

**Appraisal Report\***

**For**

**An Existing Senior Apartment Complex**

**Called**

**Summerset Apartments  
317 Mary Ann Street  
Swainsboro, Georgia 30401**

**Prepared For  
Ms. Melanie Ferrell  
Investors Management Company  
3548 North Crossing Circle  
Valdosta, Georgia 31602**

**And**

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

**Intended Users  
Investors Management Company, Georgia Department of Community Affairs and  
United States Department of Agriculture, Rural Development**

**Date of Appraisal  
September 22, 2017**

**Effective Date of Appraisal  
May 16, 2017**

**Appraised By  
Samuel T. Gill**

***Gill  
Group***  
*P.O. Box 784  
512 N. One Mile Road  
Dexter, MO 63841*



September 22, 2017

Ms. Melanie Ferrell  
Investors Management Company  
3548 North Crossing Circle  
Valdosta, Georgia 31602

and

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

RE: Summerset Apartments  
317 Mary Ann Street  
Swainsboro, Georgia 30401  
"As Is" and "As Stabilized" Appraisal Report  
As of May 16, 2017

Dear Ms. Ferrell:

In accordance with your request, I have personally appraised the existing Rural Development property targeted towards seniors ages 62 and older known as Summerset Apartments. The site contains approximately 3.10 acres. The subject is improved with five garden one-story buildings containing 31 units and one accessory building.

The purpose of the Appraisal Report is to estimate the market value, subject to restricted rents, within 7 CFR Part 3560.752(b)(1)(i) as defined in the USDA-RD guidelines; market value, within 7 CFR Part 3560.752(b)(1)(ii) as defined in the USDA-RD guidelines; the prospective market value, subject to restricted rents, within 7 CFR Part 3560.752(b)(1)(i) as defined in the USDA-RD guidelines; prospective market value within 7 CFR Part 3560.752(b)(1)(ii), premised upon a hypothetical condition as-if conventional housing as defined in the USDA-RD guidelines; the value of interest credit subsidy from the existing 515 loan as defined in the USDA-RD guidelines; the value of interest credit subsidy from the assumed 515 loan as defined in the USDA-RD guidelines; the value of favorable financing as defined in the USDA-RD guidelines; the value of the Low Income Housing Tax Credits as defined in the USDA-RD guidelines. Additional values required by Georgia Department of Community Affairs include the value of the land; as is market value; the prospective market value upon stabilization – restricted rents; the prospective market value upon stabilization – market rents; and the prospective market value at loan maturity – market rents. The property interest being appraised is the fee simple interest. The function of this appraisal is to aid the client, Investors Management Company, Georgia Department of Community Affairs and United States Department of Agriculture, Rural Development in the decision-making process involved in evaluating the value of the subject property.

*\*Prior to the 2014-2015 USPAP, this report would have been considered a complete self-contained appraisal report.*

The intended users of the appraisal are Investors Management Company, Georgia Department of Community Affairs and United States Department of Agriculture, Rural Development. The appraisal is assignable to other lenders or participants in the transaction. In addition to this appraisal, Gill Group, Inc., has also completed a market study.

A description of the property, together with information providing a basis for estimates, is presented in the accompanying report. This appraisal is subject to the definitions, assumptions, conditions and certification contained in the attached report. During the fieldwork, it has been determined the appraised property has no natural, cultural, scientific or recreational value. Samuel T. Gill, State Certified General Real Estate Appraiser, is the signing appraiser on this report. He completed valuation and analysis as indicated in the Scope of Work of this report. Jamie Cox and Caroline Borgini inspected the interior and exterior of the subject property, and Samuel T. Gill inspected the exterior of the property.

*The market value of the fee simple estate, unrestricted or conventional, subject to short-term leases, was determined under the hypothetical condition that the subject was a conventional property and not subject to any rent restrictions.*

*The "prospective" values upon stabilization of the fee simple estate were determined under the extraordinary assumption that the rehabilitation is completed as detailed in the scope of work and that the proposed rents indicated in the report are approved.*

*The following values are determined for the Clients and Intended Users:*

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the Market Value, within 7 CFR part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition as-if Conventional Housing, as of May 16, 2017, is as follows.

**ONE MILLION FOUR HUNDRED FORTY FIVE THOUSAND DOLLARS**

**\$1,445,000**

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the Market Value, Subject to Restricted Rents, within 7 CFR part 3560.752(b)(1)(i), as of May 16, 2017, is as follows.

**FIVE HUNDRED SEVENTY FIVE THOUSAND DOLLARS**

**\$575,000**

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the Market Value, within 7 CFR part 3560.752(b)(1)(ii), as of May 16, 2017, is as follows.

**FIVE HUNDRED SEVENTY FIVE THOUSAND DOLLARS**  
**\$575,000**

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the Prospective Market Value within 7 CFR Part 3560.752(b)(1)(ii), Premised Upon A Hypothetical Condition As-If Conventional Housing as of January 31, 2019, is as follows.

**ONE MILLION SIX HUNDRED EIGHTY THOUSAND DOLLARS**  
**\$1,680,000**

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the Prospective Market Value, Subject to Restricted Rents, within 7 CFR part 3560.752(b)(1)(i), as of January 31, 2019, is as follows.

**ONE MILLION EIGHT HUNDRED TEN THOUSAND DOLLARS**  
**\$1,810,000**

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the Value of the Interest Credit Subsidy from the Existing USDA RD Section 515 Loan of the subject property, as of May 16, 2017, is as follows:

**FOUR HUNDRED FORTY FIVE THOUSAND DOLLARS**  
**\$445,000**

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the Value of the Interest Credit Subsidy from the Proposed USDA RD Section 515 Loan of the subject property, as of May 16, 2017, is as follows:

**THREE HUNDRED FIFTY EIGHT THOUSAND DOLLARS**  
**\$358,000**

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the value of the Low Income Housing Tax Credits, as of May 16, 2017, is as follows:

**SIX HUNDRED FIFTEEN THOUSAND DOLLARS**  
**\$615,000**

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Is Market Rent (CRCU) of the 637 square feet one-bedroom units of the subject property, as of May 16, 2017, is as follows:

**FIVE HUNDRED SIXTY FIVE DOLLARS**  
**\$565.00**

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Is Market Rent (CRCU) of the 798 square feet two-bedroom units of the subject property, as of May 16, 2017, is as follows:

**SIX HUNDRED TWENTY FIVE DOLLARS**  
**\$625.00**

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Complete Market Rent (CRCU) of the 637 square feet one-bedroom units of the subject property, as of January 31, 2019, is as follows:

**SIX HUNDRED FIFTEEN DOLLARS**  
**\$615.00**

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Complete Market Rent (CRCU) of the 798 square feet two-bedroom units of the subject property, as of January 31, 2019, is as follows:

**SIX HUNDRED SEVENTY FIVE DOLLARS**  
**\$675.00**

*The following values are determined for the DCA:*

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the market value of the land, as of May 16, 2017, is as follows.

**ONE HUNDRED THOUSAND DOLLARS**

**\$100,000**

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the “As Is” market value of the subject property, subject to market rents, as of May 16, 2017, is as follows.

**ONE MILLION FOUR HUNDRED FORTY FIVE THOUSAND DOLLARS**

**\$1,445,000**

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the “As Is” market value of the subject property, subject to restricted rents, as of May 16, 2017, is as follows.

**FIVE HUNDRED SEVENTY FIVE THOUSAND DOLLARS**

**\$575,000**

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the “Prospective” market value upon stabilization – market rents, of the subject property, as of January 31, 2019, is as follows.

**ONE MILLION SIX HUNDRED EIGHTY THOUSAND DOLLARS**

**\$1,680,000**

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the “Prospective” market value upon stabilization – restricted rents, as of January 31, 2019, is as follows.

**ONE MILLION EIGHT HUNDRED TEN THOUSAND DOLLARS**

**\$1,810,000**

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the "Prospective" market value at loan maturity of the subject property, as of January 31, 2019, is as follows.

**FOUR MILLION FIVE HUNDRED SIXTY THREE THOUSAND DOLLARS**  
**\$4,563,000.00**

This report and its contents are intended solely for your information and assistance for the function stated previously, and should not be relied upon for any other purpose. Otherwise, neither the whole nor any part of this appraisal or any reference thereto may be included in any document, statement, appraisal or circular without my explicit, prior written approval of the form and context in which it appears.

The accompanying prospective financial analysis is based on estimates and assumptions developed in connection with the appraisal. However, some assumptions inevitably will not materialize and unanticipated events and circumstances will occur. The actual results achieved during the holding period will vary from my estimates and these variations may be material. I have not been engaged to evaluate the effectiveness of management, and I am not responsible for management's actions such as marketing efforts.

The estimated marketing period is one to nine months. This appraisal report sets forth only the appraiser's conclusions. Supporting documentation is retained in the appraiser's file. A copy of this report, together with the field data from which it was prepared, is retained in my files. This data is available for your inspection upon request.

Respectfully submitted,



Samuel T. Gill  
State Certified General Real Estate Appraiser  
GA# 258907

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**EXECUTIVE SUMMARY**

**Name of the Property** Summerset Apartments

**Location** 317 Mary Ann Street, Swainsboro, Emanuel County, Georgia 30401

**Current Owner** Summerset Housing, Ltd., LP

**Type of Report** "As Is" and "As Stabilized" Appraisal Report

**Total Land Area** 3.10 acres or 135,036+/- square feet

**Floodplain Hazard** According to RiskMeter, Flood Map Number 13107C0304C, dated December 17, 2010, the subject is zoned X, an area determined to be outside the 100- and 500-year floodplains. Federal flood insurance is available but is not required.

**Zoning** According to the City of Swainsboro, the subject is zoned R-8, Residential District. The subject is a legal, conforming use..

**Property Description** The subject is improved with five garden one-story buildings containing 31 units and one accessory building. The net rentable area is approximately 20,228 square feet. The gross building area, according to the Emanuel County Assessor's Office, is 23,696 square feet.

Unit Type	# of Units	Square Footage	Total Square Footage
1/1	28	637	17,836
2/1	2	798	1,596
2/1	1	796	796
	<b>31</b>		<b>20,228</b>

**Real Estate Taxes** \$8,469.70 for 2016      **Parcel Number** 076 043

**Property Type** Apartment Complex      **Highest and Best Use** Apartment Complex

**Date of Inspection** May 16, 2017      **Date of Report** September 22, 2017

**Sales History of Subject** According to the Emanuel County Assessor's Office, the property is owned by Summerset Housing, Ltd., LP. The property has not transferred ownership within the past five years. The property is currently under contract to be sold. The property is currently under contract for sale between Summerset Housing, Ltd., LP (seller) and Summerset Swainsboro, LP (buyer). The purchase price will be negotiated based upon the fair market value of the property determined by an independent appraisal report commissioned by and paid by the purchaser from a certified and USDA-approved appraiser. The purchase price shall include the assumption of existing debt on the first lien mortgage plus gross equity to the seller in an amount to be determined after receipt and approval of the appraisal. The sale is between two related entities and is not an arms-length transaction.

**EXECUTIVE SUMMARY VALUES**

<b>Cost Approach</b>	<b>\$630,000 (As Is Restricted)</b> <b>\$1,435,000 (As Is Market)</b> <b>\$1,625,000 (As Stabilized Restricted)</b> <b>\$1,625,000 (As Stabilized Market)</b>
<b>Income Approach</b>	<b>\$575,000 (As Is Restricted)</b> <b>\$1,445,000 (As Is Market)</b> <b>\$1,810,000 (As Stabilized Restricted)</b> <b>\$1,680,000 (As Stabilized Market)</b>
<b>Sales Comparison Approach</b>	<b>Not Developed (As Is Restricted)</b> <b>\$1,240,000 (As Is Market)</b> <b>Not Developed (As Stabilized Restricted)</b> <b>\$1,365,000 (As Stabilized Market)</b>
<b>Value of Land</b>	<b>\$100,000</b>
<b>Value of Existing 515 Loan</b>	<b>\$445,000</b>
<b>Value of Proposed 515 Loan</b>	<b>\$358,000</b>
<b>Value of Low Income Housing Tax Credits</b>	<b>\$615,000</b>
<b>Insurable Value</b>	<b>\$1,327,000</b>
<b>Market Value at Loan Maturity - Market</b>	<b>\$3,857,000</b>
<b>As Is Market Rent (CRCU)</b>	
One-Bedroom with 637 SF	<b>\$565.00</b>
Two-Bedroom with 798 SF	<b>\$625.00</b>
<b>As Complete Market Rent (CRCU)</b>	
One-Bedroom with 637 SF	<b>\$615.00</b>
Two-Bedroom with 798 SF	<b>\$675.00</b>

## CERTIFICATION

I certify that to the best of my knowledge and belief:

- ◆ The statements of fact contained in this report are true and correct.
- ◆ The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and is 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 with respect to the parties involved.
- ◆ I have performed 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 previously completed a market study and an appraisal in August 2015 and again in April 2016.
- ◆ I have no bias with respect to the property that is the subject of the 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 a stipulated result or the occurrence of a subsequent event directly related to the intended use 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.
- ◆ Jamie Cox and Caroline Borgini inspected the interior and exterior of the subject property and inspected the exteriors of the properties used as comparables in this report. Samuel T. Gill inspected the exterior of the property that is the subject of this report.
- ◆ No one provided significant professional assistance to the person signing this report.
- ◆ The appraiser retained by the lender inspected the subject property.



Samuel T. Gill  
State Certified General Real Estate  
Appraiser  
GA# 258907

## **SCOPE OF WORK**

The appraisal development and reporting process required gathering and analyzing information about those assignment elements necessary to properly identify the appraisal problem to be solved. The scope of work decision must include the research and analyses that are necessary to develop credible assignment results given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed. The scope of work of this appraisal assignment is outlined below:

- ◆ Samuel T. Gill analyzed the regional and local area economic profiles including employment, population, household income and real estate trends. The local area was further studied to assess the general quality and condition and emerging development trends for the real estate market. The immediate market area was inspected and examined to consider external influences on the subject.
- ◆ Samuel T. Gill confirmed and analyzed legal and physical features of the subject property including sizes of the site and improvements, floodplain data, zoning, easements and encumbrances, access and exposure of the site and construction materials and condition of the improvements. This process also includes estimating the remaining economic life of the improvements, analysis of the subject's site coverage compared to market standards, a process to identify deferred maintenance and a conclusion of the subject's overall functional utility.
- ◆ Samuel T. Gill completed an apartment market analysis that included market and sub-market overviews. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- ◆ Samuel T. Gill conducted a Highest and Best Use analysis, if required, determining the highest and best use of the subject property As-Vacant and As-Proposed. The analysis considered legal, locational, physical and financial feasibility characteristics of the subject property. Development of the Highest and Best Use As-Improved explored potential alternative treatments of the property including demolition, expansion, renovation, conversion and continued use "as-is".
- ◆ Samuel T. Gill confirmed and analyzed financial features of the subject property including budgeted income/expense data, if available and tax and assessment records. This information as well as trends established by confirmed market indicators was used to forecast performance of the subject property.
- ◆ The appraisal report is intended to satisfy the scope of work and requirements agreed upon by Investors Management Company and the engaged appraiser. The client requested a full narrative appraisal in the engagement letter.
- ◆ I understand the Competency Rule of USPAP and the author of this report meets the standards.
- ◆ No one provided significant real property appraisal assistance to the appraiser signing this certification, except as noted on the following page.

- ◆ Samuel T. Gill, a State Certified General Real Estate Appraiser, oversaw and supervised all data collection and analysis and performed the research. The following actions were taken to complete this appraisal.
  - On May 16, 2017, Jamie Cox and Caroline Borgini, Market Analysts, conducted an interior and exterior inspection of the subject property to determine the property's physical and functional characteristics. Samuel T. Gill, State Certified General Real Estate Appraiser, also inspected the exterior. Jamie Cox and Caroline Borgini inspected all common areas and at least one unit of each varying type.
  - Jamie Cox and Caroline Borgini and Samuel T. Gill researched comparable apartment rental activity in the subject market and competing locations. The research retrieve data from several of the following: internet sites, local newspapers and rental publications, town records, owners and managers of local apartment properties, local real estate brokers, fellow appraisers and the appraiser's office files.
  - During the week of May 16, 2017, Jamie Cox and Caroline Borgini inspected the exterior of each comparable property used in the analysis.
  - During the verification process, Samuel T. Gill or one of his associates talked with the managers or leasing agents of the comparable properties, to confirm all data and to collect additional information about each comparable, including size, age, amenities, occupancy rates and general market information. Whenever possible, floor plans and brochures were obtained, which describe the comparable properties unit size, feature and amenities.
  - Samuel T. Gill completed all data and adjustments on the analysis and determined all value conclusions determined in the appraisal.

## INTRODUCTION

### **Identification of the Subject Property**

The property appraised is the land and improvements known as Summerset Apartments. The site is located at 317 Mary Ann Street, Swainsboro, Emanuel County, Georgia.

### **Legal Description**

See Addendum A.

### **Past Five Years Sales History of the Subject**

According to the Emanuel County Assessor's Office, the property is owned by Summerset Housing, Ltd., LP. The property has not transferred ownership within the past five years. The property is currently under contract to be sold. The property is currently under contract for sale between Summerset Housing, Ltd., LP (seller) and Summerset Swainsboro, LP (buyer). The purchase price will be negotiated based upon the fair market value of the property determined by an independent appraisal report commissioned by and paid by the purchaser from a certified and USDA-approved appraiser. The purchase price shall include the assumption of existing debt on the first lien mortgage plus gross equity to the seller in an amount to be determined after receipt and approval of the appraisal. The sale is between two related entities and is not an arms-length transaction.

### **Property Rights Appraised**

For this appraisal, I have valued the property rights inherent in the **Fee Simple Estate** which is defined in the definitions section of this report.

### **Purpose of the Appraisal**

The purpose of the Appraisal Report is to estimate the market value, subject to restricted rents, within 7 CFR Part 3560.752(b)(1)(i) as defined in the USDA-RD guidelines; market value, within 7 CFR Part 3560.752(b)(1)(ii) as defined in the USDA-RD guidelines; the prospective market value, subject to restricted rents, within 7 CFR Part 3560.752(b)(1)(i) as defined in the USDA-RD guidelines; prospective market value within 7 CFR Part 3560.752(b)(1)(ii), premised upon a hypothetical condition as-if conventional housing as defined in the USDA-RD guidelines; the value of interest credit subsidy from the existing 515 loan as defined in the USDA-RD guidelines; the value of interest credit subsidy from the assumed 515 loan as defined in the USDA-RD guidelines; the value of favorable financing as defined in the USDA-RD guidelines; the value of the Low Income Housing Tax Credits as defined in the USDA-RD guidelines. Additional values required by Georgia Department of Community Affairs include the value of the land; as is market value; the prospective market value upon stabilization - restricted rents; the prospective market value upon stabilization – market rents; and the prospective market value at loan maturity – market rents. The date of the inspection and the effective date of the as is value are both May 16, 2017. The effective date of the as complete value is January 31, 2019.

### **Function of the Appraisal**

The function of this appraisal is to aid the client, Investors Management Company, Georgia Department of Community Affairs and United States Department of Agriculture, Rural Development in the decision-making process involved in evaluating the value of the subject property.

### **Intended Use of Report**

This appraisal report is intended for the sole purpose of assisting the client in the decision-making process involving financing.

### **Intended Users of Report**

The intended users of the appraisal are Investors Management Company, Georgia Department of Community Affairs and United States Department of Agriculture, Rural Development.

### **Extent of the Investigation (Scope)**

As part of this appraisal, the appraiser made a number of independent investigations and analyses. The investigations undertaken and the major data sources used are as follows: City of Swainsboro, the Emanuel County Recorder; the Emanuel County Assessor; United States Bureau of Labor Statistics; United States Census Bureau; Walkscore; ESRI Business Information Solutions; and Nielsen Claritas and Ribbon Demographics.

### **Area and Neighborhood Analyses**

Primary data was gathered pertaining to the subject neighborhood and the area during the week of May 15, 2017, to May 19, 2017. This information was analyzed and summarized in this report. Area data was obtained from the City of Swainsboro; the Emanuel County Recorder; the Emanuel County Assessor; United States Bureau of Labor Statistics; United States Census Bureau; ESRI Business Information Solutions; Walkscore; and Nielsen Claritas and Ribbon Demographics. The neighborhood analysis was based on the observations made by the appraiser as well as the sales in the neighborhood.

### **Improvement and Description Analyses**

Detailed descriptions of the site are included in this report. Interior and exterior photographs of the buildings at the subject are included in this report. Exterior photos of the rent comparables are also included in this report.

### **Statement of Competency**

We have the knowledge and experience to complete the assignment competently based upon having completed appraisals of properties of a similar type throughout the United States for the past several years.

### **Market Data**

Market data on land sales were obtained from the subject neighborhood in Swainsboro and the surrounding area. Market data on improved sales and leased properties were obtained from Swainsboro and the surrounding area. The improved sales were obtained from parties involved with the sales. Summaries of the sales and leases are included in this report.

Attention of the reader is also directed to the assumptions and limiting conditions contained within the report.

### **Reasonable Exposure Time**

In the definition of market value, one of the conditions of a “market value sale” is as follows: a reasonable time is allowed for exposure in the open market. Marketing time has a definite influence on the potential selling price of a property. To obtain a maximum selling price, a property must be exposed to a given market for a time long enough to enable most market participants to gain full knowledge of the sale and the attributes of the property.

To produce a reliable estimate of the expected normal marketing period for the subject property, the following factors were considered and findings analyzed:

1. Historical evidence.
2. Supply and demand relationships including vacancy and occupancy rates.
3. Revenue and expense changes.
4. Future market conditions.

### **Historical Evidence**

Generally, the sales in the Sales Comparison Approach were on the market for one to two years. Since current supply and demand relationships are similar to historical relationships, there is justification for some reliance on historical evidence.

### **Supply and Demand Relationships**

A survey of apartment complexes in Swainsboro, Georgia, and the surrounding area indicate that they are not owner-occupied. The Income Approach discusses similar apartment complexes in Swainsboro, Emanuel County, Georgia, which were leased.

### **Revenue and Expense Changes and Future Market Conditions**

The revenue from apartment complexes has increased corresponding to increases in expenses at generally the same rate. A survey completed by PwC indicated that the change rate of apartment complexes ranges from 0.00 to 5.00 percent, with an average of 2.80 percent for the first quarter of 2017. During the same period a year ago, the market rent change rate ranged from 0.00 to 6.00 percent, with an average of 3.18 percent.

The changes in expenses range from 2.00 to 4.00 percent, with an average of 2.73 percent (first quarter of 2017). The survey for a year ago indicated a range of expenses from 2.00 to 4.00 percent, with an average of 2.91 percent.

### **Summary**

For the purpose of this report the reasonable exposure time is estimated at one to nine months based on the previous discussion and the length of time the comparables were on the market. The 2017 First Quarter National Apartment Market Survey conducted by PwC Real Estate Investor Survey indicated a range of one to nine months for marketing time. In accordance with the Uniform Standards of Professional Appraisal Practice, special financial arrangements and related special situations were not used in estimating the value of the property. In accordance with the Uniform Standards of Professional Appraisal Practice; the appraisal was completed using the current or anticipated use of the property as an apartment complex without regard to the highest and best use.

### **Estimated Marketing Time**

Marketing time is similar to exposure time in that it refers to a time during which a property is marketed prior to its sale. Marketing time differs from exposure time in that it is estimated to occur after the date of value as opposed to before that date of value. This time would be measured from the date of value and would be a measure of time necessary to secure a willing buyer for the property, at a market price. Since this refers to prospective events, it is typically necessary to analyze neighborhood trends. In theory, in a market which is near equilibrium, the estimated marketing time should be equal to past trends or the reasonable exposure time. In a market, which is experiencing down turning conditions, the estimated marketing time should be greater than the reasonable exposure time. In the case of the subject property, the market for this type of facility should be similar to previous market conditions. Therefore, the estimated marketing time is estimated at one to nine months.

## **Definition of Terms**

### **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 are 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 U.S. cash 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.<sup>1</sup>

### **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 are 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.

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.<sup>2</sup>

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<sup>1</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute), 2015. and Attachment 7-A of Chapter 7 of the USDA RD Handbook HB-1-3560.

<sup>2</sup> Attachment 7-A of Chapter 7 of the USDA RD Handbook HB-1-3560

### **“As-Is” Value**

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.<sup>3</sup>

### **Prospective Value**

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.<sup>4</sup>

### **Investment Value**

The specific value of an investment to a particular investor or class of investors based on individual requirements; as distinguished from market value, which is impersonal and detached.<sup>5</sup> Investment value of the leased fee estate is determined utilizing the subject’s contract rents, historical and projected subject expenses and an overall capitalization rate based on the subject’s mortgage terms.

### **Fee Simple Estate**

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.

### **Leased Fee Estate**

An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

### **Leasehold Estate**

The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

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<sup>3</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute), 2015. and Attachment 7-A of Chapter 7 of the USDA RD Handbook HB-1-3560.

<sup>4</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute), 2015. and Attachment 7-A of Chapter 7 of the USDA RD Handbook HB-1-3560.

<sup>5</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute), 2015.

**Replacement Cost**

The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout.

**Reproduction Cost**

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout and quality of workmanship and embodying all the deficiencies, superadequacies and obsolescence of the subject building.

**Contract Rent**

The actual rental income specified in a lease.

**Market Rent**

The rental income that a property would most probably command in the open market; indicated by the current rents paid and asked for comparable space as of the date of the appraisal.

**Excess Rent**

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect a locational advantage, unusual management, unknowledgeable parties or a lease execution in an earlier, stronger rental market.

**Percentage Rent**

Rental income received in accordance with the terms of a percentage lease; typically derived from retail store tenants on the basis of a certain percentage of their retail sales.

**Overage Rent**

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified break-even sales volume.

**Special Purpose Property**

A limited market property with a unique physical design, special construction materials or layout that restricts its utility to the use for which it was built; also called special-design property.

## **Special Limited Conditions and Assumptions**

### **1. Limit of Liability**

The liability of Gill Group, employees and subcontractors is limited to the client. There is no accountability, obligation or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser assumes no responsibility for any costs incurred to discover or correct any deficiencies present in the property. Possession of this or any copy thereof does not carry with it the right of publication nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for the analytical services only. This appraisal report is prepared for the sole and exclusive use of the client to assist with the mortgage lending decision. It is not to be relied upon by any third parties for any purpose whatsoever.

### **2. Copies, Publications, Distribution, Use of Report**

The client may distribute copies of the appraisal report in its entirety to such third parties as he may select; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Neither all nor any part of this appraisal report shall be disseminated to the general public for the use of advertising media, public relations, news, sales or other media for public communication without prior written consent of the appraiser.

### **3. Confidentiality**

This appraisal is to be used only in its entirety. All conclusions and opinions of the analyses set forth in the report were prepared by the Appraiser(s) whose signature(s) appear on the appraisal report unless indicated as "Review Appraiser". No change of any item in the report shall be made by anyone other than the Appraiser and/or officer of the firm. The Appraiser and the firm shall have no responsibility if any such unauthorized change is made.

The Appraiser may not divulge the material (evaluation) contents of the report, analytical findings or conclusions or give a copy of the report to anyone other than the client or his designee as specified in writing except by a court of law or body with the power of subpoena.

### **4. Information Used**

No responsibility is assumed for accuracy of information furnished by or from others, the client, his designee or public records. I am not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the consultant and possibly signing the report are independent contractors. The comparable data relied upon in this report have been confirmed with one or more parties familiar with the transaction or from affidavit or other source thought reasonable; all are considered appropriate for inclusion to the best of my factual judgment and knowledge. An impractical

and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the client consider independent verification within these categories as a prerequisite to any transaction involving sale, lease or other significant commitment of subject property and that such verification be performed by the appropriate specialists.

#### **5. Testimony, Consultation, Completion of Contract for Appraisal Services**

The contract for appraisal, consultation or analytical service is fulfilled and the total fee payable upon completion of the report. The appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post-appraisal consultation with client or third parties except under separate and special arrangement and at additional fee. If testimony or deposition is required because of any subpoena issued on the behalf of the client, then the client shall be responsible for any additional time fees and changes.

#### **6. Exhibits**

The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any, are included for the same purpose as of the date of the photos. Site plans are not surveys unless shown as being prepared by a professional surveyor. As noted in the Scope of Work section of the report, the appraiser inspected the exterior of the comparable properties. Our comparable database automatically includes pictures we have recently taken. The only time a comparable picture is replaced is when the inspection shows a material change. Otherwise, the pictures shown in the report are representative of how the comparables looked during the inspection.

#### **7. Legal, Engineering, Financial, Structural or Mechanical Nature Hidden Components, Soil**

No responsibility is assumed for matters legal in character or nature or matters of survey or of any architectural, structural, mechanical or engineering nature. The title to the property is good and marketable. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. The use of the land and improvements is confined within the boundaries or property lines of the property described.

The property is appraised as if free and clear unless otherwise stated in particular parts of the report. The legal description is assumed to be correct as used in this report as furnished by the client, his designee or as derived by the appraiser.

Please note that no advice is given regarding mechanical equipment or structural integrity or adequacy or soils and potential for settlement, drainage, etc., (seek assistance from qualified architect and/or engineer) nor matters concerning liens, title status and legal marketability (seek legal assistance). The

lender and owner should inspect the property before any disbursement of funds; further, it is likely that the lender or owner may wish to require mechanical or structural inspections by qualified and licensed contractor, civil or structural engineer, architect or other expert.

The appraiser has inspected, as far as possible by observation, the land and the improvements; however, it was not possible to personally observe conditions beneath the soil or hidden structural or other components. I have not critically inspected mechanical components within the improvements, and no representations are made therein as to these matters unless specifically stated conditions that would cause a loss of value. The land or the soil of the area being appraised appears firm; however, subsidence in the area is unknown. The appraiser(s) do not warrant against this condition or occurrence of problems arising from soil conditions.

The appraisal is based on there being no hidden unapparent or apparent conditions of the property site subsoil or structures or toxic materials which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

All mechanical components are assumed to be in operable condition and status standard for properties of the subject type. Conditions of heating, cooling ventilation, electrical and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to adequacy of insulation, type of insulation or energy efficiency of the improvements or equipment.

If the Appraiser has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranties are made concerning obtaining the above-mentioned items.

The Appraiser assumes no responsibility for any costs or consequences arising due to the need or the lack of need for flood hazard insurance. An Agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

## **8. Legality of Use**

The appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report and that all applicable zoning, building and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits or other

legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

### **9. Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

### **10. Auxiliary and Related Studies**

No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an agreement for services or in the report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimations or conclusions upon any subsequent such study or analysis or previous study or factual information as to market or subject or analysis subsequently becoming known to him.

### **11. Dollar Values, Purchasing Power**

The market value estimated and the costs used are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the value estimate.

### **12. Inclusions**

Furnishings and equipment or personal property or business operations except as specifically indicated and typically considered as part of real estate have been disregarded with only the real estate being considered in the value estimate unless otherwise stated. In some property types business and real estate interests and values are combined.

### **13. Proposed Improvements, Conditioned Value**

Improvements proposed, if any, on or off-site as well as any repairs required are considered, for purposes of this appraisal, to be completed in good and workmanlike manner according to information submitted and/or considered by the appraisers. In cases of proposed construction, the appraisal is subject to change upon inspection of property after construction is completed. This estimate of market value is as of the date shown, as proposed, as if completed and operating at levels shown and projected.

### **14. Value Change, Dynamic Market, Influences**

The estimated market value is subject to change with market changes over time; value is highly related to exposure, time, promotional effort, terms, motivation and conditions surrounding the offering. The value

estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value or investment value or value in use is a reflection of such benefits and appraiser's interpretation of income, yields and other factors derived from general and specific client and market information. Such estimates are as of the date of the estimate of value; they are thus subject to change as the market and value are naturally dynamic.

The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

The Appraiser reserves the right to alter the opinion of value on the basis of any information withheld or not discovered in the original normal course of a diligent investigation.

#### **15. Management of the Property**

It is assumed that the property which is the subject of this report will be under prudent and competent ownership and management neither inefficient nor super-efficient.

#### **16. Fee**

The fee for this appraisal or study is for the service rendered and not for the time spent on the physical report.

#### **17. Authentic Copies**

The authentic copies of this report are signed originals. Any copy that does not have the above is unauthorized and may have been altered.

#### **18. Insulation and Toxic Materials**

Unless otherwise stated in this report, the appraiser(s) signing this report have no knowledge concerning the presence or absence of toxic materials, asbestos and/or urea-formaldehyde foam insulation in existing improvements; if such is present, the value of the property may be adversely affected and reappraisal an additional cost necessary to estimate the effects of such.

**19. Hypothetical Conditions\***

The market value of the fee simple estate, unrestricted or conventional, subject to short-term leases, was determined under the hypothetical condition that the subject was a conventional property and not subject to any rent restrictions. The use of a hypothetical condition might have affected the assignment results.

**20. Extraordinary Assumptions\***

The "prospective" value upon stabilization was determined under the extraordinary assumption that the rehabilitation is completed as detailed in the scope of work and that the proposed rents indicated in the report are approved. The use of an extraordinary assumption might have affected the assignment results.

**21. Americans with Disabilities Act (ADA)**

The Americans with Disabilities Act (ADA) became effective January 26, 1992, as to the removal of barriers in existing public accommodations. The ADA applies to alterations of existing public accommodations or commercial facilities or places of public accommodation designed for first occupancy after January 26, 1993. A compliance survey of the subject property has not been conducted to determine if it conforms to the various requirements of the ADA. A compliance survey of the property, in conjunction with a detailed study of the ADA requirements, could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this could have a negative effect on the value of the property. Since I am not qualified to determine if the subject property complies with the various ADA regulations, I did not consider possible noncompliance with the requirements of the ADA in estimating the value of the property.

**22. Review**

Unless otherwise noted herein, the review appraiser has reviewed the report only as to general appropriateness of technique and format and has not necessarily inspected the subject or market comparable properties.

The appraiser(s) and/or associates of Gill Group reserve the right to alter statements, analyses, conclusions or any value estimate in the appraisal if there becomes known to them facts pertinent to the appraisal process which were unknown to Gill Group when the report was finished.

**Acceptance Of And/Or Use Of This Appraisal Report  
Constitutes Acceptance of the Above Conditions**

**DESCRIPTIVE SECTION**

## **Regional and Area Data and Area Maps**

The following data on the City of Swainsboro and Emanuel County are included to give the reader an insight into the social, economic, governmental and environmental factors which provide the setting and ultimate stability for the subject neighborhood and the property which is the subject of this appraisal. The various social, economic, governmental and environmental factors within any locality are the underlying forces which create, modify or destroy real property values.

### **Location**

The City of Swainsboro is located in Emanuel County which is located in the eastern portion of Georgia. Nearby cities include Dublin, Wrightsville, Soperton, Statesboro, Vidalia, Twin City, Millen and Wadley. Emanuel County has the following boundaries: North – Jefferson and Burke Counties; East – Jenkins, Bulloch and Candler Counties; South – Tattnall and Toombs Counties; and West – Montgomery, Treutlen, Laurens and Johnson Counties.

### **Utilities**

The City of Swainsboro provides water and sewer services to the residents of the city. Georgia Power provides electricity services. Natural gas services are provided by Atlanta Gas Light. Basic telephone service is provided by AT&T or Pineland.

### **Health Care**

Emanuel Medical Center and Meadows Regional Medical Center are medical facilities located in Swainsboro that serve the residents of the city and the surrounding area. Additional health care and medical facilities nearby include Candler County Hospital in Metter, approximately 25 miles from Swainsboro, Jefferson Hospital in Louisville, approximately 30 miles from the city, Fairview Park Hospital in Dublin and Willingway Hospital in Statesboro, both approximately 37 miles from Swainsboro.

### **Transportation**

Major highways in Emanuel County include Interstate 16; U.S. Highways 1, 80 and 221; and State Highways 4, 15, 23, 26, 46, 56, 57, 78, 86, 121, 171, 192, 297 and 404. Swainsboro is home to Emanuel County Airport. Vidalia Regional Airport is approximately 33 miles from the city in Vidalia. Statesboro-Bulloch County Airport in Statesboro is approximately 41 miles from the city.

**Population and Employment Statistics**

CENSUS- 2015

	City	County	State
<b>Population</b>	7,456	22,731	10,006,693
<b>Households</b>	2,861	9,904	4,133,065
<b>Renter Occupied</b>	1,163	2,713	1,310,665

LABOR STATISTICS

COUNTY				
	Labor Force	Employment	Unemployment	Unemployment Rate
<b>2005</b>	10,651	10,059	592	5.6
<b>2010</b>	9,118	7,946	1,172	12.9
<b>March 2017</b>	8,532	7,973	559	6.6

STATE				
	Labor Force	Employment	Unemployment	Unemployment Rate
<b>2005</b>	4,586,420	4,341,223	245,197	5.3
<b>2010</b>	4,696,676	4,202,052	494,624	10.5
<b>March 2017</b>	5,015,061	4,774,174	240,887	4.8

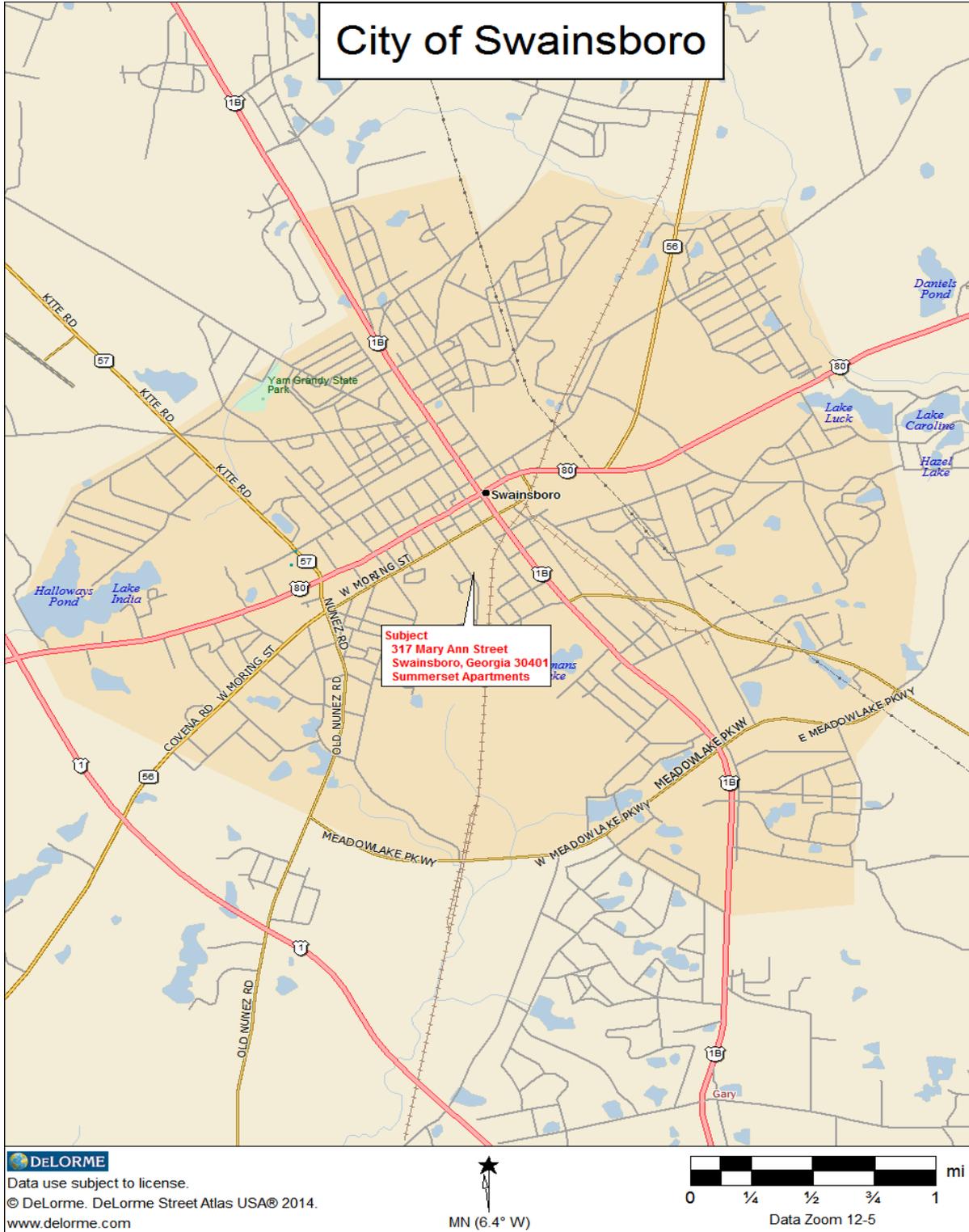
**Major Employers**

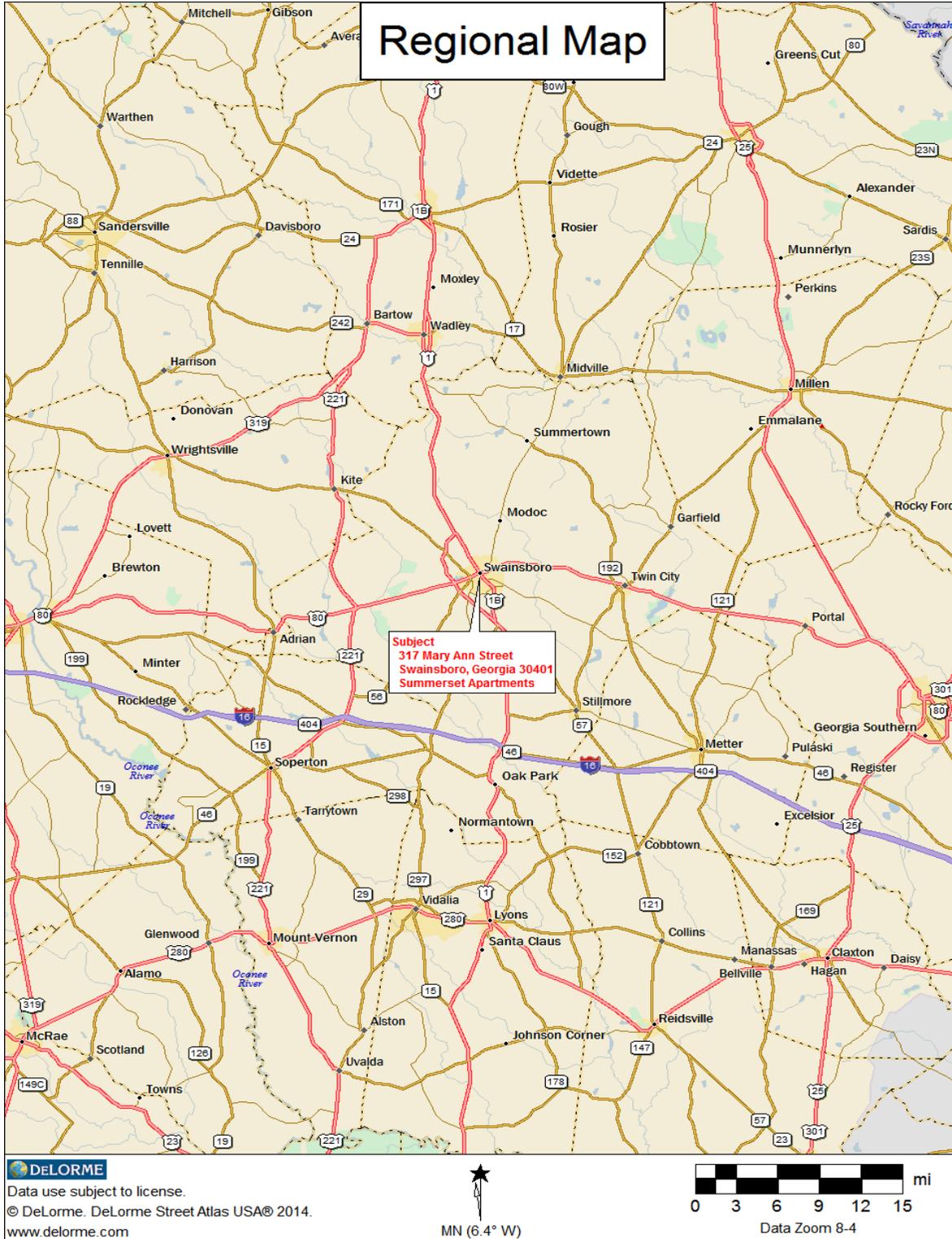
Major employers and total number of employees for the City of Swainsboro are shown in the following table:

MAJOR EMPLOYERS	
Name	Total Employees
Emanuel County Board of Education	750-800
Emanuel Medical Center	420
Crider, Inc.	250
Capro Industries	170
Handi-House Manufacturing Company, Inc.	145

**Summary and Conclusions**

Swainsboro is a city located in the eastern portion of Georgia. The unemployment rate has steadily decreased since 2010. The economic outlook for future growth and development appears to be stable.





**Neighborhood Data**

**Location**

The subject property is located in the central portion of the City of Swainsboro, Georgia. The neighborhood has average attractiveness and appeal. The neighborhood has the following boundaries: North – U.S. Highway 80; South – Mabel Avenue; East - U.S. Highway 1 Business; and West – Tyson Street and Calhoun Street.

**Access**

The neighborhood is accessed by U.S. Highway 80, U.S. Highway 1 Business, Mabel Avenue, Tyson Street and Calhoun Street. There are additional roads running north to south and west to east that provide access to the neighborhood as well. Street widths and patterns appear to be adequate for the surrounding uses.

**Proximity to Services**

<b>Restaurants</b>	
0.2 mi	KFC
0.3 mi	Domino's Pizza
0.3 mi	Main Street Market
0.3 mi	Pizza Hut
0.4 mi	Lynn & Bob's Bar-B-Q Place
0.4 mi	aunt kats
0.4 mi	DQ GRILL & CHILL
0.4 mi	Taco Bell
0.5 mi	Zaxby's Chicken Fingers & Buffalo Wings
0.5 mi	Koilya Japanese Express
0.5 mi	Burger King
0.5 mi	Ware's Restaurant
0.6 mi	Flippin Chicken
0.8 mi	Huddle House
0.8 mi	Peking Super Chinese Buffet

<b>Groceries</b>	
0.2 mi	Sanitary Market
0.3 mi	Harveys Supermarket
0.4 mi	Walmart Supercenter
0.4 mi	Sweet T's # 27
1.8 mi	ATM (Clyde's Market)
6.6 mi	E Q Hooks Grocery & Mobile Pk
10 mi	Twin City Grocery
10 mi	Twin City Groceries
10 mi	Southern Belle's Gifts
10 mi	Hall's Minit Mart
10 mi	Powell Farms Dove Field
15 mi	Adrian Grocery
18 mi	H Ray Lanier Pecan Co

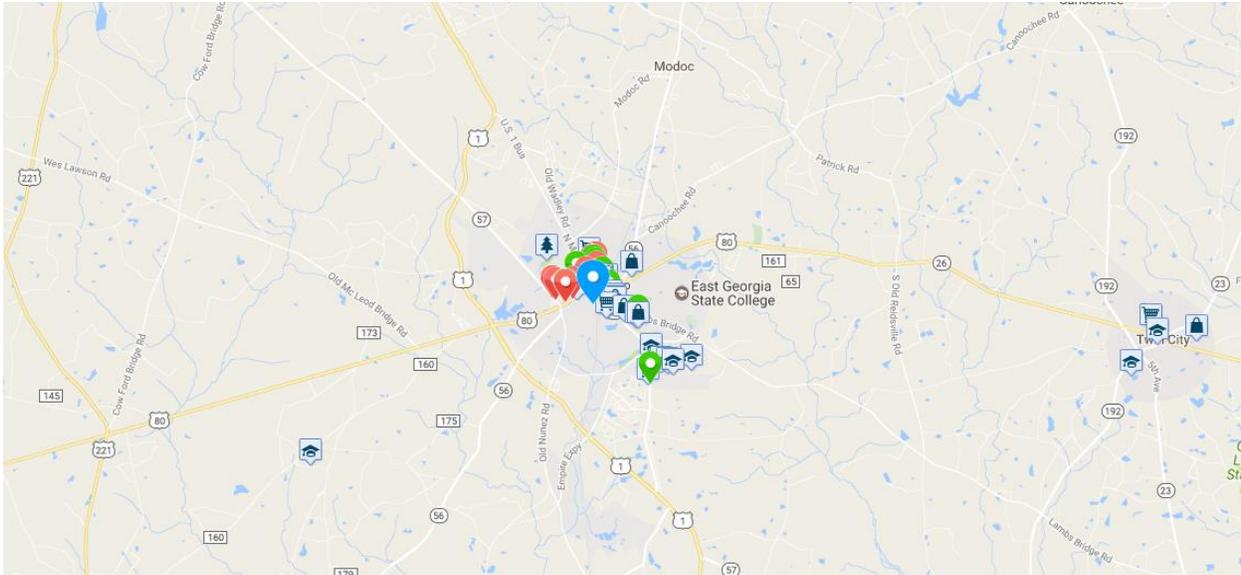
<b>Schools</b>	
1.5 mi	Swainsboro High School
1.8 mi	Swainsboro Middle School
1.9 mi	Swainsboro Elementary School
2 mi	Swainsboro Primary School
2.2 mi	Crossroads Alternative
6 mi	Ebenezer Middle School
10 mi	New Testament Christian Academy
10 mi	Emanuel County Institute
10 mi	Twin City Elementary School
12 mi	David Emanuel Academy
13 mi	Lighthouse Christian Academy
14 mi	Meeks Christian Academy
15 mi	Toombs Central Elementary School
15 mi	Adrian School of Performing Arts
16 mi	River Quest Psychoeducational Program

<b>Shopping</b>	
0.3 mi	G L Apparel Etc
0.4 mi	Grown Ones Little Ones
0.5 mi	Cato
0.7 mi	It's Fashion Metro
0.9 mi	Julie's Shop
0.9 mi	Dockers
1 mi	Hibbett Sports
11 mi	Badie's Boutique
19 mi	Family Dollar Store
19 mi	Fashion Villa
20 mi	Crystal's All About Fashions
20 mi	Minit Food Mart
20 mi	Sugar Babies Consignments
20 mi	Shirtback Grafix

<b>Banks</b>	
0.3 mi	Durden Banking Co Inc
0.3 mi	BB&T
0.4 mi	Citizens Bank of Swainsboro
0.5 mi	Durden Banking Company
0.5 mi	Spivey State Bank
0.5 mi	Dr. Roslyn C. Banks-Jackson, MD
0.9 mi	Diebold, Inc.
1.8 mi	Queensborough National Bank
21 mi	Metter Bank

<b>Police</b>	
0.5 mi	Swainsboro City Police Department

<b>Medical Facilities</b>	
0.3 mi	Emanuel Counseling and D.U.I. School
0.4 mi	Mark D Smith DMD
0.4 mi	Ray Clinic PC
0.5 mi	East Ga Healthcare-Swainsboro
0.5 mi	Porter Medical Clinic
0.5 mi	East Georgia Healthcare Center
0.7 mi	Emanuel Medical Center: Wattanawanakul Somsak MD
0.8 mi	RAI Dialysis Care Center
3.8 mi	PruittHealth - Swainsboro
10 mi	Twin City Medical Clinic
29 mi	Fresenius Medical Care



### **Land Use Pattern**

The subject neighborhood is comprised primarily of residential properties and is 80 percent built up. Approximately 50 percent of the land use is made up of single-family residences. About 20 percent is comprised of multifamily developments. The remaining 20 percent is vacant land. The area is mostly rural.

### **Neighborhood Characteristics**

The median real estate price of the neighborhood is \$62,833, which is less expensive than 92.6 percent of the neighborhoods in Georgia and 92.6 percent of the neighborhoods in the United States. The average rental price in the neighborhood is \$766, according to Neighborhood Scout, which is lower than 83.6 percent of all Georgia neighborhoods.

The neighborhood has 19.7 percent of the working population employed in executive, management and professional occupations. Another 23.2 percent of the residents are employed in sales and service jobs. Manufacturing and laborer occupations make up 32.3 percent, and 19.5 percent are employed in clerical, assistant and technical support occupations.

According to Neighborhood Scout, the school quality rating is 15 (100 is the best). The neighborhood is served by the Emanuel County School District which contains 6 schools and approximately 4,325 students. The school district quality is considered better than 3.0 percent of Georgia school districts.

Most of the properties in the neighborhood maintain an acceptable level of property maintenance and condition. The ages of buildings in the area generally range from new to 100 years. The subject neighborhood is in average condition with average appeal. There are no rent controls affecting the marketability of the subject.

### **Neighboring Property Use**

The neighborhood is comprised primarily of residential properties. Wooded land are located north of the site. Single-family residences are located south of the site. Single-family residences are located east of the subject. Swainsboro Presbyterian Apartments are located west of the subject.



### **Crime**

According to [www.neighborhoodscout.com](http://www.neighborhoodscout.com), the crime index for the subject neighborhood is 30. There are 193 total crimes annually in the neighborhood, 16 of which are violent crimes and 177 of which are property crimes. The annual violent crime rate is 3.13 per 1,000 residents, while the property crime rate is 34.60 per 1,000 residents. The total annual crime rate is 37.72 per 1,000 residents. The chances of becoming a victim of a violent crime are 1 in 320 which is lower than for the state which is 1 in 273. The chances of becoming a victim of a property crime are 1 in 29 which is lower than the rate for the state which is 1 in 30.

### **Adverse Influences**

There are no major adverse influences or hazards observed or known by the appraiser in the immediate surrounding area.

**Utilities**

Utilities generally available in the neighborhood include water, electricity, sewer and telephone.

**Demographics**

The population for the subject's neighborhood for 2017, according to ESRI, is 5,081, an decrease of (35) people from the 2010 population of 5,116. The population is expected to decrease at an annual rate of 0.5 percent between 2017 and 2022. Therefore, the 2022 population is projected at 5,058. The median age for the neighborhood is 40.3.

The total number of households decreased from 2,008 in 2010 to 1,993 in 2017. Household totals are expected to decrease, with a projected 1,985 households in 2022.

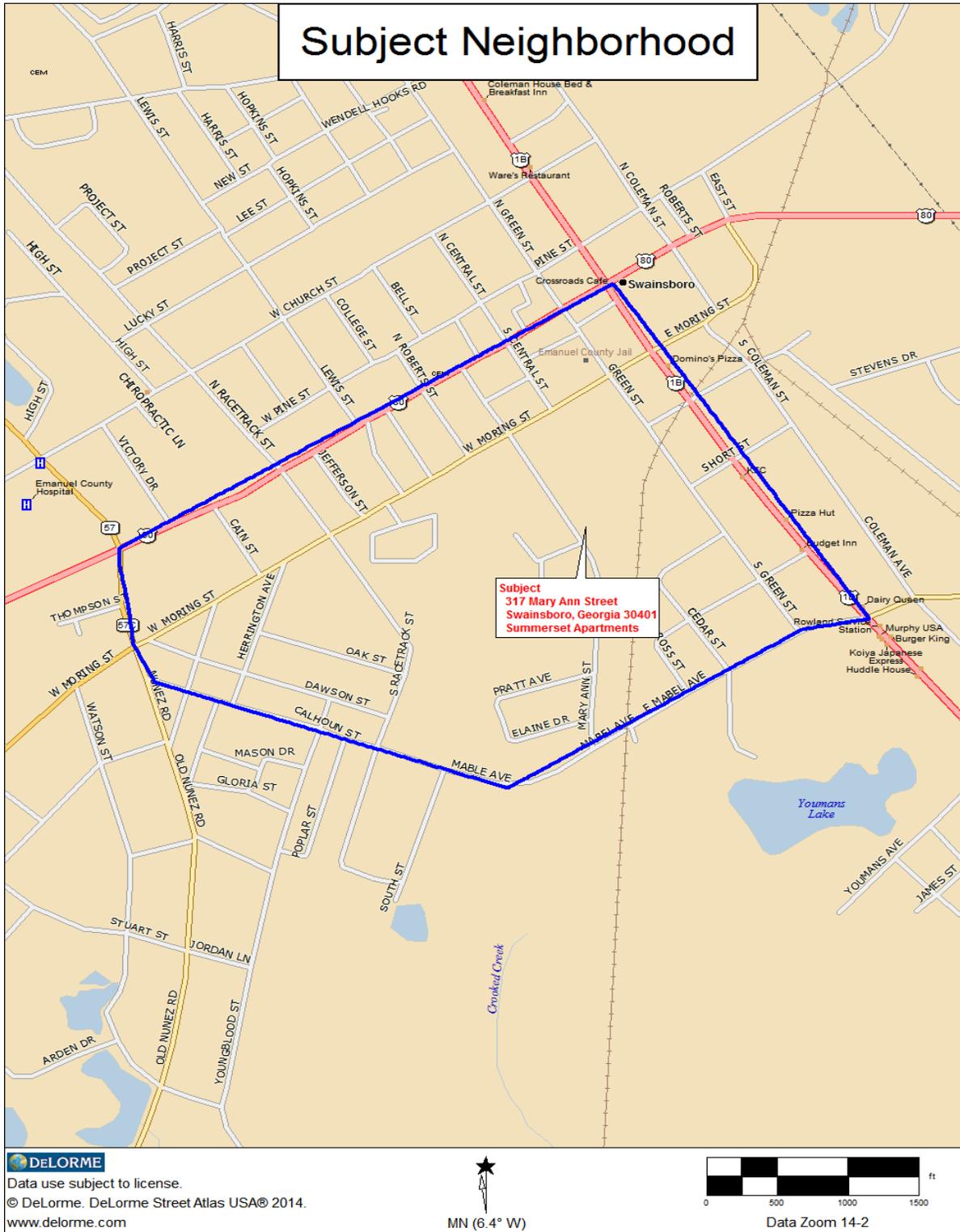
The median household income for the neighborhood in 2017 is \$35,540. It is expected to increase to \$39,301 by 2022. The per capita income is \$19,076.

The median home value for the neighborhood in 2017, according to ESRI, is \$148,100. According to ESRI, the average amount spent for owner-occupied households in the subject's neighborhood is \$16,152.00, or \$1,346 per month. The average amount spent for renter-occupied households is \$10,548.00, or \$879 per month.

**Analysis/Comments**

In conclusion, the subject is located in the central portion of Swainsboro, Georgia. The subject is considered to be compatible with the adjacent properties. Based on the current and projected population and household data, the neighborhood appears to be stable. There have been no significant changes in the make-up of the neighborhood over the past few years. Properties in the neighborhood are generally well maintained. Therefore, it is anticipated that the neighborhood will remain stable and in acceptable condition.

Neighborhood Map



**Defining the Market Area**

The market area for the subject consists of Census Tracts 9702.00, 9703.00, 9704.00, 9705.00 and 9706.00 in Emanuel County. The market area has the following boundaries: North – Carroll and Fulton Counties; South – Meriwether County; East – Water Works Road, Tommy Lee Cook Road, Ridley Road, State Highway 14, Weldon Road, Palmetto-Tyrone Road, Interstate 85, Shoal Creek, State Highway 34, Lower Fayetteville Road, State Highway 154, Old Georgia 16, State Highway 16 and White Oak Creek; and West – Heard County.

Surveying existing apartment complexes helps to show what the competition is offering. Vacancy rates are an indicator of current market strength. In a field survey, an attempt is made to survey 100 percent of all units in the market area. This is not always possible. There are several apartments in the market area. Information was gathered through interviews with owners and managers and through field inspection. These sources appear to be reliable, but it is impossible to authenticate all data. The appraiser does not guarantee this data and assumes no liability for any errors in fact, analysis or judgment.

The field/phone survey was conducted in May 2017. Seven market-rate properties responded to the survey and six restricted properties, including the subject, responded to the survey. Of the apartments surveyed an overall vacancy rate of one percent was determined for the market-rate vacancy and two percent was determined for the restricted vacancy. The subject is currently 97 percent occupied. Historically, the subject’s occupancy rate has ranged from 97 to 98 percent since 2014. After considering the vacancy rate of the subject and the comparables, a vacancy rate of five percent was deemed appropriate for “as is” conventional housing; five percent was deemed appropriate for “as complete” conventional housing; three percent was deemed appropriate for “as is” affordable housing; and three percent was deemed appropriate for “as complete” affordable housing.

<b>Market Area Vacancy by Development - Conventional</b>			
<b>Property Name</b>	<b># of Units</b>	<b># of Vacant Units</b>	<b>Vacancy Percentage</b>
Brookington Apartments	96	0	0.0%
Pecan Ridge Apartments	51	0	0.0%
Carriage Hill Apartments	60	2	3.3%
Hill House Apartments	12	0	0.0%
The Gables Apartment Homes	32	0	0.0%
203 Success Street	1	0	0.0%
139 South Anderson Drive	1	0	0.0%
<b>TOTALS</b>	<b>253</b>	<b>2</b>	<b>0.8%</b>

<b>Market Area Vacancy by Development - Affordable</b>			
<b>Property Name</b>	<b># of Units</b>	<b># of Vacant Units</b>	<b>Vacancy Percentage</b>
Summerset Apartments	31	1	3.2%
Swainsboro Presbyterian Apartments	50	1	2.0%
Moring Apartments	36	0	0.0%
Hickory Trace Apartments	40	2	5.0%
Swainsboro Apartments	36	1	2.8%
Clearview Apartments	16	0	0.0%
<b>TOTALS</b>	<b>209</b>	<b>5</b>	<b>2.4%</b>

**Absorption Period**

The subject is an existing 31-unit complex that is currently 97 percent occupied. The proposed rehabilitation of the development will not permanently displace residents. Therefore, no additional absorption of units will be needed as the property typically maintains a stabilized occupancy.



**Subject Description**

The area of the site and the site dimensions are based on the building plans provided by the Emanuel County Assessor's Office and a survey provided by the owner. A copy of the survey is included in the addenda.

**Total Land Area** 3.10 acres or 135,036+/- square feet

**Shape/Dimensions** Irregular

**Access & Exposure** The subject property is located on Mary Ann Street. The site is at or near pavement grade with Mary Ann Street. The site has ingress and egress on Mary Ann Street.

**Topography/Drainage** The site is nearly level. A water detention area is not located on the site. No adverse soil conditions are known in the area which would prevent development.

**Flood Plain** According to RiskMeter, Flood Map Number 13107C0304C, dated December 17, 2010, the subject is zoned X, an area determined to be outside the 100- and 500-year floodplains. Federal flood insurance is available but is not required.

**Environmental Issues** The appraisers are not qualified to determine whether or not hazards exist. A copy of a Phase I Environmental Site Assessment was provided to the appraisers with this assignment. No environmental hazards were observed on the site on the date of the inspection.

**Encroachments** No encroachments were observed. A survey was provided with this assignment. The appraisers are not qualified to determine whether or not the adjacent properties encroach on the subject site.

**Site Ratios**

Building to Land Ratio: 1 to 5.70;

Site Coverage Ratio - 17.55 percent

There is limited room for expansion of the existing facility as the current buildings do not occupy 100 percent of the site. The size of the buildings when compared to the total lot size does not preclude expansion of the facility and, therefore, does not negatively affect the estimated market value of the subject. The site coverage ratio indicates the available land around the buildings has been utilized at the subject to preclude a "cramped" feel to the property.

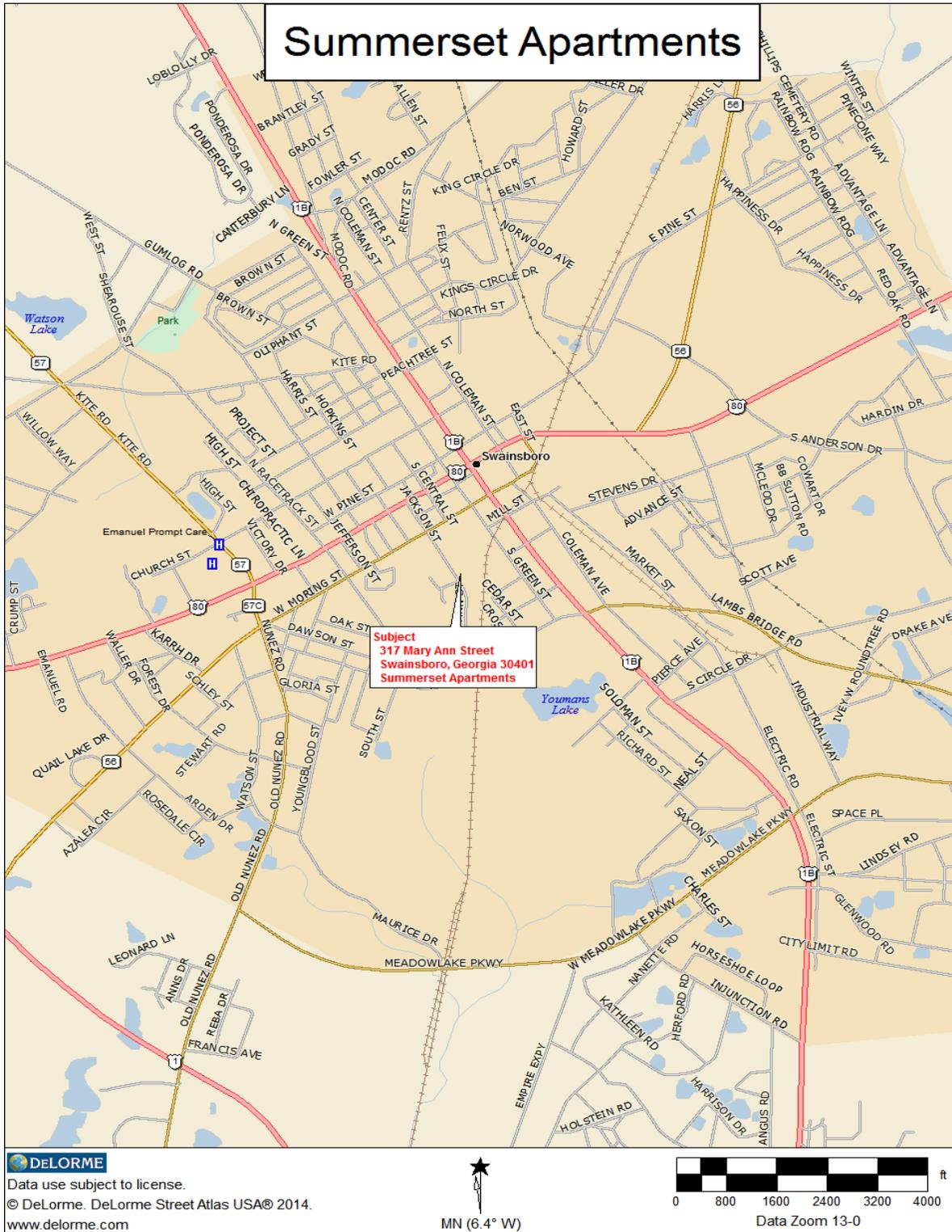
**Utilities**

Water, sewer and electricity are provided by city utilities along the site boundaries. These services appear to be adequate for commercial use.

**Zoning**

According to the City of Swainsboro, the subject is zoned R-8, Residential District. The subject is a legal, conforming use. Therefore, it is unlikely that a zoning change will occur. The subject appears to meet site and setback requirements and appears to conform to the current zoning restrictions. The subject could be rebuilt if it were destroyed. The current zoning is consistent with the Highest and Best Use of the subject. A copy of the zoning ordinance was not available. Since there are no obvious conflicts between the subject property and the zoning of the property, there is no negative impact on the market value by the zoning classification.

Subject Map



**Improvement Description**

<b>Number of Buildings</b>	The subject contains five garden one-story buildings containing 31 units and one accessory building.
<b>Net Rentable Building Area</b>	20,228 square feet
<b>Gross Building Area</b>	23,696 square feet
<b>Year Built/Year Renovated</b>	1995/Proposed
<b>Economic Life</b>	55 Years
<b>Effective Age</b>	10 Years (As Is) 5 Years (As Complete)

The subject contains five garden one-story buildings containing 31 units. The property also contains one accessory building housing the leasing office, laundry facility, meeting room and maintenance area. According to the Emanuel County Assessor, the gross building area of the property is 23,696 square feet. A copy of the plans, dated March 1, 1994, and completed by Ellis, Ricket And Associates of Valdosta, Georgia, is included in the addenda.

The following table shows the unit mix for the subject property. The unit sizes shown in the table are based on inspector measurements taken the date of inspection.

<b>Unit Type</b>	<b># of Units</b>	<b>Square Footage</b>	<b>Total Square Footage</b>
1/1	28	637	17,836
2/1	2	798	1,596
2/1	1	796	796
	<b>31</b>		<b>20,228</b>

The property includes the following amenities:

Unit Amenities	Included	Fee	Project Amenities	Included	Fee
Refrigerator	X		Clubhouse		
Range/Oven	X		Meeting Room	X	
Garbage Disposal			Dining Room		
Dishwasher			Swimming Pool		
Microwave			Spa/Hot Tub		
Washer/Dryer			Exercise Room		
Washer/Dryer Hook-Ups	X		Picnic Area		
Carpet	X		Playground		
Vinyl	X		Tot Lot		
Wood			Volleyball Court		
Wood Composite			Basketball Court		
Ceramic Tile			Tennis Court		
Blinds	X		Exterior Storage		
Drapes/Shades			Housekeeping		
Ceiling Fans			Business Center		
Vaulted Ceilings			Educational Classes		
Fireplace			Transportation		
Walk-In Closet			Service Coordinator/HUD Paid		
Coat Closet	X		Concierge Services		
Balcony			Computer Room		
Patio	X		Car Wash Area		
Pull Cords	X		Laundry Facility	X	
Emergency Call			On-Site Management	X	
Safety Bars	X		On-Site Maintenance	X	
<b>Parking</b>	<b>Included</b>	<b>Fee</b>	Intercom/Electronic Entry		
Parking Lot/# of Spaces	X/50	\$0	Limited Access Gate		
Covered Parking/# of Spaces			Perimeter Fencing		
Garage/# of Spaces			Security Patrol		
Parking Garage/Underground/# of Spaces			Video Surveillance		

The subject is 100 percent Rural Development with Rental Assistance for 28 units. The unit types, current rents, utility allowances and square footages for the units are shown in the table below:

Unit Type	# of Units	Square Footage	Current Rent	Utility Allowance
1/1	28	637	\$425	\$71
2/1	2	798	\$445	\$115
2/1	1	796	N/A	N/A

The property will undergo rehabilitation and will be in good condition. The proposed scope of work is comprehensive and includes replacement of appliances, kitchen cabinets, bathroom vanities and medicine cabinets, windows, interior and exterior doors, hot water heaters, air conditioning units, toilets and baths, flooring and structural elements such as exterior brick and wall supports, roofing and re-grading and striping of the parking lots. The rehabilitation is anticipated to take nine months.

The unit types, proposed rents after completion of the rehabilitation, utility allowances and square footages for the units are shown in the table below:

Unit Type	# of Units	Square Footage	Proposed Rent	Utility Allowance
1/1	28	637	\$439	\$71
2/1	2	798	\$497	\$115
2/1	1	796	N/A	N/A

The rents indicated in the table are assuming LIHTC restrictions, but the subject will retain its Rental Assistance for 28 units. The subject is currently a Rural Development property that, after rehabilitation, will remain a Rural Development property with Rental Assistance for 23 units as well as be a Low Income Housing Tax Credit property at 60 percent of the area median income. As a result of the Rental Assistance, tenants will never be asked to pay more than 30 percent of their gross annual income for rent.

**CONSTRUCTION SUMMARY**

Foundation	Concrete Slab on Grade
Construction	Frame
Exterior Walls	Brick/Vinyl Siding
Floors	Carpet/Vinyl
Roof	Asphalt Shingle

**UTILITIES**

UTILITY SCHEDULE		
Utility	Type	Who Pays
Heat	Central Electric	Tenant
Air Conditioning	Central Electric	Tenant
Hot Water	Electric	Tenant
Cooking	Electric	Tenant
Other Electric	N/A	Tenant
Cold Water/Sewer	N/A	Landlord
Trash Collection	N/A	Landlord

**APPEAL**

Landscaping	Grass, Shrubs and Trees
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**Age, Life and Condition**

The subject was constructed in 1995 using both residential and commercial industry standard workmanship and materials. At the time of the inspection, the facility was observed to be in average physical condition. The subject will be in good condition after the rehabilitation is complete. The remaining estimated useful life is calculated by subtracting the effective age of a property as determined by the

appraiser from the total economic life as determined by *Marshall and Swift Cost Valuation Services*. The effective age of a property is its age as compared with other properties performing like functions. It is the actual age less the age which has been taken off by face-lifting, structural reconstruction, removal of functional inadequacies, modernization of equipment, etc. It is an age which reflects the true remaining life for the property, taking into account the typical life expectancy of buildings or equipment of its class and its usage. It is a matter of judgment, taking all factors, current and those anticipated in the immediate future, into consideration.

In evaluating the remaining economic life, consideration of the following points was included:

*a. The economic make-up of the community or region and the on-going demand for accommodations of the type represented.*

As noted in the Neighborhood Data section of this report, the subject is considered to be compatible with the adjacent properties in its neighborhood. The median home value for the neighborhood in 2017, according to ESRI, is \$148,100. According to ESRI, the average amount spent for owner-occupied households in the subject's neighborhood is \$16,152.00, or \$1,346 per month. The average amount spent for renter-occupied households is \$10,548.00, or \$879 per month. This data indicates that the cost to rent is significantly lower than the cost to own, thereby increasing the demand for rental housing. Therefore, the demand for rental units continues to be strong.

*b. The relationship between the property and the immediate environment. Older properties may have legally non-conforming use if they pre-dated real property zoning for the neighborhood. Observations within the neighborhood in which the subject is situated may reveal a conflicting relationship. This should be fully explored to determine any potential external obsolescence.*

In selecting an appropriate effective age for the subject, the property's compatibility within the neighborhood was considered. The property is a compatible use in the neighborhood and remains in demand by residents as exhibited by the stable occupancy rate of the property. The existing multifamily use of the subject does not conflict with adjacent property uses. Therefore, the property's compatibility does not have a detrimental impact on the property's remaining economic life. Surrounding and nearby land uses are not detrimental to the subject property. There is no evidence of external obsolescence arising from undesirable or non-conforming properties within the subject district.

*c. To the extent possible, the appraiser should analyze architectural design, style and utility from a functional point of view and the likelihood of obsolescence attributable to new inventions, new materials, changes in building codes, and changes in tastes.*

The property's architectural design is typical for the local rental market and is generally similar to rental projects in the area. In addition, the functional utility of the subject is similar to rental projects in the area, and the property does not suffer from functional obsolescence.

*d. The trend and rate of change in the characteristics of the neighborhood that affect property values and their effect on those values.*

Essential goods and services are readily accessible. Access to primary transportation routes is average to good, with ready linkage to both north-south and east-west highways. These neighborhood characteristics have resulted in a stable environment where occupancy rates are strong. No significant changes to the market area characteristics are anticipated.

*e. Workmanship and durability of construction and the rapidity with which natural and man-made forces may cause physical deterioration.*

The physical aspects reflect Class D construction which is viewed as having good durability.

*f. Physical condition and the practice of owners and occupants with respect to maintenance, the use or abuse to which the improvements are subjected, the physical deterioration and functional obsolescence within the subject property.*

The property is well-maintained, exhibits no evidence of deferred maintenance and is functionally adequate. The subject property is not anticipated to experience physical deterioration at a higher rate than projected for similar properties in the area.

The buildings are classified as Average Class D Multiple Residences, according to the Marshall & Swift Cost Manual. Based on the life expectancy tables found in the Marshall & Swift Cost Manual, the economic life of the building is approximately 55 years. Therefore, the effective age is 10 years, and the remaining economic life is 45 years. The subject will undergo a substantial rehabilitation. Upon completion of the rehabilitation the subject will be in good condition, and the effective age of the subject will be five years, and the remaining economic life will be 50 years.

**Subject Photos**



View of Sign



View of Exterior

Summerset Apartments \* 317 Mary Ann Street \* Swainsboro, Georgia



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Meeting Room



View of Meeting Room Kitchen



View of Laundry Facility



View of Laundry Facility



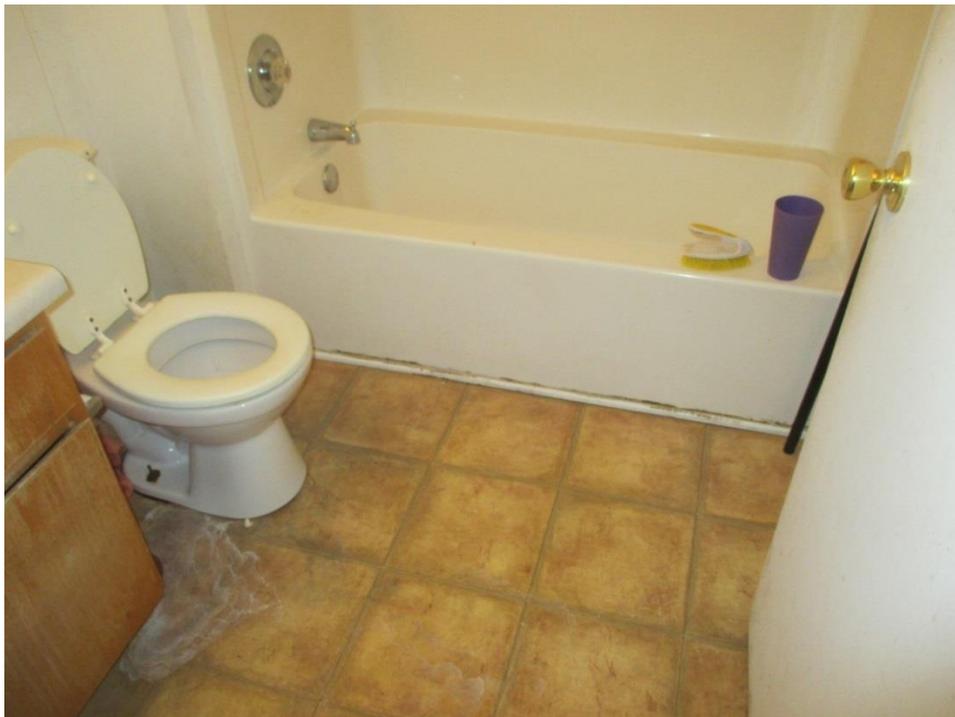
View of Living Area – One-Bedroom Unit



View of Kitchen – One-Bedroom Unit



View of Bedroom – One-Bedroom Unit



View of Bath – One-Bedroom Unit



View of Living Area – Two-Bedroom Unit



View of Kitchen – Two-Bedroom Unit



View of Bedroom – Two-Bedroom Unit



View of Bath – Two-Bedroom Unit



View of Parking Lot



View of Street

Summerset Apartments \* 317 Mary Ann Street \* Swainsboro, Georgia



View to the North



View to the South



View to the East



View to the West

**Assessments and Current Real Estate Taxes**

The tax rate for Emanuel County is 11.779 per \$1,000 of assessed value, and the tax rate for Swainsboro is 19.529 per \$1,000 of the assessed value. The property has a total appraised value of \$431,484, with \$40,024 allocated to land and \$391,460 allocated to improvements. The assessor uses 40 percent of the appraised value to determine the assessed value. As a result, the assessed value was \$172,594. The 2016 real estate taxes for the subject were \$8,469.70: \$4,877.22 for the county and \$3,592.48 for the city. The taxes have been paid.

In order to determine the reasonableness of the real estate taxes when considering the Market Value within 7 CFR part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition As-If Unsubsidized Conventional Housing, real estate tax comparables were verified. These comparables are shown in the following table:

Property	No. of Units	Year Built	Parcel #	FMV - Land - 2016	FMV - Improvements -	FMV - Total - 2016	Real Estate Taxes - 2016	Taxes Per Unit
Brookington Apartments 504 Brookwood Drive Dublin, Laurens County, Georgia	96	1985	D038 112	\$110,010	\$2,226,469	\$2,336,479	\$28,977.05	\$301.84
Pecan Ridge Apartments 104 Parker Dairy Road Dublin, Laurens County, Georgia	51	1980	D15B 006	\$63,375	\$848,531	\$911,906	\$11,043.46	\$216.54
Carriage Hill Apartments 604 Hillcrest Parkway Dublin, Laurens County, Georgia	60	1984	D09D 134	\$346,000	\$1,160,524	\$1,506,524	\$15,103.99	\$251.73
Hill House Apartments 620 Peachtree Street Douglas, Coffee County, Georgia	12	1972	D020 169	\$29,138	\$544,897	\$574,035	\$7,162.56	\$596.88
The Gables Apartment Homes 1351 West Gordon Street Douglas, Coffee County, Georgia	32	1995	0097B 074	\$48,000	\$950,416	\$998,416	\$12,493.03	\$390.41

These comparables are all market-rate facilities in Laurens and Coffee Counties. Due to the lack of conventional comparables in Telfair County, it was necessary to utilize comparables outside the county in Laurens and Coffee Counties. The comparables indicated a range of \$216.54 per unit to \$596.88 per unit. The subject's actual real estate taxes are \$273.00 per unit. The subject's real estate taxes are at the lower end of the range but are within the range of the tax comparables. Therefore, no adjustment was made to the real estate taxes for the market scenario.

## **Highest and Best Use Analysis**

Highest and Best Use is defined in *The Dictionary of Real Estate Appraisal*, sponsored by the Appraisal Institute (Sixth Edition 2015), as follows:

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

Implied in this definition is that the determination of highest and best use takes into account the contribution of specific use to the community and community development goals as well as the benefits of that use to individual property owners. Hence, in certain situations, the highest and best use of land may be for parks, greenbelt, preservation, conservation, wildlife habitat, etc.

In determining the highest and best use of the subject property, careful consideration was given to the economic, legal, and social factors which motivate investors to develop, own, buy, sell and lease real estate.

There are four criteria that are used in evaluating the highest and best use of a property. The highest and best must be:

1. **Physically Possible**
2. **Legally Permissible**
3. **Financially Feasible**
4. **Maximally Productive**

The four criteria are applied in sequential order. The selection of uses is narrowed through the consideration of each criteria, so that by the time the last criteria is applied, only a single use is indicated. Hence, a property often will have numerous uses which are physically possible, a lesser number which are both physically possible and legally permissible; fewer still which are physically possible, legally permissible and financially feasible; and only a single use which meets all four criteria.

In addition to the preceding four criteria, the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation further indicate that the following items must be considered as they relate to the use and value of the property:

1. Existing land use regulations
2. Reasonably probable modifications of such regulations
3. Economic demand
4. The physical adaptability of the property
5. Neighborhood trends

The previous sections of this report were used to render a judgment as to the highest and best use of the site as though vacant and as though improved.

### **Highest and Best Use as though Vacant**

Highest and best use of land or a site as though vacant assumes that a parcel of land is vacant or can be made vacant by demolishing any improvements. With this assumption, uses that create value can be identified, and the appraiser can begin to select comparable properties and estimate land value. The questions to be answered in this analysis are as follows:

If the land is, or were, vacant, what use should be made of it?

What type of building or improvement, if any, should be constructed on the land and when?<sup>6</sup>

### **Physically Possible Use as Vacant**

The first constraint imposed on the possible use of the property is dictated by the physical aspects of the site itself. The size and location within a given block are the most important determinants of value. In general, the larger the site, the greater its potential to achieve economies of scale and flexibility in development. The size of the parcel, considered within the provisions of the zoning, has considerable influence on its ultimate development.

The key determinant in developing a site is the permitted size of the project. More land permits higher density development, higher floor to area ratios (FAR), etc. the total number of square feet allowed for a building structure tends to rise in proportion to the size of the lot. Location is important when considering a site's proximity to open plazas, office trade areas, work force areas, public transportation, major highways (access/visibility), etc.

As noted in the Site Data section of this report, the subject site has a land area of 3.10 acres. Topographically, the site is nearly level. The subject is not located in a flood hazard area. No subsoil or drainage conditions are known that would adversely affect the development of the site. Public utilities available to the subject include electricity, water, sewer and telephone. The size of the subject and the adjacent properties suggest a number of possible uses for the subject site.

### **Legally Permissible Use As Vacant**

Legal restrictions, as they apply to the subject property, are of two types, private restrictions (deed restriction easements) and public restrictions, namely zoning. No information regarding private restrictions affecting title was provided with this assignment other than those mentioned below. It is assumed that only common restrictions (i.e. utility easements, etc.) are applicable and are not of any consequence to the development of this site.

<sup>6</sup> The Appraisal Institute. *The Appraisal of Real Estate*. 14<sup>th</sup> ed. (Chicago, 2013), 337

### **FINANCIALLY FEASIBLE USE AS VACANT**

After the discussion of the physically possible and legally permissible uses for the site as vacant, the adjacent property uses suggest that the possibilities for the subject have been narrowed to multifamily development.

### **MAXIMALLY PRODUCTIVE AS VACANT**

Based on the analysis of the previous elements, it is reasonable to assume, if the site were vacant and available for development on the date of valuation, the highest and best use would be for multifamily development, most likely a multifamily use which could produce a higher return.

### **HIGHEST AND BEST USE AS IMPROVED**

Highest and best use of a property as improved pertains to the use that should be made of an improved property in light of its improvements. The use that maximizes an investment property's value, consistent with the long-term rate of return and associated risk, is its highest and best use as improved.<sup>7</sup>

This part of highest and best use analysis is structured to answer the following problems:

1. Should the building be maintained as is?
2. Should the building be renovated, expanded, or demolished?
3. Should the building be replaced with a different type or intensity of use?

### **PHYSICALLY POSSIBLE AS IMPROVED**

The subject site supports an existing multifamily development with a gross building area of approximately 23,696 square feet. The subject does suffer from functional or external obsolescence. The subject is in average condition.

### **LEGALLY PERMISSIBLE AS IMPROVED**

Based on the adjacent property uses and the zoning restrictions for the subject, the highest and best use of the subject site is considered to be a multifamily facility. The configuration of the improvements is not in violation of any known regulations and is considered to be a compatible use with the adjacent commercial and residential properties.

<sup>7</sup> The Appraisal Institute. *The Appraisal of Real Estate*. 14<sup>th</sup> ed. (Chicago, 2013), 345

**FINANCIALLY FEASIBLE AS IMPROVED**

The third factor that must be considered is the economical feasibility of the types of uses that are physically and legally permissible. Based on the data presented in the Income Approach section of this report, the existing improvements appear to be capable to produce an adequate return to be financially feasible as they exist.

**MAXIMALLY PRODUCTIVE AS IMPROVED**

Considering the previous discussions, the existing improvements are physically possible, legally permissible and financially feasible. There currently is no alternative legal use that could economically justify razing the existing improvement or significantly changing their use. Based on the foregoing analysis, it is my opinion that the maximally productive use of the property is as a multifamily development.

## **Appraisal Procedures**

### **The Cost Approach**

The Cost Approach considers the current cost of replacing a property, less depreciation from three sources: physical deterioration, functional obsolescence and external obsolescence. A summation of the market value of the land, assumed vacant and the depreciated replacement cost of the improvements provides an indication of the total value of the property.

### **The Income Approach**

The Income Approach is based on an estimate of the subject property's possible net income. The net income is capitalized to arrive at an indication of value from the standpoint of an investment. This method measures the present worth and anticipated future benefits (net income) derived from the property.

### **The Sales Comparison Approach**

The Sales Comparison Approach produces an estimate of value by comparing the subject property to sales and/or listings of similar properties in the same or competing areas. This technique is used to indicate the value established by informed buyers and sellers in the market.

In preparing this appraisal, the appraiser inspected the subject property and analyzed historic operating data for the subject. A Cost Approach was used to determine the effective age and economic life of the proposed development. Furthermore, information was gathered on competitive properties in the region for comparable improved rentals and operating expenses. Lastly, comparable sales were gathered primarily for their use as overall rate indicators. This information was applied in the Income Capitalization Approach. The application of each measure of value is discussed further in appropriate sections of this report.

## **VALUATION SECTION**

### **Cost Approach**

The Cost Approach is a method in which the value of a property is derived by estimating the replacement cost of the improvements, deducting the estimated depreciation, and adding the market value of the land. The first Step in the Cost Approach is to estimate the value of the subject site.

### **Site Value**

The comparison method is the most common way of developing a market value estimate for land. In the comparison method, sales of vacant land comparable to the subject property are gathered and analyzed. Ideally, such vacant sales are close in time and proximity to the subject property.

The sales prices are adjusted for time, location, physical characteristics, and other relevant variations. The adjusted prices are reduced to some common unit of comparison and conclude a unit value applicable to the subject property. This unit value, when applied to the appropriate unit measure, results in an estimate of market value for land.

An investigation revealed several sales of similar sites in the subject's area. The comparables found are summarized on the following pages.

**Land Sale No. 1**



**Property Identification**

<b>Record ID</b>	1670
<b>Property Name</b>	Deer Creek Drive
<b>Address</b>	Deer Creek Drive at Creekside Drive, Swainsboro, Emanuel County, Georgia 30401
<b>Tax ID</b>	058C 036
<b>Market Type</b>	Land

**Sale Data**

<b>Grantor</b>	Deer Creek Development Corporation
<b>Grantee</b>	Robert & Jimmy Sanders Jr.
<b>Sale Date</b>	August 15, 2014
<b>Deed Book/Page</b>	405/342
<b>Property Rights</b>	Fee Simple
<b>Conditions of Sale</b>	Normal
<b>Financing</b>	Conventional
<b>Verification</b>	Assessor; May 16, 2017

<b>Sale Price</b>	\$25,000
<b>Cash Equivalent</b>	\$25,000
<b>Adjusted Price</b>	\$25,000

**Land Data**

<b>Zoning</b>	R-5, Residential District
<b>Topography</b>	Nearly Level
<b>Utilities</b>	E, G, W, S
<b>Shape</b>	Irregular

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

**Land Size Information**

**Gross Land Size**

0.920 Acres or 40,075 SF

**Front Footage**

Deer Creek Drive; Creekside Drive

**Indicators**

**Sale Price/Gross Acre**

\$27,174

**Sale Price/Gross SF**

\$0.62

**Land Sale No. 2**



**Property Identification**

<b>Record ID</b>	4616
<b>Property Name</b>	1612 East First Street
<b>Address</b>	1612 East First Steet, Vidalia, Toombs County, Georgia 30474
<b>Tax ID</b>	C27C 004, C27C 005, C27C 006
<b>Market Type</b>	Land

**Sale Data**

<b>Grantor</b>	Pennington Investments I LP
<b>Grantee</b>	Nissan of Vidalia, Inc.
<b>Sale Date</b>	July 22, 2016
<b>Deed Book/Page</b>	1154/118
<b>Property Rights</b>	Fee Simple
<b>Conditions of Sale</b>	Normal
<b>Financing</b>	Conventional
<b>Verification</b>	Assessor; May 16, 2017

<b>Sale Price</b>	\$594,196
<b>Cash Equivalent</b>	\$594,196
<b>Adjusted Price</b>	\$594,196

**Land Sale No. 2 (Cont.)**

**Land Data**

<b>Zoning</b>	C-1, Central Business District
<b>Topography</b>	Nearly Level
<b>Utilities</b>	E, G, W, S
<b>Shape</b>	Irregular

**Land Size Information**

<b>Gross Land Size</b>	17.300 Acres or 753,588 SF
<b>Front Footage</b>	East First Street

**Indicators**

<b>Sale Price/Gross Acre</b>	\$34,347
<b>Sale Price/Gross SF</b>	\$0.79

**Land Sale No. 3**



**Property Identification**

<b>Record ID</b>	4619
<b>Property Type</b>	Industrial
<b>Property Name</b>	Hiawatha Street
<b>Address</b>	Hiawatha Street at East Broad Street, Metter, Candler County, Georgia 30439
<b>Tax ID</b>	046B-016, 046B 017
<b>Market Type</b>	Land

**Sale Data**

<b>Grantor</b>	Metter Properties, LLC
<b>Grantee</b>	Tamdoan, LLC
<b>Sale Date</b>	March 12, 2015
<b>Deed Book/Page</b>	0284-0726
<b>Property Rights</b>	Fee Simple
<b>Conditions of Sale</b>	Normal
<b>Financing</b>	Conventional
<b>Verification</b>	Assessor, May 16, 2017

<b>Sale Price</b>	\$330,000
<b>Cash Equivalent</b>	\$330,000
<b>Adjusted Price</b>	\$330,000

**Land Data**

<b>Zoning</b>	L-1, Light Industrial
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**Land Sale No. 3 (Cont.)**

**Topography**  
**Utilities**  
**Shape**

Nearly Level  
E, G, W, S  
Irregular

**Land Size Information**

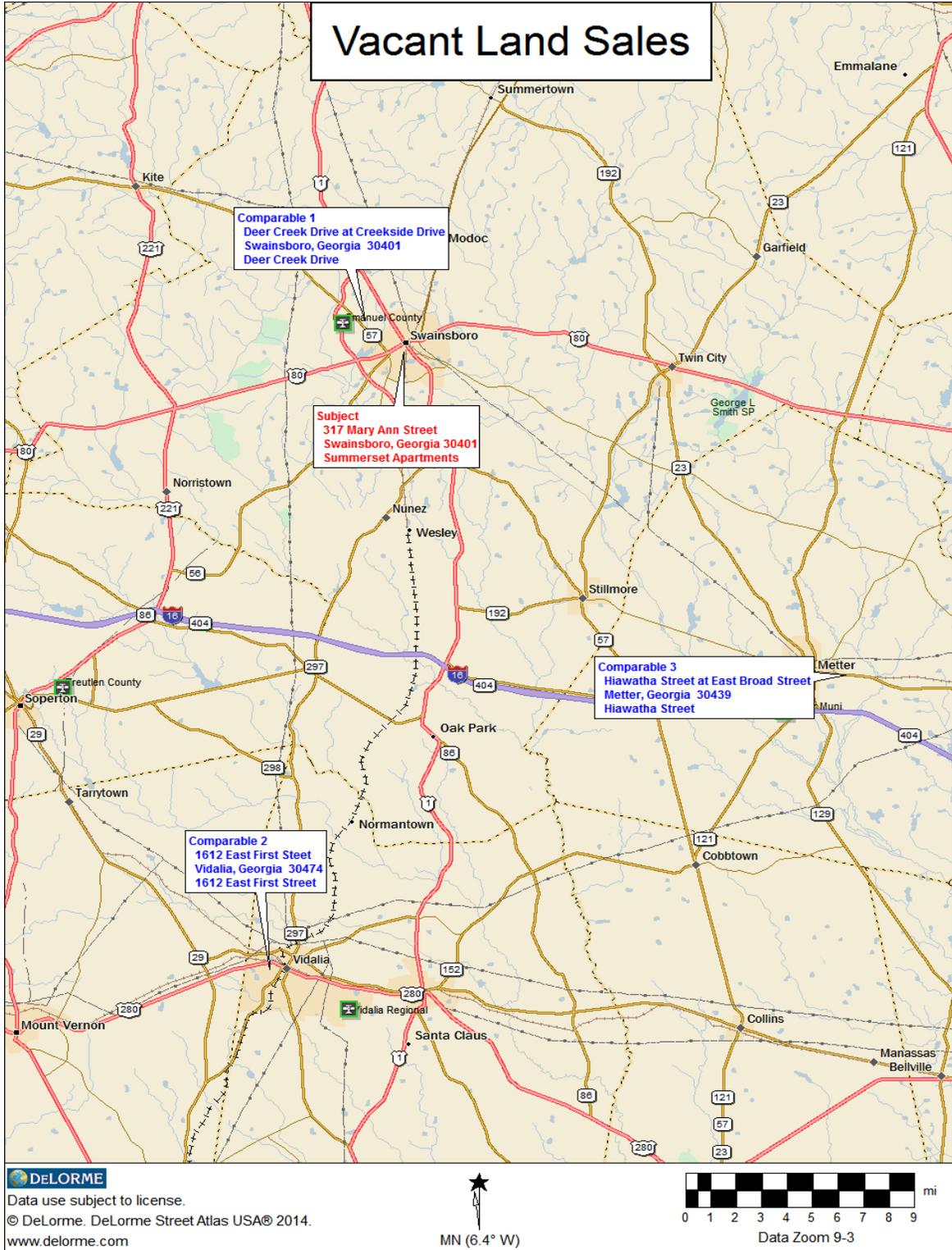
**Gross Land Size**  
**Front Footage**

6.090 Acres or 265,280 SF  
Hiawatha Street; East Broad Street

**Indicators**

**Sale Price/Gross Acre**  
**Sale Price/Gross SF**

\$54,187  
\$1.24



Summerset Apartments \* 317 Mary Ann Street \* Swainsboro, Georgia

Land Analysis Grid		Comp 1		Comp 2		Comp 3	
Address	317 Mary Ann Street	r Creek Drive at Creekside C		1612 East First Steet		Hiawatha Street at East Broad Street	
City	Swainsboro	Swainsboro		Vidalia		Metter	
State	GA	GA		GA		GA	
Date	5/16/2017	8/15/2014		7/22/2016		3/12/2015	
Price		\$25,000		\$594,196		\$330,000	
Acres	3.10	0.92		17.30		6.09	
Acre Unit Price		\$27,174		\$34,347		\$54,187	
<b>Transaction Adjustments</b>							
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%	Normal	0.0%
<b>Adjusted Acre Unit Price</b>		<b>\$27,174</b>		<b>\$34,347</b>		<b>\$54,187</b>	
Market Trends Through	05/16/17	0%		0%		0%	
<b>Adjusted Acre Unit Price</b>		<b>\$27,174</b>		<b>\$34,347</b>		<b>\$54,187</b>	
Location	Average	Similar		Similar		Similar	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Acres	3.10	0.92		17.30		6.09	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Visibility/Access	Average	Similar		Similar		Similar	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Topography	Nearly Level	Nearly Level		Nearly Level		Nearly Level	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Zoning	R-8	R-5		C-1		L-1	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Utilities	E, G, W, S	E, G, W, S		E, G, W, S		E, G, W, S	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
<b>Adjusted Acre Unit Price</b>		<b>\$27,174</b>		<b>\$34,347</b>		<b>\$54,187</b>	
Net adjustments		0.0%		0.0%		0.0%	
Gross adjustments		0.0%		0.0%		0.0%	

After analyzing the land sales and adjusting each sale accordingly, it is our opinion that the estimated Market Value of the subject site as of May 16, 2017, is as follows:

**3.10 acres x \$32,500 per acre = \$100,750**

**Rounded \$100,000**

### Summary of Vacant Land Sales

Comp	Address	Sale Date	Sale Price	Acre Unit Price	Acres	Land SF	Zoning
1	Deer Creek Drive at Creekside Drive	8/15/2014	\$25,000	\$27,174	0.92	40,075	R-5
2	1612 East First Steet	7/22/2016	\$594,196	\$34,347	17.30	753,588	C-1
3	Hiawatha Street at East Broad Street	3/12/2015	\$330,000	\$54,187	6.09	265,280	L-1

### Adjustments

The prices of the comparable land sales range from \$27,174 to \$54,187 per acre before adjustments. Each of the comparables was adjusted for differences from the subject site. The adjustments are based on the following characteristics.

### Location

The location of the subject property and the comparables relative to residential population, population wealth, traffic patterns, centers of employment, economic levels and other locational attributes was analyzed. Location comparisons were made based on the appraiser's judgment as to the relative desirability of the property to a potential commercial or multifamily investor. These factors also include degree and quality of surrounding development and view. The subject is located in Swainsboro. Comparable 1 is located in Swainsboro. Comparable 2 is located in Vidalia. Comparable 3 is located in Metter. Although there were differences in population amongst the cities, the difference in population was offset by median income and home value levels. Therefore, no adjustments were needed.

### Size

Consideration was given to the size of the subject as compared to the comparables. Size can have an impact on site value based on the premise that smaller parcels often sell for a higher price per unit than larger parcels with equal utility. The subject site consists of a total area of 3.10 acres. The comparables range in size from 0.92 acres to 17.3 acres. The market did not indicate a need for adjustment due to size. Therefore, no adjustments were made.

### Visibility/Access

Consideration was given to the subject's visibility/access. The subject has average visibility/access. All comparables are similar. No adjustment was needed.

### Topography

Consideration was given to the subject's topography. The subject is nearly level. Comparable 1 is nearly level. Comparable 2 is nearly level. Comparable 3 is nearly level. No adjustment was needed.

**Zoning**

The adjustment for zoning reflects not only the zoning of the comparables relative to the subject property but also the potential utility of the sites. The subject is zoned R-8. Comparable 1 is zoned R-5. Comparable 2 is zoned C-1. Comparable 3 is zoned L-1. The market did not indicate an adjustment was needed for zoning differences. Therefore, no adjustments were made.

**Utilities**

Consideration was given to the subject's utilities. The subject has electricity, gas, water and sewer. All comparables are similar. No adjustment was needed.

**Summary Conclusions**

The land sales analysis indicates the quantitative or qualitative adjustments. The comparable land sales range from \$27,174 to \$54,187 per acre after adjustments. All comparables were given consideration. The comparables indicated a reconciled value of \$32,500 per acre. These were considered to be the best comparables available after researching sales with local realtors and the county assessor's office.

**3.10 acres x \$32,500 per Acre = \$100,750**

**Rounded \$100,000**

## **Improvement Valuation**

The next step in the Cost Approach is to estimate the replacement cost new of the improvements.

Replacement cost new (RCN) is defined as follows:

The estimated cost to construct, at current prices as of the effective date of the appraisal, a building with utility equivalent to the building being appraised, using modern materials and current standards, design and layout.<sup>8</sup>

A description of the improvements was presented in the Improvement Data section. The costs estimated were made based on the developer's plans. Cost estimates were made based on the replacement cost new of the improvements using the **Marshall Valuation Service Cost Manual**. Soft costs are included in the base cost determined by the **Marshall Valuation Service Cost Manual**.

## **Depreciation Analysis**

Depreciation may be defined as any loss of value from any cause. There are three general areas of depreciation: physical deterioration, functional obsolescence and external obsolescence. Depreciation may be curable or incurable, the test being that money spent to cure the depreciation be gained in value. If the depreciation costs more to fix than will be gained in value, then the depreciation is considered incurable.

## **Physical Deterioration**

This results from deterioration from aging and use. This type of depreciation may be curable or incurable.

## **Depreciation Accrued To The Subject**

The buildings have an effective age of 10 years. Properties of this type are anticipated to have a total economic life of 55 years. Based upon the concept of age/life depreciation, the overall depreciation applicable to the subject is 10/55, or 18 percent.

The subject will undergo a substantial rehabilitation. Upon completion of the rehabilitation, the buildings will have an effective age of five years. Properties of this type are anticipated to have a total economic life of 55 years. Based upon the concept of age/life depreciation, the overall depreciation applicable to the subject will be 5/55, or 9 percent.

<sup>8</sup>Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute), 2015

**External Obsolescence**

External obsolescence is due to circumstances outside the property itself, such as industry, demographic and economic conditions or an undesirable proximate use. This type of depreciation is rarely curable. The subject does seem to suffer from external obsolescence.

**Deferred Maintenance**

There were no visible signs of deferred maintenance at the subject.

The following formula shows the external obsolescence for the "as is" restricted value.

**External Obsolescence - As Is Restricted**

<b>Total Construction Cost of Structures</b>				\$1,528,240
<b>Plus: Entrepreneur's Profit</b>				\$152,824
<b>Depreciation</b>				(\$312,371)
<b>Cost of Structures before External Obsolescence</b>				<u>\$1,368,692</u>
<b>Value of Land</b>				\$100,000
<b>Plus: Entrepreneur's Profit</b>				<u>\$10,000</u>
<b>Cost before External Obsolescence</b>				\$1,478,692
<b>Current Capitalization Rate</b>				6.00%
<b>Economic Net Operating Income (RCN x CR)</b>				\$88,722
<b>Net Operating Income from the Subject</b>				<u>\$34,437</u>
<b>Net Loss Due to Economic Obsolescence</b>				(\$54,285)
<b>Ratio of Improvements Total Property Value</b>				0.9256
<b>Year</b>		<b>Actual NOI Loss</b>	<b>Overall Cap Rate</b>	<b>Capitalized NOI Loss</b>
1		(\$54,285)	6.00%	(\$904,749)
<b>Times ratio of Improvements to Total Property</b>				0.9256
<b>Total External Obsolescence</b>				(\$837,444)

**Cost Analysis - Restricted As Is - Section 1 of 1**

**Marshall & Swift**

<b>Cost Source:</b> Marshall & Swift	# 12: Dwellings, Duplexes & Motels
<b>No. of Stories Multiplier:</b> 1.0000	<b>Local Multiplier:</b> 0.8300
<b>Height/Story Multiplier:</b> 1.0000	<b>Current Cost Multiplier:</b> 1.0300
<b>Perimeter Multiplier:</b> 1.0000	<b>Combined Multipliers:</b> 0.8549

**Building Improvements**

Item	Unit Type	Cost	Quantity	Multiplier	Total
Average Class D Multiple Residences	Sq. Ft.	\$71.55	23,696	0.855	\$1,449,439
Built-Ins	Per Unit	\$1,925.00	31	0.855	\$51,016
<b>Total Building Improvement Costs</b>					<b>\$1,500,455</b>
Price per SF Gross Building Area					\$63.32

**Site Improvements**

Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$650.00	50	0.855	\$27,784
<b>Total Site Improvement Costs</b>					<b>\$27,784</b>
<b>Subtotal: Building &amp; Site Costs</b>					<b>\$1,528,240</b>
Price per SF Gross Building Area					\$64.49

**Total Costs**

Subtotal: Building, Site & Soft Costs	\$1,528,240
Developer's Profit 10.0%	\$152,824
<b>Total Cost</b>	<b>\$1,681,064</b>
Price per SF Gross Building Area	\$70.94

**Depreciation**

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	10	55	18%	\$297,090
Physical Depreciation: Site	10	20	50%	\$15,281
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$837,444
<b>Total Depreciation</b>				<b>\$1,149,815</b>
<b>Depreciated Value of Improvements</b>				<b>\$531,248</b>
Cost Per Square Foot Gross Building Area				\$22.42

**Additional Cost Sections**

Cost Section 2	\$0
Cost Section 3	\$0

**Land Value**

Land Value	\$100,000
Other	\$0
<b>Cost Approach Value Indication</b>	<b>\$631,248</b>
<b>Rounded</b>	<b>\$630,000</b>
<b>Price per SF Gross Building Area</b>	<b>\$26.59</b>

The costs in the preceding charts were derived by using the "Marshall Swift Valuation Service" and by conversations with local builders and comparable sales data. The total Estimated Value indicated by the Cost Approach for the subject "as is":

**Restricted Value As Is = \$630,000**

**External Obsolescence - As Is Market**

<b>Total Construction Cost of Structures</b>				\$1,528,240
<b>Plus: Entrepreneur's Profit</b>				\$152,824
<b>Depreciation</b>				(\$312,371)
<b>Cost of Structures before External Obsolescence</b>				<u>\$1,368,692</u>
<b>Value of Land</b>				\$100,000
<b>Plus: Entrepreneur's Profit</b>				<u>\$10,000</u>
<b>Cost before External Obsolescence</b>				\$1,478,692
<b>Current Capitalization Rate</b>				7.00%
<b>Economic Net Operating Income (RCN x CR)</b>				\$103,508
<b>Net Operating Income from the Subject</b>				<u>\$101,090</u>
<b>Net Loss Due to Economic Obsolescence</b>				(\$2,418)
<b>Ratio of Improvements Total Property Value</b>				0.9256
<b>Year</b>		<b>Actual NOI Loss</b>	<b>Overall Cap Rate</b>	<b>Capitalized NOI Loss</b>
1		(\$2,418)	7.00%	(\$34,548)
<b>Times ratio of Improvements to Total Property</b>				0.9256
<b>Total External Obsolescence</b>				(\$31,978)

**Cost Analysis - Market As Is - Section 1 of 1**

**Marshall & Swift**

<b>Cost Source:</b> Marshall & Swift	# 12: Dwellings, Duplexes & Motels
<b>No. of Stories Multiplier:</b> 1.0000	<b>Local Multiplier:</b> 0.8300
<b>Height/Story Multiplier:</b> 1.0000	<b>Current Cost Multiplier:</b> 1.0300
<b>Perimeter Multiplier:</b> 1.0000	<b>Combined Multipliers:</b> 0.8549

**Building Improvements**

<b>Item</b>	<b>Unit Type</b>	<b>Cost</b>	<b>Quantity</b>	<b>Multiplier</b>	<b>Total</b>
Average Class D Multiple Residences	Sq. Ft.	\$71.55	23,696	0.855	\$1,449,439
Built-Ins	Per Unit	\$1,925.00	31	0.855	\$51,016
<b>Total Building Improvement Costs</b>					<b>\$1,500,455</b>
Price per SF Gross Building Area					\$63.32

**Site Improvements**

<b>Item</b>	<b>Unit Type</b>	<b>Cost</b>	<b>Quantity</b>	<b>Multiplier</b>	<b>Total</b>
Paving	Per Unit	\$650.00	50	0.855	\$27,784
<b>Total Site Improvement Costs</b>					<b>\$27,784</b>
<b>Subtotal: Building &amp; Site Costs</b>					<b>\$1,528,240</b>
Price per SF Gross Building Area					\$64.49

**Total Costs**

Subtotal: Building, Site & Soft Costs				\$1,528,240
Developer's Profit 10.0%				\$152,824
<b>Total Cost</b>				<b>\$1,681,064</b>
Price per SF Gross Building Area				\$70.94

**Depreciation**

<b>Component</b>	<b>Eff. Age</b>	<b>Life</b>	<b>Percent</b>	<b>Amount</b>
Physical Depreciation: Building	10	55	18%	\$297,090
Physical Depreciation: Site	10	20	50%	\$15,281
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$31,978
<b>Total Depreciation</b>				<b>\$344,349</b>
<b>Depreciated Value of Improvements</b>				<b>\$1,336,714</b>
Cost Per Square Foot Gross Building Area				\$56.41

**Additional Cost Sections**

Cost Section 2	\$0
Cost Section 3	\$0

**Land Value**

Land Value	\$100,000	
Other	\$0	
<b>Cost Approach Value Indication</b>		<b>\$1,436,714</b>
<b>Rounded</b>		<b>\$1,435,000</b>
<b>Price per SF Gross Building Area</b>		<b>\$60.56</b>

The costs in the preceding charts were derived by using the "Marshall Swift Valuation Service" and by conversations with local builders and comparable sales data. The total Estimated Value indicated by the Cost Approach for the subject "as is":

**Market Value As Is = \$1,435,000**

**Cost Analysis - Restricted As Complete - Section 1 of 1**

**Marshall & Swift**

<b>Cost Source:</b> Marshall & Swift	# 12: Dwellings, Duplexes & Motels
<b>No. of Stories Multiplier:</b> 1.0000	<b>Local Multiplier:</b> 0.8300
<b>Height/Story Multiplier:</b> 1.0000	<b>Current Cost Multiplier:</b> 1.0300
<b>Perimeter Multiplier:</b> 1.0000	<b>Combined Multipliers:</b> 0.8549

**Building Improvements**

<b>Item</b>	<b>Unit Type</b>	<b>Cost</b>	<b>Quantity</b>	<b>Multiplier</b>	<b>Total</b>
Average Class D Multiple Residences	Sq. Ft.	\$71.55	23,696	0.855	\$1,449,439
Built-Ins	Per Unit	\$1,925.00	31	0.855	\$51,016
<b>Total Building Improvement Costs</b>					<b>\$1,500,455</b>
Price per SF Gross Building Area					\$63.32

**Site Improvements**

<b>Item</b>	<b>Unit Type</b>	<b>Cost</b>	<b>Quantity</b>	<b>Multiplier</b>	<b>Total</b>
Paving	Per Unit	\$650.00	50	0.855	\$27,784
<b>Total Site Improvement Costs</b>					<b>\$27,784</b>
<b>Subtotal: Building &amp; Site Costs</b>					<b>\$1,528,240</b>
Price per SF Gross Building Area					\$64.49

**Total Costs**

Subtotal: Building, Site & Soft Costs		\$1,528,240
Developer's Profit 10.0%		\$152,824
<b>Total Cost</b>		<b>\$1,681,064</b>
Price per SF Gross Building Area		\$70.94

**Depreciation: Section 1 of 1**

<b>Component</b>	<b>Eff. Age</b>	<b>Life</b>	<b>Percent</b>	<b>Amount</b>
Physical Depreciation: Building	5	55	9%	\$148,545
Physical Depreciation: Site	5	20	25%	\$7,641
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$0
<b>Total Depreciation</b>				<b>\$156,186</b>
<b>Depreciated Value of Improvements</b>				<b>\$1,524,878</b>
Cost Per Square Foot Gross Building Area				\$64.35

**Additional Cost Sections**

Cost Section 2	\$0
Cost Section 3	\$0

**Land Value**

Land Value	\$100,000	
Other	\$0	
<b>Cost Approach Value Indication</b>		<b>\$1,624,878</b>
<b>Rounded</b>		<b>\$1,625,000</b>
<b>Price per SF Gross Building Area</b>		<b>\$68.58</b>

The costs in the preceding charts were derived by using the "Marshall Swift Valuation Service" and by conversations with local builders and comparable sales data. The total Estimated Value indicated by the Cost Approach for the subject "as complete":

**Restricted Value As Complete = \$1,625,000**

**Cost Analysis - Market As Complete - Section 1 of 1**

**Marshall & Swift**

<b>Cost Source:</b> Marshall & Swift	# 12: Dwellings, Duplexes & Motels
<b>No. of Stories Multiplier:</b> 1.000	<b>Local Multiplier:</b> 0.830
<b>Height/Story Multiplier:</b> 1.000	<b>Current Cost Multiplier:</b> 1.030
<b>Perimeter Multiplier:</b> 1.000	<b>Combined Multipliers:</b> 0.855

**Building Improvements**

Item	Unit Type	Cost	Quantity	Multiplier	Total
Average Class D Multiple Residences	Sq. Ft.	\$71.55	23696	0.855	\$1,449,439
Built-Ins	Per Unit	\$1,925.00	31	0.855	\$51,016
<b>Total Building Improvement Costs</b>					<b>\$1,500,455</b>
Price per SF Gross Building Area					\$63.32

**Site Improvements**

Item	Unit Type	Cost	Quantity	Multiplier	Total
Paving	Per Unit	\$650.00	50	0.855	\$27,784
<b>Total Site Improvement Costs</b>					<b>\$27,784</b>
<b>Subtotal: Building &amp; Site Costs</b>					<b>\$1,528,240</b>
Price per SF Gross Building Area					\$64.49

**Total Costs**

Subtotal: Building, Site & Soft Costs	\$1,528,240
Developer's Profit 10.0%	\$152,824
<b>Total Cost</b>	<b>\$1,681,064</b>
Price per SF Gross Building Area	\$70.94

**Depreciation: Section 1 of 1**

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	5	55	9%	\$148,545
Physical Depreciation: Site	5	20	25%	\$7,641
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$0
<b>Total Depreciation</b>				<b>\$156,186</b>
<b>Depreciated Value of Improvements</b>				<b>\$1,524,878</b>
Cost Per Square Foot Gross Building Area				\$64.35

**Additional Cost Sections**

Cost Section 2	\$0
Cost Section 3	\$0

**Land Value**

Land Value	\$100,000
Other	\$0
<b>Cost Approach Value Indication</b>	<b>\$1,624,878</b>
<b>Rounded</b>	<b>\$1,625,000</b>
<b>Price per SF Gross Building Area</b>	<b>\$68.58</b>

The costs in the preceding charts were derived by using the "Marshall Swift Valuation Service" and by conversations with local builders and comparable sales data. The total Estimated Value indicated by the Cost Approach for the subject "as complete":

**Market Value As Complete = \$1,625,000**

### **Income Approach**

The Income Approach is a procedure in which the value of a property is estimated by means of capitalization of a net income stream, either imputed or actual. The steps in the procedure are as follows:

1. Analyze the income the property is capable of generating.
2. Estimate the rental loss from vacancy and uncollected rents.
3. Estimate the amount of expense that will be incurred in operating the property.
4. Subtract 2 and 3 above from 1 to arrive at a net income estimate before capital charges.
5. Using an appropriate rate, capitalize the net income estimate into an indication of value.

### **Income Analysis**

The first step in forming an opinion of reasonable net income expectancy is the estimation of market rent. Market rent is defined as the rental warranted by a property in the open real estate market based upon current rentals being paid for comparable space.

HUD-Forms 92273 – As Is

One-Bedroom Units (637 SF) – As Is

Estimates of Market Rent  
by Comparison - As Is

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

OMB Approval No. 2502-0029  
(exp. 09/30/2016)

Public reporting burden for this collection of information is estimated to average 1 hour 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. This information is required by the Housing Appropriation Act of 9/28/1994. The information is needed to analyze the reasonableness of the Annual Adjustment Factor formula, and will be used where rent levels for a specific unit type, in a Substantial Rehabilitation or New Construction Contract, exceed the existing FMR rent. The information is considered non-sensitive and does not require special protection. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)		B. Comparable Property No. 2 (address)		C. Comparable Property No. 3 (address)		D. Comparable Property No. 4 (address)		E. Comparable Property No. 5 (address)	
One-Bedroom	Summerset Apartments 317 Mary Ann Street Swainsboro, Emanuel, GA	Brookington Apartments 504 Brookwood Drive Dublin, Laurens, GA		Pecan Ridge Apartments 104 Parker Dairy Road Dublin, Laurens, GA		Carriage Hill Apartments 604 Hillcrest Parkway Dublin, Laurens, GA		Hill House Apartments 620 East Peachtree Street Douglas, Coffee, GA		The Gables Apartment Homes 1351 West Gordon Street Douglas, Coffee, GA	
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017		05/2017	
4. Type of Project/Stories	G/1	WU/2		G/1, WU/2		G/1		T/2		WU/2	
5. Floor of Unit in Building	First	Varies		Varies		First		First		Varies	
6. Project Occupancy %	97%	100%		96%		96%		100%		100%	
7. Concessions	N	N		N		N		N		N	
8. Year Built	1995	1985		1980		1984		1972	\$30	1995	
9. Sq. Ft. Area	637	900	(\$45)	630		600	\$5	800	(\$30)	912	(\$45)
10. Number of Bedrooms	1	1		1		1		1		1	
11. Number of Baths	1.0	1.0		1.0		1.0		1.0		1.0	
12. Number of Rooms	3	3		3		3		3		3	
13. Balc./Terrace/Patio	Y	Y		N	\$5	Y		Y		Y	
14. Garage or Carport	L/O	L/O		L/O		L/O		L/O		L/O	
15. Equipment a. A/C	C	C		C		W	\$15	C		C	
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF	
c. Disposal	N	Y		Y		Y		Y		Y	
d. Microwave/Dishwasher	N	D	(\$10)	N		D	(\$10)	D	(\$10)	D	(\$10)
e. Washer/Dryer	HU	HU		HU		HU		HU		HU	
f. Carpet	C	C		C		C		C		C	
g. Drapes	B	B		B		B		B		B	
h. Pool/Rec. Area	N	P	(\$10)	N		N		N		N	
16. Services a. Heat/Type	N/E	N/E		N/E		N/E		N/E		N/E	
b. Cooling	N/E	N/E		N/E		N/E		N/E		N/E	
c. Cook/Type	N/E	N/E		N/E		N/E		N/E		N/E	
d. Electricity	N	N		N		N		N		N	
e. Hot Water	N/E	N/E		N/E		N/E		N/E		N/E	
f. Cold Water/Sewer	Y	Y		Y		N	\$38	N	\$38	N	\$38
g. Trash	Y	Y		Y		N	\$15	N	\$15	N	\$15
17. Storage	N	N		N		N		N		N	
18. Project Location	Average	Similar		Similar		Similar		Similar		Similar	
19. Security	N	N		N		Y	(\$5)	N		N	
20. Clubhouse/Meeting Room	MR	C		N	\$5	N	\$5	N	\$5	N	\$5
21. Special Features	A	N	\$10	N	\$10	N	\$10	N	\$10	N	\$10
22. Business Center / Nhd Netwk	N	N		N		N		N		N	
23. Unit Rent Per Month		\$510		\$430		\$530		\$545		\$645	
24. Total Adjustment			(\$55)		\$20		\$73		\$58		\$13
25. Indicated Rent		\$455		\$450		\$603		\$603		\$658	
26. Correlated Subject Rent	\$565	<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of page.									
	high rent	\$658	low rent	\$450	60% range	\$492	to	\$616			
Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.				Appraiser's Signature		Date (mm/dd/yy)		Reviewer's Signature		Date (mm/dd/yyyy)	
				Samuel J. Hill		05/16/17					

Previous editions are obsolete

form HUD-92273 (07/2003)

Two-Bedroom Units (798 SF) – As Is

Estimates of Market Rent  
by Comparison - As Is

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

OMB Approval No. 2502-0029  
(exp. 09/30/2016)

Public reporting burden for this collection of information is estimated to average 1 hour 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. This information is required by the Housing Appropriation Act of 9/28/1994. The information is needed to analyze the reasonableness of the Annual Adjustment Factor formula, and will be used where rent levels for a specific unit type, in a Substantial Rehabilitation or New Construction Contract, exceed the existing FMR rent. The information is considered nonsensitive and does not require special protection. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)			B. Comparable Property No. 2 (address)			C. Comparable Property No. 3 (address)			D. Comparable Property No. 4 (address)			E. Comparable Property No. 5 (address)		
Two-Bedroom	Summerset Apartments 317 Mary Ann Street Swainsboro, Emanuel, GA	Brookington Apartments 504 Brookwood Drive Dublin, Laurens, GA			Pecan Ridge Apartments 104 Parker Dairy Road Dublin, Laurens, GA			Carriage Hill Apartments 604 Hillcrest Parkway Dublin, Laurens, GA			Hill House Apartments 620 East Peachtree Street Douglas, Coffee, GA			The Gables Apartment Homes 1351 West Gordon Street Douglas, Coffee, GA		
Characteristics		Data	Data	Adjustments	Data	Data	Adjustments	Data	Data	Adjustments	Data	Data	Adjustments	Data	Data	Adjustments
3. Effective Date of Rental	05/2017	05/2017			05/2017			05/2017			05/2017			05/2017		
4. Type of Project/Stories	G/1	WU/2			G/1, WU/2			G/1			T/2			WU/2		
5. Floor of Unit in Building	First	Varies			Varies			First			First			Varies		
6. Project Occupancy %	97%	100%			96%			96%			100%			100%		
7. Concessions	N	N			N			N			N			N		
8. Year Built	1995	1985			1980			1984			1972	\$30		1995		
9. Sq. Ft. Area	798	1,200	(\$65)		900	(\$15)		900	(\$15)		800			1,120	(\$50)	
10. Number of Bedrooms	2	2			2			2			1	\$50		2		
11. Number of Baths	1.0	1.5	(\$20)		1.5	(\$20)		1.0			1.0			1.0		
12. Number of Rooms	4	4			4			4			3			4		
13. Balc./Terrace/Patio	Y	Y			N	\$5		Y			Y			Y		
14. Garage or Carport	L/0	L/0			L/0			L/0			L/0			L/0		
15. Equipment a. A/C	C	C			C			W	\$15		C			C		
b. Range/Refrigerator	RF	RF			RF			RF			RF			RF		
c. Disposal	N	Y			Y			Y			Y			Y		
d. Microwave/Dishwasher	N	D	(\$10)		N			D	(\$10)		D	(\$10)		D	(\$10)	
e. Washer/Dryer	HU	HU			HU			HU			HU			HU		
f. Carpet	C	C			C			C			C			C		
g. Drapes	B	B			B			B			B			B		
h. Pool/Rec. Area	N	P	(\$10)		N			N			N			N		
16. Services a. Heat/Type	N/E	N/E			N/E			N/E			N/E			N/E		
b. Cooling	N/E	N/E			N/E			N/E			N/E			N/E		
c. Cook/Type	N/E	N/E			N/E			N/E			N/E			N/E		
d. Electricity	N	N			N			N			N			N		
e. Hot Water	N/E	N/E			N/E			N/E			N/E			N/E		
f. Cold Water/Sewer	Y	Y			Y			N	\$47		N	\$47		N	\$47	
g. Trash	Y	Y			Y			N	\$15		N	\$15		N	\$15	
17. Storage	N	N			N			N			N			N		
18. Project Location	Average	Similar			Similar			Similar			Similar			Similar		
19. Security	N	N			N			Y	(\$5)		N			N		
20. Clubhouse/Meeting Room	MR	C			N	\$5		N	\$5		N	\$5		N	\$5	
21. Special Features	A	N	\$10		N	\$10		N	\$10		N	\$10		N	\$10	
22. Business Center / Nbdh Netwk	N	N			N			N			N			N		
23. Unit Rent Per Month		\$575			\$495			\$600			\$545			\$725		
24. Total Adjustment			(\$95)			(\$15)			\$62			\$147			\$17	
25. Indicated Rent		\$480			\$480			\$662			\$692			\$742		
26. Correlated Subject Rent	\$625	<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of page.														
	high rent	\$742	low rent	\$480	60% range	\$532	to	\$690								

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

Appraiser's Signature <i>Samuel S. Self</i>	Date (mm/dd/yy) 05/16/17	Reviewer's Signature	Date (mm/dd/yyyy)
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Previous editions are obsolete

form HUD-92273 (07/2003)

## ***Explanation of Adjustments and Market Rent Conclusions – As Is***

### **Summerset Apartments**

#### **Primary Unit Types – One-Bedroom Units (637 SF) and Two-Bedroom Units (798 SF)**

**Please note:** Minor adjustments in the \$5 to \$10 range are based on the appraiser's evaluation of the overall market as well as typical responses indicated by existing tenants. In addition, this is standard industry practice when there is insufficient market data present to support adjustments. It is also considered an acceptable practice by HUD as indicated in the Section 8 Renewal Guide Chapter 9-12 (B) (2b) which states: "For minor adjustments (generally in the \$5 to \$10 range), the appraiser may state his/her subjective evaluation of why the observed differences would affect rent."

Rent comparability grids were prepared for the primary unit types with 637 and 798 square feet. Comparable apartments used include the following: Brookington Apartments (Comparable 1), Pecan Ridge Apartments (Comparable 2), Carriage Hill Apartments (Comparable 3), Hill House Apartments (Comparable 4) and The Gables Apartment Homes (Comparable 5).

**Structure/Stories** – The subject is located in garden one-story buildings. All comparables are located in garden one-story or walk-up and townhouse two-story buildings. The market did not indicate an adjustment for differences in number of stories. No adjustments were needed.

**Project Occupancy** – The subject is currently 97 percent occupied. The occupancy rates of the comparables range from 96 to 100 percent. No adjustments were needed.

**Concessions** – The subject is not currently offering concessions. None of the comparables are currently offering concessions. No adjustment was needed.

**Year Built/Year Renovated** – The subject was constructed in 1995. Comparable 1 was built in 1995, and Comparable 2 was constructed in 1980. Comparable 3 was constructed in 1984, and Comparable 4 was built in 1972. Comparable 5 was constructed in 1995. The majority of the comparables were considered similar in condition as there were no differences significant enough to warrant an adjustment. Comparable 4, however, is older than the subject and inferior in condition. It is difficult to determine adjustment amounts for condition/street appeal as it is difficult to determine rent level fluctuations based on these items. Therefore, it was necessary to rely in large part on opinions of area apartment managers and tenants. In addition, adjusted rents of the comparables were considered as the difference in rents of the comparables after everything else is factored out is assumed to be attributable to condition/street appeal. When performing the analysis, the appraiser compared the units at Comparable 4 individually to the units at Comparables 1, 2, 3 and 5. As can be seen in the following table, the appraiser adjusted the street rent

of each comparable for all differences between the subject and comparables to determine a net adjusted rent for each comparable. The differences that warranted adjustments included unit size, balcony/patio, air conditioning, microwave/dishwasher, pool/exercise room/recreation area, cold water/sewer, trash/recycling and clubhouse/meeting room. Once the net adjusted rents were determined, these rents were compared to the street rent at Comparable 4. The differences between the rents indicate the appropriate adjustments for condition.

Paired Analysis - One-Bedroom Units				
Item	Comparable 1	Comparable 2	Comparable 3	Comparable 5
Street Rent	\$510	\$430	\$530	\$645
Sq. Ft. Area	-\$15	\$30	\$35	-\$20
Balcony/Patio	\$0	\$5	\$0	\$0
A/C	\$0	\$0	\$15	\$0
Microwave/Dishwasher	\$0	\$10	\$0	\$0
Pool/Exercise Room/Rec. Area	-\$10	\$0	\$0	\$0
Cold Water/Sewer	-\$38	-\$38	\$0	\$0
Trash/Recycling	-\$15	-\$15	\$0	\$0
Security	\$0	\$0	-\$5	\$0
Clubhouse/Meeting Room	-\$5	\$0	\$0	\$0
Net Rent	\$427	\$422	\$575	\$625
Comparable 4 Street Rent	\$545	\$545	\$545	\$545
Indicated Adjustment	\$118	\$123	-\$30	-\$80

The results were grouped together to determine a range for the adjustments for condition. Because paired analysis cannot always account for renter perceptions, the results were multiplied by 50 percent. A range of (\$15) to \$62 was determined, and an adjustment within this range was considered appropriate. After considering all factors, an adjustment of \$30 was selected for Comparable 4.

**SF Area** – For the purpose of this report, a range of comparable rents per square foot was derived. To determine this adjustment, each comparable’s dollar per square foot rental rate was determined. This number was then multiplied by 25 percent for each comparable to derive an adjusted dollar per square foot rental rate. The median dollar per square foot rental rate is determined. Next, the difference in square footage between the subject and each comparable is determined. The difference is multiplied by the determined adjusted dollar per square foot rate to arrive at the adjustment for each comparable. The selected dollar per square foot for the one-bedroom comparison is \$0.17 and for the two-bedroom comparison is \$0.16. No adjustments were made to comparables within 25 square feet of the subject. The adjustments were rounded to the nearest \$5. These adjustments are reflected on the HUD-Forms 92273, which are attached.

**# of Bedrooms** – The subject contains one- and two-bedroom units. All comparables are similar. No adjustments were needed.

**# of Baths** – The subject contains one bath in the units. Each complex with a differing number of baths than the subject was adjusted \$20 per half-bath. The majority of the difference in number of baths is accounted for in the unit square footage adjustment. However, an adjustment is made here to consider the added convenience of additional baths. The extra room(s) will enhance marketability of a unit even if the square footage remains the same. The following table shows the paired analysis utilized to determine the bath adjustment. Comparable 1 contains one half-bath difference, while Comparable 3 contains one full bath difference.

	Comp 1	Comp 3
<b>Small 2 BR Rent</b>	\$575	\$600
<b>Small 2 BR Size</b>	1,200	900
<b>Large 2 BR Rent</b>	\$600	\$630
<b>Large 2 BR Size</b>	1,200	900
<b>Size Adj Factor</b>	\$0.16	\$0.16
<b>Size Difference</b>	0	0
<b>Indicated Size Adj.</b>	\$0	\$0
<b>Adjusted 2 BR Rent</b>	\$600	\$630
<b>Indicated Bath Adj.</b>	<b>\$25</b>	<b>\$30</b>

Based on the previous table, a \$20 half-bath adjustment was determined to be reasonable.

**Balcony/Patio** – The subject contains patios. Comparables 1, 3, 4 and 5 contain balconies or patios. Comparable 2 does not contain either feature. Although there is little market data available concerning units with these features versus those without these features, the added amenity is an enhancement to the unit. Therefore, Comparable 2 was adjusted upward \$5 per month.

**Parking** – The subject contains open asphalt parking for all units. All comparables contain lot parking for no additional fee. No adjustments were needed.

**AC: Central/Wall** – The subject contains central air conditioning. All comparables except Comparable 3 are similar. Comparable 3 contains through-the-wall air conditioning which is considered slightly inferior to central air conditioning. Therefore, Comparable 3 was adjusted upward \$5 per month.

**Range/Refrigerator** – The subject contains both features in all units. All comparables contain these features in the units. No adjustment was needed.

**Garbage Disposal** – The subject does not contain a garbage disposal in the units. However, since there is no market data concerning units with this feature, no adjustment was given.

**Microwave/Dishwasher** – The subject does not contain either microwave or dishwasher. All comparables except Comparable 2 contain dishwashers. Although there is little market data available concerning units with these features versus those without these features, the added amenity is an enhancement to the unit. Therefore, Comparables 1, 3, 4 and 5 were adjusted downward \$10 per month.

**Washer/Dryer** – The subject contains a laundry facility. All comparables contain washer/dryer hook-ups and were adjusted downward \$5 per month. Although there is little market data available concerning units with these features versus those without these features, the added amenity is an enhancement to the unit.

**Carpet** – The subject contains carpet floor covering. All comparables contain carpet floor covering. No adjustments were needed.

**Drapes** – The subject and all comparables contain window coverings. No adjustment was needed.

**Pool/Exercise Room/Recreation Areas** – The subject does not contain any of these features. Comparable 1 contains a swimming pool. The remaining comparables are similar to the subject. No comparable in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement. Therefore, Comparable 1 was adjusted downward \$10 per month.

**Heat** – The subject does not have this utility provided by the landlord. None of the comparables have this utility provided. No adjustments were needed.

**Cooling** – The subject does not have this utility provided by the landlord. None of the comparables have this utility provided. No adjustments were needed.

**Cooking** – The subject does not have this utility provided by the landlord. None of the comparables have this utility provided. No adjustments were needed.

**Electricity** – The subject does not have this utility provided by the landlord. None of the comparables have this utility provided. No adjustments were needed.

**Hot Water** – The subject does not have this utility provided by the landlord. None of the comparables have this utility provided. No adjustments were needed.

**Cold Water/Sewer** – The subject has cold water and sewer provided by the landlord. Comparables 1 and 2 are similar. The remaining comparables do provide these utilities. Comparables 3, 4 and 5 were adjusted upward \$38 per month for one-bedroom units and \$47 per month for two-bedroom units as indicated by the Georgia Department of Community Affairs Housing Authority's Allowances for Tenant-Furnished Utilities and Other Services.

**Trash** – The subject does have this utility provided by the landlord. Comparables 1 and 2 are similar. The remaining comparables do not provide this utility. Comparables 3, 4 and 5 were adjusted upward \$15 per month for all unit types as indicated by the Georgia Department of Community Affairs Housing Authority's Allowances for Tenant-Furnished Utilities and Other Services.

**Extra Storage** – The subject does not contain extra storage. None of the comparables contain this feature. Therefore, no adjustments were needed.

**Location** – The subject's location is average with easy access to all services available within the city limits. The comparables are located outside the market area but were utilized due to the lack of conventional comparables in the market area. The location of the subject property and the comparables relative to residential population, population wealth, traffic patterns, centers of employment, economic levels and other locational attributes was analyzed. Location comparisons were made based on the appraiser's judgment as to the relative desirability of the property to a potential renter. The comparables were located in Dublin and Douglas which are considered similar overall to Swainsboro. Therefore, no adjustments were needed.

**Security** – The subject does not contain security features. Comparables 1, 2, 4 and 5 are similar to the subject. Comparable 3 contains security patrol. No complex in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement to the unit, particularly security that limits access to the property. Therefore, Comparable 3 was adjusted downward \$5 per month.

**Clubhouse/Meeting Room** – The subject contains a meeting room. Comparable 1 contains a clubhouse. The remaining comparables do not contain either feature. No complex in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement. Therefore, all comparables without either feature were adjusted upward \$5 per month for each amenity.

**Special Features** – The subject contains pull cords and safety bars. None of the comparables contain special features. Pull cords are an enhancement to the unit, particularly when the tenant base is senior or disabled such as the subject. Although there is little market area available by which to determine an

adjustment, it was considered appropriate to adjust for the lack of these features. Therefore, a \$10 adjustment was applied to all comparables.

**Business Center/Neighborhood Network** – The subject does not contain a business center. All comparables are similar. No adjustments were needed.

**Conclusion of Market Rents – As Is**

The adjusted rents range from \$450 to \$658 for the one-bedroom comparison and from \$480 to \$742 for the two-bedroom comparison. All comparables were given equal consideration. The appraiser concluded the market rent for the units at the subject as follows:

- **637 SF One-Bedroom Units** - **\$565**
- **798 SF Two-Bedroom Units** - **\$625**

The following table shows the current rents at the subject. The estimated market rents are above the current rents.

Unit Type	# of Units	Square Footage	Maximum Net LIHTC Rent	Current Rent	Utility Allowance
1/1	28	637	\$439	\$425	\$71
2/1	2	798	\$497	\$445	\$115
2/1	1	796	N/A	N/A	N/A

HUD-Forms 92273 – As Complete

One-Bedroom Units (637 SF) – As Complete

Estimates of Market Rent  
by Comparison - As Complete

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

OMB Approval No. 2502-0029  
(exp. 09/30/2016)

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1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)		B. Comparable Property No. 2 (address)		C. Comparable Property No. 3 (address)		D. Comparable Property No. 4 (address)		E. Comparable Property No. 5 (address)	
One-Bedroom	Summerset Apartments 317 Mary Ann Street Swainsboro, Emanuel, GA	Brookington Apartments 504 Brookwood Drive Dublin, Laurens, GA		Pecan Ridge Apartments 104 Parker Dairy Road Dublin, Laurens, GA		Carriage Hill Apartments 604 Hillcrest Parkway Dublin, Laurens, GA		Hill House Apartments 620 East Peachtree Street Douglas, Coffee, GA		The Gables Apartment Homes 1351 West Gordon Street Douglas, Coffee, GA	
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017		05/2017	
4. Type of Project/Stories	G/1	WU/2		G/1, WU/2		G/1		T/2		WU/2	
5. Floor of Unit in Building	First	Varies		Varies		First		First		Varies	
6. Project Occupancy %	97%	100%		96%		96%		100%		100%	
7. Concessions	N	N		N		N		N		N	
8. Year Built	1995/Proposed	1985	\$50	1980	\$50	1984	\$50	1972	\$80	1995	\$50
9. Sq. Ft. Area	637	900	(\$45)	630		600	\$5	800	(\$30)	912	(\$45)
10. Number of Bedrooms	1	1		1		1		1		1	
11. Number of Baths	1.0	1.0		1.0		1.0		1.0		1.0	
12. Number of Rooms	3	3		3		3		3		3	
13. Balc./Terrace/Patio	Y	Y		N	\$5	Y		Y		Y	
14. Garage or Carport	L/0	L/0		L/0		L/0		L/0		L/0	
15. Equipment a. A/C	C	C		C		W	\$15	C		C	
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF	
c. Disposal	N	Y		Y		Y		Y		Y	
d. Microwave/Dishwasher	N	D	(\$10)	N		D	(\$10)	D	(\$10)	D	(\$10)
e. Washer/Dryer	HU	HU		HU		HU		HU		HU	
f. Carpet	C	C		C		C		C		C	
g. Drapes	B	B		B		B		B		B	
h. Pool/Rec. Area	N	P	(\$10)	N		N		N		N	
16. Services a. Heat/Type	N/E	N/E		N/E		N/E		N/E		N/E	
b. Cooling	N/E	N/E		N/E		N/E		N/E		N/E	
c. Cook/Type	N/E	N/E		N/E		N/E		N/E		N/E	
d. Electricity	N	N		N		N		N		N	
e. Hot Water	N/E	N/E		N/E		N/E		N/E		N/E	
f. Cold Water/Sewer	Y	Y		Y		N	\$38	N	\$38	N	\$38
g. Trash	Y	Y		Y		N	\$15	N	\$15	N	\$15
17. Storage	N	N		N		N		N		N	
18. Project Location	Average	Similar		Similar		Similar		Similar		Similar	
19. Security	N	N		N		Y	(\$5)	N		N	
20. Clubhouse/Meeting Room	MR	C		N	\$5	N	\$5	N	\$5	N	\$5
21. Special Features	A	N	\$10	N	\$10	N	\$10	N	\$10	N	\$10
22. Business Center / Nhd Netwk	N	N		N		N		N		N	
23. Unit Rent Per Month		\$510		\$430		\$530		\$545		\$645	
24. Total Adjustment			(\$5)		\$70		\$123		\$108		\$63
25. Indicated Rent		\$505		\$500		\$653		\$653		\$708	
26. Correlated Subject Rent	\$615	<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of page.									
	high rent	\$708	low rent	\$500	60% range	\$542	to	\$666			
Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.				Appraiser's Signature <i>Samuel J. Zell</i>		Date (mm/dd/yy) 05/16/17		Reviewer's Signature		Date (mm/dd/yyyy)	

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OMB Approval No. 2502-0029  
(exp. 09/30/2016)

Public reporting burden for this collection of information is estimated to average 1 hour 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. This information is required by the Housing Appropriation Act of 9/28/1994. The information is needed to analyze the reasonableness of the Annual Adjustment Factor formula, and will be used where rent levels for a specific unit type, in a Substantial Rehabilitation or New Construction Contract, exceed the existing FMR rent. The information is considered nonsensitive and does not require special protection. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)		B. Comparable Property No. 2 (address)		C. Comparable Property No. 3 (address)		D. Comparable Property No. 4 (address)		E. Comparable Property No. 5 (address)	
Two-Bedroom	Summerset Apartments 317 Mary Ann Street Swainsboro, Emanuel, GA	Brookington Apartments 504 Brookwood Drive Dublin, Laurens, GA		Pecan Ridge Apartments 104 Parker Dairy Road Dublin, Laurens, GA		Carriage Hill Apartments 604 Hillcrest Parkway Dublin, Laurens, GA		Hill House Apartments 620 East Peachtree Street Douglas, Coffee, GA		The Gables Apartment Homes 1351 West Gordon Street Douglas, Coffee, GA	
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
3. Effective Date of Rental	05/2017	05/2017		05/2017		05/2017		05/2017		05/2017	
4. Type of Project/Stories	G/1	WU/2		G/1, WU/2		G/1		T/2		WU/2	
5. Floor of Unit in Building	First	Varies		Varies		First		First		Varies	
6. Project Occupancy %	97%	100%		96%		96%		100%		100%	
7. Concessions	N	N		N		N		N		N	
8. Year Built	1995/Proposed	1985	\$50	1980	\$50	1984	\$50	1972	\$80	1995	\$50
9. Sq. Ft. Area	798	1,200	(\$65)	900	(\$15)	900	(\$15)	800		1,120	(\$50)
10. Number of Bedrooms	2	2		2		2		1	\$50	2	
11. Number of Baths	1.0	1.5		1.5		1.0		1.0		1.0	
12. Number of Rooms	4	4		4		4		3		4	
13. Balc./Terrace/Patio	Y	Y		N	\$5	Y		Y		Y	
14. Garage or Carport	L/O	L/O		L/O		L/O		L/O		L/O	
15. Equipment a. A/C	C	C		C		W	\$15	C		C	
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF	
c. Disposal	N	Y		Y		Y		Y		Y	
d. Microwave/Dishwasher	N	D	(\$10)	N		D	(\$10)	D	(\$10)	D	(\$10)
e. Washer/Dryer	HU	HU		HU		HU		HU		HU	
f. Carpet	C	C		C		C		C		C	
g. Drapes	B	B		B		B		B		B	
h. Pool/Rec. Area	N	P	(\$10)	N		N		N		N	
16. Services a. Heat/Type	N/E	N/E		N/E		N/E		N/E		N/E	
b. Cooling	N/E	N/E		N/E		N/E		N/E		N/E	
c. Cook/Type	N/E	N/E		N/E		N/E		N/E		N/E	
d. Electricity	N	N		N		N		N		N	
e. Hot Water	N/E	N/E		N/E		N/E		N/E		N/E	
f. Cold Water/Sewer	Y	Y		Y		N	\$47	N	\$47	N	\$47
g. Trash	Y	Y		Y		N	\$15	N	\$15	N	\$15
17. Storage	N	N		N		N		N		N	
18. Project Location	Average	Similar		Similar		Similar		Similar		Similar	
19. Security	N	N		N		Y	(\$5)	N		N	
20. Clubhouse/Meeting Room	MR	C		N	\$5	N	\$5	N	\$5	N	\$5
21. Special Features	A	N	\$10	N	\$10	N	\$10	N	\$10	N	\$10
22. Business Center / Nbdh Netwk	N	N		N		N		N		N	
23. Unit Rent Per Month		\$575		\$495		\$600		\$545		\$725	
24. Total Adjustment			(\$25)		\$55		\$112		\$197		\$67
25. Indicated Rent		\$550		\$550		\$712		\$742		\$792	
26. Correlated Subject Rent	\$675	<input type="checkbox"/> If there are any Remarks, check here and add the remarks to the back of page.									
	high rent	\$792	low rent	\$550	60% range	\$598	to	\$744			

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

Appraiser's Signature <i>Samuel J. Self</i>	Date (mm/dd/yy) 05/16/17	Reviewer's Signature	Date (mm/dd/yyyy)
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Previous editions are obsolete

form HUD-92273 (07/2003)

## ***Explanation of Adjustments and Market Rent Conclusions – As Complete***

### **Summerset Apartments**

#### **Primary Unit Types – One-Bedroom Units (637 SF) and Two-Bedroom Units (798 SF)**

**Please note:** Minor adjustments in the \$5 to \$10 range are based on the appraiser's evaluation of the overall market as well as typical responses indicated by existing tenants. In addition, this is standard industry practice when there is insufficient market data present to support adjustments. It is also considered an acceptable practice by HUD as indicated in the Section 8 Renewal Guide Chapter 9-12 (B) (2b) which states: "For minor adjustments (generally in the \$5 to \$10 range), the appraiser may state his/her subjective evaluation of why the observed differences would affect rent."

Rent comparability grids were prepared for the primary unit types with 637 and 798 square feet. Comparable apartments used include the following: Brookington Apartments (Comparable 1), Pecan Ridge Apartments (Comparable 2), Carriage Hill Apartments (Comparable 3), Hill House Apartments (Comparable 4) and The Gables Apartment Homes (Comparable 5).

**Structure/Stories** – The subject is located in garden one-story buildings. All comparables are located in garden one-story or walk-up and townhouse two-story buildings. The market did not indicate an adjustment for differences in number of stories. No adjustments were needed.

**Project Occupancy** – The subject is currently 97 percent occupied. The occupancy rates of the comparables range from 96 to 100 percent. No adjustments were needed.

**Concessions** – The subject is not currently offering concessions. None of the comparables are currently offering concessions. No adjustment was needed.

**Year Built/Year Renovated** – The subject was constructed in 1990 and will be rehabilitated. It will be in good condition. Comparable 1 was built in 1995, and Comparable 2 was constructed in 1980. Comparable 3 was constructed in 1984, and Comparable 4 was built in 1972. Comparable 5 was constructed in 1995. All comparables were considered inferior to varying degrees. It is difficult to determine adjustment amounts for condition/street appeal as it is difficult to determine rent level fluctuations based on these items. Therefore, it was necessary to rely in large part on opinions of area apartment managers and tenants. In addition, adjusted rents of the comparables were considered as the difference in rents of the comparables after everything else is factored out is assumed to be attributable to condition/street appeal. After considering all factors, Comparables 1, 2, 3 and 5 were adjusted upward \$50 per month, and Comparable 4 was adjusted upward \$80 per month.

**SF Area** – For the purpose of this report, a range of comparable rents per square foot was derived. To determine this adjustment, each comparable’s dollar per square foot rental rate was determined. This number was then multiplied by 25 percent for each comparable to derive an adjusted dollar per square foot rental rate. The median dollar per square foot rental rate is determined. Next, the difference in square footage between the subject and each comparable is determined. The selected dollar per square foot for the one-bedroom comparison is \$0.17 and for the two-bedroom comparison is \$0.16. No adjustments were made to comparables within 25 square feet of the subject. The adjustments were rounded to the nearest \$. These adjustments are reflected on the HUD-Forms 92273, which are attached.

**# of Bedrooms** – The subject contains one- and two-bedroom units. All comparables are similar. No adjustments were needed.

**# of Baths** – The subject contains one bath in the units. Each complex with a differing number of baths than the subject was adjusted \$20 per half-bath. The majority of the difference in number of baths is accounted for in the unit square footage adjustment. However, an adjustment is made here to consider the added convenience of additional baths. The extra room(s) will enhance marketability of a unit even if the square footage remains the same. The following table shows the paired analysis utilized to determine the bath adjustment. Comparable 1 contains one half-bath difference, while Comparable 3 contains one full bath difference.

	Comp 1	Comp 3
<b>Small 2 BR Rent</b>	\$575	\$600
<b>Small 2 BR Size</b>	1,200	900
<b>Large 2 BR Rent</b>	\$600	\$630
<b>Large 2 BR Size</b>	1,200	900
<b>Size Adj Factor</b>	\$0.16	\$0.16
<b>Size Difference</b>	0	0
<b>Indicated Size Adj.</b>	\$0	\$0
<b>Adjusted 2 BR Rent</b>	\$600	\$630
<b>Indicated Bath Adj.</b>	<b>\$25</b>	<b>\$30</b>

Based on the previous table, a \$20 half-bath adjustment was determined to be reasonable.

**Balcony/Patio** – The subject contains patios. Comparables 1, 3, 4 and 5 contain balconies or patios. Comparable 2 does not contain either feature. Although there is little market data available concerning units with these features versus those without these features, the added amenity is an enhancement to the unit. Therefore, Comparable 2 was adjusted upward \$5 per month.

**Parking** – The subject contains open asphalt parking for all units. All comparables contain lot parking for no additional fee. No adjustments were needed.

**AC: Central/Wall** – The subject contains central air conditioning. All comparables except Comparable 3 are similar. Comparable 3 contains through-the-wall air conditioning which is considered slightly inferior to central air conditioning. Therefore, Comparable 3 was adjusted upward \$5 per month.

**Range/Refrigerator** – The subject contains both features in all units. All comparables contain these features in the units. No adjustment was needed.

**Garbage Disposal** – The subject does not contain a garbage disposal in the units. However, since there is no market data concerning units with this feature, no adjustment was given.

**Microwave/Dishwasher** – The subject does not contain either microwave or dishwasher. All comparables except Comparable 2 contain dishwashers. Although there is little market data available concerning units with these features versus those without these features, the added amenity is an enhancement to the unit. Therefore, Comparables 1, 3, 4 and 5 were adjusted downward \$10 per month.

**Washer/Dryer** – The subject contains a laundry facility. All comparables contain washer/dryer hook-ups and were adjusted downward \$5 per month. Although there is little market data available concerning units with these features versus those without these features, the added amenity is an enhancement to the unit.

**Carpet** – The subject contains carpet floor covering. All comparables contain carpet floor covering. No adjustments were needed.

**Drapes** – The subject and all comparables contain window coverings. No adjustment was needed.

**Pool/Exercise Room/Recreation Areas** – The subject does not contain any of these features. Comparable 1 contains a swimming pool. The remaining comparables are similar to the subject. No comparable in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement. Therefore, Comparable 1 was adjusted downward \$10 per month.

**Heat** – The subject does not have this utility provided by the landlord. None of the comparables have this utility provided. No adjustments were needed.

**Cooling** – The subject does not have this utility provided by the landlord. None of the comparables have this utility provided. No adjustments were needed.

**Cooking** – The subject does not have this utility provided by the landlord. None of the comparables have this utility provided. No adjustments were needed.

**Electricity** – The subject does not have this utility provided by the landlord. None of the comparables have this utility provided. No adjustments were needed.

**Hot Water** – The subject does not have this utility provided by the landlord. None of the comparables have this utility provided. No adjustments were needed.

**Cold Water/Sewer** – The subject has cold water and sewer provided by the landlord. Comparables 1 and 2 are similar. The remaining comparables do provide these utilities. Comparables 3, 4 and 5 were adjusted upward \$38 per month for one-bedroom units and \$47 per month for two-bedroom units as indicated by the Georgia Department of Community Affairs Housing Authority's Allowances for Tenant-Furnished Utilities and Other Services.

**Trash** – The subject does have this utility provided by the landlord. Comparables 1 and 2 are similar. The remaining comparables do not provide this utility. Comparables 3, 4 and 5 were adjusted upward \$15 per month for all unit types as indicated by the Georgia Department of Community Affairs Housing Authority's Allowances for Tenant-Furnished Utilities and Other Services.

**Extra Storage** – The subject does not contain extra storage. None of the comparables contain this feature. Therefore, no adjustments were needed.

**Location** – The subject's location is average with easy access to all services available within the city limits. The comparables are located outside the market area but were utilized due to the lack of conventional comparables in the market area. The location of the subject property and the comparables relative to residential population, population wealth, traffic patterns, centers of employment, economic levels and other locational attributes was analyzed. Location comparisons were made based on the appraiser's judgment as to the relative desirability of the property to a potential renter. The comparables were located in Dublin and Douglas which are considered similar overall to Swainsboro. Therefore, no adjustments were needed.

**Security** – The subject does not contain security features. Comparables 1, 2, 4 and 5 are similar to the subject. Comparable 3 contains security patrol. No complex in the market area shows a rent differential

based on this particular item; however, the added amenity is an enhancement to the unit, particularly security that limits access to the property. Therefore, Comparable 3 was adjusted downward \$5 per month.

**Clubhouse/Meeting Room** – The subject contains a meeting room. Comparable 1 contains a clubhouse. The remaining comparables do not contain either feature. No complex in the market area shows a rent differential based on this particular item; however, the added amenity is an enhancement. Therefore, all comparables without either feature were adjusted upward \$5 per month for each amenity.

**Special Features** – The subject contains pull cords and safety bars. None of the comparables contain special features. Pull cords are an enhancement to the unit, particularly when the tenant base is senior or disabled such as the subject. Although there is little market area available by which to determine an adjustment, it was considered appropriate to adjust for the lack of these features. Therefore, a \$10 adjustment was applied to all comparables.

**Business Center/Neighborhood Network** – The subject does not contain a business center. All comparables are similar. No adjustments were needed.

**Conclusion of Market Rents – As Complete**

The adjusted rents range from \$500 to \$708 for the one-bedroom comparison and from \$550 to \$792 for the two-bedroom comparison. All comparables were given consideration. The appraiser concluded the market rent for the units at the subject as follows:

- **637 SF One-Bedroom Units** - **\$615**
- **798 SF Two-Bedroom Units** - **\$675**

The following table shows the proposed rents at the subject. The estimated “as complete” market rents are above the proposed rents. Therefore, the proposed rents were considered achievable.

Unit Type	# of Units	Square Footage	Maximum Net LIHTC Rent	Proposed Rent	Utility Allowance
1/1	28	637	\$439	\$439	\$71
2/1	2	798	\$497	\$497	\$115
2/1	1	796	N/A	N/A	N/A

**Rent Comparables**

**Multi-Family Lease No. 1**



**Property Identification**

**Record ID** 5438  
**Property Type** Walk-Up/Townhouse  
**Property Name** Brookington Apartments  
**Address** 504 Brookwood Drive, Dublin, Laurens County, Georgia 31021  
**Market Type** Market

**Verification** Linda; 478-272-6788, May 16, 2017

<u>Unit Type</u>	<u>Unit Mix</u>			
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1/1	48	900	\$510	\$0.57
2/1.5	40	1,200	\$575	\$0.48
2/2	8	1,200	\$600	\$0.50

**Occupancy** 100%  
**Rent Premiums** N  
**Total Units** 96  
**Unit Size Range** 900 - 1200  
**Avg. Unit Size** 1,050  
**Avg. Rent/Unit** \$545  
**Avg. Rent/SF** \$0.52  
  
**SF** 100,800

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

**Physical Data**

<b>No. of Buildings</b>	17
<b>Construction Type</b>	Siding
<b>HVAC</b>	Central Elec/Central Elec
<b>Stories</b>	2
<b>Utilities with Rent</b>	Water, Sewer, Trash Collection
<b>Parking</b>	L/0
<b>Year Built</b>	1985
<b>Condition</b>	Average
<b>Gas Utilities</b>	None
<b>Electric Utilities</b>	All

**Amenities**

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Balcony, Patio, Clubhouse, Swimming Pool, On-Site Management, On-Site Maintenance

**Remarks**

The property does not maintain a waiting list. The annual turnover rate is 10 percent. The property is a family development. The typical lease terms is 12 months.

**Multi-Family Lease No. 2**



**Property Identification**

**Record ID** 5439  
**Property Type** Garden/Townhouse  
**Property Name** Pecan Ridge Apartments  
**Address** 104 Parker Dairy Road, Dublin, Laurens County, Georgia 31021  
**Market Type** Market

**Verification** Kathy; 478-272-6055, May 16, 2017

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
1/1	18	630	\$450	\$0.71
2/1.5	24	900	\$535	\$0.59
3/2	9	950	\$595	\$0.63

**Occupancy** 100%  
**Rent Premiums** N  
**Total Units** 51  
**Unit Size Range** 630 - 950  
**Avg. Unit Size** 814  
**Avg. Rent/Unit** \$516  
**Avg. Rent/SF** \$0.63  
  
**Net SF** 41,490

**Physical Data**

**No. of Buildings** 11  
**Construction Type** Brick/Siding  
**HVAC** Central Elec/Central Elec

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

<b>Stories</b>	1, 2
<b>Utilities with Rent</b>	Water, Sewer, Trash Collection
<b>Parking</b>	L/0
<b>Year Built</b>	1980
<b>Condition</b>	Average
<b>Gas Utilities</b>	None
<b>Electric Utilities</b>	All

**Amenities**

Refrigerator, Range/Oven, Garbage Disposal, Carpet, Vinyl, Blinds, Washer/Dryer Hook-Ups, On-Site Management, On-Site Maintenance

**Remarks**

The property does not maintain a waiting list. The annual turnover rate was not disclosed. The property is a family development. The typical lease term is 12 months.

**Multi-Family Lease No. 3**



**Property Identification**

**Record ID** 5441  
**Property Type** Garden  
**Property Name** Carriage Hill Apartments  
**Address** 604 Hillcrest Parkway, Dublin, Laurens County, Georgia 31021  
**Market Type** Market

**Verification** Karen; 478-246-1594, May 16, 2017

**Unit Mix**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
Efficiency	9	300	\$520	\$1.73
1/1	21	600	\$530	\$0.88
1/1	21	600	\$600	\$1.00
2/1	5	900	\$600	\$0.67
2/2	4	900	\$630	\$0.70

**Occupancy** 96%  
**Rent Premiums** N  
**Total Units** 60  
**Unit Size Range** 300 - 900  
**Avg. Unit Size** 600  
**Avg. Rent/Unit** \$566  
**Avg. Rent/SF** \$0.94  
  
**Net SF** 36,000

**Multi-Family Lease No. 3 (Cont.)**

**Physical Data**

<b>No. of Buildings</b>	1
<b>Construction Type</b>	Brick/Siding
<b>HVAC</b>	Forced Air Elec/Wall Elec
<b>Stories</b>	1
<b>Utilities with Rent</b>	None
<b>Parking</b>	L/0
<b>Year Built</b>	1984
<b>Condition</b>	Average
<b>Gas Utilities</b>	None
<b>Electric Utilities</b>	All

**Amenities**

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Ceiling Fans, Vaulted Ceilings, Coat Closet, Balcony, Patio, Extra Storage, Laundry Facility, On-Site Management, On-Site Maintenance, Security Patrol

**Remarks**

The property does not maintain a waiting list. The annual turnover rate was not disclosed. The property is a family development. The typical lease term is 12 months.

**Multi-Family Lease No. 4**



**Property Identification**

**Record ID** 5440  
**Property Type** Townhouse  
**Property Name** Hill House Apartments  
**Address** 620 East Peachtree Street, Douglas, Coffee County, Georgia 31533  
**Market Type** Market

**Verification** Ines; 912-384-5555, May 16, 2017

	<b><u>Unit Mix</u></b>			
<b><u>Unit Type</u></b>	<b><u>No. of Units</u></b>	<b><u>Size SF</u></b>	<b><u>Rent/Mo.</u></b>	<b><u>Mo. Rent/SF</u></b>
1/1	12	800	\$545	\$0.68
<b>Occupancy</b>	100%			
<b>Rent Premiums</b>	N			
<b>Total Units</b>	12			
<b>Unit Size Range</b>	0 - 800			
<b>Avg. Unit Size</b>	800			
<b>Avg. Rent/Unit</b>	\$545			
<b>Avg. Rent/SF</b>	\$0.68			
<b>Net SF</b>	9,600			

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

**Physical Data**

<b>No. of Buildings</b>	1
<b>Construction Type</b>	Brick/Siding
<b>HVAC</b>	Central Elec/Central Elec
<b>Stories</b>	2
<b>Utilities with Rent</b>	None
<b>Parking</b>	L/0
<b>Year Built</b>	1972
<b>Condition</b>	Average
<b>Gas Utilities</b>	None
<b>Electric Utilities</b>	All

**Amenities**

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Balcony, Patio

**Remarks**

There are three applicants on the waiting list. The annual turnover rate was not disclosed. The property is a general occupancy development. The typical lease term is 12 months.

**Multi-Family Lease No. 5**



**Property Identification**

**Record ID** 5437  
**Property Type** Walk-Up  
**Property Name** The Gables Apartment Homes  
**Address** 1351 West Gordon Street, Douglas, Coffee County, Georgia  
31533  
**Market Type** Market

**Verification** Ines; 912-384-5555, May 16, 2017

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
1/1	8	912	\$945	\$1.04
2/2	24	1,120	\$725	\$0.65

**Occupancy** 100%  
**Rent Premiums** N  
**Total Units** 32  
**Unit Size Range** 912 - 1120  
**Avg. Unit Size** 1,068  
**Avg. Rent/Unit** \$780  
**Avg. Rent/SF** \$0.73  
**Net SF** 34,176

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

**Physical Data**

<b>No. of Buildings</b>	2
<b>Construction Type</b>	Brick/Siding
<b>HVAC</b>	Central Elec/Central Elec
<b>Stories</b>	2
<b>Utilities with Rent</b>	None
<b>Parking</b>	L/0
<b>Year Built</b>	1995
<b>Condition</b>	Average
<b>Gas Utilities</b>	None
<b>Electric Utilities</b>	All

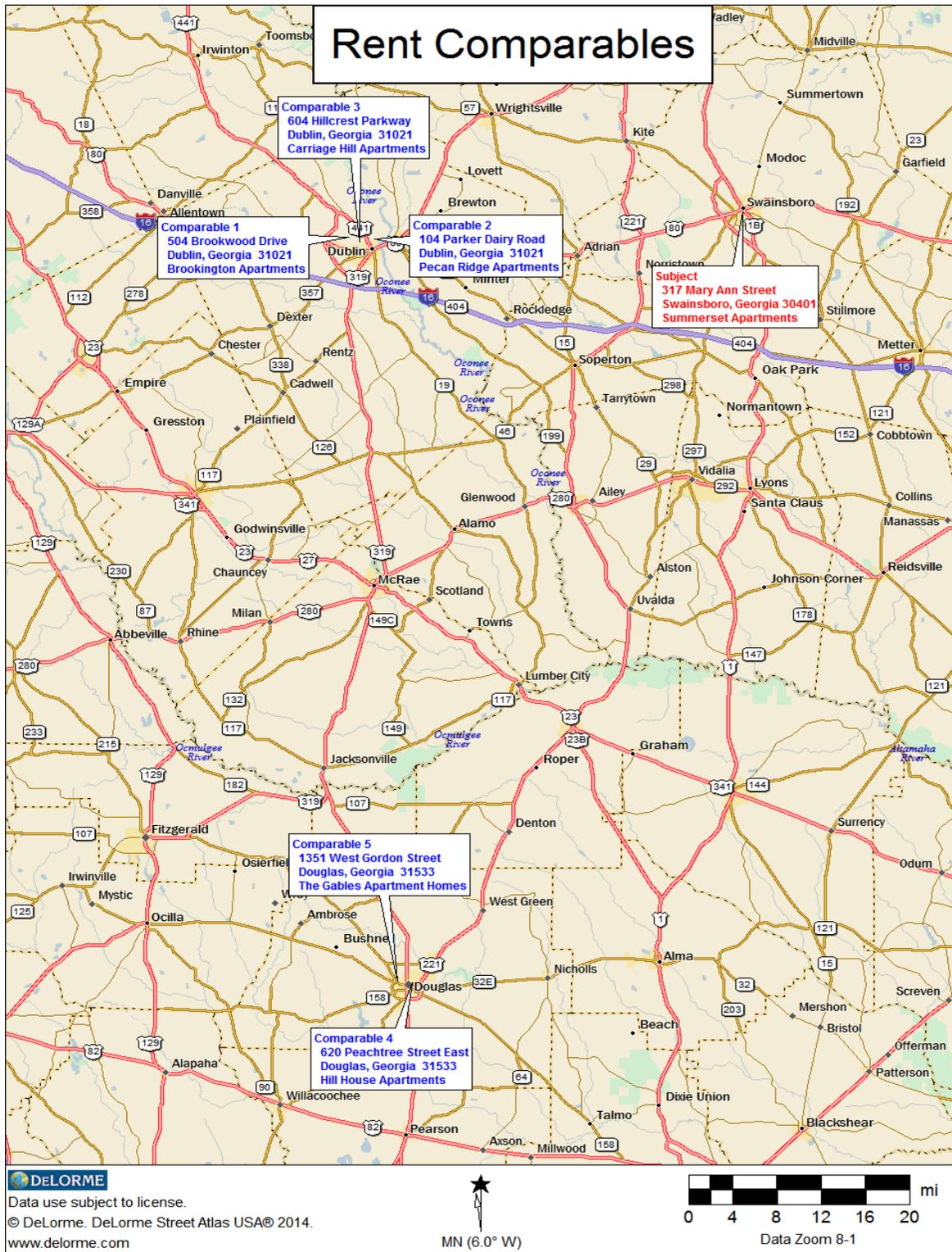
**Amenities**

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Ceiling Fans, Vaulted Ceilings (2nd Floor Only), Walk-In Closet, Coat Closet, Balcony, Patio

**Remarks**

There are seven applicants on the waiting list. The annual turnover rate was not disclosed. The property is a family development. The typical lease term is 12 months.

Rent Comparable Map



**Summary and Conclusion**

Comparable apartment complexes were analyzed as shown on the attached HUD-Forms 92273. Adjustments were based on market rates for individual items as discussed on the previous pages. After analyzing the aforementioned data, market rates were established with special emphasis placed on the best comparables for each unit type to arrive at the estimated market rents as shown in the chart below. After all adjustments, the comparables with the least amount of adjustments for each bedroom type were considered to determine market rates. These rates were used throughout the report as the “Market Rates” for all subject apartment types.

**Potential Gross Rental Income**

**Total Potential Gross Rental Income (Restricted Rent As Is)**

# of Units	Unit Type	Unit SF	Max. Net LIHTC Rent	Current Rent	Potential Gross Income
28	1/1	637	\$439	\$405	\$11,340
2	2/1	798	\$497	\$425	\$850
1	2/1	796	N/A	N/A	\$0
Total Potential Monthly Rental Income					\$12,190
					x 12
Total Potential Gross Rental Income					\$146,280
Miscellaneous Income					\$500
<b>Total Potential Gross Income</b>					<b>\$146,780</b>

\*The subject currently has rents of \$425 for one-bedroom units and \$445 for two-bedroom units. However, as of July 1, 2017, the rents will be reduced to \$405 and \$425, respectively, for the one- and two-bedroom units. Therefore, these rents were utilized in the income analysis.

**Total Potential Gross Rental Income (Market Rent As Is)**

# of Units	Unit Type	Unit SF	Max. Net LIHTC Rent	Market Rent	Potential Gross Income
28	1/1	637	\$439	\$565	\$15,820
2	2/1	798	\$497	\$625	\$1,250
1	2/1	796	N/A	N/A	\$0
Total Potential Monthly Rental Income					\$17,070
					x 12
Total Potential Gross Rental Income					\$204,840
Miscellaneous Income					\$500
<b>Total Potential Gross Income</b>					<b>\$205,340</b>

**Total Potential Gross Rental Income (Restricted Rent As Complete)**

# of Units	Unit Type	Unit SF	Max. Net LIHTC Rent	Proposed Rent	Potential Gross Income
28	1/1	637	\$439	\$615	\$17,220
2	2/1	798	\$497	\$675	\$1,350
1	2/1	796	N/A	N/A	\$0
Total Potential Monthly Rental Income					\$18,570
					x 12
Total Potential Gross Rental Income					\$222,840
Miscellaneous Income					\$500
<b>Total Potential Gross Income</b>					<b>\$223,340</b>

\*The subject contains Rental Assistance for 28 of 31 units. The Rental Assistance at the property will make up the difference between the maximum net LIHTC rent and the rent charged at the subject. The “as complete” market rent determined on the rent grids in the maximum achievable rent at the subject. As the subject has Rental Assistance for all but two of the units, the “as complete” market rent was used as the proposed rent in the restricted “as complete” analysis.

**Total Potential Gross Rental Income (Market Rent As Complete)**

# of Units	Unit Type	Unit SF	Max. Net LIHTC Rent	Market Rent	Potential Gross Income
28	1/1	637	\$439	\$615	\$17,220
2	2/1	798	\$497	\$675	\$1,350
1	2/1	796	N/A	N/A	\$0
Total Potential Monthly Rental Income					\$18,570
					x 12
Total Potential Gross Rental Income					\$222,840
Miscellaneous Income					\$500
<b>Total Potential Gross Income</b>					<b>\$223,340</b>

**Vacancy and Expense Explanations**

**Vacancy and Collection Loss**

*Vacancy and collection loss is an allowance for reductions in potential rental income because space is not leased or rents that are due cannot be collected.*

Annual rent collections are typically less than the potential annual gross income; therefore, an allowance for vacancy and collection loss is typically included in an appraisal of income-producing property. The allowance is usually estimated as a percentage of potential gross income. The percentage varies according to the type and characteristics of the physical property, the quality of tenancy, current and projected supply and demand relationships, and general and local economic conditions.

The field/phone survey was conducted in May 2017. Seven market-rate properties responded to the survey and six restricted properties, including the subject, responded to the survey. Of the apartments surveyed an overall vacancy rate of one percent was determined for the market-rate vacancy and two percent was determined for the restricted vacancy. The subject is currently 97 percent occupied. Historically, the subject's occupancy rate has ranged from 97 to 98 percent since 2014. After considering the vacancy rate of the subject and the comparables, a vacancy rate of five percent was deemed appropriate for "as is" conventional housing; five percent was deemed appropriate for "as complete" conventional housing; three percent was deemed appropriate for "as is" affordable housing; and three percent was deemed appropriate for "as complete" affordable housing.

**Expenses**

To develop an estimate of the net operating income, the appraiser analyzes data for the property. Net operating income (NOI), the income remaining after total expenses have been deducted from the effective gross income, may be calculated before or after deducting replacement reserves. The actual expenses a landlord is required to defray include two specific categories: those incurred by the property itself, such as taxes and insurance, and those resulting from the operation of the property, such as utilities and maintenance. Generally, expenses incurred by the property per se are called fixed expenses. Expenses tied to the operation of the property, which rise or fall with occupancy, are called variable expenses.

## **Management**

Building size determines the type of management. Generally, buildings of more than 25 units are of sufficient size to bear the additional burden of professional property management; larger high-rise or garden apartment projects of over 40 units often require the additional services of a site or resident manager. Lenders generally prefer that properties be professionally managed.

A property manager reports to the property owners, sets rent levels, establishes marketing procedures and does the fiscal planning for the project. The property manager also supervises on-site employees, among whom the resident manager is responsible for looking after the day-to-day dealings with the tenants, leasing of units, collection of rents, and coordination of routine and long-term building maintenance. The resident manager may oversee janitorial staff, an on-site maintenance crew, or various outside contractors. Large-scale apartment projects and newly built developments also employ leasing agents to fill vacancies or negotiate lease renewals and to assist with marketing programs, promotion, and advertising.

## **Tax and Assessment Information**

Real property taxes are based on ad valorem assessments. The records of the county assessor or tax collector can provide the details of a property's assessed value and annual tax burden. From the present assessment data and recent history of tax rates, the appraiser can formulate conclusions about future taxes. Property taxes directly increase the cost of ownership and therefore reduce the net income derived from the rental of apartment units. The fairness of the assessment and anticipated future taxes must be thoroughly analyzed and their impact on value considered in the property appraisal. Property taxes are generally imposed to pay for local government services such as firefighting, police protection and schools. Apartment properties in well-run communities, however, will attract potential tenants willing to pay higher rents for the superior services provided.

Special assessments are levied to pay for infrastructure development (roads or utilities) and extraordinary services (fire or police protection). Ideally, the value of the properties' subject to special assessment is not penalized. The enhancement resulting from the new infrastructure or the provision of additional services should offset the tax increase. However, when a property is subject to a special assessment that exceeds the benefit derived, the value of the property is diminished.

## **Insurance**

The insurance expense is the responsibility of the landlord.

### **Maintenance**

The property manager is responsible for the janitorial staff and on-site maintenance crew and various outside contractors.

### **Utilities and Service**

Water, electricity, natural or liquid petroleum (propane) gas, sewage, trash collection, street maintenance, telephone and cable television are essential utilities and services in most residential markets. If the utilities on the site are inadequate, the cost of improving utility service must be considered. Utilities may be publicly provided or privately owned as part of a community system. In some cases, utilities are individual to the site. The availability and reliability of utilities have a direct bearing on the amount of rent a tenant will pay. At the same time, the cost of utility services is an operating expense that affects the potential net income of the project. The effect of this expenditure is investigated by comparing the costs of utilities and services at competing buildings in relation to rents with the costs incurred by the subject.

### **Reserves for Replacement**

For large properties, the cost of replacing items such as heating/cooling equipment or hallway carpeting may occur regularly. Thus, an allowance for replacements is treated as a separate expense. Even for smaller apartment properties, however, mortgage lenders and property managers may require that part of net operating income be withheld as a reserve to fund the replacement of building components. Consequently, appraisers often estimate an allowance for replacements when projecting cash flow to be capitalized into market value. Other allowances are sometimes made for unusual circumstances—e.g., reserves to cover periodic non-annual repairs, eventual compliance with environmental regulations (asbestos removal), or bringing the building up to code for handicapped persons. Estimates of such reserves should be included in the income forecast if the appraiser believes the situation warrants it.

Because possible differences in the way accountants and property managers enter line-item expenses, the appraiser should ensure the subject property's operating statement is reconstructed to provide that the expense items recorded correspond to proper appraisal practice. In the reconstruction of the operating statement 1) nonrecurring past items are not repeated, 2) any deductions taken for non-operating expenses (personal expenses) are eliminated, 3) ambiguous, repetitive or atypical expense items are recategorized and 4) line items are appropriately grouped to facilitate analysis.

An expense comparison should be made on a uniform or standardized basis. If most of the expense comparables include a replacement reserve, an estimate of this item should be included in the reconstructed operating statement for the subject property. Recategorizing expense items allows the appraiser to compare the operation of the subject with the operating expenses of other properties and the expense averages from benchmark data.

For example, apartment managers often record air conditioning as an expense category. In some cases, this may simply cover the cost of maintaining the equipment, while in others it includes allocations for water, electricity, supplies (filters) and maintenance. Similarly, the category for management may reflect different items because of different ways of operating a property. Some apartment managers will contract for landscaping, snow removal, boiler maintenance and redecoration, while others have these functions performed by on-site managers. By grouping all expense items that are management-controllable, the appraiser will be able to compare the operations of building maintained on contract accounts with those of buildings that employ a permanent workforce to look after maintenance.

Utility expense often differ among properties because some managers operate apartments on a “self-contained” basis, whereby tenants pay directly for meterable natural gas and electricity, while other managers pay the costs of fuel for heating and cooking but not for electricity. Typically, the landlord absorbs all utility charges incurred by vacant units and public spaces (corridors, lobbies, office, basement storage rooms, laundry, parking and exterior lighting) as well as water and sewer charges.

In analyzing operating expenses, the appraiser may also consult benchmark data. For example, the Institute of Real Estate Management’s annual reports include the following groupings:

- \* Administration and management
- \* Utilities
- \* Repairs and maintenance
- \* Real estate taxes and insurance
- \* Payroll (salaries for maintenance and administrative staff)

These data are quoted per square foot of rentable area, as dollars per unit, and as percentage of effective gross income. Such data may be compared against the historic expense data for the subject and cited in the appraisal report. In this instance, the benchmark data was merely used to reflect the validity of my report.

### **Market Rent and Contract Rent**

In the income capitalization approach, the appraiser arrives at an estimate of market rent, or rental income the subject property would likely command in the open market, by analyzing current rents paid and asked for space in comparable buildings. Estimated market rent is important for both proposed and operating properties. In the case of the former, market rent allows the forecast of gross income, and with the latter it is used to calculate the income for vacant rental space or space occupied by the ownership or property management. Contract rent is the actual rental income specified in a lease. It is calculated for operating properties from existing leases, including month-to-month extensions of former leases. It is

essential to specify whether the cited rent is 1) the former or existing contract rent, 2) the asking amount sought by the landlord or property manager or 3) the market rent estimated by the appraiser.

### **Other Miscellaneous Income**

In addition to income from apartment rents, income to the building may be generated from a variety of sources. License fees are paid for temporary, nonexclusive use of special facilities, such as party room or swimming pool fees. Service fees are charged for elective maid service. An apartment project may earn concession income from coin telephones, vending machines and laundry room equipment.

Rental income can also be generated from non-apartment space such as an on-site retail store, restaurant, beauty parlor or physician's office. A parking garage may be leased to an operator or, alternatively, the building may directly license the parking spaces to tenants or non-tenants (on-site parking, however, is often available to tenants at no additional charge). Finally, interest income may accrue on the balance between rents collected in advance and expenses paid in arrears. Interest can also be earned on security deposits, although in some jurisdictions such interest must ultimately be paid back to the tenants. Thus, other income includes rent for non-apartment space and miscellaneous income from various tenant charges.

In many instances, a significant degree of the apartment project's income stream is imputable to intangible as well as tangible personality. Apartment properties may earn business income from profits on the rental of in-suite furniture to tenants, marking up the cost of electricity privately metered to tenants, as well as for opening tenants' doors when the key is left inside, licensing the concierge function and the coin machines, profit centers such as storage rooms (including the sale of abandoned tenant goods), and the interest on company bank accounts.

## Operating Expenses & Restricted Projections

Property: Summerset Apartments

# of Rental Units: 31

### Revenue and Expense Analysis

#### Historical and Proforma

% change compared to preceding year.

2016 is base year for % changes for YTD current year annualized and projections.

REVENUE - Annual											REVENUE - Annual						
	2014	PUPA	2015	PUPA	%	2016	PUPA	%	4 months				Budget	PUPA	%		
									YTD	2017	Annualized	PUPA					%
<b>Residential &amp; Ancillary Income</b>																	
Annual Gross Potential Rental Income	151,680	4,893	151,680	4,893	0%	153,480	4,951	1%		51,160	153,480	4,951	0%	73,140	2,359	-52%	Residential & Ancillary Income
Annual Ancillary Income	656	21	0	0	-100%	522	17	0		150	450	15	-14%	200	6	-62%	Annual Ancillary Income
Annual Gross Potential Income	152,336	4,914	151,680	4,893	0%	154,002	4,968	2%		51,310	153,930	4,965	0%	73,340	2,366	-52%	Annual Gross Potential Income
Occupancy	97.35%	130	96.57%	168	-1%	97.60%	119	1%		97.11%	1	144	-1%	98.01%	47	0%	Occupancy
Effective Gross Income (EGI)	148,293	4,784	146,482	4,725	-1%	150,311	4,849	3%		49,826	149,478	4,822	-1%	71,877	2,319	-52%	Effective Gross Income (EGI)

ITEMIZED EXPENSES - Annual											ITEMIZED EXPENSES - Annual						
Estimate of Annual Expense	2014	PUPA	2015	PUPA	%	2016	PUPA	%	4 months				Budget	PUPA	%		
									YTD	2017	Annualized	PUPA					%
<b>Administrative</b>																	
Advertising	90	3	250	8	177%	225	7	-10%		228	684	22	204%	225	7	0%	Administrative
Management Fee	15,575	502	16,147	521	4%	16,468	531	2%		5,673	17,019	549	3%	8,820	285	-46%	Advertising
Other (Specify)	18,672	602	21,038	679	13%	20,126	649	-4%		9,333	27,999	903	39%	9,131	295	-55%	Management Fee
<b>Total Administrative</b>	<b>34,337</b>	<b>1,108</b>	<b>37,435</b>	<b>1,208</b>	<b>9%</b>	<b>36,819</b>	<b>1,188</b>	<b>-2%</b>		<b>15,234</b>	<b>45,702</b>	<b>1,474</b>	<b>24%</b>	<b>18,176</b>	<b>586</b>	<b>-51%</b>	Other (Specify)
<b>Operating</b>																	
Elevator Maintenance Exp.	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Operating
Fuel	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Elevator Maintenance Exp.
Lighting and Misc. Power	5,220	168	5,558	179	6%	4,917	159	-12%		1,589	4,767	154	-3%	2,750	89	-44%	Fuel - Heating
Water	8,399	271	9,661	312	15%	7,762	250	-20%		4,248	12,745	411	64%	5,500	177	-29%	Lighting and Misc. Power
Gas	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Water
Garbage and Trash Removal	2,315	75	2,319	75	0%	2,154	69	-7%		881	2,643	85	23%	1,200	39	-44%	Gas
Payroll	4,402	142	4,615	149	5%	5,363	173	16%		1,568	4,703	152	-12%	3,300	106	-38%	Garbage and Trash Removal
Other (Specify)	6,547	211	12,732	411	94%	11,577	373	-9%		2,207	6,621	214	-43%	5,462	176	-53%	Payroll
<b>Total Operating</b>	<b>26,884</b>	<b>867</b>	<b>34,885</b>	<b>1,125</b>	<b>30%</b>	<b>31,772</b>	<b>1,025</b>	<b>-9%</b>		<b>10,493</b>	<b>31,479</b>	<b>1,015</b>	<b>-1%</b>	<b>18,212</b>	<b>587</b>	<b>-43%</b>	Other (Specify)
<b>Maintenance</b>																	
Decorating	0	0	330	11	0	416	13	26%		0	0	0	-100%	1,000	32	140%	Maintenance
Repairs	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Decorating
Exterminating	2,219	72	27,640	892	1146%	2,720	88	-90%		838	2,514	81	-8%	1,892	61	-30%	Repairs
Insurance	6,143	198	6,214	200	1%	6,220	201	0%		6,164	18,492	597	197%	3,405	110	-45%	Exterminating
Ground Expense	7,432	240	8,551	276	15%	7,368	238	-14%		2,416	7,249	234	-2%	4,100	132	-44%	Insurance
Other (specify)	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Ground Expense
<b>Total Maintenance</b>	<b>15,794</b>	<b>509</b>	<b>42,735</b>	<b>1,379</b>	<b>171%</b>	<b>16,724</b>	<b>539</b>	<b>-61%</b>		<b>9,418</b>	<b>28,255</b>	<b>911</b>	<b>69%</b>	<b>10,397</b>	<b>335</b>	<b>-38%</b>	Other (specify)
<b>Taxes</b>																	
Real Estate Tax	15,322	494	11,164	360	-27%	8,470	273	-24%		0	0	0	-100%	8,000	258	-6%	Taxes
Personal Property Tax	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Real Estate Tax
Employee Payroll Tax	1,465	47	1,379	44	-6%	1,436	46	4%		402	1,206	39	-16%	188	6	-87%	Personal Property Tax
Employee Benefits	699	23	815	26	17%	823	27	1%		714	2,141	69	160%	1,369	44	66%	Employee Payroll Tax
Other	78	3	50	2	-36%	203	7	306%		103	309	10	53%	50	2	-75%	Employee Benefits
<b>Total Taxes</b>	<b>17,563</b>	<b>567</b>	<b>13,408</b>	<b>433</b>	<b>-24%</b>	<b>10,931</b>	<b>353</b>	<b>-18%</b>		<b>1,219</b>	<b>3,657</b>	<b>118</b>	<b>-67%</b>	<b>9,607</b>	<b>310</b>	<b>-12%</b>	Other
Operating Exp. before RFR	94,579	3,051	128,463	4,144	36%	96,246	3,105	-25%		36,364	109,093	3,519	13%	56,392	1,819	-41%	Operating Exp. before RFR
Reserve For Replacement	27,881	899	26,349	850	-5%	19,183	619	-27%		23,873	71,619	2,310	273%	14,473	467	-25%	Reserve For Replacement
<b>Operating Exp. Incl. RFR</b>	<b>122,460</b>	<b>3,950</b>	<b>154,812</b>	<b>4,994</b>	<b>26%</b>	<b>115,429</b>	<b>3,724</b>	<b>-25%</b>		<b>60,237</b>	<b>180,712</b>	<b>5,829</b>	<b>57%</b>	<b>70,865</b>	<b>2,286</b>	<b>-39%</b>	Operating Exp. Incl. RFR
<b>NOI</b>	<b>25,833</b>	<b>833</b>	<b>-8,330</b>	<b>-269</b>	<b>-132%</b>	<b>34,882</b>	<b>1,125</b>	<b>-519%</b>		<b>-10,411</b>	<b>-31,234</b>	<b>-1,008</b>	<b>-190%</b>	<b>1,012</b>	<b>33</b>	<b>-97%</b>	<b>NOI</b>

Summerset Apartments \* 317 Mary Ann Street \* Swainsboro, Georgia

**Property: Summerset Apartments**

# of Rental Units: 31

**Revenue and Expense Analysis**

**Historical and Proforma**

% change compared to preceding year.

REVENUE - Annual	As Is			As Complete			REVENUE - Annual
	Restricted		%	Restricted		%	
	Projections	PUPA		Projections	PUPA		
<b>Residential &amp; Ancillary Income</b>							Residential & Ancillary Income
Annual Gross Potential Rental Income	146,280	4,719	-5%	222,840	7,188	45%	Annual Gross Potential Rental Income
Annual Ancillary Income	500	16	-4%	500	16	-4%	Annual Ancillary Income
Annual Gross Potential Income	146,780	4,735	-5%	223,340	7,205	45%	Annual Gross Potential Income
Occupancy	97.00%	142	0%	97.00%	216	0%	Occupancy
Effective Gross Income (EGI)	142,377	4,593	-5%	216,640	6,988	44%	Effective Gross Income (EGI)

ITEMIZED EXPENSES - Annual Estimate of Annual Expense	As Is			As Complete			ITEMIZED EXPENSES - Annual Estimate of Annual Expense
	Restricted		%	Restricted		%	
	Projections	PUPA		Projections	PUPA		
<b>Administrative</b>							Administrative
Advertising	310	10	38%	310	10	38%	Advertising
Management Fee	17,110	552	4%	17,110	552	4%	0.000% Management Fee
Other (Specify)	18,600	600	-8%	18,600	600	-8%	Other (Specify)
<b>Total Administrative</b>	<b>36,020</b>	<b>1,162</b>	<b>-2%</b>	<b>36,020</b>	<b>1,162</b>	<b>-2%</b>	<b>Total Administrative</b>
<b>Operating</b>							Operating
Elevator Maintenance Exp.	0	0	0	0	0	0	Elevator Maintenance Exp.
Fuel	0	0	0	0	0	0	Fuel - Heating
Lighting and Misc. Power	5,115	165	4%	5,115	165	4%	Lighting and Misc. Power
Water	7,905	255	2%	7,905	255	2%	Water
Gas	0	0	0	0	0	0	Gas
Garbage and Trash Removal	2,170	70	1%	2,170	70	1%	Garbage and Trash Removal
Payroll	6,200	200	16%	6,200	200	16%	Payroll
Other (Specify)	10,850	350	-6%	9,300	300	-20%	Other (Specify)
<b>Total Operating</b>	<b>32,240</b>	<b>1,040</b>	<b>1%</b>	<b>30,690</b>	<b>990</b>	<b>-3%</b>	<b>Total Operating</b>
<b>Maintenance</b>							Maintenance
Decorating	465	15	12%	465	15	12%	Decorating
Repairs	0	0	0	0	0	0	Repairs
Exterminating	4,650	150	71%	4,650	150	71%	Exterminating
Insurance	6,355	205	2%	6,355	205	2%	Insurance
Ground Expense	7,440	240	1%	7,440	240	1%	Ground Expense
Other (specify)	0	0	0	0	0	0	Other (specify)
<b>Total Maintenance</b>	<b>18,910</b>	<b>610</b>	<b>13%</b>	<b>18,910</b>	<b>610</b>	<b>13%</b>	<b>Total Maintenance</b>
<b>Taxes</b>							Taxes
Real Estate Tax	8,525	275	1%	10,075	325	19%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	620	20	-57%	620	20	-57%	Employee Payroll Tax
Employee Benefits	465	15	-44%	465	15	-44%	Employee Benefits
Other	310	10	53%	310	10	53%	Other
<b>Total Taxes</b>	<b>9,920</b>	<b>320</b>	<b>-9%</b>	<b>11,470</b>	<b>370</b>	<b>5%</b>	<b>Total Taxes</b>
Operating Exp. before RFR	97,090	3,132	1%	97,090	3,132	1%	Operating Exp. before RFR
Reserve For Replacement	10,850	350	-43%	10,850	350	-43%	Reserve For Replacement
<b>Operating Exp. Incl. RFR</b>	<b>107,940</b>	<b>3,482</b>	<b>-6%</b>	<b>107,940</b>	<b>3,482</b>	<b>-6%</b>	<b>Operating Exp. Incl. RFR</b>
<b>NOI</b>	<b>34,437</b>	<b>1,111</b>	<b>-1%</b>	<b>108,700</b>	<b>3,506</b>	<b>212%</b>	<b>NOI</b>

**Estimating Restricted Expenses Per Unit**

<b>Estimating Restricted Expenses Per Unit</b>							
Subject As Is	Expenses	Subject As Complete	Comparable One	Comparable Two	Comparable Three	Comparable Four	IREM Region IV
\$10	Advertising	\$10	\$0	\$4	\$3	\$13	\$0
\$552	Management	\$552	\$538	\$539	\$362	\$854	\$441
\$600	Other Administrative Expenses	\$600	\$0	\$575	\$280	\$844	\$1,272
\$0	Elevator Maintenance Expense	\$0	\$0	\$0	\$0	\$87	\$0
\$0	Fuel	\$0	\$0	\$0	\$0	\$0	\$0
\$165	Lighting & Misc. Power	\$165	\$127	\$109	\$119	\$205	\$177
\$255	Water/Sewer	\$255	\$601	\$493	\$254	\$285	\$199
\$0	Gas	\$0	\$0	\$0	\$22	\$1,004	\$10
\$70	Garbage/Trash Removal	\$70	\$155	\$27	\$0	\$54	\$0
\$200	Payroll	\$200	\$981	\$439	\$441	\$822	\$732
\$350	Other Operating Expenses	\$300	\$260	\$0	\$272	\$614	\$272
\$15	Decorating	\$15	\$0	\$0	\$0	\$48	\$92
\$0	Repairs	\$0	\$533	\$0	\$96	\$348	\$252
\$150	Exterminating	\$150	\$46	\$86	\$0	\$1	\$0
\$205	Insurance	\$205	\$191	\$201	\$203	\$348	\$355
\$240	Ground Expenses	\$240	\$250	\$272	\$0	\$1	\$249
\$0	Other Maintenance	\$0	\$0	\$624	\$0	\$0	\$0
\$275	Real Estate Taxes	\$325	\$212	\$255	\$277	\$571	\$422
\$20	Payroll Taxes	\$20	\$0	\$0	\$0	\$79	\$0
\$15	Employee Benefits	\$15	\$20	\$21	\$0	\$147	\$0
\$10	Other Taxes	\$10	\$10	\$14	\$0	\$38	\$3
\$350	Replacement Reserves	\$350	\$277	\$262	\$0	\$0	\$0
\$3,482	<b>Total Per Unit</b>	\$3,482	\$4,201	\$3,921	\$2,329	\$6,363	\$4,476
<p><b>Comments:</b>                      Subject expenses were estimated based on comparable apartments and industry norms. Comparable apartment expenses were estimated after discussions with area apartment managers. The comparable estimates were substantiated by the <i>2016 Income/Expense Analysis: Federally Assisted Apartments</i> printed by the <i>Institute of Real Estate Management</i>. No major fluctuations from the total expenses per unit are anticipated from the expenses provided above, although itemized expenses may deviate on the specific factors affecting the individual properties.</p> <p>The expenses for the comparable apartments vary per unit but are consistently between 38 and 81 percent of the gross rent potential. The subject's expenses were estimated at 48 percent of the gross rent potential which is within the comparable range. Market expenses for the subject were categorized similar to the actual expenses as different properties categorize expenses in different ways. Explanations of specific itemized expenses are indicated on the following pages.</p>							

**Itemized Expense Explanations - Restricted  
Expense Numbers per Unit**

<b>Expense</b>	<b>As Is</b>	<b>As Complete</b>	<b>Comp Range</b>
1. Advertising	\$10	\$10	\$0- \$13
<p>An advertising expense of \$10 per unit was projected for the subject. A comparable range of \$0 to \$13 per unit was determined. The expense was projected considering the subject's historical financials, the comparable range and the <i>2016 Income/Expense Analysis: Federally Assisted Apartments</i> printed by Institute of Real Estate Management.</p>			
2. Management	\$552	\$552	\$362-\$854
<p>A management expense of \$552 per unit was projected for the as is scenario, and a management expense of \$552 per unit was projected for the as complete scenario. A comparable range of \$362 to \$854 was determined. The expense was projected based on \$46 per unit as indicated by the budget.</p>			
3. Other Administrative	\$600	\$600	\$0- \$844
<p>An other administrative expense of \$600 per unit was projected. A comparable range of \$0 to \$844 was determined. The expense was projected considering the subject's historical financials, the comparable range and the <i>2016 Income/Expense Analysis: Federally Assisted Apartments</i> printed by Institute of Real Estate Management.</p>			
4. Elevator	\$0	\$0	\$0- \$87
<p>The property does not have this expense. The expense is not typical in the market. Therefore, no expense was projected.</p>			
5. Fuel	\$0	\$0	\$0- \$0
<p>The property does not have this expense. The expense is not typical in the market. Therefore, no expense was projected.</p>			
6. Lighting & Misc. Power	\$165	\$165	\$109-\$205
<p>A lighting and miscellaneous power expense of \$165 was projected for the subject. A comparable range of \$109 to \$205 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.</p>			

- |    |             |       |       |              |
|----|-------------|-------|-------|--------------|
| 7. | Water/Sewer | \$255 | \$255 | \$254- \$601 |
|----|-------------|-------|-------|--------------|
- A water/sewer expense of \$255 per unit was projected for the subject. A comparable range of \$254 to \$601 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- |    |     |     |     |             |
|----|-----|-----|-----|-------------|
| 8. | Gas | \$0 | \$0 | \$0-\$1,004 |
|----|-----|-----|-----|-------------|
- A gas expense of \$0 per unit was projected for the subject. A comparable range of \$0 to \$1,004 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- |    |                       |      |      |            |
|----|-----------------------|------|------|------------|
| 9. | Garbage/Trash Removal | \$70 | \$70 | \$0- \$155 |
|----|-----------------------|------|------|------------|
- A garbage/trash removal expense of \$70 per unit was projected for the subject. A comparable range of \$0 to \$155 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- |     |         |       |       |             |
|-----|---------|-------|-------|-------------|
| 10. | Payroll | \$200 | \$200 | \$439-\$981 |
|-----|---------|-------|-------|-------------|
- The payroll expense of \$200 per unit was projected. A comparable range of \$439 to \$981 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Federally Assisted Apartments* printed by Institute of Real Estate Management.
- |     |                          |       |       |           |
|-----|--------------------------|-------|-------|-----------|
| 11. | Other Operating Expenses | \$350 | \$300 | \$0-\$614 |
|-----|--------------------------|-------|-------|-----------|
- An other operating expense of \$350 per unit was projected for the "as is" scenario and \$300 was projected for the "as complete" scenario. A comparable range of \$0 to \$614 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Federally Assisted Apartments* printed by Institute of Real Estate Management.
- |     |            |      |      |           |
|-----|------------|------|------|-----------|
| 12. | Decorating | \$15 | \$15 | \$0- \$48 |
|-----|------------|------|------|-----------|
- A decorating expense of \$15 was projected. A comparable range of \$0 to \$48 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Federally Assisted Apartments* printed by Institute of Real Estate Management.





## Operating Expenses & Market Projections

Property: Summerset Apartments

# of Rental Units: 31

### Revenue and Expense Analysis Historical and Proforma

% change compared to preceding year.

2016 is base year for % changes for YTD current year annualized and projections.

REVENUE - Annual											REVENUE - Annual						
	2014	PUPA	2015	PUPA	%	2016	PUPA	%	YTD	4 months			Budget	PUPA	%		
										2017	Annualized	PUPA	%				
<b>Residential &amp; Ancillary Income</b>																Residential & Ancillary Income	
Annual Gross Potential Rental Income	151,680	4,893	151,680	4,893	0%	153,480	4,951	1%		51,160	153,480	4,951	0%	73,140	2,359	-52%	Annual Gross Potential Rental Income
Annual Ancillary Income	656	21	0	0	-100%	522	17	0		150	450	15	-14%	200	6	-62%	Annual Ancillary Income
Annual Gross Potential Income	152,336	4,914	151,680	4,893	0%	154,002	4,968	2%		51,310	153,930	4,965	0%	73,340	2,366	-52%	Annual Gross Potential Income
Occupancy	97.35%	130	96.57%	168	-1%	97.60%	119	1%		97.11%	1	144	-1%	98.01%	47	0%	Occupancy
Effective Gross Income (EGI)	148,293	4,784	146,482	4,725	-1%	150,311	4,849	3%		49,826	149,478	4,822	-1%	71,877	2,319	-52%	Effective Gross Income (EGI)

ITEMIZED EXPENSES - Annual											ITEMIZED EXPENSES - Annual						
Estimate of Annual Expense											Estimate of Annual Expense						
	2014	PUPA	2015	PUPA	%	2016	PUPA	%	YTD	4 months			Budget	PUPA	%		
										2017	Annualized	PUPA	%				
<b>Administrative</b>																Administrative	
Advertising	90	3	250	8	177%	225	7	-10%		228	684	22	204%	225	7	0%	Advertising
Management Fee	15,575	502	16,147	521	4%	16,468	531	2%		5,673	17,019	549	3%	8,820	285	-46%	Management Fee
Other (Specify)	18,672	602	21,038	679	13%	20,126	649	-4%		9,333	27,999	903	39%	9,131	295	-55%	Other (Specify)
<b>Total Administrative</b>	<b>34,337</b>	<b>1,108</b>	<b>37,435</b>	<b>1,208</b>	<b>9%</b>	<b>36,819</b>	<b>1,188</b>	<b>-2%</b>		<b>15,234</b>	<b>45,702</b>	<b>1,474</b>	<b>24%</b>	<b>18,176</b>	<b>586</b>	<b>-51%</b>	<b>Total Administrative</b>
<b>Operating</b>																Operating	
Elevator Maintenance Exp.	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Elevator Maintenance Exp.
Fuel	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Fuel - Heating
Fuel - Domestic Hotwater	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Fuel - Domestic Hotwater
Water	8,399	271	9,661	312	15%	7,762	250	-20%		4,248	12,745	411	64%	5,500	177	-29%	Water
Gas	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Gas
Garbage and Trash Removal	2,315	75	2,319	75	0%	2,154	69	-7%		881	2,643	85	23%	1,200	39	-44%	Garbage and Trash Removal
Payroll	4,402	142	4,615	149	5%	5,363	173	16%		1,568	4,703	152	-12%	3,300	106	-38%	Payroll
Other (Specify)	6,547	211	12,732	411	94%	11,577	373	-9%		2,207	6,621	214	-43%	5,462	176	-53%	Other (Specify)
<b>Total Operating</b>	<b>26,884</b>	<b>867</b>	<b>34,885</b>	<b>1,125</b>	<b>30%</b>	<b>31,772</b>	<b>1,025</b>	<b>-9%</b>		<b>10,493</b>	<b>31,479</b>	<b>1,015</b>	<b>-1%</b>	<b>18,212</b>	<b>587</b>	<b>-43%</b>	<b>Total Operating</b>
<b>Maintenance</b>																Maintenance	
Decorating	0	0	330	11	0	416	13	26%		0	0	0	-100%	1,000	32	140%	Decorating
Repairs	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Repairs
Exterminating	2,219	72	27,640	892	1146%	2,720	88	-90%		838	2,514	81	-8%	1,892	61	-30%	Exterminating
Insurance	6,143	198	6,214	200	1%	6,220	201	0%		6,164	18,492	597	197%	3,405	110	-45%	Insurance
Ground Expense	7,432	240	8,551	276	15%	7,368	238	-14%		2,416	7,249	234	-2%	4,100	132	-44%	Ground Expense
Other (specify)	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Other (specify)
<b>Total Maintenance</b>	<b>15,794</b>	<b>509</b>	<b>42,735</b>	<b>1,379</b>	<b>171%</b>	<b>16,724</b>	<b>539</b>	<b>-61%</b>		<b>9,418</b>	<b>28,255</b>	<b>911</b>	<b>69%</b>	<b>10,397</b>	<b>335</b>	<b>-38%</b>	<b>Total Maintenance</b>
<b>Taxes</b>																Taxes	
Real Estate Tax	15,322	494	11,164	360	-27%	8,470	273	-24%		0	0	0	-100%	8,000	258	-6%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	1,465	47	1,379	44	-6%	1,436	46	4%		402	1,206	39	-16%	188	6	-87%	Employee Payroll Tax
Employee Benefits	699	23	815	26	17%	823	27	1%		714	2,141	69	160%	1,369	44	66%	Employee Benefits
Other	78	3	50	2	-36%	203	7	306%		103	309	10	53%	50	2	-75%	Other
<b>Total Taxes</b>	<b>17,563</b>	<b>567</b>	<b>13,408</b>	<b>433</b>	<b>-24%</b>	<b>10,931</b>	<b>353</b>	<b>-16%</b>		<b>1,219</b>	<b>3,657</b>	<b>118</b>	<b>-67%</b>	<b>9,607</b>	<b>310</b>	<b>-12%</b>	<b>Total Taxes</b>
Operating Exp. before RFR	94,579	3,051	128,463	4,144	36%	96,246	3,105	-25%		36,364	109,093	3,519	13%	56,392	1,819	-41%	Operating Exp. before RFR
Reserve For Replacement	27,881	899	26,349	850	-5%	19,183	619	-27%		23,873	71,619	2,310	273%	14,473	467	-25%	Reserve For Replacement
<b>Operating Exp. Incl. RFR</b>	<b>122,460</b>	<b>3,950</b>	<b>154,812</b>	<b>4,994</b>	<b>26%</b>	<b>115,429</b>	<b>3,724</b>	<b>-25%</b>		<b>60,237</b>	<b>180,712</b>	<b>5,829</b>	<b>57%</b>	<b>70,865</b>	<b>2,286</b>	<b>-39%</b>	<b>Operating Exp. Incl. RFR</b>
<b>NOI</b>	<b>25,833</b>	<b>833</b>	<b>-8,330</b>	<b>-269</b>	<b>-132%</b>	<b>34,882</b>	<b>1,125</b>	<b>-519%</b>		<b>-10,411</b>	<b>-31,234</b>	<b>-1,008</b>	<b>-190%</b>	<b>1,012</b>	<b>33</b>	<b>-97%</b>	<b>NOI</b>

**Property: Summerset Apartments**

# of Rental Units: 31

**Revenue and Expense Analysis**

**Historical and Proforma**

% change compared to preceding year.

REVENUE - Annual	As Is			As Complete			REVENUE - Annual
	Market Projections	PUPA	%	Market Projections	PUPA	%	
<b>Residential &amp; Ancillary Income</b>							Residential & Ancillary Income
Annual Gross Potential Rental Income	204,840	6,608	33%	222,840	7,188	45%	Annual Gross Potential Rental Income
Annual Ancillary Income	500	16	-4%	500	16	-4%	Annual Ancillary Income
Annual Gross Potential Income	205,340	6,624	33%	223,340	7,205	45%	Annual Gross Potential Income
Occupancy	95.00%	331	0%	95.00%	360	0%	Occupancy
Effective Gross Income (EGI)	195,073	6,293	30%	212,173	6,844	41%	Effective Gross Income (EGI)

ITEMIZED EXPENSES - Annual Estimate of Annual Expense	As Is			As Complete			ITEMIZED EXPENSES - Annual Estimate of Annual Expense
	Market Projections	PUPA	%	Market Projections	PUPA	%	
<b>Administrative</b>							Administrative
Advertising	310	10	38%	310	10	38%	Advertising
Management Fee	7,803	252	-53%	8,487	274	-48%	4.000% Management Fee
Other (Specify)	17,050	550	-15%	17,050	550	-15%	Other (Specify)
<b>Total Administrative</b>	<b>25,163</b>	<b>812</b>	<b>-32%</b>	<b>25,847</b>	<b>834</b>	<b>-30%</b>	<b>Total Administrative</b>
<b>Operating</b>							Operating
Elevator Maintenance Exp.	0	0	0	0	0	0	Elevator Maintenance Exp.
Fuel	0	0	0	0	0	0	Fuel - Heating
Fuel - Domestic Hotwater	0	0	0	0	0	0	Fuel - Domestic Hotwater
Water	7,905	255	2%	7,905	255	2%	Water
Gas	0	0	0	0	0	0	Gas
Garbage and Trash Removal	2,170	70	1%	2,170	70	1%	Garbage and Trash Removal
Payroll	6,200	200	16%	6,200	200	16%	Payroll
Other (Specify)	10,850	350	-6%	9,300	300	-20%	Other (Specify)
<b>Total Operating</b>	<b>32,240</b>	<b>1,040</b>	<b>1%</b>	<b>30,690</b>	<b>990</b>	<b>-3%</b>	<b>Total Operating</b>
<b>Maintenance</b>							Maintenance
Decorating	465	15	12%	465	15	12%	Decorating
Repairs	0	0	0	0	0	0	Repairs
Exterminating	4,650	150	71%	4,650	150	71%	Exterminating
Insurance	6,355	205	2%	6,355	205	2%	Insurance
Ground Expense	7,440	240	1%	7,440	240	1%	Ground Expense
Other (specify)	0	0	0	0	0	0	Other (specify)
<b>Total Maintenance</b>	<b>18,910</b>	<b>610</b>	<b>13%</b>	<b>18,910</b>	<b>610</b>	<b>13%</b>	<b>Total Maintenance</b>
<b>Taxes</b>							Taxes
Real Estate Tax	8,525	275	1%	10,075	325	19%	Real Estate Tax
Personal Property Tax	0	0	0	0	0	0	Personal Property Tax
Employee Payroll Tax	620	20	-57%	620	20	-57%	Employee Payroll Tax
Employee Benefits	465	15	-44%	465	15	-44%	Employee Benefits
Other	310	10	53%	310	10	53%	Other
<b>Total Taxes</b>	<b>9,920</b>	<b>320</b>	<b>-9%</b>	<b>11,470</b>	<b>370</b>	<b>5%</b>	<b>Total Taxes</b>
Operating Exp. before RFR	86,233	2,782	-10%	86,917	2,804	-10%	Operating Exp. before RFR
Reserve For Replacement	7,750	250	-60%	7,750	250	-60%	Reserve For Replacement
<b>Operating Exp. Incl. RFR</b>	<b>93,983</b>	<b>3,032</b>	<b>-19%</b>	<b>94,667</b>	<b>3,054</b>	<b>-18%</b>	<b>Operating Exp. Incl. RFR</b>
<b>NOI</b>	<b>101,090</b>	<b>3,261</b>	<b>190%</b>	<b>117,506</b>	<b>3,791</b>	<b>237%</b>	<b>NOI</b>

**Estimating Market Expenses Per Unit**

<b>Estimating Market Expenses Per Unit</b>							
Subject As Is	Expenses	Subject As Complete	Comparable One	Comparable Two	Comparable Three	Comparable Four	IREM Region IV
\$10	Advertising	\$10	\$506	\$0	\$128	\$150	\$0
\$252	Management	\$274	\$256	\$290	\$417	\$299	\$382
\$550	Other Administrative Expenses	\$550	\$128	\$150	\$341	\$300	\$650
\$0	Elevator Maintenance Expense	\$0	\$0	\$0	\$0	\$0	\$0
\$0	Fuel	\$0	\$0	\$0	\$0	\$0	\$0
\$165	Lighting & Misc. Power	\$165	\$197	\$735	\$300	\$0	\$161
\$255	Water/Sewer	\$255	\$0	\$1,025	\$463	\$1,127	\$278
\$0	Gas	\$0	\$0	\$0	\$0	\$244	\$7
\$70	Garbage/Trash Removal	\$70	\$0	\$0	\$0	\$0	\$0
\$200	Payroll	\$200	\$1,344	\$75	\$974	\$1,200	\$628
\$350	Other Operating Expenses	\$300	\$55	\$0	\$200	\$0	\$282
\$15	Decorating	\$15	\$285	\$0	\$0	\$0	\$190
\$0	Repairs	\$0	\$453	\$500	\$0	\$500	\$407
\$150	Exterminating	\$150	\$0	\$150	\$244	\$0	\$0
\$205	Insurance	\$205	\$416	\$225	\$378	\$250	\$248
\$240	Ground Expenses	\$240	\$117	\$0	\$116	\$0	\$193
\$0	Other Maintenance	\$0	\$0	\$0	\$0	\$0	\$0
\$275	Real Estate Taxes	\$325	\$417	\$671	\$638	\$699	\$696
\$20	Payroll Taxes	\$20	\$0	\$0	\$0	\$0	\$0
\$15	Employee Benefits	\$15	\$0	\$0	\$0	\$0	\$0
\$10	Other Taxes	\$10	\$0	\$0	\$0	\$0	\$11
\$250	Replacement Reserves	\$250	\$0	\$300	\$250	\$300	\$0
\$3,032	<b>Total Per Unit</b>	\$3,054	\$4,174	\$4,121	\$4,449	\$5,069	\$4,133
<p><b>Comments:</b>                      Subject expenses were estimated based on comparable apartments and industry norms. Comparable apartment expenses were estimated after discussions with area apartment managers. The comparable estimates were substantiated by the <i>2016 Income/Expense Analysis: Conventional Apartments printed by the Institute of Real Estate Management</i>. No major fluctuations from the total expenses per unit are anticipated from the expenses provided above, although itemized expenses may deviate on the specific factors affecting the individual properties.</p> <p>The expenses for the comparable apartments vary per unit but are consistently between 42 and 53 percent of the gross rent potential. The subject's expenses were estimated at 42 percent of the gross rent potential which is within the comparable range. Market expenses for the subject were categorized similar to the actual expenses as different properties categorize expenses in different ways. Explanations of specific itemized expenses are indicated on the following pages.</p>							

**Itemized Expense Explanations - Market  
Expense Numbers per Unit**

	<b>Expense</b>	<b>As Is</b>	<b>As Complete</b>	<b>Comp Range</b>
1.	Advertising	\$10	\$10	\$0- \$506
	An advertising expense of \$10 per unit was projected for the subject. A comparable range of \$0 to \$506 per unit was determined. The expense was projected considering the subject's historical financials, the comparable range and the <i>2016 Income/Expense Analysis: Conventional Apartments</i> printed by Institute of Real Estate Management.			
2	Management	\$252	\$274	\$256-\$417
	A management expense of \$252 per unit was projected for the as is scenario, and a management expense of \$274 per unit was projected for the as complete scenario. A comparable range of \$256to \$417 was determined. The expense was projected using approximately four percent of the effective gross income as indicated by the comparables.			
3.	Other Administrative	\$550	\$550	\$128-\$341
	An other administrative expense of \$550 per unit was projected. A comparable range of \$128 to \$341 was determined. The expense was projected considering the subject's historical financials, the comparable range and the <i>2016 Income/Expense Analysis: Conventional Apartments</i> printed by Institute of Real Estate Management.			
4.	Elevator	\$0	\$0	\$0-\$0
	The property does not have this expense. The expense is not typical in the market. Therefore, no expense was projected.			
5.	Fuel	\$0	\$0	\$0-\$0
	The property does not have this expense. The expense is not typical in the market. Therefore, no expense was projected.			
6.	Lighting & Misc. Power	\$165	\$165	\$0-\$735
	A lighting and miscellaneous power expense of \$165 was projected for the subject. A comparable range of \$0 to \$735 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.			

- |    |             |       |       |             |
|----|-------------|-------|-------|-------------|
| 7. | Water/Sewer | \$255 | \$255 | \$0-\$1,127 |
|----|-------------|-------|-------|-------------|
- A water/sewer expense of \$255 per unit was projected for the subject. A comparable range of \$0 to \$1,127 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- |    |     |     |     |           |
|----|-----|-----|-----|-----------|
| 8. | Gas | \$0 | \$0 | \$0-\$244 |
|----|-----|-----|-----|-----------|
- A gas expense of \$0 per unit was projected for the subject. A comparable range of \$0 to \$244 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- |    |                       |      |      |         |
|----|-----------------------|------|------|---------|
| 9. | Garbage/Trash Removal | \$70 | \$70 | \$0-\$0 |
|----|-----------------------|------|------|---------|
- A garbage/trash removal expense of \$70 per unit was projected for the subject. A comparable range of \$0 to \$0 per unit was determined. Due to properties having unique utility characteristics, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- |     |         |       |       |              |
|-----|---------|-------|-------|--------------|
| 10. | Payroll | \$200 | \$200 | \$75-\$1,344 |
|-----|---------|-------|-------|--------------|
- The payroll expense of \$200 per unit was projected. A comparable range of \$75 to \$1,344 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.
- |     |                          |       |       |           |
|-----|--------------------------|-------|-------|-----------|
| 11. | Other Operating Expenses | \$350 | \$300 | \$0-\$200 |
|-----|--------------------------|-------|-------|-----------|
- An other operating expense of \$350 per unit was projected. A comparable range of \$0 to \$200 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.
- |     |            |      |      |           |
|-----|------------|------|------|-----------|
| 12. | Decorating | \$15 | \$15 | \$0-\$285 |
|-----|------------|------|------|-----------|
- A decorating expense of \$15 was projected. A comparable range of \$0 to \$285 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.

- |     |         |     |     |           |
|-----|---------|-----|-----|-----------|
| 13. | Repairs | \$0 | \$0 | \$0-\$500 |
|-----|---------|-----|-----|-----------|
- A repairs expense of \$0 was projected for the as is scenario. A comparable range of \$0 to \$500 was determined. Expenses such as repairs are typically based on unique property characteristics. Therefore, the subject's historical data was determined to be the most accurate indicator of this expense. The subject does not itemize specific repairs expenses. Instead, the repairs are included in other categories which are wrapped into other expense categories. Therefore, no specific repairs expense was projected.
- |     |               |       |       |           |
|-----|---------------|-------|-------|-----------|
| 14. | Exterminating | \$150 | \$150 | \$0-\$244 |
|-----|---------------|-------|-------|-----------|
- An exterminating expense of \$150 per unit was projected. A comparable range of \$0 to \$244 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.
- |     |           |       |       |             |
|-----|-----------|-------|-------|-------------|
| 15. | Insurance | \$205 | \$205 | \$225-\$416 |
|-----|-----------|-------|-------|-------------|
- An insurance expense of \$205 per unit was projected for the subject's as is scenario, and \$205 per unit for the subject's as complete scenario. A comparable range of \$225 to \$416 per unit was determined. Expenses such as insurance are typically based on unique property characteristics. Therefore, the subject's historical data was determined to be the most accurate indicator of this expense. The expense was projected using the subject's historical financials.
- |     |                 |       |       |           |
|-----|-----------------|-------|-------|-----------|
| 16. | Ground Expenses | \$240 | \$240 | \$0-\$117 |
|-----|-----------------|-------|-------|-----------|
- A ground expense of \$240 per unit was projected. A comparable range of \$0 to \$117 was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.
- |     |                   |     |     |         |
|-----|-------------------|-----|-----|---------|
| 17. | Other Maintenance | \$0 | \$0 | \$0-\$0 |
|-----|-------------------|-----|-----|---------|
- Other maintenance expenses of \$0 per unit were projected for the subject. A comparable range of \$0 to \$0 per unit was determined. The expense was projected considering the subject's historical financials, the comparable range and the *2016 Income/Expense Analysis: Conventional Apartments* printed by Institute of Real Estate Management.

- |     |   |       |       |             |
|-----|---|-------|-------|-------------|
| 18. | Real Estate Taxes   | \$275 | \$325 | \$417-\$699 |
|     | A real estate tax expense of \$275 per unit was projected for the subject based on the information obtained by the Emanuel County Assessor's Office. It is likely that this expense will increase after completion of the rehabilitation. Therefore, the as complete expense was projected higher than the as is expense. |       |       |             |
| 19. | Payroll Taxes   | \$20  | \$20  | \$0-\$0     |
|     | Payroll taxes were projected at \$20 per unit. A comparable range of \$0 to \$0 was determined. The expense was projected considering the subject's historical financials, the comparable range and the <i>2016 Income/Expense Analysis: Conventional Apartments</i> printed by Institute of Real Estate Management.      |       |       |             |
| 20. | Employee Benefits   | \$15  | \$15  | \$0-\$0     |
|     | Employee benefits were projected at \$15 per unit. A comparable range of \$0 to \$0 was determined. The expense was projected considering the subject's historical financials, the comparable range and the <i>2016 Income/Expense Analysis: Conventional Apartments</i> printed by Institute of Real Estate Management.  |       |       |             |
| 21. | Replacement Reserves  | \$250 | \$250 | \$0-\$300   |
|     | A replacement reserves expense of \$250 per unit was projected. This reserves expense is typical for market-rate apartment complexes.   |       |       |             |

#### **Expenses before Reserves for Replacement**

The subject's projected expenses per unit are \$2,782 before reserves for replacement. This is 10 percent higher than the 2016 data. The comparables range from \$4,121 to \$5,069 per unit before reserves for replacement. All comparables are conventional properties located in the State of Pennsylvania. The subject is within than the comparable range. The *2016 Income/Expense Analysis: Federally Conventional Apartments* published by the Institute of Real Estate Management indicates an overall expense per unit of \$4,133. Comparable 1 was constructed in 1987, contains 300 units and has total overall expenses of \$4,174 per unit; Comparable 2 was constructed in 1969 and renovated in 2015, contains 209 units and has total overall expenses of \$4,121 per unit; Comparable 3 was constructed in 1979 and was renovated in 2008, contains 486 units and has total overall expenses of \$4,449 per unit; and Comparable 4 was constructed in 1972 and renovated in 2013, contains 132 units and has total overall expenses of \$5,069 per unit. The subject was constructed in 1995 and is a 31-unit stabilized Rural Development property. Historically, the subject's overall expenses have ranged from \$3,051 to \$4,144 per unit before reserves for replacement. Therefore, the subject's expenses were deemed reasonable.

## **Net Operating Income Conclusions**

### **Expenses after Reserves for Replacement**

The subject's expenses were projected considering the subject's operating history, the expense data of the comparables and the information contained in the *2016 Income/Expense Analysis: Federally Assisted Apartments* printed by the Institute of Real Estate Management and the *2016 Income/Expense Analysis: Conventional Apartments* printed by the Institute of Real Estate Management.

### **Direct Capitalization**

Most apartment appraisers as well as buyers, sellers and lenders prefer value estimates derived from direct capitalization rather than discounted cash flow analysis. Other than in cases where the client and appraiser believe that the achievable income from an apartment property has not approximated its stabilized income, the net operating income to the property can be directly capitalized as of the effective date of the appraisal, based on the current yield to the property. In this situation, the discounting of forecast cash flows on a yield-to-maturity basis is considered superfluous. The use of overall cash flow analysis under other circumstances is discussed in the following section.

An overall capitalization rate ( $R_o$ ) is the usual expression of the relationship between the net operating income and the value of the property (the  $R_o$  is the reciprocal of a net income multiplier). Overall capitalization rates are derived from the simple formula

$$\text{Rate} = \text{Income/Value of } R_o = I/V$$

A capitalization rate is typically expressed as a percentage. For example, if the net operating income to a comparable property was \$1.8 million and its value/price was \$20 million, the overall capitalization rate would be 9.0% (the reciprocal, 11.1, is the property's net income multiplier).

An overall capitalization rate incorporates many considerations, including the likelihood that property income will increase, the momentum and duration of such an increase, and the risk and timing of a possible decrease. It reflects judgments regarding the recapture of investment and property depreciation. An overall capitalization rate can be developed on the basis of the relative allocation between, or weighting of, property components (e.g., mortgage and equity), and the respective capitalization rates of both components. This procedure is known as the band of investment technique. The specific allocation between financial components is supported by their relative risk rating based on which component has the prior claim to payment; for example, mortgages are paid before equity investors.

Other ways to apportion NOI are among the physical and ownership components of the property. When the property's NOI, the value of one property component, and the capitalization rates of both property components are known, a residual technique is applied to estimate the value of the property component

of unknown value. The income to the property component of known value is deducted from the property's NOI, and the residual income attributable to the property component of unknown value is capitalized. In many cases, however, it is not necessary to apportion an overall rate or net operating income to property components.

**Market Derived Capitalization Rates**

Income and expense data from comparable properties were analyzed to derive the capitalization rate. To derive the capitalization rate, the appraiser used the direct capitalization method, which consists of dividing the net income by the value.

The direct capitalization method will both reflect the value of income at yields attractive to a prospective investor and provide for the recapture of wasting purchase capital. The capitalization rate shows the rate of return for land, as well as the rate of return for the buildings. It also reflects the relationship between the income from the entire property and the value of the entire property.

**Comparable Capitalization Rates**

Comparable #	Comparable Address	Number of Units	Date of Sale	NOI /	Sales Price =	Indicated Capitalization
1	820 Bowens Mill Road Southeast Douglas, Georgia	48	10/21/2016	\$135,142	\$1,925,100	7.02%
2	2350 South Houston Lake Road Kathleen, Georgia	300	1/20/2016	\$1,673,033	\$26,514,000	6.31%
3	100 Lochlyn Place Bonaire, Georgia	100	5/21/2015	\$421,800	\$5,700,000	7.40%
4	1258 Sunset Boulevard Jesup, Georgia	64	11/21/2016	\$86,932	\$1,496,250	5.81%
5	9000 Watson Boulevard Byron, Georgia	200	10/31/2016	\$1,128,500	\$18,500,000	6.10%
6	919 Corder Road Warner Robins, Georgia	56	10/16/2015	\$124,500	\$1,500,000	8.30%
7	6080 Lakeview Road Warner Robins, Georgia	392	7/19/2016	\$2,488,815	\$39,505,000	6.30%
8	800 Leisure Lake Drive Warner Robins, Georgia	530	6/2/2016	\$1,813,816	\$22,531,875	8.05%
9	4406 Chambers Road Macon, Georgia	96	6/27/2016	\$154,887	\$2,200,100	7.04%
10	3389 Sherry Drive Macon, Georgia	56	11/4/2016	\$98,000	\$1,400,000	7.00%

The comparables indicate a range of 5.81 to 8.30 percent for indicated capitalization rates, with a mean of 6.93 percent. Comparable 1 was constructed in 1987, and Comparable 2 was built in 2007. Comparable 3 was constructed in 2003, and Comparable 4 was built in 1983. Comparable 5 was built in 2013, and Comparable 6 was constructed in 1987. Comparable 7 was built in 2005, and Comparable 8 was constructed in 1982. Comparable 9 was constructed in 1971, and Comparable 10 was built in 1968. All

comparables except Comparables 9 and 10 are considered similar in location. Comparables 9 and 10 are located in Macon and were considered slightly superior in location due to its larger population and greater proximity to services. However, the superior location did not have a significant impact on the determination of the capitalization rate because a potential investor of a property will typically be interest in the income-producing capabilities of a property regardless of location. Therefore, even though these comparables are in locations with larger population counts, the differences are not substantial enough to have a significant impact on the capitalization rate determination. Comparables 1, 3, 6 and 7 are the most similar dates of construction, and Comparables 1, 4, 6 and 10 are the most similar in number of units. Comparables 1, 4, 5 and 10 have the most recent date of sale. After considering all factors, Comparables 1, 4 and 10 were given the most consideration. These comparables have capitalization rates ranging from 5.81 to 7.02 percent. The appraiser selected a weighted capitalization rate of 7.00 percent.

#### **Realty Rates Survey**

The Realty Rates Market Survey was considered in this analysis. The RealtyRates.com Market Survey First Quarter 2017 found that investors in apartments in the South Atlantic Region which includes the State of Georgia indicated an overall capitalization rate of 8.20 percent. The Realty Rates Investor Survey was also considered in this analysis. The RealtyRates.com Investor Survey First Quarter 2017 indicates a range of 4.54 to 12.72 percent for capitalization rates, with a median capitalization rate of 7.85 percent.

#### **PwC Real Estate Investor Survey**

The PwC Real Estate Investor Survey was considered in this analysis. The National Apartment Market survey for the first quarter of 2017 found that investors in apartments indicate overall capitalization rates ranging from 3.50 percent to 8.00 percent, with an average of 5.33 percent.

#### **Band of Investment – Conventional Terms**

Another method of arriving at a capitalization rate is the Band of Investment Method. This method is based on typical mortgage terms currently available and expected investment return. For the mortgage component of the band of investment, mortgage brokers, current periodicals and rate sheets were consulted relative to mortgage terms, interest rates and investor yield rates. Based on the subject's physical and economic characteristics, the following components were used in this analysis.

Capitalization Rate Analysis					
Mortgage Interest Rate	4.50%	Loan To Value Ratio	80%		
Loan Term (Years)	30	Debt Coverage Ratio	1.25		
		Equity Dividend Rate	10.00%		
Band of Investment					
Mortgage Constant		Loan Ratio			
0.06080	x	80%	=	0.0486	Mortgage Component
Equity Dividend Rate		Equity Ratio			
10%	x	0.20	=	0.02	Equity Component
		<b>Capitalization Rate</b>		<b>6.86%</b>	
Debt Coverage Ratio Analysis					
Debt Coverage Ratio	x	LTV	x	Mortgage Constant	
1.25	x	80%	x	0.06080	= 0.060802
		<b>Capitalization Rate</b>		<b>6.08%</b>	

Mortgage financing from local lenders indicated that a typical interest rate is 4.50 percent. The typical loan term is 30 years and the loan-to-value ratio is 80 percent. Therefore, a capitalization rate of 6.86 percent was determined.

**Determination of the Market Capitalization Rate**

The PwC Real Estate Investor Survey indicated an average capitalization rate of 5.33 percent. From the sales available in the area a capitalization rate of 7.00 percent was determined. The RealtyRates.com Market Survey indicated an average capitalization rate of 8.20 percent. The RealtyRates.com Investor Survey indicated a median capitalization rate of 7.85 percent. The band of investment indicated a capitalization rate of 6.86 percent. The comparable sales were determined to be the most accurate reflection of the market capitalization rate. Therefore, a capitalization rate of 7.00 percent was determined to be appropriate for the market values.

**Income Values**

<b>Market</b>	<b>As Is</b>	<b>\$101,090 /7.00%</b>	<b>=</b>	<b>\$1,444,144</b>
<b>Market</b>	<b>As Complete</b>	<b>\$117,506 /7.00%</b>	<b>=</b>	<b>\$1,678,658</b>
		<b>Market Rate As Is Value</b>	<b>=</b>	<b>\$1,445,000</b>
		<b>Market Rate As Complete Value</b>	<b>=</b>	<b>\$1,680,000</b>

**Determination of Capitalization Rate Considering Subject's Rental Assistance**

Due to the presence of Rental Assistance, properties similar to the subject have guaranteed income streams and typically have higher occupancy rates than market properties. As a result, the marketplace shows a preference for these types of properties with Rental Assistance, and the market indicates a lower capitalization rate as a result. Therefore, a slightly more aggressive capitalization rate of one half-point to one full point is seen in the market. The subject has Rental Assistance for 28 of the 31 units. The capitalization rate was adjusted from the market-indicated rate of 7.00 percent to a capitalization rate one point lower at **6.00 percent** for the property's restricted valuations.

<b>Restricted</b>	<b>As Is</b>	<b>\$34,437 /6.00%</b>	<b>=</b>	<b>\$573,943</b>
<b>Restricted</b>	<b>As Complete</b>	<b>\$108,700 /6.00%</b>	<b>=</b>	<b>\$1,811,663</b>
		<b>Restricted Rate As Is Value</b>	<b>=</b>	<b>\$575,000</b>
		<b>Restricted Rate As Complete Value</b>	<b>=</b>	<b>\$1,810,000</b>

<b>Prospective Market Value Upon Loan Maturity</b>	
<b>\$1,680,000 Prospective Market Value (As Complete and Stabilized)</b> <b>50 Term of Loan (years)</b> <b>2.00% Growth Rate</b>	
<b>Market Value</b>	
\$1,680,000 PV	
50 [g] [n]	
2.00 [g] [i]	
Solve for FV	<b>\$4,562,913.68</b>
Using these factors, a prospective market value upon loan maturity of <b>\$4,562,913.68</b> was determined. <div style="text-align: center;"><b>Prospective Market Value Upon Loan Maturity</b> <b>\$4,563,000.00</b></div>	

\*The growth rate is based on the market trends. This includes data from population, unemployment factors, median household income, median home values and capitalization rates. In addition, comparables within the State of Georgia were analyzed to determine a growth rate.

### Population

The population for the subject’s neighborhood for 2017, according to ESRI, is 5,081, an decrease of (35) people from the 2010 population of 5,116. The population is expected to decrease at an annual rate of 0.5 percent between 2017 and 2022. Therefore, the 2022 population is projected at 5,058. The median age for the neighborhood is 40.3.

### Unemployment Trends

The unemployment rate has fluctuated from 5.1 percent to 13.3 percent over the past 12 years. These fluctuations are in line with the unemployment rates for the State of Georgia.

<b>LABOR FORCE AND EMPLOYMENT TRENDS FOR EMANUEL COUNTY</b>					
<b>ANNUALS</b>	<b>CIVILIAN LABOR FORCE*</b>	<b>EMPLOYMENT</b>		<b>UNEMPLOYMENT</b>	
		<b>TOTAL</b>	<b>%</b>	<b>TOTAL</b>	<b>%</b>
2005	10,651	10,059	94.4%	592	5.6%
2006	10,802	10,251	94.9%	551	5.1%
2007	10,829	10,271	94.8%	558	5.2%
2008	10,803	10,007	92.6%	796	7.4%
2009	10,568	9,438	89.3%	1,130	10.7%
2010	9,118	7,946	87.1%	1,172	12.9%
2011	9,162	7,944	86.7%	1,218	13.3%
2012	9,090	7,967	87.6%	1,123	12.4%
2013	8,850	7,739	87.4%	1,111	12.6%
2014	8,592	7,693	89.5%	899	10.5%
2015	8,314	7,588	91.3%	726	8.7%
2016	8,468	7,808	92.2%	660	7.8%
2017**	8,532	7,973	93.4%	559	6.6%

\* Data based on place of residence.

\*\*Preliminary - based on monthly data through March 2017

Source: U.S. Bureau of Labor Statistics Data

**Median Household Income**

The median household income for the neighborhood in 2017 is \$35,540. It is expected to increase to \$39,301 by 2022. The per capita income is \$19,076.

**Median Home Value**

The median home value for the neighborhood in 2017, according to ESRI, is \$148,100. According to ESRI, the average amount spent for owner-occupied households in the subject's neighborhood is \$16,152.00, or \$1,346 per month. The average amount spent for renter-occupied households is \$10,548.00, or \$879 per month.

**Realty Rates Market Survey**

The Realty Rates Market Survey was considered in this analysis. The following table indicates the fluctuation of capitalization rates within the South Atlantic Region. Capitalization rates ranged from 7.90 to 8.20 percent in 2016, with an average of 8.03 percent.

<b>REALTY RATES MARKET SURVEY – AREA CAPITALIZATION RATES</b>				
<b>QUARTER</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
1 <sup>ST</sup> Quarter	8.30%	8.10%	8.20%	8.20%
2 <sup>nd</sup> Quarter	8.30%	8.10%	8.00%	8.10%
3 <sup>rd</sup> Quarter	8.20%	8.20%	8.00%	---
4 <sup>th</sup> Quarter	8.10%	8.10%	7.90%	---

Source: RealtyRates.com: South Atlantic Region

**Comparable Sales Analysis**

Comparable market sales that sold within the State of Georgia were analyzed to determine any trend in the area. The following table lists the comparables used in this analysis. Capitalization rates ranged from 5.00 to 9.00 percent between 2005 and 2017, with an average of 7.39 percent.

Property Name	Number of Units	Sale Date	NOI	Sale Price	Capitalization Rate
Jasmine Gardens	40	1/5/2005	\$114,750	\$1,350,000	8.50%
Knox Landing Apartments	40	1/31/2005	\$83,928	\$1,475,000	5.69%
Lauren Heights Apartments	48	3/25/2005	\$188,100	\$2,200,000	8.55%
Highland Springs Apartments	66	8/19/2005	\$203,235	\$2,550,000	7.97%
Auburn Place Apartments	28	9/30/2005	\$89,565	\$1,050,000	8.53%
Highland Glen Apartments	31	11/23/2005	\$90,520	\$1,550,000	5.84%
North Avenue Apartments	34	11/23/2005	\$107,300	\$1,850,000	5.80%
Washington Arms Apartments	40	1/13/2006	\$115,130	\$1,588,000	7.25%
Forest Grove Apartments	20	1/27/2006	\$82,560	\$960,000	8.60%
Somerset Apartments	40	6/30/2006	\$148,800	\$2,000,000	7.44%
Brighton Manor Apartments	40	8/9/2006	\$131,840	\$1,600,000	8.24%
Kirkwood Apartments	53	10/28/2007	\$201,760	\$2,600,000	7.76%
Waters Edge Apartments	48	1/25/2008	\$149,850	\$1,850,000	8.10%
Northside Apartments	22	2/22/2008	\$81,035	\$950,000	8.53%
Waldan Chase Apartments	60	4/7/2008	\$273,192	\$3,414,900	8.00%
Twin Keys Apartments	68	3/30/2009	\$201,000	\$3,350,000	6.00%
Praine Villas	22	1/1/2010	\$57,600	\$720,000	8.00%
Main Street Apartments	32	7/28/2010	\$38,211	\$470,000	8.13%
Park Gate Apartments	23	11/18/2010	\$72,500	\$1,000,000	7.25%
Clisby Towers	52	4/14/2011	\$117,000	\$1,300,000	9.00%
Inman Way Apartments	28	2/9/2012	\$139,344	\$1,592,500	8.75%
Rumson Court Apartments	20	11/5/2012	\$56,375	\$1,025,000	5.50%
Gardens on Gaston	20	4/10/2013	\$131,070	\$1,700,000	7.71%
Cedar Bluffs Apartments	31	4/16/2013	\$132,600	\$1,560,000	8.50%
Proctor Square Apartments	72	6/18/2013	\$137,283	\$2,225,000	6.17%
Oakwood Village Apartments	70	7/1/2013	\$98,616	\$1,680,000	5.87%
1045 on the Park Apartment Homes	30	7/9/2013	\$592,515	\$9,450,000	6.27%
Creekstone Apartments II	72	7/16/2013	\$150,900	\$3,000,000	5.03%
Erwin North Apartments	32	7/22/2013	\$72,450	\$805,000	9.00%
Student Quarters Bay Tree	32	10/10/2013	\$265,200	\$3,900,000	6.80%
Brooks Trace Apartments	49	10/10/2013	\$363,937	\$4,363,750	8.34%
Sherwood Arms Apartments	44	10/30/2013	\$31,980	\$390,000	8.20%
Townhomes at Hapeville	34	1/23/2014	\$77,900	\$950,000	8.20%
Brick Pointe Apartments	56	2/1/2014	\$1,569,500	\$18,250,000	8.60%
Pine Ridge Apartments	29	2/18/2014	\$71,775	\$825,000	8.70%
Jefferson Ridge Townhomes	22	4/14/2014	\$81,900	\$975,000	8.40%
Waterbury Apartments	53	6/30/2014	\$145,440	\$1,818,000	8.00%
Woodbridge Apartments	28	4/2/2014	\$123,750	\$1,650,000	7.50%
Pecan Terrace	36	8/28/2014	\$114,026	\$1,420,000	8.03%
DeFoor's Crossing	60	9/23/2014	\$235,571	\$4,610,000	5.11%
Pine Hill Places	73	10/27/2014	\$169,200	\$2,115,000	8.00%
West Gate Manor	48	12/4/2014	\$93,500	\$1,100,000	8.50%
Courtyard on Kinwood	32	12/18/2014	\$146,813	\$2,175,000	6.75%
Azalea Place	42	1/5/2015	\$100,300	\$1,180,000	8.50%
Forest Ridge Apartments	75	1/20/2015	\$168,560	\$2,107,000	8.00%
University Crossing	48	1/23/2015	\$284,925	\$4,350,000	6.55%
Crown Mill Village Lofts	66	1/31/2015	\$370,760	\$5,200,000	7.13%
Pines at Lawrenceville Highway	66	3/31/2015	\$254,200	\$3,100,000	8.20%
Salem Chase	64	4/1/2015	\$292,250	\$4,175,000	7.00%
Willow Trace Apartments	54	4/30/2015	\$294,800	\$4,000,000	7.37%
Madison Townhomes	24	5/8/2015	\$88,200	\$980,000	9.00%
Maple Place Townhomes	20	5/15/2015	\$34,867	\$685,000	5.09%
Seventy Spruce Apartments	28	7/29/2015	\$202,980	\$2,985,000	6.80%
Parkway North Apartments	21	8/10/2015	\$72,010	\$950,000	7.58%
Magnolia Hall Apartments	48	8/14/2015	\$274,992	\$4,080,000	6.74%
Peachtree Battle Apartments	20	8/20/2015	\$170,804	\$2,000,050	8.54%
Stonebrook Apartments	21	12/1/2015	\$74,880	\$900,000	8.32%
Kelege Village	28	12/16/2015	\$44,890	\$757,000	5.93%
Woodland View Apartments	54	1/7/2016	\$226,440	\$3,400,000	6.66%
Chelsea Court	56	1/22/2016	\$205,200	\$2,700,000	7.60%
Meadowlark Apartments	56	3/15/2016	\$236,758	\$2,905,000	8.15%
Ridgewood Apartments	52	3/30/2016	\$14,490	\$230,000	6.30%
Dwell and Hollywood Apartments	64	3/31/2016	\$68,153	\$975,000	6.99%

Summerset Apartments \* 317 Mary Ann Street \* Swainsboro, Georgia

Property Name	Number of Units	Sale Date	NOI	Sale Price	Capitalization Rate
Lanier Townhomes	40	4/5/2016	\$159,120	\$2,080,000	7.65%
Baldwin Village	56	6/1/2016	\$281,517	\$4,385,000	6.42%
Park Village Apartments	68	7/6/2016	\$310,300	\$5,350,000	5.80%
Northern Pines Apartments	48	9/30/2016	\$203,808	\$2,640,000	7.72%
Douglas Pines Apartments	48	10/21/2016	\$135,142	\$1,925,100	7.02%
Linkwood Manor Apartments	56	11/4/2016	\$98,000	\$1,400,000	7.00%
Pinewood Village Apartments	64	11/21/2016	\$86,932	\$1,496,250	5.81%
The Valley Apartments	32	1/31/2017	\$112,000	\$1,600,000	7.00%
Belwood Apartments	48	2/16/2017	\$149,400	\$1,800,000	8.30%
Briarcliff Apartments	32	2/22/2017	\$162,500	\$3,250,000	5.00%
Twelve Oaks Apartments	20	3/15/2017	\$78,000	\$975,000	8.00%
Beverly Forest Apartments	42	5/17/2017	\$130,500	\$1,800,000	7.25%

The population is expected to decrease at an annual rate of 0.5 percent between 2017 and 2022. The median household income for the neighborhood in 2017 is \$35,540. It is expected to increase to \$39,301 by 2022. The per capita income is \$19,076.

The unemployment rate has fluctuated from 5.1 percent to 13.3 percent, and due to the recent economic trends, Telfair County, as well as the rest of the nation, increased in unemployment. However, the unemployment rate has stabilized and is anticipated to decrease to at least the high end of the historical range by the loan's maturity date.

A growth rate of 2.00 percent is typically used in projections and Swainsboro's market represents this percentage. Therefore, a 2.00 percent growth rate was used in determining the subject's prospective market value upon loan maturity.

**Prospective Market Value Upon Loan Maturity = \$4,563,000.00**



**Value of the Interest Credit Subsidy from the Assumed USDA RD Section 515 Loan**

**\$851,266 Proposed Loan**  
**600 Months for the Term of the Loan**  
**4.50% Market Interest Rate**  
**3.75% Note Rate of Interest**  
**1.00% Base Rate of Interest**

**Proposed Loan**  
 \$851,266 PV  
 0.0450 [i]  
 600 [n]  
 Solve for PMT \$4,313.24 per month

**With 1% interest**  
 \$851,266 PV  
 0.0100 [i]  
 600 [n]  
 Solve for PMT \$1,803.49 per month

**Value of Balloon**  
 \$851,266 [CHS] [PV]  
 0.0375 [i]  
 600 [n]  
 Solve for PMT \$3,143.73  
 360 [n]  
 Solve for FV \$530,239.02  
  
 \$530,239.02 [CHS] [FV]  
 0.0450 [i]  
 360 [n]  
 Solve for PV \$137,806.82

**Interest Credit Subsidy**  
 Difference in Payment \$2,509.76  
 \$2,509.76 [PMT]  
 0.0450 [i]  
 360 [n]  
 Solve for PV \$495,328.36  
-\$137,806.82  
 \$357,521.54

**Value of Subsidy from the Assumed 515 Loan (New Terms) Rounded:  
 \$358,000.00**

**Value of Tax Credits**

For the purposes of this analysis, the likely market value of the tax credits allocated to the subject has been estimated. The subject is a proposed rehabilitation. The following information is based on the assumption that the development will receive tax credit allocations. The developer is assuming that the property will receive an annual allocation of \$72,495 from the Georgia Department of Community Affairs for low-income housing tax credits. The total for the 10-year period will be \$724,950. To determine the value of the tax credits, the average price for tax credits in the area was established by utilizing interviews with syndicators, developers and mortgage lenders as well as published sources. Interviews were conducted with Jason Maddox of MACO Companies; Matt Mills of Southeast Holdings LLC; Derrick Hamilton of Belmont Development Company; and Shawn Smith of Belmont Development Company. Based on the information obtained, a range of \$0.85 to \$0.95 was determined for federal tax credits, though there are a few instances when the price exceeds \$1.00. State tax credits vary widely, according to the interviews. A conservative value of \$0.85 per credit was estimated.

**Analysis of Tax Credits**

The following analysis is used to develop a present value for the subject's tax credits. Percentages utilized were based on similar transactions as well as interviews with state and federal authorities to arrive at an accurate market value for the allocated tax credits.

**Value of Tax Credits**

Assumed Federal Allocation:	=	\$724,950	
<b>Price</b>	<b>x 0.85</b>	<b>= \$616,208</b>	<b>\$ 616,208</b>

**Total Value Tax Credits = \$615,000**

**Insurable Value**

<b>USDA Rural Development Insurable Value Calculation</b>				
<b>Property Name:</b>		Summerset Apartments		
<b>Street Address:</b>		317 Mary Ann Street		
<b>City, County, State, Zip:</b>		Swainsboro, Emanuel, Georgia 30401		
<b>BASE COST</b>				
Main Structure			\$71.55	
Sprinkler				
Other				
Adjustments and/or Multipliers			0.83	Local
			1.03	Current
<b>TOTAL BASE COST PER SQ. FT</b>			\$61.17	
Building Area Square Footage			23,696	
<b>TOTAL REPLACEMENT COST NEW</b>			\$1,449,439	
<b>EXCLUSIONS</b>	<u>Per SF</u>	<u>Percent</u>		
Excavations	\$0.06	0.1%	\$1,422	
Foundations	\$3.67	6.0%	\$86,964	
Site Work	\$1.53	2.5%	\$36,255	
Site Improvements	\$2.02	3.3%	\$47,866	
Architect's Fees	\$0.61	1.0%	\$14,455	
Underground Piping	\$0.61	1.0%	\$14,455	
<b>TOTAL EXCLUSIONS</b>	\$8.50	13.9%	\$201,417	
<b>INCLUSIONS</b>				
Appliance Packages			\$51,016	
Patios/Balconies, etc.				
Parking Lot			\$27,784	
Other				
<b>TOTAL INCLUSIONS</b>			\$78,800	
<b>CONCLUDED INSURABLE VALUE</b>				
Total Replacement Cost New			\$1,449,439	
Less Total Exclusions			\$201,417	
Plus Total Inclusions			\$78,800	
<b>CONCLUDED INSURABLE VALUE</b>			<b>\$1,326,823</b>	

**Total Insurable Value (Rounded) = \$1,327,000**

## **Sales Comparison Approach**

The Sales Comparison Approach is based on the assumption that an informed purchaser will pay no more for a property than the cost of acquiring an existing property of similar utility. Typically, one would estimate the value of the subject property by comparing the sales prices of recent transactions involving property similar to the subject. Adjustments are made to each sale for dissimilarities as compared to the subject property. These adjustments may include the date of sale, location, age, floor plan, condition, quality, size or external factors that may influence rents or occupancy levels. Typically, the reliability of the sales comparison approach is based on a number of factors such as:

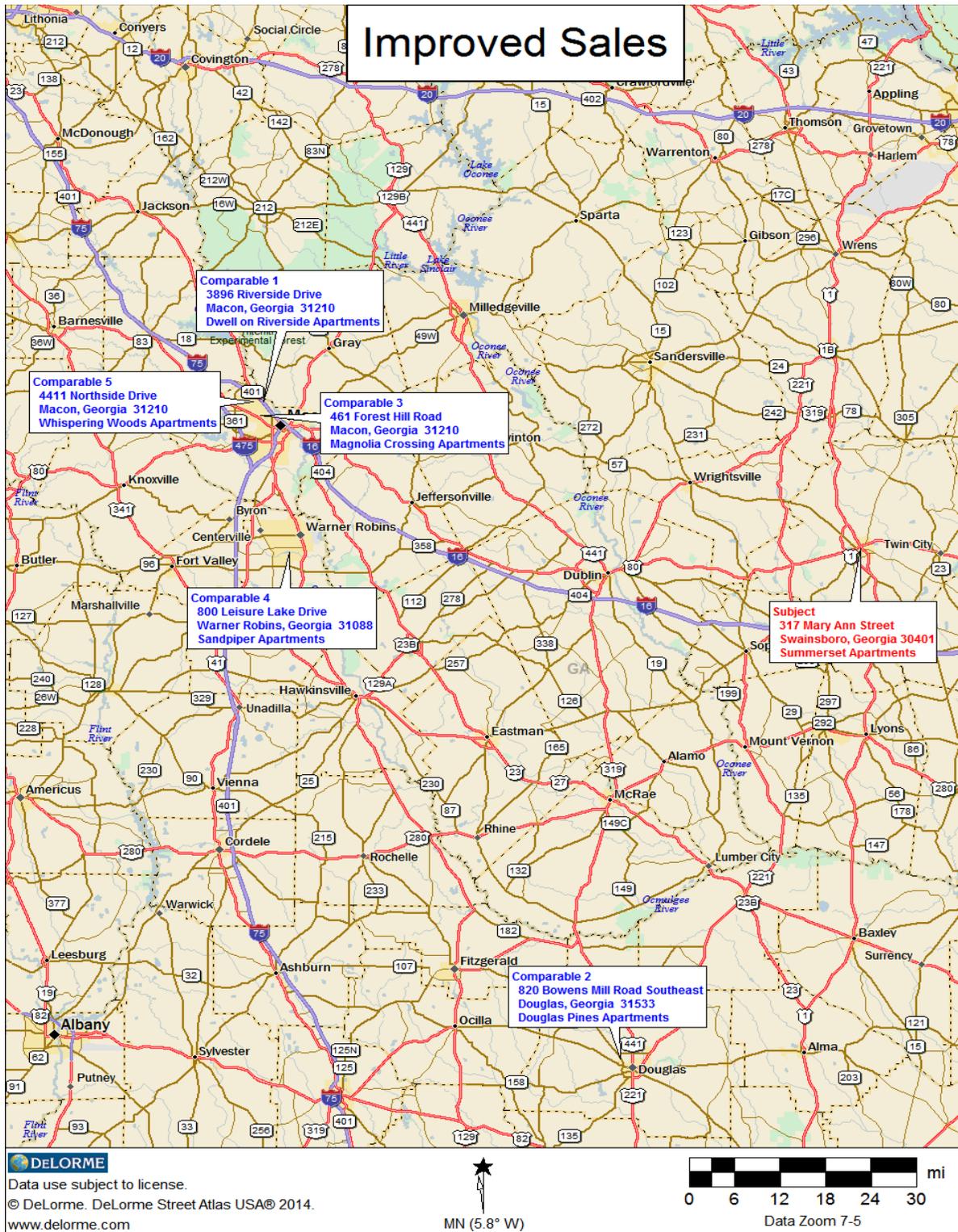
- Availability of comparable sales data
- Verification of sales data
- Degree of comparability to the extent that large or numerous adjustments are not necessary to compensate for the differences between the subject property and the comparable sales used

I have found that the reliability of the sales comparison approach for traditional real estate is excellent when valuing vacant land, single family homes or small commercial type properties where there is more activity, a larger data base, and greater degree of comparability. For more complex and larger investment grade properties such as shopping centers, nursing homes, and apartment complexes, the required adjustments are often numerous and the degree to which they can be performed without a considerable amount of subjectivity is difficult. As mentioned previously, a number of factors must be verifiable and documented in order to make appropriate adjustments. Items necessary for verification might include the following:

- Location
- Condition
- Appeal
- Date of Sale
- Amenities
- Income and Expense Data
- Personal Property Included
- Financing Terms and Conditions
- Management Contracts Involved

There are obviously other differences that must be adjusted in the marketplace. For the purposes of this report, the appraiser has analyzed a number of sales; however, only those believed to be most similar to the subject were included. The information from the sales analyzed will be included. The information from the sales analyzed will be used to determine a value estimate for the subject property by the sales comparison approach. The unit of comparison considered will be the price paid per unit. The following sales are offered as an indication of value of the subject property as of the date of this assignment.

Comparable Sales Map



**Comparable Sales**

**Multi-Family Sale No. 1**



**Property Identification**

<b>Record ID</b>	2901
<b>Property Type</b>	Walk-Up
<b>Property Name</b>	Dwell on Riverside Apartments
<b>Address</b>	3896 Riverside Drive, Macon, Bibb County, Georgia 31210
<b>Tax ID</b>	N041 0023
<b>Market Type</b>	Market

**Sale Data**

<b>Grantor</b>	DAI Commercial Realty, LLC
<b>Grantee</b>	Abbey Construction Company
<b>Sale Date</b>	October 01, 2015
<b>Deed Book/Page</b>	009568000337
<b>Property Rights</b>	Fee Simple
<b>Conditions of Sale</b>	Normal
<b>Financing</b>	Conventional
<b>Verification</b>	Assessor; May 16, 2017

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

**Sale Price** \$4,600,000  
**Cash Equivalent** \$4,600,000  
**Adjusted Price** \$4,600,000

**Land Data**

**Land Size** 12.000 Acres or 522,720 SF  
**Front Footage** Riverside Drive  
**Zoning** Multifamily  
**Topography** Nearly Level  
**Utilities** E, G, W, S  
**Shape** Irregular

**Unit Mix**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1/1	10	995	\$625	\$0.63
2/1	6	1,220	\$675	\$0.55
2/2	20	1,229	\$735	\$0.60
2/2	20	1,305	\$755	\$0.58
2/2.5	22	1,500	\$755	\$0.50
3/2	6	1,500	\$825	\$0.55
3/2	32	1,550	\$810	\$0.52

**Total Units** 116  
**Avg. Unit Size** 1,375  
**Avg. Rent/Unit** \$755  
**Avg. Rent/SF** \$0.55

**Net Rentable SF** 159,550

**General Physical Data**

**No. of Buildings** 13  
**Construction Type** Brick  
**HVAC** Central Elec/Central Elec  
**Parking** L/0  
**Stories** 2  
**Utilities with Rent** Water, Sewer  
**Year Built** 1974  
**Condition** Average

**Indicators**

**Sale Price/Net Rentable SF** \$28.83  
**Sale Price/Unit** \$39,655

**Amenities**

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Carpet, Vinyl, Blinds, Balcony, Patio, Clubhouse, Swimming Pool, Basketball Court, Tennis Court and Laundry Facility

**Multi-Family Sale No. 2**



**Property Identification**

<b>Record ID</b>	3403
<b>Property Type</b>	Walk-Up
<b>Property Name</b>	Douglas Pines Apartments
<b>Address</b>	820 Bowens Mill Road Southeast, Douglas, Coffee County, Georgia 31533
<b>Tax ID</b>	0117C 131
<b>Market Type</b>	Market

**Sale Data**

<b>Grantor</b>	Miles E. Sears
<b>Grantee</b>	SHS Management
<b>Sale Date</b>	October 21, 2016
<b>Deed Book/Page</b>	001870000182
<b>Property Rights</b>	Fee Simple
<b>Conditions of Sale</b>	Normal
<b>Financing</b>	Conventional
<b>Verification</b>	Assessor; May 16, 2017

<b>Sale Price</b>	\$1,925,100
<b>Cash Equivalent</b>	\$1,925,100
<b>Adjusted Price</b>	\$1,925,100

**Land Data**

<b>Land Size</b>	7.590 Acres or 330,620 SF
<b>Front Footage</b>	Bowens Mill Road Southeast
<b>Zoning</b>	Multifamily
<b>Topography</b>	Nearly Level
<b>Utilities</b>	E, G, W, S

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

**Shape** Irregular

	<u>Unit Mix</u>			
<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
2/2	48	841	\$575	\$0.68
<b>Total Units</b>	48			
<b>Avg. Unit Size</b>	841			
<b>Avg. Rent/Unit</b>	\$575			
<b>Avg. Rent/SF</b>	\$0.68			
<b>Gross SF</b>	45,000			
<b>Net Rentable SF</b>	40,368			

**General Physical Data**

<b>No. of Buildings</b>	5
<b>Construction Type</b>	Siding
<b>HVAC</b>	Central Elec/Central Elec
<b>Parking</b>	L/0
<b>Stories</b>	2
<b>Utilities with Rent</b>	Water, Sewer, Trash Collection
<b>Year Built</b>	1987
<b>Condition</b>	Average

**Indicators**

<b>Sale Price/Gross SF</b>	\$42.78
<b>Sale Price/Net Rentable SF</b>	\$47.69
<b>Sale Price/Unit</b>	\$40,106

**Amenities**

Refrigerator, Range/Oven, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Swimming Pool and Laundry Facility

**Multi-Family Sale No. 3**



**Property Identification**

<b>Record ID</b>	3423
<b>Property Type</b>	Townhouse
<b>Property Name</b>	Magnolia Crossing Apartments
<b>Address</b>	461 Forest Hill Road, Macon, Bibb County, Georgia 31210
<b>Tax ID</b>	N061 0169
<b>Market Type</b>	Market

**Sale Data**

<b>Grantor</b>	Clarion Partners
<b>Grantee</b>	J. Dan Lott
<b>Sale Date</b>	July 31, 2015
<b>Deed Book/Page</b>	9511-280
<b>Property Rights</b>	Fee Simple
<b>Conditions of Sale</b>	Normal
<b>Financing</b>	Conventional
<b>Verification</b>	Assessor; May 16, 2017

<b>Sale Price</b>	\$4,200,000
<b>Cash Equivalent</b>	\$4,200,000
<b>Adjusted Price</b>	\$4,200,000

**Multi-Family Sale No. 3 (Cont.)**

**Land Data**

**Land Size** 24.900 Acres or 1,084,644 SF  
**Front Footage** Forest Hill Road  
**Zoning** Multifamily  
**Topography** Nearly Level  
**Utilities** E, G, W, S  
**Shape** Irregular

**Unit Mix**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
2/1	24	1,100	\$525	\$0.48
2/1.5	65	1,100	\$620	\$0.56
3/2	16	1,300	\$625	\$0.48
3/2.5	10	1,540	\$740	\$0.48
<b>Total Units</b>	115			
<b>Avg. Unit Size</b>	1,166			
<b>Avg. Rent/Unit</b>	\$611			
<b>Avg. Rent/SF</b>	\$0.52			
<b>Gross SF</b>	136,740			
<b>Net Rentable SF</b>	134,100			

**General Physical Data**

**No. of Buildings** 15  
**Construction Type** Brick/Stone/Siding  
**HVAC** Central Elec/Central Elec  
**Parking** L/0  
**Stories** 2  
**Utilities with Rent** Water, Sewer, Trash Collection  
**Year Built** 1980  
**Condition** Average

**Indicators**

**Sale Price/Gross SF** \$30.72  
**Sale Price/Net Rentable SF** \$31.32  
**Sale Price/Unit** \$36,522

**Amenities**

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Ceiling Fans, Fireplace, Walk-In Closet, Clubhouse, Swimming Pool and Playground

**Multi-Family Sale No. 4**



**Property Identification**

<b>Record ID</b>	3424
<b>Property Type</b>	Walk-Up
<b>Property Name</b>	Sandpiper Apartments
<b>Address</b>	800 Leisure Lake Drive, Warner Robins, Houston County, Georgia 31088
<b>Tax ID</b>	0W0850 003000
<b>Market Type</b>	Market

**Sale Data**

<b>Grantor</b>	McGlamry Properties
<b>Grantee</b>	Reynolds Asset Mgmt, LLC
<b>Sale Date</b>	June 02, 2016
<b>Deed Book/Page</b>	2016/1436790
<b>Property Rights</b>	Fee Simple
<b>Conditions of Sale</b>	Normal
<b>Financing</b>	Conventional
<b>Verification</b>	Assessor; May 16, 2017

<b>Sale Price</b>	\$22,531,875
<b>Cash Equivalent</b>	\$22,531,875
<b>Adjusted Price</b>	\$22,531,875

**Land Data**

<b>Land Size</b>	35.440 Acres or 1,543,766 SF
<b>Front Footage</b>	Leisure Lake Drive
<b>Zoning</b>	Multifamily
<b>Topography</b>	Nearly Level
<b>Utilities</b>	E, G, W, S

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

**Shape** Irregular

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
1/1	384	800	\$614	\$0.77
1/1		800	\$624	\$0.78
2/2	146	1,100	\$709	\$0.64
<b>Total Units</b>	530			
<b>Avg. Unit Size</b>	883			
<b>Avg. Rent/Unit</b>	\$640			
<b>Avg. Rent/SF</b>	\$0.73			

**Net Rentable SF** 467,800

**General Physical Data**

**No. of Buildings** 35  
**Construction Type** Siding  
**HVAC** Central Elec/Wall Elec  
**Parking** L/0  
**Stories** 2  
**Utilities with Rent** Water, Sewer, Trash Collection  
**Year Built** 1982  
**Condition** Average

**Indicators**

**Sale Price/Net Rentable SF** \$48.17  
**Sale Price/Unit** \$42,513

**Amenities**

Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Microwave, Washer/Dryer Hook-Ups, Carpet, Wood Composite, Blinds, Ceiling Fans, Fireplace, Walk-In Closet, Balcony, Clubhouse, Swimming Pool, Exercise Room, Picnic Area, Playground, Theater, Car Wash Area, Laundry Facility and Limited Access Gate

**Multi-Family Sale No. 5**



**Property Identification**

<b>Record ID</b>	3425
<b>Property Type</b>	Walk-Up
<b>Property Name</b>	Whispering Woods Apartments
<b>Address</b>	4411 Northside Drive, Macon, Bibb County, Georgia 31210
<b>Tax ID</b>	L042 0045
<b>Market Type</b>	Market

**Sale Data**

<b>Grantor</b>	A.J. & C. Garfunkel
<b>Grantee</b>	Chasseur Realty Investors LLC
<b>Sale Date</b>	June 08, 2015
<b>Deed Book/Page</b>	9474/0251
<b>Property Rights</b>	Fee Simple
<b>Conditions of Sale</b>	Normal
<b>Financing</b>	Conventional
<b>Verification</b>	Assessor; May 16, 2017

<b>Sale Price</b>	\$4,900,000
<b>Cash Equivalent</b>	\$4,900,000
<b>Adjusted Price</b>	\$4,900,000

**Land Data**

<b>Land Size</b>	10.000 Acres or 435,600 SF
<b>Front Footage</b>	Northside Drive
<b>Zoning</b>	Multifamily
<b>Topography</b>	Nearly Level
<b>Utilities</b>	E, G, W, S

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

**Shape** Irregular

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
Efficiency	8	540	\$525	\$0.97
2/1.5	58	1,120	\$560	\$0.50
2/2	12	1,200	\$675	\$0.56
2/2	12	1,260	\$690	\$0.55
3/2.5	18	1,500	\$775	\$0.52
<b>Total Units</b>	108			
<b>Avg. Unit Size</b>	1,165			
<b>Avg. Rent/Unit</b>	\$620			
<b>Avg. Rent/SF</b>	\$0.53			

**Net Rentable SF** 125,800

**General Physical Data**

**No. of Buildings** 20  
**Construction Type** Stone/Siding  
**HVAC** Central Elec/Central Elec  
**Parking** L/0  
**Stories** 2  
**Utilities with Rent** Water, Sewer, Trash Collection  
**Year Built** 1984/2002  
**Condition** Average

**Indicators**

**Sale Price/Net Rentable SF** \$38.95  
**Sale Price/Unit** \$45,370

**Amenities**

Refrigerator, Range/Oven, Dishwasher, Carpet, Vinyl, Blinds, Ceiling Fans, Balcony, Swimming Pool, Exercise Room and Laundry Facility

**Comparable Sales Chart – As Is**

Sales Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Address	317 Mary Ann Street	3896 Riverside Drive	820 Bovens Mill Road	461 Forest Hill Road	800 Leisure Lake Drive	4411 Northside Drive
City	Swainsboro	Macon	Douglas	Macon	Warner Robins	Macon
State	GA	GA	GA	GA	GA	GA
Date	5/16/2017	10/1/2015	10/21/2016	7/31/2015	6/2/2016	6/8/2015
Price		\$4,600,000	\$1,925,100	\$4,200,000	\$22,531,875	\$4,900,000
Total No. of Units	31	116	48	115	530	108
Price per Unit		\$39,655	\$40,106	\$36,522	\$42,513	\$45,370
<b>Transaction Adjustments</b>						
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple
Financing	Conventional	Conventional	0.0%	Conventional	0.0%	Conventional
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%	Normal
Adjusted Price per Unit		\$39,655	\$40,106	\$36,522	\$42,513	\$45,370
<b>Market Trends Through 05/16/17</b>						
Market Trends Through 05/16/17		0%	0%	0%	0%	0%
Adjusted Price per Unit		\$39,655	\$40,106	\$36,522	\$42,513	\$45,370
Location	Average	Superior	Similar	Superior	Similar	Superior
% Adjustment	-10%	0%	0%	-10%	0%	-10%
\$ Adjustment	-\$3,966	\$0	\$0	-\$3,652	\$0	-\$4,537
Total No. of Units	31	116	48	115	530	108
% Adjustment	0%	0%	0%	0%	0%	0%
\$ Adjustment	\$0	\$0	\$0	\$0	\$0	\$0
YearBuilt/Renovated	1995	1974	1987	1980	1982	1984/2002
% Adjustment	0%	0%	0%	0%	0%	0%
\$ Adjustment	\$0	\$0	\$0	\$0	\$0	\$0
Condition/Street Appeal	Average	Inferior	Similar	Inferior	Similar	Similar
% Adjustment	10%	0%	0%	20%	0%	0%
\$ Adjustment	\$3,966	\$0	\$0	\$7,304	\$0	\$0
HVAC	Central Elec/Central Electric	Central Elec/Central Elec	Central Elec/Central Elec	Central Elec/Central Elec	Central Elec/Wall Elec	Central Elec/Central Elec
% Adjustment	0%	0%	0%	0%	0%	0%
\$ Adjustment	\$0	\$0	\$0	\$0	\$0	\$0
Parking	L/0	L/0	L/0	L/0	L/0	L/0
% Adjustment	0%	0%	0%	0%	0%	0%
\$ Adjustment	\$0	\$0	\$0	\$0	\$0	\$0
Amenities	Refrigerator, Range/Oven, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Coat Closet, Patio, Pull Cords, Meeting Room and Laundry Facility	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Carpet, Vinyl, Blinds, Balcony, Patio, Clubhouse, Swimming Pool, Basketball Court, Tennis Court and Laundry Facility	Refrigerator, Range/Oven, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Swimming Pool and Laundry Facility	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Ceiling Fans, Fireplace, Walk-In Closet, Clubhouse, Swimming Pool and Playground	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Microwave, Washer/Dryer Hook-Ups, Carpet, Wood Composite, Balcony, Swimming Pool, Blinds, Ceiling Fans, Fireplace, Walk-In Closet, Balcony, Clubhouse, Swimming Pool, Exercise Room, Picnic Area, Playground, Theater, Car Wash Area, Laundry Facility and Limited Access Gate	Refrigerator, Range/Oven, Dishwasher, Carpet, Vinyl, Blinds, Ceiling Fans, Balcony, Swimming Pool, Exercise Room and Laundry Facility
% Adjustment	0%	0%	2%	-1%	-6%	0%
\$ Adjustment	\$0	\$0	\$802	-\$365	-\$2,551	\$0
Adjusted Price per Unit		\$39,655	\$40,908	\$39,809	\$39,962	\$40,833
Net adjustments		0.0%	2.0%	9.0%	-6.0%	-10.0%
Gross adjustments		0.0%	2.0%	9.0%	-6.0%	-10.0%

Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of May 16, 2017, via the Sales Comparable Approach is as follows:

31 Units x \$40,000 per unit = **\$1,240,000**

**Indicated Value = \$1,240,000**

**Comparable Sales Explanations & Value – As Is**

Comp	Address	Date	Price	Price per Unit	Total No. of Units	Year Built/Renovated
1	3896 Riverside Drive	10/1/2015	\$4,600,000	\$39,655	116	1974
2	820 Bowens Mill Road Southeast	10/21/2016	\$1,925,100	\$40,106	48	1987
3	461 Forest Hill Road	7/31/2015	\$4,200,000	\$36,522	115	1980
4	800 Leisure Lake Drive	6/2/2016	\$22,531,875	\$42,513	530	1982
5	4411 Northside Drive	6/8/2015	\$4,900,000	\$45,370	108	1984/2002

**Improved Sales Analysis**

The sale prices of the comparables range from \$36,522 to \$45,370 per unit before adjustments. Attempts were made to find comparable sales properties within the subject’s city and market area. However, there were no verifiable sales found within these areas. Therefore, it was necessary to expand the search area in order to find comparables to provide a good basis of comparison. The sales were analyzed in order to estimate their comparability to the subject based on the following characteristics of value.

**Location**

The subject is located in Swainsboro, Georgia. Comparable 1 is located in Macon. Comparable 2 is located in Douglas. Comparable 3 is located in Macon. Comparable 4 is located in Warner Robins. Comparable 5 is located in Macon. Although there were slight differences between the subject city and Douglas and Warner Robins, overall there were no differences considered significant enough to warrant an adjustment. However, Macon was considered superior to the subject in location. The following table was utilized to determine appropriate adjustments for differences in location between Swainsboro and Macon.

	Swainsboro	Macon	% Diff
<b>Population</b>	7,456	154,608	95.18%
<b>Households</b>	2,348	36,568	93.58%
<b>Median Home Value</b>	\$59,700	\$118,800	49.75%
<b>Median Rent</b>	\$603	\$744	18.95%

Macon’s population, median income, median home value and median rent are all higher than Swainsboro. After considering all factors, an adjustment of 10 percent was considered appropriate for the comparables in Macon.

### **Total No. of Units**

Size can have an impact on value based on the premise that smaller facilities tend to sell for a higher price per unit than larger facilities. The subject contains 31 units. The number of units of the comparables range from 48 to 530. No adjustments were needed.

### **Year Built/Renovated**

The subject was built in 1995. It is in average condition. Comparable 1 was built in 1974. Comparable 2 was constructed in 1987. Comparable 3 was built in 1980. Comparable 4 was constructed in 1982. Comparable 5 was built in 1984/2002. Any necessary adjustment was utilized in the condition/street appeal adjustment.

### **Condition/Street Appeal**

The subject is currently in average condition for a property of its age. Comparables 2, 3 and 5 are similar. Comparables 1 and 3 are older than the subject and are inferior in condition to varying degrees and were adjusted accordingly.

### **HVAC**

The subject contains central electric heating and cooling. All comparables are similar. No adjustments were needed.

### **Parking**

The subject contains lot parking. All comparables are similar. No adjustment was needed.

### **Amenities**

The subject contains a refrigerator, range/oven, washer/dryer hook-ups, carpet, vinyl, blinds, coat closet, patio, pull cords, meeting room and laundry facility. Comparable 1 contains a refrigerator, range/oven, garbage disposal, dishwasher, carpet, vinyl, blinds, balcony, patio, clubhouse, swimming pool, basketball court, tennis court and laundry facility. Comparable 2 contains a refrigerator, range/oven, dishwasher, washer/dryer hook-ups, carpet, vinyl, blinds, swimming pool and laundry facility. Comparable 3 contains a refrigerator, range/oven, garbage disposal, dishwasher, washer/dryer hook-ups, carpet, vinyl, blinds, ceiling fans, fireplace, walk-in closet, clubhouse, swimming pool and playground. Comparable 4 contains a refrigerator, range/oven, garbage disposal, dishwasher, microwave, washer/dryer hook-ups, carpet, wood composite, blinds, ceiling fans, fireplace, walk-in closet, balcony, clubhouse, swimming pool, exercise room, picnic area, playground, theater, car wash area, laundry facility and limited access gate. Comparable 5 contains a refrigerator, range/oven, dishwasher, carpet, vinyl, blinds, ceiling fans, balcony, swimming pool, exercise room and laundry facility. Comparable 1 was not adjusted. Comparable 2 was

adjusted upward two percent. Comparable 3 was adjusted downward one dollar percent. Comparable 4 was adjusted downward six percent. Comparable 5 was not adjusted.

**Summary and Conclusion**

The comparables range from \$39,655 to \$40,908 per unit after adjustments. Comparables 2, 3 and 5 were given significant consideration as these comparables are similar in condition. The remaining comparables were also given some consideration. Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of May 16, 2017, via the Sales Comparable Approach is as follows:

$$31 \text{ units} \times \$40,000 \text{ per unit} = \$1,240,000$$

**Indicated As Is Market Value = \$1,240,000**

**Comparable Sales Chart – As Complete**

Sales Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Address	317 Mary Ann Street	3896 Riverside Drive	820 BOWENS Mill Road	461 Forest Hill Road	800 Leisure Lake Drive	4411 Northside Drive
City	Swainsboro	Macon	Douglas	Macon	Warner Robins	Macon
State	GA	GA	GA	GA	GA	GA
Date	5/16/2017	10/1/2015	10/21/2016	7/31/2015	6/2/2016	6/8/2015
Price		\$4,600,000	\$1,925,100	\$4,200,000	\$22,531,875	\$4,900,000
Total No. of Units	31	116	48	115	530	108
Price per Unit		\$39,655	\$40,106	\$36,522	\$42,513	\$45,370
<b>Transaction Adjustments</b>						
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple
Financing	Conventional	Conventional	0.0%	Conventional	0.0%	Conventional
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%	Normal
<b>Adjusted Price per Unit</b>		<b>\$39,655</b>	<b>\$40,106</b>	<b>\$36,522</b>	<b>\$42,513</b>	<b>\$45,370</b>
Market Trends Through 05/16/17		0%	0%	0%	0%	0%
<b>Adjusted Price per Unit</b>		<b>\$39,655</b>	<b>\$40,106</b>	<b>\$36,522</b>	<b>\$42,513</b>	<b>\$45,370</b>
Location	Average	Superior	Similar	Superior	Similar	Superior
% Adjustment		-10%	0%	-10%	0%	-10%
\$ Adjustment		-\$3,966	\$0	-\$3,652	\$0	-\$4,537
Total No. of Units	31	116	48	115	530	108
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0
YearBuilt/Renovated	1995/Proposed	1974	1987	1980	1982	1984/2002
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0
Condition/Street Appeal	Average	Inferior	Inferior	Inferior	Inferior	Inferior
% Adjustment		20%	10%	30%	10%	10%
\$ Adjustment		\$7,931	\$4,011	\$10,957	\$4,251	\$4,537
HVAC	Central Electric/Central	Central Elec/Central Elec	Central Elec/Central Elec	Central Elec/Central Elec	Central Elec/Wall Elec	Central Elec/Central Elec
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0
Parking	L/0	L/0	L/0	L/0	L/0	L/0
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0
Amenities	Refrigerator, Range/Oven, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Coat Closet, Patio, Pull Cords, Meeting Room and Laundry Facility	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Carpet, Vinyl, Blinds, Balcony, Patio, Clubhouse, Swimming Pool, Basketball Court, Tennis Court and Laundry Facility	Refrigerator, Range/Oven, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Swimming Pool and Laundry Facility	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Vinyl, Blinds, Ceiling Fans, Fireplace, Walk-In Closet, Clubhouse, Swimming Pool and Playground	Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Microwave, Washer/Dryer Hook-Ups, Carpet, Wood Composite, Blinds, Ceiling Fans, Fireplace, Walk-In Closet, Balcony, Clubhouse, Swimming Pool, Exercise Room, Picnic Area, Playground, Theater, Car Wash Area, Laundry Facility and Limited Access Gate	Refrigerator, Range/Oven, Dishwasher, Carpet, Vinyl, Blinds, Ceiling Fans, Balcony, Swimming Pool, Exercise Room and Laundry Facility
% Adjustment		0%	2%	-1%	-6%	0%
\$ Adjustment		\$0	\$802	-\$365	-\$2,551	\$0
<b>Adjusted Price per Unit</b>		<b>\$43,621</b>	<b>\$44,919</b>	<b>\$43,461</b>	<b>\$44,213</b>	<b>\$45,370</b>
Net adjustments		10.0%	12.0%	19.0%	4.0%	0.0%
Gross adjustments		10.0%	12.0%	19.0%	4.0%	0.0%

Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of May 16, 2017, via the Sales Comparable Approach is as follows:

31 units x \$44,000 per unit = 1,364,000

**Indicated Value = \$1,365,000**

**Comparable Sales Explanations & Value – As Complete**

Comp	Address	Date	Price	Price per Unit	Total No. of Units	Year Built/Renovated
1	3896 Riverside Drive	10/1/2015	\$4,600,000	\$39,655	116	1974
2	820 Bowens Mill Road Southeast	10/21/2016	\$1,925,100	\$40,106	48	1987
3	461 Forest Hill Road	7/31/2015	\$4,200,000	\$36,522	115	1980
4	800 Leisure Lake Drive	6/2/2016	\$22,531,875	\$42,513	530	1982
5	4411 Northside Drive	6/8/2015	\$4,900,000	\$45,370	108	1984/2002

**Improved Sales Analysis**

Attempts were made to find comparable sales properties within the subject's city and market area. However, there were no verifiable sales found within these areas. Therefore, it was necessary to expand the search area in order to find comparables to provide a good basis of comparison. The sales were analyzed in order to estimate their comparability to the subject based on the following characteristics of value.

**Location**

The subject is located in Swainsboro, Georgia. Comparable 1 is located in Macon. Comparable 2 is located in Douglas. Comparable 3 is located in Macon. Comparable 4 is located in Warner Robins. Comparable 5 is located in Macon. Although there were slight differences between the subject city and Douglas and Warner Robins, overall there were no differences considered significant enough to warrant an adjustment. However, Macon was considered superior to the subject in location. The following table was utilized to determine appropriate adjustments for differences in location between Swainsboro and Macon.

	Swainsboro	Macon	% Diff
<b>Population</b>	7,456	154,608	95.18%
<b>Households</b>	2,348	36,568	93.58%
<b>Median Home Value</b>	\$59,700	\$118,800	49.75%
<b>Median Rent</b>	\$603	\$744	18.95%

Macon's population, median income, median home value and median rent are all higher than Swainsboro. After considering all factors, an adjustment of 10 percent was considered appropriate for the comparables in Macon.

### **Total No. of Units**

Size can have an impact on value based on the premise that smaller facilities tend to sell for a higher price per unit than larger facilities. The subject contains 31 units. The number of units of the comparables range from 48 to 530. No adjustments were needed.

### **Year Built/Renovated**

The subject was built in 1995. It is in average condition. Comparable 1 was built in 1974. Comparable 2 was constructed in 1987. Comparable 3 was built in 1980. Comparable 4 was constructed in 1982. Comparable 5 was built in 1984/2002. Any necessary adjustment was utilized in the condition/street appeal adjustment.

### **Condition/Street Appeal**

The subject will be in good condition after rehabilitation. All comparables will be inferior to varying degrees. Comparable 1 was adjusted upward 20 percent, and Comparables 2, 4 and 5 were adjusted upward 10 percent. Comparable 3 was adjusted upward 30 percent.

### **HVAC**

The subject contains central electric heating and cooling. All comparables are similar. No adjustments were needed.

### **Parking**

The subject contains lot parking. All comparables are similar. No adjustment was needed.

### **Amenities**

The subject contains a refrigerator, range/oven, washer/dryer hook-ups, carpet, vinyl, blinds, coat closet, patio, pull cords, meeting room and laundry facility. Comparable 1 contains a refrigerator, range/oven, garbage disposal, dishwasher, carpet, vinyl, blinds, balcony, patio, clubhouse, swimming pool, basketball court, tennis court and laundry facility. Comparable 2 contains a refrigerator, range/oven, dishwasher, washer/dryer hook-ups, carpet, vinyl, blinds, swimming pool and laundry facility. Comparable 3 contains a refrigerator, range/oven, garbage disposal, dishwasher, washer/dryer hook-ups, carpet, vinyl, blinds, ceiling fans, fireplace, walk-in closet, clubhouse, swimming pool and playground. Comparable 4 contains a refrigerator, range/oven, garbage disposal, dishwasher, microwave, washer/dryer hook-ups, carpet, wood composite, blinds, ceiling fans, fireplace, walk-in closet, balcony, clubhouse, swimming pool, exercise room, picnic area, playground, theater, car wash area, laundry facility and limited access gate. Comparable 5 contains a refrigerator, range/oven, dishwasher, carpet, vinyl, blinds, ceiling fans, balcony, swimming pool, exercise room and laundry facility. Comparable 1 was not adjusted. Comparable 2 was

adjusted upward two percent. Comparable 3 was adjusted downward one dollar percent. Comparable 4 was adjusted downward six percent. Comparable 5 was not adjusted.

**Summary and Conclusion**

The comparables range from \$43,461 to \$45,370 per unit after adjustments. Comparables 2, 3 and 5 were given significant consideration as these comparables are the most similar in condition. The remaining comparables were also given some consideration. Based on the preceding analysis, it is the appraiser's opinion that the market value of the subject property, as of January 31, 2019, via the Sales Comparable Approach is as follows:

$$31 \text{ units} \times \$44,000 \text{ per unit} = 1,364,000$$

**Indicated As Is Market Value = \$1,365,000**

**Restricted Value Determination**

The sales comparison approach is applicable but not necessary for a credible appraisal and has not been developed for the restricted value determination. The subject is a Rural Development property with restricted rents. As a result, there are very few similar operating properties in the market area and none that could be confirmed as having sold within the past five years. Research for sales comparables similar to the subject was conducted with local realtors, MLS and CoStar, and none could be confirmed. As per the scope of work for this assignment, the sales comparison approach is not required and was not developed.

## **RECONCILIATION AND CONCLUSIONS**

### **Conclusion of Value**

Reconciliation involves the weighing of the three approaches in relation to their importance or their probable influence on the reactions of typical uses and investors in the market. Consideration is given to the quality and quantity of the data available for examination in each approach, to the inherent advantages and disadvantages of each approach, and to the relevancy of each to the subject property.

The Cost Approach considers the current cost of replacing a property, less depreciation from three sources: physical deterioration, functional obsolescence and external obsolescence. A summation of the market value of the land, assumed vacant and the depreciated replacement cost of the improvements provides an indication of the total value of the property. This approach is given less consideration as the validity of this approach decreases as the property's age increases.

The Income Approach is typically used when the real estate is commonly developed, or bought and sold for the anticipated income stream. Income and expense data of similar properties in Swainsboro and the surrounding area were used in this analysis. The most weight is accorded to the indication via the Income Comparison Approach in the final value conclusion.

The Sales Comparison Approach is a reflection of the buying and selling public based on physical and/or financial units of comparison. The market for properties similar to the subject has been active in the subject's market area. As was noted in the improved sales analysis, the range of unit values after adjustments was relatively narrow. Quantitative (percentage) adjustments for the differences between the comparables and the subject were made to the comparables.

The indicated value of the subject would best be represented by a value within this range. The data utilized and the value indicated by the three approaches is considered appropriate in estimating the value of the subject property. Weight is given to the Income Comparison Approaches and this value is considered to provide the best indication of value for the subject.

*The market value of the fee simple estate, unrestricted or conventional, subject to short-term leases, was determined under the hypothetical condition that the subject was a conventional property and not subject to any rent restrictions.*

*The "prospective" values upon stabilization of the fee simple estate were determined under the extraordinary assumption that the rehabilitation is completed as detailed in the scope of work and that the proposed rents indicated in the report are approved.*

*The following values are determined for the Clients and Intended Users:*

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the Market Value, within 7 CFR part 3560.752(b)(1)(ii), Premised Upon a Hypothetical Condition as-if Conventional Housing, as of May 16, 2017, is as follows.

**ONE MILLION FOUR HUNDRED FORTY FIVE THOUSAND DOLLARS**

**\$1,445,000**

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the Market Value, Subject to Restricted Rents, within 7 CFR part 3560.752(b)(1)(i), as of May 16, 2017, is as follows.

**FIVE HUNDRED SEVENTY FIVE THOUSAND DOLLARS**

**\$575,000**

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the Prospective Market Value within 7 CFR Part 3560.752(b)(1)(ii), Premised Upon A Hypothetical Condition As-If Conventional Housing as of January 31, 2019, is as follows.

**ONE MILLION SIX HUNDRED EIGHTY THOUSAND DOLLARS**

**\$1,680,000**

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the Prospective Market Value, Subject to Restricted Rents, within 7 CFR part 3560.752(b)(1)(i), as of January 31, 2019, is as follows.

**ONE MILLION EIGHT HUNDRED TEN THOUSAND DOLLARS**

**\$1,810,000**

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the Value of the Interest Credit Subsidy from the Existing USDA RD Section 515 Loan of the subject property, as of May 16, 2017, is as follows:

**FOUR HUNDRED FORTY FIVE THOUSAND DOLLARS**

**\$445,000**

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the Value of the Interest Credit Subsidy from the Proposed USDA RD Section 515 Loan of the subject property, as of May 16, 2017, is as follows:

**THREE HUNDRED FIFTY EIGHT THOUSAND DOLLARS**  
**\$358,000**

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the value of the Low Income Housing Tax Credits, as of May 16, 2017, is as follows:

**SIX HUNDRED FIFTEEN THOUSAND DOLLARS**  
**\$615,000**

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Is Market Rent (CRCU) of the 637 square feet one-bedroom units of the subject property, as of May 16, 2017, is as follows:

**FIVE HUNDRED SIXTY FIVE DOLLARS**  
**\$565.00**

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Is Market Rent (CRCU) of the 798 square feet two-bedroom units of the subject property, as of May 16, 2017, is as follows:

**SIX HUNDRED TWENTY FIVE DOLLARS**  
**\$625.00**

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Complete Market Rent (CRCU) of the 637 square feet one-bedroom units of the subject property, as of January 31, 2019, is as follows:

**SIX HUNDRED FIFTEEN DOLLARS**  
**\$615.00**

Based on the data, analyses and conclusions presented in the attached report, it is our opinion that the As Complete Market Rent (CRCU) of the 798 square feet two-bedroom units of the subject property, as of January 31, 2019, is as follows:

**SIX HUNDRED SEVENTY FIVE DOLLARS**  
**\$675.00**

*The following values are determined for the DCA:*

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the market value of the land, as of May 16, 2017, is as follows.

**ONE HUNDRED THOUSAND DOLLARS**  
**\$100,000**

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the “As Is” market value of the subject property, subject to market rents, as of May 16, 2017, is as follows.

**ONE MILLION FOUR HUNDRED FORTY FIVE THOUSAND DOLLARS**  
**\$1,445,000**

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the “As Is” market value of the subject property, subject to restricted rents, as of May 16, 2017, is as follows.

**FIVE HUNDRED SEVENTY FIVE THOUSAND DOLLARS**  
**\$575,000**

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the “Prospective” market value upon stabilization – market rents, of the subject property, as of January 31, 2019, is as follows.

**ONE MILLION SIX HUNDRED EIGHTY THOUSAND DOLLARS**  
**\$1,680,000**

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the "Prospective" market value upon stabilization – restricted rents, as of January 31, 2019, is as follows.

**ONE MILLION EIGHT HUNDRED TEN THOUSAND DOLLARS**

**\$1,810,000**

Based on the data, analyses and conclusions presented in the attached report, it is my opinion the "Prospective" market value at loan maturity of the subject property, as of January 31, 2019, is as follows.

**FOUR MILLION FIVE HUNDRED SIXTY THREE THOUSAND DOLLARS**

**\$4,563,000.00**

**Sources Used**

Information used in the appraisal was obtained from various sources including; the U.S. Census Bureau, Nielsen Claritas and Ribbon Demographics, U.S. Bureau of Labor Statistics, interviews with local city and government officials and interviews with local property owners or managers.

## **ADDENDUM A**

EXHIBIT A  
LEGAL DESCRIPTION

Exhibit A

All that tract of parcel of land situate, lying and being in the City of Swainsboro, 51st C.M.D. of Emanuel County, Georgia and being depicted as 3.10 acres on that certain map or plat of survey dated April 13, 1993 entitled "Survey for Rural Housing Partnerships, Inc." by Steve Bargeran, Georgia Registered Land Surveyor, which plat is recorded in the office of the Clerk of the Superior Court of Emanuel County, Georgia in Plat Book 15, Page 765, said tract being more particularly described as follows:

For a point of reference only begin at a point where the centerline of Pratt Avenue intersects with the eastern margin of the Mary Ann Street right of way; run thence in a northerly direction along the eastern margin of the right of way of Mary Ann Street right of way a distance of 351.71 feet to a concrete monument which marks the Point of Beginning; from said Point of Beginning run thence along the eastern margin of the Mary Ann Street right of way North 01° 24' 00" East a distance of 342.90 feet to a point; thence continuing along the eastern margin of the Mary Ann Street right of way in a Northwesterly direction along a curve having a radius of 475.00 feet and an arc length distance of 206.79 feet to a point; run thence North 77° 24' 46" East a distance of 292.65 feet to a point located on the western margin of the Georgia - Florida Railroad right of way; run thence along the western margin of the Georgia - Florida Railroad right of way South 01° 24' 00" West a distance of 415.10 feet to a concrete monument; run thence South 77° 50' 46" West a distance of 205.73 feet to a concrete monument which marks the Point of Beginning.

Also, that Drainage Easement dated October 13, 1995 for the benefit of Somerset Housing Limited, L.P., a Georgia limited partnership, recorded in Deed Book 78, Page 131, Emanuel County, Georgia deed records.

**ADDENDUM B**

## Rent Roll

### *Summerset Apartments (455)*

Report Date: 04/2017

**Building: 1**

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
<b>Units with Square Footage Set</b>								
01	PRICE, JAMES	11/01/2005	06/30/2017	S1	\$425.00	\$145.00	145.00	637
02	JOHNSON, ROSIE	04/01/2007	06/30/2017	S1	\$425.00	\$140.00	140.00	637
03	RIGGINS, AUDREY	11/01/2011	06/30/2017	M2	\$445.00	\$165.00	165.00	798
04	BRANTLEY, PAMELA	04/23/2012	04/30/2017	M2	\$445.00	\$130.00	130.00	798
05	SEAMAN, TOMMY	04/01/2001	06/30/2017	S1	\$425.00	\$235.00	235.00	637
06	SPEARMAN, POLLY	11/01/2015	06/30/2017	S1	\$425.00	\$425.00	425.00	637
Units in Building:					6			
Occupied Units:					6			
% Occupied:					100%			
					\$2,590.00	\$1,240.00	1,240.00	

**Building: 2**

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
<b>Units with Square Footage Set</b>								
07	FAILS, OPAL	02/01/2011	06/30/2017	S1	\$425.00	\$146.00	146.00	637
08	ELKINS, MARTHA	03/01/2011	06/30/2017	S1	\$425.00	\$146.00	146.00	637
09	POWERS, TAMMY	08/01/2005	06/30/2017	S1	\$425.00	\$164.00	164.00	637
10	JONES, JIMMIE	12/01/2011	06/30/2017	S1	\$425.00	\$204.00	204.00	637
11	ODOM, GARNETT	01/01/2011	06/30/2017	S1	\$425.00	\$231.00	231.00	637
12	JOSEY, BOBBY	02/01/2016	06/30/2017	S1	\$425.00	\$236.00	236.00	637
Units in Building:					6			
Occupied Units:					6			
% Occupied:					100%			
					\$2,550.00	\$1,127.00	1,127.00	

**Building: 3**

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
<b>Units with Square Footage Set</b>								
13	ALTMAN, LENA	04/01/2016	06/30/2017	S1	\$425.00	\$267.00	267.00	637
14	ROBERSON, ROBIN	07/01/2004	06/30/2017	S1	\$425.00	\$197.00	197.00	637
15	ODOM, BARBARA	07/01/2015	06/30/2017	S1	\$425.00	\$141.00	141.00	637
16	CHANCE, WILLIE	02/19/2004	06/30/2017	S1	\$425.00	\$138.00	138.00	637
17	HOWELL, MATTHEW	09/01/2002	06/30/2017	S1	\$425.00	\$145.00	145.00	637
18	HENRY, DANNY	09/17/1997	06/30/2017	S1	\$425.00	\$139.00	139.00	637
Units in Building:					6			
Occupied Units:					6			
% Occupied:					100%			
					\$2,550.00	\$1,027.00	1,027.00	

**Building: 4**

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
<b>Units with Square Footage Set</b>								

\*\* = Expired Lease

\*MR = Moved out during the report range.

Print Date & Time: 05/22/2017 11:01:08AM

## Rent Roll

### *Summerset Apartments (455)*

Report Date: 04/2017

**Building: 4**

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
21	DERRISO, ROSE	09/01/2014	06/30/2017	S1	\$425.00	\$294.00	294.00	637
22	MURRY, ESSIE	08/01/2016	06/30/2017	S1	\$425.00	\$391.00	391.00	637
23	WILLIAMS, ROLLIE	03/01/2009	06/30/2017	S1	\$425.00	\$312.00	312.00	637
24	ROGERS, JANIS	09/01/2005	06/30/2017	S1	\$425.00	\$193.00	193.00	637
25	WILLIAMS, HARRIETT	02/02/2016	06/30/2017	S1	\$425.00	\$140.00	140.00	637
26	ARMSTRONG, RUTH	03/01/2002	06/30/2017	S1	\$425.00	\$140.00	140.00	637
27	GILLIS, HOWARD	04/30/2015	04/30/2017	S1	\$425.00	\$145.00	145.00	637
28	BOULINEAU, JOAN	04/01/2002	06/30/2017	S1	\$425.00	\$58.00	58.00	637
Units in Building:					8			
Occupied Units:					8			
% Occupied:					100%			
					<b>\$3,400.00</b>	<b>\$1,673.00</b>	<b>1,673.00</b>	

**Building: 5**

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
<b>Units with Square Footage Set</b>								
29	FRAIZER, LONNIE	11/01/2003	06/30/2017	S1	\$425.00	\$145.00	145.00	637
30	ALLEN, BEATRICE	09/01/2016	06/30/2017	S1	\$425.00	\$250.00	250.00	637
31	DAVIS, DARRIN	06/01/2016	05/31/2017	S1	\$425.00	\$147.00	147.00	637
32	* VACANT * 4/1/2017 - 4/30/2017			S1	\$425.00	\$0.00	0.00	637
Units in Building:					4			
Occupied Units:					3			
% Occupied:					75%			
					<b>\$1,700.00</b>	<b>\$542.00</b>	<b>542.00</b>	

**Building: COMMUNITY**

<u>Unit</u>	<u>Tenant</u>	<u>Move In</u>	<u>Lease End</u>	<u>Description</u>	<u>Potential</u>	<u>Net Rent</u>	<u>Lease</u>	<u>Sq. Ft.</u>
<b>Units with Square Footage Set</b>								
20	RES., MGR.	06/01/1996	04/30/2017	Z2	\$445.00	\$0.00	0.00	796
Units in Building:					1			
Occupied Units:					1			
% Occupied:					100%			
					<b>\$445.00</b>	<b>\$0.00</b>	<b>0.00</b>	

**Total Units: 31**  
**Total Occupied: 30.00**  
**Total % Occupied: 96.77**

**Grand Totals:**

**\$13,235.00 \$5,609.00 5,609.00**

Selected Parameters:

Property Name - Summerset Apartments  
 Rent Roll for - 04/2017  
 Show Negative Rents as Zero - True  
 Sort By Unit - True  
 Include Inactive Units - False

\*\* = Expired Lease

\*MR = Moved out during the report range.

Print Date & Time: 05/22/2017 11:01:08AM

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Summerset Apartments  
Swainsboro, Georgia

0

Expense Year

Dec-14

Row Labels	Sum of Amount
<b>Advertising</b>	<b>\$90</b>
Advertising	\$90
<b>Annual Ancillary Income</b>	<b>\$656</b>
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$611
Application Fees Received	\$45
<b>Annual Gross Potential Rental Income</b>	<b>\$151,680</b>
Rental Income from Current Year Budget	\$151,680
<b>Annual Income (Commercial)</b>	<b>\$0</b>
Rent Revenue - Stores and Commercial	\$0
<b>Decorating</b>	<b>\$0</b>
Painting	\$0
<b>Elevator Maintenance Expense</b>	<b>\$0</b>
Elevator Maintenance/Contract	\$0
<b>Employee Benefits</b>	<b>\$699</b>
Health Insurance & Other Emp. Benefits	\$325
Workmen's Compensation	\$373
<b>Employee Payroll Tax</b>	<b>\$1,465</b>
Payroll Taxes	\$1,465
<b>Excluded Expense</b>	<b>\$0</b>
Annual Capital Budget	\$0
<b>Excluded Income</b>	<b>\$147,737</b>
Interest Income	\$0
Other Project Sources	\$100
Rental Income from Current Year Actual	\$59,445
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$88,192
Special Claims Revenue	\$0
<b>Exterminating</b>	<b>\$2,219</b>
Services	\$2,219
<b>Fuel</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Garbage and Trash Removal</b>	<b>\$2,315</b>
Garbage & Trash Removal	\$2,315
<b>Gas</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Ground Expense</b>	<b>\$7,432</b>
Grounds	\$7,432
Snow Removal	\$0
<b>Insurance</b>	<b>\$6,143</b>

Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Property & Liability Insurance	\$6,143
<b>Lighting and Miscellaneous Power</b>	<b>\$5,220</b>
Electricity	\$5,220
<b>Management Fee</b>	<b>\$15,575</b>
Management Fee	\$15,575
<b>Misc. Taxes/Licenses</b>	<b>\$78</b>
Other Taxes, Licenses & Permits	\$78
Special Assessments	\$0
<b>Other Administrative</b>	<b>\$18,672</b>
Legal Expense	\$0
Office Furniture & Equipment	\$1,147
Office Supplies	\$696
Other Administrative Expenses	\$310
Project Auditing Expense	\$3,880
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$8,829
Telephone & Answering Service	\$3,143
Training Expense	\$667
<b>Other Maintenance</b>	<b>\$0</b>
Other Maintenance	\$0
<b>Other Operating</b>	<b>\$6,547</b>
Maintenance & Repairs Supply	\$6,442
Other Operating Expense	\$105
Other Utilities	\$0
<b>Payroll</b>	<b>\$4,402</b>
Maintenance & Repairs Payroll	\$4,402
<b>Personal Property Tax</b>	<b>\$0</b>
Personal Property Taxes	\$0
<b>Real Estate Tax</b>	<b>\$15,322</b>
Real Estate Taxes	\$15,322
<b>Repairs</b>	<b>\$0</b>
Maintenance & Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
<b>Reserves for Replacement</b>	<b>\$27,881</b>
Transfer to Reserve	\$27,881
<b>Service Coordinator</b>	<b>\$0</b>
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
<b>Vacancy (Apartments)</b>	<b>-\$4,043</b>
Vacancies - Apartments	-\$4,043
Vacancies - Concessions	\$0
<b>Vacancy (Commercial)</b>	<b>\$0</b>
Vacancies - Stores and Commercial	\$0
<b>Water/Sewer</b>	<b>\$8,399</b>
Sewer	\$6,482

Water	\$1,917
<b>(blank)</b>	<b>\$485,188</b>
Net Rental Revenue	\$147,637
Operating Expenses	
Subtotal	\$73,036
Total Operating Expenses	\$94,579
Total Other Revenue	\$756
Total Rent Revenue	\$151,680
Total Revenue	
Total Taxes and Insurance	\$21,543
Total Vacancies	-\$4,043
(blank)	
<b>Grand Total</b>	<b>\$903,678</b>

Summerset Apartments  
Swainsboro, Georgia

0

Expense Year

Dec-15

Row Labels	Sum of Amount
<b>Advertising</b>	<b>\$250</b>
Advertising	\$250
<b>Annual Ancillary Income</b>	<b>\$0</b>
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$0
Application Fees Received	\$0
<b>Annual Gross Potential Rental Income</b>	<b>\$151,680</b>
Rental Income from Current Year Budget	\$151,680
<b>Annual Income (Commercial)</b>	<b>\$0</b>
Rent Revenue - Stores and Commercial	\$0
<b>Decorating</b>	<b>\$330</b>
Painting	\$330
<b>Elevator Maintenance Expense</b>	<b>\$0</b>
Elevator Maintenance/Contract	\$0
<b>Employee Benefits</b>	<b>\$815</b>
Health Insurance & Other Emp. Benefits	\$287
Workmen's Compensation	\$528
<b>Employee Payroll Tax</b>	<b>\$1,379</b>
Payroll Taxes	\$1,379
<b>Excluded Expense</b>	<b>\$0</b>
Annual Capital Budget	\$0
<b>Excluded Income</b>	<b>\$146,676</b>
Interest Income	\$0
Other Project Sources	\$194
Rental Income from Current Year Actual	\$60,289
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$86,193
Special Claims Revenue	\$0
<b>Exterminating</b>	<b>\$27,640</b>
Services	\$27,640
<b>Fuel</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Garbage and Trash Removal</b>	<b>\$2,319</b>
Garbage & Trash Removal	\$2,319
<b>Gas</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Ground Expense</b>	<b>\$8,551</b>
Grounds	\$8,551
Snow Removal	\$0
<b>Insurance</b>	<b>\$6,214</b>

Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Property & Liability Insurance	\$6,214
<b>Lighting and Miscellaneous Power</b>	<b>\$5,558</b>
Electricity	\$5,558
<b>Management Fee</b>	<b>\$16,147</b>
Management Fee	\$16,147
<b>Misc. Taxes/Licenses</b>	<b>\$50</b>
Other Taxes, Licenses & Permits	\$50
Special Assessments	\$0
<b>Other Administrative</b>	<b>\$21,038</b>
Legal Expense	\$8
Office Furniture & Equipment	\$1,185
Office Supplies	\$926
Other Administrative Expenses	\$2,120
Project Auditing Expense	\$3,880
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$8,814
Telephone & Answering Service	\$3,492
Training Expense	\$612
<b>Other Maintenance</b>	<b>\$0</b>
Other Maintenance	\$0
<b>Other Operating</b>	<b>\$12,732</b>
Maintenance & Repairs Supply	\$12,504
Other Operating Expense	\$167
Other Utilities	\$61
<b>Payroll</b>	<b>\$4,615</b>
Maintenance & Repairs Payroll	\$4,615
<b>Personal Property Tax</b>	<b>\$0</b>
Personal Property Taxes	\$0
<b>Real Estate Tax</b>	<b>\$11,164</b>
Real Estate Taxes	\$11,164
<b>Repairs</b>	<b>\$0</b>
Maintenance & Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
<b>Reserves for Replacement</b>	<b>\$26,349</b>
Transfer to Reserve	\$26,349
<b>Service Coordinator</b>	<b>\$0</b>
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
<b>Vacancy (Apartments)</b>	<b>-\$5,198</b>
Vacancies - Apartments	-\$5,198
Vacancies - Concessions	\$0
<b>Vacancy (Commercial)</b>	<b>\$0</b>
Vacancies - Stores and Commercial	\$0
<b>Water/Sewer</b>	<b>\$9,661</b>
Sewer	\$7,092

Water	\$2,570
<b>(blank)</b>	<b>\$696,759</b>
Net Rental Revenue	\$146,482
Operating Expenses	
Subtotal	\$111,035
Total Operating Expenses	\$128,463
Total Other Revenue	\$194
Total Rent Revenue	\$151,680
Total Revenue	\$146,676
Total Taxes and Insurance	\$17,428
Total Vacancies	-\$5,198
(blank)	
<b>Grand Total</b>	<b>\$1,144,729</b>

Summerset Apartments  
Swainsboro, Georgia

0

Expense Year

Dec-16

Row Labels	Sum of Amount
<b>Advertising</b>	<b>\$225</b>
Advertising	\$225
<b>Annual Ancillary Income</b>	<b>\$522</b>
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$462
Application Fees Received	\$60
<b>Annual Gross Potential Rental Income</b>	<b>\$153,480</b>
Rental Income from Current Year Budget	\$153,480
<b>Annual Income (Commercial)</b>	<b>\$0</b>
Rent Revenue - Stores and Commercial	\$0
<b>Decorating</b>	<b>\$416</b>
Painting	\$416
<b>Elevator Maintenance Expense</b>	<b>\$0</b>
Elevator Maintenance/Contract	\$0
<b>Employee Benefits</b>	<b>\$823</b>
Health Insurance & Other Emp. Benefits	\$338
Workmen's Compensation	\$485
<b>Employee Payroll Tax</b>	<b>\$1,436</b>
Payroll Taxes	\$1,436
<b>Excluded Expense</b>	<b>\$0</b>
Annual Capital Budget	\$0
<b>Excluded Income</b>	<b>\$149,889</b>
Interest Income	\$0
Other Project Sources	\$100
Rental Income from Current Year Actual	\$66,242
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$83,547
Special Claims Revenue	\$0
<b>Exterminating</b>	<b>\$2,720</b>
Services	\$2,720
<b>Fuel</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Garbage and Trash Removal</b>	<b>\$2,154</b>
Garbage & Trash Removal	\$2,154
<b>Gas</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Ground Expense</b>	<b>\$7,368</b>
Grounds	\$7,368
Snow Removal	\$0
<b>Insurance</b>	<b>\$6,220</b>

Fidelity Coverage Insurance	\$0
Other Insurance	\$0
Property & Liability Insurance	\$6,220
<b>Lighting and Miscellaneous Power</b>	<b>\$4,917</b>
Electricity	\$4,917
<b>Management Fee</b>	<b>\$16,468</b>
Management Fee	\$16,468
<b>Misc. Taxes/Licenses</b>	<b>\$203</b>
Other Taxes, Licenses & Permits	\$203
Special Assessments	\$0
<b>Other Administrative</b>	<b>\$20,126</b>
Legal Expense	\$0
Office Furniture & Equipment	\$1,454
Office Supplies	\$673
Other Administrative Expenses	\$1,499
Project Auditing Expense	\$3,880
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$9,638
Telephone & Answering Service	\$2,229
Training Expense	\$753
<b>Other Maintenance</b>	<b>\$0</b>
Other Maintenance	\$0
<b>Other Operating</b>	<b>\$11,577</b>
Maintenance & Repairs Supply	\$11,386
Other Operating Expense	\$114
Other Utilities	\$77
<b>Payroll</b>	<b>\$5,363</b>
Maintenance & Repairs Payroll	\$5,363
<b>Personal Property Tax</b>	<b>\$0</b>
Personal Property Taxes	\$0
<b>Real Estate Tax</b>	<b>\$8,470</b>
Real Estate Taxes	\$8,470
<b>Repairs</b>	<b>\$0</b>
Maintenance & Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
<b>Reserves for Replacement</b>	<b>\$19,183</b>
Transfer to Reserve	\$19,183
<b>Service Coordinator</b>	<b>\$0</b>
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
<b>Vacancy (Apartments)</b>	<b>-\$3,691</b>
Vacancies - Apartments	-\$3,691
Vacancies - Concessions	\$0
<b>Vacancy (Commercial)</b>	<b>\$0</b>
Vacancies - Stores and Commercial	\$0
<b>Water/Sewer</b>	<b>\$7,762</b>
Sewer	\$5,919

Water	\$1,843
<b>(blank)</b>	<b>\$643,103</b>
Net Rental Revenue	\$149,789
Operating Expenses	
Subtotal	\$81,354
Total Operating Expenses	\$96,246
Total Other Revenue	\$622
Total Rent Revenue	\$153,480
Total Revenue	\$150,411
Total Taxes and Insurance	\$14,892
Total Vacancies	-\$3,691
(blank)	
<b>Grand Total</b>	<b>\$1,058,732</b>

Summerset Apartments  
Swainsboro, Georgia

0

Expense Year Budget

Row Labels	Sum of Amount
<b>Advertising</b>	<b>\$225</b>
Advertising	\$225
<b>Annual Ancillary Income</b>	<b>\$200</b>
Application Fees	\$0
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Tenant Charges	\$200
<b>Annual Gross Potential Rental Income</b>	<b>\$73,140</b>
Rental Income from Current Year Budget	\$73,140
<b>Annual Income (Commercial)</b>	<b>\$0</b>
Rent Revenue - Stores and Commercial	\$0
<b>Decorating</b>	<b>\$1,000</b>
Painting	\$1,000
<b>Elevator Maintenance Expense</b>	<b>\$0</b>
Elevator Maintenance/Contract	\$0
<b>Employee Benefits</b>	<b>\$1,369</b>
Health Insurance & Other Emp. Benefits	\$569
Workmen's Compensation	\$800
<b>Employee Payroll Tax</b>	<b>\$188</b>
Payroll Taxes	\$188
<b>Excluded Expense</b>	<b>\$0</b>
Annual Capital Budget	\$0
<b>Excluded Income</b>	<b>\$0</b>
Interest Income	\$0
Other Project Sources	\$0
Rental Income from Current Year Actual	\$0
Retained Excess Income	\$0
RHS Rental Assist. Received from Actual	\$0
Special Claims Revenue	\$0
<b>Exterminating</b>	<b>\$1,892</b>
Services	\$1,892
<b>Fuel</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Garbage and Trash Removal</b>	<b>\$1,200</b>
Garbage & Trash Removal	\$1,200
<b>Gas</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Ground Expense</b>	<b>\$4,100</b>
Grounds	\$4,100
Snow Removal	\$0
<b>Insurance</b>	<b>\$3,405</b>

Fidelity Coverage Insurance	\$0
Other Insurance	\$75
Property & Liability Insurance	\$3,330
<b>Lighting and Miscellaneous Power</b>	<b>\$2,750</b>
Electricity	\$2,750
<b>Management Fee</b>	<b>\$8,820</b>
Management Fee	\$8,820
<b>Misc. Taxes/Licenses</b>	<b>\$50</b>
Other Taxes, Licenses & Permits	\$50
Special Assessments	\$0
<b>Other Administrative</b>	<b>\$9,131</b>
Legal Expense	\$50
Office Furniture & Equipment	\$450
Office Supplies	\$1,100
Other Administrative Expenses	\$300
Project Auditing Expense	\$2,000
Project Bookkeeping/Accounting	\$0
Site Management Payroll	\$4,632
Telephone & Answering Service	\$0
Training Expense	\$599
<b>Other Maintenance</b>	<b>\$0</b>
Other Maintenance	\$0
<b>Other Operating</b>	<b>\$5,462</b>
Maintenance & Repairs Supply	\$5,400
Other Operating Expense	\$62
Other Utilities	\$0
<b>Payroll</b>	<b>\$3,300</b>
Maintenance & Repairs Payroll	\$3,300
<b>Personal Property Tax</b>	<b>\$0</b>
Personal Property Taxes	\$0
<b>Real Estate Tax</b>	<b>\$8,000</b>
Real Estate Taxes	\$8,000
<b>Repairs</b>	<b>\$0</b>
Maintenance & Repairs Contract	\$0
Replacement Reserves Releases Included as Expense	\$0
<b>Reserves for Replacement</b>	<b>\$14,473</b>
Transfer to Reserve	\$14,473
<b>Service Coordinator</b>	<b>\$0</b>
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0
<b>Vacancy (Apartments)</b>	<b>-\$1,463</b>
Vacancies - Apartments	-\$1,463
Vacancies - Concessions	\$0
<b>Vacancy (Commercial)</b>	<b>\$0</b>
Vacancies - Stores and Commercial	\$0
<b>Water/Sewer</b>	<b>\$5,500</b>
Sewer	\$3,500

Water	\$2,000
<b>(blank)</b>	<b>\$328,215</b>
Net Rental Revenue	\$71,677
Operating Expenses	
Subtotal	\$44,937
Total Operating Expenses	\$56,392
Total Other Revenue	\$200
Total Rent Revenue	\$73,140
Total Revenue	\$71,877
Total Taxes and Insurance	\$11,455
Total Vacancies	-\$1,463
(blank)	
<b>Grand Total</b>	<b>\$470,957</b>

Summerset Apartments  
Swainsboro, Georgia

0

Expense Year Dec-17  
# of Months 4

Row Labels	Sum of Amount
<b>Advertising</b>	<b>\$228</b>
Advertising	\$228
<b>Annual Ancillary Income</b>	<b>\$150</b>
Laundry and Vending Revenue	\$0
Miscellaneous Revenue	\$0
Application Fees	\$0
Tenant Charges/Damages	\$0
Income - Cleaning & Rep	\$0
Income - Late Fees	\$0
Forfeited Security Deposits	\$150
<b>Annual Gross Potential Rental Income</b>	<b>\$51,160</b>
Rental Income from Current Year Budget	\$51,160
<b>Annual Income (Commercial)</b>	<b>\$0</b>
Rent Revenue - Stores and Commercial	\$0
<b>Decorating</b>	<b>\$0</b>
Unit Turns	\$0
<b>Elevator Maintenance Expense</b>	<b>\$0</b>
Elevator Maintenance/Contract	\$0
<b>Employee Benefits</b>	<b>\$714</b>
Workmen's Compensation	\$601
Group Health Insurance	\$113
Retirement Plan Expense	\$0
<b>Employee Payroll Tax</b>	<b>\$402</b>
Payroll Taxes-FICA	\$344
Unemployment Taxes	\$58
<b>Excluded Income</b>	<b>\$49,676</b>
Retained Excess Income	\$0
Special Claims Revenue	\$0
Rental Income from Current Year Actual	\$22,436
RHS Rental Assist. Received from Actual	\$27,240
Interest Income	\$0
<b>Exterminating</b>	<b>\$838</b>
Services	\$838
<b>Fuel</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Garbage and Trash Removal</b>	<b>\$881</b>
Garbage & Trash Removal	\$881
<b>Gas</b>	<b>\$0</b>
Fuel (Oil/Coal/Gas)	\$0
<b>Ground Expense</b>	<b>\$2,416</b>

Snow Removal	\$0
Grounds	\$2,416
<b>Insurance</b>	<b>\$6,164</b>
Property & Liability Insurance	\$6,164
Fidelity Coverage Insurance	\$0
Other Insurance	\$0
<b>Lighting and Miscellaneous Power</b>	<b>\$1,589</b>
Electricity	\$1,589
<b>Management Fee</b>	<b>\$5,673</b>
Management Fee	\$5,673
<b>Misc. Taxes/Licenses</b>	<b>\$103</b>
Special Assessments	\$0
Other Taxes, Licenses & Permits	\$103
<b>Other Administrative</b>	<b>\$9,333</b>
Site Management Payroll	\$2,924
Accounting/Auditing Fees	\$3,880
Project Bookkeeping/Accounting	\$0
Legal Expense	\$0
Telephone	\$965
Office Supplies	\$465
Computer Equipment	\$678
Prospect Screening	\$15
Training Expense	\$45
Bank Charges/Fees	\$30
Postage and Shipping	\$31
Professional Services/Fees	\$300
Travel Expenses	\$0
Late Charges/Fees	\$0
<b>Other Maintenance</b>	<b>\$0</b>
Other Maintenance	\$0
<b>Other Operating</b>	<b>\$2,207</b>
Maintenance & Repairs Supply	\$2,153
Other Operating Expense	\$0
Other Utilities	\$54
<b>Payroll</b>	<b>\$1,568</b>
Maintenance & Repairs Payroll	\$1,568
<b>Personal Property Tax</b>	<b>\$0</b>
Personal Property Taxes	\$0
<b>Real Estate Tax</b>	<b>\$0</b>
Real Estate Taxes	\$0
<b>Repairs</b>	<b>\$0</b>
Maintenance & Repairs Contract	\$0
<b>Reserves for Replacement</b>	<b>\$23,873</b>
Transfer to Reserve	\$23,873
<b>Service Coordinator</b>	<b>\$0</b>
Service Coordinator Expenses	\$0
Service Coordinator Income	\$0

<b>Vacancy (Apartments)</b>	<b>-\$1,484</b>
Vacancies - Apartments	-\$1,484
Vacancies - Concessions	\$0
<b>Vacancy (Commercial)</b>	<b>\$0</b>
Vacancies - Stores and Commercial	\$0
<b>Water/Sewer</b>	<b>\$4,248</b>
Sewer	\$2,945
Water	\$1,304
<b>(blank)</b>	<b>\$222,056</b>
Net Rental Revenue	\$49,676
Operating Expenses	
Total Operating Expenses	\$36,364
Total Other Revenue	\$150
Total Rent Revenue	\$51,160
Total Revenue	\$49,826
Total Taxes and Insurance	\$6,267
Total Vacancies	-\$1,484
(blank)	
Subtotal	\$30,097
<b>Excluded Expense</b>	<b>\$0</b>
Annual Capital Budget	\$0
<b>Grand Total</b>	<b>\$381,796</b>

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

PROJECT NAME Summerset Apartments		BORROWER NAME Summerset Housing Ltd., L.p.		BORROWER ID AND PROJECT NO. 599962974 017	
Loan/Transfer Amount \$ 940,900.00		Note Rate Payment \$ 5,868.86		IC Payment \$ 2,004.79	
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 checked="" type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input checked="" type="checkbox"/> Water <input checked="" type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other _____	
				I hereby request <u>1</u> units of RA. Current number of RA units <u>29</u> . Borrower Accounting Method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	

**PART I—CASH FLOW STATEMENT**

BEGINNING DATES> ENDING DATES>	CURRENT BUDGET (01 - 01 - 14 ) (12 - 31 - 14 )	ACTUAL (01 - 01 - 14 ) (12 - 31 - 14 )	PROPOSED BUDGET (01 - 01 - 15 ) (12 - 31 - 15 )	COMMENTS or (YTD) (01 - 01 - 14 ) (12 - 31 - 14 )
<b>OPERATIONAL CASH SOURCES</b>				
1. RENTAL INCOME .....	151,680.00	59,445.00	151,680.00	30 Revenue Pr
2. RHS RENTAL ASSISTANCE RECEIVED .....		88,192.00		
3. APPLICATION FEES RECEIVED .....		45.00		
4. LAUNDRY AND VENDING .....	0.00	0.00	0.00	
5. INTEREST INCOME .....	0.00	0.00	0.00	
6. TENANT CHARGES .....	1,000.00	611.00	1,200.00	
7. OTHER - PROJECT SOURCES .....	0.00	100.00	0.00	Pet Fees
8. LESS (Vacancy and Contingency Allowance) .....	( 3,034.00)		( 3,034.00)	2%
9. LESS (Agency Approved Incentive Allowance) .....	( 0.00)		( 0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)] .....	149,646.00	148,393.00	149,846.00	
<b>NON-OPERATIONAL CASH SOURCES</b>				
11. CASH - NON PROJECT .....	0.00	0.00	0.00	
12. AUTHORIZED LOAN (Non-RHS) .....	0.00	0.00	0.00	
13. TRANSFER FROM RESERVE .....	22,595.00	11,710.54	30,010.00	
14. SUB-TOTAL (11 thru 13) .....	22,595.00	11,710.54	30,010.00	
15. <b>TOTAL CASH SOURCES (10+14)</b> .....	172,241.00	160,103.54	179,856.00	
<b>OPERATIONAL CASH USES</b>				
16. TOTAL O&M EXPENSES (From Part II) .....	113,429.00	94,578.97	112,121.00	
17. RHS DEBT PAYMENT .....	24,058.00	24,057.48	24,058.00	
18. RHS PAYMENT (Overage) .....		0.00		
19. RHS PAYMENT (Late Fee) .....		0.00		
20. REDUCTION IN PRIOR YEAR PAYABLES .....		0.00		
21. TENANT UTILITY PAYMENTS .....		0.00		
22. TRANSFER TO RESERVE .....	9,409.00	27,881.00	9,409.00	
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE .	2,328.00	2,328.00	2,328.00	2013 RTO paic
24. SUB-TOTAL (16 thru 23) .....	149,224.00	148,845.45	147,916.00	
<b>NON-OPERATIONAL CASH USES</b>				
25. AUTHORIZED DEBT PAYMENT (Non-RHS) .....	0.00	0.00	0.00	
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6)	22,595.00	11,710.54	30,010.00	
27. MISCELLANEOUS .....	0.00	-0.58	0.00	Rounding
28. SUB-TOTAL (25 thru 27) .....	22,595.00	11,709.96	30,010.00	
29. <b>TOTAL CASH USES (24+28)</b> .....	171,819.00	160,555.41	177,926.00	
30. <b>NET CASH (DEFICIT) (15-29)</b> .....	422.00	-451.87	1,930.00	
<b>CASH BALANCE</b>				
31. BEGINNING CASH BALANCE .....	3,321.80	51,683.15	3,743.80	
32. ACCRUAL TO CASH ADJUSTMENT .....		-10,052.04		Adjust to accru
33. ENDING CASH BALANCE (30+31+32) .....	3,743.80	41,179.24	5,673.80	

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 or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL .....	7,100.00	4,402.00	7,100.00	Maintenance or
2. MAINTENANCE AND REPAIRS SUPPLY .....	10,000.00	6,442.32	10,000.00	
3. MAINTENANCE AND REPAIRS CONTRACT .....	0.00	0.00	0.00	
4. PAINTING .....	2,000.00	0.00	2,000.00	
5. SNOW REMOVAL .....	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT .....	0.00	0.00	0.00	
7. GROUNDS .....	8,200.00	7,432.29	8,200.00	600/M + 1000
8. SERVICES .....	1,182.00	2,219.16	1,192.00	184.93/M/PestC
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	3,000.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize) .....	125.00	104.98	125.00	UA calc fees
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10) .....	31,607.00	20,600.75	28,617.00	
12. ELECTRICITY <span style="font-size: small;">If master metered</span> .....	5,500.00	5,220.49	5,500.00	
13. WATER <span style="font-size: small;">check box on</span> .....	4,000.00	1,917.18	4,000.00	
14. SEWER <span style="font-size: small;">front.</span> .....	7,000.00	6,482.16	7,000.00	
15. FUEL (Oil/Coal/Gas) .....	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL .....	2,400.00	2,315.04	2,400.00	
17. OTHER UTILITIES .....	0.00	0.00	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17) .....	18,900.00	15,934.87	18,900.00	
19. SITE MANAGEMENT PAYROLL .....	8,808.00	8,828.68	9,060.00	705/M (3% incr
20. MANAGEMENT FEE .....	16,020.00	15,575.00	16,560.00	\$46x30Ux12M
21. PROJECT AUDITING EXPENSE .....	4,000.00	3,880.00	4,000.00	
22. PROJECT BOOKKEEPING/ACCOUNTING .....	0.00	0.00	0.00	
23. LEGAL EXPENSES .....	150.00	0.00	150.00	
24. ADVERTISING .....	400.00	90.00	400.00	
25. TELEPHONE & ANSWERING SERVICE .....	3,000.00	3,143.28	3,200.00	
26. OFFICE SUPPLIES .....	1,200.00	696.16	1,200.00	
27. OFFICE FURNITURE & EQUIPMENT .....	1,140.00	1,146.91	1,150.00	75/MCompSup
28. TRAINING EXPENSE .....	1,134.00	667.19	1,134.00	
29. HEALTH INS. & OTHER EMP. BENEFITS .....	300.00	325.25	400.00	
30. PAYROLL TAXES .....	1,600.00	1,464.54	1,600.00	
31. WORKER'S COMPENSATION .....	600.00	373.48	600.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize) .....	300.00	310.00	300.00	Property tax co
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32) .....	38,652.00	36,500.49	39,754.00	
34. REAL ESTATE TAXES .....	17,900.00	15,321.74	18,300.00	
35. SPECIAL ASSESSMENTS .....	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS .....	100.00	78.12	100.00	reg fee
37. PROPERTY & LIABILITY INSURANCE .....	6,120.00	6,143.00	6,300.00	210/U (3% inc)
38. FIDELITY COVERAGE INSURANCE .....	0.00	0.00	0.00	
39. OTHER INSURANCE .....	150.00	0.00	150.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39) .....	24,270.00	21,542.86	24,850.00	
41. TOTAL O&M EXPENSES (11+18+33+40) .....	113,429.00	94,578.97	112,121.00	

**PART III—ACCOUNT BUDGETING/STATUS**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
<b>RESERVE ACCOUNT:</b>				
1. BEGINNING BALANCE .....	87,591.85	91,476.74	74,405.85	
2. TRANSFER TO RESERVE .....	9,409.00	27,881.00	9,409.00	\$785/M
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT .....	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (Part V - Reserve) .....	22,595.00	11,710.54	30,010.00	
5. BUILDING & EQUIPMENT REPAIR .....	0.00	0.00	0.00	
6. OTHER NON-OPERATING EXPENSES .....	0.00	0.00	0.00	
7. TOTAL (3 thru 6) .....	( 22,595.00)	( 11,710.54)	( 30,010.00)	
8. ENDING BALANCE [(1+2)-7] .....	74,405.85	107,647.20	53,804.85	

**GENERAL OPERATING ACCOUNT:\***

BEGINNING BALANCE .....	43,383.48	
ENDING BALANCE .....	31,627.78	

**REAL ESTATE TAX AND INSURANCE ESCROW  
ACCOUNT:\***

BEGINNING BALANCE .....	8,299.67	
ENDING BALANCE .....	9,551.46	

**TENANT SECURITY DEPOSIT ACCOUNT:\***

BEGINNING BALANCE .....	8,857.00	
ENDING BALANCE .....	8,642.00	

(\*Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST	0	RESERVE ACCT. REQ. BALANCE.....	0.00
NUMBER OF APPLICANTS NEEDING RA.....	0	AMOUNT AHEAD/BEHIND .....	0.00

**PART IV—RENT SCHEDULE AND UTILITY ALLOWANCE**

**A. CURRENT APPROVED RENTS/ UTILITY ALLOWANCE**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	N	28	420.00	527.00	0.00	141,120.00	177,072.00	0.00	71.00
2	N	2	440.00	551.00	0.00	10,560.00	13,224.00	0.00	115.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CURRENT RENT TOTALS:</b>						<b>151,680.00</b>	<b>190,296.00</b>	<b>0.00</b>	
						BASIC	NOTE	HUD	

**B. PROPOSED RENTS - Effective Date: 12 / 31 / 14**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	N	28	420.00	527.00	0.00	141,120.00	177,072.00	0.00	
2	N	2	440.00	551.00	0.00	10,560.00	13,224.00	0.00	
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
<b>PROPOSED RENT TOTALS:</b>						<b>151,680.00</b>	<b>190,296.00</b>	<b>0.00</b>	
						BASIC	NOTE	HUD	

**C. PROPOSED UTILITY ALLOWANCE - Effective Date: 12 / 31 / 14**

**MONTHLY DOLLAR ALLOWANCES**

BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1	N	28	71.00	0.00	0.00	0.00	0.00	0.00	71.00
2	N	2	115.00	0.00	0.00	0.00	0.00	0.00	115.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**PART V - ANNUAL CAPITAL BUDGET**

	Proposed Number of Units/Items	Proposed from Reserve	Actual from Reserve	Proposed from Operating	Actual from Operating	Actual Total Cost	Total Actual Units/Items
<b>Appliances:</b>							
Range .....	0	0.00	0.00	0.00	0.00	0.00	C
Refrigerator .....	5	2,610.00	0.00	0.00	0.00	0.00	C
Range Hood .....	0	0.00	0.00	0.00	0.00	0.00	C
Washers & Dryers .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Carpet &amp; Vinyl:</b>							
1BR .....	3	5,200.00	7,860.54	0.00	0.00	7,860.54	3
2BR .....	2	4,500.00	0.00	0.00	0.00	0.00	C
3BR .....	0	0.00	0.00	0.00	0.00	0.00	C
4BR .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Cabinets:</b>							
Kitchens .....	0	0.00	0.00	0.00	0.00	0.00	C
Bathrooms .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Doors:</b>							
Exterior .....	0	0.00	0.00	0.00	0.00	0.00	C
Interior .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Window Coverings:</b>							
List: .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Heating &amp; Air Conditioning:</b>							
Heating .....	0	0.00	2,850.00	0.00	0.00	2,850.00	C
Air Conditioning .....	4	12,000.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Plumbing:</b>							
Water Heater .....	3	1,200.00	0.00	0.00	0.00	0.00	C
Bath Sinks .....	0	0.00	0.00	0.00	0.00	0.00	C
Kitchen Sinks .....	0	0.00	0.00	0.00	0.00	0.00	C
Faucets .....	0	0.00	0.00	0.00	0.00	0.00	C
Toilets .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Major Electrical:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Structures:</b>							
Windows .....	0	0.00	0.00	0.00	0.00	0.00	C
Screens .....	8	500.00	0.00	0.00	0.00	0.00	C
Walls .....		0.00	0.00	0.00	0.00	0.00	
Roofing .....		1,000.00	1,000.00	0.00	0.00	1,000.00	
Siding .....		0.00	0.00	0.00	0.00	0.00	
Exterior Painting .....		3,000.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Paving:</b>							
Asphalt .....		0.00	0.00	0.00	0.00	0.00	
Concrete .....		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Landscape &amp; Grounds:</b>							
Landscaping .....		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment .....		0.00	0.00	0.00	0.00	0.00	
Fencing .....		0.00	0.00	0.00	0.00	0.00	
Recreation Area .....		0.00	0.00	0.00	0.00	0.00	
Signs .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Accessibility Features:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Automation Equipment:</b>							
Site Management .....		0.00	0.00	0.00	0.00	0.00	
Common Area .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Other:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
<b>TOTAL CAPITAL EXPENSES:</b>	25	30,010.00	11,710.54	0.00	0.00	11,710.54	3

**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 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)

\_\_\_\_\_  
(Signature of Borrower or Borrower's Representative)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
**AGENCY APPROVAL** (*Rural Development Approval Official*):

\_\_\_\_\_  
DATE:

**COMMENTS:**

Page 1

Line 13. Actual transfers from 1% reserve were less than budgeted. Less AC Replacement and Water Heater Replacement was needed than budgeted.

Page 2

Line 11. Actual Maintenance and Operating Expenses were within budget.

Line 18. Actual Utilities were within budget.

Line 33. Actual Administrative Expenses were within budget.

Line 40. Actual Tax & Insurance Expense was less than budget.

Summerset Apartments

**PART V - ANNUAL CAPITAL BUDGET (ADDENDUM)**

	Current Number of Units/Items	Current from Reserved	YTD from Reserve	Current from Operating	YTD from Operating	YTD Total Cost	Total YTD Units/Items
<b>Appliances:</b>							
Range .....	0	0.00	0.00	0.00	0.00	0.00	C
Refrigerator .....	5	2,610.00	0.00	0.00	0.00	0.00	C
Range Hood .....	0	0.00	0.00	0.00	0.00	0.00	C
Washers & Dryers .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Carpet &amp; Vinyl:</b>							
1BR .....	2	3,600.00	7,860.54	0.00	0.00	7,860.54	3
2BR .....	2	4,500.00	0.00	0.00	0.00	0.00	C
3BR .....	0	0.00	0.00	0.00	0.00	0.00	C
4BR .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Cabinets:</b>							
Kitchens .....	0	0.00	0.00	0.00	0.00	0.00	C
Bathrooms .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Doors:</b>							
Exterior .....	0	0.00	0.00	0.00	0.00	0.00	C
Interior .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Window Coverings:</b>							
List: .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Heating &amp; Air Conditioning:</b>							
Heating .....	0	0.00	2,850.00	0.00	0.00	2,850.00	C
Air Conditioning .....	3	10,185.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Plumbing:</b>							
Water Heater .....	3	1,200.00	0.00	0.00	0.00	0.00	C
Bath Sinks .....	0	0.00	0.00	0.00	0.00	0.00	C
Kitchen Sinks .....	0	0.00	0.00	0.00	0.00	0.00	C
Faucets .....	0	0.00	0.00	0.00	0.00	0.00	C
Toilets .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Major Electrical:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Structures:</b>							
Windows .....	0	0.00	0.00	0.00	0.00	0.00	C
Screens .....	8	500.00	0.00	0.00	0.00	0.00	C
Walls .....		0.00	0.00	0.00	0.00	0.00	
Roofing .....		0.00	1,000.00	0.00	0.00	1,000.00	
Siding .....		0.00	0.00	0.00	0.00	0.00	
Exterior Painting .....		0.00	0.00	3,000.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Paving:</b>							
Asphalt .....		0.00	0.00	0.00	0.00	0.00	
Concrete .....		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Landscape &amp; Grounds:</b>							
Landscaping .....		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment .....		0.00	0.00	0.00	0.00	0.00	
Fencing .....		0.00	0.00	0.00	0.00	0.00	
Recreation Area .....		0.00	0.00	0.00	0.00	0.00	
Signs .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Accessibility Features:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Automation Equipment:</b>							
Site Management .....		0.00	0.00	0.00	0.00	0.00	
Common Area .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Other:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
<b>TOTAL CAPITAL EXPENSES:</b>	23	22,595.00	11,710.54	3,000.00	0.00	11,710.54	3

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**SWAINSBORO, GEORGIA**

**FINANCIAL AND COMPLIANCE REPORTS**

**AS OF DECEMBER 31, 2015 AND 2014**

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**

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# Henderson & Godbee, LLP

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## INDEPENDENT AUDITOR'S REPORT

To the Partners  
Summerset Housing Limited, L.P.  
(A Limited Partnership)  
Valdosta, Georgia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Summerset Housing Limited, L.P. (a Limited Partnership), USDA, RD No: 10-053-599962974 which comprises the balance sheets as of December 31, 2015 and 2014, and the related statements of income, 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 the 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.

### **Auditor's 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 auditor's judgment, 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 auditor considers 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.

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

#### Opinion

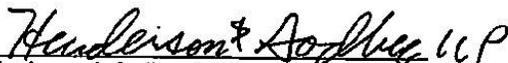
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Summerset Housing Limited, L.P. as of December 31, 2015 and 2014, and the results of its operations, partner's (deficit), and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

#### Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 17-18 and 25-34 is presented for purposes of additional analysis as required by the *Multi Family Housing Asset Management Handbook* issued by the U.S. Department of Agriculture Rural Development, 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 has been subjected to the auditing procedures applied in the audit 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 the 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 taken as a whole.

#### *Report Issued in Accordance with Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 11, 2016 on our consideration of Summerset Housing Limited, L.P.'s internal control over financial reporting and our test 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Summerset Housing Limited, L.P.'s internal control over financial reporting and compliance.

  
Henderson & Godbee, LLP  
Certified Public Accountants  
Valdosta, Georgia

February 11, 2016

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**BALANCE SHEETS**  
**DECEMBER 31, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 15,400	\$ 31,628
Accounts receivable - RD	5,107	5,333
Accounts receivable - tenants	-	359
<b>Total Current Assets</b>	<b>20,507</b>	<b>37,320</b>
<b>Restricted Deposits and Funded Reserves</b>		
Escrow-tenants' security deposits	8,104	8,642
Escrow-replacement reserve	123,349	107,647
Escrow-tax reserve	20,169	9,551
<b>Total Restricted Deposits and Funded Reserves</b>	<b>151,622</b>	<b>125,840</b>
<b>Property, Plant and Equipment</b>		
Property, plant and equipment, at cost	1,203,826	1,203,826
Accumulated depreciation	(829,367)	(788,113)
<b>Net Property, Plant and Equipment</b>	<b>374,459</b>	<b>415,713</b>
<b>Total Assets</b>	<b>\$ 546,588</b>	<b>\$ 578,873</b>

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

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**BALANCE SHEETS**  
**DECEMBER 31, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>LIABILITIES AND PARTNERS' (DEFICIT)</b>		
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 8,428	\$ 7,840
Accounts payable	1,420	414
<b>Total Current Liabilities</b>	<b>9,848</b>	<b>8,254</b>
<b>Deposits and Prepayment Liabilities</b>		
Tenants' security deposits	8,104	8,642
Unearned rents	84	-
<b>Total Deposits and Prepayment Liabilities</b>	<b>8,188</b>	<b>8,642</b>
<b>Long-Term Liabilities</b>		
Mortgage payable, less current maturities	850,541	858,968
<b>Total Long-Term Liabilities</b>	<b>850,541</b>	<b>858,968</b>
<b>Total Liabilities</b>	<b>868,577</b>	<b>875,864</b>
<b>Partners' (Deficit)</b>		
Partners' (Deficit)	(321,989)	(296,991)
<b>Total Liabilities And Partners' (Deficit)</b>	<b>\$ 546,588</b>	<b>\$ 578,873</b>

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

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Gross potential rental income	\$ 151,680	\$ 151,680
Less: vacancy loss	(5,198)	(4,043)
Net rental income	<u>146,482</u>	<u>147,637</u>
Other income	224	756
Insurance proceeds	<u>-</u>	<u>28,885</u>
<b>Total Revenues</b>	<u>146,706</u>	<u>177,278</u>
<b>Expenses</b>		
Operating and maintenance	37,247	61,196
Utilities	17,600	15,934
Administrative	40,380	37,252
Taxes and insurance	<u>17,428</u>	<u>21,544</u>
<b>Total Operating Expenses</b>	<u>112,655</u>	<u>135,926</u>
<b>Net Operating Income</b>	<u>34,051</u>	<u>41,352</u>
<b>Non-Operating Expenses</b>		
Interest subsidy income	(46,369)	(46,369)
Interest expense	62,586	63,133
Depreciation	<u>41,254</u>	<u>41,254</u>
<b>Total Non-Operating Expenses</b>	<u>57,471</u>	<u>58,018</u>
<b>Net (Loss)</b>	<u>\$ (23,420)</u>	<u>\$ (16,666)</u>

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

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**STATEMENTS OF PARTNERS' EQUITY (DEFICIT)**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Limited Partners' (Deficit)</b>		
Balance, January 1	\$ (304,820)	\$ (288,238)
Distributions	(83)	(83)
Net (Loss)	<u>(23,186)</u>	<u>(16,499)</u>
Balance, December 31	<u>\$ (328,089)</u>	<u>\$ (304,820)</u>
<b>General Partner's Equity</b>		
Balance, January 1	\$ 7,829	\$ 9,491
Distributions	(1,495)	(1,495)
Net (Loss)	<u>(234)</u>	<u>(167)</u>
Balance, December 31	<u>\$ 6,100</u>	<u>\$ 7,829</u>
<b>Total Partners' (Deficit)</b>		
Balance, January 1	\$ (296,991)	\$ (278,747)
Distributions	(1,578)	(1,578)
Net (Loss)	<u>(23,420)</u>	<u>(16,666)</u>
Balance, December 31	<u>\$ (321,989)</u>	<u>\$ (296,991)</u>

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

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows From Operating Activities</b>		
Net (Loss)	<u>\$ (23,420)</u>	<u>\$ (16,666)</u>
<b>Adjustments To Reconcile Net (Loss) To Net Cash</b>		
(Used In) Operating Activities:		
Depreciation	41,254	41,254
<b>Changes In Operating Assets And Liabilities:</b>		
Accounts receivable	585	(297)
Security deposits	538	715
Replacement reserve	(15,702)	(16,170)
Tax reserve	(10,618)	(1,251)
Accounts payable	1,006	(115)
Accrued property taxes	-	(8,659)
Tenants' security deposits	(538)	(215)
Unearned rents	84	(981)
<b>Total Adjustments</b>	<u>16,609</u>	<u>13,781</u>
<b>Net Cash (Used In) Operating Activities</b>	<u>(6,811)</u>	<u>(2,885)</u>
<b>Cash Flows From Financing Activities</b>		
Principal payments on long-term debt	(7,839)	(7,293)
Distributions	(1,578)	(1,578)
<b>Net Cash (Used In) Financing Activities</b>	<u>(9,417)</u>	<u>(8,871)</u>
<b>Net (Decrease) In Cash</b>	(16,228)	(11,756)
<b>Cash, Beginning Of Year</b>	<u>31,628</u>	<u>43,384</u>
<b>Cash, End Of Year</b>	<u>\$ 15,400</u>	<u>\$ 31,628</u>

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

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
<b>Supplemental Disclosures Of Cash Flow Information:</b>		
<b>Cash Paid During The Year For:</b>		
Interest expense	\$ 62,586	\$ 63,133
Less: subsidized portion	(46,369)	(46,369)
Interest paid, net of subsidy	\$ 16,217	\$ 16,764

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

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Organization**

The partnership known as SummerSet Housing Limited, L.P., was formed as a limited partnership under the laws of the State of Georgia on June 1, 1994, to develop, own and operate a 30-unit rental housing project for persons of low and moderate income in the community. The project is located in Swainsboro, Georgia and is currently operating under the name of SummerSet Apartments. This project is financed by a RRH Loan from the U. S. Department of Agriculture, Rural Development (USDA, RD), formerly the Farmer's Home Administration and Rural Housing & Community Development Service, and therefore is regulated by the USDA, RD as to rent charges and operating methods.

**Basis of Accounting**

The financial statements of the partnership are prepared on the accrual basis of accounting, whereby revenues are recognized as earned and expenses are recognized as obligations are incurred.

**Income Taxes**

The Partnership is a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a Partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure.

The Partnership is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**Capitalization and Depreciation**

Land, buildings and improvements are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of income.

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The presentation of financial statements, in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**Tenant Receivables**

Tenant receivables are recorded at net realizable value consisting of the carrying amount less the allowance for uncollectible accounts, as needed.

The Partnership uses the allowance method to account for uncollectible tenant receivable balances. Under the allowance method, if needed, an estimate of uncollectible tenant balances is made based upon specific account balances that are considered uncollectible. Factors used to establish an allowance include the credit quality of the tenant and whether the balance is significant. Accounts are considered past due once the unpaid balance is 90 days or more outstanding, unless payment terms are extended by contract. When an account balance is past due and attempts have been made to collect the receivable through legal or other means, the amount is considered uncollectible and is written off. At December 31, 2015 and 2014, there was no allowance balance required. Tenant receivables had a balance in the amount of \$0 and \$359, at December 31, 2015 and 2014, respectively.

**Mortgage Subsidy**

Under an interest credit agreement with the USDA, RD, a mortgage subsidy is provided, thus reducing the interest rate to approximately 1% over the life of the agreement. The interest subsidy is treated as additional income with interest expense being recorded at the note rate.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2015 and 2014 were \$250 and \$92, respectively.

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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**NOTE 2 – RESTRICTED CASH AND ESCROW ACCOUNTS**

**Replacement Reserve**

	<u>2015</u>	<u>2014</u>
Annual funding required by loan agreement	\$ 9,409	\$ 9,409
Actual funding including interest income	\$ 26,349	\$ 27,881
Insurance proceeds	-	28,885
Total funding	<u>\$ 26,349</u>	<u>\$ 56,766</u>
Withdrawals approved by Rural Development		
Operating and maintenance expenses	\$ 10,647	\$ 10,711
Withdrawals funded by insurance proceeds	-	29,885
Total withdrawals approved by Rural Development	<u>\$ 10,647</u>	<u>\$ 40,596</u>
Reserve balance at year end	\$ 123,349	\$ 107,647
Fully funded balance per loan agreement	<u>48,439</u>	<u>49,677</u>
Excess (Deficit)	<u>\$ 74,910</u>	<u>\$ 57,970</u>

**Tenant Security Deposits**

Security deposits collected from tenants are held in a separate bank account. The account's status at December 31 is:

	<u>2015</u>	<u>2014</u>
Tenant security deposits cash	\$ 8,104	\$ 8,642
Tenant security deposits payable	<u>8,104</u>	<u>8,642</u>
Excess (Deficit)	<u>\$ -</u>	<u>\$ -</u>

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 2 – RESTRICTED CASH AND ESCROW ACCOUNTS (CONTINUED)**

**Real Estate Tax and Insurance Escrow**

USDA, RD regulations require the Partnership to make monthly appropriations of cash to a tax reserve account to insure that adequate cash is available when taxes are due. The account's status at December 31 is:

	<u>2015</u>	<u>2014</u>
Real estate tax and insurance escrow	\$ 20,169	\$ 9,551
Accrued or unpaid taxes and insurance	-	-
Excess	<u>\$ 20,169</u>	<u>\$ 9,551</u>

**NOTE 3 - PROPERTY, PLANT AND EQUIPMENT**

A summary of the property, plant and equipment is as follows at December 31:

	<u>Depreciable Life</u>	<u>2015</u>	<u>2014</u>
Land		\$ 68,665	\$ 68,665
Buildings	30 Years	1,134,488	1,134,488
Equipment	5-7 Years	<u>673</u>	<u>673</u>
Total		1,203,826	1,203,826
Less: Accumulated depreciation		<u>(829,367)</u>	<u>(788,113)</u>
Net Property, Plant and Equipment		<u>\$ 374,459</u>	<u>\$ 415,713</u>

Property, plant and equipment is pledged as collateral on long-term debt. Depreciation expense aggregated \$41,254 and \$41,254 for the years ended December 31, 2015 and 2014.

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 4 - ACCOUNTS PAYABLE**

The following is a list of accounts payable at December 31:

	<u>2015</u>	<u>2014</u>
Utilities and telephone	\$ 913	\$ -
Office and administrative	5	6
Group health insurance	-	27
Pest control	190	185
Supplies	-	196
Outside services	116	-
Repairs and maintenance	196	-
	<u>\$ 1,420</u>	<u>\$ 414</u>

**NOTE 5 - LONG-TERM INDEBTEDNESS**

Long-term indebtedness consists of the following at December 31:

	<u>2015</u>	<u>2014</u>
USDA, RD, made November 8, 1995, 7.25%, due in 599 monthly installments, secured by land, buildings and equipment with an original cost of \$945,069.	\$ 858,969	\$ 866,808
Less current maturities	<u>(8,428)</u>	<u>(7,840)</u>
Long-term portion	<u>\$ 850,541</u>	<u>\$ 858,968</u>

Management has determined it is not practicable to determine the fair value of the mortgage debt because of the unique terms of the note. It would not be possible to obtain replacement financing under similar terms.

Maturities of long-term debt as of December 31, 2015, for the succeeding five years are as follows:

<u>Year</u>	
2016	\$ 8,428
2017	9,059
2018	9,738
2019	10,468
2020	11,253

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 5 - LONG-TERM INDEBTEDNESS (CONTINUED)**

Summerset Housing Limited, L.P. incurred interest costs of \$62,586 and \$63,133 for the years ended December 31, 2015 and 2014, respectively, all of which was properly charged to expense.

**NOTE 6 - RENTAL ASSISTANCE PAYMENTS**

USDA, RD has contracted with the Partnership pursuant to Section 521(a)(2)(A) of Title V of the Housing Act of 1949 to make housing assistance payments to the Partnership on behalf of qualified tenants. Payments under the contract period ended December 31, are as follows:

	<u>2015</u>	<u>2014</u>
Rental assistance payments	<u>\$ 86,193</u>	<u>\$ 88,192</u>

**NOTE 7 - TAXABLE INCOME (LOSS)**

The financial statements of the Partnership and the Partnership tax returns are prepared on the accrual basis. The following is a reconciliation between net income (loss) as reported and Partnership income (loss) for tax purposes:

	<u>2015</u>	<u>2014</u>
Net (Loss) per financial statement	\$ (23,420)	\$ (16,666)
Book depreciation (less than) tax depreciation	<u>(89)</u>	<u>(89)</u>
Partnership (Loss) per tax return	<u>\$ (23,509)</u>	<u>\$ (16,755)</u>

**NOTE 8 - RELATED PARTY TRANSACTIONS**

The following is a list of related parties and the nature of the relationship to the Partnership and a description of the transactions between the related parties:

**Investors Management Company, Inc.**

Investors Management Company, Inc., an affiliate of the general partner, is the property manager of Summerset Housing Limited, L.P. The partnership paid Investors Management Company, Inc. management fees of \$16,147 and \$15,575 for the years ended December 31, 2015 and 2014, respectively.

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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**NOTE 8 - RELATED PARTY TRANSACTIONS (CONTINUED)**

**Rural Housing Reinsurance Company International Ltd. (CJ Thomas Company, Inc.)**

An affiliate of the general partner is also an owner of CJ Thomas Company, Inc., which provides property insurance to Summerset Housing Limited, L.P. The partnership paid CJ Thomas Company, Inc. insurance fees of \$6,214 and \$6,143 for the years ended December 31, 2015 and 2014, respectively.

**NOTE 9 - PARTNERSHIP PROFITS, LOSSES AND DISTRIBUTIONS**

Profits or losses from operations are allocated 99% to the Limited Partner and 1% to the General Partner. Tax credits are to be allocated 99% to the Limited Partner and 1% to the General Partner. Profit or loss from sales of property and cash distributions will be allocated as formulated in the Partnership Agreement. Annual distributions to the partners are limited by government regulation to \$2,328, which is 8% of the borrowers' initial capital investment required by USDA, RD.

**NOTE 10 - CONCENTRATION OF CREDIT RISK – CASH IN BANKS**

Summerset Housing Limited, L.P. maintains its cash accounts at one bank in Valdosta, Georgia. Accounts at the bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. A summary of the total insured and uninsured cash balances at December 31, consists of the following:

	<u>2015</u>	<u>2014</u>
Total cash in all banks	\$ 166,872	\$ 157,318
Portion insured by FDIC	<u>166,872</u>	<u>157,318</u>
Uninsured cash balances	<u>\$ -</u>	<u>\$ -</u>

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

USDA, RD may terminate the interest subsidy agreement if it determines that no subsidy is necessary or if the Partnership is determined to be in violation of USDA, RD rules or regulations.

**NOTE 12 – IMPAIRMENT OF LONG-LIVED ASSETS**

FASB ASC 360-10 (formerly FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*), requires long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events of changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted future cash flows from the use of these assets. Through December 31, 2015, no impairment loss recognition has been required.

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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**NOTE 13 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Partnership's sole asset is Summerset Apartments. The Partnership's operations are concentrated in the affordable housing 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, including, but not limited to, RD and state agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by RD or state agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including additional administrative burden, to comply with a change.

**NOTE 14 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through February 11, 2016, which is the date the financial statements were available to be issued.

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**1. Management Fee Calculation**

The management fee is based on a fee per unit occupied by tenants during the month.

Total Qualified Units (30 * 1 month)	30
Less: Rent Free Units	-
Vacancies	-
Total Occupied Units	<u>30</u>
Fee Per Unit (Effective January, 2011)	<u>\$ 44.50</u>
 Management fees January 2015	 <u>1,335</u>
 Total Qualified Units (30 * 11 months)	 330
Less: Rent Free Units	-
Vacancies	(8)
Total Occupied Units	<u>322</u>
Fee Per Unit (Effective February, 2015)	<u>\$ 46.00</u>
 Management fees February through December 2015	 <u>14,812</u>
 Management Fee Expense	 <u>\$ 16,147</u>

**2. Insurance Disclosure**

The Partnership maintains Insurance coverage as follows:

	<u>Deductible</u>	<u>Coverage</u>
Property Coverage on Buildings	\$ 1,000	\$ 2,402,500
Comprehensive Business Liability	-	2,000,000
Fidelity / Employee Dishonesty	5,000	500,000

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**3. Return to Owner**

In accordance with the Loan Agreement, the annual return to owner is as follows:

Maximum Return to Owner (See Note 9)		<u>\$ 2,328</u>
Budget Return to Owner		<u>\$ 2,328</u>
Return to Owner Paid:	Expense	Distribution
General Partner Distribution	\$ -	\$ 1,495
Limited Partner Distribution	-	83
Boston Capital Asset Management Fee	<u>750</u>	<u>-</u>
	<u>\$ 750</u>	<u>\$ 1,578</u>

In accordance with the Partnership Agreement, the return to owner was paid first as an asset management fee to Boston Capital. The balance was paid to the partners as a distribution, which is reflected in the Statement of Partners' (Deficit).



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Kaitlyn E. Hannay, CPA  
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Kata M. Bennett, CPA  
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M. Allison Hutchins, CPA

## Independent Auditor's 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  
Summerset Housing Limited, L.P.  
Valdosta, Georgia

USDA Rural Development  
Servicing Office  
Waynesboro, Georgia

We have audited, in accordance with the 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, the financial statements of Summerset Housing Limited, L.P., which comprise the balance sheet as of December 31, 2015, and the related statements of income, changes in partner's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 11, 2016.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Summerset Housing Limited, L.P.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Summerset Housing Limited, L.P.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Summerset Housing Limited, L.P.'s internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any

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deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Summerset Housing Limited, 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Summerset Housing Limited, L.P.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Summerset Housing Limited, L.P.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Henderson & Godbee, LLP  
Certified Public Accountants  
Valdosta, Georgia

February 11, 2016

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**Current Year Findings**

There were no findings this year.

**Status of Prior Year Findings**

There were no findings in the prior year.

**AUDITEE'S COMMENTS ON PRIOR AUDIT RESOLUTION MATTERS RELATED TO UNITED STATES DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT PROGRAMS**

There are no significant unresolved findings from previous annual audits, physical inspections or management review reports during our audit of the 2015 financial statements. There were no compliance findings noted during our audit of the 2015 financial statements relating to physical inspections or management reviews for which the Partnership has not taken corrective action.



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## Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Partners of  
Summerset Housing Limited, L.P.  
Valdosta, Georgia

And

United States Department of Agriculture  
Rural Development  
Waynesboro, Georgia

We have performed the procedures enumerated below, which were agreed to by the United States Department of Agriculture Rural Development ("RD") and Summerset Housing Limited, L.P. ("Owner") the owner of Summerset Apartments ("Project") located in Swainsboro, 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 RD 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 checks 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 supporting documentation, based on the sample size determined by RD in Attached 4-D of RD Handbook HB-2-3560, for expenses included in Lines 1-10 and 19-32

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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: Approximately 250  
Total Dollar Amount of Invoices in Population: \$96,508  
Total Number of Invoices Reviewed: 15  
Total Dollar Amount of Invoices Reviewed: \$3,009  
Total Number of Invoices in Vendor Confirmation Sample: 1  
Total Dollar Amount of Invoices in Vendor Confirmation Sample: \$1,286  
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 the FDIC insurance limits. We determined number of reserve account withdrawals from the original bank statements and compared the withdrawals to the amounts approved by RD on Form RD 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: 6  
Total Number of Withdrawals Authorized by RD: 6  
Total Dollar Amount of Reserve Account Withdrawals: \$10,647  
Total Dollar Amount of Withdrawals Authorized by RD: \$10,647  
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 of Form RD 3560-12.

3. We obtained the Identity of Interest (IOI) company listing and 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: 2  
Company Name 1: Investor's Management Company, Inc.  
Total Dollar Amount for the Year: \$16,147  
Total Number of Invoices in Population: 12  
Total Dollar Amount of Invoices in Population: \$16,147  
Total Number of Invoices Reviewed: 12  
Total Dollar Amount of Invoices Reviewed: \$16,147

Company Name 2: Rural Housing Reinsurance Company International Ltd. (CJ Thomas Company, Inc.)  
Total Dollar Amount for the Year: \$6,214  
Total Number of Invoices in Population: 1  
Total Dollar Amount of Invoices in Population: \$6,214  
Total Number of Invoices Reviewed: 1  
Total Dollar Amount of Invoices Reviewed: \$6,214

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

We are 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 Summerset Housing Limited, 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 Summerset Housing Limited, L.P., and Rural Development, and is not intended to be and should not be used by anyone other than these specified parties.

  
Henderson & Godbee, LLP  
Certified Public Accountants  
Valdosta, Georgia

February 11, 2016

Position 3  
**MULTI-FAMILY HOUSING  
BORROWER BALANCE SHEET**  
PART I - BALANCE SHEET

<b>PROJECT NAME</b> Summerset Apartments	<b>BORROWER NAME</b> Summerset Housing Limited, L.P.	<b>BORROWER ID AND PROJECT NO.</b> 10-053-599962974	
BEGINNING DATES>	<b>CURRENT YEAR</b>	<b>PRIOR YEAR</b>	<b>COMMENTS</b>
ENDING DATES>	01-01-15 12-31-15	01-01-14 12-31-14	

**ASSETS**

**CURRENT ASSETS**

1. GENERAL OPERATING ACCOUNT.....	15,400	31,628	
2. R.E. TAX & INSURANCE ACCOUNT.....	20,169	9,551	
3. RESERVE ACCOUNT.....	123,349	107,647	
4. SECURITY DEPOSIT ACCOUNT.....	8,104	8,642	
5. OTHER CASH (identify) .....			
6. OTHER (identify) .....			
7. TOTAL ACCOUNTS RECEIVABLE (Attach list) .....	5,107	5,692	
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.....	-	-	
11.			
12. TOTAL CURRENT ASSETS (Add 1 thru 11)	172,129	163,160	

**FIXED ASSETS**

13. LAND.....	68,665	68,665	
14. BUILDINGS.....	1,134,488	1,134,488	
15. LESS: ACCUMULATED DEPRECIATION.....	(828,694)	(787,440)	
16. FURNITURE & EQUIPMENT.....	673	673	
17. LESS: ACCUMULATED DEPRECIATION.....	(673)	(673)	
18.			
19. TOTAL FIXED ASSETS (Add 13 thru 18) .....	374,459	415,713	

**OTHER ASSETS**

20.			
21. TOTAL ASSETS (Add 12, 19, and 20) .....	546,588	578,873	

**LIABILITIES AND OWNERS EQUITY**

**CURRENT LIABILITIES**

22. TOTAL ACCOUNTS PAYABLE (Attach list) .....	1,420	414	
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) ...Deferred Revenue	84	-	
24. SECURITY DEPOSITS.....	8,104	8,642	
25. TOTAL CURRENT LIABILITIES (Add 22 thru 24) ...	9,608	9,056	

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 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.

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

**LONG-TERM LIABILITIES**

26. NOTES PAYABLE RURAL DEVELOPMENT	858,969	866,808
27. OTHER (Identify) N/P General Partners	-	-
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)	858,969	866,808
29. TOTAL LIABILITIES (Add 25 and 28) .....	868,577	875,864
30. OWNER'S EQUITY (Net Worth) (21 minus 29) .....	(321,989)	(296,991)
31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)	546,588	578,873

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.

\_\_\_\_\_  
(Signature of Borrower or Borrower's Representative)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(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 my individual or organization doing business with the project or borrower.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(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.

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

**SUMMERSET HOUSING LIMITED, L.P.**  
**ATTACHMENT TO FORM RD 3560-10**  
**DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b><u>Page 25, Line 7</u></b>		
Due from rural development	\$ 5,107	\$ 5,333
Due from tenants	-	359
	<u>\$ 5,107</u>	<u>\$ 5,692</u>
<b><u>Page 25, Line 22</u></b>		
Utilities and telephone	\$ 913	\$ -
Office and administrative	5	6
Group health insurance	-	27
Pest control	190	185
Supplies	-	196
Outside services	116	-
Repairs and maintenance	196	-
	<u>\$ 1,420</u>	<u>\$ 414</u>
<b><u>Page 25, Line 23</u></b>		
Deferred revenue	<u>\$ 84</u>	<u>\$ -</u>

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

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

<b>PROJECT NAME</b> Summerset Apartments		<b>BORROWER NAME</b> Summerset Housing Ltd., L.p.		<b>BORROWER ID AND PROJECT NO.</b> 599962974 017	
<b>Loan/Transfer Amount \$</b> 940,900.00		<b>Note Rate Payment \$</b> 5,868.86		<b>IC Payment \$</b> 2,004.79	
<b>Reporting Period</b> <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	<b>Budget Type</b> <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	<b>Project Rental Type</b> <input checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	<b>Profit Type</b> <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	<b>The following utilities are master metered:</b> <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input checked="" type="checkbox"/> Water <input checked="" type="checkbox"/> Sewer <input checked="" type="checkbox"/> Trash <input type="checkbox"/> Other	
				<input checked="" type="checkbox"/> I hereby request 1 units of RA. Current number of RA units 29.	
				<b>Borrower Accounting Method</b> <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	

**PART I—CASH FLOW STATEMENT**

	<b>CURRENT BUDGET</b> (01 - 01 - 15) (12 - 31 - 15)	<b>ACTUAL</b> (01 - 01 - 15) (12 - 31 - 15)	<b>PROPOSED BUDGET</b> (01 - 01 - 16) (12 - 31 - 16)	<b>COMMENTS</b> or (YTD) (01 - 01 - 15) (12 - 31 - 15)
<b>BEGINNING DATES&gt;</b>				
<b>ENDING DATES&gt;</b>				
<b>OPERATIONAL CASH SOURCES</b>				
1. RENTAL INCOME .....	151,680.00	60,289.00	153,480.00	30 Revenue Pr
2. RHS RENTAL ASSISTANCE RECEIVED .....		86,183.00		
3. APPLICATION FEES RECEIVED .....		30.00		
4. LAUNDRY AND VENDING .....	0.00	0.00	0.00	
5. INTEREST INCOME .....	0.00	0.00	0.00	
6. TENANT CHARGES .....	1,200.00	194.00	1,200.00	
7. OTHER - PROJECT SOURCES .....	0.00	0.00	0.00	
8. LESS (Vacancy and Contingency Allowance) .....	( 3,034.00)		( 3,070.00)	2%
9. LESS (Agency Approved Incentive Allowance) .....	( 0.00)		( 0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)] .....	149,846.00	146,706.00	151,610.00	
<b>NON-OPERATIONAL CASH SOURCES</b>				
11. CASH - NON PROJECT .....	0.00	0.00	0.00	
12. AUTHORIZED LOAN (Non-RHS) .....	0.00	0.00	0.00	
13. TRANSFER FROM RESERVE .....	30,010.00	10,647.34	48,810.00	
14. SUB-TOTAL (11 thru 13) .....	30,010.00	10,647.34	48,810.00	
15. TOTAL CASH SOURCES (10+14) .....	179,856.00	157,353.34	200,420.00	
<b>OPERATIONAL CASH USES</b>				
16. TOTAL O&M EXPENSES (From Part II) .....	112,121.00	103,562.62	114,204.00	
17. RHS DEBT PAYMENT .....	24,058.00	24,057.48	24,056.00	
18. RHS PAYMENT (Overage) .....		0.00		
19. RHS PAYMENT (Late Fee) .....		0.00		
20. REDUCTION IN PRIOR YEAR PAYABLES .....		0.00		
21. TENANT UTILITY PAYMENTS .....		0.00		
22. TRANSFER TO RESERVE .....	9,409.00	26,349.00	9,409.00	
23. RETURN TO OWNER NP ASSET MANAGEMENT FEE .....	2,328.00	0.00	2,328.00	2014 RTO paid
24. SUB-TOTAL (16 thru 23) .....	147,916.00	153,969.10	149,996.00	
<b>NON-OPERATIONAL CASH USES</b>				
25. AUTHORIZED DEBT PAYMENT (Non-RHS) .....	0.00	0.00	0.00	
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6) .....	30,010.00	10,647.34	48,810.00	
27. MISCELLANEOUS .....	0.00	1.06	0.00	Rounding
28. SUB-TOTAL (25 thru 27) .....	30,010.00	10,648.40	48,810.00	
29. TOTAL CASH USES (24+28) .....	177,926.00	164,637.50	198,806.00	
30. NET CASH (DEFICIT) (15-29) .....	1,930.00	-7,284.16	1,611.00	
<b>CASH BALANCE</b>				
31. BEGINNING CASH BALANCE .....	3,743.80	41,179.24	5,673.80	
32. ACCRUAL TO CASH ADJUSTMENT .....		1,674.40		Adjust to accru
33. ENDING CASH BALANCE (30+31+32) .....	5,673.80	35,569.48	7,284.80	

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.

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

**PART II—OPERATING AND MAINTENANCE EXPENSE SCHEDULE**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL .....	7,100.00	4,616.00	6,600.00	Maintenance or
2. MAINTENANCE AND REPAIRS SUPPLY .....	10,000.00	12,504.46	10,700.00	
3. MAINTENANCE AND REPAIRS CONTRACT .....	0.00	0.00	0.00	
4. PAINTING .....	2,000.00	329.59	2,000.00	
5. SNOW REMOVAL .....	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT .....	0.00	0.00	0.00	
7. GROUNDS .....	8,200.00	8,550.57	8,200.00	600/M + 1000
8. SERVICES .....	1,192.00	2,760.48	2,182.00	184.93/MPestC
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize) .....	125.00	167.14	125.00	UA calc fees
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10) .....	28,617.00	28,927.24	29,607.00	
12. ELECTRICITY <input type="checkbox"/> If master metered .....	5,500.00	5,557.51	5,500.00	
13. WATER <input type="checkbox"/> check box on .....	4,000.00	2,569.81	4,000.00	
14. SEWER <input type="checkbox"/> front .....	7,000.00	7,081.76	7,000.00	
15. FUEL (Oil/Coal/Gas) .....	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL .....	2,400.00	2,319.04	2,400.00	
17. OTHER UTILITIES .....	0.00	60.88	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17) .....	18,900.00	17,598.80	18,900.00	
19. SITE MANAGEMENT PAYROLL .....	9,050.00	8,813.58	9,312.00	726/M (3% Incr)
20. MANAGEMENT FEE .....	16,560.00	16,147.00	16,920.00	\$47x30Ux12M
21. PROJECT AUDITING EXPENSE .....	4,000.00	3,880.00	4,000.00	
22. PROJECT BOOKKEEPING/ACCOUNTING .....	0.00	0.00	0.00	
23. LEGAL EXPENSES .....	150.00	8.11	150.00	
24. ADVERTISING .....	400.00	249.68	450.00	
25. TELEPHONE & ANSWERING SERVICE .....	3,200.00	3,492.33	3,500.00	
26. OFFICE SUPPLIES .....	1,200.00	925.87	1,200.00	
27. OFFICE FURNITURE & EQUIPMENT .....	1,150.00	1,185.44	1,201.00	78MCompSup
28. TRAINING EXPENSE .....	1,134.00	612.44	1,134.00	
29. HEALTH INS. & OTHER EMP. BENEFITS .....	400.00	266.75	400.00	
30. PAYROLL TAXES .....	1,600.00	1,378.99	1,600.00	
31. WORKER'S COMPENSATION .....	600.00	527.94	600.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize) .....	300.00	2,120.38	300.00	Property tax co
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32) .....	39,754.00	39,628.49	40,767.00	
34. REAL ESTATE TAXES .....	18,300.00	11,164.09	18,000.00	
35. SPECIAL ASSESSMENTS .....	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS .....	100.00	50.00	100.00	reg fee
37. PROPERTY & LIABILITY INSURANCE .....	6,300.00	6,214.00	6,480.00	216/U (3% Incr)
38. FIDELITY COVERAGE INSURANCE .....	0.00	0.00	0.00	
39. OTHER INSURANCE .....	150.00	0.00	150.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39) .....	24,850.00	17,428.08	24,730.00	
41. TOTAL O&M EXPENSES (11+18+33+40) .....	112,121.00	103,582.62	114,204.00	

**PART III—ACCOUNT BUDGETING/STATUS**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
<b>RESERVE ACCOUNT:</b>				
1. BEGINNING BALANCE .....	74,405.85	107,647.20	124,104.00	Req bal is 8/31
2. TRANSFER TO RESERVE .....	9,409.00	26,349.00	9,409.00	\$765/M + \$161
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT .....	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (Part V - Reserve) .....	30,010.00	8,319.34	48,810.00	
5. BUILDING & EQUIPMENT REPAIR .....	0.00	0.00	0.00	
6. OTHER NON-OPERATING EXPENSES .....	0.00	2,328.00	0.00	2014 RTO
7. TOTAL (3 thru 6) .....	( 30,010.00)	( 10,647.34)	( 48,810.00)	
8. ENDING BALANCE [(1+2)-7] .....	53,804.85	123,348.86	84,703.00	

**GENERAL OPERATING ACCOUNT:\***

BEGINNING BALANCE .....	31,627.78	
ENDING BALANCE .....	15,400.11	

**REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:\***

BEGINNING BALANCE .....	9,551.46	
ENDING BALANCE .....	20,169.37	

**TENANT SECURITY DEPOSIT ACCOUNT:\***

BEGINNING BALANCE .....	8,642.00	
ENDING BALANCE .....	8,104.00	

(\*Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST		RESERVE ACCT. REQ. BALANCE.....	0.00
NUMBER OF APPLICANTS NEEDING RA.....		AMOUNT AHEAD/BEHIND .....	0.00

**PART IV—RENT SCHEDULE AND UTILITY ALLOWANCE**

**A. CURRENT APPROVED RENTS/UTILITY ALLOWANCE**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	N	28	420.00	527.00	0.00	141,120.00	177,072.00	0.00	71.00
2	N	2	440.00	551.00	0.00	10,560.00	13,224.00	0.00	115.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CURRENT RENT TOTALS:</b>						<b>151,680.00</b>	<b>190,296.00</b>	<b>0.00</b>	
						BASIC	NOTE	HUD	

**B. PROPOSED RENTS - Effective Date: 12 / 31 / 15**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE		
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD
1	N	28	425.00	532.00	0.00	142,800.00	178,752.00	0.00
2	N	2	445.00	556.00	0.00	10,680.00	13,344.00	0.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00
<b>PROPOSED RENT TOTALS:</b>						<b>153,480.00</b>	<b>192,096.00</b>	<b>0.00</b>
						BASIC	NOTE	HUD

**C. PROPOSED UTILITY ALLOWANCE - Effective Date: 12 / 31 / 15**

MONTHLY DOLLAR ALLOWANCES									
BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1	N	28	71.00	0.00	0.00	0.00	0.00	0.00	71.00
2	N	2	80.00	0.00	0.00	0.00	0.00	0.00	80.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**PART V - ANNUAL CAPITAL BUDGET**

		Proposed Number of Units/Items	Proposed from Reserve	Actual from Reserve	Proposed from Operating	Actual from Operating	Actual Total Cost	Total Actual Units/Items
<b>Appliances:</b>								
	Range .....	0	0.00	0.00	0.00	0.00	0.00	0
	Refrigerator .....	5	2,610.00	0.00	0.00	0.00	0.00	0
	Range Hood .....	0	0.00	0.00	0.00	0.00	0.00	0
	Washers & Dryers .....	0	0.00	0.00	0.00	0.00	0.00	0
	Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Carpet &amp; Vinyl:</b>								
	1BR .....	4	7,500.00	5,919.34	0.00	0.00	5,919.34	2
	2BR .....	2	5,000.00	0.00	0.00	0.00	0.00	0
	3BR .....	0	0.00	0.00	0.00	0.00	0.00	0
	4BR .....	0	0.00	0.00	0.00	0.00	0.00	0
	Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Cabinets:</b>								
	Kitchens .....	0	0.00	0.00	0.00	0.00	0.00	0
	Bathrooms .....	0	0.00	0.00	0.00	0.00	0.00	0
	Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Doors:</b>								
	Exterior .....	0	0.00	0.00	0.00	0.00	0.00	0
	Interior .....	6	0.00	0.00	0.00	0.00	0.00	0
	Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Window Coverings:</b>								
	List: .....	0	0.00	0.00	0.00	0.00	0.00	0
	Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Heating &amp; Air Conditioning:</b>								
	Heating .....	0	0.00	0.00	0.00	0.00	0.00	0
	Air Conditioning .....	4	12,000.00	0.00	0.00	0.00	0.00	0
	Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Plumbing:</b>								
	Water Heater .....	3	1,200.00	0.00	0.00	0.00	0.00	0
	Bath Sinks .....	0	0.00	0.00	0.00	0.00	0.00	0
	Kitchen Sinks .....	0	0.00	0.00	0.00	0.00	0.00	0
	Faucets .....	0	0.00	0.00	0.00	0.00	0.00	0
	Toilets .....	0	0.00	0.00	0.00	0.00	0.00	0
	Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Major Electrical:</b>								
	List: .....		0.00	0.00	0.00	0.00	0.00	
	Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Structures:</b>								
	Windows .....	0	0.00	0.00	0.00	0.00	0.00	0
	Screens .....	8	500.00	0.00	0.00	0.00	0.00	0
	Walls .....		0.00	0.00	0.00	0.00	0.00	
	Roofing .....		0.00	0.00	0.00	0.00	0.00	
	Siding .....		0.00	0.00	0.00	0.00	0.00	
	Exterior Painting .....		10,000.00	0.00	0.00	0.00	0.00	
	Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Paving:</b>								
	Asphalt .....		0.00	0.00	0.00	0.00	0.00	
	Concrete .....		5,000.00	0.00	0.00	0.00	0.00	
	Seal & Stripe .....		5,000.00	0.00	0.00	0.00	0.00	
	Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Landscape &amp; Grounds:</b>								
	Landscaping .....		0.00	0.00	0.00	0.00	0.00	
	Lawn Equipment .....		0.00	0.00	0.00	0.00	0.00	
	Fencing .....		0.00	0.00	0.00	0.00	0.00	
	Recreation Area .....		0.00	0.00	0.00	0.00	0.00	
	Signs .....		0.00	0.00	0.00	0.00	0.00	
	Other: .....		0.00	2,400.00	0.00	0.00	2,400.00	
<b>Accessibility Features:</b>								
	List: .....		0.00	0.00	0.00	0.00	0.00	
	Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Automation Equipment:</b>								
	Site Management .....		0.00	0.00	0.00	0.00	0.00	
	Common Area .....		0.00	0.00	0.00	0.00	0.00	
	Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Other:</b>								
	List: .....		0.00	0.00	0.00	0.00	0.00	
	List: .....		0.00	0.00	0.00	0.00	0.00	
	List: .....		0.00	0.00	0.00	0.00	0.00	
<b>TOTAL CAPITAL EXPENSES:</b>		26	48,810.00	8,319.34	0.00	0.00	8,319.34	2

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

**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 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)

\_\_\_\_\_  
(Signature of Borrower or Borrower's Representative)

\_\_\_\_\_  
(Title)

AGENCY APPROVAL (*Rural Development Approval Official*):

DATE:

**COMMENTS:**

Page 1

Line 13. Actual transfers from 1% reserve were less than budgeted. Less AC Replacement and Water Heater Replacement was needed than budgeted.

Page 2

Line 11. Actual Maintenance and Operating Expenses were right at budget.

Line 18. Actual Utilities were within budget.

Line 33. Actual Administrative Expenses were within budget.

Line 40. Actual Tax & Insurance Expense was less than budget.

Summerset Apartments

PART V - ANNUAL CAPITAL BUDGET (ADDENDUM)

	Current Number of Units/Items	Current from Reserved	YTD from Reserve	Current from Operating	YTD from Operating	YTD Total Cost	Total YTD Units/Items
<b>Appliances:</b>							
Range	0	0.00	0.00	0.00	0.00	0.00	0
Refrigerator	5	2,810.00	0.00	0.00	0.00	0.00	0
Range Hood	0	0.00	0.00	0.00	0.00	0.00	0
Washers & Dryers	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Carpet &amp; Vinyl:</b>							
1BR	3	5,200.00	5,919.34	0.00	0.00	5,919.34	2
2BR	2	4,500.00	0.00	0.00	0.00	0.00	0
3BR	0	0.00	0.00	0.00	0.00	0.00	0
4BR	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Cabinets:</b>							
Kitchens	0	0.00	0.00	0.00	0.00	0.00	0
Bathrooms	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Doors:</b>							
Exterior	0	0.00	0.00	0.00	0.00	0.00	0
Interior	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Window Coverings:</b>							
List	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Heating &amp; Air Conditioning:</b>							
Heating	0	0.00	0.00	0.00	0.00	0.00	0
Air Conditioning	4	12,000.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Plumbing:</b>							
Water Heater	3	1,200.00	0.00	0.00	0.00	0.00	0
Bath Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Kitchen Sinks	0	0.00	0.00	0.00	0.00	0.00	0
Faucets	0	0.00	0.00	0.00	0.00	0.00	0
Toilets	0	0.00	0.00	0.00	0.00	0.00	0
Other	0	0.00	0.00	0.00	0.00	0.00	0
<b>Major Electrical:</b>							
List		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
<b>Structures:</b>							
Windows	0	0.00	0.00	0.00	0.00	0.00	0
Screens	8	500.00	0.00	0.00	0.00	0.00	0
Walls		0.00	0.00	0.00	0.00	0.00	
Roofing		1,000.00	0.00	0.00	0.00	0.00	
Siding		0.00	0.00	0.00	0.00	0.00	
Exterior Painting		3,000.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
<b>Paving:</b>							
Asphalt		0.00	0.00	0.00	0.00	0.00	
Concrete		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
<b>Landscape &amp; Grounds:</b>							
Landscaping		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment		0.00	0.00	0.00	0.00	0.00	
Fencing		0.00	0.00	0.00	0.00	0.00	
Recreation Area		0.00	0.00	0.00	0.00	0.00	
Signs		0.00	0.00	0.00	0.00	0.00	
Other		0.00	2,400.00	0.00	0.00	2,400.00	
<b>Accessibility Features:</b>							
List		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
<b>Automation Equipment:</b>							
Site Management		0.00	0.00	0.00	0.00	0.00	
Common Area		0.00	0.00	0.00	0.00	0.00	
Other		0.00	0.00	0.00	0.00	0.00	
<b>Other:</b>							
List		0.00	0.00	0.00	0.00	0.00	
List		0.00	0.00	0.00	0.00	0.00	
List		0.00	0.00	0.00	0.00	0.00	
<b>TOTAL CAPITAL EXPENSES:</b>	<b>25</b>	<b>30,010.00</b>	<b>8,319.34</b>	<b>0.00</b>	<b>0.00</b>	<b>8,319.34</b>	<b>2</b>

Yardi Classic Addendum Page

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

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**SWAINSBORO, GEORGIA**

**FINANCIAL AND COMPLIANCE REPORTS**

**AS OF DECEMBER 31, 2016 AND 2015**

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**

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Multiple Family Housing Project Budget, RD 3560-7	28-34



# Henderson & Godbee, LLP

Certified Public Accountants and Business Consultants

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## INDEPENDENT AUDITOR'S REPORT

To the Partners  
Summerset Housing Limited, L.P.  
(A Limited Partnership)  
Valdosta, Georgia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Summerset Housing Limited, L.P. (a Limited Partnership), USDA, RD No: 10-053-599962974 which comprises the balance sheets as of December 31, 2016 and 2015, and the related statements of income, 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 the 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.

### **Auditor's 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 auditor's judgment, 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 auditor considers 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.

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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 Summerset Housing Limited, L.P. as of December 31, 2016 and 2015, and the results of its operations, partner's (deficit), and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

#### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 17-18 and 25-34 is presented for purposes of additional analysis as required by the *Multi Family Housing Asset Management Handbook* issued by the U.S. Department of Agriculture Rural Development, 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 has been subjected to the auditing procedures applied in the audit 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 the 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 taken as a whole.

#### ***Report Issued in Accordance with Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated February 10, 2017 on our consideration of Summerset Housing Limited, L.P.'s internal control over financial reporting and our test 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Summerset Housing Limited, L.P.'s internal control over financial reporting and compliance.

  
Henderson & Godbee, LLP  
Certified Public Accountants  
Valdosta, Georgia

February 10, 2017

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**BALANCE SHEETS**  
**DECEMBER 31, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 22,367	\$ 15,400
Accounts receivable - RD	4,867	5,107
<b>Total Current Assets</b>	<b>27,234</b>	<b>20,507</b>
<b>Restricted Deposits and Funded Reserves</b>		
Escrow-tenants' security deposits	7,589	8,104
Escrow-replacement reserve	134,029	123,349
Escrow-tax reserve	23,411	20,169
<b>Total Restricted Deposits and Funded Reserves</b>	<b>165,029</b>	<b>151,622</b>
<b>Property, Plant and Equipment</b>		
Property, plant and equipment, at cost	1,203,826	1,203,826
Accumulated depreciation	(870,621)	(829,367)
<b>Net Property, Plant and Equipment</b>	<b>333,205</b>	<b>374,459</b>
<b>Total Assets</b>	<b>\$ 525,468</b>	<b>\$ 546,588</b>

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

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**BALANCE SHEETS**  
**DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>LIABILITIES AND PARTNERS' (DEFICIT)</b>		
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 9,059	\$ 8,428
Accounts payable	550	1,420
	<u>9,609</u>	<u>9,848</u>
<b>Total Current Liabilities</b>		
<b>Deposits and Prepayment Liabilities</b>		
Tenants' security deposits	7,589	8,104
Unearned rents	-	84
	<u>7,589</u>	<u>8,188</u>
<b>Total Deposits and Prepayment Liabilities</b>		
<b>Long-Term Liabilities</b>		
Mortgage payable, less current maturities	841,482	850,541
	<u>841,482</u>	<u>850,541</u>
<b>Total Long-Term Liabilities</b>		
	858,680	868,577
<b>Total Liabilities</b>		
<b>Partners' (Deficit)</b>		
Partners' (Deficit)	<u>(333,212)</u>	<u>(321,989)</u>
<b>Total Liabilities And Partners' (Deficit)</b>		
	<u>\$ 525,468</u>	<u>\$ 546,588</u>

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

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Gross potential rental income	\$ 153,480	\$ 151,680
Less: vacancy loss	<u>(3,691)</u>	<u>(5,198)</u>
Net rental income	149,789	146,482
Other income	<u>622</u>	<u>224</u>
Total Revenues	<u>150,411</u>	<u>146,706</u>
<b>Expenses</b>		
Operating and maintenance	33,544	37,247
Utilities	14,910	17,600
Administrative	39,075	39,630
Taxes and insurance	<u>14,893</u>	<u>17,428</u>
Total Operating Expenses	<u>102,422</u>	<u>111,905</u>
Net Operating Income	<u>47,989</u>	<u>34,801</u>
<b>Non-Operating Expenses</b>		
Interest subsidy income	(46,369)	(46,369)
Interest expense	61,999	62,586
Partnership expenses	750	750
Depreciation	<u>41,254</u>	<u>41,254</u>
Total Non-Operating Expenses	<u>57,634</u>	<u>58,221</u>
Net (Loss)	<u>\$ (9,645)</u>	<u>\$ (23,420)</u>

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

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**STATEMENTS OF PARTNERS' EQUITY (DEFICIT)**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Limited Partners' (Deficit)</b>		
Balance, January 1	\$ (328,089)	\$ (304,820)
Distributions	(83)	(83)
Net (Loss)	<u>(9,549)</u>	<u>(23,186)</u>
Balance, December 31	<u>\$ (337,721)</u>	<u>\$ (328,089)</u>
<b>General Partner's Equity</b>		
Balance, January 1	\$ 6,100	\$ 7,829
Distributions	(1,495)	(1,495)
Net (Loss)	<u>(96)</u>	<u>(234)</u>
Balance, December 31	<u>\$ 4,509</u>	<u>\$ 6,100</u>
<b>Total Partners' (Deficit)</b>		
Balance, January 1	\$ (321,989)	\$ (296,991)
Distributions	(1,578)	(1,578)
Net (Loss)	<u>(9,645)</u>	<u>(23,420)</u>
Balance, December 31	<u>\$ (333,212)</u>	<u>\$ (321,989)</u>

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

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities</b>		
Net (Loss)	\$ (9,645)	\$ (23,420)
Adjustments To Reconcile Net (Loss) To Net Cash Provided By (Used In) Operating Activities:		
Depreciation	41,254	41,254
Changes In Operating Assets And Liabilities:		
Accounts receivable	240	585
Security deposits	515	538
Replacement reserve	(10,680)	(15,702)
Tax reserve	(3,242)	(10,618)
Accounts payable	(870)	1,006
Tenants' security deposits	(515)	(538)
Unearned rents	(84)	84
Total Adjustments	<u>26,618</u>	<u>16,609</u>
Net Cash Provided By (Used In) Operating Activities	<u>16,973</u>	<u>(6,811)</u>
<b>Cash Flows From Financing Activities</b>		
Principal payments on long-term debt	(8,428)	(7,839)
Distributions	(1,578)	(1,578)
Net Cash (Used In) Financing Activities	<u>(10,006)</u>	<u>(9,417)</u>
Net Increase (Decrease) In Cash	6,967	(16,228)
Cash, Beginning Of Year	<u>15,400</u>	<u>31,628</u>
Cash, End Of Year	<u>\$ 22,367</u>	<u>\$ 15,400</u>

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

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>Supplemental Disclosures Of Cash Flow Information:</b>		
<b>Cash Paid During The Year For:</b>		
Interest expense	\$ 61,999	\$ 62,586
Less: subsidized portion	(46,369)	(46,369)
Interest paid, net of subsidy	\$ 15,630	\$ 16,217

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

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Organization**

The partnership known as Summerset Housing Limited, L.P., was formed as a limited partnership under the laws of the State of Georgia on June 1, 1994, to develop, own and operate a 30-unit rental housing project for persons of low and moderate income in the community. The project is located in Swainsboro, Georgia and is currently operating under the name of Summerset Apartments. This project is financed by a RRH Loan from the U. S. Department of Agriculture, Rural Development (USDA, RD), formerly the Farmer's Home Administration and Rural Housing & Community Development Service, and therefore is regulated by the USDA, RD as to rent charges and operating methods.

**Basis of Accounting**

The financial statements of the partnership are prepared on the accrual basis of accounting, whereby revenues are recognized as earned and expenses are recognized as obligations are incurred.

**Income Taxes**

The Partnership is a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a Partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure.

The Partnership is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**Capitalization and Depreciation**

Land, buildings and improvements are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of income.

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The presentation of financial statements, in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**Tenant Receivables**

Tenant receivables are recorded at net realizable value consisting of the carrying amount less the allowance for uncollectible accounts, as needed.

The Partnership uses the allowance method to account for uncollectible tenant receivable balances. Under the allowance method, if needed, an estimate of uncollectible tenant balances is made based upon specific account balances that are considered uncollectible. Factors used to establish an allowance include the credit quality of the tenant and whether the balance is significant. Accounts are considered past due once the unpaid balance is 90 days or more outstanding, unless payment terms are extended by contract. When an account balance is past due and attempts have been made to collect the receivable through legal or other means, the amount is considered uncollectible and is written off. At December 31, 2016 and 2015, there was no allowance balance required. Tenant receivables had a balance in the amount of \$0 and \$0, at December 31, 2016 and 2015, respectively.

**Mortgage Subsidy**

Under an interest credit agreement with the USDA, RD, a mortgage subsidy is provided, thus reducing the interest rate to approximately 1% over the life of the agreement. The interest subsidy is treated as additional income with interest expense being recorded at the note rate.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2016 and 2015 were \$225 and \$250, respectively.

SUMMERSET HOUSING LIMITED, L.P.  
(A LIMITED PARTNERSHIP)  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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NOTE 2 –RESTRICTED CASH AND ESCROW ACCOUNTS

Replacement Reserve

	<u>2016</u>	<u>2015</u>
Annual funding required by loan agreement	<u>\$ 9,409</u>	<u>\$ 9,409</u>
Actual funding including interest income	<u>\$ 19,183</u>	<u>\$ 26,349</u>
Withdrawals approved by Rural Development Operating and maintenance expenses	<u>\$ 8,503</u>	<u>\$ 10,647</u>
Reserve balance at year end	\$ 134,029	\$ 123,349
Fully funded balance per loan agreement	<u>49,346</u>	<u>48,439</u>
Excess (Deficit)	<u>\$ 84,683</u>	<u>\$ 74,910</u>

Tenant Security Deposits

Security deposits collected from tenants are held in a separate bank account. The account's status at December 31 is:

	<u>2016</u>	<u>2015</u>
Tenant security deposits cash	\$ 7,589	\$ 8,104
Tenant security deposits payable	<u>7,589</u>	<u>8,104</u>
Excess (Deficit)	<u>\$ -</u>	<u>\$ -</u>

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 2 – RESTRICTED CASH AND ESCROW ACCOUNTS (CONTINUED)**

**Real Estate Tax and Insurance Escrow**

USDA, RD regulations require the Partnership to make monthly appropriations of cash to a tax reserve account to insure that adequate cash is available when taxes are due. The account's status at December 31 is:

	<u>2016</u>	<u>2015</u>
Real estate tax and insurance escrow	\$ 23,411	\$ 20,169
Accrued or unpaid taxes and insurance	<u>-</u>	<u>-</u>
Excess	<u>\$ 23,411</u>	<u>\$ 20,169</u>

**NOTE 3 - PROPERTY, PLANT AND EQUIPMENT**

A summary of the property, plant and equipment is as follows at December 31:

	<u>Depreciable Life</u>	<u>2016</u>	<u>2015</u>
Land		\$ 68,665	\$ 68,665
Buildings	30 Years	1,134,488	1,134,488
Equipment	5-7 Years	<u>673</u>	<u>673</u>
Total		1,203,826	1,203,826
Less: Accumulated depreciation		<u>(870,621)</u>	<u>(829,367)</u>
Net Property, Plant and Equipment		<u>\$ 333,205</u>	<u>\$ 374,459</u>

Property, plant and equipment is pledged as collateral on long-term debt. Depreciation expense aggregated \$41,254 and \$41,254 for the years ended December 31, 2016 and 2015.

SUMMERSET HOUSING LIMITED, L.P.  
(A LIMITED PARTNERSHIP)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 4 - ACCOUNTS PAYABLE

The following is a list of accounts payable at December 31:

	<u>2016</u>	<u>2015</u>
Utilities and telephone	\$ 17	\$ 913
Office and administrative	199	5
Pest control	-	190
Outside services	-	116
Repairs and maintenance	<u>334</u>	<u>196</u>
	<u>\$ 550</u>	<u>\$ 1,420</u>

NOTE 5 - LONG-TERM INDEBTEDNESS

Long-term indebtedness consists of the following at December 31:

	<u>2016</u>	<u>2015</u>
USDA, RD, made November 8, 1995, 7.25%, due in 599 monthly installments, secured by land, buildings and equipment with an original cost of \$945,069.	\$ 850,541	\$ 858,969
Less current maturities	<u>(9,059)</u>	<u>(8,428)</u>
Long-term portion	<u>\$ 841,482</u>	<u>\$ 850,541</u>

Management has determined it is not practicable to determine the fair value of the mortgage debt because of the unique terms of the note. It would not be possible to obtain replacement financing under similar terms.

Maturities of long-term debt as of December 31, 2016, for the succeeding five years are as follows:

<u>Year</u>	
2017	\$ 9,059
2018	9,738
2019	10,468
2020	11,253
2021	12,096

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 5 - LONG-TERM INDEBTEDNESS (CONTINUED)**

Summerset Housing Limited, L.P. incurred interest costs of \$61,999 and \$62,586 for the years ended December 31, 2016 and 2015, respectively, all of which was properly charged to expense.

**NOTE 6 – RENTAL ASSISTANCE PAYMENTS**

USDA, RD has contracted with the Partnership pursuant to Section 521(a)(2)(A) of Title V of the Housing Act of 1949 to make housing assistance payments to the Partnership on behalf of qualified tenants. Payments under the contract period ended December 31, are as follows:

	<u>2016</u>	<u>2015</u>
Rental assistance payments	\$ 83,547	\$ 86,193

**NOTE 7 - TAXABLE INCOME (LOSS)**

The financial statements of the Partnership and the Partnership tax returns are prepared on the accrual basis. The following is a reconciliation between net income (loss) as reported and Partnership income (loss) for tax purposes:

	<u>2016</u>	<u>2015</u>
Net (Loss) per financial statement	\$ (9,645)	\$ (23,420)
Book depreciation (less than) tax depreciation	<u>(89)</u>	<u>(89)</u>
Partnership (Loss) per tax return	<u>\$ (9,734)</u>	<u>\$ (23,509)</u>

**NOTE 8 - RELATED PARTY TRANSACTIONS**

The following is a list of related parties and the nature of the relationship to the Partnership and a description of the transactions between the related parties:

**Investors Management Company, Inc.**

Investors Management Company, Inc., an affiliate of the general partner, is the property manager of Summerset Housing Limited, L.P. The partnership paid Investors Management Company, Inc. management fees of \$16,468 and \$16,147 for the years ended December 31, 2016 and 2015, respectively.

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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**NOTE 8 - RELATED PARTY TRANSACTIONS (CONTINUED)**

**Rural Housing Reinsurance Company International Ltd. (CJ Thomas Company, Inc.)**

An affiliate of the general partner is also an owner of CJ Thomas Company, Inc., which provides property insurance to Summerset Housing Limited, L.P. The partnership paid CJ Thomas Company, Inc. insurance fees of \$6,220 and \$6,214 for the years ended December 31, 2016 and 2015, respectively.

**Boston Capital Communications, L.P.**

Boston Capital Communications, L.P., a limited partner of Summerset Housing Limited, L.P. is entitled to a \$750 incentive management fee, payable from any return to owner earned by the Partnership.

**NOTE 9 - PARTNERSHIP PROFITS, LOSSES AND DISTRIBUTIONS**

Profits or losses from operations are allocated 99% to the Limited Partner and 1% to the General Partner. Tax credits are to be allocated 99% to the Limited Partner and 1% to the General Partner. Profit or loss from sales of property and cash distributions will be allocated as formulated in the Partnership Agreement. Annual distributions to the partners are limited by government regulation to \$2,328, which is 8% of the borrowers' initial capital investment required by USDA, RD.

**NOTE 10 - CONCENTRATION OF CREDIT RISK - CASH IN BANKS**

Summerset Housing Limited, L.P. maintains its cash accounts at one bank in Valdosta, Georgia. Accounts at the bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. A summary of the total insured and uninsured cash balances at December 31, consists of the following:

	<u>2016</u>	<u>2015</u>
Total cash in all banks	\$ 187,246	\$ 166,872
Portion insured by FDIC	<u>187,246</u>	<u>166,872</u>
Uninsured cash balances	<u>\$ -</u>	<u>\$ -</u>

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

USDA, RD may terminate the interest subsidy agreement if it determines that no subsidy is necessary or if the Partnership is determined to be in violation of USDA, RD rules or regulations.

**SUMMERSET HOUSING LIMITED, L.P.**  
**(A LIMITED PARTNERSHIP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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**NOTE 12 – IMPAIRMENT OF LONG-LIVED ASSETS**

FASB ASC 360-10 (formerly FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*), requires long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events of changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted future cash flows from the use of these assets. Through December 31, 2016, no impairment loss recognition has been required.

**NOTE 13 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Partnership's sole asset is Summerset Apartments. The Partnership's operations are concentrated in the affordable housing 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, including, but not limited to, RD and state agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by RD or state agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including additional administrative burden, to comply with a change.

**NOTE 14 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through February 10, 2017, which is the date the financial statements were available to be issued.

SUMMERSET HOUSING LIMITED, L.P.  
(A LIMITED PARTNERSHIP)  
SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2016

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**1. Management Fee Calculation**

The management fee is based on a fee per unit occupied by tenants during the month.

Total Qualified Units (30 * 1 month)	30
Less: Rent Free Units	-
Vacancies	(1)
Total Occupied Units	29
Fee Per Unit (Effective February, 2015)	\$ 46.00
Management fees January 2016	1,334
Total Qualified Units (30 * 11 months)	330
Less: Rent Free Units	-
Vacancies	(8)
Total Occupied Units	322
Fee Per Unit (Effective February, 2016)	\$ 47.00
Management fees February through December 2016	15,134
Management Fee Expense	\$ 16,468

**2. Insurance Disclosure**

The Partnership maintains Insurance coverage as follows:

	Deductible	Coverage
Property Coverage on Buildings	\$ 1,000	\$ 2,480,000
Comprehensive Business Liability	-	2,000,000
Fidelity / Employee Dishonesty	5,000	500,000

SUMMERSET HOUSING LIMITED, L.P.  
 (A LIMITED PARTNERSHIP)  
 SUPPLEMENTAL INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2016

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**3. Return to Owner**

In accordance with the Loan Agreement, the annual return to owner is as follows:

Maximum Return to Owner (See Note 9)		\$ 2,328
		<u>2,328</u>
Budget Return to Owner		\$ 2,328
		<u>2,328</u>
Return to Owner Paid:	<u>Expense</u>	<u>Distribution</u>
General Partner Distribution	\$ -	\$ 1,495
Limited Partner Distribution	-	83
Boston Capital Asset Management Fee	<u>750</u>	<u>-</u>
	<u>\$ 750</u>	<u>\$ 1,578</u>

In accordance with the Partnership Agreement, the return to owner was paid first as an asset management fee to Boston Capital. The balance was paid to the partners as a distribution, which is reflected in the Statement of Partners' (Deficit).



# Henderson & Godbee, LLP

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Scott R. Simpson, CPA  
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Billie A. Baxter, CPA  
Mae A. Johnson, CPA  
Keeley T. Collins, CPA  
Kathlyn E. Hannay, CPA  
Jacquie B. Pittman, CPA  
M. Allison Hutchins, CPA

## Independent Auditor's 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  
Summerset Housing Limited, L.P.  
Valdosta, Georgia

USDA Rural Development  
Servicing Office  
Waynesboro, Georgia

We have audited, in accordance with the 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, the financial statements of Summerset Housing Limited, L.P., which comprise the balance sheet as of December 31, 2016, and the related statements of income, changes in partner's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 10, 2017.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Summerset Housing Limited, L.P.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Summerset Housing Limited, L.P.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Summerset Housing Limited, L.P.'s internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any

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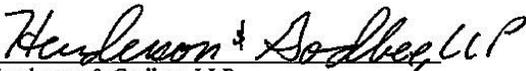
deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Summerset Housing Limited, 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Summerset Housing Limited, L.P.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Summerset Housing Limited, L.P.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Henderson & Godbee, LLP  
Certified Public Accountants  
Valdosta, Georgia

February 10, 2017

SUMMERSET HOUSING LIMITED, L.P.  
(A LIMITED PARTNERSHIP)  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2016

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**Current Year Findings**

There were no findings this year.

**Status of Prior Year Findings**

There were no findings in the prior year.

**AUDITEE'S COMMENTS ON PRIOR AUDIT RESOLUTION MATTERS RELATED TO UNITED STATES DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT PROGRAMS**

There are no significant unresolved findings from previous annual audits, physical inspections or management review reports during our audit of the 2016 financial statements. There were no compliance findings noted during our audit of the 2016 financial statements relating to physical inspections or management reviews for which the Partnership has not taken corrective action.



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## Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Partners of  
Summerset Housing Limited, L.P.  
Valdosta, Georgia

And

United States Department of Agriculture  
Rural Development  
Waynesboro, Georgia

We have performed the procedures enumerated below, which were agreed to by the United States Department of Agriculture Rural Development ("RD") and Summerset Housing Limited, L.P. ("Owner") the owner of Summerset Apartments ("Project") located in Swainsboro, 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, 2016. 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 RD 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 checks 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 supporting documentation, based on the sample size determined by RD in Attached 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: Approximately 270  
Total Dollar Amount of Invoices in Population: \$86,704  
Total Number of Invoices Reviewed: 15  
Total Dollar Amount of Invoices Reviewed: \$3,408  
Total Number of Invoices in Vendor Confirmation Sample: 1  
Total Dollar Amount of Invoices in Vendor Confirmation Sample: \$676  
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 the FDIC insurance limits. We determined number of reserve account withdrawals from the original bank statements and compared the withdrawals to the amounts approved by RD on Form RD 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: 6  
Total Number of Withdrawals Authorized by RD: 6  
Total Dollar Amount of Reserve Account Withdrawals: \$8,503  
Total Dollar Amount of Withdrawals Authorized by RD: \$8,503  
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 of Form RD 3560-12.

3. We obtained the Identity of Interest (IOI) company listing and 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: 2  
Company Name 1: Investor's Management Company, Inc.  
Total Dollar Amount for the Year: \$16,468  
Total Number of Invoices in Population: 12  
Total Dollar Amount of Invoices in Population: \$16,468  
Total Number of Invoices Reviewed: 12  
Total Dollar Amount of Invoices Reviewed: \$16,468

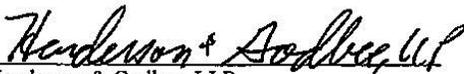
Company Name 2: Rural Housing Reinsurance Company International Ltd. (CJ Thomas Company, Inc.)  
Total Dollar Amount for the Year: \$6,220  
Total Number of Invoices in Population: 1  
Total Dollar Amount of Invoices in Population: \$6,220  
Total Number of Invoices Reviewed: 1  
Total Dollar Amount of Invoices Reviewed: \$6,220

Company Name 3: Boston Capital Communications, L.P.  
Total Dollar Amount for the Year: \$750  
Total Number of Invoices in Population: 1  
Total Dollar Amount of Invoices in Population: \$750  
Total Number of Invoices Reviewed: 1  
Total Dollar Amount of Invoices Reviewed: \$750

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

We are 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 Summerset Housing Limited, 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 Summerset Housing Limited, L.P., and Rural Development, and is not intended to be and should not be used by anyone other than these specified parties.

  
Henderson & Godbee, LLP  
Certified Public Accountants  
Valdosta, Georgia

February 10, 2017

Position 3  
**MULTI-FAMILY HOUSING  
BORROWER BALANCE SHEET**  
PART I - BALANCE SHEET

<b>PROJECT NAME</b> Summerset Apartments	<b>BORROWER NAME</b> Summerset Housing Limited, L.P.	<b>BORROWER ID AND PROJECT NO.</b> 10-053-599962974	
BEGINNING DATES>	CURRENT YEAR 01-01-16	PRIOR YEAR 01-01-15	COMMENTS
ENDING DATES>	12-31-16	12-31-15	

**ASSETS**

<b>CURRENT ASSETS</b>			
1. GENERAL OPERATING ACCOUNT.....	22,367	15,400	
2. R.E. TAX & INSURANCE ACCOUNT.....	23,411	20,169	
3. RESERVE ACCOUNT.....	134,029	123,349	
4. SECURITY DEPOSIT ACCOUNT.....	7,589	8,104	
5. OTHER CASH (identify) .....			
6. OTHER (identify) .....			
7. TOTAL ACCOUNTS RECEIVABLE (Attach list) .....	4,867	5,107	
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.....	-	-	
11.			
12. TOTAL CURRENT ASSETS (Add 1 thru 11)	192,263	172,129	

**FIXED ASSETS**

13. LAND.....	68,665	68,665	
14. BUILDINGS.....	1,134,488	1,134,488	
15. LESS: ACCUMULATED DEPRECIATION.....	(869,948)	(828,694)	
16. FURNITURE & EQUIPMENT.....	673	673	
17. LESS: ACCUMULATED DEPRECIATION.....	(673)	(673)	
18.			
19. TOTAL FIXED ASSETS (Add 13 thru 18) .....	333,205	374,459	

**OTHER ASSETS**

20.			
21. TOTAL ASSETS (Add 12, 19, and 20) .....	525,468	546,588	

**LIABILITIES AND OWNERS EQUITY**

**CURRENT LIABILITIES**

22. TOTAL ACCOUNTS PAYABLE (Attach list) .....	550	1,420	
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) ...Deferred Revenue	-	84	
24. SECURITY DEPOSITS.....	7,589	8,104	
25. TOTAL CURRENT LIABILITIES (Add 22 thru 24) ...	8,139	9,608	

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 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.

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

**LONG-TERM LIABILITIES**

26. NOTES PAYABLE RURAL DEVELOPMENT	850,541	858,969
27. OTHER (Identify) N/P General Partners	-	-
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)	850,541	858,969
29. TOTAL LIABILITIES (Add 25 and 28) .....	858,680	868,577
30. OWNER'S EQUITY (Net Worth) (21 minus 29) .....	(333,212)	(321,989)
31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)	525,468	546,588

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.

\_\_\_\_\_  
*(Signature of Borrower or Borrower's Representative)*  
 \_\_\_\_\_  
*(Title)*

\_\_\_\_\_  
*(Date)*

**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 my individual or organization doing business with the project or borrower.

\_\_\_\_\_  
*(Signature)*  
 \_\_\_\_\_  
*(Name and Title)*  
 \_\_\_\_\_  
*(Address)*

\_\_\_\_\_  
*(Date)*

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.

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

**SUMMERSET HOUSING LIMITED, L.P.**  
**ATTACHMENT TO FORM RD 3560-10**  
**DECEMBER 31, 2016 AND 2015**

	2016	2015
<u>Page 25, Line 7</u>		
Due from Rural Development	\$ 4,867	\$ 5,107
<u>Page 25, Line 22</u>		
Utilities and telephone	\$ 17	\$ 913
Office and administrative	199	5
Pest control	-	190
Outside services	-	116
Repairs and maintenance	334	196
	\$ 550	\$ 1,420
<u>Page 25, Line 23</u>		
Deferred revenue	\$ -	\$ 84

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

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

<b>PROJECT NAME</b> Summerset Apartments		<b>BORROWER NAME</b> Summerset Housing Ltd., L.p.		<b>BORROWER ID AND PROJECT NO.</b> 599962974 017	
<b>Loan/Transfer Amount \$</b> 940,900.00		<b>Note Rate Payment \$</b> 5,668.86		<b>IC Payment \$</b> 2,004.79	
<b>Reporting Period</b> <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	<b>Budget Type</b> <input type="checkbox"/> Initial <input type="checkbox"/> Regular Report <input checked="" type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	<b>Project Rental Type</b> <input type="checkbox"/> Family <input checked="" type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	<b>Profit Type</b> <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	<b>The following utilities are metered:</b> <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input checked="" type="checkbox"/> Water <input checked="" type="checkbox"/> Sewer <input checked="" type="checkbox"/> Trash <input type="checkbox"/> Other	
				<input checked="" type="checkbox"/> I hereby request <u>1</u> units of RA. Current number of RA units <u>29</u> . <b>Borrower Accounting Method</b> <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	

**PART I—CASH FLOW STATEMENT**

	<b>CURRENT BUDGET</b> (01 - 01 - 16) (12 - 31 - 16)	<b>ACTUAL</b> (01 - 01 - 16) (12 - 31 - 16)	<b>PROPOSED BUDGET</b> (01 - 01 - 17) (12 - 31 - 17)	<b>COMMENTS or (YTD)</b> (01 - 01 - 16) (12 - 31 - 16)
<b>BEGINNING DATES&gt;</b>				
<b>ENDING DATES&gt;</b>				
<b>OPERATIONAL CASH SOURCES</b>				
1. RENTAL INCOME .....	153,480.00	66,242.00	153,480.00	30 Revenue Pr
2. RHS RENTAL ASSISTANCE RECEIVED .....		83,547.00		
3. APPLICATION FEES RECEIVED .....		60.00		
4. LAUNDRY AND VENDING .....	0.00	0.00	0.00	
5. INTEREST INCOME .....	0.00	0.00	0.00	
6. TENANT CHARGES .....	1,200.00	462.00	400.00	
7. OTHER - PROJECT SOURCES .....	0.00	100.00	0.00	Pet Fees
8. LESS (Vacancy and Contingency Allowance) .....	( 3,070.00)		( 3,070.00)	2%
9. LESS (Agency Approved Incentive Allowance) .....	( 0.00)		( 0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)] .....	151,510.00	150,411.00	150,810.00	
<b>NON-OPERATIONAL CASH SOURCES</b>				
11. CASH - NON PROJECT .....	0.00	0.00	0.00	
12. AUTHORIZED LOAN (Non-RHS) .....	0.00	0.00	0.00	
13. TRANSFER FROM RESERVE .....	48,810.00	8,502.59	39,500.00	
14. SUB-TOTAL (11 thru 13) .....	48,810.00	8,502.59	39,500.00	
15. <b>TOTAL CASH SOURCES (10+14)</b> .....	<b>200,420.00</b>	<b>158,913.59</b>	<b>190,310.00</b>	
<b>OPERATIONAL CASH USES</b>				
16. TOTAL O&M EXPENSES (From Part II) .....	114,204.00	96,246.11	113,084.00	
17. RHS DEBT PAYMENT .....	24,058.00	24,057.48	24,058.00	
18. RHS PAYMENT (Overage) .....		0.00		
19. RHS PAYMENT (Late Fee) .....		0.00		
20. REDUCTION IN PRIOR YEAR PAYABLES .....		0.00		
21. TENANT UTILITY PAYMENTS .....		0.00		
22. TRANSFER TO RESERVE .....	9,409.00	19,182.68	9,409.00	
23. RETURN TO OWNER NP ASSET MANAGEMENT FEE .....	2,328.00	0.00	2,328.00	2015 RTO paid
24. SUB-TOTAL (16 thru 23) .....	149,999.00	139,486.27	148,879.00	
<b>NON-OPERATIONAL CASH USES</b>				
25. AUTHORIZED DEBT PAYMENT (Non-RHS) .....	0.00	0.00	0.00	
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6) .....	48,810.00	8,502.59	39,500.00	
27. MISCELLANEOUS .....	0.00	2.28	0.00	Rounding
28. SUB-TOTAL (25 thru 27) .....	48,810.00	8,504.87	39,500.00	
29. <b>TOTAL CASH USES (24+28)</b> .....	<b>198,809.00</b>	<b>147,991.14</b>	<b>188,379.00</b>	
30. <b>NET CASH (DEFICIT) (15-29)</b> .....	<b>1,611.00</b>	<b>10,922.45</b>	<b>1,931.00</b>	
<b>CASH BALANCE</b>				
31. BEGINNING CASH BALANCE .....	5,673.80	35,569.48	7,284.80	
32. ACCRUAL TO CASH ADJUSTMENT .....		-713.99		Adjust to accru
33. ENDING CASH BALANCE (30+31+32) .....	7,284.80	45,777.94	9,215.80	

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

**PART II—OPERATING AND MAINTENANCE EXPENSE SCHEDULE**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL .....	6,600.00	5,362.72	6,600.00	Maintenance o
2. MAINTENANCE AND REPAIRS SUPPLY .....	10,700.00	11,388.03	10,800.00	
3. MAINTENANCE AND REPAIRS CONTRACT .....	0.00	0.00	0.00	
4. PAINTING .....	2,000.00	416.18	2,000.00	
5. SNOW REMOVAL .....	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT .....	0.00	0.00	0.00	
7. GROUNDS .....	8,200.00	7,368.00	8,200.00	600/M + 1000
8. SERVICES .....	2,182.00	2,719.98	3,783.00	190.47/M/Pest/C
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize) .....	125.00	113.72	125.00	UA calc fees
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10) .....	29,807.00	27,366.64	31,508.00	
12. ELECTRICITY <i>If master metered</i> .....	5,500.00	4,916.56	5,500.00	
13. WATER <i>check box on</i> .....	4,000.00	1,842.71	4,000.00	
14. SEWER <i>front.</i> .....	7,000.00	5,918.98	7,000.00	
15. FUEL (Oil/Coal/Gas) .....	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL .....	2,400.00	2,154.12	2,400.00	
17. OTHER UTILITIES .....	0.00	76.81	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17) .....	18,900.00	14,909.18	18,900.00	
19. SITE MANAGEMENT PAYROLL .....	9,312.00	9,837.92	9,264.00	747/M (3% incr
20. MANAGEMENT FEE .....	16,920.00	16,468.00	17,640.00	\$49x30Ux12M
21. PROJECT AUDITING EXPENSE .....	4,000.00	3,880.00	4,000.00	
22. PROJECT BOOKKEEPING/ACCOUNTING .....	0.00	0.00	0.00	
23. LEGAL EXPENSES .....	100.00	0.00	100.00	
24. ADVERTISING .....	450.00	225.00	450.00	
25. TELEPHONE & ANSWERING SERVICE .....	3,500.00	2,229.15	2,200.00	
26. OFFICE SUPPLIES .....	1,200.00	673.24	900.00	
27. OFFICE FURNITURE & EQUIPMENT .....	1,201.00	1,454.15	1,199.00	79/MCompSup
28. TRAINING EXPENSE .....	1,134.00	762.90	1,138.00	
29. HEALTH INS. & OTHER EMP. BENEFITS .....	400.00	338.40	375.00	
30. PAYROLL TAXES .....	1,600.00	1,435.64	1,600.00	
31. WORKER'S COMPENSATION .....	600.00	484.84	600.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize) .....	300.00	1,498.57	300.00	Property tax co
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32) .....	40,767.00	39,077.81	39,786.00	
34. REAL ESTATE TAXES .....	18,000.00	8,469.70	16,000.00	
35. SPECIAL ASSESSMENTS .....	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS .....	100.00	202.78	100.00	reg fee
37. PROPERTY & LIABILITY INSURANCE .....	6,480.00	6,220.00	6,660.00	222/U (3% inc)
38. FIDELITY COVERAGE INSURANCE .....	0.00	0.00	0.00	
39. OTHER INSURANCE .....	150.00	0.00	150.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39) .....	24,730.00	14,892.48	22,910.00	
41. TOTAL O&M EXPENSES (11+18+33+40) .....	114,204.00	96,246.11	113,084.00	

**PART III—ACCOUNT BUDGETING/STATUS**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
<b>RESERVE ACCOUNT:</b>				
1. BEGINNING BALANCE .....	124,104.00	123,348.86	135,159.82	Prop beg budg
2. TRANSFER TO RESERVE .....	9,409.00	19,182.68	9,409.00	\$785/M + \$976
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT .....	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET (Part V - Reserve) .....	48,810.00	6,174.59	39,500.00	
5. BUILDING & EQUIPMENT REPAIR .....	0.00	0.00	0.00	
6. OTHER NON-OPERATING EXPENSES .....	0.00	2,328.00	0.00	2015 RTO
7. TOTAL (3 thru 6) .....	( 48,810.00)	( 8,502.59)	( 39,500.00)	
8. ENDING BALANCE [(1+2)-7] .....	84,703.00	134,028.95	105,068.82	

**GENERAL OPERATING ACCOUNT:\***

BEGINNING BALANCE .....	15,400.11	
ENDING BALANCE .....	22,367.27	

**REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:\***

BEGINNING BALANCE .....	20,169.37	
ENDING BALANCE .....	23,410.67	

**TENANT SECURITY DEPOSIT ACCOUNT:\***

BEGINNING BALANCE .....	8,104.00	
ENDING BALANCE .....	7,589.00	

(\*Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST	0	RESERVE ACCT. REQ. BALANCE....	0.00
NUMBER OF APPLICANTS NEEDING RA.....	0	AMOUNT AHEAD/BEHIND .....	0.00

**PART IV—RENT SCHEDULE AND UTILITY ALLOWANCE**

**A. CURRENT APPROVED RENTS/ UTILITY ALLOWANCE**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	N	28	425.00	532.00	0.00	142,800.00	178,752.00	0.00	71.00
2	N	2	445.00	558.00	0.00	10,680.00	13,344.00	0.00	80.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CURRENT RENT TOTALS:						153,480.00	192,096.00	0.00	
						BASIC	NOTE	HUD	

**B. PROPOSED RENTS - Effective Date: 12 / 31 / 16**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	N	28	425.00	551.00	0.00	142,800.00	185,136.00	0.00	
2	N	2	445.00	626.00	0.00	10,680.00	15,024.00	0.00	
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
PROPOSED RENT TOTALS:						153,480.00	200,160.00	0.00	
						BASIC	NOTE	HUD	

**C. PROPOSED UTILITY ALLOWANCE - Effective Date: 12 / 31 / 16**

MONTHLY DOLLAR ALLOWANCES									
BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1	N	28	71.00	0.00	0.00	0.00	0.00	0.00	71.00
2	N	2	80.00	0.00	0.00	0.00	0.00	0.00	80.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Summerset Apartments

PART V - ANNUAL CAPITAL BUDGET

	Proposed Number of Units/Items	Proposed from Reserve	Actual from Reserve	Proposed from Operating	Actual from Operating	Actual Total Cost	Total Actual Units/Items
<b>Appliances:</b>							
Range .....	0	0.00	0.00	0.00	0.00	0.00	0
Refrigerator .....	5	3,000.00	0.00	0.00	0.00	0.00	0
Range Hood .....	0	0.00	0.00	0.00	0.00	0.00	0
Washers & Dryers .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Carpet &amp; Vinyl:</b>							
1BR .....	4	12,000.00	3,050.87	0.00	0.00	3,050.87	1
2BR .....	2	8,000.00	0.00	0.00	0.00	0.00	0
3BR .....	0	0.00	0.00	0.00	0.00	0.00	0
4BR .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Cabinets:</b>							
Kitchens .....	0	0.00	0.00	0.00	0.00	0.00	0
Bathrooms .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Doors:</b>							
Exterior .....	0	0.00	0.00	0.00	0.00	0.00	0
Interior .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Window Coverings:</b>							
List: .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Heating &amp; Air Conditioning:</b>							
Heating .....	0	0.00	2,780.00	0.00	0.00	2,780.00	1
Air Conditioning .....	4	15,000.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Plumbing:</b>							
Water Heater .....	3	1,500.00	333.72	0.00	0.00	333.72	1
Bath Sinks .....	0	0.00	0.00	0.00	0.00	0.00	0
Kitchen Sinks .....	0	0.00	0.00	0.00	0.00	0.00	0
Faucets .....	0	0.00	0.00	0.00	0.00	0.00	0
Toilets .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Major Electrical:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Structures:</b>							
Windows .....	0	0.00	0.00	0.00	0.00	0.00	0
Screens .....	0	0.00	0.00	0.00	0.00	0.00	0
Walls .....		0.00	0.00	0.00	0.00	0.00	
Roofing .....		0.00	0.00	0.00	0.00	0.00	
Siding .....		0.00	0.00	0.00	0.00	0.00	
Exterior Painting .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Paving:</b>							
Asphalt .....		0.00	0.00	0.00	0.00	0.00	
Concrete .....		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Landscape &amp; Grounds:</b>							
Landscaping .....		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment .....		0.00	0.00	0.00	0.00	0.00	
Fencing .....		0.00	0.00	0.00	0.00	0.00	
Recreation Area .....		0.00	0.00	0.00	0.00	0.00	
Signs .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Accessibility Features:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Automation Equipment:</b>							
Site Management .....		0.00	0.00	0.00	0.00	0.00	
Common Area .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Other:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
<b>TOTAL CAPITAL EXPENSES:</b>	<b>18</b>	<b>39,500.00</b>	<b>6,174.58</b>	<b>0.00</b>	<b>0.00</b>	<b>6,174.58</b>	<b>3</b>

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

**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 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)

\_\_\_\_\_  
(Signature of Borrower or Borrower's Representative)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
AGENCY APPROVAL (*Rural Development Approval Official*):

\_\_\_\_\_  
DATE:

**COMMENTS:**

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Line 13. Actual transfers from 1% reserve were less than budgeted. Less AC Replacement and Water Heater Replacement was needed than budgeted. The paving and painting was also not completed in 2016.

Line 23. The 2015 RTO was paid in 2016. Because the property did not have positive cash flow in 2015, RD approved payment of this RTO from the RR account instead of the Operating Account. Therefore, this line is zero because it was not paid from the Operating Account. Instead, it was paid from the Replacement Reserve Account and reflected in Part III, Line 6.

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Line 11. Actual Maintenance and Operating Expenses were 8% less than budget.

Line 18. Actual Utilities were 21% less than budget primarily due to lower water and sewer expenses than budgeted.

Line 33. Actual Administrative Expenses were 4% less than budget.

Line 40. Actual Tax & Insurance Expense was less than budgeted due to a lower property tax bill than budgeted.

Summerset Apartments

**PART V - ANNUAL CAPITAL BUDGET (ADDENDUM)**

	Current Number of Units/Items	Current from Reserved	YTD from Reserve	Current from Operating	YTD from Operating	YTD Total Cost	Total YTD Units/Items
<b>Appliances:</b>							
Range .....	0	0.00	0.00	0.00	0.00	0.00	0
Refrigerator .....	5	2,810.00	0.00	0.00	0.00	0.00	0
Range Hood .....	0	0.00	0.00	0.00	0.00	0.00	0
Washers & Dryers .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Carpet &amp; Vinyl:</b>							
1BR .....	4	7,500.00	3,050.87	0.00	0.00	3,050.87	1
2BR .....	2	5,000.00	0.00	0.00	0.00	0.00	0
3BR .....	0	0.00	0.00	0.00	0.00	0.00	0
4BR .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Cabinets:</b>							
Kitchens .....	0	0.00	0.00	0.00	0.00	0.00	0
Bedrooms .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Doors:</b>							
Exterior .....	0	0.00	0.00	0.00	0.00	0.00	0
Interior .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Window Coverings:</b>							
List: .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Heating &amp; Air Conditioning:</b>							
Heating .....	0	0.00	2,780.00	0.00	0.00	2,780.00	1
Air Conditioning .....	4	12,000.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Plumbing:</b>							
Water Heater .....	9	1,200.00	333.72	0.00	0.00	333.72	1
Bath Sinks .....	0	0.00	0.00	0.00	0.00	0.00	0
Kitchen Sinks .....	0	0.00	0.00	0.00	0.00	0.00	0
Faucets .....	0	0.00	0.00	0.00	0.00	0.00	0
Toilets .....	0	0.00	0.00	0.00	0.00	0.00	0
Other: .....	0	0.00	0.00	0.00	0.00	0.00	0
<b>Major Electrical:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Structures:</b>							
Windows .....	0	0.00	0.00	0.00	0.00	0.00	0
Screens .....	8	500.00	0.00	0.00	0.00	0.00	0
Walls .....		0.00	0.00	0.00	0.00	0.00	
Roofing .....		0.00	0.00	0.00	0.00	0.00	
Siding .....		0.00	0.00	0.00	0.00	0.00	
Exterior Painting .....		10,000.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Paving:</b>							
Asphalt .....		0.00	0.00	0.00	0.00	0.00	
Concrete .....		5,000.00	0.00	0.00	0.00	0.00	
Seal & Stripe .....		5,000.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Landscape &amp; Grounds:</b>							
Landscaping .....		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment .....		0.00	0.00	0.00	0.00	0.00	
Fencing .....		0.00	0.00	0.00	0.00	0.00	
Recreation Area .....		0.00	0.00	0.00	0.00	0.00	
Signs .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Accessibility Features:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Automation Equipment:</b>							
Site Management .....		0.00	0.00	0.00	0.00	0.00	
Common Area .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Other:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
<b>TOTAL CAPITAL EXPENSES:</b>	<b>26</b>	<b>48,810.00</b>	<b>6,174.59</b>	<b>0.00</b>	<b>0.00</b>	<b>6,174.59</b>	<b>3</b>

Yardi Classic Addendum Page

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

**Balance Sheet (Cash)  
Summerset - (455)  
April 2017**

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5/22/2017  
10:59 AM

**CURRENT ASSETS**

**CASH**

1010.0 Petty Cash	150.00
1020.0 CDA-Checking	1,819.84
1021.0 Operating-Checking	7,331.04
1030.0 Tax & Insurance Reserve	18,046.67
1040.0 Replacement Reserve	154,947.32
<b>TOTAL CASH</b>	<u>182,294.87</u>

1140.0 A/R Rents/FMHA Receivable	4,867.21
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**FIXED ASSETS**

2010.0 Land	68,665.00
2030.0 Buildings	1,134,488.49
2080.0 Furniture & Fixtures	673.26
2110.0 Accumulated Depreciation-Buildings	-869,947.98
2120.0 Accumulated Depreciation-Furniture & Fixt	-673.26
<b>TOTAL FIXED ASSETS</b>	<u>333,205.51</u>

**OTHER ASSETS**

2510.0 Security Deposits-Checking	7,439.00
<b>TOTAL OTHER ASSETS</b>	<u>7,439.00</u>

<b>TOTAL ASSETS</b>	<u>527,806.59</u>
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**LIABILITIES & CAPITAL**

**CURRENT LIABILITIES**

3021.0 Security Deposits Payable	7,439.00
3028.0 Accounts Payable	549.59
<b>TOTAL CURRENT LIABILITIES</b>	<u>7,988.59</u>

**LONG TERM LIABILITIES**

4020.0 Mortgage Payable	850,540.83
<b>TOTAL LONG TERM LIABILITIES</b>	<u>850,540.83</u>

<b>TOTAL LIABILITIES</b>	<u>858,529.42</u>
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**CAPITAL**

5006.0 Return To Owners	-1,578.00
5020.0 General Partners Equity	7,749.99
5030.0 Retained Earnings	-7,155.83
5040.0 Limited Partners Equity	-311,959.53
5050.0 General Partners Capital	-1,649.99
5051.0 Limited Partners Capital	-16,129.47
<b>TOTAL CAPITAL</b>	<u>-330,722.83</u>

<b>TOTAL LIABILITIES &amp; CAPITAL</b>	<u>527,806.59</u>
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**Budget Comparison (Cash)  
Summerset - (455)  
April 2017**

Page 1  
5/22/2017  
11:00 AM

	MTD Actual	MTD Budget	\$ Var.	% Var.	YTD Actual	YTD Budget	\$ Var.	% Var.	Annual
<b>INCOME</b>									
<b>RENT INCOME</b>									
6010.0 Income-Rent	5,659.00	12,790.00	-7,131.00	-55.75	22,436.00	51,160.00	-28,724.00	-56.15	153,480.00
6011.0 Income-Rental Assistan	6,786.00	0.00	6,786.00	0	27,240.00	0.00	27,240.00	0	0.00
<b>TOTAL RENT INCOME</b>	<b>12,445.00</b>	<b>12,790.00</b>	<b>-345.00</b>	<b>-2.70</b>	<b>49,676.00</b>	<b>51,160.00</b>	<b>-1,484.00</b>	<b>-2.90</b>	<b>153,480.00</b>
<b>OTHER INCOME</b>									
6018.0 Tenant Charges/Damag	0.00	4.17	-4.17	-100.0	0.00	16.68	-16.68	-100.0	50.00
6029.0 Income-Cleaning & Rep	0.00	4.17	-4.17	-100.0	0.00	16.68	-16.68	-100.0	50.00
6030.0 Income-Late Fees	0.00	16.67	-16.67	-100.0	0.00	66.68	-66.68	-100.0	200.00
6031.0 Forfeited Security Depo	0.00	4.17	-4.17	-100.0	150.00	16.68	133.32	799.2	50.00
6033.0 Income-Miscellaneous	0.00	4.17	-4.17	-100.0	0.00	16.68	-16.68	-100.0	50.00
<b>TOTAL OTHER INCOME</b>	<b>0.00</b>	<b>33.35</b>	<b>-33.35</b>	<b>-100.0</b>	<b>150.00</b>	<b>133.40</b>	<b>16.60</b>	<b>12.44</b>	<b>400.00</b>
<b>TOTAL INCOME</b>	<b>12,445.00</b>	<b>12,823.35</b>	<b>-378.35</b>	<b>-2.95</b>	<b>49,826.00</b>	<b>51,293.40</b>	<b>-1,467.40</b>	<b>-2.86</b>	<b>153,880.00</b>
<b>OFFSETS TO INCOME</b>									
7100.0 Vacancy Allowance	0.00	-255.83	255.83	100.0	0.00	-1,023.32	1,023.32	100.0	-3,070.00
<b>TOTAL OFFSETS</b>	<b>0.00</b>	<b>-255.83</b>	<b>255.83</b>	<b>100.0</b>	<b>0.00</b>	<b>-1,023.32</b>	<b>1,023.32</b>	<b>100.0</b>	<b>-3,070.00</b>
<b>TOTAL INCOME AFTER O</b>	<b>12,445.00</b>	<b>12,567.52</b>	<b>-122.52</b>	<b>-0.97</b>	<b>49,826.00</b>	<b>50,270.08</b>	<b>-444.08</b>	<b>-0.88</b>	<b>150,810.00</b>
<b>OPERATING EXPENSES</b>									
<b>OPERATING &amp; MAINTENANCE</b>									
<b>MAINTENANCE &amp; REPAIRS PAYR</b>									
8045.0 Payroll-Maintenance Pe	379.23	550.00	170.77	31.05	1,567.83	2,200.00	632.17	28.74	6,600.00
<b>TOTAL MAINTENANCE &amp; RE</b>	<b>379.23</b>	<b>550.00</b>	<b>170.77</b>	<b>31.05</b>	<b>1,567.83</b>	<b>2,200.00</b>	<b>632.17</b>	<b>28.74</b>	<b>6,600.00</b>
<b>MAINTENANCE &amp; REPAIRS SUP</b>									
8075.0 R&M Building Supplies	1,004.14	225.00	-779.14	-346.2	1,560.59	900.00	-660.59	-73.40	2,700.00
8080.0 R&M-Heating & Air Sup	0.00	225.00	225.00	100.0	219.95	900.00	680.05	75.56	2,700.00
8085.0 R&M-Plumbing Supplie	0.00	225.00	225.00	100.0	372.50	900.00	527.50	58.61	2,700.00
8090.0 R&M-Appliance Supplie	0.00	225.00	225.00	100.0	0.00	900.00	900.00	100.0	2,700.00
<b>TOTAL MAINTENANCE &amp; RE</b>	<b>1,004.14</b>	<b>900.00</b>	<b>-104.14</b>	<b>-11.57</b>	<b>2,153.04</b>	<b>3,600.00</b>	<b>1,446.96</b>	<b>40.19</b>	<b>10,800.00</b>
<b>UNIT TURNS</b>									
8135.0 Paint/Clean/Clean Carp	0.00	166.67	166.67	100.0	0.00	666.68	666.68	100.0	2,000.00
<b>TOTAL UNIT TURNS</b>	<b>0.00</b>	<b>166.67</b>	<b>166.67</b>	<b>100.0</b>	<b>0.00</b>	<b>666.68</b>	<b>666.68</b>	<b>100.0</b>	<b>2,000.00</b>
<b>GROUNDS</b>									
8160.0 Monthly Contracted Gr	600.00	600.00	0.00	0.00	2,400.00	2,400.00	0.00	0.00	7,200.00
8175.0 Grounds Supplies	0.00	83.33	83.33	100.0	16.20	333.32	317.12	95.14	1,000.00
<b>TOTAL GROUNDS</b>	<b>600.00</b>	<b>683.33</b>	<b>83.33</b>	<b>12.19</b>	<b>2,416.20</b>	<b>2,733.32</b>	<b>317.12</b>	<b>11.60</b>	<b>8,200.00</b>
<b>PEST CONTROL</b>									
8195.0 Pest Control Service	209.52	190.50	-19.02	-9.98	838.08	762.00	-76.08	-9.98	3,286.00
8200.0 Termite Service/Bond	0.00	0.00	0.00	0	0.00	497.00	497.00	100.0	497.00
<b>TOTAL PEST CONTROL</b>	<b>209.52</b>	<b>190.50</b>	<b>-19.02</b>	<b>-9.98</b>	<b>838.08</b>	<b>1,259.00</b>	<b>420.92</b>	<b>33.43</b>	<b>3,783.00</b>
<b>OTHER OPERATING EXPENSES</b>									
8220.0 Outside Services	0.00	10.42	10.42	100.0	0.00	41.68	41.68	100.0	125.00
<b>TOTAL OTHER OPERATING</b>	<b>0.00</b>	<b>10.42</b>	<b>10.42</b>	<b>100.0</b>	<b>0.00</b>	<b>41.68</b>	<b>41.68</b>	<b>100.0</b>	<b>125.00</b>
<b>TOTAL OPERATING &amp; MAIN</b>	<b>2,192.89</b>	<b>2,500.92</b>	<b>308.03</b>	<b>12.32</b>	<b>6,975.15</b>	<b>10,500.68</b>	<b>3,525.53</b>	<b>33.57</b>	<b>31,508.00</b>
<b>UTILITIES</b>									
8255.0 Utilities-Electricity	372.56	458.33	85.77	18.71	1,589.01	1,833.32	244.31	13.33	5,500.00
8260.0 Utilities-Water	480.27	333.33	-146.94	-44.08	1,303.66	1,333.32	29.66	2.22	4,000.00
8265.0 Utilities-Sewer	1,039.68	583.33	-456.35	-78.23	2,944.72	2,333.32	-611.40	-26.20	7,000.00
8275.0 Utilities-Sanitation	229.32	200.00	-29.32	-14.66	880.88	800.00	-80.88	-10.11	2,400.00
8280.0 Utilities-Other Utilities	14.00	0.00	-14.00	0	54.00	0.00	-54.00	0	0.00
<b>TOTAL UTILITIES</b>	<b>2,135.83</b>	<b>1,574.99</b>	<b>-560.84</b>	<b>-35.61</b>	<b>6,772.27</b>	<b>6,299.96</b>	<b>-472.31</b>	<b>-7.50</b>	<b>18,900.00</b>

**Budget Comparison (Cash)  
Summerset - (455)  
April 2017**

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	MTD Actual	MTD Budget	\$ Var.	% Var.	YTD Actual	YTD Budget	\$ Var.	% Var.	Annual
<b>ADMINISTRATIVE</b>									
8310.0 Site Management Payro	747.50	747.00	-0.50	-0.07	2,924.48	2,988.00	63.52	2.13	9,264.00
8315.0 Management Fees	1,421.00	1,470.00	49.00	3.33	5,673.00	5,880.00	207.00	3.52	17,640.00
8320.0 Accounting/Auditing Fe	0.00	0.00	0.00	0	3,880.00	4,000.00	120.00	3.00	4,000.00
8325.0 Legal Expenses	0.00	8.33	8.33	100.0	0.00	33.32	33.32	100.0	100.00
8330.0 Advertising	0.00	37.50	37.50	100.0	228.00	150.00	-78.00	-52.00	450.00
8335.0 Telephone	241.58	183.33	-58.25	-31.77	965.08	733.32	-231.76	-31.60	2,200.00
8340.0 Office Supplies	0.00	75.00	75.00	100.0	465.16	300.00	-165.16	-55.05	900.00
8350.0 Computer Equipment,	79.00	99.92	20.92	20.94	677.71	399.68	-278.03	-69.56	1,199.00
8355.0 Prospect Screening Ex	0.00	0.00	0.00	0	15.00	0.00	-15.00	0	0.00
8360.0 Training Expenses	11.16	94.83	83.67	88.23	44.64	379.32	334.68	88.23	1,138.00
8365.0 Group Health Insurance	28.20	15.63	-12.57	-80.42	112.80	62.52	-50.28	-80.42	187.50
8370.0 Retirement Plan Expen	0.00	15.63	15.63	100.0	0.00	62.52	62.52	100.0	187.50
8375.0 Payroll Taxes-FICA	86.20	120.00	33.80	28.17	343.66	480.00	136.34	28.40	1,440.00
8380.0 Unemployment Taxes	14.66	13.33	-1.33	-9.98	58.44	53.32	-5.12	-9.60	160.00
8385.0 Workmans Compensati	0.00	50.00	50.00	100.0	600.90	200.00	-400.90	-200.4	600.00
8390.0 Bank Charges/Fees	0.00	0.00	0.00	0	29.62	0.00	-29.62	0	0.00
8405.0 Postage & Shipping	0.00	0.00	0.00	0	31.20	0.00	-31.20	0	0.00
8410.0 Professional Services/F	300.00	25.00	-275.00	-1,100	300.00	100.00	-200.00	-200.0	300.00
<b>TOTAL ADMINISTRATIVE</b>	<b>2,929.30</b>	<b>2,955.50</b>	<b>26.20</b>	<b>0.89</b>	<b>16,349.69</b>	<b>15,822.00</b>	<b>-527.69</b>	<b>-3.34</b>	<b>39,766.00</b>
<b>TAXES &amp; INSURANCE</b>									
8440.0 Taxes-Real Estate	0.00	0.00	0.00	0	0.00	0.00	0.00	0	16,000.00
8445.0 Licenses & Permits	0.00	8.33	8.33	100.0	103.12	33.32	-69.80	-209.4	100.00
8450.0 Property Insurance	0.00	0.00	0.00	0	6,164.00	6,660.00	496.00	7.45	6,660.00
8460.0 EPL Insurance	0.00	12.50	12.50	100.0	0.00	50.00	50.00	100.0	150.00
<b>TOTAL TAXES &amp; INSURANC</b>	<b>0.00</b>	<b>20.83</b>	<b>20.83</b>	<b>100.0</b>	<b>6,267.12</b>	<b>6,743.32</b>	<b>476.20</b>	<b>7.06</b>	<b>22,910.00</b>
8510.0 Replacement Reserve P	21,518.00	784.08	-20,733.92	-2,644	23,873.00	3,136.32	-20,736.68	-661.1	9,409.00
<b>TOTAL OPERATING EXPE</b>	<b>28,776.02</b>	<b>7,836.32</b>	<b>-20,939.70</b>	<b>-267.2</b>	<b>60,237.23</b>	<b>42,502.28</b>	<b>-17,734.95</b>	<b>-41.73</b>	<b>122,493.00</b>
<b>OPERATING INCOME BEFORE D</b>	<b>-16,331.02</b>	<b>4,731.20</b>	<b>-21,062.22</b>	<b>-445.1</b>	<b>-10,411.23</b>	<b>7,767.80</b>	<b>-18,179.03</b>	<b>-234.0</b>	<b>28,317.00</b>
<b>DEBT SERVICE</b>									
8805.0 Rural Development Pay	2,004.79	2,004.83	0.04	0.00	8,019.16	8,019.32	0.16	0.00	24,058.00
<b>TOTAL DEBT SERVICE</b>	<b>2,004.79</b>	<b>2,004.83</b>	<b>0.04</b>	<b>0.00</b>	<b>8,019.16</b>	<b>8,019.32</b>	<b>0.16</b>	<b>0.00</b>	<b>24,058.00</b>
<b>OPERATING INCOME AFTER DE</b>	<b>-18,335.81</b>	<b>2,726.37</b>	<b>-21,062.18</b>	<b>-772.5</b>	<b>-18,430.39</b>	<b>-251.52</b>	<b>-18,178.87</b>	<b>-7,227</b>	<b>4,259.00</b>
<b>REPLACEMENT RESERVE</b>									
8910.0 1% Building Repair & I	875.00	1,666.67	791.67	47.50	1,875.00	6,666.68	4,791.68	71.88	20,000.00
8915.0 1% Equipment Repair &	0.00	1,625.00	1,625.00	100.0	1,079.63	6,500.00	5,420.37	83.39	19,500.00
<b>TOTAL REPLACEMENT RES</b>	<b>875.00</b>	<b>3,291.67</b>	<b>2,416.67</b>	<b>73.42</b>	<b>2,954.63</b>	<b>13,166.68</b>	<b>10,212.05</b>	<b>77.56</b>	<b>39,500.00</b>
8945.0 Reserve Payments Adjustm	-21,518.00	0.00	21,518.00	0	-23,873.00	0.00	23,873.00	0	0.00
<b>NET</b>	<b>2,307.19</b>	<b>-565.30</b>	<b>2,872.49</b>	<b>508.1</b>	<b>2,487.98</b>	<b>-13,418.20</b>	<b>15,906.18</b>	<b>118.54</b>	<b>-35,241.00</b>

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

PROJECT NAME Summerset Apartments		BORROWER NAME Summerset Housing Ltd., L.p.		BORROWER ID AND PROJECT NO. 599962974 017	
Loan/Transfer Amount \$ 940,900.00		Note Rate Payment \$ 5,868.86		IC Payment \$ 2,004.79	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input type="checkbox"/> Regular Report <input checked="" type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing	Project Rental Type <input type="checkbox"/> Family <input checked="" type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input checked="" type="checkbox"/> Water <input checked="" type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other _____	
				I hereby request <u>1</u> units of RA. Current number of RA units <u>29</u> .	
				Borrower Accounting Method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	

**PART I—CASH FLOW STATEMENT**

BEGINNING DATES> ENDING DATES>	CURRENT BUDGET (01 - 01 - 16 ) (12 - 31 - 16 )	ACTUAL (01 - 01 - 16 ) (06 - 30 - 16 )	PROPOSED BUDGET (07 - 01 - 17 ) (12 - 31 - 17 )	COMMENTS or (YTD) (01 - 01 - 16 ) (06 - 30 - 16 )
<b>OPERATIONAL CASH SOURCES</b>				
1. RENTAL INCOME .....	153,480.00	31,896.00	73,140.00	30 Revenue Pr
2. RHS RENTAL ASSISTANCE RECEIVED .....		42,370.00		
3. APPLICATION FEES RECEIVED .....		30.00		
4. LAUNDRY AND VENDING .....	0.00	0.00	0.00	
5. INTEREST INCOME .....	0.00	0.00	0.00	
6. TENANT CHARGES .....	1,200.00	0.00	200.00	
7. OTHER - PROJECT SOURCES .....	0.00	100.00	0.00	Pet Fees
8. LESS (Vacancy and Contingency Allowance) .....	( 3,070.00)		( 1,463.00)	2%
9. LESS (Agency Approved Incentive Allowance) .....	( 0.00)		( 0.00)	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)] .....	151,610.00	74,396.00	71,877.00	
<b>NON-OPERATIONAL CASH SOURCES</b>				
11. CASH - NON PROJECT .....	0.00	0.00	0.00	
12. AUTHORIZED LOAN (Non-RHS) .....	0.00	0.00	0.00	
13. TRANSFER FROM RESERVE .....	48,810.00	2,661.72	39,500.00	
14. SUB-TOTAL (11 thru 13) .....	48,810.00	2,661.72	39,500.00	
15. <b>TOTAL CASH SOURCES (10+14)</b> .....	200,420.00	77,057.72	111,377.00	
<b>OPERATIONAL CASH USES</b>				
16. TOTAL O&M EXPENSES (From Part II) .....	114,204.00	49,231.54	56,542.00	
17. RHS DEBT PAYMENT .....	24,058.00	12,028.74	12,029.00	
18. RHS PAYMENT (Overage) .....		0.00		
19. RHS PAYMENT (Late Fee) .....		0.00		
20. REDUCTION IN PRIOR YEAR PAYABLES .....		0.00		
21. TENANT UTILITY PAYMENTS .....		0.00		
22. TRANSFER TO RESERVE .....	9,409.00	14,472.68	9,409.00	
23. RETURN TO OWNER /NP ASSET MANAGEMENT FEE .	2,328.00	0.00	0.00	2016 RTO to b
24. SUB-TOTAL (16 thru 23) .....	149,999.00	75,732.96	77,980.00	
<b>NON-OPERATIONAL CASH USES</b>				
25. AUTHORIZED DEBT PAYMENT (Non-RHS) .....	0.00	0.00	0.00	
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6)	48,810.00	2,661.72	39,500.00	
27. MISCELLANEOUS .....	0.00	0.00	0.00	
28. SUB-TOTAL (25 thru 27) .....	48,810.00	2,661.72	39,500.00	
29. <b>TOTAL CASH USES (24+28)</b> .....	198,809.00	78,394.68	117,480.00	
30. <b>NET CASH (DEFICIT) (15-29)</b> .....	1,611.00	-1,336.96	-6,103.00	
<b>CASH BALANCE</b>				
31. BEGINNING CASH BALANCE .....	5,673.80	35,569.48	7,284.80	
32. ACCRUAL TO CASH ADJUSTMENT .....		0.00		
33. ENDING CASH BALANCE (30+31+32) .....	7,284.80	34,232.52	1,181.80	

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 or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL .....	6,600.00	3,246.63	3,300.00	Maintenance or
2. MAINTENANCE AND REPAIRS SUPPLY .....	10,700.00	5,397.66	5,400.00	
3. MAINTENANCE AND REPAIRS CONTRACT .....	0.00	0.00	0.00	
4. PAINTING .....	2,000.00	229.60	1,000.00	
5. SNOW REMOVAL .....	0.00	0.00	0.00	
6. ELEVATOR MAINTENANCE/CONTRACT .....	0.00	0.00	0.00	
7. GROUNDS .....	8,200.00	3,768.00	4,100.00	600/M + 1000
8. SERVICES .....	2,182.00	1,653.33	1,892.00	190.47/M/PestC
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0.00	0.00	0.00	
10. OTHER OPERATING EXPENSES (Itemize) .....	125.00	116.00	62.00	UA calc fees
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10) .....	29,807.00	14,411.22	15,754.00	
12. ELECTRICITY <span style="font-size: small;">If master metered</span> .....	5,500.00	2,416.55	2,750.00	
13. WATER <span style="font-size: small;">check box on</span> .....	4,000.00	1,049.11	2,000.00	
14. SEWER <span style="font-size: small;">front.</span> .....	7,000.00	3,240.58	3,500.00	
15. FUEL (Oil/Coal/Gas) .....	0.00	0.00	0.00	
16. GARBAGE & TRASH REMOVAL .....	2,400.00	1,167.52	1,200.00	
17. OTHER UTILITIES .....	0.00	43.76	0.00	
18. SUB-TOTAL UTILITIES (12 thru 17) .....	18,900.00	7,917.52	9,450.00	
19. SITE MANAGEMENT PAYROLL .....	9,312.00	4,403.96	4,632.00	747/M (3% incr
20. MANAGEMENT FEE .....	16,920.00	8,149.00	8,820.00	\$49x30Ux12M
21. PROJECT AUDITING EXPENSE .....	4,000.00	3,880.00	2,000.00	
22. PROJECT BOOKKEEPING/ACCOUNTING .....	0.00	0.00	0.00	
23. LEGAL EXPENSES .....	150.00	0.00	50.00	
24. ADVERTISING .....	450.00	225.00	225.00	
25. TELEPHONE & ANSWERING SERVICE .....	3,500.00	1,034.29	1,100.00	
26. OFFICE SUPPLIES .....	1,200.00	376.15	450.00	
27. OFFICE FURNITURE & EQUIPMENT .....	1,201.00	669.44	599.00	79/MCompSup
28. TRAINING EXPENSE .....	1,134.00	214.36	569.00	
29. HEALTH INS. & OTHER EMP. BENEFITS .....	400.00	141.00	188.00	
30. PAYROLL TAXES .....	1,600.00	763.73	800.00	
31. WORKER'S COMPENSATION .....	600.00	473.09	300.00	
32. OTHER ADMINISTRATIVE EXPENSES (Itemize) .....	300.00	300.00	150.00	Property tax co
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32) .....	40,767.00	20,630.02	19,883.00	
34. REAL ESTATE TAXES .....	18,000.00	0.00	8,000.00	
35. SPECIAL ASSESSMENTS .....	0.00	0.00	0.00	
36. OTHER TAXES, LICENSES & PERMITS .....	100.00	52.78	50.00	reg fee
37. PROPERTY & LIABILITY INSURANCE .....	6,480.00	6,220.00	3,330.00	222/U (3% inc)
38. FIDELITY COVERAGE INSURANCE .....	0.00	0.00	0.00	
39. OTHER INSURANCE .....	150.00	0.00	75.00	EPL
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39) .....	24,730.00	6,272.78	11,455.00	
41. TOTAL O&M EXPENSES (11+18+33+40) .....	114,204.00	49,231.54	56,542.00	

**PART III—ACCOUNT BUDGETING/STATUS**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
<b>RESERVE ACCOUNT:</b>				
1. BEGINNING BALANCE .....	124,104.00	123,348.86	135,159.82	Prop bea buda
2. TRANSFER TO RESERVE .....	9,409.00	14,472.68	9,409.00	\$785/M + \$976
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT .....	0.00	0.00	0.00	
4. ANNUAL CAPITAL BUDGET ( <i>Part V - Reserve</i> ) .....	48,810.00	333.72	39,500.00	
5. BUILDING & EQUIPMENT REPAIR .....	0.00	0.00	0.00	
6. OTHER NON-OPERATING EXPENSES .....	0.00	2,328.00	0.00	2015 RTO
7. TOTAL ( <i>3 thru 6</i> ) .....	( 48,810.00)	( 2,661.72)	( 39,500.00)	
8. ENDING BALANCE [(1+2)-7] .....	84,703.00	135,159.82	105,068.82	

**GENERAL OPERATING ACCOUNT:\***

BEGINNING BALANCE .....	15,400.11	
ENDING BALANCE .....	6,285.15	

**REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:\***

BEGINNING BALANCE .....	20,169.37	
ENDING BALANCE .....	27,947.37	

**TENANT SECURITY DEPOSIT ACCOUNT:\***

BEGINNING BALANCE .....	8,104.00	
ENDING BALANCE .....	7,791.00	

(\*Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST	0	RESERVE ACCT. REQ. BALANCE.....	0.00
NUMBER OF APPLICANTS NEEDING RA.....	0	AMOUNT AHEAD/BEHIND .....	0.00

**PART IV—RENT SCHEDULE AND UTILITY ALLOWANCE**

**A. CURRENT APPROVED RENTS/ UTILITY ALLOWANCE**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	N	28	425.00	532.00	0.00	142,800.00	178,752.00	0.00	71.00
2	N	2	445.00	556.00	0.00	10,680.00	13,344.00	0.00	80.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CURRENT RENT TOTALS:						153,480.00	192,096.00	0.00	
						BASIC	NOTE	HUD	

**B. PROPOSED RENTS - Effective Date: 07 / 01 / 17**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
1	N	28	405.00	531.00	0.00	136,080.00	178,416.00	0.00	
2	N	2	425.00	606.00	0.00	10,200.00	14,544.00	0.00	
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	
PROPOSED RENT TOTALS:						146,280.00	192,960.00	0.00	
						BASIC	NOTE	HUD	

**C. PROPOSED UTILITY ALLOWANCE - Effective Date: 07 / 01 / 17**

MONTHLY DOLLAR ALLOWANCES									
BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
1	N	28	71.00	0.00	0.00	0.00	0.00	0.00	71.00
2	N	2	80.00	0.00	0.00	0.00	0.00	0.00	80.00
2	Z	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0	*	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**PART V - ANNUAL CAPITAL BUDGET**

	Proposed Number of Units/Items	Proposed from Reserve	Actual from Reserve	Proposed from Operating	Actual from Operating	Actual Total Cost	Total Actual Units/Items
<b>Appliances:</b>							
Range .....	0	0.00	0.00	0.00	0.00	0.00	C
Refrigerator .....	5	3,000.00	0.00	0.00	0.00	0.00	C
Range Hood .....	0	0.00	0.00	0.00	0.00	0.00	C
Washers & Dryers .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Carpet &amp; Vinyl:</b>							
1BR .....	4	12,000.00	0.00	0.00	0.00	0.00	C
2BR .....	2	8,000.00	0.00	0.00	0.00	0.00	C
3BR .....	0	0.00	0.00	0.00	0.00	0.00	C
4BR .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Cabinets:</b>							
Kitchens .....	0	0.00	0.00	0.00	0.00	0.00	C
Bathrooms .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Doors:</b>							
Exterior .....	0	0.00	0.00	0.00	0.00	0.00	C
Interior .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Window Coverings:</b>							
List: .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Heating &amp; Air Conditioning:</b>							
Heating .....	0	0.00	0.00	0.00	0.00	0.00	C
Air Conditioning .....	4	15,000.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Plumbing:</b>							
Water Heater .....	3	1,500.00	333.72	0.00	0.00	333.72	1
Bath Sinks .....	0	0.00	0.00	0.00	0.00	0.00	C
Kitchen Sinks .....	0	0.00	0.00	0.00	0.00	0.00	C
Faucets .....	0	0.00	0.00	0.00	0.00	0.00	C
Toilets .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Major Electrical:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Structures:</b>							
Windows .....	0	0.00	0.00	0.00	0.00	0.00	C
Screens .....	0	0.00	0.00	0.00	0.00	0.00	C
Walls .....		0.00	0.00	0.00	0.00	0.00	
Roofing .....		0.00	0.00	0.00	0.00	0.00	
Siding .....		0.00	0.00	0.00	0.00	0.00	
Exterior Painting .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Paving:</b>							
Asphalt .....		0.00	0.00	0.00	0.00	0.00	
Concrete .....		0.00	0.00	0.00	0.00	0.00	
Seal & Stripe .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Landscape &amp; Grounds:</b>							
Landscaping .....		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment .....		0.00	0.00	0.00	0.00	0.00	
Fencing .....		0.00	0.00	0.00	0.00	0.00	
Recreation Area .....		0.00	0.00	0.00	0.00	0.00	
Signs .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Accessibility Features:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Automation Equipment:</b>							
Site Management .....		0.00	0.00	0.00	0.00	0.00	
Common Area .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Other:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
<b>TOTAL CAPITAL EXPENSES:</b>	<b>18</b>	<b>39,500.00</b>	<b>333.72</b>	<b>0.00</b>	<b>0.00</b>	<b>333.72</b>	<b>1</b>

**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 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)

\_\_\_\_\_  
(Signature of Borrower or Borrower's Representative)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
**AGENCY APPROVAL** (*Rural Development Approval Official*):

\_\_\_\_\_  
DATE:

**COMMENTS:**

A) This is a 6-month budget for Summerset Apartments that will be effective 7/1/17. The reason for the mid-year budget is because RD requested a \$20 rate decrease due to surplus cash at the property.

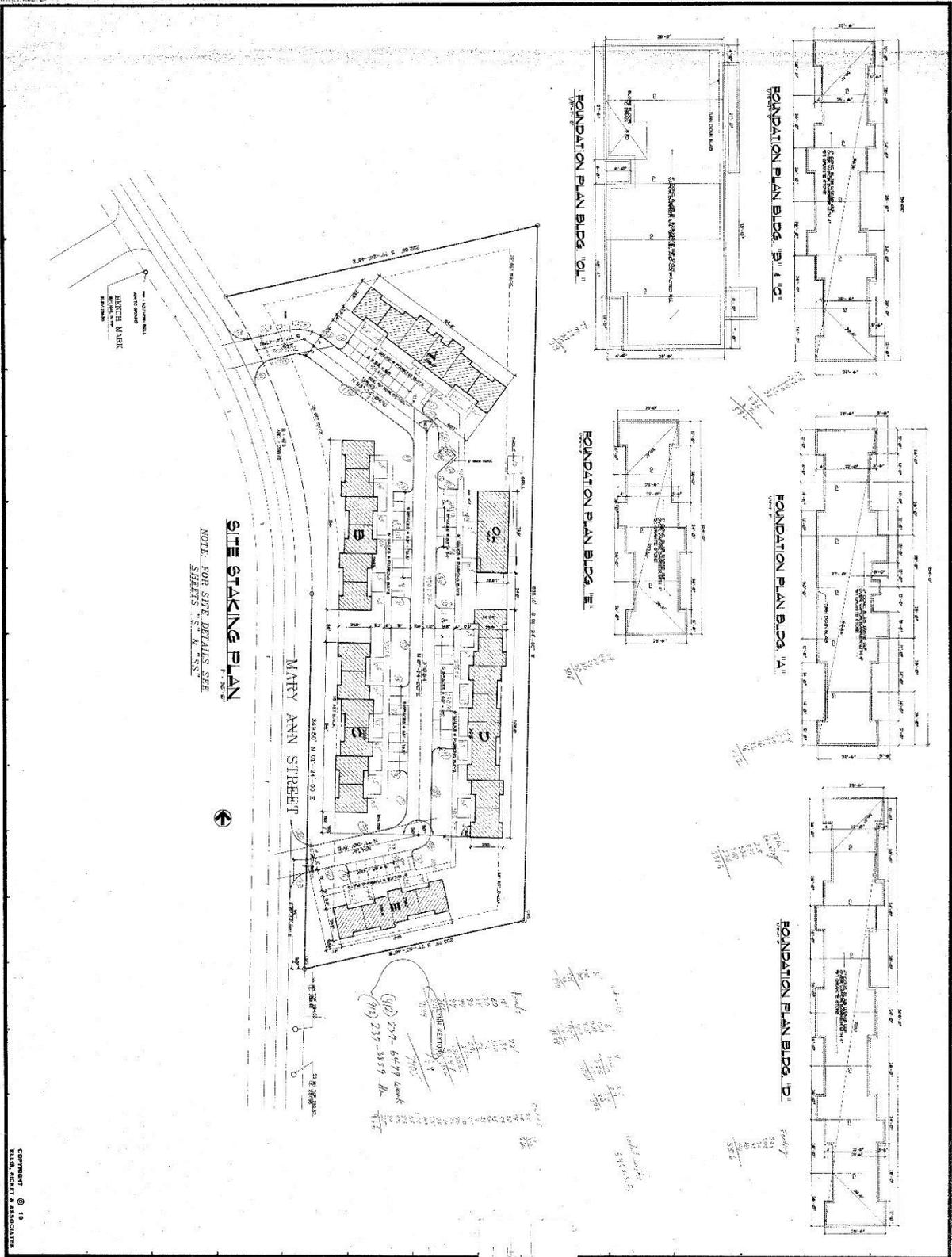
All rental rates were decreased by \$20. Annual expenses were halved.

Summerset Apartments

**PART V - ANNUAL CAPITAL BUDGET (ADDENDUM)**

	Current Number of Units/Items	Current from Reserved	YTD from Reserve	Current from Operating	YTD from Operating	YTD Total Cost	Total YTD Units/Items
<b>Appliances:</b>							
Range .....	0	0.00	0.00	0.00	0.00	0.00	C
Refrigerator .....	5	2,610.00	0.00	0.00	0.00	0.00	C
Range Hood .....	0	0.00	0.00	0.00	0.00	0.00	C
Washers & Dryers .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Carpet &amp; Vinyl:</b>							
1BR .....	4	7,500.00	0.00	0.00	0.00	0.00	C
2BR .....	2	5,000.00	0.00	0.00	0.00	0.00	C
3BR .....	0	0.00	0.00	0.00	0.00	0.00	C
4BR .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Cabinets:</b>							
Kitchens .....	0	0.00	0.00	0.00	0.00	0.00	C
Bathrooms .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Doors:</b>							
Exterior .....	0	0.00	0.00	0.00	0.00	0.00	C
Interior .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Window Coverings:</b>							
List: .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Heating &amp; Air Conditioning:</b>							
Heating .....	0	0.00	0.00	0.00	0.00	0.00	C
Air Conditioning .....	4	12,000.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Plumbing:</b>							
Water Heater .....	3	1,200.00	333.72	0.00	0.00	333.72	1
Bath Sinks .....	0	0.00	0.00	0.00	0.00	0.00	C
Kitchen Sinks .....	0	0.00	0.00	0.00	0.00	0.00	C
Faucets .....	0	0.00	0.00	0.00	0.00	0.00	C
Toilets .....	0	0.00	0.00	0.00	0.00	0.00	C
Other: .....	0	0.00	0.00	0.00	0.00	0.00	C
<b>Major Electrical:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Structures:</b>							
Windows .....	0	0.00	0.00	0.00	0.00	0.00	C
Screens .....	8	500.00	0.00	0.00	0.00	0.00	C
Walls .....		0.00	0.00	0.00	0.00	0.00	
Roofing .....		0.00	0.00	0.00	0.00	0.00	
Siding .....		0.00	0.00	0.00	0.00	0.00	
Exterior Painting .....		10,000.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Paving:</b>							
Asphalt .....		0.00	0.00	0.00	0.00	0.00	
Concrete .....		5,000.00	0.00	0.00	0.00	0.00	
Seal & Stripe .....		5,000.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Landscape &amp; Grounds:</b>							
Landscaping .....		0.00	0.00	0.00	0.00	0.00	
Lawn Equipment .....		0.00	0.00	0.00	0.00	0.00	
Fencing .....		0.00	0.00	0.00	0.00	0.00	
Recreation Area .....		0.00	0.00	0.00	0.00	0.00	
Signs .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Accessibility Features:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Automation Equipment:</b>							
Site Management .....		0.00	0.00	0.00	0.00	0.00	
Common Area .....		0.00	0.00	0.00	0.00	0.00	
Other: .....		0.00	0.00	0.00	0.00	0.00	
<b>Other:</b>							
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
List: .....		0.00	0.00	0.00	0.00	0.00	
<b>TOTAL CAPITAL EXPENSES:</b>	26	48,810.00	333.72	0.00	0.00	333.72	1





**SITE STAKING PLAN**

NOTE: FOR SITE DETAILS SEE SHEETS 1, 2, & 3

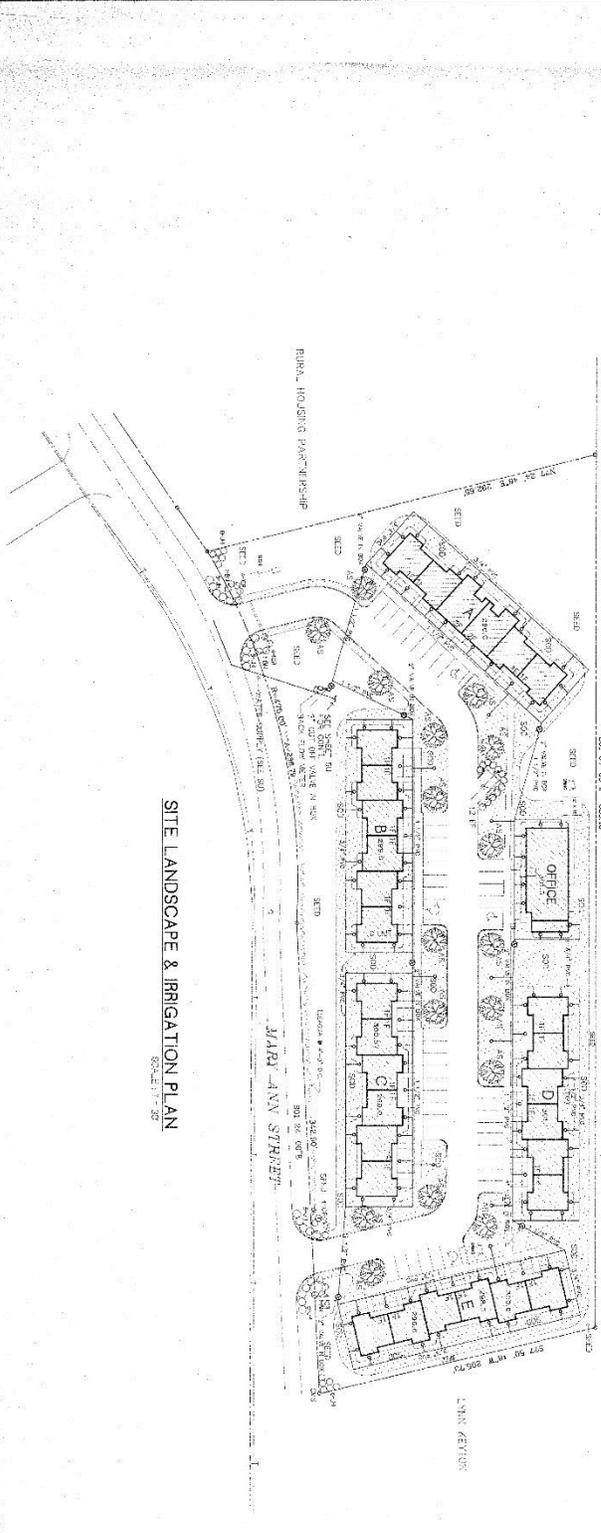
MARY ANN STREET

**ELLIS, RICKET & ASSOCIATES**  
**ARCHITECTS**  
 Post Office Box 2977 Valosta, Georgia 31601 Telephone (912) 242-3556

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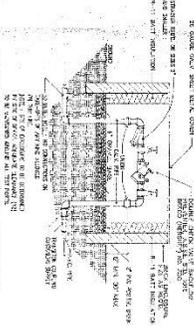


SITE STAKING PLAN

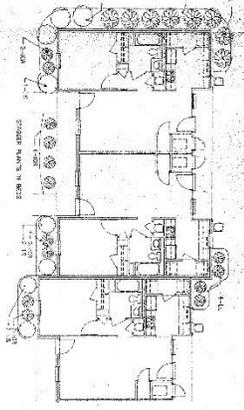


**SITE LANDSCAPE & IRRIGATION PLAN**  
SCALE: 1" = 30'

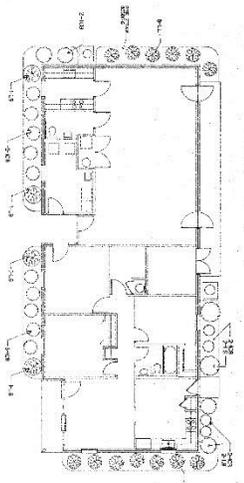
**DOUBLE CHECK VALVE ASSEMBLY**



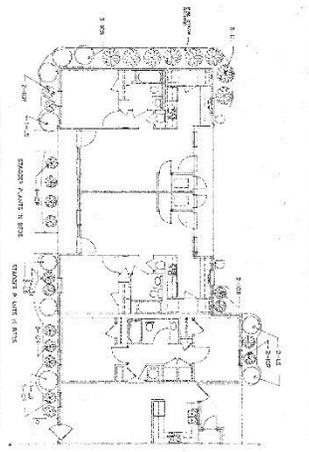
**1BR FLAT LANDSCAPE PLAN**



**OFFICE/LAUNDRY/MGR. APT. LANDSCAPE PLAN**



**1BR FLAT / 2BR FLAT LANDSCAPE PLAN**



**PLANT MATERIALS SCHEDULE**

NO.	SYMBOL	PLANT MATERIAL	QUANTITY	NOTES
1	(Symbol)	1" x 1" x 1" PLANT	10	
2	(Symbol)	2" x 2" x 2" PLANT	5	
3	(Symbol)	3" x 3" x 3" PLANT	3	
4	(Symbol)	4" x 4" x 4" PLANT	2	
5	(Symbol)	5" x 5" x 5" PLANT	1	
6	(Symbol)	6" x 6" x 6" PLANT	1	
7	(Symbol)	7" x 7" x 7" PLANT	1	
8	(Symbol)	8" x 8" x 8" PLANT	1	
9	(Symbol)	9" x 9" x 9" PLANT	1	
10	(Symbol)	10" x 10" x 10" PLANT	1	
11	(Symbol)	11" x 11" x 11" PLANT	1	
12	(Symbol)	12" x 12" x 12" PLANT	1	
13	(Symbol)	13" x 13" x 13" PLANT	1	
14	(Symbol)	14" x 14" x 14" PLANT	1	
15	(Symbol)	15" x 15" x 15" PLANT	1	
16	(Symbol)	16" x 16" x 16" PLANT	1	
17	(Symbol)	17" x 17" x 17" PLANT	1	
18	(Symbol)	18" x 18" x 18" PLANT	1	
19	(Symbol)	19" x 19" x 19" PLANT	1	
20	(Symbol)	20" x 20" x 20" PLANT	1	
21	(Symbol)	21" x 21" x 21" PLANT	1	
22	(Symbol)	22" x 22" x 22" PLANT	1	
23	(Symbol)	23" x 23" x 23" PLANT	1	
24	(Symbol)	24" x 24" x 24" PLANT	1	
25	(Symbol)	25" x 25" x 25" PLANT	1	
26	(Symbol)	26" x 26" x 26" PLANT	1	
27	(Symbol)	27" x 27" x 27" PLANT	1	
28	(Symbol)	28" x 28" x 28" PLANT	1	
29	(Symbol)	29" x 29" x 29" PLANT	1	
30	(Symbol)	30" x 30" x 30" PLANT	1	

**NOTES:**  
1. ALL PLANTS TO BE INSTALLED AS SHOWN AT THE TIME OF CONSTRUCTION.  
2. ALL PLANTS TO BE MAINTAINED THROUGHOUT THE LIFE OF THE PROJECT.  
3. ALL PLANTS TO BE REPLACED AS NECESSARY.  
4. ALL PLANTS TO BE WATERED REGULARLY.  
5. ALL PLANTS TO BE FERTILIZED REGULARLY.  
6. ALL PLANTS TO BE PRUNED REGULARLY.  
7. ALL PLANTS TO BE PROTECTED FROM PESTS AND DISEASES.  
8. ALL PLANTS TO BE PROTECTED FROM WEATHER.  
9. ALL PLANTS TO BE PROTECTED FROM VANDALISM.  
10. ALL PLANTS TO BE PROTECTED FROM THEFT.







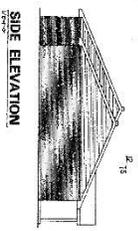
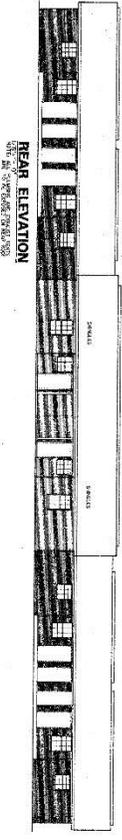
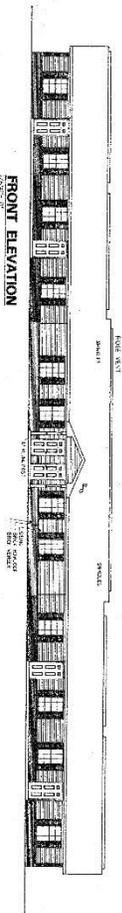
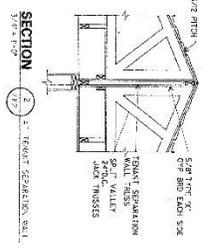


SCALE 1/8" = 1'-0"

3/20/77

**TRUSS PROFILE** AT TRUSS SEPARATION WALL

NOTE:  
THIS PROFILE IS RETURNED TO SCAFFOLDING.  
SOME CHANGES AND REVISIONS TO THIS DRAWING ARE PERMITTED.  
AND DO NOT FOR ANY OTHER PROJECTS.



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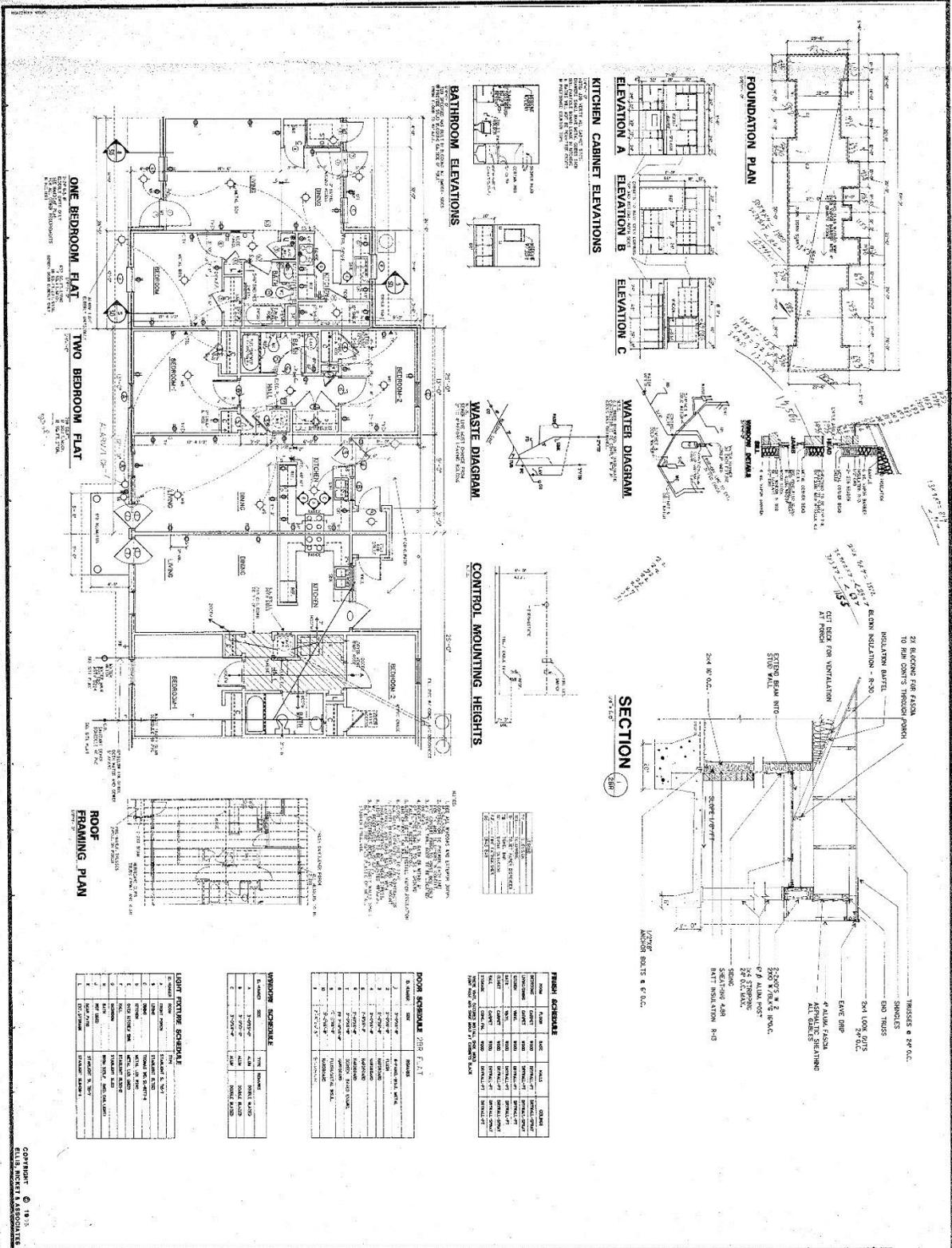
**ELLIS, RICKET & ASSOCIATES**  
**ARCHITECTS**  
Post Office Box 2977 Valdosta, Georgia 31601 Telephone (912) 242-3556

DATE	DESCRIPTION
11/15/77	REVISED



**ELEVATIONS 1BR FLAT / 2BR FLAT**

9120



**FOUNDATION PLAN**

**KITCHEN CABINET ELEVATIONS**  
ELEVATION A  
ELEVATION B  
ELEVATION C

**BATHROOM ELEVATIONS**

**WASTE DIAGRAM**

**WATER DIAGRAM**

**SECTION**

**CONTROL MOUNTING HEIGHTS**

**ONE BEDROOM FLAT**

**TWO BEDROOM FLAT**

**ROOF FRAMING PLAN**

**FINISH SCHEDULE**

**ROOM SCHEDULE**

**WINDOW SCHEDULE**

**LIGHT FIXTURE SCHEDULE**

NO.	DESCRIPTION	QTY	UNIT
1	WOOD		
2	PAINT		
3	GLASS		
4	CEILING		
5	FLOOR		
6	WALL		
7	DOOR		
8	WINDOW		
9	ROOF		
10	MECHANICAL		
11	ELECTRICAL		
12	PLUMBING		
13	FINISH		

NO.	ROOM	FINISH
1	LIVING	WOOD
2	DINING	WOOD
3	KITCHEN	WOOD
4	BEDROOM 1	WOOD
5	BEDROOM 2	WOOD
6	BATHROOM	WOOD
7	HALL	WOOD
8	CLOSET	WOOD
9	ROOF	WOOD

NO.	DESCRIPTION	QTY	UNIT
1	WOOD		
2	PAINT		
3	GLASS		
4	CEILING		
5	FLOOR		
6	WALL		
7	DOOR		
8	WINDOW		
9	ROOF		
10	MECHANICAL		
11	ELECTRICAL		
12	PLUMBING		
13	FINISH		

NO.	DESCRIPTION	QTY	UNIT
1	WOOD		
2	PAINT		
3	GLASS		
4	CEILING		
5	FLOOR		
6	WALL		
7	DOOR		
8	WINDOW		
9	ROOF		
10	MECHANICAL		
11	ELECTRICAL		
12	PLUMBING		
13	FINISH		



ELLIS, RICKETT & ASSOCIATES  
ARCHITECTS  
207 PORT ARCH BOX 2977  
VALDOSTA, GEORGIA 31601  
TELEPHONE (912) 242-3565

DATE: 12/15/78  
PROJECT: TWO BEDROOM FLAT WITH ONE BEDROOM FLAT  
DRAWN BY: J. RICKETT  
CHECKED BY: J. RICKETT  
SCALE: AS SHOWN

CONTRACT NO. 1001  
SHEET NO. 1 OF 1

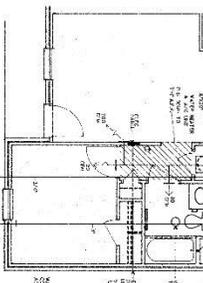
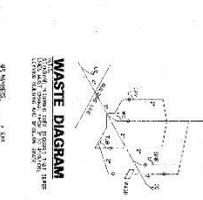
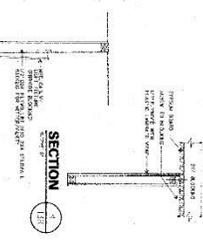
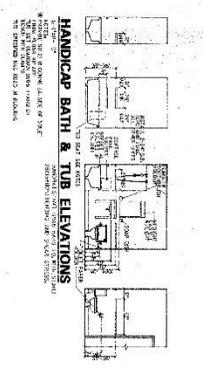
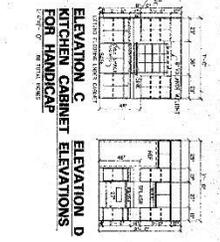
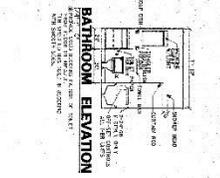
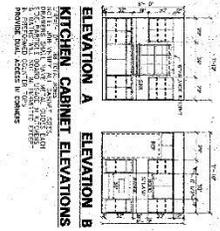
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ADDRESS: [Address Redacted]

CITY: [City Redacted]

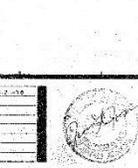
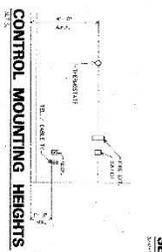
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ZIP: [ZIP Redacted]



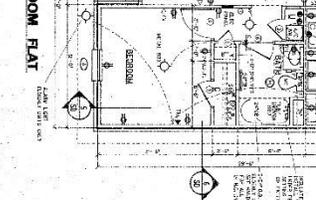
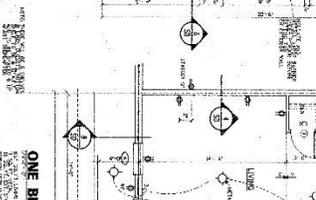
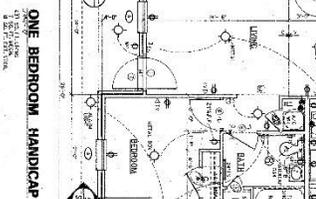
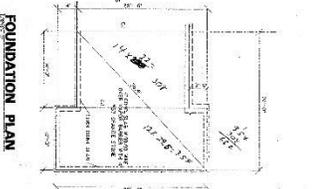
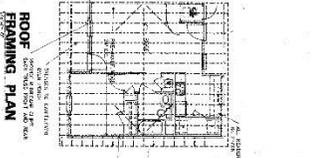
NOTES:  
1. ALL DIMENSIONS ARE UNLESS OTHERWISE SPECIFIED.  
2. ALL FINISHES ARE TO BE AS SHOWN ON THE FINISH SCHEDULE.  
3. ALL WORK IS TO BE ACCORDING TO THE 2000 INTERNATIONAL RESIDENTIAL CODE AND ALL APPLICABLE LOCAL ORDINANCES.  
4. ALL WORK IS TO BE ACCORDING TO THE 2000 INTERNATIONAL MECHANICAL HANDBOOK AND ALL APPLICABLE LOCAL ORDINANCES.  
5. ALL WORK IS TO BE ACCORDING TO THE 2000 INTERNATIONAL ELECTRICAL HANDBOOK AND ALL APPLICABLE LOCAL ORDINANCES.  
6. ALL WORK IS TO BE ACCORDING TO THE 2000 INTERNATIONAL PLUMBING HANDBOOK AND ALL APPLICABLE LOCAL ORDINANCES.  
7. ALL WORK IS TO BE ACCORDING TO THE 2000 INTERNATIONAL ROOFING HANDBOOK AND ALL APPLICABLE LOCAL ORDINANCES.  
8. ALL WORK IS TO BE ACCORDING TO THE 2000 INTERNATIONAL FOUNDATION HANDBOOK AND ALL APPLICABLE LOCAL ORDINANCES.

NO.	DESCRIPTION	QTY	UNIT
1	CONCRETE	100	CU YD
2	STEEL	100	LB
3	BRICK	100	1000
4	CEMENT	100	50 LB BAGS
5	ROOFING	100	SQ YD
6	PAINT	100	50 GAL
7	GLASS	100	SQ FT
8	WOOD	100	CU YD
9	MECHANICAL	100	HR
10	ELECTRICAL	100	HR
11	PLUMBING	100	HR
12	ROOFING	100	HR
13	PAINT	100	HR
14	GLASS	100	HR
15	WOOD	100	HR
16	MECHANICAL	100	HR
17	ELECTRICAL	100	HR
18	PLUMBING	100	HR
19	ROOFING	100	HR
20	PAINT	100	HR
21	GLASS	100	HR
22	WOOD	100	HR
23	MECHANICAL	100	HR
24	ELECTRICAL	100	HR
25	PLUMBING	100	HR
26	ROOFING	100	HR
27	PAINT	100	HR
28	GLASS	100	HR
29	WOOD	100	HR
30	MECHANICAL	100	HR
31	ELECTRICAL	100	HR
32	PLUMBING	100	HR
33	ROOFING	100	HR
34	PAINT	100	HR
35	GLASS	100	HR
36	WOOD	100	HR
37	MECHANICAL	100	HR
38	ELECTRICAL	100	HR
39	PLUMBING	100	HR
40	ROOFING	100	HR
41	PAINT	100	HR
42	GLASS	100	HR
43	WOOD	100	HR
44	MECHANICAL	100	HR
45	ELECTRICAL	100	HR
46	PLUMBING	100	HR
47	ROOFING	100	HR
48	PAINT	100	HR
49	GLASS	100	HR
50	WOOD	100	HR



**FINISH SCHEDULE**

NO.	DESCRIPTION	QTY	UNIT
1	CONCRETE	100	CU YD
2	STEEL	100	LB
3	BRICK	100	1000
4	CEMENT	100	50 LB BAGS
5	ROOFING	100	SQ YD
6	PAINT	100	50 GAL
7	GLASS	100	SQ FT
8	WOOD	100	CU YD
9	MECHANICAL	100	HR
10	ELECTRICAL	100	HR
11	PLUMBING	100	HR
12	ROOFING	100	HR
13	PAINT	100	HR
14	GLASS	100	HR
15	WOOD	100	HR
16	MECHANICAL	100	HR
17	ELECTRICAL	100	HR
18	PLUMBING	100	HR
19	ROOFING	100	HR
20	PAINT	100	HR
21	GLASS	100	HR
22	WOOD	100	HR
23	MECHANICAL	100	HR
24	ELECTRICAL	100	HR
25	PLUMBING	100	HR
26	ROOFING	100	HR
27	PAINT	100	HR
28	GLASS	100	HR
29	WOOD	100	HR
30	MECHANICAL	100	HR
31	ELECTRICAL	100	HR
32	PLUMBING	100	HR
33	ROOFING	100	HR
34	PAINT	100	HR
35	GLASS	100	HR
36	WOOD	100	HR
37	MECHANICAL	100	HR
38	ELECTRICAL	100	HR
39	PLUMBING	100	HR
40	ROOFING	100	HR
41	PAINT	100	HR
42	GLASS	100	HR
43	WOOD	100	HR
44	MECHANICAL	100	HR
45	ELECTRICAL	100	HR
46	PLUMBING	100	HR
47	ROOFING	100	HR
48	PAINT	100	HR
49	GLASS	100	HR
50	WOOD	100	HR



**ELLIS, RICKET & ASSOCIATES**  
**ARCHITECTS**  
Post Office Box 2917 Valdosta, Georgia 31601 Telephone (912) 242-3546

NO.	DESCRIPTION	QTY	UNIT
1	CONCRETE	100	CU YD
2	STEEL	100	LB
3	BRICK	100	1000
4	CEMENT	100	50 LB BAGS
5	ROOFING	100	SQ YD
6	PAINT	100	50 GAL
7	GLASS	100	SQ FT
8	WOOD	100	CU YD
9	MECHANICAL	100	HR
10	ELECTRICAL	100	HR
11	PLUMBING	100	HR
12	ROOFING	100	HR
13	PAINT	100	HR
14	GLASS	100	HR
15	WOOD	100	HR
16	MECHANICAL	100	HR
17	ELECTRICAL	100	HR
18	PLUMBING	100	HR
19	ROOFING	100	HR
20	PAINT	100	HR
21	GLASS	100	HR
22	WOOD	100	HR
23	MECHANICAL	100	HR
24	ELECTRICAL	100	HR
25	PLUMBING	100	HR
26	ROOFING	100	HR
27	PAINT	100	HR
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29	WOOD	100	HR
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32	PLUMBING	100	HR
33	ROOFING	100	HR
34	PAINT	100	HR
35	GLASS	100	HR
36	WOOD	100	HR
37	MECHANICAL	100	HR
38	ELECTRICAL	100	HR
39	PLUMBING	100	HR
40	ROOFING	100	HR
41	PAINT	100	HR
42	GLASS	100	HR
43	WOOD	100	HR
44	MECHANICAL	100	HR
45	ELECTRICAL	100	HR
46	PLUMBING	100	HR
47	ROOFING	100	HR
48	PAINT	100	HR
49	GLASS	100	HR
50	WOOD	100	HR



ONE BEDROOM FLAT



**2015 REHABILITATION WORK SCOPE**

PROJECT NAME: Summerset apartments	YEAR BUILT: 1994
PROJECT LOCATION: 317 Mary Ann Lane, Swainsboro, Ga.30401	UNIT COUNT: 31
	GROSS SQUARE FOOTAC 20,069

CSI DIVISION		TRADE ITEM	Describe scope: materials, performance specifications	Percentage of total existing to be demoed or replaced	QUANTITY	UNIT (sf, lf, ea, cy, sy, etc.)	UNIT COST	TOTAL (quantity * unit cost)
New Format	Old Format							
24	n/a	Accessibility						\$0
			One - 1 Bedroom accessible Unit, and One Two Bedroom Accessible Unit, Demo existing kitchen, bathroom, HVAC, and part of bedroom walls. Demo bathroom concrete floor to relocate plumbing. Relocate laundry room and HVAC closet. Frame new walls, install new plumbing lines, new electrical lines in walls that were moved. Install new drywall, paint and floor covering. Provide one sight and hearing impaired kit to be left in office for the manager.					
24		convert existing units to UFAS-complaint units		65	2 Apts.		17540	\$35,080
24		retrofit existing units for Fair Housing compliance						\$0
24		retrofit existing clubhouse to meet UFAS, Fair Housing, & ADA	Laundry sink not accessible, Kitchen cabinets not accessible	100	1 each		8760	\$8,760
24		retrofit existing site to meet Fair Housing, ADA	2% of the Main Sidewalks cross slope exceeds 2% and must be redone to have a 2% or less cross slope. 4 of the Entrance walks have sunk, causing a tripping hazard going to the front porch of the units. several main sidewalks have raised concrete causing tripping hazards. - 3 Handicap parking spaces have a slope greater than 2% slope and cross slope and need to be redone.	12	1898 SF		5.5	\$10,439
<b>Total (Accessibility)</b>								<b>\$54,279</b>
37	2	Demolition						\$0
37		site						\$0
37		bdg interiors: ceilings, walls, floor, plumbing, HVAC, elec						\$0
37		bdg exteriors: siding, roofing, patios, decks, stairs, breezeways						\$0
35	2	Unusual site conditions (such as lead, asbestos, mold abatement)						\$0
35		lead abatement						\$0
35		asbestos abatement						\$0
35		mold abatement						\$0
30	2	Earth Work						\$0
30		regrade for drainage control	regrade swells, fill and level ponding areas	8	182 LF		45	\$8,190
30		regrade for elimination of erosion situations						\$0
30								\$0
34	2	Landscaping & irrigation						\$0
34		sodding/seeding						\$0
34		trees, shrubs, and annuals	Add native and drought tolerant trees and plants	5	100 each		85	\$8,500
34		irrigation						\$0
34		tree pruning, root removal	Remove two damaged trees	3	2 each		450	\$900
33	2	Retaining walls						\$0
33	2	Site Improvements						\$0
33		fencing						\$0
33		exterior amenities construction (list each amenity separately)	New Picnic Pavillion, picnic tables, grill.	100	1 each		22400	\$22,400
32	2	Roads (paving)	Repair Concrete roads, cracked and broken concrete	8	2100 SF		6	\$12,600
32		asphalt paving						\$0

32	2	Site concrete (curbs, gutters, & sidewalks)							\$0
32		curb & gutter	Repair Cracked Curb and Gutter	5	140 LF		12		\$1,680
32		sidewalks	Add concrete accessible sidewalks to picnic pavillion	2	520 SF		6.2		\$3,224
32		Video utilities							\$0
31	2	Site Utilities							\$0
31		water service							\$0
31		fire service							\$0
31		storm water piping							\$0
31		sewer service	Video and clean sewer lines	100	1200 LF		8		\$9,600
31		electrical service							\$0
31		gas service							\$0
<b>Total (Land Improvements)</b>									<b>\$67,084</b>
1	3	Concrete (building pads & gypcrete)							\$0
2	4	Masonry	Pressure wash brick and point up	100	6 Bldgs.		500		\$3,000
3	5	Metals (stair stringers, metal decking, handrails, structural steel)							\$0
3		stair pans/stringers							\$0
3		corrugated metal decking							\$0
3		handrails							\$0
3		structural steel							\$0
4	6	Rough carpentry (framing, sheathing, decking)							\$0
4		framing							\$0
4		ext wall sheathing							\$0
4		floor decking							\$0
4		attic draft stops	Repair and seal	repair		26 Fire Walls	145		\$3,770
4		exterior wood decks/patios and rails							\$0
5	6	Finish Carpentry (window sills, wood base, wood paneling, exterior wood trim, shutters, etc)							\$0
5		exterior trim including shutters	replace Shutters	100	80 pair		98		\$7,840
5		interior trim including wood base	Replace Exterior door trim and damaged window stools	100	31 units		256		\$7,936
6	7	Waterproofing, caulking and sealants	Caulk all receptacles, light fixture boxes, windows, doors	100	31 units		160		\$4,960
7	7	Insulation							\$0
7		wall insulation							\$0
7		roof insulation	Boost Attic Insulation to R-38	100	20069 SF		0.39		\$7,827
7		sound insulation							\$0
8	7	Roofing							\$0
8		shingles (or other roofing material)	Replace with 25 year asphalt Shingles	60	162 SQ		250		\$40,500
8		gutters & downspouts							\$0
6	7	Siding/stucco	Replace vinyl siding	100	6100 SF		4		\$24,400
10	8	Doors & hardware							\$0
10		interior doors	Replace interior door units	100	227 each		90		\$20,430
10		exterior doors	Replace exterior door units	100	98 each		390		\$38,220
10		hardware	Replace Door hardware	100	31 each		320		\$9,920
10		Storm Doors	Replace Storm doors	100	64 each		120		\$7,680
11	8	Windows/glass							\$0
11		Windows	Replace all windows with Low-E, U-Factor 0.35 and SHG	100	134 each		330		\$44,220
11		mirrors							\$0
13	9	Drywall							\$0
13		repair and replacement-walls	Repair damaged areas	2.5	684 SF		4		\$2,736
13		repair and placement-ceiling	Repair damaged areas and spray finish	1.8	512 SF		4		\$2,048
14	9	Tile work							\$0
14		tub surrounds							\$0
14		ceramic floors							\$0
16	9	Resilient/wood flooring							\$0
16		VCT							\$0
16		sheet goods	Replace Vinyl Flooring	71	1923 SY		18.75		\$36,056
16		wood flooring							\$0
17	9	Painting							\$0

17		exterior walls							\$0
17		interior walls	Semi Gloss Enamel	100	20069 SF	0.75			\$15,052
17		ceilings							\$0
17		doors & trim	Semi Gloss Enamel	100	20069 SF	0.25			\$5,017
17		steel: handrails, stairs, etc	Hand Rails	100	341 LF	5.5			\$1,876
17		additional prep work (sandblasting)							\$0
18	10	Specialties							\$0
18		signage	New Office Signs, Temporary Signs	100	7 each		80		\$560
18		toilet accessories including framed mirrors	New Towel Bars, TP Holder, Mirror	100	31 units		88		\$2,728
18		fire extinguishers							\$0
18		shelving							\$0
18		mailboxes	New mailboxes and mail kiosk with roof	100	1 unit		12540		\$12,540
18		stovetop fire suppression	2 per range hood	100	31 units		66		\$2,108
20	11	Cabinets (incl. countertops)							\$0
20		unit kitchens	Refinish Cabinets	100	31 units		880		\$27,280
20		countertops	Replace Countertops	100	31 units		690		\$21,390
20		bathroom vanities	refinish vanities	100	31 units		85		\$2,635
21	11	Appliances							\$0
21		refrigerators	Replace with Energy Star Refrigerator	93	29 Each		705.12		\$20,448
21		stove	Replace Stove	100	31 Each		459.03		\$14,230
21		vent hood	Replace Vent Hood	100	31 Each		84.53		\$2,620
21		dishwasher							\$0
21		microwave							\$0
21		disposals							\$0
22	12	Blinds & Shades	Replace with 2" faux blinds	100	134 each		55		\$7,370
23	12	Carpets							\$0
24	13	Special Construction (pools)							\$0
25	14	Elevators							\$0
26	15	Sprinklers							\$0
26	15	Plumbing							\$0
26		bathbubs and/or pre-fab showers	Tub Repair and Refinish	100	31 units		200		\$6,200
26		shower heads							\$0
26		tub faucets	Replace with new delta faucets	100	31 units		400		\$12,400
26		bathroom sinks	Replace with new china sink, Delta faucet, trap and supp	100	31 units		385		\$11,935
26		bathroom faucets							\$0
26		kitchen sinks	Replace Kitchen Sink, Delta Faucet, Strainers, Trap and	100	31 units		385		\$11,935
26		kitchen faucets							\$0
26		toilets	Replace Toilets with HC Toilets	100	31 Each		385		\$11,935
26		new water service--piping, valves, etc							\$0
26		new waste/vent service--piping, valves, etc							\$0
26		water heaters	Replace	100	31 Each		450		\$13,950
26		individual water metering							\$0
27	15	HVAC							\$0
27		air conditioning equipment	All labor and Materials HVAC Subcontractor	93	29 Each		2900		\$84,100
27		heating equipment							\$0
27		ductwork cleaning							\$0
27		ductwork							\$0
27		duct insulation							\$0
27		bathroom ventilation fans	Replace Bath Exhaust Fans	100	31 units		100		\$3,100
27		solar hot water heating							\$0
29	16	Electrical							\$0
29		unit light fixtures	Install Energy Star ceiling fan in Living Room and Bedroo	100	31 Apts.		690		\$21,390
29		common area/exterior building mounted light fixtures	Included in Light Fixture Allowance						\$0
29		pole lights	n/a - GA Power maintained						\$0
29		ceiling fans	included in Light fixture allowance						\$0
29		electrical wiring (within unit)	Replace switches and outlets	100	31 Apts.		450		\$13,950
29		outlets & light switches	Install GFCI outlets in Laundry and kitchen	100	62 Each		50		\$3,100
29		distribution--breaker boxes, breakers, meters							\$0
29		solar panels							\$0

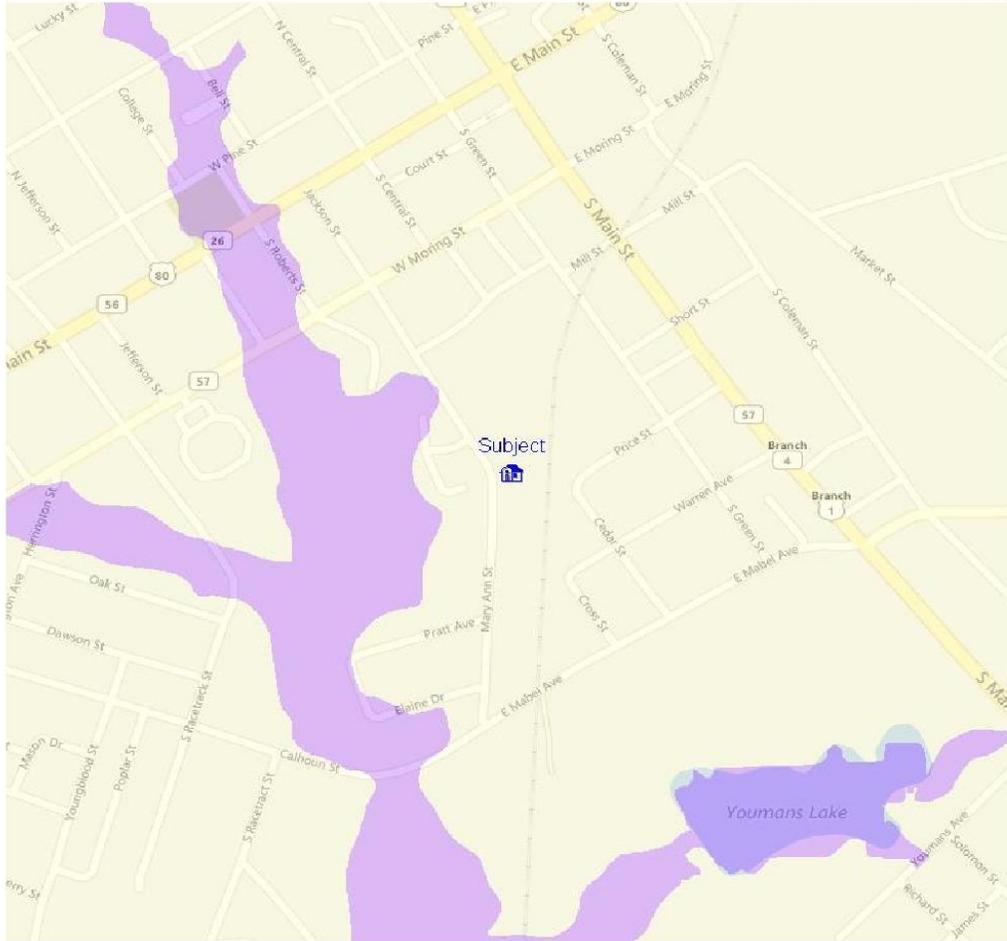
29	16	Communications Systems (cable, phone, internet, etc)						\$0
29		cable outlets						\$0
29		cable wiring						\$0
29		phone jacks						\$0
29		phone wiring (per unit)						\$0
29		internet system (wireless or hard wired?)						\$0
29	16	Safety systems						\$0
29		smoke detectors	Replace and add in each bedroom of dwelling units	100	84	Each	50	\$4,200
29		fire alarm system						\$0
29		security alarm system						\$0
29		access control system						\$0
29		camera system	Add a camera system to the office	100	1	unit	4500	\$4,500
		Subtotal (structures)						\$600,093
		Total (Structure & Land Imprvmts & Accessibility)						\$721,466

## **ADDENDUM C**

# STDB

You are currently logged in as: (CUSTID\_17921) on 11-Mar-2016

**317 Mary Ann Street, Swainsboro, GA**  
**317 MARY ANN ST, SWAINSBORO, GA**



## MAP DATA

Map Number : 13107C0304C

Panel Date : December  
17, 2010

FIPS Code : 13107

Census Tract : 9706.00

Geo Result : **S5 (Most Accurate)** -  
**single close match, point located at  
the street address position**

## Flood

	X or C Zone
	X500 or B Zone
	A Zone
	V Zone
	D Zone
	Area Not Mapped

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## **ADDENDUM D**

# STATE OF GEORGIA REAL ESTATE APPRAISERS BOARD

**SAMUEL TODD GILL**

**258907**

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

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

D. SCOTT MURPHY  
Chairperson

JEANMARIE HOLMES  
KEITH STONE

JEFF A. LAWSON  
Vice Chairperson

46665603

**SAMUEL TODD GILL**

# 258907  
Status ACTIVE

CERTIFIED GENERAL REAL PROPERTY  
APPRAISER

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

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

ORIGINALLY LICENSED

02/08/2003

END OF RENEWAL  
08/30/2018



LYNN DEMPSEY  
Real Estate Commissioner

46665603

**SAMUEL TODD GILL**

# 258907  
Status ACTIVE

CERTIFIED GENERAL REAL PROPERTY  
APPRAISER

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

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

ORIGINALLY LICENSED

02/08/2003

END OF RENEWAL  
08/30/2018



LYNN DEMPSEY  
Real Estate Commissioner

46665603

## **ADDENDUM E**

Samuel T. Gill  
512 North One Mile Road  
P.O. Box 784  
Dexter, Missouri 63841  
573-624-6614 (phone)  
573-624-2942 (fax)  
todd.gill@gillgroup.com

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**OVERVIEW**

Extensive multifamily experience over the past 25 years specializing in work for the Department of Housing and Urban Development (HUD), United States Department of Agriculture/Rural Development (USDA/RD) as well as lenders and developers through the Low-Income Housing Tax Credit (LIHTC) program including but not limited to, Section 8, Section 202, Section 236, Section 515 and Section 538 Programs. Additionally, extensive experience since inception of the Multifamily Accelerated Processing (MAP) Program of Sections 202/223(f), 232/223(f), 221(d)3, 221(d)4 and 223(f). Also, more than 20 years of experience with nursing homes, hotels and complicated commercial appraisal assignments.

**ACCREDITATIONS**

**State Certified General Real Estate Appraiser**

Alabama State License Number: G00548  
Arizona State License Number: 31453  
Colorado State License Number: CG40024048  
Connecticut State License Number: RCG.0001276  
District of Columbia License Number: GA11630  
Georgia State License Number: 258907  
Hawaii State License Number: CGA1096  
Idaho State License Number: CGA-3101  
Illinois State License Number: 153.0001384  
Indiana State License Number: CG40200270  
Iowa State License Number: CG02426  
Kansas State License Number: G-1783  
Louisiana State License Number: G1126  
Maine State License Number: CG3635  
Maryland State License Number: 32017  
Michigan State License Number: 1201068069  
Minnesota State License Number: 40186198  
Mississippi State License Number: GA-624  
Missouri State License Number: RA002563  
Montana State License Number: REA-RAG-LIC-8530  
Nebraska State License Number: CG2000046R  
New York State License Number: 46000039864  
North Carolina State License Number: A5519  
North Dakota State License Number: CG-2601  
Ohio State License Number: 448306  
Oklahoma State License Number: 12524CGA  
Oregon State License Number: C000793  
Pennsylvania State License Number: GA001813R  
South Carolina State License Number: 3976  
Tennessee State License Number: 00003478  
Texas State License Number: 1329698-G  
Utah State License Number: 5510040-CG00  
Virginia State License Number: 4001 015446  
Washington State License Number: 1101018  
West Virginia State License Number: CG358  
Wisconsin State License Number: 1078-10  
Wyoming State License Number: 479

Also received temporary licenses in the following states: Arkansas, California, Delaware, Florida, Kentucky, Massachusetts, Nevada, New Hampshire, New Jersey, New Mexico, Puerto Rico, Rhode Island, South Dakota, the U.S. Virgin Islands and Vermont.

**EXPERIENCE  
(1991 TO PRESENT)**

Primary provider of HUD Mark-to-Market Full Appraisals for mortgage restructuring and Mark-to-Market Lites for rent restructuring and has worked with HUD in this capacity since inception. Completed approximately 350 appraisals assignments under this program.

Provider of HUD MAP and TAP appraisals and market studies for multiple lenders since its inception. Completed approximately 350 appraisal assignments under this program.

Contract MAP quality control reviewer and field inspector for CohnReznick and HUD. Have completed approximately 350 reviews under this program. Have completed approximately 100 field inspections under this program.

Currently approved state reviewer for HUD Rent Comparability Studies for Section 8 Renewals in Alabama, California, Connecticut, Florida, Hawaii, Illinois, Indiana, Iowa, Kansas, Louisiana, Minnesota, Nebraska, New Mexico, North Carolina, Oregon, Utah, Virgin Islands, Virginia, Washington, West Virginia and Wisconsin. Completed approximately 500 reviews under this program.

Provider of HUD Rent Comparability Studies for contract renewal purposes nationwide. Completed approximately 400 rent comparability studies.

Provider of tax credit financing analysis and value of financing analysis. Completed approximately 300 appraisal assignments and market studies under this program.

Provider of multifamily appraisals under the RD 515 and 538 programs. Completed approximately 200 appraisal assignments under these programs.

Partial list of clients include: Colorado Housing Finance Agency, CreditVest, Inc., Foley & Judell, LLP, Kentucky Housing Corporation, Kitsap County Consolidated Housing Authority, Louisiana Housing Finance Agency, Missouri Housing Development Agency, New Mexico Mortgage Finance Authority, Ontra, Inc., Quadel Consulting Corporation, CohnReznick, L.L.P., Group, Siegel Group, Signet Partners and Wachovia Securities.

**DEVELOPMENT/OWNERSHIP/  
MANAGEMENT EXPERIENCE  
(2006 TO PRESENT)**

For the past 10 years, he has owned three separate companies that develop, own and manage commercial, multifamily, residential, agricultural and vacant land properties.

In his portfolio are over 100,000 square feet of commercial space, over 1,000 units of multifamily, 200 acres of farmland, and 10 parcels of developable commercial and multifamily lots, all in the Midwest.

**EDUCATION**

**Bachelor of Arts Degree**

*Southeast Missouri State University*

**Associate of Arts Degree**

*Three Rivers Community College*

**HUD/FHA Appraiser Training**

*Arkansas State Office*

**Multifamily Accelerated Processing Valuation (MAP)**

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

**2<sup>nd</sup> Annual Multifamily Accelerated Processing Basic and Advanced Valuation (MAP)**

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

**FHA Appraising Today**

*McKissock, Inc.*

**Texas USDA Rural Development Multifamily Housing Appraiser Training**

*Texas Rural Development*

**Kentucky USDA Rural Development Multifamily Housing Appraiser Training**

*Kentucky Rural Development*

**Financial Analysis of Income Properties**

*National Association of Independent Fee Appraisers*

**Income Capitalization**

*McKissock, Inc.*

**Introduction to Income Property Appraising**

*National Association of Independent Fee Appraisers*

**Concepts, Terminology & Techniques**

*National Association of Independent Fee Appraisers*

**Uniform Standards of Professional Appraisal Practice**

*Central Missouri State University*

**Appraisal of Scenic, Recreational and Forest Properties**

*University of Missouri-Columbia*

**Appraiser Liability**

*McKissock, Inc.*

**Appraisal Trends**

*McKissock, Inc.*

**Sales Comparison Approach**

*Hondros College*

**Even Odder: More Oddball Appraisals**

*McKissock, Inc.*

**Mortgage Fraud: A Dangerous Business**

*Hondros College*

**Private Appraisal Assignments**

*McKissock, Inc.*

**Construction Details & Trends**

*McKissock, Inc.*

**Condemnation Appraising: Principles & Applications**

*Appraisal Institute*

**Michigan Law**

*McKissock, Inc.*

**Pennsylvania State Mandated Law**

*McKissock, Inc.*

**Valuing Real Estate in a Changing Market**

*National Association of Independent Fee Appraisers*

**Principles of Residential Real Estate Appraising**

*National Association of Independent Fee Appraisers*

**Real Estate Appraisal Methods**

*Southeast Missouri State University*

**Lead Inspector Training**

*The University of Kansas*

**Lead Inspector Refresher**

*Safety Support Services, Incorporated*

**Home Inspections: Common Defects in Homes**

*National Association of Independent Fee Appraisers*

**Heating and Air Conditioning Review**

*National Association of Independent Fee Appraisers*

**Professional Standards of Practice**

*National Association of Independent Fee Appraisers*

**Developing & Growing an Appraisal Practice - Virtual Classroom**

*McKissock, Inc.*

**The Appraiser as Expert Witness**

*McKissock, Inc.*

**Current Issues in Appraising**

*McKissock, Inc.*

**2011 ValExpo: Keynote-Valuation Visionaries**

*Van Education Center/Real Estate*

**Residential Report Writing**

*McKissock, Inc.*

**The Dirty Dozen**

*McKissock, Inc.*

**Risky Business: Ways to Minimize Your Liability**

*McKissock, Inc.*

**Introduction to Legal Descriptions**

*McKissock, Inc.*

**Introduction to the Uniform Appraisal Dataset**

*McKissock, Inc.*

**Mold Pollution and the Appraiser**

*McKissock, Inc.*

**Appraising Apartments: The Basics**

*McKissock, Inc.*

**Foundations in Sustainability: Greening the Real Estate and Appraisal Industries**

*McKissock, Inc.*

**Mortgage Fraud**

*McKissock, Inc.*

**The Nuts and Bolts of Green Building for Appraisers**

*McKissock, Inc.*

**The Cost Approach**

*McKissock, Inc.*

**Pennsylvania State Mandated Law for Appraisers**

*McKissock, Inc.*

**Michigan Appraisal Law**

*McKissock, Inc.*

**Modern Green Building Concepts**

*McKissock, Inc.*

**Residential Appraisal Review**

*McKissock, Inc.*

**Residential Report Writing: More Than Forms**

*McKissock, Inc.*

**2-4 Family Finesse**

*McKissock, Inc.*

**Appraisal Applications of Regression Analysis**

*McKissock, Inc.*

**Appraisal of Self-Storage Facilities**

*McKissock, Inc.*

**Supervisor-Trainee Course for Missouri**

*McKissock, Inc.*

**The Thermal Shell**

*McKissock, Inc.*

**Even Odder - More Oddball Appraisals**

*McKissock, Inc.*

**Online Data Verification Methods**

*Appraisal Institute*

**Online Comparative Analysis**

*Appraisal Institute*

**Advanced Hotel Appraising - Full Service Hotels**

*McKissock, Inc.*

**Appraisal of Fast Food Facilities**

*McKissock, Inc.*

**Appraisal Review for Commercial Appraisers**

*McKissock, Inc.*

**Exploring Appraiser Liability**

*McKissock, Inc.*