Built	1985	1987	1976	1972	2013	1989	
Site Size	4.140	7.590	12.000	10.220	25.610	26.990	
Coverage	11%	12%	36%	28%	8%	9%	
Average Unit Size (sf)	812	860	1,258	1,169	1,073	741	
Units per Acre	5.8	6.3	12.5	10.6	3.3	5.3	
EGI/unit	\$5,722	\$2,815	\$3,435	\$3,938	\$5,429	\$1,694	
EGIM		14.2	13.6	14.8	17.5	16.4	
Expenses/Unit	\$2,454	\$0	\$0	\$0	\$0	\$0	
NOI/unit	\$3,268	\$2,815	\$3,435	\$3,938	\$5,429	\$1,694	
OAR		7.02%	7.36%	6.75%	5.70%	6.10%	
Sale Adjustments							
Property Rights Conveyed	<i>Fee Simple</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		0%	0%	0%	0%	0%	
Financing Terms	<i>Market</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		0%	0%	0%	0%	0%	
Conditions of Sale	<i>Arm's Length</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		0%	0%	0%	0%	0%	
Market Conditions	<i>Current</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
		0%	0%	0%	0%	0%	
Total Sale Adjustments		0%	0%	0%	0%	0%	
Adjusted Price per Unit		\$40,106	\$46,667	\$58,333	\$95,238	\$27,778	
Property Adjustments							
<i>Location</i>	400 Wynne Avenue	820 Bowens Mill Rd SE	422 Connell Rd	5801 Altama Ave	1 Ashley Park Pl	1415 N Saint Augustine Rd	
	Chester	Douglas	Valdosta	Brunswick	Thomasville	Valdosta	
	Dodge	Coffee	Lowndes	Glynn	Thomas	Lowndes	
Population	1,536	12,002	55,754	15,133	18,413	55,754	
Comparison to subject		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	
		-10%	-25%	-10%	-10%	-25%	
<i>Physical</i>							
Avg. Unit Size	812	860	1,258	1,169	1,073	741	
Comparison to subject		<i>Similar</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Inferior</i>	
		0%	-20%	-15%	-10%	5%	
Age	1985	1987	1976	1972	2013	1989	
Quality/Condition	Average	Average	<i>Below Average</i>	<i>Below Average</i>	<i>Good</i>	Average	
Comparison to subject		<i>Similar</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Superior</i>	<i>Similar</i>	
		0%	5%	5%	-15%	0%	
Total Property Adjustments		-10%	-40%	-20%	-35%	-20%	
Value Indication per Unit		\$36,096	\$28,000	\$46,667	\$61,905	\$22,222	

Source: *Crown Appraisal Group*

As shown, no sale adjustments are indicated as appropriate for property rights conveyed, financing terms, conditions of sale, and market conditions, as they are considered to be the same as the subject. With respect to property adjustments, all location, physical, and economic attributes were reviewed – the analysis of each comparable sale is below.

Douglas Pines Apartments (Comparable 1) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. The adjustments total -10%. This results in a value indication of \$36,096/unit for Chester Apartments.

Spanish Mission (Comparable 2) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. On average, the unit size at the comparable is larger, which is considered to be a superior attribute, as compared to the average unit size at the subject, and the comparable is adjusted downward. At the time of sale, the general physical aspects of the comparable (such as age and quality/condition attributes) were inferior to the subject, and an adjustment is made. Combined, the adjustments total -40%. This results in a value indication of \$28,000/unit for Chester Apartments.

The Reserve at Altama (Comparable 3) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. On average, the unit size at the comparable is larger, which is considered to be a superior attribute, as compared to the average unit size at the subject, and the comparable is adjusted downward. At the time of sale, the general physical aspects of the comparable (such as age and quality/condition attributes) were inferior to the subject, and an adjustment is made. Combined, the adjustments total -20%. This results in a value indication of \$46,667/unit for Chester Apartments.

Ashley Park Apartments (Comparable 4) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. On average, the unit size at the comparable is larger, which is considered to be a superior attribute, as compared to the average unit size at the subject, and the comparable is adjusted downward. At the time of sale, the general physical aspects of the comparable (such as age and quality/condition attributes) were superior to the subject, and an adjustment is made. Combined, the adjustments total -35%. This results in a value indication of \$61,905/unit for Chester Apartments.

The Gables of St Augustine (Comparable 5) - The comparable has a superior (better) general location at the time of sale when compared to the subject, and the comparable is adjusted downward. On average, the unit size at the comparable is smaller, which is considered to be an inferior attribute, as compared to the average unit size at the subject, and the comparable is adjusted upward. Combined, the adjustments total -20%. This results in a value indication of \$22,222/unit for Chester Apartments.

All of the sales were given credence when determining the value via this approach. This approach is used only as support for the primary approach, and the value conclusion reflects a hypothetical condition. This value indication is concluded to as representative of the property’s value as if operated under the hypothetical conventional, market rate scenario. **A value conclusion of \$39,000/unit is selected to represent the market value as of the date of valuation. This indicates an aggregate value of \$1,000,000.** The following summarizes the projections of value via the sales comparison approach.

Sales Comparison Approach Summary		Value 1	
Chester Apartments		as conventional or unrestricted	
Unadjusted Value Range Per Unit	27,778	-	95,238
Indicated Value Range (rounded)	700,000	-	2,300,000
Adjusted Value Range Per Unit	22,222	-	61,905
Indicated Value Range (rounded)	500,000	-	1,500,000
Average, Median (adjusted)	38,978		36,096
Indicated Value (rounded)		935,000	
Value per Unit		39,000 /unit	
Source: Crown Appraisal Group			

Prospective Market Value

The prospective market value subject to restricted rents is projected under the extraordinary assumption that the proposed renovations to the subject property are complete. This valuation also assumes that the subject is operated as a subsidized, rural housing property. The income capitalization approach is utilized to project the prospective market value, subject to restricted rents (Value 3). The income capitalization approach and cost approach are used to arrive at the prospective market value, as conventional or unrestricted (Value 4).

Income Capitalization Approach Value 3, prospective, subject to restricted rents

The income capitalization approach to value opinion is based on the economic principle of anticipation--that the value of an income producing property is the present value of anticipated future net benefits. Other appraisal principles and concepts upon which this approach is based include supply and demand, change, substitution, and externalities.

Net operating income projections (future net benefits) are translated into a present value indication using a capitalization process. In this appraisal, a pro forma technique is explicitly used. A discounted case flow technique is not considered appropriate. Market value is projected through the use of market derived financial projections and return parameters. More specifically, the capitalization process steps in the pro forma technique are as follows:

- The effective gross revenue is projected by the rents on the units less an allowance for vacancy, plus other income.
- Expenses inherent in the operation of the property, including real estate taxes, insurance, repairs and maintenance, general and administrative, management, utilities, payroll, marketing, and reserve are projected.
- The net operating income is derived by deducting the operating expenses from the effective gross revenue.
- The net operating income is then capitalized to obtain an indication of value.

With respect to this valuation, the effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will recognize the economic benefits of the renovation as the units will be in better physical (and functional) condition. The apartment rent will be constrained by the lesser of market rent or LIHTC constraints.

With respect to operating expense line items, Real Estate Taxes, Insurance, General & Administrative, Management Fee, Utilities, and Marketing should be near historic. Repairs & Maintenance should be lower due to the renovations. Payroll should also be lower, also due to the renovation. An explicit Reserve will be recognized.

Pro Forma Capitalization

Base Rent Revenue – is based on the market rent levels for the units at the subject. The annual market rent is shown in the chart below. The rent is based on the lesser of market rent or LIHTC restrictions.

Chester Apartments							Value 3			
Base Rent Revenue							prospective			
							subject to restricted rents			
	Rent Constraint	Total Units	% of total	Size (rsf)	Total rsf	Rent/Month	Market Rent			
							Rent/sf	Monthly	Yearly	
1 Bed, 1 Bath	LIHTC	12	50%	674	8,088	451	\$0.67	\$5,412	\$64,944	
2 Bed, 1.5 Bath TH	LIHTC	11	46%	910	10,010	529	\$0.58	\$5,819	69,828	
2 Bed, 1.5 Bath TH (Non-Revenue)		1	4%	910	910		Non-Revenue			
Overall Totals/Averages		24	100%	792	19,008	468	0.59	11,231	134,772	
Source: Crown Appraisal Group										

Vacancy – Stabilized vacancy has been discussed in the Market Area Overview section. Vacancy is estimated at 3%, and is applied to base rent revenue.

Other Income – Other revenues include laundry income, late/nsf charges, application fees, forfeited deposits, termination/restoration fees and other miscellaneous incomes. Other revenue is estimated at \$60/unit. This is a net income line item component, with vacancy inherently considered.

Operating Expenses – are based on historic and comparable data. The comparable data has been presented previously. As noted, Real Estate Taxes, Insurance, General & Administrative, Management Fee, Utilities, and Marketing should be near historic. Repairs & Maintenance should be lower due to the renovations. Payroll should also be lower, also due to the renovation. An explicit Reserve will be recognized.

Chester Apartments		Value 3
Operating Expense Estimates		prospective
		subject to restricted rents
<u>Operating Expense</u>	<u>Cost/unit</u>	<u>Discussion</u>
Real Estate Taxes	133	Based on the current real estate taxes of the subject as reported by the county, and increased to reflect the renovations.
Insurance	142	Based on historic with support from market.
Repairs & Maintenance	750	Lower end of the historic range reflecting the renovation.
General & Administrative	325	Based on historic.
Management	49.00	Based on cost per occupied door per month.
Utilities	105	Based on historic with support from market.
	10	Based on historic with support from market.
		Electric
		Water and sewer
Payroll	600	Near the lower end of historic range reflecting the renovation.
Marketing	15	Based on historic.
Reserve	350	Based on market participant attitudes recognizing the renovation.

Total Operating Expenses – The chart below compares historical and market derived operating expense data with the pro forma.

Pro Forma Operating Expense Estimate & Comparisons (per unit basis)					Value 3					
Chester Apartments					prospective					
					subject to restricted rents					
	<u>Crown Appraisal Group Survey</u>				<u>Year End Historical</u>					<u>Subject Pro Forma</u>
	Low	High	Avg.	Med.	2013	2014	2015	2016 Budget	2017 Budget	
Real Estate Taxes	125	432	261	220	177	145	123	148	165	133
Insurance	154	499	263	216	85	161	161	178	158	142
Repairs and Maintenance	319	1,198	696	691	878	737	1,062	886	958	750
General and Administrative	204	527	300	283	416	275	319	300	323	325
Management Fees	337	533	498	522	330	386	409	483	472	570
Utilities										
Electric	90	190	122	109	197	98	120	123	103	105
Water/Sewer	6	936	224	38	99	6	10	13	14	10
Total Utilities	101	1,046	346	186	296	104	130	136	117	115
Payroll	457	1,331	935	939	677	390	640	715	749	600
Marketing	0	23	5	2	61	23	14	15	24	15
Reserve	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	350
Total Operating Expenses	2,603	3,941	3,305	3,313	2,919	2,221	2,858	2,861	2,965	3,001

Note: columns with low, high, average, and median figures may not add to total

Source: *Property Managers; Crown Appraisal Group*

The net operating income is estimated by deducting the operating expenses from the effective gross income. The pro forma is shown below.

Pro Forma Operating Statement		<i>subject to restricted rents</i>	
Chester Apartments		<i>prospective</i>	
		24 units	Value 3
	<u>% of EGI</u>	<u>Per Unit</u>	<u>Amount</u>
Potential Rental Revenue	102.0%	\$5,616	\$134,772
Less: Vacancy and Collection Loss @ 3.0%	<u>-3.1%</u>	<u>-168</u>	<u>-4,043</u>
Effective Rent	98.9%	5,447	130,729
Plus Other Revenue:			
Other Income	1.1%	60	1,440
Effective Gross Income	100.0%	5,507	132,169
Less: Operating Expenses			
Real Estate Taxes	2.4%	133	3,198
Insurance	2.6%	142	3,413
Repairs and Maintenance	13.6%	750	18,000
General and Administrative	5.9%	325	7,800
Management Fees	10.4%	570	13,689
Utilities			
Electric	1.9%	105	2,520
Water/Sewer	<u>0.2%</u>	<u>10</u>	<u>240</u>
Total Utilities	2.1%	115	2,760
Payroll	10.9%	600	14,400
Marketing	0.3%	15	360
Reserve	<u>6.4%</u>	<u>350</u>	<u>8,400</u>
Total Operating Expenses	54.5%	3,001	72,019
Net Operating Income	45.5%	2,506	60,150

Source: Crown Appraisal Group

Capitalization Rate Discussion

Capitalization is the process by which net operating income is converted into a value indication. A capitalization rate is utilized that most accurately represents the risk associated with receiving the property's net operating income. A property that has a "safer" income stream is one that has less risk.

In order to arrive at an appropriate range, emphasis was put on data provided by comparable sales and analysis of financing techniques.

It is noted that Attachment 7-A of Chapter 7 of the USDA Rural Development handbook states the following:

Use of an overall rate from the conventional market, which reflects conventional financing, is appropriate because all favorable financing will be valued separately from the market value, subject to restricted rents, of the real estate.

The handbook also notes that there is additional value of RA (rental assistance) to the net operating income stream through reducing the risk of investment by improving the durability of the [rental] income stream (through the assistance of the rent subsidy). The handbook further recognizes that the overall rate can be adjusted downward to account for the reduced risk due to RA.

Before consideration of the ramifications of the RA units, an overall rate of 6.75% is selected as being appropriate to accurately reflect the risk characteristics arising from the income stream. The rate selected falls within the ranges indicated by comparable sales, and the quantitative overall rate derivation techniques (band of investment and debt coverage ratio).

Attachment 7-A of Chapter 7 of the USDA Rural Development handbook states the following:

When the subject property has RA, the appraisal must include a discussion of the Section 521 Rental Assistance Program, the number of RA units at the subject, and how RA affects the market value, subject to restricted rents, of the property. Rental assistance is a rent subsidy provided to owners of 514/515 projects. The renter of an RA unit is required to pay a tenant contribution toward the approved shelter cost (rent plus tenant based utilities) of the unit that is equal to no more than 30 percent of his/her income. RA is the portion of the approved shelter cost paid by the Agency to compensate a borrower for the difference between the approved shelter cost and the tenant contribution. RA usually adds value to a 514/515 project in three ways: 1) it guarantees that the scheduled base rate rent for all occupied RA units will be attained; 2) it usually increases demand for the subject's units and consequently decreases the vacancy rate; and 3) it reduces the risk of investment in the subject project by improving the durability of the income stream. Rental assistance need not be separately valued; the value of RA can be incorporated within the market value, subject to restricted rents. This can be accomplished within the Income Approach by taking into account the three ways that RA increases value, listed above, as follows. 1) Base rate rents should be included as Potential Gross Income (PGI) in the restricted pro forma; 2) a vacancy and collection loss factor that reflects the amount of RA at the property should be included; and 3) a capitalization rate for the subject may be adjusted downward to account for the reduced risk to the investor due to RA.

Based on market participant attitudes and prior experience in the valuation of subsidized properties, overall capitalization rates for properties that have 100% subsidized tenancy typically are ± 100 basis points lower than the overall capitalization rates of similar properties than are market rate properties. This is due to market participant attitudes that view the income that is provided by a government funded source to be “safer” than income that is provided from market rate tenants.

When arriving at an opinion of the *Market Value of the fee simple estate, as conventional or unrestricted, subject to the short term leases as of the date of valuation* a weighted average technique is utilized to arrive at an overall capitalization rate conclusion. The weighted average technique take the relative “safeness” of the income streams attributable to the rental assistance and non rental assistance units at the property into consideration. The chart below summarizes the technique utilized to arrive at a final overall capitalization rate opinion.

Overall Capitalization Rate Selection				Value 3
				prospective
				subject to restricted rents
<u>Lease Guarantor</u>	<u># of Units</u>	<u>% of Total</u>	<u>Selected OAR</u>	<u>Weighted Rate</u>
Tenant	7	29.2%	6.75%	1.969%
Rental Assistance	17	70.8%	5.75%	4.073%
Total	24	100.0%		6.042%
Indicated OAR				6.04%

Source: *Crown Appraisal Group*

Recognizing that about 71% of the units have RA, an overall rate of 6.04% is selected as being appropriate to accurately reflect the risk characteristics arising from the subject income stream. Application of the rate to the pro forma net operating income is shown in the chart below.

Pro Forma Technique Value Conclusion		Value 3
Chester Apartments		prospective
		subject to restricted rents
Net Operating Income		\$60,150
Overall Capitalization Rate		<u>6.04%</u>
Value Conclusion		995,579
Rounded To:		\$995,000

Source: *Crown Appraisal Group*

Value 4, prospective, as conventional or unrestricted

As has been discussed, the prospective market value market value upon completion and as stabilized (unrestricted rents) assumes that the subject is operated as a conventional, market rate property.

The effective gross income, which is comprised primarily of apartment rent, should be above historic levels. The apartment rent will recognize the economic benefits of the renovation as the units will be in better physical (and functional) condition. The apartment rent will be constrained by market rent.

The total operating expense estimate should be lower due to renovation (reduced Repairs & Maintenance as well as Payroll) as well as reduced General & Administrative and Management expenses. The Marketing expense should be higher than historic, and there will be an explicit reserve expense.

Many of the parameters used in this valuation have been extensively discussed and analyzed. A summary of them follows.

<i>Chester Apartments</i>		<i>Value 4</i>	
<i>Operating Expense Estimates</i>		<i>prospective as conventional or unrestricted</i>	
<u>Operating Expense</u>	<u>Cost/unit</u>	<u>Discussion</u>	
Real Estate Taxes	133	Based on the current real estate taxes of the subject as reported by the county, and increased to reflect the renovations.	
Insurance	142	Based on historic with support from market.	
Repairs & Maintenance	600	Below historic; reflects the renovation as well as the recognition that the property would not be as well maintained if it were to be operated as a market rate one.	
General & Administrative	275	Below historic; market rate properties have lower general & administrative costs than subsidized properties.	
Management	5.00%	Percent of effective gross income rather than fee per occupied door per month.	
Utilities	105	Electric	Based on historic with support from market.
	10	Water and sewer	Based on historic with support from market.
Payroll	500	Based on the size of the property, a total cost per year, or a cost per month, is the appropriate manner in which to develop this operating expense estimate. The expense recognizes the renovation and is based on the probable cost if the property were operated as a market rate one.	
Marketing	15	Above historic; market rate properties require a higher cost for marketing.	
Reserve	250	Based on market participant attitudes reflecting the renovation.	

The pro forma and value conclusion are below.

Chester Apartments		Value 4							
Base Rent Revenue		prospective							
		as conventional or unrestricted							
	Total	% of	Size	Total	Market Rent				
	<u>Units</u>	<u>total</u>	<u>(rsf)</u>	<u>rsf</u>	<u>Rent/Month</u>	<u>Rent/sf</u>	<u>Monthly</u>	<u>Yearly</u>	
1 Bed, 1 Bath	12	50%	674	8,088	\$550	\$0.82	\$6,600	\$79,200	
2 Bed, 1.5 Bath TH	11	46%	910	10,010	\$630	0.69	6,930	83,160	
2 Bed, 1.5 Bath TH (Non-Revenue)	1	4%	910	910	Non-Revenue				
Overall Totals/Averages		24	100%	792	19,008	564	0.71	13,530	162,360

Source: Crown Appraisal Group

Pro Forma Operating Statement		prospective		
Chester Apartments		as conventional or unrestricted		
		24 units		
		Value 4		
		% of EGI	Per Unit	Amount
Potential Rental Revenue		104.3%	\$6,765	\$162,360
Less: Vacancy and Collection Loss @	5.0%	-5.2%	-338	-8,118
Effective Rent		99.1%	6,427	154,242
Plus Other Revenue:				
Other Income		0.9%	60	1,440
Effective Gross Income		100.0%	6,487	155,682
Less: Operating Expenses				
Real Estate Taxes		2.1%	133	3,198
Insurance		2.2%	142	3,413
Repairs and Maintenance		9.2%	600	14,400
General and Administrative		4.2%	275	6,600
Management Fees		5.0%	324	7,784
Utilities				
Electric		1.6%	105	2,520
Water/Sewer		0.2%	10	240
Total Utilities		1.8%	115	2,760
Payroll		7.7%	500	12,000
Marketing		0.2%	15	360
Reserve		3.9%	250	6,000
Total Operating Expenses		36.3%	2,355	56,515
Net Operating Income		63.7%	4,132	99,167

Source: Crown Appraisal Group

Pro Forma Technique Value Conclusion		Value 4
Chester Apartments		prospective
		as conventional or unrestricted
Net Operating Income		\$99,167
Overall Capitalization Rate		6.75%
Value Conclusion		1,469,144
Rounded To:		\$1,470,000

Source: Crown Appraisal Group

Cost Approach

Value 4, prospective, as conventional or unrestricted

The cost approach aggregates land value as if vacant, plus the cost to replace the existing improvements, less any accrued depreciation. The cost approach reflects value by recognizing that participants relate value to cost. Appraisal principles and concepts relating to this approach include substitution, supply and demand, balance, externalities, and highest and best use. Land valuation concepts and principles include anticipation, change, supply and demand, substitution, and balance. This approach provides an opinion of value principally based on the principle of substitution that states that:

No rational person would pay more for a property than that amount by which he or she can obtain, by purchase of a site and construction of a building, without undue delay, a property of equal desirability and utility.

Methodology

The cost approach involves several steps (presented below) that have been employed to project the value of the subject:

- Comparable land sales are typically analyzed and adjusted to provide an estimate of the subject's site as if vacant.
- The improvement cost was projected using the Marshall Valuation Service.
- The amount of accrued depreciation or obsolescence (physical, functional and economic) has been projected and deducted from the replacement cost opinion.
- The depreciated replacement cost opinion is then added to the land value projected for the subject site.
- The sum of these opinions produces an indication of value by the cost approach.

Value 8, Land Value

Typically, land sales within the area are utilized to develop a land value. However, a search for comparable land sales in the subject's market area found insufficient results. The reality is that few properties have been acquired to construct new multi-family properties in this part of the state. This is understood through a review of the rent comparables – the newest of these was constructed in 2008 – 9 years ago.

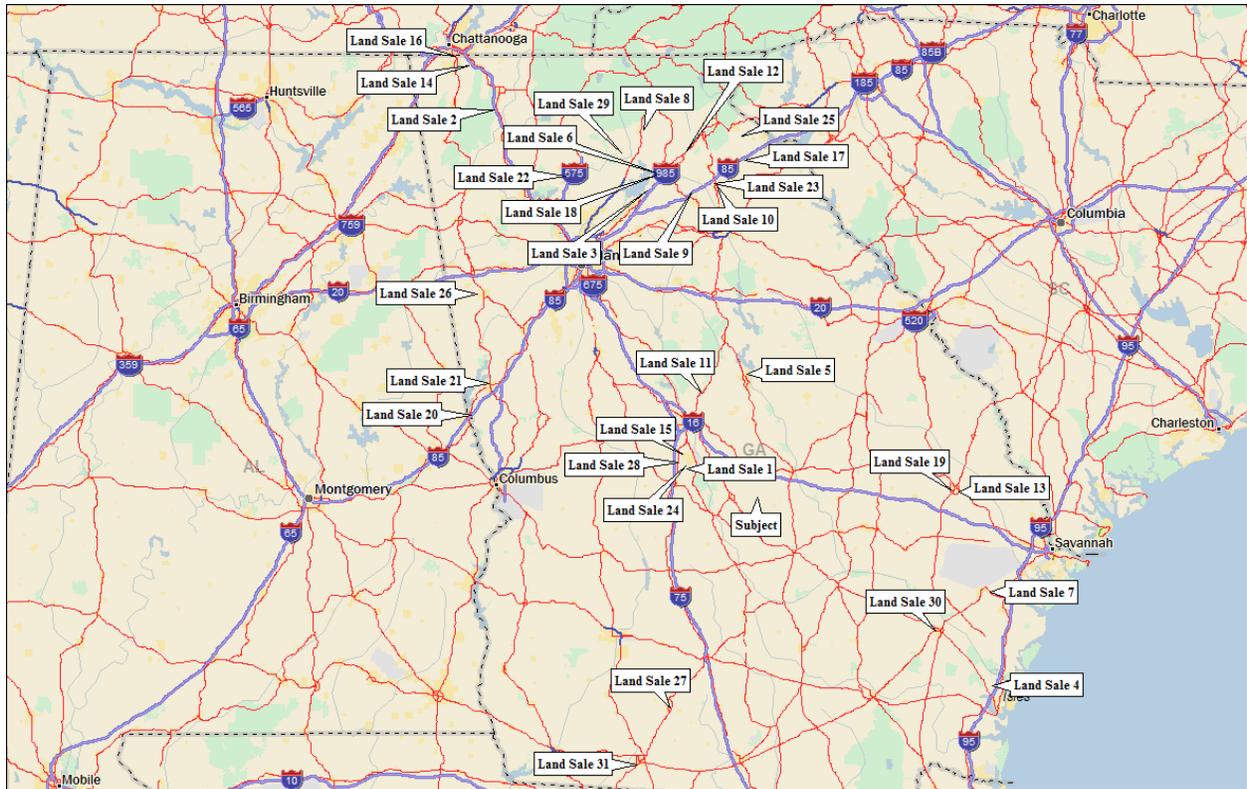
With the absence of comparable land sales, the appraiser is left with several alternative techniques. These include extraction, allocation, and a number of income capitalization methods such as land residual, ground rent capitalization, and discounted cash flow analysis.

Extraction and land residual methods have too many variables to be of use. (In part, improved sales are required, with an accurate knowledge of the contributory improvement value to those sales.) Ground rent capitalization is often used for properties that are ground leased. The discounted cash flow analysis is appropriate for subdivision development valuation. Neither of these are appropriate in this case.

Of the alternative techniques, allocation is left. As noted in The Appraisal of Real Estate, 14th edition, this technique is applicable when relatively few sales are available, which is certainly the case here. However, the same text notes that the allocation method does not produce credible value indications unless ample sales data is available. This commentary is somewhat ironic – after all, if ample sales data was available, the allocation method would not even be considered by the appraiser.

Allocation, though, incorporates the principles of balance and contribution. That is, market participants recognize there is a land value for property that is based on typical ratios that translates to specific value conclusions. To that end, the appraiser has worked on many multi-family developments and had discussion with many developers of those properties. In major MSA locations, developers are willing to pay \$10,000 per unit to \$15,000 per unit for sites to develop multifamily. For smaller MSAs, land costs are somewhat less. In rural settings, the appraiser has observed and developers have indicated prices of \pm \$1,000 up to \pm \$8,000 per unit. The range is understandably large due to the variables inherent in the specific attributes of the particular site in question.

The subject is part of a number of properties that were appraised at the same time period. The properties that comprise this portfolio share similar locational features as the subject. The majority of the properties are located in rural Georgia areas. In the course of valuing these properties, a number of land sales were uncovered. Though the sales are not all in the same county, they share a number of attributes similar to the subject. They are generally recent and they are in a generally similar (non-urban) locale. The map and sales are summarized below.



Georgia Land Sales																			
Rural Counties																			
Sale	County	Location	City	Sale Date	Sale Price	Size (ac)	Sale Price/Unit	# of Units	Location Adjustment	Adjusted Price/Unit	Buyer	Seller	Identification	Comments					
1	Houston	724 SR 96	Warner Robins	Nov-16	\$ 75,000	12.450	\$ 6,021	72	\$ 1,042		The Laser Investment Group LLC	Sandia East II Apartments Inc.	0W0980159000	Multi-Family					
2	Whitfield	3432 Dag Gap Rd SW	Dalton	Nov-16	\$ 200,000	22.950	\$ 8,715				All Environmental Services, LLC	Jeanette S Longley	13-103-03-000	Commercial					
3	Hall	5941 Lights Ferry Rd	Flowery Branch	Oct-16	\$ 882,000	18.680	\$ 47,216				Southern Heritage Hm Bldgs LLC	McGowan Family Farming Partnership	08118 001004A	Multi-Family/Commercial					
4	Glynn	5999 SR 99	Braswick	Aug-16	\$ 280,000	26.000	\$ 10,769				LWD Properties LLC	Ameris Bank	03-23259	Multi-Family/Commercial					
5	Baldwin	1963 N Jefferson St	Milledgeville	Aug-16	\$ 93,000	11.000	\$ 8,455				Dan Tomlin	First American Bank & Trust	088 003	Multi-Family/Commercial					
6	Hall	2380 Spring Rd	Gainesville	Aug-16	\$ 645,000	10.120	\$ 63,735	101	\$ 6,386	-10%	\$ 5,748	Spring Road Group LLC	Henry B Humphries	08005 000042	Multi-Family/Commercial				
7	Liberty	SEQ E Ogleshorpe Hwy & McIntosh Lake Rd	Hinesville	May-16	\$ 299,000	5.660	\$ 52,827				Ternmore Development LLC	Fair Land Holdings Inc.	101-039	Multi-Family					
8	Lumpkin	Rock House Rd	Dahlonega	Dec-15	\$ 115,000	14.450	\$ 7,958				William Manson	RAD Enterprises	078-000-158-000	Multi-Family					
9	Jackson	915 Bill Wright Rd	Pendergrass	Nov-15	\$ 90,000	15.000	\$ 6,000				CBD Investments LLC	Rocio Woody Altmann	078-029	Multi-Family/Commercial					
10	Jackson	970 State St	Commerce	Sep-15	\$ 350,000	12.000	\$ 29,167	48	\$ 7,292	-5%	\$ 6,927	Mason Manor LP	Olympia Construction Inc.	009-007C	Multi-Family				
11	Jones	140 Senior Center Way	Gray	Aug-15	\$ 739,800	10.275	\$ 71,972	72	\$ 10,275	-25%	\$ 7,706	Water Tower Park Senior Village LP	Water Tower Park Investments	097-00-037	Multi-Family				
12	Hall	5108 Mountain View Pkwy	Lula	Aug-15	\$ 250,325	29.450	\$ 8,500				William N Turk	Disc Enterprises Inc.	09-0053-00-009	Multi-Family/Commercial					
13	Bulloch	1881 S&S Railroad Bed Rd	Statesboro	May-15	\$ 579,000	38.600	\$ 15,000	176	\$ 3,290	-25%	\$ 2,467	Beacon Place Statesboro LLC	N/A	107 000005 007	Multi-Family				
14	Catoosa	Summer Breeze & Stoney Ln	Savannah	Apr-15	\$ 325,000	7.030	\$ 46,230	72	\$ 4,514	0%	\$ 4,514	Summer Breeze Park LP	Johnay Coats & Dan Bradford	0023A080	Multi-Family/Commercial				
15	Houston	316 Brantley Rd	Warner Robins	Dec-14	\$ 280,000	5.500	\$ 50,909				Brentley MPH LLC	Georgia A Oliver	0C0260081000	Multi-Family/Commercial					
16	Walker	Chickamauga Ave	Rossville	Oct-14	\$ 28,600	15.390	\$ 1,858				Daniel Bart	Stein Construction Co., Inc.	2005-034	Multi-Family/Commercial					
17	Franklin	SWQ Commerce Rd & Cross Roads Ln	Carnesville	Oct-14	\$ 55,000	17.610	\$ 3,123				Judy H Clay	CBNA-GA LLC	028-043	Multi-Family/Commercial					
18	Hall	1263 McEver Rd	Gainesville	Sep-14	\$ 600,000	33.320	\$ 18,007				America's Home Place, Inc.	Benjamin M Smith	08-00015-09-008	Multi-Family/Commercial					
19	Bulloch	350 Rucker Ln	Statesboro	Jul-14	\$ 1,823,000	24.060	\$ 75,769	237	\$ 7,692	-25%	\$ 5,769	The Hamptons Statesboro LLC	Racker Holdings LLC	MS52000004 000	Multi-Family				
20	Troup	West St	Forest Park	Apr-14	\$ 515,400	8.590	\$ 60,000	80	\$ 6,443	-25%	\$ 4,832	Forest Mill Apartments, LP	West Point Village, LLC	094-4C-007-088	Multi-Family				
21	Troup	911 N Greenwood St	Lagrange	Apr-14	\$ 175,000	7.900	\$ 22,152				Knights LLC	Margaret Ann Maglin	0611A099013A	Multi-Family/Commercial					
22	Cherokee	30 Laurel Canyon Village Cir	Canton	Mar-14	\$ 2,162,000	50.550	\$ 42,770	350	\$ 6,177	-10%	\$ 5,559	Lifestyle at Laurel Canyon LLC	Laurel Canyon GP LLC	14-0135-0001	Multi-Family/Office				
23	Jackson	NWQ Mt Olive Rd & Harden Orchard Rd	Commerce	Mar-14	\$ 77,000	26.130	\$ 2,947				KRM Properties, LLC	CBNA-GA LLC	020 0099K	Multi-Family/Commercial					
24	Houston	1131 S Houston Lake Rd	Warner Robins	Feb-14	\$ 145,000	13.370	\$ 10,845				KKLN Properties LLC	State Bank & Trust	0W1060 017000	Multi-Family/Commercial					
25	Stephens	Turner Rd	Eastwoodlee	Feb-14	\$ 37,600	28.800	\$ 1,306				Chomper Real Estate, LLC	Chomper Real Estate, LLC	045B-053	Multi-Family/Commercial					
26	Carroll	1321 Vovoren Rd	Carrollton	Jul-13	\$ 495,000	14.780	\$ 33,491	120	\$ 4,125	-10%	\$ 3,713	Haven Campus Communities - Carrollton LLC	Yves R Heintzen	C08-0330227	Multi-Family/Commercial				
27	Colquitt	2001 Tallahas Pointe Rd	Moultrie	May-13	\$ 325,000	9.130	\$ 35,597	68	\$ 4,779	0%	\$ 4,779	Tallahas Pointe Apartments LP	Lynn W Lasseter	C046 113	Multi-Family/Commercial				
28	Houston	200 Crestview Church Rd	Warner Robins	Nov-12	\$ 1,120,000	28.000	\$ 40,000	224	\$ 5,000	-10%	\$ 4,500	Asbury Parke Associates LLC	Houston Healthcare Properties Inc.	0W1200 101000	Multi-Family/Commercial				
29	Dawson	2201 Penimeter Rd	Dawsonville	Jul-12	\$ 488,000	15.520	\$ 31,443	72	\$ 6,778	-10%	\$ 6,100	Farmington Woods LP	Daniel Louis Centofanti	93041	Multi-Family				
30	Wayne	1401 S 1st St	Jensp	May-12	\$ 284,200	11.660	\$ 24,374	44	\$ 6,459	-10%	\$ 5,813	Maria Senior Gardens LP	South Rincon Development Assoc	86A-9-1	Multi-Family				
31	Thomas	1 Ashley Park Pl	Thomasville	Mar-12	\$ 293,750	25.610	\$ 11,470	84	\$ 3,497	0%	\$ 3,497	Ashley Park LLC	H & M Investment Group LLC	056 TH 022 N	Multi-Family				

minimum	Mar-12	\$ 28,600	5.50	1,306	44	\$ 1,042	\$ 938
median	Oct-14	\$ 293,750	15.00	22,152	80	\$ 6,177	\$ 4,832
average	Nov-14	\$ 446,054	18.37	27,375	121	\$ 5,583	\$ 4,857
maximum	Nov-16	\$ 2,162,000	50.55	75,769	350	\$ 10,275	\$ 7,706

Source: County Records; Crown Appraisal Group

As can be seen, fifteen of the sales are proposed for multi-family development. The number of proposed units is shown in the chart above.

Analysis and Value Conclusion

As shown, the unadjusted comparable land sales indicate a sale price per unit of \$1,042 to \$10,275. The low end range is for a property is a rural town in central Georgia that is located to the rear of commercial properties with limited visibility. The upper end of the range is for a property located in close proximity to the Atlantic Ocean. These comparable sales have been adjusted for location. This narrows the adjusted sale price per unit range to \$938 - \$7,706 with an average of \$4,857. Due to the subject's location, a value near the low end of the range is considered appropriate.

The auditor's appraised land value is \$26,266 or \$1,094/unit. This is near the low end of the range from the comparable land sales. A value conclusion near the low end of the comparable land sales and near the auditor's appraised value is considered appropriate.

A point value of \$1,100/unit is estimated for the subject land. This indicates an aggregate value of \$26,400 as of the date of valuation. This value is near the auditor's land value and near the low end of the range of the comparable sales.

Improvement Valuation

The Marshall Valuation service has been used to develop the replacement cost of the improvements. The chart below develops the improvement replacement cost, and the value via the cost approach.

<i>Improvement Value</i>							<i>Value 3</i>	
<i>Chester Apartments</i>							<i>prospective</i>	
							<i>subject to restricted rents</i>	
	Square feet	Unadjusted Cost/sf	Current Multiplier	Local Multiplier	Total Multiplier	Adjusted Cost/sf	Total Cost	
Multiple Residences, Sec. 12, Average/Good, Class D	19,008	84.55	1.04	0.86	0.89	75.62	1,437,414	
Additional buildings	480	84.55	1.04	0.86	0.89	75.62	<u>36,298</u>	
							Total Cost Estimate	
							1,473,712	
							Less: Depreciation	
							Effective Age	
							5	
							Economic Life	
							60	
							Depreciation	
							8.3%	
							Total Depreciation	
							<u>122,809</u>	
							Improvement Cost	
							1,350,903	
							Improvement Cost (rounded)	
							1,350,000	

Source: *Marshall Valuation; Crown Appraisal Group*

A base cost per square foot is developed. Adjustments are made for current and local multipliers; the adjusted cost is multiplied by the size of the improvements. After adjusting for the current and local cost multipliers, the undepreciated replacement cost estimate for the subject improvements is \$1,473,712.

Depreciation/Obsolescence Estimates for Improvements

A depreciated age-life method is used to estimate depreciation. There are two types of depreciation and/or obsolescence that need to be considered for the improvements. Physical deterioration and functional/economic obsolescence are considered. Following renovations, the improvements will be in good physical and functional condition. Marshall Valuation estimates the economic life of the improvements at 60 years. The effective age of the building (following renovations) is estimated at 5 years. Total depreciation of the subject improvements is estimated at 8.3% or \$122,809. The total depreciation is deducted from the undepreciated replacement cost opinion to arrive at a depreciated improvement cost opinion.

Entrepreneurial Incentive

Entrepreneurial incentive is defined in The Appraisal of Real Estate, 14th Edition, Appraisal Institute, as follows:

A market derived figure that represents the amount an entrepreneur expects to receive for his or her contribution to a project and risk.

Typically, properties like the subject are constructed as investment properties. Entrepreneurs, or developers/builders, of these properties usually seek profit margins of 12% to 25%. Rather than develop an explicit opinion of entrepreneurial incentive, this item is considered in the Reconciliation and Final Value Opinion section of the report. The reasoning for the treatment of entrepreneurial incentive in this manner is that entrepreneurial incentive is, in reality, only realized as a result of how

well a particular property meets market [participant] attitudes. The reality is that the incentive may be less than anticipated by a developer, or may be more, depending upon the circumstances.

Conclusion

The cost approach value opinion is reached by adding the land value and depreciated improvement cost opinions. *The following value indication, before entrepreneurial incentive, is reached for the subject.*

<i>Cost Approach Summary</i>	<i>land value</i>	<i>Value 8</i>
<i>Chester Apartments</i>	<i>cost approach total</i>	<i>Value 3</i>
Land Value		\$26,400
Depreciated Improvement Cost		<u>1,350,000</u>
<i>Cost Approach Value Estimate (rounded)</i>		<i>1,375,000</i>
<i>before entrepreneurial incentive</i>		
Source: <i>Crown Appraisal Group</i>		

Reconciliation and Final Value Opinion

The purpose of this assignment is to develop and report an opinion of value for Chester Apartments. The specific real property interest, real estate, and type of value have been detailed within the body of this report. The values developed by the approaches are summarized as follows:

Reconciliation and Final Value Conclusions				
Chester Apartments				
	Value 1	Value 2-RD	Value 3	Value 4
	<u>as conventional or unrestricted</u>	<u>subject to restricted rents</u>	<u>prospective subject to restricted rents</u>	<u>prospective as conventional or unrestricted</u>
Income Capitalization Approach	1,160,000	570,000	995,000	1,470,000
Sales Comparison Approach	935,000	n/a	n/a	n/a
Cost Approach before entrepreneurial incentive	n/a	n/a	1,375,000	n/a

Source: Crown Appraisal Group

The methodology and applicability of each approach has been previously explained.

Value 1

The income capitalization approach is the primary approach, with support from the sales comparison approach.

Value 2-RD

The income capitalization approach is the only approach considered applicable.

Value 3

The income capitalization approach is the primary approach, with support from the cost approach.

Value 4

The income capitalization approach is the primary approach, with support from the cost approach.

Therefore, based upon the analyses and conclusions contained within this report and subject to the assumptions and limiting conditions contained herein, the value opinions, as of the respective dates of valuation are:

Value Opinions	Date of Value	Value
<i>Value 1 - as conventional or unrestricted</i>	January 23, 2017	\$1,160,000
<i>Value 2-RD - subject to restricted rents</i>	January 23, 2017	\$570,000
<i>Value 3 - prospective, subject to restricted rents</i>	February 1, 2019	\$995,000
<i>Value 4 - prospective, as conventional or unrestricted</i>	February 1, 2019	\$1,470,000

Interest Credit Subsidy Value Opinion

Value 5

Interest credit is a form of federal assistance available to eligible borrowers that reduces the effective interest rate of a loan. The USDA Rural Housing Service (RHS or RD) offers direct loans with favorable terms for affordable housing in the Rural Rental Housing Program and the Farm Labor Housing Program. The 515 loan falls within this program. In this case, Section 515 permanent loans for new construction and subsequent loans for rehabilitation include interest rates as low as 1 percent. These loans are made at a “note rate” of interest, but a “basic rate” of interest to the borrower is typically 1 percent. A monthly mortgage payment is calculated at the note rate of interest, and the loan is amortized at the note rate of interest, but the borrower's actual mortgage payment is based on the basic rate of 1 percent. The difference between the note rate payment and the basic rate payment is the *interest credit*. The borrower is effectively subsidized with an income stream represented by the monthly *interest credit* that is available for the term of the loan.

In appraisals of Section 515 and Section 538 funded properties, valuation of the *interest credit subsidy* (favorable financing) is part of the assignment when the *market value, subject to restricted rents*, must be concluded. When *interest credit subsidy* is the only favorable financing involved, the security value, on which the loan is based, has two components: 1) the *market value, subject to restricted rents*, of the real estate, and 2) the value of the *interest credit subsidy*.

The value of the *interest credit subsidy* from RD direct loans on most existing properties can be calculated by subtracting the monthly debt service at the below-market rate of interest from the monthly payment at the current rate offered for conventional loans and discounting the difference by the current conventional interest rate over the remaining loan term. For the subject, interest credit subsidy values are calculated for the existing Section 515 loan, the subsequent “new” 515 loan (the existing 515 loan that is rewritten with new terms), and the new Section 538 loan. These calculations are as of the [unrenovated] date of valuation and are summarized in the following chart:

Interest Credit Subsidy Valuation			
Existing Section 515 Loan/Restated 515 Loan Terms			
Chester Apartments			
Value 5			
Existing/Restated 515 Loan		New 538 Loan	
Existing Lender's Terms (market rate)			
Principal Balance of	December 22, 2017	\$513,170	
Conventional Loan Interest Rate		5.250%	
Term of Existing Section 515 Loan (years)		30	
Loan Monthly Payment		\$2,834	
Restated Section 515 Loan Terms			
Principal Balance		\$513,170	
Interest Rate		1.000%	
Term (years)		50	
Section 515 Loan Monthly Payment		\$1,087	
Monthly Savings from Below Market Financing		\$1,747	
Present Value of Monthly Savings from Below Market Financing		\$316,287	
Note Rate		3.000%	
Monthly Payment at Note Rate		\$1,652	
Future Value of Balloon Payment		\$297,926	
Present Value of Balloon Payment		<u>\$61,885</u>	
Value of Interest Credit Subsidy		\$254,401	
Existing Section 515 Loan Interest Credit Subsidy Value (Rounded)		\$255,000	
Market Rate			
Principal Balance		\$424,000	
Conventional Loan Interest Rate		5.250%	
Term (years)		30	
Conventional Loan Monthly Payment		\$2,341	
Section 538 Loan Terms			
Principal Balance		\$424,000	
Interest Rate		4.500%	
Term (years)		40	
Section 538 Loan Monthly Payment		\$1,906	
Monthly Savings from Below Market Financing		\$435	
Present Value of Monthly Savings		\$78,811	
Value of Interest Credit Subsidy		\$78,811	
New Section 538 Loan Interest Credit Subsidy Value (Rounded)		\$80,000	

Source: Greystone; Crown Appraisal Group

LIHTC Value Opinion

Value 6

An annual LIHTC of \$53,168 is anticipated to be granted for the acquisition and rehabilitation of the subject. This low income housing tax credit will be granted annually over a 10-year term. The overall net sum of the LIHTC to the ownership entity of the subject over the 10-year term is \$531,680. The tax credits reduce the owner’s tax liability. Thus, they have value to the owner. The tax credits can be transferred if the seller guarantees that the transfer will still maintain the LIHTC requirements.

Current LIHTC Market

Not surprising, LIHTC pricing has not remained static. In this case, according to the seller’s representative, the purchase of the tax credits will be at \$1.29 per gross credit. This is the best evidence of the appropriate value of the tax credits. Please note, though, that the pricing is subject to change.

Value of Tax Credits

The value of the tax credits is a fairly simple calculation. The value is developed by taking the total tax credits and multiplying them by the appropriate pricing – in this case, \$1.29 per tax credit. The value is shown below.

<i>LIHTC Analysis</i>	<i>Chester Apartments Value 6</i>
<u>Period</u>	
Annual Tax Credits	53,168
Years	<u>10</u>
Total Tax Credits	531,680
Total Pricing	1.29
Value of Tax Credits	685,799

Source: *Crown Appraisal Group*

State Tax Credits

An annual state tax credit of \$53,168 is anticipated to be granted for the acquisition and rehabilitation of the subject. This state tax credit will be granted annually over a 10-year term. The overall net sum of the state tax credit to the ownership entity of the subject over the 10-year term is \$531,680. The tax credits reduce the owner’s tax liability. Thus, they have value to the owner. The tax credits can be transferred.

In this case, according to the seller’s representative, the purchase of the tax credits will be at \$0.45 per gross credit. This is the best evidence of the appropriate value of the tax credits. Please note, though, that the pricing is subject to change.

The value of the tax credits is a fairly simple calculation. The value is developed by taking the total tax credits and multiplying them by the appropriate pricing – in this case, \$0.45 per tax credit. The value is shown below.

<i>State Tax Credit Analysis</i>		<i>Chester Apartments</i>	
			<i>Value 6</i>
<u>Period</u>			
Annual Tax Credits		53,168	
Years		<u>10</u>	
Total Tax Credits		531,680	
Total Pricing		0.45	
		Value of Tax Credits	239,232

Source: *Crown Appraisal Group*

Insurable Value Opinion

Value 7

The insurable value opinion is shown below. The insurable value opinion is based on Marshall Valuation Service figures. The reported cost is the opinion to replace the improvements described within this report with improvements of generally similar utility (physical condition, quality, and functionality), under the assumption that the improvements need to be completely replaced for insurance coverage purposes.

<i>USDA Rural Development</i>			<i>Value 7</i>
<i>Insurable Value Calculation</i>			
Property Name		Chester Apartments	
Street Address		400 Wynne Avenue	
City, County, State, Zip		Chester, Dodge County, Georgia 31012	
Base Cost			
Main Structure/sf			84.55
Sprinkler/sf			0.00
Other/sf			0.00
Adjustments and/or Multipliers	1.04 current cost	0.86 local cost	0.89
Total Base Cost per square foot			75.62
Building Area square footage			19,488
Total Replacement Cost New			1,473,712
Exclusions			
	<u>per sf</u>	<u>percent</u>	
Excavations	0.00	0.0%	0
Foundations	2.65	3.5%	51,580
Site Work	0.00	0.0%	0
Site Improvements	0.00	0.0%	0
Architect's Fees	0.00	0.0%	0
Underground Piping	<u>0.00</u>	<u>0.0%</u>	<u>0</u>
Total Exclusions	2.65	3.5%	51,580
Inclusions			
	<u>per unit</u>	<u>units</u>	
Appliance Packages	750	24	18,000
Patios/Balconies	250	24	6,000
Total Inclusions			24,000
Concluded Insurable Value			
Total Replacement Cost New			1,473,712
Less Total Exclusions			51,580
Plus Total Inclusions			24,000
Concluded Insurable Value			1,446,132

Source: *Marshall Valuation; Crown Appraisal Group*

Certification

Andrew J. Moye

The undersigned hereby certifies that, to the best of his knowledge and belief, or as otherwise noted in the report:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of the stipulated results, or the occurrence of a subsequent event directly related to the intended user of this appraisal.
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- no one provided significant real property appraisal assistance to the person signing this certification.



Andrew J. Moye, MAI, AI-GRS

ADDENDUM

SUBJECT PHOTOGRAPHS



Front



Side & Rear



Family Room



Bedroom



Kitchen



Bathroom

PROJECT WORKSHEET FOR CREDIT AND RENTAL ASSISTANCE

(SERVICING OFFICE USE ONLY)

PART I	1. Date Received in the Servicing Office:	
2. Borrower Name:	3. Case Number :	4. Project Number :
5. Location of Project:	6. Report for the month of :	
7. Kind of Loan :	8. Plan of Operation:	
RRH	Full Profit	Plan II
RCH	Plan I	Plan II RA
LH	Section 8*	Plan RA
Direct RRH	Plan II (w/Sec. 8)	

9. Loan No.:	10. Loan Paymt.:	11. Overage/ Surcharge:	12. Total Due:	RENTAL ASSISTANCE	
				18. RA Agreement Number(s):	19. No. of Units Receiving RA This Month:
		Late Fees :	13.	20. Obligation Balance Brought Forward:	
		Total Payment Due:	14.		
		Less #21:	15.	21. Rental Assistance Requested this month:	
		Net Payment Due:	16.		
		Net Payment Remitted:	17.	22. Remaining Obligation Balance :	

Use Only for Projects with New Construction	23.		Section 8 Units x	24.	=	25.
Section 8 Units when HUD rent exceeds note rate rent .	26.		Section 8 Units x :	<i>HUD Rent</i>	=	28.
				<i>RHS Note Rate Rent</i>		29.
ADDITIONAL PAYMENT TO RESERVE ACCOUNT						

In accordance with Rural Housing Service formula and procedures, all rental units are occupied by households who have executed Form 1944-8 , "Tenant Certification" and are farm workers if this is the Labor Housing Project or if this is the Rental Housing Project, have incomes within the limitations as set forth in Rural Development regulations or the Project has written permission from RHS to rent to ineligible occupants on a temporary basis.

I certify that the statements made above and in Part II are true to the best of my knowledge and belief and are made in good faith.

WARNING: Section 1001 of Title 18, United States code provides; "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes false, fictitious or fraudulent statements or representation, or makes or uses any false writing or document knowing the same or contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than 5 years, or both.

30. _____
Date

31. _____
Signature - Borrower or Borrower's Representativ

*Includes previous Plan I S 8.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this collection is 0575-0033. The time required to complete this information collection is estimated to average 40 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

CHESTER: HISTORICAL OPERATING EXPENSES							
	2012 Actual	2013A	2014 Actual	2015 Actual	2016 Actual (YTD)	2016 Budget	Post Rehab Pro Forma
Maintenance & Repairs							
R & M Payroll	-	8,014.36	4,576.84	7,002.79	-	7,930.00	8,168.00
R & M Supply	-	7,936.02	7,346.41	10,209.65	-	8,320.00	5,105.00
R & M Contract	-	963.54	326.52	1,571.14	-	200.00	786.00
Decorating / TO Painting	-	1,133.02	1,869.93	2,540.08	-	1,066.67	800.00
Snow Removal	-	-	-	-	-	-	-
Elevator Maintenance	-	-	-	-	-	-	-
Grounds	-	3,760.65	4,710.75	4,214.78	-	6,076.00	5,030.00
Services / Extermination	-	3,129.43	1,036.15	1,746.67	-	2,706.67	2,400.00
Capital Improvements (Operations)	-	1,939.72	-	-	-	-	500.00
Other - R&M Expenses (DESCRIBE)	-	-	-	-	-	-	-
Subtotal	-	26,876.74	19,866.60	27,285.11	-	26,299.33	22,789.00
Utilities							
Electricity	-	4,727.59	2,350.74	2,886.63	-	2,952.00	2,460.00
Water	-	1,166.45	74.85	118.95	-	180.00	200.00
Sewer	-	1,210.57	74.84	116.95	-	120.00	200.00
Fuel	-	-	-	-	-	-	-
Trash Removal	-	2,200.00	2,400.00	2,400.00	-	2,646.67	2,520.00
Other - Utilities (DESCRIBE)	-	-	-	-	-	-	-
Subtotal	-	9,304.61	4,900.43	5,522.53	-	5,898.67	5,380.00
Administrative							
Site Management Payroll	-	3,434.84	3,741.01	4,885.32	-	5,134.53	6,146.00
Management Fee	-	7,920.00	9,252.00	9,804.00	-	11,592.00	13,524.00
Accounting	-	5,500.00	2,000.00	2,550.00	-	3,150.67	6,075.00
Audit	-	-	-	-	-	-	-
Legal	-	-	(54.00)	672.00	-	256.00	600.00
Advertising	-	1,463.02	560.00	324.03	-	366.67	782.00
Telephone	-	882.94	1,417.42	1,424.75	-	1,500.00	1,500.00
Office Supplies	-	1,058.45	838.00	1,706.12	-	1,534.67	1,535.00
Office Furniture & Equipment	-	-	-	-	-	-	-
Training	-	295.61	53.94	12.37	-	286.67	287.00
Health Insurance & Other Benefits	-	1,866.20	1,128.20	2,128.19	-	2,358.06	2,600.00
Payroll Taxes	-	1,025.94	842.17	1,173.57	-	1,312.99	1,421.00
Workman's Compensation	-	1,909.25	(928.24)	176.32	-	361.29	502.00
Other - Administrative (DESCRIBE)	-	974.51	1,756.87	922.76	-	926.67	1,218.00
Subtotal	-	26,330.76	20,607.37	25,779.43	-	28,780.20	36,190.00
Taxes & Insurance							
Real Estate Taxes	-	3,710.39	2,589.94	2,912.43	-	3,108.00	3,495.00
Special Assessments	-	532.80	897.99	43.20	-	466.67	467.00
Misc Taxes, Licenses & Permits	-	1,278.21	582.12	15,306.40	-	500.00	500.00
Property & Liability Insurance	-	2,031.80	3,861.00	3,872.00	-	4,226.20	3,872.00
Fidelity Coverage Insurance	-	-	-	-	-	-	-
Other - Insurance (DESCRIBE)	-	-	-	-	-	-	-
Subtotal	-	7,553.20	7,931.05	22,134.03	-	8,300.87	8,334.00
TOTAL OPERATING EXPENSES	-	70,065.31	53,305.45	80,721.10	-	69,279.06	72,693.00

CHESTER: HISTORICAL OPERATING STATEMENT

	2012 Actual	2013A	2014 Actual	2015 Actual	2016 Actual (YTD)	2016 Budget
1. Rental Income	-	33,985.00	49,935.00	45,080.00	-	97,848.00
2. RHS Rental Assist. Received	-	44,560.00	47,039.00	51,779.00	-	-
3. Application Fees	-	-	135.00	180.00	-	-
4. Laundry and Vending Income	-	-	-	-	-	-
5. Interest Income	-	28.07	22.08	25.77	-	32.00
6. Tenant Charges	-	1,446.00	1,200.00	2,444.95	-	1,840.00
7. Other - Project Sources	-	300.00	96.00	805.00	-	128.00
8. Less (Vcncy @ Cntgncy Allw)	-	-	-	-	-	-
9. Less (Agncy Aprvd Incentv)	-	-	-	-	-	-
10. Sub-Ttl [(1 thru 7) - (8@9)]	-	80,319.07	98,427.08	100,314.72	-	99,848.00
11. Cash - Non Project	-	-	-	-	-	-
12. Authorized Loan (Non-RHS)	-	-	-	-	-	-
13. Transfer From Reserve	-	11,051.55	14,128.51	-	-	24,608.00
14. Sub-Total (11 thru 13)	-	11,051.55	14,128.51	-	-	24,608.00
15. Total Cash Sources (10+14)	-	91,370.62	112,555.59	100,314.72	-	124,456.00
16. Total O&M Exp (From Part II)	-	70,065.31	53,305.45	80,721.10	-	69,279.06
17. RHS Debt Payment	-	19,394.04	19,394.04	11,260.25	-	19,394.04
18. RHS Payment (Overage)	-	117.00	355.00	1,416.00	-	-
19. RHS Payment (Late Fee)	-	-	-	-	-	-
20. Reductn In Prior Yr Pybles	-	-	-	-	-	-
21. Tenant Utility Payments	-	1,175.00	1,573.00	2,422.00	-	-
22. Transfer to Reserve	-	31,985.27	8,636.64	-	-	-
23. RTN Owner / NP Asset Mgt Fee	-	-	-	-	-	3,306.67
24. Sub-Total (16 thru 23)	-	122,736.62	83,264.13	95,819.35	-	91,979.77
25. Authzd Debt Pymnt (NonRHS)	-	-	-	-	-	-
26. Capital Budget (III 4-6)	-	11,051.55	14,128.51	-	-	24,608.00
27. Miscellaneous	-	-	-	-	-	-
28. Sub-Total (25 thru 27)	-	11,051.55	14,128.51	-	-	24,608.00
29. Total Cash Uses (24+28)	-	133,788.17	97,392.64	95,819.35	-	116,587.77
30. Net (Deficit) (15-29)	-	(42,417.55)	15,162.95	4,495.37	-	7,868.23
31. Beginning Cash Balance	-	14,562.90	3,196.70	-	-	-
32. Accrual To Cash Adjustment	-	31,051.35	(5,785.86)	-	-	-
33. Ending Cash Balance	-	3,196.70	12,573.79	4,495.37	-	7,868.23

CHESTER, L.P.
FINANCIAL AND COMPLIANCE REPORTS
DECEMBER 31, 2015 AND 2014

C O N T E N T S

	PAGE
INDEPENDENT AUDITORS' REPORT	2 & 3
FINANCIAL STATEMENTS:	
Balance Sheets	4 & 5
Statements of Operations	6
Statements of Changes in Partners' Equity (Deficit)	7
Statements of Cash Flows	8
Notes to the Financial Statements	9 - 12
SUPPLEMENTAL INFORMATION	13 - 15
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	16 & 17
AUDIT FINDINGS ON COMPLIANCE	18
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED- UPON PROCEDURES	19 - 21
ACCOMPANYING MULTIPLE FAMILY HOUSING BORROWER BALANCE SHEET - FORM RD 3560-10	
ACCOMPANYING MULTIPLE FAMILY HOUSING PROJECT BUDGET - FORM RD 3560-7	
SUPPORTING DOCUMENTATION TO FORMS RD 3560-10 AND 3560-7	

Independent Auditors' Report

To the Partners of
CHESTER, L.P.
DBA Chester Apartments
Chester, Georgia

USDA Rural Development
Area 6
Cochran, GA

Report on the Financial Statements

We have audited the accompanying financial statements of CHESTER, L.P., Case No. 10-045-139982974 01-8 which comprise the balance sheets as of December 31, 2015 and 2014 and the related statements of operations, changes in partners' equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CHESTER, L.P. as of December 31, 2015 and 2014 and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the portion marked “unaudited”, has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued a report dated January 29, 2016, on our consideration of CHESTER, L.P.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Tama, Budaj & Raab, P.C.

Farmington Hills, Michigan
January 29, 2016

CHESTER, L.P.
DBA Chester Apartments
Case No. 10-045-139982974 01-8
(A GEORGIA LIMITED PARTNERSHIP)

BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

ASSETS	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,492	\$ 4,398
Accounts receivable:		
Other	-0-	1,620
Tenants	1,529	683
Entity receivable - net settlement agreement	-0-	122,603
Prepaid expenses	<u>963</u>	<u>595</u>
TOTAL CURRENT ASSETS	<u>12,984</u>	<u>129,899</u>
RESTRICTED CASH AND FUNDED RESERVES		
Tenants' security deposits	4,787	5,697
Real estate tax and insurance escrow	4,455	8,176
Replacement reserve escrow	<u>72,701</u>	<u>52,240</u>
TOTAL RESTRICTED CASH AND FUNDED RESERVES	<u>81,943</u>	<u>66,113</u>
RENTAL PROPERTY		
Land	20,000	20,000
Buildings and components	647,325	647,325
Furniture and equipment	<u>54,217</u>	<u>54,217</u>
	721,542	721,542
Less accumulated depreciation	<u>(698,637)</u>	<u>(698,328)</u>
NET RENTAL PROPERTY	<u>22,905</u>	<u>23,214</u>
OTHER ASSETS		
Due from partners	<u>-0-</u>	<u>13,327</u>
	<u>\$ 117,832</u>	<u>\$ 232,553</u>

The accompanying notes are an integral part of these financial statements.

CHESTER, L.P.
DBA Chester Apartments
Case No. 10-045-139982974 01-8
(A GEORGIA LIMITED PARTNERSHIP)

BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

LIABILITIES AND PARTNERS' EQUITY (DEFICIT)

	<u>2015</u>	<u>2014</u>
CURRENT LIABILITIES		
Accounts payable - partnership	\$ -0-	\$ 658
Other accrued liabilities	310	72
Current maturities of long-term debt	<u>8,972</u>	<u>8,134</u>
TOTAL CURRENT LIABILITIES	<u>9,282</u>	<u>8,864</u>
 DEPOSITS AND PREPAYMENT LIABILITIES		
Tenants' security deposits	<u>4,150</u>	<u>5,404</u>
 TOTAL DEPOSITS AND PREPAYMENT LIABILITIES	<u>4,150</u>	<u>5,404</u>
 LONG-TERM LIABILITIES		
Mortgage note payable	532,128	540,262
Less current maturities	(8,972)	(8,134)
Advances from General Partner	<u>23,919</u>	<u>104,464</u>
 TOTAL LONG-TERM LIABILITIES	<u>547,075</u>	<u>636,592</u>
 TOTAL LIABILITIES	560,507	650,860
 PARTNERS' EQUITY (DEFICIT)	<u>(442,675)</u>	<u>(418,307)</u>
	<u><u>\$ 117,832</u></u>	<u><u>\$ 232,553</u></u>

The accompanying notes are an integral part of these financial statements.

CHESTER, L.P.
DBA Chester Apartments
Case No. 10-045-139982974 01-8

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
RENTAL INCOME:		
Rental	\$ 46,496	\$ 49,935
Less: Overage	(1,416)	(355)
Tenant utility allowance	(2,422)	(1,573)
Rental assistance subsidy	<u>54,201</u>	<u>47,039</u>
 TOTAL RENTAL INCOME	 <u>96,859</u>	 <u>95,046</u>
 OTHER INCOME:		
Application fees	180	135
Interest income	26	22
Tenant charges	2,445	1,200
Other	<u>804</u>	<u>98</u>
 TOTAL OTHER INCOME	 <u>3,455</u>	 <u>1,455</u>
 TOTAL INCOME	 <u>100,314</u>	 <u>96,501</u>
 EXPENSES:		
Maintenance and operating	30,101	19,867
Utilities	5,523	4,901
Administrative	25,779	20,607
Taxes and insurance	7,186	7,931
Reserve operating expenditures	27,177	14,129
Interest on mortgage payable	<u>11,260</u>	<u>12,086</u>
 TOTAL EXPENSES	 <u>107,026</u>	 <u>79,521</u>
 INCOME (LOSS) FROM RENTAL OPERATIONS	 <u>(6,712)</u>	 <u>16,980</u>
 NON-OPERATING INCOME AND (EXPENSES):		
Entity expense	(14,947)	-0-
Depreciation	<u>(309)</u>	<u>(309)</u>
 TOTAL NON-OPERATING INCOME AND (EXPENSES)	 <u>(15,256)</u>	 <u>(309)</u>
 INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	 (21,968)	 16,671
 EXTRAORDINARY ITEM - net settlement agreement	 <u>-0-</u>	 <u>121,945</u>
 NET INCOME (LOSS)	 <u>\$ (21,968)</u>	 <u>\$ 138,616</u>

The accompanying notes are an integral part of these financial statements.

CHESTER, L.P.
DBA Chester Apartments
Case No. 10-045-139982974 01-8

STATEMENTS OF CHANGES IN PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Total</u>	<u>General Partner(s)</u>	<u>Limited Partner(s)</u>
Partners' equity (deficit) - January 1, 2014	\$ (556,923)	\$ (5,711)	\$ (551,212)
Net income (loss)	<u>138,616</u>	<u>6,931</u>	<u>131,685</u>
Partners' equity (deficit) - December 31, 2014	(418,307)	1,220	(419,527)
Net income (loss)	(21,968)	(1,098)	(20,870)
Partners' distributions	<u>(2,400)</u>	<u>(2,400)</u>	<u>-0-</u>
Partners' equity (deficit) - December 31, 2015	<u>\$ (442,675)</u>	<u>\$ (2,278)</u>	<u>\$ (440,397)</u>

The accompanying notes are an integral part of these financial statements.

CHESTER, L.P.
DBA Chester Apartments
Case No. 10-045-139982974 01-8

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	<u>\$ (21,968)</u>	<u>\$ 138,616</u>
Adjustments to reconcile net income (loss) to net cash provided by (used by) operating activities:		
Depreciation	309	309
Entity expense	14,947	-0-
Extraordinary item - net settlement agreement	-0-	(121,945)
Changes in:		
Accounts receivable - tenants	(846)	372
Prepaid expenses	(368)	279
Accounts payable	-0-	(5,600)
Tenant security deposits	(344)	(361)
Other accrued liabilities	<u>238</u>	<u>(476)</u>
TOTAL ADJUSTMENTS	<u>13,936</u>	<u>(127,422)</u>
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	<u>(8,032)</u>	<u>11,194</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Tax and insurance escrow	3,720	(5,453)
Deposits to reserve for replacements	(47,638)	(8,637)
Withdrawals from reserve for replacements	27,177	14,129
Proceeds from settlement agreement	<u>121,945</u>	<u>-0-</u>
NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES	<u>105,204</u>	<u>39</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on mortgage note	(8,133)	(7,309)
Advances from (repayments to) General Partner	(80,545)	-0-
Partner(s) distributions	<u>(2,400)</u>	<u>-0-</u>
NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES	<u>(91,078)</u>	<u>(7,309)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,094	3,924
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,398</u>	<u>474</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 10,492</u>	<u>\$ 4,398</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 11,260</u>	<u>\$ 12,086</u>

The accompanying notes are an integral part of these financial statements.

CHESTER, L.P.
DBA Chester Apartments
Case No. 10-045-139982974 01-8

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

A. ORGANIZATION

The Partnership was formed as a Limited Partnership under the laws of the State of Georgia, on December 15, 1983, for the purpose of acquiring land, owning, constructing and operating a 24 unit multi-family rental housing project for low and moderate income persons on a limited profit basis pursuant to Section 515(b) of the Housing Act of 1949, as amended. The Project was financed in part with the proceeds of a mortgage note from the United States Department of Agriculture.

B. SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

Property and Equipment

Buildings, improvements and equipment are being depreciated on various methods over 5 to 27.5 years for both financial statement and income tax accounting purposes. Expenditures for maintenance and repairs are charged to expense as incurred. The Partnership reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. There were no impairment losses recognized in 2015 or 2014.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Partnership considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Continued...

CHESTER, L.P.
DBA Chester Apartments
Case No. 10-045-139982974 01-8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015 AND 2014

B. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tenant Receivable and Bad Debt Policy

Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with damages or cleaning fees, if applicable. Tenant receivable consists of amounts due for rental income, security deposit or the charges for damages and cleaning fees. The Partnership does not accrue interest on the tenant receivable balances.

Return to Owner

In accordance with the Loan Agreement(s), the maximum annual cash return to owner allowable by RD for the Partnership is \$2,480 and is allocated to the partners as formulated in the Partnership Agreement.

C. INCOME TAXES

No income tax provision has been included in the financial statements because income or loss of the Partnership is required to be reported by the respective partners on their income tax returns.

The Partnership's income tax returns are subject to examination by taxing authorities generally for three years after they are filed.

D. MORTGAGE NOTE PAYABLE

The note payable is to the USDA, Rural Development and is collateralized by a first mortgage on the rental property. The note bears interest at 10.75% per annum. However, the USDA, Rural Development, under a commitment to the Partnership, issues credits (subsidies) so as to reduce the principal and interest payments of the Partnership to an amount equivalent to a note at a 1.00% rate of interest. The USDA, Rural Development interest credits are reduced by rent collections by the Partnership in excess of contract rents. The note is being amortized at 10.75% as follows:

\$5,485 (including subsidy) payable monthly until the principal and interest are fully paid except that the final installment shall be due and payable on January 1, 2035.

Continued...

CHESTER, L.P.
DBA Chester Apartments
Case No. 10-045-139982974 01-8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015 AND 2014

D. MORTGAGE NOTE PAYABLE (CONTINUED)

Maturities of the note payable are as follows for the years ended December 31:

2016	\$	8,972
2017		9,986
2018		11,114
2019		12,369
2020		13,766
Thereafter		<u>475,921</u>
	\$	<u>532,128</u>

The note agreement imposes restrictions on cash disbursements, admittance of and distributions to partners and prohibits the transfer or encumbrance of title to rental property. Additionally, the General Partner is required to maintain a certain minimum financial interest in the Partnership.

In accordance with the USDA, Rural Development note agreement, a cash reserve account is maintained by the Partnership and may only be used with USDA, Rural Development prior approval for project operations, renewals and replacements, note repayments, borrower's return, or as otherwise authorized by the USDA, Rural Development.

The liability of the Partnership is limited to the underlying value of the real estate collateral.

E. TRANSACTIONS WITH RELATED PARTIES

Management Fees

An affiliate performs rental, administrative and accounting services for CHESTER, L.P. in its capacity as managing agent of the Project for which the affiliate received \$9,804 for 2015 and \$9,252 for 2014.

General Partner Advances

The Partnership has a payable due to the General Partner for reimbursement of advances totaling \$23,919 and \$104,464 for the years ended December 31, 2015 and 2014. This payable is non-interest bearing and is to be repaid out of future surplus cash or from sale or refinance proceeds.

Capital Contributions

As of December 31, 2015 and 2014, the Project is due capital contributions from the limited partners in the amount of \$0 and \$13,327, respectively.

CHESTER, L.P.
DBA Chester Apartments
Case No. 10-045-139982974 01-8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015 AND 2014

F. VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's operations are concentrated in the multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by acts of or administrative changes mandated by these regulatory agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

G. TAXABLE INCOME (LOSS)

A reconciliation of financial statement net income (loss) to taxable income (loss) of the Partnership for the years ended December 31, 2015 and 2014 is as follows:

	2015	2014
Financial statement net income (loss)	\$ (21,968)	\$ 138,616
Adjustments:		
Depreciation	115	(2,570)
Extraordinary income not taxable (basis reduction)	-0-	(68,744)
Taxable income (loss)	<u>\$ (21,853)</u>	<u>\$ 67,302</u>

H. COMMITMENTS AND CONTINGENCIES

The Partnership has entered into agreements which may provide various credits or assistance. In conjunction with these agreements, the Partnership may be bound by restrictive covenants and needs to comply with various regulations. Failure to maintain compliance with the covenants and regulations could result in material adverse consequences for the Partnership.

I. EXTRAORDINARY ITEM - NET SETTLEMENT AGREEMENT

The Partnership agreed to terms of a settlement agreement with the United States government during 2014. The gross settlement amount of \$154,004 was offset by related costs and expenses of \$32,059, resulting in a net settlement of \$121,945. The net settlement is reported as an extraordinary item on the income statement and an entity receivable on the balance sheet in 2014. The Partnership disbursed the settlement proceeds in 2015.

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 29, 2016, the date on which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

CHESTER, L.P.
DBA Chester Apartments
Case No. 10-045-139982974 01-8

SUPPLEMENTAL INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

SCHEDULE 1 - SCHEDULE OF EXPENSES

	<u>2015</u>	<u>2014</u>
MAINTENANCE AND OPERATING		
Repairs - payroll	\$ 7,003	\$ 4,577
- supply	10,210	7,336
- contract	1,571	327
Painting and decorating	2,540	1,870
Grounds	4,215	4,711
Services	1,747	1,036
Other maintenance and operating expenses	2,815	-0-
Furniture and furnishing replacement	-0-	10
	<u>\$ 30,101</u>	<u>\$ 19,867</u>
UTILITIES		
Electricity	\$ 2,887	\$ 2,351
Water	119	75
Sewer	117	75
Garbage and trash removal	2,400	2,400
	<u>\$ 5,523</u>	<u>\$ 4,901</u>
ADMINISTRATIVE		
Site management payroll	\$ 4,885	\$ 3,741
Management fee	9,804	9,252
Auditing	2,550	2,000
Legal	672	(54)
Advertising	324	560
Telephone	1,425	1,417
Office supplies	1,706	838
Health insurance and other employee benefits	2,128	1,128
Payroll taxes	1,174	842
Workers' compensation	176	(928)
Employee education	12	54
Miscellaneous administrative expenses	923	1,757
	<u>\$ 25,779</u>	<u>\$ 20,607</u>
TAXES AND INSURANCE		
Real estate taxes	\$ 2,912	\$ 2,590
Special assessments	43	898
Other taxes, licenses and permits	359	582
Property and liability insurance	3,872	3,861
	<u>\$ 7,186</u>	<u>\$ 7,931</u>

CHESTER, L.P.
DBA Chester Apartments
Case No. 10-045-139982974 01-8

SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 2 - MANAGEMENT FEE CALCULATION

See attached calculation on next page.

SCHEDULE 3 - INSURANCE DISCLOSURE

The Partnership maintains insurance coverage as follows:

	<u>Deductible</u>	<u>Coverage</u>
Property Coverage on Buildings	\$5,000	\$649,240
Comprehensive Business Liability	\$500	\$21,000,000
Fidelity/Employee Dishonesty	\$5,000	\$500,000

SCHEDULE 4 - RETURN TO OWNER

Maximum Return to Owner	<u>\$ 2,480</u>
Budgeted Return to Owner	<u>\$ -0-</u>
Return to Owner Paid	<u>\$ -0-</u>

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Partners of
CHESTER, L.P.
DBA Chester Apartments
Chester, Georgia

USDA Rural Development
Area 6
Cochran, GA

We have audited the financial statements of CHESTER, L.P. as of and for the years ended December 31, 2015 and 2014 and have issued our report thereon dated January 29, 2016. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered CHESTER, L.P.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Partnership's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Partnership's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Partnership's financial statements that is more than inconsequential will not be prevented or detected by the Partnership's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Partnership's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Continued...

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CHESTER, L.P.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the partners, management and the U.S. Department of Agriculture Rural Development and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Tama, Budaj & Raab, P.C.

Farmington Hills, Michigan
January 29, 2016

**CHESTER, L.P.
DBA Chester Apartments
Case No. 10-045-139982974 01-8**

**AUDIT FINDINGS ON COMPLIANCE
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

Reportable Conditions of Non-Compliance

CURRENT YEAR FINDINGS:

There were no current year findings.

PRIOR YEAR FINDINGS:

There were no prior year findings.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Partners of
CHESTER, L.P.
DBA Chester Apartments
Chester, Georgia

and

United States Department of Agriculture
Rural Development
Area 6
Cochran, GA

We have performed the procedures enumerated below, which were agreed to by the United States Department of Agriculture ("RD") and CHESTER, L.P. ("the Owner"), the owner of Chester Apartments ("the Project"), located in Chester, Georgia, solely to assist those parties in evaluating that the accompanying Form RD 3560-10, Multiple Family Housing Borrower Balance Sheet, Form RD 3560-7, Multiple Family Housing Project Budget ("Financial Reports") and Supporting Documentation are prepared in accordance with the criteria specified in RD Regulations contained in 7 CFR 3560, Section 303(b) and Section 306, in accordance with the determinations noted in Attachment 4-D of RD Handbook HB-2-3560, for the year ended December 31, 2015. The Owner is responsible for the presentation of the financial reports. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of Rural Development and the Owner. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We examined selected receipts, invoices, and cancelled checks (or check imaging on original bank statement) that support administrative; and operating and maintenance expenses presented on Form RD 3560-7, Part II, Line Items 1-10 and 19-32 to determine they were incurred as part of the ongoing operations of the Project. We selected a representative sample of invoices and supporting documentation, based on the sample size determined by RD in Attachment 4-D of RD Handbook HB-2-3560, for expenses included in Lines 1-10 and 19-32 of Form RD 3560-7 and determined that the services were eligible expenses, in accordance with Attachment 4-A of HB-2-3560, and the shipping address agreed to the project address. In addition, we confirmed a sample of the expenditures with the vendors to determine the invoice paid agreed to the vendor's records.

Findings:

Total Number of Invoices in Population:	536
Total Dollar Amount of Invoices in Population:	\$ 55,880
Total Number of Invoices Reviewed:	10
Total Dollar Amount of Invoices Reviewed:	\$ 525
Total Number of Invoices in Vendor Confirmation Sample:	1
Total Dollar Amount of Invoices in Vendor Confirmation Sample:	\$ 189
Total Number of Vendor Confirmations Not Received:	0
Total Dollar Amount of Vendor Confirmations Not Received:	\$ -0-
Total Number of Deviations:	0
Total Dollar Amount of Deviations:	\$ -0-

2. We confirmed the balance in the replacement reserve account presented on Form RD 3560-7, Part III, and confirmed that no amounts were encumbered by the financial institution that holds the accounts. We determined that all balances are within FDIC insurance limits or that the financial institution pledged collateral with the Federal Reserve Bank for an amount equal or exceeding any excess over the limit. We determined the number of reserve account withdrawals from the original bank statements and compared the withdrawals to the amounts approved by RD on Form 3560-12. We compared the invoices and cancelled checks (or check imaging on original bank statement) to the approved withdrawals from RD.

Findings:

Total Number of Reserve Account Withdrawals:	12
Total Number of Withdrawals Authorized by RD:	12
Total Dollar Amount of Reserve Account Withdrawals:	\$ 29,228
Total Dollar Amount of Withdrawals Authorized by RD:	\$ 29,228
Total Number of Deviations:	0
Total Dollar Amount of Deviations:	\$ -0-

The confirmation received from the financial institution agreed to the Project's bank reconciliation and no encumbrances were noted on the confirmation. All withdrawals were paid to the vendors approved by RD on Form RD 3560-12.

3. We obtained the Identity of Interest (IOI) company listing on Form RD 3560-31 from RD and determined that the services provided and approved fees, if applicable, agree to the actual service and fees charged to the Project. We examined a sample of invoices and determined that the services and charges are in accordance with the disclosures contained in Form RD 3560-31 as agreed to by RD.

Findings:

Total Number of Forms RD 3560-31 Received:	0
Company Name 1: Hallmark Management, Inc.	
Total Dollar Amount for the Year:	\$ 24,678
Total Number of Invoices in Population:	174
Total Dollar Amount of Invoices in Population:	\$ 24,678
Total Number of Invoices Reviewed:	33
Total Dollar Amount of Invoices Reviewed:	\$ 4,187

The agreed-upon procedures performed above and the Management Representation Letter revealed no undisclosed IOI companies.

Hallmark Management, Inc.

Management Fees

Total Number of Invoices in Population:	12
Total Dollar Amount of Invoices in Population:	\$ 9,804
Total Number of Invoices Reviewed:	2
Total Dollar Amount of Invoices Reviewed:	\$ 1,672

Payroll/Employee Benefits Reimbursement

Total Number of Invoices in Population:	94
Total Dollar Amount of Invoices in Population:	\$ 13,195
Total Number of Invoices Reviewed:	20
Total Dollar Amount of Invoices Reviewed:	\$ 2,381

Other

Total Number of Invoices in Population:	68
Total Dollar Amount of Invoices in Population:	\$ 1,679
Total Number of Invoices Reviewed:	11
Total Dollar Amount of Invoices Reviewed:	\$ 134

We were not engaged to, and did not, conduct an audit of the subject matter, the objective of which would be the expression of an opinion on the agreed-upon procedures applied to the financial reports and supporting documentation of CHESTER, L.P. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Owner and management agent of CHESTER, L.P. and Rural Development, and is not intended to be and should not be used by anyone other than these specified parties.

Tama, Budaj & Raab, P.C.

Farmington Hills, Michigan
 January 29, 2016

**MULTI-FAMILY HOUSING
BORROWER BALANCE SHEET**

PART I - BALANCE SHEET

PROJECT NAME Chester Apartments	BORROWER NAME Chester, Ltd.	BORROWER ID AND PROJECT NO. 10-045-139982974 01-3
---	---------------------------------------	---

<u>ASSETS</u>	BEGINNING DATES> ENDING DATES>	CURRENT YEAR (01 -01 -2015) (12 -31 -2015)	PRIOR YEAR (01 -01 -2014) (12 -31 -2014)	COMMENTS
---------------	-----------------------------------	--	--	----------

CURRENT ASSETS

1. GENERAL OPERATING ACCOUNT.....		10,492	4,398	
2. R.E. TAX & INSURANCE ACCOUNT.....		4,455	8,175	
3. RESERVE ACCOUNT.....		72,701	52,240	
4. SECURITY DEPOSIT ACCOUNT.....		4,787	5,697	
5. OTHER CASH (ODR Account).....		-	-	
6. OTHER (identify).....		-	-	
7. TOTAL ACCOUNTS RECEIVABLE (Attach list).....		1,529	15,630	
ACCTS RCVBL 0-30 DAYS	\$ -			
ACCTS RCVBL 30-60 DAYS	\$ -			
ACCTS RCVBL 60-90 DAYS	\$ -			
ACCTS RCVBL OVER 90 DAYS	\$ -			
8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS.....	\$ -	\$ -	\$ -	
9. INVENTORIES (supplies).....	\$ -	\$ -	\$ -	
10. PREPAYMENTS.....	\$ 962	\$ 962	\$ 594	
11. ENTITY RECEIVABLE		-	122,603	
12. TOTAL CURRENT ASSETS (Add 1 thru 11)		94,927	209,339	

FIXED ASSETS

13. LAND.....		20,000	20,000	
14. BUILDINGS.....		701,542	701,542	
15. LESS: ACCUMULATED DEPRECIATION.....		(721,542)	(721,542)	
16. FURNITURE & EQUIPMENT.....		-	-	
17. LESS: ACCUMULATED DEPRECIATION.....		-	-	
18. _____		-	-	
19. TOTAL FIXED ASSETS (Add 13 thru 18)		-	-	

OTHER ASSETS

20. _____	\$ -	\$ -	
21. TOTAL ASSETS (Add 12, 19 and 20)	\$ 94,927	\$ 209,339	

LIABILITIES AND OWNERS EQUITY

CURRENT LIABILITIES

22. TOTAL ACCOUNTS PAYABLE (Attach list).....		310	72	
ACCTS PAYABLE 0-30 DAYS	\$ -			
ACCTS PAYABLE 30-60 DAYS	\$ -			
ACCTS PAYABLE 60-90 DAYS	\$ -			
ACCTS PAYABLE OVER 90 DAYS	\$ -			
23. NOTES PAYABLE (Attach list).....		-	-	
24. SECURITY DEPOSITS.....		4,150	5,404	
25. TOTAL CURRENT LIABILITIES (Add 22 thru 24)		4,460	5,476	

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

LONG-TERM LIABILITIES

26. NOTES PAYABLE RURAL DEVELOPMENT	532,128	540,262	
27. OTHER (identify) _____	23,919	105,122	
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)	556,047	645,384	
29. TOTAL LIABILITIES (Add 25 and 28)	560,507	650,860	
30. OWNER'S EQUITY (Net Worth) (21 minus 29).....	(465,580)	(441,521)	
31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)	94,927	209,339	

Warning: Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

3/18/2016

(Date)

Hallmark Management, Inc., Agent



BY: _____
(Signature of Borrower or Borrower's Representative)

President _____
(Title)

PART II - THIRD PARTY VERIFICATION OF REVIEW

I/We have reviewed the borrower's records. The accompanying balance sheet, and statement of actual budget and income on Form RD 3560-7, is a fair presentation of the borrower's records.

I/We certify that no identity of interest exists between me/us and any individual or organization doing business with the project or borrower.

(Date)

(Signature)

(Name and Title)

(Address)

In lieu of the above verification and signature, a review completed, dated and signed by a person or firm qualified by license or certification is attached.

**MULTIPLE FAMILY HOUSING PROJECT BUDGET/
UTILITY ALLOWANCE**

PROJECT NAME Chester Apartments		BORROWER NAME Chester, Ltd.		BORROWER ID & PROJECT NO. 10-045-139982974 01-3	
Loan/Transfer Amount		Note Rate Payment		IC Payment	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	Project Rental Type <input type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Project Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Ltd Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other _____	
					<input type="checkbox"/> I hereby request 0 0 units of RA. Current # _____ Borrower Accounting Method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual

PART I - CASH FLOW STATEMENT

	CURRENT BUDGET 01-01-2015 12-31-2015	ACTUAL 01-01-2015 12-31-2015	PROPOSED BUDGET 01-01-2016 12-31-2016	COMMENTS or (YTD)
BEGINNING DATES> ENDING DATES>				
OPERATIONAL CASH SOURCES	UNAUDITED		UNAUDITED	
1. RENTAL INCOME.....	106,368	46,496	106,368	
2. RHS RENTAL ASSISTANCE RECEIVED.....		54,201		
3. APPLICATION FEES RECEIVED.....		180		
4. LAUNDRY AND VENDING.....	0	0	0	
5. INTEREST INCOME.....	20	26	24	
6. TENANT CHARGES.....	1,500	2,445	1,740	
7. OTHER - PROJECT SOURCES.....	0	805	96	
8. LESS..... (Vacancy/Contingency Allowance).....	(10,560)		(8,520)	
9. LESS..... (Agency Approved Incentive Allowance).....	0		0	
10. SUB-TOTAL..... [(1 thru 7) - (8&9)].....	97,328	104,153	99,708	
NON-OPERATIONAL CASH SOURCES				
11. CASH -NON PROJECT.....	0	0	0	
12. AUTHORIZED LOAN..... (Non-RHS).....	0	0	0	
13. TRANSFER FROM RESERVE.....	14,730	27,177	19,031	
14. SUB-TOTAL..... (11 thru 13).....	14,730	27,177	19,031	
15. TOTAL CASH SOURCES..... (10+14).....	112,058	131,330 #	# 118,739	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES..... (From Part II).....	66,615	68,588	68,669	
17. RHS DEBT PAYMENT.....	19,394	19,394	19,394	
18. RHS PAYMENT... (Overage).....		1,416		
19. RHS PAYMENT... (Late Fee).....		0		
20. REDUCTION IN PRIOR YEAR PAYABLES.....		0		
21. TENANT UTILITY PAYMENTS.....		2,422		
22. TRANSFER TO RESERVE.....	8,616	8,638	8,616	
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE.....	0	0	2,480	
24. SUB-TOTAL..... (16 thru 23).....	94,625	100,459	99,159	
NON-OPERATIONAL CASH USES				
25. AUTH DEBT PAYMENT..... (Non-RHS).....	0	0	0	
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6).....	14,730	27,177	19,031	
27. MISCELLANEOUS.....	0	0	0	
28. SUB-TOTAL..... (25 thru 27).....	14,730	27,177	19,031	
29. TOTAL CASH USES..... (24+28).....	109,355	127,636	118,190	
30. NET CASH (DEFICIT)..... (15-29).....	2,703	3,694	549	
CASH BALANCE				
31. BEGINNING CASH BALANCE.....	3,178	12,574	5,234	
32. ACCRUAL TO CASH ADJUSTMENT.....		(1,320)	0	
33. ENDING CASH BALANCE..... (30+31+32).....	5,881	14,948	5,783	

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 2 1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

PART II - OPERATING AND MAINTENANCE EXPENSE SCHEDULE

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS	YTD ACTUAL
	UNAUDITED		UNAUDITED		
1. MAINTENANCE & REPAIRS PAYROLL.....	12,381	6,702	7,956		
2. MAINTENANCE & REPAIRS SUPPLY.....	4,325	10,210	8,220		
3. MAINTENANCE & REPAIRS CONTRACT.....	400	1,872	200		
4. PAINTING.....	600	2,540	800		
5. SNOW REMOVAL.....	0	0	0		
6. ELEVATOR MAINT/CONTRACT.....	0	0	0		
7. GROUNDS.....	4,500	4,215	5,901		
8. SERVICES.....	1,850	1,747	2,300		
9. ANNUAL CAPITAL BUDGET (From Part V - Ope	2,120	2,815	1,203		
10. OTHER OPERATING EXPENSES (Itemize).....	0	0	0		
11. SUB-TOTAL MAINT & OPRG (1 thru 10)	26,176	30,100	26,580		
12. ELECTRICITY.....	3,078	2,887	2,952		
13. WATER.....	180	119	180		
14. SEWER.....	180	117	120		
15. FUEL.....	0	0	0		
16. GARBAGE & TRASH REMOVAL.....	2,700	2,400	2,645		
17. OTHER UTILITIES.....	0	0	0		
18. SUB-TOTAL UTILITIES (12 thru 17)	6,138	5,523	5,897		
19. SITE MANAGEMENT PAYROLL.....	3,367	4,885	5,135		
20. MANAGEMENT FEE.....	10,488	9,804	11,592		
21. PROJECT AUDITING EXPENSE.....	2,363	2,550	2,363		
22. PROJECT BOOKKEEPING/ACCOUNTING.....	0	0	0		
23. LEGAL EXPENSES.....	150	672	384		
24. ADVERTISING.....	950	324	350		
25. TELEPHONE & ANSWERING SERVICE.....	1,500	1,425	1,500		
26. OFFICE SUPPLIES.....	1,050	1,706	1,333		
27. OFFICE FURNITURE & EQUIPMENT.....	0	0	0		
28. TRAINING EXPENSE.....	200	12	215		
29. HEALTH INS & OTHER EMP BENEFITS.....	1,535	2,128	2,405		
30. PAYROLL TAXES.....	1,651	1,174	1,308		
31. WORKMAN'S COMPENSATION.....	586	176	362		
32. OTHER ADMINISTRATIVE EXPENSES. (Itemiz	730	923	875		
33. SUB-TOTAL ADMIN (19 thru 32)	24,570	25,779	27,822		
34. REAL ESTATE TAXES.....	4,452	2,912	3,108		
35. SPECIAL ASSESSMENTS.....	500	43	450		
36. OTHER TAXES, LICENSES & PERMITS.....	350	359	538		
37. PROPERTY & LIABILITY INSURANCE.....	4,429	3,872	4,274		
38. FIDELITY COVERAGE INSURANCE.....	0	0	0		
39. OTHER INSURANCE.....	0	0	0		
40. SUB-TOTAL TAXES & INS (34 thru 39).....	9,731	7,187	8,370		
41. TOTAL O&M EXPENSES.(11+18+33+40).....	66,615	68,588	68,669		

PART III - ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or YTD
RESERVE ACCOUNT:	UNAUDITED		UNAUDITED	
1. BEGINNING BALANCE.....	58,011	52,240	35,726	
2. TRANSFER TO RESERVE.....	8,616	47,638	8,616	
TRANSFER FROM RESERVE				
3. OPERATING DEFICIT.....	0	0	0	
4. ANNUAL CAPITAL BUDGET (Part	(14,730)	(27,177)	(19,031)	
5. BUILDING & EQUIPMENT REPAIR	0	0	0	
6. OTHER NON-OPERATING EXPEN:	0	0	0	
7. TOTAL (3 thru 6).....	(14,730)	(27,177)	(19,031)	
8. ENDING BALANCE [(1+2)-7].....	51,897	72,701	25,311	

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE.....	4,398	
ENDING BALANCE.....	10,492	

**REAL ESTATE TAX & INSURANCE ESCROW
ACCOUNT:***

BEGINNING BALANCE.....	8,175	
ENDING BALANCE.....	4,455	

TENANT SECURITY DEPOSIT ACCOUNT:

BEGINNING BALANCE.....	5,697	
ENDING BALANCE.....	4,787	

(*Complete upon submission of actual expenses)

NUMBER OF APPLICANTS ON WAITING LIST.....	0	RESERVE ACCT REQ BALANCE.....	
NUMBER OF APPLICANTS NEEDING RA.....	0	AMOUNT AHEAD/BEHIND.....	

PART IV - RENT SCHEDULE & UTILITY ALLOWANCE

A. CURRENT APPROVED RENTS:

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
TYPE	SIZE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
N	1 BR	12	372	12	0	53,568	72,720	0	
N	2 BR	11	400	11	0	52,800	70,224	0	
N	3 BR	0	0	0	0	0	0	0	
N	2BR	0	0	0	0	0	0	0	
N	2BR	0	0	0	0	0	0	0	
CURRENT RENT TOTALS:						106,368	142,944	0	
						BASIC	NOTE	HUD	

JNAUDITED

B. PROPOSED RENTS - Effective Date: 01/01/2016

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
TYPE	SIZE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
N	1 BR	12	372	12	0	53,568	72,720	0	
N	2 BR	11	400	11	0	52,800	70,224	0	
N	3 BR	0	0	0	0	0	0	0	
N	2 BR	0	0	0	0	0	0	0	
N	2 BR	0	0	0	0	0	0	0	
PROPOSED RENT TOTALS:						106,368	142,944	0	
						BASIC	NOTE	HUD	

JNAUDITED

C. PROPOSED UTILITY ALLOWANCE - Effective Date: 01/01/2016

MONTHLY DOLLAR ALLOWANCES

BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1 BR	N	12	92	12	5	5	0	0	\$114
2 BR	N	11	131	11	5	5	0	0	\$152
3 BR	N	0	0	0	0	0	0	0	\$0
2 BR	N	0	0	0	0	0	0	0	\$0

PART V -- ANNUAL CAPITAL BUDGET

		UNAUDITED		UNAUDITED				
		Current Number of Units/Items	Current from Reserve	Current from Operating	Actual Number of Units/Items	Actual from Reserve	Actual from Operating	Actual Comments
Appliances:								
	Range		1,350	460		1,277	0	
	Refrigerator		1,680	560		1,734	0	
	Range Hood		0	0				
	Washers & Dryers		0	0		0	0	
	Other		0	0		0	0	
Carpet and Vinyl:								
	1 BR.		1,500	0				
	2 BR		2,100	0		5,343	629	
	3 BR		0	0				
	4 BR		0	0				
	Other		0	0				
Cabinets:								
	Kitchens		0	0				
	Bathrooms		0	0				
	Other		0	0		2,924	0	
Doors:								
	Exterior		0	0		0	0	
	Interior		0	0				
	Other		0	0				
Window Coverings:								
	List		0	0				
	Other		0	0				
Heating and Air Conditioning:								
	Heating		1,000	0		3,402	0	
	Air Conditioning		5,000	0				
	Other		0	0				
Plumbing:								
	Water Heater		1,600	0		846	0	
	Bath Sinks		0	0				
	Kitchen Sinks		0	0				
	Faucets		0	0				
	Toilets		0	0				
	Other		0	0				
Major Electrical:								
	List		0	0		0	0	
	Other		0	0				
Structures:								
	Windows		0	0				
	Screens		0	0				
	Walls		0	0		0	0	
	Roofing		0	0		10,400	0	
	Siding		0	0		0	0	
	Exterior Painting		0	400		0	750	
	Other		0	0		0	0	
Paving:								
	Asphalt		0	0		0	650	
	Concrete		0	0		0	0	
	Seal and Stripe		0	700				
	Other		0	0				
Landscape and Grounds:								
	Landscaping		0	0		0	0	
	Lawn Equipment		0	0				
	Fencing		0	0				
	Recreation Area		0	0		450	490	
	Signs		0	0		0	0	
	Other		0	0				
Accessibility Features:								
	List		500	0				
	Other		0	0				
Automation Equipment:								
	Site Management		0	0				
	Common Area		0	0				
	Other		0	0				
Other:								
	List		0	0		802	296	
	List		0	0		0	0	
	List		0	0		0	0	
TOTAL CAPITAL EXPENSES:		0	14,730	2,120		27,177	2,815	

PART VI -- SIGNATURES, DATES AND COMMENTS

Warning: Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any Department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THAT THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

*Hallmark Management, Inc as Agent
by: Martin H. Petersen*

3/18/2016

(DATE)



(Signature of Borrower or Borrower's Representative)

President
(Title)

AGENCY APPROVAL (*USDA Rural Development approval official*):

DATE:

COMMENTS:

Chester, Ltd.
3560-7 Accrual To Cash Adj
12/31/2015

Account#	Account Name	2015 YTD Change	
1130	A/R - Tenants	\$	(846.07)
1131	A/R - Security Deposit	\$	(414.70)
1191	Cash - Security Deposits	\$	909.97
1240	Prepaid Hazard Insurance	\$	(368.25)
2113	Management Fees Payable	\$	238.00
2191	Security Deposit Liability	\$	(839.00)
	TOTAL	\$	(1,320.05)

Chester, Ltd.
Supporting Documentation to RD Forms 3560-10 and 3560-7
Years ended 2015 and 2014

1. Accounts Receivable (3560-10, Line 7)

1130 A/R - Tenants	\$	1,529.07	\$	683.00
1146 A/R - Other	\$	-	\$	14,947.26
Total	\$	1,529.07	\$	15,630.26

2. Notes Payable (3560-10, Line 23)

3. Other (3560-10, Line 27)

Entity Exp - Research Tax Fee			\$	658.00
1296:1296 A/R - I/C Affiliates	\$	23,919.21	\$	80,661.33
2310 Due to - Other Properties	\$	-	\$	23,803.08
Total	\$	23,919.21	\$	105,122.41

4. Miscellaneous (3560-7, Line 27)

Attachment 4-C
Performance Standards
Borrower Self-Certification Letter

March 10, 2016

USDA Rural Development Office

In accordance with the criteria specified in Section 5; part 4.32(C) of the USDA Rural Development Handbook (HB-2-3560) for the year ended December 31, 2015, the borrower must self-certify the CHESTER APARTMENTS, L.P. is in compliance with the nine performance standards. The following is a summary of our compliance with the performance standards.

1. The required accounts are properly maintained and tracked separately. The accounts we maintain are marked below:
 Operating Acct Security Deposit Acct Tax & Ins Account Reserve Account
2. The payments from the operating account are disclosed and accurately represented.
3. The reserve account:
 - a. is on schedule with the Agency required minimum funding requirements; (please forward a copy of RD's RR tracking schedule so we can verify and track minimum funding requirements)
 - b. is maintained in a supervised bank account that requires the Agency's countersignature on all withdrawals;
 - c. is on schedule with contributions to the reserve account for the current year with the agency required minimum funding; and
 - d. has no encumbrances on the reserve funds.
4. The tenant security deposits are fully funded and are maintained in separate accounts;
5. The payment of owner return was:
_ Paid in the amount of \$0 for 2014 fiscal year and was in accordance with the Agency's requirements
OR
 Not paid during the reporting year.
6. The borrower has maintained proper insurance in accordance with the requirements in 7 CFR 3560.105. Coverage maintained for CHESTER APARTMENTS, L.P. is as follows:

 Liability Ins Flood Ins Property Ins Earthquake Ins Fidelity Bond
7. All financial records are adequate and suitable for examination.
8. There have been no changes in the ownership of CHESTER APARTMENTS, L.P., other than those approved by the Agency and identified in the certification.
9. The real estate taxes (property taxes) are paid in accordance with the state and/or local requirements. As of December 31, 2015, there were no delinquent real estate taxes (property taxes).

I certify that the above is true, accurate and is properly supported by documentation kept in our files.

Hallmark Management, Inc. – Managing Agent



By: Martin H. Petersen - President

322

2015 ADVALOREM TAX NOTICE FOR THE COUNTY OF DODGE

KAY GRAHAM TAX COMM
P O BOX 668
EASTMAN GA 31023

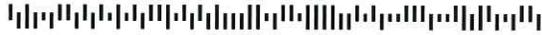
BILL NUMB. 2015 1917
ACCT NUMB. 095850 010
TAXPAYER CHESTER APTS
MAP NUMBER 91A 9
LEGAL DESC CHESTER APTS
LOCATION
CURRENT YEAR TAXES 2,802.96

RECEIVED
SEP 25 2015

RETURN SERVICE REQUESTED

If paying by check or money order,
please include your tax bill number.

PAY THIS AMOUNT----->2,802.96
ON OR BEFORE DECEMBER 20, 2015



CHESTER APTS 1917PT
C/O PROPERTY TAX EAGLE 34
3338 COUNTRY CLUB RD STE 10559
VALDOSTA GA 31605-7425

KAY GRAHAM TAX COMM 2015
P O BOX 668 CO.PT.
EASTMAN GA 31023 1917

Please return this portion of your bill with your payment in the enclosed envelope

2015 ADVALOREM TAX NOTICE FOR THE COUNTY OF DODGE

Table with columns: YEAR, BILL NUM, ACCOUNT NUMBER, DI, LOCATION/DESCRIPTION, MAP/PARCEL, FAIR MARKET VALUE, TAXING ENTITY, ASSESSMENT, EXEMPTION, TAXABLE VALUE, MILLAGE RATE, CREDITS, TAXES DUE. Includes rows for STATE, COUNTY, and SCHOOL.

The gradual reduction and elimination of the STATE MILLAGE RATE is the result of property tax relief passed by the Governor, the Georgia State Senate, and the House of Representatives.

THIS YEAR TAX 2,802.96

TOTAL TAX DUE 2,802.96

CHESTER APTS
C/O PROPERTY TAX EAGLE
3338 COUNTRY CLUB RD STE
VALDOSTA GA 31605-7425

CREDITS ARE LISTED FOR INFORMATION PURPOSES ONLY

KAY GRAHAM TAX COMM
P O BOX 668
EASTMAN GA 31023

PAYMENT MUST BE MADE ON OR BEFORE
DECEMBER 20, 2015

YOUR CANCELLED CHECK IS YOUR RECEIPT

If a receipt is requested, please enclose a stamped self-addressed envelope.

-----PLEASE READ, THIS IS AN IMPORTANT PART OF YOUR TAX BILL-----

Certain persons are eligible for certain homestead exemptions from ad valorem taxation. In addition to the regular homestead authorized for all homeowners, certain elderly persons are entitled to additional homestead exemptions. The full law relating to each exemption must be referred to in order to determine eligibility for the exemption. If you are eligible for one of the exemptions and are not now receiving the benefit of the exemption, you must apply for the exemption not later than 4/01/2016 in order to receive the exemption in future years. For more information on eligibility for exemptions or on the proper method of applying for an exemption, you may contact the office of the County Tax Office at 5401 ANSON AVENUE 478-374-2154. If you feel that your property has been assigned too high a value for tax purposes by the Board of Tax Assessors, you should file a tax return reducing the value not later than 4/01/2016 in order to have an opportunity to have this value lowered for next year's taxes. Information on filing a return can be obtained from the County Tax Office at 5401 ANSON AVENUE and/or 478-374-2154.

LOCAL OPTION SALES TAX CREDIT:
The General Assembly reenacted the Local Option Sales Tax Act and another part of your bill shows the dollar amount of reduction of local property taxes which you have received. The law now requires the following additional information to be provided to each taxpayer:

Table with 2 columns: Description of tax levy and Amount. Includes rows for Mill rate required to produce local budget (11.562), Reduction in mill rate due to rollback to taxpayers of sales tax proceeds this previous year (.006), and Actual mill rate set by local officials (11.556).

Chester Apartments LP
Chester TI BNGA 8865

Vendor
City of Chester

Vendor ID
322TAXCITY

Payment Number
0000000000215117

Date
10/06/2015

Check Number
00001026

Invoice Number	Date	Description	Amount	Discount	Paid Amount
2015 42	12/20/2015	2015 CITY RE TAX	\$109.47	\$0.00	\$109.47

PO Box 67
Chester, GA 31012

TOTALS: \$109.47 \$0.00 \$109.47

THIS CHECK IS VOID WITHOUT A BLUE & BURGUNDY BACKGROUND AND AN ARTIFICIAL WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW

Chester Apartments LP
Chester TI BNGA 8865
3111 Paces Mill Road
Suite A-250
Atlanta, GA 30339

Bank of North Georgia 261170290
Marietta, GA 30060

Oct 6, 2015 00001026
DATE CHECK NO.

Pay One Hundred Nine Dollars And 47 Cents

\$109.47

to the Order of:
City of Chester
PO Box 67
Chester, GA 31012

Martin J. Peterson

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRINTING

⑈0000 10 26⑈⑆: 26 1 1 70 290⑆ 1004438865⑈

Chester Apartments LP
Chester TI BNGA 8865

Vendor
City of Chester

Vendor ID
322TAXCITY

Payment Number
0000000000215117

Date
10/06/2015

Check Number
00001026

Invoice Number	Date	Description	Amount	Discount	Paid Amount
2015 42	12/20/2015	2015 CITY RE TAX	\$109.47	\$0.00	\$109.47

PO Box 67
Chester, GA 31012

TOTALS: \$109.47 \$0.00 \$109.47

322

2015 ADVALOREM TAX NOTICE FOR THE CITY OF CHESTER

CITY OF CHESTER
P O BOX 67
CHESTER GA 31012

BILL NUMB. 2015 42
ACCT NUMB. 095850 010
TAXPAYER CHESTER APTS
MAP NUMBER 91A 9
LEGAL DESC CHESTER APTS
LOCATION
CURRENT YEAR TAXES 109.47

RETURN SERVICE REQUESTED

If paying by check or money order,
please include your tax bill number.

PAY THIS AMOUNT----->109.47
ON OR BEFORE DECEMBER 20, 2015

CHESTER APTS
C/O PROPERTY TAX EAGLE
3338-L1 COUNTRY CLUB ROA
VALDOSTA GA 31605

42PT

CITY OF CHESTER
P O BOX 67
CHESTER GA 31012

2015
CITY
42

Please return this portion of your bill with your payment in the enclosed envelope

2015 ADVALOREM TAX NOTICE FOR THE CITY OF CHESTER

Table with columns: YEAR, BILL NUM, ACCOUNT NUMBER, DI, LOCATION/DESCRIPTION, MAP/PARCEL, FAIR MARKET VALUE, TAXING ENTITY, ASSESSMENT, EXEMPTION, TAXABLE VALUE, MILLAGE RATE, CREDITS, TAXES DUE. Row 1: 2015, 000042, 095850 010, 4, CHESTER APTS, 91A, 9, 273,663, CITY TAX, 109465, 109465, .0010000, 4809.89, 109.47

THIS YEAR TAX 109.47

TOTAL TAX DUE 109.47

CHESTER APTS
C/O PROPERTY TAX EAGLE
3338-L1 COUNTRY CLUB ROA
VALDOSTA GA 31605

CREDITS ARE LISTED FOR INFORMATION PURPOSES ONLY

CITY OF CHESTER
P O BOX 67
CHESTER GA 31012

PAYMENT MUST BE MADE ON OR BEFORE
DECEMBER 20, 2015
YOUR CANCELLED CHECK IS YOUR RECEIPT

-----PLEASE READ, THIS IS AN IMPORTANT PART OF YOUR TAX BILL-----

Certain persons are eligible for certain homestead exemptions from ad valorem taxation. In addition to the regular homestead authorized for all homeowners, certain elderly persons are entitled to additional homestead exemptions. The full law relating to each exemption must be referred to in order to determine eligibility for the exemption. If you are eligible for one of the exemptions and are not now receiving the benefit of the exemption, you must apply for the exemption not later than in order to receive the exemption in future years. For more information on eligibility for exemptions or on the proper method of applying for an exemption, you may contact the office of the County Tax Office at 104 CHESTER AVE N 478-358-4549. If you feel that your property has been assigned too high a value for tax purposes by the Board of Tax Assessors, you should file a tax return reducing the value not later than in order to have an opportunity to have this value lowered for next year's taxes. Information on filing a return can be obtained from the County Tax Office at 104 CHESTER AVE N and/or 478-358-4549.

LOCAL OPTION SALES TAX CREDIT:
The General Assembly reenacted the Local Option Sales Tax Act and another part of your bill shows the dollar amount of reduction of local property taxes which you have received. The law now requires the following additional information to be provided to each taxpayer:

Table with 2 columns: LOCAL TAX LEVY; LOCAL TAX LEVY: Mill rate required to produce local budget 44.940; Reduction in mill rate due to rollback to taxpayers of sales tax proceeds this previous year 43.940; Actual mill rate set by local officials 1.000



United States Department of Agriculture

December 29, 2015

Mr. Martin H. Petersen
Hallmark Management Inc.
3111 Paces Mill Rd., Suite A-250
Atlanta, GA 30339

RE: Chester Ltd. (Chester Apts.)
2016 Proposed Budget

The above document has been reviewed and approved by our office. This is effective January 1, 2016.

The following items are noted:

1. The reserve account is on track, but the property does have financial problems.
2. Property has outstanding maintenance issues. Management is working to get the issues corrected
3. Management Fee is approved at \$42.00 POU/MONTH.

Please call our office if you have any questions.

SANDRA R. BRYANT, Area Specialist
For: Ricky P. Sweat, Area Manager
USDA/Rural Development

Enclosures

Rural Development • Douglas Service Center
703 East Ward St., Douglas, GA 31533
sandra.bryant@ga.usda.gov, <http://www.rurdev.usda.gov/ga/>
Voice (478) 934-6392, Ext 111 • TDD (770) 253-2555 • Fax (478) 934-2597

USDA is an equal opportunity provider and employer.
If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

Proposed Budget

Project Name:	CHESTER APTS
Borrower Name:	CHESTER LTD
Borrower ID and Project No:	139982974 01-8
Date of Operation:	01/04/1985

Loan/Transfer Amount:	
Note Rate Payment:	
IC Payment:	\$1,616.17

Reporting Period

Annual

Quarterly

Monthly

Budget Type

Initial

Regular Report

Rent Change

SMR

Other Servicing

Project Rental Type

Family

Elderly

Congregate

Group Home

Mixed LH

Profit Type

Full Profit

Limited Profit

Non-Profit

I hereby request units of RA. Current number of RA units 17 .

The following utilities are master metered:

Gas

Electricity

Water

Sewer

Trash

Other

Borrower Accounting Method

Cash

Accrual

Project Name: CHESTER APTS State: 10 Servicing Office: 606 County: 45
 Borrower Name: CHESTER LTD Borr ID: 139982974 Prj Mbr: 01-8 Paid Code: Active
 Classification: C Fiscal Year: 2016 Version: 01/01/2016 TRANSMITD Totals: By Project Analyzed: N

Item	Current Budget	Actual	Proposed Budget	Comment
Effective Dates:	01/01/2015	01/01/2015	01/01/2016	
Ending Dates:	12/31/2015	12/31/2015	12/31/2016	
PART I - CASH FLOW STATEMENT				
Operational Cash Sources				
1. Rental Income	106,368.00		106,368.00	
2. RHS Rental Assist. Received				
3. Application Fee Received				
4. Laundry And Vending	0.00		0.00	
5. Interest Income	20.00		24.00	
6. Tenant Charges	1,500.00		1,740.00	
7. Other - Project Sources	0.00		96.00	APP FEES
8. Less (Vcnry @ Cntgncy Allw)	-10,560.00		-8,520.00	
9. Less (Agncy Aprvd Incenty)	0.00		0.00	
10. Sub-Ttl [(1 thru 7)-(8@9)]	97,328.00		99,708.00	
Non-Operational Cash Sources				
11. Cash - Non Project	0.00		0.00	
12. Authorized Loan (Non-RHS)	0.00		0.00	
13. Transfer From Reserve	14,730.00		19,031.00	
14. Sub-Total (11 thru 13)	14,730.00		19,031.00	
15. Total Cash Sources (10+14)	112,058.00		118,739.00	
Operational Cash Uses				
16. Ttl O&M Exp (From Part II)	66,615.00		68,669.37	
17. RHS Debt Payment	19,394.04		19,394.04	
18. RHS Payment (Overage)				
19. RHS Payment (Late Fee)				
20. Reductn In Prior Yr Pybles				
21. Tenant Utility Payments				
22. Transfer to Reserve	8,616.00		8,616.00	
23. RTN Owner/NP Asset Mgt Fee	0.00		2,480.00	
24. Sub-Total (16 thru 23)	94,625.04		99,159.41	
Non-Operational Cash Uses				
25. Authzd Debt Pymnt (NonRHS)	0.00		0.00	
26. Capital Budget (III 4-5)	14,730.00		19,031.00	
27. Miscellaneous	0.00		0.00	
28. Sub-Total (25 thru 27)	14,730.00		19,031.00	
29. Total Cash Uses (24+28)	109,355.04		118,190.41	
30. Net (Deficit) (15-29)	2,702.96		548.59	
Cash Balance				
31. Beginning Cash Balance	5,985.00		5,234.00	
32. Accrual To Cash Adjustment				
33. Ending Cash Bal (30+31+32)	8,687.96		5,782.59	

Project Name: CHESTER APTS State: 10 Servicing Office: 606 County: 45
 Borrower Name: CHESTER LTD Borr ID: 139982974 Prj Nbr: 01-8 Paid Code: Active
 Classification: C Fiscal Year: 2016 Version: 01/01/2016 TRANSMITD Totals: By Project Analyzed: N

Item	Current Budget	Actual	Proposed Budget	Comment
Effective Dates:	01/01/2015	01/01/2015	01/01/2016	
Ending Dates:	12/31/2015	12/31/2015	12/31/2016	
PART II - O&M EXPENSE SCHEDULE				
1. Maint. @ Repairs Payroll	12,380.66		7,956.00	
2. Maint. @ Repairs Supply	4,325.00		8,220.00	
3. Maint. @ Repairs Contract	400.00		200.00	
4. Painting	600.00		800.00	
5. Snow Removal	0.00		0.00	
6. Elevator Maint./Contract	0.00		0.00	
7. Grounds	4,500.00		5,901.00	
8. Services	1,850.00		2,300.00	
9. Optl Bgt (Part V operating)	2,120.00		1,203.00	
10. Other Operating Expenses	0.00		0.00	
11. Sub-Ttl O&M (1 thru 10)	26,175.66		26,580.00	
12. Electricity	3,078.00		2,952.00	
13. Water	180.00		180.00	
14. Sewer	180.00		120.00	
15. Fuel (Oil/Coal/Gas)	0.00		0.00	
16. Garbage @ Trash Removal	2,700.00		2,645.00	
17. Other Utilities	0.00		0.00	
18. Sub-Ttl Util. (12 thru 17)	6,138.00		5,897.00	
19. Site Management Payroll	3,366.58		5,134.53	
20. Management Fee	10,488.00		11,592.00	
21. Project Auditing Expense	2,363.00		2,363.00	
22. Proj. Bookkeeping/Accnting	0.00		0.00	
23. Legal Expenses	150.00		384.00	
24. Advertising	950.00		350.00	
25. Phone @ Answering Service	1,500.00		1,500.00	
26. Office Supplies	1,050.00		1,333.00	
27. Office Furniture @ Equip.	0.00		0.00	
28. Training Expense	200.00		215.00	
29. Hlth Ins. @ Other Benefits	1,534.85		2,405.26	
30. Payroll Taxes	1,651.08		1,307.95	
31. Workmans Compensation	586.49		362.20	
32. Other Admin. Expenses	730.00		875.00	CREDIT CHK, BANK CHG, MILEAGE
33. Sub-Ttl Admin (19 thru 32)	24,570.00		27,821.94	
34. Real Estate Taxes	4,452.47		3,108.00	
35. Special Assessments	500.00		450.00	
36. Othr Taxes, Lenses, Permts	350.00		538.20	SOFTWARE + BUSINESS LIC
37. Property @ Liability Ins.	4,428.87		4,274.23	
38. Fidelity Coverage Ins.	0.00		0.00	
39. Other Insurance	0.00		0.00	
40. Sub-Ttl Tx/In (34 thru 39)	9,731.34		8,370.43	
41. Ttl O&M Exps (11+18+33+40)	66,615.00		68,669.37	

Project Name: CHESTER APTS State: 10 Servicing Office: 606 County: 45
 Borrower Name: CHESTER LTD Borr ID: 139982974 Prj Nbr: 01-8 Paid Code: Active
 Classification: C Fiscal Year: 2016 Version: 01/01/2016 TRANSMITD Totals: By Project Analyzed: N

Item	Current Budget	Actual	Proposed Budget	Comment
Effective Dates:	01/01/2015	01/01/2015	01/01/2016	
Ending Dates:	12/31/2015	12/31/2015	12/31/2016	
PART III - ACCT BUDGET/STATUS				
Reserve Account				
1. Beginning Balance	58,011.29		35,726.26	
2. Transfer to Reserve	8,616.00		8,616.00	
Transfer From Reserve				
3. Operating Deficit	0.00		0.00	
4. Cptl Bgt (Part V reserve)	14,730.00		19,031.00	
5. Building @ Equip Repair	0.00		0.00	
6. Othr Non-Operating Expenses	0.00		0.00	
7. Total (3 thru 6)	14,730.00		19,031.00	
8. Ending Balance [(1+2)-7]	51,897.29		25,311.26	
General Operating Account				
Beginning Balance				
Ending Balance				
Real Estate Tax And Ins Escrow				
Beginning Balance				
Ending Balance				
Tenant Security Deposit Acct				
Beginning Balance				
Ending Balance				

Number of Applicants on Waiting List	0	Reserve Acct. Req. Balance	44,619.26
Number of Applicants Needing RA		Amount Ahead/Behind	7,621.16

Project Name: CHESTER APTS State: 10 Servicing Office: 606 County: 45
 Borrower Name: CHESTER LTD Borr ID: 139982974 Prj Nbr: 01-8 Paid Code: Active
 Classification: C Fiscal Year: 2016 Version: 01/01/2016 TRANSMITD Totals: By Project Analyzed: N

PART IV RENT SCHEDULE

A. CURRENT APPROVED RENTS/UTILITY ALLOWANCE: 01/01/2015

Unit Description						Rental Rates			Potential Income From Each Rate			Utility
Type	Size	HC	Rev	Unit	Number	Basic	Note	HUD	Basic	Note	HUD	Allowance
M	2	All			11	400	532	0	52,800	70,224	0	141
M	1	All			12	372	505	0	53,568	72,720	0	102
CURRENT RENT TOTALS									106,368	142,944	0	

EFFECTIVE DATE OF RENTS/UTILITY ALLOWANCE: 01/01/2015

Unit Description					Utility Types					
Type	Size	HC	Rev	Unit	Elect	Gas	Sewer	Trash	Other	Total Allow
M	2	All			131	0	5	0	0	141
M	1	All			86	0	8	0	0	102

B. PROPOSED CHANGE OF RENTS/UTILITY ALLOWANCE: 01/01/2016

Unit Description						Rental Rates			Potential Income From Each Rate			Utility
Type	Size	HC	Rev	Unit	Number	Basic	Note	HUD	Basic	Note	HUD	Allowance
M	2	All			11	400	532	0	52,800	70,224	0	141
M	1	All			12	372	505	0	53,568	72,720	0	102
PROPOSED RENT TOTALS									106,368	142,944	0	

EFFECTIVE DATE OF RENTS/UTILITY ALLOWANCE: 01/01/2016

Unit Description					Utility Types					
Type	Size	HC	Rev	Unit	Elect	Gas	Sewer	Trash	Other	Total Allow
M	2	All			131	0	5	0	0	141
M	1	All			92	0	5	0	0	102

Project Name: CHESTER APTS State: 10 Servicing Office: 606 County: 45
 Borrower Name: CHESTER LTD Borr ID: 139982974 Prj Nbr: 01-8 Paid Code: Active
 Classification: C Fiscal Year: 2016 Version: 01/01/2016 TRANSMITD Totals: By Project Analyzed: N

Item	Proposed Number Units/Items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total Cost	Total Actual Units/Items
Effective Dates:	01/01/2015	01/01/2016	01/01/2015	01/01/2016	01/01/2015	01/01/2015	01/01/2015
Ending Dates:	12/31/2015		12/31/2015		12/31/2015	12/31/2015	12/31/2015
ANNUAL CAPITAL BUDGET							
Appliances							
Appliances - Range	3	1,006.00	0.00	503.00	0.00	0.00	0
Appliances - Refrigerator	3	1,725.00	0.00	0.00	0.00	0.00	0
Appliances - Range Hood	0	0.00	0.00	0.00	0.00	0.00	0
Appliances - Washers @ Dryers	5	0.00	0.00	0.00	0.00	0.00	0
Appliances - Other	0	0.00	0.00	0.00	0.00	0.00	0
Carpet and Vinyl							
Carpet @ Vinyl - 1 Br.	2	1,300.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 2 Br.	2	1,950.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 3 Br.	0	0.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 4 Br.	0	0.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - Other	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets							
Cabinets - Kitchens	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets - Bathroom	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets - Other	0	0.00	0.00	0.00	0.00	0.00	0
Doors							
Doors - Exterior	0	0.00	0.00	0.00	0.00	0.00	0
Doors - Interior	0	0.00	0.00	0.00	0.00	0.00	0
Doors - Other	0	0.00	0.00	0.00	0.00	0.00	0
Window Coverings							
Window Coverings - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Window Coverings - Other	0	0.00	0.00	0.00	0.00	0.00	0
Heat and Air Conditioning							
Heat @ Air - Heating	1	2,100.00	0.00	0.00	0.00	0.00	0
Heat @ Air - Air Conditioning	1	2,100.00	0.00	0.00	0.00	0.00	0
Heat @ Air - Other	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing							
Plumbing - Water Heater	3	350.00	0.00	700.00	0.00	0.00	0
Plumbing - Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Faucets	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Toilets	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Other	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical							
Major Electrical - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical - Other	0	0.00	0.00	0.00	0.00	0.00	0
Structures							
Structures - Windows	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Screens	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Walls	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Roofing	0	3,500.00	0.00	0.00	0.00	0.00	0
Structures - Siding	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Exterior Painting	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Other	0	0.00	0.00	0.00	0.00	0.00	0

Project Name: CHESTER APTS State: 10 Servicing Office: 606 County: 45
 Borrower Name: CHESTER LTD Borr ID: 139982974 Prj Nbr: 01-8 Paid Code: Active
 Classification: C Fiscal Year: 2016 Version: 01/01/2016 TRANSMITD Totals: By Project Analyzed: N

Item	Proposed Number Units/Items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total Cost	Total Actual Units/Items
Effective Dates:	01/01/2015	01/01/2016	01/01/2015	01/01/2016	01/01/2015	01/01/2015	01/01/2015
Ending Dates:	12/31/2015		12/31/2015		12/31/2015	12/31/2015	12/31/2015
Paving							
Paving - Asphalt	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Concrete	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Seal and Stripe	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Other	0	0.00	0.00	0.00	0.00	0.00	0
Landscape and Grounds							
Lndscp@Grnds - Landscaping	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Lawn Equipment	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Fencin	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Recreation Area	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Signs	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Other	0	0.00	0.00	0.00	0.00	0.00	0
Accessibility Features							
Accessibility Features - Detail	0	5,000.00	0.00	0.00	0.00	0.00	0
Accessibility Features - Other	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equipment							
Automation Equip. -Site Mngt.	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equip. -Common Area	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equip. -Other	0	0.00	0.00	0.00	0.00	0.00	0
Other							
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
Total Capital Expenses	0	19,031.00	0.00	1,203.00	0.00	0.00	0

Project Name: CHESTER APTS	State: 10	Servicing Office: 606	County: 45
Borrower Name: CHESTER LTD	Borr ID: 139982974	Prj Nbr: 01-8	Paid Code: Active
Classification: C	Fiscal Year: 2016	Version: 01/01/2016 TRANSMITD	Totals: By Project Analyzed: N

Part VI - SIGNATURES, DATES AND COMMENTS

Warning	Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representation, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."
---------	---

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THAT THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

(Date Submitted)	HALLMARK GROUP REAL ESTATE (Management Agency)	MA202860 (MA#)
------------------	---	-------------------

(Date)	(Signature of Borrower or Borrower's Representative)
--------	--

(Title)	(Date)
Sandra R. Bryant Area Specialist	12-28-15
Agency Approval (Rural Development Approval Official):	(Date)

NOTE: Mgmt. did not respond to Request for more info.
However, Budget is approved since there's no change in cost. SB

Project Name: CHESTER APTS	State: 10	Servicing Office: 606	County: 45
Borrower Name: CHESTER LTD	Borr ID: 139982974	Prj Nbr: 01-8	Paid Code: Active
Classification: C	Fiscal Year: 2016	Version: 01/01/2016 TRANSMITD	Totals: By Project Analyzed: N

SPVS Comment:
Batched/ II 092515

Narrative:

BUDGET NARRATIVE

PROJECT NAME Chester Apartments

BORROWER NAME Chester Apartments, Ltd. BORROWER ID AND PROJECT NO 382520114- 017 Chester Apartments is a 24 unit community located in Chester, Georgia. In 2015 the property has a 94 % occupancy rate. All findings from previous years are being corrected as funds are available. The property has applied for an MPR loan, which will supply the funding to correct all findings. At this time the property is experiencing financial hardship due to deferred maintenance issues and increase cost of employee insurance. The property has experienced changes in project expenses or cash sources that exceed the tolerance threshold in the following areas O&M, maintenance supplies, this is due to deferred maintenance from previous years. It is expected that \$19,031.00 will be spent from the reserve account in 2016. For the following Accessible unit, hot water heaters, carpets, stoves, refrigerators and roof repair. An additional \$1203.00 will be spent from the operating reserve. Replacements for 2017 through 2019 are as follows 2017 - 2 carpets, 1 stove, 1 water heater, 1 refrigerator, 1 HVAC units, and roof replacement. 2018 - 2 carpets, 1 stove, 1 water heater, 1 refrigerator, 1 HVAC units. 2019 - 1 stove, 1 carpet, 1 water heater, 1 refrigerator, 2 HVAC units and roof replacement. NO Rent Increase is needed for 2016. There is no additional documentation necessary for the Agency to establish that applicable Agency requirements have been met.



VIA EMAIL ONLY

December 8, 2016

Mr. Martin H. Petersen
Hallmark Mgmt. Inc.
3111 Paces Mill Rd., Suite A-250
Atlanta, GA 30339

RE: Chester, Ltd. (Chester Apts)
2017 Proposed Budget

The above document has been reviewed and approved by our office. This is effective January 1, 2017.

The following items are noted:

1. The reserve account is on track and ahead of schedule.
2. The property has improved physically but has had issues with unsatisfactory vendor work. Additional maintenance is needed as funds are available.
3. Management Fee is approved at \$42.00 POU/Month as proposed on the budget.

Please call our office if you have any questions.

SANDRA R. BRYANT, Area Specialist
For: Ricky P. Sweat, Area Manager
USDA/Rural Development

Enclosures

Rural Development • Douglas Service Center
703 East Ward St., Douglas, GA 31533
sandra.bryant@ga.usda.gov, <http://www.rurdev.usda.gov/ga/>
Voice (912)384-4811, Ext 127 • TDD (770) 253-2555 • Fax (855)546-2690

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-8992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.



VIA EMAIL ONLY

December 8, 2016

Mr. Martin H. Petersen
Hallmark Mgmt. Inc.
3111 Paces Mill Rd., Suite A-250
Atlanta, GA 30339

RE: Rent Increase and Utility Allowance Change

You are hereby notified **CHESTER, LTD.; D/B/A CHESTER APTS** project(s), and considered all justifications provided by project management [and comments provided by tenants]. The Rural Development has approved the following rent (occupancy charge) and/or utility allowance rates listed below. The changes for all units will become effective on **JANUARY 1, 2017** or later effective date in accordance with state or local laws.

The change is needed for the following reasons:

The approved changes are as follows:

Unit Size	Present Rent (Occupancy Charge)		Approved Rent (Occupancy Charge)	
	Basic	Note Rate	Basic	Note Rate
1-Bedroom	\$372	\$505	\$384	\$517
2-Bedroom	\$400	\$532	\$412	\$544

The approved utility allowance changes are as follows:

Unit Size	Present Utility Allowance	Approved Utility Allowance
1-Bedroom	\$102	\$107
2-Bedroom	\$141	NO CHANGE

Should you have any questions or concerns, you may contact Rural Development. The Rural Development Servicing Office address is: 703 East Ward St., Douglas, GA 31533.

Rural Development • Douglas Service Center
703 East Ward St., Douglas, GA 31533
sandra.bryant@ga.usda.gov, <http://www.rurdev.usda.gov/ga/>
Voice (912) 384-4811, Ext 127 • TDD (770) 253-2555 • Fax (855) 546-2690

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

You must notify the tenants (members) of Rural Development's approval of the rent (occupancy charge) and utility allowance changes by posting this letter in the same manner as the "NOTICE TO TENANTS (MEMBERS) OR PROPOSED RENT (OCCUPANCY CHARGE) AND UTILITY ALLOWANCE CHANGE." This notification must be posted in a conspicuous place and cannot be substituted for the usual written notice to each individual tenant (member).

This approval does not authorize you to violate the terms of any lease (occupancy agreement) you currently have with your tenants (members).

For those tenants (members) receiving rental assistance (RA), their costs for rent (occupancy charge) and utilities will continue to be based on the higher of 30 percent of their adjusted monthly income or 10 percent of gross monthly income or if the household is receiving payments for public assistance from a public agency, the portion of such payments which is specifically designated by that agency to meet the household's shelter cost. If tenants are receiving Housing and Urban Development (HUD) Section 8 subsidy assistance, their costs for rent and utilities will be determined by the current HUD formula.

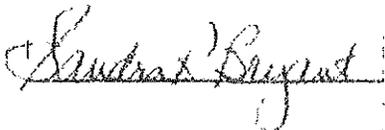
You may file an appeal regarding the rate and utility allowance change as approved. An appeal must be received in the Regional Office no later than 30 calendar days after receipt of the adverse decision. The appeal should state what agency decision is being appealed and should include, if possible, a copy of the adverse decision and a brief statement of why the decision is wrong. A copy of the appeal request should be sent to the agency.

You must inform the tenants (members) of their right to request an explanation of the rate and utility allowance change approval decision within 45 days of the date of this notice by writing to (Ricky P. Sweat, A.D., USDA/RD, 703 East Ward St., Douglas, GA 31533). All tenants (members) are required to pay the changed amount of rent (occupancy charge) as indicated in the notice of approval.

Any tenant who does not wish to pay the Rural Development approved rent changes may give the owner a 30-day notice that they will vacate. The tenant will suffer no penalty as a result of this decision to vacate, and will not be required to pay the changed rent.

However, if the tenant later decides to remain in the unit, the tenant will be required to pay the changed rent from the effective date of the changed rent.

Sincerely,



SANDRA R. BRYANT, Area Specialist
For: Ricky P. Sweat, Area Director
USDA/Rural Development

Project Name:	CHESTER APTS
Borrower Name:	CHESTER LTD
Borrower ID and Project No:	139982974 01-8
Date of Operation:	01/04/1985

Loan/Transfer Amount:	
Note Rate Payment:	
IC Payment:	\$1,616.17

Reporting Period

Annual
 Quarterly
 Monthly

Budget Type

Initial
 Regular Report
 Rent Change
 SMR
 Other Servicing

Project Rental Type

Family
 Elderly
 Congregate
 Group Home
 Mixed LH

Profit Type

Full Profit
 Limited Profit
 Non-Profit

I hereby request units of RA. Current number of RA units 17.

The following utilities are master metered:

Gas
 Electricity
 Water
 Sewer
 Trash
 Other

Borrower Accounting Method

Cash
 Accrual

Project Name: CHESTER APTS State: 10 Servicing Office: 606 County: 45
 Borrower Name: CHESTER LTD Borr ID: 139982974 Prj Nbr: 01-8 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 TRANSMITD Totals: By Project Analyzed: N

Item	Current Budget	Actual	Proposed Budget	Comment
Effective Dates:	01/01/2016	01/01/2016	01/01/2017	
Ending Dates:	12/31/2016	12/31/2016	12/31/2017	
PART I - CASH FLOW STATEMENT				
Operational Cash Sources				
1. Rental Income	106,168.00		109,680.00	
2. RHS Rental Assst. Received				
3. Application Fee Received				
4. Laundry And Vending	0.00		0.00	
5. Interest Income	24.00		12.00	
6. Tenant Charges	1,740.00		1,080.00	
7. Other - Project Sources	96.00		105.00	APT FEES
8. Less (Venc'y @ Cutgncy Allw)	-8,520.00		-10,968.00	
9. Less (Agency Apprvd Incentiv)	0.00		0.00	
10. Sub-Ttl [(1 thru 7) -(8+9)]	99,708.00		99,909.00	
Non-Operational Cash Sources				
11. Cash - Non Project	0.00		0.00	
12. Authorized Loan (Non-RHS)	0.00		0.00	
13. Transfer From Reserve	19,031.00		54,618.00	
14. Sub-Total (11 thru 13)	19,031.00		54,618.00	
15. Total Cash Sources (10+14)	118,739.00		154,527.00	
Operational Cash Uses				
16. Ttl O&M Exp (From Part II)	68,669.37		71,155.43	
17. RHS Debt Payment	19,394.04		19,394.04	
18. RHS Payment (Overage)				
19. RHS Payment (Late Fee)				
20. Reductn in Prior Yr Pybls				
21. Tenant Utility Payments				
22. Transfer to Reserve	8,616.00		6,021.00	
23. RTN Owner/MP Asset Mgt Fee	2,480.00		2,480.00	
24. Sub-Total (16 thru 23)	99,159.41		99,050.47	
Non-Operational Cash Uses				
25. Authzd Debt Pymnt (NonRHS)	0.00		0.00	
26. Capital Budget (III 4-6)	19,031.00		54,618.00	
27. Miscellaneous	0.00		0.00	
28. Sub-Total (25 thru 27)	19,031.00		54,618.00	
29. Total Cash Uses (24+28)	118,190.41		153,668.47	
30. Net (Deficit) (15-29)	548.59		858.53	
Cash Balance				
31. Beginning Cash Balance	5,334.00		10,492.45	
32. Accrual To Cash Adjustment				
33. Ending Cash Bal (30+31+32)	5,782.59		11,350.98	

Project Name: CHESTER APTS State: 10 Servicing Office: 606 County: 45
 Borrower Name: CHESTER LTD Borr ID: 139982974 Prj Nbr: 01-8 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 TRANSMITD Totals: By Project Analyzed: N

Item	Current Budget	Actual	Proposed Budget	Comment
Effective Dates:	01/01/2016	01/01/2016	01/01/2017	
Ending Dates:	12/31/2016	12/31/2016	12/31/2017	
PART II - O&M EXPENSE SCHEDULE				
1. Maint. @ Repairs Payroll	7,956.00		7,650.73	
2. Maint. @ Repairs Supply	8,220.00		8,360.00	
3. Maint. @ Repairs Contract	200.00		250.00	
4. Painting	800.00		1,000.00	
5. Snow Removal	0.00		0.00	
6. Elevator Maint./Contract	0.00		0.00	
7. Grounds	5,901.00		5,030.00	
8. Services	2,300.00		2,460.00	
9. Cptl Bgt(Part V operating)	1,203.00		3,160.00	
10. Other Operating Expenses	0.00		0.00	
11. Sub-Ttl O&M (1 thru 10)	26,580.00		28,110.73	
12. Electricity	2,952.00		2,460.00	
13. Water	180.00		189.00	
14. Sewer	120.00		156.00	
15. Fuel (Oil/Coal/Gas)	0.00		0.00	
16. Garbage @ Trash Removal	2,645.00		2,520.00	
17. Other Utilities	0.00		0.00	
18. Sub-Ttl Util. (12 thru 17)	5,897.00		5,325.00	
19. Site Management Payroll	5,134.53		5,853.58	
20. Management Fee	11,592.00		11,316.00	#42. approval mark
21. Project Auditing Expense	2,363.00		2,651.25	
22. Proj. Bookkeeping/Accounting	0.00		0.00	
23. Legal Expenses	384.00		280.00	
24. Advertising	350.00		575.00	
25. Phone @ Answering Service	1,500.00		1,500.00	
26. Office Supplies	1,333.00		1,540.00	
27. Office Furniture & Equip.	0.00		0.00	
28. Training Expense	215.00		220.00	
29. Hlth Ins. @ Other Benefits	2,405.26		2,548.94	
30. Payroll Taxes	1,107.95		1,421.14	
31. Workmans Compensation	162.20		501.91	
32. Other Admin. Expenses	875.00		1,135.00	MILEDGE, CREDIT CK, BANK CHG
33. Sub-Ttl Admin (19 thru 32)	27,821.94		29,550.82	
34. Real Estate Taxes	3,108.00		3,494.92	
35. Special Assessments	450.00		466.00	
36. Othr Taxes, License, Permits	538.20		411.00	BUSINESS SOFTWARE LIC
37. Property & Liability Ins.	4,274.23		3,796.96	
38. Fidelity Coverage Ins.	0.00		0.00	
39. Other Insurance	0.00		0.00	
40. Sub-Ttl Tx/In (34 thru 39)	8,370.43		8,168.88	
41. Ttl O&M Exps (11+18+33+40)	68,669.37		71,155.43	

Project Name: CHESTER APTS State: 10 Servicing Office: 606 County: 45
 Borrower Name: CHESTER LTD Borr ID: 139982974 Prj Nbr: 01-8 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 TRANSMITD Totals: By Project Analyzed: N

Item	Current Budget	Actual	Proposed Budget	Comment
Effective Dates:	01/01/2016	01/01/2016	01/01/2017	
Ending Dates:	12/31/2016	12/31/2016	12/31/2017	

PART III - ACCT BUDGET/STATUS

Reserve Account

1. Beginning Balance	35,726.26		56,712.84	
2. Transfer to Reserve	8,616.00		6,021.00	
Transfer From Reserve				
3. Operating Deficit	0.00		0.00	
4. Cptl Bgt (Part V reserve)	19,031.00		54,618.00	
5. Building @ Equip Repair	0.00		0.00	
6. Othr Non-Operating Expenses	0.00		0.00	
7. Total (3 thru 6)	19,031.00		54,618.00	
8. Ending Balance ((1+2)-7)	25,311.26		8,115.84	

General Operating Account

Beginning Balance				
Ending Balance				

Real Estate Tax And Ins Escrow

Beginning Balance				
Ending Balance				

Tenant Security Deposit Acct

Beginning Balance				
Ending Balance				

Number of Applicants on Waiting List	0	Reserve Acct. Req. Balance	19,871.43
Number of Applicants Needing RA		Amount Ahead/Behind	52,830.01

Project Name: CHESTER APTS State: 10 Servicing Office: 606 County: 45
 Borrower Name: CHESTER LTD Borr ID: 139982974 Prj Nbr: 01-8 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 TRANSMITD Totals: By Project Analyzed: N

PART IV RENT SCHEDULE

A. CURRENT APPROVED RENTS/UTILITY ALLOWANCE: 01/01/2016

Unit Description						Rental Rates			Potential Income From Each Rate			Utility
Type	Size	HC	Rev	Unit	Number	Basic	Note	HUD	Basic	Note	HUD	Allowance
M	2	All			11	400	532	0	52,800	70,224	0	141
M	1	All			12	372	505	0	53,568	72,720	0	102
CURRENT RENT TOTALS									106,368	142,944	0	

EFFECTIVE DATE OF RENTS/UTILITY ALLOWANCE: 01/01/2016

Unit Description					Utility Types					
Type	Size	HC	Rev	Unit	Elect	Gas	Sewer	Trash	Other	Total Allow
M	2	All			131	0	5	0	0	141
M	1	All			92	0	5	0	0	102

B. PROPOSED CHANGE OF RENTS/UTILITY ALLOWANCE: 01/01/2017

Unit Description						Rental Rates			Potential Income From Each Rate			Utility
Type	Size	HC	Rev	Unit	Number	Basic	Note	HUD	Basic	Note	HUD	Allowance
M	2	All			11	412	544	0	54,384	71,808	0	141
M	1	All			12	384	517	0	55,296	74,448	0	107
PROPOSED RENT TOTALS									109,680	146,256	0	

EFFECTIVE DATE OF RENTS/UTILITY ALLOWANCE: 01/01/2017

Unit Description					Utility Types					
Type	Size	HC	Rev	Unit	Elect	Gas	Sewer	Trash	Other	Total Allow
M	2	All			131	0	5	0	0	141
M	1	All			97	0	5	0	0	107

Project Name: CHESTER APTS State: 10 Servicing Office: 606 County: 45
 Borrower Name: CHESTER LTD Borr ID: 139982974 Prj Nbr: 01-8 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 TRANSMITD Totals: By Project Analyzed: N

Item	Proposed Number Units/Items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total Cost	Total Actual Units/Items
Effective Dates:	01/01/2016	01/01/2017	01/01/2016	01/01/2017	01/01/2016	01/01/2016	01/01/2016
Ending Dates:	12/31/2016		12/31/2016		12/31/2016	12/31/2016	12/31/2016
ANNUAL CAPITAL BUDGET							
Appliances							
Appliances - Range	3	1,272.00	0.00	0.00	0.00	0.00	0
Appliances - Refrigerator	2	1,256.00	0.00	0.00	0.00	0.00	0
Appliances - Range Hood	0	0.00	0.00	0.00	0.00	0.00	0
Appliances - Washers @ Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Appliances - Other	0	0.00	0.00	0.00	0.00	0.00	0
Carpet and Vinyl							
Carpet @ Vinyl - 1 Br.	4	1,660.00	0.00	1,660.00	0.00	0.00	0
Carpet @ Vinyl - 2 Br.	4	3,900.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 3 Br.	0	0.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - 4 Br.	0	0.00	0.00	0.00	0.00	0.00	0
Carpet @ Vinyl - Other	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets							
Cabinets - Kitchens	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets - Bathroom	0	0.00	0.00	0.00	0.00	0.00	0
Cabinets - Other	0	0.00	0.00	0.00	0.00	0.00	0
Doors							
Doors - Exterior	2	0.00	0.00	400.00	0.00	0.00	0
Doors - Interior	0	0.00	0.00	0.00	0.00	0.00	0
Doors - Other	0	0.00	0.00	0.00	0.00	0.00	0
Window Coverings							
Window Coverings - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Window Coverings - Other	0	0.00	0.00	0.00	0.00	0.00	0
Heat and Air Conditioning							
Heat @ Air - Heating	1	2,100.00	0.00	0.00	0.00	0.00	0
Heat @ Air - Air Conditioning	1	2,100.00	0.00	0.00	0.00	0.00	0
Heat @ Air - Other	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing							
Plumbing - Water Heater	3	550.00	0.00	1,100.00	0.00	0.00	0
Plumbing - Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Faucets	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Toilets	0	0.00	0.00	0.00	0.00	0.00	0
Plumbing - Other	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical							
Major Electrical - Detail	0	0.00	0.00	0.00	0.00	0.00	0
Major Electrical - Other	0	0.00	0.00	0.00	0.00	0.00	0
Structures							
Structures - Windows	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Screens	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Walls	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Roofing	0	19,780.00	0.00	0.00	0.00	0.00	0
Structures - Siding	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Exterior Painting	0	0.00	0.00	0.00	0.00	0.00	0
Structures - Other	0	0.00	0.00	0.00	0.00	0.00	0

Project Name: CHESTER APTS State: 10 Servicing Office: 606 County: 45
 Borrower Name: CHESTER LTD Borr ID: 139982974 Prj Nbr: 01-8 Paid Code: Active
 Classification: C Fiscal Year: 2017 Version: 01/01/2017 TRANSMITD Totals: By Project Analyzed: N

Item	Proposed Number Units/Items	Proposed From Reserve	Actual From Reserve	Proposed From Operating	Actual From Operating	Actual Total Cost	Total Actual Units/Items
Effective Dates:	01/01/2016	01/01/2017	01/01/2016	01/01/2017	01/01/2016	01/01/2016	01/01/2016
Ending Dates:	12/31/2016		12/31/2016		12/31/2016	12/31/2016	12/31/2016
Paving							
Paving - Asphalt	0	20,000.00	0.00	0.00	0.00	0.00	0
Paving - Concrete	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Seal and Stripe	0	0.00	0.00	0.00	0.00	0.00	0
Paving - Other	0	0.00	0.00	0.00	0.00	0.00	0
Landscapes and Grounds							
Lndscp@Grnds - Landscaping	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Lawn Equipment	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Fencin	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Recreation Area	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Signs	0	0.00	0.00	0.00	0.00	0.00	0
Lndscp@Grnds - Other	0	0.00	0.00	0.00	0.00	0.00	0
Accessibility Features							
Accessibility Features - Detail	0	2,000.00	0.00	0.00	0.00	0.00	0
Accessibility Features - Other	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equipment							
Automation Equip. -Site Mngt.	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equip. -Common Area	0	0.00	0.00	0.00	0.00	0.00	0
Automation Equip. -Other	0	0.00	0.00	0.00	0.00	0.00	0
Other							
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
List: ?	0	0.00	0.00	0.00	0.00	0.00	0
Total Capital Expenses	0	54,618.00	0.00	3,160.00	0.00	0.00	0

Project Name: CHESTER APTS	State: 10	Servicing Office: 606	County: 45
Borrower Name: CHESTER LTD	Borr ID: 139982974	Prj Nbr: 01-8	Paid Code: Active
Classification: C	Fiscal Year: 2017	Version: 01/01/2017 TRANSMITD	Totals: By Project Analyzed: N

SPVS Comment:
Batched/ II 092616/ II 120816

Narrative:

BUDGET NARRATIVE

PROJECT NAME Chester Apartments

BORROWER NAME Chester Apartments, Ltd. BORROWER ID AND PROJECT NO 382520114- 017 Chester Apartments is a 24 unit community located in Chester, Georgia. In 2016 the property has a 94 % occupancy rate. All findings from previous years are being corrected as funds are available. The property has applied for an MPR loan , which will supply the funding to correct all findings. At this time the property is experiencing financial hardship due to deferred maintenance issues and increase cost of employee insurance. The property has not experienced changes in project expenses or cash sources that exceed the tolerance threshold in any categories. It is expected that \$54,618.00 will be spent from the reserve account in 2017. for the following Accessible unit, a water heater, 2 HVAC, 3 carpets , 3 stoves, 2 refrigerators, 3 vinyl, asphalt paving and roof replacement of 2 buildings. An additional \$3,160.00 will be spent from the operating reserve for 1 carpet, 2 water heaters, 2 windows and 1 vinyl replacement. Replacements for 2018 through 2020 are as follows 2018 - 2 carpets, 1 stove, 1 water heater, 1 refrigerator, 1 HVAC units, and remaining 2 roof replacements. 2018 - 2 carpets, 1 stove, 1 water heater, 1 refrigerator, 1 HVAC units, playground equipment 2019 - 1 stove, 1 carpet, 1 water heater, 1 refrigerator, 2 HVAC units Management request a \$12.00 rent increase for the one & 2 bedroom units due to increasing maintenance and administrative cost for 2017 There is no additional documentation necessary for the Agency to establish that applicable Agency requirements have been met.

**MULTI-FAMILY PROJECT BORROWER'S/MANAGEMENT AGENT'S
MANAGEMENT CERTIFICATION**

Borrowers of multifamily housing loans are required by 7 C.F.R. §3560.102 (j) to submit certain data for review by the Servicing Official for approval of a new management agent. These requirements apply to all multifamily projects.

Effective Date (xx-xx-20xx): 01-01-2017

Project Name: Chester Apartments, L.P. Borrower Case# /Project ID: 10-045-139982974
City/State: Chester, GA

Acting on behalf of Chester Apartments, L.P., the project borrower (Borrower), and Hallmark Management, Inc., the management agent (Agent), make the following certifications and agreements to the United States Department of Agriculture regarding management of the above project.

1. We certify that:

- a. We will comply with Rural Development requirements and contract obligations, and agree that no payments have been made to the Borrower in return for awarding the management contract to the Agent, and that no such payments will be made in the future.
- b. We have executed or will execute, within 30 days a management agreement (Agreement) for this project. The Agreement provides that the Agent will manage the project for the term and for the Per Unit Per Month (PUPM) management fee described below. Changes in the management fee will be implemented only in accordance with Rural Development's requirements.

(1) Term of Agreement (xx-xx-20xx through xx-xx-20xx): 01-01-2017 until nullified

(2) Fees:

- a) PUPM fee as specified in HB-2-3560, Attachment 3-F, as revised, for the term specified above (applied to revenue producing occupied units only).
- b) PUPM fee is below the PUPM fee specified in HB-2-3560, Attachment 3-F, as revised, for the term specified above (applied to revenue producing occupied units only)
Fee Amount: \$ 42.00 SB
- c) Add-On Fees as specified in HB-2-3560, Check all that apply. Include total add-on fees below. (applied to all revenue producing units regardless of occupancy)
 - Management of properties with 15 units or less.
 - One project that has buildings located on different noncontiguous parcels of land (i.e. across town or in another town).
 - Management of properties in a remote location.
 - Troubled properties with workout plans and new management only.

c. We will disburse management fees from project income only after:

- (1) We have submitted this certification to Rural Development:
- (2) Rural Development has approved the Agent to manage this project

d. We understand that no fees may be earned or paid after Rural Development has terminated the Agreement

e. If Rural Development notifies me of a management fee above that listed in HB-2-3560; Attachment 3-F the Agent will within 30 days of the notice either:

- (1) Reduce the compensation to an amount Rural Development determines to be reasonable and
- (2) Require the Agent to refund to the project all excessive fees collected, or
- (3) Appeal the decision and abide by the results of the appeal process, making any required reductions and refunds within 30 days after the date of the decision letter on the appeal.

2. We will select and admit tenants, compute tenant rents and assistance payments, recertify tenants and carry out other subsidy contract administrative responsibilities in accordance with HB-2-3560 and Rural Development regulations.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0375-0189. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

3. We agree to:
 - a. Comply with this project's Mortgage and Promissory Note, and Loan Agreement/Resolution or Workout Agreement.
 - b. Comply with Rural Development Handbooks and other policy directives that relate to the management of the project.
 - c. Comply with Rural Development requirements regarding payment and reasonableness of the management fee and the project account.
 - d. Refrain from purchasing goods or services from entities that have identity of interest with us unless the requirements of 7C.F.R. §3560.102(g) are met.
4. The Agent agrees to:
 - a. Ensure that all expenses of the project are reasonable and necessary.
 - b. Exert reasonable effort to maximize project income and to take advantage of discounts, rebates and similar money-saving techniques.
 - c. Obtain contracts, materials, supplies and services including the preparation of the annual financial reports on terms most advantageous to the project.
 - d. Credit the housing project with all discounts, rebates or commissions including any sales or property tax relief granted by the State or local government received.
 - e. Obtain the necessary verbal or written cost estimates and document reasons for accepting other than the lowest bid.
 - f. Maintain copies of the documentation and make such documentation available for inspection during normal business hours.
 - g. Invest project funds that Rural Development policies require to be invested and take reasonable effort to invest other project funds unless the Borrower specifically directs the Agent not to invest those funds.
5. We certify that the types of insurance policies checked below are enforceable and will be maintained to the best of our ability at all times. Fidelity bonds and hazard insurance policies will name Rural Development as co-payee in the event of loss. Note: for any box not checked, Rural Development may require an explanation as to why a certain type of insurance was not obtained.
 - a. Fidelity bond or employee dishonesty coverage for:
 - (1) all principals of the Agent and
 - (2) all persons who participate directly or indirectly in the management or maintenance of the project and its assets, accounts and records.
 - b. Hazard insurance coverage required by 7 C.F.R. §3560.105.
 - c. Public liability insurance required by 7 C.F.R. §3560.105.
 - d. Other (specify) as may be required by 7 C.F.R. §3560.105.
6. The Agent agrees to:
 - a. Furnish a written response to Rural Development's supervisory visit review reports, physical inspection reports, and written inquiries regarding the project's annual financial statements or monthly accounting reports within 30 days after receipt of the report or inquiry.
 - b. Establish and maintain the project's accounts, books and records in accordance with:
 - (1) Rural Development's administrative requirements; and
 - (2) Accounting principles under 7 C.F.R. §3560.302(b).
7. We agree that:
 - a. All records related to the operation of the project, regardless of where they are housed, shall be considered the property of the project.
 - b. Rural Development, the Office of Inspector General (OIG), and those agencies' representatives may inspect:
 - (1) Any records which relate to the project's purchase of goods or services,
 - (2) The records of the Borrower and the Agent, and
 - (3) The records of companies having an identity-of-interest with the Borrower, Rural Development and the Agent.
 - c. The following clause will be included in any contract entered into with an identity-of-interest individual or business for the provision of goods or services to the project:

"Upon request by Rural Development, the Borrower or Agent, the contractor or the supplier will make available to Rural Development at a reasonable time and place, its records and records of identity-of-interest companies which relate to goods and services charged to the project. Records and information will be sufficient to permit Rural Development to determine the services performed, the dates the services were performed, the location at which the services were performed, the time consumed in providing the services, the charges made for materials, and the per unit and total charges levied for said services." The Borrower agrees to request from the contractor or supplier such records within seven (7) days of receipt of Rural Development's request.
8. We agree to include the following provisions in the Agreement and to be bound by them:

- a. Rural Development has the right to terminate the Agreement for failure to comply with the provisions of this Certification, or other good cause.
 - b. If Rural Development exercises this right of termination, I, the Borrower, agree to promptly make arrangements for providing management to the property that is satisfactory to Rural Development.
 - c. If there is a conflict between the Agreement and Rural Development's rights and requirements, Rural Development's rights and requirements will prevail.
 - d. If the Agreement is terminated, I, the Agent, will give to the Borrower all of the project's cash, trust accounts, investments and records within 30 days of the date the Agreement is terminated.
9. I, the Borrower, agree to submit a new management certification to Rural Development before taking any of the following actions:
- a. Authorizing the agent to collect a fee different from the fees specified in Paragraph 1 of this Certification.
 - b. Changing the expiration date of the Agreement;
 - c. Renewing the Agreement;
 - d. Permitting a new Agent to operate the project;
 - e. Permitting a new Agent to collect a fee;
 - f. Undertaking self-management of the project.
10. We agree to:
- a. Comply with all Federal, State, or local laws prohibiting discrimination against any persons on grounds of race, color, creed, familial status, handicap, sex or national origin, including Title VI of the Civil Rights Act of 1964, Fair Housing Act, Executive Order 11063 and all regulations implementing those laws.
 - b. When the head of household or spouse is otherwise eligible, give families with children equal consideration for admission.
 - c. Give handicapped persons priority for subsidized units that were built and equipped specifically for the handicapped.
 - d. The project will comply with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975 and all regulations and administrative instructions implementing these laws. The Agent understands that these laws and regulations prohibit discrimination against applicants or tenants who are handicapped or of a certain age.
 - e. Furnish Rural Development any reports and information required to monitor the project's compliance with Rural Development's fair housing and affirmative marketing requirements.
 - f. Not discriminate against any employee, applicant for employment or contractor because of race, color, handicap, religion, sex or national origin.
 - g. Provide minorities, women, and socially and economically disadvantaged firms equal opportunity to participate in the project's procurement and contracting activities.
11. We certify that we have read and understand Rural Development's definition of "identity-of-interest" as defined in 7 C.F.R. §3560.11 and that the statement(s) checked and information entered below is true.
- a. No identity-of-interest exists among the Borrower, the Agent and any individuals or companies that regularly do business with the project, or
 - b. Only the individuals and companies listed on Form RD 3560-31 have an identity-of-interest with the Borrower or the Agent.
12. The items checked below are attached:
- a. Management Plan
 - b. Identity-of-Interest (IOI) Disclosure Qualification Certificate or Certification of No Identity-of-Interest (IOI)
 - c. Other (Specify):

Warnings:

There are fines and imprisonment for anyone who makes false, fictitious, or fraudulent statements or entries in any matter within the jurisdiction of the Federal Government (18 U.S.C. 1001).

There are fines and imprisonment for anyone who misuses rents and proceeds in violation of Rural Development regulations relative to this project. (Section 543 of the Housing Act of 1949).

Rural Development may seek a "double damages" civil money damages remedy for the use of assets or income in violation of any Loan Agreement/Resolution or any applicable Rural Development regulations.

Rural Development may seek additional civil money penalties to be paid by the mortgagor through personal funds pursuant to 7 C.F.R. §3560.461(b). The penalties could be as much as \$50,000 per violation (Section 543 (b) of the Housing Act of 1949).

**By Project Borrower: Chester Apartments, L.P.
Hallmark Group Services of GA II, LLC.**
Name/Title: By: Martin H. Petersen, Managing Member
Signature: *Martin H. Petersen* Date: 9/26/2016

By Management Agent: Hallmark Management, Inc.
Name/Title: Norine Lewis, Vice President
Signature: *Norine Lewis* Date: 9/26/2016

By Servicing Official:
Name/Title:
Signature: *Sandra L. Bryant* 10-27-16
Area Specialist

ESTIMATE AND CERTIFICATE OF ACTUAL COST

This form is to be used by the contractor and borrower to estimate the cost of construction and total PROJECT NUMBER (Borrower ID Number) development cost, or to certify the actual cost of project construction and development.

--

BORROWER/OWNER-BUILDER	CONTRACTOR
NAME OF PROJECT	LOCATION

This certificate is made pursuant to existing regulations of the United States of America acting through the Rural Development in order to induce the Government to provide or extend assistance. As part of that inducement, the following certifications are made:

Check and Complete Applicable Box:

A. ESTIMATE

I certify that the estimates of costs as set forth through line 44 in the ESTIMATED COST column are true and correct as computed by me _____ or as given to me by the subcontractors or payees named, as general contractor or owner-builder for the development of the project described above, as determined from the plans and specifications accepted, signed and dated by the Rural Development State Director of Rural Development or the State Directors's delegated representative, on _____ 20____. As borrower or owner-builder for the development of the project described above, I certify that the estimates of cost as set forth from line 44 in the ESTIMATED COST column are true and correct as computed by me or as given to me by the subcontractors or payees named. Subsequent to this estimate and prior to final payment, when directed by Rural Development, I agree to furnish a certification of actual cost. The estimate and the final certification will be in accordance with Rural Development regulations requiring estimates and certifications.

B. ACTUAL COST

I certify that the actual cost of labor, materials, and necessary services for the construction of the physical improvements in connection with the project described above, after deduction of all rebates, adjustments, or discounts made or to be made to the undersigned borrower or general contractor, or any corporation, trust partnership, joint venture, or other legal or business entity in which the undersigned borrower or general contractor, or any of their members, stockholders, officers, directors, beneficiaries, or partners hold any interest, is as represented herein. The deduction of such rebates, adjustments, or discounts from actual hard costs will not be used to increase builder's profit over and above the final estimated amount. I further certify that all soft costs associated with construction of the project as set forth on lines 45 through 57 are correct as represented herein.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0042. The time required to complete this information collection is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Line	Div	Trade Item	Estimated Cost	Actual Cost		Name of Subcontractor or Payee	101 *
				Paid	To Be Paid		
1	3	Concrete					
2	4	Masonry					
3	5	Metals					
4	6	Rough Carpentry					
5	6	Finish Carpentry					
6	7	Waterproofing					
7	7	Insulation					
8	7	Roofing					
9	7	Sheet Metal					
10	8	Doors					
11	8	Windows					
12	8	Glass					
13	9	Drywall					
14	9	Tile Work					
15	9	Acoustical					
16	9	Resilient Flooring					
17	9	Painting and Decorating					
18	10	Specialties					
19	11	Special Equipment					
20	11	Cabinets					
21	11	Appliances					
22	12	Blinds and Shades, Artwork					
23	12	Carpets					
24	13	Special Construction					
25	14	Elevators					
26	15	Plumbing and Hot Water					
27	15	Heat and Ventilation					
28	15	Air Conditioning					
29	16	Electrical					
30	2	Earth Work					
31	2	On-Site Utilities					
32	2	Roads and Walks					
33	2	On-Site Improvements					
34	2	Lawns and Planting					
35	2	Unusual On-Site Conditions					
36	2	Off-Site Development					
37		Miscellaneous (Labor and Materials)					
38		Total Hard Costs					
39	1	General Requirements	*				
40		General Overhead	*				
41		Other Fees Paid By Contractor	*				
42		Total Costs					

NOTE: (If additional space is required for these other items, append Rider thereto, with references and initial. When more than one subcontractor is performing a trade item, the attached work sheet must be completed giving the information indicated.) Form RD 1924-13 (Rev. 12-98)

* Breakdown on page 4.

CONTRACTOR'S AND BORROWER'S ESTIMATE AND CERTIFICATE OF ACTUAL COST						
Line	Trade Item	Estimated Cost	Paid	Actual Cost To Be Paid	Total	Name of Subcontractor or Payee
	Balance Brwt. Forward (line 42)					
43	Builder's Profit					
44	Total Construction Cost					
45	Architectural Fees					
46	Survey and Engineering					
47	Financing Costs Loan Fees					
48	Interest During Construction					
49	Closing Costs & Legal Fees					
50	Land Cost or Value					
51	Nonprofit O&M Capital					
52	Tap and or Impact Fees					
53	Tax Credit Fees					
54	Environmental Fees					
55	Market Study Cost					
56						
57						
58	Total Development Cost					

"Whoever, in any matter, with the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations; or makes or uses any false writing or statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

WARNING: Section 1001 of Title 18, United States Code provides: Furthermore, submission of false information relating to the content of this Estimate and Certificate of Actual Cost will subject the submitter to any and all administrative remedies available to USDA. Such remedies may include suspension and debarment from participating in any Rural Development or other Federal program.

The undersigned hereby certifies that: *(check as appropriate)*

There has not been and is not now any identity of interest between or among the borrower and/or general contractor on the one hand and any subcontractor, material supplier, equipment lessor, or payee on the other (including any of their members, officers, directors, beneficiaries, or partners).

Attached to and made part of this certificate is a signed statement fully describing any rebates, adjustments, discounts, or any other devices which may have or have had the effect of reducing cost, and all amounts shown above as "to be paid in cash" will be so paid within forty-five (45) days.

ESTIMATES:

Date _____

Date _____

Lines I through 44 *(Name of Contractor)*

Lines 44 through 58 *(Name of Mortgagor)*

By: _____
(Signature)

By: _____
(Signature)

Title: _____

Title: _____

ACTUAL

Date _____

Date _____

Lines I through 44 *(Name of Contractor)*

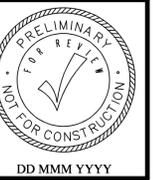
Lines 44 through 58 *(Name of Mortgagor)*

By: _____
(Signature)

By: _____
(Signature)

Title: _____

Title: _____



CHESTER APARTMENTS RENOVATION

Chester,

Georgia

PROJECT INFORMATION

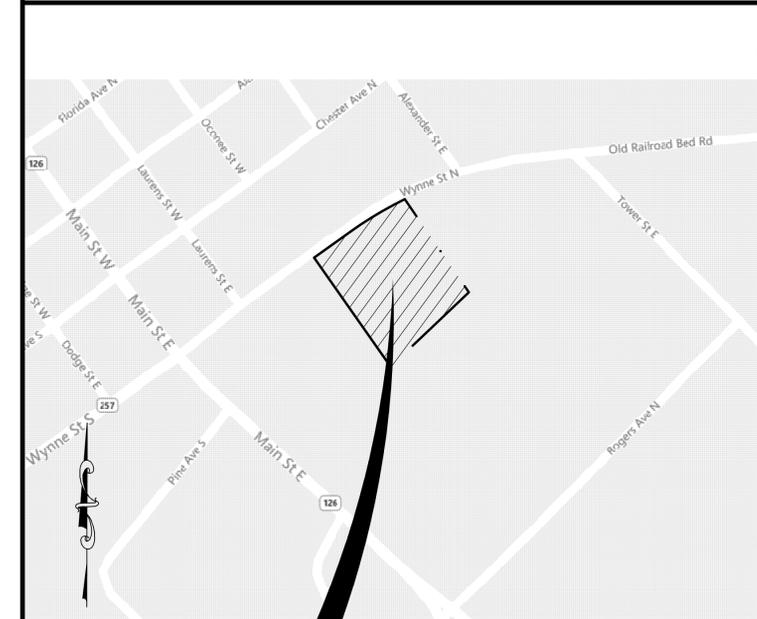
SITE DATA	
SITE ZONING:	EXISTING TO REMAIN
SITE SIZE:	EXISTING TO REMAIN
SITE DENSITY:	EXISTING TO REMAIN
NO. OF PARKING SPACES:	(34) TYPICAL + (2) ACC. + (1) VAN ACC. = (37) TOTAL
BUILDING DATA	
RENTAL UNITS BY BUILDING:	BLDG. A = (3) TYP. 1-BR UNITS, (1) AUDIO/VISUAL 1-BR UNIT; BLDG. B = (6) TYP. 2-BR-TH UNITS; BLDG. C = (3) TYP. 1-BR UNITS, (1) UFAS 1-BR UNIT; BLDG. D = (6) TYP. 2-BR-TH UNITS; BLDG. E = (3) TYP. 1-BR UNITS, (1) UFAS 1-BR UNIT
RENTAL UNITS BY TYPE:	(10) TYP. 1-BR UNITS; (1) UFAS 1-BR UNIT; (1) AUDIO/VISUAL 1-BR UNIT; (12) TYP. 2-BR-TH UNITS
TOTAL RENTAL UNITS:	(24) TOTAL UNITS
NO. & MIX OF UNITS:	(12) 1-BR UNITS; (12) 2-BR UNITS
DWELLING UNIT AREA:	(10) TYP. 1-BR UNITS @ 674 SF = 6,740 SF; (1) UFAS 1-BR UNIT @ 674 SF = 674 SF; (1) AUDIO/VISUAL 1-BR UNIT @ 674 SF = 674 SF; (12) TYP. 2-BR-TH UNITS @ 910 SF = 10,920 SF; 19,008 TOTAL SF DWELLING AREA
NON-DWELLING UNIT AREA:	480 SF (OFFICE/LAUNDRY/MAINT. BUILDING)
TOTAL BUILDING AREA:	19,488 SF (GROSS)
TOTAL ACTUAL AREA:	BLDG. A = 2,696 SF; BLDG. B = 5,460 SF; BLDG. C = 2,696 SF; BLDG. D = 5,460 SF; BLDG. E = 2,696 SF; OLM BLDG. = 480 SF

INDEX TO DRAWINGS

0.0	COVER SHEET
A51.0	ARCHITECTURAL SITE PLAN
A1.0	BUILDING PLANS
A1.1	TYP. 1-BR, UFAS 1-BR, CONVERTED UFAS 1-BR DEMO & RENO PLANS, & BLDG. KEY
A1.2	2-BR TH & OLM DEMO & RENO PLANS
A3.0	EXTERIOR ELEVATIONS

ARCHITECT'S JOB NO. 3425

PROJECT LOCATION MAP



SITE: 400 Wynne Avenue
Chester, GA 31012

SIGNATURE AREAS

NOTE: PROJECT CONSTRUCTION MUST BE IN COMPLIANCE WITH ALL APPLICABLE CODES, ORDINANCES, LAWS, AND REGULATIONS AS ENUMERATED ELSEWHERE IN THE PLANS AND SPECIFICATIONS.

ARCHITECT: WALLACE ARCHITECTS, L.L.C.
302 CAMPUSVIEW DRIVE SUITE 208, COLUMBIA, MO 65201

BY: _____ DATE: _____

OWNER: _____

BY: _____ DATE: _____

CONTRACTOR: _____

BY: _____ DATE: _____

BY: _____ DATE: _____

PM: ZW

PC: JL

PLAN SET NO. _____

REVIEW SET

MATERIAL SQ. FT. DISCLAIMER:

SQUARE FOOTAGE CALCULATION OF FINISH MATERIALS ARE BASED ON EXISTING LAYOUTS & INFORMATION IN PART AS PROVIDED BY OTHERS. THESE NUMBERS ARE NOT TO BE UTILIZED FOR BIDDING PURPOSES. WHILE THIS INFORMATION IS BELIEVED TO BE RELIABLE THE ARCHITECT ASSUMES NO RESPONSIBILITY FOR THE ACCURACY. CONTRACTORS SHALL PERFORM INDEPENDENT FIELD VERIFICATION FOR SITUATIONAL DEPENDANT ACCURACY.

CHESTER APARTMENT RENOVATION
CHESTER, DODGE COUNTY, GA

Wallace
ARCHITECTS, L.L.C.
Columbia, MO
P 573-2567-200

WALLACE ARCHITECTS, L.L.C.

COPYRIGHT © 2017

1ST ISSUE
XX XXX XXXX

REVISIONS	
△	_____
△	_____
△	_____
△	_____

SHEET NO.

0.0

JOB NO.
3425

PRELIMINARY NOT FOR CONSTRUCTION, RECORDING PURPOSES OR IMPLEMENTATION

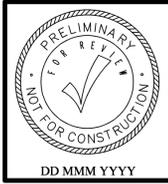
PRELIMINARY NOT FOR CONSTRUCTION, RECORDING PURPOSES OR IMPLEMENTATION

PRELIMINARY NOT FOR CONSTRUCTION, RECORDING PURPOSES OR IMPLEMENTATION

NOTE:
CONTRACTOR SHALL FIELD VERIFY ALL
DIMENSIONS AND MEASUREMENTS.

LEGEND

- AREAS OF NEW CONCRETE SIDEWALK / SURFACE
- EXISTING LIGHT POLE
- ACCESSIBLE ROUTE (2% CROSS SLOPE MAX, 5% RUNNING SLOPE MAX, REPLACE AS REQUIRED.)
- EXISTING MANHOLE
- EXISTING FIRE HYDRANT
- EXISTING CONTOUR & ELEV.
- CENTERLINE DRAINAGE



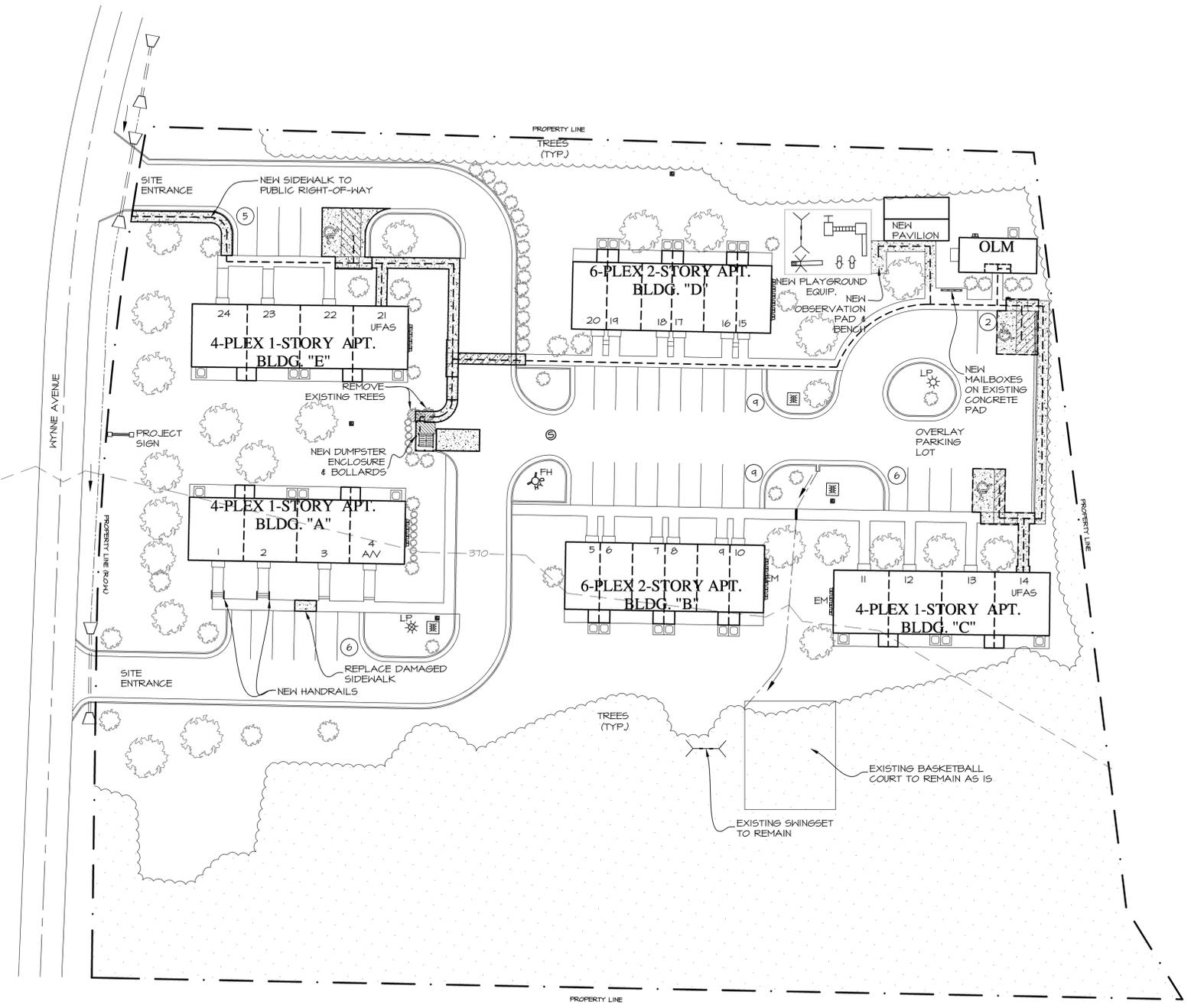
NOTE, INSTALL NEW HANDRAILS AS NOTED AND ON ACCESSIBLE ROUTES EXCEEDING 5% BUT LESS THAN 8.33% SLOPE. 5'-0" LANDING REQUIRED AT TOP AND BOTTOM OF RAMP.

NOTE, APARTMENT NUMBERS ARE TO BE FIELD VERIFIED BY GENERAL CONTRACTOR, ARCHITECT TO BE NOTIFIED OF ANY DISCREPANCY PRIOR TO FINAL PRODUCTION / INSTALLATION

- ACCESSIBILITY NOTES**
- SIDEWALK SHALL NOT EXCEED 5% (1'-0" IN 20'-0") SLOPE WITH A 2% (1'-0" IN 50'-0") CROSS-SLOPE AND SHALL BE 4' WIDE EXCEPT AS NOTED ON SITE PLAN. PROVIDE STAIRS, RAMPS, CURBS, ETC., AS NOTED AND DETAILED.
 - PARKING AREAS AND ACCESSIBLE SPACES AND ACCESSIBLE ROUTES SHALL NOT EXCEED A 2% (1'-0" IN 50'-0") SLOPE IN ANY DIRECTION. OTHER PORTIONS OF THE ACCESSIBLE ROUTE SHALL NOT EXCEED A 5% (1'-0" IN 20'-0") LONGITUDINAL SLOPE NOR A 2% (1'-0" IN 50'-0") CROSS-SLOPE.

- POLLUTION / EROSION CONTROL NOTES:**
- DUST ON SITE SHALL BE CONTROLLED. THE USE OF MOTOR OILS AND OTHER PETROLEUM BASED OR TOXIC LIQUIDS FOR DUST SUPPRESSION OPERATIONS IS PROHIBITED.
 - SUFFICIENT OIL AND GREASE ABSORBING MATERIALS AND FLOATATION BOOMS SHALL BE MAINTAINED ON SITE OR READILY AVAILABLE TO CONTAIN AND CLEAN-UP FUEL OR CHEMICAL SPILLS AND LEAKS.
 - ACTIVE UNDERGROUND PIPES, CONDUITS, OR OTHER UTILITIES OF ANY TYPE, WHETHER INDICATED ON THE DOCUMENTS OR NOT, MUST BE PROTECTED BY THE CONTRACTOR DURING THE COURSE OF THE WORK AND REMAIN ACTIVE, UNLESS OTHERWISE NOTED.
 - CONTRACTOR SHALL PROTECT ALL EXISTING ON-SITE STORMWATER INLET STRUCTURES AND SHALES. A THROUGHOUT THE CONSTRUCTION PHASE WITH TEMPORARY STORMWATER SEDIMENT COLLECTION BAGS ON ALL INLET SIDES OR SEDIMENT BARRICADE AT PROPERTY LINE WHERE SHALES CONNECT TO EXISTING CITY DRAINAGE. STORM WATER PROTECTION SHALL REMAIN IN PLACE AND BE MONITORED TO MAINTAIN QUALITY OF PROTECTION MEASURES THROUGHOUT THE CONSTRUCTION PHASE.
 - ALL MATERIALS SPILLED, DROPPED, WASHED, OR TRACKED FROM VEHICLES ONTO ROADWAYS OR INTO STORM DRAINS MUST BE REMOVED IMMEDIATELY. CONTRACTORS OR SUBCONTRACTORS WILL BE RESPONSIBLE FOR REMOVING SEDIMENT THAT MAY HAVE COLLECTED IN ANY STORM SEWER DRAINAGE SYSTEM IN CONJUNCTION WITH THE STABILIZATION OF THE SITE.
 - ALL CONSTRUCTION SHALL BE STABILIZED AT THE END OF EACH WORKING DAY. THIS INCLUDES BACKFILLING OF TRENCHES FOR UTILITY CONSTRUCTION AND PLACEMENT OF GRAVEL OF BITUMINOUS PAVING FOR ROADS.
 - CONTRACTOR SHALL IMPLEMENT BEST MANAGEMENT PRACTICES AND SHALL CONFORM TO THE FEDERAL, STATE AND LOCAL REQUIREMENTS AND MANUALS OF PRACTICE. AS APPLICABLE CONTRACTOR SHALL IMPLEMENT ADDITIONAL CONTROLS AS DIRECTED BY PERMITTING AGENCY OR OWNER.
 - CONFLICTING AND / OR UNFORESEEN FIELD CONDITIONS SHALL BE BROUGHT TO THE ATTENTION OF THE GENERAL CONTRACTOR - WHO SHALL NOTIFY THE ARCHITECT IMMEDIATELY FOR RESOLUTION PRIOR TO PROCEEDING.

- SITE UTILITY NOTES**
- ALL EXISTING SITE UTILITIES ARE PRESUMED TO BE FUNCTIONING PROPERLY AND ARE FREE OF LEAKS, BLOCKAGES, DEBRIS, ETC.
 - ALL EXISTING UNITS AND/OR BUILDINGS ARE PRESUMED TO HAVE PROPERLY SEALED, CONNECTED, AND WORKING VALVES, SHUT-OFFS, MANIFOLDS, ETC.
 - THE EXISTING WATER PRESSURE IS PRESUMED TO BE AT AN ACCEPTABLE LEVEL AND/OR PRESSURE REDUCING VALVES (PRVs) HAVE BEEN PREVIOUSLY INSTALLED WHERE NECESSARY. THESE ITEMS WILL BE INSPECTED DURING THE COURSE OF THE REHAB AND ANY NECESSARY REPAIRS, REPLACEMENTS, AND/OR ADDITIONS WILL BE COMPLETED AND REFLECTED ON A CHANGE ORDER.
 - BACKFLOW PREVENTION DEVICES AND/OR PRESSURE REDUCING VALVES ARE PRESUMED TO BE EXISTING, FUNCTIONING PROPERLY, AND ARE NOT INCLUDED IN THIS SCOPE OF WORK.
 - SANITARY SEWER MAINS AND LATERALS ARE PRESUMED TO BE FREE OF OBSTRUCTIONS AND CURRENTLY FUNCTIONING PROPERLY. ANY DISCOVERED ISSUES SHALL BE INSPECTED AND REQUIRED MEASURES WILL BE PERFORMED TO RESTORE PROPER DRAINAGE AND WILL BE REFLECTED ON A CHANGE ORDER.



ARCHITECTURAL SITE PLAN
SCALE: 1" = 30'-0"



PRELIMINARY NOT FOR CONSTRUCTION, RECORDING PURPOSES OR IMPLEMENTATION

CHESTER APARTMENT RENOVATION
CHESTER, DODGE COUNTY, GA

Wallace
ARCHITECTS, L.L.C.
Columbia, MO
P 573-2567-200

WALLACE ARCHITECTS, L.L.C.

COPYRIGHT © 2017
1ST ISSUE
XX XXX XXXX

REVISIONS

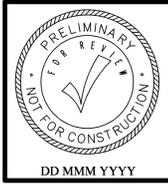
△	
△	
△	
△	

SHEET NO.
AS1.0

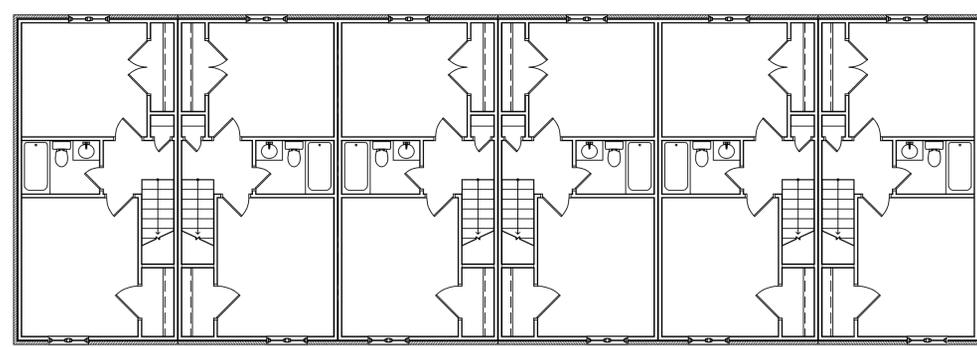
JOB NO.
3425

REVIEW SET

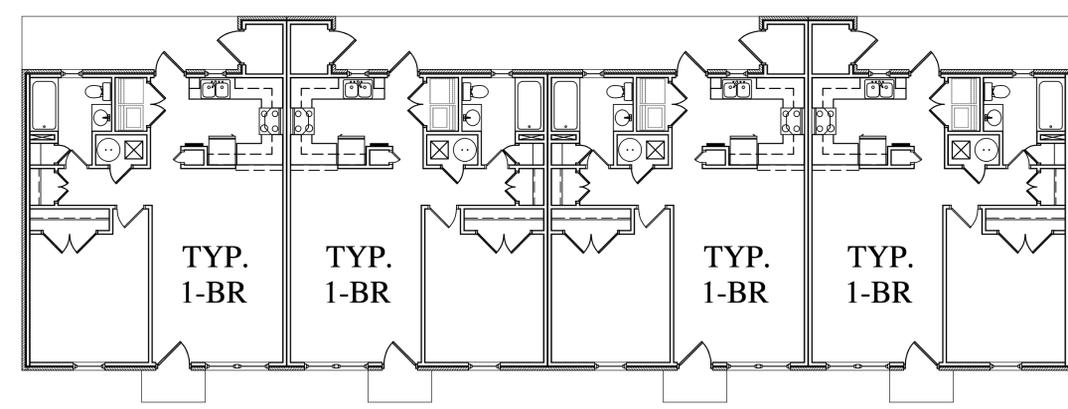
NOTE:
CONTRACTOR SHALL FIELD VERIFY ALL
DIMENSIONS AND MEASUREMENTS.



PRELIMINARY NOT FOR CONSTRUCTION, RECORDING PURPOSES OR IMPLEMENTATION

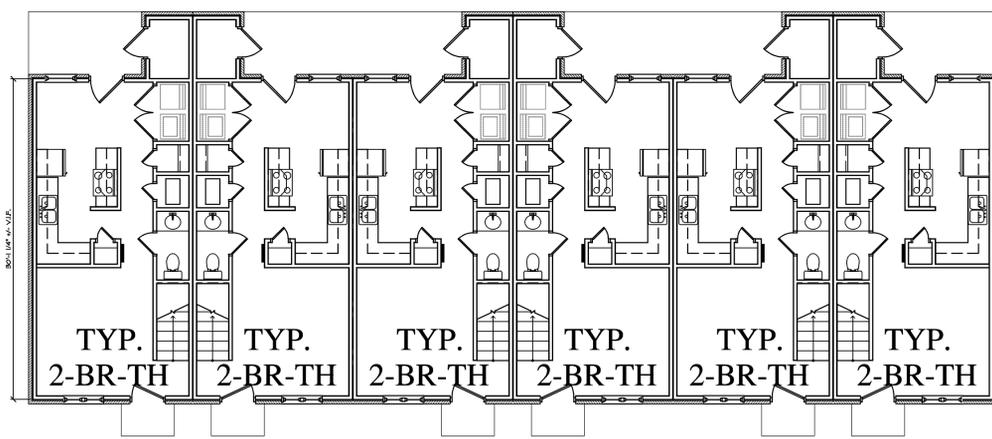


SECOND FLOOR



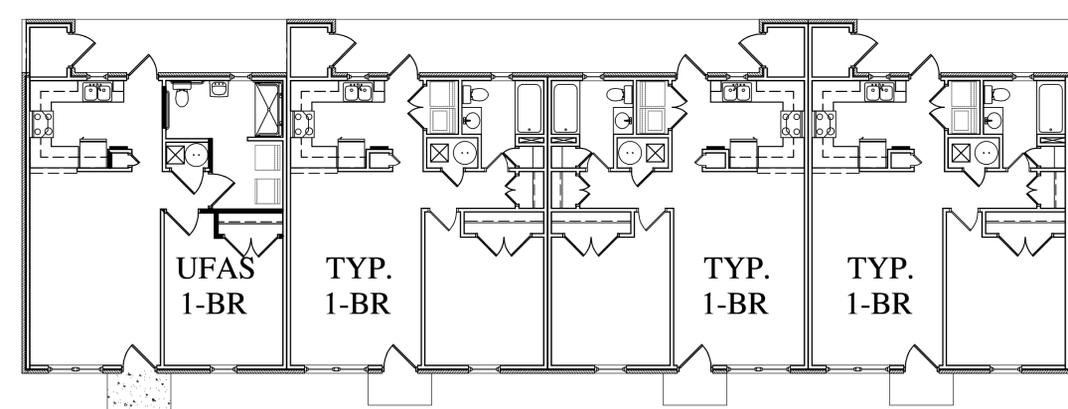
BUILDING "A" FLOOR PLAN
SCALE: 1/8" = 1'-0"

1
A1.0



BUILDINGS "B & D" FLOOR PLAN
SCALE: 1/8" = 1'-0"

2
A1.0



BUILDINGS "C & E" FLOOR PLAN
SCALE: 1/8" = 1'-0"

3
A1.0

REVIEW SET

CHESTER APARTMENT RENOVATION
CHESTER, DODGE COUNTY, GA



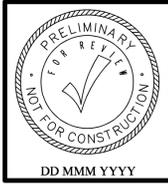
COPYRIGHT © 2017
1ST ISSUE
XX XXX XXXX

REVISIONS	
△	_____
△	_____
△	_____
△	_____

SHEET NO.
A1.0

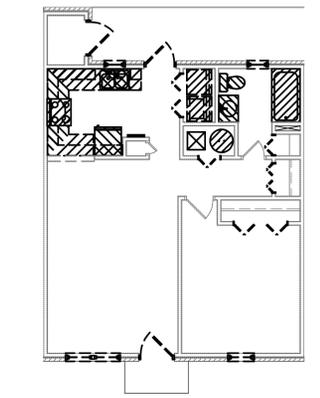
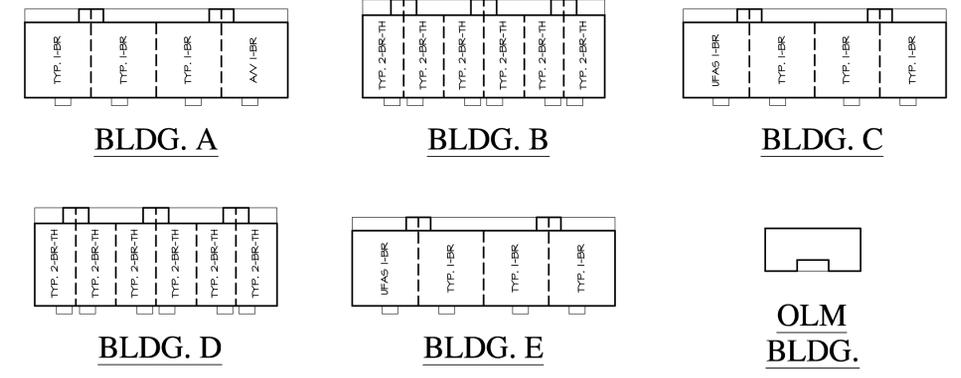
JOB NO.
3425

NOTE:
CONTRACTOR SHALL FIELD VERIFY ALL
DIMENSIONS AND MEASUREMENTS.

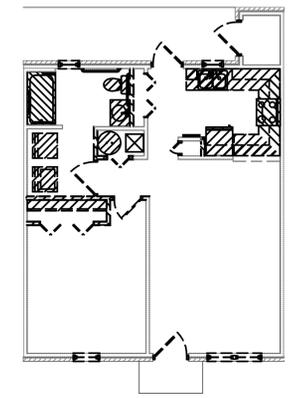


PRELIMINARY NOT FOR CONSTRUCTION, RECORDING PURPOSES OR IMPLEMENTATION

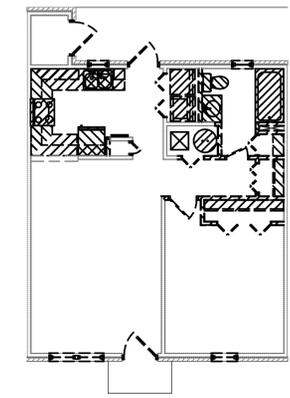
BLDG. KEY



DEMO TYP. 1-BR FLOOR PLAN
SCALE: 1/8" = 1'-0"



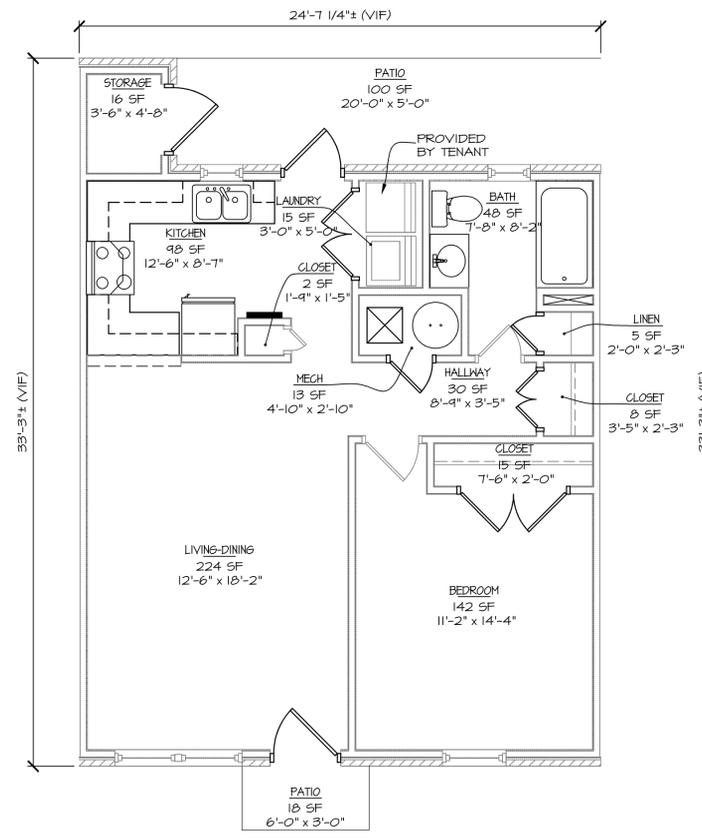
DEMO UFAS 1-BR FLOOR PLAN
SCALE: 1/8" = 1'-0"



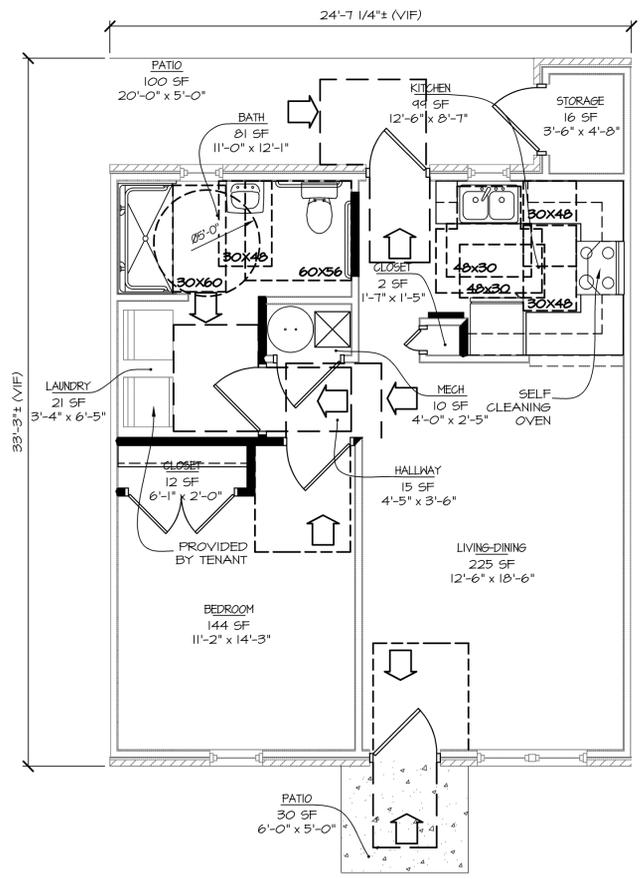
DEMO FOR CONVERTED UFAS 1-BR FLOOR PLAN
SCALE: 1/8" = 1'-0"

- NOTES**
- INTERIOR CASING TRIM TO BE REPLACED @ ALL REPLACED DOORS.
 - WOOD BASE TO BE INCLUDED AT ALL NEW AND/OR RELOCATED DOORS WALLS.
 - EXISTING BATHROOM VENT COVERS ARE TO BE REMOVED AND REPLACED THROUGHOUT.

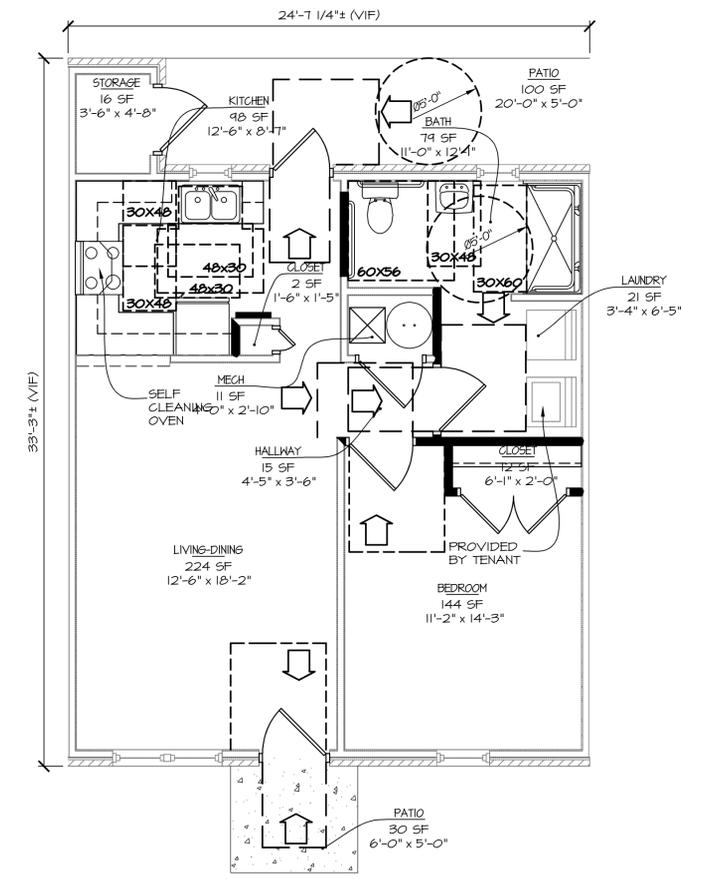
- LEGEND**
- EXISTING WINDOWS, WALLS, PLUMBING FIXTURES, KITCHEN MILLWORK ETC.
 - EXISTING DOORS
 - WINDOWS, WALLS, PLUMBING FIXTURES, KITCHEN MILLWORK ETC. TO BE REMOVED. SEE WINDOW SCHEDULE FOR EXTENT OF WINDOW DEMOLITION REQUIRED.
 - DOORS TO BE REMOVED
 - NEW FLOOR SLAB
 - NEW CONCRETE
 - NEW WINDOWS, PLUMBING FIXTURES, KITCHEN MILLWORK ETC.
 - NEW WALLS
 - NEW DOORS



RENOVATED TYP. 1-BR FLOOR PLAN
SCALE: 1/4" = 1'-0"



RENOVATED UFAS 1-BR FLOOR PLAN
SCALE: 1/4" = 1'-0"



CONVERTED UFAS 1-BR FLOOR PLAN
SCALE: 1/4" = 1'-0"

PRELIMINARY NOT FOR CONSTRUCTION, RECORDING PURPOSES OR IMPLEMENTATION

CHESTER APARTMENT RENOVATION
CHESTER, DODGE COUNTY, GA



WALLACE ARCHITECTS, L.L.C.

COPYRIGHT © 2017
1ST ISSUE
XX XXX XXXX

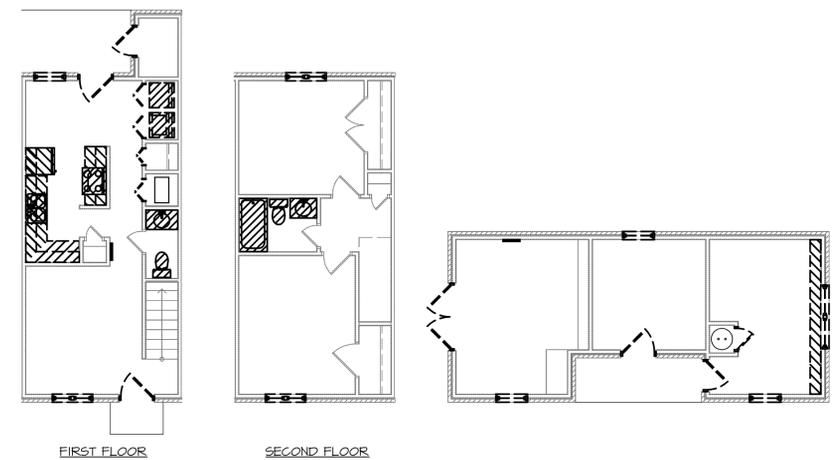
REVISIONS

△	
△	
△	
△	

SHEET NO.
A1.1

JOB NO.
3425

NOTE:
CONTRACTOR SHALL FIELD VERIFY ALL
DIMENSIONS AND MEASUREMENTS.

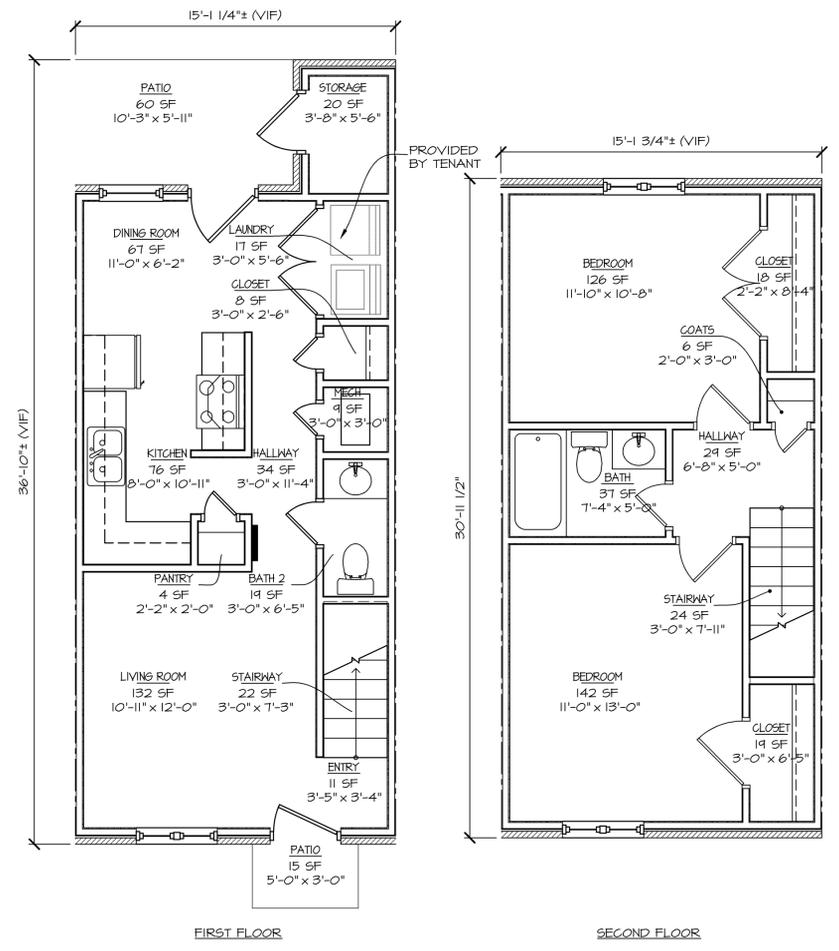


DEMO TYP. 2-BR-TH
FLOOR PLAN
SCALE: 1/8" = 1'-0"

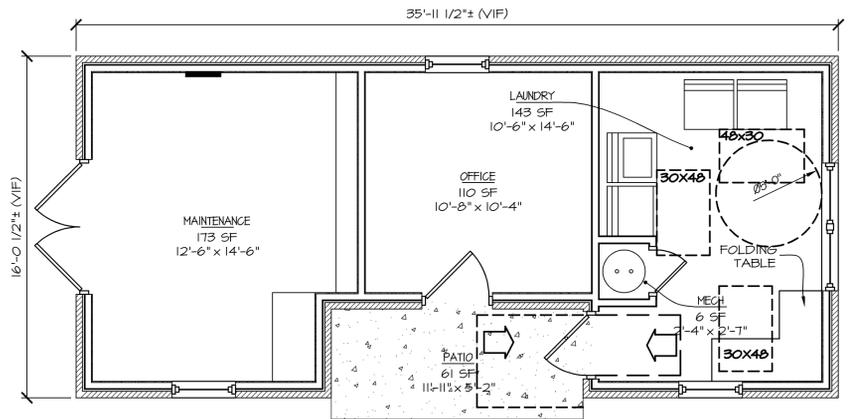
DEMO OLM
FLOOR PLAN
SCALE: 1/8" = 1'-0"

- NOTES**
- 1) INTERIOR CASING TRIM TO BE REPLACED @ ALL REPLACED DOORS.
 - 2) WOOD BASE TO BE INCLUDED AT ALL NEW AND/OR RELOCATED DOORS WALLS.
 - 3) EXISTING BATHROOM VENT COVERS ARE TO BE REMOVED AND REPLACED THROUGHOUT.

- LEGEND**
- [Symbol] = EXISTING WINDOWS, WALLS, PLUMBING FIXTURES, KITCHEN MILLWORK ETC.
 - [Symbol] = EXISTING DOORS
 - [Symbol] = WINDOWS, WALLS, PLUMBING FIXTURES, KITCHEN MILLWORK ETC. TO BE REMOVED. SEE WINDOW SCHEDULE FOR EXTENT OF WINDOW DEMOLITION REQUIRED.
 - [Symbol] = DOORS TO BE REMOVED
 - [Symbol] = NEW FLOOR SLAB
 - [Symbol] = NEW CONCRETE
 - [Symbol] = NEW WINDOWS, PLUMBING FIXTURES, KITCHEN MILLWORK ETC.
 - [Symbol] = NEW WALLS
 - [Symbol] = NEW DOORS



RENOVATED
TYP. 2-BR-TH FLOOR PLAN
SCALE: 1/4" = 1'-0"



RENOVATED OLM FLOOR PLAN
SCALE: 1/4" = 1'-0"

PRELIMINARY NOT FOR CONSTRUCTION, RECORDING PURPOSES OR IMPLEMENTATION

CHESTER APARTMENT RENOVATION
CHESTER, DODGE COUNTY, GA

Wallace
ARCHITECTS, L.L.C.
Columbia, MO
P. 573-2567-200

WALLACE ARCHITECTS, L.L.C.

COPYRIGHT © 2017
1ST ISSUE
XX XXX XXXX

REVISIONS

SHEET NO.
A1.2

JOB NO.
3425

REVIEW SET

NOTE:
CONTRACTOR SHALL FIELD VERIFY ALL
DIMENSIONS AND MEASUREMENTS.



PRELIMINARY NOT FOR CONSTRUCTION, RECORDING PURPOSES OR IMPLEMENTATION

PRELIMINARY NOT FOR CONSTRUCTION, RECORDING PURPOSES OR IMPLEMENTATION

CHESTER APARTMENT RENOVATION
CHESTER, DODGE COUNTY, GA

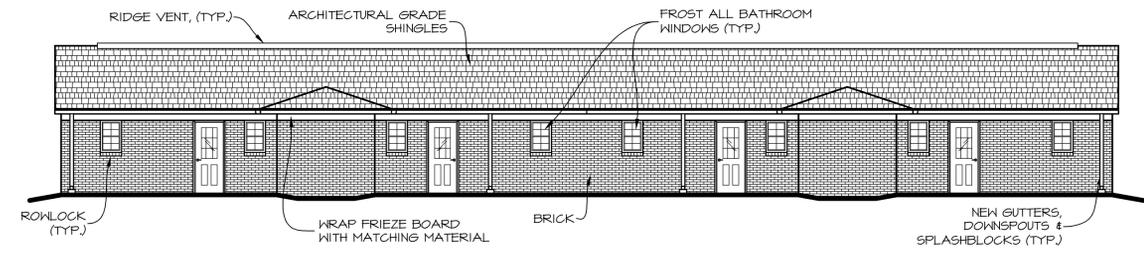
Wallace
ARCHITECTS, L.L.C.
Columbia, MO
P 573-2567-200

COPYRIGHT © 2017
1ST ISSUE
XX XXX XXXX

REVISIONS	
△	
△	
△	
△	

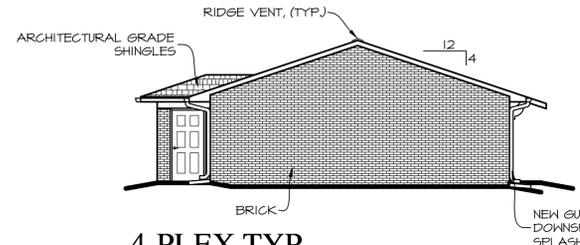
SHEET NO.
A3.0

JOB NO.
3425



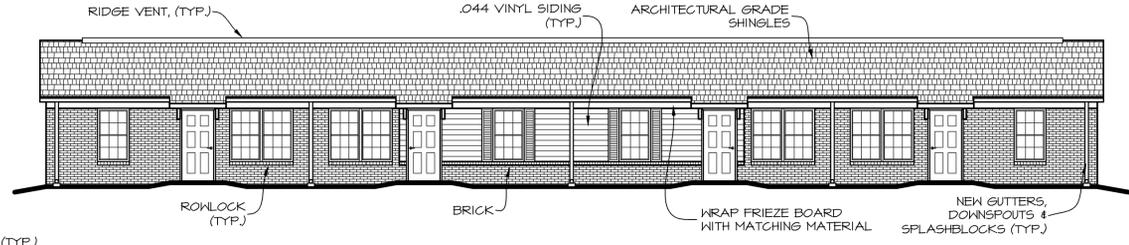
4-PLEX REAR ELEVATION
SCALE: 1/8" = 1'-0"

1
A3.0



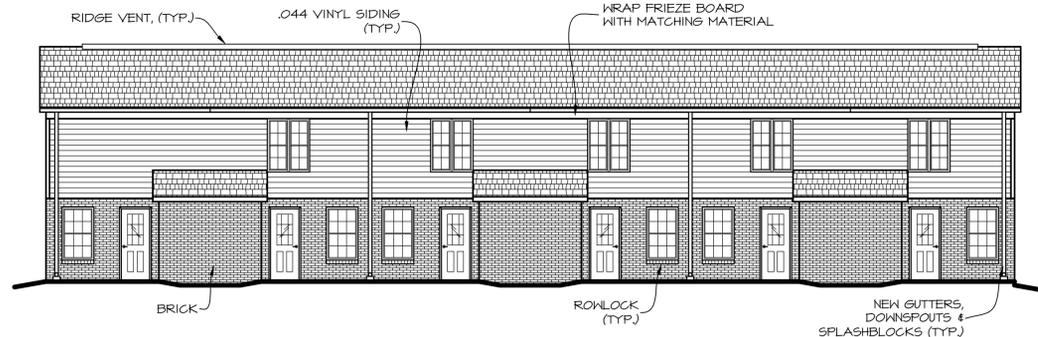
4-PLEX TYP.
SIDE ELEVATION
SCALE: 1/8" = 1'-0"

2
A3.0



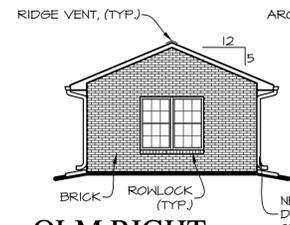
4-PLEX FRONT ELEVATION
SCALE: 1/8" = 1'-0"

3
A3.0



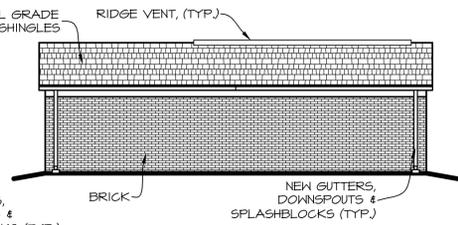
6-PLEX FRONT ELEVATION
SCALE: 1/8" = 1'-0"

4
A3.0



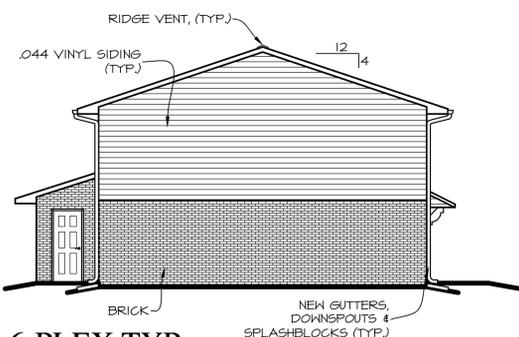
OLM RIGHT
SIDE ELEVATION
SCALE: 1/8" = 1'-0"

5
A3.0



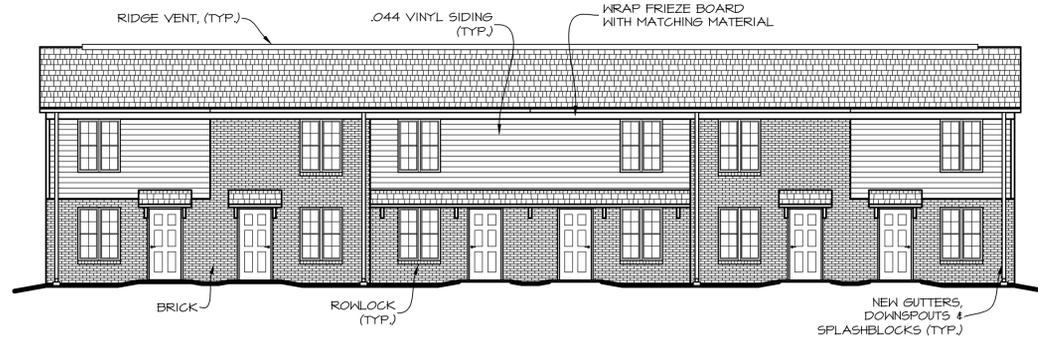
OLM REAR ELEVATION
SCALE: 1/8" = 1'-0"

6
A3.0



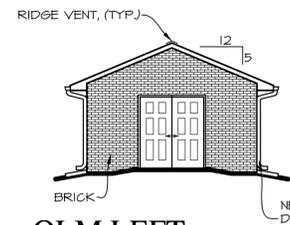
6-PLEX TYP.
SIDE ELEVATION
SCALE: 1/8" = 1'-0"

7
A3.0



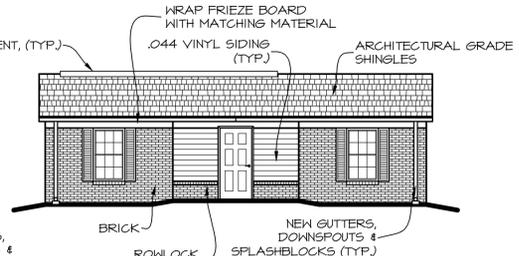
6-PLEX FRONT ELEVATION
SCALE: 1/8" = 1'-0"

8
A3.0



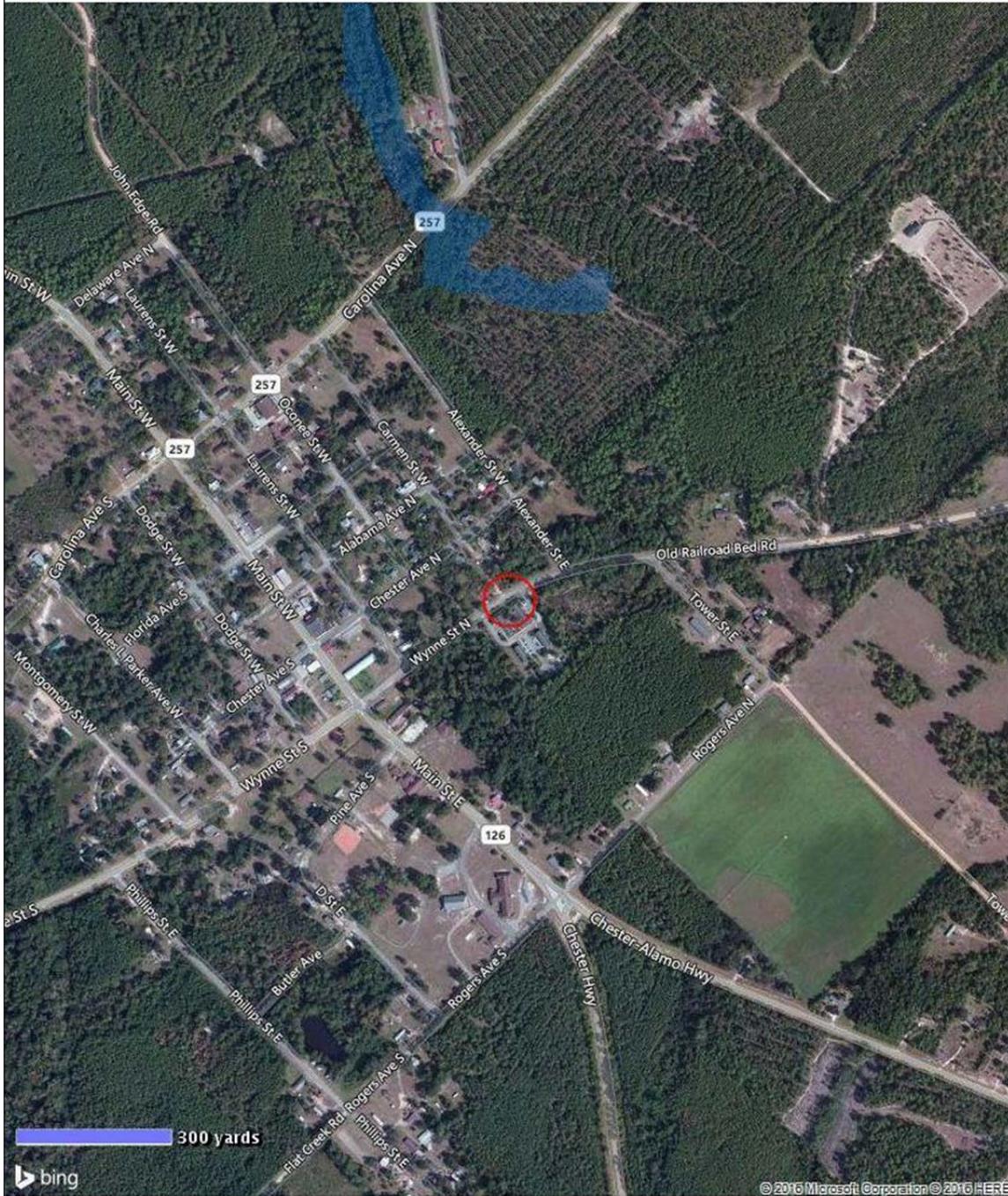
OLM LEFT
SIDE ELEVATION
SCALE: 1/8" = 1'-0"

9
A3.0



OLM FRONT ELEVATION
SCALE: 1/8" = 1'-0"

10
A3.0



MAP DATA

FEMA Special Flood Hazard Area: **No**
 Map Number: **13091C0045C**
 Zone: **X**
 Map Date: **August 19, 2010**
 FIPS: **13091**

MAP LEGEND

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

Powered by CoreLogic®



164

EXHIBIT "A"

All that tract or parcel of land, lying and being in Land Lot 52 of the 19th District, Dodge County, Georgia, in the City of Chester, being 2.95 acres as shown and delineated on a plat entitled "Plat of Survey for Xebec, Incorporated", dated 12/12/84, prepared by Marvin D. Clements, recorded in Plat Book 20, page 20, in the Office of the Clerk of Superior Court of Dodge County, Georgia, which plat and the record thereof are each by reference incorporated herein. Said property is more particularly described as: BEGINNING at a corner located on the southeastern right of way of Wynne Street, which point is 626.03 feet southwesterly along said right of way from its intersection with the southwestern right of way of Tower Street; from thence south 36 degrees 15 minutes 21 seconds east 422.88 feet to a corner; thence south 43 degrees 46 minutes 09 seconds west 279.26 feet to a corner; thence north 36 degrees 15 minutes 21 seconds west 143.20 feet to a corner; thence south 53 degrees 44 minutes 39 seconds west 40 feet to a corner; thence north 36 degrees 15 minutes 21 seconds west 50 feet to a corner; thence north 53 degrees 44 minutes 39 seconds east 40 feet to a corner; thence north 36 degrees 15 minutes 21 seconds west 293.10 feet to a corner located on the southeastern right of way of Wynne Street; thence along said right of way north 53 degrees 32 minutes 46 seconds east 175 feet to a corner; thence continuing along said right of way to the point of beginning, the chord of which is north 62 degrees 38 minutes 21 seconds east 101.26 feet.

Jan JR

EXHIBIT "B"

- (1) 1984 taxes have been paid.
- (2) There is a sanitary sewer easement across subject property from Dodge County to the City of Chester dated January 2, 1980, recorded in Deed Book 163, page 631, Dodge County Public Real Estate Records.

JR

SM

EXHIBIT "C"

The property described herein was obtained or improved through Federal financial assistance. This property is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the Rehabilitation Act of 1973 and the regulations issued pursuant thereto for so long as the property continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the purchaser owns it, whichever is longer.

This instrument also secures the obligations and covenants of Borrower set forth in Borrower's Loan Agreement of December 3, 1984 which is hereby incorporated herein by reference.

JR The borrower and any successors in interest agree to use the housing for the purpose of housing people eligible for occupancy as provided in section 515 of Title V of the Housing Act of 1949 and FmHA regulations then extant during this *JA* twenty year period beginning *January 4, 1985*. No person occupying the housing shall be required to vacate prior to the close of such twenty year period because of each repayment. The borrower understands that should an unsubsidized project be converted to subsidized within 15 years from the date the last loan on the project is closed, that the period will be increased by 5 years. The borrower will be released during such period from these obligations only when the Government determines that there is no longer a need for such housing or that Federal or other financial assistance provided to the residents of such housing will no longer be provided. A tenant may seek enforcement of this provision as well as the Government.

SURVEY

A survey is not currently available. A site plan has been included in the addendum. Due to the size of this portfolio transaction, and as surveys expire prior to closing, the ALTA Survey will be completed, submitted to the Agency, and approved closer to closing.



Crown Appraisal Group

Corporate Office

6797 N. High Street
Suite 325
Columbus, OH 43085
tel 614.431.3332
fax 614.431.3376
www.crownappraisal.com

October 19, 2016

Caitlin Waldie
Development Coordinator
Greystone Affordable Housing Initiatives, LLC
4025 Lake Boone Trail, Suite 209
Raleigh, NC 27607-2986

RE: Georgia Portfolio

Dear Amie:

Thank you for considering Crown Appraisal Group (“Crown”) for the appraisal of the referenced property portfolio (“portfolio”). The following details my understanding of your needs and presents our proposal.

Assignment

Crown Appraisal Group will prepare and deliver (scope of analysis as noted in Attachment 7-D to HB-1-3560) individual appraisal reports that provide the specific and separate value types as required. The reports will certify a number of entities – the lender, housing agency, USDA/RD, and the LIHTC syndicator – may rely upon our findings. The reports will also be prepared in compliance with USPAP standards and requirements.

As part of the assignment, we will identify the CRCU (Competitive Rents for Comparable Units) on the Executive Summary page for ease of location. The reports will be prepared in a manner similar to previous work product prepared by Crown for Greystone on other assignments.

Values that will be developed and reported (not all values will be developed and reported) are identified are below.

Value	USDA/RD Value	Comments
1	Market within 7 CFR Part 3560.752(b)(1)(ii) (all properties)	As is market value
2	Market value within 7 CFR Part 3560.752(b)(1)(ii), premised upon a hypothetical condition as-if unsubsidized conventional housing in compliance with 7 CFR Part 3560.636(c)(1)(i) (if applicable)	Prospective market value using market rents at stabilized occupancy
3	Prospective market value within 7 CFR Part 3560.752(b)(1)(ii), premised upon a hypothetical condition as-if-conventional housing	Prospective market value at stabilized occupancy, as by the restricted rents (combined with the market rents, if mixed), incorporating a market cap rate
4	Prospective market value, subject to restricted rents within CFR Part 3560.752(b)(1)(i)	7 Prospective market value at stabilized occupancy, as by the restricted rents (combined with the market rents, if mixed), assuming existing (or proposed) bond financing, and incorporating below-market capitalization rate (band of investment method). (If applicable)
5	Market value of underlying land (if applicable)	As is land only value
6	Market value of the interest credit subsidy from assumed 514/515 loan (with new terms)	
7	Market value of the tax credits (if applicable)	
8	Prospective insurable value	

The reports will be addressed and delivered to you at the address noted above. You will be the initial contact for getting information about the properties. You can be reached at the above address, and at 919.882.2384 (o), 919.902.0938 (c), or caitlin.waldie@greyco.com.

Timing and Fee

We anticipate that the first report(s) will be delivered within three weeks of receipt of the requested information (we recognize that not all requested information will be available). We anticipate that all reports will be sent within 60 days. Should any revisions be required, these will be made as expediently as possible. Subsequent draft reports will be delivered as completed. The final report can be delivered within five business days of approval of the draft copy.

The fee for the multi-property assignment is \$166,050.00. This assumes electronic (PDF) reports, not hard copies. If hard copies are needed, an additional fee of \$400 per report per property will be billed. The property listing at the end of letter breaks down the fee on a property by property basis. The fee is on a gross basis, with all expenses incurred by Crown. Invoices will be delivered concurrent with delivery of the individual draft reports. Payment of the fee is as follows: 10% as an initial deposit and 90% upon delivery of the initial draft reports. As in prior assignments, Crown recognizes that report revisions might be required, and Crown will make those revisions. Of course, should “updates” due to the age of the reports be required, additional compensation arrangements will be made.

Should the assignment be cancelled during any phase, the fee will be pro-rated based upon the time and cost incurred.

As part of the terms and conditions of the assignment, the signatory and any users agree that Crown’s services are and will be subject to the standard statements, limiting conditions, and other terms set forth in the appraisal report(s). The standard statements and limiting conditions include, but are not limited to, recognition of financial liability limitations as well as limitations

as to parties that may rely upon the appraisal report. It is also recognized and acknowledged that during the course of the assignment, Crown may determine additional conditions and terms affecting the appraisal assignment which may be identified in the appraisal report(s). A copy of the standard statements and limiting conditions are at the end of this engagement proposal.

Crown Appraisal Group adds 1.0% per month for delinquent accounts and charges an additional administrative fee of \$500.00 for accounts that are more than three months delinquent. All costs, including legal fees incurred in the recovery of accounts that are delinquent, are also payable by the client. The terms of the agreement shall be governed by and construed under the laws of the state of Ohio.

Authorization to Proceed

This proposal can serve as our agreement and understanding of the assignment. The signature at the bottom of this letter and receipt of the 10% initial deposit serves as our authorization to proceed. After signing, please return one copy to me. You may mail the copy, email it to me (amoye@crownappraisal.com, or edegood@crownappraisal.com). By signing, the signatory is acknowledging that they have the authority to authorize engagement of our services.

Again, thank you for selecting Crown Appraisal Group for this assignment. If you have any questions, please do not hesitate to call me at 614-431-3332.

Sincerely,

CROWN APPRAISAL GROUP



Andrew J. Moye, MAI, AI-GRS
Principal

AJM/ed

AGREED TO AND AUTHORIZED BY:

Jany Eeshward, President
Signature, Caitlin Waldie

10/25/16

Date

Property Identification

GA Portfolio								
Name	Address	City	County	Units	Fee before Discount	Discount	Net Fee	
1 Academy Village	203 Hillsboro Street	Monticello	Jasper	10	\$6,100.00	10.0%	\$5,490.00	
2 Arrowhead	369 Broad Street	Hawkinsville	Pulaski	51	\$6,100.00	10.0%	\$5,490.00	
3 Chester	400 Wynne Avenue	Chester	Dodge	24	\$6,100.00	10.0%	\$5,490.00	
4 Chickasaw	18158 Morgan Road NE	Arlington	Calhoun	18	\$6,100.00	10.0%	\$5,490.00	
5 Colonial Homes	319 Keller Street	Blackshear	Pierce	20	\$6,100.00	10.0%	\$5,490.00	
6 Country Manor	310 Pomeroy Street	Blackshear	Pierce	55	\$6,100.00	10.0%	\$5,490.00	
7 Cumberland Village	116 Martha Drive	St Marys	Camden	65	\$6,100.00	10.0%	\$5,490.00	
8 Gray Gardens	200 Eatonton Highway	Gray	Jones	55	\$6,100.00	10.0%	\$5,490.00	
9 Heritage Villas of Alma	234 Floyd Street	Alma	Bacon	24	\$6,100.00	10.0%	\$5,490.00	
10 Hilltop Terrace I	4059 Martin Luther King Jr Blvd	Kingsland	Camden	55	\$6,100.00	10.0%	\$5,490.00	
11 Hilltop Terrace II	4059 Martin Luther King Jr Blvd	Kingsland	Camden	55	\$3,800.00	10.0%	\$3,420.00	
12 Hunters Run	701 Lupo Lane	Douglas	Coffee	51	\$6,100.00	10.0%	\$5,490.00	
13 Meadow Crossing	408 Spinks Drive	Omega	Tift	37	\$6,100.00	10.0%	\$5,490.00	
14 Piedmont Hills	1001 West Main Street	Forsyth	Monroe	50	\$6,100.00	10.0%	\$5,490.00	
15 Plantation I, Plantation II, Plantation III	201 Casey Drive	Richmond Hill	Bryan	165	\$10,000.00	10.0%	\$9,000.00	
16 Quail Hollow I	888 Carswell Street	Homerville	Clinch	55	\$6,100.00	10.0%	\$5,490.00	
17 Quail Hollow II	962 Carswell Street	Homerville	Clinch	41	\$3,800.00	10.0%	\$3,420.00	
18 Quail Village	199 Memorial Drive	Reidsville	Tattnall	30	\$6,100.00	10.0%	\$5,490.00	
19 Sandalwood Terrace	23 Fourth Street Northwest	Ludowici	Long	31	\$6,100.00	10.0%	\$5,490.00	
20 Satilla Villas	1100 Medonald Avenue	Woodbine	Camden	59	\$6,100.00	10.0%	\$5,490.00	
21 Sawgrass Cove	534 McIntosh Road	Darien	McIntosh	51	\$6,100.00	10.0%	\$5,490.00	
22 Spring Hollow	800 Ash Street Extension	Springfield	Effingham	53	\$6,100.00	10.0%	\$5,490.00	
23 The Forest I & The Forest II	582 26th Avenue SE	Moultrie	Colquitt	119	\$6,100.00	10.0%	\$5,490.00	
24 The Forest III	2701 5th Street S E	Moultrie	Colquitt	53	\$3,600.00	10.0%	\$3,240.00	
25 The Grove	303 Jerriel Street	Vidalia	Toombs	55	\$6,100.00	10.0%	\$5,490.00	
26 Wildwood Villas I	50 Wildwood Circle	Statesboro	Bulloch	53	\$6,100.00	10.0%	\$5,490.00	
27 Wildwood Villas II	54 Wildwood Circle	Statesboro	Bulloch	58	\$3,800.00	10.0%	\$3,420.00	
28 Yester Oaks	51 Yester Oaks Drive	Lafayette	Walker	44	\$7,000.00	10.0%	\$6,300.00	
29 Charlton Court	38 Charlton Court	Folkston	Charlton	41	\$6,100.00	10.0%	\$5,490.00	
30 Hillcrest	1503 John Collins Road NE	Pelham	Mitchell	49	\$6,100.00	10.0%	\$5,490.00	
31 Hillmont	7069 Lakes Boulevard	Lake Park	Lowndes	43	\$6,100.00	10.0%	\$5,490.00	
Plantation I, II, III will be consolidated and presented in a single report - individual market values, consolidated prospective values								
The Forest I and II will be consolidated and presented in a single report - individual market values, consolidated prospective values								
					Total	\$184,500.00	\$166,050.00	

INITIAL DATA REQUEST

(for each Property)

This list details the items we will need to commence the appraisal report:

- Property contact name and telephone number.
- Current rent roll.
- Current rental subsidy contract
- Property Operating Statements for 2013, 2014, 2015, 2016 ytd.
- Completed market studies (it is Crown's understanding that there are no current market studies)
- Details regarding expected tax credits
- Details regarding expected financing (dollar amount, term, interest rate)
- Unit Floor Plans
- Detail re: improvements
 - Units - sizes (square feet and bedrooms), current rental rates, proposed rental rates etc.
 - Amenities—pool, exercise facilities, club house, etc.
- Site plan.
- Legal description and survey.
- Most recent real estate tax bills for the parcels that comprise the subject site.
- Details regarding the capital expenditures (dollar amount, scope of renovations) that are planned to be completed to the property.

Thank you,

Crown Appraisal Group
6797 N. High Street, Suite 325
Columbus, OH 43085
Phone: 614-431-3332
Fax: 614-431-3376

Financial Acknowledgement

The liability of Crown Appraisal Group, Inc. and its employees is limited to the fee collected for the preparation of the appraisal report. There is no accountability or liability to anyone not specifically identified as an intended user.

Assumptions and Limiting Conditions

- The information furnished by others is believed to be reliable. No warranty is given for its accuracy, though.
- No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated in the report.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations, laws, and license requirements unless otherwise stated in the report.
- The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
- The value opinions, and the costs used, are as of the date of the value opinion.
- All engineering is assumed to be correct. The plot plans and other illustrative material in this report are included only to assist the reader in visualizing the property.
- The proposed improvements, if any, on or off-site, as well as any repairs required, are considered, for purposes of the appraisal, to be completed in a good and workmanlike manner according to information submitted and/or considered by the appraiser.
- Responsible ownership and competent property management are assumed.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that make it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering or environmental studies that may be required to discover them.
- Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on or in the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of such substances may affect the value of the property. The value opinion is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- All mechanical components are assumed to be in good, operable condition unless otherwise noted.

- The appraiser is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
- Our opinion of value does not consider the effect (if any) of possible noncompliance with the requirements of the ADA.
- This appraisal is to be used only in its entirety. Possession of the report or any copy does not carry with it the right of publication. The report may not be used for any purpose by any person or corporation other than the client or the party to whom it is addressed or copied without the written consent of the signing appraiser(s).
- Crown Appraisal Group, Inc. and its employees accept no responsibility for changes in market conditions or the inability of the client, intended user, or any other party to achieve desired outcomes.
- Projections or estimates of desired outcomes by the client, intended user, or any other party may be affected by future events. The client, intended user, or any other party using this report acknowledges and accepts that Crown Appraisal Group, Inc. and its employees have no liability arising from these events.
- Unless specifically set forth, nothing contained herein shall be construed to represent any direct or indirect recommendation of Crown Appraisal Group, Inc., its officers or employees to purchase, sell, or retain the property at the value(s) stated.
- Unless specifically set forth, nothing contained herein shall be construed to represent any direct or indirect recommendation of Crown Appraisal Group, Inc., its officers or employees to provide financing (mortgage, equity, or other) for the property at the value(s) stated.
- Greystone Affordable Housing Initiatives, LLC, or its representative(s), agrees to indemnify and hold Crown Appraisal Group, Inc., its officers and employees, harmless from and against any loss, damages, claims, and expenses (including costs and reasonable attorney fees) sustained as a result of negligence or intentional acts or omissions by Greystone Affordable Housing Initiatives, LLC, or its representative(s) arising from or in any way connected with the use of or purported reliance upon, the appraisal report or any part of the appraisal report.
- The contents of the appraisal report, and all attachments and information that will be contained within the report, is proprietary and confidential. Greystone Affordable Housing Initiatives, LLC, or its representative(s) will not release or provide the report, in any form, in whole or in part, to any third party, including any borrower, potential borrower, buyer or potential buyer, without the signing appraiser's express written authorization.

ACCEPTANCE OF, AND/OR USE OF, THIS APPRAISAL REPORT CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS.

PROFESSIONAL QUALIFICATIONS

ANDREW J. MOYE, MAI, AI-GRS

Business Experience

Crown Appraisal Group, Columbus, Ohio.

Principal

Real estate consulting, including appraisal, appraisal review, business valuation, and market study assignments for commercial and residential real estate.

Vista Capital/Chemical Mortgage Company, Columbus, Ohio.

Vice President.

Appraisal assignments and market studies of commercial real property.

Landauer Associates, Inc., West Palm Beach, Florida.

Assistant Vice President.

Valuation and evaluation of real property, and development of land use studies for large commercial and residential PUDs.

Education

Masters of Business Administration (Finance), The Ohio State University, Columbus, Ohio.

Bachelor of Science in Business Administration (Real Estate), The Ohio State University, Columbus, Ohio.

Professional Education (partial list)

Basic Valuation Procedures	Residential Valuation
Capitalization Theory, Part 1	Standards of Professional Practice
Capitalization Theory, Part 2	Case Studies in Real Estate Valuation
Capitalization Theory and Techniques, Part B	Valuation Analysis and Report Writing
Advanced Applications	Advanced Sales Comparison & Cost Approaches
Basic Income Capitalization	Litigation Appraising: Specialized Topics and Applications
Advanced Income Capitalization	General Appraiser Market Analysis and Highest & Best Use
The Appraiser as Expert Witness: Preparation and Expert Testimony	Market Analysis
Review Theory – General	Condemnation Appraising: Principles and Applications

Professional Qualifications, testimony venues

MAI designation offered by Appraisal Institute

AI-GRS designation offered by Appraisal Institute

Young Advisory Council attendee, moderator, Appraisal Institute

Certified General Appraiser (permanent certification): AL, AZ, CO, FL, GA, IL, IN, KY, MI, NC, NY, OH, SC, VA, WV

Expert witness in Federal Bankruptcy Court, Common Pleas Courts throughout Ohio, various Boards of Revision, State Board of Tax Appeal

STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD

ANDREW JOHN MOYE

5464

IS AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF GEORGIA IN THE CAPACITY AS

**CERTIFIED GENERAL REAL PROPERTY
APPRAISER**

THE PRIVILEGE AND RESPONSIBILITIES HEREWITH ARE CONTINGENT UPON THE REQUISITE FEES AND ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

D. SCOTT MURPHY
Chairperson

JEFF A. LAWSON
Vice Chairperson

RONALD M. HECKMAN
JEANMARIE HOLMES
KEITH STONE

46535506